



Georgia's Tourism Market Watch July 2022

Georgia | Tourism
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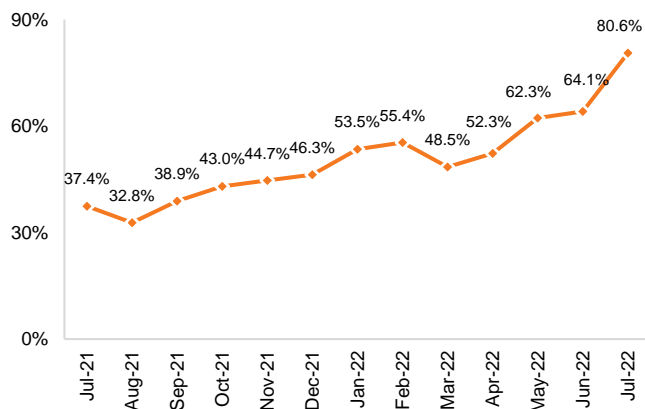
Highlights, July 2022

Tourism recovery accelerated significantly in July-22, with revenues hitting record high monthly figure.

Total international visitors stood at 597,887 persons – up 158.9% y/y and recovering at 67.8% of 2019 level. This growth was predominantly driven by the increase in tourist arrivals recovering at 80.6% of 2019 level (up from 64.1% recovery in previous month). Recovery in same-day trips also accelerated, recovering at 44.3% of 2019 level (up from 33.3% recovery in previous month). Top country by arrivals was Russia (26.2% of total), followed by Armenia (17.4% of total) and Turkey (16.1% of total). While low, number of visitors from Saudi Arabia, Kazakhstan, Belarus, India and Uzbekistan surpassed 2019 levels.

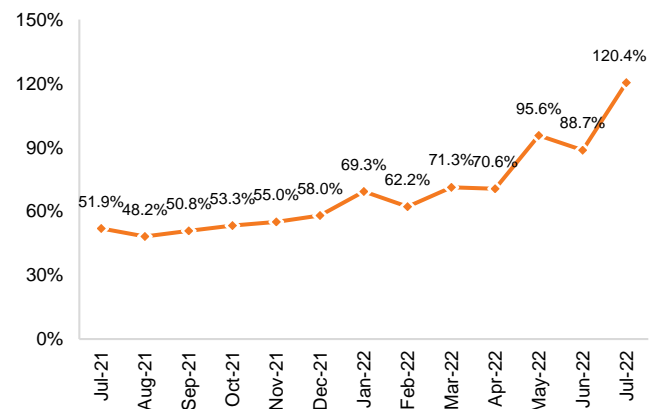
Tourism revenues stood at record high US\$ 476.1mn in July-22, up 2.3x y/y and surpassing 2019 level by 20.4%. It should be noted that this figure also captures the impact of migrants (from Russia, Belarus and Ukraine) arriving in Georgia since Russia-Ukraine war started. We estimate that c.120k visitors from these countries relocated to Georgia for longer term than regular tourists. Russia accounted for 24.4% of tourism revenues in July-22, followed by Saudi Arabia (9.3% of total), Turkey (9.2%), Belarus (7.0%), while revenues from EU was 9.2% of total. Considering strong revenues of recent months, we expect full recovery of tourism in 2022 compared to pre-pandemic levels.

Figure 1: Recovery of tourist visitors 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



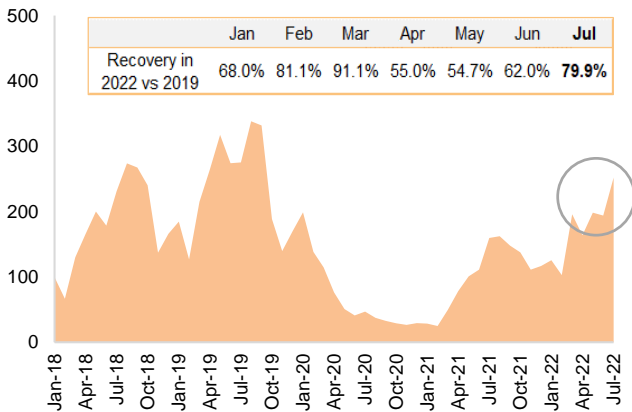
Source: NBG
Note: Data include migrants' (from Russia, Belarus and Ukraine) spending from March 2022.

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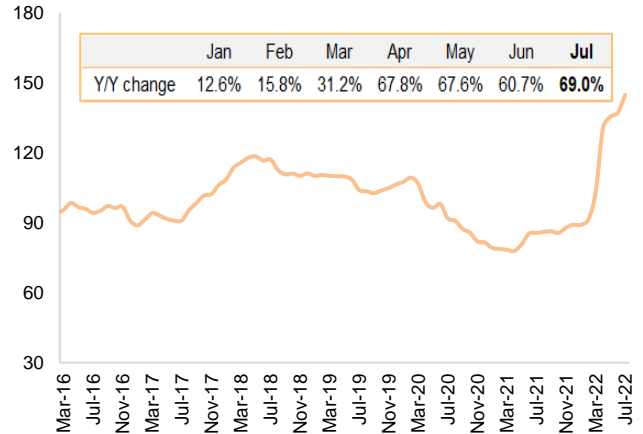
Airbnb demand recovery strengthened in July-22 at 79.9% of July-19 level, reflecting tourism dynamics. **Long-term rents** also increased after slowdown in previous month, as demand remains strong.

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



Source: Airdna, Galt & Taggart Research

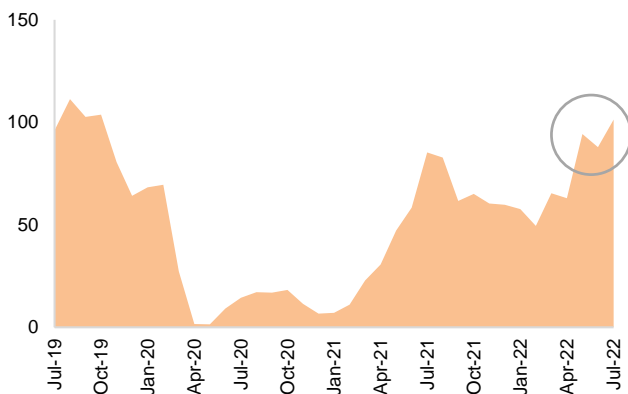
Figure 4: Real estate rent index in Tbilisi in US\$, Jan-16=100



Source: NBG, Galt & Taggart Research

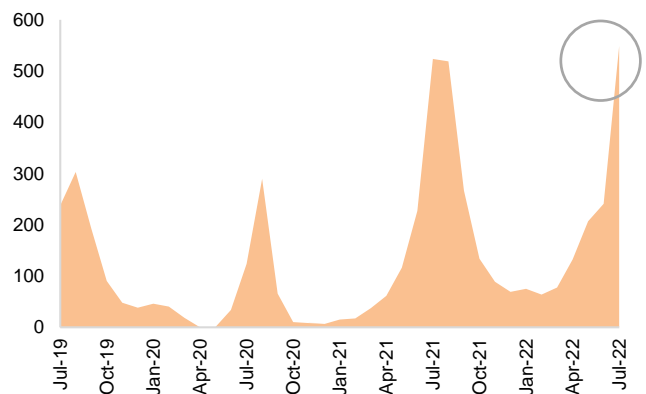
Hotel demand recovery also accelerated in July-22, attributable to tourism recovery and seasonal trends. Pos payments in Tbilisi medium and large hotels surpassed pre-pandemic level by 5.6% or up 18.8% y/y. Recovery in Adjara hotel revenues continued to outperform Tbilisi - pos payments in Adjara surpassed 2019 level by 2.3x and was up 4.8% y/y.

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



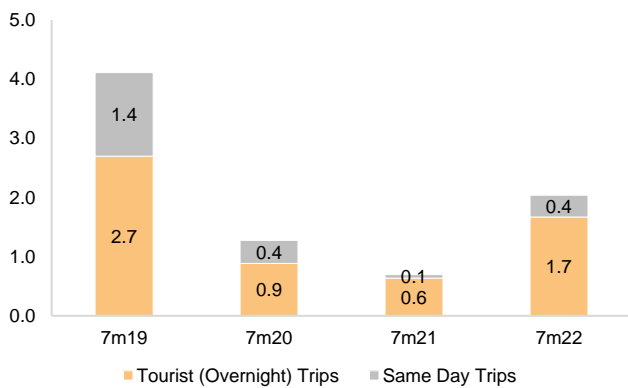
Tourism sector in 7M22

In 7M22, tourist arrivals stood at 1.7mn persons (+162.5% y/y, 61.9% of 7M19 level) and tourism revenues reached US\$ 1.6bn (+220.5% y/y, 87.4% of 7M19 level).

From top markets, Russia was the largest contributor to arrival growth, followed by Turkey and Armenia. Out of non-neighboring countries, notable recovery vs 2019 was observed from Uzbekistan (+188.3% vs 2019), Belarus (+94.9%), Saudi Arabia (+40.9%), and Kazakhstan (+39.3%).

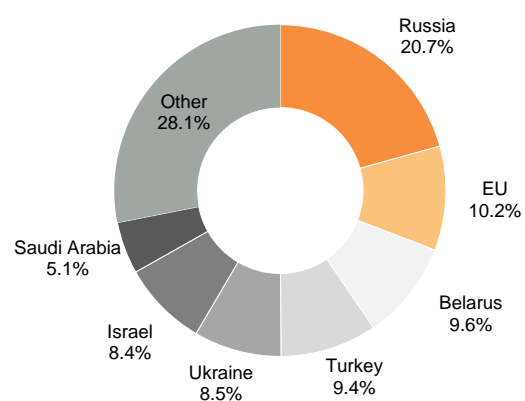
Highest revenue was sourced from Russia (20.7% of total), followed by EU (10.2%), Belarus (9.6%), and Turkey (9.4%).

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



Source: GNTA

Figure 8: Int'l tourism revenue by country, 7M22



Source: GNTA

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

Table 1: Tourism monthly dynamics

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	2019	2020	2021
Total int'l visitors, '000 persons	177.1	151.9	188.4	214.6	319.8	387.8	597.9	7,725.8	1,513.4	1,721.2
% of 2019 level	40.5%	39.0%	37.1%	39.0%	51.7%	53.3%	67.8%		19.6%	22.3%
o/w tourists, '000	163.6	137.1	159.2	182.4	264.3	302.6	459.7	5,080.5	1,087.1	1,577.5
% of 2019 level	53.5%	55.4%	48.5%	52.3%	62.3%	64.1%	80.6%		21.4%	31.0%
o/w same day, '000	13.5	14.7	29.2	32.3	55.5	85.2	138.2	2,645.3	426.3	143.8
% of 2019 level	10.3%	10.4%	16.3%	16.0%	28.6%	33.3%	44.3%		16.1%	5.4%
Tourism revenue, US\$ mn	114.0	105.2	174.5	188.6	258.6	301.7	476.1	3,268.7	541.7	1,245.4
% of 2019 level	69.3%	62.2%	71.3%	70.6%	95.6%	88.7%	120.4%		16.6%	38.1%

Source: GNTA, NBG



Table 2: International visitors by countries

	Jul-19	Jul-21	Jul-22	%Change 2022/2019		7M19	7M21	7M22	%Change 2022/2019
Russia	159,063	25,059	156,737	-1.5%	Russia	850,650	68,906	403,886	-52.5%
Armenia	141,663	19,707	103,906	-26.7%	Armenia	672,657	66,559	299,676	-55.4%
Turkey	156,136	35,045	95,989	-38.5%	Turkey	655,768	158,332	358,126	-45.4%
Saudi Arabia	22,775	12,894	27,712	21.7%	Saudi Arabia	40,780	19,425	57,475	40.9%
Georgia (Nonresident)	40,340	14,962	24,278	-39.8%	Georgia (Nonresident)	270,116	62,348	147,159	-45.5%
Israel	22,687	17,554	22,684	0.0%	Israel	99,812	55,407	107,261	7.5%
Belarus	12,545	9,422	20,773	65.6%	Belarus	32,180	18,520	62,728	94.9%
Kazakhstan	13,129	9,546	19,258	46.7%	Kazakhstan	46,401	25,021	64,654	39.3%
Ukraine	25,221	24,485	18,711	-25.8%	Ukraine	108,032	62,248	89,614	-17.0%
Azerbaijan	175,499	8,397	14,282	-91.9%	Azerbaijan	798,216	37,602	80,680	-89.9%
Iran	13,437	1,706	11,787	-12.3%	Iran	74,784	6,436	49,016	-34.5%
India	3,493	6,897	7,215	106.6%	India	30,377	10,658	26,343	-13.3%
Poland	11,552	5,713	5,731	-50.4%	Poland	42,332	8,744	20,812	-50.8%
Uzbekistan	1,266	3,430	5,539	337.5%	Uzbekistan	9,669	15,861	27,871	188.3%
Germany	9,816	2,960	5,460	-44.4%	Germany	43,800	6,775	22,378	-48.9%
Others	73,709	33,125	57,825	-21.5%	Others	336,361	72,186	311,739	-7.3%
Total	882,331	230,902	597,887	-32.2%	Total	4,111,935	695,028	2,129,418	-48.2%

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



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