

LOGISTICS

REGIONAL AND GLOBAL TRENDS SHAPING
SECTOR CHALLENGES AND
OPPORTUNITIES

18 September 2025



WHY LOGISTICS MATTERS?



Logistics connects businesses, markets, and industries, shaping the competitiveness of both nations and companies






Georgia's geographical setting naturally assigns logistics a special role in the country's development



Regional developments and current events further underscore the significance of logistics for Georgia

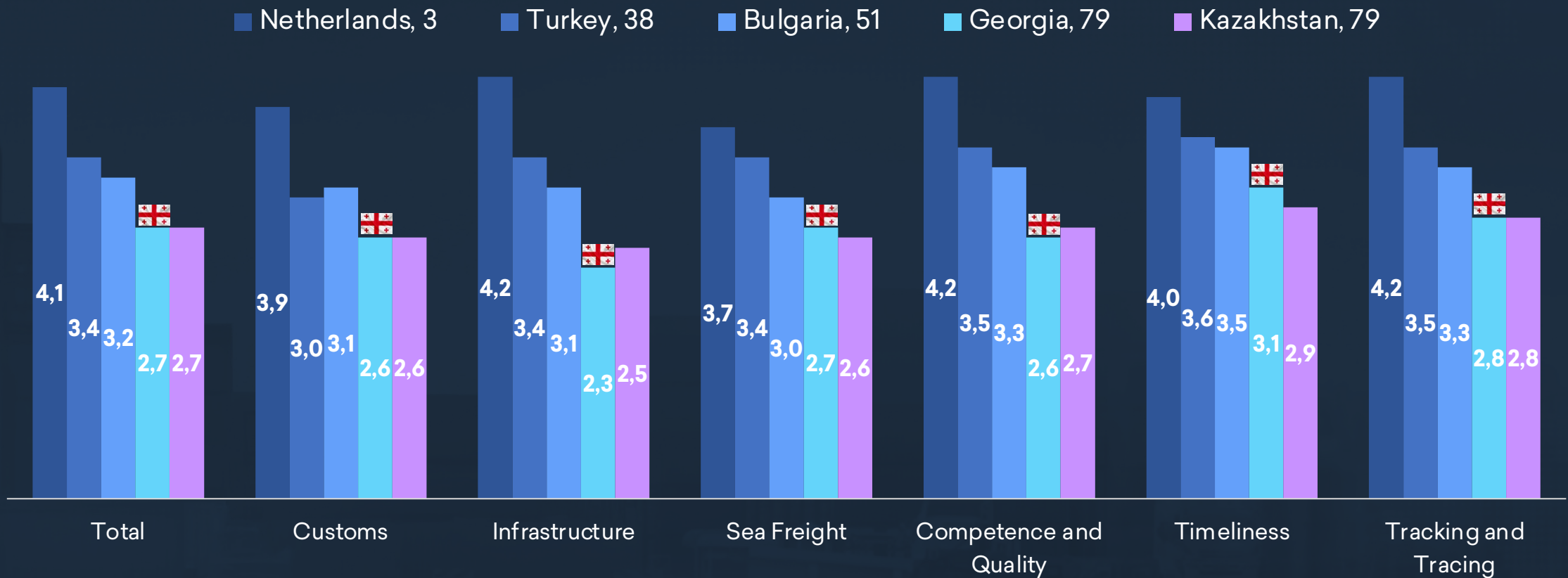


PROJECTED GROWTH IN CENTRAL ASIA FURTHER INCREASES THE SIGNIFICANCE OF GEORGIA'S LOGISTICS ROLE

	 Economic Growth 2026-2030 (CAGR)	 Import Growth 2026-2030 (CAGR)	 Export Growth 2026-2030 (CAGR)
Kazakhstan	3.4%	2.2%	3.4%
Uzbekistan	5.7%	6.9%	6.3%
Turkmenistan	2.3%	8.1%	1.2%
Kyrgyzstan	5.4%	2.3%	3.3%
Tajikistan	4.7%	3.8%	4.8%

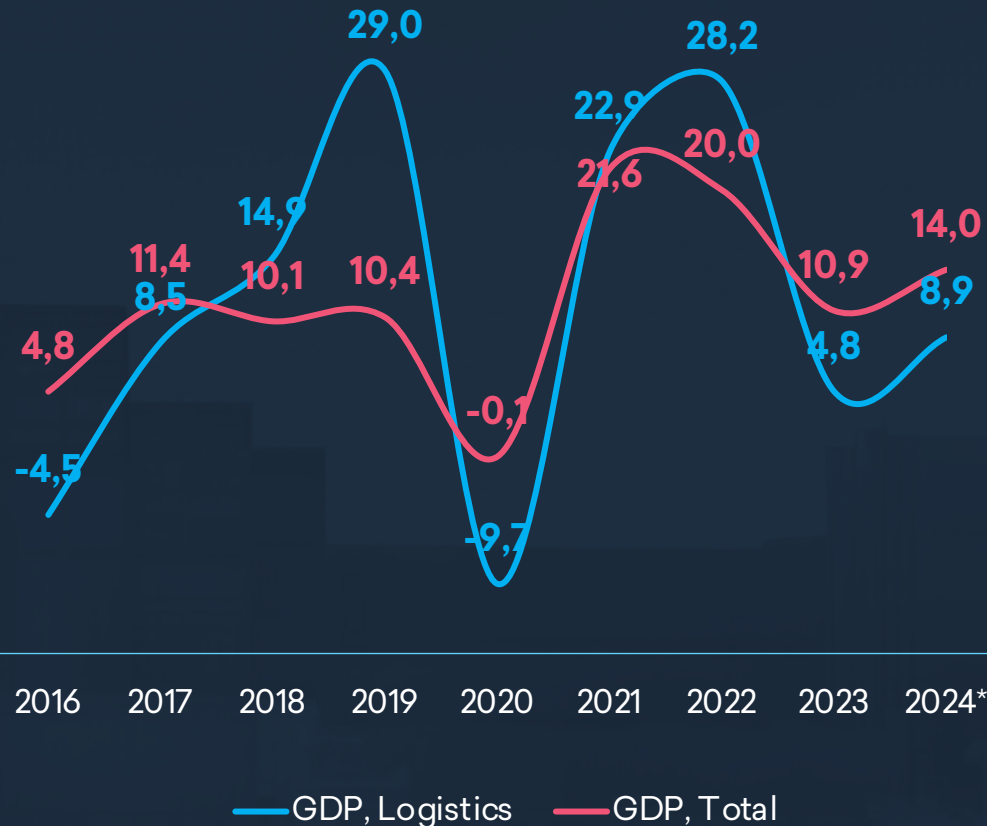
GEORGIA'S LOGISTICS SECTOR RANKS 79TH OUT OF 123 COUNTRIES, WITH INFRASTRUCTURE IDENTIFIED BY THE WORLD BANK AS ITS MAIN WEAKNESS.

Logistics Performance Index, 2023

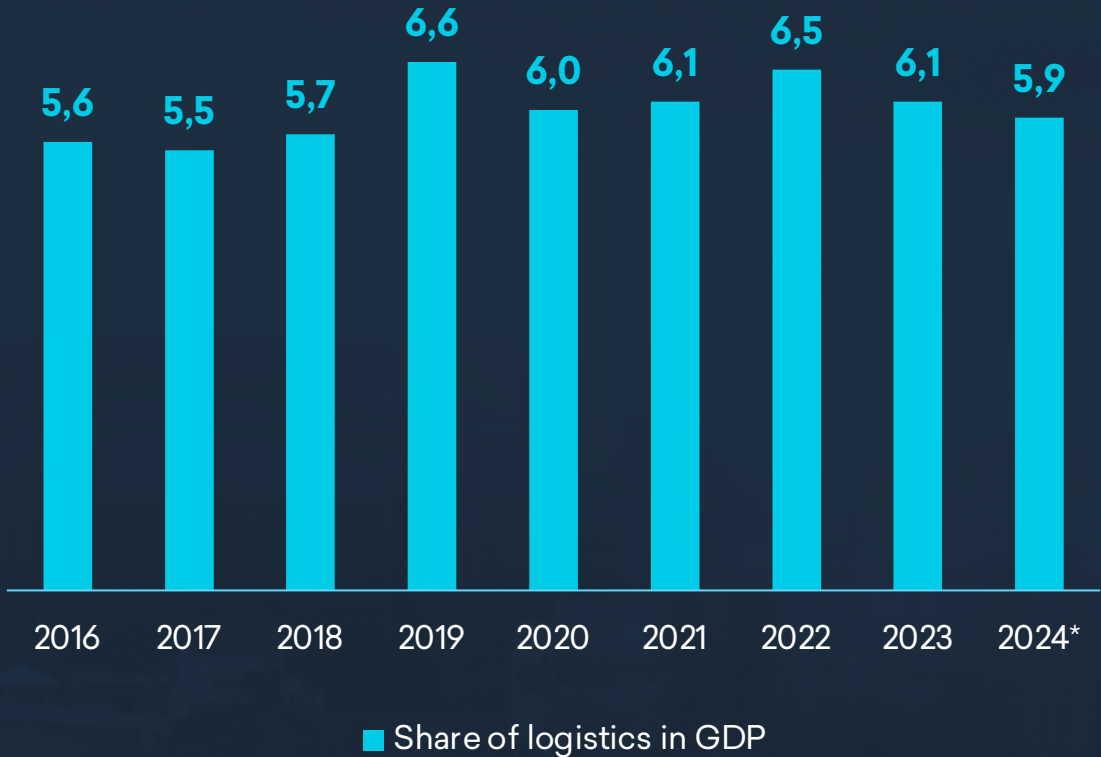


THE LOGISTICS SECTOR'S CONTRIBUTION TO GDP HAS HELD STABLE OVER THE PAST DECADE, MOVING IN LINE WITH OVERALL ECONOMIC CYCLES.

Nominal change, YoY, %



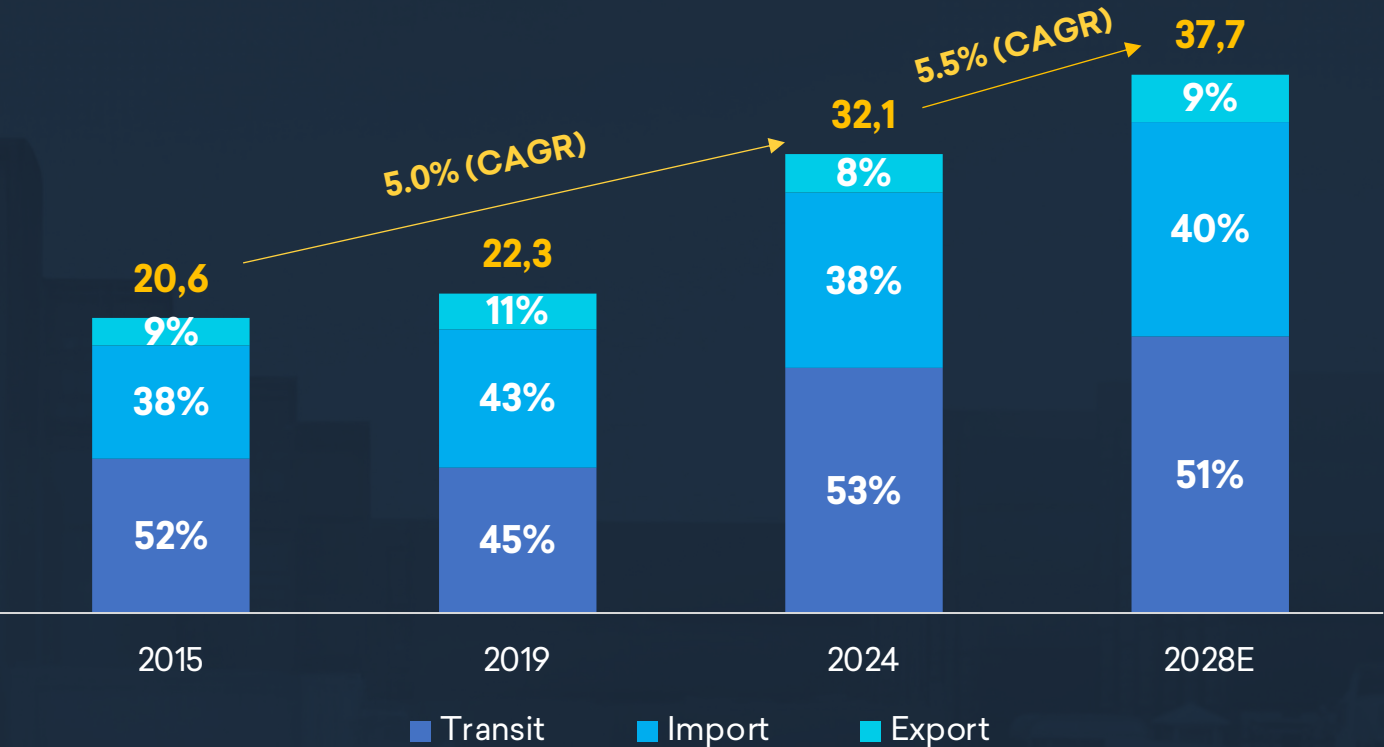
Share of logistics in GDP, %





Since 2015, freight turnover in Georgia's transport sector has followed an upward trend, with some fluctuations. Between 2015 and 2024, cargo turnover in Georgia's transport sector grew at a 5.0% compound annual growth rate (CAGR). Looking ahead, freight turnover is projected to continue expanding at a stable CAGR of 5.5%

Freight turnover in Georgia's transportation sector, excluding domestic transportation, mn tons



Growth Drivers:

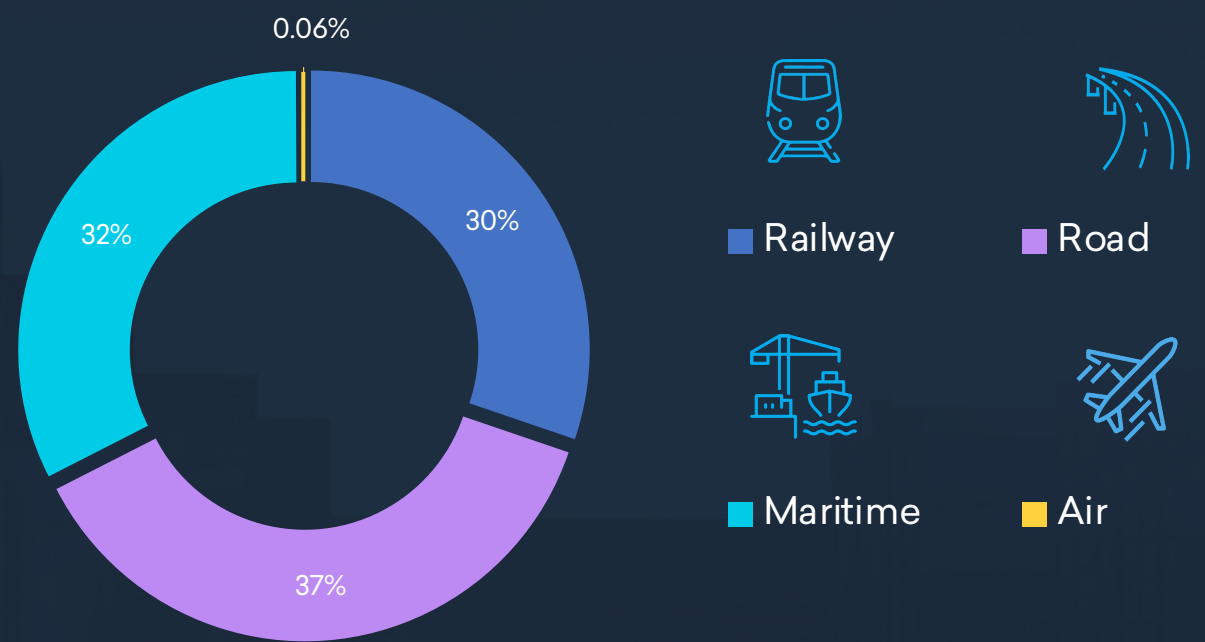
- Increase in domestic demand
- Export growth
- Central Asia's rising trade flows

Source: Geostat, Georgian Railway, Revenue Services of the Ministry of Finance, TBC Capital



RAILWAY, ROAD, AND MARITIME TRANSPORT EACH PLAY AN ALMOST EQUALLY IMPORTANT ROLE IN GEORGIA'S INTERNATIONAL FREIGHT TRANSPORTATION.

Freight turnover distribution in Georgia's transportation sector, excluding domestic transportation, 2024 (%)



Railway

Line capacity:
27 mn tons/year

Utilization rate:
51%

Rolling stock capacity:
16 mn tons/year

Utilization Rate:
86%

Poti port

Capacity :
650 ths TEU/year

Utilization Rate:
84%

Batumi port

Capacity:
200 ths TEU/year

Utilization Rate:
46%

FROM TRANSPORTATION TO WAREHOUSING: GEORGIAN WAREHOUSING SECTOR IN A NUTSHELL



2.2 mn m² total warehouse area

10%

Cold storage

33%

available for leasing,
among which A class
facilities accounts for 6%

117

Customs (bonded)
warehouses

90%

Dry storage

67%

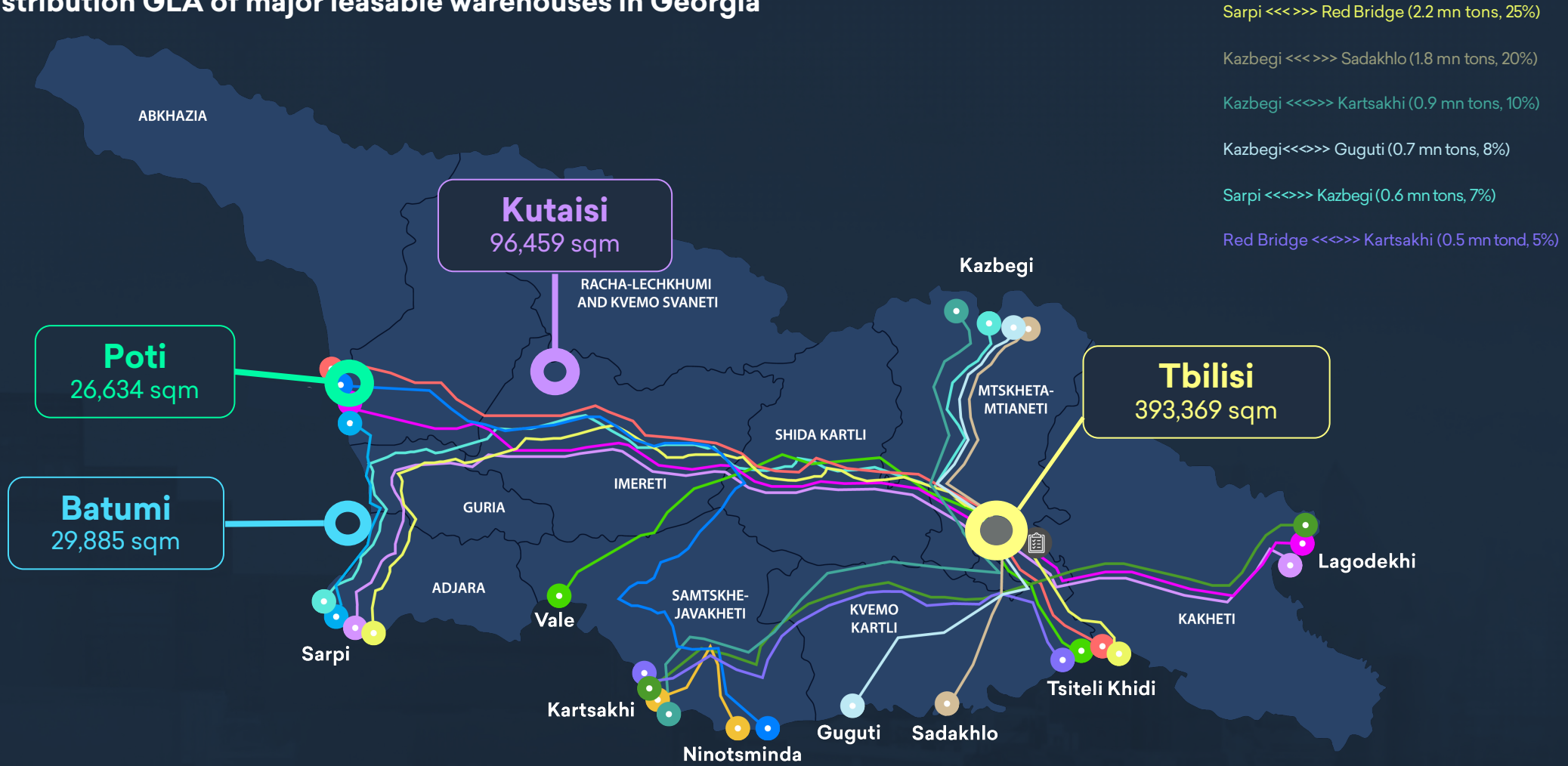
occupied by owners

**Offered
services**

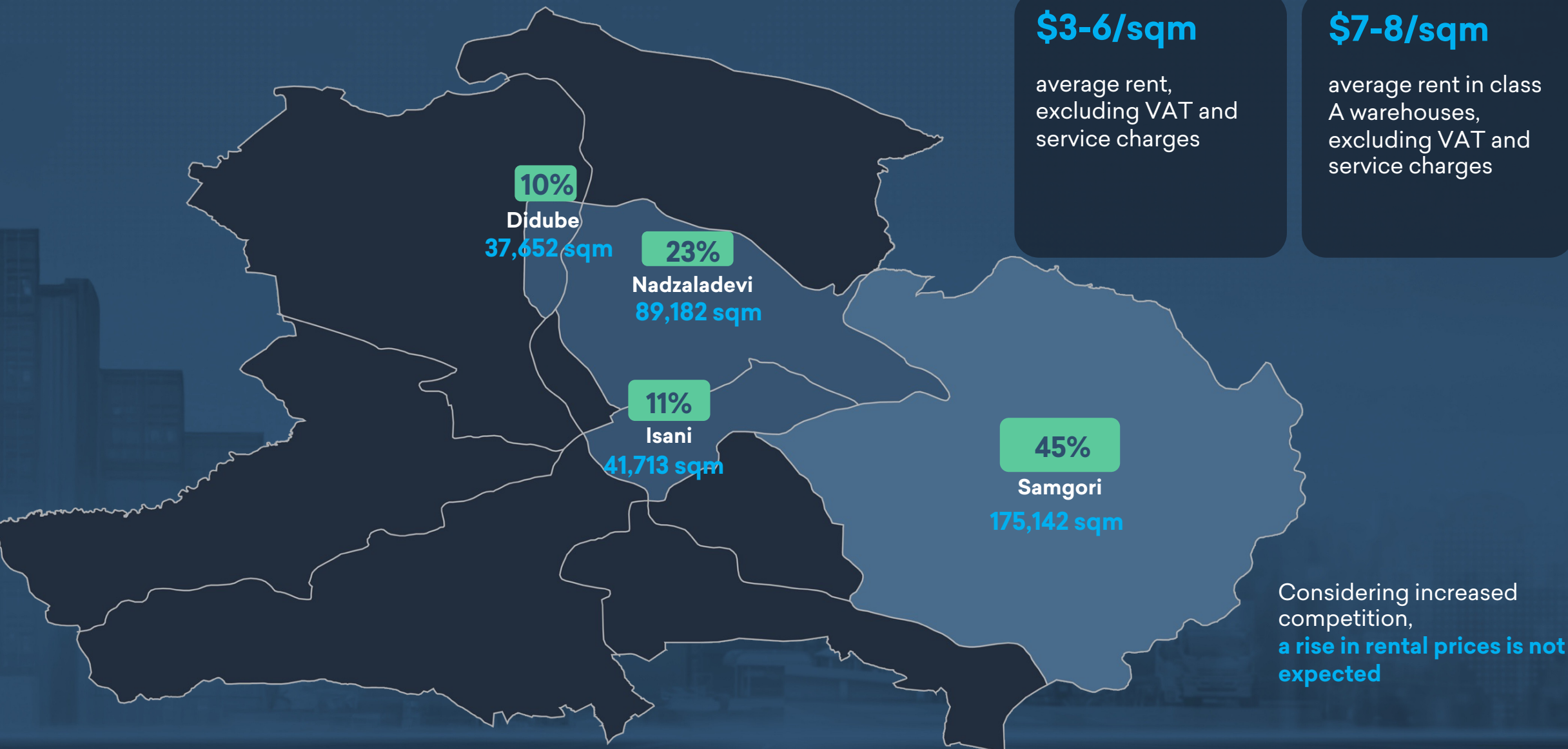
2PL,1PL – most common
3PL – rare

AMONG THE LEASABLE WAREHOUSES, 68% ARE CONCENTRATED IN TBILISI, FOLLOWED BY KUTAISI (17%), BATUMI (5%), AND POTI (5%).

Distribution GLA of major leasable warehouses in Georgia



THE OCCUPANCY RATE AT TBILISI LEASABLE WAREHOUSES AND LOGISTICS CENTERS ARE AROUND 85%.



\$3-6/sqm
average rent, excluding VAT and service charges

\$7-8/sqm
average rent in class A warehouses, excluding VAT and service charges

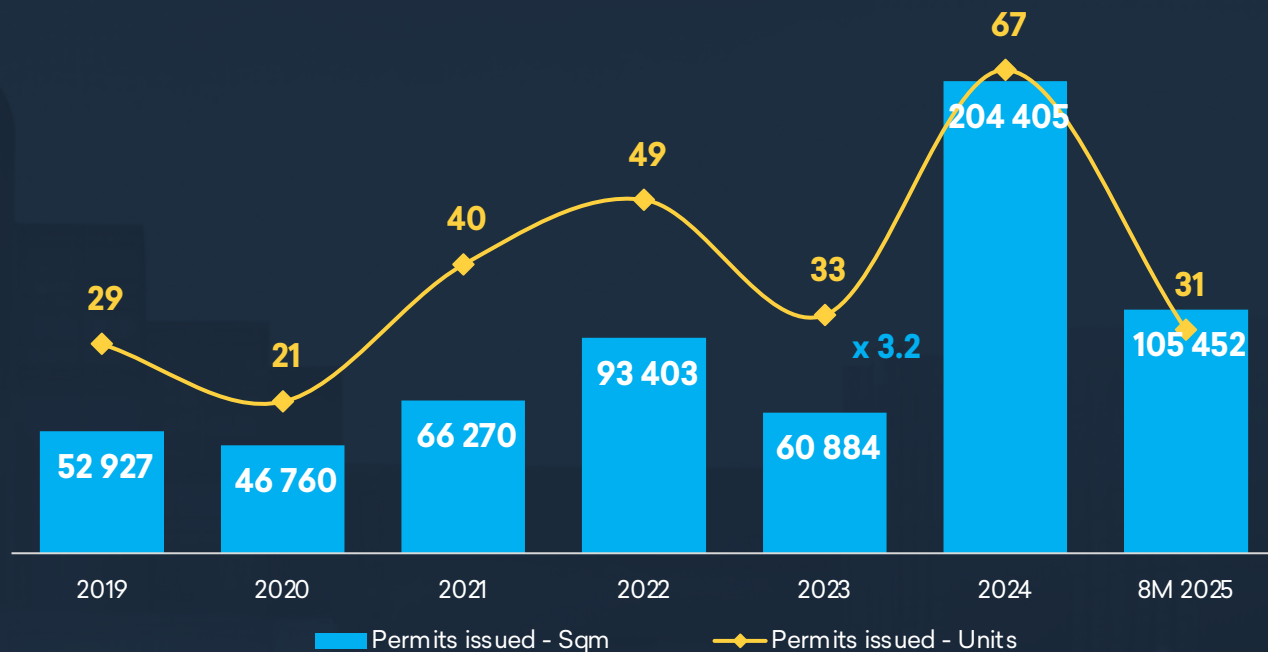
Considering increased competition, **a rise in rental prices is not expected**

Source: Geostat, Revenue Services, Public Registry, Financial Reporting Portal, other public open sources, TBC Capital



THE GROWTH IN TRANSPORTATION SECTOR HAS INCREASED DEMAND IN THE WAREHOUSING SECTOR, LEADING TO A RISE IN CONSTRUCTION PERMITS ISSUED FOR WAREHOUSE SPACES.

Warehouse construction permits issued in Tbilisi: number and area (sqm)



In 2024-2025 issued permits

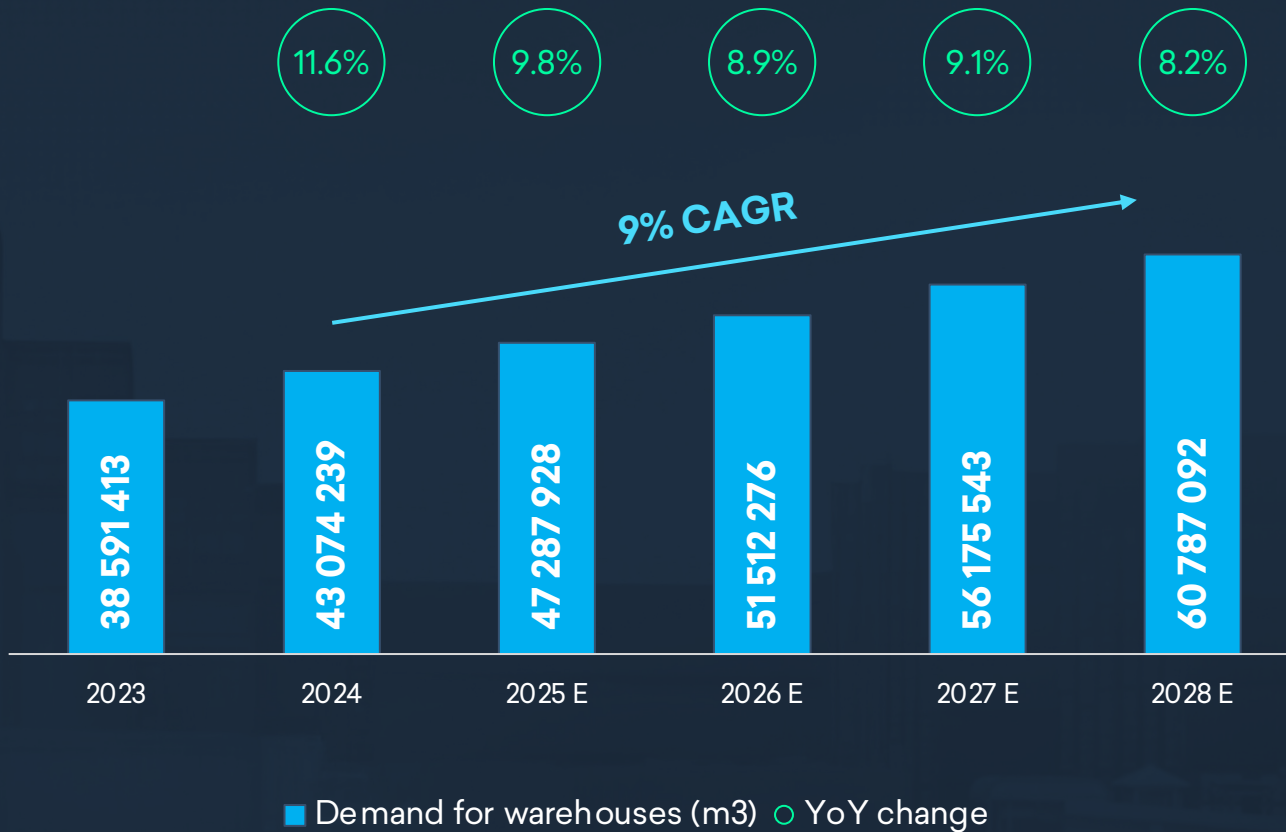
66% Samgori

17% Lilo

8% Gldani

DURING 2025-2028, THE DEMAND FOR WAREHOUSING CAPACITY IS PROJECTED TO GROW AT A COMPOUND ANNUAL GROWTH RATE (CAGR) OF 9.0%, INDICATING A SUSTAINED UPWARD TREND.

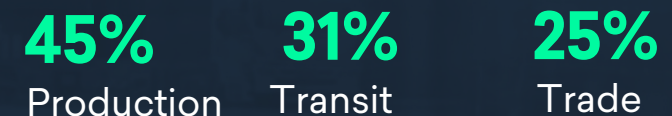
Projected demand for warehousing services (cubic meters) and annual growth rate (%) from 2025 to 2028



In 2024, demand for warehousing services was driven by the following products:



The main contributors to warehousing demand from 2025 to 2028 will be

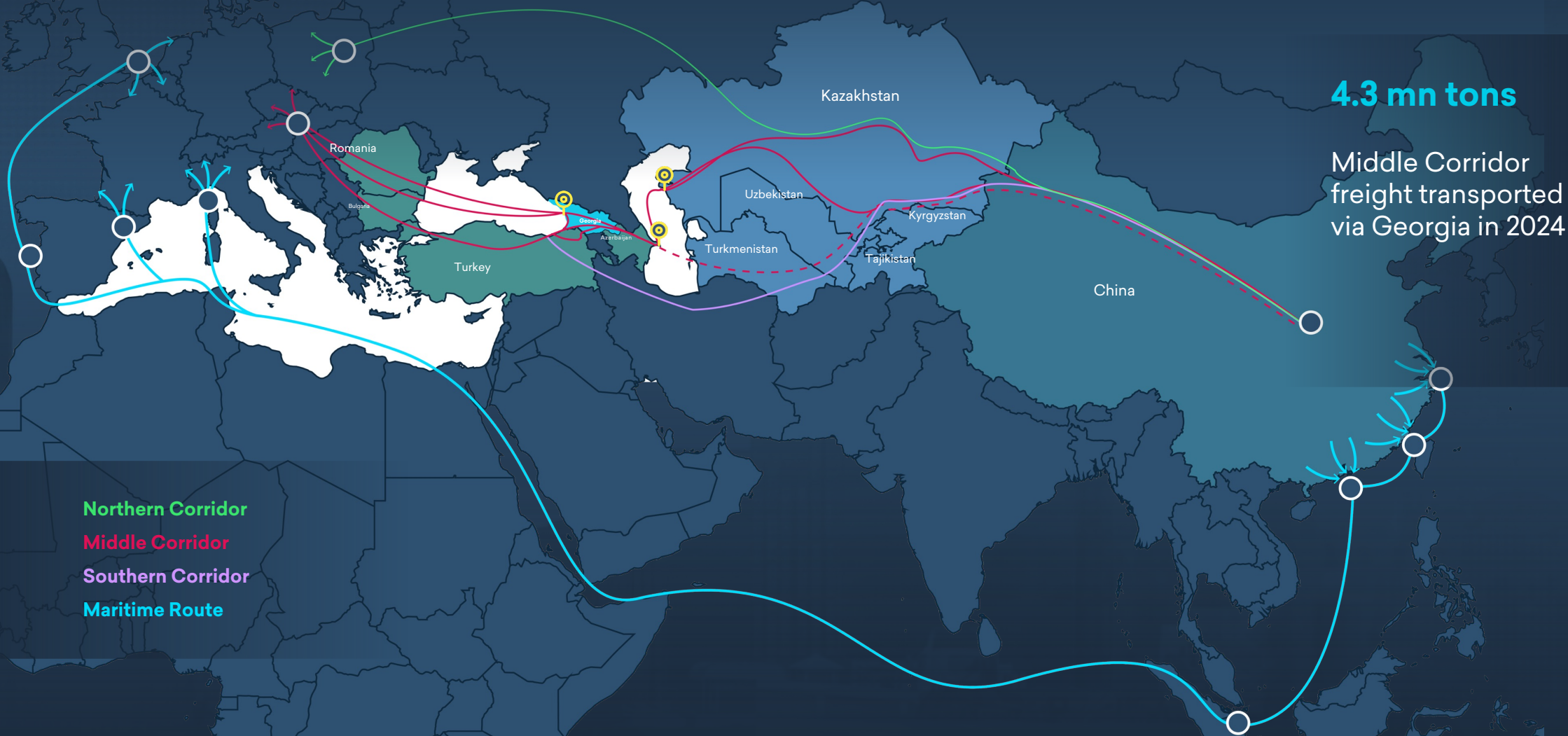


MIDDLE CORRIDOR: GEORGIA AT THE CROSSROADS OF EUROPE AND ASIA





GEORGIA CONNECTS EUROPE AND CENTRAL ASIA THROUGH THE MIDDLE CORRIDOR, WHICH ACCOUNTS FOR A QUARTER OF THE COUNTRY'S TRANSIT DEMAND.



THE MIDDLE CORRIDOR HOLDS SIGNIFICANT STRATEGIC AND GEOPOLITICAL VALUE, YET IT STILL TRAILS THE NORTHERN AND SOUTHERN ROUTES IN TERMS OF CAPACITY, COST-EFFICIENCY, AND TRANSIT SPEED.



	Route	Estimated maximum annual capacity	Average transportation time	Average costs
Northern Corridor	China → Kazakhstan → Russia → Belarus → Poland → Other European Countries	<ul style="list-style-type: none"> • 100-110 mn tons • 1.5 mn TEU 	<ul style="list-style-type: none"> • 12-18 days 	<ul style="list-style-type: none"> • \$2,500 – \$3,100 for 40-foot container • \$80–100/ton (bulk cargo)
Middle Corridor	China → Kazakhstan → Caspian Sea → Azerbaijan → Georgia → Turkey → Europe	<ul style="list-style-type: none"> • 6 mn tons • 80,000 TEU • 10-12 mn tons upon completion of infrastructure development 	<ul style="list-style-type: none"> • 18-23 days 	<ul style="list-style-type: none"> • \$4,500 – \$6,000 for 40-foot container • \$130–160/ton (bulk cargo)
Southern Corridor	China → Central Asia → Iran → Turkey → Europe	<ul style="list-style-type: none"> • 20-30 mn tons • 200,000-300,000 TEU 	<ul style="list-style-type: none"> • 20-25 days 	<ul style="list-style-type: none"> • \$4,000 – \$5,500 for 40-foot container • \$110–140/ton (bulk cargo)

LOGISTICAL CHALLENGES OF THE MIDDLE CORRIDOR



Infrastructure and insufficient throughput capacity

- ▶ **Multimodality of the corridor:**
Increases transit time and costs
- ▶ **Port infrastructure:**
Insufficient number of ferry and container ships
- ▶ **Railway and road infrastructure:**
Single-track rail lines, shortage of locomotives, wagons, and containers
- ▶ **Seasonal fluctuations of the Caspian sea level:**
Hinders the movement of large cargo vessels on the sea



Administrative and logistical procedures

- ▶ **Customs procedure:**
The legislative and regulative frameworks along the corridor countries are not harmonized

Entry and border-crossing rules vary between countries

Crossing borders involves multiple inspections
- ▶ **Tariffs and transportation costs:**
Tariffs and certification systems differ across countries

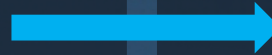


PLANNED PROJECTS IN GEORGIA TO ENHANCE THE MIDDLE CORRIDOR'S POTENTIAL



Barriers to realizing the potential of ports :

- Water depth
- Lack of berths
- Shortage of container terminals
- Inadequate integration with railway and road infrastructure



Poti Sea Port development project

The container capacity will exceed 1 million TEU

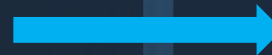
Anaklia Deep Sea Port

The first phase: 600,000 TEU



Barriers to realizing the potential of railway:

- Insufficient number of locomotives and freight wagons
- Single-track sections



Completion of the Railway modernization project in 2025

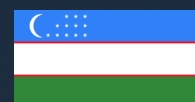
The maximum annual capacity of the railway will increase to up to 48 million tons



PLANNED INFRASTRUCTURE PROJECTS IN OTHER CORRIDOR COUNTRIES BETWEEN 2025 AND 2030



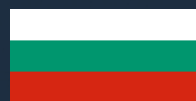
- **Aktau Port**
(240,000 TEU)
- **Kuryk Port**
- **Bakhty–Aiagöz railway line**
(20 mn tons)
- **Dostyk-Mointy railway line**



- **China-Kyrgyzstan-Uzbekistan railway line**
- **Maqтал Dry Port**



- **Alat Port**
(500,000 TEU)
- **Barda-Aghdam railway line**



- **Development of Varna Port**
- Increase in the number of container ships
- **Development of links to railway and road networks**
- **Bulgaria-Turkey railway line**



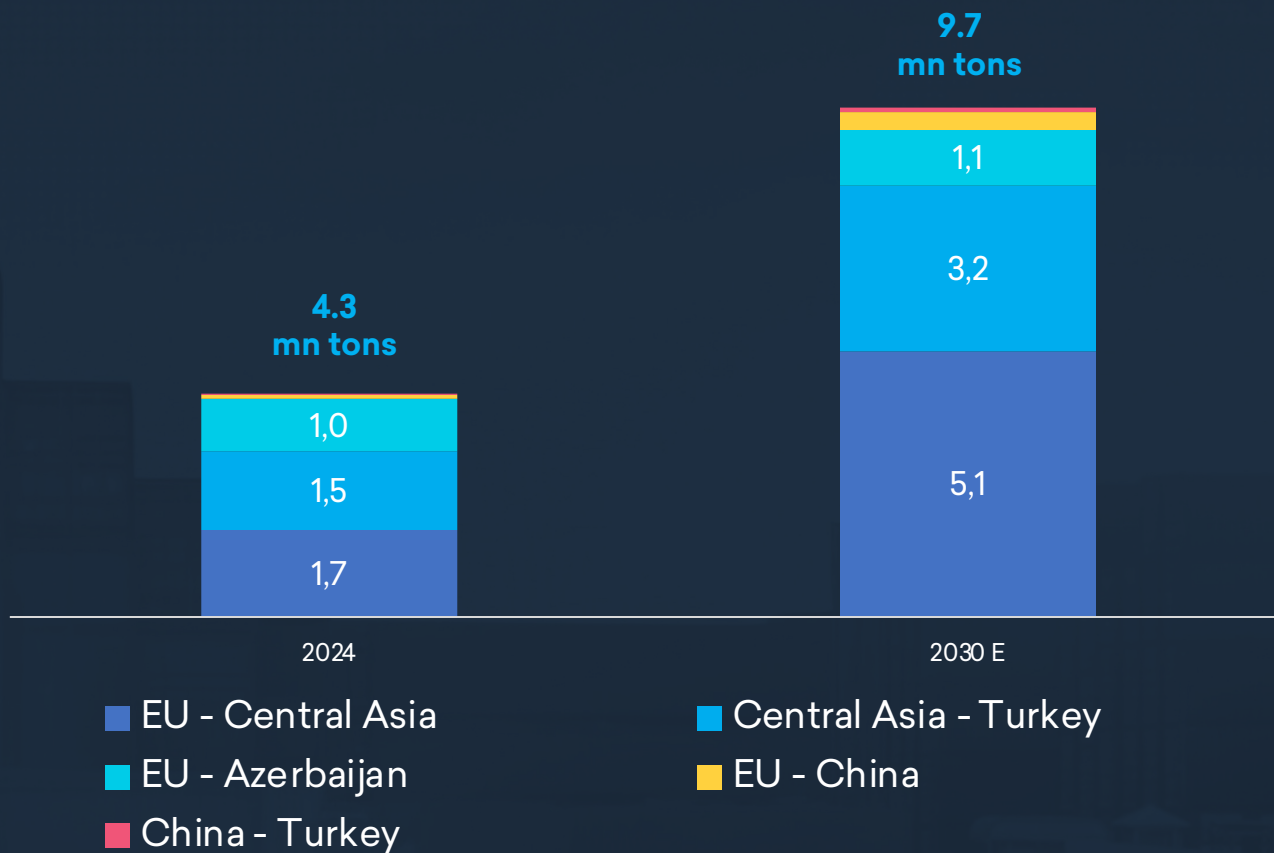
- **Development of Constanta railway station**
- **Addition of a free economic zone in the Constanța-Midia area**

12 mn tons

Capacity of the Middle Corridor will double

ACCORDING TO OUR ASSESSMENT, BY 2030, THE ECONOMIC DEVELOPMENT OF THE MIDDLE CORRIDOR COUNTRIES WILL BRING THE CORRIDOR'S POTENTIAL CLOSE TO FULL UTILIZATION

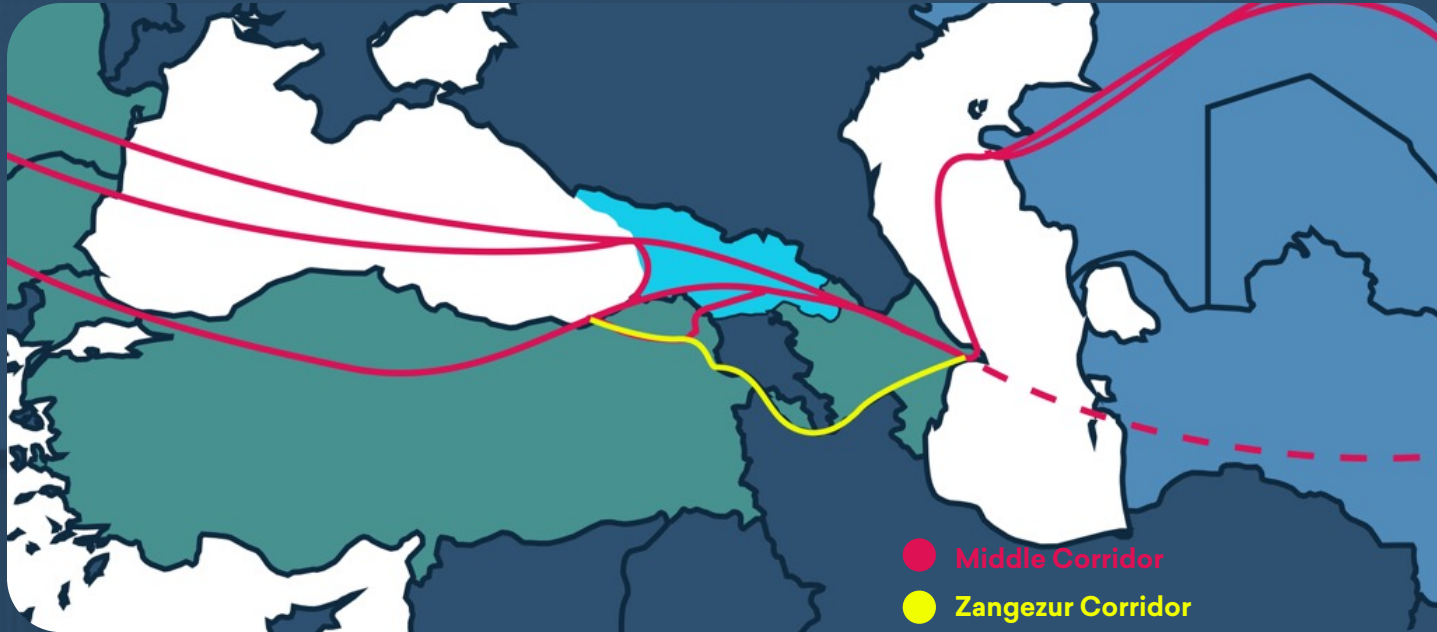
Middle corridor freight turnover (mn tons)



Factors that will support the growth of trade between the European Union and Central Asia:

- Rising demand for minerals in line with technological advancement
- The European Union's Green Deal agenda
- The European Union's Global Gateway initiative
- Expansion of the consumer market in Central Asia

IN THE SHORT TERM, THE REROUTING OF FREIGHT FLOWS TO THE ZANGEZUR CORRIDOR IS LESS PROBABLE



Zangezur Corridor

15 mn tons
Capacity

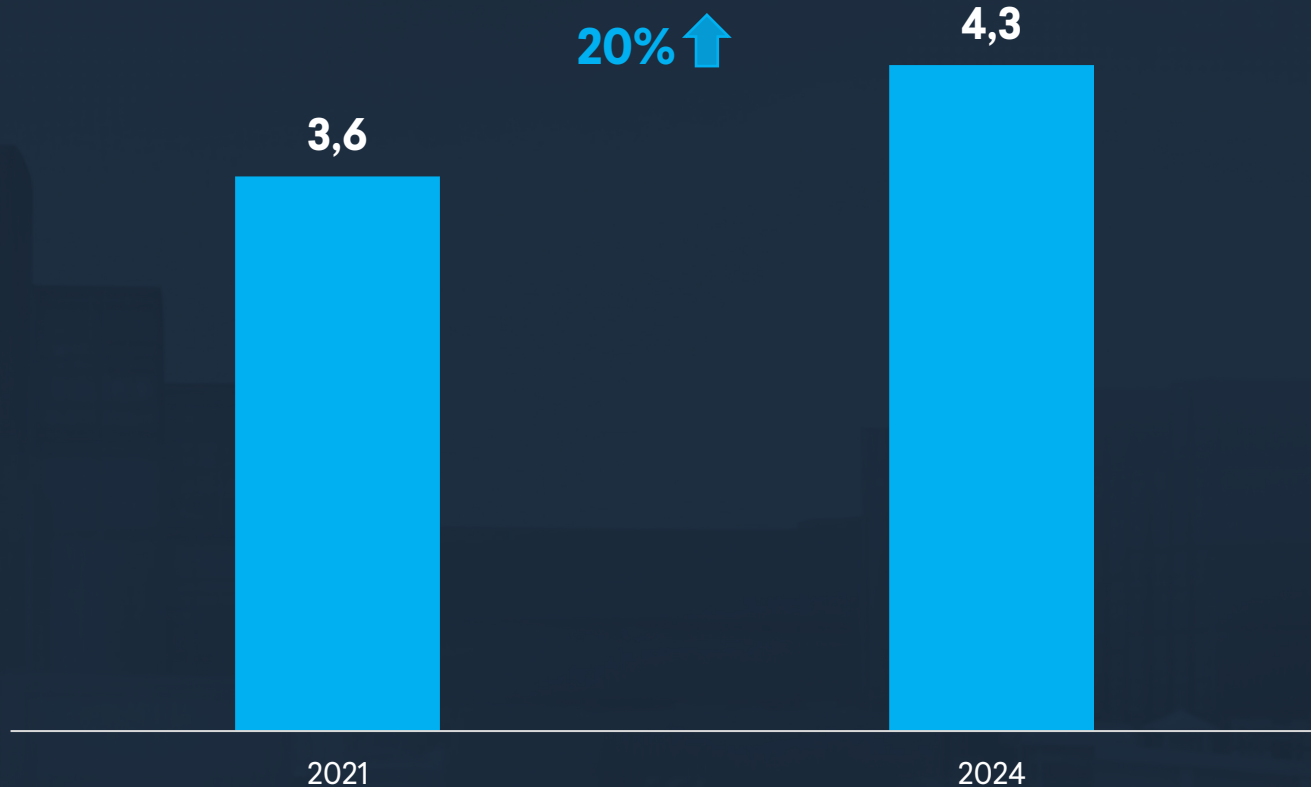
Railway and road transportation

Route length
Assessments vary
50-350 km shorter route

Trade direction	Freight turnover (mn tons)	Share in total transit	Probability of rerouting
Turkey-Azerbaijan	1.4	8%	High
Turkey-Central Asia	1.5	9%	High
Azerbaijan-Europe	1.0	6%	Low
Central Asia - Europe	1.7	10%	Low

IF SANCTIONS ON RUSSIA EASE, PART OF THE REDIRECTED CARGO IS LIKELY TO RETURN TO THE NORTHERN CORRIDOR. HOWEVER, THE GROWING ECONOMIES OF CENTRAL ASIA AND PLANNED INFRASTRUCTURE PROJECTS WILL HELP THE MIDDLE CORRIDOR MAINTAIN ITS RELEVANCE.

Middle corridor freight turnover (mn tons)



Growth factors:



Rerouting of freight flows



Increased activity and natural growth of Central Asian nations

KEY FINDINGS



Transportation and warehousing are significant sectors for the Georgian economy, maintaining a stable share within the economy.



Between 2025 and 2028, Georgia's freight turnover is projected to grow at a stable compound annual growth rate (CAGR) of 5.5%. This growth will be driven by increased domestic demand and exports, together with the enhancement of trade flows from Central Asia.



With the expansion of domestic and transit freight traffic, the demand for warehousing services is expected to grow at an average annual rate of 9% from 2025 to 2028. However, price increase is not anticipated.



The Middle Corridor accounts for a quarter of Georgia's transit demand.



Enhancing corridor capacity through infrastructure development and improved service quality is essential to increase the competitiveness of the Middle Corridor.



By 2030, the economic development of the Middle Corridor countries will almost completely realize the corridor's potential.



The Zangezur Corridor creates an alternative route connecting Central Asia and Europe through the Caucasus. In the short term, a significant rerouting of freight flows to the Zangezur Corridor is not expected. However, in the medium term, a portion of freight traffic between Azerbaijan and Turkey, as well as between Turkey and Central Asia, may be redirected from Georgia to the Zangezur Corridor.

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