

# REAL ESTATE MARKET

TBILISI | BATUMI | KUTAISI



**ISET**

ForSet

# 8 | 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

<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, 2015-2017

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%

Source: NBG 2017

# REAL PROPERTY SALES

## GEO HIGHLIGHTS

GEO real property market grew by 10.6% in 2017 in comparison with 2016. Annual increase was observed in all quarters, with the highest jump in Q2, 14.2% (QoQ) and 20.0% (YoY).

TBS, with 40.7% share in total sales in 2017 dominated the GEO real property market. TBS market was followed by Ajara with 11.6% and Kakheti with 9.9% shares in GEO sales. Ajara experienced the highest annual increase in the sales number (34.1%). With 84.3% share, market growth in Ajara was mostly driven by increase in transactions recorded in BAT (32.4%).

In 2017, TBS real property sales grew by 15.6%, while overall the market outside TBS - by only 7.5%. More than half of GEO sales were registered in 3 largest cities: TBS, BAT & KUT.

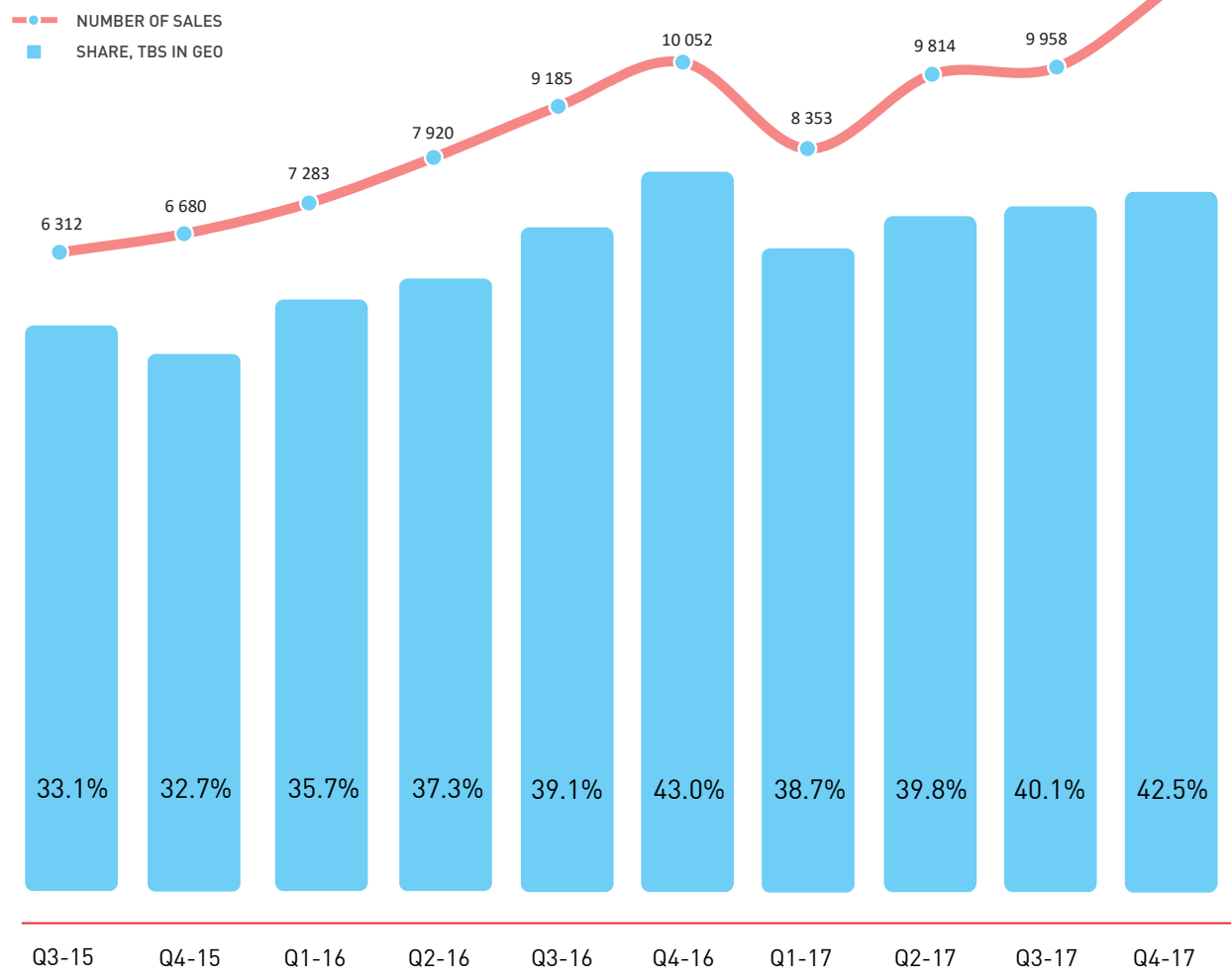
### For 2017 TOP 3 regions by sales in GEO were:

- TBS (39 801 units, 40.4%)
- Ajara (11 471 units, 11.6%)
- Kakheti (9 790 units, 9.9%)

### For 2017 TOP 3 districts by sales in TBS were:

- Saburtalo (9 995 units, 25.1%)
- Vake (7 282) units, 18.3%)
- Samgori (3 994 units, 9.9%)

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



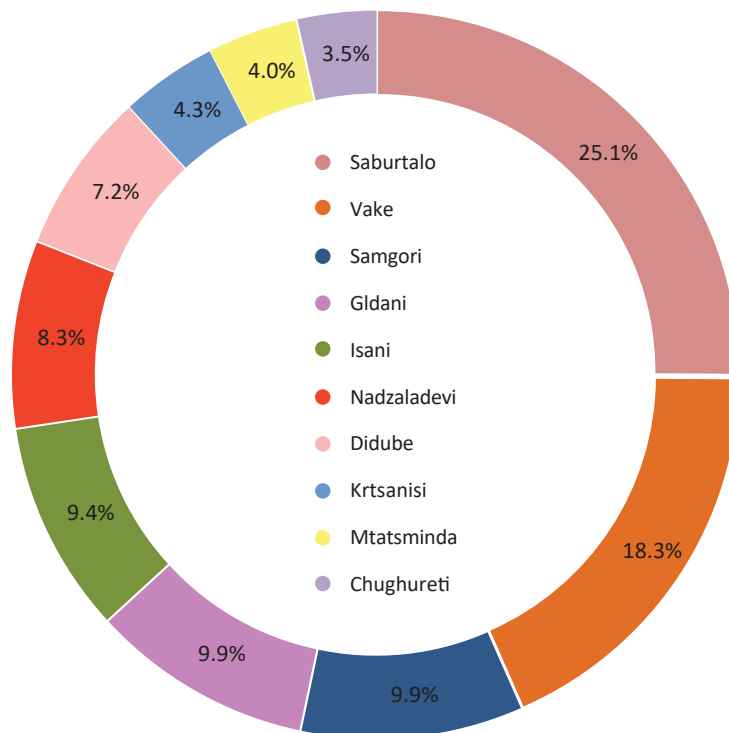
Source: NAPR 2017

**SALES TREND  
REAL PROPERTY... TBS & GEO  
QUARTERLY TREND, 2015-2017**

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%

Source: NAPR 2017

**REAL PROPERTY SALES  
TBS DISTRICTS  
2017**



Source: NAPR 2017

## SALES TREND REAL PROPERTY... GEO REGIONS 2017

REGION	NUMBER (UNIT)	SHARE IN GEO (%)	YoY (%)
TBS	39 801	40.4%	15.6%
AJARA	11 471	11.6%	34.1%
GURIA	2 430	2.5%	-14.6%
IMERETI	7 260	7.4%	9.6%
KAKHETI	9 790	9.9%	-8.2%
MTSKHETA-MTIANETI	5 163	5.2%	13.3%
RACHA-LECHKHUMI & KVEMO SVANETI	448	0.5%	-11.6%
SAMEGRELO-ZEMO SVANETI	4 235	4.3%	2.7%
SAMTSKHE-JAVAKHETI	3 430	3.5%	-3.0%
KVEMO KARTLI	9 188	9.3%	10.1%
SHIDA KARTLI	5 393	5.5%	9.5%

Source: NAPR 2017

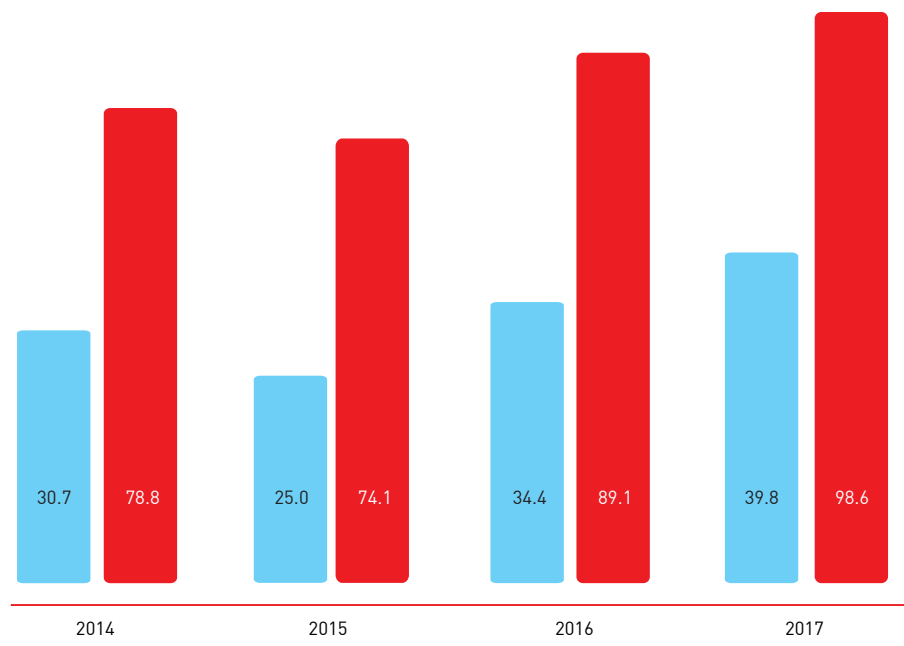
## REAL PROPERTY SALES TOP 5 MUNICIPALITIES 2017

MUN	NUMBER (UNIT)	SHARE IN GEO (%)
TBS	39 801	40.4%
BAT	9 675	9.8%
GARDABANI	3 640	3.7%
MTSKHETA	3 637	3.7%
KUT	2 779	2.8%

Source: NAPR 2017

**SALES TBS & GEO  
REAL PROPERTIES...  
ANNUAL TREND, 2014-2017**

- Number, Units K, GEO
- Number, Units K, TBS



Source: NAPR 2017

# REAL PROPERTY SUPPLY

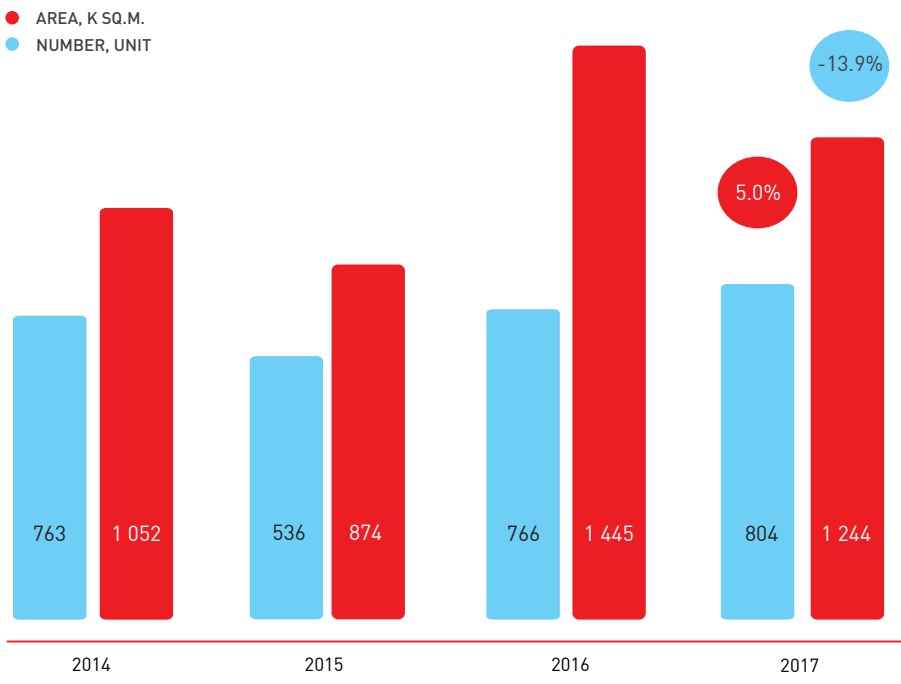
## TBS HIGHLIGHTS

804 new buildings with total area of 1.2 million sq.m were completed in TBS during 2017. Real property supply in TBS grew with respect to number of buildings (+5.0 % YoY), but declined with respect to total area of buildings (-13.9% YoY).

For two consecutive years, supply of properties increased in the 3rd quarter of each year.

Growth in total supply has been driven by 12.0 % growth (YoY) in the supply of commercial buildings (179 units with total area 411 K sq.m). 625 units with total area of 832 K sq.m have also been added to the residential property supply in TBS.

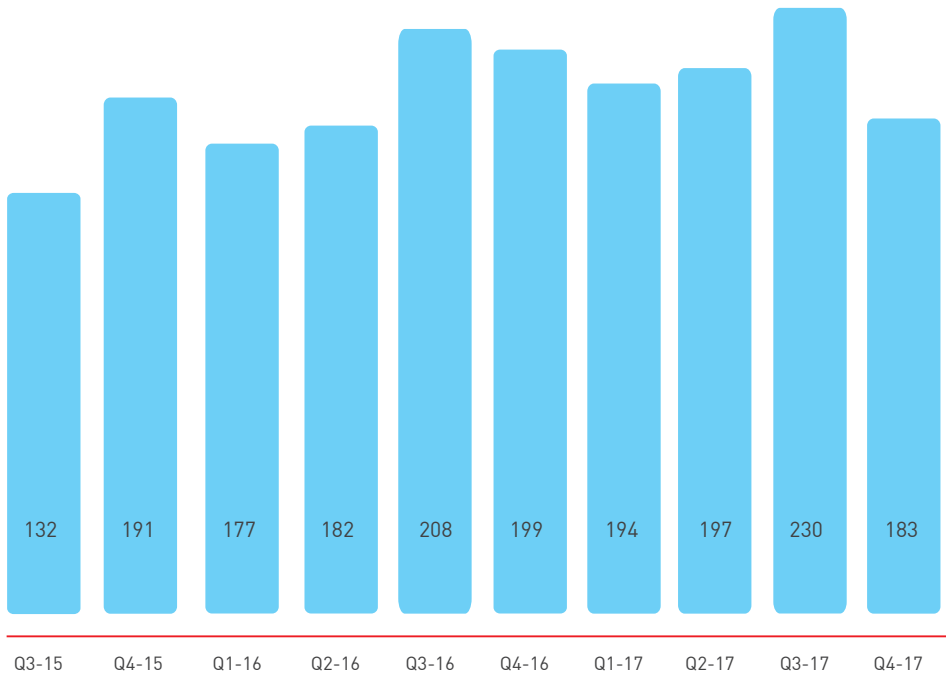
### SUPPLY/PROPERTY NUMBER (UNIT) & PROPERTY AREA (SQ.M) REAL PROPERTIES... ANNUAL TREND, 2014-2017



Source: TCH|MDS 2017

**SUPPLY TREND**  
**NEW REAL PROPERTY NUMBER... TBS**  
**QUARTERLY TREND, 2015-2017**

● NUMBER, UNIT



Source: TCHIMDS 2017

**SUPPLY TREND**  
**NEW REAL PROPERTY NUMBER... TBS**  
**QUARTERLY TREND, 2015-2017**

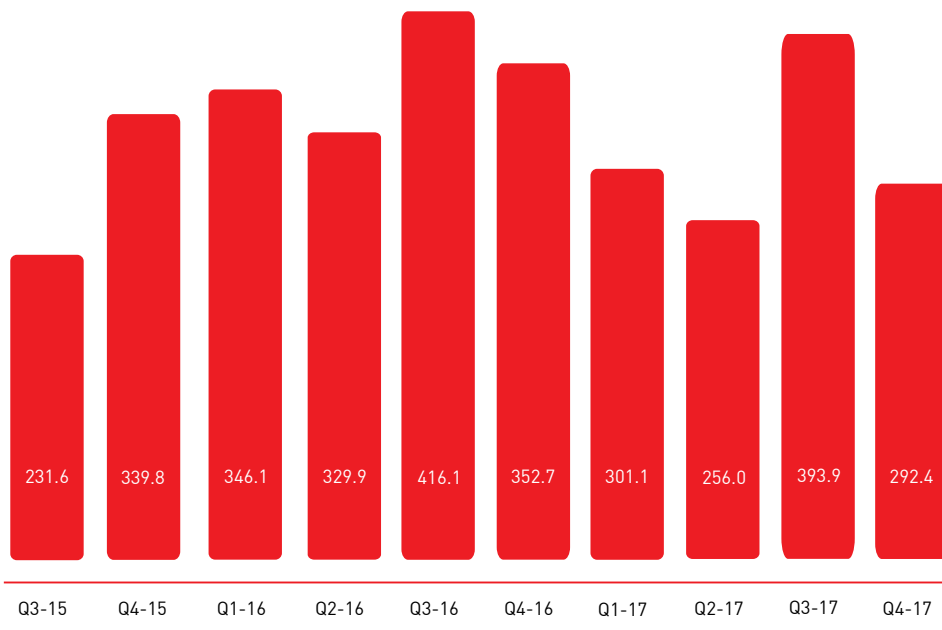
Q-Y	RP (UNIT)	CP (UNIT)	ALL (UNIT)
Q3-15	101	31	132
Q4-15	144	47	191
Q1-16	137	40	177
Q2-16	146	36	182
Q3-16	168	40	208
Q4-16	155	44	199
Q1-17	146	48	194
Q2-17	161	36	197
Q3-17	166	64	230
Q4-17	152	31	183

Source: TCHIMDS 2017



**SUPPLY TREND**  
**NEW REAL PROPERTY AREA... TBS**  
**QUARTERLY TREND, 2015-2017**

● AREA, K SQ.M.



Source: TCHIMDS 2017

**SUPPLY TREND**  
**NEW REAL PROPOERTY NUMBER..TBS**  
**QUARTERLY TREND, 2015-2017**

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

Source: TCHIMDS 2017

## RESIDENTIAL PROPERTY PRICES

### TBS HIGHLIGHTS

In 2017, SPI for residential properties mainly trended downward, with only slight increase in Q4 17 (0.2% QoQ). RPI also moved downward after slight increase in Q2 2017 (2.2% QoQ).

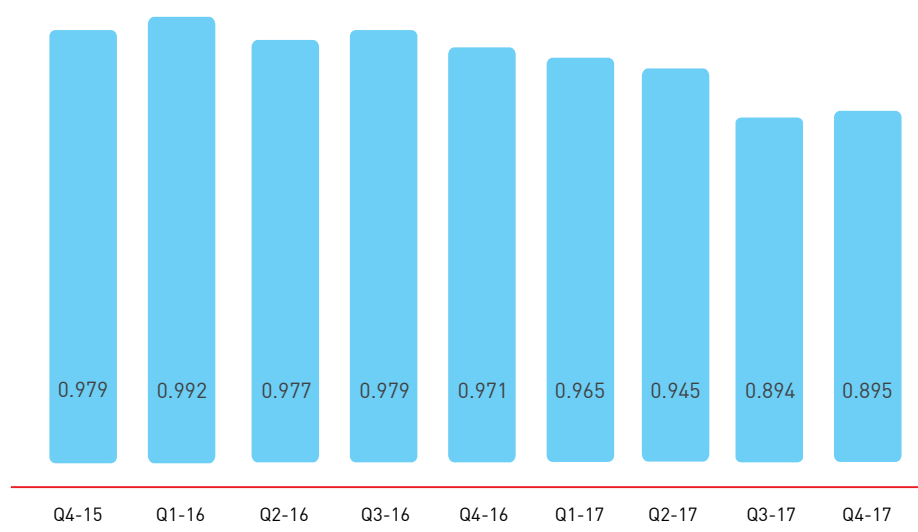
During 2017, ASP varied between USD 791 - USD 866 per sq.m (quarter average) and ARP - between USD 7.0 - USD 7.4 per sq.m (quarter average). After reaching the highest point in Q1 2017, both ASP and ARP have trended downward, except Q4 2017.

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

In 2017, the most expensive and cheapest districts of TBS were by ASP: Mtatsminda (USD 1 012) and Gldani (USD 535) by ARP: Mtatsminda (USD 8.5) and Gldani (USD 4.3)

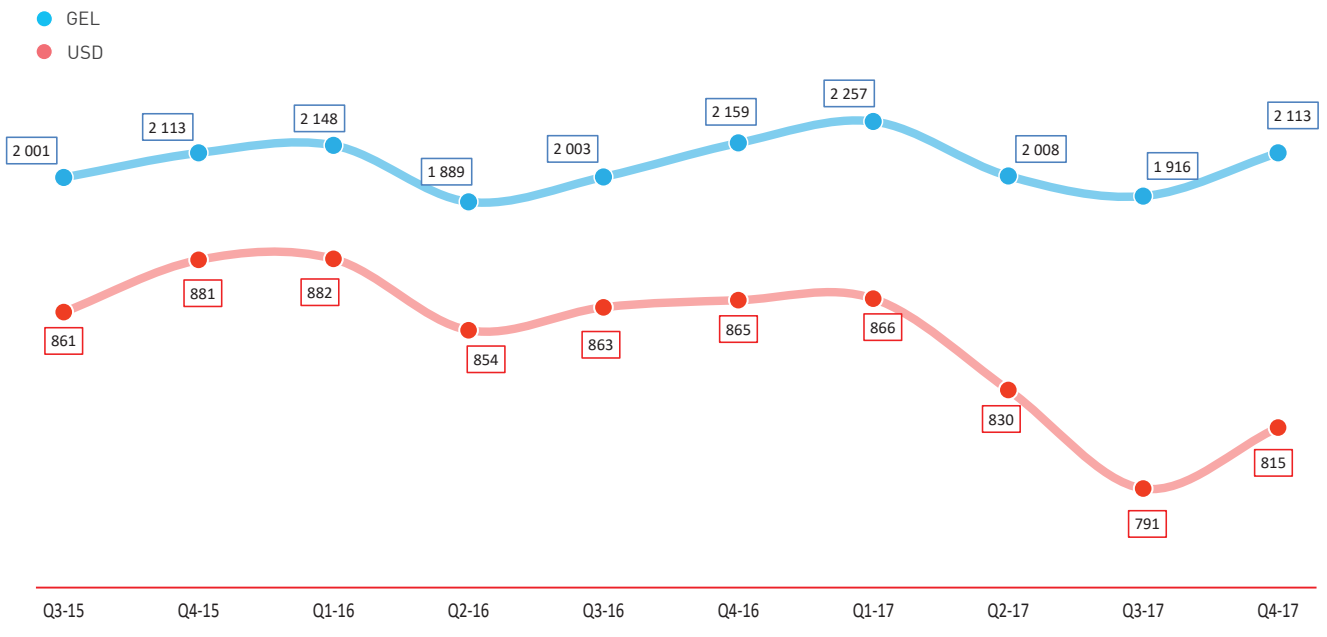
Compared to 2016 ASP declined in almost all districts of TBS, while ARP was more stable.

**SPI  
RESIDENTIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2017**



Source: REM lab 2017

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



Source: REM lab 2017

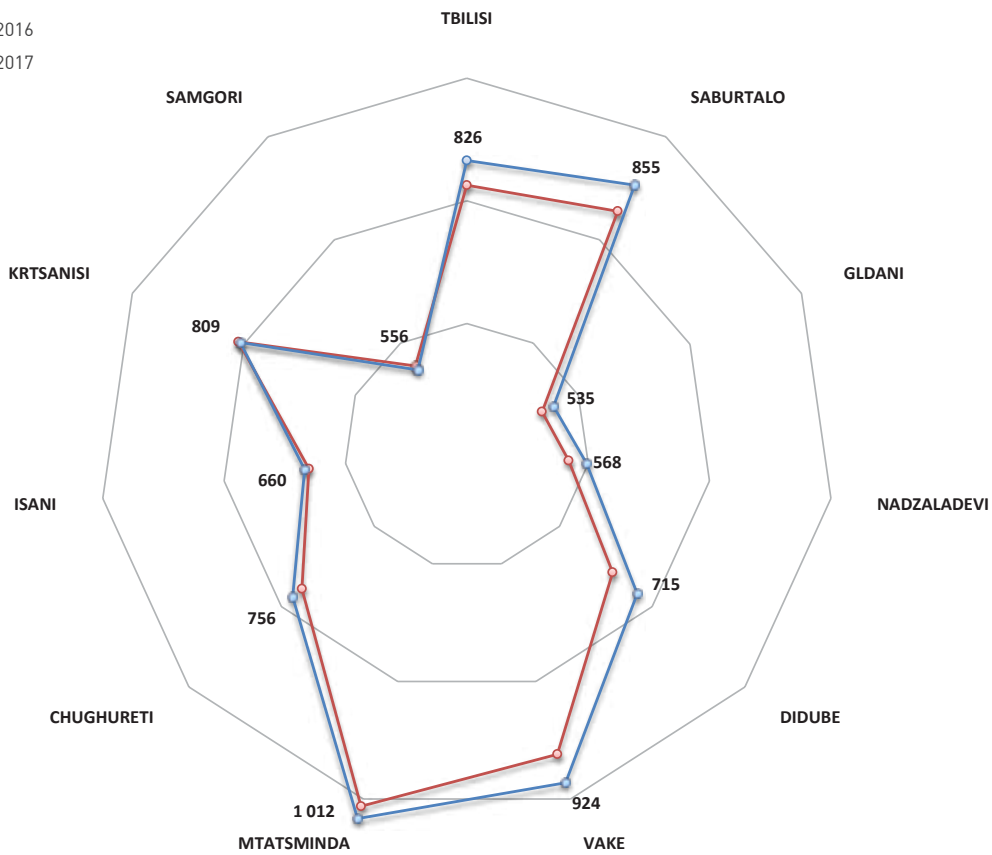
**ASP  
RESIDENTIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2017**

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%

Source: REM lab 2017

**ASP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
2016-2017**

—○— USD 2016  
—○— USD 2017



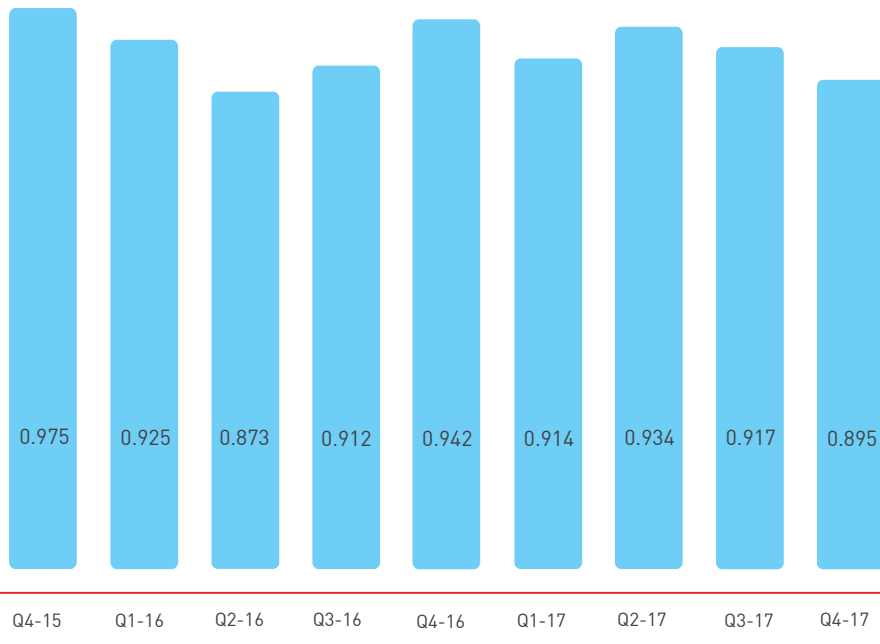
Source: REM lab 2017

**ASP  
RESIDENTIAL PROPERTY... TBS  
2017**

DISTRICT	ASP (USD)	ASP (GEL)
SABURTALO	855	2 147
GLDANI	535	1 343
NADZALADEVI	568	1 425
DIDUBE	715	1 796
VAKE	924	2 321
MTATSMINDA	1 012	2 541
CHUGHURETI	756	1 899
ISANI	660	1 658
KRTSANISI	809	2 033
SAMGORI	556	1 394
<b>TBS</b>	<b>826</b>	<b>2 073</b>

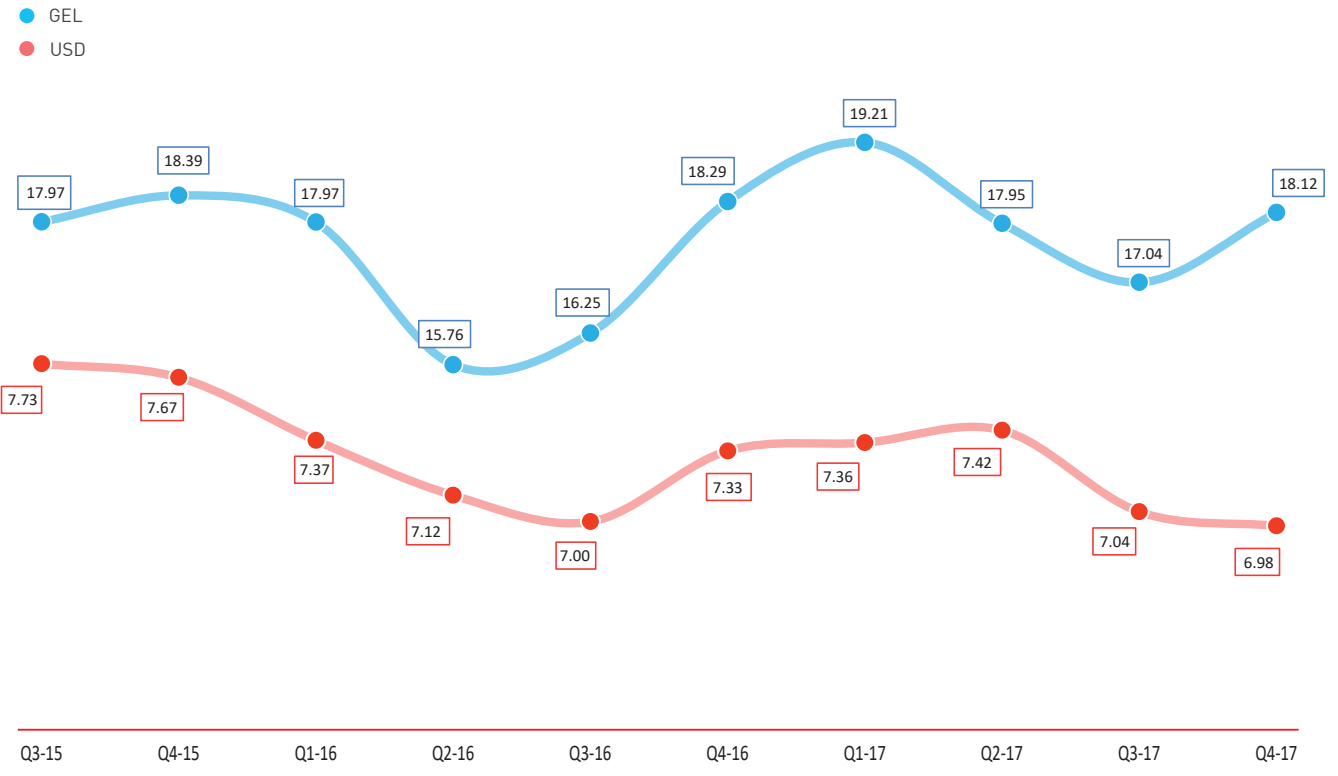
Source: REM lab 2017

**RPI**  
**RESIDENTIAL PROPERTY... TBS**  
**QUARTERLY TREND, 2015-2017**



Source: REM lab 2017

**ARP**  
**RESIDENTIAL PROPERTY...**  
**QUARTERLY TREND, 2015-2017**



Source: REM lab 2017

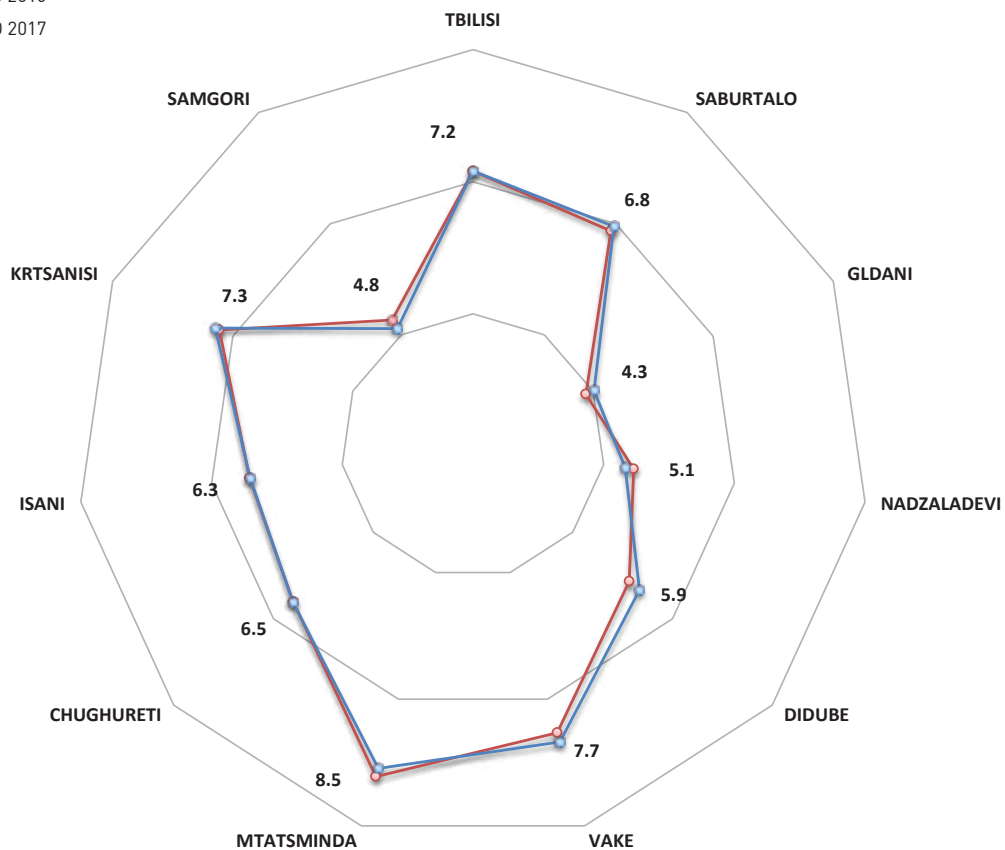
**ARP  
RESIDENTIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2017**

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%

Source: REM lab 2017

**ARP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS**

—○— USD 2016  
—○— USD 2017



Source: REM lab 2017

**ARP  
RESIDENTIAL PROPERTY... TBS  
2017**

DISTRICT	ASP (USD)	ASP (GEL)
SABURTALO	6.83	17.16
GLDANI	4.35	10.91
NADZALADEVI	5.08	12.72
DIDUBE	5.92	14.87
VAKE	7.66	19.23
MTATSMINDA	8.53	21.40
CHUGHURETI	6.50	16.34
ISANI	6.27	15.77
KRTSANISI	7.28	18.27
SAMGORI	4.83	12.13
<b>TBS</b>	<b>7.20</b>	<b>18.08</b>

Source: REM lab 2017

# COMMERCIAL PROPERTY PRICES

## TBS HIGHLIGHTS

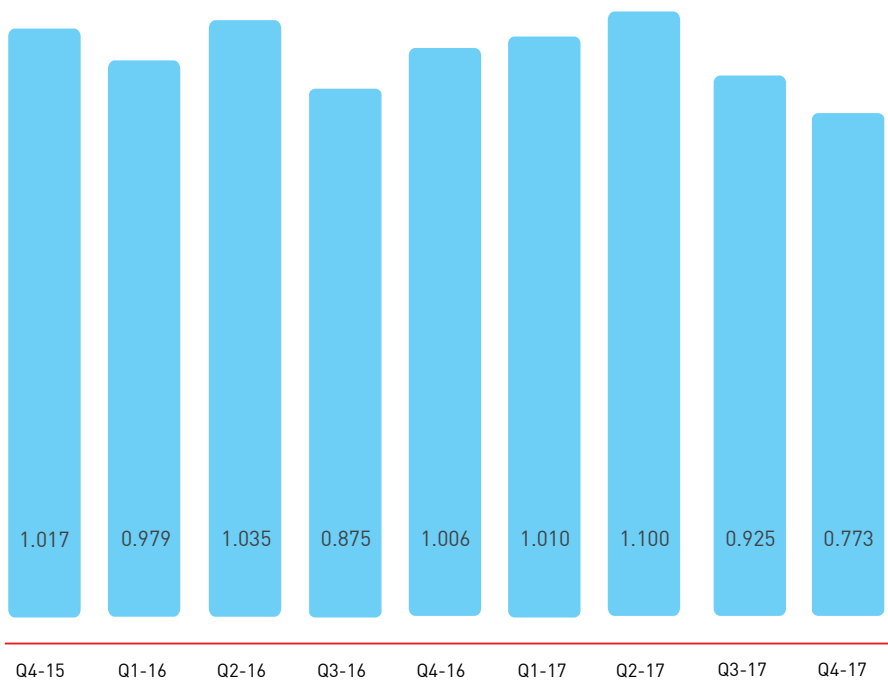
After stable increase of SPI for three consequent quarters it reached high point of 1.100 in Q2 2017, but has been trending downward since. The largest decline was recorded in Q4: -16.4 % (QoQ) and -23.1% (YoY).

Seemingly, RPI started to decline only after Q3 2017, reaching 1.020. The highest increase of RPI was recorded in Q3: 2017, 7.4% (QoQ) and 10.8% (YoY).

During 2017, ASP varied between USD 1 032 - USD 1 074 per sq.m and ARP between USD 9.4 - USD 10.4 per sq.m. Average ASP for commercial properties in 2017 declined by 3.2% and dropped to the historical minimum of 1 032 USD per sq.m in Q4 2017.

Likewise ARP in 2017 declined by 2.8% and dropped to the historical minimum 9.4 USD per sq.m in Q4 2017.

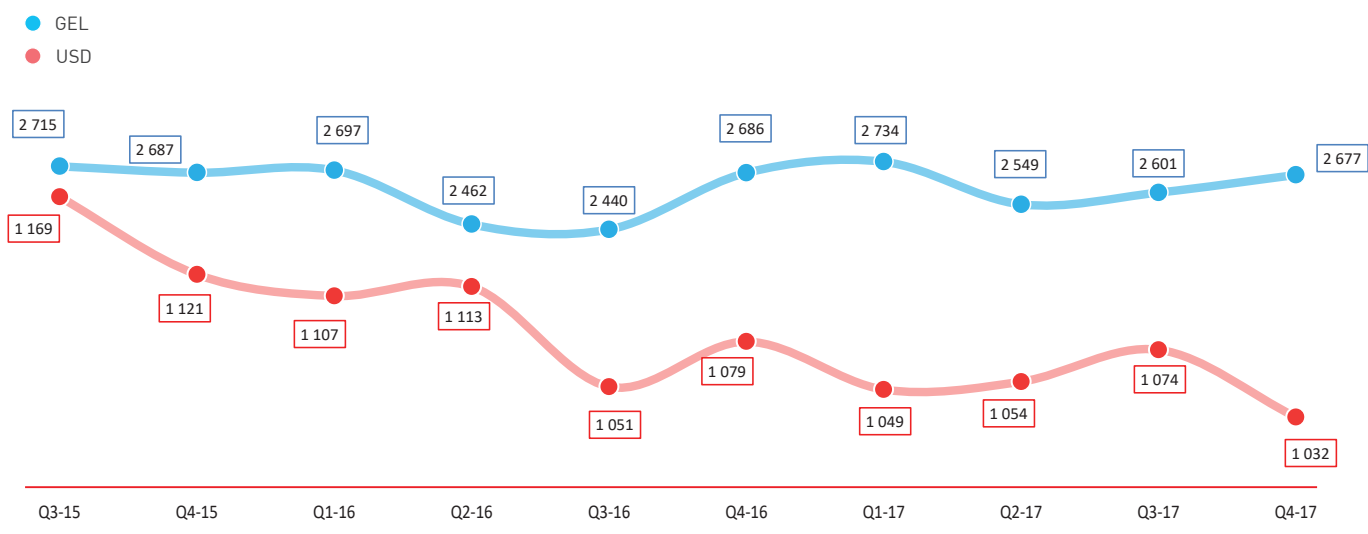
**SPI  
COMMERCIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2017**



Source: REM lab 2017



**ASP  
COMMERCIAL PROPERTY...  
QUARTERLY TREND, 2015-2017**



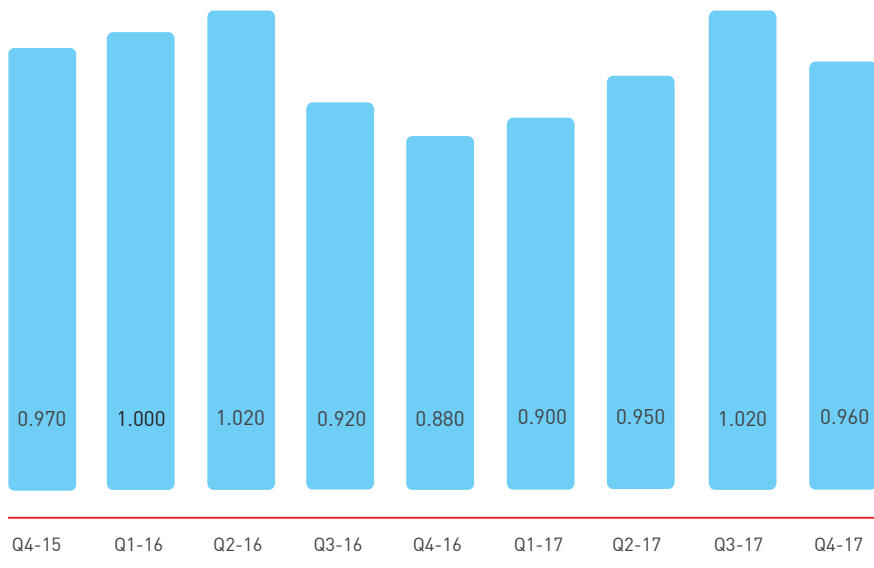
Source: REM lab 2017

**ASP  
COMMERCIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2017**

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%

Source: REM lab 2017

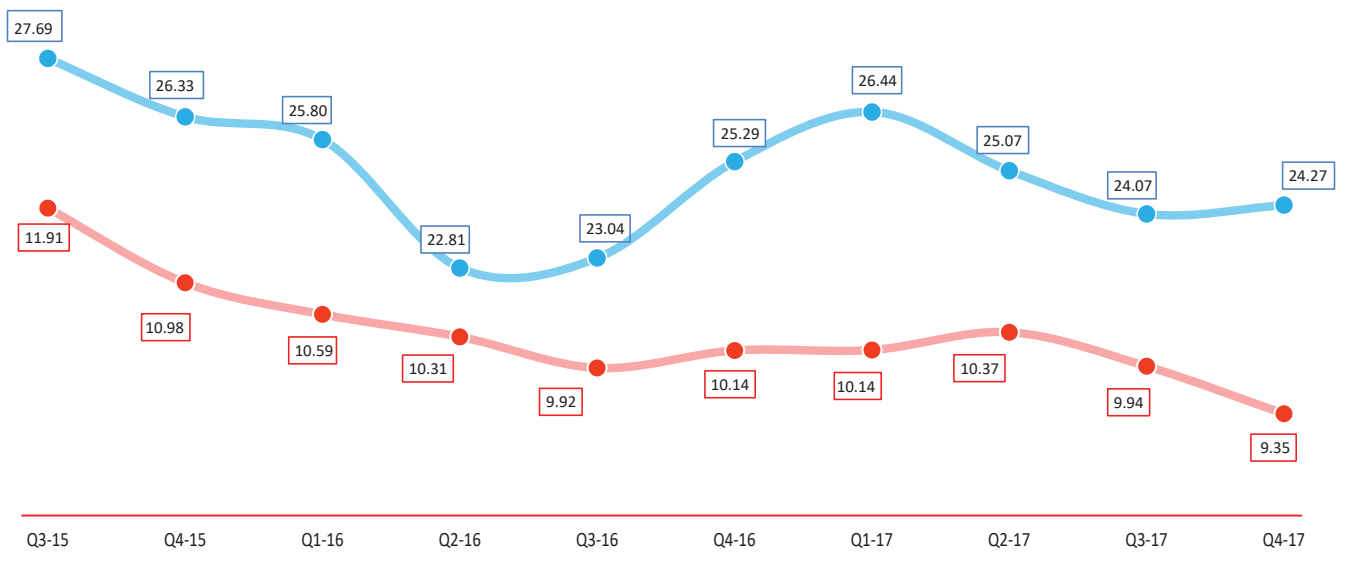
**RPI**  
**COMMERCIAL PROPERTY... TBS**  
**QUARTERLY TREND, 2015-2017**



Source: REM lab 2017

**ARP**  
**COMMERCIAL PROPERTY...**  
**QUARTERLY TREND, 2016-2017**

- GEL
- USD



Source: REM lab 2017

**ARP  
COMMERCIAL PROPERTY... TBS  
QUARTERLY TREND, 2015-2017**

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%

Source: REM lab 2017

## BATUMI & KUTAISI REAL PROPERTY

### HIGHLIGHTS

In 2017, Real property market in BAT expanded significantly. The highest increase of 47.6% (QoQ) was recorded in Q2 2017, with 2 684 real estate transactions provided by NAPR.

KUT market expanded as well, but number of sales remain stable quarter to quarter.

SPI for BAT residential property in 2017 was slightly volatile and ranged between 0.918 (Q2-2017) and 1.045 (Q4-2017).

SPI for KUT on average was lower in 2017 compared to the previous year. With the lowest level 0.695 recorded in Q3 2017.

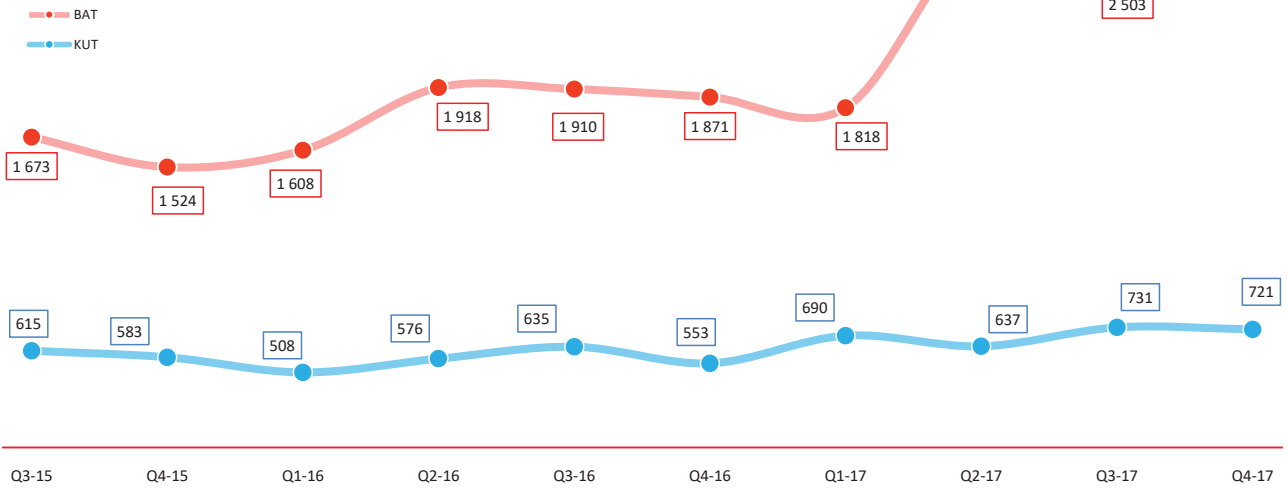
In 2017, ASP in BAT real estate market slightly dropped by -1.7% to USD 739 per sq.m, which is remained twice as expensive as ASP in KUT market, which respectively dropped by -3.9% and stopped at USD 354 per sq.m level.

### SALES TREND REAL PROPERTY... BAT & KUT QUARTERLY TREND, 2015-2017

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%

Source: NAPR 2017

**SALES TREND**  
**REAL PROPERTY... BAT & KUT**  
**QUARTERLY TREND, 2015-2017**



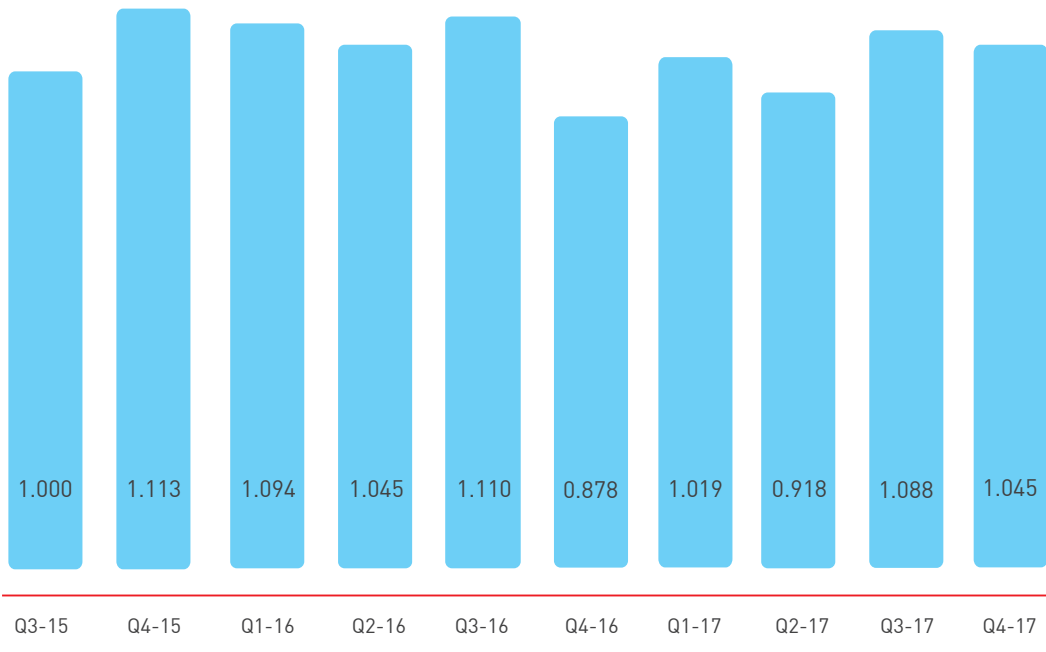
Source: NAPR 2017

**ASP**  
**RESIDENTIAL PROPERTY... BAT**  
**QUARTERLY TREND, 2015-2017**

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%

Source: REM lab 2017

**SPI**  
**RESIDENTIAL PROPERTY... BAT**  
**QUARTERLY TREND, 2015-2017**



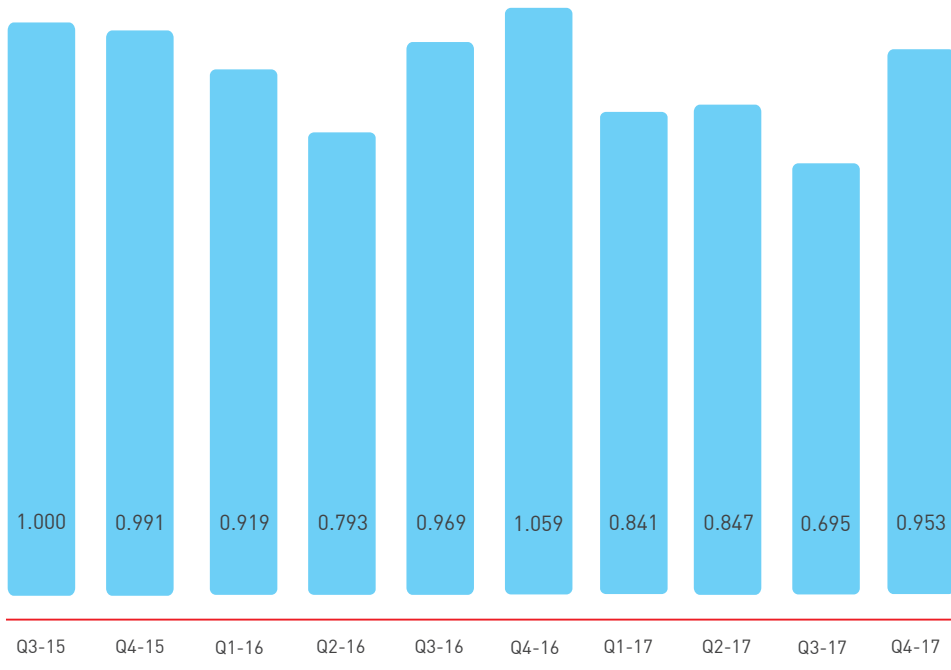
Source: REM lab 2017

**ASP**  
**RESIDENTIAL PROPERTY... KUT**  
**QUARTERLY TREND, 2015-2017**

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%

Source: REM lab 2017

**SPI**  
**RESIDENTIAL PROPERTY... KUT**  
**QUARTERLY TREND, 2015-2017**



Source: REM lab 2017