

#MARKETBEAT



TASHKENT Uzbekistan

REAL ESTATE MARKET

MAY 2022



OUR EXPERTS



28 years In Russia



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18 years In global consulting company -
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Recent Case Studies

Tashkent City

Commercial concept for the project as an integrated area and financial modeling covering office, retail, hotel, residential, congress center and recreation segments.

Tashkent

Land plot area: 80 ha
Building Area: 2 mn sqm



Business City Tashkent

Definition of 11 growth points and selection of sites in each district of Tashkent for further development, that includes residential, offices, hotels, exhibition center, retail, medical cluster, sports cluster, transport hub, distribution center. Development of investment passports for all lots.

Tashkent

Building Area: 1.75 mn sqm



Samarkand City

Market analysis (retail, residential, hotel), commercial concept review, recommendations on the project's parameters.

Samarkand

Land plot area: 20 ha

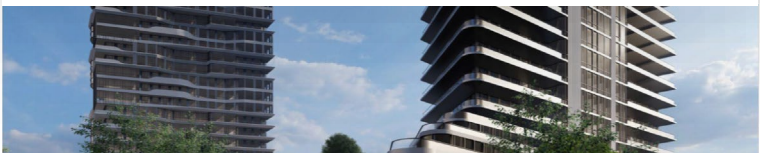


Amir Temur Square MFC

Concept development for a multifunctional center on Amir Timur Square. Market analysis (residential, hotel, retail and office) and financial modeling.

Tashkent

Land plot area: 2.5 ha



Seoul Mun Shopping Mall

Commercial concept for a shopping mall. Recommendations for the development of the commercial component – characteristics of potential tenants and rental rates, market review, location analysis. Recommendations on the architectural concept of the project.

Tashkent

Building Area: 42,550 sqm

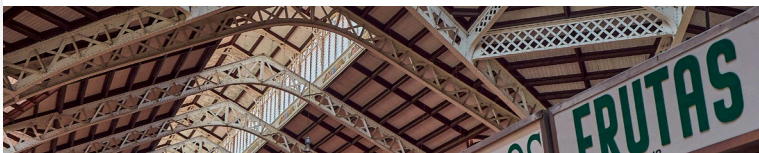


Murad bazaar

Concept for a wholesale distribution center. Analysis of international experience in the development of agricultural clusters. Benchmarks of the formats for the integrated development of the territory of agricultural clusters. Analysis of the commercialization of agro-industry.

Tashkent

Land plot area: 53.55 ha



Uzbekistan is a country located in Central Asia, slightly smaller than the area of Sweden. Agriculture and mining industries account for 50%. However, outstripping development supports active growth and transformation of the economy.

Size	447,400 km², 58 th by size (CIA)
Population	34.6 mn people (42 th globally)
Capital	Tashkent
Language	Uzbek, Russian
Natural resources	- Oil, gaz - Mineral resources - gold
Industry	Services 36%, agriculture 25%, manufacturing 26%



Economy Drivers:

- Liberalization of the economy
- Outstripping urbanization, manufacturing growth
- Population growth
- Growth of service sector



Risks:

- Business infrastructure, financial and service sectors are underdeveloped
- Public sector is dominating in the structure of the economy



Top-4 Cities by Size	Key Role	Population, people (2021)
Tashkent	Capital, economy center	2,694,378
Namangan	Agriculture, light industry	644,819
Samarqand	Tourism and manufacturing	551,746
Andijan	Manufacturing	449,944

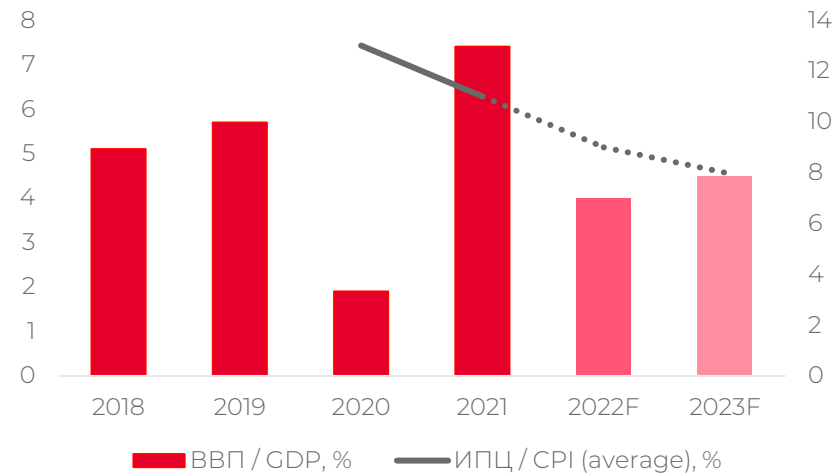
Indicator	2020	2021
GDP growth, %	1.9	7.4
GDP per capita, USD	1,705	1,983
CPI (annual average), %	13	11
Exchange rate USD / UZS	10,054	10,609
Construction, bn USD	8.8	10.1

Source: Actuals - State Committee of the Republic of Uzbekistan on Statistics, Forecast - Asian Development Bank

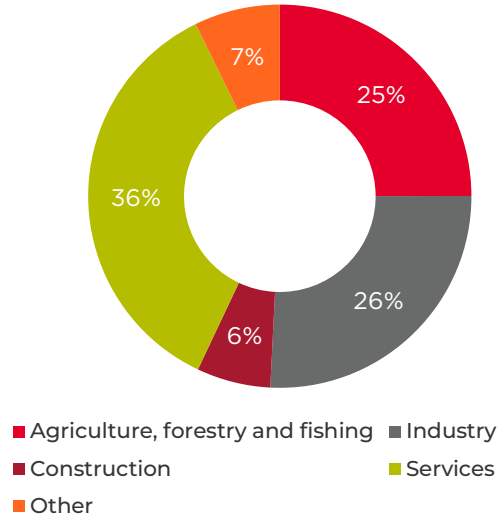
Since 2017 Uzbekistan made a noticeable progress in terms of the economy and social development – from closed to actively developing market.

- ✓ Uzbekistan was one of a few economies showing GDP growth in 2020.
- ✓ Construction dynamics is impressive. In 2021, the sector grew by 22% in Uzbekistan including 37% growth in Tashkent.
- ✓ Population growth in 2021 was +2.1% for Uzbekistan and +6.2% for Tashkent. Urbanization is one of the key trends.
- ✓ GDP per capita is expected to double by 2030: from \$1,983 in 2021 to \$4,200 in 2030.

GDP AND CPI, %



GDP STRUCTURE, %

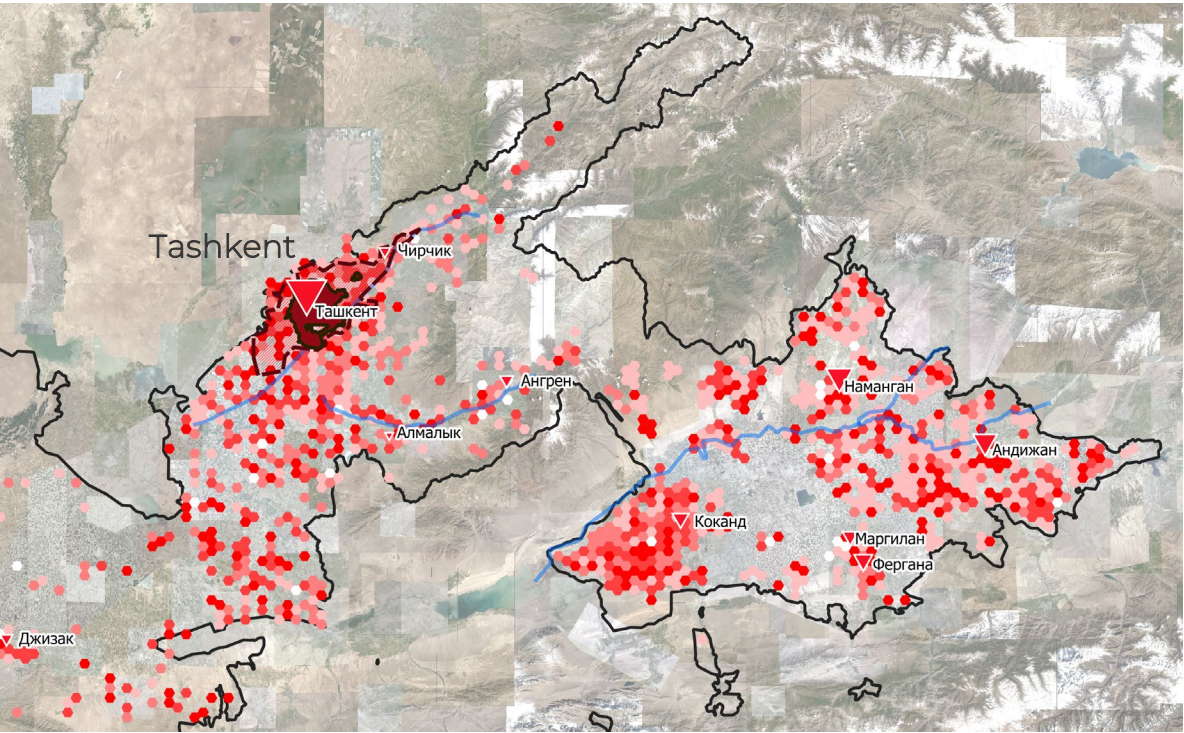


TASHKENT IN THE SETTLEMENT SYSTEM

Tashkent is the largest city in the region, it absorbs large share of the population. Agglomeration covers the area of so-called Tashkent Oasis, in the valley of the Chirchiq River along the border with Kazakhstan (about 100 km in total).

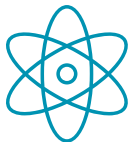
Location in the core of the cities' cluster allows direct connections with the most heavily populated and economically active regions: Fergana Valley (Kokand, Fergana) and Zarafshon Valley (Samarkand, Navoiy).

Tashkent agglomeration compared to other settlements on the East of the country



LARGEST CITY IN THE CENTRAL ASIA

Population – 2.6 mn people



CORE OF A MONOCENTRIC AGGLOMERATION

Population – 4-5 mn people



COMPOUND CITY PLANNING STRUCTURE
(irregular, linear, regular)



PERIPHERAL LOCATION
together with effective integration
in the settlement system of the
country, close to Samarkand –
Fergana Valley connection

TASHKENT: SPATIAL ORGANIZATION

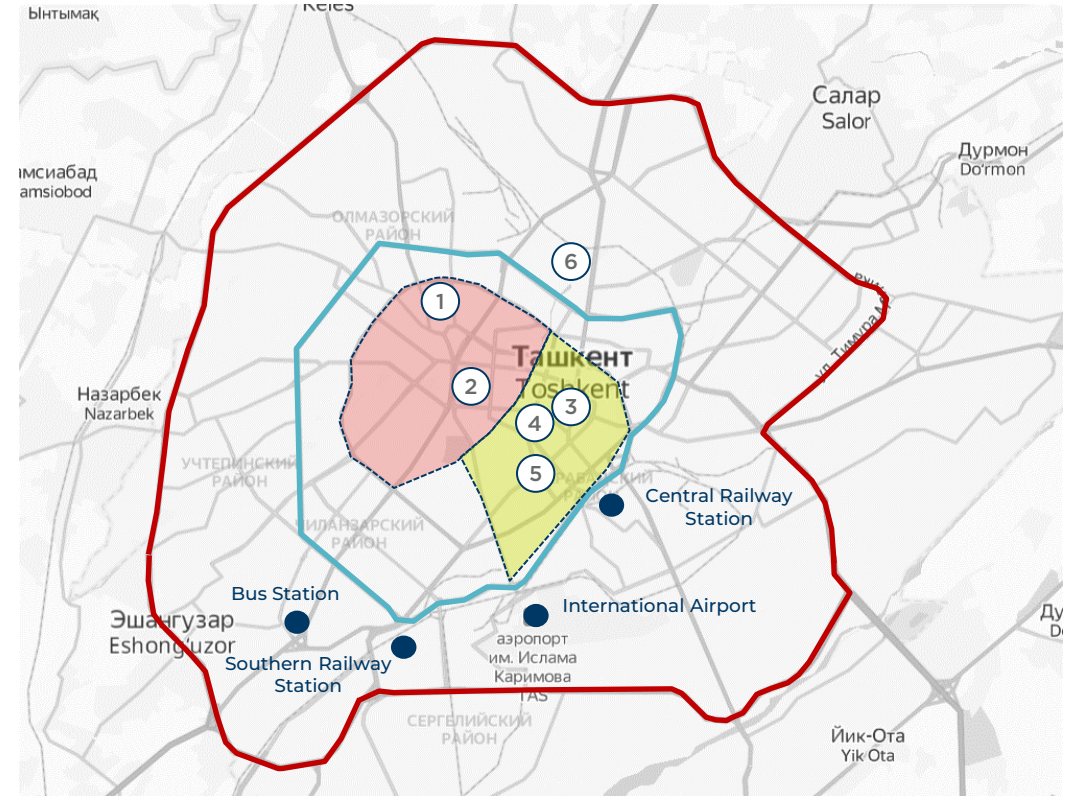
The city center has Western (old city) and Eastern (new city) parts. Western part has a chaotic construction planning, while Eastern part is regular. Both were heavily damaged in the earthquake and were rebuilt and turned into soviet type microdistricts.

Among the key attraction points in the city:

1. Hazrati Imom – religious complex, library with oriental manuscripts.
2. Tashkent-City – geographical city center with high business and social activity. Location will be a new attraction point when construction is completed.
3. Amir Temur Square – historical and administrative center.
4. The State Academic Bolshoi Opera and Ballet Theatre named after Alisher Navoi – cultural center.
5. The most active streets – Shahrissabz, Shota Rustaveli Str., Mirobod Str.
6. Television Tower – the highest building in the Central Asia with a viewing point.

Beyond the city center, territories are occupied by private housing, soviet type houses and modern residential districts. All of them are connected to the center by metro lines.

TASHKENT MAP



- Sightseeing places and attraction points in Tashkent
- Western part (old city)
- Eastern part (new city)
- Smaller Ring Road
- Tashkent Ring Road

TASHKENT: DEVELOPMENT PLANS

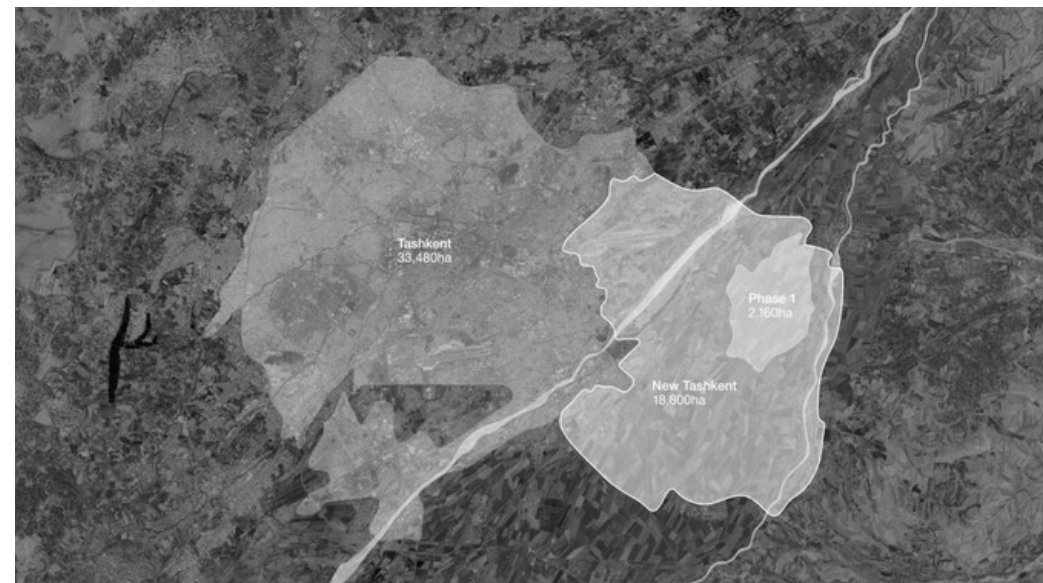
Recently the city has been transforming noticeably.

- 14 new metro stations were opened in the city.
- Tashkent-City, a major development project, is being actively constructed.
- By 2023 a new general development plan will be finalized including a new growth point called New Tashkent.
- **New Tashkent** – a new development area along the Chiriq river, on the South-East of the airport. Those new areas were partially included in the city borders in 2021.

An estimated area for the potential development may exceed 20,000 ha (it is about 60% of the current city territories) but few details of the project are currently available.

- International and Russian experts are involved in the development projects in Tashkent which will allow the city to skip some of the growing pains and accelerate transformation.

NEW TASHKENT



TASHKENT CITY BUSINESS CLUSTER

Tashkent City is one of the largest urban projects and the flagship of construction boom in Uzbekistan. This will be a new center of business activity in the city. Commercial concept was prepared by Commonwealth Partnership (Cushman & Wakefield until April, 2022). The project is unique for the city and includes construction of modern office, retail and hotel high-rise buildings and a park. The total area is 80 ha. The total building area is 2 mn sqm. Tashkent City suggests benefits for international investors.



LOT 1 RESIDENTIAL COMPLEX

Building area – 261,771 sqm
Includes: 9 residential buildings

LOT 2 RESIDENTIAL AND INFRASTRUCTURE

Building area – 250,265 sqm
Includes: 3 residential buildings, 4-star Park Inn hotel by Radisson, A-class office complex, mall

LOT 3 - TASHKENT CITY MALL

Building area – 351,323 sqm
Includes: Tashkent City Mall, Marriot hotel, business center

LOT 4 - NEST ONE

Building area – 187,284 sqm
Includes: residential tower, offices, hotel, retail

LOT 6 – FINANCE CENTER

Building area– 324,719 sqm
Includes 4 office buildings

LOT 7 RESIDENTIAL AND INFRASTRUCTURE

Building area – 361,231 sqm
Includes: residential complex, Holiday Inn hotel, street retail

LOT 8 – TASHKENT CITY PARK

Building area – 18.6 ha
The largest recreational area in Uzbekistan

LOT 5 – CONGRESS HALL

Building area – 94,000 sqm
Includes congress hall and Hilton hotel

Commercial terms for newly constructed modern office buildings (A & B+):

Rental Rate

From **20** USD/sqm/month*
Market average

35-40 USD/sqm/month*
Tashkent-City

Sale Price

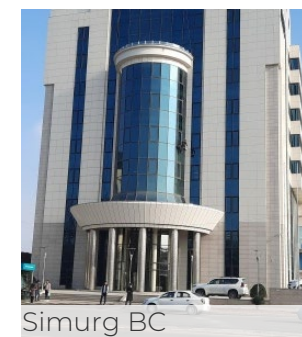
2,500 USD/sqm (incl VAT)
Market average

*excluding OPEX and utility costs

All office buildings constructed before 2020 can be classified as class B or lower.

New high-quality office buildings and business clusters, additionally to Tashkent City, have been started, and some of them are already completed, during the last two years.

Construction activity is high but demand for quality premises still exceeds supply. A good example, Orient BC, one of the most quality existing projects in the city, which is recently delivered to the market is fully sold out by blocks as of March, 2022.



406 '000 sqm

A noticeable amount of class A buildings is currently in the process of development in Tashkent. 350,000 sqm out of this amount is a share of Tashkent City project. Built-to-suit projects cover 60%. Speculative construction will add 170,000 sqm to the open market by 2024.

KEY OFFICE DEVELOPMENTS, CLASS A

Trilliant



Two office buildings

- Class A
- Completion: 2022 - 2023

IT-park



New cluster of IT and telecom companies

- Class A / B+
- Completion: 2022 - 2024

Tashkent City Lot 3



Business center

- Class A
- Completion: 2023

Tashkent City Lot 6



Three office buildings

- Class A
- Completion: 2022 – 2023

Commercial terms in key shopping centers:

Rental RateFrom **12** USD/sqm/month**35-100** USD/sqm/month

Market average

All existing shopping centers are middle or small sized (neighborhood and community formats). The largest shopping center has rentable area of 35,000 sqm.

The total supply of modern shopping centers is about 200,000 – 300,000 sqm. m, 80% of which were built after 2014.

There are some international brands among the tenants of these properties - for example, Baskin Robbins, Calvin Klein, DeFacto, Hilfiger Denim, LC Waikiki, Levi's, Mango, Lacoste, Swarovski, Terranova, Trussardi, United Colors of Benetton, etc., operating mainly by franchise. Also, Kazakh chains are represented in the city (for example, Magnum hypermarket chain).

Traditional bazaars are very popular in Uzbekistan. Some of the newly built and renovated malls include markets as anchor tenants. For example, more than a third of the space in the newly opened Sampi Bozori shopping center in 2020 is occupied by a wholesale market along with a food court, cinema and children's entertainment area.



Atlas «Chimgan», 2020



Riviera, 2020

KEY RETAIL PROJECTS UNDER DEVELOPMENT IN TASHKENT



Tashkent City Mall (250,000 sqm)

Tashkent City Mall is the largest project under development in Tashkent, which will significantly expand the supply of high-quality affordable clothing in mass market segment in the city. Some well-known retail companies such as LPP (Sinsay, Reserved, Mohito, Cropp), Gloria Jeans, Ostin, Funday consider openings in the mall. All of them will enter the market for the first time.



Central Plaza MFC (53,000 sqm)

Central Mall is a part of the mixed-use complex on the territory of Tashkent City. It will include more than 140 stores of international and local brands, cinema, a spacious food court, a wide range of restaurants, supermarkets and children's entertainment areas.

Sale Prices (market average by class):

Premium/Business+

2,000 USD/sqm

Business

1,500 USD/sqm

Comfort

1,000 USD/sqm

Economy

650 USD/sqm

According to the State Statistics Committee, 64,500 residential houses were built on the territory of Uzbekistan in 2021, which is a total of 13.6 mn sqm, most of them are in Tashkent and the Tashkent region.

Specifics of the local residential market:

- There is no unified classification of residential buildings. Requirements for the key characteristics of classes are only being formed on the market. Currently location of the project is the most significant criterion.
- Mortgage market is weak due to high interest rates (from 17% for non-subsidized programs). In this regard, developers offer installment payments for the period of 1-3 years.
- Pricing. In case of 100% pre-payment, developer gives a significant discount - up to 40% off the base price (on average, about 15%, but it depends on the stage of construction). Also, price of a lot largely depends on window view, number of storeys and quadrature.
- The market is regulated by the requirements of the seismic safety of the buildings. The seismically active region (there is a possibility of a strong earthquake - up to 9 on the Richter scale) determines the rules of construction, especially for high-rise buildings.
- There are no general requirements for developers to build social infrastructure, local administrative bodies and ministries take responsibility for this.
- The segment of serviced apartments is not formed yet, but there are some projects announced on the market.

EXAMPLES OF RESIDENTIAL PROJECTS UNDER DEVELOPMENT IN TASHKENT (BY CLASS)

PREMIUM



Nest One (mixed-use complex)

Developer: Murad buildings

BUSINESS



Modera Towers (mixed-use complex)

Developer: Koc Construction

COMFORT



Manzara (residential complex)

Developer: Bizning Uylar
Development

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