



GALT & TAGGART
CREATING OPPORTUNITIES

Regional Residential Real Estate

1Q24 OVERVIEW

Eva Bochorishvili

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

Kakha Samkurashvili

Head of Sector Research | ksamkurashvili@gt.ge | +995 32 2401 111 ext. 4298

Zurab Tavkelishvili

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

Key Figures in Batumi

1Q22

1Q23

1Q24

Sales

of apartments

2,992

4,364

3,371

Primary

1,721

2,391

1,835

Secondary

1,271

1,973

1,536

Price

US\$ / m²

\$861

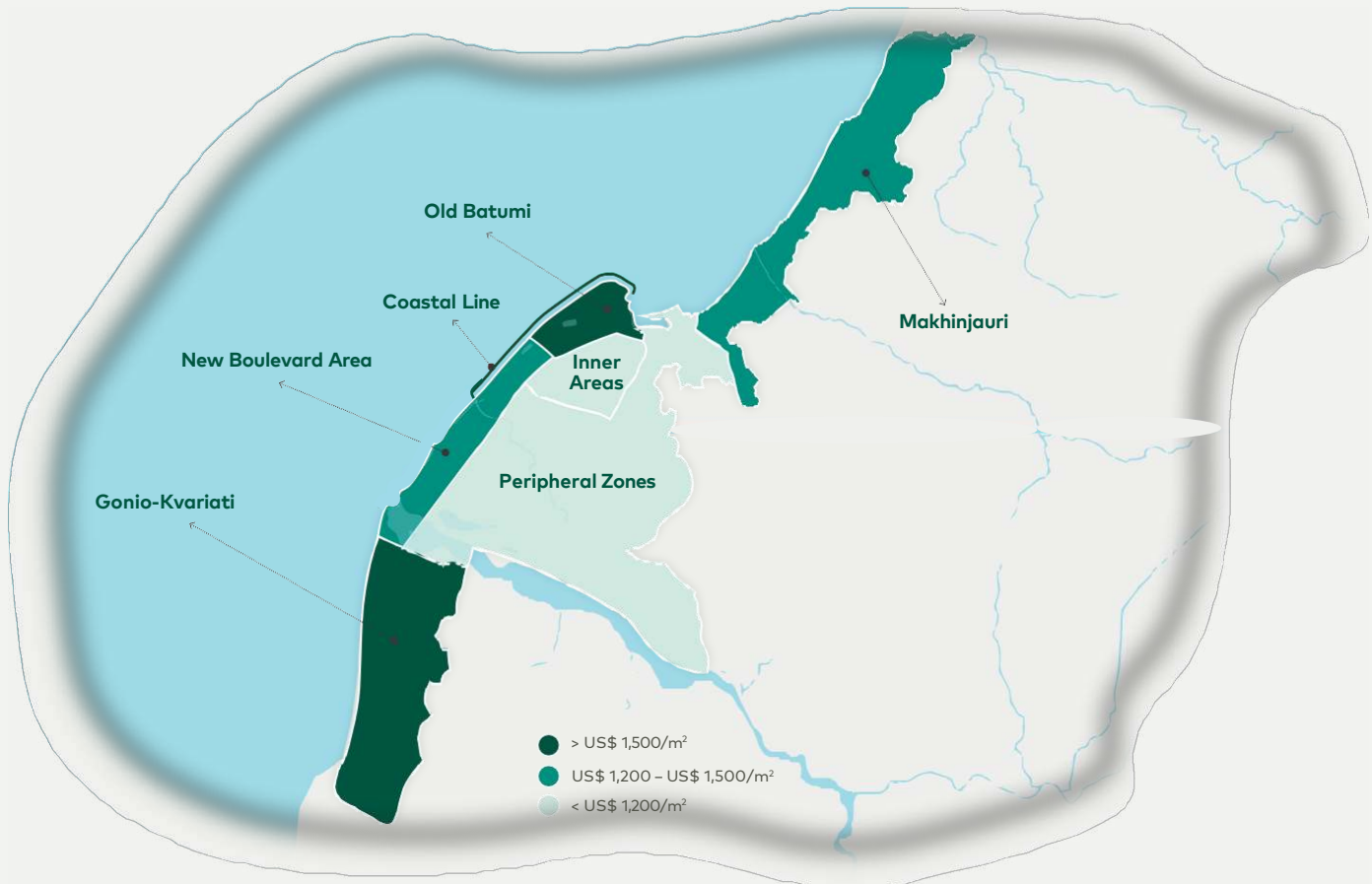
\$1,167

\$1,316



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Real estate sale patterns in 1Q24



COASTAL LINE

Number of sales
223 apartments
Average price
1,994 us\$ / m²
Average rent
N/A

OLD BATUMI

Number of sales
190 apartments
Average price
1,940 us\$ / m²
Average rent
10.8 us\$ / m²

GONIO-KVARIATI

Number of sales
52 apartments
Average price
1,637 us\$ / m²
Average rent
N/A

NEW BOULEVARD AREA

Number of sales
1,315 apartments
Average price
1,265 us\$ / m²
Average rent
10.6 us\$ / m²

MAKHINJAURI

Number of sales
241 apartments
Average price
1,235 us\$ / m²
Average rent
N/A

INNER AREAS

Number of sales
818 apartments
Average price
1,110 us\$ / m²
Average rent
9.7 us\$ / m²

PERIPHERAL ZONES

Number of sales
532 apartments
Average price
1,043 us\$ / m²
Average rent
9.0 us\$ / m²

KOBULETI

Number of sales
201 apartments
Average price
1,200 us\$ / m²
Average rent
N/A

Note 1: Batumi includes Makhinjauri and Gonio-Kvariati areas

Note 2: Kobuleti includes Chakvi and Tsikhisdziri areas



1Q24 overview

Presales from developers

In April 2024, we carried out a survey involving 5 systematic developers with ongoing construction projects in Adjara. Based on survey results, around 20% of the real estate projects that started in 2018-19 remain unsold, while almost 60% of the projects that began in 2020-21 are completely sold out. Notably, in the real estate market of Adjara during 2023-24, Georgian citizens accounted for 20% of total sales, while citizens from Russia and Israel comprised 24% and 6%, respectively. The remaining half of apartment sales involved a diverse range of countries.

Residential market in Adjara

In 1Q24, the total number of registered transactions in **Batumi** reached 3,371, indicating a 22.8% y/y and 5.3% q/q decrease. Notably, sales reduced on both - the primary and secondary markets (-23.3% y/y and -22.1% y/y, respectively), partly reflecting last year's high base. Sales decreased in every district of Batumi with the largest contributor being New Boulevard Area (-25.9% y/y).

In 1Q24, prices of new projects (both primary and secondary markets) rose by 0.8% q/q. Notably, weighted average price of the old apartments declined to US\$857/m², marking a 8.1% q/q decrease. In 1Q24, the total market value of apartments sold in Batumi stood at US\$ 209.3mn, down by 20.5% y/y. The reason



was a significant reduction in recorded transactions during the period.

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.

In 1Q24, the total number of registered transactions in **Kobuleti** reached 201, indicating a 24.1% y/y increase. Notably, transactions increased on both, the primary and secondary markets (+33.0% and +13.5% y/y, respectively). Notably, there is a rising trend of development activity in Kobuleti, with 26 ongoing residential projects at the moment vs 17 projects in 1Q23.

In 1Q24, weighted average price on the primary market in Kobuleti reached US\$1,200/m² (+6.5% y/y), driven by premium developments. In 1Q24, the real estate market size in Kobuleti increased by 19.5% y/y, reaching US\$ 11.7mn.

Residential market in Bakuriani

In 1Q24, the number of apartments sold in Bakuriani reached 220 units, down 6.0% y/y. Majority of the transactions (65.5% of total) were recorded on the secondary market.

Total of 14 residential projects are available for sale on the primary market in Bakuriani.



In 1Q24, small-sized apartment (26-50 m²) sales accounted for 76.7% of total sales, in line with existing trend. Moreover, 55.7% of sales were recorded in budget segment (< \$1,000), followed by 42.0% in midscale segment (\$1,001 – 1,500).

In 1Q24, weighted average price of apartments in Bakuriani was up slightly by 2.7% y/y, reaching US\$1,044/m². Total market size of apartments sold in Bakuriani stood at US\$ 10.4mn, slightly down by 1.9% y/y, mostly due to reduced transactions on the primary market.

Residential market in Gudauri

In 1Q24, the number of apartments sold in Gudauri reached 95 units, up 3.3% y/y. Majority of the transactions (71.6% of total) were recorded on the primary market.

Total of 6 residential completed projects are available for sale on the primary market in Gudauri.

In 1Q24, small-sized apartment (26-50 m²) sales accounted for 92.0% of total sales (+4.0 ppts y/y). Moreover, 61.9% of sales were recorded in the midscale segment (\$1,001 – 1,500).

In 1Q24, weighted average price of apartments in Gudauri was down slightly by 1.7% y/y, reaching US\$1,420/m². Total market size of apartments sold in Gudauri stood at US\$ 4.2mn, down by 11.0% y/y, mostly due to reduced prices.

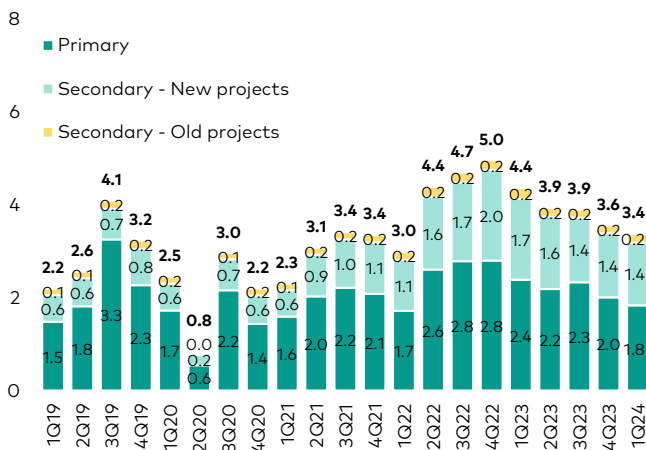


Residential market in Batumi

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

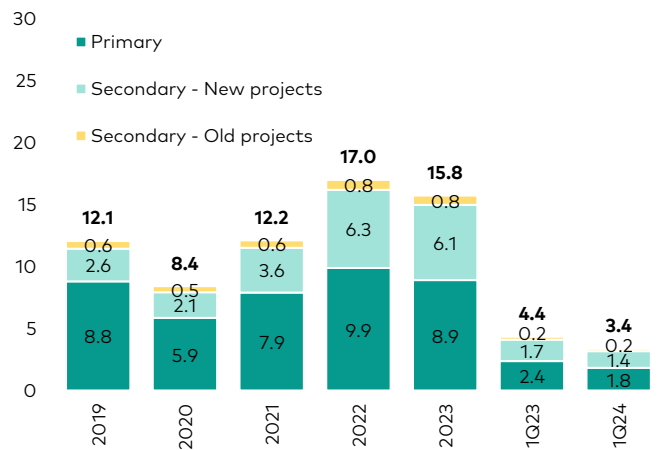
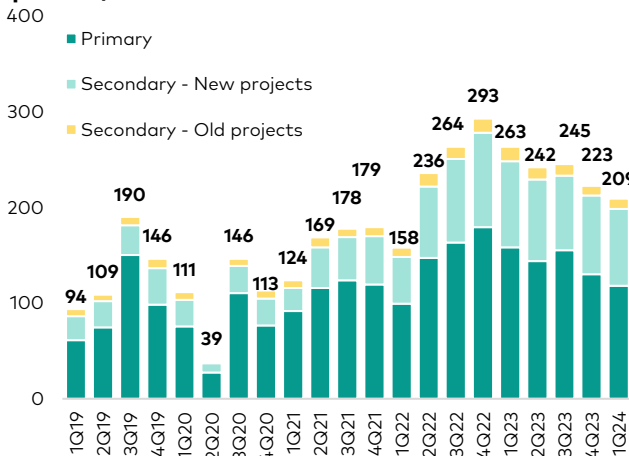


Figure 3: Real estate market size in Batumi by quarter, US\$ mn



Source: NAPR, Galt & Taggart

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

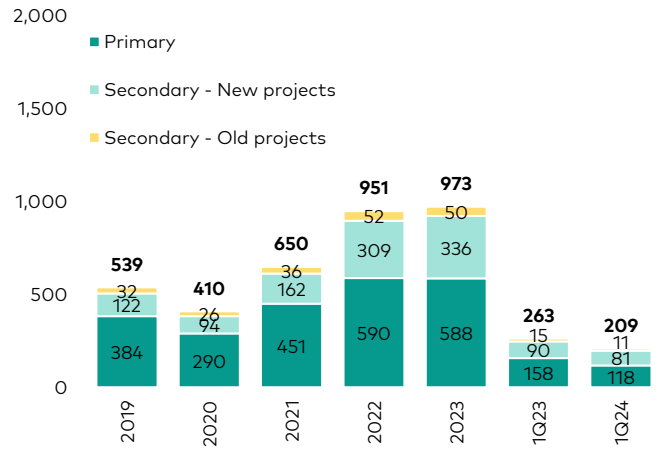
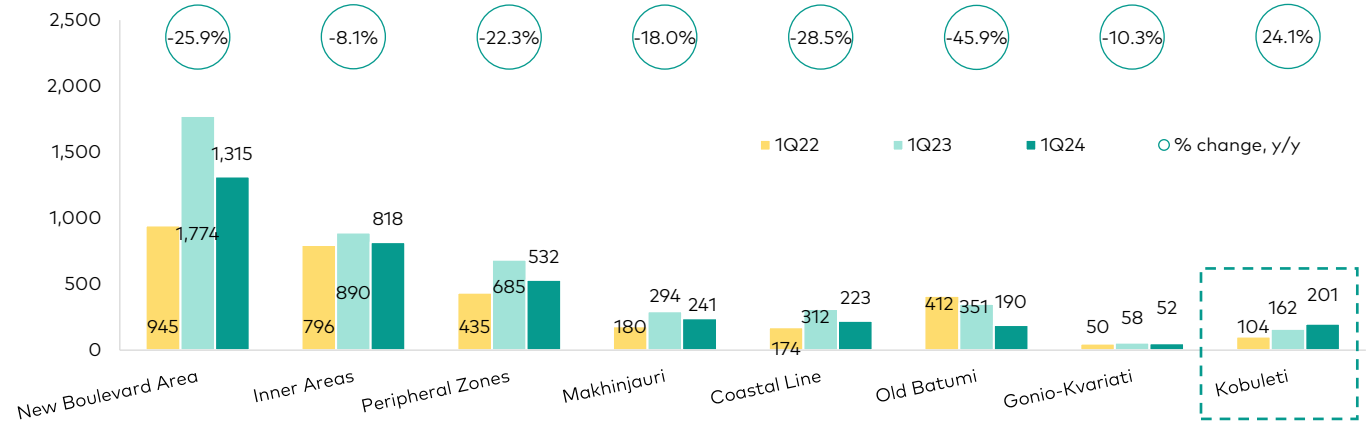


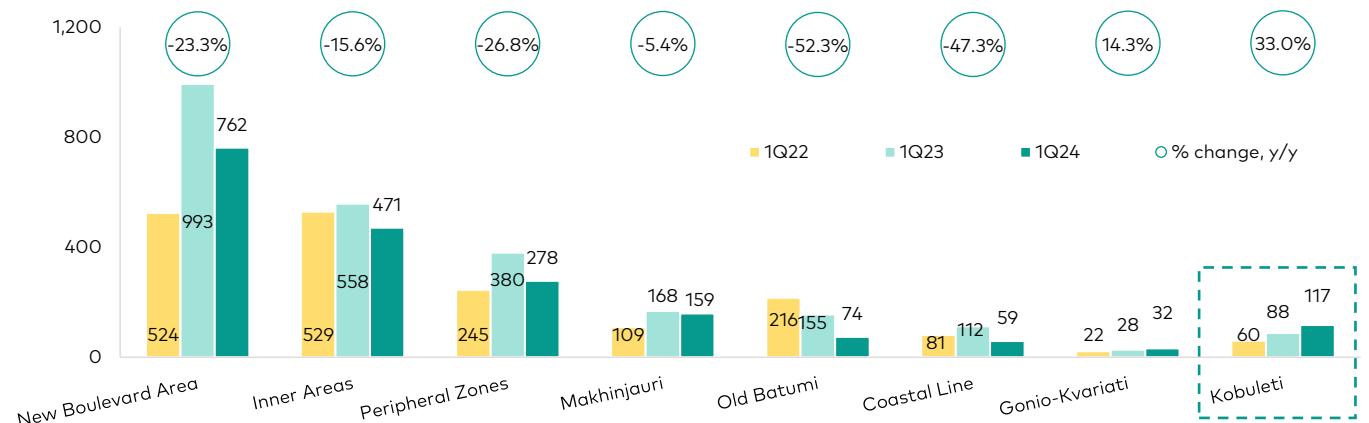


Figure 5: Number of sold apartments by districts (primary and secondary markets combined)



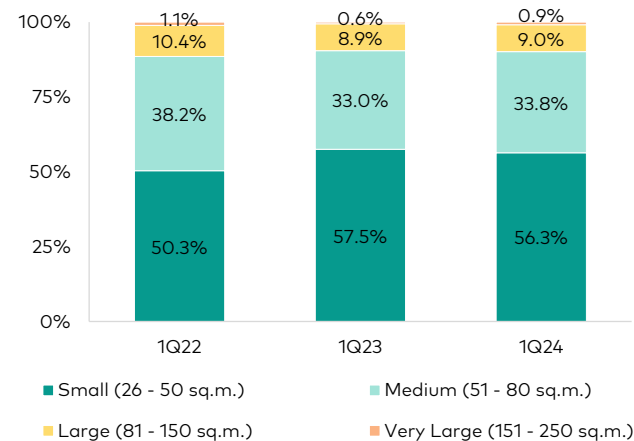
Source: NAPR, Galt & Taggart

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



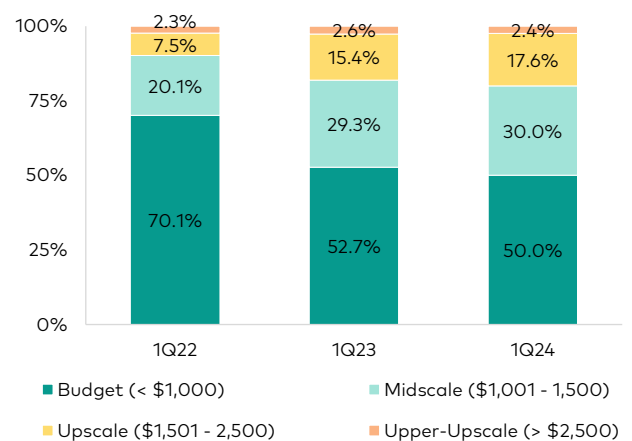
Source: NAPR, Galt & Taggart

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



Source: NAPR, Galt & Taggart

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





Presales from developers

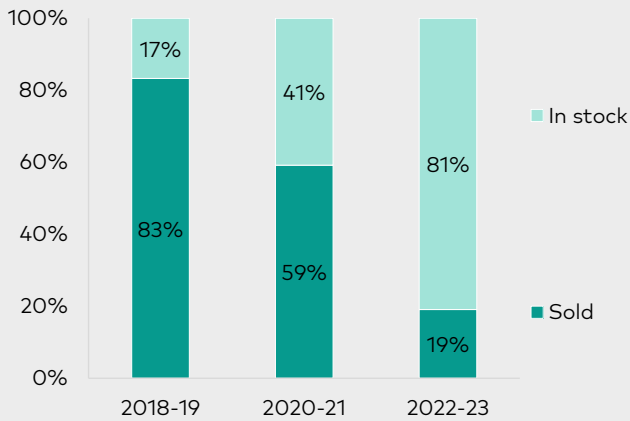
Box 1: Results of Galt & Taggart survey of systematic developers

In April 2024, we conducted a survey of 5 systematic developers with ongoing construction projects in Adjara. 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:

- Around 20% of apartments in the real estate projects that started in 2018-19 remain unsold, while almost 60% of apartments in the projects that began in 2020-21 are completely sold out.
- Notably, in the real estate market of Adjara during 2023-24, Georgian citizens accounted for 20% of total sales, while citizens from Russia and Israel comprised 24% and 6%, respectively. The remaining half of apartment sales involved a diverse range of countries.

Figure 9: Distribution of the housing stock by project beginning year and status in Adjara



Source: Galt & Taggart survey of selected developers

Figure 10: Breakdown of real estate sales by citizenship on the primary market in Adjara, 2023-24

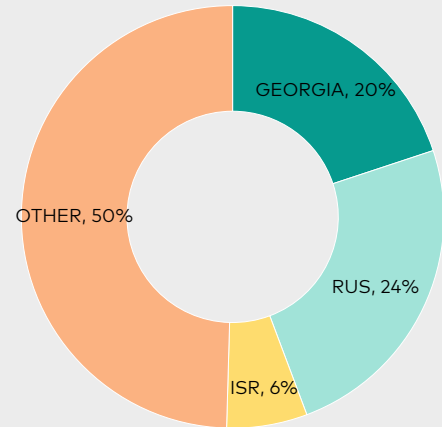
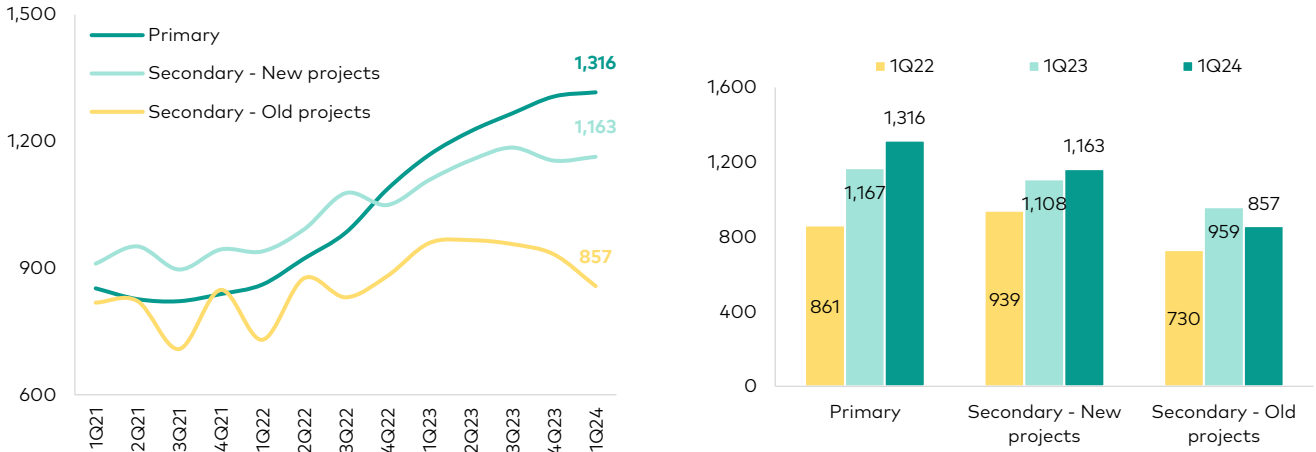


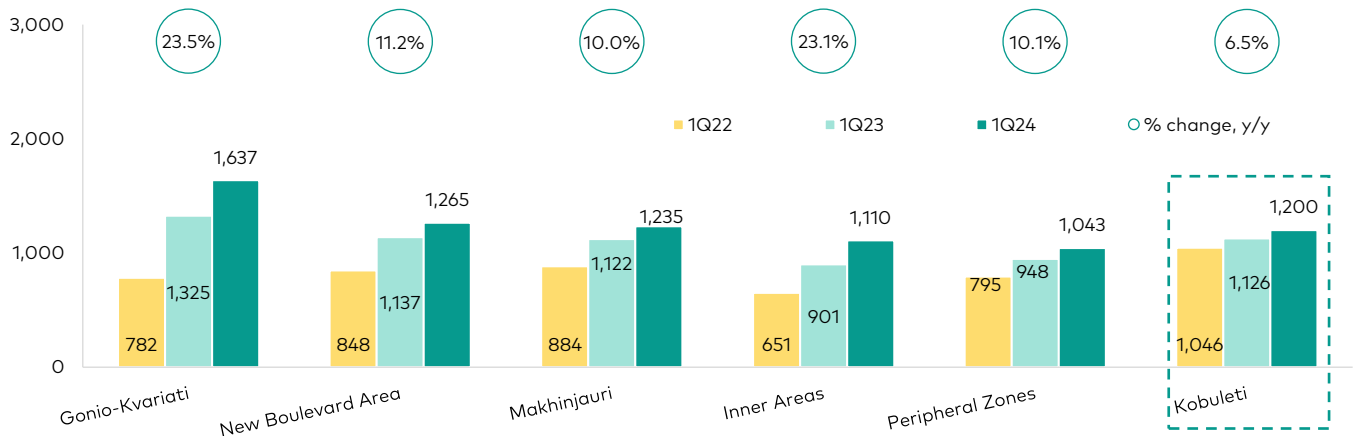


Figure 11: Real estate weighted average prices in Batumi by type, US\$/m²



Source: NAPR, Galt & Taggart

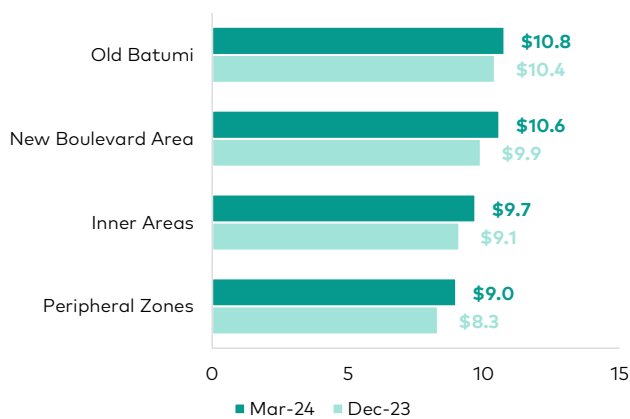
Figure 12: Real estate prices on primary market for white frame apartments by districts, US\$/m²



Source: Galt & Taggart

Note: Coastal line and Old Batumi districts are excluded due to small size of a sample

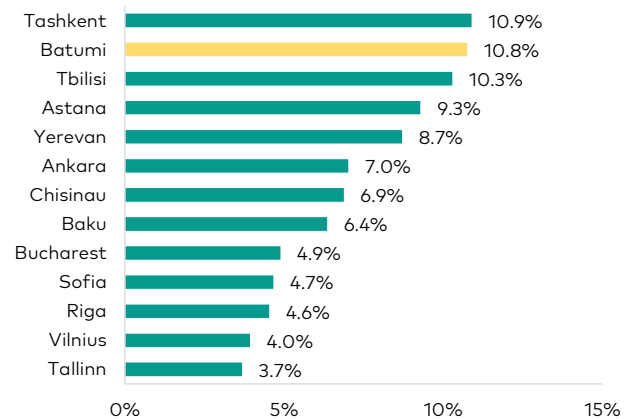
Figure 13: Real estate weighted average rent prices by districts, US\$/m²



Source: Numbeo, Galt & Taggart

Note: Rents are displayed for 30-60 m² apartments in Batumi. Some districts are excluded due to small sizes of samples

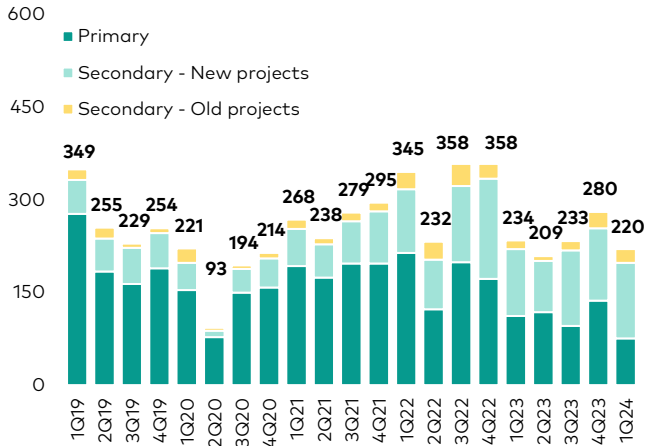
Figure 14: Rental yields outside city center, Mar-24





Residential markets in Bakuriani and Gudauri

Figure 15: Number of sold apartments in Bakuriani by quarter



Source: NAPR, Galt & Taggart

Figure 16: Number of sold apartments in Bakuriani by year

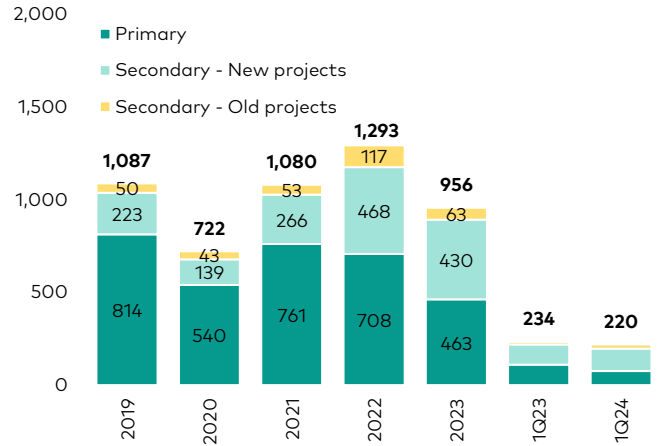
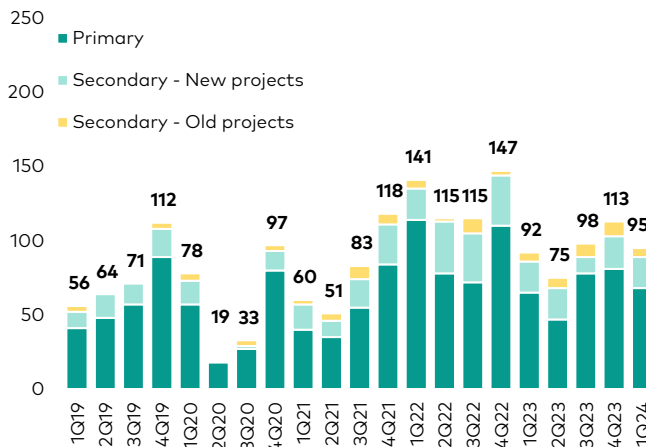


Figure 17: Number of sold apartments in Gudauri by quarter



Source: NAPR, Galt & Taggart

Figure 18: Number of sold apartments in Gudauri by year

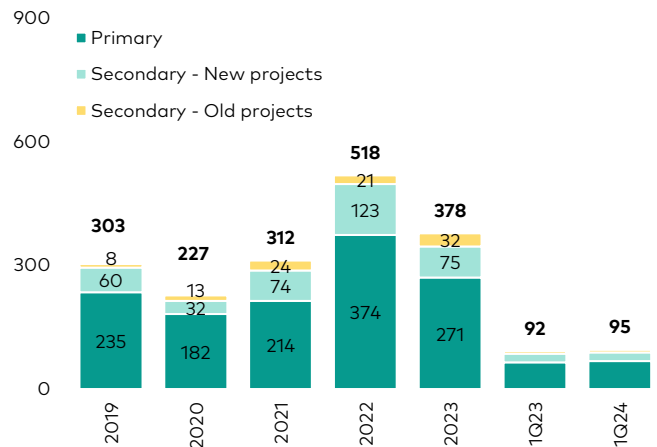
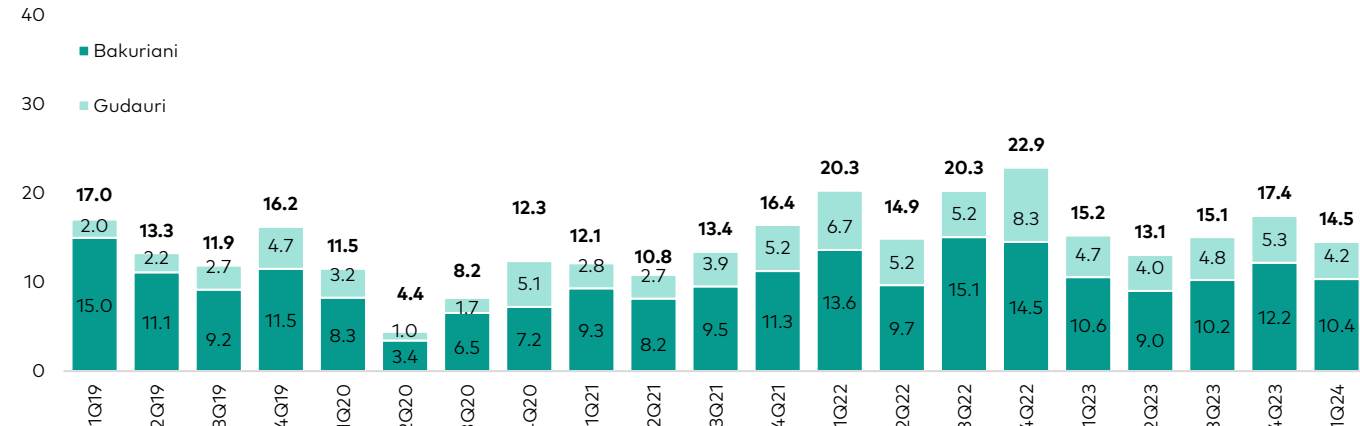


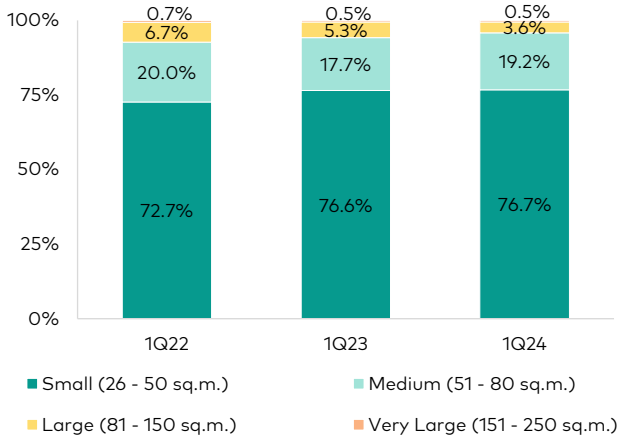
Figure 19: Real estate market size in Bakuriani and Gudauri, US\$ mn



Source: NAPR, Galt & Taggart



Figure 20: Real estate sales in Bakuriani by size (% of total apartments sold)



Source: NAPR, Galt & Taggart

Figure 21: Real estate sales in Bakuriani by segments (% of total apartments sold)

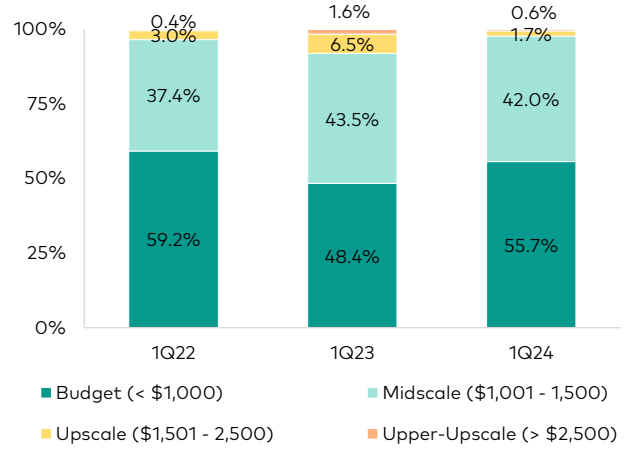
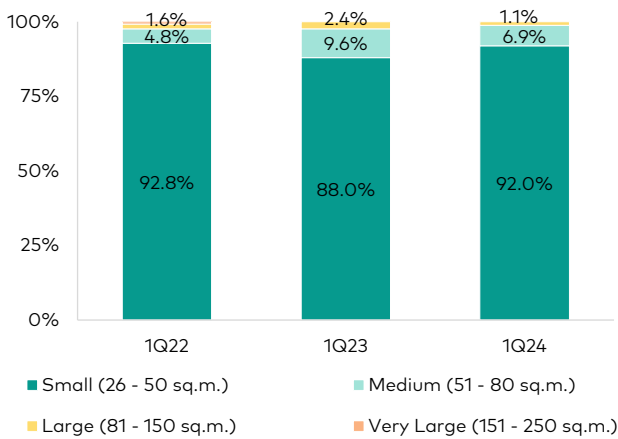


Figure 22: Real estate sales in Gudauri by size (% of total apartments sold)



Source: NAPR, Galt & Taggart

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

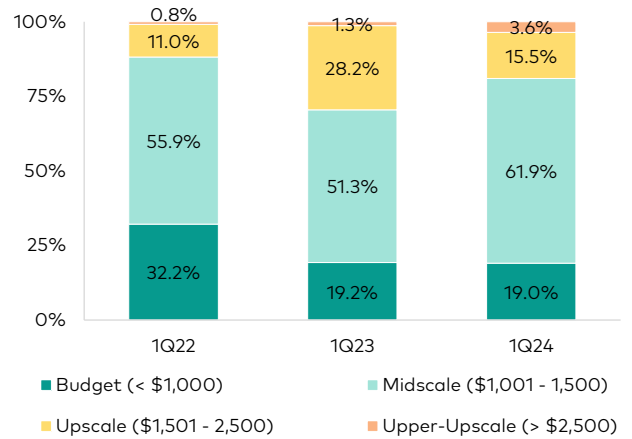
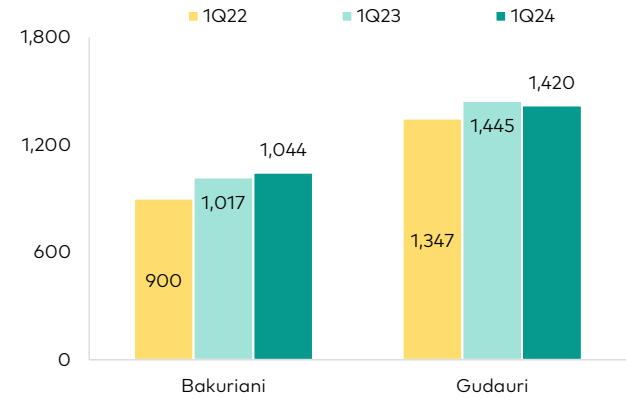
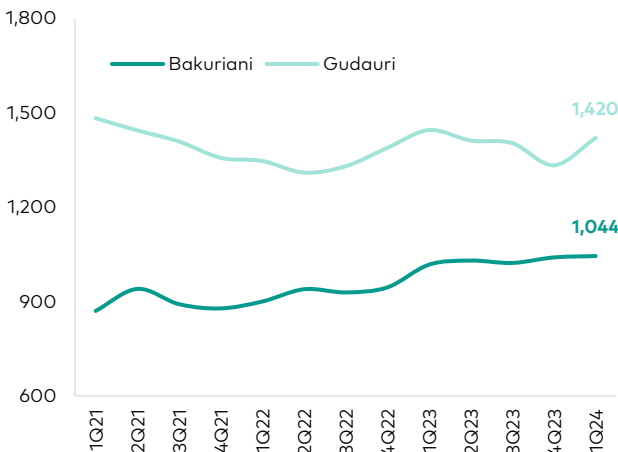


Figure 24: Real estate prices on primary market for white frame apartments by cities, US\$/m²



Source: NAPR, Galt & Taggart



Annex

Table 1: Real estate sales by cities – value, number and area, 1Q24

| City | Value (mn US\$) | Number | Area ('000 m ²) |
|-----------|-----------------|--------|-----------------------------|
| Batumi | 209.3 | 3,371 | 177.1 |
| Kobuleti | 11.7 | 201 | 10.3 |
| Bakuriani | 10.4 | 220 | 9.8 |
| Gudauri | 4.2 | 95 | 3.5 |

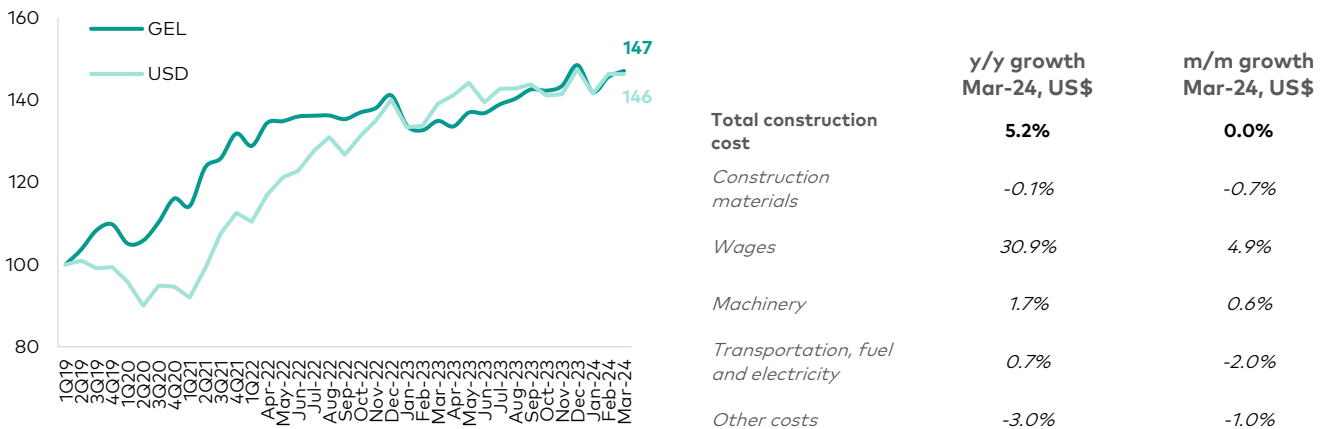
Source: NAPR, Galt & Taggart

Table 2: Real estate sale patterns by cities – average size and prices, 1Q24

| City | Average apartment size (m ²) | Average price per m ² (US\$) | Average price per apartment (US\$) |
|-----------|--|---|------------------------------------|
| Batumi | 53 | 1,316 | 69,136 |
| Kobuleti | 51 | 1,200 | 61,540 |
| Bakuriani | 45 | 1,044 | 46,553 |
| Gudauri | 37 | 1,420 | 52,850 |

Source: NAPR, Galt & Taggart

Figure 25: Construction cost index, 1Q19=100



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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Head of Research

Eva Bochorishvili | evabochorishvili@gt.ge

Head of Sector Research

Kakha Samkurashvili | ksamkurashvili@gt.ge

Senior Analyst

Zurab Tavkelishvili | ztavkelishvili@gt.ge

Address: 3 Pushkin Street, Tbilisi 0105, Georgia

Tel: + (995) 32 2401 111

Email: research@gt.ge