

REAL ESTATE MARKET

TBILISI | BATUMI | KUTAISI



ISET

ForSet

11 | July-Sept 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%
Q2-18	2.4459	-1.6%	1.1%
Q3-18	2.4530	0.3%	1.3%

Source: NBG 2018

REAL PROPERTY SALES

GEO HIGHLIGHTS

The GEO real property market grew by 2.4% in Q3 2018, in comparison with Q2 2018. While the annual increase was more pronounced at 24.3% (YoY), in comparison with Q3 2017.

Tbilisi dominated the real property market with a 44.4% share in total sales in Q3 2018.

The Tbilisi market was followed by Ajara and Kakheti, with a 10.1% and 8.7% proportion of GEO sales, respectively. The highest annual increase (YoY) in sales was observed in Racha-Lechkhumi and Kvemo-Svaneti (70.1%), Samtskhe-Javakheti (44.4%), and Tbilisi (37.7%).

In Q3 2018, TBS had an annual growth of 37.7% in real property sales, while the market outside TBS began to catch up and grew by 15.4%.

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

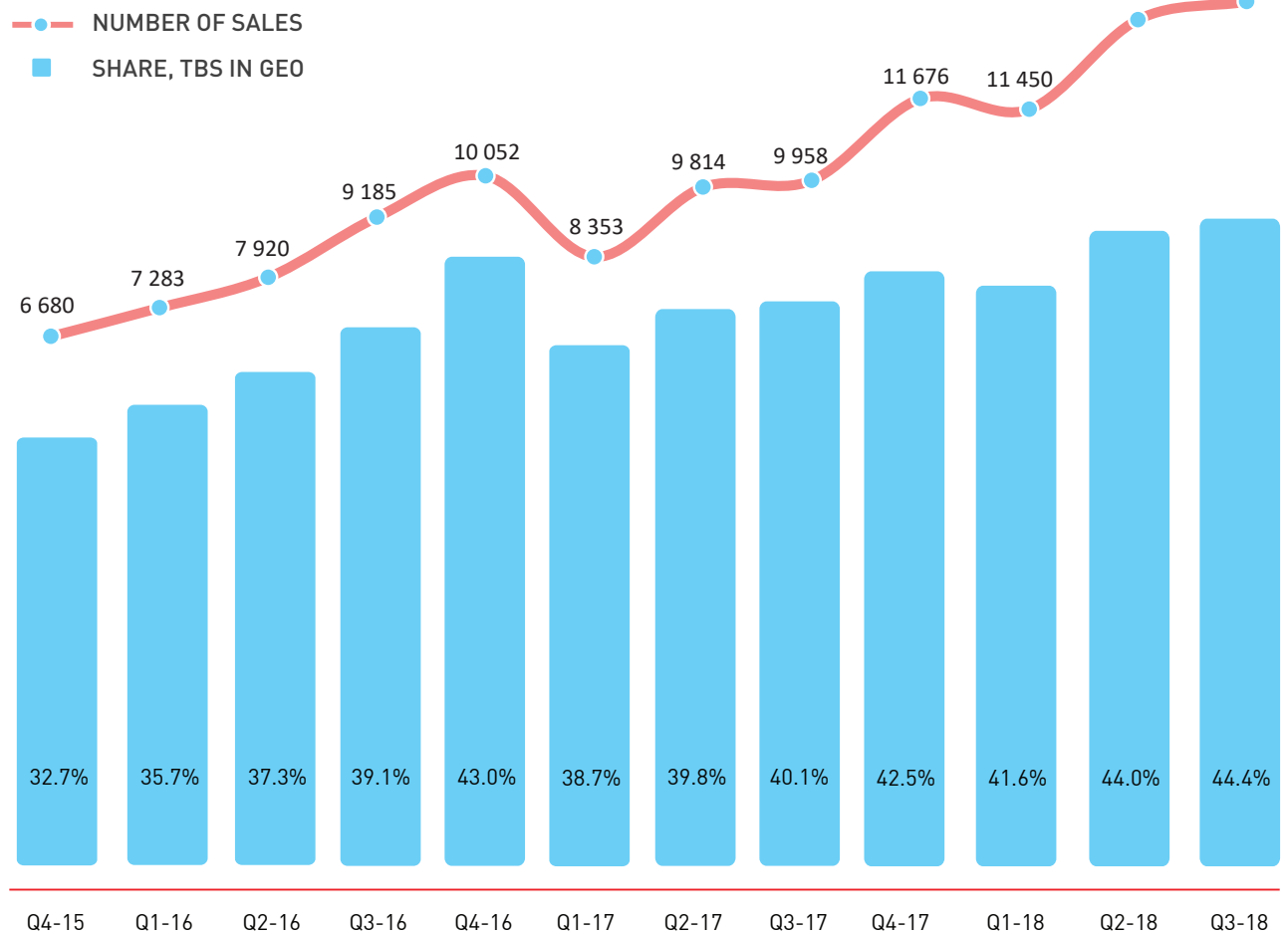
For Q3 2018, the TOP 3 regions by sales in GEO were:

- TBS (13 711 units, 44.4%)
- Ajara (3 131 units, 10.1%)
- Kakheti (2 695 units, 8.7%)

For Q3 2018, the TOP 3 districts by sales in TBS were:

- Saburtalo (3 724 units, 27.2%)
- Vake (2 212 units, 16.1%)
- Gldani (1 668 units, 12.2%)

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



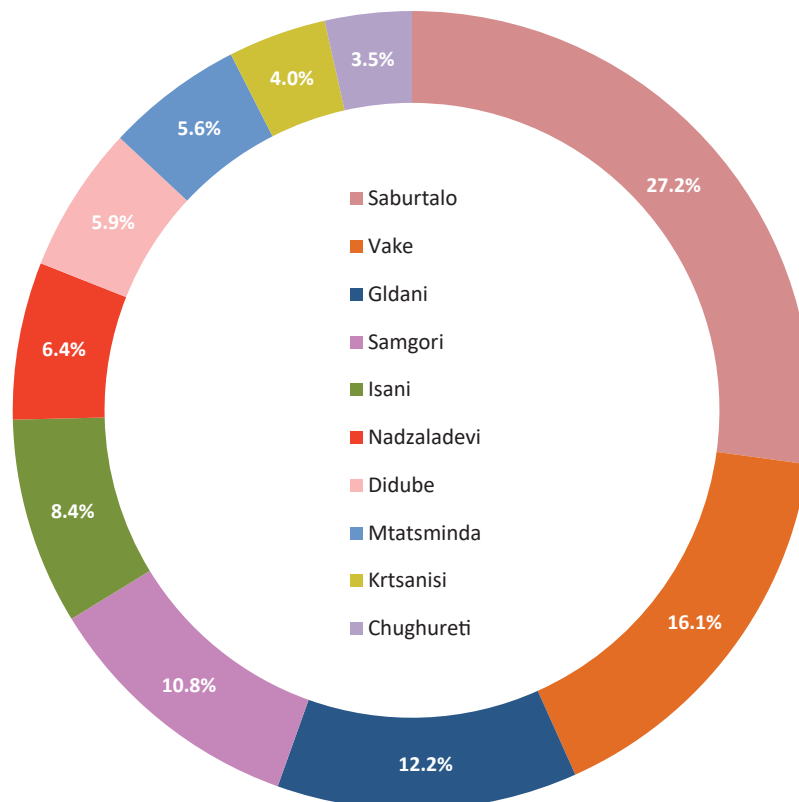
Source: NAPR 2018

**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%
Q4-17	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%

Source: NAPR 2018

**REAL PROPERTY SALES
TBS DISTRICTS
Q3 2018**



Source: NAPR 2018

SALES TREND
REAL PROPERTY... GEO REGIONS
Q3 2018

REGION	NUMBER (UNIT)	SHARE IN GEO (%)	YoY (%)
TBS	13 711	44.4%	37.7%
AJARA	3 131	10.1%	6.1%
GURIA	589	1.9%	-2.0%
IMERETI	2 425	7.9%	25.6%
KAKHETI	2 695	8.7%	21.3%
MTSKHETA-MTIANETI	1 702	5.5%	19.5%
RACHA-LECHKHUMI & KVEMO SVANETI	233	0.8%	70.1%
SAMEGRELO-ZEMO SVANETI	1 193	3.9%	-3.7%
SAMTSKHE-JAVAKHETI	1 129	3.7%	44.4%
KVEMO KARTLI	2 636	8.5%	16.5%
SHIDA KARTLI	1 446	4.7%	7.7%

Source: NAPR 2018

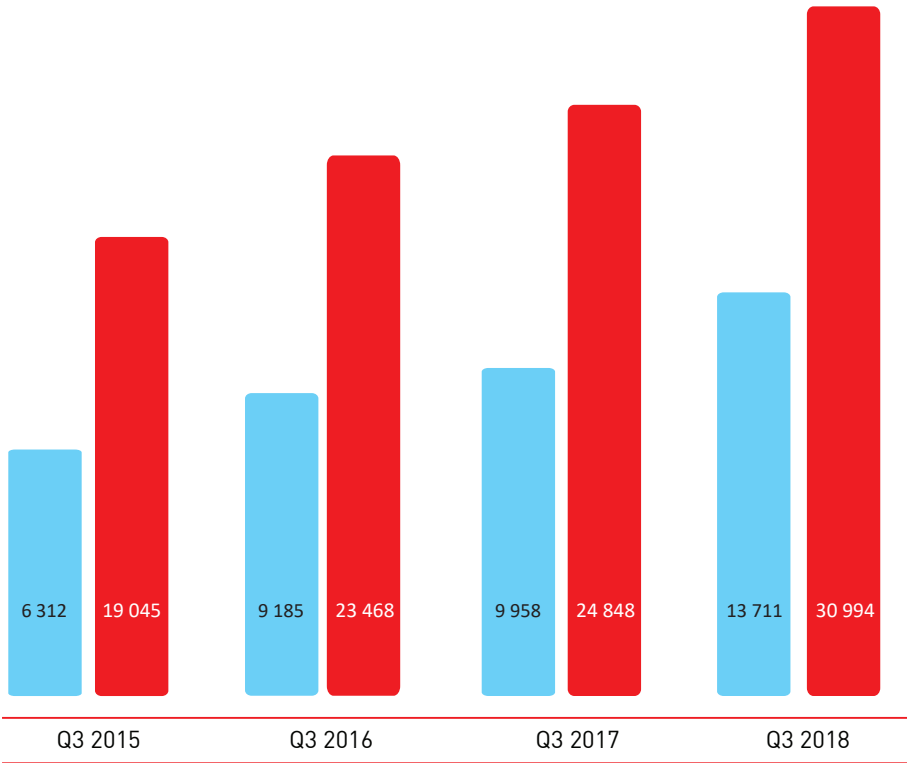
REAL PROPERTY SALES
TOP CITIES & MUNICIPALITIES
Q3 2018

MUN	NUMBER (UNIT)	SHARE IN GEO (%)
TBS	13 711	44.4%
BAT	2 683	8.7%
MTSKHETA	1 106	3.6%
GARDABANI	1 089	3.5%
KUT	803	2.6%

Source: NAPR 2018

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

- GEO
- TBS



Source: TCHIMDS 2018

REAL PROPERTY SUPPLY

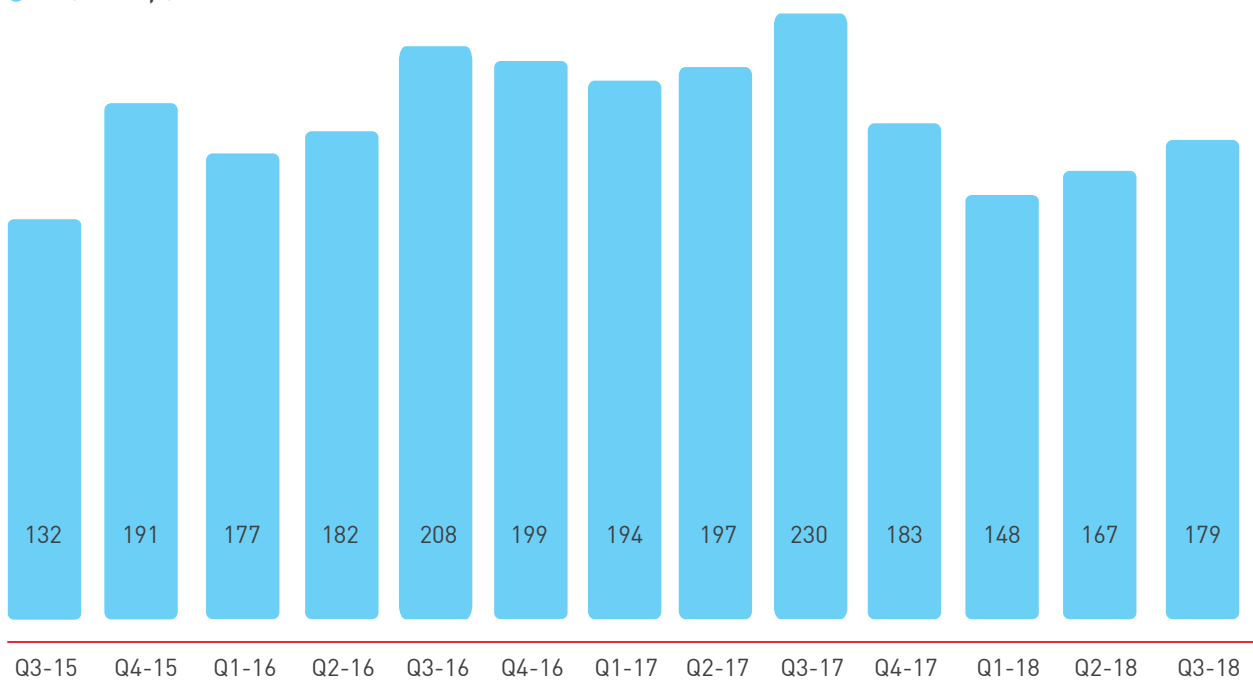
TBS HIGHLIGHTS

In total, 179 new buildings with an area of 253,665 m² were completed in TBS during Q3 2018. The real property supply in TBS slowed both in respect to the number of buildings (-22.2% YoY) and the total area of buildings (-35.6% YoY).

The slowdown in total supply has been driven by a -42.2% decrease (YoY) in the supply of commercial buildings (37 units with a total area of 150 km²). A further 142 (-14.5%) units, with a total area of 103 km² (-40.8%), have also been added to Tbilisi's residential property supply.

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

● NUMBER, UNIT



Source: TCH|MDS 2018

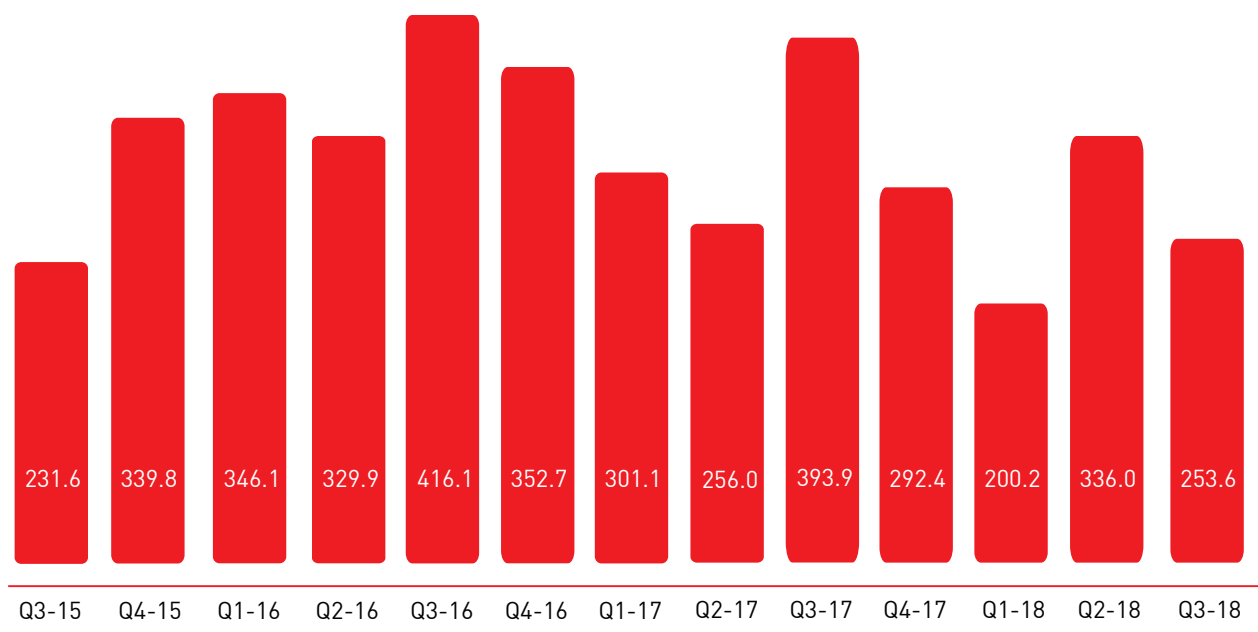
SUPPLY TREND
NEW REAL PROPERTY NUMBER... TBS
QUARTERLY TREND, 2015-2018

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
Q3-18	142	37	179

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

Source: TCHIMDS 2018

RESIDENTIAL PROPERTY PRICES

TBS HIGHLIGHTS

In Q3 2018, SPI and RPI for residential properties experienced an increase of 5.1% (QoQ) and 0.5% (QoQ), respectively.

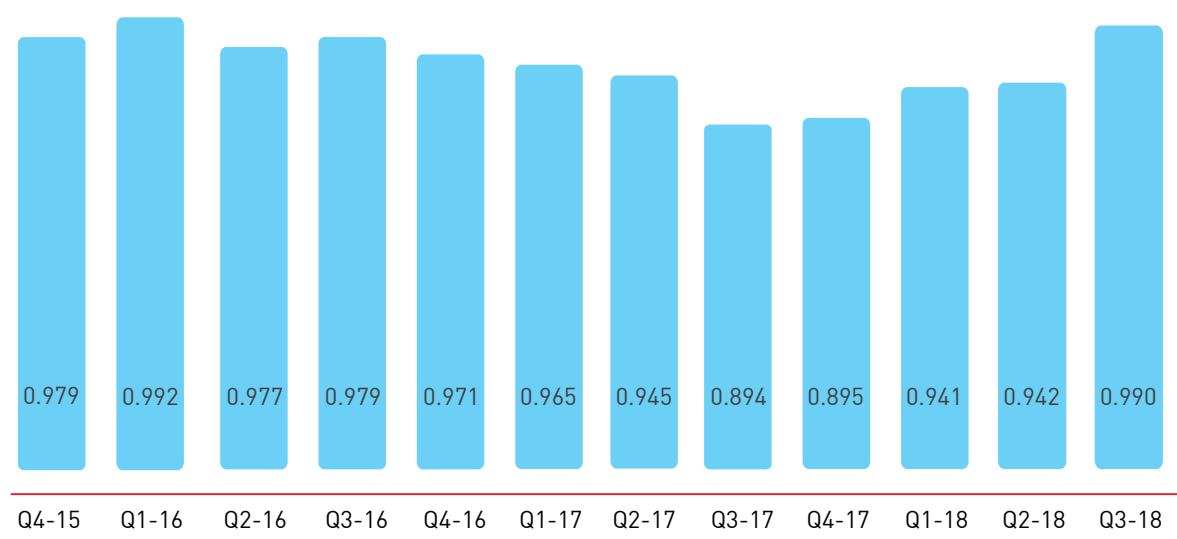
During this quarter, ASP varied between 831 USD and 949 USD per m2 (monthly average), and ARP was between 7.1 USD and 7.9 USD per m2 (monthly average). The quarterly averages are 872 USD for ASP and 7.0 USD for ARP.

For Q3 2018, ASP increased (YoY) in all Tbilisi's districts, except Samgori. The highest increase can be observed in Nadzaladevi and Didube, 12.4% in both areas. ARP revealed various patterns for various districts. The highest drop was in Mtatsminda, by -13.9% (YoY), while the highest jump was in Samgori, by 19.0% (YoY).

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

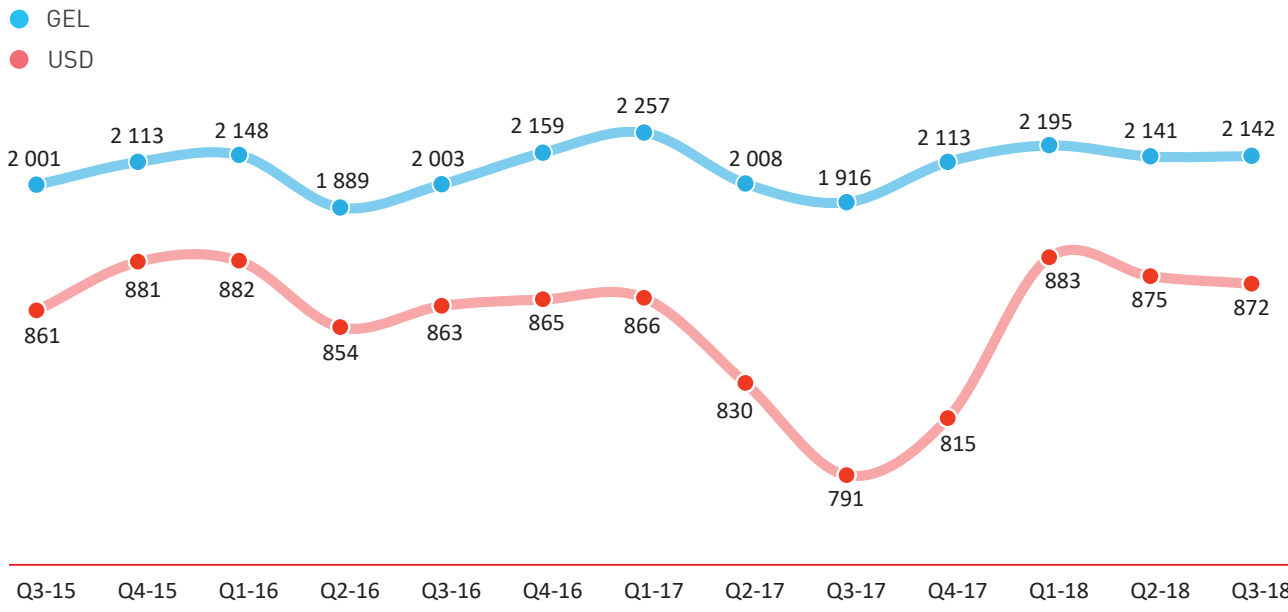
In Q3 2018, the most expensive and the cheapest districts of Tbilisi by ASP were: Mtatsminda (1 099 USD) and Samgori (546 USD); and by ARP: Mtatsminda (7.72 USD) and Gldani (4.68 USD).

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



Source: REM lab 2018

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



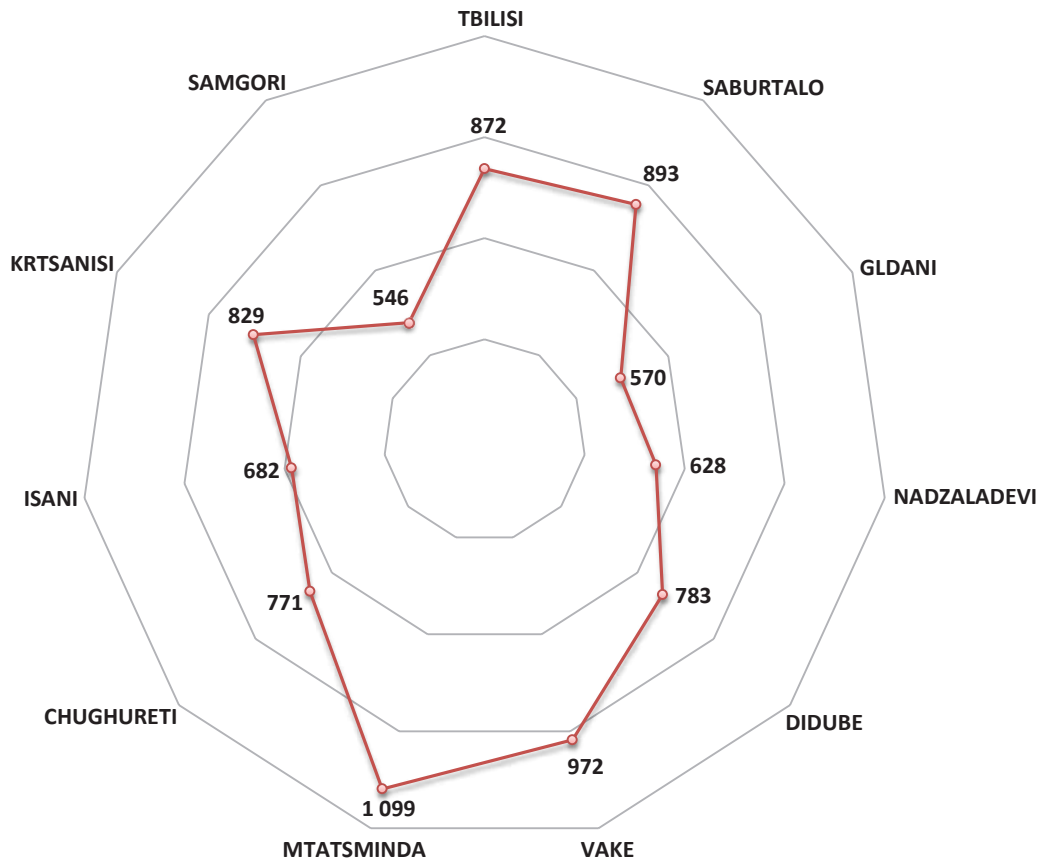
Source: REM lab 2018

**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	872	-0.4%	10.2%	2 142	0.1%	11.8%

Source: REM lab 2018

**ASP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AV Q3 2018**



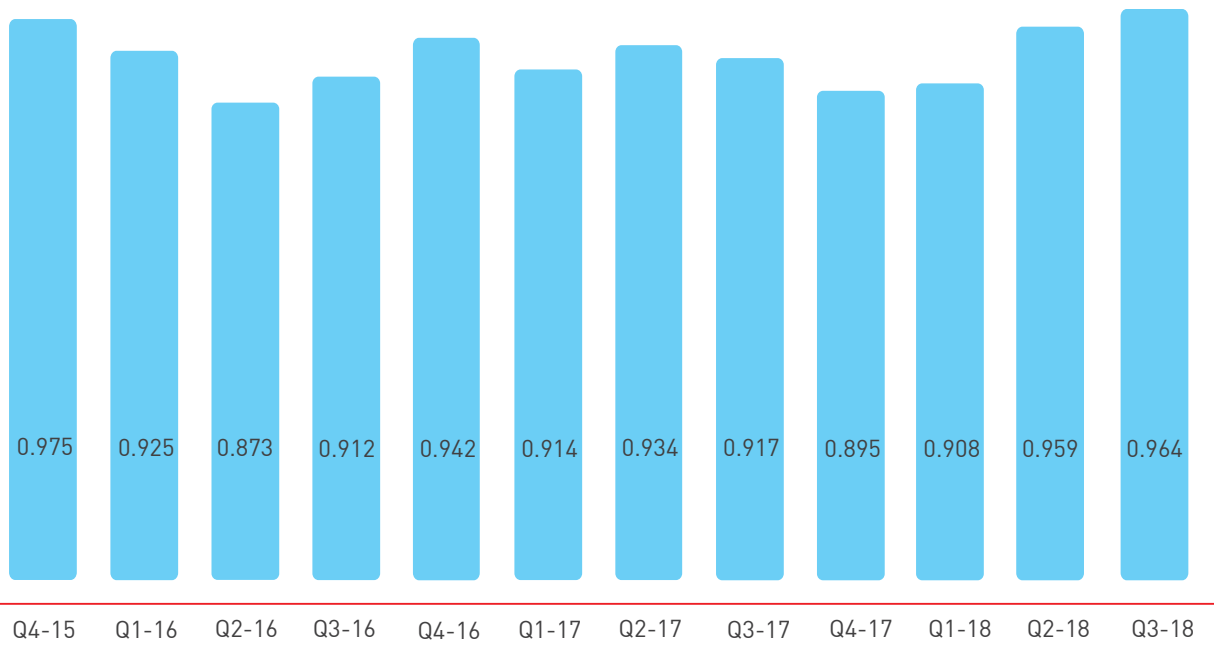
Source: REM lab 2018

**ASP
RESIDENTIAL PROPERTY... TBS
Q3 2018**

DISTRICT	ASP (USD)	YoY (%)	ASP (GEL)	YoY (%)
SABURTALO	893	2.0%	2 194	3.8%
GLDANI	570	9.9%	1 401	11.8%
NADZALADEVI	628	12.4%	1 544	14.4%
DIDUBE	783	12.4%	1 923	14.4%
VAKE	972	5.3%	2 388	7.2%
MTATSMINDA	1 099	7.3%	2 699	9.2%
CHUGHURETI	771	2.9%	1 894	4.7%
ISANI	682	2.6%	1 677	4.5%
KRTSANISI	829	2.3%	2 036	4.1%
SAMGORI	546	-2.5%	1 342	-0.7%
TBS	872	10.2%	2 142	11.8%

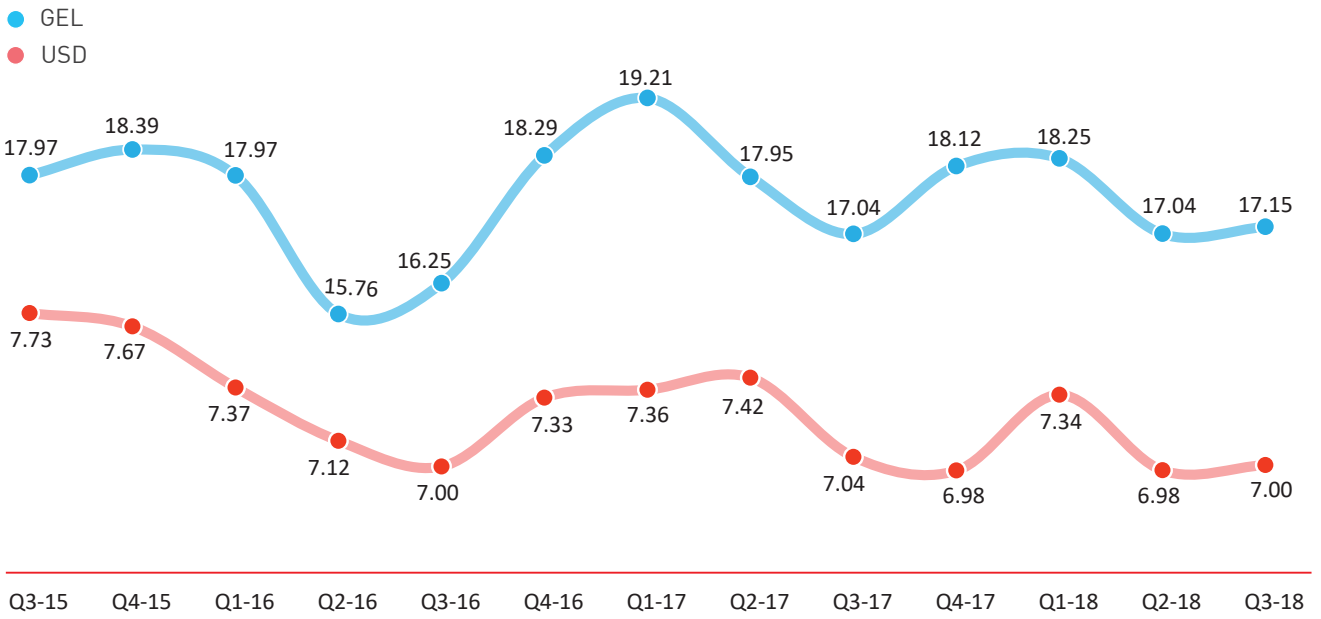
Source: REM lab 2018

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



Source: REM lab 2018

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



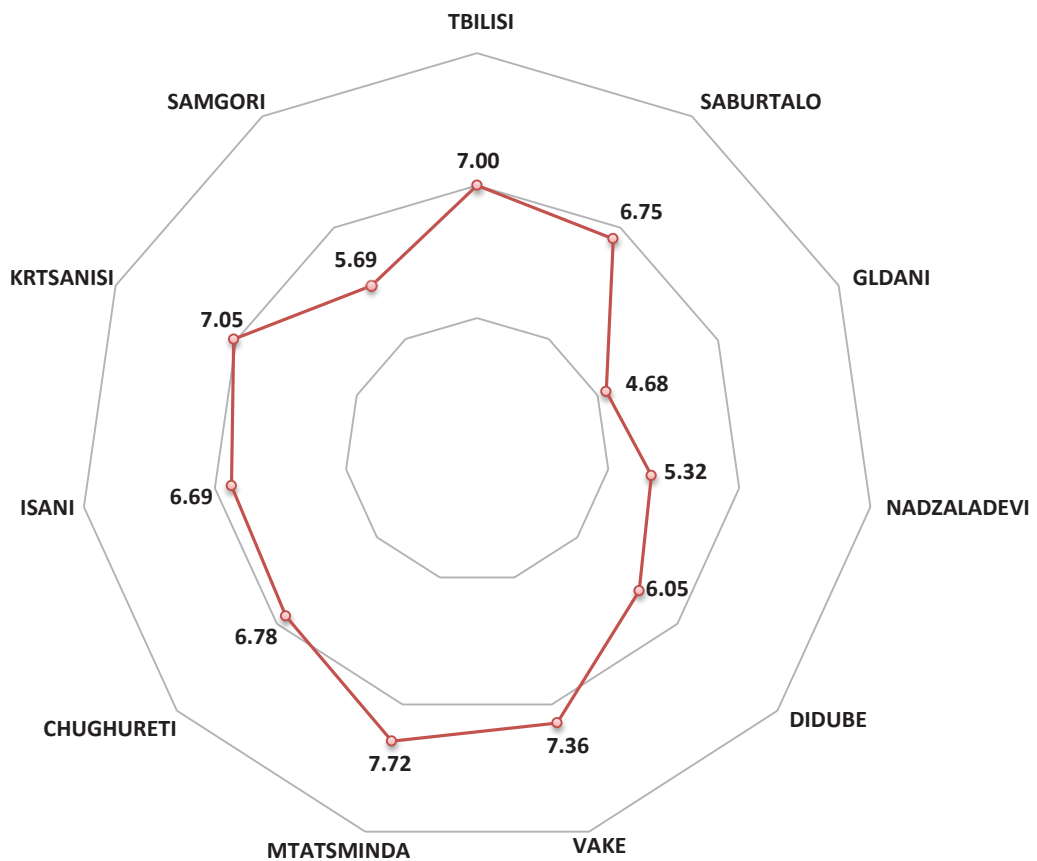
Source: REM lab 2018

**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	7.00	0.4%	-0.6%	17.15	0.7%	0.7%

Source: REM lab 2018

**ARP
RESIDENTIAL PROPERTY... TBS & DISTRICTS
AV Q3 2018**



Source: REM lab 2018

**ARP
RESIDENTIAL PROPERTY... TBS
Q3 2018**

DISTRICT	ARP (USD)	YoY (%)	ARP (GEL)	YoY (%)
SABURTALO	6.75	-3.1%	16.56	-1.5%
GLDANI	4.68	-0.3%	11.48	1.3%
NADZALADEVI	5.32	0.6%	13.06	2.3%
DIDUBE	6.05	-0.9%	14.84	0.7%
VAKE	7.36	-8.1%	18.06	-6.6%
MTATSMINDA	7.72	-13.9%	18.94	-12.5%
CHUGHURETI	6.78	4.4%	16.63	6.2%
ISANI	6.69	2.5%	16.40	4.2%
KRTSANISI	7.05	-9.8%	17.30	-8.3%
SAMGORI	5.69	19.0%	13.97	21.0%
TBS	7.00	-0.6%	17.15	0.7%

Source: REM lab 2018

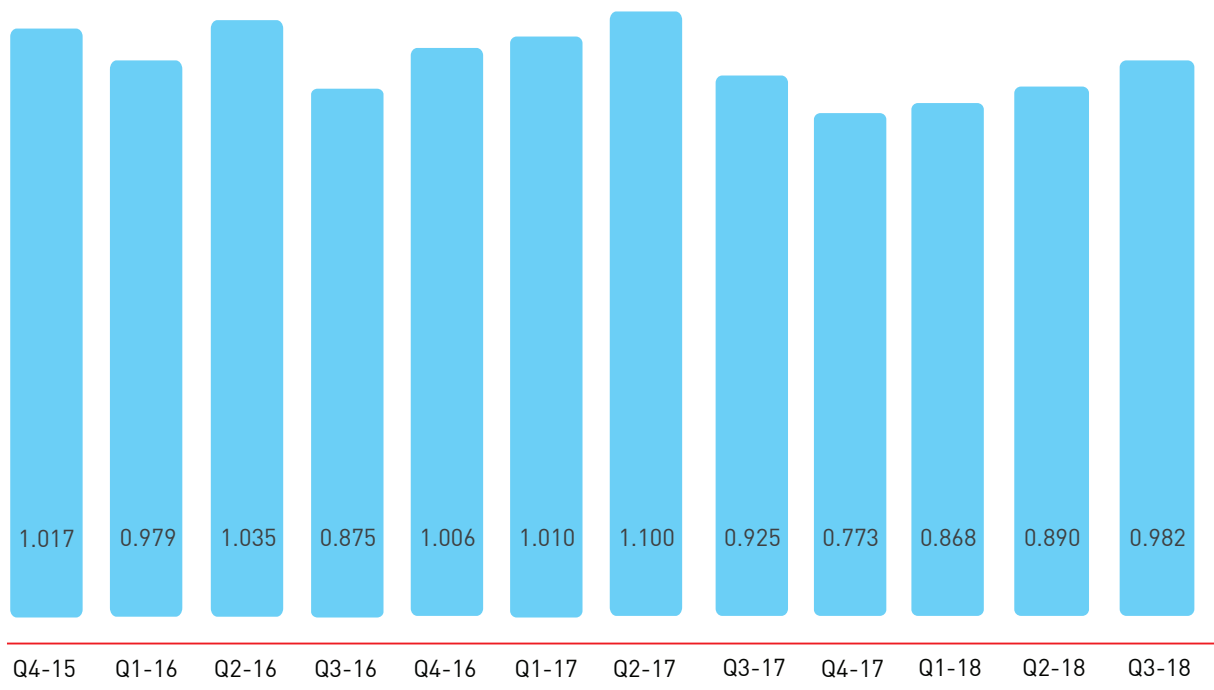
COMMERCIAL PROPERTY PRICES

TBS HIGHLIGHTS

Maintaining its upward trend, SPI increased by 10.4% (QoQ) in Q3 2018, reaching 0.982 index points. RPI increased as well, by 37.6% (QoQ), to 1.470 index points.

During Q3 2018, ASP varied between 993 and 1086 USD per m², and ARP between 9.35 and 9.87 USD per m². The average ASP for commercial properties increased by 1.7 % (YoY), and reached 1092 USD per m². While ARP declined by -2.3% (YoY) and dropped to 9.72 USD per m².

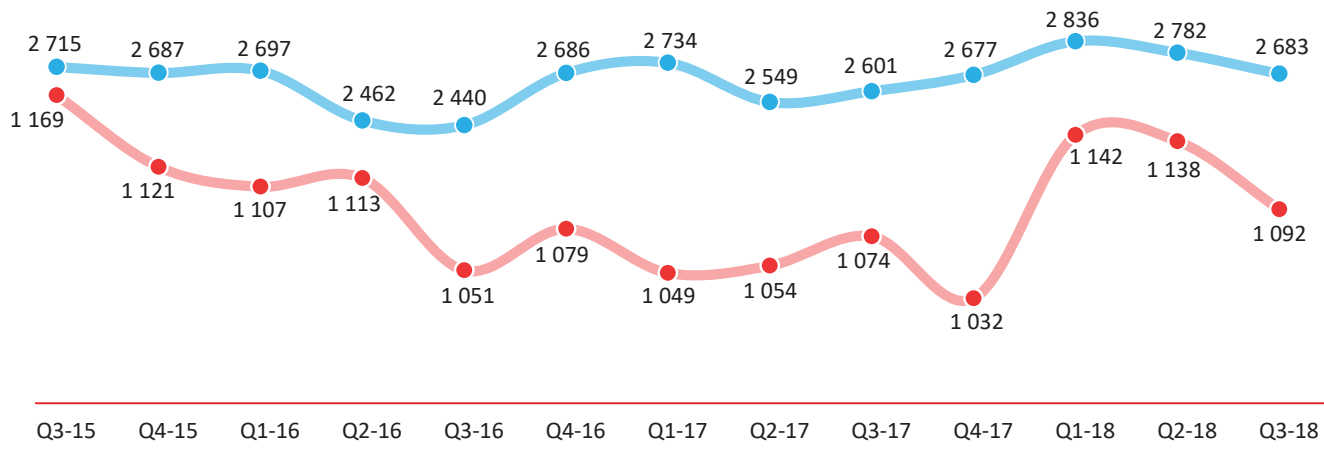
**SPI
COMMERCIAL PROPERTY... TBS
QUARTERLY TREND, 2015-2018**



Source: REM lab 2018

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

- GEL
- USD



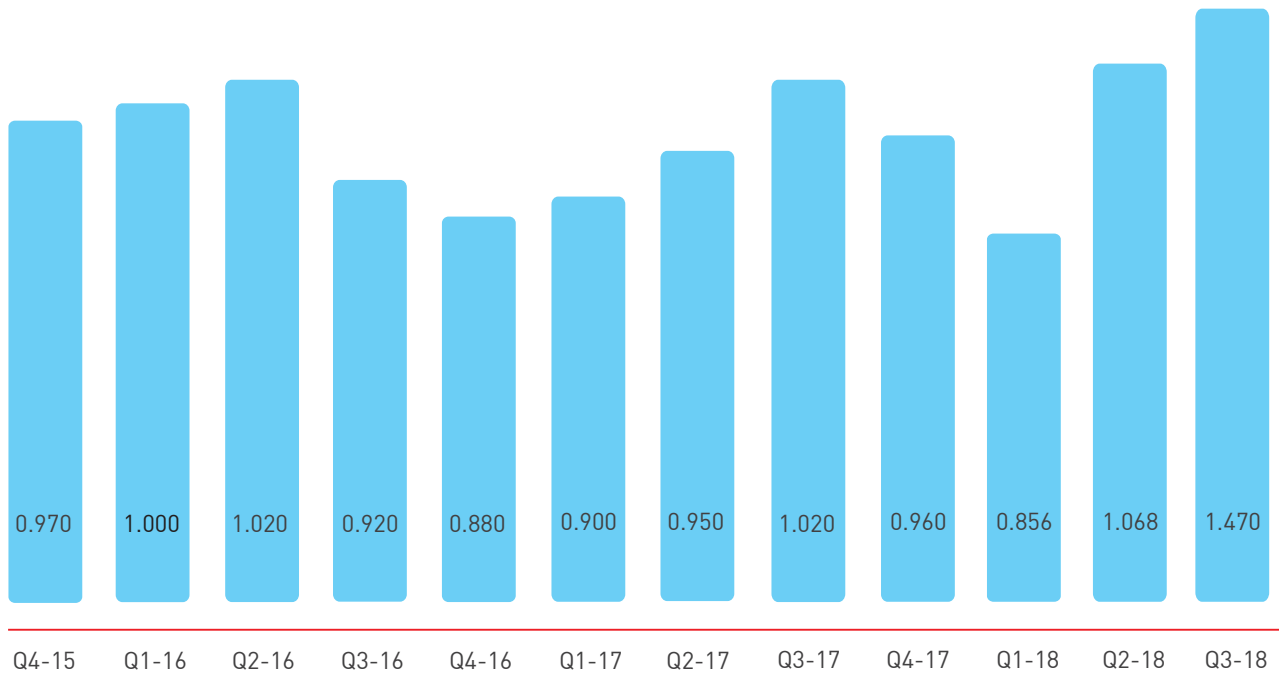
Source: REM lab 2018

**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	1 092	-4.0%	1.7%	2 683	-3.6%	3.2%

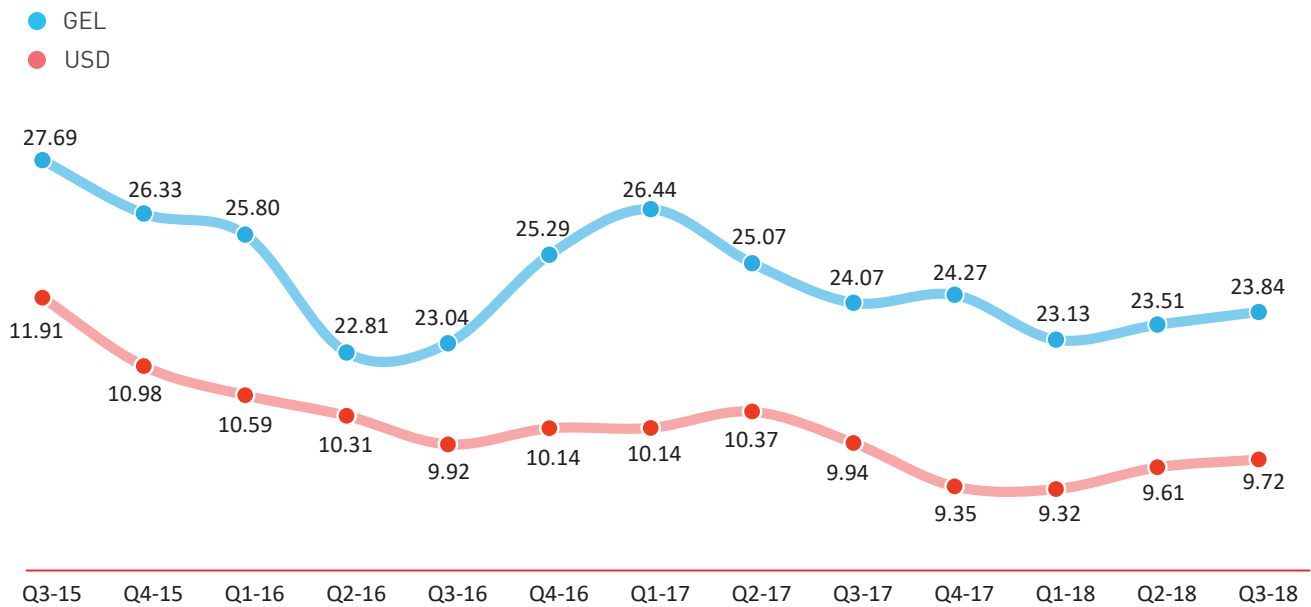
Source: REM lab 2018

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	9.72	1.1%	-2.3%	23.84	1.4%	-1.0%

Source: REM lab 2018

BATUMI & KUTAISI REAL PROPERTY

HIGHLIGHTS

In Q3 2018, the real property market in BAT and KUT grew by 1.6% (QoQ) and 7.6% (QoQ), respectively. There were 2683 transactions registered in BAT and 803 in KUT.

SPI for BAT residential property in Q3 2018 decreased insignificantly (-0.67%, QoQ), falling to 1.057 index points.

SPI for KUT residential property in Q3 2018 increased by 5.1% (QoQ), reaching 0.986 index points.

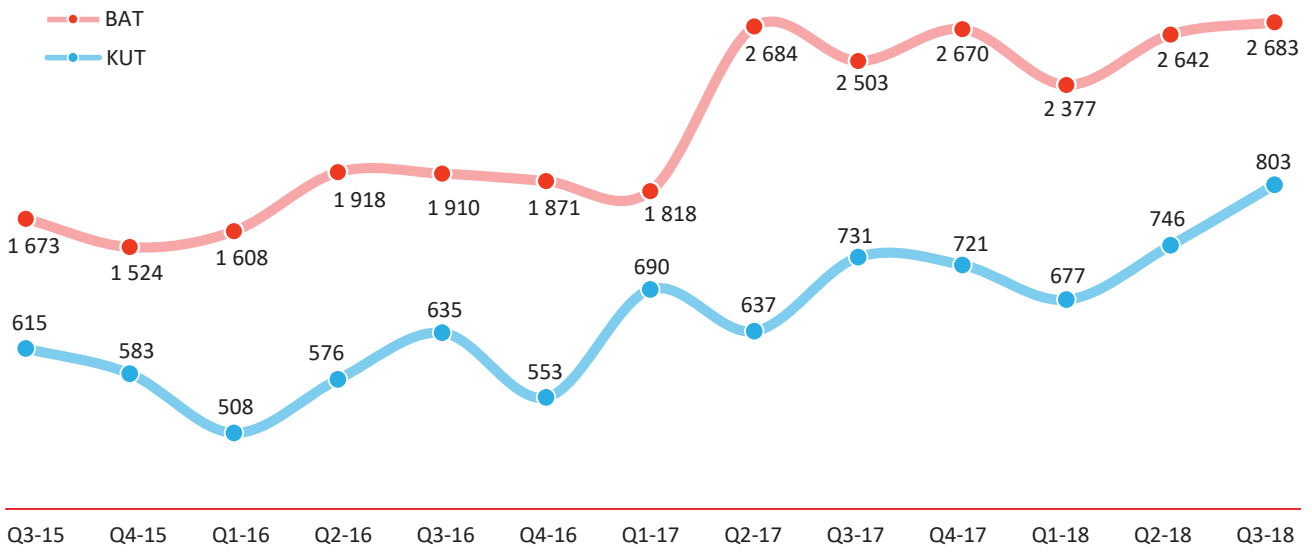
ASP in the BAT and KUT real estate markets increased by 0.9% and 11.2% (QoQ), to 802 and 391 USD per m², respectively.

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	-4.6%	1.4%
Q3-18	2 683	1.6%	7.2%	803	24.3%	9.8%

Source: NAPR 2018

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



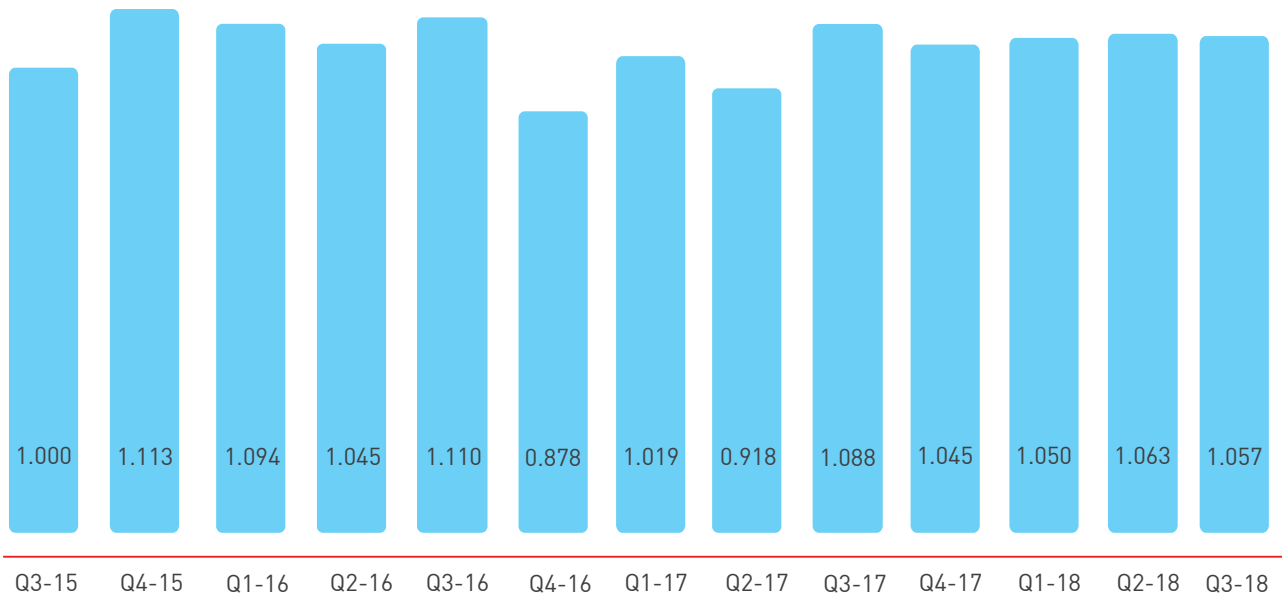
Source: NAPR 2018

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%

Source: REM lab 2018

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



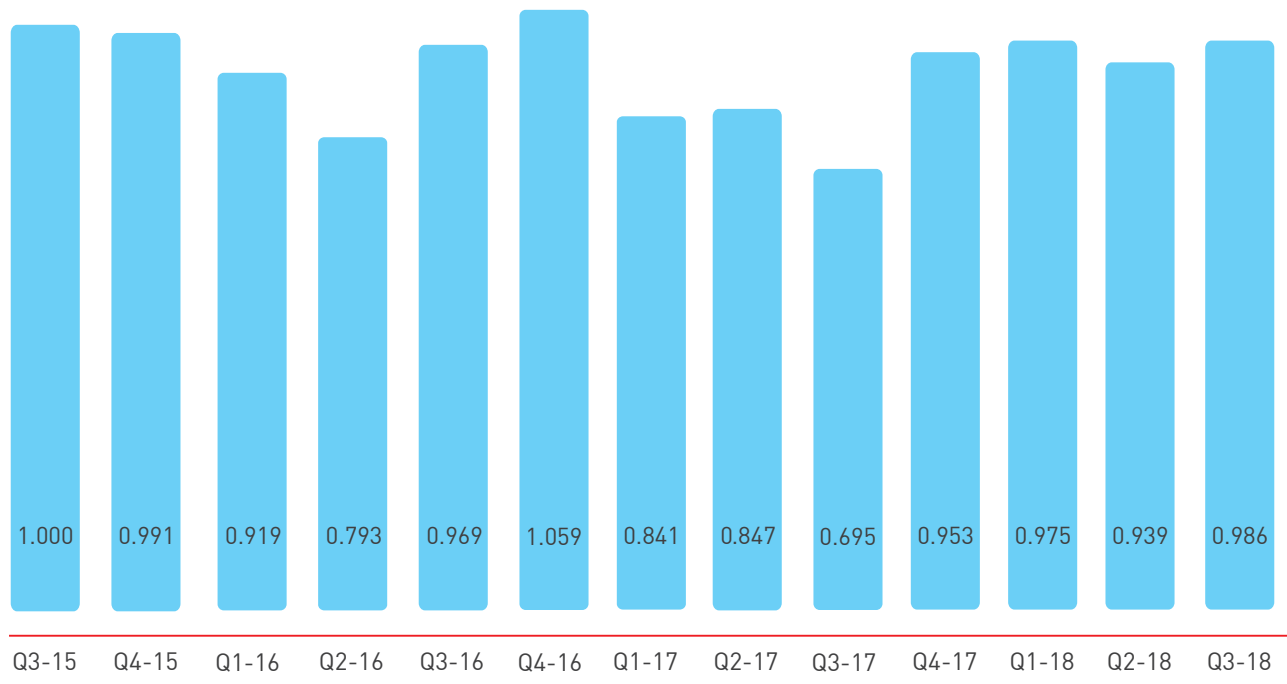
Source: REM lab 2018

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%
Q3-18	391	11.2%	989	15.1%

Source: REM lab 2018

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



Source: REM lab 2018