

REAL ESTATE MARKET PROBLEMS AND THEIR ANALYSIS IN STATISTICS OF GEORGIA

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Methods. The research is based on the use of empirical research methods, the source of which was the statistical data of the National Statistics Service of Georgia regarding the state of the Georgian real estate market and the level of housing prices. The method of analysis and synthesis, the index method, and the method of comparisons were used for the theoretical substantiation of trends in the development of the real estate market, as well as for the purpose of clarifying their causes.

Results. It has been demonstrated that in recent years the residential real estate market in Georgia has been characterized by greater or lesser volatility and a tendency towards an increase in the general level of prices. The main reasons for the change in price dynamics have been determined, including international and geopolitical events, in particular the Covid-19 pandemic and large population migrations due to the start of the Russian-Ukrainian war. Two key components are identified in the overall structure of demand for real estate, namely: needs-based buying, which is determined by fundamental factors (such as urbanization, family size, etc.), on the one hand, and investment investment, which is determined by the amount of profit from rent and invested capital.

Novelty. The main trends in the development of the real estate market are outlined. It was determined that the market conditions in Tbilisi are characterized by an excess of demand over supply, and the problem of their balance is aggravated by the concentration of the economic and cultural life of the country's population in the capital, the low level of housing provision and the dramatic results of construction companies.

Practical value. Accurate forecasting of housing prices helps the government determine appropriate regulatory policies, help investors formulate sound investment strategies, and promote the healthy and long-term development of the real estate market.

Keywords: real estate, real estate market, property rights, price index, consumer price index, private houses, need-based purchasing, accumulated wealth.

Statement of problem. The property of a person or society can be both tangible and intangible. Tangible property includes immovable and movable property. According to the Civil Code, a thing can be both immovable and movable, however, the Civil Code only defines the meaning of an immovable thing, which means that all other things are movable. Real estate is a plot of land with its minerals, buildings, plants growing on the ground, which stand firmly on the ground.

Accordingly, all other property is considered to be movable. In the case of a movable object, its actual owner is considered its owner, while the owner of an immovable object is determined according to the record of the public register. In order to acquire the right of ownership of a movable thing, it is enough to transfer it to the possession of the buyer, and in the case of an immovable thing, it is necessary to register the right of ownership in the public register, and only after this, the right of ownership arises.

Determination of economic factors affecting real estate prices. Analysis of economic factors affecting real estate prices, has become the subject of research by many scientists. When they discuss what the main driving factors are, they usually include: gross domestic product (GDP), taxes, loans, interest rates, inflation, employment, demographics.

There are different types of real estate, namely: residential, commercial, industrial, commercial and special purpose. This paper focuses specifically on the residential real estate market. This category includes all properties that are directly used for residential purposes, such as: private houses and apartments in multi-storey buildings. Note the fact that, despite the difference in purpose and purpose, the categories of real estate listed above are closely related to each other in terms of price level dynamics.

In recent years, real estate prices have increased rapidly, which has attracted the attention of researchers in various fields. To some extent, the stability of the real estate market is closely related to the stability of China's economic development, financial system and society [1]. Real estate market forecasting and analysis can assess the stability of the real estate market. On the one hand, it can help the government exercise macro control over house prices and maintain the healthy and stable development of China's national economy.

On the other hand, forecasting housing prices can also help investors formulate real estate investment strategies and avoid losses. Compared with developed countries such as Europe and the United States, China's real estate market started relatively late and lacked market experience and policy theory, which led to some gaps in real estate market policies. Therefore, many experts have conducted theoretical and empirical research on the development of the real estate market [2].

To date, there has been much research on the macro control of the real estate market, but little on the forecasting of the real estate market. Therefore, based on real estate market statistical data, this study analyzes the influencing factors of real estate price to provide data support for real estate market macro control and investment. It also plays a

certain role in the stable development of the real estate market.

Based on real estate statistics from the National Bureau of Statistics, along with qualitative analysis and quantitative analysis methods, this study examines the impact of various factors on real estate prices, such as policy factors, economic factors

Aim of the paper. The purpose of this article is to provide the reader with information about the Georgian real estate market and to create an idea of the factors and indicators that make up the state of the market.

Materials and methods. The real estate market of Georgia in its structure and features is close to the real estate markets of post-Soviet countries, and the features of its development are completely different from the markets of developed countries. Therefore, when selecting studies, it is necessary to take into account the works of scientists working in Eastern Europe and the post-Soviet space.

Finding. Residential real estate price index. The formation of the real estate market price is influenced by financial, economic, political, cultural or demographic changes in the country. However, real estate is a product that differs from almost all other products in that its prices always rise over the long term and almost never vice versa. Therefore, economic experts and successful investors always consider the real estate market as a reliable source of income for investment.

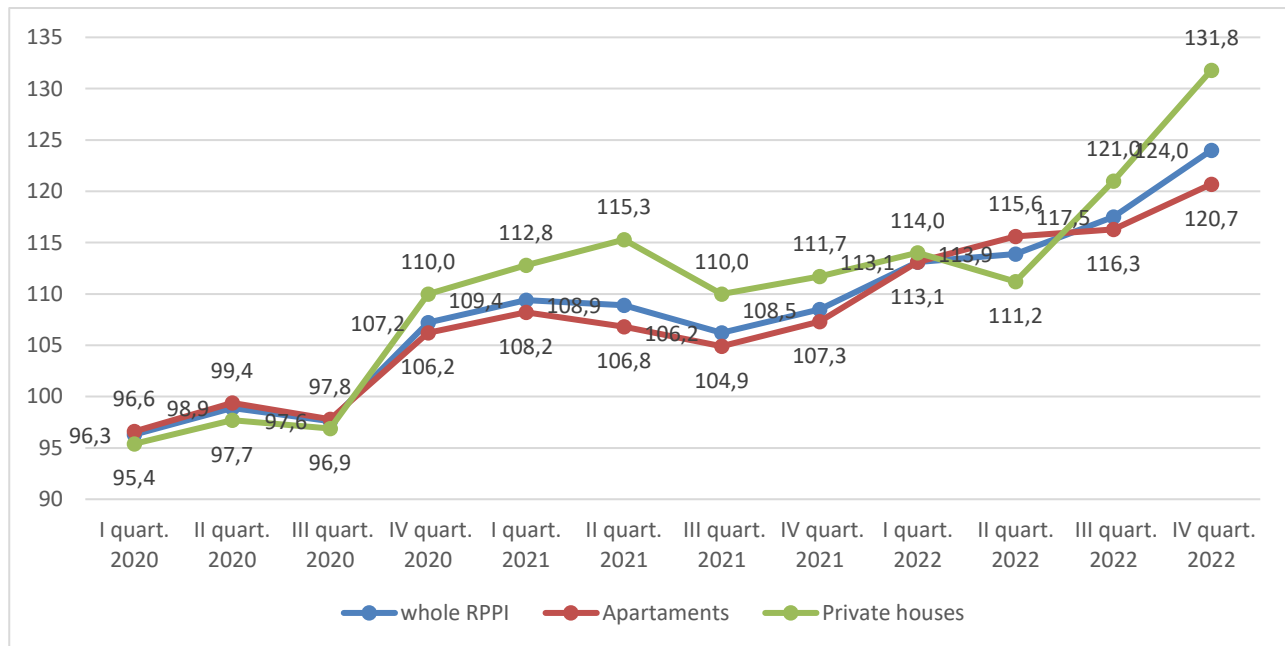
Residential real estate is an important part of the wealth accumulated by people during their life. In this regard, according to the data of various research organizations, compared to other European countries, Georgia has a particularly high rate. According to last year's data of the National Statistics Service of Georgia, more than 91% of the total population of Georgia, and almost 89% of the city's population, live in their own homes. The residential real estate market in Georgia is highly concentrated. Concentration implies that, according to the data of 2022, almost 71% of the total market is occupied by Tbilisi alone, and 19% comes from the city of Batumi.

As of 2022, the total real estate market of Georgia is estimated at 3.6 billion US dollars, of which 2.6 billion comes from the capital. Due to the concentrated density, the price index

of the residential real estate market is mainly determined by Tbilisi statistics and largely includes the new residential real estate market, both multi-story houses (apartments) and private houses segments [3].

According to the information of the National Statistics Service of Georgia, in the fourth quarter of 2022, compared to the previous quarter, the Residential Property Price Index (RPPI) increased by 5.5% (6.5 units), and the annual growth amounted to 14.3%.

Compared to the average rate of 2020, real estate has increased in price by 24%. As for the current 2023 indicator, according to the forecast of «TBS Capital», the price of real estate for sale will increase by 18% this year, and the cost of rent will increase by 28%. The Real Estate Price Index (RPPI) covers the city of Tbilisi and includes only the new residential real estate market, both multi-story houses (apartments) and private houses segments [4].

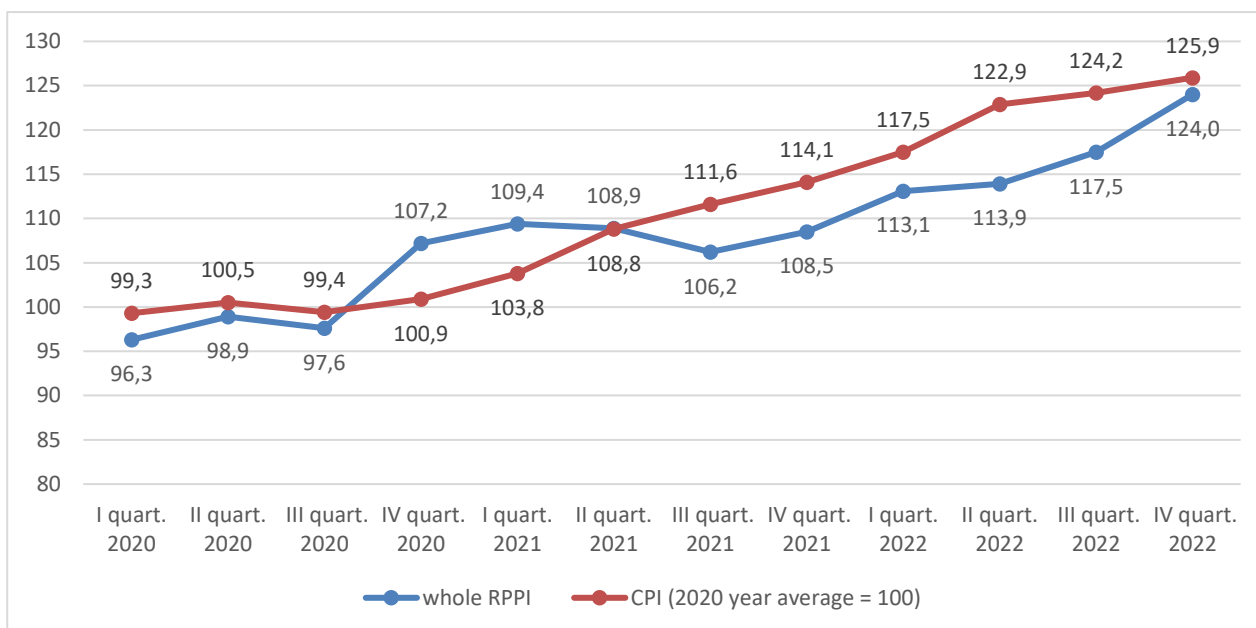


Graph 1. Real estate price index (RPPI) for apartments and private houses
Source: [4].

Over the past few years, the real estate market has seen a clear upward trend in price level fluctuations. In the fourth quarter of 2022, compared to the previous quarter, an increase in prices was recorded both in the segment of residential apartments by 4.4 units (3.8 percent) and in the segment of private houses by 10.8 units (8.9 percent). Compared to the fourth quarter of 2021, price growth was observed in both segments – for apartments by 12.5 percent, and for private houses by 18.0 percent.

At the beginning of 2020, amid the pandemic caused by the spread of the Corona virus, prices decreased due to a decrease in the amount of demand, and from the beginning of 2022, they increased sharply after tens of thousands of foreign citizens entered and settled in Georgia due to the start of the Russia-Ukraine war. Of course, as in all other markets,

the overall price level change is driven by the demand-supply mechanism. In addition to the information mentioned above, I think it would be interesting and, most importantly, useful to consider the real estate price index in contrast to the consumer price index. As a rule, these two indices are characterized by the same direction of change and never opposite. Both of them are interrelated components of the overall price level increase or inflation. The Consumer Price Index (CPI) increased by 26.8 percent (26.6 units), and the Real Estate Price Index (RPPI) increased by 28.8 percent (27.7 units). It is also noted that the consumer price index (CPI) is characterized by a constant and stable growth trend, while the real estate price index is more volatile and, for example, in the third quarter of 2021, it significantly decreased [5].



Graph 2. Dynamics of RPPI and CPI indicators in recent years

Source: [4].

Consider the prices according to specific areas of Tbilisi, we find different prices in different areas, and this difference is sometimes very contrasting. Of course, relatively low prices are fixed in the outer areas, while the prices towards the central areas gradually

increase and reach the maximum value. In order to familiarize with specific statistical indicators, a table and its corresponding graphic representation are presented below, so that the data can be easily understood.

Table 1

Prices of residential real estate according to districts of Tbilisi

Tbilisi	2021				2022				2023
	I quart	II quart	III quart	IV quart	I quart	II quart	III quart	IV quart	I quart
Gldani	2490	2473	2778	2500	2619	2558	2500	2698	2788
Didube	2929	2870	2812	2850	2980	2814	2701	2881	3004
Vake	3774	3660	3612	3540	3690	3845	4129	4204	4201
Isan	2529	2546	2472	2540	2665	2580	2478	2668	2856
Krtsanis	3000	3043	2964	2990	3143	2837	2671	3118	3175
Mtatsminda	4236	4178	4089	3930	4458	4339	4931	4941	4919
Nadzaladev	2571	2605	2500	2720	2809	2740	2674	2824	2928
Saburtalo	3236	3194	2986	3160	3072	2927	3128	3333	3344
Samgori	2359	2376	2332	2370	2482	2451	2407	2630	2647
Chugureti	3211	3121	2970	3045	3030	2856	2874	3212	3257

Source: [3].

As can be seen from the table above, the increase in the overall level of residential real estate prices is equally reflected in all areas, that is, it means that prices are increasing at the same level in central and prestigious areas as in less sought-after areas. As for specific indicators, Mtatsminda and Vake-Saburtalo

districts take the first place in terms of prices, and the price of one square meter reaches 5,000 GEL. On the other hand, the cheapest residential real estate can be purchased in such outer areas as Samgori, Isan and Gldani. In these areas, the price of one square meter starts from 2,650 GEL.

According to the February 2024 review of the residential real estate market, last month, compared to the same period in 2023, the number of apartments sold in Tbilisi decreased by 1%, the total number of transactions was determined by 3,358 apartments. During the same period, residential real estate prices showed a 6% increase, and the average price per square meter reached \$1,202. In addition, the sale price of new apartments increased by 9% annually, and the price of old apartments – by 5%. In February 2024, in terms of the number of apartments sold, among the districts, the first place is still occupied by Didi Digomi, which has a 24% share in total sales. Saburtalo is in second place – with 18% share.

As for the real estate market of Batumi, there have been some changes in the dynamics, the total number of transactions decreased by 9%, after the dynamic year 2022, which was characterized by an increase in migration flows. In December 2023, transactions decreased by 33% compared to the previous year and returned to the data of the end of 2021. Real estate prices: prices in new projects increased by 13%, and old apartments increased in price by 8% [8].

An investment boom that opens up new opportunities and investments, Prospects for economic growth will increase demand for real estate. An increase in the value of real estate is expected due to the improvement of the general economic situation. As for the granting of the EU candidate status to Georgia, this is a new chapter in the development of our country. The rapid growth of the economy and the prospects of joining the European Union have a positive impact on the real estate market.

Conclusions. In recent years, the residential real estate market in Georgia has been characterized by more or less volatility and a tendency to increase the overall level of prices. First of all, the changing dynamics were caused by such international and geopolitical events as the pandemic caused by the spread of the Corona virus and large migration shifts as a result of the start of the Russia-Ukraine war [9]. These two events belong to force majeure factors, in front of which both the state government and society as a whole are powerless. On the other hand, it should be underlined the important fact that the increased

prices for residential real estate have a great negative impact on the society, because the purchase of a private house or an apartment in a multi – storey building becomes difficult for the vast majority.

Often, this factor, together with other social or economic reasons, becomes the reason for a part of society to emigrate, which is a very sad fact. In the end, it must be said that the tendency to increase the floor level of prices in the residential real estate market leads to an undesirable result for the majority of the society. In our opinion, in order to correct this, the state government must be involved in the market activity and take appropriate measures, one of which can be the so-called state subsidies. However, it is difficult to come up with a concrete solution, and the relevant authorized institutional institutions should work intensively on this. Demand in Tbilisi real estate market exceeds supply, the problem of balancing demand and supply is aggravated by the concentration of the economic and cultural life of the country's population in the capital, the low level of housing provision and the dramatic results of construction companies' activities. At the same time, the existing housing stock is already outdated, its replacement is a very good investment opportunity for construction companies.

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ПРОБЛЕМИ РИНКУ НЕРУХОМОСТІ ТА ЇХ АНАЛІЗ У СТАТИСТИЦІ ГРУЗІЇ

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Методологія дослідження. Дослідження побудоване на використанні емпіричних методів дослідження, вихідною базою яких послуговували статистичні дані National Statistics Service of Georgia щодо стану ринку нерухомості Грузії і рівня цін на житло. Для теоретичного обґрунтування тенденцій розвитку ринку нерухомості, а також з метою з'ясування їхніх причин використано метод аналізу й синтезу, індексний метод, метод порівнянь.

Результати. Продемонстровано, що в останні роки ринок житлової нерухомості в Грузії характеризується більшою чи меншою волатильністю та тенденцією до зростання загального рівня цін. Визначено основні причини зміни динаміки цін, до яких віднесено міжнародні та геополітичні події, зокрема пандемію Covid-19 та великі міграційні переміщення населення внаслідок початку російсько-української війни. Виокремлено у загальній структурі попиту на нерухомість дві ключові складові, а саме: купівля, заснована на потребах, яка визначається фундаментальними факторами (такими як урбанізація, розмір сім'ї тощо), з одного боку, та інвестиційне вкладення коштів, яке визначається величиною прибутку від оренди та інвестованим капіталом.

Новизна. Окреслено основні тенденції розвитку ринку нерухомості. Визначено, що в Тбілісі ринкова кон'юнктура характеризується перевищенням попиту над пропозицією, а проблема їхньої збалансованості посилюється концентрацією економічного і культурного життя населення країни в столиці, низьким рівнем забезпеченості житлом і драматичними результатами діяльності будівельних компаній.

Практична значущість. Точне прогнозування цін на житло допомагає уряду визначити відповідну регуляторну політику, допомогти інвесторам сформулювати правильні інвестиційні стратегії та сприяти здоровому та довгостроковому розвитку ринку нерухомості.

Ключові слова: нерухомість, ринок нерухомості, права власності, індекс цін, індекс споживчих цін, приватні будинки, купівля на основі потреб, накопичене багатство.

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