



GALT & TAGGART
CREATING OPPORTUNITIES

Tbilisi Residential Real Estate

NOVEMBER 2024 UPDATE

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Key Figures

Nov-22

Nov-23

Nov-24

Sales

of apartments

3,876

3,300

3,513

Primary

1,654

1,553

1,844

Secondary

2,222

1,747

1,669

Price

US\$ / m²

\$1,031

\$1,231

\$1,312

Rent

US\$ / m²

\$10.5

\$11.2

\$9.9

Permits

'000 m²

108.7

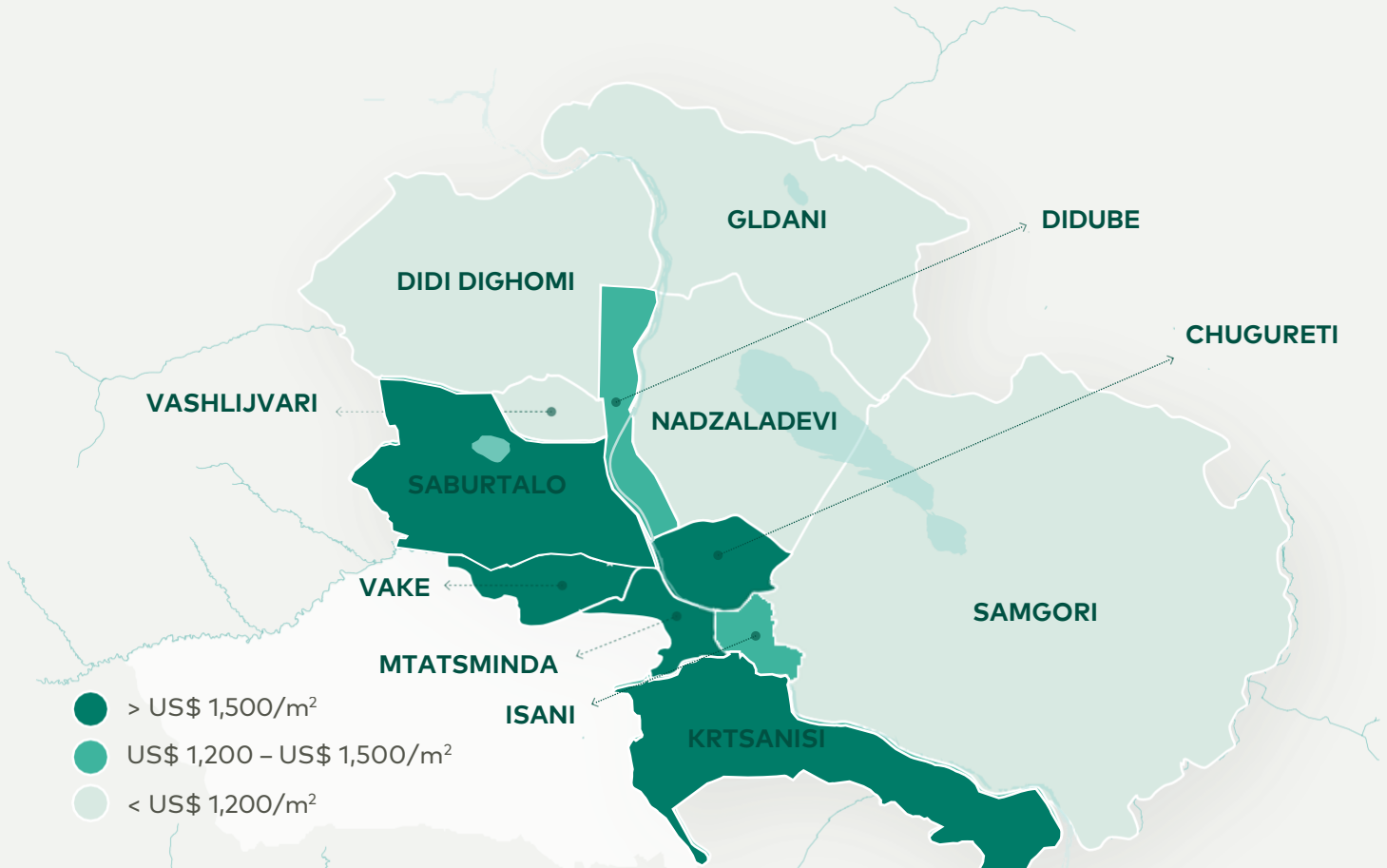
102.5

178.7



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Real estate sale patterns in November 2024



MTATSMINDA

Number of sales
60 apartments
Average price
2,675 us\$ / m²
Average rent
13.0 us\$ / m²

VAKE

Number of sales
92 apartments
Average price
2,378 us\$ / m²
Average rent
14.7 us\$ / m²

CHUGURETI

Number of sales
121 apartments
Average price
1,837 us\$ / m²
Average rent
10.1 us\$ / m²

SABURTALO

Number of sales
531 apartments
Average price
1,534 us\$ / m²
Average rent
11.4 us\$ / m²

KRTSANISI

Number of sales
160 apartments
Average price
1,533 us\$ / m²
Average rent
10.1 us\$ / m²

DIDUBE

Number of sales
421 apartments
Average price
1,379 us\$ / m²
Average rent
9.5 us\$ / m²

ISANI

Number of sales
312 apartments
Average price
1,203 us\$ / m²
Average rent
10.2 us\$ / m²

NADZALADEVI

Number of sales
226 apartments
Average price
1,157 us\$ / m²
Average rent
9.1 us\$ / m²

SAMGORI

Number of sales
470 apartments
Average price
1,059 us\$ / m²
Average rent
8.0 us\$ / m²

GLDANI

Number of sales
311 apartments
Average price
1,029 us\$ / m²
Average rent
8.5 us\$ / m²

DIDI DIGHOMI

Number of sales
755 apartments
Average price
1,028 us\$ / m²
Average rent
8.3 us\$ / m²

VASHLIJVARI

Number of sales
54 apartments
Average price
991 us\$ / m²
Average rent
8.4 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



November 2024 update

Summary

In Nov-24, based on official registrations, real estate transactions in Tbilisi increased by 6.5% y/y, reaching 3,513 units. A real-time survey of developers also indicates a rebound in demand in November, with apartment sales up 12.3% m/m and flat y/y. Additionally, primary market prices in November rose slightly by 0.4% m/m, reaching \$1,312 per square meter. On the supply side, the area of construction permits increased by 74.3% y/y in November, continuing growth after a decline in June-September period.

Sales from developers

According to our latest survey of systematic developers, in Nov-24 the number of apartment sales increased by 12.3% m/m and stayed flat y/y in Tbilisi. The increase was driven by:

1. Pent-up demand after October 2024 elections.
2. The launch of new large-scale developments, with over five major residential projects starting sales since June 2024.

96% of apartments are already sold in the projects finishing by end-2024. For the projects completing in 2025, this figure is 71%. Importantly, the majority of these sales are facilitated through inner instalment schemes offered by developers.

Note 1: Apartment sales statistics are based on NAPR data, which has the drawback of late registrations of primary sales. To address this issue, we systematically conduct surveys of selected developers.

Note 2: y/y means year-over-year change; m/m means month-over-month change.



In 2024, the trend in apartment sales to foreign citizens shifted, with the share of Russian buyers declining from 7% to 2% of total and the share of Israeli buyers rising from 4% to 12%. Furthermore, the growing presence of buyers from various other countries underscores increased market diversification.

Secondary market – registered transactions

In Nov-24, the number of sold apartments on the secondary market (new and old projects combined) in Tbilisi stood at 1,669 units, down by 4.5% y/y and 9.9% m/m.

Cumulatively, in 11M24, 18,405 apartments were sold on a secondary market in Tbilisi, down 4.9% y/y.

Prices

In Nov-24, average price on the primary market increased by 6.6% y/y and 0.4% m/m. While prices remain elevated, the growth rate has stabilized in 2024. Year to date price changes are as follows:

- Primary market +5.3%
- Secondary market new projects +7.9%
- Secondary market old projects +1.6%

Some districts have a high variation in prices despite construction projects having close locations to each other. This disparity reflects differences in amenities, condition of properties and the reputation of the developers involved.

Note 1: Apartment sales statistics are based on NAPR data, which has the drawback of late registrations of primary sales. To address this issue, we systematically conduct surveys of selected developers.

Note 2: y/y means year-over-year change; m/m means month-over-month change.



Market size

In Nov-24, the total market value of apartments sold in Tbilisi stood at US\$ 282.6mn, up by 18.2% y/y. Cumulatively in 11M24, Tbilisi real estate market size was up by 5.5% y/y to US\$ 2,800mn.

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.

Rent

During 2024 rent prices remained largely stable at around US\$ 10 per m², decreasing from the peak of US\$ 11.8 in Mar-23. The trend continued in Nov-24, and price for renting an average apartment (50-60 m²) in Tbilisi stood at US\$ 9.9 per m².

Construction permits

After a decrease in June-September 2024, the area of construction permits has increased significantly over the past two months, showing a 55.8% y/y and 74.3% y/y increase in October-November, respectively. Cumulatively in 11M24, living area of construction permits issued for residential projects in Tbilisi is down 5.9% y/y.

Note 1: Apartment sales statistics are based on NAPR data, which has the drawback of late registrations of primary sales. To address this issue, we systematically conduct surveys of selected developers.

Note 2: y/y means year-over-year change; m/m means month-over-month change.



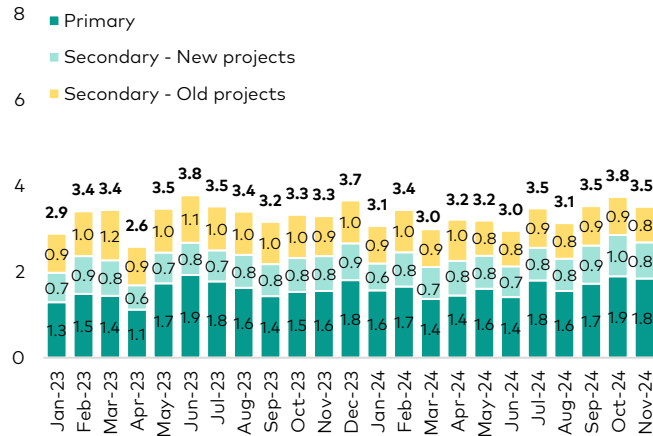
Real Estate Sales

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 Nov-24, registered transactions were up 6.5% y/y and down 6.3% m/m



Source: NAPR, Galt & Taggart

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

In 11M24, transactions remained flat as increase in sales on the primary market offset a decline on the secondary one

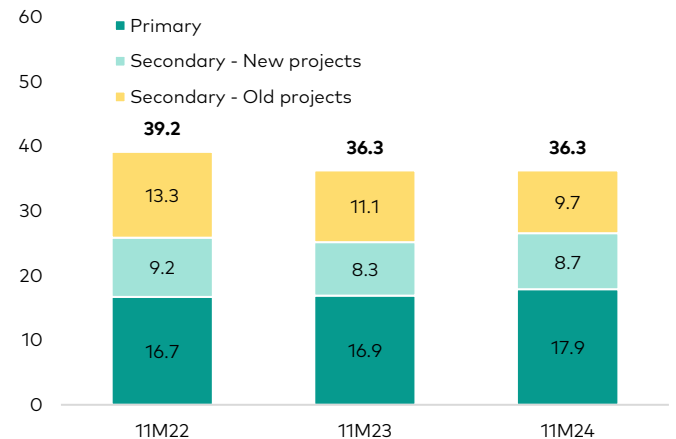
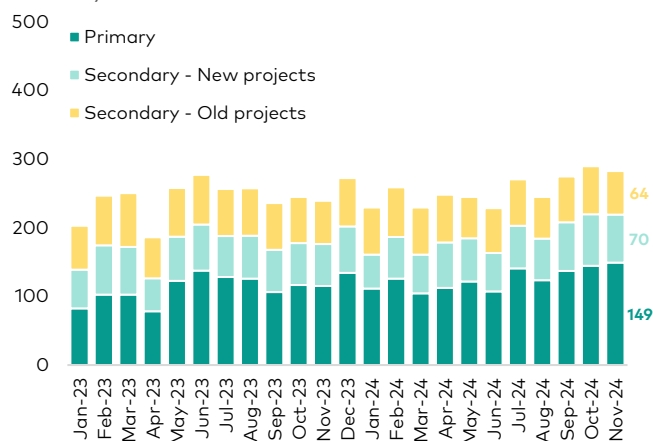


Figure 3: Real estate market size by month, US\$ mn

In Nov-24, real estate market size was up 18.2% y/y and down by 2.4% m/m



Source: NAPR, Galt & Taggart

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

In 11M24, market size was up 5.5% y/y, attributed to growth on the primary market

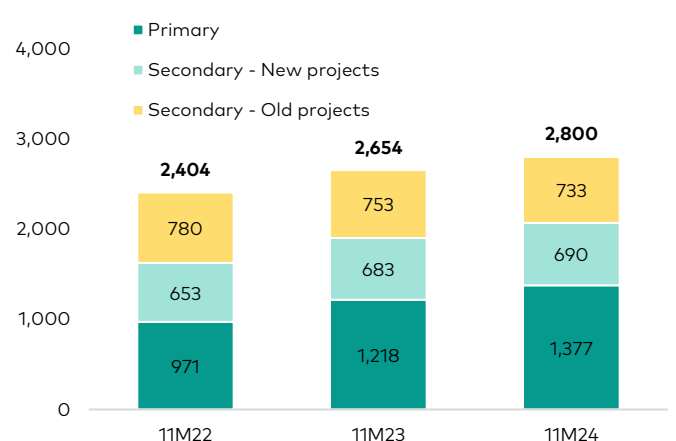
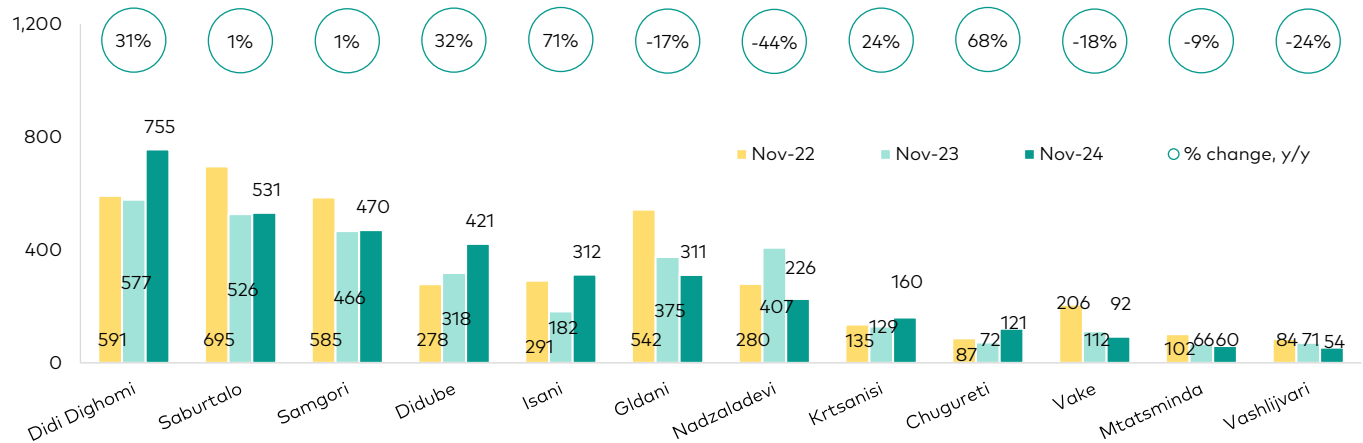




Figure 5: Number of sold apartments by districts (primary and secondary markets combined)

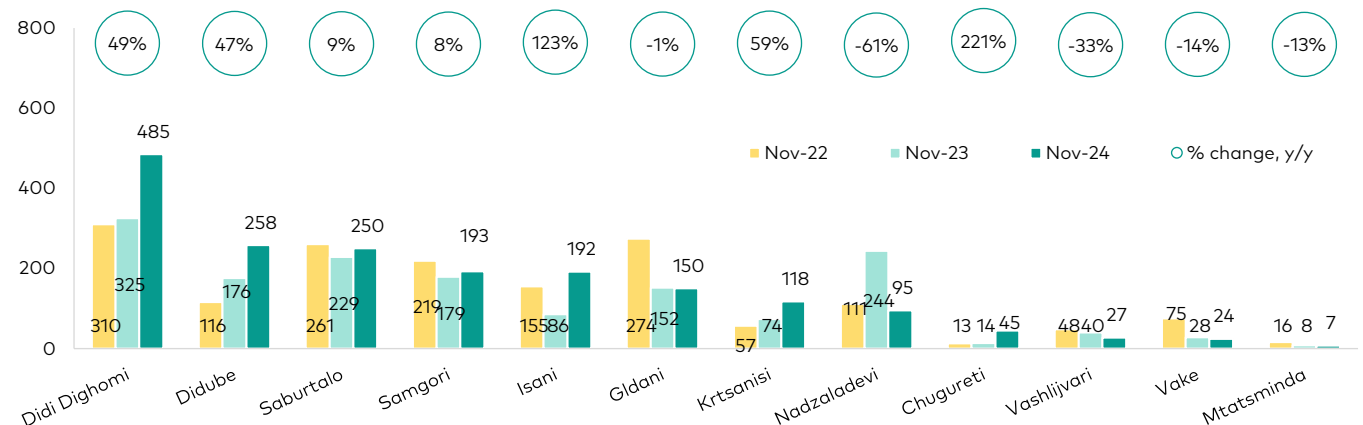
Almost half of the transactions were recorded in Didi Dighomi, Saburtalo and Samgori districts



Source: NAPR, Galt & Taggart

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

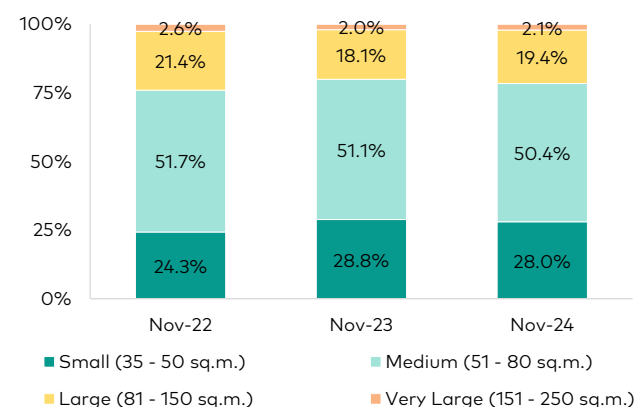
Didi Dighomi is the most demanded district on the primary market, due to a large number of ongoing developments



Source: NAPR, Galt & Taggart

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

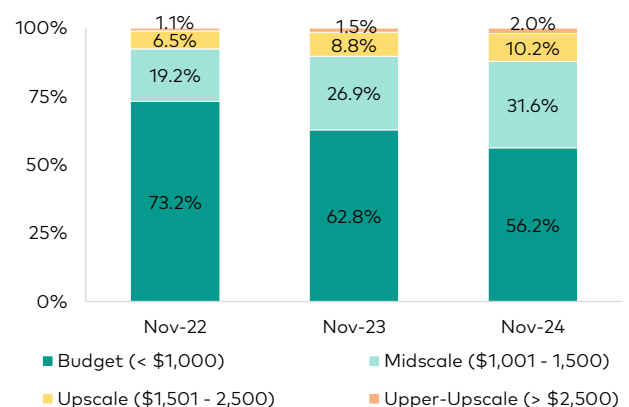
Medium-sized (51-80 m²) apartments remained the most prevalent



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





Sales from developers

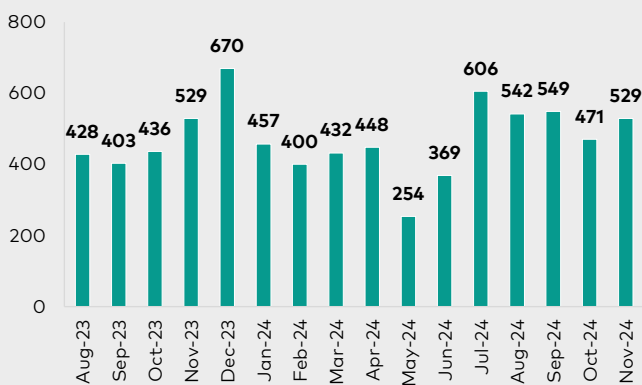
Box 1: Results of Galt & Taggart survey of systematic developers

In December 2024, we conducted a survey of 16 systematic developers with 80 residential construction projects in Tbilisi.

Based on survey results:

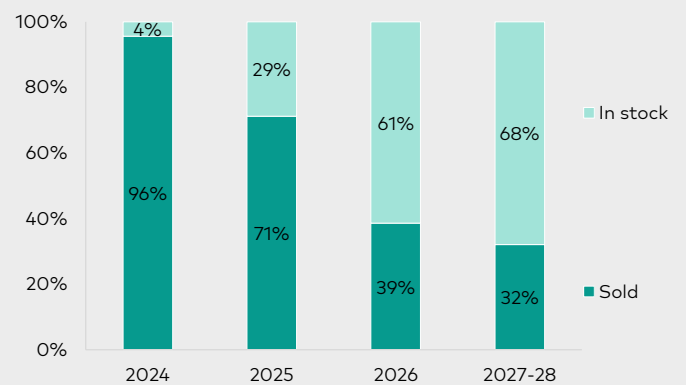
- In November 2024, the number of sales of selected developers increased by 12.3% m/m and was flat y/y. The increase was driven by:
 - Pent-up demand after October 2024 elections.
 - Launch of new large-scale developments, with over five major residential projects initiating sales since June 2024.
- 96% of apartments are already sold in the projects finishing by end-2024. For the projects completing in 2025, this figure is 71%. Importantly, the majority of these sales are facilitated through inner instalment schemes offered by developers.

Figure 9: Number of sold apartments in the projects of selected developers in Tbilisi by months



Source: Galt & Taggart survey of selected developers

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

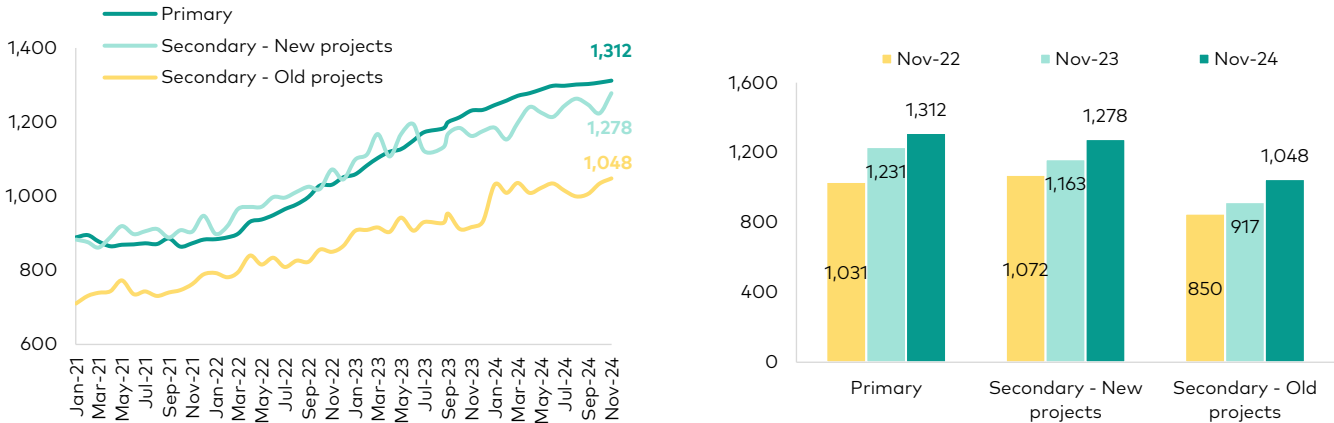




Real Estate Prices

Figure 11: Real estate weighted average prices by type, US\$/m²

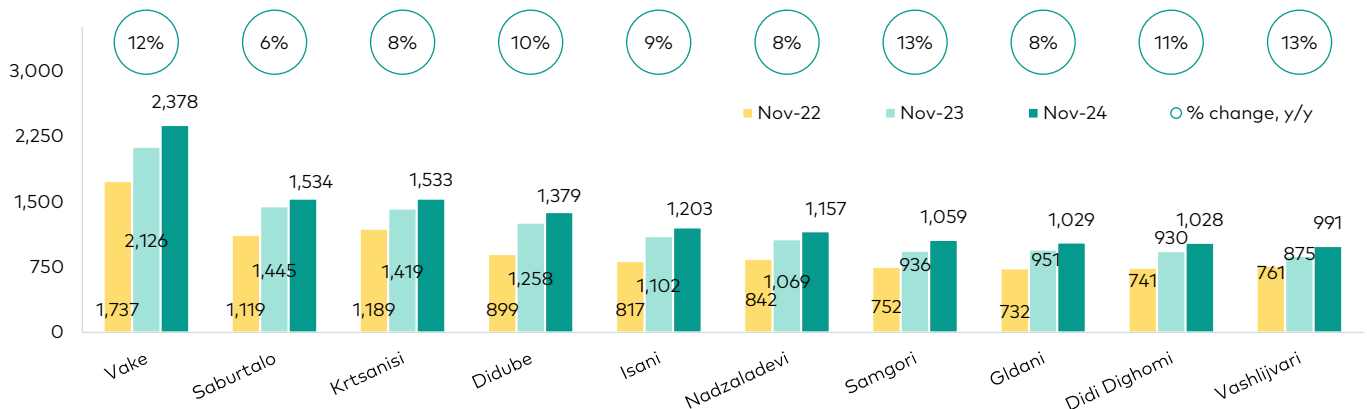
In Nov-24, prices on the primary market increased slightly by 0.4% m/m



Source: NAPR, Galt & Taggart

Figure 12: 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, but growth pace has slowed down

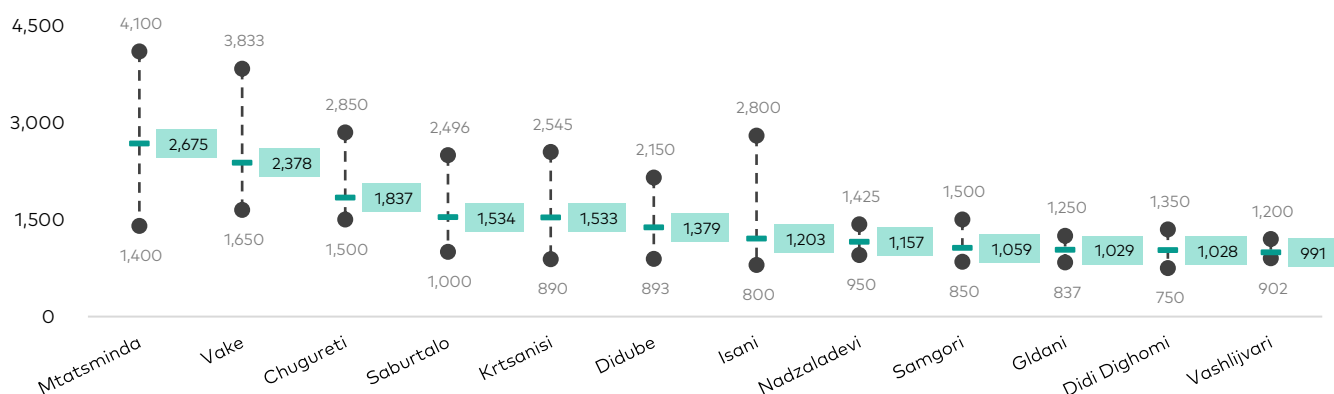


Source: Galt & Taggart

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

Figure 13: Real estate price ranges on primary market by districts in Nov-24, US\$/m²

Some districts have a high variation in prices



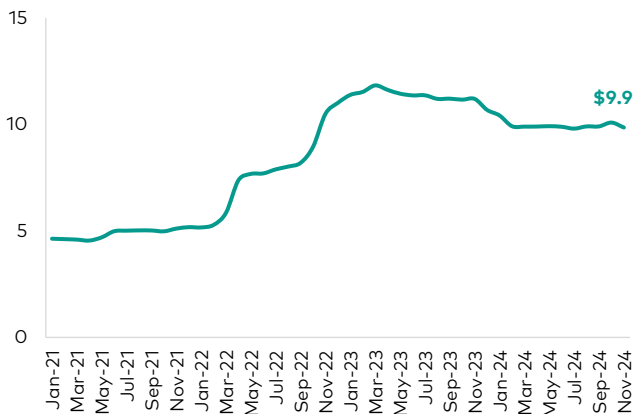
Source: Galt & Taggart



Real Estate Rents

Figure 14: Real estate weighted average rent price in Tbilisi, US\$/m²

Average rent remains stable around US\$ 10 per m²



Source: NBG, Galt & Taggart

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

Figure 15: Real estate weighted average rent prices by districts, US\$/m²

There was a double-digit y/y drop in rent prices in every district of Tbilisi

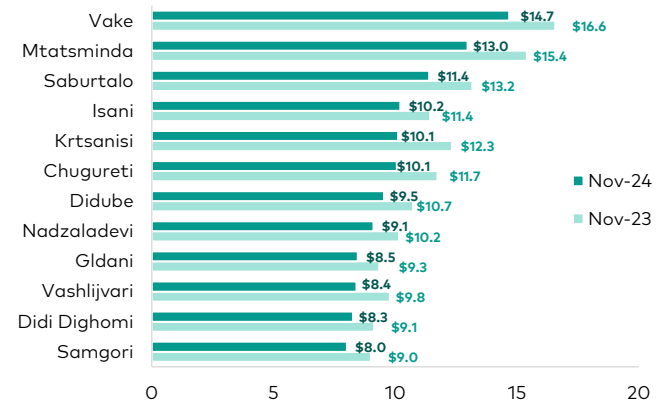
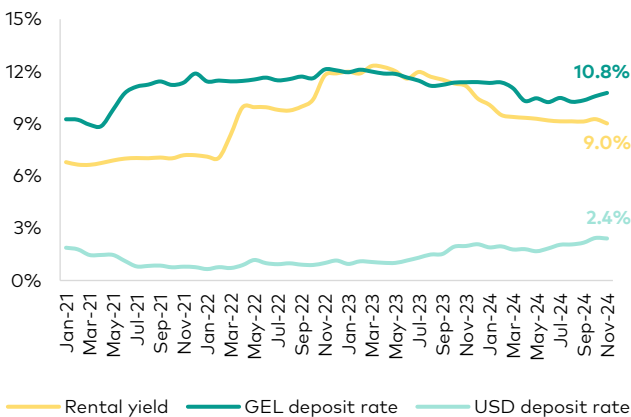


Figure 16: Real estate rental yield and deposit rates

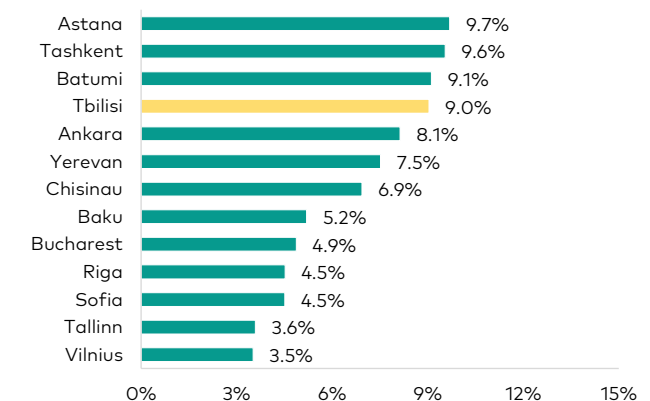
Rental yield still looks attractive compared to alternative investments



Source: NBG, Numbeo, Galt & Taggart

Figure 17: Rental yield outside city center, Nov-24

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

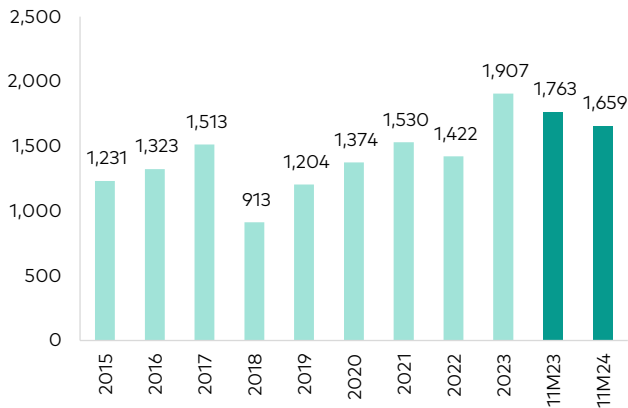




Construction permits

Figure 18: Area of construction permits issued for residential real estate in Tbilisi, '000 m²

Permitted living area in 11M24 has decreased by 5.9% y/y, after a record-high 2023



Source: TAS, Galt & Taggart

Note: 1) Includes residential and balcony areas

2) Only III and IV class multiapartment/multifunctional buildings

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

In Nov-24, living area of issued construction permits increased by 74.3% y/y

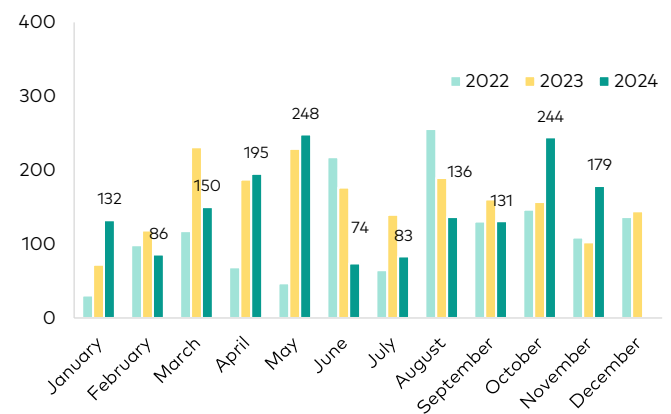
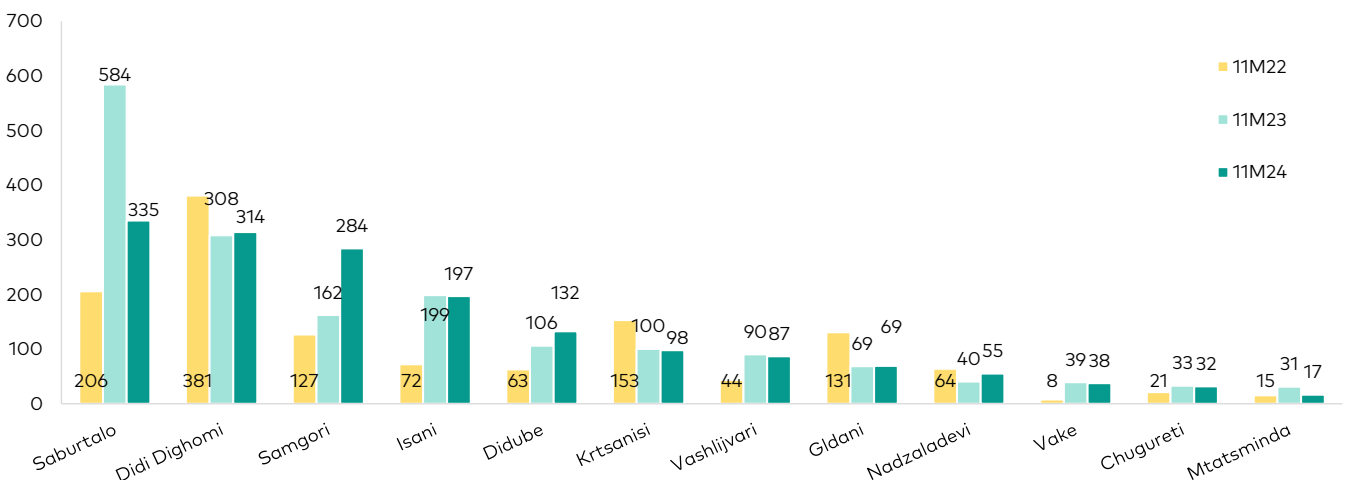


Figure 20: Area of construction permits issued for residential real estate by districts, '000 m²

Most of the permits were issued in Saburtalo (20% of total), followed by Didi Dighomi (19%) and Samgori (17%)



Source: TAS, Galt & Taggart





































Note: 1) Includes residential and balcony areas

2) Only III and IV class multiapartment/multifunctional buildings





































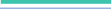
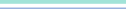
Annex

Table 1: Real estate sales by districts – value, number and area, 11M24

District	Value (mn US\$)	Number	Area ('000 m²)
Saburtalo	 56.3	 5,730	 439.2
Didi Dighomi	 47.8	 7,105	 435.5
Didube	 36.8	 4,017	 273.2
Samgori	 28.1	 5,087	 314.0
Isani	 22.5	 2,614	 167.6
Gldani	 20.1	 3,837	 239.0
Vake	 17.3	 1,080	 105.0
Nadzaladevi	 16.9	 3,251	 207.8
Krtsanisi	 15.2	 1,344	 93.1
Mtatsminda	 11.1	 623	 58.0
Chugureti	 9.8	 926	 67.4
Vashlijvari	 4.4	 672	 51.0

Source: NAPR, Galt & Taggart

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

District	Primary market	Secondary market New projects	Secondary market Old projects
Mtatsminda	 2,675	 2,343	 1,632
Vake	 2,378	 2,239	 1,425
Chugureti	 1,837	 1,163	 1,006
Saburtalo	 1,534	 1,508	 1,140
Krtsanisi	 1,533	 1,170	 1,039
Didube	 1,379	 1,287	 975
Isani	 1,203	 1,200	 982
Nadzaladevi	 1,157	 1,238	 918
Samgori	 1,059	 1,057	 852
Gldani	 1,029	 1,066	 864
Didi Dighomi	 1,028	 1,076	 862
Vashlijvari	 991	 1,168	 1,096

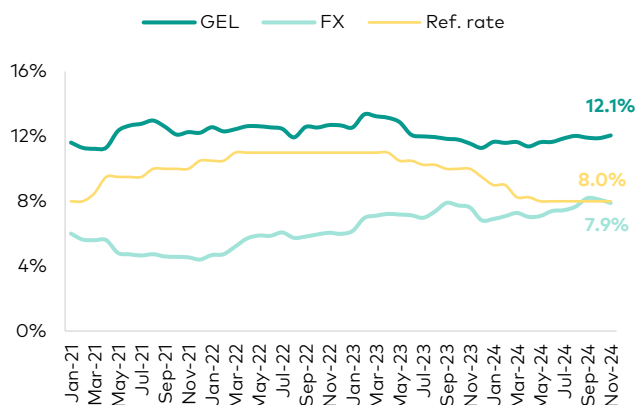
Source: NAPR, Galt & Taggart



Annex

Figure 21: Mortgage interest rates, %

Mortgage interest rates remain high in both currencies



Source: NBG, Galt & Taggart

Figure 22: Share of mortgages in total sales value

Mortgages accounted for 19.8% of sales value in Nov-24, as majority of sales were financed by popular inner instalment schemes

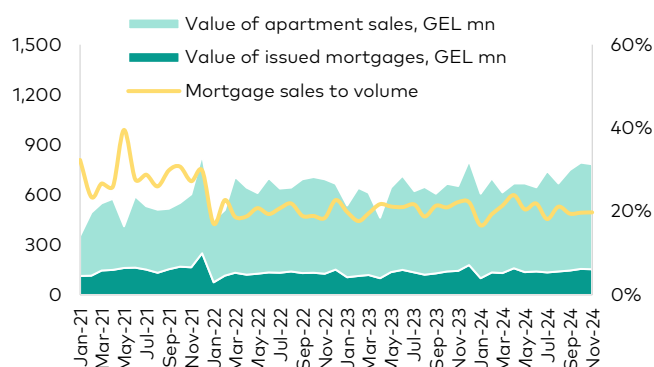
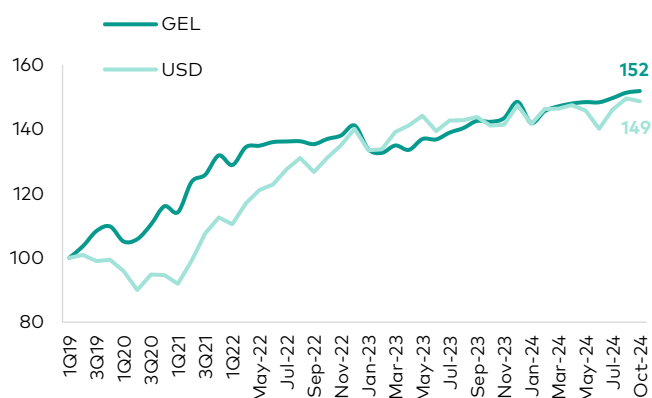


Figure 23: Construction cost index, 1Q19=100

Wages are the fastest-growing category in construction costs



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 Oct-24, US\$	m/m growth Oct-24, US\$
Total construction cost	5.3%	0.1%
Construction materials	2.0%	-0.7%
Wages	30.0%	3.6%
Machinery	6.6%	0.7%
Transportation, fuel and electricity	-3.9%	-1.8%
Other costs	-0.9%	-0.4%



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