



GALT & TAGGART  
CREATING OPPORTUNITIES

# Tbilisi Residential Real Estate

JANUARY 2024 UPDATE

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# Key Figures

Jan-22

Jan-23

Jan-24

## Sales

# of apartments

2,570

2,886

3,068

Primary

1,098

1,291

1,565

Secondary

1,472

1,595

1,503

## Price

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

\$902

\$1,066

\$1,266

## Rent

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

\$5.3

\$11.6

\$10.4

## Permits

'000 m<sup>2</sup>

30.5

71.9

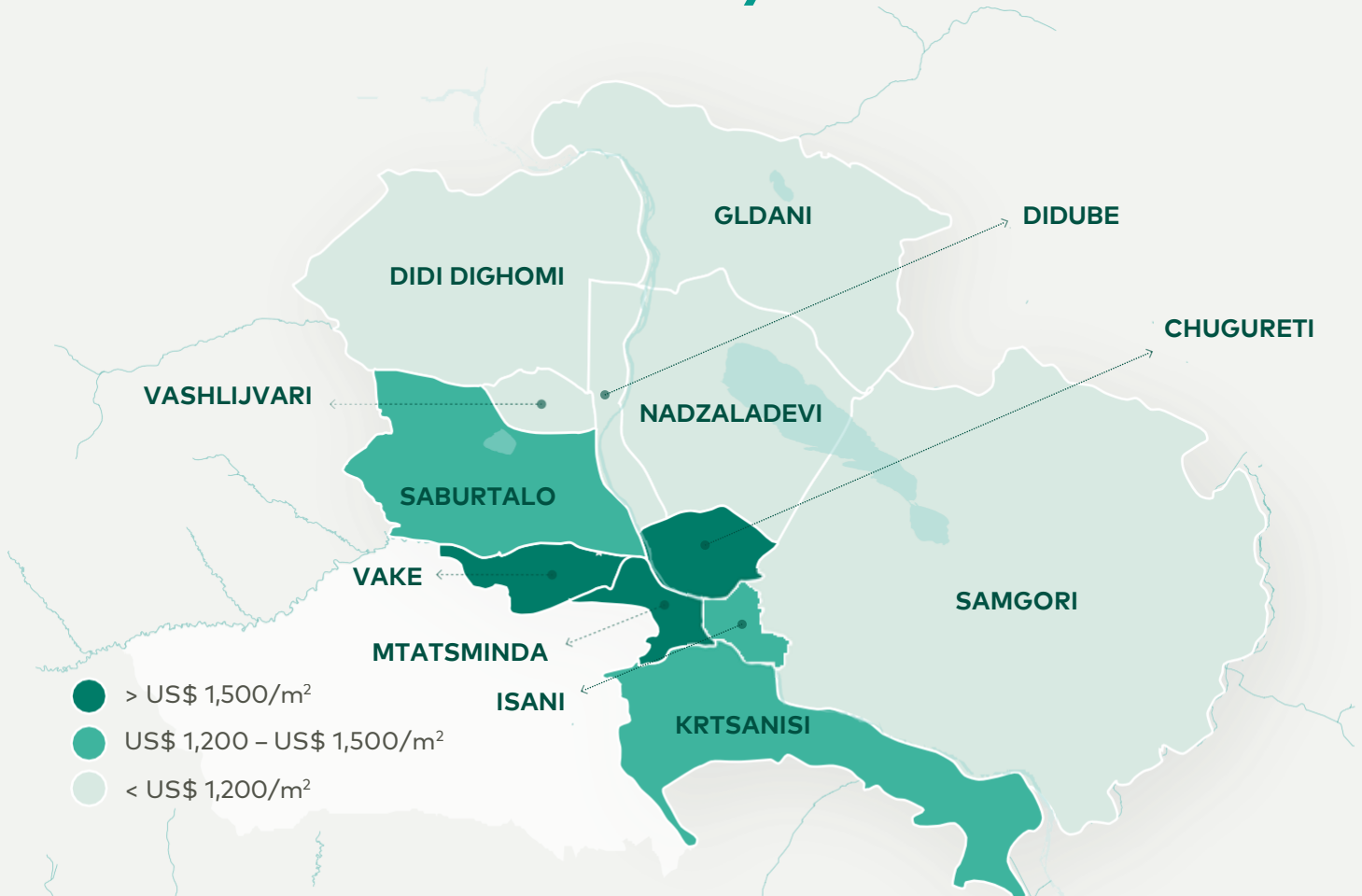
123.5



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# Real estate sale patterns in January 2024



## MTATSMINDA

Number of sales  
**40 apartments**  
Average price  
**2,530 us\$ / m<sup>2</sup>**  
Average rent  
**15.1 us\$ / m<sup>2</sup>**

## VAKE

Number of sales  
**67 apartments**  
Average price  
**2,309 us\$ / m<sup>2</sup>**  
Average rent  
**16.4 us\$ / m<sup>2</sup>**

## CHUGURETI

Number of sales  
**74 apartments**  
Average price  
**1,617 us\$ / m<sup>2</sup>**  
Average rent  
**12.1 us\$ / m<sup>2</sup>**

## KRTSANISI

Number of sales  
**79 apartments**  
Average price  
**1,444 us\$ / m<sup>2</sup>**  
Average rent  
**11.8 us\$ / m<sup>2</sup>**

## SABURTALO

Number of sales  
**430 apartments**  
Average price  
**1,419 us\$ / m<sup>2</sup>**  
Average rent  
**12.3 us\$ / m<sup>2</sup>**

## ISANI

Number of sales  
**180 apartments**  
Average price  
**1,221 us\$ / m<sup>2</sup>**  
Average rent  
**10.6 us\$ / m<sup>2</sup>**

## DIDUBE

Number of sales  
**271 apartments**  
Average price  
**1,181 us\$ / m<sup>2</sup>**  
Average rent  
**10.0 us\$ / m<sup>2</sup>**

## NADZALADEVI

Number of sales  
**334 apartments**  
Average price  
**1,093 us\$ / m<sup>2</sup>**  
Average rent  
**9.1 us\$ / m<sup>2</sup>**

## SAMGORI

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

## GLDANI

Number of sales  
**342 apartments**  
Average price  
**993 us\$ / m<sup>2</sup>**  
Average rent  
**8.5 us\$ / m<sup>2</sup>**

## DIDI DIGHOMI

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

## VASHLIJVARI

Number of sales  
**229 apartments**  
Average price  
**954 us\$ / m<sup>2</sup>**  
Average rent  
**9.3 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



## January 2024 update

### Number of transactions

In Jan-24, the number of registered transactions in Tbilisi stood at 3,068 units, up 6.3% y/y. This growth is solely attributed to increased transactions on the primary market (+21.2% y/y), while sales on the secondary market decreased by 5.8% y/y. Continuous decline on the secondary market suggests the end of a speculative buy-to-rent period in the real estate market, as rental rates and yields are moving back to healthy levels.

In Jan-24, almost half of registered transactions (47.3% of total) were recorded in Didi Dighomi, Samgori and Saburtalo districts.

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 (\$501-800/m<sup>2</sup>), driven by rising prices.

### Prices

In Jan-24, real estate prices continued growing. Notably, weighted average price on the primary market increased to US\$ 1,266, up by 0.5% m/m. There is still a double-digit annual price growth in every district of Tbilisi.



## Market size

In Jan-24, the total market value of apartments sold in Tbilisi stood at US\$ 229.1mn, up by 13.1% y/y. The largest contributor to this growth was the primary market (+35.0% y/y), driven by combination of increased transactions and prices. Moreover, the growth was also supported by old projects on the secondary market (+7.1% y/y), due to increased prices.

## Rent

In Jan-24, price for renting an average apartment (50-60 m<sup>2</sup>) in Tbilisi stood at US\$ 10.4 per m<sup>2</sup> (-2.4% m/m). Notably, rents are down by 16.1% since Mar-23, when they reached all time high. We expect gradual reduction in rents to continue during 2024.

## Construction permits

2024 started with a 71.8% y/y increase in permitted living area, after a record-high 2023 year. Total of 19 permits were issued for residential real estate projects. In Jan-24, 27% of total permitted living area was in Saburtalo, followed by Vashlijvari (20%) and Samgori (17%).



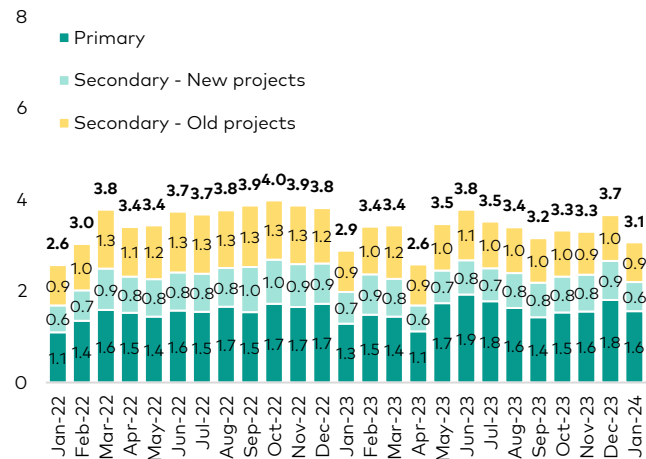
# Real Estate Sales

**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**

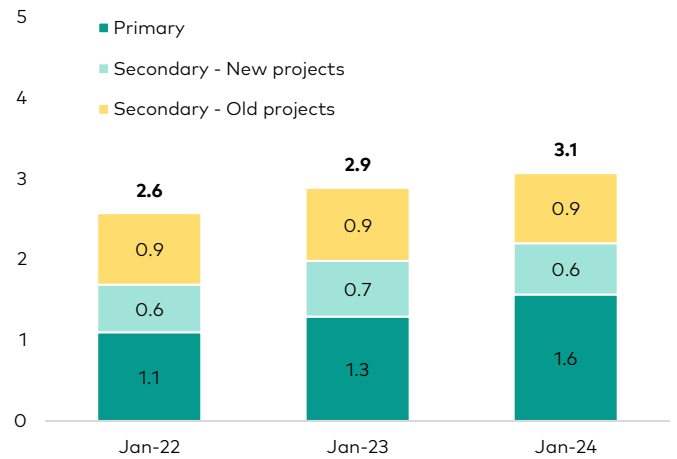
In Jan-24, real estate transactions were up 6.3% y/y



Source: NAPR, Galt & Taggart

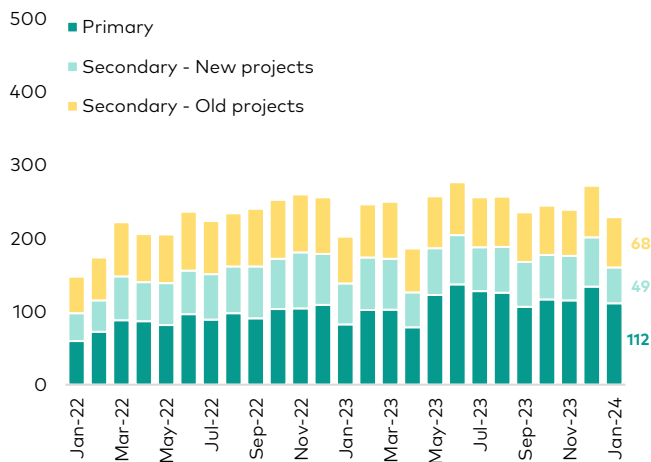
**Figure 2: Number of sold apartments by year, '000**

Growth in total transactions was solely driven by increased sales on the primary market



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

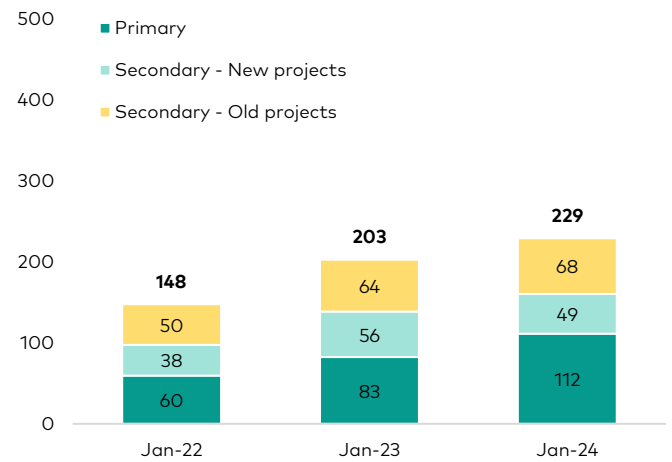
In Jan-24, real estate market size was up 13.1% y/y



Source: NAPR, Galt & Taggart

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

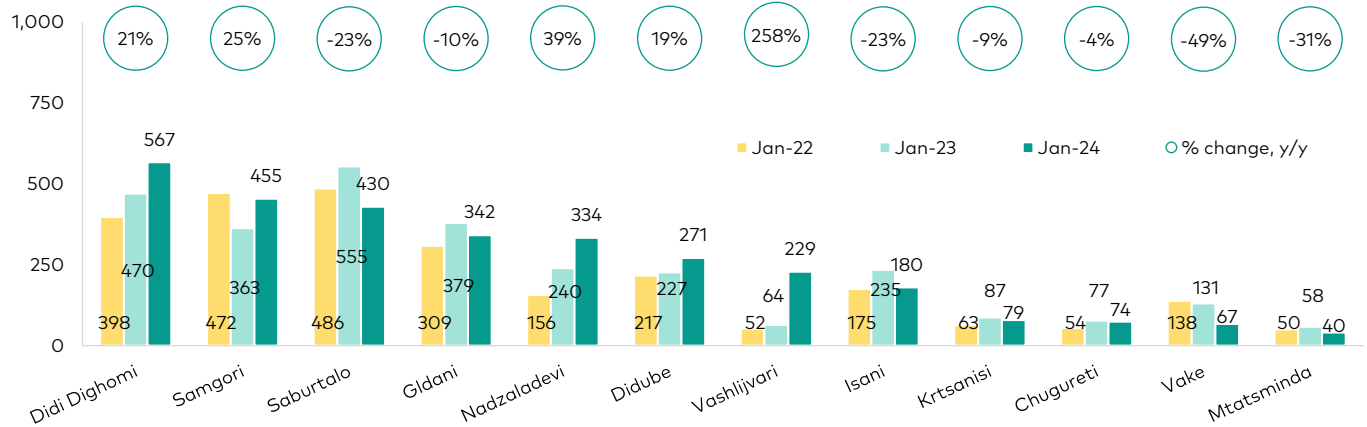
Market size growth was mainly attributed to the primary market sales and price growth





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

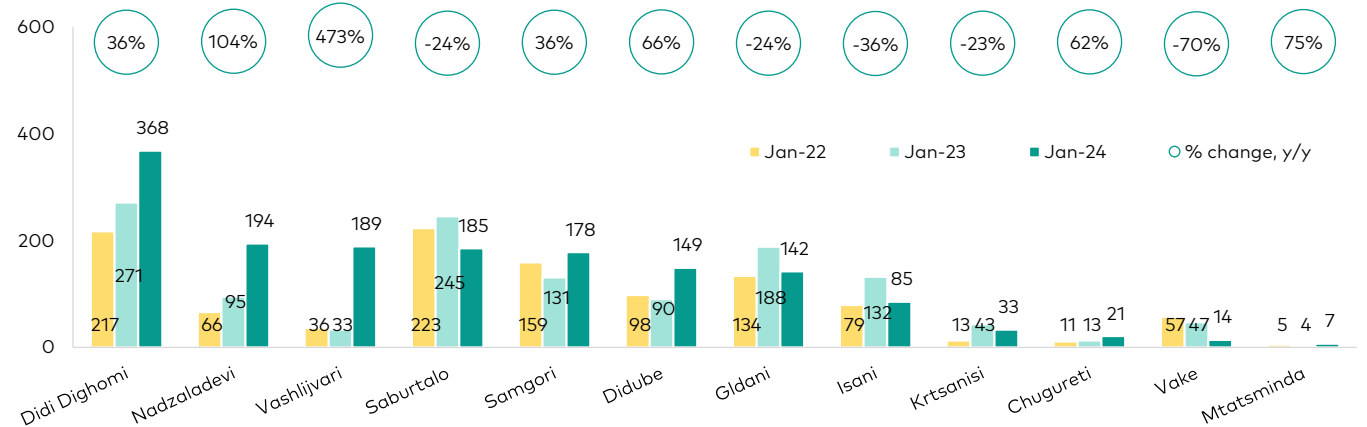
Transactions decreased in every central district (Saburtalo, Vake, Mtatsminda)



Source: NAPR, Galt & Taggart

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

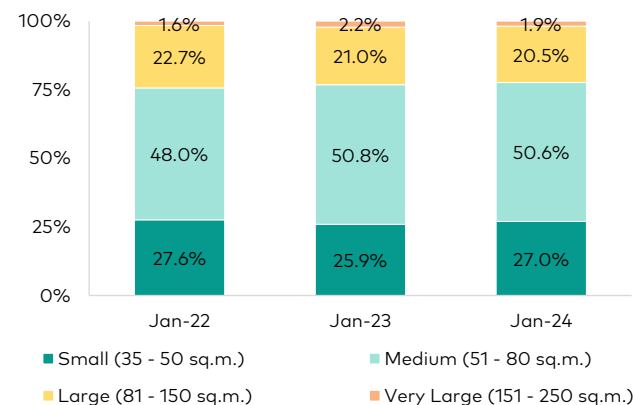
Didi Dighomi, Nadzaladevi and Vashlijvari contributed the most to growth in the primary market transactions



Source: NAPR, Galt & Taggart

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

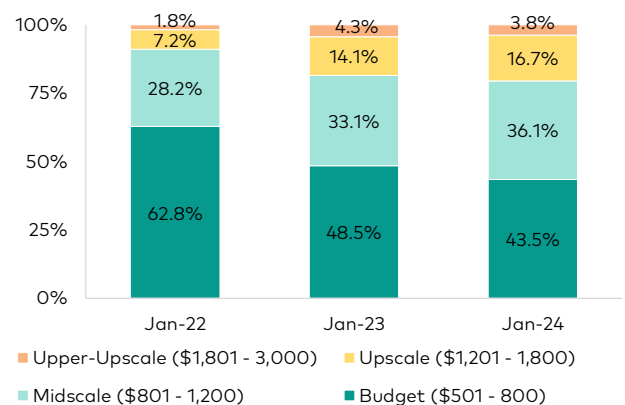
Medium-sized (51-80 m<sup>2</sup>) apartments remained the most prevalent



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

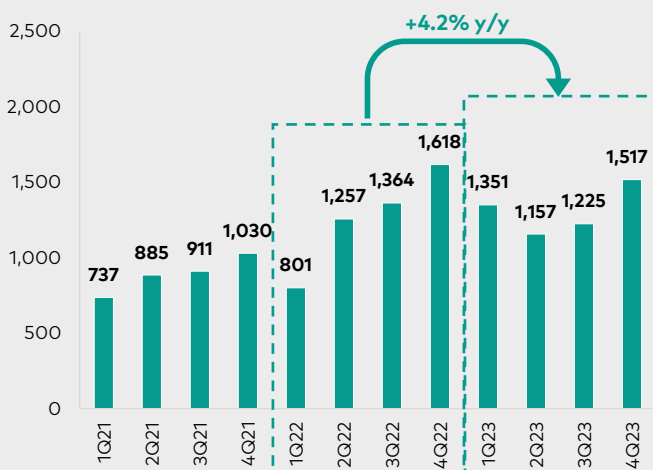
In January 2024, we conducted a survey of 13 systematic developers with 68 ongoing construction projects in Tbilisi. The aim was to address delays in the registration of apartment sales on the primary market and stay informed about the real time market trends.

Based on survey results:

- In 2023, total apartments bought directly from surveyed developers increased by 4.2% y/y, highlighting uninterrupted demand on Tbilisi real estate market.
- Developer sales surged in 2Q22 and continued on an upward trajectory throughout 2022. Following a period of stabilization in 1Q-3Q 2023, sales increased again in 4Q23, surpassing the previous three quarters' average by a substantial 21.9%.
- Nearly all units have been sold among the projects completed in 2023. Moreover, in the projects due for completion in 2026-28, almost half of the apartments are already sold out.

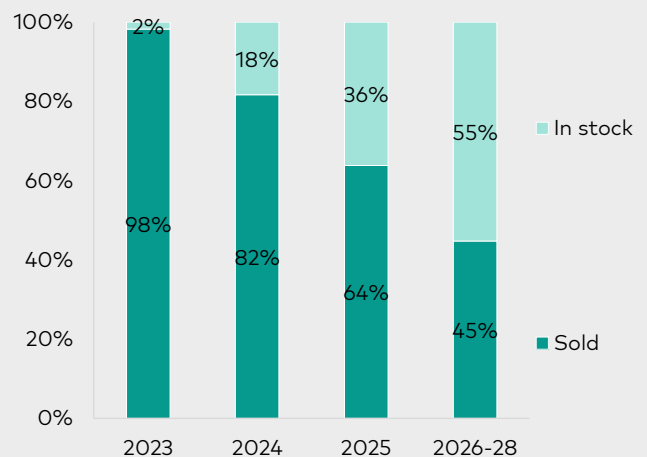
The data will be updated quarterly.

**Figure 9: Number of presold apartments in ongoing projects, survey of selected developers**



Source: Galt & Taggart Survey

**Figure 10: Distribution of the housing stock by project completion year and status, survey of selected developers**



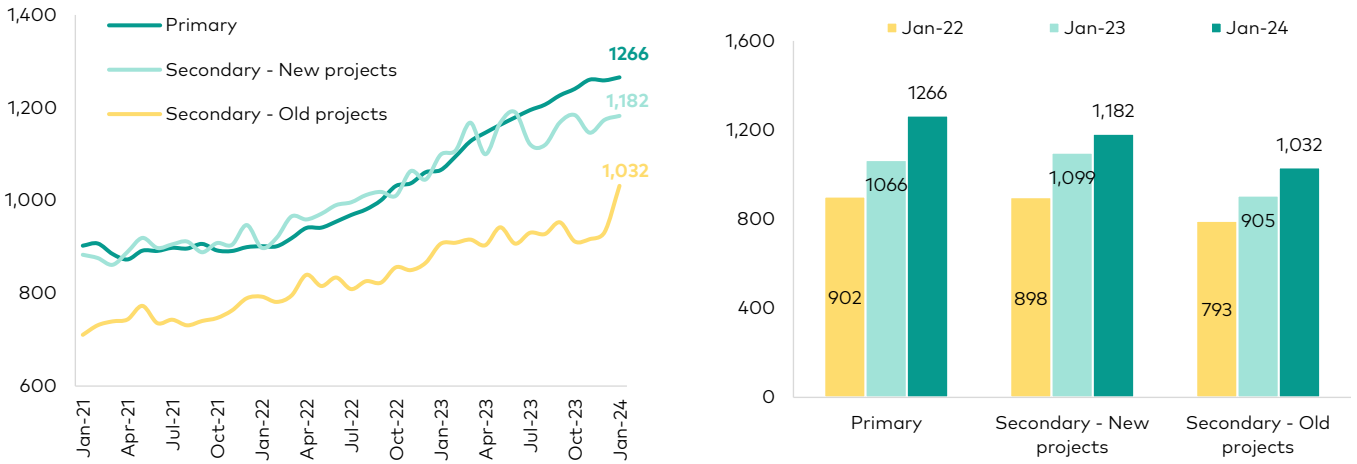




# Real Estate Prices

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

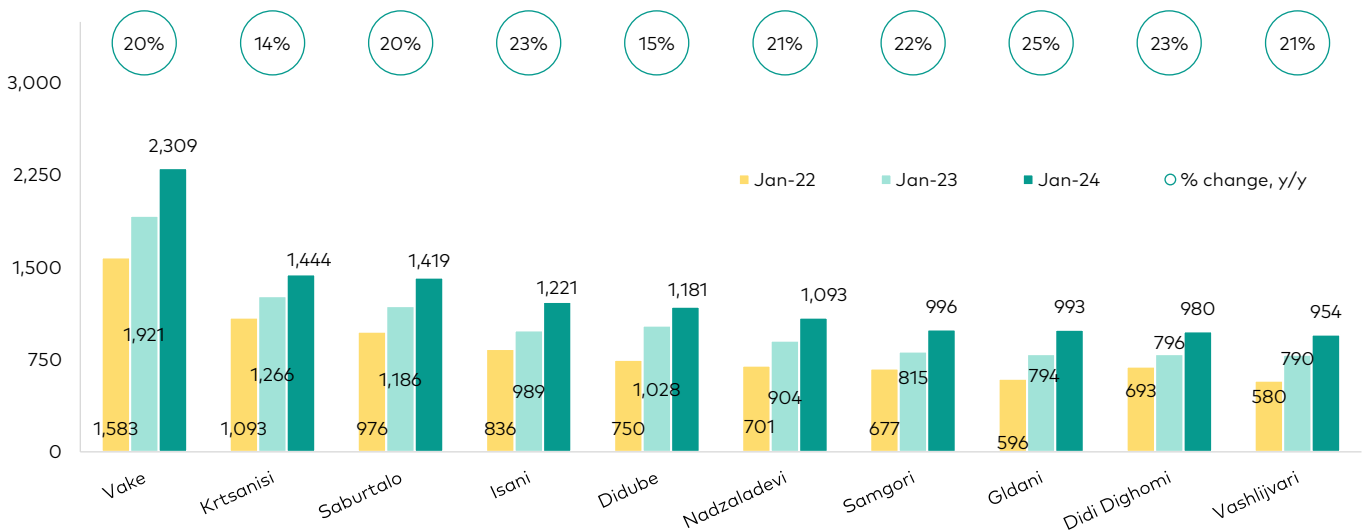
In Jan-24, prices on the primary market increased by 0.5% m/m



Source: NAPR, Galt & Taggart

**Figure 12: Real estate prices on primary market for white frame apartments by districts, US\$/m<sup>2</sup>**

There is a still a double-digit annual price growth on the primary market in every district of Tbilisi



Source: Galt & Taggart

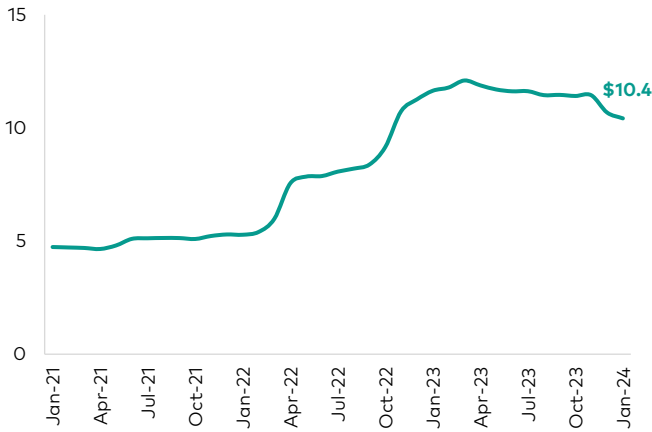
Note: Mtatsminda and Chugureti are excluded from primary market prices due to small sizes of samples (less than 5 projects in each of the districts)



# Real Estate Rents

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

Rents are on the downward trajectory (-2.4% m/m) on the way to converging to healthier levels

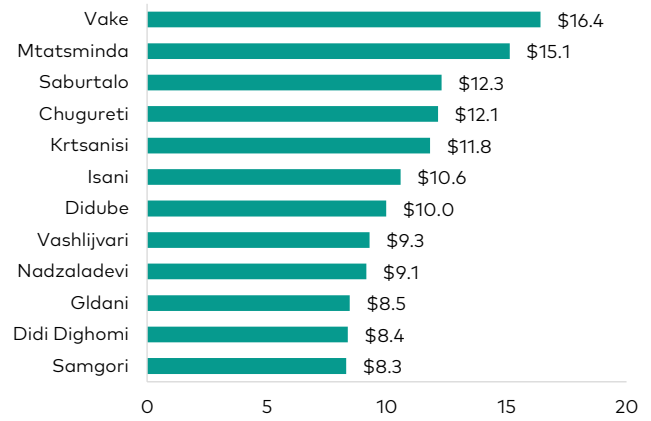


Source: NBG, Galt & Taggart

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

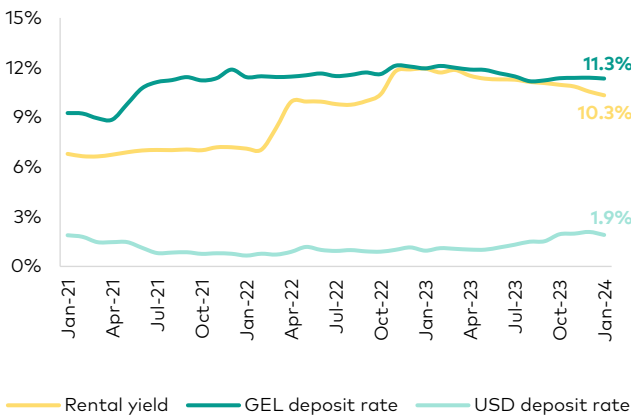
**Figure 14: Real estate weighted average rent prices by districts in Jan-24, US\$/m<sup>2</sup>**

Rents remain the highest in the central districts of Tbilisi



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

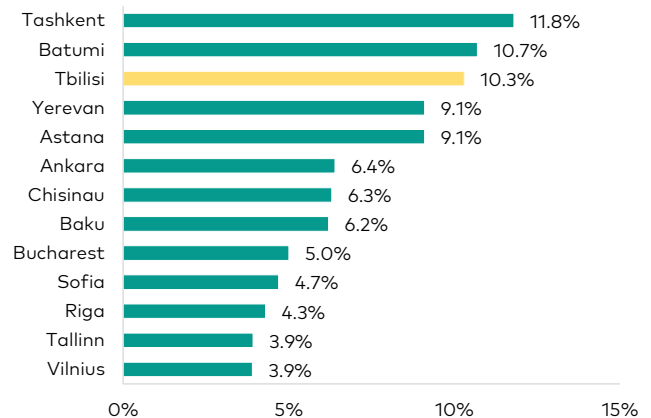
There is still a large gap between rental yield and USD deposit rate



Source: NBG, Numbeo

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

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

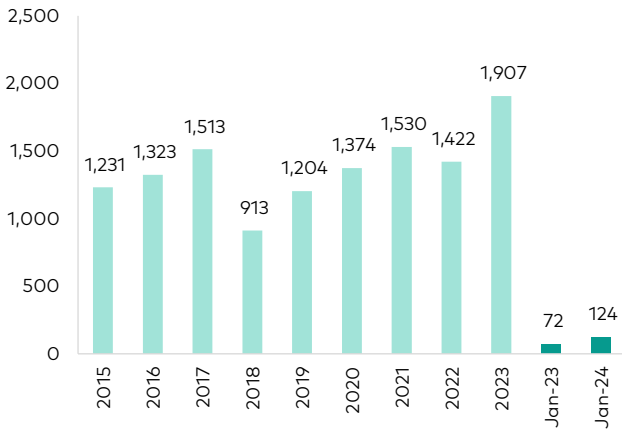




# Construction permits

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

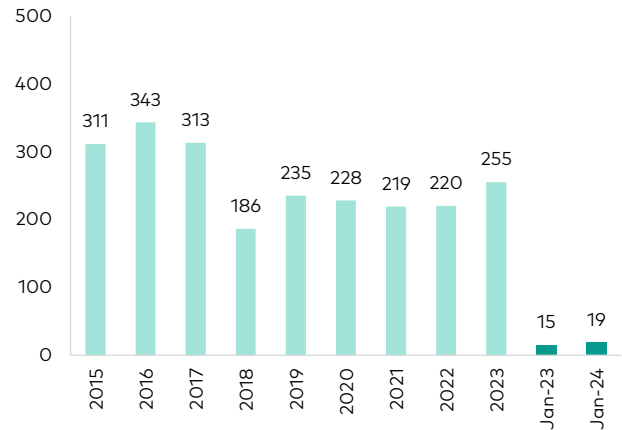
2024 started with a 71.8% y/y increase in permitted living area, after a record-high 2023 year



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

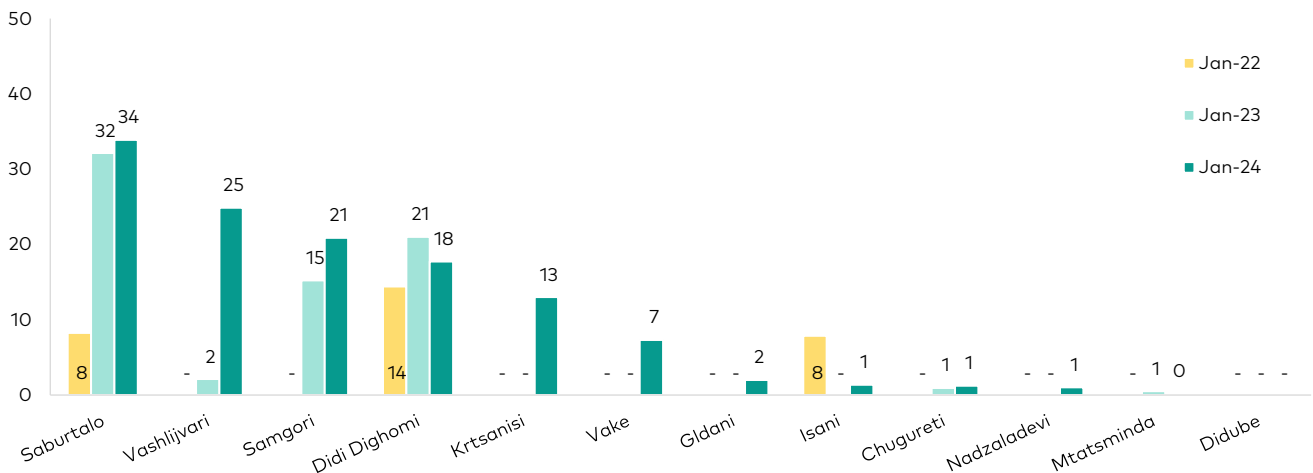
**Figure 18: Number of construction permits issued for residential real estate in Tbilisi**

19 new construction permits were issued for residential projects in Jan-24 (+26.7% y/y)



**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 Saburtalo district (27% of total), followed by Vashlijvari (20%) and Samgori (17%)



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, Jan-24**

District	Value (mn US\$)	Number	Area ('000 m <sup>2</sup> )
Saburtalo	45.6	430	32.9
Didi Dighomi	35.0	567	35.5
Samgori	25.4	455	28.0
Nadzaladevi	22.8	334	21.5
Gldani	19.7	342	21.5
Didube	18.3	271	18.0
Vashlijvari	14.9	229	16.3
Vake	13.1	67	7.7
Isani	12.0	180	11.5
Krtsanisi	7.3	79	5.8
Mtatsminda	6.5	40	4.1
Chugureti	5.6	74	5.2

Source: NAPR, Galt & Taggart

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

District	Primary market	Secondary market New projects	Secondary market Old projects
Mtatsminda		2,963	1,332
Vake	2,309	1,859	1,548
Saburtalo	1,419	1,600	1,131
Chugureti		1,270	922
Krtsanisi	1,444	1,106	939
Isani	1,221	1,097	935
Nadzaladevi	1,093	1,096	893
Didube	1,181	1,060	987
Vashlijvari	954	1,057	933
Gldani	993	1,041	822
Didi Dighomi	980	1,011	856
Samgori	996	990	799

Source: NAPR, Galt & Taggart

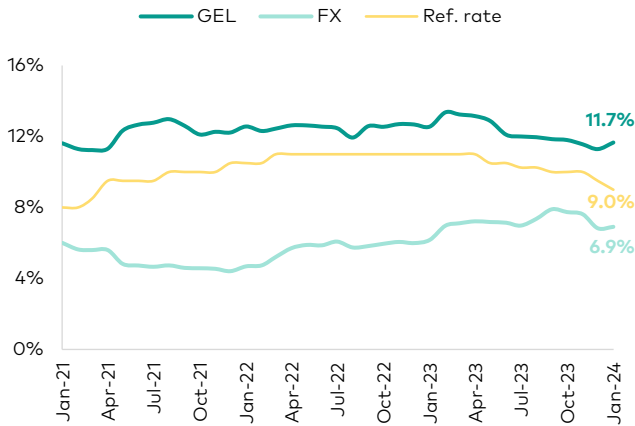
Note: Mtatsminda and Chugureti are excluded from primary market prices due to small sizes of samples (less than 5 projects in each of the districts)



## Annex

**Figure 20: Mortgage interest rates, %**

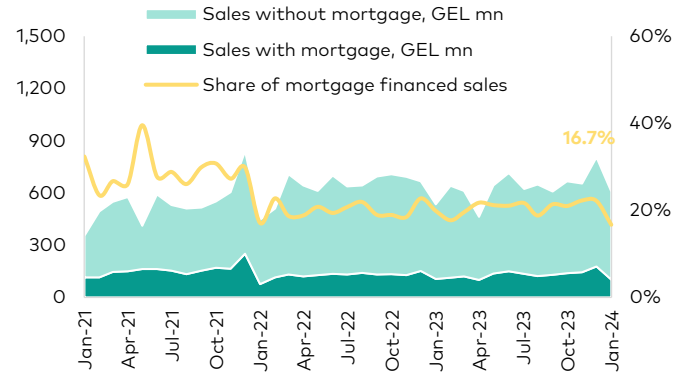
Elevated mortgage rate in GEL is expected to stabilize amidst decreased refinancing rate



Source: NBS, Galt & Taggart

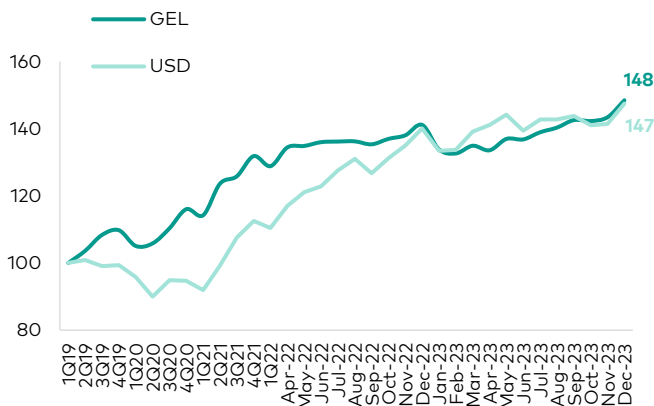
**Figure 21: Share of mortgages in total sales value**

Mortgages accounted for 16.7% of sales value in Jan-24, as majority of sales were financed by popular inner instalments schemes



**Figure 22: Construction cost index, 1Q19=100**

In Dec-23 construction costs increased by 5.3% y/y in US\$ and by 5.2% y/y in GEL. Increasing wages remain the biggest challenge for developers



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 Dec-23, US\$	y/y growth Dec-23, GEL
<b>Total construction cost</b>	<b>5.3%</b>	<b>5.2%</b>
Construction materials	2.0%	1.9%
Wages	18.2%	18.1%
Machinery	6.1%	6.1%
Transportation, fuel and electricity	-2.6%	-2.6%
Other costs	0.5%	0.4%



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