



GALT & TAGGART
CREATING OPPORTUNITIES

Batumi Residential Real Estate

2024 FULL YEAR OVERVIEW

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Key Figures in Batumi

2022

2023

2024

Sales

of apartments

17,040

15,758

15,195

Primary

9,792

8,959

8,608

Secondary

7,068

6,799

6,587

Price

US\$ / m²

\$1,148

\$1,328

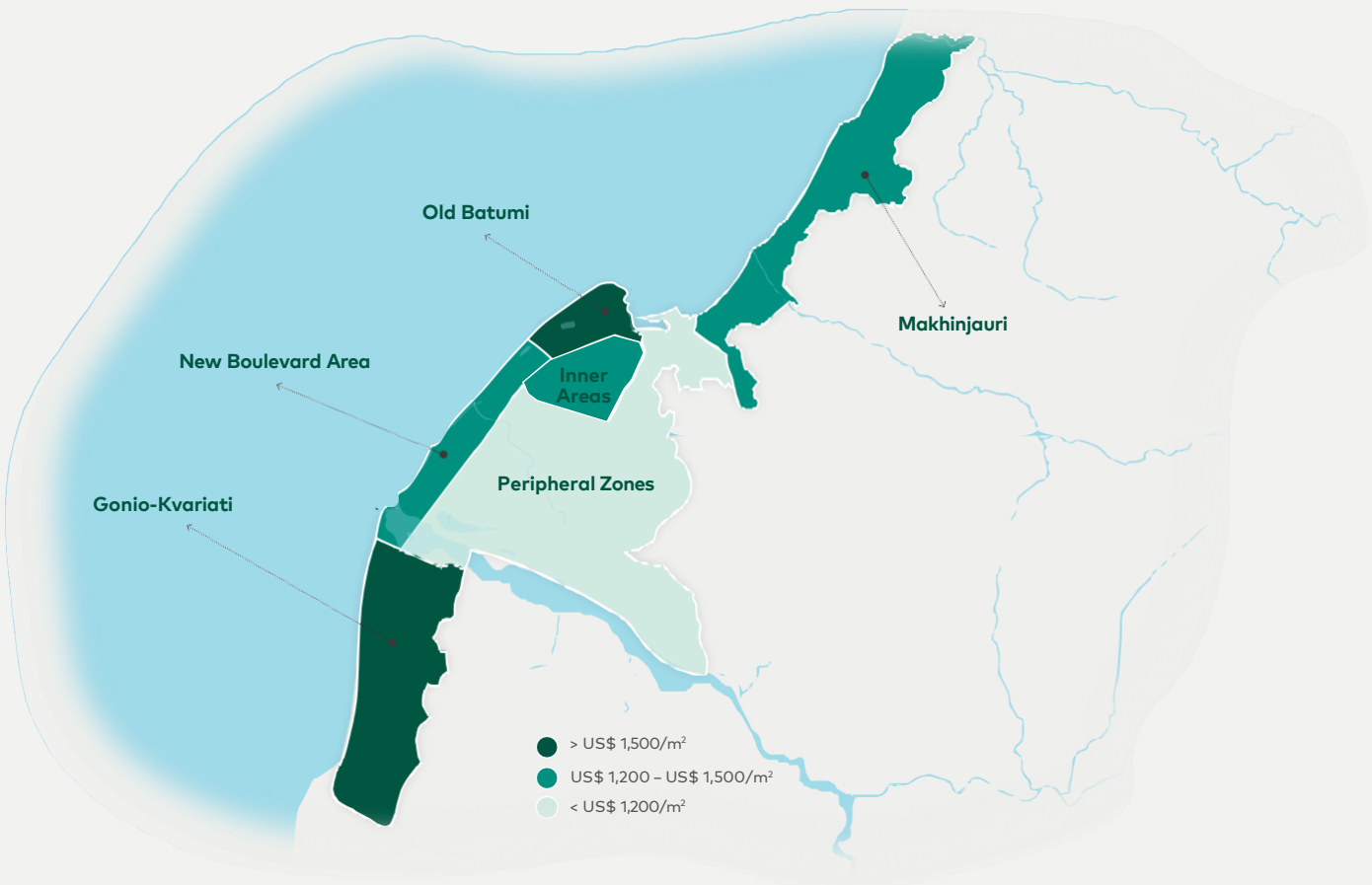
\$1,470



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Note: Prices are given for the primary market white frame apartments, end of period

Real estate sale patterns in 2024



OLD BATUMI

Number of sales
974 apartments
 Average price
2,031 us\$ / m²
 Average rent
10.5 us\$ / m²

GONIO-KVARIATI

Number of sales
383 apartments
 Average price
1,965 us\$ / m²
 Average rent
N/A

NEW BOULEVARD AREA

Number of sales
7,776 apartments
 Average price
1,413 us\$ / m²
 Average rent
9.6 us\$ / m²

MAKHINJAURI

Number of sales
929 apartments
 Average price
1,364 us\$ / m²
 Average rent
N/A

INNER AREAS

Number of sales
3,191 apartments
 Average price
1,289 us\$ / m²
 Average rent
9.1 us\$ / m²

PERIPHERAL ZONES

Number of sales
1,942 apartments
 Average price
1,127 us\$ / m²
 Average rent
8.4 us\$ / m²

KOBULETI

Number of sales
689 apartments
 Average price
1,265 us\$ / m²
 Average rent
N/A



2024 Full Year Overview

Summary

After record-high demand in 2022-2023, Batumi real estate market experienced a slowdown in 2024. This decline can be attributed to several factors, including domestic political instability, gradual outflow of migrants, limited availability of soon-to-be-completed projects (projects set to finish in 2025 are nearly sold out), etc. Despite these challenges, average rental yield on Batumi's real estate market remains high (8.8%), and prices continue to rise, albeit at a much slower pace.

In 2025, we expect prices to stabilize at current levels and rental yields to gradually start coming down, unless there is a significant rise in number of tourists renting these apartments.

Sales from developers

In January 2025, we carried out a survey involving 8 systematic developers with ongoing construction projects in Batumi. The findings indicate that apartment sales have decreased in 2024. Based on our survey, the number of apartments sold on the primary market dropped by 42.7% y/y. This downturn was mainly driven by reduced purchases from local and Russian buyers and limited supply of soon-to-be-completed projects. Sustaining foreign demand in the future will require rental yields to remain at attractive levels.

Secondary market – registered transactions

Apartment sales on the secondary market posted a much smaller decline compared to the primary market in 2024, decreasing by 3.1% y/y to a total of 6,587 apartments. This smaller drop may indicate limited availability of projects set to be completed in the near term on primary market, boosting demand for turn-key apartments.

Prices

In 2024 price growth continued on the primary market (+11.4% y/y), although the pace of price increase has slowed down. Throughout 2022-23, the monthly price growth rate on the primary market was 2-3%, but fell below 1% in 2024. We expect prices to remain stable at a current level in 2025.



Market Size

In 2024, the total market value of apartments sold in Batumi stood at US\$ 977.5mn, up by 4.1% y/y, despite of decrease in registered transactions.

Other noteworthy features of the market remained unchanged, such as the dominance of small-sized apartments (26-50 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

In Dec-24, rental rates in Batumi were down as expected, related to the end of tourism season. Notably, average annual rental yield still remains high standing at 8.8%, considerably above peer cities. However, considering planned apartment supply in the upcoming years, rental yield is expected to decrease if there will not be a significant increase in the number of tourists annually.

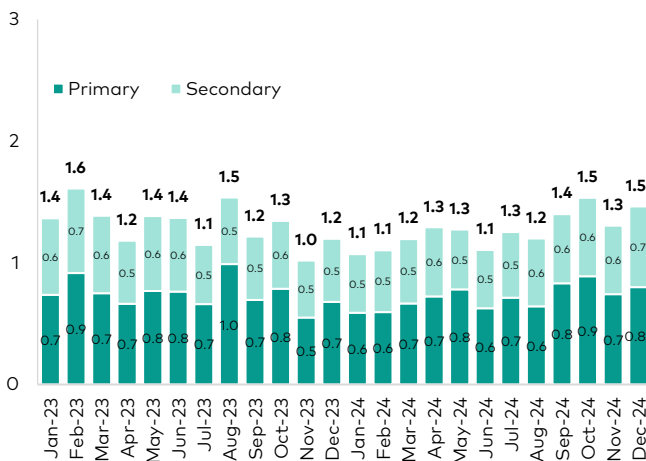


Residential market in Batumi

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 month, '000



Source: NAPR, Galt & Taggart

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

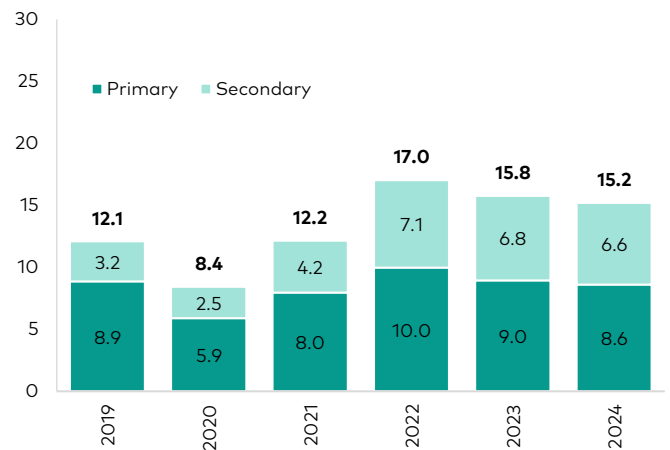
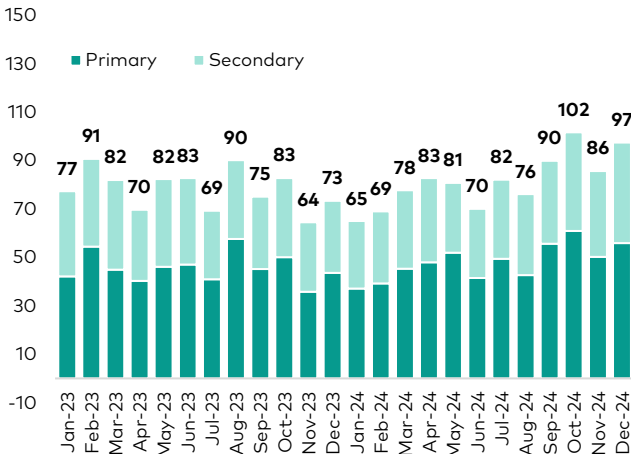


Figure 3: Real estate market size in Batumi by month, US\$ mn



Source: NAPR, Galt & Taggart

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

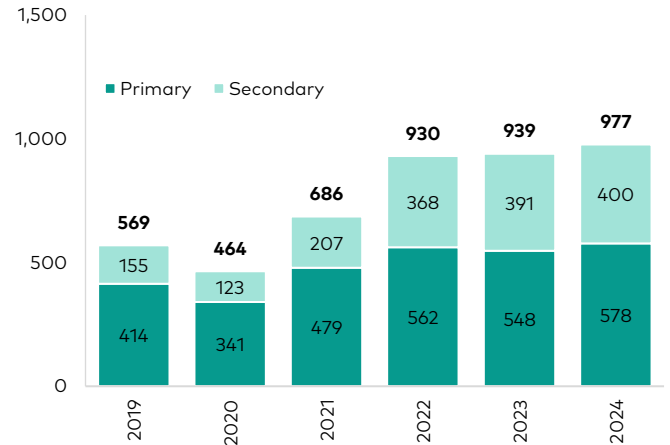
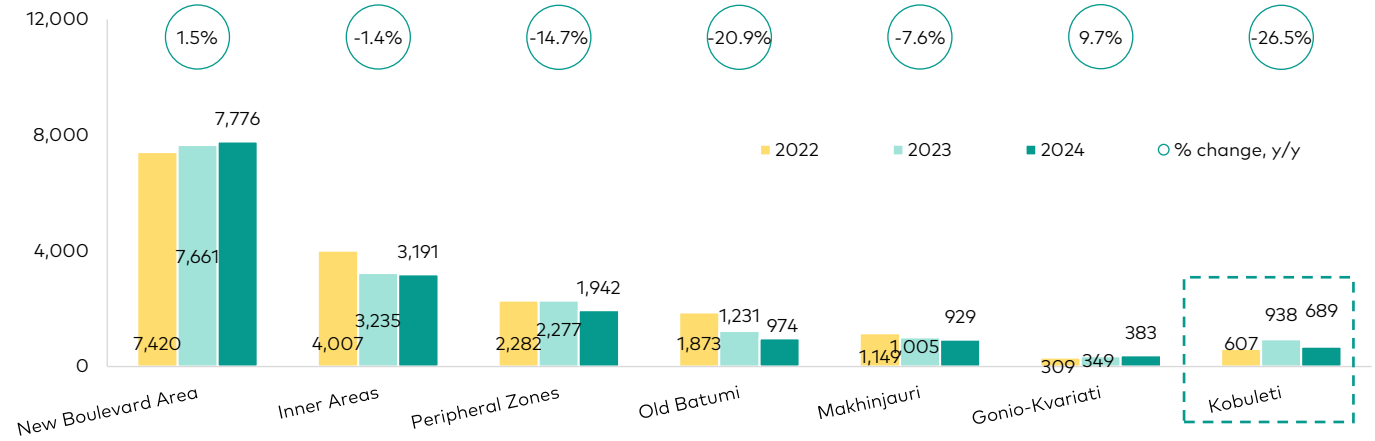


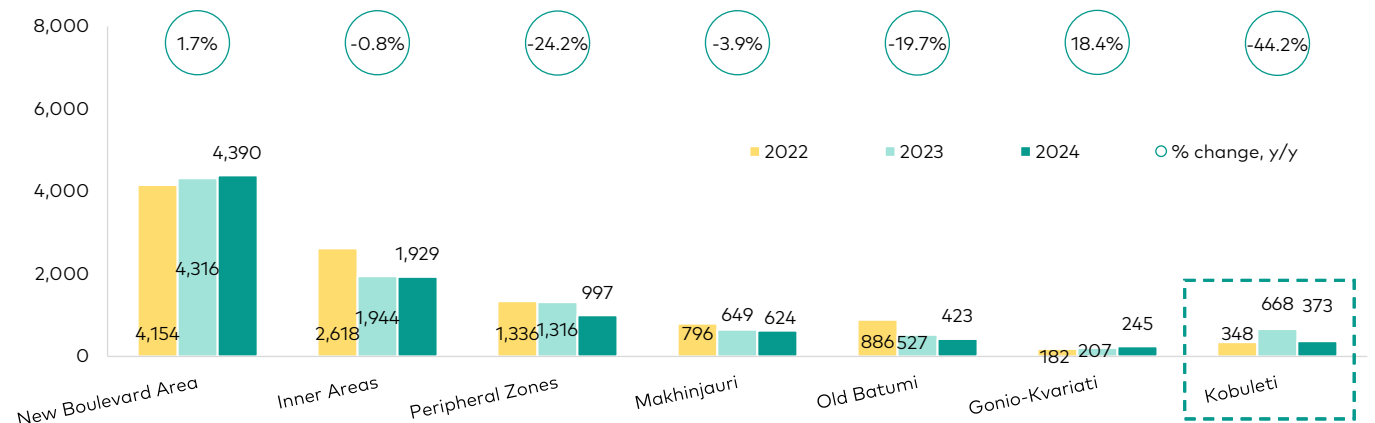


Figure 5: Number of sold apartments by districts (primary and secondary markets combined)



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)

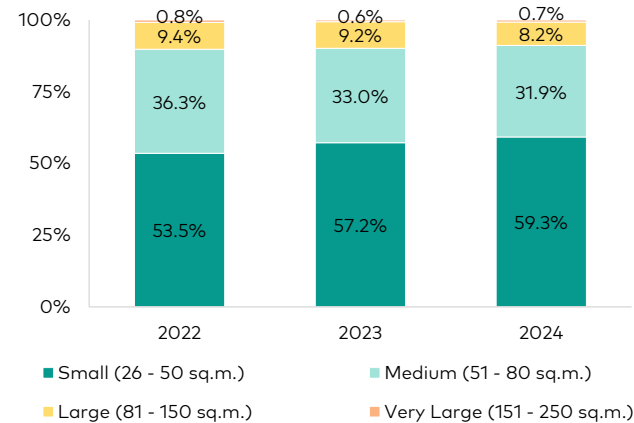
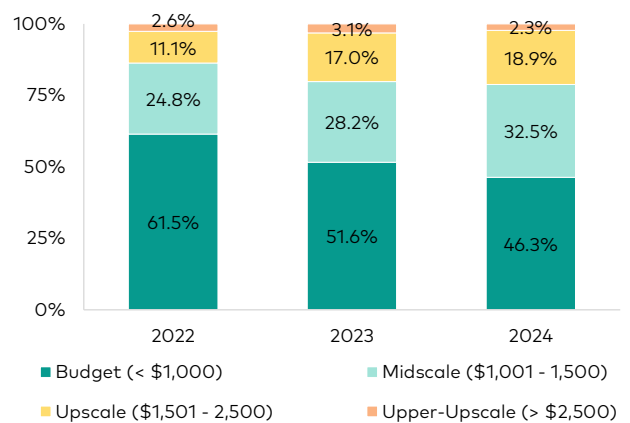


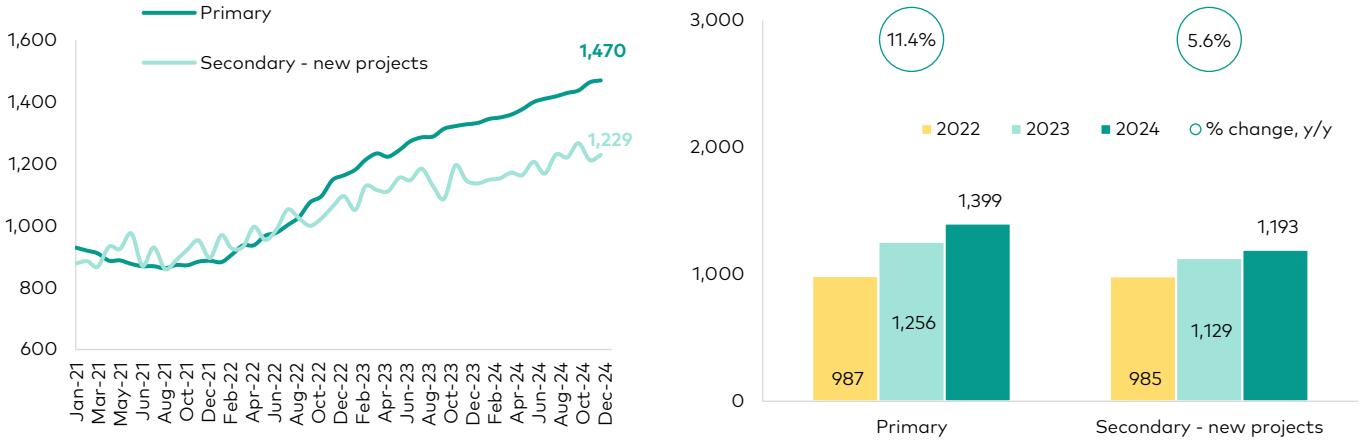
Figure 8: Real estate sales in Batumi by segments (% of total apartments sold)



Source: NAPR, Galt & Taggart

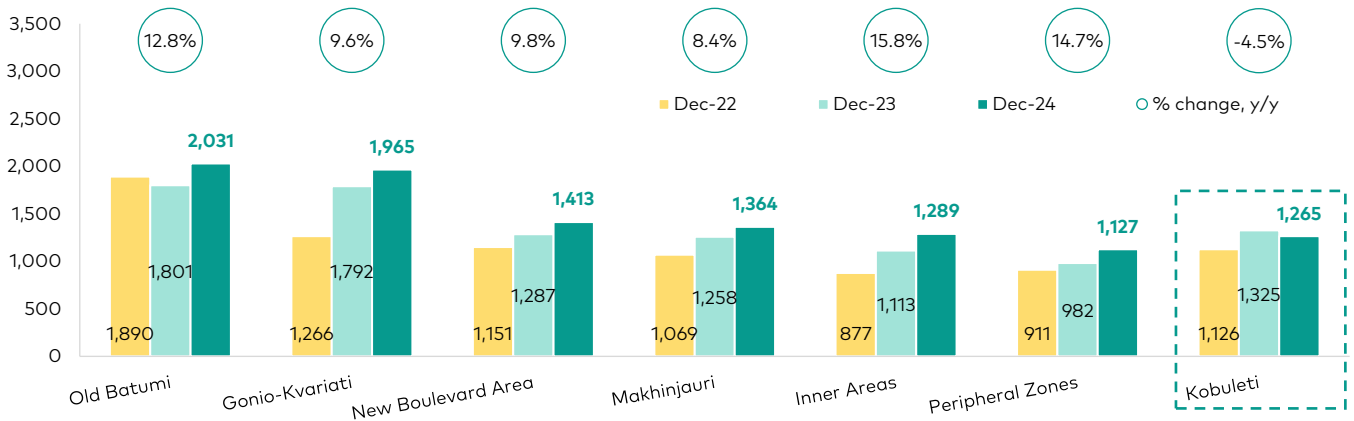


Figure 9: Real estate weighted average prices in Batumi by type, US\$/m²



Source: NAPR, Galt & Taggart

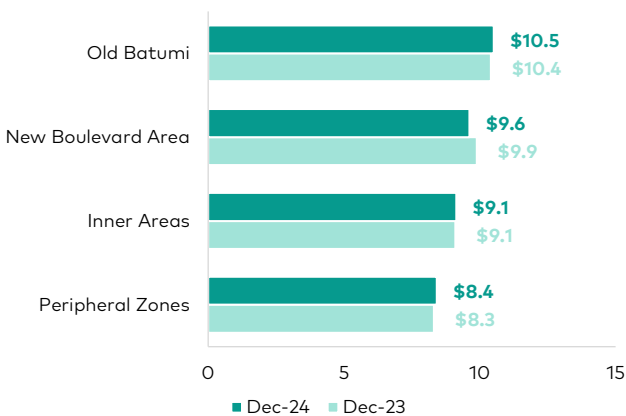
Figure 10: Real estate prices on primary market for white frame apartments by districts, US\$/m²



Source: Galt & Taggart

Note Old Batumi district is excluded due to small size of a sample

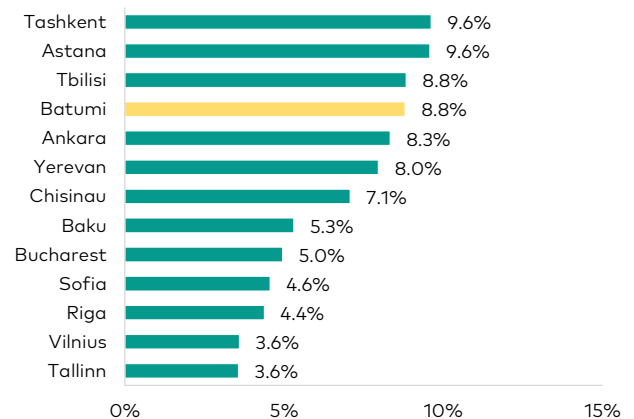
Figure 11: Real estate weighted average rent prices by districts, US\$/m²



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 12: Rental yields outside city centre, Dec-24





Survey of selected developers

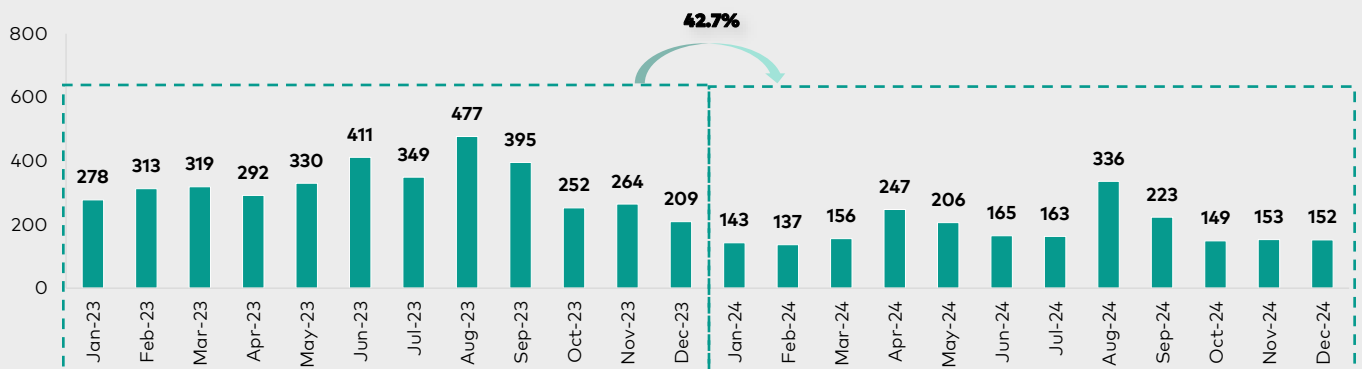
Box 1: Results of Galt & Taggart survey of systematic developers

In January 2025, we conducted a survey of 8 systematic developers with 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:

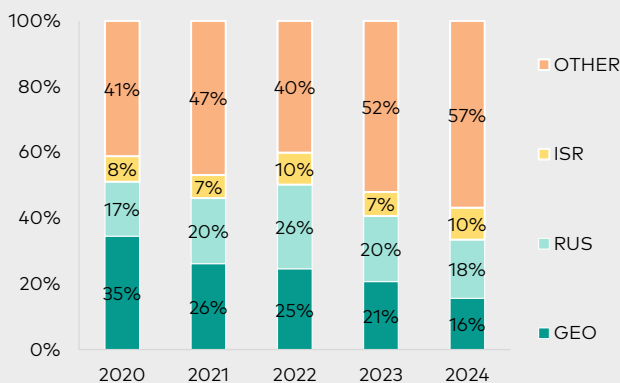
- After a record-high 2022-23 years, apartment sales declined significantly in 2024 (-42.7% y/y), due to:
 - Domestic political instability
 - Migrant outflow and fading temporary factors
 - Limited availability of soon-to-be-completed projects (projects set to finish in 2025 are nearly sold out)
 - High prices and high interest rates.
- Share of local population in total sales continued decreasing and amounted 16% in 2024. Additionally, the share of Russian buyers declined in 2024 (20% in 2023 vs 18% in 2024), replaced by demand from Israeli citizens (7% vs 10%).

Figure 13: Number of sold apartments in the projects of selected developers in Batumi by months



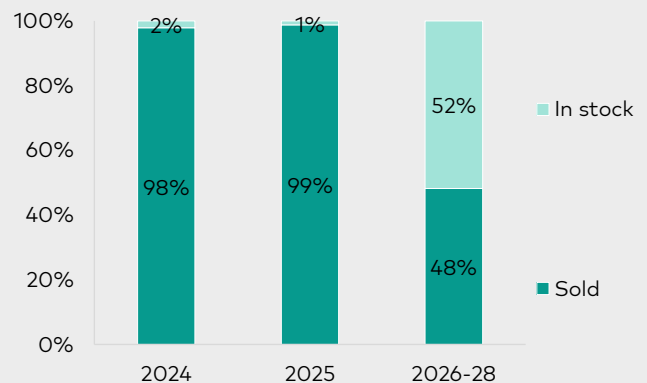
Source: Galt & Taggart survey of selected developers

Figure 14: Real estate sales by citizenship in Batumi



Source: Galt & Taggart survey of selected developers

Figure 15: Distribution of the housing stock by project completion year and status in Batumi





Annex

Table 1: Real estate sales in Batumi by districts – value, number and area, 2024

District	Value (mn US\$)	Number	Area ('000 m ²)
New Boulevard Area	468.0	7,776	349
Inner Areas	201.2	3,191	175
Peripheral Zones	111.2	1,942	117
Old Batumi	104.7	974	66
Makhinjauri	60.5	929	51
Gonio-Kvariati	31.0	383	18
Kobuleti	38.6	689	37

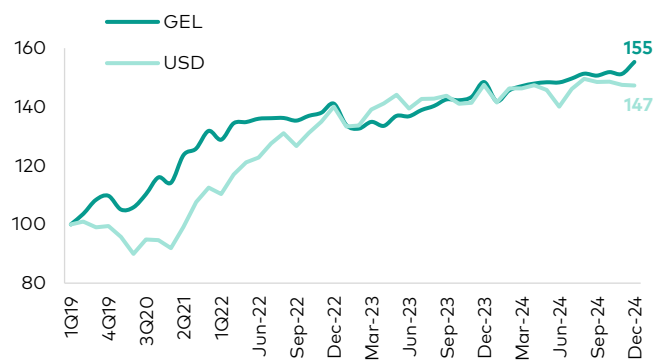
Source: NAPR, Galt & Taggart

Table 2: Real estate weighted average prices by districts in Dec-2024, US\$/m²

District	Primary market	Secondary market New projects
Old Batumi	2,031	1,395
Gonio-Kvariati	1,965	1,310
New Boulevard Area	1,413	1,299
Makhinjauri	1,364	1,030
Inner Areas	1,289	1,109
Peripheral Zones	1,127	862
Kobuleti	1,265	1,205

Source: NAPR, Galt & Taggart

Figure 16: Construction cost index, 1Q19=100



	Average y/y growth 2024, US\$	m/m growth Dec-24, US\$
Total construction cost	3.8%	-0.1%
Construction materials	0.1%	-2.8%
Wages	23.7%	9.5%
Machinery	2.9%	-2.6%
Transportation, fuel and electricity	-0.1%	-3.0%
Other costs	-2.3%	-2.1%

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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