



TBILISI COMMERCIAL REAL ESTATE

DECEMBER 2022

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Executive summary

After a downturn observed in Tbilisi commercial real estate during the pandemic years, the sector performance improved drastically in 2022. The lifting of Covid related restrictions, reopening of international borders and accelerated migration fostered economic growth and notably improved business activity. These factors stimulated the demand on retail and office properties in 2022.

Google mobility trends also indicate to the recovery in demand for retail and office spaces in 11M 2022: in Tbilisi mobility in retail and grocery stores exceeded the pre-pandemic level by 2% and 35%, while in workplaces mobility was below the pre-pandemic level by only 0.6%.

In Tbilisi **street retail**, average *actual* rent price increased by 7% YoY in 11M 2022, reaching 17.4 USD per SQM. Despite the growth it was still remaining below 2019 level by 11%. The same difference between 2022 and 2019 levels were observed in case of *asking* rent price (“low-grade” street retail properties).

In November 2022, average *actual* rent price in Tbilisi street retail stood at 18.1 USD per SQM (11 USD per SQM in case of asking rent price).

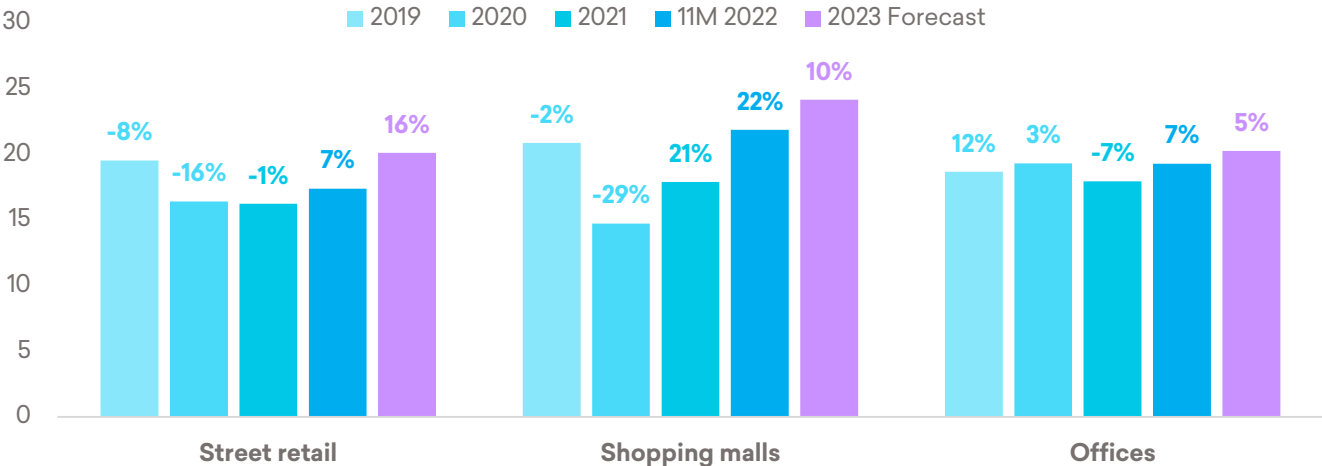
In Tbilisi **shopping malls** *actual* rent prices surpassed the pre-pandemic level by 5%, posting a 22% YoY growth in 11M 2022. As the majority of rent agreements in shopping malls include turnover-based models, the high annual growth rate of *actual* rent price is explained by low base effect in Covid affected Q1 2021, GEL appreciation against USD by 10% YoY and a 34% YoY increase in turnover of retail sector in 11M 2022.

Average vacancy rate in Tbilisi shopping malls stood at 11.2% in November 2022, a 1.5 pp improvement YoY. However, vacancies varied significantly by malls reaching 40% in some of them.

In Tbilisi **business centers** average *actual* rent price per SQM increased by 7% YoY to 19.3 USD in 11M 2022. It was 3% higher compared to the pre-pandemic level.

Average vacancy rate in business centers stood at 11% in 11M 2022 (-23 pp vs 2021). The improvement in occupancy is particularly noticeable for Class A business centers, where the vacancies dropped to 7%. At the same time, demand for Class B business centers is recovering at a slower pace.

Average actual rent per SQM (USD) and YoY change (%), Tbilisi commercial real estate



Street Retail

Mobility trends

Mobility in street retail started to recover to the pre-pandemic levels in Q2 2021, when COVID related restrictions were lifted. In the first 9 months of 2022 mobility in Tbilisi has increased by about 28% for retail and 21% for grocery, compared to the same period of 2021. Mobility has exceeded the level of January 2020 by 2% and 35% for retail and grocery respectively.

Looking at the google mobility data, the trend in mobility recovery was similar in other countries as well. Q2 2020 and Q1

2021 were especially harsh in terms of lockdowns and restrictions. Although, throughout these last two years USA had the most stable mobility figures. Similar to Tbilisi, an increase in mobility in most countries started mainly from April 2021.

It should be noted that in 2022 Tbilisi recorded higher improvement relative to other countries. This difference might be explained by accelerated migration and its impact on demand for consumer goods, shopping and mobility in Tbilisi.

Figure 1. Mobility in retail and recreation (Index, Jan 2020=100)

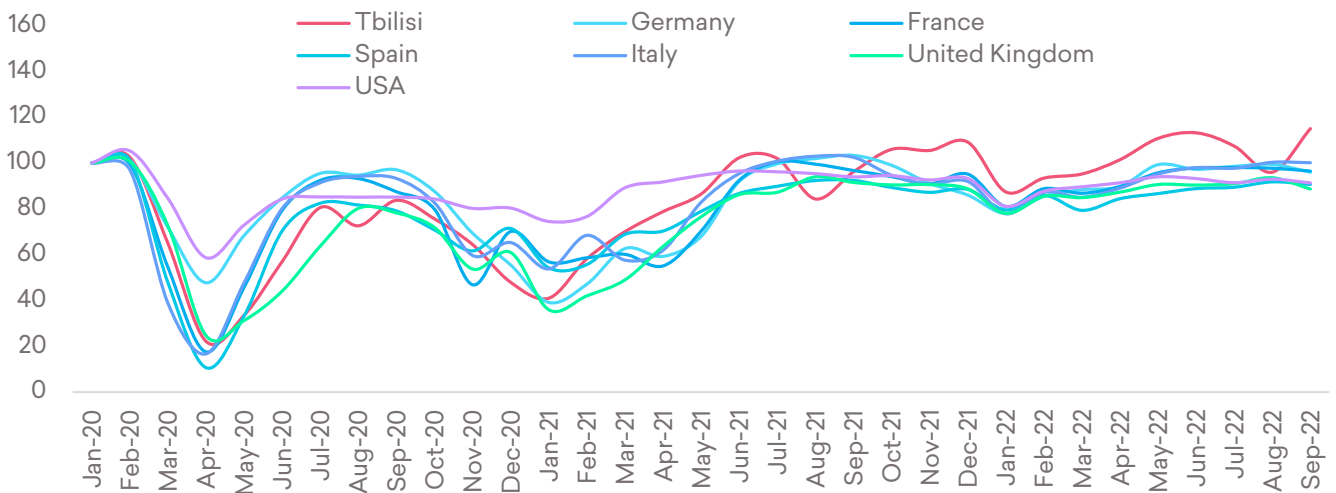
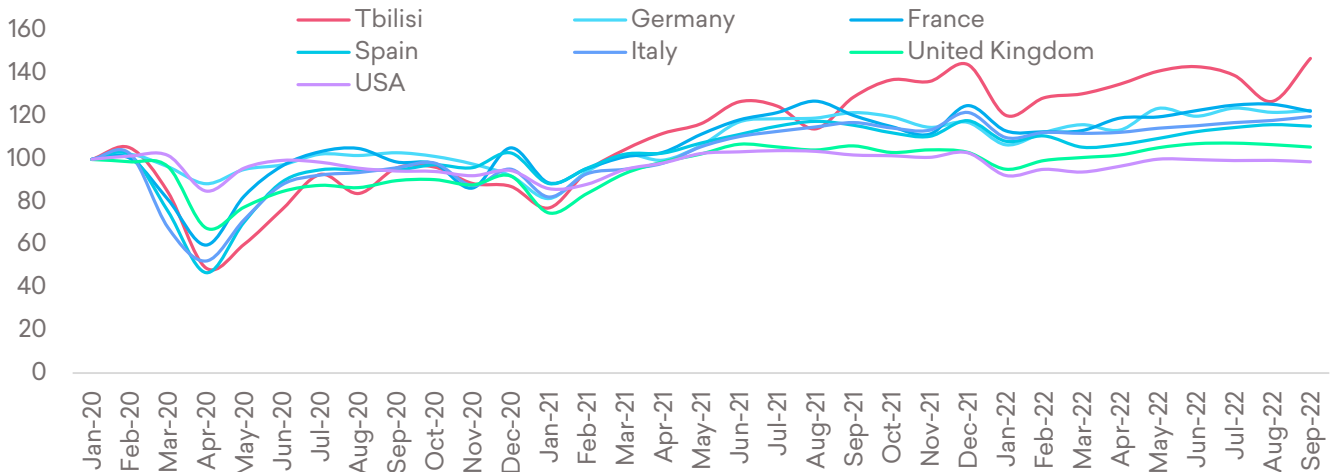


Figure 2. Mobility in grocery and pharmacy (Index, Jan 2020=100)



Source: Google's Community Mobility Reports, TBC Capital

Street Retail

Rent price dynamics

Rent prices in Tbilisi street retail are analyzed separately for asking and actual rent prices.

Asking rent prices reflect the prices indicated in listings on Myhome.ge, which consists of more than 3,000 for rent and 500 for sale ads of unique street retail properties monthly. It includes retail, universal properties and restaurants and cafes.

Data on **actual** rent prices are collected from large retailers including FMCG, Pharma, Apparel & Footwear and Consumer Electronics retailers. It includes information on rental costs and size of about 500 street retail stores in Tbilisi with the total SQM of 68 thousand SQM.

Actual prices are significantly higher compared to asking prices, as the listed properties mostly are “low-grade” real estate. Interestingly, retailers mentioned that they “typically do not use real estate web portals for selecting new stores - new locations are selected by specially recruited agents even before the completion of construction”.

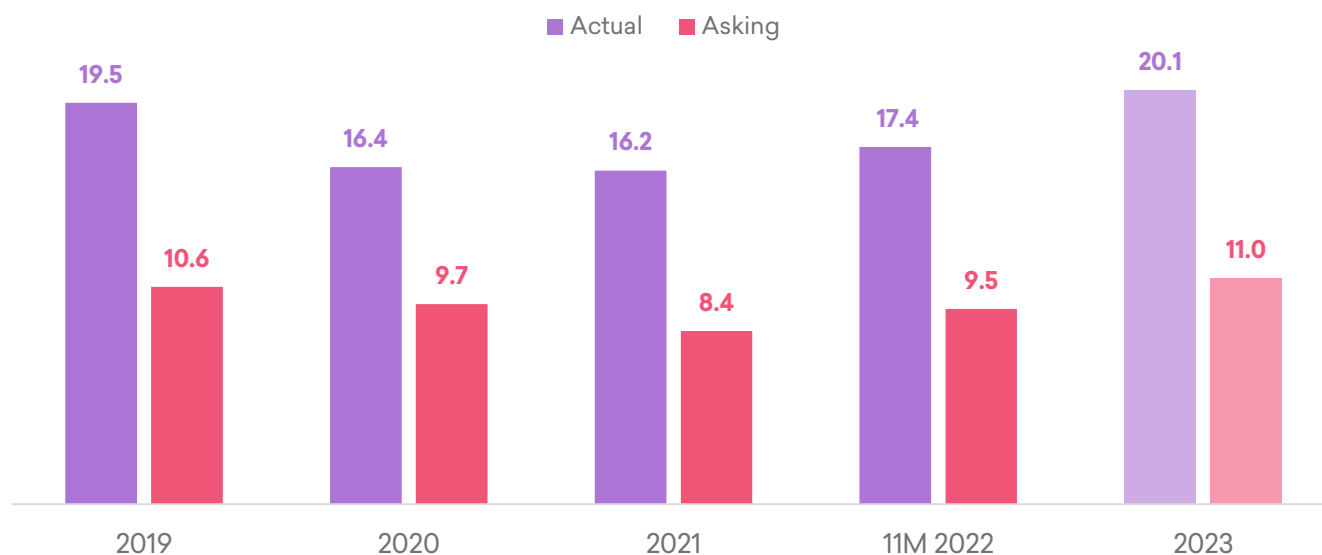
At the same time, trends observed in actual and asking rent prices are somewhat similar.

Covid had a major effect on the prices, pushing them down in 2020 and 2021. In USD terms, average actual rent prices were below 2019 level by 16% and 17%, while average asking rent prices – by 8% and 20% in 2020 and 2021 respectively.

Driven by favorable economic environment rents in Tbilisi street retail started to recover in Q2 2022, however the growth was modest compared to [rent dynamics in residential real estate](#). In 11M 2022, average actual rent price increased by 7% YoY and stood at 17.4 USD per SQM. Despite the growth it was still remaining below 2019 level by 11%. In November 2022, average actual rent price in Tbilisi street retail reached 18.1 USD per SQM. In case of asking prices, data shows that rent price recovered to pre-pandemic level in November 2022, surpassing the figure for the same period of 2019 by about 2%, while annual growth constituted 26%.

Based on the current trends in street retail, market’s expectations and TBC Capital’s macroeconomic forecast, we project average rent price (in USD terms) in Tbilisi street retail to increase by 16% in 2023.

Figure 3. Average rent prices per SQM (USD) in Tbilisi street retail



Source: Myhome, TBC Capital

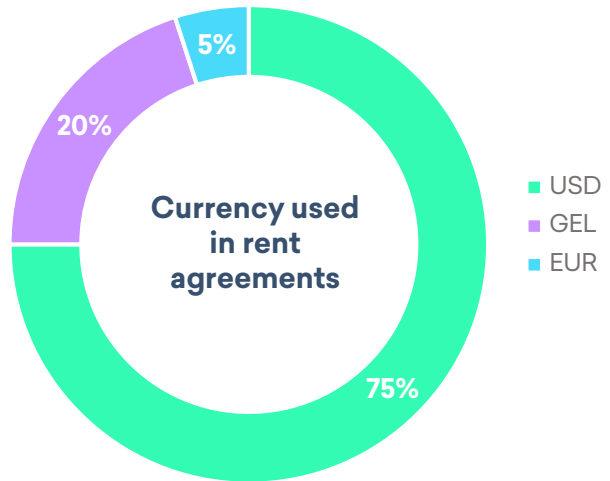
Street Retail

Rent characteristics

In 2022, fixed rent is still the most common type of lease agreement in Tbilisi street retail, despite the increased willingness of retailers to switch to turnover-based leases.

Rents are highly dollarized in Tbilisi street retail. According to data received from large retailers, about 75% of rents in street retail are denominated in USD, 5% in EUR, and the remaining 20% are in GEL. When it comes to street retail properties listed for rent on Myhome.ge, the percentage of ads posted in USD is even higher: in November 2022, 88% of ads were in USD, while only 12% were in GEL.

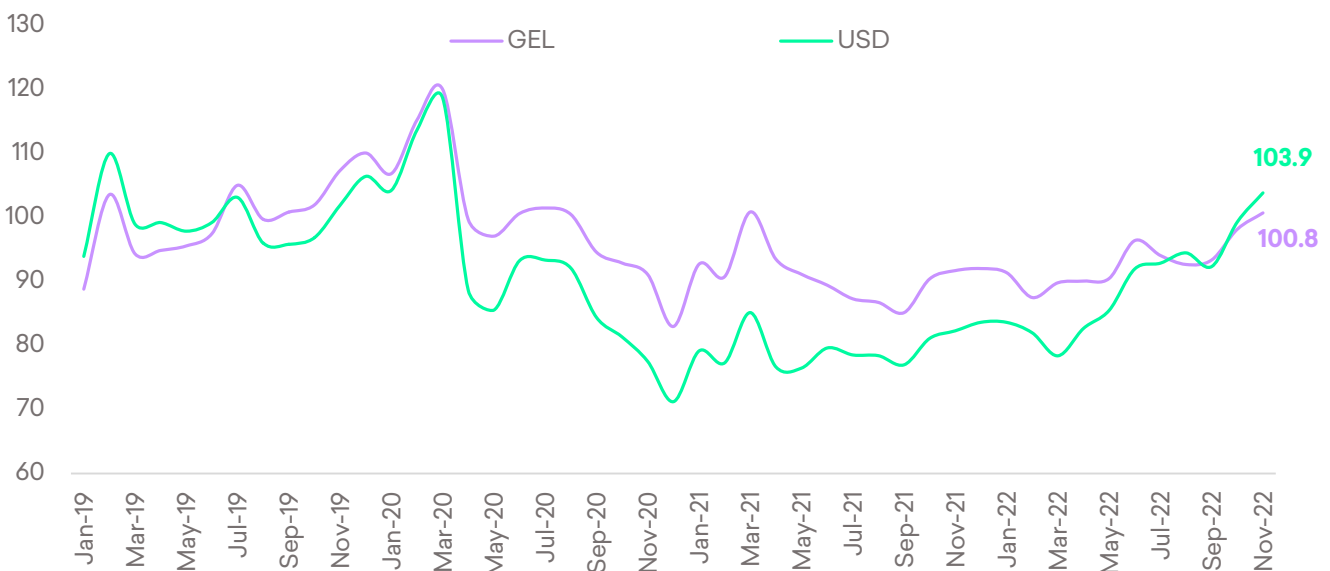
Retailers often include a currency risk hedging mechanism in their lease agreements, which fixes the exchange rate for intervals of USD to GEL. For example, if the market exchange rate varies from 3.0 to 3.3 GEL per USD, the retailer's exchange rate will be 3.0. If the



actual exchange rate varies from 3.3 to 3.6 GEL per USD, the retailer's exchange rate will be 3.3. This hedging mechanism helps smooth out fluctuations in rental costs in GEL when the USD to GEL exchange rate is highly volatile.

The monthly data on average asking rent prices shows that during the last two years rents have been more stable in GEL terms than in USD terms.

Figure 4. Average asking rent price monthly dynamics in Tbilisi street retail (Index, 2019=100)



Source: Myhome, TBC Capital

Street Retail

Rent by district and store size

The major determinants of rent price in street retail are the store size and its location. The higher the area of the property the lower the asking rent price – this holds for both actual and asking rents. In November 2022, highest rent prices were observed for stores with an area below 50 SQM (asking rent - 15.9 USD, actual rent – 32.3 USD), while the lowest rent levels were recorded for properties above 1,000 SQM (data for actual rents does not include any stores with size more than 1,000 SQM).

In November 2022, on a district level, actual rent prices ranged from 13.6 to 25.2 USD per SQM with central districts on the top and Didube, Didi Dighomi and Samgori on the bottom of the list.

Asking rent prices showed somewhat similar patterns by district. The highest increase relative to the same period of 2021 was observed in Nadzaladevi (+74%), Mtatsminda (+43%) and Samgori (+38%) (for more details on YoY growth of asking rents see Figure A1 in Annex).

Figure 5. Average rent price per SQM (USD) by size of stores in Tbilisi street retail, November 2022

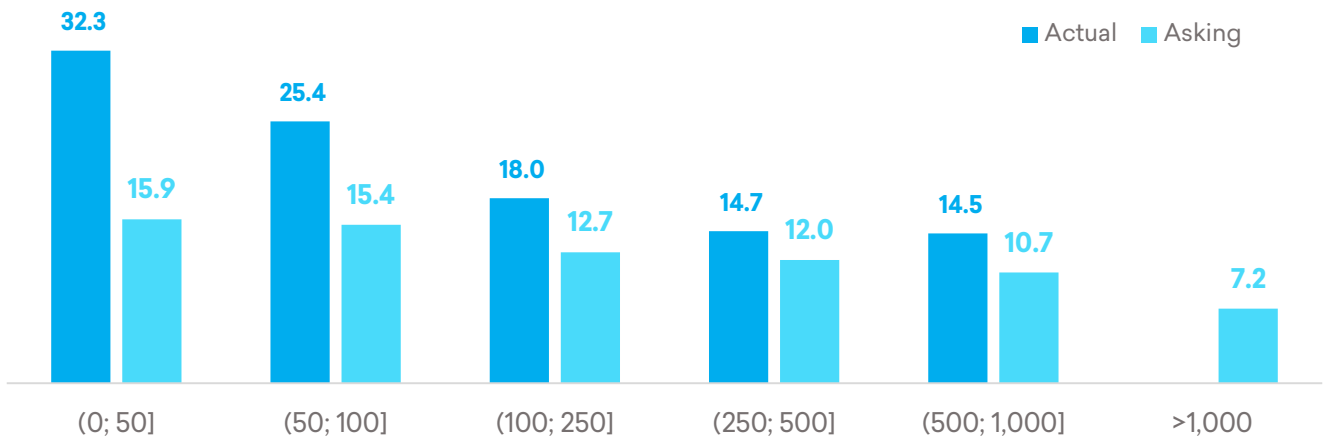
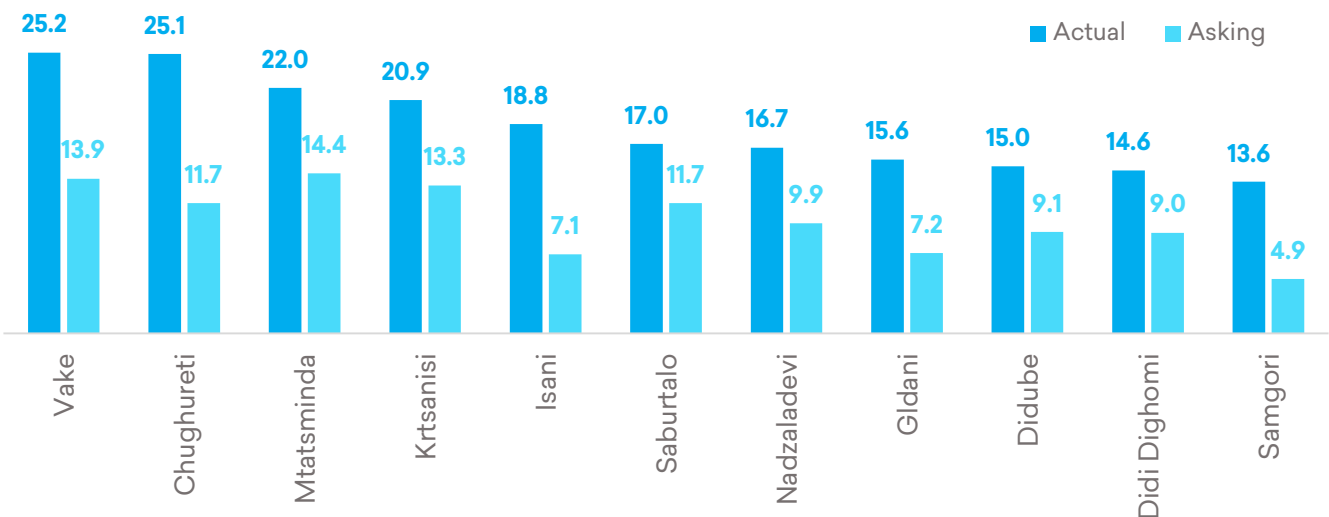


Figure 6. Average rent price per SQM by district (USD) in Tbilisi street retail, November 2022



Source: Myhome, TBC Capital

Street Retail

Asking sale price

Sale prices in Tbilisi street retail were more resilient to Covid shock than rents. Prices were even more stable in GEL terms.

It should be mentioned that data on asking sale prices is highly volatile, which is explained by lower number (compared to rental ads) of sale listings posted for sale.

In November 2022, the average asking sale price in street retail stood at 1,268

USD per SQM, which was a 16.5% YoY increase.

On a district level asking sale prices ranged from 550 to 1,800 USD per SQM. Vake, Mtatsminda and Saburtalo had the highest prices, while Gldani, Nadzaladevi and Samgori stood at the bottom. Didi Dighomi (+110%), Krtsanisi (+104%) and Didube (+37%) posted highest YoY growths, while prices contracted in Samgori (-26%), Nadzaladevi (-15%) and Mtatsminda (-12%).

Figure 7. Average asking sale price in Tbilisi street retail, USD (Index, 2019=100)

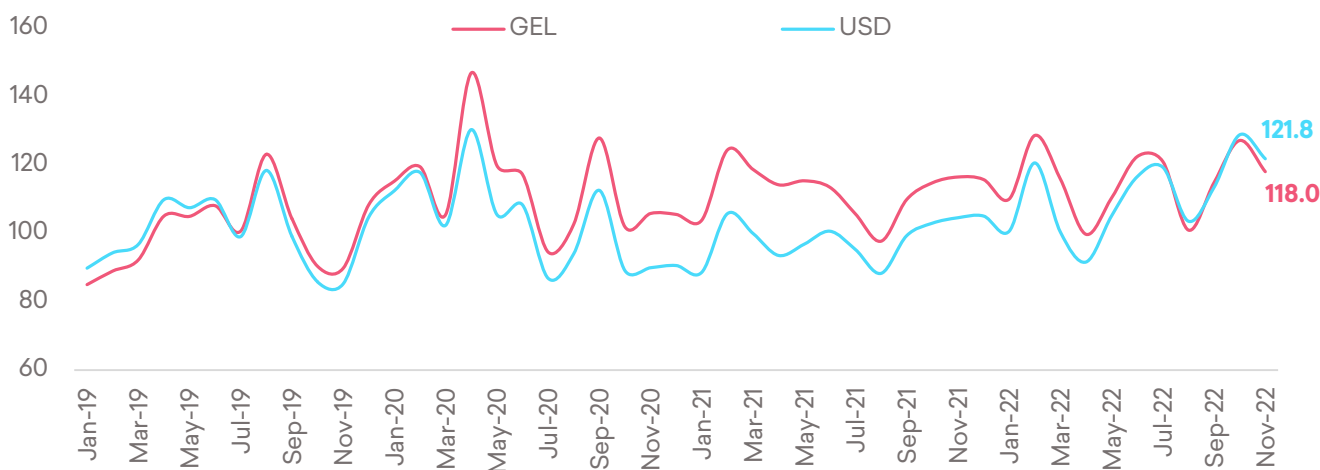
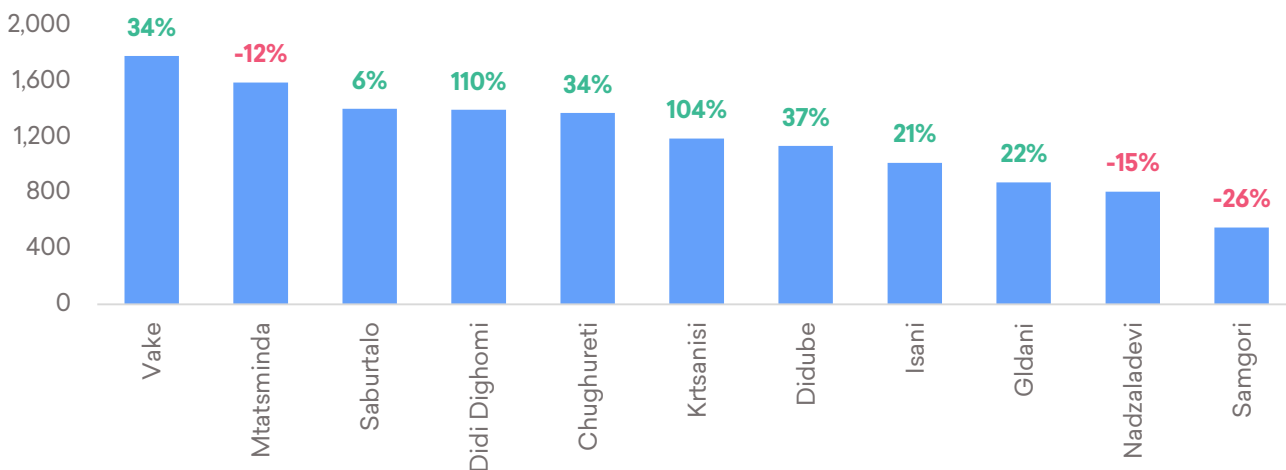


Figure 8. Average asking sale price per SQM (USD) and YoY change (%) in Tbilisi street retail, November 2022



Source: Myhome, TBC Capital

Street Retail

Rental yield

Rental yield in Tbilisi street retail, which is estimated based on asking rent and sale prices data, stabilized around 10% after the first hit of the pandemic. In 11M 2022 average rental yield constituted 9.9% - no change compared to the same period of previous year.

In November 2022, rental yield in Tbilisi increased by 0.8 pp YoY and reached 10.4%. This was still significantly lower than rental yields in [Tbilisi residential real](#)

[estate \(13.7%\)](#) (as rents in street retail increased by much lower pace than in residential real estate).

On a district level, the highest rental yields in November 2022 were observed in Nadzaladevi (14.7%) and Krtsanisi (13.4%), the lowest - in Isani (8.4%) and Didi Dighomi (7.8%). Districts that posted negative YoY change in rental yield, recorded higher sale price increase than for rent prices.

Figure 9. Rental yield, Tbilisi street retail

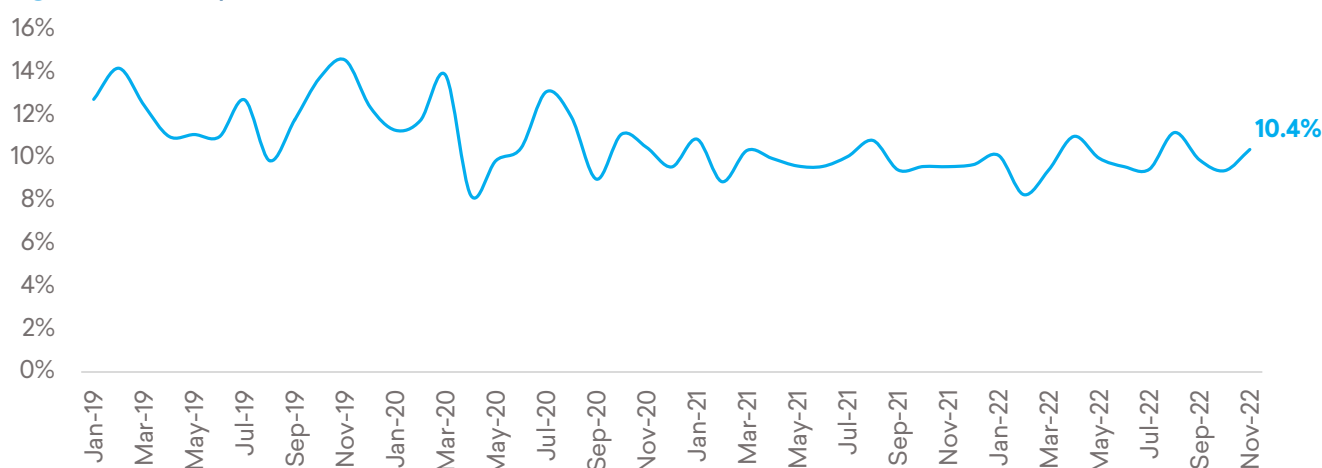
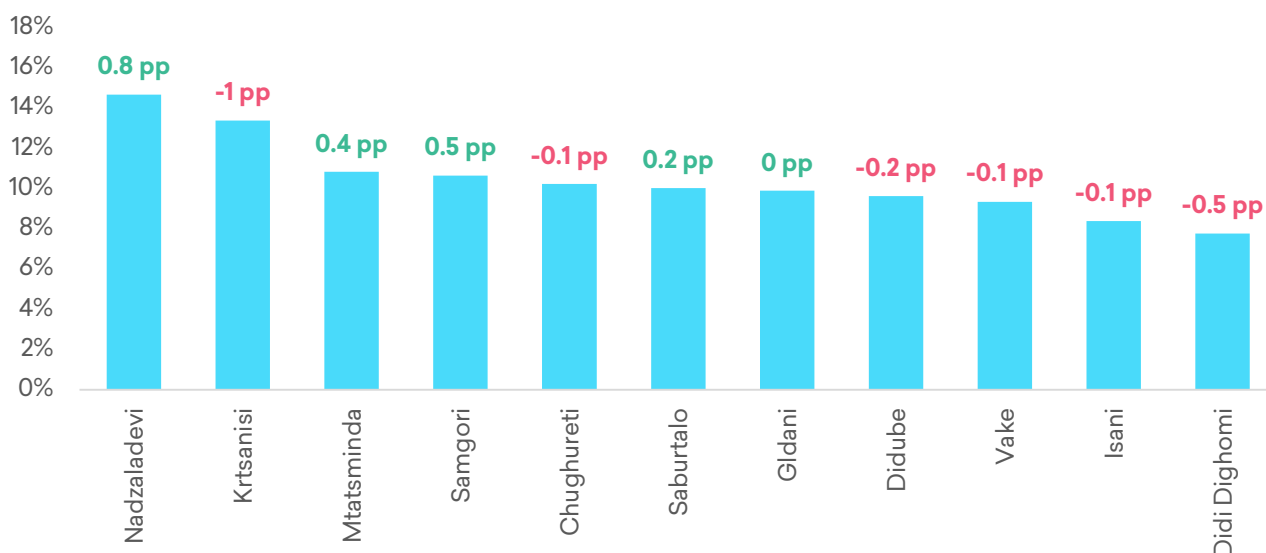


Figure 10. Rental yield and YoY change (pp), November 2022



Source: Myhome, TBC Capital

Street Retail

Existing supply

The area and the number of rent listings had a major crash in the second quarter of 2020 during the pandemic. A stronger recovery began since the end of 2021 and figures in 2022 are way above the pre-pandemic level. In November 2022, the supply (area of street retail stores listed for rent) in Tbilisi street retail was 17.6% higher compared to the same period of 2021. Such increase in supply indicates a higher activity on the market. At the same time increasing supply

probably suppresses the growth of rent prices.

The market is mostly disorganized. In November 2022, the supply in street retail was dominated by mostly small sized stores, mainly ranging from 100 to 250 SQM, while properties with an area above 1,000 SQM had the lowest number of listings. (for more details see Figures A2 and A3 in Annex).

Figure 11. Area ('000) and number of street retail stores listed for rent in Tbilisi

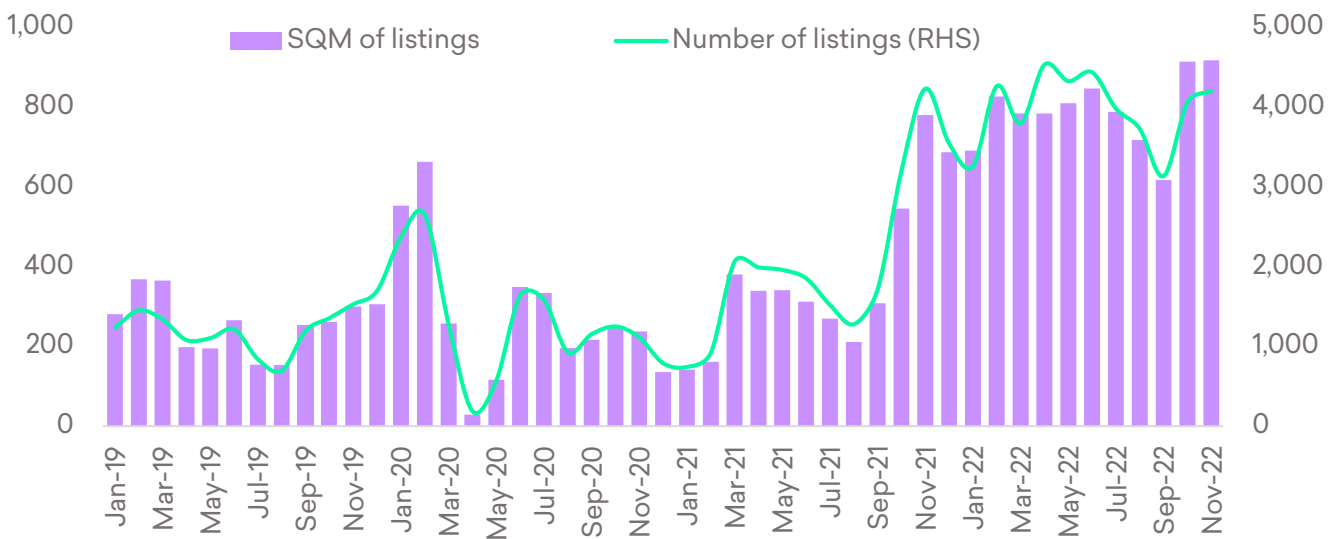
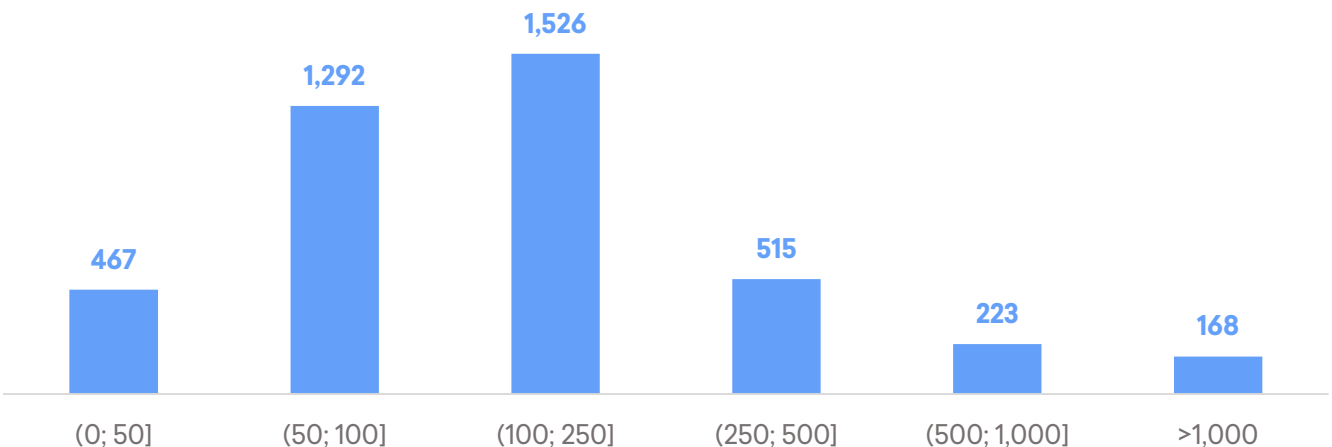


Figure 12. Number of street retail stores listed for rent in Tbilisi, November 2022



Source: Myhome, TBC Capital

Street Retail

Existing supply

In terms of price ranges, the majority of listings (28% of total) for street retail in Tbilisi are concentrated in the range of 8 to 12 USD per SQM, with properties from 12 to 16 USD taking the second place (20%). A considerable number of ads have higher prices as well. In November 2022, a total of 663 listings (16%) had a price above 20 USD per SQM

while only 59 of them (1%) – above 32 USD per SQM.

The distribution is mostly similar for the number of listings for sale, with lower priced ads having the majority. About 18% of ads have a price range from 1,000 to 1,250 USD per SQM, while only 4% had sale prices above 3,000 USD per SQM.

Figure 13. Number of street retail stores listed for **rent** in Tbilisi by price per SQM (USD), November 2022

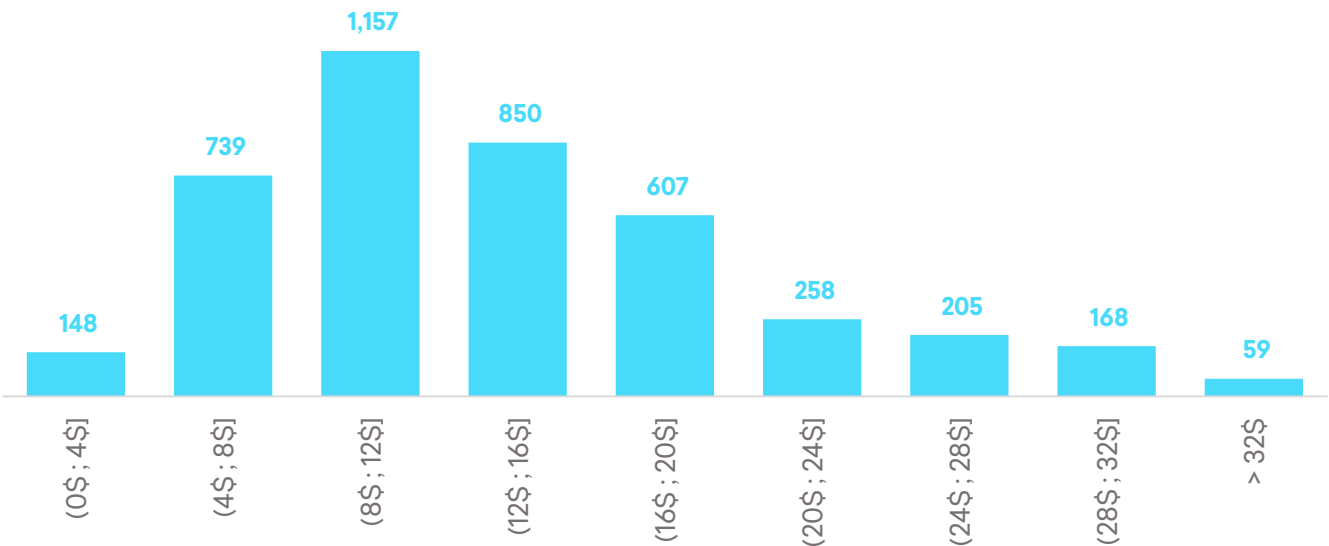
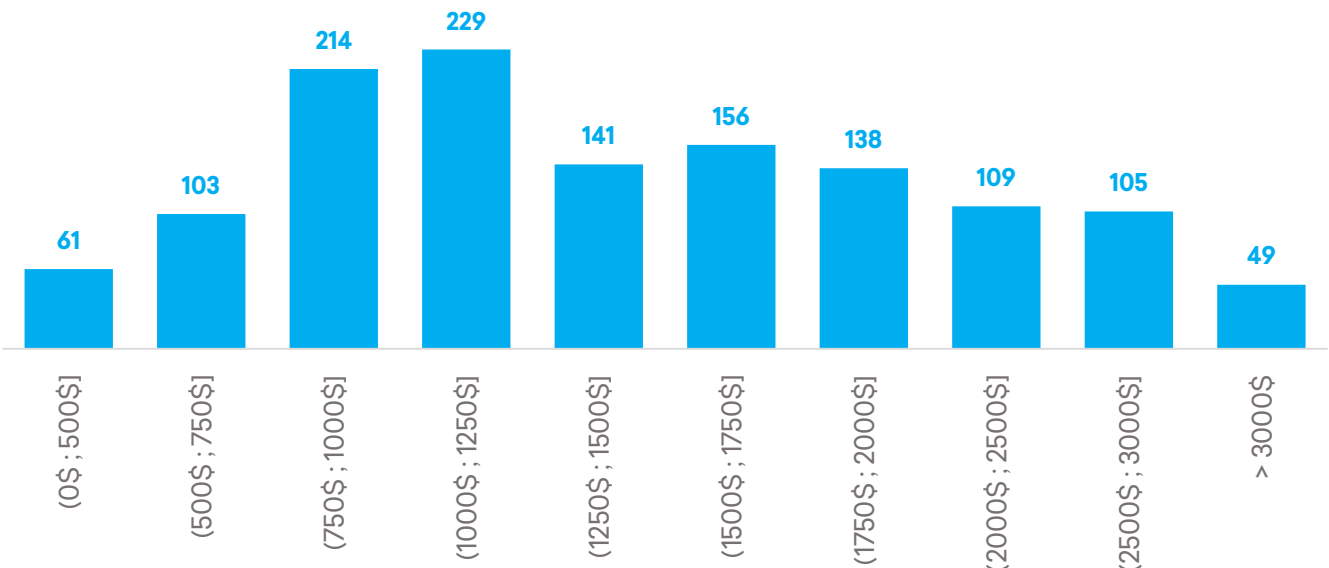


Figure 14. Number of street retail stores listed for **sale** in Tbilisi by price per SQM (USD), November 2022



Street Retail

Future supply

The area and number of permits for construction of street retail stores has seen a bit of surge in the current year compared to 2021. In the 11 months of 2022, area of permits nearly doubled relative to the same period of 2021, posting a 95% increase YoY and reaching about 19 thousand SQM. Top 3 projects in terms of size include property in Lilo territory, with a total area of 2,083 SQM, a project by “Didi Dighomi Project”, with an area of 1,253 SQM in Sopeli Dighomi and another store in Lilo, reaching 1,123 SQM.

It should also be noted that retail stores are mostly concentrated in multifunctional buildings where retail space has also increased considerably (+74%) in 11M 2022.

Some of the large multifunctional projects with the highest retail spaces are projects by:

- “Demasi” in Samgori with a retail space of 8,000 SQM
- “M2 Park” in Vashlijvari - 4,500 SQM
- “Soli” in Didube – 3,000 SQM

Projects of “Demasi” and “Soli” are fully commercial with no residential areas.

Despite the annual increase in the total area of permits granted for retail space construction (street stores + retail space in multifunctional buildings increased by 80% YoY) in 11M 2022, the figures were notably lower compared to 2015 - 2018 average.

Figure 15. Permits issued for construction street retail stores (Area, units)

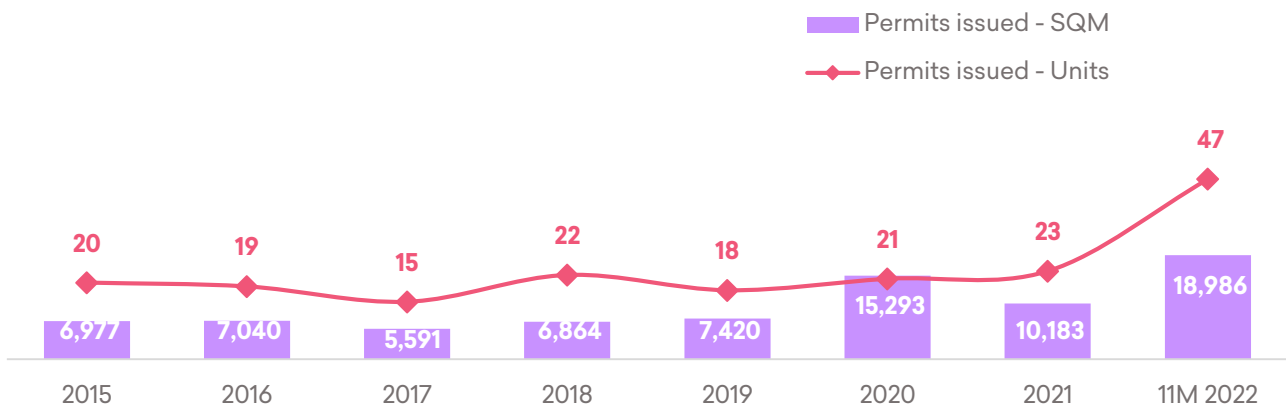
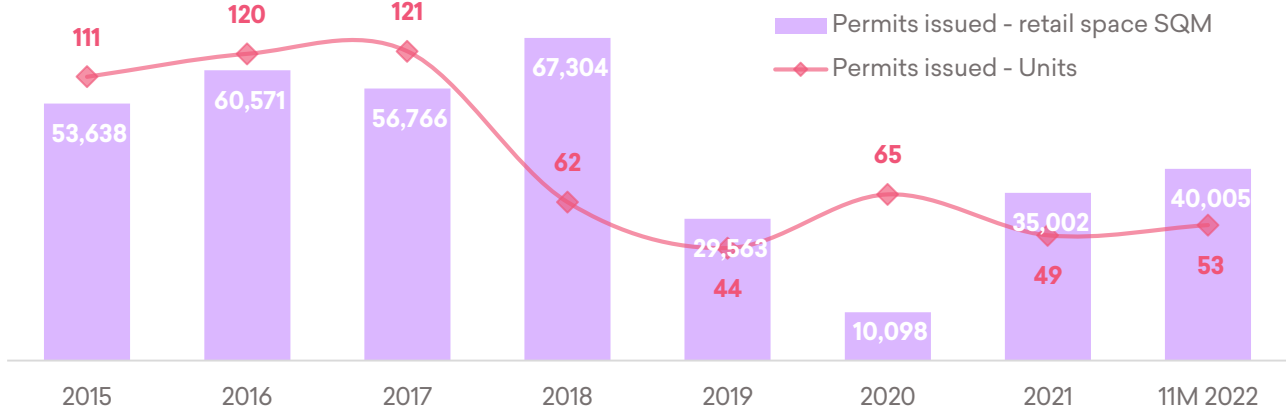


Figure 16. Permits issued for construction, retail space in multifunctional buildings (Area, units)



Source: Tbilisi City Hall, TBC Capital

Shopping Malls

Rent price dynamics

Rent prices in Tbilisi shopping malls are analyzed based on data on actual rental revenues of shopping malls and rental costs of large retailers who are represented in malls (117 retailer shops). Analysis covered 10 shopping malls (for more details see Figure A2 in Annex).

Figures presented in this section of the report on average rents include both fixed and turnover based rents, while commission fees are excluded from calculations. According to the collected data, commission fees currently vary from 2 to 8 USD per SQM.

It should be noted that the majority of rent agreements in shopping malls include turnover-based models (with or without minimum fixed rent). Therefore actual rents (in USD terms) in malls are sensitive to USD/GEL exchange rate and performance of tenants. Interestingly, the share of rental revenues in total revenues increased from about 10% in 2019 to 24% in 11M 2022. Currently the rate by which tenants' turnover is charged in

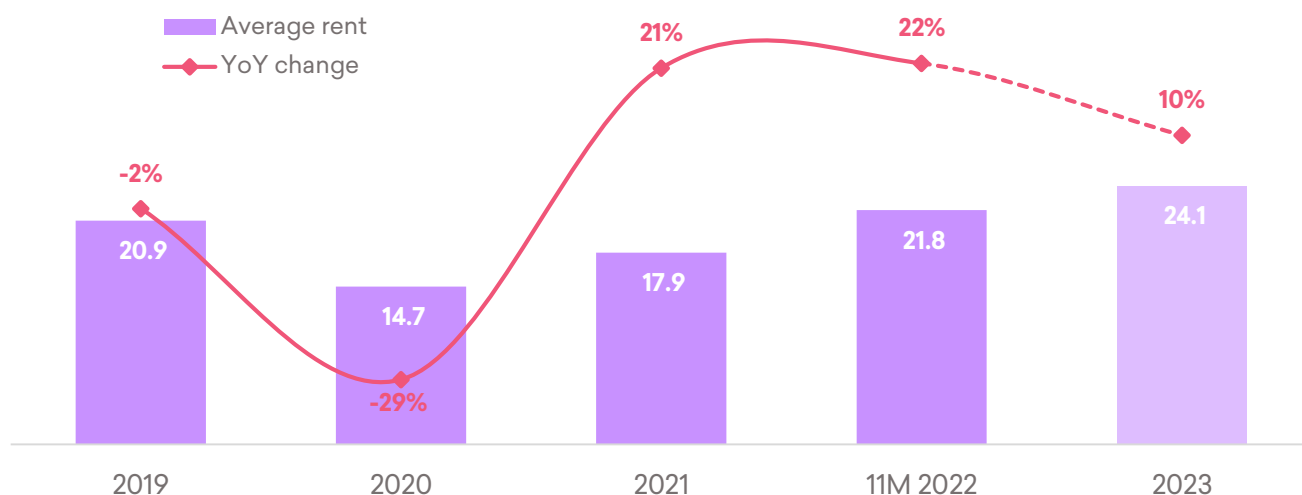
turnover-based rents varies from 7% to 12%.

After a drastic drop during the Covid lockdowns and mobility restrictions in 2020 and in the beginning of 2021, rent prices in shopping malls have recovered significantly. In 11M 2022, actual average rent price increased by 22% YoY and surpassed the pre-pandemic level by 5%

GEL appreciation against USD by about 10% and a 34% YoY increase in turnover of retail sector are the major drivers of actual rent growth in 11M 2022. We expect the same factors to increase the actual rents further in 2023 (by 10% YoY).

Moreover, as in case of street retail, the average actual rent price in shopping malls differs significantly by the store size. In 11M 2022, the rent for stores smaller than 100 SQM was two times higher compared to the average rent, while for stores with area more than 2,000 SQM it was half the average (for more details see Figure A3 in Annex).

Figure 17. Average actual rent per SQM (USD, excl. VAT and commission fees) and YoY change (%), Tbilisi shopping malls



Source: TBC Capital (Survey of shopping malls and large retailer chains represented in shopping malls)

Shopping Malls

Vacancy rates

Vacant leasable area and consequently, vacancy rate in shopping malls increased in the pandemic period. The change in vacancies was different by malls: vacancies in modern malls located in central districts maintained at the low level, while in some other malls vacancies rates more than doubled.

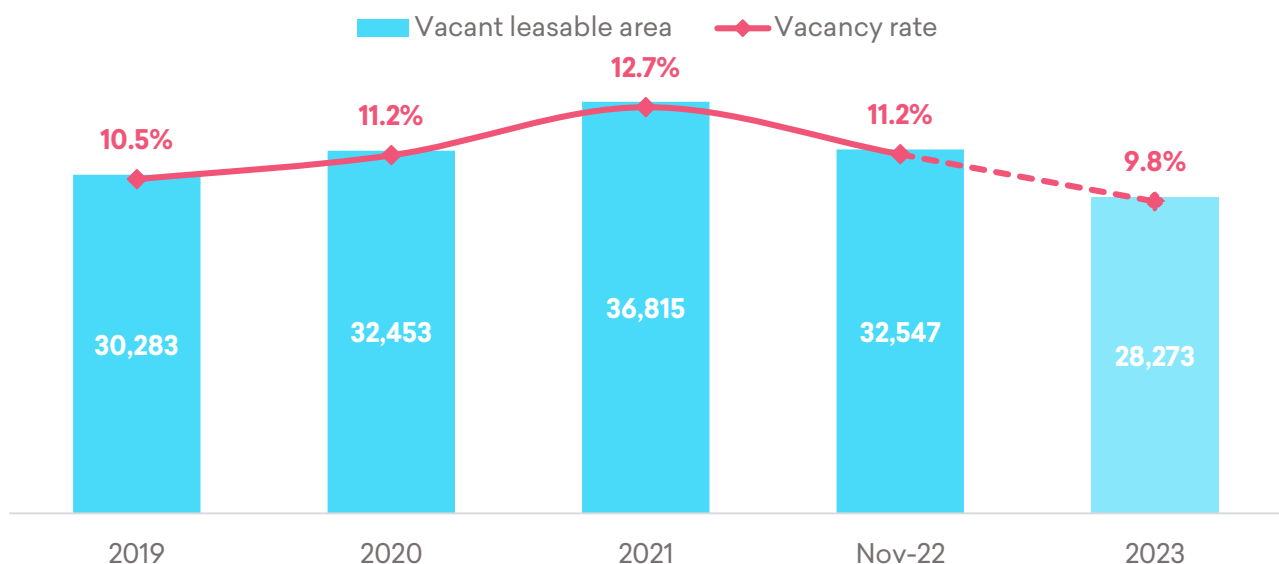
2022 seems to be more promising in terms of activity in shopping malls as vacancies are on the decline. In line with our previous estimations, vacancy rate in November 2022 stood around 11.2%, a 1.5 pp improvement since 2021. A total of about 32 thousand SQM (-13.4% compared to 2021 average) is currently available for rent in 10 Tbilisi shopping malls covered in our analysis.

In November 2022, vacancy rates in Tbilisi shopping malls varied between 1% and 40%. In line with the international practice, Tbilisi shopping malls with high vacancies started to reorganize retail

spaces and converting them into offices or mixed-use properties.

We project 2023 to be even more active for Tbilisi shopping malls. The average vacancy rate will go further down (-1.4 pp vs 2022) at 9.8%, together with increased rent prices. At the same time, some malls will still have vacancy rates above 30%.

Figure 18. Vacant leasable area (SQM) and vacancy rate (%), Tbilisi shopping malls



Source: TBC Capital (Survey of shopping malls)

Shopping Malls

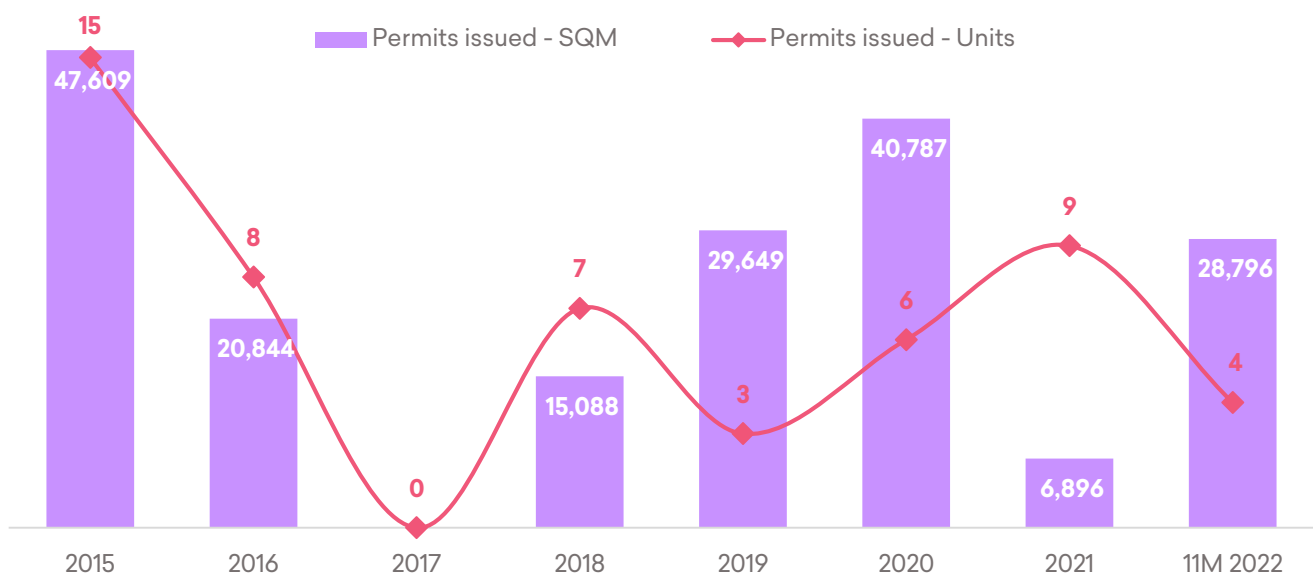
Future supply

It seems that 2015 was the most active year in terms of the number of permits issued for construction of shopping malls and since then, the units have not reached double digits. It should be noted that data on permits include both multi-tenant and single-tenant (such as “Gorgia” on Tsereteli street) shopping centers.

Looking at a more recent data, the majority of projects, which received construction permit in 2019 and 2020 are already realized and represent single-tenant shopping centers. In 11M 2022 only 4 permits were issued, with a total area of about 29 thousand SQM, which is 7 times higher than the figure in the same period of 2021, and 25% higher compared to 2015-2021 average.

The shopping center with the highest area in new permits is a project in Samgori, with a total area of 23 thousand SQM and retail area of 9.3 thousand SQM.

Figure 19. Permits issued for construction, shopping centers (Area, units)



Source: Tbilisi City Hall, TBC Capital

Offices

Mobility trends

The demand for office spaces on the global market was naturally affected by the pandemic shock, which entailed economic downturn together with increased unemployment, lockdowns, mobility restrictions and wide adoption of remote work practices.

Consequently, mobility in offices fell considerably in the first two quarters of 2020, the decline was less severe later that year and in the first quarter of 2021 when the second wave of Covid hit the world.

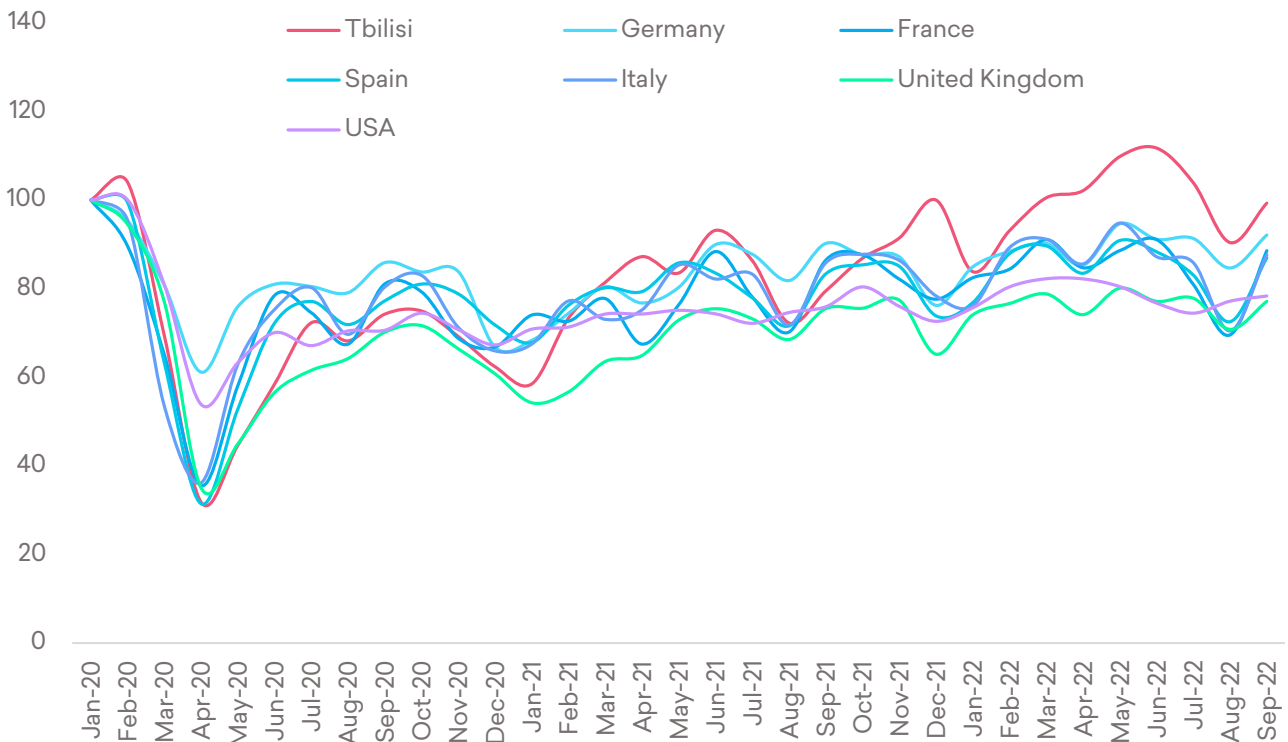
Generally, the mobility data for working places roughly followed the same path as for retail and recreation. The trend was similar for countries in this case as well and USA had the most stable figures.

The data suggests that the remote work practices are still very common. It is interesting that the mobility levels haven't reached January 2020 figures even in 2022 in these six selected countries.

Looking at the data for Tbilisi, more noticeable improvements started since February 2022. From March till July 2022 mobility exceeded the January 2020 level, but fell again in August and September.

In Tbilisi, during the first 9 months of 2022, mobility was 25% higher than in 9M 2021 and below January 2020 figure by only 0.6%. This indicates that demand on offices did not fully recover yet.

Figure 20. Mobility in working places (Index, Jan 2020=100)



Source: Google's Community Mobility Reports, TBC Capital

Offices

Rent price dynamics

Rent prices in Tbilisi workspaces are analyzed separately for **asking rents in offices** and **actual rents in business centers**.

Asking rent prices reflect the prices indicated in listings on Myhome.ge, which consists of more than 1,000 for rent and 200 for sale ads of office properties monthly. Listed offices typically represent “low-grade” real estate. Asking rent prices for offices recovered from the pandemic quicker compared to street retail. In June 2022,

the prices had exceeded the pre-pandemic levels already. The increase was accelerated even further in the last couple months, indicating that even though working remotely is still widely adopted the demand for office spaces has increased. In November 2022, the growth of rent prices is considerable relative to 2019 average (+38.6% in USD). An even higher increase was observed in annual terms, with growth amounting 57% vs November 2021 (in USD).

Figure 21. Average asking rent price per SQM in Tbilisi offices (Index, 2019=100)

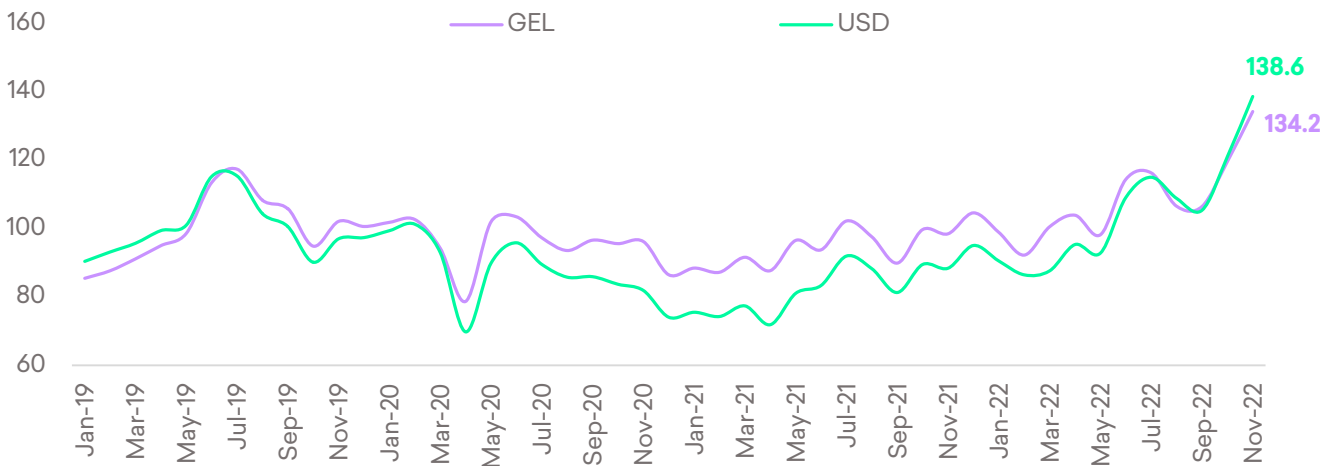
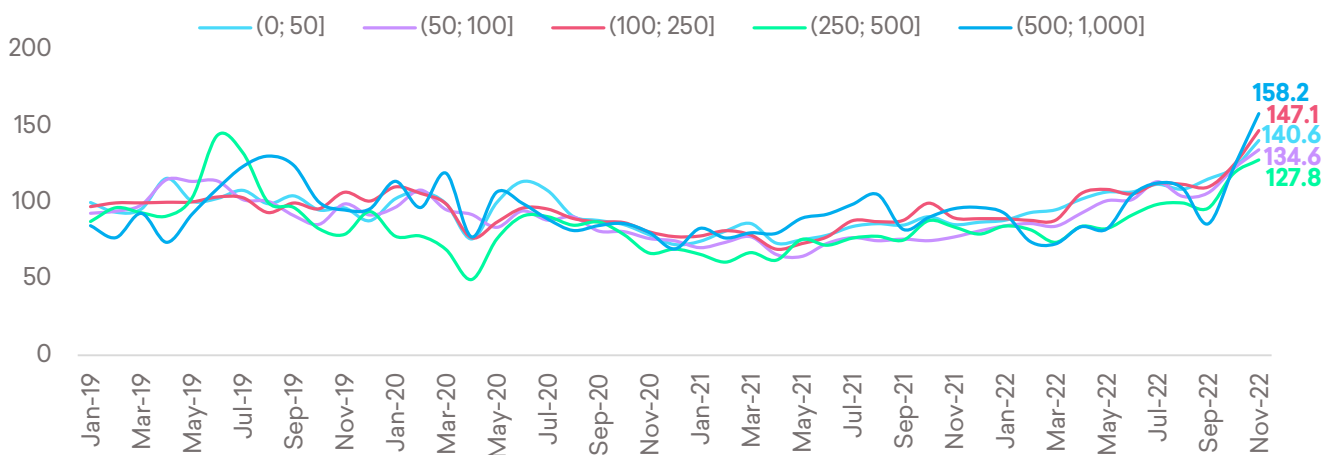


Figure 22. Average asking rent price per SQM in Tbilisi offices by size (Index, 2019=100)



Source: Myhome, TBC Capital

Offices

Rent by district and store size

The data on rent prices for offices is a bit unusual. The prices were very close for property ranges below 500 SQM. What is more interesting, is that offices ranging from 500 to 1000 SQM posted the highest rent prices per SQM (16.9 USD), while lowest rent levels (9.4 USD per SQM) were recorded for offices above 1,000 SQM.

Regarding the districts, in November 2022, the rent prices ranged from around 5 to 19 USD per SQM. The highest prices were observed in Vake, Mtatsminda and Chughureti. In Samgori (+124%) and Nadzaladevi (+108%) rents more than doubled relative to November 2021, while in Isani (+3%) and Didube (+4%) they did not change much.

Figure 23. Average asking rent price per SQM (USD) in Tbilisi by size of offices, November 2022

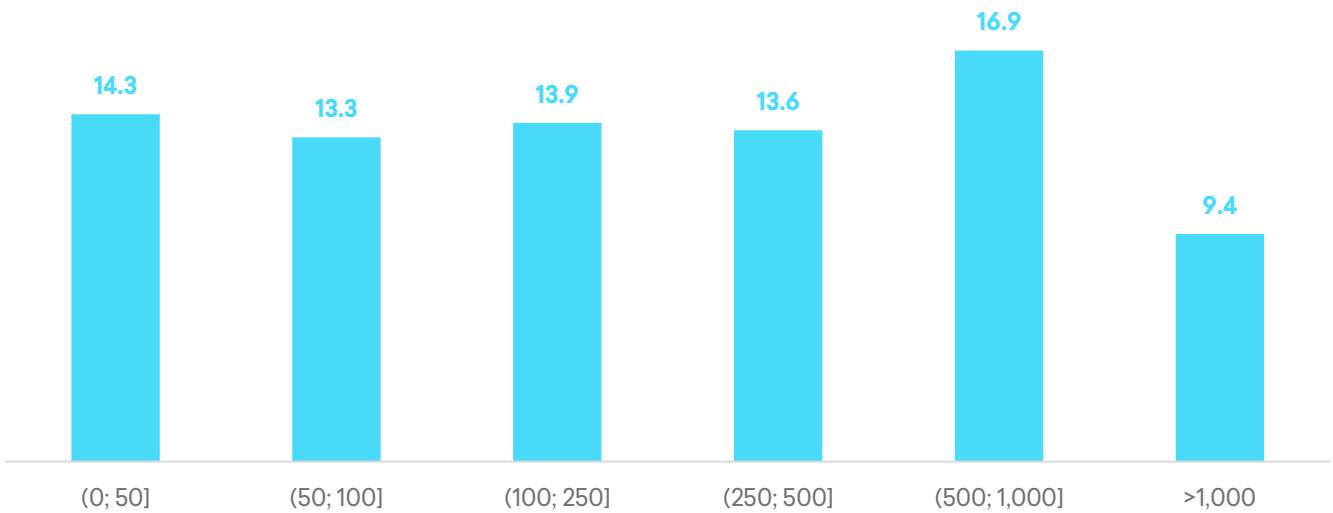
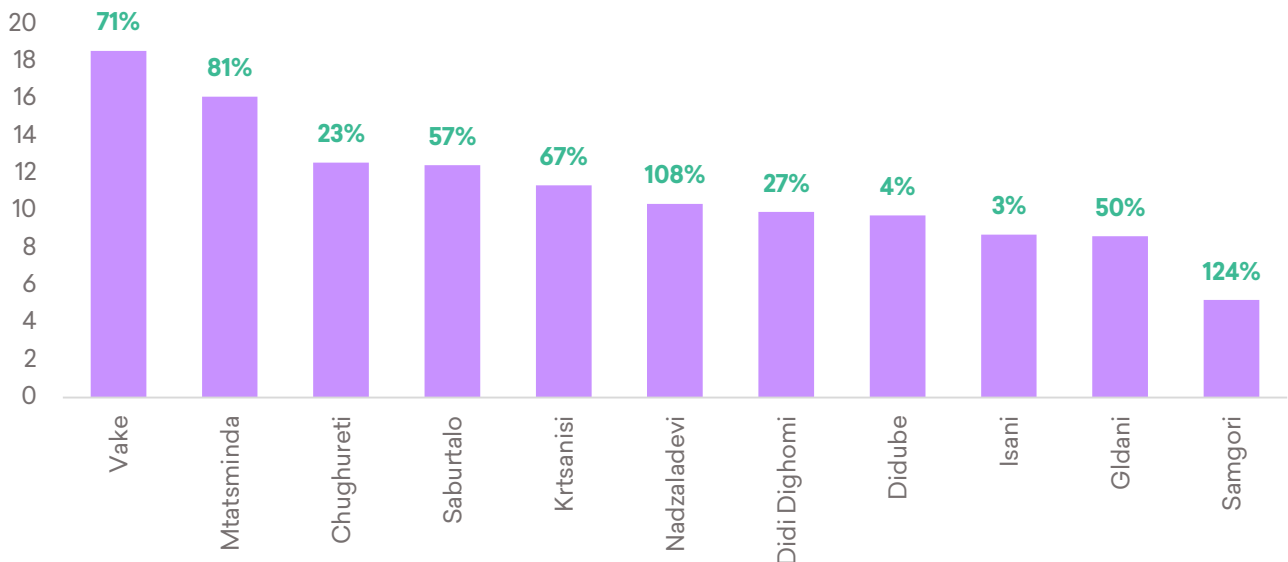


Figure 24. Average asking rent price per SQM (USD) and YoY Change (%), Tbilisi offices, November 2022



Source: Myhome, TBC Capital

Offices

Sale price and rental yield

Average asking sale prices for offices in November 2022 ranged from 600 to about 1,700 USD per SQM. Vake, Mtatsminda and Saburtalo dominated the price list. Highest increase relative to the same period of 2021 was observed for Krtsanisi (+50%), Saburtalo (+46%) and Vake (+17%).

Changes in rental yield were much more noticeable compared to street retail stores, since rents for offices increased by a higher margin than sale prices for the majority of districts. Didube was the only district with negative YoY growth (-1.1 pp). Gldani had a major improvement with 7.6 pp YoY increase.

Figure 25. Average asking sale price per SQM (USD) and YoY change (%), November 2022

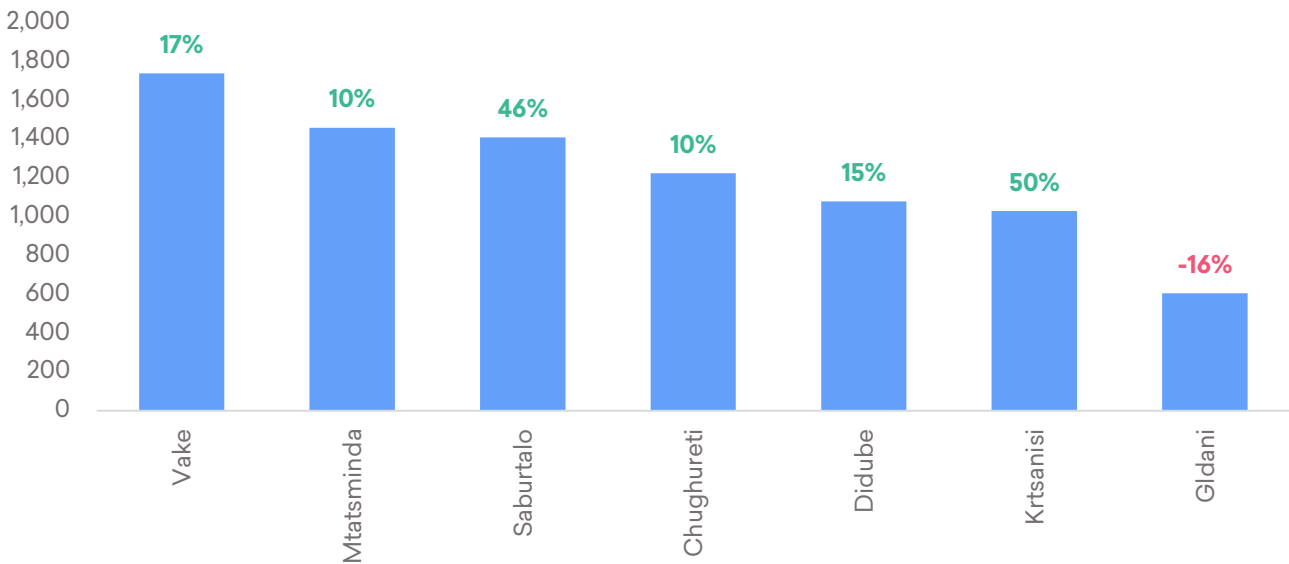
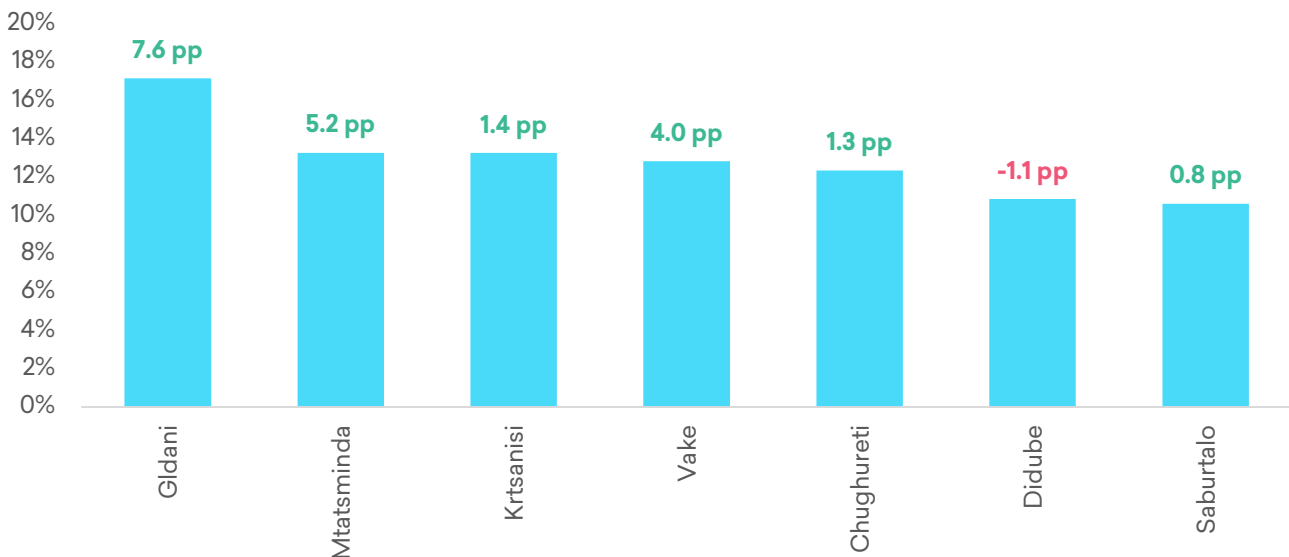


Figure 26. Rental yield and YoY change (pp), November 2022



Source: Myhome, TBC Capital
 Note: some districts are omitted due to insufficient data

Offices

Rents in business centers

The data collected from 6 business centers (3 Class A and 3 Class B) suggests that the pandemic did not have any drastic effects on the average rent price in business centers, which remained mostly stable throughout these last few years. Business centers provided shorter and smaller rental holidays for their tenants compared to shopping malls. However, rent prices in rental agreements signed during the pandemic were 10-15% lower compared to 2019 levels.

In 11M 2022, average rent price per SQM stood at 19.3 USD, a 7% increase compared to 2021 and 3% higher than in 2019. We project prices to increase further in 2023 by 5% YoY. Splitting the business centers into two categories, classes A and B, shows that the prices in class A centers are about twice as high as in class B (26.4 vs 12 USD per SQM). Data also shows that smaller offices in business centers have higher prices, especially ones with an area under 100 SQM.

Figure 27. Average actual rent price per SQM (USD, excl. VAT), Tbilisi business centers

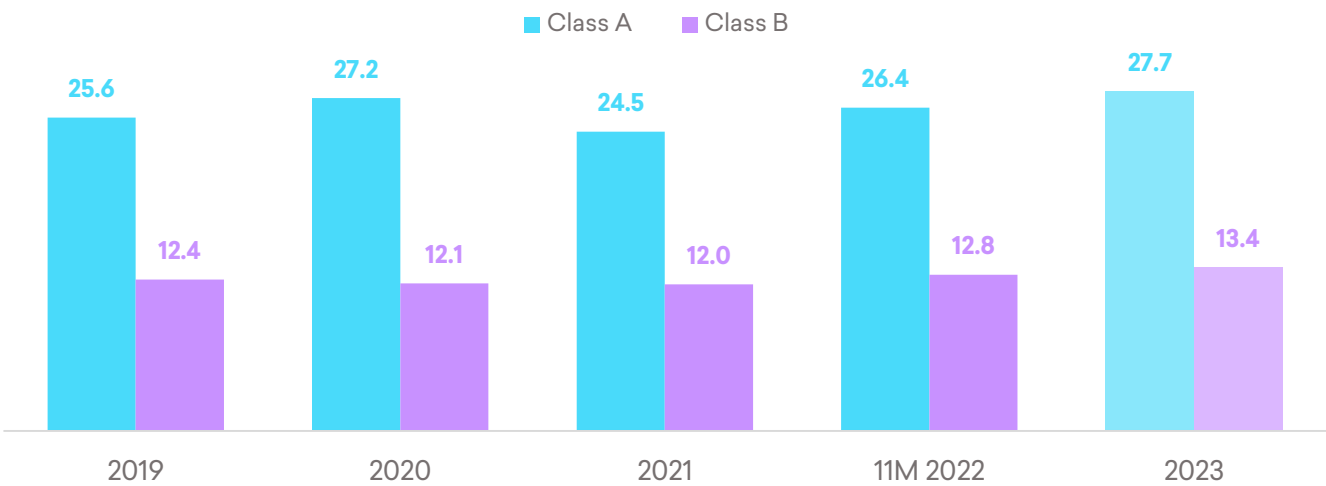
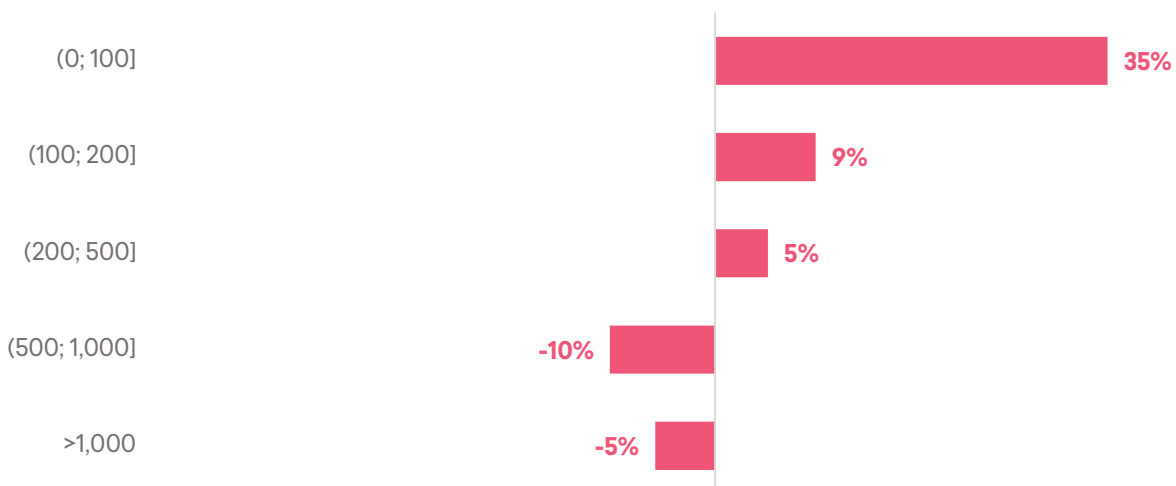


Figure 28. Actual rent price by office size compared to average rent price, Tbilisi business centers



Source: TBC Capital (Survey of business centers)

Offices

Vacancy rates in business centers

It is no surprise that in 2020–2021 vacancy rates were high, considering the pandemic and wide adoption of remote work practices, however it was on a high level even before Covid due to increased supply of Class A business centers and massive renovation works on Chavchavadze Avenue.

In addition, business centers that began operating in the pandemic years had trouble finding the tenants in 2020–2021. 2022, however, looks to be a successful year, since average vacancy rate in 11M 2022 stood at 11% (-23 pp vs 2021). The improvement in occupancy is particularly noticeable for Class A business centers, where the vacancy rate dropped to 7%, a 32 pp improvement relative to 2021. At the same time, demand for Class B business centers is recovering at a slower pace.

Improved economic activity is one of the major drivers of higher demand on office spaces. Moreover, some business centers saw increased demand from

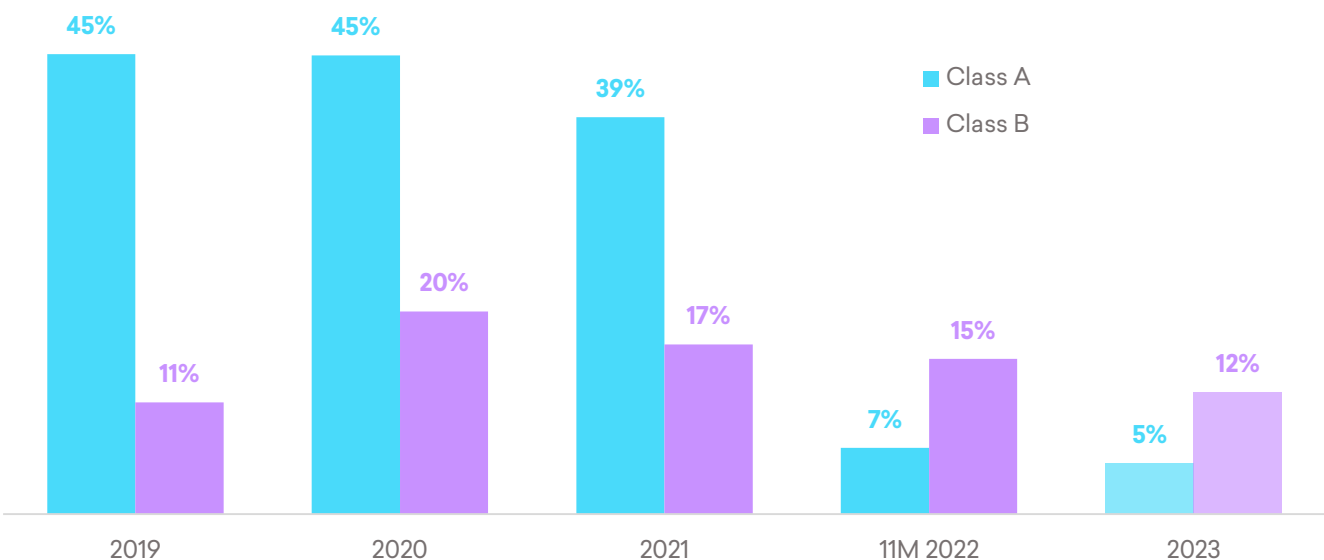
international companies which were previously located in Russia or Ukraine and now are trying to reallocate their offices to Georgia.

The impact of migration was even more profound for co-working spaces, which benefitted not only from higher demand from individual migrant workers but also small and medium-sized foreign businesses. In January–November 2022, despite the increased supply of co-working spaces in Tbilisi, occupancy in co-working spaces exceeded 85%.

Taking into account the recovered demand and positive macroeconomic outlook, we project the vacancy rates to drop even further in 2023 for both, class A and B business centers (for business centers in our sample).

At the same time, Tbilisi saw the opening of several new business centers in 2022, which will temporarily drive market's average vacancy rates up in the upcoming years.

Figure 29. Vacancy rates, Tbilisi business centers



Source: TBC Capital (Survey of business centers)

Offices

Existing supply

Listings for offices had a more “jumpy” trend, however the crash in Q2 2020 and strong recovery starting from the beginning of 2022 was similar to street retail. The pre-pandemic figures were surpassed starting from February 2022. In November 2022, circa 700 thousand SQM of office area was listed for rent. (for more details see Figures A6 and A7 in Annex).

The majority of listings for office rent were mostly on the smaller side. Properties ranging from 100 to 250 SQM took the top in terms of the number of listings, offices from 50 to 100 SQM stood at the second place. Only 58 ads had an area above 1,000 SQM.

Figure 30. Area ('000) and number of offices listed for rent in Tbilisi

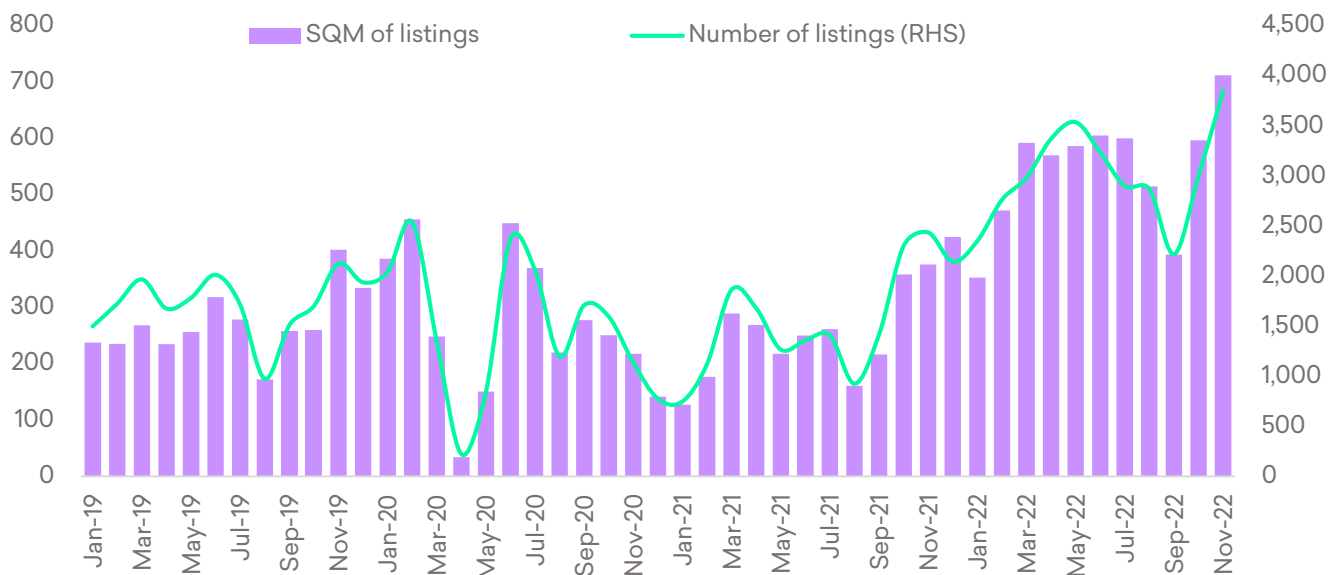
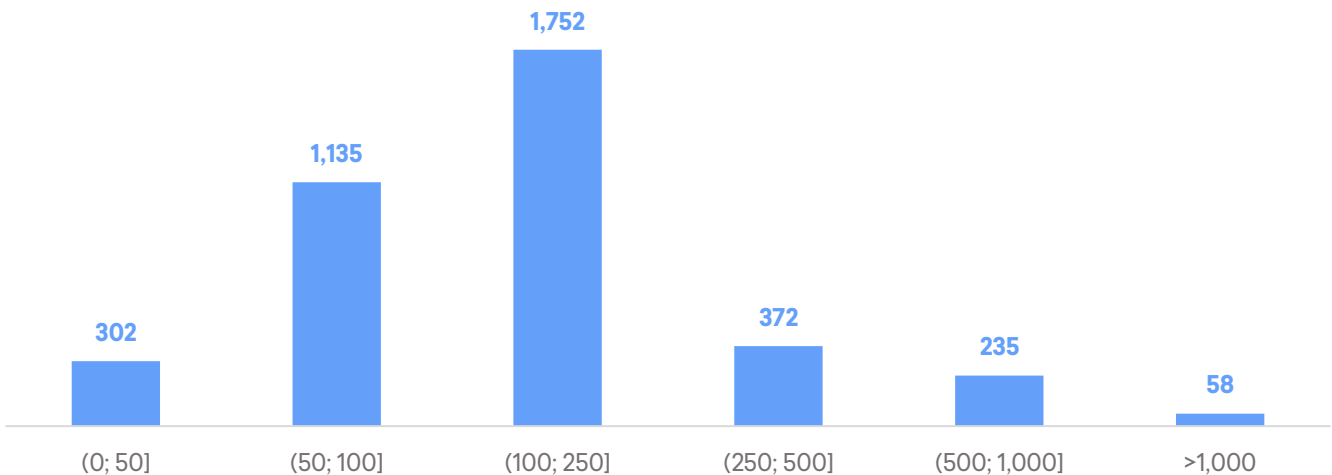


Figure 31. Number of listings for rent by size of offices in Tbilisi, November 2022



Source: Myhome, TBC Capital

Offices

Existing supply

The market supply seems to be dominated with ads priced less than 20 USD per SQM. The highest number of listings for rent were in the price range of 8 to 12 USD per SQM, taking up 30% of total number of ads in November 2022. 15% of listings had rent price over 20 USD per SQM, while only 1% of them had above 32 USD.

The distribution of the number of ads by sale price ranges is a bit more “chaotic”. Even though listings priced from 750 to 1,000 USD take the top place, the difference from the number ads ranging 1,500 – 1,750 USD is only 8 units. In November 2022 43% of total ads had sale price above 1,500 USD.

Figure 32. Number of listings for rent by price per SQM (USD), November 2022

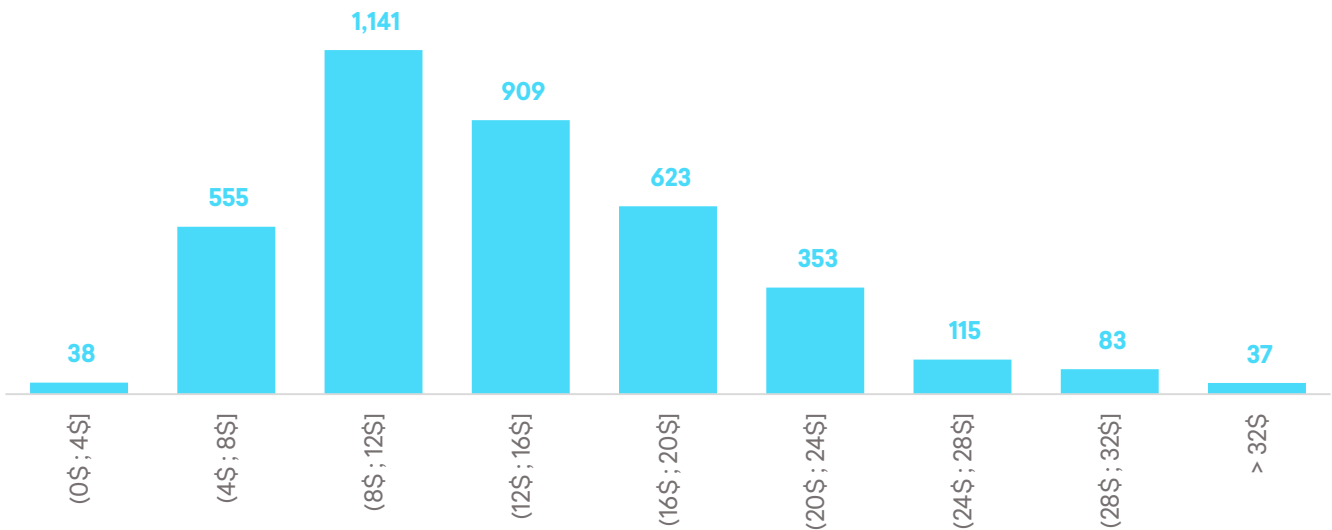
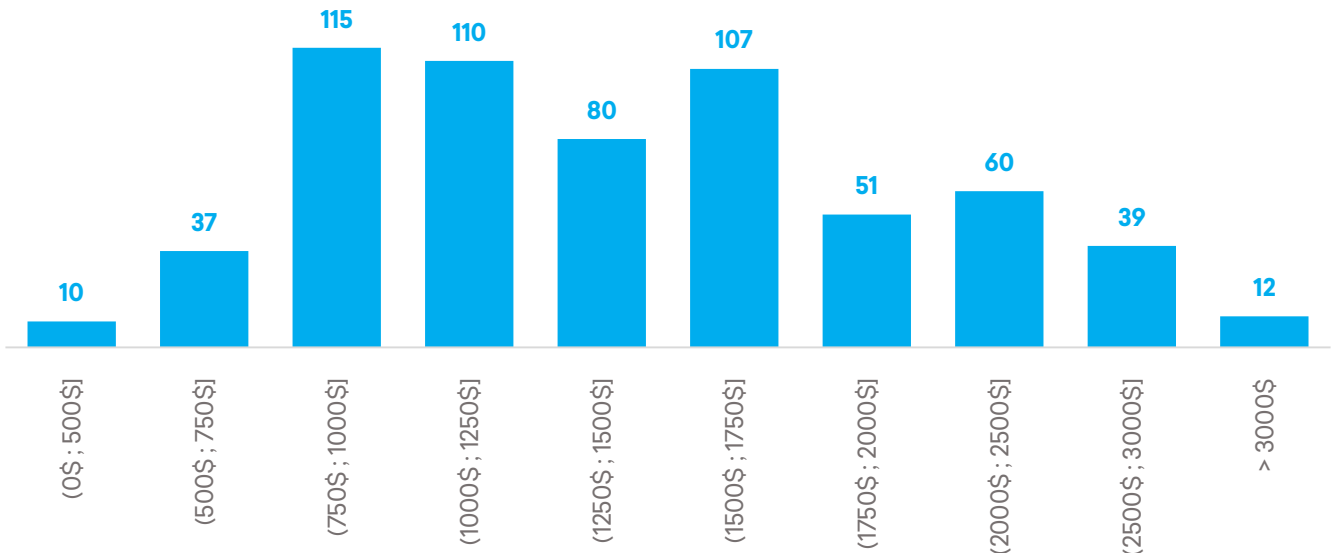


Figure 33. Number of listings for sale by price per SQM (USD), November 2022



Source: Myhome, TBC Capital

Offices

Future supply

In general, office spaces are mostly concentrated in multifunctional buildings rather than in standalone properties. Even though permits for construction of standalone offices drastically decreased in 11M 2022 (-63% YoY, SQM), office space in multifunctional buildings increased significantly compared to the same period of 2021 (+126% YoY). As a result, total area of office spaces granted for construction in Tbilisi expanded by 65%.

An office building with the highest area is a project by “GNT Service”, with a total area of 1,605 SQM in Sopeli Dighomi. The multifunctional buildings with the largest office space are projects of “Megobroba Ortatchala”, with a total office area of 16,487 SQM in Ortatchala, “M2 Park” in Vashlijvari (5,766 SQM) and “Khidmsheni N2” in Gldani (4,961 SQM). All three of these buildings are planned to have residential areas as well.

Figure 34. Permits issued for construction, offices (Area, units)

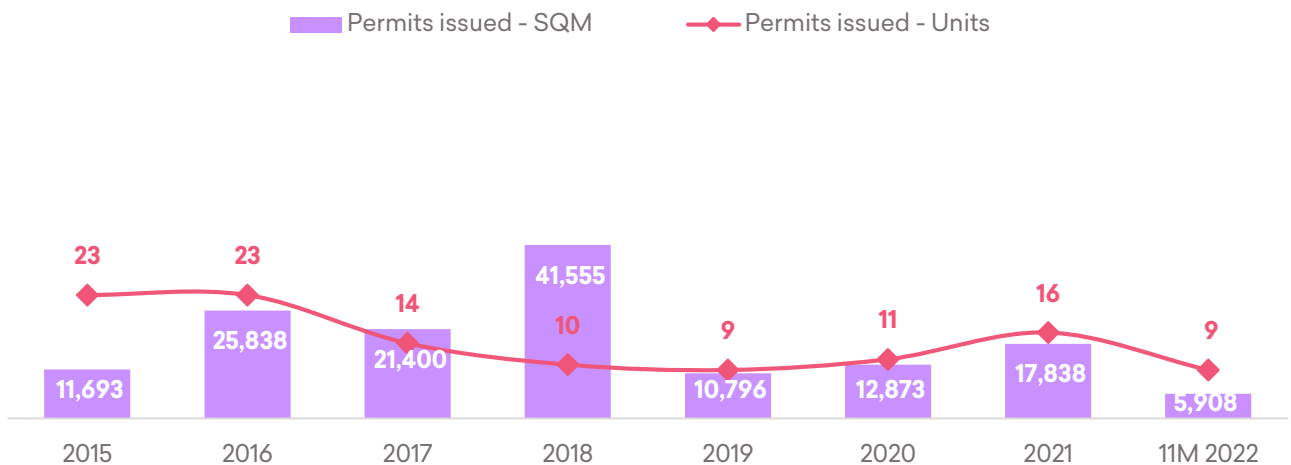
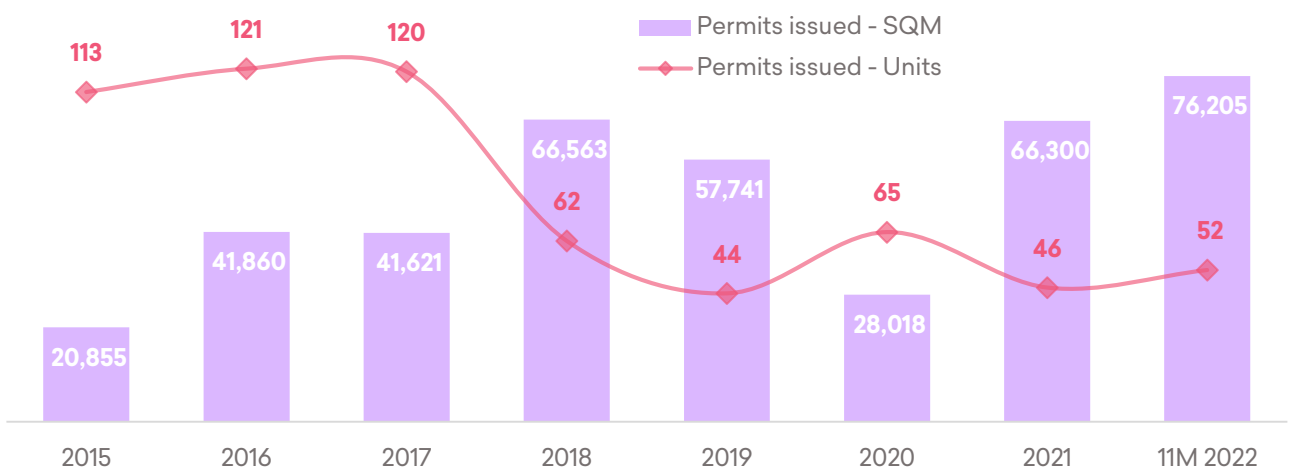


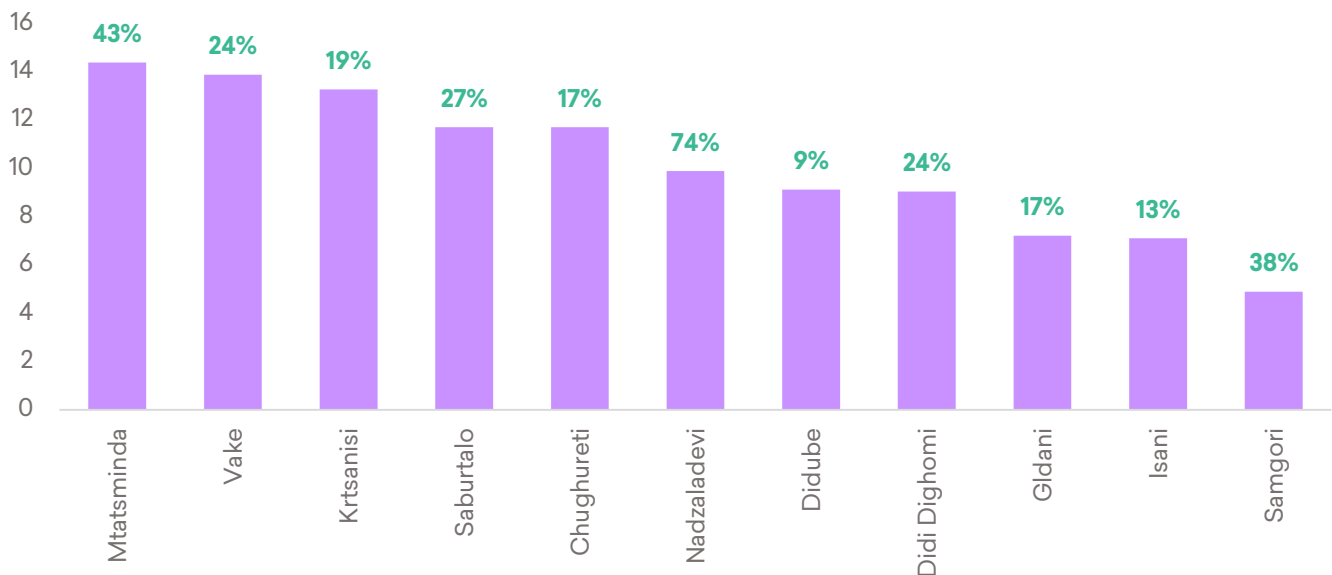
Figure 35. Permits issued for construction, office space in multifunctional buildings (Area, units)



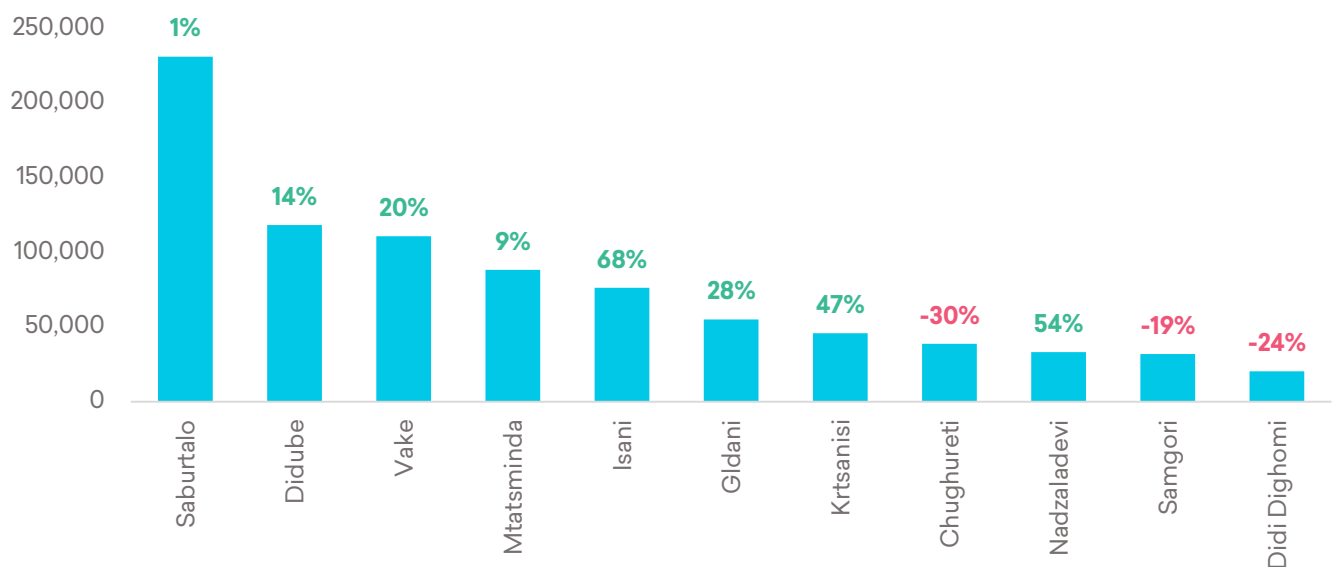
Source: Tbilisi City Hall, TBC Capital

Annex

A1. Average asking rent price per SQM by district (USD) and YoY change, Tbilisi street retail, November 2022



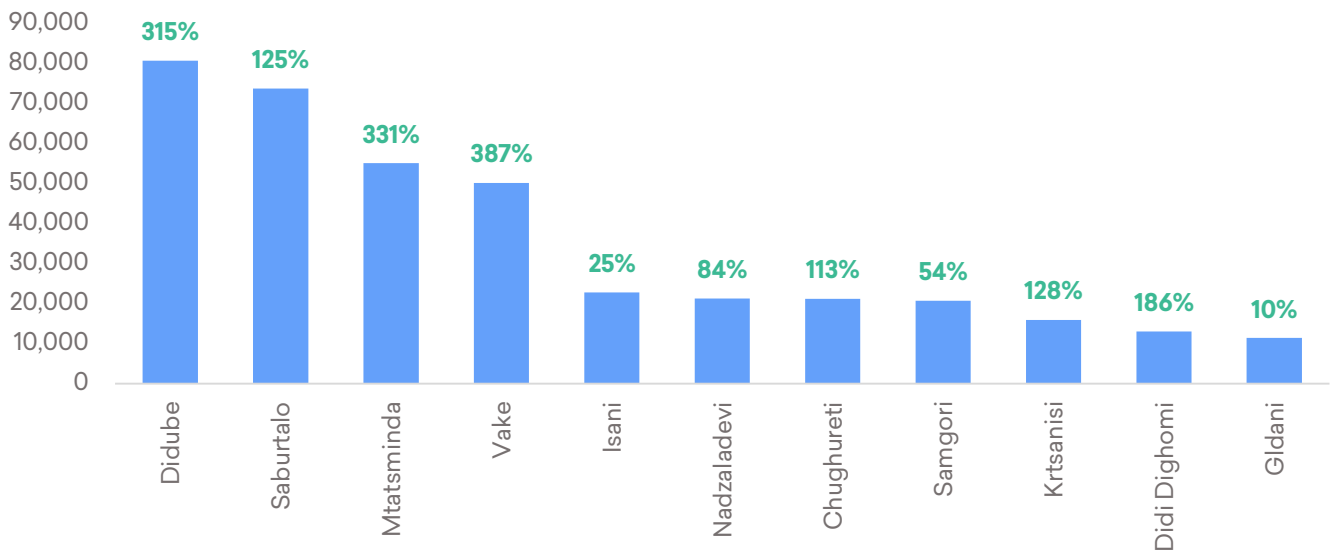
A2. Area of street retail stores listed for rent in Tbilisi and YoY change (%), November 2022



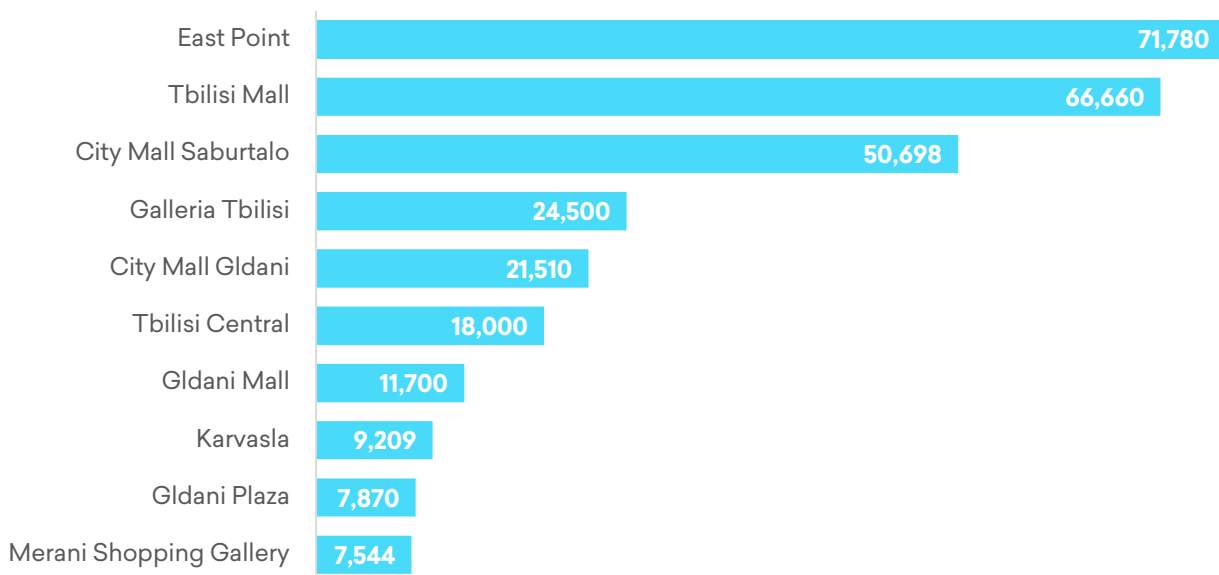
Source: Myhome, TBC Capital

Annex

A3. Area of street retail stores listed for sale in Tbilisi and YoY change (%), November 2022



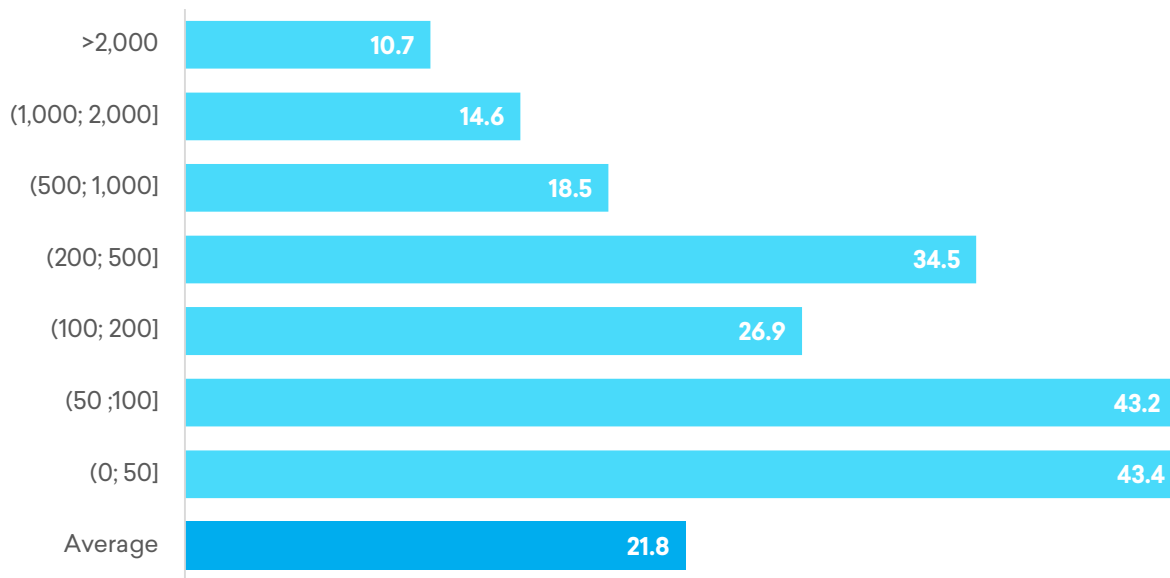
A4. Tbilisi shopping malls covered in the current publication and their GLA (SQM)



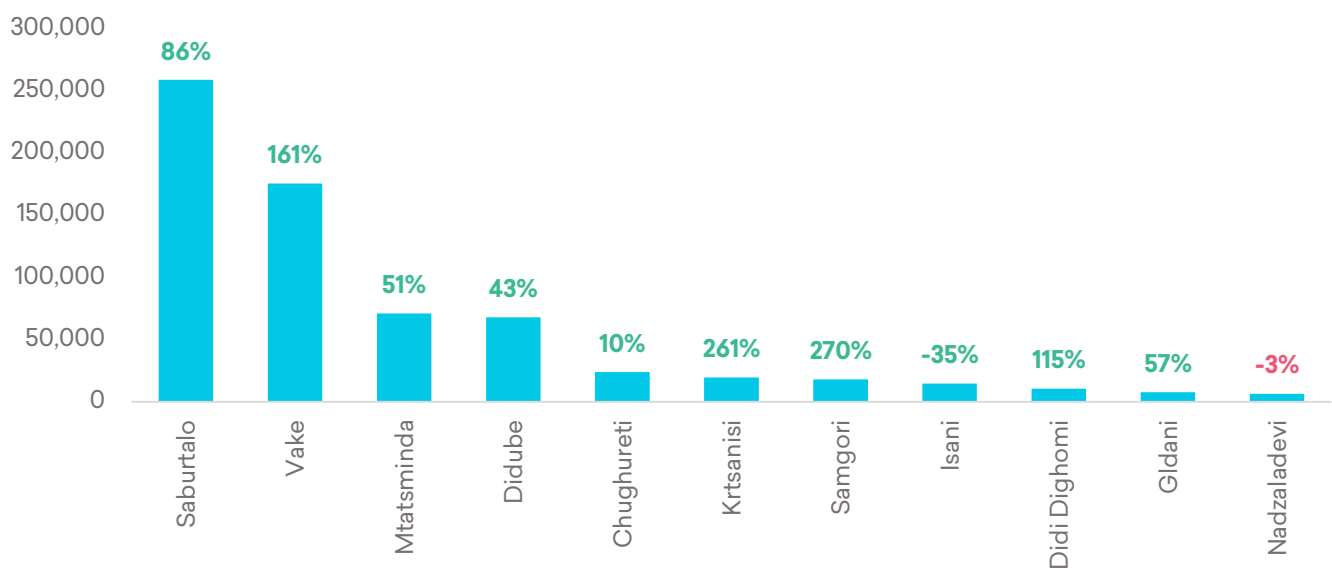
Source: Colliers, Myhome, TBC Capital

Annex

A5. Average actual rent price per SQM (USD, excl. VAT and commission fees) in Tbilisi shopping malls by store size, 11M 2022



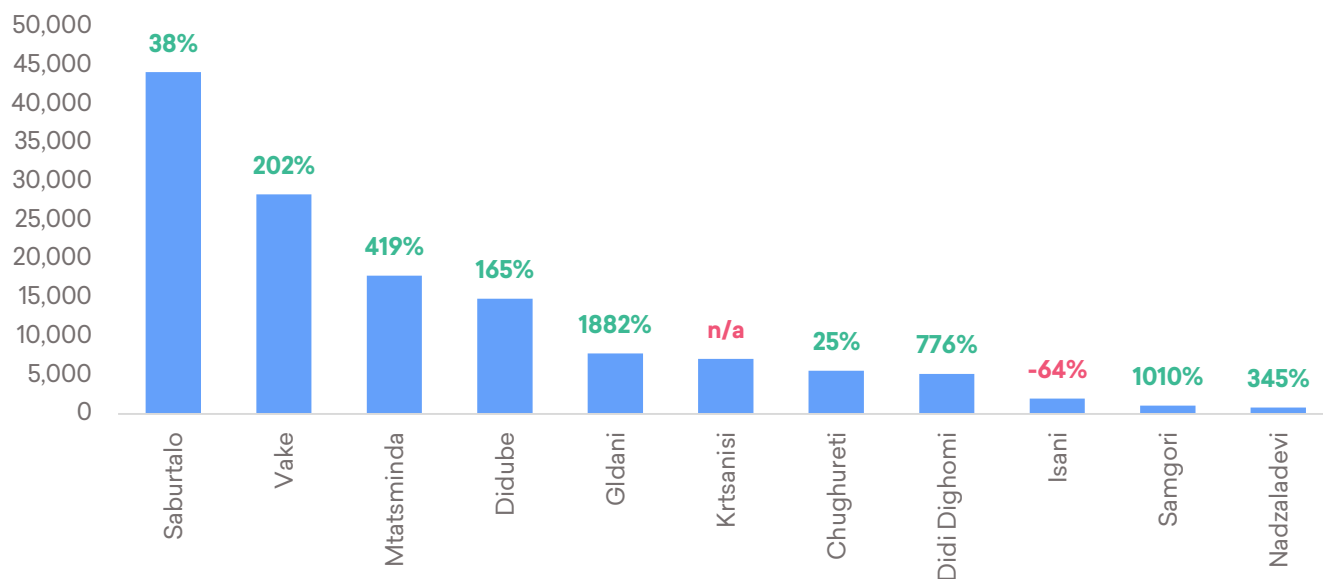
A6. Area of offices listed for rent in Tbilisi and YoY change (%), November 2022



Source: Myhome, TBC Capital (Survey of shopping malls and large retailer chains represented in shopping malls)

Annex

A7. Area of offices listed for sale in Tbilisi and YoY change (%), November 2022



Source: Myhome, TBC Capital

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