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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%

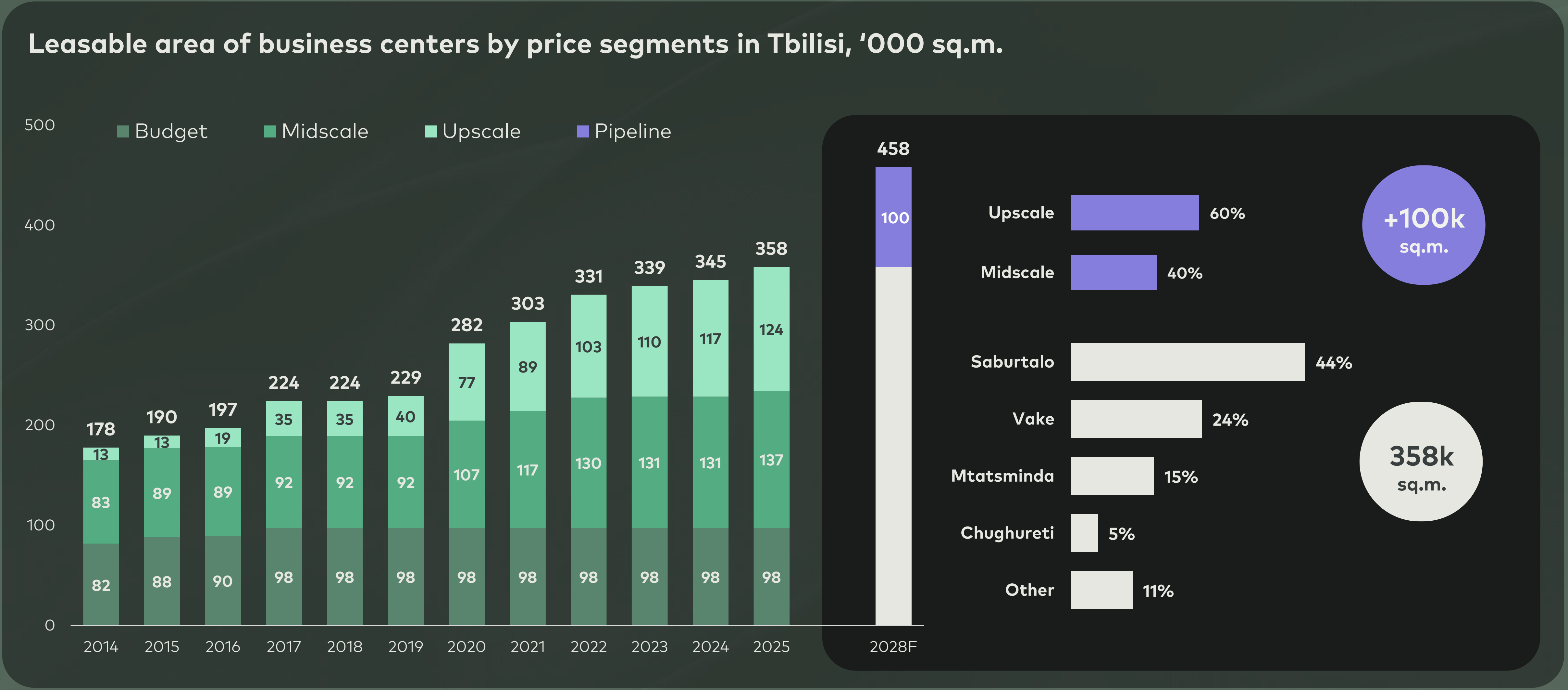
Office spaces in Tbilisi, 2025

c. 1.9mn sq.m.

	Leasable business centers	Owner-occupied business centers	Offices in residential buildings	Coworking spaces
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

Note: New residential buildings include buildings constructed after 2012

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

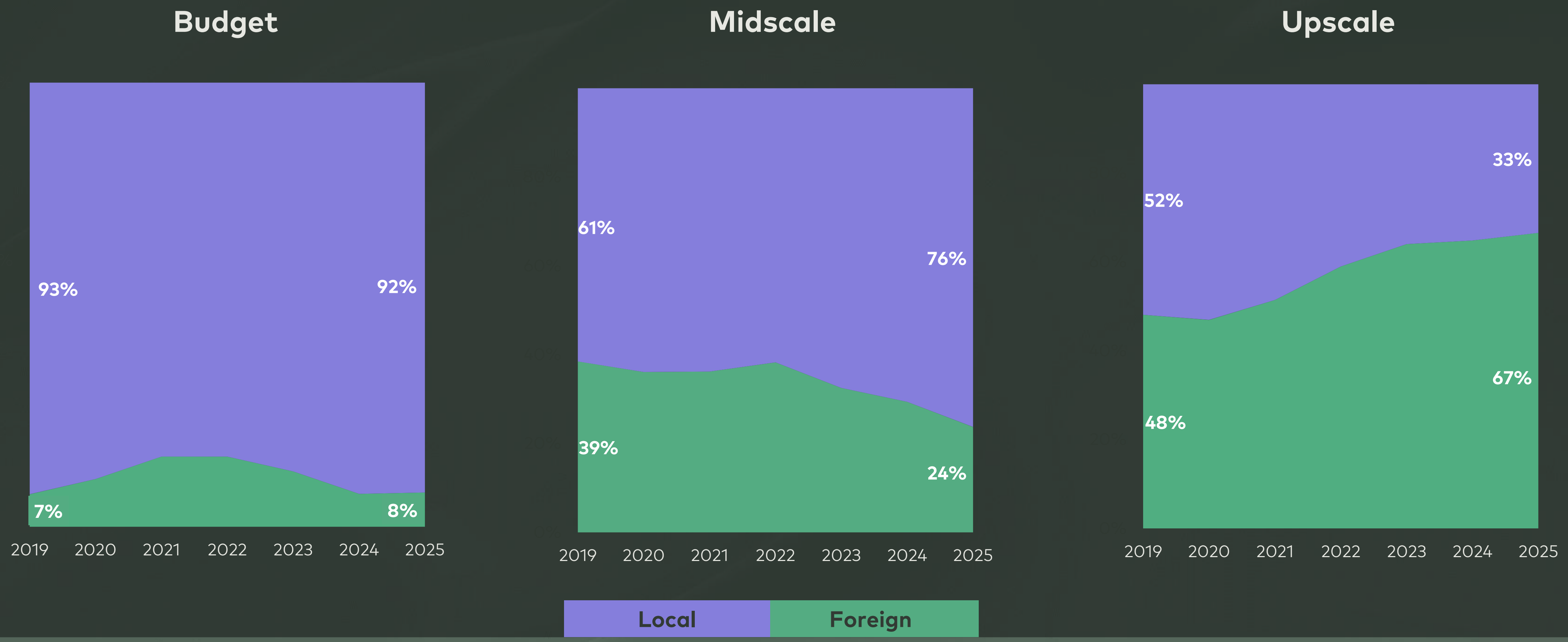


Source : NAPR, TAS, Reportal, Galt & Taggart

Note* : Business center supply is measured in GLA (gross leasable area); price segments are defined by average rent: **budget ≤14$/sq.m, midscale 14-23$/sq.m, upscale ≥23$/sq.m**

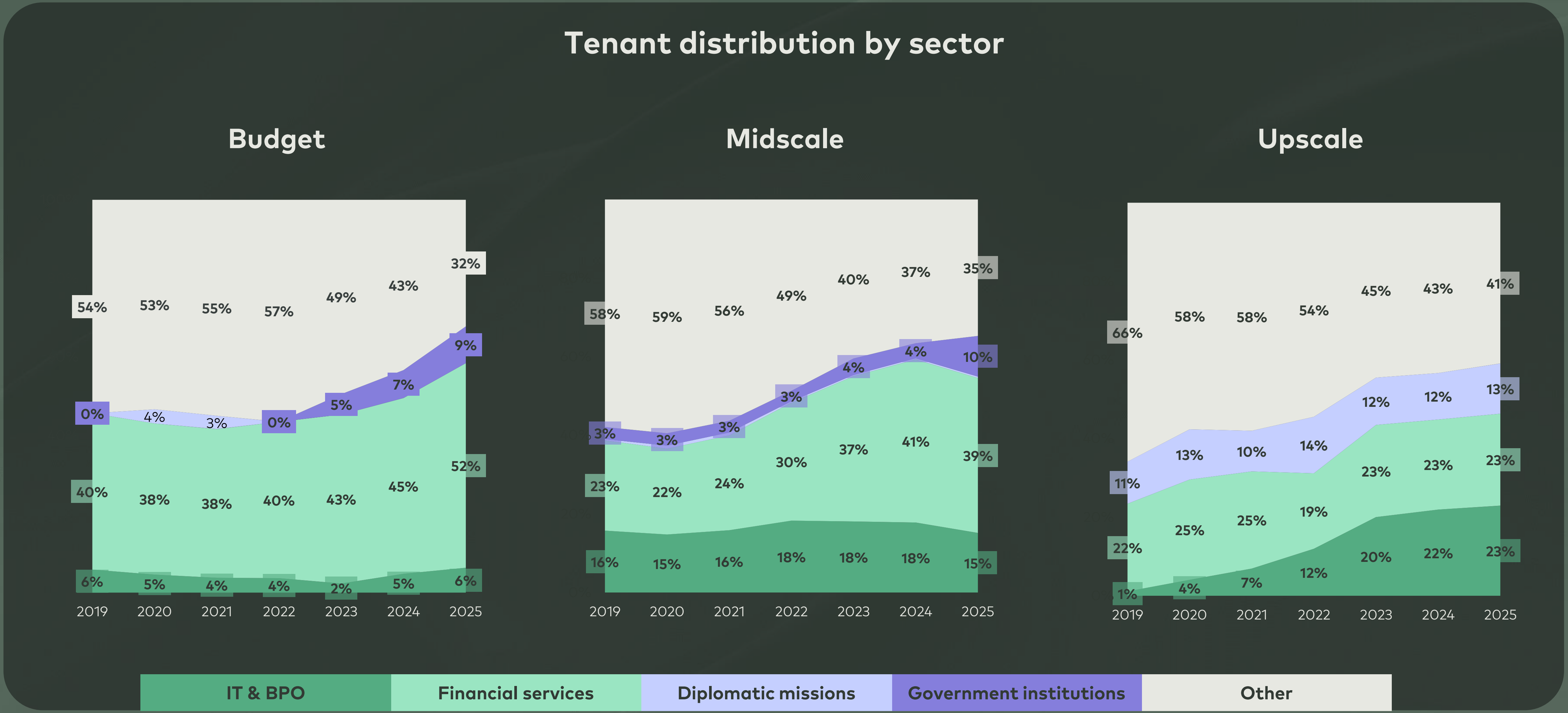
The growing share of foreign companies in upscale business centers plays a key role in demand growth

Tenant distribution by company origin



Source: NAPR, Galt & Taggart

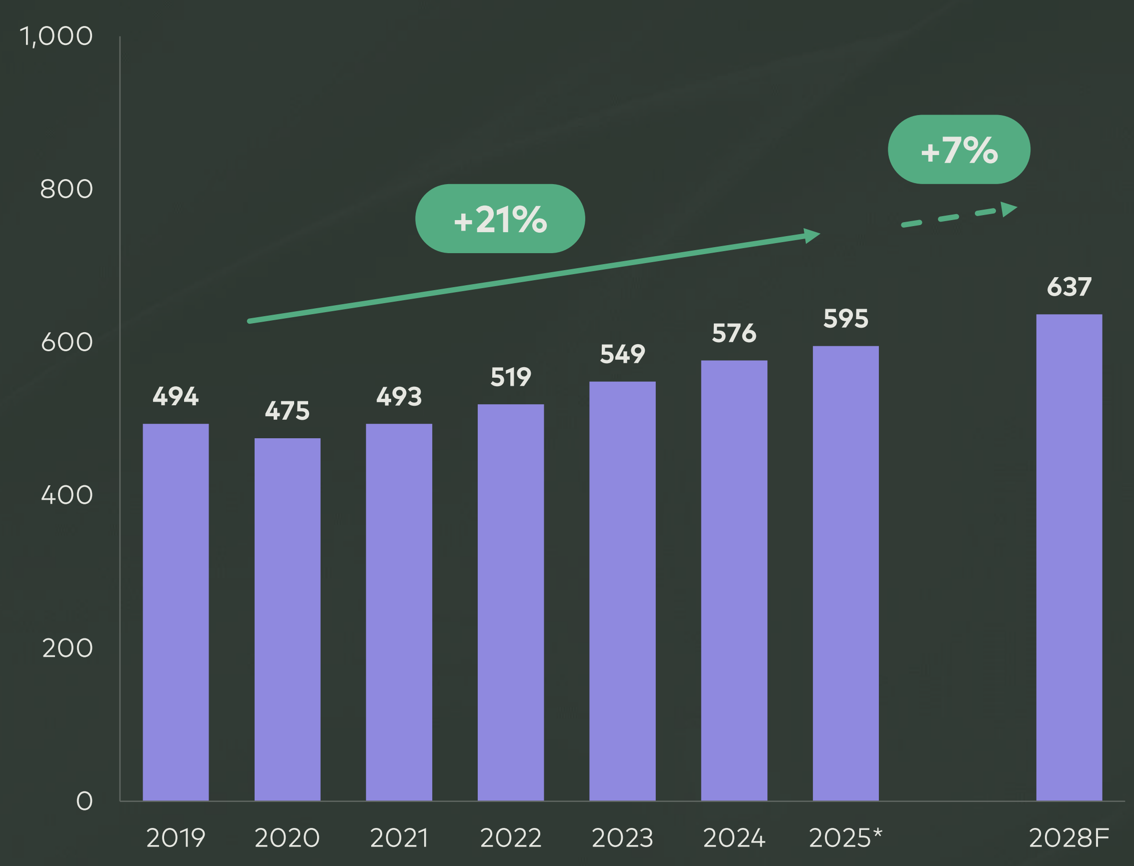
Along with the financial sector, IT & BPO has become a key demand driver - it's share in upscale offices increased from 1% to 23%



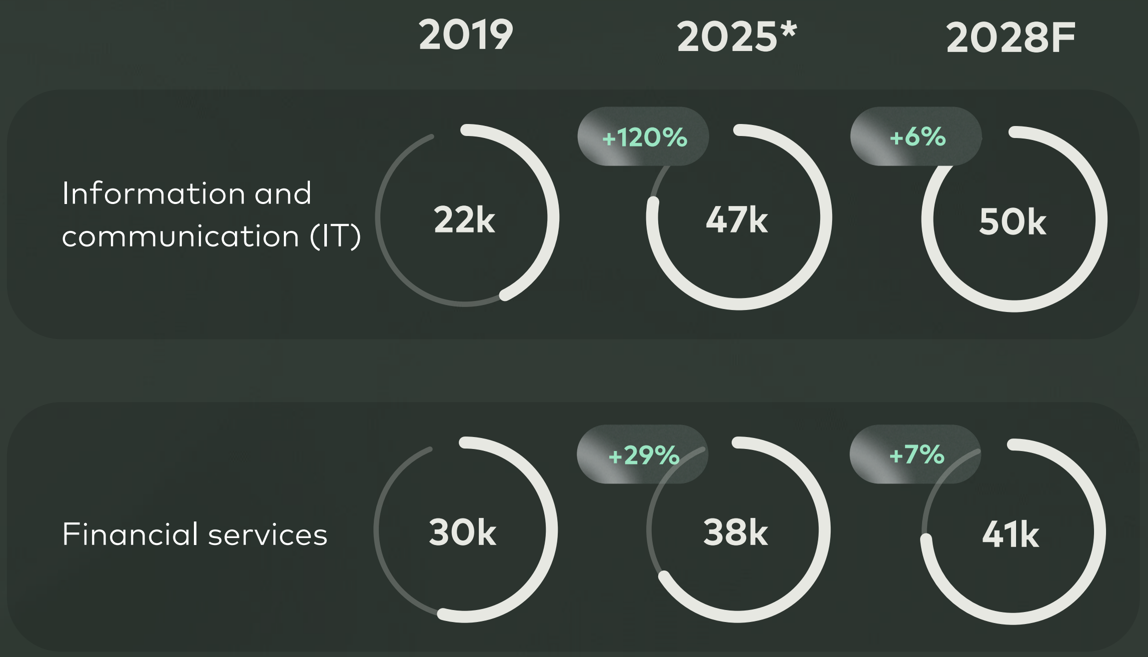
Source: NAPR, Galt & Taggart

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



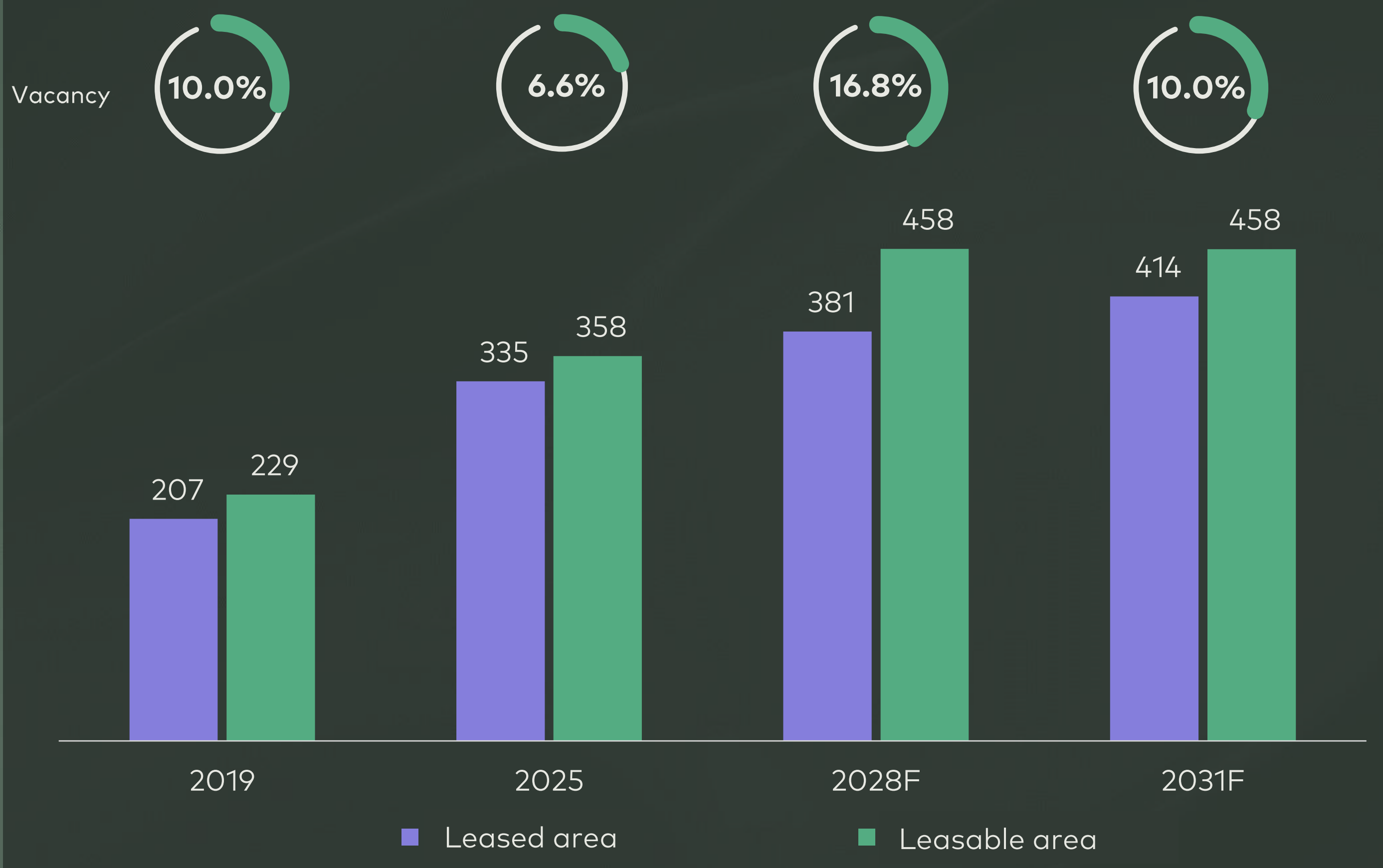
Employment in selected sectors in Tbilisi



Source: Geostat, Galt & Taggart
*Preliminary data

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%

Source: NAPR, TAS, Reportal, Geostat, Individual business centers, Galt & Taggart

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

2025 6.6% → **2028F** **16.8%**

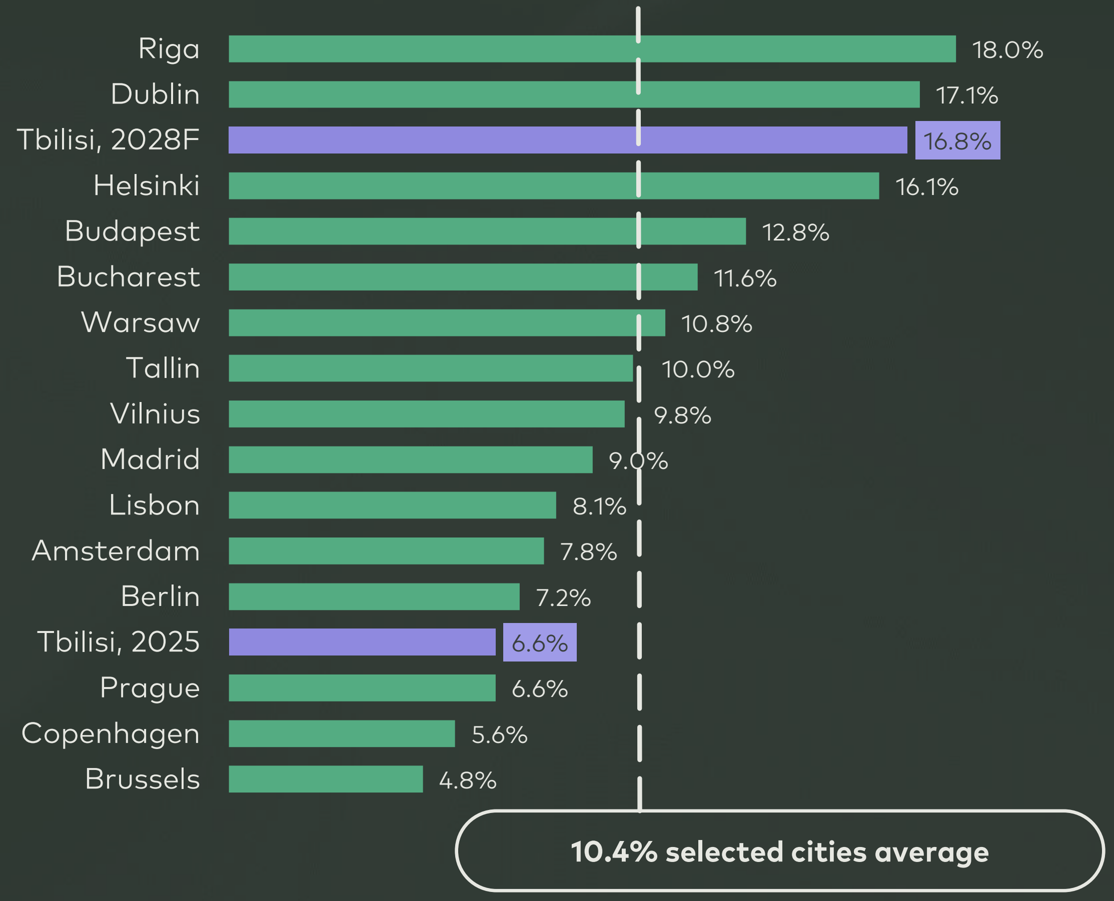
Of which vacancy in:

	2025	2028F
Upscale	5.5%	**15.3%**
Midscale	7.0%	**17.9%**

Net rental yield in business centers

2025 9.4% → **2028F** **8.4%**

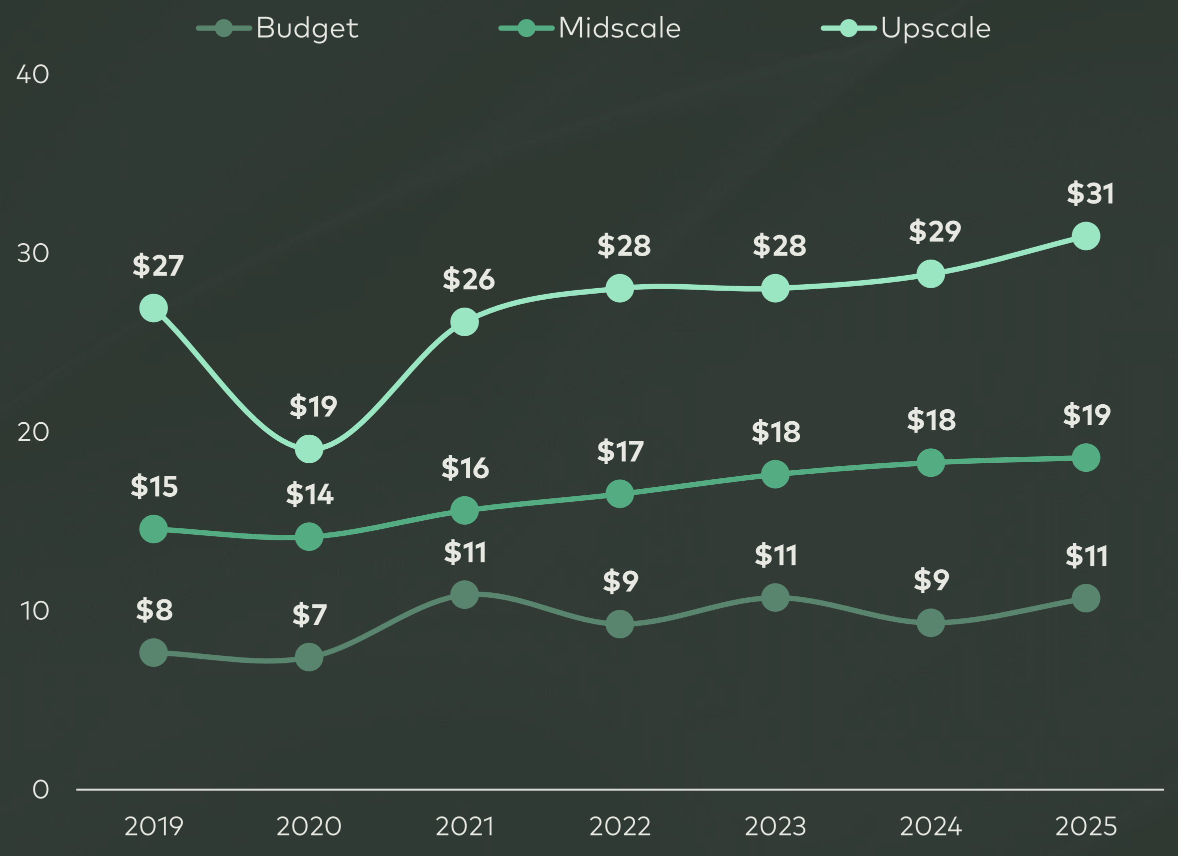
Vacancy rate of leasable area in business centers across selected cities, 2025



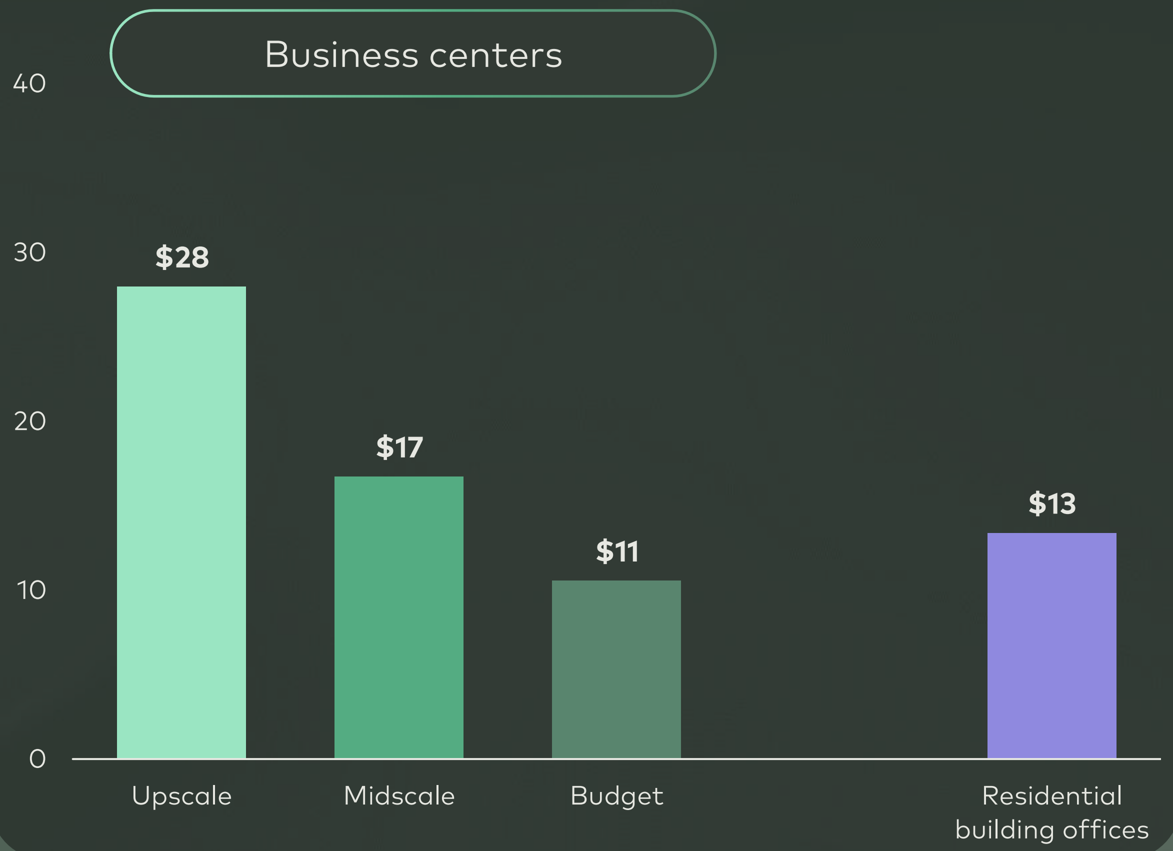
Source : NAPR, TAS, Reportal, Geostat, Savills, Galt & Taggart

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.



Source: NAPR, Galt & Taggart
Note: Rents are given incl. service fee and excl. VAT

Key findings

	2019	2025	2028F	2031F
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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