

REAL ESTATE MARKET

TBILISI | BATUMI | KUTAISI



ISET

ForSet

9 | January-March 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

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

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%

Source: NBG 2018

REAL PROPERTY SALES

GEO HIGHLIGHTS

The GEO real property market grew by 0.1% (QoQ) in Q1 2018, in comparison with Q4 2017. The annual increase was more pronounced at 27.2% (YoY), in comparison with Q1 2017.

TBS, with a 41.6% share in total sales in Q1 2018, dominated the GEO real property market.

The TBS market was followed by Kakheti at 11.1%, and Ajara, with a 9.9% share in GEO sales. The highest annual increase (YoY) in sales was observed in the Racha-Lechkhumi&Kvemo Svaneti (105.0%), Guria (66.9%) and Kakheti (31.7%) regions.

In Q1 2018, TBS real property sales grew annually by 37.1%, and overall the market outside TBS caught up and grew by 21.0%.

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

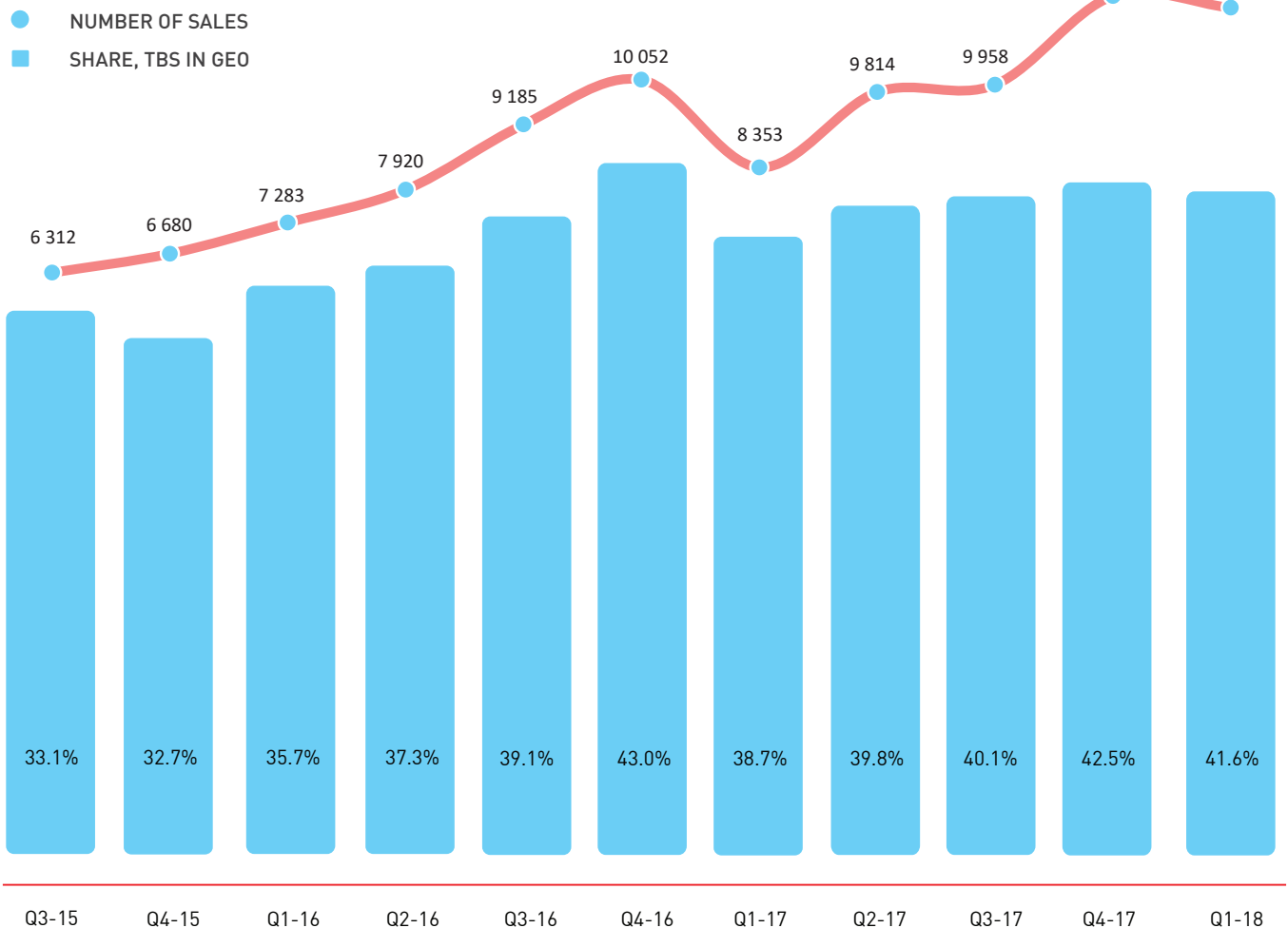
For Q1 2018, the TOP 3 regions by sales in GEO were:

- TBS (11 450 units, 41.6%)
- Kakheti (3 060 units, 11.1%)
- Ajara (2 802 units, 10.2%)

For Q1 2018, the TOP 3 districts by sales in TBS were:

- Saburtalo (2 924 units, 25.5%)
- Vake (1 978 units, 17.3%)
- Samgori (1 286 units, 11.2%)

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



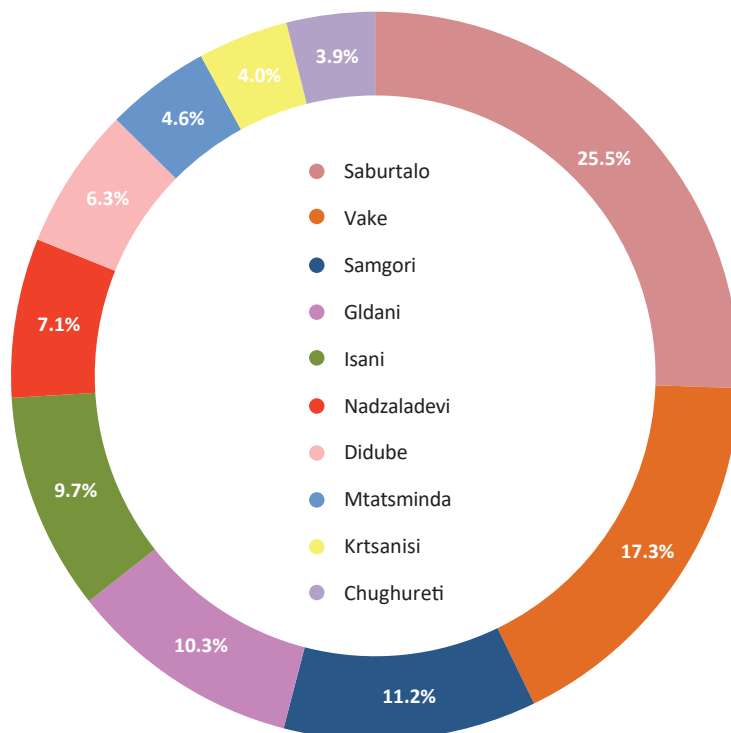
Source: NAPR 2018

**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%
Q4-16	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%

Source: NAPR 2018

**REAL PROPERTY SALES
TBS DISTRICTS
Q1 2018**



Source: NAPR 2018

SALES TREND
REAL PROPERTY... GEO REGIONS
Q1 2018

REGION	NUMBER (UNIT)	SHARE IN GEO (%)	YoY (%)
TBS	11 450	41.6%	37.1%
AJARA	2 802	10.2%	26.9%
GURIA	1 058	3.8%	66.9%
IMERETI	1 926	7.0%	17.2%
KAKHETI	3 060	11.1%	31.7%
MTSKHETA-MTIANETI	1 336	4.9%	17.2%
RACHA-LECHKHUMI & KVEMO SVANETI	164	0.6%	105.0%
SAMEGRELO-ZEMO SVANETI	1 005	3.7%	12.3%
SAMTSKHE-JAVAKHETI	980	3.6%	24.4%
KVEMO KARTLI	2 208	8.0%	1.8%
SHIDA KARTLI	1 506	5.5%	9.4%

Source: NAPR 2018

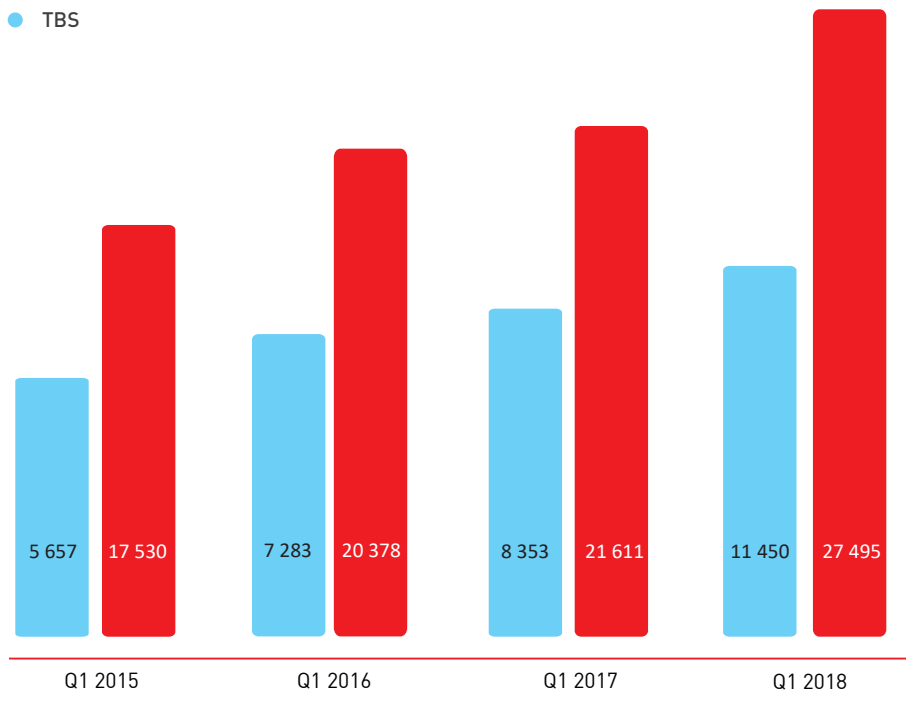
REAL PROPERTY SALES
TOP 5 MUNICIPALITIES
Q1 2018

MUN	NUMBER (UNIT)	SHARE IN GEO (%)
TBS	11 450	41.6%
BAT	2 377	8.6%
MTSKHETA	911	3.3%
OZURGETI	858	3.1%
GORI	837	3.0%
GARDABANI	816	3.0%
KUT	677	2.5%

Source: NAPR 2018

**SALES TBS & GEO
REAL PROPERTIES...
Q1, 2015-2018**

- GEO
- TBS



Source: TCHIMDS 2018

REAL PROPERTY SUPPLY

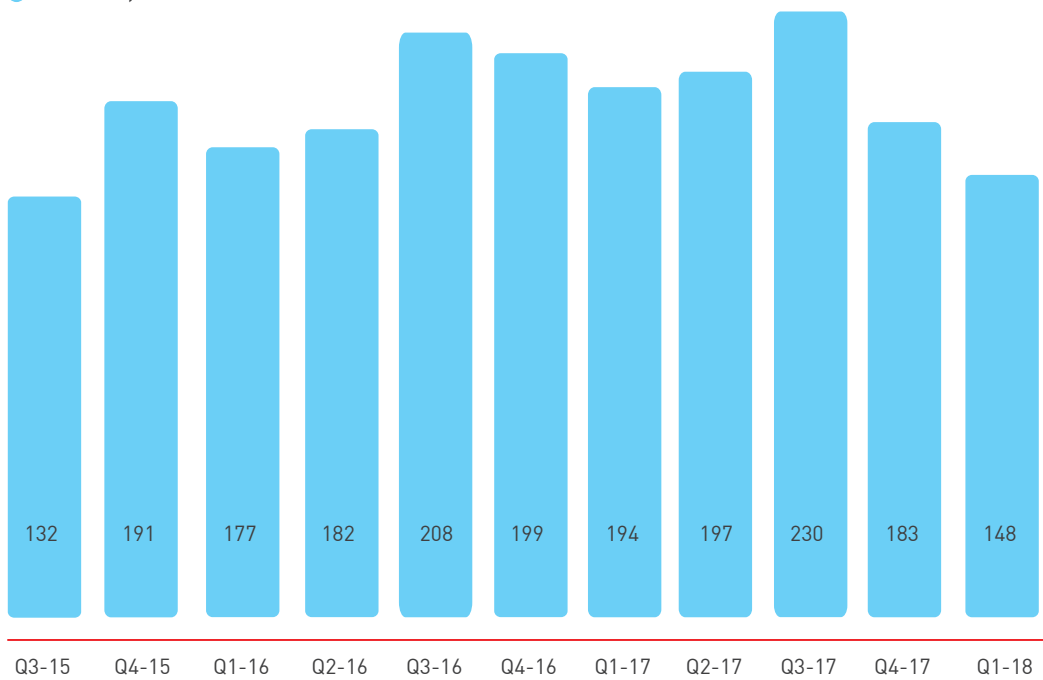
TBS HIGHLIGHTS

148 new buildings with a total area of 200.2 thousand sq.m were completed in TBS during Q1 2018. The real property supply in TBS slowed down with respect to the number of buildings (-23.7% YoY), and also for the total area of buildings (-33.5% YoY).

The slowdown in total supply mostly has been driven by a -56.3 % decrease (YoY) in the supply of commercial buildings (21 units with a total area of 60 K sq.m). 127 (-13.0%) units with a total area of 140.2 K sq.m (-27.5%) 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

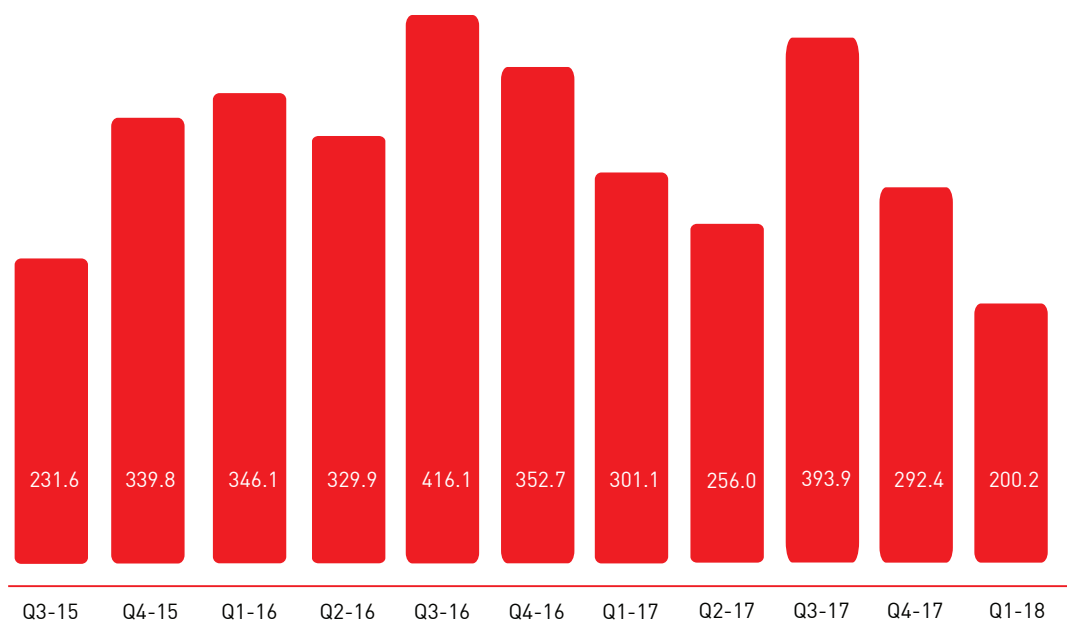
SUPPLY TREND
NEW REAL PROPERTY NUMBER... TBS
QUARTERLY TREND, 2015-2018

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

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

Source: TCHIMDS 2018

RESIDENTIAL PROPERTY PRICES

TBS HIGHLIGHTS

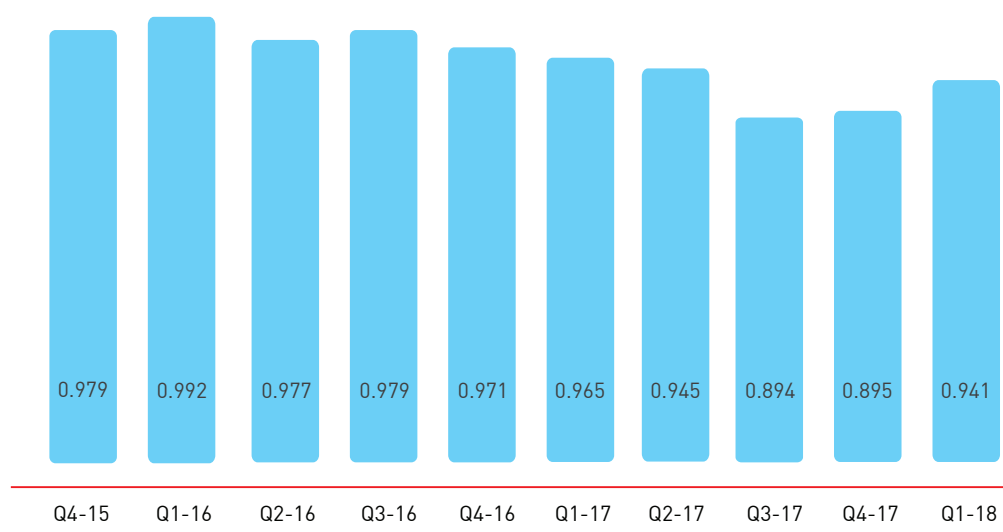
In Q1 2018, SPI and RPI for residential properties experienced an increase of 5.1% and 1.4% (QoQ), respectively.

During this quarter, ASP varied between USD 860 and USD 906 per sq.m (monthly average), and ARP was between USD 6.7 and USD 7.7 per sq.m (monthly average). Quarterly averages are USD 883 for ASP and USD 7.34 for ARP.

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.

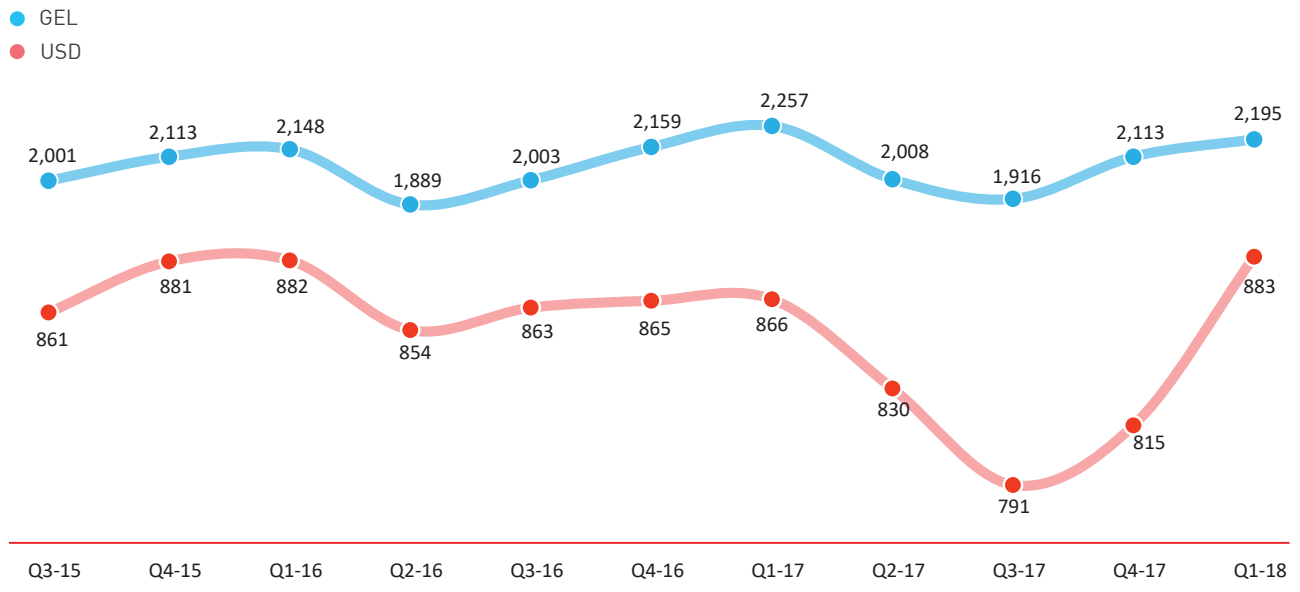
In Q1 2018, the most expensive and cheapest districts of TBS were, by ASP: Mtatsminda (USD 1 078) and Samgori (USD 529); by ARP: Mtatsminda (USD 8.71) and Gldani (USD 4.40)

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



Source: REM lab 2018

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



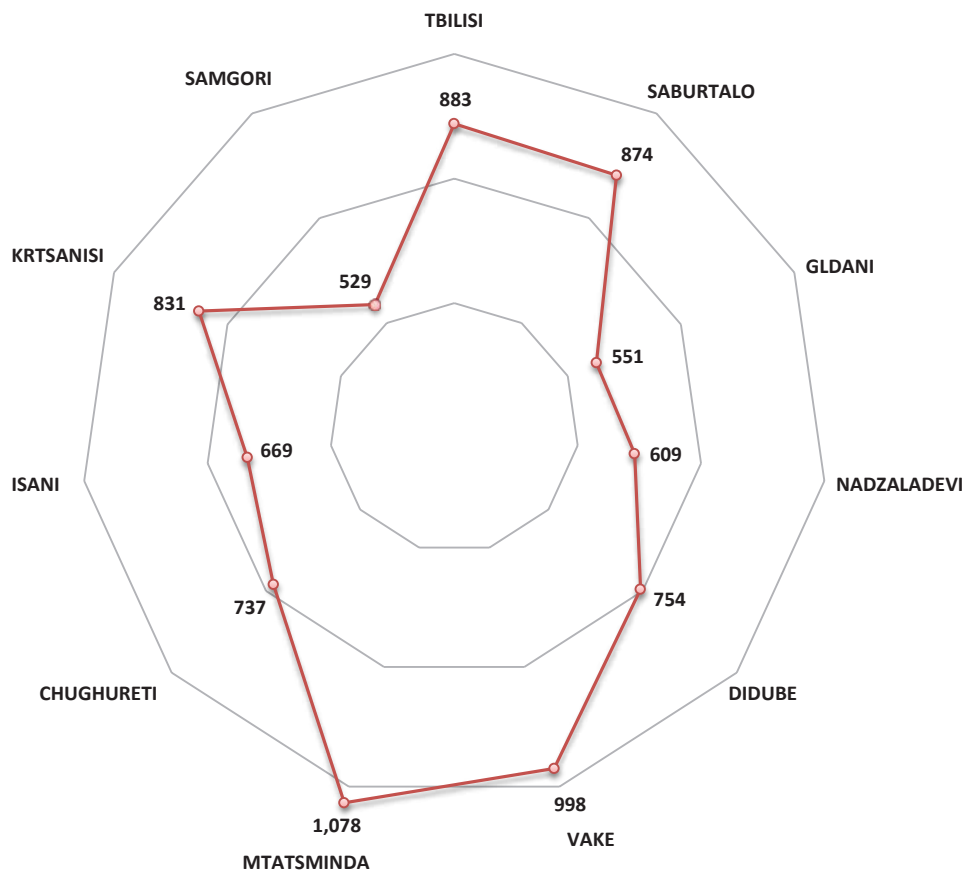
Source: REM lab 2018

**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%

Source: REM lab 2018

**ASP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AV Q1 2018**



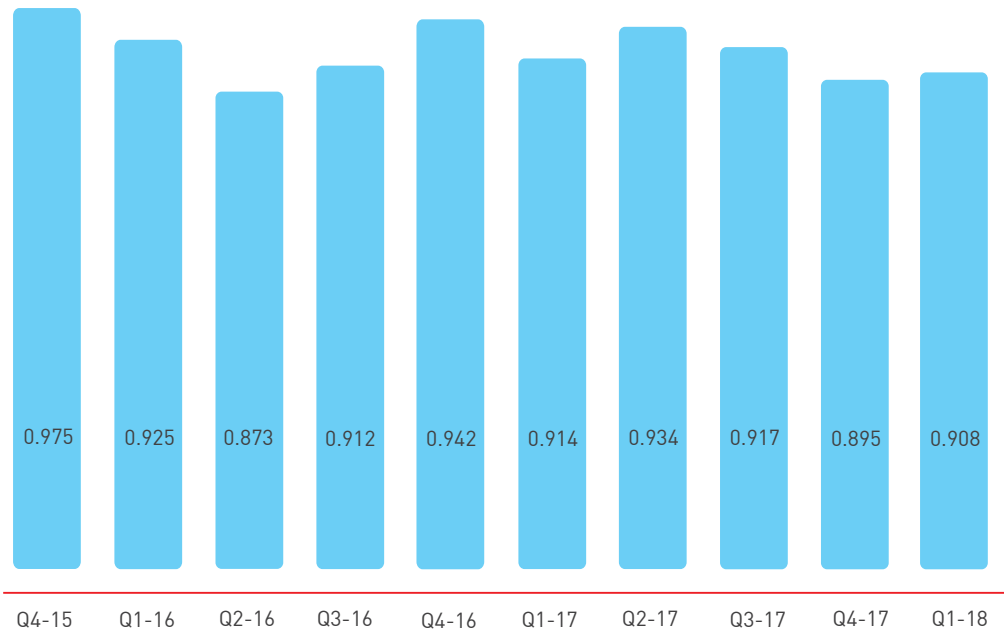
Source: REM lab 2018

**ASP
RESIDENTIAL PROPERTY... TBS
Q1 2018**

DISTRICT	ASP (USD)	YoY (%)	ASP (GEL)	YoY (%)
SABURTALO	874	2.0%	2 172	-2.8%
GLDANI	551	-2.2%	1 367	-6.7%
NADZALADEVI	609	-0.4%	1 512	-5.2%
DIDUBE	754	4.4%	1 871	-0.5%
VAKE	998	-3.6%	2 479	-8.2%
MTATSMINDA	1 078	-0.1%	2 678	-4.8%
CHUGHURETI	737	1.6%	1 831	-3.1%
ISANI	669	-8.7%	1 662	-13.0%
KRTSANISI	831	-4.1%	2 063	-8.7%
SAMGORI	529	-4.2%	1 314	-8.7%
TBS	883	-11.4%	2 195	-15.3%

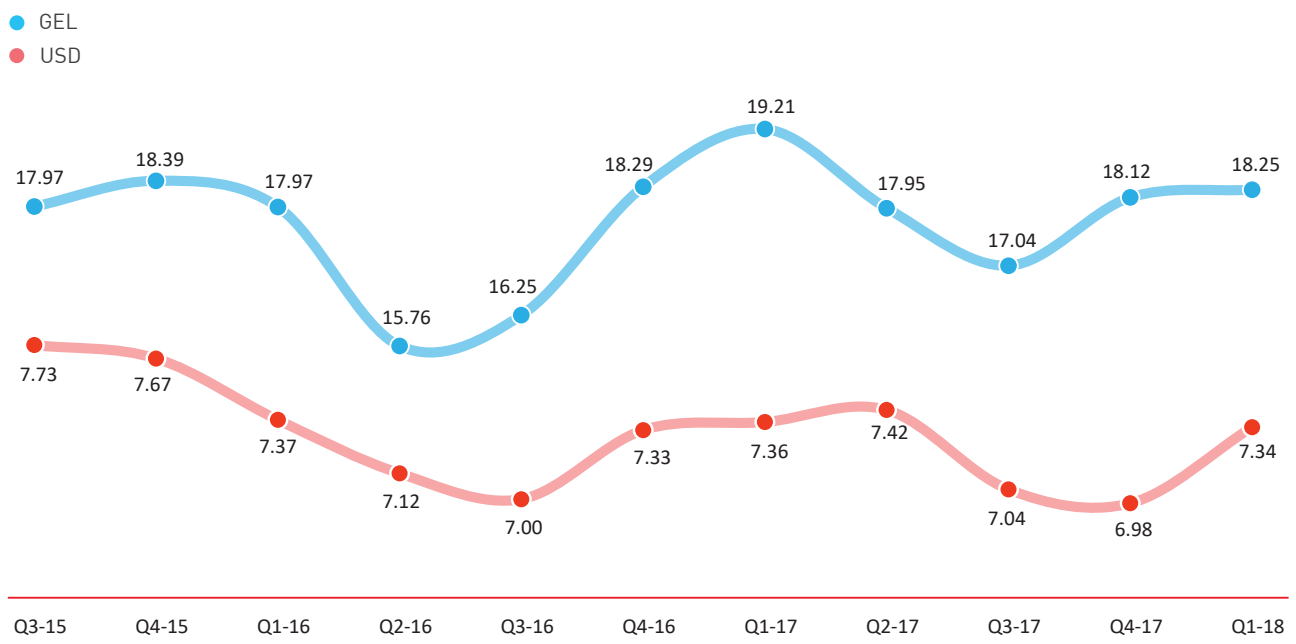
Source: REM lab 2018

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



Source: REM lab 2018

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



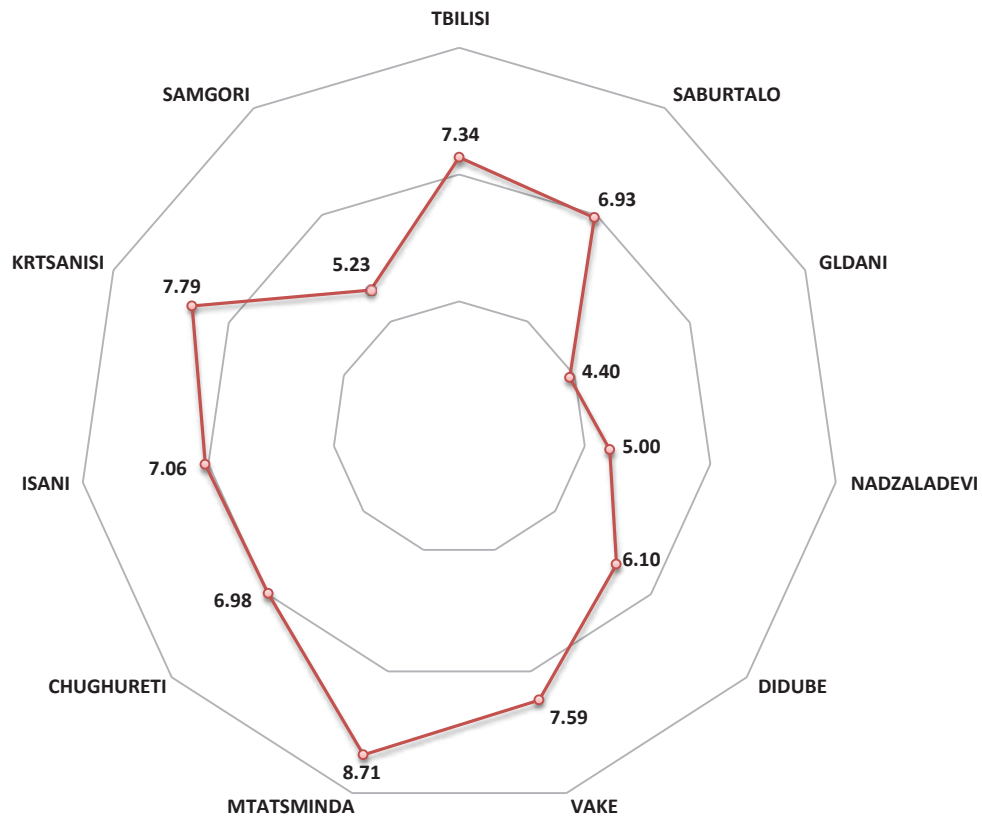
Source: REM lab 2018

**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%

Source: REM lab 2018

**ARP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AV Q1 2018**



Source: REM lab 2018

ARP
RESIDENTIAL PROPERTY... TBS
Q1 2018

DISTRICT	ASP (USD)	YoY (%)	ASP (GEL)	YoY (%)
SABURTALO	6.93	-0.3%	17.23	-5.0%
GLDANI	4.40	-0.5%	10.90	-5.2%
NADZALADEVI	5.00	3.0%	12.43	-2.0%
DIDUBE	6.10	4.3%	15.16	-0.3%
VAKE	7.59	-1.8%	18.86	-6.6%
MTATSMINDA	8.71	-4.3%	21.68	-8.8%
CHUGHURETI	6.98	1.2%	17.36	-3.5%
ISANI	7.06	6.8%	17.54	1.8%
KRTSANISI	7.79	8.7%	19.36	3.5%
SAMGORI	5.23	5.6%	13.00	0.4%
TBS	7.34	11.1%	18.25	5.8%

Source: REM lab 2018

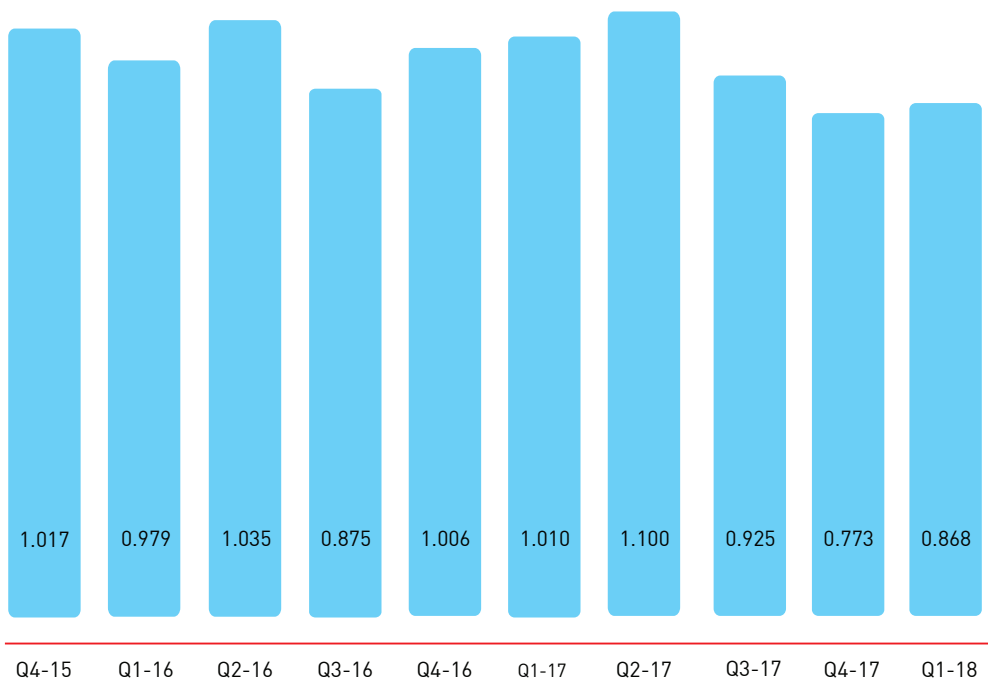
COMMERCIAL PROPERTY PRICES

TBS HIGHLIGHTS

After a stable decrease of SPI for three consequent quarters, in Q1 2018, SPI increased by 12.2% (QoQ), reaching 0.868 index points. RPI continued its decline, dropping by -10.9% (QoQ) to 0.856 index points.

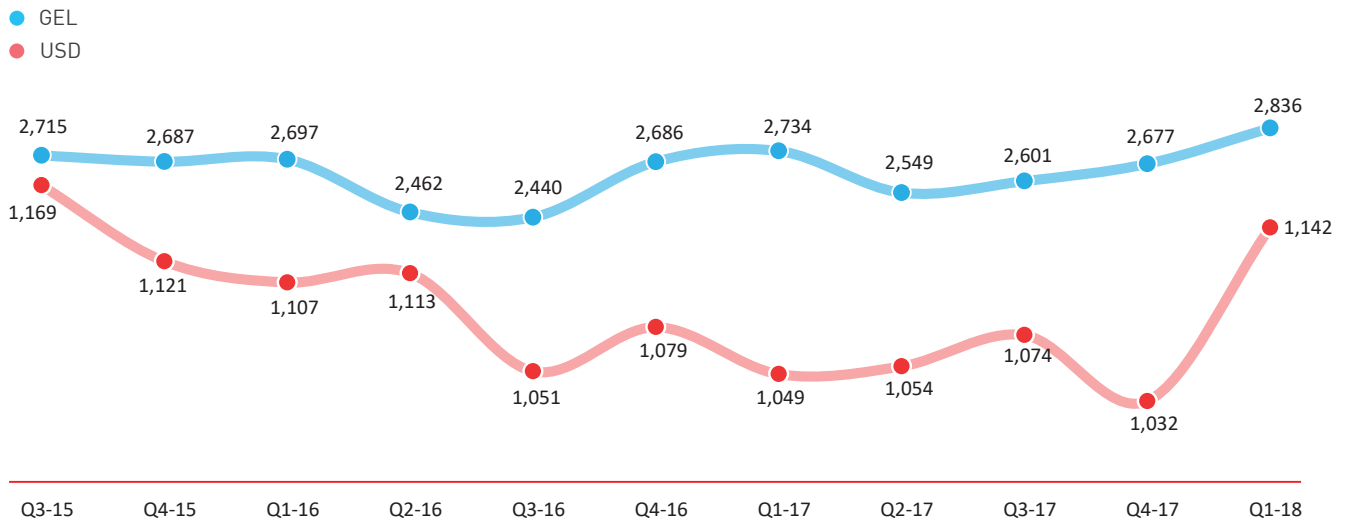
During Q1 2018, ASP varied between USD 1 099 and 1 182 per sq.m, and ARP between USD 8.7 and USD 9.6 per sq.m. ASP for commercial properties increased by 8.9% (YoY), and reached 1 142 USD per sq.m. ARP declined by -8.2% (YoY) and dropped to an historical low of 9.32 USD per sq.m in Q1 2018.

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



Source: REM lab 2018

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



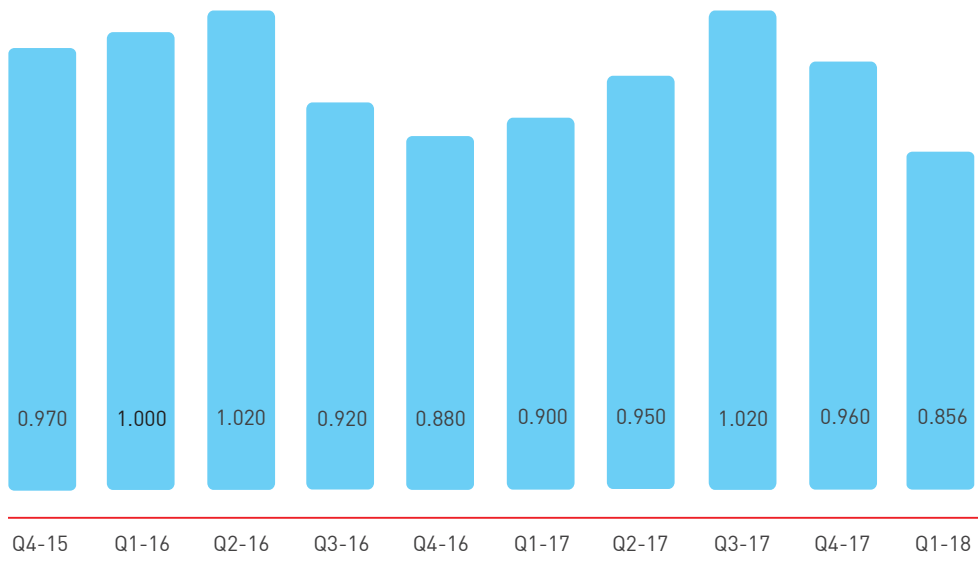
Source: REM lab 2018

**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%

Source: REM lab 2018

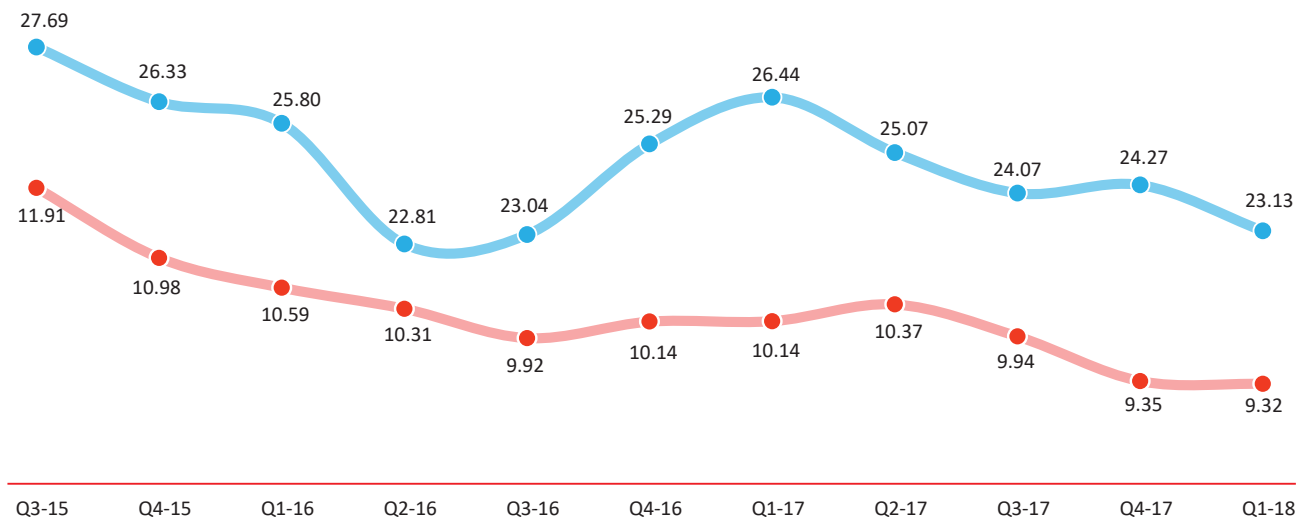
RPI
COMMERCIAL PROPERTY... TBS
QUARTERLY TREND, 2015-2018



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%

Source: REM lab 2018

BATUMI & KUTAISI REAL PROPERTY

HIGHLIGHTS

In Q1 2018, the real property market in BAT and KUT contracted by -11.0% (QoQ) and -6.1% (QoQ), respectively. 2 377 transactions were registered in BAT and 677 transactions in KUT.

SPI for BAT residential property in Q1 2018 increased insignificantly (0.5%, QoQ), reaching 1 050 index points.

SPI for KUT residential property in Q1 2018 increased by 2.3% (QoQ), reaching 0.975 index points.

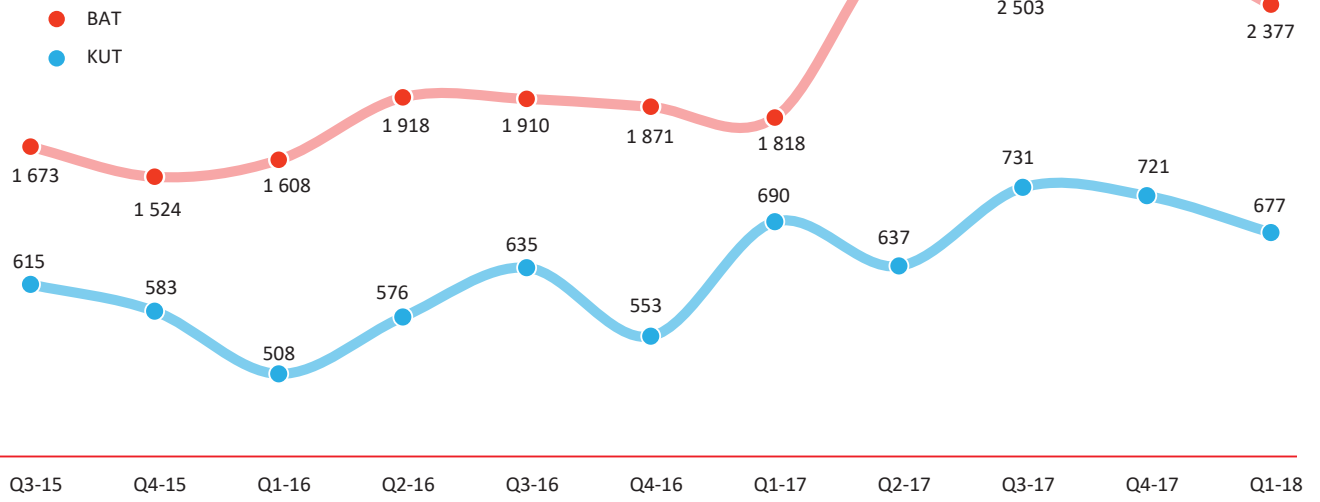
In Q1 2018, ASP in the BAT and KUT real estate markets increased by 2.4 % (QoQ), to USD 772 per sq.m, and by 4.4% (QoQ) to USD 391 per sq.m level, respectively.

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

Q-Y	BAT (UNIT)	QoQ (%)	KUT (UNIT)	QoQ (%)
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%	635	10.2%
Q4-16	1 871	-2.0%	553	-12.9%
Q1-17	1 818	-2.8%	690	24.8%
Q2-17	2 684	47.6%	637	-7.7%
Q3-17	2 503	-6.7%	731	14.8%
Q4-17	2 670	6.7%	721	-1.4%
Q1-18	2 377	-11.0%	677	-6.1%

Source: NAPR 2018

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



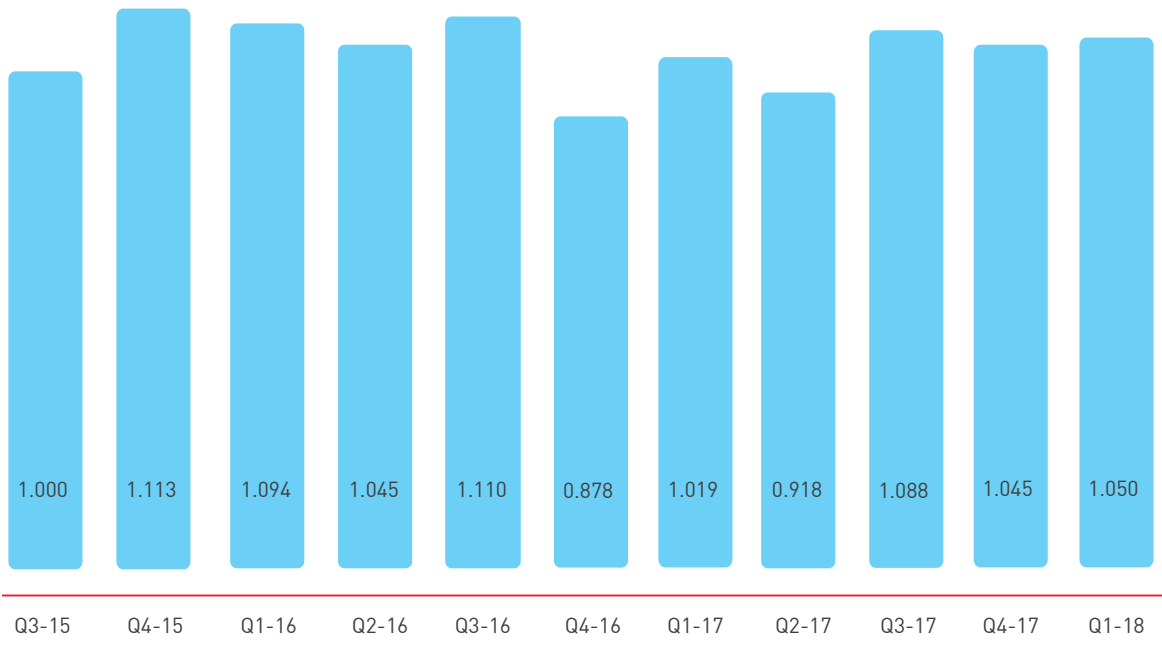
Source: NAPR 2018

**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%

Source: REM lab 2018

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



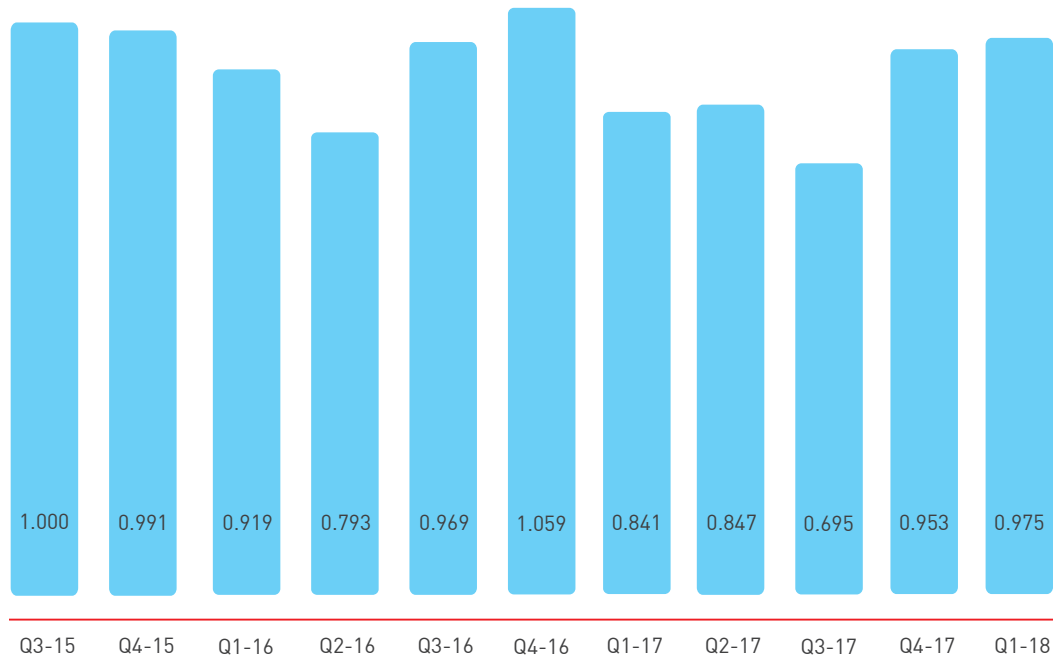
Source: REM lab 2018

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%

Source: REM lab 2018

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



Source: REM lab 2018