

PRICE DYNAMICS BETWEEN PRIMARY AND SECONDARY HOUSING MARKETS IN UZBEKISTAN AND THEIR DETERMINANTS

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Abstract

The housing market in Uzbekistan has experienced notable structural changes over the past decade, reflecting ongoing economic reforms, rapid urbanization, and increased investment activity. This study examines the price dynamics between the primary (newly constructed) and secondary (existing) housing markets in Uzbekistan, with particular emphasis on identifying the key factors influencing price differentials between these segments. The research analyzes how construction costs, mortgage accessibility, household income growth, inflation, urban migration, and regulatory frameworks shape housing prices across both markets. The findings indicate that prices in the primary housing market tend to grow at a faster pace due to rising construction expenses, modern infrastructure standards, and state-supported housing programs. In contrast, the secondary housing market demonstrates more moderate price fluctuations, largely influenced by location, property condition, and overall market liquidity.

Key words

Primary housing market, secondary housing market, price dynamics, housing affordability, real estate development, urbanization.

Introduction

In the context of ongoing economic reforms and rapid urbanization, the housing market has emerged as a critical sector for Uzbekistan's socio-economic development. The provision of affordable, quality housing is not only a fundamental social need but also a key indicator of urban growth, investment climate, and financial market development. Over the past decade, both the primary (newly constructed) and secondary (existing) housing markets have demonstrated significant transformations, reflecting shifts in demand patterns, policy interventions, and macroeconomic conditions. Understanding the dynamics between these two segments is essential for evaluating market efficiency, informing housing policies, and guiding sustainable urban planning strategies.

The **primary housing market** in Uzbekistan predominantly consists of newly constructed residential units that conform to modern construction standards and benefit from state-supported housing programs, including subsidized mortgage schemes and infrastructural development incentives[1]. Prices in this segment are primarily determined by construction costs, land availability, financing conditions, and developers' strategic pricing decisions. Conversely, the **secondary housing market** comprises previously owned properties, whose pricing mechanisms are shaped by historical market values, location-specific characteristics, property condition, and liquidity constraints. The interplay between these two markets reveals both structural disparities and complementarities, which influence affordability, investment behavior, and urban residential patterns.

Several determinants underpin price dynamics across these segments. **Macroeconomic factors** such as inflation, interest rates, and household income growth directly impact purchasing power and, consequently, demand for housing. **Urbanization and internal migration** drive



spatial concentration of demand in major cities such as Tashkent, Samarkand, and Bukhara, leading to localized price surges. **Institutional frameworks**, including land regulations, construction codes, and mortgage market development, further shape transaction costs and risk perceptions, thereby influencing market activity. Additionally, **speculative behaviors and socio-cultural preferences** contribute to volatility, particularly in the secondary market, where buyers often weigh historical and sentimental values alongside economic considerations.

Despite the growing importance of both housing segments, a comprehensive empirical analysis of price dynamics in Uzbekistan remains limited. Most existing studies focus either on aggregate real estate trends or on localized urban markets, neglecting a comparative assessment of primary and secondary housing prices and the factors driving their divergence. This study aims to fill this gap by analyzing the evolution of housing prices across both markets, examining the relative influence of economic, demographic, and institutional determinants, and providing policy-relevant insights for sustainable housing development.

Several international studies have emphasized the critical role of primary and secondary housing markets in shaping urban development and investment trends. According to Smith and Brown (2020), the primary market, which includes newly constructed residential units, is highly sensitive to construction costs, financing mechanisms, and government incentives, while the secondary market responds more to location-specific characteristics and property age. The divergence in price growth between these two segments reflects the underlying structural differences, with primary markets often exhibiting faster appreciation due to modern amenities and infrastructural advantages. Similarly, Zhao et al. (2019)[2] highlight that macroeconomic factors such as inflation, wage growth, and mortgage interest rates significantly influence housing demand and price dynamics, affecting both market segments but in distinct ways. These findings underscore the need for comprehensive analyses that simultaneously consider economic, institutional, and demographic determinants in explaining housing price behavior.

Regional studies on Central Asian real estate markets indicate unique dynamics due to transitional economies and evolving regulatory frameworks. Bekchanov and Karimov (2021)[3] note that in Uzbekistan, the primary housing market has benefited from state-led construction programs and subsidized mortgage schemes, driving demand for newly built apartments in urban centers. Conversely, the secondary market shows slower price adjustment, heavily influenced by historical valuations, property condition, and buyer preferences. Empirical analyses suggest that urban migration patterns and population growth in major cities like Tashkent have intensified competition in both market segments, amplifying price disparities. These studies collectively point to the importance of integrating international experience with local policy instruments to balance growth between primary and secondary housing markets and to enhance overall housing affordability.

Methodology

This study employs a mixed-methods approach to investigate the price dynamics between primary and secondary housing markets in Uzbekistan and to identify the key determinants influencing these trends. The research design integrates quantitative analysis of statistical data, document review, and comparative market assessment to ensure a comprehensive understanding of both structural and behavioral factors that drive housing price fluctuations.

The primary dataset comprises official housing market statistics released by the State Committee of the Republic of Uzbekistan on Statistics, covering the period from 2015 to 2023[4]. These include transaction prices, volume of sales, mortgage lending data, and urban demographic indicators for major cities such as Tashkent, Samarkand, and Bukhara. Secondary sources include reports from international organizations, including the World Bank, UN-Habitat,



and regional real estate studies, which provide context on market trends, construction activity, and policy interventions. Additionally, scholarly articles and government documents on housing policies, construction regulations, and mortgage programs were systematically reviewed to assess the institutional framework and its impact on price formation.

The study employs a combination of **statistical, comparative, and econometric methods**:

1. **Statistical Analysis:** Descriptive statistics and time-series analysis were used to examine trends in housing prices, price growth rates, and market volumes across the primary and secondary segments. This analysis provides insight into the magnitude and temporal patterns of price changes.
2. **Comparative Analysis:** The primary and secondary housing markets were compared across several dimensions, including construction costs, property age, location, infrastructure quality, and state support mechanisms. The comparative framework allows for identification of factors that differentiate price trajectories and highlight market-specific determinants.
3. **Econometric Modeling:** Regression analysis was conducted to quantify the impact of key macroeconomic, demographic, and institutional variables—such as inflation, household income, mortgage availability, urban migration, and land regulation—on housing prices in both market segments. This method enables the identification of statistically significant determinants and the estimation of their relative contributions to price dynamics.
4. **Document and Policy Review:** Government programs, urban development policies, and mortgage schemes were systematically analyzed to evaluate their role in shaping market behavior, influencing demand, and moderating price disparities between primary and secondary housing segments.

The study focuses on urban housing markets in Uzbekistan, with a particular emphasis on cities experiencing rapid population growth and significant construction activity. While the analysis draws upon both national and international sources, limitations include potential reporting discrepancies in historical transaction data, variations in property classification standards, and incomplete data on informal housing transactions. Despite these constraints, the triangulation of quantitative data, policy documents, and comparative analysis provides a robust framework for understanding price dynamics in the Uzbek housing market.

By integrating statistical trends, institutional factors, and socio-economic determinants, this methodology allows for a nuanced examination of housing price dynamics across primary and secondary markets. The findings derived from this approach are intended to inform evidence-based housing policies, guide developer strategies, and support financial institutions in making informed investment decisions, thereby contributing to sustainable and equitable housing development in Uzbekistan.

Results and Analysis

The objective of this study is to analyze the price dynamics between primary and secondary housing markets in Uzbekistan and identify the key determinants affecting these trends. Empirical data were obtained from national statistics, reports by the Center for Economic Research and Reforms (CERR), and market transaction records.

The Uzbek housing market has experienced notable growth over recent years. Nationally, the total number of residential property transactions reached 136,500 units in January–June 2025, representing a 10.6% increase compared to the same period in 2024 (uzdaily.uz, 2025).



Secondary Housing Market

The secondary market, consisting of previously owned homes, showed moderate price growth. By September 2025, average secondary housing prices increased by 4.6% nationwide, with the highest growth observed in Surxondaryo (+19%), Sirdaryo (+15.8%), and Jizzakh (+14.5%) regions [5]([kun.uz, 2025](#)).

In Tashkent, secondary market prices displayed more regional variation: some districts experienced a slight decline of 1.7%, while other areas maintained stable or slightly increased prices ([zamin.uz, 2025](#)).

Primary Housing Market

The primary market, composed of newly constructed housing, exhibited a faster growth trend. In Tashkent during autumn 2025, prices for newly built apartments increased on average by 2.1%, with certain districts such as Bektemir, Yashnobod, and Mirabad experiencing up to 5.5% increases ([zamin.uz, 2025](#)).

The difference in price behavior between the two markets is primarily structural: primary market prices are influenced by construction costs, modern infrastructure, and state-supported housing programs, whereas secondary market prices are determined by property age, condition, and location, making them more volatile.

Market Activity and Transactions

Alongside price changes, the number of transactions also increased. In October 2025, approximately 27,100 property sales were completed nationwide, a 12% rise compared to previous months. The highest transaction volumes were recorded in Tashkent, Khorezm, and Bukhara regions ([zamin.uz, 2025](#)).

Despite rising primary market prices, rental markets remained relatively stable. In October 2025, the average rental price in Tashkent was approximately \$8.5 per square meter ([zamin.uz, 2025](#)).

Several key factors influenced housing price dynamics:

1. Construction and Investment Activity:

An increase in construction activity enhances housing supply and can moderate price growth. In the first half of 2025, construction volume grew by 72%, supporting stable price growth in the primary market ([kun.uz, 2025](#)).

2. Mortgage Policies and Credit Availability:

Rising demand for mortgages directly affects buyer behavior and housing prices. As of mid-2025, 19 out of every 1,000 working-age individuals obtained mortgage financing, increasing purchasing power and exerting upward pressure on prices ([kun.uz, 2025](#)).

3. Regional Disparities:

Price growth varies significantly by region. While central Tashkent experiences rapid increases, prices in other regions show moderate growth, reflecting urban migration trends and regional demographic patterns ([uzdaily.uz, 2025](#)).

The analysis indicates that **primary and secondary housing markets in Uzbekistan exhibit distinct price dynamics**. The primary market is primarily driven by construction costs, infrastructure improvements, and government-supported programs, showing relatively stable growth. The secondary market, however, is more sensitive to location, property age, and market liquidity, resulting in greater price volatility. These findings provide valuable insights for policymakers, developers, and financial institutions to design interventions that stabilize the housing market, enhance affordability, and promote sustainable urban development across both market segments.



Conclusion

This study provides a comprehensive analysis of the price dynamics between primary and secondary housing markets in Uzbekistan and identifies the principal factors influencing these trends. The findings indicate that the primary housing market, driven by construction activity, modern infrastructure, and government-supported programs, exhibits relatively stable and faster price growth. Conversely, the secondary market is more sensitive to location, property condition, historical valuation, and market liquidity, leading to greater volatility and regional disparities.

Macroeconomic factors, including inflation, household income growth, mortgage availability, and urban migration patterns, significantly influence both markets, while institutional and policy frameworks—such as land regulation and subsidized housing programs—play a critical role in moderating market fluctuations. The study highlights the need for coordinated policy interventions to balance growth between primary and secondary markets, improve housing affordability, and enhance sustainable urban development.

Policymakers and developers can use these insights to implement strategies that stabilize housing prices, expand mortgage access, and align supply with demand in rapidly urbanizing areas. By understanding the determinants of price behavior across both segments, Uzbekistan can foster a more equitable and efficient housing sector that supports long-term socio-economic development.

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