

REAL ESTATE MARKET

TBILISI | BATUMI | KUTAISI



ISET

ForSet

7 | July-September 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

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

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

M-Y	USD GEL	MoM (%)	YoY (%)
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%
JUL-17	2.3995	-0.5%	2.7%
AUG-17	2.3971	-0.1%	3.4%
SEP-17	2.4669	2.9%	6.7%

Source: NBG 2017

REAL PROPERTY SALES

GEO HIGHLIGHTS

After hitting an all-time high in JUN-17, the GEO real property market slowed down in JUL-17 (-13.8% MoM), but gradually recovered during the next two months: AUG-17 (+6.5% MoM) and SEP-17 (+3.8% MoM). Despite the slowdown, with a total of 24 848 property sales, GEO market in Q3 2017 grew by 0.7% (QoQ) & 5.9% (YoY).

TBS remains on the top of GEO real property market - 40.1% of all registered transactions took place in the capital. With a total 9958 real property sales, TBS market in Q3 2017 grew by 8.4% (YoY).

Ajara with 11.9% and Kvemo Kartli with 9.1% shares in total sales remained in the top 3 busiest regions.

Growth in total sales (Q3 2017) was mostly driven by growth in TBS market, while outside the capital, the market grew by 4.2% (YoY).

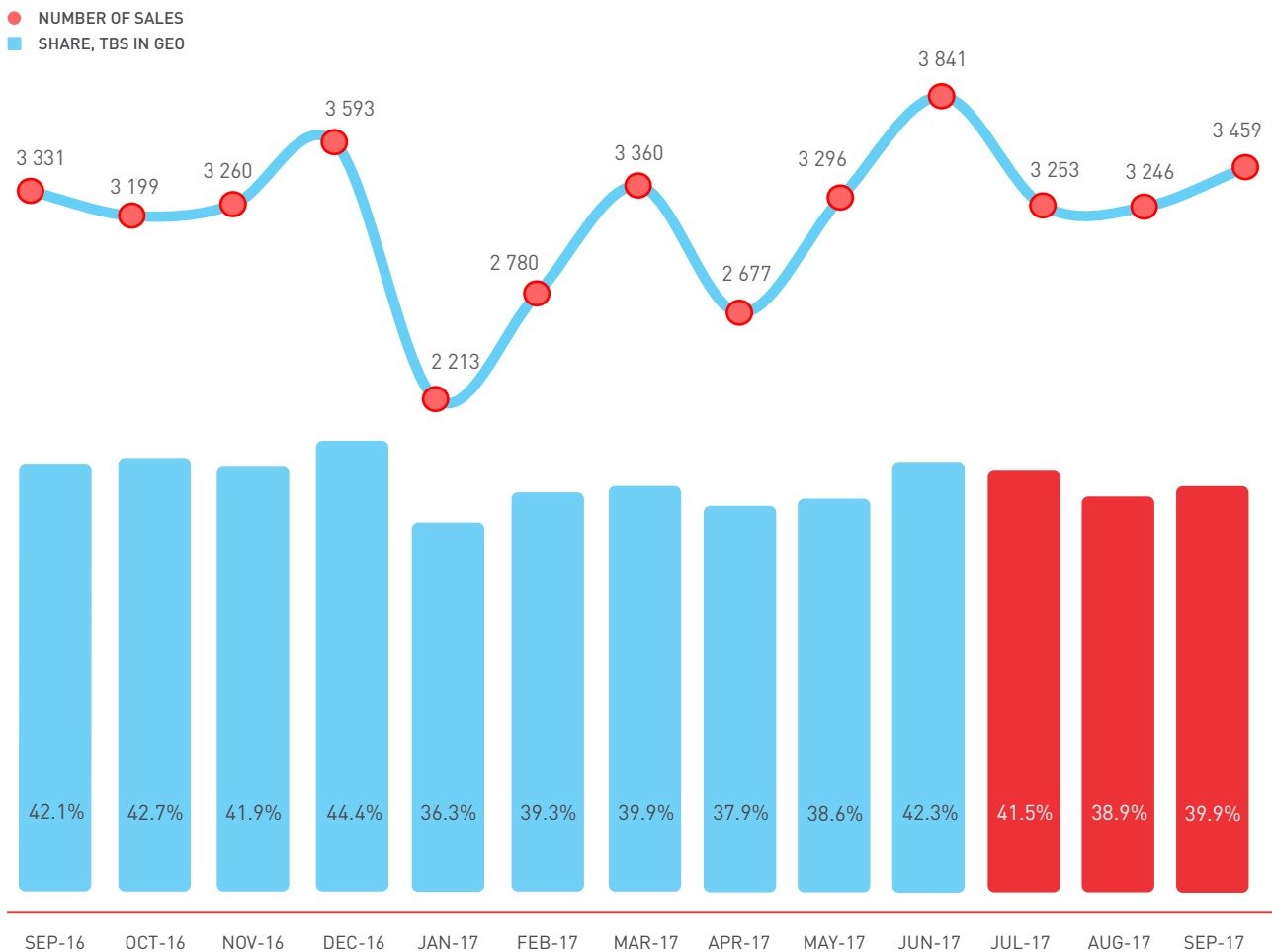
For Q3, 2017 TOP 3 regions by sales in GEO were

- TBS (9 958 units, 40.1%)
- Ajara (2 951 units, 11.9%)
- Kvemo Kartli (2 262 units, 9.1%)

For Q3, 2017 TOP 3 districts by sales in TBS were

- Saburtalo (2 416 units, 24.3%)
- Vake (1 795 units, 18.0%)
- Samgori (1 028 units, 10.3%)

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



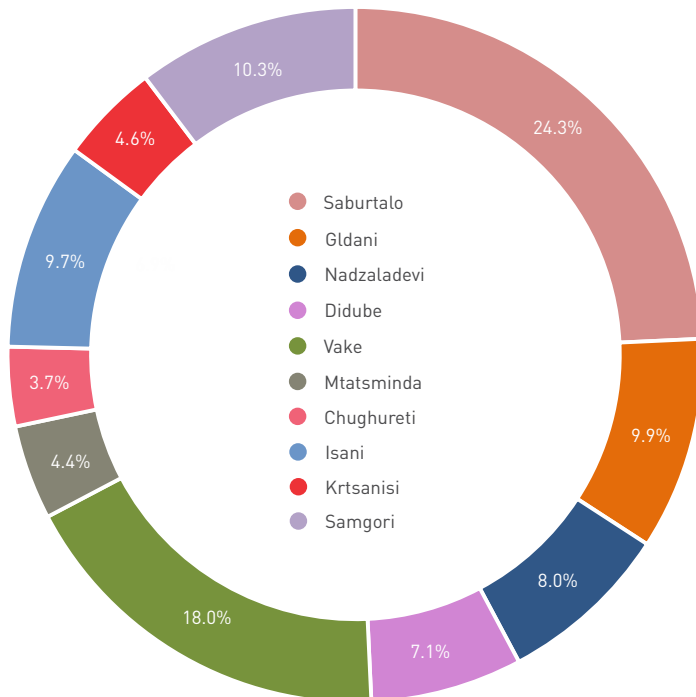
Source: NAPR 2017

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

M-Y	TBS (UNIT)	MoM (%)	GEO (UNIT)	MoM (%)
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%
JUL-17	3 253	-15.3%	7 834	-13.8%
AUG-17	3 246	-0.2%	8 347	6.5%
SEP-17	3 459	6.6%	8 667	3.8%

Source: NAPR 2017

**REAL PROPERTY SALES
TBS DISTRICTS
Q3 2017**



Source: NAPR 2017

SALES TREND
REAL PROPERTY... GEO REGIONS
Q3 2017

REGION	NUMBER (UNIT)	SHARE IN GEO (%)	YoY (%)
TBS	9 958	40.1%	8.4%
AJARA	2 951	11.9%	31.6%
KVEMO KARTLI	2 262	9.1%	4.7%
KAKHETI	2 222	8.9%	-15.5%
IMERETI	1 930	7.8%	5.1%
MTSKHETA-MTIANETI	1 424	5.7%	16.0%
SHIDA KARTLI	1 342	5.4%	9.1%
SAMEGRELO-ZEMO SVANETI	1 239	5.0%	12.4%
SAMTSKHE-JAVAKHETI	782	3.1%	-16.3%
GURIA	601	2.4%	-21.4%
RACHA-LECHKHUMI & KVEMO SVANETI	137	0.6%	-10.5%

Source: NAPR 2017

REAL PROPERTY SALES
TOP 5 CITIES & MUNICIPALITIES
Q3 2017

CITY MUN	NUMBER (UNIT)	SHARE IN GEO (%)
TBS	9 958	40.1%
BAT	2 503	10.1%
MTSKHETA MUN	999	4.0%
GARDABANI MUN	888	3.6%
KUT	731	2.9%

Source: NAPR 2017

REAL PROPERTY SUPPLY

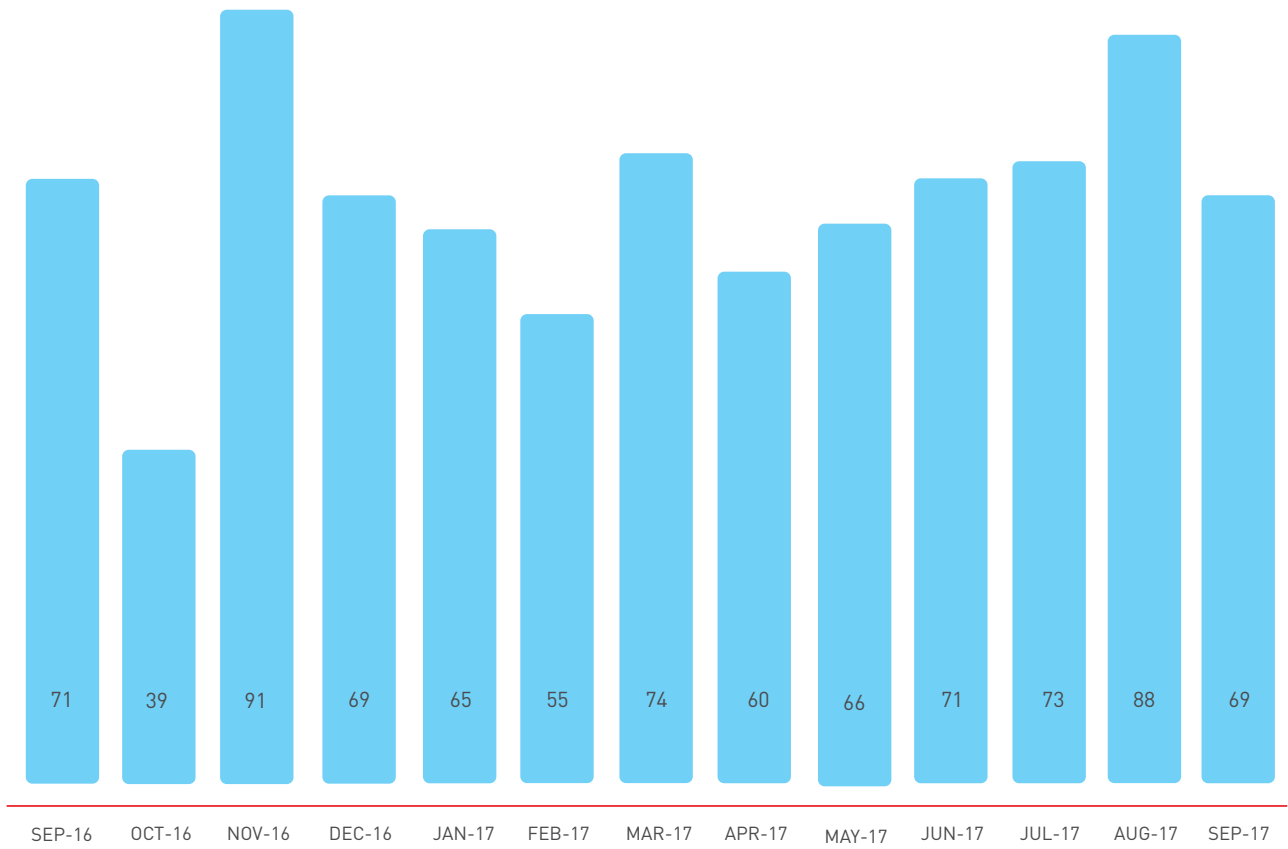
TBS HIGHLIGHTS

230 new buildings with total area of 394.0 K sq.m were added to TBS supply during Q3 2017. The supply of real property in TBS has increased with respect to the number of buildings (+10.6% YoY), but decreased with respect to building area (-5.3% YoY).

Growth in total supply has been driven by 60.0% growth (YoY) in the supply of commercial buildings (64 units with total area of 219.1 K sq.m). 166 new residential buildings with total area of 174.9 K sq.m have also been added to the real property supply in TBS.

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

● UNIT



Source: TCHIMDS 2017

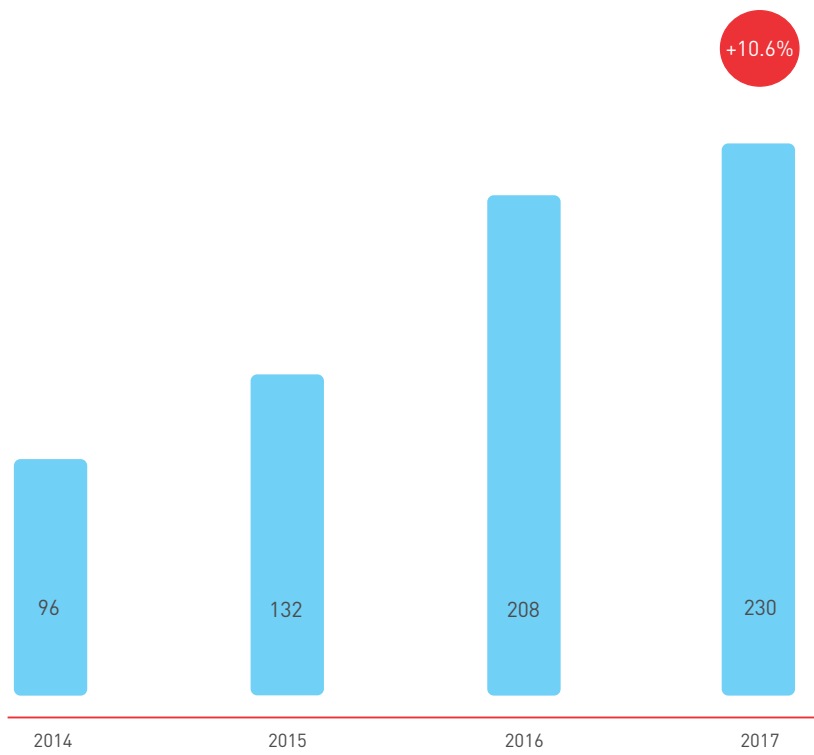
SUPPLY TREND
NEW REAL PROPERTY NUMBER... TBS
MONTHLY TREND, 2016-2017

M-Y	RP (UNIT)	CP (UNIT)	ALL (UNIT)
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
JUL-17	55	18	73
AUG-17	62	26	88
SEP-17	49	20	69

Source: TCHIMDS 2017

SUPPLY TREND
NEW REAL PROPERTY NUMBER... TBS
Q3 2014-2017

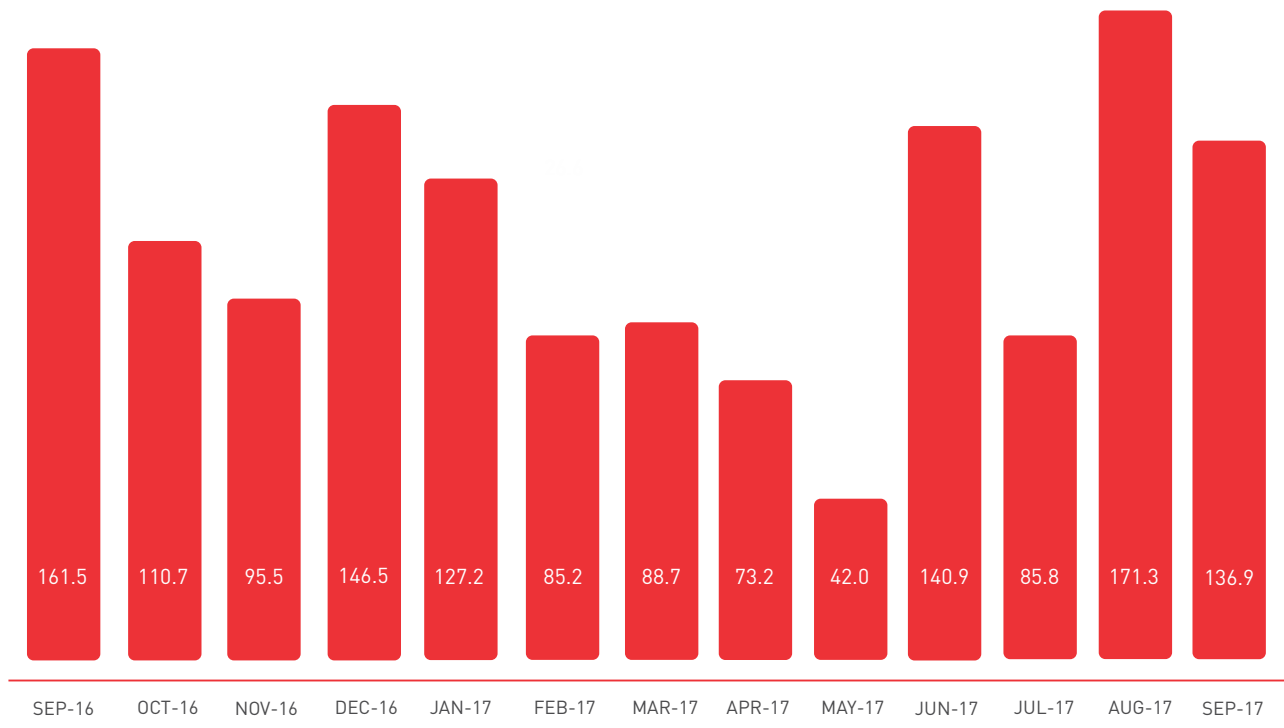
● UNITS



Source: TCHIMDS 2017

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

● AREA, K SQ.M



Source: TCHIMDS 2017

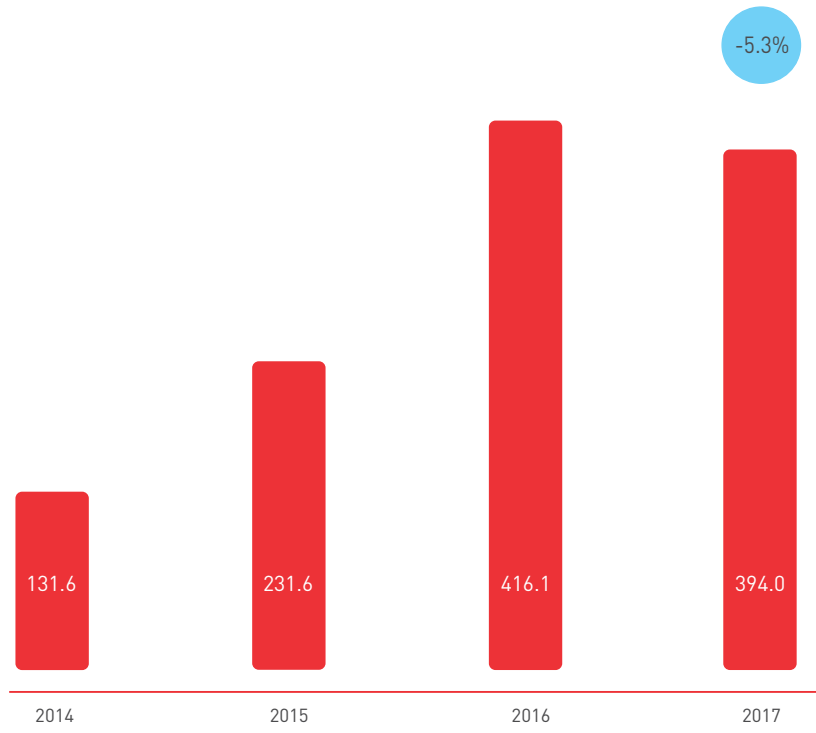
SUPPLY TREND
NEW REAL PROPERTY AREA... TBS
MONTHLY TREND, 2016-2017

M-Y	RP (K SQ.M)	CP (K SQ.M)	ALL (K SQ.M)
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	21.7	73.2
MAY-17	33.1	8.9	42.0
JUN-17	125.7	15.2	140.9
JUL-17	57.7	28.1	85.8
AUG-17	58.0	113.3	171.3
SEP-17	59.2	77.7	136.9

Source: TCHIMDS 2017

SUPPLY TREND
NEW REAL PROPERTY AREA... TBS
Q3 2014-2017

● K SQ.M



Source: TCHIMDS 2017

RESIDENTIAL PROPERTY PRICES

TBS HIGHLIGHTS

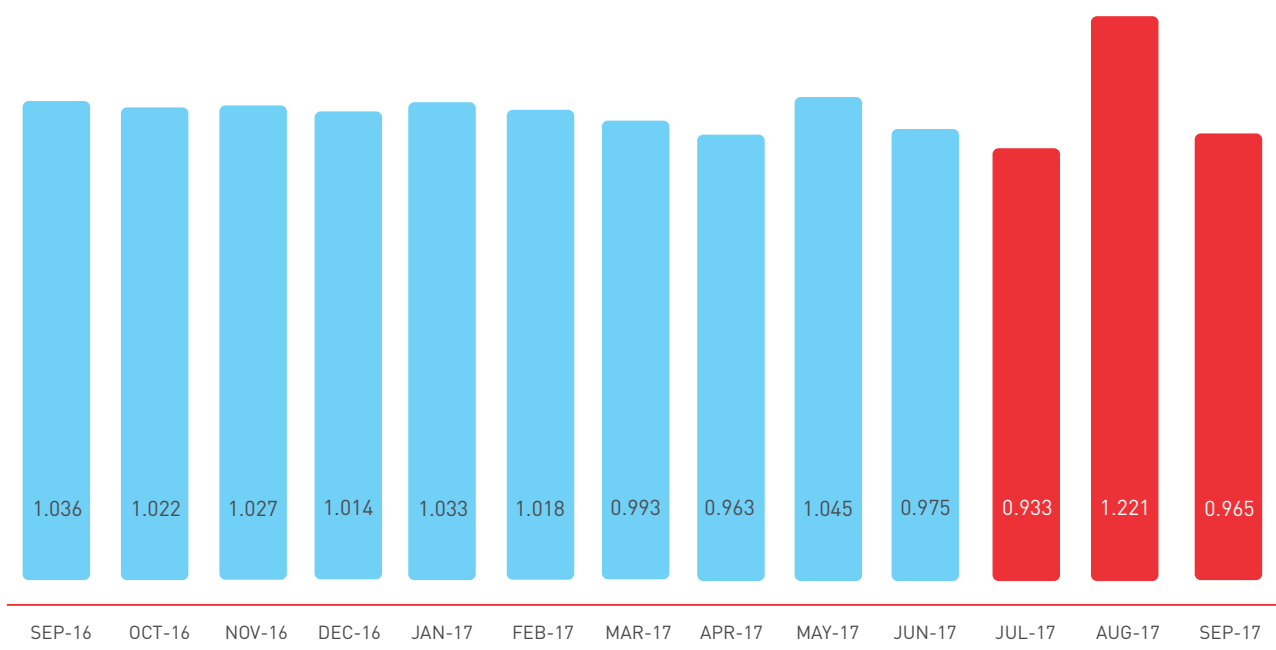
In Q3 2017, SPI & RPI for residential properties reached an all year maximum in AUG-17. SPI increased by 30.9% MoM & 19.4% YoY, while RPI increased by 19.9% MoM & 16.2% YoY. However, in SEP-17, both indices dropped below SEP-16 level.

During Q3 2017, ASP varied between USD 755 and USD 804 per sq.m and ARP - between USD 6.41 and USD 7.68 per sq.m.

A significant drop for ASP was recorded in JUL-17 (-13.2% MoM, -13.0% YoY). Despite swiftly recovering in AUG-17, ASP remained below 2016 levels for the rest of Q3. In SEP-17, ASP in TBS reached USD 804 (-1.3% MoM, -6.5% YoY) per sq.m and ARP dropped to USD 6.41 (-16.6% MoM, -8.1% YoY) per sq.m.

In Q3 2017, the most expensive and cheapest districts of TBS were
 by ASP: Mtatsminda (USD 973) and Gldani (USD 518)
 by ARP: Mtatsminda (USD 8.52) and Gldani (USD 4.40)

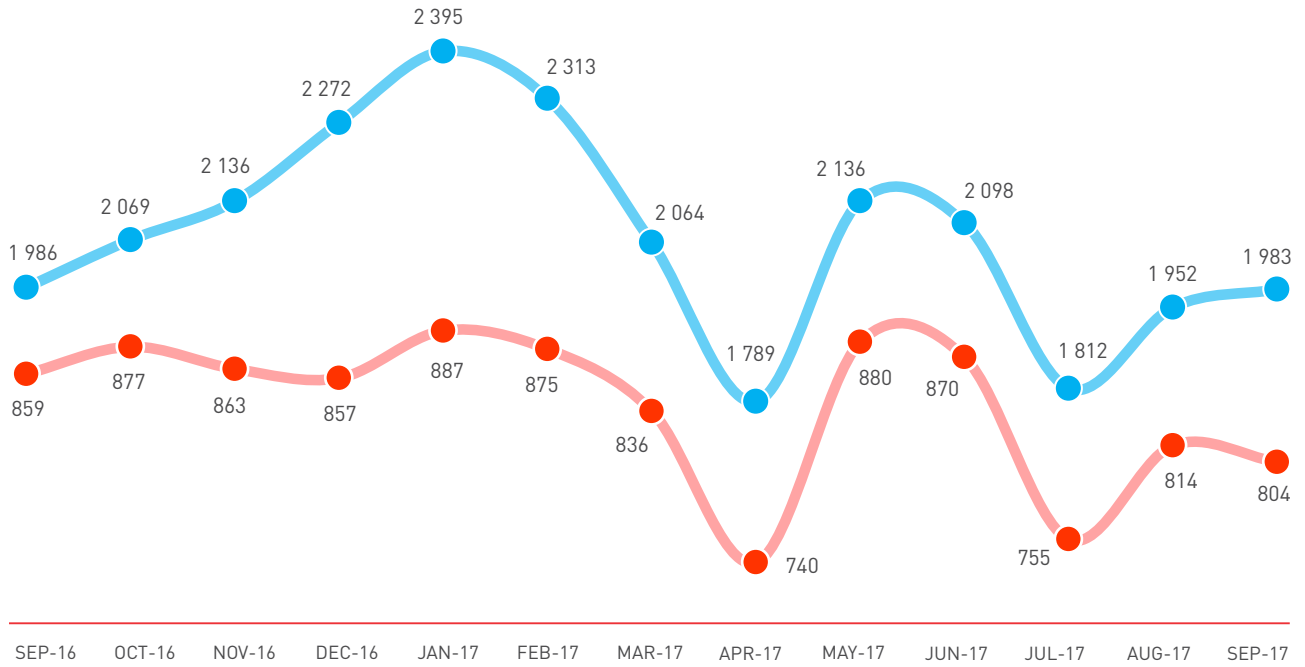
SPI
RESIDENTIAL PROPERTY... TBS
MONTHLY TREND, 2016-2017



Source: REM lab 2017

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

- GEL
- USD



Source: REM lab 2017

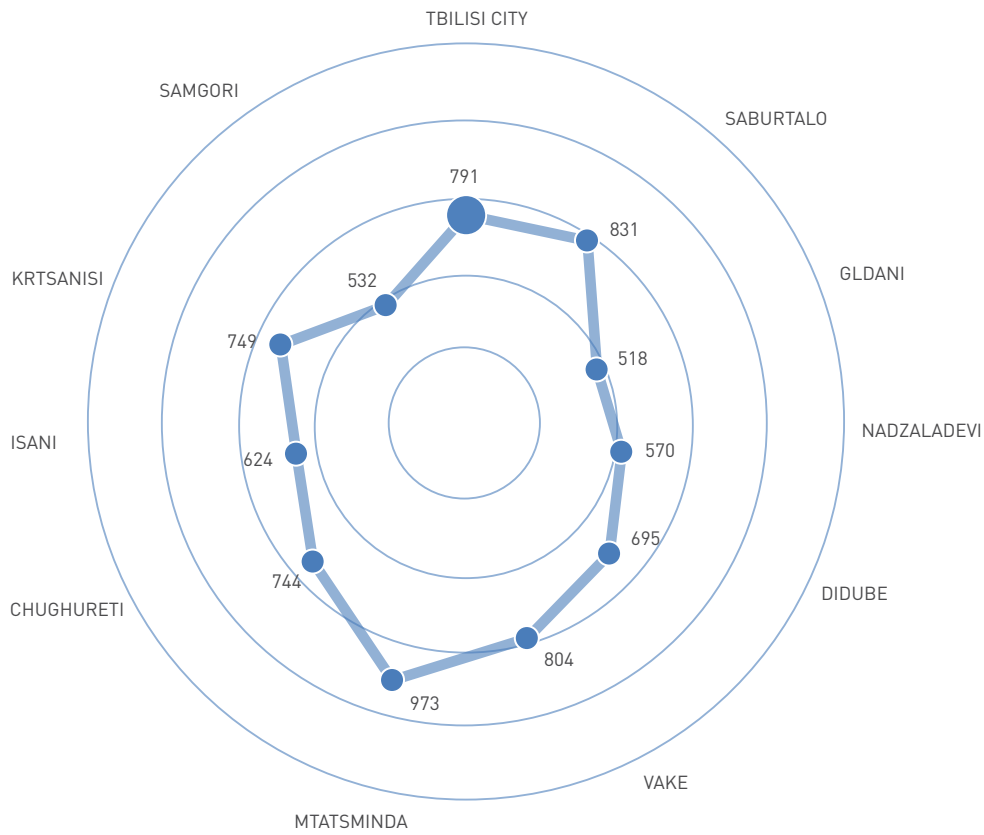
**ASP
RESIDENTIAL PROPERTY... TBS
MONTHLY TREND, 2016-2017**

M-Y	ASP (USD)	MoM (%)	YoY (%)	ASP (GEL)	MoM (%)	YoY (%)
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%	1 789	-13.3%	-9.0%
MAY-17	880	18.8%	2.7%	2 136	19.4%	14.0%
JUN-17	870	-1.1%	4.1%	2 098	-1.8%	14.7%
JUL-17	755	-13.2%	-13.0%	1 812	-13.7%	-10.7%
AUG-17	814	7.9%	-5.3%	1 952	7.7%	-2.1%
SEP-17	804	-1.3%	-6.5%	1 983	1.6%	-0.2%

Source: REM lab 2017

**ASP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AV Q3 2017**

● USD



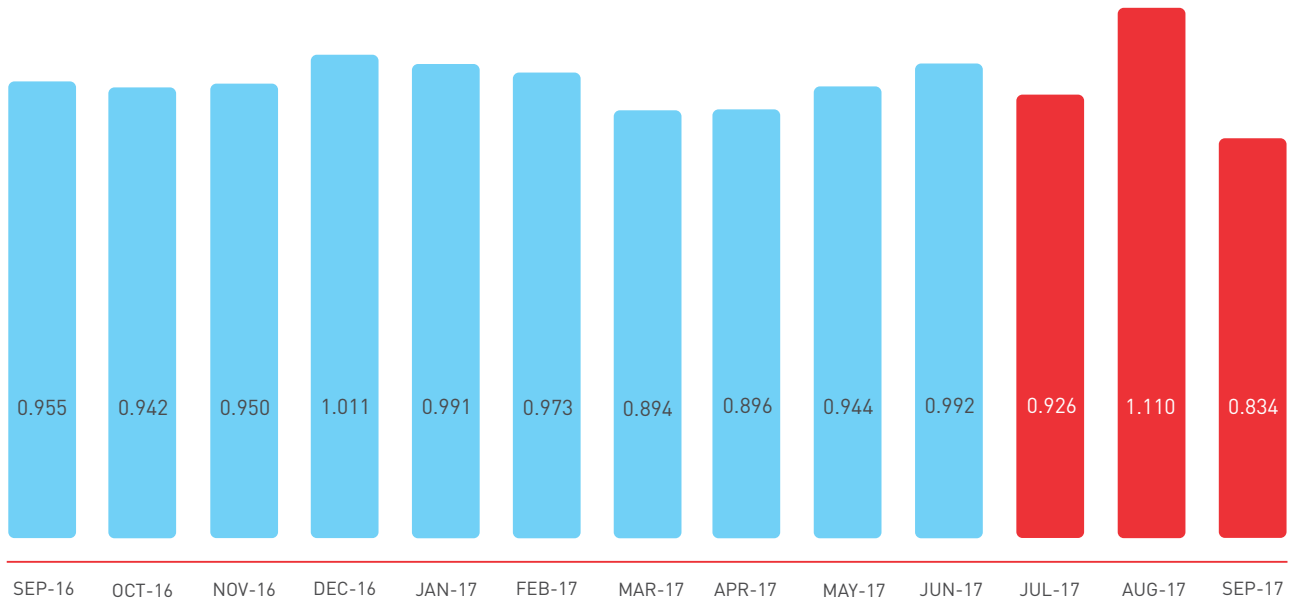
Source: REM lab 2017

**ASP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AV Q3 2017**

DISTRICT	ASP (USD)	ASP (GEL)
SABURTALO	831	2 012
GLDANI	518	1 255
NADZALADEVI	570	1 380
DIDUBE	695	1 685
VAKE	804	1 947
MTATSMINDA	973	2 357
CHUGHURETI	744	1 803
ISANI	624	1 511
KRTSANISI	749	1 816
SAMGORI	532	1 289
TBS	791	1 916

Source: REM lab 2017

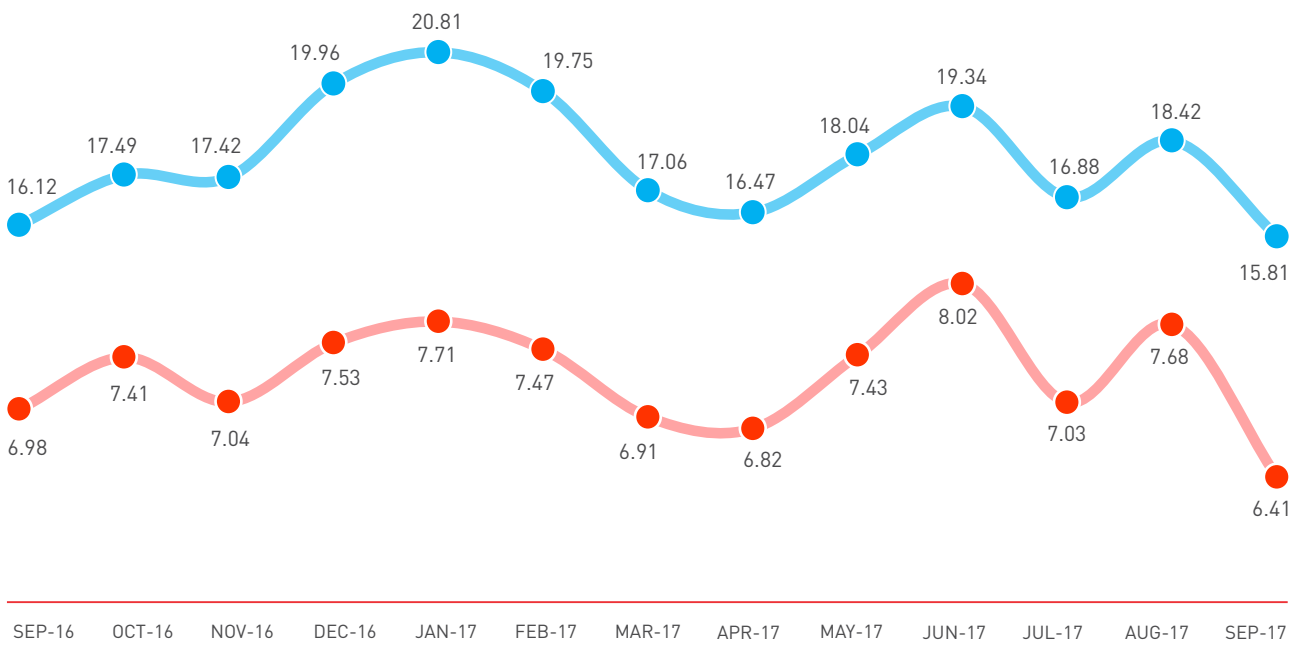
RPI
RESIDENTIAL PROPERTY... TBS
MONTHLY TREND, 2016-2017



Source: REM lab 2017

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

- GEL
- USD



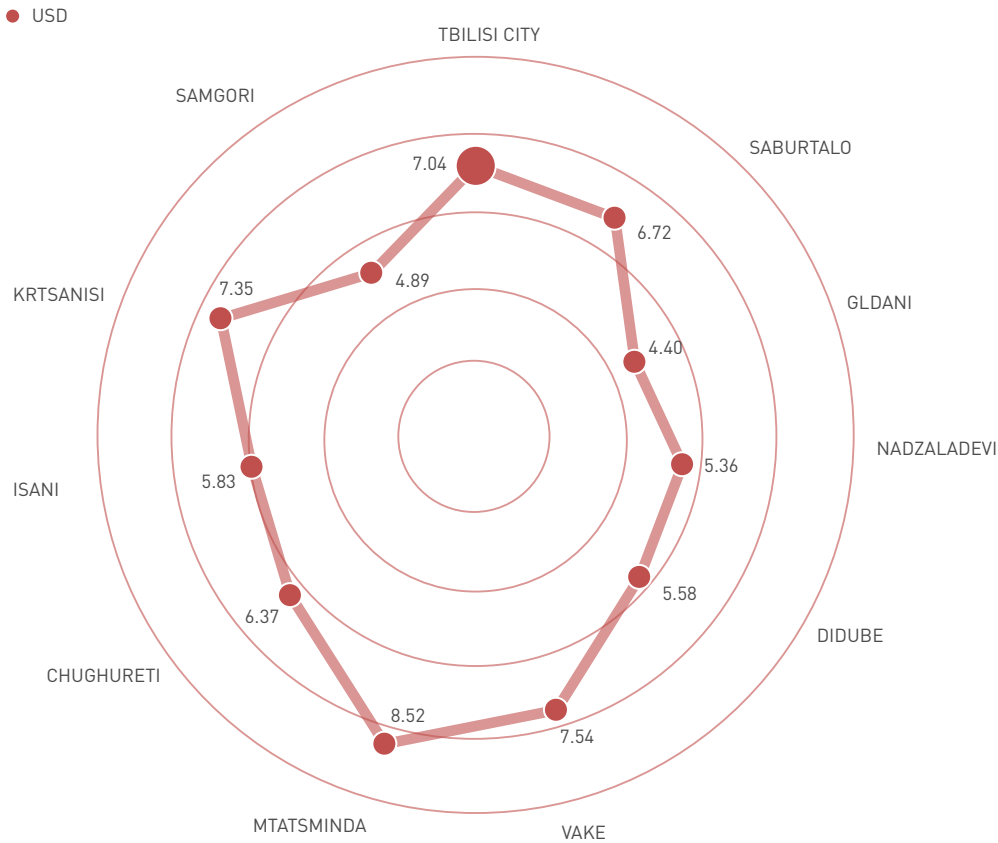
Source: REM lab 2017

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

M-Y	ARP (USD)	MoM (%)	YoY (%)	ARP (GEL)	MoM (%)	YoY (%)
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%	16.47	-3.5%	0.3%
MAY-17	7.43	9.0%	10.2%	18.04	9.5%	22.4%
JUN-17	8.02	8.0%	8.8%	19.34	7.2%	20.0%
JUL-17	7.03	-12.3%	-1.4%	16.88	-12.8%	1.3%
AUG-17	7.68	9.2%	11.7%	18.42	9.1%	15.5%
SEP-17	6.41	-16.6%	-8.1%	15.81	-14.1%	-1.9%

Source: REM lab 2017

**ARP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AV Q3 2017**



Source: REM lab 2017

**ARP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AV Q3 2017**

DISTRICT	ARP (USD)	ARP (GEL)
SABURTALO	6.72	16.27
GLDANI	4.40	10.66
NADZALADEVI	5.36	12.97
DIDUBE	5.58	13.51
VAKE	7.54	18.24
MTATSMINDA	8.52	20.61
CHUGHURETI	6.37	15.40
ISANI	5.83	14.13
KRTSANISI	7.35	17.78
SAMGORI	4.89	11.84
TBS	7.04	17.04

Source: REM lab 2017

COMMERCIAL PROPERTY PRICES

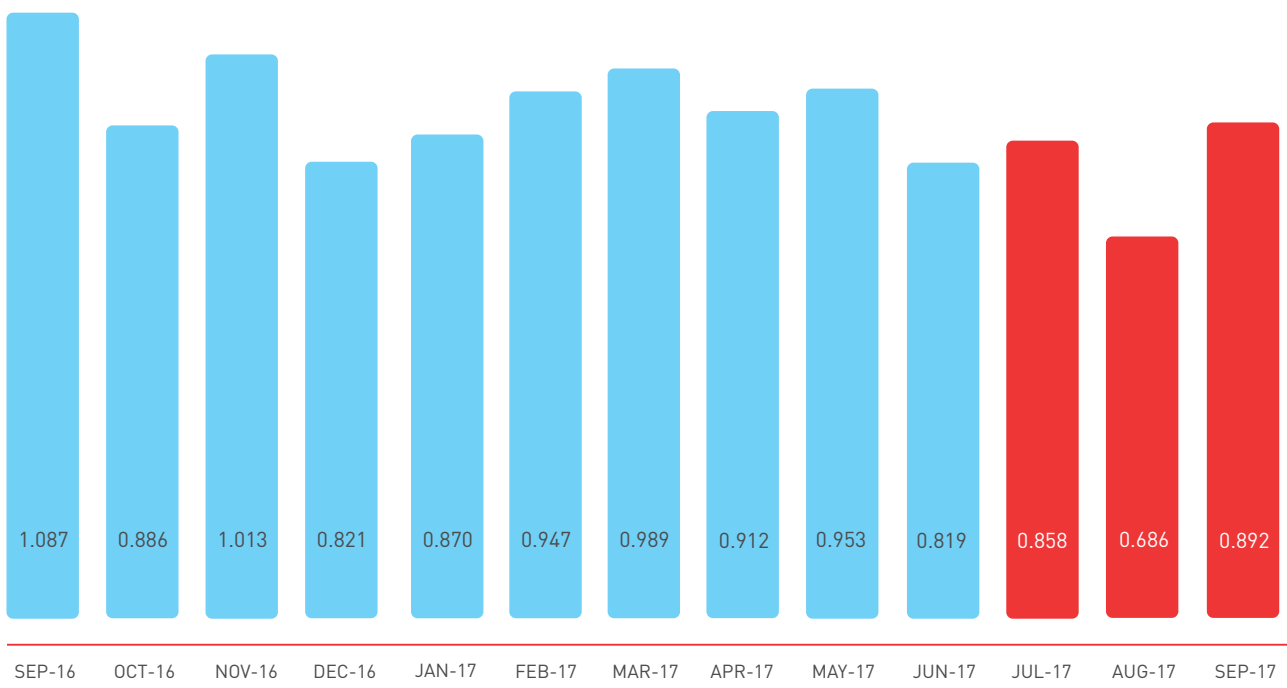
TBS HIGHLIGHTS

In AUG-17 SPI for commercial property dropped drastically, on the other hand, RPI remained relatively stable. SPI declined to 0.686 (-20.1% MoM, -17.7% YoY), while RPI fell to 1.044 (-5.2% MoM, +27.0% YoY). In SEP-2017 both indices recovered, albeit with SPI finishing the quarter below the SEP-16 level.

During Q3 2017 ASP varied between USD 1 014 (AUG-17) and USD 1 106 (SEP-17) per sq.m, ARP - between USD 9.75 (SEP-17) and USD 10.08 (JUL-17) per sq.m.

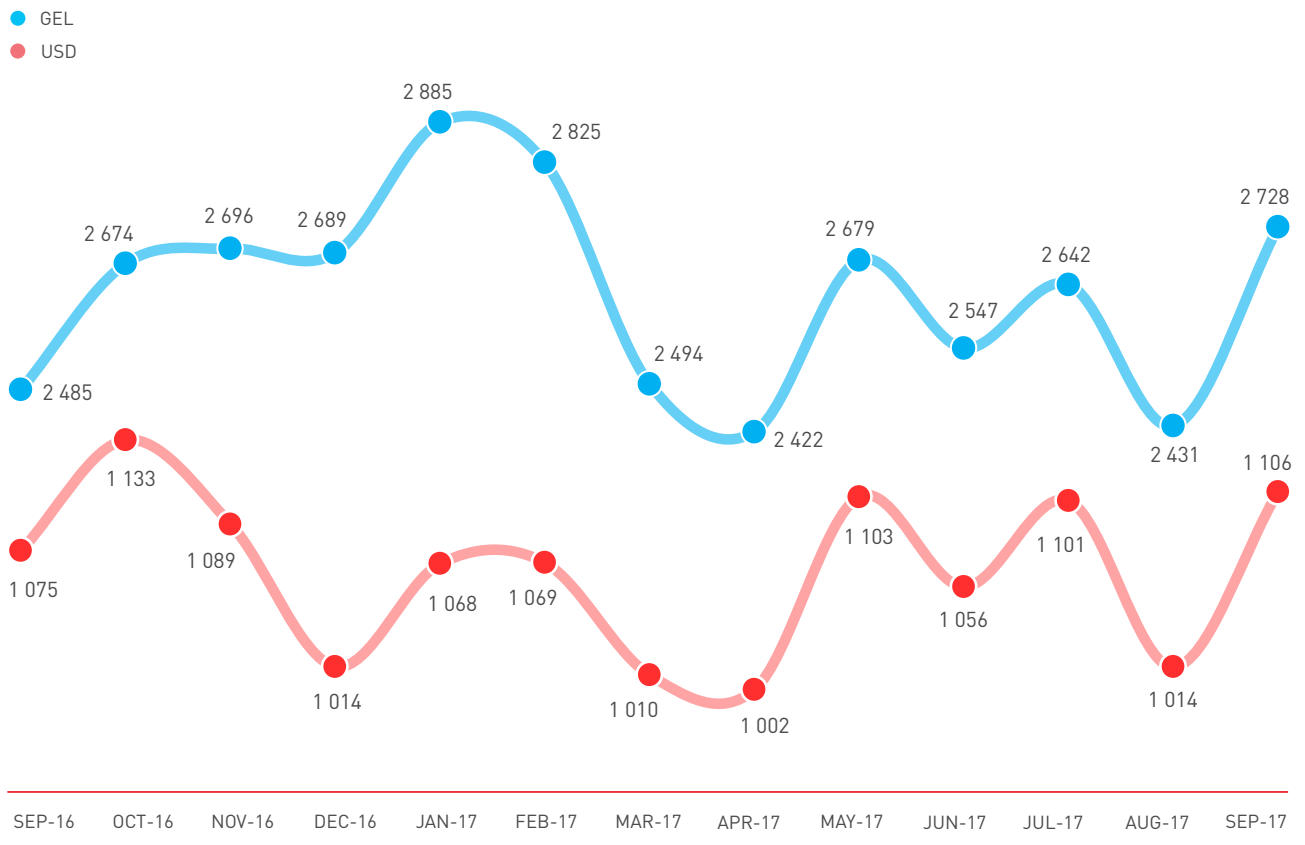
Except AUG-17, ASPs in Q3 2017 remained above ASPs in Q3 2016, while ARPs stayed below ARPs in Q3 2016.

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



Source: REM lab 2017

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



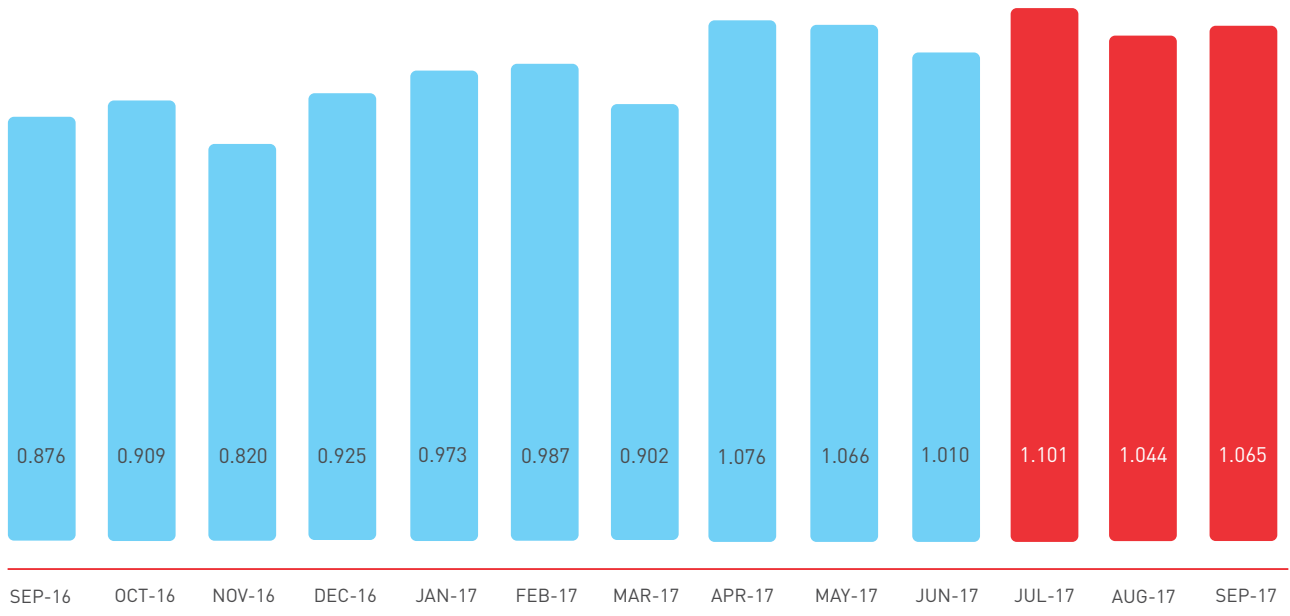
Source: REM lab 2017

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

M-Y	ASP (USD)	MoM (%)	YoY (%)	ASP (GEL)	MoM (%)	YoY (%)
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	1 002	-0.8%	-8.0%	2 422	-2.9%	-1.9%
MAY-17	1 103	10.1%	-2.4%	2 679	10.6%	8.4%
JUN-17	1 056	-4.3%	-5.6%	2 547	-4.9%	4.1%
JUL-17	1 101	4.3%	8.4%	2 642	3.7%	11.3%
AUG-17	1 014	-7.9%	-4.5%	2 431	-8.0%	-1.2%
SEP-17	1 106	9.0%	2.9%	2 728	12.2%	9.8%

Source: REM lab 2017

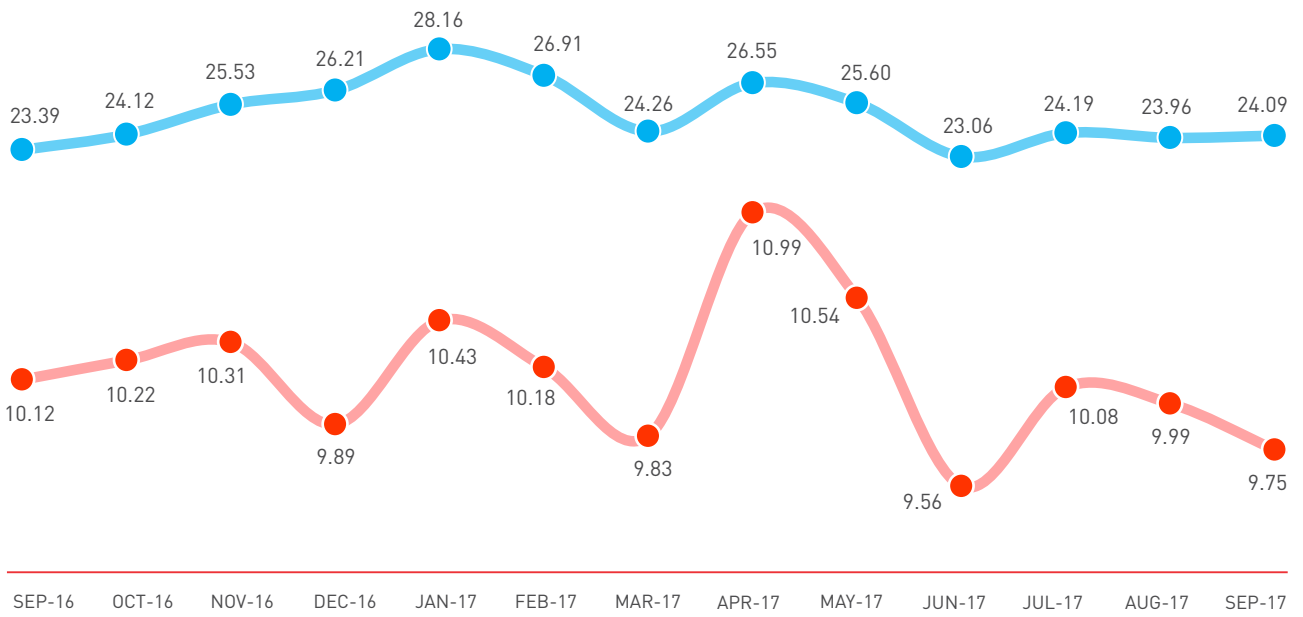
RPI
COMMERCIAL PROPERTY... TBS
MONTHLY TREND, 2016-2017



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 (%)
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%
JUL-17	10.08	5.4%	-0.5%	24.19	4.9%	2.2%
AUG-17	9.99	-0.8%	5.0%	23.96	-1.0%	8.6%
SEP-17	9.75	-2.4%	-3.6%	24.06	0.4%	2.9%

Source: REM lab 2017

BATUMI & KUTAISI REAL PROPERTY

HIGHLIGHTS

Real property markets in BAT and KUT slowed down significantly in JUL-17. 779 properties went on sale in BAT in this month, which represents an 18.0% decrease over the 950 properties sold in JUN-17. AUG-17 and SEP-17 experienced a slow recovery from the slowdown, while an 18.8% decrease in KUT was followed by a fast recovery of 28.0% in AUG-17. Despite the slowdown, property sales in Q3 2017 remained high above last year's figures.

SPI for BAT residential property in Q3 2017 ranged between 1.053 (AUG-17) and 1.230 (SEP-17).

SPI for KUT showed a decreasing trend over Q3 2017, with SEP-17 SPI of 0.713, significantly lower than the previous year.

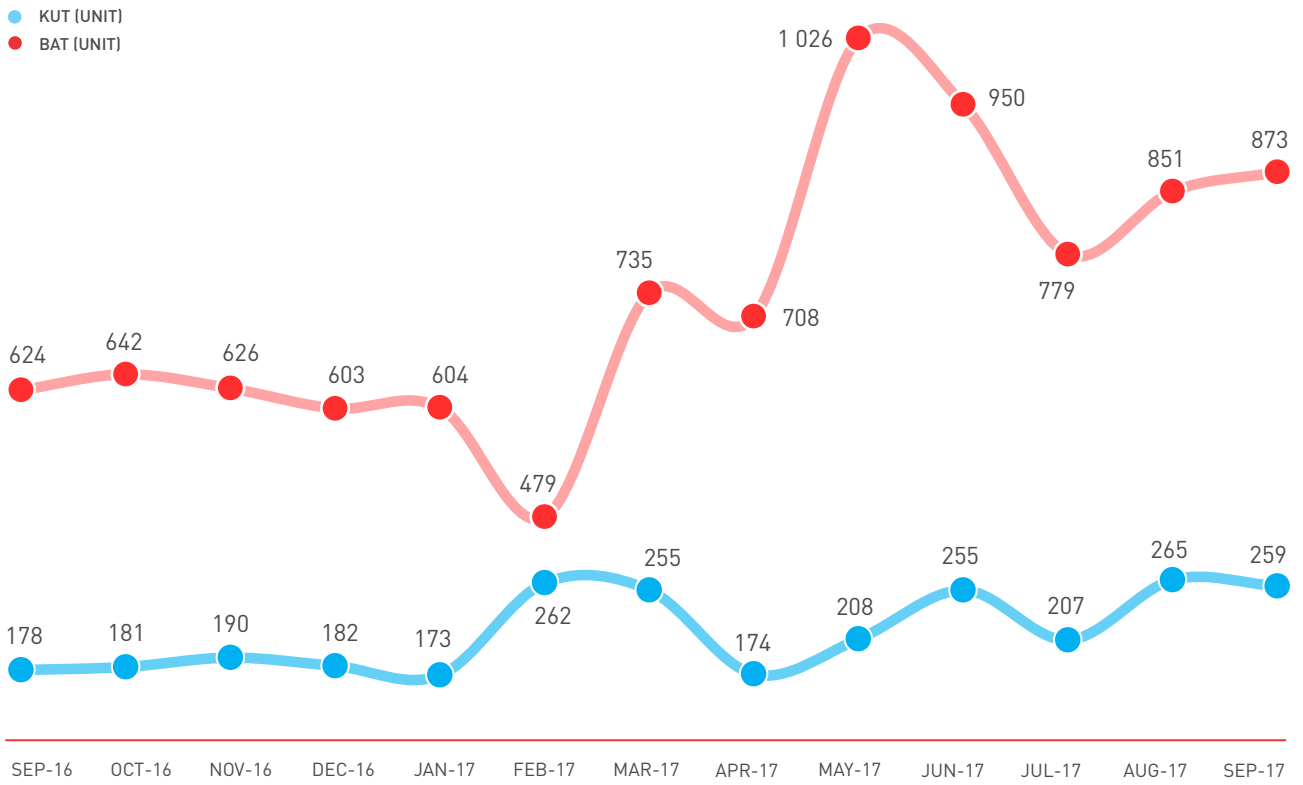
Quarterly ASP of BAT (USD 747) is 4.8% cheaper compared to Q3 2016. Likewise, quarterly ASP of KUT on residential property reached USD 342 per sq.m (Q3, 2017), that is 8.7% more affordable compared to previous year.

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

M-Y	BAT (UNIT)	MoM (%)	KUT (UNIT)	MoM (%)
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	1 026	44.9%	208	19.5%
JUN-17	950	-7.4%	255	22.6%
JUL-17	779	-18.0%	207	-18.8%
AUG-17	851	9.2%	265	28.0%
SEP-17	873	2.6%	259	-2.3%

Source: NAPR 2017

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



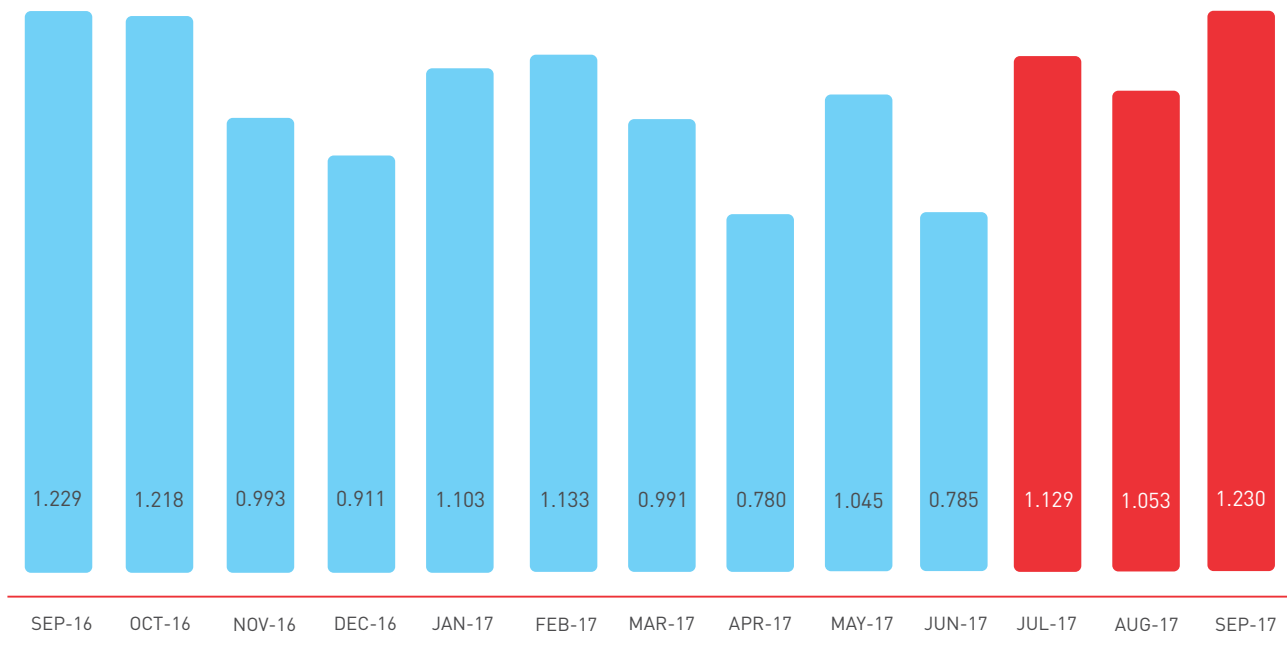
Source: NAPR 2017

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

M-Y	ASP (USD)	MoM (%)	ASP (GEL)	MoM (%)
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%	1 544	-11.5%
MAY-17	731	14.4%	1 775	15.0%
JUN-17	832	13.8%	2 006	13.0%
JUL-17	754	-9.3%	1 810	-9.8%
AUG-17	720	-4.6%	1 725	-4.7%
SEP-17	766	6.4%	1 889	9.5%

Source: REM lab 2017

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



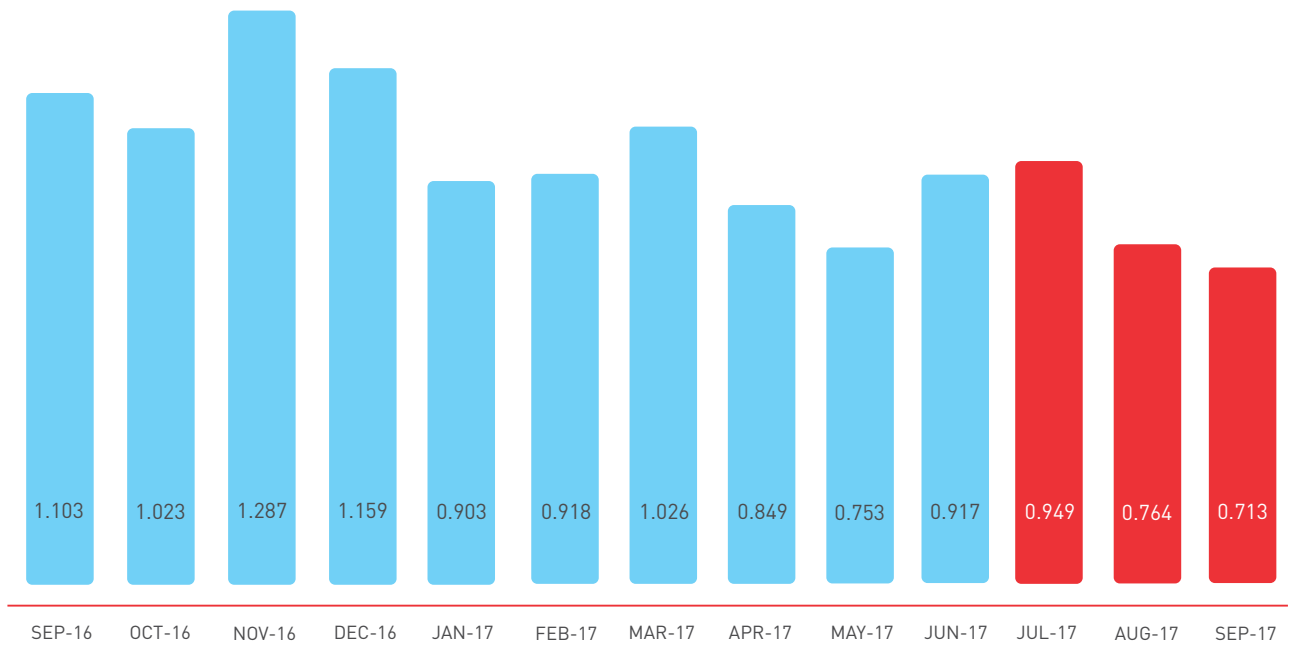
Source: REM lab 2017

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

M-Y	ASP (USD)	MoM (%)	ASP (GEL)	MoM (%)
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%
JUL-17	358	1.4%	859	0.9%
AUG-17	326	-8.9%	782	-9.0%
SEP-17	341	4.5%	841	7.6%

Source: REM lab 2017

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



Source: REM lab 2017