INDUSTRIAL AND LOGISTICS REAL ESTATE MARKET IN GEORGIA 2024

Tbilisi, Batumi, Kutaisi, Poti and Rustavi

Executed for Invest in Georgia

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INVEST IN GEORGIA

Content

Executive summary

The demand for warehouses and logistics-related services has surged in recent years due to increased transit flows and local demand, resulting in a rise in construction permits issued. In line with observed trends in the warehouse real estate market, **the supply of warehouse and logistics centers will be concentrated in Tbilisi, Kutaisi, and Batumi**.

The warehouse real estate market in Georgia is largely unorganized and fragmented, dominated by numerous small-scale operators and **lacking structured service providers and comprehensive third-party logistics (3PL) options. The estimated gross leasable area (GLA) of warehouse facilities is approximately 2.2 million SQM**, with **33% available for lease** and **67% owner-occupied**. **The overall occupancy rate stands at 57%, which increases to around 76% when accounting for service contracts from full-service logistics companies**. **The tenant mix** at warehouses includes diverse sectors such as **fast-moving consumer goods (FMCG), apparel, electronics, pharmaceuticals, and beauty industries.**

Among the leasable warehouses, 68% are concentrated in Tbilisi, followed by Kutaisi (17%), Batumi (5%), and Poti (5%). Tbilisi accounts for half of Georgia's value-added economic activity and hosts the majority of companies **demanding warehousing services, including exporters, importers, and local producers.** Tbilisi's strategic location at key transit routes further contributes to the concentration of warehouses.

The GLA of warehouses in Tbilisi is 393,369 SQM, primarily concentrated in **Samgori (45%), Nadzaladevi (23%), and Isani (11%). The occupancy rate** for Tbilisi warehouses is about 77%, potentially higher due to service contracts. **Average rents range from $3 to $5 per SQM, excluding VAT and service fees,** with **Class A facilities seeing rates rise to $7 per SQM**. Rental prices vary by location, with **rents** in the eastern part of Tbilisi **near the customs clearance zone being 1.5 to 2 USD higher than those at Zahesi. Class A facilities account for just 8% of total leasable warehouse supply in Tbilisi,** highlighting a gap between market demand and the availability of high-quality infrastructure.

In Kutaisi, the warehouse market features mainly traditional facilities, focusing on manufacturing, assembly, and storage, supported by the Kutaisi Free Industrial Zone (FIZ). **Average rents here are between $2 and $2.5 per SQM, with an occupancy rate of 36%, likely understated due to service contracts. Poti serves as a vital logistics and industrial hub along the Black Sea coast, featuring a Free Industrial Zone (FIZ)** and numerous terminals and transit companies that prioritize logistics services and ensure a fast cargo turnover rate over long-term lease agreements. Therefore, **the average occupancy rate in Poti is around 21%, although actual utilization may be higher due to significant cargo volumes. Batumi accounts for 5% of the leasable warehouse market, with average rents ranging from $3 to $6 per SQM and an occupancy rate of 39%,** which may also be underestimated. **Rustavi's warehouse market is characterized by small, unorganized players focused on car parking** rather than dedicated logistics facilities, indicating opportunities for future growth in this underdeveloped area.

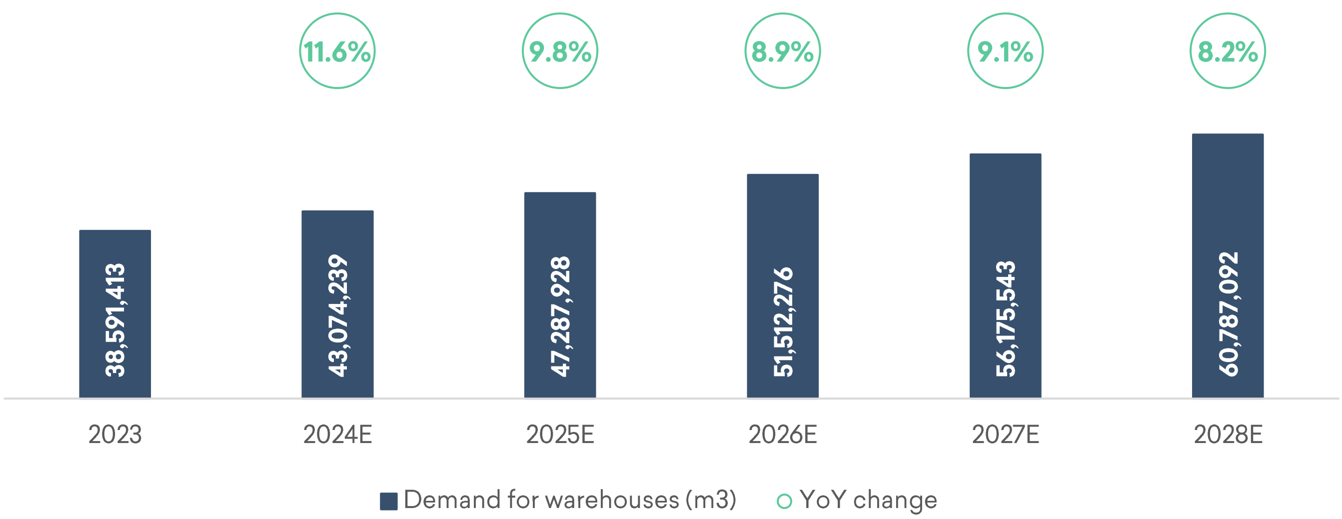
Overview of industrial and logistics real estate market in Georgia: demand for warehousing and future prospects

In Georgia, the demand for warehousing services is driven by international and domestic trade, as well as domestic production. **In 2023, the estimated demand** for warehousing capacity in terms of volume reached 38.6 million cubic meters. **In 2024, improvements in trade and transit volumes led to an 11.6% increase** in the need for warehousing space.

Looking ahead, **demand for warehousing capacity is projected to grow at a compound annual growth rate (CAGR) of 9.0% between 2025 and 2028**, indicating a sustained upward trend. This growth is supported by **several structural drivers, notably Georgia's strengthening position as a regional transit hub, rising trade volumes, and sustained increases in import and export activity—especially in segments like food, durable goods, e-commerce, and consumer products.** The projected figures are based on **a business-as-usual scenario**, assuming current trade dynamics and economic conditions remain relatively stable.

It is important to note that significant external uncertainties and global developments may result in global supply chain realignments and a redirection of Asia–Europe trade flows, thereby reshaping regional and local logistics dynamics.

Figure 1. Estimated demand for warehouses (cubic meters) and expected YoY growth rate (%)



Source: TBC Capital

Overview of industrial and logistics real estate market in Georgia: market structure

The warehouse real estate market in Georgia remains largely unorganized, characterized by a lack of structured service providers and the absence of comprehensive third-party logistics (3PL) providers. **The estimated gross leasable area (GLA) of warehouse facilities in the country is approximately 2.2 million SQM, with around 33% available for lease, while the remaining 67% is owner-occupied.**

The market consists of numerous small-scale operators, leading to fragmented services and limited availability of integrated logistics solutions. **There is a notable scarcity of 3PL providers** that can deliver end-to-end logistics services, including inventory management, warehousing, and customs documentation, which are critical for businesses seeking efficient supply chain support.

Among leasable warehouses, the majority—68%—are concentrated in Tbilisi, followed by Kutaisi (17%), Batumi (5%), and Poti (5%). The average GLA per warehouse is 8,744 SQM, of which approximately 70% is utilized for direct storage and rental purposes. **This brings the total leasable warehouse space in Georgia to 577,130 SQM. Class A facilities account for just 4% of total leasable warehouse supply**, highlighting the lack of availability of high-quality infrastructure.

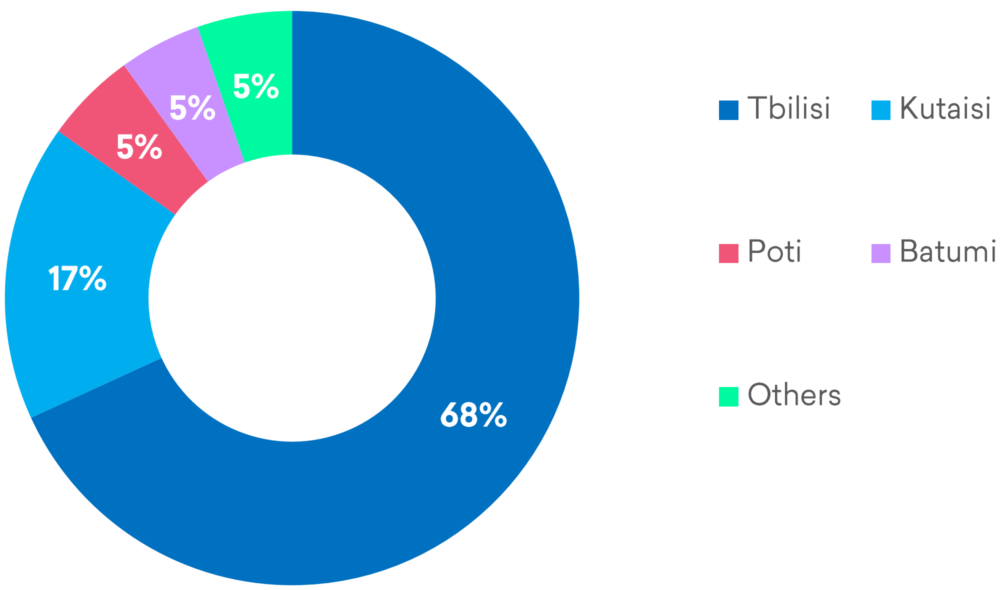
In the Georgian warehouse real estate market, there are two main types of agreements: fixed rental agreements and service contracts.

Fixed Rental Agreements: In this type of agreement, a company leases only the warehouse space itself. Under this arrangement, the tenant is responsible for managing all logistics activities independently, including inventory handling, packaging, transportation, and any other related services. Average rents at warehouses in Georgia range from $1 to $5 per SQM per month, excluding VAT and any additional service fees. Rental costs are heavily influenced by location.

Service Contracts: Service contracts, on the other hand, offer a full-service approach where the warehouse provider not only rents out the space but also manages a comprehensive suite of logistics services on behalf of the tenant. This full-service package may include inventory management, loading and unloading, repackaging, labeling, customs documentation, and transportation services.

Currently, **the occupancy rate of Georgia's total leasable warehouse space stands at 57%; however, when accounting for service contracts provided by full-service logistics companies, the average utilization rate rises to approximately 76%.**

Figure 2. Distribution of organized leasable warehouse services providers by location



Source: NAPR, Geostat, RS, TBC Capital Industrial and Logistics Real Estate Market Survey 2024

Full list of logistic services offered by warehouses

STORAGE AND WAREHOUSING

- Dry storage
- Cold storage
- Elevator (grain storage)
- Storage of chemicals and hazardous materials
- Parking for light vehicles
- Trailer parking
- Inventory management system (e.g., WMS)

REAL ESTATE MANAGEMENT

- Cleaning
- 24/7 security service
- Office space
- Cafeteria
- Smoking area
- Rest area
- Gas station
- Technical maintenance
- Car wash

SUPPORTING BUSINESS SERVICES

- Loading/unloading/reloading of all types from truck to container or wagon and vice versa
- Cargo securing and fastening
- Container storage
- Cargo consolidation
- Cargo segregation
- Cargo repackaging
- Cargo labeling
- Cargo tallying
- Cargo inspection and quality control
- Crane services
- Scale services
- Product retrieval and packing for dispatch
- Cargo receiving
- Cargo dispatch
- Inventory stocktaking
- Customs services (preparation and organization of export and import documents in accordance with customs rules, laws, or regulations)
- Transportation
- Distribution

Industrial and logistics real estate market: cold storage and grain storage elevators

The warehousing industry mainly includes two types of warehouses: refrigerated and dry warehouses. Among dry warehouses, grain storage elevators can be categorized separately—a large structure for storing grain, equipped with devices for lifting, transferring, ventilating, drying, etc.

As of 2023, there were 373 cold storage facilities operating in Georgia, with a total storage capacity of 278,575 cubic meters. The majority of these facilities are located in Shida Kartli (57.9%), Kakheti (12.1%), and Tbilisi (10.2%). In 2023, Georgia's cold storage facilities primarily stored poultry (44%) and meat products (20.6%), followed by fruits and vegetables (13.4%) and fish (12.6%). Milk and dairy products accounted for 3.3%, with other items making up 6.2%. **The storage utilization varied seasonally, averaging 53% throughout the year, peaking in November (60%) and hitting its lowest in April (46%). The average daily service fee for storing products in cold storage is 2 GEL per ton.**

As for elevators, there were a total of 43 operating in Georgia in 2023, with **total capacity of 294,893 cubic meters. The majority of these are located in Kvemo Kartli (25.6%) and Kakheti (23.3%). Georgia's elevators primarily stored wheat (53.2%),** soybean meal (24.4%), and corn (11.3%). The **average daily service fee for storing products in grain storage is 1.0 GEL per ton.**

Table 1. Average utilization rate of cold storage and grain storage elevators by months, 2023

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cold storage	57%	52%	54%	46%	53%	47%	51%	55%	50%	59%	60%	57%
Grain storage elevators	53%	50%	49%	47%	45%	42%	52%	48%	50%	58%	60%	53%

Figure 3. Distribution of products stored at cold storage, 2023

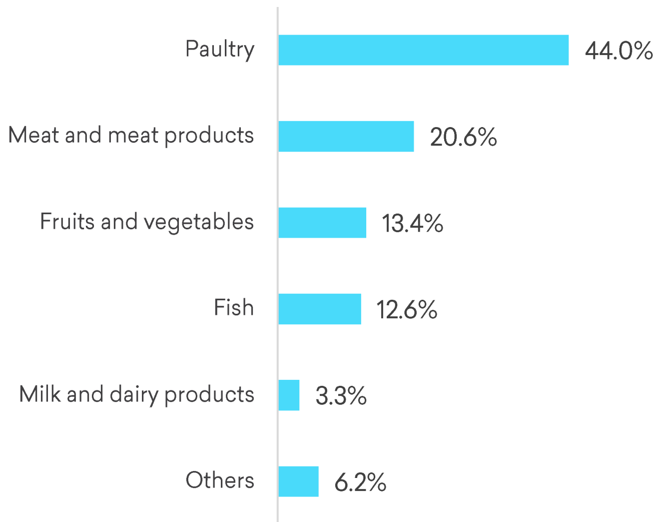
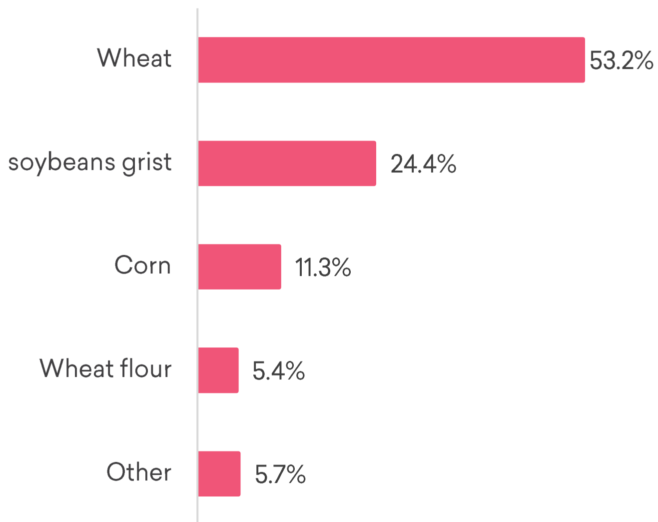


Figure 4. Distribution of products stored at grain storage elevators, 2023



Source: Geostat

Major leasable warehouses in Georgia

Warehouse	City	Estimated GLA	Class	Type
Gebrüder Weiss	Tbilisi	13,453	A	Dry
Smart warehouse	Tbilisi	19,000	A	Dry
Lilo 1	Tbilisi	76,000	B	Dry/cold
Lelo	Tbilisi	26,000	B	Dry
Saqinvesti	Tbilisi	37,652	B	Dry/cold
Ana group	Tbilisi	19,653	B	Dry/cold
Transservice	Tbilisi	16,700	B	Dry
Tbilabreshumi	Tbilisi	31,500	B	Dry
GLS	Tbilisi	15,180	B	Dry
VIP satskobi	Tbilisi	14,200	B	Dry
GSL group	Tbilisi	12,076	B	Dry
Business center Saburtalo	Tbilisi	12,036	B	Dry
Caspian Credo	Tbilisi	12,000	B	Dry
United Logistics Company	Tbilisi	11,905	B	Dry
Georgian Developer Company	Tbilisi	9,833	B	Dry
International logistics company	Tbilisi	8,000	B	Dry
Georgian Holding	Tbilisi	6,900	B	Dry/cold
Modern House development	Tbilisi	6,800	B	Dry
Mozaic logistics	Tbilisi	6,000	B	Dry
Iceberg	Tbilisi	5,279	B	Cold
IE Karen Vardanyan	Tbilisi	4,858	B	Dry
Tsitadeli	Tbilisi	3,800	B	Dry
Orbeli Trans	Tbilisi	3,668	B	Dry
Diplomat Logistics	Tbilisi	3,622	B	Dry
Welogistics	Tbilisi	2,700	B	Dry
Samtavisi	Tbilisi	2,652	B	Dry
Varsatskobi	Tbilisi	2,445	B	Dry
GM Group	Tbilisi	603	B	Dry
Avtotransystem	Tbilisi	2,172	B	Dry
Satskobi N1	Tbilisi	1,645	B	Dry
Med-logistics	Tbilisi	1,616	B	Dry
Intertans	Tbilisi	1,409	B	Dry
Trancaucasus Plaza	Tbilisi	1,385	B	Dry
Tbilsatskobi	Tbilisi	1,250	B	Dry

Note: The information provided in the table is based on rental agreement data available from the National Agency of Public Registry (NAPR).

Major leasable warehouses in Georgia

Warehouse	City	Estimated GLA	Class	Type
Imperiali 2000	Batumi	10,079	B	Dry
Sandoka	Batumi	2,848	B	Dry
Tao 2011	Batumi	4,367	B	Dry
Subtropic	Batumi	3,300	B	Dry/cold
Tiko	Batumi	2,513	B	Dry
Terminal 1	Batumi	982	B	Dry
GL group	Kutaisi	23,115	B	Dry
Mtsvanekvavila	Kutaisi	15,835	B	Dry
IE Davit Tvaltvadze	Kutaisi	11,231	B	Dry
Mirage	Kutaisi	11,179	C	Dry
Sky properties	Kutaisi	6,300	B	Dry
Imedi	Kutaisi	6,000	B	Dry
Kutaisi warehouse	Kutaisi	7,500	B	Dry
Kutaisi 2020	Kutaisi	5,580	B	Dry
New Logistics	Kutaisi	5,305	B	Dry
Khvamli	Kutaisi	4,492	B	Dry
Frateli group	Kutaisi	2,909	B	Dry
GM Group	Kutaisi	2,413	B	Dry
Logistika Imereti	Kutaisi	2,100	B	Dry
Esperansi	Poti	20,883	B	Dry
Esperansi	Poti	2,005	B	Dry
Interavtotransi	Poti	3,746	B	Dry
Transport 1	Khashuri	4,673	B	Dry
Agroubani	Gurjaani	4,424	B	Dry
Agrofreezer	Gurjaani	679	B	Dry
PM Motors	Gardabani	6,809	B	Dry
Tbilisi Logistics Center	Gardabani	6,076	A	Dry
Nia	Gardabani	2,734	B	Dry
Grim terminal	Gardabani	2,358	B	Dry
Sartitchala	Gardabani	1,000	B	Dry
Petrolhub	Gardabani	800	B	Dry
Oktina	Mtskheta	1,230	B	Dry

Note: The information provided in the table is based on rental agreement data available from the National Agency of Public Registry (NAPR).

Industrial Real Estate in Tbilisi, Batumi, Kutaisi, Poti and Rustavi

The demand for industrial spaces in Georgia is largely driven by the needs of the manufacturing sector, which includes **19,729 manufacturing entities across the country** (of which 12,403 are individual entrepreneurs). **With food processing (28%), furniture production (11%), and non-metallic mineral manufacturing (10%)** accounting for nearly half of all manufacturing activity, the sector creates steady demand for a wide range of industrial facilities tailored to different operational needs. The significant **presence of individual entrepreneurs** highlights **the need for flexible and cost-efficient industrial real estate**. This trend underscores **strong potential for the development of industrial clusters,** where shared facilities, infrastructure, and resources can promote collaboration and reduce costs for small-scale producers.

Tbilisi, the capital, stands out as the hub of **manufacturing in Georgia with 8,341 entities**, accounting for **42% of the total manufacturing entities in the country**. The top industries in Tbilisi are **food manufacturing (24%), furniture production (13%), and apparel (9%),** which create diverse demand for industrial spaces.

Batumi, with 918 manufacturing entities, holds a smaller share of Georgia's industrial sector but has significant activity in **food manufacturing (31%), furniture production (16%), and other non-metallic mineral products (10%).** The city's proximity to the Black Sea enhances its logistical appeal, particularly for businesses requiring access to export routes, offering opportunities for strategically located industrial real estate.

Kutaisi is home to **1,137 manufacturing entities**, with a strong focus on **food production (27%), furniture (12%), and other non-metallic mineral products (11%).** Kutaisi's strategic position as a regional center could further boost demand for well-planned industrial real estate.

Poti hosts 196 manufacturing entities, representing a smaller but critical part of Georgia's industrial network. **Its industrial activity is concentrated in food production (27%), repair and installation of machinery and equipment (13%), and fabricated metal products (13%).** As a key port city, Poti's industrial real estate benefits from proximity to maritime trade routes, making it a prime location for logistics and export-oriented industries.

Rustavi has **567 manufacturing entities,** primarily involved in **food production (21%), fabricated metal products (14%), and furniture (12%).** Known historically for its industrial focus, Rustavi remains a center for metal and heavy manufacturing.

Table 2. Number of manufacturing entities in Tbilisi, Batumi, Kutaisi, Poti an Rustavi

	Georgia	Tbilisi	Batumi	Kutaisi	Poti	Rustavi
Number of manufacturing entities	19,729	8,341	918	1,137	196	567
Number of individual entrepreneurs	12,403	4,504	530	849	141	353
Top industries	Food - 28% Furniture - 11% Other non-metallic mineral products - 10%	Food - 24% Furniture - 13% Apparel - 9%	Food - 31% Furniture -16% Other non-metallic mineral products- 10%	Food - 27% Furniture- 12% Other non-metallic mineral products - 11%	Food - 27% Repair & installation of machinery & equipment - 13% Fabricated metal product - 13%	Food - 21% Fabricated metal products- 14% Furniture - 12%

Source: Geostat, TBC Capital Industrial and Logistics Real Estate Market Survey 2024

Free Industrial Zones in Georgia

Georgia has established several Free Industrial Zones (FIZs), which are designated areas that offer a range of tax incentives and regulatory advantages to businesses. These zones are governed by the Customs Code of Georgia and are intended to promote foreign investment and stimulate economic growth. **FIZs provide substantial tax benefits for businesses, including a 0% corporate profit tax compared to the standard 15%, 0% VAT on transactions within the zone and the import of foreign goods instead of the standard 18%, 0% property tax on assets located within the zone compared to up to 1% elsewhere, and 0% import tax, which would otherwise be 5% or 12%.** In addition to tax advantages, FIZs offer simple and fast business procedures, which further enhance their appeal. **Company registration can be completed in just one day, customs procedures and construction regulations are simplified, 100% foreign ownership is permitted, and there are no requirements for statutory capital or minimum investments.** These features make Georgia's FIZs an attractive destination for businesses seeking cost-effective and streamlined operations.

There are four Free Industrial Zone in Georgia:

Poti Free Industrial Zone: Located in the western part of Georgia, near the Black Sea port of Poti, this FIZ is strategically positioned for international trade and logistics. It offers suitable transport connections, including access to maritime, road, and rail networks. The Poti Free Industrial Zone is designed to facilitate manufacturing, logistics, and distribution activities, benefiting from customs exemptions and reduced tax rates.

Kutaisi Free Industrial Zone: Situated in Kutaisi, the second-largest city in Georgia, this FIZ is strategically located to serve both domestic and international markets. The zone promotes industrial and manufacturing activities and is equipped with the necessary infrastructure to support businesses. Companies operating in the Kutaisi Free Industrial Zone benefit from favorable tax regimes and simplified customs procedures, making it an attractive destination for investors.

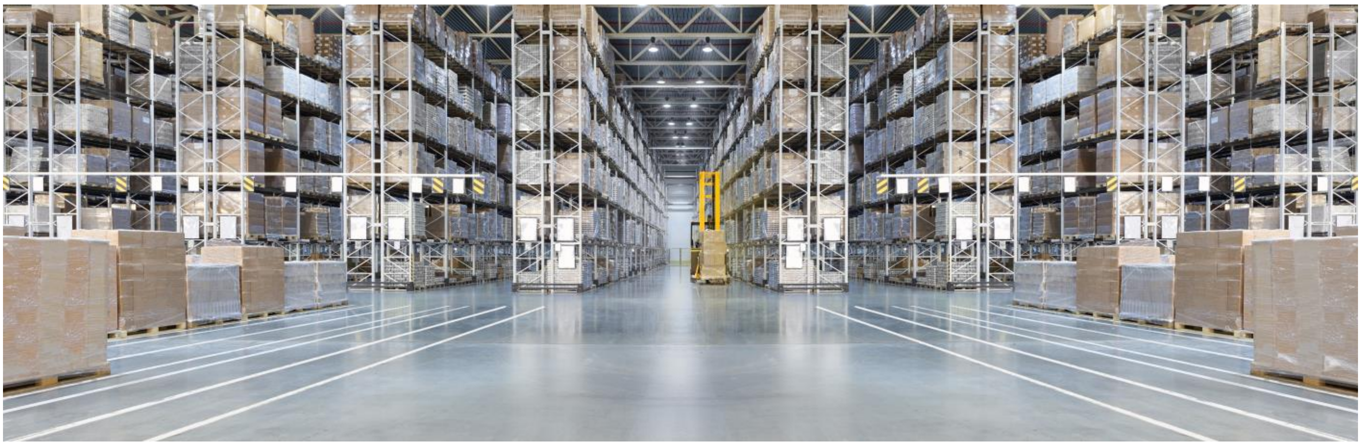
Kutaisi Hualing Free Industrial Zone: This zone is part of a larger development project in Kutaisi, focusing on manufacturing and logistics. Hualing Free Industrial Zone is designed to attract foreign direct investment, particularly from Chinese companies, and offers modern facilities and infrastructure. The zone aims to foster cooperation between Georgian and foreign businesses, promoting exports and enhancing the country's industrial capabilities.

Tbilisi Free Industrial Zone: Located in the capital city, Tbilisi, this FIZ offers businesses numerous operational advantages, including easy and fast company setup, simplified access to national certificates of origin, reliable infrastructure with low rental and utility costs, affordable electricity, and streamlined regulatory procedures with low licensing fees. Additional benefits include effective facility management, a liberal labor code, and access to a skilled workforce.

Table 3. Free Industrial Zones in Georgia, by area

FIZ	Total area of the zone (SQM)
Poti Free Industrial Zone	3,000,000
Kutaisi Free Industrial Zone	607,551
Kutaisi Hualing Free Industrial Zone	239,404
Tbilisi Free Industrial Zone	167,915

Source: FreeTradeZone, NAPR, RS, TBC Capital Industrial and Logistics Real Estate Market Survey 2024



Tbilisi industrial and logistics real estate market

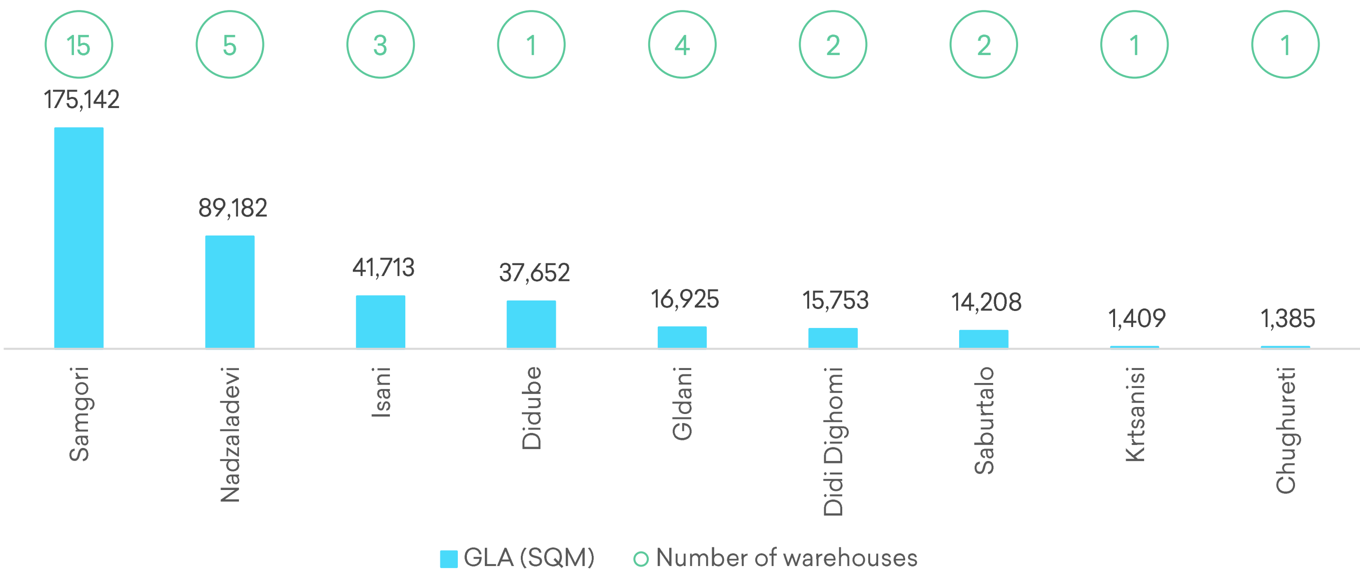
The majority of warehouses are concentrated in Tbilisi due to its strategic geographic location. **Positioned at the crossroads of major transport routes**, the city offers easy access to both domestic and international markets. Additionally, Tbilisi is a hub for business and economic activity, further driving the demand for warehousing space.

The total leasable area of storage facilities in Tbilisi amounts to 393,369 SQM. Warehouse spaces in Tbilisi are predominantly concentrated in the following districts: **Samgori, which accounts for 45% of the total warehouse area, followed by Nadzaladevi at 23%, and Isani at 11%.** The occupancy rate at **Tbilisi warehouses and logistics centers are around 77%, but considering the existence of service contracts, this figure may be even higher.**

The average fixed rents at storage spaces in Tbilisi is approximately $3-5 per SQM, excluding VAT and service fee. Well-equipped and conveniently located warehouses may see average rental costs rise to $7 per square meter for Class A facilities. **Class A facilities account for just 8% of total leasable warehouse supply in Tbilisi,** highlighting a gap between market demand and the availability of high-quality infrastructure. Rental prices also vary by location; for example, in the eastern part of Tbilisi, near the customs clearance economic zone, **rents can be 1.5 to 2 USD higher compared to those at the entrance of Tbilisi in Zahesi**. This pricing reflects the premium associated with strategic locations that facilitate logistics and distribution activities.

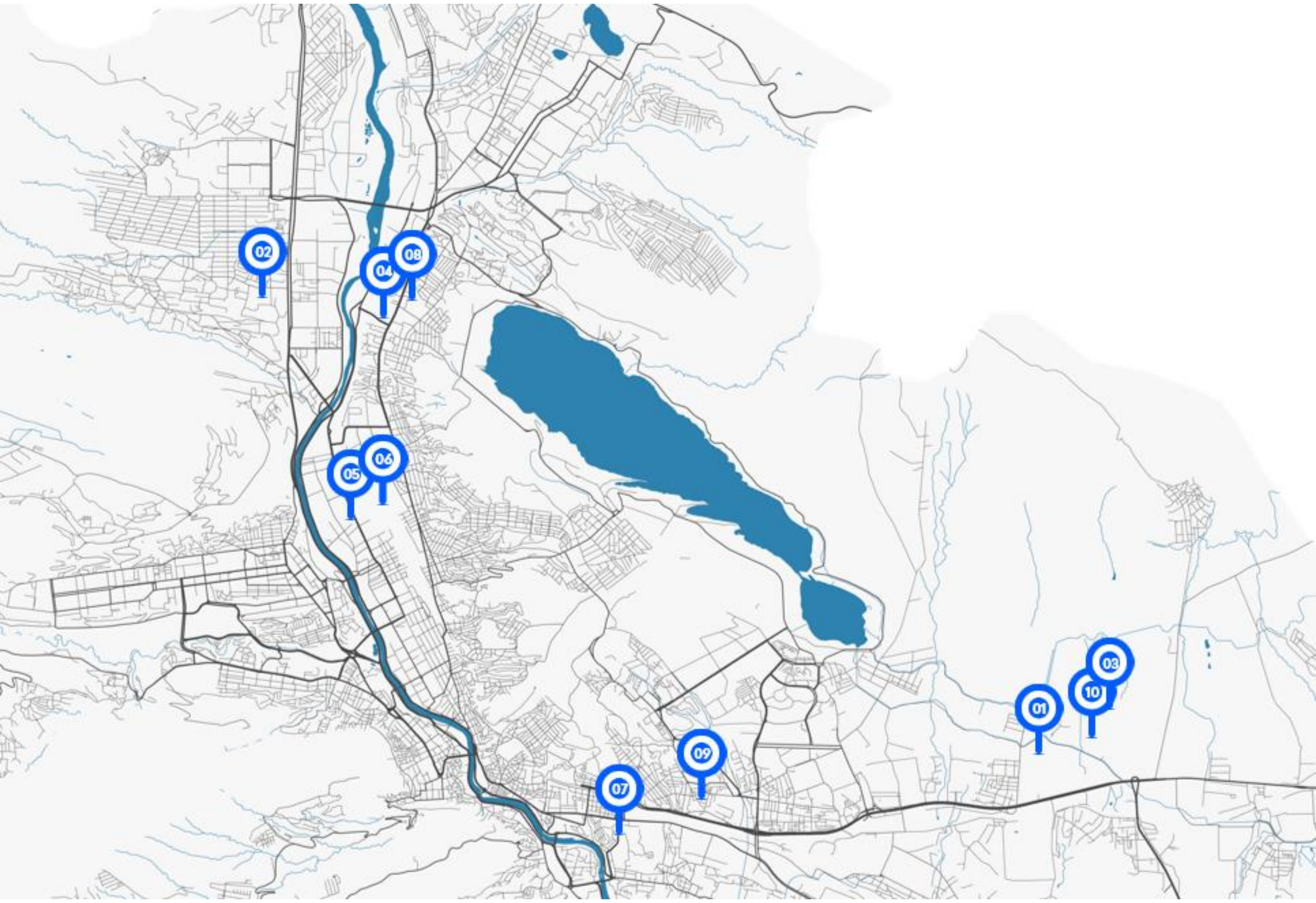
The tenant mix within warehouse spaces is diverse, with a significant portion of the area occupied by companies engaged in trade, particularly in sectors such **as fast-moving consumer goods (FMCG), apparel, and electronics.** Additionally, there is representation from **the pharmaceutical and beauty industries.**

Figure 5. Distribution of organized leasable warehouses in Tbilisi by districts, 2024



Source: NAPR, Geostat, RS, TBC Capital Industrial and Logistics Real Estate Market Survey 2024

Location of major leasable warehouses in Tbilisi



	Warehouse	Location	Estimated GLA	Class
01	Gebrüder Weiss	Europe St 4	13,453	A
02	Smart warehouse	Andronikashvili, I, 6	19,000	A
03	Lilo 1	Iumashevi 14	76,000	B
04	Lelo	Ksani str. 36	26,000	B
05	Saqinvesti	Agladze 32	37,652	B
06	Ana group	Giorgi Chkondideli 56	19,653	B
07	Transservice	Ketevan Tsamebuli 98	16,700	B
08	Tbilabreshumi	Guramishvili Avenue 64	31,500	B
09	GLS	Moscow prospect 25	15,180	B
10	VIP satskobi	Iumashevi 11	14,200	B

Industrial and logistics real estate market in Batumi, Kutaisi, Poti and Rustavi

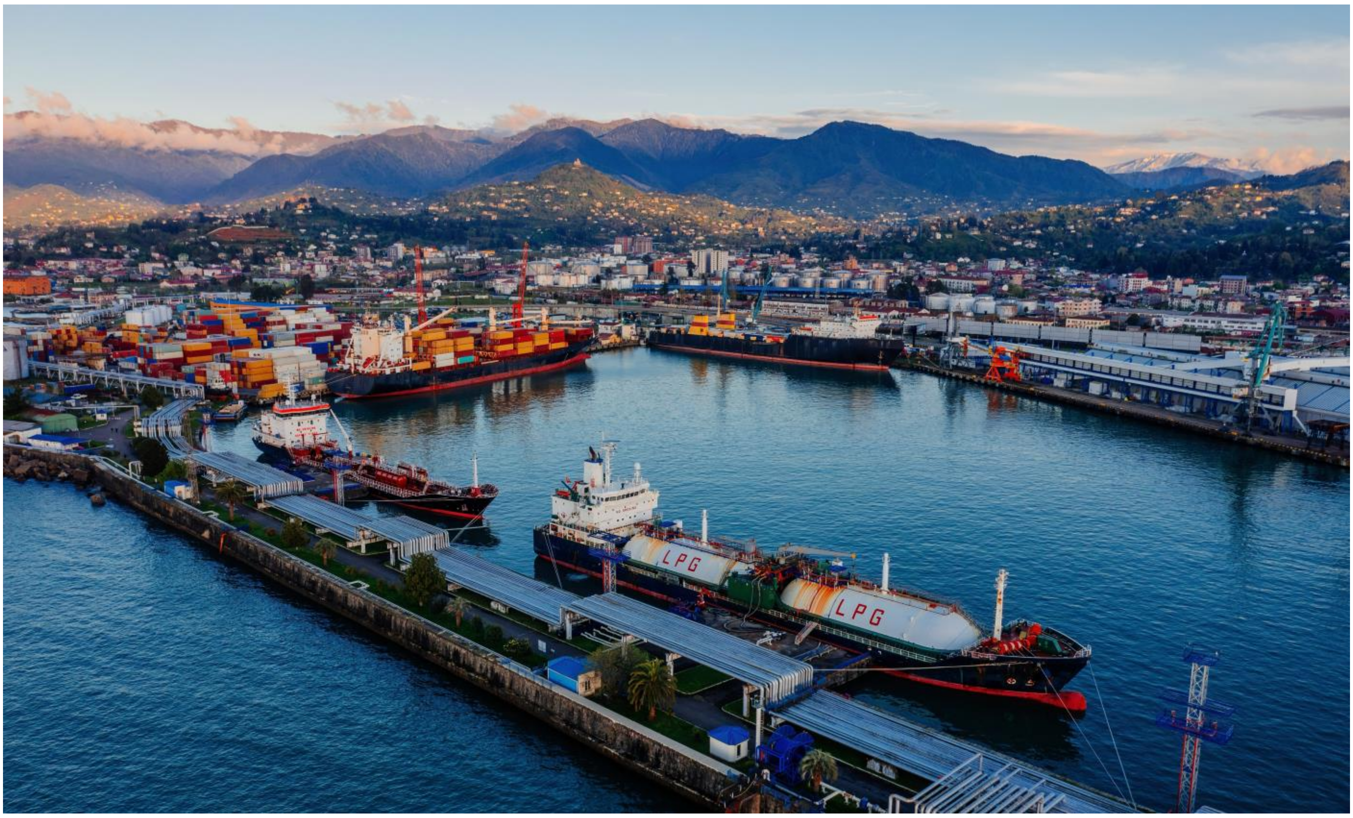
Among the leasable warehouses, 68% are concentrated in Tbilisi, followed by Kutaisi (17%), Batumi (5%), and Poti (5%). The warehouse market in Kutaisi includes mainly traditional facilities, with a focus on manufacturing, assembly, and storage operations. The presence of the Kutaisi Free Industrial Zone (FIZ) supports the growth of logistics services. **The average rent prices in Kutaisi are notably attractive, ranging from $2 to $2.5 per square meter. The occupancy rate of warehouses here stands at 36%,** which may be **understated due to the presence of service contracts and the actual utilization rates** might be higher. Its central location in West Georgia facilitates efficient distribution, making it an appealing option as a regional hub for distribution centers.

Poti functions as a pivotal logistics and industrial hub in Georgia, characterized by its strategic location along the Black Sea coast. There is the Free Industrial Zone (FIZ), **a high concentration of terminals and transit and transportation companies**, leveraging its status as a major logistic service hub. Based on lease agreements, **the average occupancy rate in Poti warehouse is around 21%.** However, Poti's role as a maritime hub suggests that actual demand for warehouse space is higher, driven by significant cargo volumes. **Service fee in Poti warehouses vary based on volume of cargo handling.**

Batumi, another coastal city, **accounts for 5% of the leasable warehouse market. The average rental costs here range from $3 to $6 per SQM**, indicating a higher price point relative to Kutaisi. **The occupancy rate in Batumi is 39%, based on lease agreements, which again might be underestimated.**

Rustavi's warehouse market is dominated by **small-scale, unorganized players, primarily focused on car parking** rather than dedicated logistics facilities. Rustavi remains an underdeveloped market in terms of warehousing, indicating opportunities for future growth in this area.

Source: NAPR, Geostat, RS, TBC Capital Industrial and Logistics Real Estate Market Survey 2024



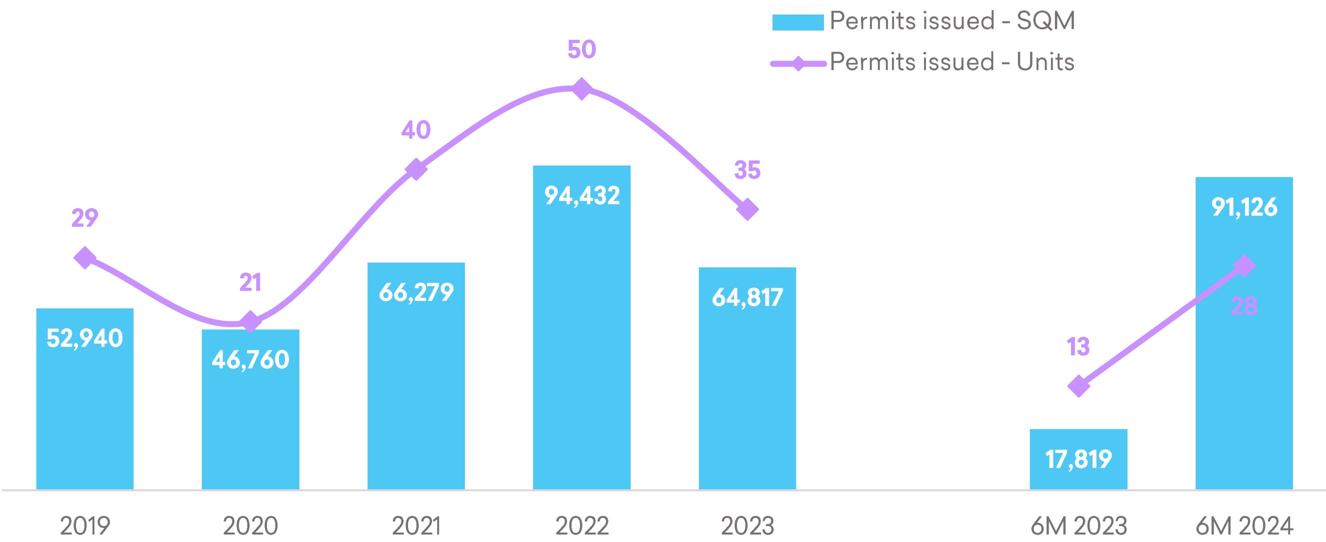
Industrial and logistics real estate market: future supply

The increase in transit flows and heightened local demand have led to a rise in the demand for warehouse and services in recent years, which has been accompanied by an increase in building permits issued for warehouse spaces**. The average construction cost of warehouse varies between $500-700 per SQM for dry storage, and between $650-820 for cold storage.**

Between 2019 and 2023, a total of 175 warehouses in Tbilisi received construction permits, with a total warehouse area of 325,229 SQM. A significant portion of those permits are already utilized. In the first half of 2024, **permits were issued for the construction of 28 warehouses**, with a total storage area exceeding the overall area of permits issued in 2023 by 40%. **The top five projects for permits issued in the first half of 2024 (by total storage area) are located in Samgori, Lilo, and the vicinity of the airport, accounting for 60% of the total area of issued permits**. It is also noteworthy that these projects will serve as logistics centers, with the primary activities of the companies focusing on providing warehousing and related services. Consequently, **the supply of warehouse spaces in the Samgori area is expected to increase further in the next 2-3 years.**

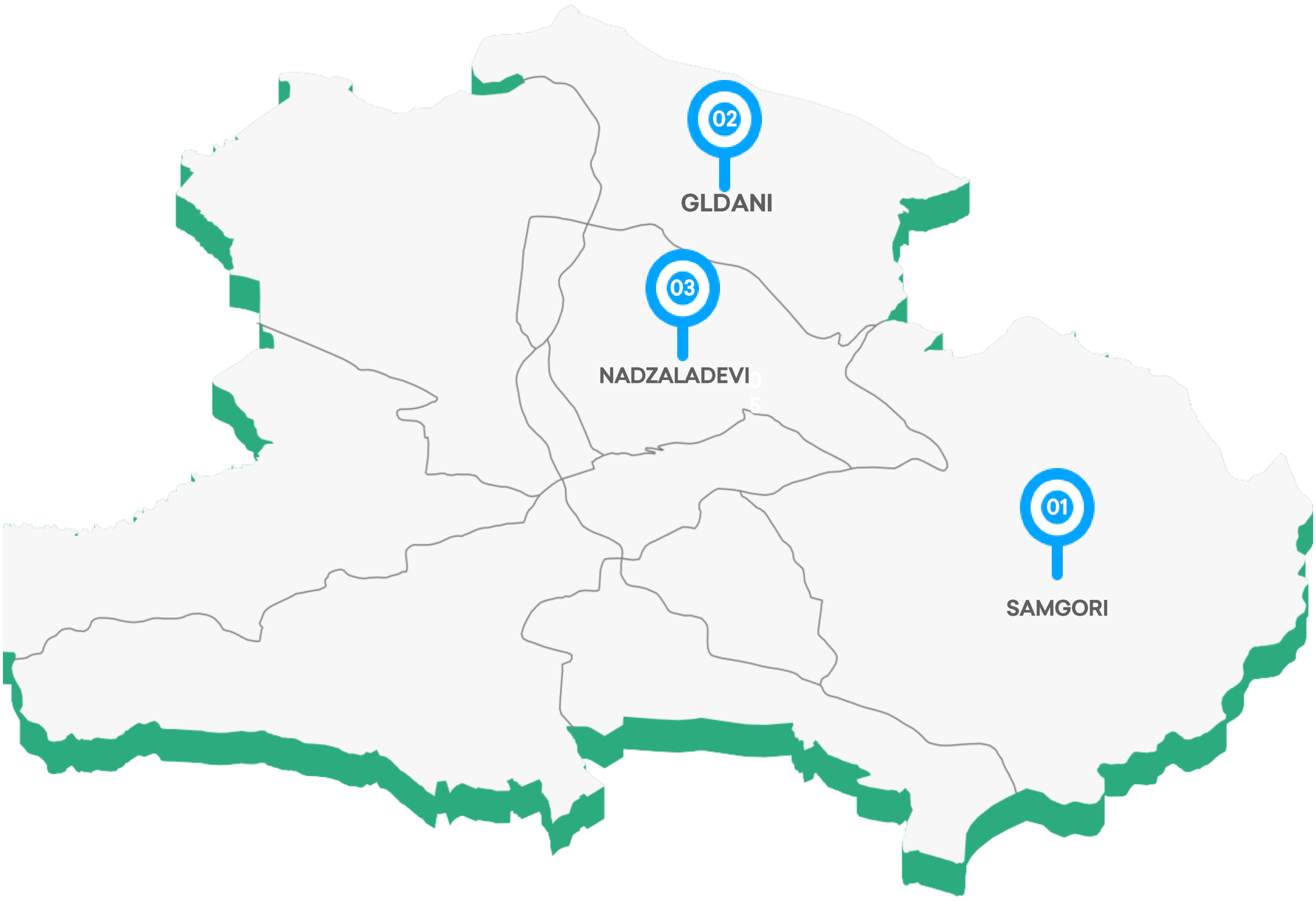
The supply of warehouses in Batumi and Kutaisi is set to increase, with a total of 15 permits issued in Batumi for warehouse construction since 2019. **In Kutaisi, there has been a notable surge in permits, with a sixfold increase in 2023** compared to the previous year. However, the total area permitted was approximately 13,527 square meters across 12 permits, averaging around 1,000 square meters per warehouse, which is relatively small. Nevertheless, **the positive trend is expected to continue into 2024, as the first half of the year saw a significant annual increase of 33% in the area of permits issued**. **In Rustavi,** there have not been many permits issued for the construction of warehouse spaces in recent years, and **the majority of the issued permits are for warehouses intended to be occupied by owners.** Majority of these permits are already utilized.

Figure 6. Construction permits for warehouses, Tbilisi



Source: TAS, TBC Capital

Tbilisi industrial and logistics real estate market: future supply



N	District	Number of permits (2023-6M 2024)	Warehouse area, (2023-6M 2024)
01	Samgori	50	134,913
02	Gldani	10	13,845
03	Nadzaladevi	3	5,974

Source: TAS, TBC Capital

Tbilisi industrial and logistics real estate market: future supply

Building type	Building area (SQM)	Address	Permit issuance date
Warehouse	1,108	Shusha str N38	27-Feb-23
Warehouse	2,475	Yumashevi str N23	7-Feb-23
Warehouse	358	Guramishvili Avenue N64	29-Mar-23
Warehouse	1,108	Shusha str N38	24-Mar-23
Warehouse	483	Rezo Gabashvili str N71	21-Mar-23
Warehouse	1,954	T. Eristavi Str. N2	19-Apr-23
Warehouse	1,685	Evan Devdariani II Lane N10	5-May-23
Warehouse	2,107	Didi Lilo	15-May-23
Warehouse	1,492	Kiziki Street	5-May-23
Warehouse	213	Enukidze str. N7	22-Jun-23
Warehouse	2,889	Tengiz Chantladze str. N39	8-Jun-23
Warehouse	1,407	Sergey Lazo Street	21-Jun-23
Warehouse	1,989	Levan Devdariani III Lane, N16	5-Jun-23
Warehouse	456	Vtikhi Zhvania str. N5	31-Jul-23
Warehouse	682	Grigol Lortkipanidze str. N80a	26-Jul-23
Warehouse	1,741	Didi Lilo	4-Jul-23
Warehouse	464	Zahesi, Mikheil Tsinamdzghvrishvili str. N7	30-Aug-23
Warehouse	673	Akhvlediani str. N8	16-Aug-23
Warehouse	2,657	Chirnakhuli str. N74	14-Aug-23
Warehouse	1,577	Alexander Tvalchrelidze str. N39g	22-Aug-23
Warehouse	1,528	Kvemo Aleksevka	8-Aug-23
Warehouse	2,170	Didi Lilo	3-Aug-23
Warehouse	3,220	Tengiz Chantladze Street I Lane N10	21-Sep-23
Warehouse	NA	Cairo str. N38	13-Sep-23
Warehouse	2,345	Nodar Sigua str. N15	5-Sep-23
Warehouse	710	Kiziki str. N10	4-Sep-23
Warehouse	628	Kiziki str. N18	26-Sep-23
Warehouse	7,803	Yumashavi str. N14	1-Sep-23
Warehouse	1,048	Didi Lilo	11-Oct-23
Warehouse	2,586	Shusha str. N38	23-Oct-23
Warehouse	7,843	Didi Lilo	10-Nov-23
Warehouse	6,516	Airport Settlement	2-Nov-23
Warehouse	926	Gardabani Highway	18-Dec-23
Warehouse	1,188	Moscow AvenueN24a	15-Dec-23

Source: TAS, TBC Capital

Tbilisi industrial and logistics real estate market: future supply

Building type	Building area (SQM)	Address	Permit issuance date
Warehouse	2,649	Mukhadze str. N5	6-Dec-23
Warehouse	2,348	Rostom Abramishvili str. N2	12-Jan-24
Warehouse	2,877	Grigol Lortkipanidze str. N83a	22-Jan-24
Warehouse	932	Didi Lilo	26-Jan-24
Warehouse	3,580	Airport Settlement	13-Feb-24
Warehouse	1,524	Kiziki str. N26	6-Feb-24
Warehouse	650	Didi Lilo	2-Feb-24
Warehouse	4,752	D. Guramishvili Avenue N84	20-Feb-24
Warehouse	891	Near Lazo Street	16-Feb-24
Warehouse	472	Orkhevi, near Mukhadze str. N5	13-Feb-24
Warehouse	9,797	Didi Lilo, Nasaguri Village	15-Mar-24
Warehouse	5,957	Orkhevi, near Mechanical Factory	13-Mar-24
Warehouse	1,404	Elefter Andronikashvili III Lane N6	14-Mar-24
Warehouse	2,871	Maisuradze str. N1	17-Apr-24
Warehouse	N/A	Didi Lilo	17-Apr-24
Warehouse	N/A	Levan Devdariani I Lane N24	16-Apr-24
Warehouse	1,771	Davit Kobakhidze str. N46	4-Apr-24
Warehouse	4,212	Akhvlediani str. N8	25-Apr-24
Warehouse	1,368	Kindzmarauli str. N29	24-Apr-24
Warehouse	5,373	Tvalchrelidze str. N13	17-Apr-24
Warehouse	1,101	Kvemo Aleksevka	12-Apr-24
Warehouse	1,580	Didi Lilo	8-Apr-24
Warehouse	2,847	Near Tvalchrelidze str. N10	5-Apr-24
Warehouse	33,508	Rostom Abramishvili I Lane N2	16-May-24
Warehouse	2,492	Tengiz Chantladze Lane N3	15-May-24
Warehouse	1,236	Digomi Experimental Farm	31-May-24
Warehouse	1,887	Orkhevi, near Mechanical Factory	27-May-24
Warehouse	417	Near Lazo Street	26-Jun-24
Warehouse	5,477	Arsen Okrojanashvili str. N26	19-Jun-24

Source: TAS, TBC Capital

Batumi industrial and logistics real estate market: future supply

Building type	Building area (SQM)	Address	Permit issuance date
Warehouse	NA	Urekhi	24-Jan-19
Warehouse	NA	Mukhran Matchavariani str. N53	23-Jul-19
Warehouse	7,723	Khakhuli II, N71	29-Jul-19
Warehouse	NA	Petre Bagrationi str. N16	2-Mar-20
Warehouse	NA	Gagarini str. N28/26a	13-Apr-21
Warehouse	2,504	Varshanidze str. N170	28-Oct-21
Warehouse	NA	Noneshvili str. N77	25-Jul-22
Warehouse	2,240	Shanidze str. N5a	12-Oct-22
Warehouse	479	Iusup Paghava str. N67	27-Jan-23
Warehouse	2,371	Giorgi Antsukhelidze str. N16	31-Mar-23
Warehouse	NA	Shindisi str. N5	16-Jun-23
Warehouse	4,476	Nobelebi str. N36	2-Aug-23
Warehouse	NA	Ivane Meskhi str. N56	9-Jan-24
Warehouse	360	Mamia Varshanidze str. N170-172-172a	17-Jan-24
Warehouse	1,911	Kakhaberi/Mejinistskali	13-May-24

Source: Batumi City Hall

Kutaisi and Poti industrial and logistics real estate market: future supply

Figure 7. Construction permits for warehouses, Kutaisi

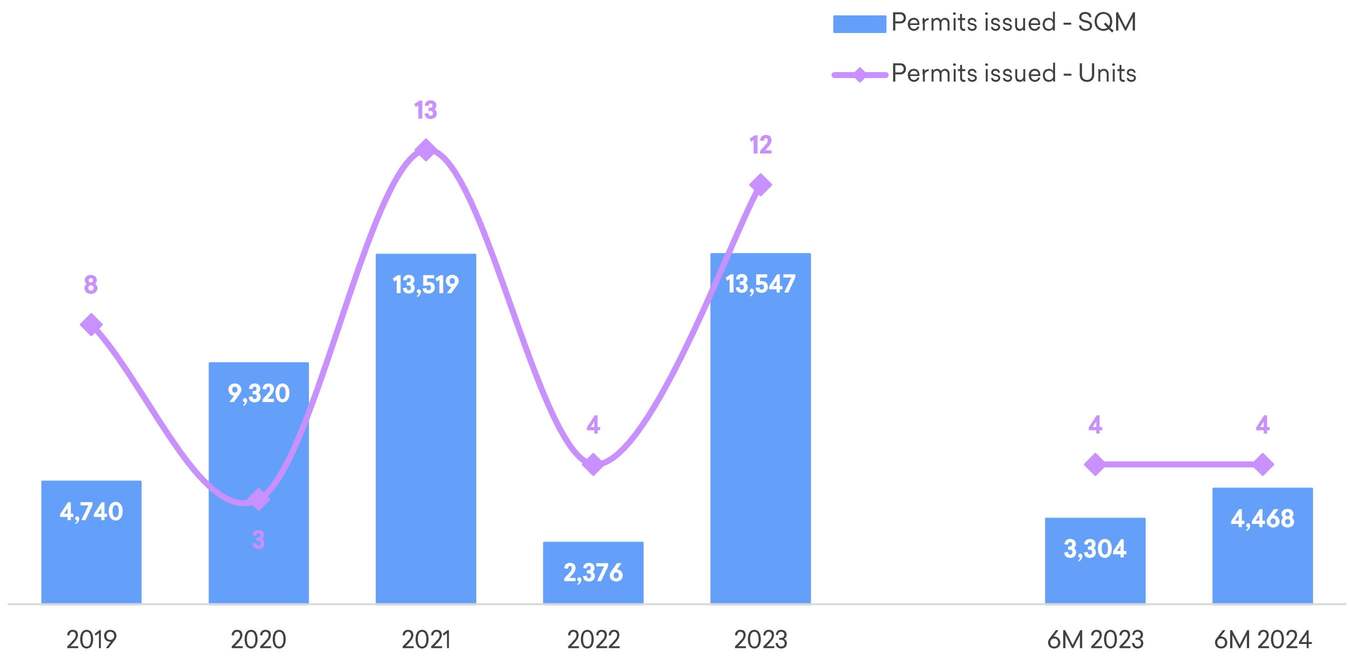


Table 4. Construction permits for warehouses, Poti

Building type	Building area (SQM)	Address	Permit issuance date
Office and warehouse	486	Kokaia Alley N3	2020
Warehouse	334	Larnaka st. N9	2021
Warehouse	2,400	Chavchavadze st.	2022
Warehouse	7,272	Paliashvili st. N20	2022
Multifunctional warehouse building	2,357	David Agmashenebeli st N61	2023
Warehouse	199	Nearby 8 March st. and Tchaladideli st.	2023
Warehouse	570	Kratasiuki st. N9	2024
Open-air warehouse	493	Elada st. N3	2024

Source: Kutaisi City Hall, Poti City Hall

Rustavi industrial and logistics real estate market: future supply

Year	Company	Address	Total area
2022	Geosteel	Mshvidoba str.9	491
2022	Geo Enterprise	Mshvidoba str.12	1,104
2023	Ferro Alloyes Production	Mshvidoba str.7	1,466
2023	Geo Enterprise	Mshvidoba str.12	994
2023	Geobuild	Mshvidoba str.	442
2023	N/A	Mazniashvili str.4	1,195
2024	N/A	Mshenebelta str.	135
2024	Energo-Pro Georgia	N/A	1,053
2024	Rustavi Trade	Gareji str.	802
2024	Individual	Gareji str.	230
2024	VDC	Mshenebelta str.62	235

Source: Rustavi City Hall

Annex: Criteria to classify warehouses

Criteria	Class A	Class B	Class C
Location	Prime logistics hubs, near major transport routes (highways, ports, rail)	Secondary locations, accessible but not as prime	Outlying areas, remote from major transport routes
Building Quality	High-quality construction with modern materials and finishes	Average quality with standard construction	Older, basic construction materials
Building Age	Less than 10 years or newly renovated	10-20 years with some updates	More than 20 years, typically in need of repairs
Ceiling Height	High ceilings above 9 meter	Moderate ceilings (between 6-9 meter)	Low ceilings (lower than 6 meter)
Docking Facilities	Multiple loading docks, high-efficiency loading/unloading	Adequate loading docks, average efficiency	Few loading docks, lower efficiency
Flooring	High-quality, reinforced flooring suitable for heavy loads	Standard flooring, may be suitable for general use	Basic flooring, potentially uneven or damaged
Temperature Control	Climate-controlled environments for sensitive goods	Limited temperature control	No temperature control, not suitable for sensitive goods
Security	Advanced security systems (CCTV, gated access, on-site personnel)	Basic security measures	Minimal security, may rely on natural surveillance
Parking	Ample, secure parking for trucks and trailers	Moderate parking availability	Limited parking, may be on-street
Access	Excellent access for large vehicles and easy maneuvering	Reasonable access but may have constraints	Difficult access for large vehicles
Energy Efficiency	High energy efficiency features (LED lighting, insulation)	Some energy-efficient features	Little to no energy efficiency
Flexibility of Space	Highly flexible layouts to accommodate various storage needs	Some flexibility but may have fixed partitions	Limited flexibility, often fixed layout
Building Management	Professional management, responsive maintenance	Average management with standard maintenance	Minimal management, often reactive maintenance

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