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The rise of branded residences in Georgia: when real estate becomes hospitality

The real estate market is no longer selling only square meters. Increasingly, it is selling lifestyle, hospitality, investment expectation and the comfort of an international brand. This is the essence of the branded residence model—one of the most dynamic trends in hospitality real estate.

For Georgia, and particularly for Batumi and the wider Ajara region, the model is both natural and timely. From Gonio and Batumi to Chakvi and Kobuleti, projects increasingly combine residential sales with hotel-style services, amenities, professional management, and investment expectations. The attraction is clear: buyers receive ownership and a branded environment; developers create a premium product; and operators seek consistency of standards.

In practice, branded residences are legally more complex than they may appear. Many projects are marketed as real estate sales, while economically they function as hybrid hospitality products. Buyers expect hotel-grade operation and income; developers need control over standards and infrastructure; operators require brand protection; and property law requires clarity on what exactly is being sold, managed, and restricted. The success of the model therefore depends not only on architecture, location, or branding—but on legal architecture.

HOTEL, APARTHOTEL OR BRANDED RESIDENCE?

A hotel, an aparthotel, and a branded residence may look similar to a guest, but they are different legal products. A hotel is an operating business: guests purchase accommodation and services, not property. An aparthotel may involve privately owned units operated with hotel-style services. A branded residence goes further, linking ownership with the reputation, standards, and operating philosophy of a hotel, lifestyle, or luxury brand.

This distinction matters because each model carries a different legal logic. In a branded residence, the buyer buys into a controlled environment. The documents should explain how the brand, services, design rules, rental management, common areas, service fees, and transfer restrictions are secured, priced, changed, and enforced. The legal product should match the commercial promise.

OWNERSHIP STRUCTURE: WHAT IS REALLY BEING SOLD?

At the heart of every branded residence project lies a simple but decisive question: what exactly does the purchaser own? The answer is rarely limited to the unit. The structure must address the land, building, common areas, hotel facilities, technical spaces, parking, restaurants, pools, lobbies, elevators, back-of-house areas, and other infrastructure required for operation.

For developers, project structuring should begin as legal architecture, not only as technical design. Before the first pre-sale, it should be clear which spaces remain operational assets, which spaces become common property, who controls amenities, and how service and brand standards will bind owners over time. For buyers, the key question is whether the sales story—pools, wellness areas, restaurants, padel courts, parking, access rights or rental infrastructure—is guaranteed, conditional, or merely indicative.

These matters should be reflected in sale documents, management arrangements, building rules, homeowners' association documentation, and—where legally possible—registrable instruments.

RENTAL POOLS: PROMISE AND PRESSURE POINT

Rental pool arrangements are often the most attractive part of the model. They allow owners to place units into a centralized rental program, usually managed by the hotel operator or an affiliated management company. In return, owners may receive income generated by their own unit or by a broader pool of participating units. For purchasers, this may look like a passive investment; for operators, it supports consistent inventory and service standards.

Legally, however, rental pools require precision. Is income calculated by unit or by pool? Are distributions made before or after expenses, operator fees, platform commissions, taxes, reserves and refurbishment costs? Who sets rates and discounts? Can the owner use the unit during peak season, withdraw from the pool, or rent independently? What happens if the operator changes?

These points should not be left until construction is complete or the final transfer is signed. In many Georgian projects, the pre-sale agreement is the first—and sometimes the most important—document the buyer signs. If it contains only open-ended clauses on rental management, income distribution, or future service rules, uncertainty may arise exactly where expectations should already be aligned. The difference between a forecast, expected return, and guaranteed return is particularly important.

CONSUMER PROTECTION AND DISCLOSURE

The buyers of branded residences are often individuals, including foreign purchasers, who rely heavily on brochures, renderings, brand names, projected income tables, and oral assurances. They should understand what is being purchased and what is not: whether the brand is secured or still negotiated; whether amenities are guaranteed or subject to change; whether projected income is based on data, assumptions, or estimates; whether service fees are fixed or variable; whether personal use is restricted; and whether future buyers must join the same management structure.

Consumer protection is not an obstacle to development. It is a risk-management tool. Clear disclosure protects purchasers from misunderstanding and developers from future claims. In a pre-sale market, disclosure becomes part of the credibility of the project.

MANAGEMENT RIGHTS AND EXIT STRATEGIES

The defining feature of a branded residence is control. Without control, the brand cannot protect its standards; without standards, the premium attached to the brand begins to disappear. The documents should define the authority of the hotel operator, management company, or developer to maintain standards on furniture, equipment, repairs, housekeeping access, guest services, common areas, rental participation, refurbishment cycles, and service charges.

The legal challenge is to give purchasers genuine ownership without allowing individual ownership to undermine the unified hospitality concept that created value in the first place. Ownership should come with a rulebook—clear, enforceable, and commercially reasonable.

Exit planning is equally important. An owner may sell the unit; the developer may exit after sales; the operator may be replaced; the brand agreement may terminate; or the rental pool may underperform or be discontinued. The documents should say whether a new owner assumes service, management, and rental pool obligations; whether a replacement operator can be appointed; and how reserves, liabilities, service fees, and brand-related promises are treated.

THE WAY FORWARD

Branded residences can become an important part of Georgia's hospitality and real estate market. They offer developers a premium product, buyers a more sophisticated form of ownership, and the country an opportunity to attract higher-value tourism and investment. But the model cannot succeed on branding alone. It is a structured relationship between ownership, hospitality operation, consumer expectations, common property governance, and long-term management.

These questions are not abstract. In BLC Law Office's work with hospitality, real estate, and mixed-use developments—including through its Batumi office and in projects across Ajara—branded residence and aparthotel structures increasingly require systematic legal planning from the earliest stage: before pre-sales, before management documents are signed, and before the brand promise is placed before the market.

For Georgia, and especially for Ajara as the clearest testing ground for resort-led branded residential development, the opportunity is real. So are the risks. The projects that succeed will be those that treat legal structuring not as a closing formality, but as part of the product itself. In the next stage of Georgia's resort development, the most valuable asset may not be the view, the lobby, or even the brand—it may be the clarity of the structure behind them.

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