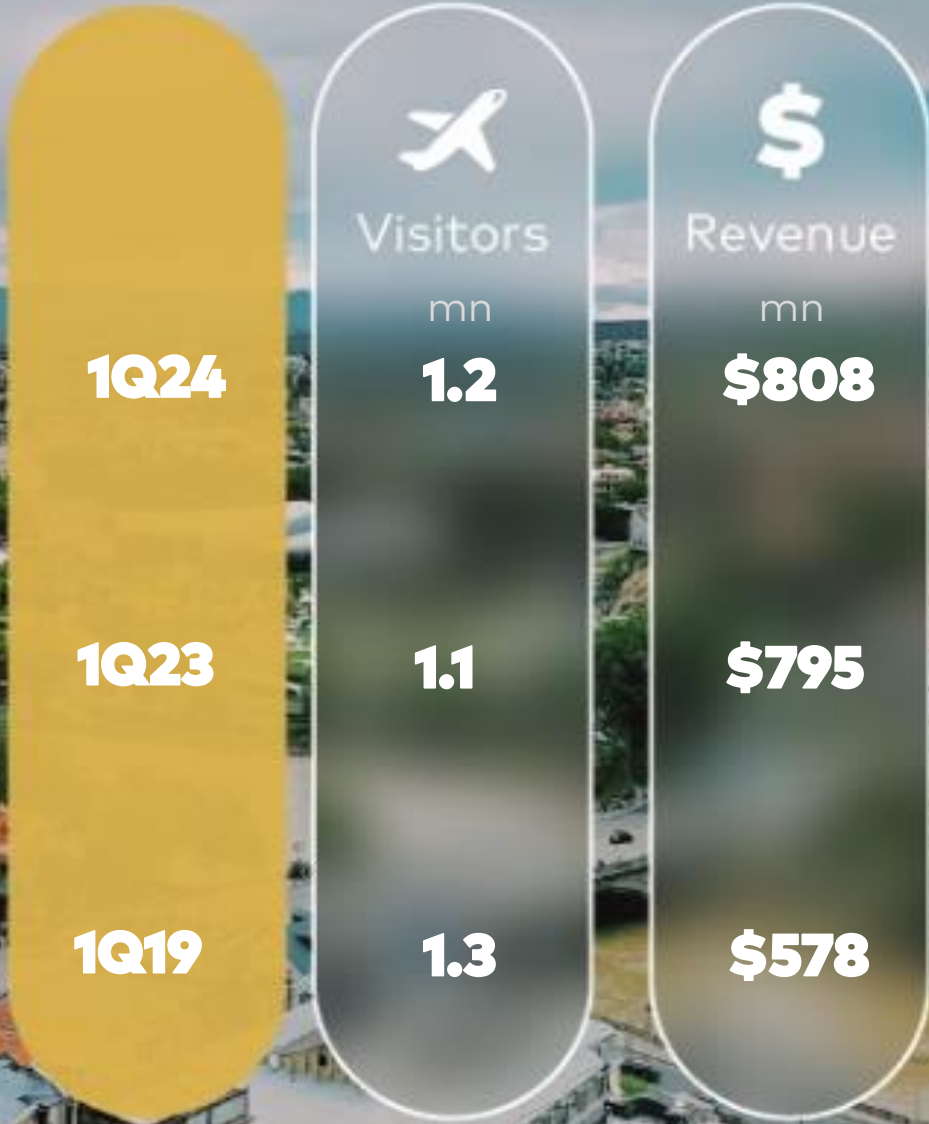




GALT & TAGGART
CREATING OPPORTUNITIES



Eva Bochorishvili
Head of Research | evabochorishvili@gt.ge | +995 322 401 111 ext.8036

Tatia Mamrikishvili
Head of Sector | tmamrikishvili@gt.ge | +995 322 401 111 ext.4693

Visitors

- **In 1Q24, the number of international visitors were up 8.6% y/y to 1.2mn persons.** The key drivers behind this growth were arrivals from Turkey, Armenia, Azerbaijan and Israel, while there was a decrease in visitors from Russia and Ukraine among the top 10 contributing countries. From EU countries, arrivals increased strongly from Poland, Germany and Greece in 1Q24.
- **The number of tourists expected to fully recover in 2024 both in Georgia and globally.** Tourist arrivals exceeded 2019 level for the first time in 1Q24 since the pandemic, reaching 106.4% of 1Q19. However, same-day visits are still behind 2019 numbers, because the border with Azerbaijan remains closed. We expect tourist arrivals to keep growing and foresee a full recovery of tourist numbers in 2024. But, due to the uncertainty surrounding the reopening of the border with Azerbaijan, same-day visitor numbers might not return to 2019 levels until 2025.

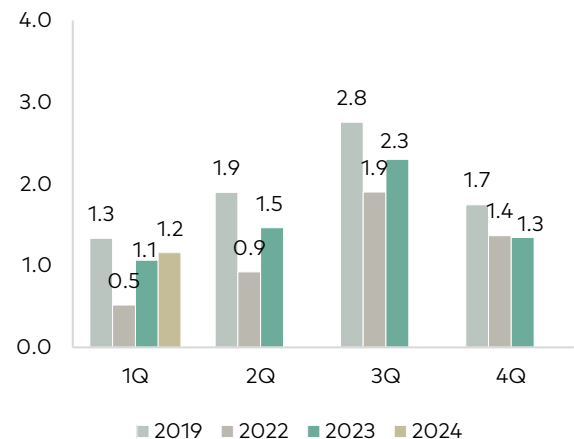
Revenues

- **Tourism revenues in 1Q24 were slightly up 1.5% y/y to US\$ 808mn.** This modest growth is explained by last year's high base. As highlighted in our previous quarterly updates, the faster recovery in tourism revenues compared to arrivals was primarily attributed to rising prices along with GEL appreciation, both of which remained stable in 1Q24.
- **We forecast tourism revenues at US\$ 4.5bn (+10.0% y/y) for 2024.** As previously discussed in our updates, tourism revenues rebounded to 2019 levels already in 2022, attributed to a faster recovery in tourist numbers and the migrant effect along with inflation and GEL appreciation. The strong performance of tourist numbers in 1Q24 suggests a sustained growth in tourism revenues for the full 2024.

Accommodation

- **Hotel room stock** maintained its growth trajectory in 1Q24. The total number of hotels increased 0.3% YTD to 1,188 units in 1Q24, while room stock was up 1.6% YTD to 35,875 rooms. The majority of hotel rooms are concentrated in Tbilisi (36.5% of total) and Adjara (30.4%) as of 1Q24.
- **Hotel occupancy** in selected hotels both in Tbilisi and Batumi have recovered to 2019 levels in 4Q23, mostly in November and December. The ADR in selected hotels, both in Tbilisi and the regions is on the rise driven by the increased operating costs and GEL appreciation in 2023.
- **Airbnb demand** declined slightly, with total nights booked in Tbilisi down 3.1% y/y to 120.7k in 1Q24. In contrast, total nights booked in Batumi fell sharply by 30.2% y/y to 42.9k in 1Q24.
- **Airbnb prices** were also down, with quarterly ADR standing at US\$ 54 (-6.0% y/y) in Tbilisi and at US\$ 37 (-14.0% y/y) in Batumi in 1Q24.

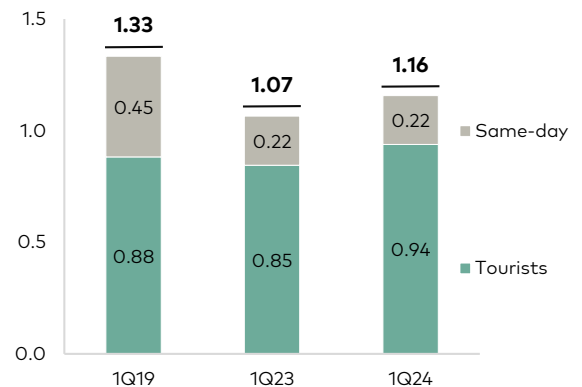
Figure 1: Int'l visitors, mn persons



Source: GNTA

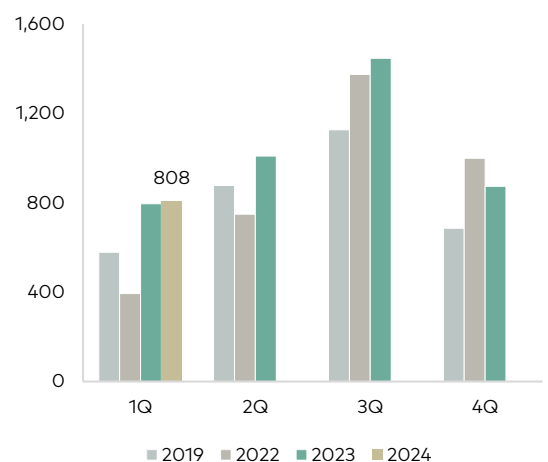
Note: Int'l visitors combine tourists (overnight stay) and same-day visits

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



Source: GNTA

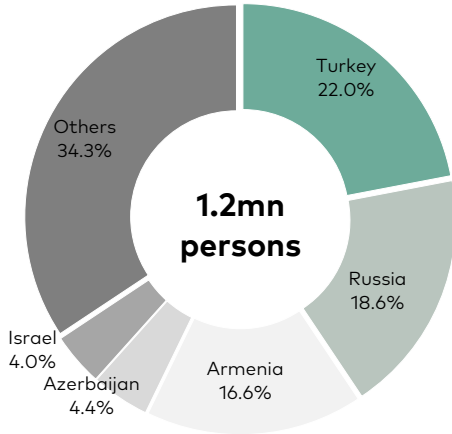
Figure 3: Tourism revenues, US\$ mn



Source: NBS

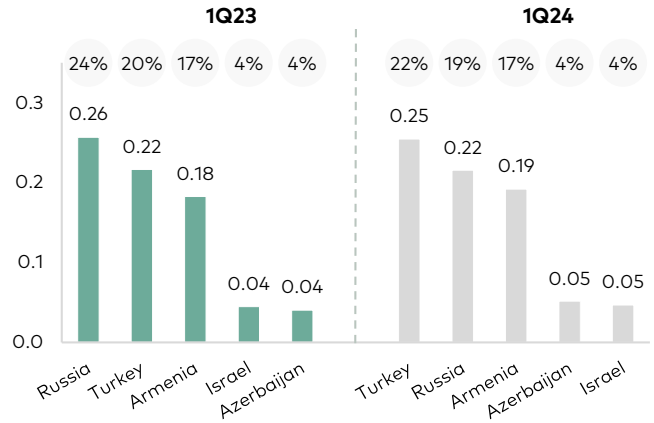


Figure 4: Int'l visitors (tourists and same-day) by country, 1Q24



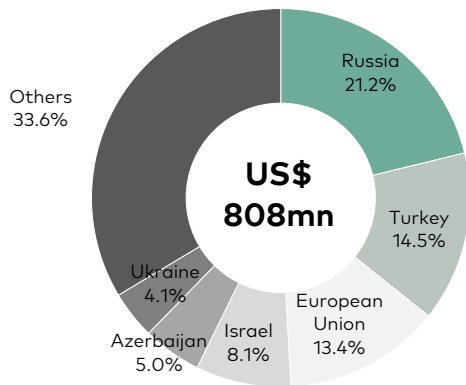
Source: GNTA

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



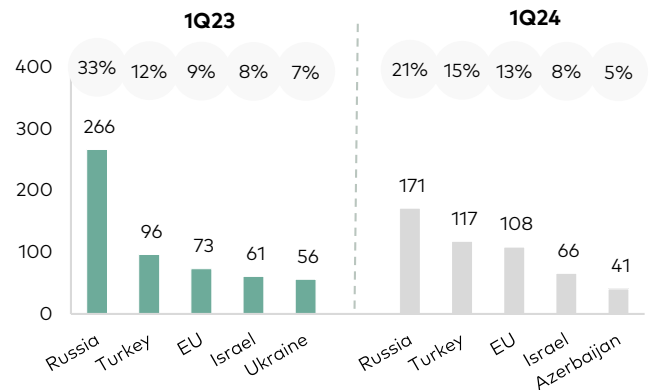
Source: GNTA

Figure 6: Int'l tourism revenue by country, 1Q24



Source: NBG

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



Source: NBG

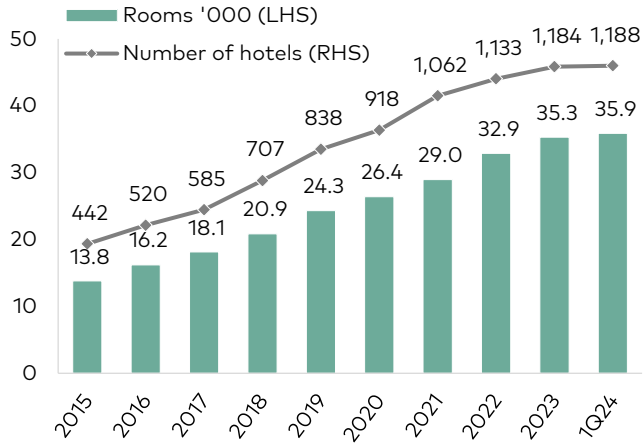
Table 1: Tourism summary

	1Q19	1Q21	1Q22	1Q23	1Q24
Tourism revenues, US\$ mn	578	54	394	795	808
International visitors, persons	1,333,500	130,188	517,296	1,065,679	1,157,347
<i>by type:</i>					
Tourists	882,130	116,566	459,962	845,332	938,644
Same-day	451,370	13,622	57,334	220,347	218,703
<i>by country:</i>					
Turkey	201,192	50,720	103,802	216,391	254,577
Russia	254,077	9,544	71,793	256,787	215,468
Armenia	232,449	15,316	58,962	182,543	191,830
Azerbaijan	292,902	11,314	29,337	40,353	51,466
Israel	24,995	674	29,327	44,788	46,789
Others	327,885	42,620	224,075	324,817	397,217

Source: NBG, GNTA
Note: Sorted by 1Q24

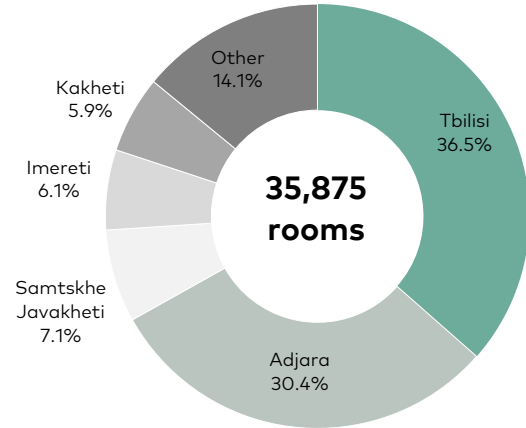


Figure 8: Number of hotels and room stock



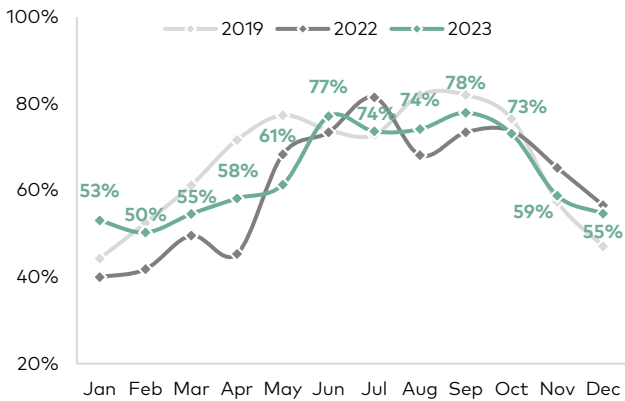
Source: GNTA, Galt & Taggart Research
Note: Based on active hotels as of 1Q24

Figure 9: Hotel rooms by region, 1Q24



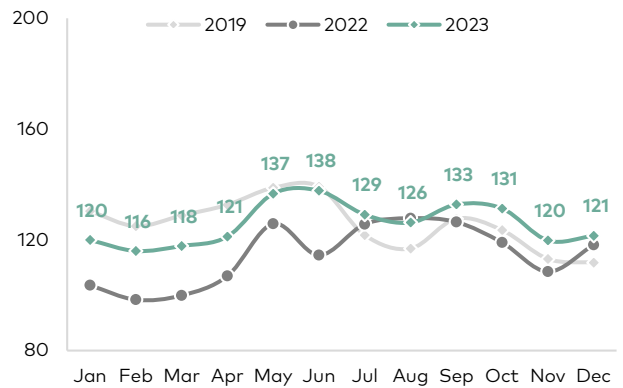
Source: GNTA, Galt & Taggart Research

Figure 10: Occupancy of selected hotels in Tbilisi



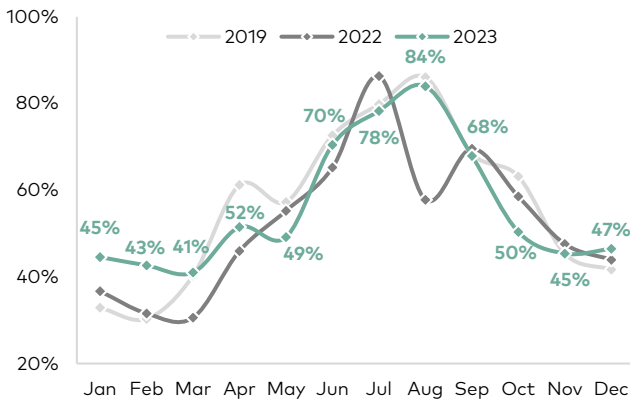
Source: BoG

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



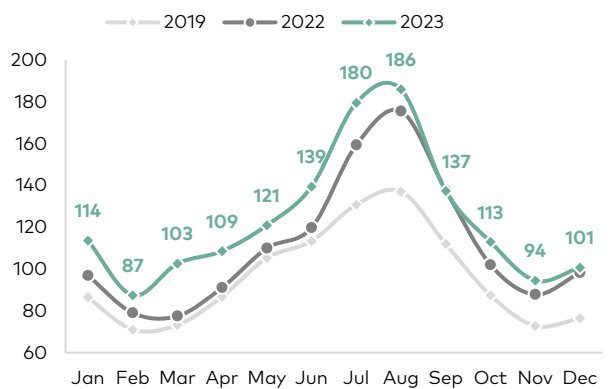
Source: BoG
Note: net of VAT

Figure 12: Occupancy of selected hotels in regions



Source: BoG

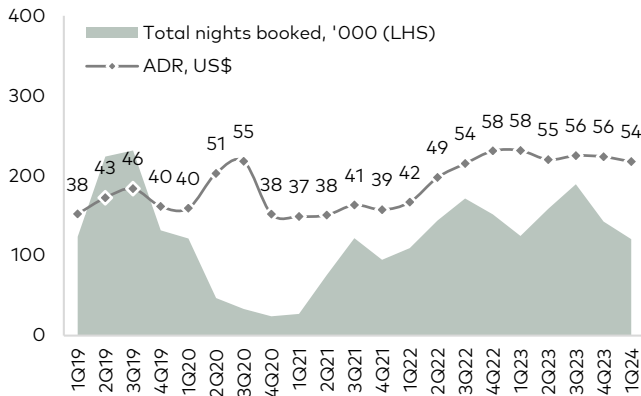
Figure 13: ADR of selected hotels in regions, US\$



Source: BoG
Note: net of VAT

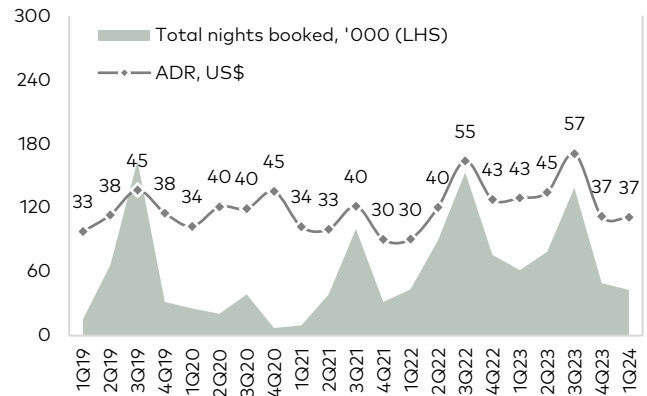


Figure 14: Airbnb demand and prices in Tbilisi



Source: Airdna

Figure 15: Airbnb demand and prices in Batumi



Source: Airdna



Table 3: Key tourism statistics

	2016	2017	2018	2019	2020	2021	2022	2023
Tourism revenues, US\$ mn	2,111	2,704	3,222	3,269	542	1,245	3,517	4,125
<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>6.7%</i>	<i>14.2%</i>	<i>13.6%</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	6,171,540
<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	4,669,467
Same-day	2,095,541	2,413,476	2,446,530	2,645,296	426,328	143,779	1,050,996	1,502,073
<i>by country:</i>								
Russia	849,265	1,135,057	1,404,757	1,471,558	208,677	212,979	1,087,257	1,418,464
Turkey	988,312	1,007,276	1,098,555	1,156,513	335,580	326,494	925,561	1,396,660
Armenia	1,152,234	1,287,168	1,268,886	1,365,048	260,965	164,698	742,593	962,540
Israel	85,398	115,040	156,922	205,051	25,731	100,686	210,178	217,065
Azerbaijan	1,075,820	1,301,556	1,424,610	1,526,619	295,132	82,718	152,969	199,835
Kazakhstan	40,895	47,241	58,955	103,611	13,779	66,787	120,494	167,492
Ukraine	151,630	169,862	177,058	207,667	42,414	144,901	168,915	146,931
Belarus	32,939	42,149	60,241	66,174	14,340	53,698	130,046	130,203
Other	1,016,323	1,377,481	1,553,366	1,623,533	316,803	568,281	1,165,932	1,532,350
Airport arrivals	998,762	1,439,689	1,788,417	1,829,341	269,193	877,158	1,536,316	1,921,872
Tbilisi	786,094	1,133,811	1,402,157	1,355,489	278,477	253,859	1,040,729	1,230,888
Kutaisi	91,905	112,179	147,009	215,556	46,693	87,156	231,566	436,902
Batumi	120,763	193,699	239,251	258,159	19,868	221,853	264,021	254,082
Accommodation units	1,727	1,963	2,390	2,575	2,707	3,105	3,150	3,198
Accommodation rooms	24,640	27,907	34,608	38,915	42,214	46,819	49,515	53,759
Accommodation beds	59,236	67,660	85,314	94,438	101,286	112,820	118,824	128,015

Source: GNTA, NBG, Geostat, Galt & Taggart



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Head of Research

Eva Bochorishvili | evabochorishvili@gt.ge

Chief Economist

Lasha Kavtaradze | lashakavtaradze@gt.ge

Chief Analytics Officer

Giorgi Iremashvili | giremashvili@gt.ge

Head of Sector Research

Kakhaber Samkurashvili | ksamkurashvili@gt.ge

Head of Sector

Mariam Chakhvashvili | mchakhvashvili@gt.ge

Head of Sector

Tatia Mamrikishvili | tmamrikishvili@gt.ge

Associate

Giorgi Tskitishvili | gtskitishvili@gt.ge

Senior Analyst

Zurab Tavkelishvili | ztavkelishvili@gt.ge

Senior Analyst

Sergi Kurashvili | s.kurashvili@gt.ge

Analyst

Dachi Mujirishvili | dmujirishvili@gt.ge

Analyst

Mariam Okropiridze | maokropiridze@gt.ge

Analyst

Otar Tsukhishvili | otsukhishvili@gt.ge

Address: 3 Pushkin Street, Tbilisi 0105, Georgia

Tel: + (995) 32 2401 111

Email: research@gt.ge