

# REAL ESTATE MARKET

TBILISI | BATUMI | KUTAISI



ISET



## # 5 | January-March 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 MONTHLY TREND, 2016-2017

M-Y	USD   GEL	MoM (%)	YoY (%)
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%
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%

Source: NBG 2017

# REAL PROPERTY SALES

## GEO HIGHLIGHTS

GEO real property market decreased seasonally in JAN-17 (-38.4% MoM) and gradually recovered in next 2 months: FEB-17 (+25.6% MoM) and MAR-17 (+20.9% MoM). With a total of 21 611 property sales, GEO market in Q1 2017 grew by 6.1% (YoY).

Share of TBS in GEO sales reduced to 38.7% in Q1 2017, but TBS still remains on the top of GEO real property market.

TBS market was followed by Kakheti with 10.7% and Ajara with 10.2% shares in GEO sales. In Q1 2017, TBS real property sales grew by 14.7%, while overall the market outside TBS - by only 1.2%. More than half of GEO sales were registered in 3 largest cities: TBS, BAT & KUT.

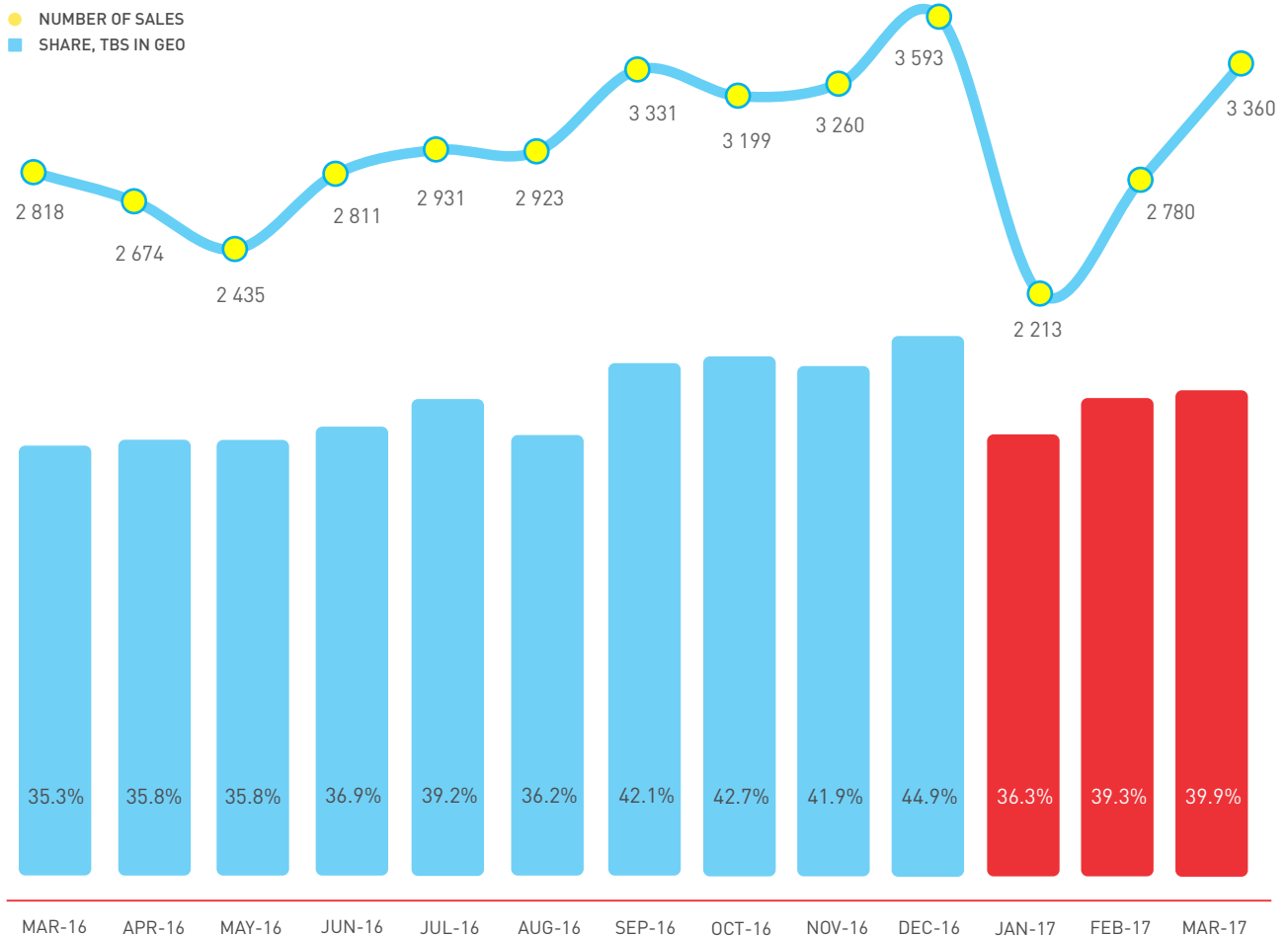
### For Q1, 2017 TOP 3 regions by sales in GEO were:

- TBS (8 353 units, 38.7%)
- Kakheti (2 323 units, 10.7%)
- Ajara (2 208 units, 10.2%)

### For Q1, 2017 TOP 3 districts by sales in TBS were:

- Vake (1 759 units, 21.1%)
- Saburtalo (1 585 units, 19.0%)
- Samgori (819 units, 9.8%)

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



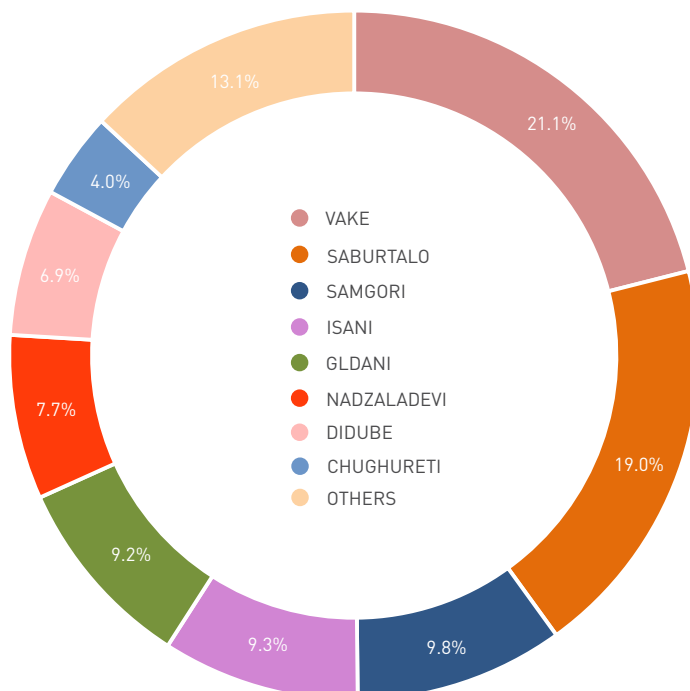
Source: NAPR 2017

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

M-Y	TBS (UNIT)	MoM (%)	GEO (UNIT)	MoM (%)
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%	7 496	-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%

Source: NAPR 2017

**REAL PROPERTY SALES  
TBS DISTRICTS  
Q1 2017**



Source: NAPR 2017

**SALES TREND**  
**REAL PROPERTY... GEO REGIONS**  
**Q1 2017**

REGION	NUMBER (UNIT)	SHARE IN GEO (%)	YoY (%)
TBS	8 353	38.7%	14.7%
KAKHETI	2 323	10.7%	-15.1%
AJARA	2 208	10.2%	18.3%
KVEMO KARTLI	2 170	10.0%	15.1%
IMERETI	1 643	7.6%	7.7%
SHIDA KARTLI	1 377	6.4%	6.5%
MTSKHETA-MTIANETI	1 140	5.3%	6.5%
SAMEGRELO-ZEMO SVANETI	895	4.1%	-10.2%
SAMTSKHE-JAVAKHETI	788	3.6%	-17.0%
GURIA	634	2.9%	-9.3%
RACHA-LECHKHUMI & KVEMO SVANETI	80	0.4%	9.6%

Source: NAPR 2017

**REAL PROPERTY SALES**  
**TOP 5 CITIES & MUNICIPALITIES**  
**Q1 2017**

CITY   MUN	NUMBER (UNIT)	SHARE IN GEO (%)
TBS	8 353	38.7%
BAT	1 818	8.4%
GARDABANI MUN	802	3.7%
MTSKHETA MUN	792	3.7%
KUT	690	3.2%

Source: NAPR 2017

# REAL PROPERTY SUPPLY

## TBS HIGHLIGHTS

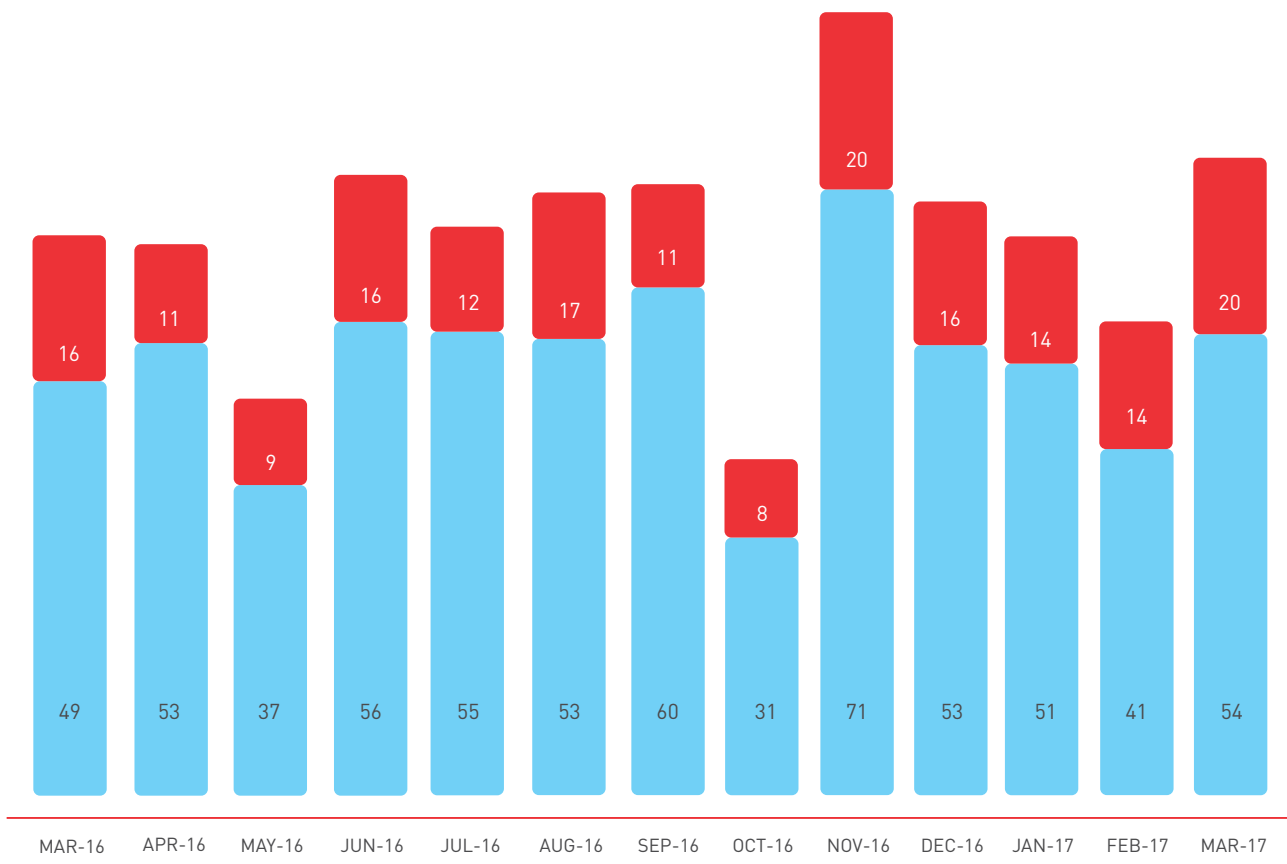
194 new buildings with total area of 301.1 thousand sq.m were completed in TBS during Q1 2017. As it seems, real property supply in TBS grew by number of buildings (+9.6% YoY), but reduced by area of buildings (-13.0% YoY).

In Q1 2017, residential real property supply (146 new buildings with total area of 193.3 thousand sq.m) increased by number of buildings (+6.8% YoY) & fell by area of buildings (-29.6% YoY).

Commercial real property supply (48 new buildings with total area of 107.8 thousand sq.m) in Q1 2017 grew by number of buildings (+19.0% YoY) & also by area of buildings (+50.6% YoY).

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

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



Source: TCHIMDS 2017

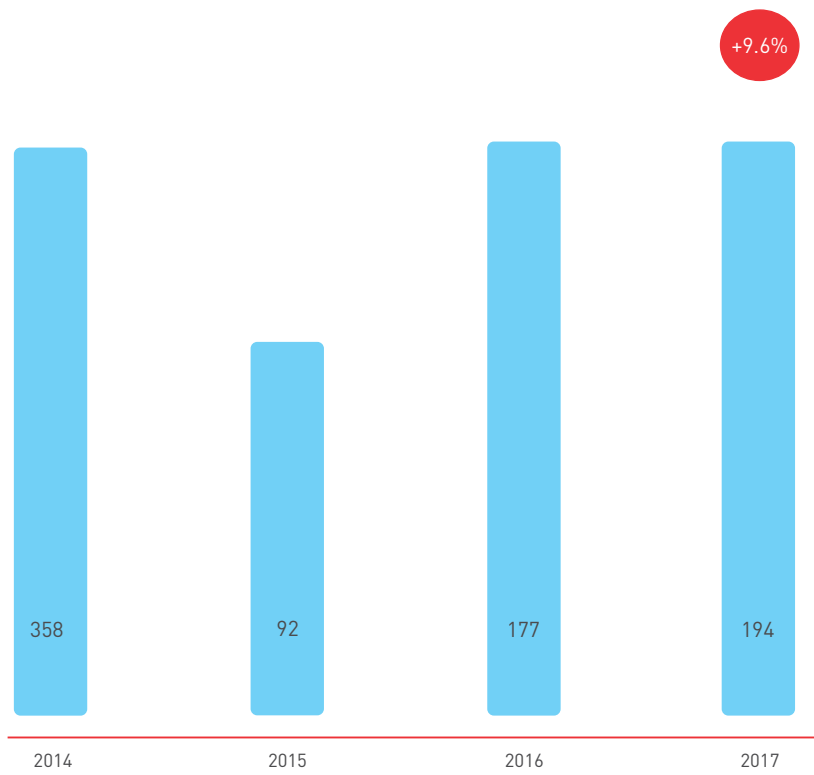
**SUPPLY TREND**  
**NEW REAL PROPERTY NUMBER... TBS**  
**MONTHLY TREND, 2016-2017**

M-Y	RP (UNIT)	CP (UNIT)	ALL (UNIT)
MAR-16	49	16	65
APR-16	53	11	64
MAY-16	37	9	46
JUN-16	56	16	72
JUL-16	55	12	67
AUG-16	53	17	70
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

Source: TCHIMDS 2017

**SUPPLY TREND**  
**NEW REAL PROPERTY NUMBER... TBS**  
**Q1 2014-2017**

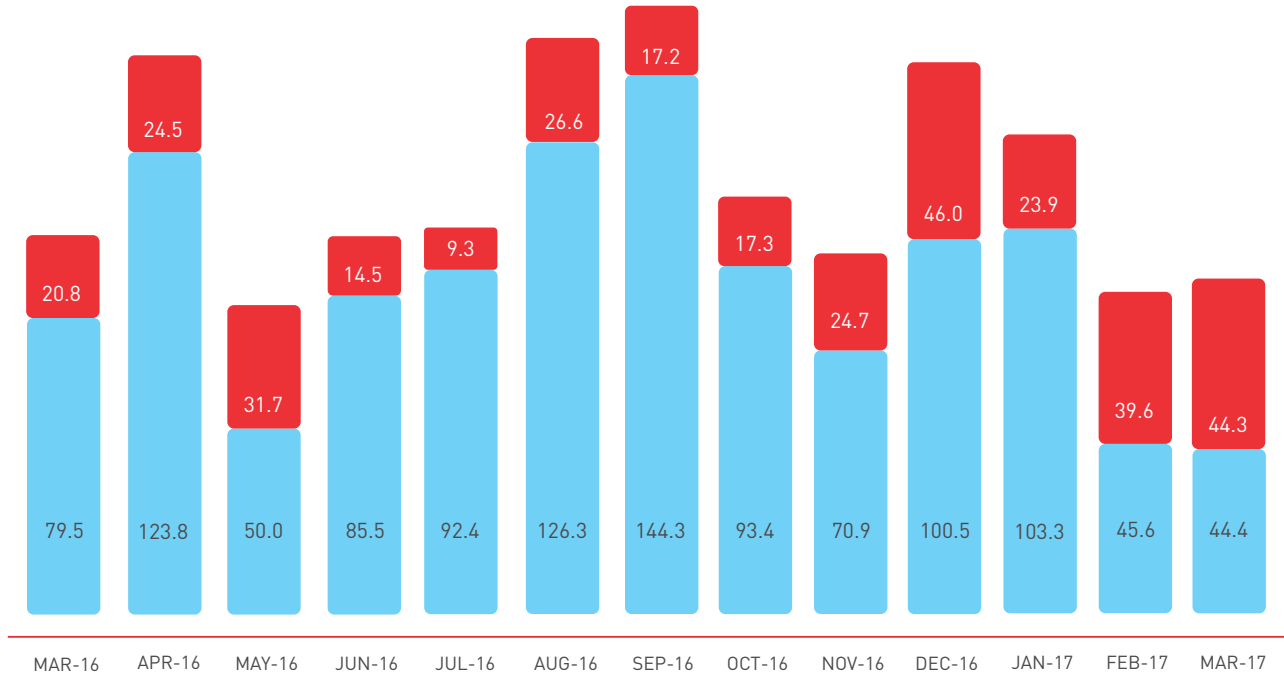
● UNITS



Source: TCHIMDS 2017

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

● RP (1000 SQ.M)  
 ● CP (1000 SQ.M)



Source: TCHIMDS 2017

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

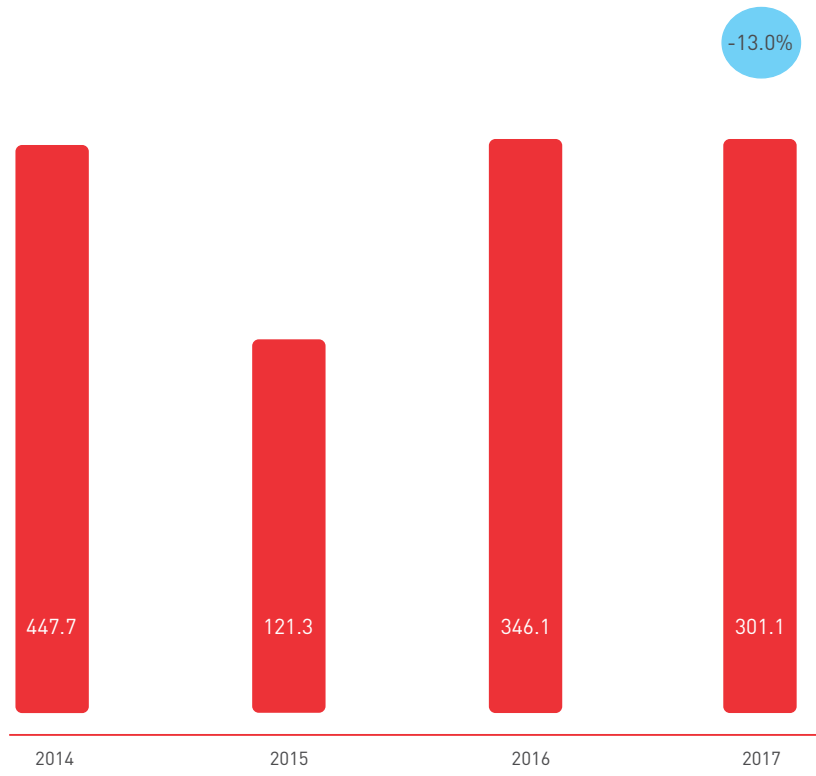
M-Y	RP (1000 SQ.M)	CP (1000 SQ.M)	ALL (1000 SQ.M)
MAR-16	79.5	20.8	100.3
APR-16	123.8	24.5	148.3
MAY-16	50.0	31.7	81.7
JUN-16	85.5	14.5	100.0
JUL-16	92.4	9.3	101.7
AUG-16	126.3	26.6	152.9
SEP-16	144.3	17.2	161.5
OCT-16	93.4	17.3	110.7
NOV-16	70.9	24.7	95.6
DEC-16	100.5	46.0	146.5
JAN-17	103.3	23.9	127.2
FEB-17	45.6	39.6	85.2
MAR-17	44.4	44.3	88.7

Source: TCHIMDS 2017



**SUPPLY TREND**  
**NEW REAL PROPERTY AREA... TBS**  
**Q1 2014-2017**

● 1000 SQ.M



Source: TCHIMDS 2017

# RESIDENTIAL PROPERTY PRICES

## TBS HIGHLIGHTS

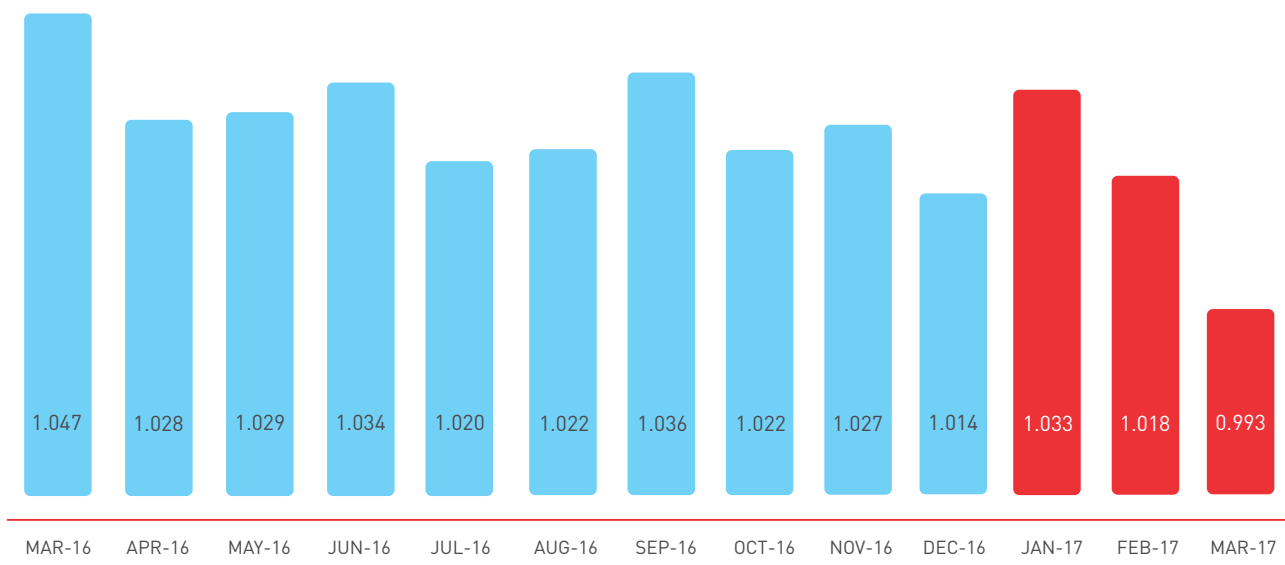
In Q1 2017, SPI & RPI for residential properties continued mainly downward trend and in MAR-17 SPI declined by 2.4% MoM & 5.1% YoY, while RPI - by 8.2% MoM & 6.6% YoY.

During Q1 2017, ASP varied between USD 836 - USD 887 per sq.m and ARP - between USD 6.91 - USD 7.71 per sq.m.

After reaching a peak in JAN-17, both ASP and ARP have trended downward. In MAR-17, ASP in TBS dropped to USD 836 [-4.5% MoM, -6.2% YoY] per sq.m & ARP decreased to USD 6.91 [-7.5% MoM, -3.6% YoY] per sq.m.

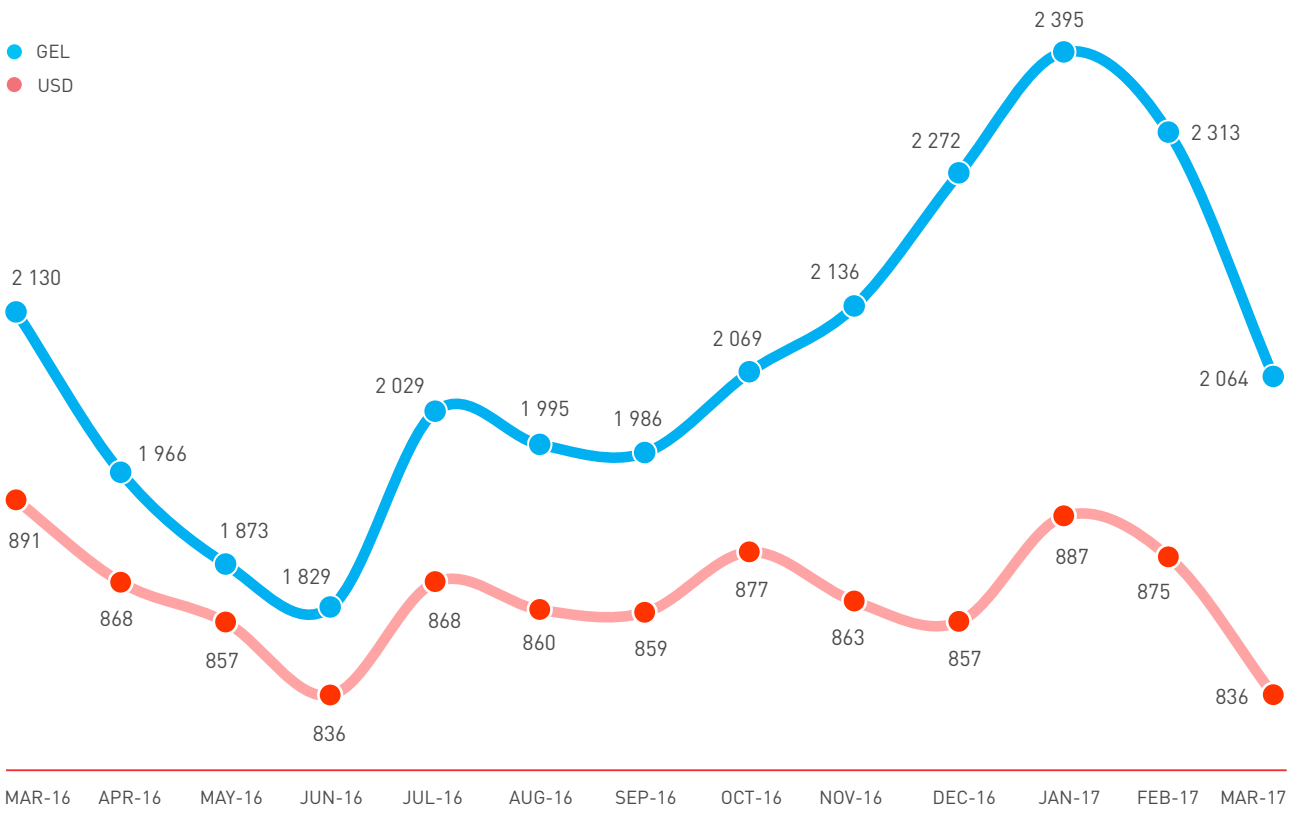
In Q1 2017, the most expensive and cheapest districts of TBS were  
by ASP: Mtatsminda (USD 1 061) and Samgori (USD 553)  
by ARP: Mtatsminda (USD 8.61) and Gldani (USD 4.27)

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



Source: REM lab 2017

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



Source: REM lab 2017

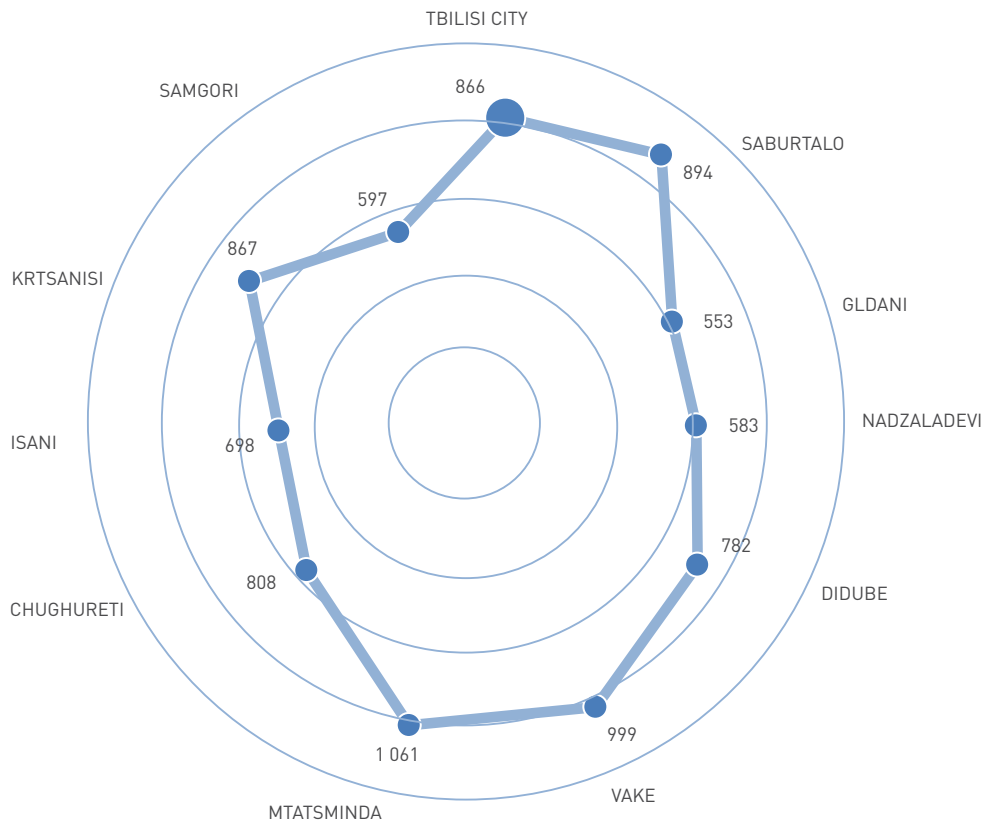
**ASP  
RESIDENTIAL PROPERTY... TBS  
MONTHLY TREND, 2016-2017**

M-Y	ASP (USD)	MoM (%)	YoY (%)	ASP (GEL)	MoM (%)	YoY (%)
MAR-16	891	0.6%	5.9%	2 130	-3.2%	15.4%
APR-16	868	-2.6%	1.2%	1 966	-7.7%	1.6%
MAY-16	857	-1.3%	-2.8%	1 873	-4.7%	-8.5%
JUN-16	836	-2.4%	-5.3%	1 829	-2.3%	-8.4%
JUL-16	868	3.8%	-1.8%	2 029	10.9%	1.7%
AUG-16	860	-0.9%	2.9%	1 995	-1.7%	2.8%
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%

Source: REM lab 2017

**ASP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
AV Q1 2017**

● USD



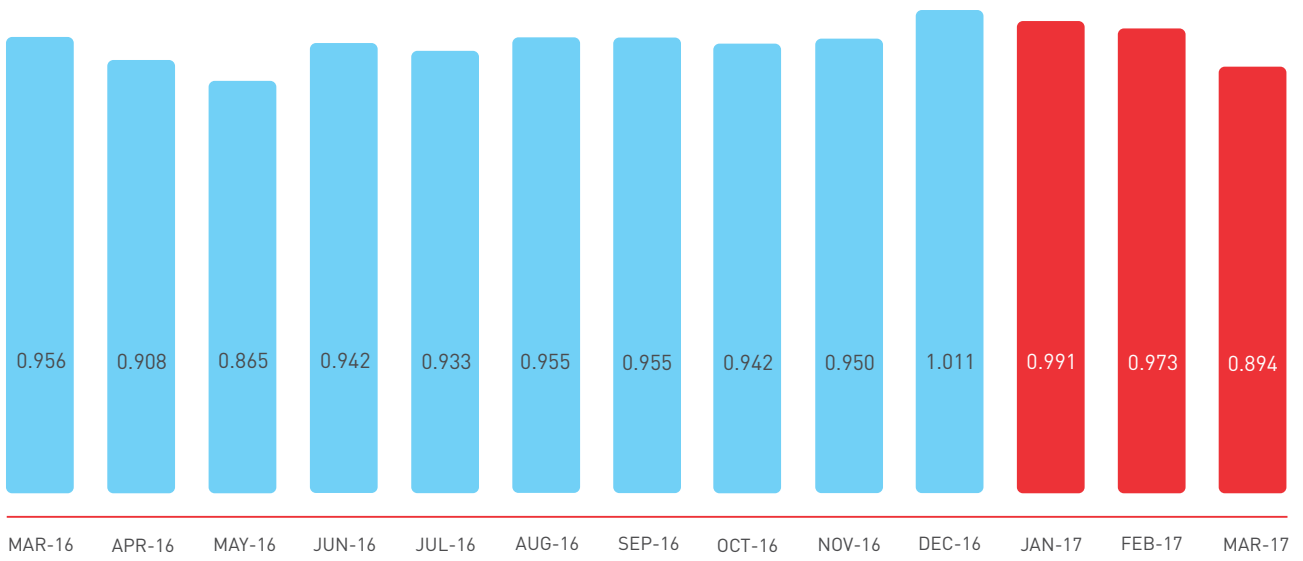
Source: REM lab 2017

**ASP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
AV Q1 2017**

DISTRICT	ASP (USD)	ASP (GEL)
SABURTALO	894	2 328
GLDANI	553	1 442
NADZALADEVI	583	1 520
DIDUBE	782	2 038
VAKE	999	2 604
MTATSMINDA	1 061	2 763
CHUGHURETI	808	2 105
ISANI	698	1 820
KRTSANISI	867	2 259
SAMGORI	597	1 552
<b>TBS</b>	<b>866</b>	<b>2 257</b>

Source: REM lab 2017

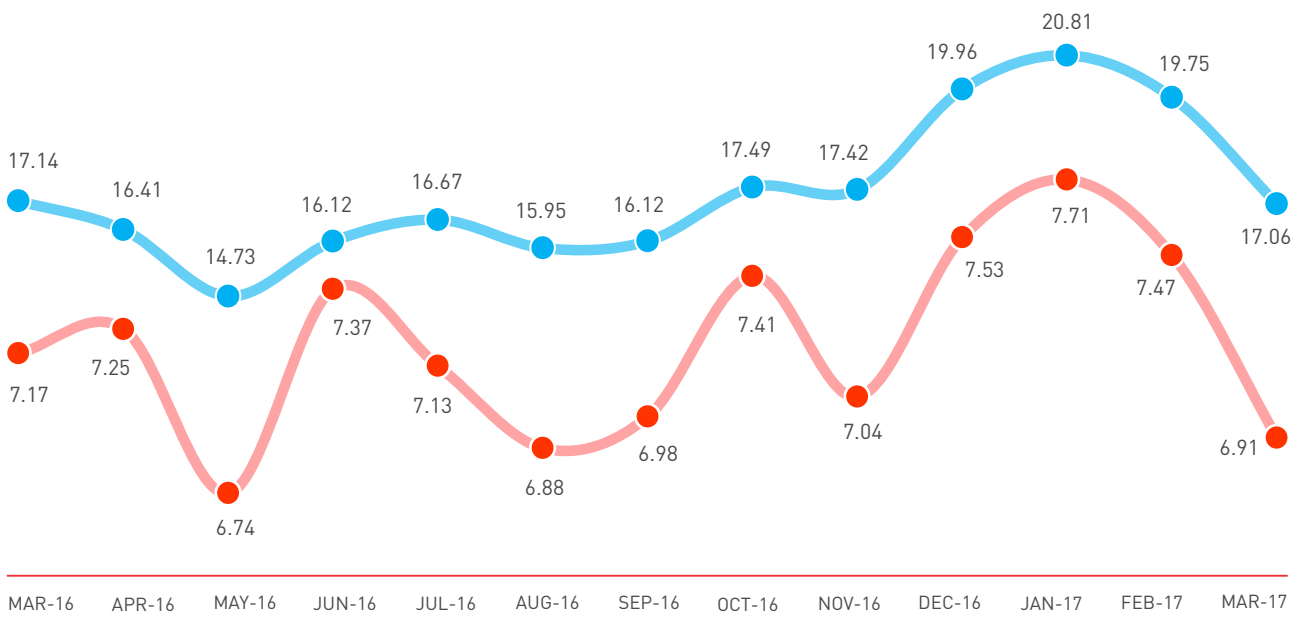
**RPI**  
**RESIDENTIAL PROPERTY... TBS**  
**MONTHLY TREND, 2016-2017**



Source: REM lab 2017

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

- GEL
- USD



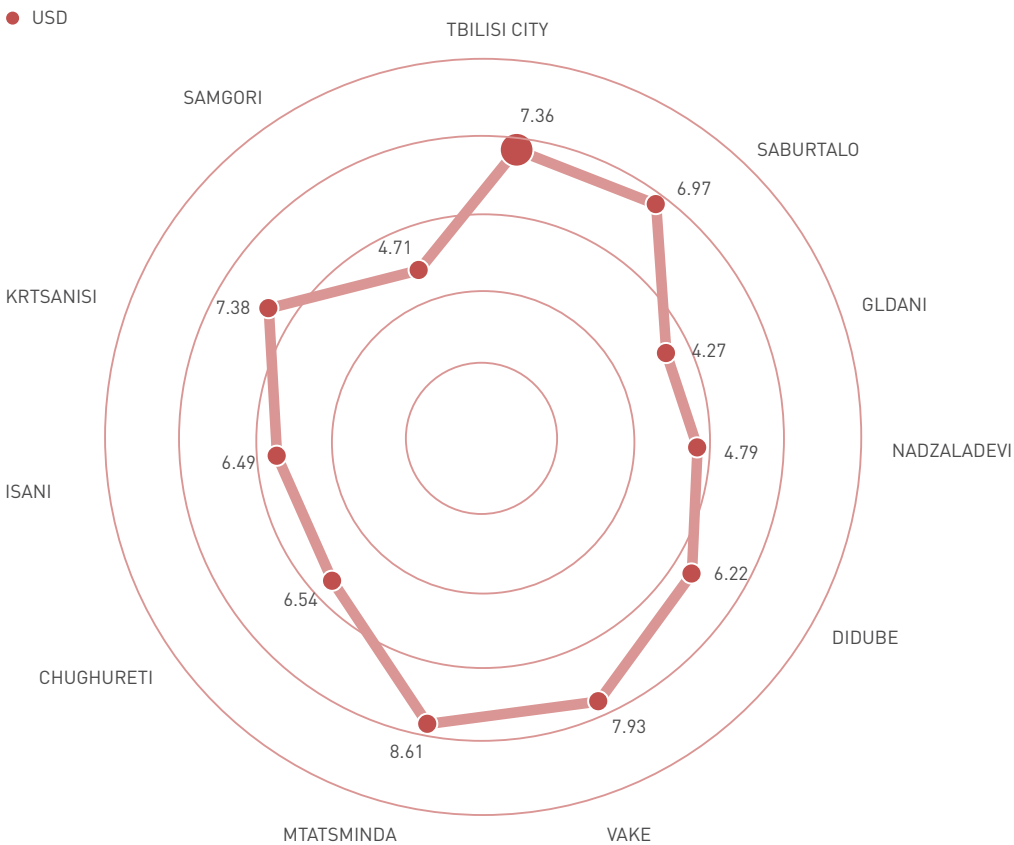
Source: REM lab 2017

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

M-Y	ARP (USD)	MoM (%)	YoY (%)	ARP (GEL)	MoM (%)	YoY (%)
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%
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	6.91	-3.0%	-0.1%	19.75	-5.1%	6.3%
MAR-17	7.36	-7.5%	-3.6%	17.06	-13.6%	-0.4%

Source: REM lab 2017

**ARP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
AV Q1 2017**



Source: REM lab 2017

**ARP  
RESIDENTIAL PROPERTY... TBS & DISTRICTS  
AV Q1 2017**

DISTRICT	ARP (USD)	ARP (GEL)
SABURTALO	6.97	18.18
GLDANI	4.27	11.12
NADZALADEVI	4.79	12.46
DIDUBE	6.22	16.23
VAKE	7.93	20.69
MTATSMINDA	8.61	22.46
CHUGHURETI	6.54	17.05
ISANI	6.49	16.94
KRTSANISI	7.38	19.28
SAMGORI	4.71	12.29
<b>TBS</b>	<b>7.36</b>	<b>19.21</b>

Source: REM lab 2017

# COMMERCIAL PROPERTY PRICES

## TBS HIGHLIGHTS

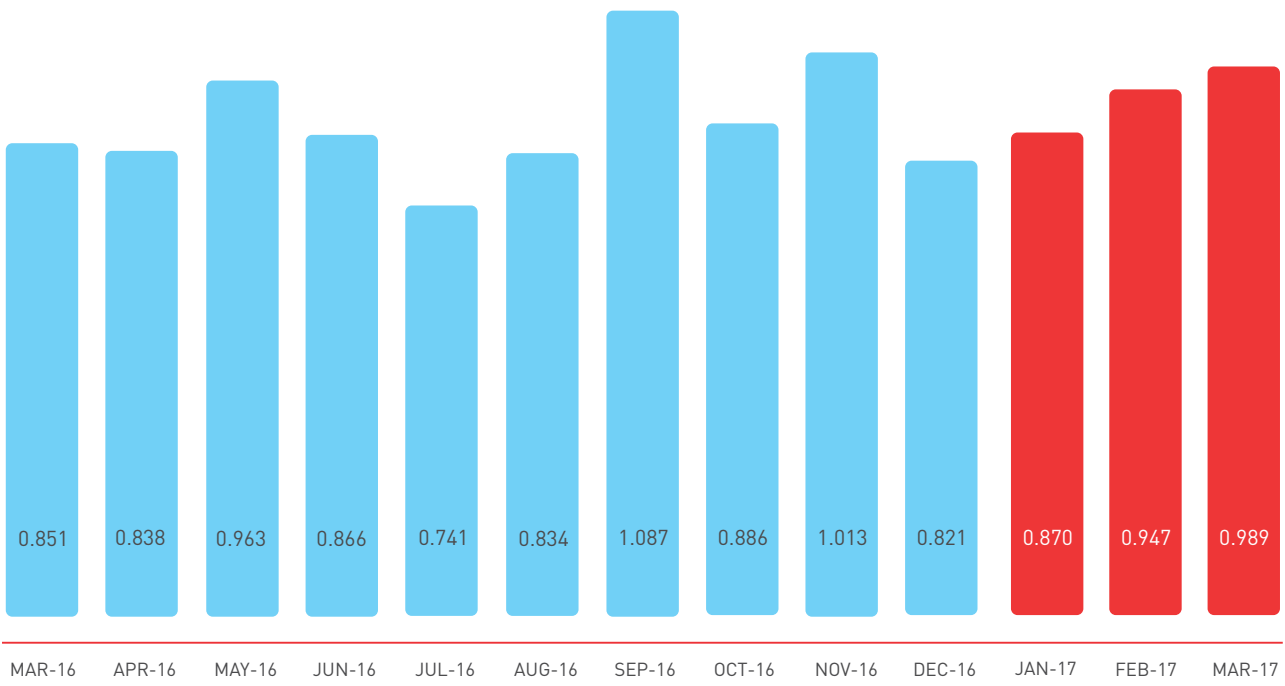
In Q1 2017, SPI and RPI for commercial property experienced different trends: while SPI showed mainly increasing path, RPI fell down in last 3 months.

In MAR-17, SPI increased to 0.989 (+4.4% MoM, +16.2% YoY), while RPI fell down to 0.902 (-8.6% MoM, -14.7% YoY).

During Q1 2017, ASP varied between USD 1 010 - USD 1 069 per sq.m and ARP between USD 9.83 - USD 10.43 per sq.m.

In MAR-17, ASP and ARP for commercial real properties have also dropped after reaching a peak in JAN & FEB-17: ASP in TBS declined to USD 1 010 (-5.5% MoM, -9.2% YoY) per sq.m and ARP dropped to USD 9.83 (-3.5% MoM, -6.0% YoY).

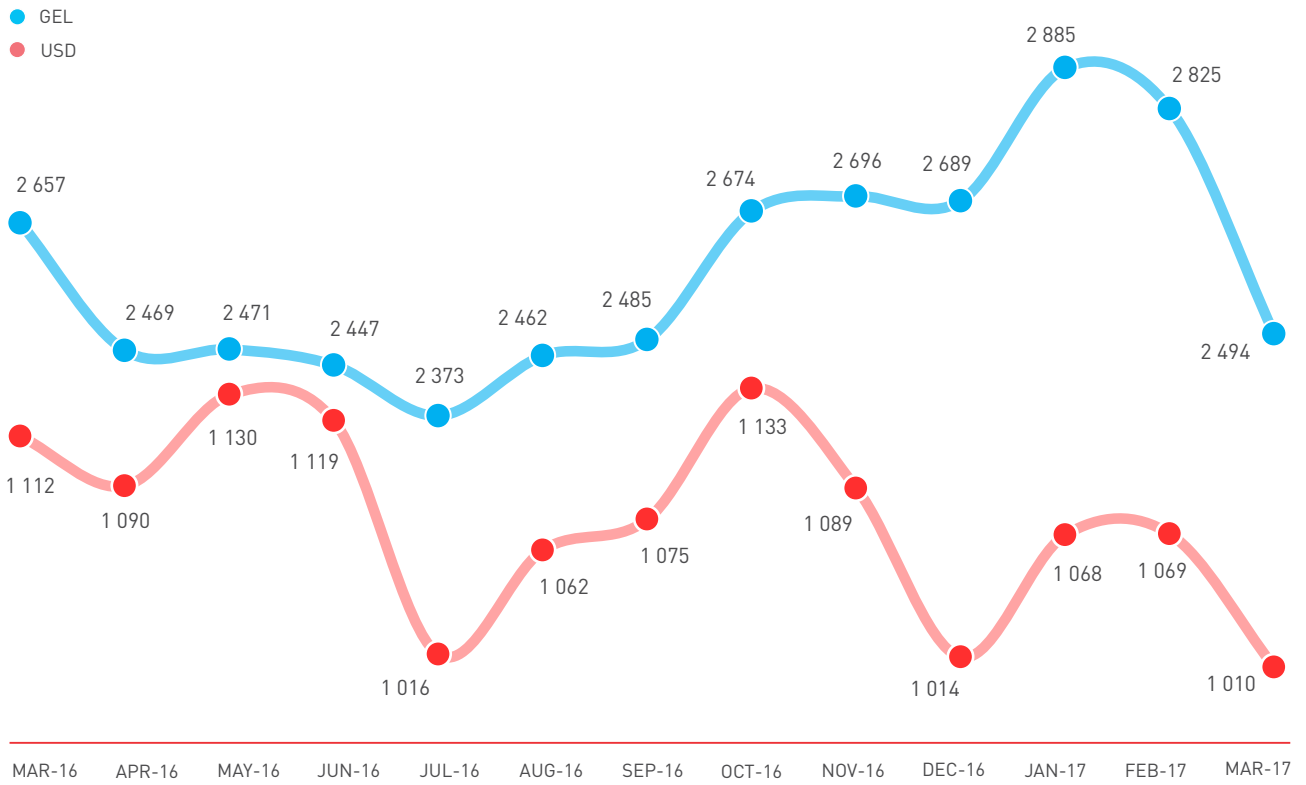
**SPI  
COMMERCIAL PROPERTY... TBS  
MONTHLY TREND, 2016-2017**



Source: REM lab 2017



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



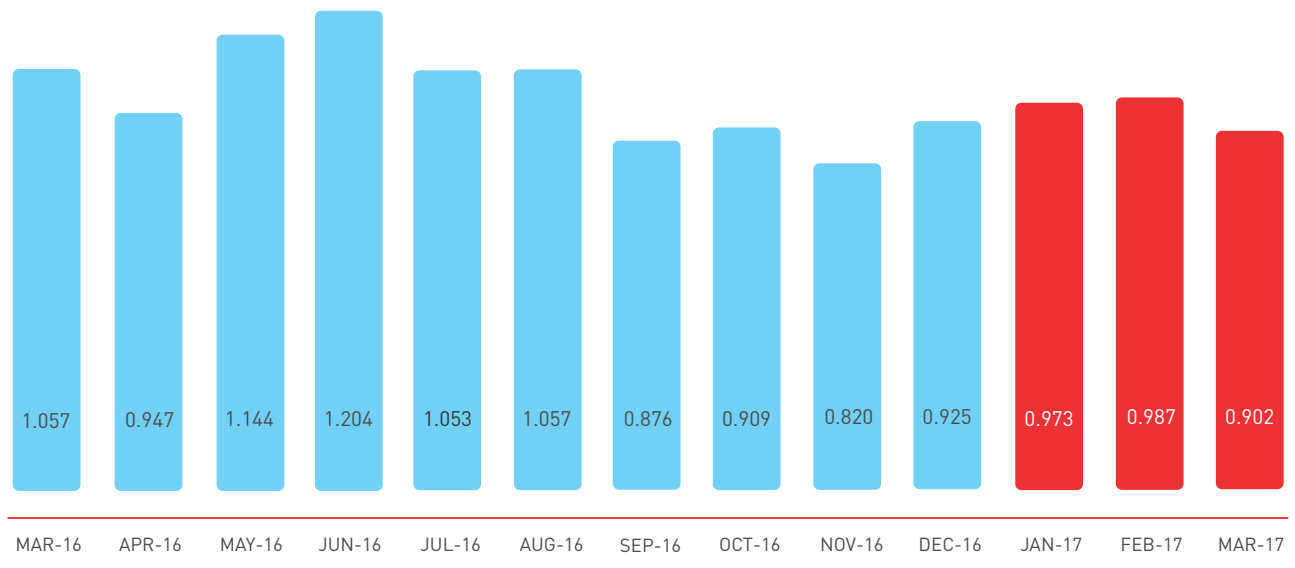
Source: REM lab 2017

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

M-Y	ASP (USD)	MoM (%)	YoY (%)	ASP (GEL)	MoM (%)	YoY (%)
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%
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%

Source: REM lab 2017

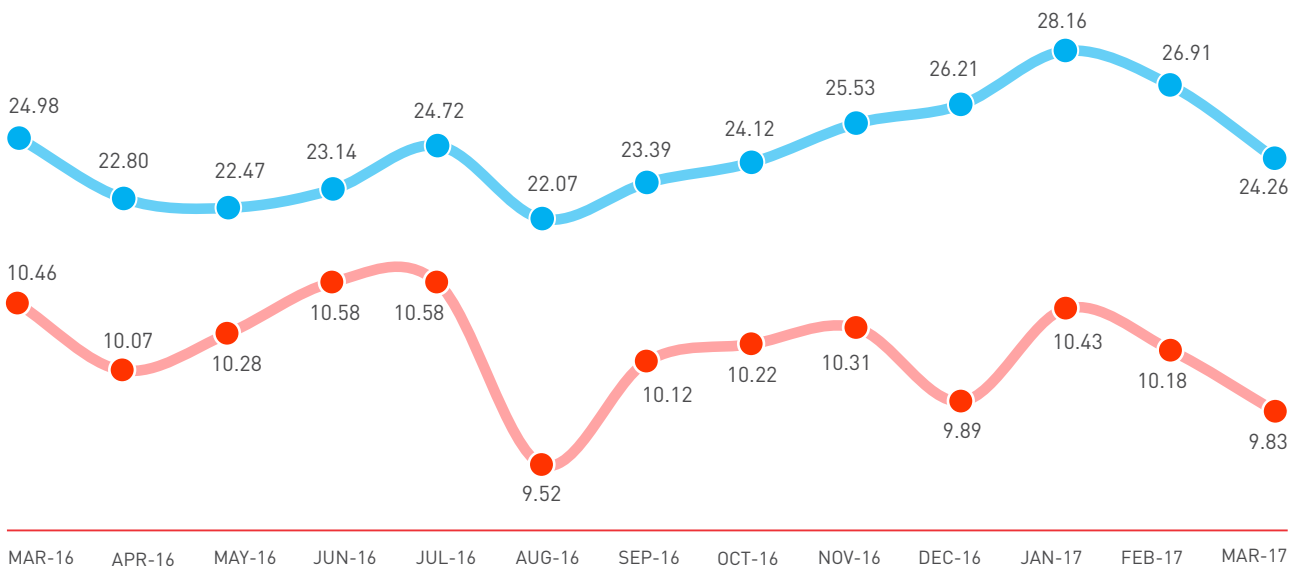
**RPI**  
**COMMERCIAL PROPERTY... TBS**  
**MONTHLY TREND, 2016-2017**



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 (%)
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%
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%

Source: REM lab 2017

## BATUMI & KUTAISI REAL PROPERTY

### HIGHLIGHTS

After significant drop in FEB-17, number of sales reached record high level in MAR-17 for the real property market in BAT. KUT market, on the other hand, experienced major expansion in FEB-17 and slight slow-down in MAR-17.

SPI for BAT residential property in Q1 2017 ranged between 0.991 (MAR-17), significantly below its level in previous year and 1.133 (FEB-17). SPI for KUT showed increasing trend over Q1 2017, with MAR-17 SPI of 1.026 moderately higher its level in previous year.

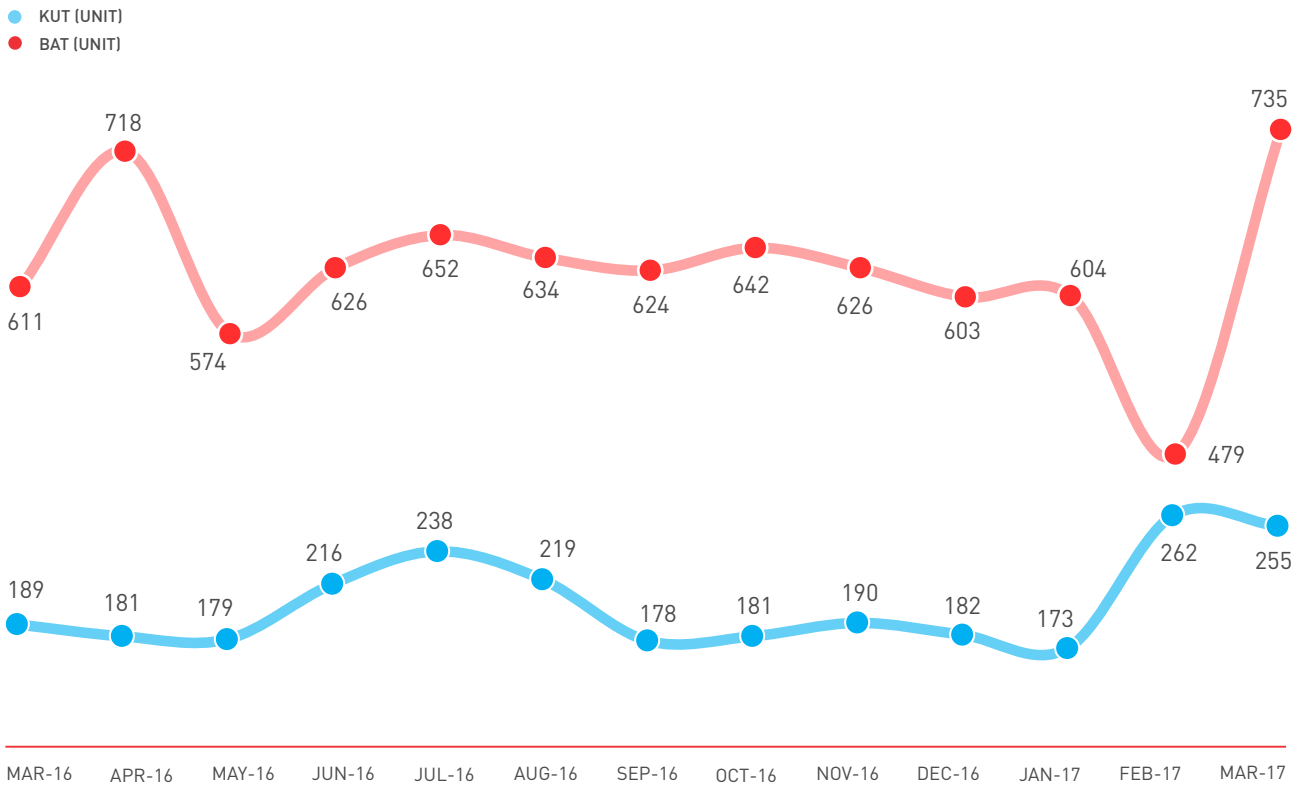
At USD 720 per sq.m (AV Q1 2017) BAT real estate market remained twice as expensive as KUT market at USD 354 per sq.m.

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

M-Y	BAT (UNIT)	MoM (%)	KUT (UNIT)	MoM (%)
MAR-16	611	13.1%	189	3.8%
APR-16	718	17.5%	181	-4.2%
MAY-16	574	-20.1%	179	-1.1%
JUN-16	626	9.1%	216	20.7%
JUL-16	652	4.2%	238	10.2%
AUG-16	634	-2.8%	219	-8.0%
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%

Source: NAPR 2017

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



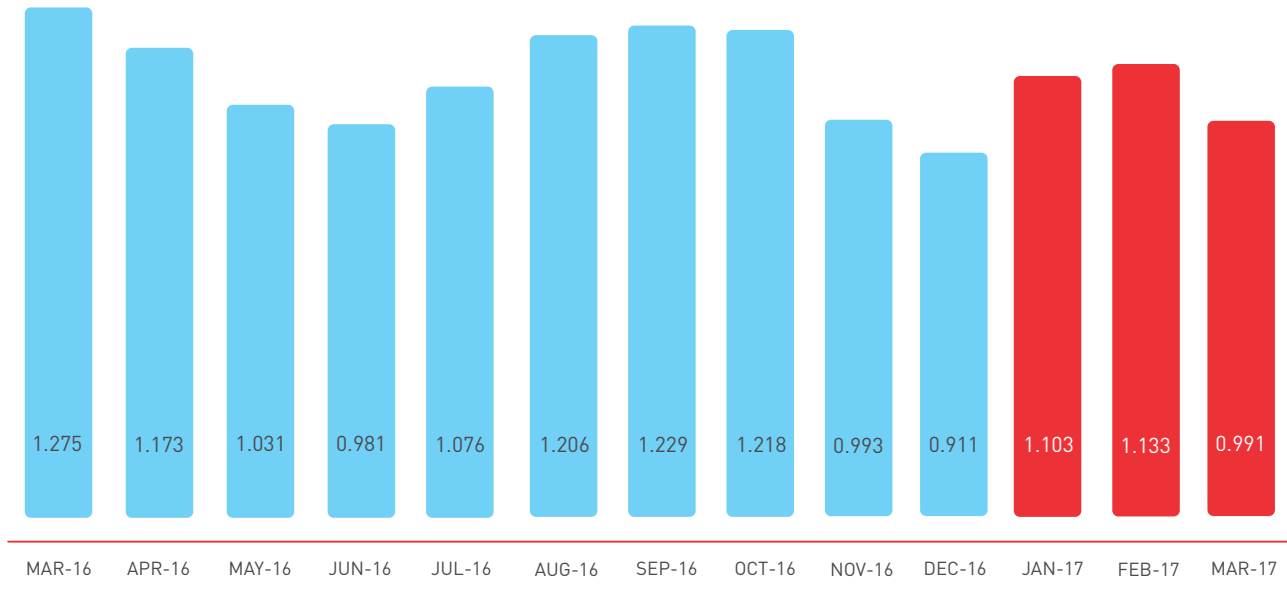
Source: NAPR 2017

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

M-Y	ASP (USD)	MoM (%)	ASP (GEL)	MoM (%)
MAR-16	774	13.0%	1 849	8.7%
APR-16	792	2.3%	1 793	-3.0%
MAY-16	765	-3.4%	1 673	-6.7%
JUN-16	768	0.4%	1 681	0.5%
JUL-16	738	-4.0%	1 724	2.5%
AUG-16	794	7.6%	1 841	6.8%
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%

Source: REM lab 2017

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



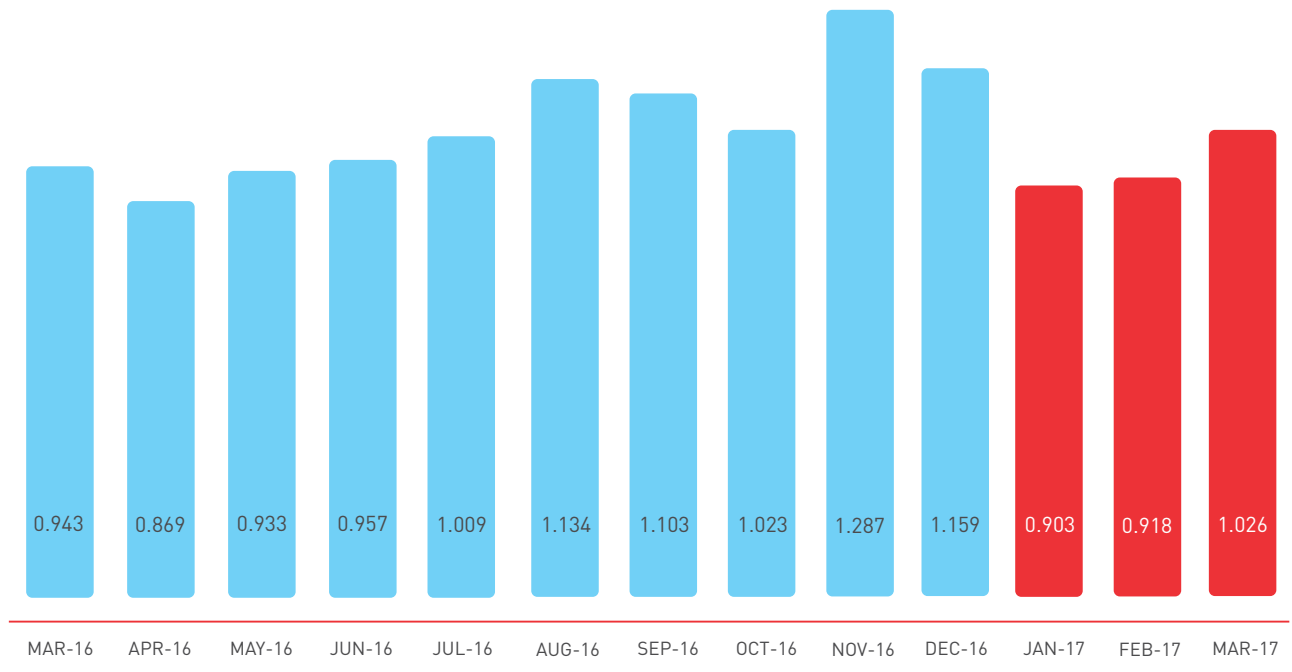
Source: REM lab 2017

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

M-Y	ASP (USD)	MoM (%)	ASP (GEL)	MoM (%)
MAR-16	369	-0.2%	883	-4.0%
APR-16	333	-10.0%	753	-14.7%
MAY-16	348	4.6%	761	1.0%
JUN-16	362	4.1%	792	4.1%
JUL-16	339	-6.4%	792	-0.1%
AUG-16	398	17.5%	923	16.6%
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%

Source: REM lab 2017

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



Source: REM lab 2017