Tbilisi Office Market Overview

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PROFESSIONAL SERVICES

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Tbilisi Office Real Estate Market Report – Q1 2026

Executive Summary

The Tbilisi office real estate market entered 2026 with strong fundamentals supported by continued economic growth, increasing foreign investment, a growing technology sector, and the long-term presence of international companies that relocated to Georgia in recent years. Demand for modern office space remains concentrated in a limited number of high-quality buildings, resulting in low vacancy rates and stable-to-growing rental levels across the premium office segment.

Despite a gradual increase in new office development, the market continues to face a structural shortage of international-standard Grade A office stock. Modern office buildings in Vake and Saburtalo remain the most sought-after locations, while older office properties continue to experience increasing vacancy and competitive pressure.

The market remains attractive to both occupiers and investors, particularly in the premium segment where rental growth, strong occupancy, and favorable yields continue to support investment activity.

1. Market Dynamics and Economic Context

A. Economic Growth and Demand Drivers

Tbilisi remains the economic and commercial center of Georgia and continues to benefit from a diversified and resilient economy.

Economic Performance

Georgia maintained solid economic growth throughout 2025 and into early 2026, supported by:

- Information and Communication Technology (ICT);
- Financial services;
- Tourism and hospitality;
- Professional and business services;
- International trade and logistics.

Strong business activity continues to support demand for modern office accommodation, particularly among technology companies, financial institutions, and international organizations.

Continued Impact of Relocation

The long-term presence of international companies and professionals who relocated to Georgia since 2022 continues to support demand for high-quality office space.

While the initial surge in demand has moderated, many companies have established permanent operations in Tbilisi, creating a stable tenant base for premium office properties.

Modernization Gap

The primary challenge remains the shortage of modern office buildings.

Although several new developments have been delivered or are under construction, less than 30% of Tbilisi's professional office stock fully meets international standards for:

- Building management;
- Energy efficiency;

- Telecommunications infrastructure;
- Workplace flexibility;
- ESG compliance.

This continues to create opportunities for new Grade A developments.

B. Location Segmentation

Office demand remains highly concentrated in a limited number of districts.

District	Primary Office Grade	Main Tenant Profile	Market Dynamics
Vake	Grade A / A+	Diplomatic missions, international law firms, multinational corporations	Highest rental levels, limited supply
Saburtalo	Grade A / B+	Technology companies, shared service centers, financial firms	Strong development activity and high liquidity
City Centre (Kentron)	Grade B / B+	Government entities, local businesses, creative industries	Mixed quality stock and moderate redevelopment
New Mixed-Use Districts	Grade A / B+	Corporate occupiers and technology firms	Emerging investment focus

Vake and Saburtalo continue to account for the majority of premium office leasing activity.

2. Occupancy and Rental Rate Analysis

A. Vacancy Rates

Vacancy rates remained low across the premium office segment during Q1 2026.

Office Grade Segment	Vacancy Rate (Q1 2026)	Market Status
Grade A / A+	3% - 6%	Tight
Grade B+	8% - 12%	Stable
Grade B / C	25% - 30%	Elevated

Prime office buildings continue to achieve occupancy levels above 90%, with some of the best-performing assets operating near full occupancy.

Older office buildings continue to lose competitiveness as tenants increasingly prioritize modern amenities and operational efficiency.

B. Rental Rates

Rental rates remained firm during Q1 2026 due to limited supply and sustained demand.

Office Grade	Average Monthly Rent (USD/sq.m./month)
Grade A / A+	USD 25 - 38
Grade B+	USD 18 - 25
Grade B / C	USD 8 - 15

Prime buildings in Vake and Saburtalo continue to achieve the highest effective rental rates in the market.

International technology companies, financial institutions, consulting firms, and professional service providers remain the dominant occupier groups driving demand.

3. Key Market Trends

A. Continued Growth of Flexible Office Space

The flexible office sector remains one of the fastest-growing segments of the commercial real estate market.

Demand is being driven by:

- International companies entering the Georgian market;
- Technology firms;
- Start-ups;
- Remote and hybrid work strategies;
- Project-based teams.

Coworking and serviced office operators continue to expand their footprint in central business districts.

B. Investment Market and Development Activity

Investor interest remains strong, supported by:

- Attractive rental yields;
- Strong occupancy levels;
- Positive economic growth;
- Limited supply of institutional-quality office assets.

Development activity increasingly focuses on larger-scale projects capable of meeting international corporate requirements and modern sustainability standards.

Several new office developments are expected to enter the market between 2026 and 2028, particularly within Saburtalo and emerging mixed-use business districts.

C. Technology and ESG Integration

Modern office developments increasingly incorporate:

- Energy-efficient building systems;
- Smart Building technologies;
- High-speed telecommunications infrastructure;
- ESG-focused operational standards;
- Wellness-oriented workplace design.

International tenants continue to drive demand for these features, particularly within Grade A developments.

4. Investment Market

The Tbilisi office market remains one of the most attractive commercial real estate investment destinations in the South Caucasus.

Key investment drivers include:

- Stable macroeconomic growth;
- Strong rental demand;
- Limited Grade A supply;
- Attractive yields relative to Western Europe;
- Continued business migration and foreign investment.

Premium office developments remain particularly attractive to both domestic and international investors seeking long-term income-producing assets.

Conclusion and Outlook

The Tbilisi office market entered 2026 in a strong position, supported by continued economic growth and sustained demand for modern office accommodation. The structural shortage of high-quality Grade A office space remains the defining feature of the market and continues to support low vacancy rates and firm rental levels.

Although the development pipeline is expanding, new supply is expected to be absorbed relatively quickly due to strong occupier demand and the ongoing modernization of the corporate sector.

Looking ahead, rental rates are expected to remain stable to moderately positive throughout 2026, while vacancy in the premium segment is likely to remain below historical averages. The market continues to offer attractive opportunities for developers and investors focused on high-quality office projects.

For additional information regarding this market review, please
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