

Yerevan Office Market Overview

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Q4 2025 - Q1 2026

Armenia

An aerial photograph of Yerevan, Armenia, showing a dense urban landscape with various apartment buildings and residential structures. In the background, a large, prominent mountain with a significant snow cover dominates the horizon under a clear blue sky. The city's architecture is a mix of modern high-rises and older, multi-story buildings. The foreground shows a cluster of buildings with red-tiled roofs, interspersed with green trees.

Yerevan Commercial Real Estate Market Overview

Quarterly Report | Office, Retail & Industrial | Q4 2025 - Q1 2026

Executive Summary

Yerevan's commercial real estate market continues to expand, supported by strong service-sector growth, relocation-driven demand, and increasing international business activity. Over the past two years, the city has transitioned from a relatively underdeveloped market into one of the fastest-growing commercial hubs in the Caucasus region.

As of the latest quarter, the market is defined by:

- Tight office supply and rapidly rising rents
- Strong retail performance driven by consumption and tourism
- Nascent but expanding logistics and industrial sector
- Yield compression in prime assets amid rising investor interest

Yerevan now offers a compelling blend of growth and income, with yields slightly lower than Baku in prime segments due to stronger recent demand momentum.

Macroeconomic Context

Armenia's economy has been one of the strongest performers in the region, driven by:

- Rapid expansion of the IT and services sectors
- Influx of businesses and skilled professionals
- Strong consumption and tourism recovery

While growth is expected to normalize, macro fundamentals remain supportive of continued real estate demand, particularly in central Yerevan.

Office Market

Market Overview

The office market is currently the tightest segment in Yerevan, with demand significantly outpacing supply—particularly for modern, high-quality office space.

Key demand drivers include:

- Expansion of technology and IT companies
- Relocation of international firms and regional headquarters
- Growth in professional services

Unlike more mature markets, Yerevan still has a limited stock of Grade A office buildings, resulting in a landlord-favorable environment.

Rents & Occupancy

- Prime (Class A): approx. \$25-35 per sqm/month
- Secondary (Class B): approx. \$12-22 per sqm/month
- Occupancy: near full occupancy in modern buildings

Yerevan's office landscape is gradually being reshaped by a mix of established business centers and new-generation mixed-use developments. Landmark schemes such as the Elite Plaza Business Center—the largest and tallest office complex in Armenia with over 21,000 sqm of space—set an early benchmark for modern commercial real estate in the city, while projects like Yerevan Plaza Business Center introduced true Class A specifications, including “intelligent building” systems and institutional-grade infrastructure. More recent developments are shifting toward flexible, innovation-led environments, exemplified by the TUMO Convergence Center, which integrates offices, research, and co-working within a large modular campus aimed at technology and engineering tenants. At the same time, smaller modern schemes such as the Azimuth and TGA business centers reflect growing demand for boutique, high-spec office space in central and emerging districts. Collectively, these developments highlight a clear transition toward higher-quality, mixed-use and tenant-focused office environments, although overall supply of institutional-grade space remains limited relative to demand.

Rental growth has been one of the strongest in the region over the past 24 months, though it is now beginning to stabilize.

Yields & Investment Metrics

- Prime yields: 6.5% - 8.0%
- Secondary assets: 8.0% - 9.5%

This reflects:

- Yield compression due to strong demand
- Increasing competition for stabilized assets

Implied:

- Income multiples: ~12x - 15x
- Premium pricing for:
 - Central locations
 - New-build, institutional-quality offices
 - USD-linked leases

Outlook

While rental growth is expected to moderate, the office market will remain supply-constrained in the near term, supporting:

- Stable occupancy
- Continued investor interest
- Gradual normalization of yields

Retail Market

Market Overview

Retail real estate in Yerevan is benefiting from:

- Strong domestic consumption
- Tourism growth
- Rising middle-class spending

The market is concentrated around:

- City center high streets (e.g., Northern Avenue)
- Prime shopping malls and mixed-use developments

Key Trends

- Increasing demand from international and regional brands
- Expansion of F&B and lifestyle-driven retail concepts
- Growing role of tourism-driven retail spending

Compared to Baku, Yerevan's retail market is:

- More centrally concentrated
- More dependent on footfall and tourism flows

Yields & Investment Metrics

- Prime retail: 7.0% - 9.0%
- Secondary retail: 9.0% - 11%

Key pricing factors:

- Location (city center vs peripheral)
- Tenant covenant quality
- Visibility and footfall

Outlook

Prime retail is expected to deliver stable income with moderate growth, while secondary retail may require active asset management and repositioning.

Industrial & Logistics Market

Market Overview

The industrial and logistics sector in Yerevan remains early-stage but evolving, supported by:

- Growth in trade and e-commerce
- Increasing demand for warehousing
- Regional positioning as a logistics and services hub

However, the market remains:

- Small in scale
- Limited in modern supply

Market Characteristics

- Predominantly older industrial stock
- Limited availability of institutional-grade logistics assets
- Increasing interest in small-scale urban logistics and last-mile delivery

Yields & Investment Metrics

- Logistics / modern warehouse (limited supply): 7.5% - 9.5%
- Industrial assets: 8.5% - 10.5%
- Secondary stock: 10%+

Yields remain elevated due to:

- Market immaturity
- Liquidity constraints
- Limited transaction volume

Outlook

The industrial sector offers long-term growth potential, though it will likely:

- Develop gradually
- Remain less institutionalized than office or retail in the near term

Investment Market & Pricing

Capital Values & Income Multiples

Commercial real estate in Yerevan typically trades at:

- 10x - 14x income multiples, similar to Baku

However:

- Prime assets may command tighter yields due to stronger demand dynamics

Market Positioning

Yerevan is increasingly positioned as:

- A growth-driven market rather than purely income-driven
- A regional hub for:
 - Technology
 - Services
 - International business relocation

This has led to:

- Faster rental growth
- Earlier-stage yield compression cycle

Risk & Return Profile

Key Risks

- Economic normalization after a high-growth period
- Limited depth of institutional capital markets
- Currency and geopolitical considerations

- Supply response risk in office sector

Investment Case

Yerevan offers:

- Attractive yields (6.5% - 10%+)
- Strong recent rental growth momentum
- Potential for further market institutionalization

Compared to Baku:

- Slightly lower yields in prime assets
- Higher growth component

Strategic Outlook (2026-2028)

Sector Outlook

Office Stable, supply-driven normalization

Retail Growth supported by tourism and consumption

Industrial Gradual development, long-term upside

Key Catalysts

- Continued expansion of IT and services sectors
- Infrastructure and urban development
- Entry of institutional and regional investors
- New office and mixed-use developments

Conclusion

Yerevan's commercial real estate market is evolving into a high-growth, increasingly institutional environment, driven by strong demand fundamentals and limited high-quality supply.

- The office sector remains the standout performer, with tight vacancy and strong demand
- Retail benefits from tourism and consumption trends
- Industrial/logistics offers long-term potential but remains underdeveloped

Overall, Yerevan presents a balanced investment opportunity, combining:

- Income yields in the high single digits
- Stronger-than-average rental growth prospects

For investors, the market offers a compelling "growth plus income" profile, particularly in prime, centrally located assets.

For additional information regarding this market review, please
Contact: **Scot Holland LLP**
050051, 105 Dostyk Ave., 3rd floor
T: +7 (727) 258 1760

Roger Holland President
roger.holland@shre.kz

Evgeny Dolbilin Vice President
eugene.dolbilin@shre.kz

Sergey Matveyev Managing Director
sergey.matveyev@shre.kz

Serik Kabdrakhmanov Senior Valuation Manager
serik.kabdrakhmanov@shre.kz

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