



GALT & TAGGART  
CREATING OPPORTUNITIES

# Tbilisi Residential Real Estate

SEPTEMBER 2024 UPDATE

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# Key Figures

Sep-22

Sep-23

Sep-24

## Sales

# of apartments

3,872

3,161

3,528

Primary

1,544

1,432

1,725

Secondary

2,328

1,729

1,803

## Price

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

\$998

\$1,200

\$1,303

## Rent

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

\$8.2

\$11.2

\$9.9

## Permits

'000 m<sup>2</sup>

130.6

160.5

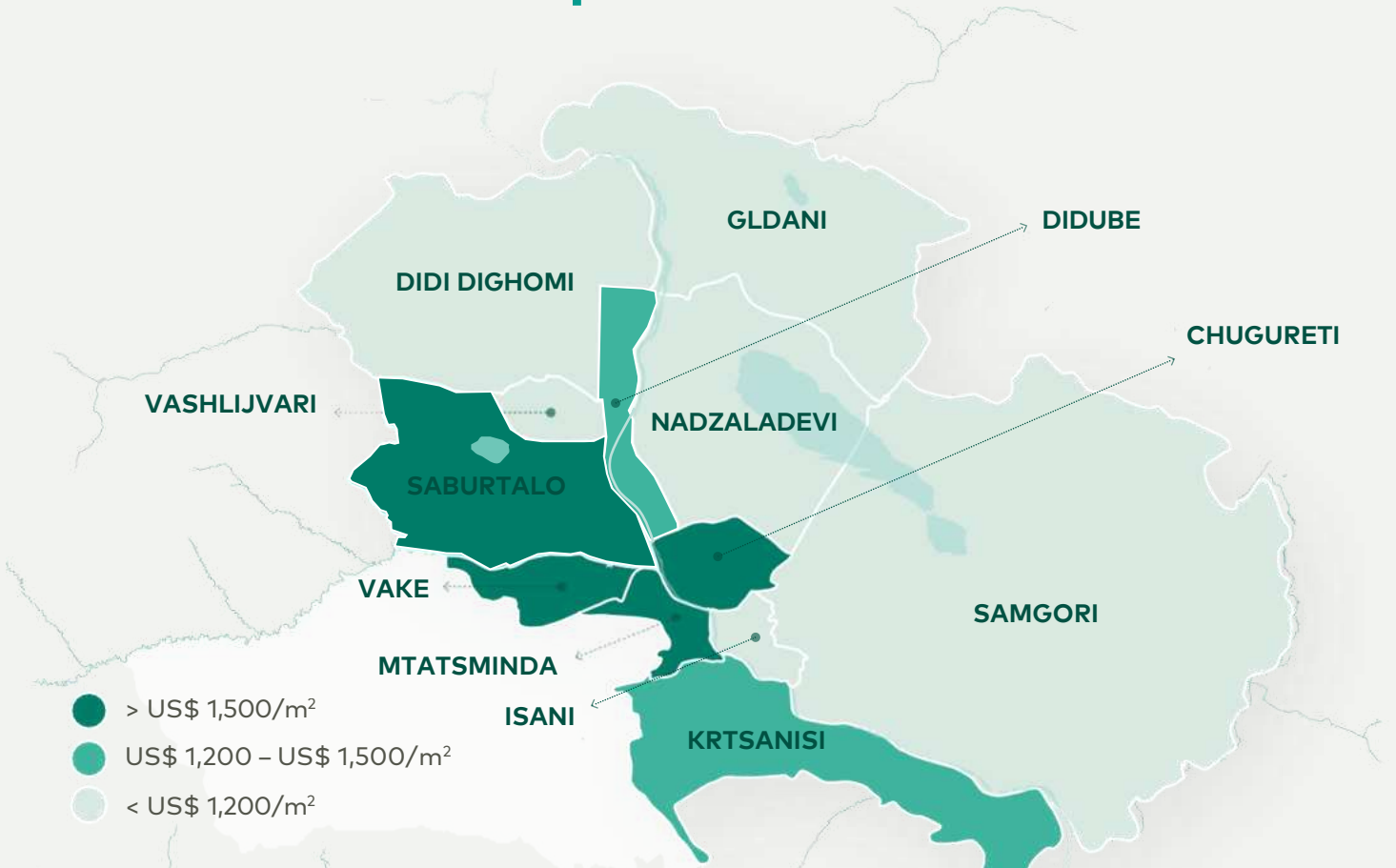
130.8



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# Real estate sale patterns in September 2024



## MTATSMINDA

Number of sales  
**90 apartments**  
Average price  
**2,548 us\$ / m<sup>2</sup>**  
Average rent  
**14.0 us\$ / m<sup>2</sup>**

## VAKE

Number of sales  
**90 apartments**  
Average price  
**2,392 us\$ / m<sup>2</sup>**  
Average rent  
**15.1 us\$ / m<sup>2</sup>**

## CHUGURETI

Number of sales  
**68 apartments**  
Average price  
**1,663 us\$ / m<sup>2</sup>**  
Average rent  
**10.0 us\$ / m<sup>2</sup>**

## SABURTALO

Number of sales  
**571 apartments**  
Average price  
**1,533 us\$ / m<sup>2</sup>**  
Average rent  
**11.6 us\$ / m<sup>2</sup>**

## KRTSANISI

Number of sales  
**151 apartments**  
Average price  
**1,448 us\$ / m<sup>2</sup>**  
Average rent  
**10.8 us\$ / m<sup>2</sup>**

## DIDUBE

Number of sales  
**392 apartments**  
Average price  
**1,284 us\$ / m<sup>2</sup>**  
Average rent  
**9.7 us\$ / m<sup>2</sup>**

## ISANI

Number of sales  
**254 apartments**  
Average price  
**1,189 us\$ / m<sup>2</sup>**  
Average rent  
**10.0 us\$ / m<sup>2</sup>**

## NADZALADEVI

Number of sales  
**288 apartments**  
Average price  
**1,165 us\$ / m<sup>2</sup>**  
Average rent  
**9.0 us\$ / m<sup>2</sup>**

## GLDANI

Number of sales  
**355 apartments**  
Average price  
**1,051 us\$ / m<sup>2</sup>**  
Average rent  
**8.2 us\$ / m<sup>2</sup>**

## SAMGORI

Number of sales  
**443 apartments**  
Average price  
**1,044 us\$ / m<sup>2</sup>**  
Average rent  
**8.0 us\$ / m<sup>2</sup>**

## DIDI DIGHOMI

Number of sales  
**759 apartments**  
Average price  
**1,009 us\$ / m<sup>2</sup>**  
Average rent  
**8.1 us\$ / m<sup>2</sup>**

## VASHLIJVARI

Number of sales  
**67 apartments**  
Average price  
**950 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



## September 2024 update

### Summary

In September 2024, demand for real estate continued to improve. Prices in September increased slightly by 0.1% m/m after 0.3% m/m increase in August. On the supply side, the volume of construction permits has stabilized in the last two months, although it still remains lower by 23.6% y/y, partially reflecting last year's high base. The dynamics of permit issuance are expected to remain steady through the end of 2024, with future trends determined by the strength of demand.

### Primary market - presales from developers

According to our latest survey of systematic developers, in recent months apartment sales on the primary market saw a recovery after a sharp drop in May attributed to a series of holidays and street protests in the country. Cumulatively, sales in 3Q24 were up 7.3% compared to 1Q24, due to the beginning of sales in a few large-scale residential projects in July-24.

94% of apartments are already sold in the projects finishing by the end of 2024. Additionally, 30% 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.

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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 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 6% to 2% 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.

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 Sep-24, the number of sold apartments on the secondary market in Tbilisi stood at 1,803 units, up by 4.3% y/y and 13.8% m/m, reflecting a gradual recovery of demand.

Cumulatively, in 9M24, 14,883 apartments were sold on a secondary market in Tbilisi, down 5.9% y/y, reflecting a slow summer period for the market.

### **Prices**

In Sep-24, average price on the primary market increased slightly by 0.1% m/m.

Some districts (Mtatsminda, Vake, Saburtalo and Isani) 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 Sep-24, the total market value of apartments sold in Tbilisi stood at US\$ 274.6mn, up by 16.5% y/y and 12.1% m/m, due to increase in apartment sales. Cumulatively in 9M24, Tbilisi real estate market size was up by 2.7% y/y to US\$ 2,228mn.

### **Rent**

In Sep-24, price for renting an average apartment (50-60 m<sup>2</sup>) in Tbilisi remained flat at 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**

Construction permit issuance stabilized in September 2024 after a sharp decline in June and July, but is still down 18.5% y/y. In total, the area of permits issued during the June to September period decreased by 36.3% y/y.



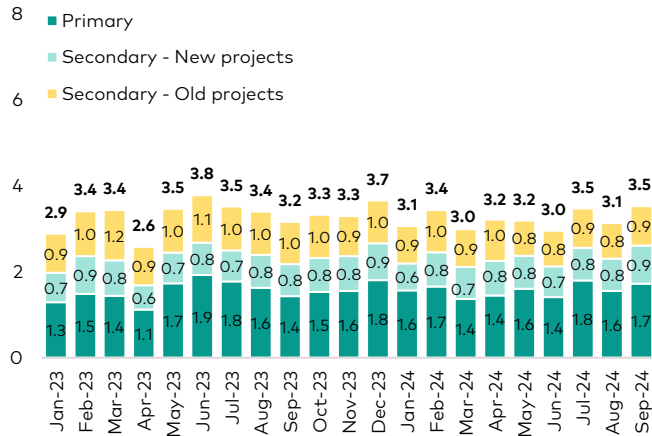
# Real Estate Sales

**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**

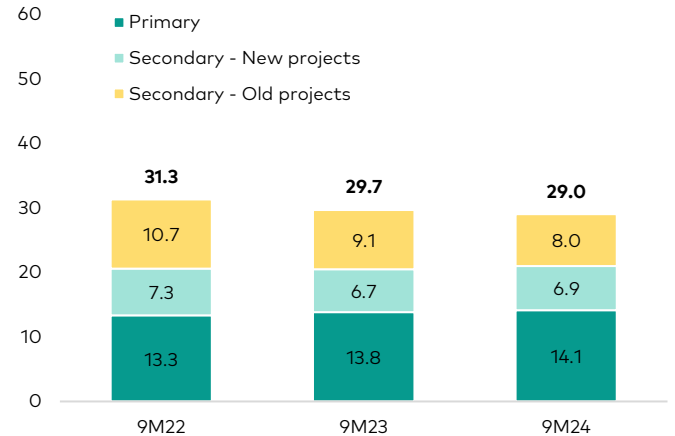
In Sep-24, real estate transactions were up 11.6% y/y and 12.4% m/m



Source: NAPR, Galt & Taggart

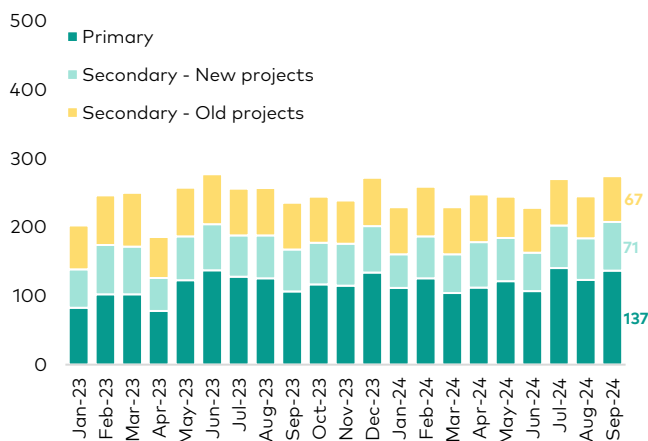
**Figure 2: Number of sold apartments by year, '000**

In 9M24, sales were down 2.2% y/y, attributed to decrease on the secondary market old projects



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

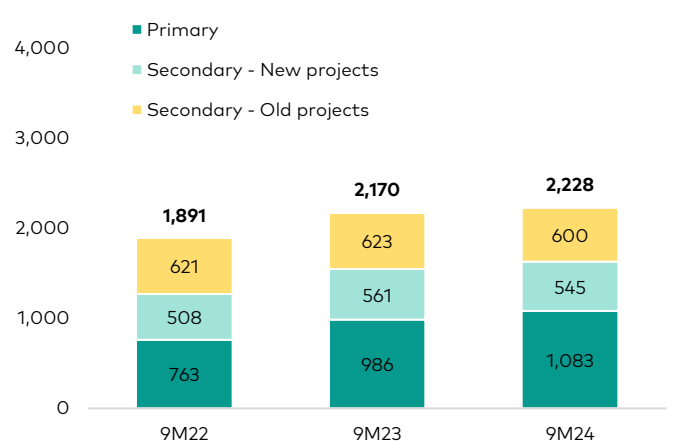
In Sep-24, real estate market size was up 16.5% y/y and 12.1% m/m



Source: NAPR, Galt & Taggart

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

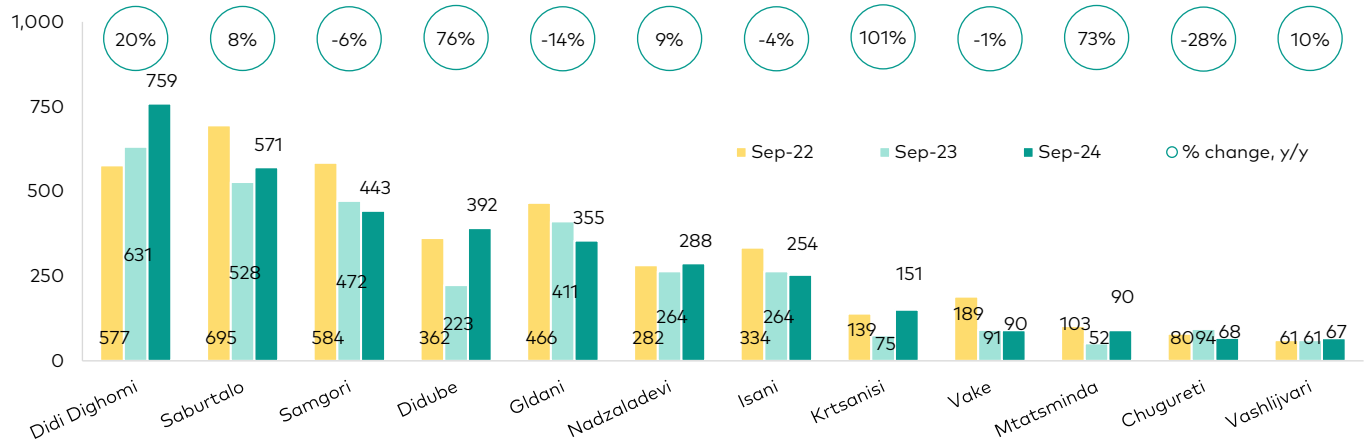
In 9M24, market size was slightly up 2.7%, attributed to growth on the primary market





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

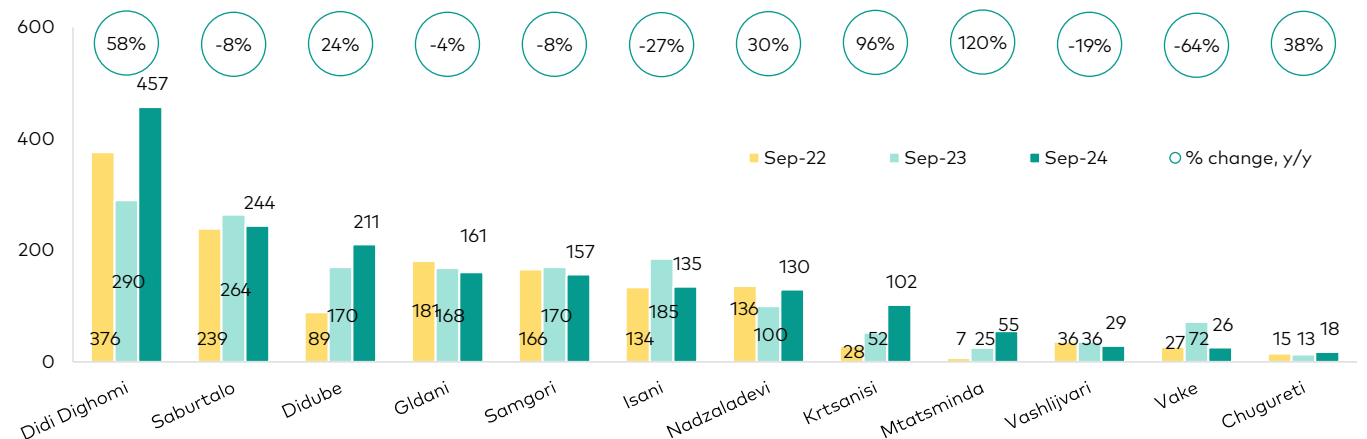
More than half of the transactions were recorded in Didi Dighomi, Saburtalo and Samgori districts



Source: NAPR, Galt & Taggart

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

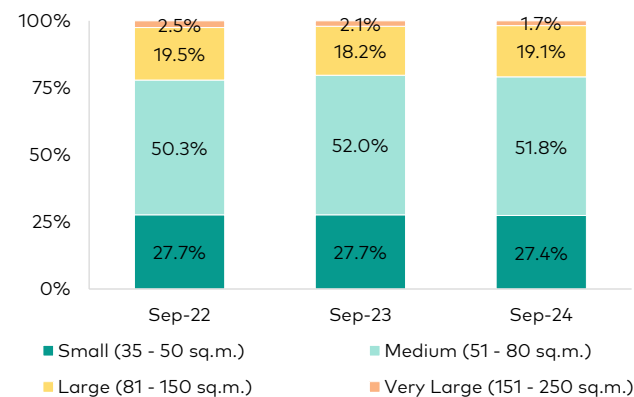
Didi Dighomi and Saburtalo are most demanded districts on the primary market, due to high number of developments



Source: NAPR, Galt & Taggart

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

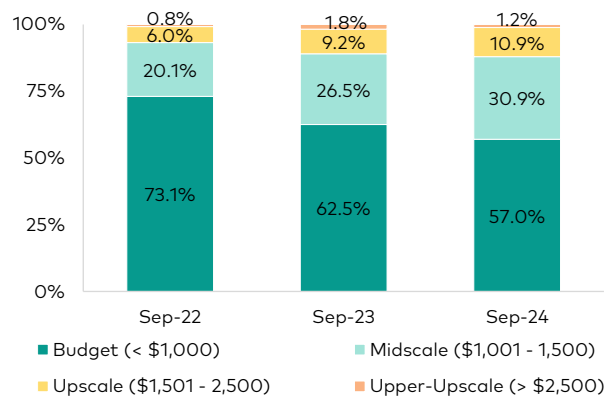
Medium-sized (51-80 m<sup>2</sup>) apartments remained the most prevalent



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 October 2024, we conducted a survey of 15 systematic developers with 75 residential construction projects in Tbilisi.

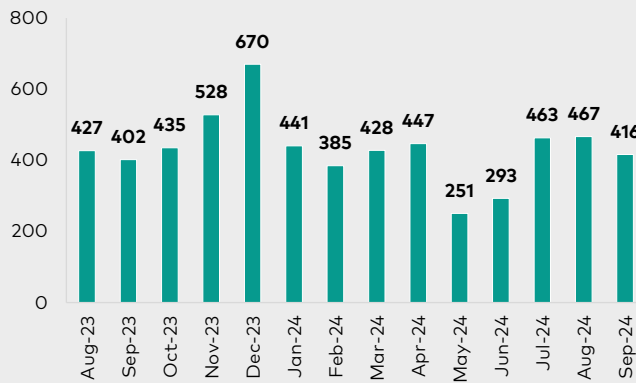
### Based on survey results:

The projects of selected developers saw a recovery in apartment sales after a sharp drop in May attributed to a series of holidays and street protests in the country. Cumulatively, sales in 3Q24 were up 7.3% compared to 1Q24, due to the beginning of sales in a few large-scale residential projects in Jul-24.

94% of apartments are already sold in the projects finishing by the end of 2024. Additionally, 30% 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 6% to 2% 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

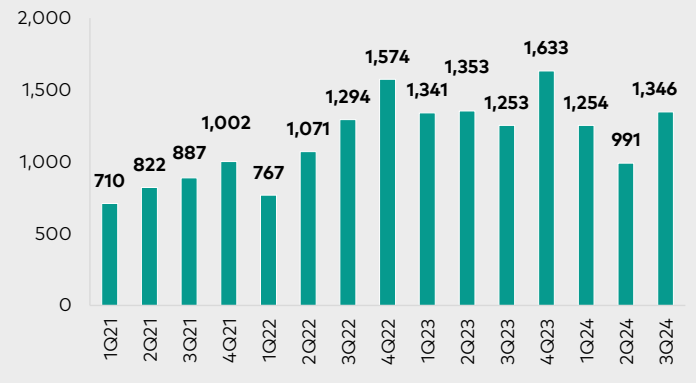
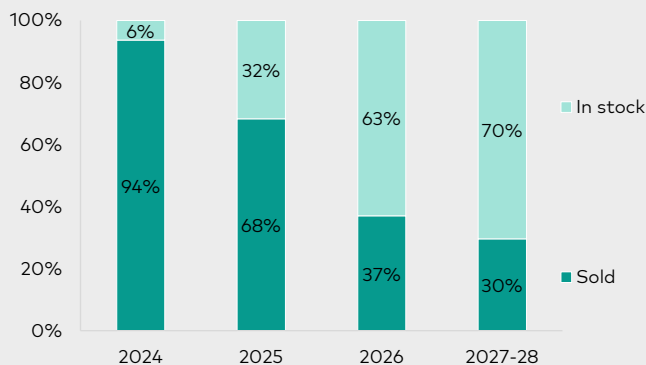
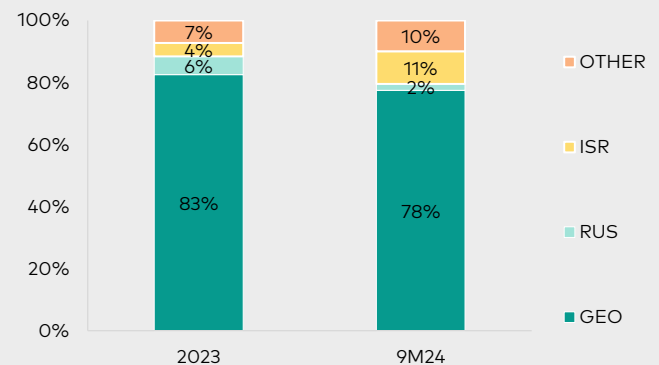


Figure 11: Distribution of the housing stock by project completion year and status in Tbilisi



Source: Galt & Taggart survey of selected developers

Figure 12: Real estate sales by citizenship in Tbilisi

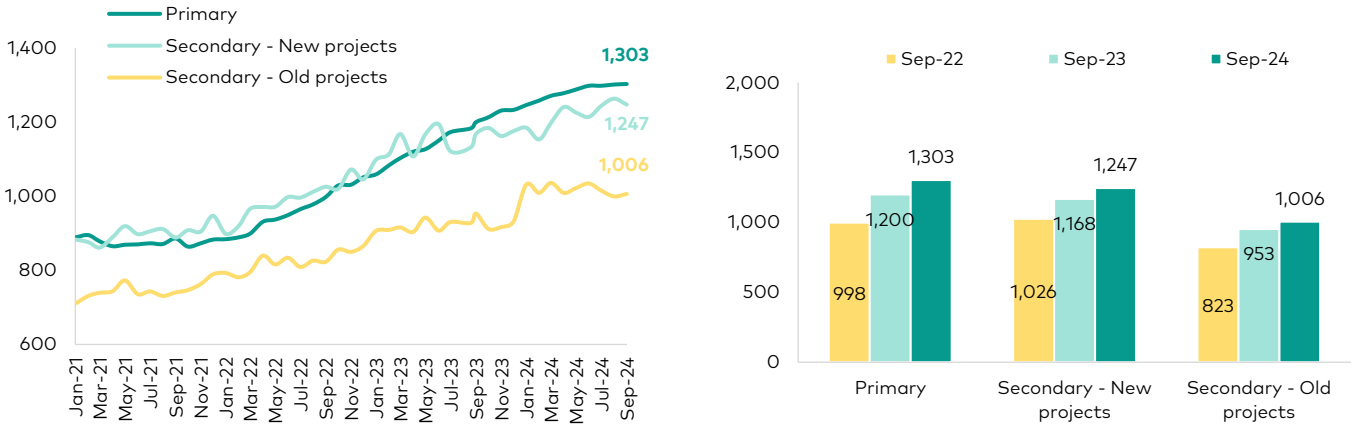




# Real Estate Prices

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

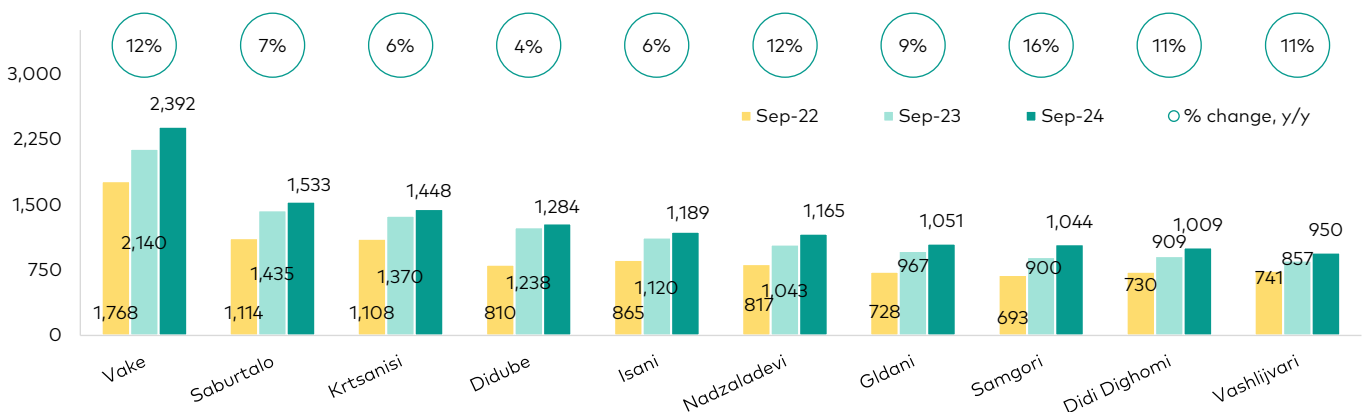
In Sep-24, prices on the primary market increased slightly by 0.1% m/m



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, but the pace has slowed down

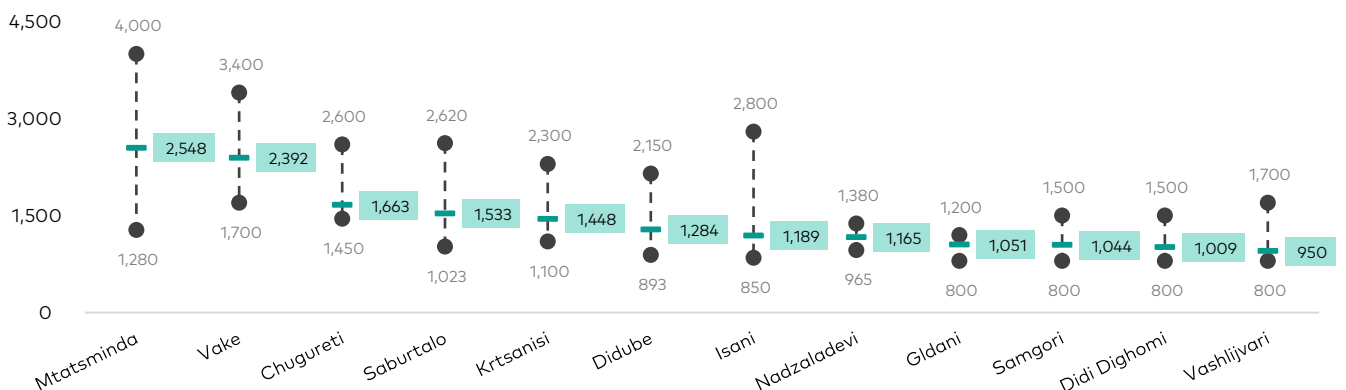


Source: Galt & Taggart

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

**Figure 15: Real estate price ranges on primary market by districts in Sep-24, US\$/m<sup>2</sup>**

Some districts (Mtatsminda, Vake, Saburtalo and Isani) have a high variation in prices in nearby locations



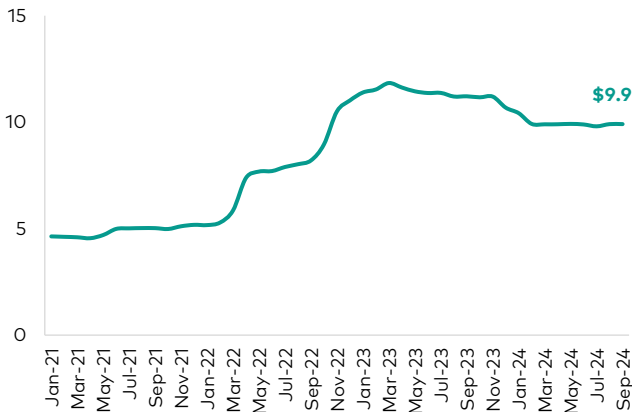
Source: Galt & Taggart



# Real Estate Rents

**Figure 16: Real estate weighted average rent price in Tbilisi, US\$/m<sup>2</sup>**

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

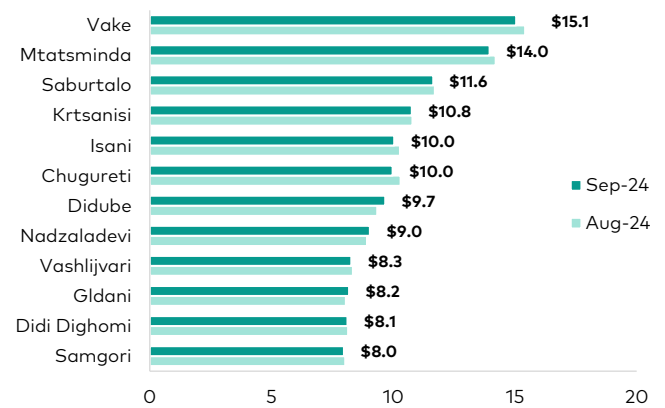


Source: NBG, Galt & Taggart

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

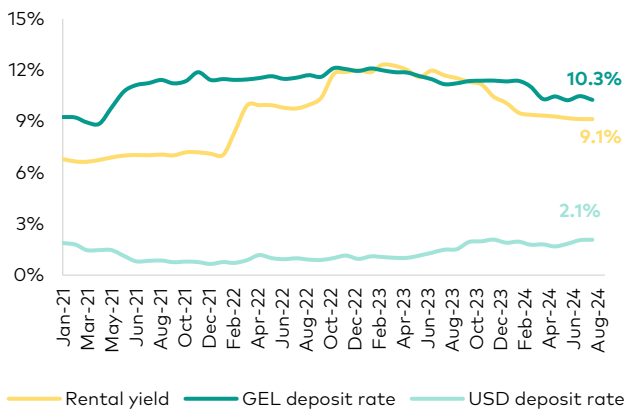
**Figure 17: Real estate weighted average rent prices by districts, US\$/m<sup>2</sup>**

Rents remain the highest in central districts



**Figure 18: Real estate rental yield and deposit rates**

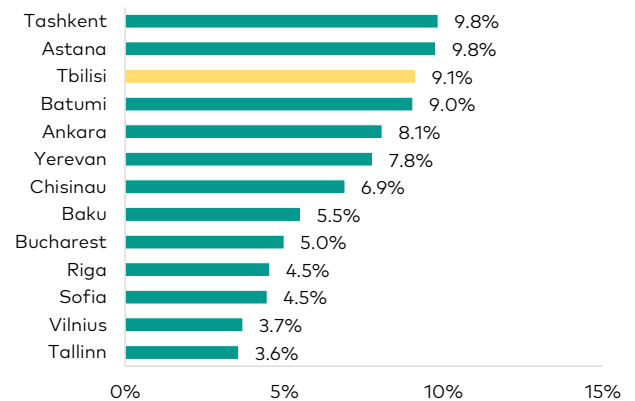
Rental yield still looks attractive compared to alternative investments



Source: NBG, Numbeo, Galt & Taggart

**Figure 19: Rental yield outside city center, Sep-24**

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

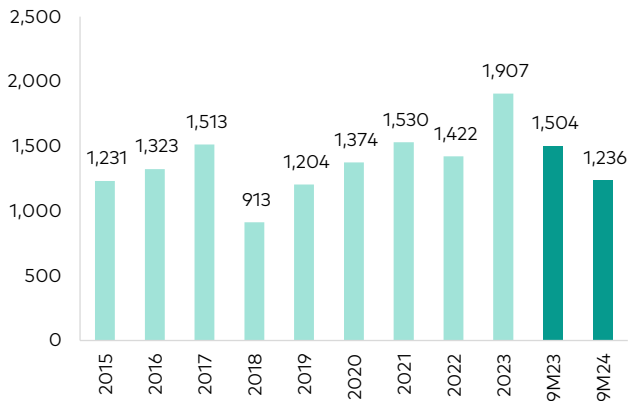




## Construction permits

**Figure 20: Area of construction permits issued for residential real estate in Tbilisi, '000 m<sup>2</sup>**

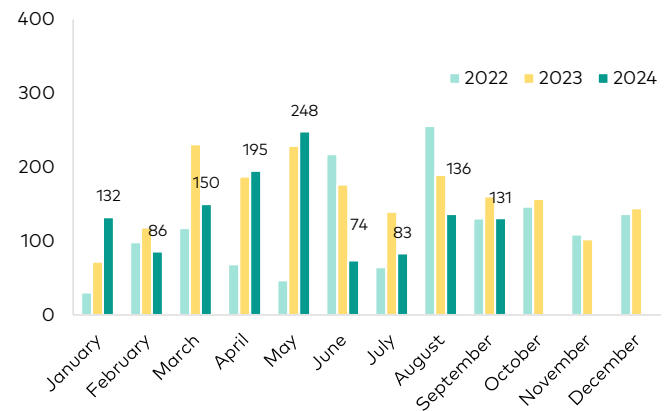
Permitted living area in 9M24 has decreased by 17.8% y/y, after a record-high 2023



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

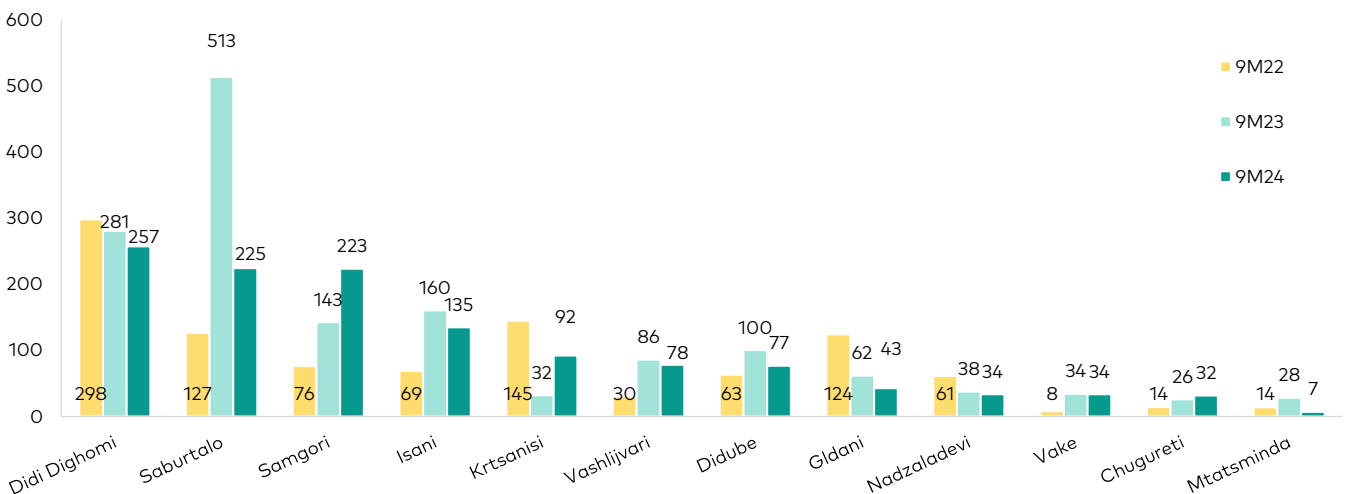
**Figure 21: Area of construction permits issued for residential real estate by months in Tbilisi, '000 m<sup>2</sup>**

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



**Figure 22: 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 (21% of total), followed by Saburtalo (18%) and Samgori (18%)



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, 9M24**

District	Value (mn US\$)	Number	Area ('000 m <sup>2</sup> )
Saburtalo	506.1	4,669	361.5
Didi Dighomi	338.3	5,533	340.0
Didube	238.5	3,179	215.1
Samgori	235.4	4,086	253.2
Nadzaladevi	186.6	2,749	174.6
Gldani	182.4	3,121	193.3
Vake	150.9	880	84.5
Isani	147.4	2,011	130.5
Krtsanisi	92.2	1,006	71.4
Mtatsminda	74.4	504	46.4
Chugureti	59.3	729	53.1
Vashlijvari	41.8	556	42.2

Source: NAPR, Galt & Taggart

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

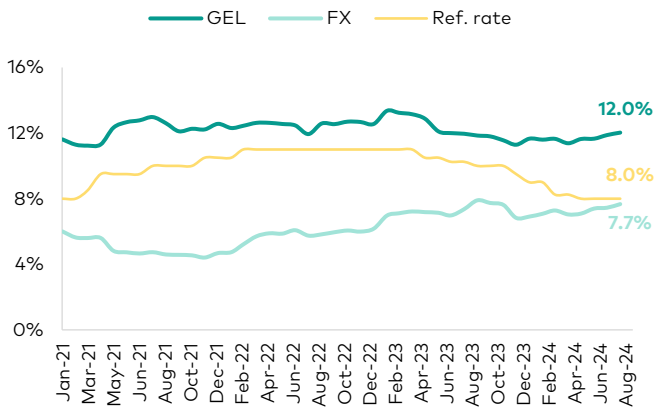
District	Primary market	Secondary market New projects	Secondary market Old projects
Mtatsminda	2,548	3,067	1,363
Vake	2,297	2,248	1,619
Chugureti	1,663	1,322	1,053
Saburtalo	1,533	1,540	1,086
Krtsanisi	1,448	1,222	1,085
Didube	1,284	1,282	993
Isani	1,189	1,186	976
Nadzaladevi	1,165	1,164	928
Gldani	1,051	1,050	788
Samgori	1,044	1,009	834
Didi Dighomi	1,009	1,038	785
Vashlijvari	950	1,268	988

Source: NAPR, Galt & Taggart



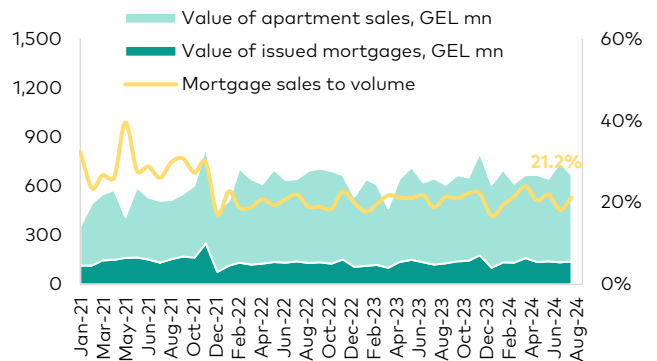
# Annex

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

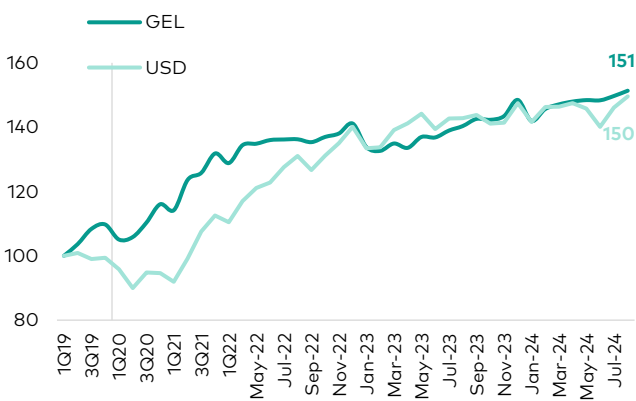


Source: NBS, Galt & Taggart

**Figure 24: 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 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 Aug-24, US\$	m/m growth Aug-24, US\$
<b>Total construction cost</b>	<b>4.8%</b>	<b>2.4%</b>
Construction materials	1.0%	2.3%
Wages	26.2%	7.1%
Machinery	6.8%	2.9%
Transportation, fuel and electricity	5.1%	1.2%
Other costs	-1.8%	1.2%



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