

**SPECIFIC FEATURES OF REAL ESTATE APPRAISAL (RESIDENTIAL
PROPERTIES EXAMPLE)**

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Abstract

Real estate appraisal is a critical process for determining the market value of residential properties, serving as a foundation for investment decisions, mortgage financing, and urban development planning. This study explores the unique characteristics that distinguish residential property appraisal from other asset valuation processes. Key features include property heterogeneity, location dependence, sensitivity to local market conditions, and the influence of regulatory and institutional frameworks. The analysis highlights the importance of employing appropriate appraisal methods—such as the sales comparison, income capitalization, and cost approaches—while accounting for factors such as property size, age, construction quality, and neighborhood amenities.

Key words

Residential property, real estate appraisal, market value, property heterogeneity, location dependence, valuation methods, housing market.

Introduction

Real estate appraisal plays a foundational role in the functioning of housing markets, serving critical purposes for buyers, sellers, financial institutions, and policymakers. The appraisal of residential properties, in particular, involves unique methodological and contextual considerations due to the heterogeneous nature of property characteristics, the influence of location and infrastructure, and the regulatory environment that governs ownership and construction standards. Unlike standardized financial assets, residential real estate is inherently diverse: variations in design, age, structural quality, neighborhood amenities, and accessibility lead to widely differing market values even among superficially similar properties. Accurate valuation therefore requires a comprehensive analytical framework that integrates market data, physical property attributes, and prevailing legal and economic conditions.

In Uzbekistan, the appraisal of residential real estate has gained increasing prominence amid strategic efforts to modernize the housing sector and expand access to quality housing. In November 2025, the President of the Republic of Uzbekistan signed a presidential decree on measures to ensure the sustainable development of the housing and mortgage market, aiming to double annual housing construction to 421,000 units by 2040 and expand the mortgage loan portfolio more than tenfold to approximately \$56.7 billion[1]. These reforms are designed to establish a balanced system for housing construction and acquisition, improve state governance efficiency, and enhance living conditions amid sustained urbanization and demographic growth. To support the implementation of these reforms, a National Committee for Sustainable Development of Urbanization and the Housing Market was established, tasked with coordinating housing policy, urban planning, and mortgage market regulation. The committee's creation

underscores the government's commitment to a systematic and data-driven approach to housing market development, which in turn places greater demands on the quality and reliability of real estate appraisal practices.

Within this evolving institutional environment, residential property appraisal must not only reflect intrinsic property features but also adapt to changes in market dynamics and policy priorities. Appraisers increasingly rely on integrated methodologies that combine sales comparisons, cost replacement analysis, and income capitalization approaches to derive market value estimates that are both accurate and relevant to stakeholders. Furthermore, the growing emphasis on transparency, legal compliance, and market accessibility amplifies the need for robust appraisal standards that align with national housing objectives.

Overall, understanding the specific features of residential real estate appraisal in Uzbekistan provides essential insights into how valuation practices interact with broader socio-economic and policy frameworks. This knowledge is critical for investors, lenders, urban planners, and governmental institutions seeking to promote equitable access to housing, stabilize market conditions, and support sustainable urban growth.

Literature Review

The valuation of residential real estate has been widely examined in both international and regional studies, emphasizing the complexity of appraising heterogeneous assets. Smith and Brown (2020) highlight that residential properties are unique in terms of structural characteristics, location, and neighborhood amenities, making comparative market analysis crucial for accurate appraisal[2]. They argue that the heterogeneity of housing units requires the adjustment of valuation methods, such as the sales comparison approach and cost replacement approach, to account for differences in quality, size, and condition. Furthermore, the authors emphasize that macroeconomic variables—such as inflation, mortgage rates, and income levels—significantly influence property values, particularly in transitional or emerging markets.

In the context of Uzbekistan, Bekchanov and Karimov (2021) explore the interaction between government policy, urbanization, and residential property valuation[3]. They demonstrate that state initiatives, including subsidized mortgages and large-scale housing construction programs, have a notable effect on primary housing market prices. The study also points out that secondary market properties are more sensitive to location, property age, and legal documentation, which often results in higher price volatility compared to new constructions. The authors conclude that integrating regulatory, economic, and market factors is essential for ensuring accurate appraisal practices that support sustainable housing market development. Together, these studies underscore that residential property appraisal cannot rely solely on physical attributes of properties but must incorporate market, economic, and institutional dimensions to ensure reliability and relevance for investors, policymakers, and financial institutions.

Research Methodology

This study employs a mixed-methods research design to analyze the specific features of residential real estate appraisal in Uzbekistan, with an emphasis on primary and secondary housing markets. The methodology integrates quantitative data analysis, comparative market

evaluation, and document review to provide a comprehensive understanding of the factors influencing property valuation.

The primary data were obtained from the State Committee of the Republic of Uzbekistan on Statistics, covering housing transaction prices, construction volumes, mortgage lending, and urban demographic indicators from 2015 to 2025[4]. Secondary sources include government decrees, presidential decisions on housing and mortgage policy, reports from international organizations (World Bank, UN-Habitat), and scholarly publications examining regional real estate markets. These sources provide critical context for market trends, regulatory frameworks, and policy interventions affecting property values.

Analytical Methods

1. Statistical Analysis:

Time-series and descriptive statistics were employed to assess trends in housing prices, transaction volumes, and price growth rates across primary and secondary markets. This analysis provides insights into temporal patterns and market stability.

2. Comparative Market Evaluation:

Primary and secondary residential properties were compared based on structural characteristics, age, location, infrastructure, and state support mechanisms. This approach enables the identification of factors that differentiate price dynamics between new constructions and previously owned units.

3. Document and Policy Review:

Presidential decrees, urban development programs, and mortgage policies were systematically analyzed to evaluate their influence on property demand, price formation, and appraisal practices. For example, the Presidential Decree on Housing and Mortgage Market Development (2025) introduced measures to expand mortgage accessibility and increase annual housing construction, which are key determinants in primary market appraisal.

4. Econometric Modelling:

Regression analysis was applied to quantify the impact of macroeconomic variables—including household income, inflation, mortgage availability, and urban population growth—on residential property prices. This model allows for the assessment of the relative contribution of each factor to market dynamics.

The study focuses on urban residential markets in Uzbekistan, particularly in Tashkent, Samarkand, Bukhara, and other rapidly urbanizing regions. Limitations include potential inconsistencies in historical transaction data, differences in property classification standards, and incomplete information regarding informal market transactions. Nonetheless, the combination of quantitative data, policy analysis, and comparative methods ensures a robust framework for understanding the distinctive features of residential property appraisal. By integrating market data, regulatory frameworks, and macroeconomic determinants, this methodology provides a nuanced understanding of residential property valuation. The approach enables policymakers, appraisers, developers, and financial institutions to make informed decisions, design effective housing policies, and promote a transparent and sustainable real estate market in Uzbekistan.

Results and Discussion

The analysis of residential real estate markets in Uzbekistan reveals distinct patterns between primary and secondary housing segments, highlighting the specific factors that

influence property values. Data for this study were collected from the State Committee of the Republic of Uzbekistan on Statistics, national housing reports, and regional transaction records from 2015 to 2025.

The primary housing market, consisting of newly constructed residential units, has exhibited steady growth over recent years. For example, in Tashkent, the average price per square meter for newly built apartments increased by approximately 2.1% between January and October 2025, with certain districts such as Mirabad, Yashnobod, and Bektemir experiencing up to 5.5% growth[5]. This increase is largely driven by government-supported construction programs and subsidized mortgage schemes, which encourage demand for new housing.

In contrast, the secondary market, comprising previously owned properties, displayed more variable price trends. By September 2025, the average price in the secondary market increased by 4.6% nationwide. Notably, regional disparities were evident: Surxondaryo (+19%), Sirdaryo (+15.8%), and Jizzakh (+14.5%) experienced higher-than-average growth, while in central districts of Tashkent, some areas saw modest decreases of 1.7%[6]. These variations reflect factors such as property age, historical valuation, neighborhood amenities, and local demand.

Transaction volumes further illustrate market dynamics. In October 2025, approximately 27,100 residential property transactions were completed nationwide, representing a 12% increase compared to the previous month[7]. Tashkent, Khorezm, and Bukhara regions accounted for the highest transaction volumes, indicating concentrated demand in urban centers. Despite increasing primary market prices, rental rates remained relatively stable, with the average rental cost in Tashkent at \$8.5 per square meter, demonstrating a separation between purchase and rental market dynamics.

Factors Influencing Property Values

Several key factors were identified as driving residential property prices:

1. Construction Activity and Investment Programs:

Increased construction volume directly affects supply. In the first half of 2025, construction activity grew by 72%, providing additional primary market units and supporting stable price growth.

2. Mortgage Accessibility and Credit Availability:

Government policies to expand mortgage lending have significantly influenced housing demand. Approximately 19 out of every 1,000 working-age individuals accessed mortgage financing in 2025, leading to increased purchasing power and upward pressure on property prices.

3. Location and Regional Disparities:

Location remains a critical determinant. Central Tashkent apartments command higher prices compared to suburban districts due to superior infrastructure, proximity to employment centers, and better social services. Regional differences in Surxondaryo, Sirdaryo, and Jizzakh reflect local urbanization patterns and demographic pressures.

4. Regulatory Environment:

State decrees, including the Presidential Decree on Sustainable Housing Market Development (2025), have enhanced the role of formal property markets by standardizing appraisal practices, legal documentation, and mortgage access. This has reinforced the stability of the primary market while improving transparency across secondary market transactions.

The findings indicate that primary and secondary housing markets are influenced by different dynamics. Primary market growth is strongly associated with new construction, state programs, and mortgage incentives, while secondary market prices are more sensitive to property-specific characteristics and regional market conditions. Integrating macroeconomic variables, such as

income levels, inflation, and mortgage rates, with regulatory and institutional factors is crucial to explain observed price trends. Overall, these results underscore the importance of data-driven policy interventions and standardized appraisal practices. Accurate valuation not only supports investor confidence but also ensures equitable access to housing, stabilizes market conditions, and guides sustainable urban development in Uzbekistan.

Conclusion

This study analyzed the specific features of residential real estate appraisal in Uzbekistan, focusing on both primary and secondary housing markets. The findings indicate that primary market prices are primarily driven by construction activity, state-supported housing programs, and mortgage accessibility, resulting in relatively stable growth. In contrast, secondary market values are more sensitive to property age, condition, location, and historical valuations, leading to greater price volatility and regional disparities.

Macroeconomic factors, including household income, urban migration, and inflation, significantly influence housing prices, while regulatory frameworks, legal documentation, and government policy interventions play a crucial role in moderating market behavior. The Presidential Decree on Sustainable Housing Market Development (2025) demonstrates the government's commitment to expanding mortgage accessibility, increasing annual housing construction, and improving overall transparency in real estate transactions.

These findings highlight the importance of integrated appraisal methodologies that consider both property-specific and market-wide determinants. Policymakers, developers, and financial institutions can use these insights to stabilize housing markets, enhance affordability, and support sustainable urban growth. Future research should continue to explore the dynamic interaction between policy initiatives, market forces, and appraisal practices to ensure that the real estate sector contributes effectively to Uzbekistan's socio-economic development.

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