



GALT & TAGGART
CREATING OPPORTUNITIES



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Georgia's Tourism Market Watch

3Q23 overview

Quarterly update | Georgia

November 7, 2023

Visitors

- **In 3Q23, the number of international visitors grew 21.0% y/y to 2.3mn persons.** The growth was equally driven by the rise in tourist arrivals (+15.4% y/y) and same-day visitors (+41.6% y/y). Turkey remained the largest contributor to visitor growth, followed by Russia in 3Q23.
- **Despite growth, the number of international visitors in 3Q23 remains below 3Q19 levels** (83.5% of 3Q19). The primary cause for this difference is the closed borders with Azerbaijan, with visitors from Azerbaijan reaching only 11.2% of the 3Q19 levels. Additionally, among the top contributing countries, visitors from Armenia (73.3% of 3Q19) and Ukraine (59.5% of 3Q19) also lag behind the 2019 figures due to ongoing regional conflicts.

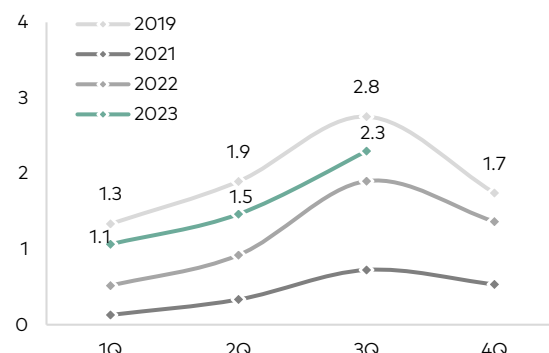
Revenues

- **In contrast to arrivals, tourism revenues in 3Q23 surpassed 3Q19 levels.** Tourism revenues reached US\$ 1.4bn in 3Q23 (equivalent to 128% of 3Q19 level). The growth can be attributed to several factors, including the inflation, GEL appreciation, a higher proportion of airport arrivals (typically high-spending visitors) and longer stays from certain top contributing countries. Russia accounted for 19.7% of the total tourism revenues, followed by Turkey (15.2%) and EU (14.6%) in 3Q23.
- **We expect tourism revenues at US\$ 4.2bn for the full 2023.** Looking ahead to 2024, we project tourism revenues to reach US\$ 4.5bn.

Accommodation

- **Hotel room stock** maintained its growth trajectory in 9M23. The total number of hotels increased 3.1% YTD to 1,215 units in 9M23, while room stock was up 5.9% YTD to 34,993 rooms. The majority of hotel rooms are concentrated in Tbilisi (36.6% of total) and Adjara (25.6%) as of 9M23.
- **Hotel occupancy** in selected hotels in Tbilisi and regions reveal signs of recovery in Jun-23, with Tbilisi's occupancy surpassing 2019 levels, and regional occupancy nearing the 2019 figures. The ADR in selected hotels, especially in the regions continue surpassing 2019 and 2022 figures, driven by the increased operating costs and GEL appreciation in 2023.
- **Airbnb demand** also continues recovery. Total nights booked reached 194.3k in Tbilisi in 3Q23, up 15.2% y/y, but down 14.6% vs. 2019. On the other hand, total nights booked in Batumi reached 139.0k in 3Q23, down 8.9% y/y and down 13.6% vs 2019.
- **Airbnb prices** were up, with quarterly ADR standing at US\$ 58 (+8.1% y/y) in Tbilisi and at US\$ 57 (+4.0% y/y) in Batumi in 3Q23.

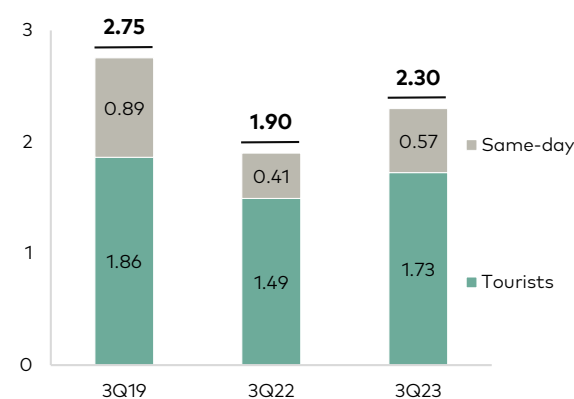
Figure 1: Int'l visitors, mn persons



Source: GNTA

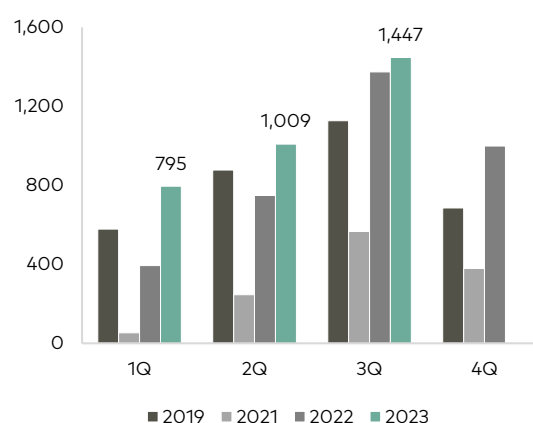
Note: Int'l visitors combine tourists (overnight stay) and same-day visits

Figure 2: Int'l visitors by type, mn persons



Source: GNTA

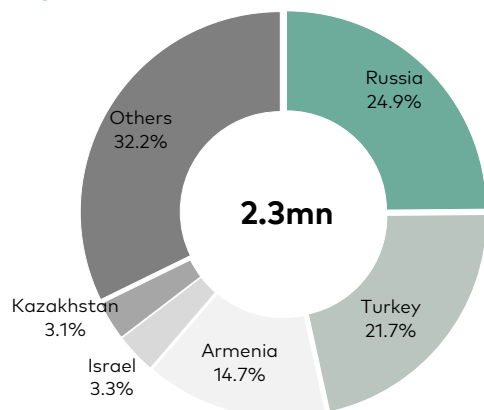
Figure 3: Tourism revenues, US\$ mn



Source: NBG

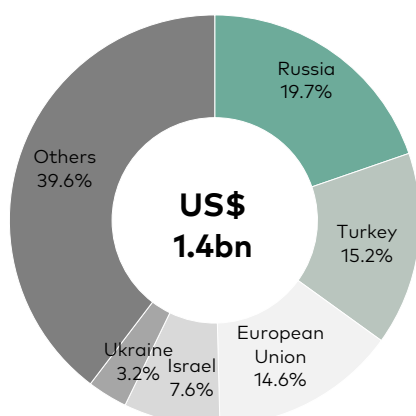


Figure 4: Int'l visitors (tourists and same-day) by country, 3Q23



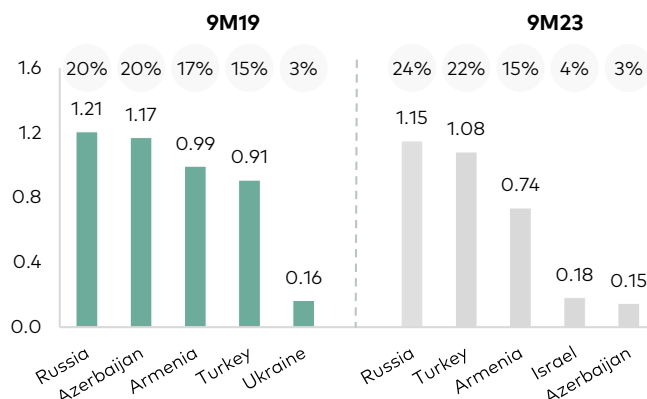
Source: GNTA

Figure 6: Int'l tourism revenue by country, 3Q23



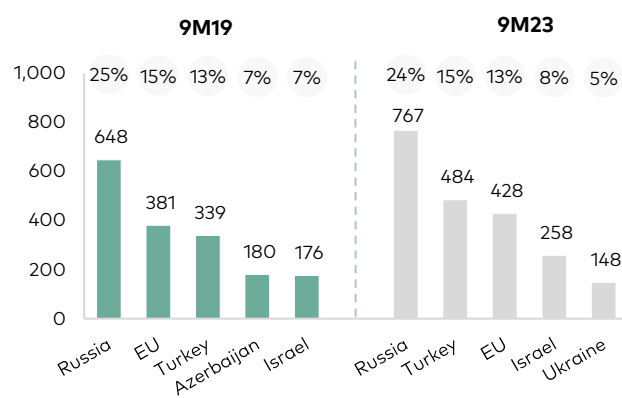
Source: NBG

Figure 5: Int'l visitors from top 5 countries and share in total, mn persons



Source: GNTA

Figure 7: Int'l tourism revenue from top 5 countries and share in total, US\$ mn



Source: NBG

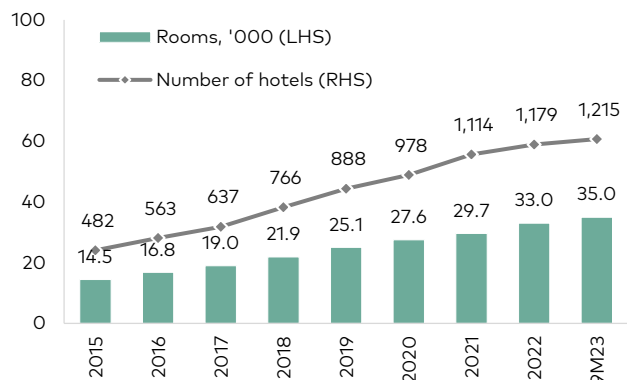
Table 1: Tourism summary, 9M

	9M19	9M20	9M21	9M22	9M23
Tourism revenues, US\$ mn	2,583	499	866	2,517	3,252
International visitors, persons	5,982,811	1,369,086	1,188,234	3,339,538	4,828,237
<i>by type:</i>					
Tourists	3,990,796	961,214	1,092,773	2,704,133	3,655,576
Same-day	1,992,015	407,872	95,461	635,405	1,172,661
<i>by country:</i>					
Russia	1,205,974	196,139	141,954	780,339	1,149,053
Turkey	907,350	279,142	225,460	543,464	1,081,419
Armenia	993,144	233,703	107,450	521,750	736,086
Israel	150,997	25,289	65,382	155,436	182,651
Azerbaijan	1,169,831	283,351	57,509	112,115	147,195
Others	1,555,515	351,462	590,479	1,226,434	1,531,833

Source: NBG, GNTA
Note: Sorted by 9M23

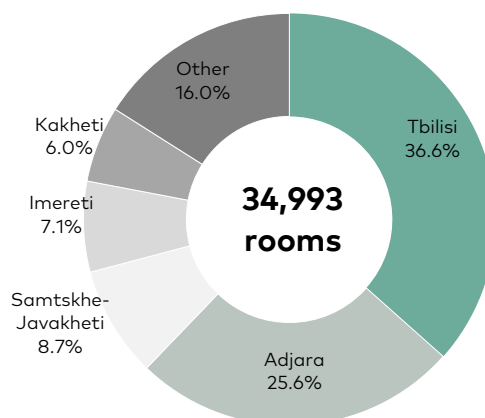


Figure 8: Number of hotels and room stock



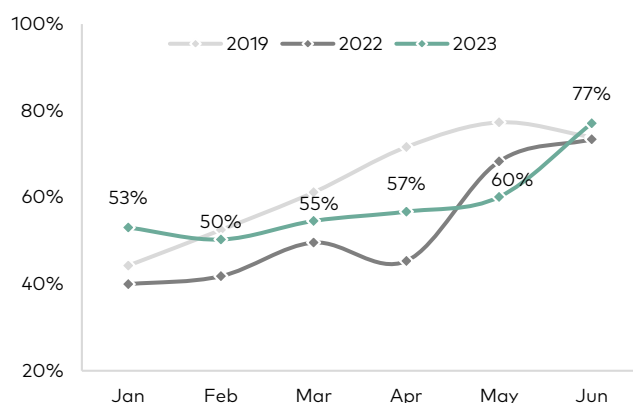
Source: GNTA, Galt & Taggart Research

Figure 9: Hotel rooms by region, 9M23



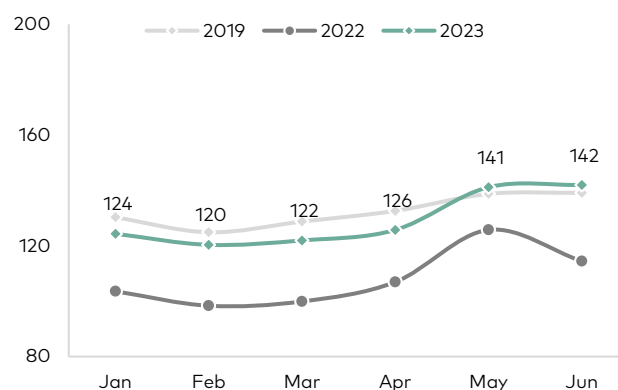
Source: GNTA, Galt & Taggart Research

Figure 10: Occupancy of selected hotels in Tbilisi



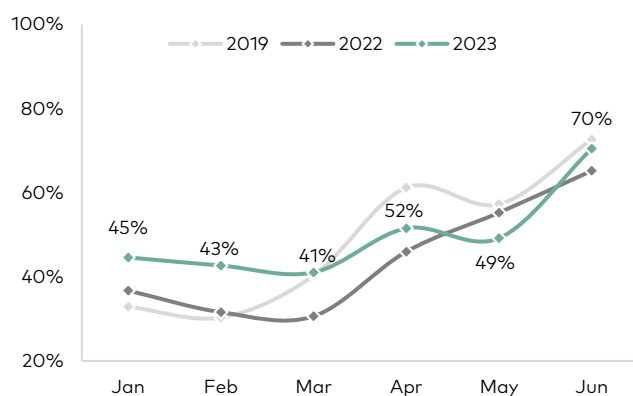
Source: BoG

Figure 11: ADR of selected hotels in Tbilisi, US\$



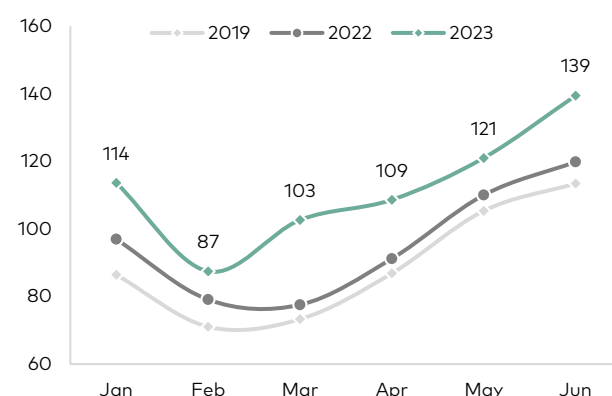
Source: BoG
Note: net of VAT

Figure 12: Occupancy of selected hotels in regions



Source: BoG

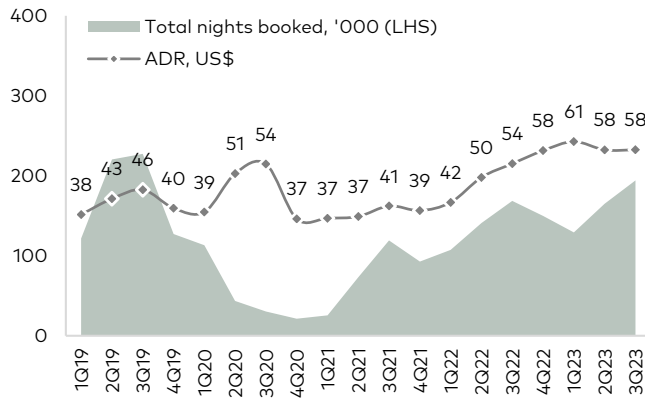
Figure 13: ADR of selected hotels in regions, US\$



Source: BoG
Note: net of VAT

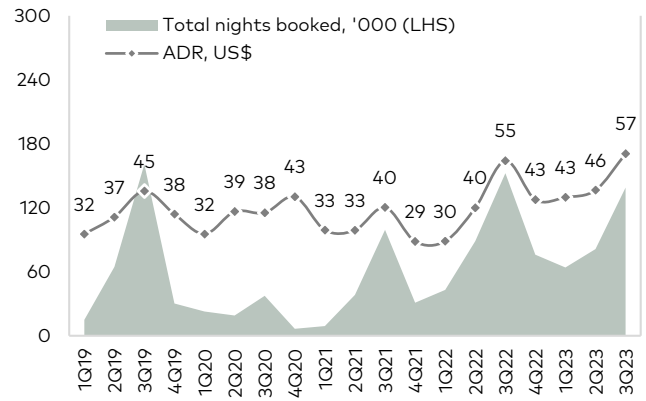


Figure 14: Airbnb demand and prices in Tbilisi



Source: Airdna

Figure 15: Airbnb demand and prices in Batumi



Source: Airdna



Table 3: Key tourism statistics

	2016	2017	2018	2019	2020	2021	2022	9M23
Tourism revenues, US\$ mn	2,111	2,704	3,222	3,269	542	1,245	3,517	3,252
<i>As % of GDP</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>	<i>14.2%</i>	<i>14.8%</i>
International visitors, persons	5,392,816	6,482,830	7,203,350	7,725,774	1,513,421	1,721,242	4,703,945	4,828,237
<i>by type:</i>								
Tourists	3,297,275	4,069,354	4,756,820	5,080,478	1,087,093	1,577,463	3,652,949	3,655,576
Same-day	2,095,541	2,413,476	2,446,530	2,645,296	426,328	143,779	1,050,996	1,172,661
<i>by country:</i>								
Russia	849,265	1,135,057	1,404,757	1,471,558	208,677	212,979	1,087,257	1,149,053
Turkey	988,312	1,007,276	1,098,555	1,156,513	335,580	326,494	925,561	1,081,419
Armenia	1,152,234	1,287,168	1,268,886	1,365,048	260,965	164,698	742,593	736,086
Israel	85,398	115,040	156,922	205,051	25,731	100,686	210,178	182,651
Azerbaijan	1,075,820	1,301,556	1,424,610	1,526,619	295,132	82,718	152,969	147,195
Kazakhstan	40,895	47,241	58,955	103,611	13,779	66,787	120,494	129,913
Ukraine	151,630	169,862	177,058	207,667	42,414	144,901	168,915	115,815
Belarus	32,939	42,149	60,241	66,174	14,340	53,698	130,046	109,178
Other	1,016,323	1,377,481	1,553,366	1,623,533	316,803	568,281	1,164,785	1,176,927
Airport arrivals	998,762	1,439,689	1,788,417	1,829,341	269,193	877,158	1,536,316	1,470,293
Tbilisi	786,094	1,133,811	1,402,157	1,355,489	278,477	253,859	1,040,729	921,979
Kutaisi	91,905	112,179	147,009	215,556	46,693	87,156	231,566	330,465
Batumi	120,763	193,699	239,251	258,159	19,868	221,853	264,021	217,849
Accommodation units	1,727	1,963	2,390	2,575	2,707	3,105	3,150	3,176
Accommodation rooms	24,640	27,907	34,608	38,915	42,214	46,819	49,515	51,850
Accommodation beds	59,236	67,660	85,314	94,438	101,286	112,820	118,824	124,034

Source: GNTA, NBG, Geostat, Galt & Taggart



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