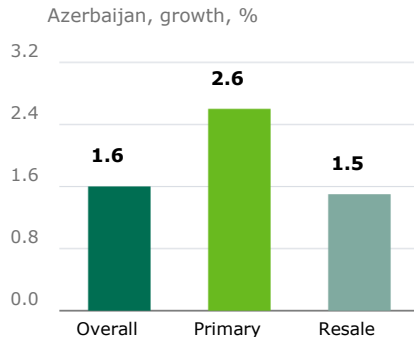


Azerbaijan

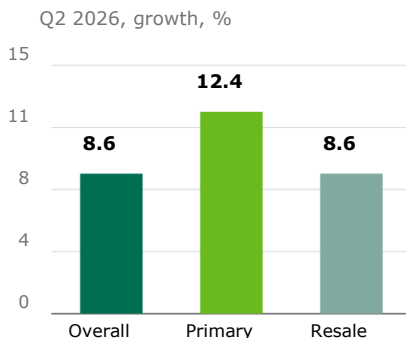


Housing prices: Q2 against Q1



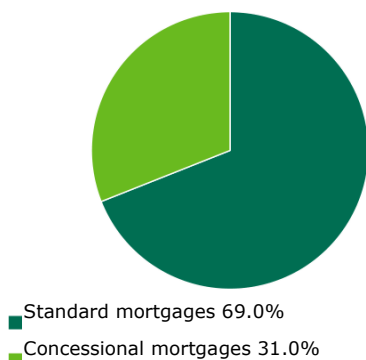
State Statistical Committee. National index; not Baku's average price per sq m. [1]

Housing prices: year on year



Q2 2026 against Q2 2025. Index changes measure price movement. [1]

Mortgage lending by programme



Mortgage Fund, January-June 2026. Shares by value; calculated from AZN 156.1m and 70.2m. [2]

Market overview

Azerbaijan's official housing price index continued to rise in Q2 2026. New housing prices increased faster than resale prices. In this Baku review, the national index provides context: a comparable city-level quarterly price series was not established in the verified materials. [1]

Supply and construction

Supply assessment in Baku needs to distinguish occupied buildings, completed apartments, construction in progress and announced projects. A project's floor area is not equivalent to housing available for occupation. Handover timing, fit-out and functioning utilities determine actual availability.

National investment in housing construction reached AZN 1,298.4 million in January-June, down 2.7% in comparable prices. This measures investment, not completed residential floor space, and is not specific to Baku. [1]

Purchasing and finance

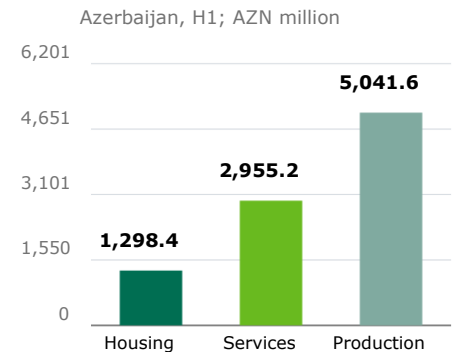
The Mortgage and Credit Guarantee Fund financed 2,242 loans totalling AZN 226.3 million in the first half. Standard mortgages accounted for 1,418 loans and concessional mortgages for 824. These are national programme disbursements, not the number of housing transactions in the capital. [2]

Residential leasing

Apartment comparisons should account for district, room count, furniture, interior condition, parking and utility inclusions. Short stays and long-term leases have different cost structures and should not be combined into one average rent.

A verified room-count rental sample for April-June 2026 was unavailable. The old template's ranges have not been carried forward as current figures. An individual apartment requires a dated quotation and a review of lease terms.

Housing construction investment



Fixed-capital investment by purpose. Housing accounts for 14.0% of the total. [1]

Income and affordability

AZN 1,174.4

Average monthly nominal wage in Azerbaijan, January-June 2026; up 7.0% year on year. [4]

The national average wage is not a measure of Baku household income. Purchase affordability also depends on the deposit, loan term and recurring household expenses.

Rent-to-own programme

475

Contracts concluded under the Fund's programme in January-June 2026. By 1 July, 9,545 families had benefited since inception. [3]

The programme covers Baku, Absheron and Sumgayit. Its statistics describe a specific housing mechanism, not the whole commercial rental market. [3]

Reporting period: April-June 2026. National and first-half measures are labelled separately. Sources and methodology appear on page 2.

Baku: Business Geography and Economy

Baku is Azerbaijan’s capital, on the Caspian coast of the Absheron Peninsula. Property selection depends on access to workplaces, public transport and everyday amenities as well as distance from the centre.



Geographical illustration retained from the reference. It is not a map of available properties or current market boundaries.

Location and functionality

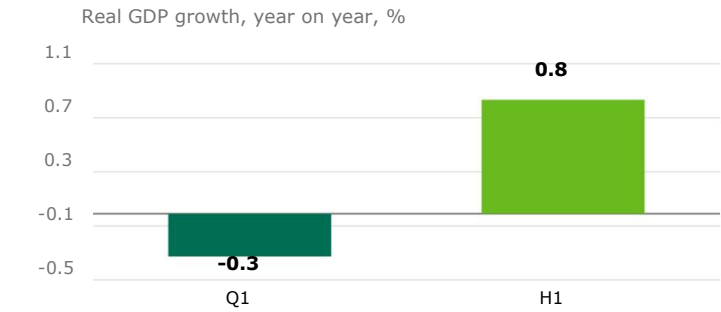
Central neighbourhoods, waterfront areas and newer business nodes should be compared at address level. “Centre” and “second centre” are not a uniform official market classification and do not determine price on their own.

Economic context, January-June

Indicator	YoY growth
Real GDP	+0.8%
Non-oil/gas GDP	+1.5%
Fixed-capital investment	+13.8%
Retail trade	+3.7%
Information and communication	+7.5%

State Statistical Committee. Azerbaijan; real changes against January-June 2025. [1]

From the first quarter to the first half



Different cumulative periods: -0.3% for January-March and +0.8% for January-June. This is not Q2-on-Q1 growth. [1,7]

Financing conditions

Quarter-end parameter	Level
Refinancing rate	6.5%
Corridor floor	5.5%
Corridor ceiling	7.5%

On 24 June, the Central Bank kept the corridor unchanged. The policy rate is not a property loan rate: lending terms depend on the borrower and product. [5,6]

Data sources and methodology

- [1] State Statistical Committee: January-June 2026 report, 20 July. Housing prices p. 83; investment pp. 39, 43; entities p. 110.
- [2] Mortgage and Credit Guarantee Fund: first-half mortgage lending, 9 July 2026.
- [3] Mortgage and Credit Guarantee Fund: rent-to-own programme, 10 July 2026.
- [4] State Statistical Committee: employment and wages, January-June 2026; 11 August.

- [5] Central Bank: decision of 24 June 2026; interest rate corridor unchanged.
- [6] Central Bank: interest rate corridor parameters, 4 February 2026.
- [7] State Statistical Committee: macroeconomic archive; Q1 and first-half comparisons.

Official measures are distinguished by period and geographical coverage. Index changes are calculated as index minus 100. Shares are rounded. Market commentary is analytical and does not represent a survey of every Baku property.

This Q2 2026 review incorporates published period results. Listings dated after 30 June have not been used to reconstruct quarterly rents.

Office grades and quality

Segment	Comparison basis
Grade A	Systems, management, service
Grade B	Functionality and cost
Other space	Permitted use and readiness

Qualitative comparison, not shares of office stock. Building specifications need to support the stated grade.

Total occupancy cost

Compare rent per square metre together with service charges, taxes, utilities and parking. Fit-out, relocation, deposits and rent-free periods need separate treatment.

Rent and vacancy data

A comparable verified sample for Q2 2026 was not established. Average rent, vacancy and completions are therefore not estimated using the old template's figures.

Market overview

Baku remains the country's principal business centre. As of 1 July, the city had 156,046 registered statistical entities, or 67.0% of Azerbaijan's total; 4,712 were created in the first half. This measures business concentration, not office tenant numbers or space absorbed. [1]

Demand and readiness for occupation

Corporate occupiers need reliable building systems, connectivity, security and convenient access for staff and visitors. Fitted space can shorten relocation lead times; unfinished units require a separate fit-out budget and approvals.

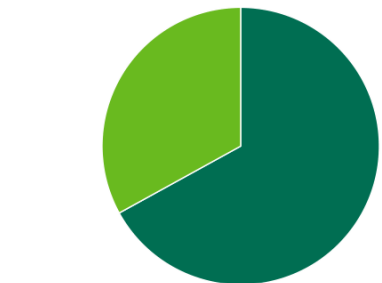
Project teams and small businesses may consider serviced offices and flexible lease terms. Comparisons with conventional space should account for workstation capacity, meeting-room access and included services.

Supply and lease negotiations

A business centre's announced area is not the same as available rental supply. Owner-occupied buildings, pre-let units and construction projects need separate treatment.

Without a building survey at a consistent date, the market cannot reliably be described as favouring only tenants or landlords. Negotiating conditions depend on the unit, its condition, lease length and payment structure.

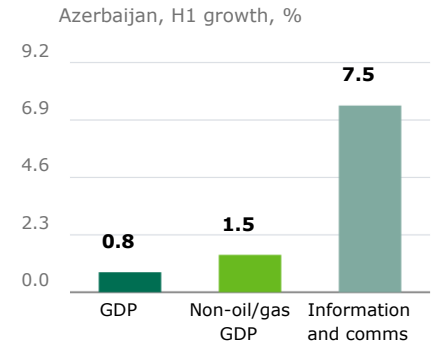
Business concentration



■ Baku 67.0%
■ Rest of Azerbaijan 33.0%

Shares of registered statistical entities at 1 July 2026. These are not shares of office floor space. [1]

Sectors and economic context



National statistics, year on year. Sector growth is not the same as office demand growth. [1]

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