



Mortgage Refinancing
Company of Uzbekistan

Uzbekistan Residential **REAL ESTATE** AND MORTGAGE MARKET



MINISTRY OF ECONOMY AND
FINANCE OF THE
REPUBLIC OF UZBEKISTAN



The Central Bank
of the Republic of Uzbekistan



Institute for Macroeconomic
and Regional Studies

Foreword



Murodjon Farmanov, CFA
Chief Executive Officer (CEO)
of the Mortgage Refinancing
Company of Uzbekistan

The development of a transparent, sustainable, and inclusive housing market is one of the cornerstones of Uzbekistan's economic and social transformation. Ensuring that every family has access to quality housing under affordable and stable financial conditions remains a key priority of our government within the framework of the Uzbekistan-2030 Strategy.

In recent years, the Uzbek Government has implemented comprehensive reforms to liberalize the housing sector, expand mortgage lending, and attract long-term investment into construction and urban development. These measures are aimed at increasing the availability of housing, strengthening market institutions, and promoting balanced regional development.

This research represents an integrated evidence base for policy formulation and monitoring. The joint work of the Ministry of Economy and Finance, the Central Bank of Uzbekistan, the Mortgage Refinancing Company of Uzbekistan, and the Institute for Macroeconomic and Regional Studies provides a unique analytical foundation for understanding the dynamics of supply, demand, prices, and financing in the housing sector.

I am confident that the findings of this report will support further reforms and strengthen coordination between public authorities, the financial sector, and the construction industry. I express my sincere gratitude to all institutions and experts who contributed to this important initiative.



Preface

The housing and mortgage markets are vital to the well-being of households and to the stability of the national economy. Understanding their dynamics requires close coordination among institutions responsible for economic policy, financial supervision, and market development.

This report – “Uzbekistan Residential Real Estate and Mortgage Market” – is the result of joint analytical efforts by the Central Bank of Uzbekistan, the Mortgage Refinancing Company of Uzbekistan, and the Institute for Macroeconomic and Regional Studies under the Cabinet of Ministers, in collaboration with the Ministry of Economy and Finance. The report consolidates data, research, and insights from multiple agencies to present a comprehensive view of the current state and trends of the housing and mortgage sector in Uzbekistan.

The publication combines macroeconomic and regional analysis with detailed statistical and market indicators. It examines the evolution of housing supply and demand, land prices, affordability, and the development of the mortgage finance system. The report also reviews the institutional environment, regulatory improvements, and emerging challenges such as urbanization, demographic shifts, and sustainability requirements.

We hope this report will serve as a reliable reference for policymakers, investors, financial institutions, and researchers. It is intended to promote transparency, enhance policy coordination, and support evidence-based decision-making in the housing and mortgage sectors.

We would like to thank all teams and specialists from our institutions who contributed data, analysis, and valuable expertise. This report marks an important milestone toward establishing a regular monitoring system for Uzbekistan’s housing and mortgage market, supporting the country’s broader economic modernization agenda.

T. Ishmetov

U. Abidkhadjaev

S. Sadullayev

Acknowledgement

Uzbekistan Residential Real Estate and Mortgage Market Report is prepared by The Institute for Macroeconomic and Regional Studies (IMRS) and The Mortgage Refinancing Company of Uzbekistan (UzMRC) team led by Khalilillo Khamidov.

The core team comprised Muhammad Babadjanov, Doston Djalilov, Zohidjon Makhmudov, Humoyun Usmanaliyev, Ulugbek Rakhmatov, Sunnatillo Kholmurodov, Khamidov Rasul, Javokhir Mukhammedov, Isroil Saidov, Rustam Odilov, and Shohrukh Bobojonov provided inputs to the report at various stages.

The IMRS expresses its deep appreciation to all institutions and professionals who contributed to the preparation of this report.

The IMRS acknowledges the constructive collaboration and analytical support of the Ministry of Economy and Finance, the Ministry of Justice, the Central Bank of Uzbekistan, the UzMRC, and the National Statistics Committee. Their data, insights, and methodological contributions were essential in producing this comprehensive assessment.

Special thanks are extended to the regional statistical departments, research experts, and housing market specialists whose input enriched the regional analysis and interpretation of trends. The Institute also appreciates the valuable feedback received from representatives of the international community and development partners, whose experience helped to align the report with global analytical standards.

The views expressed in this report are those of the authors and do not necessarily represent the official positions of the participating institutions.

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Executive summary

1. Overview and context

Uzbekistan's housing sector has become one of the fastest-transforming components of the national economy. The government's market-based reforms since 2017 have reshaped the housing finance ecosystem, moving from administratively managed housing allocation to transparent, demand-driven, and institutionally anchored markets. Housing now contributes both to social welfare and to macro-financial stability, accounting for a rising share of investment and household wealth formation.

The residential real estate and mortgage markets evolved through three distinct phases for the period 2020-mid-2025:

- 2020–2021 – Expansion and stimulus: post-pandemic recovery supported by fiscal transfers, concessional mortgages.
- 2022–2023 – record remittance inflows, external-shock inflation and speculative surge: cost-push pressures and migration-related demand temporarily amplified prices.
- 2024–2025 – Adjustment and normalization: slower income growth, tighter credit, and rising household debt ushered in a soft correction of prices and rents.

These cycles reveal a structural transition from policy-driven expansion toward market-based equilibrium.

2. Key developments

Housing prices and rents

Nominal housing prices rose sharply during 2020–2023 and peaked in 2024Q2. By 2025Q3 they had declined by 4.5% in the primary market and 8.3% in the secondary market relative to their peaks. Real (inflation-adjusted) prices turned negative in most regions, marking the first broad-based cooling since 2018.

Regional differentiation remains pronounced. Tashkent city led both the boom and the correction, while Samarkand, Andijan, and Namangan recorded strong but moderate adjustments. Peripheral regions such as Jizzakh and Khorezm experienced limited volatility, reflecting shallower credit penetration.

Rental markets mirrored these dynamics. Median rents for one- and two-room apartments in Tashkent fell by 10–20% between 2023Q4 and 2025Q3. The normalization of migration flows, seasonal student inflows, and an expanding stock of investment-owned apartments collectively eased previous pressures.

Affordability

Housing affordability remains constrained despite targeted subsidies. The mean price-to-income ratio (PIR) across regions stands at 4.7, reaching 7.7 in Samarkand and 6.5 in Namangan, but only 2.9 in Tashkent city.

Under the concessional (17-18% interest rate) mortgage program, the mortgage payment-to-income ratio (MPIR) averages 62.5%, compared with nearly 90% for market-rate (25%) loans. Without public support, homeownership would remain unattainable for most middle-income households.

Lower-income households remain highly credit-constrained: in 2024, the first-quintile MPIR reached 138% of income, while the fifth quintile fell below 30%, indicating a stratified housing finance system.

Mortgage market development

Annual mortgage lending volumes doubled from UZS 9.1 trillion (2020) to UZS 17.1 trillion (2024), lifting the mortgage-to-GDP ratio to 4.7%, comparable with Kazakhstan (4.6%) and above Kyrgyzstan (2.4%) and Azerbaijan (3.4%).

The funding mix is gradually shifting: public resources declined from 77% (2020) to 56% (2024), banks' own funds rose to 35%, and the UzMRC expanded its share to 9%. Mortgage issuance for the secondary market increased from 3% (2020) to 39% (2024), signaling greater market depth and mobility.

Nominal interest rates remain high and segmented by funding sources: bank-funded loans – 21.7%, UzMRC-refinanced loans – 19%, loans funded by Ministry of Economy and Finance (MEF) – 17%. Real interest rate spreads (policy rate 14%) remain wide, underscoring high credit costs and limited monetary-policy transmission.

Housing supply and land market

The housing stock expanded by 28% between 2017 and 2024 to 7.6 million units. Over 351 thousand apartments in multi-storey buildings were completed in 2020–2024, nearly doubling annual output to 100 thousand units. Yet supply still lags demographic growth: the national housing deficit exceeds 900 thousand units, and projected demand through 2030 requires construction of 1.5 million new apartments (250-300 thousand per year).

Land auctions through E-Auksion expanded fivefold (2022–2024), enhancing transparency but exposing stark regional price gaps, from 4.5 million UZS/m² in Tashkent city to 50–150 thousand UZS/m² in smaller regions.

Construction materials

Cement and steel prices followed global cycles but have stabilized thanks to expanded domestic production. In 2024 the country operated 37 cement plants (32.7 tons capacity) and rising steel output, reducing import dependence and cost volatility.

Policy framework and subsidy programs

Since 2020, over 79 400 households have received mortgage subsidies totaling UZS 4.9 trillion, including a fixed UZS 32 million down-payment grant and five-year interest-rate compensation (covering >10 percentage-points). Annual beneficiaries rose from 2.4 thousand (2020) to nearly 16 thousand (2024). Digitalized application via my.gov.uz ensures transparency and social scoring-based targeting.

3. Regional and social differentiation

Tashkent city accounts for more than 31% of national mortgage volume and 26% of primary-market loans, reflecting concentration of income and supply. Fergana, Andijan, Samarkand, and Navoi constitute secondary growth poles with expanding construction and credit access. Low-income and remote regions (Karakalpakstan, Jizzakh, Syrdarya) remain underserved, requiring improved financial inclusion and infrastructure investment. Affordability gaps are widest in rapidly urbanizing regions where prices outpace incomes, reinforcing the need for spatially balanced housing policies.

4. International comparisons

Regional peers illustrate diverse policy approaches:

- Kazakhstan: deep but state-led mortgage market (4.6% of GDP) with subsidized 7–10% rates via Otbas Bank; gradual shift toward risk-based regulation.
- Georgia: higher mortgage depth (13% of GDP) under strict borrower-based limits and de-dollarization; limited fiscal involvement.
- Azerbaijan: generous 4% “social mortgage” and rent-to-own schemes financed by the Mortgage and Credit Guarantee Fund.
- Russia: large-scale preferential programs (6–8%) covering >70% of new issuance but high fiscal costs; recent tightening to restore balance.
- Kyrgyzstan: small-scale subsidized programs (4–8%) focused on public employees; emerging rent-to-own model.

Uzbekistan's approach aligns with peers, combining concessional lending, refinancing, and digital delivery, but must now pivot toward fiscal sustainability and private-sector deepening.


5. Medium-term outlook (2026–2030)

Bridging the housing supply gap and maintaining affordability will require construction of 250-300 thousand units per year, expanded private investment, and disciplined fiscal management. *The Uzbekistan-2030 Strategy* – targeting 1 million new apartments, 100 “New Uzbekistan” complexes, and 140 thousand social-housing units – provides an ambitious but attainable framework.

The housing sector can remain a key driver of inclusive economic growth, financial deepening, and improved living standards across Uzbekistan, given the ongoing deep mortgage-market reforms, enhanced land-market transparency, and strengthened digital governance.



I. Introduction



The housing sector is a central pillar of Uzbekistan’s economic and social transformation. It connects macroeconomic stability, financial sector development, and household welfare, while serving as a major channel for investment and employment. The government’s reform agenda since 2017 – centered on liberalization, market-based pricing, and institutional modernization has redefined the housing market from an administratively managed system toward one governed by market forces, transparent financing, and private initiative.

This report, “Uzbekistan Residential Real Estate and Mortgage Market”, provides a comprehensive analytical assessment of the country’s housing and mortgage sector. It consolidates statistical data, and policy information from multiple national institutions, offering an integrated picture of market trends, structural changes, and emerging challenges. The analysis covers both demand- and supply-side dynamics, tracing how demographic pressures, income growth, and financial deepening interact with construction activity, land allocation, and state housing programs.

The study spans the period 2020–2025, a transformative stage marked by three phases of market evolution: (i) post-pandemic recovery and stimulus-driven expansion (2020–2021); (ii) cost-push inflation and speculative activity amid external shocks (2022–2023); and (iii) stabilization and adjustment under tighter financial conditions (2024–2025). Together, these developments illustrate the transition from rapid, policy-induced growth toward a more sustainable, market-based equilibrium.

The report’s objectives are fourfold:

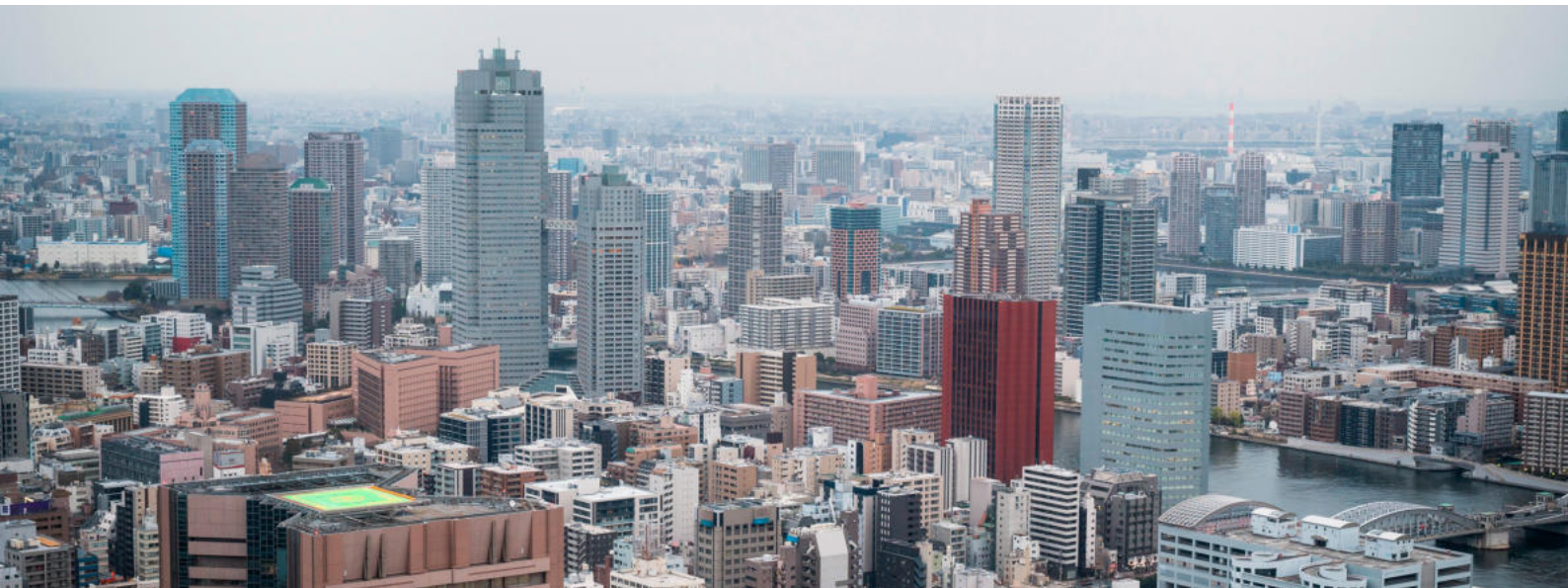
1. To analyze market dynamics – including housing price trends, rental conditions, affordability, and investment returns, identifying cyclical and structural patterns across regions.
2. To examine the evolution of the mortgage system – assessing funding sources, institutional diversification, and the role of state and quasi-state mechanisms in supporting long-term housing finance.
3. To evaluate policy instruments and subsidy programs – focusing on their design, targeting, and fiscal sustainability within the broader context of inclusive housing access.
4. To assess supply constraints and enabling factors – including land market reforms, construction capacity, material costs, and regional disparities in housing provision.

In addition, the report situates Uzbekistan within a comparative international context, drawing lessons from peer economies on mortgage market development, regulatory frameworks, and affordable housing programs. These insights inform the design of policy recommendations relevant to Uzbekistan’s next phase of housing sector reform.

Overall, the report aims to provide policymakers, financial institutions, and investors with a coherent analytical foundation for decision-making. It contributes to the broader goals of the Uzbekistan–2030 Strategy, ensuring sustainable urbanization, improving affordability, and building a resilient housing finance ecosystem capable of supporting inclusive growth.



II. Housing prices and rent



1. Introduction

Housing prices and rental dynamics in Uzbekistan between 2020 and 2025 mirror the country's broader macroeconomic and policy transitions – moving from an expansionary, income-driven boom to a period of external shocks, and finally to market normalization. Over this five-year horizon, the housing market has evolved from rapid growth under fiscal stimulus to a more cautious phase shaped by tightening household finances and shifts in investment behavior.

The first phase (2020–2021) was defined by expansionary fiscal policy, sharp growth in household incomes, and the introduction of large-scale mortgage and subsidy programs to sustain economic activity during the COVID-19 pandemic. These measures stimulated housing demand, driving both primary and secondary market prices in post pandemic period. Rapid income support, concessional mortgages, and rising remittance inflows translated into an accelerated cycle of construction and real estate investment, particularly in urban centers such as Tashkent city, Samarkand, and Namangan cities.

The second phase (2022–2023) marked a sharp shift in market dynamics as external shocks reshaped domestic demand conditions. The escalation of the Russia–Ukraine conflict triggered war-related migration flows from Russia and other neighboring countries, temporarily amplifying demand pressures – most notably in the rental market of major Uzbek cities.

This surge, combined with elevated remittance inflows and shifting investor expectations amid high returns on real estate, sustained speculative investment activity rather than moderating it. Meanwhile, construction costs surged due to global supply chain disruptions and imported material inflation, further reinforcing price pressures. Regional disparities widened: price growth accelerated in high-demand urban centers such as Tashkent city, Tashkent and Samarkand regions, while stabilizing in western and less densely populated regions.

By the third phase (2024–2025), the housing market entered a decelerating and cooling period. As the pace of income growth moderated and household indebtedness increased, both demand and affordability declined. Speculative demand slowed and returns on real estate investment fell in parallel with higher financing costs and tighter fiscal discipline. These dynamics collectively led to a soft correction in housing prices, accompanied by a more stable rental market, which increasingly reflected true affordability constraints rather than speculative pricing.

Taken together, these three phases reveal the structural transition of Uzbekistan's housing market from policy-driven expansion toward market-based normalization during 2020–2025. The following sections analyze these developments in detail, examining regional and market-segment price trends, changes in rental dynamics, and the evolving relationship between housing affordability, credit expansion, and macroeconomic conditions.

2. Housing prices: structure, drivers, and recent dynamics

Housing prices in Uzbekistan underwent a full boom-and-cooling cycle between 2020 and 2025, reflecting the interaction between rapid demand expansion, supply rigidities, and targeted policy interventions. While cyclical movements were amplified by external shocks and monetary conditions, the underlying trend points to structural imbalances between strong demand and the limited elasticity of housing supply. These imbalances, driven by concentrated urbanization, rising land and construction costs, and the dominance of mortgage-financed purchases, shaped the trajectory of both primary and secondary market prices across regions.

2.1. Demand-driven expansion amid policy stimulus (2020–2021)

The housing market rebounded sharply following the pandemic shock as policy stimulus and subsidized mortgage lending reignited demand. Low interest rates, fiscal transfers, and strong remittance inflows created substantial liquidity in the household sector, while supply-side constraints limited the pace of new construction.

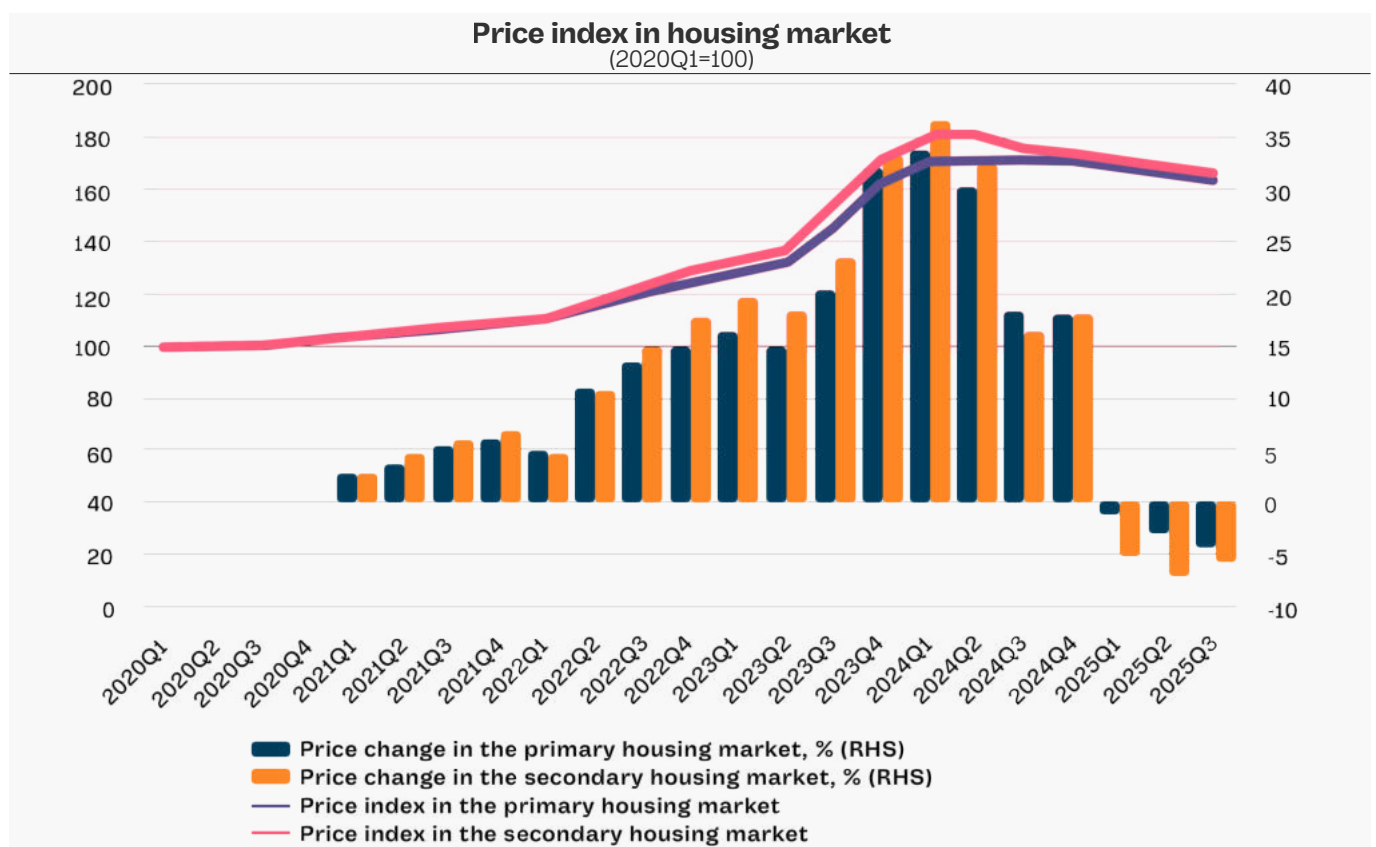
By 2021, year-on-year housing price growth for the quarter averaged about 4–5%, pushing both the primary and secondary market indices to

roughly 8–9% above their pre-pandemic levels. The upturn was broad-based, observable across most regions and income groups, indicating that the recovery was demand-led rather than supply-driven. Housing also re-emerged as a preferred savings instrument during a period of heightened macroeconomic uncertainty, reinforcing speculative and precautionary demand.

2.2. Cost-push acceleration and speculative demand (2022–2023)

The market entered its steepest price acceleration phase, propelled by cost inflation, speculative investment, and continued fiscal accommodation. The primary market index rose from 110 in 2022Q1 to 165 in 2023Q4, while the secondary index climbed from 111 to 171 – a cumulative increase of roughly 50–55% in less than two years.

Year-on-year price growth averaged 15–18%, reflecting both cost-push and demand-pull pressures. A surge in global construction material prices, coupled with escalating urban land costs, drove up unit prices, while abundant domestic liquidity and policy incentives sustained speculative activity, especially in Tashkent and regional capitals.



This period coincided with global geopolitical disruptions, which raised import costs and construction input prices, yet domestic policy remained expansionary. The result was a self-reinforcing cycle of rising expectations, where households and investors treated real estate as a hedge against inflation and currency volatility.

2.3. Market correction and stabilization (2024–2025)

Following several years of rapid appreciation, Uzbekistan’s housing market entered a broad-based correction in 2024–2025, as tighter credit conditions, rising mortgage rates, and growing household indebtedness triggered simultaneous price declines in both primary and secondary market segments. The market peaked in 2024Q2, with the primary price index reaching 172 and the secondary 182, before entering a correction phase. By 2025Q3, prices had fallen by 4.5% in the primary market and 8.3% in the secondary market compared with their 2024Q2 peaks, marking the synchronized downturn in both segments.

The correction reflected tighter credit conditions, higher effective mortgage rates, and increased household indebtedness, which constrained new borrowing and slowed demand. Developers reported longer unit absorption times, while secondary-market investors began liquidating holdings amid rising opportunity costs.

The secondary market proved more sensitive to financial tightening, showing steeper price declines due to its reliance on speculative and credit-financed transactions. On a year-over-year basis, prices in 2024Q4 were still modestly higher than a year earlier (+4.3% primary; +1.5% secondary), but by 2025Q3 both segments registered negative annual growth, confirming the onset of a broad-based adjustment (falling by 4.5% in the primary and 5.6% in the secondary). This cooling reflects not only monetary normalization but also early signs of market rebalancing after years of rapid appreciation.

2.4. Regional differentiation of price trends

Housing price dynamics across Uzbekistan reveal pronounced regional heterogeneity, shaped by differences in urbanization intensity, construction activity, and credit access. While the 2020–2025 housing cycle followed a broadly similar trajectory nationwide, the magnitude and timing of price shifts varied sharply across regions. The boom phase was concentrated in

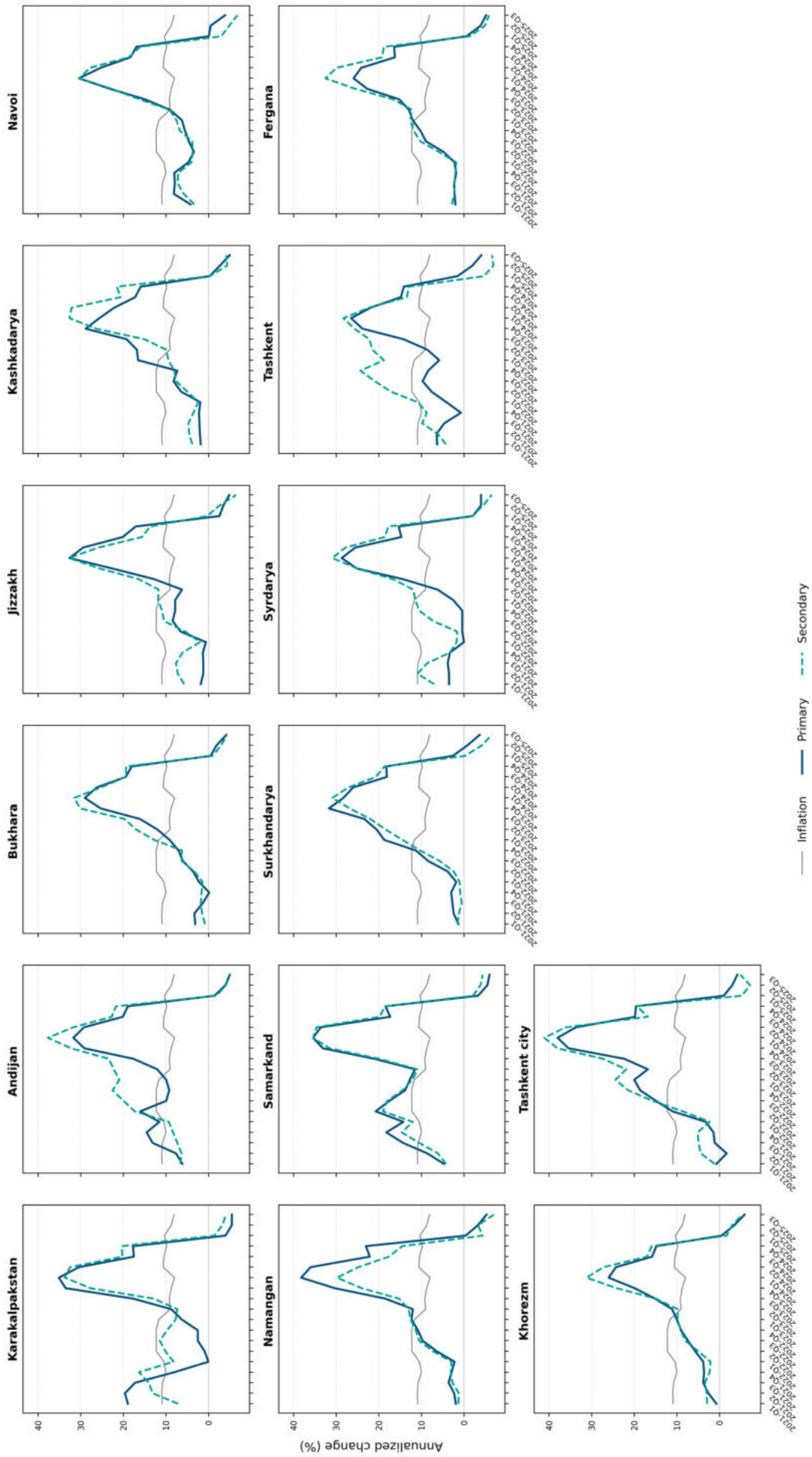
large urban centers, whereas the subsequent correction was most pronounced in markets that had previously overheated.

During the expansion phase of 2022–2023, nominal housing prices rose sharply across Uzbekistan. Tashkent city experienced the most pronounced surge in both market segments: average nominal prices increased by 60.7% in the primary market and 67.5% in the secondary market over two years, making it the epicenter of the national housing boom. This steep escalation reflected a combination of speculative investment, migration-driven demand, and persistent land scarcity within the capital area. Mortgage-financed purchases also expanded rapidly, supported by subsidized lending programs and strong investor expectations of continued price appreciation.

Following the capital, Samarkand, Andijan, and Namangan recorded cumulative nominal price increases of 40–45% between 2022 and 2023, driven by demographic expansion, infrastructure development, and increased construction activity. These regions emerged as secondary growth poles where the demand for new housing outpaced the availability of serviced land. In the secondary market, Andijan (62%) and Tashkent region (56.4%) saw particularly strong nominal appreciation, fueled respectively by high population density and spillover demand from the capital region.

In contrast, Khorezm, Jizzakh, and Karakalpakstan exhibited more moderate nominal growth during the expansion period, typically 10–15% annually, as limited liquidity, lower mortgage penetration, and smaller urban populations curbed price acceleration. These regions’ housing markets remain characterized by a higher share of self-built housing activity, a conclusion supported by land plot transaction data: analysis of land sales from the E-AUKSION platform shows that more than 75% of all land plots sold for residential construction in these three regions were allocated for individual (private) housing construction, rather than multi-storey developments. This indicates that a substantial share of new housing supply emerges through decentralized, household-driven investment rather than through formal developers or mortgage-financed projects. Consequently, these regional markets are less sensitive to national monetary policy, interest-rate changes, and mortgage-subsidy programs, which primarily affect the formal housing sector.

Annualized housing price changes vs inflation, by region (2021Q1-2025Q3)



The correction phase (2024–2025) mirrored the previous boom in its spatial pattern. Tashkent city again led the adjustment, with secondary-market prices declining in 2025Q3 by around 8% compared to the record prices in 2024Q2, while Samarkand, Andijan, Namangan, and Fergana recorded more moderate corrections of 5–7%. Smaller regional markets such as Syrdarya and Jizzakh remained relatively stable, reflecting both limited speculative exposure and slower transmission of macro-financial shocks.

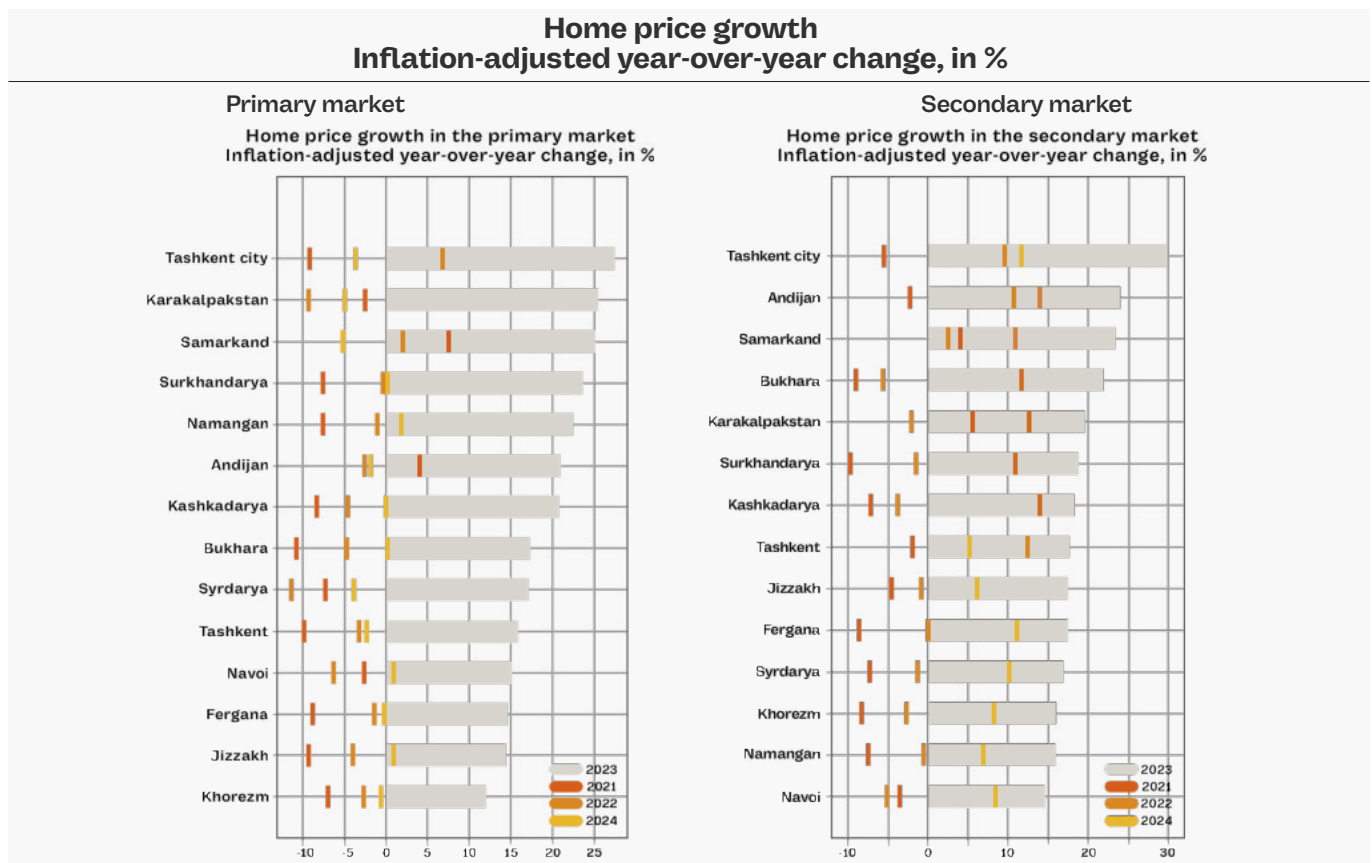
Overall, the data suggest that regions with the most pronounced price appreciation during 2022–2023 experienced the sharpest corrections after 2024, consistent with cyclical overshooting patterns observed in other emerging economies. The capital and major regional centers act as price transmitters, amplifying national credit and demand shocks, whereas peripheral regions remain less responsive but also less integrated into the national housing finance system.

Inflation-adjusted dynamics reveal a significant moderation of housing market growth in 2024. In the primary market, real prices remained positive in only a few regions, led by Bukhara (+0.2%), Jizzakh (+0.9%), and Navoi (+0.4%), while most other regions experienced mild real declines, including Tashkent city

(–3.7%), Andijan (–1.8%), and Karakalpakstan (–5.0%). This suggests that after the sharp inflation-adjusted upturn of 2023, when real prices rose by 25–30% in Tashkent city, Namangan, and Samarkand, the market has entered a correction phase.

In the secondary market, a similar pattern emerges. Real growth decelerated sharply in 2024 after exceptionally strong gains in 2023. However, Karakalpakstan (+12.7%), Andijan (+14.1%), and Kashkadarya (+13.9%) continued to record real increases, while Jizzakh (+6.1%) and Bukhara (+11.7%) also maintained moderate growth. In contrast, several central regions such as Namangan and Syrdarya saw little or no real appreciation, suggesting that inflation offset most nominal gains outside the high-demand areas.

Overall, the 2024-mid-2025 period marks a clear cooling of the housing cycle in real terms, with inflation eroding much of the earlier nominal momentum. The persistence of positive real growth in a few regions indicates localized demand strength, particularly where urbanization and investment continue, but on a national scale, the market has shifted from a speculative expansion toward a stabilization and consolidation phase.



3. Prices and affordability

Price-to-income ratio (PIR)

House prices remain high relative to household incomes across most regions. In 2024, the PIR across regions is 4.7 (mean 4.7), with pronounced dispersion: Samarkand records the highest PIR (7.70) followed by Namangan (6.47) and Syrdarya (5.30), while Tashkent city (2.85) and Navoi (2.96) exhibit the lowest ratios. These differences mirror structural variations in labor incomes, unit prices, and local supply conditions. Taken together, PIR levels above 5–6 in several regions indicate that purchasing a typical 60 m² dwelling requires five to eight annual household incomes, underscoring persistent affordability constraints outside a handful of higher-income jurisdictions.

Mortgage payment-to-income ratio (MPIR)

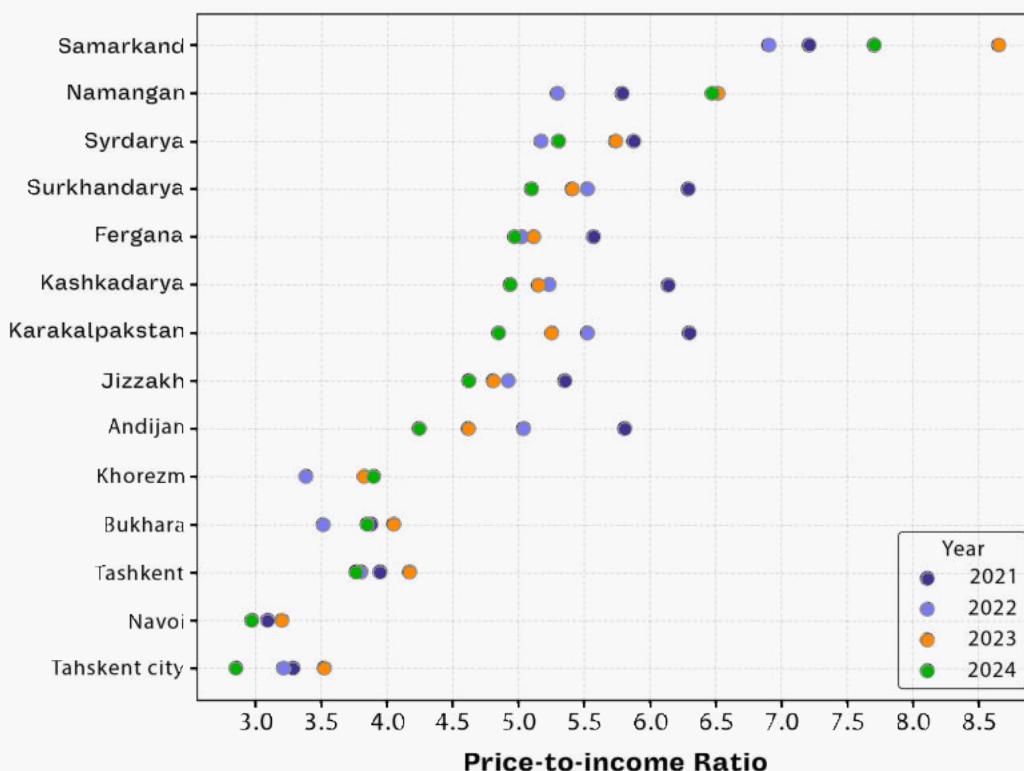
Uzbekistan’s concessional mortgage program remains a central pillar of housing affordability and social inclusion. By providing long-term financing at below-market interest rates (17% compared with 25% for market-based lending) and applying region-specific loan ceilings (UZS 330–420 million), the program substantially narrows the affordability gap for middle-income households that would otherwise be excluded from homeownership.

Under these concessional conditions, the mean MPIR across regions averages around 62.5%, compared with nearly 90% at market rates, indicating that subsidized loans make homeownership at least marginally feasible for a broader share of the population. Without public support, the vast majority of households would face payment burdens exceeding their monthly income, effectively shutting them out of the housing finance system.

Regional disparities are pronounced: at 17% interest, the MPIR ranges from 31% in Tashkent city to 85% in Namangan but rises dramatically to over 90% in several regions at 25% interest. In absolute terms, monthly mortgage payments increase from UZS 3.6–6.2 million (at 17% interest) to UZS 5.1–10.9 million (at 25% interest), showing an additional burden of up to UZS 4.7 million per month.

Price-to-income ratio by regions in 2021-2024

(a 60-square-meter apartment for 4 people)



Methodological Note: Price-to-Income and Mortgage Payment-to-Income Ratios

The price-to-income ratio (PIR) represents the ratio of the average price of a typical dwelling to the annual income of a representative household. In this analysis, a four-person household (two earners and two dependents) is used as the reference unit, consistent with the national household income survey definition. The price of a typical dwelling is assumed to correspond to a 60 m² apartment, which reflects the average size of new urban units.

$$\text{PIR} = \frac{\text{Average dwelling price (60m}^2\text{)}}{\text{Average annual household income (4 – person family)}}$$

A higher PIR indicates lower housing affordability; in international comparison, values above 5–6 signal that homeownership is out of reach for middle-income households without concessional financing.

The mortgage payment-to-income ratio (MPIR) measures the share of monthly household income needed to service a mortgage under specified terms. Two scenarios are considered:

Concessional loans, financed by public funds, with an average interest rate of 17% and regional loan limits (UZS 330 million outside Tashkent and UZS 420 million in the capital);

Market-rate loans, extended from banks' own resources at 25% interest with no cap.

$$\text{MPIR} = \frac{\text{Monthly Mortgage Payment}}{\text{Monthly Household Income}} \times 100$$

The threshold of 30% is generally used as the international affordability benchmark.

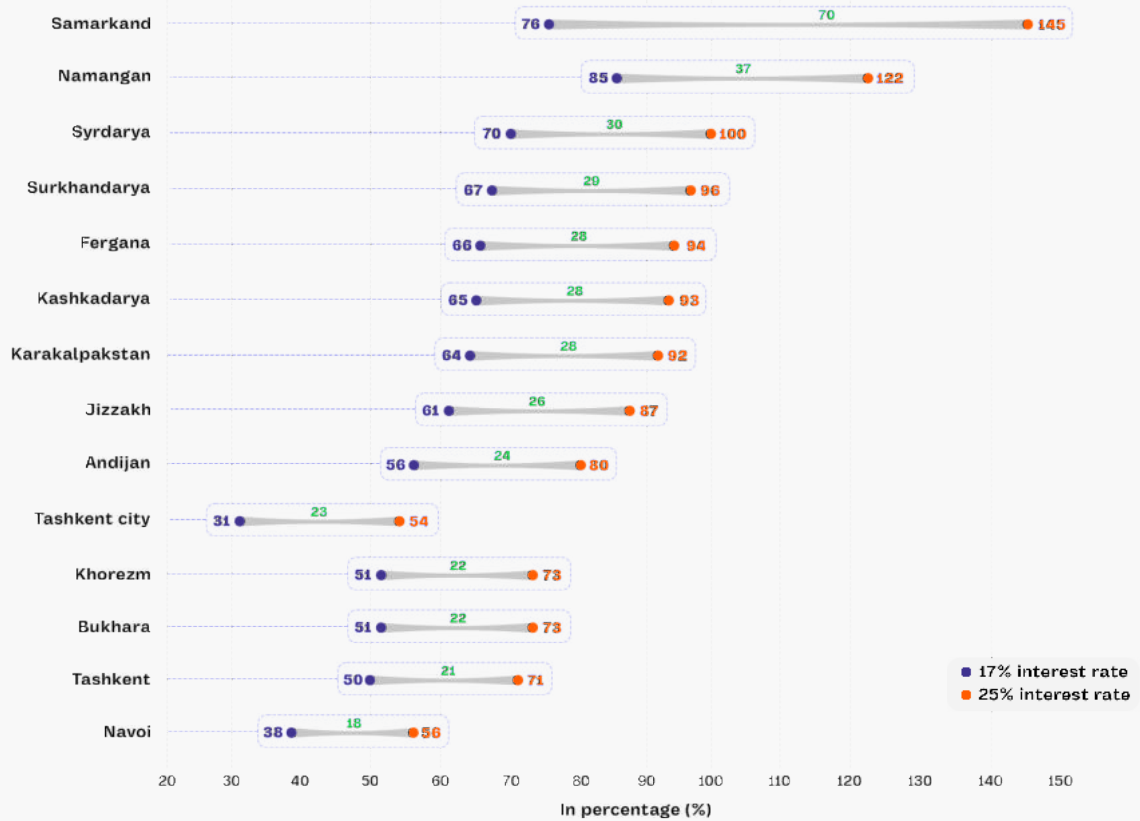
Beyond immediate affordability, the concessional program plays a stabilizing and inclusive role. It expands access to mortgage credit in regions with limited private bank activity, helping to equalize housing opportunities across territories.

The presence of concessional lending also anchors expectations and supports the formalization of long-term credit behavior among first-time borrowers, especially in emerging urban centers. In the absence of such public intervention, the private mortgage market, priced at high nominal rates, would remain restricted to a small upper-income tier, exacerbating inequality and slowing the development of a sustainable housing finance ecosystem.

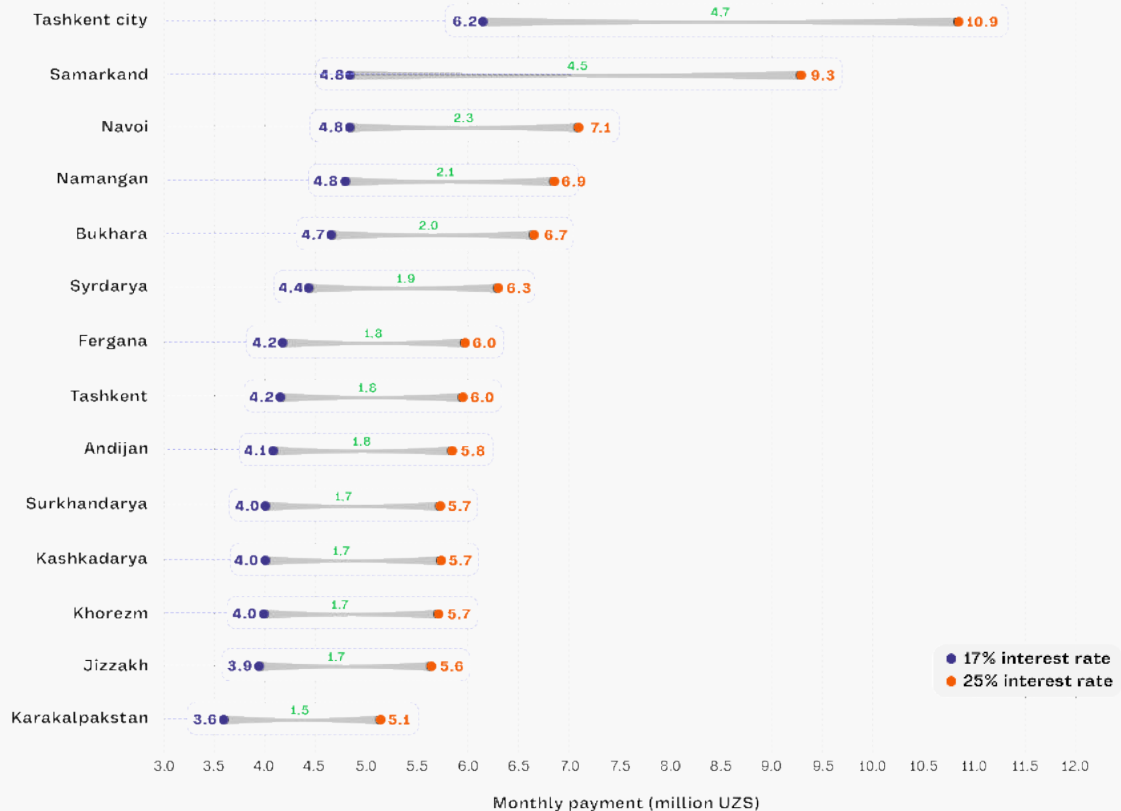
At the same time, concessional lending carries fiscal and market trade-offs: sustained reliance on budgetary resources may limit scalability, while rigid loan caps can exclude households in higher-cost cities or distort price signals.

To maintain inclusiveness while ensuring efficiency, a gradual transition toward targeted, income-based subsidies and expanded refinancing mechanisms through institutions like the UzMRC could reduce fiscal exposure while preserving access for lower- and middle-income households. Balancing these objectives – affordability, fiscal prudence, and market deepening – will be key to shaping the next generation of Uzbekistan's housing finance policy.

Range between monthly payment in percentage of monthly income for 17% and 25% interest rate (20-year period)



Range between monthly payment for 17% and 25% interest rate (20-year period)



The affordability gap across income groups remains a key structural challenge in Uzbekistan's housing market. While the concessional mortgage program has eased access to financing, its impact has been uneven across the income distribution. Between 2021 and 2024, housing affordability improved mainly among higher-income households, as shown in the decline of the mortgage payment-to-income ratios across all quintiles.

However, low-income households continue to face severe affordability barriers. In 2024, the average monthly mortgage payment still exceeds total household income for the first income quintile (138%) and remains close to full income levels for the second quintile (89%).

These groups depend heavily on government subsidy mechanisms and targeted support programs to participate in the housing finance system, as market-based lending remains far beyond their repayment capacity.

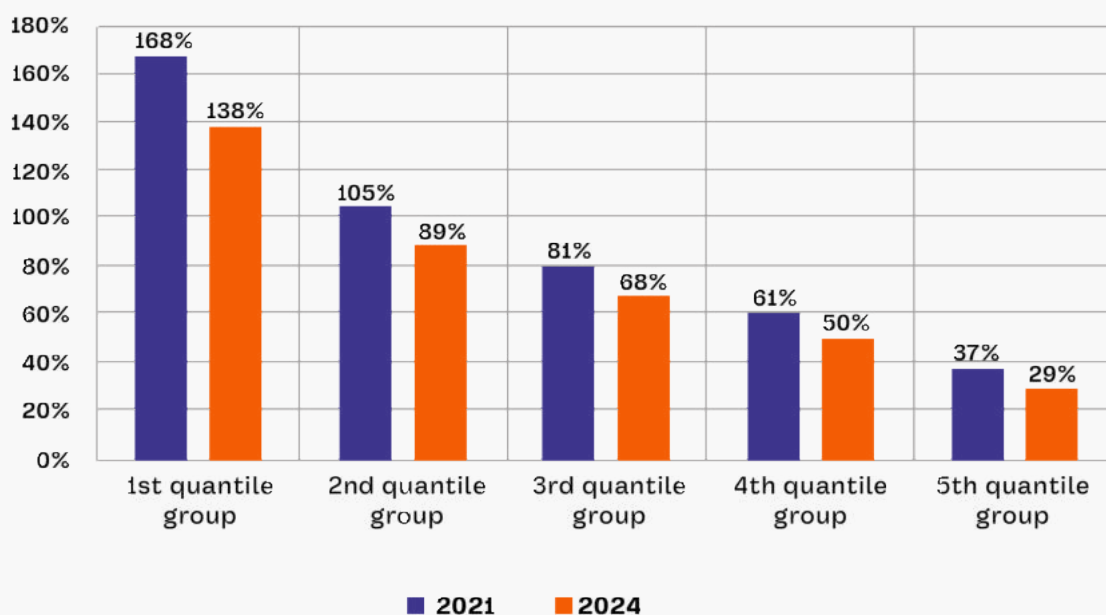
In contrast, middle- and upper-income households experienced substantial improvement. By 2024, the payment-to-income ratio had fallen below 60% for the fourth quintile and below 30% for the fifth quintile, levels generally regarded as financially sustainable without external assistance. This shift indicates a gradual stratification of the mortgage market, where middle- and high-income groups can access credit independently, while lower-income

groups remain reliant on concessional schemes to achieve homeownership.

Thanks to targeted government support, Uzbekistan has made notable progress in easing one of the main barriers to homeownership – the high initial down payment requirement, particularly for lower- and middle-income households. The ratio of down payment to annual household income for a typical 60 m² apartment shows that, while affordability has improved moderately between 2021 and 2024, the burden remains significant in most regions. In 2024, households in Samarkand would need the equivalent of 3.4 years of income to meet the down payment requirement – nearly double the level of 2021 – reflecting both rising housing prices and slower income growth. By contrast, in relatively more affordable regions such as Navoi, Bukhara, and Khorezm, the ratio remains close to or below one year of income, indicating persistent regional disparities in affordability.

To address this constraint, the government provides a fixed subsidy of UZS 32 million to cover part of the required down payment under the concessional mortgage program. This measure plays a substantially important role in enabling lower- and middle-income households to access housing finance. For many families, the subsidy represents the difference between entering and being excluded from the mortgage market.

Monthly average payment to average monthly income
(by income groups)

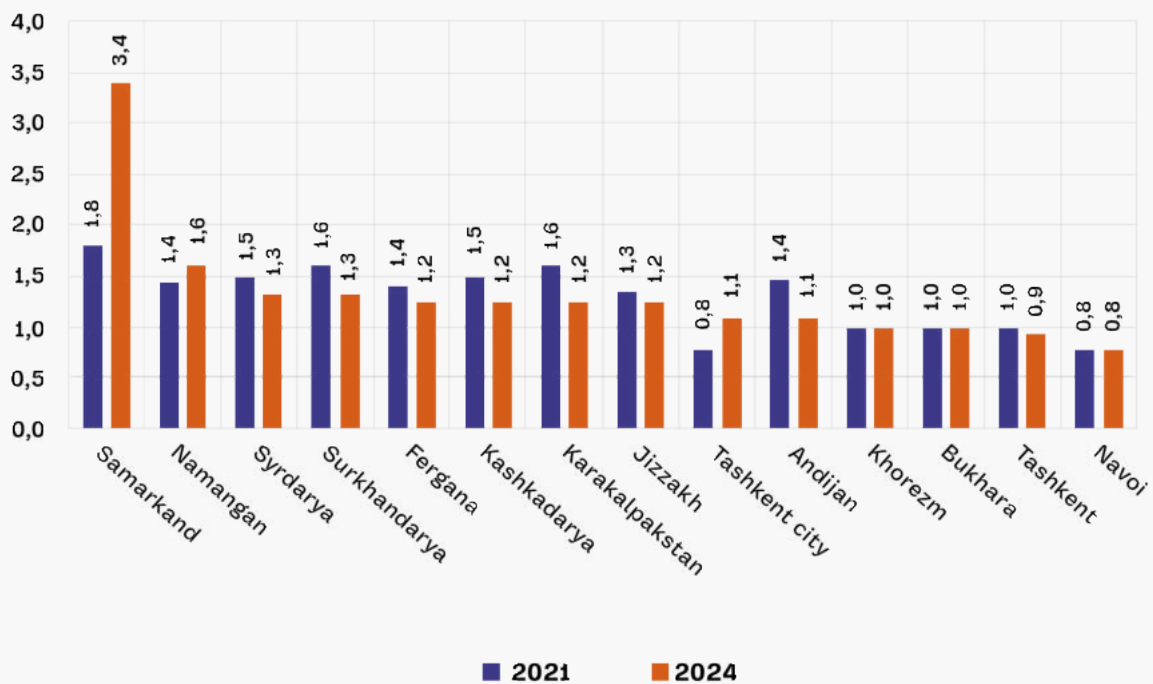


Without such support, many low-income households, particularly in high-price regions, would remain unable to accumulate sufficient savings to make the initial payment, even if they qualify for concessional interest rates.

Nevertheless, the effectiveness of the subsidy could be further enhanced through better targeting and complementary instruments. Expanding access to low-cost savings programs, offering partial down payment guarantees,

and introducing shared-equity or rent-to-own mechanisms could strengthen the affordability impact of existing measures. In this context, the fixed 32 million UZS subsidy remains a cornerstone of Uzbekistan’s housing affordability policy, providing an essential bridge for families striving to achieve homeownership in an environment of rising housing costs.

Downpayment to annual income (by region)



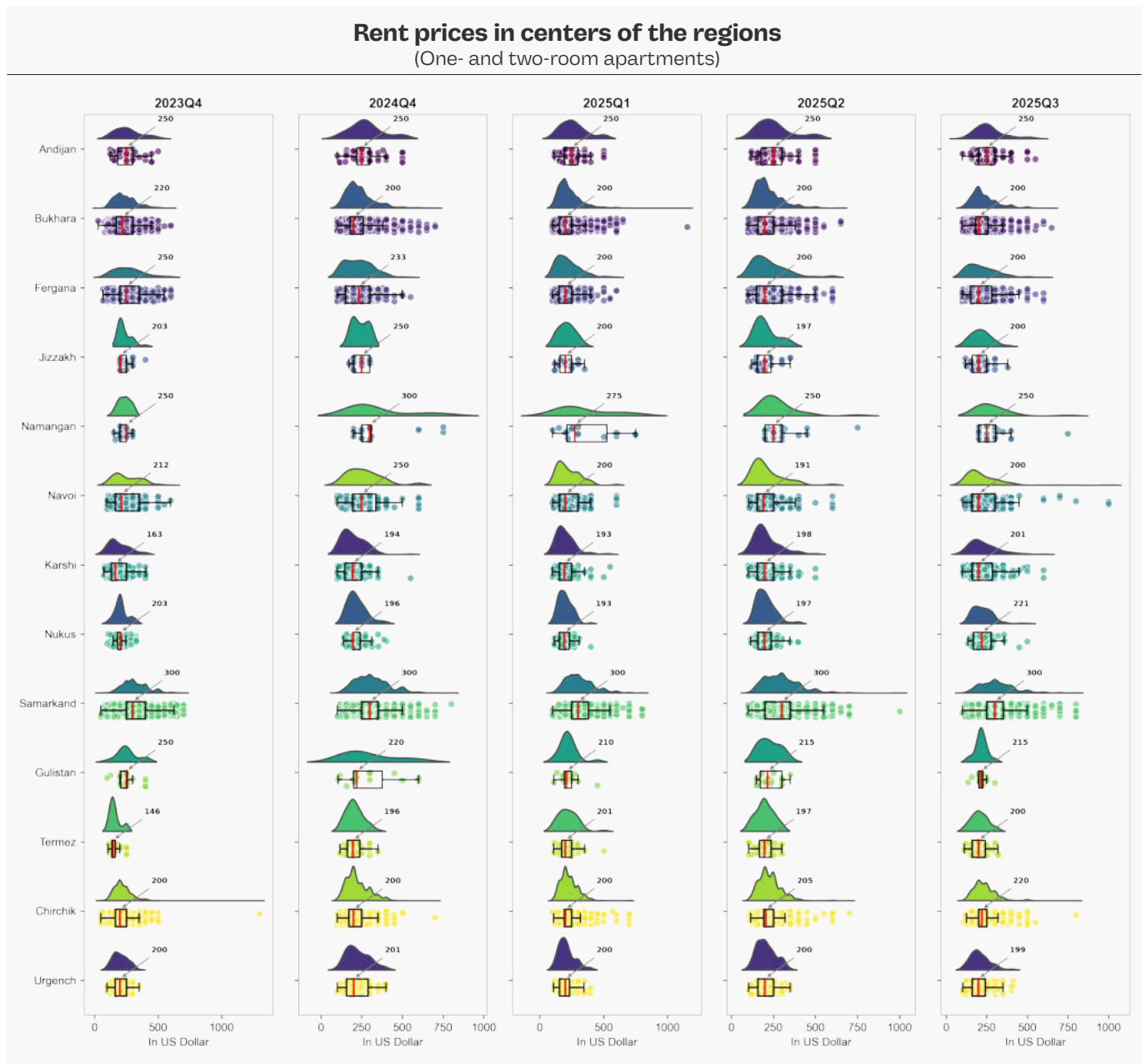
The rise in the down-payment-to-income ratio in Samarkand is driven by a higher growth rate of house prices than of per capita incomes, compounded by the shadow economy’s impact on reported household earnings.

4. Housing rents and returns on residential real estate

Following the sharp fluctuations in housing prices across recent years, developments in rental markets and investment returns provide important insights into broader housing market dynamics and household behavior. Rent levels reflect both affordability pressures and the income-generating potential of residential assets, while rental yields serve as a key indicator of the relative attractiveness of real estate investment compared with alternative financial instruments. Examining trends in rents and returns therefore helps assess whether housing markets in Uzbekistan are becoming more investment-driven or fundamentally demand-driven, and how these shifts influence affordability and market stability.

Rent prices in regional centers

After a period of rapid post-pandemic recovery, rental prices in regional city centers have begun to moderate, reflecting a rebalancing of supply and demand conditions. Median rents for one- and two-room apartments declined across most regional capitals between 2023Q4 and 2025Q3. For example, median asking rents fell from 220 to 200 USD in Bukhara city, 250 to 200 USD in Fergana city, and 250 to 215 USD in Gulistan.

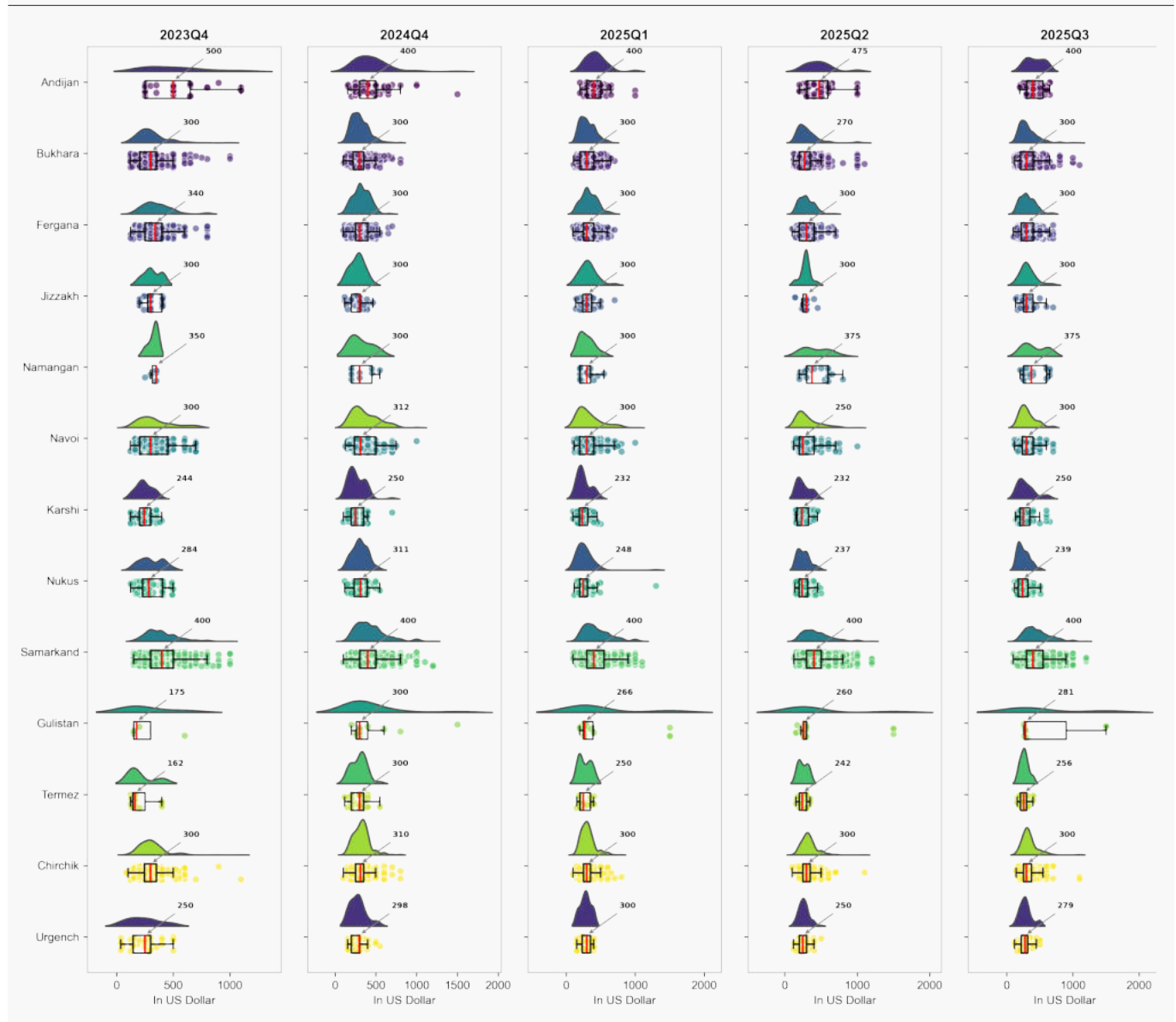


Similarly, rents for larger three-room units contracted in nearly all regions for the same period – from 500 to 400 USD in Andijan city, 340 to 300 USD in Fergana city, 284 to 239 USD in Nukus city.

Although median rents have declined, price dispersion remains elevated, especially for one- and two-room apartments, pointing to continued segmentation by location quality and building type.

In some regional centers, most notably Samarkand city and Bukhara city, the high end of the distribution remains resilient, supported by foreign tenants, business demand, and tourism-related leasing. At the same time, growing urban densification in Andijan, Fergana, and Namangan is beginning to be mirrored in relatively firmer rental prices in their city centers, signaling sustained local demand despite the broader market correction.

Rent prices in centers of the regions
(Three-room apartments)



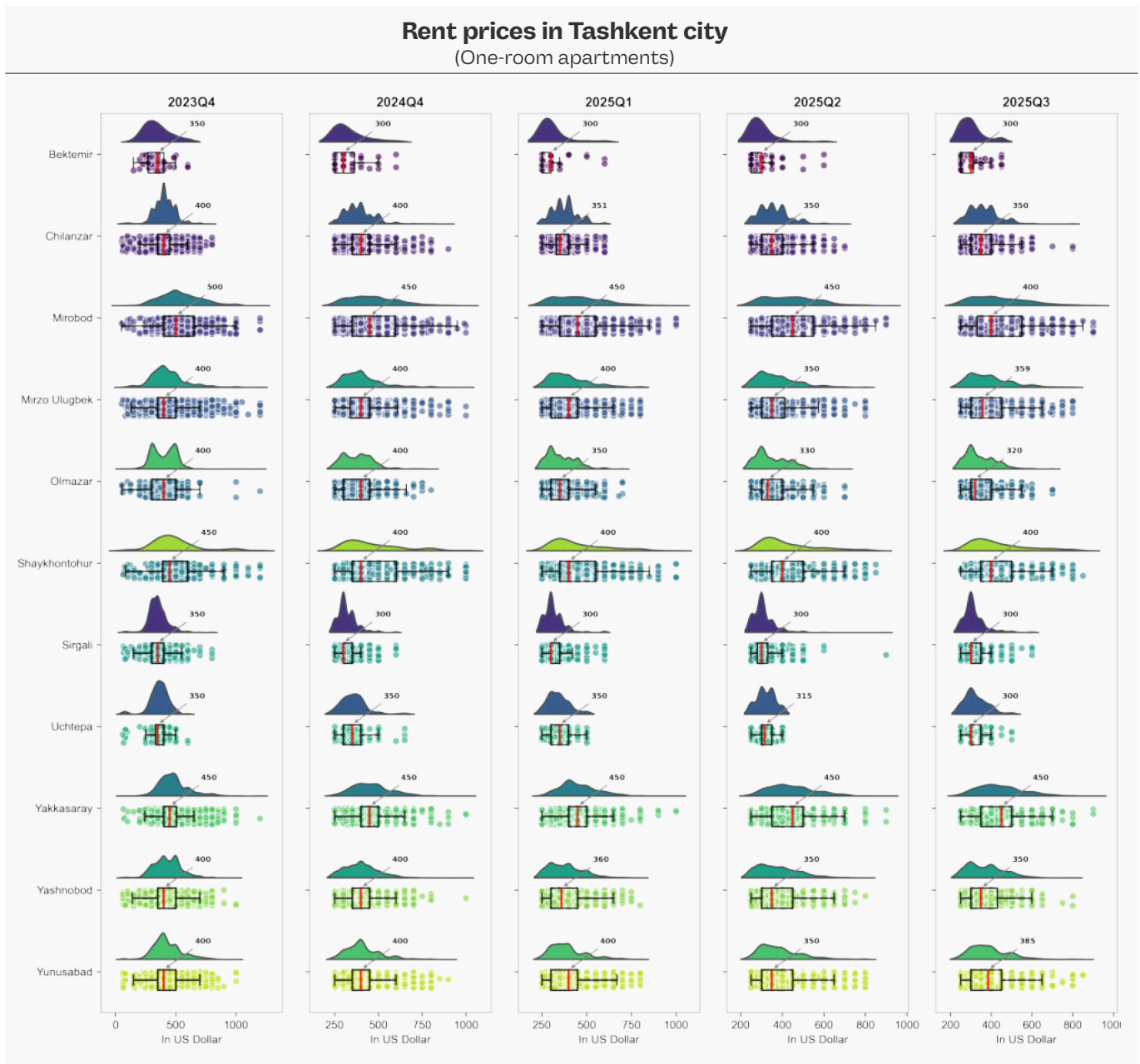
Rent prices in Tashkent city

Following a sharp escalation in 2022–2023, rental prices in Tashkent city have begun to normalize, reflecting easing demand pressures and a gradual recovery in supply. Across all apartment categories, median asking rents softened moderately between 2023Q4 and 2025Q3, indicating the city’s transition toward a more balanced market after two years of exceptional tightness.

One-room apartments: cooling from elevated levels

Median rents for one-room apartments peaked in late 2023 amid elevated demand from war-related migration and post-pandemic returnees. Since then, asking prices have declined by 10–20% across most districts.

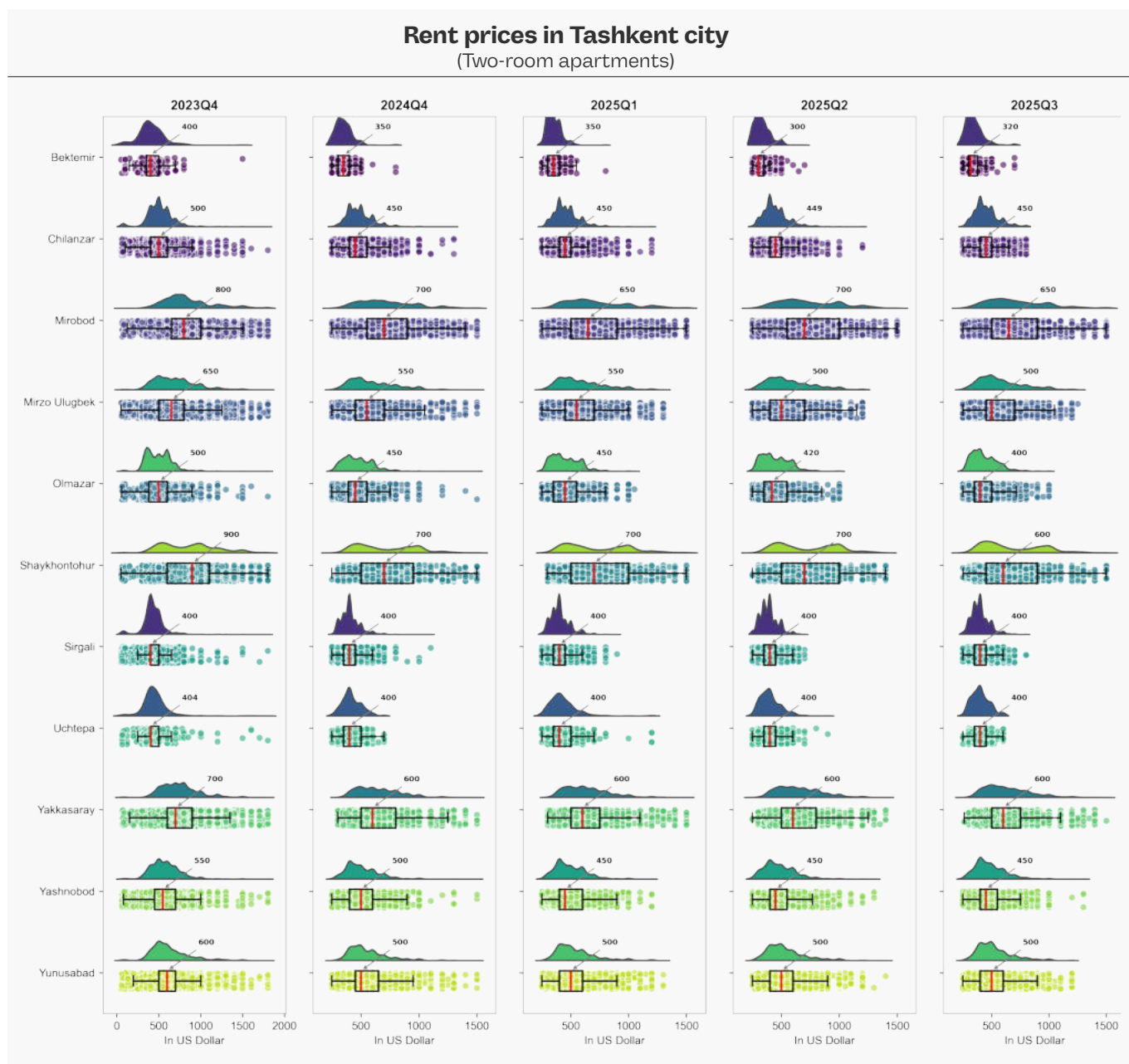
The adjustment was most visible in central areas such as Mirabad, Shaykhantahur, and Olmazar districts, where an influx of short-term listings and newly completed small units expanded effective supply. In contrast, Yakkasaray and Yunusabad districts exhibited greater stability, underpinned by steady employment growth and affordable new housing stock. The overall softening suggests that temporary migration-driven demand pressures have dissipated, returning the market to pre-crisis fundamentals.



Two-room apartments: mild downward adjustment

The two-room segment experienced the most pronounced downward correction, as mid-income tenants recalibrated their housing budgets amid slower income growth. In Shaykhantahur district, the median monthly rent dropped from 900 to 600 USD, while in Mirabad district, it declined from 800 to 650 USD over the same period.

Price declines were more moderate in Yunusabad and Yakkasaray districts, where newer housing stock and strong connectivity sustained higher rents. The trend reflects a combination of factors, stabilized migration flows, seasonal easing in student demand, and a broader increase in rental listings stemming from both new construction and conversions of owner-occupied units.



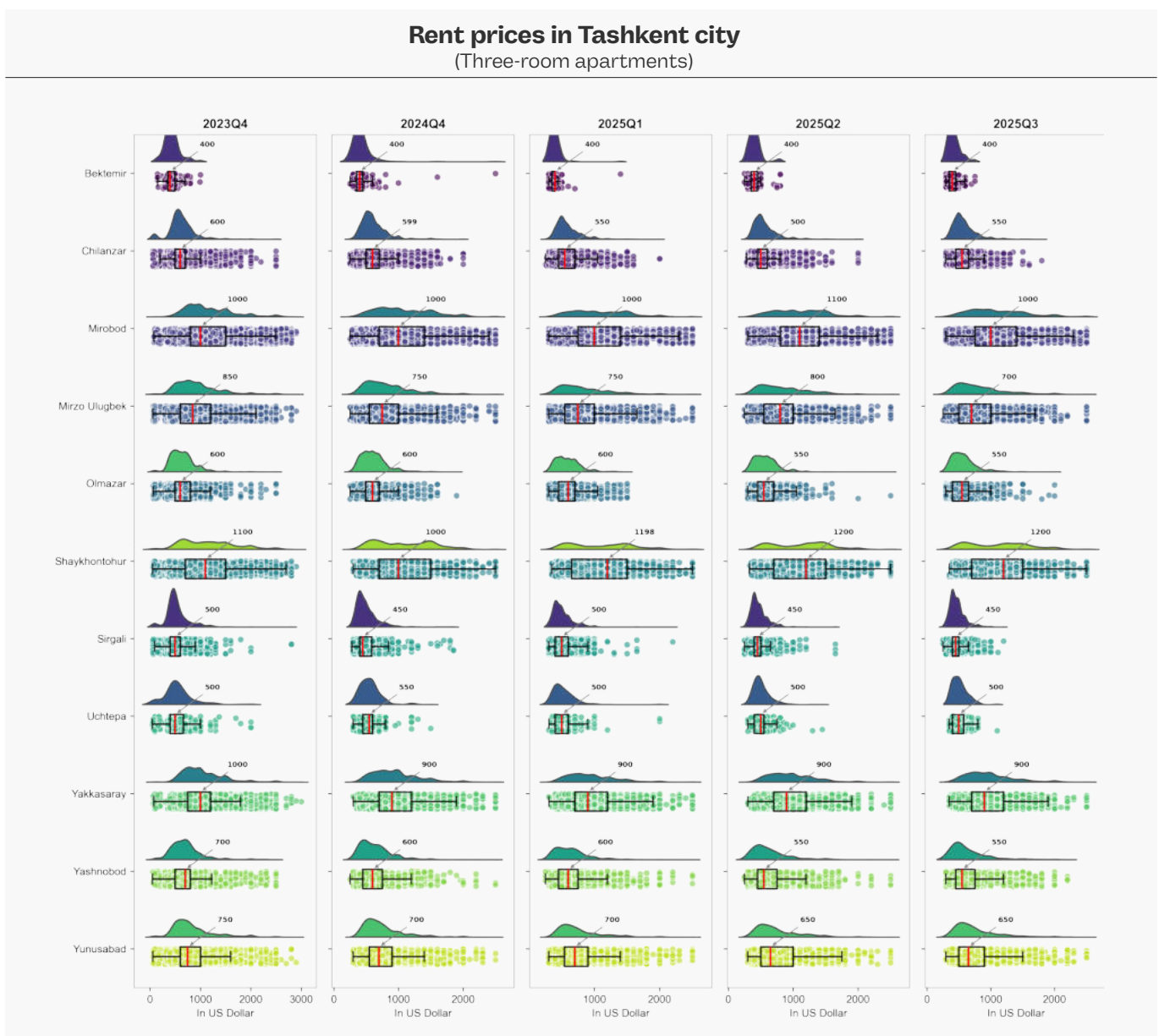
Three-room apartments

Rents for larger three-room apartments also declined gradually, though the extent varied by district. Premium locations such as Yakkasaray, Mirabad, and Shaykhantahur districts remained resilient due to expatriate and business-sector demand, while Mirzo Ulugbek, Yashnobod, and Yunusabad districts saw more substantial decreases as new supply entered the market. The widening dispersion of rents across districts indicates increasing market segmentation by quality and neighborhood amenities. Larger units are becoming more price-sensitive, with households prioritizing proximity to schools and workplaces over size.

Several structural and cyclical factors underpin the ongoing adjustment in Tashkent’s rental market. The stabilization of migration flows following the 2022–2023 influx from Russia and

neighboring countries has reduced temporary demand for small furnished apartments that had previously driven rapid rent increases. Meanwhile, seasonal inflows of students continue to generate short-term price pressures in districts with a high concentration of universities, although these spikes have become less pronounced than in previous years as the market adapts to predictable seasonal cycles.

On the supply side, the expansion of rental stock, supported by new high-rise completions and a growing share of investment-owned apartments, has helped to ease earlier price pressures and improve availability across districts. Finally, macroeconomic moderation and slower real income growth have constrained tenants’ ability to absorb rent hikes, reinforcing the observed stabilization of prices across most segments of the market.

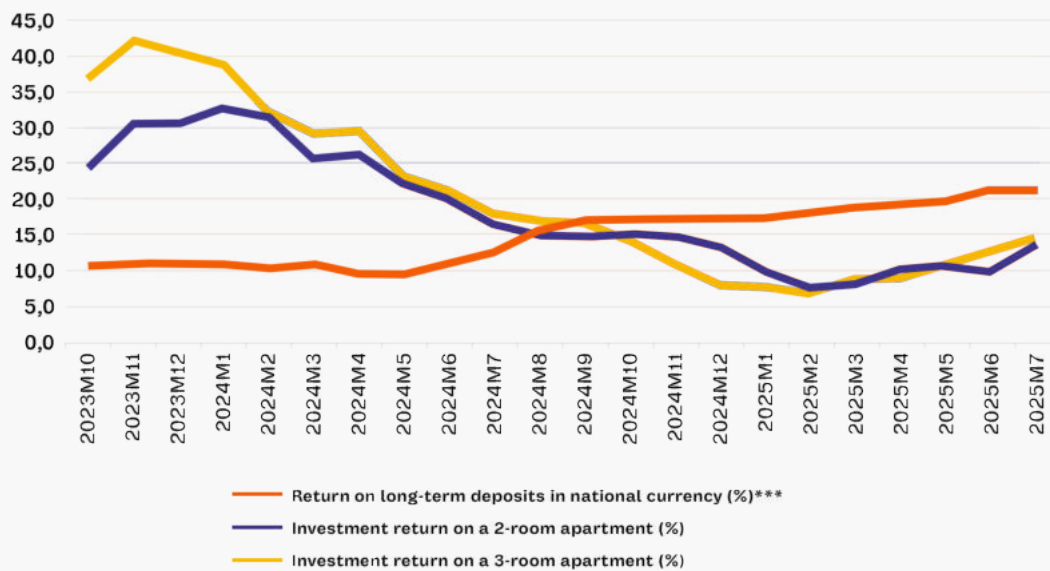


Investment returns on residential real estate

Investment returns in Tashkent’s housing market have undergone a sharp correction since their peak in late 2023, shifting from an asset-price-driven boom to a rental-dominated, lower-yield environment. In 2023Q4, total investment returns – combining capital gains and rental income – reached 31% for two-room apartments and 40% for three-room apartments, with price appreciation accounting for up to two-thirds of total yields. However, as housing price growth slowed markedly in early 2024 and the capital gains turned negative in several months, leading to that investment returns declined rapidly, and remaining close to 10–15% through the first half of 2025. During the same period, returns on long-term bank deposits in national currency remained broadly stable at 10–12%, gradually rising to 20–21% by mid-2025, surpassing average housing yields for the first time in nearly two years.

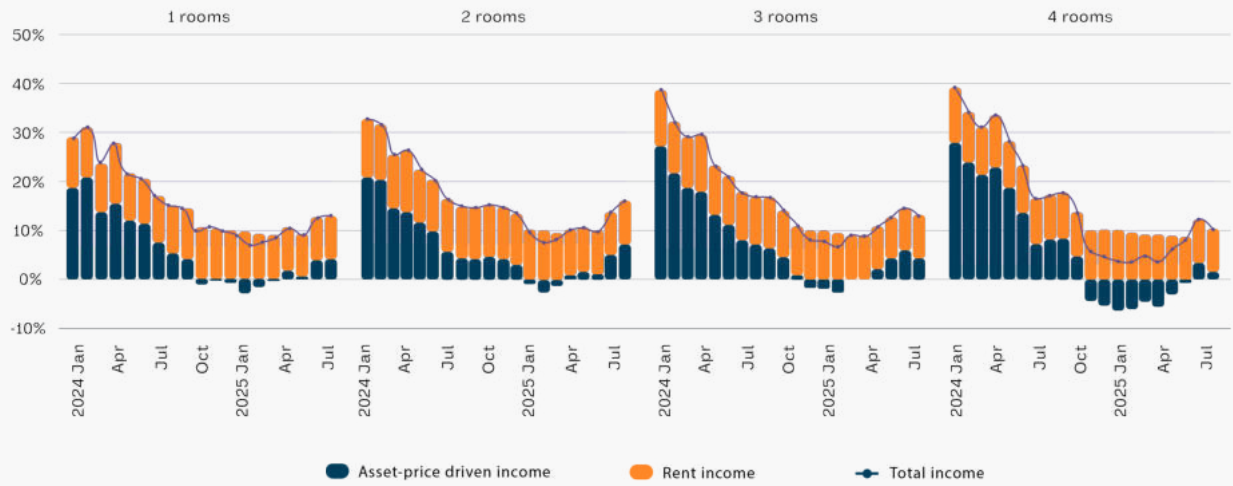
Performance across Tashkent’s districts reveals considerable divergence. Premium central districts such as Mirabad, and Shaykhantahur, which saw the most pronounced speculative surges in 2023, experienced steep corrections as price dynamics reversed, with total returns plunging from 35–40% at the peak to below 10% by January 2025. In contrast, peripheral and rapidly developing districts like Sergeli, Uchtepa, and Yangihayot showed greater resilience, maintaining returns of 12–16% thanks to more stable rental demand and lower initial valuations. Differences by apartment size have also become more significant: larger units, which once outperformed smaller ones, saw deeper declines, from nearly 40% to below 10%, as investor interest shifted away from speculative purchases, while smaller units stabilized near 12–15%, supported by consistent rental yields.

Rent prices in Tashkent city
(Three-room apartments)

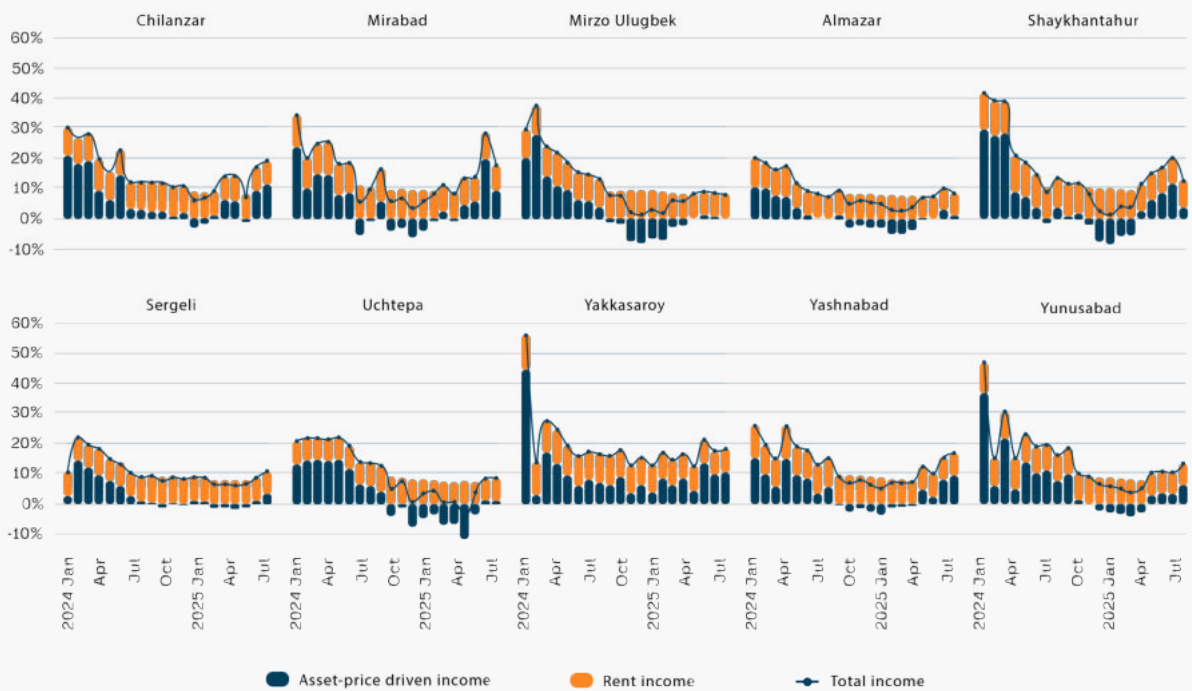


Note: ***The devaluation of the national currency against the US dollar was considered when calculating the profitability of deposits in the national currency.

Asset-price-driven income and rental income in Tashkent city by number of apartment rooms (in % of purchase prices)



Asset-price-driven income and rental income by districts in Tashkent city (in % of purchase prices)





III. Mortgage market



1. Overview and market evolution

Uzbekistan's mortgage market has expanded rapidly in both nominal terms and relative to GDP, reflecting the combined impact of government-supported financing mechanisms, increasing urban demand, and financial deepening. Between 2020 and 2024, total mortgage lending volumes nearly doubled, from UZS 9.1 trillion to UZS 17.1 trillion, supported by sustained population growth, active construction in the primary market, and targeted government programs. The introduction of longer maturities, fixed-rate options, and digitalized loan processing has broadened access, while the involvement of state-backed institutions,

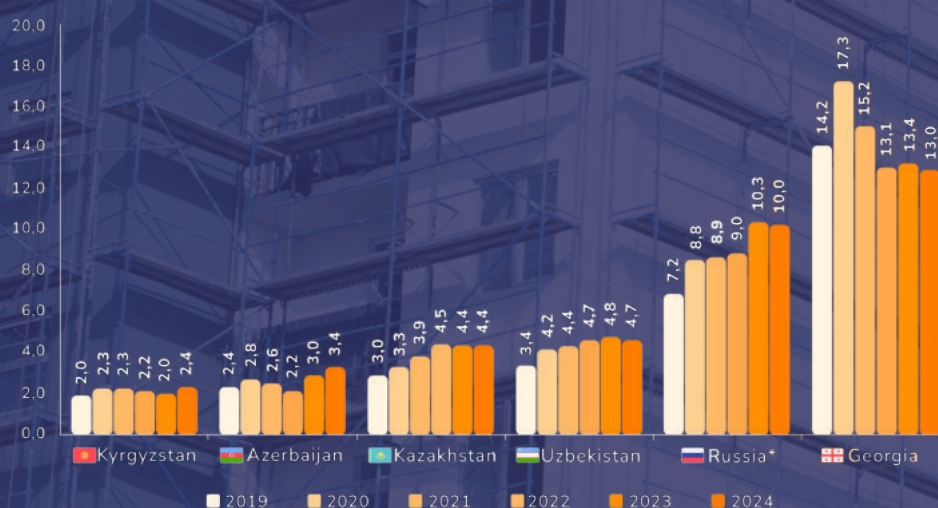
particularly the Ministry of Economy and Finance (MEF) and the UzMRC, has stabilized liquidity and anchored confidence in long-term funding.

The mortgage market now functions as a dual-channel system: (i) direct lending from banks' own balance sheets, and (ii) refinanced or earmarked funding through state and quasi-state mechanisms. This hybrid model has supported credit growth but has also increased the system's dependence on public resources.

Focus Box. Uzbekistan’s Mortgage-to-GDP Ratio in Regional Perspective

Uzbekistan’s mortgage market has expanded markedly over the past five years, but its depth relative to GDP remains moderate by regional standards. The ratio of outstanding mortgage loans to GDP rose from 3.4% in 2019 to 4.7% in 2024, reflecting both rapid credit growth and the institutionalization of long-term housing finance mechanisms such as the UzMRC.

By comparison, **Kazakhstan** recorded a ratio of **4.4%**, while more mature markets such as **Russia (9.0%)** and **Georgia (13.0%)** show the higher levels typical of economies with deeper financial intermediation and longer mortgage maturities. Uzbekistan’s position is thus broadly aligned with regional peers at a similar stage of financial development – above **Azerbaijan (3.4%)** and **Kyrgyzstan (2.4%)** – but still well below the levels observed in advanced transition economies.



Note: Mortgage loans in Russia includes only home mortgage lending (HML).

The country’s gradual rise in mortgage penetration underscores the success of recent policy interventions—state-subsidized mortgage programs, longer tenors, and the expansion of refinancing facilities—but also highlights untapped potential. Sustaining growth toward an **8–10% of GDP benchmark** will depend on:

- Broadening access to long-term funding beyond the public sector;
- Enhancing affordability through lower real interest rates; and
- Expanding secondary-market instruments, including mortgage-backed securities, to attract institutional investors.

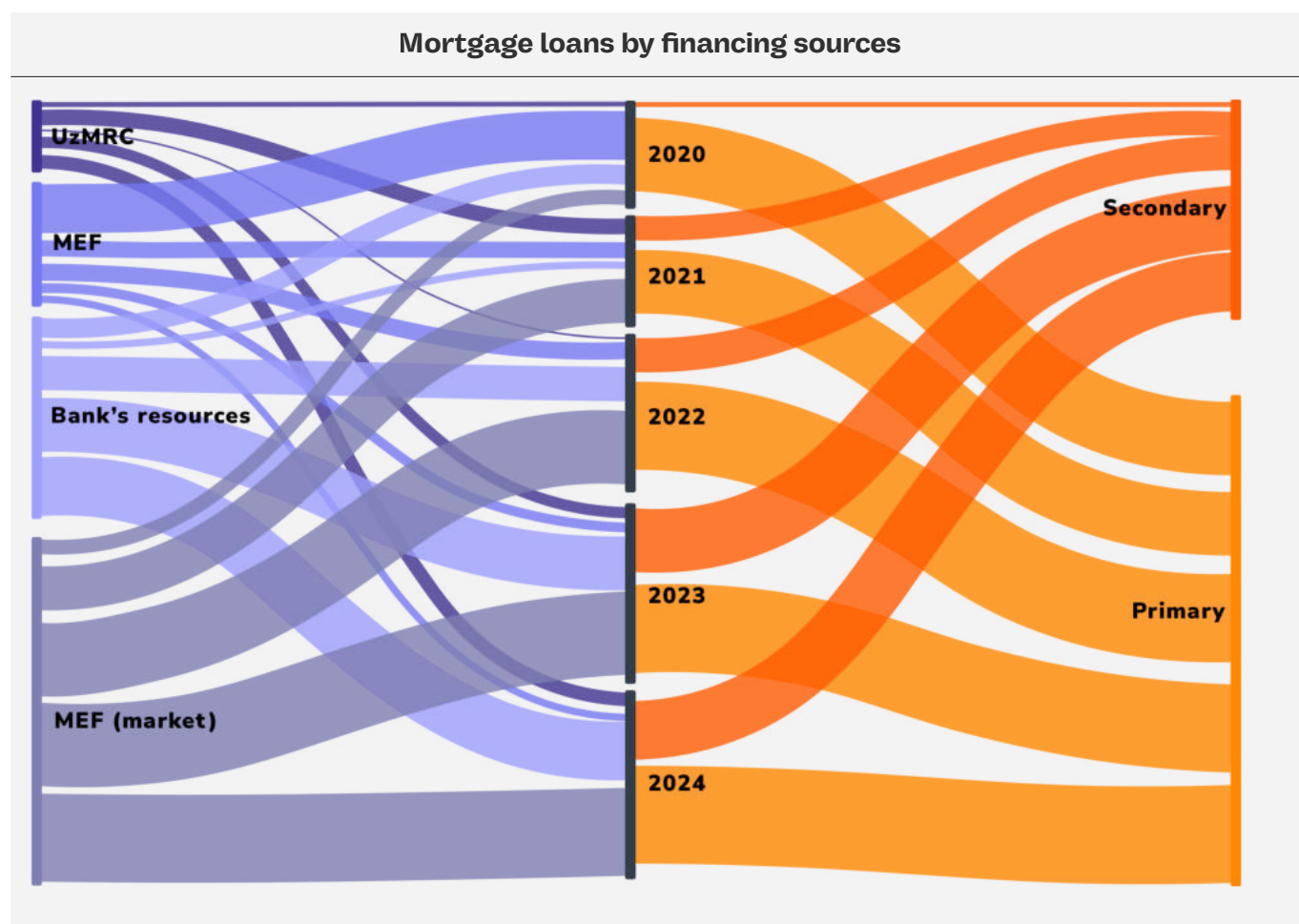
Overall, Uzbekistan’s trajectory signals a **shift from nascent toward emerging mortgage-finance status**—a stage where continued macroeconomic stability, deeper financial markets, and predictable policy support can double mortgage penetration over the coming decade.

2. Structure of mortgage financing sources

The structure of funding for mortgage loans has changed considerably, reflecting both the diversification of sources and the growing institutionalization of the market. In 2020, around 22.4% of all mortgage lending was financed from banks' own resources, while the public funding accounted for 76.9%, and the UzMRC supplied only 0.7% as it was still in an early operational phase.

By 2024, the funding mix had shifted toward greater reliance on refinancing and banks' own resources.

The share of bank's own funds increased to 35%, and the UzMRC's contribution expanded to 9.2%, while budget resources declined to 56%. This structural rebalancing shows a gradual transition from public funding toward balance-sheet-driven lending and a refinancing-based mortgage model, indicating that Uzbekistan has successfully built an institutional framework capable of sustaining mortgage growth even under tight monetary conditions.



Primary and secondary market

Mortgage lending in Uzbekistan has broadened beyond the primary market, signaling gradual maturation of the housing finance system. Initially, lending was almost entirely concentrated in the primary market, with the secondary market accounting for only 3% of total mortgages in 2020. As policy reforms relaxed restrictions and banks introduced tailored products for existing housing stock, the secondary market's share surged to 25% in 2021–2022 and further to 42% in 2023, before stabilizing at 39% in 2024. This structural shift indicates a more diversified and liquid mortgage ecosystem, where housing finance increasingly supports mobility and market turnover rather than solely new construction. However, the pace of expansion in the secondary segment also underscores the need for risk-based pricing and improved collateral valuation practices to maintain financial stability as credit deepens.

While the secondary market's rapid expansion has marked an important structural broadening of Uzbekistan's housing finance system, the period from 2022 to mid-2025 has also been characterized by pronounced cyclical shifts in mortgage activity across

the two market segments. These shifts reflected both macroeconomic adjustments, such as tighter monetary conditions and changing affordability, and the evolving interaction between housing supply, price dynamics, and policy incentives. In 2022–2023, the primary market experienced a notable slowdown in mortgage issuance, with the number of new loans falling by an average of about 25% across regions. This contraction occurred despite robust demand for new housing and record high prices for newly built units. The decline largely reflected affordability pressures, as construction costs and sales prices rose faster than household incomes. In addition, caps on concessional mortgage loans – set at UZS 420 million in Tashkent and UZS 330 million in other regions – limited the borrowing capacity of many potential buyers, forcing them either to combine subsidized and market-rate loans or postpone purchases. Developers also increasingly relied on installment-based pre-sales and self-financing, reducing immediate dependence on bank lending. The result was a temporary decoupling between demand for new housing and mortgage credit supply, as households sought alternative financing amid high prices and reduced subsidy coverage.

Changes in the number of mortgages issued in 2022-2025*

(year-on-year, %)

Region	Primary market				Secondary market			
	2022	2023	2024	2025	2022	2023	2024	2025
Karakalpakstan	-5.9	-26.3	-25.1	45.8	15.1	101.5	-26.7	-20.1
Andijan	29.8	-27.2	30.8	45.6	28.2	3.4	-41.4	-38.1
Bukhara	10.8	-27.9	-30.5	34.1	25.3	56.2	-19.3	-5.0
Jizzakh	29.1	-29.5	7.5	75.4	211.6	10.1	-41.6	-28.2
Kashkadarya	-1.0	-2.6	-4.0	46.3	51.3	55.8	-32.5	-3.6
Navoi	64.9	-11.9	-24.3	5.2	68.1	55.4	-25.1	10.3
Namangan	-0.7	-20.3	-9.8	20.8	29.8	30.5	-22.5	-16.2
Samarkand	17.4	-35.1	6.1	8.3	68.9	71.2	-16.8	-34.8
Surkhandarya	-11.0	-28.5	-1.2	46.4	63.6	35.4	-14.6	0.0
Syrdarya	-12.6	-24.4	-38.2	98.1	75.7	59.4	-56.8	-8.8
Tashkent	7.8	-42.1	-38.1	56.8	16.8	82.2	-44.5	-19.6
Fergana	-1.1	-33.8	15.2	18.4	42.8	64.2	-43.0	-39.3
Khorezm	20.6	-27.4	20.3	60.2	58.1	51.9	-36.3	-32.2
Tashkent city	46.9	-12.8	-4.4	27.9	-0.2	69.3	-10.9	-3.3

Note: Changes in January-September 2025 compared to relative period of 2024.



By contrast, mortgage activity in the secondary market accelerated sharply during 2022–2023, even as borrowing costs remained elevated. Several reinforcing factors drove this expansion. First, the price differential between the two markets remained substantial, with new housing priced on average 214–294 USD per m² higher than existing homes, making secondary housing a significantly more affordable option. Second, expectations of continued price appreciation and currency depreciation further boosted demand in the resale market. According to the IMRS survey (2023), 94% of respondents expected housing prices to rise, while 42–70% of respondents in the Central Bank’s household survey anticipated a weakening of the national currency. These expectations strengthened the perception of housing as a reliable inflation and currency hedge. Third, the widespread availability of ready-to-occupy housing made the secondary market particularly attractive for households living in rental accommodation, as ownership became relatively more appealing than renting. In Tashkent, for instance, the average monthly rent accounted for about 40% of a typical mortgage payment, underscoring the relative affordability of ownership even at higher mortgage rates. Collectively, these factors allowed the secondary segment to absorb much of the effective housing demand that could not be met in the constrained primary market.

However, the pattern shifted again from 2024 onward. As the backlog of newly built units cleared and developers introduced discounts and improved loan conditions, the primary market began to recover, with mortgage issuance increasing across most regions in 2025. This rebound was driven by the completion of projects launched during the 2021–2023 construction cycle, renewed bank appetite for newly built collateral, and continued policy preference for energy-efficient housing. Conversely, the secondary market cooled, as the exceptional growth of 2022–2023 had largely exhausted pent-up demand. Higher effective interest rates, tighter appraisal standards, and the improved attractiveness of subsidized primary-market loans further constrained new borrowing.

Trends in the average volume of mortgage loans

The average volume of mortgage loans in Uzbekistan increased substantially across nearly all regions, reflecting the combined effects of rising housing prices, broader credit access, and shifts in borrower behavior. The growth trajectory, however, varied between the primary and secondary housing markets and across regions, revealing the underlying dynamics of market development and affordability.

In the primary market, the average mortgage size rose sharply nationwide, from around UZS 150 million in 2021 to UZS 265 million by 2024, representing a near doubling in nominal terms. The steepest increases were recorded in Karakalpakstan (+139%), Kashkadarya (+125%), and Khorezm (+140%), reflecting both the gradual penetration of new construction projects in previously under-supplied regions and the growing cost of newly built housing. In major urban centers such as Tashkent city, average mortgage volumes peaked in 2022 at nearly UZS 297 million, before slightly moderating in 2024 as price growth stabilized and more mid-range housing entered the market. The overall trend indicates that mortgages for new housing have become larger and more regionally diversified, consistent with higher construction costs, larger unit sizes, and expanding borrower capacity outside the capital.

In the secondary market, the pattern was more uneven but still upward overall. The average loan size increased from UZS 163 million in 2021 to UZS 263 million in 2024, though regional dispersion widened.

Tashkent city saw an extraordinary rise, more than doubling from UZS 272 million to UZS 614 million, reflecting higher valuations of existing stock in prime urban areas and the increasing use of refinancing. In contrast, smaller regions such as Khorezm and Karakalpakstan experienced only modest gains, suggesting tighter affordability constraints and smaller loan sizes typical of less expensive housing markets. These differences also align with divergent price trends: secondary market prices increased sharply in metropolitan areas but remained relatively contained in peripheral regions.

The sustained rise in average mortgage volumes across both segments underscores the deepening of housing finance but also highlights rising exposure to price and affordability risks. As average loan amounts grow faster than household incomes, maintaining prudential lending standards and effective loan-to-value (LTV) ratios becomes increasingly important to ensure financial stability, especially if future price corrections occur.

Average volume of mortgage loans, million UZS

Region	Primary market				Secondary market			
	2021	2022	2023	2024	2021	2022	2023	2024
Karakalpakstan	107.5	127.4	164.2	256.6	109.8	137.2	164.8	167.9
Andijan	177.0	211.5	261.2	287.2	178.1	199.3	235.9	261.8
Bukhara	134.2	175.7	230.3	265.4	155.4	167.2	220.5	271.7
Jizzakh	136.6	218.7	225.3	261.5	161.1	168.6	200.2	202.8
Kashkadarya	114.7	155.4	195.1	258.0	147.1	159.6	196.6	217.6
Navoi	156.2	200.6	233.1	243.5	155.6	159.8	205.8	233.6
Namangan	151.9	195.5	266.0	282.3	147.4	156.3	198.1	220.3
Samarkand	182.9	199.3	251.8	285.6	173.3	195.3	281.1	336.5
Surkhandarya	149.2	195.3	251.9	280.0	169.5	163.9	192.7	269.8
Syrdarya	150.2	200.7	238.6	264.0	164.1	142.3	166.3	170.4
Tashkent	134.4	135.7	191.8	247.9	152.3	215.4	245.0	290.2
Fergana	148.1	177.2	248.1	275.2	138.3	166.7	226.0	233.9
Khorezm	96.9	136.0	185.3	232.8	163.6	152.9	199.8	187.3
Tashkent city	236.9	296.7	284.8	267.6	272.4	326.8	402.1	614.1

Role of banks in the mortgage market

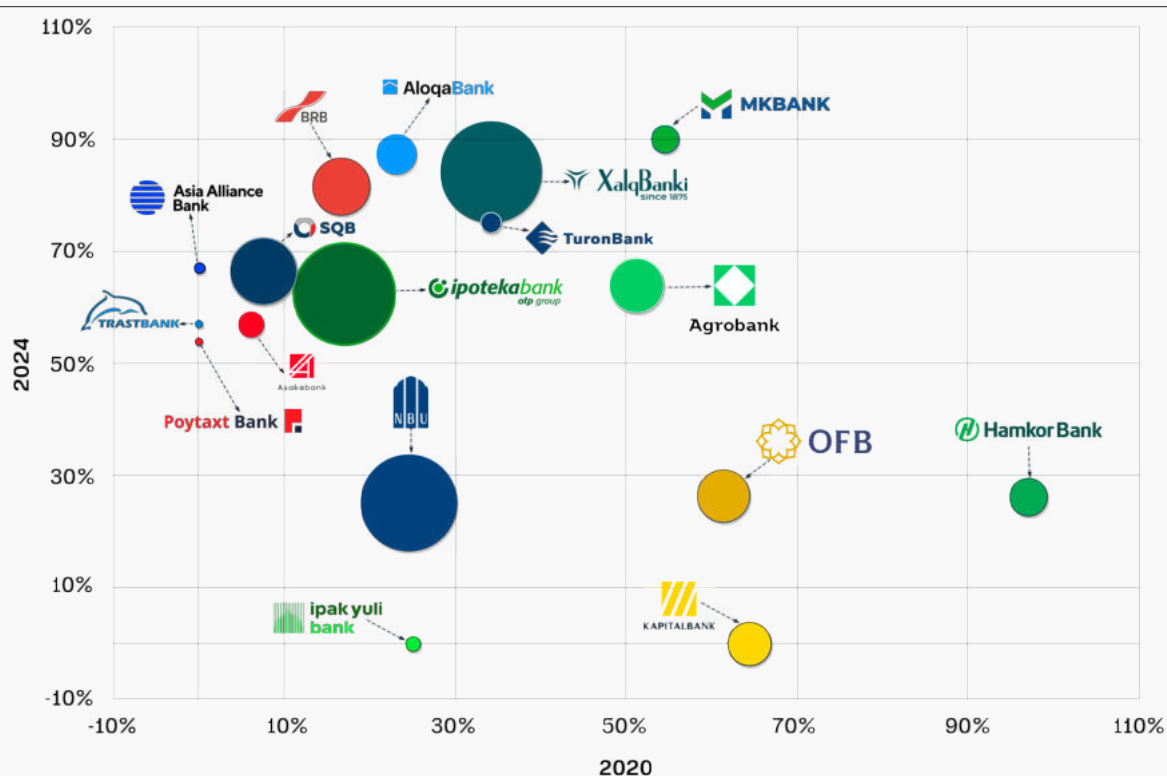
The mortgage market remains moderately concentrated, with several large banks holding dominant positions. As of 2024, the six largest banks – Ipoteka Bank, Xalq Bank, National Bank of Uzbekistan (NBU), SQB, Agrobank, and BRB – together account for about 73% of total outstanding mortgage loans. Among them, Xalq Bank and Ipoteka Bank are the leading providers, together representing more than one-third of total market volume. The remaining market share is distributed among smaller commercial banks, including private and foreign-invested institutions that are gradually expanding their presence, often through digital lending channels and pilot programs supported by development partners.

Large commercial banks with state participation rely heavily on public resources to sustain mortgage lending. In 2024, 90% of mortgage loans issued by Mikrokreditbank were financed through government programs, while the shares reached 87% at Aloqabank, 84% at Xalq Bank, 82% at the BRB, 76% at Turonbank, 66% at SQB, 64% at Agrobank, and 57% at Asaka bank. This heavy dependence on budgetary channel reflects both the policy orientation of these institutions and their central role in implementing state housing programs.

The expansion of public funding has been particularly pronounced since 2020. The share of public funds in mortgage lending increased from 17% in 2020 to 62% in 2024 at Ipoteka Bank (the bank’s market share in mortgage lending in 2024 – 19%), 34% to 84% at Xalq Bank (18%), 17% to 82% at BRB (5%), and 7% to 66% at SQB (8%). These changes indicate a fundamental rebalancing in the funding mix, with state and quasi-state mechanisms increasingly providing the long-term resources necessary to sustain mortgage growth in a high-interest-rate environment.

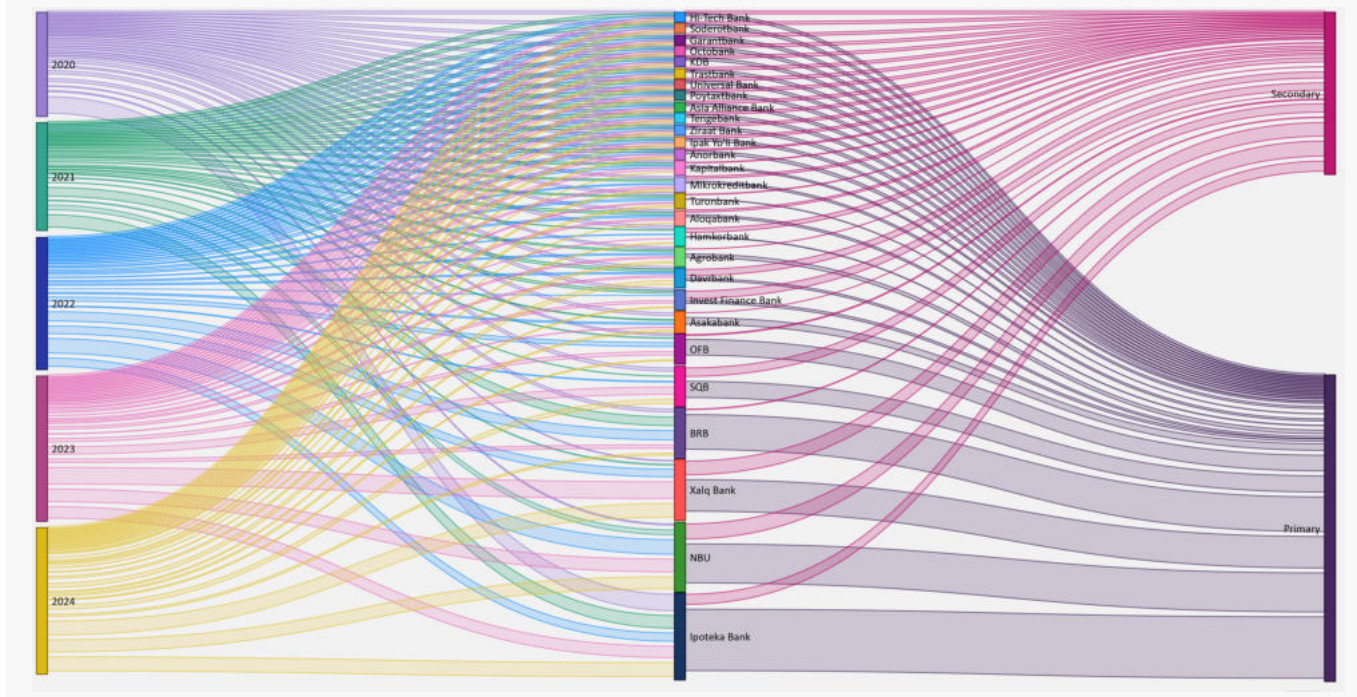
Even among smaller private banks with modest market shares, public funds have become an important component of mortgage financing. In 2024, Asia Alliance Bank (the bank’s market share in mortgage lending in 2024 – 0.16%) financed 67% of its mortgage loans through public sources, Poytaxtbank (0.05%) – 54%, and Trastbank (0.07%) – 57%. This broadening participation demonstrates that access to public refinancing facilities has enabled second-tier banks to enter or expand in the mortgage segment, contributing to market diversification and regional outreach.

Share of public funding in banks’ mortgage loans in 2020 and 2024



Note: Size of the bubble indicates the bank share in total extended mortgage

The role of banks in mortgage lending

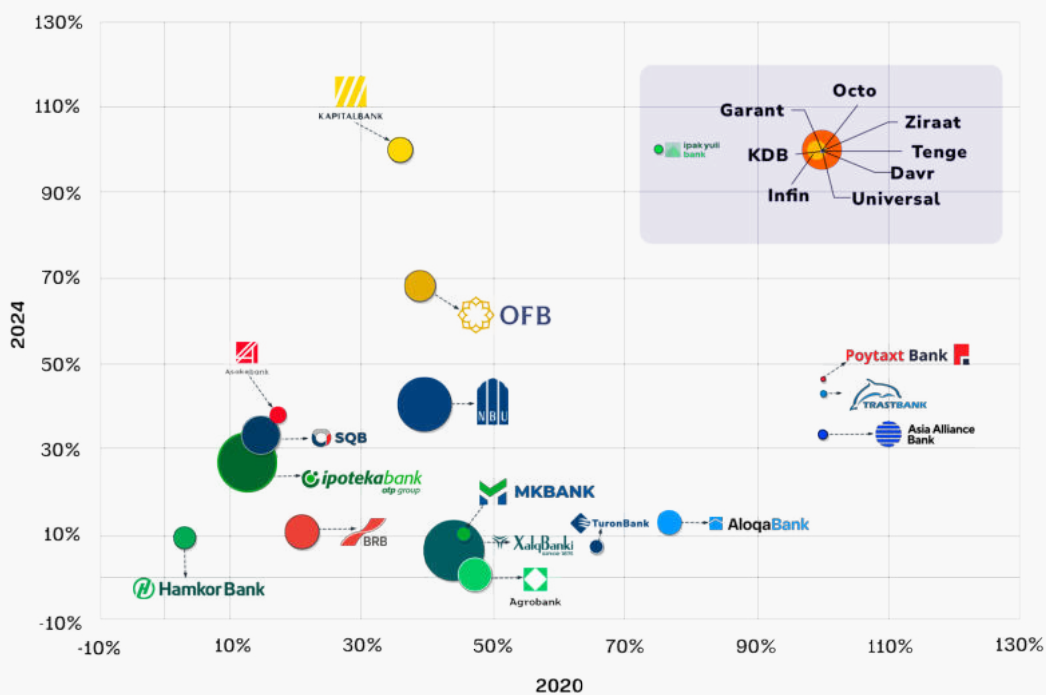


Banks' own resources in mortgage lending

A small group of private banks has expanded the use of their own resources for mortgage financing, signaling improved balance-sheet liquidity and reduced dependence on external support. Among them, Davr Bank, Kapitalbank, Ipak Yuli Bank, Infinbank, and Universal Bank financed 100% of their mortgage loans in 2024 using their own funds, compared with considerably lower ratios in 2020.

Their aggregate market share remains modest – less than 15% of total mortgage lending – but their behavior demonstrates that smaller and privately managed banks are increasingly capable of supporting mortgage portfolios from internally generated deposits and retained earnings. For these institutions, a greater reliance on self-funding allows more flexibility in pricing and lending conditions, but it also exposes them to liquidity risks if funding costs rise.

Share of banks own funding in their mortgage loans in 2020 and 2024



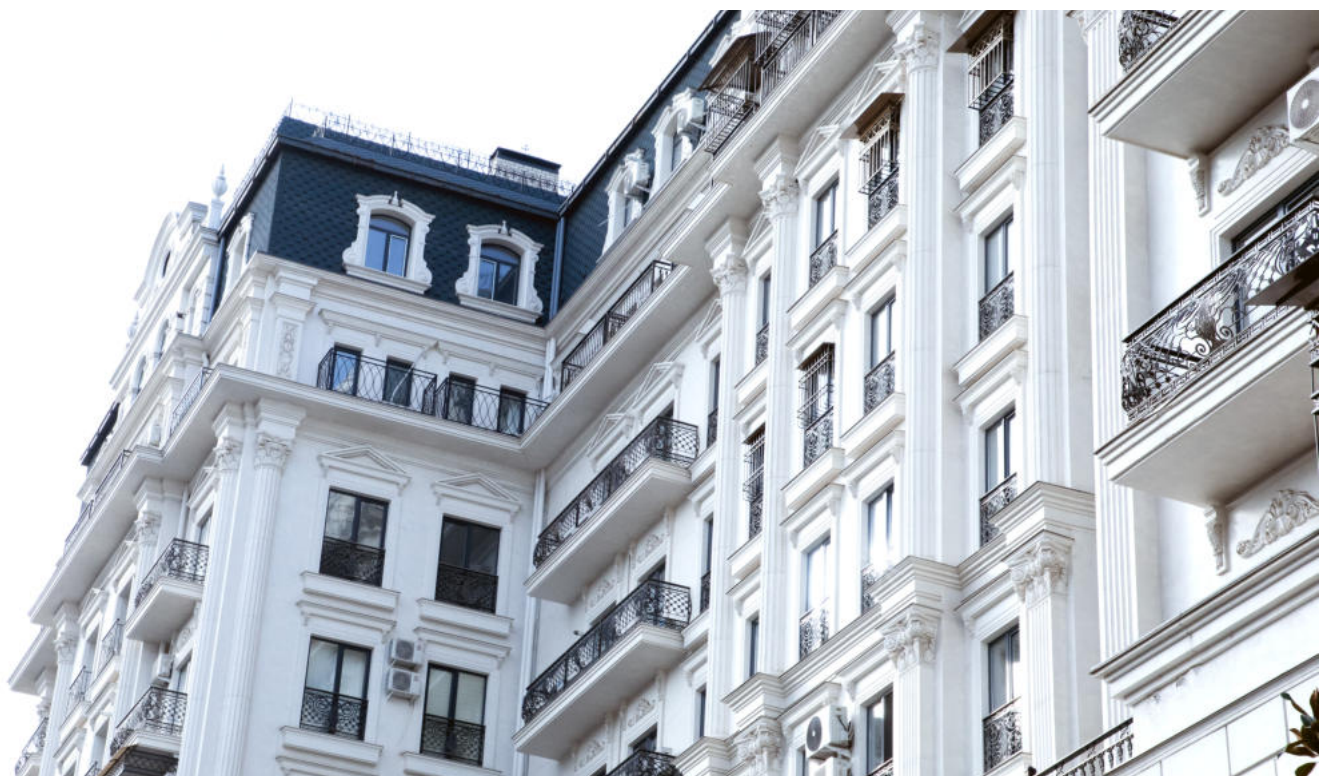
Most banks, including nearly all large institutions with state participation, have significantly reduced their reliance on own resources. Xalq Bank, Agrobank, BRB, Aloqa Bank, Turon Bank, Mikrokreditbank recorded substantial declines in the share of their own funds used for mortgage lending. For instance, Xalq Bank's self-funded share fell from 44% in 2020 to 6% in 2024, Agrobank's from 47% to 1%, and Aloqa Bank's from 77% to 13%. These shifts correspond with increased access to public and the UzMRC refinancing lines, which now account for most of their mortgage portfolios. While this transition has enabled larger lending volumes and longer maturities, it has also deepened the dependence of the mortgage market on state and quasi-state liquidity sources.

UzMRC refinancing in mortgage lending

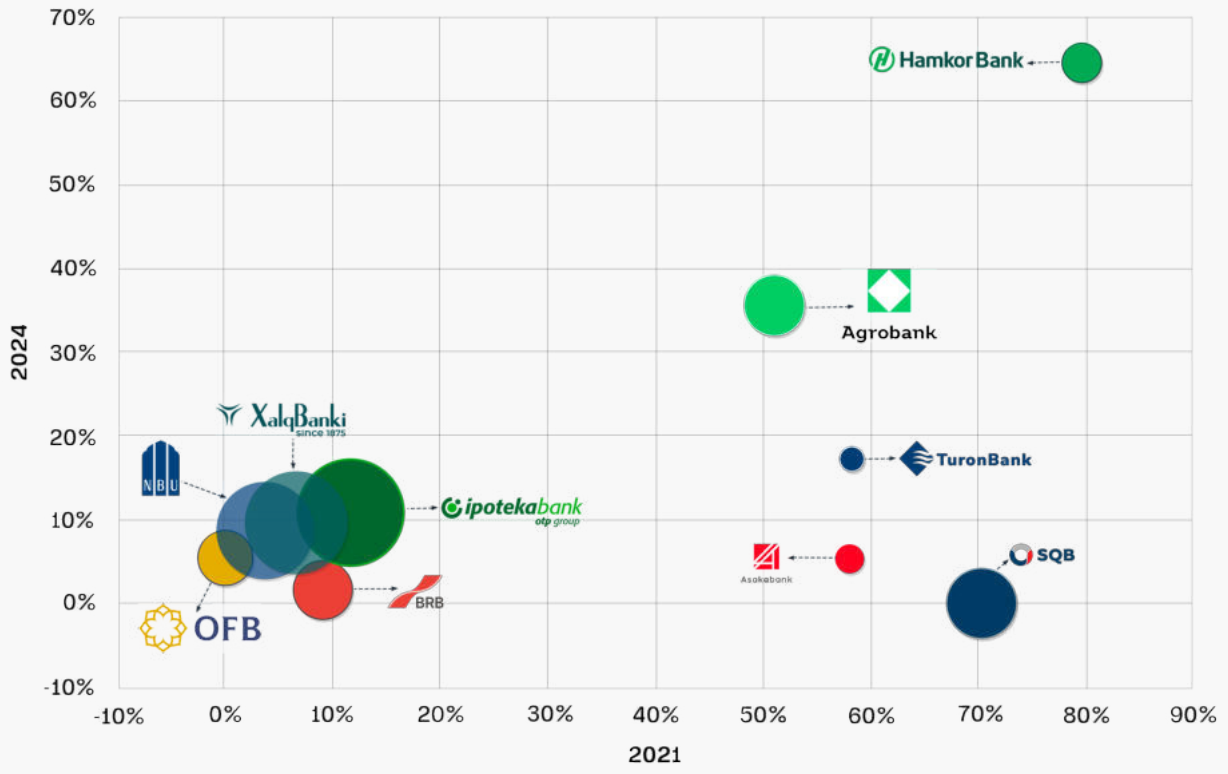
The UzMRC has evolved from a niche liquidity instrument into a key source of long-term mortgage funding, with most banks increasing their reliance on the UzMRC. This expansion reflects both the company's institutional maturation and banks' growing need for stable, long-term resources in an environment of high policy rates and constrained deposit funding.

Between 2020 and 2024, the share of the UzMRC refinancing in banks' mortgage lending increased sharply across the system. Large banks – Ipoteka Bank, Xalq Bank, Agrobank, and NBU – report the most significant increases, reflecting their capacity to originate standardized loan portfolios eligible for the UzMRC refinancing. Medium-sized and private banks – Hamkorbank and Orient Finance Bank also expanded their participation, leveraging the UzMRC facilities to manage liquidity and extend loan maturities.

However, several smaller or recently established banks continue to rely primarily on their own funds or MEF resources. Limited UzMRC engagement among these institutions often stems from small mortgage portfolios, incomplete compliance with refinancing eligibility criteria, or alternative access to low-cost government funding. This uneven adoption indicates that the UzMRC's reach remains concentrated among large and mid-tier banks, while its potential to diversify system-wide mortgage liquidity is still developing.

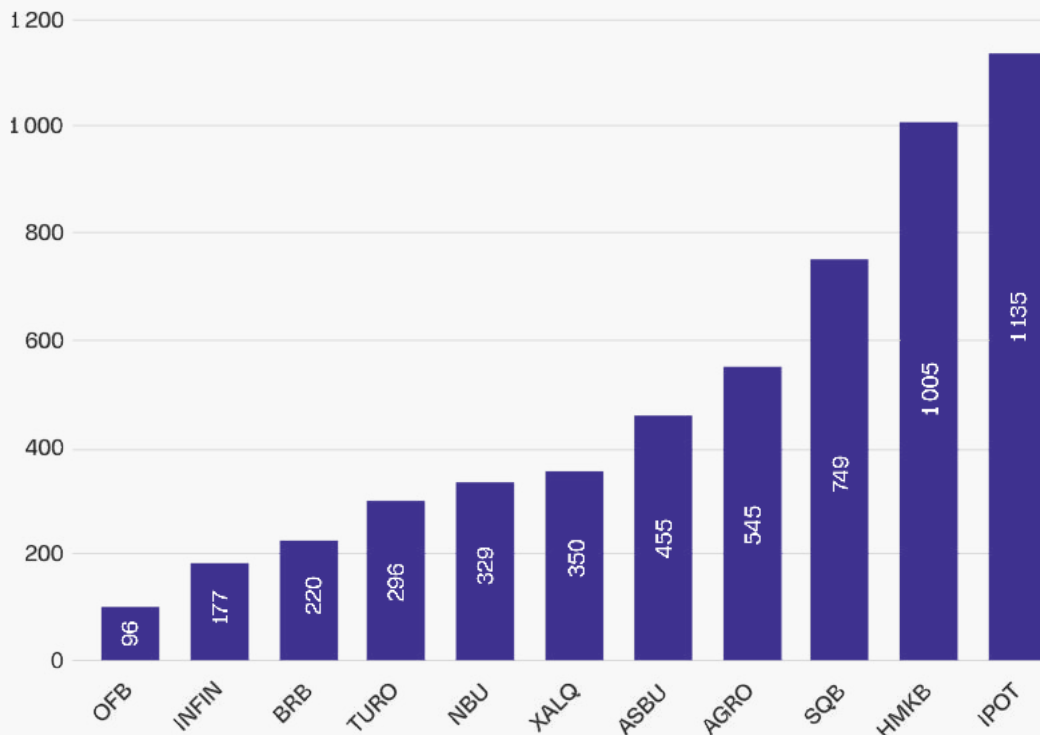


Share of the UzMRC's refinancing in banks' mortgage loans in 2021 and 2024



Note: Size of the bubble indicates the bank share in total extended mortgage

Refinanced portfolio, by partner commercial banks (UZS billion)



Focus Box. The UzMRC in Numbers (2020–2024)

The Mortgage Refinancing Company of Uzbekistan (UzMRC) has expanded rapidly since its inception, becoming a key pillar of long-term mortgage liquidity in Uzbekistan.

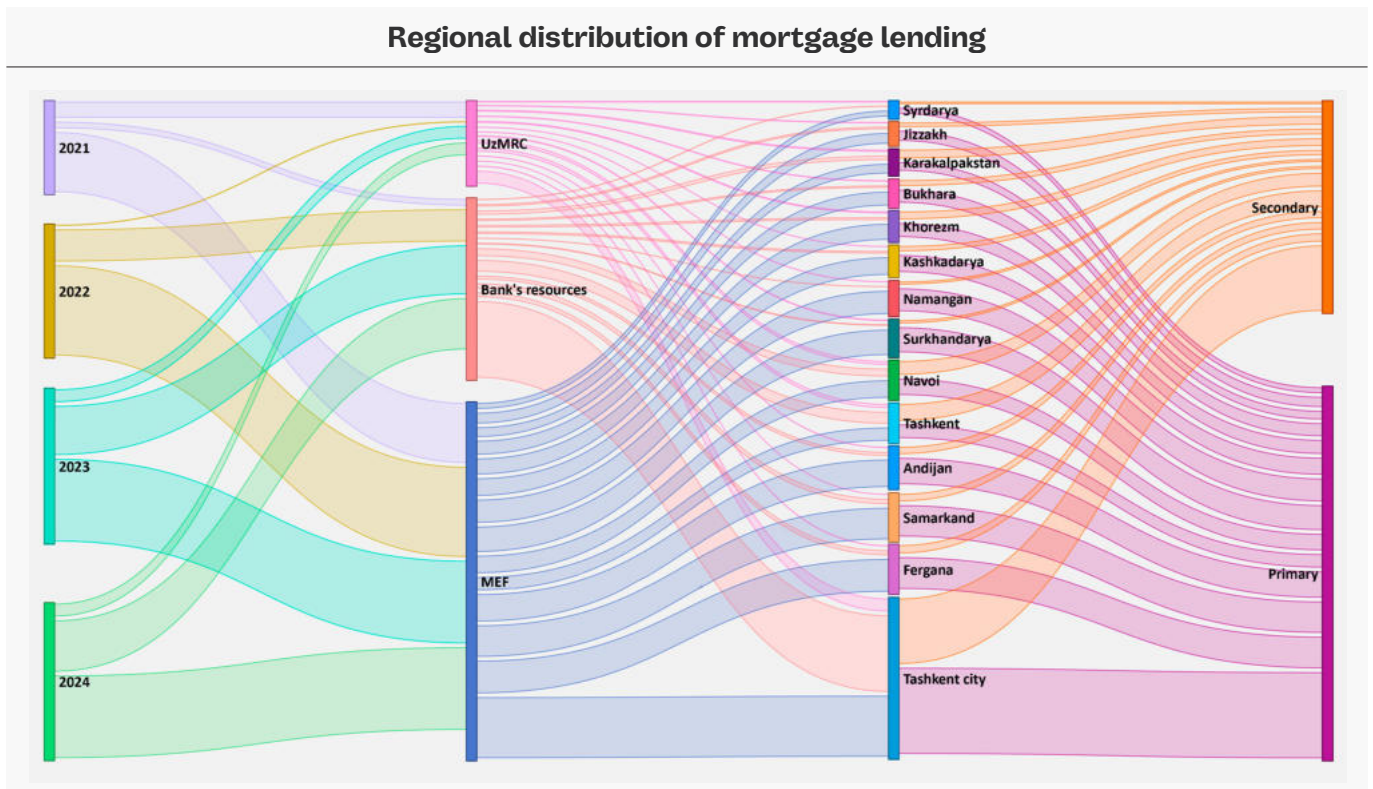
- Refinancing volume: the UzMRC's annual refinancing volume grew from UZS 62 billion in 2020 to UZS 1.6 trillion in 2024.
- Share in total mortgage funding: the UzMRC accounted for 0.7% of total mortgage financing in 2020, increasing to 9.2% by 2024, reflecting its growing role in providing stable, long-term funding to commercial banks.
- Participating banks: The number of partner banks increased from 5 in 2020 to 12 by 2024, including major state-owned institutions such as NBU, Xalq Bank, SQB, and Asakabank, as well as several private banks such as Hamkorbank and OFB.
- Average loan maturity extended: Through the UzMRC refinancing, the average maturity of participating banks' mortgage portfolios lengthened from 10–12 years to 15–20 years, improving affordability and liquidity management.
- Improved funding stability: refinancing reduces dependence on volatile deposits and tight liquidity cycles.
- Institutional standardization: banks adopting the UzMRC frameworks have strengthened credit appraisal, collateral valuation, and reporting practices.
- Capital-market linkages: the UzMRC issued its first Corporate bonds in 2022, marking a milestone in the development of Uzbekistan's domestic capital market and providing a foundation for future securitization.
- Capital Market Leadership: As of November 1, 2025, the UzMRC has issued corporate bonds amounting to UZS 790 billion. UzMRC currently stands as the largest corporate bond issuer in the local capital market, trailing only government securities in volume. This underscores the Company's crucial role in developing the domestic capital market and securing long-term funding.
- Green Mortgage Lending: In September 2024, UzMRC developed and launched the «Green» Renovation program. This is the only product in the Uzbekistan market, developed in accordance with international plans, that finances repairs aimed at improving energy efficiency in housing.
- Financial Inclusion: The UzMRC has developed a specialized product and methodology to provide mortgage loans to borrowers with informal incomes. This product is based on advanced international experience and is aimed at increasing mortgage accessibility for a significant portion of the population, thereby fostering financial inclusion.
- Digitalization of Mortgage Procedures: Upon the initiative of UzMRC, key amendments were introduced to the mortgage deed legislation. Mortgage deeds can now be registered online, which significantly accelerates and simplifies secondary mortgage operations.
- Strategic Development of Securitization and RMBS Issuance: the UzMRC established a Special Purpose Vehicle (UzMRC SPV) to facilitate the country's first issuance of Mortgage-Backed Securities. This move aligns with international securitization practices, ensuring the legal separation of the asset pool from the Company's balance sheet. In accordance with Presidential Decree (PD-26), UzMRC is mandated to issue UZS 200 billion in RMBS by January 1, 2026. This milestone is critical for diversifying housing finance and developing the domestic capital market.

The rapid expansion of the UzMRC's refinancing activity underscores its strategic role in supporting long-term mortgage liquidity, aligning Uzbekistan's housing finance architecture with international best practices. Sustaining this growth will require expanding participation among second-tier banks and strengthening investor demand for mortgage-backed securities to ensure continuous funding diversification.

Regional distribution of mortgage lending

The regional distribution of mortgage lending remains uneven, mirroring underlying demographic, economic, and real estate development disparities across the country. Tashkent city continues to dominate the mortgage market by a wide margin, accounting for roughly UZS 20.7 trillion of lending, or about 31% of the national total during 2020–2024 – more than the combined total of several other regions. Its leading position is supported by high population density, concentrated housing demand, and a robust pipeline of new residential construction. The capital’s preeminence is further underscored by its financing structure: it absorbs about 30% of all mortgages refinanced by the UzMRC, 19% of those funded by the state budget, and 54% of loans issued from banks’ own resources. In market terms, Tashkent city accounted for 26% of all primary market mortgages and 38% of those in the secondary market, confirming its role as the country’s financial and real estate hub.

The 2023–2024 data reveal several important shifts beneath this dominant national pattern. In 2023, Tashkent city expanded its mortgage lending both in number (+7%) and volume (+16%), strengthening its share of total issuance to 22.2%, up by 2.2 percentage points year-on-year. By contrast, in 2024, activity in the capital moderated: the number of issued mortgages fell by 7%, while loan volume still rose by 11%, suggesting a shift toward larger average loan sizes and continuing price pressures in the capital’s housing market. The city’s share nonetheless climbed further to 24%, underscoring its structural dominance even amid slower expansion.



Regional concentration of mortgage lending: Key facts (2021–2024)

Indicator	Share of Tashkent city in national total (%)	Interpretation
UzMRC-refinanced loans	30%	Reflects strong demand in the capital and early uptake of refinancing programs.
Budget-funded loans	19%	Indicates moderate government support concentration, with regional distribution gradually improving.
Bank-funded loans (own resources)	54%	Highlights banks' preference to finance solvent urban borrowers and high-value projects in Tashkent.
Primary market mortgages	26%	Suggests active new construction in the capital.
Secondary market mortgages	38%	Reflects robust resale activity and liquidity in the existing housing stock.

Outside the capital, regional diversification is gradually deepening, though with pronounced variation. Fergana, Samarkand, Andijan, and Navoi emerged as major centers of mortgage activity. In 2024, Fergana and Andijan stood out with growth in both loan numbers and volumes, reflecting stronger demand and improving household access to credit. Andijan, for instance, registered an 8% increase in the number of loans and a 20% rise in volume, boosting its national share by 1.5 percentage points – one of the strongest regional performances. Fergana followed a similar trajectory, with its share reaching 8.9% of total issuance. Samarkand maintained stable lending volumes, while Navoi, after strong growth in 2023, saw a sharp 25% contraction in the number of loans and 18% in volume in 2024, illustrating sensitivity to local income and liquidity conditions.

In contrast, several smaller or less economically dynamic regions remain at the lower end of the distribution. Syrdarya, Jizzakh, and Karakalpakstan consistently show low mortgage penetration and sharp annual contractions in the number of mortgages issued, by 48%, 16%, and 26%, respectively, in 2024. These declines highlight enduring constraints such as limited new housing supply, smaller bank branch networks, and weaker affordability conditions. Despite these challenges, modest increases in loan volumes in a few lagging regions (such as Surkhandarya and Kashkadarya) suggest that lending is at least reaching new geographic areas, albeit from a low base.

From a policy perspective, the gradual broadening of mortgage activity beyond the capital represents a positive structural shift aligned with Uzbekistan's "Yangi O'zbekiston" housing program and the Uzbekistan–2030 Strategy. However, the data underscores that growth remains highly concentrated, with the top five regions (Tashkent city, Fergana, Samarkand, Andijan, and Navoi) accounting for more than half of the total mortgage issuance. To sustain inclusive growth, policy efforts should therefore prioritize strengthening regional construction markets, expanding access to mortgage finance in secondary cities, and fostering private-sector participation in housing supply. A more geographically balanced mortgage system will not only reduce interregional disparities but also support more even patterns of urbanization and economic opportunity across Uzbekistan.

Mortgage loans issued in 2024 by region

	Number of mortgage issued		Volume of mortgage loans		Share in the mortgage loans issued	
	unit	Δ% 2023-2024	bln UZS	Δ% 2023-2024	%	Δ P.P. 2023-2024
Tashkent city	14 112	-7%	5 575	11%	24,0	+1,8
Fergana	5 213	-6%	1 387	4%	8,9	+0,7
Samarkand	4 645	-0%	1 382	14%	7,9	+1,1
Andijan	4 428	8%	1 252	20%	7,5	+1,5
Navoi	4 314	-25%	1 027	-18%	7,3	-1,1
Khorezm	3 999	-7%	871	6%	6,8	+0,5
Kashkadarya	3 679	-13%	911	10%	6,3	+0,0
Surkhandarya	3 488	-4%	970	12%	5,9	+0,6
Karakalpakstan	3 185	-26%	640	-10%	5,4	-0,9
Namangan	3 178	-13%	859	-6%	5,4	+0,1
Tashkent	3 176	-42%	867	-30%	5,4	-2,6
Bukhara	2 342	-26%	628	-13%	4,0	-0,7
Jizzakh	2 105	-16%	510	-4%	3,6	-0,1
Syrdarya	986	-48%	219	-42%	1,7	-1,1

Mortgage loans issued in 2023 by region

	Number of mortgage issued		Volume of mortgage loans		Share in the mortgage loans issued	
	unit	Δ% 2022-2023	bln UZS	Δ% 2022-2023	%	Δ P.P. 2022-2023
Tashkent city	15 161	7%	5 000	16%	22,2	+2,2
Navoi	5 733	15%	1 251	36%	8,4	+1,3
Fergana	5 549	-15%	1 332	16%	8,1	-1,1
Tashkent	5 484	0%	1 233	39%	8,0	+0,3
Samarkand	4 662	-21%	1 212	3%	6,8	-1,5
Karakalpakstan	4 309	23%	709	54%	6,3	+1,4
Khorezm	4 295	-3%	825	32%	6,3	+0,0
Kashkadarya	4 250	11%	831	39%	6,2	+0,8
Andijan	4 112	-20%	1 040	-2%	6,0	-1,2
Namangan	3 634	-13%	912	15%	5,3	-0,6
Surkhandarya	3 634	-20%	869	-1%	5,3	-1,1
Bukhara	3 171	-9%	718	19%	4,6	-0,3
Jizzakh	2 498	-15%	533	-9%	3,7	-0,5
Syrdarya	1 903	5%	379	17%	2,8	+0,2

3. Interest rates and mortgage terms

Mortgage pricing in Uzbekistan remains segmented across funding sources, reflecting the coexistence of market-based and state-supported lending channels. Between 2020 and mid-2025, nominal mortgage rates ranged from 17.9% on MEF-funded loans to 21.7% on bank-funded mortgages, while the policy rate averaged 14.4%. This divergence underscores a dual structure in the mortgage market: a commercial segment constrained by high funding costs, inflation expectations, and limited competition, and a subsidized segment that anchors affordability through fiscal or quasi-fiscal support.

Nominal interest rate trends

Nominal rates have followed distinct trajectories depending on the source of funds. Bank-funded mortgages averaged 21.7% (± 3.8 percentage points), the highest and most volatile among all channels. Their cost rose markedly after 2022 – from 19.1% in 2020–2022 to 24.6% in 2023–mid-2025 – as tighter liquidity and risk premia filtered through the system.

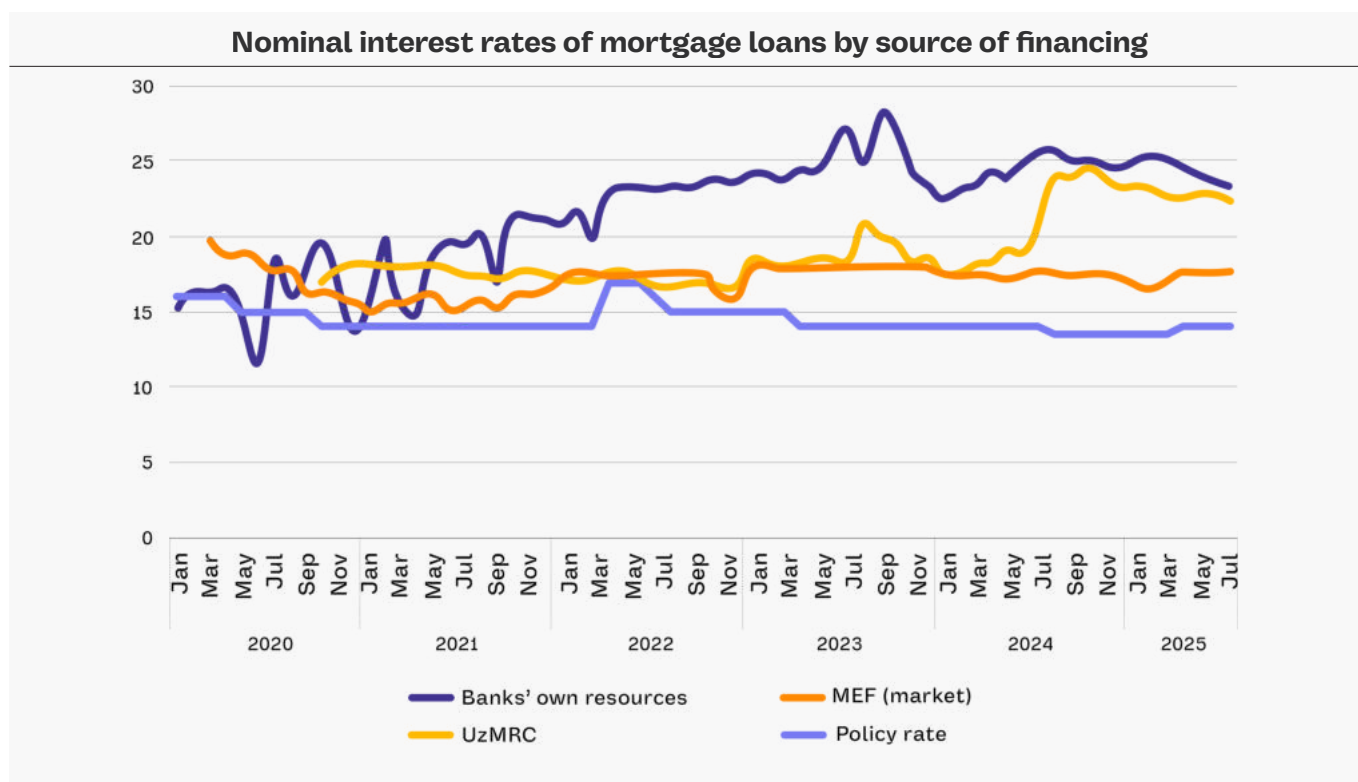
Loans funded by the MEF remained relatively stable, averaging 17.2% (± 1.0 pp), up modestly from 16.8% to 17.6% between the two sub-periods.

UzMRC-refinanced mortgages priced moderately higher at 19.0% (± 2.3 pp), rising in line with the institution’s expanding refinancing activity and gradual alignment to market benchmarks.

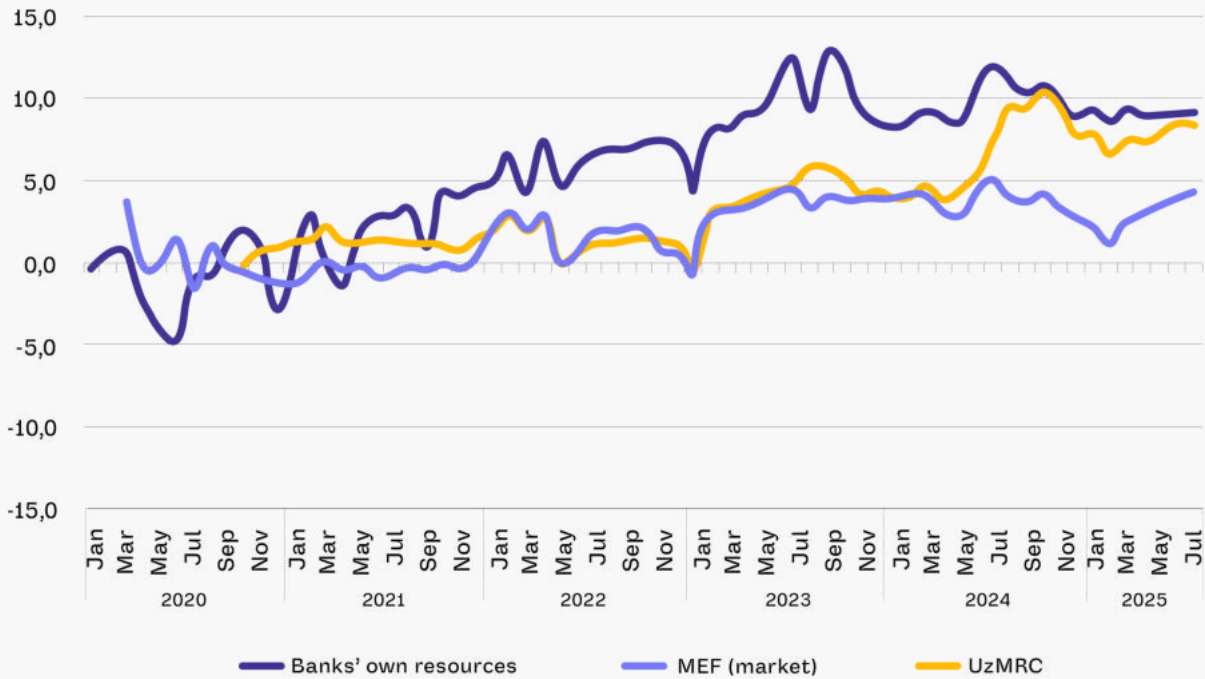
Real interest rate trends and affordability

After adjusting for inflation expectations, the real cost of mortgages reveals the contrasting affordability of each funding line. Bank-funded mortgages carried the highest real burden, averaging +5.8% (± 4.4 pp), with a sharp post-2022 increase from +2.5% to +9.5%, eroding affordability for middle-income borrowers.

MEF-funded loans remained close to neutral in real terms, averaging +1.8% (± 1.9 pp). UzMRC refinancing maintained a moderately positive real yield of +3.7% (± 2.9 pp), consistent with its semi-market positioning.



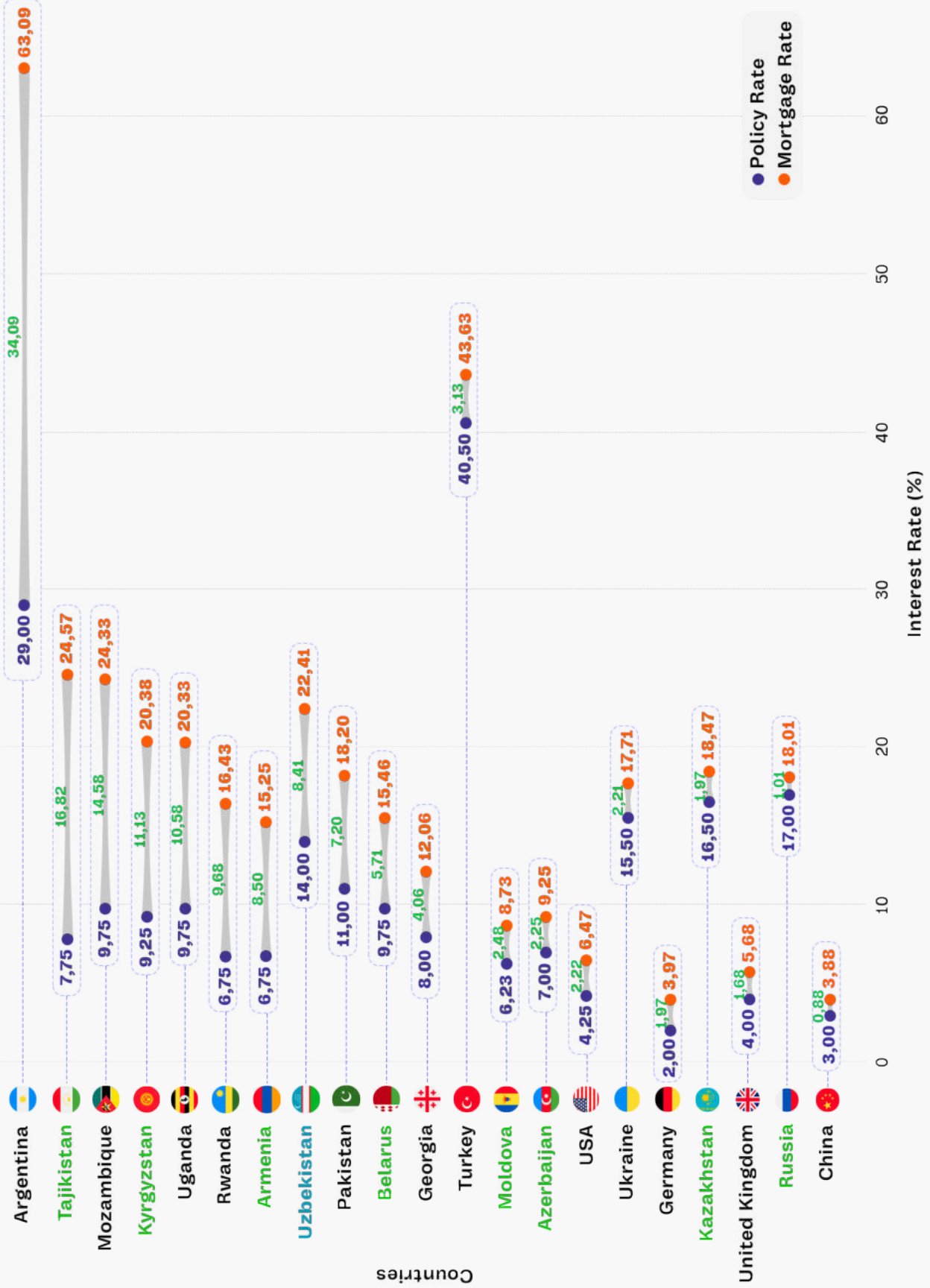
Real interest rates of mortgage loans by source of financing



Uzbekistan ranks among the top ten in selected economies with the widest interest rate gap, highlighting the high cost of credit relative to monetary policy conditions. As of October 2025, the policy rate in Uzbekistan stands at 14%, while the average rate of bank-funded mortgage loans reaches around 22.4%, resulting in a spread of more than 8 percentage points. This gap is comparable to levels observed in low- and lower-middle-income economies such as Armenia, Tajikistan, and Kyrgyzstan, where underdeveloped financial intermediation and risk premia significantly raise retail borrowing costs. In contrast, advanced and upper-middle-income countries maintain spreads below 4 percentage points, reflecting deeper financial systems, lower risk perceptions, and more efficient credit channels.

The persistently wide gap in Uzbekistan underscores limited transmission of monetary policy to the housing finance sector, high funding costs for banks, and structural credit risks that elevate interest margins. Narrowing this gap will require strengthening secondary mortgage refinancing mechanisms, expanding long-term funding sources, and improving risk assessment frameworks to enable more affordable housing finance without compromising financial stability.

Range between Policy and Mortgage Rates





IV. State housing policy and financing programs

Uzbekistan's transition to market-based housing finance has redefined the state's role from direct lender to enabler of affordable mortgage access through targeted subsidies and long-term funding support. The 2019 Presidential Decree "On Additional Measures to Improve Mortgage Credit Mechanisms" (PQ-5886) introduced a new procedure for providing housing to the population via mortgage loans on market principles. This framework marked the beginning of a hybrid housing finance model, where government participation remains substantial but increasingly focused on expanding financial inclusion and affordability rather than directly setting prices or allocating housing.

1. Market-based mortgage mechanism

Under the new system, the Ministry of Economy and Finance provides long-term resources to commercial banks for up to 20 years, enabling them to extend mortgage loans at market rates linked to the CBU's key rate. Banks thus combine their own funds with publicly provided long-term liquidity, ensuring both depth and sustainability in the mortgage market. Borrowers can freely choose housing type and location, which differentiates this model from previous state housing programs that restricted choice to predefined projects.

Targeted subsidy framework

A cornerstone of the reform is the introduction of subsidies for down payments and interest rate compensation, designed to support low- and middle-income citizens in improving housing conditions. Since 2020, two types of subsidies have been paid from the State budget:

- a fixed down-payment subsidy of UZS 32 million, transferred to an individual's account to reduce the initial equity requirement; and
- an interest-rate subsidy, covering the portion of interest exceeding 10 percentage points of the mortgage rate during the first five years of the loan term.

To ensure social targeting, applicants are assessed based on a points-based scoring system that evaluates income level, family composition, and housing need.

Eligibility is extended to low- and moderate-income households (with monthly income of 2.7–8.0× the minimum wage in the regions and 2.7–9.2× in Tashkent city) and to incomplete families. Applicants submit their requests through Public Service Centers or the Unified Interactive Public Services Portal, reinforcing transparency and digital governance.

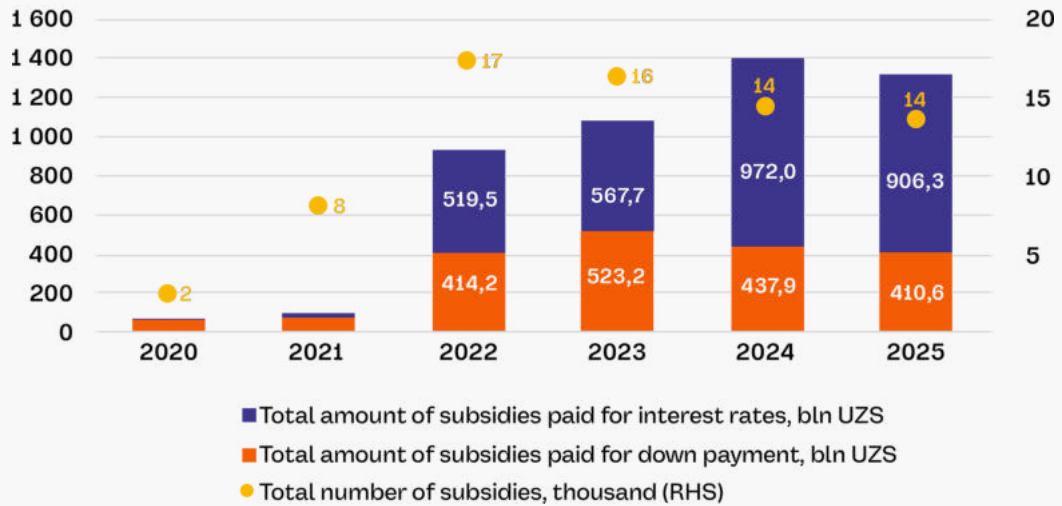
2. Scale and evolution of subsidies

The program has rapidly expanded, confirming its role as the principal demand-side housing support instrument. As of end-August 2025, more than 79,400 households have benefited from down-payment subsidies since 2020, while total fiscal transfers (including both down-payment and interest-rate support) reached nearly UZS 4.9 trillion. The annual number of beneficiaries rose sharply from 2,400 in 2020 to 17,300 in 2022, an increase of more than 600%, before stabilizing at 14–16 thousand per year thereafter.

The annual value of subsidies increased even faster, from UZS 66 billion in 2020 to UZS 1.4 trillion in 2023, reflecting both nominal housing price growth and rising reliance on mortgage instruments.

In 2025 (January–August), already 13,700 households received support for down-payment amounting to UZS 411 billion, indicating continued strong program momentum despite tighter macro-financial conditions. In the same period annual amount of subsidies for interest rate support reached UZS 906 billion.

Total subsidies

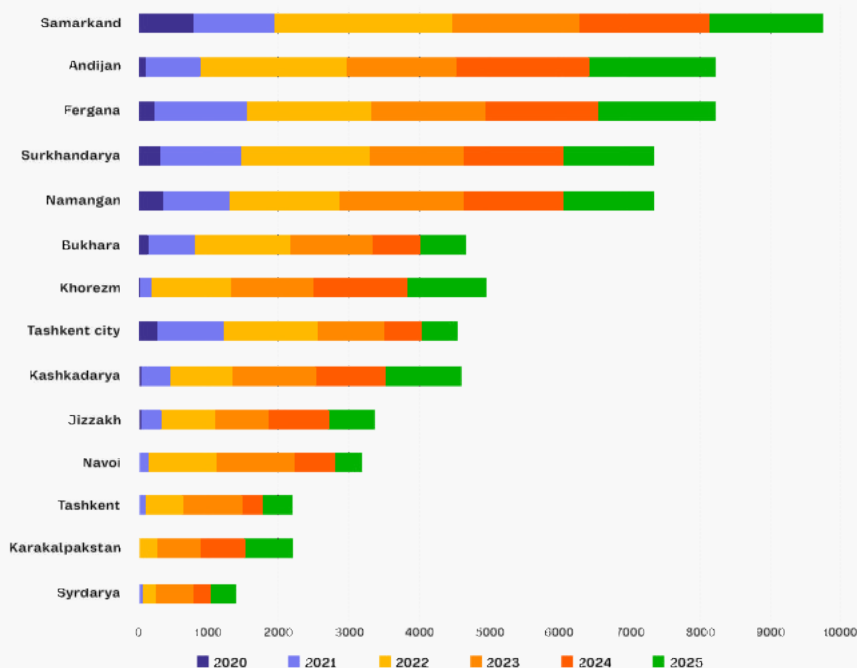


3. Regional distribution and inclusiveness

The regional profile of beneficiaries demonstrates that subsidy programs are widely diffused beyond the capital, effectively serving the regions where affordability constraints are most acute. In 2024, the largest numbers of beneficiaries were recorded in Andijan (13% of total), Samarkand (13%), Fergana (11%), Surkhondarya (10%), and Namangan (10%) – collectively accounting for more than half of all subsidies.

This distribution aligns closely with population density and new housing construction patterns, confirming the program’s social orientation. Over the cumulative 2020–2025 period, Samarkand remains the leading recipient (13% of all beneficiaries), followed by Andijan and Fergana. In contrast, Tashkent city accounts for a relatively modest 6.5% of beneficiaries but over 8% of total subsidy amounts, implying larger loan sizes and higher per-unit subsidy costs consistent with elevated housing prices in the capital.

Annual number of subsidies



Focus Box: Digitalization and targeting in Uzbekistan's mortgage subsidy system

Uzbekistan's mortgage subsidy program has become a showcase of digital transformation in social housing policy, integrating automated scoring, online application, and inter-agency data exchange to ensure transparency and equitable access.

Since March 2020, citizens have been able to apply for mortgage subsidies through Public Service Centers (PSCs) and the Unified Interactive Public Services Portal (my.gov.uz). This reform replaced manual processing and paper-based verification with a fully digital workflow that connects the Ministry of Economy and Finance, commercial banks, and local authorities in real time.

Applicants' eligibility is determined using a point-based social scoring system, which evaluates factors such as:

- income level and per capita living space,
- family size and presence of children,
- status as an incomplete or single-parent household, and
- lack of previous state housing support.

The system automatically assigns social priority scores, ensuring that support reaches the most housing-needy households while minimizing administrative discretion. In 2024, nearly 95% of all subsidy applications were processed electronically, with average processing time reduced from several weeks to less than five working days.

Key achievements include:

- Increased transparency: Applicants can track their status online and receive automated notifications, reducing opportunities for subjective decision-making.
- Improved targeting: Integration of income and social data allows automatic exclusion of ineligible high-income households.
- Enhanced fiscal control: Real-time monitoring of subsidy commitments enables the Ministry of Economy and Finance to manage budget exposure more effectively.

Next steps. To deepen digital inclusion and ensure continued credibility, Uzbekistan could:

1. Integrate the subsidy platform with the Unified Social Registry and Tax Data System to improve income verification accuracy;
2. Develop a geospatial dashboard linking subsidies with housing construction sites to monitor regional coverage; and
3. Pilot a "one-stop mortgage portal" combining loan application, subsidy approval, and UzMRC refinancing information to streamline the borrower experience.

These measures would further align Uzbekistan's digital subsidy management with best practices from Kazakhstan's Otbasay Bank system and Georgia's e-Subsidy platform, reinforcing the country's reputation as a regional leader in digital governance of social programs.



V. Housing demand

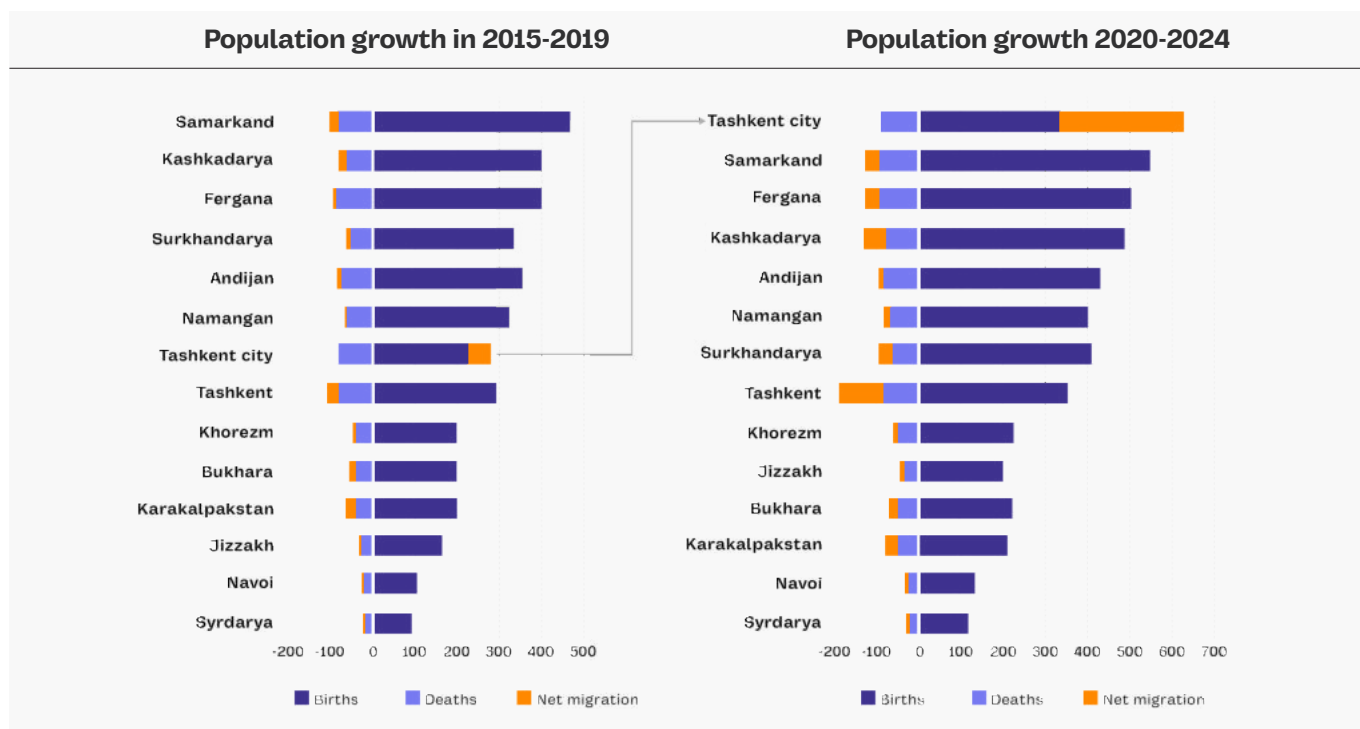
1. Demand factors

Demography

Natural growth remains the demographic backbone. Uzbekistan’s population expansion continues to be driven primarily by natural increase, with births substantially exceeding deaths across all regions. High fertility rates in Fergana, Samarkand, and Kashkadarya sustain strong demographic momentum, contributing to labor force growth and rising demand for housing and social infrastructure. While overall natural growth is moderating compared with the previous decade, it still accounts for the bulk of population change nationwide.

Migration intensity has increased sharply since 2020, amplifying regional imbalances. Net migration flows now shape regional population dynamics more than ever before.

Tashkent city records the largest migration inflows, underscoring its status as the country’s main destination for employment, education, and investment. In contrast, Republic of Karakalpakstan, Bukhara, and Kashkadarya regions continue to face population outflows, driven by limited local job creation and high youth mobility toward central and urbanized regions or abroad. These divergent trends amplify regional disparities in labor supply and housing demand.





Focus Box: Tashkent city net migration surge

In 2015–2019, Tashkent city recorded only a modest net in-migration of around 55,2 thousand people, limited by housing affordability constraints and strict registration rules. Most of the city's growth in that period stemmed from natural increase (births minus deaths).

During 2020–2024, however, the capital city experienced a sharp acceleration in migration inflows, with net migration exceeding 295 thousand people, the highest in Uzbekistan. This nearly fourfold increase signals a structural demographic shift:

- Relaxed registration procedures and suburban expansion in Yashnobod, Sergeli, and Uchtepa districts improved access to housing.
- Economic opportunities in services, construction, and the IT sector attracted youth from every region.
- The broader Tashkent metropolitan corridor, including satellite towns in Tashkent region, became the nation's dominant migration destination.

Policy significance

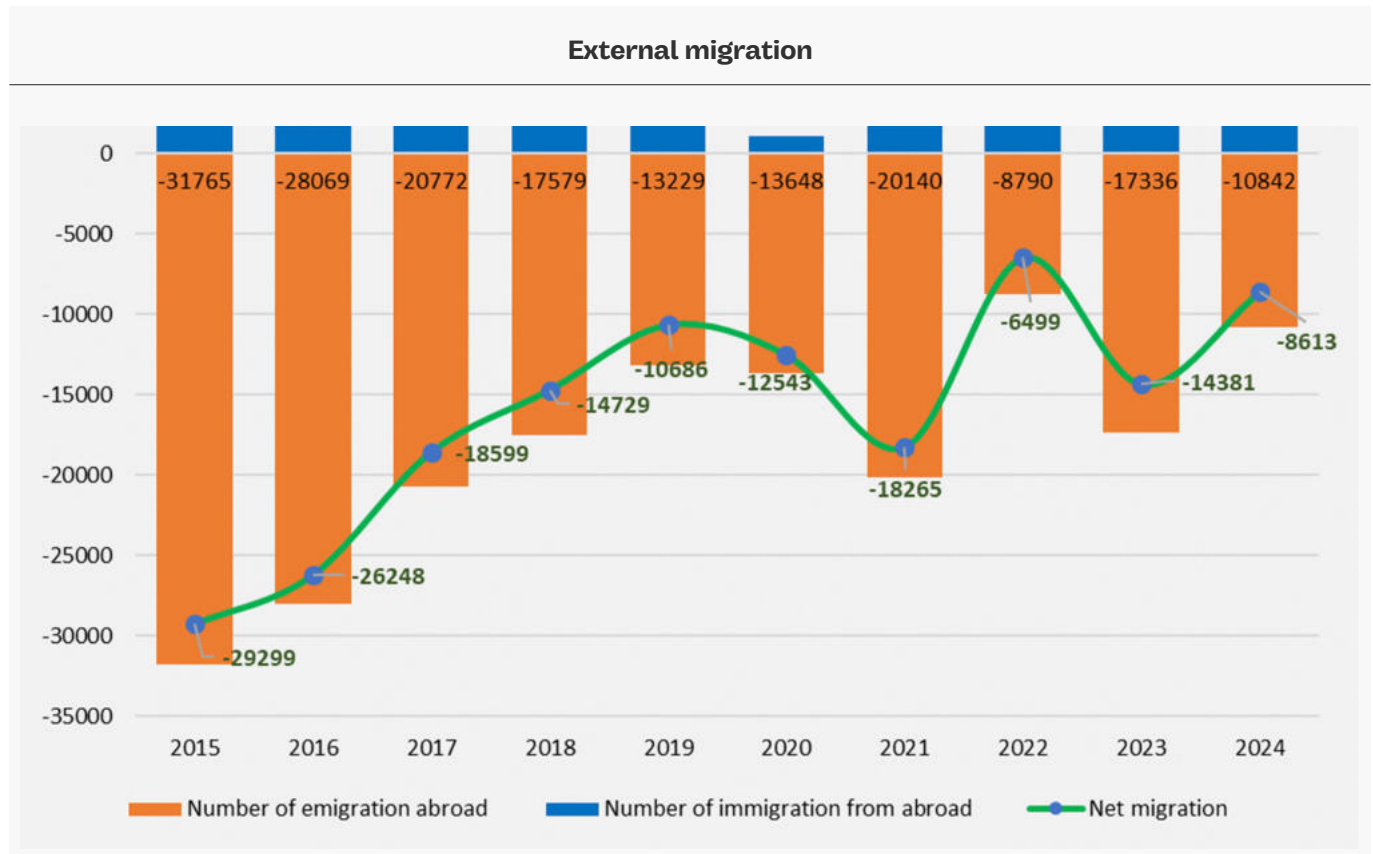
The growing concentration of migration inflows into the Tashkent metropolitan area increases pressure on housing, transport, and utilities. A coordinated national urban policy should encourage regional industrial diversification, develop affordable housing in secondary cities, and strengthen interregional transport links to support balanced spatial development. Authorities should:

- Coordinate housing and transport development across Tashkent city and Tashkent region;
- Strengthen land use controls to curb unplanned suburban sprawl;
- Expand mortgage and rental assistance for young and migrant families.

External migration pressures have eased since 2020, reflecting improving domestic opportunities. Uzbekistan's external migration flows have moderated in recent years, indicating a gradual reduction in outward mobility. Between 2015–2019, more than 111 thousand people emigrated abroad, while only 11.8 thousand returned or arrived from abroad, resulting in a net deficit of –99.6 thousand.

In 2020–2024, the number of emigrants abroad declined sharply to 70.8 thousand, while immigration remained stable at around 10.5 thousand, reducing the net external migration loss to –60.3 thousand. This shift signals an improvement in domestic labor market conditions and the expanding availability of urban employment and housing opportunities that encourage citizens to remain or return. The trend is also consistent with the post-pandemic rebound of construction, services, and small business activity, which absorbed part of the workforce previously seeking employment abroad.

Sustaining this positive reversal requires continued job creation, skills development, and housing affordability improvements, particularly for returning migrants. Facilitating reintegration through access to finance and housing support can enhance human capital retention and stimulate domestic demand.



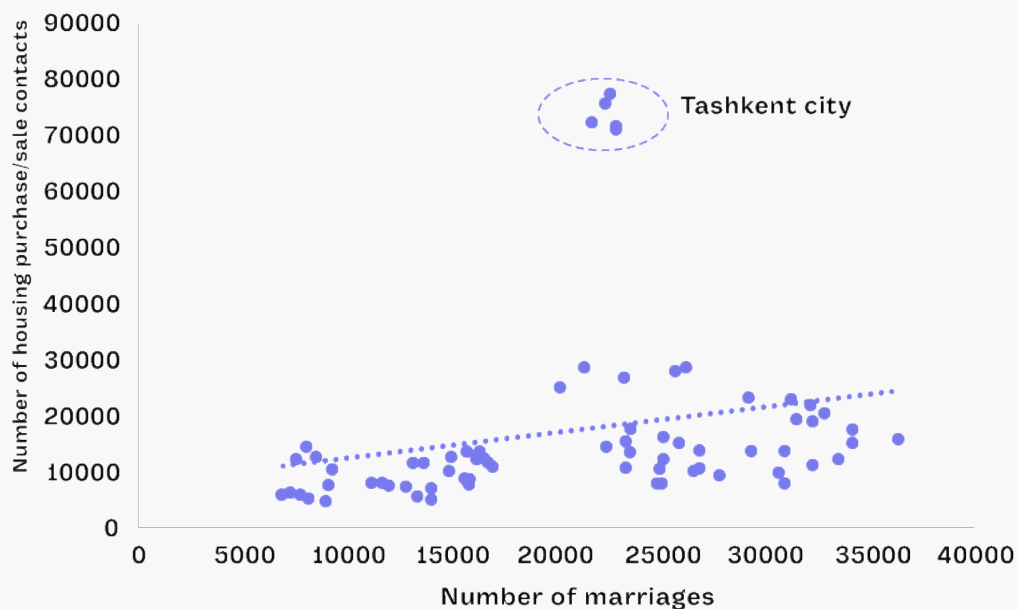
Marriages and household formation remain key drivers of housing demand. Across 2020–2024, Uzbekistan’s housing market exhibited a strong positive correlation between marriages and housing purchase/sale contracts, confirming that new household formation is a core engine of housing demand. A fixed-effects regression shows that a 10% increase in marriages leads to roughly a 3% rise in housing transactions, underscoring the sensitivity of demand to demographic and social factors.

Regional patterns, however, reveal notable differentiation. Tashkent city displays exceptionally high transaction intensity – about 326 contracts per 100 marriages, reflecting net migration inflows, investment-driven purchases, and broader access to mortgage financing beyond purely marriage-related demand. Similarly, Navoi and Tashkent regions record elevated ratios (135 and 116, respectively), driven by worker inflows and suburban expansion around the capital corridor.

In contrast, in Samarkand, Fergana, Andijan, and Namangan, housing transactions align closely with the number of marriages, consistent with natural population growth and the formation of new family units. Meanwhile, Kashkadarya, Surkhandarya, Jizzakh, and Republic of Karakalpakstan show weaker responsiveness, where out-migration, lower purchasing power, and localized supply constraints temper the link between household formation and housing demand.

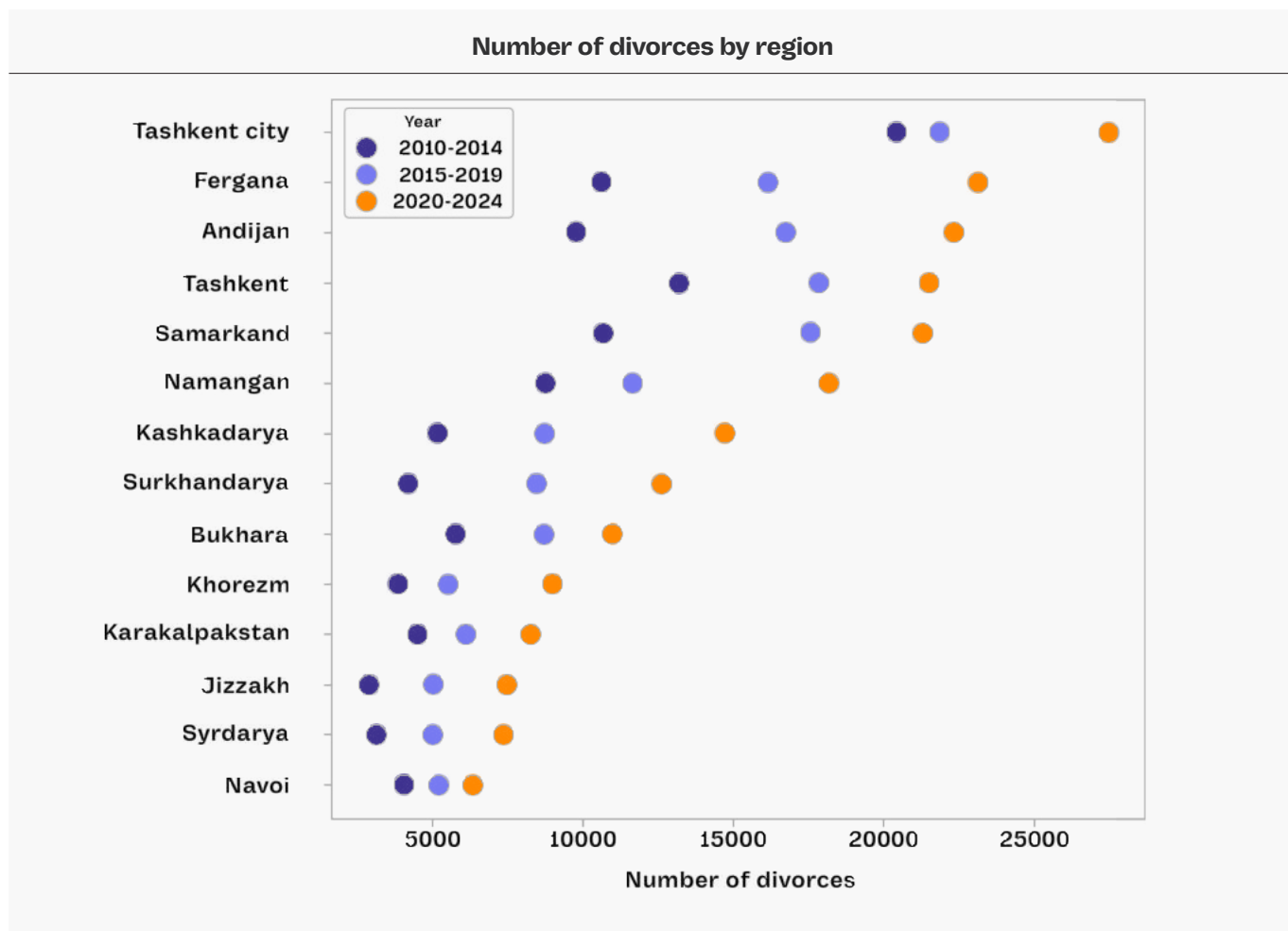
Rising divorce rates are creating additional, though fragmented, housing demand. The number of divorces in Uzbekistan has risen sharply, increasing by 36%, from 154.6 thousand (2015–2019) to 210.6 thousand (2020–2024). While urban areas continue to account for most divorces (about 61%), the share of rural divorces has grown steadily, suggesting that household separation and associated housing demand – is no longer confined to cities.

Relationship between marriages and housing demand



Regional disparities are substantial. Between the periods 2015-2019 and 2020-2024, divorce rates rose by more than 50% in Kashkadarya, Namangan, and Khorezm, signaling emerging social and economic stress in regions undergoing demographic and labor market change. In these areas, newly separated households often rely on rental housing or shared family dwellings, adding pressure to local housing markets. In major cities such as Tashkent and Samarkand, divorces contribute to latent housing demand, each separation can require the creation of one or two additional dwellings, particularly when children are involved. The effect is amplified by limited rental supply and the high cost of purchasing new housing units.

Although the absolute number of divorce-related households is smaller than marriage-driven demand, its impact on rental markets and small-unit housing is growing. Expanding affordable rental options, studio and one-bedroom units, and legal frameworks for co-ownership and child housing rights can help meet this evolving segment of demand.



Household structure and housing demand

The transformation of household structure is gradually reshaping Uzbekistan’s housing demand profile. Traditionally characterized by large, multi-generational families, Uzbekistan is witnessing a slow but steady transition toward smaller household units and declining family size. These demographic shifts, combined with urbanization, rising incomes, and evolving social preferences, are intensifying the need for new housing units, particularly smaller and affordable dwellings in urban centers.

1. Shrinking household size and shifting toward smaller dwellings

Uzbekistan’s housing demand is increasingly shaped by changing household composition and evolving preferences toward smaller, more affordable living spaces. Over the period 2020M1–2025M8, the average living area of newly built apartments sold declined in all regions, falling from around 45–47 m² to 33–38 m² on average.

The contraction is particularly pronounced in regions with fast urbanization and high population density: for instance, average unit sizes in Namangan decreased from 46.5 m² to 38.7 m², in Andijan from 45.9 m² to 34.9 m², and in Fergana from 50.1 m² to 40 m². Even in Tashkent city, where higher-income households dominate, the average living area fell from 44.9 m² to 39.3 m² across 2020-2024.

This widespread downsizing supports evidence of a gradual demographic transition toward smaller families and individualized living arrangements. Combined with delayed marriages, and rising rates of migration and divorce, Uzbekistan is entering a new phase of housing demand where compact apartments (35–70 m²) are becoming the preferred segment for young professionals, newly married couples, and single-person households.

Dynamics of changes in the average living area of apartments sold in the primary market (m²)

Region	2020	2021	2022	2023	2024	2025*
Andijan	46	38	37	37	35	33
Bukhara	44	40	39	40	38	38
Tashkent city	45	51	47	45	39	37
Jizzakh	47	51	41	40	36	34
Kashkadarya	45	41	39	37	35	34
Navoi	33	30	30	29	29	28
Namangan	47	42	40	40	39	38
Karakalpakstan	36	42	37	33	34	33
Samarkand	41	41	39	38	38	38
Surkhandarya	47	43	38	39	35	33
Syrdarya	36	46	46	37	35	34
Tashkent	35	42	41	35	34	35
Fergana	50	41	39	40	40	38
Khorezm	48	41	38	37	38	37

Note: Data for 2025 includes January-August

2. Family composition and implications for housing size

At the same time, the structural composition of households continues to evolve. The share of large families with five or more members fell from 63.6% in 2010 to 59.9% in 2024, while smaller households expanded their share. Families with one or two children now constitute nearly half of all households, while those with four or more children have declined to just 7.3%. These demographic and social dynamics imply a sustained shift in effective demand toward medium and small-sized dwellings (60–90 m² and below), particularly in urban centers where land and construction costs are rising.

Income growth and structural transformation as drivers of housing demand

Between 2020 and 2024, annual income of Uzbekistan's population increased from UZS 431 trillion to UZS 896 trillion, nearly doubling in nominal terms. This income expansion was supported not only by rising wages but also by

diversified sources of income, which influenced housing affordability and household savings behavior.

The structure of household income evolved in a way that reshaped consumption and investment behavior. The share of primary income (mainly labor earnings and business profits) declined slightly from 76.3% in 2020 to 74.0% in 2024, reflecting diversification. Within primary income, production income – wages, entrepreneurial returns, and agricultural sales – remains dominant at around 71%, though its share also softened. Property income, which includes rents, dividends, and interest, rose from 2.1% to 3.4%, showing a gradual increase in capital ownership and real-estate investment. Transfer income (social benefits, remittances, and pensions) remained significant at 26% of annual income, cushioning low-income households and providing liquidity for smaller housing purchases or renovations.

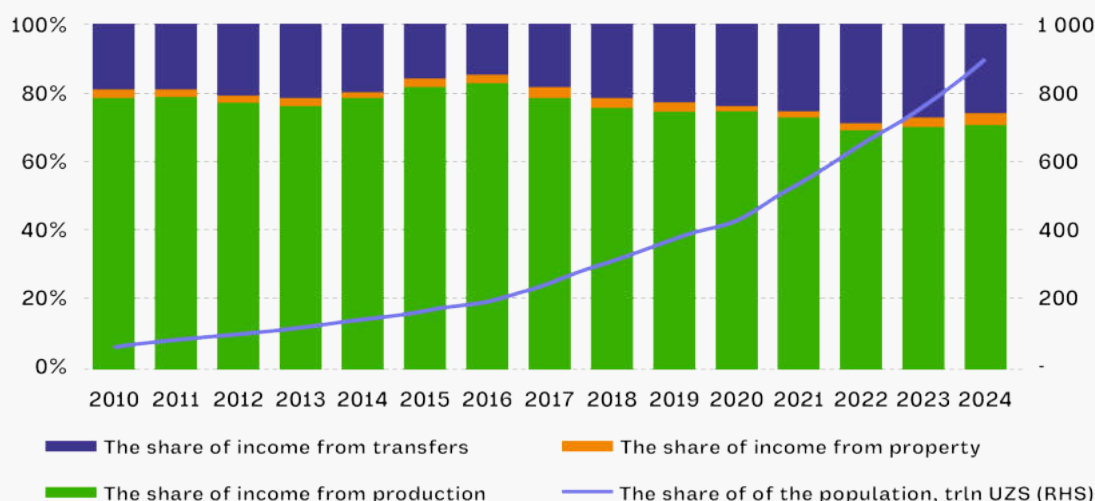
Share of households in Uzbekistan by number of members (in %)

Composition of households	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1 person	2.2	2.5	2	2.4	2.5	3.1	2.6	2.7	3	3.3
2 people	5.5	5.4	5.4	5.4	5.8	5.5	6.1	6.7	6.9	7.9
3 people	9.9	10	9.5	10.1	10.6	10.2	10.7	11	10.7	11.1
4 people	19.1	19.1	20	19.9	19.3	19.5	18.3	18.5	18	17.8
5 people and more	63.3	63	63.1	62.2	61.8	61.7	62.3	61.1	61.4	59.9

Share of households in Uzbekistan by number of children (in %)

Number of children in household	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
One child	24.9	24.2	24.4	24.1	24.2	23.4	23.5	22.7	21.6	21.8
Two children	25.8	26.6	26.1	27.6	26.5	26.8	26.5	26.3	26.7	24.2
Three children	15.6	16	16.5	15.7	17.2	16.9	16.8	17.9	18.1	18.3
Four and more children	7.9	7	7.5	7.2	7.2	7.2	7.2	7.5	8	7.3

Annual income of the population



Rising household incomes and stronger solvency have become key drivers of housing demand and improved affordability. Average per-capita real income rose by 28.6%, reaching UZS 24.1 million (1,906 USD) in 2024. Sustained economic growth, higher formal employment, wage adjustments in the public sector, and growth of private-sector activity strengthened the purchasing power of households and helped expand the pool of potential homebuyers, particularly in regions with dynamic non-agricultural job creation.

Real income growth remains regionally uneven, reflecting differing economic bases and development levels that shape housing affordability and demand across the country. Tashkent city stands out as the wealthiest region, where real per capita income increased by 47% in 2024 compared to 2020, reaching UZS 60.6 million (4,789 USD). This growth far exceeds the national average and underpins the city's strong and sustained housing demand. Navoi region, supported by industrial diversification and high-wage sectors, ranked second with real per capita income reaching UZS 38.1 million (3,012 USD) in 2024.

Regions such as Fergana, Andijan, and Tashkent also showed robust income gains, averaging 4.8–6.4% annual growth in real terms. In contrast, regions such as Namangan, Surkhandarya, Kashkadarya, and the Republic of Karakalpakstan lagged behind, with real per capita income remaining below UZS 19 million (1,500 USD) in 2024, which limited affordability and delayed access to formal homeownership.

Annual per capita income by region for 2020-2024

Region	Real annual income per capita, mln UZS					Annual income per capita, in USD				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Tashkent city	41.2	43.7	47.3	52.5	60.6	2619	2969	3452	4021	4789
Navoi	30.7	34.4	33.8	35.3	38.1	2080	2440	2566	2773	3012
Bukhara	22.9	25.6	27.1	26.9	27.5	1526	1782	2020	2068	2174
Tashkent	20.4	22.7	23.0	23.6	25.1	1364	1598	1731	1838	1986
Uzbekistan	18.8	20.7	22.1	22.8	24.1	1253	1454	1663	1769	1906
Khorezm	18.7	21.7	24.1	22.4	23.4	1261	1536	1824	1748	1850
Andijan	16.5	17.9	19.7	20.9	21.9	1118	1268	1488	1639	1733
Jizzakh	17.0	18.4	18.8	19.1	19.4	1130	1288	1409	1482	1536
Samarkand	16.1	17.6	18.9	18.2	19.2	1077	1247	1423	1423	1519
Syrdarya	16.6	17.5	17.9	18.4	19.0	1129	1243	1360	1445	1505
Fergana	13.6	15.7	17.2	18.9	19.1	917	1107	1299	1476	1511
Kashkadarya	15.7	16.8	18.1	17.9	18.5	1055	1187	1362	1395	1460
Surkhandarya	14.9	16.6	18.2	17.8	17.9	1004	1158	1360	1381	1413
Karakalpakstan	14.5	15.7	16.6	16.5	16.9	976	1106	1247	1281	1332
Namangan	14.4	15.9	17.3	16.8	16.8	968	1123	1305	1303	1332

Urbanization and densification

Urbanization is advancing through faster city growth and rising density, even as the national urban share remains broadly flat. Uzbekistan's national urban share has hovered around 51% since 2010 (2010: 51.5%; 2024: 50.98%), masking meaningful regional shifts and a clear re-acceleration of urban population growth since 2020. On average, urban population grew 2.23% p.a. in 2020–2024, up from 1.75% p.a. in 2010–2019, while rural growth slowed to 1.89% p.a. from 2.14% p.a. over the same periods. This divergence points to continued cityward movement and in-place urbanization (reclassification and densification), rather than a step-change in the national urban share.

Regional dynamics are heterogeneous. Syrdarya recorded the largest rise in urban share (+1.8 p.p., 2010–2024), followed by Namangan (+0.2 p.p.) and Jizzakh (+0.04 p.p.). Tashkent region stayed broadly flat (–0.01 p.p.) despite strong construction in its suburban belt, consistent with rapid in-migration but also population growth in rural districts.

Fergana Valley regions show sharp densification: population density rose by +183 per km² in Andijan, +135 in Fergana, and +101 in Namangan (2010–2024), intensifying housing and infrastructure pressure even where urban shares changed little.

Share of urban population (%) by region, 2010–2024

Region	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Tashkent city	100	100	100	100	100	100	100	100	100	100
Namangan	63.1	64.7	64.6	64.6	64.6	64.8	64.8	64.9	64.9	64.9
Fergana	56.9	56.7	56.6	56.5	56.4	56.3	56.2	56.9	56.9	56.8
Andijan	52.3	52.4	52.3	52.3	52.2	52.3	52.2	52.2	52.2	52.2
Uzbekistan	50.6	50.6	50.6	50.5	50.6	50.7	50.9	51	51	51
Tashkent	48.8	48.8	49.3	49.2	49.2	49.4	50.3	50.1	50.1	50
Navoi	49	48.9	48.8	48.8	48.9	49	48.9	49	49.1	49.3
Karakalpakstan	49.3	49.2	49.2	49.1	49	49	49	48.9	48.8	48.8
Jizzakh	47.1	47	47	46.9	46.9	46.8	46.8	46.9	46.9	47
Syrdarya	43.2	43.1	42.9	42.8	42.7	42.6	42.6	43.1	43.1	43
Kashkadarya	43	42.9	43.1	43.1	43	43	42.8	42.8	42.8	42.7
Bukhara	37.7	37.5	37.4	37	36.9	36.7	36.7	36.8	36.9	36.9
Samarkand	37.8	37.6	37.4	37.2	37.1	37	36.8	36.7	36.7	36.5
Surkhandarya	35.7	35.6	35.5	35.4	36.3	36.2	36.2	36.2	36.2	36.1
Khorezm	32.4	32.2	33.3	33.2	33.2	33.1	33.1	33.1	33.1	33

Population density (person/1 km²)

Region	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Tashkent city	7165.2	7257.9	7380	7514.9	7699.6	7554.4	6389.3	6592.7	6787.5	6948.1
Andijan	676.9	689	700.4	713.2	727.4	741.4	756.6	772.7	789.4	804.9
Fergana	518.5	527.3	535.5	544.9	555	565.1	576.4	588.2	600.8	613.1
Namangan	349.9	356.5	362.8	370	377.8	385.4	394	402.9	412.1	420.9
Khorezm	288.7	293.7	298.3	303.4	308.5	312.9	318	323.7	329.9	335.9
Samarkand	213.7	217.8	221.8	226.5	231.2	235.4	240.4	245.6	251	256.3
Syrdarya	184.7	187.6	190.6	193.9	197.7	201.1	205.3	209.5	213.6	217.5
Tashkent	183.2	185.5	187.6	190.1	192.9	195.1	194.3	197.7	201.6	205.3
Surkhandarya	120	122.5	125.1	127.9	130.8	133.4	136.5	139.6	143.1	146.5
Kashkadarya	105.9	108.1	110.2	112.5	114.8	116.7	119.3	121.9	124.6	127.4
Uzbekistan	70.3	71.5	72.7	74.1	75.5	77	78.6	80.2	82	83.6
Jizzakh	60.2	61.3	62.5	63.8	65.2	66.5	68.1	69.6	71.1	72.5
Bukhara	45	45.7	46.4	47.1	47.8	48.4	49.1	50	50.8	51.6
Karakalpakstan	10.8	10.9	11.1	11.2	11.4	11.5	11.7	11.9	12	12.2
Navoi	8.4	8.5	8.6	8.8	9	9.1	9.3	9.5	9.7	9.9

The capital corridor (Tashkent city + Tashkent region) and Fergana Valley will remain highest-pressure markets, requiring more mid- and high-density housing, transit-oriented development, and rental options.

Smaller increases in urban share in Syrdarya and Jizzakh regions suggest room for satellite-town strategies to ease pressure on core cities.

The post-2020 acceleration of urban growth relative to rural growth underscores the need to align new supply and infrastructure with where people live and work.

2. Housing demand

Market structure and recent dynamics

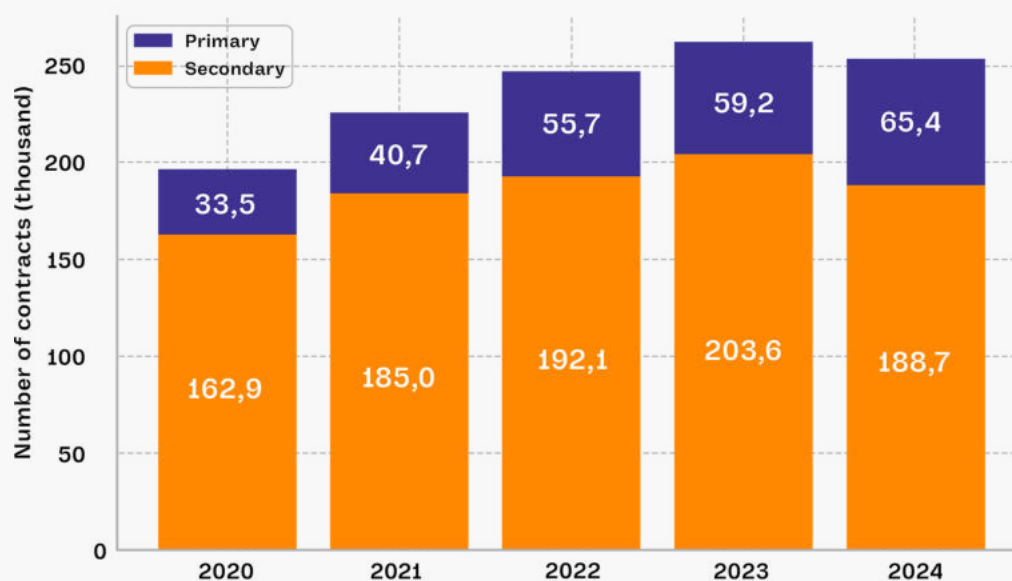
Uzbekistan's housing market has continued to expand steadily, though the pace and composition of growth have evolved. Between 2020 and 2024, the annual number of housing purchase/sale contracts rose from 196 thousand to 254 thousand, implying an average annual increase of 6.9%. This expansion was driven primarily by the primary (new construction) market, which grew at a compound rate of 18.8%, while the secondary market increased by only 4%.

Growth dynamics in the two market segments diverged sharply over the review period.

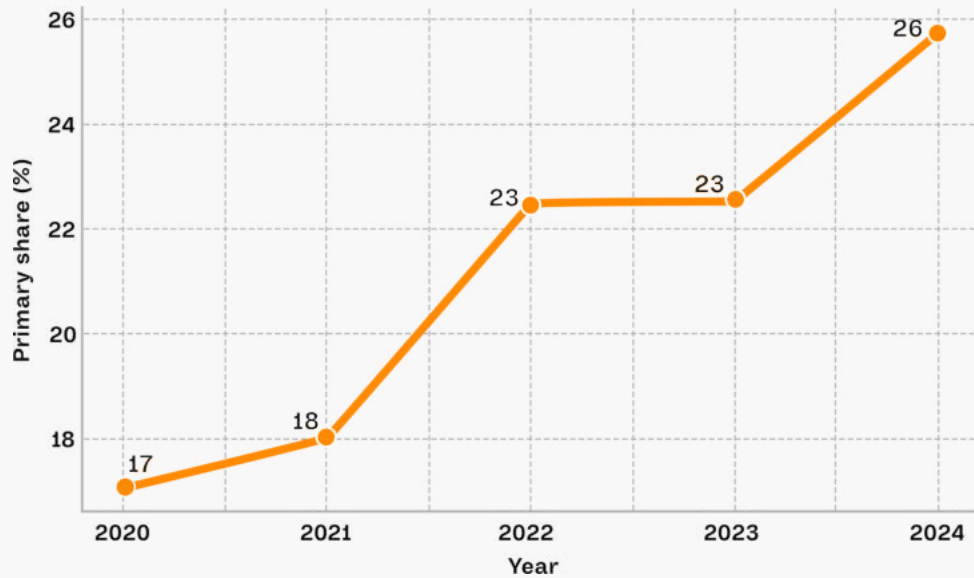
Secondary-market expansion slowed from 13.6% in 2021 to -7.3% in 2024, reflecting waning liquidity and rising affordability constraints. In contrast, the primary market maintained robust momentum, recording an average annual growth rate of 18.8%, fluctuating between 6.4% and 36.8% depending on construction cycles and project deliveries.

As a result, the share of primary-market transactions increased from 17% in 2020 to nearly 26% in 2024, underscoring a structural rebalancing toward newly built dwellings. This shift reflects both expanded developer capacity and changing buyer preferences toward modern, mortgage-financed housing supported by improved construction standards and stronger institutional financing mechanisms.

Housing purchases/sale contracts by market type (National, 2020-2024)



Primary housing market share of total contracts (National, 2020-2024)



Primary vs. Secondary Market Dynamics

Both housing market segments exhibit cyclical fluctuations tied to policy, seasonality, and liquidity conditions.

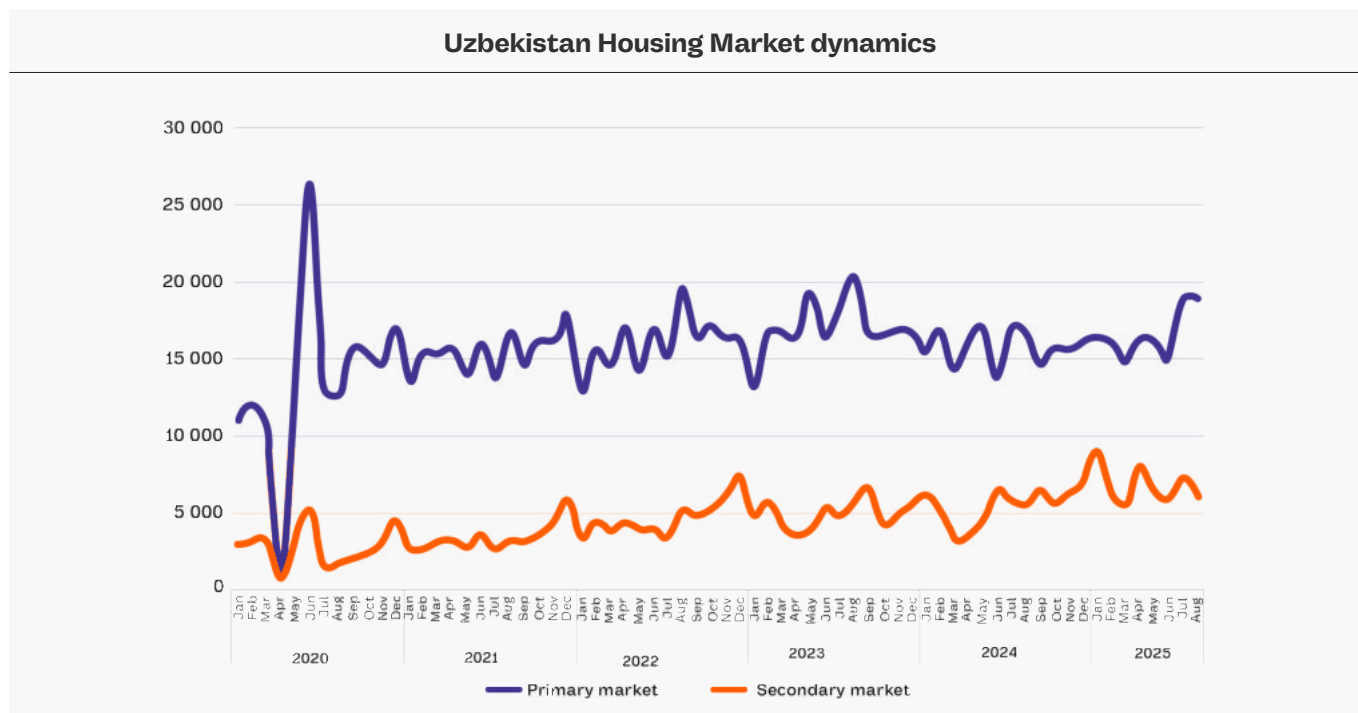
Between January 2020 and August 2025, Uzbekistan's housing market experienced a clear structural shift toward newly built dwellings, accompanied by cyclical variations linked to policy interventions and macroeconomic conditions. At the beginning of the period, activity in the secondary market dominated the overall housing landscape: an average of 13.6 thousand transactions per month in 2020 compared with just 2.8 thousand in the primary market. The COVID-19 lockdown temporarily disrupted both segments in the second quarter of 2020, but pent-up demand and government stimulus measures quickly reignited transactions in 2021.

From 2021 through 2022, overall housing market activity expanded markedly, driven by the restoration of consumer confidence and the implementation of mortgage-refinancing and developer-financing programs. The average number of secondary-market purchase and sale contracts rose from 15.4 thousand per month in 2021 to 16 thousand per month in 2022 and further to 17 thousand per month in 2023, marking the peak of post-pandemic recovery.

However, as housing prices rose faster than income and liquidity conditions gradually tightened, activity began to slow. In 2024, the number of secondary-market transactions declined 15.7 thousand per month, indicating reduced affordability and lower turnover in existing housing stock.

In contrast, the primary market maintained a consistent upward trend throughout the period. The average number of newly built dwellings sold per month increased from 3.4 thousand in 2021 to 4.6 thousand in 2022, 4.9 thousand in 2023, and 5.5 thousand in 2024. By mid-2025, monthly primary-market transactions averaged to 6.8 thousand, equivalent to roughly 82 thousand contracts on an annualized basis, compared to only 33.5 thousand in 2020. This growth was underpinned by expanded access to mortgage finance, greater developer credit availability, and the completion of large multi-storey projects in Tashkent city, Samarkand, and Fergana regions. Over the same period, secondary-market activity remained roughly four to five times larger in volume but exhibited limited dynamism, underscoring the widening performance gap between the two market segments.

Uzbekistan Housing Market dynamics



Seasonal patterns remain visible across both markets, with activity typically softening in winter months and peaking during spring and early summer. Periodic surges in new-build sales coincide with the introduction or renewal of mortgage-subsidy programs, while temporary slowdowns, such as those observed in late 2023, mirror tightening liquidity conditions and short-term rises in interest rates. Despite these fluctuations, the long-term trajectory points to a rebalancing of Uzbekistan's housing demand toward newly constructed dwellings and improved market transparency.

Overall, between 2020 and 2025, Uzbekistan's housing market transitioned from a resale-dominated system to one increasingly anchored in new construction and formal financing. The emerging dual-market structure, where the secondary market ensures liquidity and the primary market drives modernization, marks a pivotal stage in the evolution of the country's real-estate sector.

Regional dynamics

Uzbekistan's housing demand remains geographically concentrated, with a handful of economically dynamic regions accounting for most transactions.

Between January 2020 and August 2025, Tashkent city, Samarkand, and Tashkent regions jointly accounted for nearly 50% of all purchase and sale contracts, underscoring their dominant role in shaping national housing trends.

The Fergana Valley regions – Fergana, Namangan, and Andijan – together contributed another 20%, confirming the concentration of market activity in densely populated and economically active territories.

The magnitude of demand across these leading regions contrasts sharply with lower-activity areas such as Karakalpakstan, Syrdarya, and Jizzakh, where limited purchasing power, lower urbanization rates, and subdued construction activity kept transaction volumes relatively modest. On average, the number of contracts recorded in Tashkent city exceeded those in Karakalpakstan by more than fivefold, highlighting substantial spatial disparities in both demand and market liquidity.

Between 2020 and 2024, the pace of housing market expansion varied substantially across regions. Tashkent city saw average contracts of 73 thousand per year, supported by a continuous inflow of population and strong construction financing. Samarkand region followed a similar pattern, with annual transactions rising from 11.9 thousand in 2020 to 19 thousand in 2024. By contrast, Karakalpakstan recorded only a modest increase, from around 7.5 thousand to 11.3 thousand contracts over the same period, mirroring slower income growth and out-migration.

The concentration of housing transactions in a few regions creates a dual dynamic: while high-demand areas benefit from rapid urban transformation, peripheral regions face weaker construction incentives and lower market liquidity. These imbalances risk reinforcing existing disparities in infrastructure quality, housing affordability, and access to finance.

Regional differences also extend to the structure of the primary market. In Tashkent city, the **primary market** now represents about **one-third of annual housing transactions**, reflecting rapid developer-led construction and mortgage-financed purchases. In Samarkand and Fergana regions – which together account for over one-fifth of Uzbekistan’s population (11.4% and 11%, respectively) – the growth in new housing sales reflects a steady expansion in residential construction activity, driven by household mobility, self-financed upgrades, and remittance inflows used for existing-home purchases. In Samarkand region, the number of newly sold homes increased from 4.7 thousand in 2020 to 6.2 thousand in 2024, while in Fergana region it rose from 2.1 thousand to 6 thousand over the same period. In contrast, the Republic of Karakalpakstan (1.2 thousand in 2024), Syrdarya (578), and Jizzakh (1.5 thousand) recorded the lowest number of primary market transactions.

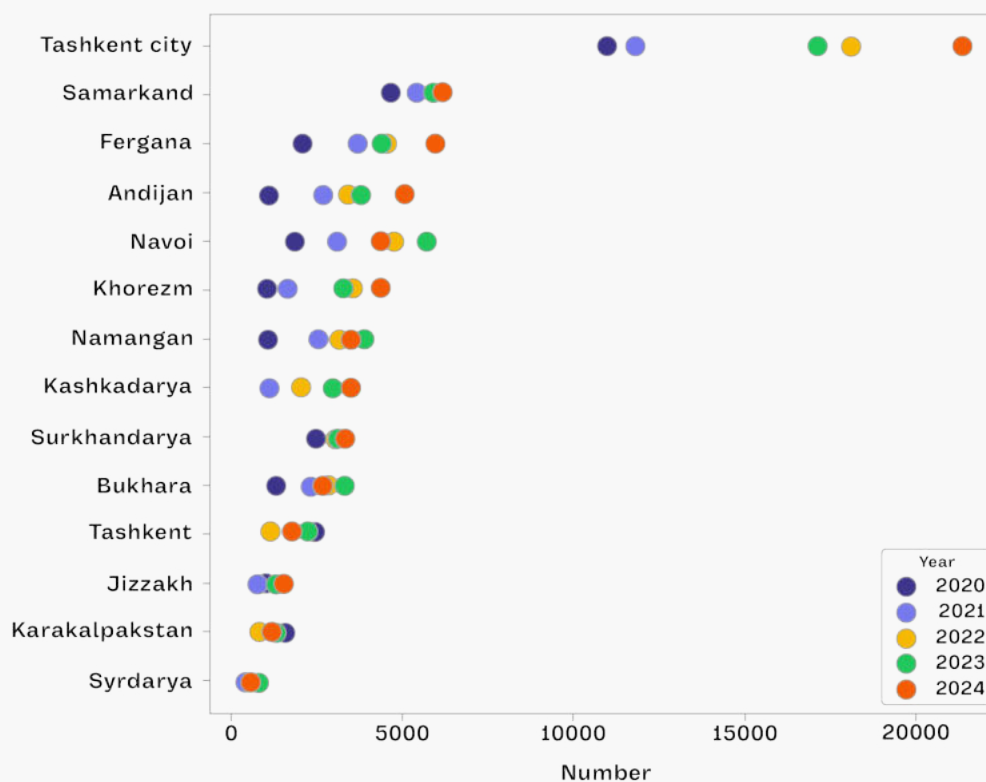
Number of the housing purchase/sale contracts by region

	2022		2023		2024	
	unit	Δ% 2021-2022	unit	Δ% 2022-2023	unit	Δ% 2023-2024
Tashkent city	76 578	8.0%	75 271	-1.7%	70 727	-6.0%
Tashkent	26 432	-3.9%	28 079	6.2%	24 592	-12.4%
Fergana	21 607	8.7%	22 481	4.0%	22 781	1.3%
Samarkand	17 242	10.9%	18 662	8.2%	19 077	2.2%
Andijan	14 565	9.8%	15 789	8.4%	17 140	8.6%
Namangan	13 372	13.9%	14 933	11.7%	13 986	-6.3%
Navoi	12 252	20.2%	14 180	15.7%	11 967	-15.6%
Bukhara	11 770	13.7%	13 345	13.4%	12 347	-7.5%
Khorezm	11 037	31.2%	12 220	10.7%	13 394	9.6%
Kashkadarya	10 996	17.5%	13 146	19.6%	13 177	0.2%
Surkhandarya	10 120	2.7%	10 234	1.1%	10 518	2.8%
Karakalpakstan	9 635	14.5%	11 299	17.3%	11 309	0.1%
Jizzakh	6 773	27.4%	7 418	9.5%	7 462	0.6%
Syrdarya	5 359	9.1%	5 731	6.9%	5 666	-1.1%

Number of the housing purchases/sale contracts by region (primary market)

	2022		2023		2024	
	unit	Δ% 2021-2022	unit	Δ% 2022-2023	unit	Δ% 2023-2024
Tashkent city	18 095	53.7%	17 145	-5.3%	21 373	24.7%
Samarkand	6 105	12.5%	5 933	-2.8%	6 186	4.3%
Navoi	4 774	54.0%	5 710	19.6%	4 382	-23.3%
Fergana	4 537	22.4%	4 405	-2.9%	5 961	35.3%
Khorezm	3 540	114.2%	3 275	-7.5%	4 349	32.8%
Andijan	3 390	26.2%	3 796	12.0%	5 067	33.5%
Namangan	3 178	25.0%	3 875	21.9%	3 508	-9.5%
Surkhandarya	3 061	-2.5%	3 140	2.6%	3 324	5.9%
Bukhara	2 863	22.7%	3 315	15.8%	3 669	19.5%
Kashkadarya	2 047	78.2%	2 979	45.5%	3 498	17.4%
Jizzakh	1 460	88.6%	1 309	-10.3%	1 539	17.6%
Tashkent	1 178	3.4%	2 240	90.2%	1 783	-20.4%
Karakalpakstan	845	0.8%	1 313	55.4%	1 194	-9.1%
Syrdarya	583	36.9%	798	36.9%	578	-27.6%

Number of housing purchase and sale transactions, 2020–2024



In western and southern regions such as Navoi, Bukhara, and Surkhandarya, housing activity remains closely tied to large infrastructure or industrial projects, with primary market transactions surging temporarily in project-intensive years.

The number of newly sold housing units relative to the population indicates a low level of housing construction in Tashkent, Syrdarya, and Kashkadarya regions, as well as in Karakalpakstan.

In 2024, the number of primary housing market transactions per 1,000 residents stood at 0.58 in Tashkent region, 0.59 in the Republic of Karakalpakstan, 0.62 in Syrdarya region, and 0.96 in Kashkadarya region. The highest levels were recorded in Tashkent city (6.9) and Navoi region (4.0).

3. The relationship between demand and mortgage/subsidy programs

The dynamics of housing demand in Uzbekistan are closely linked to the scale and design of mortgage and subsidy programs. As government-backed financing mechanisms expanded, access to affordable mortgages improved, stimulating demand in the primary housing market. At the same time, shifts in subsidy terms and interest rate support have directly influenced household purchasing behavior and the composition of housing finance methods.

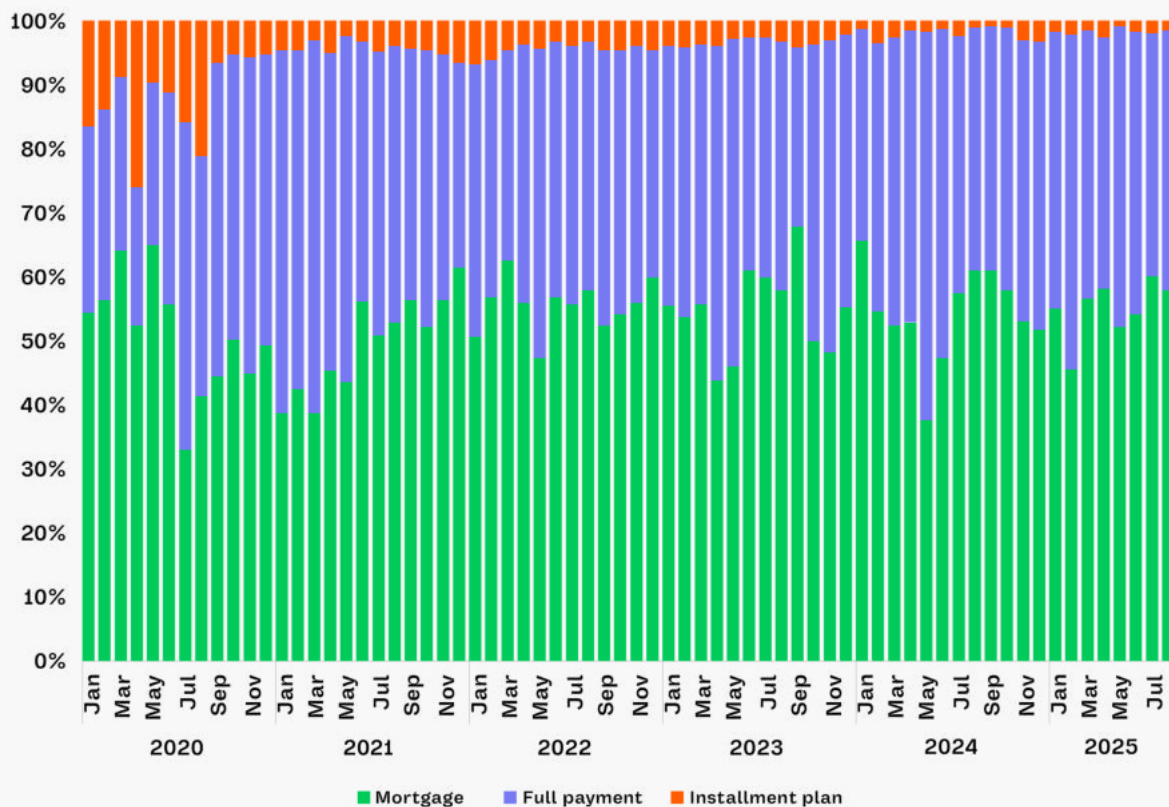
The share of mortgage financing in the primary housing market has steadily expanded, reflecting its growing role as the dominant form of housing purchase. In 2021, mortgage loans accounted for 51% of all transactions in the primary market, rising to 55% by 2024. Conversely, the share of purchases made through installment payment plans has declined sharply, from 11% in 2020 to just 2% in January–August 2025, due to their higher overall cost compared to mortgage financing.



Across Uzbekistan’s overall housing market, encompassing both primary and secondary segments, the share of mortgage-financed purchases has expanded steadily, rising from around 10% in 2020 to 21% by 2025. Over the same period, transactions made through full payment declined from 87% to 77%, while installment-based purchases remained marginal, stabilizing at about 2%. This shift underscores the deepening role of mortgage lending as the preferred and increasingly accessible financing mechanism across

Uzbekistan’s entire housing market, supported by the broader financial sector reforms and expanding participation of commercial banks in long-term housing finance. However, this aggregate trend masks substantial variation between the primary and secondary housing markets, where the dynamics of mortgage uptake differ markedly.

Share of housing contracts in primary housing market by payment method



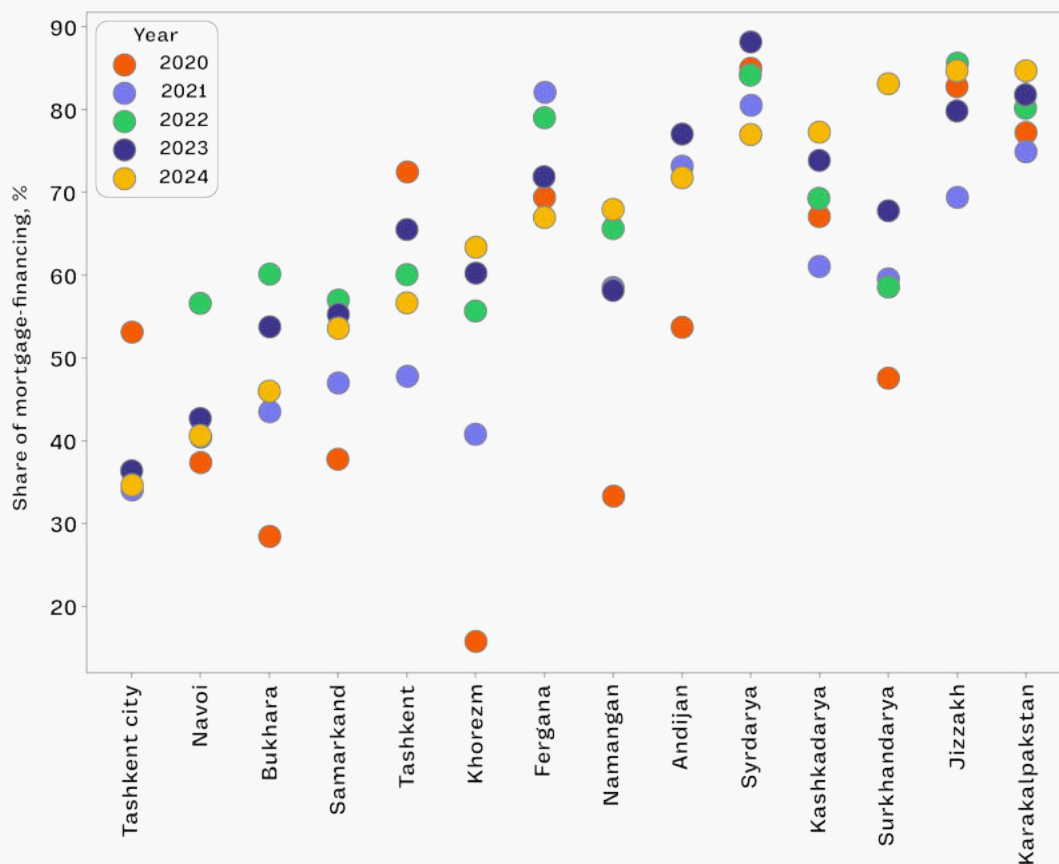
Mortgage financing diffusion remains uneven across regions. In almost all regions, the share of mortgage-financed housing purchases in the primary market has increased steadily since 2020, yet local economic conditions, income levels, and access to subsidized programs continue to shape regional variation.

The highest reliance on mortgage finance is observed in Republic of Karakalpakstan, where the mortgage share in primary-market transactions climbed from 77% in 2020 to nearly 85% in 2024. Kashkadarya region follows with an increase from 67% to 77%, reflecting an active mortgage portfolio and high participation in state-subsidized housing schemes. Andijan region also demonstrates strong uptake, from 54% in 2020 to 72% in 2024, indicating that mortgage financing has become the principal driver of new housing demand.

Tashkent city, and Navoi region show a more limited dependence on mortgage financing in new housing purchases. In the capital, the share of mortgage-financed housing purchases in the primary market stood at 53% in 2020, declining to around 35% in 2024. In Navoi region, the share of mortgage-funded contracts rose from about 37% in 2020 to 41% in 2024.

This suggests that the moderate mortgage ratio in these regions reflects relatively high household income and more diversified demand base: while a large portion of residents rely on mortgage loans, a significant segment of high-income buyers continue to purchase housing with full payment or investment cash.

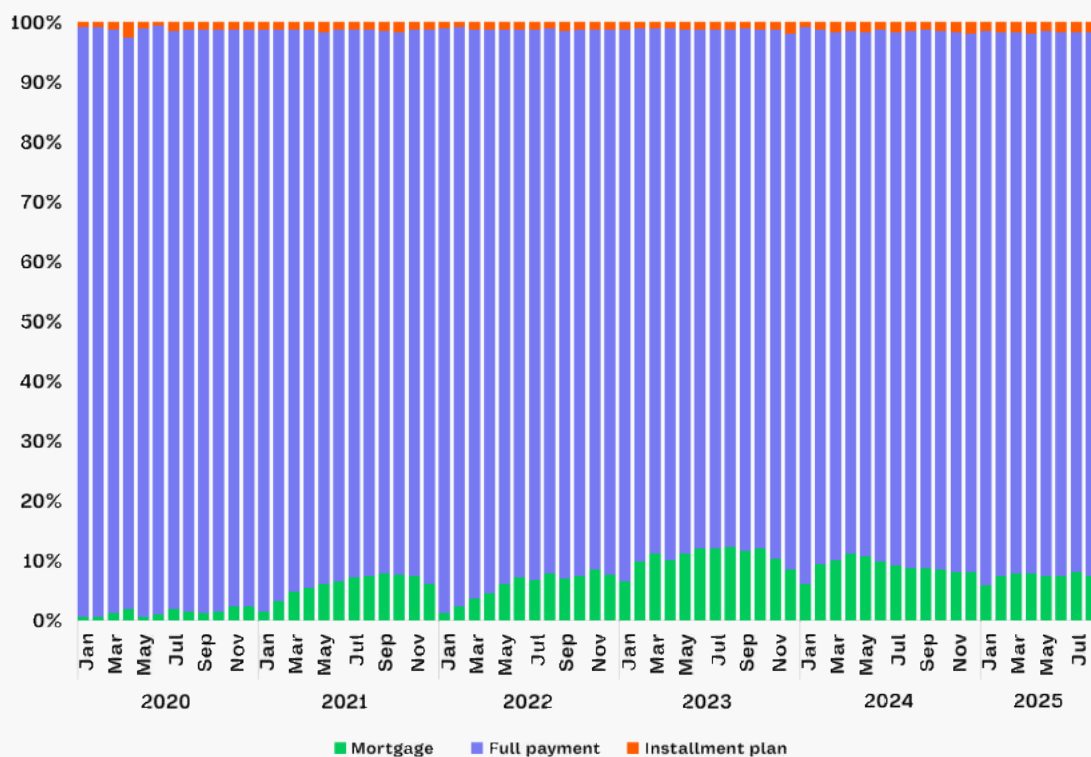
Share of housing contracts in primary housing market by payment method



Mortgage uptake in Uzbekistan’s secondary housing market remains constrained by high borrowing costs despite gradual progress in financial inclusion. Although resale transactions account for nearly 80% of annual housing transactions, over 90% of purchases are still financed with buyers’ own funds, reflecting limited access to affordable credit. The opening of mortgage lending for resale housing in recent years has started to broaden financing options: the average share of mortgage-financed transactions rose from 1.8% in 2020 to 8.6% in 2024, signaling a slow but steady shift toward more formalized housing transactions supported by stable household incomes and expanding financial infrastructure. However, affordability constraints remain pronounced.

Interest rates on secondary-market mortgage loans average 25–27% per annum, far exceeding levels for new construction, while borrowers are typically required to make a 20–25% down payment. Loan maturities range between 10 and 15 years, and only a few banks offer terms of up to 20 years. These conditions restrict borrowing mainly to higher-income households and limit effective demand among middle-income groups, reinforcing the dominance of cash-based purchases. Sustained development of the secondary housing finance market will therefore require interest-rate moderation, extended loan maturities, and improved access to refinancing mechanisms to ensure broader affordability and deepen market liquidity.

Share of housing contracts in secondary housing market by payment method



Focus Box. Cost of Mortgage Financing in the Secondary Market

Despite recent efforts to expand credit access, secondary-market mortgage loans in Uzbekistan remain expensive by international and regional standards. As of September 2025, major commercial banks offer mortgage products with **interest rates ranging from 23% to 27% per annum**, typically for loan maturities of **10 to 15 years**.

For instance, **BRB** offers loans at **24.5%** for up to **15 years** (up to **UZS 1.8 billion**), while **Davr Bank** provides mortgages at **25.99%** for **10 years** (up to **UZS 1.0 billion**). **SQB** extends financing at **26%** for **15 years** (up to **UZS 1.5 billion**). Other institutions, such as **Ipak Yuli Bank**, **Turonbank**, **Hamkorbank**, and **Aloqabank**, also provide mortgage loans under various programs, with interest rates between **23% and 27%** and loan sizes ranging from **600 million to UZS 1.5 billion**. Down-payment requirements generally range between **20% and 25%** of the property's value.

To illustrate affordability pressures, a buyer purchasing an apartment valued at **UZS 800 million** on the secondary market through a **10-year loan at 26% interest** with a **20% down payment** (using Davr Bank's product as an example) would face a **monthly repayment of around UZS 15 million**. This figure exceeds the disposable income of most middle-income households, underscoring how current borrowing costs remain a major constraint on broad-based access to mortgage finance in the resale housing segment.

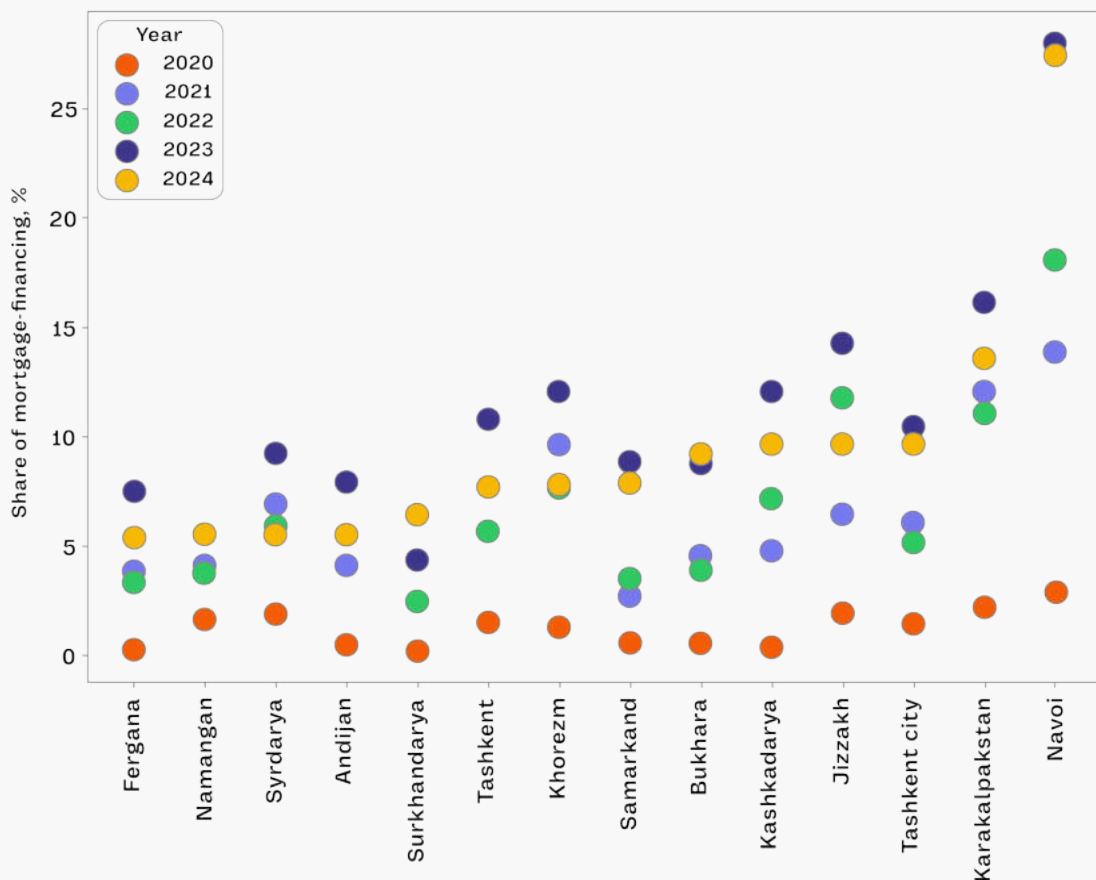
The strongest mortgage penetration in the secondary market is observed in Navoi region, where the share of mortgage-financed resale transactions rose sharply from 2.9% in 2020 to 24.6% in 2024. Republic of Karakalpakstan follows closely with an increase from 2.2% to 11.4%. Kashkadarya region also reached 9.6% by 2024.

In contrast, regions such as Andijan (5.6% in 2024), Fergana (5.4%), and Namangan (5.5%) continue to record lower mortgage participation, underscoring limited mortgage-funding, higher interest rates, and reliance on informal savings that limit the ability of households to collateralize properties.

This regional pattern confirms the dual structure of Uzbekistan’s housing finance system: a formal, mortgage-driven segment

concentrated in new housing construction and a cash-dominated resale market that remains outside the reach of most financial institutions. However, the considerable increase in mortgage-financed transactions in secondary market – even from a low base – indicates that policy interventions are gradually extending financial inclusion. As mortgage institutions strengthen collateral valuation systems, harmonize registration procedures, and expand refinancing capacity, the secondary market is expected to play a growing role in household mobility and property market liquidity.

Share of mortgage-financing in the secondary housing market



The role of government subsidies in the primary housing market

Government down payment subsidies have become a key driver of mortgage demand in Uzbekistan's primary housing market, serving as a catalyst for both affordability and housing market formalization. Nationally, around 40% of individuals who obtained mortgages in the primary market benefited from subsidy programs in 2023-2024, compared to 18% in 2021 and 33% in 2022. This considerable increase demonstrates the growing reliance of households on state-supported mechanisms to overcome liquidity constraints at the entry point to homeownership.

The use of down payment subsidies varies significantly across regions, reflecting differences in income levels, housing supply, and awareness of government programs. The highest utilization rates are observed in Jizzakh (61%), Namangan (55%), Andijan (52%), Samarkand (52%), and Bukhara (51%). These regions share similar characteristics – relatively lower average household incomes, higher population density, and strong demand for affordable housing – making subsidy programs an essential policy tool for improving access to homeownership.

In contrast, the lowest subsidy ratios are recorded in regions such as Navoi, Syrdarya, and Tashkent city, where higher household incomes, diversified financing sources, and a greater share of full-payment transactions reduce dependence on government assistance.

The data confirms a strong positive correlation between the use of subsidies and the volume of mortgage lending in the primary market. Regions with the highest subsidy participation also report some of the fastest growth in new housing sales, suggesting that subsidies have been instrumental in expanding effective demand. These programs not only support low- and middle-income households but also stimulate construction activity by ensuring steady absorption of newly built dwellings. However, this dynamic also implies a growing sensitivity of the housing market to fiscal support. As the share of subsidized borrowers rises, the market becomes more dependent on government funding cycles and budgetary allocations.

Share of subsidies in the mortgages for primary market (%)

Region	2021	2022	2023	2024	2025
Namangan	25.6	44.3	62.5	55.1	66.6
Karakalpakstan	0.7	12.8	37.9	53.7	63.3
Samarkand	26.7	48.7	53.9	52.4	58.8
Bukhara	27.5	51.4	59.6	51.3	57.1
Andijan	26.4	54.0	55.7	52.0	56.4
Fergana	24.7	33.0	45.8	40.1	55.1
Syrdarya	4.3	16.9	59.1	45.7	51.6
Surkhandarya	25.8	45.6	47.1	50.2	51.5
Jizzakh	18.6	42.9	56.3	61.2	45.9
Khorezm	6.3	37.2	52.5	49.8	45.8
Kashkadarya	14.0	30.3	42.0	36.9	43.5
Uzbekistan	17.5	32.6	40.7	37.2	41.4
Navoi	6.7	32.9	41.2	29.6	31.0
Tashkent	3.1	15.1	40.7	23.4	29.0
Tashkent city	13.0	12.6	10.1	6.0	7.1

An aerial photograph of a residential development. The image shows several high-rise apartment buildings with white and red facades. A network of blue lines is overlaid on the image, connecting the buildings and highlighting a central area with a tennis court and a playground. The surrounding area includes roads, green spaces, and other buildings.

VI. Housing supply

1. Housing construction

Uzbekistan's housing stock has undergone a notable quantitative and structural transformation between 2017 and 2024, reflecting rapid urbanization, demographic pressure, and extensive government support for new construction. Nationwide, the number of housing units grew by about 28%, from 5.9 million units in 2017 to 7.6 million units in 2024, signaling one of the most dynamic housing expansions in Central Asia.

Samarkand region leads national housing expansion. Samarkand region recorded the largest absolute growth in housing stock, rising by 43%, from 590 thousand to 845 thousand dwellings between 2017 and 2024. This increase reflects a strong combination of natural population growth, migration inflows from neighboring regions, and rapid urban and tourism-related development. The share of multi-storey housing in annual stock also grew moderately (from 11% in 2017 to 13% in 2024), marking the region's transition from predominantly detached to more urban, higher-density housing forms.

Tashkent city remains the epicenter of vertical urban development. Tashkent city remains the country's largest urban housing market, with annual dwellings reaching 769 thousand in 2024, an increase of 31% since 2017. Although its share of multi-storey housing slightly decreased from 75% to 73%, the city continues to dominate in absolute apartment volume (over half a million units). This indicates that even amid massive construction, population inflows and high demand outpace supply, sustaining elevated housing prices and density.

Urbanization is gradually expanding beyond the capital, supported by the rise of multi-storey housing construction in regional centers. Regions such as Fergana, Namangan, and Andijan are showing tangible progress in multi-storey residential development, with the share of apartment housing increasing by 2–3 percentage points in recent years. This trend signals a gradual diversification of urban housing typologies and the diffusion of capital-style urban growth toward major regional centers, reflecting both demographic pressures and expanding construction capacity outside Tashkent.

Housing stock in Uzbekistan (thousand units)

Region	2017			2024		
	Number of apartments in multi-storey buildings	Number of detached houses	Total number of houses (apartments)	Number of apartments in multi-storey buildings	Number of detached houses	Total number of houses (apartments)
Samarkand	63.1	527.3	590.4	110.3	734.9	845.2
Fergana	105.8	536.8	642.6	139.1	672.0	811.0
Tashkent city	442.0	147.1	589.0	562.7	206.5	769.2
Tashkent	162.9	442.0	604.9	171.1	543.9	715.0
Kashkadarya	47.4	501.9	549.3	63.7	636.0	699.7
Andijan	44.4	505.9	550.3	67.9	596.7	664.6
Namangan	33.9	410.8	444.6	58.0	515.3	573.3
Surkhandarya	55.4	357.8	413.1	49.8	451.7	501.4
Bukhara	51.5	287.6	339.1	78.2	375.2	453.4
Khorezm	28.4	290.0	318.4	48.6	359.8	408.4
Karakalpakstan	33.0	293.9	326.9	48.1	358.8	406.8
Jizzakh	62.8	142.8	205.5	66.8	208.1	274.9
Navoi	64.2	133.9	198.1	87.0	167.4	254.4
Syrdarya	39.5	112.4	152.0	39.6	151.8	191.4

Persistent disparities remain. Peripheral regions – Karakalpakstan, Jizzakh, and Syrdarya – exhibit slower growth (below 15%), reflecting limited developer capacity, infrastructure constraints, and lower household purchasing power. This gap underlines the continued need for targeted policy support to achieve spatial balance in housing development.

Multi-storey housing construction has accelerated but remains regionally concentrated. Uzbekistan completed over 351 thousand apartments in multi-storey buildings in the period 2020-2024. Annual output almost doubled, rising from 52 thousand units in 2020 to more than 100 thousand units in 2024, confirming the success of large-scale state programs to expand urban housing stock. Tashkent city alone accounted for 22% of all multi-storey apartments (nearly 78 000 units), constructed over the period. This reflects sustained investor interest, strong demand from migrants, and the city’s role as the core of Uzbekistan’s housing boom. Samarkand region (37 565 units) and Fergana region (34 167 units) follow, supported by rapid population growth and active local developers.

In contrast, regions such as Syrdarya (6 726 units), Republic of Karakalpakstan

(11 969 units), and Jizzakh (12 288 units) contribute less than 4% each, indicating uneven spatial distribution of construction capacity and financing.

The number of completed apartments rose by 92% between 2020 and 2024, with the sharpest increases in Tashkent city (+171%), Samarkand region (+276%), Khorezm region (+200%), and Andijan region (+192%). This surge coincides with expanded mortgage lending, new urban development master plans, and government-backed land allocations for high-rise projects. The dominance of multi-storey construction highlights Uzbekistan’s gradual shift from horizontal to vertical urban expansion, particularly in densely populated centers. However, smaller regional markets still depend on low-rise housing programs due to limited developer capacity and household purchasing power.

Between 2020 and 2024, Uzbekistan’s population increased by more than 3.6 million people (see Exhibit 1). Rising household incomes, expanding employment opportunities, and continued urbanization have collectively strengthened housing demand across the country.

Construction of multi-storey buildings in 2020-2024

Region	2020	2021	2022	2023	2024	Total
Tashkent city	8 218	14 801	15 335	17 359	22 283	77 996
Samarkand	3 070	8 139	4 736	10 079	11 541	37 565
Fergana	6 077	6 865	5 158	8 152	7 915	34 167
Surkhandarya	4 135	4 302	1 984	7 340	8 083	25 844
Tashkent	4 139	1 579	3 222	6 711	8 287	23 938
Andijan	2 417	2 120	3 933	7 428	7 069	22 967
Namangan	5 271	3 945	3 860	3 619	5 929	22 624
Bukhara	2 279	5 196	3 353	2 565	6 010	19 403
Kashkadarya	3 348	1 968	2 805	5 021	5 703	18 845
Khorezm	1 835	2 173	4 608	4 271	5 500	18 387
Navoi	3 936	3 732	3 551	2 193	4 872	18 284
Jizzakh	2 745	1 284	1 846	3 176	3 237	12 288
Karakalpakstan	2 216	1 195	1 308	4 516	2 734	11 969
Syrdarya	2 406	816	416	1 987	1 101	6 726
TOTAL	52 092	58 115	56 115	84 417	100 264	351 003

Despite a nationwide construction boom, housing supply has not kept pace with demographic expansion. During this period, an average of 338 housing units were added per 1,000 new residents, suggesting a moderate supply response relative to population growth. The imbalance is most notable in rapidly growing regions where migration exceeds new construction.

Regional disparities remain pronounced. Tashkent city, which attracted the largest number of migrants and young professionals, recorded one of the lowest ratios of housing units added to population added just 243 per 1,000 people, despite unprecedented construction volumes. This reflects a strong positive migration into the capital that continuously absorbs new housing stock.

In contrast, Tashkent region and Samarkand region achieved the highest ratios (585 and 554 units per 1,000 people, respectively), illustrating both active suburban expansion and successful housing delivery relative to local demographic growth. Regions such as Fergana, Jizzakh, and Syrdarya also show growing demand but a more balanced relationship between new construction and population growth.

Population added, housing units added in Uzbekistan in 2020-2024

	Population added, thousand	Housing unit added	Ratio of housing unit added to population added, per thousand people
Tashkent	166.6	97 525	585
Samarkand	420.1	232 863	554
Navoi	97.6	41 517	425
Fergana	392.7	156 063	397
Jizzakh	155.5	61 307	394
Syrdarya	84.5	32 694	387
Karakalpakstan	131.4	42 418	323
Andijan	333.3	101 257	304
Bukhara	153.1	42 771	279
Namangan	320.9	87 800	274
Khorezm	165.9	45 075	272
Kashkadarya	358.9	94 801	264
Tashkent city	541.1	131 255	243
Surkhandarya	316.4	63 620	201

Housing supply gap: Regional differentiation and future needs

Uzbekistan faces a pronounced housing supply gap that varies significantly across regions. Using the benchmark of 19 m² of housing per capita (national average in 2024), the current shortfall in residential space is estimated to exceed 900 thousand apartments nationwide, assuming an average apartment size of 70 m². This gap reflects both rapid population growth and long-standing underinvestment in housing infrastructure, particularly in fast-growing and demographically young regions.

Regional differentiation of the supply gap

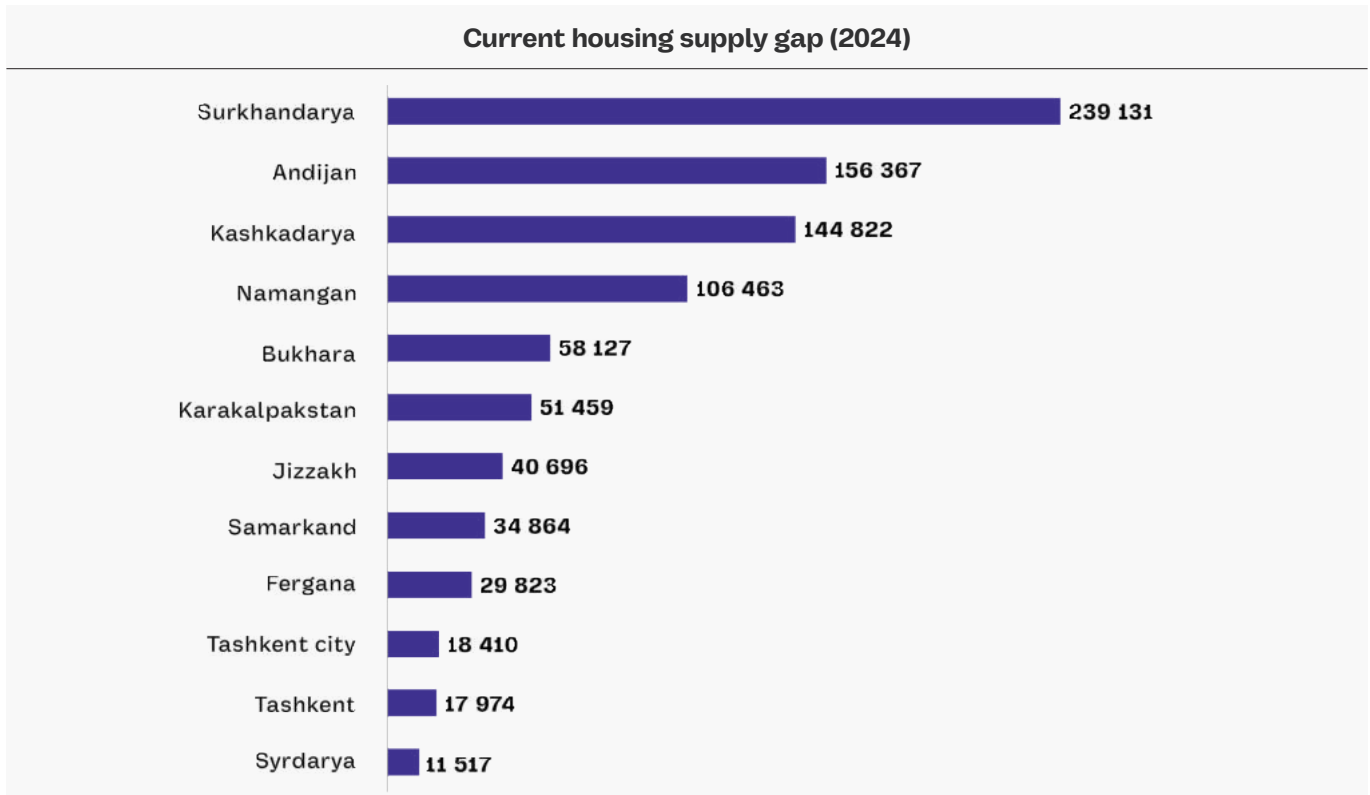
The largest housing deficits are concentrated in the southern and densely populated eastern regions. Surkhandarya Region alone requires the construction of around 239 thousand new apartments, accounting for nearly one-quarter of the national deficit. Andijan and Kashkadarya regions follow with 156 thousand and 145 thousand units, respectively, while Namangan requires more than 106 thousand new dwellings. These regions combine strong natural population growth with limited current housing stock and relatively low levels of new construction.

In contrast, regions such as Bukhara, Karakalpakstan, and Jizzakh face moderate shortages ranging between 40 and 60 thousand units. Samarkand, despite high population density, shows a more contained gap (around 35 thousand apartments), reflecting substantial construction activity in recent years. Tashkent city and Tashkent region, where new construction volumes are highest, currently exhibit the smallest deficits – about 18 thousand and 17 thousand apartments respectively, though both remain under pressure from continuous net migration inflows. The lowest gap is observed in Syrdarya region, estimated at 11.5 thousand units, owing to smaller population size and slower growth.

This regional differentiation underlines two contrasting realities: while the capital region struggles primarily with affordability and density, the outer southern and eastern regions face a fundamental shortage of physical housing stock.

Additional housing needs through 2030

Beyond addressing the existing shortage, Uzbekistan must prepare for continued demographic expansion. Between 2026 and 2030, the country’s population is projected to increase by approximately 2.3 million people.



To maintain the provision norm of 19 m² per capita, an additional 43.7 million m² of housing space will be required. Assuming an average unit size of 70 m², this translates to approximately 625 thousand new apartments that must be constructed nationwide by 2030 – on top of the current deficit.

If both the current shortfall (950 thousand units) and projected demographic demand (625 thousand units) are considered jointly, Uzbekistan would need to add around 1.5 million new apartments by 2030 to achieve adequate housing provision levels. This requires maintaining an annual construction pace of at least 200–220 thousand apartments per year, roughly double the average output recorded in 2020–2024.

Recognizing the scale of this challenge, the Government of Uzbekistan has already outlined ambitious housing development goals within its long-term national strategy. In line with target 60 of the “Uzbekistan – 2030” Strategy, the government has set a goal to enhance access to affordable housing for the population.

To achieve this, by 2030 it is planned to construct 1 million apartments across the regions, expand the number of “Yangi Uzbekistan” residential complexes to 100, build additional housing for 200 thousand families, and develop social housing for at least 140 thousand families nationwide. These strategic objectives underscore the government’s recognition that bridging the housing gap requires both quantitative expansion and qualitative improvements in housing accessibility.

The estimated supply gap demonstrates that Uzbekistan’s housing challenge is not confined to urban affordability but also to the physical availability of housing units. Southern and eastern regions will require significant expansion of construction capacity, better infrastructure, and improved access to long-term financing for developers. In parallel, strategies in Tashkent city and the central regions should focus on densification and affordability, ensuring that rapid construction does not exacerbate inequality or speculative pressures.

2. Land prices and land market characteristics

Land is a foundational component of housing supply and a key determinant of residential property prices. The cost and availability of land shape both the pace and affordability of housing construction, influencing the structure of urban development and the balance between low-rise and multi-storey housing. In Uzbekistan, land accounts for a growing share of total housing costs, particularly in densely populated regions where construction is shifting toward multi-storey formats. Efficient and transparent land allocation, supported by electronic auctions, accurate valuation, and infrastructure-ready plots, remains essential to ensure that urban growth translates into accessible and sustainable housing opportunities.

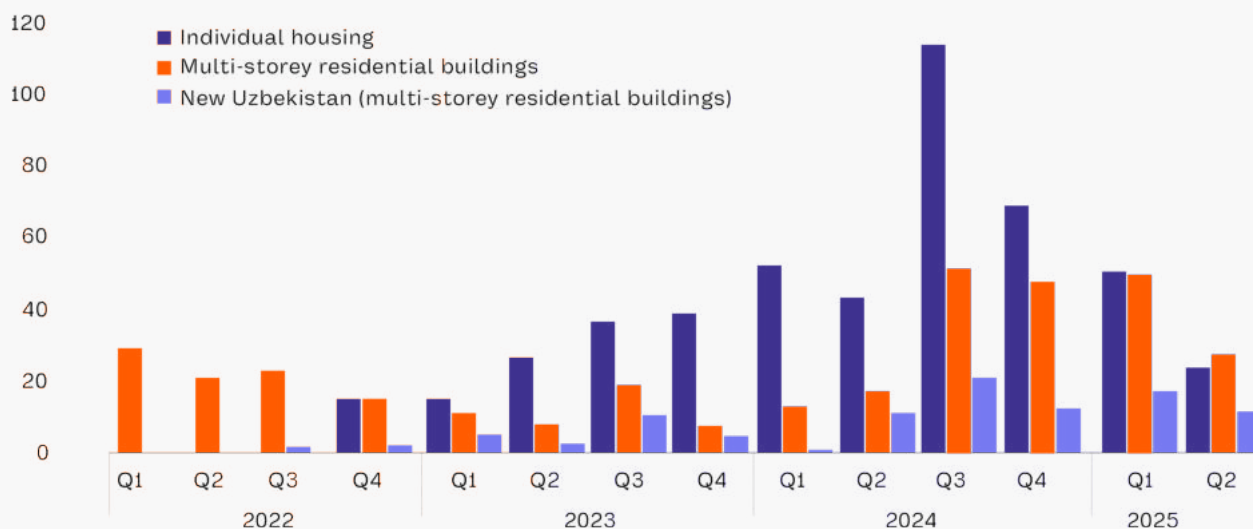
Land plots for residential buildings construction

Uzbekistan’s transition toward a market-based system of residential land allocation has accelerated since the introduction of the E-AUKSION platform, which ensures transparent, competitive auctions. Between 2022 and 2024, the number of land plots auctioned for housing construction increased more than fivefold, from 1,583 plots (99.5 ha)

to 8,127 plots (452.1 ha), before adding another 2,454 plots (180.2 ha) in the first half of 2025. This significant scale-up demonstrates a strong policy push to expand formal access to land and support private homebuilding.

Regional divergence in vertical and horizontal housing expansion is becoming more pronounced. While western regions dominate horizontal, low-rise expansion, the dynamics in central and eastern Uzbekistan reveal a gradual shift toward vertical urbanization. The land allocations for multi-storey housing show that densification is concentrated in a small number of regional growth poles. Tashkent city leads the process, accounting for over one-quarter of the national multi-storey land area (96.9 ha in the period 2022M1-2025M6), followed by Bukhara (47 ha), Tashkent (45.4 ha), Samarkand (32.5 ha), Andijan (26.1 ha) and Namangan (26.7 ha). Together, these six territories represent more than 60% of the land sold for multi-storey buildings nationwide, confirming that vertical development remains geographically concentrated in industrial and administrative centers with established infrastructure and strong mortgage-financed housing demand.

Land plots sold for housing construction through the E-AUKSION platform

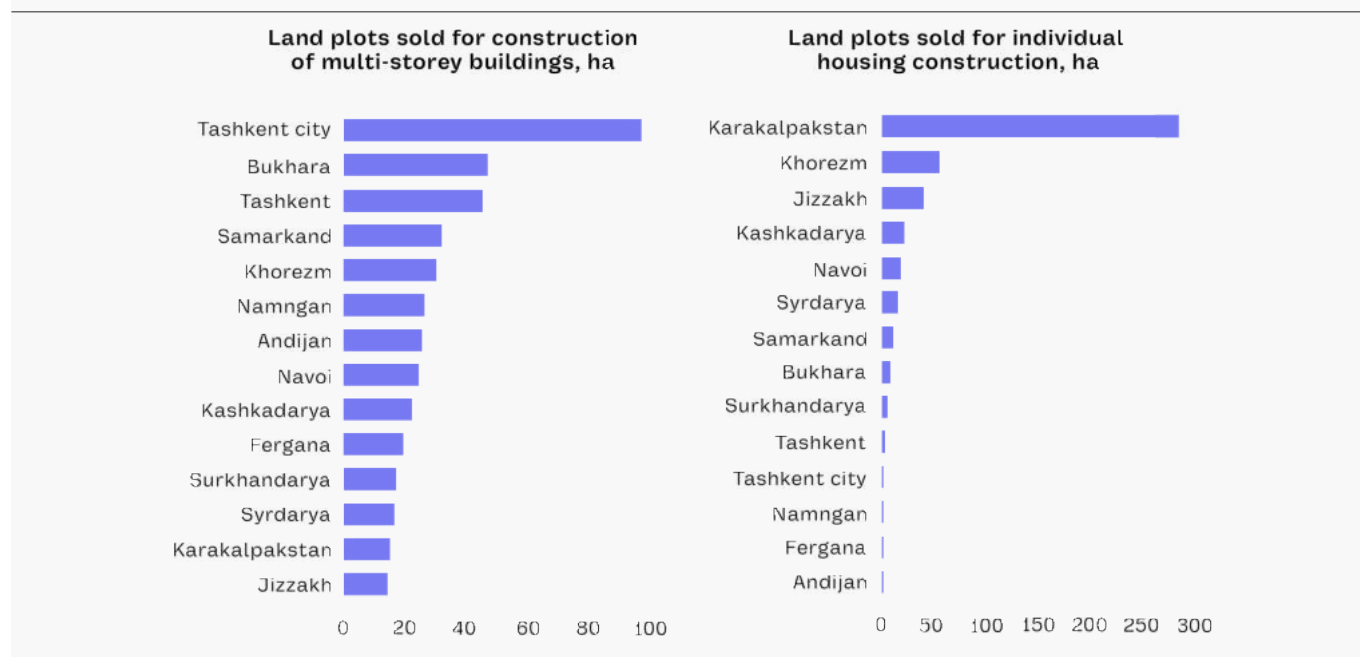


In contrast, Karakalpakstan, Khorezm, and Jizzakh, where over 80% of all residential plots auctioned nationwide were located, recorded the lowest intensity of vertical construction – multi-storey plots accounted for only 2%, 23%, and 15% of annual land sold in the regions in 2024, respectively.

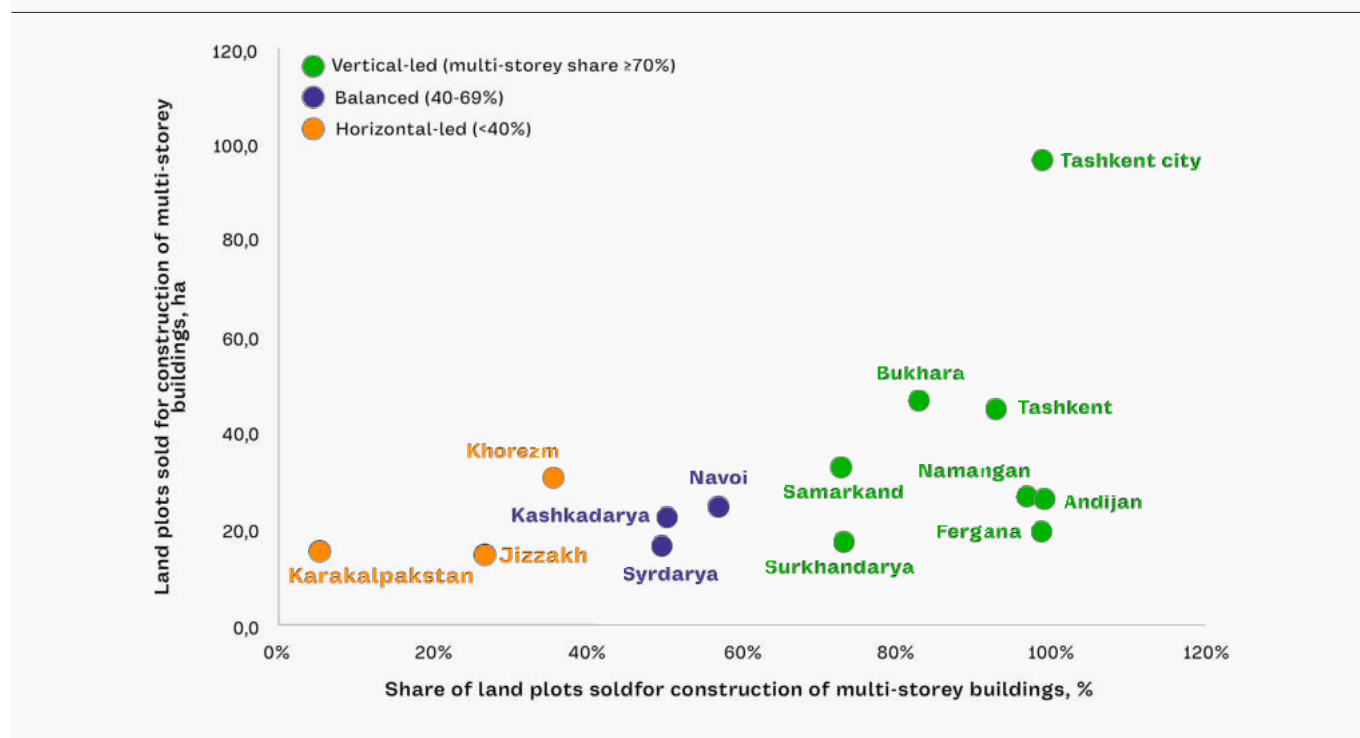
The intermediate regions, including Syrdarya, Navoi, and Kashkadarya, display a balanced

housing land structure, where 40-70% of land allocations support multi-storey buildings. These areas serve as transitional zones, gradually shifting toward higher-density development as new infrastructure corridors and “New Uzbekistan” residential clusters extend beyond traditional urban cores.

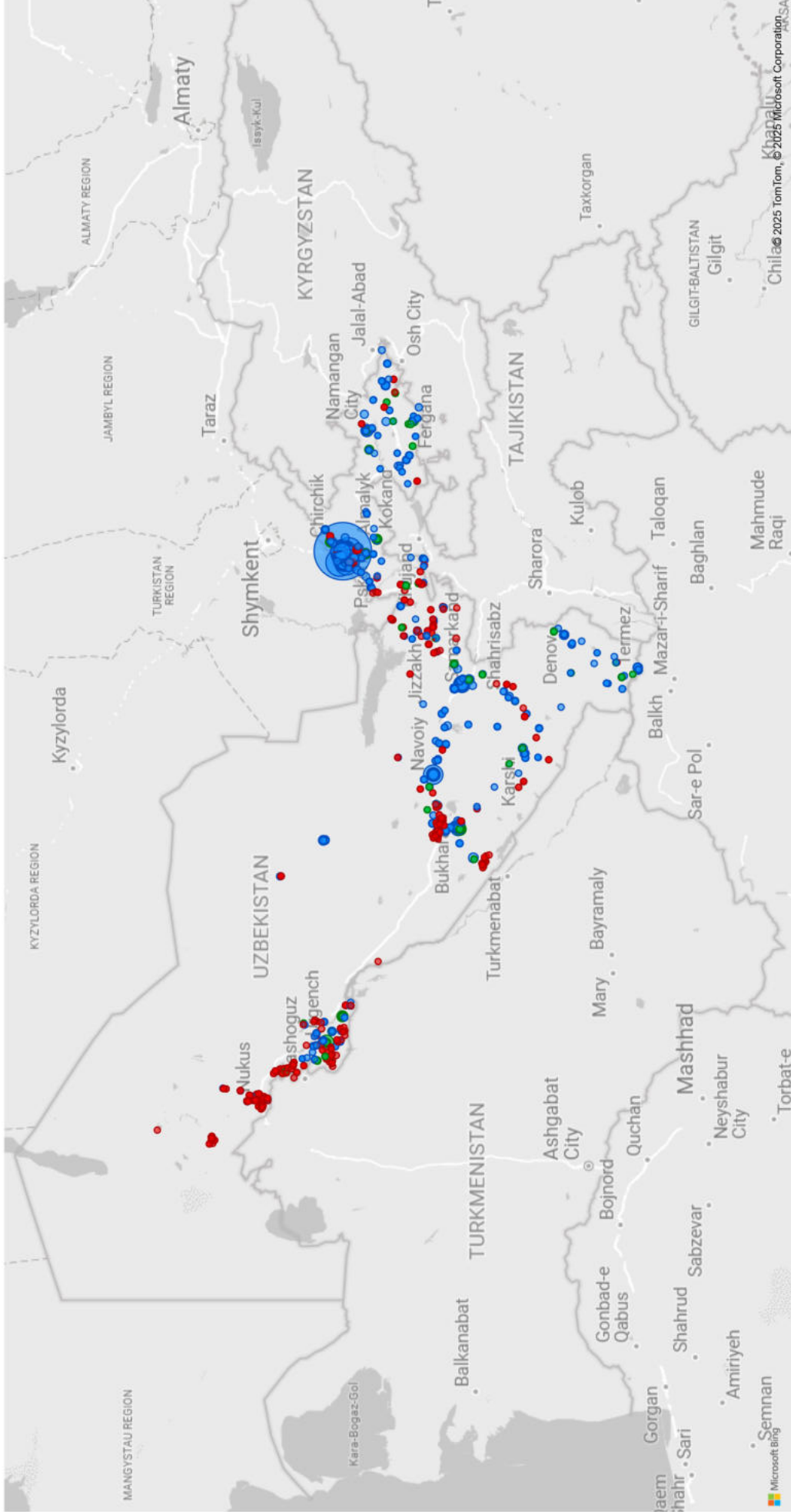
Land plots sold for housing construction in the period 2022M1-2025M6



Land plots sold for construction of multi-storey buildings (2022M1-2025M6)



Land plots sold for housing construction across the country



This spatial divergence highlights a dual market structure – vertical urban densification in central and eastern regions versus horizontal expansion in the west, reflecting differences in population density, infrastructure readiness, and local land-use regulations. Western Uzbekistan possesses larger undeveloped territories and lower land prices, which make it easier to allocate large plots for individual housing. At the same time, central and eastern regions such as Tashkent, Samarkand, and the Fergana Valley face tighter land constraints and higher infrastructure costs, pushing development toward multi-storey and high-density forms.

Regional land price differentiation and market segmentation

Land prices for multi-storey construction vary sharply across Uzbekistan's regions, revealing a highly segmented market. The median price of the land plots sold for multi-storey residential buildings in Tashkent city averaged about UZS 4.5 million per m² over the period 2022–2025, peaking above UZS 6 million in 2023¹. Individual plots in the capital reached as high as UZS 11 million per m², underlining the scarcity of urban land and the intensity of housing demand concentrated in the metropolitan area. The average standard deviation of UZS 2.7 million indicates exceptionally wide dispersion, typical of a mature but overheated market where both premium and affordable projects coexist within limited space.

Outside the capital, land prices fall steeply. When measured by sustained yearly performance, Samarkand region consistently holds the second-highest position nationwide. Median land prices in Samarkand reached UZS 940 thousand per m² in 2024 and UZS 491 thousand per m² in 2025, reflecting robust and steady demand supported by the region's diversified economy, tourism, and residential development.

Navoi region presents one of the most heterogeneous land price structures in Uzbekistan, driven by the coexistence of

industrial centers such as Navoi and Zarafshan cities, and sparsely populated mining or rural districts. Median prices differ by more than 100-fold across the region's districts, and their yearly dynamics indicate sharp fluctuations linked to industrial investment cycles and speculative surges. Zarafshan city consistently recorded the highest land valuations within the region. The median price rose from UZS 940 thousand per m² in 2022 to nearly UZS 3.8 million per m² in 2023, before stabilizing around that level in subsequent years.

The extremely low dispersion in 2023 (only UZS 2 thousand) reflects few but high-value transactions, likely linked to corporate or large-scale residential projects in the mining hub. Navoi city, the regional administrative and industrial center, also exhibits elevated prices, with the median reaching UZS 1.15 million per m² in 2024 and a wide dispersion of UZS 491 thousand. Such figures confirm strong demand pressure driven by proximity to the Free Industrial Economic Zone and rapid urban development initiatives.

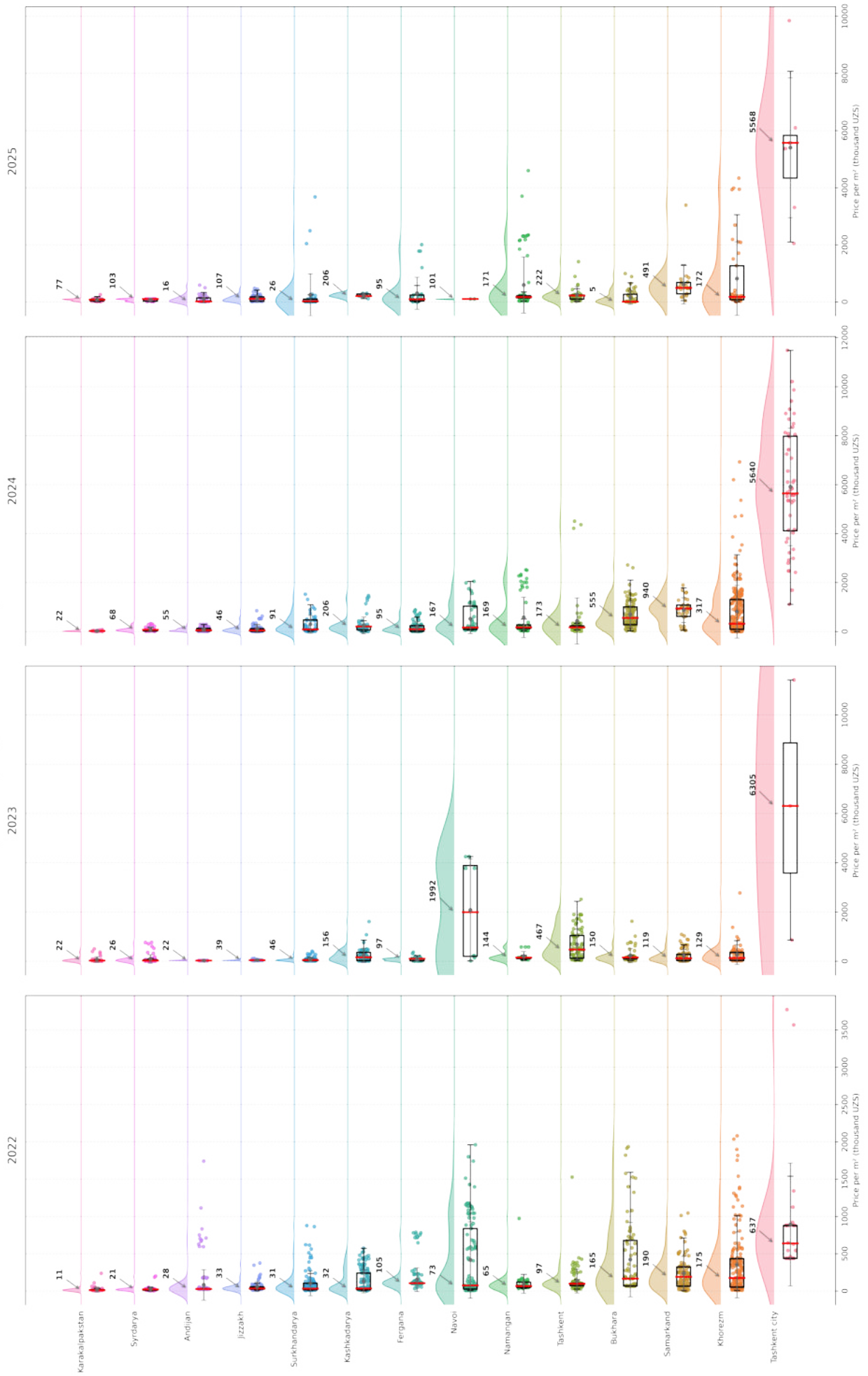
In Tashkent region, proximity to the capital raises median land prices to roughly UZS 240 thousand per m², but the standard deviation of UZS 498 thousand signals sharp contrasts between peri-urban satellite towns and remote rural districts.

Further down the scale, Bukhara (UZS 219 thousand) and Khorezm (UZS 198 thousand) form the mid-range cluster, where gradual price appreciation has accompanied improvements in utilities and transport connectivity.

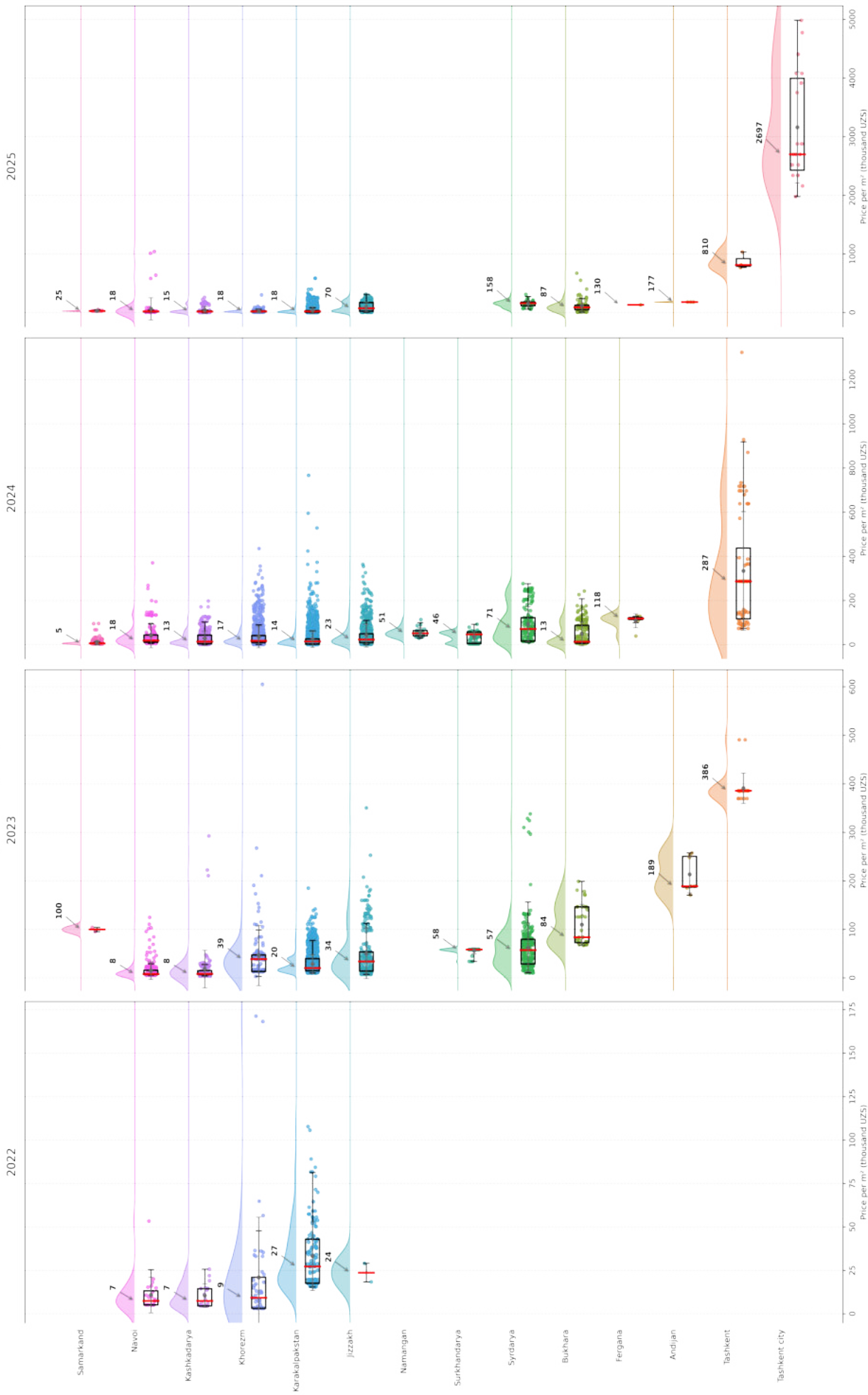
The lowest-priced regions – Kashkadarya (UZS 150 thousand), Namangan (UZS 137 thousand), Fergana (UZS 98 thousand), and Jizzakh (UZS 56 thousand) – exhibit both low medians and subdued dispersion, pointing to thinly traded local markets dominated by administrative rather than market-based valuation mechanisms.

¹Data for 2025 includes the period January-June.

Land prices by region (multi-storey residential buildings construction)



Land prices by region (individual residential buildings construction)



The land market for individual (detached) housing construction remains structurally shallow, geographically uneven, and administratively constrained. Unlike plots for multi-storey residential projects, land parcels for detached housing are rarely auctioned, especially in the central and eastern regions of Uzbekistan. The limited availability reflects both planning restrictions in dense urban areas and policy priorities favoring compact multi-storey housing as a response to rapid population growth.

In Tashkent city, auctions of land for detached housing were almost entirely absent throughout the observation period, with the only recorded transactions taking place in Yangiyahot district in 2025. These few cases yielded extremely high median prices of UZS 2.7 million per m² in 2025, highlighting the exceptional scarcity of available land within the capital's boundaries. The standard deviation approaching UZS 1 million points to high valuation dispersion even within a single district, as buyers compete for a handful of plots located near newly built transport and social infrastructure.

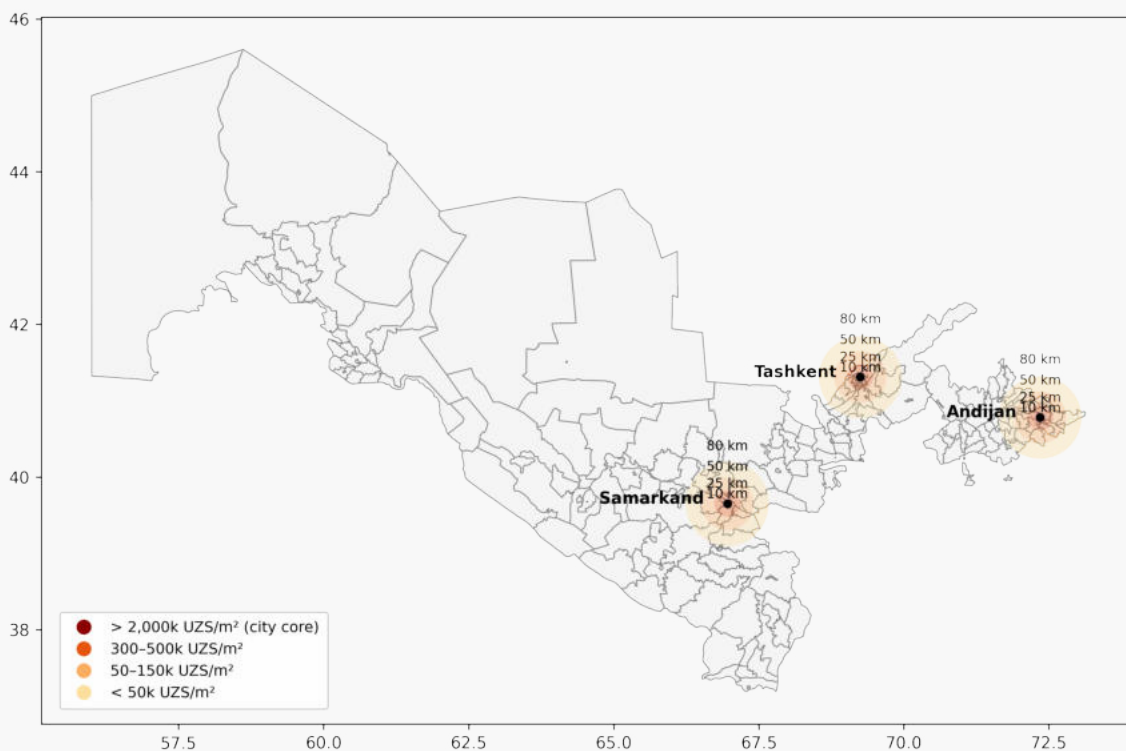
In Tashkent region, where detached housing remains relatively common, the average median land price reached UZS 494 thousand per m²,

supported by significant demand from households relocating from the capital. However, dispersion of about UZS 150 thousand suggests strong internal segmentation, peri-urban zones such as Chirchiq, Angren, and Yangiyul command much higher prices than rural outskirts. This confirms that distance from the regional center remains a decisive determinant of land value in the detached housing segment.

The spatial structure of land prices for individual housing construction demonstrates a clear inverse relationship between land value and distance from regional centers. The geographic pattern is strongest in densely populated regions with high internal mobility – Tashkent, Samarkand, Andijan, and Fergana, and weaker in sparsely populated or industrial regions such as Navoi and Karakalpakstan.

Tashkent city and Tashkent region. Land prices display the steepest spatial gradient nationwide. Within the capital, residential plots for detached housing were sold only in Yangiyahot district in 2025, with prices exceeding UZS 2.7 million per m²

Land plots sold for construction of multi-storey buildings (2022M1-2025M6)



However, as one moves outward into Tashkent region, land values fall sharply: in peri-urban municipalities such as Chirchiq and Yangiyol, medians range from UZS 400–600 thousand per m², while in more distant rural districts they drop below UZS 100 thousand per m². This decline – nearly fivefold within a 40–50 km radius – reflects both infrastructure accessibility and commuting potential to the capital’s labor market. Mapping these data would show concentric price bands around Tashkent, confirming a strong monocentric urban gradient typical of emerging metropolitan areas.

Samarkand region. Samarkand shows a moderate gradient, with higher prices near Samarkand city and Kattakurgan (UZS 50–80 thousand per m²) and substantially lower values in peripheral districts such as Payariq and Nurabad, where medians drop below UZS 20 thousand per m².

Unlike Tashkent, the gradient here is flatter due to Samarkand’s polycentric structure – tourism-driven investment and transport corridors distribute demand more evenly across several sub-centers. Spatial analysis suggests that proximity to main highways (Samarkand–Bukhara, Samarkand–Tashkent) increases land values by up to 40–60%, underscoring the importance of road connectivity for rural-urban price integration.

Fergana Valleys. In these densely populated eastern regions, price gradients are compressed but pronounced. In Andijan, median prices for detached housing reach UZS 180–200 thousand per m² in central districts but decline to UZS 30–50 thousand in outlying rural zones. The drop occurs over short distances, often less than 15 km, due to the high settlement density and limited land availability. In Fergana, a similar pattern holds: median values near Fergana city exceed UZS 120 thousand per m², while in the peripheral districts of Beshariq or Dangara, prices average UZS 40–60 thousand per m². This compact yet steep spatial gradient is characteristic of regions with high population pressure and limited new land allocation for housing.

Western and Northern regions. In Navoi, Khorezm, and Karakalpakstan, land markets for detached housing are spatially diffused and weakly correlated with distance.

In Navoi, industrial dominance limits the formation of residential land demand outside Navoi city itself; prices range narrowly between UZS 10–20 thousand per m² across districts. In Khorezm and Karakalpakstan, the low elasticity of land demand, combined with administrative allocation practices, produces almost flat gradients, with median prices differing by less than UZS 5–10 thousand per m² between central and peripheral districts.

3. The construction materials market

The construction materials sector plays a pivotal role in shaping Uzbekistan’s housing and mortgage markets, as fluctuations in input prices directly translate into changes in housing affordability and investment profitability. The cost of key materials and equipment, such as cement, steel, timber, bitumen, and construction machinery, forms a substantial share of total construction expenses and, therefore, acts as a critical determinant of real estate prices and the pace of new housing supply.

Price dynamics in construction materials are influenced by a combination of domestic and global factors, including raw material costs, energy prices, logistics and transportation conditions, and supply–demand imbalances. In addition, exchange rate movements, inflation expectations, and policy decisions on import tariffs, taxation, and subsidies play an important role in determining input cost volatility. Periods of rising construction material prices typically lead to higher construction costs and reduced affordability, while periods of stabilization or decline provide relief to both developers and households.

Recognizing the strategic importance of this sector, the Government of Uzbekistan has undertaken a series of consistent reforms aimed at promoting market competition, attracting private investment, and expanding domestic production capacity. Measures such as temporary exemptions from import duties, targeted fiscal incentives for local producers, and large-scale modernization of industrial facilities have collectively strengthened supply resilience and reduced the economy’s exposure to external price shocks.

In recent years, the country's construction materials market has experienced both sharp price increases, driven by global commodity volatility and post-pandemic supply disruptions, and subsequent corrections following the expansion of domestic production capacity. This cyclical behavior highlights not only the sensitivity of construction costs to macroeconomic and policy conditions but also the growing effectiveness of Uzbekistan's structural reforms in fostering price stabilization and self-sufficiency in the materials sector.

Cement prices

Cement prices in Uzbekistan have reflected both policy-induced shocks and structural supply expansion, tracing a full cycle of volatility between 2022 and 2024. Following sharp increases after the expiration of import duty exemptions, decisive government interventions and rising domestic production capacity helped stabilize and then ease prices, positioning the sector as a key buffer for the housing market.

The evolution of cement prices is closely tied to presidential decrees regulating import duties and efforts to secure supply for the construction boom:

Phase I – Market liberalization and import facilitation (2021–2022)

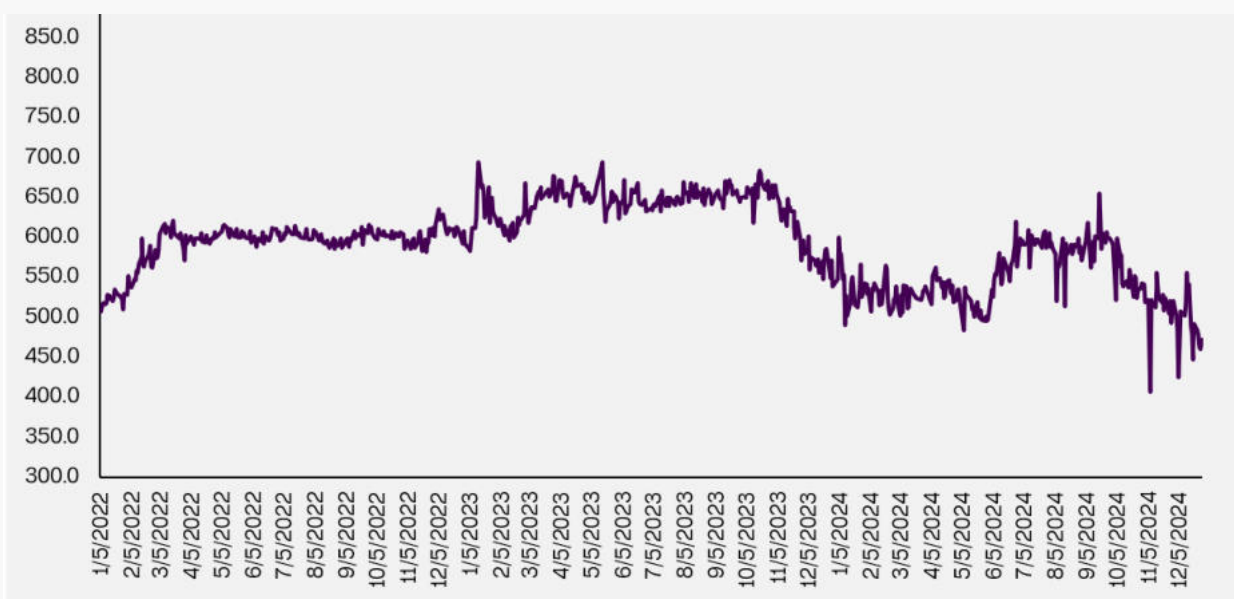
Presidential Decree PF-6186 (11th March 2021) temporarily introduced a zero-duty rate on cement imports (HS code 2523) to mitigate

domestic shortages and rising housing demand under the new market-based mortgage policy. When the exemption expired in early 2022, prices surged sharply in the first quarter. To counter inflationary pressures, Presidential Decree PF-33 (9th December 2021) extended the zero-duty regime until 1st of January 2023, resulting in stabilization of wholesale cement prices on the Uzbekistan Commodity Exchange throughout mid-2022 to early-2023.

Phase II – post-exemption spike and renewed relief (2023)

The removal of import exemptions in January 2023 triggered a renewed surge in cement prices. In response, PF-51 (13th April 2023) reinstated zero import duties on ten construction materials, including cement, from May 2023 to January 2025. This measure effectively capped the upward trend, and by mid-2023, prices began to ease. From 18 October to 29 December 2023, the average wholesale price declined from UZS 687,000 per ton to UZS 537,600 per ton, a 21.7% drop, reflecting both improved supply conditions and anticipatory market behavior following announced fiscal incentives.

Price of 1 ton of cement (thousand UZS)



Phase III – Supply expansion and normalization (2024)

In 2024, Uzbekistan operated 37 cement plants with a combined annual capacity of 32.7 million tons, including 14 large-scale plants exceeding 1 million tons each. “Qizilqumsement” JSC alone accounts for 5.7 million tons annually, underscoring the growing domestic self-sufficiency. In November 2023, the Ministry of Economy and Finance announced that the land-use tax on limestone deposits (a key input for cement) would be halved starting January 2024, further boosting producer expectations and accelerating the late-2023 price decline.

Reinforcement prices

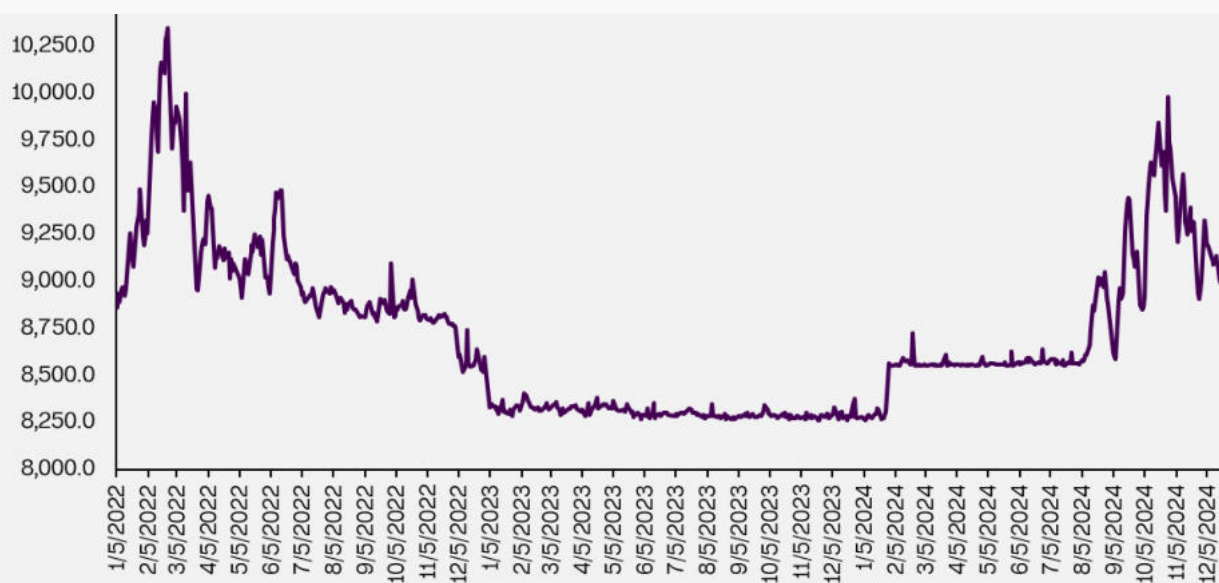
The dynamics of steel reinforcement prices in Uzbekistan between 2022 and 2024 reveal a clear downward adjustment followed by partial recovery, reflecting both global steel market realignments and domestic supply expansion. After peaking in early 2022 amid global uncertainty, rebar prices stabilized at historically lower levels through most of 2023, before rising again in 2024 due to resurgent demand and international cost pressures.

Reinforcement steel is one of the most critical cost components in residential and infrastructure construction. Price volatility in this segment affects the entire construction value chain, influencing developers’ margins and mortgage-linked housing affordability.

Following the onset of the Russia-Ukraine conflict in early 2022, global steel markets underwent significant disruption. Western sanctions against Russian steel and iron exports diverted supply flows toward Central Asian markets, including Uzbekistan. The resulting increase in regional availability, combined with the rapid growth of domestic metallurgical production, exerted downward pressure on local rebar prices.

According to data from the Uzbek Commodity Exchange, wholesale reinforcement prices fell sharply from February 2022 to February 2023, reflecting both supply diversification and import-driven competition. By March–December 2023, market prices stabilized within the range of UZS 8.3–8.5 million per ton, supported by increased local production and a decline in global metal prices. Beginning in early 2024, prices rose again to near UZS 9.8–10.0 million per ton by midyear, before slightly easing toward year-end as domestic inventories expanded.

Price of 1 ton of reinforcement (thousand UZS)



This pattern suggests a cyclical normalization process – first, a correction following supply realignment, and later, a moderate recovery as demand from the construction sector picked up.

Bitumen prices

Bitumen prices in Uzbekistan have remained remarkably stable compared to other key construction materials such as cement and steel, underscoring the influence of domestic refining capacity, government pricing policies, and moderate demand growth. From 2022 to 2024, the market exhibited short-term volatility but maintained a relatively narrow price corridor, indicating a structurally balanced supply–demand environment.

Bitumen is a critical input for road construction and large-scale urban infrastructure projects. Although it is not a major direct cost component in housing construction, its price dynamics indirectly influence urban development costs and construction logistics, particularly through transport and infrastructure linkages.

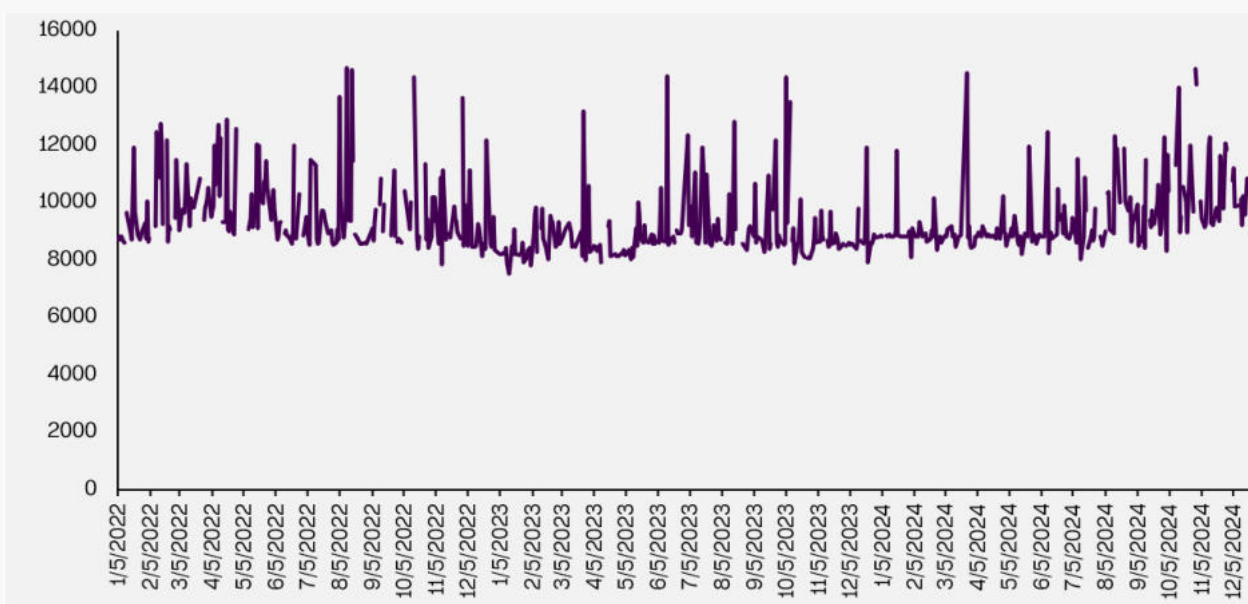
Throughout 2022–2024, Uzbekistan’s bitumen prices fluctuated within a range of UZS 5.0 to 7.0 million per ton, showing resilience to broader commodity price swings.

Unlike the sharp cycles observed in cement and reinforcement markets, bitumen prices demonstrated a low amplitude of fluctuations, reflecting a more mature and controlled supply chain.

Round metal prices

The market for round metal in Uzbekistan between 2022 and 2024 displayed **intermittent volatility within a generally stable price corridor**, reflecting the dual influence of **international steel price fluctuations** and **domestic supply expansion**. While short-term price spikes occurred due to disruptions in raw material supply and logistics, the underlying trend remained broadly stable, supported by increased domestic metallurgical production and steady demand from industrial and construction sectors.

Price of 1 ton of metal round (thousand UZS)



Round metal products serve as essential inputs for construction, machinery, and manufacturing industries, influencing both the cost and pace of industrial and infrastructure projects. The period between 2022 and 2024 was marked by persistent oscillations in metal prices globally, with energy price shocks, logistics constraints, and sanctions on major steel exporters shaping regional price behavior.

In Uzbekistan, the domestic market absorbed these external shocks relatively well. Following the sharp fluctuations in early 2022, driven by post-pandemic demand recovery and global supply-chain disruptions, the prices of metal round settled into a narrower range by mid-2023. Market data from the Uzbekistan Commodity Exchange indicate that:

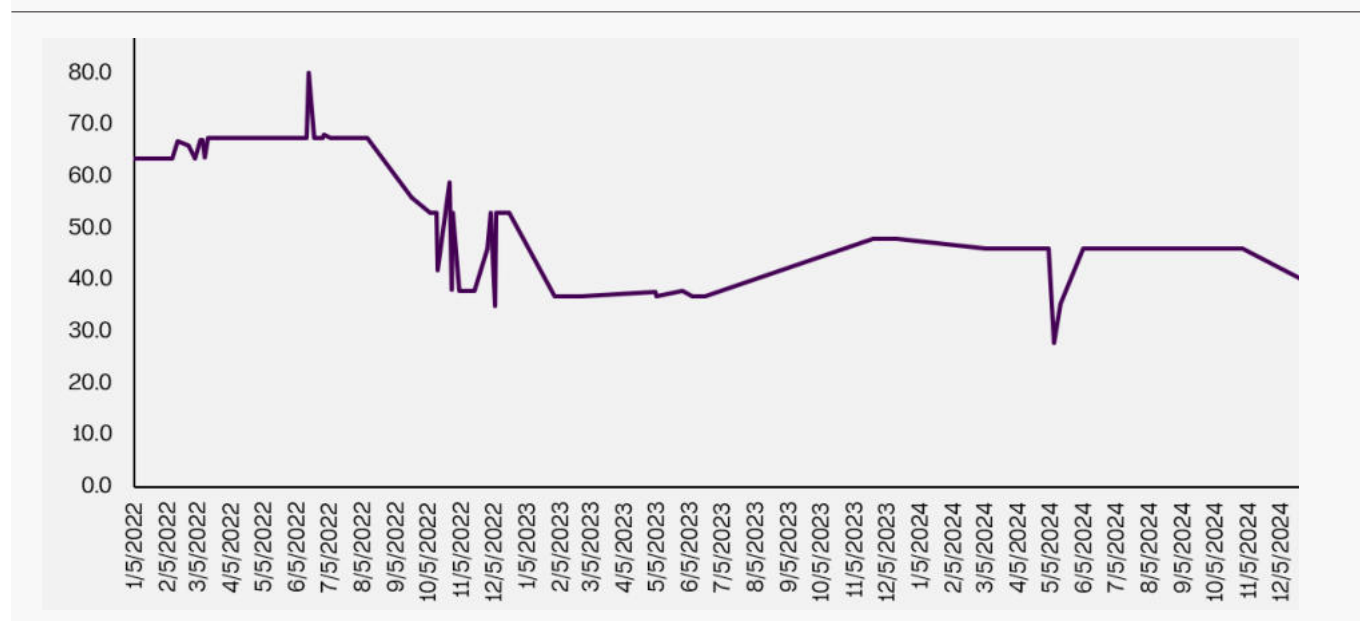
- the average wholesale price of metal round hovered around UZS 9.0–9.5 million per ton throughout most of 2023–2024;
- temporary peaks exceeding UZS 13–15 million per ton were observed sporadically in 2022 and early 2024, largely reflecting short-lived imbalances in import flows and industrial procurement cycles;
- price troughs, typically around UZS 8.0 million per ton, occurred during periods of lower construction activity or seasonal demand decline.

Glass prices

Glass prices in Uzbekistan exhibited a steady downward trend from mid-2022 through 2023, followed by a mild stabilization and partial recovery in 2024, reflecting both the expansion of domestic production capacity and the gradual normalization of construction demand after the post-pandemic and geopolitical price surges.

After reaching highs of around UZS 70–80 thousand per m² in early 2022 due to elevated energy and import costs, prices fell sharply as domestic production expanded, and supply constraints eased. By early 2023, prices had stabilized near UZS 37–40 thousand per m², marking a structural correction underpinned by increased local output. In 2024, prices recovered modestly to UZS 45–50 thousand per m² amid steady construction activity and normalization of global input costs. Overall, the market's shift toward greater self-sufficiency has improved cost stability and reduced exposure to external supply shocks, contributing to affordability in the construction sector.

Price of 1 sq.m of glass (thousand UZS)



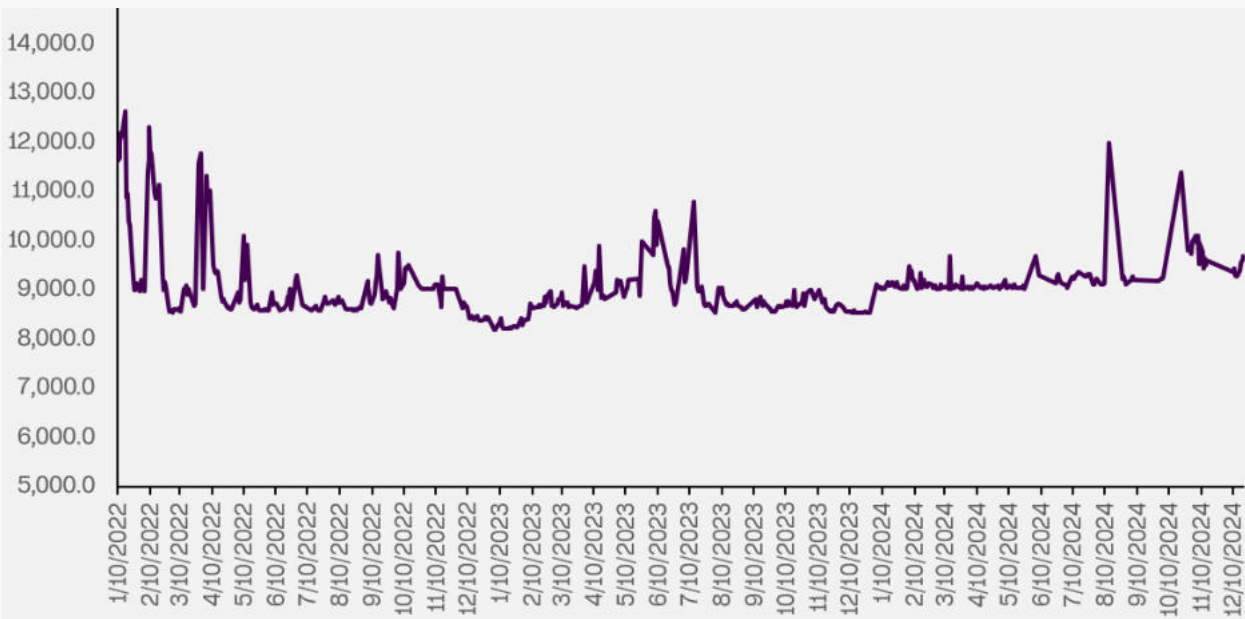
Angle bar prices

Angle bar prices in Uzbekistan have remained broadly stable since mid-2022, fluctuating within a relatively narrow band of UZS 8.0–9.5 million per ton, reflecting a balanced supply environment supported by domestic steel production and steady demand from construction and industrial sectors.

After initial volatility in early 2022, when prices briefly exceeded UZS 12 million per ton amid global metal market disruptions, stabilization followed as supply chains adapted and import dependence declined. Throughout 2023, wholesale prices hovered around UZS 8.2–8.8 million per ton, showing low volatility compared to reinforcement or round-metal prices. This stability was largely driven by the presence of local producers using scrap-based electric-arc furnaces and consistent procurement from regional markets.

In 2024, short-term price spikes, reaching up to UZS 12 million, were observed in March and August, reflecting temporary surges in construction demand and fluctuations in global billet prices, but these corrections were short-lived. Overall, the price trend indicates a mature and well-integrated domestic market where production capacity and import diversification have insulated angle bar prices from sharp external shocks, contributing to predictable input costs for the construction sector.

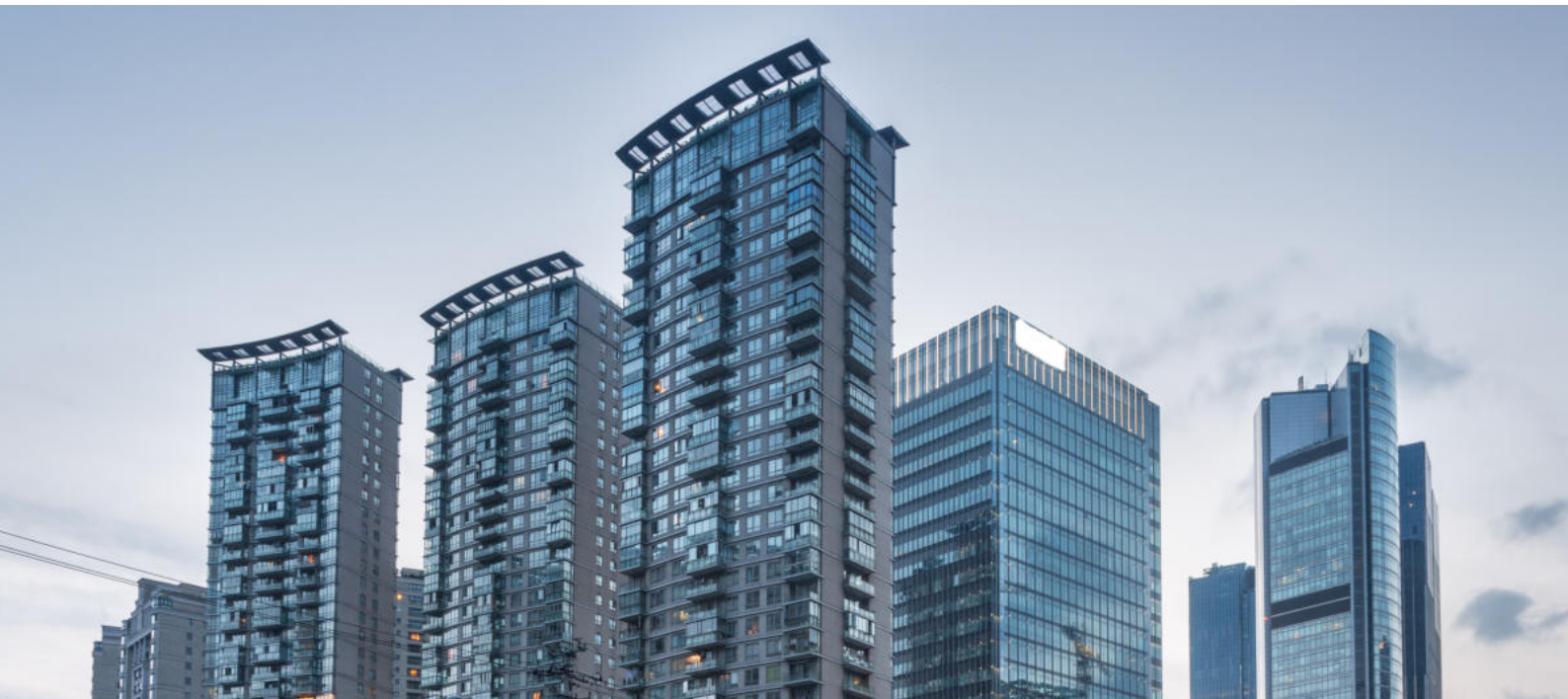
Price of 1 ton of angle bar (thousand UZS)







VII. International experience



This chapter provides comparative insights from international housing and mortgage markets that are directly relevant to Uzbekistan's policy and market development. It focuses on practical, transferable experiences drawn from diverse countries – including peers in Central Asia and the Caucasus as well as Russia – to illustrate how different policy interventions and market innovations can support housing sector growth.

The chapter examines key dimensions of housing and mortgage markets, such as access to mortgage finance, government support programs, housing affordability, and financial resilience – highlighting, for example, that well-designed public support programs can be implemented without distorting markets. Adopting a clear and factual tone with a global perspective (consistent with analyses by multilateral institutions), the discussion distills lessons from abroad into actionable insights. The findings are designed to inform a broad audience of stakeholders – policymakers, investors, developers, construction firms, households, and international partners – who have a stake in advancing Uzbekistan's housing sector transformation.

Mortgage market depth

Kazakhstan. Kazakhstan's mortgage sector is relatively more mature but not dramatically larger than Uzbekistan's in scale. As of 2024, Kazakhstan's outstanding mortgage loans were about 4.6% of GDP. Uzbekistan, despite only developing its mortgage market in the last 5–6 years, has quickly reached a comparable level – around 4.7% of GDP by 2024. This indicates both countries still have shallow mortgage penetration compared to advanced economies (where 20–50% of GDP is common), but the gap is closing. The fact that Uzbekistan caught up (from near 1% in 2017 to nearly 5% in 2024) underscores an aggressive expansion of credit there, akin to what Kazakhstan experienced in the 2000s. One key difference is sequencing: Kazakhstan's mortgage market had a head start in the 2000s, then stalled after 2008, and resurged post-2017; Uzbekistan's growth has been recent and very rapid. Thus, both have similar ratios today, but Kazakhstan's is the product of a longer evolution with ups and downs, whereas Uzbekistan's is a sharp upward trajectory from a low base.

Kyrgyzstan. Kyrgyzstan’s mortgage market remains one of the smallest in the Central Asian region, reflecting structural and institutional constraints that limit financial deepening. The mortgage-to-GDP ratio rose only marginally, from 2.0% in 2019 to 2.4% in 2024 – indicating a slow expansion of formal housing finance. High interest rates limited long-term som-denominated funding, and low household incomes continue to restrict access. Modest improvements were driven by gradual banking reforms and rising urban housing demand, yet the system remains dependent on policy intervention rather than market mechanisms.

Georgia. Georgia has developed one of the most advanced and resilient mortgage markets in the Caucasian and Central Asian (CCA) region, reflecting strong banking oversight and a well-regulated financial system. The mortgage-to-GDP ratio hovered around 13-14% in 2024, after years of double-digit loan growth supported by stable macroeconomic conditions and low foreign-exchange exposure. Recent macroprudential tightening – such as debt-to-income limits – has moderated lending but strengthened credit quality. The Georgian experience illustrates how prudent regulation can balance expansion with long-term financial stability.

Azerbaijan. Azerbaijan’s mortgage-to-GDP ratio increased from 2.4% in 2019 to 3.4% in 2024, reflecting the gradual deepening of the housing finance market amid sustained policy support and rising household demand. The expansion was driven by the Mortgage and Credit Guarantee Fund’s (MCGF) subsidized refinancing schemes, which enabled banks to offer long-term fixed-rate loans at below-market rates, as well as steady income growth and urban housing demand. Following a temporary moderation in 2021–2022, partly reflecting base effects from rapid GDP growth and lingering post-pandemic uncertainty, mortgage lending accelerated in 2023–2024 amid favorable macroeconomic conditions, easing inflation, and sustained state-backed refinancing through the MCGF. Despite this progress, the mortgage market remains relatively shallow compared to regional peers, suggesting scope for further development through enhanced financial instruments and secondary mortgage market expansion.

Armenia. Armenia’s mortgage-to-GDP ratio rose sharply from 5.5% in 2019 to an estimated 14.4% in 2024, a level notably higher than in peer economies in the CCA region. This reflects rapid financial deepening in household credit and a sustained expansion of the housing market, supported by strong income recovery, rising remittance inflows, and the expansion of state-subsidized mortgage programs that improved access to long-term housing finance, particularly for young families and regional borrowers. The post-pandemic environment fostered an acceleration in mortgage lending as banks operated under abundant liquidity, declining interest rates, and strengthened risk management, contributing to greater housing affordability and continued financial sector resilience.

Russia. Russian Federation’s outstanding mortgage debt is markedly higher relative to GDP. By 2024, Russian banks held about 20 trillion RUB in outstanding housing mortgages². With Russia’s GDP in 2024 roughly 201.15 trillion RUB³, this implies a mortgage-to-GDP ratio on the order of 10%, roughly double that levels in Uzbekistan and Kazakhstan. This mortgage stock has grown very rapidly, from about 4.7% of GDP in 2015 to roughly 10.3% by 2023, driven largely by aggressive lending and government subsidized programs in recent years⁴.

Mortgage interest rates and lending conditions

Kazakhstan. In Kazakhstan, the average effective mortgage rate in 2022-2024 was 8–11.5%, well below the central bank policy rate (which ranged from 10% to 17% over these years). This differential was driven by government-subsidized programs and preferential funding through the NBK and Otbasyl Bank, including initiatives such as government program “7-20-25”, Baqytty Otbasyl (“2-10-20”), and Shanyraq (“5-10-20”). However, compared with Uzbekistan, where market-rate mortgages were commonly 17–25% in 2023–2024, Kazakhstan’s commercial offers sit in a similar band, but concessional penetration (Otbasyl/7-20-25 and other programs) pulled the system-wide averages down to below the central bank policy rate, which is not representative of purely commercial pricing.

²https://www.cbr.ru/statistics/bank_sector/mortgage/Indicator_mortgage/1124/

³<https://rosstat.gov.ru/statistics/accounts>

⁴<https://www.globalpropertyguide.com/europe/russia/price-history>

Uzbekistan, likewise, has had double-digit inflation and high bank lending rates in recent years. To facilitate lending, the Uzbek government provides subsidies that bring borrower rates down to 7% for privileged groups and 10–12% for others – quite similar to Kazakh subsidy levels. In effect, an Uzbek first-time buyer might also pay 10% interest out of pocket, with the government covering the rest.

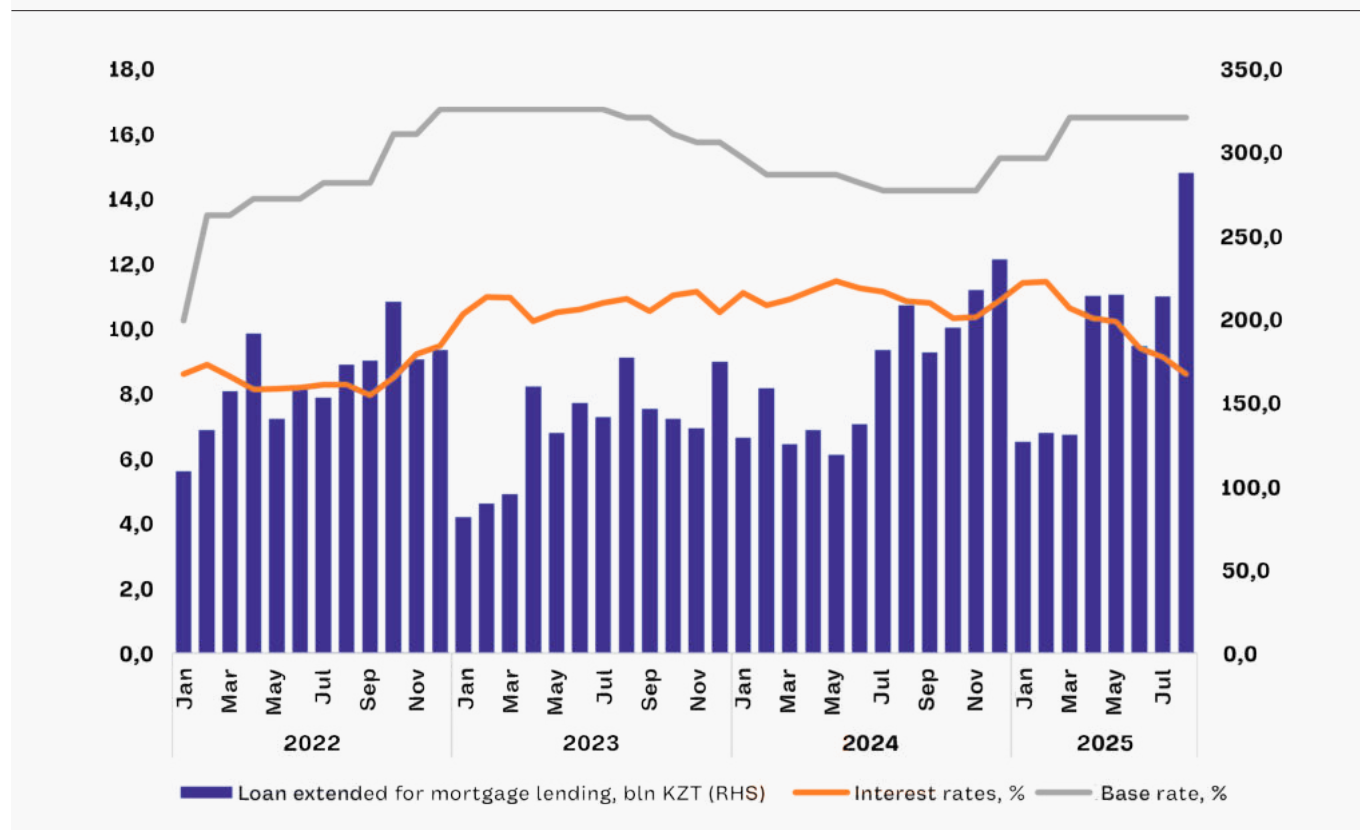
The policy similarity is that both countries have accepted the fiscal/quasi-fiscal cost of low-interest mortgages to jump-start homeownership. A difference is that Kazakhstan's flagship 7% rate was available more broadly (to any qualifying citizen for new housing), whereas Uzbekistan's lowest rates are tightly targeted to certain social categories and often shorter term (up to 20 years).

Uzbekistan's typical mortgage term is also 15–20 years, but with many loans being paid off early due to rapid income gains or refinancing. Another nuance is that Kazakhstan briefly capitalized on a unique strategy – allowing pension fund withdrawals for housing – which injected liquidity and made one-time outright purchases possible for many. Uzbekistan has no analogous policy, instead relying purely on credit to bridge the affordability gap.

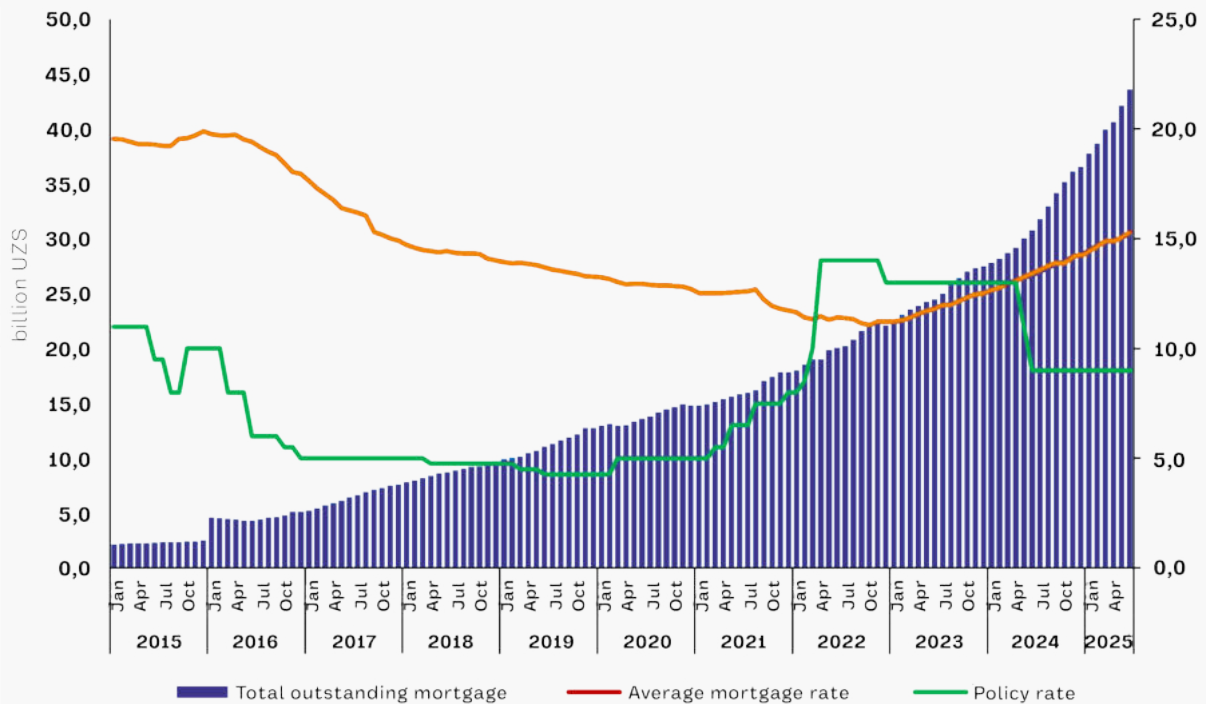
Overall, both countries managed to keep mortgage rates in near single digits for borrowers via subsidies, even as their central bank rates were high (Uzbekistan's policy rate has been around 14%, Kazakhstan's up to 17%). This reflects a common challenge: how to expand mortgage lending in a high-inflation environment without pricing loans out of reach.

Kyrgyzstan. Kyrgyzstan's mortgage interest rates have remained high and prohibitive for most households. Commercial bank mortgages carry annual rates on the order of 18–20%, reflecting tight monetary conditions and credit risks. These high rates make monthly payments very expensive relative to incomes. By contrast, the government's preferential mortgage programs offer subsidized rates – initially 8–12%, later reduced to about 7–9% for eligible borrowers to improve affordability for targeted groups (public sector workers and young families). In recent years, further subsidies through the “My House” state program have even enabled some loans as low as 4–8% under special financing schemes. However, these low-rate loans are limited in volume and scope.

Mortgage loans in Kazakhstan



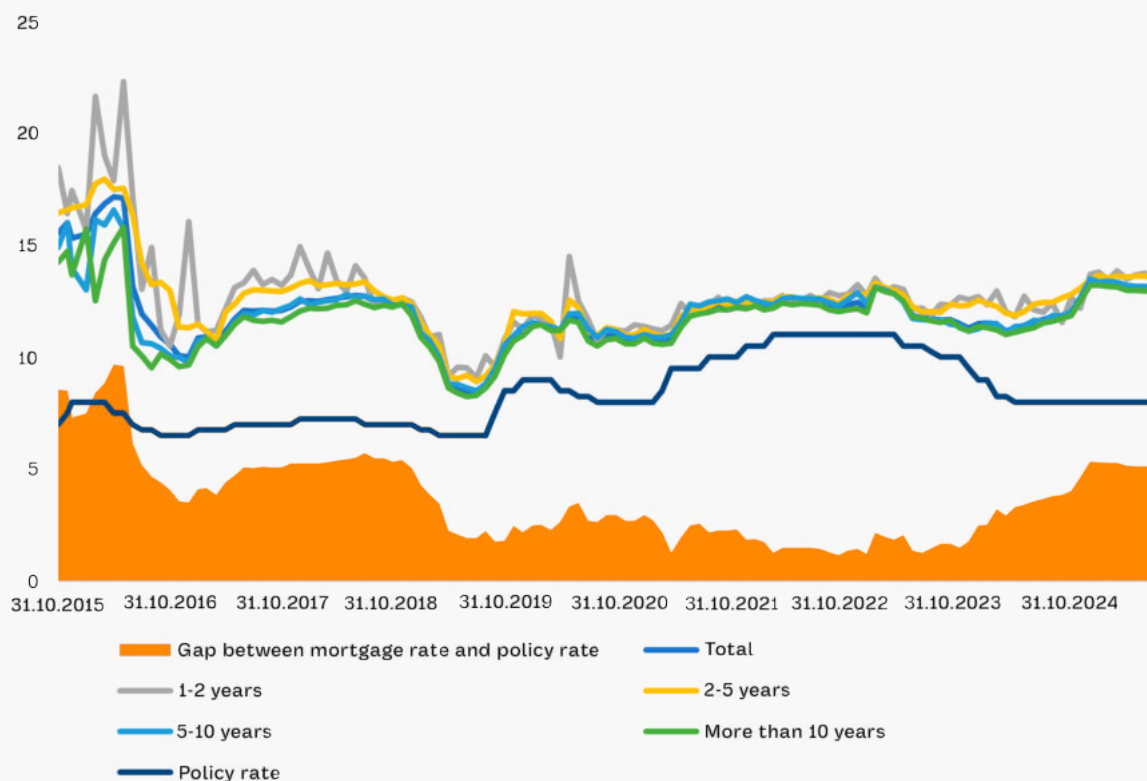
Mortgage loans in Kyrgyzstan



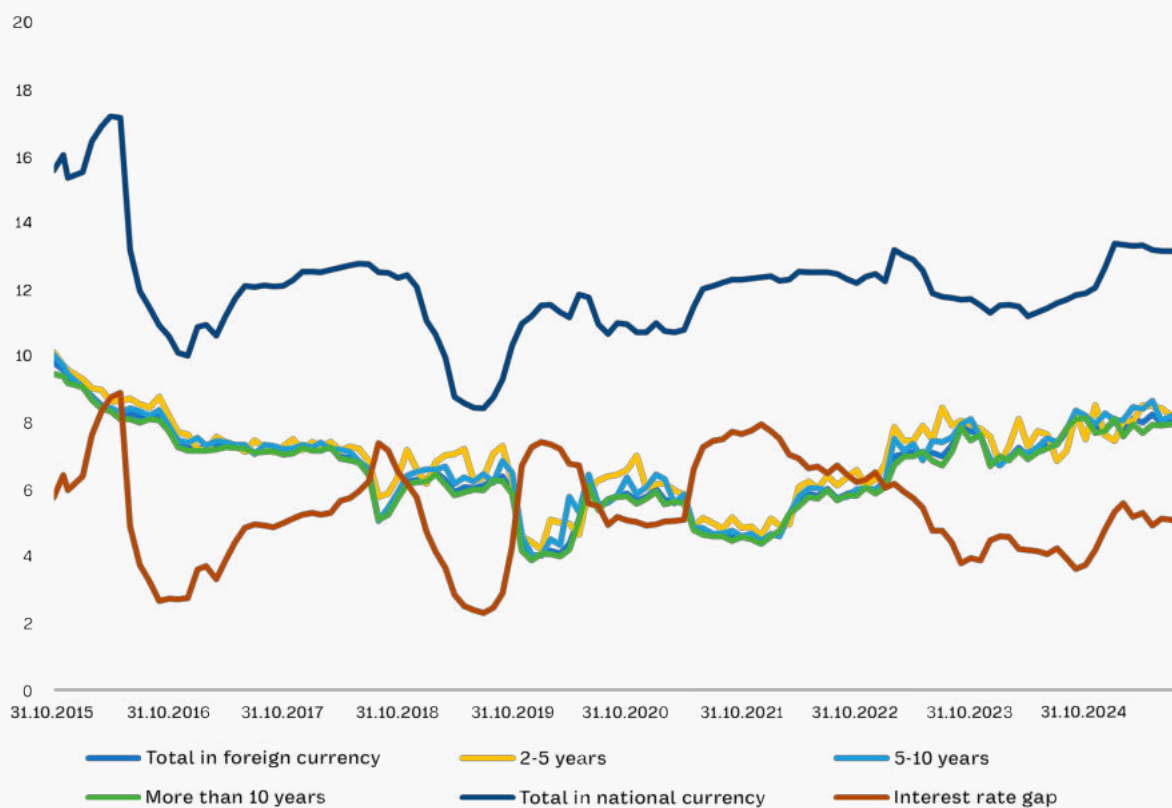
Georgia. Georgia’s mortgage market has matured under a high-interest environment, though rates have moderated somewhat compared to a decade ago. Local-currency (lari) mortgage loans carried interest rates generally in the low teens over 2019–2023, with averages fluctuating roughly between 8.5% and 11%. By late 2024, typical new mortgage rates were around 11–12%, rising further to about 13% in mid-2025 amid tighter monetary conditions. These rates, while high by international standards, are still slightly lower than unsubsidized mortgage rates in Uzbekistan, which often exceed the mid-teens.

Notably, Georgia sharply limits foreign-currency mortgage lending: lari-denominated mortgages can have long tenors (15+ years), whereas FX mortgages are capped at 10-year terms, offered only to borrowers with foreign-currency income, and carry lower interest (7–8% in recent years). This de-dollarization policy is similar to Uzbekistan’s push for soum-denominated housing loans – both countries learned the risks of FX loans and now promote local currency credit.

Mortgage interest rates in national currency in Georgia (%)



Mortgage interest rates in foreign currency in Georgia (%)



Azerbaijan. The maximum market interest rate for commercial mortgages in Azerbaijan is formally set at 16.5%. However, in practice, the average annual mortgage rate stood at about 9.25% in 2024, below the levels observed in regional peers. Azerbaijan mandates fixed interest rates over the full loan term, in contrast to systems that rely on variable rates, as a social protection measure to maintain stable monthly repayments. In subsidized segments, the average effective mortgage rate was 6.4% in 2024, with the average monthly mortgage payment accounting for around 44% of the average wage.

Armenia. Market mortgage rates in Armenia typically range from 12% to 13%, with some fully fixed-rate loans reaching up to 14.5%. These rates reflect the commercial lending environment, influenced by the Central Bank of Armenia's policy rate (currently 6.75%) and inflation expectations. Borrowers opting for fixed-rate loans over 20–30 years usually face higher rates due to the long-term interest risk borne by lenders. Under government-supported programs (such as the “Affordable Housing for Young Families” or military housing schemes), borrowers benefit from interest subsidies that reduce the effective rate to 5.5%–7.5%, depending on location and eligibility. For example, loans in Yerevan may carry a subsidized rate of 7.5%, while those in the provinces may go as low as 5.5%. In some targeted schemes (e.g., for displaced families or border villages), borrowers receive zero-interest loans.

Russia. The mortgage market in Russia in 2024 operated under exceptionally tight monetary conditions. The Bank of Russia's policy rate rose from 16% at the beginning of the year to 21% by December 2024⁵. This aggressive tightening transmitted rapidly into lending markets, pushing up average mortgage rates and sharply increasing monthly payments. The average blended mortgage rate (including both market and preferential loans) increased from 14.98% in January 2024 to 24.64% in December 2024, implying that the typical monthly payment on a 4 million RUB, 30-year mortgage rose from 51000 to 82 000 RUB per month⁵.

Detailed monitoring by the Bank of Russia confirms the wide dispersion of rates depending on loan type. By December 2024, the average weighted mortgage rate across all loans stood at 8.5%. Within this aggregate, mortgages under equity-participation contracts (new-builds, “ДДУ – договоры долевого участия”) carried an average rate of 6.1%, while the market rate for ready housing averaged 13.4%⁶. However, sectoral data from Frank RG show that by December 2024, new-issuance market mortgage rates reached 28.4–30.4%, reflecting the dominance of high-cost commercial products after the phase-out of mass subsidies⁷. The contrast between subsidized and market loans widened substantially during 2024, creating a dual-tier mortgage system.

Preferential lending remained critical in sustaining activity. Approximately 76% of all new mortgages issued in December 2024 were under state-supported programs such as the Family Mortgage and IT Mortgage schemes⁷. These programs offered borrowers fixed rates of around 6%, far below market levels, cushioning the impact of monetary tightening on targeted households. Nevertheless, the termination of the universal “Preferential Mortgage on New Buildings” in July 2024 sharply curtailed overall issuance, and the annual number of new mortgages fell by 63% compared with 2023⁷.

Lending standards tightened further through higher macro-prudential buffers and stricter limits on debt-service-to-income (DSTI) ratios. From March 2024, banks faced higher capital surcharges on loans with down-payments below 10% or DSTI above 80%, effectively restricting high-risk borrowers⁵. These measures, combined with the sharp rise in nominal rates, constrained mortgage accessibility despite the nominal expansion of the portfolio to 20 trillion RUB. The Bank of Russia temporarily removed the upper cap on the total cost of credit from October 2024 to March 2025 to prevent a collapse of issuance, but affordability remained under strain⁵.

⁵<https://www.banki.ru/news/lenta/?id=11009942>

⁶https://cbr.ru/statistics/bank_sector/mortgage/indicator_mortgage/1224/

⁷<https://frankrg.com/news/ipoteka-itogi-dekabrya-2024-goda>

Overall, 2024 marked a turning point for Russia's mortgage market, with lending conditions shifting from an era of easy subsidized credit to a period of costly market financing. The coexistence of preferential loans at 6% and market rates exceeding 25% underscores the heavy fiscal role of the state in preserving demand. For comparison, Kazakhstan and Uzbekistan maintained effective borrower rates near 7–10% through targeted subsidies, while Georgia and Kyrgyzstan faced mid-teens market rates. Russia's dual-rate structure reflects both macroeconomic stress and an ongoing policy dilemma: preserving housing affordability while containing inflationary pressures and fiscal exposure.

Down payments and LTV ratios

Kazakhstan. There is a shared ethos of requiring borrowers to have some skin in the game. Kazakhstan's standard minimum down payment is 20% (LTV 80%), which is the same in Uzbekistan's mainstream programs. However, in Kazakhstan, a large portion of borrowers take the maximum LTV offered – especially under subsidized schemes that encourage maximum leverage (since the rates are low, it makes sense for families to borrow as much as allowed). In Uzbekistan, recent data show the average LTV is only 63%⁸. This means many Uzbek buyers put well above 20% down (some likely over 50% down). One reason is cultural and practical: historically, Uzbeks relied on savings and family support to build houses, so taking a loan is still somewhat conservative – those who do borrow often combine it with substantial cash savings. Another reason is that Uzbek banks initially had lower LTV limits for some programs (e.g. max 70–80%), and property values have risen such that the loan covers a smaller share.

By contrast, Kazakhstan's long-established housing bank system encouraged people to save first (thus a segment comes with big down payments via Otbasy savings), but those using "7-20-25" or bank loans generally stick to 20% down. Special programs in both countries allow lower down payments for priority groups: Kazakhstan's 10% down for Baqytty/Shanyraq is mirrored by Uzbekistan's support for youth and low-income. In short, the formal policies are similar, but on average Kazakh borrowers have leveraged more (higher LTVs) while Uzbek borrowers often bring more equity (lower LTVs). This is evidenced by Uzbekistan's concerted effort to reduce credit risk – early 2025 figures show a decline in average LTV thanks to more borrowers making large prepayments or starting with bigger down payments.

Kyrgyzstan. Commercial banks typically require a down-payment of at least one-third of the value of the property. The state program initially tried to allow lower down payments, but in practice borrowers still needed substantial equity. In 2024, a new initiative "Shared Housing Construction" under "My House 2021-2026" program allowed mortgages without credit history or income verification – a notable relaxation of underwriting – but mandated a hefty 50% down payment (with loans up to 15 years at 8% interest). This essentially swaps credit requirements for equity: only households who can put up half the property value in cash can benefit. While this approach aims to include citizens with informal incomes (a parallel with Uzbekistan's efforts to broaden access), it underscores that most Kyrgyz buyers must invest significant savings upfront. As a result of high rates and large down payments, typical MPIR are very high.



Many Kyrgyz families would need to devote on the order of 40–50% of their monthly income to service a mortgage for a modest home, far above the comfort range in advanced markets. For example, under the state program a 1 million KGS loan requires a family income of about 22–24 thousand KGS per month – implying roughly half of their income would go to the mortgage. Such steep payment burdens mean that only middle- and upper-income households (or those with remittance support) can qualify for and sustain mortgages. Uzbekistan faces a similar challenge: despite higher average incomes, Uzbek households also struggle with large payment shares given double-digit interest rates. In both countries, banks mitigate risk by keeping LTV ratios relatively low (50–70%), but this makes homeownership elusive for first-time buyers without substantial savings.

Housing affordability in Kyrgyzstan has worsened in recent years due to surging property prices outpacing income growth. After a brief improvement in 2021–2022 – when rising wages slightly outran home prices, reducing the average price-to-income multiple from 11.8 to 10.4 years' worth of income – the trend reversed sharply⁹. By the end of 2024, apartment prices had jumped about 27.5% year-on-year, while wages grew only 12%¹⁰. Consequently, the housing affordability index (measured as years of average income needed to purchase a standard home) deteriorated from roughly 7 years to 7.6 years.

Georgia. Georgia caps LTV at 90% for local-currency mortgages and 70% for FX mortgages, translating to a 10% minimum down payment in lari (and a hefty 30% if taking an FX loan). Uzbek lenders traditionally require around 20–25% down payments as well, but Uzbekistan has increasingly supplemented this with state-provided down-payment assistance for priority groups. Georgia's approach, by contrast, relies on prudential regulation rather than direct subsidy – a notable policy difference aimed at sustainable lending standards

Housing affordability remains a challenge in Georgia, though by some measures Tbilisi is more affordable than several peer cities. The house price-to-income ratio in Tbilisi is about 11:1, meaning an average apartment costs roughly 11 years of an average household's annual income. However, Tbilisi's affordability ratio is slightly better than in some regional capitals (e.g. Belgrade or Yerevan) thanks to Georgia's rising incomes and still moderate home prices. High home prices relative to earnings in both Georgia and Uzbekistan underscore the importance of mortgage finance and subsidy programs for first-time buyers. On the other hand, Georgia's price-to-rent ratios are relatively low – bolstered by very robust rental yields around 8–9% in Tbilisi. Such yields imply a price-to-annual-rent multiple near 11, which is attractive for investors and reflects strong rental demand (partly from expatriates, digital nomads, and post-2022 influx of Russians).

Azerbaijan. Down payment requirements in Azerbaijan are generally in line with international norms, though special programs allow more lenient terms. Under the MCGF standard program, borrowers must provide around 20%–30% of the property price as a down payment (70–80% loan-to-value). Preferential “social mortgage” loans require only 10% down, a generous condition that improves access for eligible groups such as public sector workers, young families, and others. So, Azerbaijan's social mortgages offer a comparatively lighter upfront burden. Loan tenors are long, further easing monthly costs: standard mortgages run up to 25 years and social mortgages up to 30 years. As a result, the average mortgage term in Azerbaijan is about 23–24 years. These extended terms and moderate interest rates keep monthly payments relatively low (around 400 AZN on average in recent years, though in practice many households still find mortgages challenging to afford without subsidy.

⁹Central bank of Uzbekistan, 2024. Mortgage Loans Review.

¹⁰National Bank of the Kyrgyz Republic. 2022. The Financial Sector Stability Report of the Kyrgyz Republic.

¹¹<https://www.akchabar.kg/en/news/rinok-nedvizhimosti-ukhodit-vse-dalshe-ot-dostupnosti-dlya-srednestatisticheskogo-pokupatelya-dhbxmfemhlhcmch>

¹²State Statistical Committee of Azerbaijan.

Despite favorable loan terms, housing affordability remains a critical challenge in Azerbaijan. Home prices have far outpaced income growth over the past five years, making the typical mortgage payment-to-income ratio very high. It is estimated that the price of an average apartment in Baku is equivalent to about 18 years of the average monthly salary¹¹. In other words, if an average Baku resident saved all their income, it would take nearly two decades to buy a home – an extraordinarily high price-to-income ratio by global standards (for context, a 4–6-year ratio is considered affordable). This imbalance means that even with 7–8% interest rates, the monthly mortgage installment often exceeds the average household's income, putting homeownership out of reach for many without government assistance.

Armenia. Armenia has adopted a similarly cautious approach to household leverage in its mortgage market, embedding macroprudential safeguards that balance housing access with financial stability. The Central Bank of Armenia imposes a DSTI cap of 45–50%¹² for most market-based mortgages, with a higher ceiling of 70% allowed under subsidized programs, contingent on specific affordability and insurance criteria. Armenia's LTV thresholds further reinforce resilience – market loans are capped at 70%, while 90% LTV is permissible under subsidized mortgages only when the excess exposure is insured. This risk-sharing mechanism is designed to limit credit exposure while improving access.

Russia. Russia's underwriting in 2024 moved decisively toward larger borrower equity and lower leverage. The most consequential change for the mass market was the tightening of the universal preferential new-build program at end-2023, which raised the minimum down payment from 20% to 30% and halved the loan cap; these stricter terms applied through the first half of 2024 until the program's termination in July, materially reducing the pool of high-LTV borrowers who could access subsidies.

In parallel, the Bank of Russia increased macroprudential add-ons effective 1 March 2024, sharply raising capital requirements for loans with small down payments and/or high payment-to-income (“показатель долговой нагрузки (ПДН)”), and making issuance to borrowers with <10% down or payment-to-income >80% effectively uneconomic for banks.¹³ These add-ons escalate steeply as LTV rises (e.g., higher surcharges when LTV exceeds 80–85%, especially at elevated payment-to-income), reinforcing a de-facto LTV ceiling near 80% for most originations.

Market evidence confirms the shift in practice. In the first months of 2024 the single largest bucket of new mortgages featured down payments of 20–30%, accounting for roughly 52% of transactions (up from 45% in 2023), indicating clustering of LTVs around 70–80% and a retreat of very high-LTV lending¹⁴. The Bank of Russia subsequently reported that the share of mortgages with initial down payments below 20% fell from a peak of about 51% in Q3-2023 to around 5% by early 2025, declining to 2% in the equity participation agreements/new-build segment and 12% on the secondary market, with the drop driven by the 2024 macroprudential measures; this trajectory is consistent with the observed tightening through 2024¹⁵.

Taken together, Russia's 2024 configuration resembles the prudential stance seen in Kazakhstan and Georgia: formal program rules and macroprudential measures, rather than a blanket statutory cap, push borrowers toward at least 20% equity and LTVs at or below 80%, with stricter terms for subsidized products when risks are higher. In operational terms, the 30% minimum down payment under the now-terminated universal preferential program, the continued 20% floor in targeted schemes (e.g., family mortgage), and materially higher risk weights for high-LTV loans produced a distribution concentrated in the 20–30% down-payment range and a marked reduction of <20% down loans during 2024¹³.

¹²ADB

¹³<https://www.cbr.ru/press/pr/?file=638392704492893704FINSTAB.htm>

¹⁴<https://domrfbank.ru/press/private-clients/bank-dom-rf-sredniy-razmer-pervonachalnogo-vznosa-po-ipoteke-uvlechilsya-do-30/>

¹⁵<https://www.cbr.ru/press/pr/?file=638811071460772255FINSTAB.htm>

Mortgage regulation and prudential measures

Kazakhstan. Both countries learned from past credit booms and have taken steps to avoid unsustainable household debt. Kazakhstan has been proactively using macroprudential tools – implementing a DSTI cap (initially 50%) on unsecured loans in 2019, now extended to all loans¹⁶ and introducing debt-to-income (DTI) limits in 2024¹⁷. Uzbekistan, for its part, has also imposed limits (the CBU set a recommended maximum that a borrower’s total debt payments do not exceed 50% of income). The regulatory frameworks are converging, but Kazakhstan’s is arguably more institutionalized after the 2023 legislative changes that empower the NBK to set binding macroprudential norms.

One telling difference is consumer credit: Kazakhstan saw a consumer lending surge and ensuing bust in the mid-2010s, leading to stricter rules. Uzbekistan’s consumer lending is growing, so it is now adopting similar precautions. For mortgages specifically, neither country experienced a serious mortgage default crisis in the last five years – partly due to prudent underwriting and partly because of culturally strong repayment norms (people prioritize keeping their homes). Non-performing mortgage loans remain under 5% in both cases (Kazakhstan’s overall NPL 3%). In essence, both Kazakhstan and Uzbekistan have maintained sound credit quality in housing finance, aided by regulators’ focus on affordability metrics. Kazakhstan’s recent move to tighten the DSTI cap in late 2023 (reducing the ratio, possibly from 60% to 50% for high-income borrowers) shows a commitment to long-term stability.

Georgia. The National Bank of Georgia (NBG) applies borrower-based “responsible lending” rules alongside capital- and liquidity-based macroprudential instruments. Since 2019, a dedicated Regulation on Responsible Lending to Natural Persons has required banks to perform solvency analysis before granting credit, anchoring the framework in borrower affordability tests¹⁸.

Core payment-to-income (PTI) and LTV ceilings are explicit and currency-differentiated: for lari loans, monthly payments may not exceed 25% of net income for low-income borrowers and 50% of income for those earning above 1 500 GEL¹⁹. Stricter limits apply to foreign-currency loans (PTI is 20% for monthly net income < 1 500 GEL and 30% for ≥ 1 500 GEL). These PTI ratio caps ensure Georgian households do not become over-indebted relative to their earnings. Likewise, minimum down-payment requirements are high. LTV caps are 90% for GEL mortgages and 70% for FX mortgages²⁰.

Georgia’s de-dollarization policy complements these borrower-based tools. A ban on FX loans below 200 000 GEL, introduced with the 2019 responsible-lending package, curtailed small unhedged FX borrowing. In 2025, the Financial Stability Committee (FSC) raised the limit on unhedged FX loans from 500 000 GEL to 750 000 GEL (effective August 1, 2025), while maintaining the cyclical component of the countercyclical capital buffer (CCyB) unchanged and continuing the accumulation of the neutral component²¹.

On the supply-side, Georgia operates a Basel-aligned capital framework with capital standards based on Basel III/CRR-CRD and a full macroprudential toolkit: CCyB, systemic (O-SII) buffers, Pillar 2 add-ons, and liquidity standards (LCR/NSFR)²². NBG has formally designated systemically important banks and imposes bank-specific systemic buffers²³. In addition, minimum reserve requirements are differentiated by currency and maturity – 5% on GEL funds and 10-25% on FX funds depending on the bank’s dollarization level – which supports de-dollarization and liquidity resilience²⁴.

Foreign-exchange risk is constrained through net open FX position limits set by NBG; market disclosures describe a 20% of regulatory capital ceiling.²⁵ Collectively, these measures form a conservative macroprudential stance aimed at limiting household leverage, containing FX risk, and preserving banking-sector resilience through the cycle.

¹⁶World Bank. 2024. Republic of Kazakhstan: Financial Sector Assessment.

¹⁷IMF. 2025. Republic of Kazakhstan: 2024 Article IV Consultation – Press Release; and Staff Report. IMF Country Report No. 25/30.

¹⁸<https://nbg.gov.ge/en/media/news/the-national-bank-of-georgia-has-approved-the-regulation-on-responsible-lending-to-natural>

¹⁹National Bank of Georgia. <https://nbg.gov.ge/en/page/pti-and-ltv-requirements>

²⁰<https://nbg.gov.ge/en/page/pti-and-ltv-requirements>

²¹<https://nbg.gov.ge/en/media/news/financial-stability-committee-s-decis-15>

²²<https://nbg.gov.ge/en/page/capital-standar-1>

²³<https://nbg.gov.ge/en/financial-stability/systemic-buffer>

Category	Georgia (Current Framework & Decisions)
Regulatory authority	National Bank of Georgia (NBG)
Legal basis	Responsible Lending regulation and published PTI/LTV thresholds
Borrower-based limits	PTI and LTV ratios differentiated by currency and income
FX-loan size rules	Unhedged FX-loan limit raised to 750 000 GEL from Aug 1, 2025
Capital adequacy & buffers	Basel III CCyB (neutral+cyclical), O-SII buffers, Pillar 2
Liquidity standards	LCR adopted; NSFR implemented since 2019
Reserve requirements	5% GEL; 10–25% FX (bank-specific)
FX risk constraint	Net open FX position ≤20% of regulatory capital

Azerbaijan. The Central Bank of Azerbaijan (CBA) has eased mortgage lending conditions to support first-time homebuyers. In August 2022, the CBA introduced differentiated LTV limits for residential mortgages: first-time buyers are now required to provide a minimum down payment of 15% (LTV ≤ 85%), compared with the previous 30% requirement (LTV ≤ 70%), while borrowers already owning housing remain subject to a maximum LTV of 70%. These rules do not apply to preferential loans financed through the MCGF²⁶ ²⁷. All mortgages must be secured by registered residential real estate located in Azerbaijan, and borrowers must meet creditworthiness criteria set out under the Law on Consumer Credits and related CBA prudential regulations. All mortgages must be secured by registered residential property within Azerbaijan, and borrowers are required to meet general credit-worthiness criteria under the Law on Consumer Credits and CBA lending regulations.

Since 2023, the CBA has tightened borrower-based prudential measures to mitigate household leverage and strengthen financial stability. It introduced a formal DTI cap of 70% for household borrowers, complementing existing LTV limits on residential property loans. Within this framework, banks must apply graduated risk weights when calculating capital adequacy: 100% for borrowers with DTI ratios up to 45%, 200% for ratios between 45% and 60%, and 230% for ratios between 60% and 70%. These prudential tiers are designed to discourage excessive indebtedness and ensure that credit expansion remains consistent with macro-financial stability objectives.²⁸

Since the 2015 FSAP, the CBA has expanded its toolkit to address both systemic and foreign exchange-related risks, introducing a range of capital- and liquidity-based measures. The framework includes countercyclical and capital-conservation buffers, additional capital

²⁴<https://nbg.gov.ge/en/page/minimum-reserve-requirements>

²⁵https://gse.ge/upload/Consolidated_Interim_Management_Report_HY23_ENG_509c8123.pdf

²⁶<https://www.cbar.az/press-release-3890/ipoteka-kreditlrinin-tnzimlnmsi-il-bagli-mtbuatda-gedn-mlumatlarin-aydinlasdirilmasina-dair-mlumat>

²⁷<https://www.elibrary.imf.org/downloadpdf/view/journals/002/2025/099/002.2025.issue-099-en.pdf>

²⁸<https://uploads.cbar.az/assets/Regulations%20on%20credit%20risk%20management%20in%20banks.cleaned.pdf>

²⁹<https://www.elibrary.imf.org/downloadpdf/view/journals/002/2025/099/002.2025.issue-099-en.pdf>

requirements for domestically systemically important banks (D-SIBs), restrictions on large exposures, limits on open foreign-exchange positions, and higher reserve requirements for FX deposits²⁹. In line with Basel III, the Liquidity Coverage Ratio (LCR) was implemented in 2023, and a 0.5% countercyclical capital buffer (CCyB) will take effect from March 1, 2025³⁰. To mitigate FX-related vulnerabilities, the CBA maintains prudential restrictions on FX mortgages, higher risk weights on unhedged FX consumer and corporate loans, and reserve requirements on foreign-currency liabilities. These measures complement the authorities' ongoing de-dollarization policy and efforts to strengthen banks' resilience against exchange-rate shocks.

During the COVID-19 period, the CBA adopted temporary capital-relief measures to sustain credit supply most notably reducing the risk weight for mortgage loans financed from banks' own resources from 100% to 50% before restoring the standard risk weight of 100% in 2021. Banks are subject to Basel-aligned capital-adequacy ratios (Tier 1 \geq 8%; Total Capital \geq 12%) and must comply with IFRS 9-based provisioning standards, applying full provisioning for non-performing exposures. The CBA's Regulation on Credit Risk Management in Banks codifies detailed requirements for assessing borrower repayment capacity, collateral quality, and credit-risk concentration.³¹

Armenia. The Central Bank of Armenia enforces comprehensive prudential limits to ensure mortgage market stability. Under the Central Bank of Armenia Regulation No. 2 on Prudential Standards for Banks, mortgage loans are subject to a LTV cap of 70% (minimum 30% down payment)³². Since 2022, the Central Bank of Armenia has applied differentiated LTV ceilings 90% for AMD loans (with insurance) and 70% for foreign-currency loans to limit currency and credit risk, though FX mortgages to residents have been effectively eliminated in practice.³³ Moreover, specific limits are applied for other housing loan types: up to 70% for construction loans and up to 50% for renovation loans.³⁴

Monthly mortgage payments including principal, interest, and insurance must not exceed 40% of a borrower's gross income, while total debt obligations are generally limited to 35–50%, depending on loan classification and supervisory criteria. These thresholds originate from the Central Bank of Armenia's minimum underwriting standards, which initially set a 40% cap on mortgage payments and a 50% ceiling on overall debt obligations³⁵. In practice, commercial banks and state-affiliated mortgage institutions, such as the National Mortgage Company (NMC) and Home for Youth (HFY) apply slightly higher operational thresholds of 45–50% DTI ratios for insured or government-backed loans³⁶.

Armenia's banking system operates under Basel III-aligned prudential and macroprudential standards established by the Central Bank of Armenia. Mortgage loans that meet all underwriting criteria, including prescribed LTV and debt-service limits, qualify for a 35% risk weight, while higher-risk mortgages exceeding these parameters are assigned a 75% risk weight³⁷. Banks are required to maintain a minimum Tier 1 capital ratio of 7% and a total capital adequacy ratio of 10%. The framework also mandates macroprudential capital buffers, including a 2.5% capital-conservation buffer and a 1.5% systemic-institution buffer for domestically significant banks, consistent with Basel III principles³⁸. Since 2018, Armenian banks have implemented International Financial Reporting Standard 9³⁹ provisioning standards for expected credit losses, enhancing forward-looking risk recognition. To address pro-cyclical credit dynamics, the CBA introduced a countercyclical capital buffer (CCyB), currently set at 1.75% of risk-weighted assets.

²⁹<https://www.elibrary.imf.org/downloadpdf/view/journals/002/2025/099/002.2025.issue-099-en.pdf>

³⁰<https://www.cbar.az/press-release-4947/the-management-board-of-the-central-bank-has-decided-to-set-an-additional-counter-cyclical-capital-buffer-of-05-on-banks-total-regulatory-capital-and-tier-1-capital-and-to-start-applying-this-standard-after-march-1?language=en>

³¹<https://www.cbar.az/press-release-2580/central-bank-takes-decision-on-additional-measures-to-support-the-population-and-businesses-amid-coronavirus-pandemic?language=en>

³²https://old.cba.am/Storage/EN/regulations/Regulation_2.pdf

³³https://www.cba.am/file_manager/Finstability-reports-en/Stability_Report_2022.pdf

³⁴<https://nmc.am/en/loan-products/construction-loans>

³⁵https://old.cba.am/Storage/EN/regulations/Regulation_2.pdf

³⁶<https://www.adb.org/sites/default/files/linked-documents/58122-001-ssa.pdf>

³⁷https://old.cba.am/Storage/EN/regulations/Regulation_2.pdf

Russia. Recently, mortgage lending standards in response to rapid credit growth in 2023 have been tightened. The Bank of Russia sharply raised capital surcharges (risk-weight add-ons) for high LTV and high DSTI loans in early 2024. From March 2024, loans with down payments below 10% or DSTI ratios above 80% became uneconomical or effectively barred. In practice banks now place strict DSTI checks on applicants – treating debt burden as a key approval criterion. These measures function like an informal DSTI cap: by late 2024, only about 13% of new mortgages went to borrowers with DSTI>80%, down sharply from about 45% in mid-2023⁴⁰. Likewise, the share of loans with down payments under 20% fell from roughly half of originations to about 13% by end 2024. In effect, the high-risk segment has largely disappeared: as of 2025Q1 loans with DSTI>80% accounted for only 3–6% of new mortgages, and loans with <20% down payment only 5% of issuance.

Despite sharply higher rates and shrinking volumes, credit quality has remained sound. Non-performing mortgage loans are minimal – about 0.9% of mortgages were more than 90 days overdue by early 2025 (up from 0.5% in April 2024), far below 5%. Even with recent stress, industry analysts note that most Russian households prioritize mortgage repayment; thus, delinquencies are still very low by international standards⁴¹.

Government programs and housing finance policies

Kazakhstan. Perhaps the most striking similarity is the heavy state involvement in mortgages. In Uzbekistan, the government has been the primary driver of mortgage growth: in 2024, 56% of new mortgages were funded by centralized government resources (budget and Ministry of Economy and Finance lines), with only 35% from banks' own funds and 9% via the UzMRC. Kazakhstan's mix is slightly different but conceptually the same – the state (through Otbasay, the NBK fund, etc.) is behind most cheap loans, while private banks' exposure at market rates is limited.

Both countries essentially treat housing finance as a tool of social policy and economic stimulus. One difference is institutional: Kazakhstan uses specialized institutions (e.g. a dedicated housing bank and a central bank-funded refinance facility) as intermediaries, whereas Uzbekistan initially used state-owned commercial banks and direct budget loans to distribute subsidized mortgages. However, Uzbekistan is now creating institutions similar to Kazakhstan's – e.g. the UzMRC, launched with support from IFIs, is conceptually like a smaller version of Kazakhstan Sustainability Fund (the former Baspana). Its role is to refinance banks' mortgage portfolios by raising capital market funds, thereby eventually reducing reliance on the state budget. This mirrors Kazakhstan's earlier efforts to securitize or refinance mortgages through quasi-state entities.

Another point: Kazakhstan's Otbasay Bank serves as a one-stop hub, whereas Uzbekistan hasn't had a single institution playing that role (instead, multiple banks and a housing subsidy agency share responsibilities). The policy trend in Kazakhstan now is to scale back direct subsidies – the World Bank's 2023 Financial Sector Assessment noted the need for refocusing state interventions to “additionality” rather than market replacement⁴². In Uzbekistan, that conversation is just beginning; currently, the priority is still to expand access, even if it means heavy state financing. Over time, Uzbekistan may take cues from Kazakhstan's experience – for instance, avoiding open-ended interest subsidy commitments that could strain budgets if inflation rises, and instead targeting support more narrowly or introducing partial guarantees to encourage private lending.

Both countries struggle with the question of who ultimately benefits from subsidies – there's evidence in Kazakhstan that subsidies sometimes benefited middle-class households more than the poorest (since one needs some income to get a loan at all). Uzbekistan is mindful of that and has tried to allocate quotas for different income categories, but ensuring equity remains challenging.

³⁸https://old.cba.am/en/SitePages/fsmacropolicy_int.aspx

³⁹https://www.cba.am/file_manager/Finacial%20statement/IFRS_FS_CBA_2018_eng.pdf

⁴⁰https://www.cbr.ru/eng/press/pr/?file=638754019610287962FINSTAB_E.htm

⁴¹<https://www.cbr.ru/press/pr/?file=63881107146072255FINSTAB.htm>

⁴²World Bank. 2024. Republic of Kazakhstan: Financial Sector Assessment.

Kyrgyzstan. The Kyrgyz government has actively intervened to support housing finance, though at a smaller scale compared to Uzbekistan's programs. The cornerstone is the State Mortgage Company (SMC), established in 2015 to implement affordable housing schemes. The SMC operates three main housing finance programs – preferential, social, and affordable mortgages – aimed at expanding access to homeownership across income groups.

The preferential mortgage program is designed primarily for employees of state and municipal institutions, including education, healthcare, and media sectors, reflecting the government's objective of improving living conditions for essential public-sector workers. Eligible applicants must be solvent, aged between 21 and 70, and have at least two years of total employment experience. Loans are extended for up to 25 years at interest rates from 6% per annum, with a minimum 10% down payment (no more than 70,000 KGS=800 USD per 1 m²) and a ceiling of 4 million KGS. Housing units are limited to modest sizes – up to 80 m² for apartments and 150 m² for individual houses – located within a 60 km radius of the borrower's workplace. This program supports stable labor force participation in state institutions while containing fiscal costs through well-defined targeting and property-value caps.

The social mortgage program focuses on vulnerable and socially prioritized groups, including large families, people with disabilities, widows or widowers with minor children, and long-serving public employees. Offering interest rates from 4% per annum and down payments starting at 10% (no more than 80,000 KGS=915 USD per 1 m²), the scheme provides the most concessional terms under SMC's framework. Loan maturity extends to 25 years with a 4 million KGS limit, while eligibility conditions ensure that beneficiaries lack adequate housing and have not transferred ownership within the past three years. Property parameters mirror the preferential scheme but are strictly enforced to avoid misuse. This instrument functions as a social protection tool that directly enhances housing security and welfare for low-income and disadvantaged households.

The affordable mortgage program broadens access to market-based housing finance for the general working population, including private-sector employees and self-employed citizens.

It provides loans up to 5 million KGS for up to 25 years at rates starting from 10%, with down payments beginning at 20% (no more than 70,000 KGS=800 USD per 1 m²). The program allows larger properties – up to 100 m² for apartments and 200 m² for houses – and slightly higher price ceilings to reflect urban market realities. Eligibility requires a minimum of two years of employment or entrepreneurial activity and the absence of residential property ownership during the previous three years. While less concessional, this product is vital for fostering a self-sustaining mortgage segment, promoting private construction, and diversifying the housing finance base, thereby supporting the gradual transition from fully subsidized schemes toward a more market-oriented housing system.

Collectively, these programs constitute a core component of the government's strategy to promote inclusive housing finance, mitigate regional disparities, and strengthen the affordability and depth of the mortgage market.⁴³

Program reforms and innovations were introduced to broaden impact. In 2019, the government proposed a housing savings and loan scheme – essentially a dedicated savings fund to help citizens accumulate down payments and then receive a mortgage at 8–9%. This led to the creation of a “Housing Savings Credit Company” as an SMC subsidiary in the early 2020s, where participants would deposit savings (with a small interest rate bonus of 3–4.5%) and later get a mortgage once 30% of the target amount was saved. Unfortunately, this scheme encountered difficulties and was liquidated by 2024, with SMC taking over its obligations. In parallel, SMC pioneered a financial leasing (rent-to-own) mechanism under the “Menin Üyüm” (My Home) program. This allows families to move into a new apartment and gradually purchase it over up to 25 years, paying an annual rate of just 4–8%. The lease-to-own approach proved popular: from 2019 to 2024, nearly 900 families obtained housing through SMC's financial leasing program⁴⁴. By the end of 2024, the SMC's housing lease portfolio had almost doubled year-on-year to reach 1.87 billion KGS, with very low default levels. This innovation is somewhat analogous to Uzbekistan's interest subsidized mortgages and developer installment plans – both aim to reduce the up-front burden on buyers.



Responding to the persistent housing shortage, Kyrgyzstan massively scaled up its state housing effort in 2023–2024. Under the umbrella of “My House 2021–2026”, SMC shifted from just refinancing loans to also financing construction of affordable housing. As of early 2025, a large-scale program of 61,827 apartments is underway across all regions of the country – a dramatic increase in housing supply aimed at young families and public-sector workers. To fund this, the government boosted SMC’s capital by 50 billion KGS (about 570 million USD), bringing the company’s capitalization to nearly 1 billion USD. This infusion (along with support from development partners like KfW) is being used entirely to construct new housing and expand the mortgage program’s reach. The strategy mirrors some aspects of Uzbekistan’s approach, where the state also channels substantial funds into housing construction projects; however, the centralization of funds in a single mortgage institution (SMC) is a uniquely Kyrgyz model. By end-2024, SMC had provided a cumulative of 10.8 billion KGS in mortgage refinancings to banks and now, with additional capital, it is one of the largest lenders (state-owned or private) in the country. These moves indicate a strong policy push to improve housing affordability through supply expansion and easier credit – though it remains to be seen how quickly the new units will translate into lower prices.

Azerbaijan. Government intervention has been central to Azerbaijan’s housing finance system, primarily through the Mortgage and Credit

Guarantee Fund (MCGF). The MCGF (formed by merging earlier mortgage and guarantee funds in 2017) provides subsidized mortgages and loan guarantees with the goal of improving housing affordability and expanding credit access⁴⁵. In the past five years, the Azerbaijani government consistently allocated budget funds to the MCGF and enabled it to raise capital via bond issues, ensuring a steady flow of mortgage funding. For example, the state injected 87.7 million AZN in 2023 to support social housing loans, and the Fund raised about 500 million AZN through bond issuances that year to finance new mortgages.

Azerbaijan’s “social mortgage” program is a cornerstone for affordable housing. These preferential loans, offered via MCGF agent banks, carry only 4% interest (well below market rates), require just 10% down payment, and extend up to 30-year terms. They are targeted at specific low- and middle-income groups (young families, civil servants, teachers, military, etc.) who meet eligibility criteria. This program is hugely popular and often oversubscribed: it was reported that about 30% of all new mortgages are on concessional terms, and over 70% of apartments sold by the State Housing Development Agency (MIDA) have been financed with these social loans.

⁴³<https://gik.kg/en/products/>

⁴⁴<https://www.akchabar.kg/en/news/sotni-semej-poluchili-zhile-cherez-finansovuyu-arendu-gosipotechnoj-kompanii-qkqajzfgdfkxuns>

⁴⁵<https://aecm.eu/azerbaijan-mortgage-and-credit-guarantee-fund>



The government has kept funding these loans even in tight times, recognizing their importance for social stability and market demand. In fact, increased budget funding in 2023–24 helped stabilize the housing market by enabling more low-cost loans. By comparison, Uzbekistan has in recent years launched its own subsidized mortgage schemes (e.g. reduced-rate loans for first-time buyers), but Azerbaijan’s program – with a 4% rate and long tenor – is among the most generous in the region. This generosity is reflected in extremely low default rates: the non-performing loan (NPL) ratio on MCGF-funded mortgages is just 0.3%, far lower than overall consumer lending NPLs. Effective borrower screening and the fixed-rate structure have kept mortgage defaults to a minimum, a point of success that Uzbekistan’s policymakers are studying as they expand housing credit.

Beyond mortgages, Azerbaijan has innovated with a rent-to-own housing scheme to assist those who cannot afford a mortgage down payment. Since 2019, the MCGF has offered “rent with the right to buy” arrangements, where citizens lease an apartment from the Fund with part of the rent accruing toward eventual purchase. This rent-to-own model – effectively a government-backed installment plan for housing – is unique in the region; Uzbekistan does not yet have a comparable national program. If successful, it could be a transferable solution for Uzbekistan to consider in expanding housing options for those who struggle with large down payments.

Lastly, the Azerbaijani government has been directly involved in housing supply initiatives. The State Housing Development Agency (MIDA)

constructs affordable apartments in Baku and other cities, which are then sold at below-market prices via online platforms. Purchasers often use MCGF mortgages to buy these units, and the process is kept transparent and digitized. New large-scale MIDA projects (e.g. in Yasamal and Hovsan in Baku, and in secondary cities like Ganja and Sumgayit) have delivered thousands of affordable homes, though demand still exceeds supply. The government’s aim is to propose that such projects, combined with interest subsidies and down-payment assistance, will gradually improve affordability. Indeed, Azerbaijan’s policy mix – subsidized loans, rent-to-own, and state-developed housing – provides a set of “practical, transferable” tools for housing sector growth, aligning with approaches seen in peer countries like Kazakhstan and Russia. Uzbekistan, embarking on a similar path, is adopting some of these interventions (for instance, using state funds to refinance mortgages and building new affordable housing neighborhoods), but could further benefit from Azerbaijan’s experience in managing mortgage risk and targeting assistance to those who need it most.

Georgia. Government intervention in housing finance is more limited in Georgia. The Georgian government has implemented a targeted interest-subsidy scheme aimed at improving housing affordability for families with young children and larger households⁴⁶. Under the programme, eligible borrowers can access mortgage loans denominated in lari with the state subsidizing the interest rate for the first five years.

⁴⁶<https://bankofgeorgia.ge/en/retail/loans/subsidized-mortgage-loan>

For example, families with one or two children born after 1 September 2021 may receive a subsidy equal to the refinancing rate of the National Bank of Georgia (NBG) minus 3.5 percentage points (capped at 6%, now 4.5%). Families with three or more minor children benefit from an even higher subsidy: the refinancing rate minus 1.5 percentage points (capped at 8%, now 6.5%). The maximum eligible loan amount under this scheme is up to 200 000 GEL, and participation requires a down payment of at least 15% and compliance with other terms (including family status documentation). The scheme is thus designed to alleviate the initial financing burden for middle-income households, encourage homeownership, and support demographic policy goals.

Up to 8,000 families have already benefited from the state program Subsidized Mortgage Loan, with approved loans totaling 932 million GEL (around 340-350 million USD). The program was launched in 2021; the initiative aims to assist families in building or purchasing a home by subsidizing mortgage interest for five years⁴⁷.

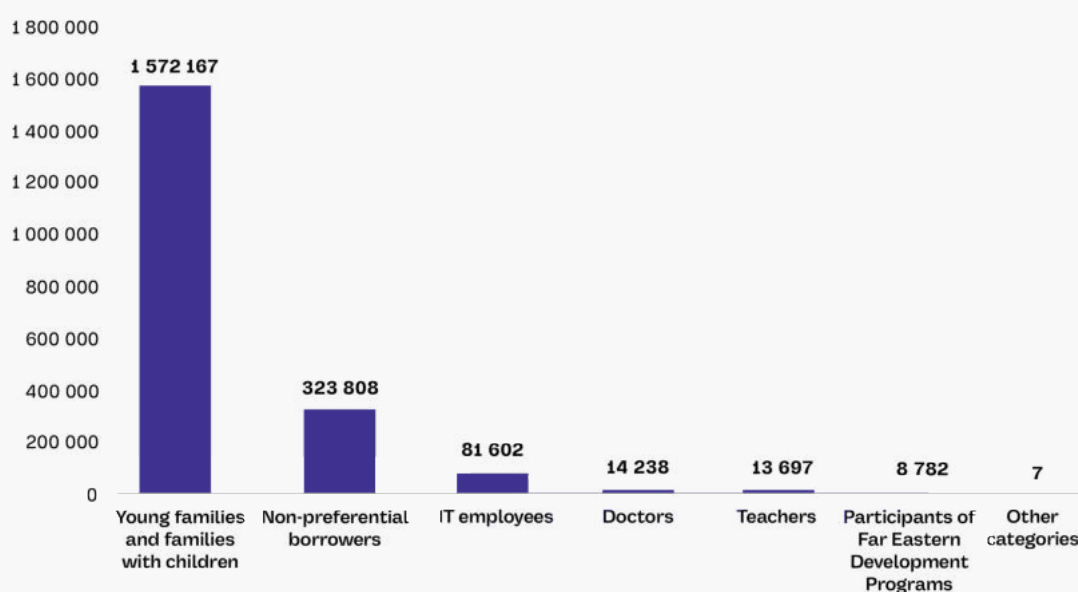
Moreover, Georgia's government has focused on targeted social housing initiatives for vulnerable groups. A key priority has been providing homes for the large number of internally displaced people (IDPs) from past conflicts.

The government's IDP Resettlement Program plans to give 13 000 displaced families new

housing by 2025, with 7 000 families slated to receive apartments in newly built blocks and 6 000 families assisted to resettle in houses in rural areas. This represents a sizable state investment in housing construction and allocation, though it is a social policy targeted at IDPs rather than a general affordable housing scheme. Additionally, local authorities (e.g. Tbilisi City Hall) run projects to house homeless or low-income families – for instance, pledging to provide apartments to hundreds of officially homeless families in the capital.

Russia. Russia's housing finance model in 2024 remained state-led and program-centric, with federal subsidies shaping both the price of credit and the scale of activity. Preferential schemes operated nationwide through commercial lenders and the state development institution "DOM.RF". Coverage was economy-wide rather than pilot-based. Cumulative implementation over 2020–2024 reached about 3.04 million concessional loans totaling 13.5 trillion RUB, issued across all 85 regions by 88 lenders, with an economy-wide weighted-average rate near 5.5% under these schemes. Within this total, the two flagship programs – "Preferential Mortgage" and "Family Mortgage" – accounted for roughly 90% of subsidized volume and more than 92% of transactions, underscoring the centrality of interest-rate support to housing demand⁴⁸.

Number of borrowers in preferential mortgage categories in Russia (2020-2024)



Source: <https://xn--d1aqf.xn--p1ai/programmy-gosudarstvennoj-podderzhki/report/>

⁴⁷<https://bm.ge/en/news/up-to-8000-families-benefit-from-state-subsidized-mortgage-program-here-are-the-terms>

⁴⁸<https://xn--d1aqf.xn--p1ai/analytics/mortgage-market-report/year/531130/>

Program design and parameters were differentiated by target group and region. Until its termination on 1 July 2024, the broad “Preferential Mortgage” offered lending at up to 8% with a minimum 30% down payment, focused on new-build purchases. After termination, disbursements continued only on previously signed contracts. The “Family Mortgage,” which remained the principal instrument after mid-year, provided a 6% rate with a 20% minimum down payment for eligible families with children and was extended to 2030. The Ministry of Finance of Russia indicated total outlays for this extension on the order of 1.5 trillion RUB through 2030 and raised the 2024 allocation by 66.2 billion RUB (on top of 223.8 billion RUB initially budgeted) in response to the high policy-rate environment. Region-specific programs, including the “Far Eastern and Arctic Mortgage” at 2% with a 20% minimum down payment continued as narrower but highly concessional pillars^{49 50 51}.

Funding was explicitly fiscal. Subsidies bridged the gap between market rates (elevated through 2024) and fixed concessional coupons.

The Bank of Russia’s late-2024 mortgage review shows the arithmetic of this subsidy wedge: average rates on all mortgages fell to 8.5% in December as the share of state-supported loans rose, while the average on developer-linked loans held near 6.1% levels only achievable with budget support when the key rate was in the high-teens.

Scale and composition adjusted materially in 2024 as policy shifted from broad to targeted aid. With the termination of the universal “Preferential Mortgage” in July, flows normalized from the 2021–2023 peak: year-over-year, concessional issuance volume declined by roughly 28% and the number of transactions by about one-third, while “Family

Number of issued preferential mortgage loans in Russia (units)

Preferential Mortgage	347801	341059	290165	426511	178822
Family Mortgage	90313	140186	183370	439267	379020
Far Eastern and Arctic Mortgage	14621	17724	25358	39691	43726
Mortgage for IT Specialists	0	0	5664	42055	33778

Source: <https://xn--d1aqf.xn--p1ai/programmy-gosudarstvennoj-podderzhki/report/>

Issued preferential mortgage loans in Russia (million RUB)

Preferential Mortgage	1020253	1054645	1297972	2035283	763300
Family Mortgage	251953	478698	859455	2206971	2137131
Far Eastern and Arctic Mortgage	52130	75001.7	115102	193369	234829
Mortgage for IT Specialists	0	0	51471.1	366352	312664

Source: <https://xn--d1aqf.xn--p1ai/programmy-gosudarstvennoj-podderzhki/report/>

⁴⁹<https://www.reuters.com/world/europe/russia-extends-subsidised-family-mortgage-programme-until-2030-2024-07-10/>

⁵⁰<https://www.reuters.com/markets/europe/russia-spend-extra-165-blm-subsidised-mortgages-by-2030-2024-03-04/>

⁵¹<https://erdc.ru/en/news/zhiteli-arkticheskoy-zony-rossii-poluchayut-pervye-lgotnye-ipoteki/>

Mortgage” volumes were comparatively stable and helped cushion the downturn. Program statistics point to persistent geographic concentration, large agglomerations accounted for a disproportionate share of beneficiaries, though concessional lending was recorded in every region.

Institutionally, the model relies on public coordination and private delivery. “DOM.RF” and the Ministry of Finance of Russia set program parameters and subsidy budgets; commercial banks originate and service loans; and the central bank reports program performance in its statistical bulletins. The Bank of Russia’s program annex lists the current federal lines (Family, Far East/ Arctic, IT, Rural), with explicit legal bases for subsidy administration in 2024, reflecting a mature, rules-based apparatus rather than ad-hoc interventions. Affordability and equity considerations are mixed.

On one hand, large fiscal transfers lowered effective rates to 2–6% for target groups, sustaining access despite very high market funding costs. On the other, broad subsidies created powerful demand-side impulses and regional concentration effects; when the main universal program ended, mortgage issuance and new-home sales fell sharply, revealing the system’s dependence on state support.

The authorities’ 2024–2030 pivot toward a single core instrument (Family Mortgage) and niche regional/professional lines is consistent with international guidance to target additionality and reduce market replacement, but continued careful calibration will be required to balance affordability goals with fiscal costs and housing-price dynamics⁵².



⁵²<https://xn--d1aqf.xn--p1ai/programmy-gosudarstvennoj-podderzhki/report/>

A photograph of a modern, multi-story apartment building with a courtyard. The building features a mix of white and dark grey facades, large glass windows, and balconies with glass railings. The courtyard is paved with light-colored stone tiles and has several young trees and shrubs. The sky is blue with some clouds.

VIII. Conclusion and recommendations

Key findings

Uzbekistan's housing and mortgage markets have undergone deep structural transformation during 2020–2025. The period reflects the consolidation of market institutions, financial diversification, and increasing regional differentiation. The main findings are as follows:

1. Macroeconomic and cyclical context.

Housing market dynamics closely followed macroeconomic cycles. The expansionary phase of 2020–2021 was driven by fiscal stimulus, rapid income growth, and subsidized credit. The 2022–2023 period brought external shocks and speculative pressures, while 2024–2025 marked the beginning of market correction and normalization.

2. Housing prices and affordability.

Real housing prices peaked in 2023 before moderating in 2024–2025. The PIR and MPIR remain high, underscoring persistent affordability challenges. Subsidized mortgages significantly narrow this gap but depend on continued fiscal support.

3. Mortgage market expansion.

The mortgage-to-GDP ratio nearly doubled to 4.7% by 2024, reflecting growing access to long-term credit and institutional strengthening through the UzMRC. However, public resources still finance more than half of all mortgages, highlighting reliance on budgetary channels.

4. Policy architecture.

The introduction of fixed down-payment and interest-rate subsidies under the market-based mortgage mechanism improved access for middle-income households. Over 79,000 beneficiaries received support since 2020, though program costs and targeting efficiency require further refinement.

5. Supply-side bottlenecks.

Despite robust construction activity – over 351,000 new multi-storey units in 2020–2024 – housing supply continues to lag behind demographic growth. Regional disparities remain wide, with shortages concentrated in the southern and eastern regions and affordability constraints most acute in urban centers.

6. Land and construction markets.

Land prices exhibit strong spatial segmentation, reflecting infrastructure readiness and urban density.

The expansion of electronic auctions (E-Auktion) improved transparency, but continued progress in valuation, zoning, and serviced land provision is needed. Domestic production of key materials such as cement and steel has stabilized costs and reduced import dependence.

7. Institutional maturity and digitalization.

Digital mortgage application and scoring systems have enhanced transparency and efficiency, setting a foundation for further automation and integration with fiscal and social databases.

Policy recommendations

The next phase of Uzbekistan's housing sector reform should consolidate recent institutional achievements while addressing structural constraints that continue to limit affordability, inclusiveness, and market efficiency. The following thematic recommendations are designed to align housing policy with the objectives of the Uzbekistan–2030 Strategy, ensure fiscal sustainability, and accelerate the transition toward a transparent, market-based, and socially inclusive housing system.

I. Improving access to low-cost and long-term financing

1. Deepen mortgage refinancing mechanisms.

Expand the capacity and capitalization of the UzMRC to serve as the principal conduit of long-term housing liquidity. To fulfill this role effectively, the UzMRC must further strengthen its balance sheet and diversify its funding base. The share of bond financing in the UzMRC's total liabilities and equity remains modest at 11.1% (2024), well below levels in peer economies such as Azerbaijan's Mortgage Fund (61.6%). Strengthening the UzMRC's leverage and regularizing bond issuance, including mortgage-backed securities (MBS), now enabled by a 2025 regulatory sandbox framework, will be critical to attracting institutional capital and reducing fiscal dependence. The company's recent equity expansion to UZS 966 billion and introduction of new lending programs provide a solid foundation for scaling market-based housing liquidity.

2. Develop market-based funding instruments.

Encouraging commercial banks and non-bank financial institutions to access long-term capital through bond markets, covered bonds, and green-finance instruments is essential to broaden housing finance sources. Between 2023–2024, UzMRC placed four bond issues totaling UZS 590 billion, including UZS 50 billion in labeled green bonds, representing about one-third of all corporate bonds in circulation. Commercial banks have followed suit: in December 2024, TBC Bank Uzbekistan issued UZS 128 billion in two-year soum-denominated bonds. Building on these successes, the introduction of covered bonds and prudential incentives such as favorable risk weights or capital relief for long-tenor, fixed-rate mortgage assets would further encourage banks to fund mortgages via capital markets, reduce maturity mismatches, and enhance financial stability within Uzbekistan’s evolving housing finance ecosystem. In parallel, a gradual reduction in direct budget support – transferring funding responsibilities step by step to market-based institutions such as UzMRC – will ensure a sustainable transition toward a fully market-driven housing finance model.

3. Broaden access to construction finance.

Facilitating dedicated credit lines for developers, particularly in regional centers, through blended financing that combines public guarantees and IFI support is essential to accelerate affordable housing supply. While Uzbekistan’s international partners have primarily focused on mortgage liquidity, instruments for developer finance are beginning to emerge. The ADB’s Mortgage Market Development Program (300 million USD) and the 59 million USD Integrated Urban Development Project (2022) in four regional cities demonstrate the feasibility of channeling long-term credit toward housing and municipal projects. Under the Law of Uzbekistan on Public-private partnership, Uzbekistan has already applied guarantee mechanisms in infrastructure, offering a precedent for extending partial credit guarantees to construction projects. Establishing a construction credit facility, co-financed by IFIs, the Ministry of Economy and Finance, and commercial banks, with disbursements linked to verified construction milestones would ensure prudent project finance, crowd in private investment, and address regional housing deficits in growing urban centers such as Andijan, Samarkand, and Namangan.

4. Strengthen consumer credit infrastructure.

Uzbekistan has made significant progress in modernizing its credit ecosystem to enhance risk pricing and reduce borrowing costs. A 2025 amendment to the Law on Credit Information Exchange allows individuals to self-restrict their credit files, while new Central Bank regulations mandate real-time transmission of loan data to credit bureaus, closing gaps in borrower verification and reducing fraud risk. In parallel, a unified national borrower registry will integrate personal and corporate loan data, enabling standardized credit scoring and more accurate interest-rate differentiation. Complementary reforms in collateral management – most notably the 2024 electronic pledge law – now allow digital creation and registration of mortgage collateral, ensuring lenders’ legal priority and improving loan recovery certainty. Together with the gradual modernization of valuation standards and appraiser certification, these reforms are laying the groundwork for a comprehensive, transparent credit infrastructure that can support broader mortgage access and lower financing costs for households.

II. Easing and increasing housing supply

1. Accelerate serviced land provision. Prioritize the systematic provision of serviced land through integrated urban planning and pre-investment in infrastructure to create shovel-ready sites that lower construction costs, attract private developers, and promote balanced urban growth across Uzbekistan. Building on this approach, Uzbekistan is actively integrating land release for housing into urban master plans and infrastructure programs to expand supply and enhance affordability. Tashkent’s newly approved master plan (2024) designates large “expansion areas” on vacant or industrial land and commits to supporting them with 647 km of new roads, 27 park-and-ride hubs, and extended metro lines by 2045, ensuring full transport and utility connectivity. At the national level, the government has initiated auctions for additional apartment-construction plots, while the “New Uzbekistan” neighborhood program (launched in 2021) is developing satellite residential clusters on pre-serviced land outside major cities. These efforts align with international best practices,

such as Türkiye’s land readjustment models and Kazakhstan’s PPP-based land grants, where governments pre-invest in infrastructure and zoning to accelerate private housing delivery and promote spatially balanced urban development.

2. Promote industrialized and energy-efficient construction. Further stimulate performance-based incentives for developers adopting modular, prefabricated, and energy-efficient technologies, and expand local production of building materials to reduce cost volatility. Uzbekistan is actively advancing the use of modern, energy-efficient construction methods through a combination of policy incentives and demonstration projects. The government’s “green standard” loan program offers interest discount for certified eco-friendly housing projects, reflecting international practices in Türkiye and Kazakhstan. UNDP-supported initiatives have introduced 24 standardized energy-efficient house designs and delivered the country’s first “nearly zero-energy” home, which consumes six times less energy than conventional dwellings. Collectively, these developments provide a strong foundation for scalable, cost-efficient, and sustainable construction nationwide.

III. Developing the rental housing market

1. Strengthen the legal and fiscal framework for private rental housing. Consolidate and expand recent legal reforms by introducing standardized lease templates, clear procedures for dispute resolution, and protections for both landlords and tenants to ensure market stability and contract enforcement. Mandate lease registration through tax authorities, building on existing requirements that prohibit arbitrary rent increases and evictions. To formalize rental income and expand supply, adopt a tax-neutral regime for individual landlords such as a flat, low-rate tax on registered rental income (e.g., 5–10%), modeled on successful examples in Georgia and Kazakhstan. Any fiscal incentives should be carefully designed to encourage formal rental activity without distorting the ownership market or exacerbating price inflation. Legal clarity and predictable tax treatment will foster institutional investment and reduce informality in Uzbekistan’s growing urban rental sector.

2. Support affordable rental housing through public–private partnerships (PPPs). Establish dedicated PPP schemes to develop rental housing for low- and middle-income households in major cities, using public land and concessional finance to attract private developers. Projects should reserve a proportion of units, typically 20–30%, for regulated below-market rents accessible to priority groups such as teachers, medical staff, young families, and socially vulnerable populations. Draw on international models such as Singapore’s institutional build-to-rent partnerships and European social-rental programs that rely on cost-based pricing, long-term financing, and transparent eligibility criteria. Uzbekistan’s municipalities can leverage state-owned land, and credit guarantees to reduce development risk, while anchoring affordability through programmatic rent caps and tenancy protections. These hybrid models can unlock large-scale rental supplies while ensuring equitable access to secure housing.

3. Integrate rental housing into the social protection and housing policy framework. Position rental housing as a permanent and protected pillar of the national housing policy by integrating targeted rent assistance and tenant support into the broader social protection system. Introduce means-tested housing allowance schemes to help low-income households meet market rents, based on international experience with housing vouchers and rental subsidies in Nordic and OECD countries. Design rent support to complement, not compete with, homeownership subsidies, explicitly targeting households unable to access mortgage finance. Consider pairing tenant aid with landlord incentives (e.g., tax benefits or insurance) to expand the supply of affordable units. Scalable, income-adjusted rental assistance formulas can be implemented via existing digital platforms to ensure transparency and effective targeting. Together with PPPs and legal reforms, these measures would support a well-functioning, inclusive rental market responsive to the needs of a mobile and economically diverse urban population.

IV. Enhancing targeted government housing programs

1. Rebalance subsidy programs toward equity and fiscal sustainability. Uzbekistan's mortgage subsidy schemes have expanded rapidly. To preserve fiscal sustainability while improving equity, it is recommended to retain the core tools (flat down-payment grant and five-year interest subsidy) but strictly target them via verified need.

In practice, this means conditioning eligibility on income and housing-need scores drawn from the Unified Social Registry.

Maintain core subsidies: Continue the fixed down-payment grant and 5-year interest-compensation program (important for broad access), while limiting recipients to families that can demonstrate low income and inadequate housing.

Target via USR scoring: Use the Unified Social Registry's income and vulnerability scoring to certify eligibility. This will focus subsidies on the truly needy and help curb fiscal costs.

2. Introduce specialized programs for social and professional groups. Complement the above by creating housing schemes for groups with acute needs or public-good occupations. Examples and benchmarks from abroad include:

Social (municipal) rental housing: Develop a social rental stock managed by municipalities or non-profits, rented at subsidized rates to very low-income and vulnerable households. For instance, Finland's model relies on municipally owned housing companies that build units financed by state-guaranteed, interest-subsidized loans⁵³. In Finland, roughly 25–35% of new housing is made "ARA" social housing to ensure affordable rents for the poorest. Adopting a similar approach in Uzbekistan – e.g. city governments providing below-market rentals with clear social targeting – would give needy families an alternative to private market rents and help prevent homelessness.

Rent-to-own schemes: Expand programs allowing families to rent new or state-built flats with an option to buy them over time. Azerbaijan's Mortgage Credit Guarantee Fund,

for example, has signed 6,978 rent-to-own contracts by May, 2025⁵⁴. Uzbekistan could use state land or public-private partnership housing projects to pilot rent-to-own, letting moderate-income families build equity through rent.

This gradual-ownership model helps households who cannot afford a large down-payment or full mortgage at once.

Priority-occupation incentives: Expand dedicated concessions for essential public-sector workers (e.g. teachers, doctors, social workers).

Many countries offer housing grants, lower-interest loans, or priority allocations to these groups to attract and retain talent. For example, targeted mortgage discounts or partial subsidy top-ups could be offered to teachers and medical staff. Such incentives reward service in critical occupations and recognize their community benefit, improving affordability for these priority groups without opening the program to everyone.

Support for large families: Enhance subsidies for households with many children. Offer higher grant ceilings or extra cash assistance for families of four or more children, especially in regions where housing is least affordable. This follows the principle in other social housing schemes of "child bonuses" or larger allowances per additional child. By scaling aid with family size, the government would align housing support with demographic priorities and regional needs.

Inclusive housing for persons with disabilities: Mandate universal design and accessibility standards for all new housing and create a special subsidy window or allocation for people with disabilities. International norms (e.g. the UN Convention on the Rights of Persons with Disabilities) call for barrier-free homes. Uzbekistan can enforce stricter design rules (ramps, wide doors, accessible bathrooms) and reserve a portion of subsidized or social rental units for disabled persons. Dedicated financing (for example, grants to retrofit homes or subsidies for accessible rental units) would help ensure that disabled households have equal access to affordable, livable housing.

⁵³<https://www.kuntarahoitus.fi/en/news/finnish-system-for-affordable-social-housing-supports-social-mixing-and-brings-down-homelessness>

⁵⁴<https://anews.az/en/ekonomika/477247/azerbaijan-offers-150-new-rent-to-own-apartments-in-baku-starting-from-azn-954month>

V. Strengthen governance, data systems, and institutional coordination

1. Establish a unified Housing sector observatory. Create an integrated data and analytics platform that consolidates housing and mortgage-related data from the Ministry of Economy and Finance, Central Bank, UzMRC, and National Statistics Committee.

The observatory should collect, validate, and publish timely indicators on housing prices, rental markets, construction output, subsidy uptake, mortgage flows, and affordability metrics. Over time, this platform can support policy evaluation, macroprudential oversight, and investor confidence. Internationally, such institutions, e.g., the Housing Europe in the EU⁵⁵, play a critical role in making policy transparent, forward-looking, and adaptive to evolving demand and supply dynamics.

2. Advance digital transformation across housing systems. Leverage and expand existing e-government platforms to digitalize the full housing lifecycle – from subsidy applications and mortgage registration to land auctions and building permits.

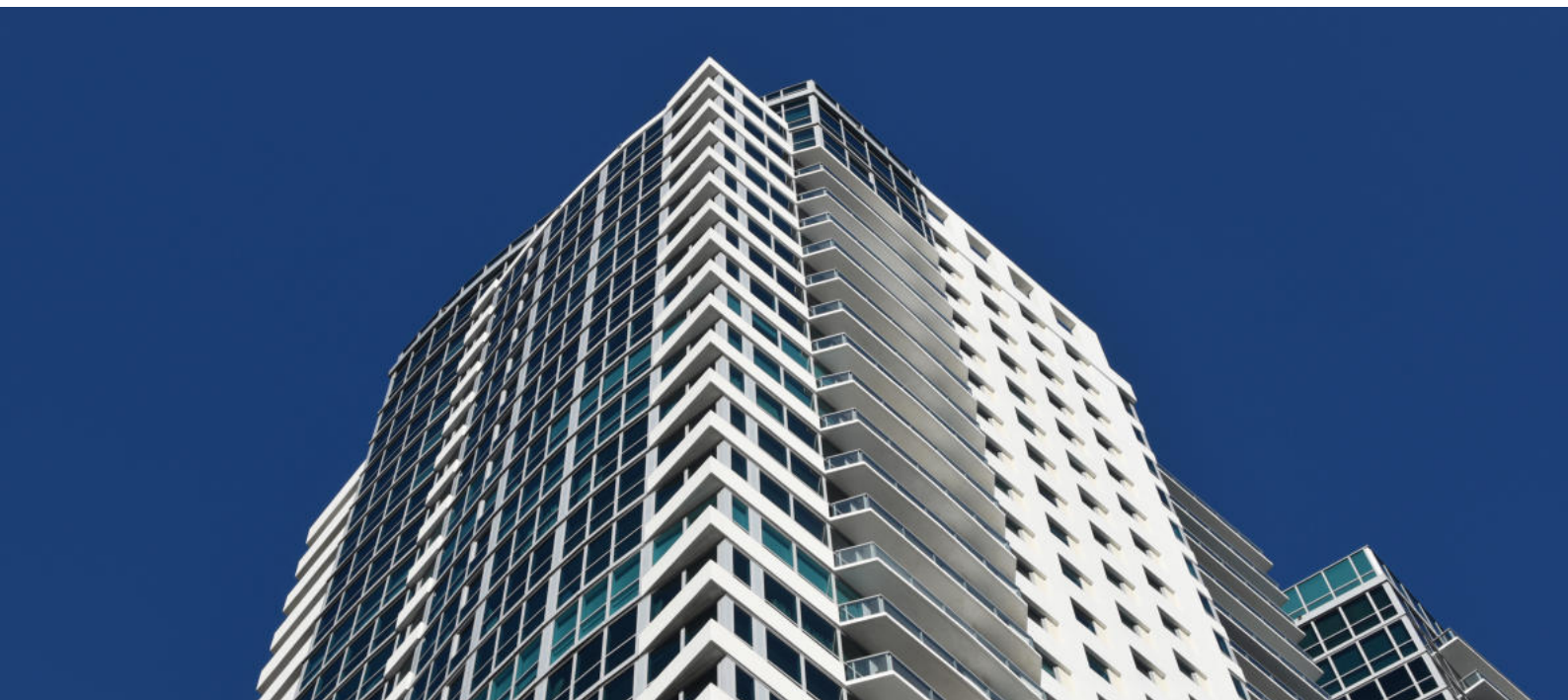
Uzbekistan has already launched foundational systems such as “E-auksion” for land allocation, the

“Transparent Construction” (“Shaffof Qurilish”) platform for building permits, and e-submission tools for housing support programs. These should be further integrated, interoperable, and expanded to cover beneficiary identification (linked to the Unified Social Registry), automated approvals, and real-time monitoring dashboards. Robust digital infrastructure reduces administrative costs, enhances user experience, and minimizes risks of fraud and rent-seeking – creating the institutional backbone for transparent and efficient housing delivery.

Strategic outlook

Meeting Uzbekistan’s projected demand for 1.5 million new housing units by 2030 will require both quantitative expansion and qualitative upgrading of housing finance and supply systems. A gradual shift from fiscal stimulus to market-based financing, supported by institutionalized mortgage refinancing, efficient land allocation, and industrialized construction, will be essential for long-term stability.

Sustained policy coordination, transparency, and digital governance will ensure that the housing sector continues to serve as a driver of inclusive economic growth, improved living standards, and balanced regional development in the years ahead.

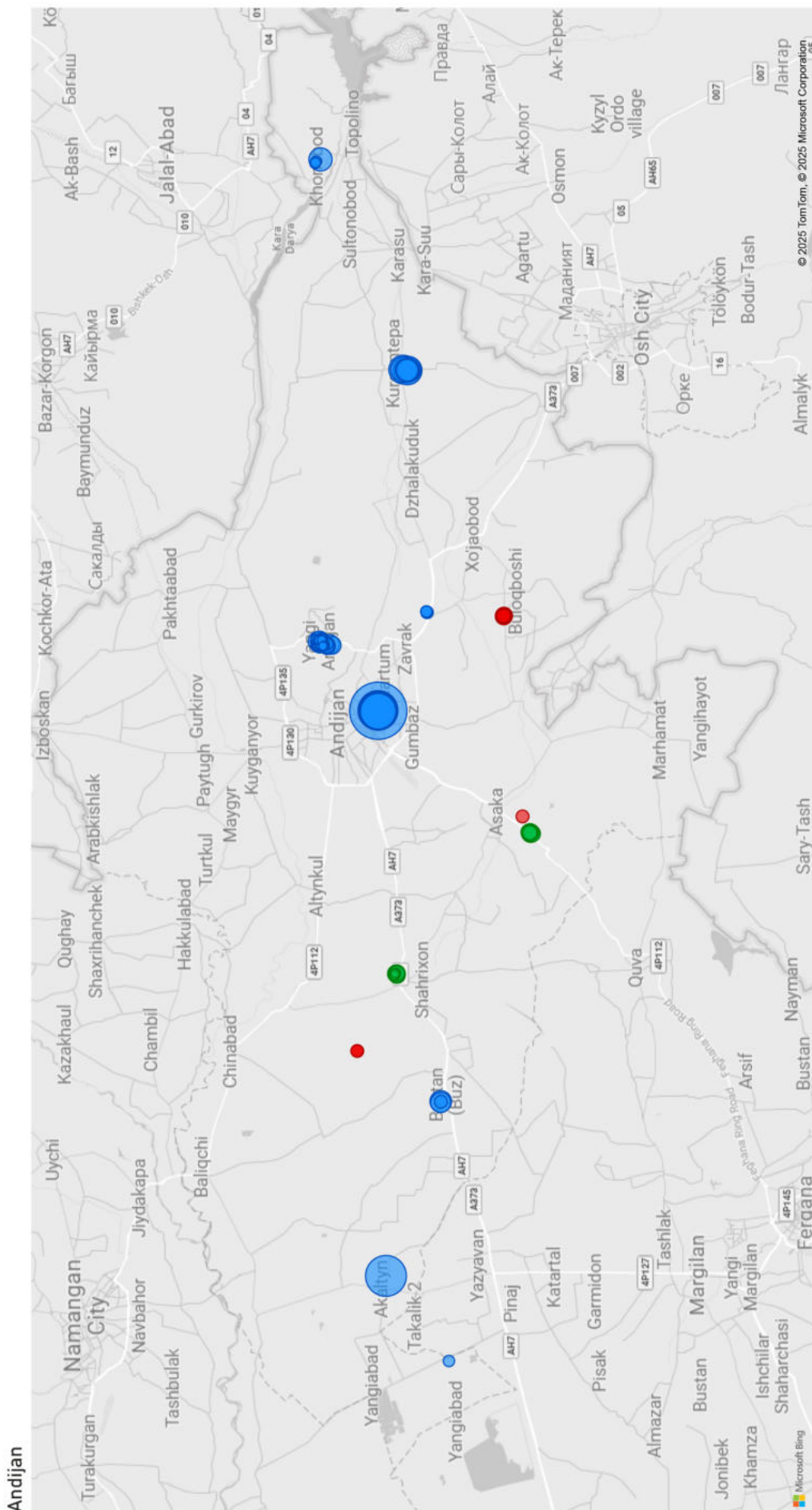


⁵⁵<https://www.housingeurope.eu/research-knowledge/reports-briefings/>

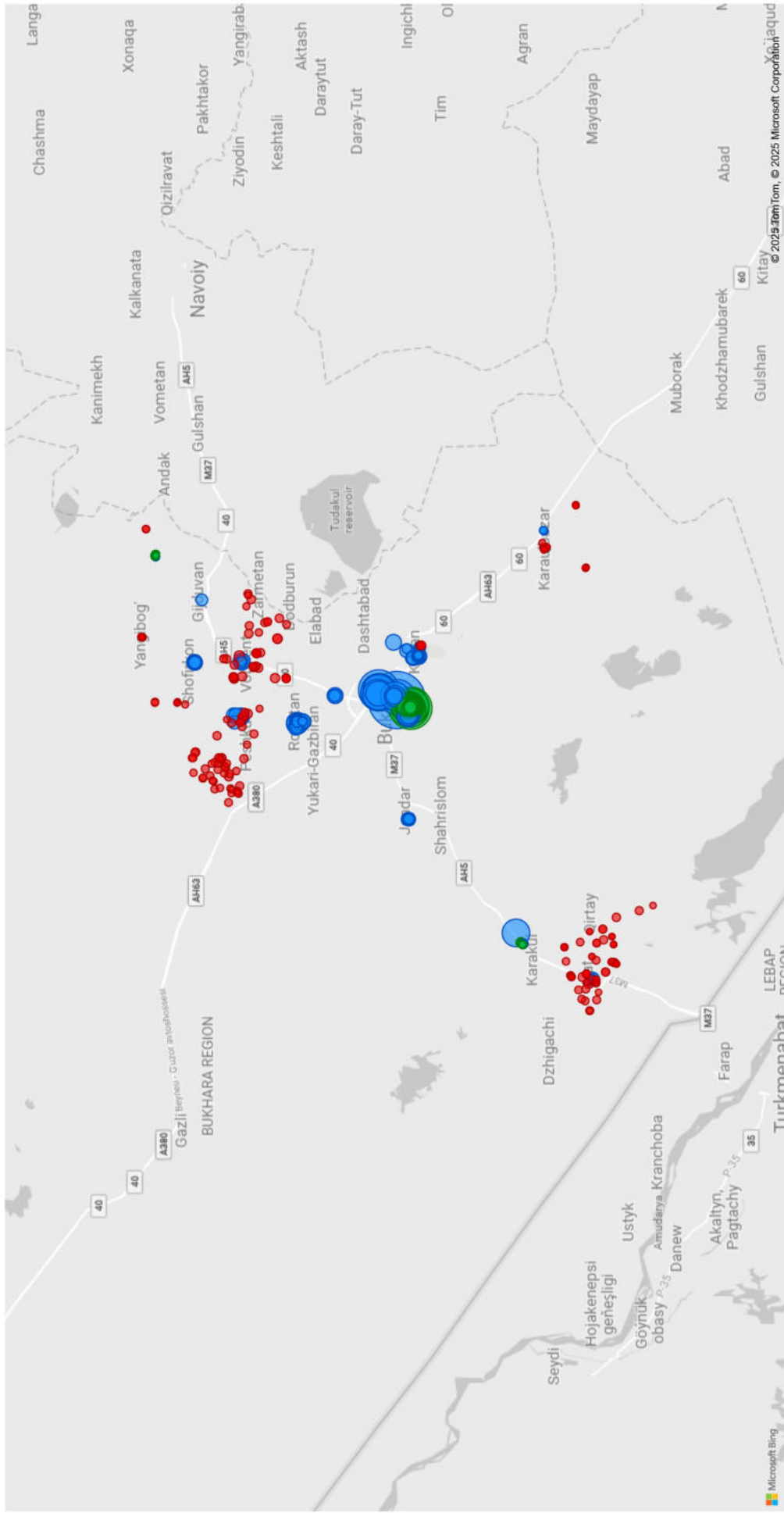


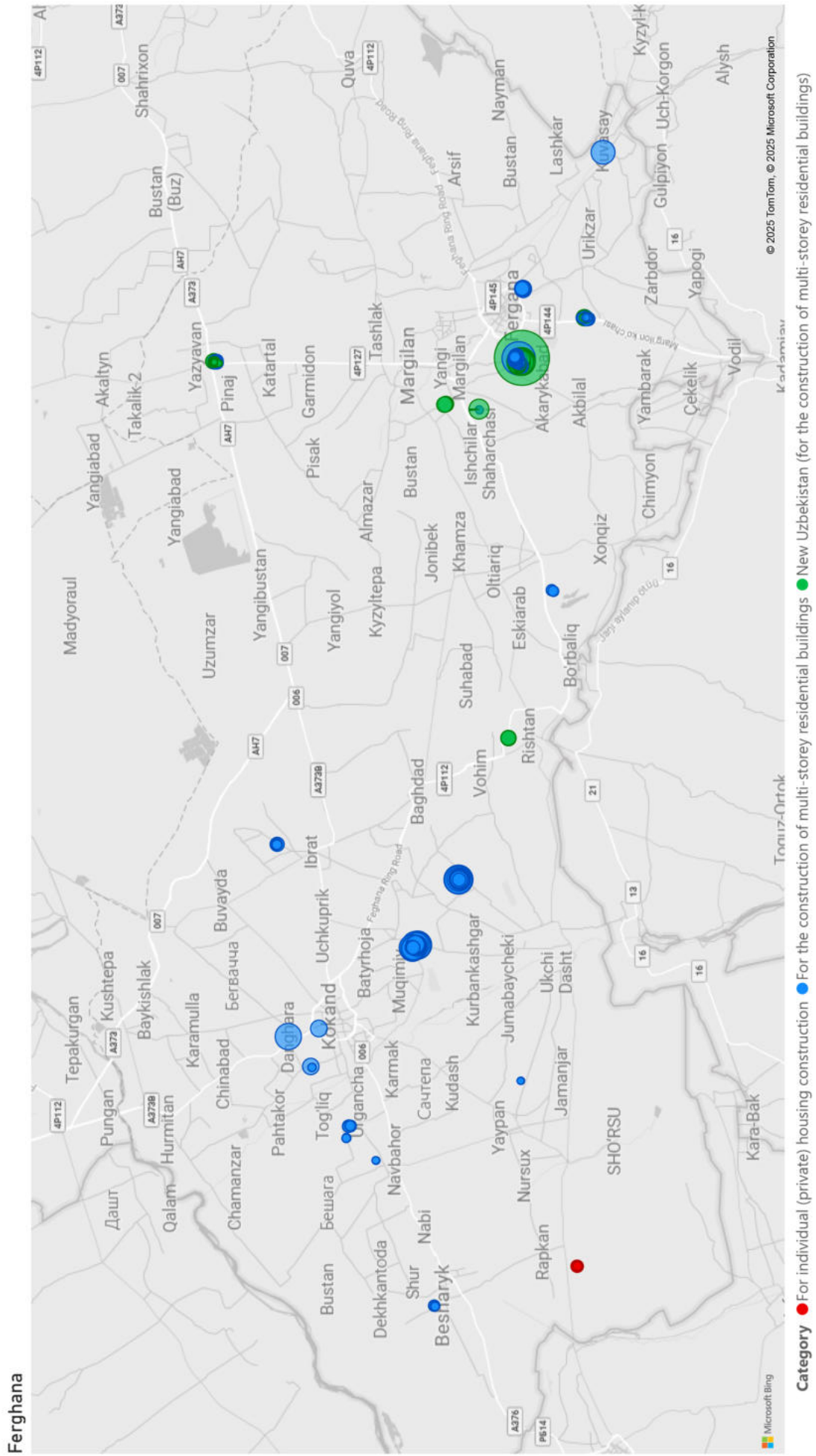
Appendix

Land plots sold for housing construction

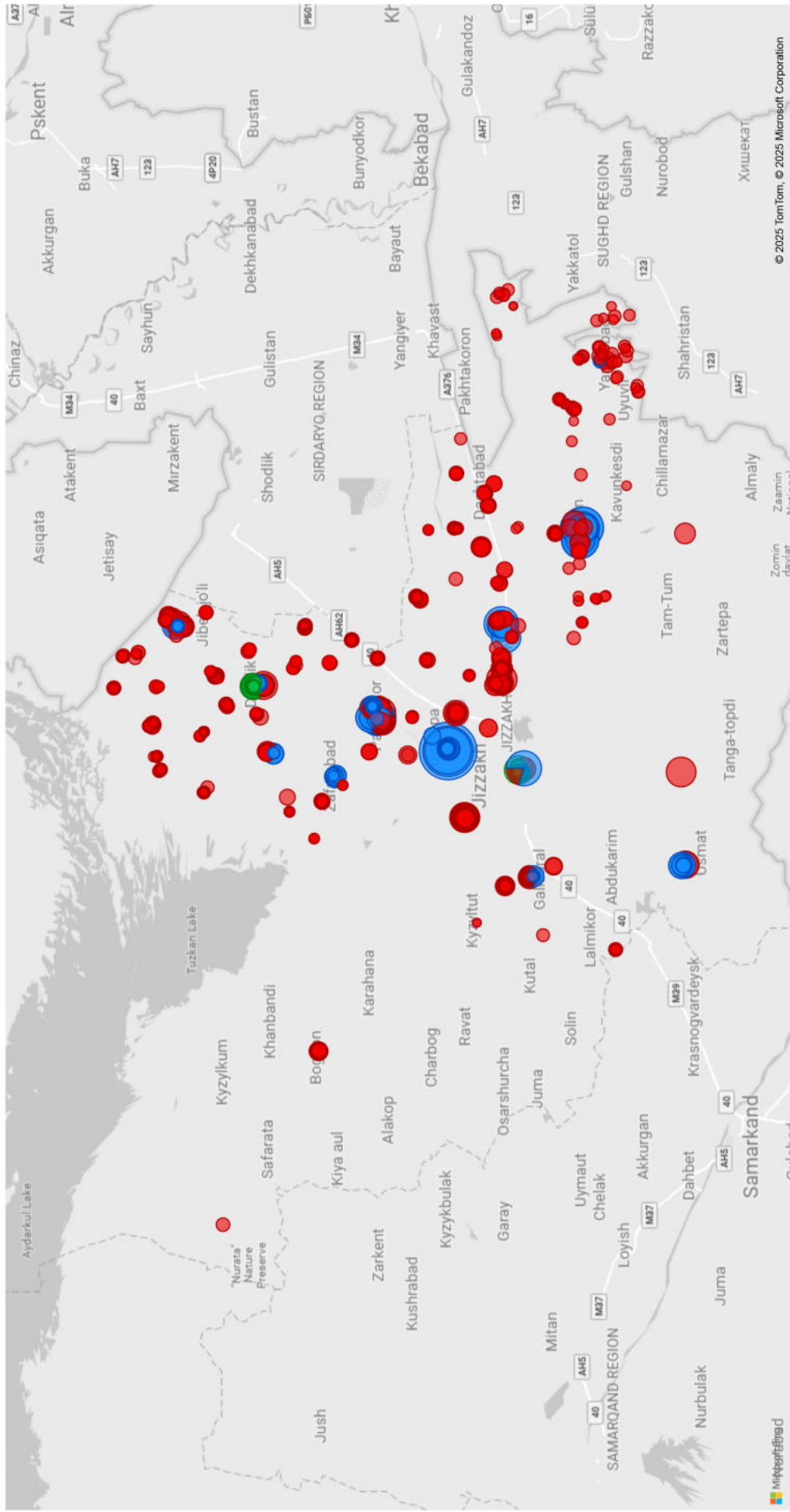


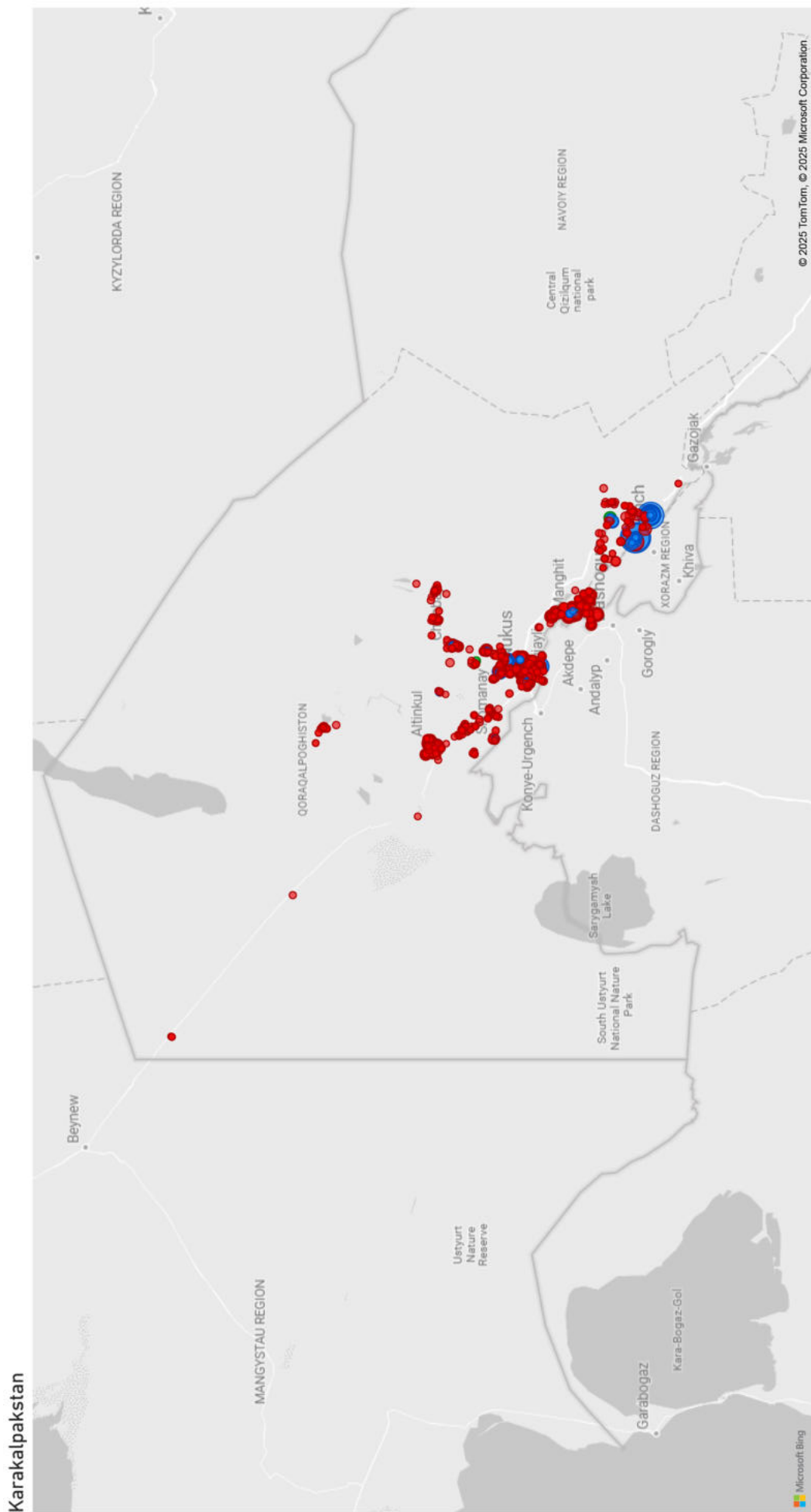
Bukhara





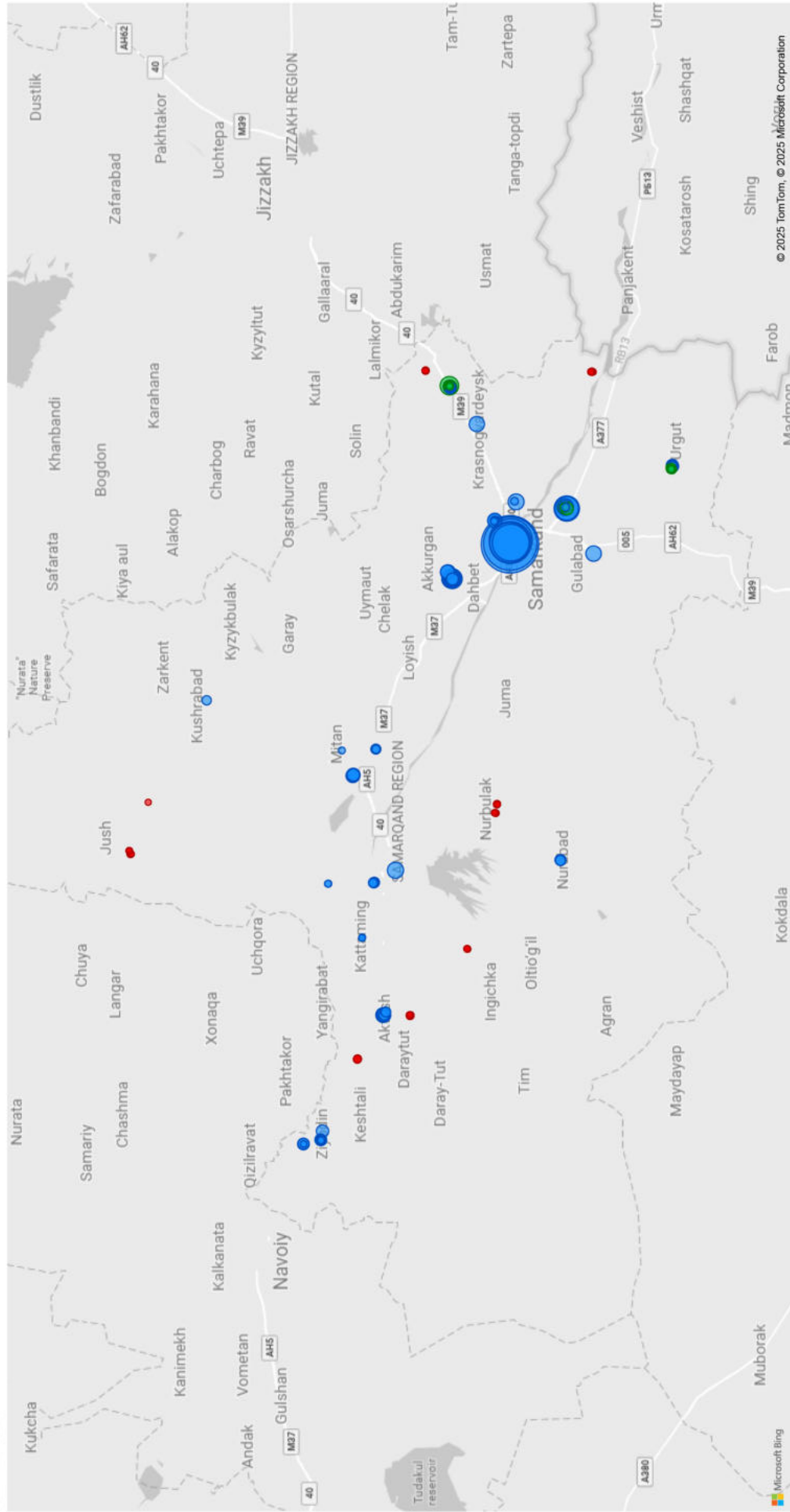
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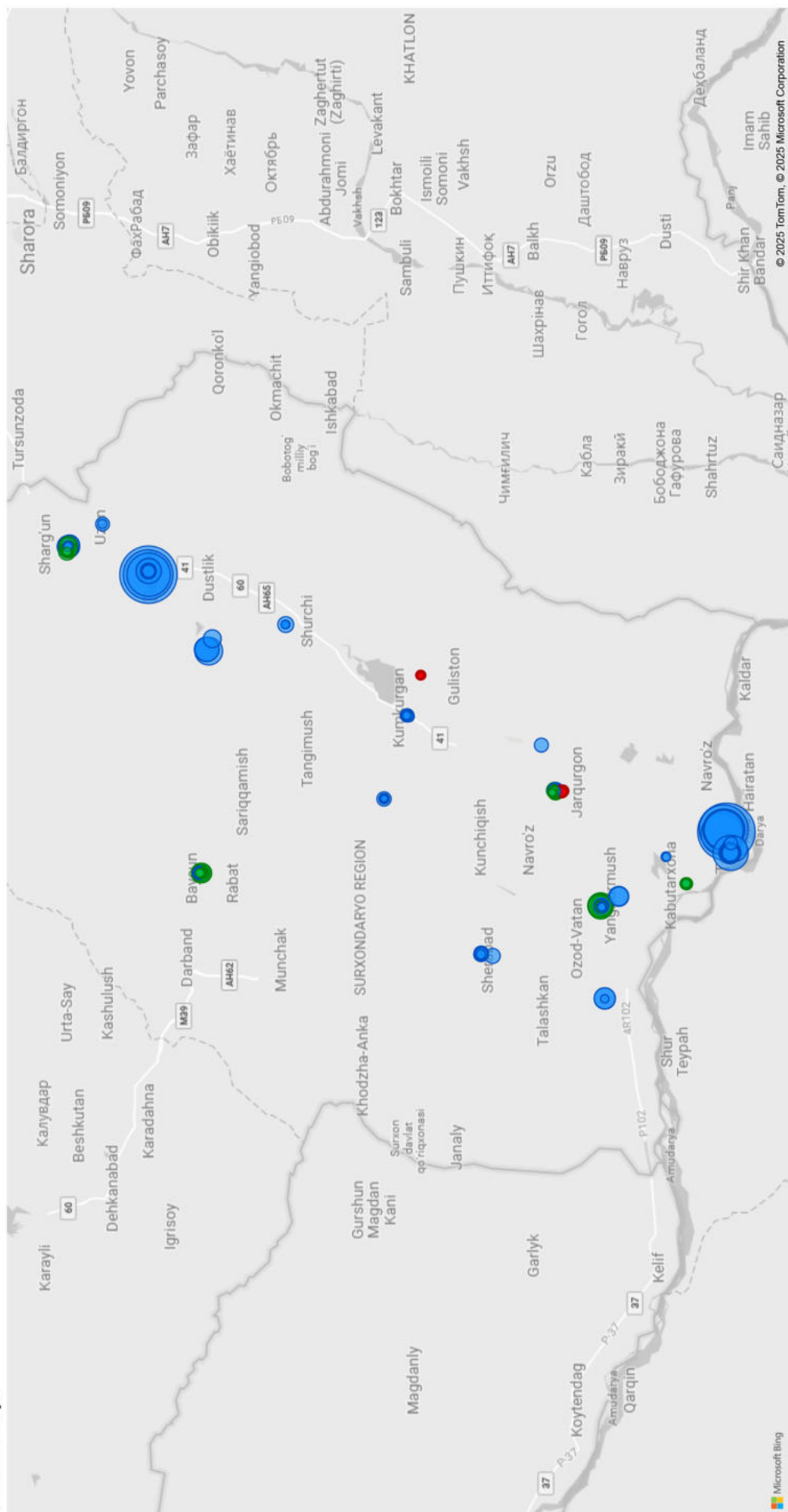
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Samarqand



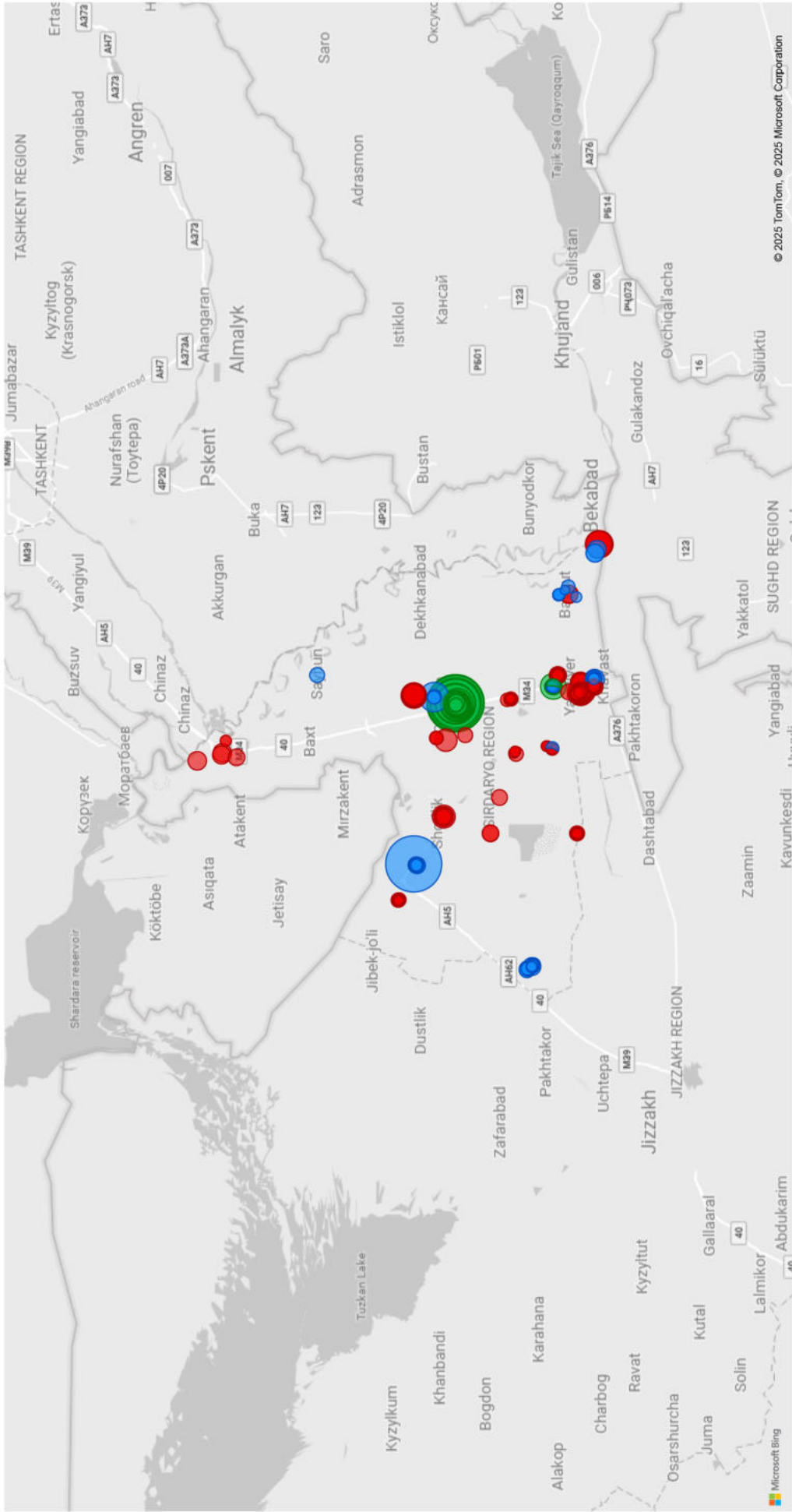
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Surkhondarya



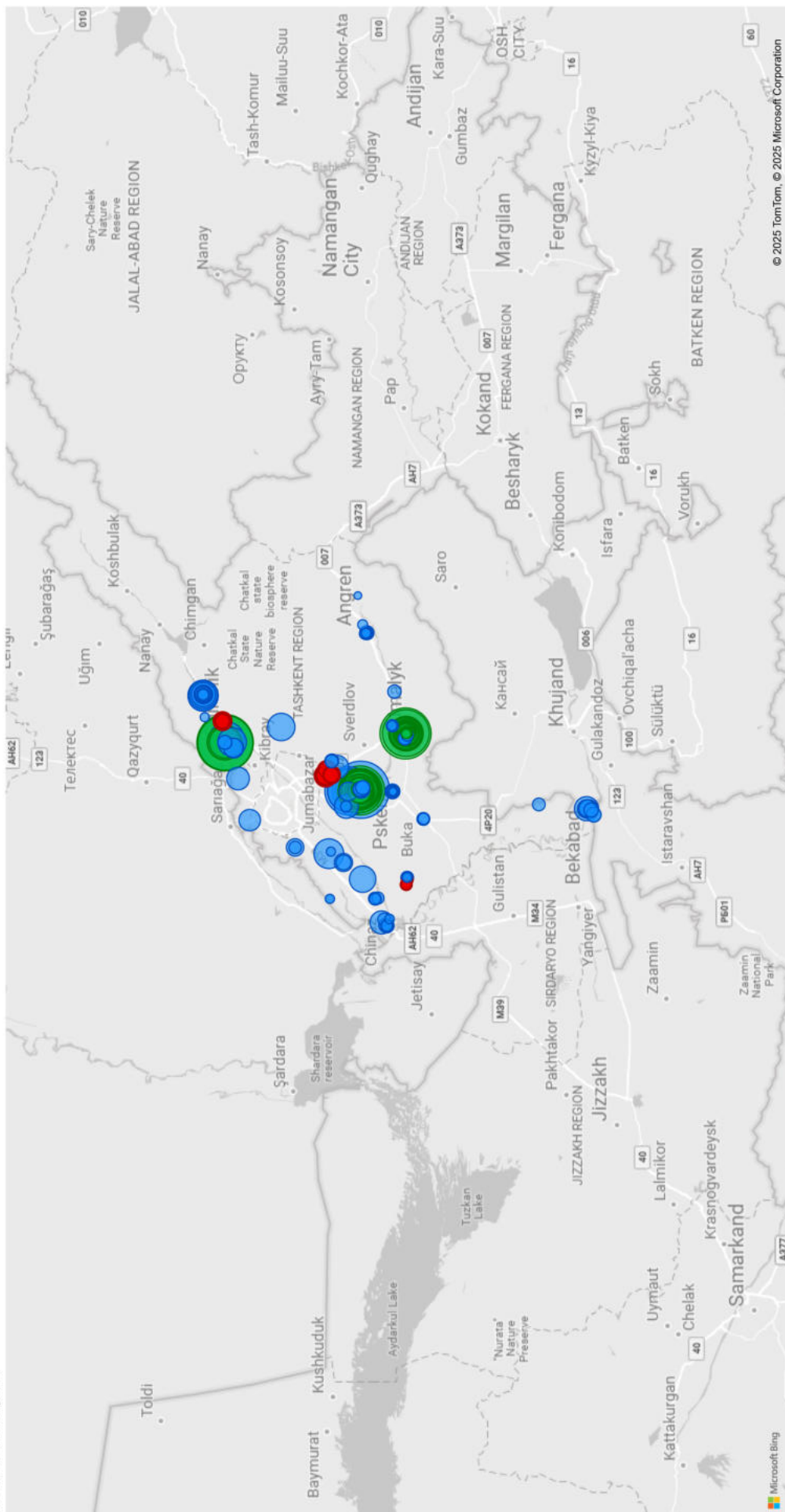
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Syrdarya



Category ● For individual (private) housing construction ● For the construction of multi-story residential buildings ● New Uzbekistan (for the construction of multi-story residential buildings)

Tashkent region



Category ● For individual (private) housing construction ● For private construction ● New Uzbekistan (for the construction of multi-storey residential buildings)

