



GALT & TAGGART
CREATING OPPORTUNITIES

Residential Real Estate Batumi, Bakuriani, Gudauri

2Q23 Overview

Eva Bochorishvili

Head of Research | evabochorishvili@gt.ge | +995 32 2401 111 ext. 8036

Zurab Tavkelishvili

Analyst | ztavkelishvili@gt.ge | +995 32 2401 111 ext. 8973



2Q23 overview

Recent performance

Real estate market in Batumi, Bakuriani, and Gudauri heavily relies on foreign buyers. In 2022, demand surged due to recovering tourism and migration, leading to higher prices driven also by increased construction costs and wages. In 2023, residential demand slowed down, but prices remained high.

Currently, there are 167 projects under development in Batumi, 18 in Bakuriani, and 9 in Gudauri. A steady supply and stable construction material prices are expected to stabilize price growth in these regions.

Residential market in Batumi

In 2Q23, the number of apartments sold in Batumi reached 3,944 units, down 10.2% y/y and 10.0% q/q. This decrease was mainly attributed to sales on a primary market (-15.9% y/y), while sales on secondary market reduced slightly (-1.8% y/y).

Notably, there is a gradual shift of the real estate development from the central districts to Batumi surroundings (across Gonio/Kobuleti coastal line) due to scarce land resources left inside the city.



In 1H23, small (26-50 m²) and medium sized (51-80 m²) apartment sales accounted for 90.1% of total sales.

Additionally, demand has been gradually shifting from budget/midscale price segments towards premium segment due to rising prices rather than change of consumer preferences.

In 2Q23, average price of apartments increased the most on a primary market to US\$ 1,219 (+33.0% y/y), while secondary market posted a smaller increase (+15.7% y/y). Prices were up the most in Gonio-Kvariati (+67.7% y/y) and Inner areas (+45.2% y/y).

In 2Q23, total market size of apartments sold in Batumi stood at US\$ 242.1mn, up by 2.6% y/y and down by 8.1% q/q.

Residential market in Bakuriani

In 2Q23, the number of apartments sold in Bakuriani reached 209 units, down 9.9% y/y and 10.7% q/q.

In 1H23, small and medium sized apartment (26-80 m²) sales accounted for 96.0% of total sales. Moreover, majority of sold apartments were in the midscale price segment (\$801-1,200).



In 2Q23, weighted average price of apartments in Bakuriani reached US\$ 1,112 up by 0.9% y/y. In 2Q23, total market size of apartments sold in Bakuriani stood at US\$ 9.0mn, down by 6.6% y/y and 14.6% q/q.

Residential market in Gudauri

In 2Q23, the number of apartments sold in Gudauri reached 75 units, down 34.8% y/y and 18.5% q/q.

In 1H23, small and medium sized apartments (26-80 m²) accounted for 96.6% of the total sales. In addition, 49.3% of sold apartments fell into upscale (\$1,201-1,800) and 13.6% into upper-upscale (\$1,801-3,000) price segments.

In 2Q23, weighted average price of apartments in Gudauri reached US\$ 1,400 up by 4.4% y/y. In 2Q23, total market size of apartments sold in Gudauri stood at US\$ 4.0mn, down by 22.9% y/y and 13.5% q/q.

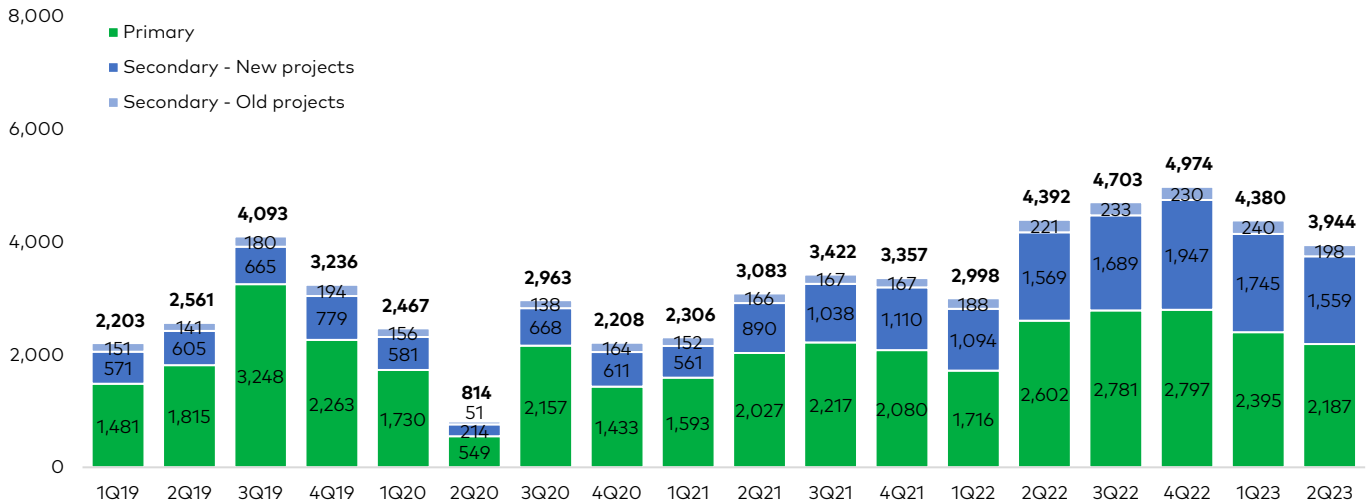


Residential market in Batumi

Methodological note - we divide real estate sales in three categories:

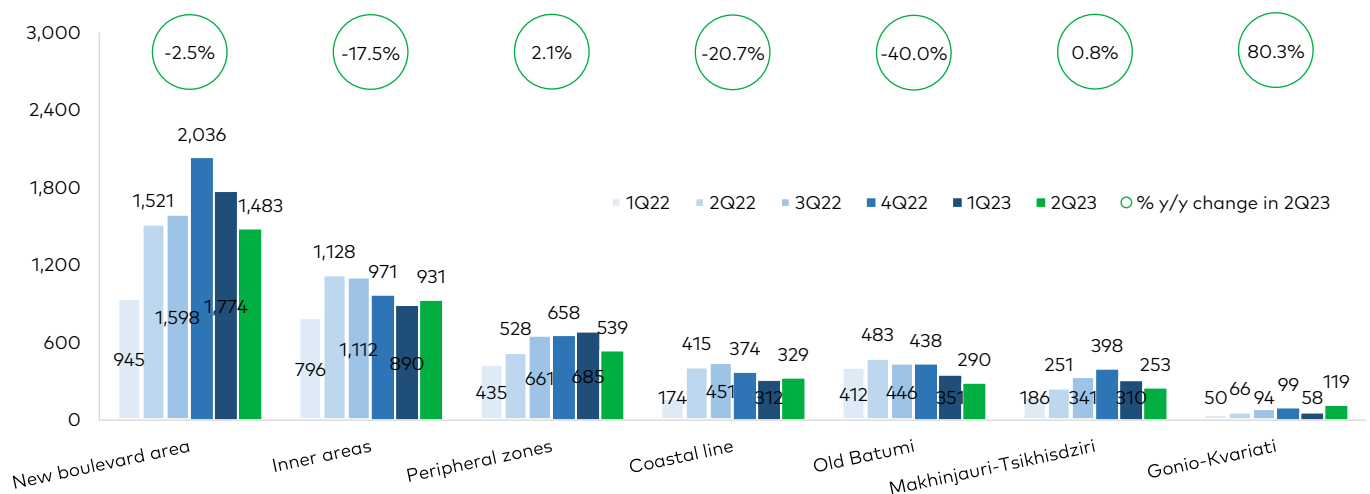
- 1) **Primary sales** – real estate sold directly by construction companies/developers
- 2) **Secondary sales in new projects** – real estate sold by an individual owner in projects built by construction permits issued after 2013
- 3) **Secondary sales in old projects** – real estate sold by an individual owner in projects built by construction permits issued before 2013

Figure 1: Number of sold apartments in Batumi by type



Source: NAPR, Galt & Taggart Research

Figure 2: Number of sold apartments in Batumi by districts



Source: NAPR, Galt & Taggart Research
Note: See Annex for district mapping



Figure 3: Real estate sales in Batumi by size (% of total apartments sold)

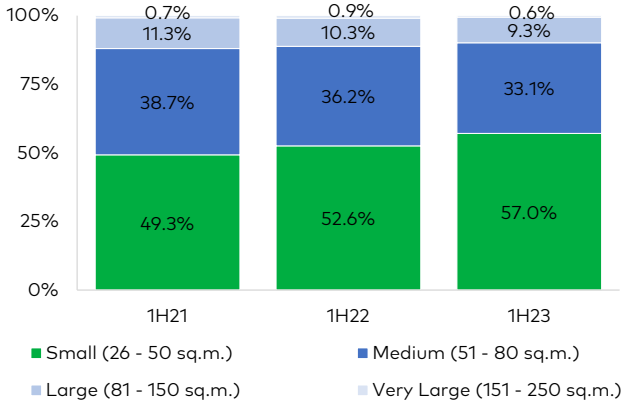
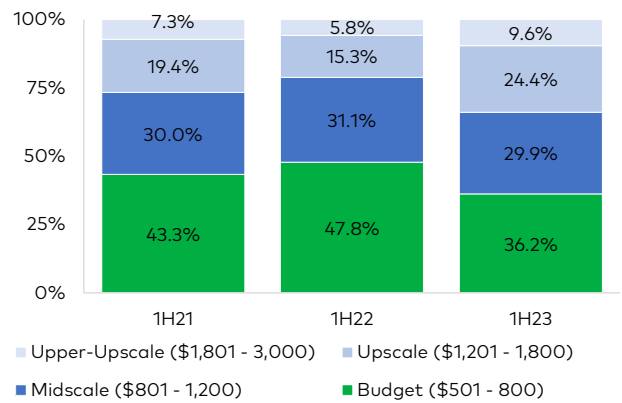
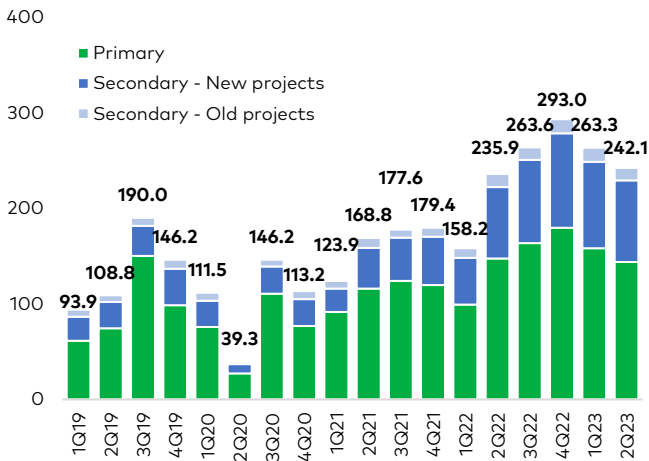


Figure 4: Real estate sales in Batumi by segment (% of total apartments sold)



Source: NAPR, Galt & Taggart Research

Figure 5: Batumi real estate market size by type, US\$ mn



Source: NAPR, Galt & Taggart Research

Figure 6: Batumi real estate average prices by type, US\$/m²

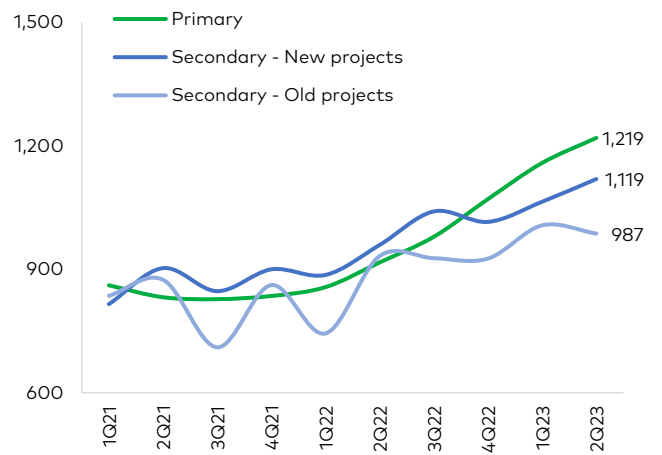
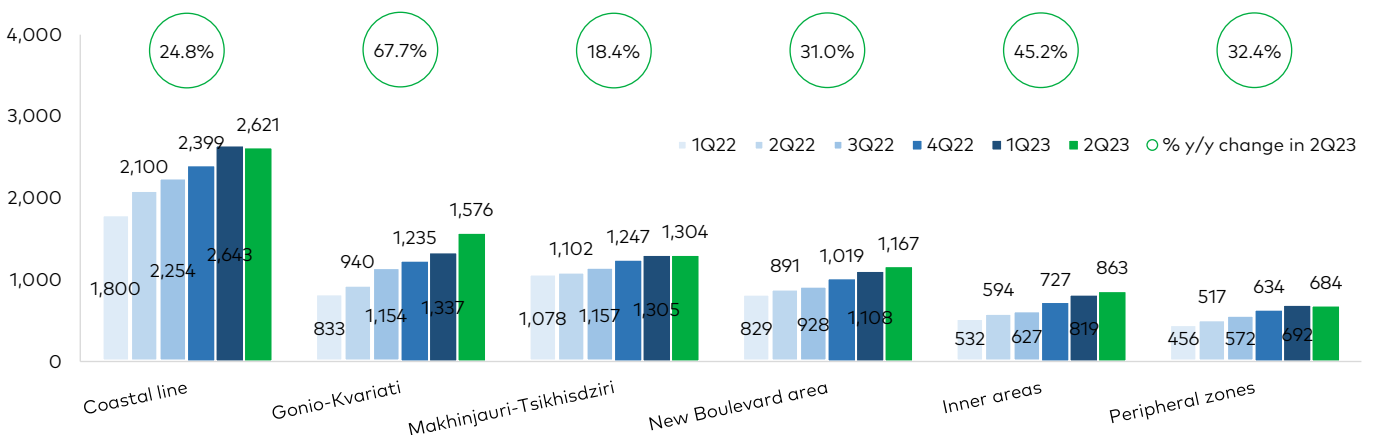


Figure 7: Real estate prices on primary market (from developers) by districts in Batumi, US\$/m²



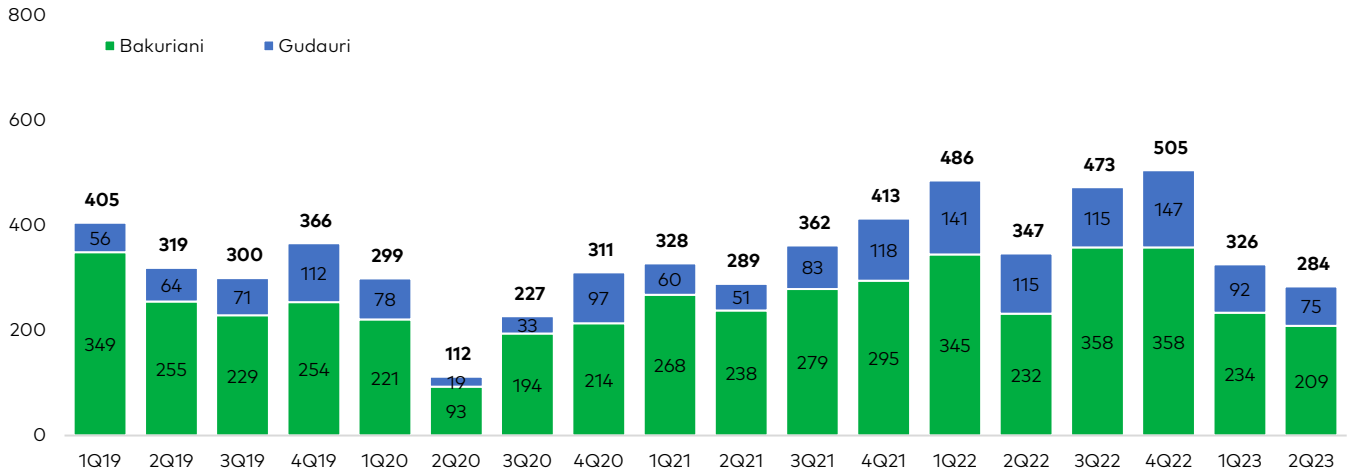
Source: Galt & Taggart Research

Note: Old Batumi district is excluded due to small size of a sample (less than 5 projects)



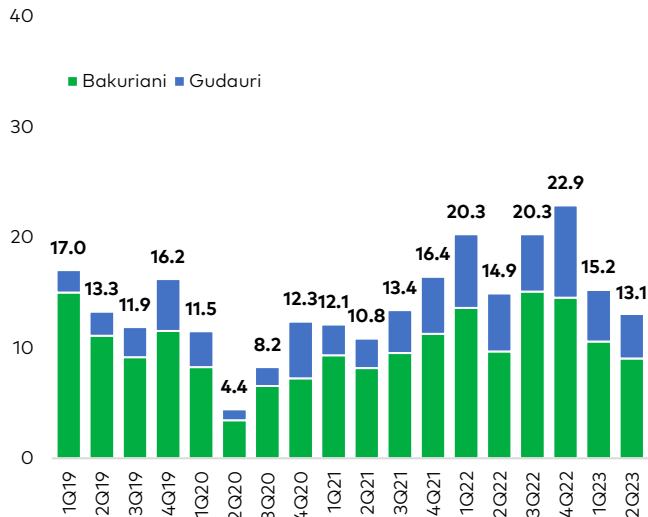
Residential markets in Bakuriani and Gudauri

Figure 8: Number of residential real estate sales in Bakuriani and Gudauri



Source: NAPR, Galt & Taggart Research

Figure 9: Real estate market size in Bakuriani and Gudauri, US\$ mn



Source: NAPR, Galt & Taggart Research

Figure 10: Weighted average prices in Bakuriani and Gudauri, US\$/m²

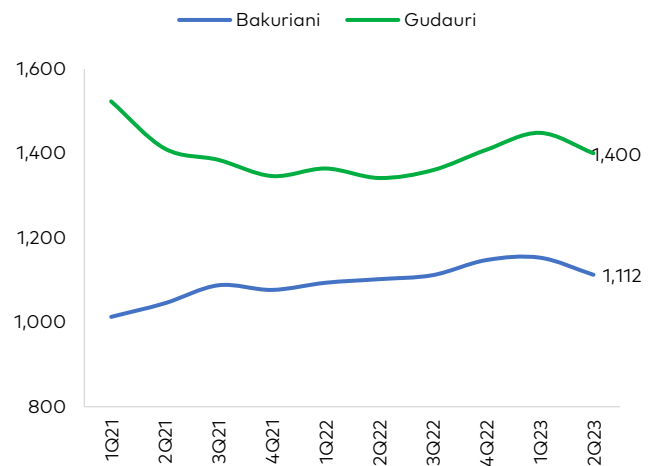
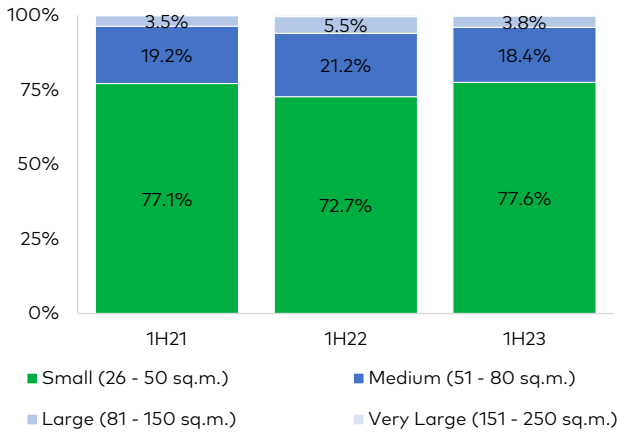




Figure 11: Real estate sales in Bakuriani by size (% of total apartments sold)



Source: NAPR, Galt & Taggart Research

Figure 12: Real estate sales in Bakuriani by segment (% of total apartments sold)

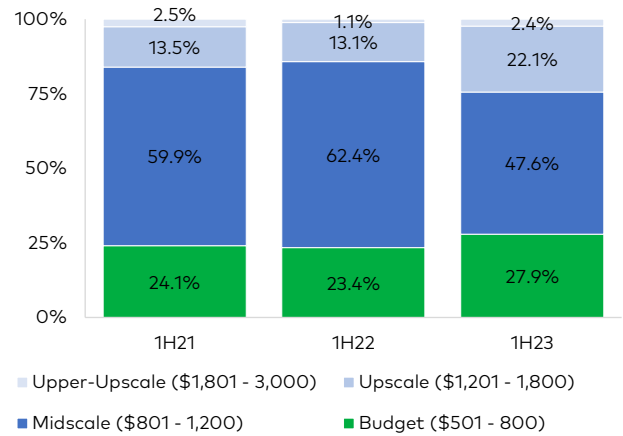
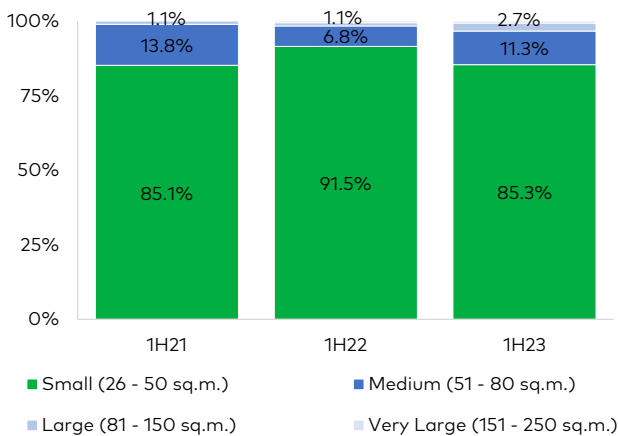
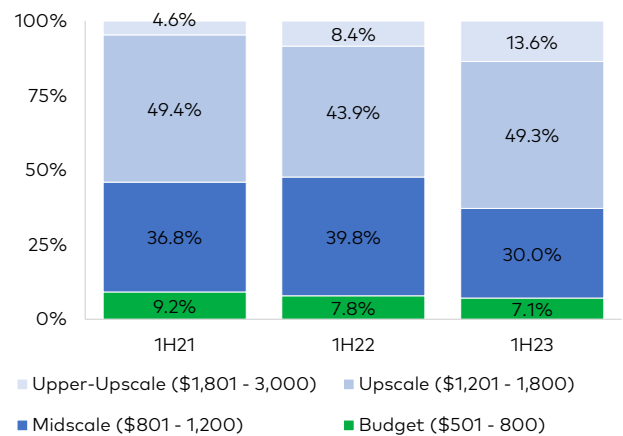


Figure 13: Real estate sales in Gudauri by size (% of total apartments sold)



Source: NAPR, Galt & Taggart Research

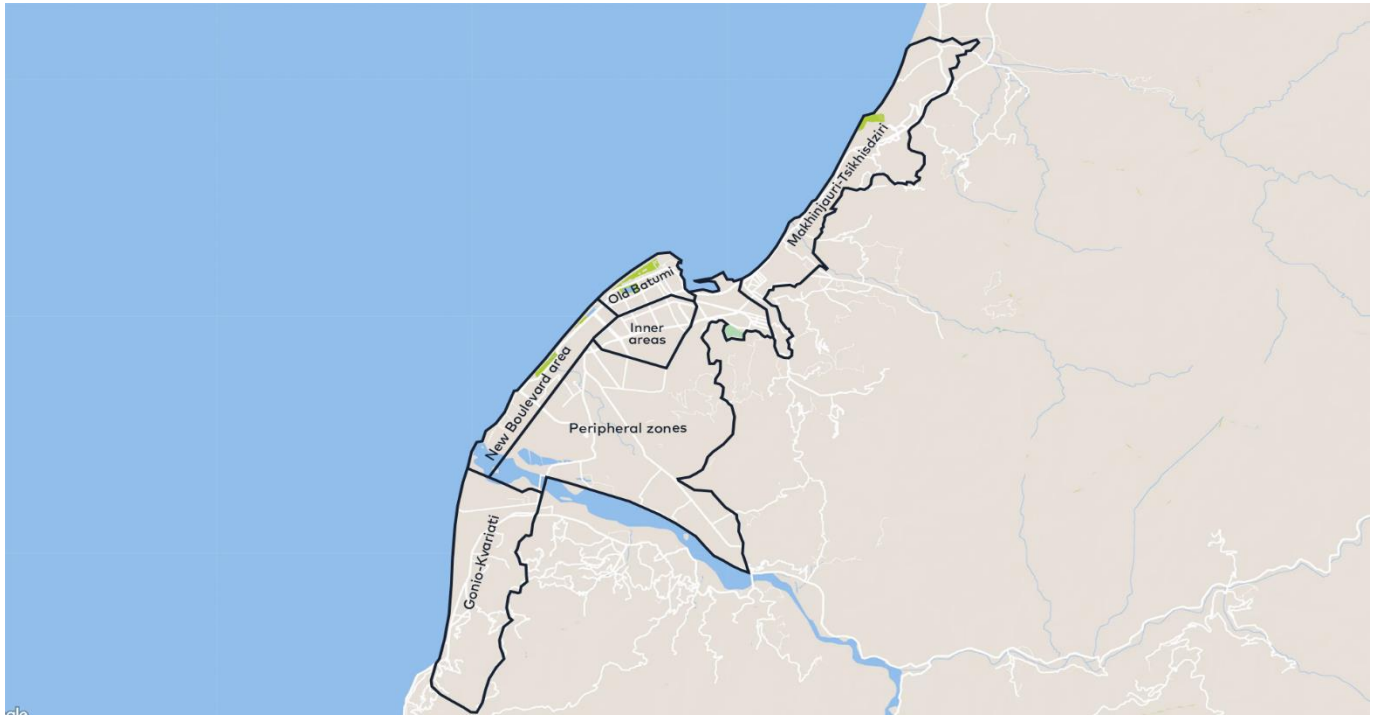
Figure 14: Real estate sales in Gudauri by segment (% of total apartments sold)





Annex

Map 1: District distribution in Batumi



Source: Galt & Taggart Research

Table 1: Real estate sales by cities – value, number and area, 1H23

City	Value (US\$ mn)	Number	Area ('000 m ²)
Batumi	505.4	8,324	432.1
Bakuriani	19.6	443	19.5
Gudauri	8.7	167	6.6

Source: NAPR, Galt & Taggart Research

Table 2: Real estate sale patterns by cities – average size and prices, 2Q23

City	Average apartment size (m ²)	Average price per m ² (US\$)	Average price per apartment (US\$)
Batumi	52	1,219	65,203
Bakuriani	42	1,112	47,051
Gudauri	42	1,400	59,111

Source: NAPR, Galt & Taggart Research



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Head of Research

Eva Bochorishvili | evabochorishvili@gt.ge

Head of Macroeconomic Analysis and Forecasting

Lasha Kavtaradze | lkavtaradze@gt.ge

Head of Analytics

Giorgi Iremashvili | giremashvili@gt.ge

Head of Sector Research

Kakha Samkurashvili | ksamkurashvili@gt.ge

Head of Sector

Mariam Chakhvashvili | mchakhvashvili@gt.ge

Head of Sector

Tatia Mamrikishvili | tmamrikishvili@gt.ge

Senior Analyst

Giga Nozadze | gnozadze@gt.ge

Senior Analyst

Giorgi Tskitishvili | g.tskitishvili@gt.ge

Analyst

Zurab Tavkelishvili | ztavkelishvili@gt.ge

Analyst

Sergi Kurashvili | s.kurashvili@gt.ge

Analyst

Dachi Mujirishvili | dmujirishvili@gt.ge

Analyst

Mariam Okropiridze | maokropiridze@gt.ge

Analyst

Otar Tsukhishvili | otsukhishvili@gt.ge

Address: 3 Pushkin Street, Tbilisi 0105, Georgia

Tel: + (995) 32 2401 111

Email: research@gt.ge