TBC CAPITAL

DATA CENTER MARKET IN GEORGIA: GLOBAL TRENDS, INFRASTRUCTURE READINESS, AND REGIONAL POSITIONING IN THE AI ERA

MAY 2026

TBC Capital Research

Irina Kvakhadze
Senior Vice President, Research

Salome Deisadze
Senior Associate, Research

Giorgi Nebulishvili
Associate, Research

Content

Executive summary

Global data center infrastructure remains highly concentrated, with the United States accounting for approximately 37% of all facilities worldwide (4,204 out of 11,296 as of April 2026). At the same time, the industry is undergoing a structural shift toward AI-driven, compute-intensive infrastructure, reshaping demand patterns and investment scale. Global data center capacity has expanded rapidly from 60 GW in 2020 to 97 GW in 2024 (by 62%) and is projected to reach 226 GW by 2030 (around 2.3x increase), with growth concentrated in the United States and China. This expansion is mirrored by rising electricity consumption, which increased from 269 TWh to 416 TWh (by 55%) over the same period and is expected to approach 946 TWh by 2030 (more than doubling from 2024 levels).

Importantly, electricity demand is growing at a pace that increasingly defines the limits of capacity expansion. While installed capacity is expected to grow by around 2.3x between 2024 and 2030, electricity consumption is projected to grow at a similar or slightly faster pace, reflecting increasing power density per unit of capacity. The rise of AI workloads, in particular, is driving higher energy intensity, as advanced computing requires more power and cooling per rack.

Georgia's data center market remains at an early, pre-scale stage, characterized by a small number of facilities, limited publicly available technical specifications, and a strong reliance on international cloud providers. Only a few operators are publicly listed, and technical details, such as installed capacity, redundancy standards, and energy efficiency, are largely undisclosed. There are no confirmed Tier III or Tier IV operational certifications, and although some facilities meet design-level standards.

While the ICT sector has expanded rapidly, growing from GEL 1.3bn in 2019 to GEL 7.4bn in 2025 and increasing its share in GDP from 3% to 8%, this growth has not yet translated into significant domestic data center demand. Enterprise-level digital adoption remains uneven: while basic connectivity is widespread, the use of advanced technologies such as AI, IoT, and Big Data remains limited, constraining immediate demand for high-performance infrastructure. As a result, a significant share of data generated in Georgia continues to be stored and processed externally, with enterprises relying on international cloud providers (e.g., AWS, Microsoft Azure, Google Cloud), and no hyperscale or AI infrastructure currently present.

From an infrastructure perspective, Georgia presents a mixed readiness profile. While the electricity system is relatively stable and largely hydropower-based, seasonal variability in generation creates constraints on reliable, year-round supply, particularly for large, continuous loads such as data centers. This is compounded by limited availability of uninterrupted baseload capacity, growing balancing market pressures, and insufficient redundancy in international fiber connectivity, all of which constrain hyperscale and AI-intensive development in the near term.

Georgia's current installed data center capacity is estimated at 5–11 MW, roughly at par with Armenia (excluding Firebird). Three scenarios bracket the 2030 outlook — 6–15 MW (status quo), 11–19 MW (incremental integration), and 21–44 MW (secondary regional facility) — all within the country's electricity supply envelope.

Regionally, Armenia is emerging as an AI compute hub, with large-scale investments in GPU-based infrastructure and strong policy alignment supporting cloud and AI development. This shift introduces a new dynamic in the South Caucasus.

Overall, Georgia is at a strategic inflection point. While current capacity and demand remain limited, improving connectivity and regional dynamics create a foundation for growth. Unlocking this potential will require the timely investment, improved energy and connectivity infrastructure, and a more targeted policy framework, enabling Georgia to transition from a connectivity-focused ecosystem toward a more integrated role in the regional digital infrastructure landscape.

Data center evolution: from cloud to AI-driven infrastructure

A data center is a facility used to house computer systems and associated components such as servers, storage systems, and networking equipment. It enables organizations to store, process, and distribute large amounts of data securely and efficiently.

Data centers have evolved from simple facilities housing early computers into complex, large-scale infrastructure supporting the global digital economy. Initial setups in the mid-20th century focused on centralized computing, followed by the rise of enterprise data centers in the 1970s. The 1990s internet expansion and dot-com boom introduced shared infrastructure through colocation, while the 2000s brought cloud computing and virtualization, transforming data centers into scalable service platforms. In the 2010s, hyperscale facilities became dominant, and in the 2020s, AI-driven demand has increased power density, shifting the focus toward energy, cooling, and infrastructure constraints.

Diagram 1. The evolution of data centers

1945

First data center (ENIAC era)

Early computing systems required dedicated facilities with specialized power and cooling, establishing the foundation of centralized data processing.

1970s

Emergence of the "data center" concept

Companies began using dedicated computer rooms to support business operations, formalizing the concept of data centers.

1990s

Internet expansion, dot-com boom, and colocation model

Rapid internet growth and the dot-com boom drove demand, leading to colocation and shared infrastructure.

2000s

Cloud computing and virtualization

Virtualization and cloud computing shifted data centers toward scalable, service-oriented infrastructure.

2010s

Hyperscale and global expansion

Large-scale, standardized hyperscale facilities became the dominant model supporting global digital services.

2020s

AI-driven and high-density infrastructure

AI and advanced computing are increasing power density, shifting focus toward energy, cooling, and infrastructure constraints.

Source: Datacate.net, TBC Capital

Types of data centers and operating models

To better understand how the sector operates, it is useful to distinguish between the main data center models. Data centers are classified into five main types based on ownership, scale, and function:

1. **Enterprise:** self-owned facilities built and operated by a single organization (e.g., banks, telecoms, large corporations) to support internal IT workloads. These are typically smaller-scale and designed for specific business needs rather than external clients. They function as internal infrastructure and do not generate direct revenue from third-party users.
2. **Colocation:** also known as multi-tenant data centers (MTDCs), third-party, multi-tenant facilities where clients lease space, power, and connectivity while retaining control over their servers. The operator manages infrastructure, allowing firms to outsource IT capacity. This model generates recurring revenue through long-term contracts for space, power, and interconnection services.
3. **Hyperscale:** single-tenant, owner-operated large-scale facilities developed and run by cloud providers such as Amazon Web Services, Microsoft Azure, and Google Cloud. They are designed to support massive workloads (cloud services, AI, big data), operate at tens to hundreds of MW, require high upfront investment, and are typically located outside major cities to benefit from lower land costs and more reliable power access.
4. **Edge:** small, decentralized facilities located close to where data is generated or used, for instance, near users, devices, or telecom infrastructure. Their main purpose is to process data locally, which reduces delay and improves performance for applications like 5G, IoT, and real-time analytics.
5. **Modular:** pre-built, standardized units (often container-like) that include servers, power, and cooling in a single package. They can be quickly deployed and expanded step-by-step, either standalone or within larger data center systems.

Table 1. Data center business model comparison

Type	Ownership Model	Typical Clients	Revenue Model	Scale (Capacity)	Investment Size	Location Strategy
Enterprise	Single-tenant (owner-operated)	Banks, telecoms, large corporates	Internal cost center (not revenue-generating)	Small–medium (kW to low MW)	Low–moderate	Near company operations (urban or HQ proximity)
Colocation	Multi-tenant (third-party operator)	Enterprises, telecoms, cloud providers	Lease of space, power, connectivity (recurring fees)	Medium–large (1–50+ MW)	Moderate–high	Near cities, fiber routes, business hubs
Hyperscale	Single-tenant (owner-operated)	Cloud providers (e.g., Amazon Web Services, Microsoft Azure, Google Cloud)	Internal platform (cloud services revenue)	Very large (50–100+ MW)	Very high (often $500M–$1B+)	Outside cities (cheap land, strong power access)
Edge	Can be single- or multi-tenant	Telecoms, CDNs, enterprises	Colocation / network services	Small (tens–hundreds of kW)	Low–moderate (per site)	Close to users, devices, urban nodes
Modular	Flexible (can be any model)	Depends on use case	Same as underlying model (colo, enterprise, etc.)	Scalable (module-based)	Incremental (phased investment)	Flexible; can be deployed where needed

Source: Digital Infrastructure, TBC Capital

Standards for data center performance

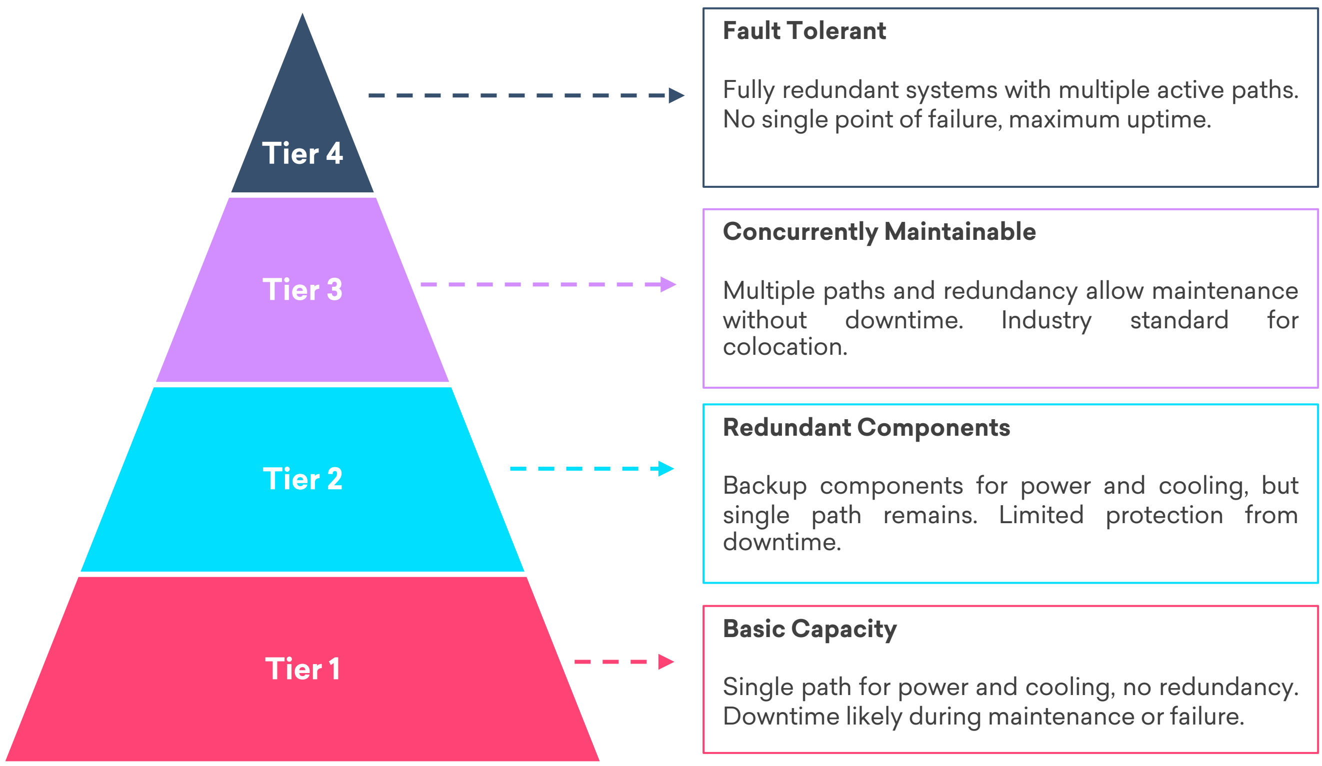
Standards for data center performance provide a structured framework for assessing reliability, efficiency, and operational resilience, which are key considerations for both investors and end-users. These standards help ensure consistent service delivery, minimize downtime risks, and support benchmarking across markets.

One of the most widely recognized frameworks is the Tier classification developed by the Uptime Institute. This system categorizes data centers into four levels (Tier I–IV) based on the degree of redundancy and fault tolerance built into their infrastructure. Lower tiers represent basic capacity with limited redundancy, while higher tiers incorporate multiple layers of backup systems and design features that allow continuous operation even during maintenance or unexpected failures.

Higher-tier facilities offer stronger uptime assurances and greater resilience, which are critical for mission-critical applications. However, these benefits come with significantly higher capital expenditures and ongoing operating costs, particularly due to additional infrastructure and energy requirements. As a result, there is a clear trade-off between performance and cost that operators and investors must consider.

In practice, Tier III, defined as "concurrently maintainable", is often regarded as the benchmark for commercial colocation data centers. It allows for maintenance activities without service disruption, providing a balance between reliability and economic viability.

Diagram 2. Data center tiers



Source: Uptime Institute, TBC Capital

Global data center market trends

Geographic distribution of data centers

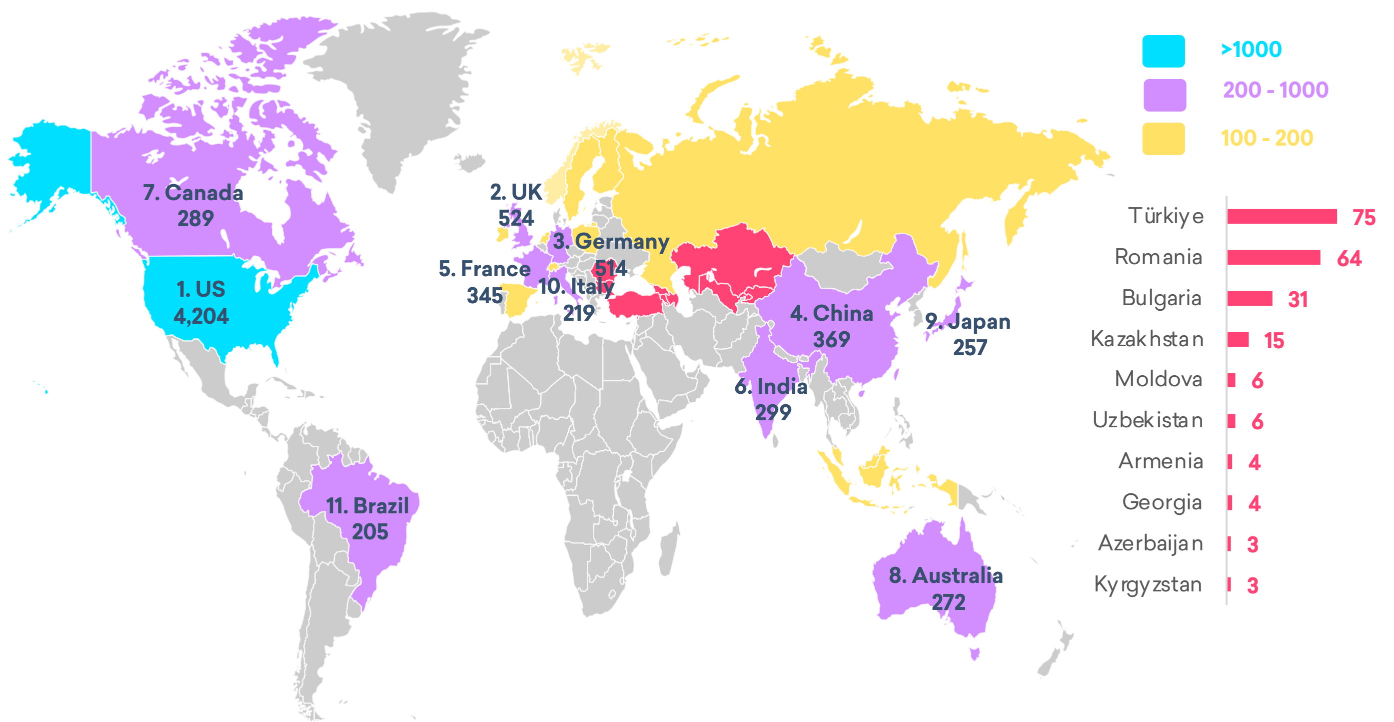
Global data center infrastructure is heavily concentrated in a narrow group of advanced markets. According to Data Center map, as of April 16, 2026, the directory listed 11,296 facilities across 174 countries, including 4,204 in the United States alone. Outside the U.S., only ten countries had between 200 and 1000 listed facilities, another ten had between 100 and 200, while the large majority remained below 100.

In this global landscape, Georgia remains at an early stage of development, with 4 listed facilities, broadly in line with Armenia and Azerbaijan, but significantly behind regional peers such as Türkiye (75), Romania (64), Bulgaria (31), and Kazakhstan (15).

It is important to note that DataCenterMap is a self-reported global directory, meaning inclusion depends on voluntary listing by operators rather than a comprehensive market census. Therefore, the platform provides partial visibility rather than a complete inventory of national infrastructure.

Because Data Center Map is a live directory that updates daily, focuses mainly on colocation and cloud facilities, and tracks listed facilities rather than standardized installed capacity, the map should be interpreted as a directional indicator of geographic footprint rather than a precise measure of operational MW.

Diagram 3. Number of data centers by country, as of April 16, 2026*



Source: DataCenterMap, TBC Capital

**Note that Data Center Map is a commercial industry directory and research platform launched in 2007. The database is built from operator submissions, external monitoring, manual research, and end-user tips, and it is updated daily. The platform primarily tracks colocation and cloud facilities, has more limited coverage of enterprise and government sites, and also includes projects that are planned or under construction.*

Global data center market trends

Global data center capacity expansion

According to International Energy Agency, global data center capacity has expanded rapidly across all regions, rising from 60 GW in 2020 to 97 GW in 2024, by 62%, and is projected to reach 226 GW by 2030 (a further 133% increase from 2024). Growth is highly concentrated in the United States and China, which together account for the majority of installed capacity. Europe and Asia excluding China show more moderate growth, reflecting both market maturity and infrastructure constraints.

The expansion is increasingly driven by hyperscale and colocation facilities, as cloud and AI workloads shift demand toward large-scale infrastructure. By contrast, enterprise data centers are expected to grow more moderately. As a result, the market structure is gradually transitioning from fragmented, enterprise-owned systems toward large-scale, centralized, and commercially operated platforms.

This expansion in capacity is mirrored by rising electricity consumption. Global data center electricity use increased from 269 TWh in 2020 to 416 TWh in 2024 (55%↑) and is projected to reach 946 TWh by 2030 (a further 127% increase).

The US remains the largest consumer, with demand rising from 108 TWh in 2020 to 183 TWh in 2024 by 69% and expected to reach 426 TWh by 2030 (133% increase from 2024). China follows a similar pattern, increasing from 62 TWh to 102 TWh between 2020 and 2024, representing 65% growth and projected to reach 277 TWh by 2030 (a 172% increase from 2024).

Europe shows slower growth of 19%, rising from 57 TWh in 2020 to 68 TWh in 2024 and expected to reach 113 TWh, accounting 66% growth from 2024, while Asia excluding China is projected to more than double from 49.5 TWh to 104 TWh during the same period.

Importantly, electricity demand is growing at a pace that increasingly defines the limits of capacity expansion. While installed capacity is expected to grow by around 2.3x between 2024 and 2030, electricity consumption is projected to grow at a similar or slightly faster pace, reflecting increasing power density per unit of capacity. The rise of AI workloads, in particular, is driving higher energy intensity, as advanced computing requires more power and cooling per rack.

Figure 1. Installed capacity of data centers (GW)

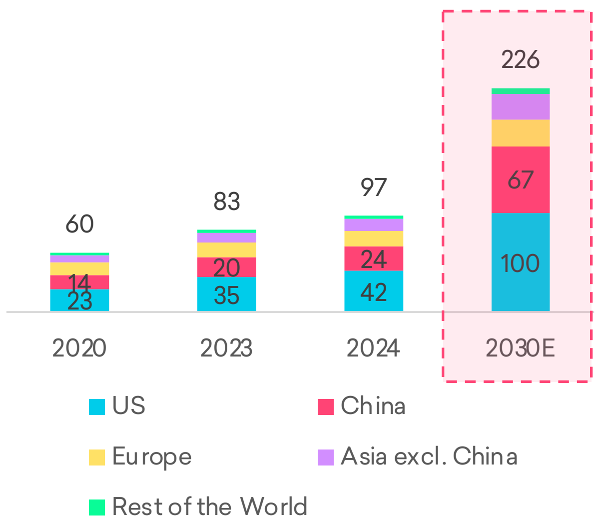
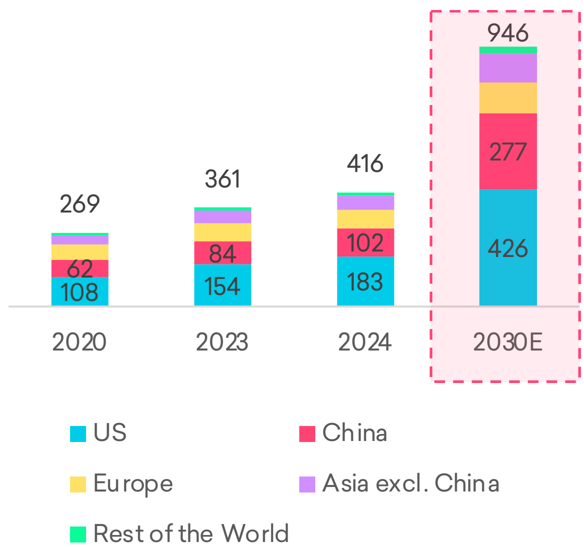


Figure 2. Global data center electricity consumption (TWh)



Source: IEA, Energy and AI Outlook, TBC Capital

Global data center market trends
Vacancy rates across major markets

Vacancy rates across major data center hubs remain low and, in many cases, declining, reinforcing the view that demand continues to absorb new supply despite ongoing capacity expansion. In North America, conditions are particularly tight. Northern Virginia, the largest global data center market, maintains near-zero vacancy, increasing slightly from 0.1% in Q1 2024 to 0.8% in Q1 2025, indicating effectively fully utilized capacity as inventory increased by 21%. Other US markets show mixed but generally tightening trends, with Phoenix vacancy declining from 3.3% to 1.7% and Atlanta falling sharply from 8.8% to 3.6%, suggesting strong absorption of new supply. In Chicago, vacancy rates increased modestly from 2.4% to 3.1%, while the supply increased by 16%.

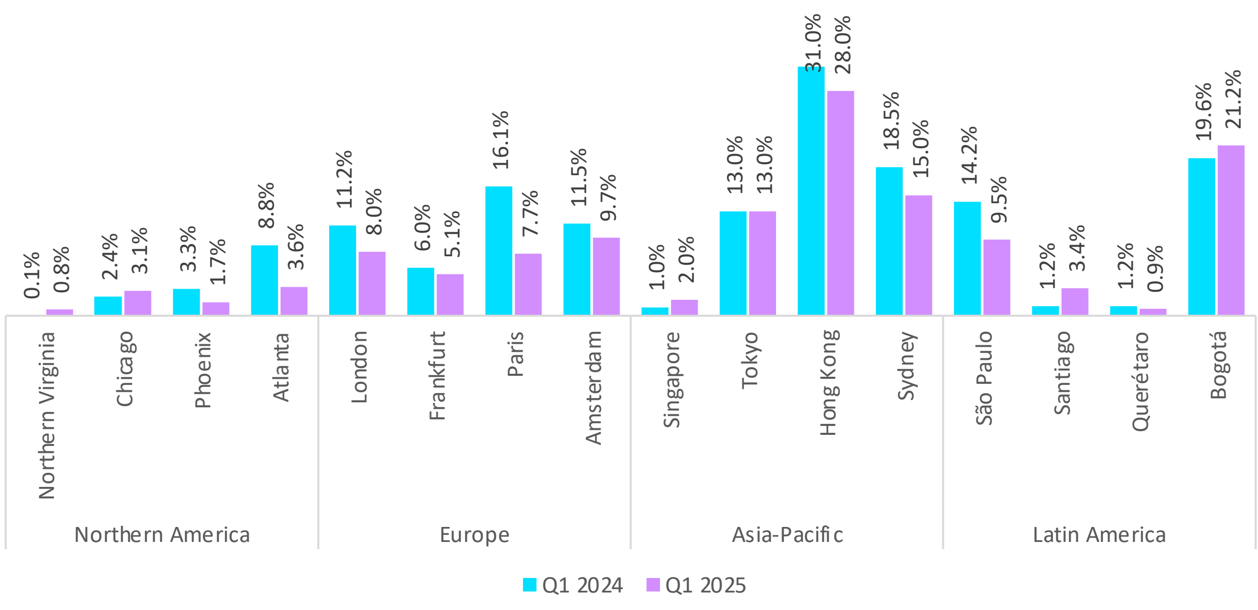
In Europe, vacancy rates have declined across all major markets despite an increase in inventory. Paris shows the most notable adjustment, with vacancy dropping from 16.1% to 7.7%, while London decreased from 11.2% to 8.0% and Frankfurt from 6.0% to 5.1%. Amsterdam remains somewhat higher at 9.7%, but still reflects a downward trend.

Asia-Pacific markets continue to show a more divergent pattern, even as inventory has increased across the region. Singapore remains one of the tightest markets globally, with vacancy increasing slightly from 1.0% to 2.0%, but still at very low levels. Tokyo remains stable at 13%, indicating a more balanced market, while Sydney shows improvement with vacancy declining from 18.5% to 15.0%. Hong Kong continues to stand out as an oversupplied market, although vacancy has decreased from 31% to 28%, suggesting gradual absorption of excess capacity.

In Latin America, vacancy trends generally indicate tightening market conditions despite increasing inventory. São Paulo experienced a significant decline in vacancy from 14.2% to 9.5%, pointing to strong demand growth, while Querétaro remains highly constrained with vacancy below 1%. Santiago saw an increase from 1.2% to 3.4%, reflecting new supply entering the market, and Bogotá remains relatively high at 21.2%, indicating a continued supply-demand imbalance.

Overall, these trends suggest vacancy levels are being absorbed as demand strengthens and new capacity is gradually utilized.

Figure 3. Data Center Vacancy Rate by Market (%)



Source: Global Commercial Real Estate Service

Global data center market trends

Rental pricing across major markets

Data center pricing continued to increase globally in 2025, although the pace of growth has moderated compared to the sharp increases observed in previous years. According to [CBRE Global Data Center Trends 2025](), global average colocation pricing rose by 3.3% year-over-year to around $217 per kW per month, reflecting sustained demand despite expanding supply.

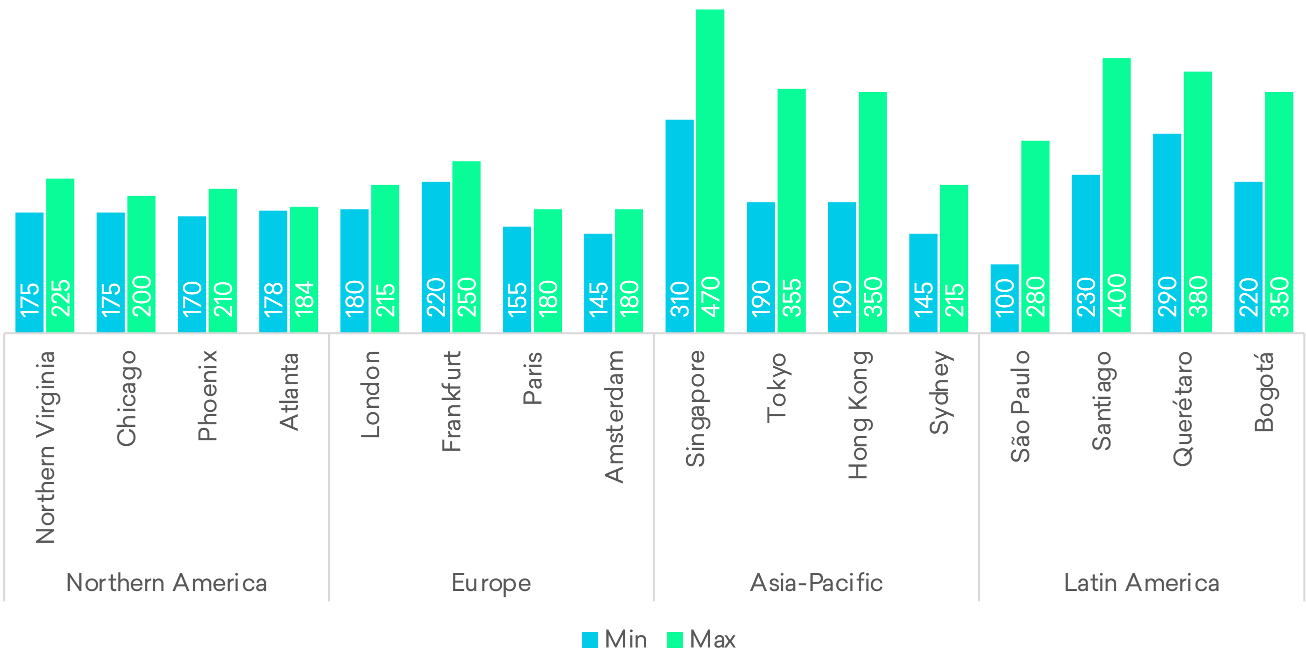
Data center pricing varies significantly across regions, reflecting differences in demand intensity, supply constraints, and infrastructure costs. In North America and Europe, monthly pricing for 250–500 kW capacity (excluding electricity) generally falls within a relatively narrow range of $170–250 per kW. Core markets such as Northern Virginia, Chicago, and London show moderate pricing levels, while Frankfurt stands out at the upper end ($220–250), reflecting tighter supply and strong demand. Other European markets such as Paris and Amsterdam remain more competitively priced, indicating relatively greater availability of capacity.

Asia-Pacific and selected Latin American markets exhibit wider price dispersion and higher peak pricing. Singapore is the most expensive market, with pricing reaching up to $470 per kW, followed by Tokyo and Hong Kong, where prices remain elevated but are stabilizing amid new supply and increasing competition.

In Latin America, pricing varies widely, with markets such as Querétaro reaching $290–380, where power availability remains a key limiting factor. Rental prices are declining in markets with increasing capacity, e.g., São Paulo and Santiago.

Overall, higher prices tend to be associated with markets facing tighter capacity and power constraints, reinforcing the link between infrastructure availability and pricing dynamics.

Figure 4. Monthly pricing for 250-500kW capacity by market, without electricity cost, $



Source: Global Commercial Real Estate Service

Global data center market trends

Demand drivers

Data center demand is best described by workload or occupier type, rather than by end-user sectors such as retail or financial services, because most industries consume infrastructure indirectly through cloud, telecom, and colocation providers. The underlying demand base is driven by ongoing digitalization across the economy, including cloud migration, SaaS adoption, enterprise and public-sector transformation, and the continued expansion of data-intensive services such as streaming, social media, IoT, and 5G-enabled applications.

Traditional workloads, comprising legacy enterprise systems and on-premise IT, still account for a meaningful share of demand, although their relative importance is gradually declining. In contrast, AI workloads, while smaller in absolute terms, represent the fastest-growing segment, driven by the rapid adoption of machine learning, large language models, and data-intensive applications. This dynamic points to an ongoing shift in the composition of demand rather than a complete replacement of existing workload types. Looking ahead, the demand structure is expected to change materially.

Cloud workloads are projected to remain the largest segment but decline in share to 45% by 2030 (3.3% CAGR), while traditional workloads are expected to decrease more significantly to 15% (–3.0% CAGR). At the same time, AI is projected to expand rapidly to 40% of total demand by 2030, implying an annual growth rate of around 28%. What alters the strategic outlook is the growth profile and infrastructure intensity of AI. While AI does not yet represent the largest share of workloads, it is by far the fastest-growing segment.

Overall, this evolution underscores a broader structural shift in the market. While cloud and traditional workloads continue to provide the volume base of demand, AI is increasingly shaping incremental growth and redefining infrastructure requirements. As a result, future data center development is expected to be driven not only by capacity expansion, but by the need to support higher-density, more power-intensive, and AI-ready environments.

Figure 5. Data center demand distribution

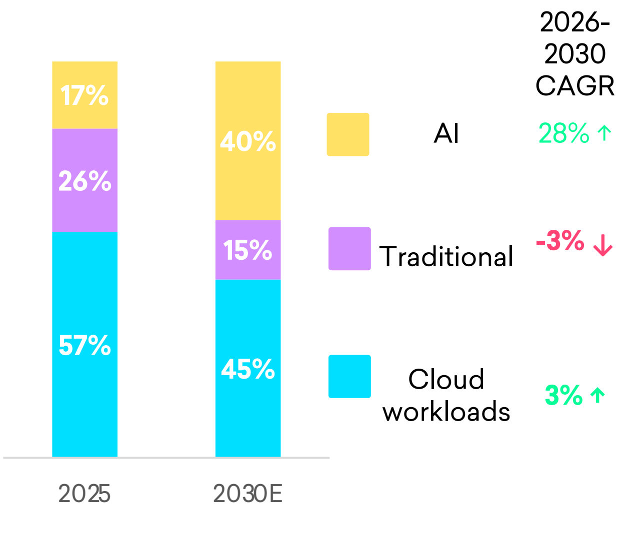
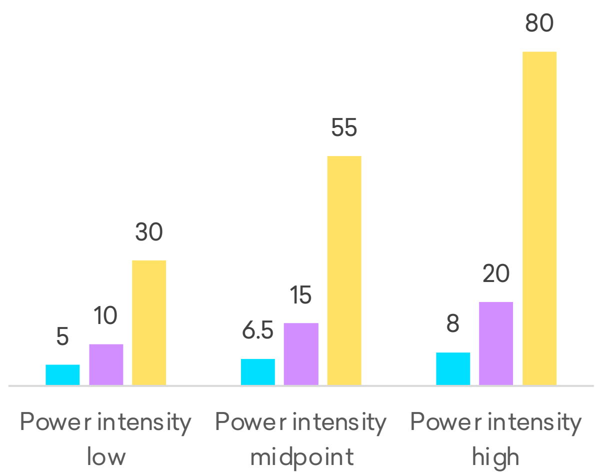


Figure 6. The rack-density ranges (Kw/rack)



Source: Goldman Sachs, EIA, TBC Capital

Global data center market trends

AI as a structural driver of data center demand

Financial market indicators provide a clear signal of this shift: AI-focused equity baskets have significantly outperformed broader indices such as the S&P 500, reflecting strong investor expectations around AI-driven growth. Since 2023, the Goldman Sachs AI basket increased by over 300%, compared to around 80% for the S&P 500, indicating that capital markets are pricing in sustained expansion of AI-related infrastructure and services.

This financial momentum is translating directly into real economy investment. Major technology companies, Meta, Amazon, Google, and Microsoft, have sharply increased capital expenditure, with combined investment rising from approximately $218 billion in 2024 to $410 billion projected in 2026. The largest contributions come from cloud and AI infrastructure, including data centers, servers, and networking equipment. This reflects a structural shift in demand, where a relatively small number of hyperscale players account for a growing share of total capacity expansion.

From a technical perspective, AI workloads are significantly more resource-intensive than traditional computing. Training and inference of large models require high-density infrastructure, including GPUs and specialized accelerators, which increase power consumption per rack and require advanced cooling solutions. As a result, demand is not only increasing in volume but also changing in nature, with a growing preference for large-scale, power-intensive facilities. This reinforces the trend toward hyperscale and colocation models, while increasing pressure on electricity and infrastructure availability.

Taken together, these developments indicate that AI is not simply an additional source of demand, but a structural driver reshaping the data center market. The combination of strong investor expectations, rising capital expenditure, and higher technical requirements is accelerating capacity expansion while simultaneously intensifying constraints related to power, land, and delivery timelines.

Figure 7. Goldman Sachs AI basket growth rate VS S&P 500 growth rate, January 2023=100

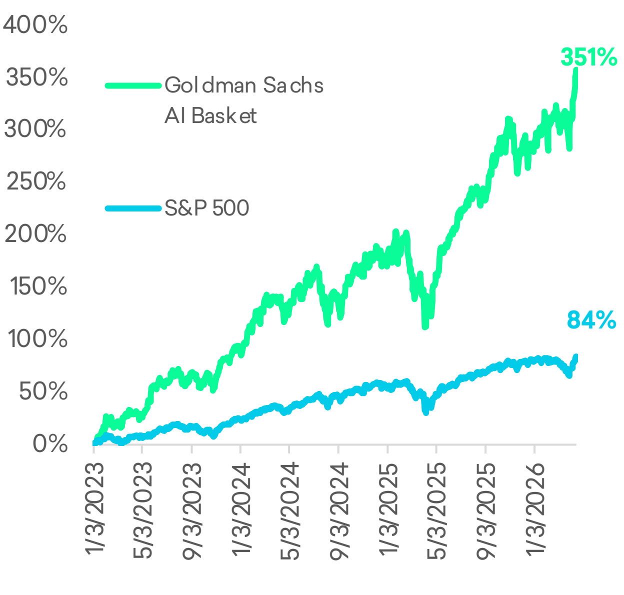
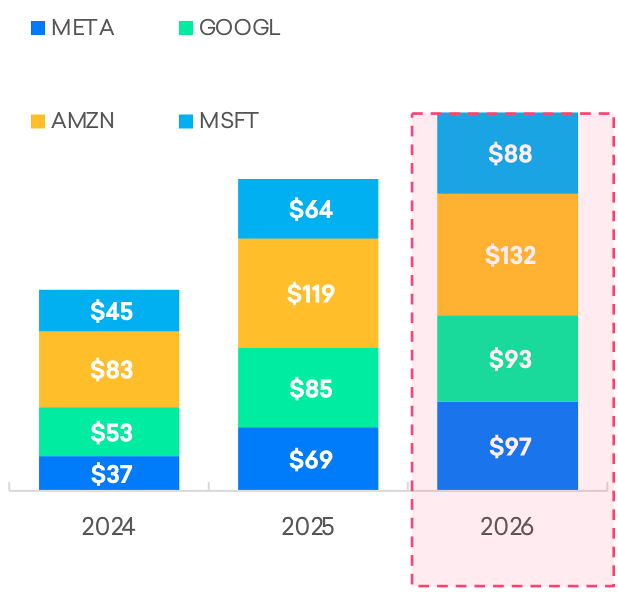


Figure 8. Capital expenditure by major technology companies on AI, $ Billion



Source: Bloomberg, Morgan Stanley

Data center investment and cost structure

Data center development is highly capital-intensive, requiring substantial upfront investment across multiple infrastructure components. Capital expenditure (CAPEX) typically includes land acquisition, building construction, power and electrical systems, cooling infrastructure, and IT equipment (servers, storage, and networking). Among these, power-related infrastructure is the most critical, as the ability to secure and distribute electricity has become the primary constraint on new development. Recent estimates suggest that total construction costs have increased significantly, reaching over $10–11 million per MW globally (only shell and core), reflecting rising material costs, higher power density requirements, and more complex cooling solutions. It should be noted that this reflects the cost of shell and core infrastructure, while tenants are typically responsible for the technology fit-out, which can reach up to approximately $25 million per MW for AI-focused deployments.

The cost structure of data center development is heavily concentrated in core infrastructure systems, with electrical components accounting for the largest share, at around 50% of total construction costs. This includes investments in grid connections, substations, backup power systems, and switchgear, reflecting the central role of reliable and scalable electricity supply. As power availability has become the primary constraint in many markets, the share of electrical systems in total CAPEX has increased accordingly.

Mechanical and cooling systems represent approximately 15–20% of total costs, covering chillers, air-cooling technologies, and increasingly, advanced liquid cooling solutions required for high-density and AI workloads. These systems are critical for maintaining operational stability and are becoming more complex and costly as rack densities increase.

The remaining cost components are more evenly distributed across building and support functions. Interior fit-out and finishes account for around 10–15%, including operational areas, control rooms, and security infrastructure, while the building shell and structural elements also represent 10–15% of total costs. Land acquisition contributes a smaller but variable share of 4–7%, depending on location and market conditions, and fire suppression and security systems account for an additional 2–3%, ensuring operational safety and asset protection.

Figure 9. The average global data center construction cost ($ mln per MW)

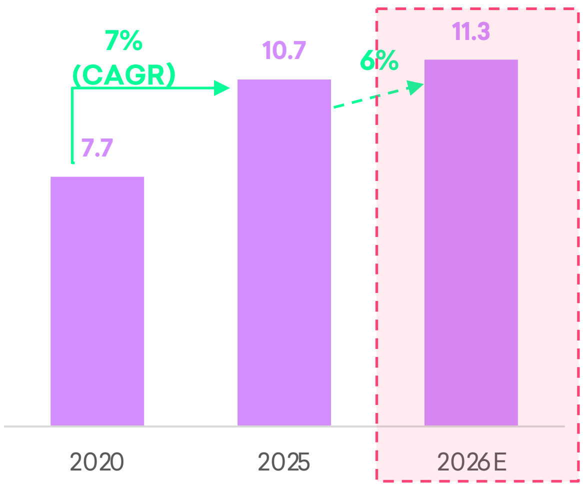


Table 2. Capital cost structure of data center

Component	Percentage of total
Electrical systems	Around 50%
Mechanical and cooling systems	15% - 20%
Interior fit-out and finishes	10% - 15%
Building shell and structure	10% - 15%
Land acquisition	4% - 7%
Fire suppression and security	2% - 3%

Source: Jones Lang LaSalle Incorporated (JLL), EIA, Goldman Sacks, TBC Capital

Construction costs across major data center markets

Construction costs for data centers vary significantly across regions, reflecting differences in labor, materials, regulatory environments, and infrastructure constraints. For a single-tenant 50 MW air-cooled facility, average shell and core costs generally range between $10–14 million per MW in North America and Europe. Within the US, Northern Virginia and Chicago are at the higher end of the range ($11–14 million per MW), driven by strong demand and infrastructure constraints, while secondary markets such as Phoenix, Atlanta, and Dallas remain relatively more cost-efficient at $10–11 million per MW.

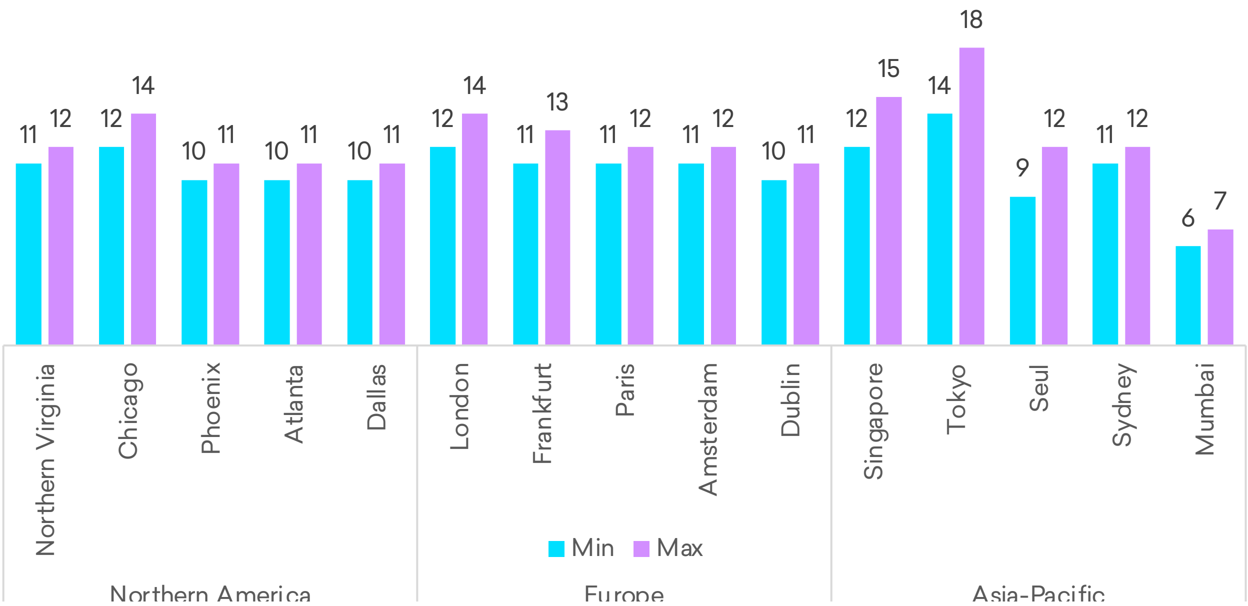
In Europe, costs are broadly comparable to the US but vary across key hubs. London and Frankfurt stand out as higher-cost markets ($11–14 million per MW), reflecting tighter supply conditions, higher construction costs, and more complex permitting environments. Other European markets such as Paris, Amsterdam, and Dublin show slightly lower ranges ($10–12 million per MW), although still within a relatively narrow band, indicating broadly similar cost structures across the region.

Asia-Pacific markets display the widest dispersion, with Tokyo and Singapore reaching up to $18 million per MW, while emerging markets such as Mumbai remain significantly more cost-competitive ($6–7 million per MW).

Beyond geographic variation, technology and design choices also have a material impact on construction costs. The figures presented refer to air-cooled facilities, while liquid-cooled data centers typically involve a cost premium of around 10%, reflecting more advanced thermal management systems required for high-density workloads. In addition, multi-story developments, particularly in North America, can increase construction costs by approximately 20%, due to added structural complexity and engineering requirement.

Another key driver of cost variation is the Tier classification of the facility, which determines the level of redundancy and fault tolerance. Industry estimates suggest that Tier IV data centers can require approximately 60–100% higher investment compared to Tier III, reflecting the need for fully mirrored power and cooling infrastructure and the elimination of single points of failure.

Figure 10. Average build costs for the shell and core of a single-tenant 50 MW air-cooled data center, $ mln



Source: Jones Lang LaSalle Incorporated (JLL), TBC Capital

Georgia today: current market status and early signals

Georgia's data center market remains small and highly concentrated in Tbilisi, with development largely driven by telecom and enterprise IT needs rather than hyperscale cloud demand. Data centers began to appear in Georgia around 2012, but the ecosystem has evolved slowly. As of April 2026, the number of operational facilities remains limited, and geographic concentration is pronounced, with Tbilisi serving as the primary node and only marginal presence in secondary locations such as Batumi.

According to DataCenterMap, there are four listed data center operators in Georgia, while complementary open-source research points to several additional facilities operated by telecom and IT service providers. However, technical transparency remains limited, with little publicly available information on installed capacity (MW), redundancy standards (Tier classification), or energy efficiency metrics (such as PUE). This lack of standardized disclosure makes it difficult to assess the true scale and quality of existing infrastructure.

In terms of quality and standards, there are no confirmed Tier III or Tier IV operational (TCOS) certifications for data centers in Georgia.

Although some facilities are positioned as Tier III in industry listings, this is not independently verified at the operational level. While some facilities have achieved Uptime Institute certification at the design level and, in one case, at the constructed level, this does not confirm operational performance. This indicates that, although there are early signs of alignment with international standards, the market remains at a nascent stage in terms of fully certified, high-reliability infrastructure. At the same time, demand is largely externalized, with enterprises relying on international cloud providers such as AWS, Microsoft Azure, and Google Cloud to store and process data. Georgia does not currently host hyperscale cloud regions, nor does it have publicly documented large-scale HPC or AI infrastructure. As a result, the market is characterized by connectivity-driven facilities, enterprise-focused hosting, and limited wholesale colocation capacity, positioning Georgia at a pre-scale stage. New projects announced by Silk Road Group, AS Group, and Data Center Solutions suggest a move toward higher-grade, cloud-compatible infrastructure, although details on scale and timelines remain limited.

Table 3. Major data centers operating in Georgia

Name	Location	Characteristics (type, facility, known features)
Cloud9	Tbilisi	Carrier-neutral colocation facility; offers rack space, connectivity services; positioned as interconnection hub; multiple telecom operators present; focus on enterprise hosting and IX connectivity. ISPs and Operators presented in Datacenter: Silknet, Magticom, Skytel, Caucasus Online, Deltacom, SystemNet.
	Batumi	Regional edge facility; smaller-scale colocation; supports redundancy for western Georgia and Black Sea connectivity; likely disaster recovery / edge use case
NewTelco	Tbilisi	Carrier-neutral interconnection platform; part of NewTelco global ecosystem; strong focus on international connectivity, IP transit, and cloud exchange services; acts as regional telecom hub rather than hyperscale data center
WORLDBUS	Tbilisi	ISP-operated data center; provides hosting, colocation, and connectivity; integrated with backbone network; primarily enterprise and telecom clients
Caucasus Online datacenter	Tbilisi	Telecom-operated facility; supports backbone infrastructure including Caucasus submarine cable; focus on connectivity and transit rather than large-scale colocation; critical for regional internet traffic
ProService datacenter	Tbilisi	Enterprise IT services provider; offers hosting, cloud, and colocation; likely small-to-mid scale facility; serves corporate clients and local businesses
United Georgian Technologies (UGT)	Tbilisi	Enterprise-grade data center services across two locations in Tbilisi, offering cloud, colocation, and managed IT solutions; focused on corporate and government clients, with implemented redundancy and security standards, though no publicly verified Tier certification is available.

Source: Datacentermap, Open sources, TBC Capital

Georgia’s ICT sector and demand base

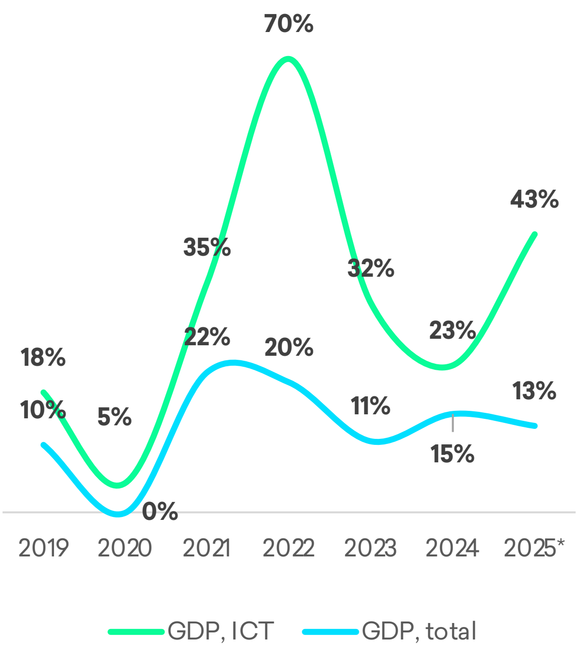
Georgia’s ICT sector has expanded rapidly in recent years, both in absolute size and relative importance within the economy. The sector’s contribution to GDP increased from GEL 1.3 billion in 2019 to a preliminary GEL 7.4 billion in 2025, representing more than a fivefold increase over the period and highlighting the growing role of digital activities in the country’s economic structure.

Growth dynamics further reinforce this trend. ICT sector growth has consistently outpaced overall economic growth, with particularly strong expansion observed in 2021–2022 (35% and 70%, respectively) and sustained high growth thereafter (32% in 2023, 23% in 2024, and an estimated 43% in 2025). The sharp increase in 2022 is largely associated with the inflow of IT professionals and companies following the Russia–Ukraine War, combined with a surge in digital service exports and continued post-pandemic digitalization, which boosted demand for digital services and contributed to a surge in IT service exports.

As a result, the sector’s share in GDP has increased steadily, rising from 3% in 2019 to a preliminary 8% in 2025. This trajectory might point to a shift toward a more digitalized economy, with increasing demand for data processing, storage, and connectivity services.

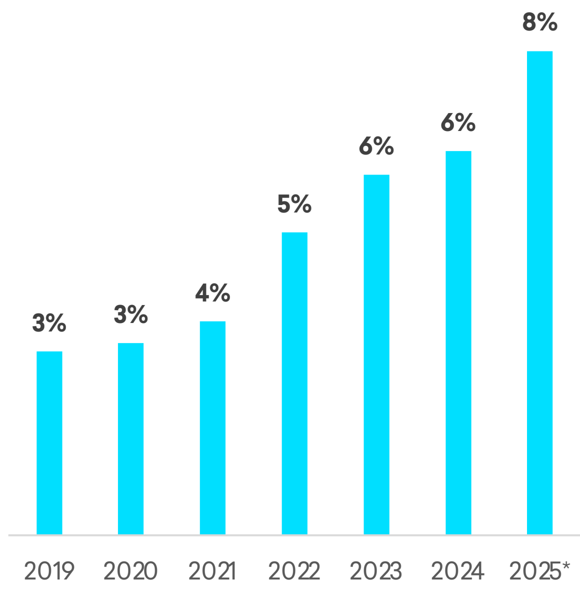
The rapid expansion of the ICT sector reflects growing domestic demand for digital infrastructure, including cloud services, enterprise IT, and data-intensive applications. Although the current data center market remains underdeveloped, the strength and pace of ICT growth provide a clear demand-side foundation for future data center development.

Figure 11. Nominal change in GDP (YoY, %)



Source: Geostat,, TBC Capital *Preliminary data

Figure 12. Share of ICT in total GDP, %



Digital adoption across enterprises

Following the rapid expansion of the ICT sector, the depth of enterprise-level digital adoption provides a clearer indication of how demand for data infrastructure may evolve. In Georgia, basic connectivity is already widespread, with 95% of enterprises having access to the Internet in 2024, indicating that foundational digital infrastructure is largely in place.

However, the adoption of core business digital systems remains limited. The share of enterprises using ERP systems stands at just 8% in 2024, broadly unchanged over time, suggesting slow progress in integrating digital tools into operational processes.

However, the adoption of core business digital systems remains limited. In 2024, only 8% of enterprises use ERP systems, indicating a low level of integration of digital tools into operational processes. More advanced technologies show even lower penetration. The use of IoT devices stands at 12%, pointing to early-stage adoption, while AI usage is just 2.2% and Big Data adoption remains minimal at around 1%.

This distribution suggests that the transition toward data-intensive and compute-heavy applications is still limited, constraining immediate demand for high-performance data center infrastructure.

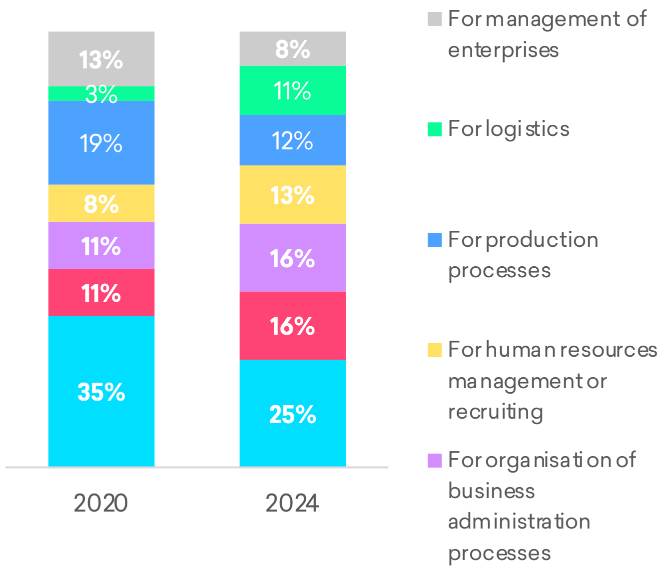
The structure of AI usage further reinforces this point. Where AI is applied, it is primarily used for marketing and sales (25%), followed by administrative processes and ICT security (16% each), rather than core production or operational optimization. This indicates that AI adoption remains fragmented and non-core, rather than embedded in business-critical systems. From a data center perspective, these patterns highlight a key structural constraint. While connectivity is high, the low adoption of enterprise software, AI, and data analytics limits demand for large-scale, high-density infrastructure. As firms move toward deeper digital integration, demand is expected to shift from basic connectivity toward more data-intensive, cloud-based, and compute-driven workloads, supporting the long-term case for data center development in Georgia.

Table 4. The distribution of enterprises by use of internet and technologies, 2024

	2024
The share of enterprises that had access to the Internet	95%
The share of enterprises that used ERP type software, %	8%
The share of enterprises that used interconnected devices or systems that can be monitored or remotely controlled via the internet (Internet of Things)	12%
The share of enterprises that used artificial intelligence	2%
The share of enterprises, which are using Big Data technologies, %	1%

Source: Geostat, TBC Capital

Figure 13. The distribution of the use of artificial intelligence by purposes



Georgia's infrastructure readiness

Electricity demand

While digital adoption defines the potential demand for data infrastructure, the feasibility of data center development ultimately depends on electricity availability, grid capacity, and the ability to deliver reliable, uninterrupted power at scale.

Electricity consumption in Georgia has increased by 1% CAGR over the last 4 years, reaching 14.3 TWh in 2025. The demand structure is dominated by retail consumers, accounting for approximately 59% (8.4 TWh), followed by direct consumers at around 24% (3.4 TWh) and Abkhazia at about 17% (2.5 TWh). While retail demand has shown a steady upward trend, direct consumption has been more volatile, declining in 2023 before partially recovering in 2024–2025. This indicates that overall system demand is stable, but large-scale industrial consumption is more sensitive to sector-specific dynamics.

A closer look at direct consumers reveals a highly concentrated structure. The metallurgical industry remains the largest consumer, accounting for 44% of direct consumption.

Cryptomining has emerged as a significant and volatile component, increasing sharply to 0.8 TWh in 2025 (approximately 24%), following a temporary drop in 2023. Other segments, including water utilities (12%) and transport (6%), represent smaller but relatively stable shares of demand. Direct consumption is concentrated among a small number of large, energy-intensive users and includes a significant share of highly variable demand, particularly from cryptomining, resulting in fluctuations in system load.

Large data centers would fall into the direct consumer category, similar to metallurgical plants or cryptomining operations, due to their high and continuous power requirements. At current levels, the addition of a hypothetical 50 MW facility would represent more than 10% share of direct consumption, creating a sizeable segment within the direct consumer category. This implies that integrating such infrastructure would require targeted capacity allocation and grid planning, rather than relying on existing demand structures, reinforcing the importance of electricity system readiness for future data center development.

Figure 14. Total electricity consumption by consumer type, TWh

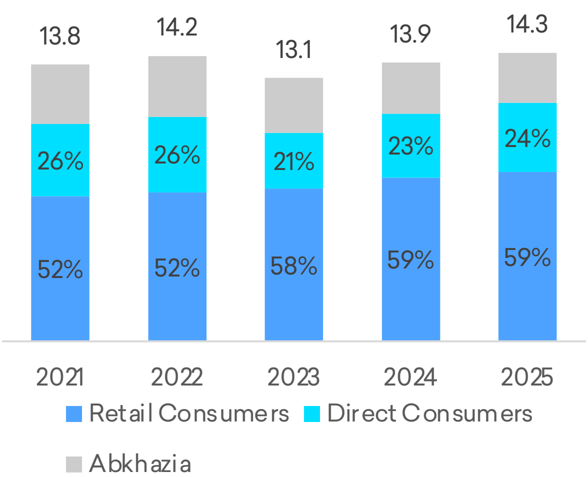
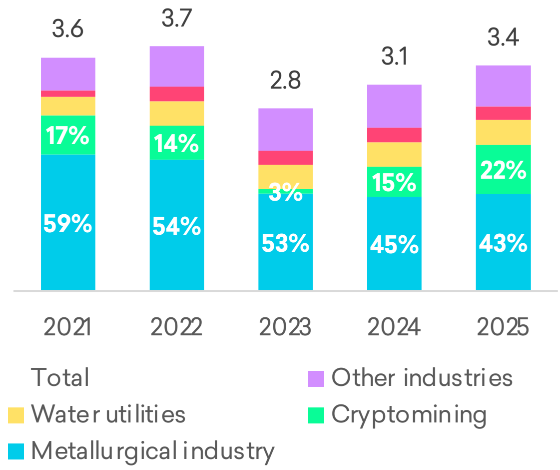


Figure 15. Electricity consumption by main industry groups (direct consumers), TWh



Source: ESCO, GNREC, TBC Capital

Georgia's infrastructure readiness
Electricity generation and price

Electricity generation in Georgia is strongly dominated by hydropower, which consistently accounts for the vast majority of supply. In 2025, total generation reached 13.8 TWh, of which hydro contributed 11.0 TWh (approximately 80%), followed by thermal generation at 2.8 TWh (around 20%), while wind and solar remain negligible at about 0.1 TWh (less than 1%).

The structure of supply introduces important constraints. While hydropower provides a relatively low-cost and renewable energy base, It is inherently seasonal and weather-dependent, leading to variability in output, given Georgia's limited hydro-based balancing capacity. Thermal generation acts as an additional source, increasing during periods of lower hydro availability, as seen in 2022–2023 when thermal output rose to 3.4 TWh.

In Georgia, the wholesale price of electricity is determined by ESCO, which procures electricity from various generation units and importers and then sells it at a weighted average price. During 2021 - 2025, balancing volumes increased from 3.5 TWh to 4.5 TWh, while average prices rose from 4.9 to 5.8 USc/kWh, driven mainly by expensive imports as well as higher-cost domestic thermal and renewable generation.

Although it is possible to buy electricity directly from generation units or traders via bilateral contracts, the average price determined by ESCO serves as a reference price for bilateral agreements.

From a data center perspective, this has direct implications for electricity costs and operational expenses: data centers require uninterrupted power supply and predictable pricing to minimize exposure to electricity market volatility.

Figure 16. Electricity generation in Georgia, TWh

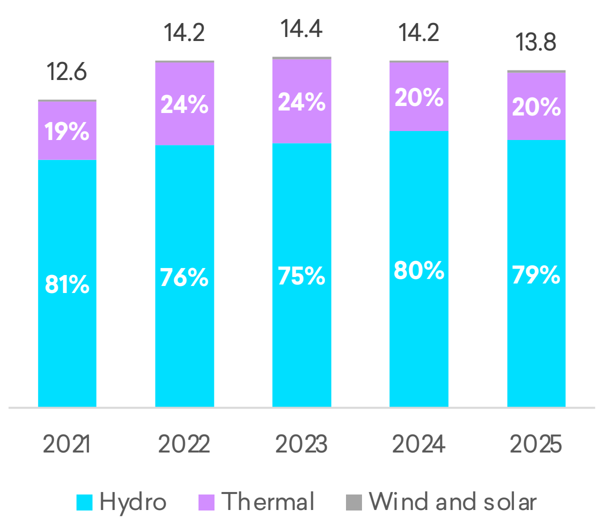
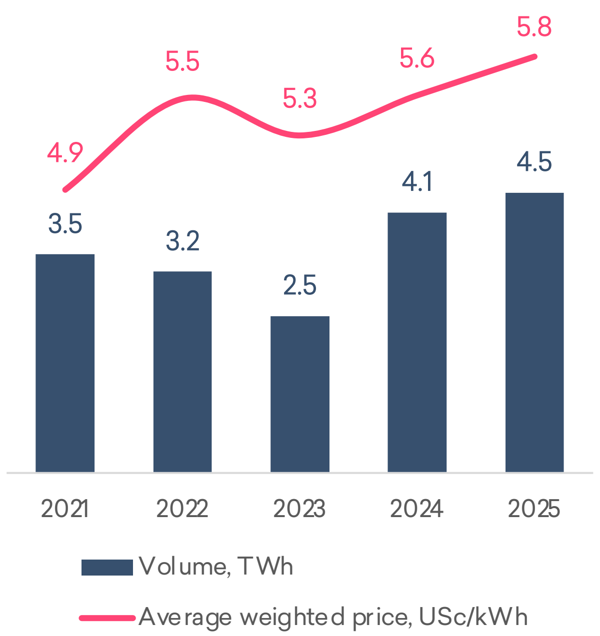


Figure 17. Balancing electricity volume (TWh) and annual prices (Usc/KWh)



Source: GNREC, TBC Capital

Georgia’s infrastructure readiness

Digital backbone infrastructure

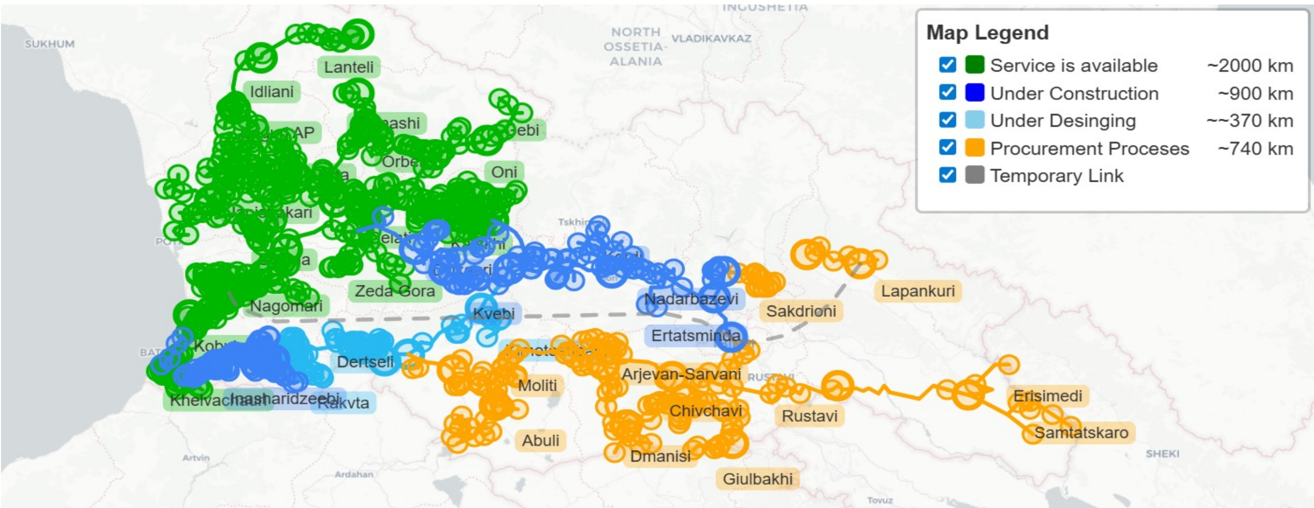
Following the assessment of electricity infrastructure, the second critical pillar for data center development is digital connectivity, particularly the availability of high-capacity fiber networks.

Georgia’s international connectivity relies on the [Caucasus submarine cable system, deployed in 2008](), which links the country directly to Europe via the Black Sea and serves as a key transit route for regional internet traffic. This infrastructure is complemented by terrestrial fiber networks connecting Georgia to neighboring countries, forming the backbone of the country’s digital connectivity. As with most fiber-optic backbone assets, these systems are characterized by long economic lifecycles, typically with amortization periods of 15-25 years, while capacity can be expanded through equipment upgrades without replacing the physical cable. Although the existing backbone provides a solid foundation for connectivity, the limited number of routes and reliance on a few key assets underscore the need for greater redundancy and diversification. In particular, intercountry terrestrial connections are generally less developed and offer lower capacity and resilience compared to submarine cables.

[Open Net program]() aims to expand broadband access and reduce digital inequality by developing a unified, open-access fiber-optic backbone across the country. Implemented under the Log-In Georgia initiative with World Bank support, it focuses on increasing broadband coverage and enabling telecom operators to extend services nationwide. A key feature of this infrastructure model is its wholesale, carrier-neutral design. Open Net does not provide retail internet services but instead builds backbone infrastructure that can be accessed by all telecommunications operators on a non-discriminatory basis.

From a data center perspective, this development strengthens domestic connectivity and regional access, but its role is secondary for large-scale facilities. While improved fiber networks support data transmission and edge services, hyperscale and large data centers rely primarily on high-capacity international backbone routes, particularly submarine cables. As a result, Open Net enhances Georgia’s position as a connectivity and transit hub, but the scaling of data center infrastructure will depend more on international connectivity, electricity availability, and overall market demand.

Diagram 4. Open net infrastructure deployed, under construction, and planned, as of April 27, 2026*



Source: Opennet, TBC Capital

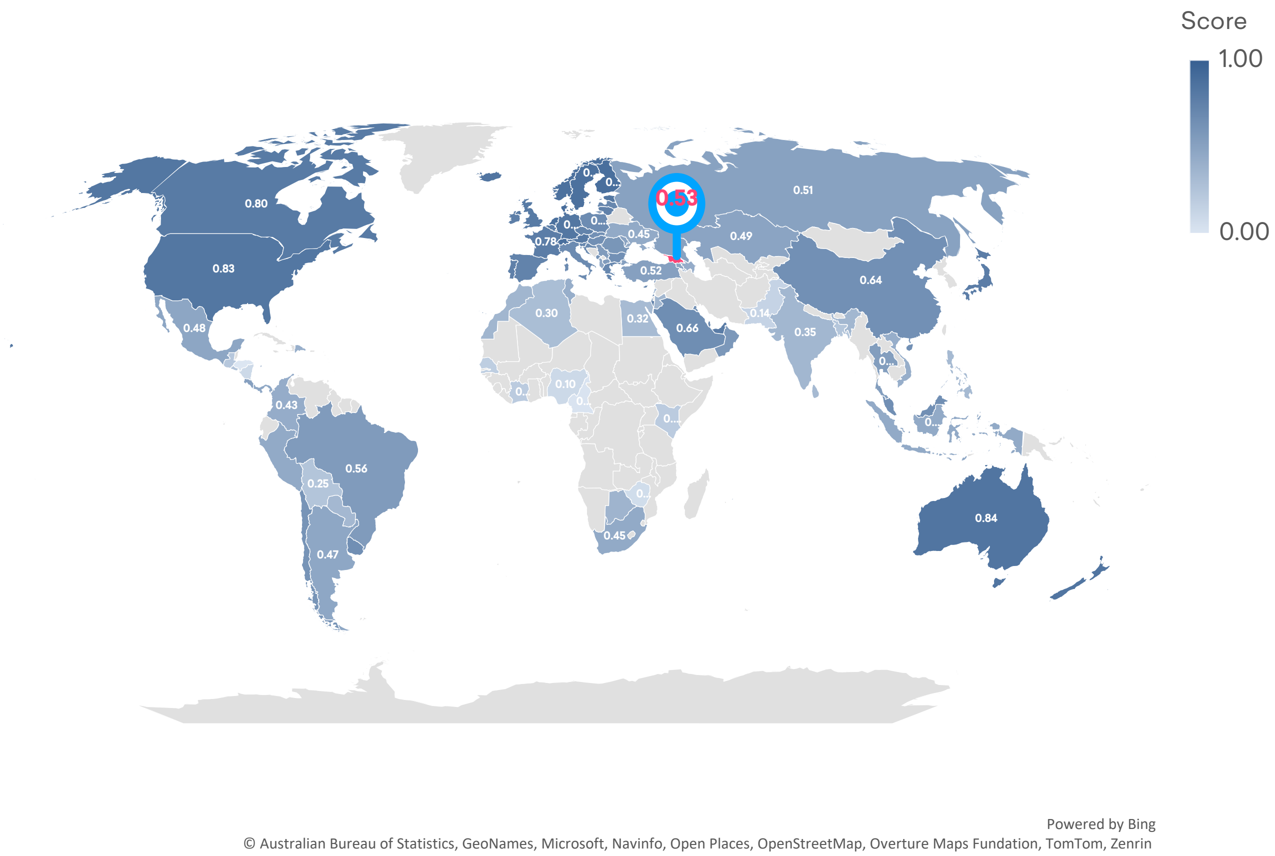
Georgia’s digital readiness

To assess Georgia’s position beyond individual infrastructure components, it is useful to benchmark its overall level of digital development using the [DiGiX (Digitalization Index)] developed by BBVA Research. The index provides a composite measure of a country’s digitalization, capturing infrastructure, adoption, regulation, and usage.

In 2024, Georgia ranked 56th globally with a score of 0.53, placing it in the mid-tier of digitally developing economies. This indicates that while the country has made progress in expanding connectivity and ICT activity, it still lags behind advanced digital economies, where scores typically exceed 0.7-0.8.

In a regional context, Georgia performs slightly ahead of peers such as Armenia (0.48), Azerbaijan (0.43), and Moldova (0.50), and marginally above Türkiye (0.52), but remains below more advanced Eastern European countries such as Bulgaria (0.64) and Romania (0.60). Overall, this positioning suggests that Georgia has a moderate level of digital readiness.

Diagram 5. DiGiX (A Multidimensional Index of Digitization), 2024



Source: BBVA, TBC Capital

South Caucasus dynamics: Armenia's data center expansion

Armenia is emerging as an AI and data infrastructure node within the South Caucasus, with recent developments pointing to a shift from incremental capacity additions toward more coordinated, large-scale investment, supported by both private sector initiatives and public policy alignment.

Armenia's data center market is transitioning from a fragmented, enterprise-driven model to a more structured ecosystem with multiple stakeholders. Early-stage commercial capacity has been complemented by policy initiatives, including cloud adoption frameworks developed in cooperation with international partners, followed by the announcement of large-scale AI infrastructure projects. In June 2025, NVIDIA, Firebird, and Team Group announced a $500 million AI supercomputing project, aimed at building a regional hub powered by thousands of next-generation GPUs and scalable to over 100 MW of capacity. he project is designed to support advanced AI workloads, positioning Armenia as a potential regional center for high-performance computing and digital innovation. Subsequent developments have materially expanded the scale of the initiative.

In 2026, a second phase of the project has been announced, increasing the total planned investment to approximately $4 billion, with a target of around 50,000 NVIDIA GPUs, supported by U.S. export approvals. The first phase is expected to become operational in 2026, marking the deployment of one of the largest AI compute clusters in the broader region. Taken together, these developments indicate a shift toward hyperscale-class AI infrastructure, positioning Armenia as an emerging node in the global AI compute network.

Armenia's positioning is supported by a focused set of structural advantages, particularly its energy mix, including the Armenian Nuclear Power Plant, which provides stable baseload generation critical for compute-intensive infrastructure. This supports predictability of long-term power supply, while coordinated policy measures, such as cloud-first strategies and public-sector demand commitments, enhance early demand visibility. However, Armenia's landlocked position limits direct access to high-capacity international connectivity, and domestic demand is relatively small to sustain hyperscale ecosystems independently. As a result, the viability of these projects will depend on attracting external workloads and integrating into regional and global data flows.

Table 5. Data center and AI infrastructure pipeline in Armenia

Project / Operator / Investor	Announcement / Launch	Planned Scale / Capacity	Location	Description
OVIO Data Center	May 2024 (operational)	2 MW; 216 racks	Abovyan	Largest operational enterprise-grade facility; offers colocation, cloud, and IT services with redundancy standards (Tier III-aligned)
AWS–USAID Cloud Collaboration	October 2024	Not capacity-based	National / Yerevan	Cloud-first policy and resilience program; supports ecosystem development rather than physical hyperscale infrastructure
Firebird – NVIDIA – Team Group (Phase 1)	June 2025	$500m; >100 MW scalable; thousands of GPUs	Hrazdan	AI supercomputing facility aimed at creating a regional high-performance computing hub
Firebird AI Megaproject (Phase 2)	February 2026	$4bn total; 50,000 GPUs; up to 250 MW (long-term)	Hrazdan	Large-scale expansion into hyperscale AI infrastructure; execution-dependent
Eleveight AI Cluster	March 2026	20 MW platform	Gagarin / Yerevan	AI-focused compute cluster targeting cloud and AI workloads; early-stage deployment
VSData Green Data Center	March 2025	2 MW; 125 racks	Aragatsotn	Energy-efficient colocation facility under development; focused on sustainable infrastructure

Source: Datacentermap, Open sources, TBC Capital

Positioning Georgia in the regional data ecosystem

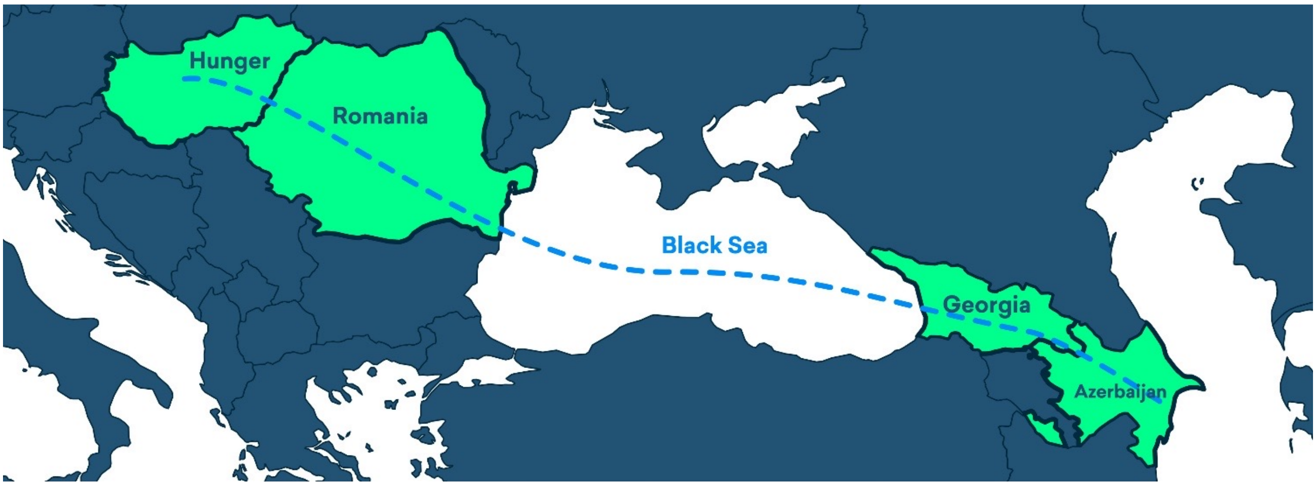
Georgia's data center opportunity is primarily anchored in its connectivity and transit positioning, rather than near-term hyperscale demand. A key development in this context is the planned [Black Sea Submarine Cable project](), supported by the EU and international partners, which aims to establish a direct digital link between the South Caucasus and European infrastructure. If realized, this project would materially strengthen Georgia's role as a data transit corridor between Europe and Asia, enhancing latency, redundancy, and international bandwidth that are core enablers for attracting data-intensive services and colocation demand.

Georgia retains several structural advantages. These include maritime access to subsea cable infrastructure, an established role as a transport and logistics corridor, and existing fiber routes linking neighboring markets. Together, these elements position the country as a potential connectivity hub, particularly for routing data between emerging compute nodes in the region and global networks. In this context, demand for data centers is more likely to originate from transit traffic, regional colocation, edge computing, and international carriers, rather than purely domestic enterprise demand.

At the same time, infrastructure constraints remain material. These include limited large-scale, uninterrupted power availability, seasonal variability in hydro generation, and growing pressure on the balancing market; insufficient high-capacity and redundant international fiber routes beyond a few key corridors; a lack of hyperscale-ready data center capacity and limited Tier-certified operational facilities; and underdeveloped local cloud and AI ecosystems, which constrain anchor demand. In addition, relatively low adoption of high-speed broadband and advanced enterprise technologies limits the scale of domestic data-intensive demand.

Capturing the opportunity will therefore require targeted investment and coordinated development across multiple layers, including energy reliability, subsea and terrestrial connectivity, and data center capacity. While Georgia may not compete directly for large AI clusters in the near term, it can position itself as a regional backbone for data flows, complementing compute-heavy nodes in neighboring markets. This raises the threshold for execution, requiring scale, specialization, and speed to secure a meaningful role in the evolving regional data infrastructure landscape.

Diagram 6. The Black Sea Submarine Cable Project



Source: EIB, TBC Capital

Quantifying the 2030 demand envelope

The strategic positioning set out above, Georgia as a connectivity and transit corridor rather than a hyperscale destination, implies a specific quantitative envelope for 2030 demand. Sizing this envelope is constrained by data availability: Georgian operators do not publish installed IT load, and global hyperscaler revenues are not reported on a country basis, that cuts off one path to sizing demand from the buyer side.. A bottom-up sectoral estimate would compound assumption errors. The estimate is therefore anchored in observed peer capacity, normalized by population and adjusted for Georgia's structural position.

Four regional models serve as reference points, rather than directly comparable economies. **Bulgaria**, EU-integrated secondary hub with regional fiber position and EU-funded compute eligibility, anchors the integration trajectory. **Armenia** (pre-Firebird) serves as a small-market historical anchor for current non-EU capacity. **Moldova** represents the low-integration structural floor, while **Romania** is referenced for regional context only, given its scale and EU integration depth.

Across this peer set, EU members operate at roughly twice the per-capita capacity of non-EU members: Bulgaria has 27 MW across 28 facilities (4.2 MW per million); Romania 93 MW (4.9 MW per million); Armenia's organic capacity excluding Firebird is 5–7 MW (1.8–2.5 MW per million); Moldova's capacity is 3–5 MW (1.2–1.9 MW per million). The divide reflects GDPR-driven data sovereignty, EU AI Factory eligibility, and hyperscaler regional strategies that prioritize EU member states. 27 MW reflects Bulgaria's integration with the European cloud ecosystem more than its 6.4 million inhabitants, indicating that per-capita normalization is a heuristic starting point rather than the core explanatory variable.

Georgia sits firmly in the non-EU peer cluster, roughly at par with Armenia (ex-Firebird). Six commercial operators are identified in the prior section. Combining total installed IT load is approximately 5–11 MW, or 1.3–2.9 MW per million. Government, banking, and other captive infrastructure are excluded; inclusion could add 1–5 MW. **The aggregate remains a structured estimate, subject to upward revision pending operator data**.

Figure 18. Per-capita data center capacity, regional peers vs. Georgia, 2025 – Estimates

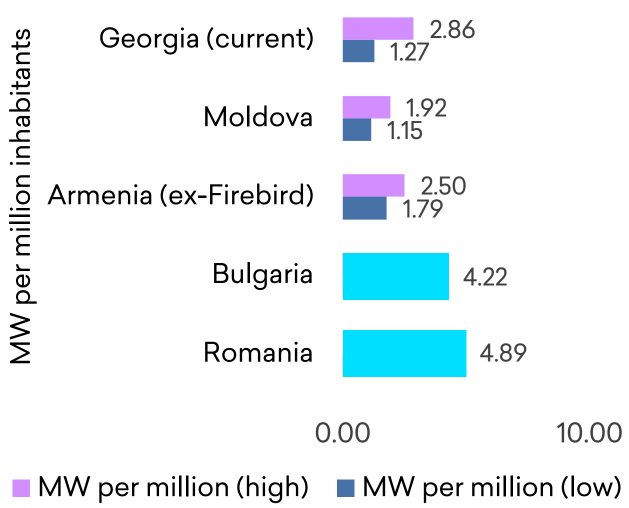


Table 6. Data center capacity in Georgia and structural peers, 2025 - Estimates

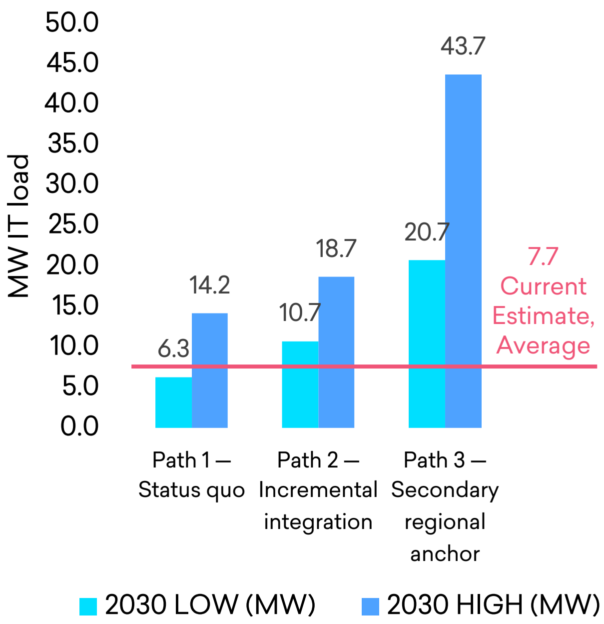
Country	Population	IT Load (MW)	MW per mln inhabitants
Romania	19.0	93	4.9
Bulgaria	6.4	27	4.2
Armenia (ex-Firebird)	2.8	5–7	1.8–2.5
Moldova	2.6	3–5	1.2–1.9
Georgia (current)	3.7	5–11	1.3–2.9

Source: Baxtel, DataCenterMap, Cloudscene, Mordor Intelligence (Romania), ADB Armenia brief, AlexHost (Moldova), ColocationM (Cloud9 Georgia), Population: World Bank 2024, TBC Capital.

Estimating Georgia's 2030 demand

Projected growth in regional data center markets through 2030 follows two distinct patterns.. EU members benefit from hyperscaler regional zone deployments, AI workload absorption, and EU-funded sovereign compute; non-EU peers grow more modestly. Romania is forecast to expand from 93 MW in 2025 to 232 MW by 2031, approximately 20% CAGR (Mordor Intelligence, January 2026; Bucharest 58.5%). Bulgaria's colocation market is projected at $285m to $552m over 2024–2030 (~12% CAGR per Grand View Research / Horizon Databook), with an alternative pre-AI vintage implying 7% CAGR; the divergence reflects pre-AI versus post-AI forecast vintages and bounds the plausible Bulgaria-anchored trajectory. Armenia's organic revenue excluding Firebird is forecast at approximately 6% CAGR through 2029, with rack count expanding from 550 to 2,000 by 2028 (ADB). Armenia's pre-Firebird trajectory is the relevant non-EU comparable, with the caveat that Firebird itself represents a structural break that may not repeat elsewhere in the region.

Figure 19. Georgia 2030 data center demand by path (MW IT load)



Source: Population data: World Bank 2024, TBC Capital

Three estimation paths are presented, each anchored on a peer trajectory adjusted for Georgia's structural position. The paths are unweighted and bracket the plausible range. Demand is expressed in MW of IT load; electricity equivalents use 8,760 hours, 0.85 utilization, and PUE 1.4.

Path 1 — status quo. Georgia continues on its current trajectory without a major catalyst. Starting from the estimated current installed IT load of 5–11 MW and applying the non-EU peer trajectory CAGR of ~6% (Armenia/Moldova midpoint per ADB and Statista) over five years, the plausible 2030 range is 6–15 MW, or 0.08–0.20 TWh per year — under 1.5% of national consumption. The implied 1.3–1.4× expansion at midpoint is consistent with steady-state non-EU peer growth; if Armenia's pre-Firebird rack-count trajectory of 3.6× over four years is taken as the upper bound for non-EU catch-up dynamics, the high end of Path 1 remains comfortably within precedent.

Path 2 — incremental integration. Georgia executes Digital Strategy 2025–2030, a second Black Sea submarine cable advances, and limited regional cloud presence is established. Starting from the upper-mid of Georgia's current range (~8 MW low, ~11 MW high) — reflecting that strategic conditions accelerate operator investment toward the existing upper bound — and growing at Bulgaria's forecast CAGR range of 7–12% (capturing both pre-AI and post-AI vintages: produces a 2030 estimate of 11–19 MW, or 0.14–0.20 TWh per year — 1–1.5% of national consumption. The label "incremental" is deliberate: Path 2 represents better connectivity and modest cloud presence, not the arrival of a regional anchor tenant.

Estimating Georgia's 2030 demand

Path 3 — secondary regional anchor. Path 2 conditions hold, plus one operator commits to a secondary facility in Georgia. The realistic role is not a primary cloud region — those route through FLAPD, Milan, Madrid, or Warsaw — but a secondary deployment in one of three workload classes: an edge / CDN / inference node serving Caucasus and Central Asian users via the Middle Corridor (5–15 MW); or sovereign-hosting node for EU and Türkiye customers seeking geographic diversity outside core hubs (5–15 MW); or a regional interconnection / IXP-anchor capturing eastward transit traffic (2–5 MW). A more substantial regional cloud availability zone could reach 25 MW (Cushman & Wakefield EMEA Data Centre Update; JLL Global Data Center Outlook). Combined with Path 2's baseline, Path 3 yields 21–44 MW total, or 0.27–0.46 TWh per year (2–3% of national consumption). Conditional on the second submarine cable, sufficient baseload, carrier-neutral and IXP density, and at least one operator engagement — none confirmed. **Path 3 explicitly does not assume Georgia becomes a primary hyperscale region or a sovereign AI compute hub.**

Excluded — Firebird-class anchor. A hyperscale anchor of the kind announced for Armenia (Phase 1: $500m, >100 MW; Phase 2 long-term: $4bn, up to 250 MW) would add 100–250 MW (1.2–3.1 TWh per year, 8–22% of national consumption) and require **dedicated baseload** beyond Georgia's current supply envelope. The scenario is excluded from the central estimate for three reasons. First, Firebird emerged from a specific bilateral framework between the US government, NVIDIA, and Armenian state actors. No comparable arrangement for Georgia is currently in motion. Second, hyperscaler location decisions weigh more than electricity alone. Operators also consider long-term contract enforceability, transmission infrastructure, and the depth of the local operating ecosystem. Georgia is at an earlier stage on several of these dimensions. Third, regional AI infrastructure tends to cluster around an early anchor. Armenia currently holds that position in the Caucasus, though anchor positions can shift over time.

Table 7. Georgia 2030 data center demand estimate by paths

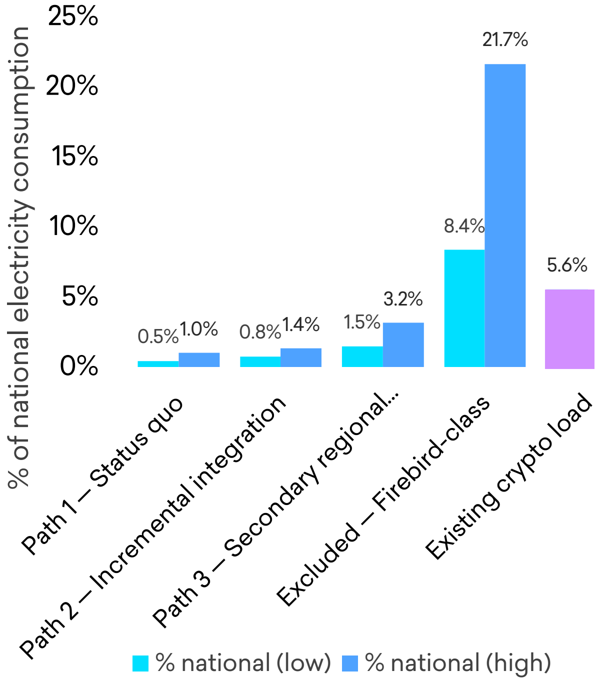
Path	MW IT Load	TWh/yr	Conditions
Path 1 – Status quo	6–15	0.08–0.20	Moldova/Armenia trajectory continues.
Path 2 – Incremental integration	11–19	0.14–0.20	Digital Strategy executed; cable progresses.
Path 3 – Secondary regional anchor	21–44	0.27–0.46	Plus one secondary regional facility (edge/DR/IXP).
Excluded – Firebird-class anchor	+100–250	+1.2–3.1	Strategic AI factory; not currently in motion.
Existing crypto load (separate)	~80 (75–110)	0.8 (observed)	Already captured per ESCO 2025

Source: TBC Capital, based on peer benchmarks (Bulgaria, Armenia, Moldova.

Reconciliation with electricity supply, Risks and sensitivities

Each path can be compared against the electricity supply envelope set out earlier in this report. Path 1 (0.08–0.20 TWh per year) is comfortably absorbed within the existing grid, representing less than 1.5% of national consumption. Path 2 (0.14–0.20 TWh per year) sits within current supply on an annual basis, though the seasonal profile of Georgian hydropower — which provides roughly 80% of generation — would continue to require imports and balancing market activity during winter months. This is already noted in the supply-side analysis. Path 3 (0.27–0.46 TWh per year) represents 2–3% of national consumption and would require some dedicated capacity additions, but remains feasible within reasonable planning horizons. The excluded Firebird-class scenario (1.2–3.1 TWh per year) exceeds the existing supply mix and would require purpose-built baseload generation. This is consistent with the report's earlier observation that a single 50–100 MW facility would represent a material share of national electricity demand.

Figure 20. Each scenario as % of Georgia 14.3 TWh national electricity consumption (2025)



Source: TBC Capital

Beyond electricity supply, several other factors could shift the outlook materially.

The peer set is imperfect. Bulgaria, Armenia, and Moldova differ from Georgia in ways the functional-anchor framing captures only partially, including grid reliability, banking sector concentration, and the depth of regional connectivity infrastructure. The path ranges still bracket the plausible spread reasonably well, with Moldova marking the structural floor and Bulgaria the integration ceiling, but the central estimate would shift if any peer were reweighted.

The wide gap between Bulgaria's 7% and 12% forecast growth rates also reflects real uncertainty about how much AI-driven demand will spill over into Eastern European secondary markets. If that demand concentrates instead in EU AI Factory locations and the major Western European hubs, Path 2 converges toward the lower end of its range.

Path 3 carries an additional dependency. It rests on a single operator decision: if no hyperscaler or major operator commits to a Georgian regional facility by 2030, the outlook collapses back to Path 2. The opposite is also true. A Firebird-class strategic project — arriving through US–Georgia strategic alignment, EU partnership programs, or a sovereign AI initiative — would expand the outlook by an order of magnitude.

Two further dynamics warrant attention. First, the existing cryptomining load is itself sensitive to regulation and electricity pricing. A meaningful tax change or tariff increase could reduce or eliminate this load. Second, competing initiatives elsewhere in the region — Armenia's Firebird, the EU AI Factory program, Türkiye's Black Sea data center plans — draw from the same regional demand pool. The conservative starting-point chosen for Path 2 captures some of this competitive pressure, but not all of it.

Policy and institutional environment for data centers in Georgia

Georgia's policy environment for digital infrastructure is becoming more structured, with the Digital Economy and Information Society Development Strategy 2025–2030 providing the first comprehensive framework that explicitly references data centers and cloud infrastructure as part of national priorities. The strategy positions digital infrastructure as a foundational layer for economic transformation and highlights the need **to strengthen telecommunications networks, data centers, and cloud technologies** to support digital services and business activity.

Within this framework, data centers are addressed under **the broader objective of developing digital telecommunications infrastructure and reducing digital inequality**, with specific policy actions **aimed at supporting the development of data centers and cloud technologies, as well as enabling AI-related services**. The strategy also links infrastructure development to Georgia's ambition of becoming a regional digital hub, including through **improved international connectivity and integration** into global data flows.

Institutionally, implementation is coordinated across several agencies. **The Ministry of Economy and Sustainable Development leads overall digital policy**, while Georgia's Innovation and Technology Agency (GITA) focuses on innovation, skills, and ecosystem development, and the Digital Governance Agency (DGA) oversees government digital systems and data infrastructure. The Communications Commission (ComCom) regulates the telecommunications sector, including broadband infrastructure, while Invest in Georgia supports investment promotion. This multi-agency structure reflects a distributed governance model, which supports broad digital development but requires coordination to translate strategic objectives into large-scale infrastructure outcomes.

At the program level, initiatives such as **Log-In Georgia** and broadband development strategies aim to expand fiber connectivity and reduce access gaps, creating the foundational conditions for data center demand. The strategy also emphasizes **open-access infrastructure models, data exchange systems, and digital public services,** all of which increase data generation and storage needs.

However, while the policy framework increasingly recognizes the importance of **data infrastructure, it remains largely enabling rather than targeted**. There are no dedicated regulatory instruments or incentive schemes specifically designed for data centers (e.g., hyperscale zoning, energy allocation frameworks, or tax incentives), suggesting that the sector is still at an early institutional development stage.

Overall, the policy environment is evolving in a supportive direction, with clear recognition of data centers as part of the digital economy. However, the transition from strategic intent to implementation, particularly in attracting large-scale, energy-intensive investments, will depend on further alignment between digital policy, energy planning, and investment promotion frameworks.

Legal Notice

This publication (the "Publication") has been prepared and distributed by TBC Capital LLC ("TBC Capital") member of TBC Bank Group PLC ("Group") for informational purposes only and independently of the respective companies mentioned herein.

TBC Capital is operating and performing its professional services on the territory of Georgia and is duly autho- rized to prepare and distribute this Publication on the territory of Georgia.

Nothing in this Publication shall constitute an offer or invitation to treat to solicit buying or selling or subscribing any assets and/ or securities and nothing herein shall form the basis of any contract or commitment whatsoever or shall be considered as a rec- ommendation to take any such actions.

Since distribution of this Publication may be restricted by law in certain jurisdictions, persons into whose possession this Publi- cation comes are required by TBC Capital to inform themselves about and to observe any and all restrictions applicable to them.

As this Publication is not directed to or intended for distribution, directly or indirectly, to or use by any person or entity in any juris- diction where such distribution, publication, availability or use would be contrary to the appli- cable law or which would require any registration or licensing within such jurisdiction, neither TBC Capital nor any member of the Group nor any of their respective director(s), partner(s), employee(s), affiliates, adviser(s) or agent(s) ("Representatives") accept any direct or indirect liability to any person in relation to the publication, distribution or possession of this Publication in or from any jurisdiction.

This Publication is not intended to provide any investment, business, tax and/or legal advice, and credit or any other evaluation. Recipients of this Publication are strongly required to make their own independent investiga- tion and detailed appraisal of the matters discussed herein. Any investment decision should be made at the investor's sole discretion and consideration. Any and all information contained in this Publication is subject to change without notice, and neither TBC Capital nor any member of the Group nor any of their Representatives are under any obligation to update or keep information contained in this Publication.

Distribution of this Publication, at any time, does not imply that information herein is correct, accurate and/or complete as of any time after its preparation date or that there has been no change in business, financial condi- tion, prospects, credit worthiness, sta- tus or affairs of the respective companies or anyone else since that date. Accordingly, this Publication should not be considered as a complete description of the markets, industries and/or companies referred to herein and no reliance should be placed on it. TBC Capital does not undertake to update this Publication or to correct any inaccuracies therein which may become apparent.

The Publication may include forward-looking statements, but not limited to, statements as to future operating results. Any "for- ward-looking statements", which include all statements other than statements of historical facts, involve known and unknown risks, uncertainties and other important factors beyond TBC Capital's control that could cause the actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such for- ward-looking statements. Such forward-look- ing statements are based on numerous assumptions regarding present and future business strategies and the environment operating in the future. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. No assur- ances can be given that the forward-looking statements in this document will be realized. TBC Capital does not intend to update such forward-looking statements.

Opinions, forecasts, estimates and/or statements relating to expectations regarding future events or the possi- ble future perfor- mance of investments represent TBC Capital's own assessment and interpretation of informa- tion available to it currently from third party sources. Information obtained from the third party sources believed to be reliable, but that there is no guarantee of the accuracy and/or completeness of such information.

TBC Capital does and seeks to do and any member of the Group may or seek to do business with companies covered in this Publication. Thus, investors should be aware that TBC Capital may have a potential conflict of interest that could affect the ob- jectivity of the information contained in this Publication.

This Publication may not be reproduced, redistributed or published, in whole or in part, in any form for any purpose, without the written permission of TBC Capital, and neither TBC Capital nor any member of the Group nor any of their Representatives accept any liability whatsoever for the actions of third parties in this respect. TBC Capital makes no expressed or implied representation or warranty of usefulness in predicting the future performance or in estimating the current or future value of any security or asset, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this Publication.

Without limiting any of the foregoing and to the extent permitted by law, TBC Capital or any member of the Group or any of their Representatives expressly disclaim all liability whatsoever (in negligence or otherwise) for any loss or damages however arising, directly or indirectly, from any use of this Publication or its contents (including without limitation to the accuracy and/or completeness of information therein) or otherwise arising in connection with this Publication or for any act or failure to act by any party on the basis of this Publication.

7 Marjanishvili Str., Tbilisi 0102, Georgia
Tel: +995 32 2 272727 | +995 32 2 272733
Email: research@tbccapital.ge
Email: macro@tbcbank.com.ge

TBC CAPITAL

www.tbccapital.ge