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# OFFICE MARKETBEAT

## KEY HIGHLIGHTS

2025

Better never settles

2025 marks a turning point for Tbilisi's modern office market, as accelerating institutional-grade supply and resilient demand continue to reshape market dynamics. Average prices increased by 10% year-on-year, exceeding the long-term growth trend observed since 2018, when the modern business center market began to emerge.

The supply of modern office space continued to expand, with total modern Gross Leasable Area (GLA) reaching 260,000 sqm, representing a 7% year-on-year increase. Leasing fundamentals remained resilient, as the weighted average rent for Class A and B offices reached $26/sqm, up 2.4% YoY, while vacancy rates increased modestly to 9%, remaining near historic lows and indicating sustained demand for modern, fully serviced office space. Market performance diverged by class: Class A remains a premium segment concentrated in Vake, with higher rents and rising vacancy ($31.2/sqm; ~16% vacancy), while Class B is more geographically diversified and continues to demonstrate strong occupancy ($22.9/sqm; ~2% vacancy).

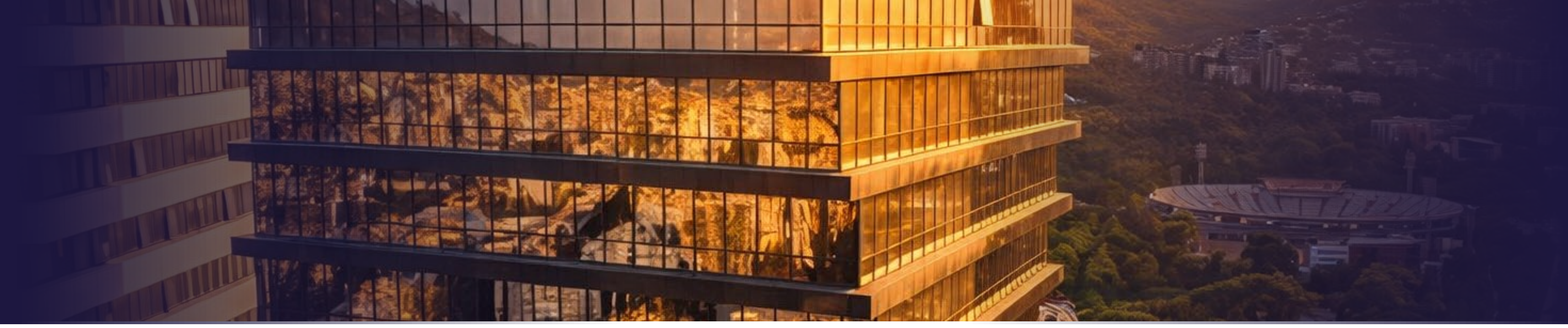
On the investment side, office sales activity moderated in 2025, with transaction volumes declining by 13% since 2023, despite continued price growth of approximately 4% CAGR. Demand is increasingly concentrated in smaller units (below 75 sqm), led by Saburtalo and Dighomi, reflecting a market driven by small enterprises and owner-occupiers.

Looking ahead, the office development pipeline remains active, with approximately 105,000 sqm currently under construction. Early indications of geographic diversification are also emerging beyond Tbilisi, with Batumi's first modern, institutional-quality business center, developed by Inoffice, scheduled for delivery in 2025.

MARKETBEAT

# TBILISI

BUSSINESS CENTERS 2025



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## MARKET FUNDAMENTALS

| A, B & C Classes | YoY Change % |
|---|---|
| **6%** Vacancy Rates | 2 pp ▲ |
| **$23.4** Asking Average Rent Rate/sqm | 2.1% ▲ |
| **$1.8** Average Service Fee/sqm | 0% ▬ |
| **105 K** Under Construction | |

## ECONOMIC INDICATORS

| | YoY Change % |
|---|---|
| **1.4 M** Total Nonfarm Employment | 5.1% ▲ |
| **194 K** Office-Using Employment | 0% ▬ |
| **13.9 %** Georgia Unemployment Rate (2024) | -15% ▼ |

*Source: Cushman and Wakefield | Veritas*

### MARKET SIZE AND GROWTH

Supply momentum remained strong in 2025, reinforcing Tbilisi's transition toward modern, institutional-grade office stock. Total modern business center GLA reached 260,000 sqm (+7% YoY), driven by new deliveries in Vake (Iliard BC), Isani & Avlabari (Moedani BCs), and Mtatsminda (Inoffice Chovelidze).

In 2025, the weighted average asking rent across Class A and B stock reached $26/sqm, with an average service fee of $2.5/sqm, representing 2.4% year-on-year growth and a 2.9% CAGR since 2019. Vacancy across Class A and B business centres increased marginally from 7% to 9%, remaining near recent lows and indicating sustained occupier demand for fully serviced, modern office space.

By contrast, Class C business centres have maintained stable occupancy over the past year. Average asking rents stand at $16.2/sqm, with a relatively low average service fee of $0.3/sqm.

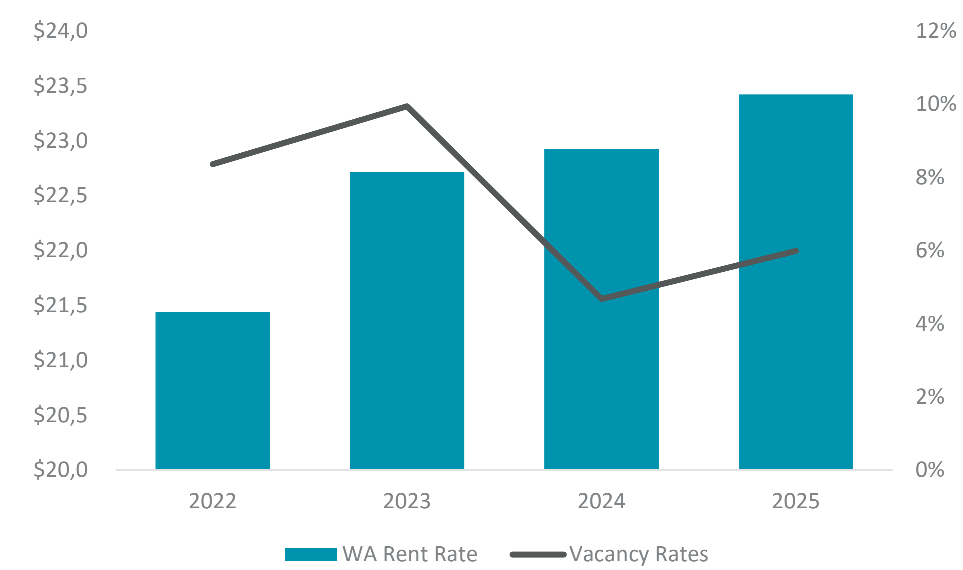
### DISTRICT TRENDS

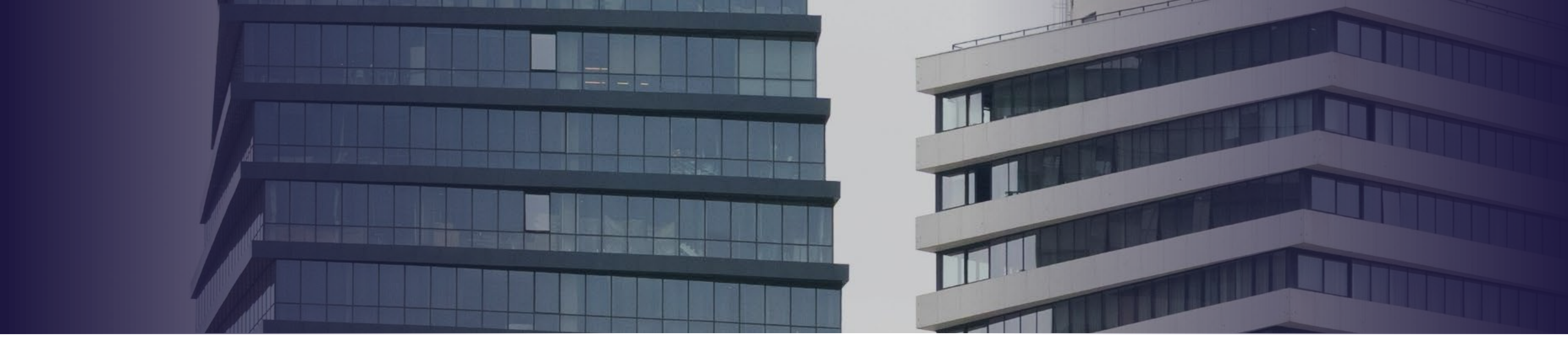
As in previous years, Class A and high-quality business centers remain concentrated in Mtatsminda, Vake, and Saburtalo. In 2025 vacancy rates were highest in Vake, reflecting the absorption phase following recent project deliveries. In contrast, districts with limited new supply recorded lower vacancy levels, supported by comparatively lower rental rates and stable tenant demand, despite the absence of top-tier office stock.

### HIGHLIGHT OF THE YEAR

The current development pipeline signals sustained confidence in long-term occupier demand and a gradual widening of the office market footprint. Approximately 105,000 sq m of office space is under construction, with new business centre delivery underway across Tbilisi's established prime and secondary CBD corridors, alongside growing activity in emerging suburban locations. Planned schemes in Isani, Dighomi, and Samgori highlight an expanding development focus beyond the traditional core.

WA RENT & VACANCY RATES (A, B & C BUSINESS CENTERS)





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## BUSSINESS CENTERS 2025

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## A CLASS

YoY Change %

**16%** 6 pp ▲
Vacancy Rates

**$31.2** 2.9% ▲
Asking Average Rent Rate/sqm

**$3.5** 2.7% ▲
Average Service Fee/sqm

## B CLASS

YoY Change %

**2%** 1 pp ▼
Vacancy Rates

**$22.9** 2.6% ▲
Asking Average Rent Rate/sqm

**$1.6** -5.8% ▼
Average Service Fee/sqm

*Source: Cushman and Wakefield | Veritas*

### OVERALL TREND

Rising rental levels combined with low vacancy rates confirm that demand for modern office space continues to outpace new supply. Market dynamics are increasingly polarized between premium positioning in Class A assets and occupancy stability in Class B properties.

### CLASS A BUSINESS CENTER MARKET

The Class A segment remains Tbilisi's premium office market, largely concentrated in Vake (primary CBD), where rental levels are the highest. Total Class A GLA stands at approximately 100,000 sqm. Recent supply additions have resulted in a temporary increase in vacancy, reflecting a market absorption phase rather than a structural weakening in occupier demand. In 2025, the average asking rent for Class A business centres reached $31.2/sqm, supported by an average service fee of $3.5/sqm.

### CLASS B BUSINESS CENTER MARKET

Class B continues to be the most resilient segment, combining relative affordability with consistently high occupancy. Total Class B GLA stands at approximately 86,000 sqm. The segment is concentrated primarily in Mtatsminda, while Saburtalo accounts for around 29% of total Class B GLA. In 2025, the average asking rent reached $22.9/sqm, with vacancy at approximately 2%, underscoring sustained demand and strong occupancy fundamentals.

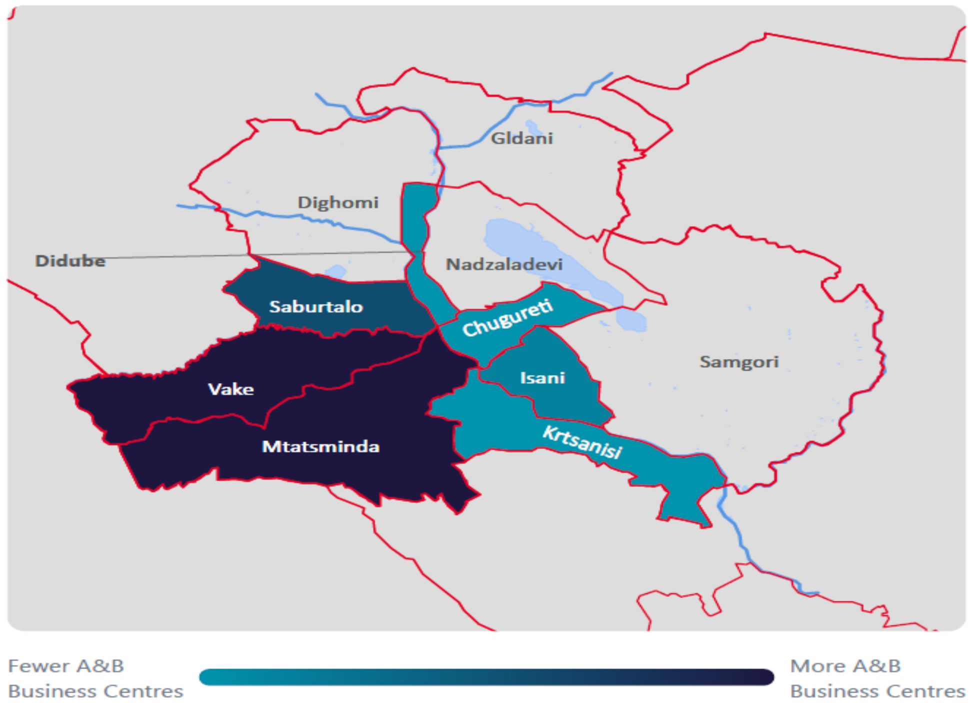
### TENANT MIX

Tenant demand for A&B class BCs is driven primarily by operational and service-oriented businesses, supporting stable, long-term occupancy. Key occupiers include back-office and shared service centers, BPO operators, IT companies, consultancies, logistics firms, and administrative headquarters across multiple sectors.

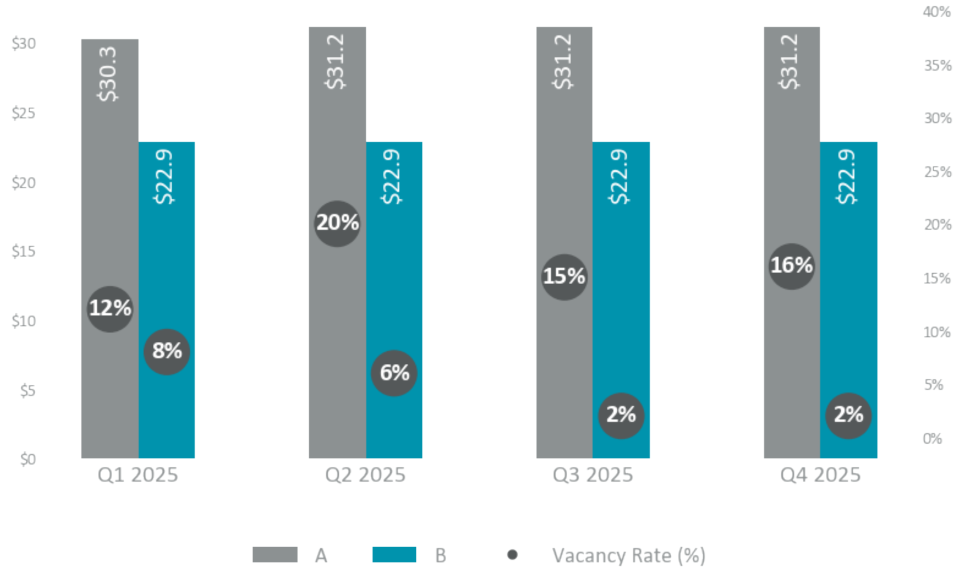
### SUMMARY

The Class A office market in Tbilisi remains premium and centrally concentrated, characterized by higher rents and short-term vacancy pressure following new deliveries. In contrast, the Class B market is more geographically diversified and continues to demonstrate robust occupancy, positioning it as a stable option for cost-sensitive tenants.

### CLASS A & B BUSINESS CENTERS DISTRIBUTION




### ASKING RENT AND VACANCY RATES



MARKETBEAT
# TBILISI
## OFFICE MARKET 2025

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## MARKET FUNDAMENTALS

YoY Change %

**$1,126** 12% ▲
WA Sales Price/sqm

**Below 75m²**
Most Demand Unit

**$81.3 M** 12% ▲
Market Value

**49 K** 8% ▼
Market Volume

*Source: Cushman and Wakefield | Veritas*

### MARKET PERFORMANCE

Since 2023, office sales transaction volumes have decreased by 13%, while weighted average prices have maintained upward momentum at approximately 4% CAGR. This pattern indicates a market preference for leasing, rather than a decline in investment appetite.

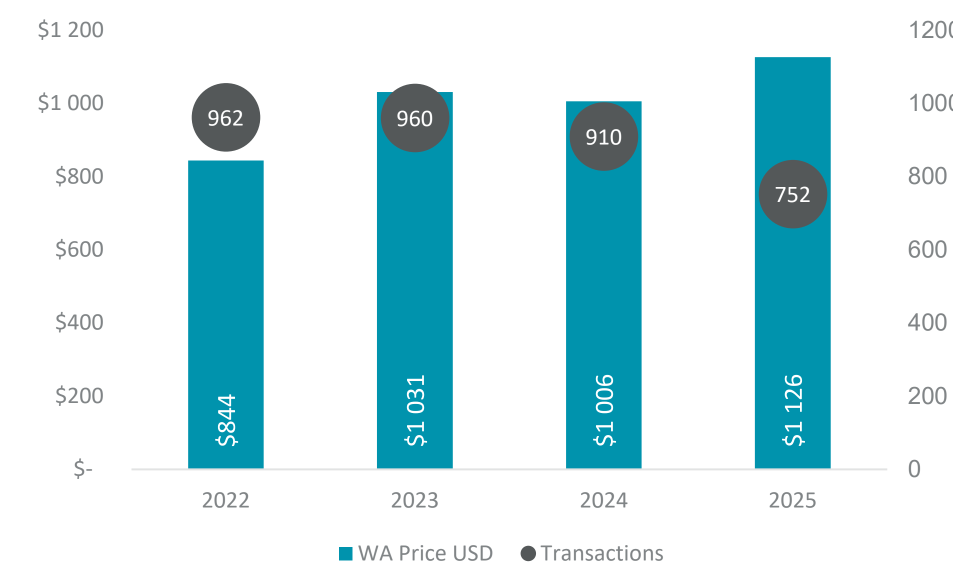
### OFFICE DEMAND IS BUILDING MOMENTUM

Demand has shifted markedly toward smaller office units, with most transactions now occurring in spaces below 75 sqm. This trend highlights a market driven by small businesses and owner-occupiers, alongside a continued decline in average deal size. Saburtalo and Dighomi remain the most active districts for office transactions.

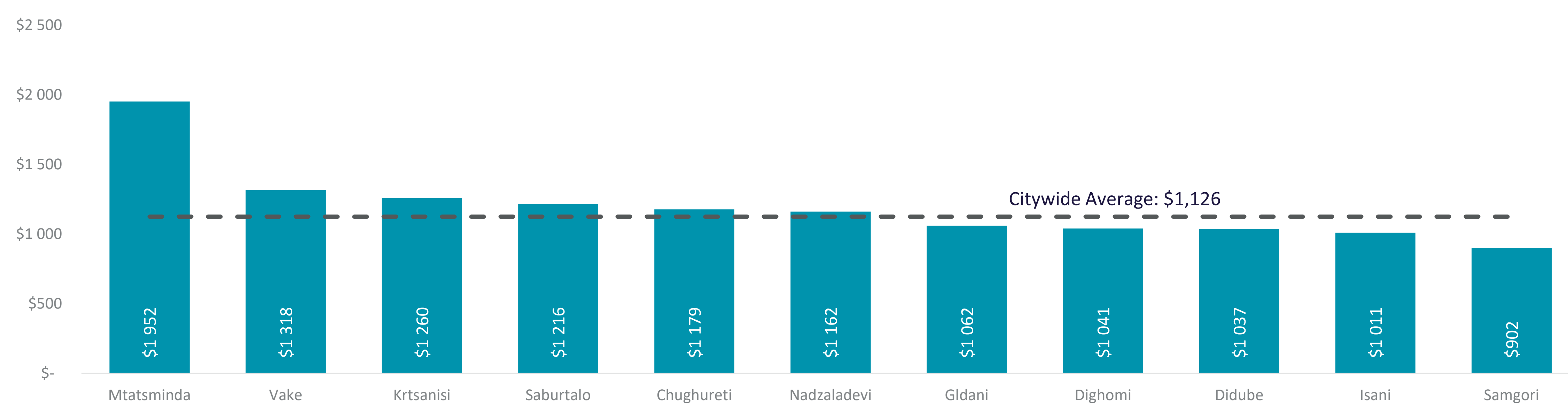
### OUTLOOK

By 2026, limited near-term supply and stable demand are expected to support further price and rent growth, particularly in central districts and smaller to mid-sized units. These conditions are likely to sustain positive market momentum over the medium term.

### WEIGHTED AVERAGE SALES PRICE AND TRANSACTIONS

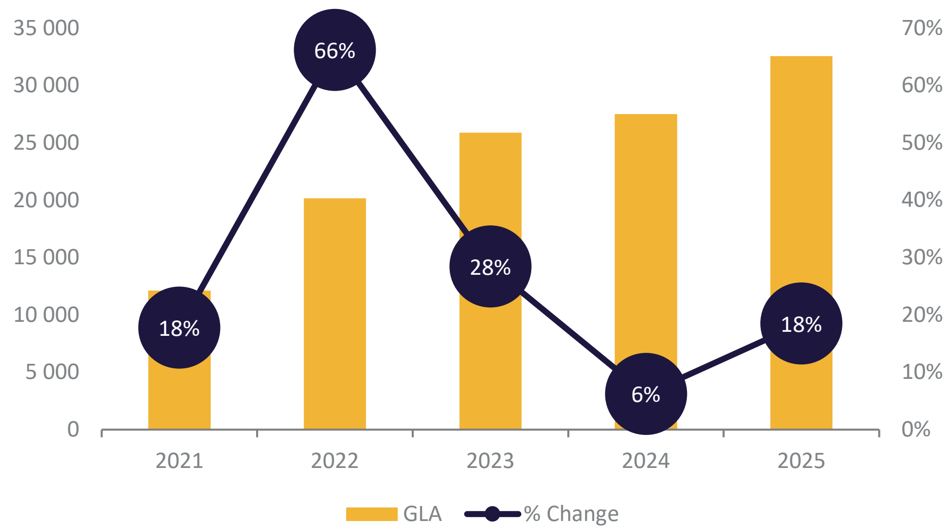



### TRANSACTION AND WEIGHTED AVERAGE PRICE BY DISTRICT



MARKETBEAT
# TBILISI
## COWORKING 2025

### COWORKING SUPPLY DYNAMICS



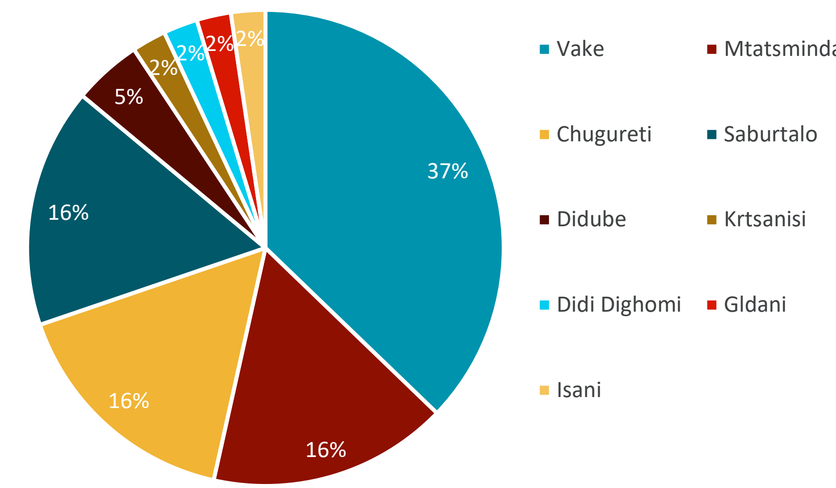

### MARKET EVOLUTION

In 2025, Tbilisi's coworking sector has reached its highest level of market penetration and visibility to date, underpinned by sustained demand from IT-driven companies, freelancers and small businesses. The market's depth is further reinforced by the structural shift towards remote and hybrid working, now firmly embedded in corporate workplace strategies. As a result, growth has moderated in recent years, with the sector transitioning into a more mature phase focused on location quality, differentiated concepts and sustainable occupancy levels.

### SUPPLY LANDSCAPE

Tbilisi is home to 33 coworking operators, the majority operating single-location facilities. Notable multi-site operators include Terminal, Regus and Collider, each maintaining multiple locations across key districts. In total, the city accommodates approximately 43 coworking spaces, varying in scale and positioning across multiple submarkets.

### NUMBER OF ACTIVE SPACES



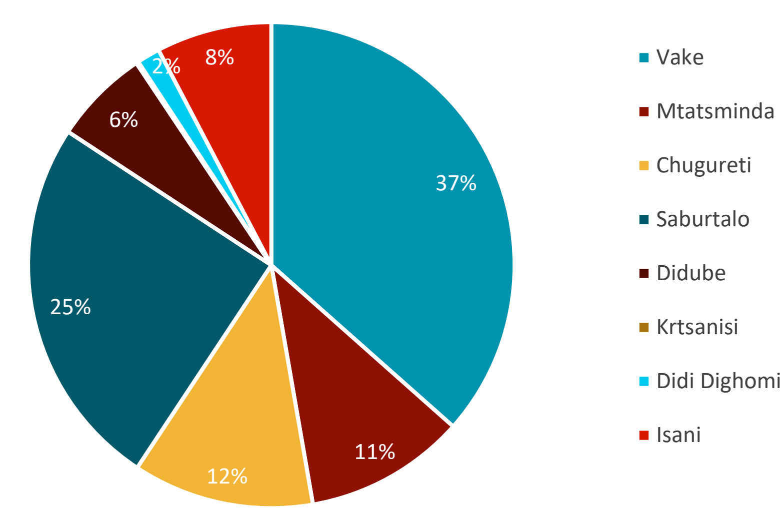

### TOTAL MARKET SIZE AND RECENT ADDITIONS

By the end of 2025, total operational coworking stock in Tbilisi is estimated to exceed 32,500 sq m of GLA. New supply delivered during the year was led by Regus, with two openings in Didube and Vake, alongside two independent operators that collectively added around 3,000 sq m in Isani and Didi Dighomi, marking some of the first coworking developments in these districts.

### SPATIAL DISTRIBUTION

Coworking supply remains unevenly distributed across the city. Vake accounts for the largest share of total GLA, followed closely by Saburtalo, with Chugureti and Mtatsminda also representing notable contributions. All other districts hold comparatively smaller proportions of total coworking stock.

### GLA BY DISTRICT




Source: Cushman & Wakefield | Veritas

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