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Factors Influencing Real Estate Value And Their Consideration In The Valuation Process

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ABSTRACT
This article analyzes the main factors influencing real estate value, their economic and social importance, and the mechanisms for accounting for these factors in the valuation process. The study identifies that factors such as location, infrastructure development, environmental conditions, natural and seismic safety, ecological cleanliness, and transportation accessibility directly and indirectly affect real estate market value. Methods for determining the degree of influence through coefficients and integrating them into the final valuation are described. The research results show that ecological conditions, infrastructure potential, and seismic stability are among the key determinants of real estate value. Moreover, considering health, living comfort, and safety indicators allows for a more realistic and objective valuation of the property.

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KEYWORDS: Real estate, valuation process, factors, economic analysis, infrastructure, environmental condition, seismic safety, market value, coefficient.

Annotatsiya: Mazkur maqolada ko'chmas mulk obyektlari qiymatiga ta'sir ko'rsatuvchi asosiy omillar, ularning iqtisodiy va ijtimoiy ahamiyati hamda baholash jarayonida bu omillarni hisobga olish mexanizmlari tahlil qilinadi. Tadqiqot davomida joylashuv, infratuzilma rivojlanganlik darajasi, atrof-muhit holati, tabiiy va seysmik xavfsizlik, hududning ekologik tozaligi, transport qulayligi kabi omillar ko'chmas mulkning bozor qiymatiga bevosita va bilvosita ta'sir etishi aniqlangan. Shuningdek, baholash jarayonida ushbu omillarni iqtisodiy ko'rsatkichlar orqali ifodalash, ularning ta'sir darajasini koeffitsiyentlar yordamida aniqlash va yakuniy qiymatga integratsiya qilish usullari amaliy misollar asosida yoritilgan. Tadqiqot natijalari shuni ko'rsatadiki, obyektning ekologik holati, infratuzilma imkoniyatlari va seysmik bardoshliligi ko'chmas mulk qiymatini belgilovchi eng muhim omillar sirasiga kiradi. Shuningdek, baholashda inson salomatligi, yashash qulayligi va xavfsizlik mezonlarini e'tiborga olish obyekt qiymatini yanada real baholash imkonini beradi.
Kalit so'zlar: ko'chmas mulk, baholash jarayoni, omillar, iqtisodiy tahlil, infratuzilma, ekologik holat, seysmik xavfsizlik, bozor qiymati, koeffitsiyent.

Аннотация: В данной статье рассматриваются основные факторы, влияющие на стоимость объектов недвижимости, их экономическое и социальное значение, а также механизмы учета этих факторов в процессе оценки. В ходе исследования выявлено, что такие факторы, как местоположение, уровень развития инфраструктуры, состояние окружающей среды, природная и сейсмическая безопасность, экологическая чистота территории и транспортная доступность оказывают прямое и косвенное влияние на рыночную стоимость недвижимости. Кроме того, описаны методы определения степени влияния факторов с использованием коэффициентов и их интеграции в конечную стоимость объекта. Результаты исследования показывают, что экологическое состояние, инфраструктурные возможности

и сейсмоустойчивость являются одними из ключевых факторов, определяющих стоимость недвижимости. Учет показателей здоровья, комфорта проживания и безопасности способствует более объективной оценке реальной стоимости объекта.

Ключевые слова: недвижимость, процесс оценки, факторы, экономический анализ, инфраструктура, экологическое состояние, сейсмическая безопасность, рыночная стоимость, коэффициент.

Introduction

Today, the real estate market holds an essential position as one of the main components of Uzbekistan's economy. This sector plays a decisive role in ensuring the sustainable functioning of production and non-production industries, improving the investment climate, and raising the living standards of the population. The gradual privatization of state property, liberalization of the economy, and development of the private sector have fostered the deep institutionalization of real estate market relations.

The mechanisms of the real estate market now encompass not only ownership formation but also property valuation, management, and redistribution processes. Therefore, valuation activity has become an integral element of economic reforms and an important tool for strengthening the foundations of a legal and market-based economy.

In recent years, Uzbekistan has taken significant steps toward reforming its property valuation system in line with international standards. The Presidential Decree of March 5, 2025, No. PF–43 "On the Implementation of the Mass Valuation System of Real Estate" marked a new stage in this area. This document envisions the creation of a transparent and fair valuation mechanism based on a unified digital database and aims to increase the efficiency of taxation and investment policies [1].

This process aligns with the country's active real estate market growth. In September 2025, the number of property transactions rose by 13.7%, reaching 24.3 thousand deals — a notable increase compared to the same period in 2024. The highest growth rates were recorded in Syrdarya (35.6%), Bukhara (20.2%), and Tashkent (31.2%), reflecting heightened construction and investment activity.

Overall, 5.5 thousand transactions were recorded nationwide during the month, which is 11% higher than in Q2 of 2025. The strongest growth occurred in Bukhara and Syrdarya regions (27.3% and 24.9%, respectively) and in Tashkent city (19.9%). These figures demonstrate the stable development of Uzbekistan's real estate market and the effectiveness of state policies aimed at maintaining the balance between supply and demand [2].

Given these developments, in-depth analysis of the economic factors shaping real estate value, assessing their influence on valuation processes, and properly accounting for them in modern valuation mechanisms have become increasingly relevant. The introduction of a mass valuation system enhances efficiency, transparency, and integration with international appraisal practices.

Literature Review. Numerous scientific works and educational manuals have been published in recent years, examining the economic, legal, and technical aspects of property valuation. The analysis of these sources shows that valuation systems are evolving as integral parts of ongoing economic reforms based on both national and international experience.

L.N. Tepman's "Real Estate Valuation" details theoretical foundations, property types, and valuation methods, with particular focus on mortgage and leasing mechanisms [3].

A. Gryaznova and M.A. Fedotova's "Real Estate Valuation" analyzes goals, principles, and information support in valuation, as well as control mechanisms for appraisal activities [4].

K.B. Ganiev and G.I. Ganieva's textbook "Real Estate Valuation" provides extensive insight into key concepts and practices [5].

R.Kh. Alimov, A.N. Kravchenko, B.Yu. Khodiev, and V.B. Berkinov's "Real Estate Valuation" examines national approaches, highlighting principles, standards, and legal foundations, while comparing income, cost, and comparative approaches within Uzbekistan's context [6].

The textbook by N.J. Tuychiev, A.M. Mirkhoshimov, and K.A. Plakhti "Fundamentals of Real Estate Valuation" explores the technical, legal, and economic aspects as well as international and national standards [7].

Research Methodology. The study explores the nature, advantages, and practical application of the comparative approach in property valuation. It employs scientific-theoretical, statistical, qualitative, and quantitative analysis methods. Using statistical data, trends in the secondary housing market were examined, while qualitative methods assessed the effectiveness and practical applicability of valuation techniques.

Analysis And Results

In recent years, many homebuyers in our country have focused not on the quality of housing, but rather on the potential to resell it for profit. This trend became particularly evident in 2024. A certain segment of the population purchases housing not for living purposes, but with the intention of selling it later at a higher price. As a result, the real estate market has gradually transformed into a system that serves speculative demand rather than real need.

This process has encouraged construction companies to build more residential properties in a shorter period, although the level of quality has not always remained high. Consequently, many low-quality yet high-priced properties have appeared in the market. Since the main goal of many buyers is to earn profit, the real estate market has increasingly resembled a game of risk rather than a source of value creation.

According to analysts, the year 2024 will be remembered as the period when price correction began in the country's real estate market. This does not mean a decline in prices, but rather their return to real economic fundamentals. In other words, properties that were previously overvalued began to adjust their market value to align with economic reality. As a result, the number of buyers purchasing homes for speculative profit has decreased, while demand for high-quality, long-term projects has increased.

Thus, the correction process in the housing market does not signify a sharp drop in prices, but rather indicates that prices are now being formed based on genuine demand, quality, and location factors. At present, a more economically grounded valuation system free from speculative influences is emerging. This system contributes to the healthy development of the real estate sector, more efficient allocation of investments, and encourages households to make housing choices based on quality and long-term sustainability criteria.

According to data from the Center for Economic Research and Reforms (CERR), in 2024, housing prices in the secondary market increased by an average of 6.2%. At the same time, prices in Tashkent city decreased by 1.5%, indicating an oversupply and the beginning of a market saturation process. The average price per square meter amounted to 1,102 USD, which has made home purchases increasingly difficult for many families.

Regional analysis shows that Sirdaryo (35.6%), Bukhara (20.2%), and Tashkent city (31.2%) were among the most active regions in terms of housing transactions. Overall, as of September 2025, a total of 24.3 thousand sales transactions were recorded nationwide, which is 13.7% more compared to 2024.

In November 2024, about 22 thousand transactions were registered—an increase of 0.8% compared to the same period of the previous year. This reflects the stabilization of economic activity, although some market segments still show signs of overvaluation [10].

When determining the market value of real estate properties, it is crucial to thoroughly study both direct and indirect influencing factors and to assess their relative importance. The analysis shows that each factor affects the property's value differently, and they are closely interrelated. Ideally, a building that fully meets all standards and requirements has the highest value, but in practice, such cases are rare. Therefore, each limitation or inconsistency reduces the consumer value of the property.

First and foremost, the location of the building and its geographical as well as socio-economic characteristics play a major role in the valuation process. The location factor is one of the most important determinants in valuation practice, encompassing components such as the prestige of the area, proximity to district centers, accessibility to public transport, the level of social infrastructure development, and the availability of recreational zones.

In terms of transport accessibility, the property is in a favorable position, as it can be easily reached by all public transport means. This serves as an important advantage for consumers and has had a positive impact on its value. However, regarding social infrastructure, the absence of nearby preschools and large shopping centers has limited the increase in value. Nevertheless, the presence of pharmacies, beauty salons, shops, and other service facilities has acted as a stabilizing factor in maintaining the property's value [11].

In summary, the conducted analysis demonstrates that Uzbekistan's real estate market is gradually developing a sustainable valuation system based on quality, location, and infrastructure factors. This system contributes to improving the effectiveness of economic reforms, reducing speculative demand, and forming market mechanisms aligned with international standards.

Table 1

Factors Influencing the Value of Real Estate and Their Significance in the Valuation Process

№	Factor Name	Content and Composition of the Factor	Consideration in the Valuation Process	Type of Impact
1	Territorial factors	Location, transport accessibility, social infrastructure, presence of recreational areas	Prestige of location, proximity to city center, convenience of roads are considered	Positive / Negative
2	Natural factors	Climate, relief, sunlight exposure, wind direction, environmental condition, seismic risk	Ecological cleanliness and earthquake resistance are assessed	Positive / Negative
3	Economic factors	Supply and demand, inflation rate, credit terms, tax benefits	Market conditions, credit policy, and price dynamics are analyzed	Positive / Negative
4	Social factors	Population density, employment rate, safety, quality of living	Population and welfare level are analyzed	Positive / Negative
5	Legal factors	Property rights, land ownership, building permits, regulatory restrictions	Legal status and validity of documents are verified	Positive / Negative
6	Technical factors	Building quality, condition of communications, depreciation rate, modernization potential	Technical passport and physical wear are determined	Positive / Negative
7	Aesthetic factors	Architectural design, exterior appearance, harmony with surroundings	Compatibility with design and environment is evaluated	Positive / Negative
8	Environmental factors	Cleanliness of the area, waste management system, availability of green zones	Sanitary-hygienic condition and environmental safety are analyzed	Positive / Negative
9	Political factors	Regional stability, investment climate, government support	Political stability and investment risks are assessed	Positive / Negative

During the analysis, the presence of recreational areas was also evaluated. The object under study included a playground, sports field, and park, which did not negatively affect its value. From the standpoint of the natural environment, the building is situated in a sunlit area opposite to prevailing wind directions, surrounded by mature trees that create a favorable ecological environment for living. The region's climatic and ecological indicators comply with hygienic standards; the waste management system is established, and surrounding areas are regularly cleaned. Therefore, the absence of environmental pollution was not recorded as a factor that reduces the property's value. Additionally, seismic factors were analyzed: the evaluated area corresponds to an 8-point earthquake resistance zone, which is considered a standard level; hence, this factor also had no negative effect on the object's value. Overall, among the seven territorial factors analyzed, three did not influence the property's value, while the rest produced relatively positive or negative variations.

In addition, other factors affecting the value of residential properties were identified, such as window view, apartment layout, room arrangement, availability of parking, internal infrastructure, and technical condition—all considered significant by consumers. The analyzed property benefits from windows overlooking a green area and a park, providing psychological comfort. The apartment's internal layout is optimal, with independently accessible rooms and appropriately positioned bathrooms, which enhances ergonomic value. The presence of dedicated parking ensures safety and increases consumer trust. Although the property is located on the first floor, which is often seen as a drawback, in this case, it did not negatively affect its value due to modern safety systems installed in the building.

In the valuation of commercial real estate, economic, political, and natural factors must be examined in an integrated manner. To accurately determine market value, the appraiser must collect reliable data on the socio-economic situation of the region, market trends, land value, and technical features of the object. Practical analysis shows that if data completeness and accuracy are not ensured, the final valuation conclusion may become unreliable. Therefore, to improve the valuation process, the following directions are crucial: preparing appraisal reports in compliance with the "Law on Valuation Activity," providing a comprehensive description of property rights, justifying the application of valuation approaches (cost, income, and comparative), verifying data reliability, and ensuring that reports meet international standards.

Furthermore, systematic analysis of regional socio-economic indicators, demographic growth, infrastructure development, environmental factors, political stability, and supply-demand dynamics is essential.

The analytical results indicate that the value of real estate depends not only on its geographical location but also on a combination of multiple internal and external factors. Their interrelation determines whether the value rises or falls. According to the valuation results, the overall value of the analyzed property remained stable under the influence of territorial and external factors—negative impacts were balanced by positive ones. Therefore, the property can be considered investment-attractive.
At the same time, improving the valuation system, updating data, maintaining systematic market monitoring, enhancing the qualifications of valuation specialists, and integrating digital technologies can make valuation outcomes more accurate, transparent, and reliable.

Conclusions And Recommendations

Determining the value of real estate objects is a complex, multi-factor process in which economic, social, territorial, natural, and legal factors are interrelated and interdependent. The reliability and accuracy of the valuation process primarily depend on the correct identification, analysis, and integration of these factors into the valuation model.

In recent years, dynamic changes observed in Uzbekistan's real estate market — particularly the 2024 price correction and the decline in speculative purchases — have helped align the market more closely with real economic demand. This trend has increased the demand for high-quality and long-term projects. At the same time, consumers now pay greater attention not only to location but also to environmental conditions, infrastructure, transport accessibility, and overall quality of life.

According to the analysis results, location remains the most significant value-forming factor, as it determines both the economic efficiency and attractiveness of a property for consumers. Proximity to transportation and social infrastructure (schools, kindergartens, markets, pharmacies) has been identified as a key value-enhancing factor. Natural and environmental aspects, such as air purity, availability of green zones, and seismic safety, have a direct positive effect on property valuation.

Additionally, economic and political factors — including inflation, the investment climate, and state support — contribute to overall market stability. On the other hand, negative factors affecting property value include environmental pollution, traffic congestion, lack of recreational areas, poor building quality, and inconsistencies in property documentation.

Overall, comprehensive evaluation of territorial, technical, environmental, and social factors allows for fair and objective determination of market value for real estate objects.

Based on the general findings, the following recommendations have been developed:

1. *Introduce a unified methodological approach* — A standardized system of criteria and coefficients should be developed to evaluate territorial, technical, economic, and environmental factors.

2. *Prioritize environmental assessment* — Environmental factors such as green areas, clean air, and ecological safety must be emphasized, as they are directly linked to public health.

3. *Regularly update regional analyses* — Market conditions, infrastructure, and demographic changes should be continuously monitored and integrated into the valuation process.

4. *Expand the information database* — A modern electronic database should be established for appraisers, containing complete data on property location, technical condition, price dynamics, and environmental indicators.

5. *Improve appraisers' qualifications* — A professional training and certification system based on international standards should be introduced to enhance appraisers' competencies.

6. *Ensure political and economic stability* — Increase investment attractiveness, relax credit policies, and expand tax incentives to foster real estate market development.

7. *Limit speculative factors in market analysis* — Encourage housing purchases aimed at improving living conditions rather than short-term resale profits.

8. *Implement international valuation practices* — Adopt ISO and IVS (International Valuation Standards) frameworks to enhance valuation methodologies.

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