AVESTA INVESTMENT GROUP

EUROMONEY AWARDS FOR EXCELLENCE 2025 UZBEKISTAN BEST INVESTMENT BANK

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Uzbekistan Hotel Industry

Key Players, M&A and Privatization, and New Entrants

Executive Summary

Uzbekistan has become the fastest-growing hotel market in Central Asia. Since 2020, the country's hospitality sector has undergone a major transformation driven by government tourism reforms, expanded visa-free travel policies, and a large privatization program. Together, these changes have reshaped the industry and set Uzbekistan on track to lead the region in branded hotel room supply by 2026.

METRIC OR ENTITY	CURRENT STATUS (2025/2026)	GROWTH / VALUE DETAILS
Foreign Visitor Arrivals	11.7 million visitors	46.8% increase compared to 2024
Branded Room Inventory	4,473 rooms	272 % increase since 2020
International Hotel Brands	9 key operators	projected to account for 23 by 2030
Tourism Share of GDP	3.5% of GDP	$4,8B in service exports in 2025
Privatization Volume	$148 M across 4 major assets	–
Regional Market Ranking	35% of Central Asian branded supply	On track to overtake Kazakhstan by 2026

Hotel Market: Overview and Key Trends

Uzbekistan is the most rapidly growing hotel market in Central Asia. By early 2026, the country hosts approximately 6,900 hotel facilities with a total capacity of 185,600 beds. In 2024 alone, 2,383 hotels and similar accommodations were in operation – representing a 71.8% increase in facility count and an 11% rise in room numbers year-on-year. This momentum continued in 2025, with 962 newly opened properties (+40.3%), comprising 136 hotels, 528 family guesthouses, and 298 hostels.

Geographic distribution

Tashkent is the dominant hub, hosting 18 international hotels (3,022 rooms, 68% of national supply). Corporate and MICE (Meetings, Incentives, Conferences, and Exhibitions) demand, driven primarily by Russian and Kazakhstani companies, accounts for 70–80% of occupancy in the capital, with full occupancy reported for 15+ days a month during peak periods. Outside Tashkent, Samarkand (5 hotels, 738 rooms) and Bukhara (2 hotels, 271 rooms) represent the cultural tourism tier, characterized by strong seasonality linked to heritage tourism. Zaamin is emerging as a domestic wellness/mountain resort cluster (3 Wyndham properties), and Termez saw its first international hotel – a Hilton – open in 2024.

Branded segment

The international branded room count specifically grew from under 1,500 in 2020 to 4,473 rooms in 2025 – a 272% increase, all driven by the government's aggressive tourism reform agenda – "Concept for the development of tourism in Uzbekistan for 2019-2025", "Travel around Uzbekistan", and "Uzbekistan 2030" strategies, which enabled visa liberalization and major infrastructure investment, while also reinforcing domestic tourism. The country accounts for 35% of the region's branded room inventory as of 2025, trailing only to Kazakhstan (57%), but is on track to overtake it by 2026.

International Brands: Key Players and Market Structure

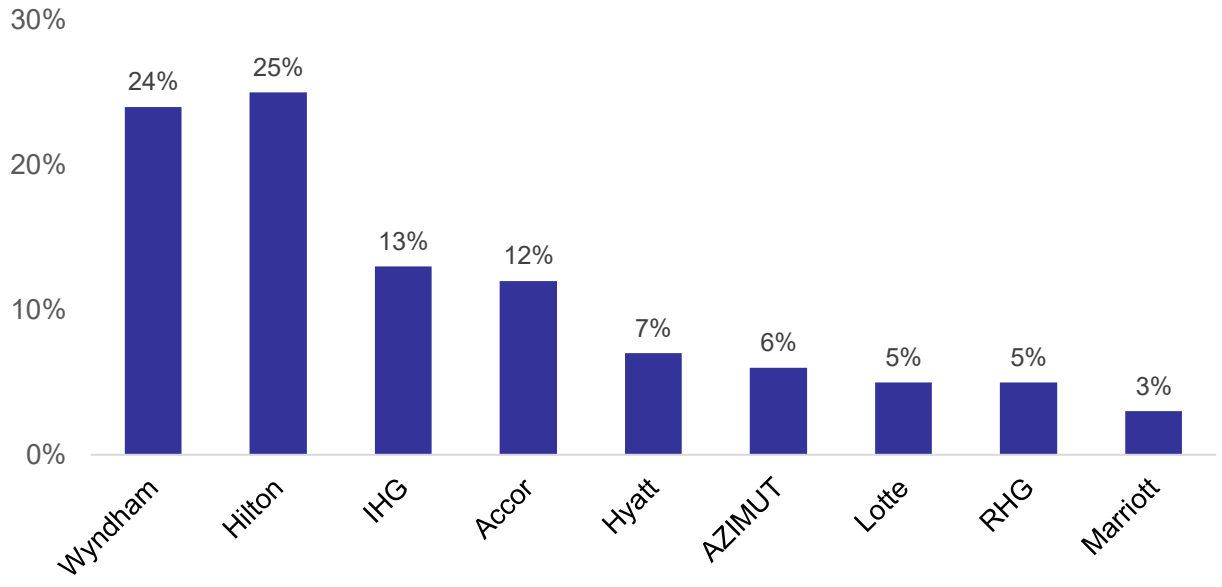
The branded market is led by three operators controlling over 60% of the room inventory:

- **Wyndham (24% share, nearly 1,163 rooms)**: The largest operator by room count, with strong presence in Tashkent (531 rooms), Samarkand, Bukhara, and all three Zaamin resort properties (344 rooms). Wyndham's pipeline is also extensive with planned properties in Charvak, Chimgan, and Miraki.
- **Hilton (25% share, nearly 1,118 rooms)**: The most consistent expander, opening new hotels every year from 2020 to 2024. Present in Tashkent (433 rooms), Samarkand (576 rooms –its largest property in Uzbekistan), and Termez (98 rooms, opened 2024).
- **IHG / InterContinental Group (13% share, nearly 581 rooms)**: The market pioneer, having entered in 1997 with the International Hotel Tashkent. IHG (588 rooms in Tashkent) has a significant pipeline, including an InterContinental property in Tashkent.

Secondary players include:

- **Accor (12%)**: Present via Mercure and IBIS brands in Tashkent (308), Samarkand (162), Bukhara (57). The IBIS Tashkent is a notable mid–market offering. Accor also has a pipeline entry in Hiva and Charvak.
- **Hyatt (7%, 300 rooms)**: Single Tashkent property (Hyatt Regency), with a 154–room pipeline project in Beldersoy ski resort.
- **AZIMUT (6%, 283 rooms)**: The sole Russian chain present, positioned as a mid–market alternative in Tashkent.
- **Lotte (5%, 232 rooms)**: South Korean chain operating Lotte City Hotel Tashkent Palace – one of the assets privatized in 2024.
- **RHG / Radisson (5%, 216 rooms)**: Radisson Blu present in Tashkent; InterContinental under IHG brand also counts under RHG pipeline references.
- **Marriott (3%, 131 rooms)**: Historically limited to one Tashkent property, but with a dramatically expanding pipeline.

Uzbekistan Hotel Industry:
Share of International Brands (2025)



Tourist Flows and Occupancy Rates

On an annual basis, visitor arrivals increased from 8.2 million in 2024 to 11.7 million in 2025, representing an absolute rise of 3.7 million tourists in a single year – more than double the increase recorded in the previous year. According to UN Tourism (2025), international arrivals during January-September 2025 were 73% higher than in the same period of 2019, compared with a global average growth of roughly 5%. This strong performance positioned Uzbekistan among the fastest-growing tourism destinations in the world.

From quarterly perspective, between Q1 2020 and Q1 2021, Uzbekistan's tourism sector experienced an unprecedented contraction. The outbreak of COVID-19 led to strict border closures, flight suspensions, quarantine requirements, and regional travel restrictions across Central Asia. As a result, quarterly arrivals fell from over 1.2 million to just 239,000 – a decline of 975,000 visitors, or 80.3%, within twelve months. The pandemic effectively halted international mobility and disrupted what had been a steadily expanding tourism market.

The recovery phase was notably strong. In Q1 2022, arrivals increased by 155% year-on-year as borders reopened and travel demand restabilized. Q1 2023 recorded a further 144% increase, lifting total arrivals to 1.49 million – 22% above pre-pandemic Q1 2020 levels. By Q1 2024, Uzbekistan reached a new first-quarter record. The subsequent moderation in growth reflected normalization after an exceptional rebound period rather than structural weakness.

Government reform strategies

This growth was driven by three key strategies implemented by the government of Uzbekistan:

STRATEGY	PRIMARY FOCUS	KEY TARGETS & METRICS	RESULTS / CURRENT STATUS (2025)
1. Development Concept (2019–2025)	Modernization & International Opening	• 10M foreign investors • 5% GDP share • Visa-free expansion	• 11.7M foreign arrivals (Surpassed target) • 94 countries are now visa-free • $4.8B in service exports
2. "Travel around Uzbekistan!" (2024–2025)	Domestic Tourism & Regional Clusters	• Reinforcement of year-round travel for citizens • Social tourism subsidiaries • Cluster development	• 15M domestic travelers • 227T soums in service volume • 570k+ youth & 1.1k disabled citizens subsidized
3. "Uzbekistan – 2030" Strategy	Economic Engine Transformation	• 20M foreign visitors • 25M domestic tourists • 7% GDP share	• In progress: Aims to double the sector's GDP contribution from 3.5%

Occupancy rates

Hotel occupancy rates in Uzbekistan also show a clear recovery and strengthening demand. Between 2020 and 2021, occupancy increased significantly from 9.6% to 16.3%, representing a 51.7% rise as the sector began to recover from the pandemic shock. In addition, between 2025 and 2026, the volume of accommodation market services, including hotels and other lodging facilities, grew by 17.3%, further indicating strong and expanding demand in the hospitality sector.

M&A and Privatization Activity

Uzbekistan's government has been systematically privatizing state–owned hotel assets, engaging international advisors (KPMG, Deloitte, EY) and running competitive international tender processes. This has been one of the most active areas of hotel M&A activity in the region.

YEAR	ASSET	BUYER	DEAL VALUE	ADVISOR(S)
Nov 2022	Hyatt Regency Tashkent (100% state stake, 300 rooms)	Abu Dhabi Uzbek Investment JV (ADDF 75% / Uzbekistan RDF 25%)	$87M + $12M additional investment obligations	KPMG (sell–side), PwC (valuation)
Nov 2024	Lotte City Hotel Tashkent Palace (100% state stake, nearly 232 rooms)	JSC ALFA INVEST Insurance Company (Uzbekistan)	$20M	KPMG (sell–side), Deloitte (valuation)
Nov 2024	Hotel International Tashkent (100% stake, managed by IHG)	Smart Fast Stroy LLC (Uzbekistan)	$26M equity + assumed €14.7M bank debt (nearly $41M total)	Deloitte (sell–side), Ernst & Young (valuation)
Jan 2026	Khiva Lokomotiv (78 rooms)	Oxus Tourims Group	$44.87 M	Not publicly available

Key observations on the privatization process

The Hyatt Regency deal (2022) was the first major hotel privatization of the post–reform era – notable for attracting a Gulf sovereign–backed buyer (Abu Dhabi Uzbek Investment JV) despite the hotel having cost $205M to build, illustrating the valuation gap between state construction costs and market value. The deal nonetheless closed above independent valuation and with additional investment commitments.

The 2024 Lotte and International Hotel tenders attracted significant international interest –15 and 6 expressions of interest respectively – from investors across the CIS, South Asia, Europe, and the Arab world, but final winning bids came from local Uzbek investors in both cases, also at prices above independent valuations.

The Khiva hotel privatizations (Farovon Khiva and Khiva Lokomotiv) remained ongoing as of early 2026, with RSM Uzbekistan running the process – resulting in auction-led privatization of Khiva Lokomotiv in January by Oxus Tourism Group.

Recent major hotels engaged in auction-led sales include:

- **Hotel "Qoraqalpogistion" Tashkent (Jan 2026)** – 5-floor building with 62 rooms; expected valuation - $81M.
- **Hotel "Andijon" Tashkent (Jan 2026)** – 62 rooms within 5-floor building; anticipated valuation - $90M.
- **Hotel "Velara" Tashkent (Feb 2026)** – 50 rooms, valuation expected to reach $87M.

New Entrants and Development Pipeline

Recent Major Entrants (2022–2025)

- **Hilton brand extensions** – multiple new properties across Tashkent, Samarkand, and Termez.
- **Azimut Hotels** – a major privatization of International Hotel Tashkent in 2024 – now renamed as "Azimut Grand Hotel Tashkent".
- **Intercity Hotel** – Debut of German brand; Urban mid–range hotels; was established in 2023.
- Swissotel (Accor) – The first Swissotel in CIS; was opened in Tashkent in 2025.
- **Wyndham** – aggressive expansion into secondary cities and resort destinations (Zaamin cluster: 3 properties, 344 rooms).
- **Accor** (Mercure Bukhara, Novotel and ibis Tashkent expansions) – entered the cultural tourism and budget segments.
- **JW Marriott Tashkent** - opened in 2025 as the country's second luxurious international brand after InterContinental.

Confirmed Pipeline (2026–2030)

The pipeline is the most ambitious in Central Asia. By 2030, Uzbekistan's branded room count is projected to reach 10,311 – a 130% increase from 2025 levels, adding nearly 5,838 rooms. Key confirmed projects include:

- **The Ritz–Carlton, Tashkent** –Marriott International's flagship luxury brand, expected 2028. Will be Uzbekistan's first Ritz–Carlton and is expected to reposition Tashkent in the global luxury travel market. 136 – 140 rooms to be available.
- **Radisson Collection Hotel, Tashkent** – The first Radisson Collection in CIS; 164 rooms to be available within 22 – floor building; expected 2026.

Outlook

Uzbekistan is set to become Central Asia's leading branded hotel market by room count by 2026, surpassing Kazakhstan. The structural drivers –government commitment to tourism, growing international air connectivity, a large and young domestic population, and proven investor appetite –are all aligned. The primary risks are demand–supply imbalance (particularly in the luxury and heritage city segments) and geopolitical dependence on CIS source markets (which account for the majority of current arrivals).

For investors and operators, Uzbekistan offers a rare combination of a first–mover window still open in secondary cities, strong government support (including tax incentives and state–guaranteed frameworks), and rapidly professionalizing deal infrastructure. The privatization pipeline suggests further acquisition opportunities will emerge as the state continues its divestiture program beyond the 2024 Lotte and International Hotel transactions.

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