



GALT & TAGGART

CREATING OPPORTUNITIES



**International
Visitors**



Tourists



**Same Day
Visitors**



Revenues

1Q23

1.07mn

0.85mn

0.22mn

\$0.8 bn

1Q22

0.52mn

0.46mn

0.06mn

\$0.4 bn

1Q19

1.33mn

0.88mn

0.45mn

\$0.6 bn

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Visitors

- In 1Q23, number of international visitors more than doubled y/y to 1.1mn persons (79.9% of 2019 level). This growth was mainly driven by tourist arrivals (+83.8% y/y or 95.8% of 2019 level), while same-day visitors remain low despite strong y/y growth (+284.3% y/y or 48.8% of 2019 level).
- Russia was the largest contributor to visitor growth, followed by Turkiye and Armenia. Out of non-neighboring countries, notable growth vs 2019 was observed from Belarus (+181.0% vs 2019), Kazakhstan (+85.2%), and Israel (+79.2%). Notably, visitor recovery is still very low from neighboring countries: Azerbaijan (-86.2% vs 2019) and Armenia (-21.5% vs 2019), but we expect arrivals from these countries to rebound this year.
- We expect international arrivals to reach 7.7 million persons in 2023, representing a full recovery compared to 2019 and a 64% y/y growth.

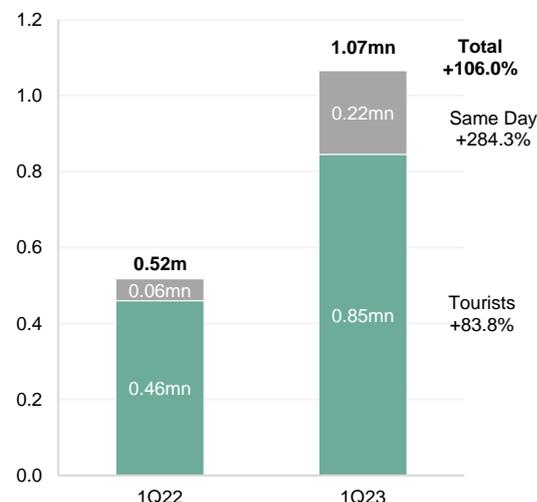
Revenues

- Tourism revenues continued strong growth, increasing by 102.0% y/y to US\$ 795.4mn in 1Q23 and surpassing 2019 level by 37.5%. Russia accounted for 33.5% of total tourism revenues in 1Q23, followed by Turkiye (12.1%) and EU (9.2%).
- We expect tourism revenues to increase by 15% y/y to US\$ 4.0bn in 2023.

Accommodation

- **Hotel** room stock increased substantially in 2022, after a slight deceleration over 2020-21 (due to pandemic-related crisis). Total number of hotels was up 5.8% y/y to 1,176 units, while room stock was up 11.3% y/y to 32,970 rooms in 2022. Majority of hotel rooms is located in Tbilisi (36.3% of total) and Adjara (25.8%) as of 1Q23.
- **Airbnb** demand accelerated in Tbilisi. Total nights booked on Airbnb reached 129,465 in 1Q23, up 20.5% y/y and up 6.4% vs. 2019.
- Airbnb demand was even more pronounced in Batumi. Total nights booked on Airbnb reached 64,220 in 1Q23, up 49.2% y/y and up 326.1% vs. 2019.
- Airbnb average daily rate (price for the night) was up to US\$ 61 (+45.6% y/y) in Tbilisi and to US\$ 43 (+46.3% y/y) in Batumi in 1Q23. Notably, price growth on Airbnb is driven by reduced supply of apartments as many owners shifted to long-term rental market due to outsized demand from migrants.

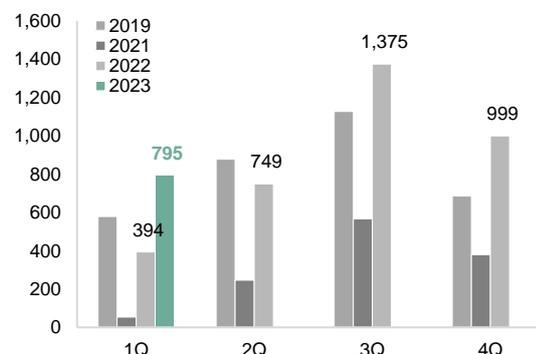
Figure 1: Int'l visitors by type, mn persons



Source: GNTA

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

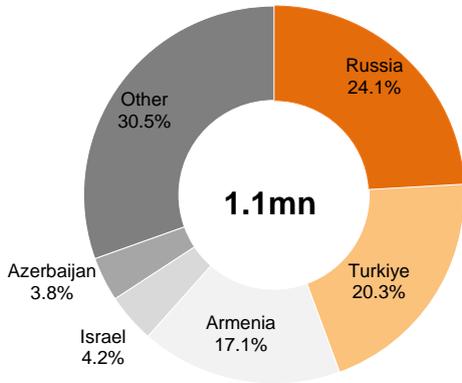
Figure 2: Tourism revenues, US\$ mn



Source: NBG

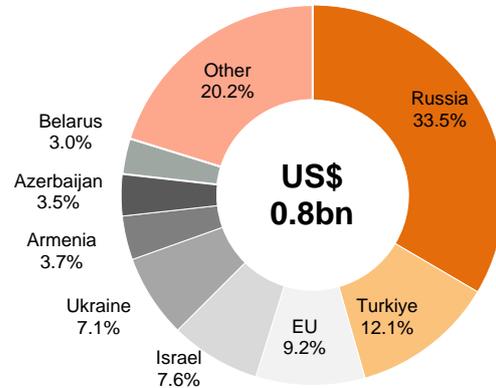


Figure 3: Int'l visitors (tourists and same-day) by country, 1Q23



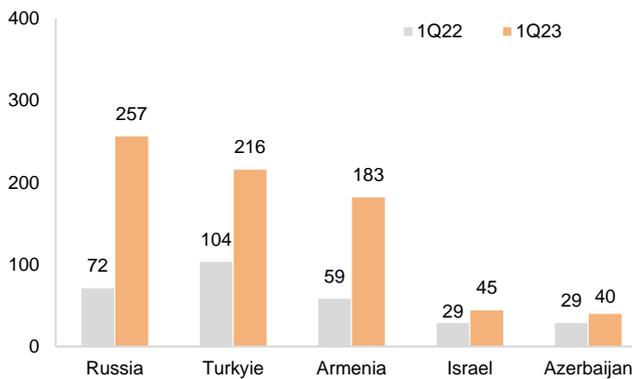
Source: GNTA

Figure 4: Int'l tourism revenue by country, 1Q23



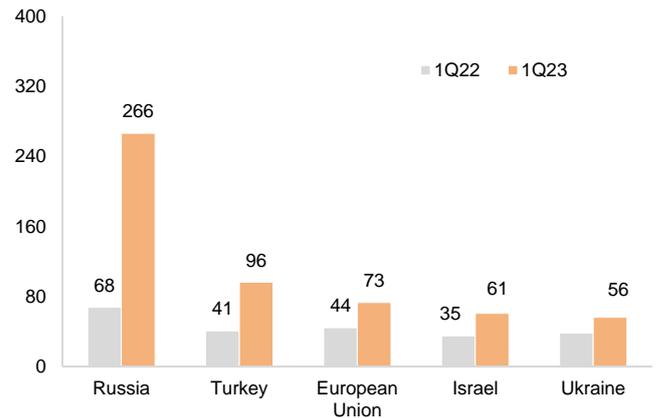
Source: GNTA

Figure 5: Int'l visitors from top 5 countries, '000 persons (sorted by 1Q23 figures)



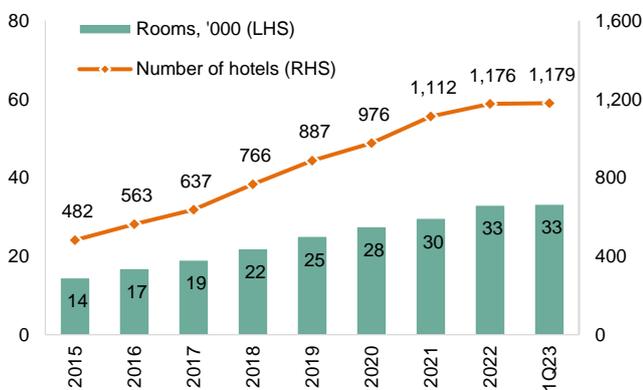
Source: NBG

Figure 6: Int'l tourism revenue from top 5 countries, US\$ mn (sorted by 1Q23 figures)



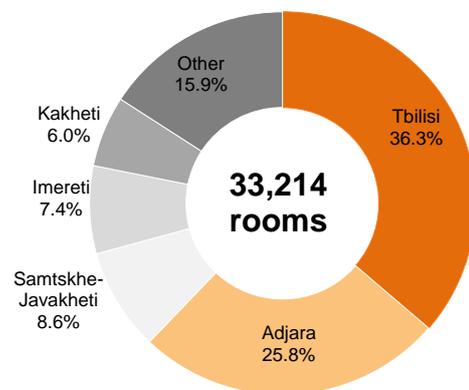
Source: NBG

Figure 7: Hotels and hotel room stock



Source: GNTA, Galt & Taggart Research
Note: includes only hotels and excludes other forms of accommodation (guesthouse, apartotels, hostel etc.)

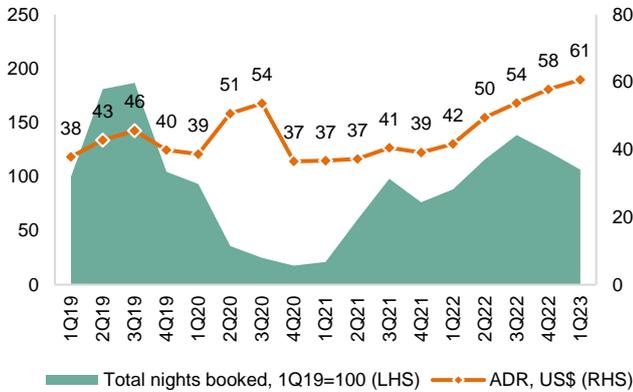
Figure 8: Hotel room stock by region, 1Q23



Source: GNTA, Galt & Taggart Research
Note: includes only hotels and excludes other forms of accommodation (guesthouse, apartotels, hostel etc.)

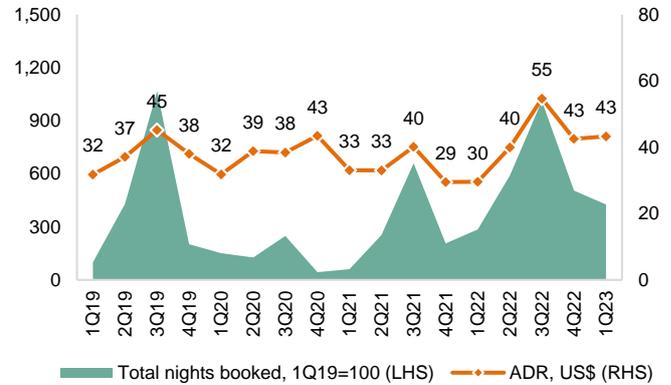


Figure 9: Airbnb demand recovery and prices in Tbilisi



Source: Airdna

Figure 10: Airbnb demand recovery and prices in Batumi



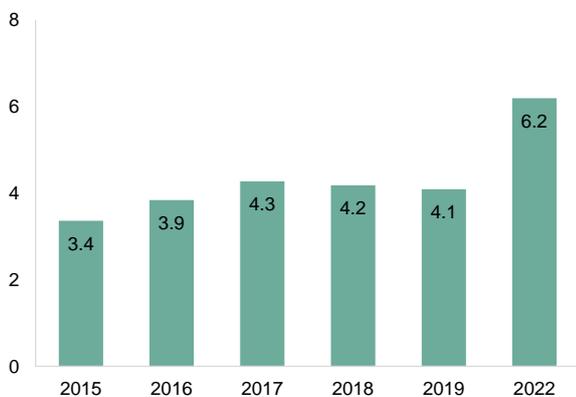
Source: Airdna

International visitor survey by Geostat

Average length of stay of visitor trips was up to 6.2 days in 2022, compared to 4.1 in 2019. Such drastic growth could be explained by increased share of tourists compared to same-day visitors in arrival mix.

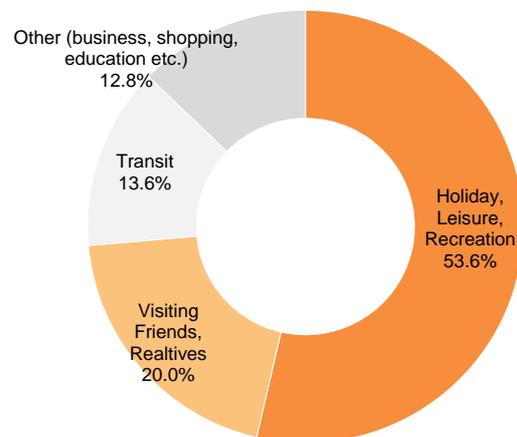
Most visitors traveled for holiday, leisure and recreation purpose, accounting for 53.6% of total in 2022 (43.5% in 2019), followed by visiting friends and relatives (20.0% in 2022 vs 19.0%) and transit visits (13.6% in 2022 vs 13.6% in 2019). Notably share of business visitors was down to 6.6% of total in 2022 from 10.8% in 2019, because MICE tourism suffered most from pandemic.

Figure 11: International visitor survey – length of stay



Source: Geostat visitor survey
Note: survey was discontinued over 2020-21 due to pandemic-related restrictions

Figure 12: International visitor survey – purpose of visit in 2022



Source: Geostat visitor survey
Note: survey was discontinued over 2020-21 due to pandemic-related restrictions



Notably, average expenditure of tourists increased drastically to GEL 2,298 in 2022 from GEL 1,102 in 2019, likely affected by 1) high inflation, 2) increased share of tourists and 3) increase of non-neighboring countries in visitor mix (which generally spend more). Food and drinks was the largest tourism expenditure item (33.2% of the total), followed by accommodation (31.0%) and shopping (15.4%) in 2022.

Table 1: International visitor survey – expenditure breakdown by category

	2015	2016	2017	2018	2019	2022
Total (GEL bn)	4.1	4.4	5.8	7.9	8.5	10.8
Average expenditure	772	812	889	1,099	1,102	2,298
Served Food and Drinks	24.1%	24.0%	25.6%	28.6%	27.5%	33.2%
Accommodation	19.8%	23.5%	23.0%	23.4%	23.7%	31.0%
Shopping	27.9%	23.6%	21.1%	20.4%	21.2%	15.4%
Cultural and Entertainment Services	16.7%	18.3%	18.5%	18.1%	18.0%	10.8%
Domestic Ground Transportation	6.6%	7.3%	8.4%	7.1%	7.6%	7.9%
Other	5.0%	3.4%	3.4%	2.4%	2.0%	1.6%

Source: GNTA

Note: survey was discontinued over 2020-21 due to pandemic-related restrictions



Table 2: Key tourism statistics

	2015	2016	2017	2018	2019	2020	2021	2022
Tourism revenues, US\$ mn	1,936	2,111	2,704	3,222	3,269	542	1,245	3,517
<i>As % of GDP</i>	12.9%	13.9%	16.6%	18.3%	18.7%	3.4%	6.4%	14.2%
International visitors, persons	5,255,999	5,392,816	6,482,830	7,203,350	7,725,774	1,513,421	1,721,242	4,703,945
<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	3,652,949
Same-day	2,244,336	2,095,541	2,413,476	2,446,530	2,645,296	426,328	143,779	1,050,996
<i>by country:</i>								
Russia	763,019	849,265	1,135,057	1,404,757	1,471,558	208,677	212,979	1,087,257
Turkiye	1,074,065	988,312	1,007,276	1,098,555	1,156,513	335,580	326,494	925,561
Armenia	1,191,777	1,152,234	1,287,168	1,268,886	1,365,048	260,965	164,698	742,593
Israel	441,260	429,343	456,132	476,389	205,051	25,731	100,686	210,178
Ukraine	55,439	85,398	115,040	156,922	207,667	42,414	144,901	168,915
Azerbaijan	127,344	151,630	169,862	177,058	1,526,619	295,132	82,718	152,969
Belarus	1,156,183	1,075,820	1,301,556	1,424,610	66,174	14,340	53,698	130,046
Kazakhstan	25,724	32,939	42,149	60,241	103,611	13,779	66,787	120,494
Other	421,188	627,875	968,590	1,135,932	1,623,533	316,803	568,281	1,165,932
Airport arrivals	737,660	998,762	1,439,689	1,788,417	1,829,341	269,193	877,158	1,536,316
<i>of which:</i>								
Tbilisi	597,907	786,094	1,133,811	1,402,157	1,355,489	278,477	253,859	1,040,729
Kutaisi	60,853	91,905	112,179	147,009	215,556	46,693	87,156	231,566
Batumi	78,900	120,763	193,699	239,251	258,159	19,868	221,853	264,021
Accommodation units	1,383	1,727	1,963	2,390	2,575	2,707	3,105	3,150
Accommodation rooms	21,511	24,640	27,907	34,608	38,915	42,214	46,819	49,515
Accommodation beds	51,517	59,236	67,660	85,314	94,438	101,286	112,820	118,824

Source: GNTA



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