

# Yerevan Office Market Overview

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Q1 2026

# Armenia

An aerial photograph of Yerevan, Armenia, showing a dense urban landscape with various residential and commercial buildings. 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 apartment blocks. The foreground shows a cluster of buildings with red-tiled roofs, while the middle ground features a mix of building heights and colors, including a tall, modern glass-fronted building. The overall scene is bright and clear, suggesting a sunny day.

# Yerevan Commercial Real Estate Market Overview

## Quarterly Report | Office, Retail & Industrial | Q1 2026

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### Executive Summary

As of Q1 2026, Yerevan's commercial real estate market continues to demonstrate strong growth momentum with early signs of stabilization, following a period of rapid expansion driven by relocation demand and services-sector growth.

Key market characteristics include:

- Tight office market fundamentals, with limited Grade A supply
- Strong retail performance, supported by consumption and tourism
- Emerging industrial & logistics sector with gradual development
- Yield compression in prime assets, reflecting sustained investor demand

Yerevan offers a "growth + income" investment profile, with slightly lower prime yields than Baku, but stronger recent rental growth dynamics.

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### Macroeconomic Context

Armenia enters 2026 following a period of exceptionally strong economic growth, now transitioning toward a more normalized trajectory.

Key drivers remain:

- Expansion of IT and services sectors
- Continued presence of relocated companies and talent
- Strong domestic consumption and tourism activity

While growth is moderating, fundamentals remain supportive of continued real estate demand, particularly in central Yerevan.

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### Office Market

#### Market Overview

The office sector remains the tightest segment in the market, with demand still exceeding supply in modern, institutional-grade space.

Key demand drivers:

- Technology and IT sector expansion
- International company relocation and regional HQs
- Growth in professional services

Supply of Grade A офисов remains limited, maintaining a landlord-favorable environment.

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## Rents & Occupancy

- Prime (Class A): ~\$27-35 per sqm/month (stabilizing at peak levels)
- Secondary (Class B): ~\$12-22 per sqm/month
- Occupancy: near full occupancy in modern buildings

After strong growth over the past two years, rental levels are now stabilizing, particularly in prime assets.

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## Yields & Investment Metrics

- Prime yields: 6.25% - 7.75% (continued compression)
- Secondary assets: 8% - 9.5%

### Implications:

- Income multiples: ~12x - 15x
  - Premium pricing for:
    - Central locations
    - Institutional-quality assets
    - USD-linked leases
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## Development Landscape

The office market continues to evolve through:

- Established business centers (e.g., Elite Plaza, Yerevan Plaza)
- New-generation developments such as TUMO Convergence Center
- Growth of boutique Grade A офисов (Azimuth, TGA, etc.)

### Key trends:

- Shift toward flexible and innovation-driven workspaces
  - Increasing focus on tenant experience and design quality
  - Gradual move toward mixed-use and campus-style developments
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## Outlook

- Office market remains supply-constrained in the near term
  - Rental growth expected to normalize
  - Continued investor demand and stable occupancy
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## Retail Market

### Market Overview

Retail continues to perform strongly, supported by:

- Robust domestic consumption
- Tourism-driven spending
- Growing middle-class demand

The market remains highly centralized, particularly in:

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

- Increasing presence of international and regional brands
- Expansion of F&B and lifestyle retail formats
- Strong reliance on footfall and tourism flows

Compared to regional peers, Yerevan is:

- More footfall-driven
  - More centrally concentrated
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#### Yields & Investment Metrics

- Prime retail: 6.75% - 8.75%
- Secondary retail: 9% - 11%

Pricing driven by:

- Location quality
  - Tenant covenant
  - Visibility and footfall
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#### Outlook

- Prime retail: stable income with moderate growth
  - Secondary retail: repositioning and value-add opportunities
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#### Industrial & Logistics Market

##### Market Overview

The industrial and logistics sector remains early-stage but gradually evolving.

Key drivers:

- Growth in trade and e-commerce
- Increasing demand for warehousing
- Regional logistics positioning

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## Market Characteristics

- Predominantly legacy industrial stock
  - Limited modern logistics supply
  - Growing demand for:
    - Urban logistics
    - Last-mile delivery
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## Yields & Investment Metrics

- Modern logistics: 7.25% - 9.25%
- Industrial assets: 8.5% - 10.5%
- Secondary stock: 10%+

Yields remain elevated due to:

- Market immaturity
  - Limited liquidity
  - Low transaction volumes
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## Outlook

- Gradual sector development
  - Increasing investor interest
  - Long-term structural growth potential
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## Investment Market & Pricing

### Capital Values & Multiples

- Typical pricing: ~10x - 14x income multiples

Compared to peers:

- Similar to Baku
  - Tighter pricing in prime assets due to demand
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## Market Positioning

Yerevan is increasingly positioned as:

- Growth-driven market with institutionalizing features

Key characteristics:

- Strong rental growth history

- Early-stage yield compression cycle
  - Increasing role as a regional services hub
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## Risk & Return Profile

### Key Risks

- Economic normalization after high-growth period
  - Limited institutional market depth
  - Currency and geopolitical exposure
  - Potential supply response in office sector
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## Investment Case

### Yerevan offers:

- Attractive yields (6.25% - 10%+)
- Strong recent rental growth
- Ongoing market institutionalization

### Relative positioning:

- Slightly lower yields than Baku (prime)
  - Higher growth component
  - Lower risk than Central Asian frontier markets
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## Strategic Outlook (2026-2028)

Sector	Outlook
Office	Stabilization, supply-driven normalization
Retail	Growth via tourism and consumption
Industrial	Gradual expansion, long-term upside

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## Key Catalysts

- Continued IT and services sector growth
  - Urban development and infrastructure investment
  - Entry of institutional investors
  - Pipeline of mixed-use and office developments
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## Conclusion

As of Q1 2026, Yerevan's commercial real estate market is transitioning from a high-growth phase to a more balanced, institutionalizing environment.

- Office: remains supply-constrained with stabilizing rents
- Retail: strong performance driven by tourism and consumption
- Industrial/logistics: early-stage but перспективный

Overall, Yerevan represents a compelling “growth + income” investment opportunity, offering:

- High single-digit yields
- Strong underlying demand
- Continued market maturation

This makes it particularly attractive for investors seeking a balance between growth potential and income stability in the Caucasus region.

For additional information regarding this market review, please

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