



GALT & TAGGART
CREATING OPPORTUNITIES

Batumi Residential Real Estate

2025 REVIEW AND 2026 OUTLOOK

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Key Figures in Batumi

2023

2024

2025

Sales

of apartments

15,758

15,195

17,478

Primary

8,429

8,333

9,485

Secondary

7,329

6,862

7,993

Price

US\$ / m²

Turnkey apartments

\$1,569

\$1,699

\$1,865

Rent (ADR)

US\$ / day

\$41.7

\$35.9

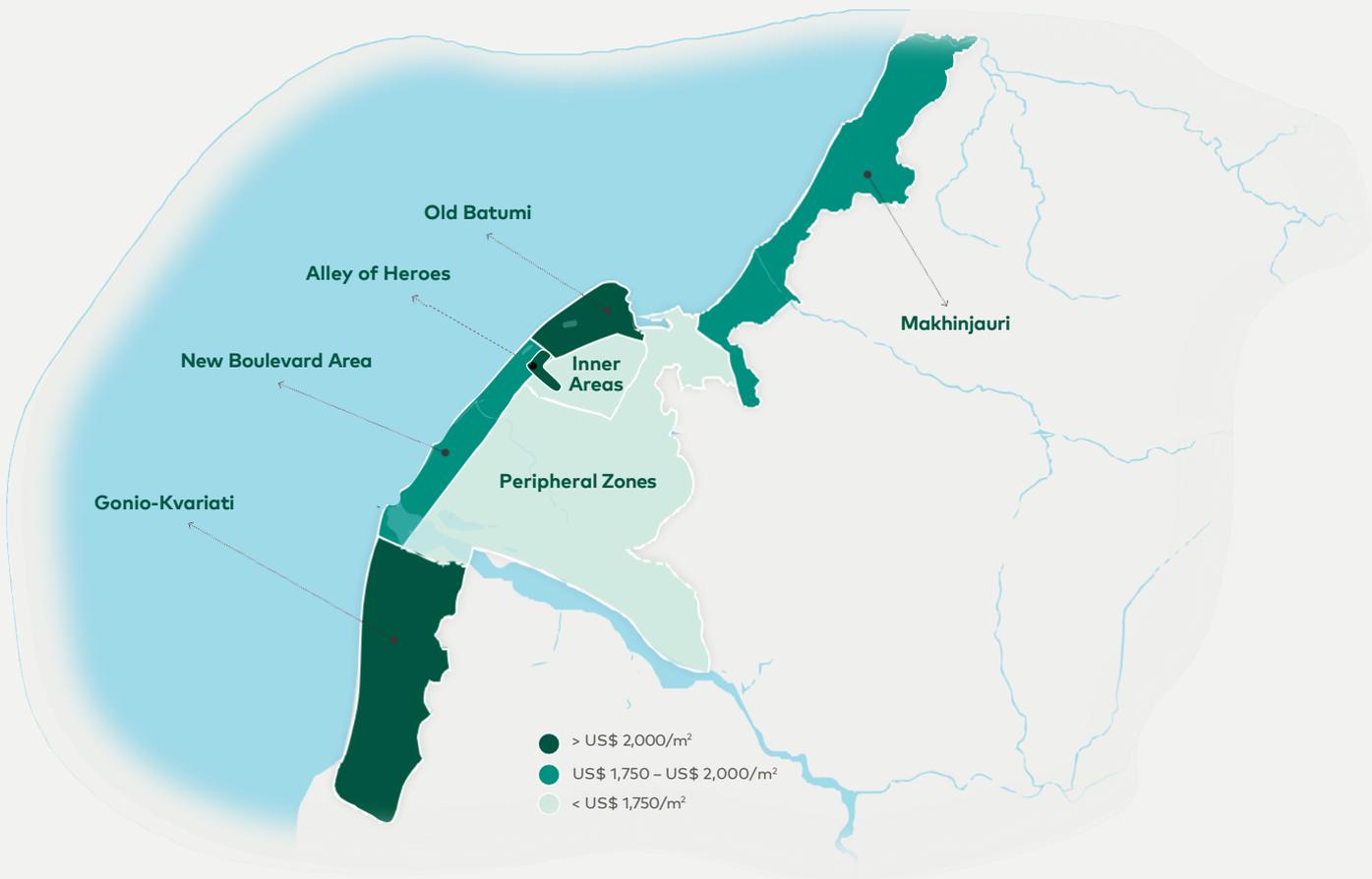
\$35.6



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Note: Prices are given for the primary market turnkey apartments

Real estate sale patterns in 2025



OLD BATUMI

Number of sales
1,727 apartments
Average turnkey price
3,028 us\$ / m²
Average monthly rent
10.9 us\$ / m²

ALLEY OF HEROES

Number of sales
3,993 apartments
Average turnkey price
2,095 us\$ / m²
Average monthly rent
N/A

GONIO-KVARIATI

Number of sales
386 apartments
Average turnkey price
2,048 us\$ / m²
Average monthly rent
N/A

MAKHINJAURI

Number of sales
948 apartments
Average turnkey price
1,854 us\$ / m²
Average monthly rent
N/A

NEW BOULEVARD AREA

Number of sales
6,807 apartments
Average turnkey price
1,761 us\$ / m²
Average monthly rent
10.3 us\$ / m²

INNER AREAS

Number of sales
1,931 apartments
Average turnkey price
1,730 us\$ / m²
Average monthly rent
9.3 us\$ / m²

PERIPHERAL ZONES

Number of sales
1,686 apartments
Average turnkey price
1,487us\$ / m²
Average monthly rent
9.5 us\$ / m²

KOBULETI

Number of sales
599 apartments
Average turnkey price
1,721 us\$ / m²
Average monthly rent
N/A

Note: Prices are given for the **primary market turnkey** apartments; Batumi includes Makhinjauri and Gonio-Kvariati areas.



Batumi - 2025 review 2026 outlook

Rebound in 2025

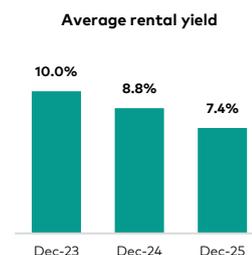
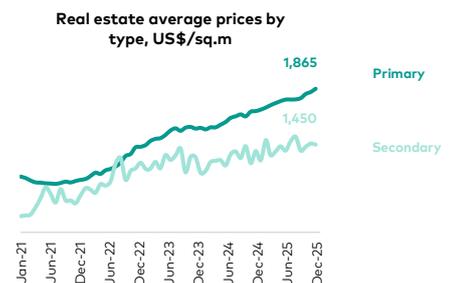
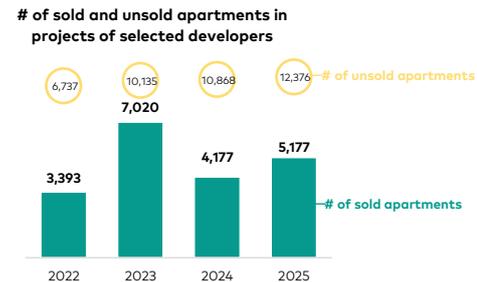
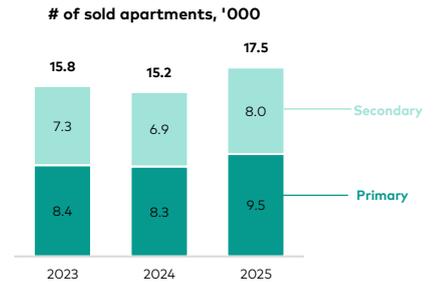
Batumi's residential market rebounded in 2025, reversing the 2024 slowdown. Transactions increased across both primary and secondary markets reaching 17,478 apartments (+15.0% y/y) and market size expanded materially at US\$ 1.3bn (+23.8% y/y), confirming renewed activity momentum. These results were supported by new large-scale project launches and stronger resale activity with increased housing stock.

Sales from developers - recovery, but not back to peak

On the primary market, based on the real-time data from systematic developers, although sales improved annually in 2025, the market has not returned to the record levels seen in 2023. Primary sales, are still below that peak, while the number of unsold apartments continues to rise and many projects are still in pipeline. In other words, activity improved, but excess supply has not yet been absorbed.

Prices up, yields down

Primary price growth is running ahead of demand, making it difficult to sustain the current growth rate. Primary prices increased faster than secondary prices (9.4% y/y vs 6.9% y/y average growth, respectively), widening the gap between the two markets. At the same time, daily rents (ADR) remained broadly flat at average US\$35.6 per day in 2025. As a result, rental yield - key demand driver for investment-led projects - compressed in Batumi from 8.8% in 2024 to 7.4% in 2025, but still remained one of the highest compared to peer cities.





2026 - absorption test

Primary sales in 2026 are expected to remain broadly flat, while secondary market transactions may rise, supported by a larger housing stock and increased activity.

Primary price growth is likely to slow to 4-6% y/y in 2026, down from 9.4% y/y growth posted in 2025. The gap between primary and secondary prices is unlikely to widen further. At the same time, average yield is expected to continue decreasing, amid growing prices and large number of ongoing projects, that are set to be completed in the coming years, adding extra rental stock.

Overall, 2026 presents a more cautious outlook than the 2025 rebound suggested. Several large-scale premium projects are set to launch, adding pressure to an already stretched absorption pipeline. Diversifying buyer base with new markets will be key, as the pace of new supply absorption and resilience of foreign demand will determine whether the market stabilizes or stumbles.

Recent escalation in Iran and related regional tensions pose near-term risk primarily through Israeli buyers - the fastest-growing foreign segment in Batumi at 13% of sales in 2025. However, they tend to seek safe-haven assets during extended instability, and Batumi, already familiar to them, could benefit in medium term.



Real estate sales

Figure 1: Number of apartments sold by month, '000

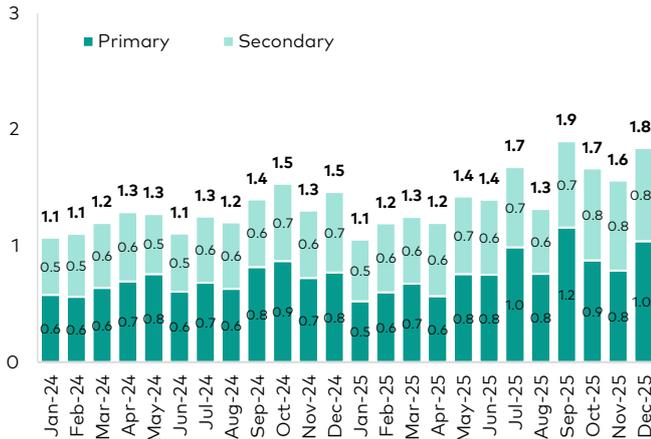
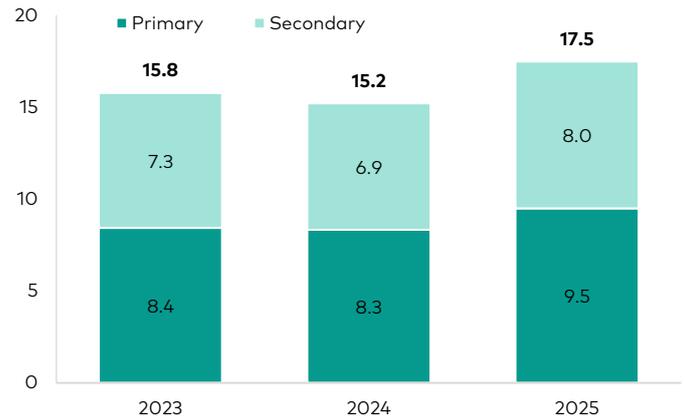


Figure 2: Number of apartments sold by year, '000



Source: NAPR, Galt & Taggart

Note: Primary market transactions are a lagging indicator; real time data are reflected in our developers' survey (see next page for details)

Figure 3: Real estate market size by month, US\$ mn

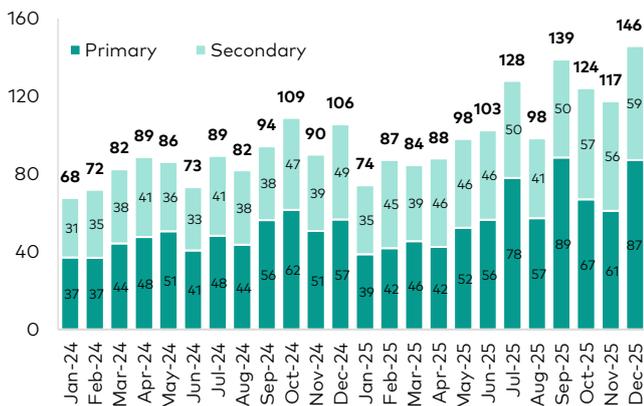
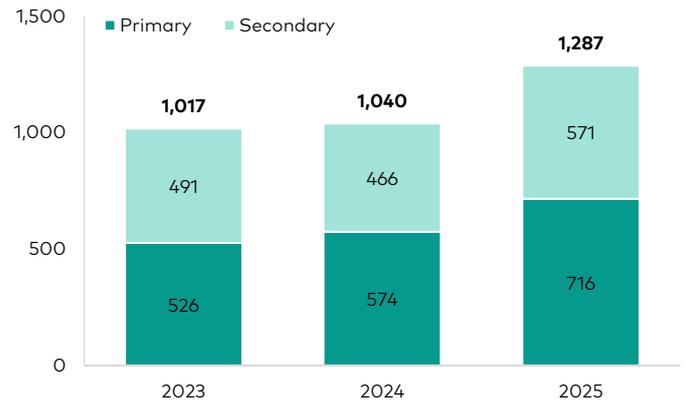


Figure 4: Real estate market size by year, US\$ mn



Source: NAPR, Galt & Taggart

Primary market - real estate sales made directly between buyers and developers

Secondary market - real estate sales made between individuals

Apartment sales statistics based on NAPR data have the drawback of late registrations of primary sales, which impacts the accuracy of sales statistics. To address this issue, we systematically conduct survey of selected systematic developers and monitor real-time market dynamics (see the next page).



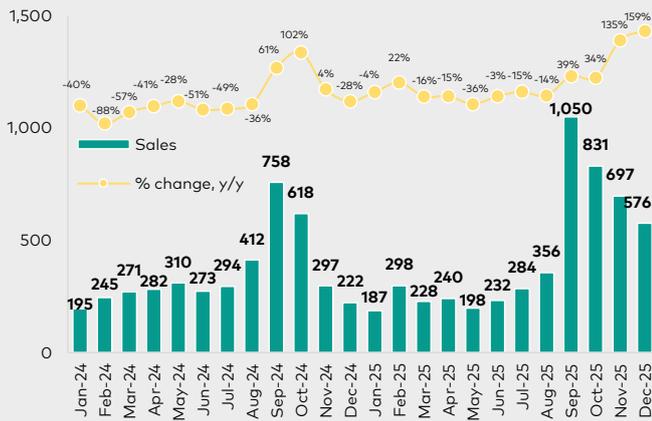
Survey of systematic developers by Galt & Taggart

In January 2026, we conducted a survey of systematic developers with over 30 ongoing residential construction projects in Batumi (c. 40% of total primary market).

Based on survey results:

- In 2025, number of apartments sold in selected developers' projects increased by 23.9% y/y, however still below 2023 sales level by 26.3%. Notably, the growth in 2025 was unevenly distributed across developers.
- The number of unsold apartments continued to increase, up 13.9% y/y to c. 12,400 by end-2025. Despite sales normalizing after 2023, sellable apartment stock kept rising, indicating elevated oversupply risk.
- 95% of apartments were sold in projects finishing in 2025.
- In 2025, foreign buyers accounted for 52% of apartment sales, coming from a wide variety of countries.

Figure 5: Number of sold apartments in projects of selected developers by months



Source: Galt & Taggart survey of selected developers

Figure 6: Number of sold and unsold apartments in projects of selected developers by years

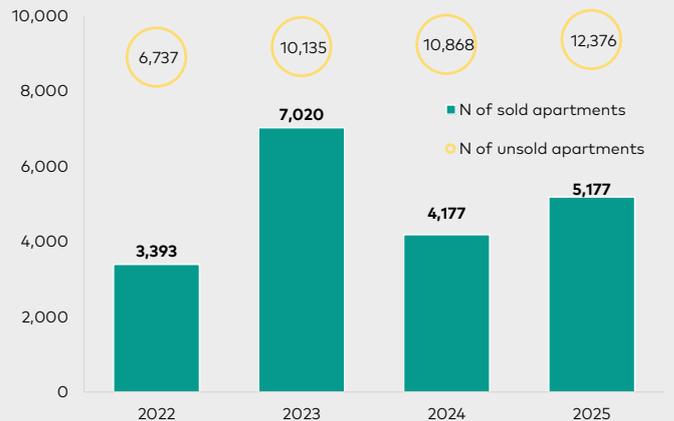
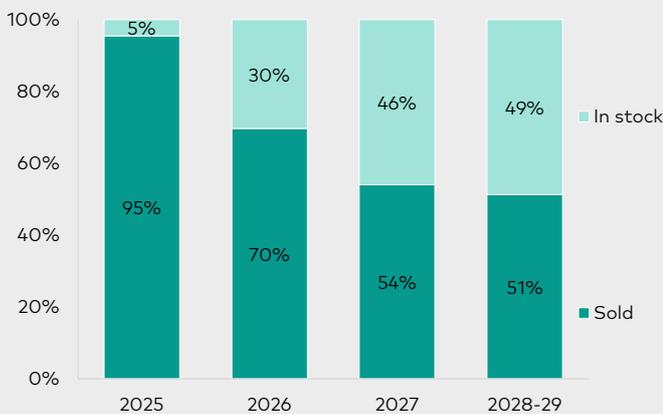
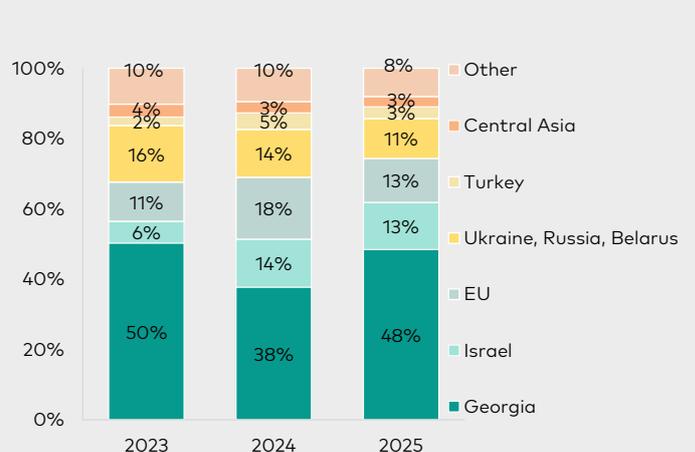


Figure 7: Distribution of the housing stock by project completion year and status



Source: Galt & Taggart survey of selected developers
Note: The calculations are based on number of sold apartments.

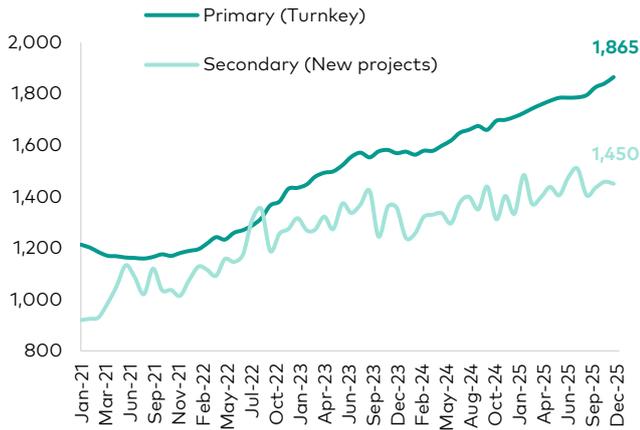
Figure 8: Real estate sales by citizenship





Prices & Rents

Figure 9: Real estate average prices by type, US\$/sq.m



Source: NAPR, Galt & Taggart

Note: Secondary new projects include buildings built with construction permits issued from 2013

Figure 10: Y/Y change of average price on the primary market, 3-month moving average

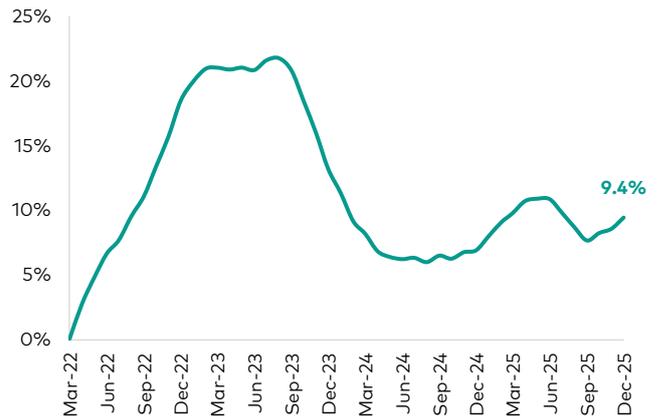
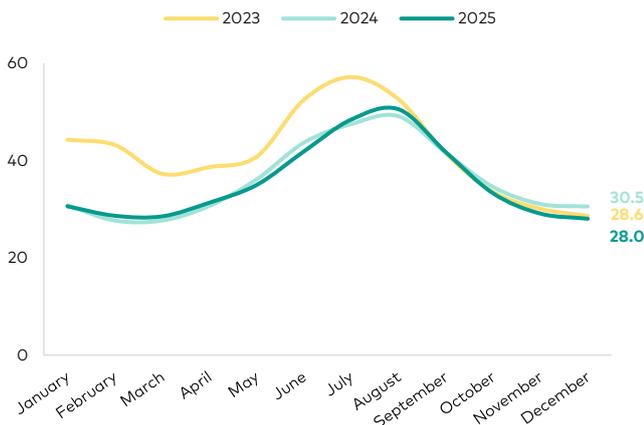


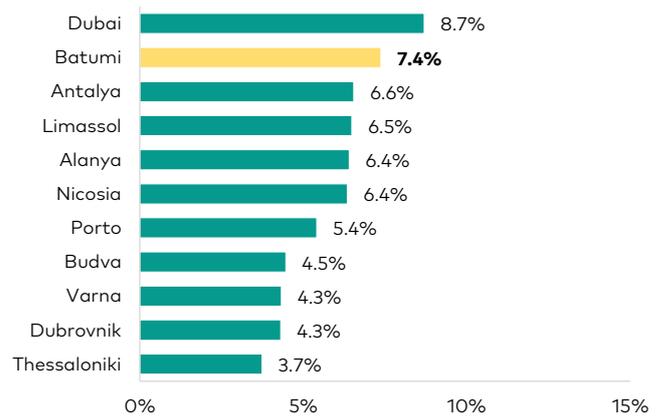
Figure 11: Average daily rate (ADR) in small-sized Airbnb apartments in Batumi, US\$/day



Source: Airdna, Numbeo, Galt & Taggart

Note: ADR applies to apartments with a maximum of 2 bedrooms

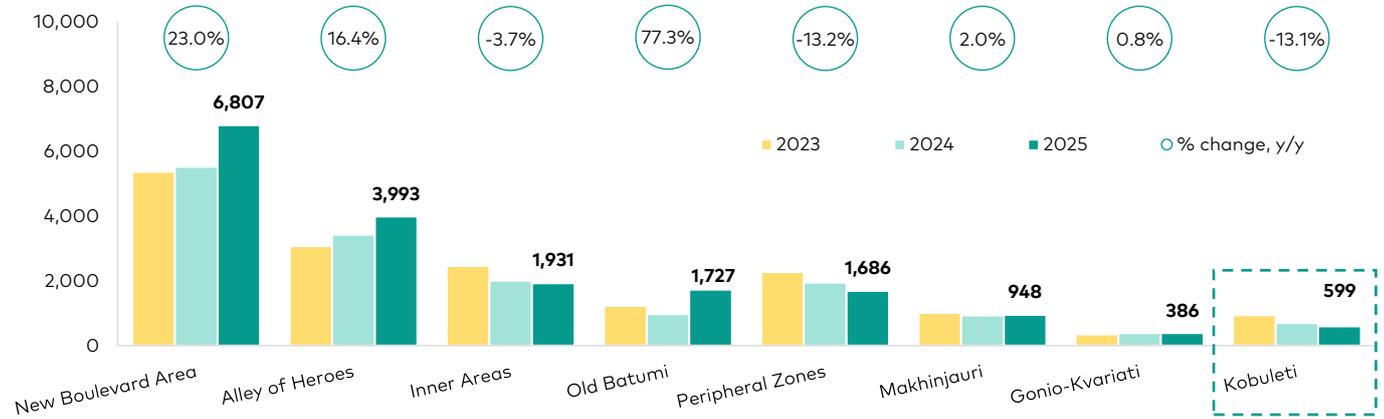
Figure 12: Rental yield by cities, Dec-25





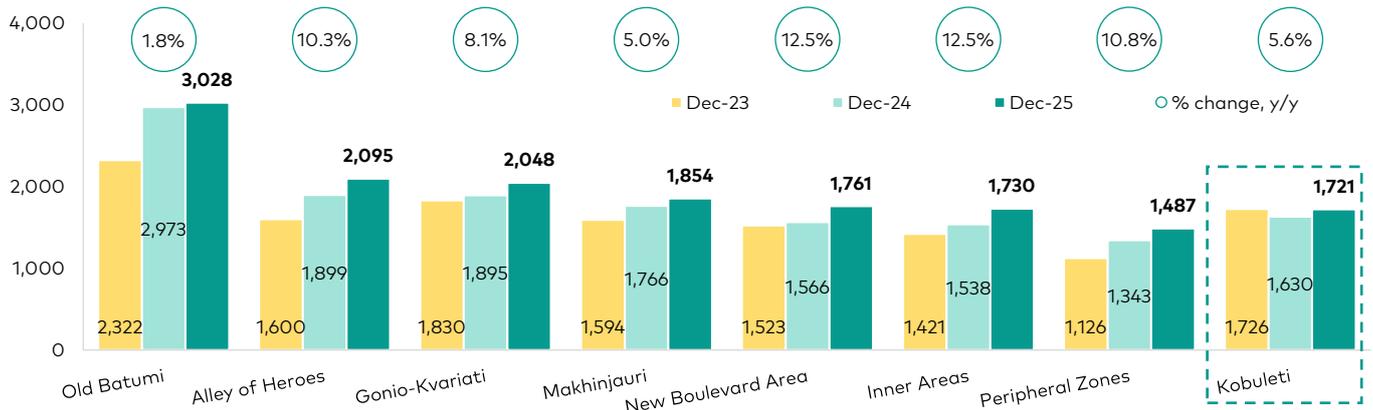
Districts in Batumi

Figure 13: Number of apartments sold by districts (primary and secondary markets combined)



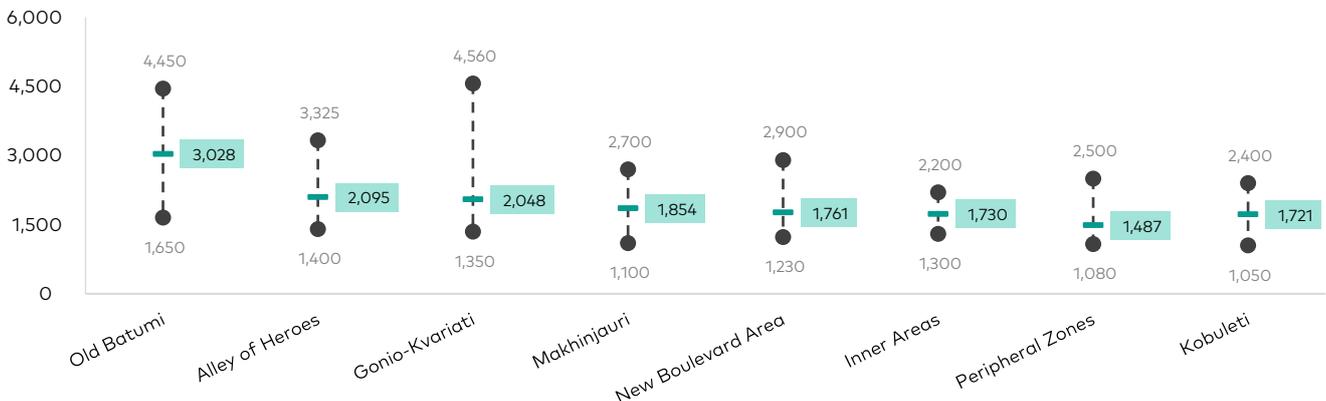
Source: NAPR, Galt & Taggart

Figure 14: Real estate prices on primary market for turnkey condition apartments by districts, US\$/sq.m



Source: Galt & Taggart

Figure 15: Real estate price ranges on primary market for turnkey condition apartments by districts in Dec-25, US\$/sq.m

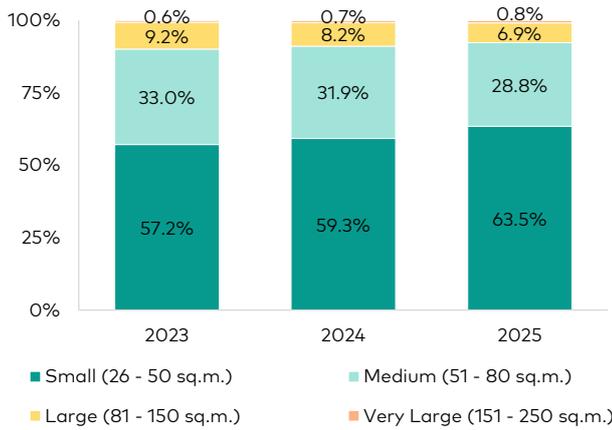


Source: Galt & Taggart



Real estate characteristics

Figure 16: Real estate sales by size, (% of total apartments sold)



Source: NAPR, Galt & Taggart

Figure 17: Real estate sales by segments, (% of total apartments sold)

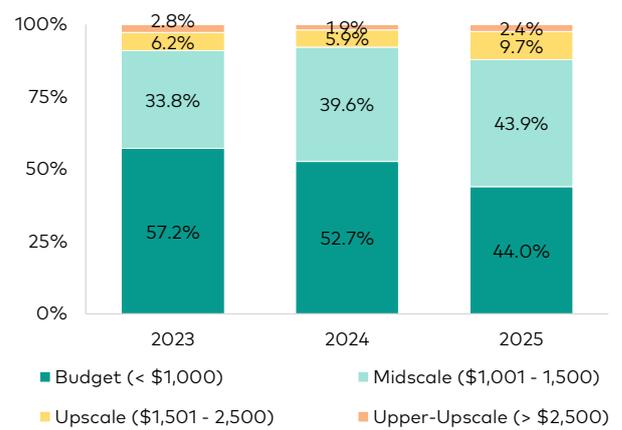
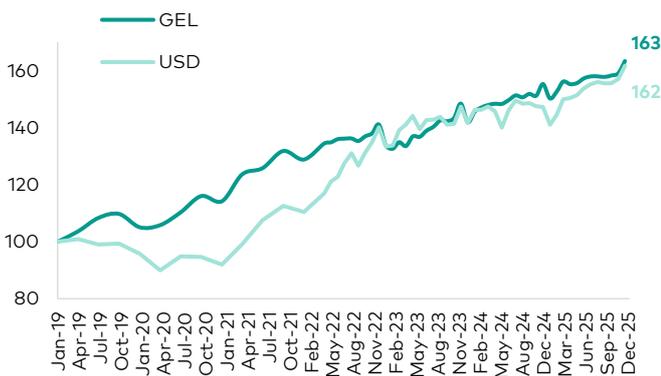


Figure 18: Construction cost index, 1Q19=100



Source: Geostat, Galt & Taggart

	y/y growth Dec-25, US\$	q/q growth Dec-25, US\$
Total construction cost	9.8%	4.0%
Construction materials	4.3%	0.2%
Wages	29.3%	19.3%
Machinery	6.2%	0.1%
Transportation, fuel and electricity	3.8%	0.5%
Other costs	8.5%	1.3%



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