WHY PRIME REAL ESTATE BEHAVED DIFFERENTLY THAN COMMODITISED APARTMENTS IN TASHKENT DURING THE LAST FOUR YEARS

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Abstract

The real estate market of Tashkent experienced substantial structural ***transformation during the period of 2026-2026. However, not all segments of the*** market reacted similarly to macroeconomic pressures, mortgage conditions, and construction expansion. In particular, prime real estate demonstrated significantly different price dynamics and investment behaviour compared to commoditised apartments located in mass-market residential districts. The present study investigates the economic and structural reasons behind this divergence. The research applies statistical analysis, comparative analysis, and urban economic evaluation methods using data from housing market reports, construction indicators, and macroeconomic statistics.

The study demonstrates that prime real estate in Tashkent remained more resistant to inflationary pressures, monetary tightening, and fluctuations in mortgage accessibility due to limited supply, stronger investment demand, and location advantages. In contrast, commoditised apartments were more sensitive to mortgage rates, household income limitations, and construction expansion. The findings indicate that luxury and premium housing increasingly functioned as investment and capital preservation instruments, while mass-market apartments remained closely connected to affordability conditions and demographic demand.

The research concludes that differentiation between premium and commoditised housing markets is expected to continue in Tashkent because of urban concentration, infrastructure inequality, and investment behaviour among high-income households.

Keywords: mortgage interest rates, household income, housing supply, inflation, prime real estate, infrastructure inequality, housing markets

Introduction. The residential real estate market of Tashkent has undergone rapid transformation during recent years. Economic liberalisation, urbanisation, migration, and construction sector expansion significantly changed both the structure and pricing dynamics of housing markets in the capital city. Nevertheless, the behaviour of different housing segments demonstrated noticeable divergence, particularly between prime real estate and commoditised apartments.

Prime real estate generally includes luxury apartments, premium residential complexes, and properties located in prestigious districts with high infrastructure quality and limited land availability. Commoditised apartments, in contrast, represent standardised mass-market housing largely purchased by middle-income households for residential purposes. These apartments are more sensitive to mortgage accessibility, household income, and construction volume.

During the period of 2022–2026, the Uzbek economy experienced inflationary pressure, relatively high mortgage interest rates, and active expansion of residential construction. Under normal economic assumptions, these factors should influence most housing categories similarly. However, empirical observations indicate that prime real estate prices in Tashkent continued growing at a relatively strong pace, while commoditised apartments experienced slower growth and greater market sensitivity.

The present study investigates the reasons behind this divergence. The research focuses on analysing how macroeconomic conditions, urban structure, investment behaviour, and supply limitations influenced different segments of the Tashkent housing market. The article additionally evaluates the role of demographic trends, infrastructure concentration, and speculative demand in shaping price dynamics.

Literature Review

The differentiation between premium and mass-market housing has been widely analysed in urban economics and real estate literature. Many researchers argue that housing markets are segmented because different buyer groups react differently to changes in income, financing conditions, and macroeconomic expectations.

According to urban economic theory, prime real estate markets are typically less elastic than mass-market housing sectors because supply remains geographically limited. Researchers such as Edward Glaeser and Richard Florida emphasised that prestigious urban districts frequently maintain strong price growth due to concentration of business activity, infrastructure advantages, and social status effects.

Luxury housing markets are additionally influenced by investment demand and wealth preservation motives. In many developing economies, affluent households purchase premium real estate not only for residential purposes but also for long-term capital storage. Consequently, prime real estate often behaves more similarly to investment assets than ordinary consumer housing.

In contrast, commoditised apartments are generally influenced by affordability conditions and demographic demand. Their prices are more closely connected to mortgage rates, income growth, and construction volume. Several studies demonstrate that mass-market housing sectors become highly sensitive during periods of restrictive monetary policy because middle-income households depend heavily on bank financing.

Research on post-Soviet housing markets additionally indicates that rapid urbanisation often produces segmentation between central premium districts and peripheral residential zones. Capital cities frequently experience concentration of wealth, infrastructure investment, and commercial activity in limited urban areas, supporting strong growth of prime real estate values.

In Uzbekistan, academic research on housing market segmentation remains relatively limited. However, analytical reports increasingly demonstrate that premium residential complexes in Tashkent experienced stronger price resilience

compared to ordinary apartment markets during recent years. Several factors, including limited land availability, foreign investment, and rising demand among high-income groups, contributed to this trend.

Despite growing interest in the Uzbek housing market, there remains insufficient academic analysis specifically examining why prime real estate and commoditised apartments behaved differently during the period of economic transformation between 2022 and 2026. Therefore, the present study attempts to contribute to existing literature by analysing structural and macroeconomic factors influencing market segmentation in Tashkent.

Methodology

The study uses a mixed methodological approach combining comparative analysis, descriptive statistical analysis, and econometric evaluation methods. The objective of the research is to examine differences between the behaviour of prime real estate and commoditised apartment markets in Tashkent during the period of 2022–2026. The empirical analysis is based on secondary data collected from official statistics, real estate market reviews, banking sector reports, construction sector indicators, and analytical publications. Additional information was obtained from property market monitoring platforms and investment reports.

The study analyses several major variables:

- price growth in prime real estate;
- price growth in commoditised apartments;
- mortgage interest rates;
- construction volume;
- inflation indicators;
- investment activity;
- district-level housing demand;
- household income indicators.

For analytical purposes, the research compares premium districts of Tashkent with peripheral and mass-market residential areas. Comparative analysis is applied to evaluate differences in price behaviour, transaction activity, and market resilience.

The econometric model used in the study can be represented as follows:

$$P_t = \beta0 + \beta1M_t + \beta2S_t + \beta3I_t + \beta4D_t + \varepsilon_t$$

Where:

P_t — housing prices;

M_t — mortgage accessibility;

S_t — housing supply;

I_t — inflation;

D_t — district attractiveness and infrastructure concentration;

ε_t — error term.

The research assumes that prime real estate demonstrates lower sensitivity to mortgage conditions and housing supply because demand is more strongly influenced by wealth concentration and investment behaviour. Commoditised apartments are expected to demonstrate greater dependence on affordability conditions and construction expansion.

Descriptive statistical methods were additionally used for identifying long-term structural changes in the urban housing market of Tashkent.

Results and Discussion

The research findings demonstrate that prime real estate in Tashkent behaved substantially differently from commoditised apartments during the analysed period. While both segments experienced price growth, the premium market demonstrated significantly greater resilience to macroeconomic pressure, mortgage tightening, and construction expansion.

One of the most important factors explaining this divergence was the difference in buyer structure. Prime real estate buyers generally belonged to high-income or investment-oriented groups with lower dependence on mortgage financing.

Consequently, increases in mortgage interest rates had relatively limited influence on purchasing activity in the premium segment.

In contrast, commoditised apartments depended heavily on middle-income households using mortgage financing for residential purchases. As mortgage rates remained relatively high during much of the analysed period, effective demand in the mass-market segment became weaker. Many households postponed apartment purchases due to affordability limitations and rising monthly repayment burdens.

Another major factor was land scarcity in central districts of Tashkent. Prime residential areas experienced limited availability of development land, especially in districts with strong infrastructure, business concentration, and transport accessibility. Because supply remained structurally constrained, prices in these areas continued increasing despite broader market fluctuations.

The study additionally demonstrates that luxury housing increasingly functioned as an investment instrument rather than purely residential property. Under inflationary conditions, many wealthy households viewed premium apartments as a mechanism for preserving capital and protecting wealth against currency instability. This investment demand continued supporting prime real estate prices even during periods of slower economic growth.

The expansion of residential construction activity had different effects across market segments. Large-scale construction projects primarily increased the supply of commoditised apartments in peripheral districts. As a result, competition among developers intensified and price growth in the mass-market segment became slower. Prime real estate, however, remained less affected because premium housing supply expanded at a considerably lower pace.

The findings additionally reveal that infrastructure concentration played a major role in maintaining price differentiation. Premium districts benefited from superior urban infrastructure, commercial services, educational institutions, and transport connectivity. These factors increased long-term attractiveness for affluent households and investors.

Another important observation concerns the role of foreign investment and remittance income. Some premium real estate demand originated from investors seeking stable urban assets in strategically important districts of the capital city. Commoditised apartments, in contrast, remained more dependent on domestic purchasing power and wage growth.

The econometric analysis confirms that commoditised apartments demonstrated stronger sensitivity to mortgage accessibility and housing supply expansion. Prime real estate prices showed weaker correlation with these variables and stronger dependence on infrastructure concentration and investment demand.

The study also indicates that market psychology contributed to segmentation. Premium residential complexes increasingly became associated with social prestige and status signalling. Consequently, purchasing decisions in this segment were influenced not only by economic necessity but also by lifestyle and reputational considerations.

The findings generally correspond with international research on segmented housing markets in rapidly urbanising cities. Similar patterns can be observed in several developing economies where premium urban property behaves more similarly to investment assets than ordinary residential housing.

At the same time, the research suggests that growing divergence between prime and commoditised housing markets may increase urban inequality in the long term. Continued concentration of investment and infrastructure in premium districts could widen differences in accessibility and living standards between social groups within the city.

Conclusion. The conducted research examined why prime real estate behaved differently from commoditised apartments in Tashkent during the period of 2022–2026. The study demonstrated that housing market segmentation became increasingly visible due to differences in buyer structure, investment behaviour, infrastructure concentration, and supply limitations.

The analysis confirms that prime real estate demonstrated greater resilience to restrictive monetary conditions and construction expansion because demand in this segment depended less on mortgage financing and more on wealth concentration and investment motives. Limited land availability and infrastructure advantages additionally supported sustained price growth in prestigious districts.

In contrast, commoditised apartments were more strongly influenced by affordability conditions, mortgage accessibility, and expansion of housing supply. Construction growth increased competition in mass-market residential areas and moderated price growth in several districts.

The findings additionally indicate that inflation and economic uncertainty strengthened investment demand for premium housing. Luxury apartments increasingly functioned as capital preservation instruments for high-income households and investors. This contributed to stronger market stability in the prime real estate sector.

The research also revealed that urban infrastructure and district attractiveness played major roles in maintaining price differentiation across the city. Premium areas continued attracting investment because of superior transport connectivity, commercial concentration, and social prestige.

Based on the obtained findings, several policy implications can be proposed. First, balanced urban development policies should aim to reduce excessive infrastructure concentration in limited districts. Second, expansion of affordable housing programmes may improve accessibility for middle-income households. Third, long-term housing policy should consider growing segmentation within the urban real estate market.

In conclusion, the experience of Tashkent demonstrates that prime real estate and commoditised apartments may react very differently to the same macroeconomic environment. Future development of the housing market will largely depend on the interaction between investment behaviour, construction policy, urban infrastructure, and affordability conditions.

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