



**GALT & TAGGART**  
CREATING OPPORTUNITIES

# Regional Residential Real Estate

**Batumi | Bakuriani | Gudauri**

**2023 FULL YEAR OVERVIEW**

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# Key Figures in Batumi

2021

2022

2023

## Sales

# of apartments

12,156

17,040

15,758

Primary

7,932

9,922

8,925

Secondary

4,224

7,118

6,833

## Price

US\$ / m<sup>2</sup>

\$838

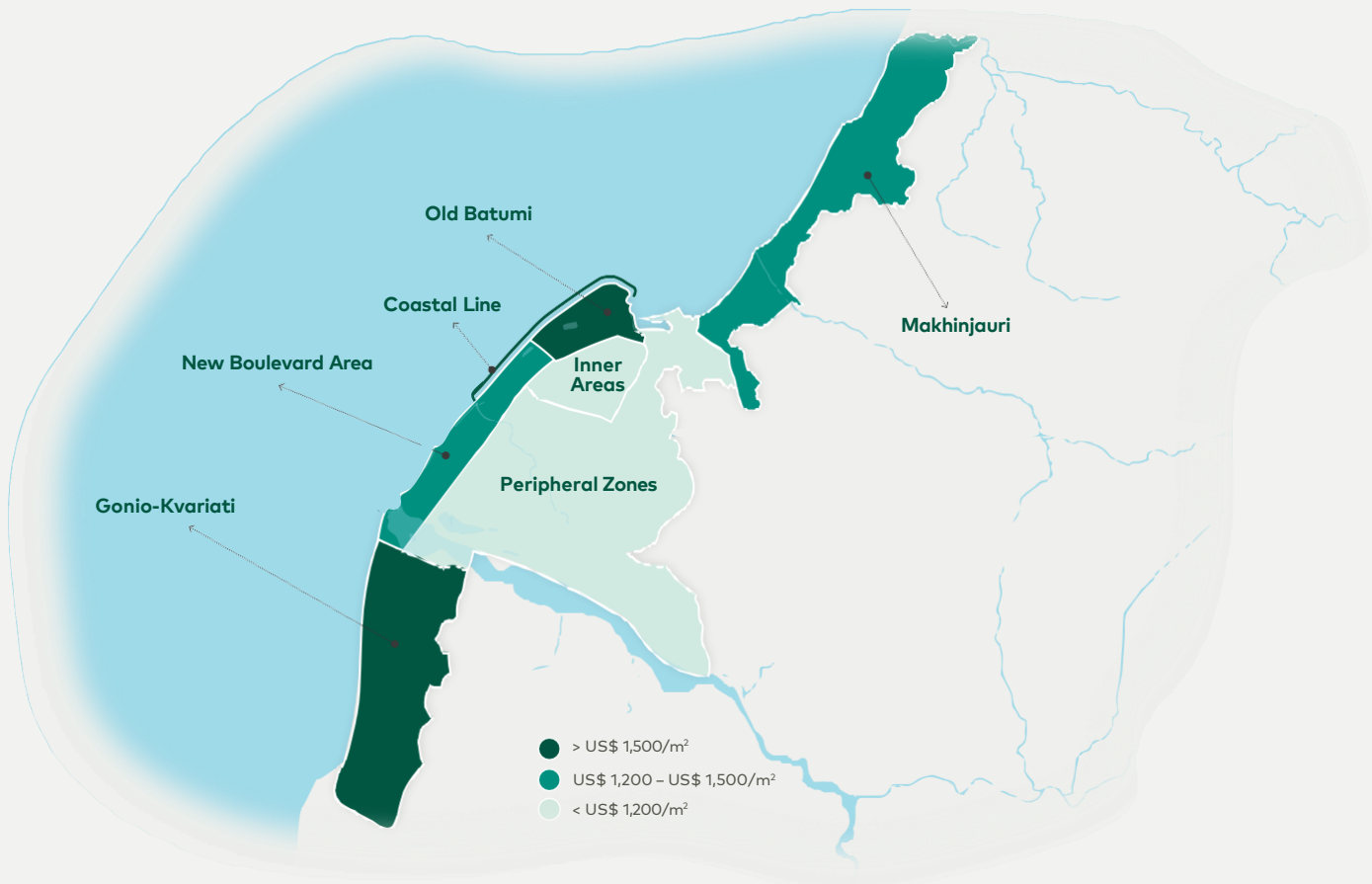
\$1,087

\$1,306



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# Real estate sale patterns in 2023



## OLD BATUMI

Number of sales  
**1,167 apartments**  
Average price  
**1,877 us\$ / m<sup>2</sup>**  
Average rent  
**10.4 us\$ / m<sup>2</sup>**

## COASTAL LINE

Number of sales  
**1,109 apartments**  
Average price  
**1,786 us\$ / m<sup>2</sup>**  
Average rent  
**N/A**

## GONIO-KVARIATI

Number of sales  
**349 apartments**  
Average price  
**1,587 us\$ / m<sup>2</sup>**  
Average rent  
**N/A**

## MAKHINJAURI

Number of sales  
**1,005 apartments**  
Average price  
**1,258 us\$ / m<sup>2</sup>**  
Average rent  
**N/A**

## NEW BOULEVARD AREA

Number of sales  
**6,616 apartments**  
Average price  
**1,254 us\$ / m<sup>2</sup>**  
Average rent  
**9.9 us\$ / m<sup>2</sup>**

## INNER AREAS

Number of sales  
**3,235 apartments**  
Average price  
**1,131 us\$ / m<sup>2</sup>**  
Average rent  
**9.1 us\$ / m<sup>2</sup>**

## PERIPHERAL ZONES

Number of sales  
**2,277 apartments**  
Average price  
**1,084 us\$ / m<sup>2</sup>**  
Average rent  
**8.3 us\$ / m<sup>2</sup>**

## KOBULETI

Number of sales  
**968 apartments**  
Average price  
**1,281 us\$ / m<sup>2</sup>**  
Average rent  
**N/A**

Note 1: Prices are provided for primary market as of end-2023

Note 2: Batumi includes Makhinjauri and Gonio-Kvariati areas

Note 3: Kobuleti includes Chakvi and Tsikhisdziri areas



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## 2023 overview

### Presales from developers

In January 2024, we conducted a survey of 6 systematic developers with 19 ongoing construction projects in Batumi. The aim was to address delays in the registration of apartment sales on the primary market and stay informed about the real time market trends.

Based on survey results, total apartments purchased directly from surveyed developers decreased by 2.8% y/y, which can be explained: 1) record-high base in 2022; 2) low stock of apartments in the projects due for completion in 2024-28 as 78% of apartments are already sold out; 3) shift of real estate development from Batumi to other locations in Adjara, evidenced by increased number of projects in Kobuleti (incl. Chakvi and Tsikhisdziri).

Notably, share of foreigners in total sales was up to 80% in 2023 from 75% in 2022.

### Residential market in Adjara

In 2023, the total number of apartments sold in Batumi reached 15,758 units, indicating a 7.5% y/y decrease. This decrease could be attributed to a record-high 2022 base and weaker migrant flows. Notably, this reduction was mainly due to decreased apartment sales on the primary market (-10.0% y/y), while sales



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on the secondary market decreased at a relatively lower rate. However, number of sales in 2023 still represents a significant 29.6% increase compared to the 2021 level.

The majority of apartments (42.0% of total sales) were purchased in the New Boulevard Area, playing a significant role in the overall high sales volume. Notably, 60.1% of the transactions in this district took place on the primary market. This can be attributed to the concentration of new development projects in the New Boulevard Area - 67 out of the total 155 residential projects in Batumi.

By end-2023, annual growth of apartment prices in Batumi was almost twice as high for primary market than the secondary one (+20.2% and +10.4% y/y, respectively). By end-2021, buyers in Batumi could obtain white frame apartments at \$550/m<sup>2</sup>, while this number now stands at \$850/m<sup>2</sup>.

In 2023, the real estate market size increased by 2.4% y/y, reaching US\$ 973.5mn, despite reduced sales. This growth was fueled by increased prices.

Given the scarce land resources in Batumi, the growth of real estate development initially occurred in the nearby areas of the city, Gonio-Kvariati and Makhinjauri. Currently, it has expanded further along the coastal line of Adjara, encompassing areas such as Chakvi, Tsikhisdziri, Kobuleti, and Shekvetili.



Remarkably, in 2023, there was a significant surge in total apartment sales in Kobuleti (+59.5% y/y). Moreover, sales are expected to further grow in Kobuleti with 22 ongoing residential projects at the moment.

### **Residential market in Bakuriani**

In 2023, the number of apartments sold in Bakuriani reached 956 units, down 26.1% y/y (due to the record high base in 2022).

Total of 14 residential projects are currently under development in Bakuriani and most of them are located near the Kokhta Mountain.

In 2023, small-sized apartment (26-50 m<sup>2</sup>) sales accounted for 77.7% of total sales, in line with existing trend. Moreover, half of the sold apartments were recorded in the midscale price segment (\$801-1,200).

By end-2023, weighted average price of apartments in Bakuriani was up slightly by 2.7% y/y. Total market size of apartments sold in Bakuriani stood at US\$ 42.0mn, down by 20.6% y/y, mostly due to reduced transactions on the primary market.



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## Residential market in Gudauri

In 2023, the number of apartments sold in Gudauri reached 378 units, down 27.0% y/y (due to the record high base in 2022).

Total of 6 residential projects are currently under development in Gudauri.

In 2023, small-sized apartment (26-50 m<sup>2</sup>) sales accounted for 87.4% of total sales, in line with existing trend. Moreover, almost half of the sold apartments were recorded in the upscale price segment (\$1,201-1,800).

By end-2023, weighted average price of apartments in Gudauri was down by 3.5% y/y. Total market size of apartments sold in Gudauri stood at US\$ 18.8mn, down by 26.0% y/y.

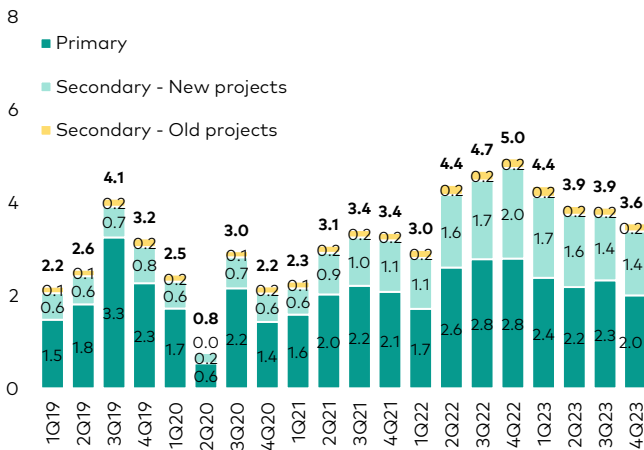


# Residential market in Batumi

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

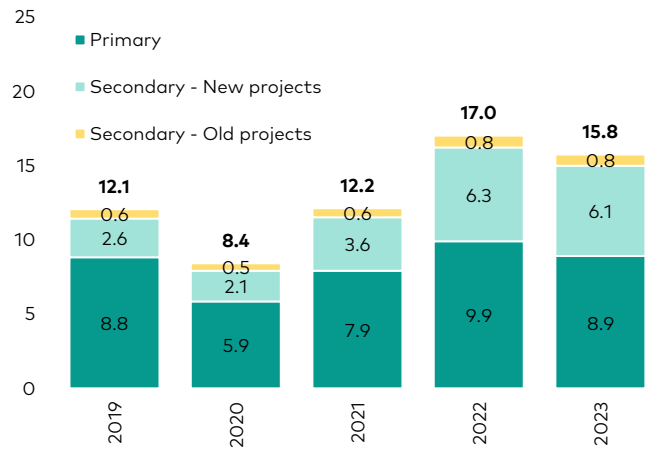
- 1) **Primary sales** – real estate sold directly by construction companies/developers
- 2) **Secondary sales in new projects** – real estate sold by an individual owner in projects built by construction permits issued after 2013
- 3) **Secondary sales in old projects** – real estate sold by an individual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

**Figure 1: Number of sold apartments in Batumi by quarter, '000**

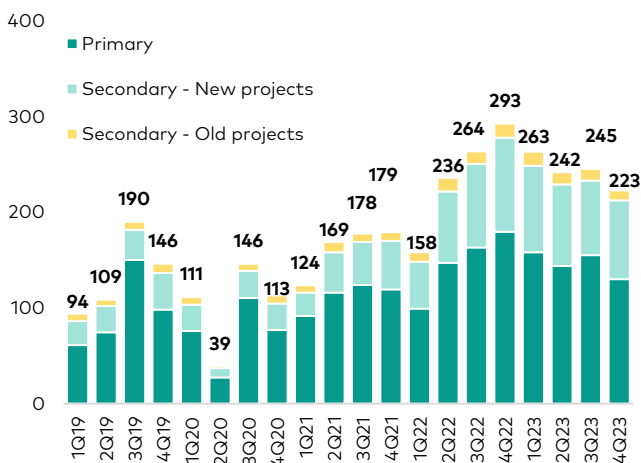


Source: NAPR, Galt & Taggart

**Figure 2: Number of sold apartments in Batumi by year, '000**

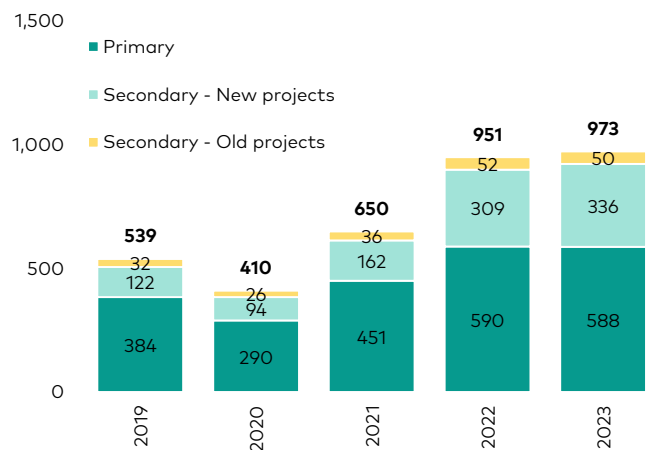


**Figure 3: Real estate market size in Batumi by quarter, US\$ mn**



Source: NAPR, Galt & Taggart

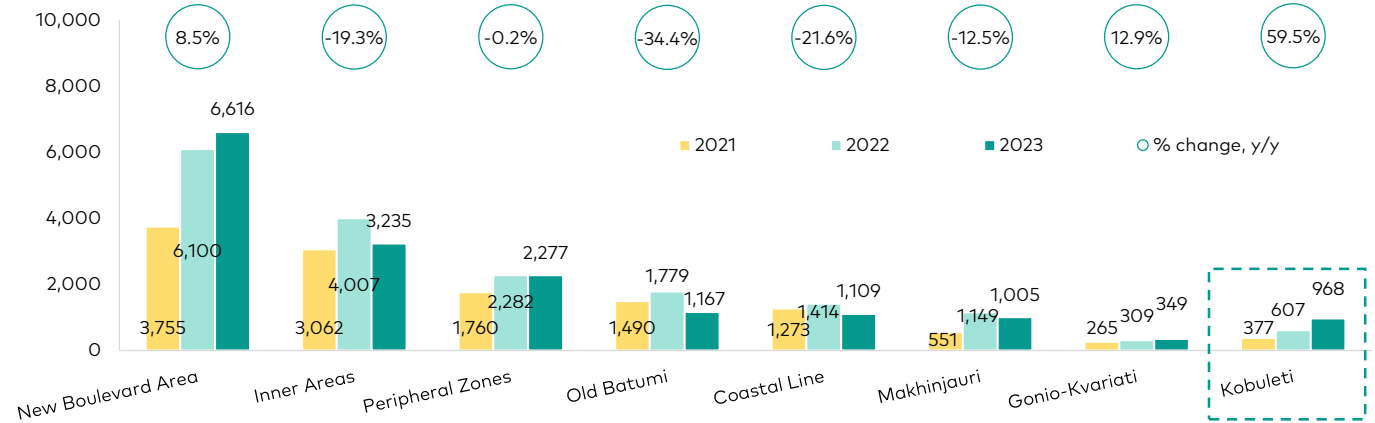
**Figure 4: Real estate market size in Batumi by year, US\$ mn**





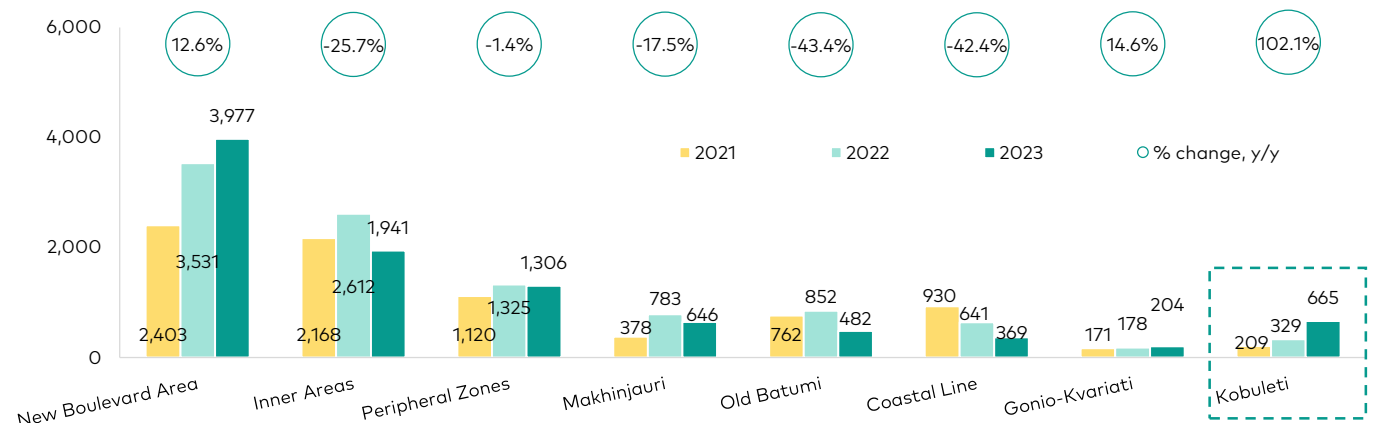


**Figure 5: Number of sold apartments by districts**



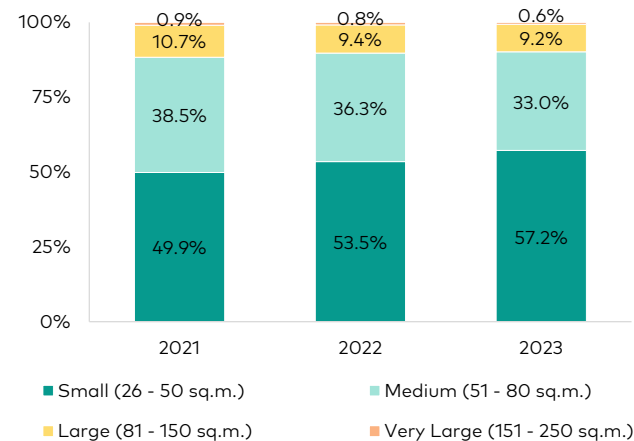
Source: NAPR, Galt & Taggart

**Figure 6: Number of sold apartments on the primary market by districts**

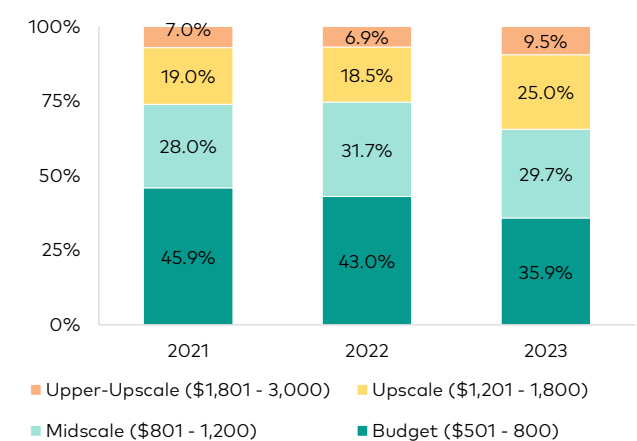


Source: NAPR, Galt & Taggart

**Figure 7: Real estate sales in Batumi by size (% of total apartments sold)**



**Figure 8: Real estate sales in Batumi by segments (% of total apartments sold)**



Source: NAPR, Galt & Taggart



# Presales from developers

## Box 1: Results of Galt & Taggart survey of systematic developers

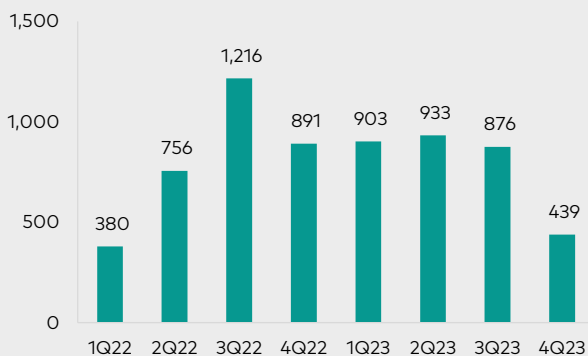
In January 2024, we conducted a survey of 6 systematic developers with 19 ongoing construction projects in Batumi. The aim was to address delays in the registration of apartment sales on the primary market and stay informed about the real time market trends.

Based on survey results, total apartments purchased directly from surveyed developers decreased by 2.8% y/y, which can be explained:

1. Record-high base in 2022.
2. Low stock of apartments in the projects due for completion in 2024-28 as 78% of apartments are already sold out.
3. Shift of real estate development from Batumi to other locations in Adjara, evidenced by increased number of projects in Kobuleti (incl. Chakvi and Tsikhisdziri)

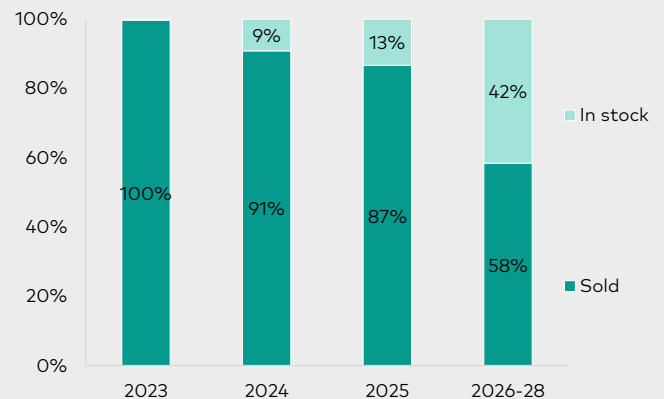
Notably, share of foreigners in total sales was up to 80% in 2023 from 75% in 2022.

**Figure 9: Number of presold apartments in ongoing projects in Batumi**

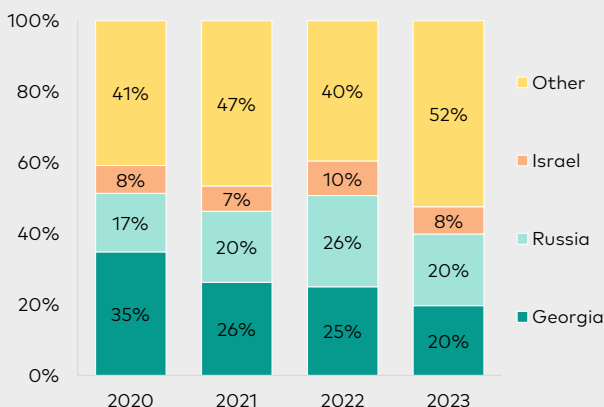


Source: Galt & Taggart Survey

**Figure 10: Distribution of the housing stock by project completion year and status in Batumi**

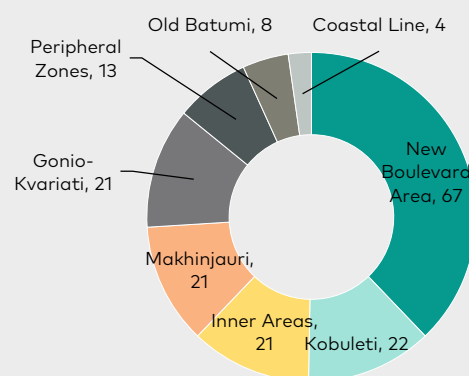


**Figure 11: Share of foreign citizens in real estate sales on the primary market in Batumi**



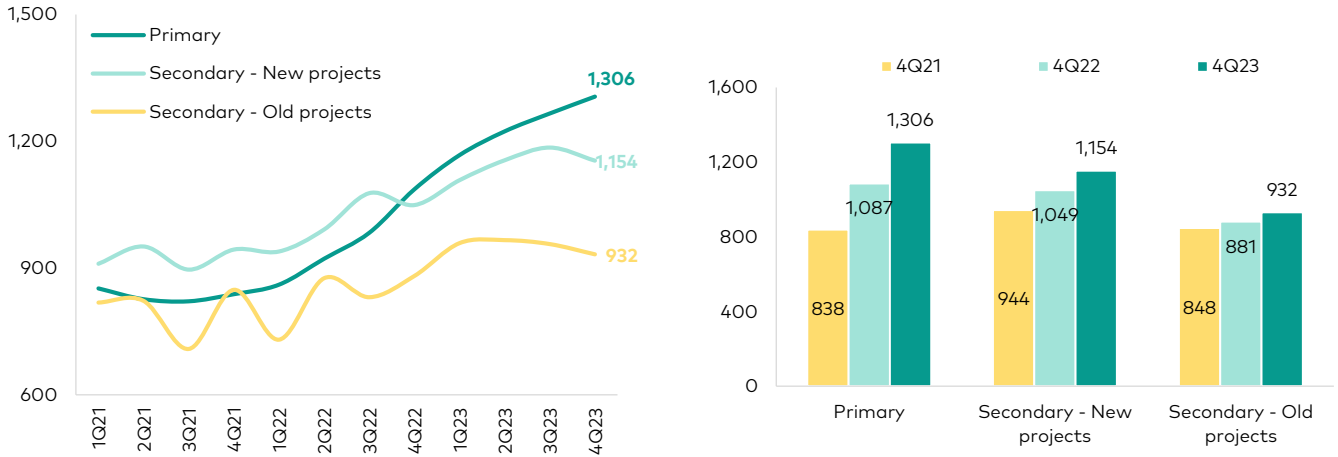
Source: Galt & Taggart Survey

**Figure 12: Number of ongoing residential real estate projects in Adjara**



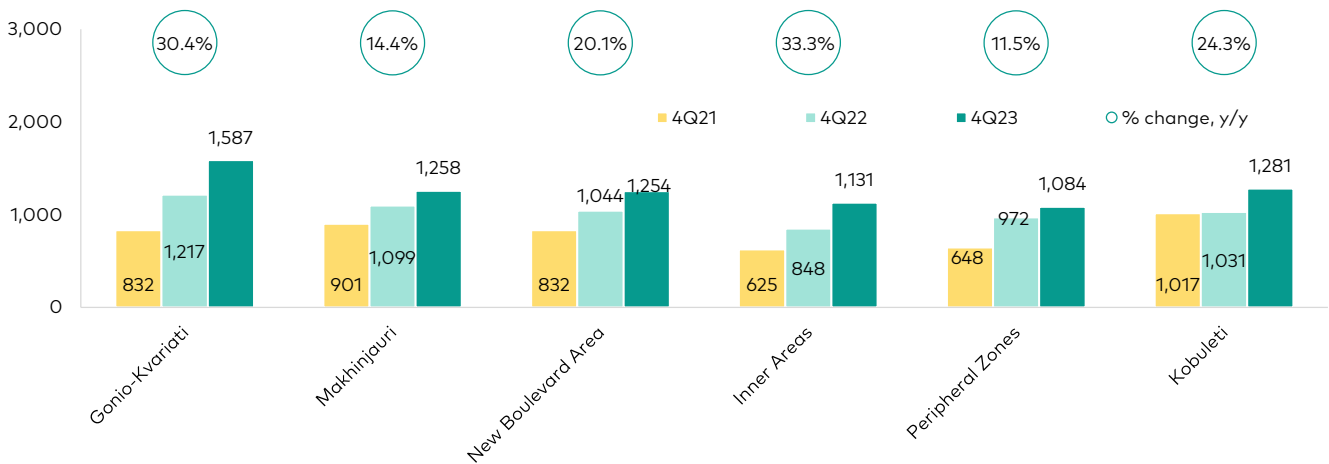


**Figure 13: Real estate weighted average prices in Batumi by type, US\$/m<sup>2</sup>**



Source: NAPR, Galt & Taggart

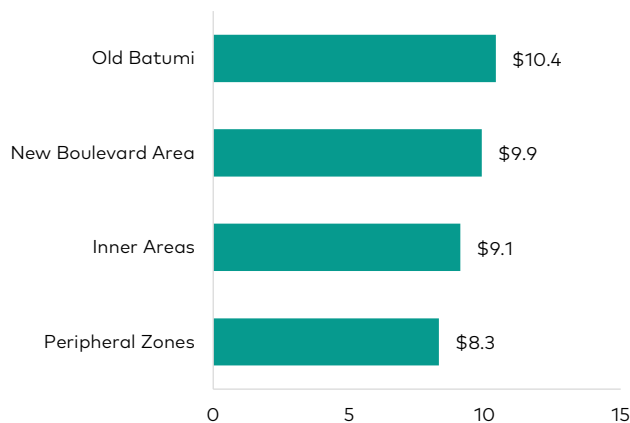
**Figure 14: Real estate prices on primary market for white frame apartments by districts, US\$/m<sup>2</sup>**



Source: Galt & Taggart

Note: Coastal line district is excluded due to small size of a sample

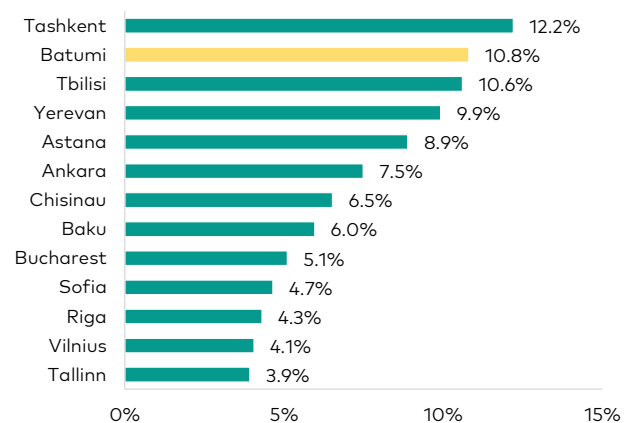
**Figure 15: Real estate weighted average rent prices by districts in Dec-23, US\$/m<sup>2</sup>**



Source: Numbeo, Galt & Taggart

Note: Rents are displayed for 30-60 m<sup>2</sup> apartments in Batumi. Some districts are excluded due to small sizes of samples

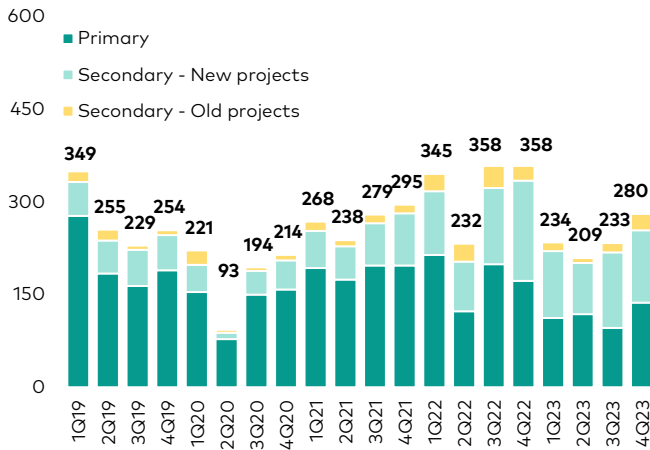
**Figure 16: Rental yields outside city center, Dec-23**





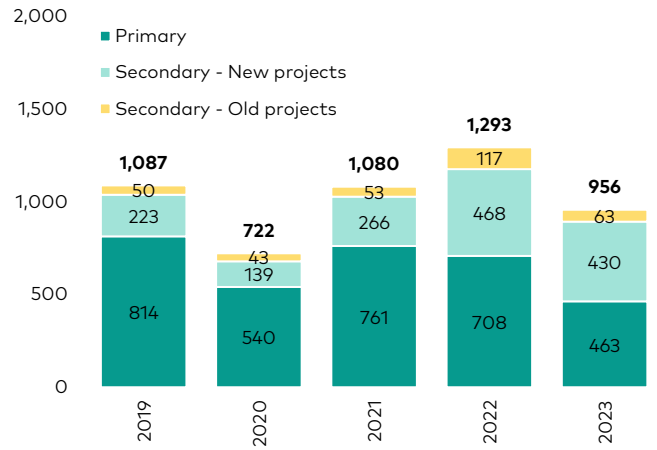
# Residential markets in Bakuriani and Gudauri

**Figure 17: Number of sold apartments in Bakuriani by quarter**

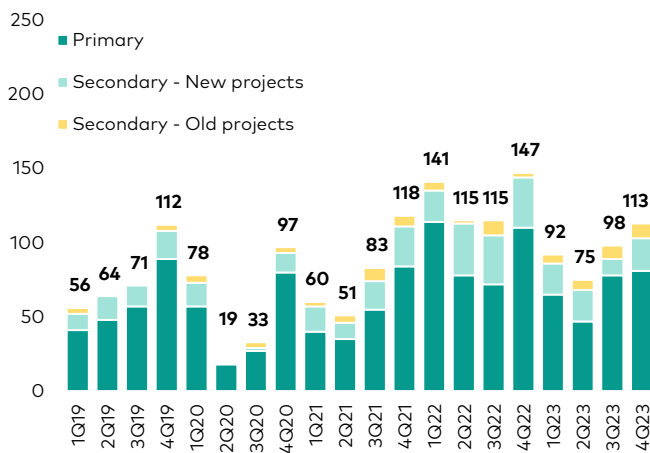


Source: NAPR, Galt & Taggart

**Figure 18: Number of sold apartments in Bakuriani by year**

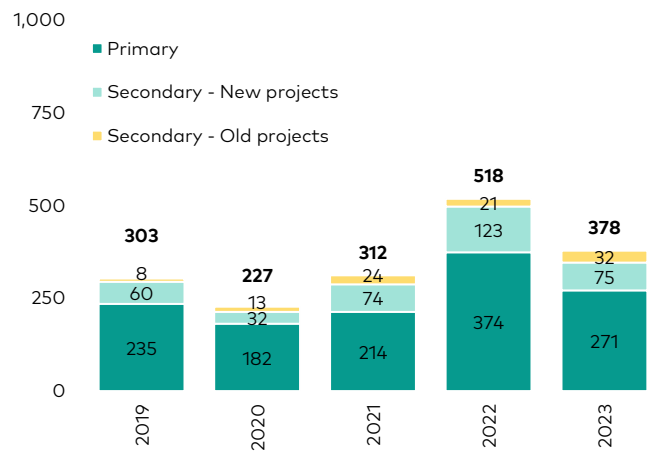


**Figure 19: Number of sold apartments in Gudauri by quarter**

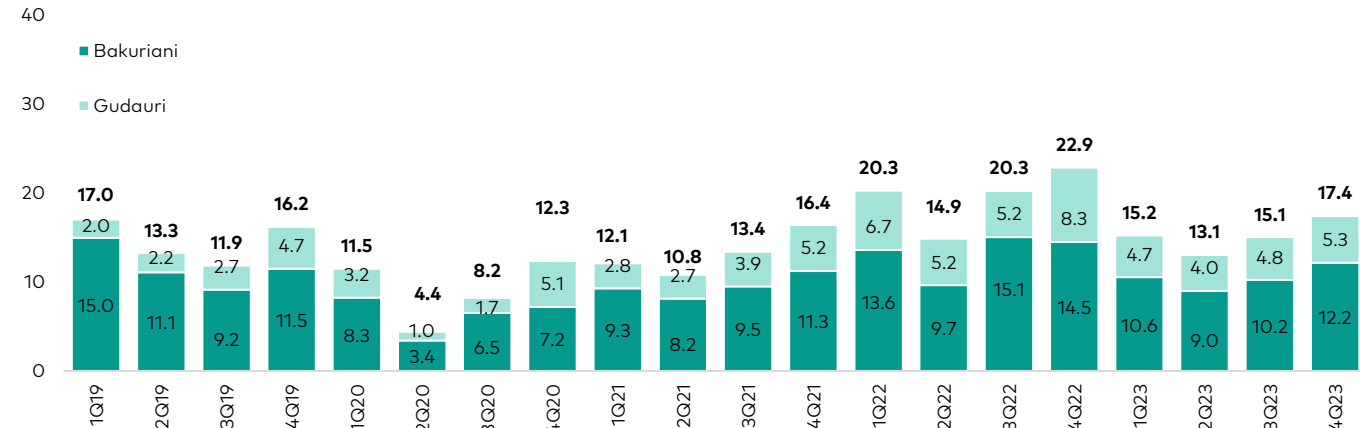


Source: NAPR, Galt & Taggart

**Figure 20: Number of sold apartments in Gudauri by year**



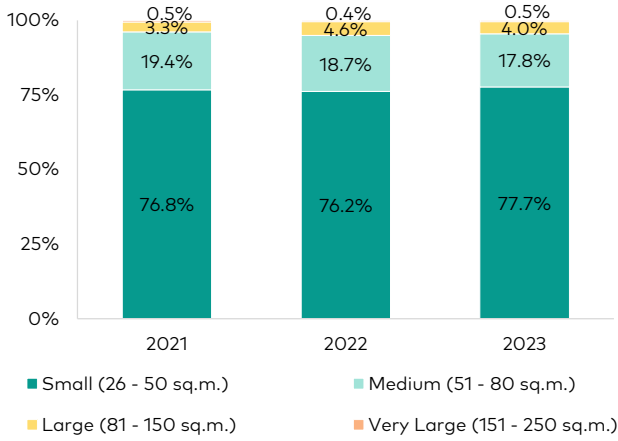
**Figure 21: Real estate market size in Bakuriani and Gudauri, US\$ mn**



Source: NAPR, Galt & Taggart

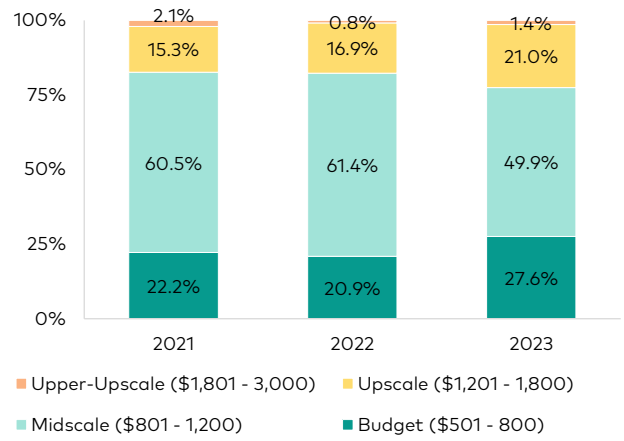


**Figure 22: Real estate sales in Bakuriani by size (% of total apartments sold)**

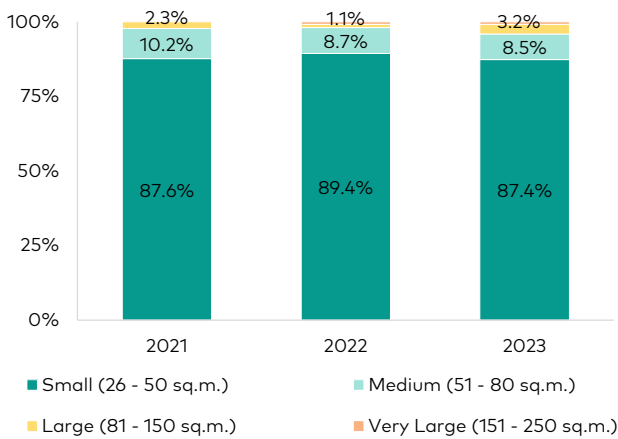


Source: NAPR, Galt & Taggart

**Figure 23: Real estate sales in Bakuriani by segments (% of total apartments sold)**

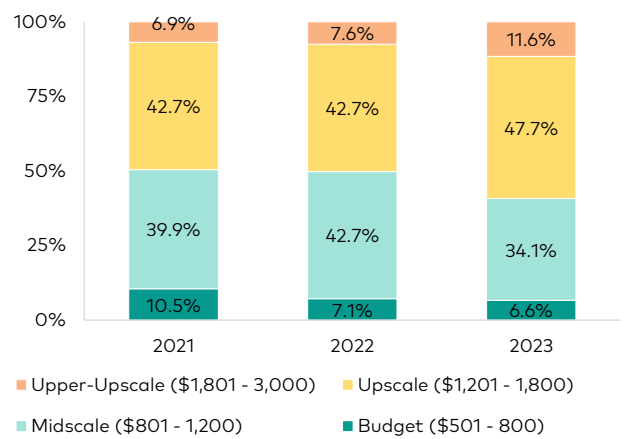


**Figure 24: Real estate sales in Gudauri by size (% of total apartments sold)**

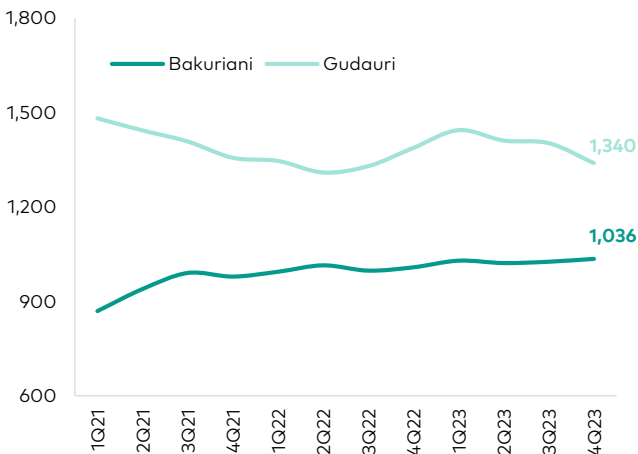


Source: NAPR, Galt & Taggart

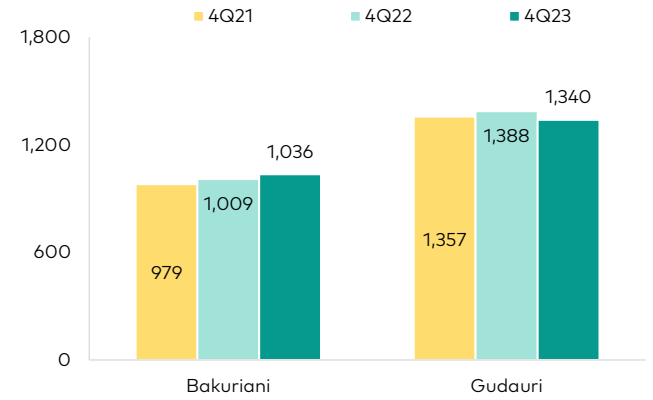
**Figure 25: Real estate sales in Gudauri by segments (% of total apartments sold)**



**Figure 26: Real estate prices on primary market for white frame apartments by cities, US\$/m<sup>2</sup>**



Source: NAPR, Galt & Taggart





# Annex

**Table 1: Real estate sales by cities – value, number and area, 2023**

City	Value (mn US\$)	Number	Area ('000 m <sup>2</sup> )
Batumi	973.5	15,758	816.6
Kobuleti	50.3	968	49.7
Bakuriani	42.0	956	42.3
Gudauri	18.8	378	15.1

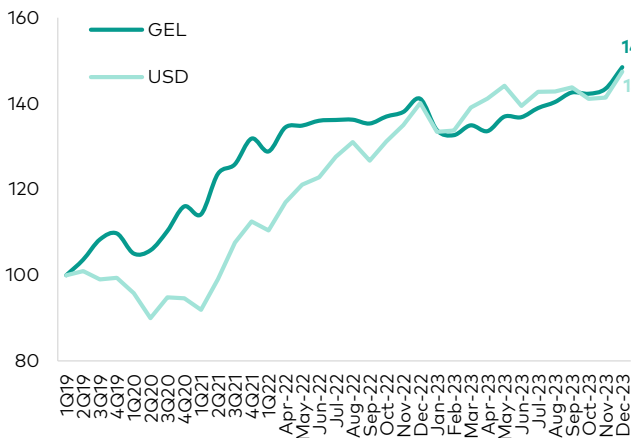
Source: NAPR, Galt & Taggart

**Table 2: Real estate sale patterns by cities – average size and prices, 2023**

City	Average apartment size (m <sup>2</sup> )	Average price per m <sup>2</sup> (US\$)	Average price per apartment (US\$)
Batumi	52	1,306	67,676
Kobuleti	51	1,281	65,757
Bakuriani	44	1,036	45,826
Gudauri	40	1,340	53,492

Source: NAPR, Galt & Taggart

**Figure 27: Construction cost index, 1Q19=100**



	y/y growth Dec-23, US\$	y/y growth Dec-23, GEL
<b>Total construction cost</b>	<b>5.3%</b>	<b>5.2%</b>
Construction materials	2.0%	1.9%
Wages	18.2%	18.1%
Machinery	6.1%	6.1%
Transportation, fuel and electricity	-2.6%	-2.6%
Other costs	0.5%	0.4%

Source: Geostat, Galt & Taggart

Note: Construction cost index used to be published quarterly over 2019-22, but was discontinued and shifted to monthly reporting since Mar-22



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