



GALT & TAGGART
CREATING OPPORTUNITIES

Tbilisi Residential Real Estate

MARCH 2024 UPDATE

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Key Figures

Mar-22

Mar-23

Mar-24

Sales

of apartments

3,783

3,439

2,991

Primary

1,590

1,443

1,368

Secondary

2,193

1,996

1,623

Price

US\$ / m²

\$908

\$1,089

\$1,254

Rent

US\$ / m²

\$6.0

\$12.1

\$9.9

Permits

'000 m²

117.6

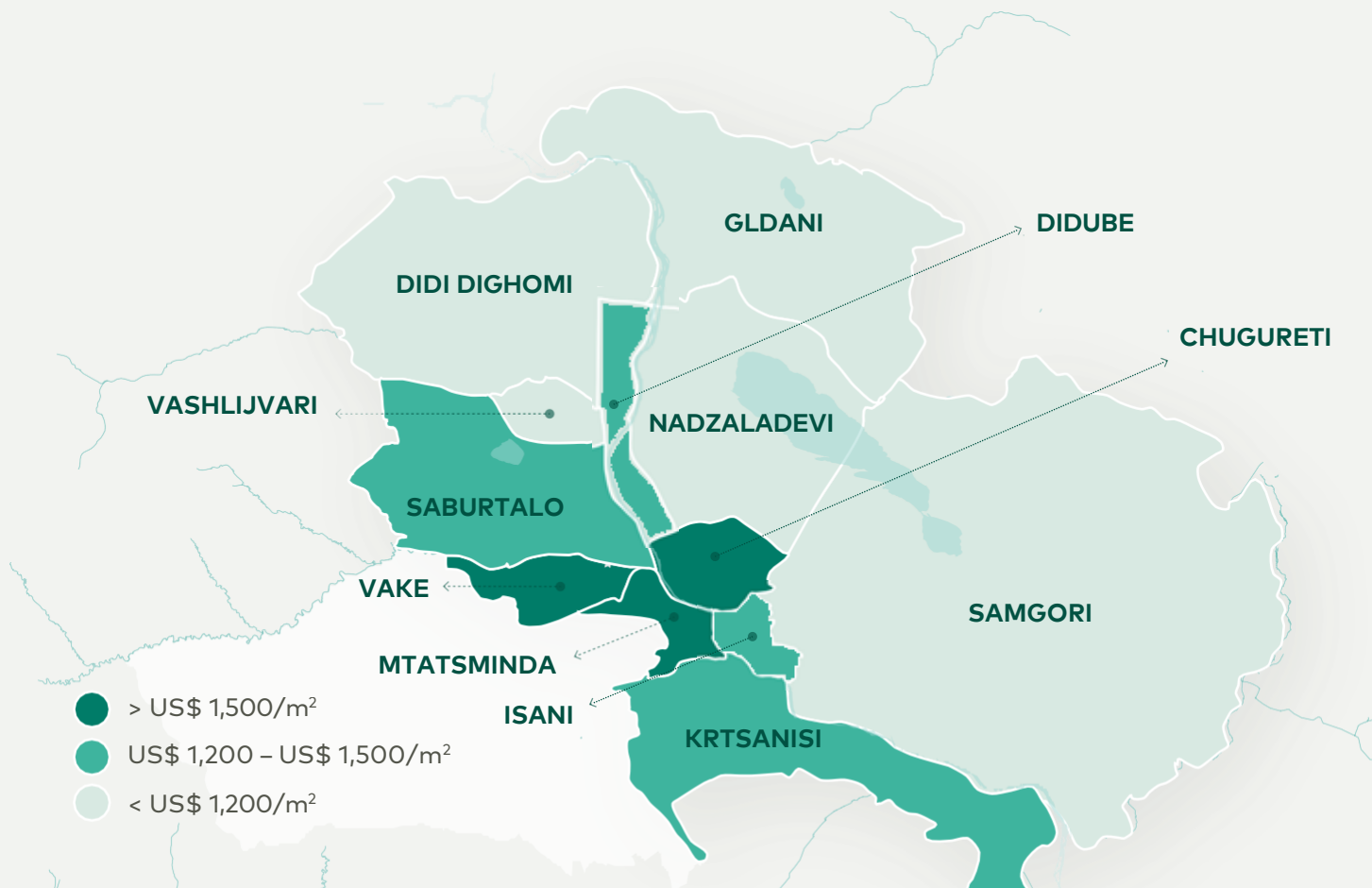
231.2

150.0



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Real estate sale patterns in March 2024



MTATSMINDA

Number of sales
53 apartments
Average price
2,533 us\$ / m²
Average rent
14.4 us\$ / m²

VAKE

Number of sales
84 apartments
Average price
2,346 us\$ / m²
Average rent
16.2 us\$ / m²

CHUGURETI

Number of sales
89 apartments
Average price
1,611 us\$ / m²
Average rent
10.8 us\$ / m²

KRTSANISI

Number of sales
116 apartments
Average price
1,482 us\$ / m²
Average rent
10.1 us\$ / m²

SABURTAŁO

Number of sales
513 apartments
Average price
1,474 us\$ / m²
Average rent
11.6 us\$ / m²

ISANI

Number of sales
179 apartments
Average price
1,223 us\$ / m²
Average rent
9.9 us\$ / m²

DIDUBE

Number of sales
313 apartments
Average price
1,218 us\$ / m²
Average rent
9.5 us\$ / m²

NADZALADEVI

Number of sales
252 apartments
Average price
1,113 us\$ / m²
Average rent
8.9 us\$ / m²

GLDANI

Number of sales
432 apartments
Average price
1,044 us\$ / m²
Average rent
8.0 us\$ / m²

SAMGORI

Number of sales
362 apartments
Average price
992 us\$ / m²
Average rent
8.1 us\$ / m²

DIDI DIGHOMI

Number of sales
528 apartments
Average price
962 us\$ / m²
Average rent
8.0 us\$ / m²

VASHLIJVARI

Number of sales
70 apartments
Average price
949 us\$ / m²
Average rent
8.1 us\$ / m²

Note 1: Prices are given for the primary market white frame apartments
Note 2: Small sample size for prices in Mtatsminda and Chugureti



March 2024 update

Presales from developers

In April 2024, we conducted a survey of 14 systematic developers with 68 ongoing projects in Tbilisi. Based on survey results, in 1Q24 total apartments sales directly by developers decreased slightly by 2.7% y/y, partially reflecting decreased housing stock. In the Tbilisi real estate market, Georgian citizens drive demand, making up 85% of total sales. Citizens of Russia and Israel follow, each with 4% of total sales. Finally, based on the analysis of housing stock, the market demand remains robust. Nearly half of the projects that started in 2023-24 have already been completely sold out. Additionally, only 18% of the apartments in projects finishing this year are currently available for sale.

Number of transactions

In Mar-24, the number of sold apartments in Tbilisi stood at 2,991 units, down 13.0% y/y and 13.2% m/m. Decrease in transactions was recorded both, on primary and secondary markets (-5.2% and -18.7% y/y, respectively).

In Mar-24, almost half of registered transactions were recorded in Didi Dighomi, Saburtalo and Gldani districts. Notably, the only increase in apartment sales was recorded in Gldani (+4.9% y/y) and Didube (+2.6% y/y).

Note: Apartment sales statistics are based on NAPR data, which has a downside of late registrations of primary sales. To address this issue we conducted a survey of selected developers (see page 8).

y/y – year-over-year



Other noteworthy features of the market remained unchanged, such as the dominance of medium-sized apartments (51-80 m²), due to affordability and the ease of renting, and falling share of sold apartments in the budget segment (<\$1,000/m²), driven by rising prices.

Prices

In Mar-24, real estate prices on the primary market continued to grow (+0.4% m/m and +15.1% y/y). Similarly, the prices increased on the secondary market as well (+3.9% and +2.7% m/m, on new and old projects, respectively).

Market size

In Mar-24, the total market value of apartments sold in Tbilisi stood at US\$ 229.4mn, down by 8.4% y/y. Cumulatively in 1Q24, Tbilisi real estate market size is up by 2.5% y/y to US\$ 717.4mn, while number of sold apartments is down by 2.4% y/y to 9,506 units.

Rent

In Mar-24, price for renting an average apartment (50-60 m²) in Tbilisi stood at US\$ 9.9 per m² (-0.2% m/m). Downward trajectory has been occurring since Dec-23, bringing rents to healthier levels and yields at 10.3%.

Construction permits

In 1Q24, 44 new permits were issued for residential projects, with the total living area of 364,591 m² (-13.5% y/y). 21% of total permitted living area was in Saburtalo, followed by Didi Dighomi (17%) and Didube (16%).

Note: Apartment sales statistics are based on NAPR data, which has a downside of late registrations of primary sales. To address this issue we conducted a survey of selected developers (see page 8).

y/y – year-over-year



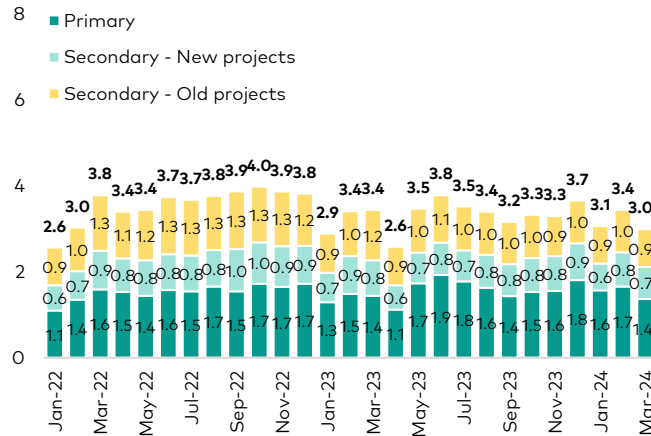
Real Estate Sales

Methodological note - we divide real estate sales into 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 by month, '000

In Mar-24, real estate transactions were down 13.0% y/y and 13.2% m/m



Source: NAPR, Galt & Taggart

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

In 1Q24, sales on a primary market was up 8.9% y/y and down 11.0% y/y on a secondary market

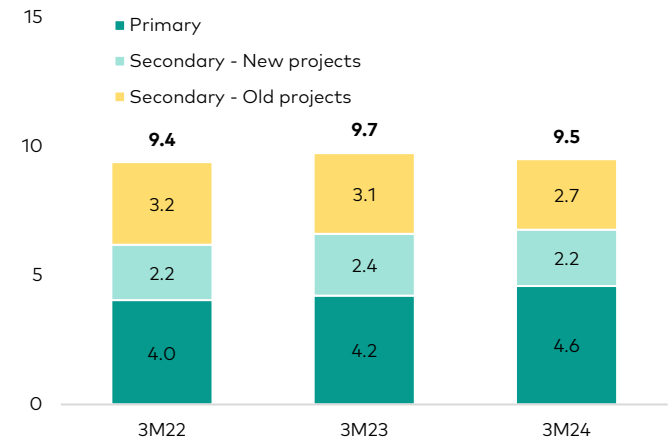
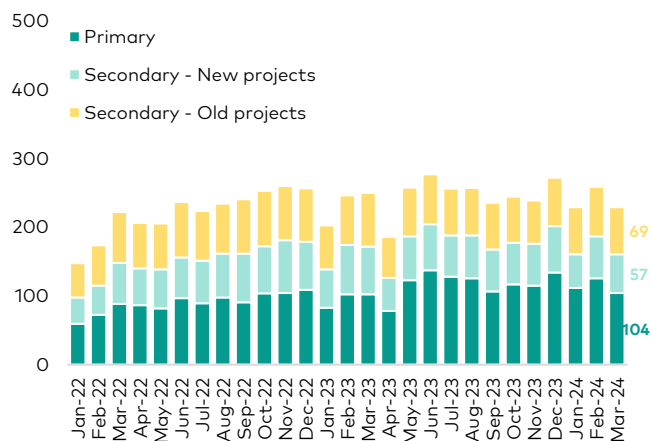


Figure 3: Real estate market size by month, US\$ mn

In Mar-24, real estate market size was down 8.4% y/y (and 11.4% m/m)



Source: NAPR, Galt & Taggart

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

In 1Q24, market size growth was solely attributed to the primary market sales and price growth

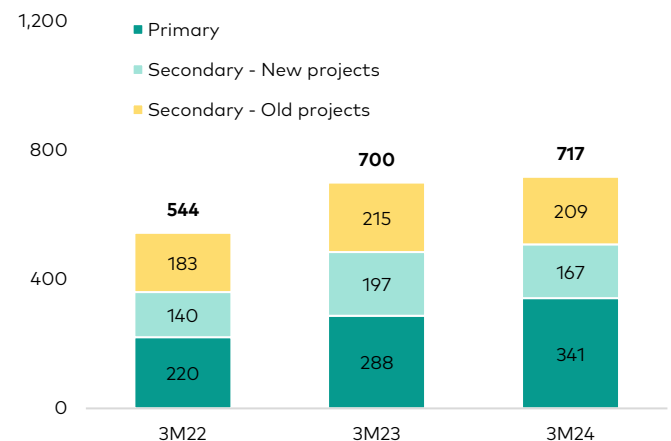
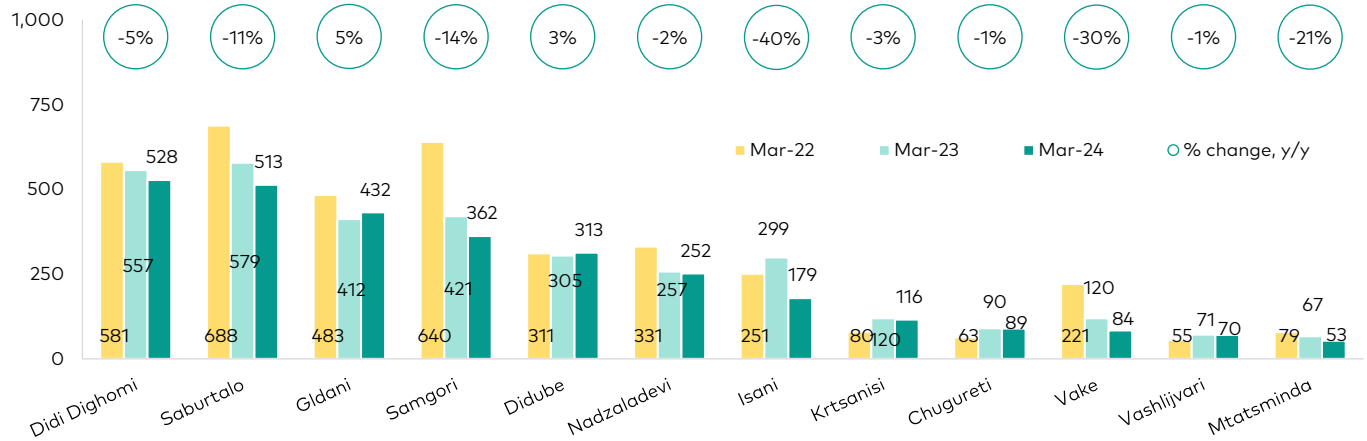




Figure 5: Number of sold apartments by districts (primary and secondary markets combined)

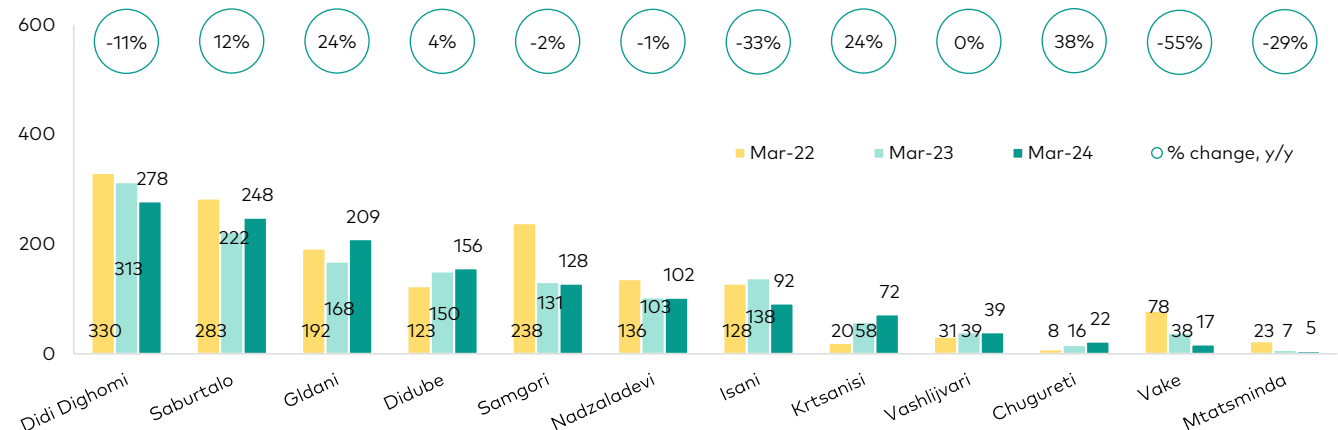
Slight increase in transactions was recorded only in Gldani and Didube districts



Source: NAPR, Galt & Taggart

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

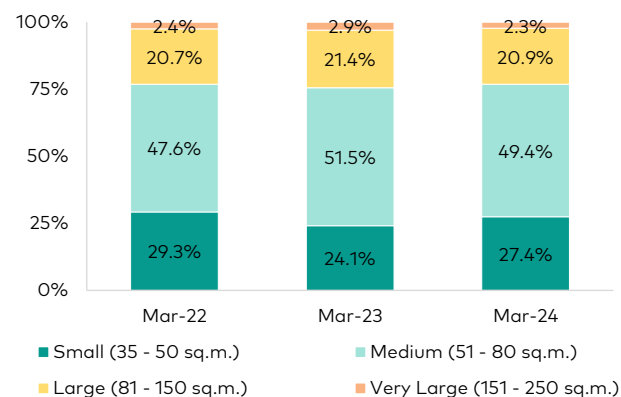
Transactions on the primary market are the highest in Didi Dighomi and Saburtalo



Source: NAPR, Galt & Taggart

Figure 7: Real estate sales by size, (% of total apartments sold)

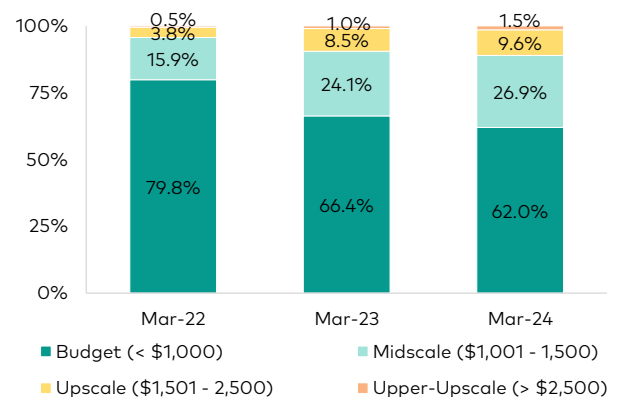
Medium-sized (51-80 m²) apartments remained the most prevalent



Source: NAPR, Galt & Taggart

Figure 8: Real estate sales by segments, (% of total apartments sold)

The trend towards a decreasing share of apartment sales in the budget segment persists





Presales from developers

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

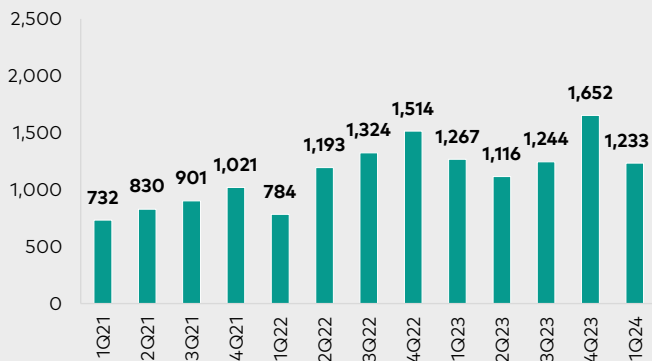
In April 2024, we conducted a survey of 14 systematic developers with 68 ongoing construction projects in Tbilisi. The aim was to address delays in the registration of apartment sales on the primary market and stay informed about the real time market trends.

Based on survey results:

- In 1Q24, total apartments sales directly by surveyed developers decreased slightly by 2.7% y/y, partly reflecting reduced stock.
- In the Tbilisi real estate market, Georgian citizens make up 85% of total sales, while citizens of Russia and Israel each account for 4%.
- Analysis of the housing stock shows that market demand remains strong. Almost half of the real estate projects starting in 2023-24 have already sold out completely. Furthermore, only 18% of the apartments in projects set to finish this year are still available for sale.

The data will be updated quarterly.

Figure 9: Number of presold apartments in the projects of selected developers in Tbilisi



Source: Galt & Taggart survey of selected developers

Figure 10: Share of foreign citizens in the projects of selected developers in Tbilisi, 2023-24

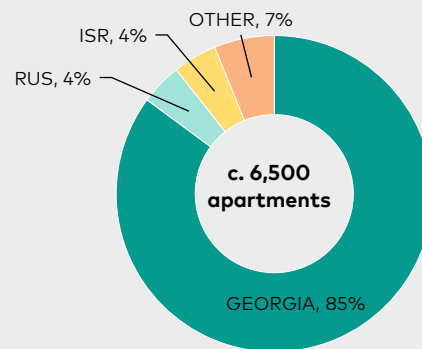
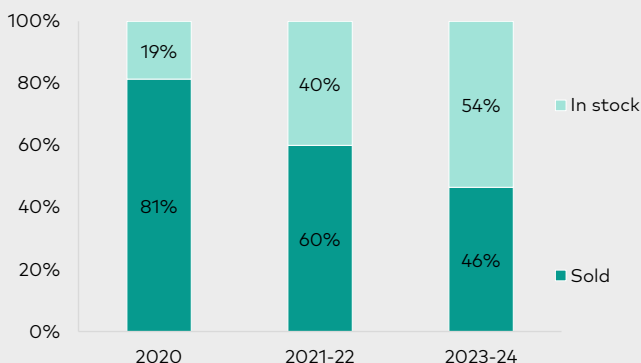
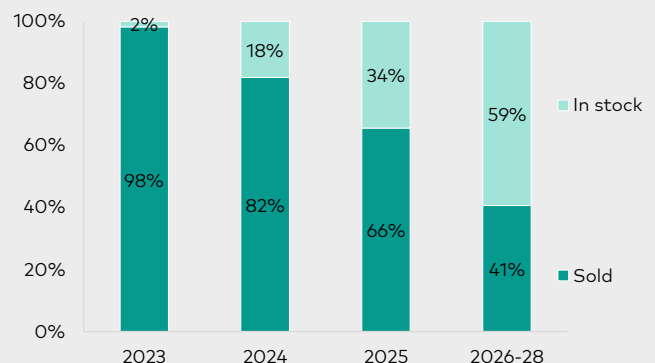


Figure 11: Distribution of the housing stock by project beginning year and status in Tbilisi



Source: Galt & Taggart survey of selected developers

Figure 12: Distribution of the housing stock by project completion year and status in Tbilisi

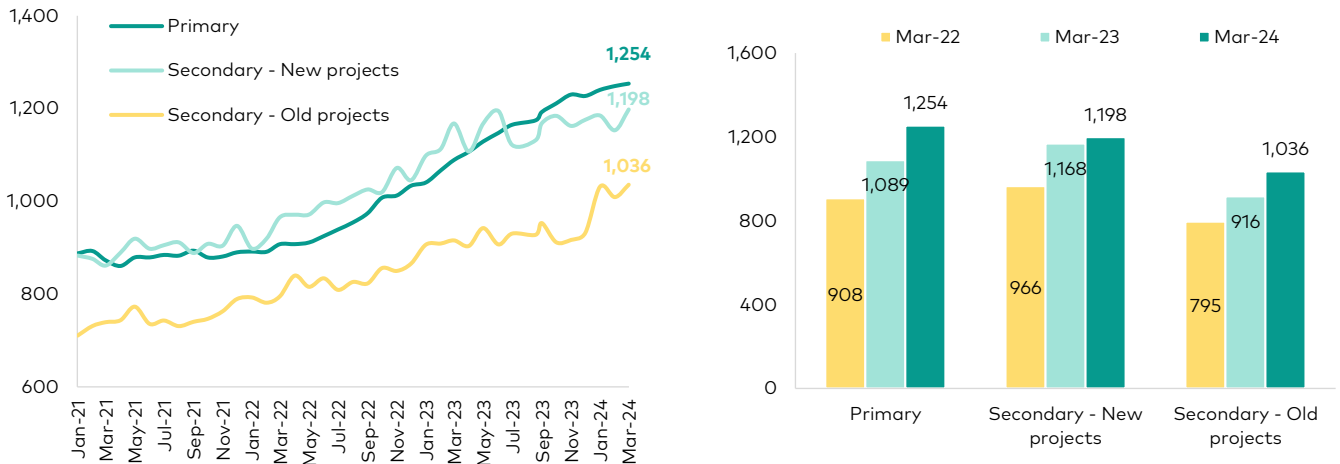




Real Estate Prices

Figure 13: Real estate weighted average prices by type, US\$/m²

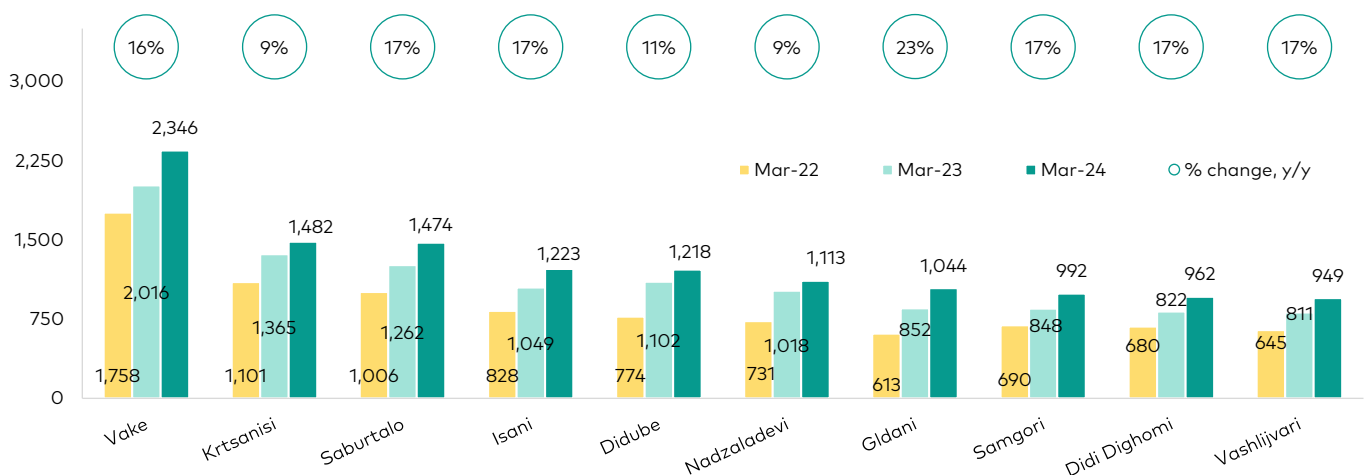
In Mar-24, prices on the primary market increased by 0.4% m/m



Source: NAPR, Galt & Taggart

Figure 14: Real estate prices on primary market for white frame apartments by districts, US\$/m²

Price increase persists across all districts of Tbilisi's primary real estate market



Source: Galt & Taggart

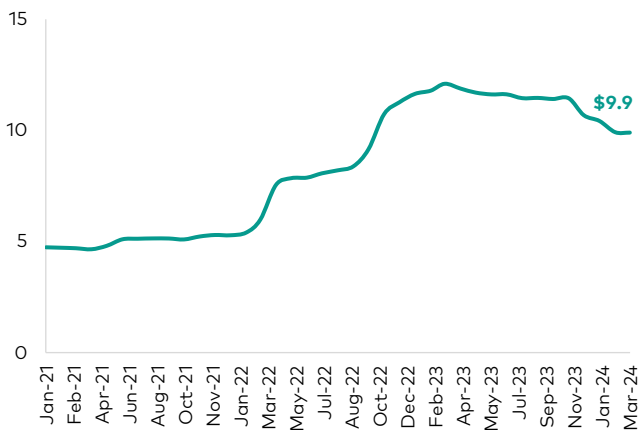
Note: Mtatsminda and Chugureti are excluded from primary market prices due to small sizes of samples



Real Estate Rents

Figure 15: Real estate weighted average rent price in Tbilisi, US\$/m²

Rents are still on the downward trajectory since Dec-23 converging to healthier levels



Source: NBG, Galt & Taggart

Note: Rents displayed are for 50-60 m² new apartments in Tbilisi

Figure 16: Real estate weighted average rent prices by districts in Mar-24, US\$/m²

Rents remain the highest in the central districts of Tbilisi

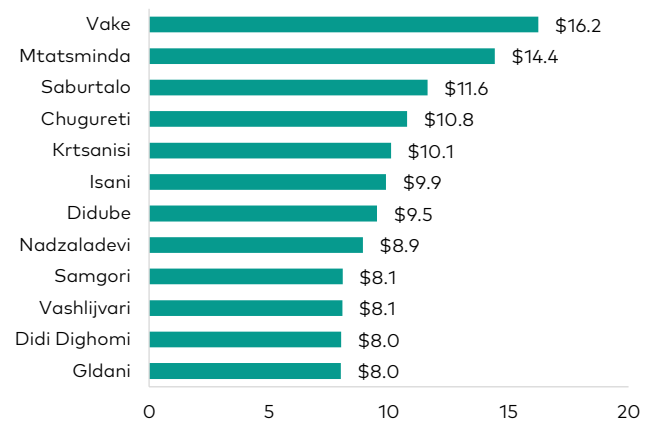
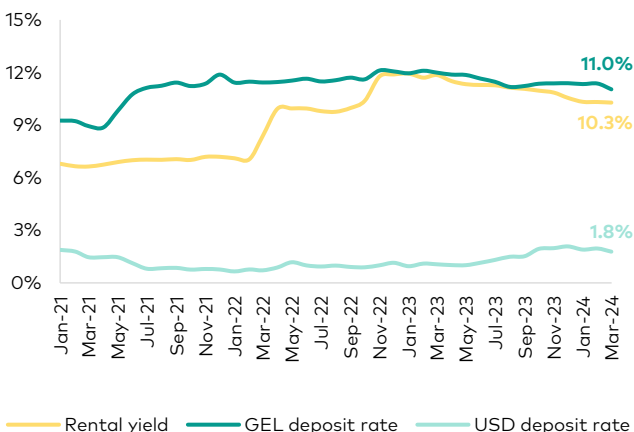


Figure 17: Real estate rental yield and deposit rates

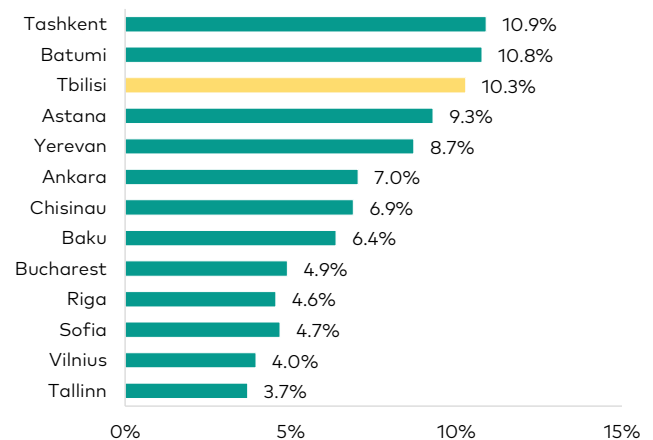
Rental yields continue to retreat gradually



Source: NBG, Numbeo

Figure 18: Rental yield outside city center, Mar-24

Cities that had the largest influx of migrants after Russia-Ukraine war still have the highest rental yields

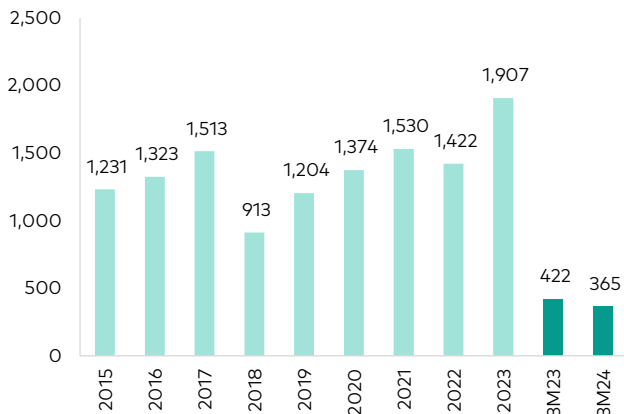




Construction permits

Figure 19: Area of construction permits issued for residential real estate in Tbilisi, '000 m²

Permitted living area in 1Q24 is down by 13.5% y/y



Source: TAS, Galt & Taggart

Note: 1) Includes residential and balcony areas

2) Only III and IV class multiapartment/multifunctional buildings

Figure 20: Number of construction permits issued for residential real estate in Tbilisi

In 1Q24, 44 new residential construction permits were issued (-20.0% y/y)

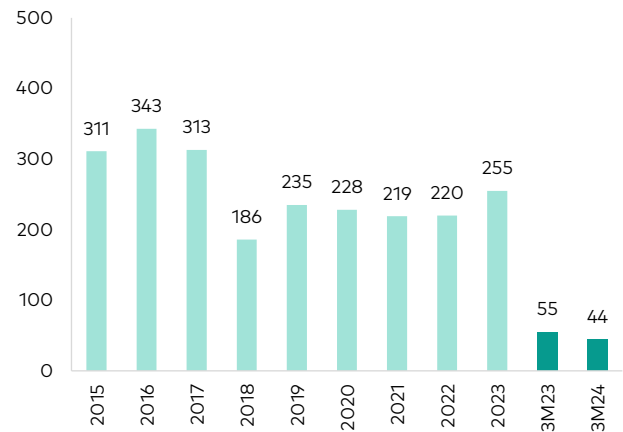
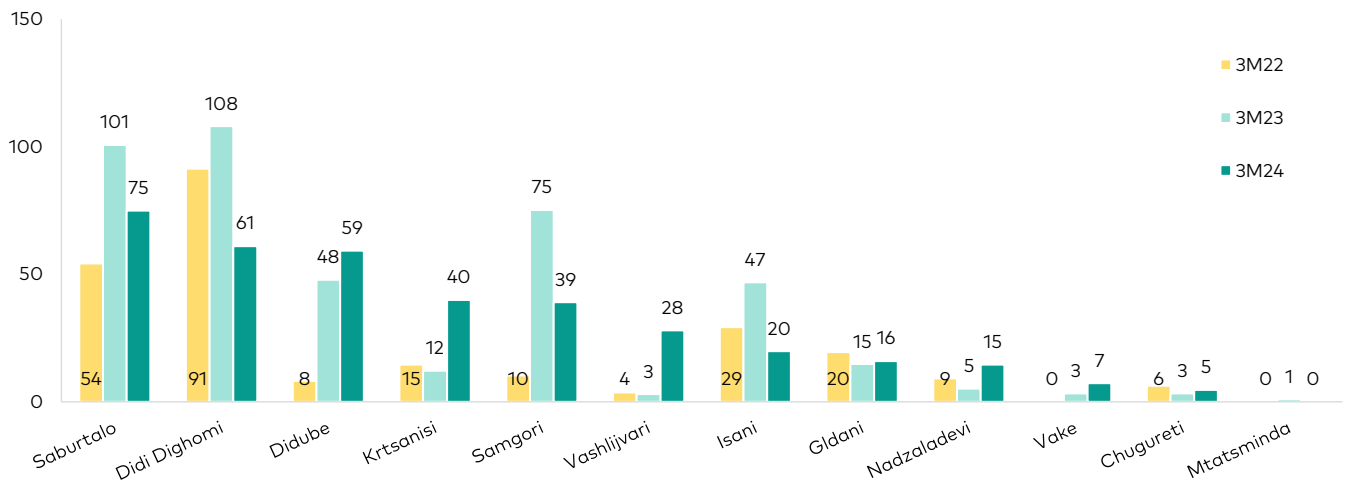


Figure 21: Area of construction permits issued for residential real estate by districts, '000 m²

Most of the permits were issued in Saburtalo (21% of total), followed by Didi Dighomi (17%) and Didube (16%)



Source: TAS, Galt & Taggart

Note: 1) Includes residential and balcony areas

2) Only III and IV class multiapartment/multifunctional buildings



Annex

Table 1: Real estate sales by districts – value, number and area, 3M24

District	Value (mn US\$)	Number	Area ('000 m ²)
Saburtalo	163.7	1,511	119.2
Didi Dighomi	105.7	1,741	107.3
Didube	80.6	1,142	76.0
Samgori	73.5	1,294	81.8
Nadzaladevi	64.6	962	61.2
Gldani	62.1	1,120	67.9
Vake	49.6	286	28.4
Isani	38.7	572	37.0
Krtsanisi	26.8	302	21.5
Mtatsminda	21.8	134	12.7
Chugureti	20.4	253	18.5
Vashlijvari	14.0	190	15.2

Source: NAPR, Galt & Taggart

Table 2: Real estate weighted average prices by districts in Mar-24, US\$/m²

District	Primary market	Secondary market New projects	Secondary market Old projects
Mtatsminda		2,181	1,445
Vake	2,346	1,895	1,645
Chugureti		1,588	1,131
Saburtalo	1,474	1,475	1,085
Didube	1,218	1,151	1,026
Nadzaladevi	1,113	1,124	875
Isani	1,223	1,057	915
Krtsanisi	1,482	1,053	936
Vashlijvari	949	1,043	894
Didi Dighomi	962	1,041	818
Gldani	1,044	1,032	810
Samgori	992	948	784

Source: NAPR, Galt & Taggart

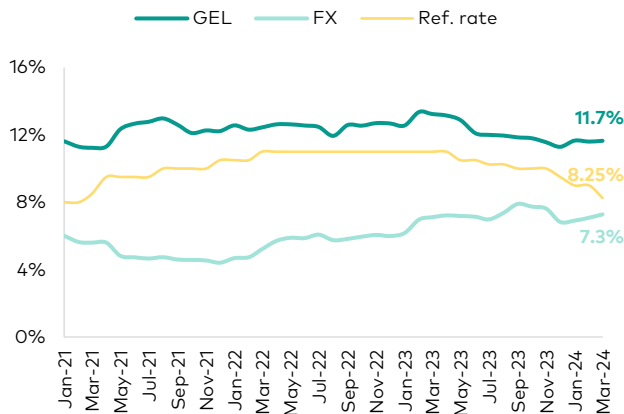
Note: Mtatsminda and Chugureti are excluded from primary market prices due to small sizes of samples



Annex

Figure 22: Mortgage interest rates, %

Mortgage interest rates remain high, creating incentives for inner instalment schemes



Source: NBG, Galt & Taggart

Figure 23: Share of mortgages in total sales value

Mortgages accounted for 21.4% of sales value in Mar-24, as majority of sales were financed by popular inner instalment schemes

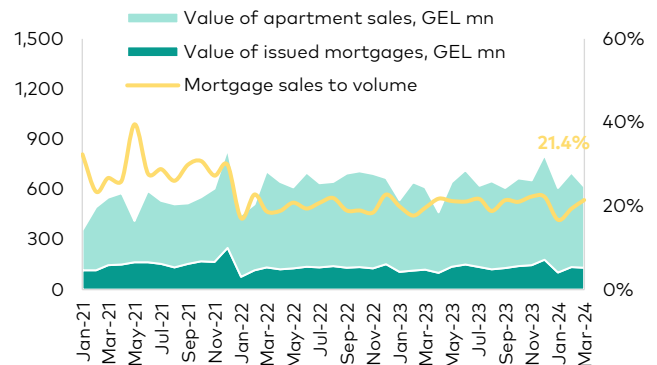
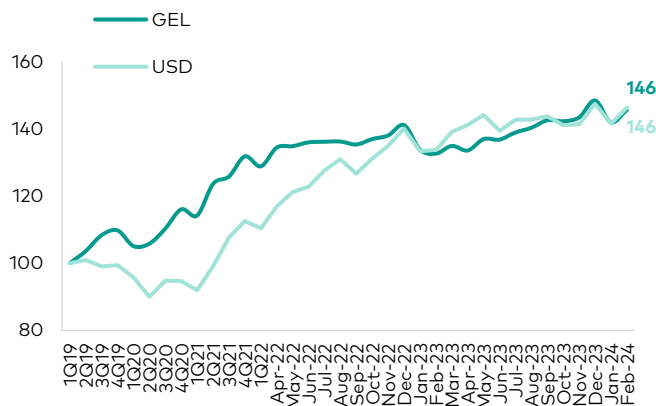


Figure 24: Construction cost index, 1Q19=100

Construction costs are up 9.4% y/y in US\$ (and 3.3% m/m)
Wages still remain the biggest challenge for developers



Source: Geostat, Galt & Taggart

Note: Construction cost index is available by quarter over 2019-22; monthly statistics is available from Mar-22

	y/y growth Feb-24, US\$	m/m growth Feb-24, US\$
Total construction cost	9.4%	3.3%
Construction materials	2.3%	0.5%
Wages	46.6%	17.6%
Machinery	2.5%	0.7%
Transportation, fuel and electricity	2.0%	0.7%
Other costs	0.0%	0.7%



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