



TBC CAPITAL

Tbilisi Residential Real Estate

MONTHLY WATCH

MARCH 2022

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Residential Real Estate in Tbilisi

MARCH 2022 VS MARCH 2021

3,712

Number of transactions

+23% ▲

838\$

+3% ▲

SALE PRICE

Average asking sale price per SQM in Tbilisi

7.1\$

+48% ▲

RENT PRICE

Average asking rent price per SQM in Tbilisi

TOP 3 DISTRICTS WITH THE HIGHEST INCREASE IN THE NUMBER OF TRANSACTIONS:



TOP 3 DISTRICTS WITH THE HIGHEST INCREASE IN THE ASKING SALE PRICE:



Transactions, price and yield

In March 2022, Tbilisi residential market already experienced the impacts of war through increased demand from the migrants and GEL short-term nominal depreciation. (See our recent publication: [Tbilisi Residential Market: New reality](#)).

The number of transactions improved by 18.6% MoM. The growth was even stronger in YoY terms, totaling 22.8% vs March 2021.

Average asking sale price hit a speed bump in MoM terms, with growth transitioning into the negative territory (-6% vs February 2022). However, it was

mainly attributed to GEL depreciation against USD, since prices increased by 2% MoM in GEL terms. The YoY change in asking sale prices (USD) still remains positive, amounting 2.9%.

The impact of migration was particularly strong in case of **asking rent price**, which improved by 20.1% in MoM and 48.4% in YoY terms. Furthermore, March 2022 became the first to surpass the pre-pandemic level in last couple years. Consequently, **rental yield** hiked to 10.2%, posting a +2.2pp MoM and +3.1pp YoY changes. This will positively impact the sale prices in the upcoming months.

Figure 1. Number of sold properties by years (000' Units)

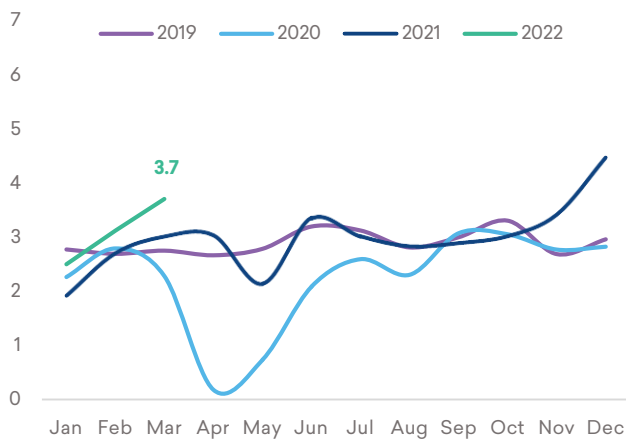


Figure 2. Average asking sale price per SQM (USD)

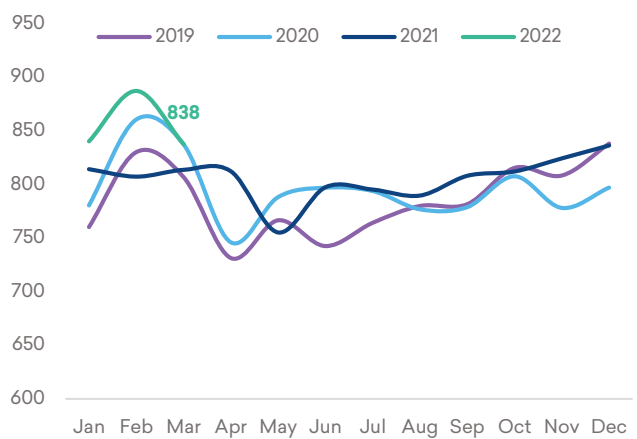


Figure 3. Average asking rent price per SQM (USD)

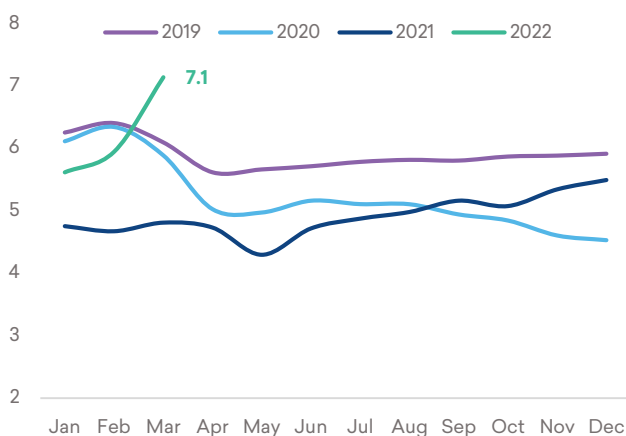
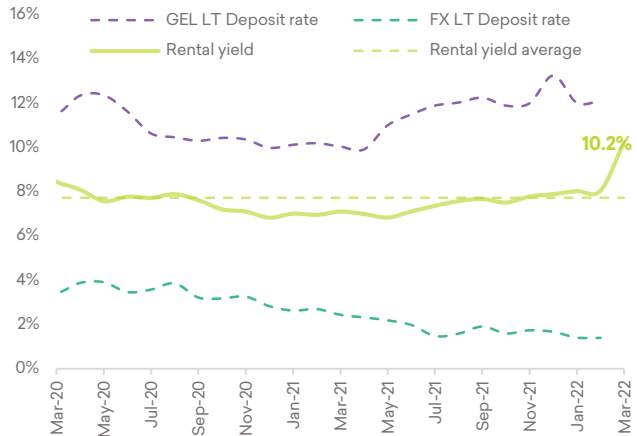


Figure 4. Rental yield and deposit rate dynamics



Source: NAPR, NBS, Myhome, TBC Capital; Note I: Rental yield is derived using the asking sale and rent prices according to Myhome.

New vs old apartments

Market remained active in March 2022. The demand was higher for newer apartments, which account for about 65% of total transactions. The share seems to be more or less consistent, barely changing throughout the year. Furthermore, sale of new apartments increased by 25% and for old ones by 19% YoY.

Considering **apartment sales by size**, smaller apartments had a higher share in

older properties (46%), while the mid-sized apartments take the majority for newer properties (37%).

The average asking sale prices for new apartments posted a 3.5% growth YoY, while old properties increased by 1.5%. The gap between prices for new and old apartments might increase due to rising prices of construction materials and skewed demand from migration.

Figure 5. Number of sold residential properties (000' Units)

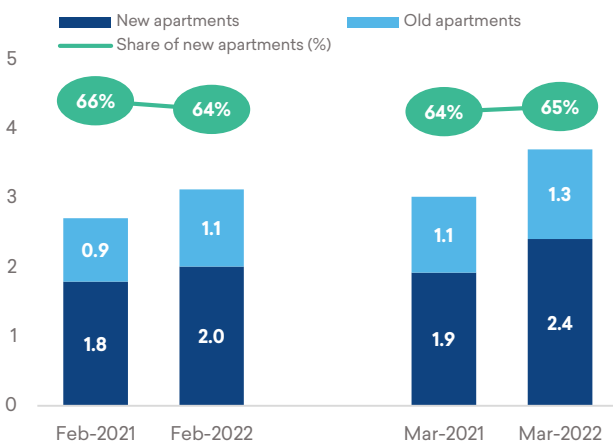


Figure 6. Average asking sale price per SQM (USD)

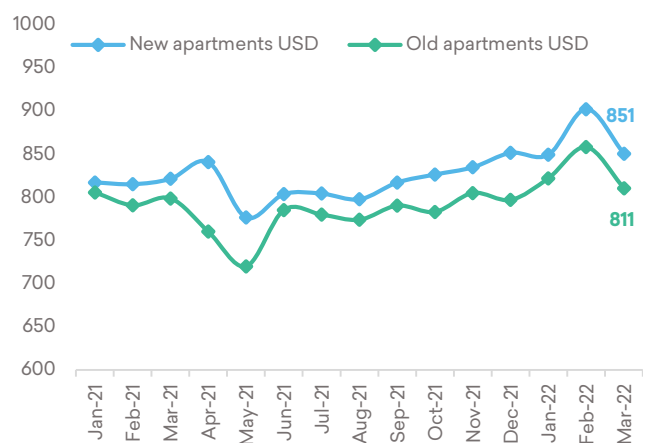


Figure 7. Apartment shares by sizes – March 2022 (Area, SQM)

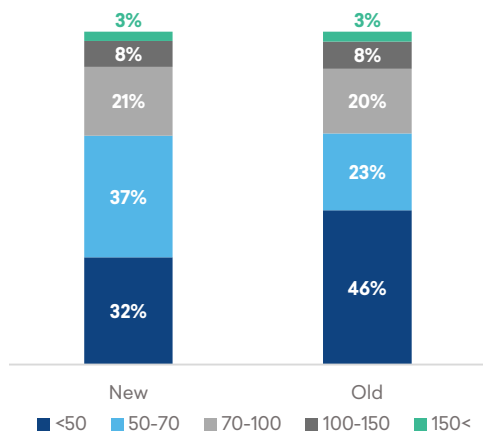
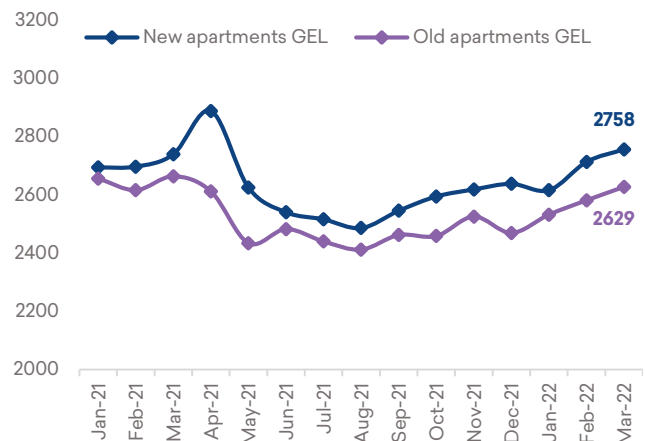


Figure 8. Average asking sale price per SQM (GEL)



Source: Myhome, NAPR, TBC Capital; Note: New apartment means an apartment with construction permits issued since 2010

Tbilisi districts

In March 2022, **the number of transactions** were higher in the majority of districts relative to previous year. The top 3 districts with the largest YoY growth of transactions were: Saburtalo (+40.6%), Vake (+40.4%) and Didube (+35.1%). Krtsanisi (-11.8%) and Chughureti (-6.3%) were the only two districts with negative annual change. Saburtalo (18.8% of total) and Didi Dighomi (16.3% of total) still accounted for the largest share of total transactions in Tbilisi. Krtsanisi, Mtatsminda and Chughureti were the least active districts in March, together accounting for only 5% of total transactions.

Figure 9. Number of sold apartments (Units) and YoY change (%): March 2022

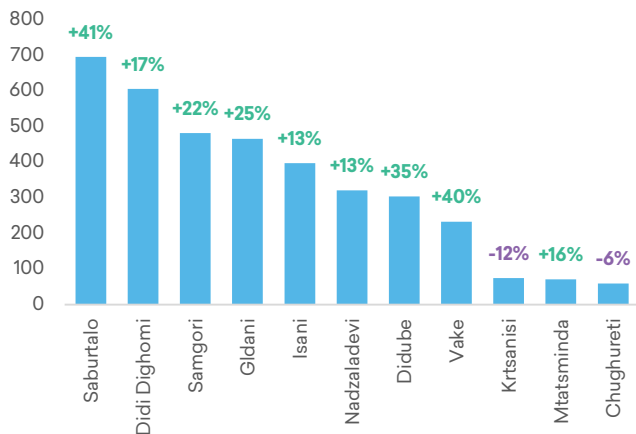
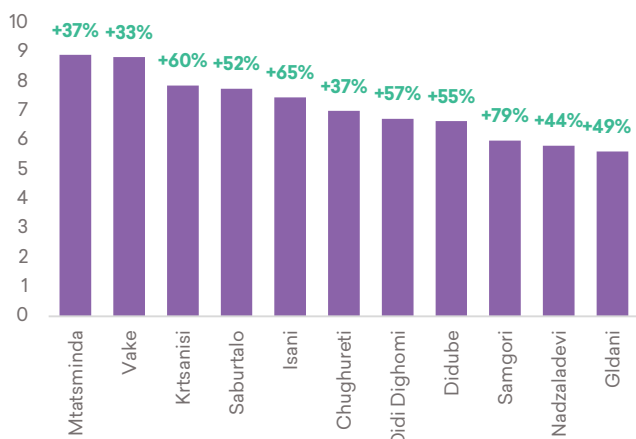


Figure 11. Average asking rent price per SQM (USD) and YoY change (%), March 2022



As for the annual change in **sale prices**, Didi Dighomi (+12.6%) took the top, followed by Mtatsminda (+8.4%) and Saburtalo (+8%). Meanwhile, Krtsanisi, Chughureti and Nadzaladevi all posted a 7% YoY decrease.

Regarding the **rent prices**, the gap between districts seems to have narrowed, coupled with a significant spike observed in all of them. Thus, **rental yield** stood at sizeable levels. Samgori (12.3%), Isani (12.1%) and Didi Dighomi (11.9%) were at the top of the list. Yield increased more than 4 pp YoY in Samgori, Isani and Krtsanisi.

Figure 10. Average asking sale price per SQM (USD) and YoY change (%), March 2022

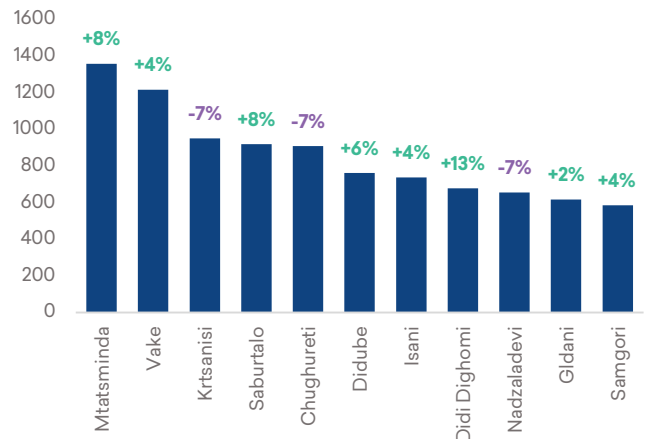
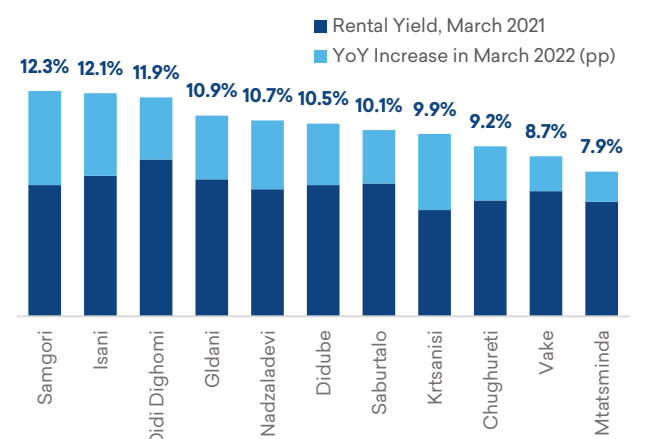


Figure 12. Rental yield by district (%), March 2022



Source: Myhome, NAPR, TBC Capital

Flat-sharing market

Gradual recovery in tourism had a positive impact on Tbilisi Airbnb market, which was additionally fueled by migration in March 2022.

In the current month, **ADR** surpassed the 2019 figure by 12%, however **the number of active listings** still remains below the pre-pandemic level (-41% vs March 2019), meaning that the supply is recovering much slower than demand. **Occupancy rate** stood 31 pp higher than in 2019. It should be noted that **the number of nights** exceeded the 2019 level by 5%

Figure 13. Tbilisi Airbnb market: Major indicators

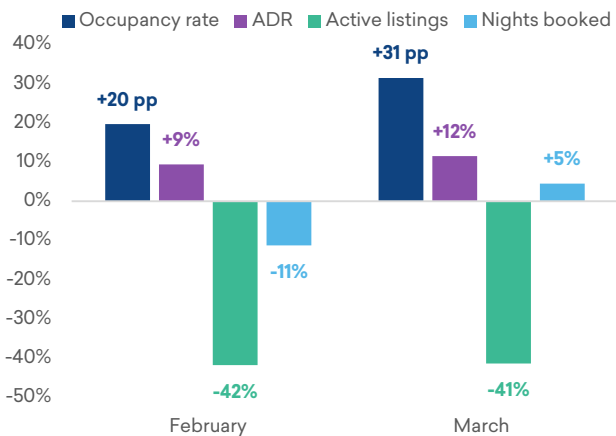


Figure 15. Tbilisi Airbnb market revenue (USD): % Change relative to 2019



Source: Airdna, GNTA, MFA Georgia, TBC Capital

for the first time since the pandemic. The same applies to **total market revenue**, which exceeded the pre-pandemic level by 18%.

Considering the recently elevated migration levels and an improved Covid situation, flat-sharing market should continue to recover at a relatively higher pace than before. However, the migration impact might be only temporary, since the migrants will most probably switch to traditional renting instead of Airbnb.

Figure 14. Tbilisi Airbnb market: Properties booked at least once

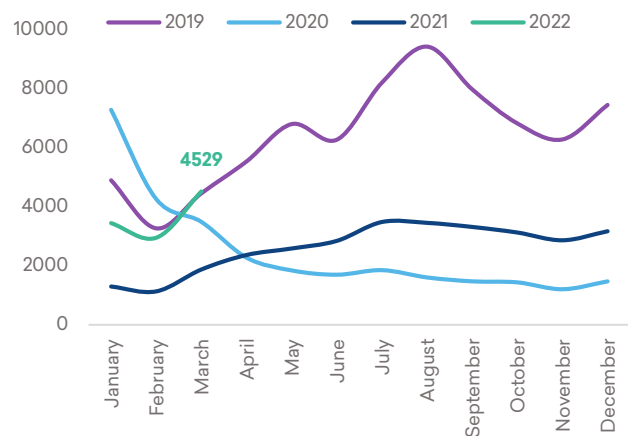
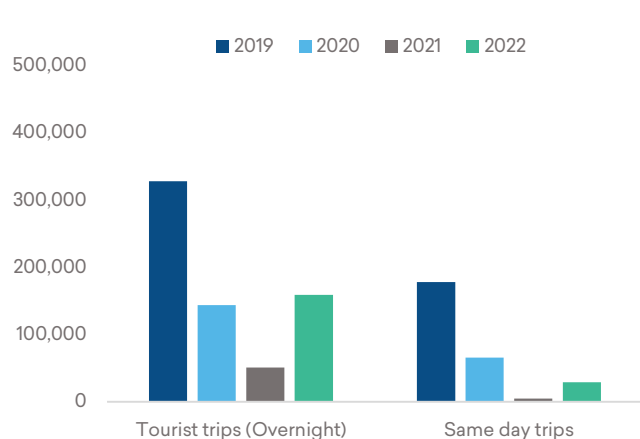


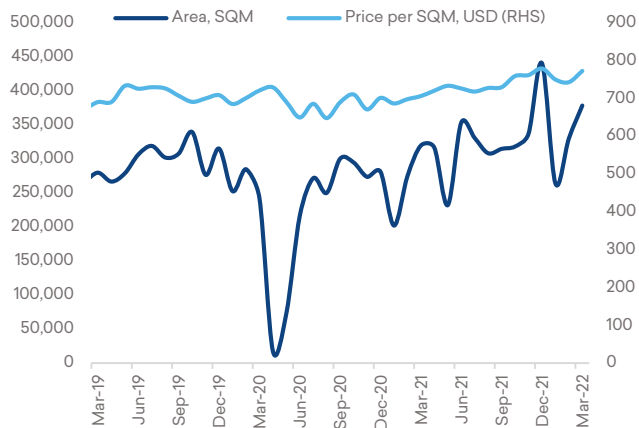
Figure 16. International visitor trips to Georgia in March



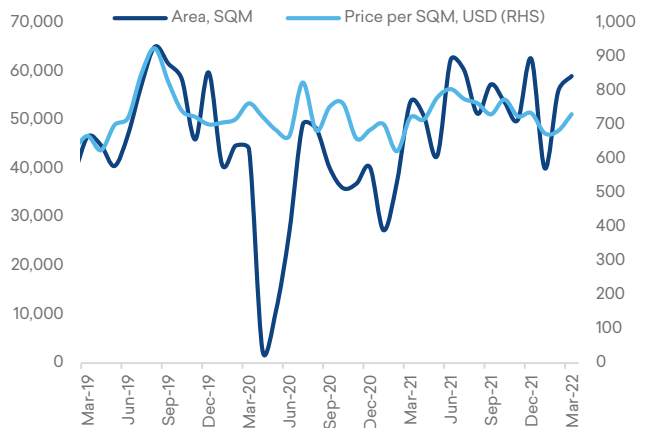
Annex: Rest of Georgia

A1. Area and price per SQM (USD) of sold residential properties

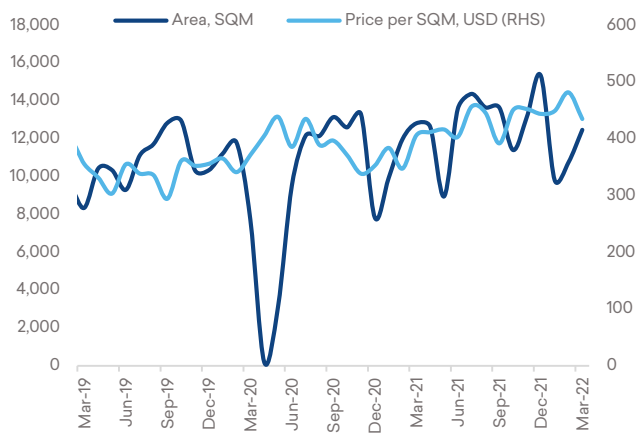
Georgia



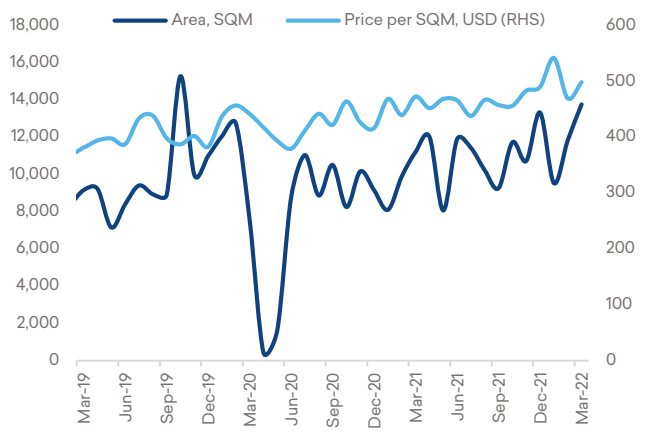
Batumi



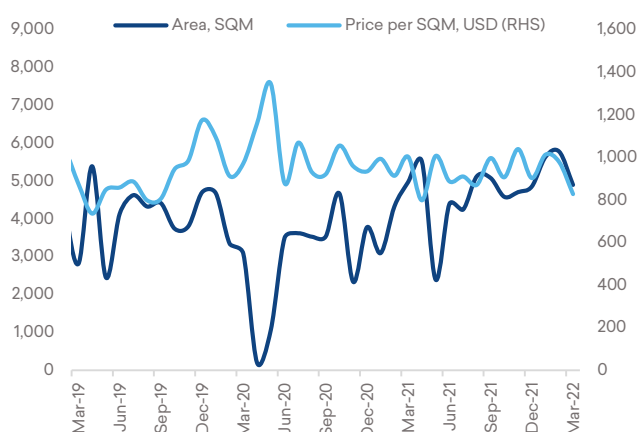
Kutaisi



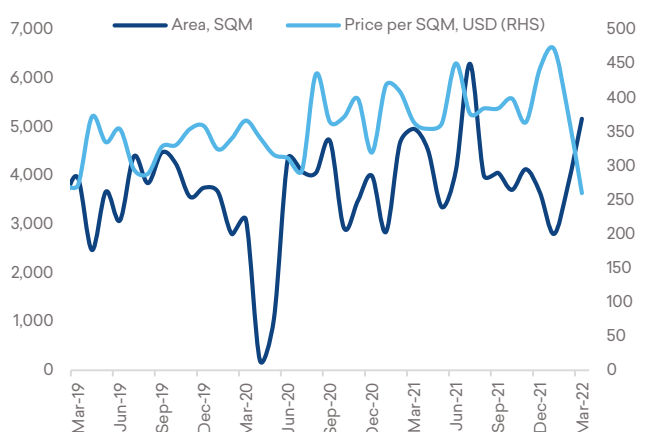
Rustavi



Borjomi



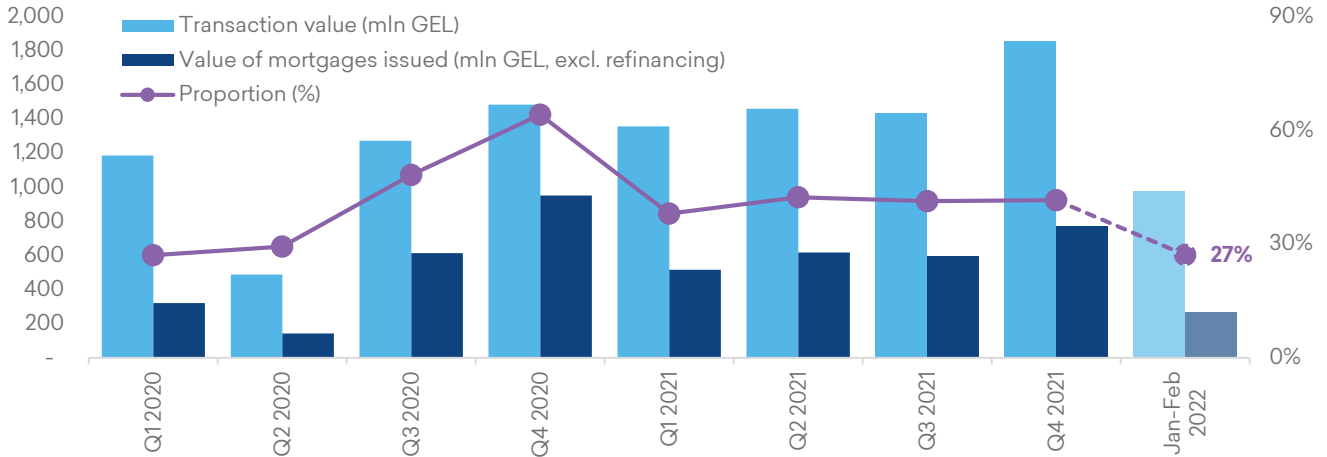
Gori



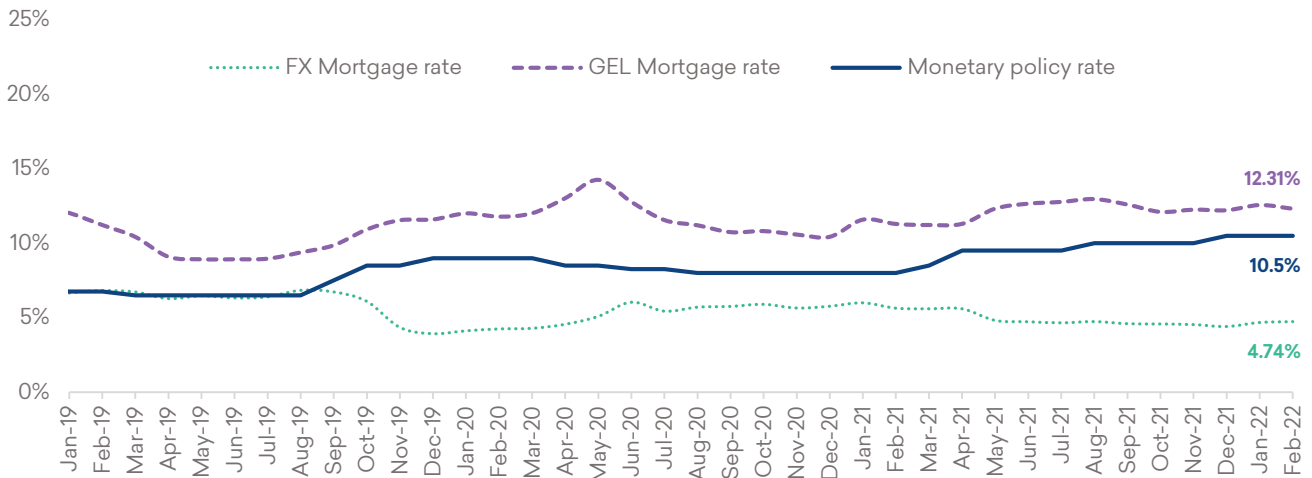
Source: NAPR, TBC Capital

Annex: Mortgages

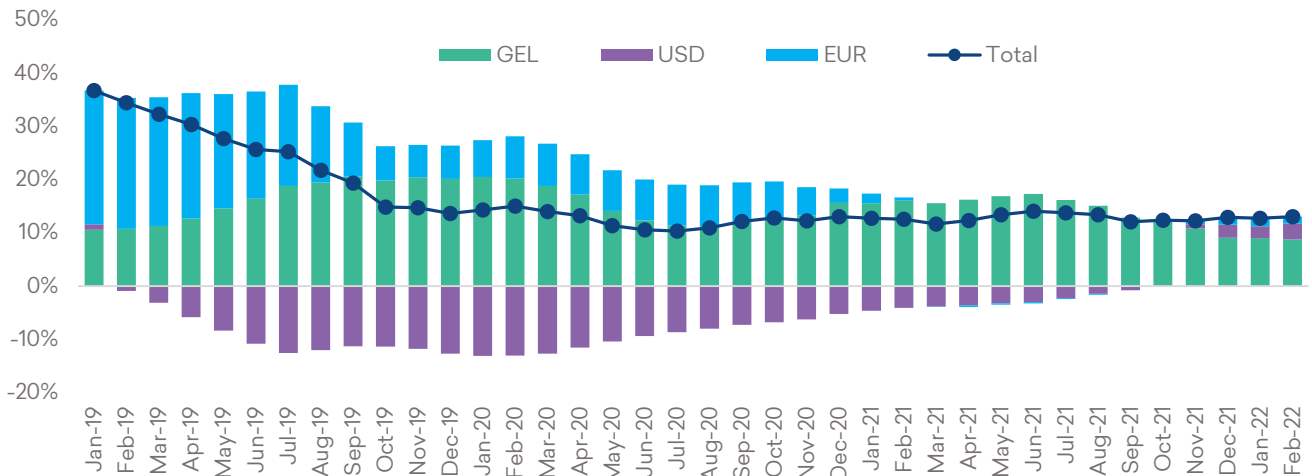
A2. Value of issued mortgages to transaction value*, Tbilisi



A3. Mortgage rate dynamics in Georgia



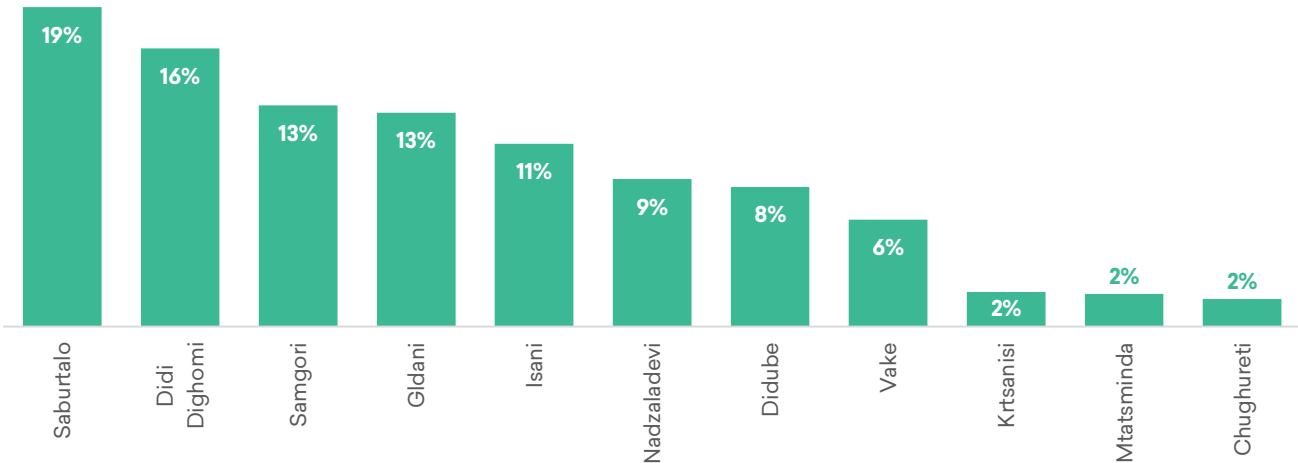
A4. YoY growth of mortgage portfolio and contribution to growth by currencies



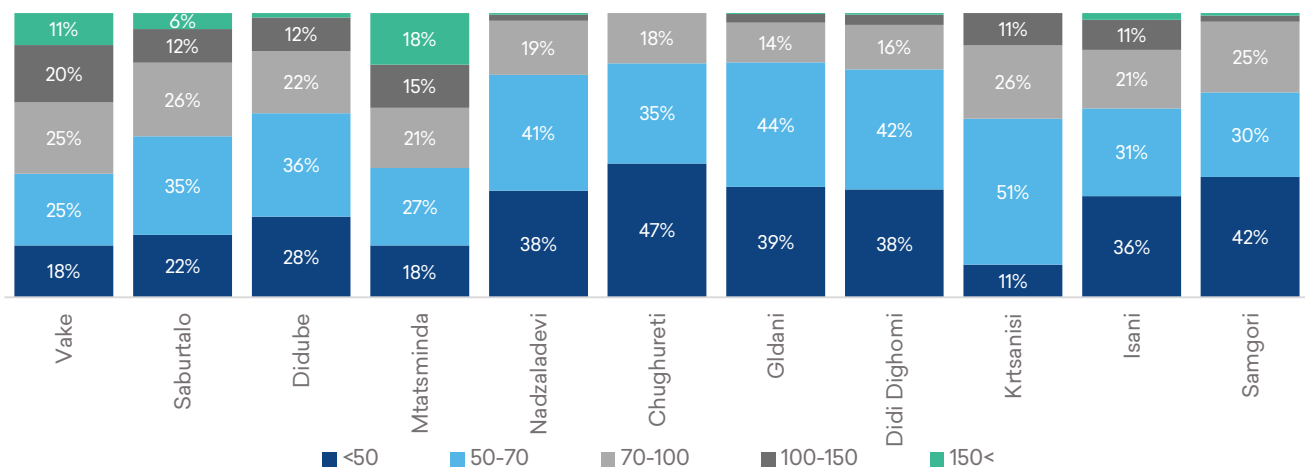
Source: NAPR, NBG, TBC Capital; Note: Will be updated on March 28

Annex: Districts

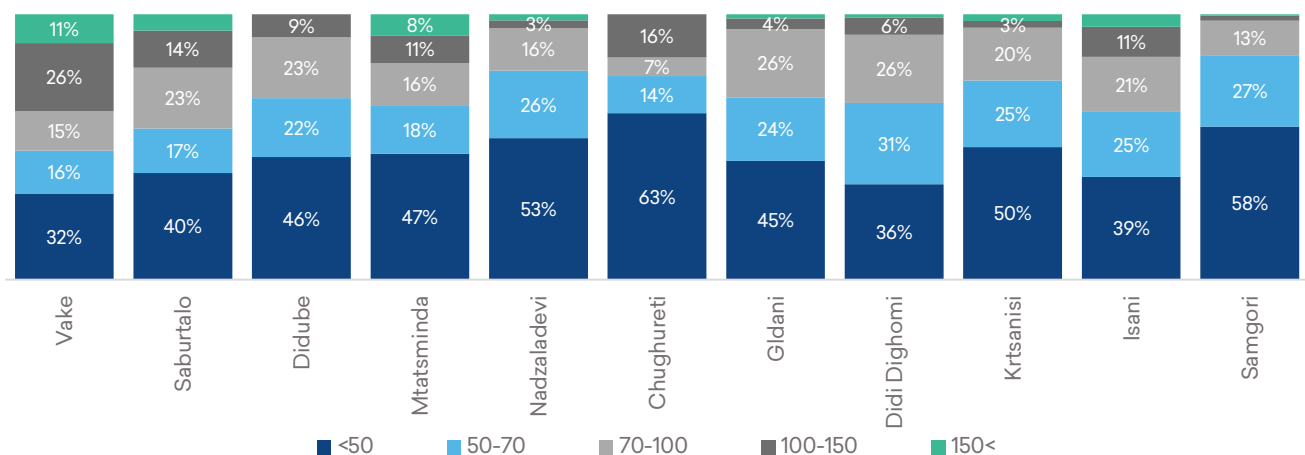
A5. Total transaction distribution by districts – March 2022



A6. New apartments – shares by sizes in March 2022 (Area, SQM)



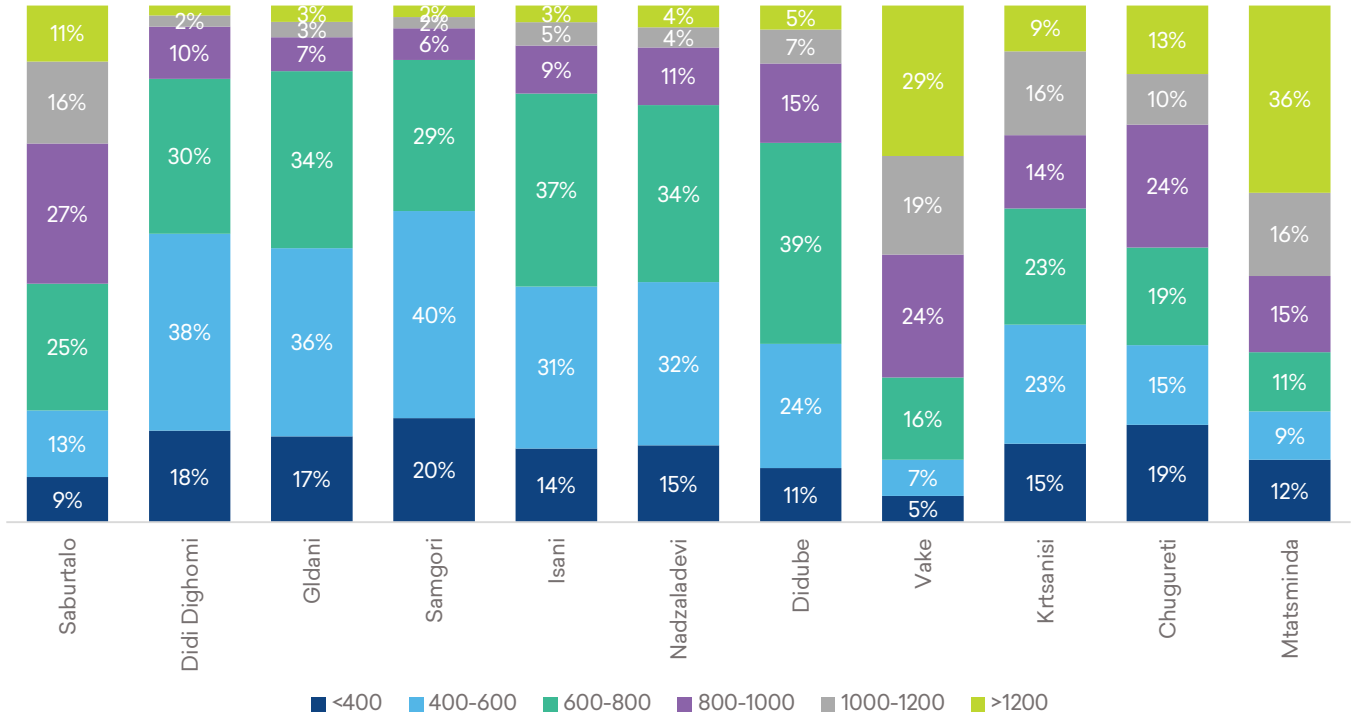
A7. Old apartments – shares by sizes in March 2022 (Area, SQM)



Source: NAPR, TBC Capital

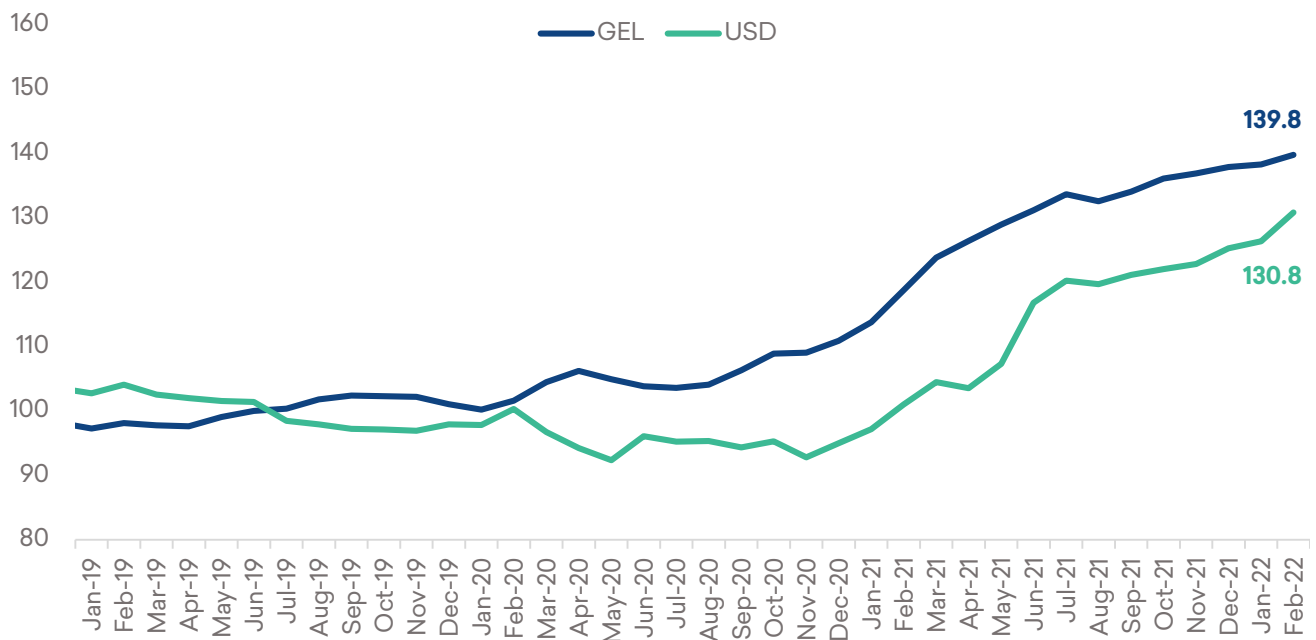
Annex: Districts

A8. Number of transactions by price categories, districts, March 2022



Annex: Construction materials

A9. Prices of material inputs to construction industries, Indices (2019 = 100)



Source: NAPR, Myhome, Geostat, TBC Capital; Note: Will be updated on March 28

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