NORMATIVE-LEGAL REGULATION OF MASS VALUATION OF REAL ESTATE IN UZBEKISTAN

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Abstract. *This thesis analyzes the regulatory and legal framework governing the transition from an inventory value-based approach to a market data-driven mass valuation system for real estate in Uzbekistan. These reforms define the strategic directions of mass valuation, aiming to determine values approximating market rates for purposes of taxation, collateral, and civil transactions. Furthermore, the reforms seek to ensure regular updates of registry data and to distribute the tax burden proportionally to real value. The study highlights the disparities arising from the failure of millions of properties – including residential and non-residential premises and land plots – to fully reflect their market potential. Additionally, the thesis substantiates the role of information infrastructure, such as valuation methodologies, the UZKAD registry, and monitoring-valuation modules, as well as the necessity of ensuring transparency through the public disclosure of results.*

Keywords: *mass valuation, real estate, regulatory framework, cadastral value, market value, UZKAD, price zones, Big Data, transparency, appeal mechanism.*

A Paradigm Shift in Valuation In the modern economic history of Uzbekistan, the year 2025 marked a turning point in the regulation of land and property relations. The transition from an inventory value approach – based on physical parameters and cost methods – to a mass valuation system relying on market data signifies a fundamental transformation of fiscal policy and the state asset management system. This reform aims not only to increase tax revenues but also to create a fair, transparent, and investment-attractive environment within the real estate market.

According to official data, there are over 8 million residential and non-residential premises and nearly 7 million land plots in the Republic. Until recently, these assets did not possess an adequate economic valuation reflecting their real market potential. The absence of a mechanism to determine market value caused disparities in taxation; specifically, the fact that owners of elite real estate in central districts paid taxes equivalent to those paid by owners of budget housing in remote areas contradicted the principles of social justice.

The legal framework for mass valuation in Uzbekistan has been formed in stages, constituting a strict hierarchical system. It is spearheaded by Presidential decrees, which are further detailed by Government resolutions and departmental normative acts.

The cornerstone of the reform is the Decree of the President of the Republic of Uzbekistan No. PF-43, dated March 5, 2025, "On the Introduction of a System of Mass Valuation of Real Estate". This document defined the political will and strategic vectors for the development of the sector. The Decree's key performance indicators include:

introducing mechanisms to determine values that maximally approximate market prices for taxation, collateral, state acquisition, and other civil transactions;

transforming millions of real estate objects and land plots into full-fledged economic assets capable of participating in the country's financial turnover;

forming a reliable and periodically updated registry of the real estate market to serve as a basis for public and private investment decisions;

implementing the principle of fair taxation, where the tax burden is distributed in proportion to the real value of ownership.

The Decree strictly defined the implementation stages: a pilot project in Tashkent City (2025–2026), expansion to Nukus and regional centers (2026–2027), and full republican coverage in subsequent years.

To ensure the execution of the Decree, the "Methodology for Mass Valuation of Real Estate", developed by the Ministry of Economy and Finance and registered by the Ministry of Justice on July 14, 2025 (Registration No. 3649), was approved.

This document serves as a technical regulation describing valuation algorithms and procedures. The Methodology details:

1. procedures for working with information sources, including open data from notary offices, realtor organizations, and trading platforms;

2. criteria for clustering (market segmentation) of real estate objects based on similar characteristics to build accurate mathematical models;

3. the obligation to zone territories based on an analysis of price-forming factors and to create "price maps" of cities;

4. an approach to determining the impact of various factors (ecology, infrastructure, wall materials) on the final value through a system of coefficients.

It is important to note that this methodology applies solely to the mass valuation activities of state bodies and does not regulate the activities of private appraisers for individual orders.

The organizational structure of the reform was consolidated by the Resolution of the Cabinet of Ministers No. 320, dated May 15, 2025, "On the Organization of

Activities of the National Center for Mass Valuation of Real Estate of the Cadastre Agency under the Ministry of Economy and Finance of the Republic of Uzbekistan". This document established a specialized state institution, endowing it with the necessary powers, staffing, and budget.

Uzbekistan's mass valuation system is built on the principle of separating regulatory, executive, and supervisory functions, thereby minimizing conflicts of interest and corruption risks. The primary task of the Center is not the manual inspection of every building, but the management of Big Data and algorithms. The Center is also authorized to engage specialized experts on a contractual basis.

The methodology approved by Order No. 3649 of the Minister of Economy and Finance is based on international standards (specifically, IAAO recommendations) and adapted to the realities of the Uzbekistan real estate market. The three approaches of valuation theory (comparative, cost, income) are applied in mass valuation as follows:

1. prioritized for residential properties (apartments, standard houses) and commercial objects with an active market. The system analyzes thousands of transactions and offers to determine the correlation between price and object characteristics;

2. used for special-purpose objects, industrial buildings, or areas with low market activity. This involves calculating the replacement cost and deducting all forms of depreciation (physical, functional, external);

3. applied to income-generating commercial real estate (office centers, hotels, shopping complexes). Mass valuation utilizes market rental rates and capitalization rates rather than the actual data of a specific owner.

The methodology places special emphasis on identifying factors influencing value, divided into four groups:

area, volume, ceiling height, construction material, availability of engineering utilities;

distance from the center and transport hubs. For this, urban areas are divided into "price zones" using geoinformation analysis methods;

proximity to parks and water bodies versus proximity to industrial zones;

prestige of the area and development of social infrastructure (schools, hospitals).

A major issue with the old system was the static nature of valuations. The new system introduces regular revaluation mechanisms. In accordance with international practice, an indexation mechanism is being applied to adjust cadastral values based on real estate market indices during the periods between full revaluations.

The Role of UZKAD and Big Data The success of mass valuation is directly dependent on the quality and completeness of data. Uzbekistan has created a large-scale IT infrastructure integrating various state registries.

The core of the system is UZKAD–the State Registry of Rights to Real Estate Objects. As of 2025, the system consolidates data on 150,000 residential and 707,000 non-residential premises, as well as 44,000 multi-apartment houses. A unique feature of UZKAD is its integration with over 20 state information systems.

By November 2025, two main software modules were scheduled for development and implementation:

1. “Real Estate Market Monitoring”: A system for the automated collection (parsing) of data from open sources (listing sites) and the aggregation of data received from realtors and notaries;

2. “Mass Valuation of Real Estate”: A software complex executing valuation algorithms. It receives data from UZKAD and the Monitoring system, applies the formulas of the approved Methodology, and generates a calculated value for each cadastral number.

The transition to market value-based taxation naturally raises concerns regarding increased tax burdens. However, analyses indicate that the reform is accompanied by protective mechanisms. Beyond fiscal effects, the reform positively impacts the investment climate: investors gain objective data on asset values, reducing market entry risks; market valuation increases the collateral value of assets, enabling businesses and the population to attract larger credit resources; and transparent valuation facilitates the development of the secondary mortgage market.

In a democratic society, mass valuation cannot be imagined without effective legal protection mechanisms. Errors in data (e.g., incorrect year of construction or material) can lead to unjustified tax increases. The normative framework provides for a multi-stage appeal system:

1. owners have the right to request an explanation of how their property value was calculated.

2. special commissions for pre-trial dispute resolution are established under the National Center and its regional divisions, potentially including public representatives.

3. if an owner disagrees with the mass valuation results, they have the right to commission an individual valuation from a licensed independent appraiser. Mechanisms are being introduced whereby if the independent market value differs significantly from the cadastral value, the individual valuation may be accepted for taxation purposes.

Transparency constitutes a critical element. The publication of valuation results on open sources (specialized portals) allows every owner to verify their property's value, ensuring transparency.

The introduction of the mass valuation system for real estate in Uzbekistan is not merely a fiscal measure but a large-scale institutional reform. The regulatory and legal framework established by 2026 has created a solid foundation for the system's operation.

The centralization of the valuation function within the single National Center under the Cadastre Agency, reliance on the UZKAD platform, and modern econometric modeling methods allow for the formation of an objective database on the value of national wealth. However, the full success of the reform will depend not only on the accuracy of algorithms but also on the quality of appeal processes, public trust, and the state's flexible tariff policy. The Law "On Mass Valuation of Real Estate", planned for development by the end of 2026, must definitively consolidate the rights and obligations of all participants in this process, turning mass valuation into a transparent and routine element of the country's economic life.

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