



TBC CAPITAL

Tbilisi Residential Real Estate

MONTHLY WATCH

FEBRUARY 2022

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Residential Real Estate in Tbilisi

FEBRUARY 2022 VS FEBRUARY 2021

3,129

Number of transactions

+15% ▲

887\$

+10% ▲

SALE PRICE

Average asking sale price per SQM in Tbilisi

5.9\$

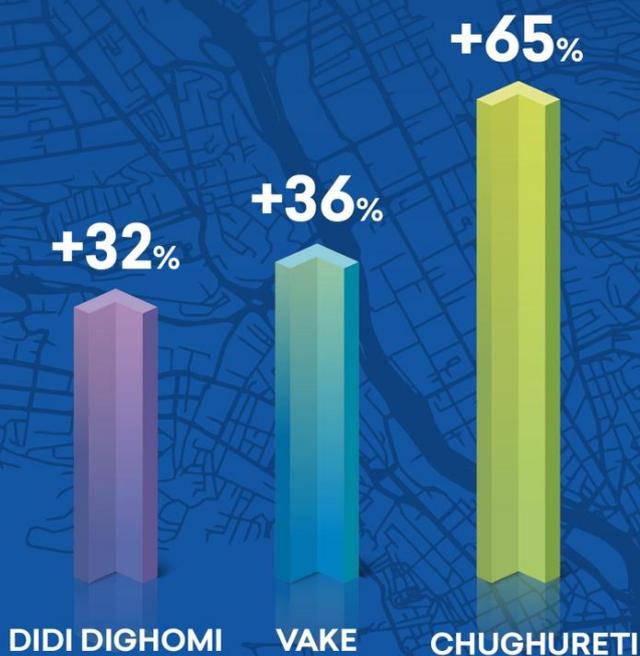
+27% ▲

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 February 2021, **the number of transactions** on Tbilisi residential real estate market has increased by 25% MoM. Furthermore, there was a 15.3% improvement relative to previous year as well. The similar pattern was observed for the rest of Georgia ([see Annex A7](#)).

Average asking sale price also continued an upward trend in February with a 5.6% MoM and 9.9% YoY growth.

High annual growth is partially explained by low base effect, as the beginning of 2021 was highly vulnerable due to the Covid situation. This effect is more profound in

case of **asking rent price**, which improved by 5.9% MoM and 27.2% YoY. However, rent was still behind the pre-pandemic level by 7.2%.

Rental yield, in February 2022, totaled 8.0%, remaining basically unchanged compared to previous month and increased by 1.1 pp in YoY terms.

The pandemic situation seems to be at a stalemate and together with rapidly rising prices of construction materials ([see Annex A8](#)), and higher demand from non-residents the outlook for sale and, particularly, rent prices is positive.

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

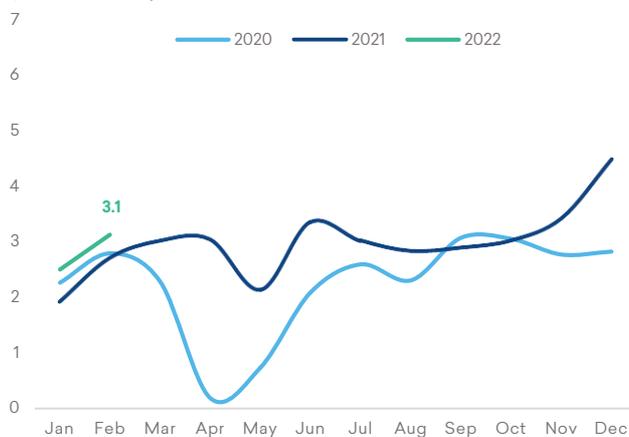


Figure 2. Average asking sale price per SQM (USD)

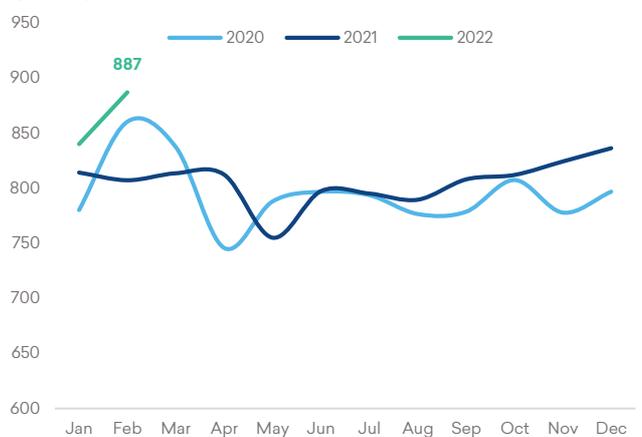


Figure 3. Average asking rent price per SQM (USD)

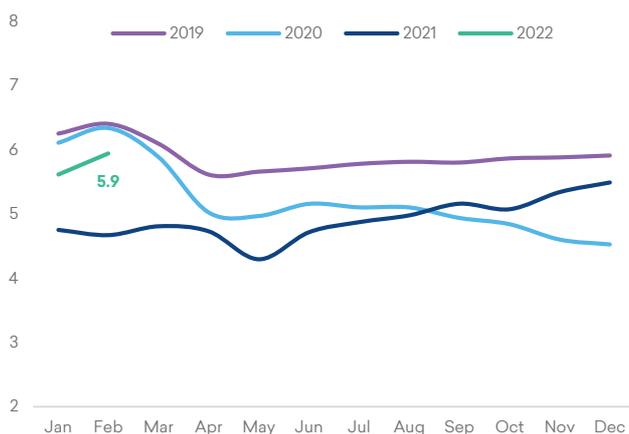
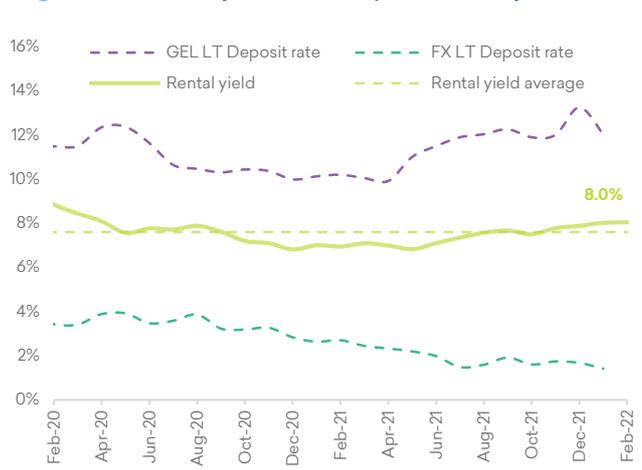


Figure 4. Rental yield and deposit rate dynamics



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

February 2022 was more active than January and traditionally, the demand was higher for new apartments, which accounted for 64% of total transactions.

The shares of sold apartments **by size** remained mostly unchanged relative to January 2022. The difference between new and old properties was in the distribution of small (<50 SQM) and mid-size (50-70 SQM) apartments.

Smaller apartments had a higher share in older properties (42%), while the mid-sized apartments take the majority for newer properties (40%).

The prices for new apartments increased by 10.7% YoY, while the growth for older properties was a bit less, amounting 8.5%. The gap between prices for new and old apartments might increase further due to rising prices of construction materials.

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



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

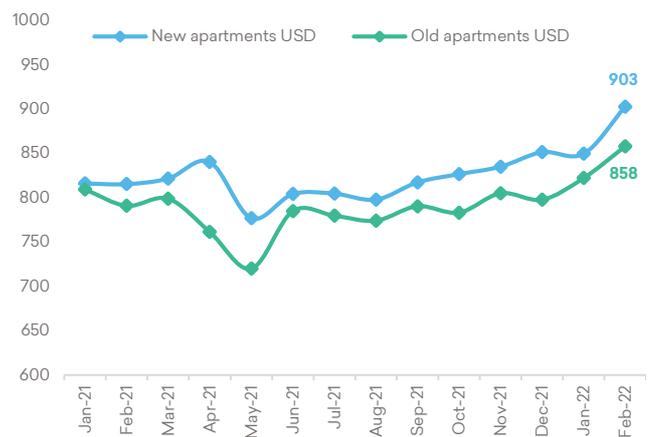


Figure 7. Apartment shares by sizes – February 2022 (Area, SQM)

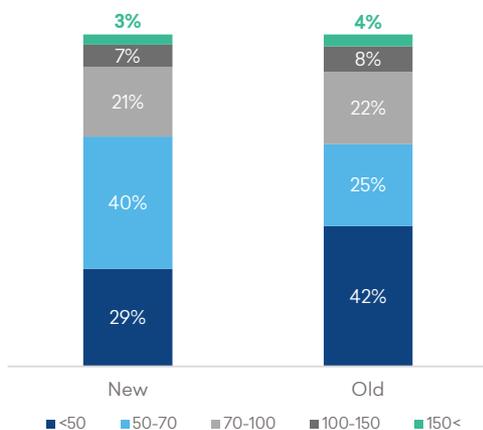


Figure 8. Average asking sale price per SQM (GEL)



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

Tbilisi districts

In February 2022, compared to the same month of the previous year, the number of transactions was higher in the majority of districts, while the sale prices exceeded the 2021 level in all of them.

The top 3 districts with the largest YoY growth of transactions were: Chughureti (+65%), Vake (+36.1%) and Didi Dighomi (+55.7%). Krtsanisi (-26.9%), Mtatsminda (-13.7%) and Gldani (-2%) were the only districts with annual decline in transactions.

As usual, Saburtalo (17.1% of total) and Didi Dighomi (16.8% of total) accounted for the largest share of total transactions in Tbilisi.

In terms of annual change in **sale prices**, Vake (+18.1%) was a leader, followed by Saburtalo (+16.3%) and Mtatsminda (+15.3%). The **rent price** growth was strong in most (particularly in central) districts, while Samgori, Krtsanisi and Chughureti posted a less than 10% increase.

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

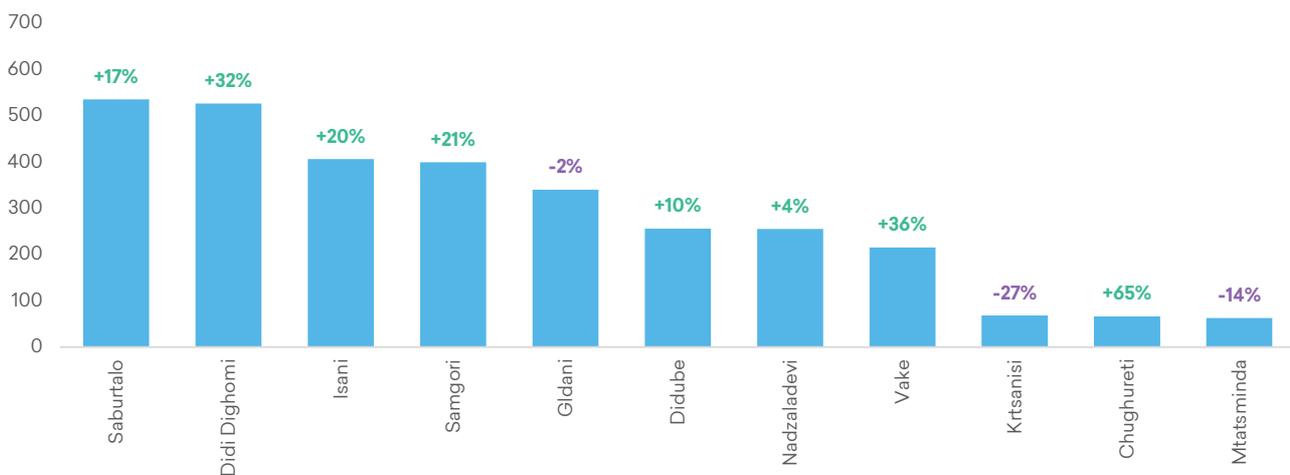


Figure 10. Average asking sale price per SQM (USD) and YoY change (%), February 2022

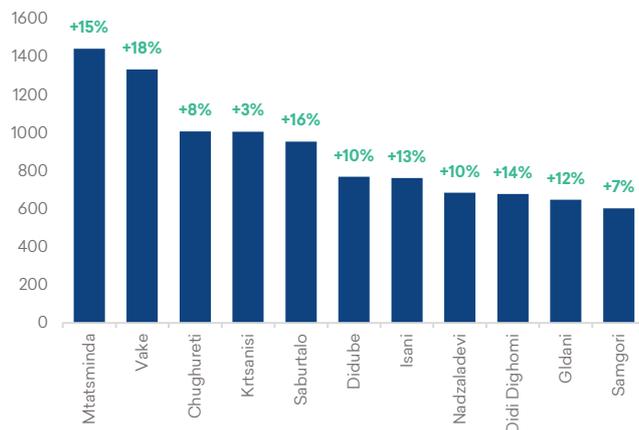


Figure 11. Average asking rent price per SQM (USD) and YoY change (%), February 2022



Source: Myhome, NAPR, TBC Capital

Flat-sharing market

Airbnb market in Tbilisi is still a bit under pressure from the shadows of Covid, but there are some noticeable improvements as well.

In February 2022, **ADR** exceeded the pre-pandemic level by 9%, however **the number of active listings** stands about 42% lower than in February 2019. Since tenants still prefer to stay in a more private places and a low number of active listings remain on the market, **occupancy rate**

stood 20 pp higher than in 2019. Higher ADR and occupancy resulted in a major recovery in **total market revenue**, which fell only 3% behind the 2019 figure.

Considering the February trends, flat-sharing market has a great potential to increase further in parallel with tourism recovery. However, the unfolded war in Ukraine created the significant risks for the sector development (see our publication: [Tourism: What is at Stake?](#))

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

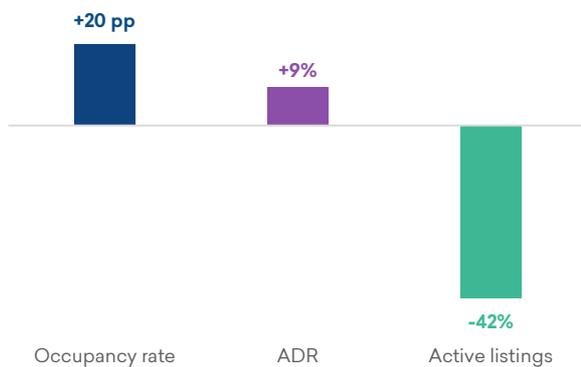


Figure 13. Tbilisi Airbnb market: Properties booked at least once (%)

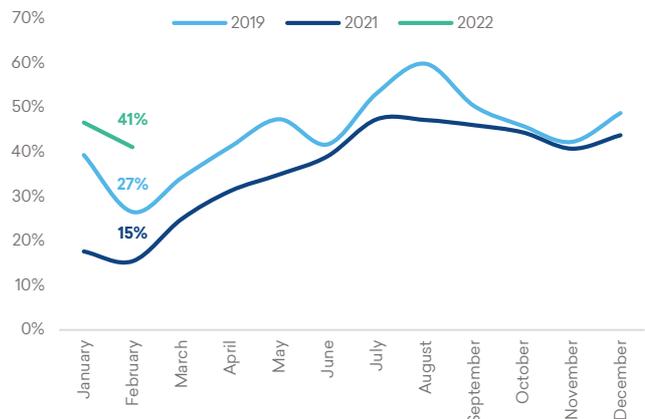


Figure 14. Tbilisi Airbnb market revenue (USD): % Change relative to 2019

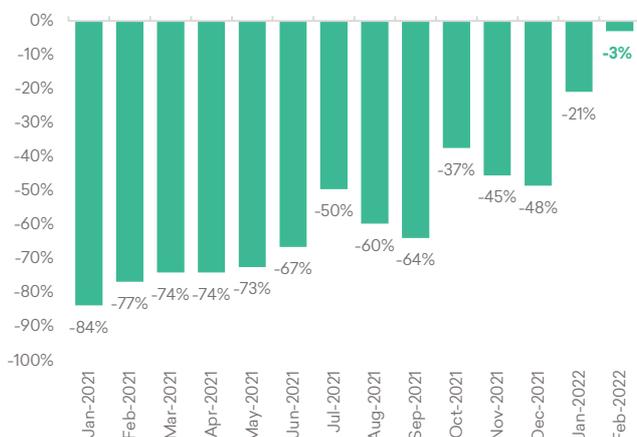
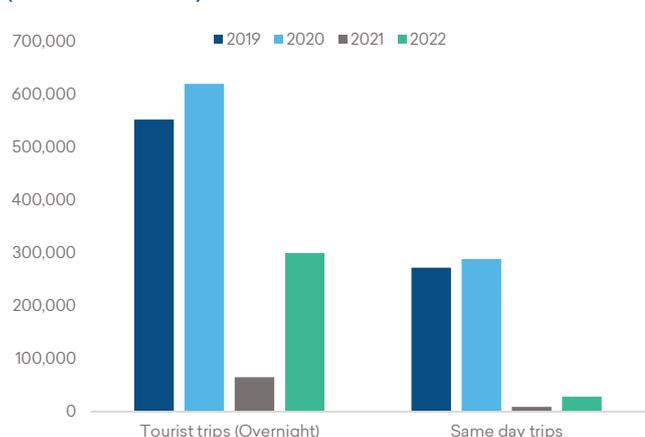


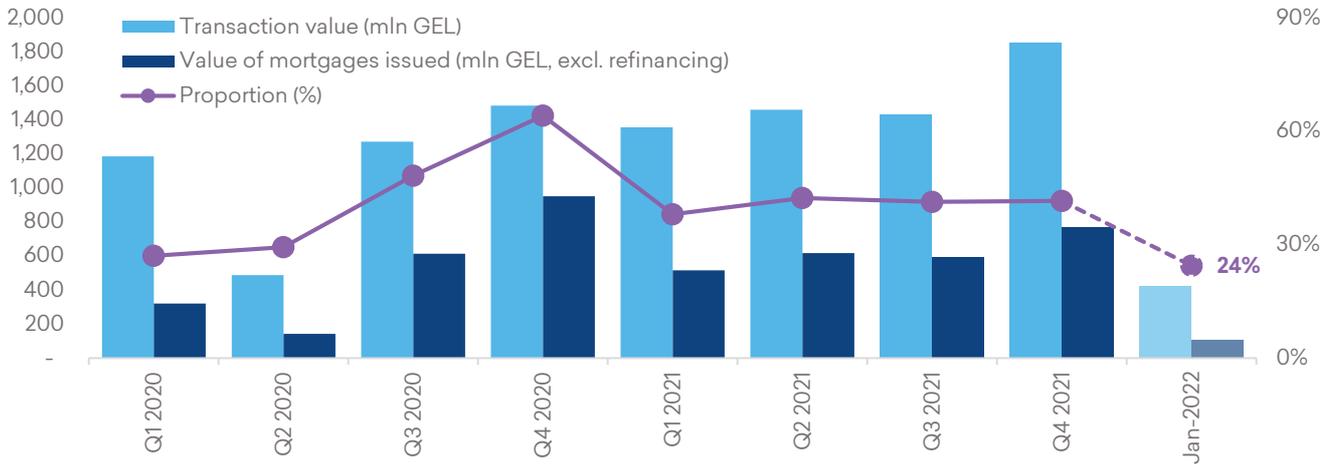
Figure 15. International visitor trips to Georgia (Jan-Feb 2022)



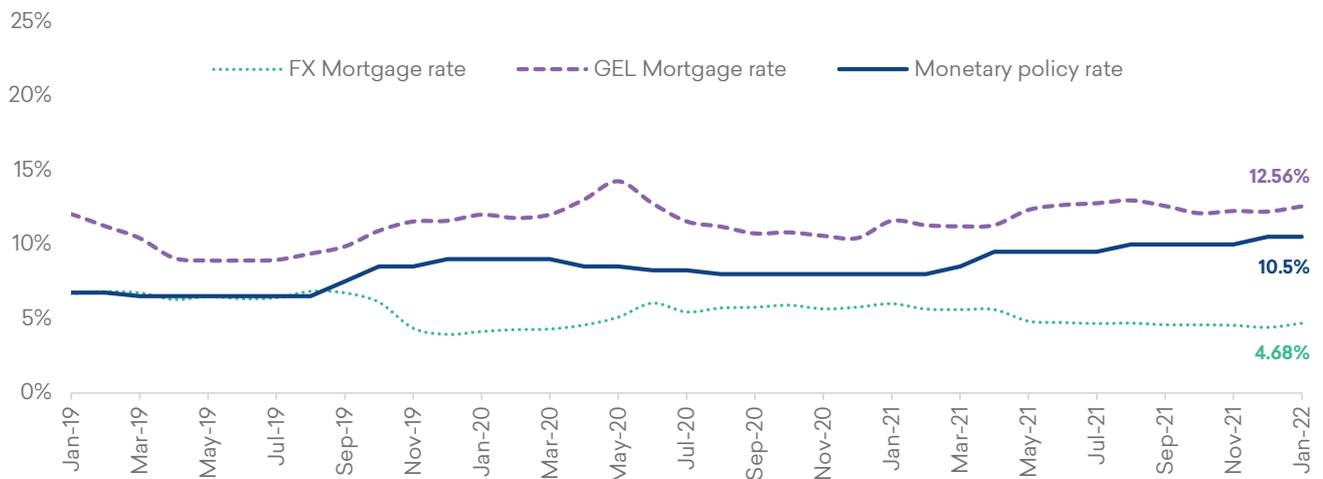
Source: Airdna, GNTA, MFA Georgia, TBC Capital

Annex: Mortgages

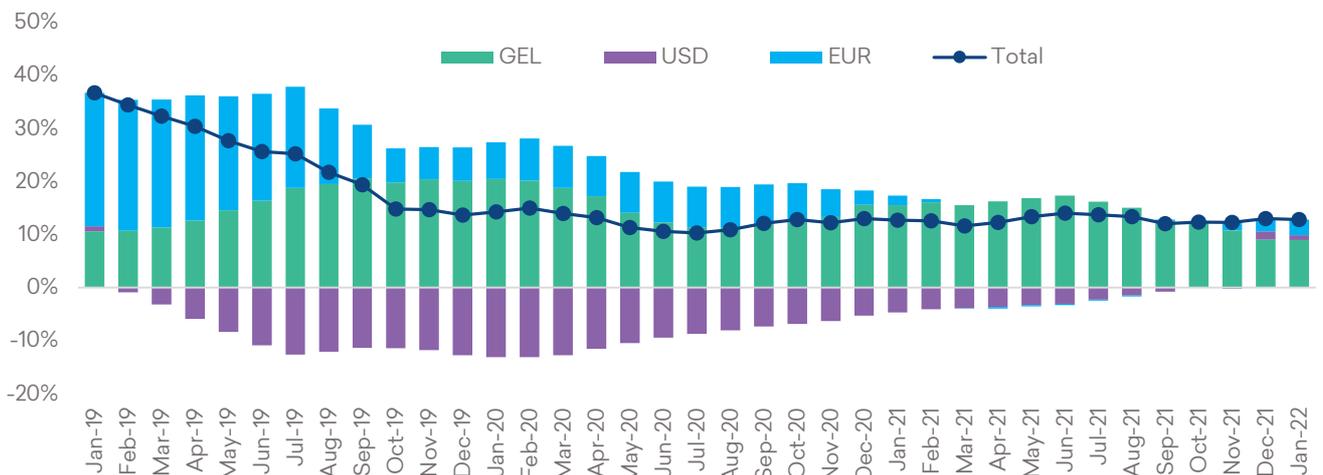
A1. Value of issued mortgages to transaction value*, Tbilisi



A2. Mortgage rate dynamics in Georgia



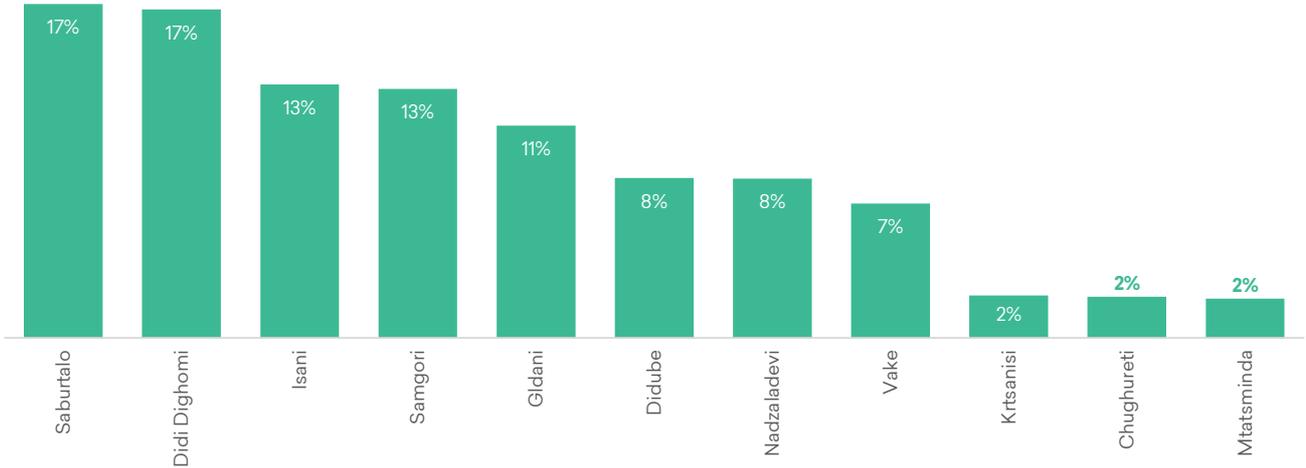
A3. YoY growth of mortgage portfolio and contribution to growth by currencies



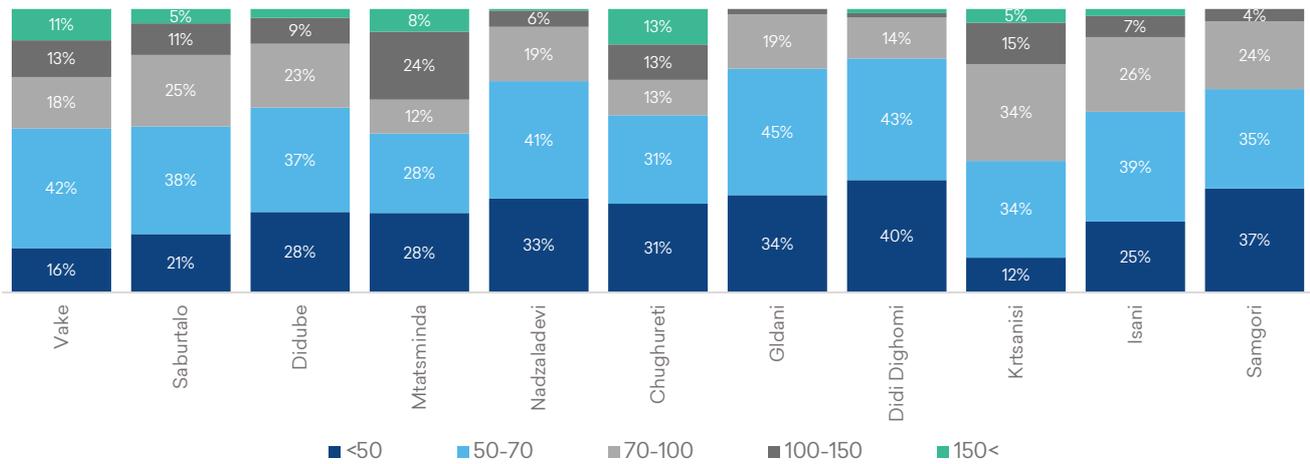
Source: NAPR, NBG, TBC Capital; Note: will be updated on March 28

Annex: Districts

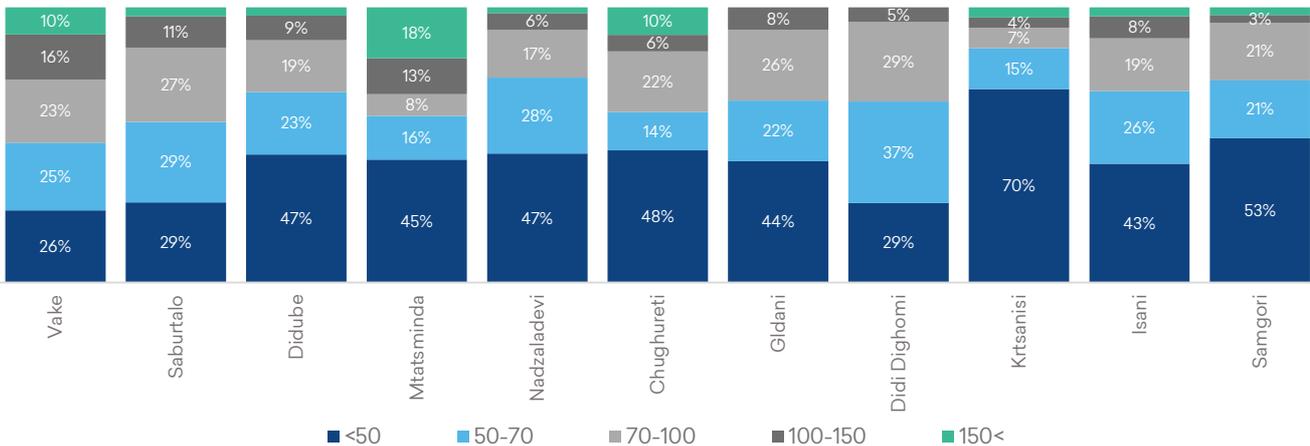
A4. Total transaction distribution by districts – February 2022



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



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



Source: NAPR, TBC Capital

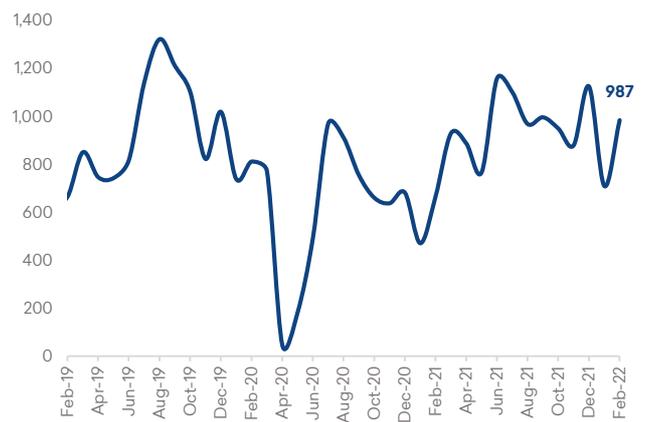
Annex: Rest of Georgia

A7. Number of residential property sales transactions

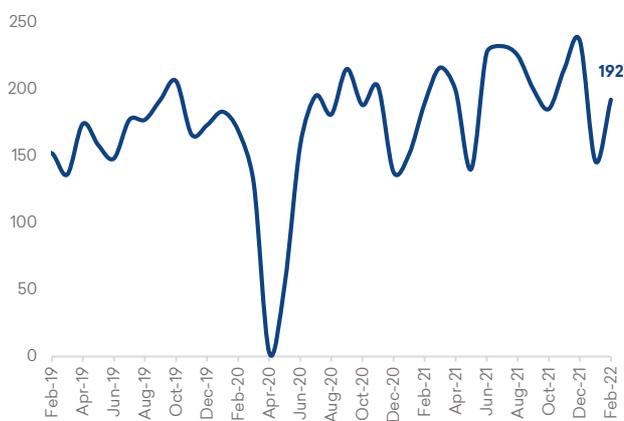
Georgia



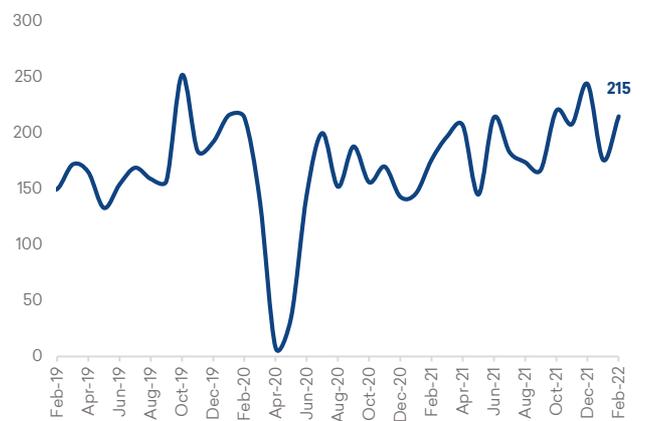
Batumi



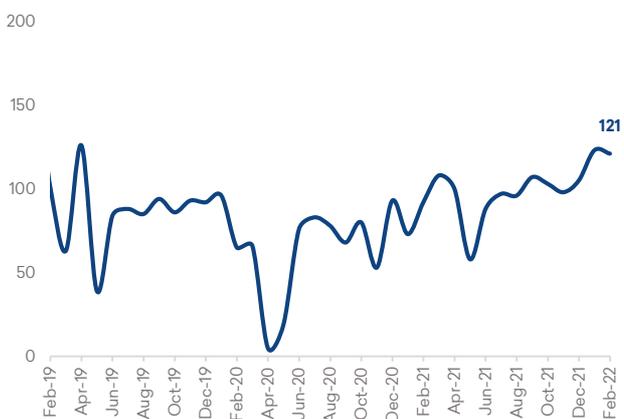
Kutaisi



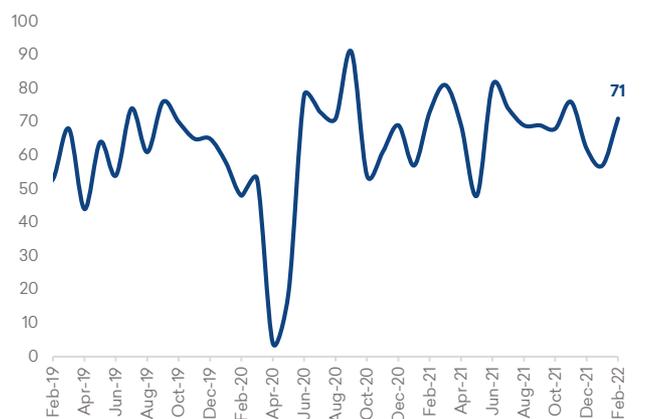
Rustavi



Borjomi



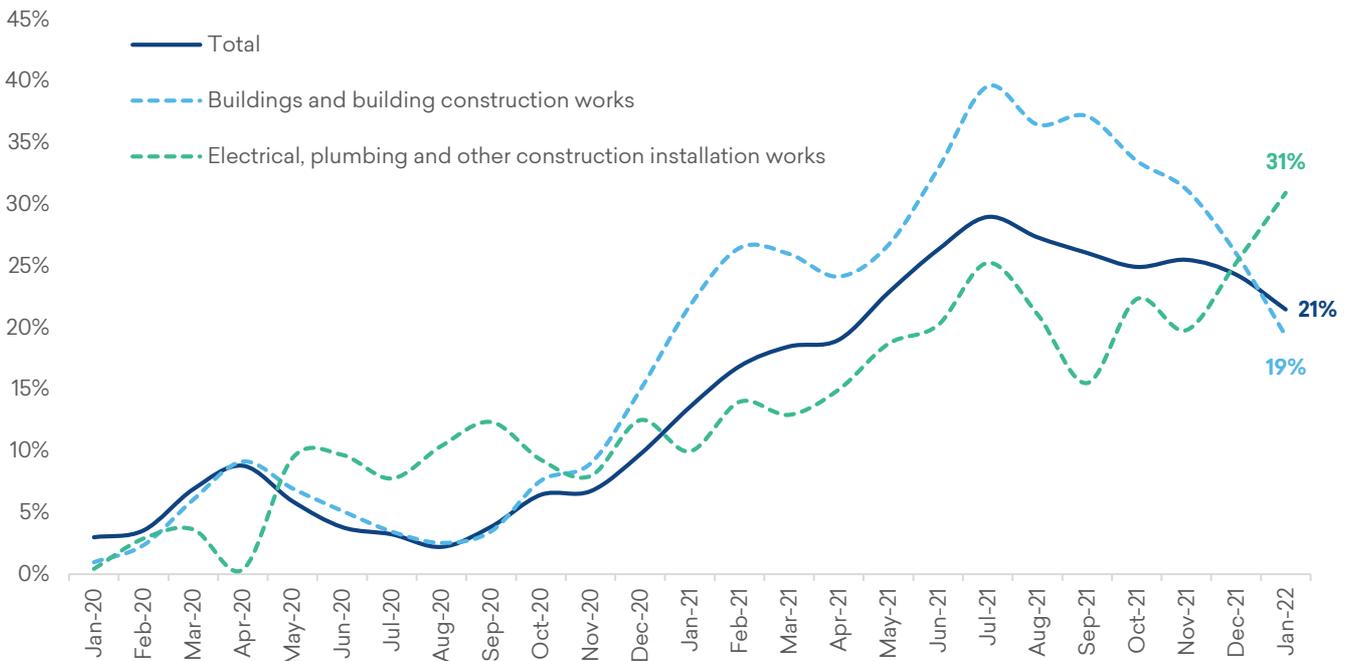
Gori



Source: NAPR, TBC Capital

Annex: Construction materials

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



Source: Geostat, TBC Capital; Note: will be updated on March 28

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