



TBILISI RESIDENTIAL REAL ESTATE

MAY 2022
Monthly Watch

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TBC CAPITAL

RESIDENTIAL REAL ESTATE IN TBILISI

May 2022 vs May 2021



3,331

Number of transactions



909\$

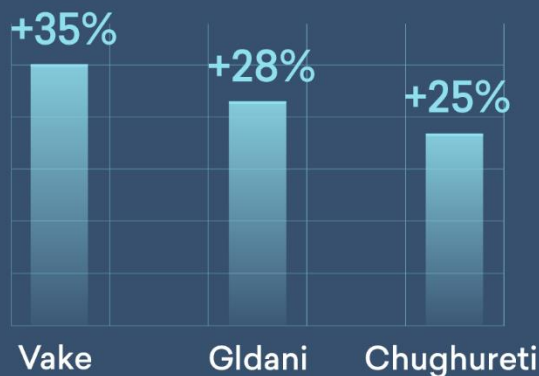
Average asking sale price per SQM



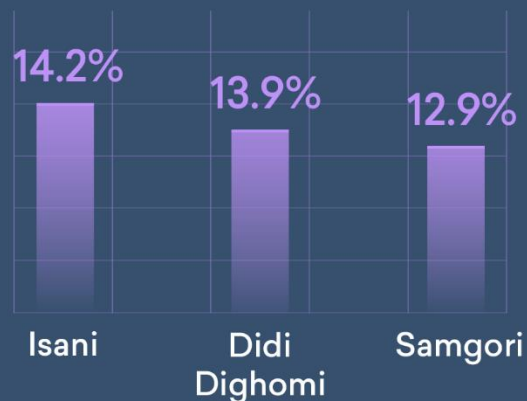
8.7\$

Average asking rent price per SQM

Top 3 districts with the highest increase in the asking **SALE PRICE**:



Top 3 districts with the highest **RENTAL YIELD**:



Transactions, price and yield

In May 2022, the activity on Tbilisi residential market remained at the high level of the previous months. The market dynamic observed in first five months of 2022 was in line with our [projections](#), except rent, which showed much higher growth than expected.

The number of transactions, stayed at the same level as in April 2022, while the YoY figure stood at +55.4%.

Together with a generally strong economy, this notable YoY increase can also be attributed to a public holidays declared over the period of 4-11 May 2021 (temporary mobility restrictions were also

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

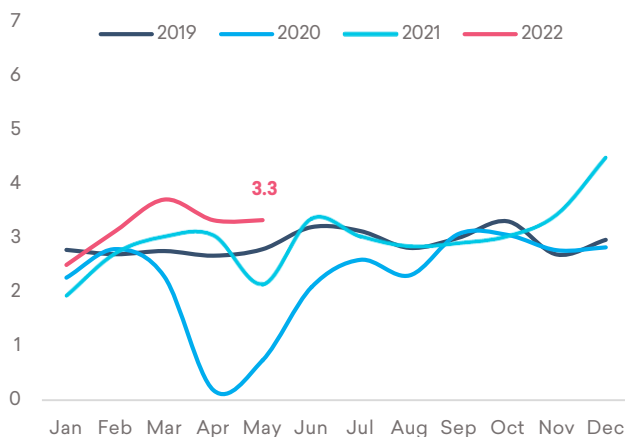
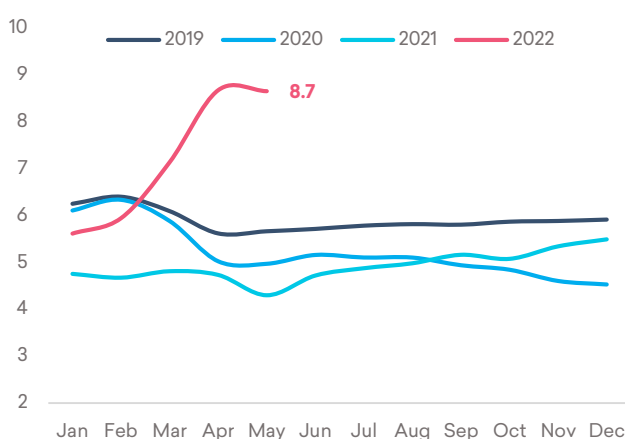


Figure 3. Average asking rent price per SQM (USD)



enforced. This resulted in low number of property registrations in May 2021.

Average asking sale price stood considerably higher than in the same period of 2021 (+20.4%). Moreover, the change in MoM terms was much more subtle, totaling +1.1%.

The impact of migration was still present on the market and the **asking rent price** remained at record high. In May 2022, rent doubled (+101.4%) compared to May 2021 and remained unchanged relative to previous month. **Rental yield** amounted 11.4%, exceeding May 2021 by 4.6 percentage points (pp).

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

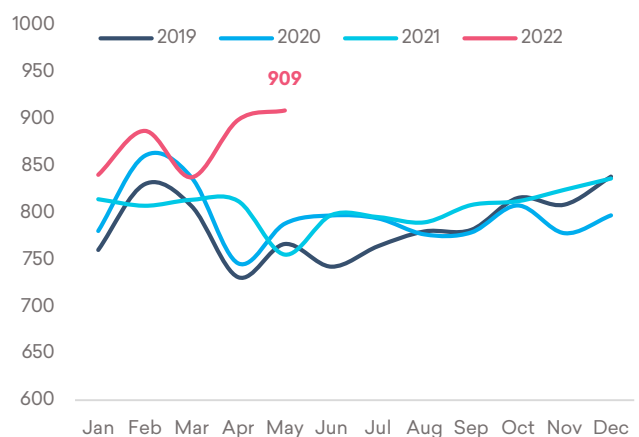
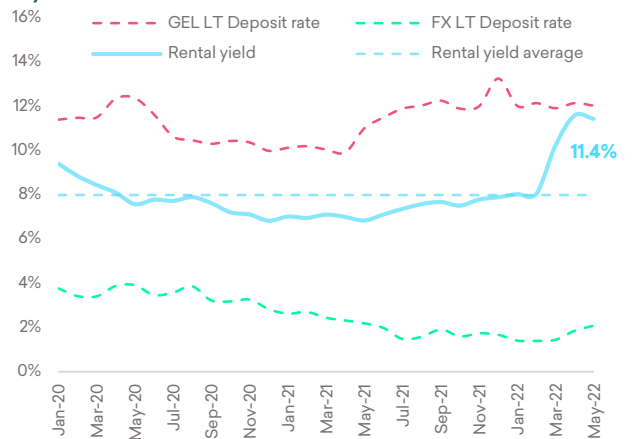


Figure 4. Rental yield and deposit rate dynamics



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

Residential properties by condition

Regarding the 'new vs old' apartment comparison, the demand increased more for newer residential properties (permits issued since 2018). About 800 new units were sold in May 2022, which was 2.5 times higher than in May 2021. In case of older properties, the YoY growth figure stood at about 40%. Furthermore, the share of new residential properties increased noticeably compared to the previous year.

size, the shares were consistent, barely changing throughout the years. Small (<50) and mid-size (50-70) residential properties took the majority.

Considering the prices, as in the previous month, **the average asking sale prices** were the highest for newly renovated apartments, followed by green frame. Black frame stood at the bottom of the list with the lowest rates. Apartments of all conditions showed YoY increase in asking sale prices in May.

As for the residential properties sales by

Figure 5. Number of sold residential properties, New vs Old (000' Units)

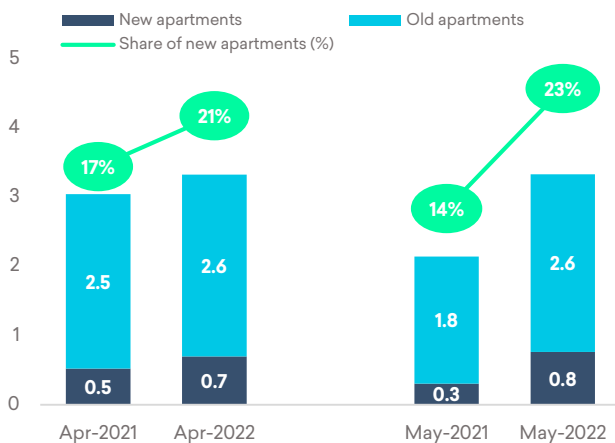


Figure 6. Apartment sales by sizes (shares), May (Area, SQM)

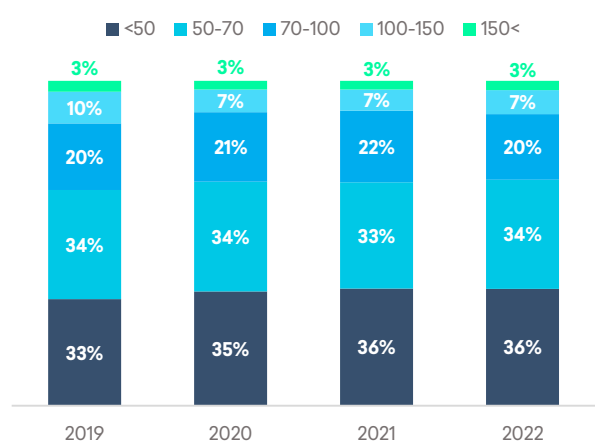
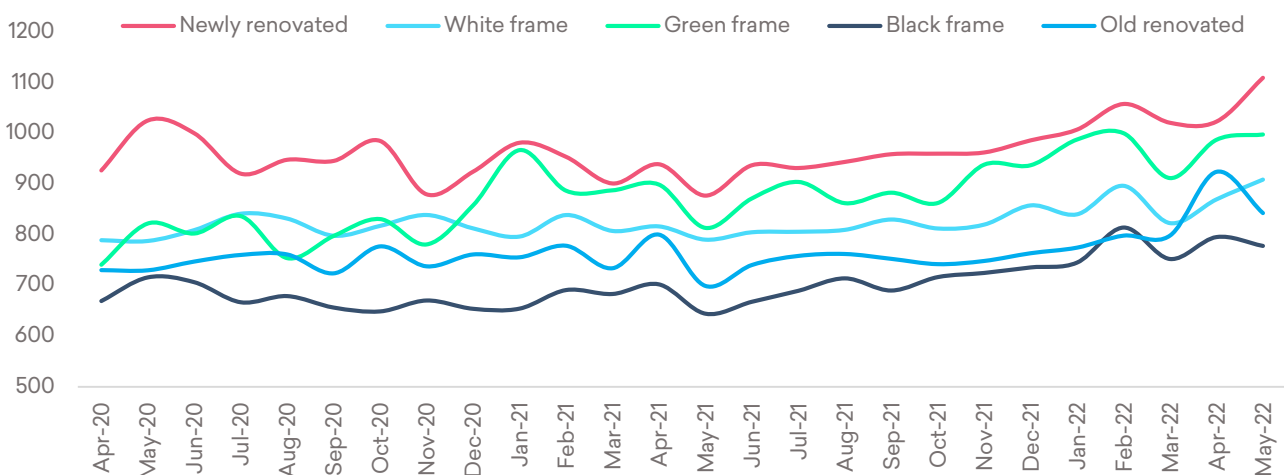


Figure 7. Average asking sale price per SQM (USD), by condition



Source: Myhome, NAPR, TBC Capital; Note: "New" means a residential property with construction permits issued since 2018

Tbilisi districts

Since residential real estate market showed relatively poor performance in May 2021 due to the previously mentioned events, in May 2022, **the number of transactions** was significantly higher YoY in all districts. The top 3 districts with the largest YoY growth of transactions were: Chughureti (+244%), Krtsanisi (+96%) and Didi Dighomi (+92%). Saburtalo (18% of total) and Didi Dighomi (16.7% of total) still had top shares in total transactions in Tbilisi. Whereas, Krtsanisi, Chughureti and Mtatsminda were at the bottom and accounted for only about 8% of total transactions.

Figure 8. Sold residential properties (Units) and YoY change (%), May 2022

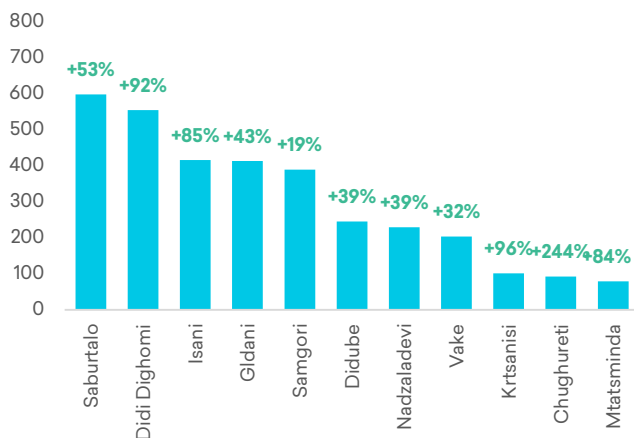
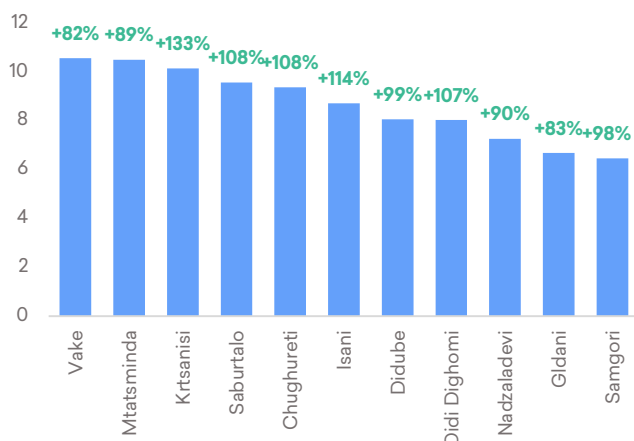


Figure 10. Average asking rent price per SQM (USD) and YoY change (%), May 2022



As for the **sale prices**, all districts exceeded the 2021 level. Vake posted the highest YoY increase (+35%), followed by Gldani (+28%) and Chughureti (+25%).

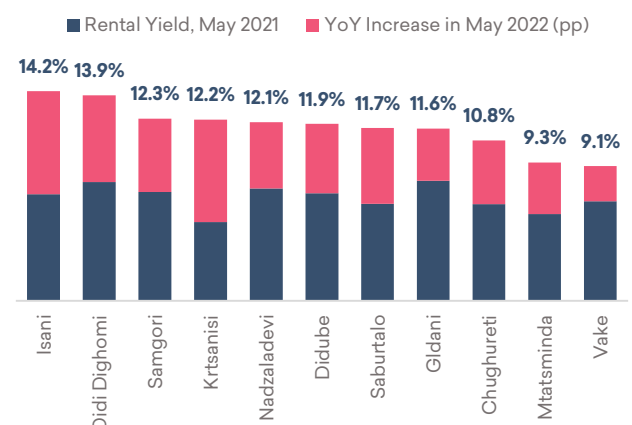
In May 2022, the **rent prices** stood at record high in their respective districts, remaining almost exactly at the same level as in the previous month.

Consequently, **rental yield** stayed sizeable as well. Isani (14.2%), Didi Dighomi (13.9%) and Samgori (12.3%) were at the top of the list. Rental yield even exceeded GEL long-term deposit rates in some districts.

Figure 9. Average asking sale price per SQM (USD) and YoY change (%), May 2022



Figure 11. Rental yield by district (%), May 2022



Source: Myhome, NAPR, TBC Capital

Flat-sharing market

In May 2022, Tbilisi Airbnb market performance was more or less close to the previous month. The effects of migration and rapidly recovering tourism were still at work for the flat-sharing market.

ADR increased by 13% relative to 2019. As for **the number of active listings**, even though some ‘players’ returned to the market and there was a major improvement in MoM terms, the figure stood below the pre-pandemic level (-25% vs May 2019). **Occupancy rate** was 17pp higher than in 2019 and **the number**

of nights remained in the negative growth territory (-37% vs May 2019). There was a minor improvement in **total market revenue** relative to previous month, but it stayed below the pre-pandemic figure by 28%.

As the pace of migration decelerated in May (according to our estimates), its impact on Airbnb market should have been lower than in the previous months. Under these circumstances, the increasing number of active listings might be a sign for the further awakening of Tbilisi flat-sharing market.

Figure 12. Tbilisi Airbnb market major indicators: Change relative to 2019

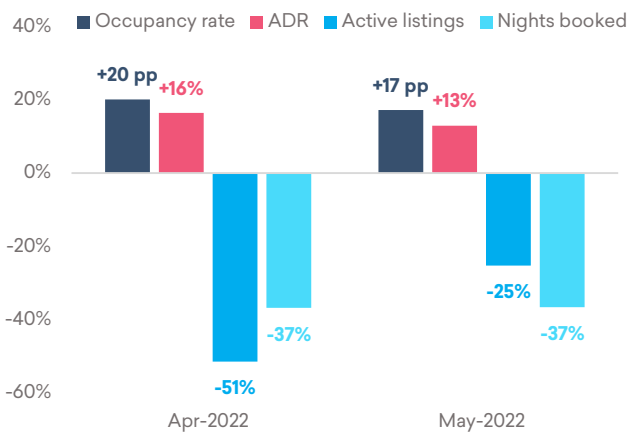


Figure 14. Tbilisi Airbnb market revenue (USD): Change relative to 2019



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

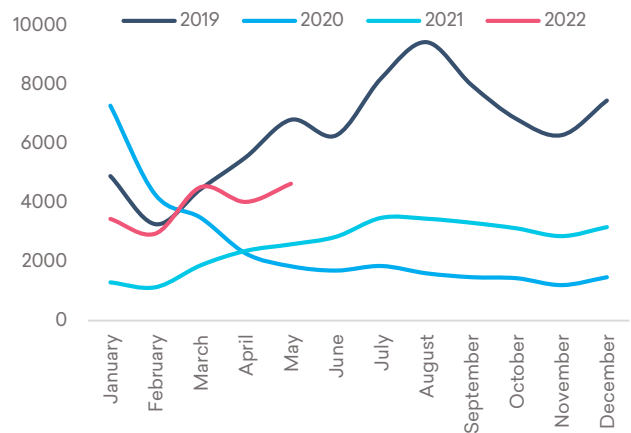
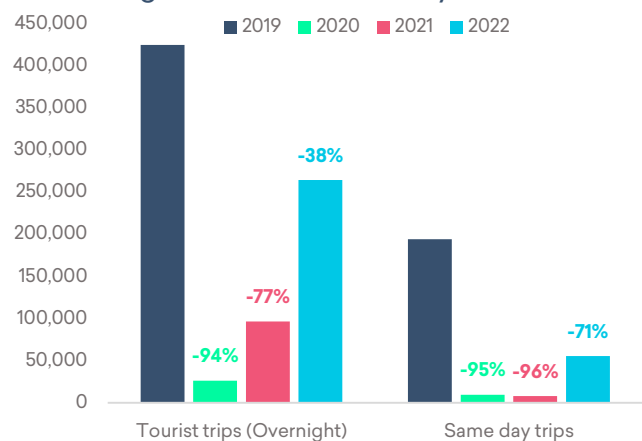


Figure 15. International visitor trips to Georgia and change relative to 2019, May

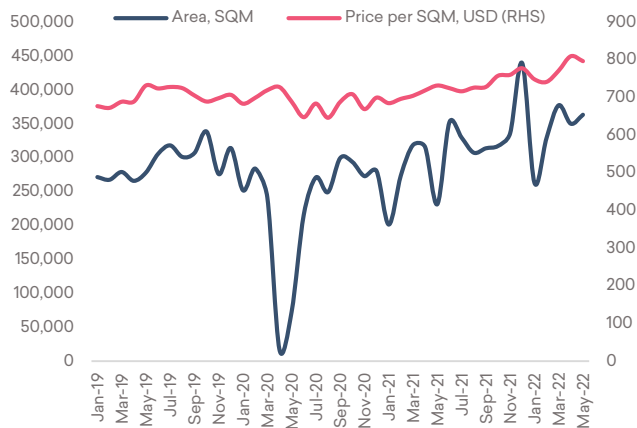


Source: Airdna, GNTA, MFA Georgia, TBC Capital

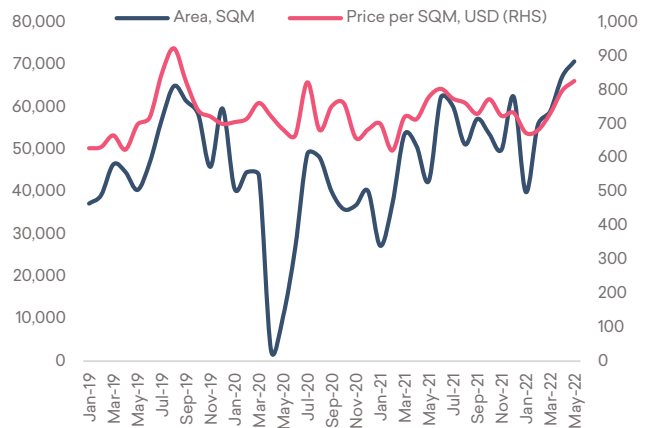
Annex: Rest of Georgia

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

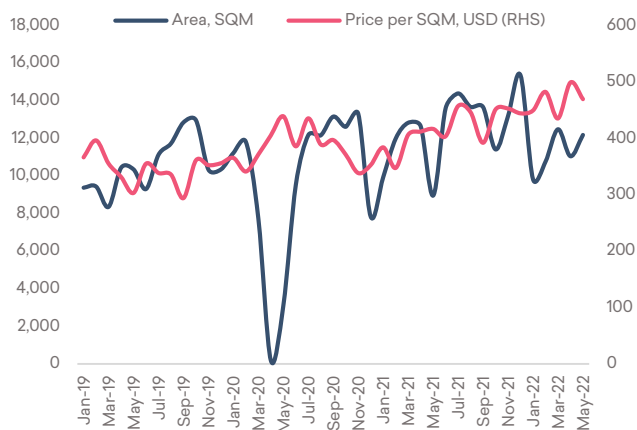
Georgia



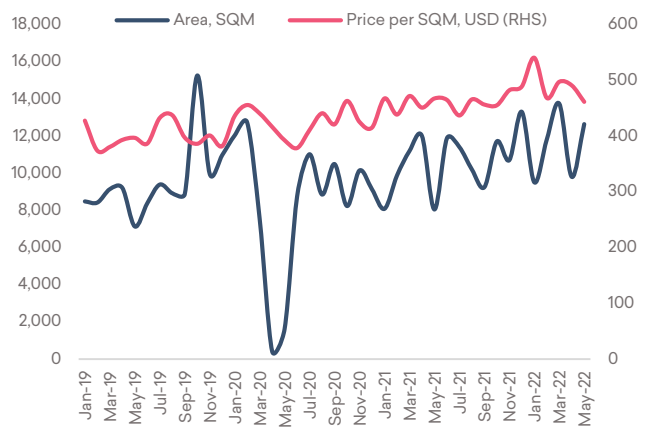
Batumi



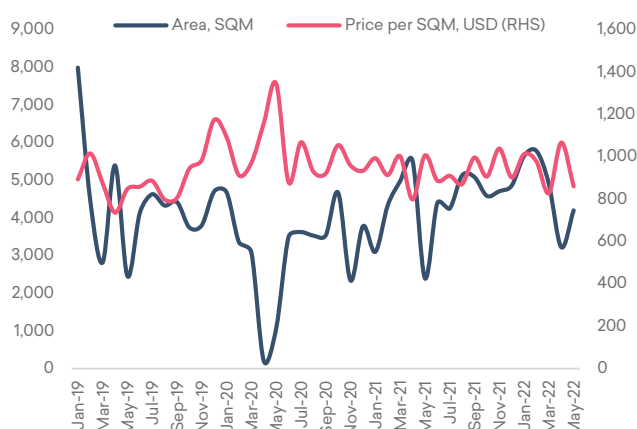
Kutaisi



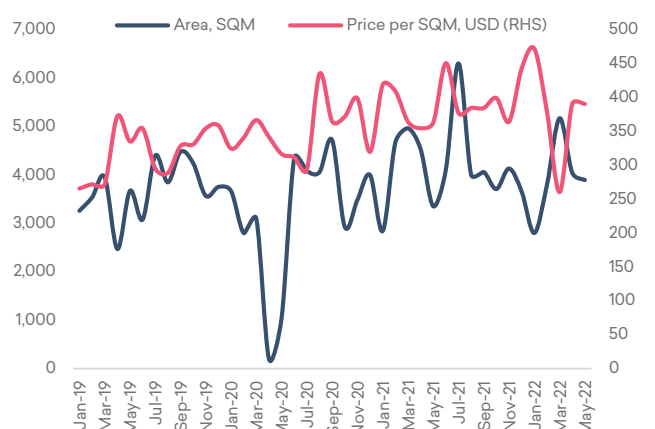
Rustavi



Borjomi



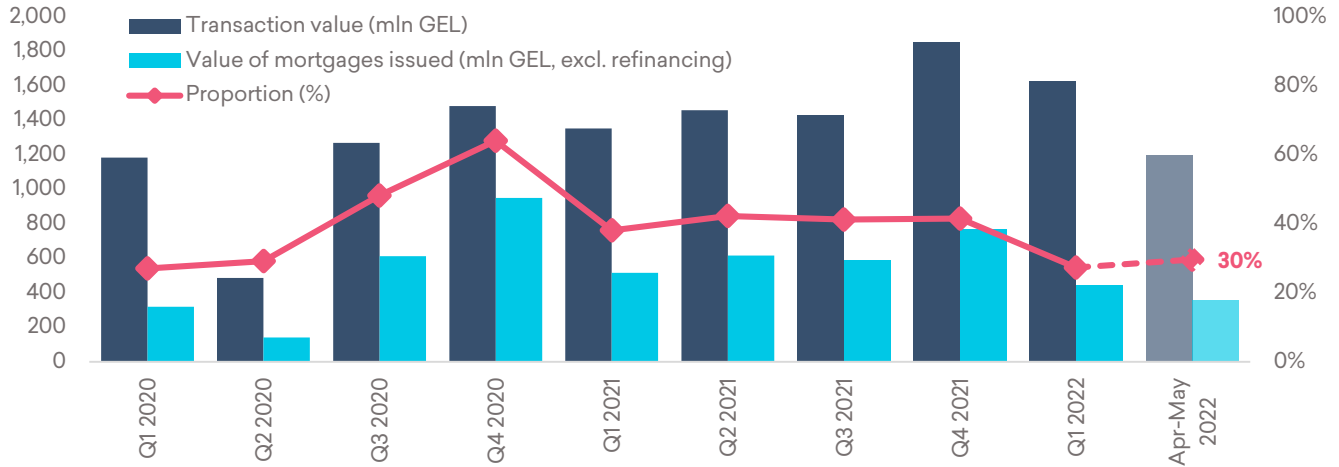
Gori



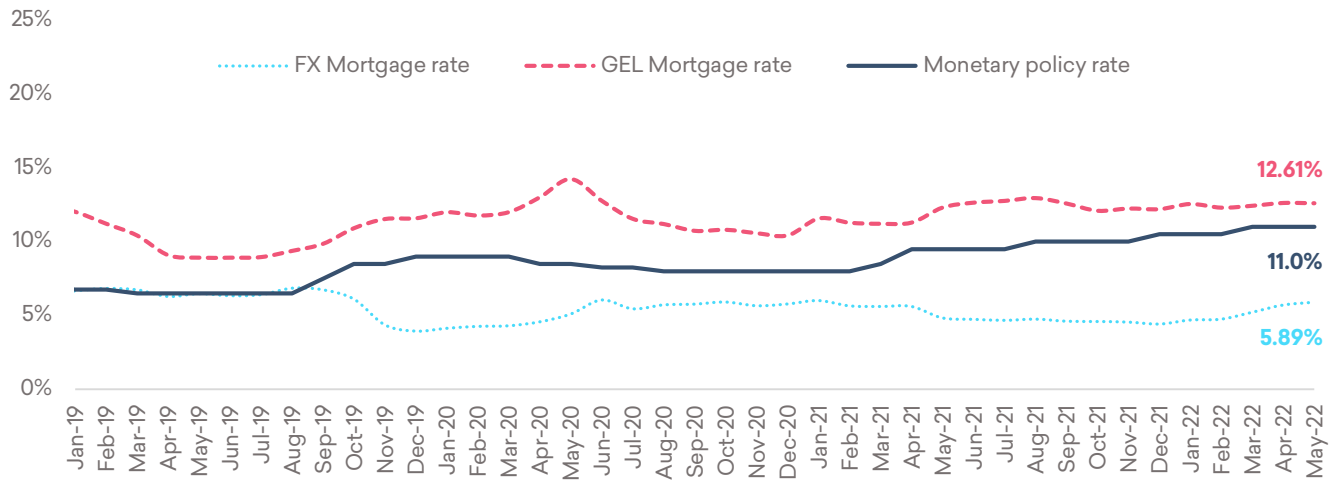
Source: NAPR, TBC Capital

Annex: Mortgages

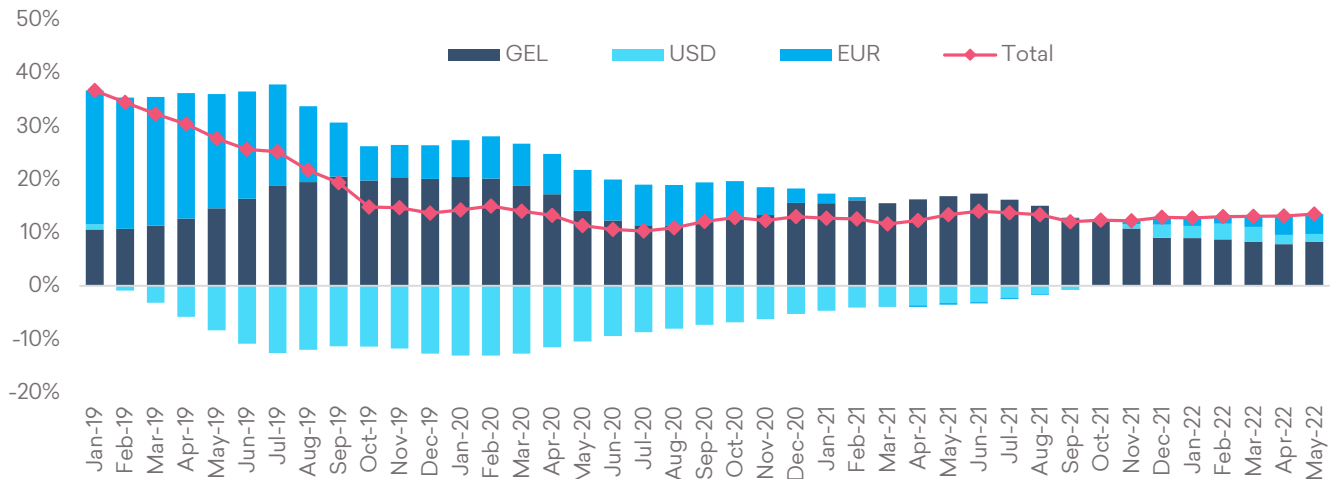
A2. Value of issued mortgages to transaction value*, Tbilisi



A3. Mortgage rate dynamics in Georgia



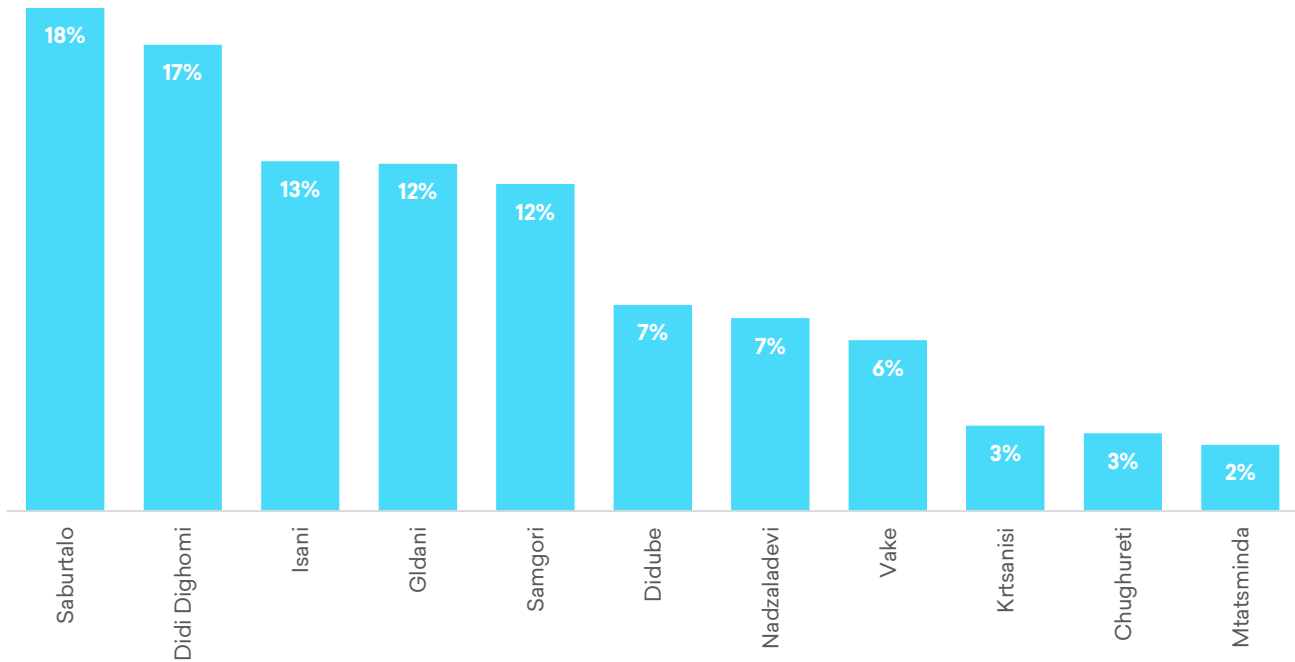
A4. YoY growth of mortgage portfolio and contribution to growth by currencies



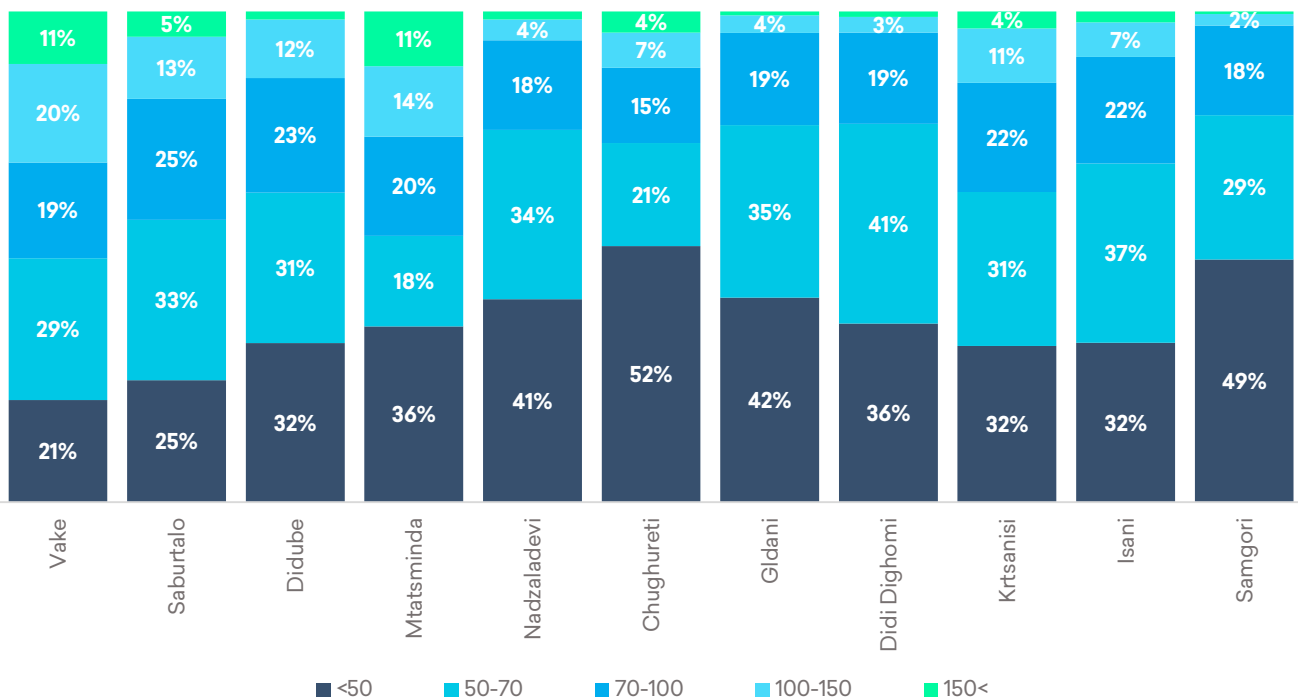
Source: NAPR, NBG, TBC Capital

Annex: Districts

A5. Total transaction distribution by districts – May 2022



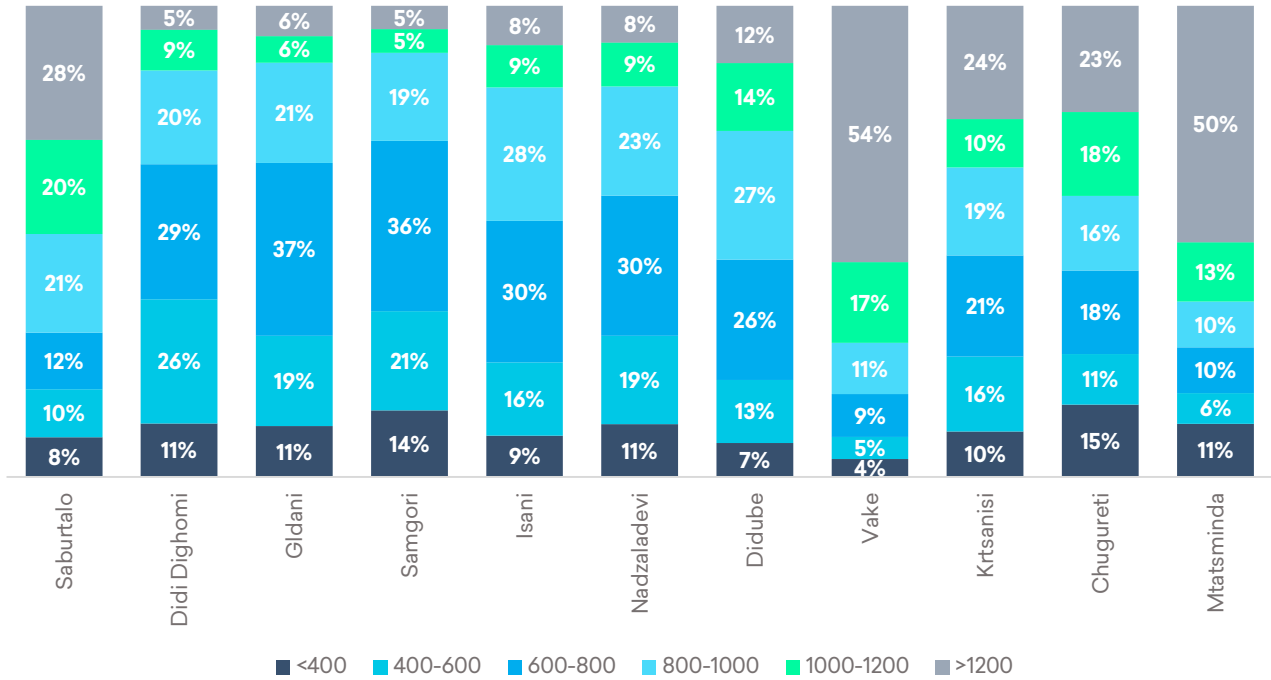
A6. Shares by sizes (Area, SQM), districts, 2022 YTD



Source: NAPR, TBC Capital

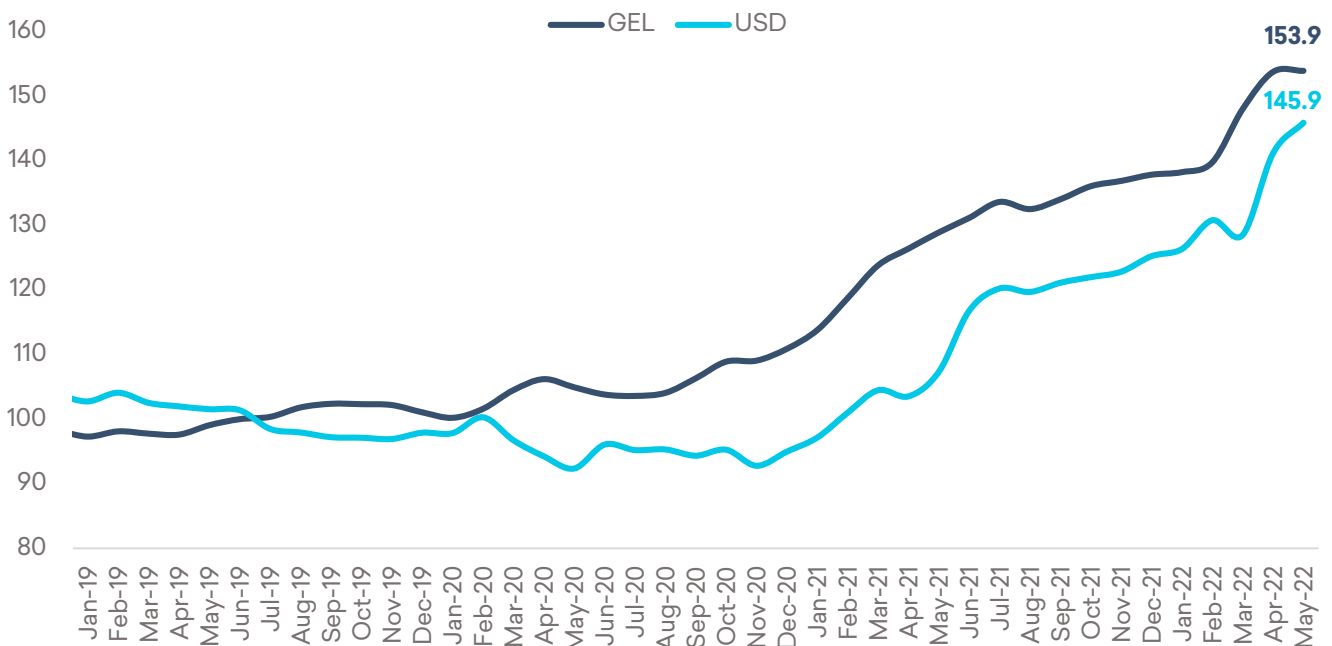
Annex: Districts

A7. Number of transactions by price categories, districts, 2022 YTD



Annex: Construction materials

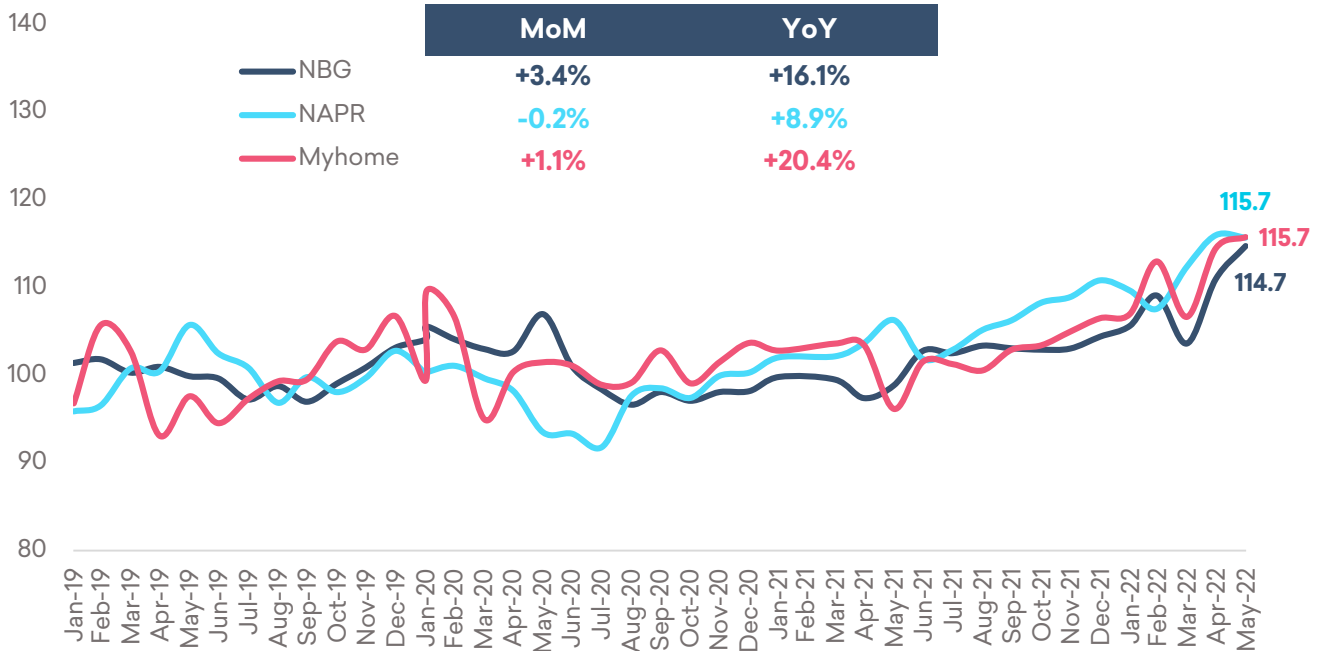
A8. Prices of material inputs to construction industries, Indices (2019 average = 100)



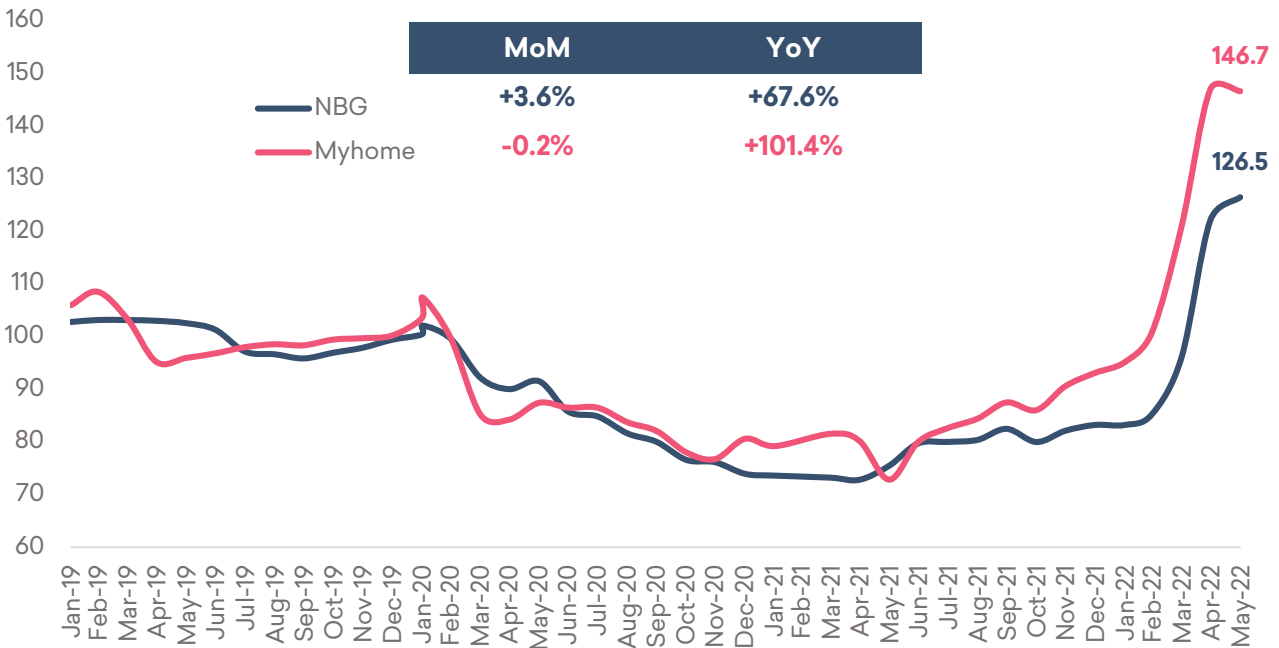
Source: NAPR, Myhome, Geostat, TBC Capital

Annex: Price indices

A9. Sale price indices (2019 average = 100)



A10. Rent price indices (2019 average = 100)



Source: NBG, NAPR, Myhome, TBC Capital

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