

TASHKENT CITY PLANNING





SUMMARY

Residents

- Anticipating urbanization and a rapid population expansion in the capital.
- Decrease in the average household size due to the increase in the proportion of solitary living.
- A decrease in the average apartment size in the city center and a growing demand for IRC in the suburbs
- Development of mortgage lending

Business hub

- Consolidation of established business clusters into a single business center
- Formation of peripheral clusters (IT Park, New Tashkent)

Infrastructure

- Maintaining tension in the utilities sector
- PPP (Public-Private Partnership) in infrastructure - an opportunity for development
- Introduction of energy-saving technologies in construction

Transport

- Traffic worsening - reason and necessity to optimize traffic flows and expand the capacity of interchanges
- Implementation of a paid parking system or restrictions on entry to the city center as a measure to regulate traffic flows

Construction

- Maintaining high rates of residential construction
- Optimization of apartmentography and expansion of the product line (flats, studios, BTL, and rental housing)
- Increased requirements for the quality of commercial projects
- Necessity to implement measures to protect the interests of shareholders

Urban planning

- The necessity of renovation of industrial zones
- Improvement of public spaces
- Development of the New Tashkent territory in the eastern part of the city

Social infrastructure

- Social infrastructure
- Establishment of private medical center chains.

Investments

- Establishment of "Tashkent Invest" to enhance the efficiency of investing in urban assets
- International institutional investors entering the market
- Expansion of project financing



Forecast 2035

~4 mln

(25% growth)
Population, pers.

1,29 mln

(120% growth)
Number of vehicles, units.

~101 mln

(55% growth)
Total area of housing
stock, sq. m.

2,15 mln

(460% growth)
Total area of office real
estate, sq. m

TASHKENT IS ON ITS WAY TOWARD BECOMING A MEGAPOLIS

- The government has set ambitious goals to transform Tashkent into a modern metropolis:
 - raising its position to 50th place in the ranking of the most comfortable cities (according to the Economist Intelligence Unit);
 - increasing the area of urban green zones up to 5,000 hectares;
 - increasing the number of foreign and domestic tourists to 7.5 million and 20 million people respectively;
 - increasing the level of public transport use from 17% to 50%, etc.

CONSTRUCTION VOLUMES

- The construction volumes match the city's aspiration to become a metropolis. Thus, at the end of 2022, in monetary equivalent, they amounted to UZS 32,946.1 billion (\$2,98 billion).
- The growth of construction works currently reached 103.5% compared to the same period of the last year.

CHALLENGES AND SOLUTIONS

- The city's extensive growth is testing the capacity of its outdated infrastructure, causing utility supply disruptions and traffic congestion.
- Global best practice solves this problem, for example, by increasing tariffs for communal resources; restricting entry to the city by private vehicles; organizing paid city parking.

NEW TASHKENT

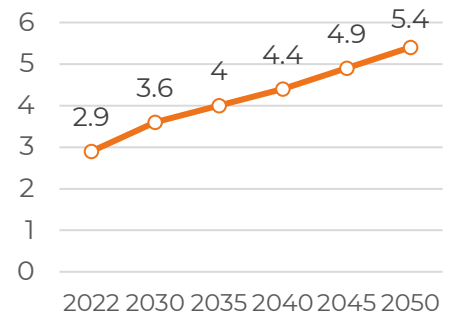
- The current urban policy aims to create a polycentric development model for the city. The city is growing in the south-eastern direction. In 2020, a new district, Yangikhayot, was formed. At the current time, active preparations are being made for the realization of the New Tashkent project.
- On the territory of 19,700 hectares of New Tashkent it is planned to create a housing stock for 2 million people. Apartment blocks for 100,000 residents will be built at the 1st stage of the project.
- The project infrastructure will be equipped with 2 underground lines that will connect Tashkent with New Tashkent. Public and social infrastructure will be created: New Uzbekistan University, new building of the National Library, theatre, etc.
- The most important aspect is the projected relocation of the state administration as a further development driver.
- In the current situation, it is essential to realize the critical importance of integrating New and Old Tashkent. Without an interconnected policy, this could lead to significant challenges for the environment, transport, and municipal infrastructure. Based on open data, our team has formed a vision of the upcoming city's development.



RESIDENTS

- By July 1, 2023, almost 3 million people live in Tashkent. Since the beginning of 2023, the population has increased by 43.1 thousand people [UzStat].
- Among other factors, population growth is due to the attraction of staff from all over the country to the labor market. According to our forecasts, by 2050 the population of Tashkent will increase to 5.4 million people.
- The level of accommodation in Tashkent per head of population at the beginning of the current year was 22.8 sq.m. At the same time, it is noteworthy that most of the city's population lives in private households, which highly increase the average indicator in the statistics.
- Population growth requires not only an increase in housing stock, but also its qualitative change: highly qualified personnel require high-quality accommodations.

Number of permanent population, mln people

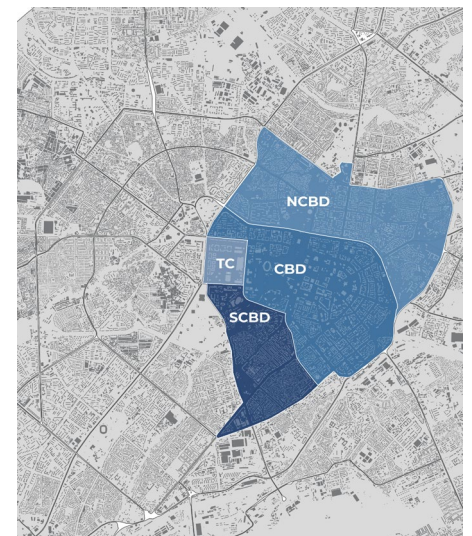


Source: World Bank, UNDP, CMWP, 2023

BUSINESS CENTRE

- Based on the cluster analysis, considering the historical background and physical delimitations (highways, parks, rivers), we have developed a map of Tashkent city submarkets. The Central Business District in Tashkent consists of 4 submarkets: NCBD, CBD, SCBD, and TC, where about 60% of office space is concentrated.
- New Tashkent aims to become a new business center. Thus, administrative bodies will be gradually relocated to its territory and up to 200,000 jobs will be created.
- An important point, from our perspective, is the open publicity of plans for the development of New Tashkent for its detailed study by residents and potential investors.
- The creation of a new major business center in the city will potentially reduce the traffic load on the city's transport system and reduce the time of daily trips, which will have a positive impact on the environment.
- The risk of this approach is delaying the relocation of administrative agencies as they effectively create the critical mass for the occurrence of a viable business district.
- A key issue will be the profitability of business projects in the new area, namely whether there is demand from companies for outlying areas and the timing of the construction of the necessary amount of residential property to support the business function.

Submarkets of the city's business district



Source: CMWP, 2023

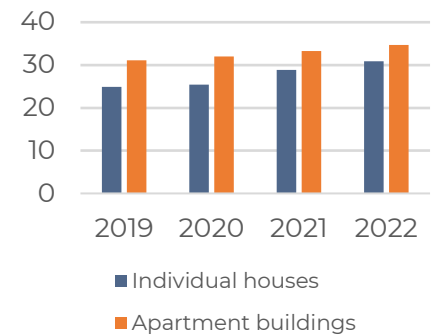
NCBD – Northern submarket
 CBD – Central submarket
 SCBD – Southern submarket
 TC – Tashkent City
 OD – Other districts



CONSTRUCTION

- In 2021, to improve the residential conditions of the population, the construction of "New Uzbekistan" residential neighborhoods throughout the country began. Thus, 1,536 flats will be commissioned in the Sergeli district.
- Within the city development strategy "Tashkent-2030" it is planned to increase the volume of housing construction up to 44,000 flats/year, a growth of 45%. The main volume of housing stock will be introduced outside the inner ring road.
- Consumer behavior when buying real estate is evolving - at the moment, the square footage of a flat is less important for purchase than it used to be. This has affected the average size of flats, which has decreased over the last few years and dropped to 65 square meters.
- According to our data from 2020, the structure of new residential space commissioning includes: Comfort/Economic - 48% Business - 32% Premium - 20%.

Total area of housing stock by type of housing in Tashkent, mln sq. m.

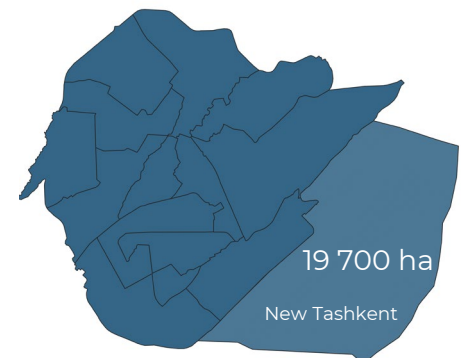


Source: Uzstat, 2023

URBAN STRUCTURE

- In line with our population growth projections, there should be an increase in the construction of economic/comfort class accommodation outside of the city to reduce the shortage of affordable housing.
- In Yukori-Chirchik and Urta-Chirchik districts of Tashkent region 19,700 hectares of land were allocated for the implementation of the New Tashkent project. The first stage includes the construction of housing and infrastructure facilities for 100 thousand residents on the area of 2,500 ha.
- We have analyzed the existing land use, which shows that the city is likely to be divided into two parts. The first part will be low-rise, and the second part will be high-rise.
- The city structure has conformed to this rule before, but New Tashkent will significantly upset the balance of population density by shifting the center of intensity to the east.
- Individual residential construction occupies 36.3 % of the total area of the city, which is significantly higher than in developed countries.
- Industrial zones occupy 16.8 %, but about 40 % of the areas are used inefficiently.
- These two factors offer great opportunities for redevelopment of the areas, but the first step should be an infrastructure renovation program to form the infrastructural base for future development.

Old and New Tashkent



Source: CMWP, 2023



INFRASTRUCTURE

- The problem with utilities in the capital consists of outdated infrastructure, insufficient maintenance; inefficient management, and customer relations regulation. This leads to frequent accidents, malfunctions, and system outages.
- The French company SUEZ has been involved to transform the existing water supply system and will also develop masterplans for the drinking water supply and sewerage systems.
- It is also planned to build a trigeneration station to serve the New Tashkent area, which will be the first such facility in Central Asia.
- In engineering infrastructure, the ability to maintain the infrastructure is essential. The annual budget depends on the income of the supplying organization. In the case of high default payments or low tariffs, this affects the maintenance of the infrastructure.
- Currently, there are objective difficulties in concluding concession agreements. The main ones are regulatory and tariff-related.

Rates for public utilities



Water supply
1400 sum/m³



Electricity
295 sum/kWh



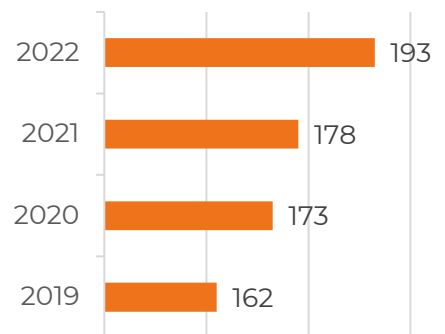
Gas
380 sum/m³

	Tashkent	Istanbul
Water supply (\$/m ³)	0.114	0.573
Electricity (\$/kWh)	0.024	0.090
Gas (\$/m ³)	0.031	0.065

TRAFFIC

- As Tashkent is growing and the city's infrastructure is developing, the number of cars inevitably increases. Thus, over the last 4 years, the number of cars in the capital has increased by 34%. This is a logical consequence of population growth, economic development, and improvement in the living standards of city inhabitants.
- The increase in vehicles number will lead to a range of problems:
 - traffic jams and overloaded roads, especially during the peak hours;
 - lack of car parking;
 - negative impact on the environment.
- Various approaches and methods are used worldwide to solve these problems, for example, paid entry into the city center or paid parking along with the development of public transport.
- We see transferring residents to public transport as an extremely difficult task with the existing city infrastructure, and success will depend on a set of conditions: stability and quality of services, brand recognition, and changing consumer habits of residents.

Number of cars in Tashkent per 1,000 people



Source: Uzstat, 2023

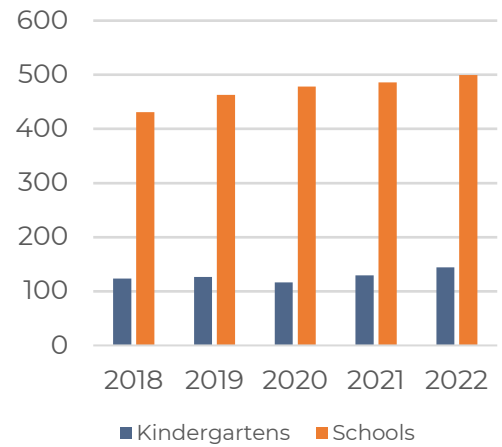
We forecast the number of cars will increase 2.2 times by 2035, from 577,000 to 1.29 million cars



EDUCATION

- The educational sector in Tashkent faces several problems that have a negative impact on the quality of education. These include:
 - lack of qualified staff;
 - outdated equipment, lack of teaching materials in classrooms;
 - low level of IT usage;
 - problem of accessibility for all social classes;
 - limited capacity of schools.
- The number of teachers in general education institutions in the school year 2022-2023 in Tashkent amounted to 28,609, i.e. on average there are 17 students per teacher.
- This year, an agreement was signed with ADB to establish 13 general education schools in Tashkent and Tashkent province in 2023-2024.
- Within the framework of the "Uzbekistan-2030" strategy, it is planned to increase the coverage of higher education to 50% by 2030.

Number of children in kindergartens and schools in Tashkent, thousand people

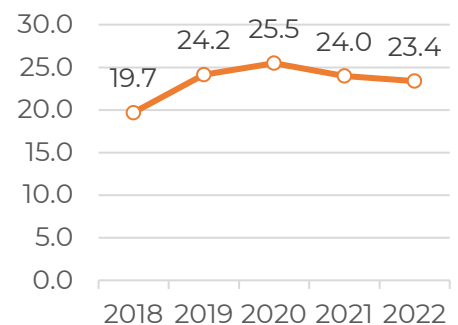


Source: Uzstat 2023

HEALTHCARE

- Among the challenges related to health care, the following ones can be mentioned:
 - Insufficient modern equipment for diagnosis and treatment;
 - shortage of specialized doctors;
 - low provision of medical facilities.
- To solve these problems, new medical centers are being built. For example, India's Aakash Health plans to build a modern medical campus in Tashkent for \$100 million.
- About UZS 30 billion (\$2,44 million) was also allocated to provide clinics and hospitals in the form of technologies and equipment. Digitization of medical service delivery processes is underway.
- The introduction of a public health insurance system will begin this year, which will reduce budget expenditures and improve the quality of medical services.

Number of beds in medical institutions in Tashkent, thousand units




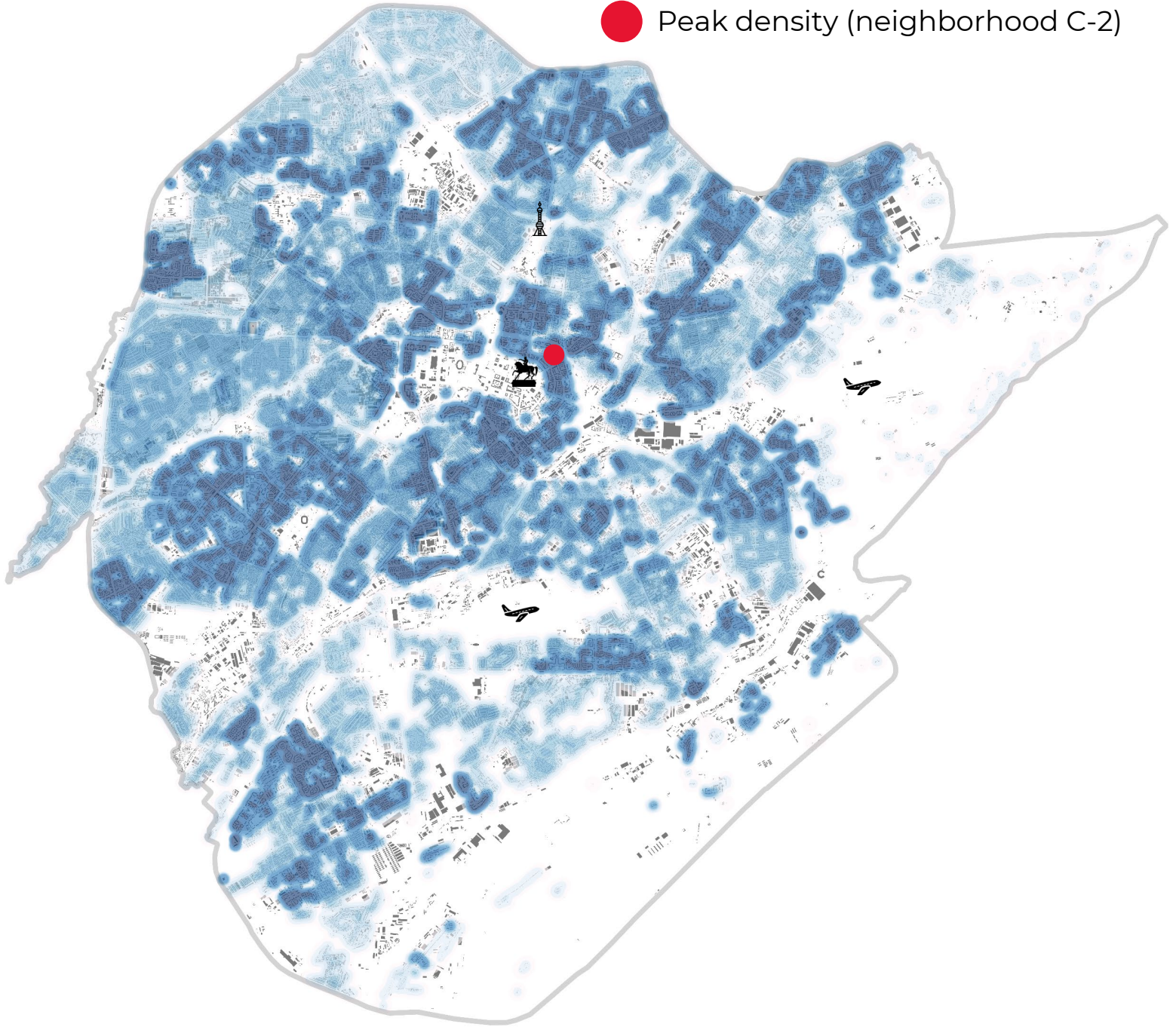
Source: Uzstat 2023

POPULATION DENSITY

MIN

MAX

 Peak density (neighborhood C-2)

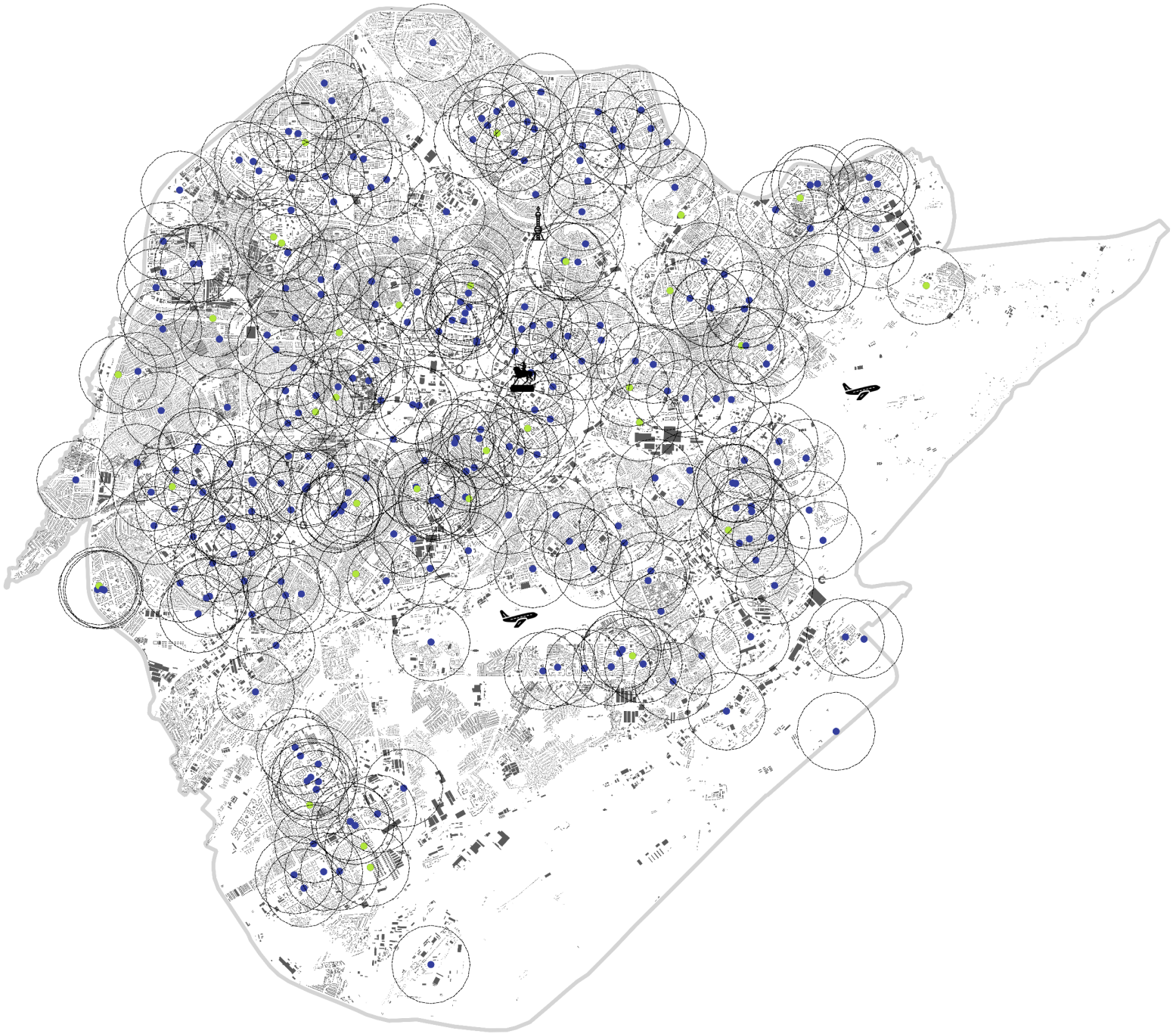


DESCRIPTION

- The density map shows the most populated areas of the city. Among them the ones that can be distinguished are: City center, Chilanzar, Sergeli, Yunusobod.
- The peak density is in the quarter named C-2, where 1,480 people/ha live.
- The average population density is 145 people/ha (residential) and 68 people/ha (urban). These figures indicate a high population density comparable to some of the global cities (London, Hong Kong, Milan).

SCHOOL PROVISION

- Public school
- Private school

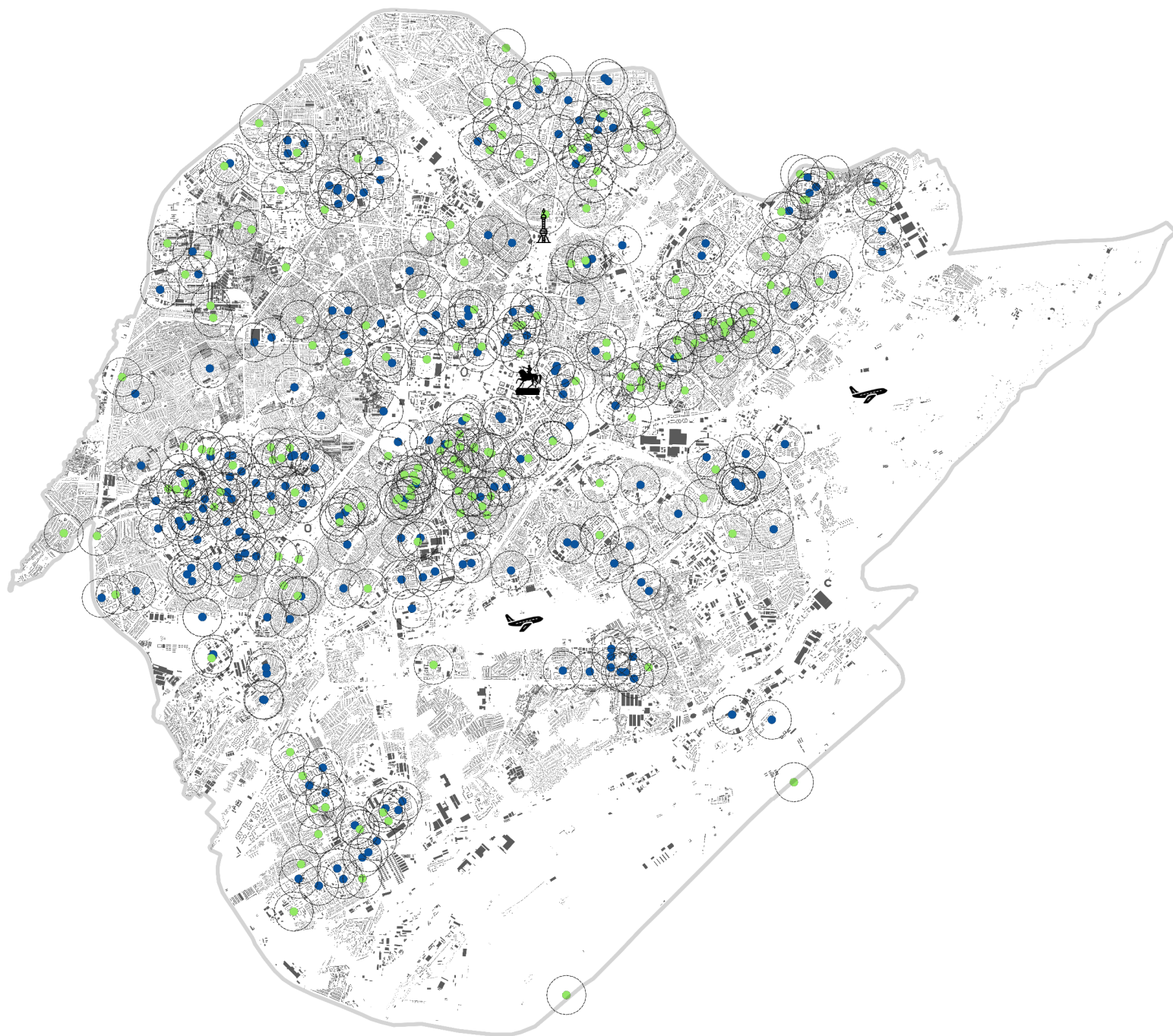


DESCRIPTION

- The urban system of primary and secondary education has good territorial accessibility for the population. Excluding private schools, more than 90% of children live within a one-kilometer radius from a school (including private facilities, accessibility is 94%).
- Private schools make up a small share of all educational institutions in the city. According to our estimates, they account for 3-7% of all educational institutions.

KINDERGARTEN PROVISION

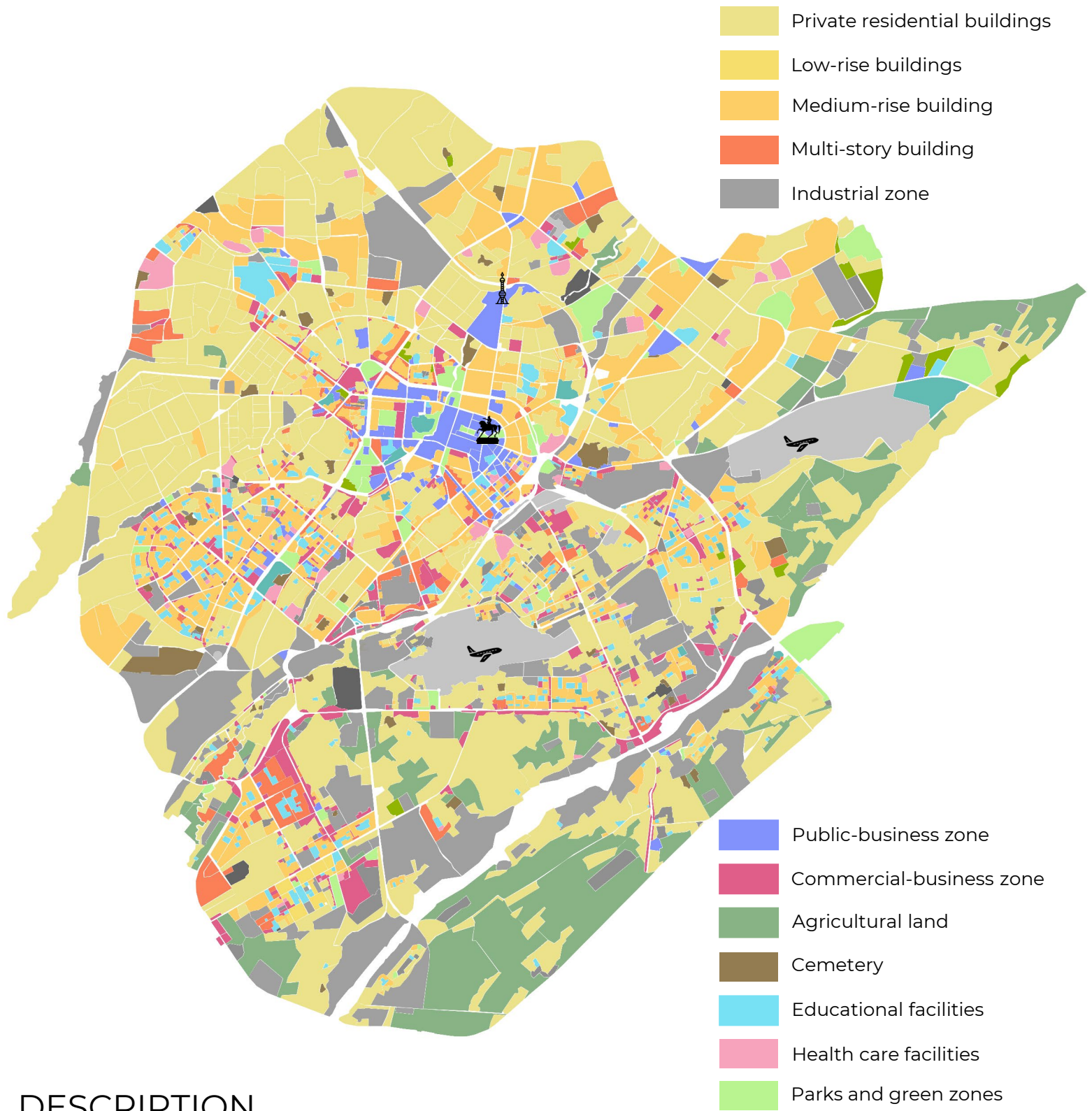
- Public kindergarten
- Private kindergarten



DESCRIPTION

- The situation with kindergartens in the city is noticeably worse than with schools. Only 68% of children live within 500 m from the nearest kindergarten.
- Private kindergartens account for 45% of all institutions. The problem of accessibility is particularly acute for individual housing in urban areas.

CURRENT LAND USE

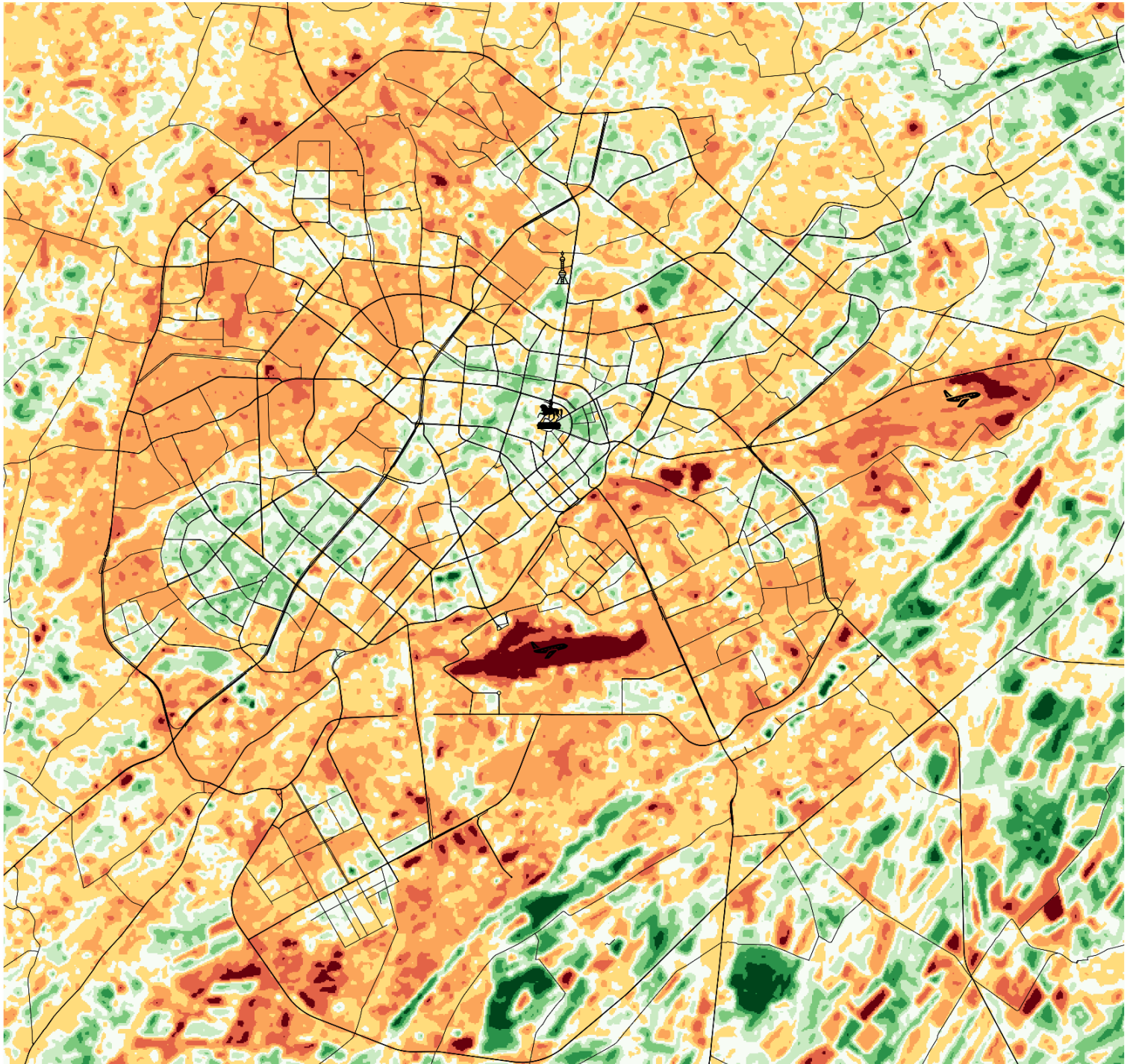


DESCRIPTION

- Commercial-business and public-business zones differ in terms of the main function. In the first case the main function is trade, in the second case - office and public, total area ~ 4.7%.
- Industrial zones occupy 16.8% of the total area of the city.
- More than 35% of the city territory is occupied by private residential buildings. However, according to our calculations, only ~25% of the population lives there.
- The majority of the city's population (~62%) lives in medium-rise buildings, occupying 12.3% of the area.

HEAT ISLAND

Air temperature at the moment of observation



DESCRIPTION

Land Surface Temperature (LST) 20.07.23 11:00 (GMT+5)

- In areas with little green space, the temperature higher than 35°C can be observed. High temperature can also be observed in the areas with a high density of single-storey construction (which hinders air circulation).
- The northeastern part of Tashkent is noticeably cooler. Presence of the Botanical Garden and low density of buildings are the factors due to which such temperature can be observed.



GLOSSARY

Stock – total number (sum of areas) of existing real estate facilities.

Submarket – a segment which is a part of total office real estate stock related to specific geographical location.

HS (Housing stock) – is the aggregate of all dwellings regardless of type of ownership, purpose, duration of residence and other factors.

ADB (Asian Development Bank) – whose main objective is to stimulate economic growth in Asia and the Far East through direct loans and technical assistance.

Trigeneration – the process of generation of electricity, heat and cooling at the same time.

Economist Intelligence Unit – the research unit of the Economist Group, which provides forecasting and advisory services through research.

ACKNOWLEDGEMENTS

We would like to express our gratitude to **guest expert Yuri Mannanikov**, who participated in the preparation of this report and developed the Heat Island map, and to thank the **GeoAlert team** for their work in increasing the amount of open data on Central Asian countries.

The information contained in this report is provided for informational purposes only and may not be used by any party without prior independent verification. The classifications of individual buildings are regularly reviewed and are subject to change.

All the information or part of it contained in this report may be used only with the written consent of CWP ADVISORS LLC. The information contained in this publication may be quoted only after proper consent has been received.



Our Team



Denis Sokolov FRICS

Partner, CEO

Denis.Sokolov@cmwp.uz
+998 94 022 0377
t.me/dsokoloff



Alexey Letunovskiy

Head of Analytics Department

Alexey.Letunovskiy@cmwp.uz
+998 94 777 01 68
t.me/letunovskiy_AV



Guli Karabaeva

Analyst

Guli.Karabaeva@cmwp.uz
+998 90 128 8510



Tatyana Divina

Senior director, Head of Research and Analytics Department

Tatyana.Divina@cmwp.uz
https://t.me/tatyana_divina_life



Sergey Fil

Head of Brokerage

Sergey.Fil@cmwp.uz
+998 99 630 8368
t.me/uz_fil



Andrey Shmelkov

Head of Project Management

Andrey.Shmelkov@cmwp.group
+998 94 090 8804
https://t.me/Andrey_AY_CMWP



Pavel Gabdullin

Senior Project Manager

Pavel.Gabdullin@cmwp.uz
+998 94 056 5256
https://t.me/Pavel_Gabdullin



Amal Khaitov

Consultant

Amal.Khaitov@cmwp.uz
+998 90 399 3525
https://t.me/amal_khaitov

CMWP team would be glad to assist you with any real estate related task in Uzbekistan.

The company provides services in investment, valuation, brokerage, real estate purchase and sale, strategic consulting, facility management, project management and analytics in all sectors of the commercial real estate industry – hotels, offices, warehouses, retail, industrial and land.

Website

<https://www.cmwp.uz>



Telegram

<https://t.me/ereradar>



YouTube

<https://YT/@uzurbanlife>



Our office: Tashkent, BC Orient, Amir Temur Avenue, 42