



GALT & TAGGART

CREATING OPPORTUNITIES

Warehouses and Logistics In Georgia

July 2026



What are the key questions in warehouse & logistics market?



What led to surge in warehouse demand in recent years?



Which types of warehouses saw increased demand?



Which is more feasible – building or leasing a warehouse?



What could drive the development of 3PL services in Georgia?



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CONTENT

Transport & logistics sector

Warehousing industry

Logistics models

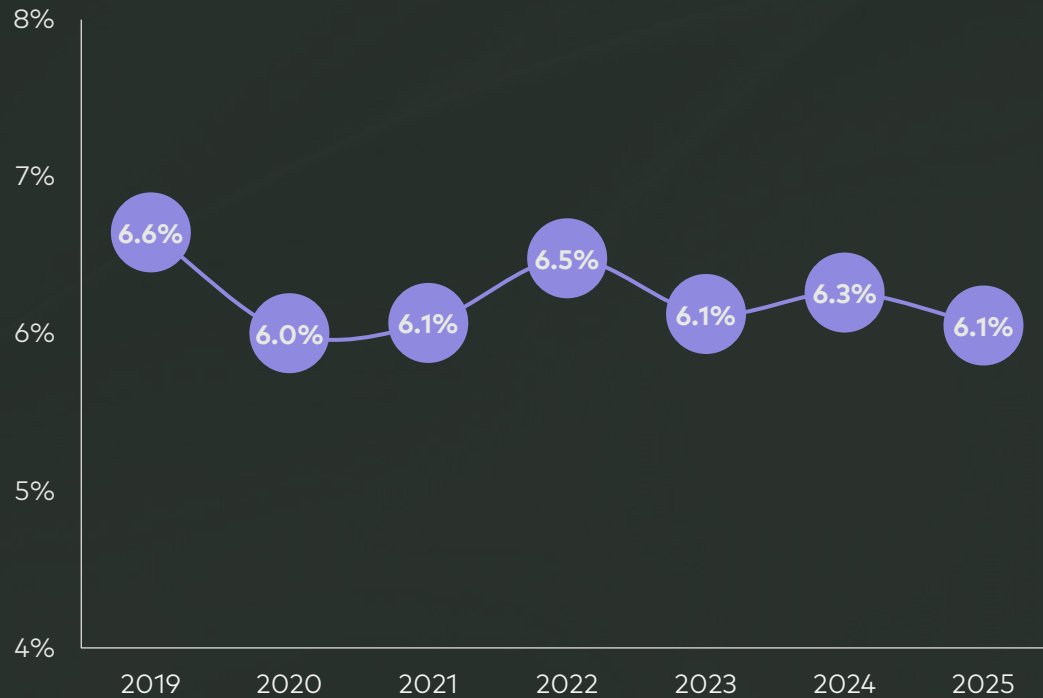
Cold storages

Key findings

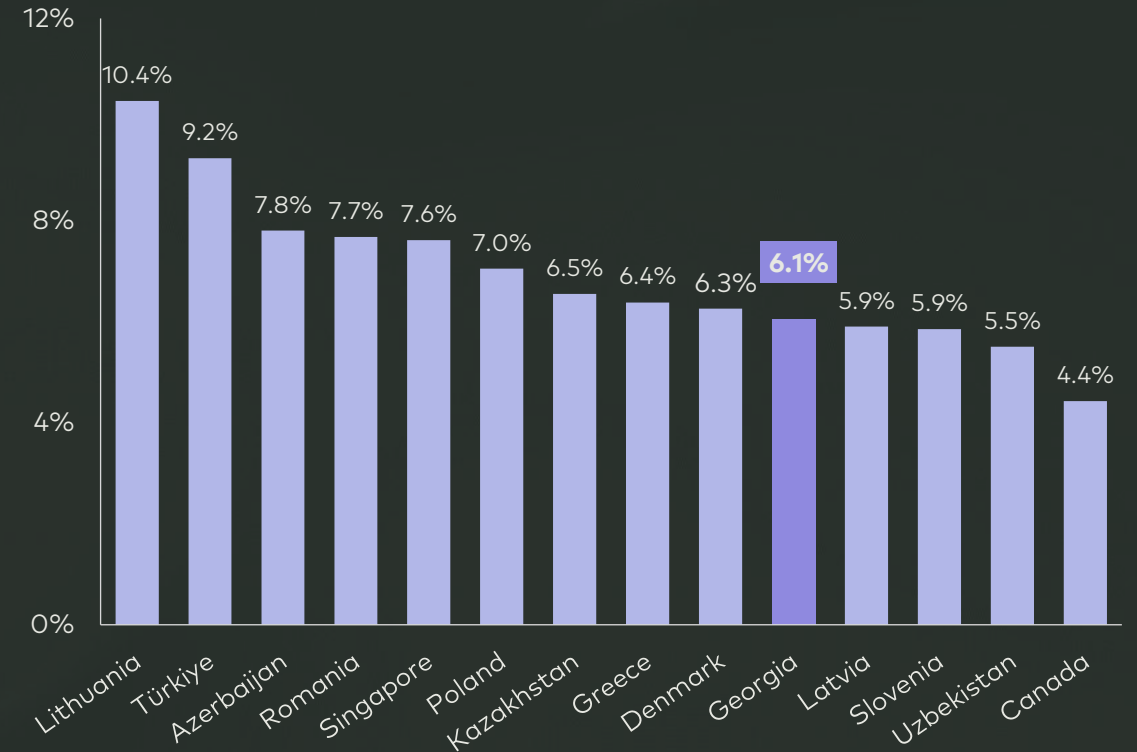


Transport and storage consistently accounts for 6-7% of GDP, lagging behind developed logistics hubs and indicating further growth potential

Share of transport and storage sector in Georgia's GDP



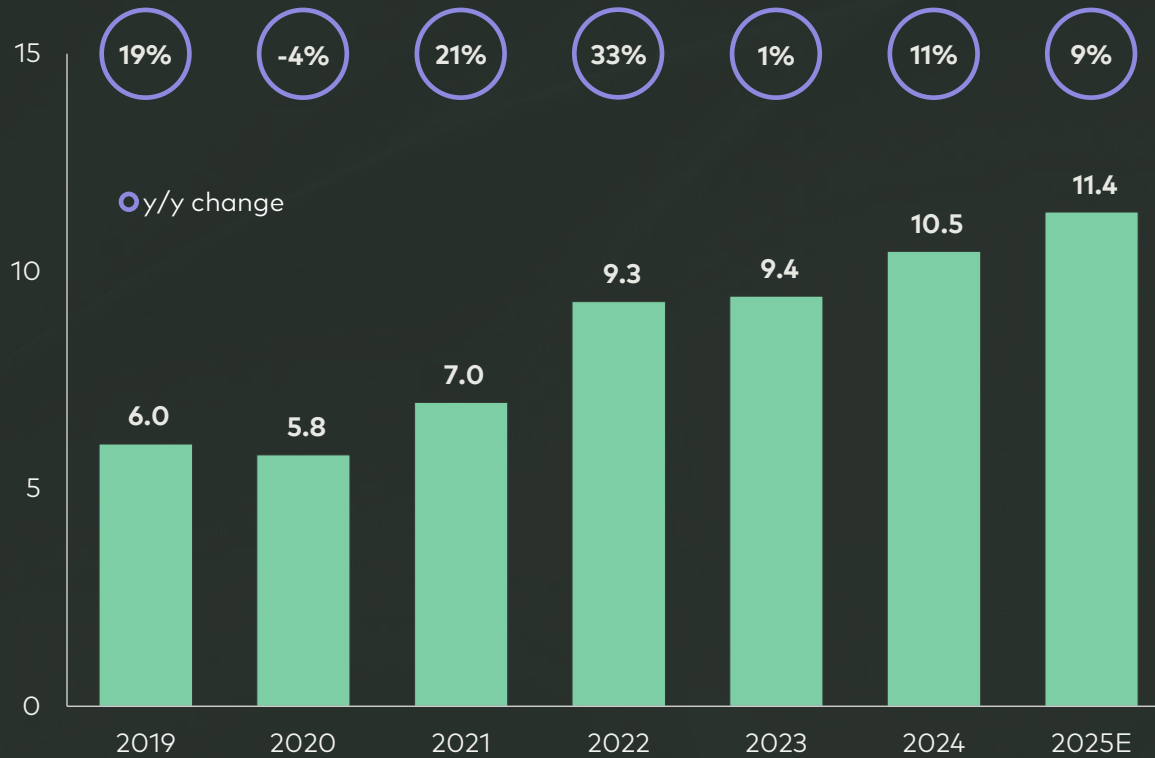
Share of transport and storage sector in GDP across selected countries, 2025



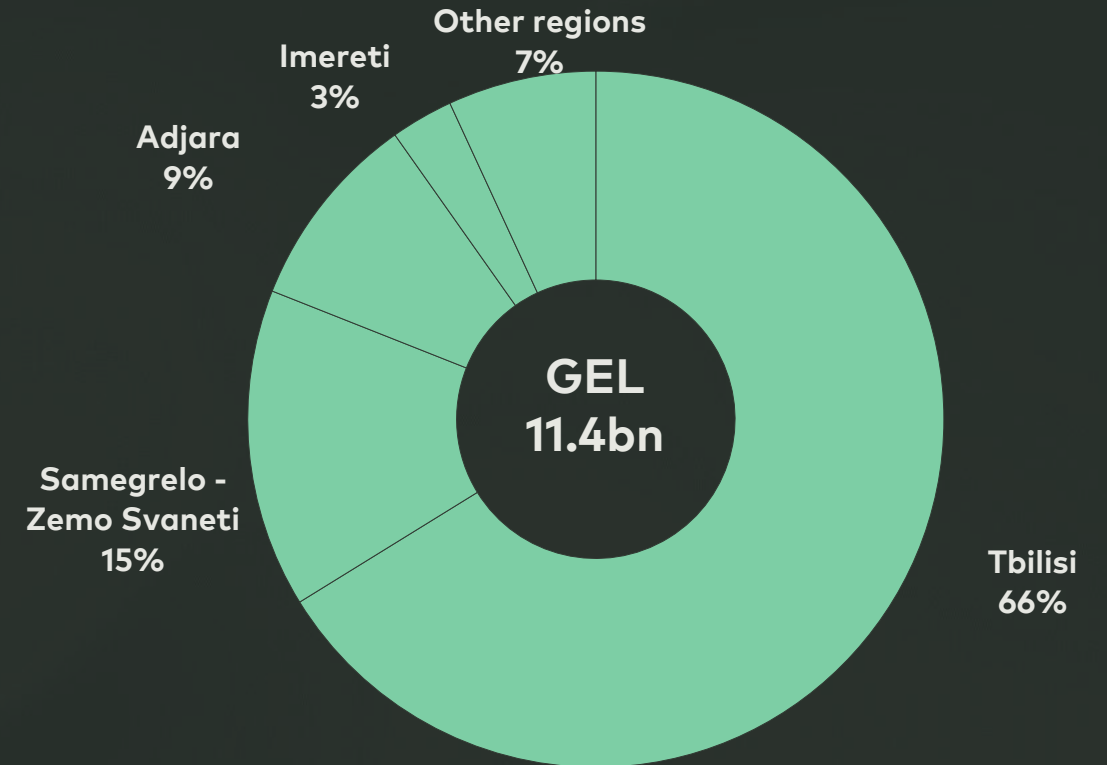


Sector turnover has increased significantly in recent years, with activity largely concentrated in Tbilisi, Poti and Batumi

Turnover of the transport and storage sector in Georgia, GEL bn



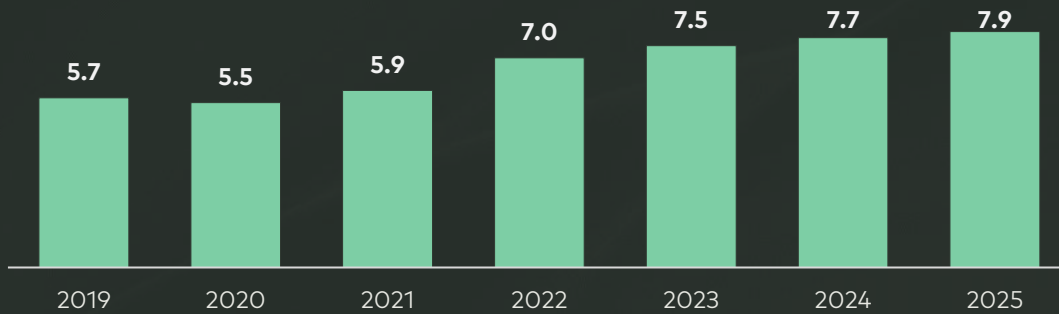
Turnover of the transport and storage sector by region, 2025E



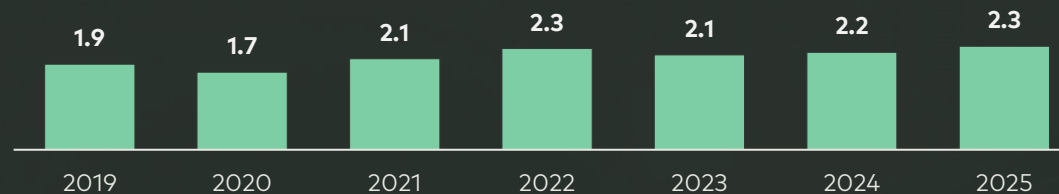


Increased cargo turnover has boosted demand for warehouses, particularly in port cities...

Import to Georgia, mn tons



Export from Georgia, mn tons



Transit through Georgia, mn tons





...while in Tbilisi, growth was primarily driven by increased consumer spending, which generated significant demand for new warehouse infrastructure

Retail trade turnover in Georgia by sector, GEL bn





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Warehouses in Tbilisi and Batumi primarily serve local demand, while those in Poti facilitate the transshipment of international cargo

Warehouses in Georgia, 2025

Total warehouse area, mn sq.m

1.26

0.34

0.17

Share of bonded warehouses

23%

13%

70%

Average monthly rent, US\$/sq.m

6.3

5.4

N/A

Excluding VAT

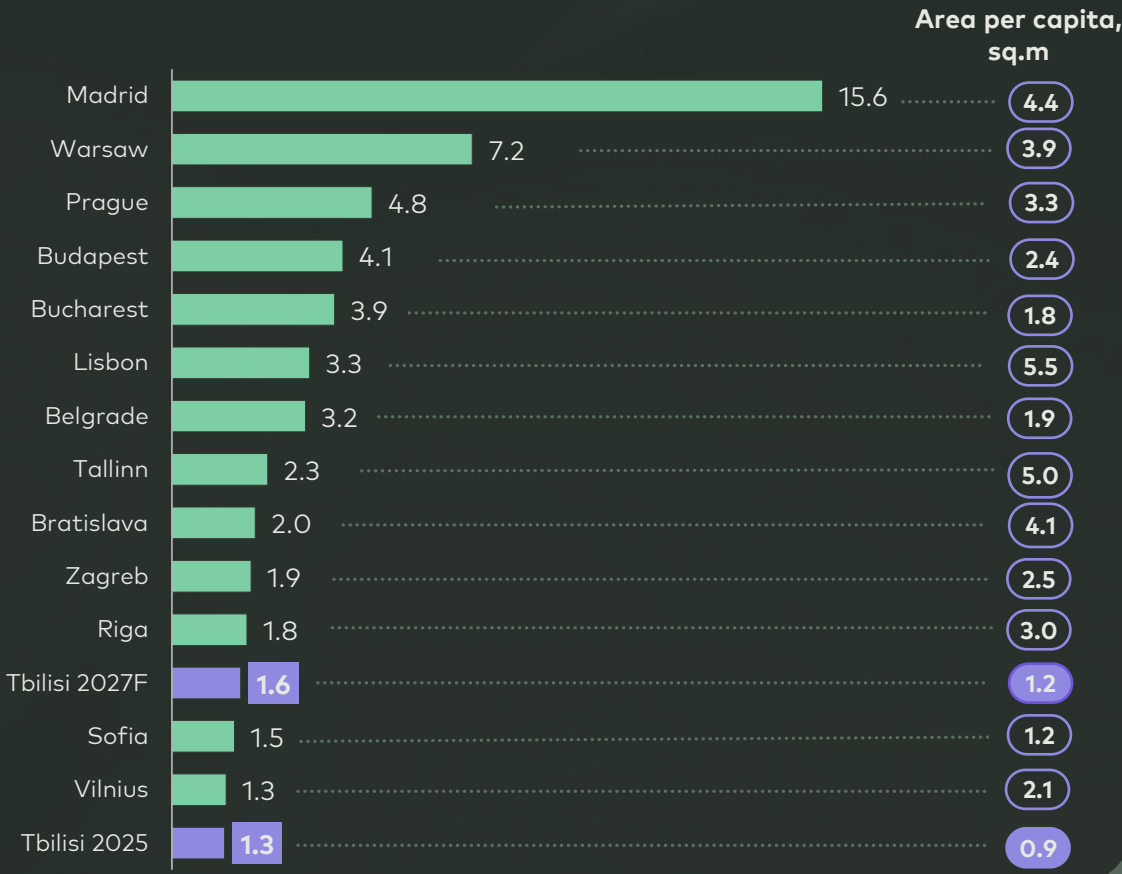


Warehouse supply growth in Tbilisi has accelerated since 2024, although total supply remains low compared to peer cities

Warehouse supply in Tbilisi, mn sq.m

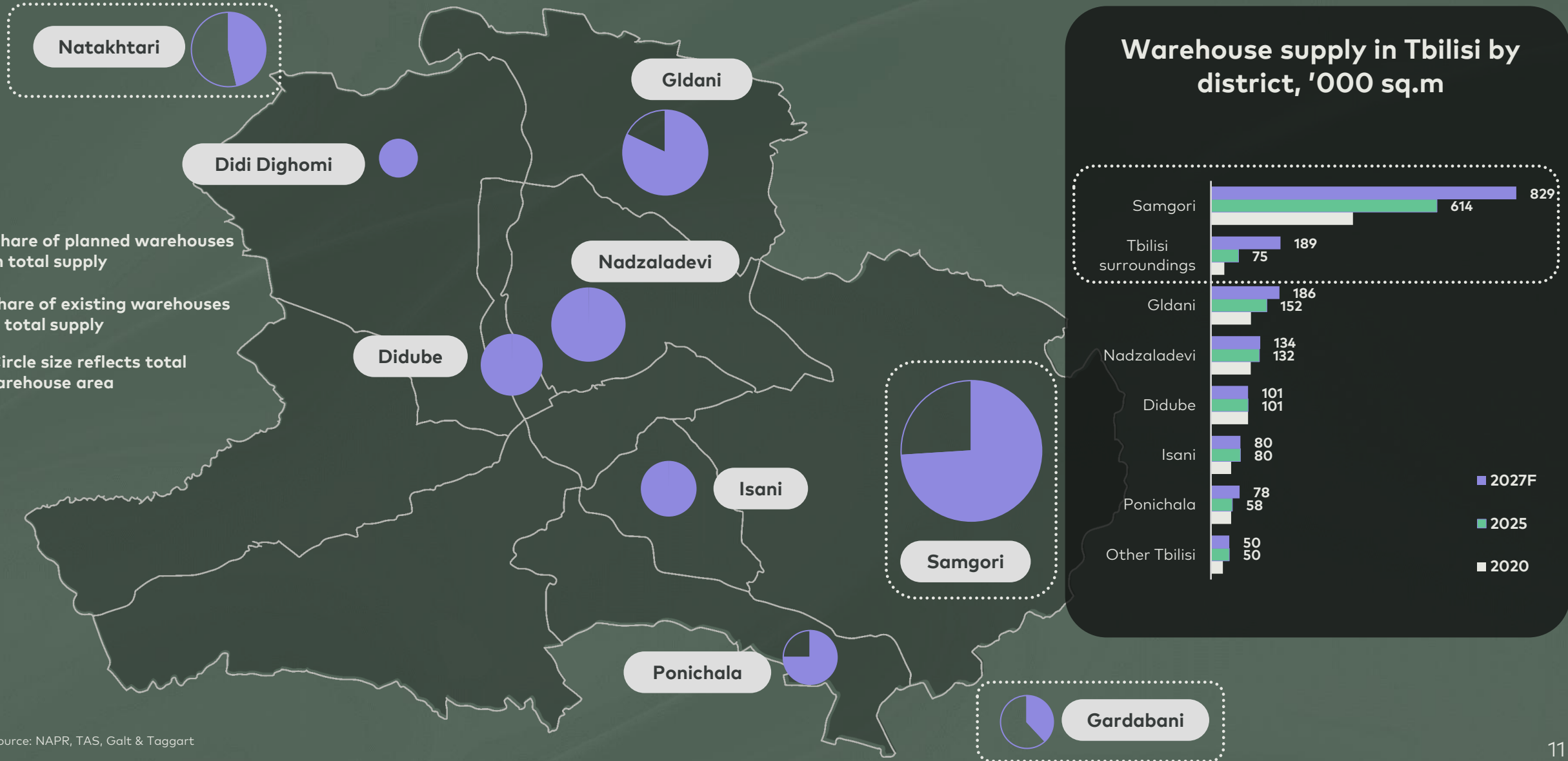


Warehouse supply in selected cities, mn sq.m





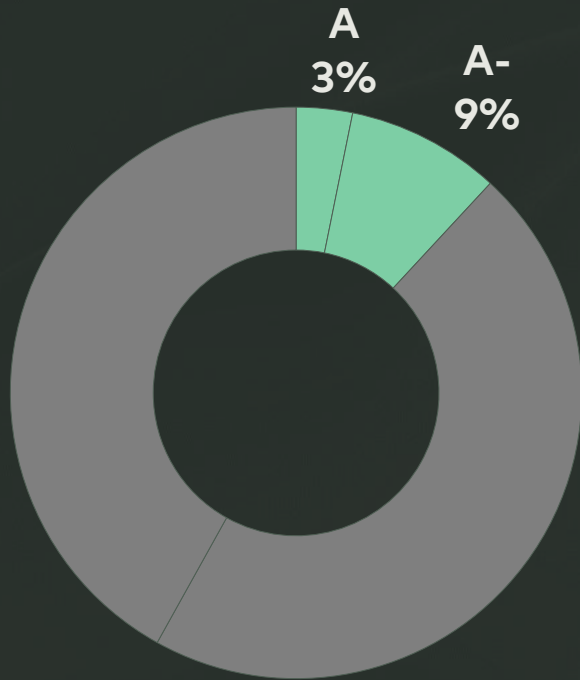
Due to land availability, 85% of future warehouse supply is concentrated in Samgori and Tbilisi surroundings



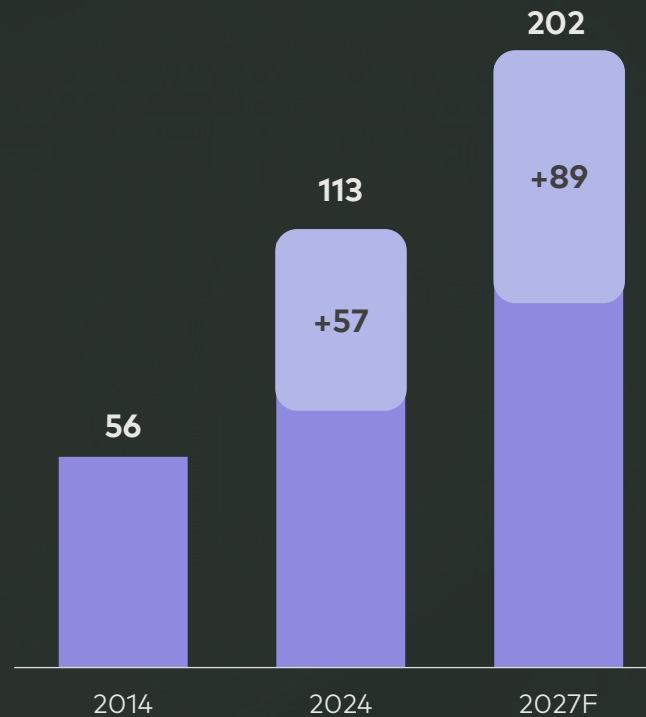


Only 12% of large warehouses met A/A- class standards in 2024, accelerating the supply of large warehouses from 2025 onwards

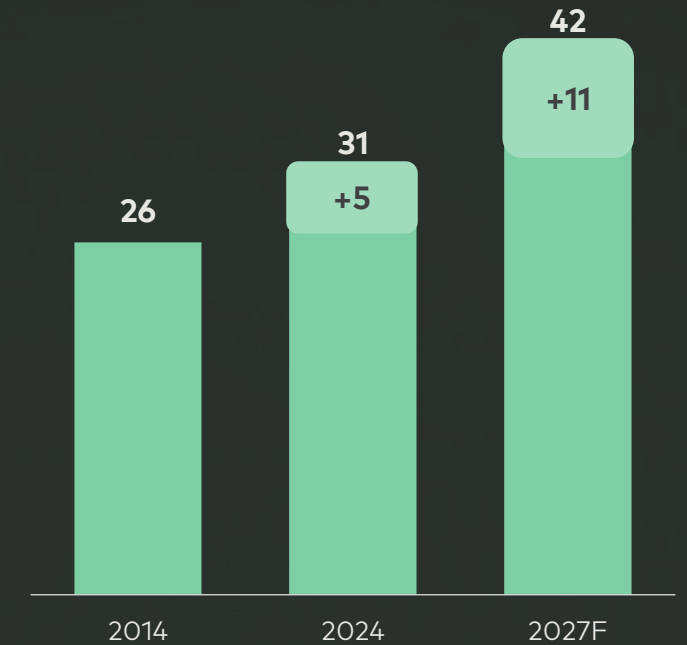
Distribution of large warehouses (>10,000 sq.m) by class, 2024



Number of small warehouses (<10,000 sq.m)



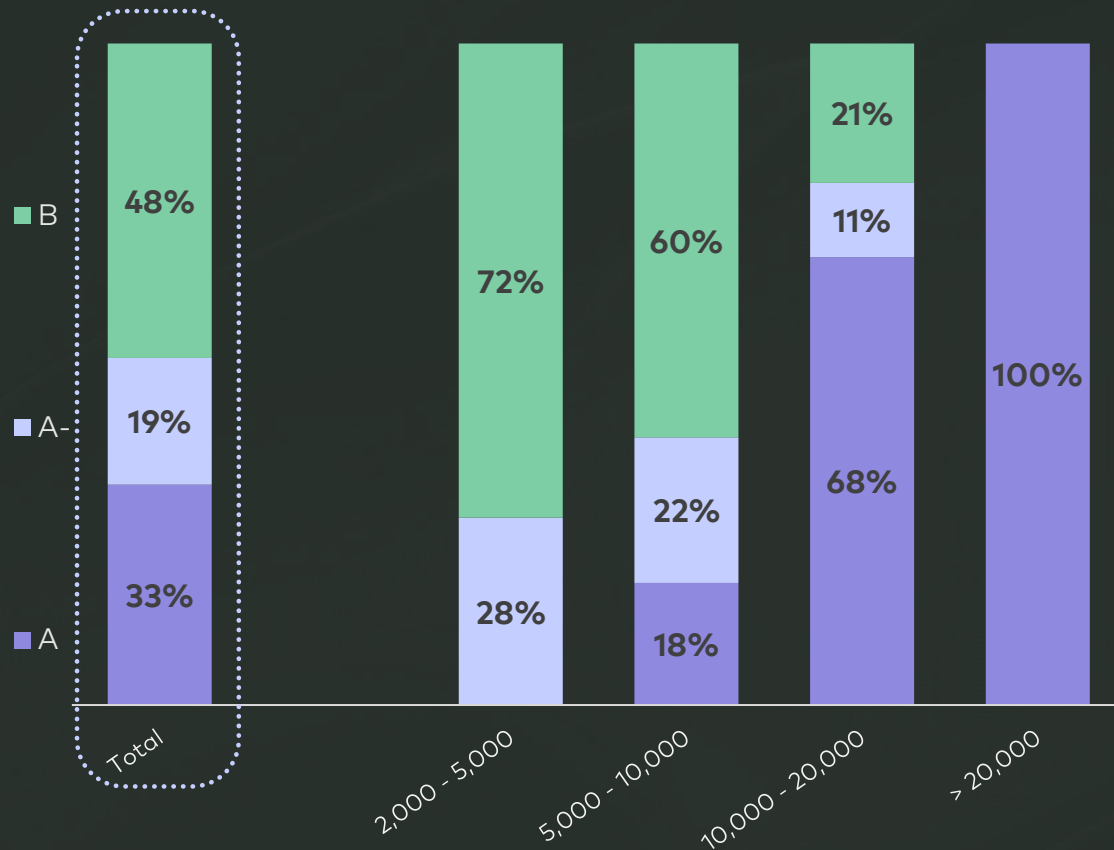
Number of large warehouses (>10,000 sq.m)



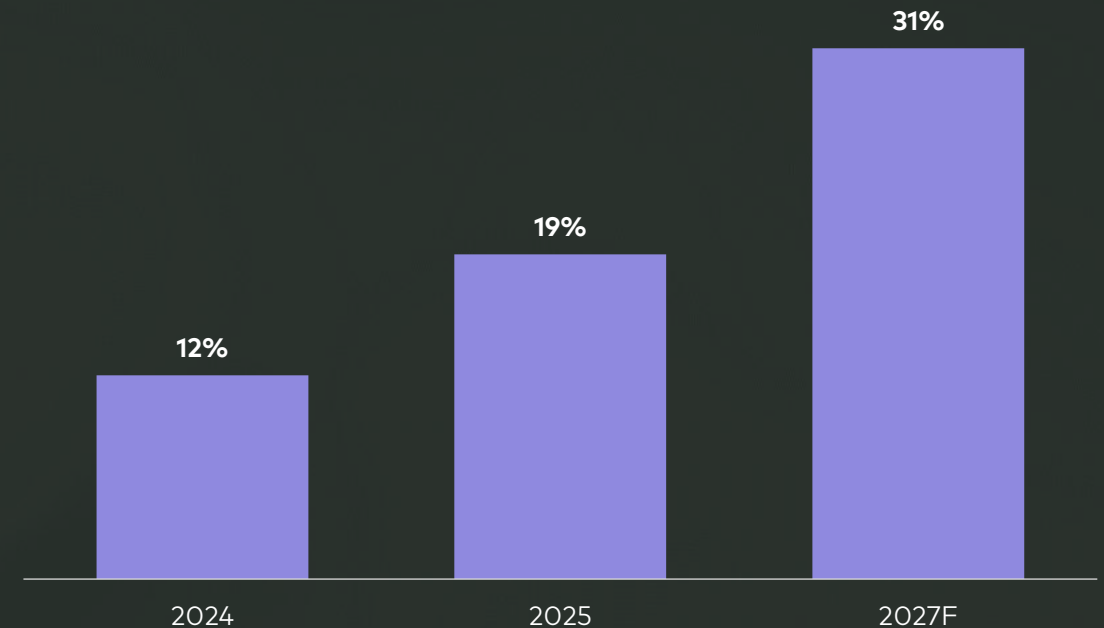


The share of high-class warehouses in future supply increases with warehouse size

Distribution of planned warehouses by class and size, 2027F



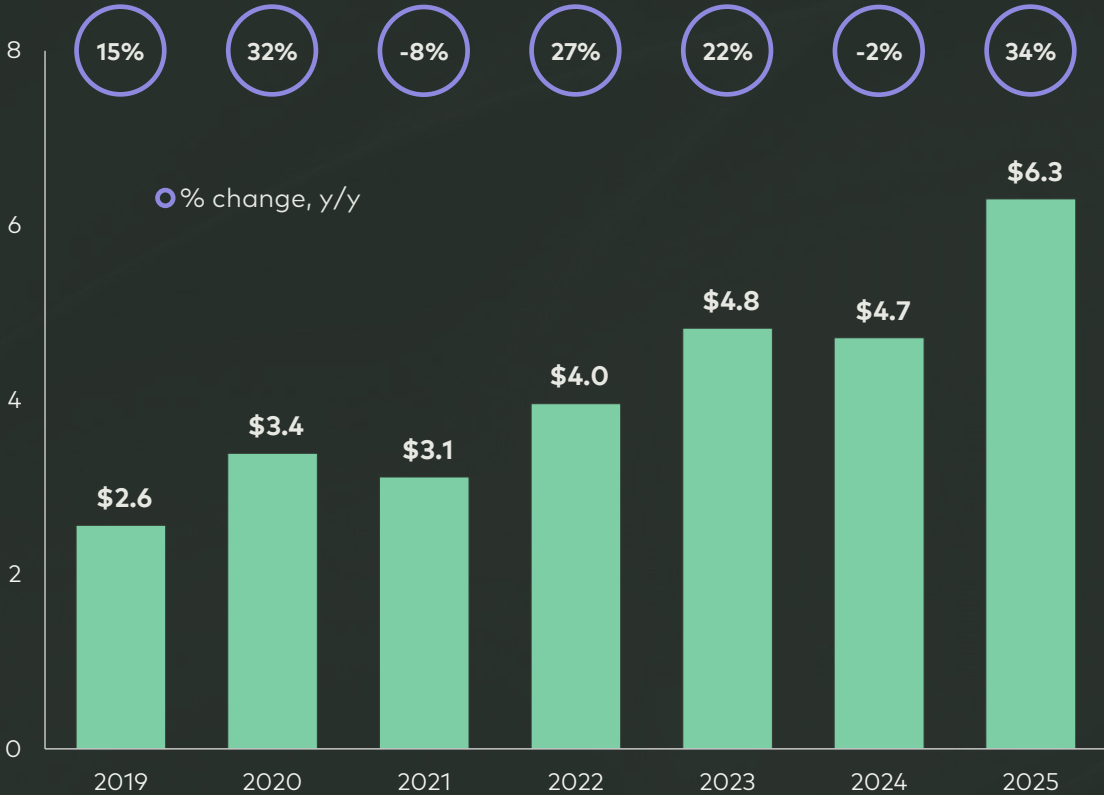
Share of high-class (A/A-) facilities among large warehouses (>10,000 sq.m)



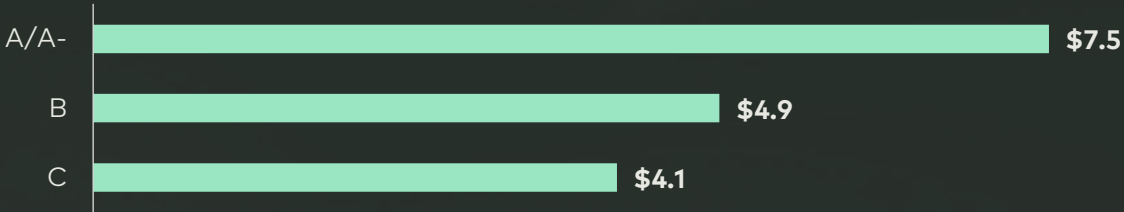


Growing demand for warehouses has significantly increased rental prices; consequently, rents in Tbilisi are higher than in many other cities

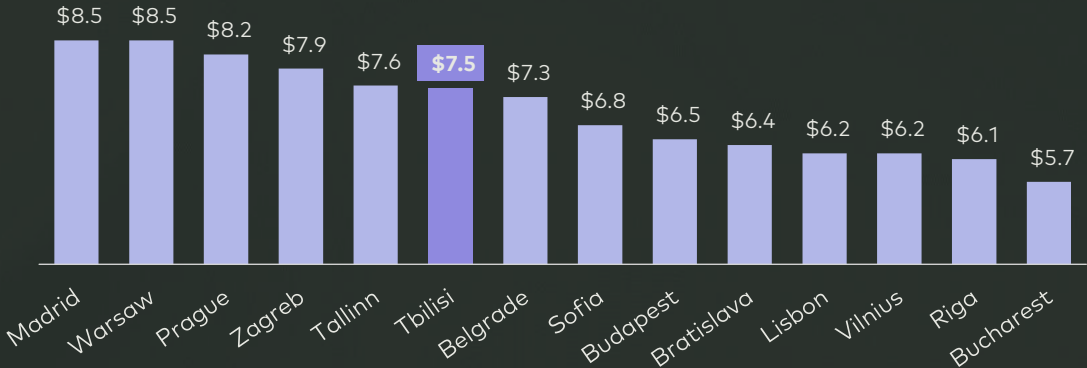
Average monthly rent in new contracts in Tbilisi, US\$/sq.m (excl. VAT)



Average monthly rent by class in Tbilisi, 2025, US\$/sq.m



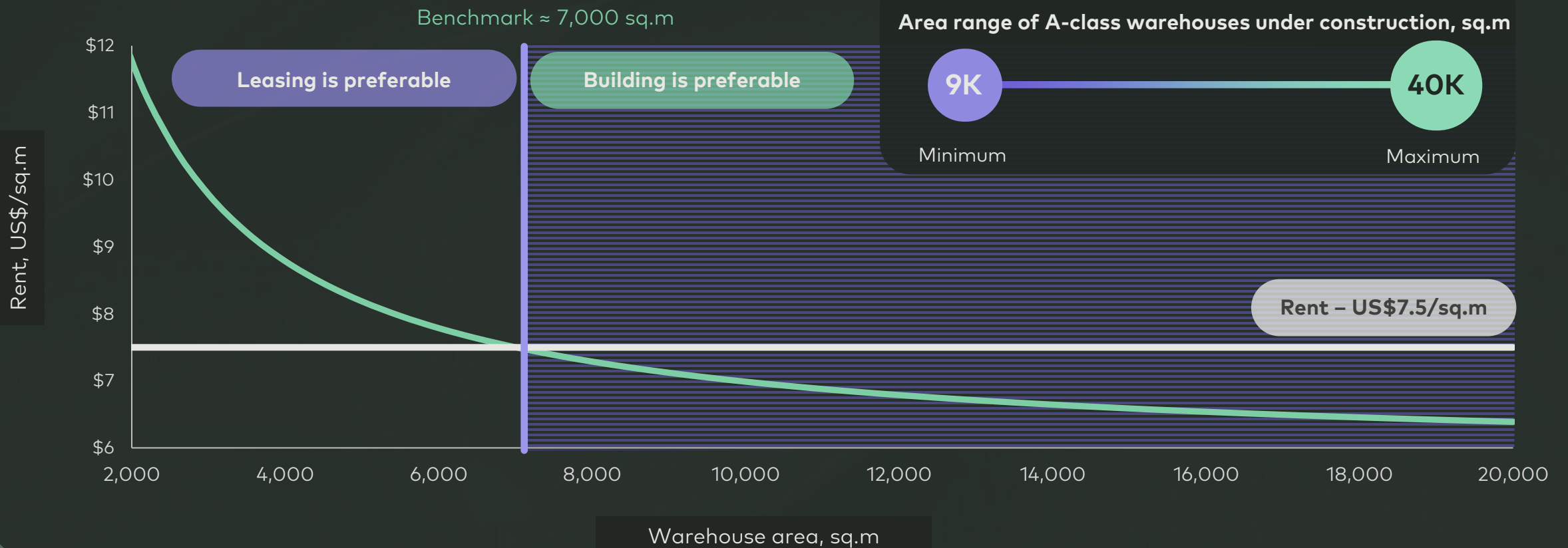
Average monthly rent for high-class warehouses in selected cities, 2025, US\$/sq.m





Amid increased rents, for warehouse demand of at least 7,000 sq.m constructing an owner-occupied A-class warehouse has become financially attractive...

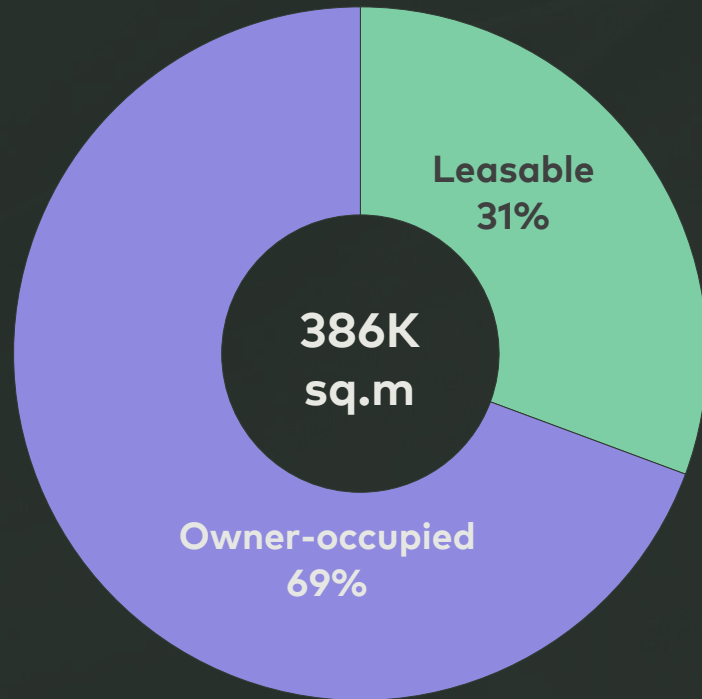
Feasibility analysis of constructing versus leasing an A class warehouse



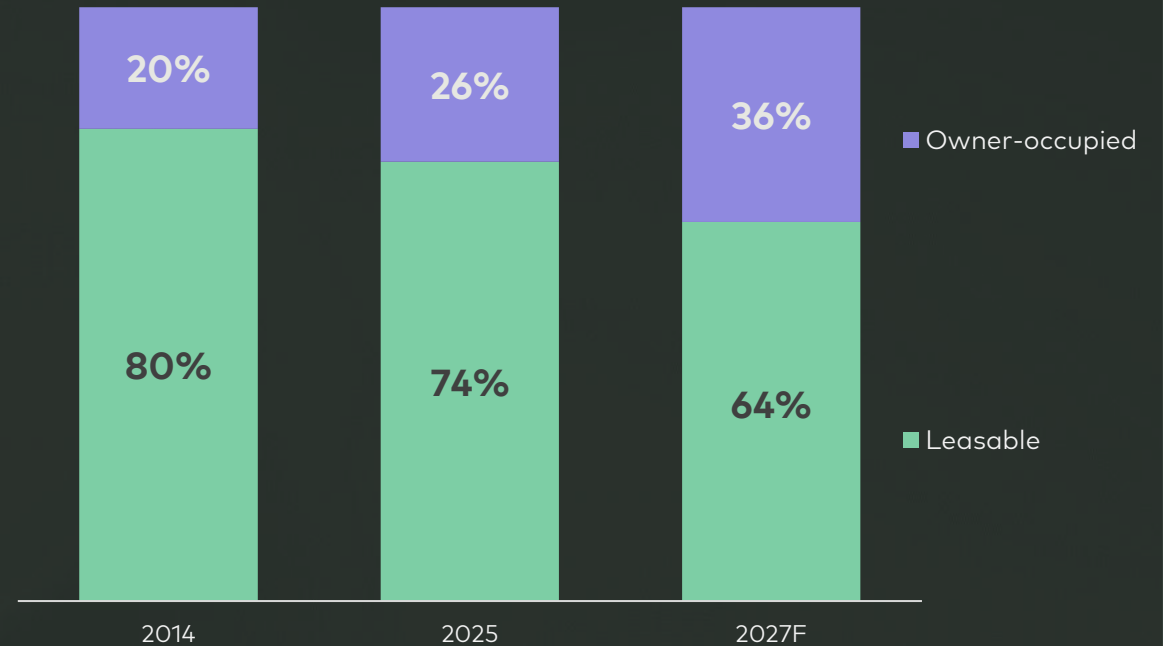


...as a result, the share of owner-occupied warehouses in planned supply has increased significantly

Distribution of planned warehouses by ownership in Tbilisi, 2027F



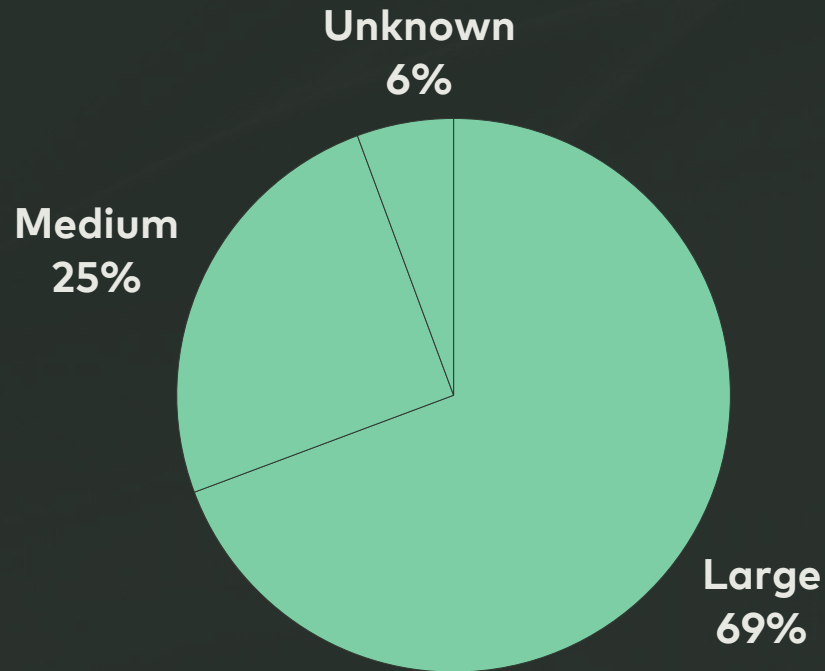
Distribution of warehouses by ownership in Tbilisi



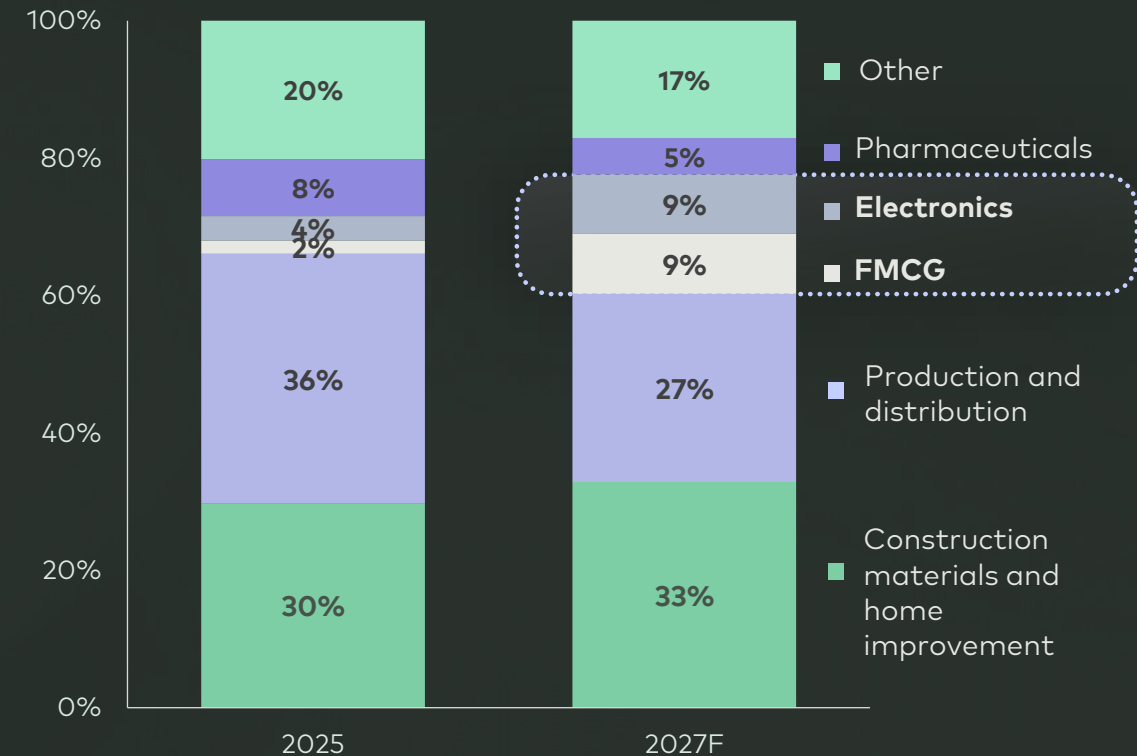


Due to high capital requirements, the development of high-class owner-occupied warehouses is concentrated among large companies, particularly FMCG and electronics retailers

Distribution of planned high-class (A/A-) owner-occupied warehouses by company



Distribution of owner-occupied warehouses by sector in Tbilisi





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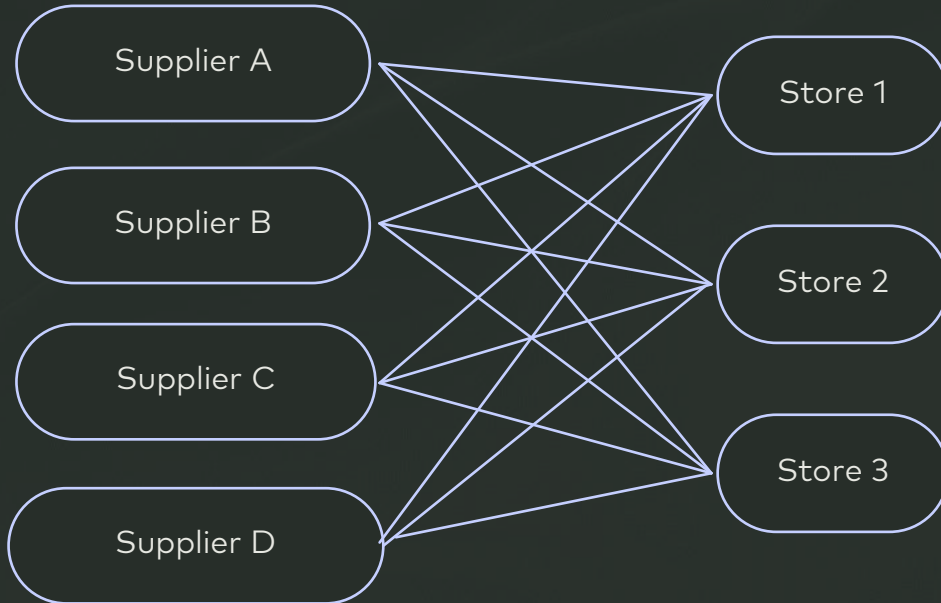
Cold storages

Key findings

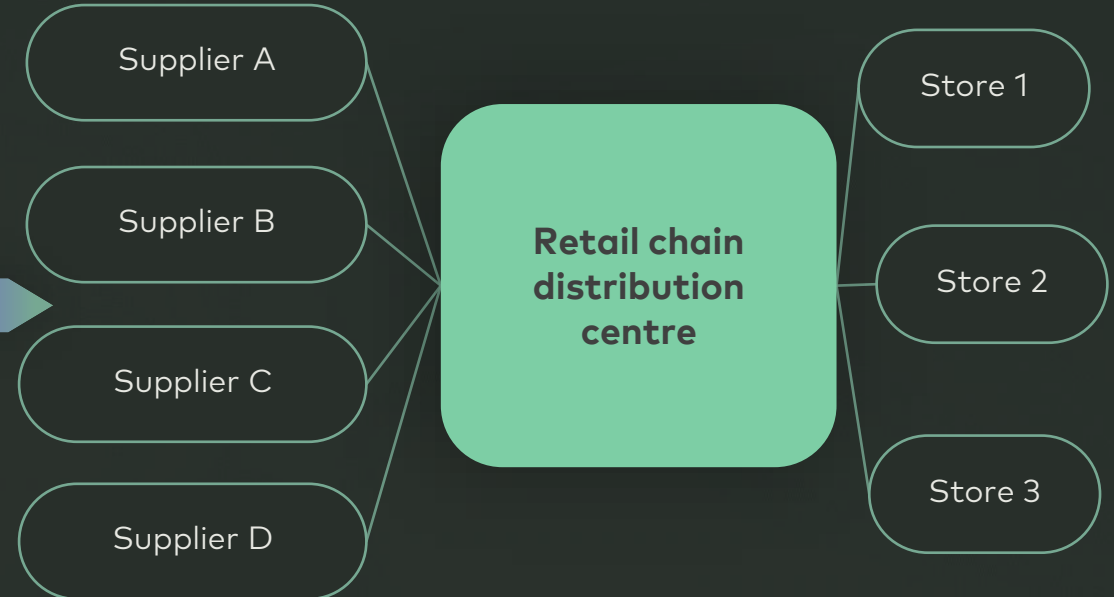


Retailers are shifting their distribution from a fragmented to a more centralized model

Current distribution model



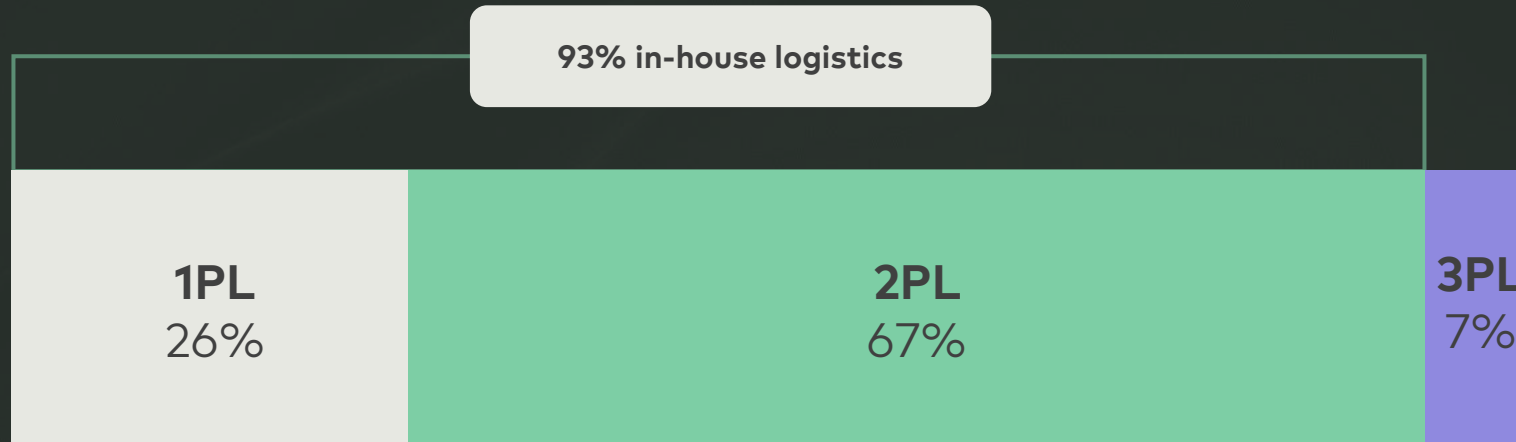
Future distribution model



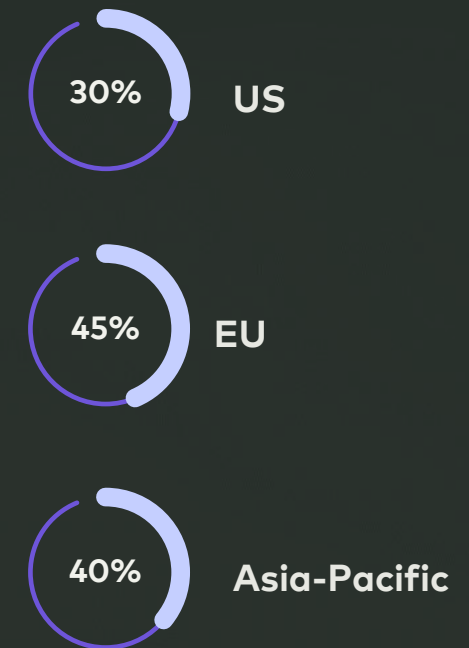


3PL remains at an early stage of development, with its share significantly lagging behind developed markets

Distribution of warehouse area by logistics model in Tbilisi, 2025



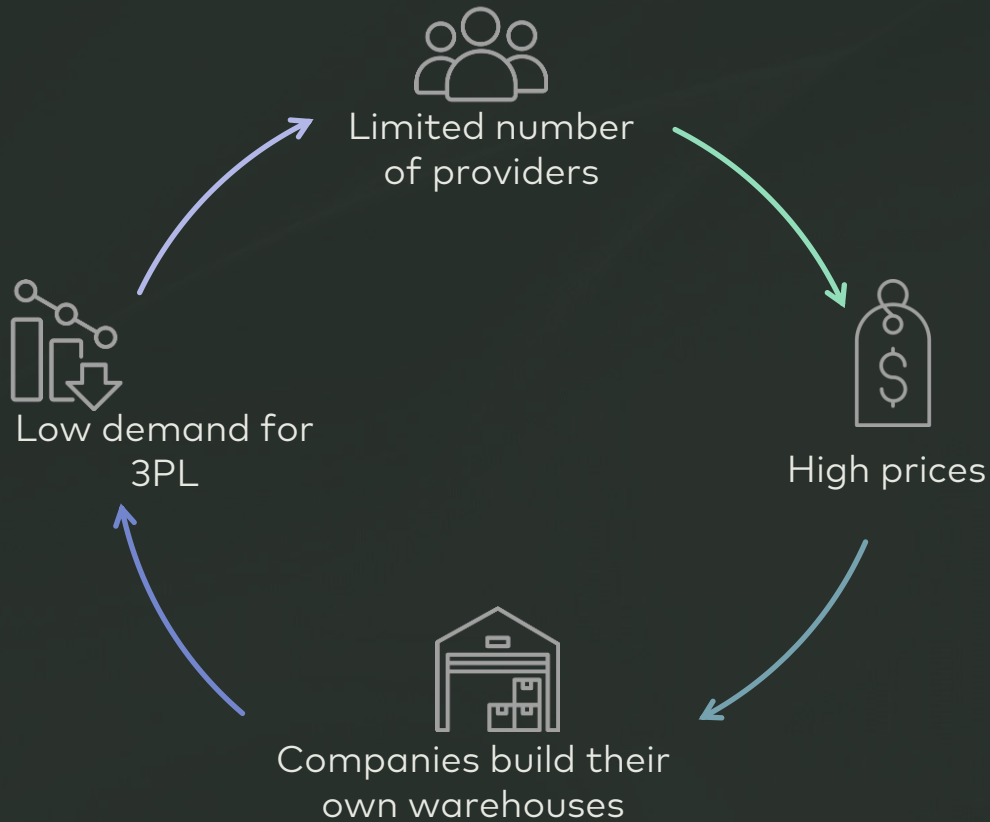
Share in net take-up of 3PL in developed markets





The limited number of 3PL providers restricts competition and increases service prices, pushing companies to develop in-house logistics and keeping demand for 3PL low

Why is 3PL struggling to develop in Georgia?



What could support market development??



Rapid e-commerce growth



Demand from SME



Entry of foreign companies



A new reliable 3PL operator



Local e-commerce development could become a key driver of 3PL demand in Georgia

Rapid e-commerce growth

Demand

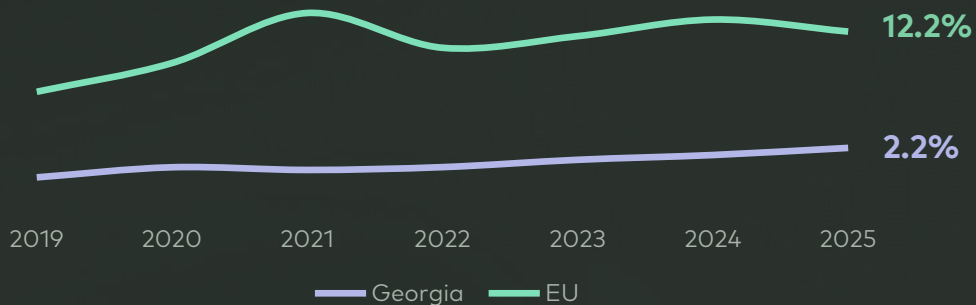
3x more

More warehouse space required compared to physical stores

Reverse logistics

Receiving, inspecting and restocking returned products is labor - intensive and increases the need for 3PL services.

Share in retail trade, %



SME

Demand

- **Insufficient capital** to build own warehouses
- **Insufficient cargo turnover** to develop effective in-house logistics and distribution

Foreign companies

Demand

Partnering with a 3PL provider enables **more flexible, lower-risk and less capital-intensive entry into foreign markets**

New reliable 3PL operator

Supply

More reliable 3PL operators **would improve service quality, competition and accessibility**



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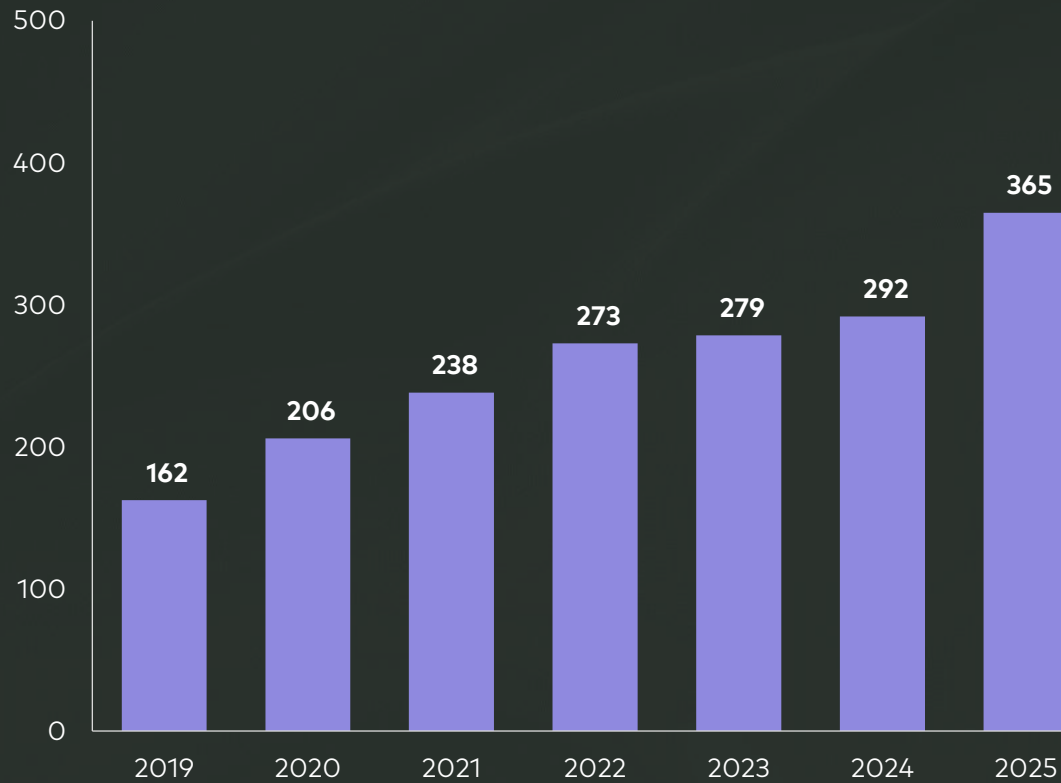
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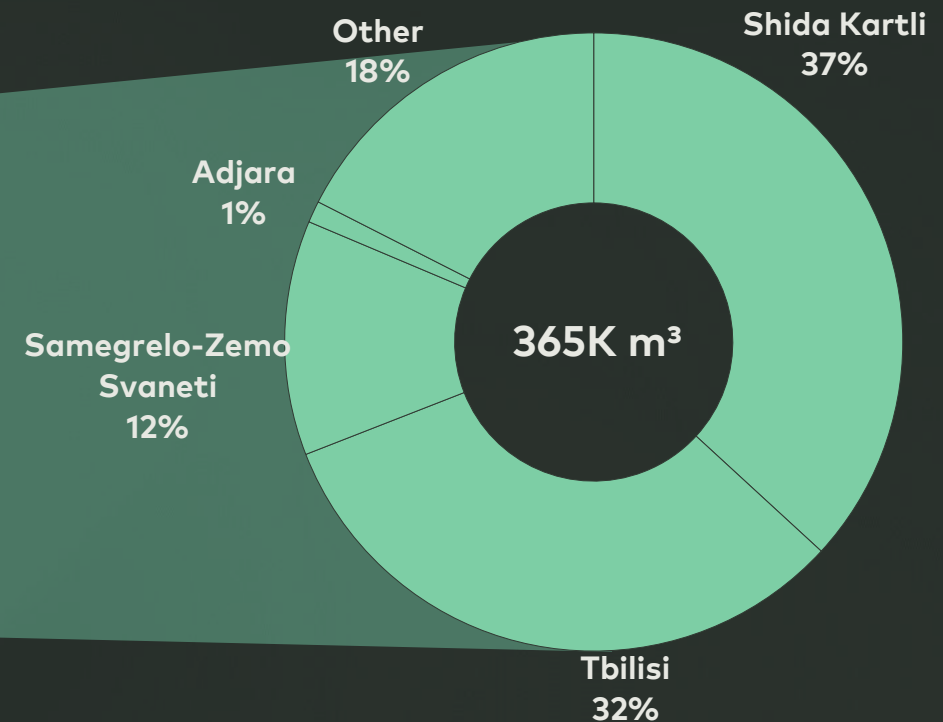


Cold storage capacity in Georgia has grown rapidly, with the largest shares concentrated in Shida Kartli, Tbilisi and Samegrelo–Zemo Svaneti

Cold storage capacity in Georgia, '000 m³



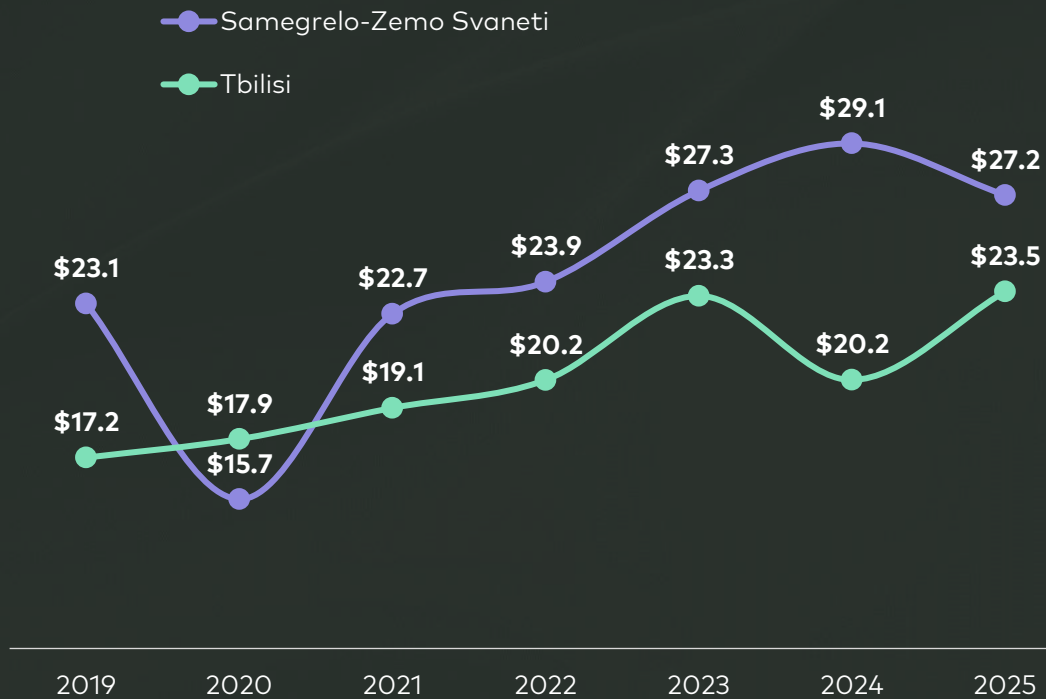
Distribution of cold storage capacity by region in Georgia, 2025



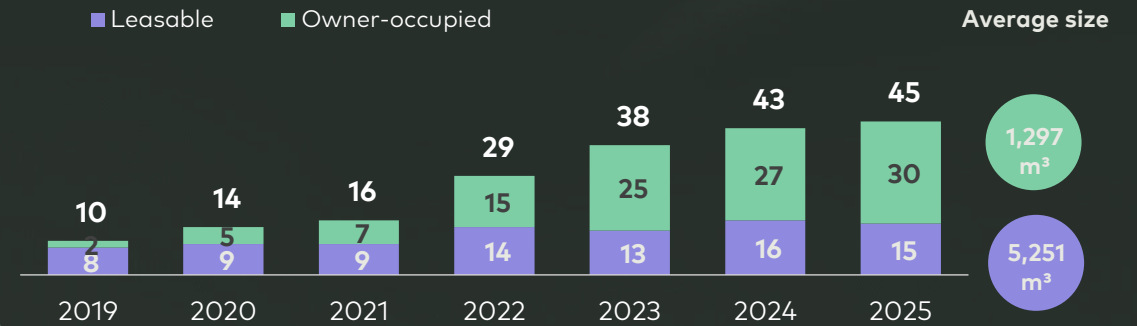


...Meanwhile, strong demand continued to support the expansion of cold storage capacity in Tbilisi

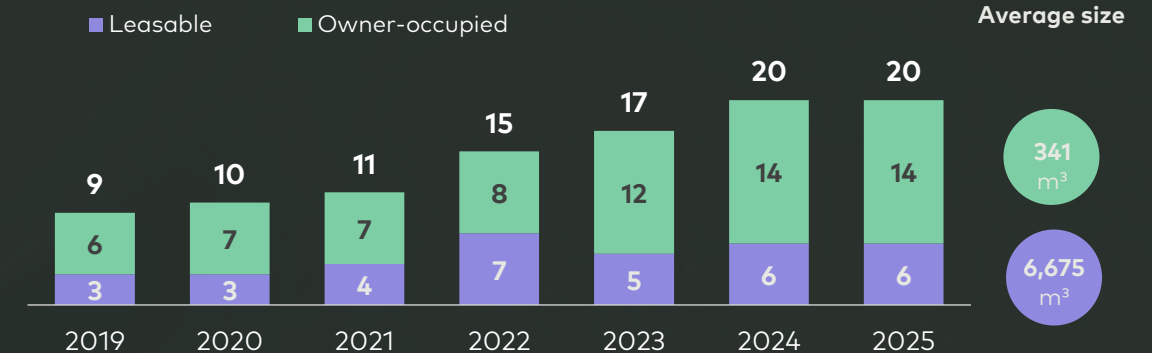
Average monthly rent by region, US\$/ton



Number of cold storages in Tbilisi



Number of cold storages in Samegrelo-Zemo Svaneti





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Key findings

Demand

Key drivers

- ▲ Retail sector growth
- ▲ Company expansion
- ▲ Cargo turnover growth

Existing supply

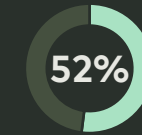
1.26 mn sq.m

80% low-class (B/C)

Large stock consisting mainly of outdated, low-class facilities

Planned supply

+31% 2027F



high-class
warehouses

85%

Samgori & surroundings
of Tbilisi

Rental price

\$6.3 /sq.m 2025 average

+60% since 2022

A/A- class rent of US\$7.5/sq.m exceeding rents in many other cities

Rental prices are expected to stabilize

Market shift

7,000 sq.m - minimum space

demand at which constructing an owner-occupied A-class warehouse becomes financially attractive

70% share of owner-occupied
warehouses in planned supply

Logistics models

FMCG +
electronics



Centralized DC (1PL)

Retailers are building their own warehouses to centralize logistics.

3PL share stands at only 7%

Growth will be supported by **e-commerce, SME, foreign companies and new 3PL operators**



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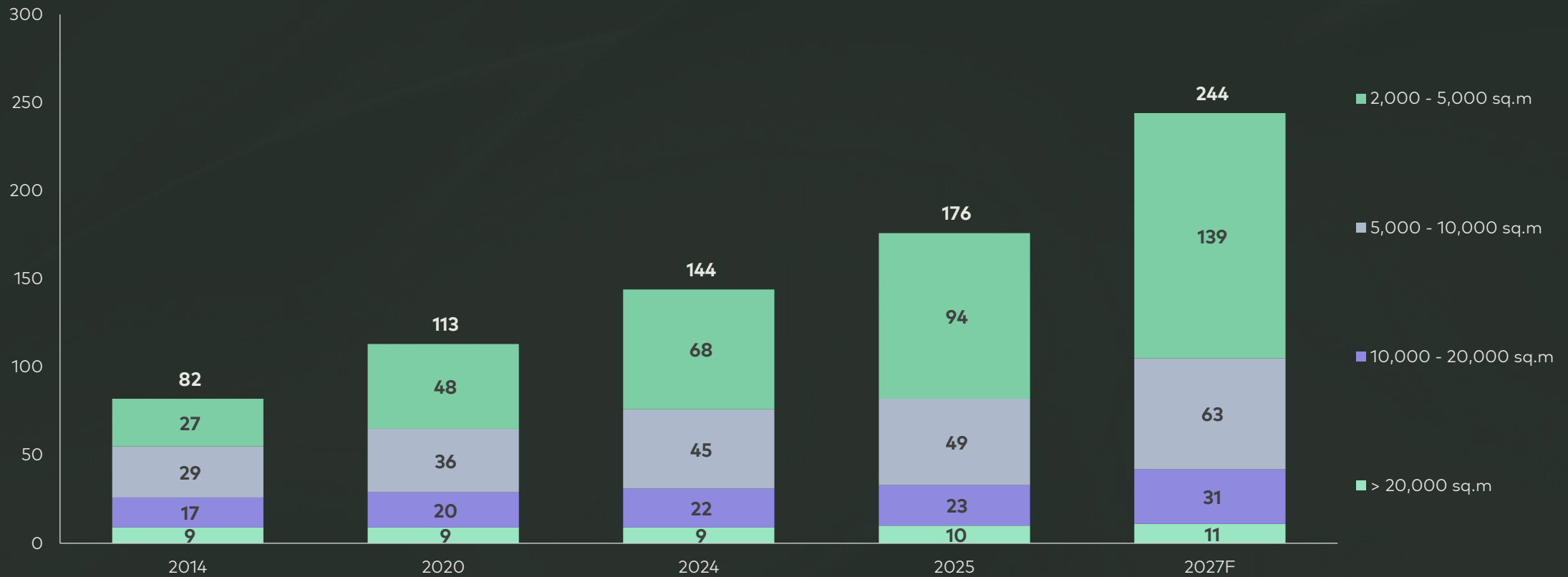
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Key findings

Annex



Number of warehouses by size in Tbilisi



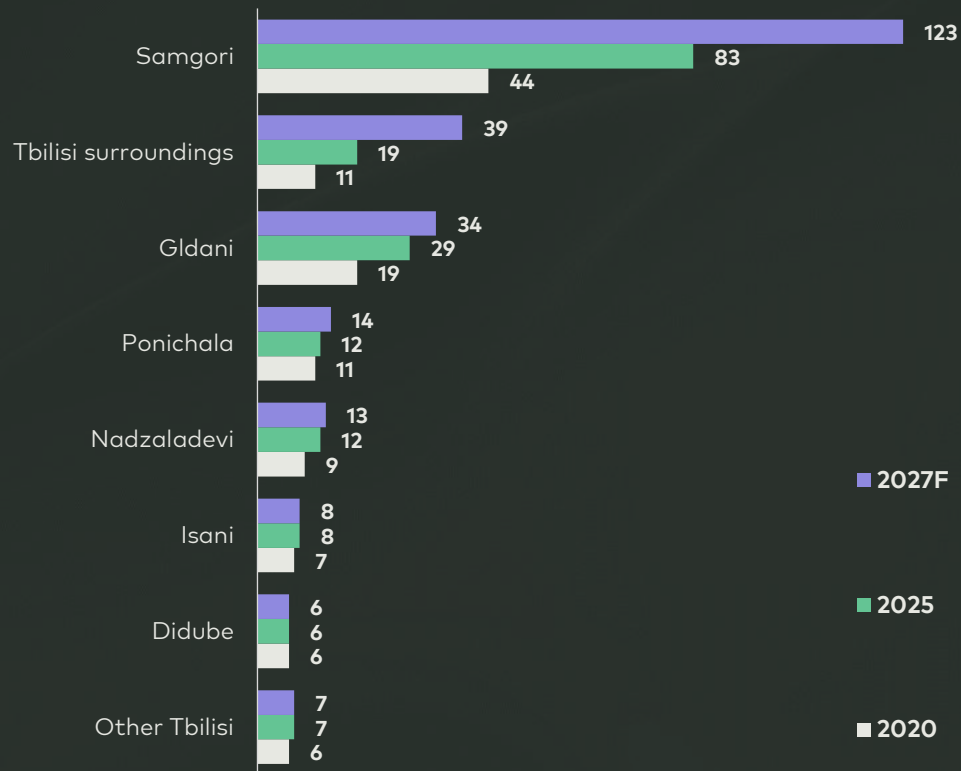


Area of warehouses by class in Tbilisi, '000 sq.m

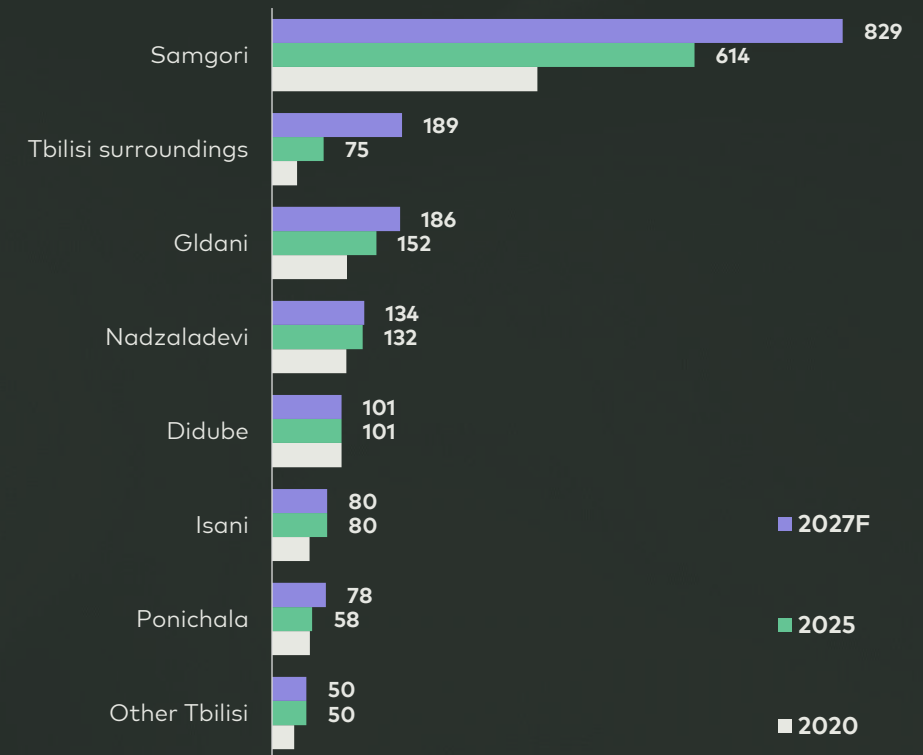




Number of warehouses by district in Tbilisi



Area of warehouses by district in Tbilisi, '000 sq.m





Key characteristics – dry storage classification

	Class A	Class B	Class C
Description	Single-story modern warehouse of light metal structure and sandwich panels with parking space	Newly built or reconstructed single- or multi-story warehouse	Single or multi-story reconstructed warehouse that was previously used as a production facility or hangar
Ceiling	At least 12 m high	At least 8 m high	At least 4 m high
Floors	Concrete floors with anti-dust coating	Asphalt or concrete floor without special coating	Asphalt or concrete floor without special coating
Docks	Sufficient number of loading docks – one dock per 500 sq.m of warehouse area – with dock levelers adjustable to trucks of different sizes	Sufficient number of loading docks	Minimal number of loading docks or no dedicated docks
Temperature control	Adjustable temperature; temperature should not exceed 25°C	Temperature should not exceed 25°C	No temperature control
Fire protection	Fire alarm and automatic fire-fighting system, with sufficient water reserves	Fire alarm and fire-fighting system	Basic fire safety measures
Other features	Strategic location, office space, 24-hour CCTV monitoring and a concrete access road to the warehouse	Basic CCTV systems with standard coverage, focusing on entrances, exits and loading docks	Ventilation based on natural airflow; minimal-standard or outdated CCTV systems limited to a few key access points; no dedicated access road



Key characteristics – dry VS cold storage

	Cold storage	Dry storage
Use Cases	Storage of poultry meat, meat and meat products, other food products, fruits and vegetables, dairy products and pharmaceuticals	Storage of industrial goods, construction materials, electronics and household appliances
Temperature Control	Maintains low temperatures for storing perishable products, including food and medicines – typically between -18°C and 5°C	Ambient temperature is below 25°C ; cooling is not required and the facility is intended for non-perishable products
Humidity and ventilation	Humidity is strictly controlled to prevent product spoilage and freezing damage; equipped with a modern ventilation system	Typically, basic natural ventilation is used; strict humidity control is not required, although minimal control may be applied where necessary
Flooring	Specialized flooring that withstands temperature changes and prevents condensation and ice formation	Standard concrete or asphalt flooring, with no special temperature-related requirements
Docking System	Insulated and airtight loading docks designed to minimize temperature loss during loading and unloading	Standard loading docks without insulation



Key characteristics – bonded VS standard warehouses

	Bonded warehouse	Standard warehouse
Requirements	• Land must be divided from nearby properties by a gate or another form of boundary • One-time payment – 1,000 GEL • Bank guarantee – 200,000 GEL • Loading/unloading points must be fully covered by CCTV cameras • Storage has to be emptied 5 days after completing VAT payment • Separate space for a bank and RS is required only for container storage for cars	-
Limitations	• Cargo must be eligible for customs clearance • Cargo must go thorough mandatory inspection • Need for additional declarations	-
Benefits	Cargo is free of VAT payment until it is taken out of storage	-
Demand drivers	Growth in imports and re-exports	Organic growth of the economy and companies – expansion of existing brands or entry of new brands



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