Tashkent Market View

Residential

Scot Holland PROFESSIONAL SERVICES

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Q1 2023

Tashkent's residential property market is predominantly represented by low-rise private cottages and Soviet-era apartment buildings. One third of the urban area is detached single-storey houses, where 45% of the urban population lives.

In 2021, a draft master plan for the city's development until 2041 was published. According to it, the city's population is to increase to 3.3 million people by 2041. The area of the city will be increased from 33 to 41.5 thousand hectares by joining neighbouring territories.

According to the draft master plan, the housing stock in Tashkent will increase from 47.5 million square metres (19 square metres per capita) to 71.6 million square metres (21.7 square metres per capita).

In general, it is planned to improve the efficiency of land use by increasing the density of housing construction in redeveloped areas and reducing the share of low-rise housing in the total volume of new construction.

By 2025, the length of the metro will grow more than four times - up to 157 kilometres, 74 stations will appear, including 17 interchange stations. This factor will also have an impact on the development of territories.

In 2019, a record 1.7 million square metres of housing was commissioned in Tashkent; in 2020, as a result of pandemic restrictions, commissioning fell to 603,000 square metres. Commissioning rates in 2021 and 2022 were still quite low. During the period January-March 2023, 133.9 thousand square metres of residential units were commissioned.

Exchange rate stabilisation, demographic factors, and the removal of barriers to the purchase of housing in Tashkent by residents of other regions have also had a positive impact on demand. In the first quarter of 2020, the Government adopted amendments to legislation allowing non-residents of Tashkent to purchase property. This was done for the first time in the history of independent Uzbekistan.

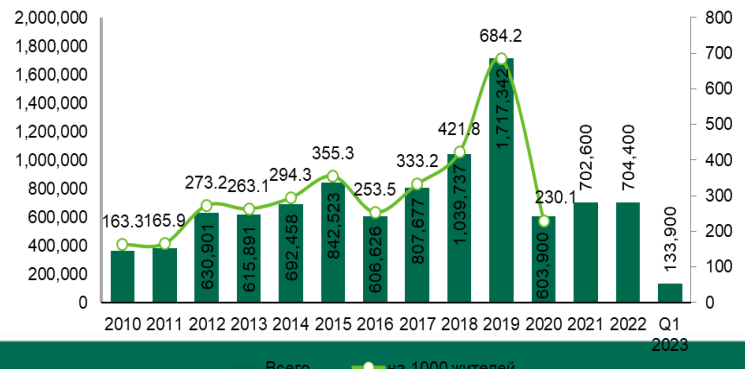
Tashkent ranks first in terms of construction work per capita. In January-March 2023, this indicator totalled 2,304,700 soums.

According to CEIR data, the number of sale and purchase transactions in February 2023 totalled 22.5 thousand.

The average price of residential property in 2022 in Tashkent increased by 25.5% and amounted to 950 - 1,200 USD per 1 sq.m. Average prices in the primary market are higher than the market average and amount to USD 1,000 - USD 1,300 per 1 sqm.

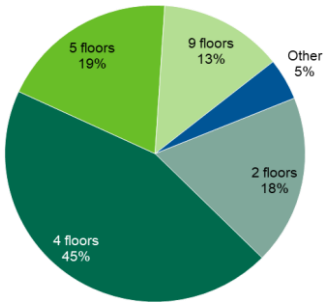
Rental prices vary in a wide range: USD 300 - USD 3,000 per flat per month. Thus, in Shaykhantohur district the rental rate is $15.7 per square metre, in Mirabad district $12.2 and in Yakkasaray district $11.8.

Commissioning of housing in Tashkent, sqm



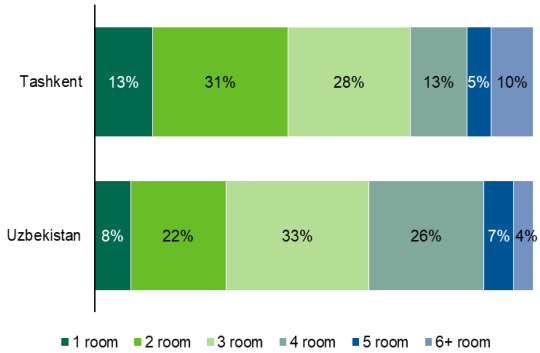
Source: Uzbekistan Statistics Committee

Breakdown of multi-apartment buildings in Tashkent by number of storeys



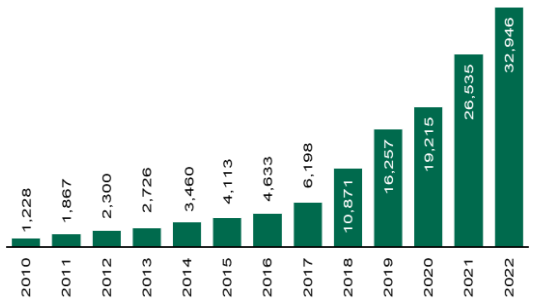
Source: Uzbekistan Statistics Committee

Breakdown of housing in Tashkent by number of rooms



Source: Uzbekistan Statistics Committee

Construction work volume in Tashkent, bln soums



Source: Uzbekistan Statistics Committee

The office property market in Tashkent has been actively developing over the last few years, however, the level and quality of supply in most cases remains at a low level. Thus, Tashkent currently lacks business centres that meet all international standards for class A. Nevertheless, there are several small office buildings in the city, which are positioned by landlords as A class.

The bulk of the supply on the market can be classified as class C, while the most modern and high-quality areas belong to classes B and B+.

In the coming years, the office property market is expected to see a 100% increase in the supply of quality space, as several projects with a total gross floor area (GBA) of over 350,000 sqm are currently under construction, most of which are part of the Tashkent City project and the Trilliant project.

These office projects are scheduled for completion in 2022-23.

One of the peculiarities of the local market is the impossibility of long-term leasing in most business centres and the lack of a clear position on lease terms such as rent free, indexation, prolongation, etc. However, as professional management companies and consultants emerge, the situation will change.

Rental rates by class

Source: Scot Holland LLP
Class A - according to the landlords own classification

Rapid market development and growing demand

250,000+ m^2
current supply of quality space

350,000+ m^2
future class A and B supply

90%
average occupancy of office space

Building classification does not meet international standards

Lack of professional landlords

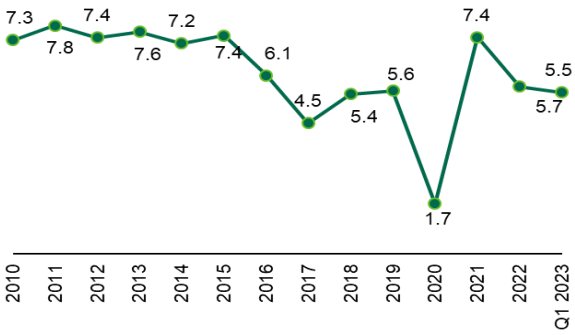
Low level of implementation of market rental practice

USD 30-40 per m^2 per month
prime rental rate

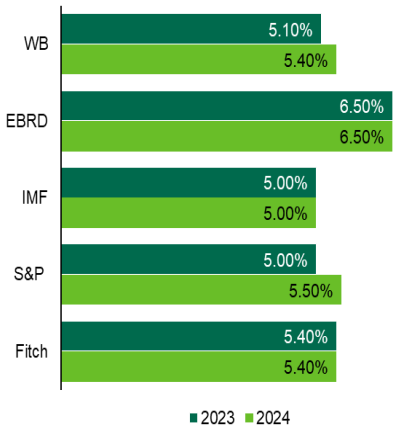
USD 20 per m^2 per month
average rental rate for class B

USD 1,500 per m^2
average selling price of office space

GDP growth2010 till Q1 2023, in %



GDP growth forecast for 2023-24, in %



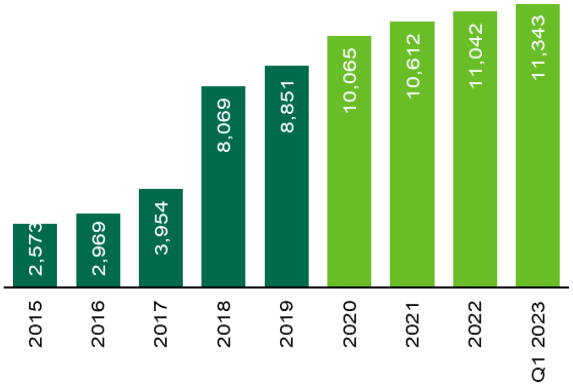
Source: Uzbekistan Statistics Committee, Scot Holland LLP

Credit ratings of Uzbekistan and Tashkent

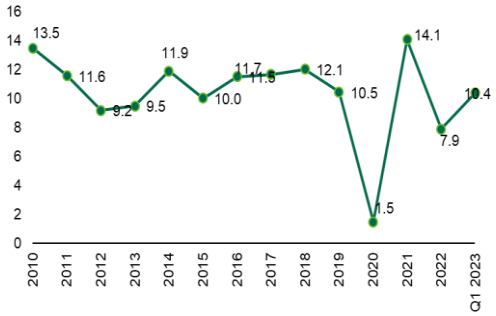
Agency	Rating	Outlook	Date
S&P	BB-/B	Stable	December 2022
Moody's	B1	Positive	July 2021
Fitch	BB-	Stable	September 2022
Moody's	Ba3	Stable	January 2023

Source: Scot Holland LLP

UZS–USD exchange rate dynamics, 2015-2023



Tashkent GRP, 2010-2023



Source: Central Bank, Uzbekistan Statistics Committee

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