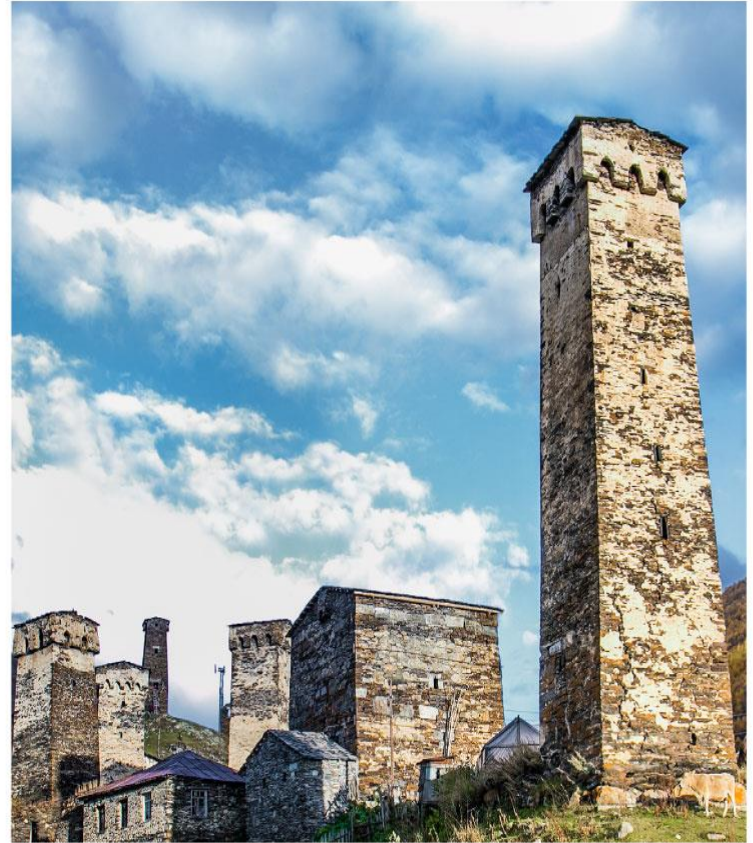




GALT & TAGGART
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Tourism in Georgia Monthly Market Watch

■ March 2022



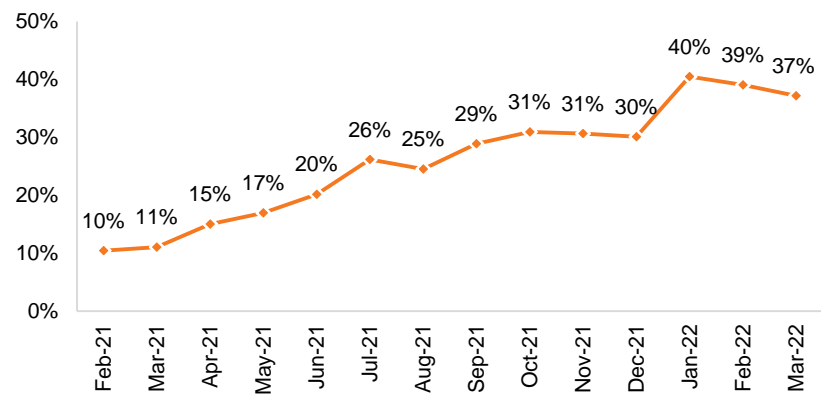
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Mar-22: tourism revenues at 71% of 2019 level

Arrivals

- In Mar-22, total international arrivals stood at 188,394 persons – up 236.9% y/y and accounting for 37% of 2019 level. This growth was predominantly driven by increase in tourist arrivals (up 210.6% y/y), recovering at 49% of 2019 level. Same-day trips remain low recovering at only 16% of 2019 level due to persisting regulations of neighboring countries on a cross-border travel.
- Notably tourism arrivals (reported by GNTA) capture only visitors leaving Georgia in reporting month and do not include migrants, moving to Georgia since Russia-Ukraine war started.
- Top country by arrivals was Turkey (22.5% of total), followed by Russia (12.0% of total), and Armenia (11.7% of total). While low, number of arrivals from Israel, Kazakhstan, Belarus, Saudi Arabia, and Uzbekistan surpassed 2019 levels.

Recovery of int'l visitors vs 2019

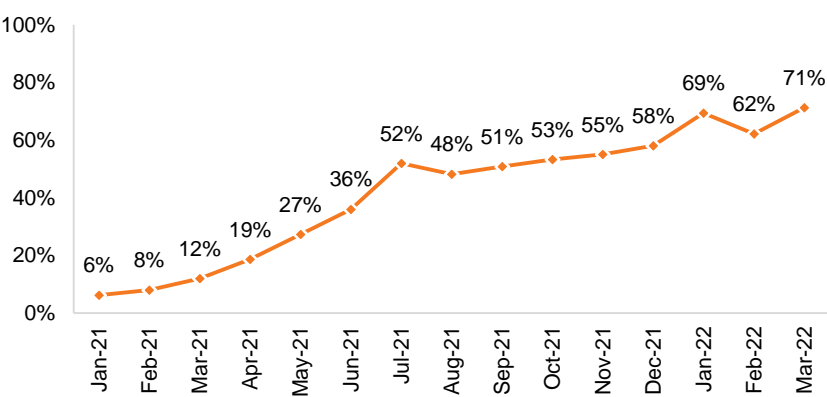


Source: GNTA
Note: Total international visitors combine tourist (overnight stay) and same-day visits.

Revenues

- Tourism revenues stood at US\$ 175mn in Mar-22 (up 5.9x y/y and accounting for 71.3% of 2019 level) – highest recovery since tourism resumed.
- Markedly, this tourism revenue figure captures also migrants impact (from Russia, Belarus, Ukraine), arriving in Georgia after Russia-Ukraine war started. Exact number of migrants is not available, however these migrants provide additional opportunity for Georgian economy in different sectors like trade, real estate, IT, etc. and their impact is already visible in increased prices on real estate market. Notably, due to migrant flow these 2 statistics – visitors and revenues - are not reflecting the same trends now.
- Russia accounted for 20% of Mar-22 tourism revenues, followed by Belarus (17%), Turkey (9%), Israel (9%), and EU (8%).
- In 2022, we expect tourism revenues to recover to 75% of 2019 level in a baseline scenario, but we also do not rule out faster recovery (85%) considering migrants' impact.

Recovery of tourism revenue vs 2019



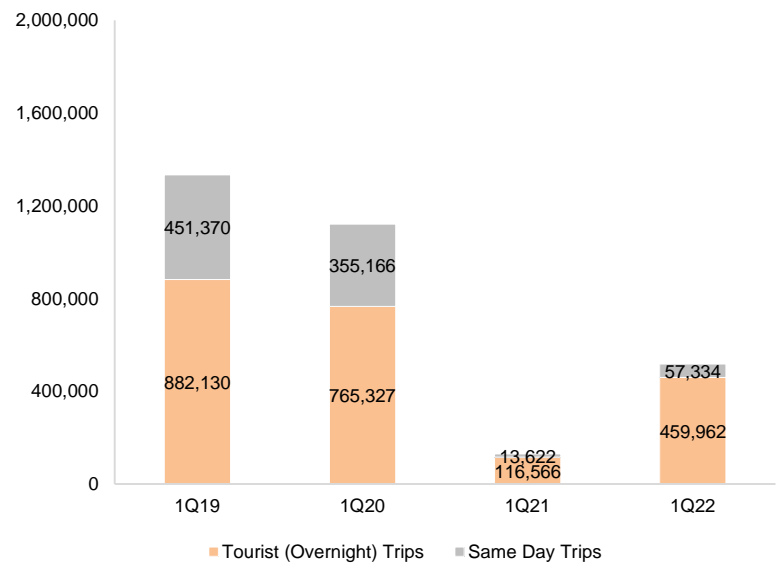
Source: NBG
Note: Data include migrants' (from Russia, Belorussia and Ukraine) spending in March 2022.

1Q22: tourism revenues recovered at 68% of 2019

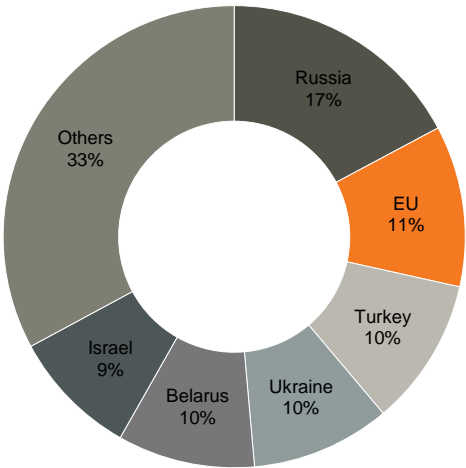
Total int'l visitors stood at 0.5mn persons (+297.3% y/y, 38.8% of 2019 level) and revenues at US\$ 394mn (+635.2% y/y, 68.0% of 2019 level) in 1Q22:

- From top markets, Turkey was the largest contributor to arrival growth, followed by Russia and Armenia. Out of non-neighboring countries, notable recovery vs 2019 was observed from Israel (+17.3% vs 2019), Kazakhstan (+30.4%), Saudi Arabia (+134.3%), Belarus (+89.2%) and Uzbekistan (+76.8%).
- Tourism revenues stood at US\$ 394mn or 68.0% of 2019 level. Highest revenue was sourced from Russia (17% of total), followed by EU countries (11% of total), Turkey (10%), Ukraine (10%), Belarus (10%) and Israel (9%).

Int'l visitors (tourists and same-day) by type, persons



Int'l tourism revenue by country, 1Q22



Source: GNTA

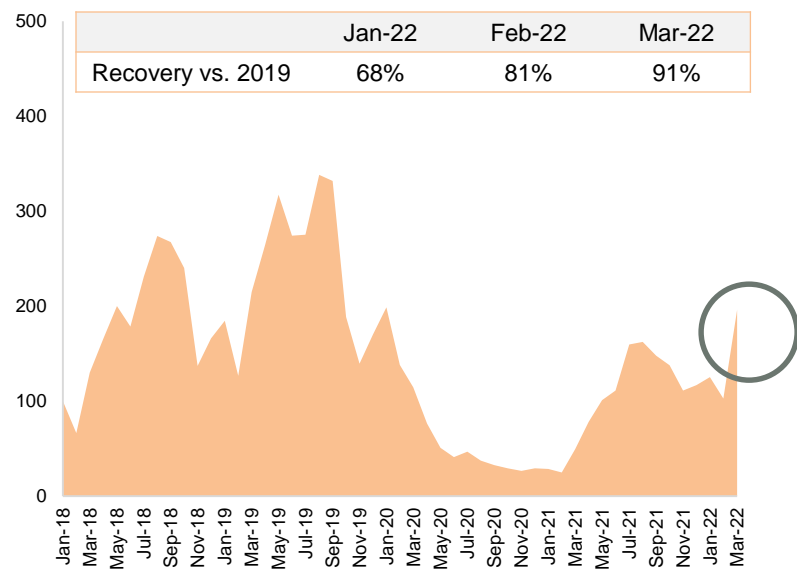
Source: NBG

Migrant impact: Airbnb almost fully recovered in Mar-22

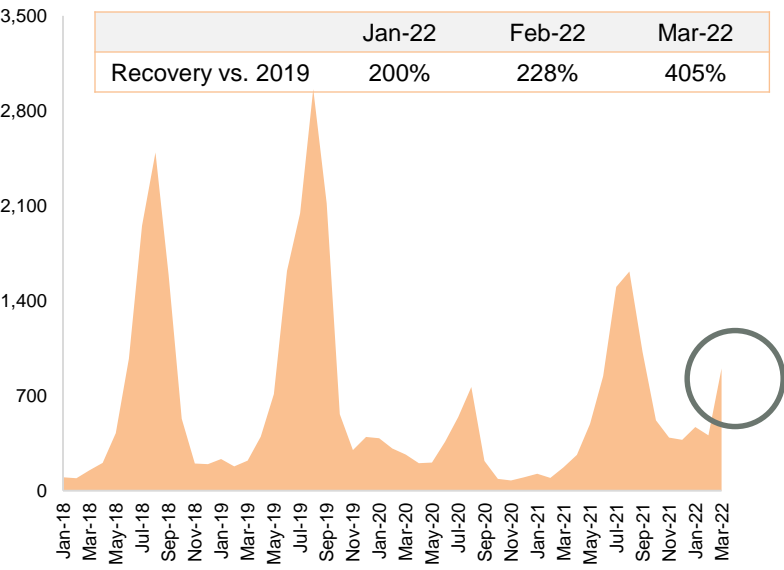
Migrant impact is best reflected in Airbnb demand spike, as migrants most likely booked Airbnb apartments upon arrival before finding longer-term options for renting:

- Airbnb demand was highest in Tbilisi in Mar-22 since the beginning of the pandemic. Market almost fully recovered - rental demand in Mar-22 stood at 91% of Mar-19. Sudden surge in demand resulted in unprecedently elevated occupancy rates (81% for median properties) and prices (US\$ 36 per night for median properties) in Mar-22. Furthermore, rates were up 14% y/y in long-term rental market also in Mar-22.
- Airbnb demand surged in Batumi also in Mar-22. Rental demand almost doubled in Mar-22 (405% of Mar-19 levels) compared to Feb-22 (228% of Feb-19 levels).

Airbnb rental demand in Tbilisi, index Jan-18=100



Airbnb rental demand in Batumi, index Jan-18=100



Source: Airdna

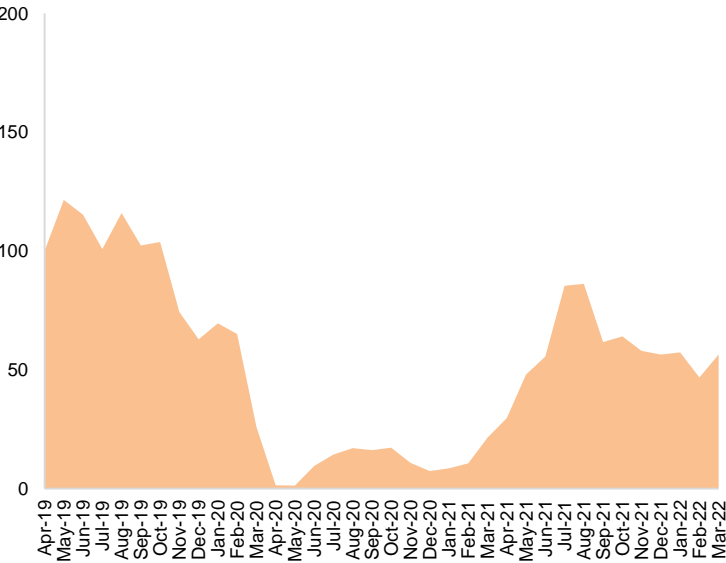
Source: Airdna

Migrant impact: hotels benefited less

Migrant impact on hotel revenues was less compared to Airbnb. This can be explained by different behavioral patterns of migrants compared to tourists:

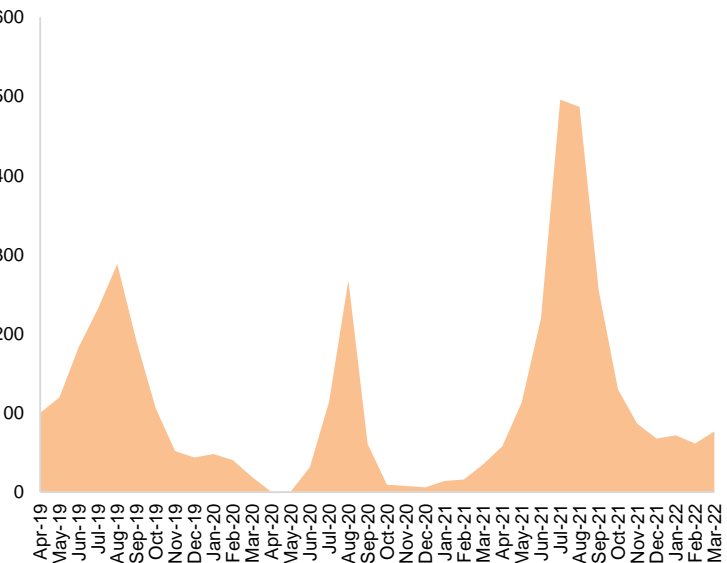
- There was no any significant surge in hotel demand neither in Tbilisi medium and large hotels, nor in Batumi. Such a contrasting pattern in the recovery of Airbnb and hotel markets can be explained by contrasting nature of migrants and tourists.
- Migrants intend to stay for an extended period of time in Tbilisi/Batumi. Therefore, they are willing to pay less for accommodation and sometimes even secure a long-term rental deal with Aibnb landlords.

Pos payments in medium and large hotels in Tbilisi, index Apr-19=100



Source: BoG, Galt & Taggart Research

Pos payments in medium and large hotels in Batumi, index Apr-19=100



Source: BoG, Galt & Taggart Research

Monthly dynamics of visitors and tourism revenues

Monthly dynamics of visitors and tourism revenues

	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	2019	2020	2021
Total int'l visitors, '000 persons	56	83	105	147	231	267	227	206	167	161	177	152	188	7,726	1,513	1,721
<i>% of 2019 level</i>	<i>11.0%</i>	<i>15.0%</i>	<i>16.9%</i>	<i>20.2%</i>	<i>26.2%</i>	<i>24.5%</i>	<i>28.9%</i>	<i>30.9%</i>	<i>30.7%</i>	<i>30.1%</i>	<i>40.5%</i>	<i>39.0%</i>	<i>37.1%</i>		<i>19.6%</i>	<i>22.3%</i>
o/w tourists, '000	51	76	97	133	214	247	210	189	151	145	164	137	159	5,080	1,087	1,577
<i>% of 2019 level</i>	<i>15.6%</i>	<i>21.8%</i>	<i>22.7%</i>	<i>28.3%</i>	<i>37.4%</i>	<i>32.8%</i>	<i>38.9%</i>	<i>43.0%</i>	<i>44.7%</i>	<i>46.3%</i>	<i>53.5%</i>	<i>55.4%</i>	<i>48.5%</i>		<i>21.4%</i>	<i>31.0%</i>
o/w same day, '000	5	7	8	13	17	19	17	17	15	16	13	15	29	2,645	426	144
<i>% of 2019 level</i>	<i>2.6%</i>	<i>3.3%</i>	<i>4.2%</i>	<i>5.2%</i>	<i>5.6%</i>	<i>5.8%</i>	<i>7.0%</i>	<i>7.5%</i>	<i>7.4%</i>	<i>7.3%</i>	<i>10.3%</i>	<i>10.4%</i>	<i>16.3%</i>		<i>16.1%</i>	<i>5.4%</i>
Tourism revenue, US\$ mn	30	50	74	122	205	199	162	142	111	126	114	105	175	3,269	542	1,245
<i>% of 2019 level</i>	<i>12.1%</i>	<i>18.7%</i>	<i>27.3%</i>	<i>36.0%</i>	<i>51.9%</i>	<i>48.2%</i>	<i>50.8%</i>	<i>53.3%</i>	<i>55.0%</i>	<i>58.0%</i>	<i>69.3%</i>	<i>62.2%</i>	<i>71.3%</i>		<i>16.6%</i>	<i>38.1%</i>

Source: GNTA, NBG

Note: Total international visitors combine tourist (overnight stay) and same-day visits. Data include migrants' (from Russia, Belorussia and Ukraine) spending in March 2022.

Annex 1: Arrivals by country

Mar-22: Int'l visitors (tourists and same-day) by country, persons

	Mar-19	Mar-21	Mar-22	% change, 2022 vs 2019
Turkey	75,249	20,237	42,421	-43.6%
Russia	98,480	4,703	22,536	-77.1%
Armenia	84,403	5,656	21,990	-73.9%
Georgia (Nonresident)	38,418	7,241	17,145	-55.4%
Azerbaijan	117,050	4,226	14,554	-87.6%
Israel	10,625	530	12,308	15.8%
Iran	14,481	841	7,070	-51.2%
Ukraine	13,070	3,115	6,375	-51.2%
Kazakhstan	4,832	1,016	5,358	10.9%
Belarus	2,830	759	5,260	85.9%
Saudi Arabia	1,480	12	3,360	127.0%
India	5,286	216	2,790	-47.2%
Uzbekistan	1,468	1,873	2,001	36.3%
Poland	2,768	100	1,770	-36.1%
Philippines	2,214	78	1,735	-21.6%
Others	34,410	5,304	21,681	-37.0%
Total	507,064	55,907	188,354	-62.9%

Source: GNTA

1Q22: Int'l visitors (tourists and same-day) by country, persons

	1Q19	1Q21	1Q22	% change, 2022 vs 2019
Turkey	201,192	50,720	103,802	-48.4%
Russia	254,077	9,544	71,793	-71.7%
Armenia	232,449	15,316	58,962	-74.6%
Georgia (Nonresident)	117,769	18,733	55,120	-53.2%
Azerbaijan	292,902	11,314	29,337	-90.0%
Israel	24,995	674	29,327	17.3%
Ukraine	33,645	4,815	27,607	-17.9%
Iran	30,454	1,213	14,425	-52.6%
Kazakhstan	10,757	1,844	14,031	30.4%
Saudi Arabia	4,493	18	10,527	134.3%
Uzbekistan	4,560	4,420	8,063	76.8%
Belarus	6,547	1,477	12,384	89.2%
India	11,643	454	6,734	-42.2%
Poland	7,022	136	5,699	-18.8%
Philippines	8,546	98	5,477	-35.9%
Others	92,449	9,412	64,008	-30.8%
Total	1,333,500	130,188	517,296	-61.2%

Annex 2: annual dynamics

Annual dynamics of tourism revenues, visitors, and accommodation

	2015	2016	2017	2018	2019	2020	2021
Tourism revenues, US\$ mn	1,936	2,111	2,704	3,222	3,269	542	1,245
<i>As % of GDP</i>	<i>12.9%</i>	<i>13.9%</i>	<i>16.6%</i>	<i>18.3%</i>	<i>18.7%</i>	<i>3.4%</i>	<i>6.4%</i>
International visitors, persons	5,255,999	5,392,816	6,482,830	7,203,350	7,725,774	1,513,421	1,721,242
<i>by type*:</i>							
Tourists	3,011,663	3,297,275	4,069,354	4,756,820	5,080,478	1,087,093	1,577,463
Same-day	2,244,336	2,095,541	2,413,476	2,446,530	2,645,296	426,328	143,779
<i>by country:</i>							
Turkey	1,074,065	988,312	1,007,276	1,098,555	1,156,513	335,580	326,494
Russia	763,019	849,265	1,135,057	1,404,757	1,471,558	208,677	212,979
Armenia	1,191,777	1,152,234	1,287,168	1,268,886	1,365,048	260,965	164,698
Georgia (Nonresident)	441,260	429,343	456,132	476,389	488,841	140,351	151,559
Ukraine	127,344	151,630	169,862	177,058	207,667	42,414	144,901
Israel	55,439	85,398	115,040	156,922	205,051	25,731	100,686
Azerbaijan	1,156,183	1,075,820	1,301,556	1,424,610	1,526,619	295,132	82,718
Kazakhstan	30,931	40,895	47,241	58,955	103,611	13,779	66,787
Other	415,981	619,919	963,498	1,137,218	1,200,866	190,792	470,420
Airport arrivals	737,660	998,762	1,439,689	1,788,417	1,829,341	269,193	877,158
<i>of which:</i>							
Tbilisi	597,907	786,094	1,133,811	1,402,157	1,355,626	202,632	568,149
Kutaisi	78,900	120,763	193,699	239,251	258,159	19,868	221,853
Batumi	60,853	91,905	112,179	147,009	215,556	46,693	87,156
Accommodation units	1,383	1,727	1,963	2,390	2,575	2,707	3,105
Accommodation rooms	21,511	24,640	27,907	34,608	38,915	42,214	46,819
Accommodation beds	51,517	59,236	67,660	85,314	94,438	101,286	112,820

Source: GNTA, GCAA, NBG, G&T research

*A visitor is classified as a tourist if his/her trip includes an overnight stay, while a same-day visitor (or excursionist) trip does not include an overnight stay



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