



GALT & TAGGART
CREATING OPPORTUNITIES

Regional Residential Real Estate

2023 FULL YEAR OVERVIEW

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Key Figures in Batumi

2021

2022

2023

Sales

of apartments

12,156

17,040

15,758

Primary

7,932

9,922

8,925

Secondary

4,224

7,118

6,833

Price

US\$ / m²

\$838

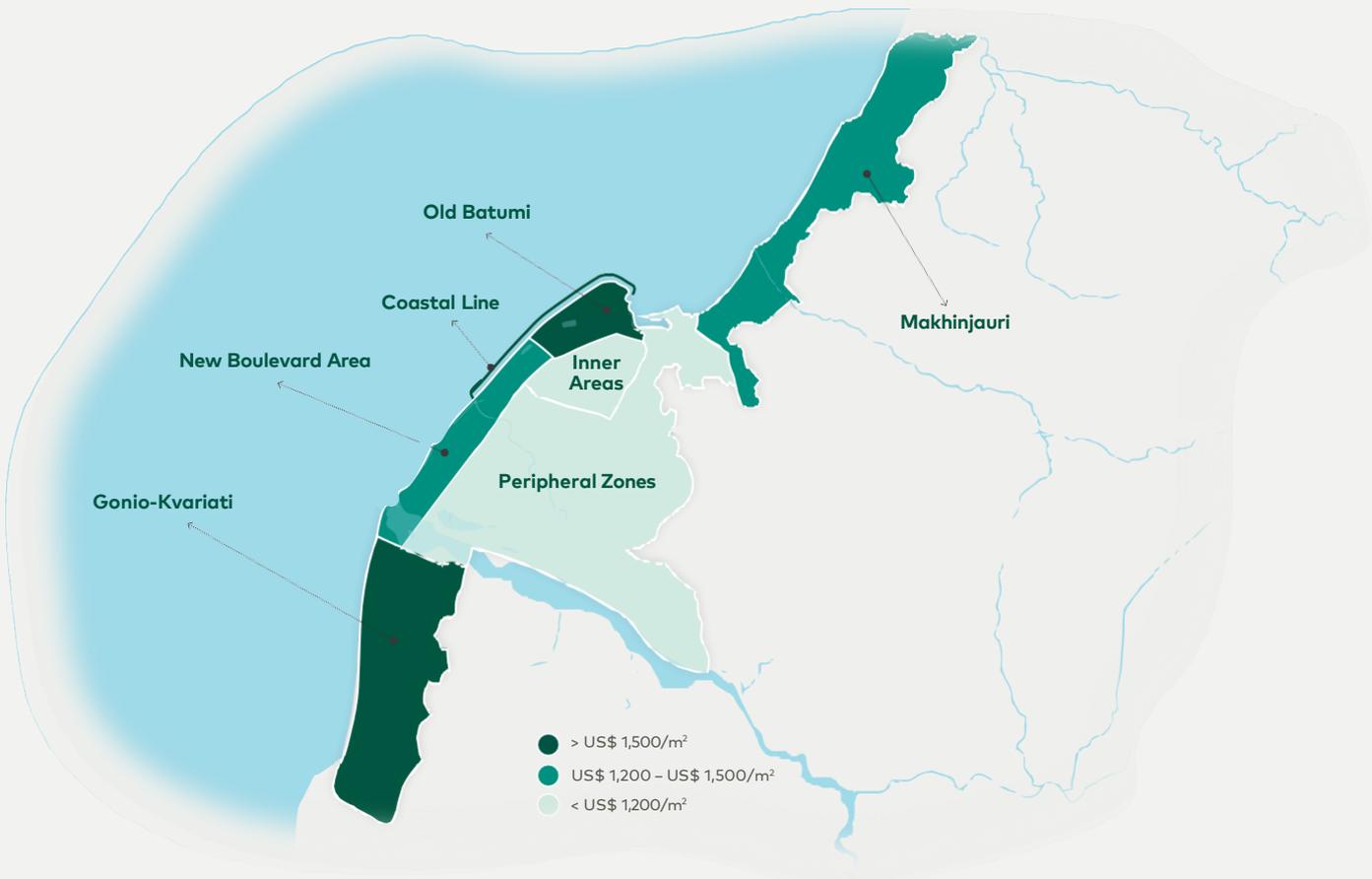
\$1,087

\$1,306



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Real estate sale patterns in 2023



OLD BATUMI

Number of sales
1,167 apartments
Average price
1,877 us\$ / m²
Average rent
10.4 us\$ / m²

COASTAL LINE

Number of sales
1,109 apartments
Average price
1,786 us\$ / m²
Average rent
N/A

GONIO-KVARIATI

Number of sales
349 apartments
Average price
1,587 us\$ / m²
Average rent
N/A

MAKHINJAURI

Number of sales
1,005 apartments
Average price
1,258 us\$ / m²
Average rent
N/A

NEW BOULEVARD AREA

Number of sales
6,616 apartments
Average price
1,254 us\$ / m²
Average rent
9.9 us\$ / m²

INNER AREAS

Number of sales
3,235 apartments
Average price
1,131 us\$ / m²
Average rent
9.1 us\$ / m²

PERIPHERAL ZONES

Number of sales
2,277 apartments
Average price
1,084 us\$ / m²
Average rent
8.3 us\$ / m²

KOBULETI

Number of sales
968 apartments
Average price
1,281 us\$ / m²
Average rent
N/A

Note 1: Prices are provided for primary market as of end-2023

Note 2: Batumi includes Makhinjauri and Gonio-Kvariati areas

Note 3: Kobuleti includes Chakvi and Tsikhisdziri areas



2023 overview

Presales from developers

In January 2024, we carried out a survey involving 6 systematic developers with 20 ongoing construction projects in Batumi. The results indicate a continuous increase in demand for real estate in Batumi from foreign citizens, with the share of foreigners in total sales rising to 80% in 2023 from 75% in 2022. In 2023, direct purchases of apartments from these developers decreased by 4.7% y/y, explained by record-high base in 2022. Notably, despite increased supply in Batumi, the market is effectively absorbing it. Across the projects due for completion in 2024-28, a total of 78% of apartments have already been sold.

Residential market in Adjara

In 2023, the total number of apartments sold in Batumi reached 15,758 units, indicating a 7.5% y/y decrease, primarily attributed to a record-high 2022 base. Notably, this reduction was mainly due to decreased apartment sales on the primary market (-10.0% y/y). However, number of sales in 2023 still represents a significant 29.6% increase compared to the 2021 level, for which the crucial drivers were boosted transactions of new projects on the secondary market (+68.2% vs 2021 level). There is still an elevated demand on the move-in ready apartments, boosted by migrant influx, which is slowly stabilizing.



The majority of apartments (42.0% of total sales) were purchased in the New Boulevard Area, playing a significant role in the overall high sales volume. Notably, 60.1% of the transactions in this district took place on the primary market. This can be attributed to the concentration of new development projects in the New Boulevard Area, accounting for 67 out of the total 155 residential projects in Batumi.

By end-2023, annual growth of apartment prices in Batumi was almost twice as high for primary market than the secondary one (+20.2% and +10.4% y/y, respectively). Such a rise in the primary market prices can be attributed to developers adding amenities in their new projects and choosing advantageous locations near the sea, since the land for development is already scarce in the city. By end-2021, buyers in Batumi could obtain white frame apartments at \$550/m², while this number now stands at \$850/m².

In 2023, the real estate market size increased by 2.4% y/y, reaching US\$ 973.5mn, despite reduced sales. This growth was solely fueled by the new apartment sales on the secondary market.

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.



Remarkably, in 2023, there was a significant surge in total apartment sales in Kobuleti (+59.5% y/y), where primary market sales played a pivotal role (+102.1% y/y on the primary market). The reason behind this significant growth was one specific project in Tsikhisdziri, where a majority of transactions were registered collectively in 2023. Moreover, there is a rising trend of development activity in Kobuleti, with 22 ongoing residential projects at the moment.

Furthermore, prices on the primary market in Kobuleti surged by 24.3% y/y, driven by premium developments.

Finally, in 2023, the real estate market size in Kobuleti increased by 46.0% y/y, reaching US\$ 50.3mn, mainly attributed to the collective registration of sales in one year.

Residential market in Bakuriani

In 2023, the number of apartments sold in Bakuriani reached 956 units, down 26.1% y/y (due to the record high base in 2022).

Total of 14 residential projects are currently under development in Bakuriani and most of them are located near the Kokhta Mountain.

In 2023, small-sized apartment (26-50 m²) sales accounted for 77.7% of total sales, in line with existing trend. Moreover, half of the sold apartments were recorded in the midscale price segment (\$801-1,200).



By end-2023, weighted average price of apartments in Bakuriani was up slightly by 2.7% y/y. Total market size of apartments sold in Bakuriani stood at US\$ 42.0mn, down by 20.6% y/y, mostly due to reduced transactions on the primary market.

Residential market in Gudauri

In 2023, the number of apartments sold in Gudauri reached 378 units, down 27.0% y/y (due to the record high base in 2022).

Total of 6 residential projects are currently under development in Gudauri.

In 2023, small-sized apartment (26-50 m²) sales accounted for 87.4% of total sales, in line with existing trend. Moreover, almost half of the sold apartments were recorded in the upscale price segment (\$1,201-1,800).

By end-2023, weighted average price of apartments in Gudauri was down by 3.5% y/y. Total market size of apartments sold in Gudauri stood at US\$ 18.8mn, down by 26.0% y/y.

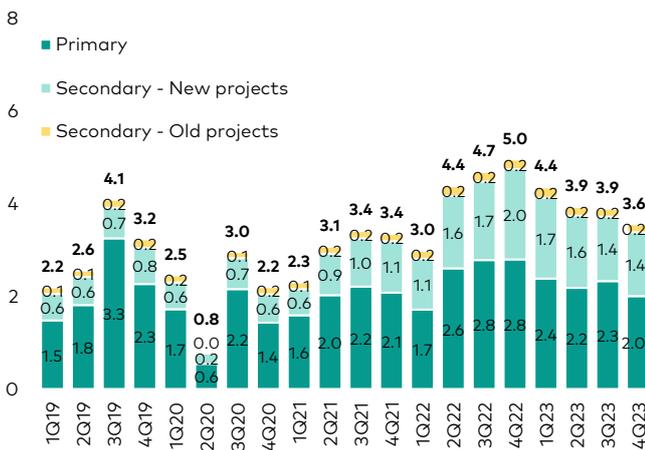


Residential market in Batumi

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

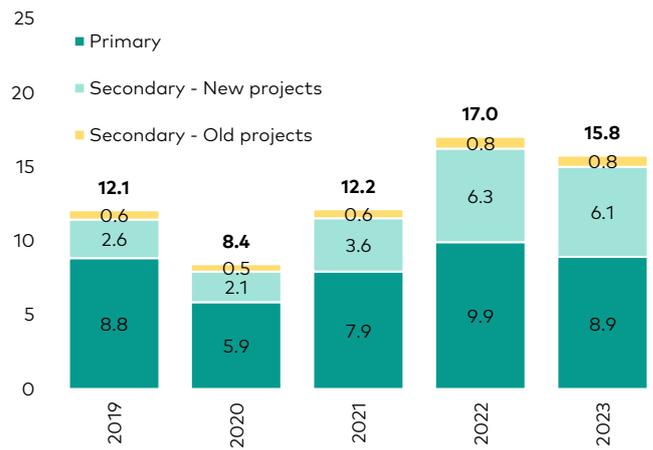
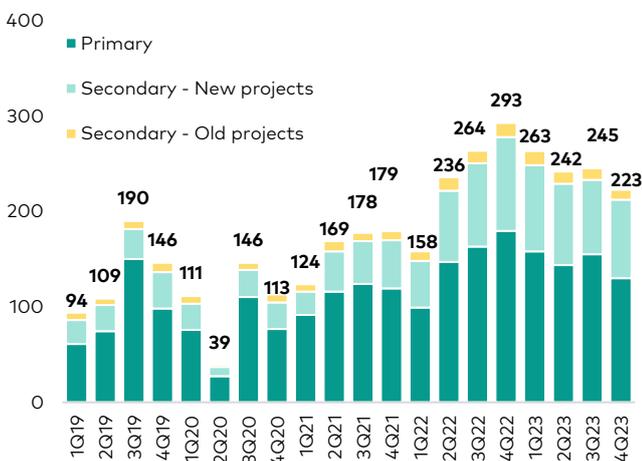


Figure 3: Real estate market size in Batumi by quarter, US\$ mn



Source: NAPR, Galt & Taggart

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

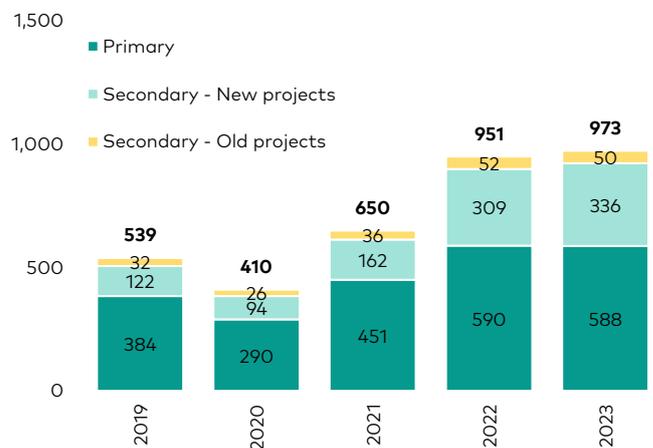
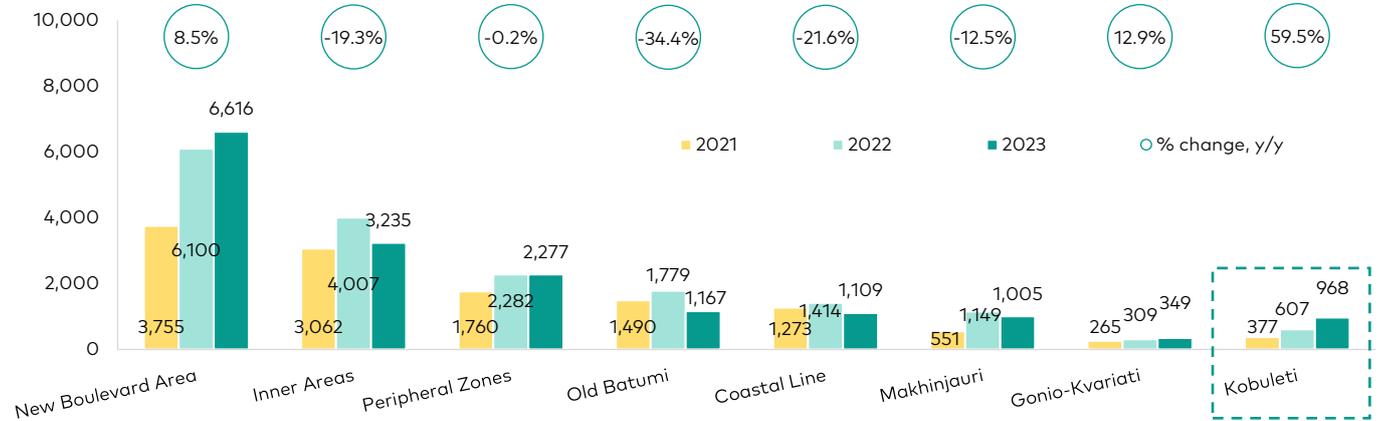


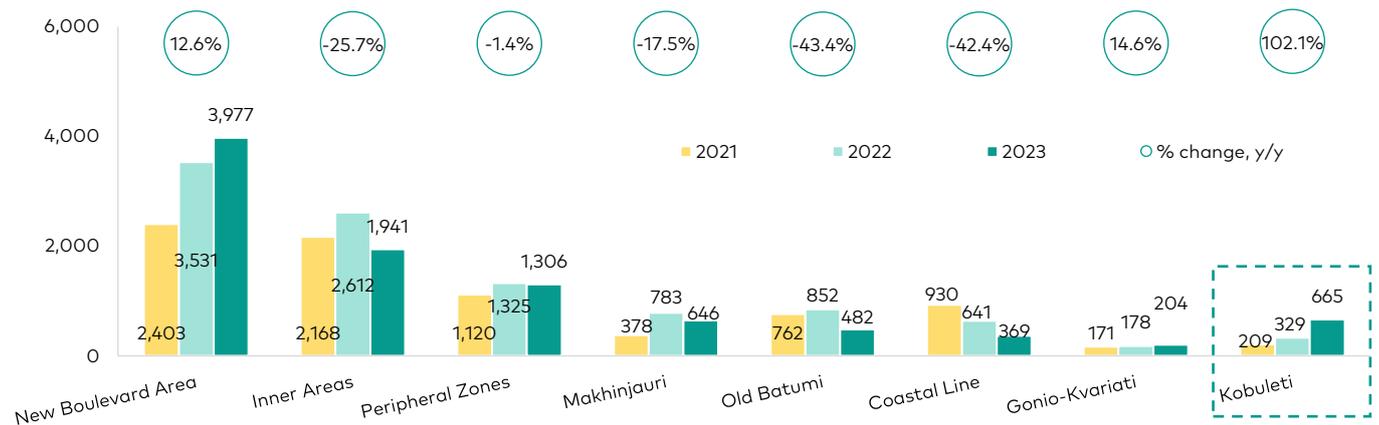


Figure 5: Number of sold apartments by districts



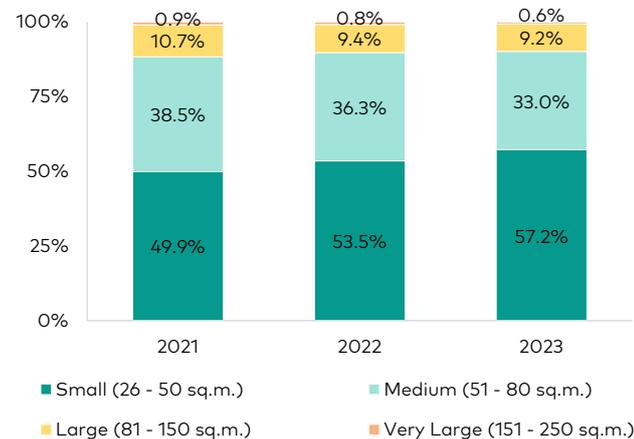
Source: NAPR, Galt & Taggart

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



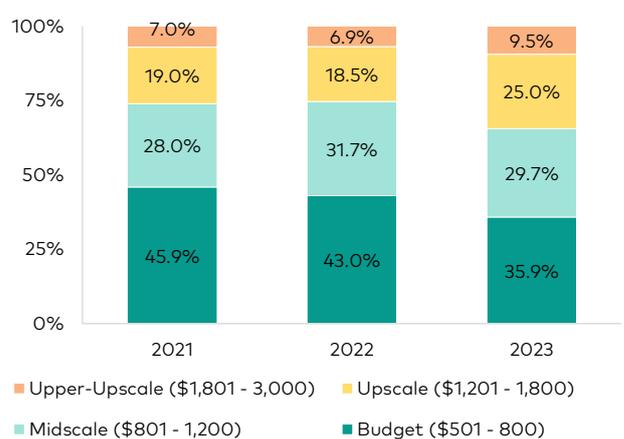
Source: NAPR, Galt & Taggart

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 January 2024, we conducted a survey of 6 systematic developers with 20 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:

- In 2023, total apartments purchased directly from surveyed developers decreased by 4.7% y/y, explained by record-high base in 2022.
- In total, apartments in the projects due for completion in 2024-28, 78% of apartments are already sold out.
- There is a continuous increase in demand for real estate in Batumi from foreign citizens, with the share of foreigners in total sales rising to 80% in 2023 from 75% in 2022.

The data will be updated quarterly.

Figure 9: Number of presold apartments in ongoing projects in Batumi



Source: Galt & Taggart Survey

Figure 10: Distribution of the housing stock by project completion year and status in Batumi

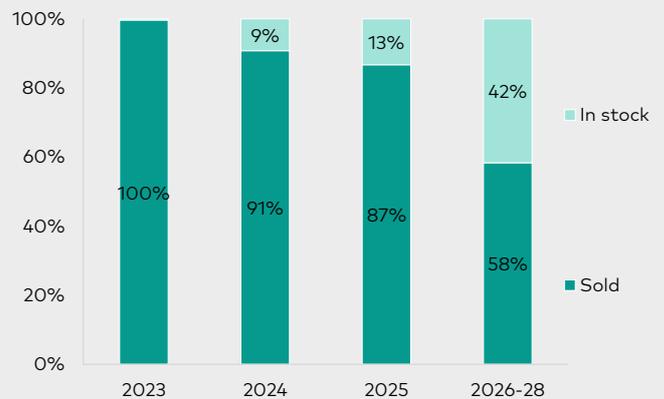
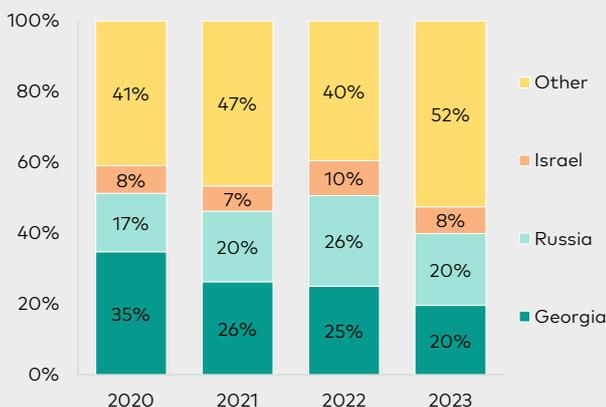


Figure 11: Share of foreign citizens in real estate sales on the primary market in Batumi



Source: Galt & Taggart Survey

Figure 12: Number of ongoing residential real estate projects in Adjara

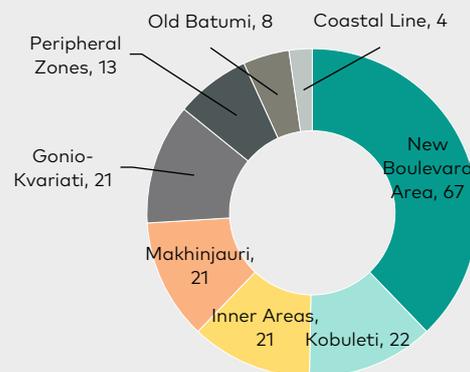
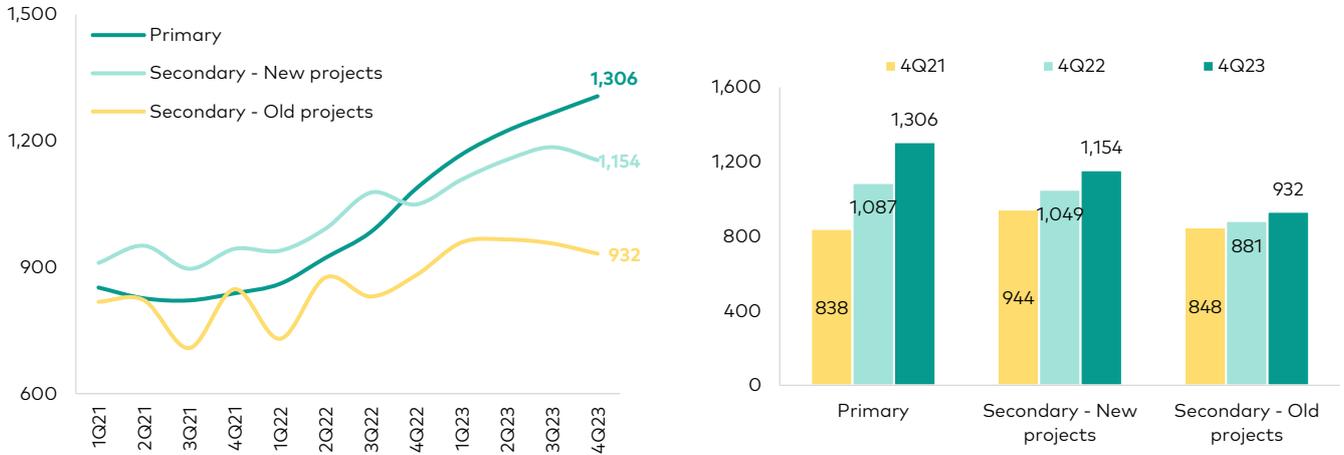


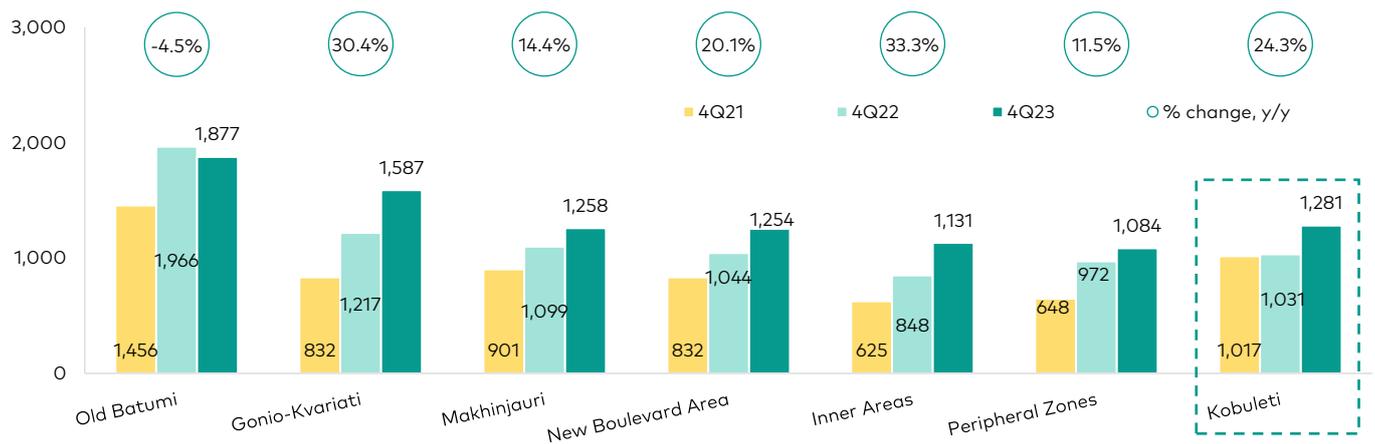


Figure 13: Real estate weighted average prices in Batumi by type, US\$/m²



Source: NAPR, Galt & Taggart

Figure 14: Real estate prices on primary market for white frame apartments by districts, US\$/m²



Source: Galt & Taggart

Note: Coastal line district is excluded due to small size of a sample

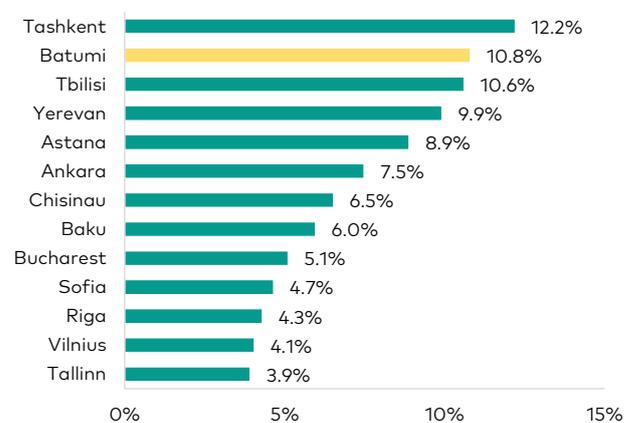
Figure 15: Real estate weighted average rent prices by districts in Dec-23, US\$/m²



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

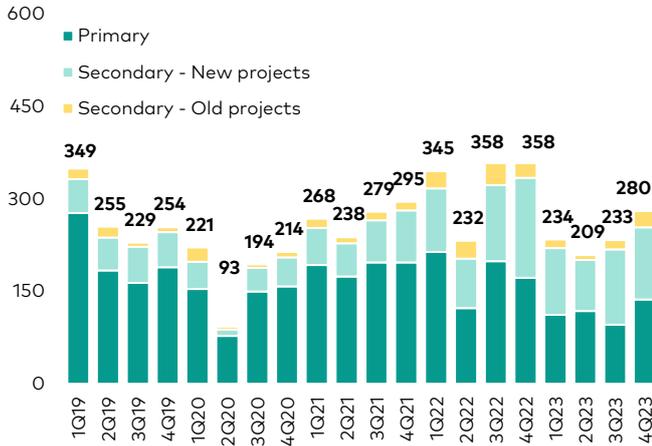
Figure 16: Rental yields outside city center, Dec-23





Residential markets in Bakuriani and Gudauri

Figure 17: Number of sold apartments in Bakuriani by quarter



Source: NAPR, Galt & Taggart

Figure 18: Number of sold apartments in Bakuriani by year

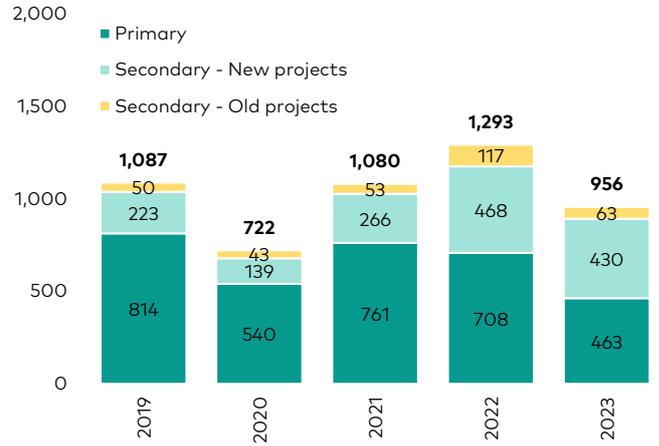
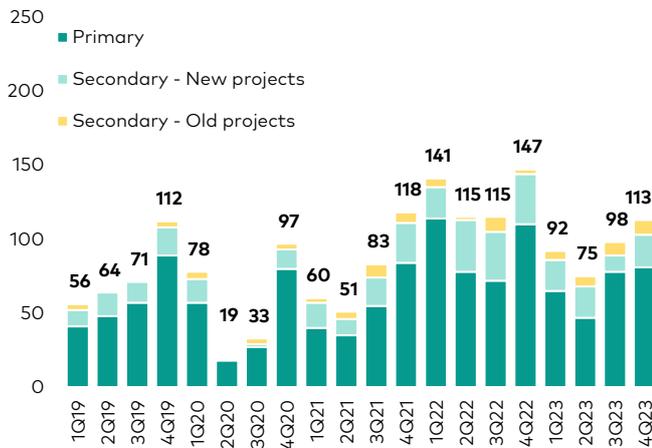


Figure 19: Number of sold apartments in Gudauri by quarter



Source: NAPR, Galt & Taggart

Figure 20: Number of sold apartments in Gudauri by year

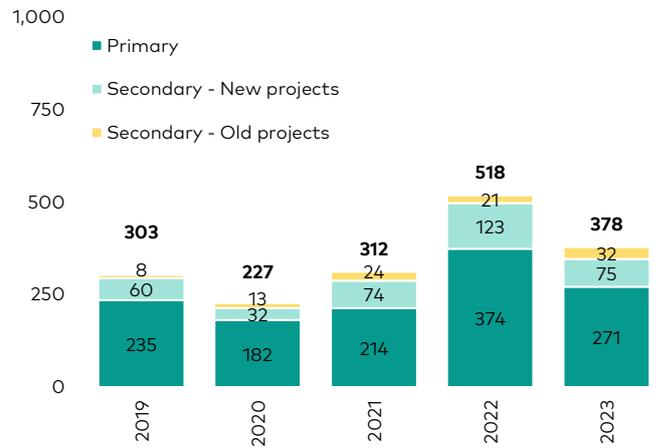
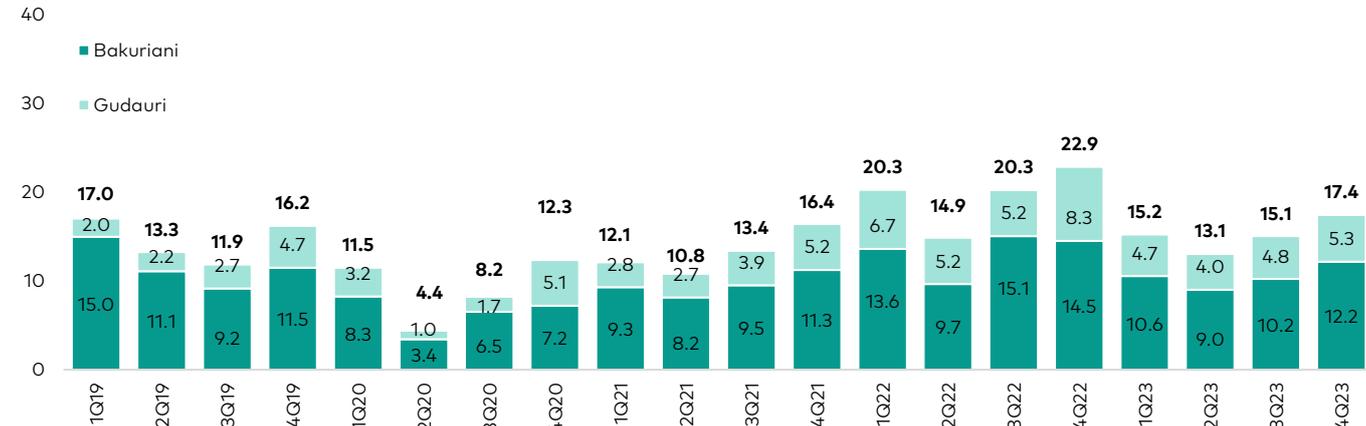


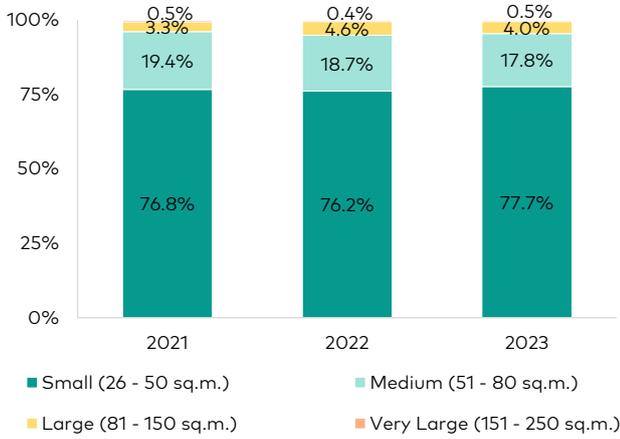
Figure 21: Real estate market size in Bakuriani and Gudauri, US\$ mn



Source: NAPR, Galt & Taggart



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



Source: NAPR, Galt & Taggart

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

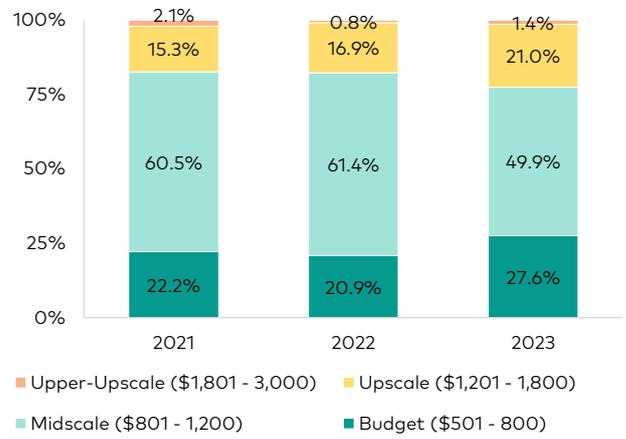
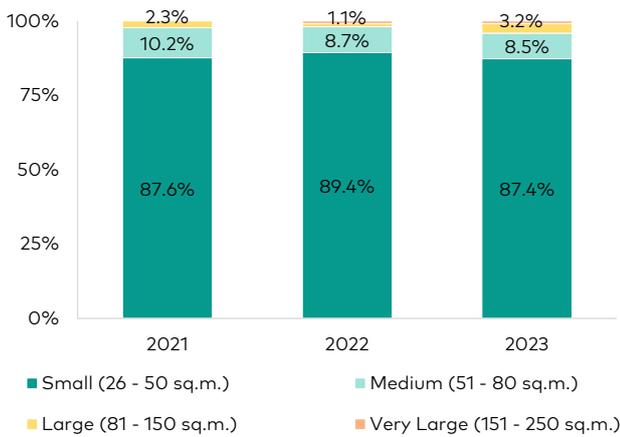


Figure 24: Real estate sales in Gudauri by size (% of total apartments sold)



Source: NAPR, Galt & Taggart

Figure 25: Real estate sales in Gudauri by segments (% of total apartments sold)

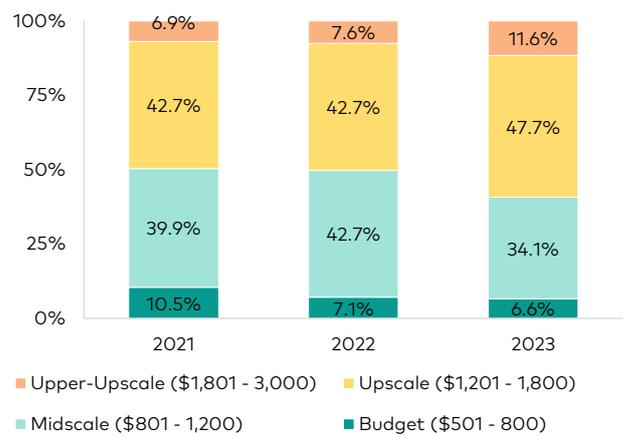
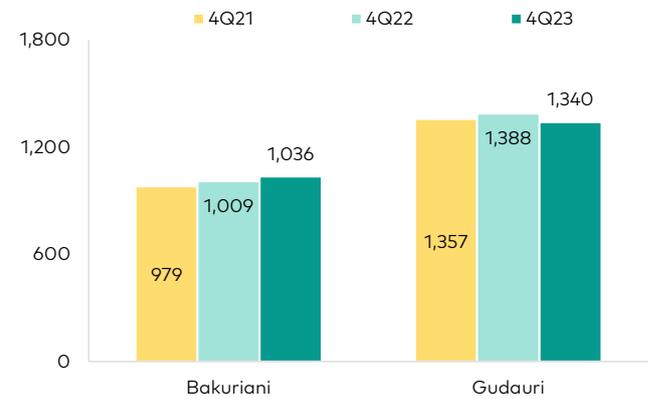
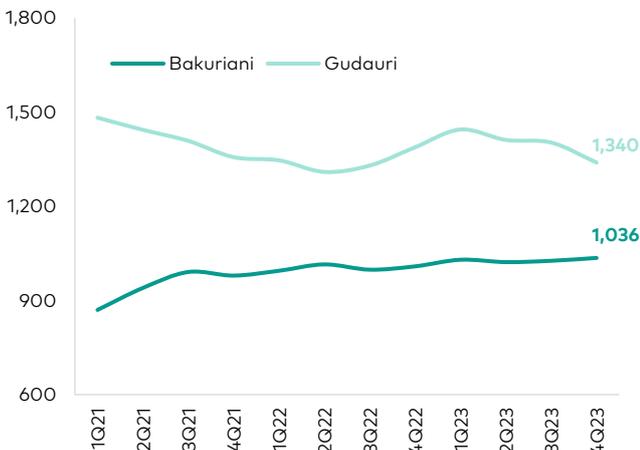


Figure 26: Real estate prices on primary market for white frame apartments by cities, US\$/m²



Source: NAPR, Galt & Taggart



Annex

Table 1: Real estate sales by cities – value, number and area, 2023

City	Value (mn US\$)	Number	Area ('000 m ²)
Batumi	973.5	15,758	816.6
Kobuleti	50.3	968	49.7
Bakuriani	42.0	956	42.3
Gudauri	18.8	378	15.1

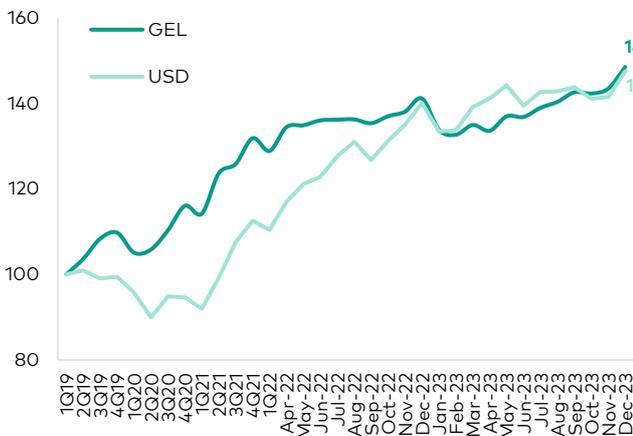
Source: NAPR, Galt & Taggart

Table 2: Real estate sale patterns by cities – average size and prices, 2023

City	Average apartment size (m ²)	Average price per m ² (US\$)	Average price per apartment (US\$)
Batumi	52	1,306	67,676
Kobuleti	51	1,281	65,757
Bakuriani	44	1,036	45,826
Gudauri	40	1,340	53,492

Source: NAPR, Galt & Taggart

Figure 27: Construction cost index, 1Q19=100





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