



GALT & TAGGART
CREATING OPPORTUNITIES

Regional Residential Real Estate

2Q24 OVERVIEW

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Key Figures in Batumi

2Q22

2Q23

2Q24

Sales

of apartments

4,389

3,934

3,670

Primary

2,608

2,193

2,121

Secondary

1,781

1,741

1,549

Price

US\$ / m²

\$931

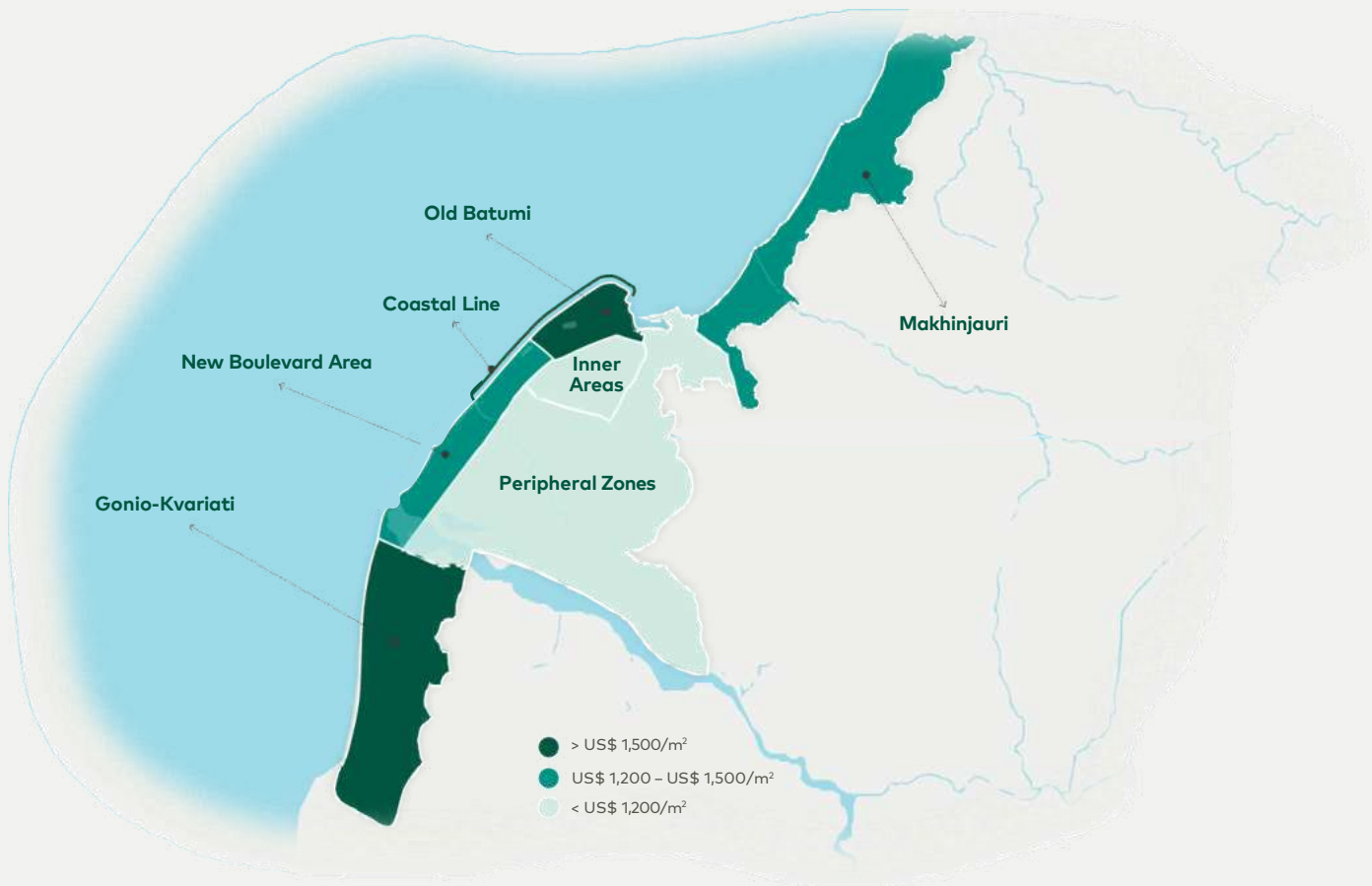
\$1,243

\$1,366



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Real estate sale patterns in 2Q24



COASTAL LINE

Number of sales
277 apartments
Average price
1,995 us\$ / m²
Average rent
N/A

OLD BATUMI

Number of sales
233 apartments
Average price
1,960 us\$ / m²
Average rent
11.6 us\$ / m²

GONIO-KVARIATI

Number of sales
108 apartments
Average price
1,759 us\$ / m²
Average rent
N/A

NEW BOULEVARD AREA

Number of sales
1,556 apartments
Average price
1,337 us\$ / m²
Average rent
12.3 us\$ / m²

MAKHINJAURI

Number of sales
218 apartments
Average price
1,292 us\$ / m²
Average rent
N/A

INNER AREAS

Number of sales
794 apartments
Average price
1,123 us\$ / m²
Average rent
10.6 us\$ / m²

PERIPHERAL ZONES

Number of sales
484 apartments
Average price
1,113 us\$ / m²
Average rent
10.1 us\$ / m²

KOBULETI

Number of sales
178 apartments
Average price
1,221 us\$ / m²
Average rent
N/A

Note 1: Batumi includes Makhinjauri and Gonio-Kvariati areas

Note 2: Kobuleti includes Chakvi and Tsikhisdziri areas



2Q24 overview

Residential market in Adjara

In 2Q24, the total number of registered transactions in Batumi reached 3,670, indicating a 6.7% y/y decrease. Notably, sales reduced on both, primary and secondary markets (-3.3% y/y and -11.0% y/y, respectively). Sales decreased in every district of Batumi, except New Boulevard Area (+4.9% y/y).

Cumulatively in 1H24, 7,041 apartments were sold, marking a 15.1% y/y decrease, albeit from a high base of 1H23. Batumi real estate market appears to be sensitive to gradual departure of migrants and high interest rate environment, which discourages foreign buyers.

Price growth continued on the primary market (+2.2% q/q), partly resulting in sluggish demand. Prices also rebounded on the secondary market (+2.7% q/q and +7.7% q/q, for new and old apartments respectively) after a slight decrease in the previous months.

In 2Q24, the total market value of apartments sold in Batumi stood at US\$ 229.7mn, down by 5.1% y/y, reflecting decline in apartment sales.

In 2Q24, rental rates in Batumi were up compared to 1Q24, driven by seasonality and elevated demand on apartments by tourist inflows. Rental yield stands at 9.4%, considerably above peer cities.



Given the scarce land resources in Batumi, the growth of real estate development initially occurred in the nearby areas of the city, Gonio-Kvariati (19 ongoing projects) and Makhinjauri (20 ongoing projects). Currently, it has expanded further along the coastal line of Adjara, encompassing areas such as Chakvi, Tsikhisdziri, Kobuleti, and Shekvetili (29 ongoing projects in total).

In 2Q24, weighted average price on the primary market in Kobuleti reached US\$1,221/m² (+11.0% y/y), driven by increased amount of premium developments. In 2Q24, the real estate market size in reached US\$ 10.2mn (-11.5% y/y), due to high-base effect.

Residential market in Bakuriani

In 2Q24, the number of apartments sold in Bakuriani reached 221 units, up 5.7% y/y. In 2Q24, small-sized apartment (26-50 m²) sales accounted for 71.4% of total sales, in line with existing trend. Moreover, 53.0% of sales were recorded in midscale segment (\$1,001 – 1,500). Total of 13 residential projects are available for sale on the primary market in Bakuriani.

In 2Q24, weighted average price of apartments in Bakuriani was up by 7.8% y/y, reaching US\$1,092/m². Total market size of apartments sold in Bakuriani stood at US\$ 10.3mn, up by 14.7% y/y.



Residential market in Gudauri

In 2Q24, the number of apartments sold in Gudauri reached 74 units, down 1.3% y/y. In 2Q24, small-sized apartment (26-50 m²) sales accounted for 73.0% of total sales. Moreover, 55.4% of sales were recorded in the midscale segment (\$1,001 – 1,500). Total of 6 residential completed projects are available for sale on the primary market in Gudauri.

In 2Q24, weighted average price of apartments in Gudauri stayed flat at US\$1,420/m². Total market size of apartments sold in Gudauri stood at US\$ 4.5mn, up by 12.3% y/y.

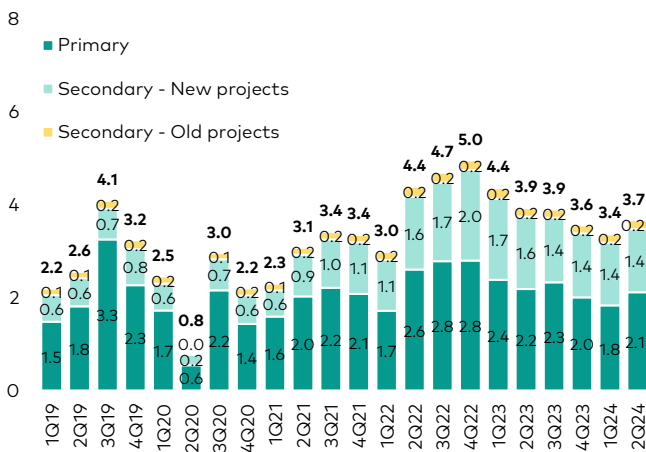


Residential market in Batumi

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

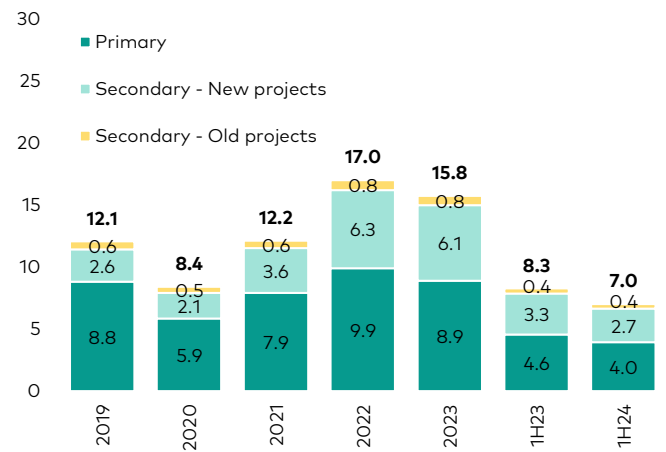
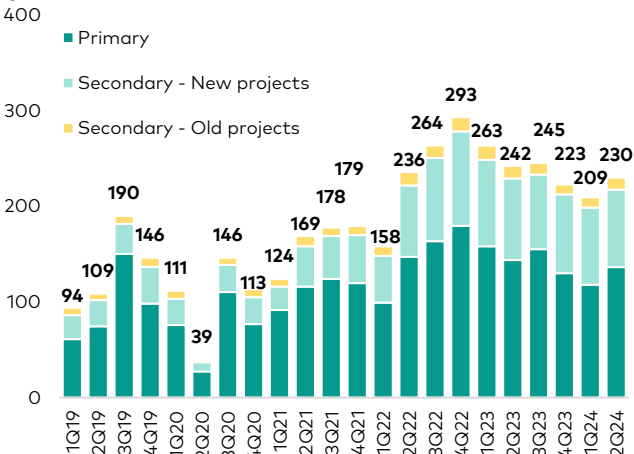


Figure 3: Real estate market size in Batumi by quarter, US\$ mn



Source: NAPR, Galt & Taggart

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

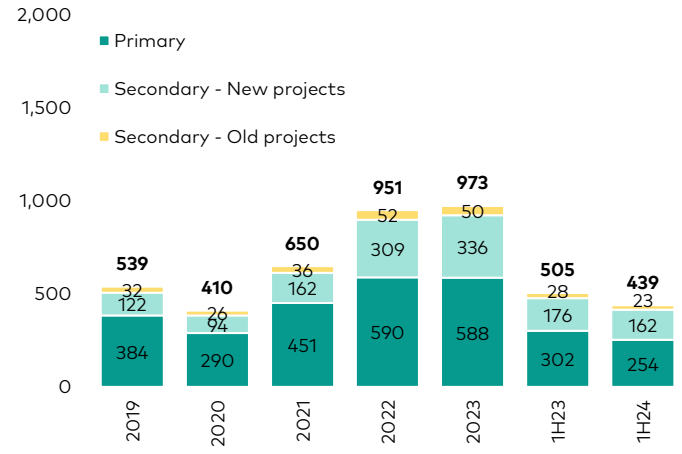
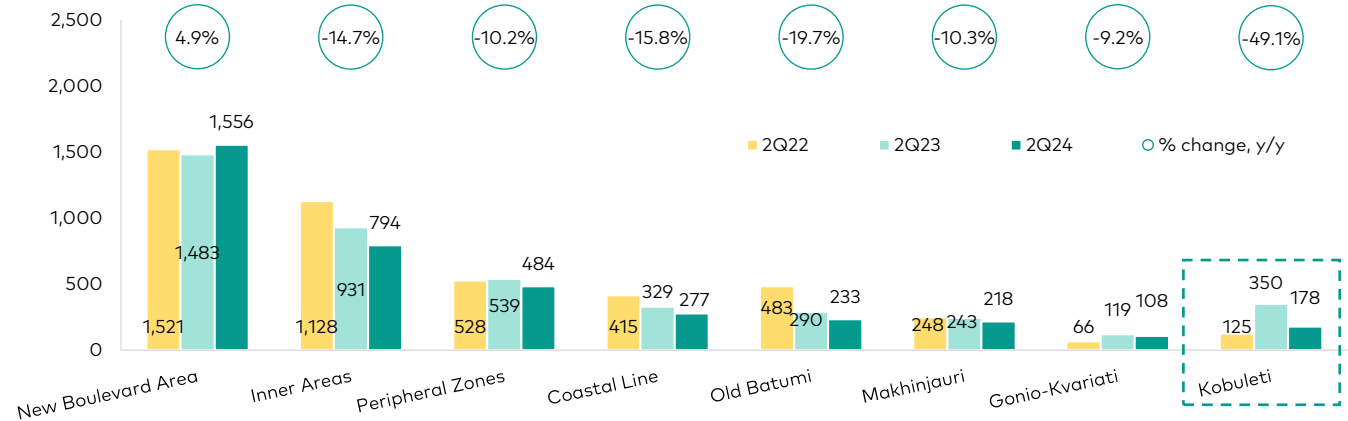


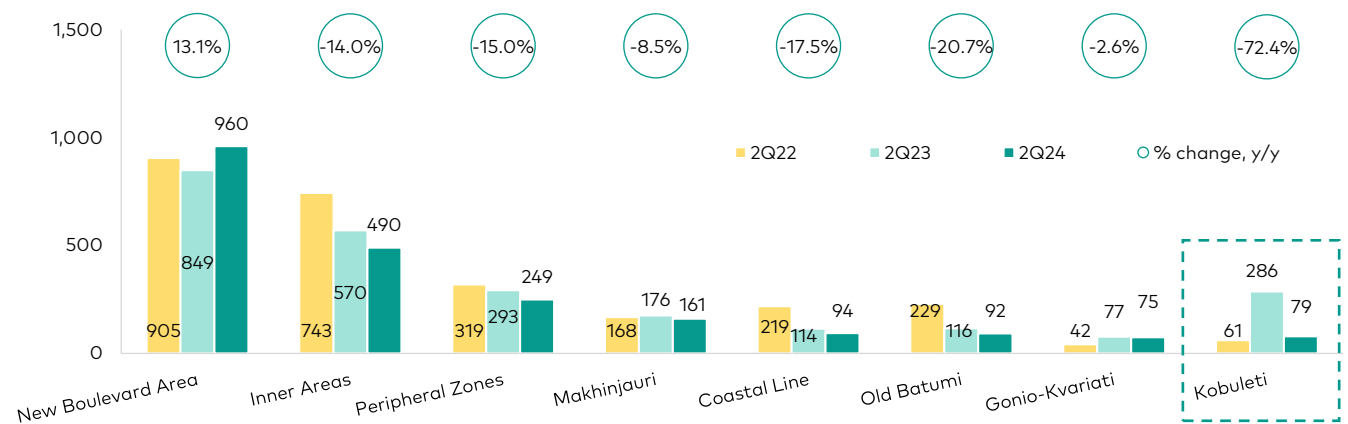


Figure 5: Number of sold apartments by districts (primary and secondary markets combined)



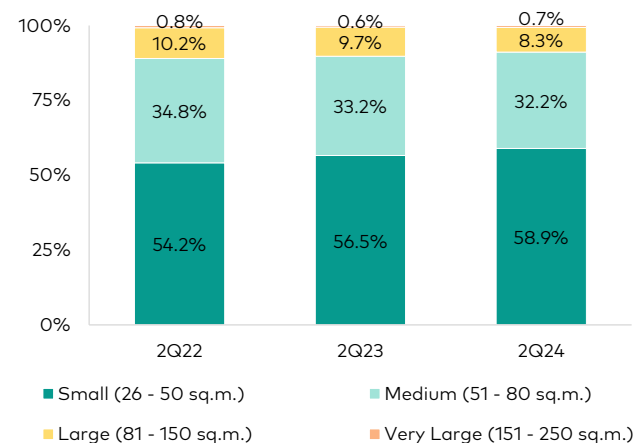
Source: NAPR, Galt & Taggart

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)

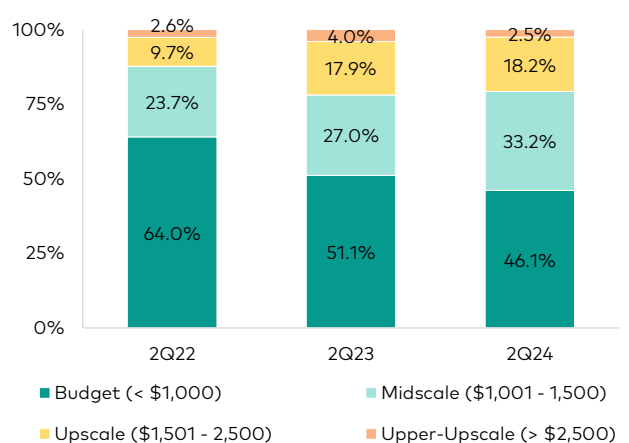
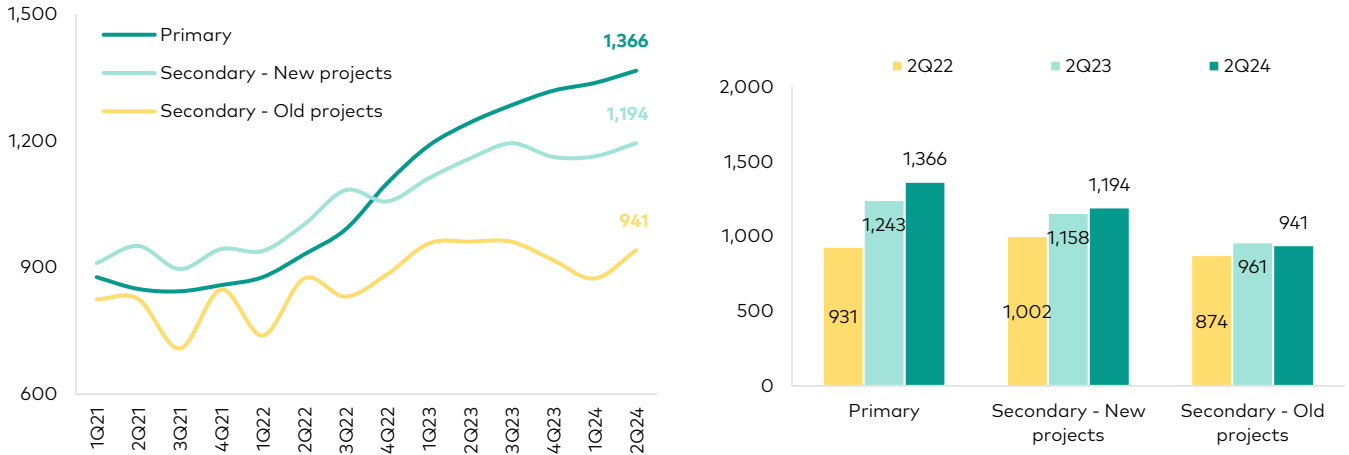


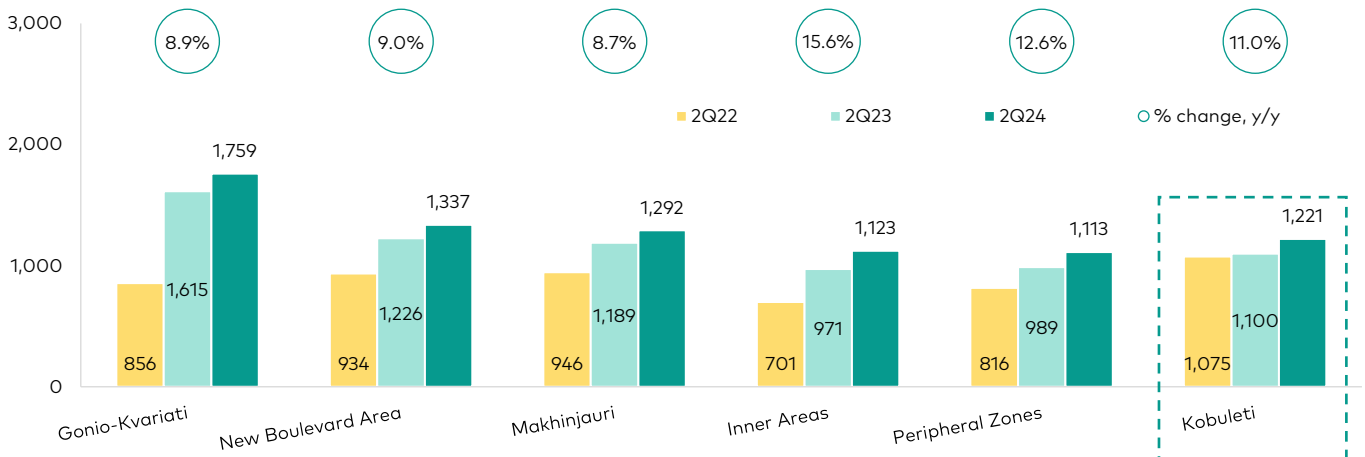


Figure 9: Real estate weighted average prices in Batumi by type, US\$/m²



Source: NAPR, Galt & Taggart

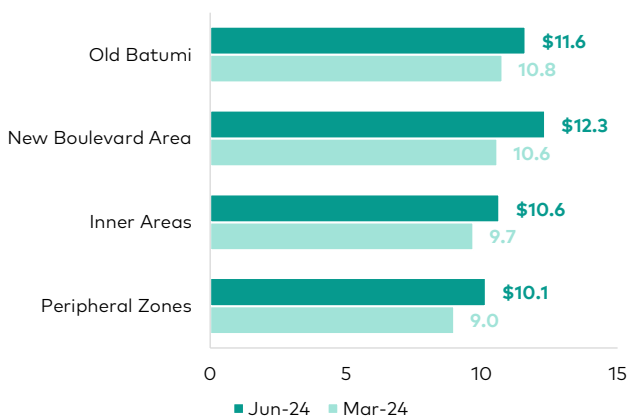
Figure 10: Real estate prices on primary market for white frame apartments by districts, US\$/m²



Source: Galt & Taggart

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

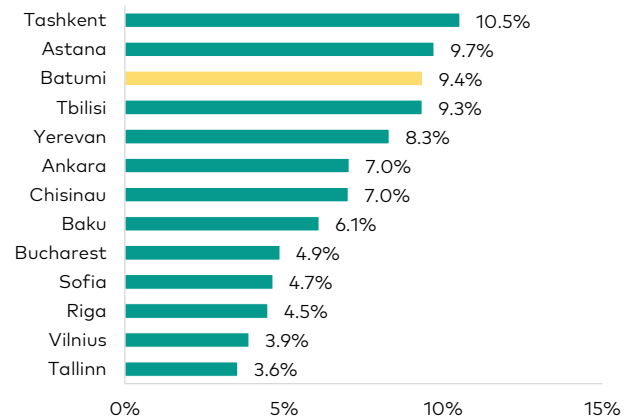
Figure 11: Real estate weighted average rent prices by districts, US\$/m²



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

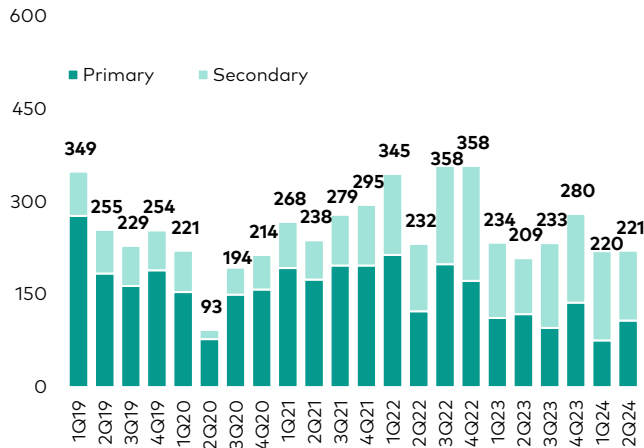
Figure 12: Rental yields outside city centre, Jun-24





Residential markets in Bakuriani and Gudauri

Figure 13: Number of sold apartments in Bakuriani by quarter



Source: NAPR, Galt & Taggart

Figure 14: Number of sold apartments in Bakuriani by year

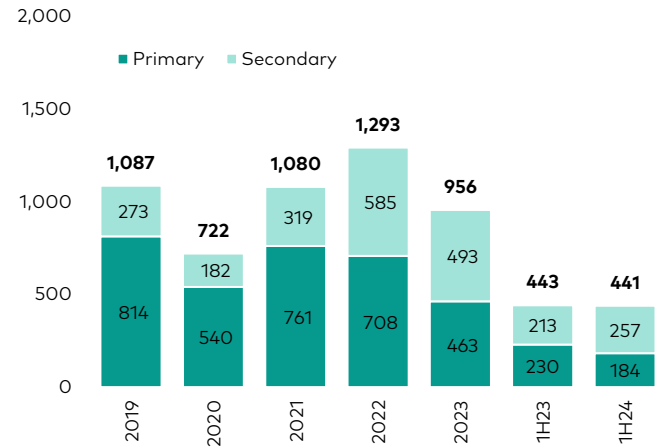
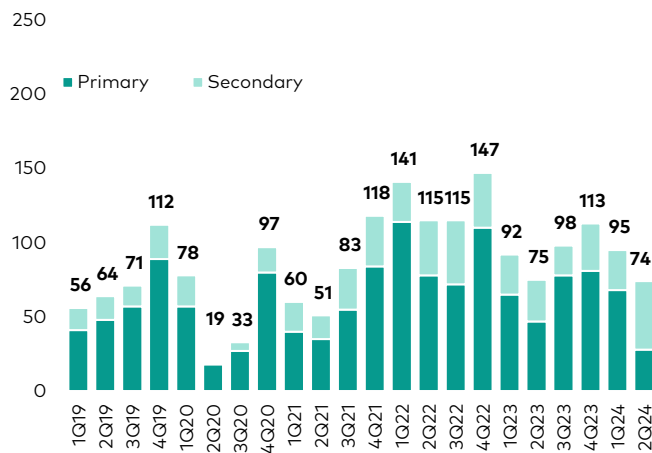


Figure 15: Number of sold apartments in Gudauri by quarter



Source: NAPR, Galt & Taggart

Figure 16: Number of sold apartments in Gudauri by year

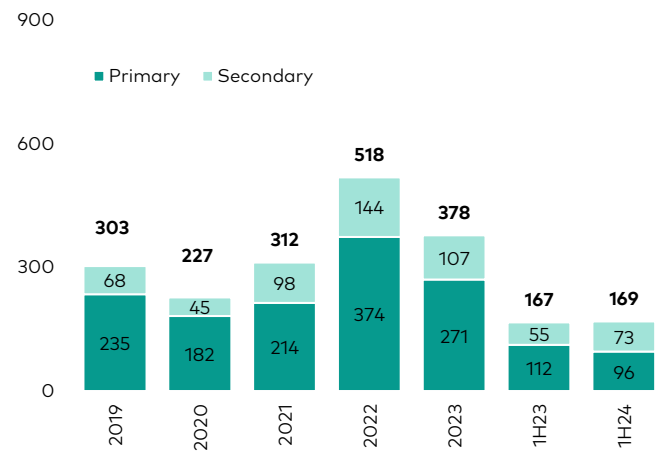
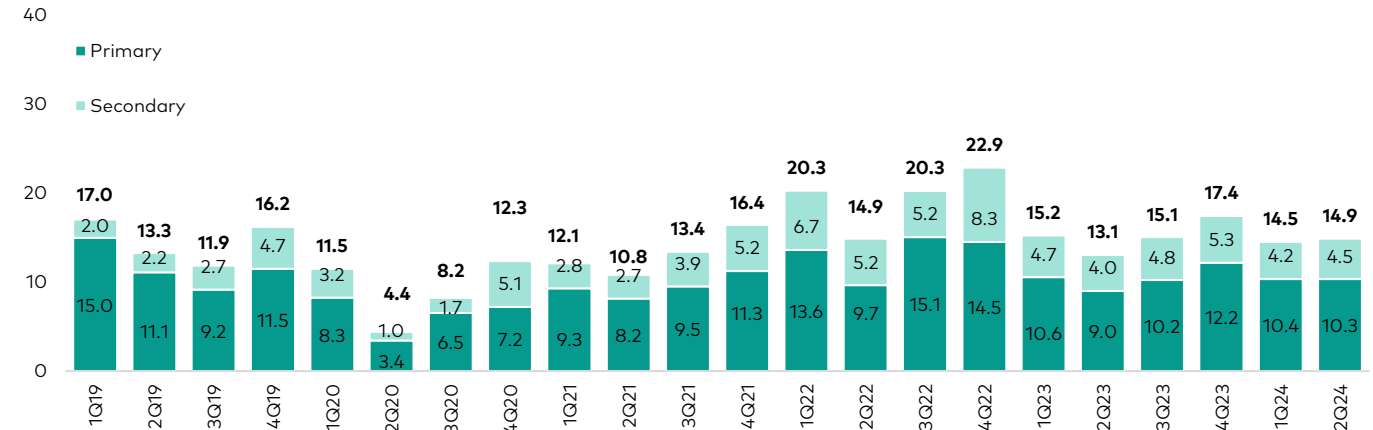


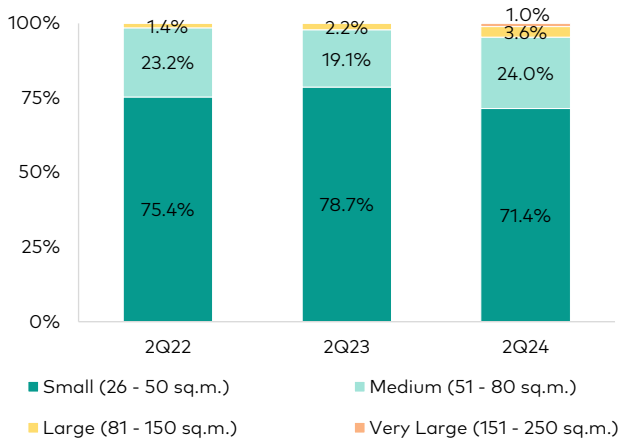
Figure 17: Real estate market size in Bakuriani and Gudauri, US\$ mn



Source: NAPR, Galt & Taggart



Figure 18: Real estate sales in Bakuriani by size (% of total apartments sold)



Source: NAPR, Galt & Taggart

Figure 19: Real estate sales in Bakuriani by segments (% of total apartments sold)

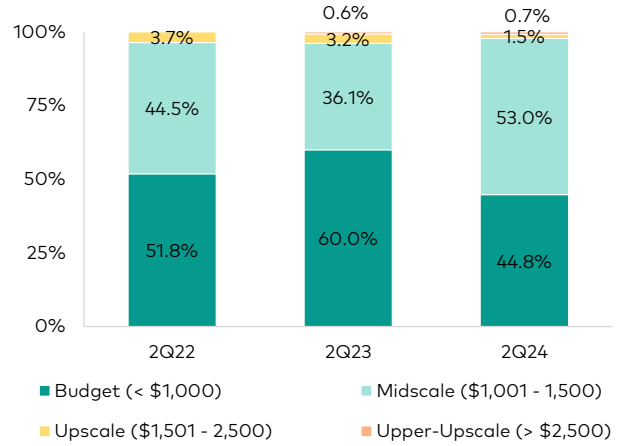
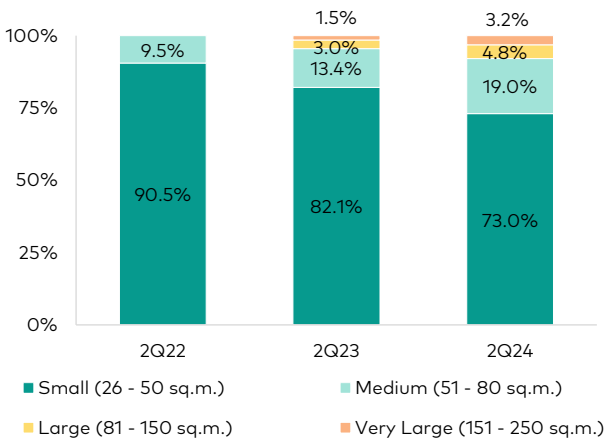


Figure 20: Real estate sales in Gudauri by size (% of total apartments sold)



Source: NAPR, Galt & Taggart

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

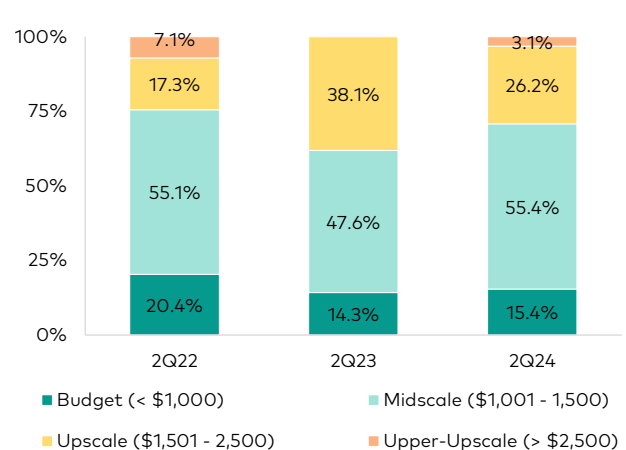
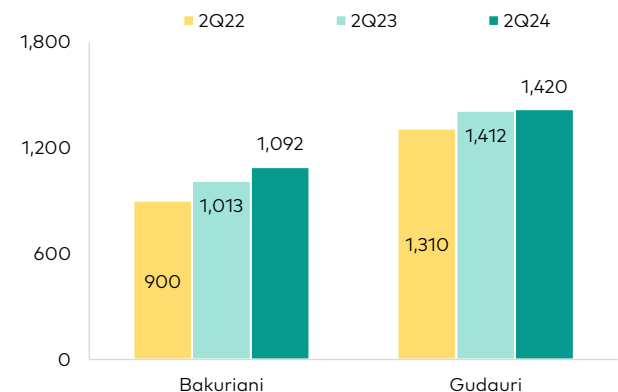
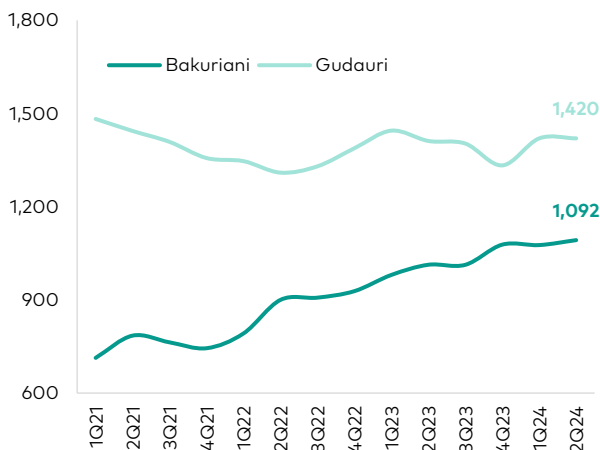


Figure 22: Real estate prices on primary market for white frame apartments by cities, US\$/m²



Source: NAPR, Galt & Taggart



Annex

Table 1: Real estate sales by cities – value, number and area, 1H24

City	Value (mn US\$)	Number	Area ('000 m ²)
Batumi	439.0	7,041	364.4
Kobuleti	22.1	379	19.6
Bakuriani	20.8	441	20.2
Gudauri	8.6	169	6.9

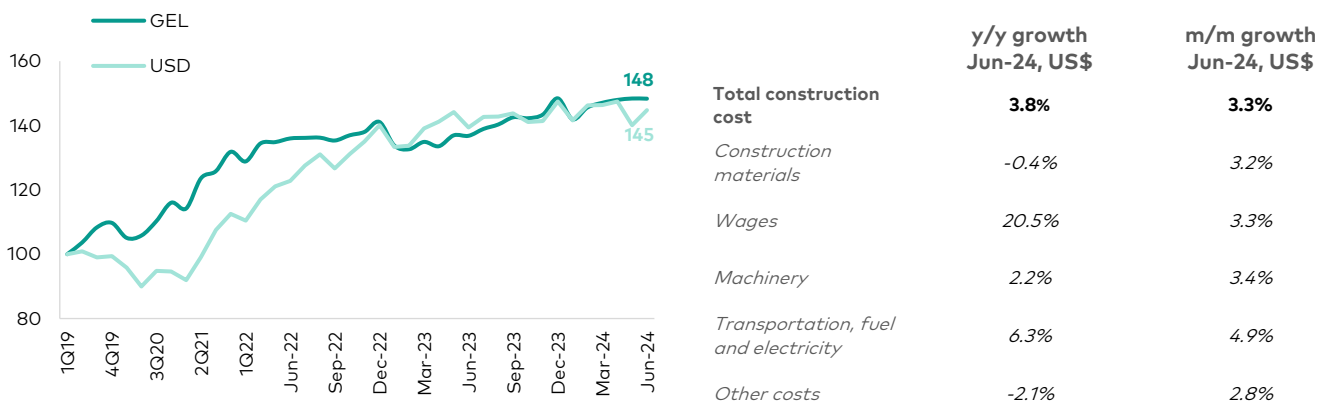
Source: NAPR, Galt & Taggart

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

City	Average apartment size (m ²)	Average price per m ² (US\$)	Average price per apartment (US\$)
Batumi	51	1,366	69,718
Kobuleti	52	1,221	63,756
Bakuriani	47	1,092	51,292
Gudauri	46	1,420	64,856

Source: NAPR, Galt & Taggart

Figure 23: 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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