WAREHOUSE MARKET REPORT | GEORGIA I 2015

Accelerating success.

Contents

Executive Summary

The total volume of warehouse space in Georgia amounts to around 1.8 million m², of which around 1.2 million m² is owner-occupied and the remainder is leasable. At 53%, the largest share of total leasable space is located in Tbilisi, while 13% is located in Kutaisi, 22% in Batumi, and 12% in Poti.

Dry storage accounts for 88% of the total leasable supply. Cold storage amounts to 12%, with a total capacity of 213,000 tons.

Out of the 635,000 m² of leasable warehouse supply, 61% is considered B class. The proportion of C class space is comparatively low at 37% and only 2% of Georgia's total leasable warehouse supply can be classified as A class space.

The broad categories that occupy the largest amount of listed warehouse space are Food and Beverage, which utilises roughly 41%, and Building Materials, which occupies 17% of the stock. Notably, auto part importers occupy 13% of the space.

Tbilisi's warehouse market is more developed than in other Georgian cities. Gebrüder Weiss provides the only A class warehouse in Georgia, with a total leasable storage of 10,000 m². The company plans to develop an additional 37,000 m² during a second phase of development.

Even though Poti has a lower share of the total stock than Batumi, the city's warehouse real estate is more developed. The city's Free Industrial Zone (FIZ) and Clearance Economic Zone (CEZ) provide better prospects for development and evolution of the warehouse market, which is reflected in several indicators. For example, the weighted average vacancy rate in Poti amounts to 19%, whilst in Batumi the same figure stands at 30%.

In December 2015, A class warehouse vacancies stood at 0%, while vacancy rates in B class warehouses stood at 32% and at 30% in C class spaces. The highest vacancy rate was reported in Kutaisi (44%) and the lowest in Poti (19%).

The average rent for dry storage B class warehouses in Georgia varies between USD 2.0-4.1 /m² and USD 1.3-2.0 /m² for C class warehouses.

The average rent for Georgian cold storage facilities usually varies between USD 12-17 /ton net of VAT, depending on the location and quality of the warehouse.

Georgia – Country Profile

Introduction

Located at the crossroads of Europe and Asia, the country of Georgia borders Turkey, Armenia, Azerbaijan and Russia. Georgia occupies an area of 69,700 square kilometres and is home to a population of 3.7 million people. The country's land borders run a length of 1,839 kilometres, while Black Sea coastline is 315 kilometres. There are two autonomous republics and 71 municipalities (including 12 self-governing cities) in Georgia.
Since emerging from the Soviet Union as an independent country in 1991, Georgia has implemented large-scale reforms, leading to the country's political and economic transformation. These changes have made clear the country's choice to strengthen democracy and further their relationship with the EU.
Georgia has made business development within the country a top priority, through encouraging entrepreneurship and devising methods to attract private investments to shifting tax incentives and making the country more attractive to the international business world. With its unique cultural heritage, highly diverse nature, and exuberant hospitality, Georgia's tourism industry continues to grow and thrive, further bolstering economic growth.

Government

The Georgian government shifted from a presidential to a parliamentary republic after the October 2012 parliamentary elections. The president, Giorgi Margvelashvili, is the head of state and supreme commander-in-chief. Georgia's parliament is located in Kutaisi City and acts as the representative body of the country, exercising legislative power, and determining the principal directions of domestic and foreign policy. As an executive council of government ministers, the Cabinet of Georgia is headed by Giorgi Kvirikashvili who comes from the ruling Georgian Dream Coalition.
Based on accountability, citizen participation, technology, and innovation as its guiding values, today's multi-party government continues to make European and Euro-Atlantic integration a primary strategic objective.

Legal System

The Constitution, adopted in 1995, sets out the structure of the national government as well as its powers and functions. The powers of government are divided into three branches – the legislative, executive, and judicial. Georgia's court system has three branches: Courts of First Instance (District or City Courts), Appellate Courts (Tbilisi Appellate Court available for appeals from eastern Georgia, and the Kutaisi Appellate Court, available for appeals from western Georgia) and the Supreme Court. The Courts of the First Instance have jurisdiction over all civil, criminal, and administrative cases. Decisions from the Courts of the First Instance may be appealed to the Appellate Courts and, from there, to the Supreme Court. As an alternative to litigation, Georgian laws allow arbitration both in local as well as in international arbitration institutions.
The Constitutional Court of Georgia is the sole entity with constitutional jurisdiction in Georgia.

Population

Georgia's population was 3.72 million at the end of 2015, with a density of 53.4 people per square kilometre and a regional average (in the Caucasus region) 95. Urban dwellers make up 57.2% of the total population though the rate of urbanization is rising. Tbilisi, Georgia's capital and the country's largest city, is home to 30% of the total population, followed by Batumi and Kutaisi with 4.2% and 4%, respectively. Ethnic Georgians form 87% of Georgia's population. Other large ethnic groups in Georgia include the Azeri (6%), Armenians (5%), and Russians (1%).

Labor Market Overview

Georgia's labor force comprises approximately 2,021,500 people. The country's economic activity rate has risen in recent years, reaching 67.8% in 2015. The current unemployment rate is 12%, which is lower than the 14.8% average seen last decade. It is worth noting that a large percentage of employed population are self-employed. Currently, 15.4% of the working population are employed by Public sector, while 84.6% work in the non-public sector. In 2015, the three industrial sectors that employed the largest share of people were wholesale and retail trade, industry, and construction.

Economy

Focused on improving efficiency and overcoming expected difficulties, Georgia's economy is structured to improve efficiency and overcome difficulties, thus allowing the private sector to maintain inclusive growth. The process of economic liberalization, backed by evident pro-Western leanings, has greatly improved the country's competiveness for both export and investment opportunities. Georgia's main trade partners include Turkey, Russia, Azerbaijan, and China.
Following institutional reforms designed to encourage and support entrepreneurship initiatives, Georgia's economy has taken a giant leap forward in attracting new business. Over the past decade, the per capita GDP increased by 2.45 times from $1,530 in 2005 to $3,743 in 2015 (at current prices). The estimated real GDP average growth equaled 2.3% for Q1 2016 and is forecasted to reach 3% by the end of the year. The 'Ongoing Country Partnership Strategy for Georgia', developed through a collaborative effort by the World Bank Group, has further evolved to ensure the effective use of public resources and increase income opportunities.

Tax system

Since the wave of institutional reforms, Georgia has embraced a low-tax model, slashing the number of taxes and tax rates. Georgia now ranks globally among the top ten countries with the lowest taxes and continues to bring its fiscal policies into further alignment with those of the EU. Currently Georgia has concluded the Argument on the Avoidance of Double Taxation with 52 countries. According to the latest tax code changes, imported goods used in VAT-taxable operations will be exempt from VAT. Moreover, additional changes are planned by 2017, including the removal of the profit tax for the reinvestment of funds.
Georgia's liberal tax code includes only six forms of taxes:
Profit Tax – 15%
Personal Income Tax – 20%
Value Added Tax – 18%
Import Tax – 0%, 5% or 12%
Excise Tax – on a few selected goods
Property Tax – up to 1%
Tax rate on dividends is defined as a 5% in Georgia.

Foreign Trade Overview

In 2015 Georgia exports (FOB) and imports (CIF) amounted to $2,204 mln and $7,729 mln, respectively.
The top export destinations for Georgia are its neighboring countries as well as Bulgaria and China, totaling about 50% of Georgian exports. Major export commodities include mineral water, metals, and motor cars (mainly re-exported). Throughout the world Georgia is among the largest exporters of hazelnuts, famous for their unique flavor, while the country's wide range of natural wine products continue to grow in popularity in the Chinese, EU, and USA markets.
Georgia's main import partners are Turkey, Russia, and China, accounting for 33% of the country's total imports. The primary imported goods include oil, pharmaceutical products, motor cars, electrical equipment, wheat, and sugar.

Business and Investment Environment

According to the 'Heritage Foundation Index of Economic Freedom 2016', Georgia's economy is categorized as Mostly Free, ranking 23rd out of the 178 countries measured. The significant improvements made to Georgia's legislative framework allowed entrepreneurship initiatives to reach new heights, encouraging domestic businesses and opening the door to foreign investors. Today, the country is exemplary in European and Central Asia due to the ease with which business can be conducted. It ranks 6th in the world for 'Ease of Starting a Business', 3rd for 'Ease of Registering Property', and 24th (14th in Europe and 1st in the region) for 'Ease of Running a Business'. With no minimum capital requirements, it takes on two days to set up a new business following a quick and simple process. Foreign and local investors are treated equally in Georgia.

Today there are four Free Industrial Zones (FIZ) in Georgia in the cities Tbilisi, Poti and Kutaisi and several more is also planned to open including Kulevi FIZ. Two unique Free Tourism Zones in Anaklia and Kobuleti offers various advantages to investors such as free land and ready infrastructure.

Aimed at the development of different sectors, the Georgian government has implemented several large-scale projects. Launched in 2014, "Produce in Georgia" is a successful state program that encourages entrepreneurship as it relates to the exportation of Georgian goods. Another interesting program which began this year is "Film in Georgia" which hopes to attract international film producers by cash rebate up to 25% on filming expenses. With the project "Host in Georgia" the local Government provides financial and technical assistance including co-financing to entrepreneurs in hotel industry. The "Check in Georgia" program brings together musical events with international stars, and promotes events dedicated to local products, all in an effort to increase tourism. In order to promote the development of innovative ideas, The Development Center of High Technology and Innovation (Tech Park Georgia) opened this year.

According to the last Trade Policy Review produced in 2016 by the World Trade Organization (WTO), as evidenced by the progressive liberalization of its trade regime, Georgia has undertaken an impressive range of successful reform initiatives. The country has been a member of the WTO since 2000. Currently, Georgia is considering joining the expanded Information Technology Agreement, which would help the country attract further investment. FDI of USD 1.75 billion in Georgia in 2014 was the highest indicator seen since 2008, however, this number decreased by 11% in 2015. In H1 2016 FDI of USD 376 billion is 29% higher compared to the same period of time of previous year (highest amount of to the same period of time since 2008).

Georgia has signed FTAs with CIS countries. Georgia benefits from the General Scheme of Preferences regulation, which lowers tariffs on goods exported from Georgia to the US, Canada, and Japan. As a result of negotiations with the European Free Trade Association in 2016, Georgia was given duty free access to markets in Iceland, Liechtenstein, Norway, and Switzerland. FTA between the Republic of Turkey and Georgia entered into force in 2008. Currently, an FTA between Georgia and China is also in negotiations and will be finalized by the end of 2016.

The EU represents Georgia's main trade partner. The Association Agreement (AA) between the EU and Georgia, signed in 2014, was ratified by all EU countries in December 2015. The Deep and Comprehensive Free Trade Area (DCFTA) was set up as a part of the AA and aims to gradually enhance Georgia's trade and economic growth on its path toward integrating with the European economy. The DFCTA has provided better opportunities for local businesses to trade with the EU and made foreign investment in Georgia much easier. For the period of 2014-2015 Georgia also benefits from the unilateral Generalized Scheme of Preferences (GSP). Under the current regulations, due to sustainable development and good governance Georgia qualifies for a special incentive (GSP+) that provides advantageous access to the EU markets.

Georgia in International Rankings

According to the Doing Business report, Georgia has been among The Top Improvers since 2005 in the EE&CA and globally. Characterized as an efficiently-driven economy, Georgia ranked 66th in 2015-2016 with the relative average score of 4.2 on the Global Competitiveness Index, improving its position by 28 levels when compared to their 2004-2005 ranking.

The Transformation Index BTI shows that Georgia is up from 95th to 39th position in Management Index Ranking and up from 79th to 45th position for Status Index Ranking during the period from 2003 to 2016. Democracy Status of the country has also risen in recent years and ranks at 40th position for the period of 2016. The country is ranked 48th among 168 counties and territories on the Corruption Perception Index, greatly outperforming its bordering countries.

Fitch's credit rating for Georgia was last reported at BB- with a stable outlook, and referred to 2016 as a challenging year for growth in Georgia. The report also revealed expectations that the country's economy will grow 2.5% in 2016 and 4.2% in 2017.

Infrastructure & Transport

Due to its access to important terrestrial and maritime transport routes, Georgia has always been a key player in the transportation of cargo as well as natural gas and oil. Today, the three main pipelines are the Baku-Tbilisi-Ceyhan pipeline, the Baku-Supsa oil pipeline, and the South Caucasus gas pipeline.

With a capacity to export one million barrels of oil a day, the Baku-Tbilisi-Ceyhan (BTC) oil pipeline runs 443 km through Azerbaijan, 249 km through Georgia and 1,076 km through Turkey.

The Baku-Supsa oil pipeline (the Western Route Export Pipeline, WREP) runs from Azerbaijan to Georgia. The pipeline is 833 km long, with 375 km running through Georgia. Reconstruction of portions of the pipeline is scheduled in the near future.

The South Caucasus gas pipeline (SCP) has been operational since 2006, following the route of the BTC crude oil pipeline project. The pipeline runs 691 km, with 443 km in Azerbaijan and 248 km in Georgia. Expansion of the SCP is now underway, and will eventually triple the gas volume exported through the pipeline. With the annual capacity of 7 mln tons Supsa oil terminal is a storage for crude oil transported via the WREP. With higher annual capacity of 10 mln tons Kulevi oil terminal has started functioning in 2018.

Launched in December 2015, the Iron Silk Road is listed among the 100 Best Projects of Global Significance. Cargo trains will pass via Georgian transit, making the country the key link between the cheapest and shortest roads connecting Europe and Asia. Trade relations between Georgia and China have deepened in recent years, and the Georgian railway received its first cargo train from China in late 2015.

The two main ports of Georgia are located in Poti and Batumi, though in order to develop the transit potential currently underutilized, the new $2.5 bln Anaklia Deep Sea port will be constructed till the year of 2020. Efforts will be made to increase its capacity to 40 mln tons in twelve years as the port is expected to become a trade connection between Europe and Asia, and between China and Europe through the New Silk Road.

With increasing passenger traffic and an expanding network, the Tbilisi International Airport is the most efficient and secure cargo centre in the Caucasus Region. Reconstruction of the main runway is currently underway and will be completed in 2016. Two other international and one local airport are located in Kutaisi, Batumi, and Mestia. The Central and Eastern Europe's biggest low-cost airline Wizz Air will place an airplane at Kutaisi International Airport on permanent basis in 2016. Wizz Air will conduct flights to 11 destinations in 8 European countries, including Berlin, Munich, Sofia and Milan. Ukraine International Airlines and Pegasus Airlines also operate in Kutaisi Airport. Expanding its services, the airport will offer new, affordable flights to several other European destinations. Several local airports including Mestia Airport and Natakhtari Airport are also presented in Georgia.

Georgia has also modernized its road infrastructure with some large projects, including the current construction of a primary autobahn that will connect Tbilisi and Georgia's eastern regions to the seaports. The total length of Georgian Railroad is 2,084 km with an operational length of 1,146 km. Estimated to finish in 2017, the Baku-Tbilisi-Kars (BTK) railway will further enhance Georgia's reputation and capacity as a transit country.

Energy

The country is rich in terms of renewable energy resources and substantial coal reserves, however, only about 25% of country's total energy potential has been exploited thus far. There are approximately 26,000 rivers in Georgia out of which more than 300 can contribute energy sector.

Georgia intends to become a regional leader in the sustainable/efficient energy market by 2030. The Government is actively investing in the sector in order to achieve energy security and to establish a fully competitive energy market.

Water is Georgia's most important natural resource. The country's sizable hydroelectric capacity per capita (40 TWh) ranks as one of the best in the world. This extra capacity holds the promise of export growth and energy self-sufficiency for the country. Currently, Georgia is focused on the development of small and medium-sized hydroelectric power plants to make efficient use of the country's remarkably rich water resources and to maximize domestic potential. Large-scale projects that have been implemented recently include: Khudoni HPP with an installed capacity of 750 MW and an average projected annual generation 1,66 TWh; Cascade of Oni HPPs with an installed capacity of 272 MW and an average projected annual generation 1530 TWh; Cascade of Namakhvai HPPs with an installed capacity of 450 MW and an average projected annual generation 1,6 TWh.

Warehouse market fundamentals

Foreign Trade Overview

Georgia has signed the Association Agreement (AA) with the European Union, which will enter into force on 1 July 2016. This agreement introduces a preferential trade regime between Georgia and the EU - the Deep and Comprehensive Free Trade Area (DCFTA) agreement. The EU is Georgia's primary trade partner, the country conducts roughly 32% of all trade with EU countries. In 2015, the EU imported goods valued at USD 824 million. The EU commission reported that, when fully implemented and sustained, the DCFTA could increase exports to the EU by 12% and imports by 7.5%.

Georgia has a negative import-export balance with its trading partners. Since 2012, Georgia's import-export balance varied between USD 5,112 million and USD 5,731 million, peaking in 2014. In December 2015, the balance stood at USD 5,525 million.

From 2007-2015, import figures climbed at an average annual rate of 6.8%, while exports increased by 10.2% per annum.

Major trade commodities

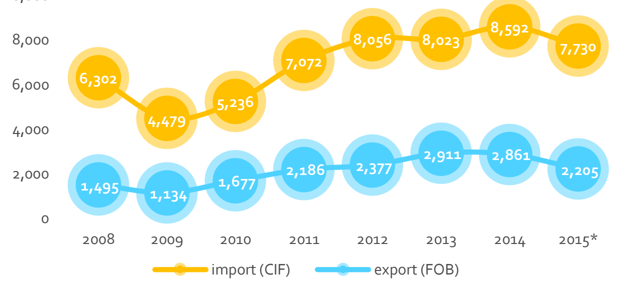
The major export commodities from Georgia are copper ores and concentrates (12%), with a total value of USD 271 million. Pharmaceutical medications (10%) and petroleum and petroleum oils (8%) are the country's major import commodities, with a total value of USD 742 million and USD 659 million, respectively.

Major trade partners

Azerbaijan, Bulgaria and Turkey are Georgia's largest trading partners, accounting for 11%, 10% and 9% of Georgian exports. In August 2015, a new car import restriction policy came into force in Azerbaijan, prohibiting the import of cars manufactured before 2006. Additionally, a new policy introduced in 2015 reduced exports with Azerbaijan by 56% when compared to the previous year.

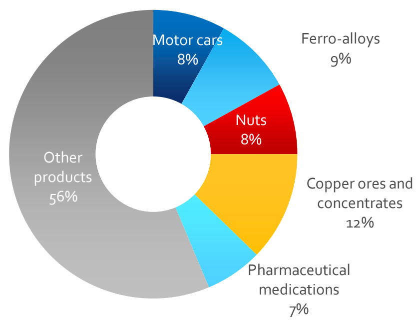
Turkey is a major source of imported goods, representing 17% of Georgia's total imports. Russia ranks second, with a total value of imported goods at USD 625 million, while China stands at USD 587 million.

External trade of Georgia (mln USD)



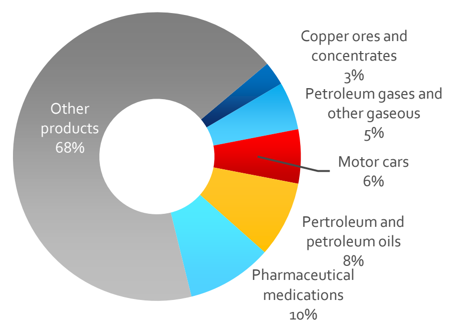
* preliminary data
Source: National Statistics Office of Georgia, Colliers International

Georgian exports by commodity groups in 2015



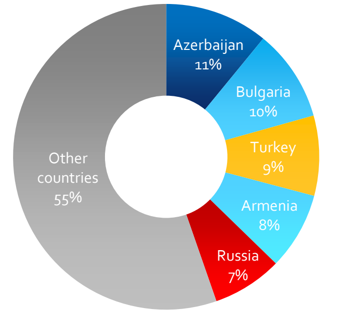
Source: National Statistics Office of Georgia, Colliers International

Georgian imports by commodity groups in 2015



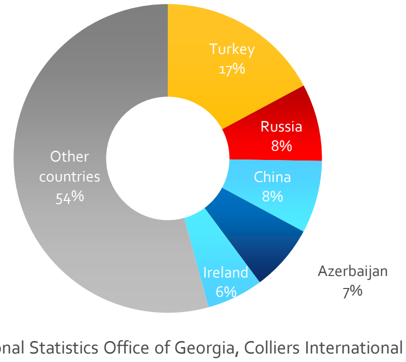
Source: National Statistics Office of Georgia, Colliers International

Georgian exports by countries in 2015



Source: National Statistics Office of Georgia, Colliers International

Georgian imports by countries in 2015



Source: National Statistics Office of Georgia, Colliers International

Georgia transport and logistics infrastructure

Georgia provides significant investment opportunities in the manufacturing sector, which contributed approximately 10% to the country's GDP in 2015. New opportunities are expected to be grasped by Greenfield investments in export-oriented manufacturing sectors for which access to the European market would be attractive. Together with international and local experts, Georgia's government is performing deep analysis of the competitive sectors in order to find new ways to stimulate foreign investment, attract new technology and know-how and create high value-add production in the country.

From the perspective of transport and logistics, Georgia can serve as a gateway for foreign companies interested in the Caucasus/CIS region due to its geographic location and open business environment. Georgia is uniquely positioned to capitalize on the increasing trade flows between Europe, the Caspian Region, Central Asia and China in the foreseeable future. The country offers the shortest route between the Black and Caspian Seas, and Georgia's transport system is a key link in the historic "Silk Road."

The Iron Silk Road is Georgia's new railway project that launched in December 2015. Already receiving cargo, the project will deepen trade relations between Georgia and China, making the country a key link connecting Europa and Asia. Additionally, the government is investing heavily in road infrastructure, including highways and local roads. Large investments are also It is believed that long-term growth will stem from Georgia's role as a transit state for pipelines. With the annual capacity of 7 mln tons Supsa oil terminal is a storage for crude oil transported via the WREP. With higher annual capacity of 10 mln tons Kulevi oil terminal has started functioning in 2018. Three pipelines currently exist:

- The Baku-Supsa pipeline;
- The Baku-Tbilisi-Ceyhan oil pipeline;
- The South Caucasus pipeline (operated by BP).

Georgia has 20,329 km of public roads and 2,084 km of railway. Reconstruction of Georgia's central highway is one of the top priorities in the Government's infrastructure rehabilitation program. Since 2005, most of the country's significant roads for international trade have been upgraded or are now under reconstruction.

The Baku-Tbilisi-Kars (BTK) railway is scheduled for completion in 2017, which will be a catalyst for the further growth of Georgian Railway (the national rail company). With the benefit of improved infrastructure, Georgia aspires to be, and can be, the best place in the wider Caucasus region for regional offices and a broad variety of value and supplier chains.

Georgian Railway LLC is implementing Railway Modernization Project, which will create accompanying infrastructure to the Deep Sea Port of Anaklia. Carrying capacity in a year will increase to 100 million ton. Project is planned to complete in 2019.

Georgian Railway LLC also plans to develop a new railway road, that will bypass the central part of Tbilisi. Project will stimulate economic improvements and job growth in the city. It is planned to complete in the first half of 2017.

The Poti Sea Port is Georgia's largest port. Currently serving as the European gateway for international trade in Georgia, Armenia and Azerbaijan, it is ideally located to become a future hub for trade with central Asia. The Georgian government is striving to enhance the port infrastructure and develop transit potential through establishing the Anaklia Deep Sea port project. The total value of investment projects amounts to USD 2.5 billion. The 1,000-hectare Anaklia Free Industrial Zone is also in the planning stages.

Georgia has four airports located in different regions of the country. The largest one is in Tbilisi and is operated by TAV Airports. Reconstruction of the main runway is currently underway and will be completed in 2016. The other airports are in Batumi, Mestia and Kutaisi. Wizz Air made its debut in the Georgian market in 2012. This European-based, low-cost carrier plans to expand operations in Georgia, introducing seven new routes in September 2016 that depart from Kutaisi Airport. Ukraine International Airlines and Pegasus Airlines also operate in Kutaisi Airport.

The only recent significant development of Class A leasable premises is the first phase of the Gebrüder Weiss logistics park near Tbilisi Airport. The anticipated development of infrastructure and manufacturing in Georgia, combined with its increasingly recognized strategic location at the cross roads of Europe and Asia, will open up opportunities for modern industrial and logistics real estate.

Supply

Georgia's total volume of warehouse space amounts to 1.8 million m², of which 65% is owner occupied. Leasable floor space is 635,000 m². The largest share of leasable area is located in Tbilisi (53%), followed by Batumi, Kutaisi and Poti at 22%, 13% and 12%, respectively.

Total leasable stock comprises both dry and cold storage warehouses. Dry storage warehouses account for 88% (562,000 m²) of the share, while cold storage warehouses provide 12% (213,000 ton capacity) of the total supply.

At 388,000 m², class B warehouses provide the largest share of total leasable space. Class C space accounts for 237,000 m² or 37% of the supply. Class A has the smallest share, represented by a single supplier (Gebrüder Weiss), providing only 10,000 m² GLA.

Demand

The highest share of occupied space in Georgia's listed warehouses comes from Food and Beverage (41%). Another sizeable proportion of demand comes from the Building Materials sector, importers of auto parts and transit companies providing 17%, 11% and 10% respectively. Consumer goods and pharmaceuticals also account for a significant proportion, at 8% and 7%, respectively.

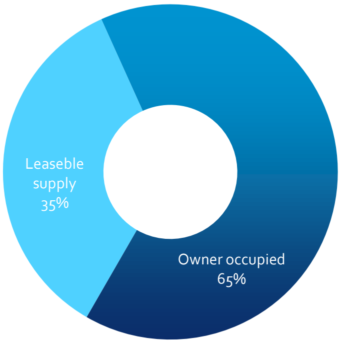
Third-party logistics (3PL) is still in the early stages of development in the country. Gebrüder Weiss is currently thriving, acting as logistics service provider for Tegeta Motors. Analysis of the 3PL market's growth and demand is not forecasted in the 2-3 year perspective.

Performance Indicators

Demand for modern, class A warehouse space is high, leading to a 0% vacancy rate. The average vacancy rate of B class warehouses is around 32% in Georgia. This figure is significantly higher in Kutaisi (46%) and, in other cities ranges between 17%-33%. The vacancy rate in C class warehouses equates to 30%. The highest vacancy rate is seen in Kutaisi (39%) and the lowest figure is reported in Poti (25%).

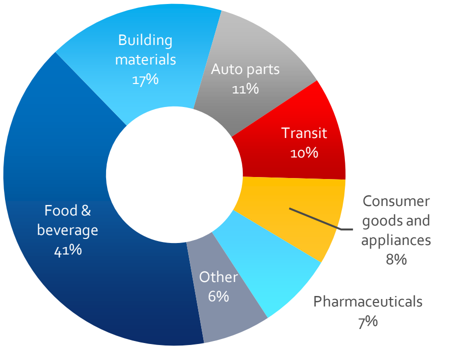
Vacancy rates in cold storage warehouses are significantly higher than for dry storage warehouses (28%), equalling 41%. This is due to the seasonality of demand in cold storage warehouses, which peaks in winter and falls in the summer. Seasonality is less significant in Poti, with an average vacancy rate of 24%, while the highest rate is recorded in Tbilisi at 51%. Dry storage vacancy rates are lowest in Poti (17%) and highest in Kutaisi (44%).

Total warehouse space distribution in Georgia 2015



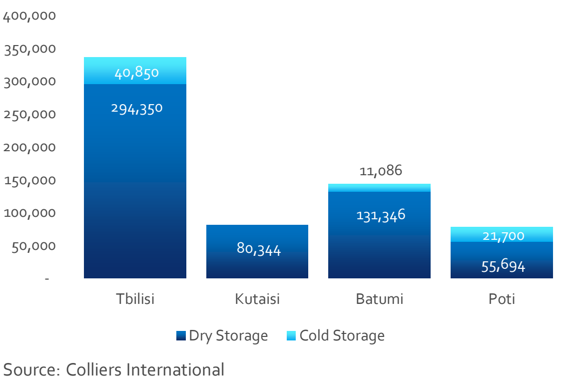
Source: Colliers International

Warehouse occupied space by category in Georgia 2015



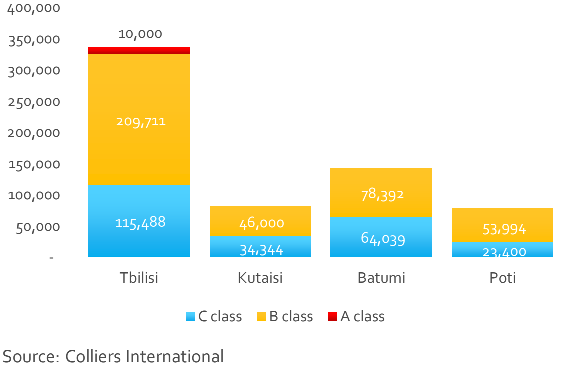
Source: Colliers International

Leaseble warehouse supply distribution by types (m²) 2015



Source: Colliers International

Leaseble warehouse supply distribution by classes (m²) 2015



Source: Colliers International

Tbilisi Warehouse Market Overview

Accelerating success.

Supply

In November 2015, the Free Industrial Zone was established in Tbilisi, developed by the BitFury Group, who have retained ownership. The company has already launched a mega data centre (6,000 m²) in the Tbilisi Free Zone (TFZ). As the TFZ becomes more established, it will facilitate further development of Tbilisi's warehouse and industrial market.

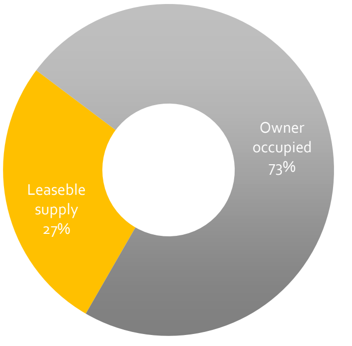
Tbilisi's total warehouse space amounts to 1.3 million m², of which 910,000 m² (73%) is owner-occupied and 335,000 m² is leasable area.

88% of the total leasable stock is dry storage and 12% cold storage. The total capacity of cold warehouses in Tbilisi is around 130,000 tons. 63% of Tbilisi's leasable space is B class. Class A space is in short supply, with just 10,000 m² being operated by Austrian logistics specialist Gebrüder Weiss.

Demand

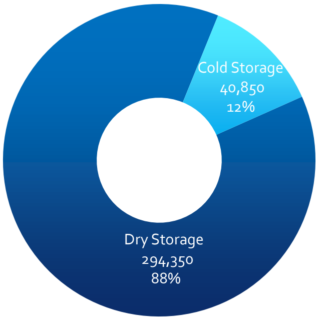
Food and Beverage is the most significant demand category, occupying 46% of the leasable supply in Tbilisi. Other categories with high space requirements include Auto Parts (occupying 17%) and Building Materials (occupying 13%). Pharmaceutical companies such as PSP, Aversi and GPC occupy 10% of the leasable supply.

Total warehouse space distribution in Tbilisi 2015



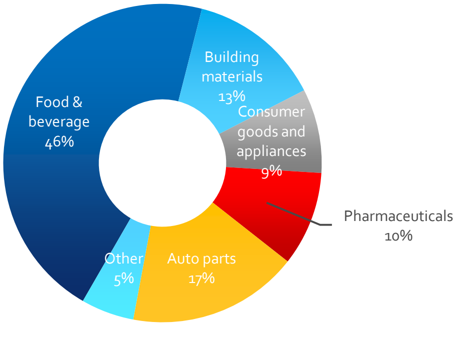
Source: Colliers International

Supply distribution by types in Tbilisi (m²) 2015



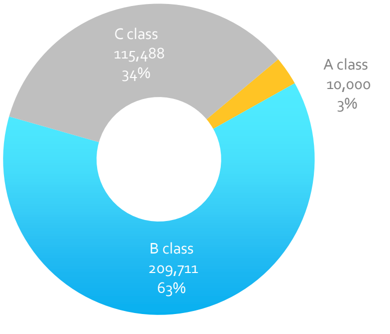
Source: Colliers International

Warehouse occupied space by category in Tbilisi 2015



Source: Colliers International

Supply distribution by classes in Tbilisi (m²) 2015



Source: Colliers International

Main Market Players

Developer	Location	District	GLA (m²)	Class	Type	Main Occupiers
Gebrüder Weiss LLC	Kakheti Highway, Airport Adjacent Territory	Lilo (Samgori)	10,000	A	Dry	Tegeta Motors, Bosch
Transservice LLC	98 K.Tsamebuli Avenue	Isani	10,000	B	Dry	Isani Trade Center, Furchet Georgia
Lilo 1 LLC	14 Iumashevi Street	Lilo (Samgori)	60,000	B	Dry	Philip Morris Georgia, PSP Pharma, Aversi Pharma
G & A Logistics LLC	29 Demetre Tavdadebuli Street	Didi Dighomi (Saburtalo)	3,300	B	Cold	Carrefour, Smart, Tolia
Sakinvest LLC	32 Agladze Street	Didube	20,000	B	Dry	Magnum Electronics, Ziller Georgia
LC Tbilisi LLC	4 Iumashevi Street	Lilo (Samgori)	18,000	B	Dry	Casa Calda (Tbili Sakhli), Lider Distribution
Diplomat Georgia LLC	Orkhevi Industrial Zone	Samgori	6,000	A	Dry	Owner Occupied

Source: Developers, Operators/Property Managers, Colliers International

Performance indicators

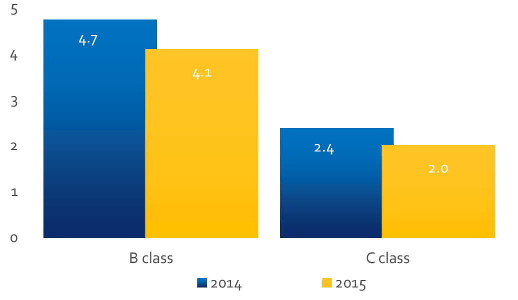
The average rent in B class dry storage spaces stands at USD 4.1 /m² and in C class it equates to USD 2.0. Compared to 2014, average rent prices dropped in B class and C class dry storage warehouses by 13% and 15%, respectively. The rent price in cold storage has increased from USD 15.9 to USD 16.3 /ton for B class warehouses. The weighted average price in C class cold storage has remained the same, and stands at USD 14 /ton in C class. Class A cold storage is currently not available in Tbilisi.

Average cold storage vacancy rates are significantly higher than for dry storage warehouses, due primarily to seasonal changes in need. Compared to 2014, vacancy rates in dry and cold storage warehouses slightly increased in 2015 and are around 27% and 51%, respectively. The average vacancy rate of A class warehouses in Tbilisi stands at 0%. The figure increased from 26% to 33% in B class, while in C class the vacancy rate decreased by 12% and amounted to 28%.

Benchmarking

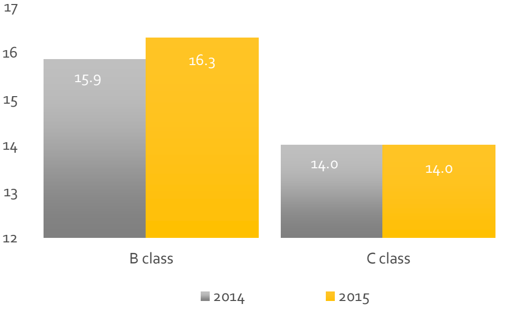
Tbilisi's prime warehouse rental price is around USD 9 /m². The prime warehouse yield in Tbilisi is 13%. Compared to other European cities, Tbilisi stands between Kiev and Minsk.

Average rent in dry storage warehouses in Tbilisi (USD/m²)



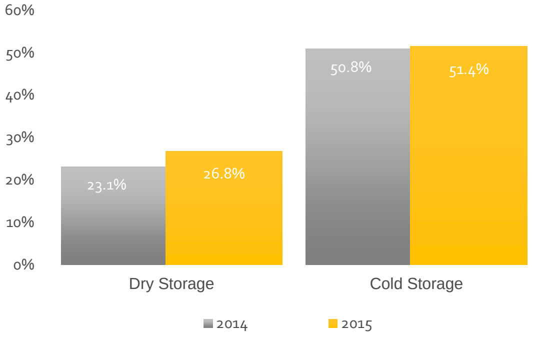
Source: Colliers International

Average rent in cold storage warehouses in Tbilisi (USD/ton)



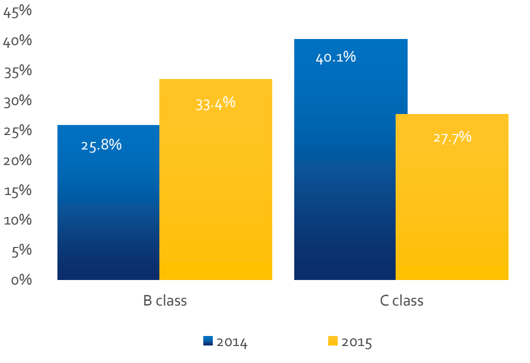
Source: Colliers International

Vacancy rate by type in Tbilisi



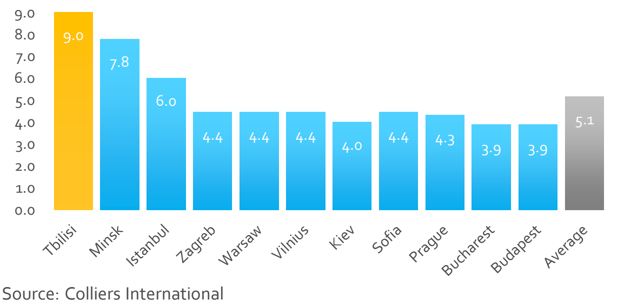
Source: Colliers International

Vacancy rate by class in Tbilisi



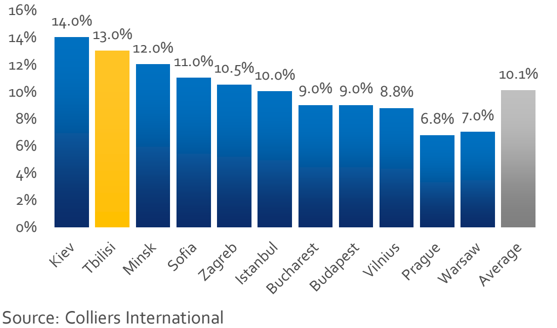
Source: Colliers International

Benchmarking of prime rent USD 2015



Source: Colliers International

Benchmarking of prime yield 2015



Source: Colliers International

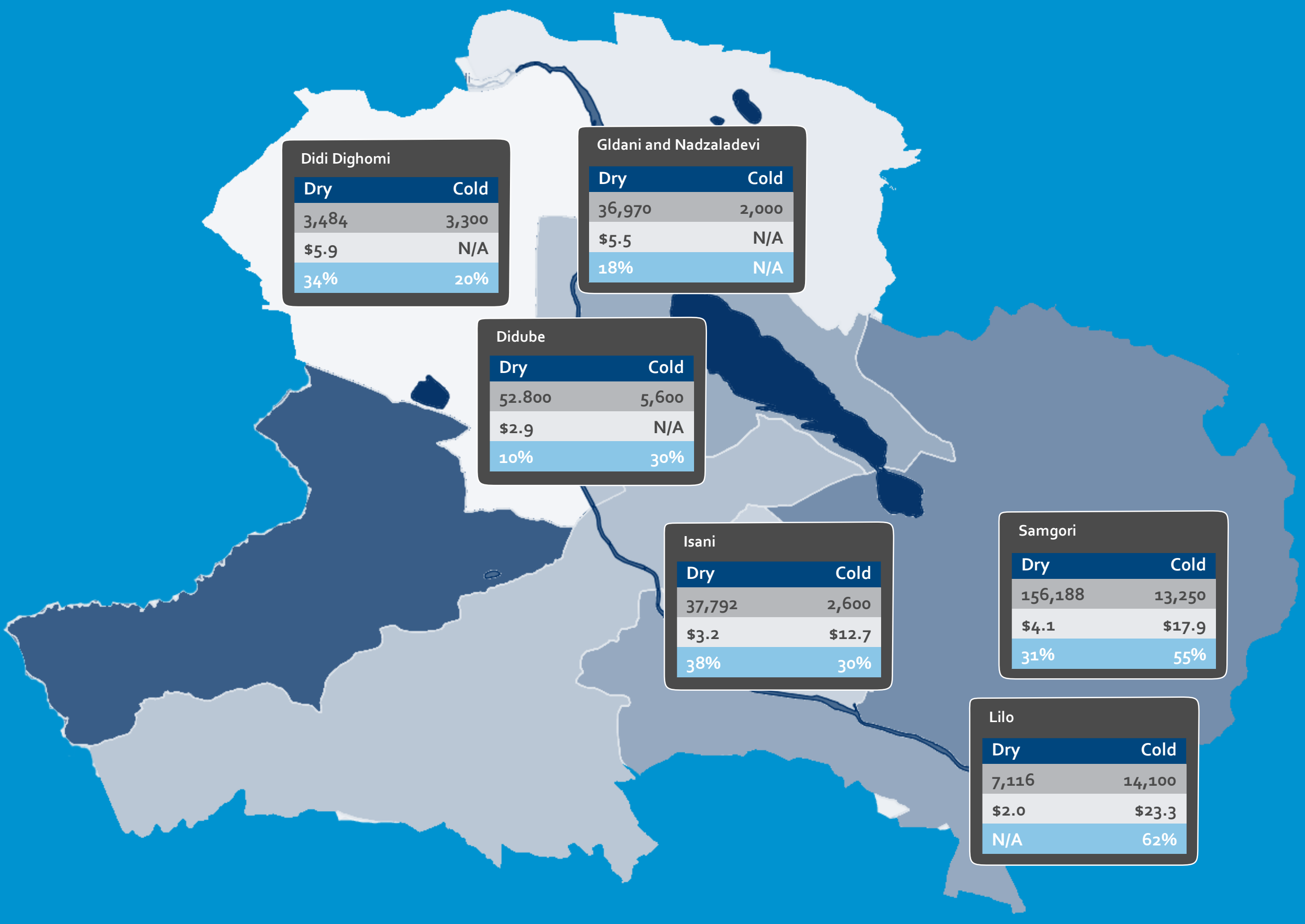
Map of existing and upcoming projects in Tbilisi

Upcoming Projects

Developer	Location	District	GLA (m²)	Class	Category	Construction Status	Type	Completion Date
Gebrüder Weiss LLC	Kakheti Highway, Airport Adjacent Territory	Lilo (Samgori)	37,000	A	Leasable	Announced	Greenfield	N/A
Demas LLC	Dighomi, in proximity to Agrarian University	Saburtalo	3,532	B	Owner occupied	Announced	Greenfield	2017
Universal Distribution Company LLC	10 Moscow Avenue	Samgori	3,871	B	Owner occupied	Ongoing	Greenfield	H2 2016

Source: Developers, Operators/Property Managers, Colliers International

Performance indicators by Tbilisi districts



Key

Warehouse type
Gross leasable area – m²
Average rental rate USD/m²
Vacancy rate

Source: Colliers International
Note: Didi Dighomi is a part of Saburtalo district. Lilo is a part of Samgori district.

Kutaisi Warehouse Market Overview

Accelerating success.

Supply

The total amount of warehouse space in Kutaisi equates to 193,000 m², while the leasable area accounts for 42% of total warehouse floor space in Kutaisi, or 80,344 m².

Currently, two Free Industrial Zones are established in Kutaisi. The first was created by Georgian International Holding in 2009. The largest tenant of the FIZ is Fresh Georgia, who produce home appliances in several factories. The second FIZ was created in 2015 by Hualing Group, which supplies the market with 25,000 m² of dry storage space.

B class dry storage space amounts to 46,000 m², while C Class provides around 34,000 m². Kutaisi's cold storage warehouse space is very limited and is mainly represented by small cold storage containers.

There are no sizeable warehouse projects planned for the foreseeable future.

Demand

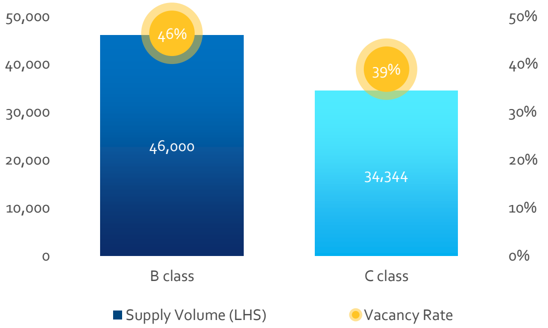
The Food and Beverage category is the most substantial, occupying 50% of the leasable supply. The category with the second highest occupied space is Pharmaceuticals, representing 17% of the listed supply. At 9%, Building Materials and Consumer Goods and Appliances also represent a significant portion of demand.

Performance indicators

The average rental rate for B class dry storage warehouses stands at USD 2.8 p/m². In C class, it equates 1.5 USD p/m², while cold storage warehouse monthly rental prices range between USD 6-7 p/ton.

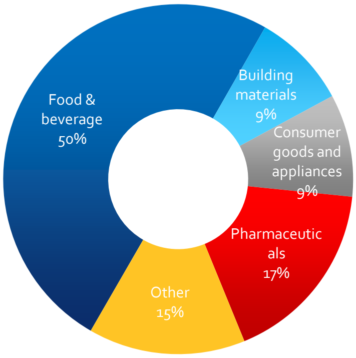
The average vacancy rate for dry storage in Kutaisi stands at around 44%. The vacancy rate in B Class dry storage warehouse space amounts to 46%, which is primarily determined by the high vacancy rate in the recently opened FIZ Warehouses. The vacancy rate in C class space is about 39%.

Supply distribution and vacancy rate by classes in dry storage warehouses in Kutaisi (m²/%) 2015



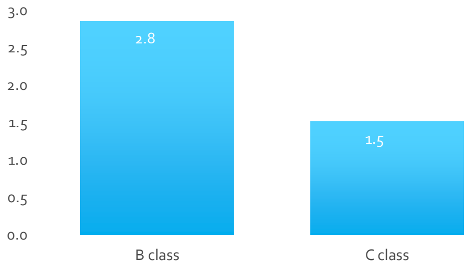
Source: Colliers International

Warehouse occupied space by category in Kutaisi 2015



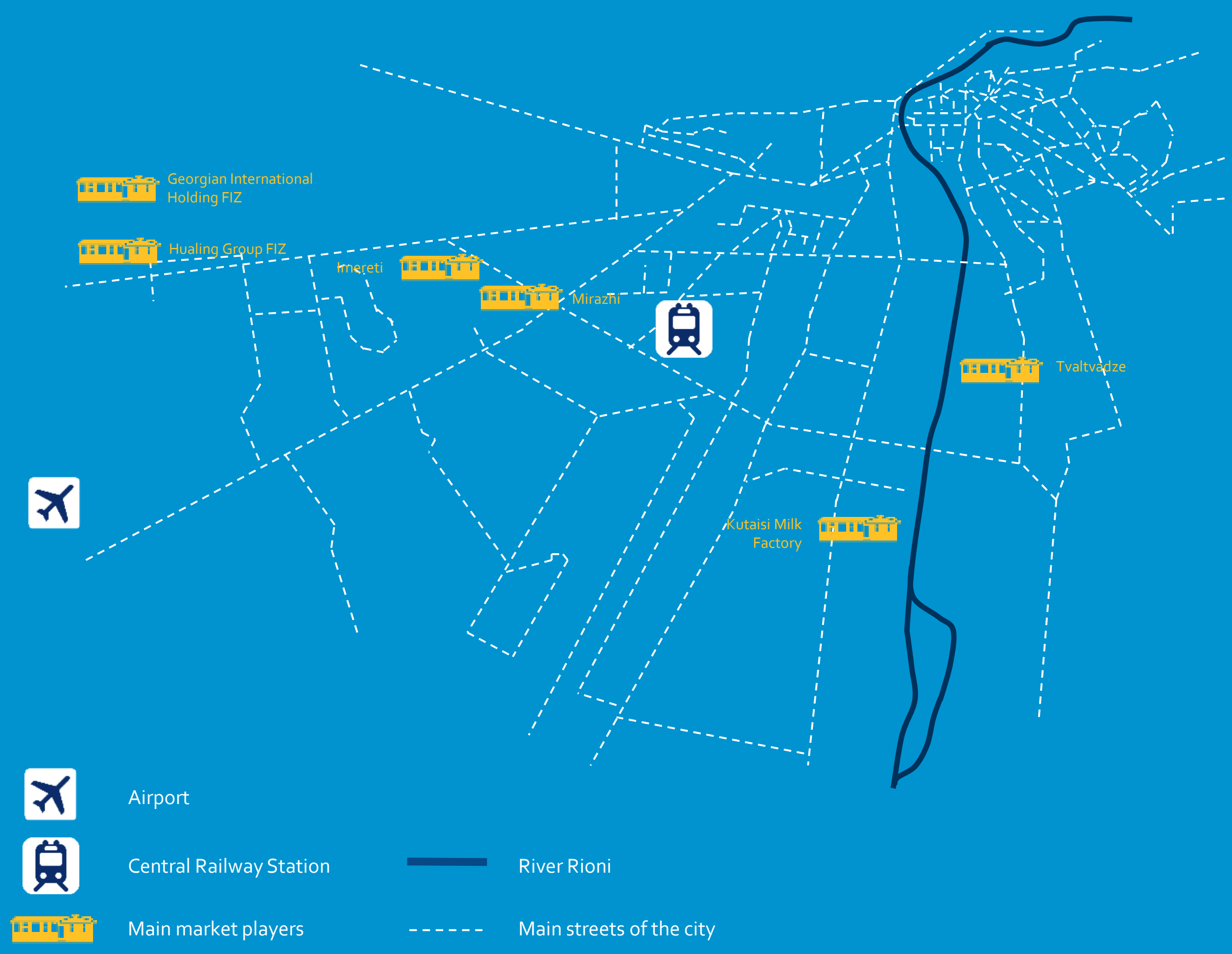
Source: Colliers International

Average rent in dry storage warehouses in Kutaisi (USD) 2015



Source: Colliers International

Existing projects map in Kutaisi



Main Market Players

Developer	Location	GLA (m²)	Class	Type	Category	Main Occupiers
Hualing Group LTD	Kutaisi Free Industrial Zone	25,000	B	Dry	Leasable	N/A
Imereti LLC	21a Ir. Abashidze Street	13,000	B	Dry	Leasable	Knauf, Nikora, Borjomi, G.D. Alko, Philip Morris
Davit Tvaltvadze	186 A. Tsereteli Street	8,000	B	Dry	Leasable	Pepsi, Nabeghlavi, Sno, Alta, Kent, Teliani Valley
Mirazhi LLC, Imedi XXI Century LLC	3 9 April Street	7,000	C	Dry	Leasable	N/A
JSC Kutaisi Milk Factory	16 Nikea Street	3,000	C	Dry	Leasable	Sarajishvili
Georgian International Holding LLC	Kutaisi Free Industrial Zone	≈ 120,000	B	Dry	Owner occupied	Fresh Georgia

Source: Developers, Operators/Property Managers, Colliers International

Batumi Warehouse Market Overview

Accelerating success.

Supply

Existing warehouse stock in Batumi equates 267,000 m², of which 125,000 m² is owner occupied. The vast majority of warehouses in Batumi are old, Soviet-period buildings, some of which have been renovated in recent years.

Dry storage warehouses provide 131,000 m² of the supply, while cold warehouses provide around 11,000 m². The total capacity of cold warehouses in Batumi is around 45,000 tons.

The B and C class warehouse supply is almost equal, accounting for 55% and 45% of the total amount, respectively.

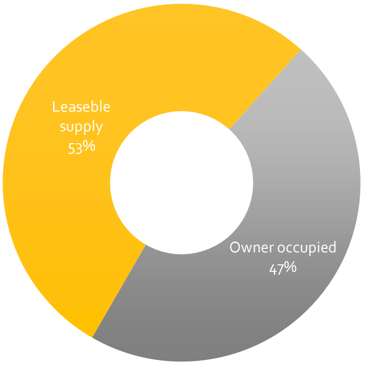
There are no new significant warehousing projects planned for the near future.

Demand

Food and Beverage and Building Materials are the two largest tenant categories, occupying 44% and 34% of Batumi's leasable supply, respectively. Consumer Goods and Appliances is another large category, represented in 11% of the occupied space.

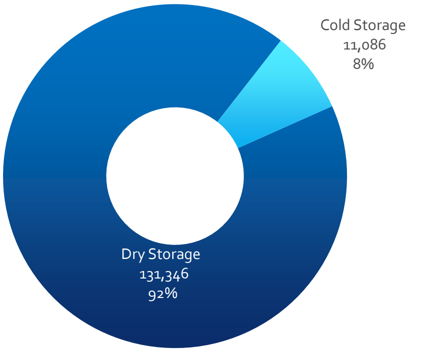
Batumi Sea Port

Total warehouse space distribution in Batumi 2015



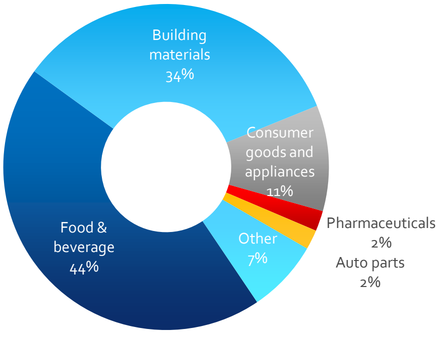
Source: Colliers International

Supply distribution by types in Batumi (m²) 2015



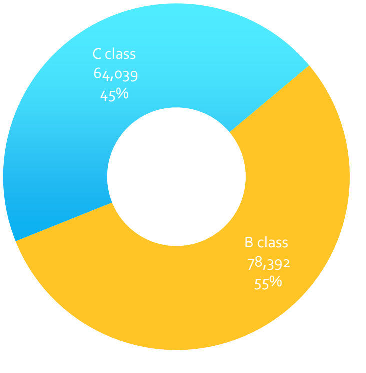
Source: Colliers International

Warehouse occupied space by category in Batumi 2015



Source: Colliers International

Supply distribution by classes in Batumi (m²) 2015



Source: Colliers International

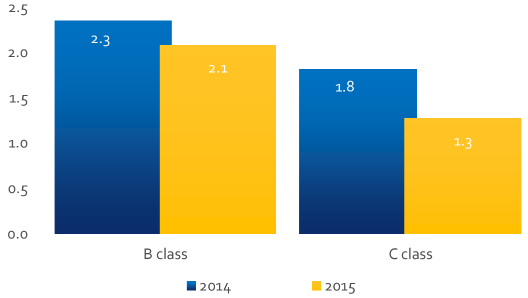
Batumi Sea Port

Performance indicators

Last year, the average rental price for B class dry storage warehouse space fell by 11%, and by a significant 30% in C class warehouses. In 2015, the average rent for B and C class warehouses was USD 2.1 and USD 1.3 p/m², respectively. The same figure for B Class cold storage warehouse space decreased by USD 3 during 2015, to USD 12 p/ton.

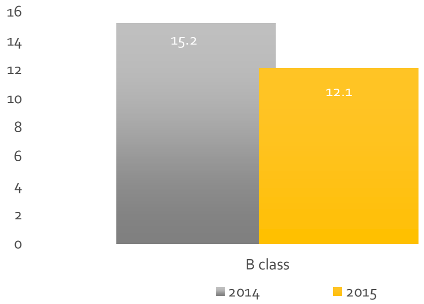
In 2015, the average vacancy rate slightly decreased in dry storage and stands at around 28%. The figure in cold storage increased by 4% and amounted to 48%. Vacancy rates for B and C class warehouses slightly decreased and currently stands at 28% and 32% respectively.

Average rent in dry storage warehouses in Batumi (USD/m²)



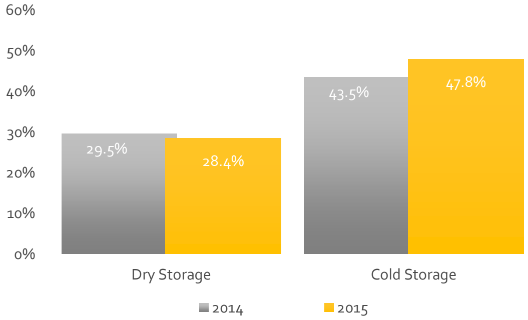
Source: Colliers International

Average rent in cold storage warehouses in Batumi (USD/ton)



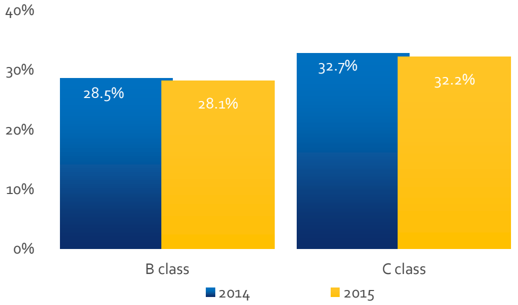
Source: Colliers International

Vacancy rate by type in Batumi



Source: Colliers International

Vacancy rate by class in Batumi



Source: Colliers International

Existing projects map in Batumi

Main Market Players

Developer	Location	GLA (m²)	Class	Type	Category	Main Occupiers
Nati+ LLC	37 Khakhuli Street	2,400	B	Cold	Leasable	N/A
Anagi LLC	111 Lermontovi Street	5,286	B	Cold	Leasable	N/A
Imperial 2000 LLC	133 Bagrationi Street	6,031	B	Dry	Leasable	Elit Electronics
TBC Bank JSC	18 General Abashidze Street	5,000	B	Dry	Leasable	Goodwill, G-mart, Tskali Margebeli (Nabeghlavi)
Subtropic LLC	16 General Abashidze Street	4,500	B	Dry	Leasable	N/A
Batumi Bamboo Furniture Factory JSC	7 Sulkhan-Saba Orbeliani Street	5,600	B	Dry	Leasable	Natakhtari

Source: Developers, Operators/Property Managers, Colliers International

Poti Warehouse Market Overview

Accelerating success.

Supply

Poti has 115,000 m^2 of total warehouse space, of which 33% is owner occupied and 65,000 m^2 is leasable space. The total capacity of cold storage in Poti is 28,000 tons.

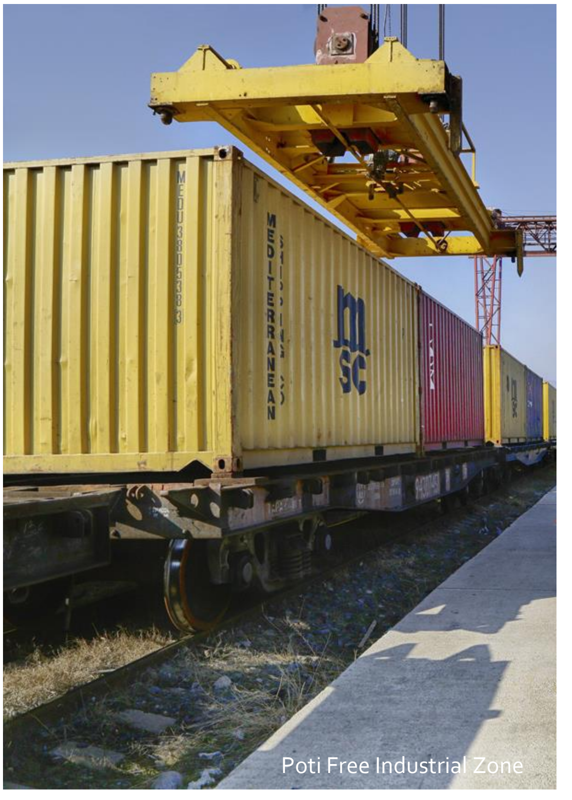
The industrial and warehouse sectors are developing at a faster pace in Poti. The city's Black Sea Terminal (acquired by ATP Terminals) accounts for 20% of regional GDP. The first Free Industrial Zone in the Caucasus region was established in 2010, which is currently operated by Rakia Georgia FIZ LLC.

The total space of dry storage warehouses amounts to 56,000 m^2, while cold storage accounts for 28% of the leasable floorspace. It should be noted that cold storage in Poti is in recently built modern buildings and can be classified as B class space. B class warehouses provide 70% of the total supply, while C class provides 23,400 m^2 of the total.

There are no new significant warehousing projects planned for the near future.

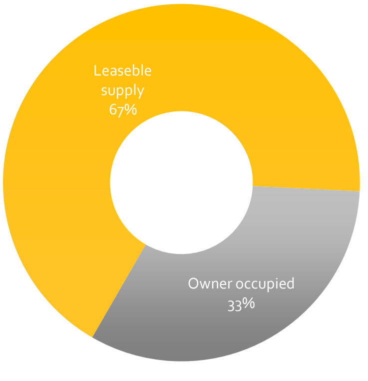
Demand

Transit companies are the major occupiers of the leasable stock. Among other categories, Auto Parts occupies a significant 10% of the supply.



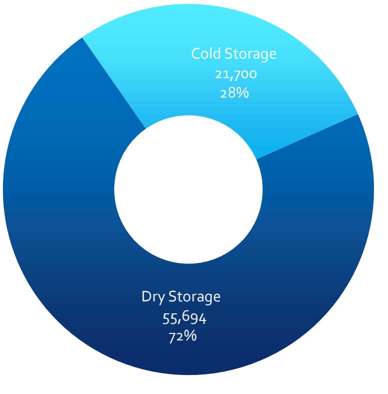
Poti Free Industrial Zone

Total warehouse space distribution in Poti 2015



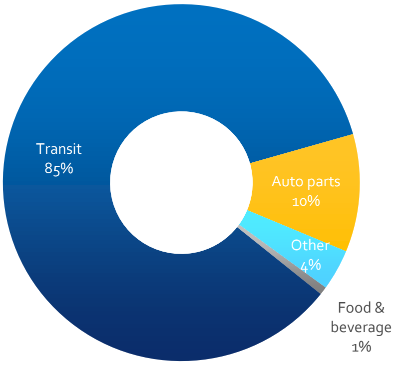
Source: Colliers International

Supply distribution by types in Poti (m^2) 2015



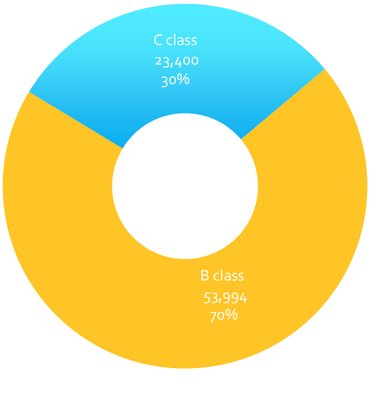
Source: Colliers International

Warehouse occupied space by category in Poti 2015



Source: Colliers International

Supply distribution by classes in Poti (m^2) 2015



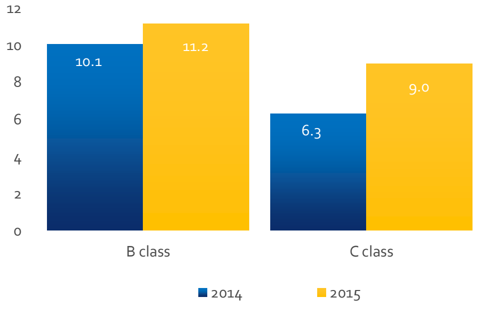
Source: Colliers International

Performance indicators

Because Poti is a transit city and most goods are stored for only a short time (typically a few days) prior to clearing customs, rental prices in Poti warehouses are measured per ton and not per m². The average rent in B class dry storage grew by USD 1.1 p/ton between 2014 and 2015 to USD 11.2 p/ton. Growth was more significant in C class space, averaging USD 9 p/ton in 2015, while the average rent in cold storage space dropped to USD 15 p/ton.

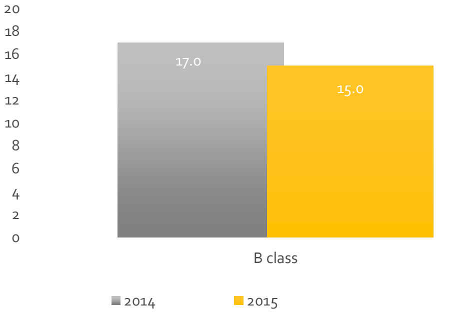
In 2015, the average vacancy rate significantly decreased in dry storage warehouses and amounted to 17.5%. A slight decrease was also reported in cold storage space, to around 24%. The average vacancy rate for B class space equals 17%, with 25% for C class.

Average rent in dry storage warehouses in Poti (USD/ton)



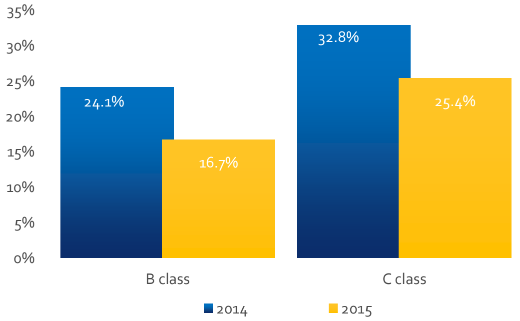
Source: Colliers International

Average rent in cold storage warehouses in Poti (USD/ton)



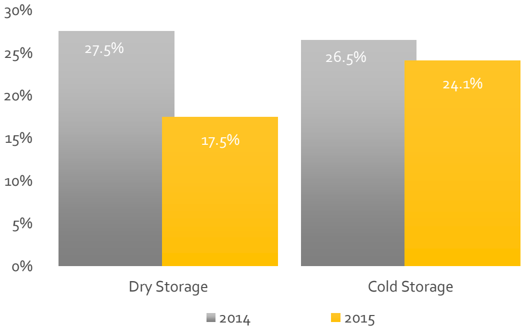
Source: Colliers International

Vacancy rate by class in Poti



Source: Colliers International

Vacancy rate by type in Poti



Source: Colliers International

Existing projects map in Poti

Main Market Players

Developer	Location	GLA (m²)	Class	Type	Category	Main Occupiers
Logitecks LLC	Larnaka Street, Center-Maltakva	9,000	B	Cold	Leasable	N/A
Rakia Georgia Free industrial Zone LLC	Poti Free Industrial Zone	7,271	B	Dry	Leasable	N/A
CMT LLC	35 St.Giorgi Street, Center-Maltakva	5,700	B	Dry	Leasable	N/A
American Monolith LLC	Larnaka Street, Center-Maltakva	4,716	B	Cold	Leasable	Southeastern Export Corp.
Peis Warehousing Georgia LLC	15/39 Gegidze Street, Center-Maltakva	4,530	B	Dry	Leasable	N/A
Iceberg Poti LLC	7 Larnaka Street, Center-Maltakva	4,200	B	Cold	Leasable	Monterey Farms

Source: Developers, Operators/Property Managers, Colliers International

Gebrüder Weiss

Conclusions and outlook

Of all sectors in the Georgian real estate market, the industrial market is the least developed. With the exception of Gebrüder Weiss's facility in Tbilisi, modern A-class space is non-existent and developer-led projects have yet to begin. The market is further characterized by a very high share of (local) owner-occupied stock and a limited amount of international occupiers.

After the collapse of the Soviet Union, state-owned industrial buildings came into the possession of individuals. This led to the growth of the low class warehouse supply and, currently, the majority of these buildings are occupied by local companies. International and local brands occupy a majority of Tbilisi's A and B class warehouse space. It should be noted that the relatively low level of exports is one of the contributing factors impacting the growth of the warehouse market.

Given the country's strategic position and potential as a gateway between Europe and CIS/Asia, the warehouse market will likely experience accelerated growth in the near future. Increased investment in infrastructure, including the recently-completed Kutaisi Airport, the Baku-Tbilisi-Kars railway and development of Georgia's ports will all help to facilitate sector growth. Combined with Georgia's strengthened ties to Europe, featuring the Association Agreement and DCFTA, these public infrastructure investment initiatives should lead to strongly improved conditions for industrial real estate market growth in the medium term.

With current modern supply at a very low level and A-class vacancy at 0%, this potential is already evident. Recent government support for local producers will likely fuel regional demand and drive the potential of centrally-located hubs such as Kutaisi and Khashuri.

Establishment of the Free Industrial Zones (FIZ) facilitates development of Georgia's industrial and warehouse markets, together with flexible and comprehensive legislation, creates a healthy investment climate for both large and start-up companies. Today, four FIZ areas already exist. Two of these are located in Kutaisi, which has been a significant industrial centre since the Soviet Union era. Establishment of the Deep Sea Port and a FIZ in Anaklia will also help the country fully exploit its potential and take advantage of its superior location. The project is planned for completion by 2020 and is expected to breathe new life into ancient Asian-European trade routes.

A new railway project – the Iron Silk Road – will establish Georgia as an important transport hub and deepen trade relations with China.

The government's stated policies and strategic location give Georgia the opportunity to become a regional hub for neighboring countries. The entrance of international large-scale distribution companies and the continued progress of the manufacturing industry will also accelerate Tbilisi's warehouse market.

Given Georgia's relatively narrow economic base, the real estate market's potential is likely to remain modest in the coming years, though the country's strong economic growth and public investment initiatives have created a market poised to grow and thrive.

APPENDIX 1

REAL ESTATE REGISTRATION AND CONSTRUCTION PERMIT

Property Registration

In Georgia, the National Agency of Public Registry is the state institution responsible for the registration of property, registering both transfers between private entities and state-owned properties.

In case of private transfer, the purchaser has two options:

- Via a notary - contract drafting and legalization by the notary and subsequent registration. The notary assumes responsibility for the content of the draft and its legalization. The presence of a translator and his signature on the bilingual purchase document is required and the translator assumes responsibility for the authenticity of texts. Time for preparation of the bilingual document and its legalization varies depending on the notary
- Via the National Agency of Public Registry - direct submission of the purchase contract for legalization and registration. In this case, the bilingual purchase document is to be drafted directly by both parties or by their authorized representatives. The Agency's representative certifies the signatures and may provide recommendations if the document is not accurately drafted, but does not carry any responsibility for the validity or its content.
- The National Agency of Public Registry is represented in: a) Public Services Halls (Tbilisi, Gori, Kutaisi, Batumi, Ozurgeti, Mestia, Zugdidi, Rustavi, Marneuli, Gurjaani, Telavi, Kvareli and Akhaltsikhe) and b) regional departments of the National Agency of Public Registry (located in cities throughout the country).

In the case the property being purchased from the state/municipality (privatization, auction or other form of purchase) the documents should be submitted directly to the Agency.

Times and fees for registration

- 4 working days upon the submitting of documents (ordinary time) - the day of submission of documents is not counted - GEL 50 (registration fee per one property) + GEL 5 for certifying the document (GEL 5 per each document subject to submission)
- 1 working day - GEL 150 + GEL 5 for certifying the document
- On the day of submitting the agreement in the Agency - GEL 200 + GEL 5

Times and fees for renewal of public registry information

Online

- 1 working day - GEL 10 (USD 4.4)
- Same working day - GEL 40 (USD 17.6)

Justice House

- 1 working day - GEL 15 (USD 6.6)
- Same working day - GEL 50 (USD 22)

Construction Permits

For the purposes of construction, buildings are divided into five types:

1st class buildings - no construction permit is required;

2nd class buildings - buildings with low risk factors;

3rd class buildings - buildings with medium risk factors;

4th class buildings - buildings with high risk factors;

5th class buildings - buildings with very high risk factors.

The permit issuance process is divided into three stages:

Stage I - Statement of urban construction terms;

Stage II - Approval of architectural-construction project;

Stage III - Issuance of Construction Permit;

State organs responsible for the issuance of permits:

Local self-governmental (municipal) organs - for II, III class buildings within the municipal territory (at stages I and II) except from Gudauri, Bakuriani, Bakhmaro, Ureki-Shekvetili recreation territories and for special regulatory zones on the territory of Borjomi.

Local self-governmental (municipal) organs - for IV class buildings (at stages I and II) with the participation of corresponding state organs

Local self-governmental (municipal) organs - for II, III and IV class buildings (at III stage) independently (including Gudauri, Bakuriani, Bakhmaro, Ureki-Shekvetili recreation territories and for special regulatory zones on the territory of Borjomi)

Tbilisi City Hall - for II, III and IV class buildings in Tbilisi Municipality (at all stages) independently

Corresponding local organs of Adjara Autonomous Republic and Abkhazia Autonomous Republic - for II, III and IV class (at all stages) on the territory of the Autonomous Republics

Local self-governmental (municipal) organs - II, III and IV class buildings (at stages I and II) for Gudauri, Bakuriani, Bakhmaro, Ureki-Shekvetili recreation territories and for special regulatory zones on the territory of Borjomi - with the participation of the Ministry of Economy and Sustainable Development.

Ministry of Economy and Sustainable Development - for V class buildings

Ordinary terms per each stage (working days):

Stage I

12 days for II and III class buildings

15 days for all IV class buildings, for Gudauri, Bakuriani, Bakhmaro, Ureki-Shekvetili recreation territories and for special regulatory zones on the territory of Borjomi (excluding V class buildings), also for all buildings that require ecological expertise

30 days for V class buildings

Stage II

18 days for II and III class buildings

20 days for all IV class buildings, for Gudauri, Bakuriani, Bakhmaro, Ureki-Shekvetili recreation territories and for special regulatory zones on the territory of Borjomi (excluding V class buildings), also for all buildings that require ecological expertise and for V class buildings

Stage III

5 days for II, III and IV class buildings

10 days for V class buildings

Exceptions:

The special terms for permission process:

Construction permits concerning:

III class buildings with an intensity coefficient up to 1,500 p/m² and for buildings with a height of up to the 14 meters that will be located on the territories where urbanization regulatory plans do not exist and are organized according to land use or which are organized according to the perspective development regulatory plans on the territory of Tbilisi - the permission process may involve II and III stages only

The simplified permit procedure may involve just two stages and the permit is issued in the second stage.

The terms for the simplified procedure are as follows:

Stage I - 12 days for II and III class buildings

15 days for all IV and V class buildings, for Gudauri, Bakuriani, Bakhmaro, Ureki-Shekvetili recreation territories and for special regulatory zones on the territory of Borjomi, also for all buildings that require ecological expertise.

Stage II (issue of permit) - 20 days for all classes

Permission fees

The municipal organs determine the permission fees though the maximum limits are envisaged by the Law:

For all territory of Georgia - 1 (one) GEL (USD 0.4) p/m² of construction territory

For construction of industrial buildings - 5 (five) GEL (USD 2.2) p/m² of construction territory

Exceptions:

Investors seeking the construction of hotels in free tourism zones and investing not less than 1,000,000 (one million) GEL (USD 440,494) per each hotel are exempted from paying the permission fee.

APPENDIX 2

PRIMARY INFORMATION SOURCES AND DATA USED FOR THE STUDY

Primary Information Sources

In the process of preparing the research, we were guided by the information provided by property managers, owners, developers, governmental institutions (The National Agency of Public Registry, the National Statistics Office of Georgia, the National Bank of Georgia, the Ministry of Economy and Sustainable Development of Georgia, City Halls). Information from Colliers International EMEA office was used for benchmarking. The following web-portals is also used:

www.geostat.ge

www.nbg.ge

www.gnta.ge

www.tas.ge

www.worldbank.com

www.cia.gov

Definition and Assumptions

CIS: Commonwealth of Independent States

DCFTA: Deep and Comprehensive Free Trade Agreement

FDI: Foreign Direct Investment

FIZ: Free Industrial Zone

IMF: International Monetary Fund

GDP: Gross Domestic Product

GEL: Georgian Lari

GLA: Gross leasable area

m^2: Square metre

USD: The United States Dollar

VAT: Value added tax

Rent Prices: Are calculated based on the data provided by warehouse developers and owners, property managers, tenants, National Agency of Public Registry etc. all rents are calculated in USD per month net of VAT and service charges. Rents for dry storages are calculated per m^2 except Poti, where it is calculated per ton. All rents for cold warehouses are calculated per ton.

Prime Yield: The yield an investor is prepared to pay to buy a modern warehouse facility, fully-let to high quality tenants at an open market rental value in a prime location. Lease terms should be commensurate with the market e.g. typically 5yrs +. The size of the building should also be commensurate with the local market. Gross Yield is considered in calculations. Gross Yield = First years' passing rent (i.e. net effective rent) / Property Price (irrespective of transaction costs)

Prime Rent: The Prime Logistics & Distribution Headline Rent represents the top open-market tier of rent that could be expected for a unit of standard size commensurate with demand for units over 3,000 m2 or greater, of the highest quality and specification (Grade A) in the best location in the market at the survey date. Warehouse Units would typically include up to 10% office space, the balance being general warehousing/logistics/distribution space with at least 6 to 12 metre ceiling heights. All loading is dock-height.
Prime Headline Rent should reflect the level at which relevant transactions are being completed in the market at the time but need not be exactly identical to any of them, particularly if deal flow is very limited or made up of unusual one-off deals. If there are no relevant transactions during the survey period, the quoted figure will be more hypothetical, based on expert opinion of market conditions, but the same criteria on building size and specification will still apply. The figure should exclude service charges and taxes, and not reflect tenant incentives.

The warehouse property classification

General Criteria's	A class	B class	C class
Building type	Modern warehouse building made of light-gouge and sandwich constructions	New built or redeveloped warehouse building	Industrial facility or heat-insulated hangar
Site coverage ratio 40-45%	Flat concrete floor with anti-dust surface	Anti-dust surface or uncoated concrete	Asphalt or concrete tile, uncoated concrete
Flooring	Must	Optional	Optional
Ceiling height 9-12 m.	Must	Optional	Optional
Controlled temperature and ventilation system	Must	Must	Optional
Fire alarm and automatic fire-fighting systems	Must	Optional	Optional
Alternate power solution	Must	Optional	Optional
Security alarm and video surveillance	Must	Must	Optional
Parking and marshalling area for heavy duty vehicles and trucks	Must	Must	Optional
Office premises	Must	Optional	Optional
Personnel facilities (toilets, showers, changing rooms and etc.)	Must	Must	Optional
Fiber-optic telecommunications	Must	Optional	Optional
Fenced area, perimeter security control	Must	Must	Optional
Proximity to the major highways	Must	Optional	Optional
Property management	International operator	Local operator	Local operator
Railway spur	Must	Optional	Optional

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COLLIERS GLOBAL STATS AT A GLANCE

554
OFFICES

$2.5
BN REVENUE

66
COUNTRIES

$112
BN TOTAL TRANSACTION VALUE

6
CONTINENTS

185m
SQUARE METERS MANAGED

16,000
EMPLOYEES

>80,000
LEASE/SALE TRANSACTIONS

United States	153
Canada	31
Latin America	24
Asia-Pacific	231
EMEA	112

TEAM GEORGIA AT A GLANCE

22
PROFESSIONALS

15
YEARS IN INDUSTRY

53
PROJECTS COMPLETED

2.7
MILLION SQUARE METERS DEVELOPED

$1.5
BILLION SALES GENERATED

$310
MILLION FUNDS RAISED

9,500
VALUATIONS CONDUCTED

150
MARKET & ADVISORY REPORTS

We cover 10 Regional Centers and 59 Municipalites in Georgia

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