

# Region comparison report

[www.shre.kz](http://www.shre.kz)



This comparison report synthesizes the market dynamics of the six key office real estate markets in the Caucasus and Central Asia: Baku (Azerbaijan), Yerevan (Armenia), Tbilisi (Georgia), Bishkek (Kyrgyzstan), Almaty (Kazakhstan), and Astana (Kazakhstan), as projected for Q3 2025.

## 1. Core Market Drivers and Economic Context

The six markets are primarily driven by strong non-oil sector growth and the long-term effects of geopolitical events leading to significant relocation of foreign companies and high-value professionals since 2022. However, the intensity and nature of these drivers vary considerably.

City	Primary Economic Driver	Key Market Condition	Structural Challenge
Almaty 	Financial/Commercial Hub, Regional Trade	Extreme Grade A Scarcity	Very high operational costs/rents.
Astana 	Government/Financial (AIFC), National SOEs	High New Supply Pipeline	Balancing absorption of new A-Class stock.
Tbilisi 	Services, ICT, Foreign Influx (Europe/Russia)	Acute Shortage Quality	Aging overall stock and low Grade A volume.
Baku 	Non-Oil Sector, Infrastructure, Foreign Investment	Controlled Development/Flight-to-Quality	Older, high-spec stock vs. new projects (White City).
Yerevan 	IT/Technology Sector, Diaspora Investment	Post-Correction Stabilization	Limited overall size and historical reliance on residential conversions.
Bishkek 	Trade, Services, Regional Organizations	Quality-Starved Niche Market	Lack of international-standard Grade A stock

## 2. Rental Rate and Vacancy Comparison (Q3 2025 Est.)

The most salient difference across the markets is the rental price hierarchy, which directly correlates with the scarcity of prime, modern supply. Almaty, the financial capital, commands the highest rates

due to its extreme Grade A shortage, while Bishkek, the least developed in this segment, offers the lowest prime rates.

#### A. Prime Grade A Rental Rates (USD/sqm/month)

City	Grade A Rent Range, (USD/sqm/month)	Vacancy Trend	Supply Outlook
Almaty	\$35 - \$46+	< 1.0% (Critically Tight)	Significant supply coming online in late 2025/2026
Baku	\$25 - \$35+	5% - 10% (Tight)	Focused development in key new districts.
Astana	\$28 - \$35+	~20% (Transitional High)	Largest pipeline; high vacancy due to recent commissioning/absorption
Tbilisi	\$22 - \$35+	5% - 8% (Very Tight)	Strong tenant demand keeps prime rates high.
Yerevan	\$22 - \$32+	< 10% (Tight)	Rates stabilized post-correction at a high baseline.
Bishkek	\$18 - \$25+	< 10% (Tight, due to low volume)	Niche, quality-starved market.

Key takeaway: Almaty and Astana (despite the higher vacancy due to new supply) lead the region in absolute prime pricing, reflecting the scale and maturity of Kazakhstan's commercial environment. The South Caucasus cities (Tbilisi, Baku, Yerevan) follow closely, driven by the intense, recent influx of high-value tenants.

#### B. Vacancy Rate Dynamics

\* Lowest Vacancy: Almaty and Tbilisi have the lowest functional vacancy rates in their Grade A segments. This indicates an acute supply shortage where current quality demand far exceeds current quality supply.

\* Highest (Transitional) Vacancy: Astana shows a relatively higher Grade A vacancy (around 20-25%). This is an indication of a dynamic absorption phase, where large volumes of recently commissioned Grade A space are being introduced into the market, which takes time to fill.

\* Segment Bifurcation: All six markets exhibit a strong bifurcation; Grade B/C stock faces substantially higher vacancy (often >20%) and pressure on rents due to the universal corporate demand for modern standards (flight-to-quality).

### 3. Comparison of Structural Market Traits

Feature	Kazakhstan (Almaty/Astana)	Caucasus (Tbilisi/Yerevan/Baku)	Kyrgyzstan (Bishkek)
Market Size (Total Area)	Largest (Astana > Almaty total area, but Almaty has highest liquidity/demand concentration).	Mid-Size (Tbilisi is the most active for new entrants).	Smallest and least developed
Primary Tenant Type	Finance, Government, Large National/Int'l Corporations.	ICT, Professional Services, Regional HQs, Relocated Firms	Regional NGOs, Trade-related Firms
Development Focus	Large-scale, planned Grade A/A+ Business Centres (often government/developer-backed).	Medium-scale, high-quality conversion and niche new builds in central areas.	Slow, small-scale construction of first professional business centers.
Key Investment Strategy	Core (fully leased prime assets) and	Value-Add (upgrading old stock) and	Opportunistic Development in Grade

	Development (pre-leasing new supply)	Development (Grade A/B+)	A.
Geopolitical Impact	High (strong, stable demand surge from relocated firms).	Extremely High (volatility followed by stable, elevated baseline).	Moderate (stable regional role, less sharp demand spike).

#### 4. Conclusion and Outlook

The office markets across the Caucasus and Central Asia are united by a common theme: the scarcity premium for quality.

\* Dominant Performers: Almaty and Tbilisi are the most functionally constrained markets, driving them to the highest rental tiers due to an extreme shortage of suitable Grade A space.

\* Transitional Markets: Astana is undergoing the most significant supply shift, making its short-term vacancy and absorption dynamics unique.

\* Stabilized Markets: Yerevan has successfully absorbed the initial shock of the influx and stabilized at a high base, with continued sectoral demand from its dominant tech industry.

\* Developing Markets: Baku is undergoing structured modernization, while Bishkek remains a niche market where any new Grade A supply significantly changes the local balance.

The medium-term outlook for all six cities is positive, with continued growth in prime rental prices (albeit at a slower pace) expected until the new major supply pipelines in Almaty and Astana are fully absorbed. Demand for ESG-compliant and technologically advanced office space will remain the driving force behind all new development across the region.

For additional information please

Contact: **Scot Holland LLP**

050051, 105 Dostyk Ave., 3rd floor, Almaty, Kazakhstan

T: +7 (727) 258 1760

**Roger Holland** President

[roger.holland@shre.kz](mailto:roger.holland@shre.kz)

**Evgeny Dolbilin** Vice President

[eugene.dolbilin@shre.kz](mailto:eugene.dolbilin@shre.kz)

**Sergey Matveyev** Managing Director

[sergey.matveyev@shre.kz](mailto:sergey.matveyev@shre.kz)

#### 2025 SCOT HOLLAND LLP DISCLAIMER

The information contained in this document has been obtained from sources recognized as reliable. While we have no doubt as to the accuracy of this information, we have not verified it and we do not make any warranties or representations about it. It is your responsibility to independently confirm verify its accuracy and completeness. Any forecasts, conclusions, assumptions or estimates used are for illustrative purposes only and do not reflect current or future market behavior. This information is intended solely for the use of Scot Holland LLP customers and may not be reproduced without prior written permission

Scot Holland LLP.