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VERITAS

# ARMENIA'S ECONOMIC MOMENTUM & YEREVAN REAL ESTATE

2025

Better never settles

### MACROECONOMIC INDICATORS

Indicator	Value	Change vs. Same Period 2024
Nominal GDP	\$26.37 B	2.2% ▲
Inflation Rate	3.3%	1.8% ▲
Population	3.08 M	2.8% ▲
Unemployment Rate Q1-Q3 2025	11.8%	-1.5% ▼

### PURCHASING POWER

Average Gross Monthly Wage	\$801
Average Household Income (Per Household Member)	\$232
Average Household Expenditure (Per Household Member)	\$148

### MACROECONOMIC PERFORMANCE

Armenia sustained strong economic momentum in 2025, with nominal GDP reaching \$26.37 billion and real GDP expanding by approximately 6.2% year-on-year, underscoring solid inflation-adjusted growth. Inflation remained contained at 3.3%, while population growth to 3.08 million continued to support domestic demand.

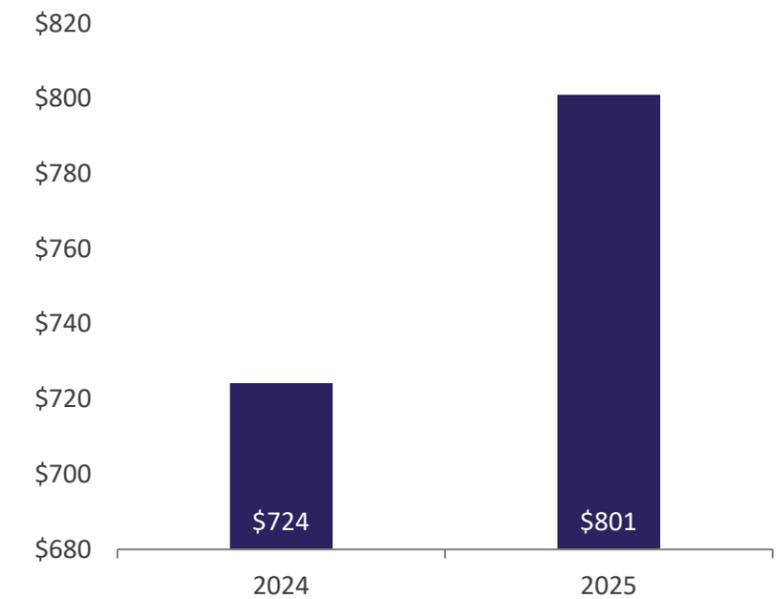
Labor market conditions improved, with unemployment declining to 11.8% in Q1-Q3 2025, reinforcing income stability and consumption capacity.

Household purchasing power strengthened, as average gross monthly wages reached \$801, and average household income exceeded expenditures, resulting in a sustainable expense-to-income ratio of approximately 64%.

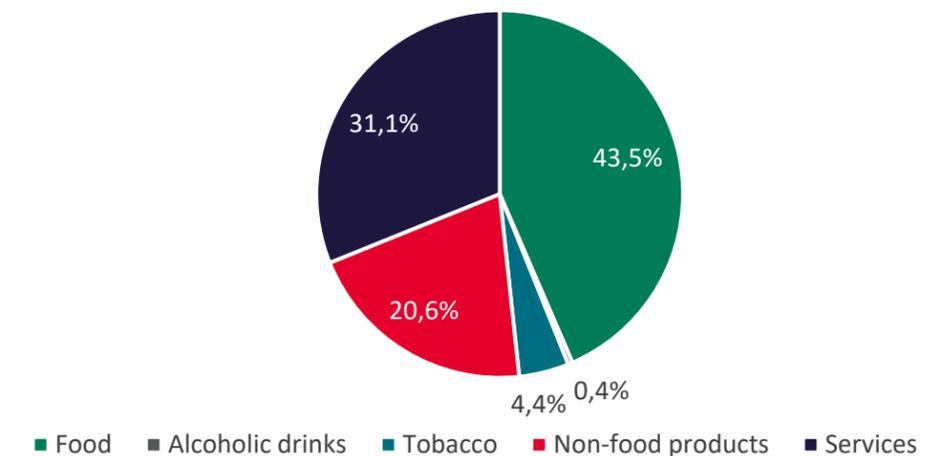
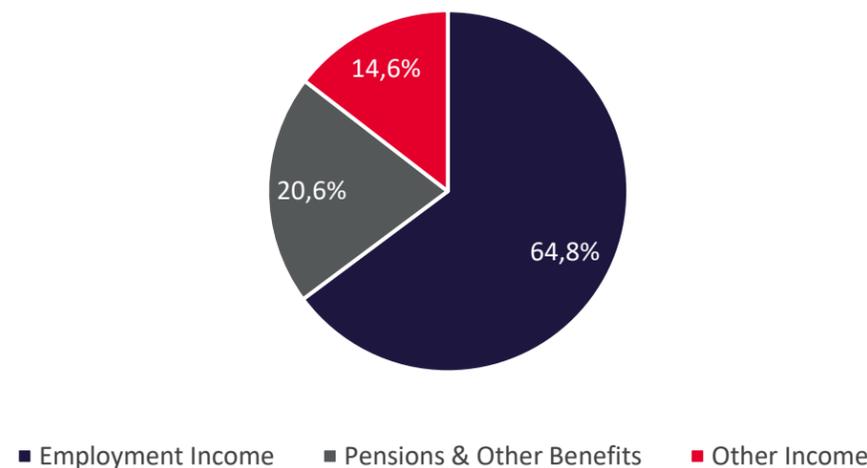
### OVERALL OUTLOOK

2025 marked a year of macroeconomic consolidation for Armenia, setting the foundation for more balanced and sustainable growth heading into 2026.

### AVERAGE GROSS MONTHLY WAGES (USD)

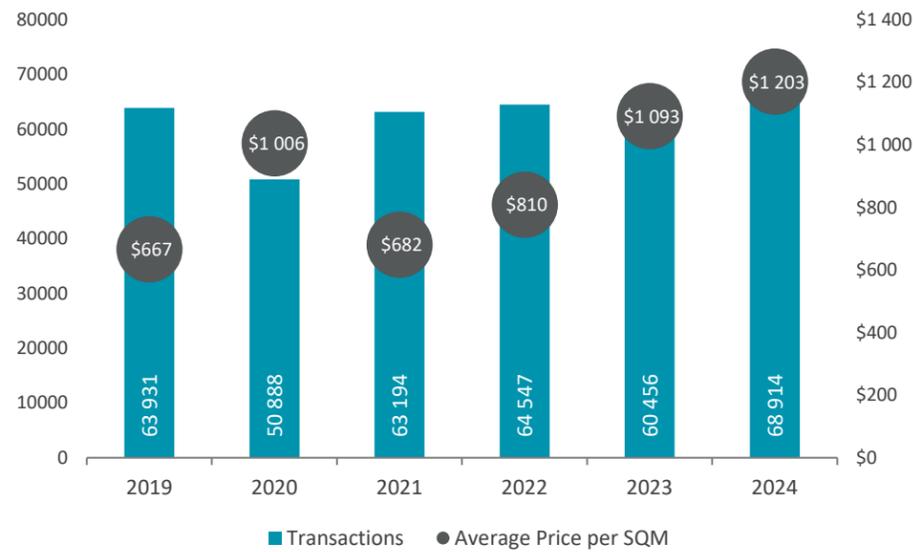


### AVERAGE HOUSEHOLD INCOME & EXPENDITURE DISTRIBUTION, Q1-Q3 2025



Source: Armstat

TRANSACTIONS AND ASKING PRICE PER SQM



THE FIVE-YEAR MOMENTUM

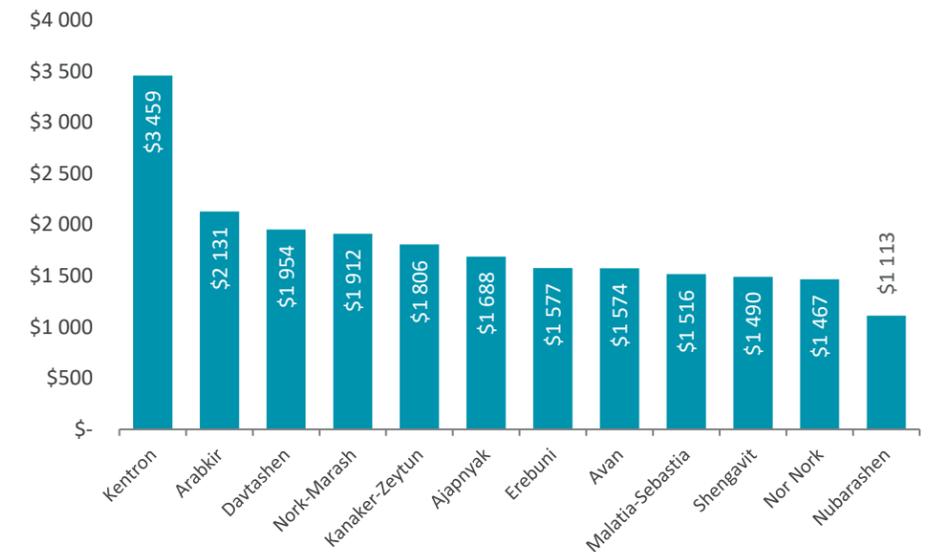
Yerevan's residential market demonstrated strong long-term resilience. In 2024, total transactions surged by 14%, reaching 68,914 units, while average asking prices continued their steady upward trajectory, reflecting structurally strong urban housing demand.

GEOGRAPHIC SHIFT

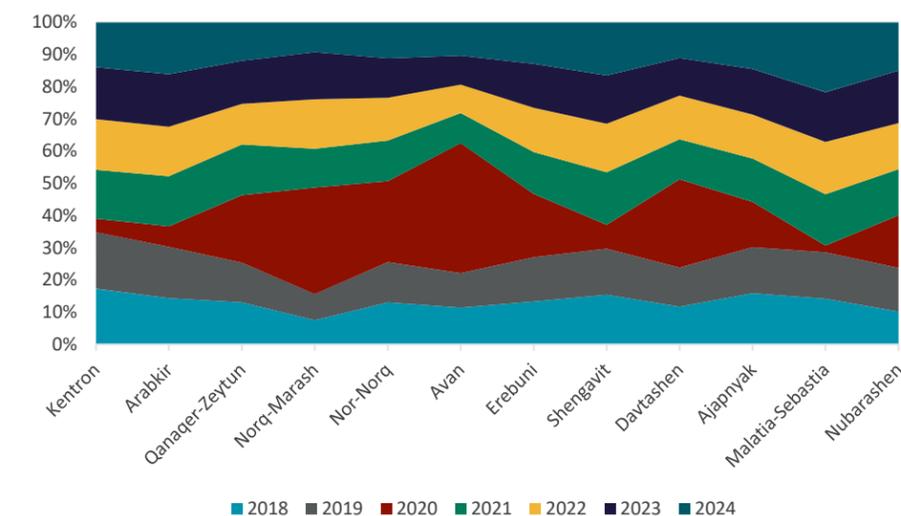
Malatia-Sebastia has emerged as Yerevan's primary growth district, recording an exceptional 10.3% CAGR since 2018, driven by large-scale residential developments. This trend highlights a clear decentralization of activity as affordability constraints intensify in the city core.

As of 2025, price polarization defines the market: prices in Kentron are nearly four times higher than peripheral districts, reinforcing the role of outer districts as critical supply buffers.

WEIGHTED AVERAGE PRICE PER SQM, 2025



DISTRIBUTION OF TRANSACTIONS IN YEREVAN DISTRICTS



MORTGAGE EFFECT

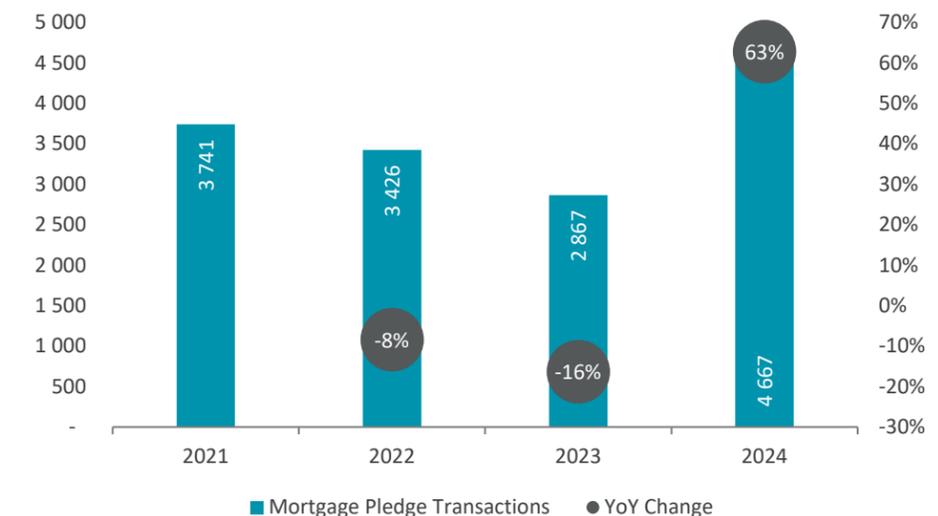
The defining dynamic of 2024 was a temporary surge in mortgage activity, driven by the phased removal of income tax refunds on new residential purchases in Yerevan. This resulted in accelerated buyer decision-making and elevated lending volumes.

With this incentive fully phased out in 2025, the market is transitioning toward a more normalized, demand-driven phase, supported by underlying housing needs rather than fiscal timing.

OUTLOOK

Looking ahead, future growth will increasingly be shaped by the balance between high-end residential supply and the availability of affordable primary-market housing across emerging and expanding districts.

MORTGAGE PLEDGE CHANGE SINCE 2021



Source: Armstat

### MODERN RETAIL SUPPLY

Rising household incomes and improving living standards in Armenia have continued to support the expansion of the organised retail sector, with activity predominantly concentrated in Yerevan, the country's primary commercial centre. Over the past two decades, the city has undergone a structural transformation from traditional open markets and kiosk-based retail toward more formalised shopping centres and branded retail formats.

Early modern developments, including Tashir Trade Centre, established the foundation for enclosed, multi-tenant retail schemes. From the early 2010s onward, Western, style shopping malls-such as Dalma Garden Mall and Yerevan Mall, became the dominant retail format, characterised by broader international tenant representation, improved customer amenities, and more institutional management structures.

Yerevan's modern shopping-centre supply expanded in successive development phases, culminating in the delivery of Megamall, the city's largest leisure-oriented destination, anchored by extensive family and children-focused entertainment offerings. The most recent large-scale shopping mall was completed in 2020. As of 2025, total modern shopping-centre stock in Yerevan stands at 190,294 sq m of GLA. While no new large-format malls have been delivered since 2020, the development pipeline remains active, increasingly driven by mixed-use projects that integrate retail components within broader residential or commercial schemes rather than standalone retail developments.

### SUPPLY COMPOSITION AND SPATIAL DISTRIBUTION

Yerevan's modern shopping-centre market is differentiated by scale, format and tenant composition. By number of schemes, community malls represent 63% of total supply, followed by regional malls (25%) and neighbourhood malls (13%).

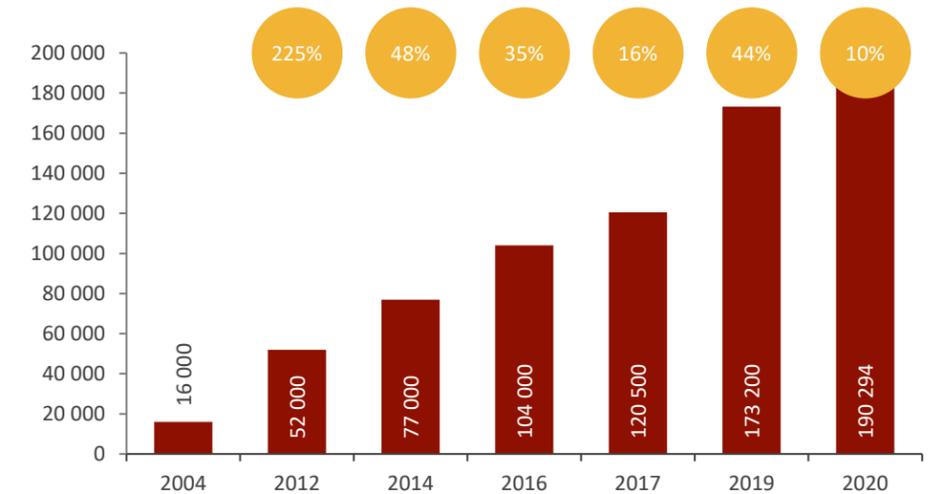
Geographically, modern retail is spread across multiple districts. By GLA, the largest concentration is in Nor Nork (28%), followed by Kentron (23%) and Malatia-Sebastia (19%), with additional modern formats present in Shengavit, Erebuni and Arabkir.

### BRAND MIX

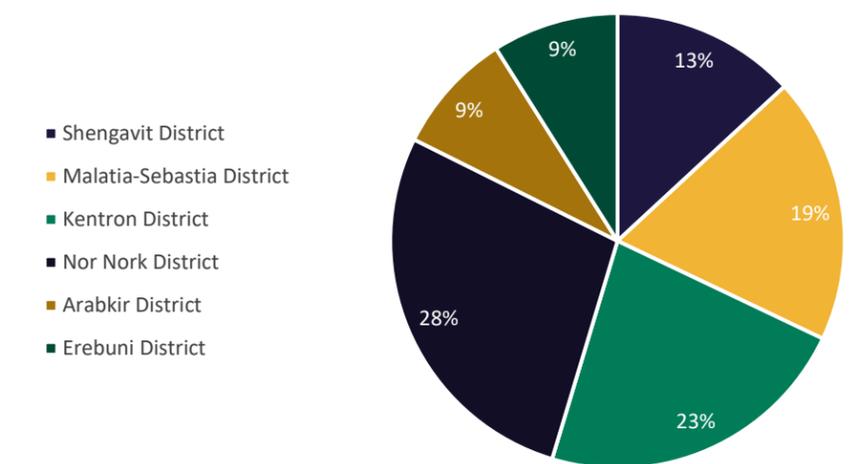
Yerevan's shopping centre market continues to demonstrate strong performance, with most schemes operating at above 95% occupancy. Tenant line-ups are increasingly diversified, combining international, local and regional brands, including retailers from Russia, Georgia and Turkey.

Larger malls are also shifting beyond a pure retail function, increasingly positioning as lifestyle and leisure destinations. Many now incorporate family-oriented entertainment offerings and, in some cases, cinemas, supporting longer dwell times and an enhanced visitor experience.

### SHOPPING CENTRE SUPPLY DYNAMICS



### SHOPPING CENTRE GLA BY DISTRICT



Source: Armstat

**HIGH STREET RETAIL**

High street retail remains a core component of Yerevan’s retail market, complementing shopping centres and contributing to a diversified and resilient retail ecosystem. Both international and domestic retailers continue to prioritise street-facing flagship locations, which benefit from strong pedestrian flows and high visibility across the city’s prime retail corridors.

**PRIME CORRIDOR: NORTHERN AVENUE**

Northern Avenue remains Yerevan’s premier retail destination, linking Republic Square and Freedom Square and offering a vibrant mix of premium retail and dining. The avenue is home to leading international and luxury brands, including Massimo Dutti, Boss, Burberry, Levi’s, Swarovski, and New Balance, supported by a strong cluster of cafés and restaurants. It also serves as the city’s key luxury hub, anchored by LaGalleria Luxury Boutique and Artioli Milano.

**SUPPORTING CORRIDORS: ABOVYAN, TERYAN, AND MASHTOTS**

The prime retail cluster extends beyond Northern Avenue into adjacent streets. Abovyan Street supports a curated mix of international brands and high-quality local operators, while Teryan Street functions as a premium retail destination, anchored by the Teryan, Aram node, including Concept by Vremena Goda. Mesrop Mashtots Avenue captures broader, high-footfall demand, accommodating a wider range of retail categories such as fashion, beauty, homeware, and dining.

Despite limited new supply, selective expansion activity was recorded in 2025. Boggi Milano entered the Armenian market with its first store on Northern Avenue, while Koton strengthened its presence with a second location on Aram Street.

**2025 MARKET DYNAMICS: SCARCITY DRIVES PRICING**

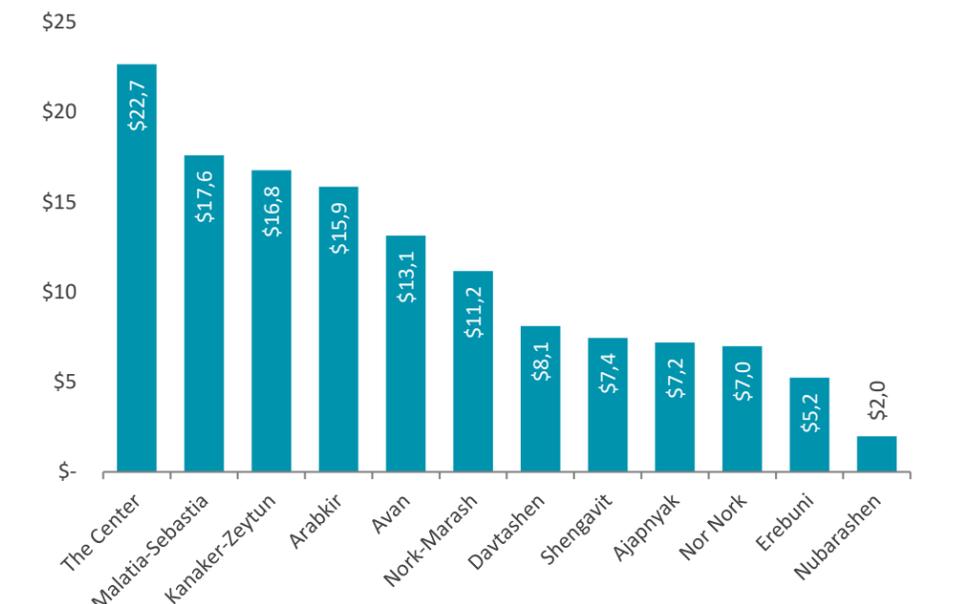
Yerevan’s high street retail market remains structurally supply-constrained. Prime corridors are largely built out, and the availability of new, high-quality ground-floor retail space remains limited. This scarcity continues to underpin rental performance and reinforces micro-location as a key determinant of value. Although transaction turnover is constrained by limited supply, the market remains financially active, as reflected in the significant volume of commercial and industrial assets used as collateral for business financing and capital expansion. This level of pledging activity indicates continued confidence in retail real estate as a store of value.

**RENTAL BENCHMARKS AND LOCATION PREMIUMS**

Rental benchmarks remain anchored in the Central area, where average asking rents (from listings) reached \$22.7 per sq m in 2025, increasingly driven by constrained availability rather than new development. Demand has also broadened across established secondary corridors, Arabkir, Malatia-Sebastia, and Kanaker-Zeytun, which operate as extensions of the prime retail network. Street positioning remains a key differentiator: average asking rents (from listings) on primary streets averaged \$17.2 per sq m, a 46% premium to secondary streets, where average asking rents (from listings) were \$11.8 per sq m.

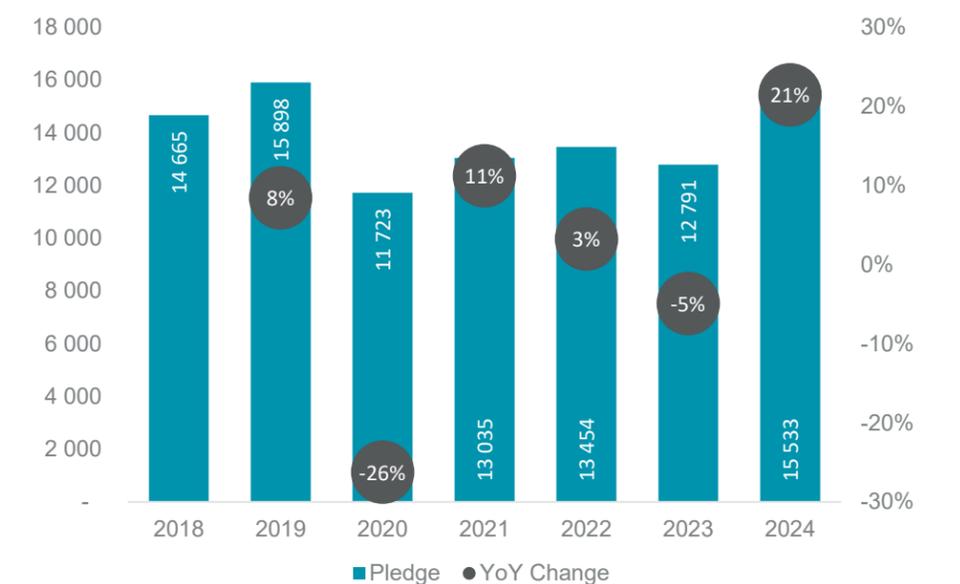


**WEIGHTED AVERAGE ASKING RENT (LISTINGS) BY DISTRICT, 2025**



Source: Public Data

**PLEDGE TRANSACTIONS**



Source: Armstat, Cushman and Wakefield | Veritas

**TOURISM OVERVIEW**

Armenia’s tourism sector has continued to expand in recent years, supported by the country’s cultural heritage, UNESCO-listed sites, and diverse natural landscapes. Growth has been driven by a combination of outdoor and eco-tourism, a developing wine-tourism offering, and an expanding medical and wellness segment anchored by resorts and mineral spa destinations. In addition to Yerevan, established leisure destinations such as Tsaghkadzor and Lake Sevan remain key contributors to both domestic and international visitation.

**INTERNATIONAL ARRIVALS**

Following a period of volatility after 2020, international arrivals have generally trended upward, despite a modest year-on-year decline in 2024. In 2025, arrivals increased by approximately 3%, signalling a return to growth. If sustained, this recovery trajectory is expected to provide a supportive backdrop for tourism-related real estate development into 2026.

**SOURCE MARKETS**

Visitor demand in Armenia is increasingly diversified. In 2025, arrivals from non-CIS and non-EU markets accounted for the largest share of total visitors, followed by CIS countries and the EU. Russia remained the leading source market, with Georgia and Iran also representing significant contributors. Collectively, the top five source countries accounted for approximately 67% of total international arrivals during the year.

**PURPOSE OF VISIT**

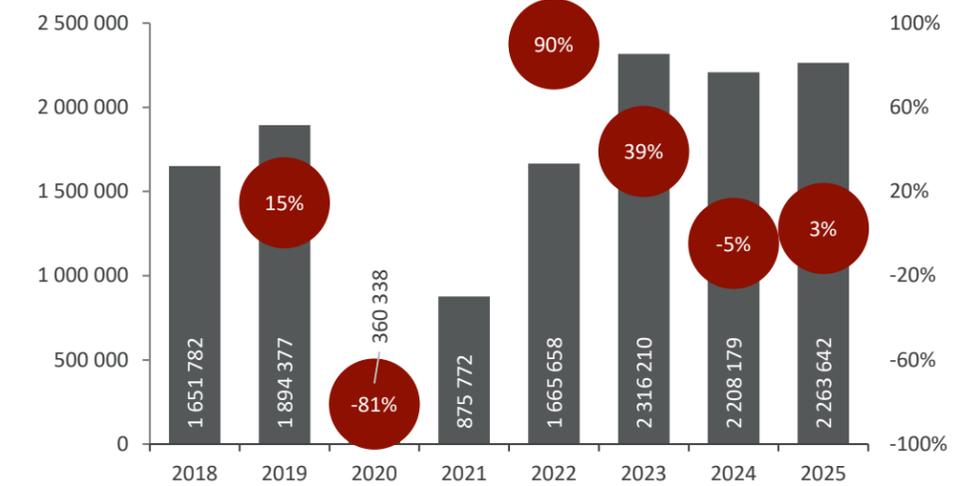
Leisure and recreation continued to dominate inbound travel demand, with business travel typically representing the second-largest segment. This pattern remained evident in Q1–Q3 2025, when 58.3% of visitors identified recreation and rest as their primary purpose of travel.

**ENTRY ROUTES AND GATEWAY INFRASTRUCTURE**

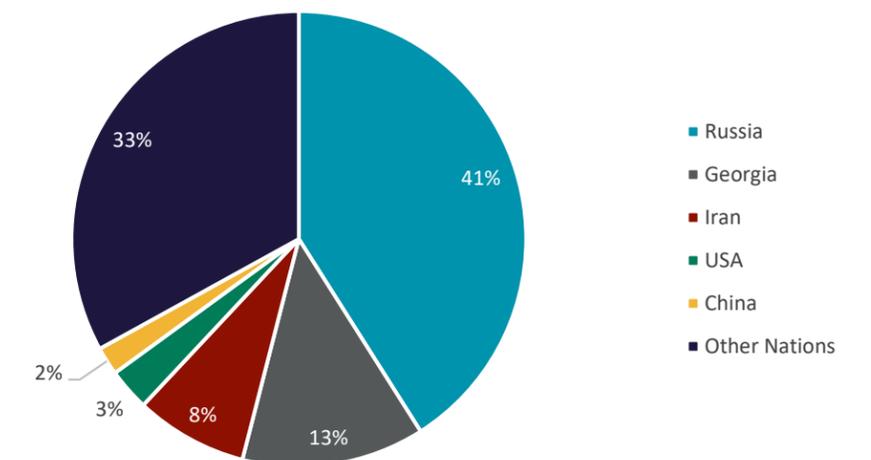
Armenia’s tourism flows are strongly influenced by its gateway infrastructure. In Q1-Q3 2025, approximately 60% of international visitors entered the country via Zvartnots International Airport, followed by land border crossings at Bagratashen (20%), Bavra (10%), Meghri (5%), Gogavan (2.2%), Gyumri (1.6%), and Ayrum (1%).

Zvartnots’ role as the country’s primary aviation hub continues to strengthen. The airport handled 5.25 million passengers in 2024, with an additional 2.4 million passengers recorded in H1 2025. Air connectivity improved further in 2025, supported by the launch of new routes to Amsterdam, London, Tehran, Vienna, Bratislava, and Abu Dhabi, as well as Wizz Air’s establishment of a base at Zvartnots, enhancing Yerevan’s position as a regional gateway.

**INTERNATIONAL TOURISM DYNAMICS**



**SHARE OF TOP 5 SOURCE MARKETS 2025**



Source: Armstat

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