



GALT & TAGGART
CREATING OPPORTUNITIES

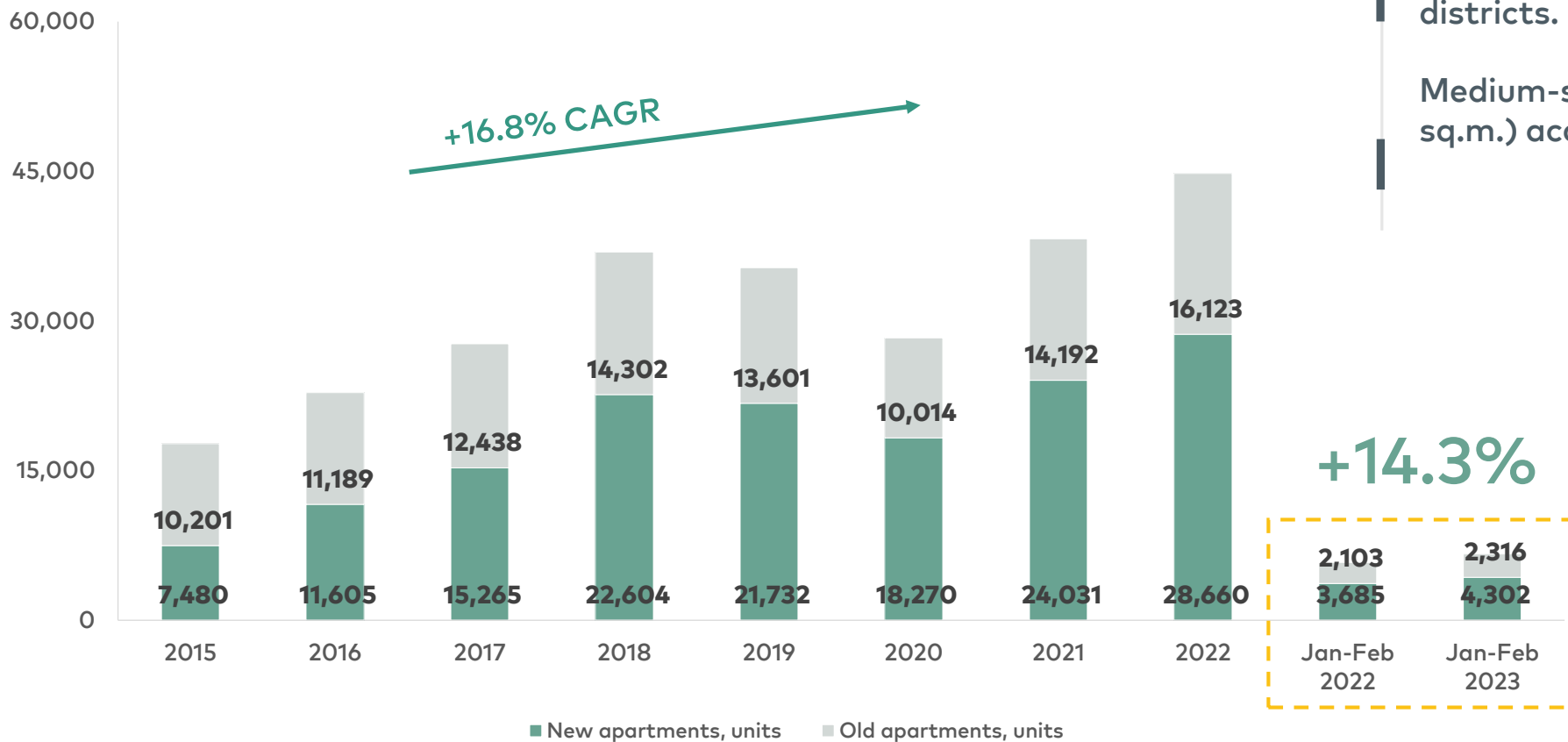
Georgia's real estate market overview

April 2023



Real estate sales in Tbilisi are steadily increasing

Real estate sales in Tbilisi, units

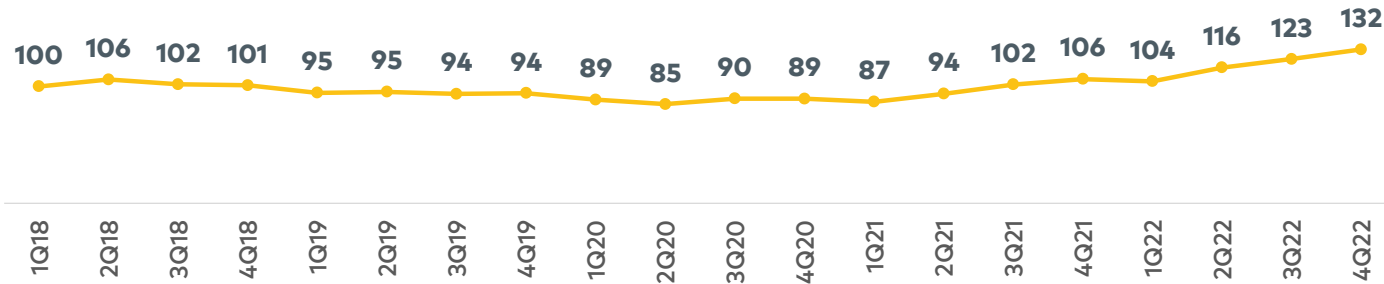


Around half of the sales was registered in Saburtalo, Didi Dighomi and Samgori districts.

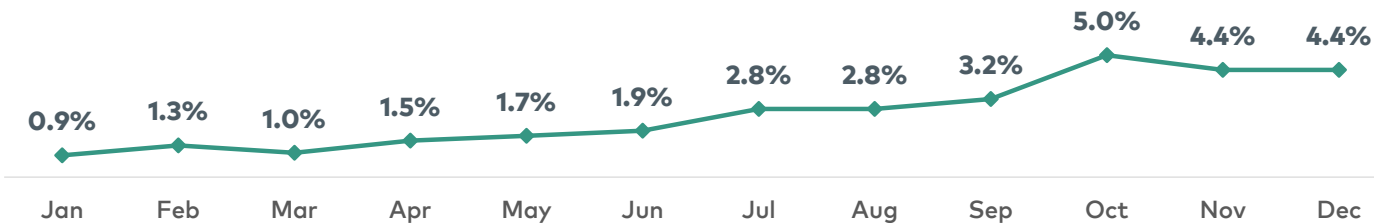
Medium-sized apartments (50-80 sq.m.) account for half of the sales

Increased construction cost affects real estate prices the most in Tbilisi

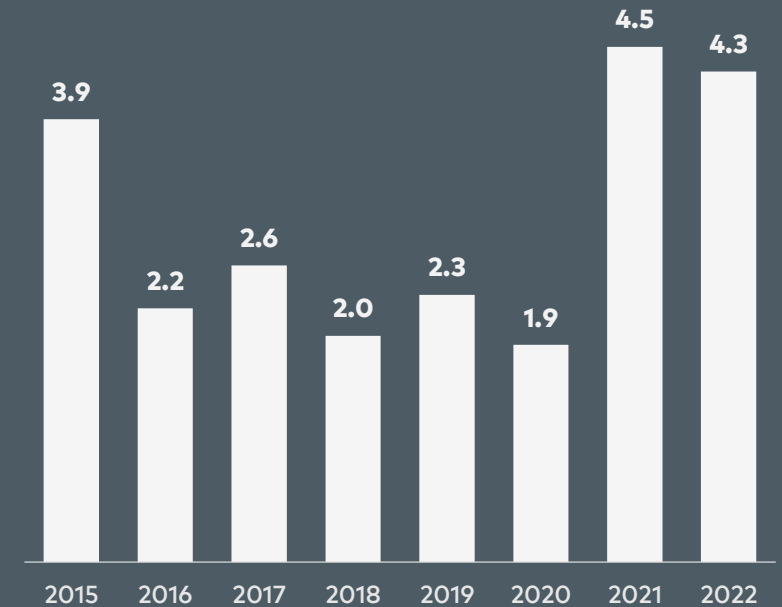
Construction cost index, US\$



Share of Russian citizens in real estate sales in Tbilisi in 2022

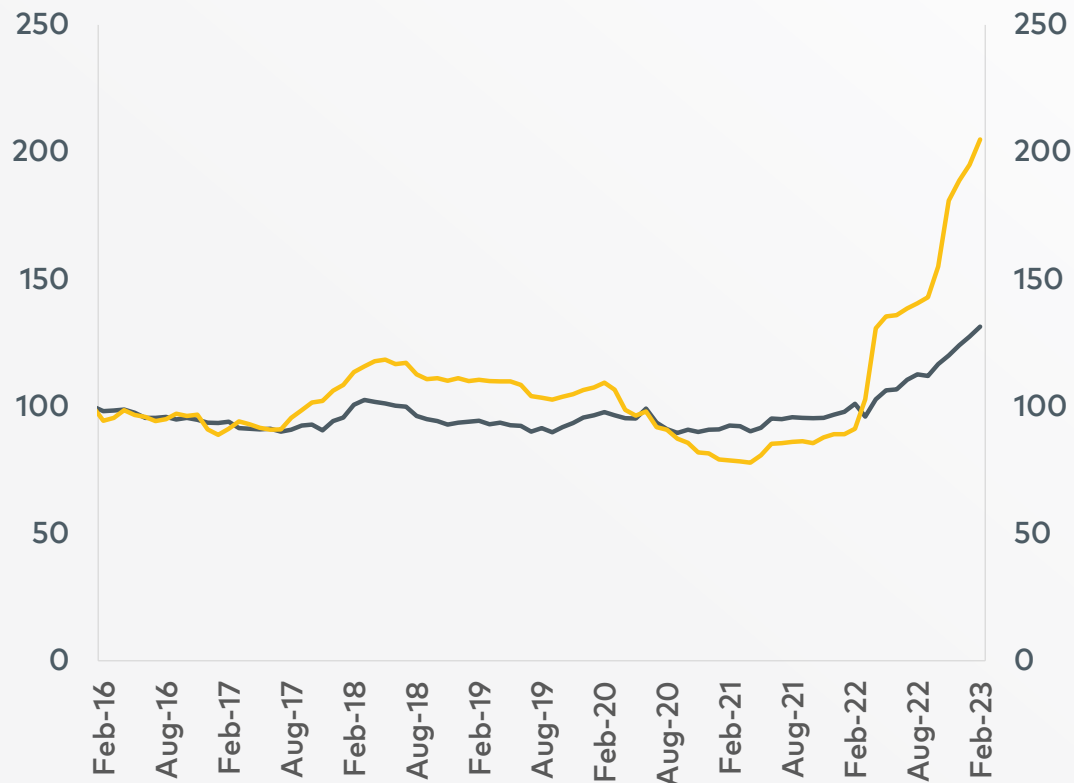


Issued permits for residential real estate in Tbilisi, mn sq.m.



Real estate prices were up 30% in US\$

Tbilisi real estate price and rent index, US\$



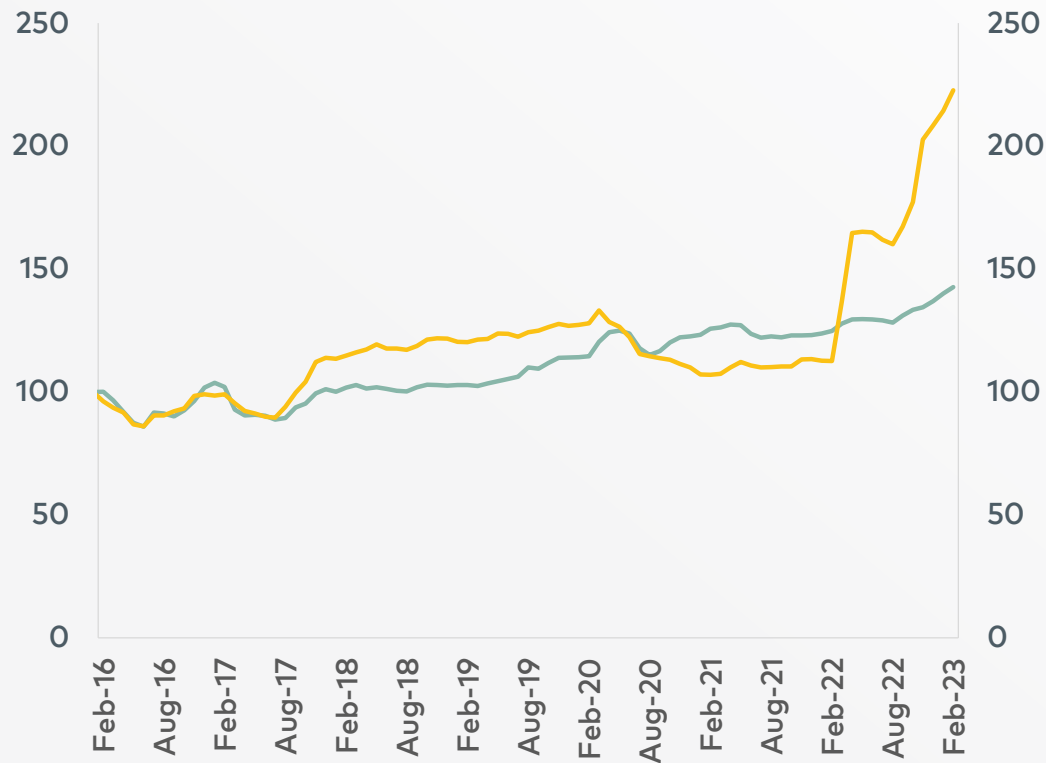
Price change, US\$

Rent change, US\$

Jan-22	7.6%	12.6%
Feb-22	9.3%	15.8%
Mar-22	4.1%	31.2%
Apr-22	13.9%	67.8%
May-22	16.1%	67.6%
Jun-22	12.1%	59.3%
Jul-22	16.3%	61.8%
Aug-22	17.5%	63.4%
Sep-22	17.3%	65.7%
Oct-22	22.2%	81.0%
Nov-22	25.7%	105.9%
Dec-22	28.3%	112.0%
Jan-23	30.2%	119.0%
Feb-23	29.9%	124.7%

Local currency appreciation eased the pressure of real estate price growth

Tbilisi real estate price and rent index, GEL



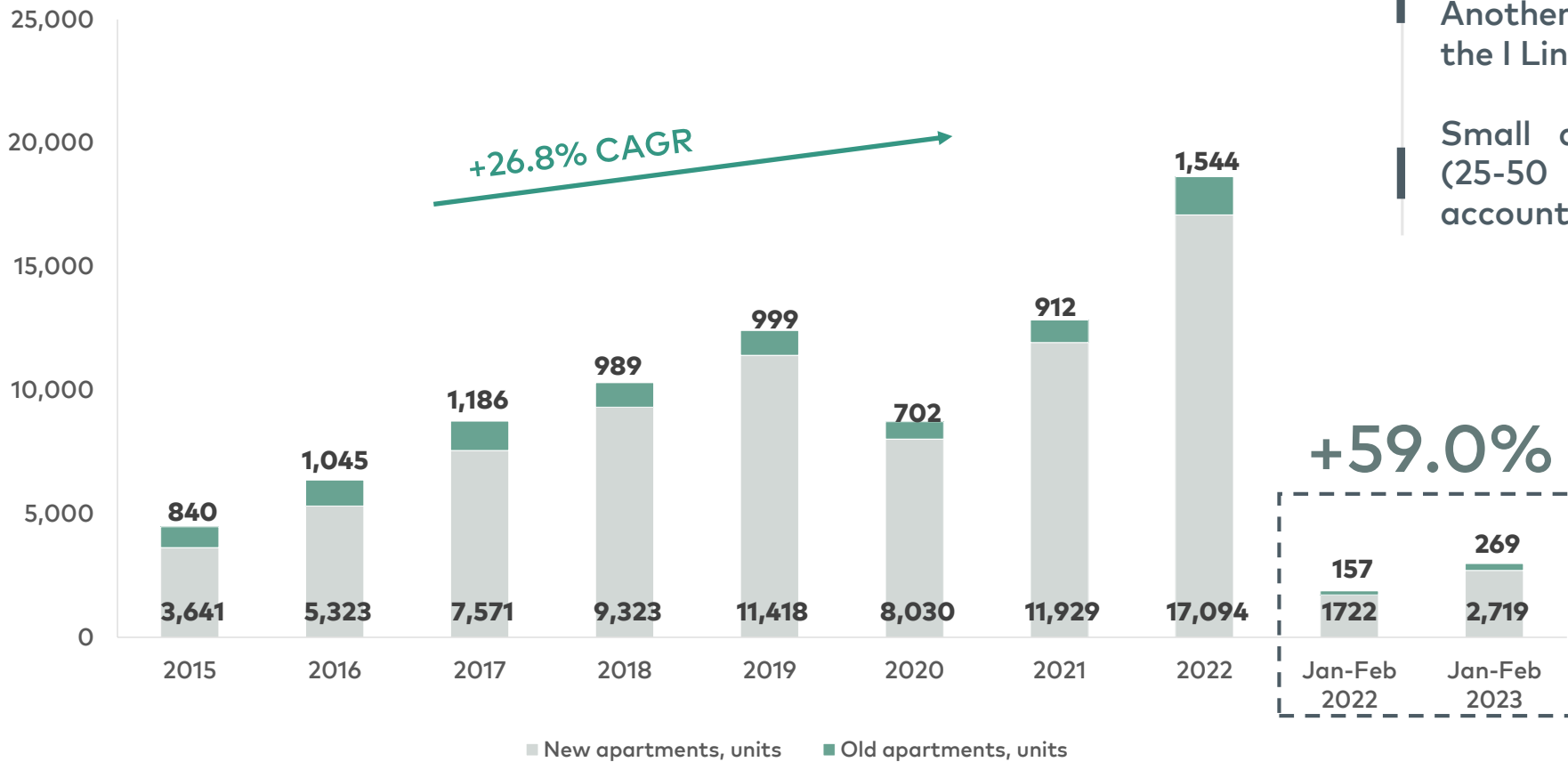
Price change, GEL

Rent change, GEL

Jan-22	0.5%	5.2%
Feb-22	-0.7%	5.2%
Mar-22	1.2%	27.6%
Apr-22	1.7%	49.7%
May-22	1.9%	47.2%
Jun-22	4.7%	48.9%
Jul-22	5.8%	47.2%
Aug-22	4.6%	45.4%
Sep-22	7.3%	51.6%
Oct-22	8.4%	60.6%
Nov-22	9.3%	79.0%
Dec-22	11.2%	83.9%
Jan-23	13.1%	90.3%
Feb-23	14.3%	97.7%

Real estate sales were also up considerably in Batumi

Real estate sales in Batumi, units

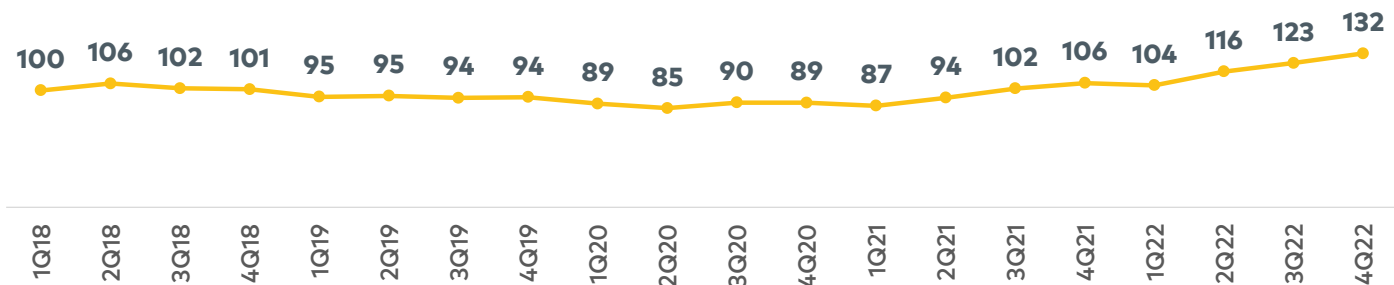


Around 70% of sales was registered in New Boulevard and Inner Center areas. Another 15% of sales are registered in the I Line.

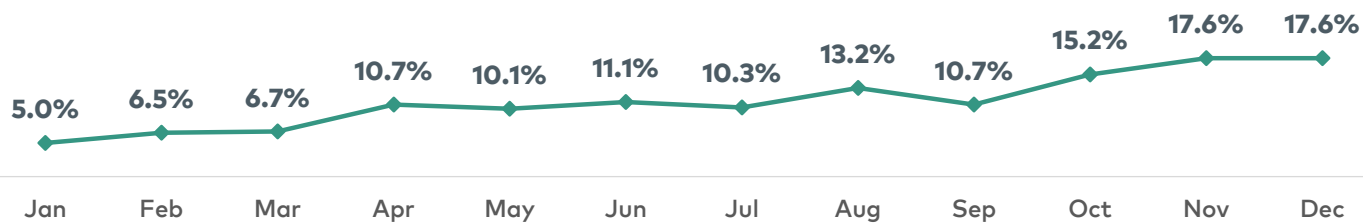
Small and medium-sized apartments (25-50 sq.m. and 50-80 sq.m.) accounted for c.90% of sales.

Real estate prices in Batumi are affected by increased construction costs and declining supply

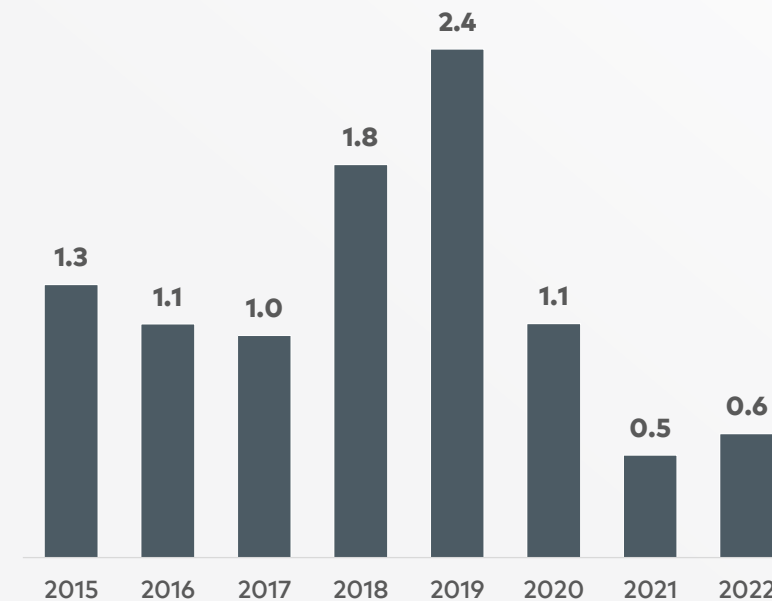
Construction cost index, US\$



Share of Russian citizens in real estate sales in Batumi in 2022

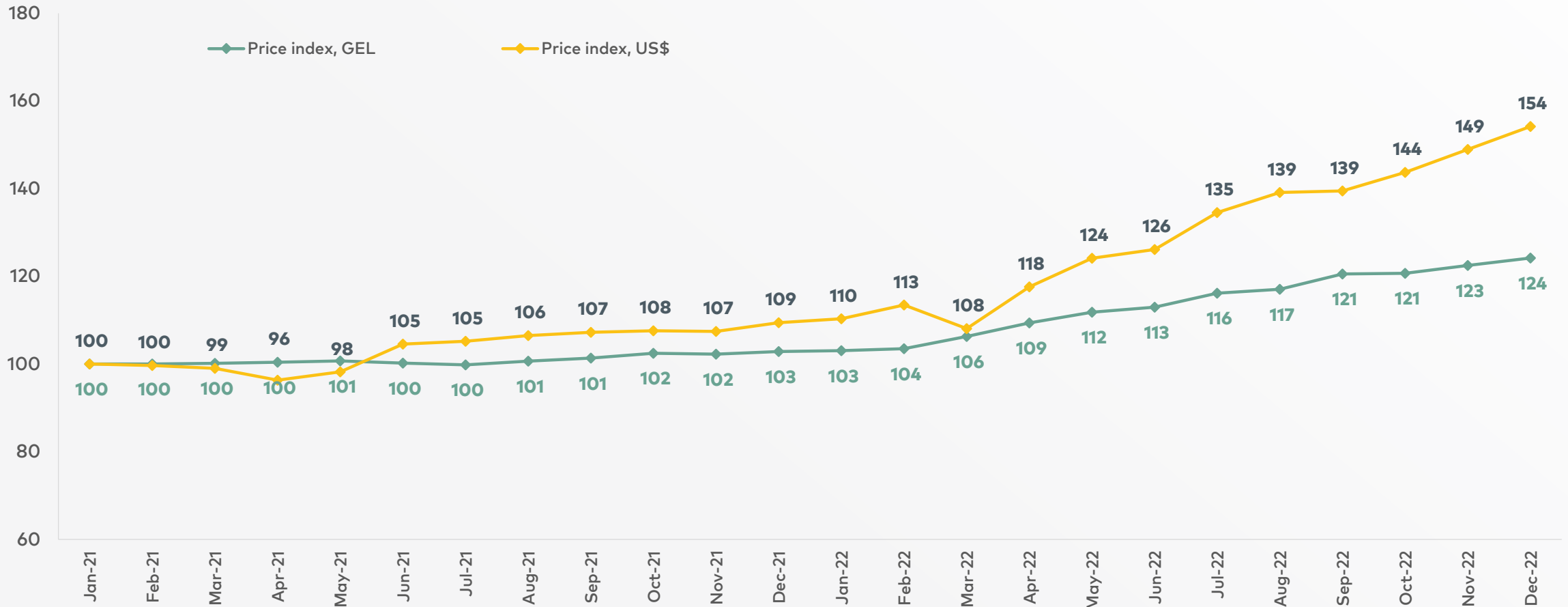


Issued permits for residential real estate in Batumi, mn sq.m.



Real estate prices in Batumi is significantly up in US\$ terms

Real estate price index in Batumi



Summary

Real estate

PRICES

We expect moderate real estate price growth as:

- input costs growth eased and
- currently there is no evidence that migrants switched to buying apartments

In 2023 we expect real estate price growth at 5% y/y in GEL and at 8% in USD terms.

RENTS

After extraordinary growth in 2022, we anticipate stabilization in rent market

We expect close to zero growth of rents in both GEL and dollar terms in 2023.





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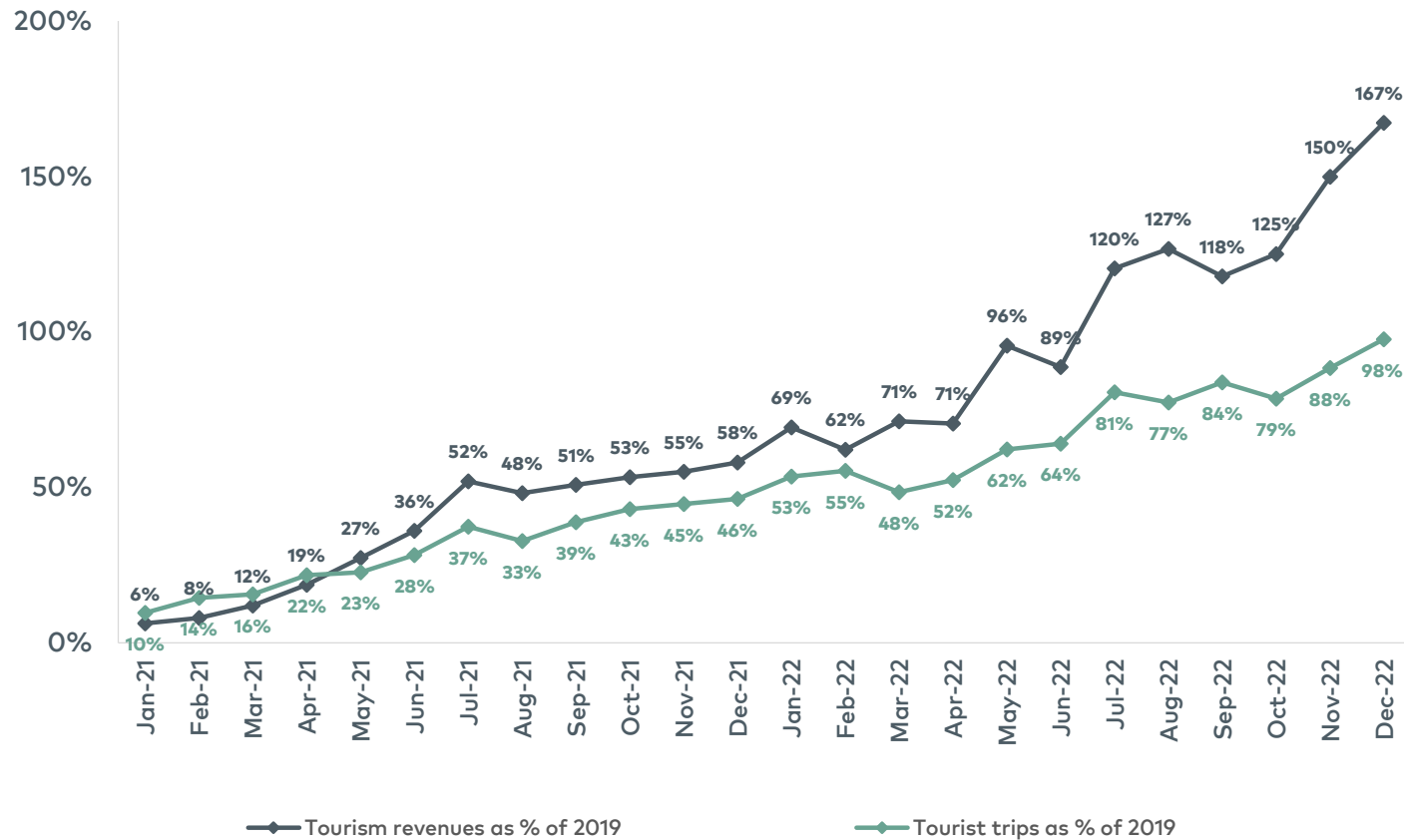
Tourism sector overview

April 2023



Tourism revenues fully recovered in 2022

Recovery of tourist trips and revenues compared to 2019

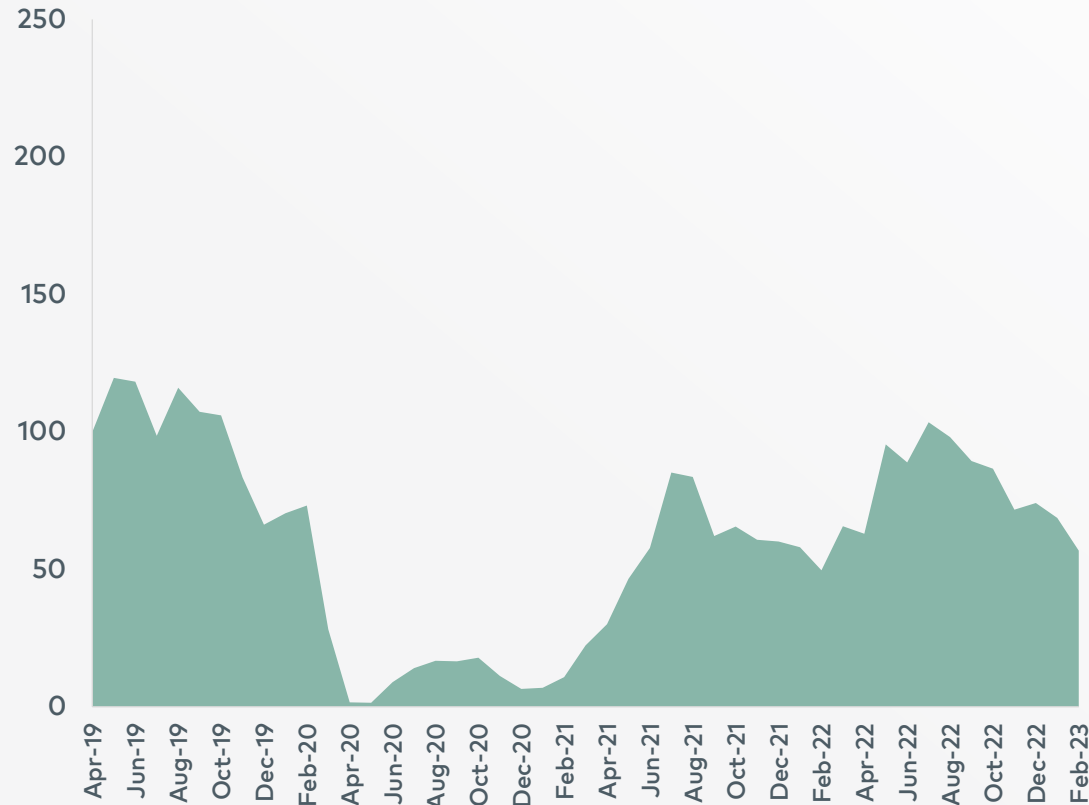


Source: NBG, GNTA, Galt & Taggart

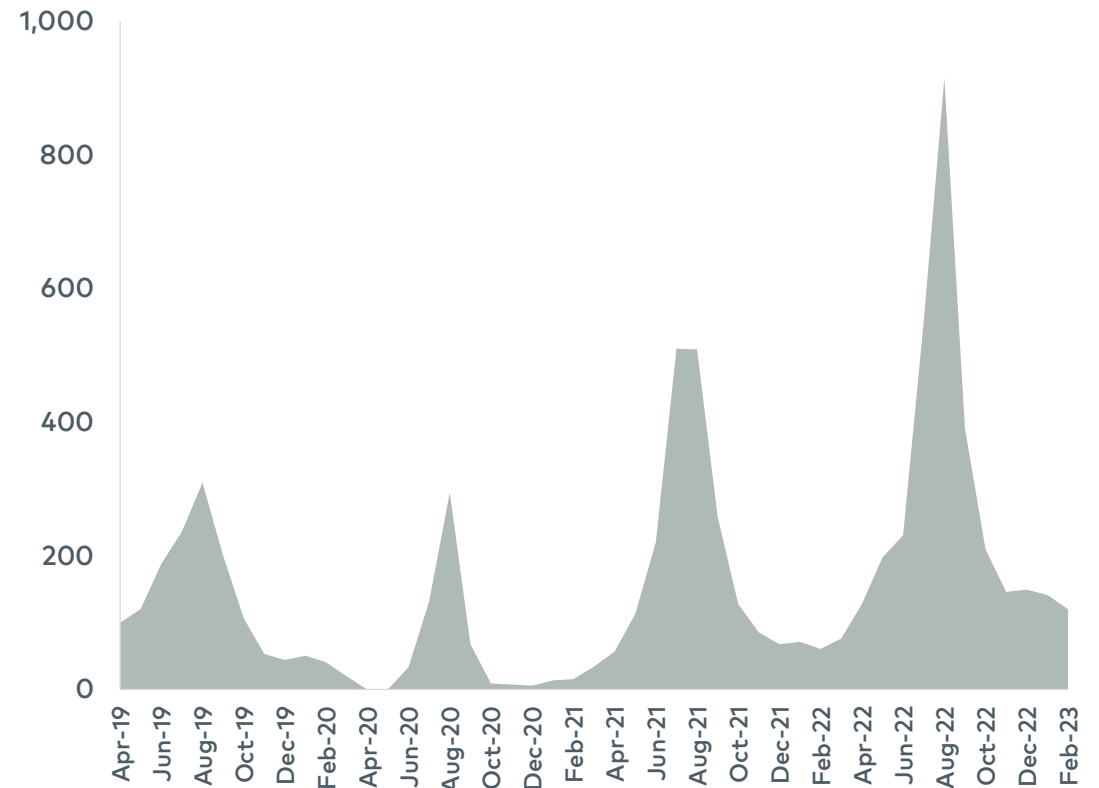
	2019	2022	% Growth
Tbilisi	1,239	1,275	3%
Adjara	685	1,006	47%
Mtskheta-Mtianeti	383	425	11%
Other	962	811	-16%

Hotel revenues recovered faster in Adjara compared to Tbilisi

POS payment index in Tbilisi hotels, April 2019=100



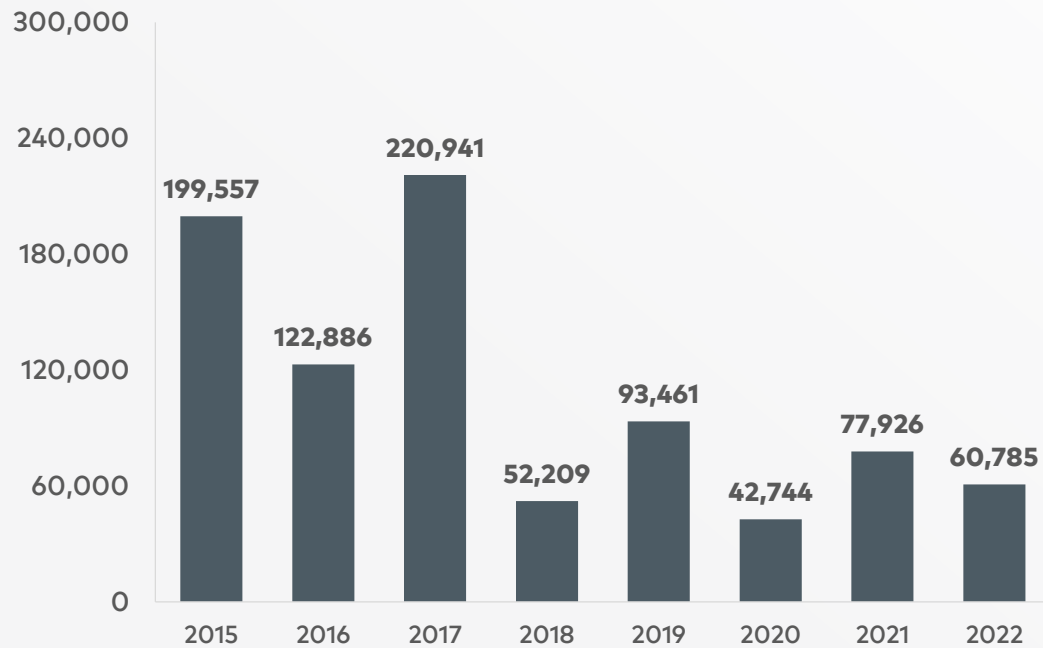
POS payment index in Adjara hotels, April 2019=100



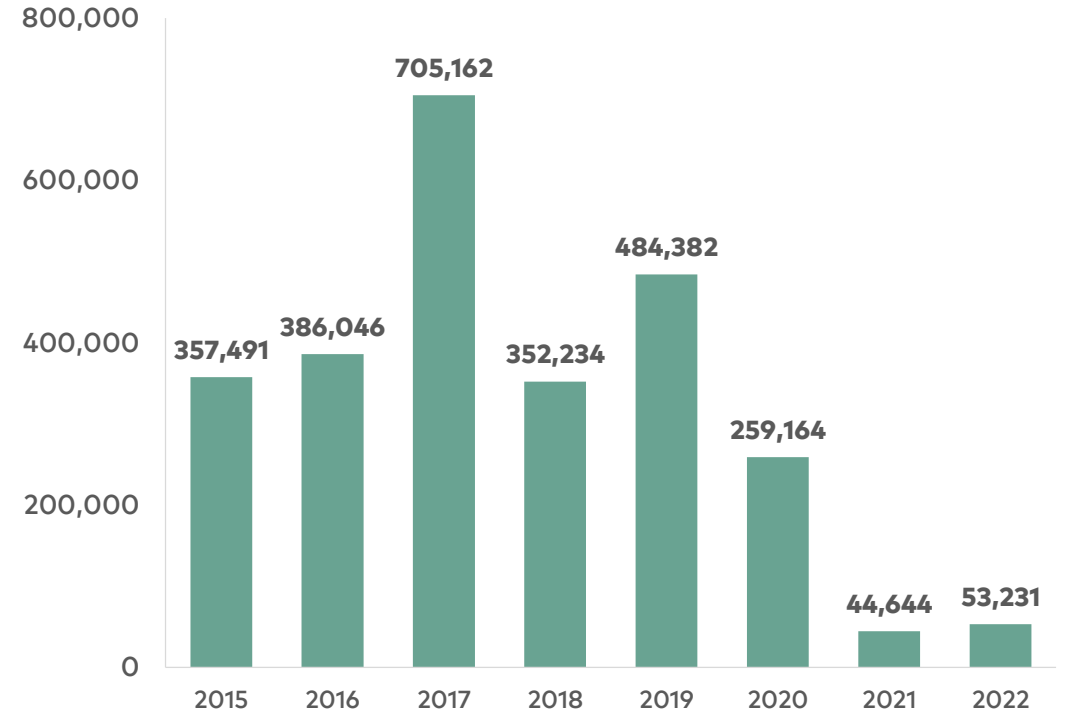
Source: Bank of Georgia, Galt & Taggart

Permit issuance for hotel construction significantly slowed

Permit issuance for hotel construction in Tbilisi, sq.m.



Permit issuance for hotel construction in Adjara, sq.m.



Summary

Tourism

In 2023:

- We expect 100% recovery in tourist trips compared to 2019.
- We expect tourism revenues to grow 15% y/y to US\$ 4bn.



Disclaimer

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