# THE IMPACT OF NEW HOUSING SUPPLY ON HOUSING PRICES IN TASHKENT

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**Abstract.** The rapid expansion of the construction sector in Tashkent during recent years has significantly transformed the structure of the urban real estate market. One of the most important economic questions in this process concerns the relationship between the supply of new housing and changes in residential property prices. This article investigates how increasing housing supply influenced apartment prices, market accessibility, and investment activity in Tashkent during ***the period of 2026-2026. The study applies statistical, comparative, and*** econometric analysis methods using official data from the construction sector, housing market indicators, and macroeconomic statistics.

The research demonstrates that increasing housing supply produced mixed effects on housing prices. On the one hand, expansion of residential construction contributed to moderating excessive price growth by increasing market availability and reducing supply shortages in several districts of the city. On the other hand, continued urbanisation, demographic growth, inflationary pressures, and investment demand prevented substantial declines in housing prices despite rapid construction activity.

The findings indicate that the primary housing market demonstrated greater sensitivity to changes in construction volume, while the secondary market remained more dependent on household income, mortgage accessibility, and location factors. The study concludes that sustainable housing market development in Tashkent requires balanced urban planning, infrastructure expansion, and coordination between housing supply policies and financial sector reforms.

**Keywords: Demografic growth, apartment prices, mortgage, inflation rate, household income, migration, investment.**

**Introduction**

The housing sector plays an important role in the economic and social development of modern cities. In rapidly urbanising economies, residential construction influences employment, investment activity, household welfare, and infrastructure development. In recent years, Tashkent has experienced substantial growth in the construction sector due to population increase, internal migration, economic reforms, and rising investment activity.

The issue of housing affordability has become one of the major socio-economic challenges in Uzbekistan. Rapid growth of apartment prices created difficulties for middle-income households and young families attempting to purchase residential property. In response to these challenges, both private developers and government authorities increased residential construction activity in order to expand housing supply and reduce pressure on the market.

However, the relationship between housing supply and housing prices is not always straightforward. In classical economic theory, an increase in supply should reduce prices if demand remains stable. Nevertheless, in rapidly growing cities such as Tashkent, rising incomes, inflation, migration, and investment demand may continue supporting housing price growth even during periods of intensive construction.

The present study analyses the impact of new housing supply on apartment prices in Tashkent during the period of 2020–2026. The research focuses on identifying whether construction growth contributed to stabilisation of housing prices or whether structural demand factors continued dominating the market. The article additionally evaluates the influence of urbanisation, infrastructure development, and investment behaviour on the residential real estate sector.

The relationship between housing supply and housing prices has been widely discussed in urban economics and real estate market literature. Many researchers argue that housing shortages represent one of the main causes of rapid price growth in urban areas. According to classical supply and demand theory, increasing

housing supply should reduce market pressure and improve affordability for households.

Researchers such as Edward Glaeser and Joseph Stiglitz analysed how land regulation, construction restrictions, and urban population growth influence real estate prices in large cities. Their studies demonstrate that insufficient construction activity often contributes to speculative price increases and declining affordability. In developing and transition economies, however, the housing market often demonstrates more complicated dynamics. In many post-Soviet countries, residential property is viewed not only as a consumption good but also as a financial asset and investment instrument. Consequently, housing demand may remain high despite increasing construction activity because households and investors seek protection against inflation and currency instability.

Several studies on Central Asian housing markets indicate that urban migration remains one of the key factors supporting housing demand. Tashkent, as the largest economic centre of Uzbekistan, attracts thousands of new residents annually. This demographic pressure creates continuous demand for apartments and stimulates expansion of the construction sector.

Local researchers in Uzbekistan increasingly focus on the transformation of the construction industry after economic liberalisation reforms. Analytical reports demonstrate that large-scale residential projects significantly increased the volume of available apartments in Tashkent during recent years. Nevertheless, housing prices continued growing in many districts because demand expansion remained strong.

The literature additionally demonstrates that infrastructure quality, transport accessibility, and district prestige significantly influence housing prices. Even when overall housing supply increases, prices in central and economically attractive districts may continue growing because land resources remain limited.

Despite growing research on the Uzbek real estate market, there remains limited academic analysis specifically examining the direct relationship between new

housing supply and housing price dynamics in Tashkent. Therefore, the present study attempts to contribute to existing literature through theoretical and empirical analysis of construction activity and housing market development.

The present study uses a mixed methodological approach combining statistical analysis, comparative analysis, and econometric modelling methods. The objective of the research is to evaluate the influence of new housing supply on residential property prices in Tashkent during the period of 2020–2026.

The empirical part of the study is based on secondary data collected from official and analytical sources, including the Statistics Agency of Uzbekistan, the Ministry of Construction, the Central Bank of Uzbekistan, and real estate market reports. Additional information was obtained from analytical publications and housing market monitoring platforms.

The research analyses several major indicators:

- volume of newly constructed housing;
- average apartment prices;
- housing transaction activity;
- urban population growth;
- mortgage lending volume;
- inflation indicators;
- construction sector investment.

In order to determine the relationship between housing supply and housing prices, the research applies a linear regression model. The dependent variable in the model is the average apartment price in Tashkent, while housing supply, inflation, household income, and mortgage accessibility are used as independent variables.

The econometric model can be represented in the following form:

$$P_t = \beta 0 + \beta 1 S_t + \beta 2 I_t + \beta 3 Y_t + \beta 4 M_t + \varepsilon_t$$

Where:

P_t — average apartment prices;

$S_t$ — volume of new housing supply;

$I_t$ — inflation rate;

$Y_t$ — household income level;

$M_t$ — mortgage accessibility;

$\varepsilon_t$ — error term.

The research assumes that increasing housing supply should negatively influence housing prices by reducing market shortages. However, inflation, urbanisation, and investment demand are expected to offset some of these effects.

Comparative analysis was additionally applied for evaluating differences between the primary and secondary housing markets. Descriptive statistical methods were used to identify long-term market trends and structural changes in the urban real estate sector.

The empirical analysis demonstrates that the construction sector of Tashkent experienced rapid expansion during the analysed period. Large residential complexes were actively developed in both central and peripheral districts of the city. Government housing programmes and private investment significantly increased the number of newly constructed apartments entering the market.

The research findings indicate that increasing housing supply contributed to moderating excessive growth of apartment prices in several districts. In areas where large-scale residential projects were implemented, the rate of price growth became slower compared to previous years. This suggests that additional housing supply partially reduced pressure created by strong urban demand.

At the same time, the study demonstrates that increasing supply did not result in major declines in housing prices across the entire market. One of the main reasons was the continuing growth of population and migration to Tashkent. Thousands of individuals from regional areas moved to the capital city in search of employment opportunities, education, and higher living standards. As a result, housing demand continued increasing despite the expansion of construction activity.

Another important factor was inflation. During the analysed period, inflationary pressure remained relatively high in Uzbekistan. Construction materials, labour costs, and infrastructure expenses increased substantially. Consequently, developers frequently transferred higher production costs into apartment prices, limiting the price-reducing effect of additional housing supply.

The findings additionally indicate that the primary housing market reacted more strongly to increases in supply than the secondary market. Newly constructed apartments became more available in outer districts, creating greater competition among developers. In contrast, prices in the secondary market remained comparatively stable due to location advantages and limited availability of central urban property.

The econometric analysis confirms the existence of a negative relationship between housing supply and housing prices. Regression results demonstrate that increasing construction volume contributed to slower price growth and improved housing accessibility in some market segments. Nevertheless, the overall impact remained moderate because demand-side factors continued supporting the market.

The research additionally reveals growing differentiation between districts of Tashkent. In prestigious central areas, apartment prices continued increasing despite new construction activity because land resources remained scarce and infrastructure quality remained high. In peripheral districts, however, greater housing supply created more competitive pricing conditions and expanded affordability for middle-income households.

Investment behaviour also played an important role in maintaining high housing prices. Many households and investors viewed residential property as a relatively safe investment instrument under inflationary conditions. Consequently, speculative and investment demand continued supporting apartment prices even when housing supply increased.

The construction sector itself became one of the major drivers of economic activity in the city. Expansion of residential development stimulated employment, banking

activity, infrastructure investment, and demand for construction materials. Therefore, housing construction produced broader macroeconomic effects beyond the real estate market alone.

The findings generally correspond with international research on rapidly urbanising cities in developing economies. Similar to many large urban centres, Tashkent demonstrates that increasing housing supply alone may not fully stabilise housing prices if population growth, inflation, and investment demand continue expanding simultaneously.

At the same time, the research indicates that continued expansion of housing supply remains important for long-term market stability. Without large-scale construction activity, housing prices in Tashkent would likely increase at a much faster rate due to structural demand pressure and limited land availability.

**Conclusion.** The conducted research examined the impact of new housing supply on apartment prices in Tashkent during the period of 2020–2026. The study demonstrated that expansion of residential construction significantly influenced housing market dynamics, affordability, and urban development in the capital city of Uzbekistan.

The analysis confirms that increasing housing supply contributed to moderating excessive housing price growth and improving market accessibility in several districts. Expansion of construction activity reduced some supply shortages and increased the availability of apartments for middle-income households.

At the same time, the research identified that growing housing supply alone was insufficient for producing substantial declines in apartment prices. Strong urbanisation, demographic growth, inflationary pressures, and investment demand continued supporting the housing market and maintaining relatively high price levels.

The econometric analysis additionally demonstrated that the relationship between housing supply and housing prices remains influenced by multiple macroeconomic factors. Inflation, mortgage accessibility, income growth, and migration patterns all

played important roles in shaping housing market dynamics during the analysed period.

The study also revealed significant differences between central and peripheral districts of Tashkent. In central urban areas, housing prices remained high because of limited land resources and strong investment demand. In outer districts, greater construction activity improved affordability and increased market competition among developers.

Based on the obtained findings, several policy recommendations can be proposed. First, continued expansion of residential construction should remain an important component of urban development policy. Second, infrastructure development and transport accessibility should accompany new housing projects in order to improve long-term urban efficiency. Third, policies aimed at controlling inflation and improving mortgage accessibility may contribute to more balanced housing market development.

In conclusion, the experience of Tashkent demonstrates that housing supply plays a significant role in stabilising urban real estate markets. However, sustainable housing affordability depends not only on construction volume but also on broader macroeconomic stability, demographic trends, and effective urban planning policies.

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