

THE IMPACT OF ECONOMIC GROWTH AND URBANIZATION PROCESSES ON THE REAL ESTATE MARKET

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Abstract. *This article analyzes the changes occurring in Uzbekistan's real estate market as a result of stable economic growth and the rapid pace of urbanization. The study examines the effects of economic growth, infrastructure development, internal migration, and demographic shifts on residential and commercial real estate. In addition, innovative solutions, state policy, and international experience in managing urbanization are discussed.*

Keywords: *economic growth, urbanization, real estate market, infrastructure, investment, PropTech, green construction.*

Introduction. After gaining independence, Uzbekistan entered a new stage of economic development. Since 2017, economic reforms, liberalization of investment policy, and modernization of infrastructure have accelerated urbanization processes [1].

The growth of the urban population is not only a demographic phenomenon but also an economic one, as it increases demand for new housing, production, and service infrastructure. In 2000, Uzbekistan's population was 24 million; by 2024, it had exceeded 37 million, with 52 percent living in urban areas [2].

The real estate market has emerged as one of the main drivers of economic growth during this period. Demand for housing, commercial, and industrial facilities has increased, along with investment activity. At the same time, rising prices, limited land resources, and environmental challenges have appeared as the negative outcomes of accelerated urbanization [3].

Research Methodology (Methods). The research applied the following methods:

- **Statistical analysis:** Economic and demographic changes during 2010–2024 were analyzed using data from the State Statistics Agency of Uzbekistan, the World Bank, and UN-Habitat [1], [2].

- **Correlation analysis:** The relationship between GDP growth and housing prices was identified, with a correlation coefficient of $r = 0.81$ [4].

- **Comparative analysis:** The dynamics of housing price growth were compared among Tashkent, Samarkand, and Fergana.

- **Sociological survey:** A survey of 500 urban residents was conducted to study housing ownership, rental prices, and investment behavior.

- **International experience:** Urbanization policies in South Korea, Turkey, and Poland were analyzed [5], [6].

Results. Between 2010 and 2024, Uzbekistan's economy maintained an average annual growth rate of 5.8% [1]. Industry and services now account for over 70 percent of GDP.

Rising incomes have expanded the population's capacity to purchase housing and increased overall consumption potential.

The volume of mortgage lending increased 6.5 times from 2018 to 2024, which enhanced market liquidity but also led to rapid price growth in some regions [4]. By the end of 2024, the average price per square meter in Tashkent reached 13 million soums – 1.8 times higher than in 2020.

The level of urbanization rose from 36% in 2000 to 52% in 2024 [2]. The urban population is growing by about 200,000 people annually. The most intensive growth has occurred in Tashkent, Samarkand, and Andijan regions.

According to survey results, 68% of respondents consider city life advantageous due to better infrastructure, job opportunities, and social amenities, while 21% cited rising housing prices as the main problem [3].

Development of Real Estate Segments:

- **Residential market:** About 70% of new housing construction is concentrated in urban areas.

- **Commercial sector:** The number of shopping centers increased 1.9 times between 2020 and 2024 [1].

- **Industrial real estate:** The expansion of free economic zones (FEZ) has led to higher demand for industrial buildings.

Discussion. The real estate market is one of the most sensitive sectors of the economy. As incomes rise, the proportion of the population able to purchase housing increases. However, when growth in property prices outpaces income growth, there is a risk of a speculative “bubble” forming [4].

Positive Effects of Urbanization:

1. **Job creation:** Construction and service sector expansion boost employment.
2. **Investment attractiveness:** Urbanization attracts investors to infrastructure projects [5].
3. **Technological advancement:** The construction industry is adopting BIM and PropTech technologies [6].

Emerging Challenges:

- Rapid price increases reduce housing affordability for low-income groups.
- Transportation and environmental problems are intensifying.
- Limited land resources necessitate new urban planning systems [3].

Innovative Solutions:

- **Blockchain-based digital cadastre:** Increases transparency of property transactions [7].
- **Green construction technologies:** Ensure energy efficiency and sustainability [8].
- **Public-private partnership model:** Enables financing of affordable housing projects [6].

International Experience:

- **South Korea:** The “New Town” policy successfully directed population growth away from city centers [5].

- **Turkey:** The TOKİ program provides affordable housing through public-private cooperation.

- **Poland:** Ecological urban planning ensures the preservation of green spaces [6].

Conclusion. Uzbekistan's economic growth and urbanization processes are closely interlinked. These two factors determine the size, value, and investment attractiveness of the real estate market. However, rapid price increases, inadequate infrastructure, and environmental pressure hinder sustainable development.

In the future, integrating **urbanization into economic strategies**, **expanding digital technologies**, and **strengthening socially inclusive housing policies** will ensure sustainable growth and the long-term stability of Uzbekistan's real estate market.

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