



GALT & TAGGART
CREATING OPPORTUNITIES



Office Real Estate Market in Tbilisi

May 2026





What are the key questions in Tbilisi's office real estate market?



How large is the office market and how is it structured?



How is supply expected to grow?



Which segments drive demand?



What will happen to occupancy and rents?



Tbilisi's total office stock is 1.9mn sq.m, of which leasable business centers account for 19%

Office spaces in Tbilisi, 2025

c. 1.9mn sq.m.

SHARE IN
TOTAL STOCK

19%

25%

55%

1%

QUANTITY

68

79

35%
New

65%
Old

33

AREA, SQ.M

358k

470k

1.0mn

16k

Vacancy

7%

0%

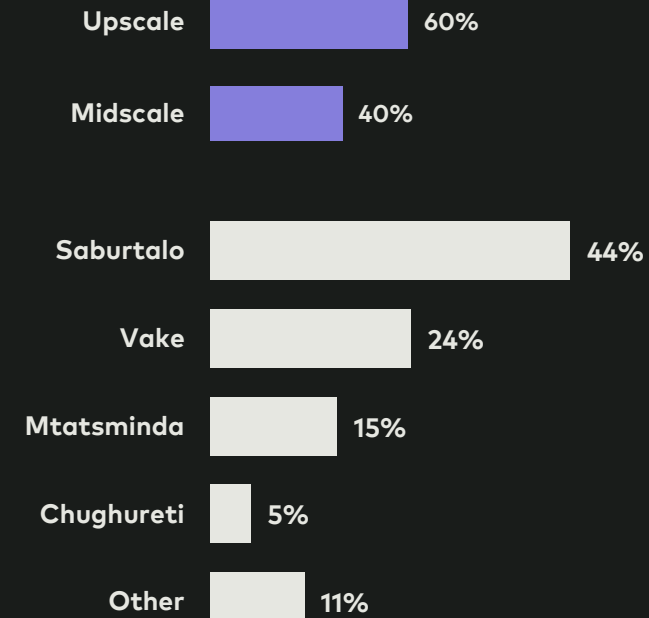
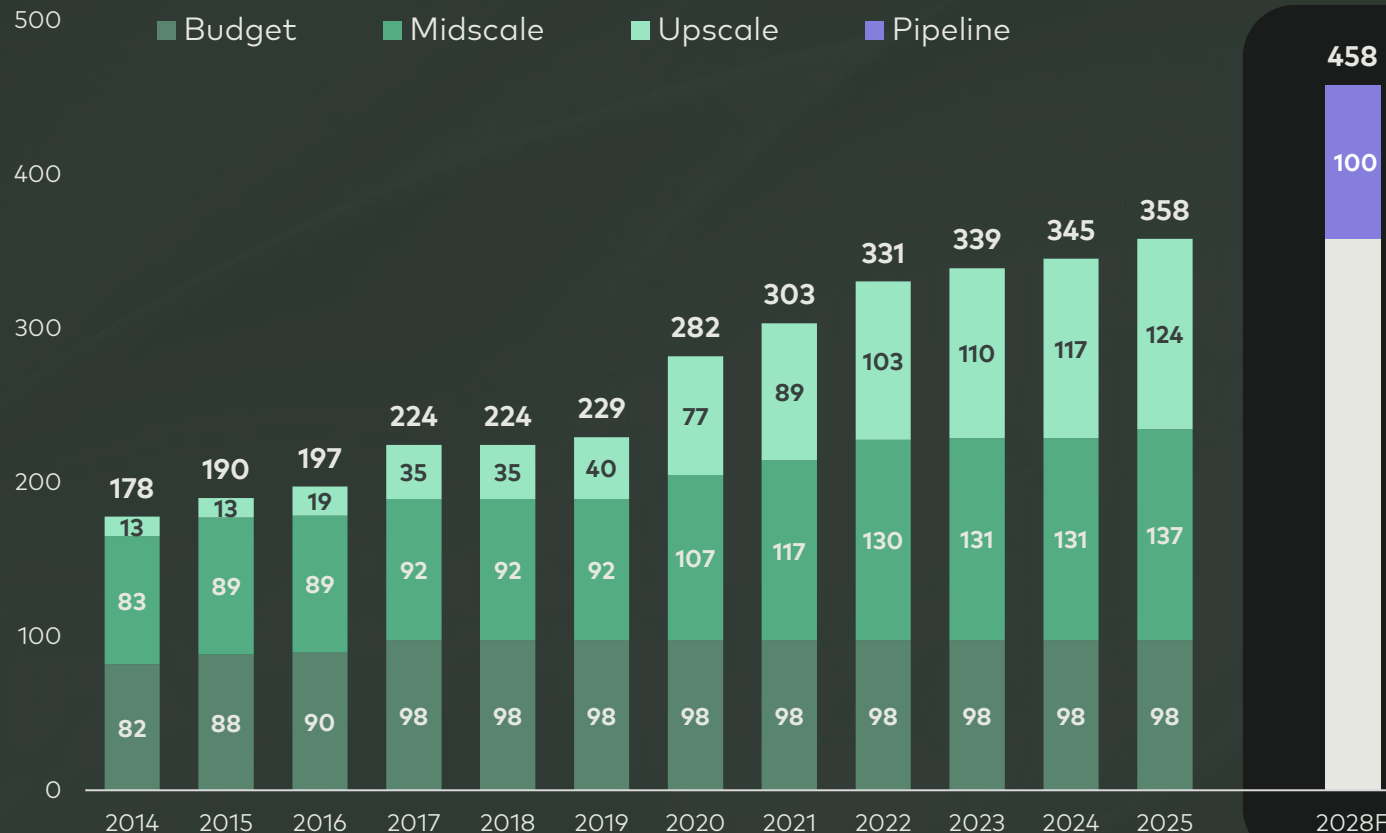
53%

N/A



Leasable office stock has nearly doubled over the past decade and is expected to expand by 28% by 2028; Tbilisi has no established central business district

Leasable area of business centers by price segments in Tbilisi, '000 sq.m.



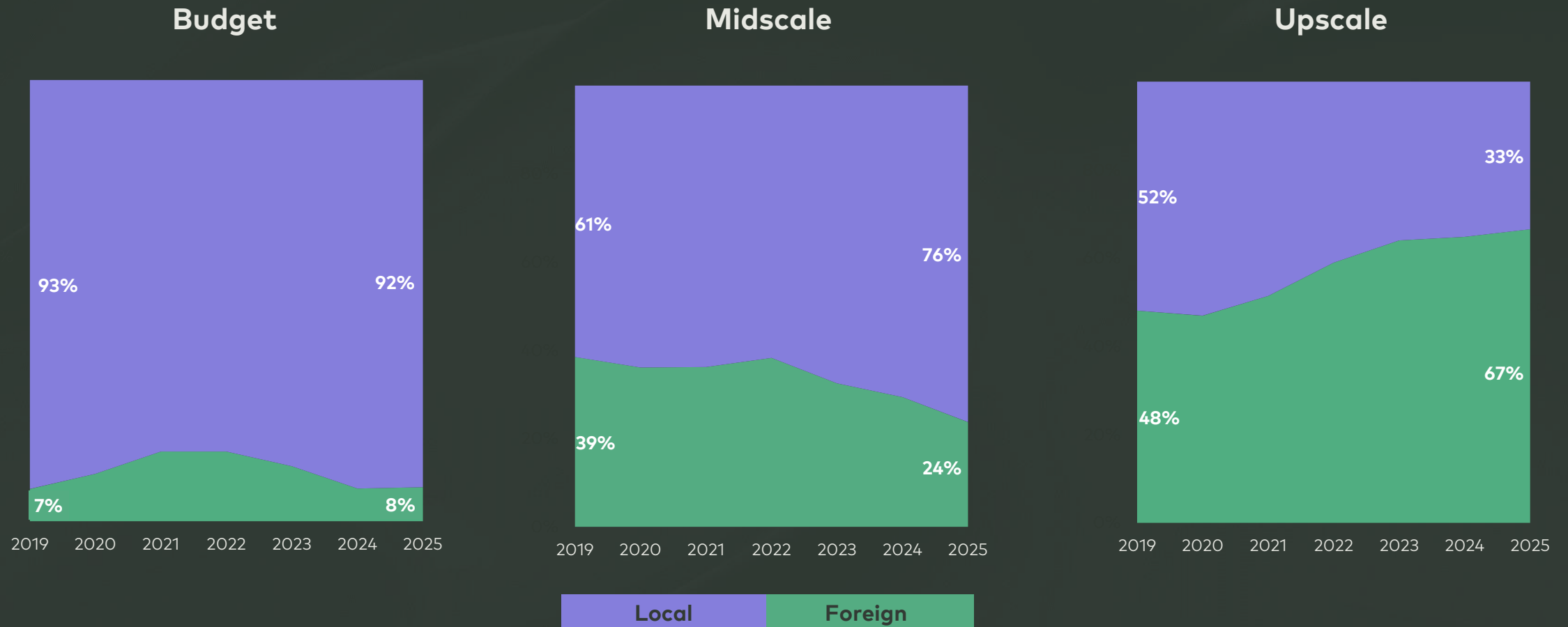
+100k
sq.m.

358k
sq.m.



The growing share of foreign companies in upscale business centers plays a key role in demand growth

Tenant distribution by company origin

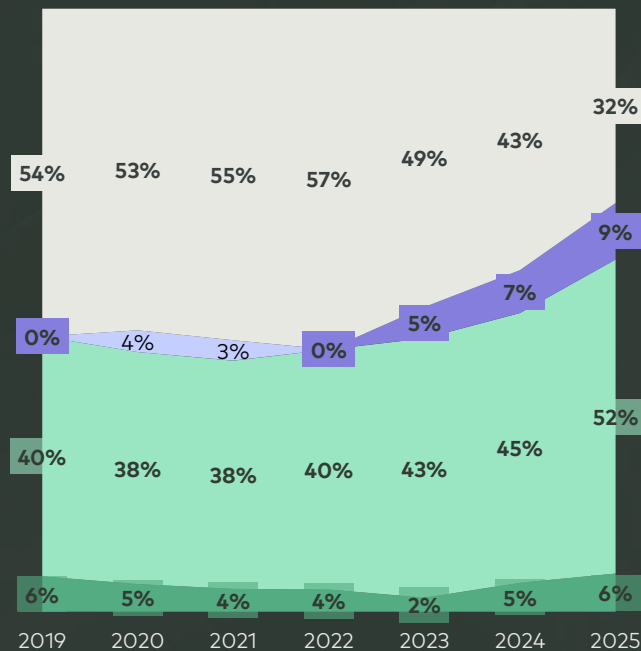




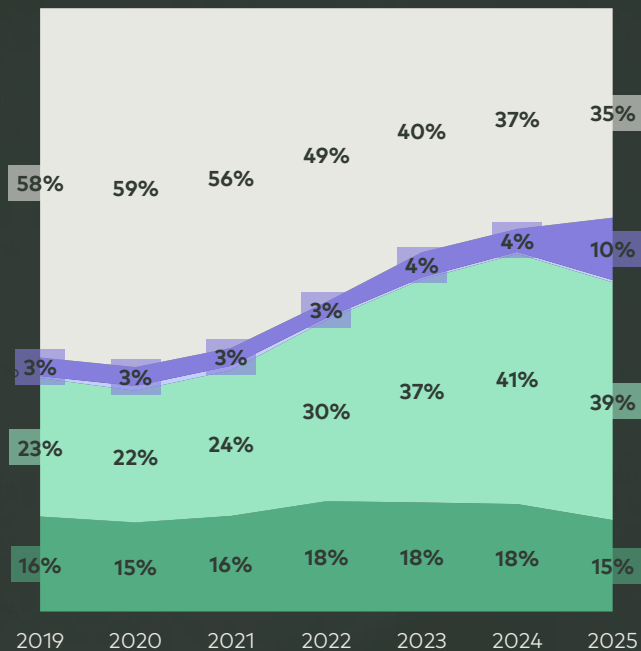
Along with the financial sector, IT & BPO has become a key demand driver - it's share in upscale offices increased from 1% to 23%

Tenant distribution by sector

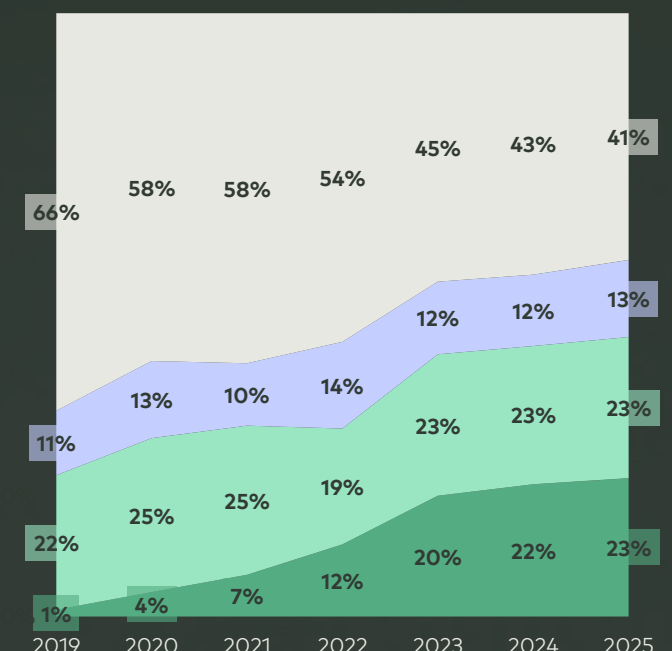
Budget



Midscale



Upscale



IT & BPO

Financial services

Diplomatic missions

Government institutions

Other

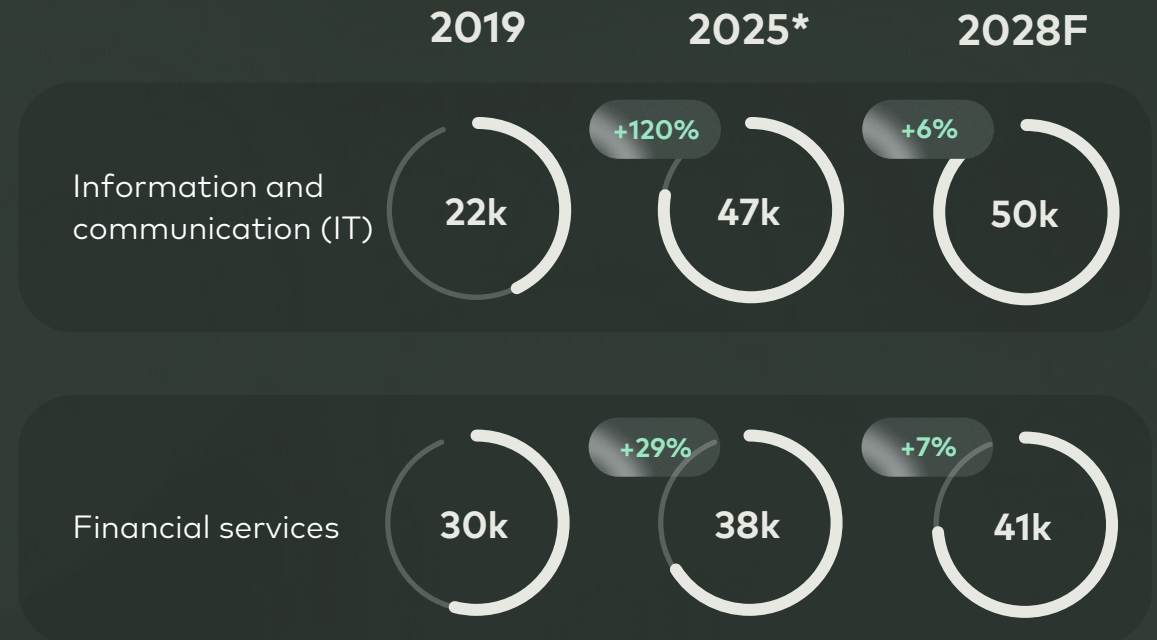


In 2019-25, rapid employment growth in the IT and financial services sectors supported absorption of new offices, but the pace is expected to slow down in the coming years

Employment in Tbilisi, '000 people



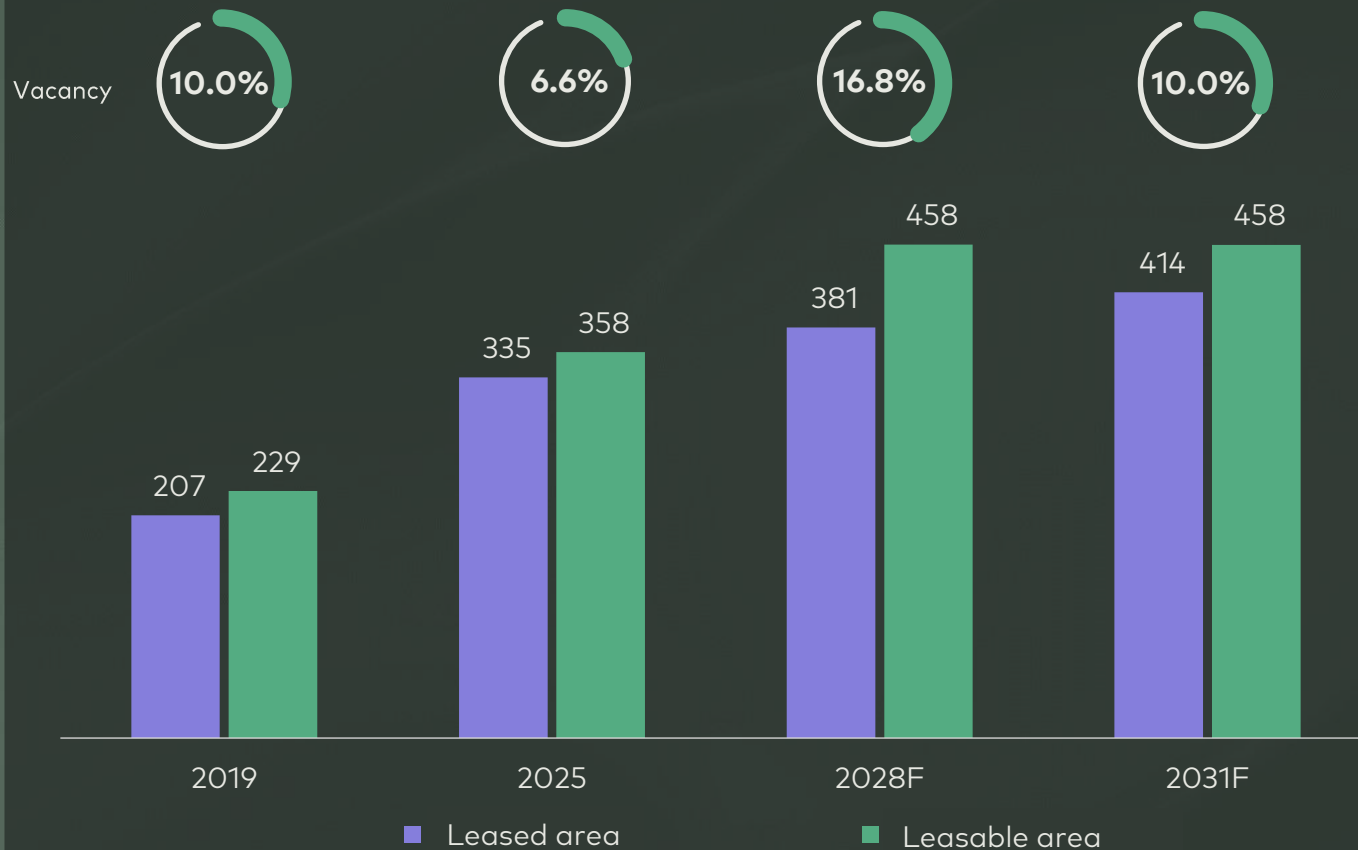
Employment in selected sectors in Tbilisi





In 2026-28, business center supply is expected to grow twice as fast as demand, pushing vacancy higher. Stabilizing the market will require a pause in new supply

Occupied and leasable area of business centers, '000 sq.m.



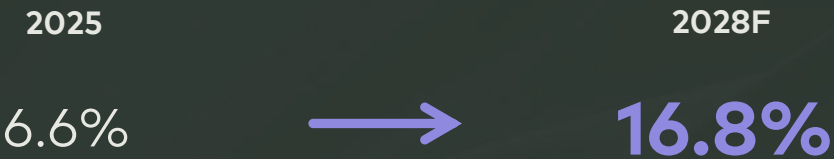
Demand vs Supply

Period	Demand	Supply
2019 → 2025	+62%	+56%
2026 → 2028F	+14%	+28%
2029 → 2031F	+9%	+0%



Rising vacancy is expected to reduce rental yields in 2028, though the overall vacancy level should remain within a manageable range

Vacancy rate in business centers



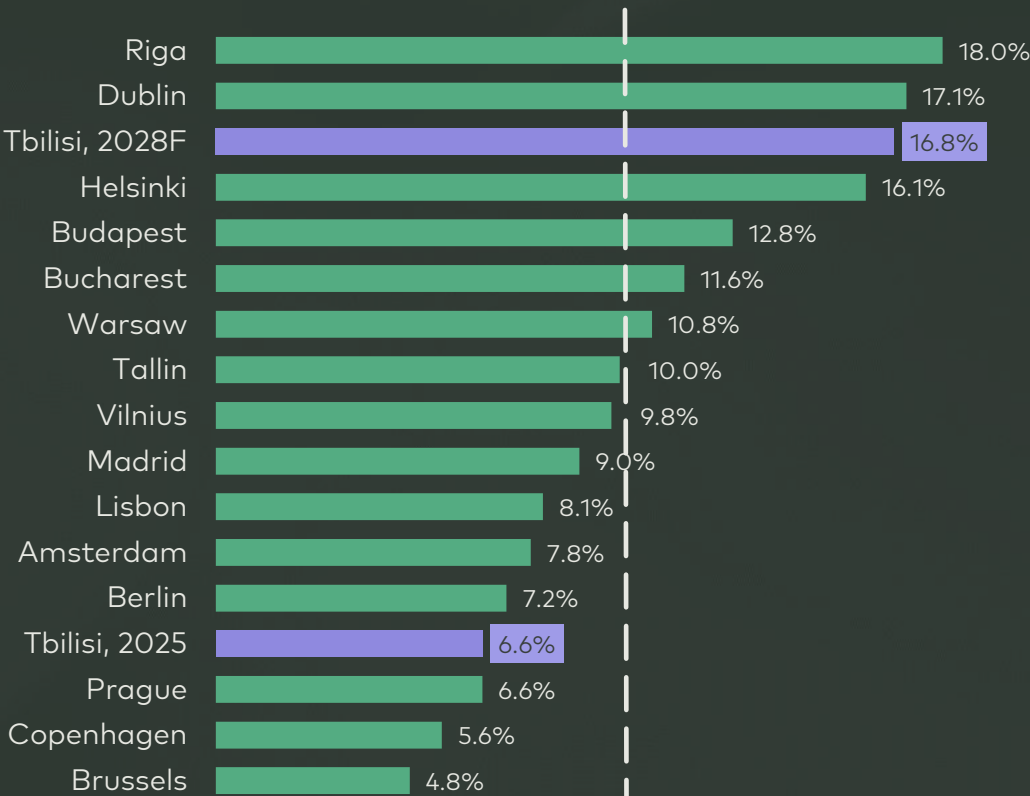
Of which vacancy in:

Upscale	5.5% → 15.3%
Midscale	7.0% → 17.9%

Net rental yield in business centers



Vacancy rate of leasable area in business centers across selected cities, 2025

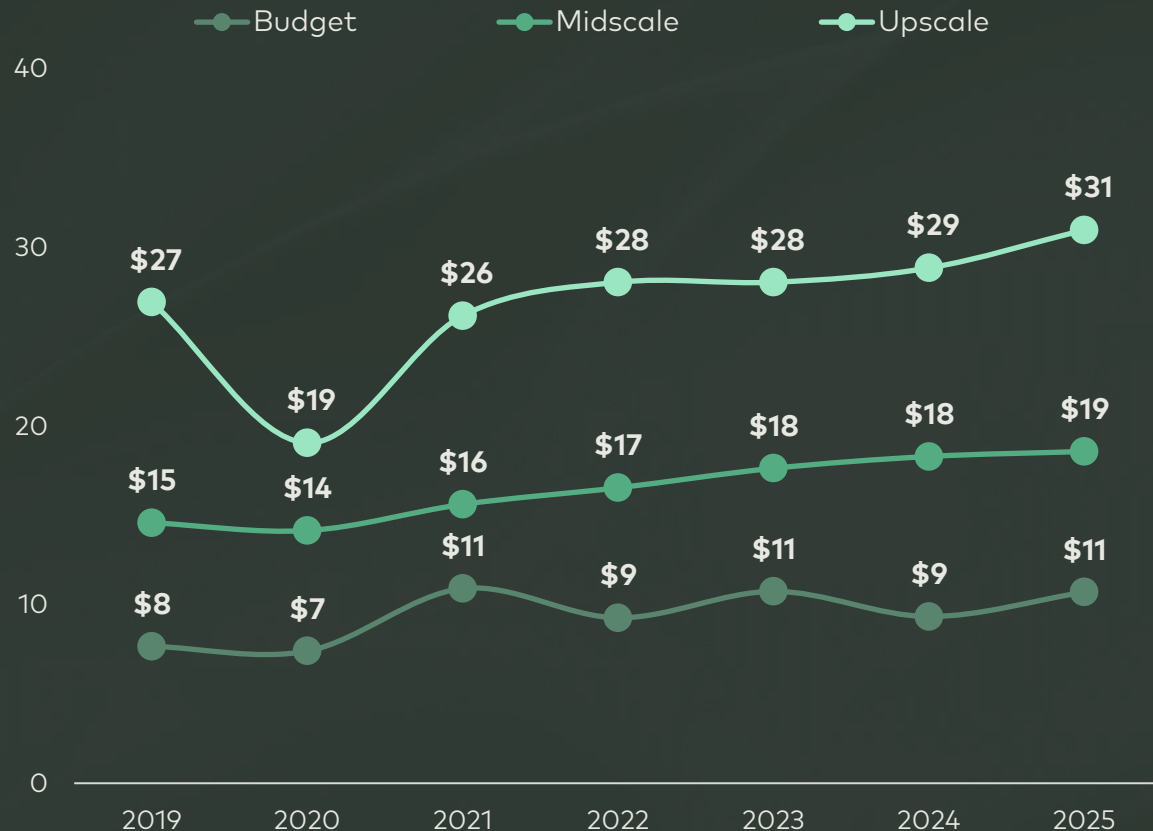


10.4% selected cities average

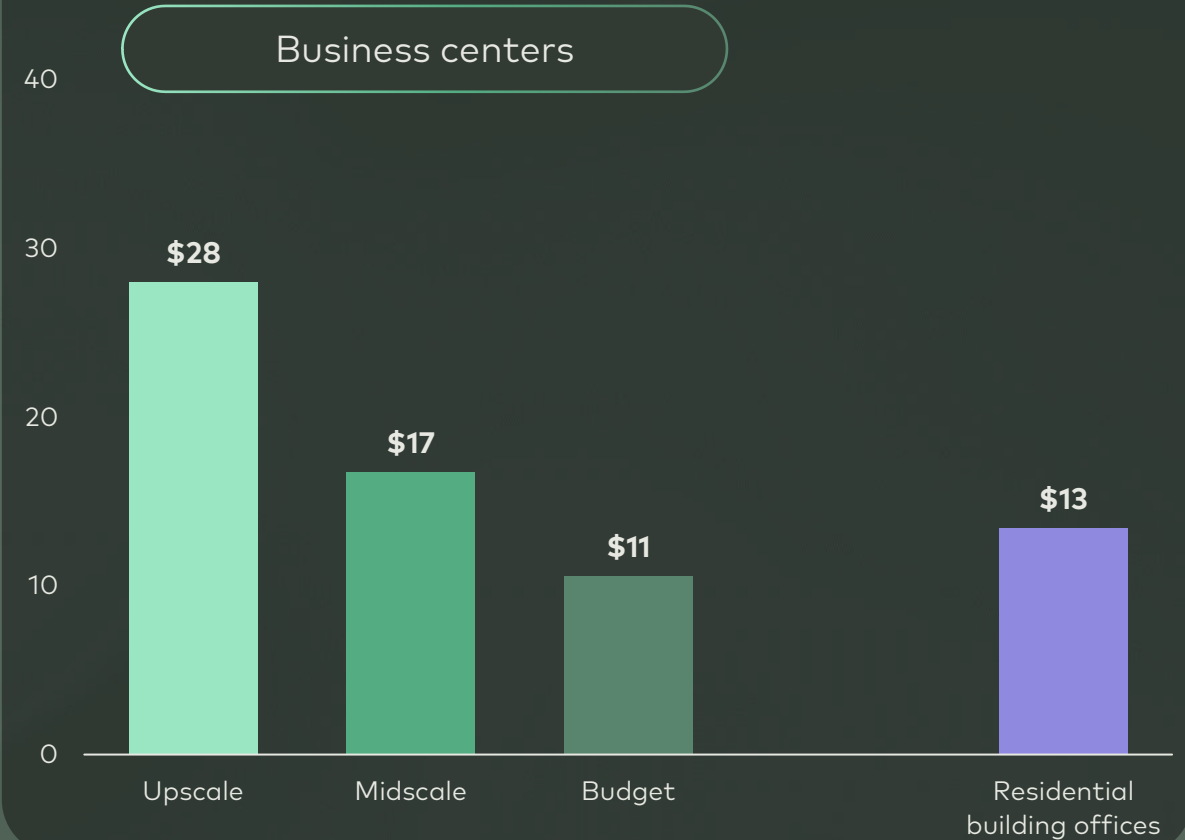


Prices have grown steadily in recent years on the back of balanced supply and demand, though rising vacancy is likely to put pressure on rents

Weighted average rent in new contracts in business center by class, US\$/sq.m.



Weighted average rent in ongoing contracts in offices in 2025, US\$/sq.m.





Key findings



	Supply	+56% 3x upscale business centers	+28% Primarily upscale	+0% Pause in new supply
	Demand	+62% +120% IT employment	+14% Stabilization	+9% Natural pace of growth
	Vacancy	6.6%	16.8%	10.0%
	Rental yield	9.4%	8.4%	9.0%

Additional demand growth potential



Upscale business centers

Attracting new foreign IT & BPO companies



Midscale business centers

Tenant relocation from offices in residential buildings



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