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CREATING OPPORTUNITIES

# Residential Real Estate Batumi, Bakuriani, Gudauri

## 3Q23 Overview

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## 3Q23 overview

### Residential market in Batumi

In 3Q23, the number of apartments sold in Batumi stood at 3,902 units, down 17.0% y/y and 1.1% q/q. This decrease was observed on both the primary (-16.5% y/y) and the secondary real estate markets (-17.8% y/y).

In 3Q23, sales decreased in nearly all districts of Batumi, except for New Boulevard Area (+10.3% y/y) and Gonio-Kvariati (+10.6% y/y). This reflects shift of real estate development to the suburbs of Batumi and other neighbouring areas of the city. Additionally, New Boulevard Area is leading in terms of the number of ongoing development projects. Out of 189 construction projects currently underway in Batumi, 75 (39.7% of total) are located in the New Boulevard Area, increasing future supply of apartments in this district.

In 9M23, small (26-50 m<sup>2</sup>) and medium-sized (51-80 m<sup>2</sup>) apartment sales accounted for 90.5% of total sales.

Additionally, there is a gradual transition towards premium segments from budget/midscale price segments. This shift is primarily attributed to price increases. As a result, in 9M23, 34.9% of total sales were recorded in upscale (US\$ 1,201-1,800) and upper-upscale segments (US\$ 1,801-3,000) compared to 23.3% in 9M22.



In 3Q23, weighted average price of apartments increased the most on the primary market (+19.1% y/y), followed by the secondary market (+12.0% y/y in new and +8.5% y/y in old projects). Prices were up the most in Gonio-Kvariati (+44.8% y/y).

In 3Q23, total market size in Batumi stood at US\$ 245.4mn (-6.9%y/y) and in 9M23 at US\$ 750.7mn (+14.2% y/y). We expect Batumi residential real estate market size to reach US\$ 1.0bn in FY23.

### **Residential market in Bakuriani**

In 3Q23, the number of apartments sold in Bakuriani reached 233 units, down 34.9% y/y (due to the record high base in 3Q22) and up by 11.5% q/q.

In 9M23, small and medium-sized apartment (26-80 m<sup>2</sup>) sales accounted for 95.5% of total sales, in line with existing trend. Moreover, around half of sold apartments were recorded in the midscale price segment (\$801-1,200).

Total of 19 projects are currently under development in Bakuriani and most of them (9 projects) are located near the Kokhta Mountain.



In 3Q23, weighted average price of apartments in Bakuriani was up by 5.0% y/y. Total market size of apartments sold in Bakuriani stood at US\$ 10.2mn, down by 32.2% y/y (due to the record high base in 3Q22) and up by 13.5% q/q.

### **Residential market in Gudauri**

In 3Q23, the number of apartments sold in Gudauri reached 98 units, down 14.8% y/y and up by 30.7% q/q.

In 9M23, small-sized apartment (26-50 m<sup>2</sup>) sales accounted for 87.0% of total sales. Notably, Gudauri has the highest proportion of small-sized apartments in total sales when compared to Batumi and Bakuriani. Moreover, over half of sold apartments were recorded in the upscale price segment (\$1,201-1,800).

In 3Q23, weighted average price of apartments in Gudauri was up by 2.8% y/y. Total market size of apartments sold in Gudauri stood at US\$ 4.8mn, down by 6.6% y/y and up by 19.9% q/q.

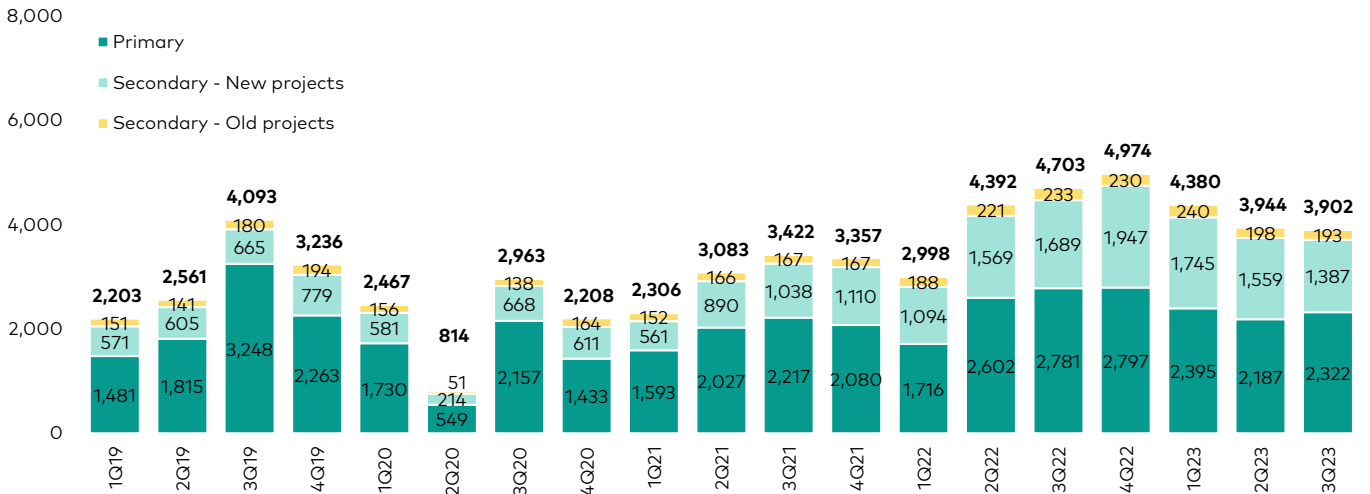


# Residential market in Batumi

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

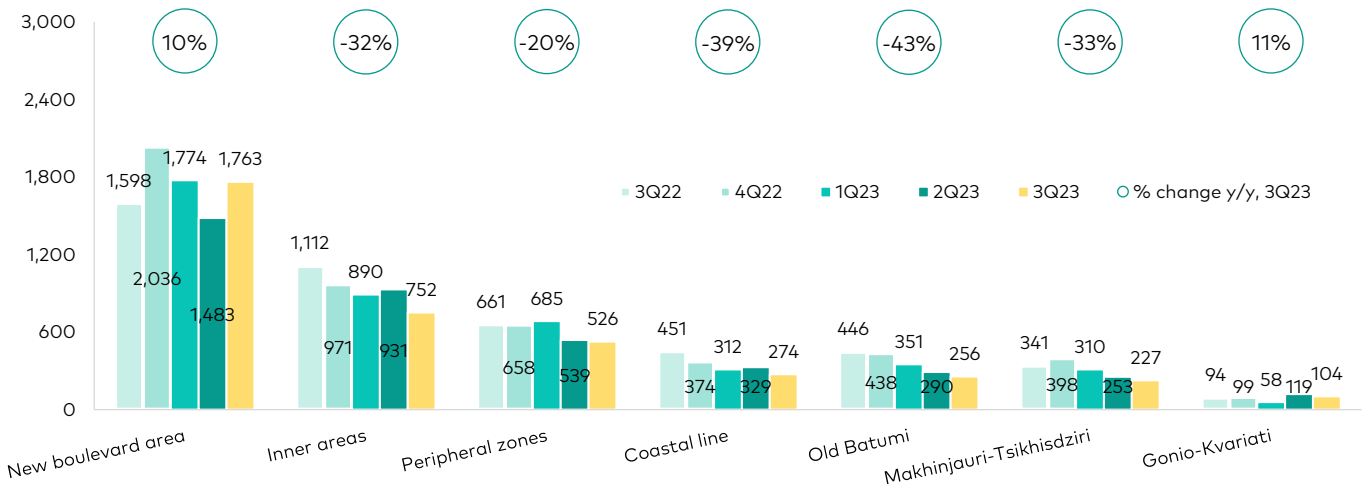
- 1) **Primary sales** – real estate sold directly by construction companies/developers
- 2) **Secondary sales in new projects** – real estate sold by an individual owner in projects built by construction permits issued after 2013
- 3) **Secondary sales in old projects** – real estate sold by an individual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

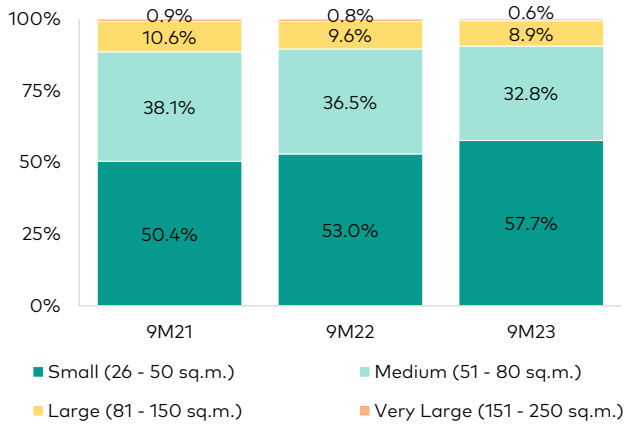
**Figure 2: Number of sold apartments in Batumi by districts**



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

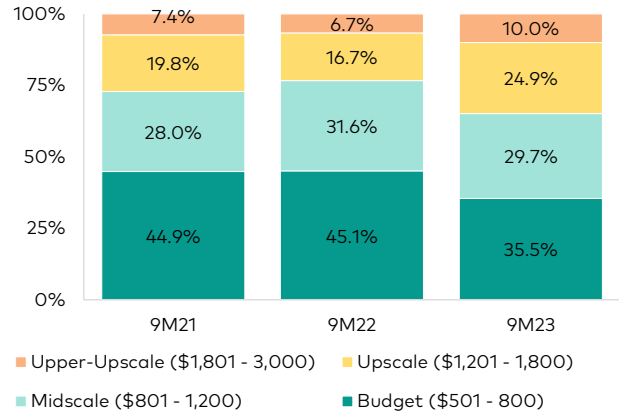


**Figure 3: Real estate sales in Batumi by size (% of total apartments sold)**

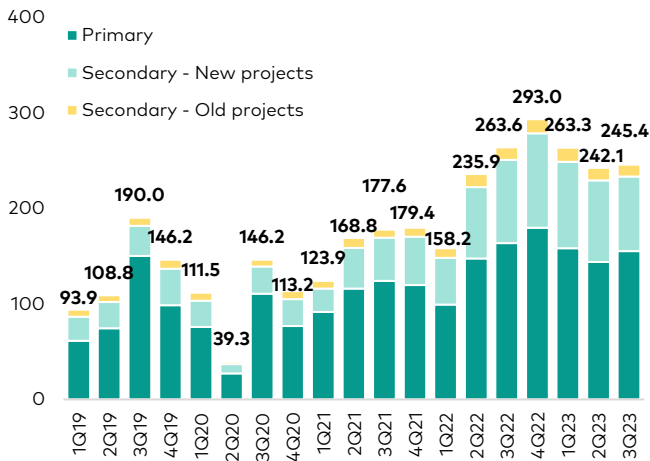


Source: NAPR, Galt & Taggart Research

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

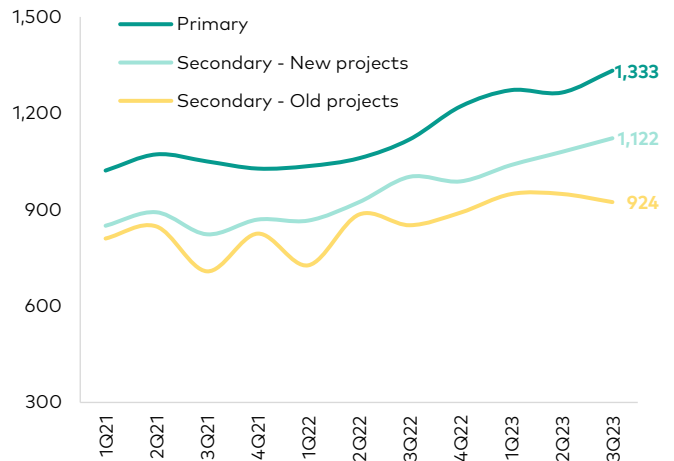


**Figure 5: Batumi real estate market size by type, US\$ mn**

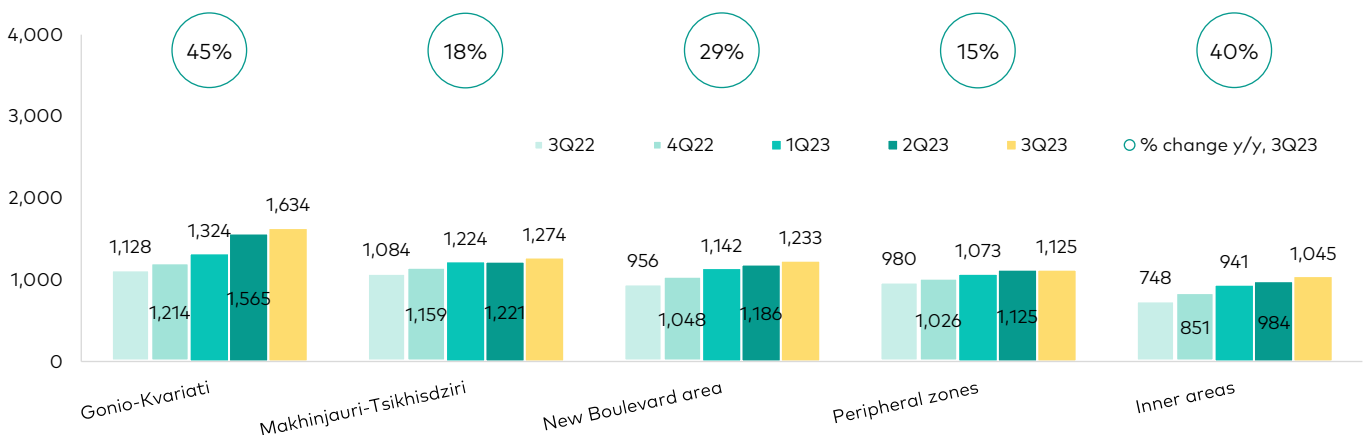


Source: NAPR, Galt & Taggart Research

**Figure 6: Batumi real estate weighted average prices by type, US\$/m<sup>2</sup>**



**Figure 7: Real estate prices on primary market for white frame apartments by districts in Batumi, US\$/m<sup>2</sup>**



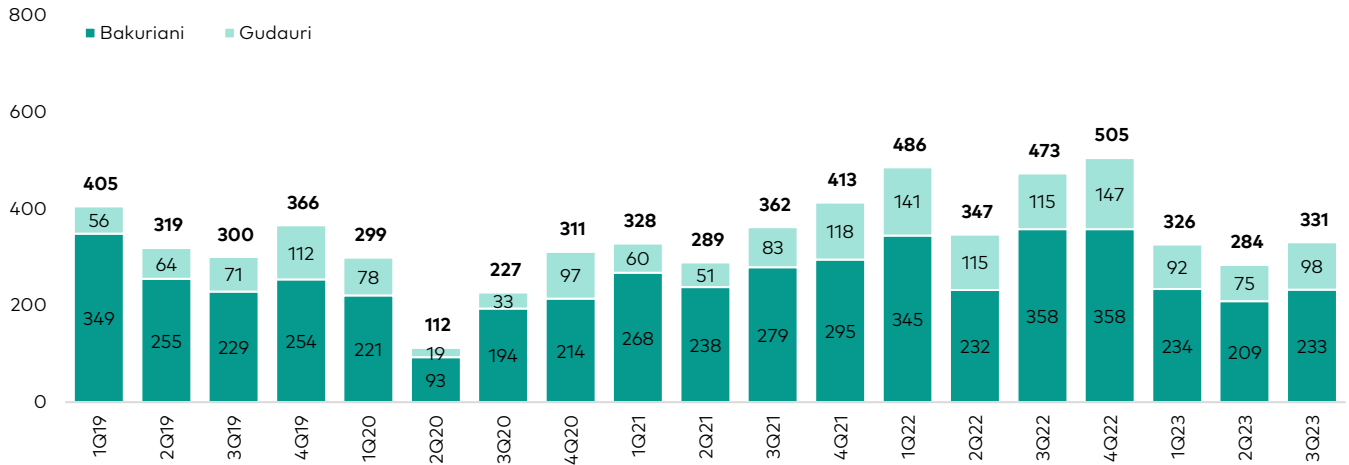
Source: Galt & Taggart Research

Note: Old Batumi and Coastal line districts are excluded due to small size of a samples (less than 5 projects)



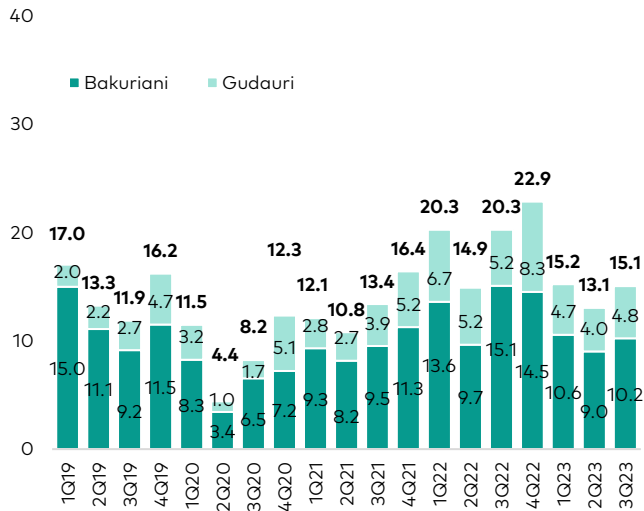
# Residential markets in Bakuriani and Gudauri

**Figure 8: Number of sold apartments in Bakuriani and Gudauri**



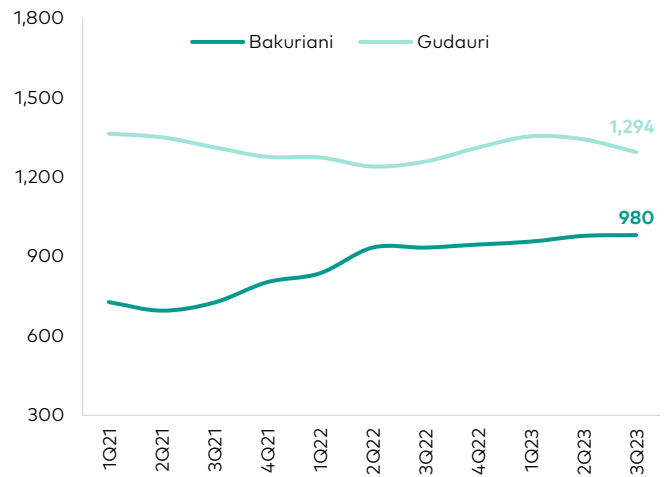
Source: NAPR, Galt & Taggart Research

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



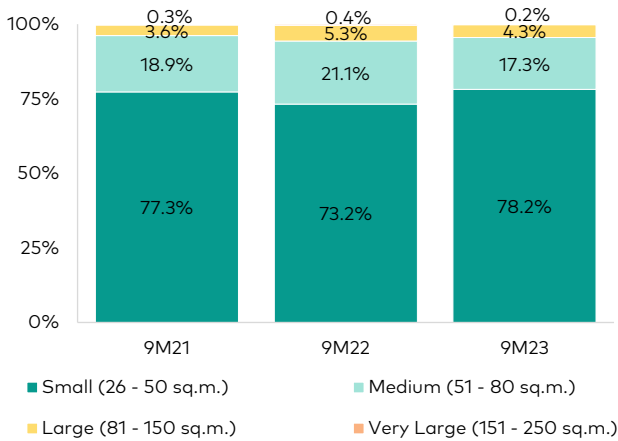
Source: NAPR, Galt & Taggart Research

**Figure 10: Bakuriani and Gudauri real estate weighted average prices, US\$/m<sup>2</sup>**



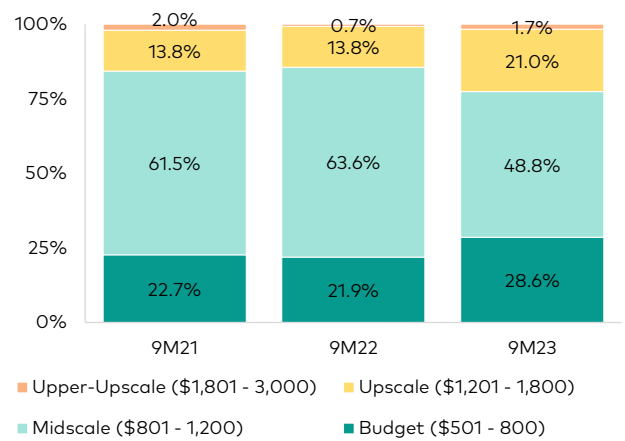


**Figure 11: Real estate sales in Bakuriani by size (% of total apartments sold)**

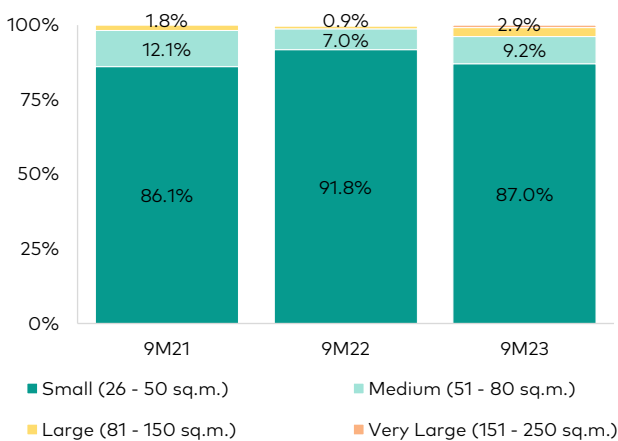


Source: NAPR, Galt & Taggart Research

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

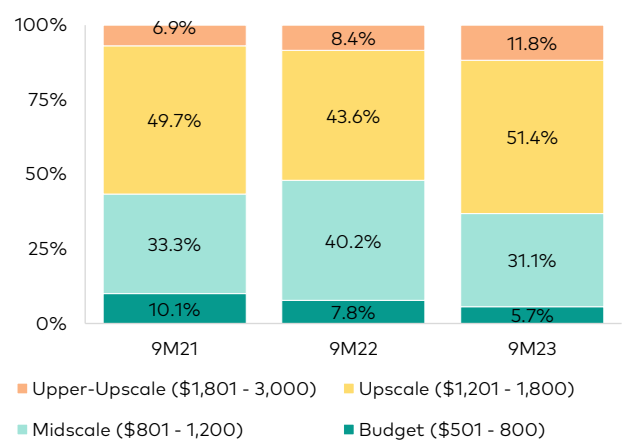


**Figure 13: Real estate sales in Gudauri by size (% of total apartments sold)**



Source: NAPR, Galt & Taggart Research

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

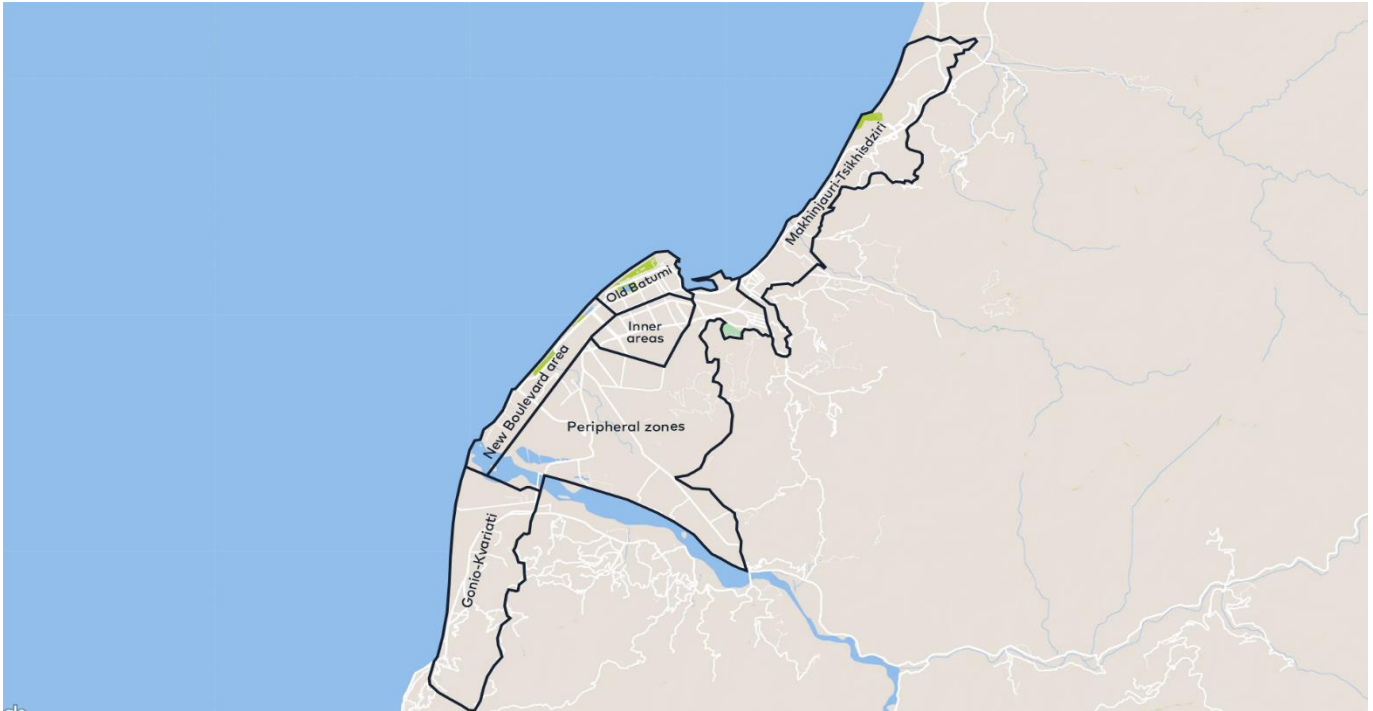






# Annex

**Map 1: District distribution in Batumi**



Source: Galt & Taggart Research

Note: Coastal Line includes projects in the so called 1<sup>st</sup> line

**Table 1: Real estate sales by cities – value, number and area, 9M23**

City	Value (US\$ mn)	Number	Area ('000 m <sup>2</sup> )
Batumi	743.1	12,226	630.7
Bakuriani	29.8	676	29.7
Gudauri	13.6	265	10.6

Source: NAPR, Galt & Taggart Research

**Table 2: Real estate sale patterns by cities – average size and prices, 3Q23**

City	Average apartment size (m <sup>2</sup> )	Average price per m <sup>2</sup> (US\$)	Average price per apartment (US\$)
Batumi	51	1,333	67,826
Bakuriani	44	980	42,842
Gudauri	41	1,294	52,728

Source: NAPR, Galt & Taggart Research



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