



TBC CAPITAL

Tbilisi Residential Real Estate

MONTHLY WATCH

JANUARY 2022

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Residential Real Estate in Tbilisi

JANUARY 2022 VS JANUARY 2021

2,503

Number of transactions
+30% ▲

840\$

+3% ▲

SALE PRICE

Average asking sale price
per SQM in Tbilisi

5.6\$

+18% ▲

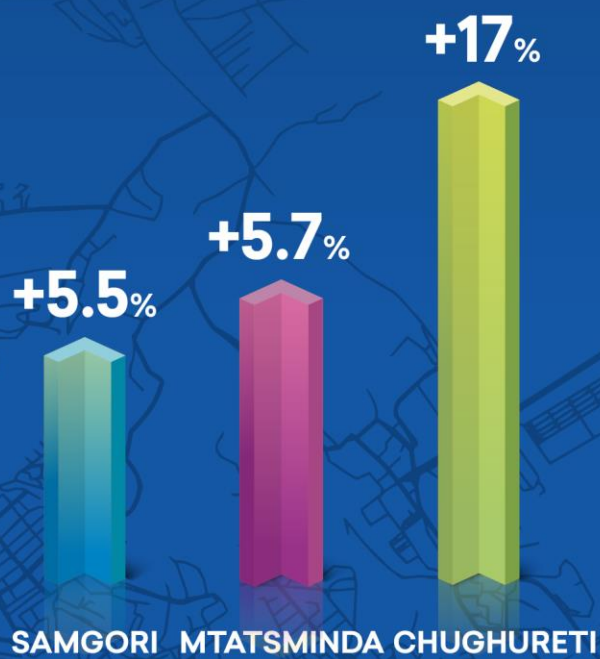
RENT PRICE

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

After an exceptionally active end of the last year, **the number of transactions** has nearly halved in January 2022, compared to December 2021. However, the figure in the current month exceeded the level of previous year (+29.8% YoY). This relatively high growth can partially be explained by the Covid situation in the beginning of 2021. The same applies to asking sale and rent price dynamics.

Average asking sale price continued to grow, with a 0.5% MoM and 3.2% YoY increase. The rising prices of construction materials ([see Annex A8](#)) contributes to

this growth and will have an upward pressure on sale prices in the future. As for the **asking rent price**, the recovery started from the second half of 2021 and continued in January 2022, with MoM figure improving by 2.2% and YoY growth reaching 18.1%. Rent will continue recovery in the upcoming months, since the full blown pandemic phase seems to be nearly at its end.

In January 2022, **rental yield** has increased to 8.0%, with a 0.1 pp MoM and 1.0 pp YoY increase. This could be attributed to the fact that rent is recovering at a faster pace compared to sale price.

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

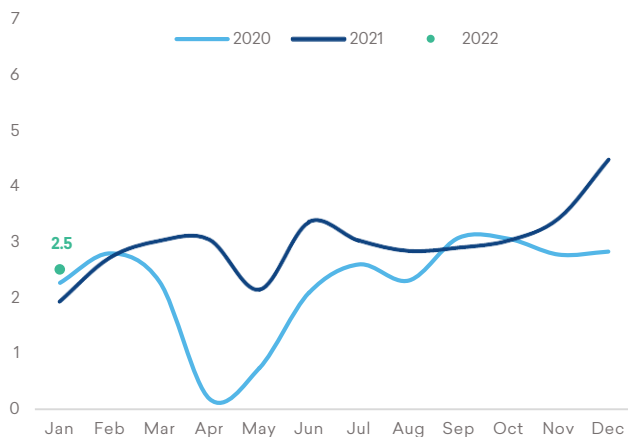


Figure 2. Average asking sale price per SQM (USD)

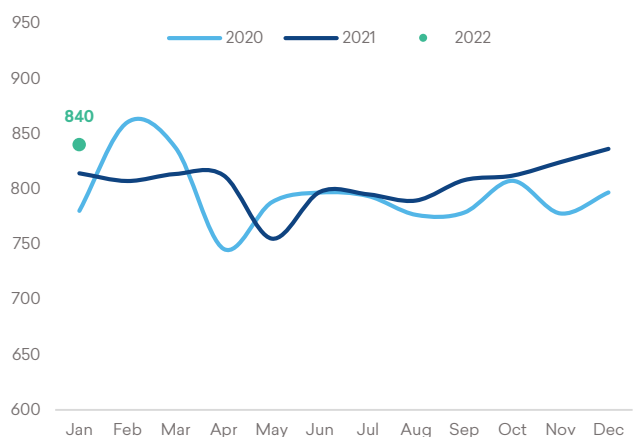


Figure 3. Average asking rent price per SQM (USD)

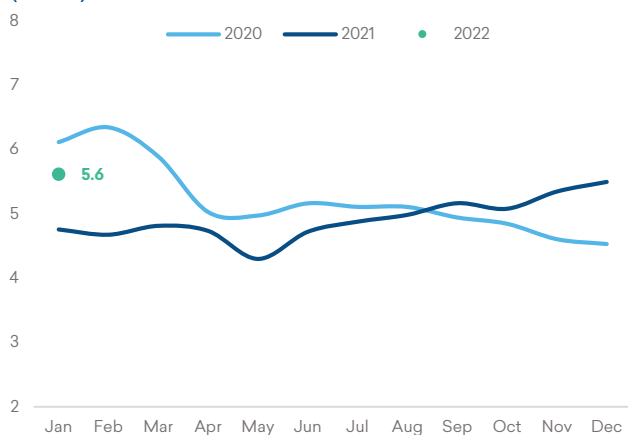
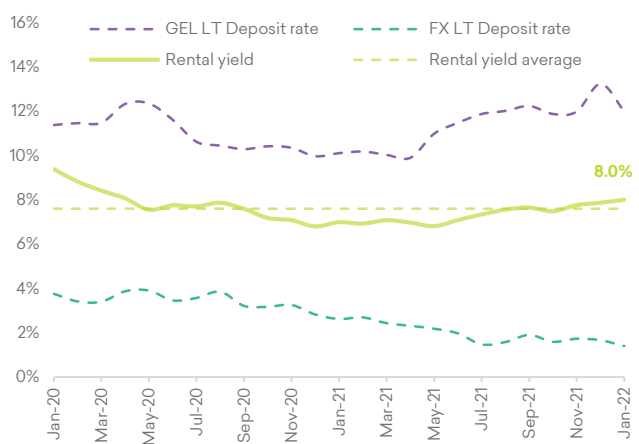


Figure 4. Rental yield and deposit rate dynamics



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

New vs old apartments

In January 2022, the demand was higher for new apartments as usual, accounting for 64% of total transactions. However the demand for older apartments showed higher YoY growth in the current month (+53.5% vs +19.6%).

The distribution of sold apartments by size was mostly similar for both new and old apartments, except for smaller (<50 SQM) and mid-size (50-70 SQM) apartments.

Small apartments had a noticeably higher share in older properties (42%), while for new properties the mid-sized apartments take the majority (38%).

The prices for newer apartments showed a relatively higher YoY growth (+4.1%) than for the old (+1.6%).

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

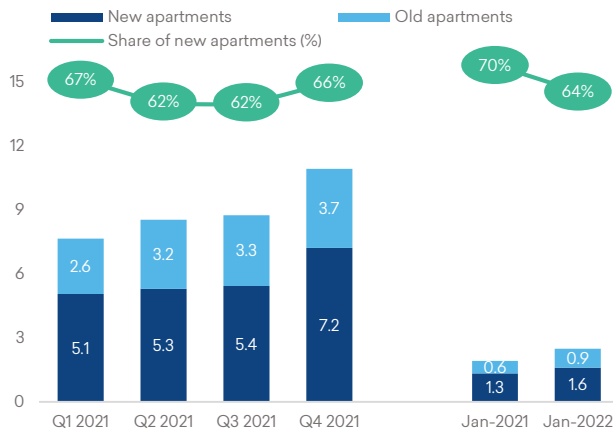


Figure 6. Average asking sale price per SQM (USD)

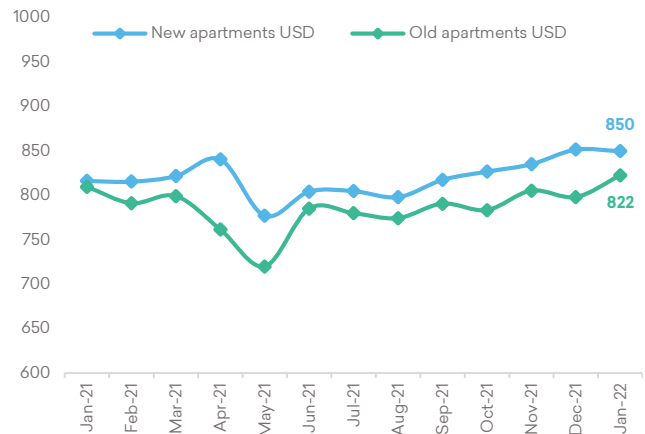


Figure 7. Apartment shares by sizes – January 2022 (Area, SQM)

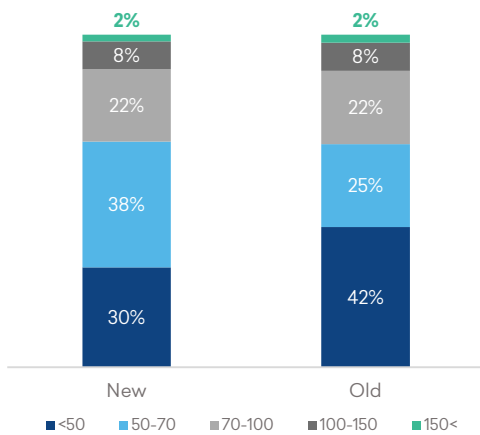
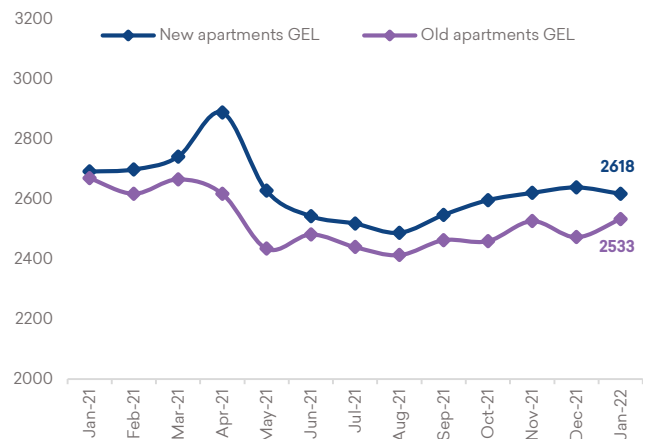


Figure 8. Average asking sale price per SQM (GEL)



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

Tbilisi districts

In January 2022, the number of transactions and sale prices were higher in all districts except Krtsanisi compared to the same period of 2021.

The top 3 districts with the largest YoY growth of transactions were: Chugureti (+86.7%), Samgori (+59.4%) and Vake (+55.7%). Traditionally, Saburtalo (19.5% of total) and Didi Dighomi (17.3% of total) still accounted for the largest share of total transactions in Tbilisi. It is notable that, compared to the same period of 2021, the

shares of these two districts and Samgori increased, while Gldani and Didube lost some popularity.

As for the **sale prices** – Chugureti (+17%) takes the top, followed by Mtatsminda (+5.7%) and Samgori (+5.5%). The rent price growth was particularly strong in central districts, while Samgori, Isani and Chugureti posted a less than 10% increase in the current month.

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

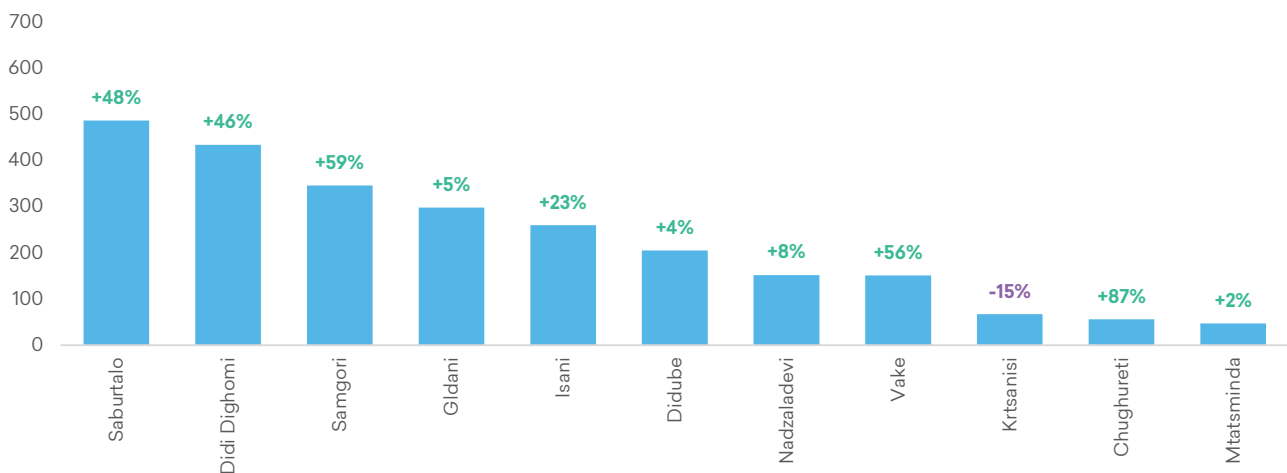


Figure 10. Average asking sale price per SQM (USD) and YoY change (%), January 2022

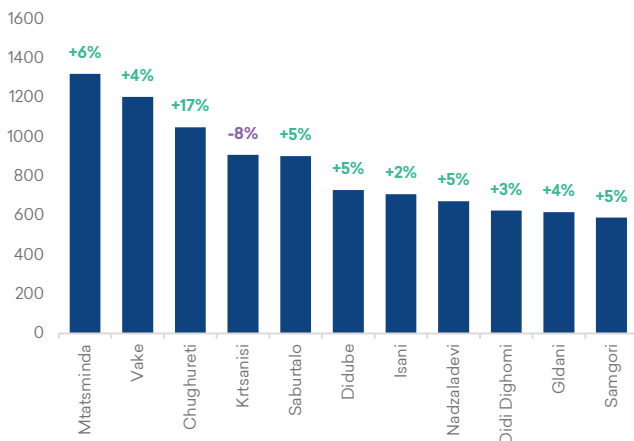


Figure 11. Average asking rent price per SQM (USD) and YoY change (%), January 2022



Source: Myhome, NAPR, TBC Capital

Flat-sharing market

Airbnb market is still experiencing the drawbacks from Covid and its effects on tourism.

In January 2022, **ADR** was basically at pre-pandemic level, with only 3% decrease and the **number of active listings** were about 41% lower than in January 2019. A 21 pp higher **occupancy rate**, compared to 2019, can be explained by the lower number active listings and tenants' intentions to stay

in a more secluded places. Even though the **total market revenue** was 21% behind the 2019 level, it was a significant improvement compared to the figures observed in previous months.

Tourism still stayed behind the pre-pandemic level, but there was a significant improvement compared to January 2021. Which, could be a sign of awakening for the flat-sharing market.

Figure 12. Tbilisi Airbnb market: Recovery in January 2022 relative to 2019

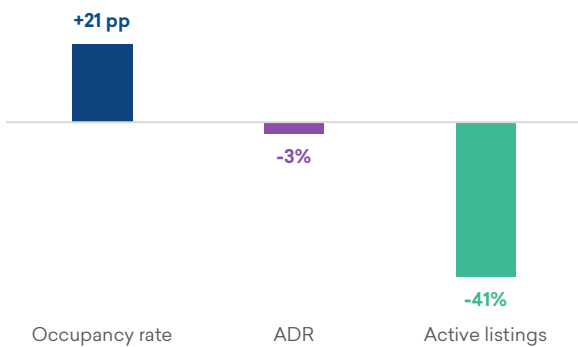


Figure 13. Tbilisi Airbnb market: Properties booked at least once (%)

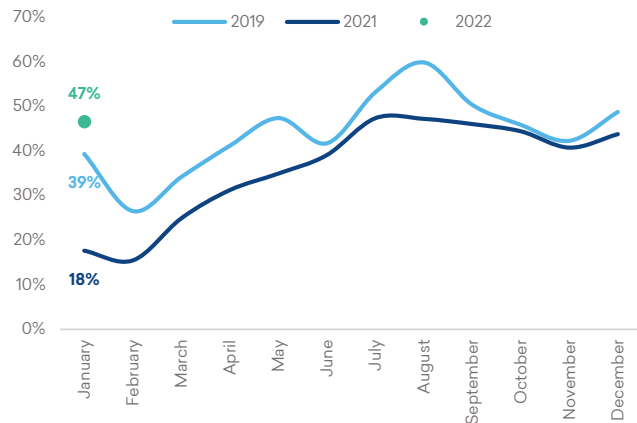


Figure 14. Tbilisi Airbnb market revenue (USD): % Change relative to 2019

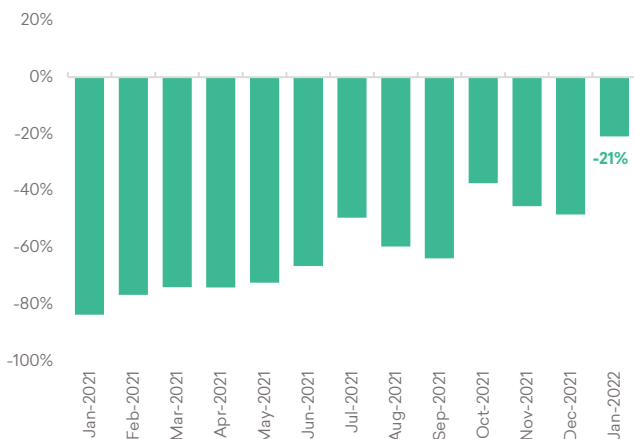
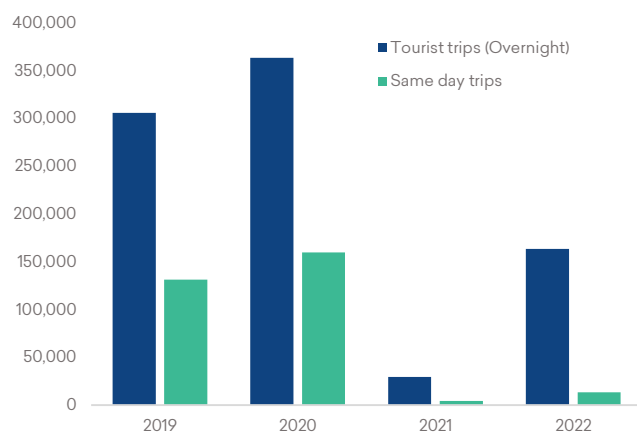


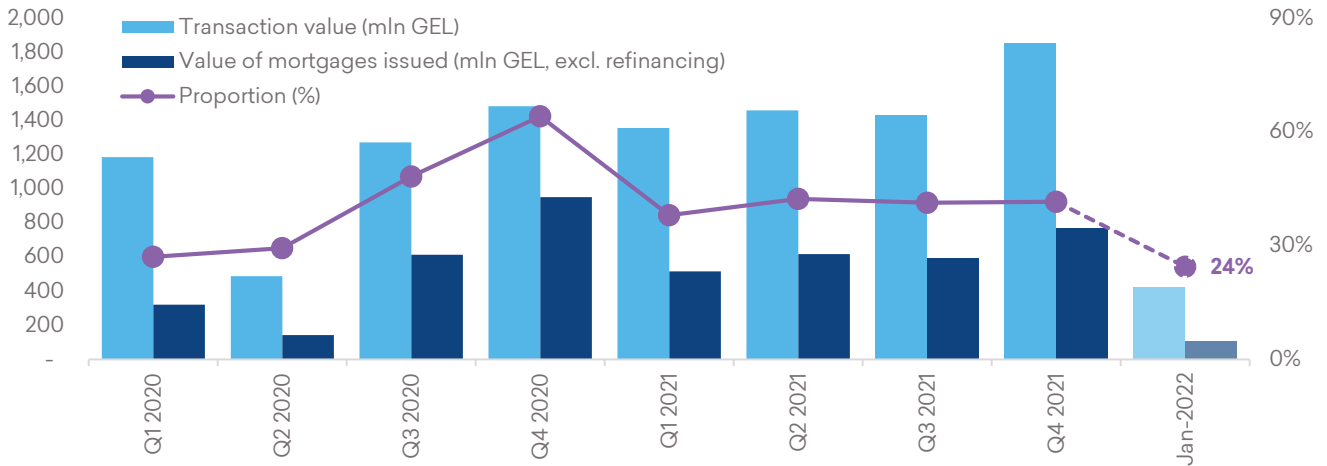
Figure 15. International visitor trips to Georgia (January)



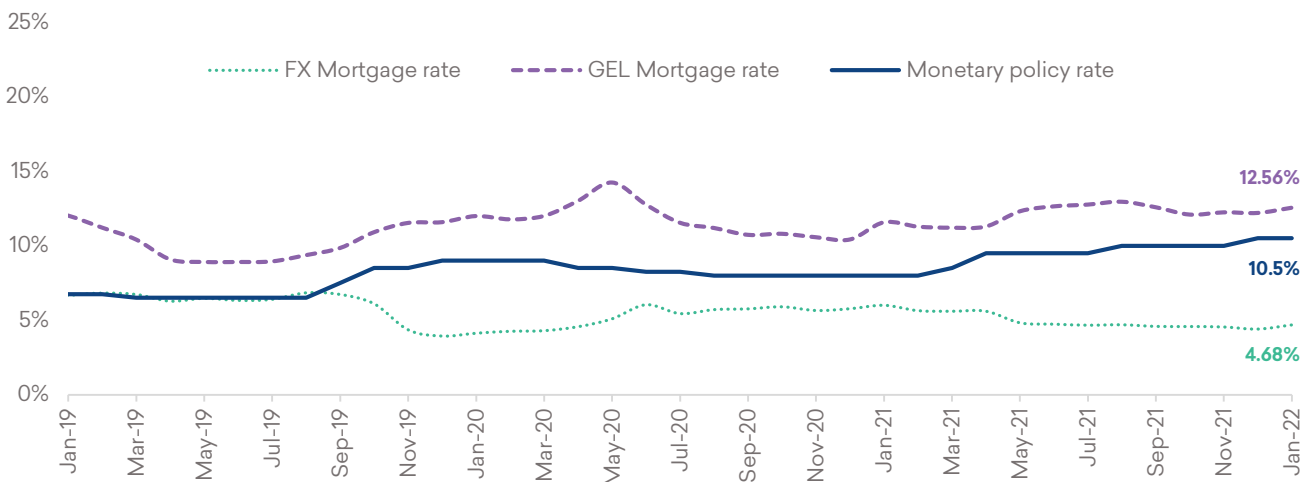
Source: Airdna, GNTA, MFA Georgia, TBC Capital

Annex: Mortgages

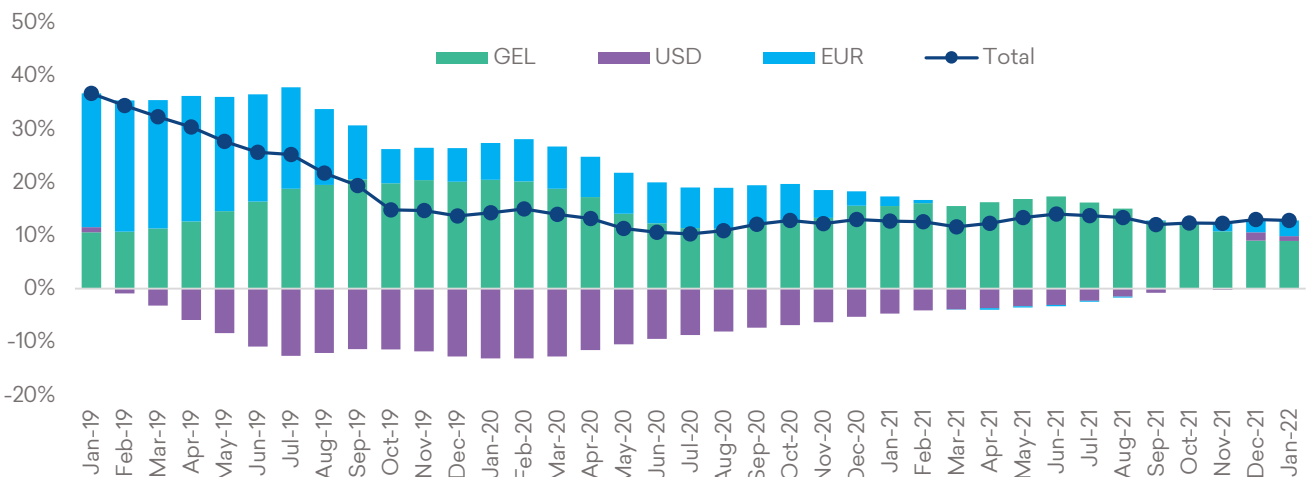
A1. Value of issued mortgages to transaction value*, Tbilisi



A2. Mortgage rate dynamics in Georgia



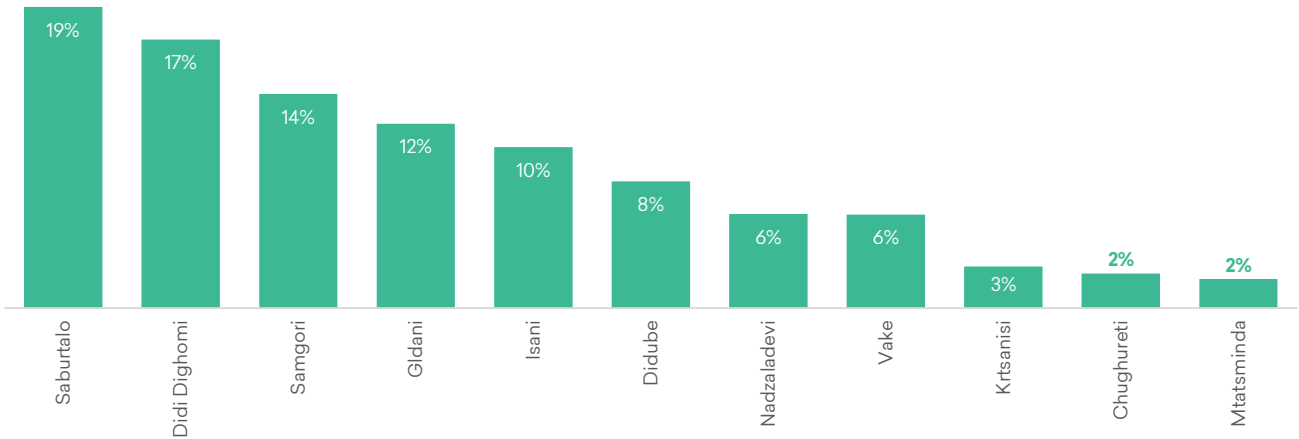
A3. YoY growth of mortgage portfolio and contribution to growth by currencies



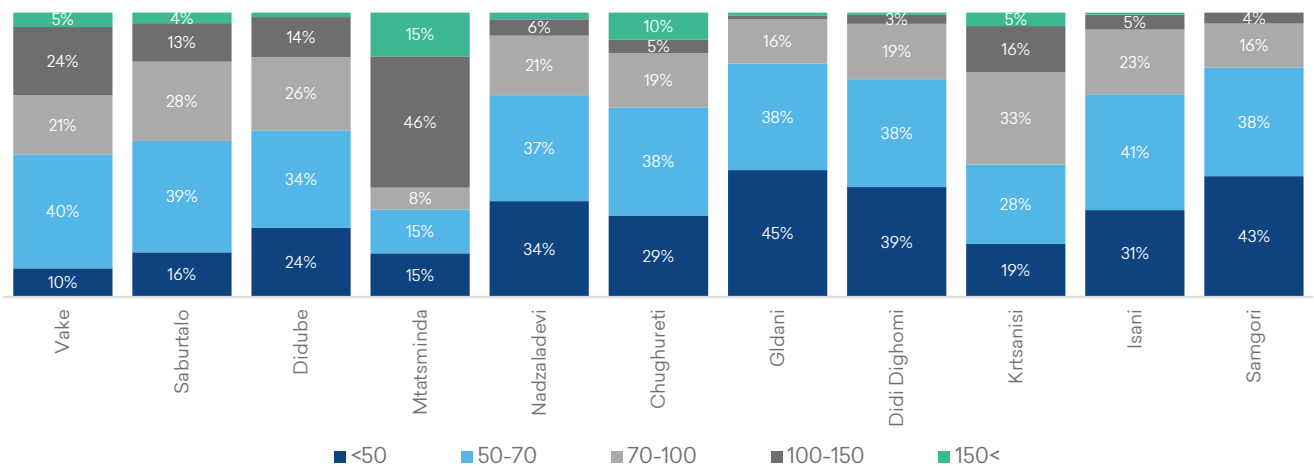
Source: NAPR, NBG, TBC Capital

Annex: Districts

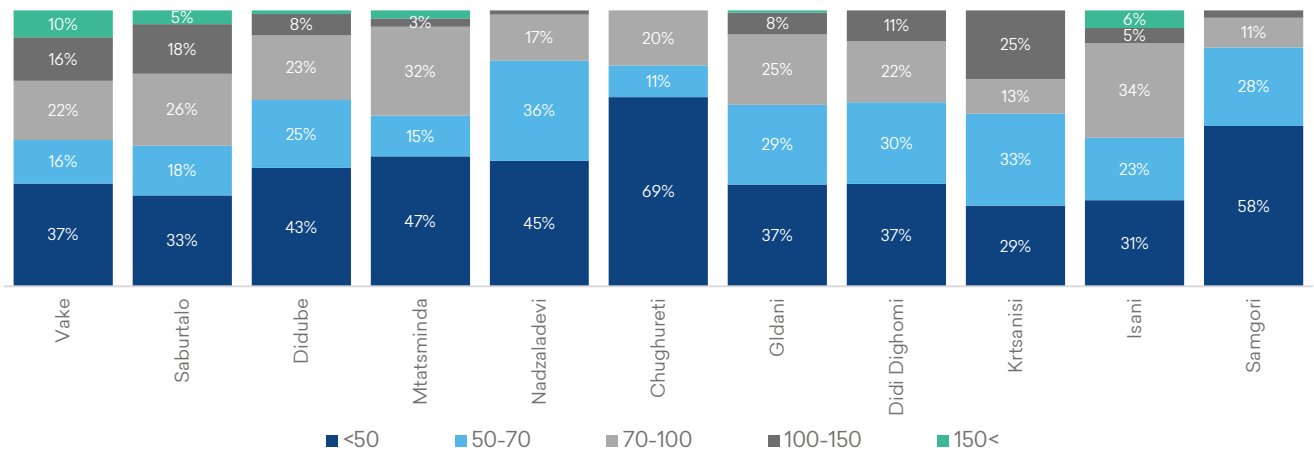
A4. Total transaction distribution by districts – January 2022



A5. New apartments – shares by sizes in January 2022 (Area, SQM)



A6. Old apartments – shares by sizes in January 2022 (Area, SQM)

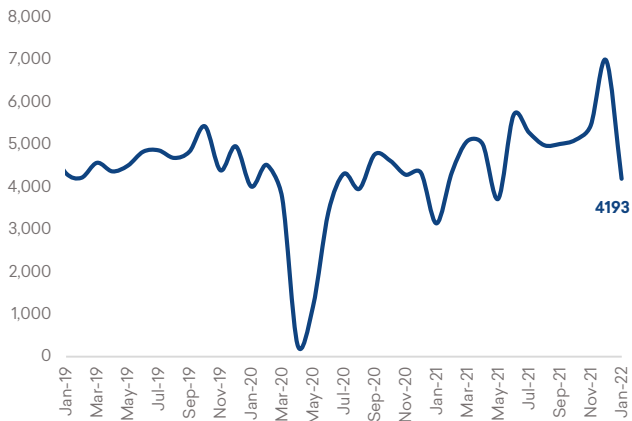


Source: NAPR, TBC Capital

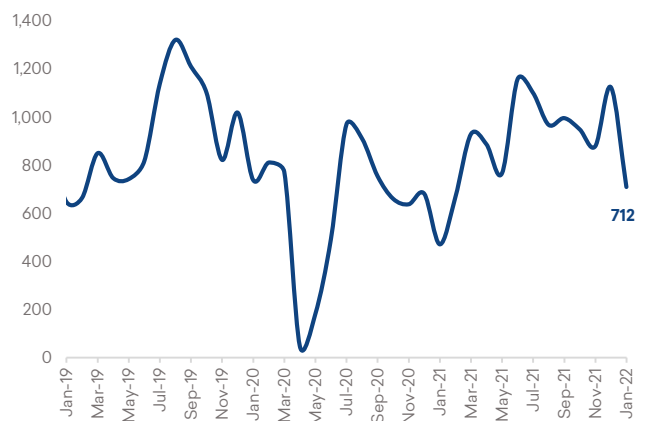
Annex: Rest of Georgia

A7. Number of residential property sales transactions

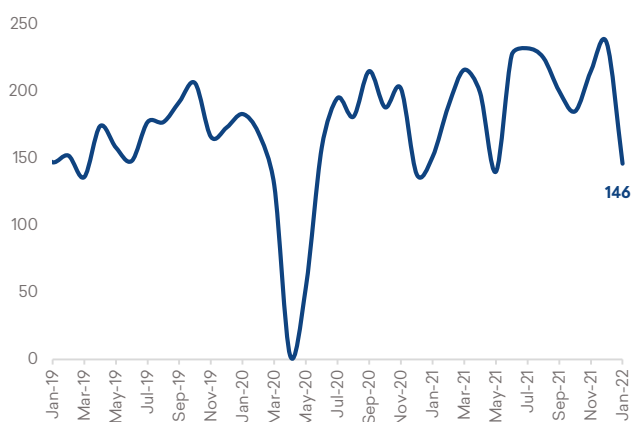
Georgia



Batumi



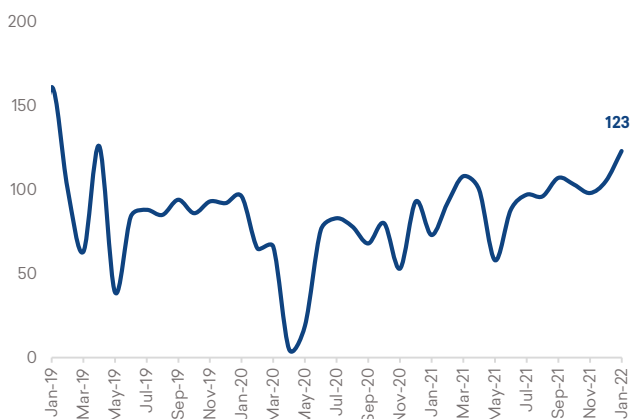
Kutaisi



Rustavi



Borjomi



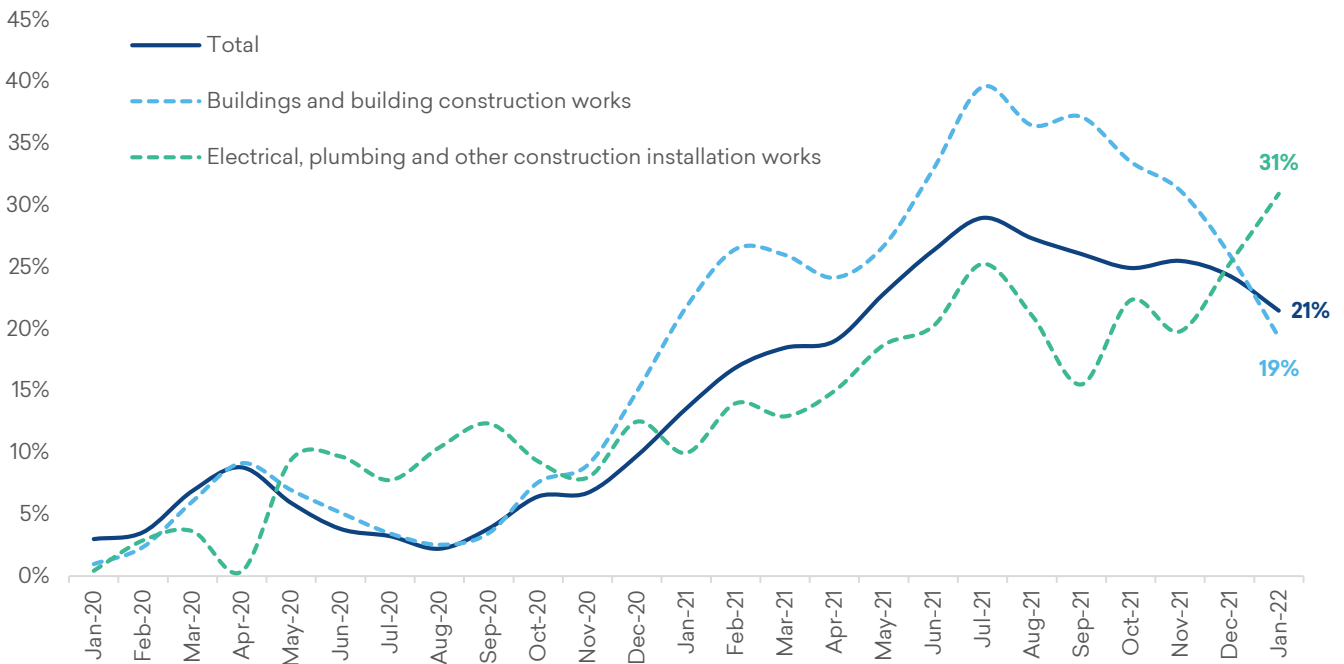
Gori



Source: NAPR, TBC Capital

Annex: Construction materials

A8. Prices of material inputs to construction industries (YoY % change)



Source: Geostat, TBC Capital

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