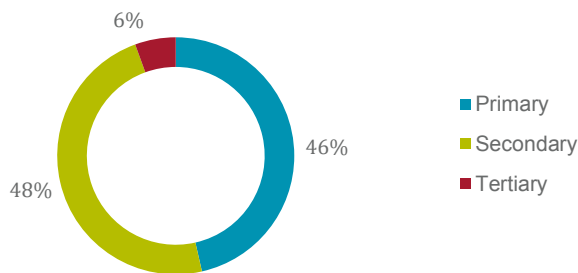


MARKET INDICATORS

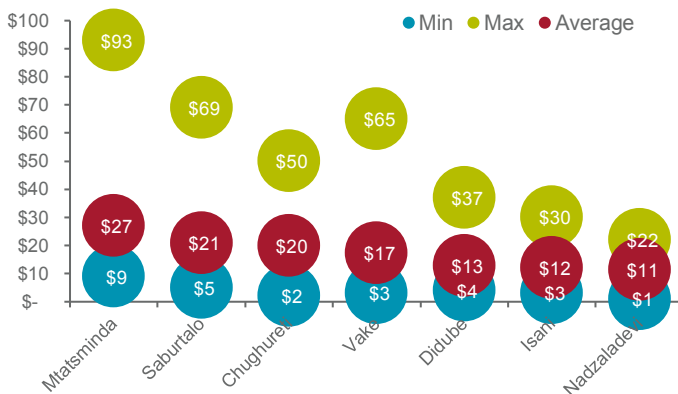
Market Outlook

Prime Rents:	Prices in shopping malls and high street have been stable between Q4 2018 and Q1 2019;	▶
Prime Yields:	Steady with some further downward pressure in certain parts of the market;	▲
Supply:	As modern shopping centers are being added to the market, street retail continues to suffer;	▼
Demand:	No drastic changes as of yet.	▶

Availability by Retail Street Categories



Street Retail Price Dynamics by District



Tbilisi Shopping Malls

SHOPPING CENTERS	GLA (M ²)	RENT RATE		VACANCY	
		Q1 18 VS Q1 19	Q1 18 VS Q1 19	Q1 18 VS Q1 19	Q1 18 VS Q1 19
Tbilisi Mall	70,000	\$22	\$24	30%	25%
East Point	71,780	\$27	\$27	8%	8.2%
Galleria Tbilisi	24,500	\$47	\$47	15%	12.5%
Gldani Mall	22,452	\$15	\$15	4%	4%
Merani Shopping Gallery	7,600	\$25	\$25	25%	9%

Overview

Over the last decade, Tbilisi has begun to actualize its potential as the economic center of the region. Retail trade turnover has averaged an annual growth rate of 19% while value added by the sector has increased on average by 24%. The latest data published by the National Statistics Office indicates that there are 112,456 persons employed in retail – a 224% increase over the number of persons employed in 2008.

This growth over nearly a decade is encouraging, yet the latest quarter has been more or less static. This is reflected in the rigidity of prices and a slow change in the demand mix.

Slow Changes in the Demand Mix

First quarter of 2019 saw some changes realized on the demand side. Italian luxury fashion store, Ermenegildo Zegna, which occupied prime retail space at 50 Shota Rustaveli Ave. has closed, increasing availability on one of the most demanded streets in the city. Another Italian brand, Diesel, became a new entrant on the market; the store is leasing space at 50 Chavchavadze Ave.

Top occupiers in the shopping malls remain fashion brands, houseware and electronics, hypermarkets and supermarkets and entertainment facilities. The latter category has been rapidly increasing its share of floor-space, as shopping malls diversity their designation beyond simply retail. In the streets, the largest category of occupants is still fashion retailers, followed by service providers, food and beverage providers and pharmacies. No new international entrants have been announced for the coming year, however, many international brands that have only the flagship stores may expand to other districts of the city.

Supply and Rates Remain Unchanged

Supply of the retail floor-space has remained unchanged between Q4 2018 and Q1 2019. Approximately 39% of this supply is provided by the shopping centers; 9 of the largest malls in Tbilisi account for 228,887m² of the floor-space. Street retail supply is estimated at 68K m².

Rates in prime retail locations have hardly budged between the last two quarters. Mtatsminda is still the priciest location with an average rent rate of \$27 and a maximum rate of \$93; in Vake maximum rate stands at \$65 while average rate is \$17. Nadzaladevi is the most affordable option, where spaces can be rented for as little as \$1 per square meter.

While vacancy in shopping centers is gradually decreasing, availability in streets is on the rise. 46% of the available spaces are located on primary high streets like Pekini Ave or Chavchavadze Ave.; 48% are located on secondary streets. The highest vacancy rate in a shopping mall is still observed in Tbilisi Mall, which is predominantly due its scale and distant location.

City Mall Saburtalo will increase the GLA with 45,000m² in 2019. The exact date of the opening is yet to be announced.

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