

# Region comparison report



# Central Asia & Caucasus Commercial Real Estate Comparison

Almaty | Baku | Tbilisi | Tashkent | Bishkek | Yerevan  
Quarterly Overview | Q4 2025 - Q1 2026

## Executive Summary

Commercial real estate markets across Central Asia and the Caucasus are increasingly attracting international investor attention, offering a diverse spectrum of risk-return profiles, from high-growth frontier markets to more institutionalized, income-stable environments.

Across the six key cities—Almaty, Baku, Tbilisi, Tashkent, Bishkek, and Yerevan—several common themes emerge:

- Strong occupier demand driven by urbanization and economic growth
- Limited supply of institutional-grade assets, particularly in frontier markets
- Attractive yield premiums compared to global markets
- Increasing development of mixed-use, high-quality projects

However, each market occupies a distinct position along the maturity and risk spectrum, offering different strategies for investors.

## Market Positioning & Investment Spectrum

The six cities can broadly be categorized into three tiers:

### 1. Core-Plus / More Institutional Markets

- Tbilisi
- Almaty

These markets offer:

- Lower yields (relative to the region)
- Greater liquidity and transparency
- More developed office and retail sectors

### 2. Balanced Growth & Income Markets

- Baku
- Yerevan

These provide:

- High single-digit yields
- Strong demand fundamentals
- Increasing institutionalization

### 3. Frontier High-Yield Markets

- Tashkent
- Bishkek

These markets are characterized by:

- Double-digit yield potential
- Rapid growth
- Higher execution and liquidity risk

## Yield Comparison & Income Profile

City	Office Yield	Retail Yield	Industrial Yield	Market Profile
Almaty	7% - 9%	7% - 9%	8% - 10%	Mature / Core+
Baku	7% - 8.5%	7.5% - 9.5%	8% - 10%	Balanced
Tbilisi	7% - 9%	7% - 8.5%	7.5% - 9%	Core+
Yerevan	6.5% - 8%	7% - 9%	7.5% - 10%	Growth + Income
Tashkent	9% - 11%	9% - 12%	8% - 10%	High Growth
Bishkek	7% - 9%	8% - 12%	8% - 11%	Frontier

### Key Takeaways

- Highest yields: Tashkent and Bishkek
- Lowest yields / most compressed: Yerevan (prime office), Tbilisi
- Best balance: Baku

### Compared to global benchmarks:

- Europe: ~3-5%
- Gulf (Dubai): ~6-8%
- Region: 7-12%+

### Office Market Comparison

#### Supply & Demand Dynamics

- Yerevan: Most supply-constrained, strong rent growth
- Tashkent: Rapid expansion, still undersupplied in Grade A
- Baku: Stable, high occupancy in prime assets
- Tbilisi: Most balanced and institutional
- Almaty: Deepest tenant base, most mature
- Bishkek: Limited stock, fragmented supply

#### Rental Positioning

- Highest rents: Tashkent, Yerevan (~\$30-35/sqm)
- Mid-range: Baku, Tbilisi, Almaty (~\$20-30/sqm)
- Lower: Bishkek (~\$15-25/sqm)

#### Investment Insight

- Core investors: Tbilisi, Almaty
- Core+/value-add: Baku
- Growth investors: Yerevan
- Opportunistic: Tashkent, Bishkek

### Retail Market Comparison

#### Market Structure

- Tbilisi: Most developed mall ecosystem
- Baku: Strong prime retail, evolving formats
- Yerevan: Centralized, tourism-driven
- Tashkent: Undersupplied, rapid expansion
- Almaty: Mature, diverse formats
- Bishkek: Fragmented, street-dominated

#### Key Trends

- Shift toward experience-driven retail
- Increasing role of F&B and entertainment
- Gradual entry of international brands

### Investment Insight

- Stable income: Tbilisi, Almaty
- Balanced: Baku
- Growth: Yerevan
- High-return: Tashkent, Bishkek

### Industrial & Logistics Comparison

#### Development Stage

- Most advanced: Almaty, Tbilisi
- Mid-stage: Baku
- Emerging: Tashkent, Yerevan
- Early-stage: Bishkek

#### Key Drivers

- Trade corridors (China-Europe, Middle Corridor)
- E-commerce growth
- Urban logistics demand

### Investment Insight

#### Industrial is:

- Most mispriced in Tashkent and Bishkek
- Most institutional in Almaty and Tbilisi

### Capital Markets & Liquidity

City	Liquidity	Institutional Depth	Foreign Investment
Almaty	High	Strong	High
Tbilisi	Medium-High	Strong	High
Baku	Medium	Moderate	Selective
Yerevan	Medium	Developing	Growing
Tashkent	Low-Medium	Early-stage	Increasing
Bishkek	Low	Limited	Minimal

### Key Observation

Liquidity and yield are inversely correlated:

- Higher yields → lower liquidity
- Lower yields → more institutional markets

### Risk vs Return Positioning

#### Low Risk / Lower Yield

- Tbilisi
- Almaty

#### Medium Risk / Balanced Return

- Baku
- Yerevan

#### High Risk / High Return

- Tashkent
- Bishkek

## Strategic Investment Approaches

### Core / Income Strategy

Best suited for:

- Tbilisi
- Almaty

Focus:

- Stabilized office and retail assets
- Long-term income

### Core+ / Value-Add

Best suited for:

- Baku
- Yerevan

Focus:

- Prime assets with rental upside
- Mixed-use developments

### Opportunistic / Growth

Best suited for:

- Tashkent
- Bishkek

Focus:

- Development
- Early entry
- High-yield assets

### Outlook (2026-2028)

#### Key Regional Trends

- Continued urbanization and population growth
- Increasing institutional investor participation
- Expansion of transport and logistics corridors
- Growth of mixed-use developments

#### Yield Direction

##### Market Type Trend

Core markets Stable / slight compression

Balanced markets Gradual compression

Frontier markets Strong compression potential

#### Key Observations

A clear pattern across Almaty, Baku, Tbilisi, Tashkent, Bishkek, and Yerevan is the structural undersupply of institutional-grade real estate, particularly in the office and logistics segments. While headline vacancy rates may suggest balance in some markets, the reality is a pronounced quality gap: modern, professionally managed assets are consistently operating at or near full occupancy, while older or secondary stock struggles to compete. This dynamic is driving a two-speed market, where prime assets benefit from rental growth and yield compression, while secondary assets remain

yield-driven and require active management.

Another defining trend is the divergence between income and growth profiles. Markets such as Tashkent and, to a lesser extent, Bishkek are offering elevated nominal yields, but these returns are compensating for execution risk, limited liquidity, and evolving regulatory frameworks. In contrast, Yerevan has experienced a rapid repricing cycle, with strong occupier demand—particularly from the technology and services sectors—pushing rents upward and compressing yields in prime office assets. Baku sits between these dynamics, offering a relatively balanced profile, supported by stable demand and a more established asset base, while Tbilisi and Almaty are increasingly behaving like core-plus markets, where income stability and liquidity are becoming more prominent than pure yield.

The industrial and logistics sector emerges as a common opportunity across all six cities. Despite differences in scale and maturity, each market is benefiting from regional trade integration, e-commerce growth, and infrastructure investment. However, institutional-grade logistics supply remains limited almost everywhere, suggesting that this segment is likely to experience the strongest rental growth and yield compression over the medium term. In many respects, logistics represents the earliest stage of institutionalization across the region, offering investors a chance to enter ahead of large-scale capital inflows.

A further observation is the increasing shift toward mixed-use, master-planned developments, particularly in Baku, Tbilisi, and Tashkent. These projects reflect both developer strategy and tenant demand, combining office, retail, hospitality, and residential components to create integrated urban environments. This trend is gradually redefining how commercial real estate is delivered in the region, moving away from standalone assets toward ecosystem-driven developments that enhance tenant retention and long-term asset value.

## Conclusion

Taken together, the six markets present a highly differentiated but complementary investment landscape, where returns are driven by a combination of income yield, rental growth, and market maturation. The region's most compelling feature is not just the level of yields—although these remain significantly above global averages—but the potential for convergence, as markets continue to institutionalize and pricing begins to align more closely with international benchmarks.

For investors, the opportunity lies in strategic allocation rather than single-market exposure. Core capital may find stability and liquidity in Tbilisi and Almaty, while Baku and Yerevan offer a blend of income and growth, particularly in prime office and mixed-use assets. Meanwhile, Tashkent and Bishkek provide early-cycle entry points, where higher yields are accompanied by the potential for outsized returns as the markets evolve and deepen.

Looking ahead, the direction of travel across the region is broadly consistent: increasing transparency, improving asset quality, and gradual yield compression in prime segments. This suggests that today's high-yield environment may not persist indefinitely, particularly in markets where supply remains constrained and demand continues to strengthen. As a result, investors who are able to access and secure high-quality assets in the current cycle are likely to benefit from both strong income generation and medium-term capital appreciation.

Ultimately, Central Asia and the Caucasus are transitioning from frontier real estate markets into emerging institutional destinations. While risks remain—particularly around liquidity, regulation, and macroeconomic sensitivity—the combination of high yields, structural undersupply, and growth momentum creates a compelling investment case. For those willing to navigate the complexity, the region offers not only attractive returns today, but also participation in the long-term re-rating of an entire investment landscape.

The Central Asia and Caucasus region offers a compelling spectrum of real estate investment opportunities, ranging from stable, income-generating markets to high-growth frontier environments.

- Tbilisi and Almaty provide stability and institutional quality
- Baku and Yerevan offer a balanced growth-income profile
- Tashkent and Bishkek deliver high-yield, early-stage opportunities

For investors, the region is particularly attractive due to:

- High income yields (7-12%+)
- Yield compression potential
- Undersupplied institutional-grade real estate

Overall, a diversified strategy across multiple cities can provide an optimal balance of:

- Income stability
- Growth exposure
- Risk management

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