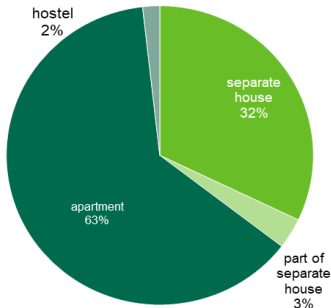
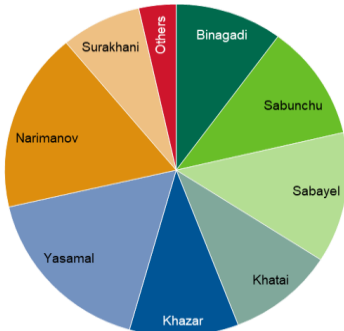


### Breakdown of housing stock by type



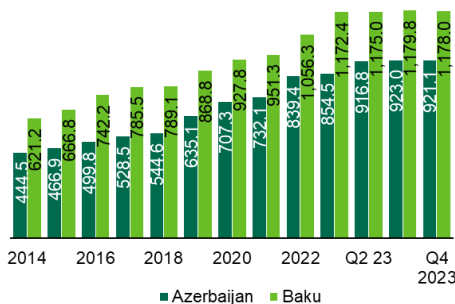
Source: Statistics Committee of Azerbaijan

### Districts of the city with the largest share of new construction



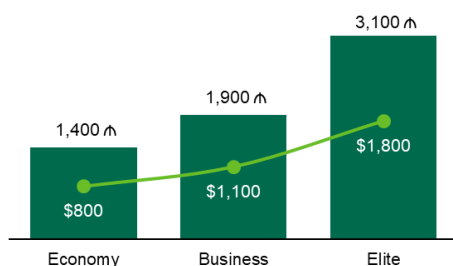
Source: Statistics Committee of Azerbaijan

### Average monthly nominal wage, manat



Source: Statistics Committee of Azerbaijan

### Average selling prices in the primary market by class, per sqm



Source: Scot Holland LLP

Main tendencies of the residential property market of Baku city in the current year:

- The trend of price increase continues. The largest increase is observed in the primary market, which is a consequence of the increase in the cost of construction, tightening of construction standards, in particular, the density of construction, changes in tax requirements for entrepreneurs, as well as the reduction of available for development plots in the historical centre and nearby areas;
- High demand for state mortgage programmes. Thus, in the first 11 months of 2023, mortgage loans totalling AZN 657,420 thousand were issued, which is 5% more compared to the same period in 2022.
- Demand for private houses remains high due to earthquakes in the Caspian Sea region and Turkey this year
- Increased penalties for illegal connection of buildings not put into operation to communications.

The sale price of apartments in the primary market (including projects under construction) for January-October 2023 ranges from AZN 770 to AZN 3,500 per square metre. At the same time, the average value is about AZN 1,900 - 2,000. Prices in the secondary market average about AZN 1,700 - 1,900.

It should be noted that about 2/3 of residential complexes in the primary market are positioned as business class.

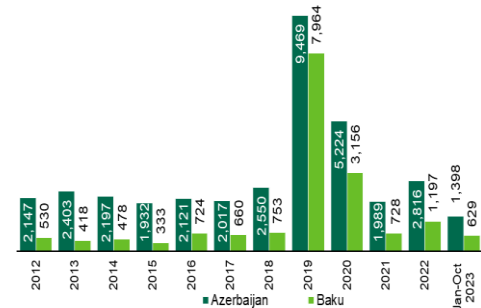
Cost of renting economy and business class apartments (in AZN):

Range of rent of economy and business class apartments (in AZN):

- 1 room apartment: 200 - 900. The average value is 500 AZN;
- 2 room apartment: 380 - 1,600. The average value is 750 AZN;
- 3 room apartment: 550 - 1 800. The average value is 1 000 AZN;
- 4 room apartment: The average value is 1,100 - 1,550 AZN.

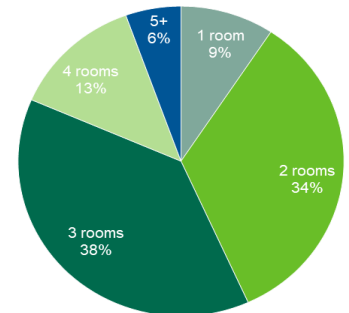
At the same time, in higher class residential complexes the rental cost reaches the following values

### Commissioned residential space, ths sqm



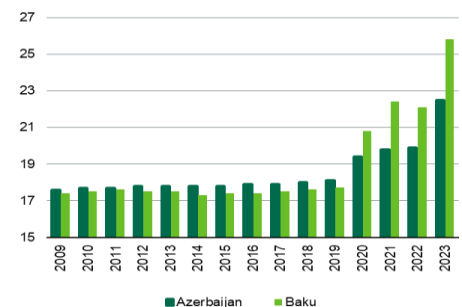
Source: Statistics Committee of Azerbaijan  
During the period January-September 2023, 1,397.9 million square metres (+4.6% compared to the same period in 2022) were commissioned in the country.

### Breakdown of housing stock of Baku by number of rooms



Source: Statistics Committee of Azerbaijan

### Housing stock per capita, sqm



Source: Statistics Committee of Azerbaijan

Type of apartment	Average rental rate (AZN per month)
1-room	800 – 1,300
2-room	1,500 – 2,500
3-room	1,800 – 3,000
4-room	3,000 – 8,000

Source: Scot Holland LLP

Baku is the capital of Azerbaijan, located in the eastern part of the Absheron Peninsular, on the shores of the Caspian Sea. Baku is the largest industrial and economically developed city on the Caspian; the city center extends at a length of 5 km along the seashore. The population of the city at the beginning of 2022 was 2,303,000 people. The population density per 1 square km is 1,075 people.

Baku is the largest industrial city in the country and region. There are industries successfully developing in the city: construction, oil refining; in the meantime the suburban population is mainly busy with agriculture.

The city is divided into 12 administrative districts and 5 urban villages.



Currently Baku can be broken down into 4 market zones:

- Zone 1 – Down Town;
- Zones 2, 2a – «Second Down Town»;
- Zone 3 – Close to the center (Down Town);
- Zone 4 – Suburbs.

Such a zoning formed by virtue of the extent of demand and infrastructure development and it implies historical and geographical backgrounds.

While the Down Town (zone 1) remains within its boundaries, zone 2 (Second Down Town) extends progressively by seizing territories from zone 3 as the city keeps growing.

Zones 2 and 2a – these are areas densely populated with new business centers.



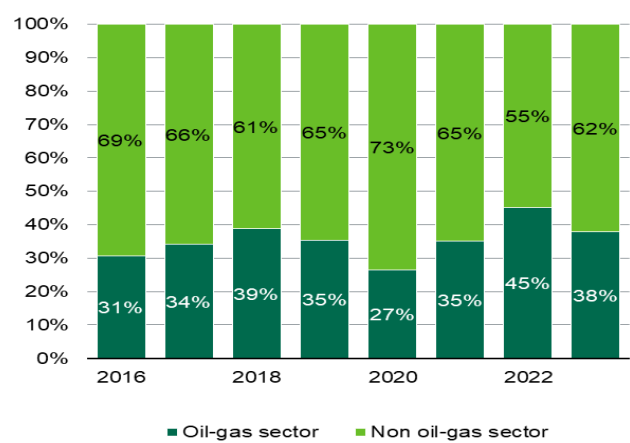
The World Bank (hereinafter WB) forecasts GDP growth of Azerbaijan for 2024 at the level of 2.4%.

The Government of Azerbaijan forecasts GDP growth at the level of 2.4% for 2024

According to UN estimates, the average annual inflation in Azerbaijan in 2024 will be 5.9% and in 2025 will slow down to 3.9%.

The World Bank estimates that due to high world prices for hydrocarbons, the current account surplus of Azerbaijan's balance of payments for 2024 is projected at 13.4%.

Azerbaijan GDP structure, %



Source: Statistics Committee of Azerbaijan

Azerbaijan's GDP growth forecasts

	2023	2024
World Bank	2.2%	2.5%
IMF	3.0%	2.6%
EBRD	2.5%	2.7%
S&P	0%	1.4%
Fitch Ratings	2.1%	2.1%
Central Bank PA	2.7%	4.1%

Source: Scot Holland LLP

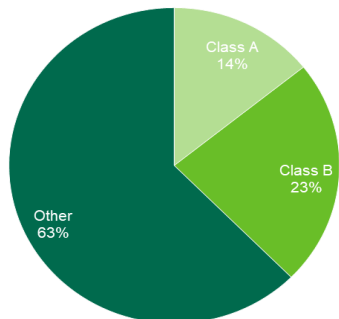
According to the report of the State Statistics Committee, the volume of Azerbaijan's GDP in January-November 2023 totalled AZN 110,212.8 million, real economic growth is estimated at 0.8%.

According to forecasts, Azerbaijan's GDP growth for 2024 is expected to be 2.4%. According to the Ministry of Economy of Azerbaijan, the forecasted average annual inflation for 2024 will be 5.3%.

GDP per capita in January-November totalled AZN 10,856.0 million or 0.2%.

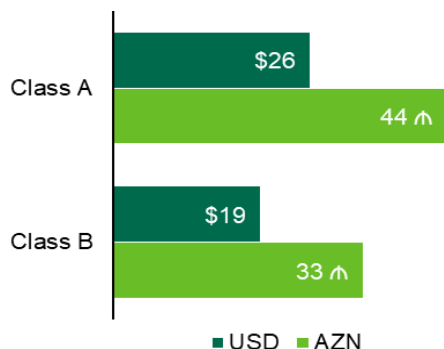
The official exchange rate of the US dollar remains at 1.7 AZN per 1 US dollar.

### Breakdown of Baku office stock by class



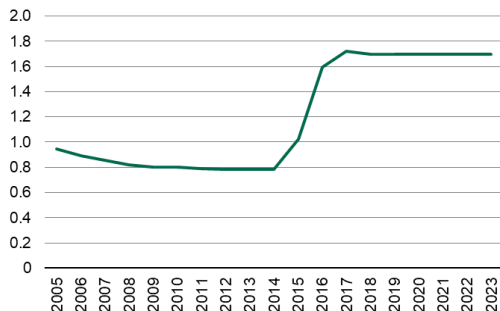
Source: Scot Holland LLP

### Average rental rates in business centers, per sqm per month



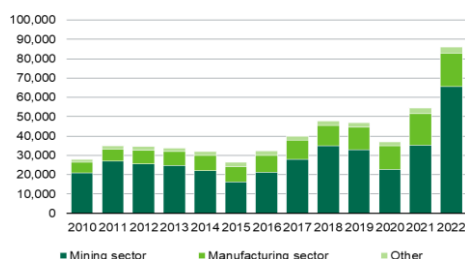
Source: Scot Holland LLP

### AZN – USD official exchange rate



Source: Central Bank of Azerbaijan

### Industrial output, mln AZN



Source: Statistics Committee of Azerbaijan

The market of modern office space in Baku has increased significantly over the last few years. A large number of A and B class business centres have been built. Before 2010, the market could be characterized as underdeveloped.

According to experts' estimates, the total area of modern quality office space for 2022 is 650,000 sqm. At the same time, about half is class A office premises

Among the class A business centres are such as: Port Baku, Marine Plaza, Baku White City, Demirchi Tower, Landmark and Flame Towers.

In 2022, the Port Baku 2 Class A business centre was commissioned. This is a project of the leading Azerbaijani developer Pasha Construction with an area of about 50,000 square metres.

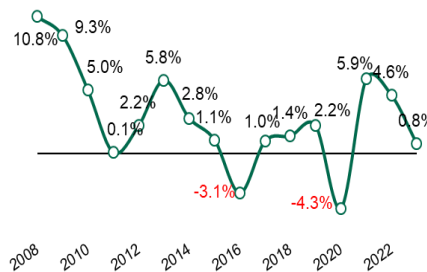
Class A Crescent Business Centre with a total area of 46,707 sqm is expected to open in January 2024.

In general, it can be noted that the office property market in Baku is favourable for landlords. The average occupancy rate at the moment is about 95-100%.

The rental fee for Class A office premises is USD 26-29 per sqm/month (including VAT and operating costs). Class A premises are usually preferred by oil and gas companies and international organizations. Despite the higher price, demand is expected to remain strong in terms of safety and quality, especially from international corporations.

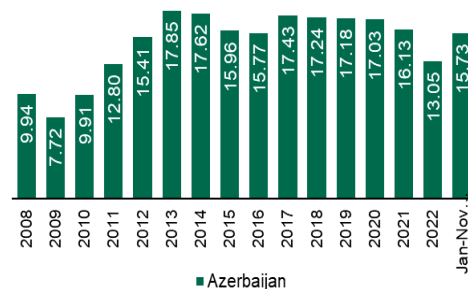
Rental rates for Class B offices range from US\$14-24 per square metre per month. The average is USD 19 per sqm per month

### Azerbaijan's GDP growth, %



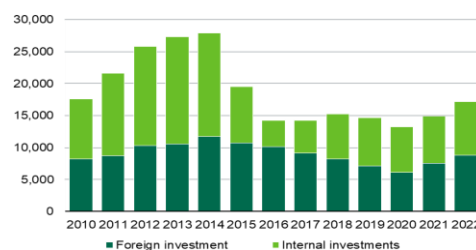
Source: Statistics Committee of Azerbaijan

### Investment in fixed assets, bln AZN



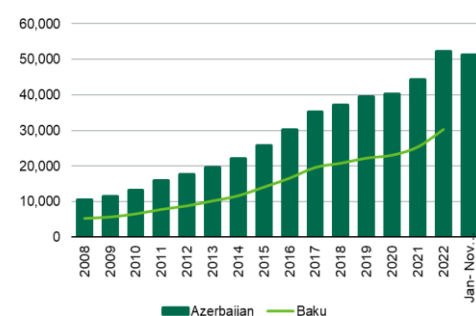
Source: Statistics Committee of Azerbaijan

### Investment in the economy, mln USD



Source: Statistics Committee of Azerbaijan

### Retail turnover, mln AZN



Source: Statistics Committee of Azerbaijan

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