

# REAL ESTATE MARKET

TBILISI SNAPSHOT

## # 3 | October 2016

Market Highlights

REM lab (Real Estate Market Laboratory)



ISET



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 generally real estate prices went up generally. We need Real Estate Index to track pure price changes. REI excludes `QUALITY EFFECT` and observes how price of given property changes compared to the base period (April 2015).

Types of REI are Sale Price Index (SPI) & Rent Price Index (RPI).

## 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>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 MONTHLY TREND, 2015-2016

| M-Y    | USD   GEL | MoM (%) | YoY (%) |
|--------|-----------|---------|---------|
| OCT-15 | 2.3928    | -0.2%   | 36.4%   |
| NOV-15 | 2.4017    | 0.4%    | 35.1%   |
| DEC-15 | 2.3992    | -0.1%   | 27.3%   |
| JAN-16 | 2.4360    | 1.5%    | 25.5%   |
| FEB-16 | 2.4829    | 1.9%    | 19.0%   |
| MAR-16 | 2.3894    | -3.8%   | 9.0%    |
| APR-16 | 2.2652    | -5.2%   | 0.3%    |
| MAY-16 | 2.1860    | -3.5%   | -5.9%   |
| JUN-16 | 2.1877    | 0.1%    | -3.3%   |
| JUL-16 | 2.3367    | 6.8%    | 3.6%    |
| AUG-16 | 2.3187    | -0.8%   | -0.1%   |
| SEP-16 | 2.3113    | -0.3%   | -3.6%   |
| OCT-16 | 2.3599    | 2.1%    | -1.4%   |

Source: NBG 2016

# REAL PROPERTY SALES

## HIGHLIGHTS

TBS real property market slowed down, but with 3199 market transactions, recorded in October 2016, it remains much more active as compared to October 2015 (-4.0% MoM & +43.5% YoY).

Share of TBS in GEO sales has also declined marginally to reach 41.9% in October 2016. Nevertheless, TBS still remains the busiest market for real estate transactions, while Saburtalo leads Vake in the number of sales for the second time this year.

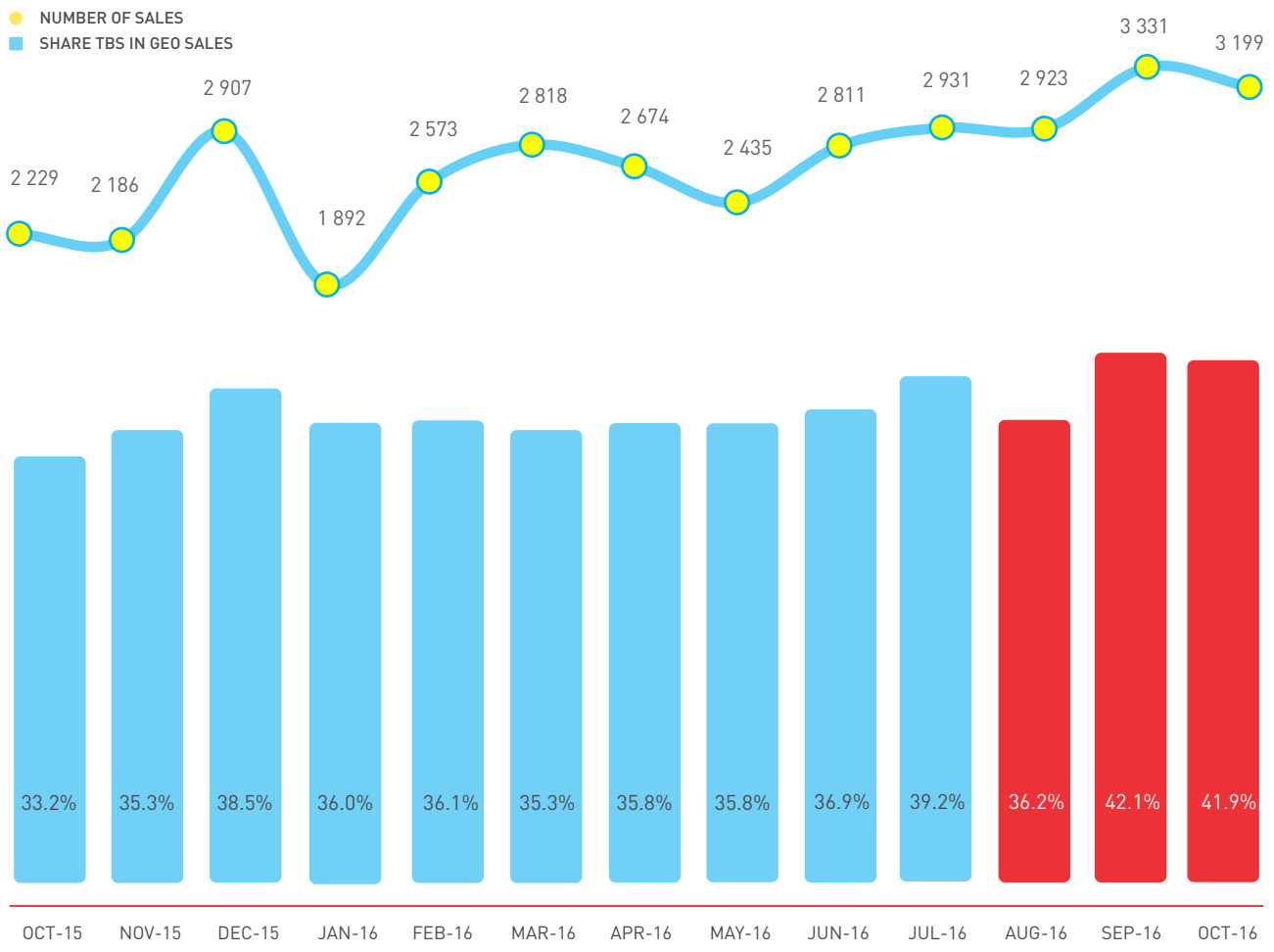
For October 2016 TOP 3 districts by sales in TBS were:

Saburtalo (675 units, 21.1%)

Vake (559 units, 17.5%)

Samgori (352 units, 11.0%)

## SALES TREND REAL PROPERTY... TBS & GEO MONTHLY TREND, 2015-2016



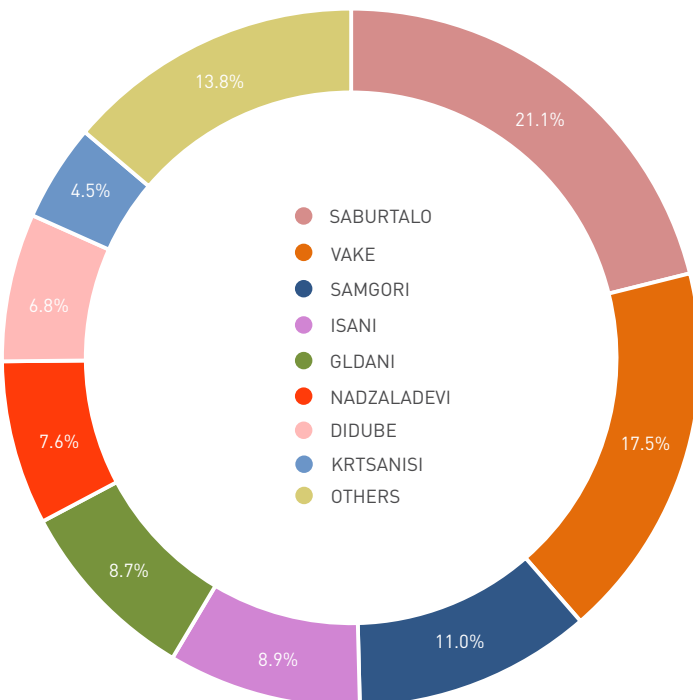
Source: NAPR 2016

**SALES TREND  
REAL PROPERTY... TBS & GEO  
MONTHLY TREND, 2015-2016**

| M-Y    | TBS (UNIT) | MoM (%) | GEO (UNIT) | MoM (%) |
|--------|------------|---------|------------|---------|
| OCT-15 | 2 229      | -1.6%   | 6 704      | 0.0%    |
| NOV-15 | 2 186      | -1.9%   | 6 191      | -7.7%   |
| DEC-15 | 2 907      | 33.0%   | 7 547      | 21.9%   |
| JAN-16 | 1 892      | -34.9%  | 5 262      | -30.3%  |
| FEB-16 | 2 573      | 36.0%   | 7 135      | 35.6%   |
| MAR-16 | 2 818      | 9.5%    | 7 981      | 11.9%   |
| APR-16 | 2 674      | -5.1%   | 7 468      | -6.4%   |
| MAY-16 | 2 435      | -8.9%   | 6 806      | -8.9%   |
| JUN-16 | 2 811      | 15.4%   | 7 620      | 12.0%   |
| JUL-16 | 2 931      | 4.3%    | 7 483      | -1.8%   |
| AUG-16 | 2 923      | -0.3%   | 8 076      | 7.9%    |
| SEP-16 | 3 331      | 14.0%   | 7 909      | -2.1%   |
| OCT-16 | 3 199      | -4.0%   | 7 627      | -3.6%   |

Source: NAPR 2016

**REAL PROPERTY SALES  
TBS DISTRICTS  
OCTOBER, 2016**



Source: NAPR 2016

# REAL PROPERTY SUPPLY

## HIGHLIGHTS

31 new residential buildings with total area of 934 000 sq.m & 8 new commercial buildings with total area of 73 000 sq.m have been supplied to the real property market in October, 2016. These numbers for residential buildings represent quite a significant drop from September, 2016. However, compared to October, 2015 the drop is not quite as dramatic, therefore could be explained by seasonal patterns. While number of commercial buildings have also decreased, the total area supplied remained relatively stable.

During last 10 months (January-October, 2016) 605 new buildings (+53.6% YoY) with total area of 1 202 828 sq.m (+74.2% YoY) have been supplied to the real property market, of which:

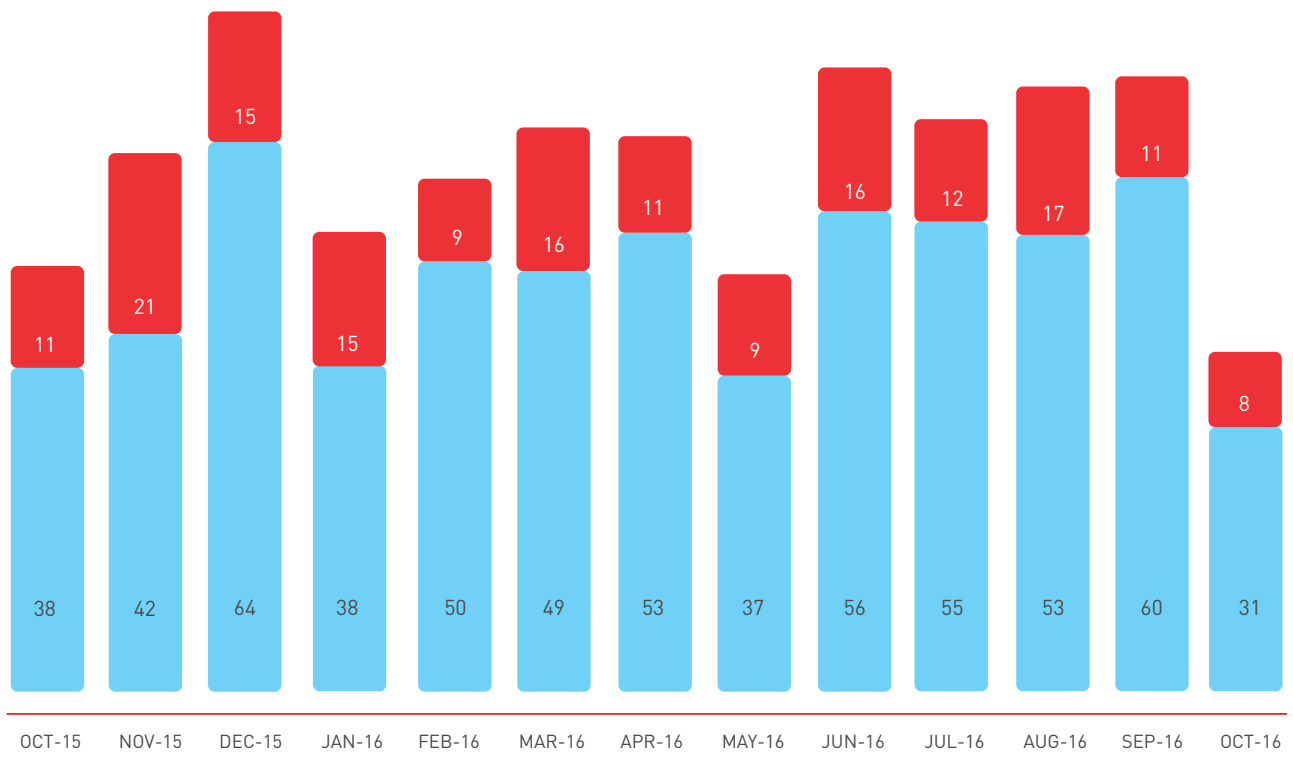
480 new residential buildings (+67.7% YoY) with total area of 990 129 sq.m (+100.5% YoY)

125 new commercial buildings (+16.1% YoY) with total area of 212 699 sq.m (+8.2% YoY)

As it seems, real property supply is significantly higher in 2016 compared to 2015.

## SUPPLY TREND NEW REAL PROPERTY NUMBER... TBS MONTHLY TREND, 2015-2016

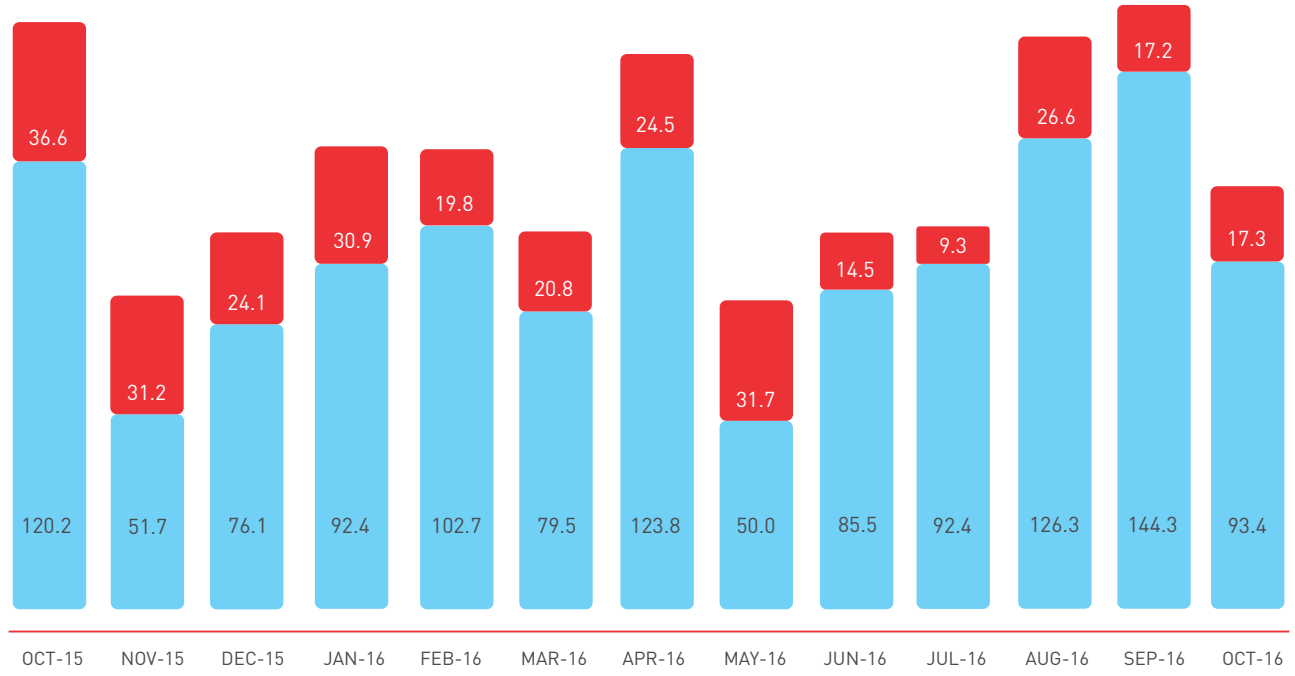
- RP NUMBER (UNIT)
- CP NUMBER (UNIT)



Source: TCHIMDS 2016

**SUPPLY TREND**  
**NEW REAL PROPERTY AREA... TBS**  
**MONTHLY TREND, 2015-2016**

- RP AREA (1000 SQ.M)
- CP AREA (1000 SQ.M)



Source: TCHIMDS 2016

**SUPPLY TREND**  
**NEW REAL PROPERTY NUMBER... TBS**  
**MONTHLY TREND, 2015-2016**

| M-Y    | RP (UNIT) | CP (UNIT) | ALL (UNIT) | MoM (%) |
|--------|-----------|-----------|------------|---------|
| OCT-15 | 38        | 11        | 49         | 16.7%   |
| NOV-15 | 42        | 21        | 62         | 26.5%   |
| DEC-15 | 64        | 15        | 79         | 27.4%   |
| JAN-16 | 38        | 15        | 53         | -32.9%  |
| FEB-16 | 50        | 9         | 59         | 11.3%   |
| MAR-16 | 49        | 16        | 65         | 10.2%   |
| APR-16 | 53        | 11        | 64         | -1.5%   |
| MAY-16 | 37        | 9         | 46         | -28.1%  |
| JUN-16 | 56        | 16        | 72         | 56.5%   |
| JUL-16 | 55        | 12        | 66         | -8.3%   |
| AUG-16 | 53        | 17        | 70         | 6.1%    |
| SEP-16 | 60        | 11        | 71         | 1.4%    |
| OCT-16 | 31        | 8         | 39         | -45.1%  |

Source: TCHIMDS 2016

**SUPPLY TREND**  
**NEW REAL PROPERTY AREA... TBS**  
**MONTHLY TREND, 2015-2016**

| M-Y    | RP (1000 SQ.M) | CP (1000 SQ.M) | ALL (1000 SQ.M) | MoM (%) |
|--------|----------------|----------------|-----------------|---------|
| OCT-15 | 120.2          | 36.6           | 156.8           | 105.6%  |
| NOV-15 | 51.7           | 31.2           | 82.9            | -47.1%  |
| DEC-15 | 76.1           | 24.1           | 100.2           | 20.8%   |
| JAN-16 | 92.4           | 30.9           | 123.3           | 23.1%   |
| FEB-16 | 102.7          | 19.8           | 122.5           | -0.7%   |
| MAR-16 | 79.5           | 20.8           | 100.3           | -18.1%  |
| APR-16 | 123.8          | 24.5           | 148.3           | 47.8%   |
| MAY-16 | 50.0           | 31.7           | 81.7            | -44.9%  |
| JUN-16 | 85.5           | 14.5           | 100.0           | 22.4%   |
| JUL-16 | 92.4           | 9.3            | 101.7           | 1.7%    |
| AUG-16 | 126.3          | 26.6           | 152.9           | 50.3%   |
| SEP-16 | 144.3          | 17.2           | 161.5           | 5.6%    |
| OCT-16 | 93.4           | 17.3           | 110.7           | -31.5%  |

Source: TCHIMDS 2016

# RESIDENTIAL PROPERTY PRICES

## HIGHLIGHTS

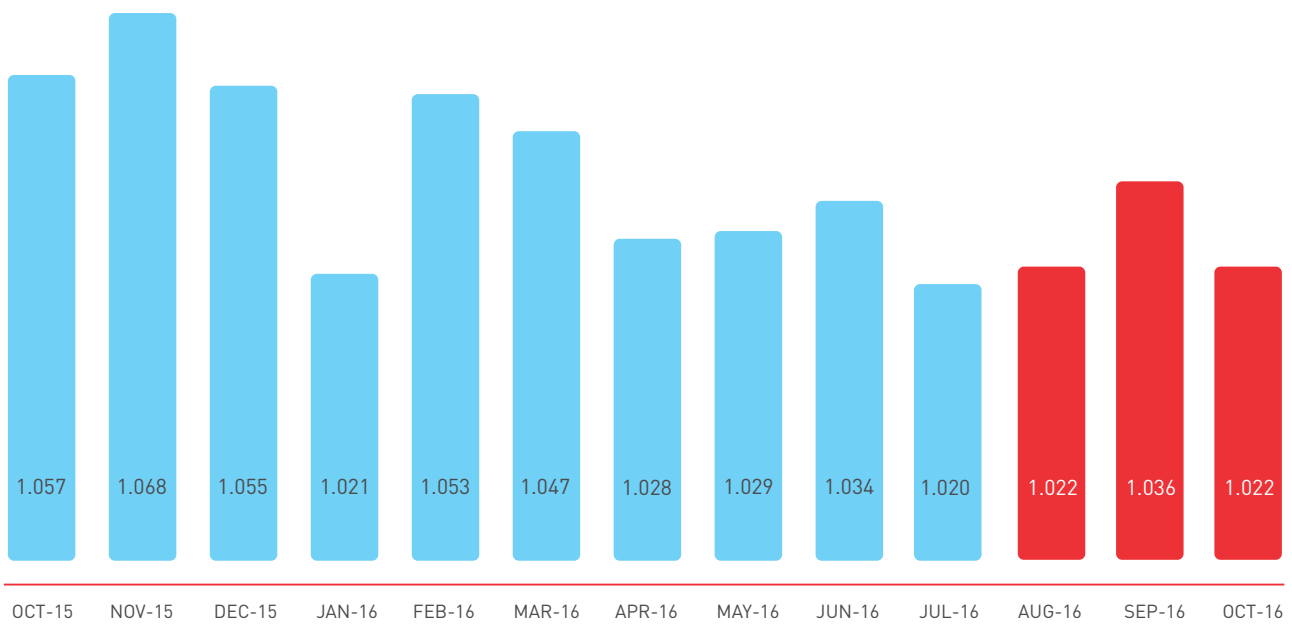
SPI and RPI for residential properties remained relatively stable, while ASP displayed signs of recovery slightly surpassing ASP in October 2015. APR continues its revival after slowdown of August 2016.

SPI in TBS decreased to 1.022 (-1.4% MoM & -3.3% YoY) in October 2016, while RPI shrank by 1.4% MoM and 4.9% YoY to its current level of 0.942.

ASP in TBS reached USD 877 per sq.m (+2.0% MoM & +0.1% YoY) and ARP - USD 7.41 per sq.m (+6.2% MoM & -0.7% YoY).

For October 2016, most expensive and cheapest districts of TBS were  
 by ASP: Mtatsminda (USD 1 048) and Samgori (USD 520)  
 by ARP: Mtatsminda (USD 8.63) and Gldani (USD 4.13)

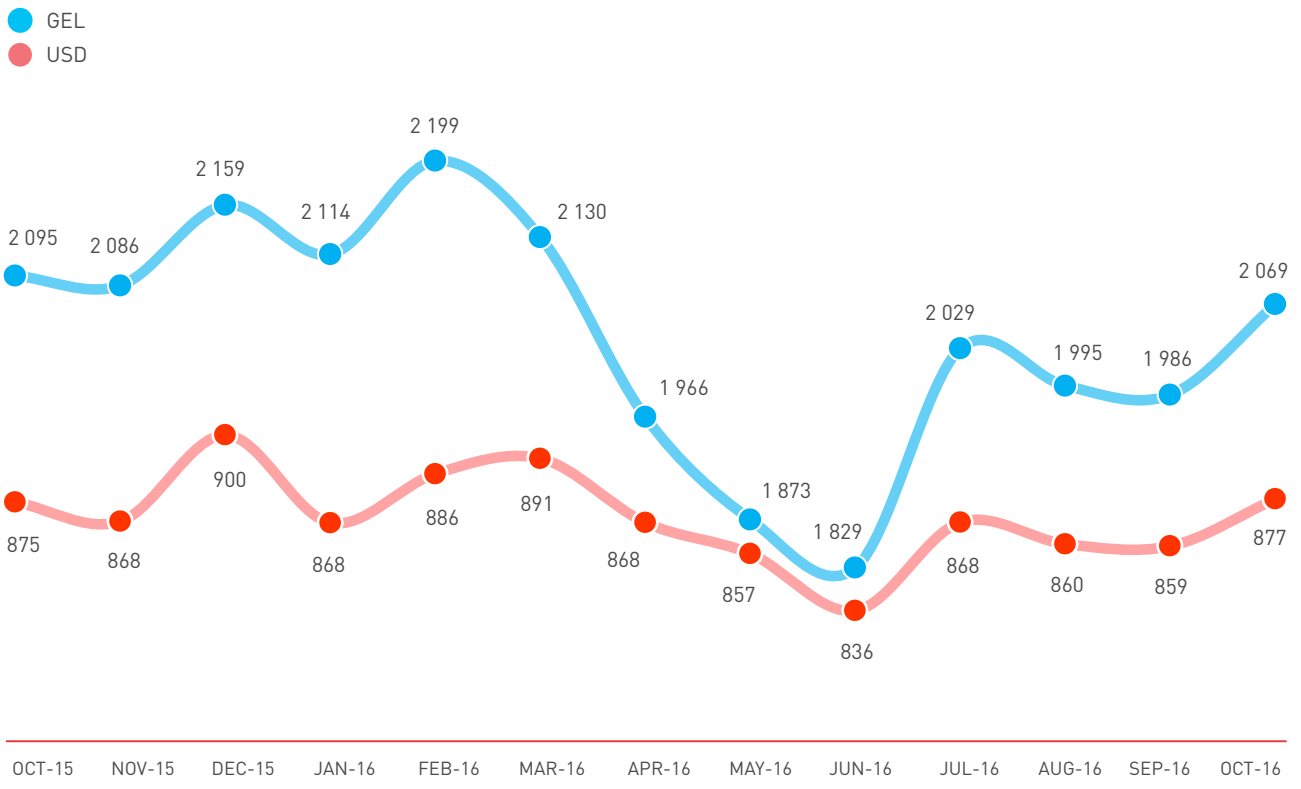
**SPI  
 RESIDENTIAL PROPERTY... TBS  
 MONTHLY TREND, 2015-2016**



Source: REM lab 2016



**ASP  
RESIDENTIAL PROPERTY... TBS  
MONTHLY TREND, 2015-2016**



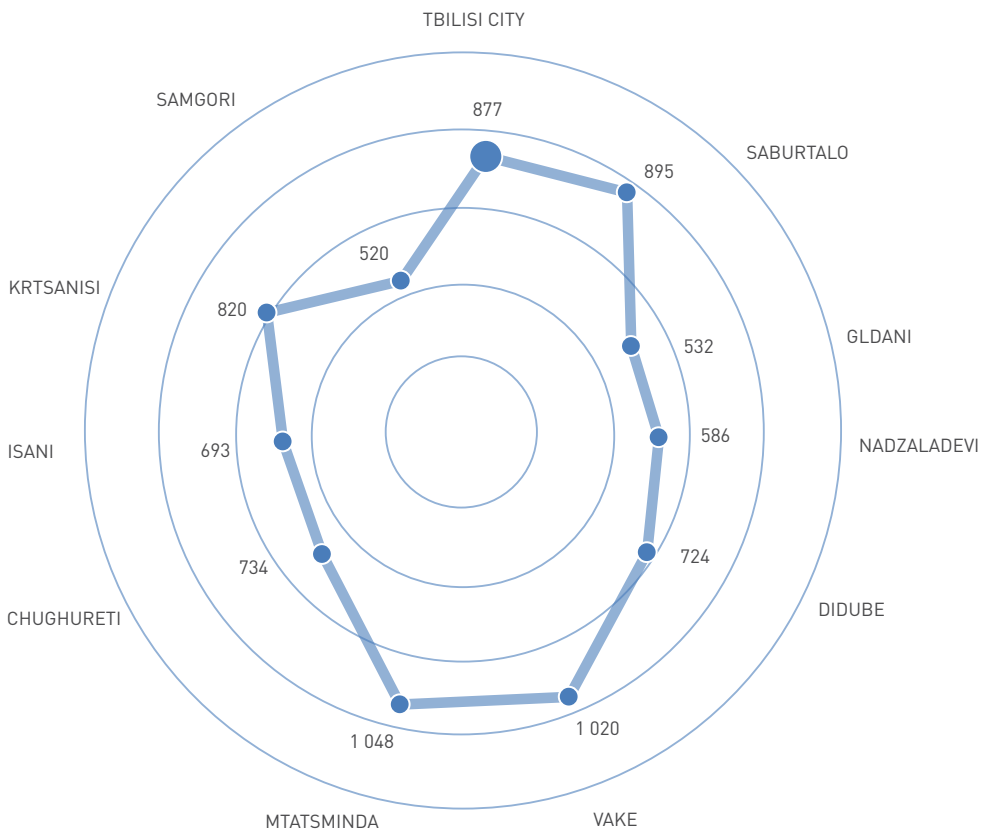
Source: REM lab 2016

**ASP  
RESIDENTIAL PROPERTY... TBS  
MONTHLY TREND, 2015-2016**

| M-Y    | ASP (USD) | MoM (%) | YoY (%) | ASP (GEL) | MoM (%) | YoY (%) |
|--------|-----------|---------|---------|-----------|---------|---------|
| OCT-15 | 875       | 1.6%    | 0.2%    | 2095      | 1.3%    | 36.6%   |
| NOV-15 | 868       | -0.8%   | -4.2%   | 2086      | -0.4%   | 29.5%   |
| DEC-15 | 900       | 3.6%    | -0.5%   | 2159      | 3.5%    | 26.7%   |
| JAN-16 | 868       | -3.6%   | 2.5%    | 2114      | -2.1%   | 28.7%   |
| FEB-16 | 886       | 2.1%    | 0.0%    | 2199      | 4.0%    | 18.9%   |
| MAR-16 | 891       | 0.6%    | 5.9%    | 2130      | -3.2%   | 15.4%   |
| APR-16 | 868       | -2.6%   | 1.2%    | 1966      | -7.7%   | 1.6%    |
| MAY-16 | 857       | -1.3%   | -2.8%   | 1873      | -4.7%   | -8.5%   |
| JUN-16 | 836       | -2.4%   | -5.3%   | 1829      | -2.3%   | -8.4%   |
| JUL-16 | 868       | 3.8%    | -1.8%   | 2029      | 10.9%   | 1.7%    |
| AUG-16 | 860       | -0.9%   | 2.9%    | 1995      | -1.7%   | 2.8%    |
| SEP-16 | 859       | -0.1%   | -0.3%   | 1986      | -0.4%   | -3.9%   |
| OCT-16 | 877       | 2.0%    | 0.1%    | 2069      | 4.1%    | -1.2%   |

Source: REM lab 2016

**ASP (USD)  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
OCTOBER, 2016**



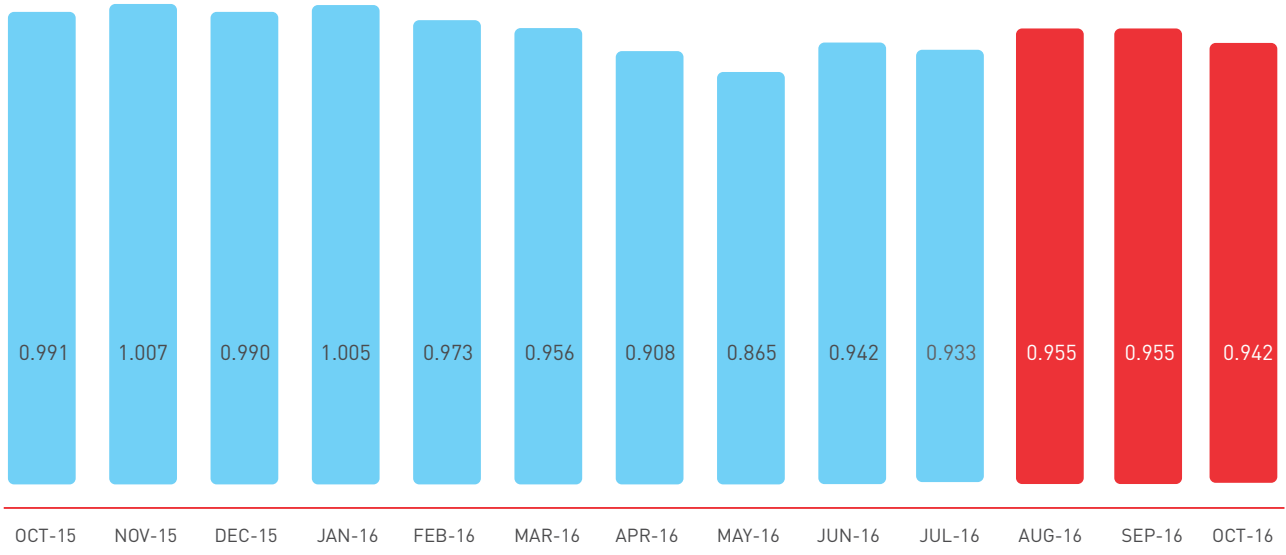
Source: REM lab 2016

**ASP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
OCTOBER, 2016**

| DISTRICT    | ASP (USD)  | MoM (%)     | ASP (GEL)    | MoM (%)     |
|-------------|------------|-------------|--------------|-------------|
| SABURTALO   | 895        | -2.8%       | 2 113        | -0.7%       |
| GLDANI      | 532        | -4.9%       | 1 256        | -2.9%       |
| NADZALADEVI | 586        | 2.3%        | 1 384        | 4.5%        |
| DIDUBE      | 724        | 1.7%        | 1 709        | 3.9%        |
| VAKE        | 1 020      | 8.4%        | 2 406        | 10.7%       |
| MTATSMINDA  | 1 048      | 5.7%        | 2 473        | 7.9%        |
| CHUGHURETI  | 734        | -4.1%       | 1 732        | -2.1%       |
| ISANI       | 693        | 11.3%       | 1 635        | 13.6%       |
| KRTSANISI   | 820        | 5.8%        | 1 935        | 8.0%        |
| SAMGORI     | 520        | -6.2%       | 1 227        | -4.3%       |
| <b>TBS</b>  | <b>877</b> | <b>2.0%</b> | <b>2 069</b> | <b>4.1%</b> |

Source: REM lab 2016

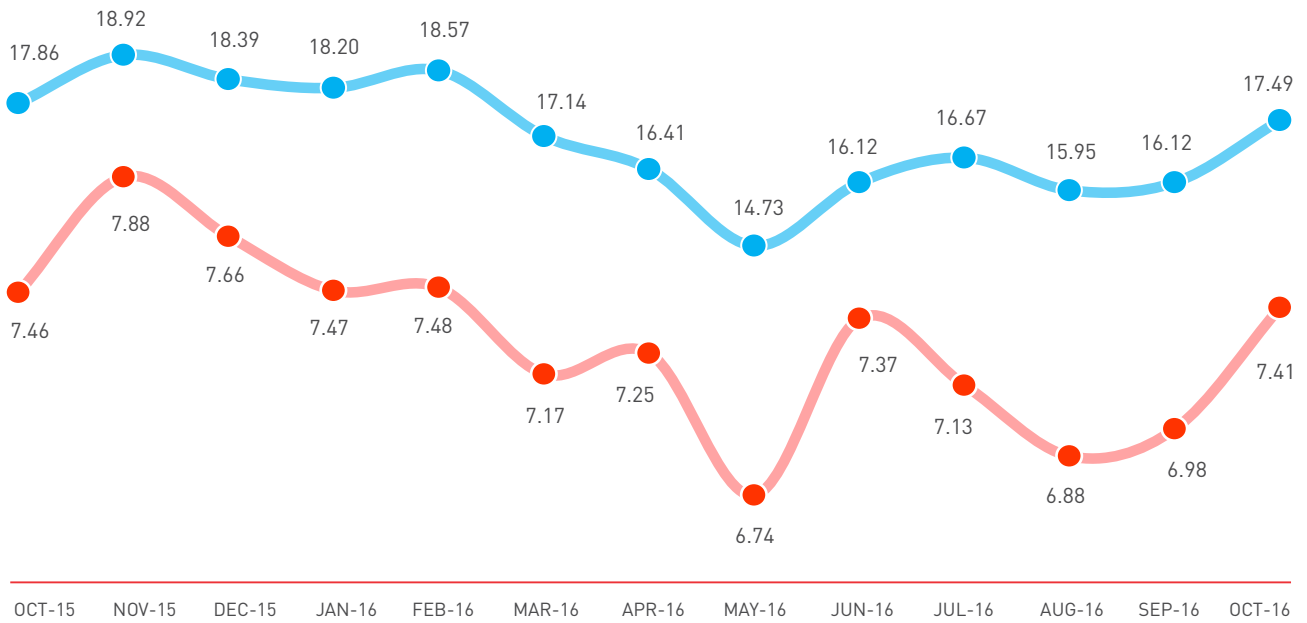
**RPI**  
**RESIDENTIAL PROPERTY... TBS**  
**MONTHLY TREND, 2015-2016**



Source: REM lab 2016

**ARP**  
**RESIDENTIAL PROPERTY... TBS**  
**MONTHLY TREND, 2015-2016**

● GEL  
 ● USD



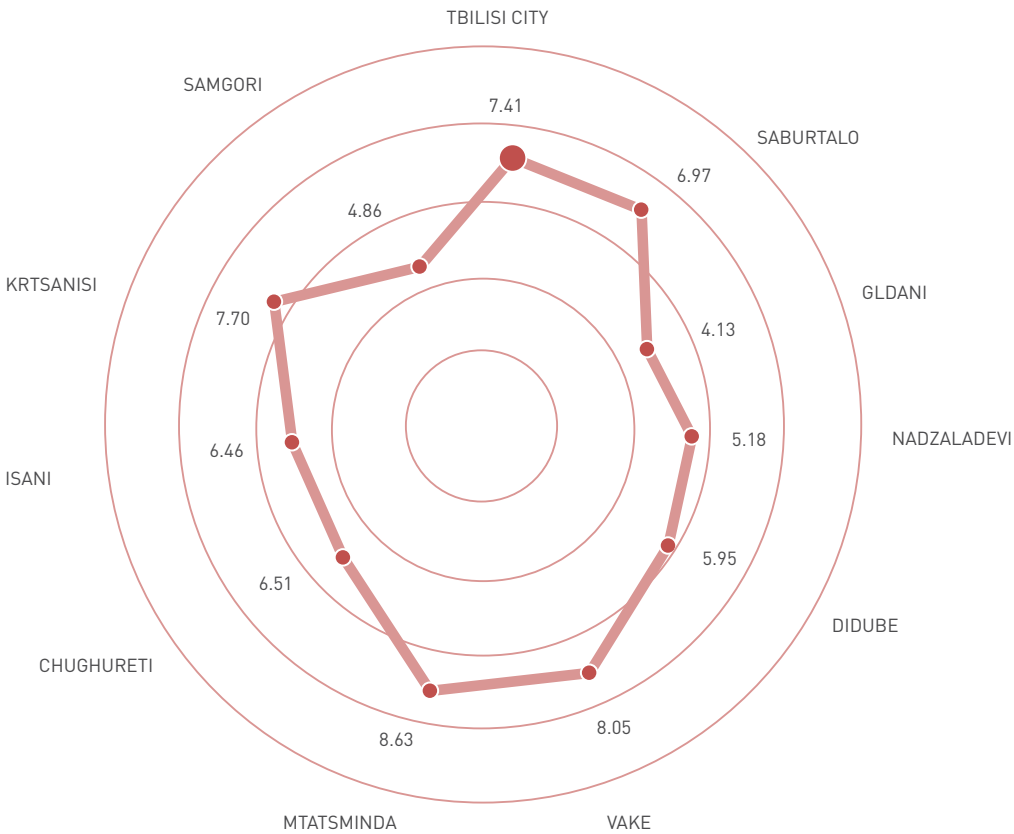
Source: REM lab 2016

**ARP  
RESIDENTIAL PROPERTY... TBS  
MONTHLY TREND, 2015-2016**

| M-Y    | ARP (USD) | MoM (%) | YoY (%) | ARP (GEL) | MoM (%) | YoY (%) |
|--------|-----------|---------|---------|-----------|---------|---------|
| OCT-15 | 7.46      | -3.3%   | 10.3%   | 17.86     | -3.5%   | 22.3%   |
| NOV-15 | 7.88      | 5.5%    | -5.1%   | 18.92     | 5.9%    | 28.3%   |
| DEC-15 | 7.66      | -2.7%   | -5.4%   | 18.39     | -2.8%   | 20.4%   |
| JAN-16 | 7.47      | -2.5%   | -8.2%   | 18.20     | -1.0%   | 15.2%   |
| FEB-16 | 7.48      | 0.1%    | -6.1%   | 18.57     | 2.1%    | 11.7%   |
| MAR-16 | 7.17      | -4.1%   | 10.8%   | 17.14     | -7.7%   | -2.8%   |
| APR-16 | 7.25      | 1.0%    | -9.2%   | 16.41     | -4.2%   | -8.9%   |
| MAY-16 | 6.74      | -7.0%   | 18.3%   | 14.73     | -10.2%  | -23.1%  |
| JUN-16 | 7.37      | 9.4%    | -7.7%   | 16.12     | 9.4%    | -10.8%  |
| JUL-16 | 7.13      | -3.2%   | -7.7%   | 16.67     | 3.4%    | -4.4%   |
| AUG-16 | 6.88      | -3.6%   | 11.2%   | 15.95     | -4.3%   | -11.3%  |
| 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%   |

Source: REM lab 2016

**ARP (USD)  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
OCTOBER, 2016**



Source: REM lab 2016

**ARP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
OCTOBER, 2016**

| DISTRICT    | ARP (USD)   | MoM (%)     | ARP (GEL)    | MoM (%)     |
|-------------|-------------|-------------|--------------|-------------|
| SABURTALO   | 6.97        | -1.4%       | 16.46        | 0.7%        |
| GLDANI      | 4.13        | -4.1%       | 9.76         | -2.1%       |
| NADZALADEVI | 5.18        | 9.9%        | 12.22        | 12.3%       |
| DIDUBE      | 5.95        | -3.2%       | 14.05        | -1.2%       |
| VAKE        | 8.05        | 6.3%        | 19.01        | 8.5%        |
| MTATSMINDA  | 8.63        | 7.1%        | 20.38        | 9.4%        |
| CHUGHURETI  | 6.51        | 9.4%        | 15.37        | 11.7%       |
| ISANI       | 6.46        | 15.3%       | 15.25        | 17.8%       |
| KRTSANISI   | 7.70        | 21.3%       | 18.17        | 23.9%       |
| SAMGORI     | 4.86        | 0.9%        | 11.47        | 3.1%        |
| <b>TBS</b>  | <b>7.41</b> | <b>6.2%</b> | <b>17.49</b> | <b>8.4%</b> |

Source: REM lab 2016

# COMMERCIAL PROPERTY PRICES

## HIGHLIGHTS

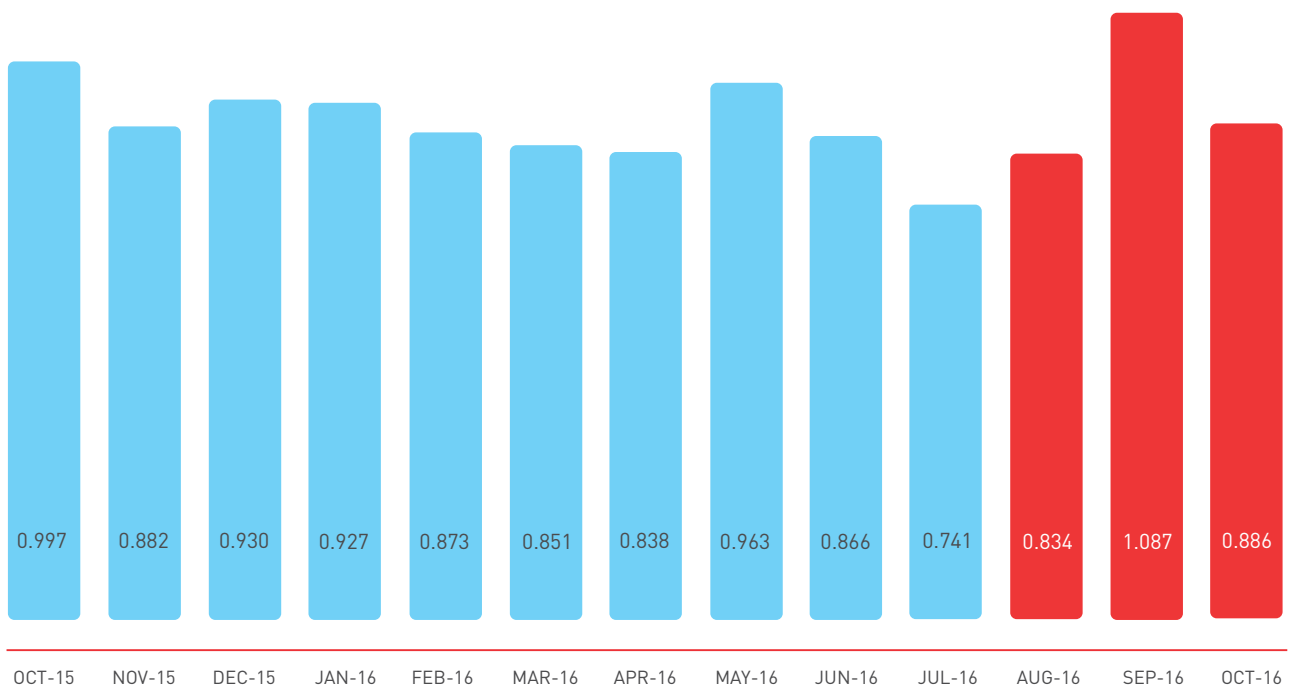
October 2016 has moderated shocks to SPI and RPI of the previous month. SPI for commercial property contracted, while RPI has increased marginally. Both ASP and ARP continue their robust recovery from July and August slumps, respectively.

SPI in TBS decreased from 1.087 to 0.886 (-18.5% MoM & -11.1% YoY) and RPI rose to 0.909 (+3.7% MoM & -13.7% YoY) in October 2016.

ASP for commercial property in TBS reached USD 1133 per sq.m (+5.4% MoM & 0.0% YoY) and ARP reached USD 10.22 per sq.m (+1.0% MoM & -9.9% YoY) in October 2016.

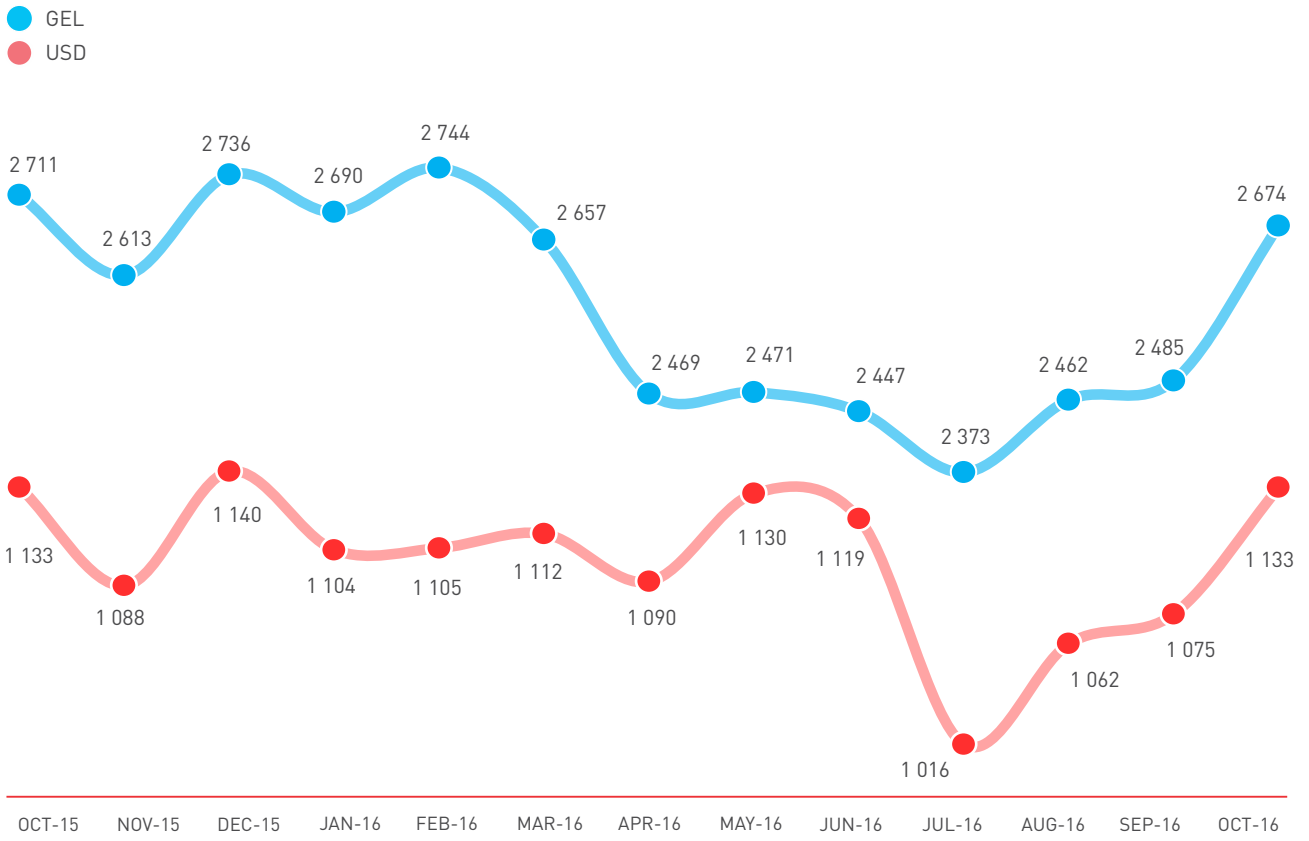
**Note:** Published data on commercial property prices are preliminary.

SPI  
COMMERCIAL PROPERTY... TBS  
MONTHLY TREND, 2015-2016



Source: REM lab 2016

**ASP (USD, GEL)  
COMMERCIAL PROPERTY... TBS  
MONTHLY TREND, 2015-2016**



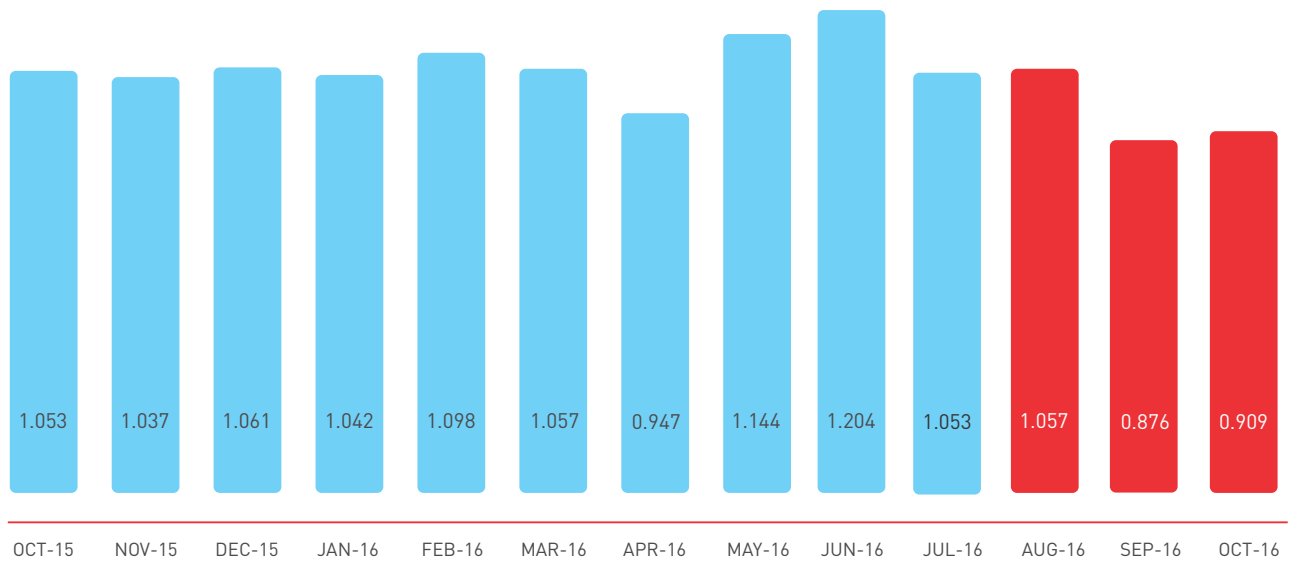
Source: REM lab 2016

**ASP  
COMMERCIAL PROPERTY... TBS  
MONTHLY TREND, 2015-2016**

| M-Y    | ASP (USD) | MoM (%) | YoY (%) | ASP (GEL) | MoM (%) | YoY (%) |
|--------|-----------|---------|---------|-----------|---------|---------|
| OCT-15 | 1 133     | 1.5%    | 1.1%    | 2 711     | 1.2%    | 37.8%   |
| NOV-15 | 1 088     | -4.0%   | -2.2%   | 2 613     | -3.6%   | 32.1%   |
| DEC-15 | 1 140     | 4.8%    | 3.6%    | 2 736     | 4.7%    | 31.8%   |
| JAN-16 | 1 104     | -3.2%   | 3.9%    | 2 690     | -1.7%   | 30.4%   |
| FEB-16 | 1 105     | 0.1%    | -3.4%   | 2 744     | 2.0%    | 14.9%   |
| MAR-16 | 1 112     | 0.6%    | 7.7%    | 2 657     | -3.2%   | 17.4%   |
| APR-16 | 1 090     | -2.0%   | 6.5%    | 2 469     | -7.1%   | 6.9%    |
| MAY-16 | 1 130     | 3.7%    | 3.7%    | 2 471     | 0.1%    | -2.4%   |
| JUN-16 | 1 119     | -1.0%   | -3.5%   | 2 447     | -0.9%   | -6.7%   |
| JUL-16 | 1 016     | -9.2%   | -17.4%  | 2 373     | -3.0%   | -14.5%  |
| AUG-16 | 1 062     | 4.5%    | -8.5%   | 2 462     | 3.7%    | -8.5%   |
| 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%   |

Source: REM lab 2016

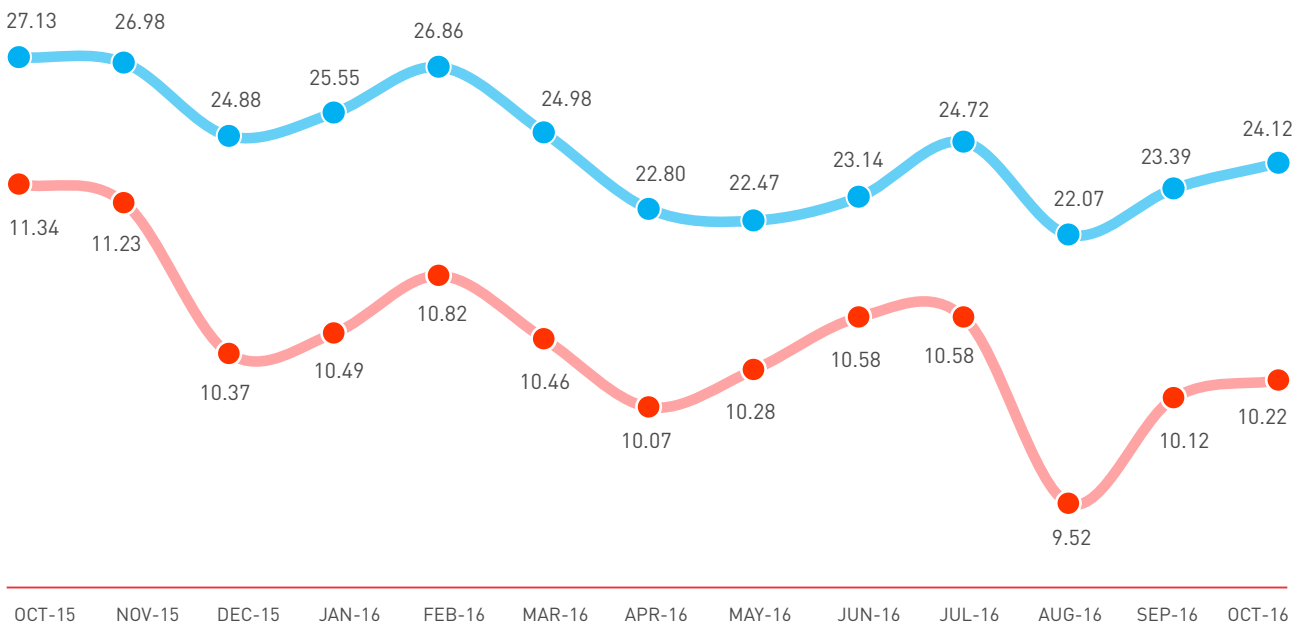
**RPI**  
**COMMERCIAL PROPERTY... TBS**  
**MONTHLY TREND, 2015-2016**



Source: REM lab 2016

**ARP**  
**COMMERCIAL PROPERTY... TBS**  
**MONTHLY TREND, 2015-2016**

- GEL
- USD



Source: REM lab 2016



**ARP**  
**COMMERCIAL PROPERTY... TBS**  
**MONTHLY TREND, 2015-2016**

| M-Y    | ASP (USD) | MoM (%) | YoY (%) | ASP (GEL) | MoM (%) | YoY (%) |
|--------|-----------|---------|---------|-----------|---------|---------|
| OCT-15 | 11.34     | -5.8%   | 1.6%    | 27.13     | -6.0%   | 38.5%   |
| NOV-15 | 11.23     | -0.9%   | -2.6%   | 26.98     | -0.6%   | 31.6%   |
| DEC-15 | 10.37     | -7.7%   | -6.6%   | 24.88     | -7.8%   | 18.9%   |
| JAN-16 | 10.49     | 1.1%    | -4.4%   | 25.55     | 2.7%    | 20.0%   |
| FEB-16 | 10.82     | 3.1%    | -3.2%   | 26.86     | 5.1%    | 15.2%   |
| MAR-16 | 10.46     | -3.3%   | -5.3%   | 24.98     | -7.0%   | 3.2%    |
| APR-16 | 10.07     | -3.7%   | -7.4%   | 22.80     | -8.7%   | -7.1%   |
| MAY-16 | 10.28     | 2.1%    | -6.0%   | 22.47     | -1.4%   | -11.5%  |
| JUN-16 | 10.58     | 2.9%    | -6.7%   | 23.14     | 3.0%    | -9.8%   |
| JUL-16 | 10.58     | 0.0%    | -9.9%   | 24.72     | 6.8%    | -6.7%   |
| AUG-16 | 9.52      | -10.0%  | -20.3%  | 22.07     | -10.7%  | -20.4%  |
| 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%  |

Source: REM lab 2016