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CREATING OPPORTUNITIES

# Tbilisi Residential Real Estate

APRIL 2024 UPDATE

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# Key Figures

Apr-22

Apr-23

Apr-24

## Sales

# of apartments

3,404

2,582

3,220

Primary

1,529

1,120

1,446

Secondary

1,875

1,462

1,774

## Price

US\$ / m<sup>2</sup>

\$908

\$1,107

\$1,269

## Rent

US\$ / m<sup>2</sup>

\$7.5

\$11.9

\$9.9

## Permits

'000 m<sup>2</sup>

68.5

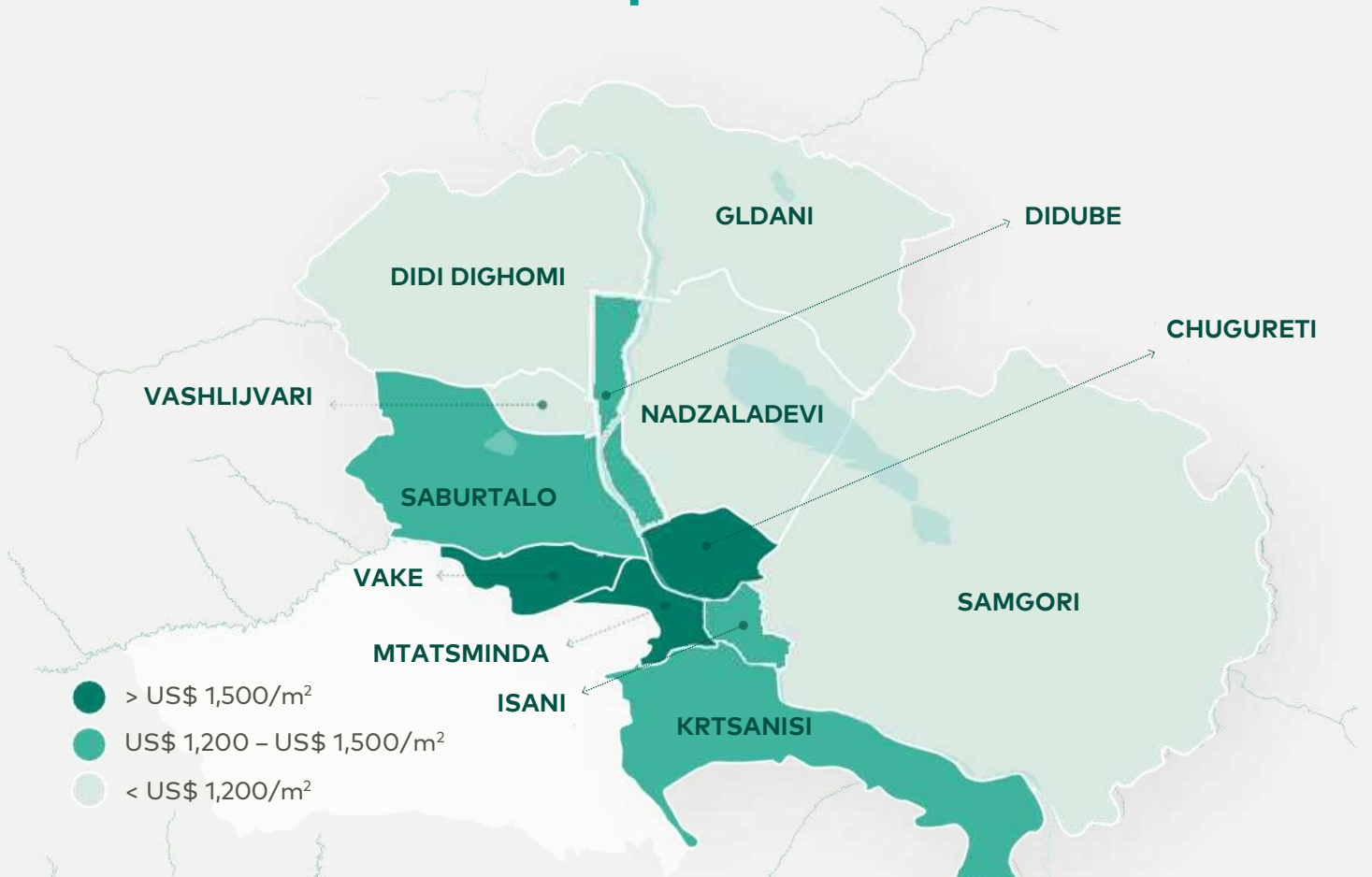
187.3

195.1



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# Real estate sale patterns in April 2024



## MTATSMINDA

Number of sales  
**56 apartments**  
Average price  
**2,733 us\$ / m<sup>2</sup>**  
Average rent  
**14.0 us\$ / m<sup>2</sup>**

## VAKE

Number of sales  
**110 apartments**  
Average price  
**2,350 us\$ / m<sup>2</sup>**  
Average rent  
**15.2 us\$ / m<sup>2</sup>**

## CHUGURETI

Number of sales  
**106 apartments**  
Average price  
**1,563 us\$ / m<sup>2</sup>**  
Average rent  
**10.8 us\$ / m<sup>2</sup>**

## KRTSANISI

Number of sales  
**111 apartments**  
Average price  
**1,488 us\$ / m<sup>2</sup>**  
Average rent  
**10.7 us\$ / m<sup>2</sup>**

## SABURTALO

Number of sales  
**532 apartments**  
Average price  
**1,481 us\$ / m<sup>2</sup>**  
Average rent  
**11.8 us\$ / m<sup>2</sup>**

## ISANI

Number of sales  
**245 apartments**  
Average price  
**1,260 us\$ / m<sup>2</sup>**  
Average rent  
**10.5 us\$ / m<sup>2</sup>**

## DIDUBE

Number of sales  
**266 apartments**  
Average price  
**1,218 us\$ / m<sup>2</sup>**  
Average rent  
**9.4 us\$ / m<sup>2</sup>**

## NADZALADEVI

Number of sales  
**264 apartments**  
Average price  
**1,116 us\$ / m<sup>2</sup>**  
Average rent  
**9.0 us\$ / m<sup>2</sup>**

## GLDANI

Number of sales  
**371 apartments**  
Average price  
**1,039 us\$ / m<sup>2</sup>**  
Average rent  
**8.1 us\$ / m<sup>2</sup>**

## SAMGORI

Number of sales  
**481 apartments**  
Average price  
**1,021 us\$ / m<sup>2</sup>**  
Average rent  
**7.9 us\$ / m<sup>2</sup>**

## DIDI DIGHOMI

Number of sales  
**626 apartments**  
Average price  
**981 us\$ / m<sup>2</sup>**  
Average rent  
**7.9 us\$ / m<sup>2</sup>**

## VASHLIJVARI

Number of sales  
**52 apartments**  
Average price  
**980 us\$ / m<sup>2</sup>**  
Average rent  
**8.2 us\$ / m<sup>2</sup>**

Note 1: Prices are given for the primary market white frame apartments  
Note 2: Small sample size for prices in Mtatsminda and Chugureti





## April 2024 update

### Presales from developers

In April 2024, we conducted a survey of 14 systematic developers with 68 ongoing projects in Tbilisi. Based on survey results, in 1Q24 total apartments sales directly by developers decreased slightly by 2.7% y/y, partially reflecting decreased housing stock. In the Tbilisi real estate market, Georgian citizens drove demand, making up 85% of total sales. Citizens of Russia and Israel followed, each with 4% share in total sales. Nearly half of the projects that started in 2023-24 have already been completely sold out. Additionally, only 18% of the apartments in projects finishing this year are currently available for sale.

### Number of transactions

In Apr-24, the number of sold apartments in Tbilisi stood at 3,220 units, up 24.7% y/y and up 7.7% m/m. Strong annual growth is explained by last year's low base effect. Increase in transactions was recorded both, on the primary and secondary markets (29.1% y/y and 21.3% y/y, respectively).

In Apr-24, over half of registered transactions were recorded in Didi Dighomi, Saburtalo and Samgori districts. Notably, sales increased in every district of Tbilisi, except Krtsanisi (-5.9% y/y) and Mtatsminda (-18.8% y/y).

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Note: Apartment sales statistics are based on NAPR data, which has a downside of late registrations of primary sales. To address this issue we conducted a survey of selected developers (see page 8).

y/y means year-over-year change



Other noteworthy features of the market remained unchanged, such as the dominance of medium-sized apartments (51-80 m<sup>2</sup>), due to affordability and the ease of renting, and falling share of sold apartments in the budget segment (<\$1,000/m<sup>2</sup>), driven by rising prices.

### Prices

In Apr-24, prices increased monthly for new projects (both, primary and secondary markets). Notably, a decline was recorded for old apartments on the secondary market (-2.6% m/m).

### Market size

In Apr-24, the total market value of apartments sold in Tbilisi stood at US\$ 247.9mn, up by 33.2% y/y, due to low base in Apr-23. Cumulatively in 4M24, Tbilisi real estate market size was up by 9.0% y/y to US\$ 965.2mn, mainly attributed to the primary market sales and price growth.

### Rent

In Apr-24, price for renting an average apartment (50-60 m<sup>2</sup>) in Tbilisi remained flat m/m (US\$ 9.9 per m<sup>2</sup>).

### Construction permits

In 4M24, 75 new permits were issued for residential projects, with the total living area of 560,645 m<sup>2</sup> (-8.1% y/y). 19% of total permitted living area was in Samgori, followed by Didi Dighomi (15%) and Saburtalo (15%).



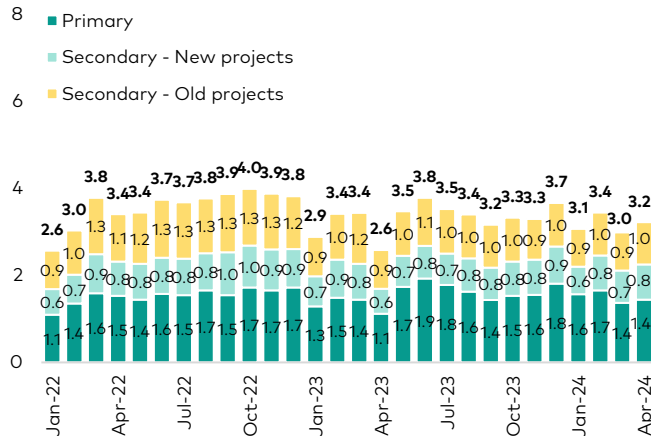
# Real Estate Sales

**Methodological note** - we divide real estate sales into 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 by month, '000**

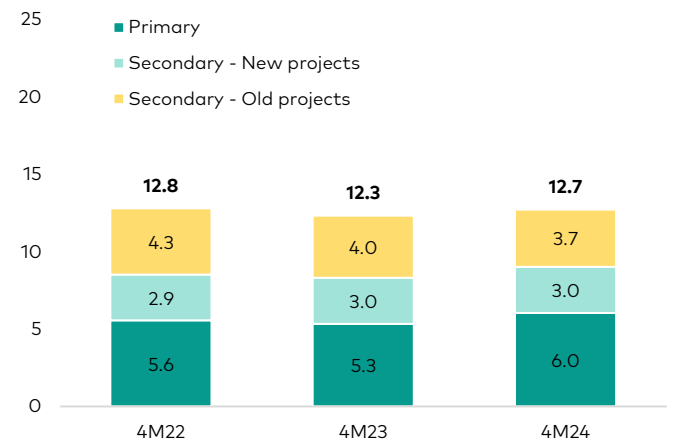
In Apr-24, real estate transactions were up 24.7% y/y and 7.7% m/m



Source: NAPR, Galt & Taggart

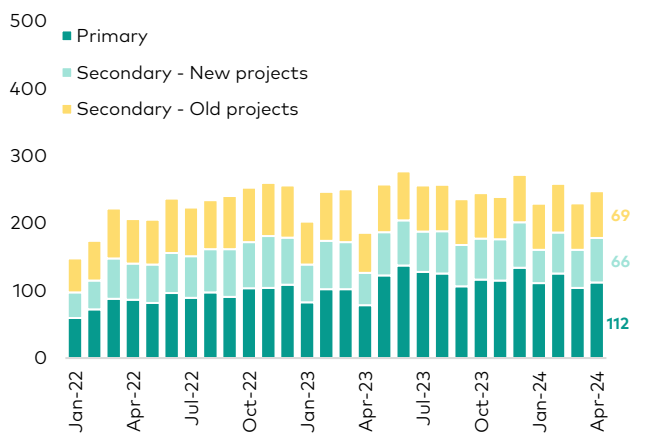
**Figure 2: Number of sold apartments by year, '000**

In 4M24, sales were up 3.3% y/y, attributed to growth on the primary market



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

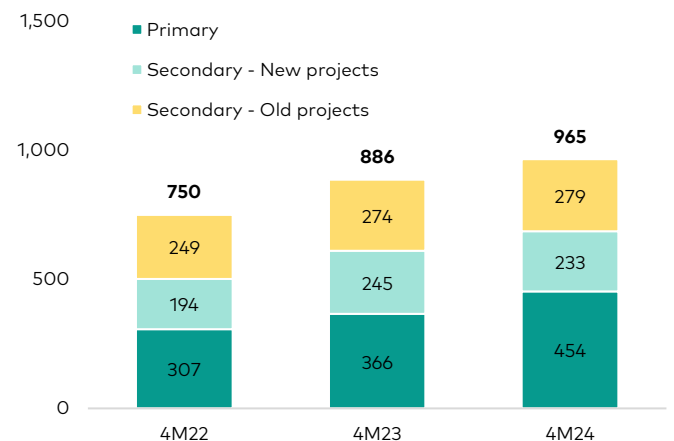
In Apr-24, real estate market size was up 33.2% y/y and 8.0% m/m



Source: NAPR, Galt & Taggart

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

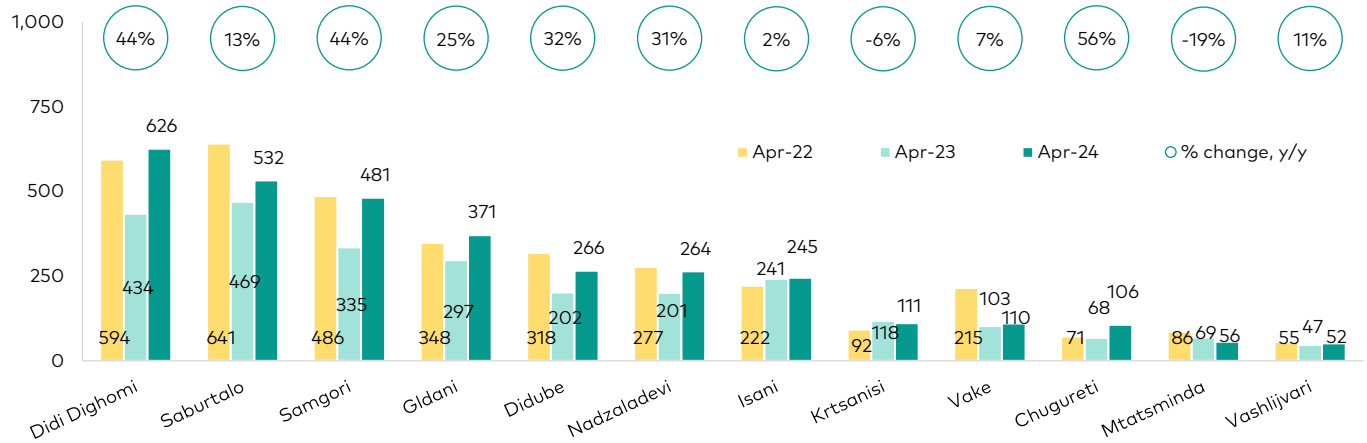
In 4M24, market size growth was mainly attributed to the primary market sales and price growth





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

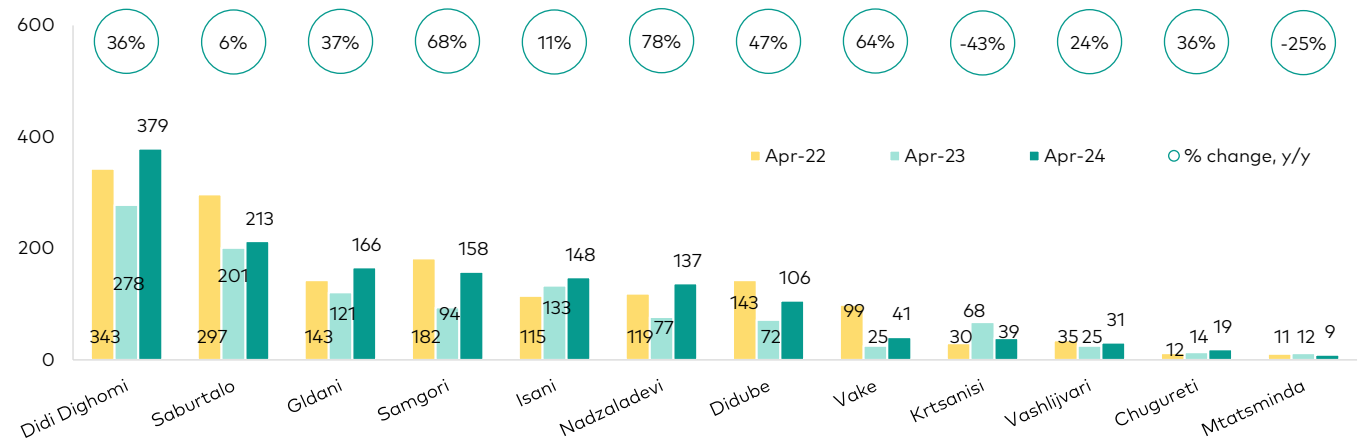
Sales were up in every district of Tbilisi, except Krtsanisi and Mtatsminda



Source: NAPR, Galt & Taggart

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

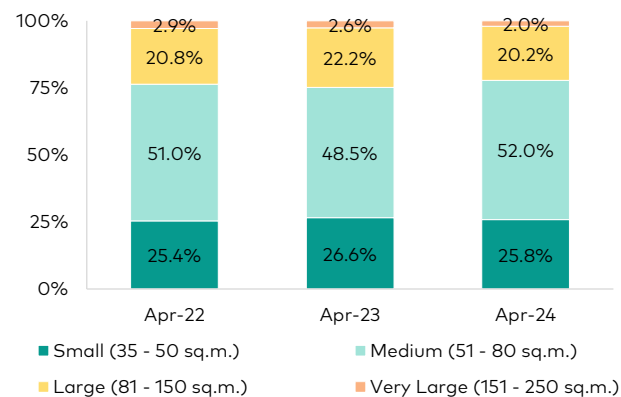
Transactions on the primary market are the highest in Didi Dighomi



Source: NAPR, Galt & Taggart

**Figure 7: Real estate sales by size, (% of total apartments sold)**

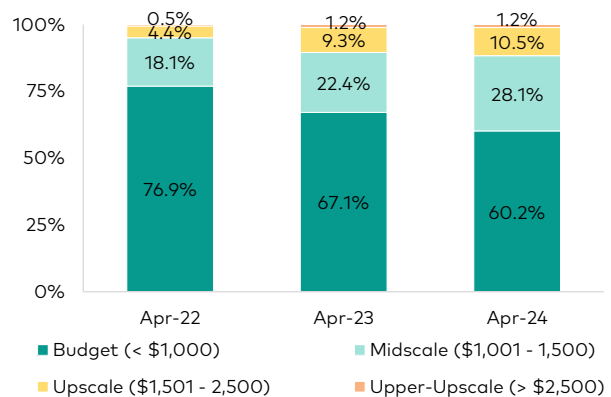
Medium-sized (51-80 m<sup>2</sup>) apartments remained the most prevalent



Source: NAPR, Galt & Taggart

**Figure 8: Real estate sales by segments, (% of total apartments sold)**

The trend towards a decreasing share of apartment sales in the budget segment persists





# Presales from developers

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

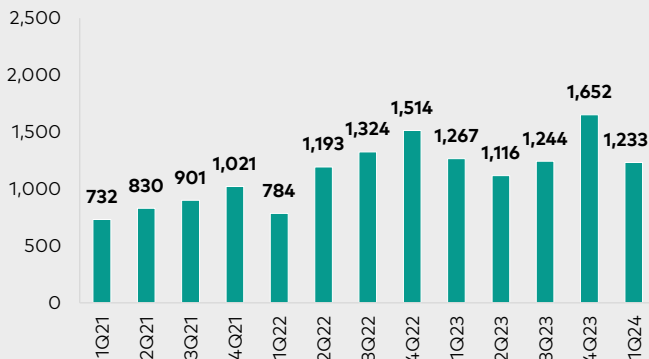
In April 2024, we conducted a survey of 14 systematic developers with 68 ongoing construction projects in Tbilisi. The aim was to address delays in the registration of apartment sales on the primary market and stay informed about the real time market trends.

Based on survey results:

- In 1Q24, total apartments sales directly by surveyed developers decreased slightly by 2.7% y/y, partly reflecting reduced stock.
- In the Tbilisi real estate market, Georgian citizens made up 85% of total sales, while citizens of Russia and Israel each accounted for 4% share.
- Almost half of the real estate projects starting in 2023-24 have already sold out completely. Furthermore, only 18% of the apartments in projects set to finish this year are still available for sale.

The data will be updated quarterly.

Figure 9: Number of presold apartments in the projects of selected developers in Tbilisi



Source: Galt & Taggart survey of selected developers

Figure 10: Real estate sales by citizenship on the primary market in Tbilisi, 2023-24

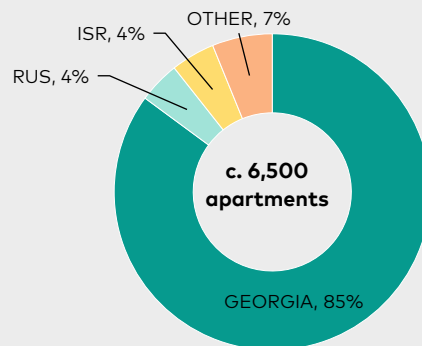
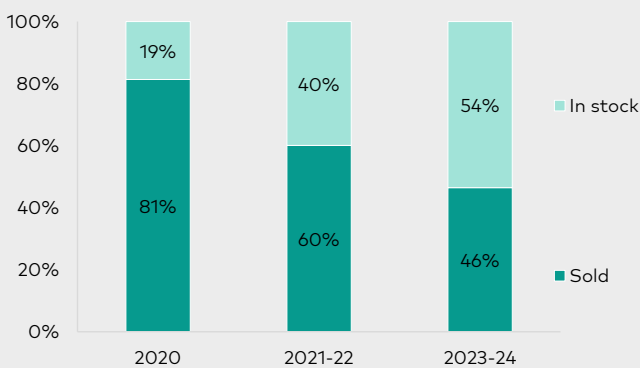
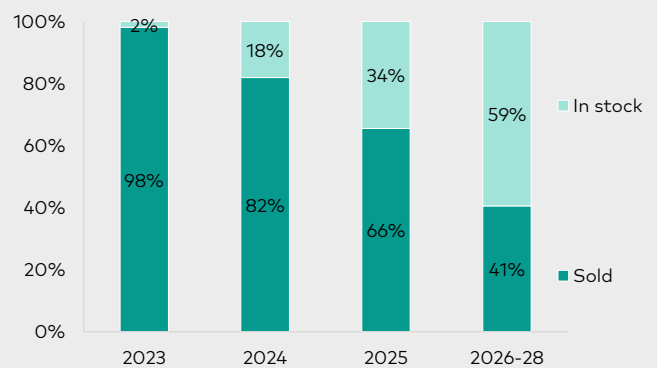


Figure 11: Distribution of the housing stock by project beginning year and status in Tbilisi



Source: Galt & Taggart survey of selected developers

Figure 12: Distribution of the housing stock by project completion year and status in Tbilisi



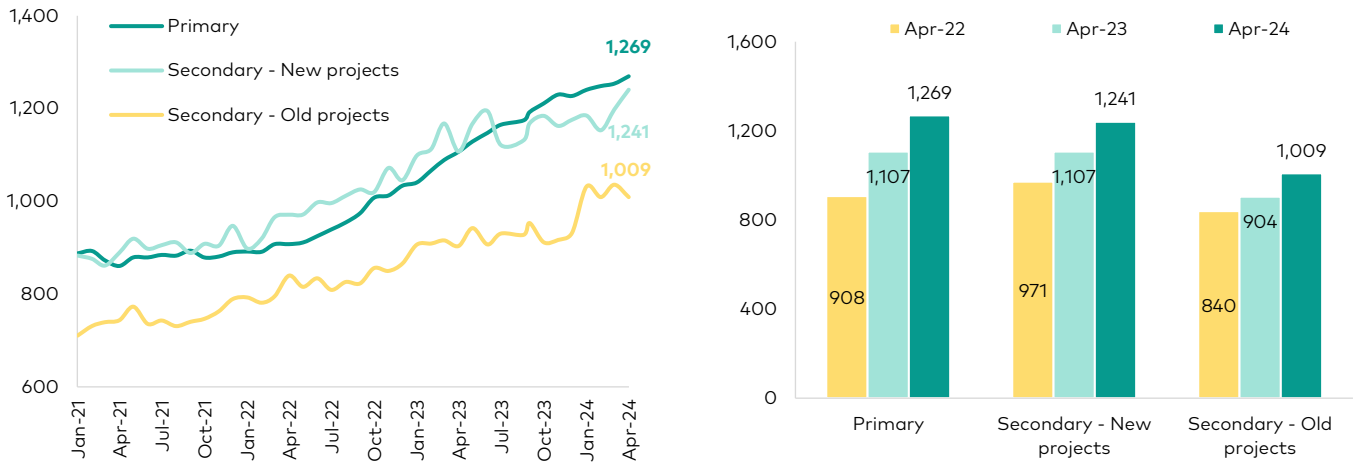




# Real Estate Prices

**Figure 13: Real estate weighted average prices by type, US\$/m<sup>2</sup>**

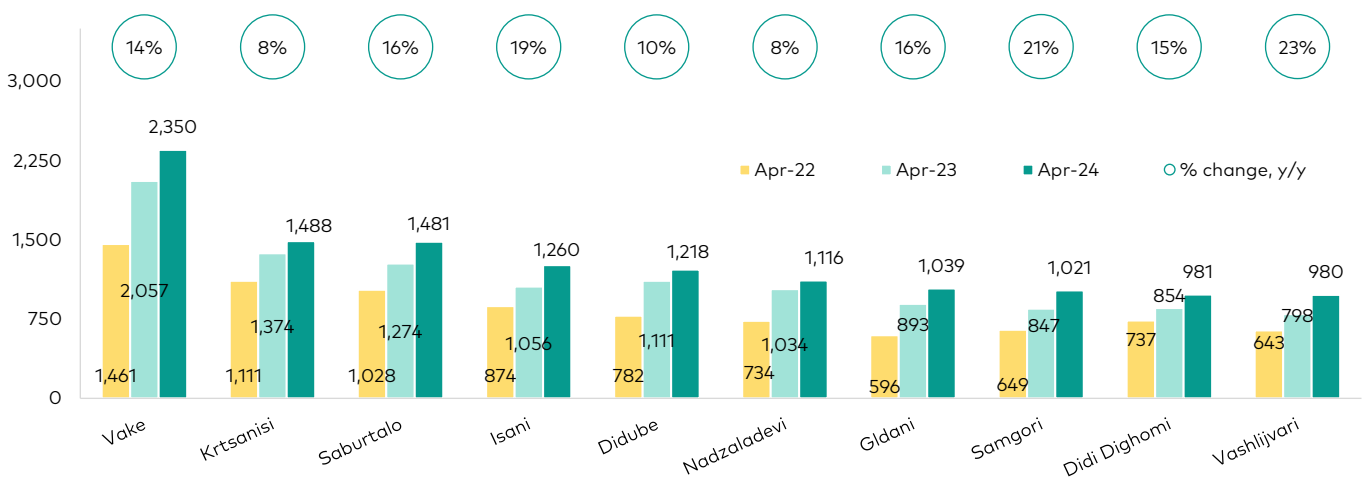
In Apr-24, prices increased for new projects (both, primary and secondary markets)



Source: NAPR, Galt & Taggart

**Figure 14: Real estate prices on primary market for white frame apartments by districts, US\$/m<sup>2</sup>**

Price increase persists across all districts of Tbilisi's primary real estate market



Source: Galt & Taggart

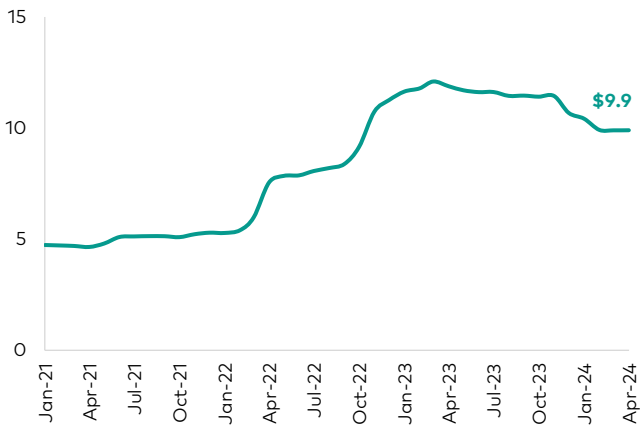
Note: Mtatsminda and Chugureti are excluded from primary market prices due to small sizes of samples



# Real Estate Rents

**Figure 15: Real estate weighted average rent price in Tbilisi, US\$/m<sup>2</sup>**

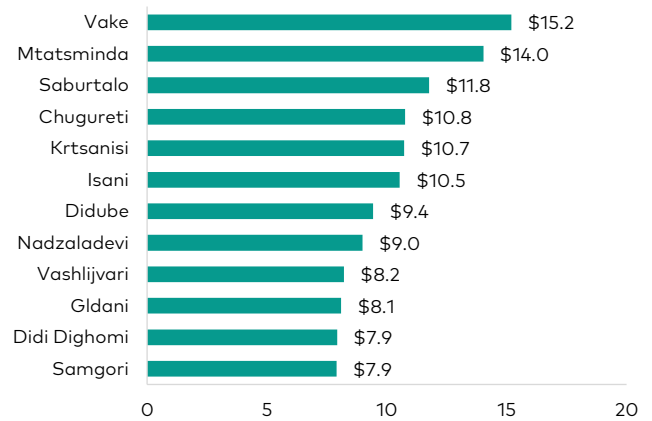
Rents remained flat m/m



Source: NBG, Galt & Taggart  
Note: Rents displayed are for 50-60 m<sup>2</sup> new apartments in Tbilisi

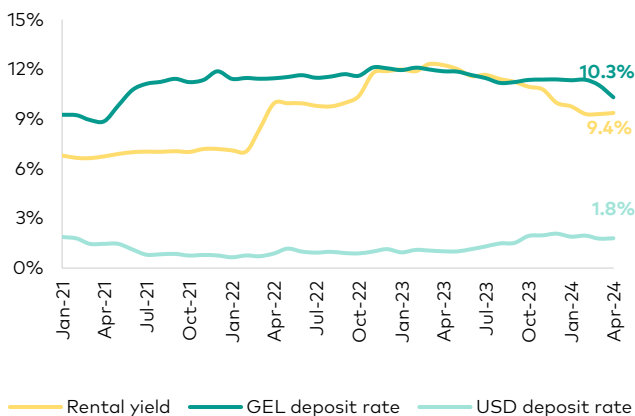
**Figure 16: Real estate weighted average rent prices by districts in Apr-24, US\$/m<sup>2</sup>**

Rents remain the highest in the central districts of Tbilisi



**Figure 17: Real estate rental yield and deposit rates**

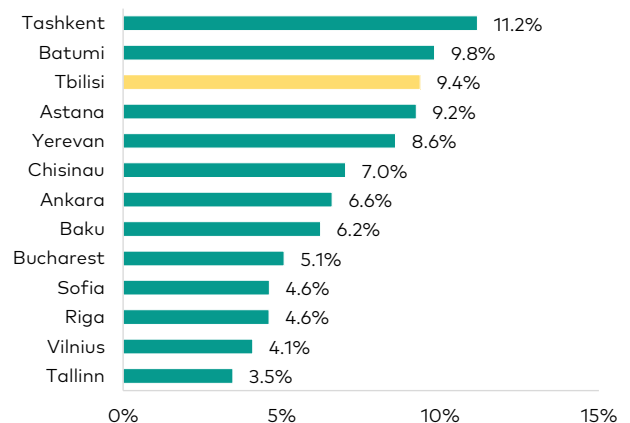
Rental yield and GEL deposit rate remain close to each other



Source: NBG, Numbeo

**Figure 18: Rental yield outside city center, Apr-24**

Cities that had the largest influx of migrants after Russia-Ukraine war still have the highest rental yields

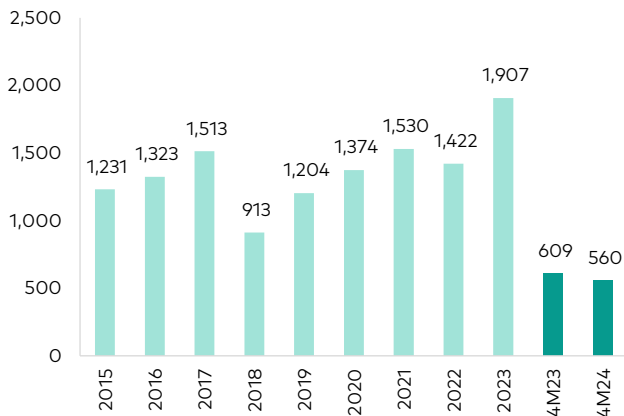




## Construction permits

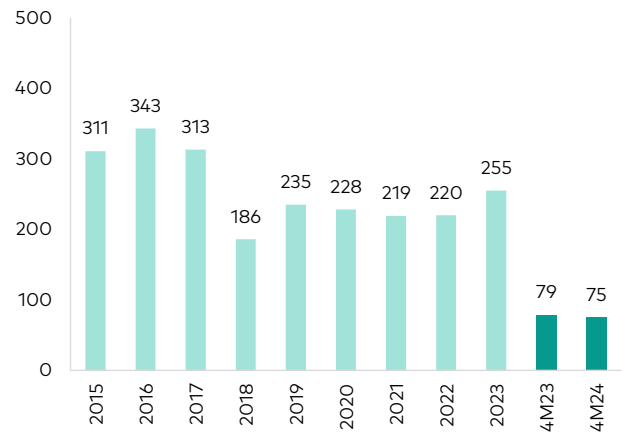
**Figure 19: Area of construction permits issued for residential real estate in Tbilisi, '000 m<sup>2</sup>**

Permitted living area in 4M24 is down by 8.1% y/y



**Figure 20: Number of construction permits issued for residential real estate in Tbilisi**

In 4M24, 75 new residential construction permits were issued (-5.1% y/y)



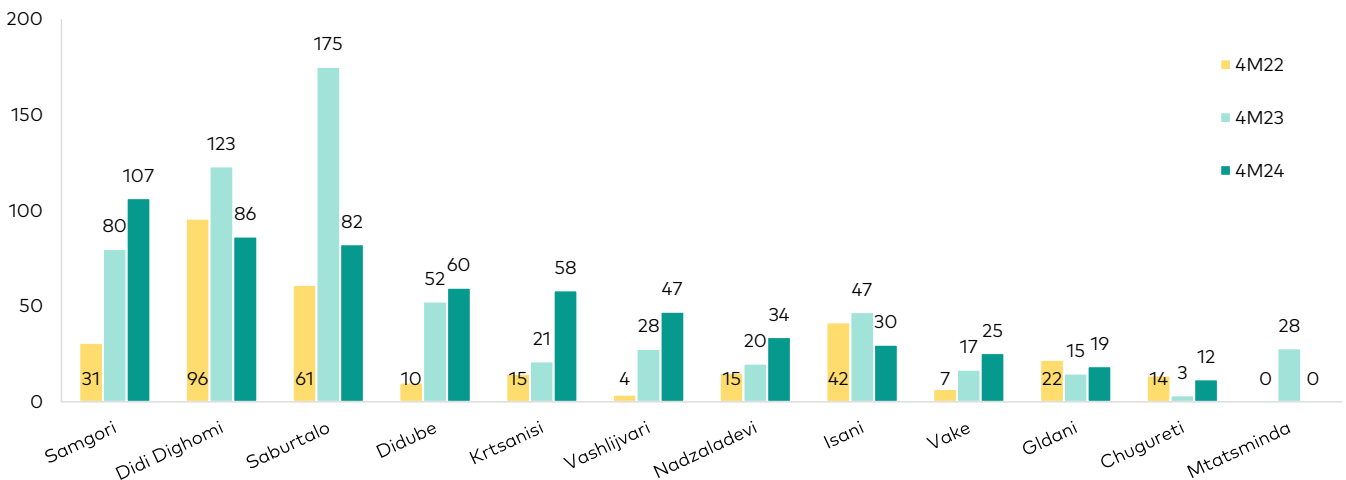
Source: TAS, Galt & Taggart

Note: 1) Includes residential and balcony areas

2) Only III and IV class multiapartment/multifunctional buildings

**Figure 21: Area of construction permits issued for residential real estate by districts, '000 m<sup>2</sup>**

Most of the permits were issued in Samgori (19% of total), followed by Didi Dighomi (15%) and Saburtalo (15%)



Source: TAS, Galt & Taggart

Note: 1) Includes residential and balcony areas

2) Only III and IV class multiapartment/multifunctional buildings



## Annex

**Table 1: Real estate sales by districts – value, number and area, 4M24**

District	Value (mn US\$)	Number	Area ('000 m <sup>2</sup> )
Saburtalo	222.2	2,043	160.4
Didi Dighomi	144.8	2,367	146.2
Didube	101.3	1,408	95.0
Samgori	100.5	1,775	112.0
Gldani	83.2	1,491	91.3
Nadzaladevi	83.0	1,226	78.3
Vake	68.4	396	39.0
Isani	55.9	817	52.7
Krtsanisi	36.3	413	29.4
Mtatsminda	30.9	190	17.9
Chugureti	29.0	359	26.1
Vashlijvari	17.4	242	18.7

Source: NAPR, Galt & Taggart

**Table 2: Real estate weighted average prices by districts in Apr-24, US\$/m<sup>2</sup>**

District	Primary market	Secondary market New projects	Secondary market Old projects
Vake	2,350	1,908	1,484
Mtatsminda	2,733	1,563	1,424
Saburtalo	1,481	1,521	1,142
Chugureti	1,563	1,390	1,034
Krtsanisi	1,488	1,304	854
Isani	1,260	1,211	934
Didube	1,218	1,168	1,028
Nadzaladevi	1,116	1,163	880
Vashlijvari	980	1,121	1,063
Didi Dighomi	981	1,037	874
Gldani	1,039	1,024	807
Samgori	1,021	929	813

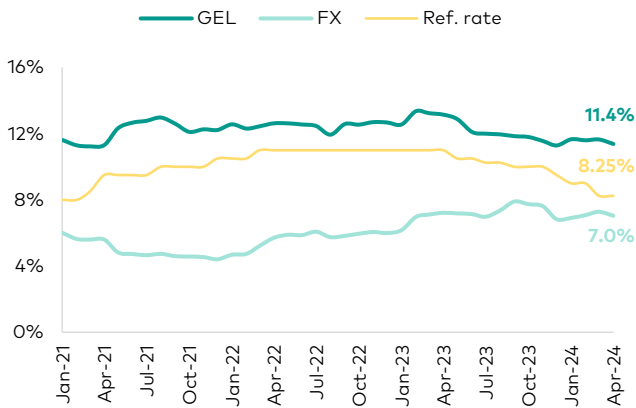
Source: NAPR, Galt & Taggart



## Annex

**Figure 22: Mortgage interest rates, %**

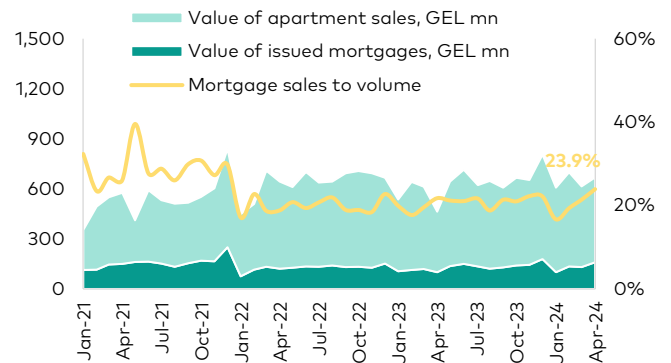
Mortgage interest rates remain high, creating incentives for inner instalment schemes



Source: NBS, Galt & Taggart

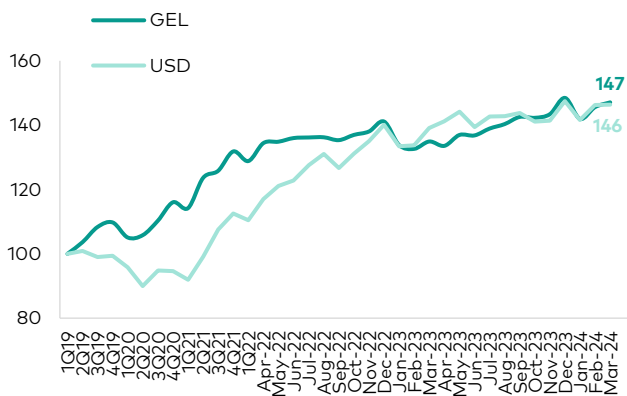
**Figure 23: Share of mortgages in total sales value**

Mortgages accounted for 23.9% of sales value in Apr-24, as majority of sales were financed by popular inner instalment schemes



**Figure 24: Construction cost index, 1Q19=100**

Construction costs are up 5.2% y/y in US\$  
Wages still remain the fastest growing cost item for developers







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