



GALT & TAGGART
CREATING OPPORTUNITIES

Tbilisi Residential Real Estate

OCTOBER 2024 UPDATE

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Key Figures

Oct-22

Oct-23

Oct-24

Sales

of apartments

3,988

3,325

3,750

Primary

1,724

1,531

1,897

Secondary

2,264

1,794

1,853

Price

US\$ / m²

\$1,029

\$1,213

\$1,307

Rent

US\$ / m²

\$9.0

\$11.2

\$10.1

Permits

'000 m²

146.5

156.8

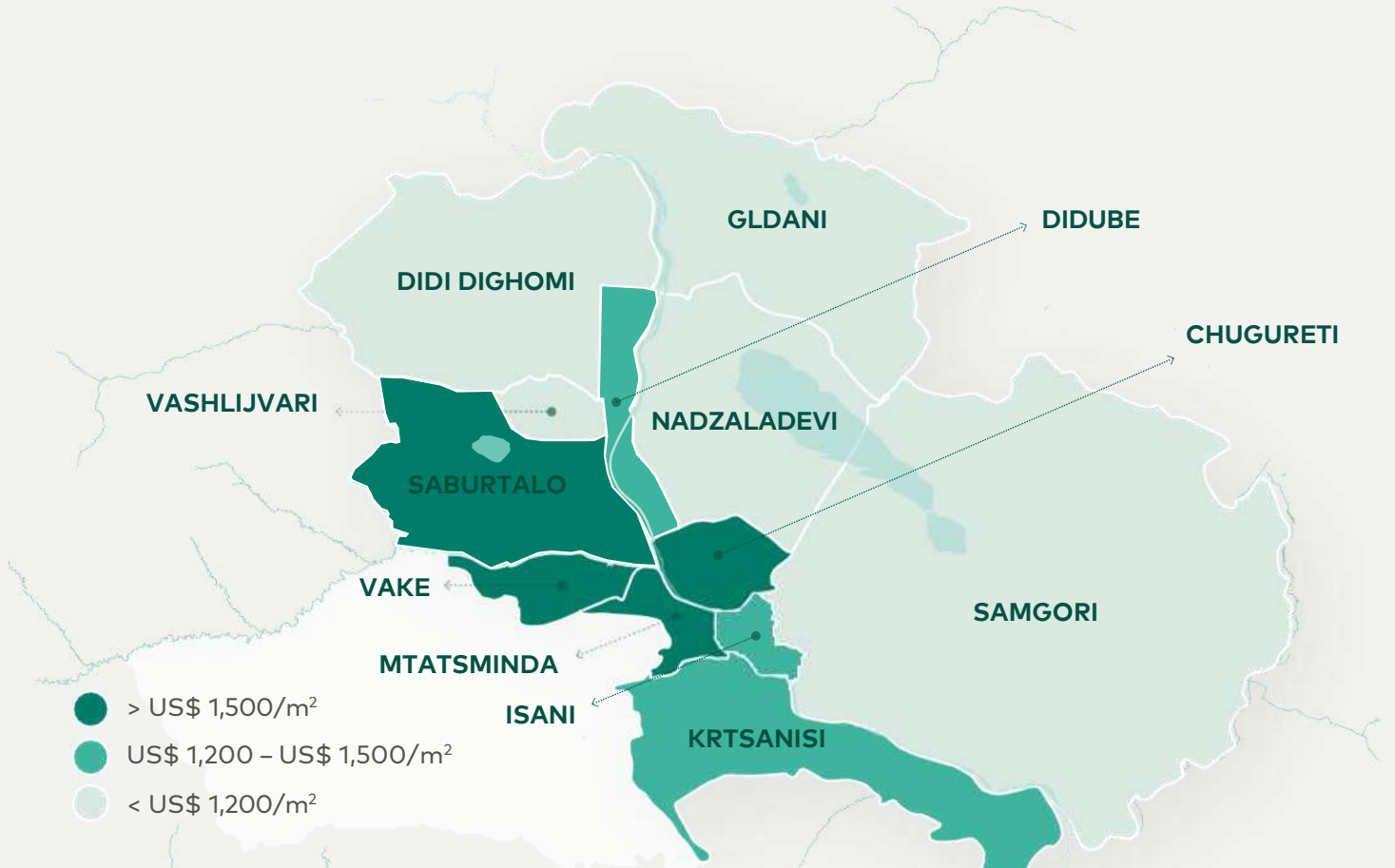
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Real estate sale patterns in October 2024



MTATSMINDA

Number of sales
59 apartments
Average price
2,650 us\$ / m²
Average rent
13.6 us\$ / m²

VAKE

Number of sales
108 apartments
Average price
2,207 us\$ / m²
Average rent
14.8 us\$ / m²

SABURTALO

Number of sales
530 apartments
Average price
1,534 us\$ / m²
Average rent
11.9 us\$ / m²

CHUGURETI

Number of sales
76 apartments
Average price
1,501 us\$ / m²
Average rent
10.1 us\$ / m²

KRTSANISI

Number of sales
178 apartments
Average price
1,455 us\$ / m²
Average rent
10.7 us\$ / m²

DIDUBE

Number of sales
417 apartments
Average price
1,334 us\$ / m²
Average rent
9.6 us\$ / m²

ISANI

Number of sales
291 apartments
Average price
1,206 us\$ / m²
Average rent
10.6 us\$ / m²

NADZALADEVI

Number of sales
276 apartments
Average price
1,159 us\$ / m²
Average rent
9.4 us\$ / m²

SAMGORI

Number of sales
531 apartments
Average price
1,055 us\$ / m²
Average rent
8.1 us\$ / m²

GLDANI

Number of sales
405 apartments
Average price
1,033 us\$ / m²
Average rent
8.5 us\$ / m²

DIDI DIGHOMI

Number of sales
817 apartments
Average price
1,023 us\$ / m²
Average rent
8.4 us\$ / m²

VASHLIJVARI

Number of sales
62 apartments
Average price
962 us\$ / m²
Average rent
8.7 us\$ / m²

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



October 2024 update

Summary

In October 2024, based on official registrations, transactions in Tbilisi increased by 12.8% y/y and 6.3% m/m, reaching 3,750 units. However, a real-time survey of developers indicates a slowdown in demand. Sales among selected developers in Tbilisi fell by 10.9% m/m and by 11.8% compared to 4M24 average, period of strong sales. This decline is attributed to domestic political instability. Additionally, primary market prices in October rose slightly by 0.3% m/m, reaching \$1,307. On the supply side, the volume of construction permits increased by 55.8% y/y, reversing a previous four-month decline.

Sales from developers

According to our latest survey of systematic developers, in Oct-24 the number of apartment sales decreased by 10.9% m/m in Tbilisi. Despite this decline, sales continued to recover from the lows recorded in May and June, which were attributed to street protests and other factors discussed in our previous reports.

95% of apartments are already sold in the projects finishing by the end of 2024. Additionally, 29% of the apartment stock in projects with expected completion in 2027-28 has also been sold. Importantly, the majority of these sales are facilitated through inner instalment schemes offered by developers.

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 9).

y/y means year-over-year change



In 2024, the trend in apartment sales to foreign citizens shifted, with the share of Russian buyers declining from 7% to 2% of total and the share of Israeli buyers rising from 4% to 11%. Furthermore, the growing presence of buyers from various other countries underscores increased market diversification.

Secondary market – registered transactions

In Oct-24, the number of sold apartments on the secondary market (new and old projects combined) in Tbilisi stood at 1,853 units, up by 3.3% y/y and 2.8% m/m. This may indicate a temporary shift in buyers' preferences toward secondary market properties, likely driven by immediate living needs or more affordable prices.

Cumulatively, in 10M24, 16,736 apartments were sold on a secondary market in Tbilisi, down 5.0% y/y, reflecting a slowdown in demand in 2024.

Prices

In Oct-24, average price on the primary market increased slightly by 0.3% m/m.

Some districts have a high variation in prices despite construction projects having close locations to each other. This disparity reflects differences in amenities, the condition of properties, and the reputation of the developers involved.



Market size

In Oct-24, the total market value of apartments sold in Tbilisi stood at US\$ 289.6mn, up by 18.3% y/y and 5.4% m/m, due to increase in registered transactions. Cumulatively in 10M24, Tbilisi real estate market size was up by 4.3% y/y to US\$ 2,518mn.

Other noteworthy features of the market remained unchanged, such as the dominance of medium-sized apartments (51-80 m²), due to affordability and the ease of renting, and falling share of sold apartments in the budget segment (<\$1,000/m²), driven by rising prices.

Rent

In Oct-24, price for renting an average apartment (50-60 m²) in Tbilisi increased slightly to US\$ 10.1 per m², however it still remains down by 9.7% y/y. During 2024 rent prices in Tbilisi remained largely stable around US\$ 10 per m².

Construction permits

Construction permit issuance increased by 55.8% y/y in Oct-24 after four months of decline in a row. Cumulatively in 10M24, living area of construction permits issued for residential projects in Tbilisi is down 10.9% y/y.



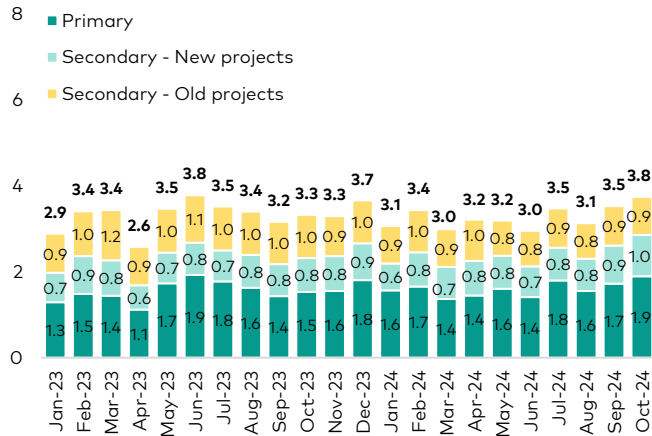
Real Estate Sales

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 Oct-24, real estate transactions were up 12.8% y/y and 6.3% m/m



Source: NAPR, Galt & Taggart

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

In 10M24, transactions were down 0.6% y/y, attributed to decrease on the secondary market old projects

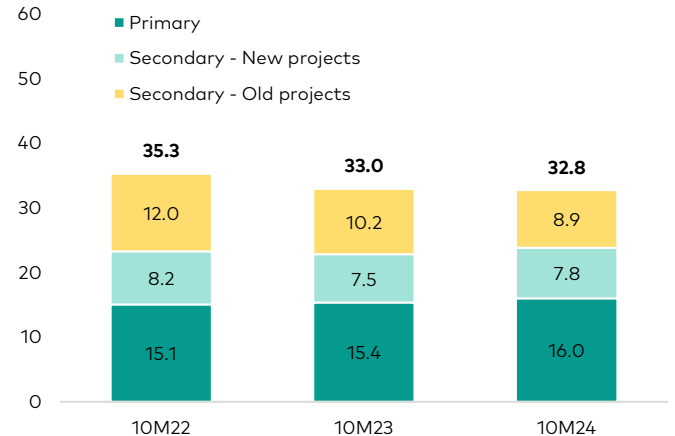
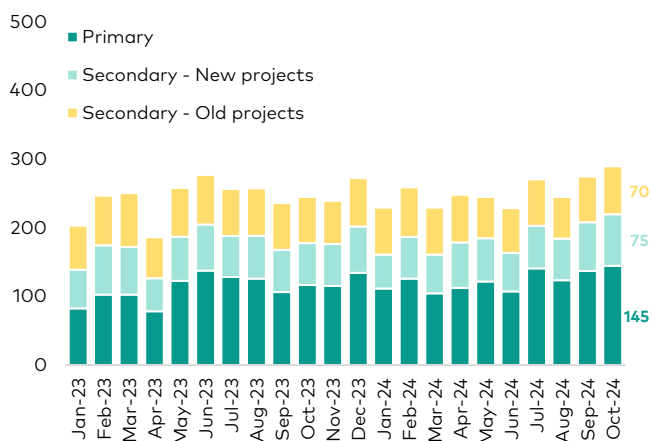


Figure 3: Real estate market size by month, US\$ mn

In Oct-24, real estate market size was up 18.3% y/y and 5.4% m/m



Source: NAPR, Galt & Taggart

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

In 10M24, market size was up 4.7% y/y, attributed to growth on the primary market

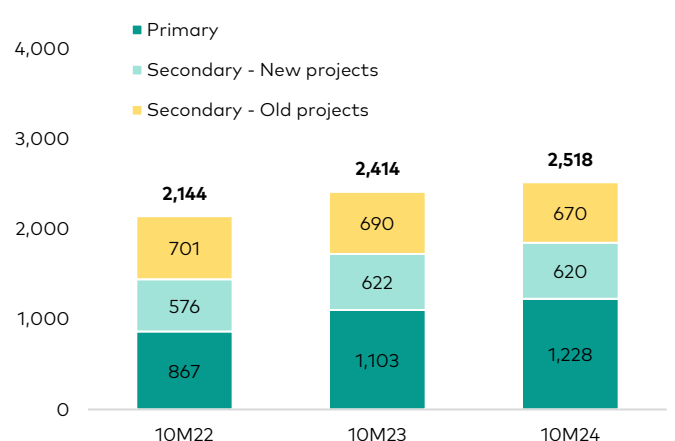
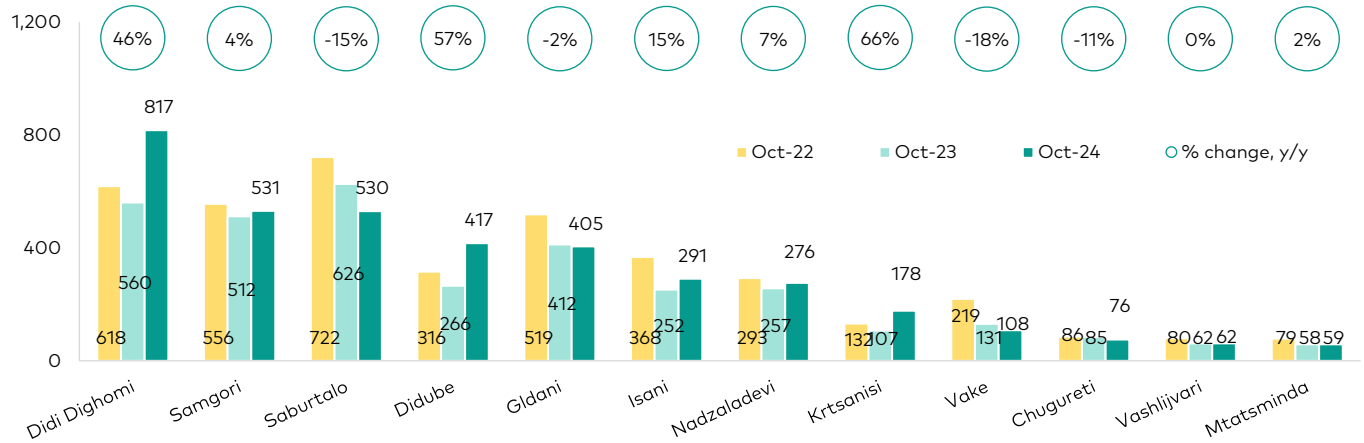




Figure 5: Number of sold apartments by districts (primary and secondary markets combined)

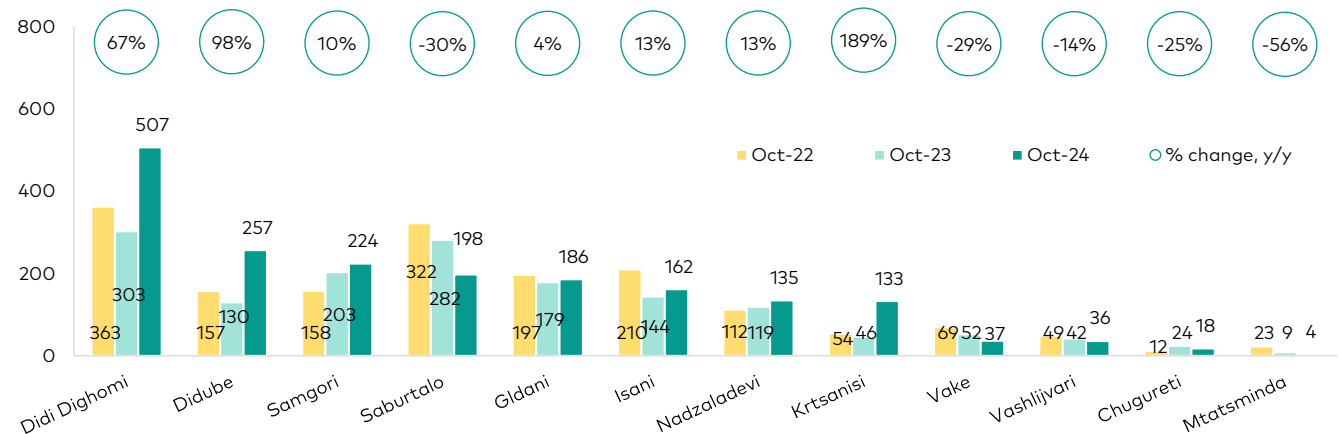
More than half of the transactions were recorded in Didi Dighomi, Samgori and Saburtalo districts



Source: NAPR, Galt & Taggart

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

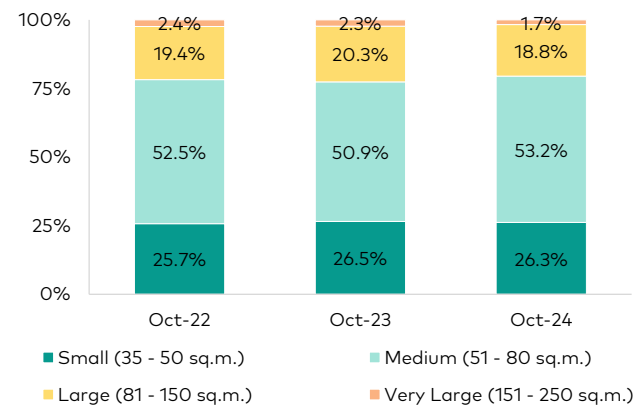
Didi Dighomi is the most demanded district on the primary market, due to a large number of developments



Source: NAPR, Galt & Taggart

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

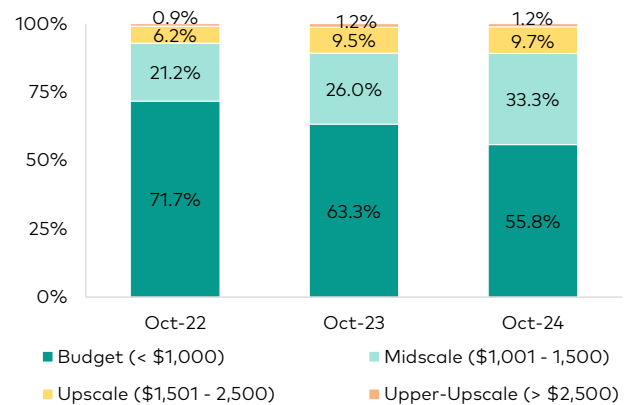
Medium-sized (51-80 m²) apartments remained the most prevalent



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





Sales from developers

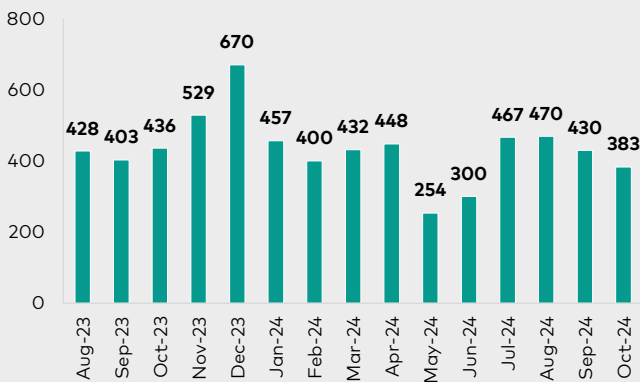
Box 1: Results of Galt & Taggart survey of systematic developers

In November 2024, we conducted a survey of 15 systematic developers with 79 residential construction projects in Tbilisi.

Based on survey results:

- In October 2024, the number of sales by selected developers decreased by 10.9% m/m and by 11.8% compared to 4M24 average, a period of strong sales. The decline is likely primarily due to uncertainties related to the elections. Despite this, sales continued to recover from the lows recorded in May and June, which were attributed to street protests and other factors discussed in our previous reports.
- 95% of apartments are already sold in the projects finishing by the end of 2024. Additionally, 29% of the apartment stock in projects with expected completion in 2027-28 has also been sold. Importantly, the majority of these sales are facilitated through inner instalment schemes offered by developers.
- In 2024, the trend in apartment sales to foreign citizens shifted, with the share of Russian buyers declining from 7% to 2% of total and the share of Israeli buyers rising from 4% to 11%. Furthermore, the growing presence of buyers from various other countries underscores increased market diversification.

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



Source: Galt & Taggart survey of selected developers

Figure 10: Number of sold apartments in the projects of selected developers in Tbilisi by quarters

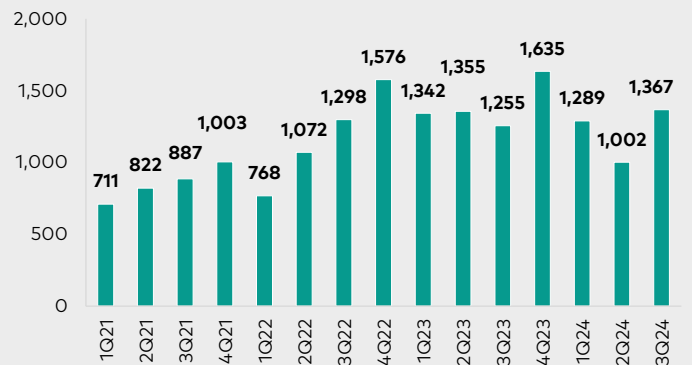
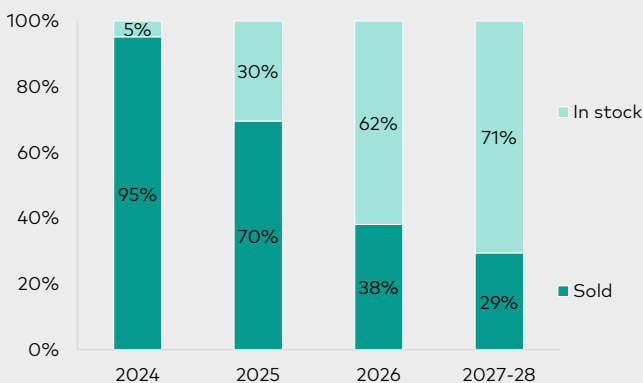
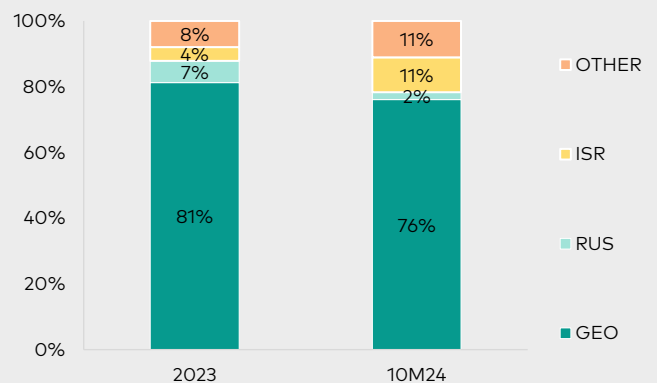


Figure 11: Distribution of the housing stock by project completion year and status in Tbilisi



Source: Galt & Taggart survey of selected developers

Figure 12: Real estate sales by citizenship in Tbilisi

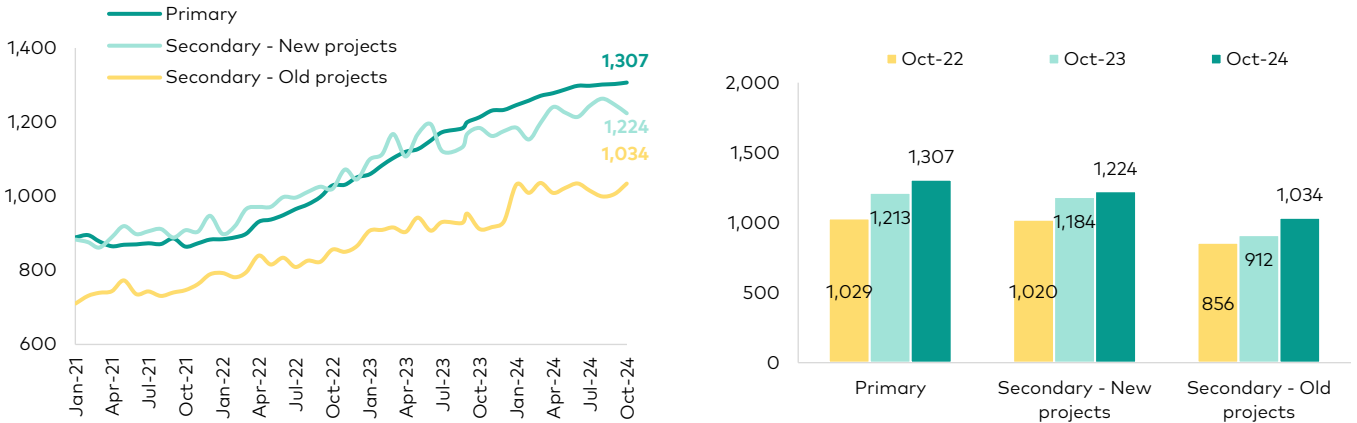




Real Estate Prices

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

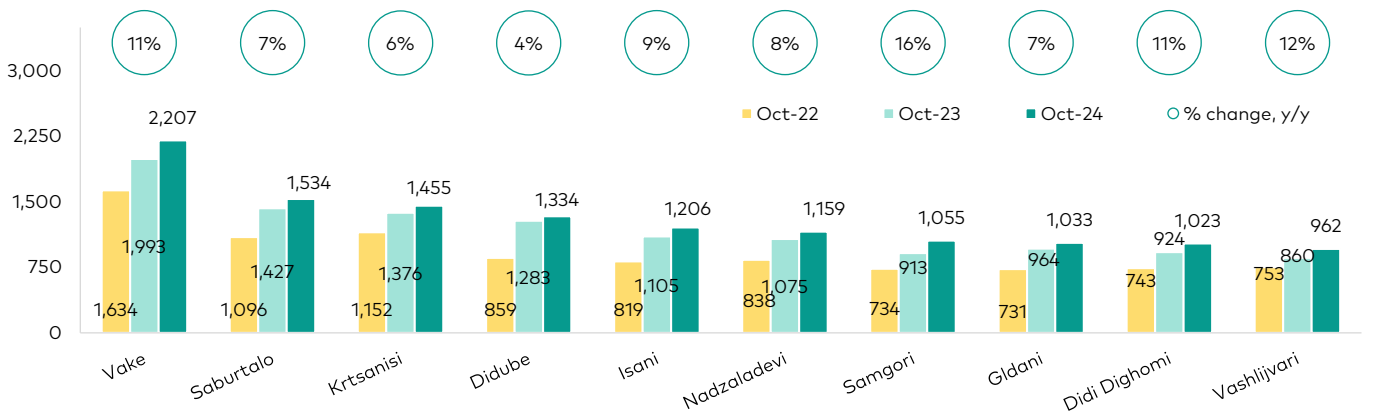
In Oct-24, prices on the primary market increased slightly by 0.3% m/m



Source: NAPR, Galt & Taggart

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

Price increase persists across all districts of Tbilisi's primary real estate market, but growth pace has slowed down

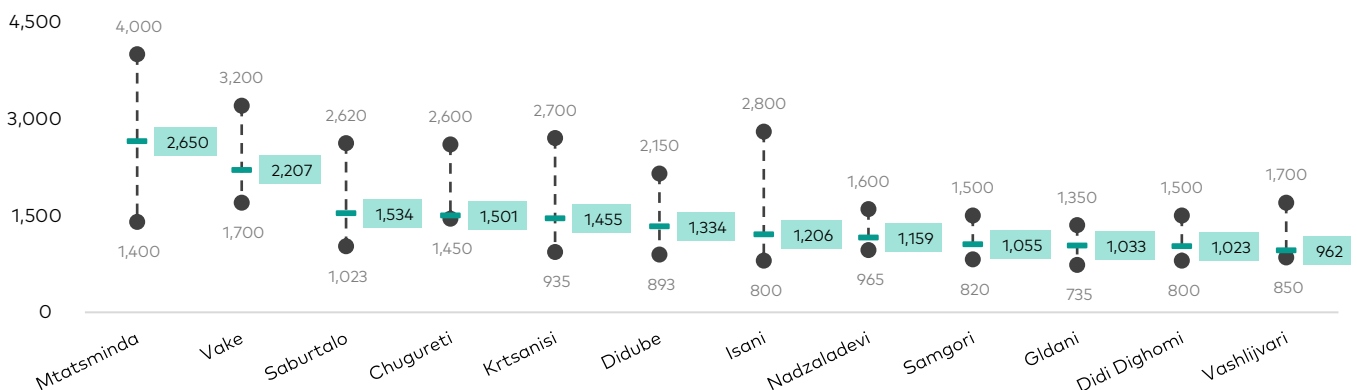


Source: Galt & Taggart

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

Figure 15: Real estate price ranges on primary market by districts in Oct-24, US\$/m²

Some districts have a high variation in prices in nearby locations



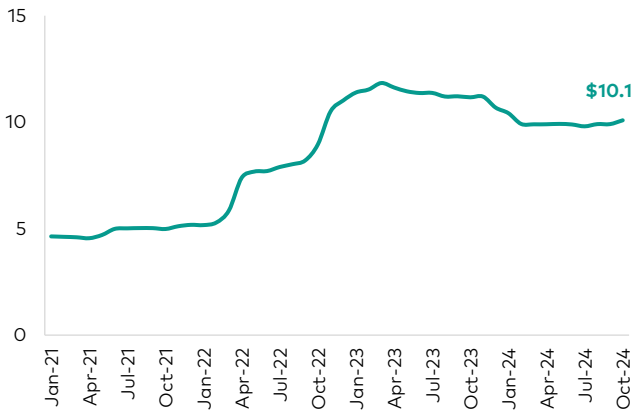
Source: Galt & Taggart



Real Estate Rents

Figure 16: Real estate weighted average rent price in Tbilisi, US\$/m²

Average rent remains stable around US\$ 10 per m²



Source: NBG, Galt & Taggart

Note: Rents displayed are for 50-60 m² new apartments in Tbilisi

Figure 17: Real estate weighted average rent prices by districts, US\$/m²

Rents remain the highest in central districts

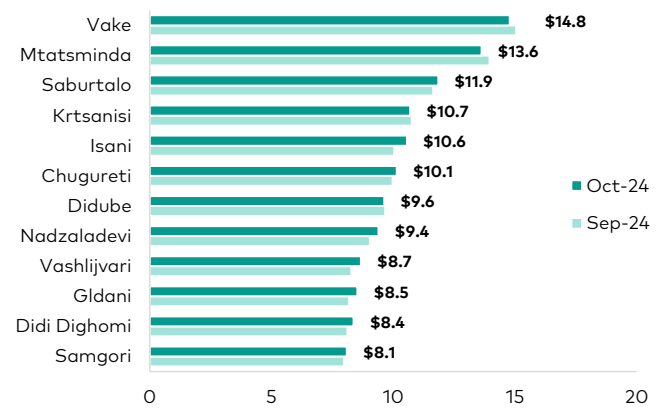
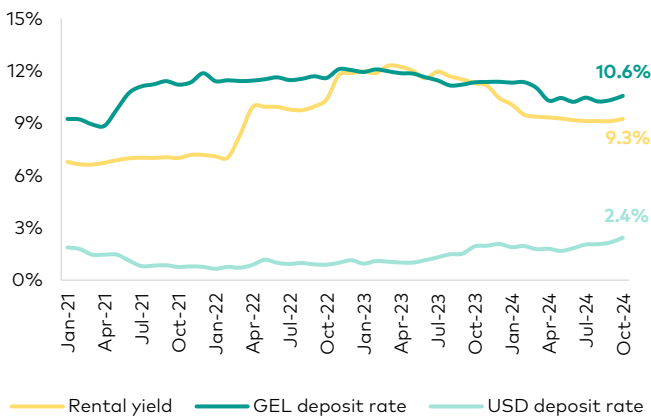


Figure 18: Real estate rental yield and deposit rates

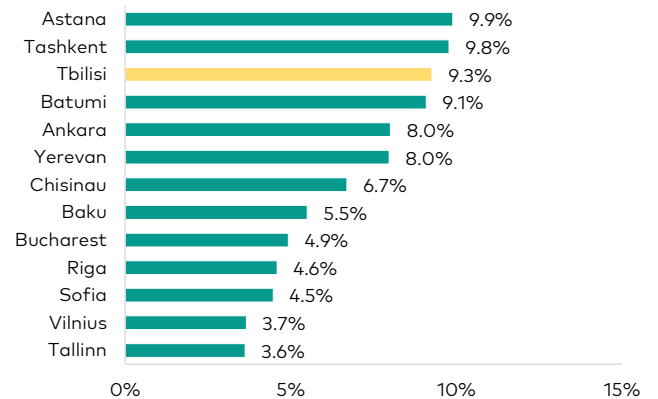
Rental yield still looks attractive compared to alternative investments



Source: NBG, Numbeo, Galt & Taggart

Figure 19: Rental yield outside city center, Oct-24

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

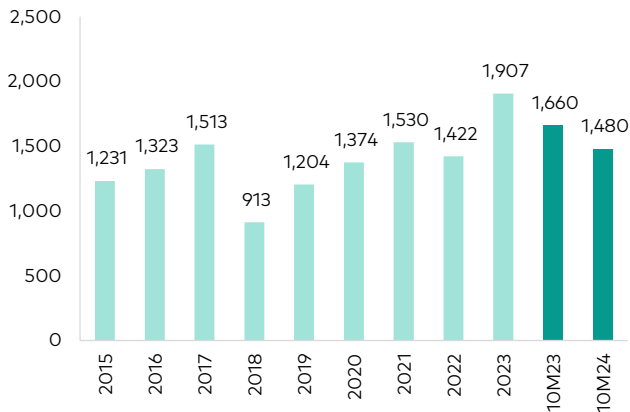




Construction permits

Figure 20: Area of construction permits issued for residential real estate in Tbilisi, '000 m²

Permitted living area in 10M24 has decreased by 10.9% 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 21: Area of construction permits issued for residential real estate by months in Tbilisi, '000 m²

In Oct-2024, the living area of issued construction permits increased by 55.8% y/y after four months of decline

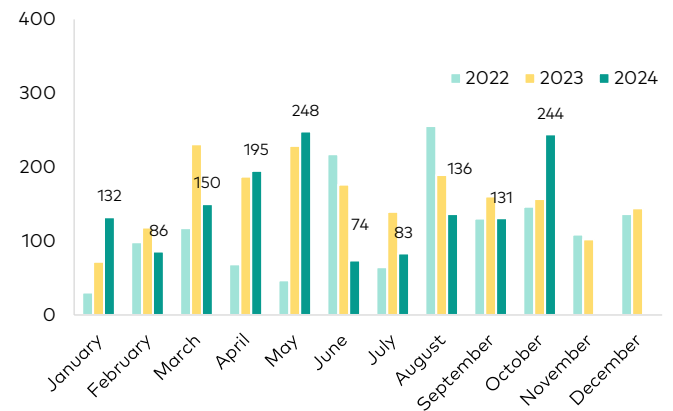
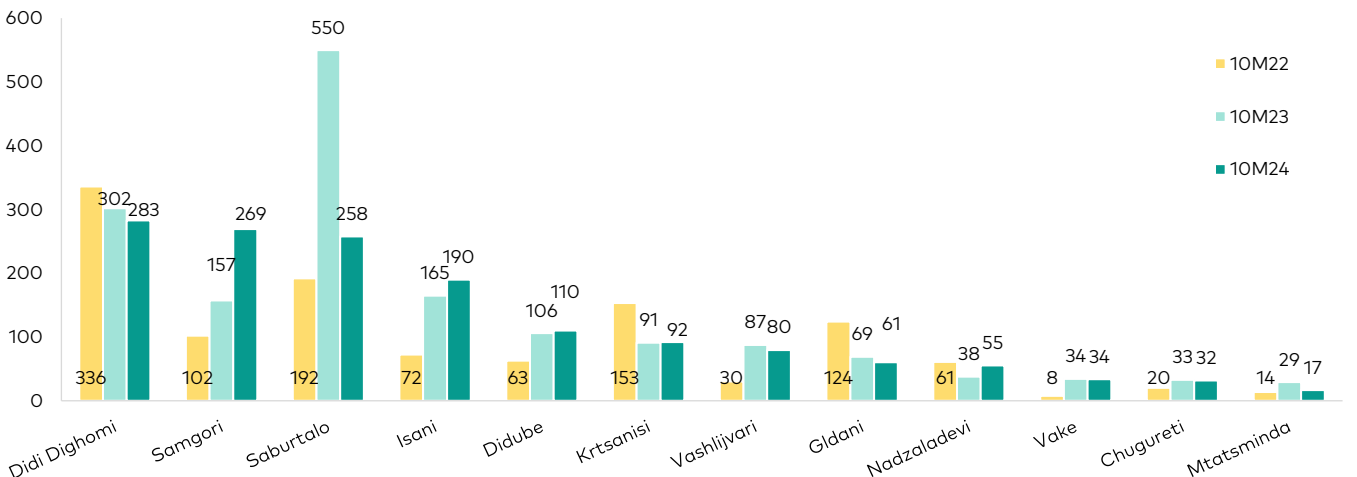


Figure 22: Area of construction permits issued for residential real estate by districts, '000 m²

Most of the permits were issued in Didi Dighomi (19% of total), followed by Samgori (18%) and Saburtalo (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, 10M24

District	Value (mn US\$)	Number	Area ('000 m ²)
Saburtalo	560.2	5,199	399.9
Didi Dighomi	388.1	6,350	389.5
Didube	274.2	3,596	245.1
Samgori	267.8	4,617	285.9
Gldani	208.7	3,526	218.9
Nadzaladevi	205.0	3,025	192.1
Vake	171.6	988	95.5
Isani	169.8	2,302	148.5
Krtsanisi	106.7	1,184	82.5
Mtatsminda	82.9	563	52.3
Chugureti	64.9	805	58.2
Vashlijvari	46.3	618	46.9

Source: NAPR, Galt & Taggart

Table 2: Real estate weighted average prices by districts in Oct-24, US\$/m²

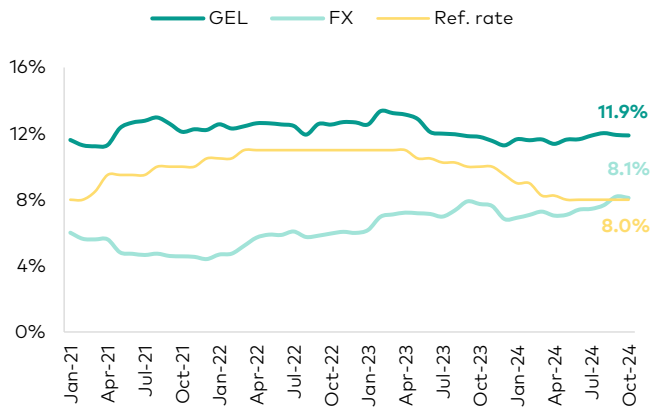
District	Primary market	Secondary market New projects	Secondary market Old projects
Mtatsminda	2,650	2,026	1,377
Vake	2,207	2,025	1,686
Saburtalo	1,534	1,512	1,068
Chugureti	1,501	1,349	1,055
Krtsanisi	1,455	1,191	893
Didube	1,334	1,263	989
Isani	1,206	1,243	905
Nadzaladevi	1,159	1,100	919
Samgori	1,055	1,015	844
Gldani	1,033	1,083	795
Didi Dighomi	1,023	1,021	880
Vashlijvari	962	976	879

Source: NAPR, Galt & Taggart



Annex

Figure 23: Mortgage interest rates, %
Mortgage interest rates still remain high



Source: NBS, Galt & Taggart

Figure 24: Share of mortgages in total sales value
Mortgages accounted for 19.7% of sales value in Oct-24, as majority of sales were financed by popular inner instalment schemes

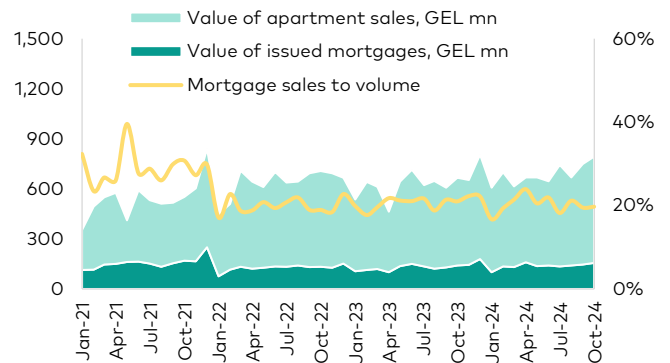
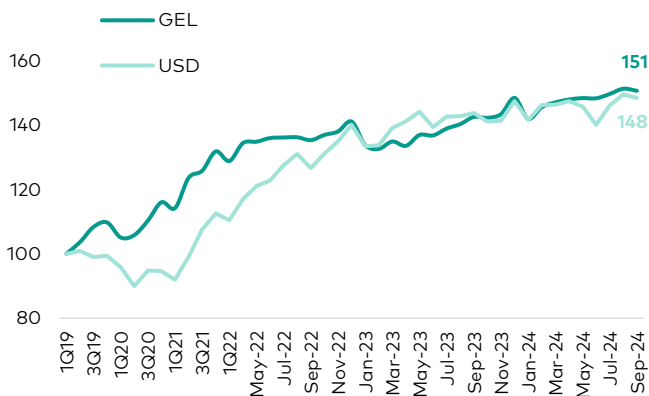


Figure 25: Construction cost index, 1Q19=100
Wages are rising most rapidly in relation to construction costs



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 Sep-24, US\$	m/m growth Sep-24, US\$
Total construction cost	3.3%	-0.7%
Construction materials	1.9%	0.2%
Wages	17.8%	-4.5%
Machinery	4.4%	-0.3%
Transportation, fuel and electricity	-0.6%	-0.8%
Other costs	-1.6%	0.0%



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