



Georgia's Tourism Market Watch June 2022

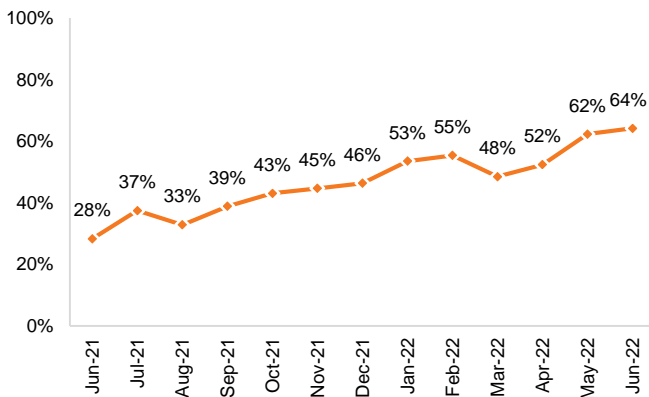
Georgia | Tourism
Monthly Bulletin
July 19, 2022

Highlights, June 2022

Total international visitors stood at 387,781 persons – up 164.4% y/y and accounting for 53.3% of 2019 level, highest in two years. This growth was predominantly driven by increase in tourist arrivals recovering at 64.1% of 2019 level (up from 62.3% recovery in previous month). Recovery in same-day trips slightly accelerated, recovering at 33.3% of 2019 level (up from 28.6% recovery in previous month) reflecting gradual easing of regulations of neighboring countries. Top country by arrivals was Russia (23.3% of total), followed by Turkey (16.0%), and Armenia (16.0%). Notably, number of visitors from Kazakhstan, Belarus and Uzbekistan surpassed 2019 levels.

Tourism revenues stood at post-pandemic record high US\$ 301.7mn in Jun-22, up 3.8x y/y and accounting for 88.7% of 2019 level (down from 95.6% 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. Russia accounted for 22.7% of tourism revenues in June-22, followed by EU countries (10.1% of total), Belarus (9.3%) and Turkey (9.3%). We expect tourism revenues to recover at 85% of 2019 level in a baseline scenario, however considering strong figures in May-June and migrant impact, full recovery is also likely.

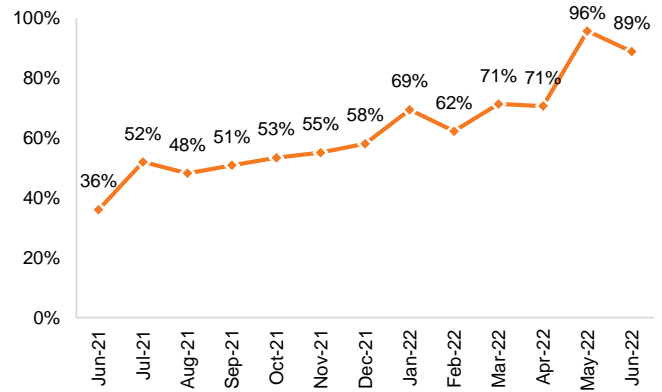
Figure 1: Recovery of tourists as % of 2019 level



Source: GNTA

Note: 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.

Figure 2: Recovery of tourism revenue as % of 2019 level



Source: NBG

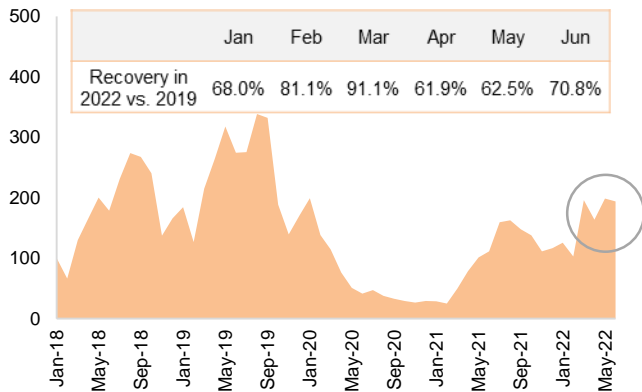
Note: Data include migrants' (from Russia, Belarus and Ukraine) spending from March 2022.

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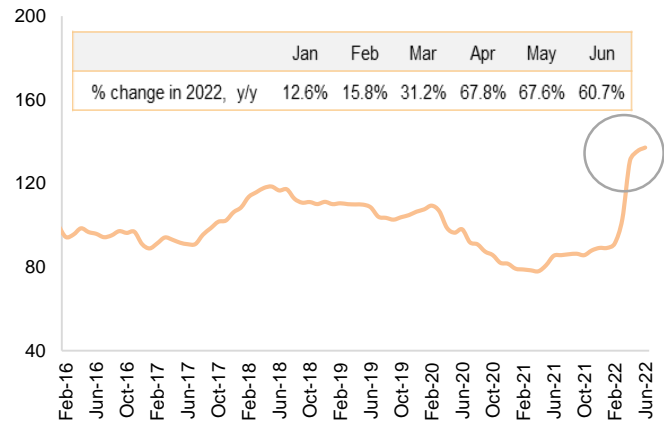
Airbnb demand recovery also continued in June-22 (70.8% of June-19 levels), reflecting tourism recovery dynamics like in previous month. Notably, housing rents continued strong growth, with NBG's Real Estate Rent Index up 60.7% y/y and 1.2% m/m in Jun-22, but there is some moderation from previous months when rents growth was c.68% y/y reflecting initial impact from migrants.

Figure 3: Airbnb rental demand in Tbilisi, index Jan-18=100



Source: Airdna, Galt & Taggart Research

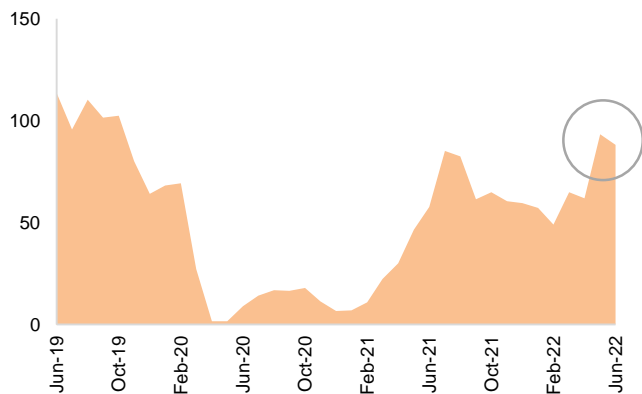
Figure 4: Real estate rent index in Tbilisi in US\$, Jan-16=100



Source: NBG, Galt & Taggart Research

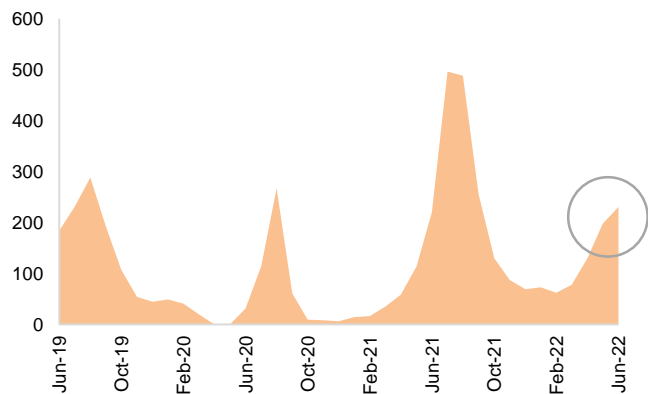
Hotel demand recovery also continued in June-22, with hotels in Adjara benefiting most. Pos payments in Tbilisi medium and large hotels recovered at 82.5% of 2019 levels or up 62.5% y/y in June-22. Recovery in hotel revenues was very solid in Adjara in Jun-22 (Pos payments in Adjara recovered at 125.0% of 2019 level or up 4.7% y/y), explained by seasonal demand.

Figure 5: Pos payments in medium and large hotels in Tbilisi, index, Apr-19=100



Source: BoG, Galt & Taggart Research

Figure 6: Pos payments in medium and large hotels in Adjara, index, Apr-19=100



Source: BoG, Galt & Taggart Research

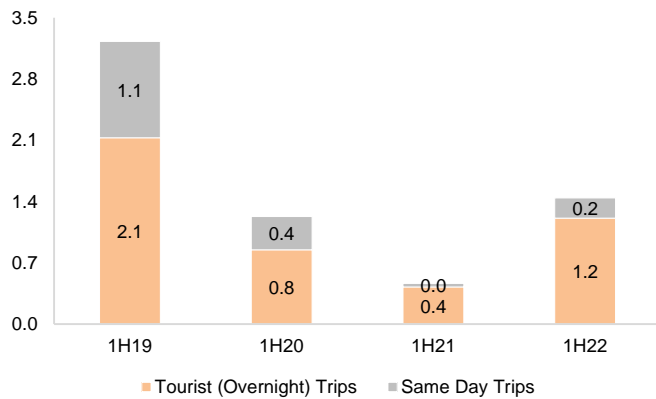


Tourism sector in 1H22

Total international visitors stood at 1.4mn persons (+210.2% y/y or 44.6% of 2019 level) in 1H22. 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 (+9.7% vs 2019), Kazakhstan (+36.4%), Belarus (+113.7%), Saudi Arabia (+65.3%) and Uzbekistan (+165.8%).

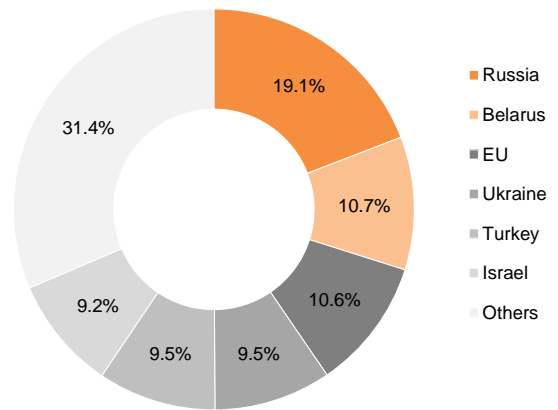
Total international tourism revenues stood at US\$ 1.1bn (+281.3% y/y or 78.5% of 2019 level) in 1H22. Highest revenue was sourced from Russia (19.1% of total), followed by Belarus (10.7%) EU countries (10.6%), Turkey (9.5%), and Ukraine (9.5%).

Figure 7: Int'l visitors (tourists and same-day) by type, persons



Source: GNTA

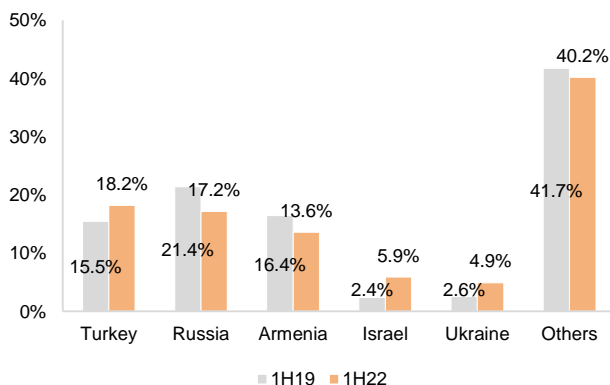
Figure 8: Int'l tourism revenue by country, 1H22



Source: GNTA

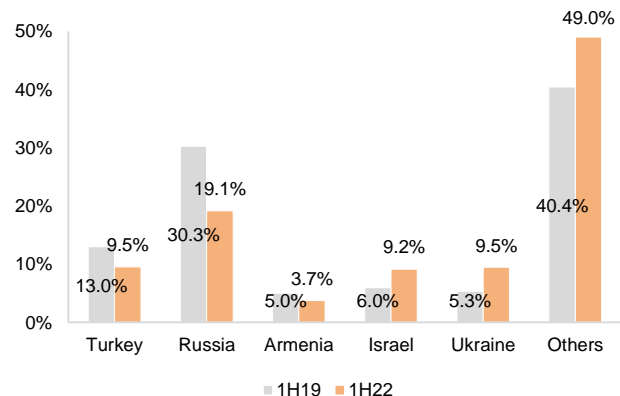
Note: Data include migrants' (from Russia, Belarus and Ukraine) spending from March 2022.

Figure 9: Int'l visitors from top-5 countries, share in total visitors



Source: GNTA

Figure 10: Int'l tourism revenue from top-5 countries, share in total revenue



Source: NBG



Table 1: Tourism monthly dynamics

	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	2019	2020	2021
Total int'l visitors, '000 persons	166.6	160.8	177.1	151.9	188.4	214.6	319.8	387.8	7,725.8	1,513.4	1,721.2
% of 2019 level	30.7%	30.1%	40.5%	39.0%	37.1%	39.0%	51.7%	53.3%		19.6%	22.3%
o/w tourists, '000	151.4	144.6	163.6	137.1	159.2	182.4	264.3	302.6	5,080.5	1,087.1	1,577.5
% of 2019 level	44.7%	46.3%	53.5%	55.4%	48.5%	52.3%	62.3%	64.1%		21.4%	31.0%
o/w same day, '000	15.2	16.2	13.5	14.7	29.2	32.3	55.5	85.2	2,645.3	426.3	143.8
% of 2019 level	7.4%	7.3%	10.3%	10.4%	16.3%	16.0%	28.6%	33.3%		16.1%	5.4%
Tourism revenue, US\$ mn	111.0	126.1	114.0	105.2	174.5	188.6	258.6	301.7	3,268.7	541.7	1,245.4
% of 2019 level	55.0%	58.0%	69.3%	62.2%	71.3%	70.6%	95.6%	88.7%		16.6%	38.1%

Source: GNTA, NBG

Table 2: International visitors by countries, 2022

	Jun-19	Jun-21	Jun-22	% change, 2022 vs 2019	1H19	1H20	1H22	% change, 2022 vs 2019
Russia	152,155	14,967	90,239	-40.7%	499,632	123,287	262,137	-47.5%
Turkey	131,814	29,606	62,192	-52.8%	691,587	43,847	247,149	-64.3%
Armenia	105,582	13,342	61,974	-41.3%	530,994	46,852	195,770	-63.1%
Georgia (Nonresident)	36,445	10,863	22,143	-39.2%	229,776	47,386	122,881	-46.5%
Israel	20,703	15,837	20,555	-0.7%	77,125	37,853	84,577	9.7%
Ukraine	20,311	15,493	15,273	-24.8%	82,811	37,763	70,903	-14.4%
Kazakhstan	9,542	7,328	14,368	50.6%	622,717	29,205	66,398	-89.3%
Azerbaijan	124,780	6,900	13,067	-89.5%	33,272	15,475	45,396	36.4%
Belarus	6,641	3,809	12,284	85.0%	19,635	9,098	41,955	113.7%
Saudi Arabia	10,697	6,046	10,372	-3.0%	61,347	4,730	37,229	-39.3%
Iran	13,230	1,352	9,454	-28.5%	18,005	6,531	29,763	65.3%
Uzbekistan	1,486	2,772	5,697	283.4%	8,403	12,431	22,332	165.8%
Germany	12,179	1,633	5,557	-54.4%	26,884	3,761	19,128	-28.8%
Poland	9,905	1,793	3,907	-60.6%	33,984	3,815	16,918	-50.2%
USA	4,861	1,709	3,195	-34.3%	30,780	3,031	15,081	-51.0%
Others	67,303	13,214	37,504	-44.3%	262,652	39,061	161,900	-38.4%
Total	727,634	146,664	387,781	-46.7%	3,229,604	464,126	1,439,517	-55.4%

Source: GNTA



Table 3: Key tourism statistics, annual

	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



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