



GALT & TAGGART  
CREATING OPPORTUNITIES

# Tbilisi Residential Real Estate

AUGUST 2024 UPDATE

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# Key Figures

Aug-22

Aug-23

Aug-24

## Sales

# of apartments

3,770

3,401

3,138

Primary

1,659

1,629

1,554

Secondary

2,111

1,772

1,584

## Price

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

\$978

\$1,183

\$1,301

## Rent

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

\$8.0

\$11.2

\$9.9

## Permits

'000 m<sup>2</sup>

255.6

189.4

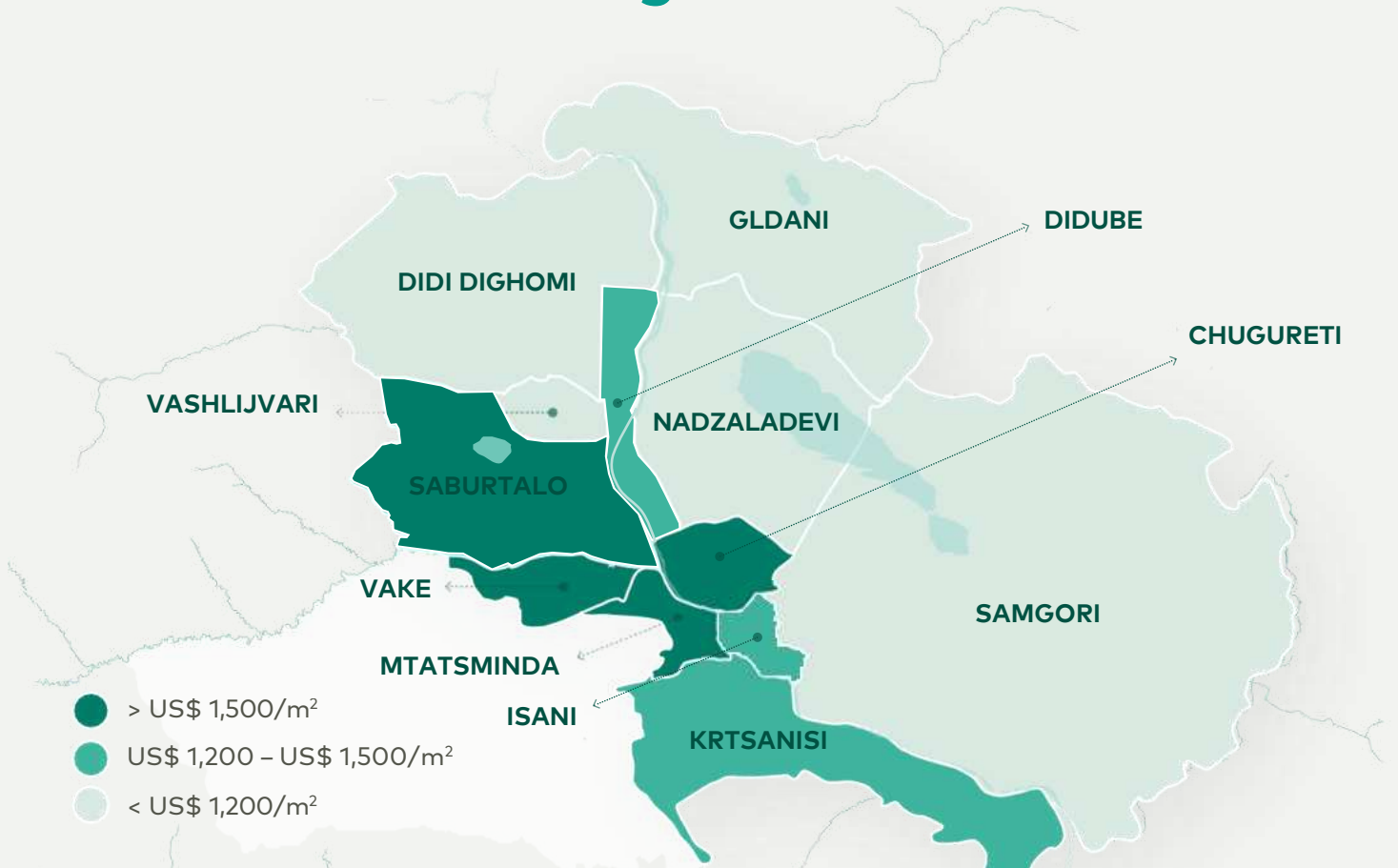
136.5



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# Real estate sale patterns in August 2024



## MTATSMINDA

Number of sales  
**39 apartments**  
Average price  
**2,658 us\$ / m<sup>2</sup>**  
Average rent  
**14.2 us\$ / m<sup>2</sup>**

## VAKE

Number of sales  
**145 apartments**  
Average price  
**2,271 us\$ / m<sup>2</sup>**  
Average rent  
**15.4 us\$ / m<sup>2</sup>**

## CHUGURETI

Number of sales  
**68 apartments**  
Average price  
**1,675 us\$ / m<sup>2</sup>**  
Average rent  
**10.3 us\$ / m<sup>2</sup>**

## SABURTALO

Number of sales  
**473 apartments**  
Average price  
**1,539 us\$ / m<sup>2</sup>**  
Average rent  
**11.7 us\$ / m<sup>2</sup>**

## KRTSANISI

Number of sales  
**131 apartments**  
Average price  
**1,456 us\$ / m<sup>2</sup>**  
Average rent  
**10.8 us\$ / m<sup>2</sup>**

## DIDUBE

Number of sales  
**340 apartments**  
Average price  
**1,230 us\$ / m<sup>2</sup>**  
Average rent  
**9.3 us\$ / m<sup>2</sup>**

## ISANI

Number of sales  
**211 apartments**  
Average price  
**1,219 us\$ / m<sup>2</sup>**  
Average rent  
**10.3 us\$ / m<sup>2</sup>**

## NADZALADEVI

Number of sales  
**290 apartments**  
Average price  
**1,162 us\$ / m<sup>2</sup>**  
Average rent  
**8.9 us\$ / m<sup>2</sup>**

## SAMGORI

Number of sales  
**469 apartments**  
Average price  
**1,037 us\$ / m<sup>2</sup>**  
Average rent  
**8.0 us\$ / m<sup>2</sup>**

## GLDANI

Number of sales  
**340 apartments**  
Average price  
**1,035 us\$ / m<sup>2</sup>**  
Average rent  
**8.1 us\$ / m<sup>2</sup>**

## DIDI DIGHOMI

Number of sales  
**579 apartments**  
Average price  
**997 us\$ / m<sup>2</sup>**  
Average rent  
**8.1 us\$ / m<sup>2</sup>**

## VASHLIJVARI

Number of sales  
**53 apartments**  
Average price  
**952 us\$ / m<sup>2</sup>**  
Average rent  
**8.3 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



## August 2024 update

### Summary

In August 2024, demand for real estate continued to improve, but it still remains sluggish compared to the beginning of the year. Prices in August increased slightly by 0.3% m/m on the primary market, after remaining flat in July. Weakened demand is also affecting supply - over the past three months, the volume of permits issued for construction has decreased sharply, by 41.9% y/y. Permit issuance dynamics are likely to be maintained by end of 2024 as developers await until demand improves considerably.

### Primary market - presales from developers

According to our survey of systematic developers, apartment sales recovered in July and August 2024, after a sharp drop in May, attributed to a series of holidays and street protests. However despite the improvement, demand still remains sluggish, with August sales 2.6% lower compared to the 4M24 average.

In 8M24 compared to last year, the share of Israeli citizens in sales increased significantly from 5% to 11%, offsetting a decrease in sales of Russian citizens, which dropped from 9% to 2%. Share of Georgian citizens in apartment sales remained flat at 78%.



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.

### **Secondary market – registered transactions**

In Aug-24, the number of sold apartments on the secondary market in Tbilisi stood at 1,584 units, down 10.6% y/y and 5.4% m/m.

Cumulatively, in 8M24, 13,080 apartments were sold on a secondary market in Tbilisi, down 7.1% y/y, reflecting weakened demand.

### **Prices**

In Aug-24, average price on the primary market increased slightly by 0.3% m/m, after remaining flat in Jul-24. Slower pace of monthly price increase is mainly attributed to a sluggish demand.

### **Market size**

In Aug-24, the total market value of apartments sold in Tbilisi stood at US\$ 244.9mn, down by 4.8% y/y and 9.4% m/m, due to decrease in apartment sales. Cumulatively in 8M24, Tbilisi real estate market size was up by 1.0% y/y to US\$ 1,953.4mn.



## Rent

In Aug-24, price for renting an average apartment (50-60 m<sup>2</sup>) in Tbilisi increased slightly to US\$ 9.9 per m<sup>2</sup>. During 2024 rent prices in Tbilisi remained largely stable around US\$ 10 per m<sup>2</sup>.

## Construction permits

In Aug-24, the sharp reduction in building permits, which started in Jun-24, continued. In total, the area of permits issued in the June-August period decreased by 41.9% y/y. We expect that developers will delay permit finalization process until the demand improves considerably.



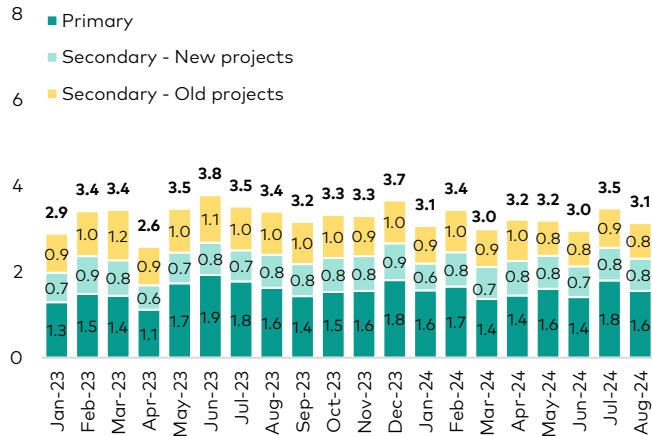
# Real Estate Sales

**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**

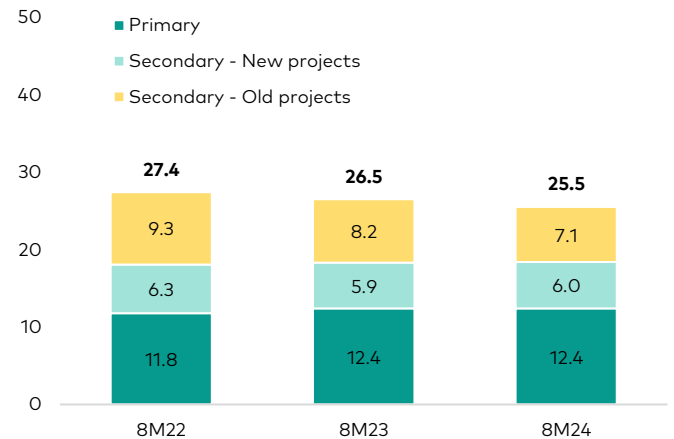
In Aug-24, real estate transactions were down 7.7% y/y and 9.7% m/m



Source: NAPR, Galt & Taggart

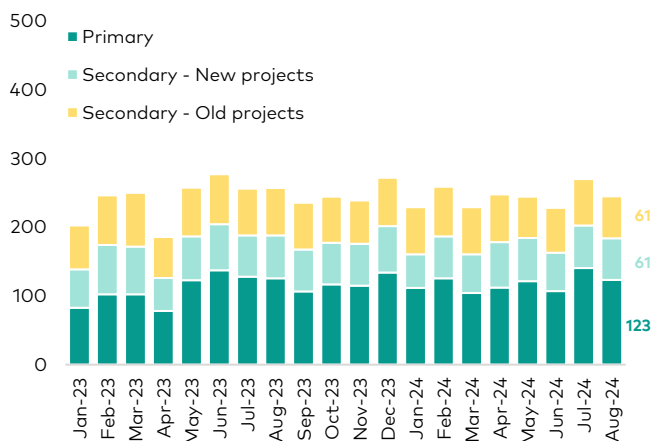
**Figure 2: Number of sold apartments by year, '000**

In 8M24, sales were down 3.8% y/y, attributed to decrease on the secondary market old projects



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

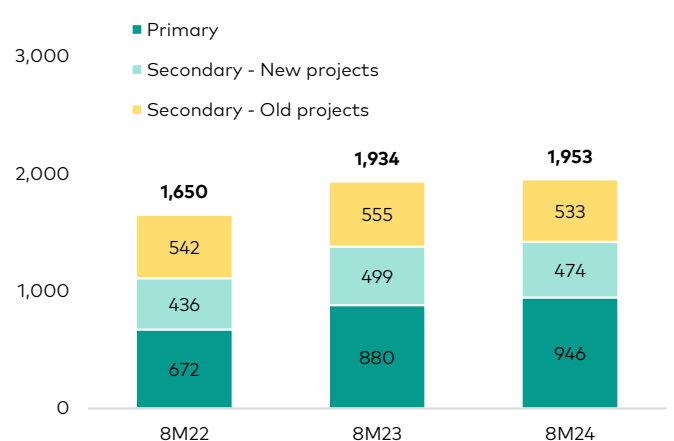
In Aug-24, real estate market size was down 4.8% y/y and 9.4% m/m



Source: NAPR, Galt & Taggart

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

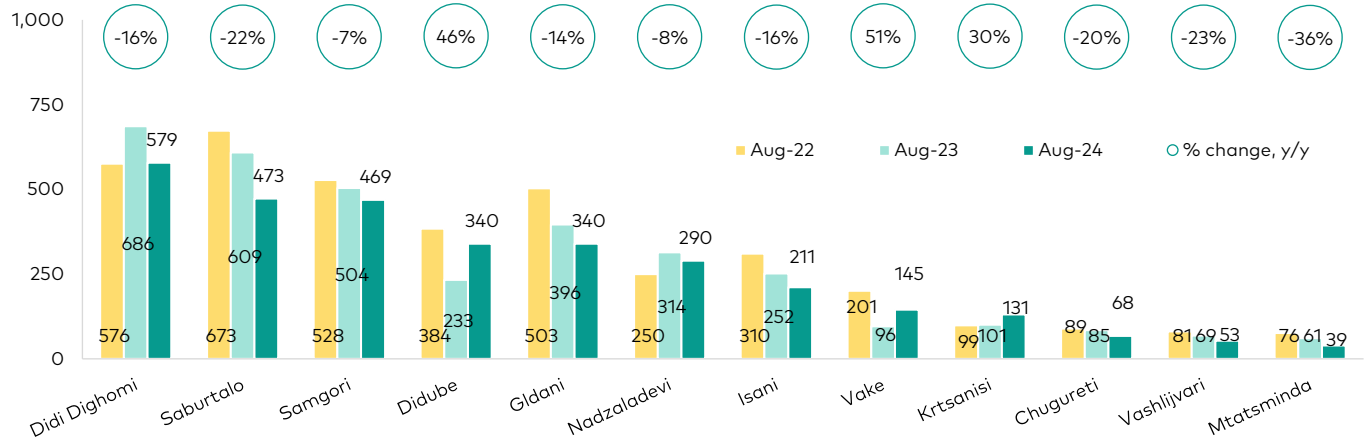
In 8M24, market size was slightly up 1.0%, attributed to growth on the primary market





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

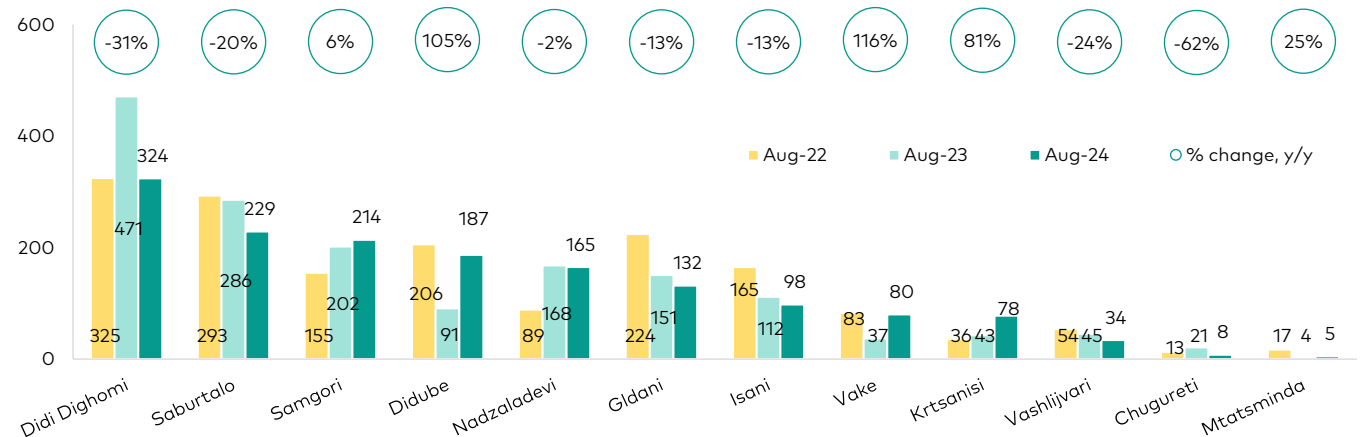
Almost half of the transactions were recorded in Didi Dighomi, Saburtalo and Samgori districts



Source: NAPR, Galt & Taggart

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

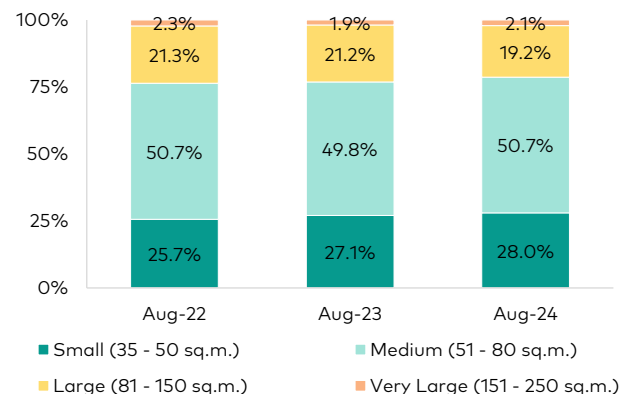
Sales growth in Didube, Vake, Krtsanisi is attributed to the late registration of already sold apartments



Source: NAPR, Galt & Taggart

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

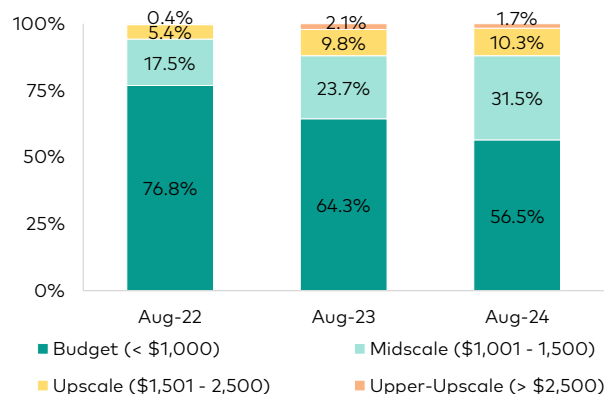
Medium-sized (51-80 m<sup>2</sup>) apartments remained the most prevalent



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 September 2024, we conducted a survey of 15 systematic developers with over 70 residential construction projects in Tbilisi:

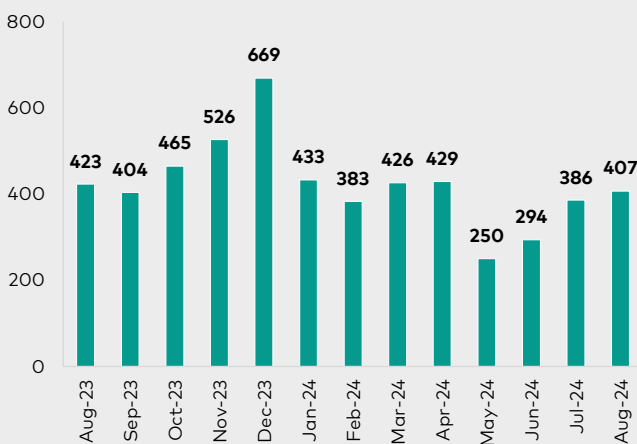
### Based on survey results:

The projects of selected developers saw a recovery in apartment sales in July and August 2024, after a sharp drop in May, attributed to a series of holidays and street protests in the country. Despite the improvement, demand still remains sluggish, with August sales 2.6% lower compared to the 4M24 average.

In 8M24 compared to last year, the share of Israeli citizens in sales increased significantly from 5% to 11%, offsetting a decrease in sales of Russian citizens, which dropped from 9% to 2%. Share of Georgian citizens in apartment sales remained flat at 78%.

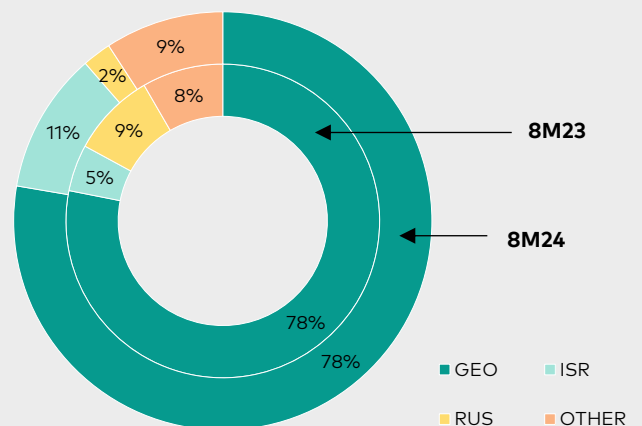
The data will be updated monthly.

Figure 9: Number of sold apartments in the projects of selected developers in Tbilisi by months



Source: Galt & Taggart survey of selected developers, NAPR

Figure 10: Real estate sales by citizenship in Tbilisi, 8M23 vs 8M24

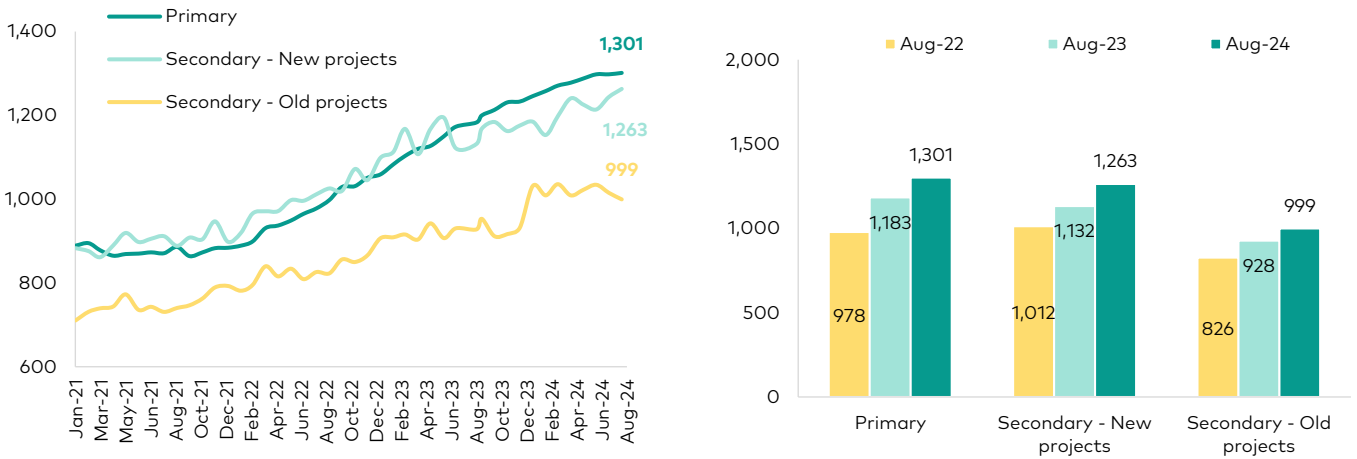




# Real Estate Prices

**Figure 11: Real estate weighted average prices by type, US\$/m<sup>2</sup>**

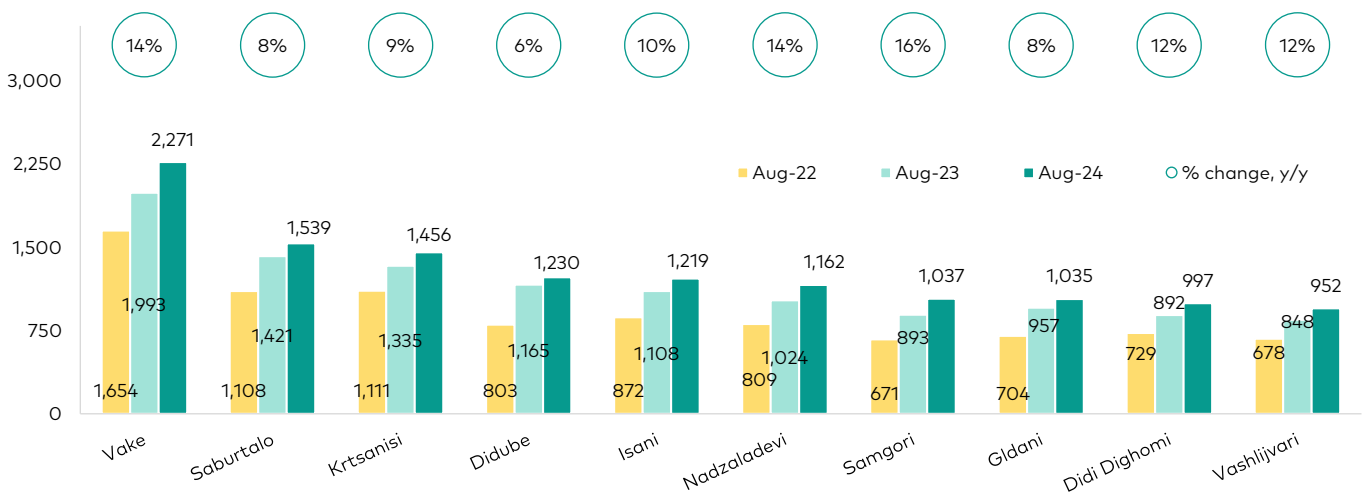
In Aug-24, prices on the primary market increased slightly by 0.3% m/m



Source: NAPR, Galt & Taggart

**Figure 12: 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, but the pace has slowed down



Source: Galt & Taggart

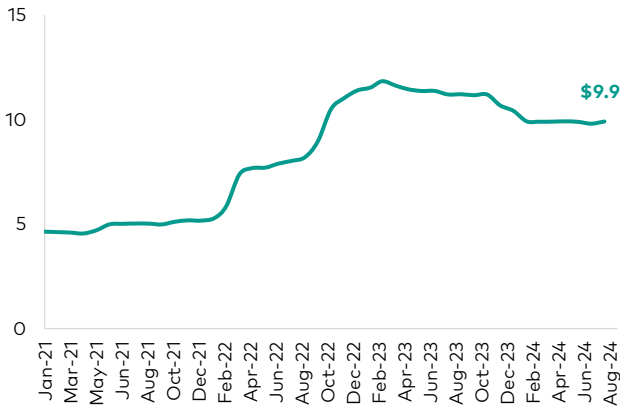
Note: Mtatsminda and Chugureti are excluded from primary market prices due to small sizes of samples



# Real Estate Rents

**Figure 13: Real estate weighted average rent price in Tbilisi, US\$/m<sup>2</sup>**

Average rent remains stable around US\$ 10 per m<sup>2</sup>

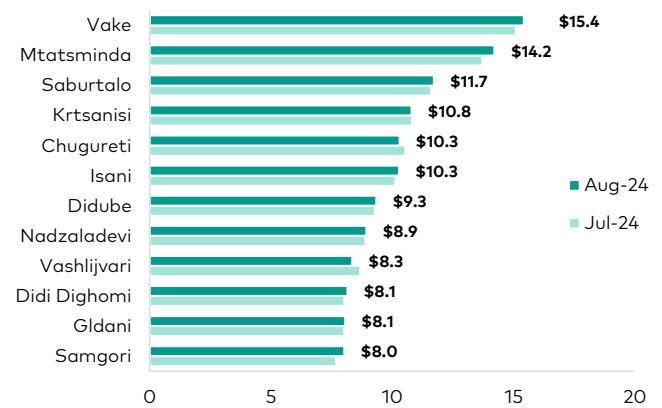


Source: NBG, Galt & Taggart

Note: Rents displayed are for 50-60 m<sup>2</sup> new apartments in Tbilisi

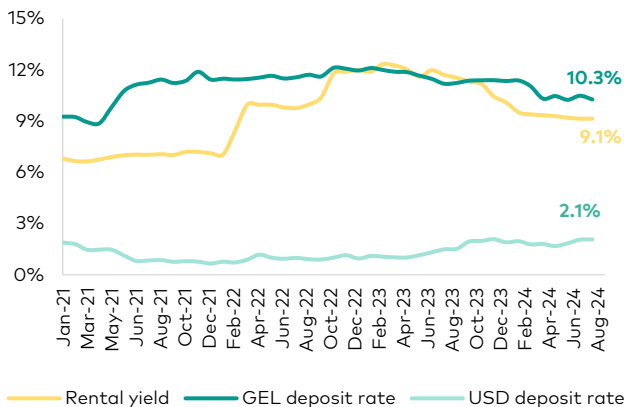
**Figure 14: Real estate weighted average rent prices by districts, US\$/m<sup>2</sup>**

Rents remain the highest in central districts



**Figure 15: Real estate rental yield and deposit rates**

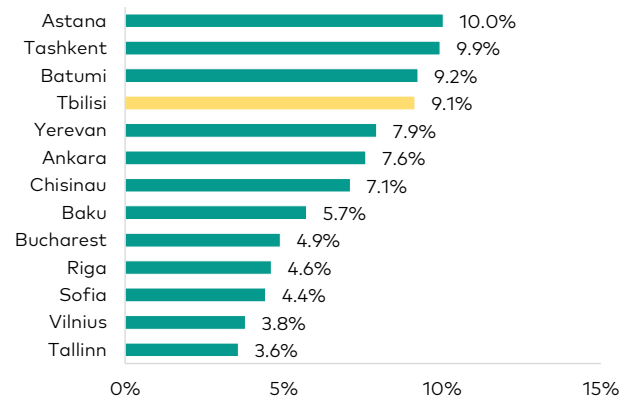
Rental yield still looks attractive compared to alternative investments



Source: NBG, Numbeo, Galt & Taggart

**Figure 16: Rental yield outside city center, Aug-24**

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

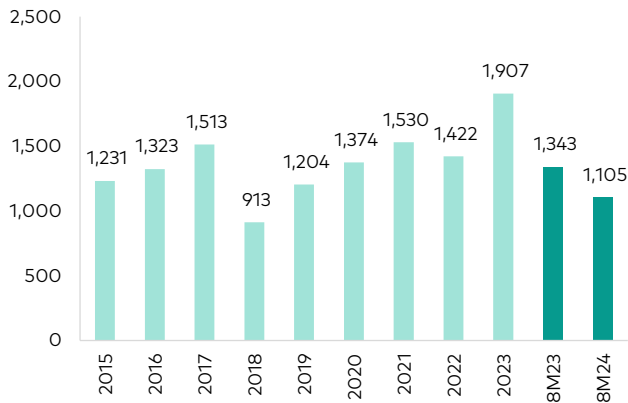




## Construction permits

**Figure 17: Area of construction permits issued for residential real estate in Tbilisi, '000 m<sup>2</sup>**

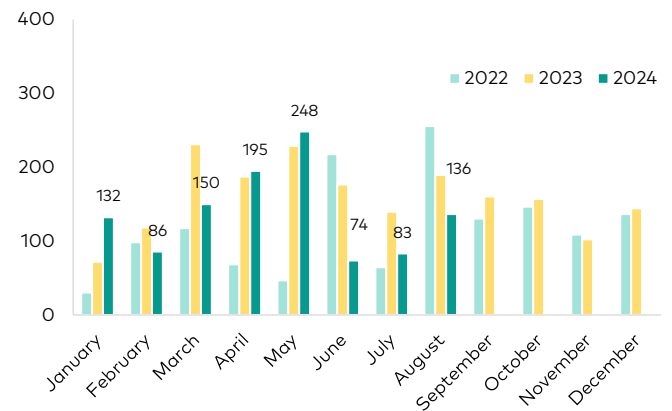
Permitted living area in 8M24 has decreased by 17.7% y/y, after a record-high 2023



Source: TAS, Galt & Taggart  
Note: 1) Includes residential and balcony areas  
2) Only III and IV class multiapartment/multifunctional buildings

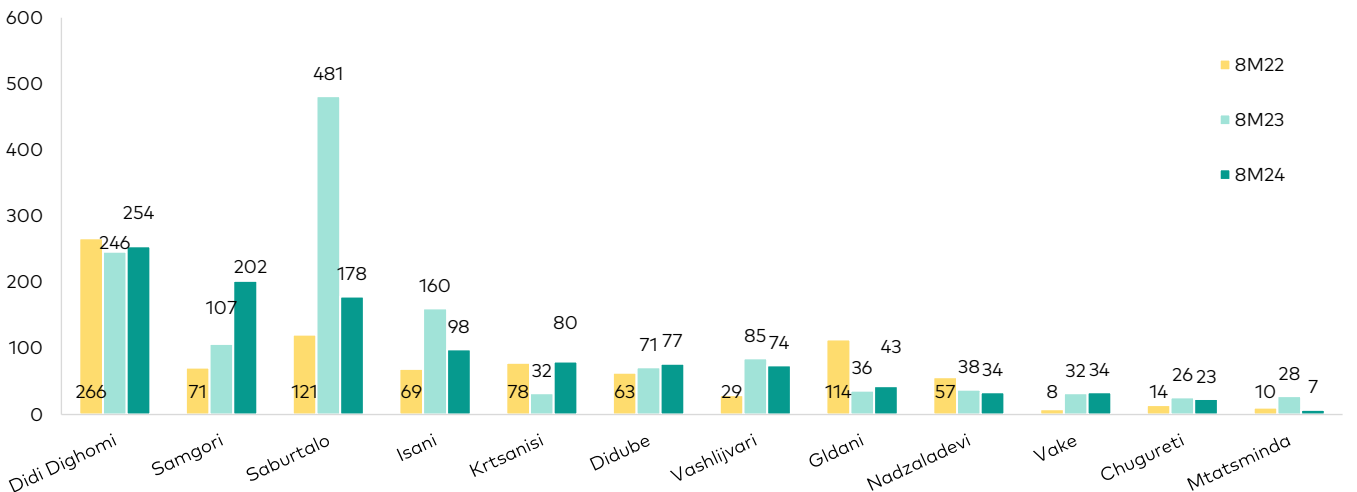
**Figure 18: Area of construction permits issued for residential real estate by months in Tbilisi, '000 m<sup>2</sup>**

There has been a decline recorded in living area of issued construction permits for the third month in a row



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

Most of the permits were issued in Didi Dighomi (23% of total), followed by Samgori (18%) and Saburtalo (16%)



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, 8M24**

| District     | Value (mn US\$) | Number | Area ('000 m <sup>2</sup> ) |
|--------------|-----------------|--------|-----------------------------|
| Saburtalo    | 444.6           | 4,098  | 318.5                       |
| Didi Dighomi | 292.4           | 4,774  | 294.1                       |
| Samgori      | 209.9           | 3,643  | 226.6                       |
| Didube       | 206.9           | 2,787  | 188.6                       |
| Nadzaladevi  | 167.0           | 2,461  | 156.0                       |
| Gldani       | 159.5           | 2,766  | 170.4                       |
| Vake         | 134.9           | 790    | 76.0                        |
| Isani        | 127.9           | 1,757  | 114.1                       |
| Krtsanisi    | 77.6            | 855    | 60.2                        |
| Mtatsminda   | 61.5            | 414    | 38.3                        |
| Chugureti    | 54.0            | 661    | 48.5                        |
| Vashlijvari  | 36.3            | 489    | 37.1                        |

Source: NAPR, Galt & Taggart

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

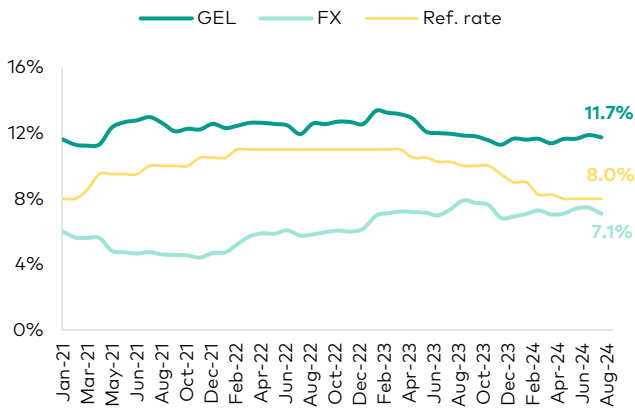
| District     | Primary market | Secondary market<br>New projects | Secondary market<br>Old projects |
|--------------|----------------|----------------------------------|----------------------------------|
| Mtatsminda   | 2,658          | 1,500                            | 1,063                            |
| Vake         | 2,271          | 2,386                            | 1,473                            |
| Chugureti    | 1,675          | 1,457                            | 978                              |
| Saburtalo    | 1,539          | 1,628                            | 1,085                            |
| Krtsanisi    | 1,456          | 1,236                            | 971                              |
| Didube       | 1,230          | 1,286                            | 988                              |
| Isani        | 1,219          | 1,173                            | 962                              |
| Nadzaladevi  | 1,162          | 1,202                            | 942                              |
| Samgori      | 1,037          | 1,028                            | 829                              |
| Gldani       | 1,035          | 1,126                            | 860                              |
| Didi Dighomi | 997            | 988                              | 781                              |
| Vashlijvari  | 952            | 1,228                            | 750                              |

Source: NAPR, Galt & Taggart



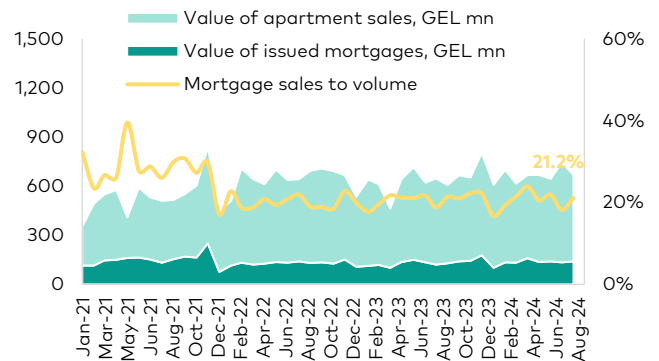
## Annex

**Figure 20: Mortgage interest rates, %**  
Mortgage interest rates decreased m/m

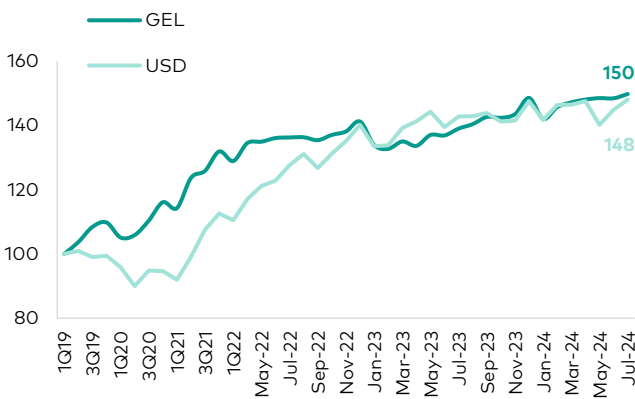


Source: NBS, Galt & Taggart

**Figure 21: Share of mortgages in total sales value**  
Mortgages accounted for 21.2% of sales value in Aug-24, as majority of sales were financed by popular inner instalment schemes



**Figure 22: Construction cost index, 1Q19=100**  
Wages remain the biggest challenge in developers' costs



Source: Geostat, Galt & Taggart

Note: Construction cost index is available by quarter over 2019-22; monthly statistics is available from Mar-22

|                                      | y/y growth<br>Jul-24, US\$ | m/m growth<br>Jul-24, US\$ |
|--------------------------------------|----------------------------|----------------------------|
| <b>Total construction cost</b>       | <b>3.7%</b>                | <b>2.2%</b>                |
| Construction materials               | -0.4%                      | 1.1%                       |
| Wages                                | 20.1%                      | 6.7%                       |
| Machinery                            | 2.5%                       | 3.1%                       |
| Transportation, fuel and electricity | 5.9%                       | 1.0%                       |
| Other costs                          | -2.0%                      | 0.9%                       |



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