

# REAL ESTATE MARKET

TBILISI | BATUMI | KUTAISI



**ISET**

ForSet

# 12 | Oct-Dec 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 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.

ailable

## 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%
Q3-18	2.4530	0.3%	1.3%
Q4-18	2.6755	5.7%	3.1%

Source: NBG 2018

# REAL PROPERTY SALES

## GEO HIGHLIGHTS

The GEO real property market grew by 8.8% in Q4 2018, in comparison with Q3 2018. While the annual increase was more pronounced at 22.3% (YoY), in comparison with Q4 2017.

Tbilisi dominated the real property market with a 44.4% share in total sales in Q4 2018. The Tbilisi market was followed by Kakheti and Adjara, with a 11.6% and 11.1% proportion of GEO sales, respectively.

The highest annual increase (YoY) in sales was observed in Racha-Lechkhumi and Kvemo-Svaneti (56.5%), Kakheti (34.4%), and Tbilisi (27.8%). In Q4 2018, TBS had an annual growth of 27.8% in real property sales, while the market outside TBS began to catch up and grew by 18.2%.

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

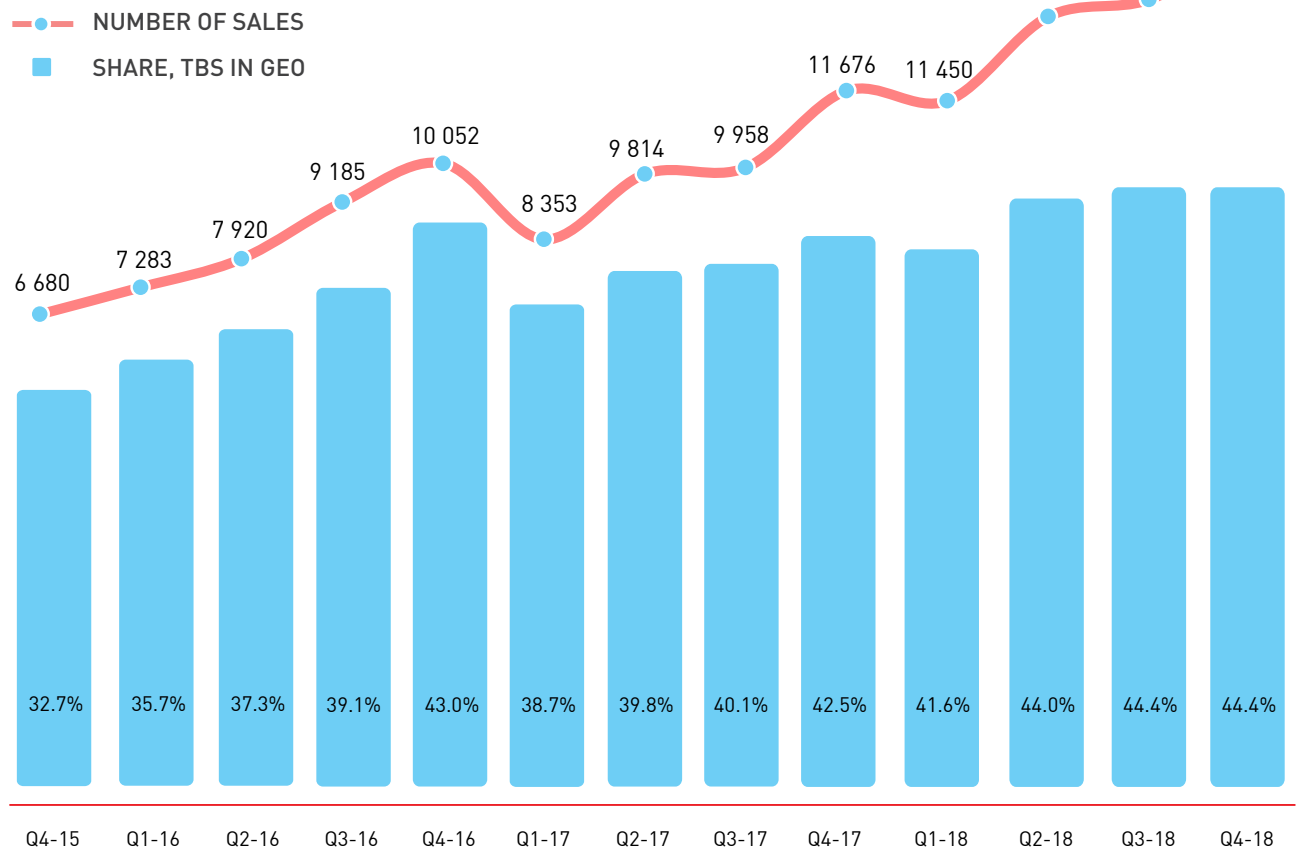
### For Q4 2018, the TOP 3 regions by sales in GEO were:

- TBS (14 922 units, 44.4%)
- Kakheti (3 898 units, 11.6%)
- Ajara (3 734 units, 11.1%)

### For Q4 2018, the TOP 3 districts by sales in TBS were:

- Saburtalo (3 815 units, 25.6%)
- Vake (2 393 units, 16.0%)
- Gldani (1 911 units, 12.8%)

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



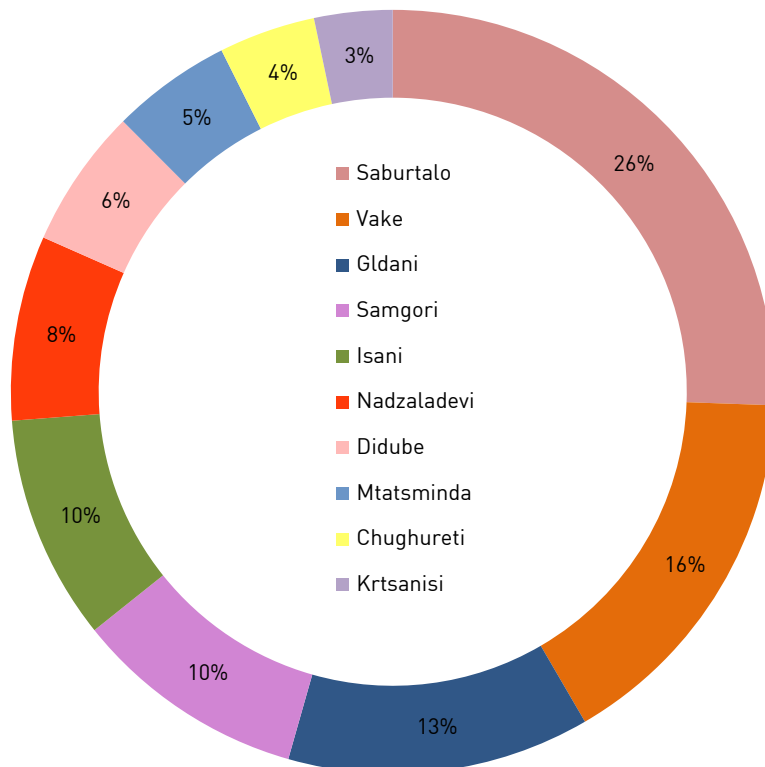
Source: NAPR 2018

**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%
Q3-18	13 711	2.9%	30 890	2.1%
Q4-18	14 922	8.8%	33 598	8.8%

Source: NAPR 2018

**REAL PROPERTY SALES  
TBS DISTRICTS  
Q4 2018**



Source: NAPR 2018

**SALES TREND**  
**REAL PROPERTY... GEO REGIONS**  
**Q4 2018**

REGION	NUMBER (UNIT)	SHARE IN GEO (%)	YoY (%)
TBS	14 922	44.4%	28%
AJARA	3 734	11.1%	21%
GURIA	633	1.9%	9%
IMERETI	2 312	6.9%	18%
KAKHETI	3 898	11.6%	34%
MTSKHETA-MTIANETI	1 753	5.2%	25%
RACHA-LECHKHUMI & KVEMO SVANETI	205	0.6%	56%
SAMEGRELO-ZEMO SVANETI	1 092	3.3%	7%
SAMTSKHE-JAVAKHETI	1 105	3.3%	9%
KVEMO KARTLI	2 547	7.6%	8%
SHIDA KARTLI	1 397	4.2%	4%

Source: NAPR 2018

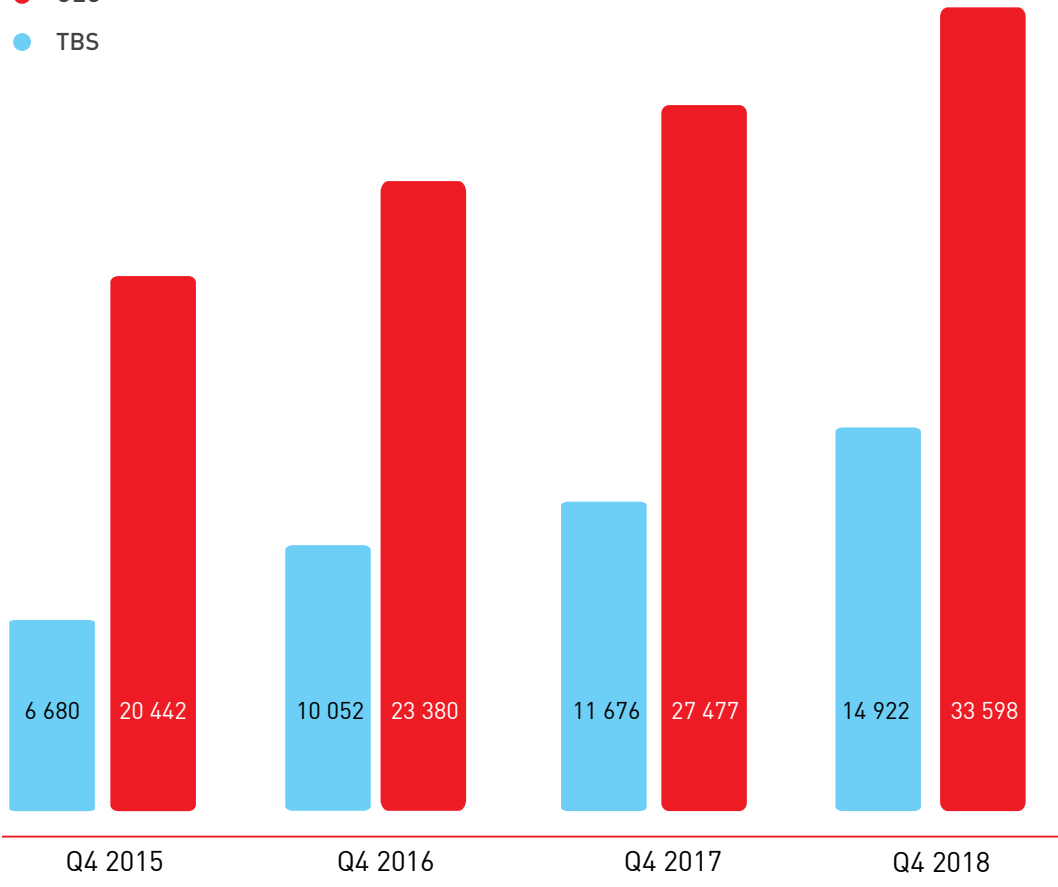
**REAL PROPERTY SALES**  
**TOP CITIES & MUNICIPALITIES**  
**Q4 2018**

MUN	NUMBER (UNIT)	SHARE IN GEO (%)
TBS	14 922	44.4%
BAT	3 250	9.7%
MTSKHETA	1 156	3.4%
GARDABANI	1 032	3.1%
KUT	804	2.4%

Source: NAPR 2018

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

- GEO
- TBS



Source: TCHIMDS 2018

# REAL PROPERTY SUPPLY

## TBS HIGHLIGHTS

In total, 215 new buildings with an area of 381,367 m<sup>2</sup> were completed in TBS during Q4 2018.

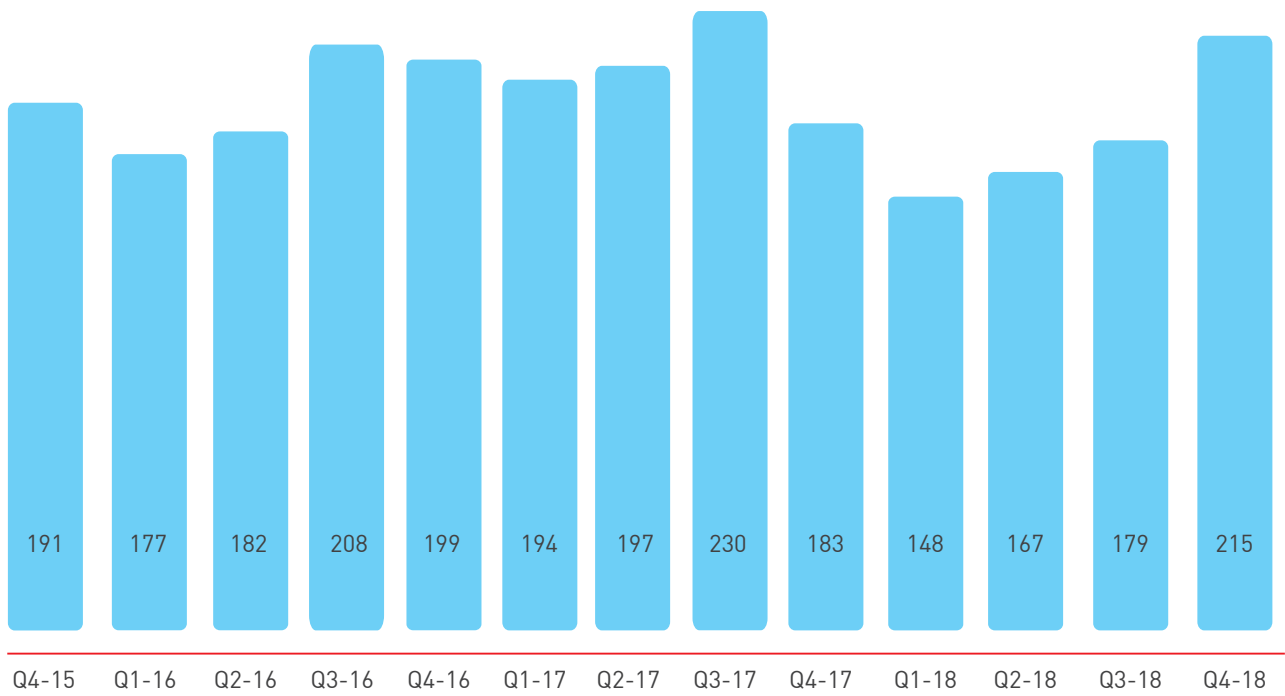
The real property supply in TBS boosted both in respect to the number of buildings (+17.5% YoY) and the total area of buildings (+30.4% YoY).

The jump in total supply has been driven by a 3.6% increase (YoY) in the supply of commercial buildings (32 units with a total area of 115 km<sup>2</sup>).

A further 183 units, with a total area of 266 km<sup>2</sup>, have also been added to Tbilisi's residential property supply.

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

● NUMBER, UNIT



Source: TCHIMDS 2018

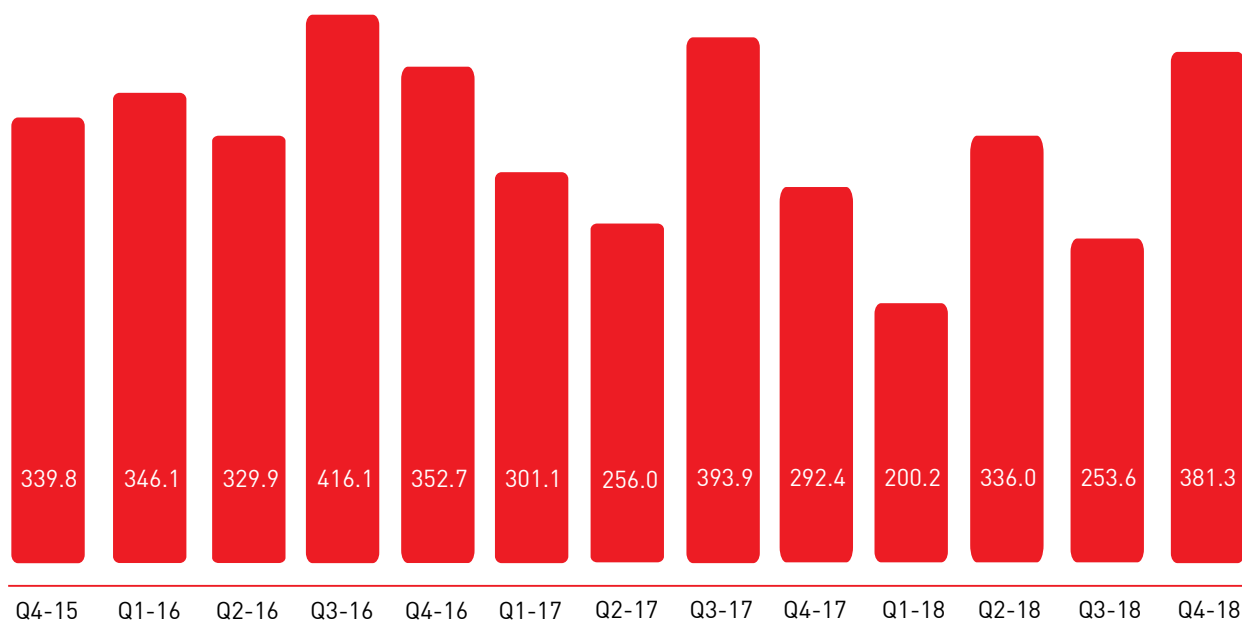
**SUPPLY TREND**  
**NEW REAL PROPERTY NUMBER... TBS**  
**QUARTERLY TREND, 2015-2018**

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
Q3-18	142	37	179
Q4-18	183	32	215

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
Q3-18	103.5	150.1	253.6
Q4-18	265.9	115.3	381.3

Source: TCHIMDS 2018

# RESIDENTIAL PROPERTY PRICES

## TBS HIGHLIGHTS

In Q4 2018, SPI for residential properties experienced an increase by 6.2% (QoQ) while RPI declined by 7.3% (QoQ).

During this quarter, ASP varied between 871 USD and 913 USD per m2 (monthly average), and ARP was between 7.1 USD and 8.1 USD per m2 (monthly average).

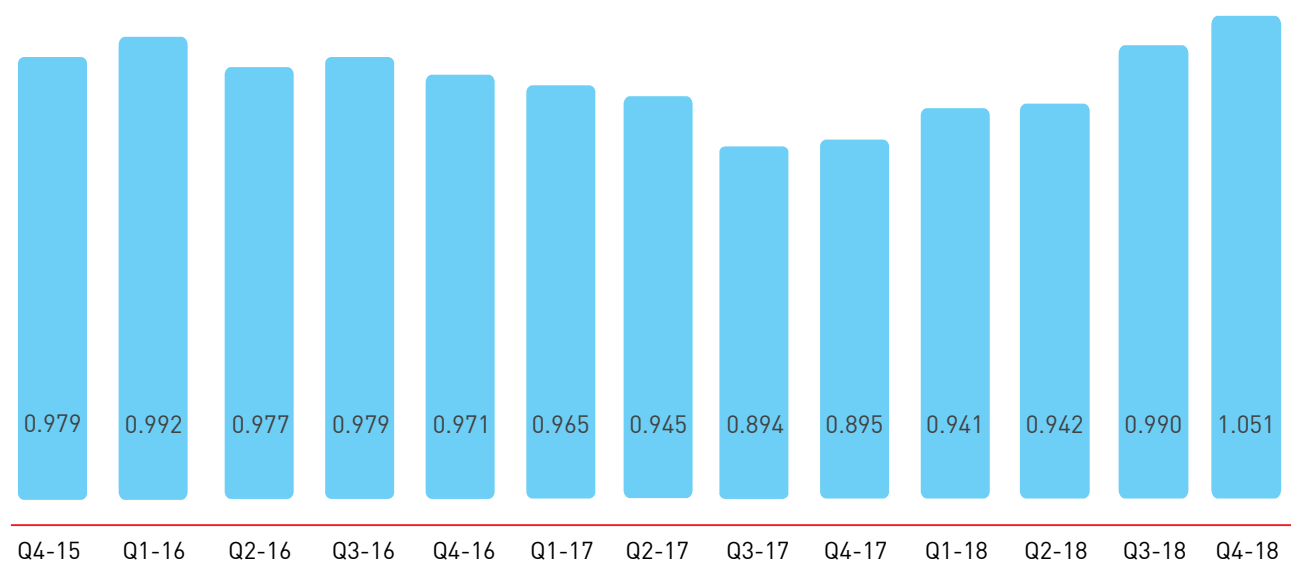
The quarterly averages are 887 USD for ASP and 7.5 USD for ARP.

For Q4 2018, ASP increased (YoY) in all districts of Tbilisi. The highest increase can be observed in Isani and Didube, 18.4% and 16.3%, respectively.

ARP revealed various patterns for various districts. The highest drop was in Nadzaladevi, by -9.5% (YoY), while the highest jump was in Isani, by 9.6% (YoY).

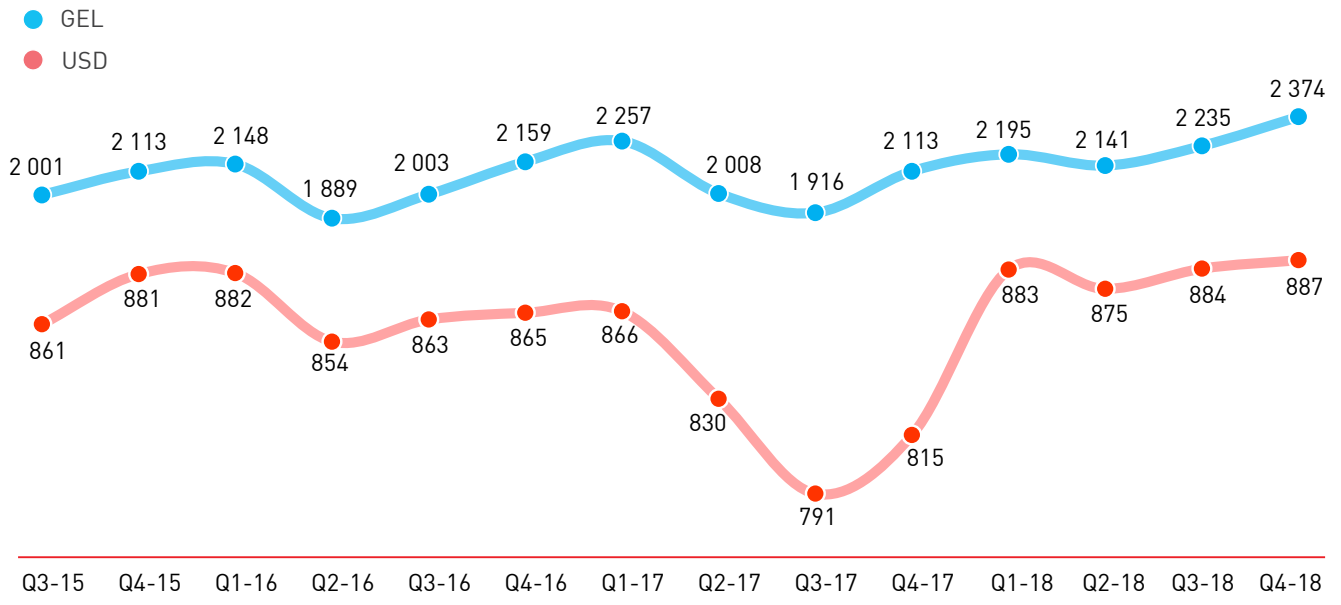
In Q4 2018, the most expensive and the cheapest districts of Tbilisi by ASP were: Mtatsminda (1 096 USD) and Samgori (552 USD); and by ARP: Mtatsminda (8.72 USD) and Gldani (4.40 USD).

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



Source: REM lab 2018

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



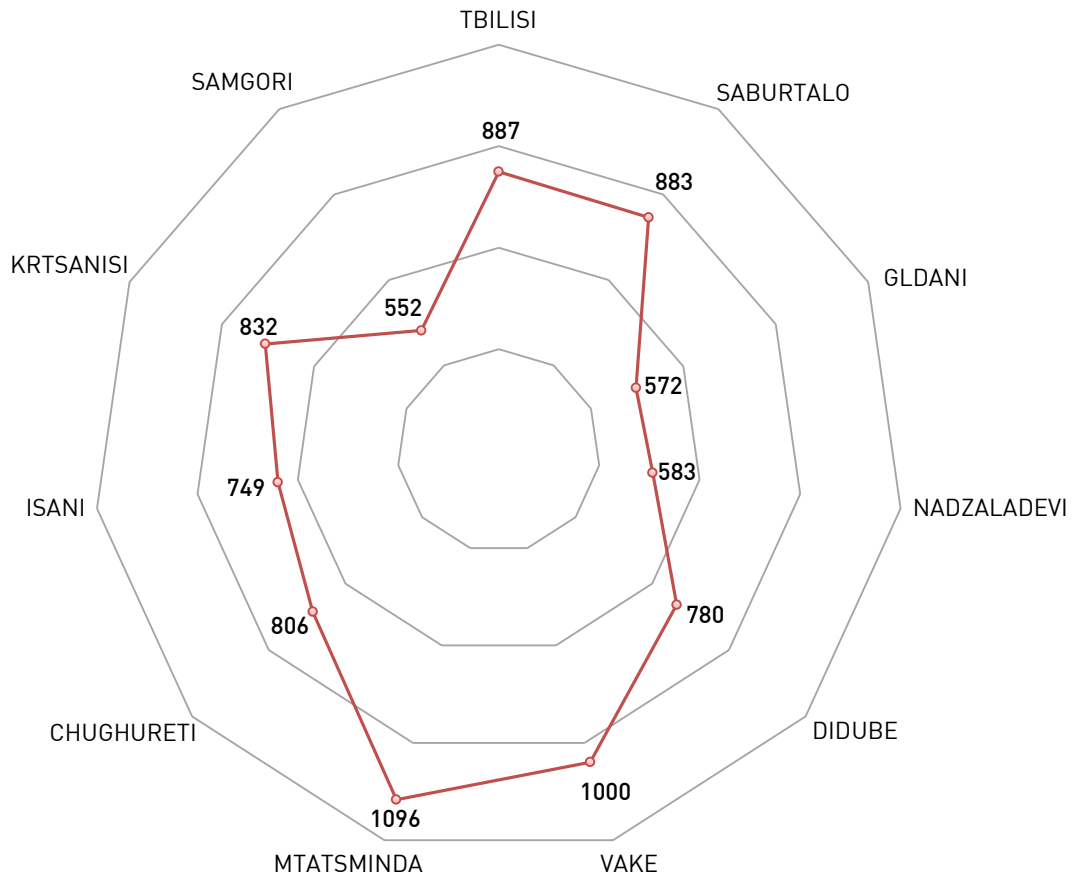
Source: REM lab 2018

**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%
Q3-18	884	1.0%	11.7%	2 235	4.4%	16.7%
Q4-18	887	0.4%	8.8%	2 374	6.2%	12.3%

Source: REM lab 2018

**ASP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
AV Q4 2018**



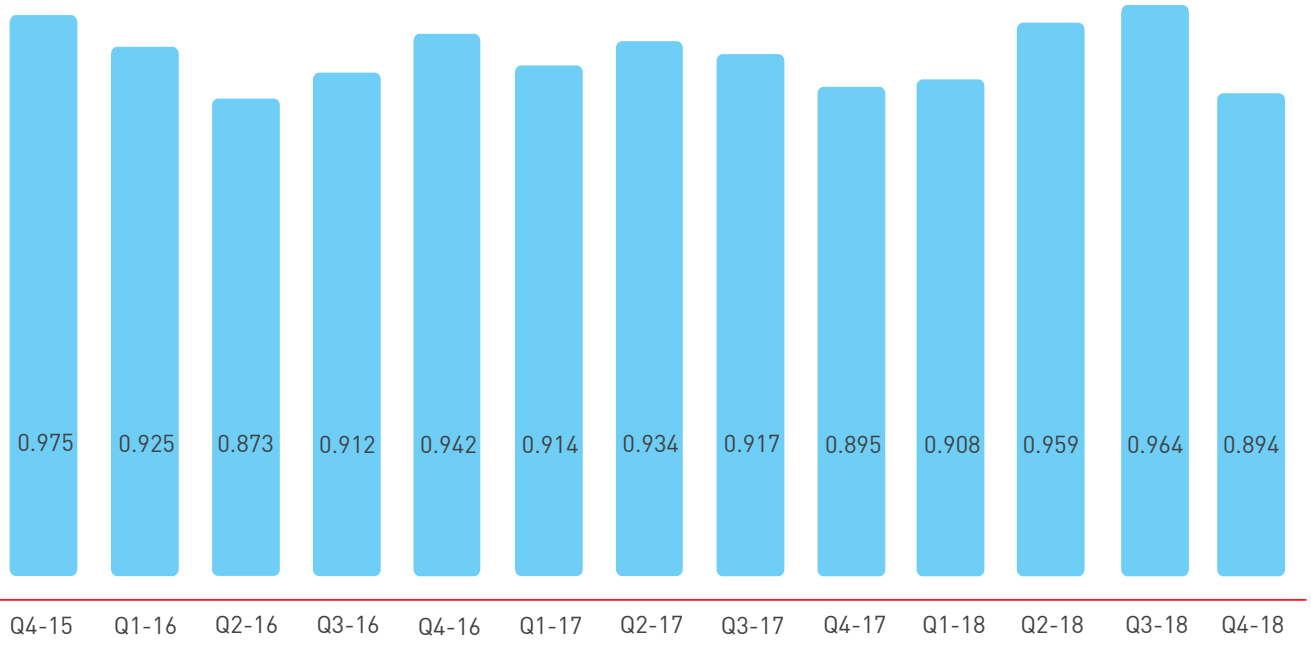
Source: REM lab 2018

**ASP  
RESIDENTIAL PROPERTY... TBS  
Q4 2018**

DISTRICT	ASP (USD)	YoY (%)	ASP (GEL)	YoY (%)
SABURTALO	883	3.3%	2 362	15.0%
GLDANI	572	13.5%	1 529	26.3%
NADZALADEVI	583	5.8%	1 559	17.8%
DIDUBE	780	16.3%	2 086	29.5%
VAKE	1000	14.7%	2 675	27.8%
MTATSMINDA	1096	11.7%	2 933	24.4%
CHUGHURETI	806	10.6%	2 157	23.2%
ISANI	749	18.4%	2 005	31.8%
KRTSANISI	832	8.6%	2 226	20.9%
SAMGORI	552	2.5%	1 477	14.1%
<b>TBS</b>	<b>887</b>	<b>8.8%</b>	<b>2 374</b>	<b>12.3%</b>

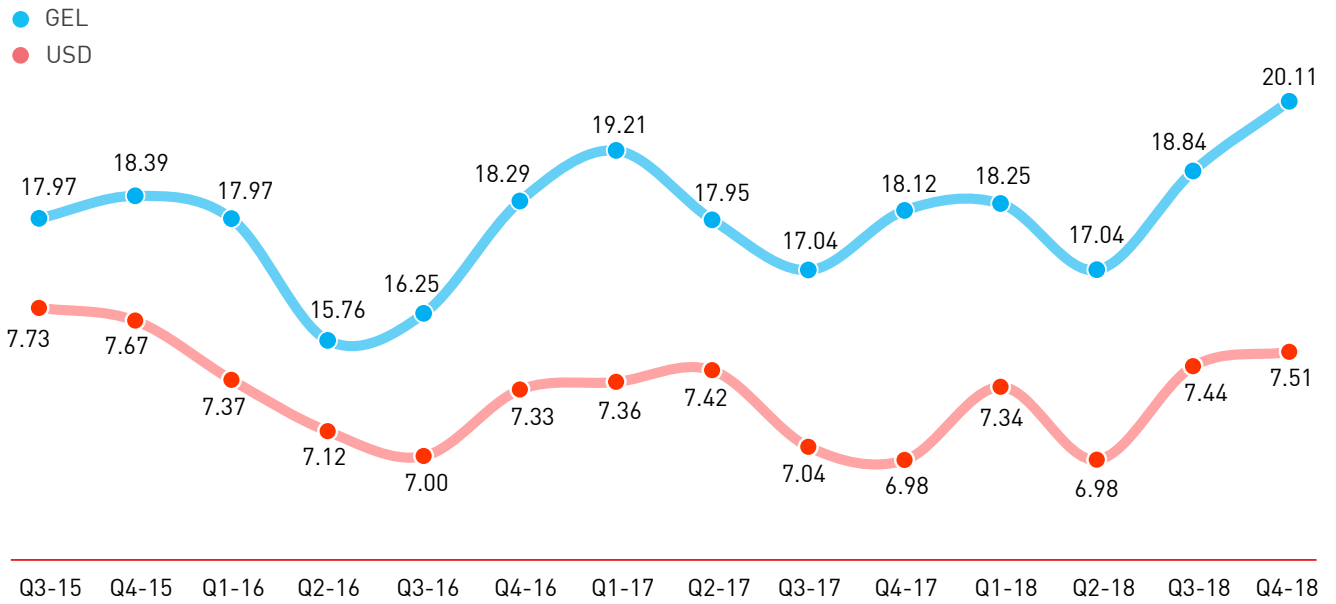
Source: REM lab 2018

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



Source: REM lab 2018

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



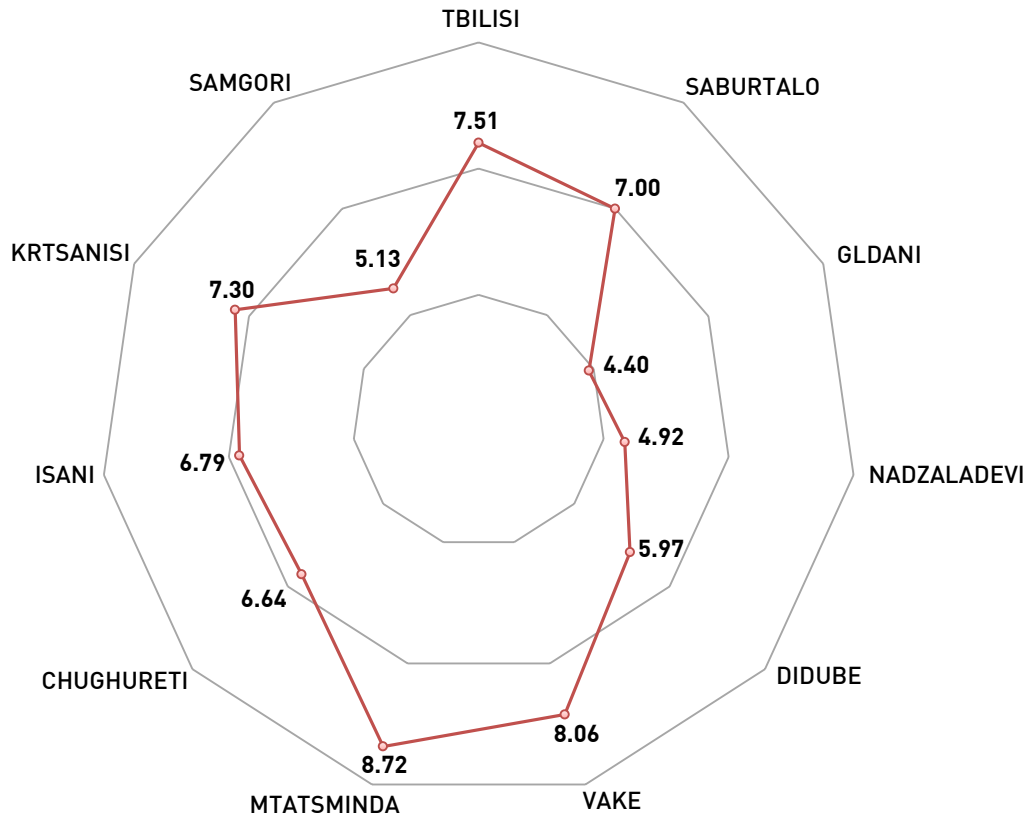
Source: REM lab 2018

**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%
Q3-18	7.44	6.6%	5.7%	18.84	10.5%	10.6%
Q4-18	7.51	1.0%	7.7%	20.11	6.7%	11.0%

Source: REM lab 2018

**ARP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
AV Q4 2018**



Source: REM lab 2018

**ARP  
RESIDENTIAL PROPERTY... TBS  
Q4 2018**

DISTRICT	ARP (USD)	YoY (%)	ARP (GEL)	YoY (%)
SABURTALO	7.00	-1.4%	18.73	9.8%
GLDANI	4.40	-1.4%	11.77	9.8%
NADZALADEVI	4.92	-9.5%	13.16	0.7%
DIDUBE	5.97	0.1%	15.96	11.4%
VAKE	8.06	-0.1%	21.57	11.3%
MTATSMINDA	8.72	-6.7%	23.34	3.9%
CHUGHURETI	6.64	-3.2%	17.76	7.8%
ISANI	6.79	9.6%	18.16	22.0%
KRTSANISI	7.30	-8.5%	19.54	1.9%
SAMGORI	5.13	3.1%	13.71	14.8%
<b>TBS</b>	<b>7.51</b>	<b>7.7%</b>	<b>20.11</b>	<b>11.0%</b>

Source: REM lab 2018

# COMMERCIAL PROPERTY PRICES

## TBS HIGHLIGHTS

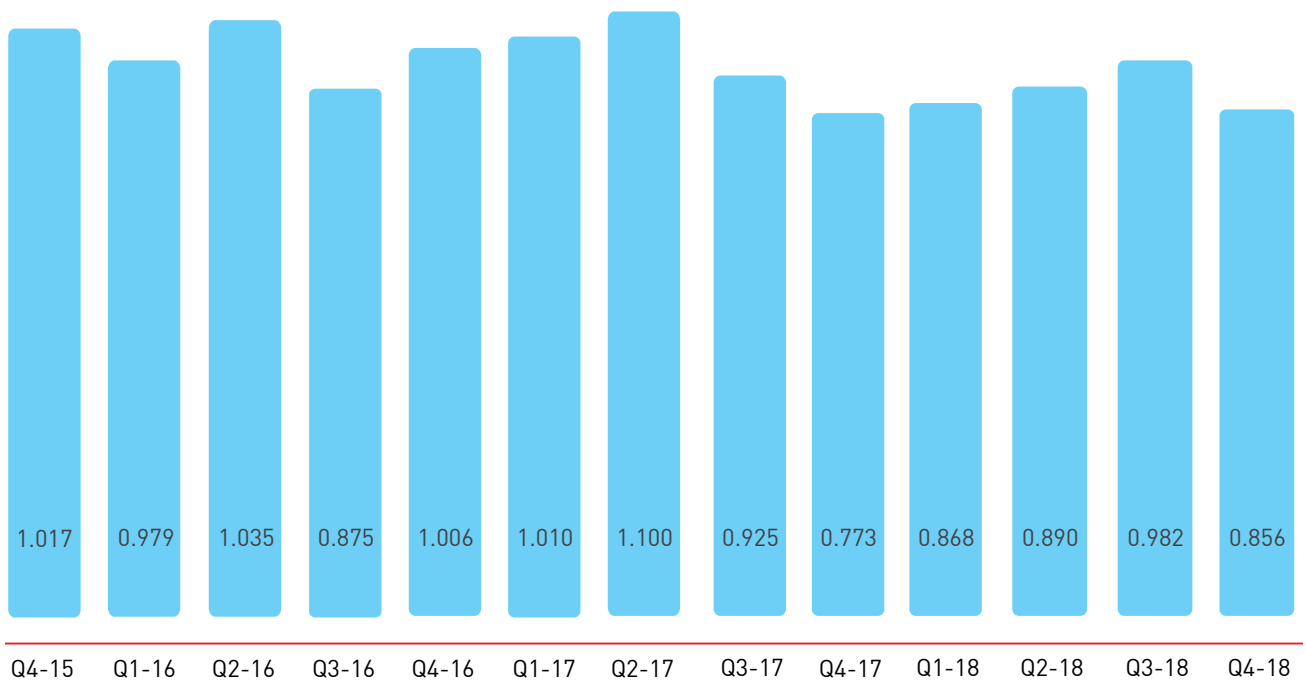
SPI decreased by 12.9% (QoQ) in Q4 2018, dropping 0.856 index points.

RPI declined as well, by 37.1% (QoQ), to 0.924 index points.

During Q3 2018, ASP varied between 1032 and 1136 USD per m<sup>2</sup>, and ARP between 9.18 and 10.55 USD per m<sup>2</sup>.

The average ASP for commercial properties increased by 4.2% (YoY), and reached 1076 USD per m<sup>2</sup>. ARP increased as well by 4.0% (YoY) and stopped at 9.73 USD per m<sup>2</sup>.

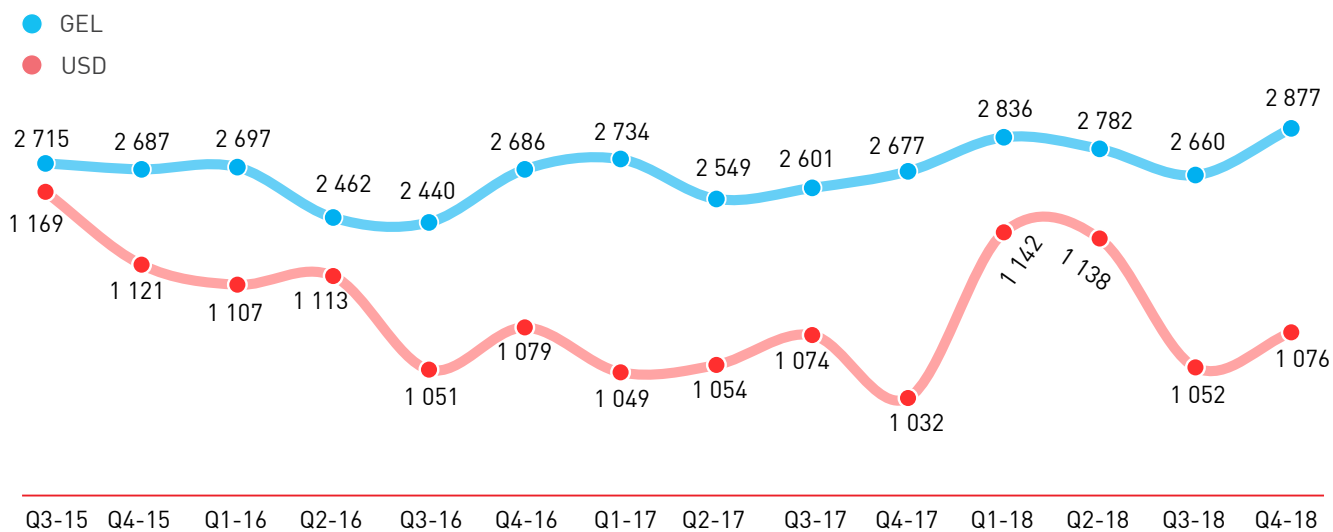
SPI  
COMMERCIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2018



Source: REM lab 2018



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



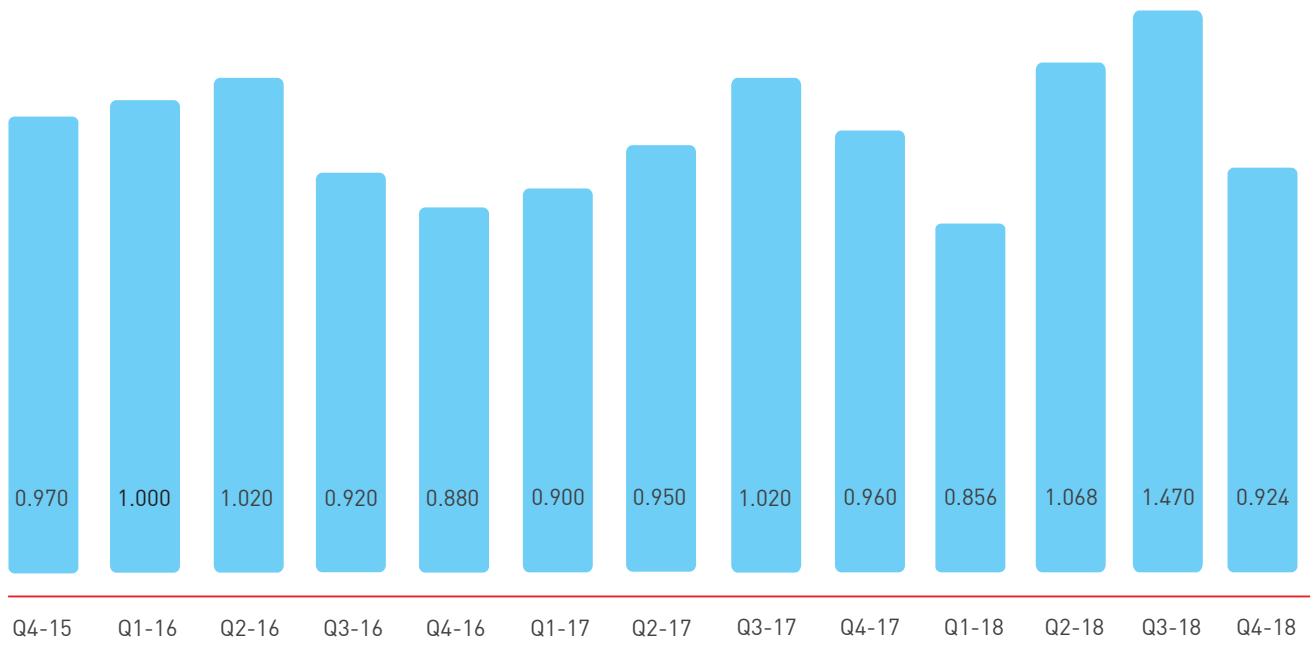
Source: REM lab 2018

**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%
Q3-18	1 052	-7.5%	-2.0%	2 660	-4.4%	2.3%
Q4-18	1 076	2.2%	4.2%	2 877	8.2%	7.5%

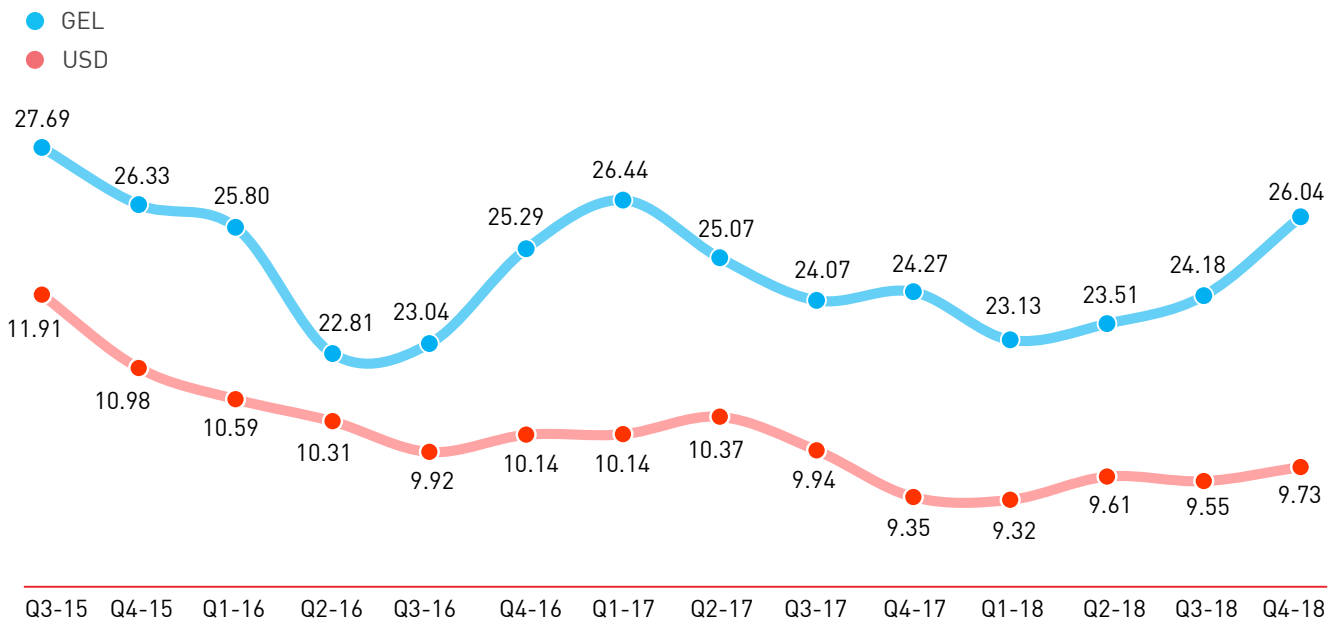
Source: REM lab 2018

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



Source: REM lab 2018

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



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%
Q3-18	9.55	-0.6%	-3.9%	24.18	2.8%	0.5%
Q4-18	9.73	1.9%	4.0%	26.04	7.7%	7.3%

Source: REM lab 2018

## BATUMI & KUTAISI REAL PROPERTY

### HIGHLIGHTS

In Q4 2018, the real property market in BAT grew significantly by 21.1% (QoQ) while in KUT it declined by 10.1% (QoQ).

There were 3250 transactions registered in BAT and only 722 in KUT.

SPI for BAT residential property in Q4 2018 decreased (-3.8%, QoQ), falling to 1.116 index points.

SPI for KUT residential property in Q4 2018 dropped as well by 2.2% (QoQ), stopped at 0.964 index points.

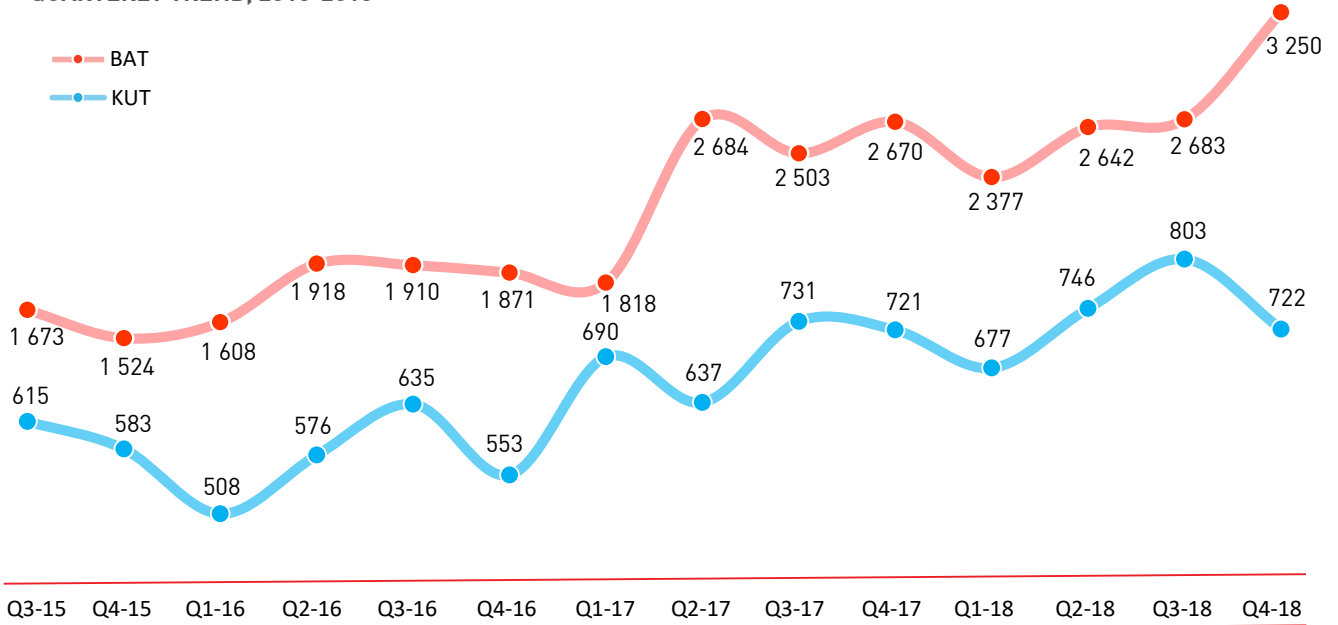
ASP of residential property in the BAT and KUT increased by 5.0% and 2.0% (QoQ), to 842 and 399 USD per m<sup>2</sup>, respectively.

### 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	2 642	11.1%	-1.6%	746	10.2%	17.1%
Q3-18	2 683	1.6%	7.2%	803	7.6%	9.8%
Q4-18	3 250	21.1%	21.7%	722	-10.1%	0.1%

Source: NAPR 2018

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



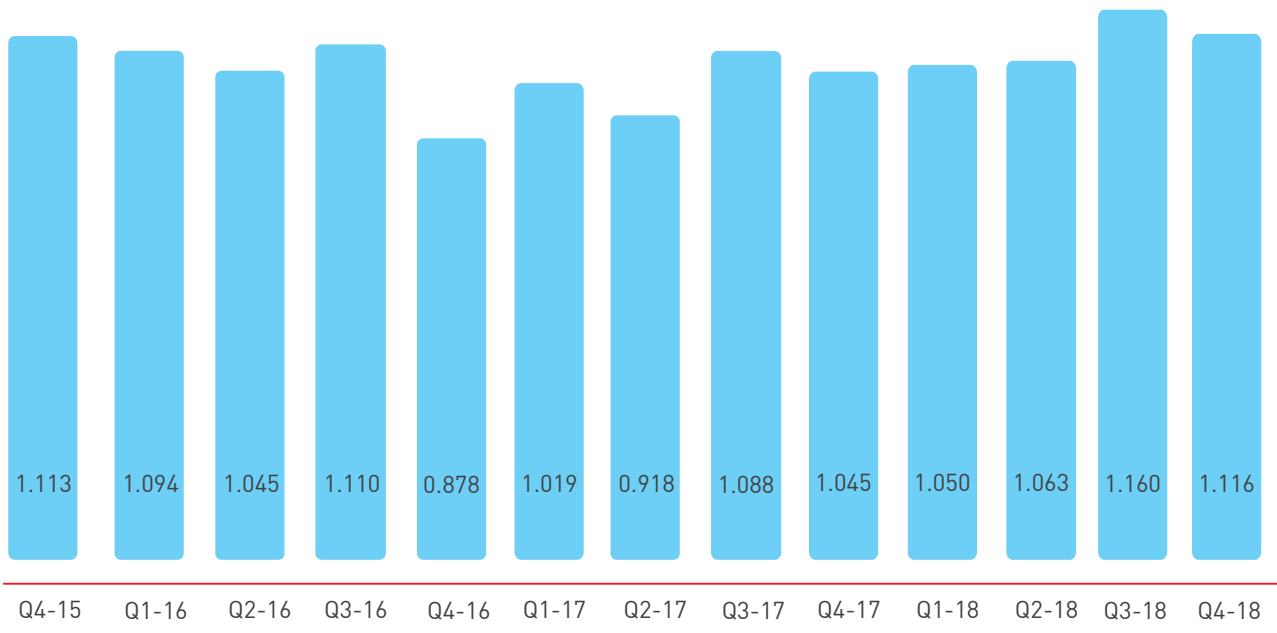
Source: NAPR 2018

**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%
Q3-18	802	0.9%	2 030	4.4%
Q4-18	842	5.0%	2 253	11.0%

Source: REM lab 2018

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



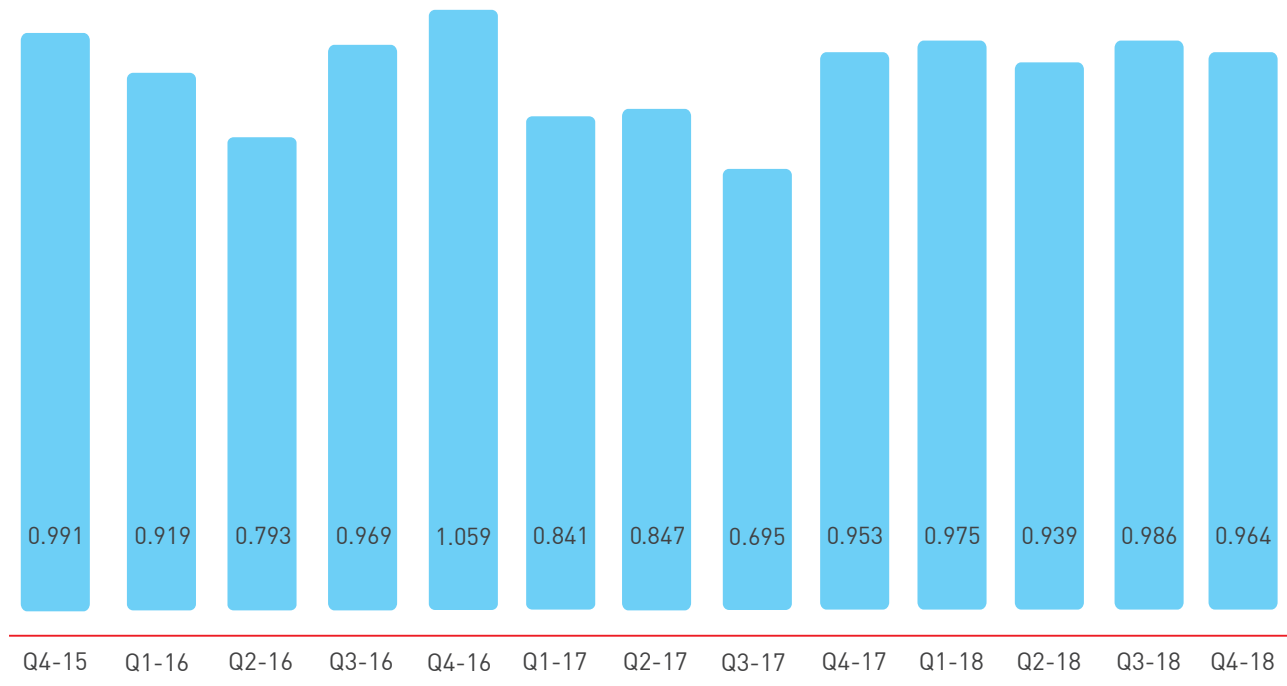
Source: REM lab 2018

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

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%
Q3-18	391	11.2%	989	15.1%
Q4-18	399	2.0%	1 067	7.9%

Source: REM lab 2018

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



Source: REM lab 2018