

# REAL ESTATE MARKET

TBILISI | BATUMI | KUTAISI



**ISET**

**ForSet**

# 6 | April-June 2017

Market Highlights

REM lab. (Real Estate Market Laboratory)



Real Estate Index (REI) is an index, which represents real value of the real estate. Whenever we observe real estate prices, the first thing we look at is average price per square meter. However, average price can increase, if the sales of better quality properties (more flats in central districts or renovation, etc.) increases, which does not mean that real estate prices went up generally. We need Real Estate Index to track pure price changes. REI excludes `QUALITY EFFECT` and observes how the price of given property changes compared to the base period (April 2015 for Tbilisi City & January 2016 for Batumi City & Kutaisi City).

Types of REI are Sale Price Index (SPI) & Rent Price Index (RPI). Only SPI on residential real property is available for BAT and KUT.

#### ABBREVIATIONS USED

<b>ASP</b>	Average Sale Price per sq.m.
<b>ARP</b>	Average Rent Price per sq.m.
<b>SPI</b>	Sale Price Index
<b>RPI</b>	Rent Price Index
<b>MoM</b>	Month-over-Month Change
<b>YoY</b>	Year-over-Year Change
<b>X-RATE</b>	Exchange Rate
<b>TBS</b>	Tbilisi City
<b>BAT</b>	Batumi City
<b>KUT</b>	Kutaisi City
<b>MUN</b>	Municipality
<b>GEO</b>	Georgia
<b>RP</b>	Residential Property
<b>CP</b>	Commercial Property
<b>NAPR</b>	National Agency of Public Registry
<b>TCH MDS</b>	Tbilisi City Hall, Municipal Department for Supervision

#### X-RATE USD | GEL MONTHLY TREND, 2016-2017

M-Y	USD   GEL	MoM (%)	YoY (%)
JUN-16	2.1877	0.1%	-3.3%
JUL-16	2.3367	6.8%	3.6%
AUG-16	2.3187	-0.8%	-0.1%
SEP-16	2.3113	-0.3%	-3.6%
OCT-16	2.3599	2.1%	-1.4%
NOV-16	2.4758	4.9%	3.1%
DEC-16	2.6511	7.1%	10.5%
JAN-17	2.7007	1.9%	10.9%
FEB-17	2.6429	-2.1%	6.4%
MAR-17	2.4689	-6.6%	3.3%
APR-17	2.4164	-2.1%	6.7%
MAY-17	2.4280	0.5%	11.1%
JUN-17	2.4116	-0.7%	10.2%

Source: NBG 2017

# REAL PROPERTY SALES

## GEO HIGHLIGHTS

GEO real property market slowed down in APR-17 (-16.2% MoM) and gradually recovered during next 2 months: MAY-17 (+20.8% MoM) and JUN-17 (+6.5% MoM). With a total of 24 673 property sales, GEO market in Q2 2017 grew by 12.7% (YoY).

Share of TBS in GEO sales increased to 39.8% in Q2 2017, and TBS remains on the top of GEO real property market.

TBS market was followed by Ajara with 13.1% and Kvemo Kartli with 9.7% shares in GEO sales. In Q2 2017, TBS real property sales grew by 23.9%, while outside TBS - by only 1.2%. More than half of GEO sales were registered in 3 largest cities: TBS, BAT & KUT.

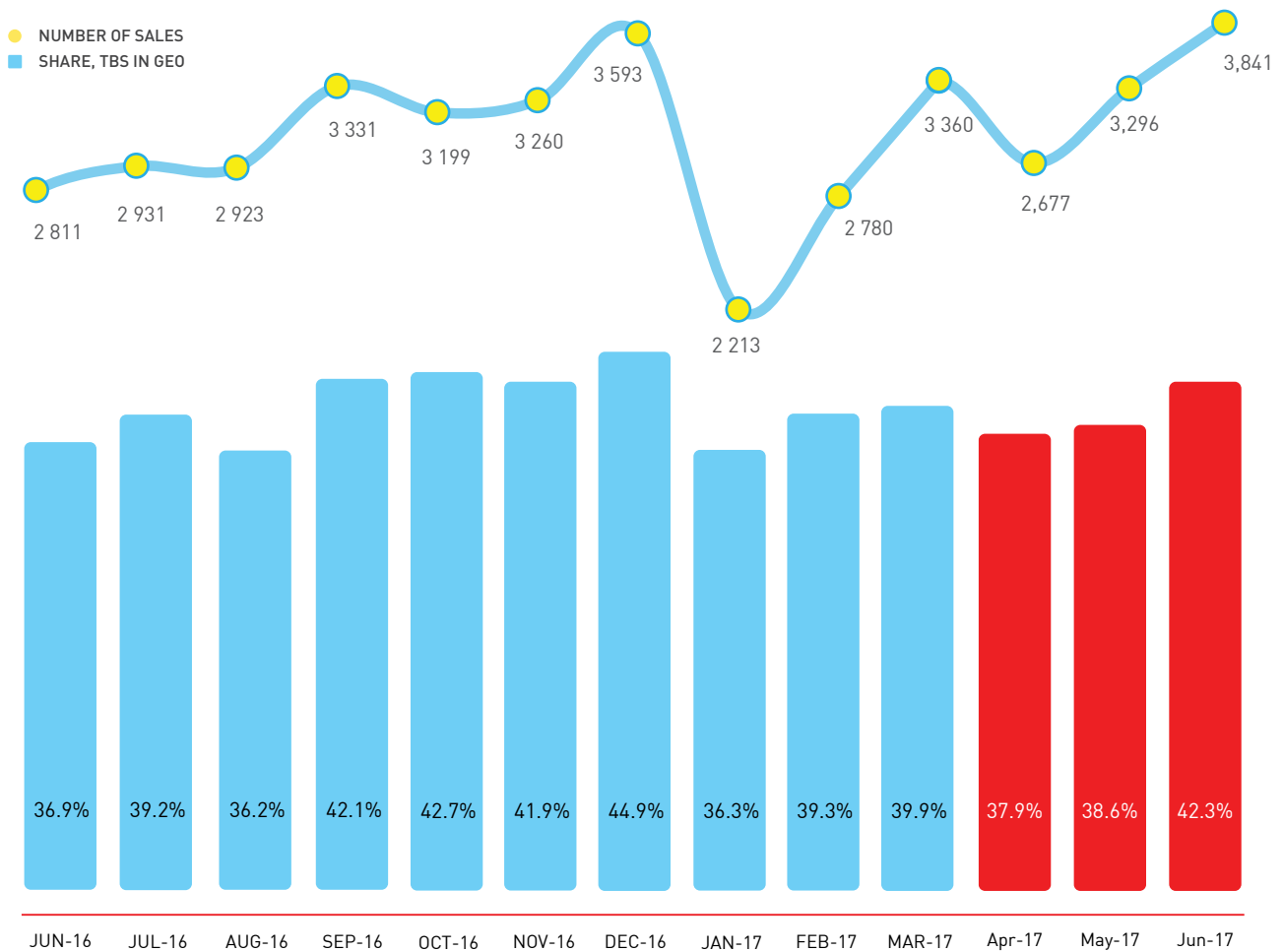
### For Q2, 2017 TOP 3 regions by sales in GEO were:

- TBS (9 814 units, 39.8%)
- Ajara (3 221 units, 13.1%)
- Kvemo Kartli (2 403 units, 9.7%)

### For Q2, 2017 TOP 3 districts by sales in TBS were:

- Saburtalo (2 332 units, 23.8%)
- Vake (1 714 units, 17.5%)
- Nadzaladevi (1 034 units, 10.5%)

### SALES TREND REAL PROPERTY... TBS & GEO MONTHLY TREND, 2016-2017



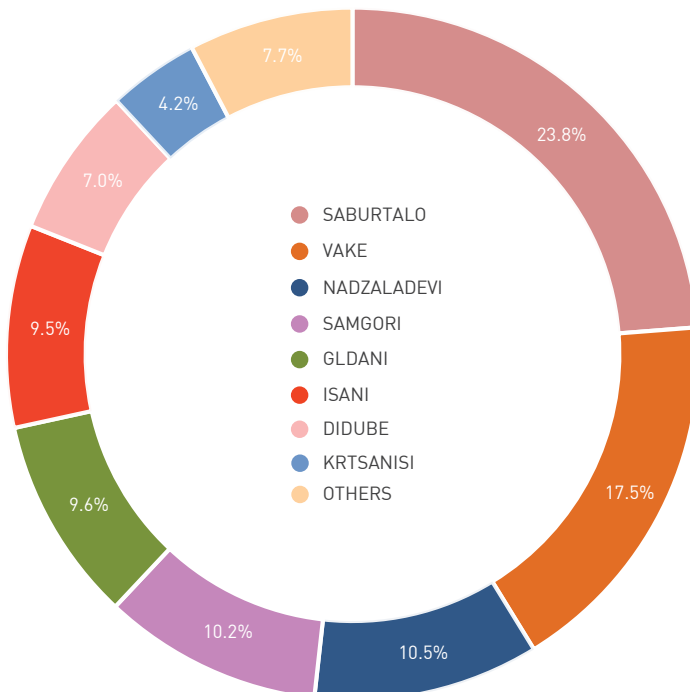
Source: NAPR 2017

**SALES TREND  
REAL PROPERTY... TBS & GEO  
MONTHLY TREND, 2016-2017**

M-Y	TBS (UNIT)	MoM (%)	GEO (UNIT)	MoM (%)
JUN-16	2 811	15.4%	7 620	12.0%
JUL-16	2 931	4.3%	7 483	-1.8%
AUG-16	2 923	-0.3%	8 076	7.9%
SEP-16	3 331	14.0%	7 909	-2.1%
OCT-16	3 199	-4.0%	7 496	-5.2%
NOV-16	3 260	1.9%	7 785	3.9%
DEC-16	3 593	10.2%	8 099	4.0%
JAN-17	2 213	-38.4%	6 104	-24.6%
FEB-17	2 780	25.6%	7 082	16.0%
MAR-17	3 360	20.9%	8 425	19.0%
APR-17	2 677	-20.3%	7 059	-16.2%
MAY-17	3 296	23.1%	8 528	20.8%
JUN-17	3 841	16.5%	9 086	6.5%

Source: NAPR 2017

**REAL PROPERTY SALES  
TBS DISTRICTS  
Q2 2017**



Source: NAPR 2017

**SALES TREND**  
**REAL PROPERTY... GEO REGIONS**  
**Q2 2017**

REGION	NUMBER (UNIT)	SHARE IN GEO (%)	YoY (%)
TBS	9 814	39.8%	23.9%
KAKHETI	3 221	13.1%	45.9%
AJARA	2 403	9.7%	8.9%
KVEMO KARTLI	2 344	9.5%	-13.0%
IMERETI	1 724	7.0%	-1.0%
SHIDA KARTLI	1 329	5.4%	8.9%
MTSKHETA-MTIANETI	1 200	4.9%	6.2%
SAMEGRELO-ZEMO SVANETI	1 080	4.4%	4.8%
SAMTSKHE-JAVAKHETI	844	3.4%	-2.0%
GURIA	614	2.5%	-17.0%
RACHA-LECHKHUMI & KVEMO SVANETI	100	0.4%	-29.6%

Source: NAPR 2017

**REAL PROPERTY SALES**  
**TOP 5 CITIES & MUNICIPALITIES**  
**Q2 2017**

CITY   MUN	NUMBER (UNIT)	SHARE IN GEO (%)
TBS	9814	39.8%
BAT	2684	10.9%
GARDABANI MUN	1042	4.2%
MTSKHETA MUN	878	3.6%
GORI MUN	651	2.4%

Source: NAPR 2017

# REAL PROPERTY SUPPLY

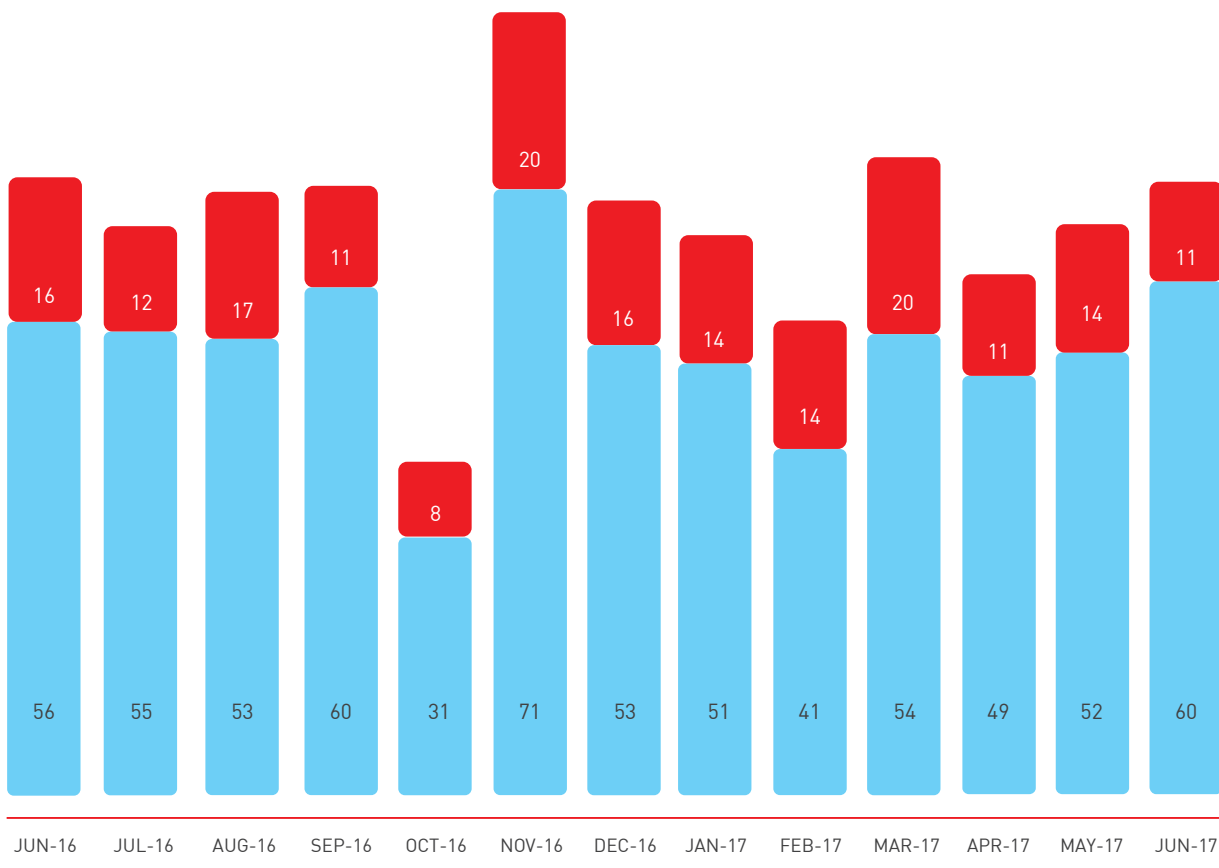
## TBS HIGHLIGHTS

197 new buildings with total area of 256 thousand sq.m were added to TBS supply during Q2 2017. Compared to last year, supply of real property in TBS has increased with respect to number of buildings (+8.2% YoY), but decreased with respect to area of buildings (-22.4% YoY). Seemingly, size of new buildings is decreasing both for residential and commercial properties.

Total supply comprised of 161 (+10.3% YoY) residential buildings with total area of 210.3 thousand sq.m (-18.9% YoY), and 36 (+0% YoY) commercial buildings with total area of 456.7 thousand sq.m (-35.4% YoY).

### SUPPLY TREND NEW REAL PROPERTY NUMBER... TBS MONTHLY TREND, 2016-2017

- RP NUMBER (UNIT)
- CP NUMBER (UNIT)



Source: TCHIMDS 2017

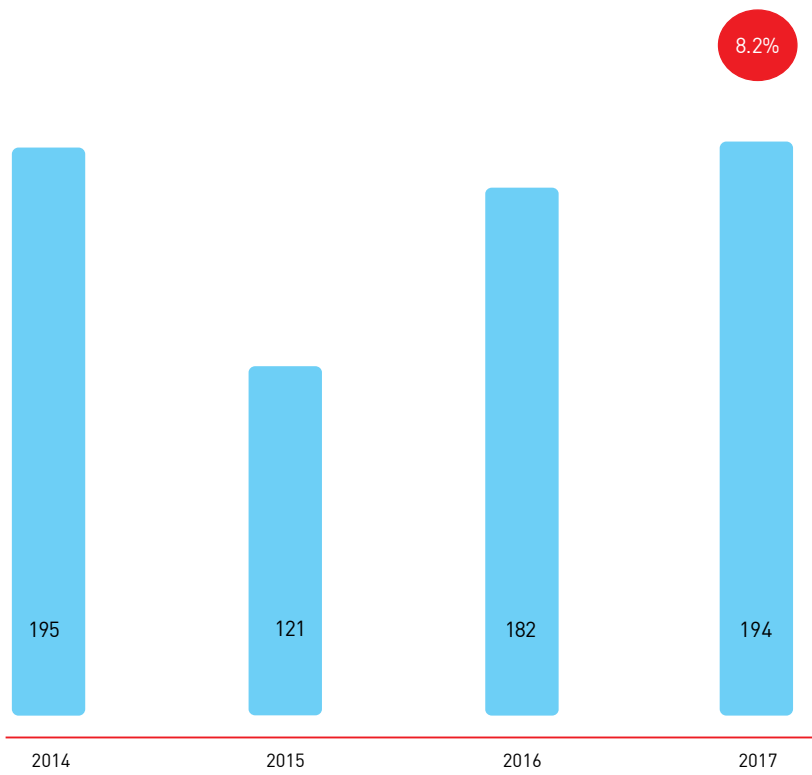
**SUPPLY TREND**  
**NEW REAL PROPERTY NUMBER... TBS**  
**MONTHLY TREND, 2016-2017**

M-Y	RP (UNIT)	CP (UNIT)	ALL (UNIT)
JUN-16	56	16	72
JUL-16	55	12	67
AUG-16	53	17	70
SEP-16	60	11	71
OCT-16	31	8	39
NOV-16	71	20	91
DEC-16	53	16	69
JAN-17	51	14	65
FEB-17	41	14	55
MAR-17	54	20	74
APR-17	49	11	60
MAY-17	52	14	66
JUN-17	60	11	71

Source: TCHIMDS 2017

**SUPPLY TREND**  
**NEW REAL PROPERTY NUMBER... TBS**  
**Q2 2014-2017**

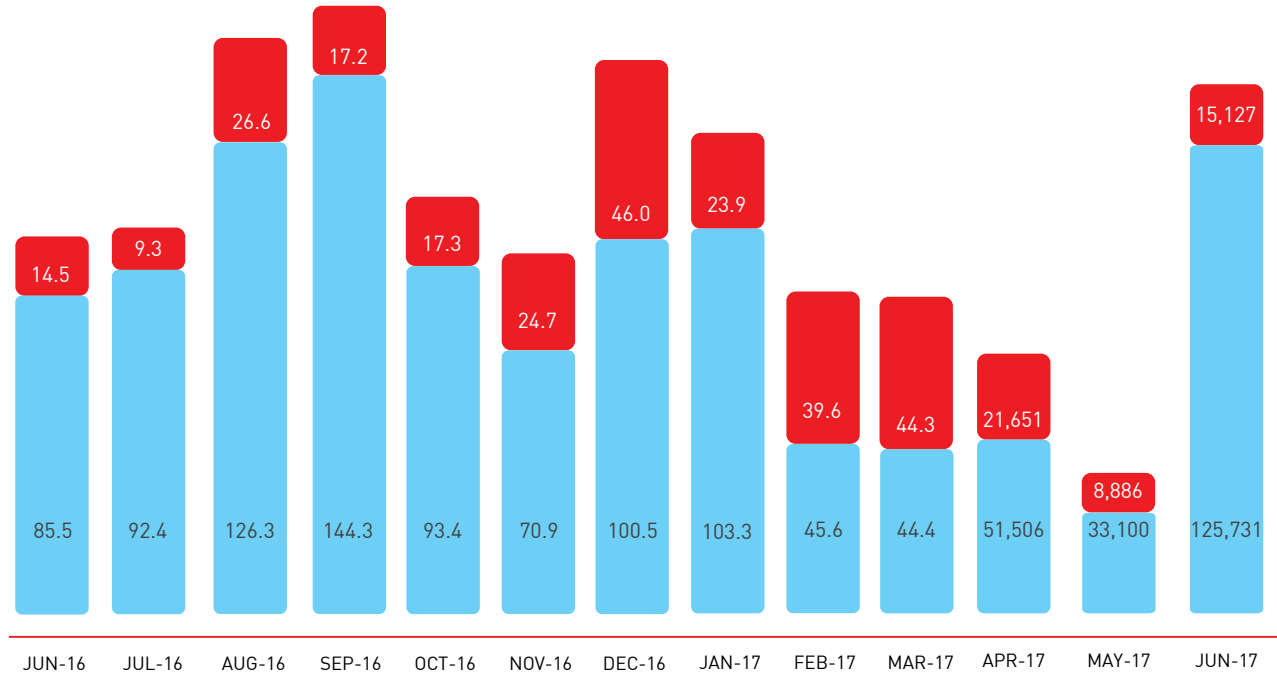
● UNITS



Source: TCHIMDS 2017

**SUPPLY TREND**  
**NEW REAL PROPERTY AREA... TBS**  
**MONTHLY TREND, 2016-2017**

● RP (1000 SQ.M)  
 ● CP (1000 SQ.M)



Source: TCHIMDS 2017

**SUPPLY TREND**  
**NEW REAL PROPERTY AREA... TBS**  
**MONTHLY TREND, 2016-2017**

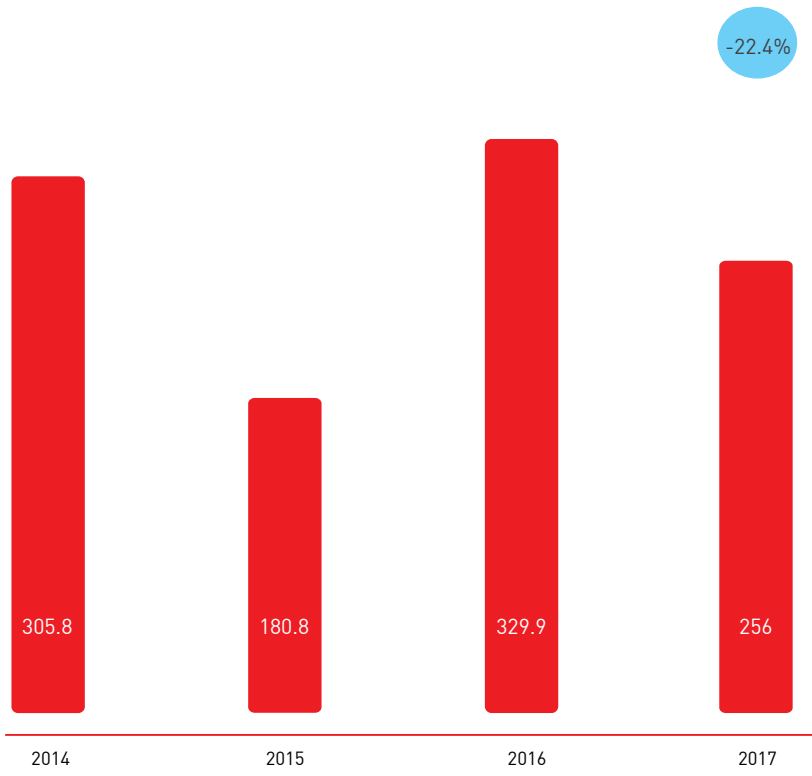
M-Y	RP (1000 SQ.M)	CP (1000 SQ.M)	ALL (1000 SQ.M)
JUN-16	85.5	14.5	100.0
JUL-16	92.4	9.3	101.7
AUG-16	126.3	26.6	152.9
SEP-16	144.3	17.2	161.5
OCT-16	93.4	17.3	110.7
NOV-16	70.9	24.7	95.6
DEC-16	100.5	46.0	146.5
JAN-17	103.3	23.9	127.2
FEB-17	45.6	39.6	85.2
MAR-17	44.4	44.3	88.7
APR-17	51.5	21.6	73.1
MAY-17	33.1	88.8	41.9
JUN-17	125.7	15.1	140.8

Source: TCHIMDS 2017



### SUPPLY TREND NEW REAL PROPERTY AREA... TBS Q2 2014-2017

● 1000 SQ.M



Source: TCHIMDS 2017

# RESIDENTIAL PROPERTY PRICES

## TBS HIGHLIGHTS

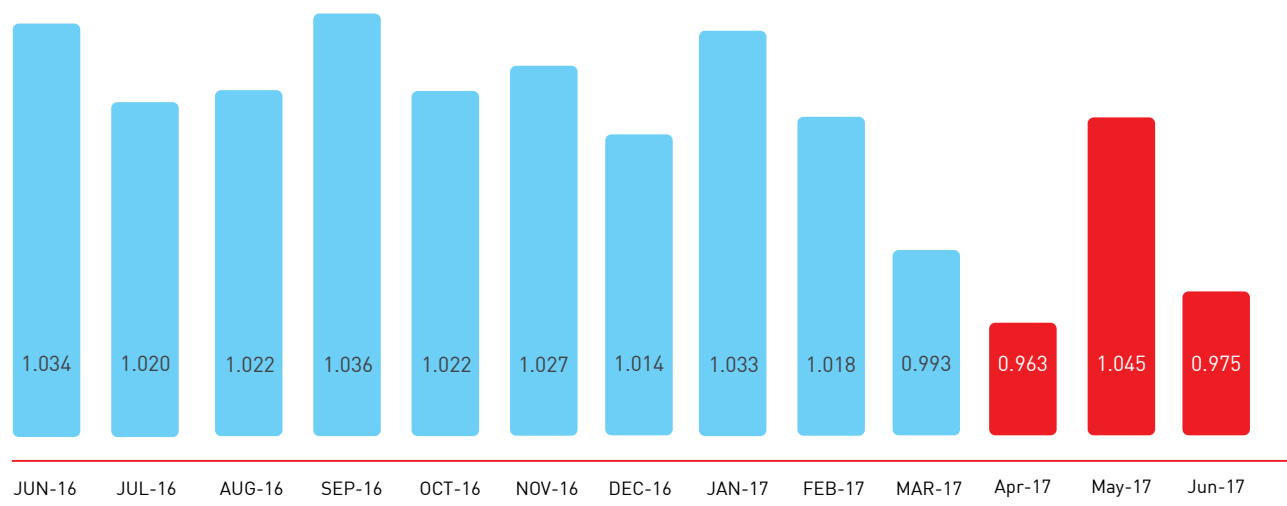
In Q2 2017, SPI for residential properties kept decreasing except MAY-17 (8.5% MoM), while RPI began to increase, with the highest gain in MAY-17 (5.3% MoM).

During Q2 2017, ASP varied between USD 740 and USD 880 per sq.m and ARP - between USD 6.82 and USD 8.02 per sq.m.

After reaching the lowest point in APR-17, both ASP and ARP have trended upward. In JUN-17, ASP in TBS reached USD 870 (-1.1% MoM, 4.1% YoY) per sq.m & ARP increased to USD 8.02 (8.0% MoM, 8.8% YoY) per sq.m.

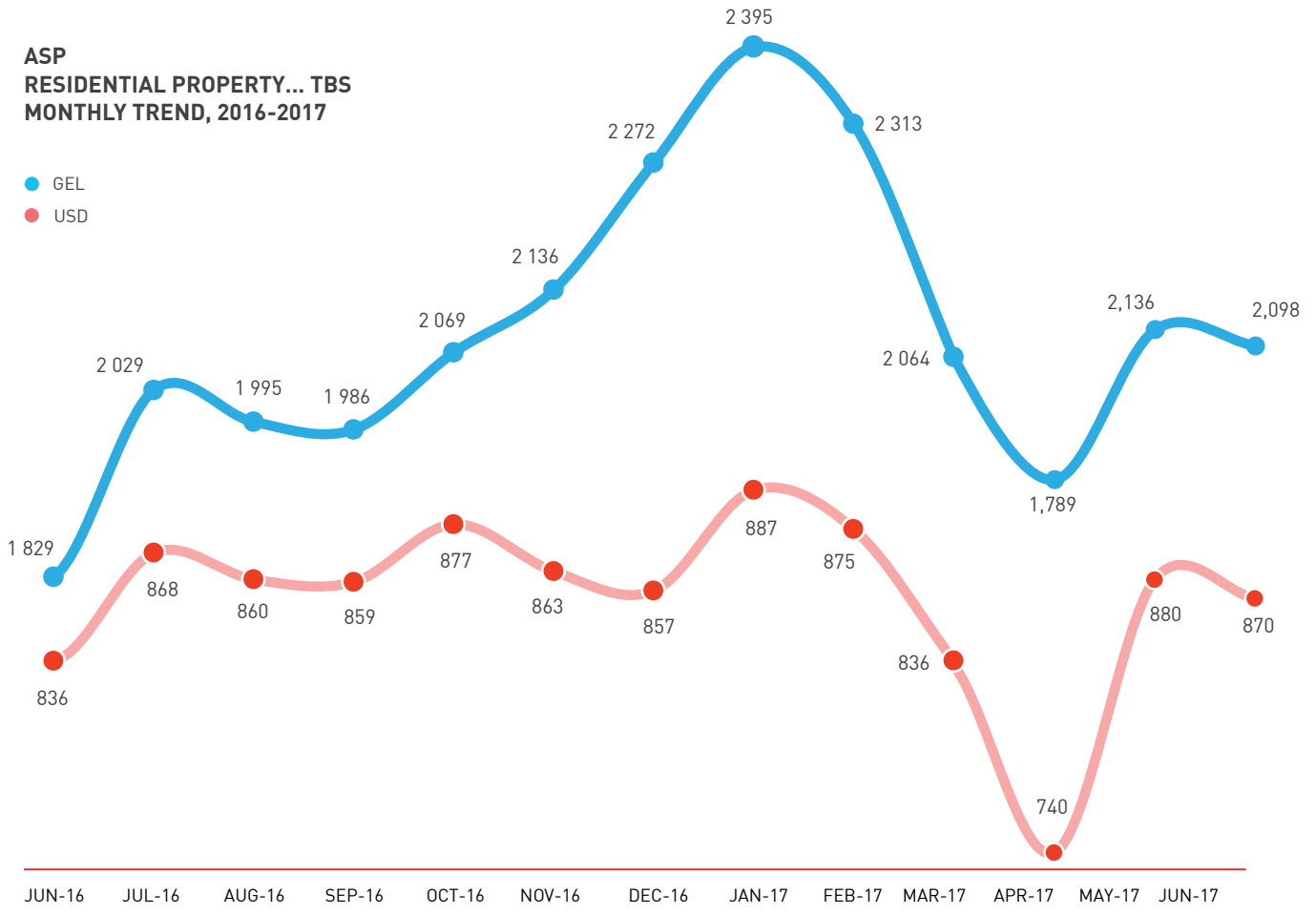
In Q2 2017, the most expensive and cheapest districts of TBS were  
 by ASP: Mtatsminda (USD 1 044) and Gldani (USD 525)  
 by ARP: Mtatsminda (USD 8.79) and Gldani (USD 4.56)

**SPI  
 RESIDENTIAL PROPERTY... TBS  
 MONTHLY TREND, 2016-2017**



Source: REM lab 2017

**ASP  
RESIDENTIAL PROPERTY... TBS  
MONTHLY TREND, 2016-2017**



Source: REM lab 2017

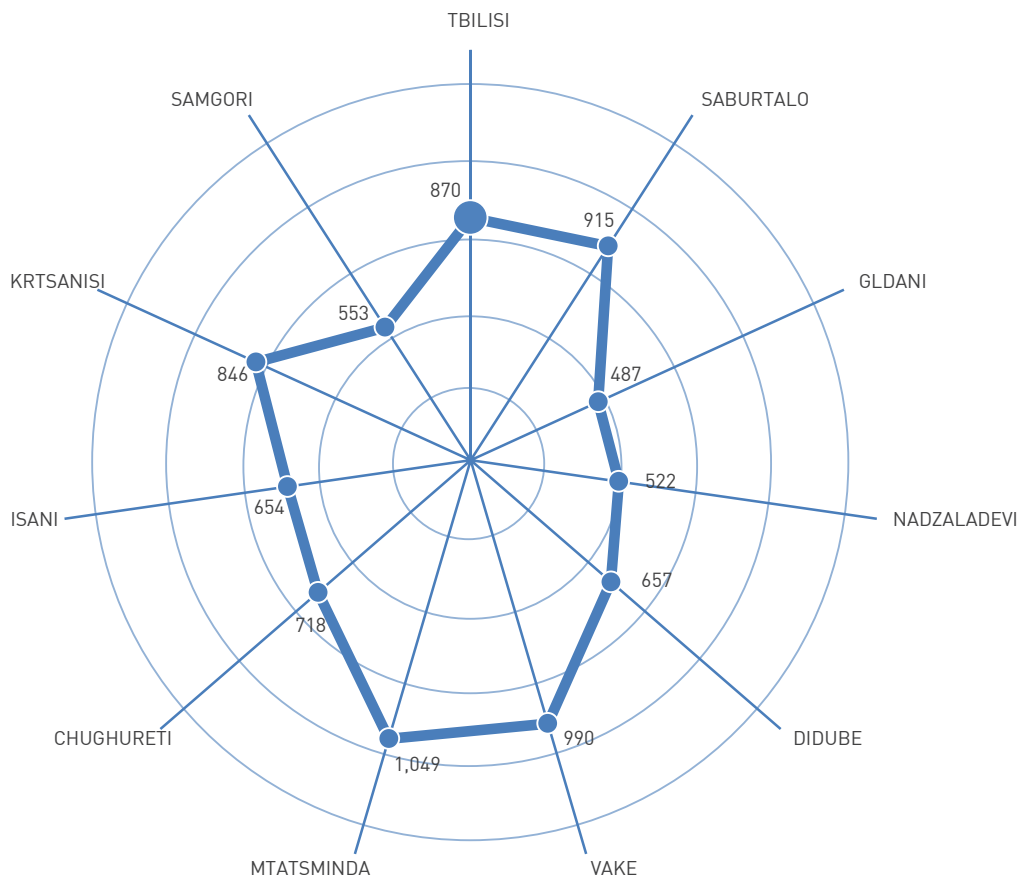
**ASP  
RESIDENTIAL PROPERTY... TBS  
MONTHLY TREND, 2016-2017**

M-Y	ASP (USD)	MoM (%)	YoY (%)	ASP (GEL)	MoM (%)	YoY (%)
JUN-16	836	-2.4%	-5.3%	1 829	-2.3%	-8.4%
JUL-16	868	3.8%	-1.8%	2 029	10.9%	1.7%
AUG-16	860	-0.9%	2.9%	1 995	-1.7%	2.8%
SEP-16	859	-0.1%	-0.3%	1 986	-0.4%	-3.9%
OCT-16	877	2.0%	0.1%	2 069	4.1%	-1.2%
NOV-16	863	-1.6%	-0.7%	2 136	3.2%	2.4%
DEC-16	857	-0.7%	-4.8%	2 272	6.4%	5.2%
JAN-17	887	3.5%	2.2%	2 395	5.4%	13.3%
FEB-17	875	-1.3%	-1.2%	2 313	-3.4%	5.2%
MAR-17	836	-4.5%	-6.2%	2 064	-10.8%	-3.1%
APR-17	740	-11.4%	-14.7%	1789	-13.3%	-9.0%
MAY-17	880	18.8%	2.7%	2136	19.4%	14.0%
JUN-17	870	-1.1%	4.1%	2098	-1.8%	14.7%

Source: REM lab 2017

**ASP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
AV Q2 2017**

● USD



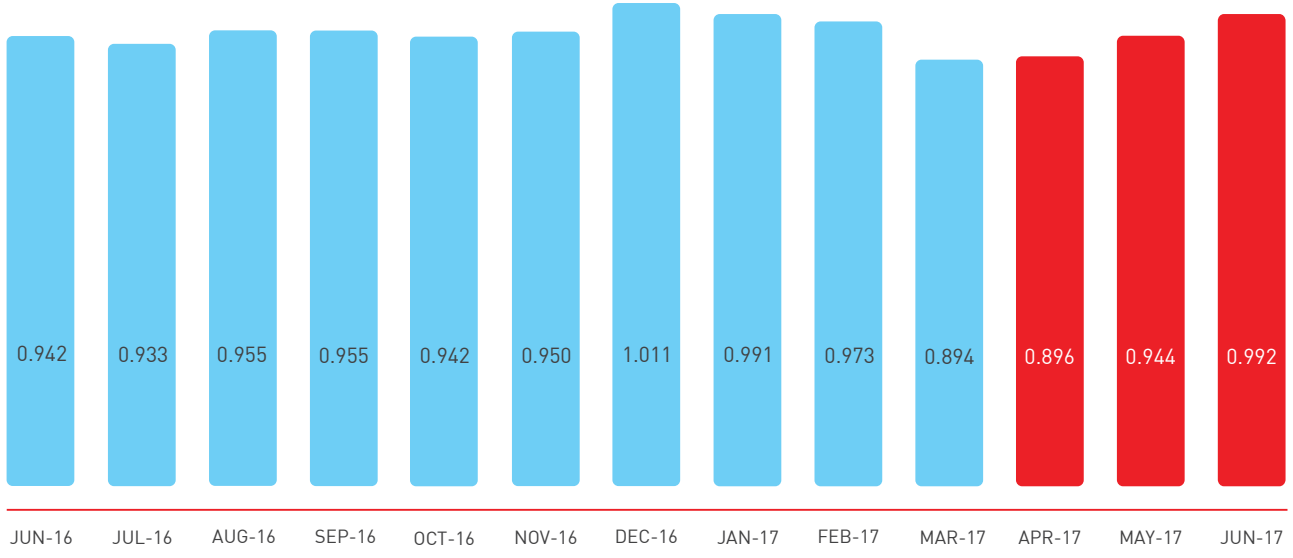
Source: REM lab 2017

**ASP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
AV Q2 2017**

DISTRICT	ASP (USD)	ASP (GEL)
SABURTALO	870	2105
GLDANI	525	1271
NADZALADEVI	552	1335
DIDUBE	671	1623
VAKE	980	2371
MTATSMINDA	1044	2525
CHUGHURETI	718	1736
ISANI	676	1634
KRTSANISI	856	2071
SAMGORI	572	1383
<b>TBS</b>	<b>830</b>	<b>2008</b>

Source: REM lab 2017

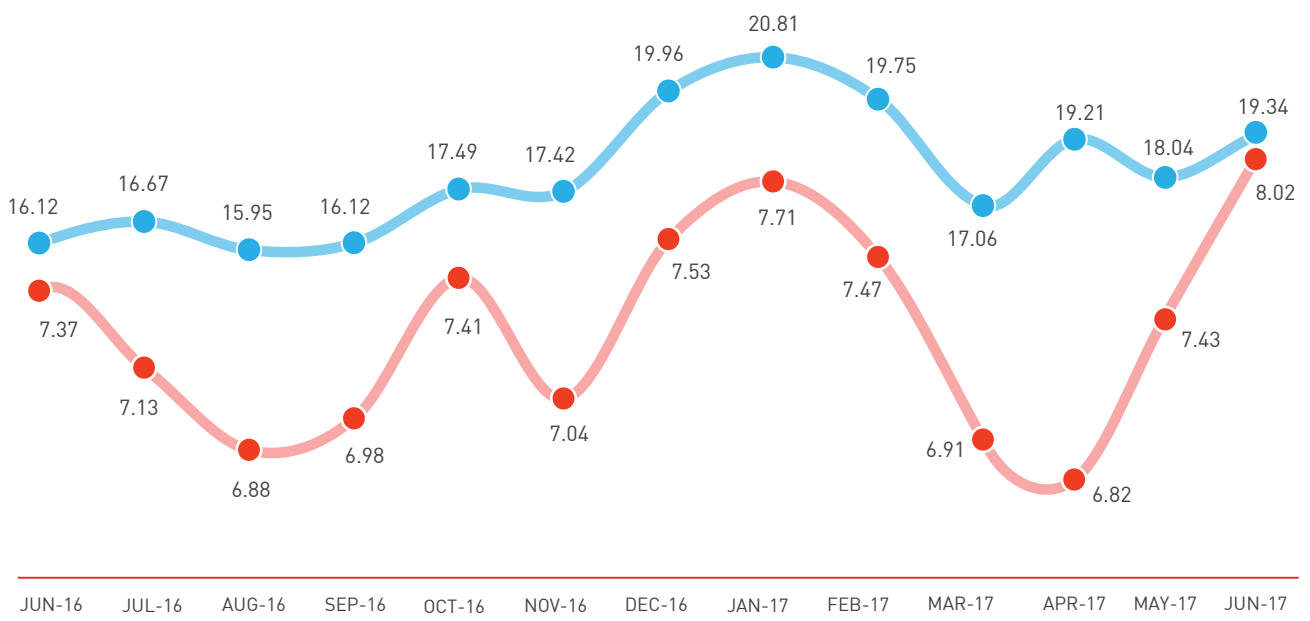
**RPI**  
**RESIDENTIAL PROPERTY... TBS**  
**MONTHLY TREND, 2016-2017**



Source: REM lab 2017

**ARP**  
**RESIDENTIAL PROPERTY... TBS**  
**MONTHLY TREND, 2016-2017**

- GEL
- USD



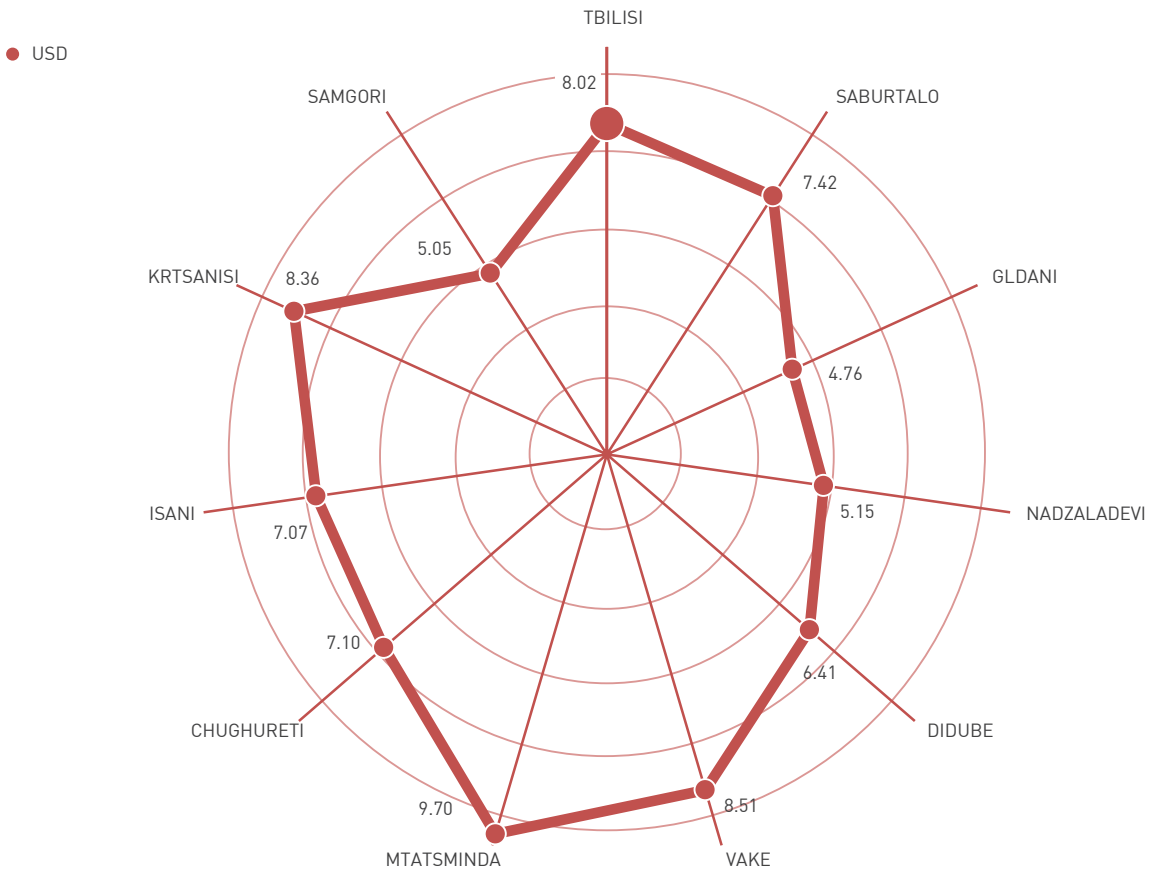
Source: REM lab 2017

**ARP  
RESIDENTIAL PROPERTY... TBS  
MONTHLY TREND, 2016-2017**

M-Y	ARP (USD)	MoM (%)	YoY (%)	ARP (GEL)	MoM (%)	YoY (%)
JUN-16	7.37	9.4%	-7.7%	16.12	9.4%	-10.8%
JUL-16	7.13	-3.2%	-7.7%	16.67	3.4%	-4.4%
AUG-16	6.88	-3.6%	11.2%	15.95	-4.3%	-11.3%
SEP-16	6.98	1.4%	-9.6%	16.12	1.1%	-12.9%
OCT-16	7.41	6.2%	-0.7%	17.49	8.4%	-2.1%
NOV-16	7.04	-5.0%	-10.6%	17.42	-0.4%	-7.9%
DEC-16	7.53	7.0%	-1.8%	19.96	14.6%	8.6%
JAN-17	7.71	2.4%	3.2%	20.81	4.3%	14.4%
FEB-17	7.47	-3.0%	-0.1%	19.75	-5.1%	6.3%
MAR-17	6.91	-7.5%	-3.6%	17.06	-13.6%	-0.4%
APR-17	6.82	-1.4%	-5.9%	19.21	12.6%	17.0%
MAY-17	7.43	9.0%	10.2%	18.04	-6.1%	22.4%
JUN-17	8.02	8.0%	8.8%	19.34	7.2%	20.0%

Source: REM lab 2017

**ARP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
AV Q2 2017**



Source: REM lab 2017

**ARP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
AV Q2 2017**

DISTRICT	ARP (USD)	ARP (GEL)
SABURTALO	7.00	17.62
GLDANI	4.56	11.30
NADZALADEVI	5.10	12.34
DIDUBE	5.93	15.50
VAKE	7.98	20.15
MTATSMINDA	8.79	22.46
CHUGHURETI	6.48	16.56
ISANI	6.26	16.48
KRTSANISI	7.24	19.26
SAMGORI	4.65	11.85
<b>TBS</b>	<b>7.42</b>	<b>18.86</b>

Source: REM lab 2017

# COMMERCIAL PROPERTY PRICES

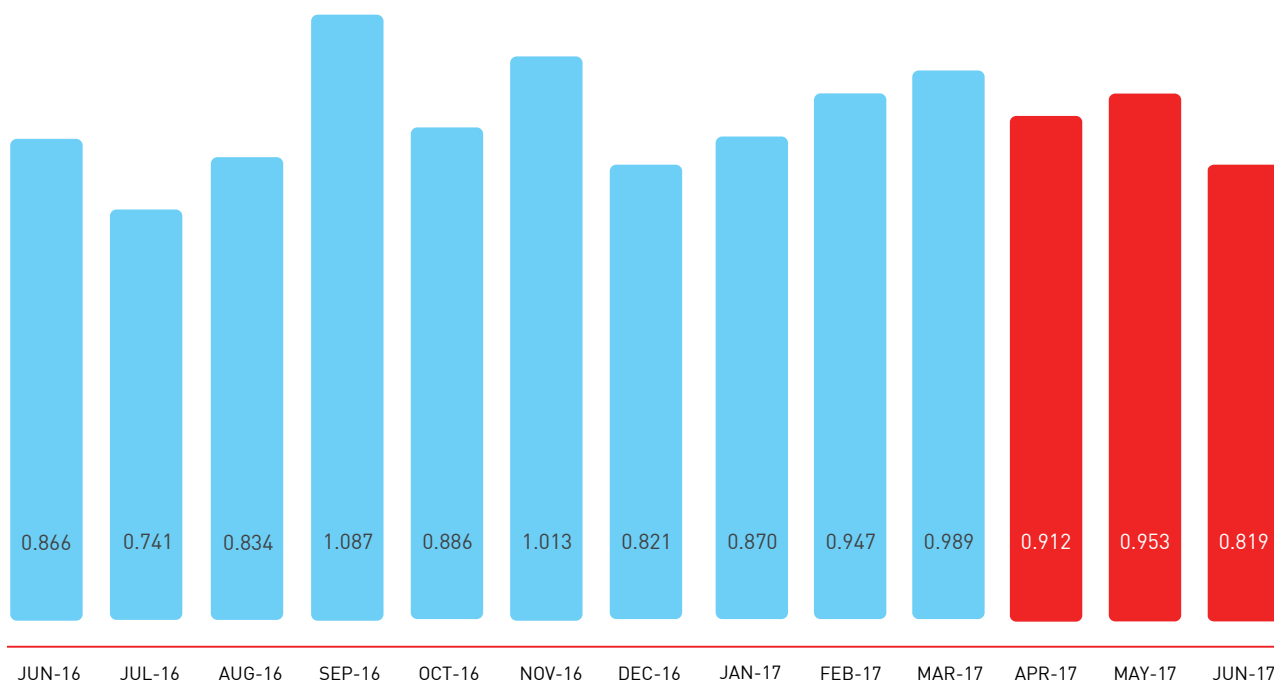
## TBS HIGHLIGHTS

In Q2 2017, SPI and RPI for commercial property was characterized by decreasing trend. In JUN-17, SPI declined to 0.819 (-14.0% MoM, -5.4% YoY), while RPI fell to 1.010 (-5.3% MoM, -16.1%YoY).

During Q2 2017, ASP varied between USD 1 002 and USD 1 103 per sq.m and ARP between USD 9.56 and USD 10.99 per sq.m.

In MAR-17, ASP and ARP for commercial real properties have also dropped: ASP in TBS declined to USD 956 (-9.3% MoM, -9.6% YoY) per sq.m and ARP dropped to USD 9.56(-9.3% MoM, -9.6% YoY).

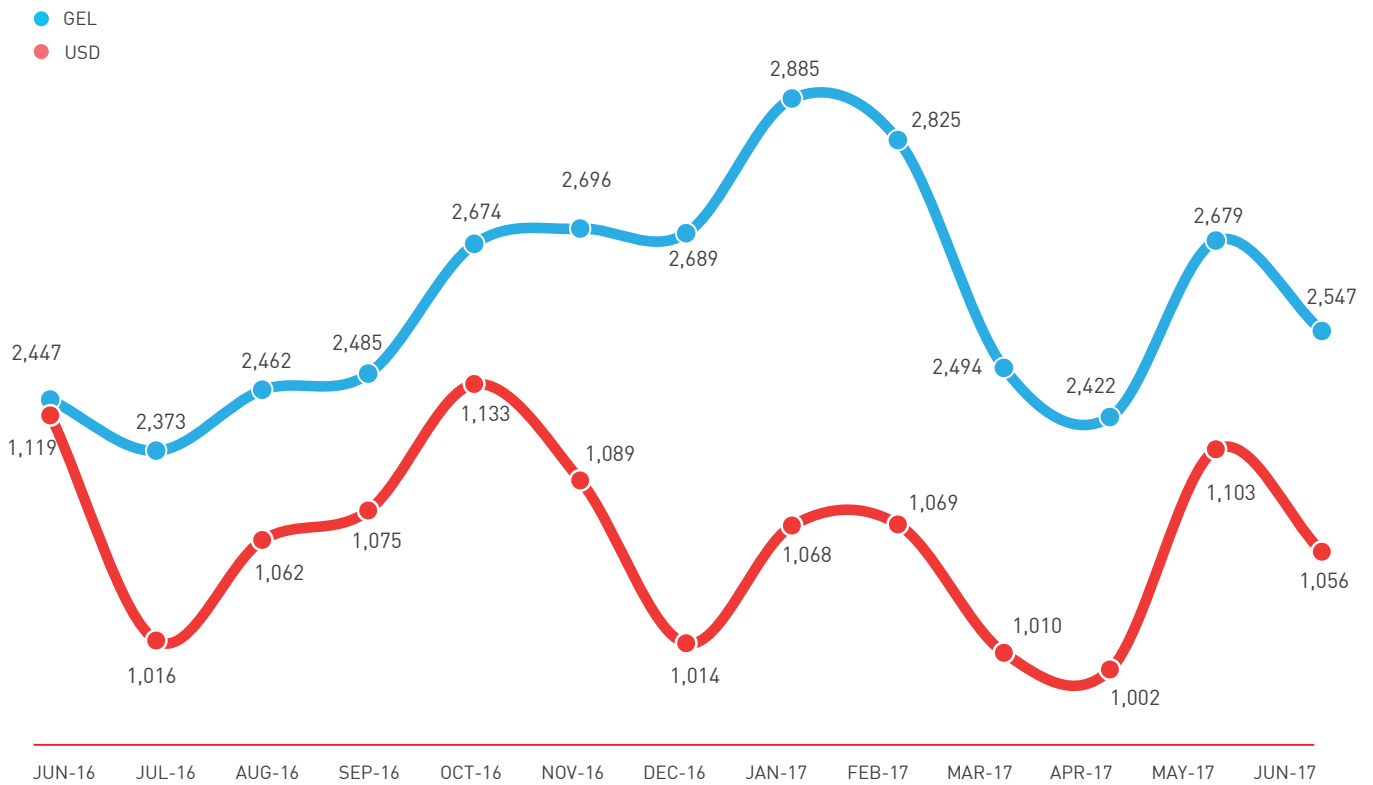
**SPI**  
**COMMERCIAL PROPERTY... TBS**  
**MONTHLY TREND, 2016-2017**



Source: REM lab 2017



**ASP  
COMMERCIAL PROPERTY... TBS  
MONTHLY TREND, 2016-2017**



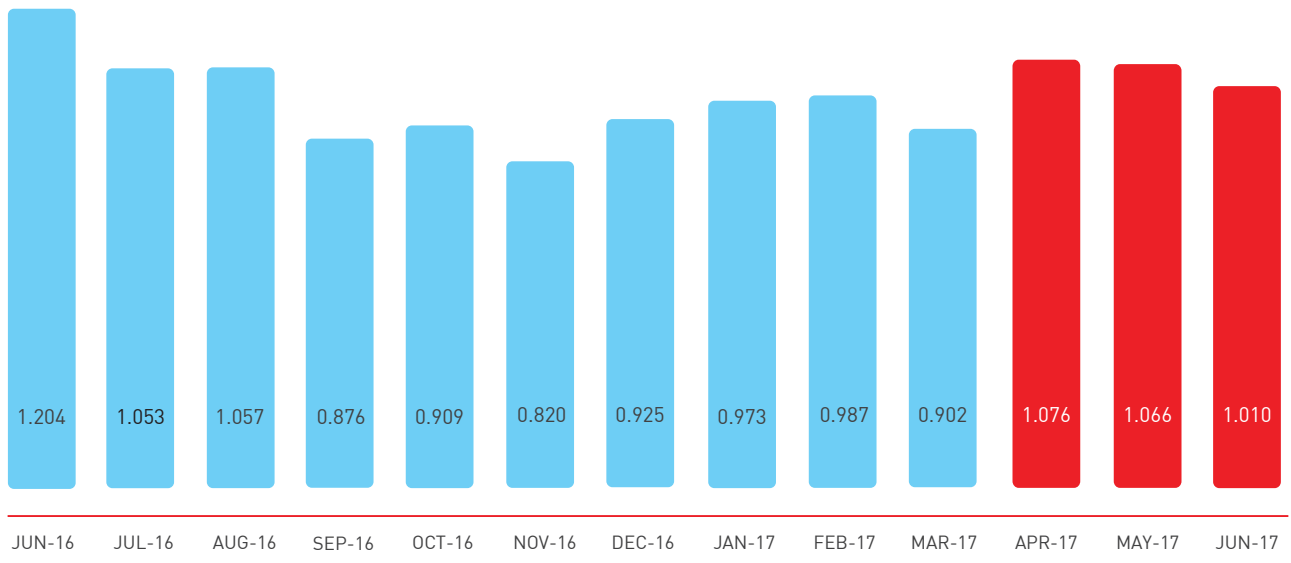
Source: REM lab 2017

**ASP  
COMMERCIAL PROPERTY... TBS  
MONTHLY TREND, 2016-2017**

M-Y	ASP (USD)	MoM (%)	YoY (%)	ASP (GEL)	MoM (%)	YoY (%)
JUN-16	1 119	-1.0%	-3.5%	2 447	-0.9%	-6.7%
JUL-16	1 016	-9.2%	-17.4%	2 373	-3.0%	-14.5%
AUG-16	1 062	4.5%	-8.5%	2 462	3.7%	-8.5%
SEP-16	1 075	1.3%	-3.7%	2 485	1.0%	-7.2%
OCT-16	1 133	5.4%	0.0%	2 674	7.6%	-1.4%
NOV-16	1 089	-3.9%	0.1%	2 696	0.8%	3.2%
DEC-16	1 014	-6.8%	-11.1%	2 689	-0.3%	-1.7%
JAN-17	1 068	5.3%	-3.3%	2 885	7.3%	7.2%
FEB-17	1 069	0.0%	-3.3%	2 825	-2.1%	2.9%
MAR-17	1 010	-5.5%	-9.2%	2 494	-11.7%	-6.1%
APR-17	1 099	11.8%	9.2%	2 655	9.5%	16.5%
MAY-17	1 054	-4.1%	2.6%	2 560	-3.6%	13.9%
JUN-17	956	-9.3%	-9.6%	2 306	-9.9%	-0.3%

Source: REM lab 2017

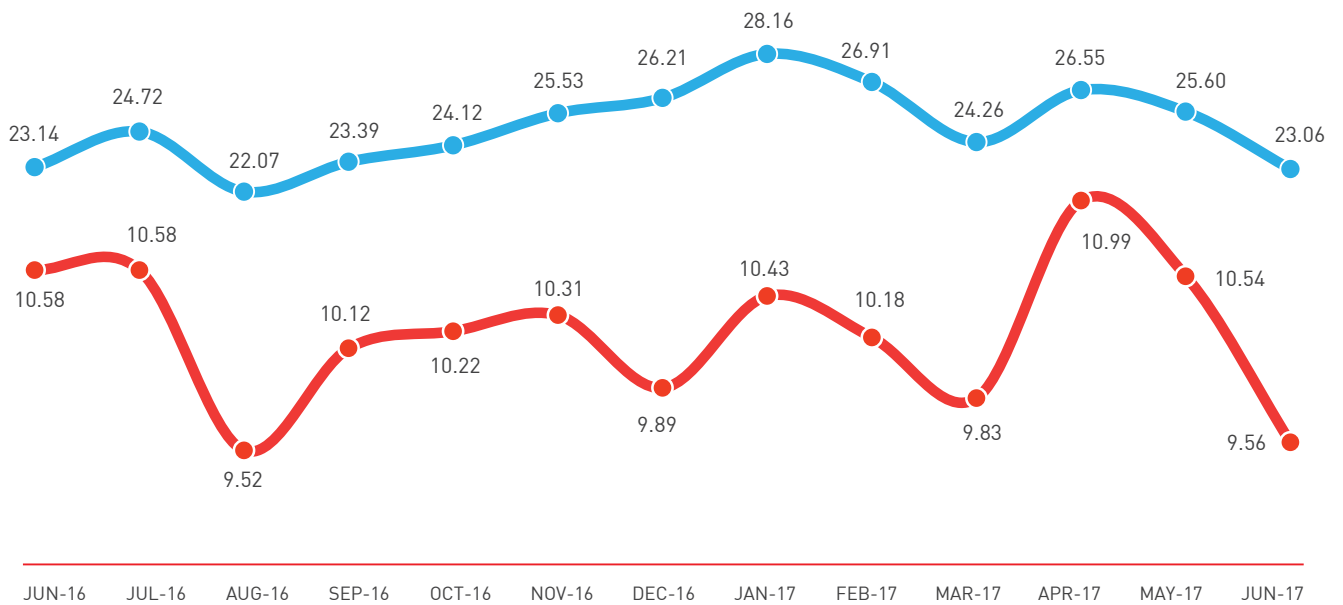
**RPI**  
**COMMERCIAL PROPERTY... TBS**  
**MONTHLY TREND, 2016-2017**



Source: REM lab 2017

**ARP**  
**COMMERCIAL PROPERTY... TBS**  
**MONTHLY TREND, 2016-2017**

- GEL
- USD



Source: REM lab 2017

**ARP  
COMMERCIAL PROPERTY... TBS  
MONTHLY TREND, 2016-2017**

M-Y	ARP (USD)	MoM (%)	YoY (%)	ARP (GEL)	MoM (%)	YoY (%)
JUN-16	10.58	2.9%	-6.7%	23.14	3.0%	-9.8%
JUL-16	10.58	0.0%	-9.9%	24.72	6.8%	-6.7%
AUG-16	9.52	-10.0%	-20.3%	22.07	-10.7%	-20.4%
SEP-16	10.12	6.3%	-15.9%	23.39	6.0%	-19.0%
OCT-16	10.22	1.0%	-9.9%	24.12	3.1%	-11.1%
NOV-16	10.31	0.9%	-8.2%	25.53	5.9%	-5.4%
DEC-16	9.89	-4.2%	-4.7%	26.21	2.6%	5.3%
JAN-17	10.43	5.5%	-0.6%	28.16	7.5%	10.2%
FEB-17	10.18	-2.3%	-5.9%	26.91	-4.4%	0.2%
MAR-17	9.83	-3.5%	-6.0%	24.26	-9.9%	-2.9%
APR-17	10.99	11.8%	9.2%	26.55	9.5%	16.5%
MAY-17	10.54	-4.1%	2.6%	25.60	-3.6%	13.9%
JUN-17	9.56	-9.3%	-9.6%	23.06	-9.9%	-0.3%

Source: REM lab 2017

## BATUMI & KUTAISI REAL PROPERTY

### HIGHLIGHTS

In Q2 2017, Real property market in BAT expanded significantly. The highest increase of 44.9% MoM was registered in May-17, 1026 property units went on sale. KUT market, on the other hand, contracted insignificantly.

SPI for BAT residential property in Q2 2017 ranged between 0.780 (APR-17), significantly below its level in previous year and 1.045 (MAY-17).

SPI for KUT showed decreasing trend over Q2 2017, with JUN-17 SPI of 0.917 moderately lower its level in previous year.

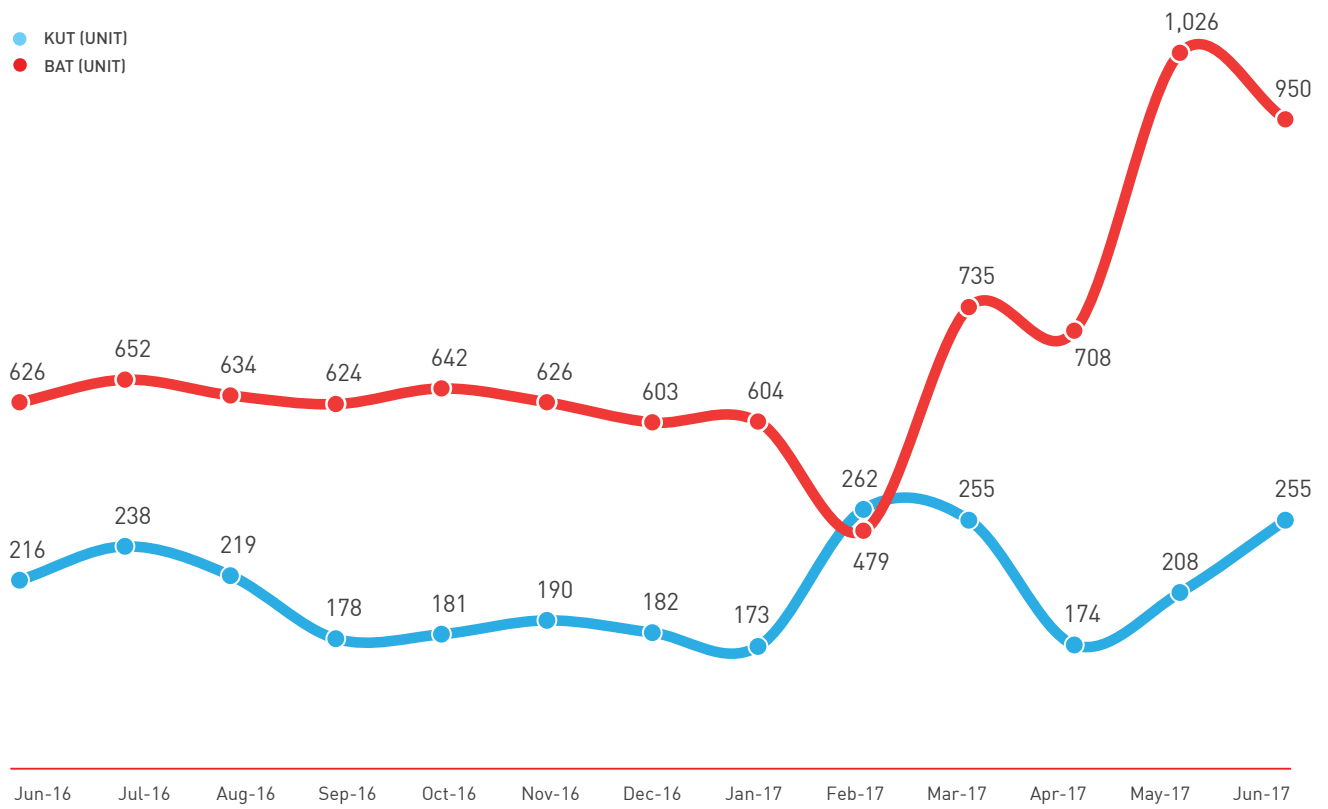
At USD 734 per sq.m (AV Q2 2017) BAT real estate market remained twice as expensive as KUT market at USD 344 per sq.m.

### SALES TREND REAL PROPERTY... BAT & KUT MONTHLY TREND, 2016-2017

M-Y	BAT (UNIT)	MoM (%)	KUT (UNIT)	MoM (%)
JUN-16	626	9.1%	216	20.7%
JUL-16	652	4.2%	238	10.2%
AUG-16	634	-2.8%	219	-8.0%
SEP-16	624	-1.6%	178	-18.7%
OCT-16	642	2.9%	181	1.7%
NOV-16	626	-2.5%	190	5.0%
DEC-16	603	-3.7%	182	-4.2%
JAN-17	604	0.2%	173	-4.9%
FEB-17	479	-20.7%	262	51.4%
MAR-17	735	53.4%	255	-2.7%
APR-17	708	-3.7%	174	-31.8%
MAY-17	1026	44.9%	208	19.5%
JUN-17	950	-7.4%	255	22.6%

Source: NAPR 2017

**SALES TREND**  
**REAL PROPERTY... BAT & KUT**  
**MONTHLY TREND, 2016-2017**



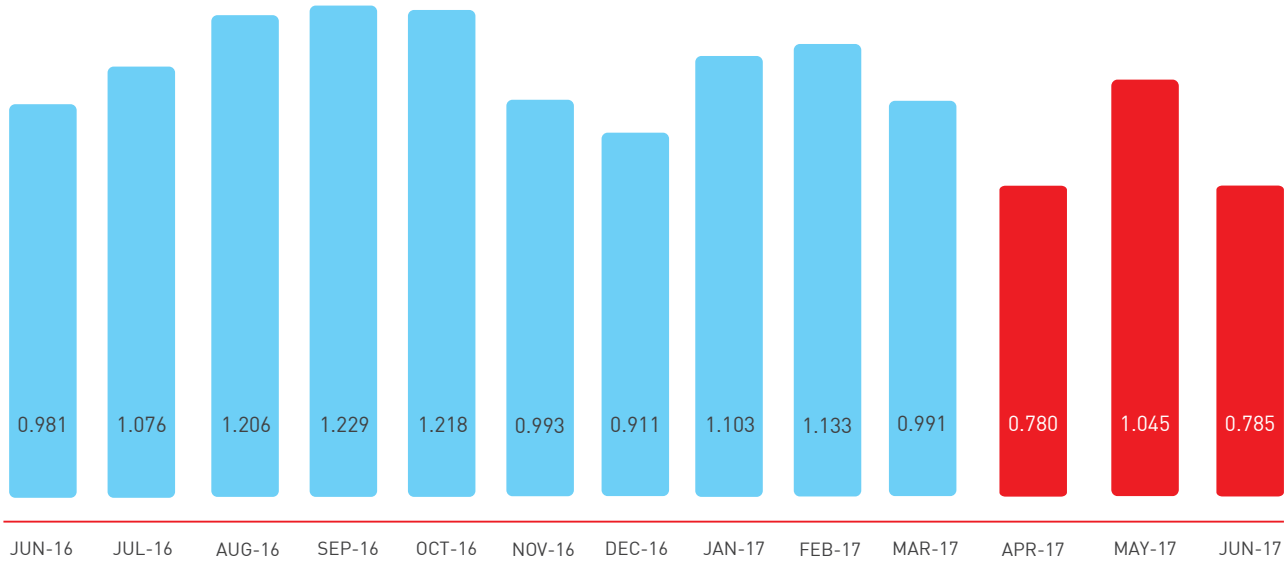
Source: NAPR 2017

**ASP**  
**RESIDENTIAL PROPERTY... BAT**  
**MONTHLY TREND, 2016-2017**

M-Y	ASP (USD)	MoM (%)	ASP (GEL)	MoM (%)
JUN-16	768	0.4%	1 681	0.5%
JUL-16	738	-4.0%	1 724	2.5%
AUG-16	794	7.6%	1 841	6.8%
SEP-16	820	3.3%	1 896	3.0%
OCT-16	770	-6.1%	1 817	-4.2%
NOV-16	721	-6.3%	1 786	-1.7%
DEC-16	667	-7.6%	1 768	-1.0%
JAN-17	731	9.6%	1 973	11.6%
FEB-17	722	-1.2%	1 909	-3.3%
MAR-17	707	-2.1%	1 746	-8.6%
APR-17	639	-9.6%	1544	-11.5%
MAY-17	731	14.4%	1775	15.0%
JUN-17	832	13.8%	2006	13.0%

Source: REM lab 2017

**SPI**  
**RESIDENTIAL PROPERTY... BAT**  
**MONTHLY TREND, 2016-2017**



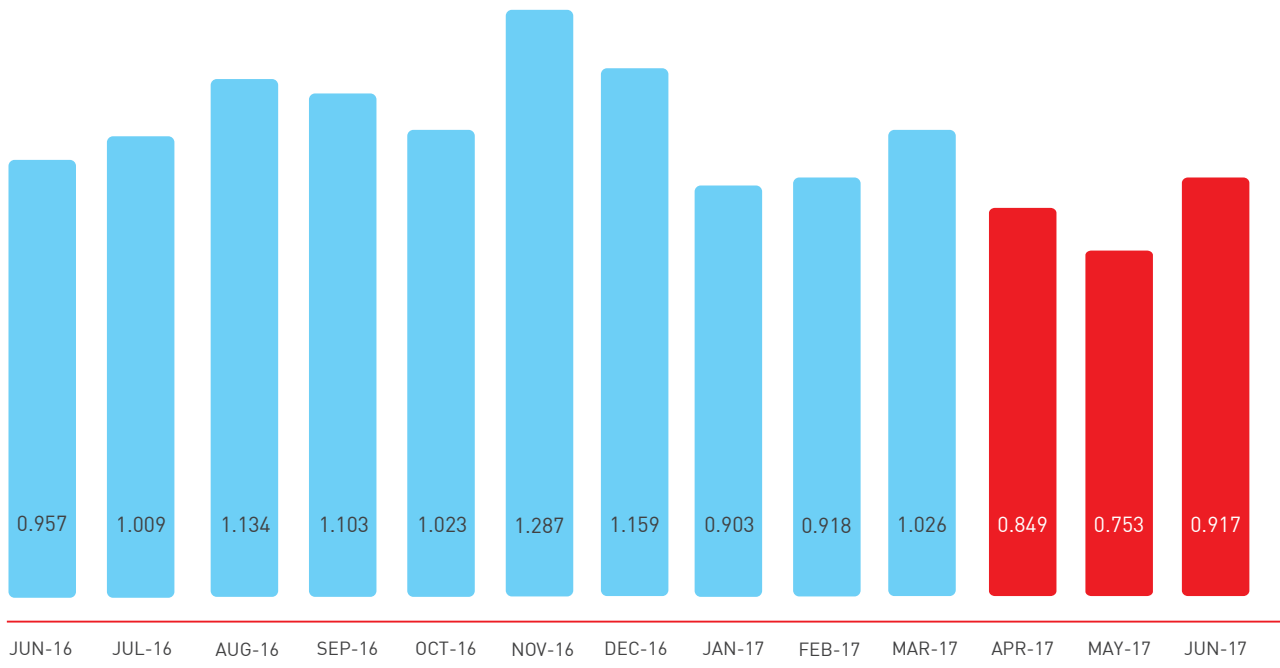
Source: REM lab 2017

**ASP**  
**RESIDENTIAL PROPERTY... KUT**  
**MONTHLY TREND, 2016-2017**

M-Y	ASP (USD)	MoM (%)	ASP (GEL)	MoM (%)
JUN-16	362	4.1%	792	4.1%
JUL-16	339	-6.4%	792	-0.1%
AUG-16	398	17.5%	923	16.6%
SEP-16	386	-3.1%	892	-3.4%
OCT-16	379	-1.7%	895	0.4%
NOV-16	391	3.1%	968	8.2%
DEC-16	366	-6.4%	970	0.2%
JAN-17	364	-0.4%	984	1.4%
FEB-17	325	-10.7%	860	-12.6%
MAR-17	373	14.6%	921	7.1%
APR-17	345	-7.4%	834	-9.4%
MAY-17	335	-2.9%	814	-2.4%
JUN-17	353	5.3%	851	4.6%

Source: REM lab 2017

**SPI**  
**RESIDENTIAL PROPERTY... KUT**  
**MONTHLY TREND, 2016-2017**



Source: REM lab 2017