



GALT & TAGGART
CREATING OPPORTUNITIES

Tourism in Georgia Monthly Market Watch

■ April 2022



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Apr-22: tourism revenues at 70.6% of 2019 level

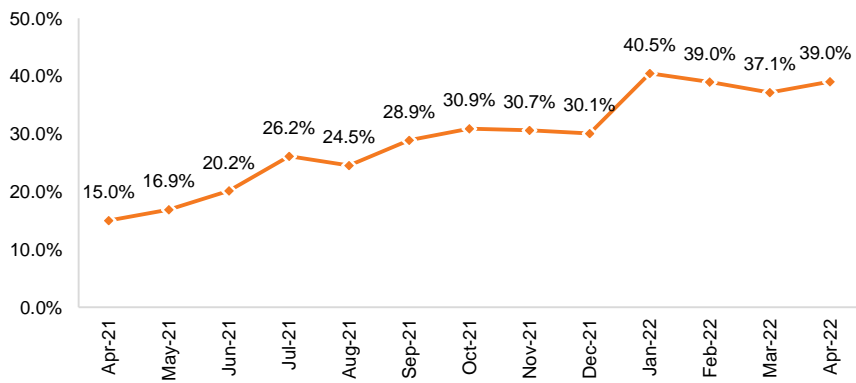
Arrivals

- In Apr-22, total international arrivals stood at 214,644 persons – up 160.1% y/y and accounting for 39.0% of 2019 level. This growth was predominantly driven by increase in tourist arrivals recovering at 52.3% of 2019 level (up from 48.5% recovery in previous month). Same-day trips remain low recovering at only 16.0% 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 (16.8% of total), followed by Russia (15.6% of total), and Armenia (15.0% of total). While low, number of arrivals from Israel, Kazakhstan, Belarus and Uzbekistan surpassed 2019 levels.

Revenues

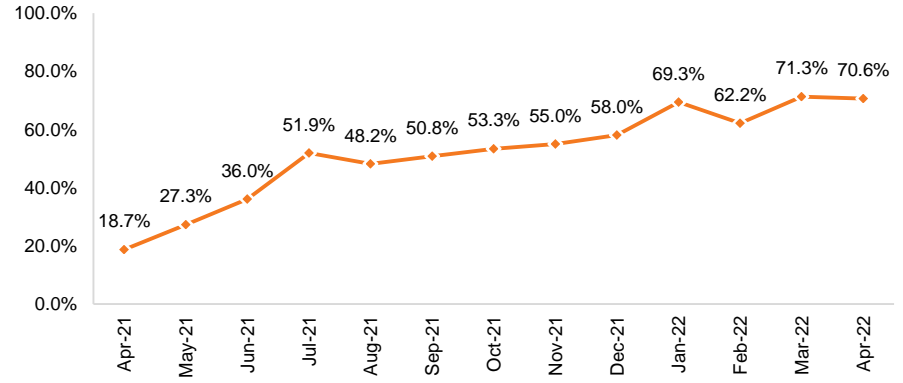
- Tourism revenues stood at US\$ 188.6mn in Apr-22 - up 3.8x y/y and accounting for 70.6% of 2019 level (down from 71.3% in previous month).
- Markedly, this tourism revenue figure captures also migrants impact (from Russia, Belarus, Ukraine), arriving in Georgia after Russia-Ukraine war started. We estimate, that around **80,000-120,000** visitors relocated in Georgia for longer term than regular tourists (from Russia, Belarus and Ukraine). Migrant inflow is best reflected on real estate market - rent prices in Tbilisi skyrocketed up by 71.6% y/y in Apr-22 and up by 21.7% vs 2019 level. Notably, due to migrant flow these 2 statistics – visitors and revenues - are not reflecting the same trends now. Russia accounted for 19.3% of Apr-22 tourism revenues, followed by Belarus (14.9% of total), Israel (11.1%), EU (11.0%) and Ukraine (10.3%).
- 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 int'l visitors as % of 2019-level



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

Recovery of tourism revenue as % of 2019-level



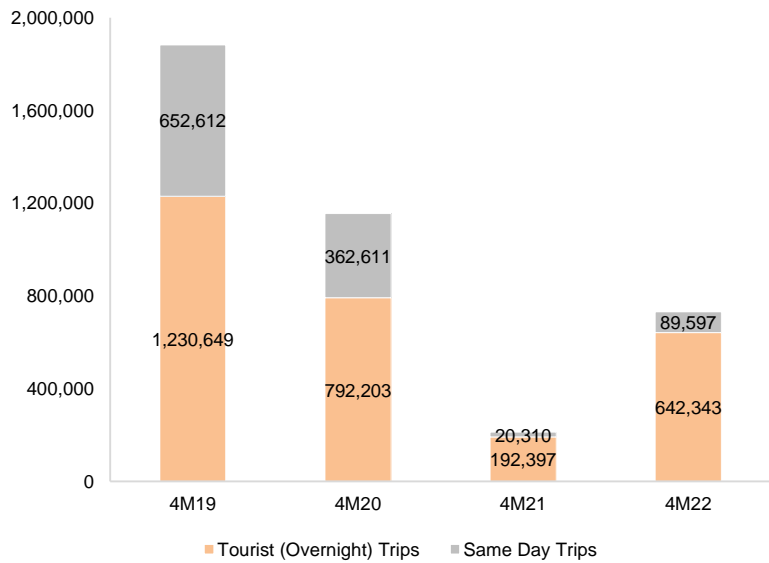
Source: NBG
Note: Data include migrants' (from Russia, Belorussia and Ukraine) spending from March 2022.

4M22: tourism revenues recovered at 68.9% of 2019

Total international visitors stood at 0.7mn persons (+244.1% y/y, 38.9% of 2019 level) and revenues at US\$ 582.3mn (+463.1% y/y, 68.9% of 2019 level) in 4M22:

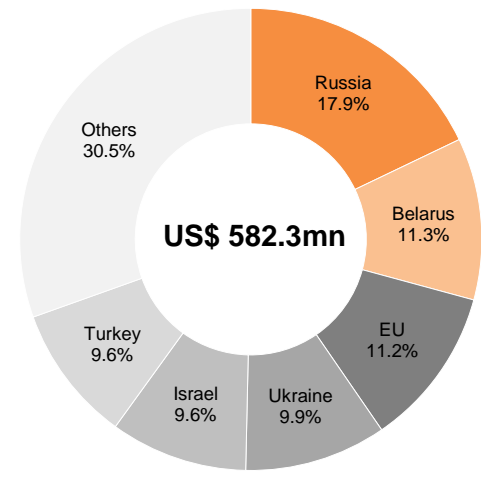
- From top markets, Turkey was the largest contributor to arrival growth, followed by Russia and Armenia. Out of non-neighboring countries, notable recovery vs 2019 was observed from Israel (+14.5% vs 2019), Kazakhstan (+22.5%), Saudi Arabia (+62.3%), Belarus (+123.6%) and Uzbekistan (+95.9%).
- Tourism revenues stood at US\$ 582.3mn or 68.9% of 2019 level. Highest revenue was sourced from Russia (17.9% of total), followed by Belarus (11.3%) EU countries (11.2%), Ukraine (9.9%), Israel (9.6%) and Turkey (9.6%),

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



Source: GNTA

Int'l tourism revenue by country, 4M22



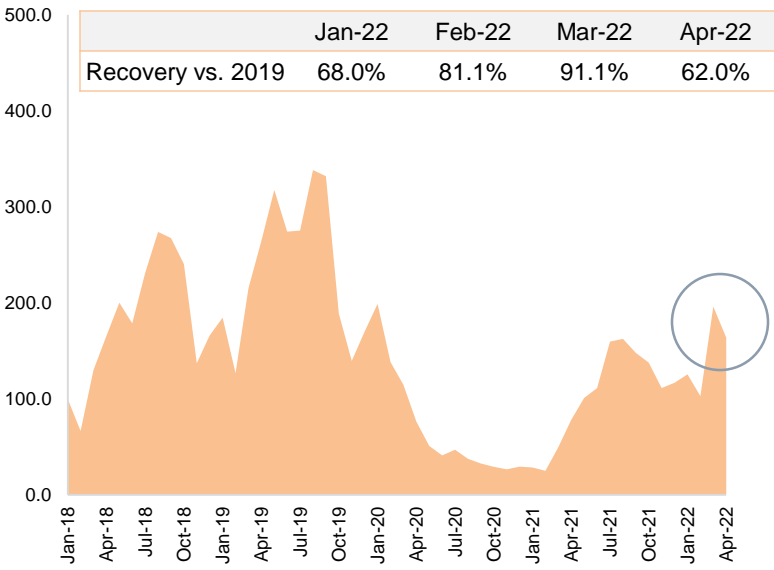
Source: NBG
 Note: Data include migrants' (from Russia, Belorussia and Ukraine) spending from March 2022.

Migrant impact: landlords removing apartments from Airbnb due to superior long-term rental deals

Migrant impact was best reflected on Airbnb demand spike in Mar-22, as migrants booked Airbnb apartments upon arrival before finding longer-term options for renting in Apr-22:

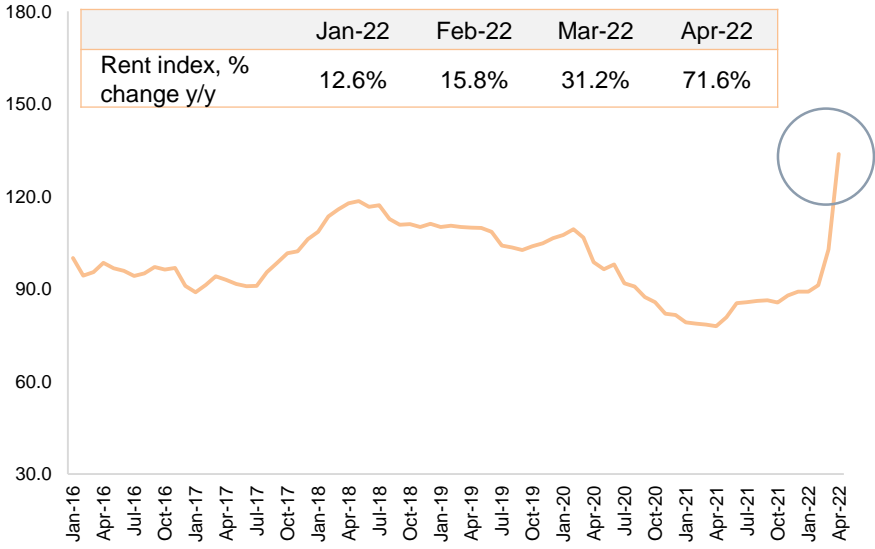
- Airbnb demand recovery decelerated in Apr-22 (62.0% of Apr-19 levels) vs. Mar-22 (91.1% of Mar-19 levels), reflecting reduced listings of apartments on Airbnb along with shifting to long-term renting – **number of apartments listed on Airbnb was down 10.2% in Apr-22 vs. Mar-22.**
- Preference for long-term renting is also witnessed by NBG’s Real Estate Rent Index, which surged 71.6% y/y in Apr-22 (+21.7% vs. Apr-19) reflecting outsized demand on apartment rents.

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



Source: Airdna

Real estate rent index in Tbilisi in US\$, Jan-16=100

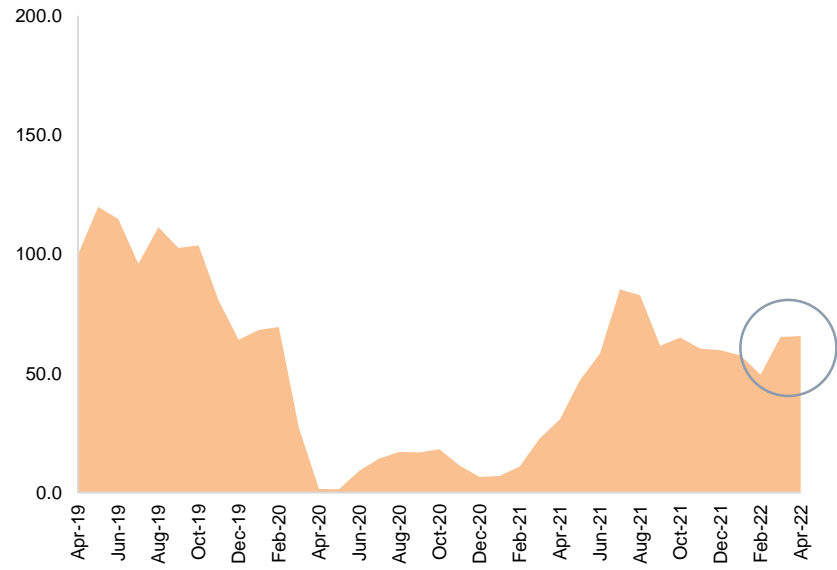


Source: NBG

Hotels benefited from tourist inflows

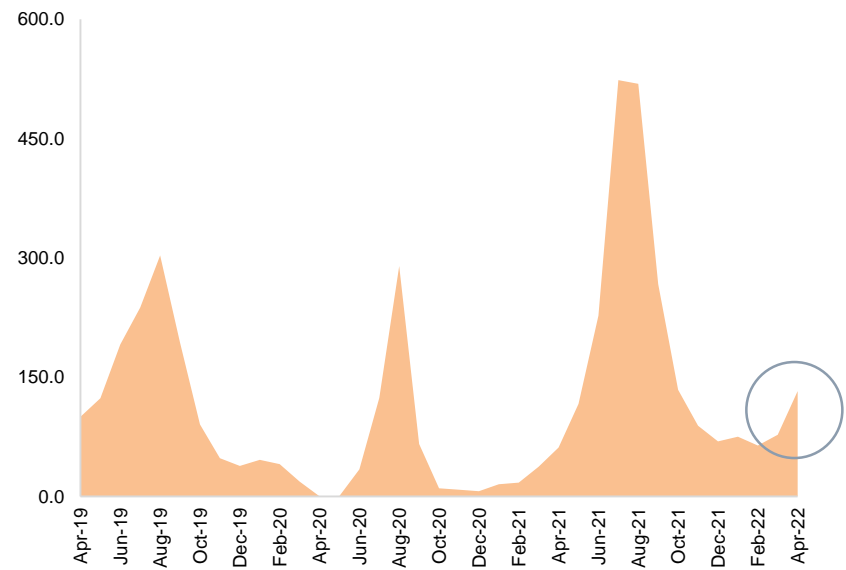
- There was slight increase in hotel demand in Tbilisi medium and large hotels - Pos payments in Tbilisi medium and large hotels recovered at 65.7% of 2019 levels or up 114.3% y/y in Apr-22. Contrasting pattern in the recovery of Airbnb and hotel markets in Tbilisi can be explained by distinct nature of migrants and tourists. Migrants intend to stay for an extended period of time in Tbilisi. Therefore, they are willing to pay less for accommodation and secure a long-term rental deals with Airbnb landlords.
- Recovery in hotel revenues was solid in Adjara in Apr-22 (Pos payments in Adjara recovered at 132.3% of 2019 level or up 115.6% y/y), explained by ongoing recovery of tourism as seasonal demand in Adjara usually starts acceleration in Apr-May period.

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 Adjara, index, Apr-19=100



Source: BoG, Galt & Taggart Research

Monthly dynamics of visitors and tourism revenues

Monthly dynamics of visitors and tourism revenues

	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	2019	2020	2021
Total int'l visitors, '000 persons	82.5	104.8	146.7	230.9	266.5	226.7	205.7	166.6	160.8	177.1	151.9	188.4	214.6	7,725.8	1,513.4	1,721.2
<i>% of 2019 level</i>	15.0%	16.9%	20.2%	26.2%	24.5%	28.9%	30.9%	30.7%	30.1%	40.5%	39.0%	37.1%	39.0%		19.6%	22.3%
o/w tourists, '000	75.8	96.5	133.5	213.5	247.2	209.6	188.8	151.4	144.6	163.6	137.1	159.2	182.4	5,080.5	1,087.1	1,577.5
<i>% of 2019 level</i>	21.8%	22.7%	28.3%	37.4%	32.8%	38.9%	43.0%	44.7%	46.3%	53.5%	55.4%	48.5%	52.3%		21.4%	31.0%
o/w same day, '000	6.7	8.3	13.2	17.4	19.3	17.0	16.9	15.2	16.2	13.5	14.7	29.2	32.3	2,645.3	426.3	143.8
<i>% of 2019 level</i>	3.3%	4.2%	5.2%	5.6%	5.8%	7.0%	7.5%	7.4%	7.3%	10.3%	10.4%	16.3%	16.0%		16.1%	5.4%
Tourism revenue, US\$ mn	49.9	73.8	122.5	205.3	198.8	161.9	142.3	111.0	126.1	114.0	105.2	174.5	188.6	3,268.7	541.7	1,245.4
<i>% of 2019 level</i>	18.7%	27.3%	36.0%	51.9%	48.2%	50.8%	53.3%	55.0%	58.0%	69.3%	62.2%	71.3%	70.6%		16.6%	38.1%

Source: GNTA, NBG

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

Annex 1: Arrivals by country

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

	Apr-19	Apr-21	Apr-22	% change, 2022 vs 2019
Turkey	95,063	21,106	35,959	-62.2%
Russia	113,138	8,518	33,556	-70.3%
Armenia	94,391	8,331	32,228	-65.9%
Georgia (Nonresident)	35,809	8,253	20,936	-41.5%
Israel	14,343	10,098	15,709	9.5%
Ukraine	11,991	5,922	13,018	8.6%
Azerbaijan	99,073	5,287	11,360	-88.5%
Belarus	2,348	1,463	7,507	219.7%
Kazakhstan	5,621	1,639	6,032	7.3%
Iran	10,505	1,024	5,994	-42.9%
Uzbekistan	1,237	2,711	3,291	166.0%
Germany	5,670	657	2,787	-50.8%
Poland	4,761	265	2,087	-56.2%
USA	2,887	650	2,013	-30.3%
India	5,243	553	1,964	-62.5%
Others	47,681	6,042	20,203	-57.6%
Total	549,761	82,519	214,644	-61.0%

Source: GNTA

4M22: Int'l visitors (tourists and same-day) by country, persons

	4M19	4M21	4M22	% change, 2022 vs 2019
Turkey	296,255	71,826	139,761	-52.8%
Russia	367,215	18,062	105,349	-71.3%
Armenia	326,840	23,647	91,190	-72.1%
Georgia (Nonresident)	153,578	26,986	76,056	-50.5%
Israel	39,338	10,772	45,036	14.5%
Azerbaijan	391,975	16,601	40,697	-89.6%
Ukraine	45,636	10,737	40,625	-11.0%
Iran	40,959	2,237	20,419	-50.1%
Kazakhstan	16,378	3,483	20,063	22.5%
Belarus	8,895	2,940	19,891	123.6%
Uzbekistan	5,797	7,131	11,354	95.9%
Saudi Arabia	6,676	35	10,832	62.3%
India	16,886	1,007	8,698	-48.5%
Poland	11,783	401	7,786	-33.9%
Germany	13,200	1,437	7,687	-41.8%
Others	141,850	15,405	86,496	-39.0%
Total	1,883,261	212,707	731,940	-61.1%

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>	12.9%	13.9%	16.6%	18.3%	18.7%	3.4%	6.4%
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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