

# REAL ESTATE MARKET

TBILISI | BATUMI | KUTAISI



**ISET**

ForSet

# 10 | April-June 2018

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

All indices are calculated using prices in USD.

#### 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 QUARTERLY TREND, 2015-2018

Q-Y	USD   GEL	QoQ (%)	YoY (%)
Q3-15	2.3249	1.5%	33.4%
Q4-15	2.3979	3.1%	31.9%
Q1-16	2.4361	1.6%	13.3%
Q2-16	2.2130	-9.2%	-3.3%
Q3-16	2.3222	4.9%	-0.1%
Q4-17	2.4956	7.5%	4.1%
Q1-17	2.6041	4.3%	6.9%
Q2-17	2.4186	-7.1%	9.3%
Q3-17	2.4212	0.1%	4.3%
Q4-17	2.5942	7.1%	3.9%
Q1-18	2.4847	-4.2%	-4.6%
Q2-18	2.4459	-1.6%	1.1%

Source: NBG 2018

# REAL PROPERTY SALES

## GEO HIGHLIGHTS

The GEO real property market grew by 10.1% in Q2 2018, in comparison with Q1 2018. The annual increase was more pronounced at 22.7% (YoY), in comparison with Q2 2017.

TBS, with a 44.0% share in total sales in Q2 2018, dominated the GEO real property market.

The TBS market was followed by Kakheti and Ajara, with a 10.2% share in GEO sales for both regions. The highest annual increase (YoY) in sales was observed in Racha-Lechkhumi and Kvemo-Svaneti (120.0%), Mtskheta-Mtianeti (57.6%), and Tbilisi (35.8%).

In Q2 2018, TBS real property sales grew annually by 35.8%, and overall, the market outside TBS caught up and grew by 14.0%.

More than half of GEO sales were registered in the two largest cities: TBS & BAT.

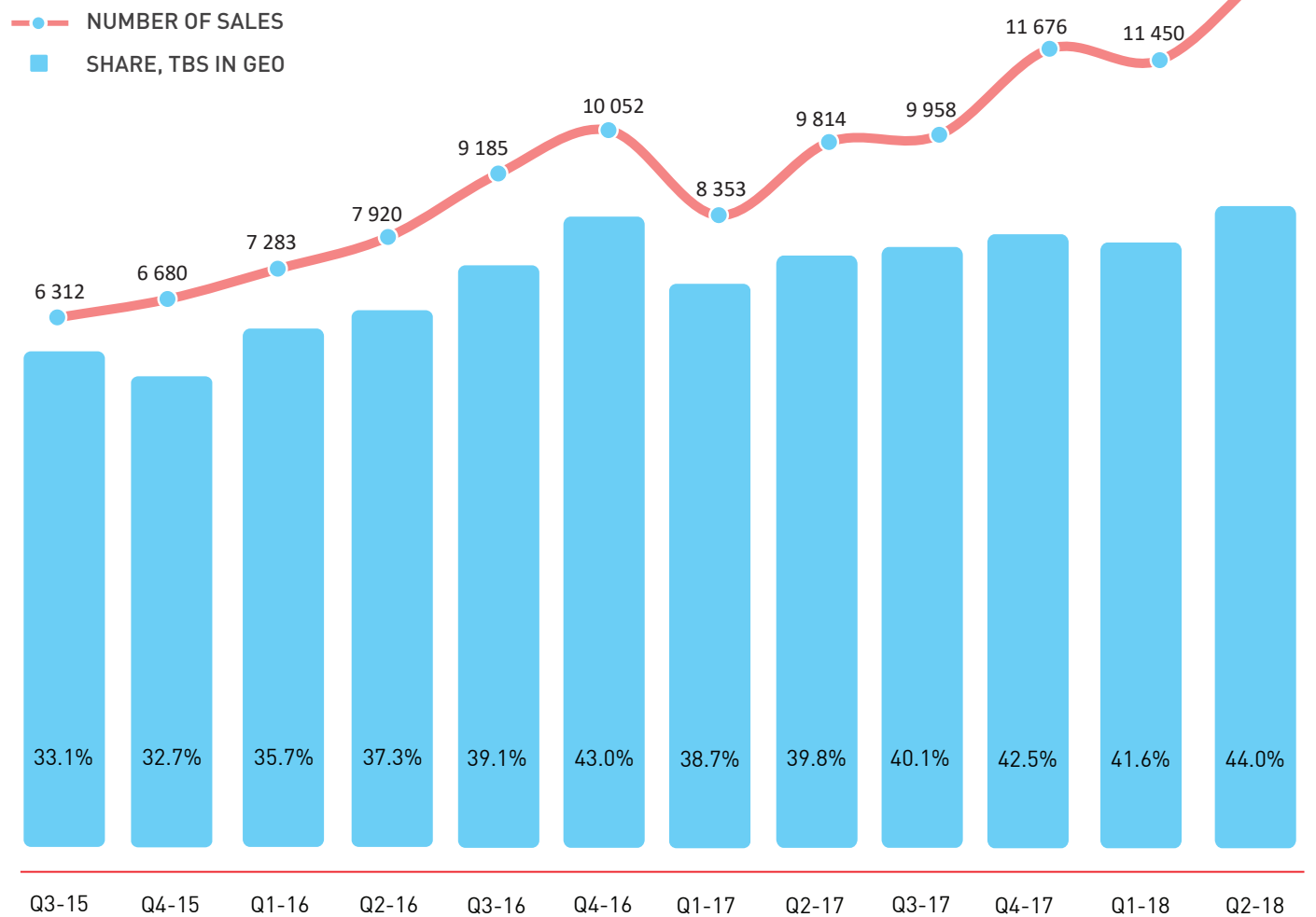
### For Q2 2018, the TOP 3 regions by sales in GEO were:

- TBS (13 331 units, 44.0%)
- Kakheti (3 081 units, 10.2%)
- Ajara (3 080 units, 10.2%)

### For Q2 2018, the TOP 3 districts by sales in TBS were:

- Saburtalo (3 527 units, 26.5%)
- Vake (2 279) units, 17.1%)
- Gldani (1 407 units, 10.6%)

## SALES TREND REAL PROPERTY... TBS & GEO QUARTERLY TREND, 2015-2018



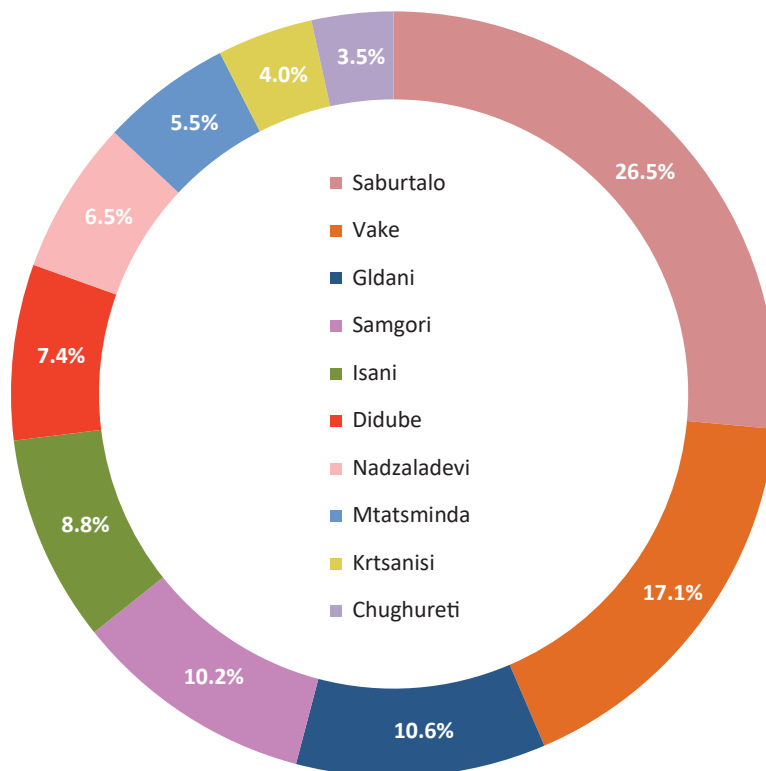
Source: NAPR 2018

**SALES TREND  
REAL PROPERTY... TBS & GEO  
QUARTERLY TREND, 2015-2018**

Q-Y	TBS (UNIT)	QoQ(%)	GEO (UNIT)	QoQ(%)
Q3-15	6 312	...	19 045	...
Q4-15	6 680	5.8%	20 442	7.3%
Q1-16	7 283	9.0%	20 378	-0.3%
Q2-16	8 177	12.3%	21 894	7.4%
Q3-16	9 185	12.3%	23 468	7.2%
Q4-17	10 052	9.4%	23 380	-0.4%
Q1-17	8 353	-16.9%	21 611	-7.6%
Q2-17	9 814	17.5%	24 673	14.2%
Q3-17	9 958	1.5%	24 848	0.7%
Q4-17	11 676	17.3%	27 477	10.6%
Q1-18	11 450	-1.9%	27 495	0.1%
Q2-18	13 331	16.4%	30 264	10.1%

Source: NAPR 2018

**REAL PROPERTY SALES  
TBS DISTRICTS  
Q2 2018**



Source: NAPR 2018

**SALES TREND**  
**REAL PROPERTY... GEO REGIONS**  
**Q2 2018**

REGION	NUMBER (UNIT)	SHARE IN GEO (%)	YoY (%)
TBS	13 331	44.0%	35.8%
AJARA	3 080	10.2%	-4.4%
GURIA	680	2.2%	10.7%
IMERETI	2 062	6.8%	19.6%
KAKHETI	3 081	10.2%	31.4%
MTSKHETA-MTIANETI	1 891	6.2%	57.6%
RACHA-LECHKHUMI & KVEMO SVANETI	220	0.7%	120.0%
SAMEGRELO-ZEMO SVANETI	1 057	3.5%	-2.1%
SAMTSKHE-JAVAKHETI	831	2.7%	-1.5%
KVEMO KARTLI	2 521	8.3%	4.9%
SHIDA KARTLI	1 510	5.0%	13.6%

Source: NAPR 2018

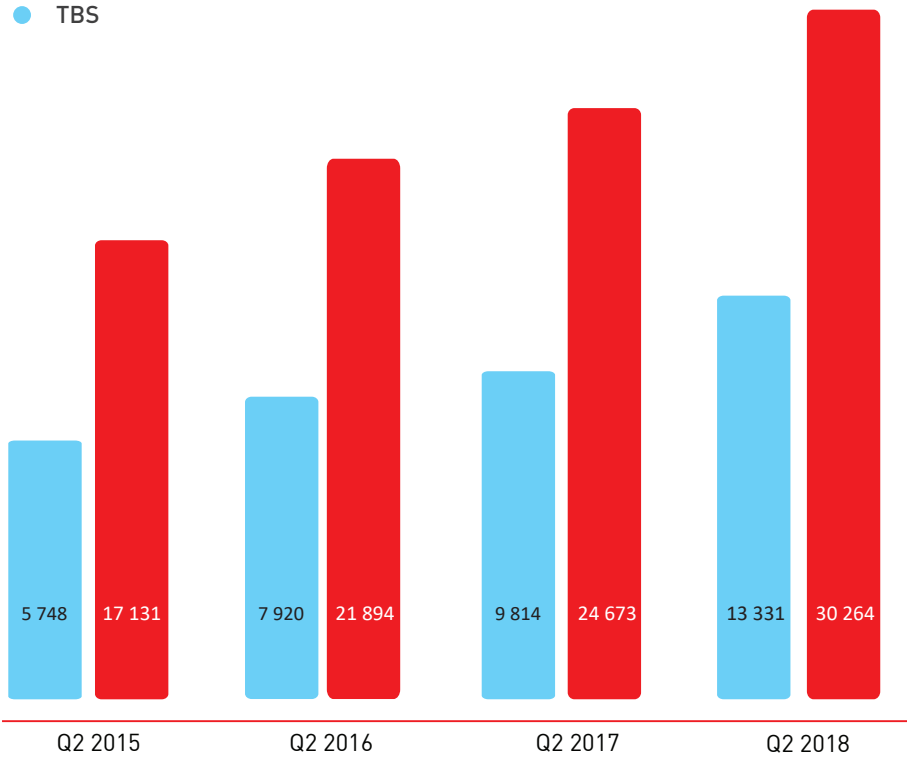
**REAL PROPERTY SALES**  
**TOP CITIES & MUNICIPALITIES**  
**Q2 2018**

MUN	NUMBER (UNIT)	SHARE IN GEO (%)
TBS	13 331	44.0%
BAT	2 642	8.7%
MTSKHETA	1 155	3.8%
GARDABANI	1 018	3.4%
GORI	857	2.8%
KUT	746	2.5%
RUSTAVI	623	2.1%

Source: NAPR 2018

**SALES TBS & GEO  
REAL PROPERTIES...  
Q2, 2015-2018**

- GEO
- TBS



Source: TCHIMDS 2018

# REAL PROPERTY SUPPLY

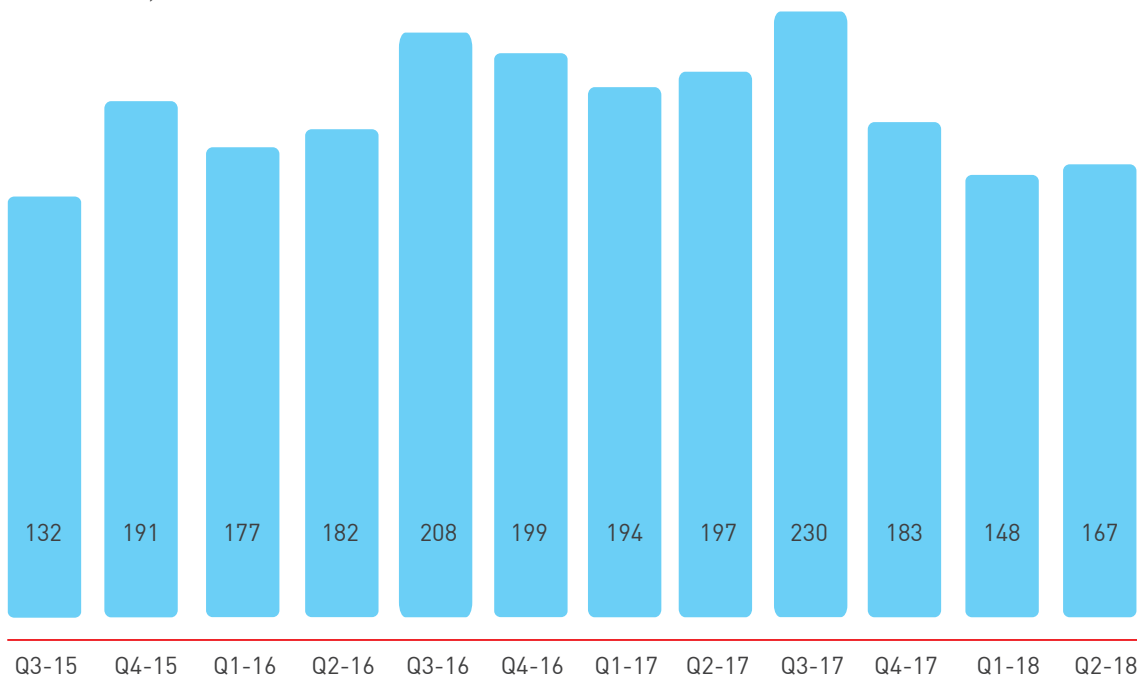
## TBS HIGHLIGHTS

167 new buildings with a total area of 336,000 sq.m were completed in TBS during Q2 2018. The real property supply in TBS slowed down with respect to the number of buildings (-15.2% YoY), but grew for the total area of buildings (31.3% YoY).

The slowdown in total supply has been driven by a -22,9 % decrease (YoY) in the supply of commercial buildings (28 units with a total area of 53 K sq.m). 139 (-13.5%) units with a total area of 283 K sq.m (34.6%) have also been added to the residential property supply in TBS.

**SUPPLY TREND**  
**NEW REAL PROPERTY NUMBER... TBS**  
**QUARTERLY TREND, 2015-2018**

● NUMBER, UNIT



Source: TCH|MDS 2018

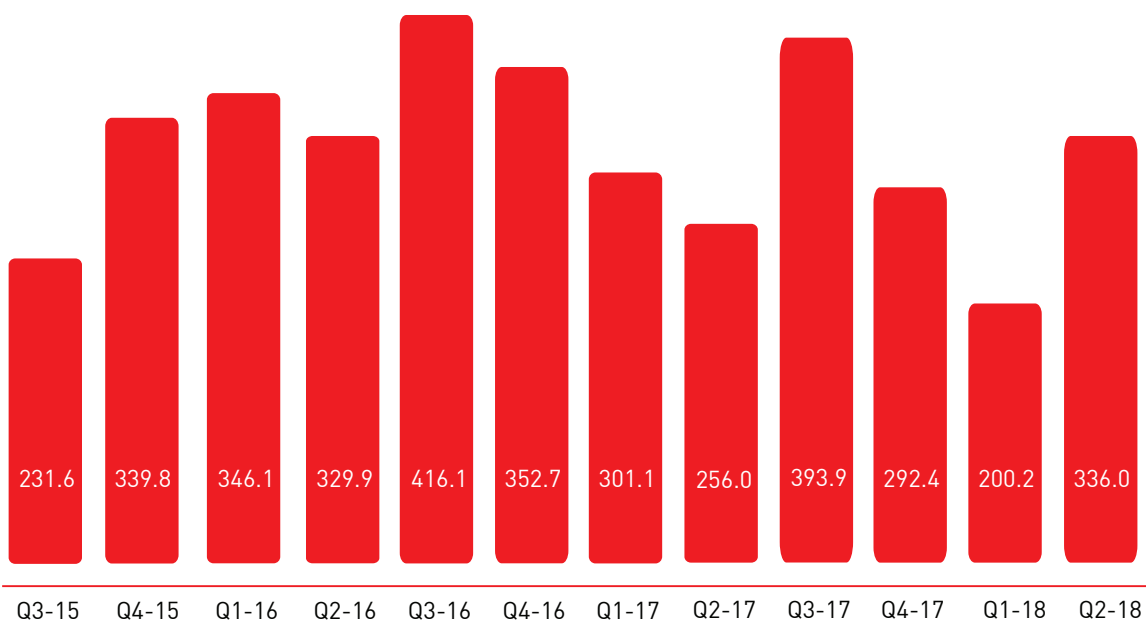
**SUPPLY TREND**  
**NEW REAL PROPERTY NUMBER... TBS**  
**QUARTERLY TREND, 2015-2018**

Q-Y	RP (UNIT)	CP (UNIT)	ALL (UNIT)
Q3-15	101	31	132
Q4-15	144	47	191
Q1-16	137	40	177
Q2-16	146	36	182
Q3-16	168	40	208
Q4-16	155	44	199
Q1-17	146	48	194
Q2-17	161	36	197
Q3-17	166	64	230
Q4-17	152	31	183
Q1-18	127	21	148
Q2-18	139	28	167

Source: TCHIMDS 2018

**SUPPLY TREND**  
**NEW REAL PROPERTY AREA... TBS**  
**QUARTERLY TREND, 2015-2018**

● AREA, K SQ.M.



Source: TCHIMDS 2018



**SUPPLY TREND**  
**NEW REAL PROPOERTY NUMBER..TBS**  
**QUARTERLY TREND, 2015-2018**

Q-Y	RP (K SQ.M)	CP (K SQ.M)	ALL (K SQ.M)
Q3-15	169.3	62.3	231.6
Q4-15	248.0	91.9	339.9
Q1-16	274.5	71.6	346.1
Q2-16	259.2	70.7	329.9
Q3-16	363.0	53.1	416.1
Q4-16	264.8	87.9	352.7
Q1-17	193.3	107.8	301.1
Q2-17	210.3	45.7	256.0
Q3-17	174.9	219.1	394.0
Q4-17	253.9	38.6	292.5
Q1-18	140.2	60.0	200.2
Q2-18	283.0	52.9	336.0

Source: TCHIMDS 2018

# RESIDENTIAL PROPERTY PRICES

## TBS HIGHLIGHTS

In Q2 2018, SPI and RPI for residential properties experienced an increase of 0.1% (QoQ) and 5.6% (QoQ), respectively.

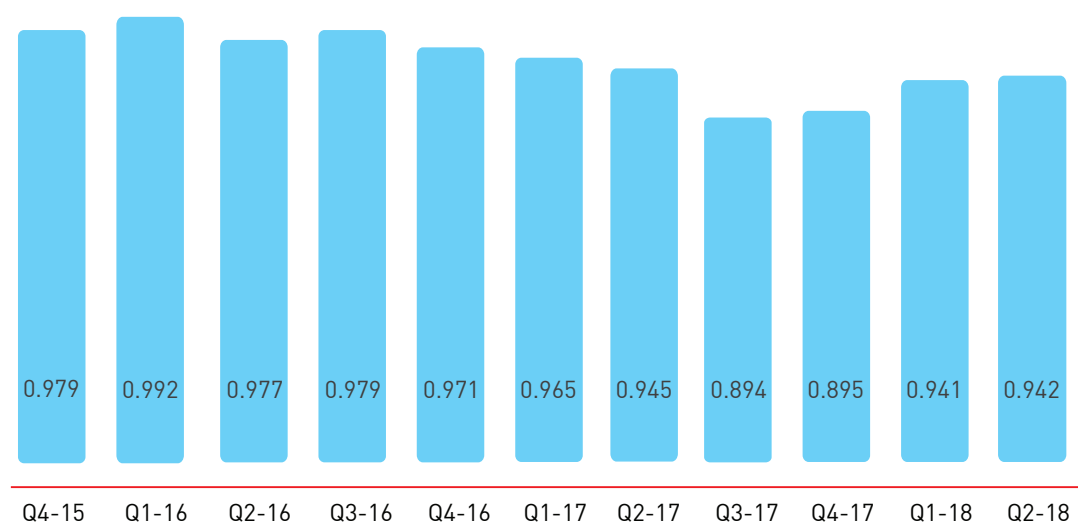
During this quarter, ASP varied between USD 868 and USD 881 per sq.m (monthly average), and ARP was between USD 6.2 and USD 7.7 per sq.m (monthly average). Quarterly averages are USD 875 for ASP and USD 6.98 for ARP.

In Q2 2018, ASP increased (YoY) in all TBS districts except Krtsanisi and Samgori. The highest increase was observed in Nadzaladevi and Didube, by 15.2% and 15.1%, respectively. ARP showed various patterns for various districts. The highest drop was in Mtatsminda, by -12.5% (YoY).

Due to the new law requiring pricing of real estate in GEL, prices in local currency stabilized starting in Q3 2017, while prices in USD became more volatile, reflecting exchange rate fluctuations.

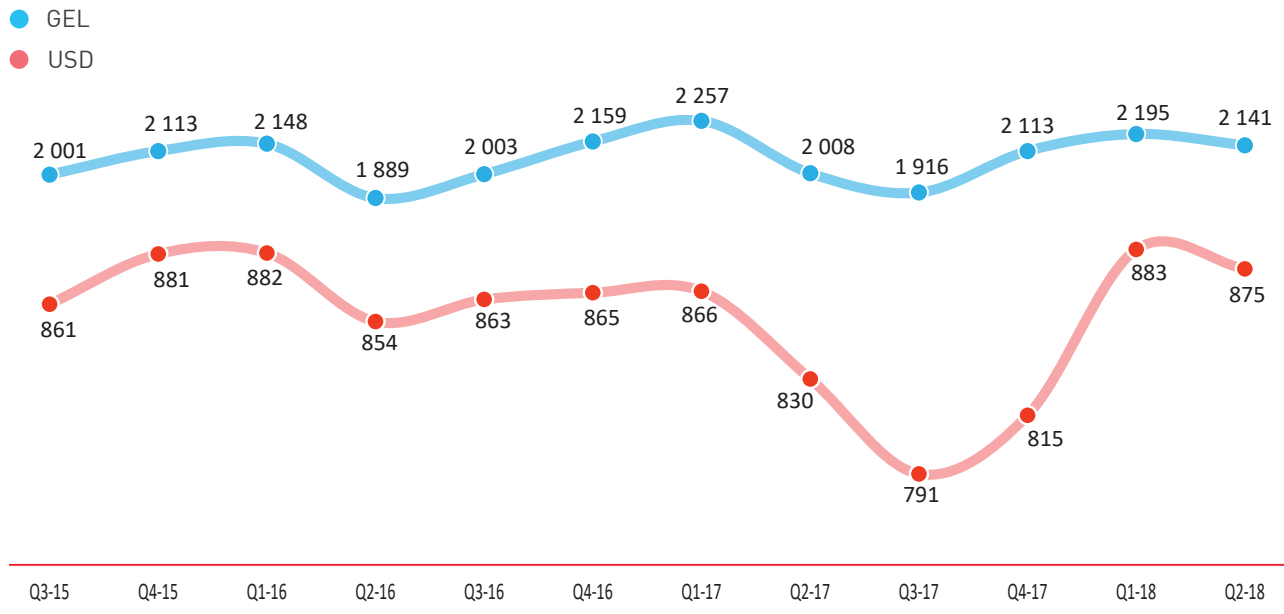
In Q2 2018, the most expensive and cheapest districts of TBS were, by ASP: Mtatsminda (USD 1 124) and Samgori (USD 547); by ARP: Mtatsminda (USD 7.70) and Gldani (USD 4.62)

**SPI  
RESIDENTIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2018**



Source: REM lab 2018

**ASP  
RESIDENTIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2018**



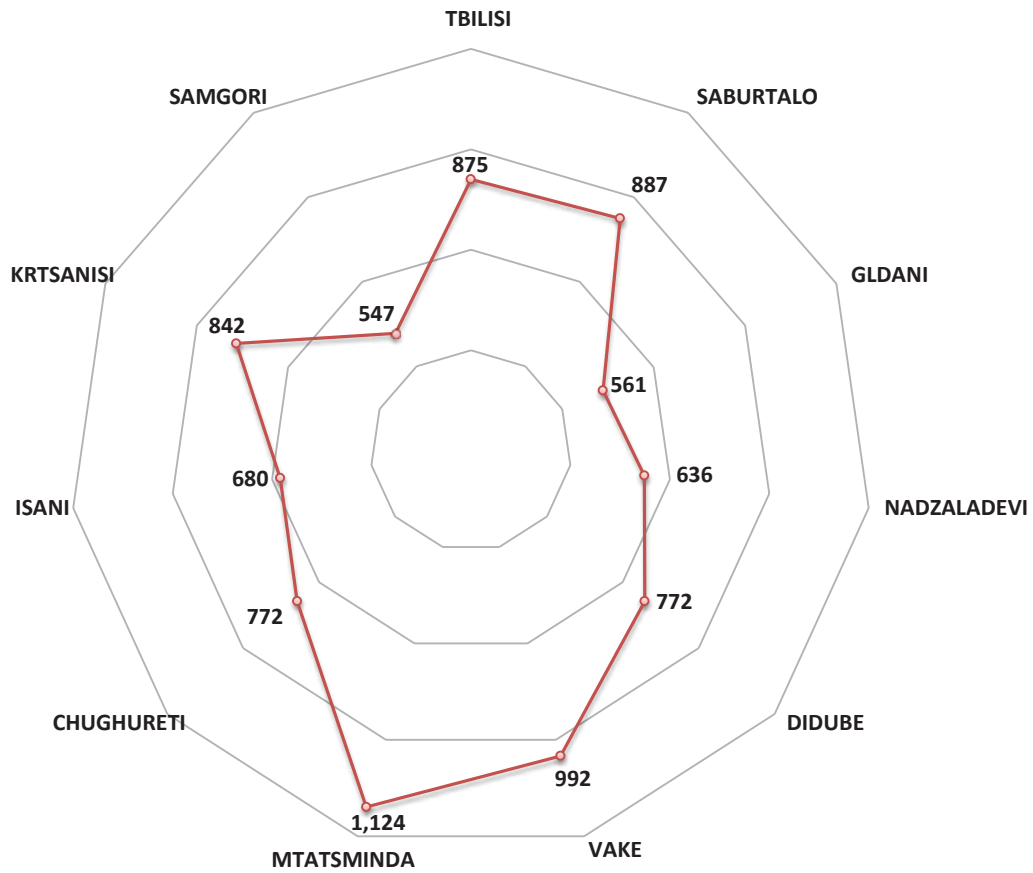
Source: REM lab 2018

**ASP  
RESIDENTIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2018**

Q-Y	ASP (USD)	QoQ(%)	YoY (%)	ASP (GEL)	QoQ(%)	YoY (%)
Q3-15	861	...	...	2 001	...	...
Q4-15	881	2.4%	...	2 113	5.6%	...
Q1-16	882	0.0%	...	2 148	1.6%	...
Q2-16	854	-3.2%	...	1 889	-12.0%	...
Q3-16	863	1.1%	0.2%	2 003	6.0%	0.1%
Q4-16	865	0.3%	-1.8%	2 159	7.8%	2.1%
Q1-17	866	0.1%	-1.8%	2 257	4.6%	5.1%
Q2-17	830	-4.2%	-2.8%	2 008	-11.1%	6.3%
Q3-17	791	-4.7%	-8.3%	1 916	-4.6%	-4.4%
Q4-17	815	3.0%	-5.8%	2 113	10.3%	-2.1%
Q1-18	883	8.3%	2.0%	2 195	3.8%	-2.8%
Q2-18	875	-0.9%	5.4%	2 141	-2.5%	6.6%

Source: REM lab 2018

**ASP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
AV Q2 2018**



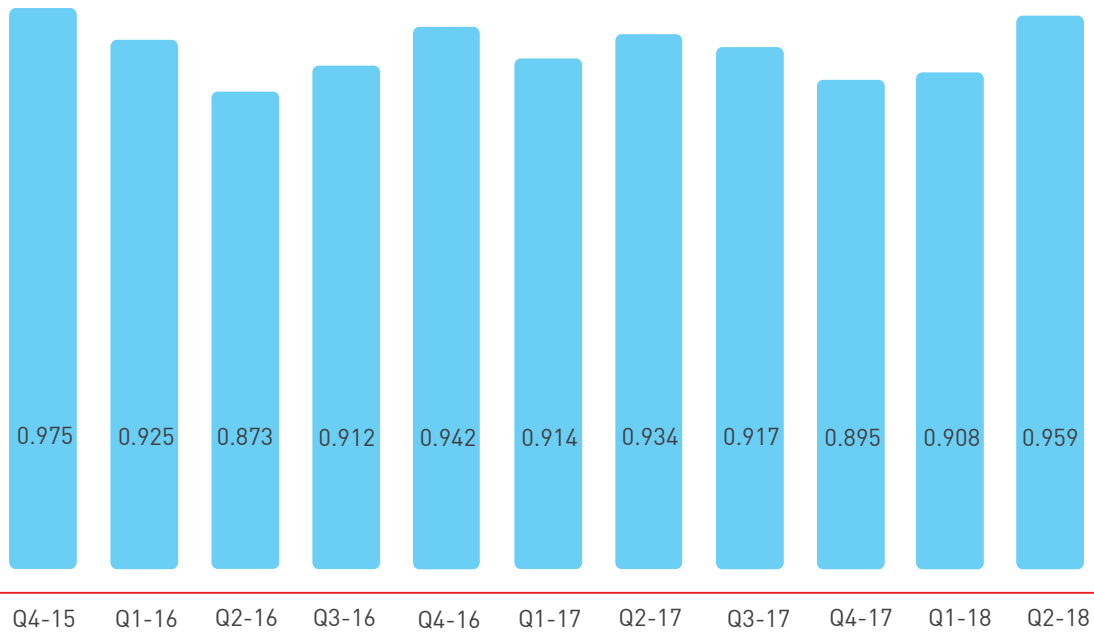
Source: REM lab 2018

**ASP  
RESIDENTIAL PROPERTY... TBS  
Q2 2018**

DISTRICT	ASP (USD)	YoY (%)	ASP (GEL)	YoY (%)
SABURTALO	887	1.9%	2 170	3.1%
GLDANI	561	6.8%	1 373	8.1%
NADZALADEVI	636	15.2%	1 556	16.5%
DIDUBE	772	15.1%	1 889	16.4%
VAKE	992	1.2%	2 426	2.3%
MTATSMINDA	1 124	7.7%	2 748	8.9%
CHUGHURETI	772	7.6%	1 889	8.8%
ISANI	680	0.6%	1 662	1.7%
KRTSANISI	842	-1.7%	2 059	-0.6%
SAMGORI	547	-4.3%	1 339	-3.2%
<b>TBS</b>	<b>875</b>	<b>5.4%</b>	<b>2 141</b>	<b>6.6%</b>

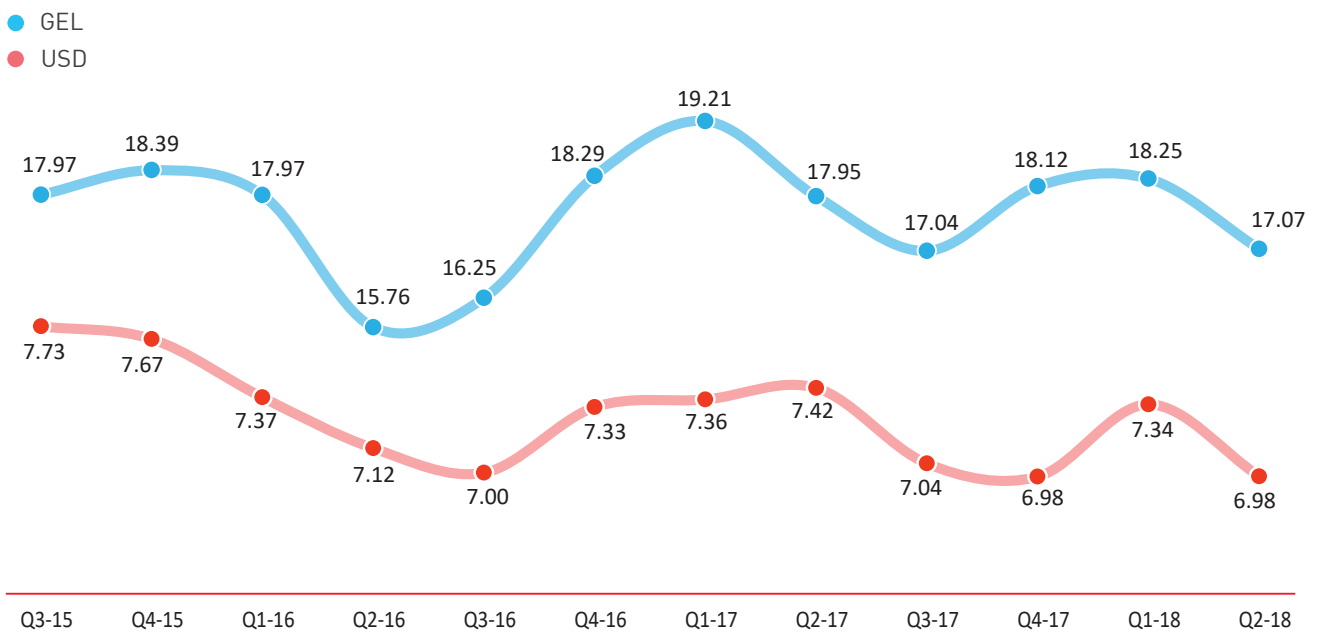
Source: REM lab 2018

**RPI**  
**RESIDENTIAL PROPERTY... TBS**  
**QUARTERLY TREND, 2015-2018**



Source: REM lab 2018

**ARP**  
**RESIDENTIAL PROPERTY... TBS**  
**QUARTERLY TREND, 2015-2018**



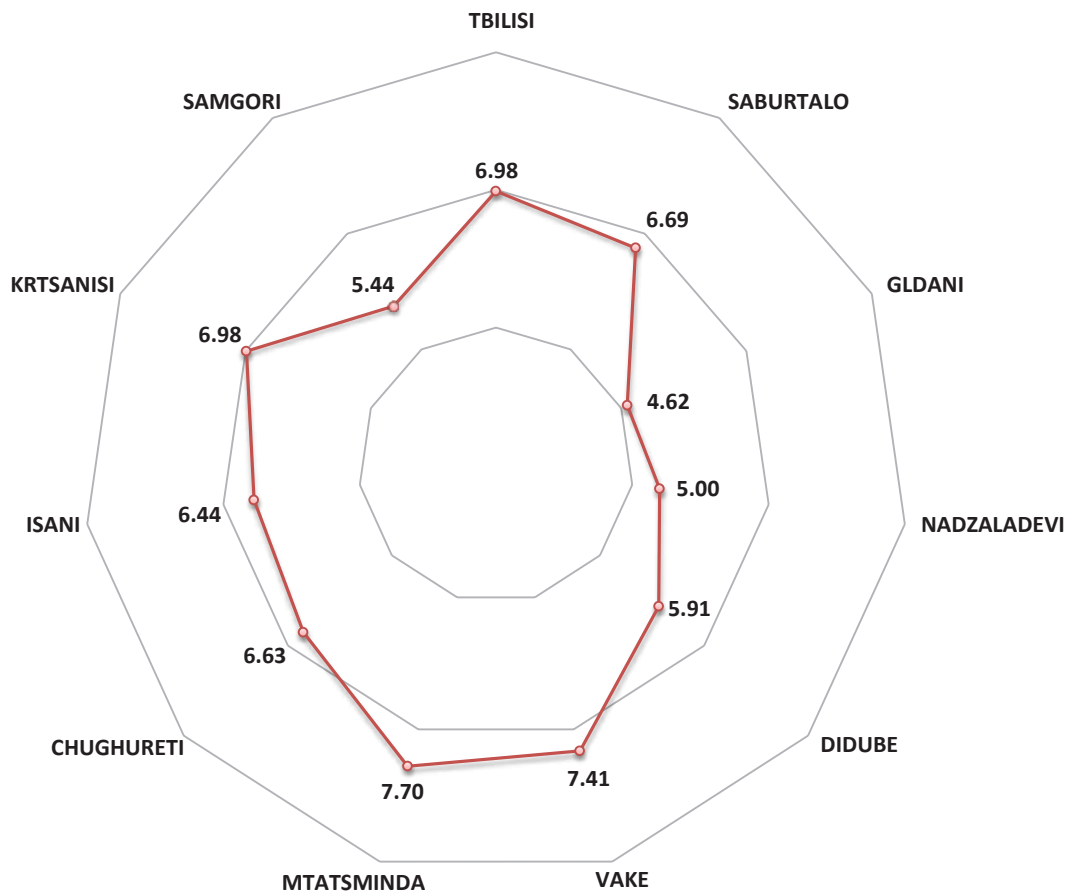
Source: REM lab 2018

**ARP  
RESIDENTIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2018**

Q-Y	ARP (USD)	QoQ(%)	YoY (%)	ARP (GEL)	QoQ(%)	YoY (%)
Q3-15	7.73	...	...	17.97	...	...
Q4-15	7.67	-0.8%	...	18.39	2.3%	...
Q1-16	7.37	-3.8%	...	17.97	-2.3%	...
Q2-16	7.12	-3.5%	...	15.76	-12.3%	...
Q3-16	7.00	-1.7%	-9.5%	16.25	3.1%	-9.6%
Q4-16	7.33	4.7%	-4.5%	18.29	12.6%	-0.5%
Q1-17	7.36	0.5%	-0.1%	19.21	5.0%	6.9%
Q2-17	7.42	0.8%	4.3%	17.95	-6.6%	13.9%
Q3-17	7.04	-5.1%	0.7%	17.04	-5.1%	4.9%
Q4-17	6.98	-0.9%	-4.8%	18.12	6.4%	-0.9%
Q1-18	7.34	5.2%	-0.3%	18.25	0.7%	-5.0%
Q2-18	6.98	-4.9%	-6.0%	17.07	-6.5%	-4.9%

Source: REM lab 2018

**ARP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
AV Q2 2018**



Source: REM lab 2018

**ARP  
RESIDENTIAL PROPERTY... TBS  
Q2 2018**

DISTRICT	ARP (USD)	YoY (%)	ARP (GEL)	YoY (%)
SABURTALO	6.69	-4.4%	16.37	-3.3%
GLDANI	4.62	1.3%	11.30	2.5%
NADZALADEVI	5.00	-1.8%	12.24	-0.7%
DIDUBE	5.91	-0.3%	14.47	0.9%
VAKE	7.41	-7.2%	18.12	-6.2%
MTATSMINDA	7.70	-12.5%	18.82	-11.5%
CHUGHURETI	6.63	2.4%	16.23	3.6%
ISANI	6.44	2.8%	15.76	4.0%
KRTSANISI	6.98	-3.6%	17.08	-2.5%
SAMGORI	5.44	17.0%	13.31	18.4%
<b>TBS</b>	<b>6.98</b>	<b>-6.0%</b>	<b>17.07</b>	<b>-4.9%</b>

Source: REM lab 2018

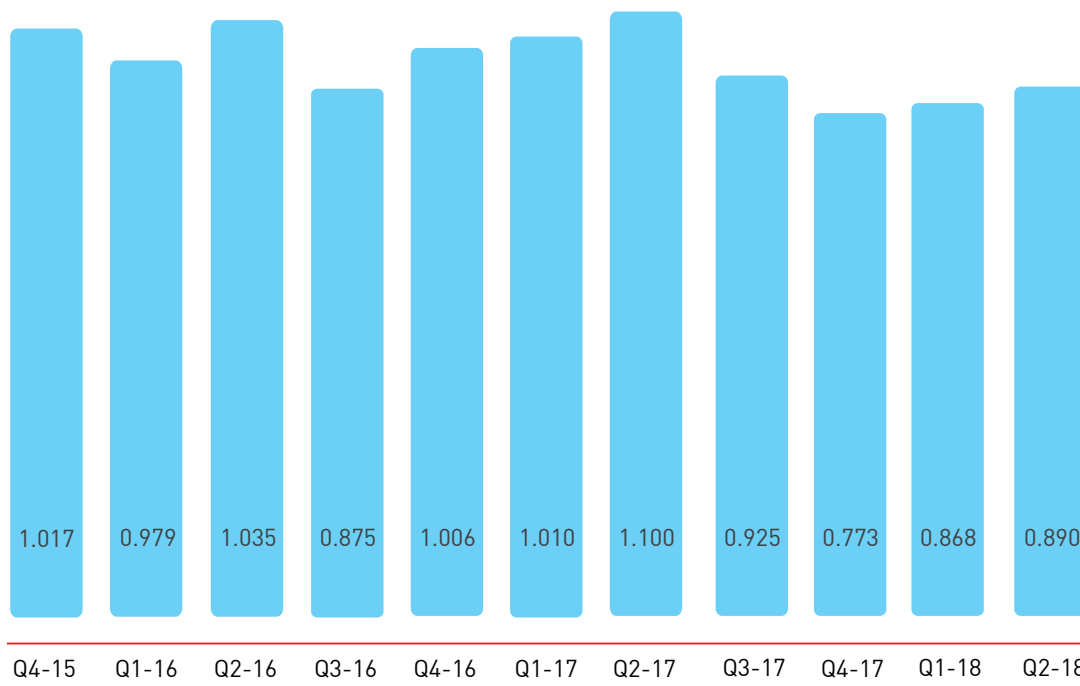
## COMMERCIAL PROPERTY PRICES

### TBS HIGHLIGHTS

Maintaining its upward trend, in Q2 2018, SPI increased by 2.5% (QoQ), reaching 0.890 index points. RPI increased as well, by 24.7% (QoQ) to 1.068 index points.

During Q2 2018, ASP varied between USD 1,050 and 1,224 per sq.m, and ARP between USD 9.03 and USD 10.11 per sq.m. Average ASP for commercial properties increased by 8.0%(YoY), and reached 1,138 USD per sq.m. ARP declined by -7.3% (YoY) and dropped to 9.61 USD per sq.m in Q2 2018.

SPI  
COMMERCIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2018

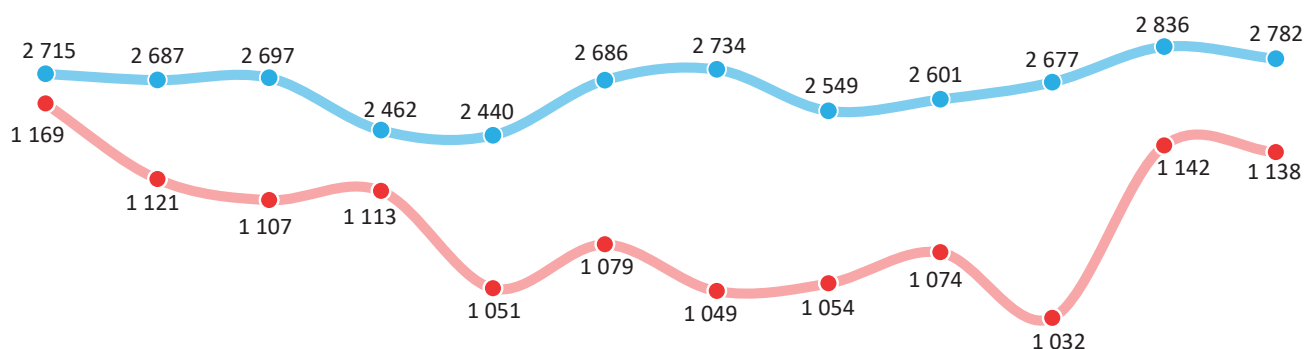


Source: REM lab 2018



**ASP  
COMMERCIAL PROPERTY...  
QUARTERLY TREND, 2015-2018**

● GEL  
● USD



Q3-15    Q4-15    Q1-16    Q2-16    Q3-16    Q4-16    Q1-17    Q2-17    Q3-17    Q4-17    Q1-18    Q2-18

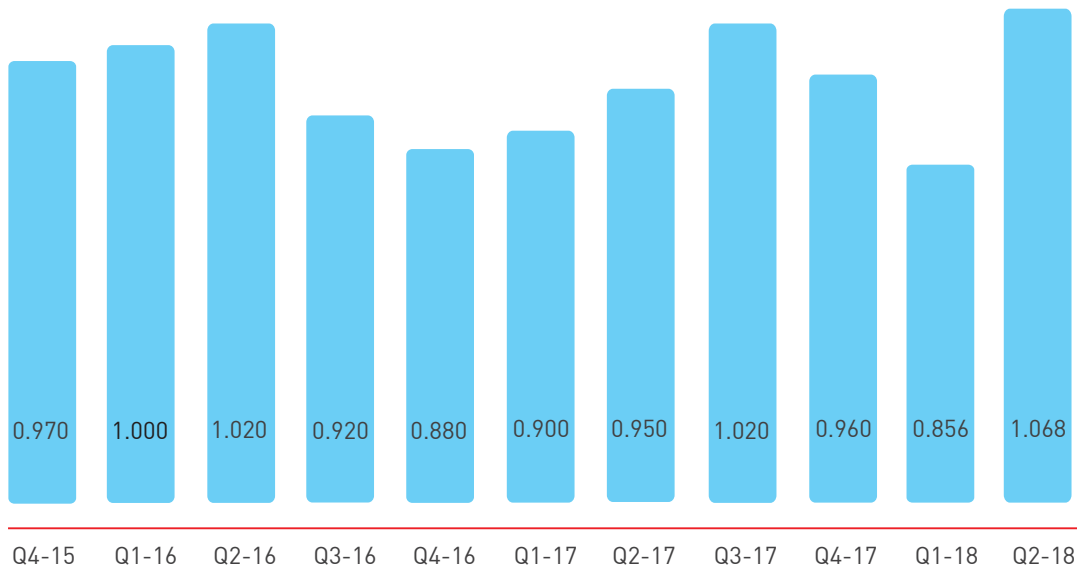
Source: REM lab 2018

**ASP  
COMMERCIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2018**

Q-Y	ARP (USD)	QoQ (%)	YoY (%)	ARP (GEL)	QoQ (%)	YoY (%)
Q3-15	1 169	...	...	2 715	...	...
Q4-15	1 121	-4.1%	...	2 687	-1.0%	...
Q1-16	1 107	-1.2%	...	2 697	0.4%	...
Q2-16	1 113	0.5%	...	2 462	-8.7%	...
Q3-16	1 051	-5.6%	-10.1%	2 440	-0.9%	-10.1%
Q4-16	1 079	2.7%	-3.7%	2 686	10.1%	0.0%
Q1-17	1 049	-2.8%	-5.3%	2 734	1.8%	1.4%
Q2-17	1 054	0.5%	-5.3%	2 549	-6.8%	3.5%
Q3-17	1 074	1.9%	2.2%	2 601	2.0%	6.6%
Q4-17	1 032	-3.9%	-4.3%	2 677	3.0%	-0.3%
Q1-18	1 142	10.7%	8.9%	2 836	5.9%	3.7%
Q2-18	1 138	-0.4%	8.0%	2 782	-1.9%	9.1%

Source: REM lab 2018

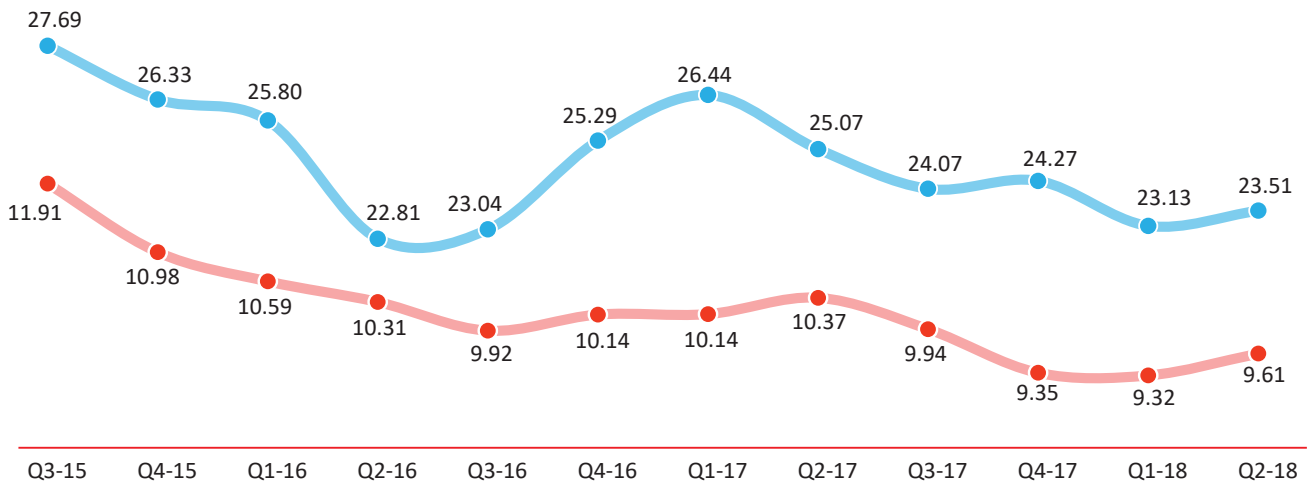
**RPI**  
**COMMERCIAL PROPERTY... TBS**  
**QUARTERLY TREND, 2015-2018**



Source: REM lab 2018

**ARP**  
**COMMERCIAL PROPERTY...**  
**QUARTERLY TREND, 2015-2018**

- GEL
- USD



Source: REM lab 2018

**ARP**  
**COMMERCIAL PROPERTY... TBS**  
**QUARTERLY TREND, 2015-2018**

Q-Y	ARP (USD)	QoQ (%)	YoY (%)	ARP (GEL)	QoQ (%)	YoY (%)
Q3-15	11.91	...	...	27.69	...	...
Q4-15	10.98	-7.8%	...	26.33	-4.9%	...
Q1-16	10.59	-3.6%	...	25.80	-2.0%	...
Q2-16	10.31	-2.6%	...	22.81	-11.6%	...
Q3-16	9.92	-3.8%	-16.7%	23.04	1.0%	-16.8%
Q4-16	10.14	2.2%	-7.7%	25.29	9.7%	-4.0%
Q1-17	10.14	0.1%	-4.2%	26.44	4.6%	2.5%
Q2-17	10.37	2.2%	0.6%	25.07	-5.2%	9.9%
Q3-17	9.94	-4.1%	0.2%	24.07	-4.0%	4.5%
Q4-17	9.35	-5.9%	-7.8%	24.27	0.8%	-4.0%
Q1-18	9.32	-0.4%	-8.2%	23.13	-4.7%	-12.5%
Q2-18	9.61	3.2%	-7.3%	23.51	1.7%	-6.2%

Source: REM lab 2018

## BATUMI & KUTAISI REAL PROPERTY

### HIGHLIGHTS

In Q2 2018, the real property market in BAT and KUT grew at a very insignificant level, by 0.01% (QoQ) and 0.1% (QoQ), respectively. 2,378 transactions were registered in BAT, and 678 transactions in KUT.

SPI for BAT residential property in Q2 2018 increased insignificantly (1.2%, QoQ), reaching 1.063 index points.

SPI for KUT residential property in Q2 2018 decreased by -3.7% (QoQ), reaching 0.939 index points.

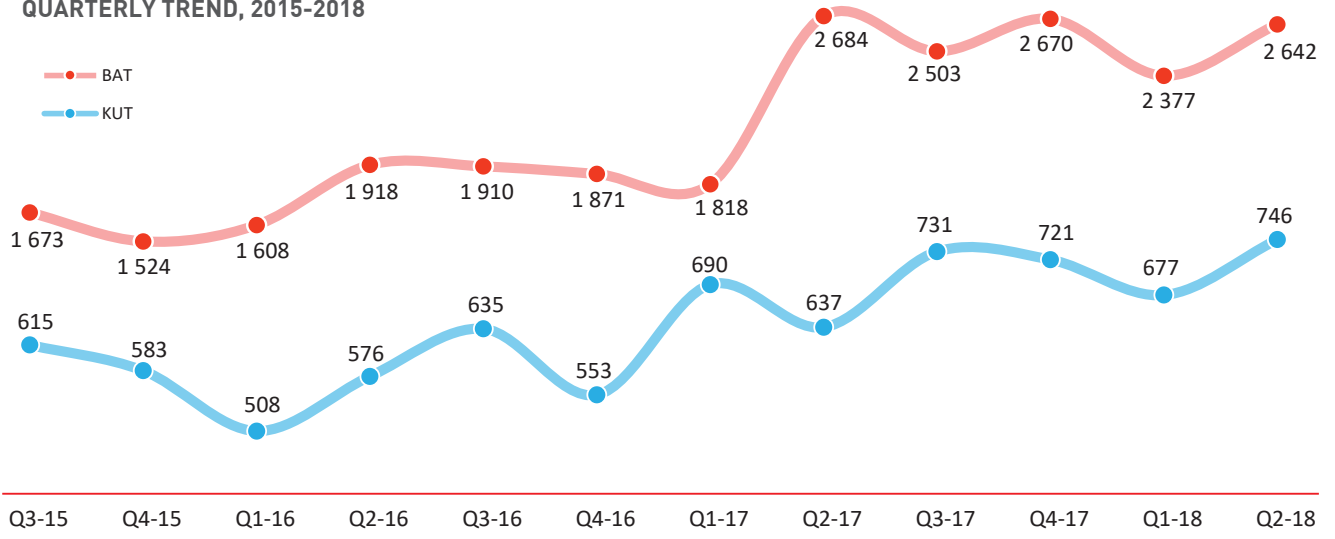
In Q2 2018, ASP in the BAT real estate market increased by 3.0% (QoQ), to USD 795 per sq.m, and decreased in KUT by -1.6% (QoQ) to USD 351 per sq.m.

### SALES TREND REAL PROPERTY... BAT & KUT QUARTERLY TREND, 2015-2018

Q-Y	BAT (UNIT)	QoQ (%)	YoY (%)	KUT (UNIT)	QoQ (%)	YoY (%)
Q3-15	1 673	...	...	615	...	...
Q4-15	1 524	-8.9%	...	583	-5.2%	...
Q1-16	1 608	5.5%	...	508	-12.9%	...
Q2-16	1 918	19.3%	...	576	13.4%	...
Q3-16	1 910	-0.4%	14.2%	635	10.2%	3.3%
Q4-16	1 871	-2.0%	22.8%	553	-12.9%	-5.1%
Q1-17	1 818	-2.8%	13.1%	690	24.8%	35.8%
Q2-17	2 684	47.6%	39.9%	637	-7.7%	10.6%
Q3-17	2 503	-6.7%	31.0%	731	14.8%	15.1%
Q4-17	2 670	6.7%	47.7%	721	-1.4%	30.4%
Q1-18	2 377	-11.0%	30.7%	677	-6.1%	-1.9%
Q2-18	2 378	0.0%	-11.4%	678	0.1%	6.4%

Source: NAPR 2018

**SALES TREND**  
**REAL PROPERTY... BAT & KUT**  
**QUARTERLY TREND, 2015-2018**



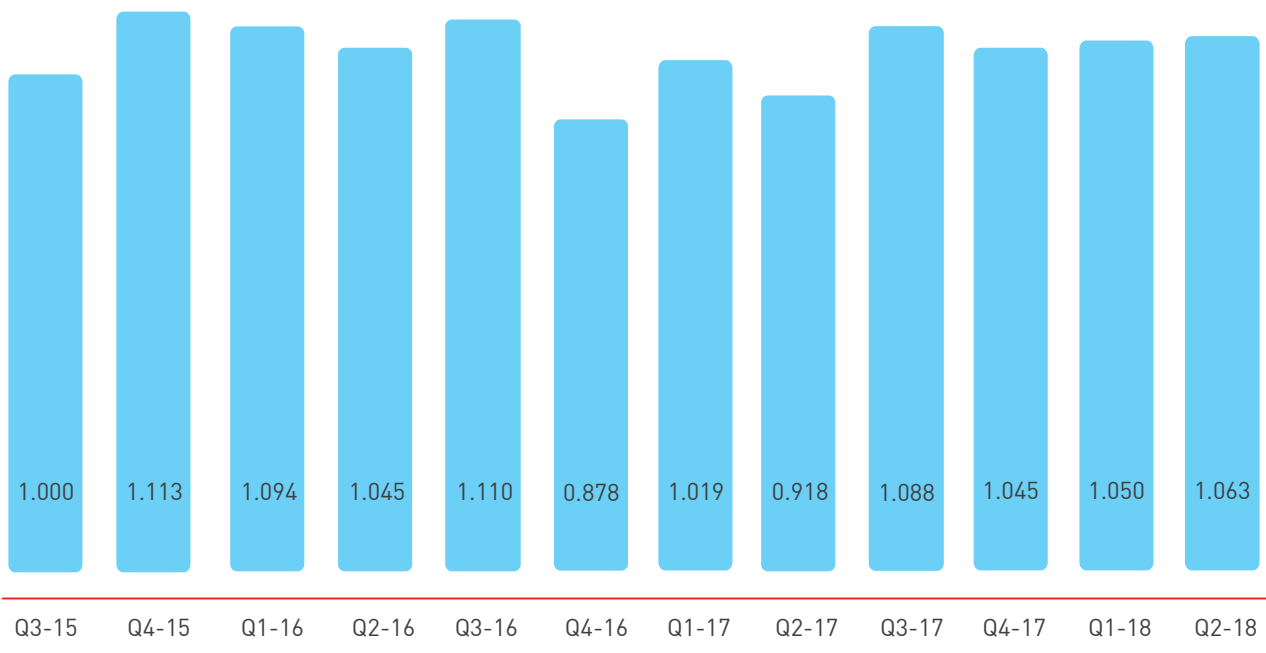
Source: NAPR 2018

**ASP**  
**RESIDENTIAL PROPERTY... BAT**  
**QUARTERLY TREND, 2016-2018**

Q-Y	ASP (USD)	QoQ (%)	ASP (GEL)	QoQ (%)
Q1-16	728	...	1 774	...
Q2-16	775	6.4%	1 715	-3.3%
Q3-16	784	1.1%	1 820	6.1%
Q4-16	719	-8.2%	1 795	-1.4%
Q1-17	720	0.1%	1 875	4.4%
Q2-17	734	1.9%	1 775	-5.3%
Q3-17	747	1.7%	1 808	1.8%
Q4-17	755	1.1%	1 958	8.3%
Q1-18	772	2.4%	1 919	-2.0%
Q2-18	795	3.0%	1 945	1.3%

Source: REM lab 2018

**SPI**  
**RESIDENTIAL PROPERTY... BAT**  
**QUARTERLY TREND, 2015-2018**



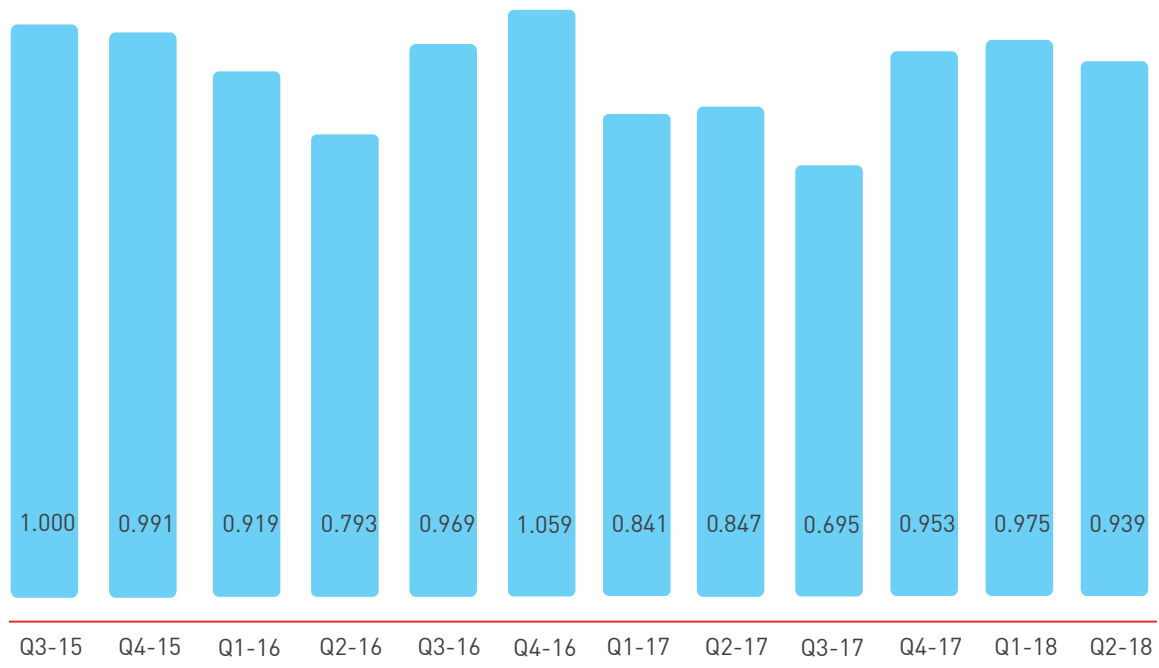
Source: REM lab 2018

**ASP**  
**RESIDENTIAL PROPERTY... KUT**  
**QUARTERLY TREND, 2015-2018**

Q-Y	ASP (USD)	QoQ (%)	ASP (GEL)	QoQ (%)
Q1-16	372	...	905	...
Q2-16	348	-6.5%	769	-15.0%
Q3-16	374	7.7%	869	13.0%
Q4-16	379	1.2%	945	8.8%
Q1-17	354	-6.5%	923	-2.4%
Q2-17	344	-2.8%	833	-9.7%
Q3-17	342	-0.8%	827	-0.7%
Q4-17	375	9.7%	972	17.5%
Q1-18	391	4.4%	973	0.0%
Q2-18	351	-10.2%	859	-11.6%

Source: REM lab 2018

**SPI**  
**RESIDENTIAL PROPERTY... KUT**  
**QUARTERLY TREND, 2015-2018**



Source: REM lab 2018