



GALT & TAGGART
CREATING OPPORTUNITIES

Real Estate Trends in Batumi

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Real Estate Trends in Batumi

Content

 Residential real estate

 Investment real estate

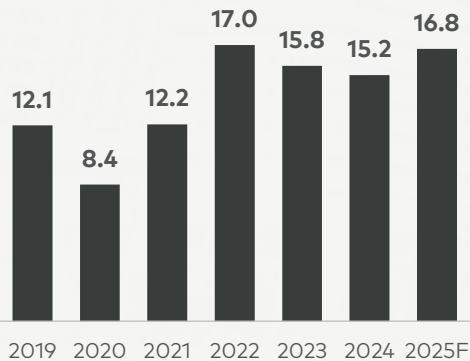
 Buyer profiles

 Future outlook

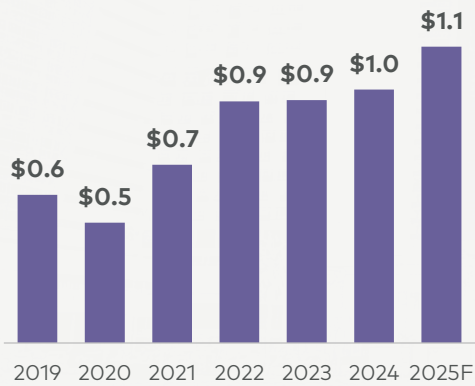


Demand for real estate in Batumi is mainly driven by investment purchases by foreigners

of apartments sold, '000



Market size, bn \$



Purpose of purchase



20% Personal use
80% Investment

Buyer origin



40% Local
60% Foreigner

Average apartment size



40 sq.m.

Average price of investment apartment

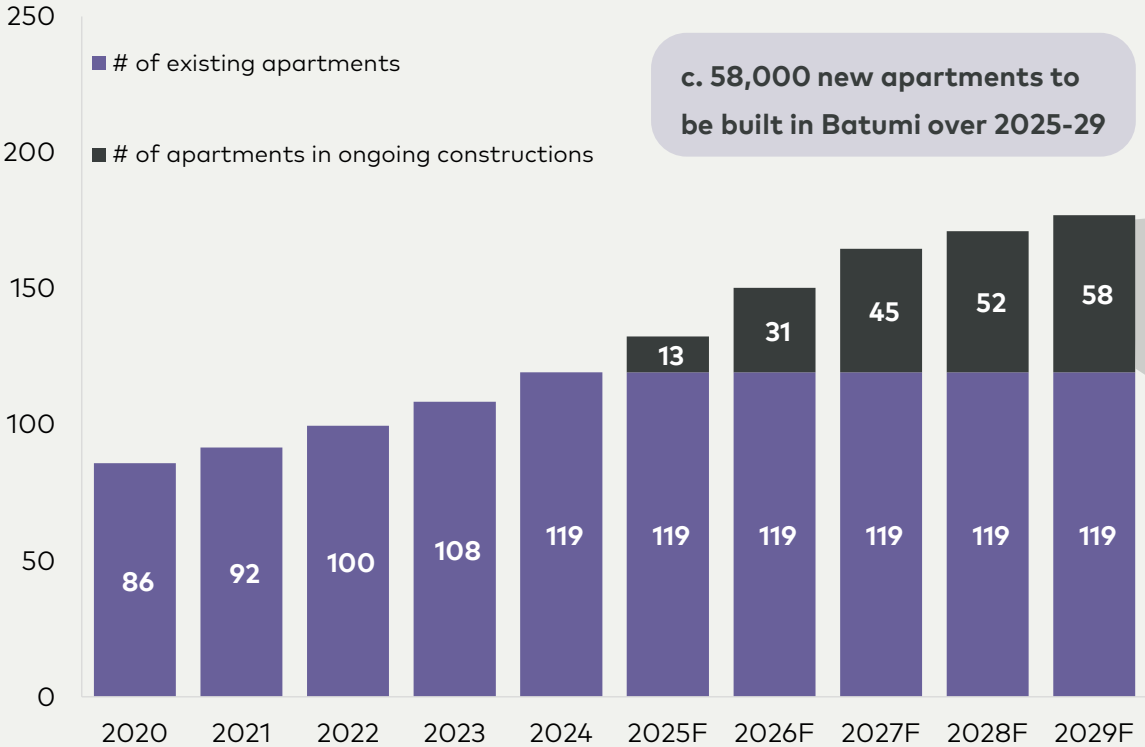


\$ 76 thousand

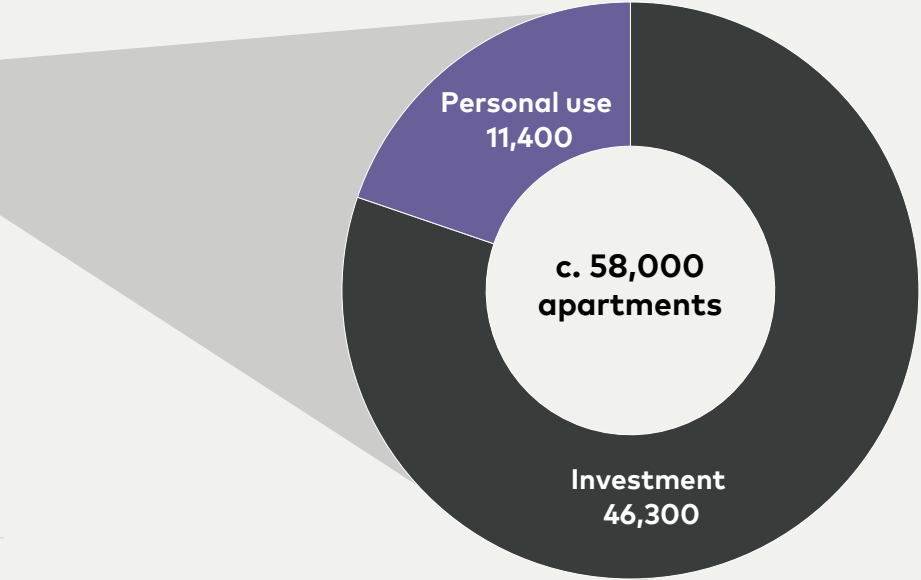


As a result, the growth of the housing stock is mainly driven by investment apartments

Existing and upcoming housing stock within ongoing construction projects in Batumi, '000 apartments



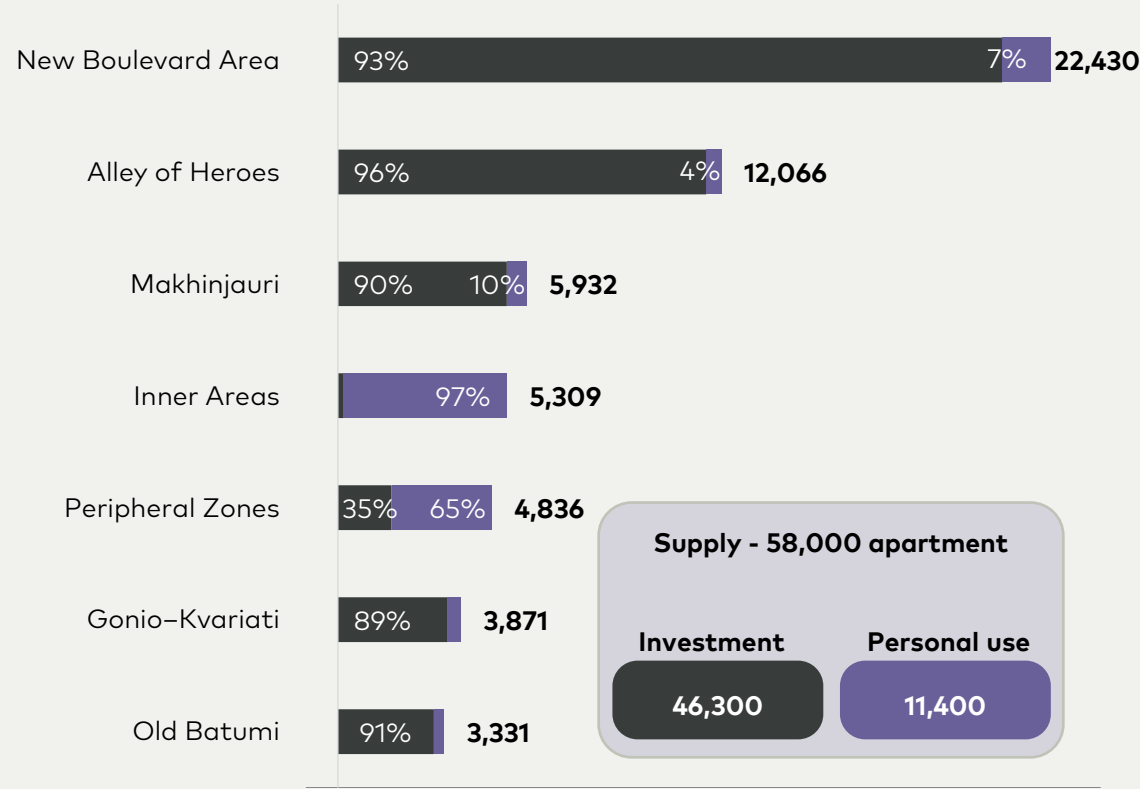
Distribution of apartments in ongoing projects by category in Batumi



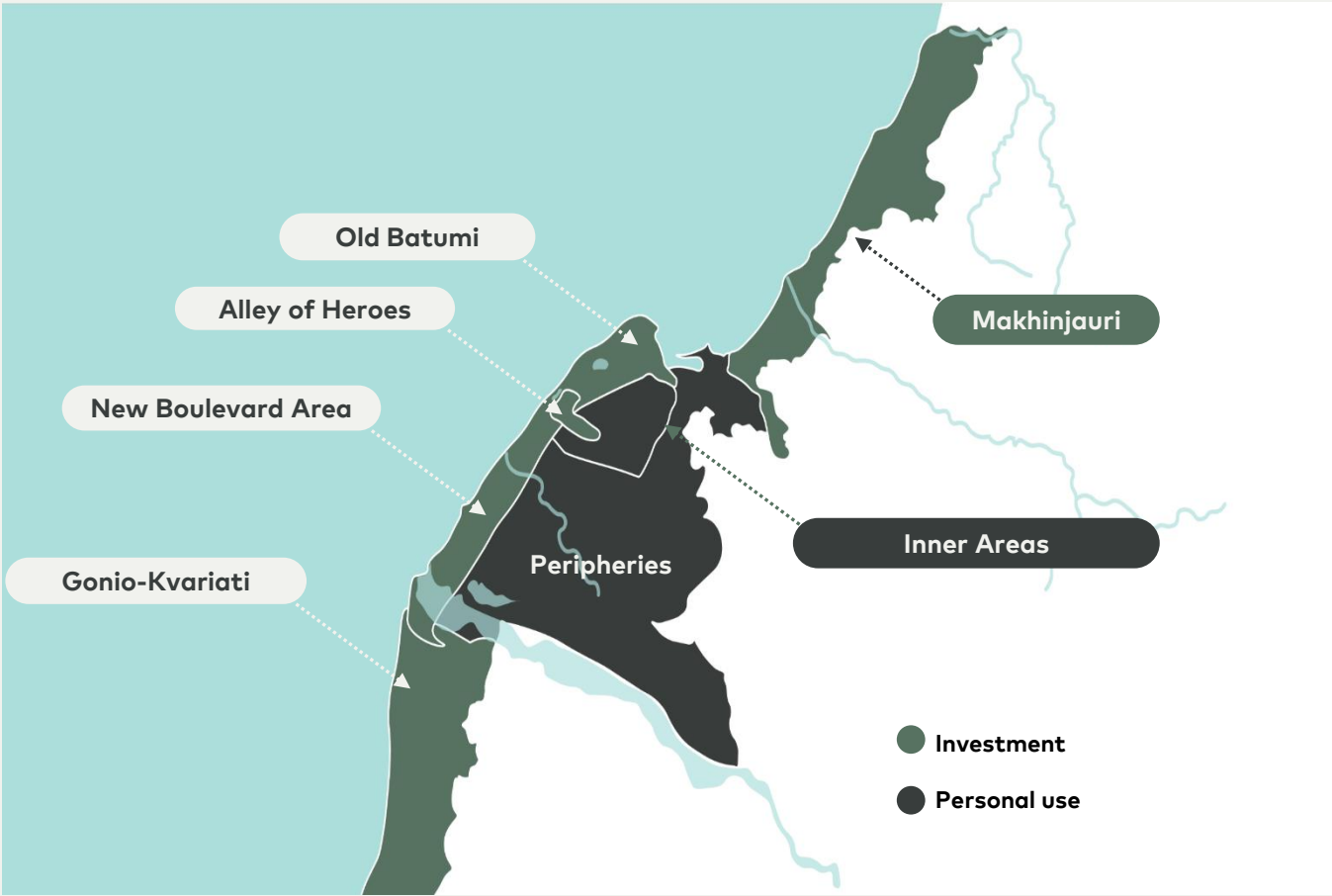


Investment apartments are located near the sea, while residential apartments are concentrated in the Inner Areas and Peripheries

Number of apartments in ongoing projects by district and category in Batumi



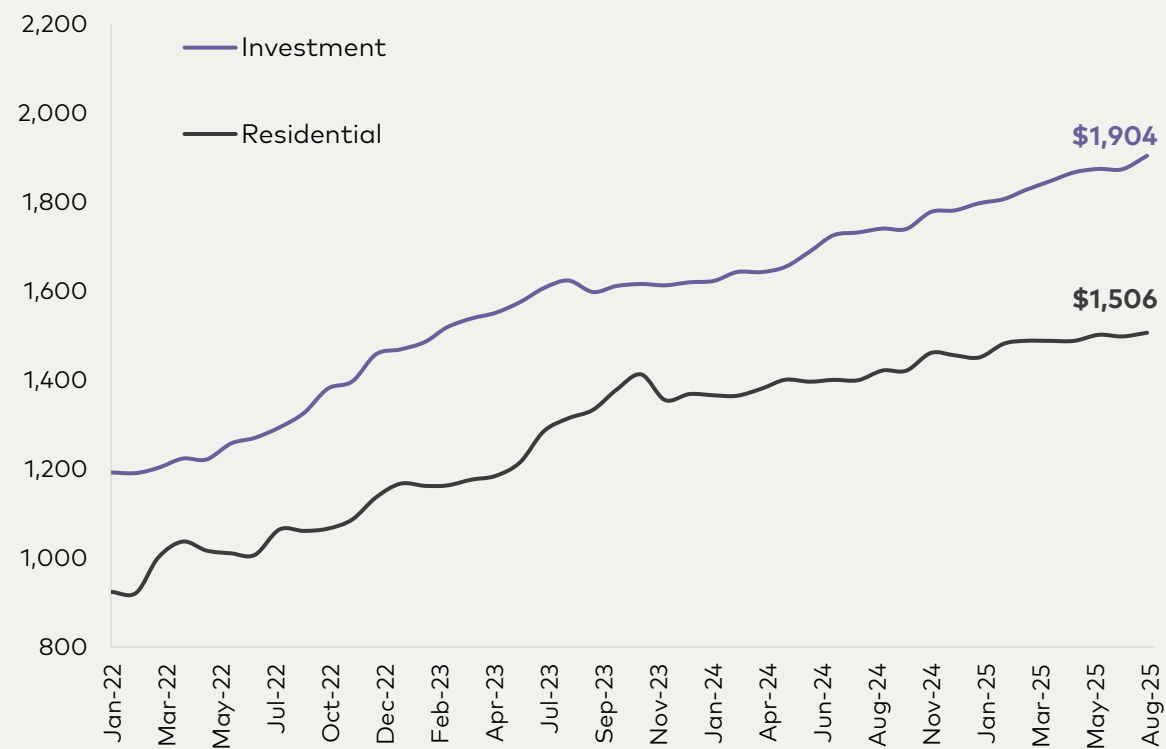
Map of Batumi by districts and purpose of purchase



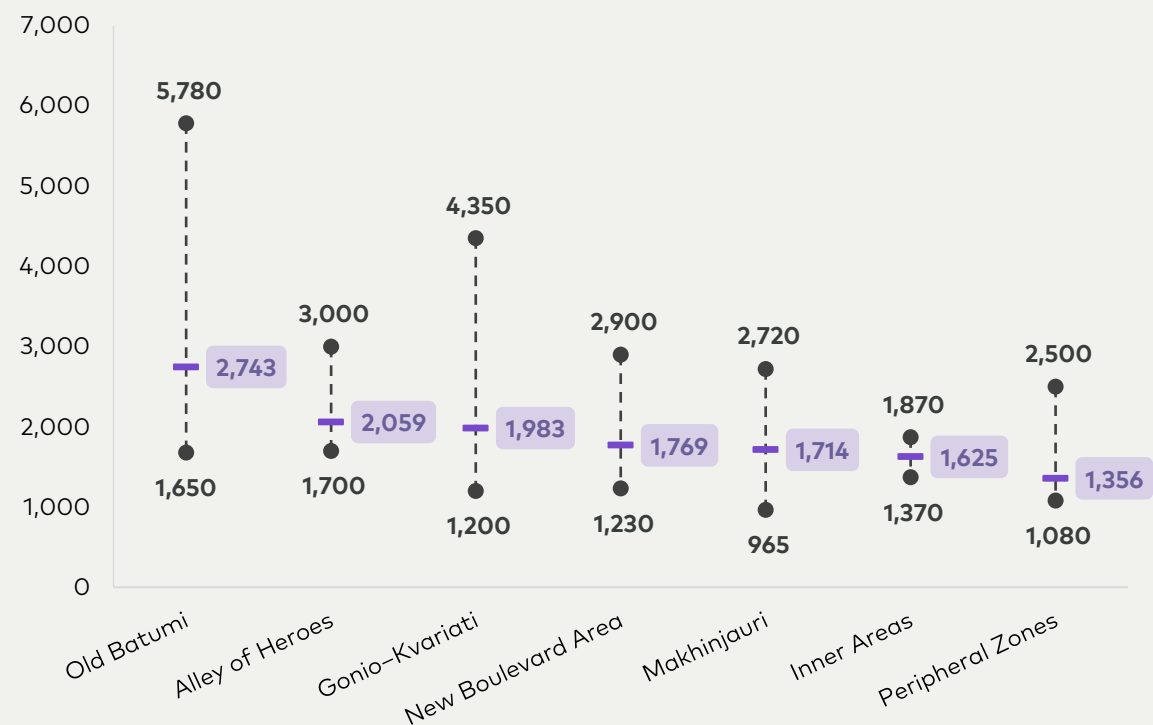


Location and other features account for an average \$400 per sq.m. difference between residential and investment apartment prices

Real estate average turnkey price on the primary market in Batumi by market category, US\$/sq.m.



Min, max and average real estate prices on the primary market by districts in Batumi, Aug-25 (US\$/sq.m.)

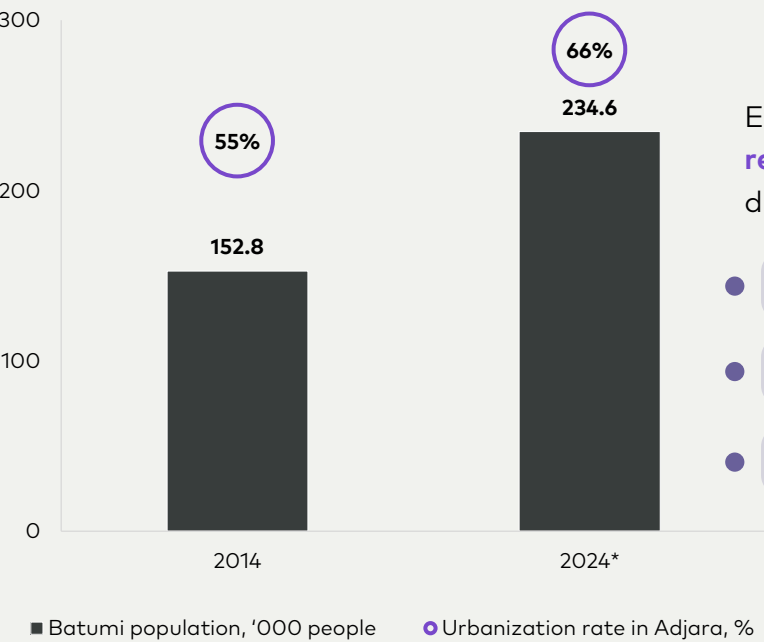


Source: Survey of selected developers. Galt & Taggart
Note: Old Batumi covers the area from Batumi Port to the intersection of Khimshiashvili and Javakhishvili streets
Prices refer to turnkey apartments.



Demand-supply on the residential apartments are balanced...

Population of Batumi and urbanization rate in Ajara



Each year, demand for about **2,300 residential apartments** emerges in Batumi, driven by:

- Natural population growth
- Internal migration within Ajara
- Relocation of digital nomads

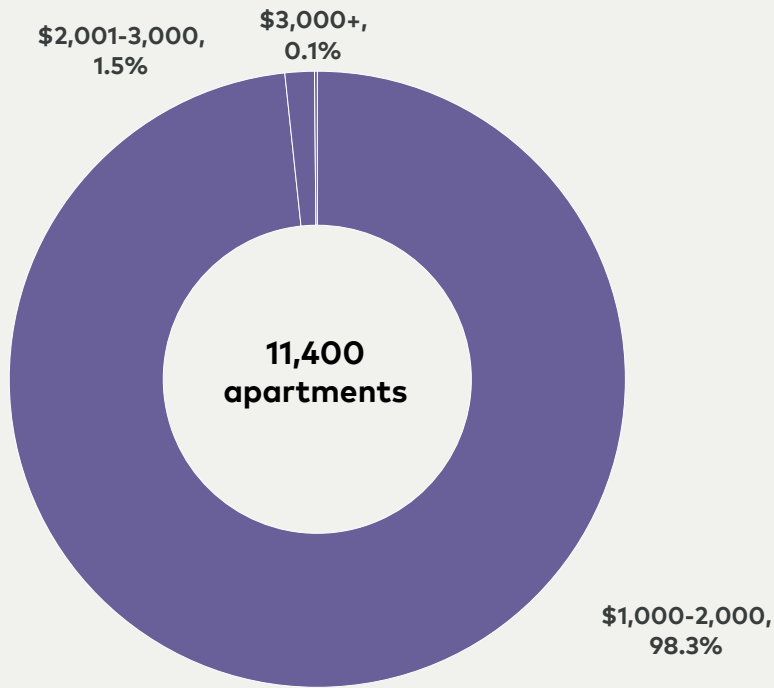
Residential real estate demand and supply in 2025-29



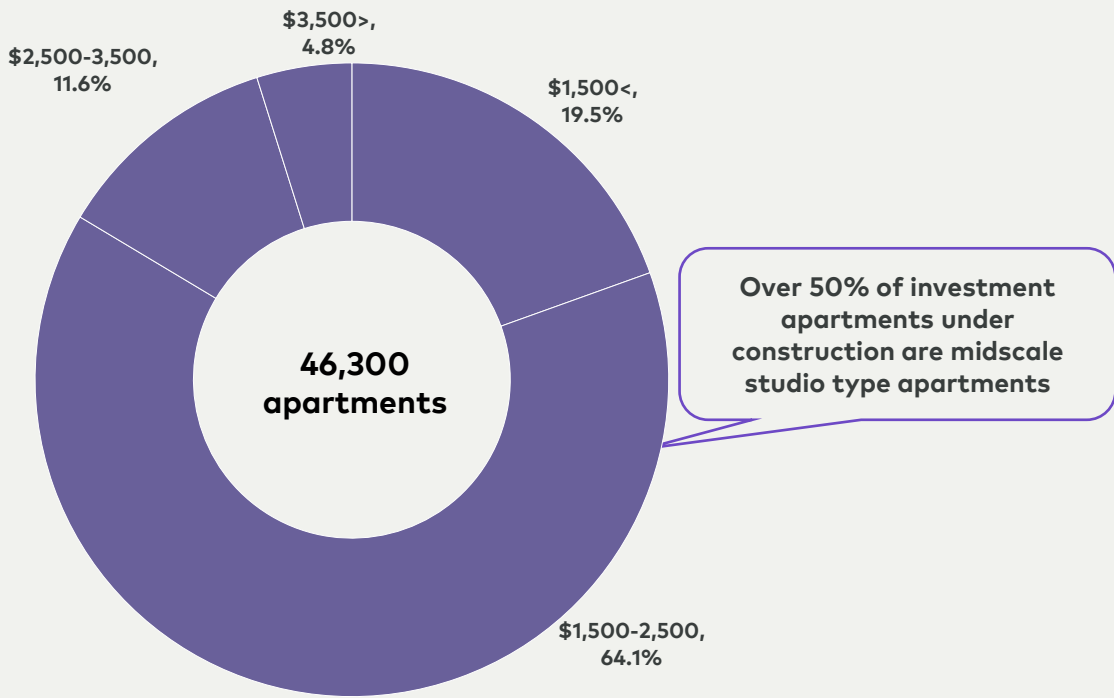


...However, there is a lack of premium projects in the residential category;
On the investment side, large number of similar-type apartments are being built

Supply of residential apartments in ongoing constructions by price segment in Batumi, 2025-29



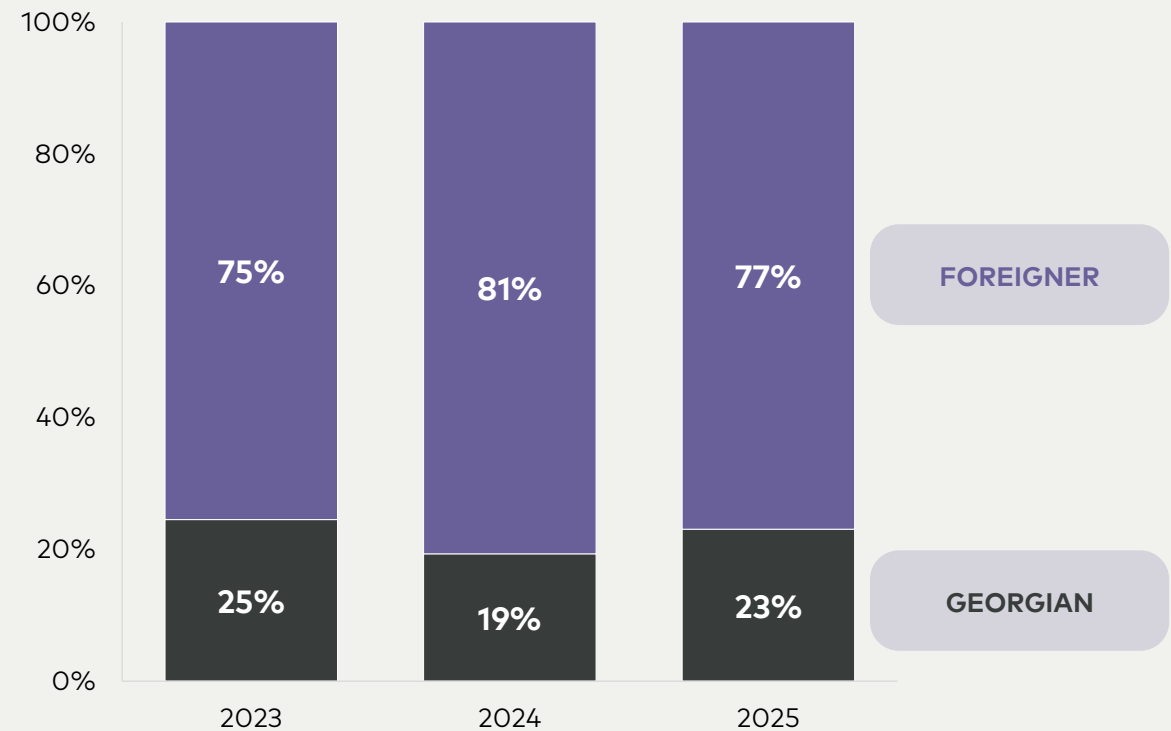
Supply of investment apartments in ongoing constructions by price segment in Batumi, 2025-29



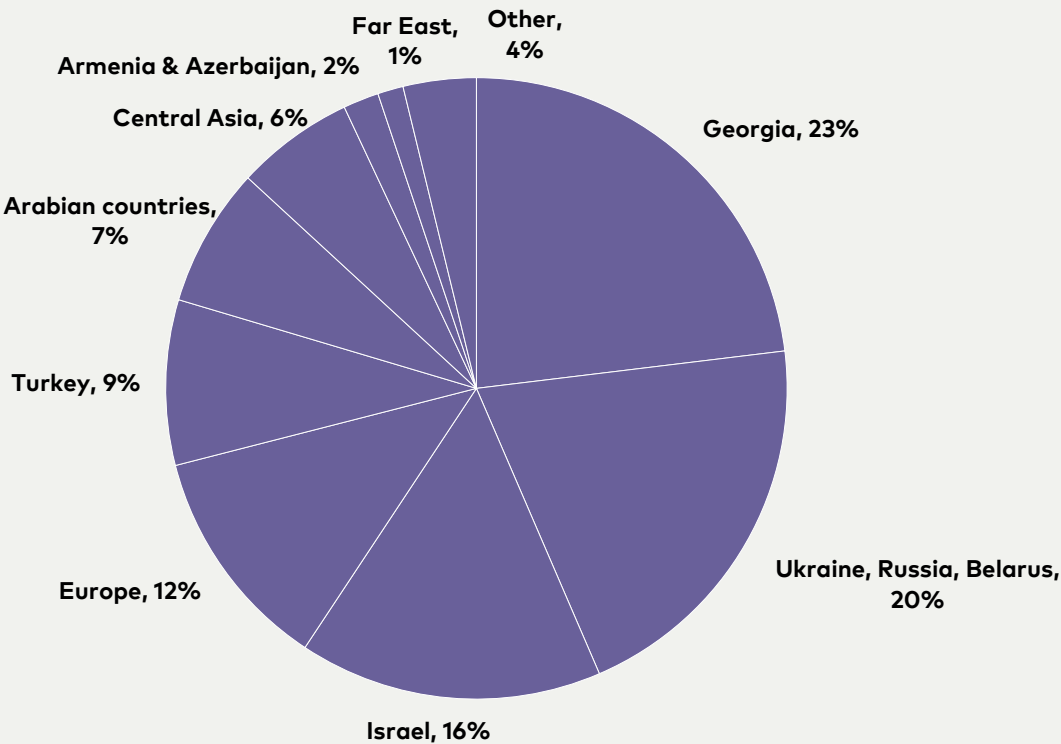


Sales to foreign citizens are diversified by countries

Sales breakdown by buyer origin in selected developer projects in Batumi

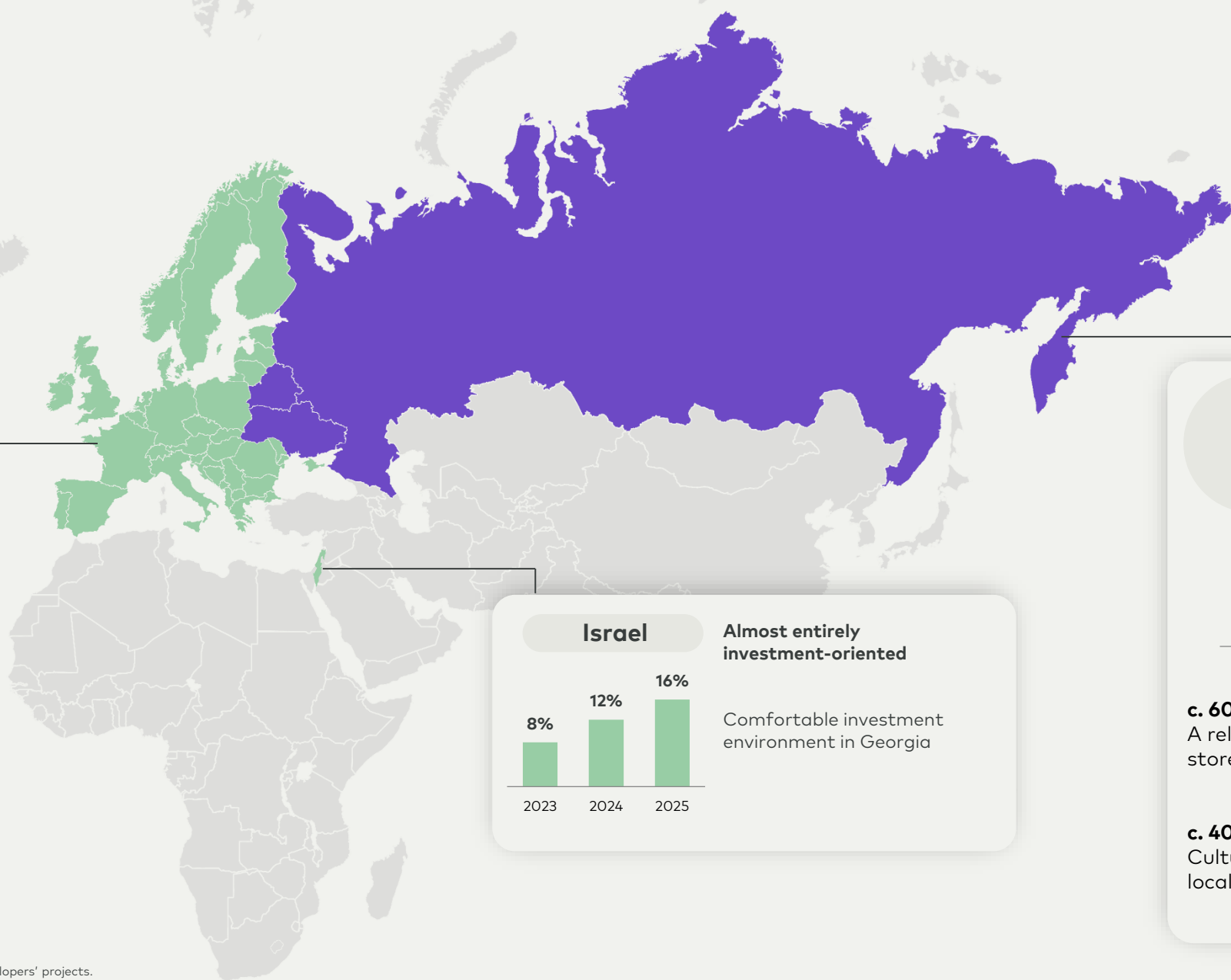


Sales breakdown by buyer origin in selected developer projects in Batumi, 2025

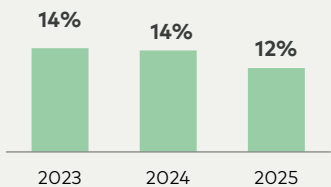




Israel's share in apartment sales has doubled between 2023-25



Europe

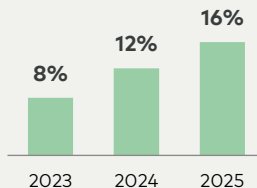


Almost entirely investment-oriented

EU integration expectations and resulting price growth

Recent events have slowed demand, but Europe remains a key source of buyers

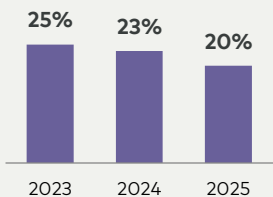
Israel



Almost entirely investment-oriented

Comfortable investment environment in Georgia

Ukraine, Russia, Belarus



c. 60% investment-oriented

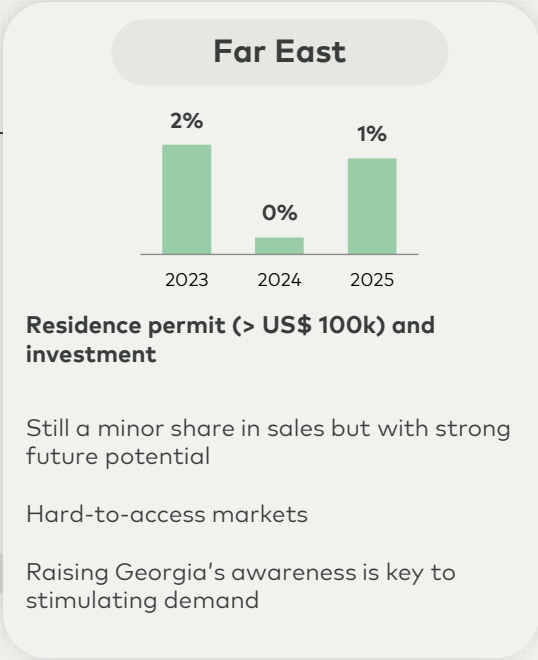
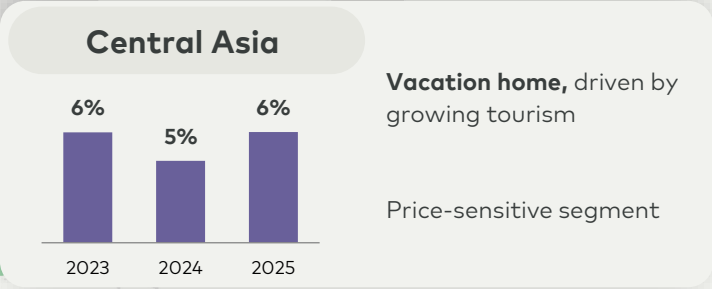
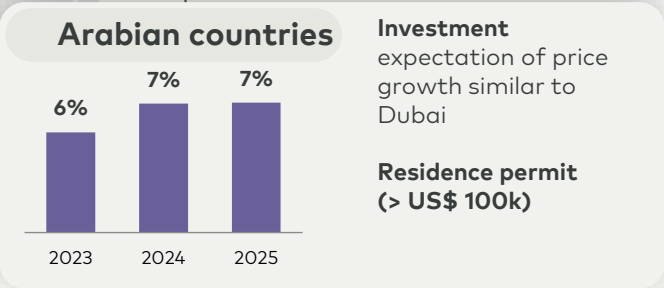
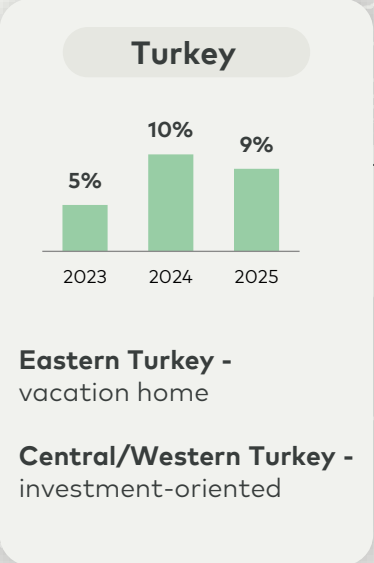
A relatively safe place to store money

c. 40% Vacation home

Cultural proximity to the local population



Also, there is a growing interest from Arabian and Central Asian countries

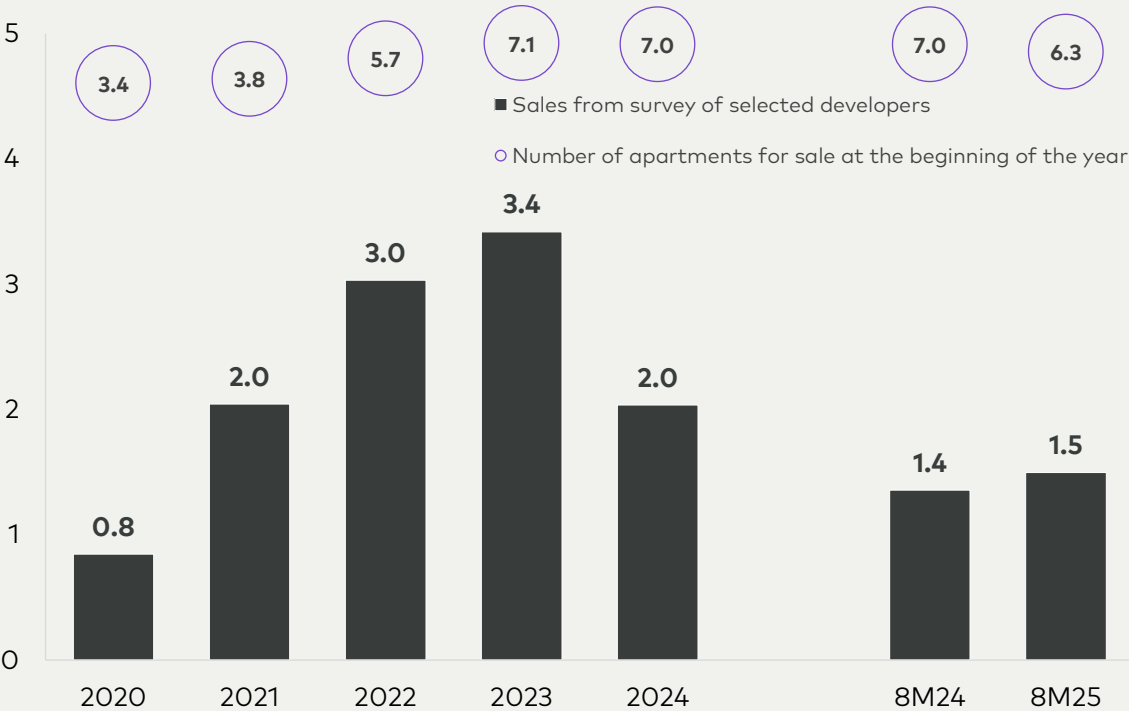


Source: Survey of selected developers, Galt & Taggart
Note: Charts show the share of countries in sales of selected developers' projects.

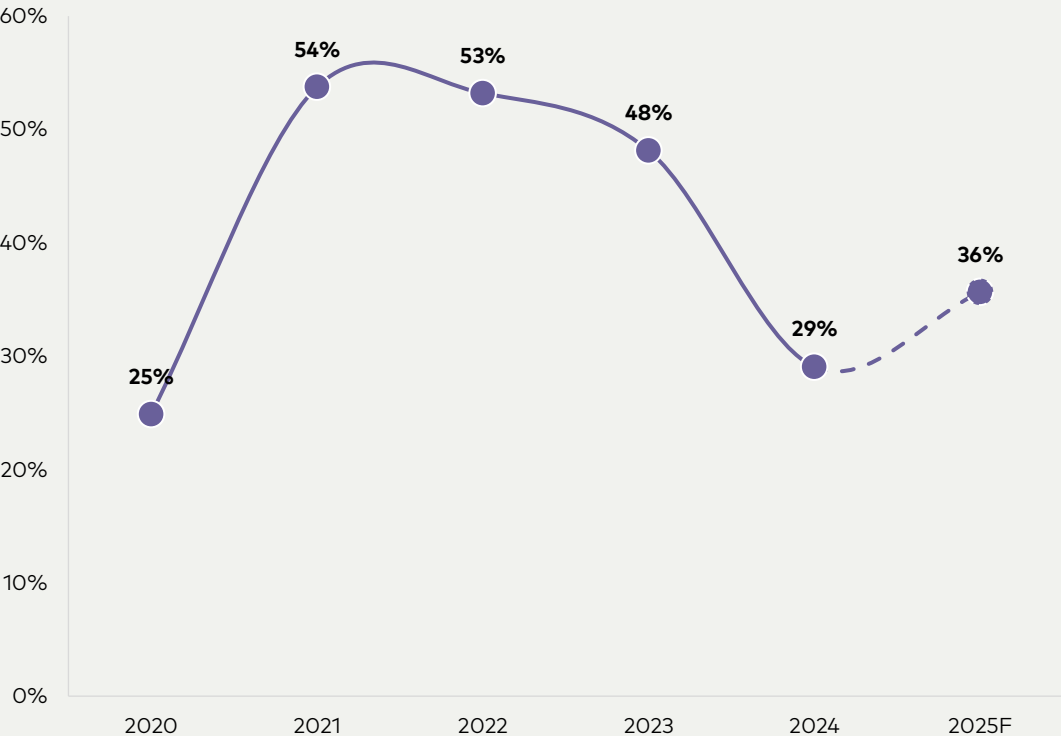


Increased demand from these countries has slightly increased primary market sales in 2025, although they are still significantly below 2022-23 levels

Number of sold apartments in projects of selected developers, '000 apartments



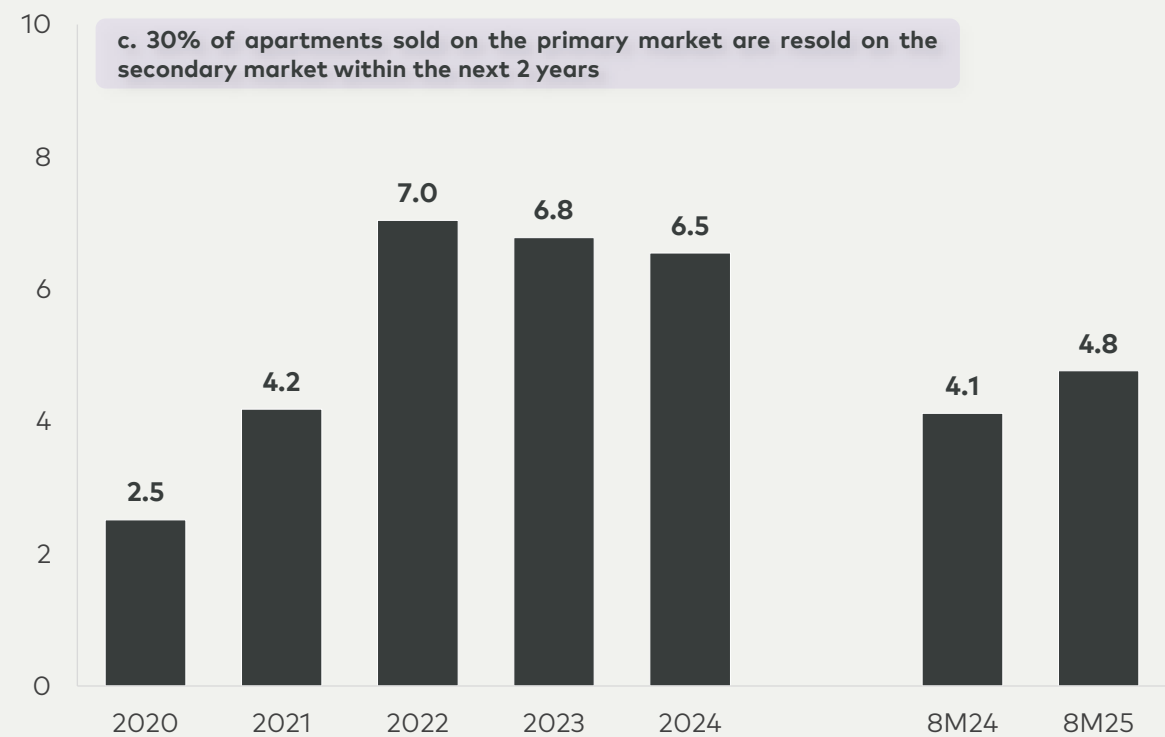
Annual sales to stock ratio in projects of selected developers





Unlike the primary market, sales on the secondary market remain at a high level, which was influenced by the growth of the Batumi housing stock

Apartment sales on the secondary market in Batumi, '000 apartments



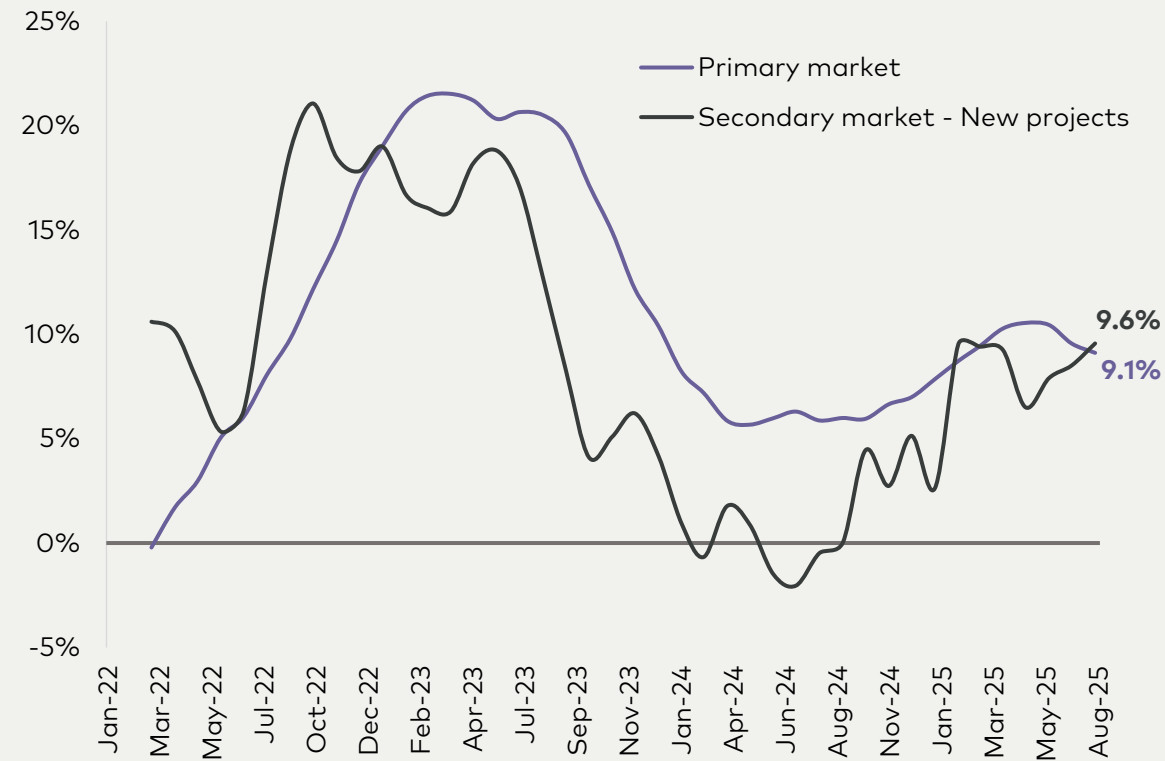
Housing stock in Batumi, '000 apartments



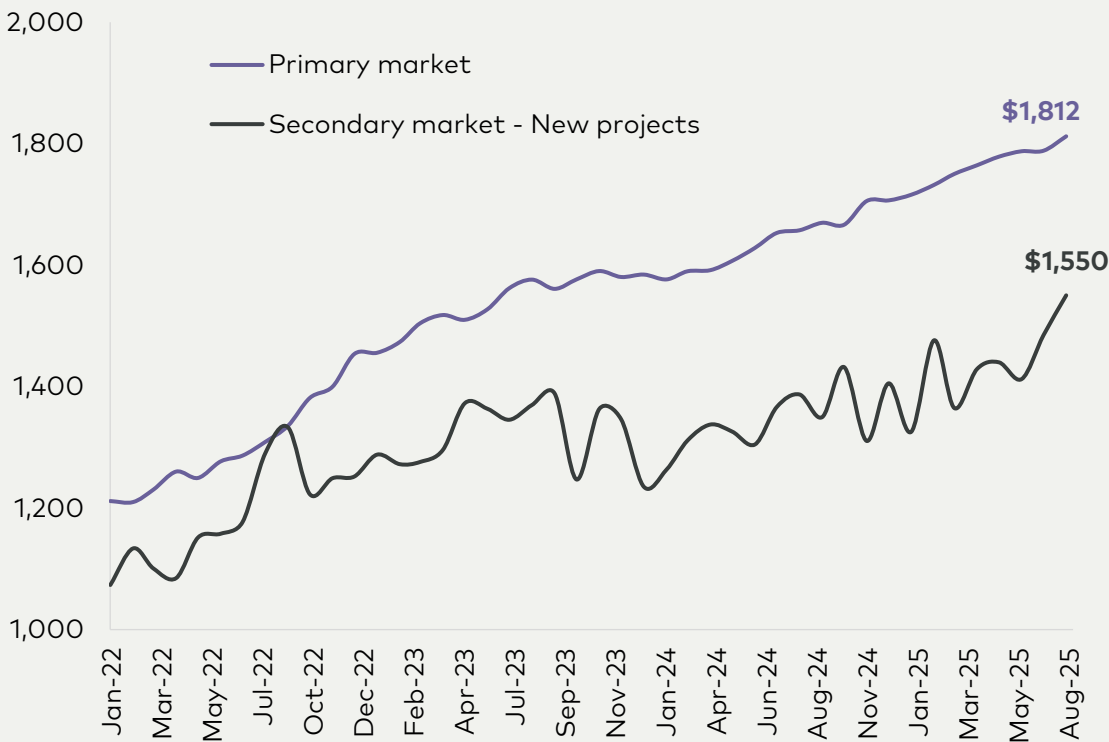


Boosted demand on the secondary market was reflected in increased prices, while amid slowing demand on the primary market, current price growth is unsustainable

Y/Y change in real estate prices in Batumi by market category, 3-month moving average



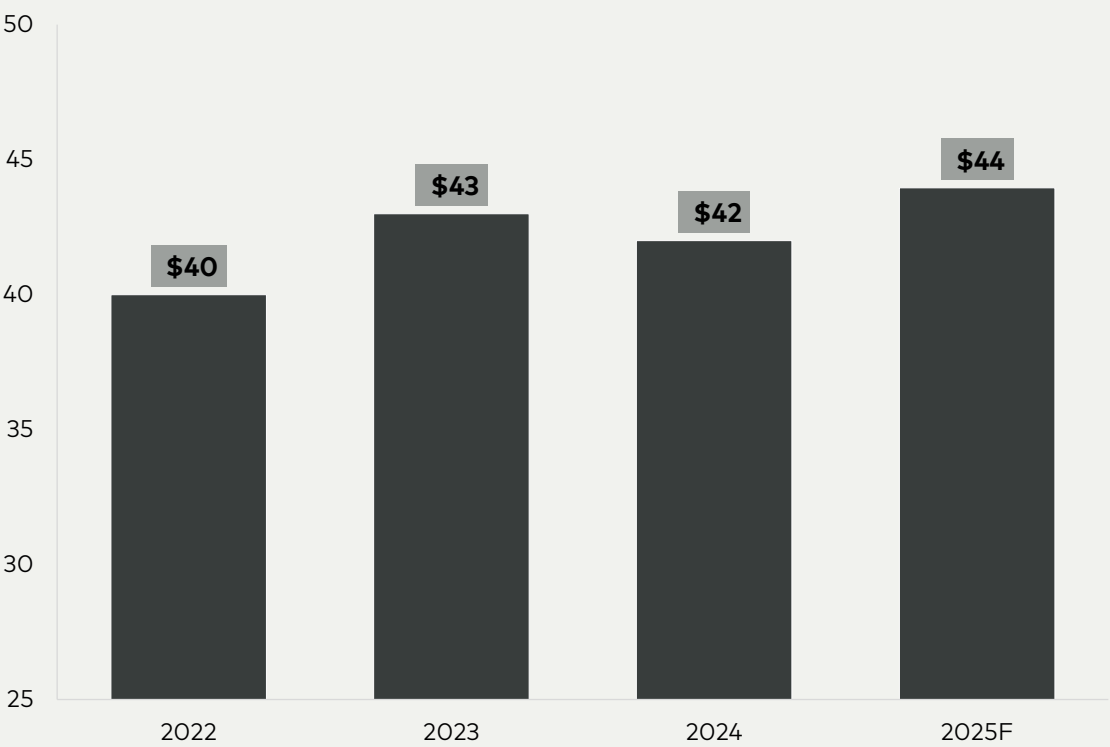
Real estate average turnkey price in Batumi by market category, US\$/sq.m.



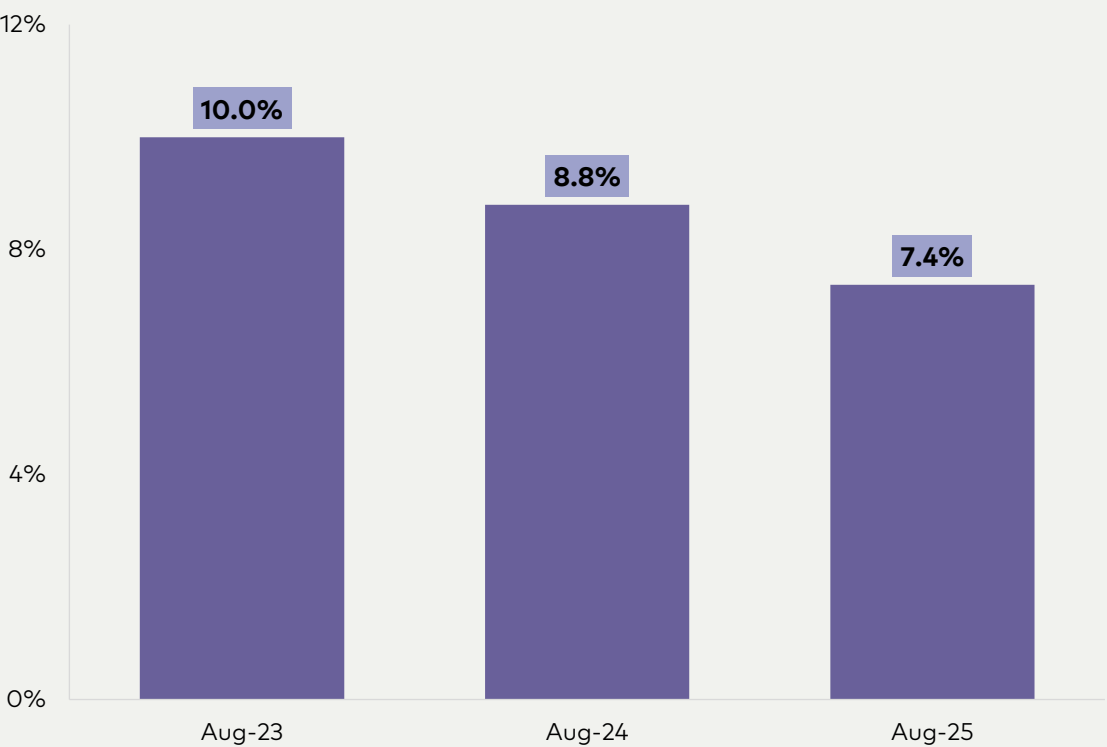


Rising real estate prices have outpaced rental growth, reducing yield

Average daily rate (ADR) in Airbnb apartments, US\$/day



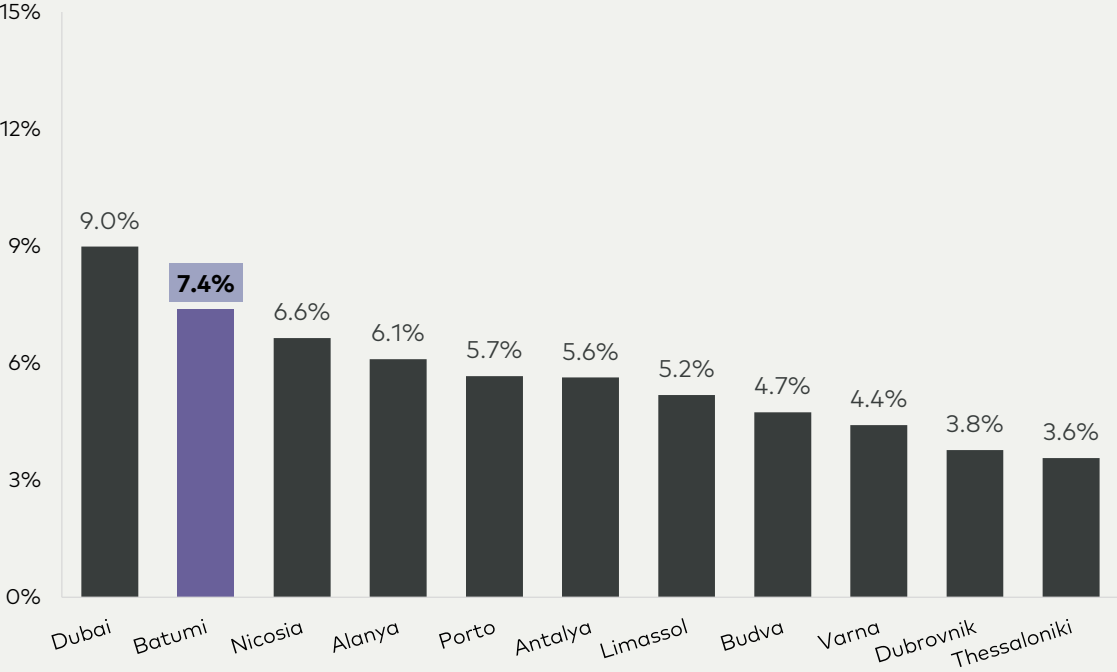
Annual rental yield in Batumi



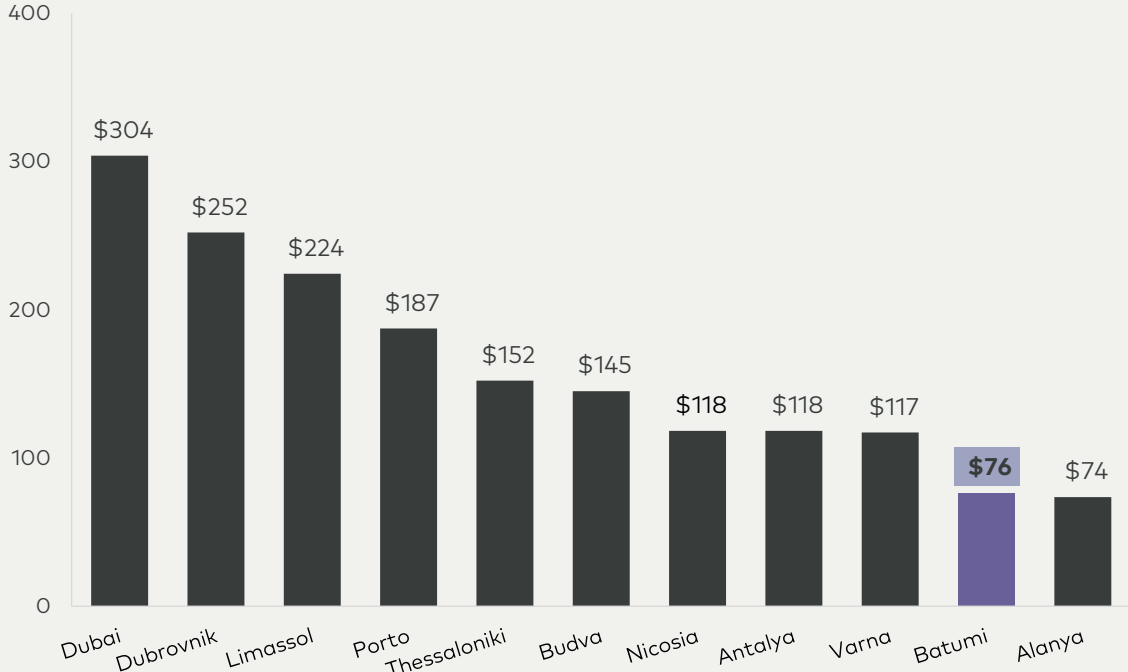


Despite decreasing yield, real estate in Batumi is relatively cheaper and more profitable compared to other seaside resorts

Average rental yield for 40 sq.m. apartment in peer cities, Aug-25



Average price of 40 sq.m. apartment in peer cities, '000 US\$, Aug-25



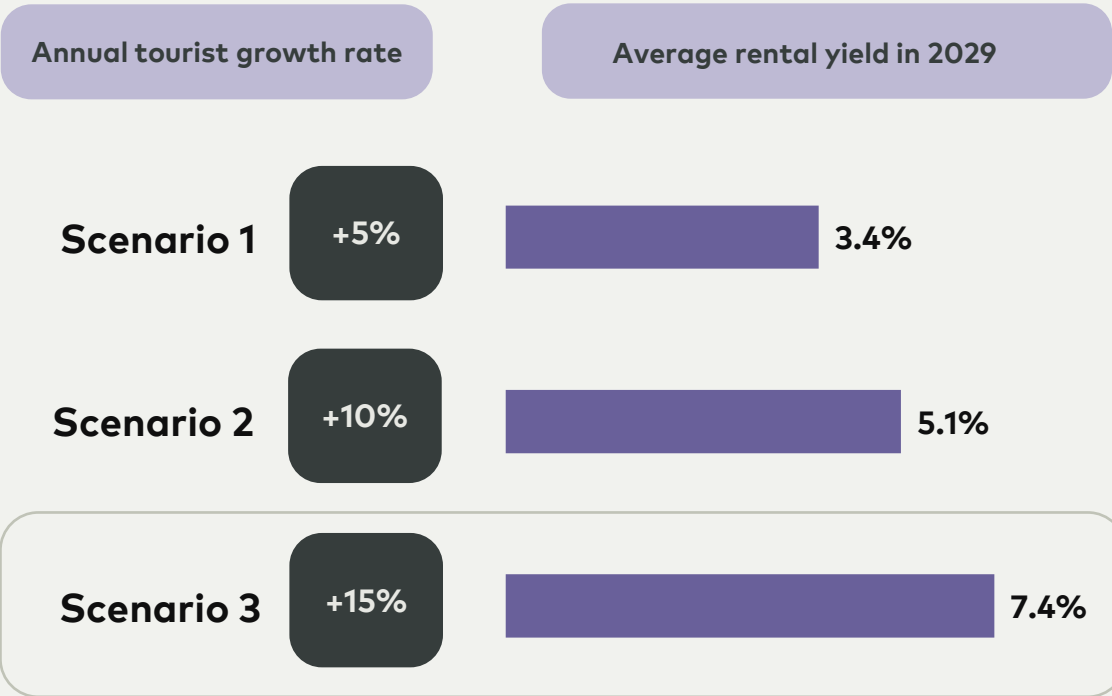


However, given increased oversupply risks, apartment yields are expected to decline without an increase in tourist flows/average length of stay

Supply of short-term rental apartments in Batumi



Scenario analysis of rental yields from daily apartment rentals, 2025-29





Summary



Current trends

- **Primary market**

- **Sales:** Developer sales have slowed, while supply remains elevated. As a result, there are risks of oversupply on the market
- **Prices:** Current rate of price growth is unsustainable, considering reduced demand and increased supply

- **Secondary market**

- **Sales:** The expansion of Batumi's housing stock in recent years has significantly increased secondary market activity
- **Prices:** In 2025, increased demand was reflected in faster price growth



Residential real estate

- **Main segment:** local residents, migrants
- **Demand drivers:** natural population growth, internal migration, relocation of migrants, improvement of living conditions by Batumi's higher-income residents
- **Supply:** Concentration of apartments under construction in the budget/midscale price segment, lack of high-class residential projects



Investment real estate

- **Main segment:** foreign citizens
- **Demand drivers:** high rental yield, expectations of price growth, relatively low investment cost
- **Challenge:** large number of investment apartments under construction, risk of reduced profitability in the medium term
- **Recommendation:** increasing tourist inflows, extending average stay duration, reducing seasonality



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