

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 hillside with red-tiled roofs and green trees.

Yerevan Office Real Estate Market Report - Q1 2026

Executive Summary

The Yerevan office real estate market entered 2026 with stable fundamentals following the normalization phase that began in 2024. Demand remains primarily driven by Armenia's growing ICT, financial services, and professional services sectors, while the market continues to benefit from the long-term presence of international companies and technology firms that established operations in Armenia over the past several years.

The shortage of high-quality Grade A office space remains the defining characteristic of the market. Prime office properties in Kentron and adjacent business districts continue to achieve high occupancy rates and stable rental growth. Although several new developments are under construction, the supply of modern office space remains insufficient to fully meet demand from technology companies, international organizations, and professional service firms.

Rental rates have stabilized at levels significantly above pre-2022 averages, while vacancy rates in premium buildings remain low. Investors continue to view Yerevan's office sector as one of the most attractive commercial real estate segments in Armenia.

1. Market Dynamics and Economic Context

A. Economic Drivers

Continued Economic Growth

Armenia's economy maintained solid growth during 2025 and entered 2026 with positive momentum. Economic activity continues to be supported by:

- Information and Communication Technology (ICT);
- Financial services;
- Professional services;
- Trade and logistics;
- Construction and real estate development.

The country's diversified growth profile continues to support business expansion and demand for modern office accommodation.

Maturing Post-Relocation Market

The extraordinary market volatility experienced during 2022-2023 has largely subsided. The office market has entered a more sustainable phase characterized by:

- Stable corporate demand;
- Longer lease commitments;
- More predictable rental growth;
- Increased focus on workplace quality.

Many international companies that relocated operations to Armenia have established permanent regional offices, creating a stable tenant base for premium office assets.

Technology Sector Leadership

The ICT sector remains the largest source of office demand in Yerevan.

Key occupiers include:

- Software development companies;
- Fintech firms;
- Outsourcing and shared-service centers;
- Artificial intelligence and data technology firms;
- International technology companies.

Demand continues to focus on large, flexible floorplates equipped with modern telecommunications infrastructure and collaborative workplace environments.

B. Supply and Development Trends

The professional office stock in Yerevan remains relatively limited compared to other regional capitals.

Office Grade Segment	Share of Professional Stock	Estimated Area (GLA)	Market Condition
Grade A	~15%	~95,000 sq. m.	Significant shortage
Grade B+	~25%	~160,000 sq. m.	Strong demand
Grade B / C	~60%	~380,000 sq. m.	Aging inventory

The total professional office stock is estimated at approximately 635,000 sq. m. GLA.

New development activity remains concentrated in:

- Kentron (Central District);
- Arabkir;
- Kanaker-Zeytun;
- Emerging mixed-use business corridors.

Developers increasingly prioritize international construction standards, sustainability certifications, and smart-building technologies.

2. Occupancy and Rental Rate Analysis

A. Vacancy Rates

Vacancy rates remained low across the premium office segment during Q1 2026.

Office Grade Segment	Vacancy Rate (Q1 2026)	Market Status
Grade A	4% - 8%	Tight
Grade B+	8% - 12%	Stable
Grade B / C	20% - 25%	Elevated

Grade A buildings continue to benefit from limited supply and strong demand from technology and international occupiers.

The spillover effect from the premium segment continues to support occupancy in Grade B+ properties, while older office buildings experience higher vacancy and increasing competitive pressure.

B. Rental Rates

Rental rates remained stable with moderate upward pressure in prime locations during Q1 2026.

Office Grade	Average Monthly Rent (USD/sq.m./month)
Grade A	USD 24 - 35
Grade B+	USD 16 - 24
Grade B / C	USD 8 - 15

Prime office buildings in Kentron continue to command the highest rental levels in the market.

Factors supporting rental rates include:

- Limited Grade A supply;
- Strong technology-sector demand;
- Continued foreign corporate presence;
- Growing preference for professionally managed buildings.

3. Key Market Trends

A. Smart Buildings and Technology Infrastructure

Modern office developments increasingly incorporate:

- Smart building management systems;
- Energy-efficient HVAC technologies;
- Advanced access control systems;
- High-speed fiber-optic connectivity;
- Enhanced cybersecurity infrastructure.

Technology-oriented occupiers continue to prioritize buildings capable of supporting advanced digital operations.

B. ESG and Sustainability

Environmental, Social and Governance (ESG) considerations are becoming increasingly important for both developers and tenants.

New office projects increasingly feature:

- Energy-efficient design;
- Green building certifications;
- Reduced operating costs;
- Sustainable construction materials;
- Employee wellness amenities.

International tenants continue to drive demand for ESG-compliant office environments.

C. Flexible Office Space Growth

The coworking and serviced office segment remains an important component of the Yerevan office market.

Demand is supported by:

- Startups;
 - Technology companies;
 - International project teams;
 - Remote and hybrid work models;
 - Companies entering Armenia for the first time.
- Flexible workspace operators continue to expand offerings in central locations.

4. Investment Market

Investment activity remains concentrated in high-quality commercial assets.

The most attractive opportunities include:

Core Investments

- Fully leased Grade A office buildings;
- Modern mixed-use developments;
- Long-term income-producing assets in Kentron.

Value-Add Opportunities

- Redevelopment of older commercial properties;
- Conversion of obsolete office stock into Grade B+ assets;
- Refurbishment projects in prime locations.

Typical yields for premium office assets are estimated between **7% and 9%**, remaining attractive relative to many regional markets.

Conclusion and Outlook

The Yerevan office market entered 2026 from a position of stability and continued growth. Demand remains fundamentally supported by the expansion of the ICT sector, international business activity, and Armenia's broader economic growth.

The market continues to experience a structural shortage of high-quality office space, which supports low vacancy rates and firm rental levels in the premium segment. While new development activity is gradually increasing, the supply of Grade A office space is expected to remain constrained in the near term.

Looking ahead, rental rates are expected to remain stable to moderately increasing throughout 2026, while vacancy rates in Grade A properties are likely to remain below historical averages. Investors and developers focusing on modern, technology-enabled, ESG-compliant office buildings are expected to benefit most from the market's continued evolution.

Key Changes vs. Q3 2025

Indicator	Q3 2025	Q1 2026
Grade A Vacancy	<10%	4-8%
Grade B+ Vacancy	10-15%	8-12%
Grade A Rent	USD 22-32+/sqm/month	USD 24-35/sqm/month
Grade B+ Rent	USD 15-22/sqm/month	USD 16-24/sqm/month
Professional Office Stock	~600,000 sqm	~635,000 sqm
Key Demand Driver	ICT Sector	ICT, Fintech & International Services
Development Focus	New Grade A Buildings	ESG-Compliant Smart Office Projects

The Q1 2026 market reflects a mature post-relocation environment, continued dominance of the technology sector, increasing ESG adoption, and sustained demand for modern office space in Yerevan's prime business districts.

For additional information regarding this market review, please

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