



**GALT & TAGGART**  
CREATING OPPORTUNITIES

# Tourism in Ajara



# Tourism in Ajara



**Who are the  
main visitors?**



**How is demand  
distributed between  
hotels and  
apartments?**



**What are the main  
performance trends in  
accommodation  
facilities?**

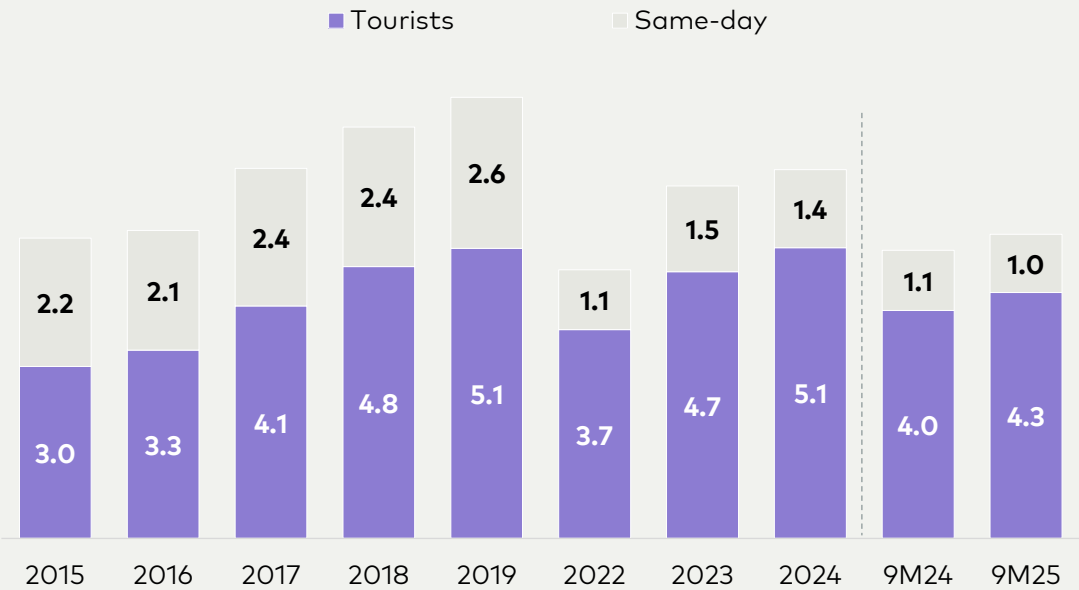


**What are the main  
challenges in tourism?**

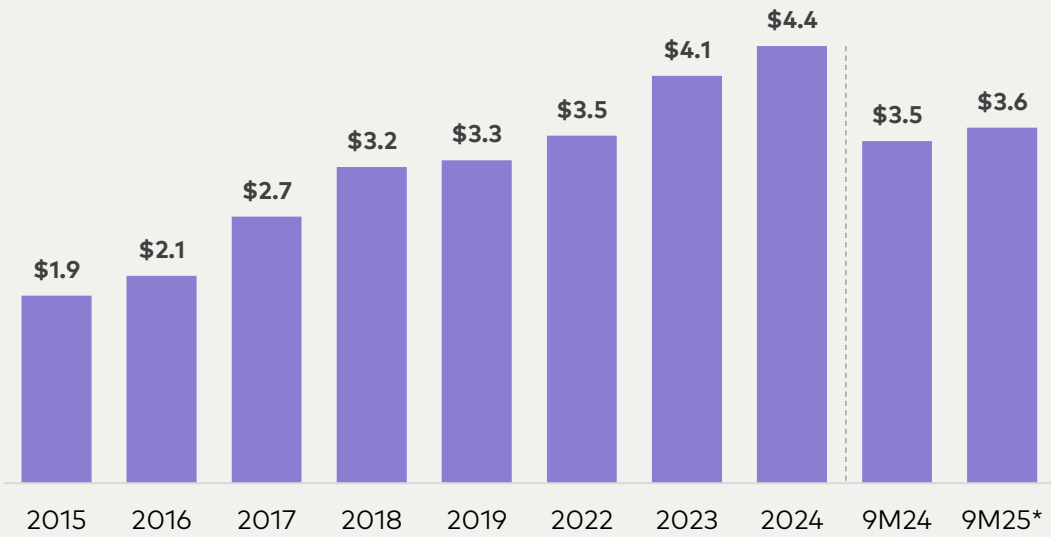


# Tourism is on the rise – The number of tourist arrivals in Georgia rose 7.9% y/y to 4.3mn in 9M25

Number of international visitors, mn



Tourism revenues, bn



The number of tourist arrivals increased 7.9% y/y to 4.3mn in 9M25...

... driving tourism revenues up by 4% y/y to US\$ 3.6bn, according to Galt & Taggart estimates.

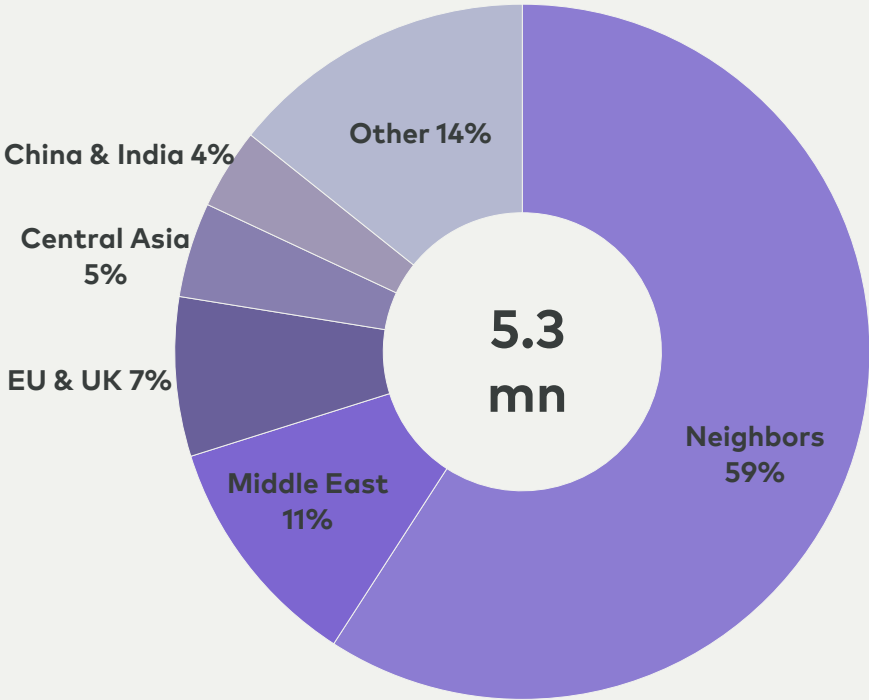
Source: Georgian National Tourism Administration, National Bank of Georgia, Galt & Taggart

\*Preliminary estimate by Galt & Taggart



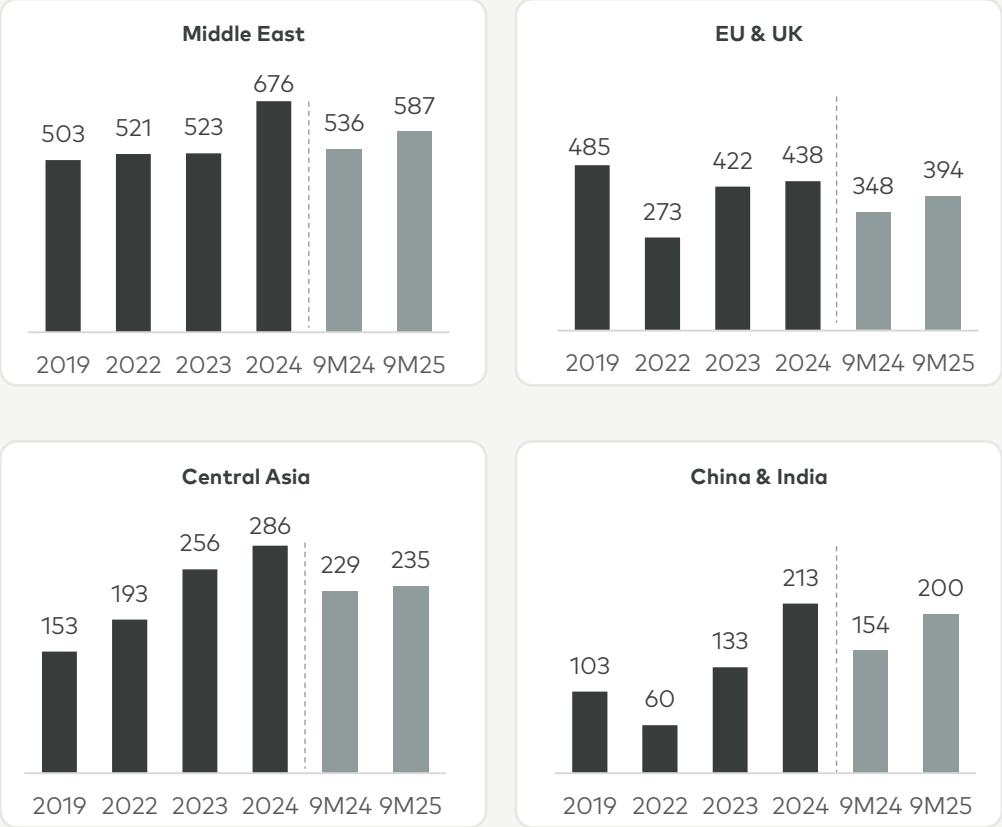
# Similar to recent years, international tourist growth was fueled by rising demand from Asian markets

International visitors by country, 9M25



In addition to Asian markets, the number of visitors increased from traditional markets, especially Russia and the EU in 9M25, largely driven by the increase in direct flights to the EU.

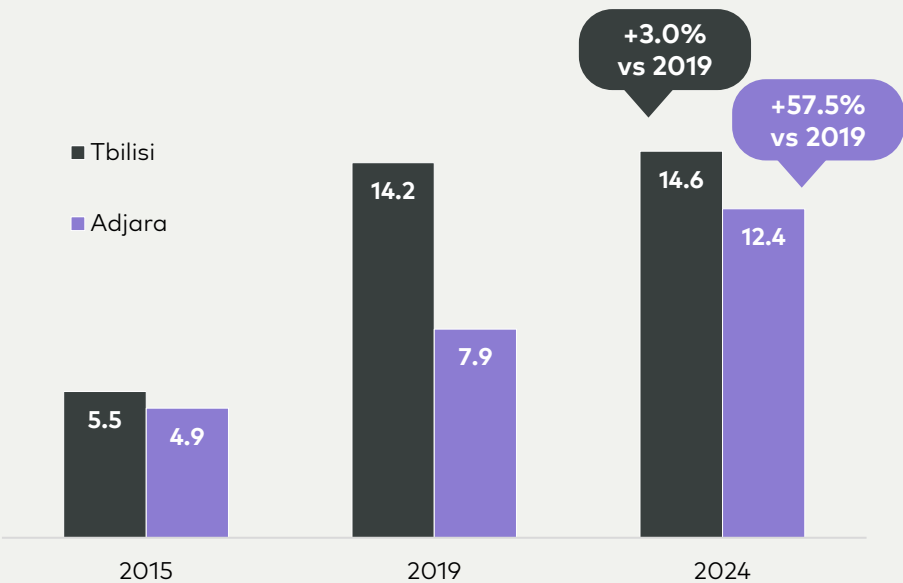
International visitor trends, '000





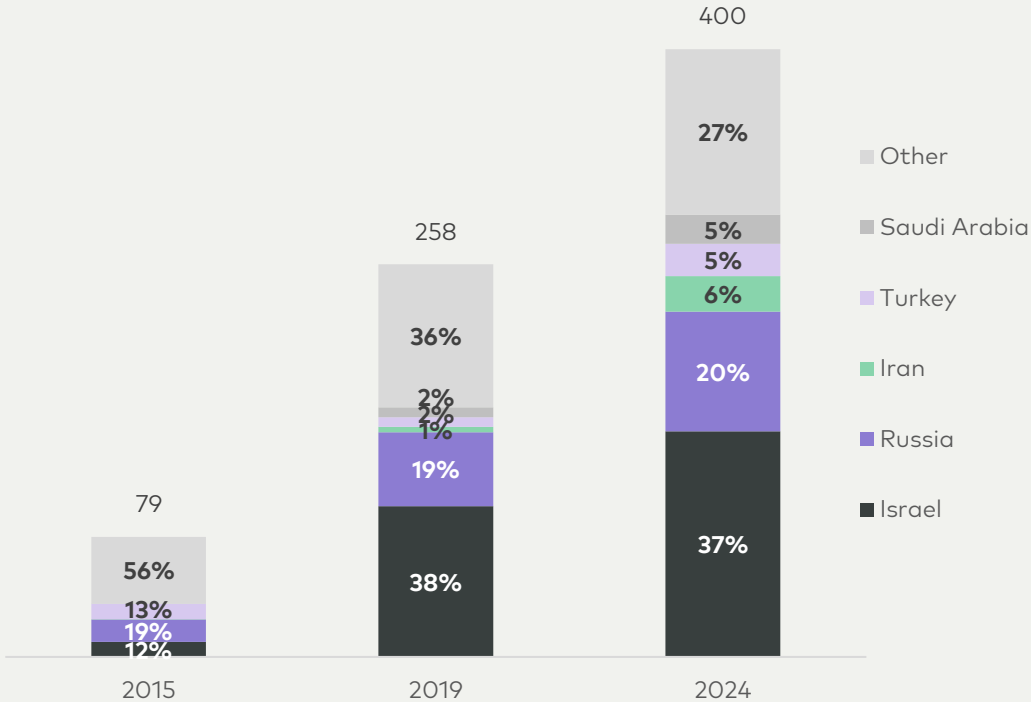
# Tourism growth in Ajara was driven by positive trends in visitors from Russia, Central Asia, and the Middle East

Number of nights spent by int'l tourists in Tbilisi and Ajara, mn



The positive tourism trend in Ajara was evident in the number of nights spent by international tourists, which increased by 57.5% over 2019-24, while remaining nearly unchanged in Tbilisi.

Number of passengers at Batumi airport, '000

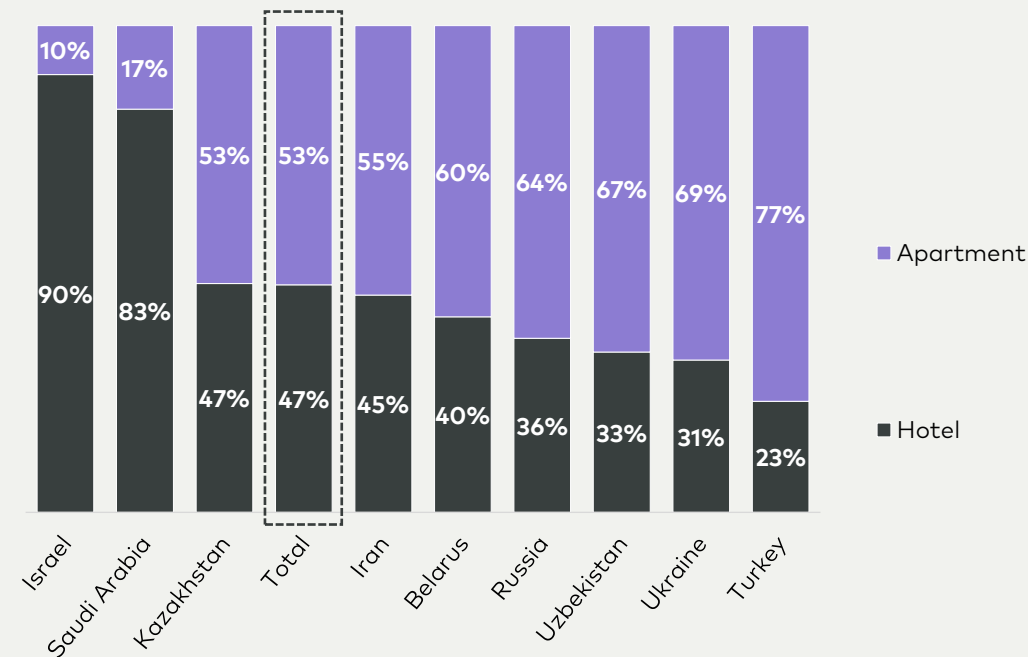


The positive tourism trend in Ajara was also reflected in the number of passengers at Batumi Airport, with growth mainly driven by Russia and Middle Eastern countries, especially Israel, Iran, and Saudi Arabia. This trend continued in 1H25.



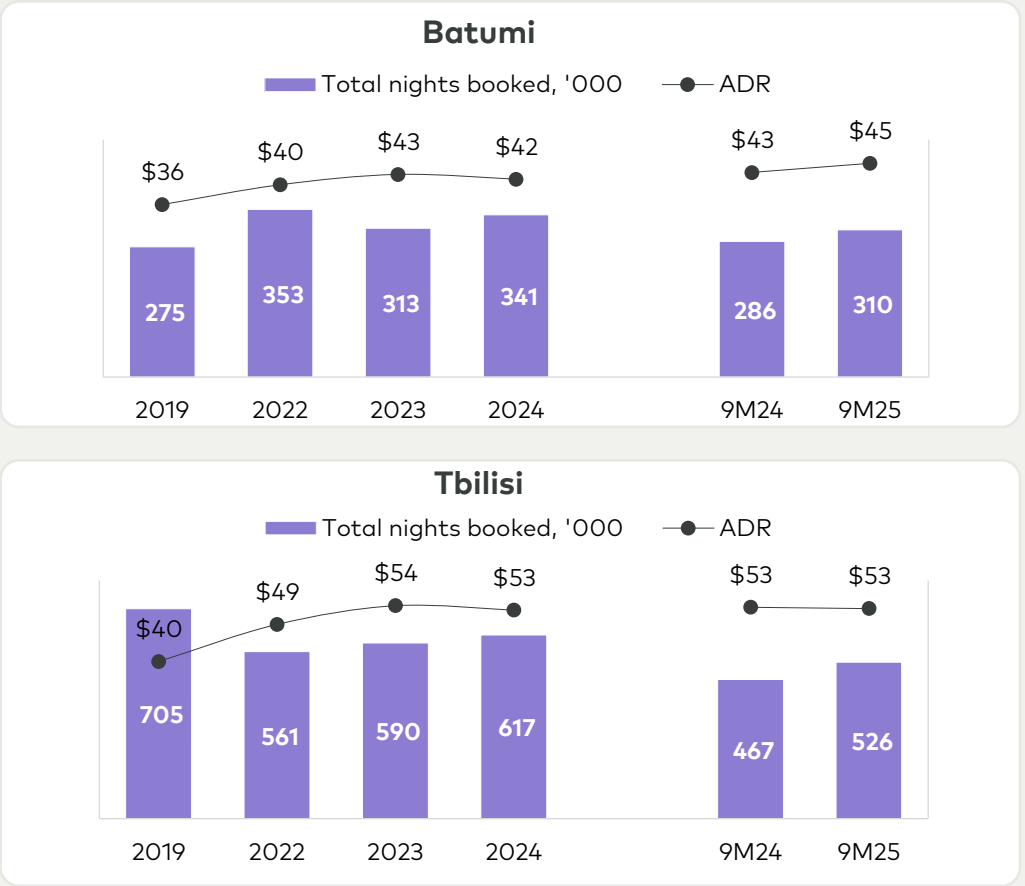
# Tourists from Russia and Central Asia drove demand for apartments, positively impacting the Batumi apartment market

International tourists in Ajara by accommodation type, 2024



Tourist growth from Russia and Central Asian markets, who primarily generate demand for apartments, has driven an increase in the number of nights booked in Airbnb apartments in Batumi.

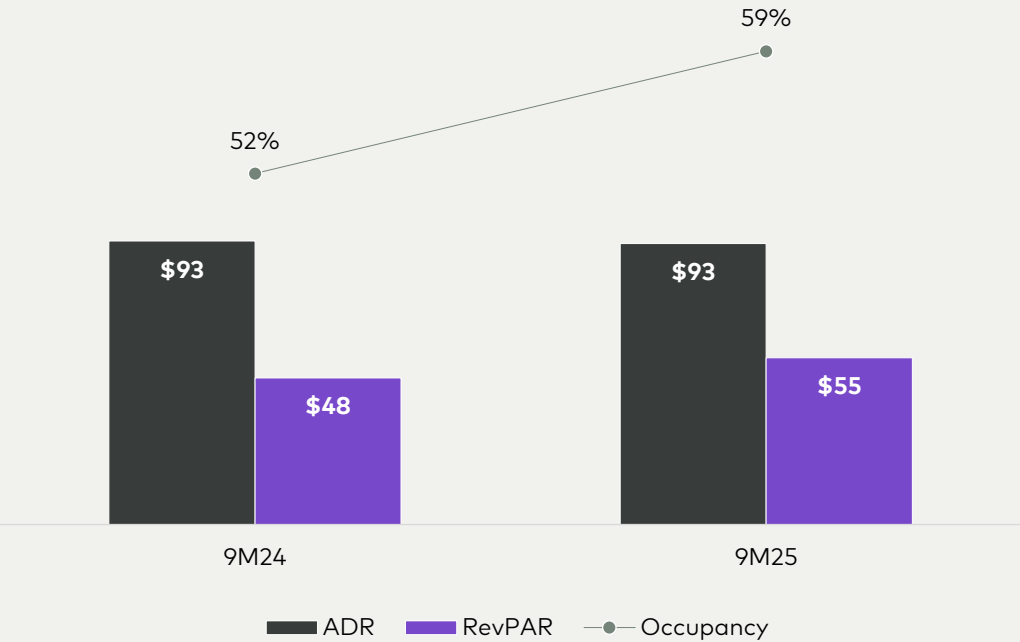
Number of nights booked in Airbnb apartments and ADR





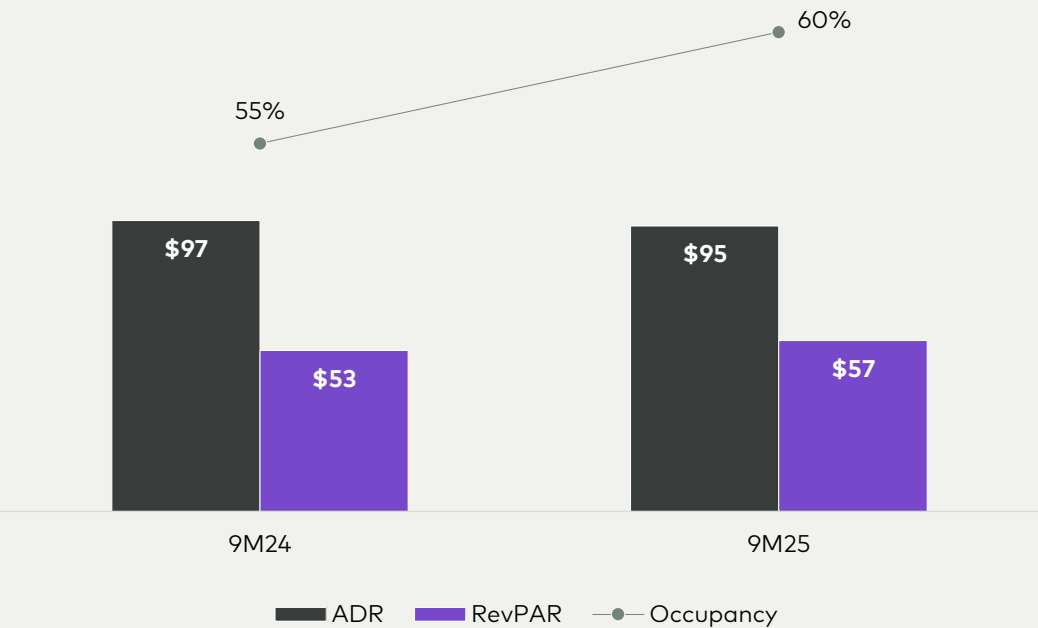
# Rising tourist flows from Middle Eastern markets increased hotel occupancy rates and revenues in Batumi

Selected hotel KPIs in Batumi



Tourists from Middle Eastern countries, particularly Israel and Saudi Arabia, primarily generate demand for hotels in Ajara, which, as in previous years, positively impacted the occupancy rates of branded hotels in Batumi in 2025.

Selected hotel KPIs in Tbilisi

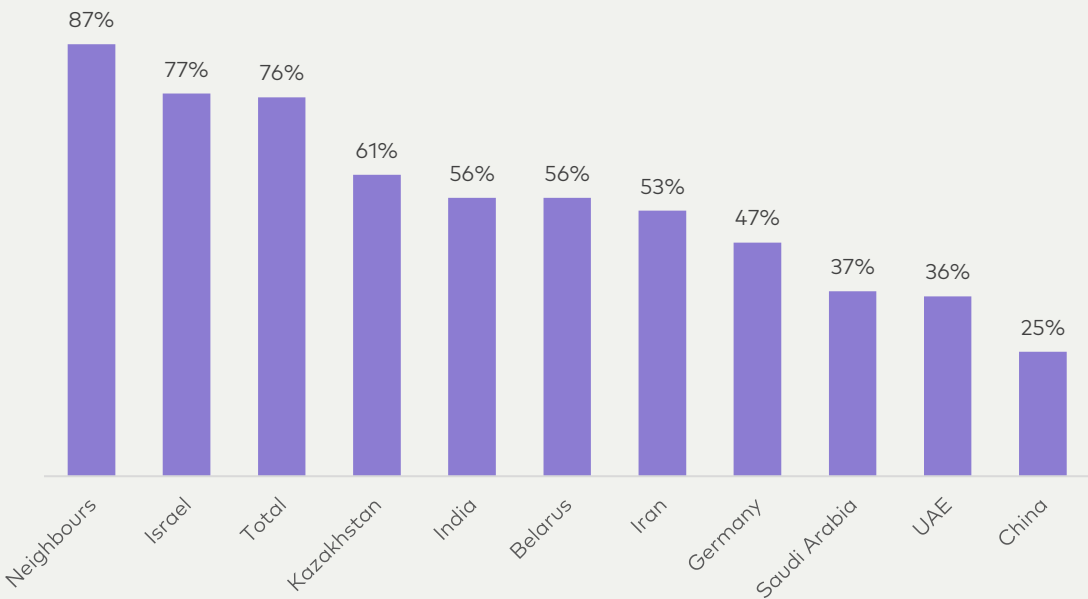


Unlike previous years, hotel occupancy trends in Tbilisi improved in 2025, mainly driven by the increase in high-spending tourists from Russia and the EU.



# Visitors from Middle Eastern countries mainly come for gambling, with a high proportion of repeat visits

Share of repeat visits in total international visits to Georgia, 2024



- 76% of all visits to Georgia are repeat visits, with most of them coming from neighboring countries.
- After neighboring countries, Israel and Arab countries stand out for the particularly high frequency of repeat visits.
- The main purpose of repeat visitors from Middle Eastern countries is gambling, with their spending primarily concentrated in casinos and related establishments, according to international card transactions on BOG POS terminals.



# Gambling legalization in the region is expected to intensify competition in tourism

## Current competitor:

### Northern Cyprus

- C. 80% of visitors are Turkish.
- A leading competitor in visitors from western and central Turkey, including Istanbul, Izmir, Ankara, Mersin, and Alanya.

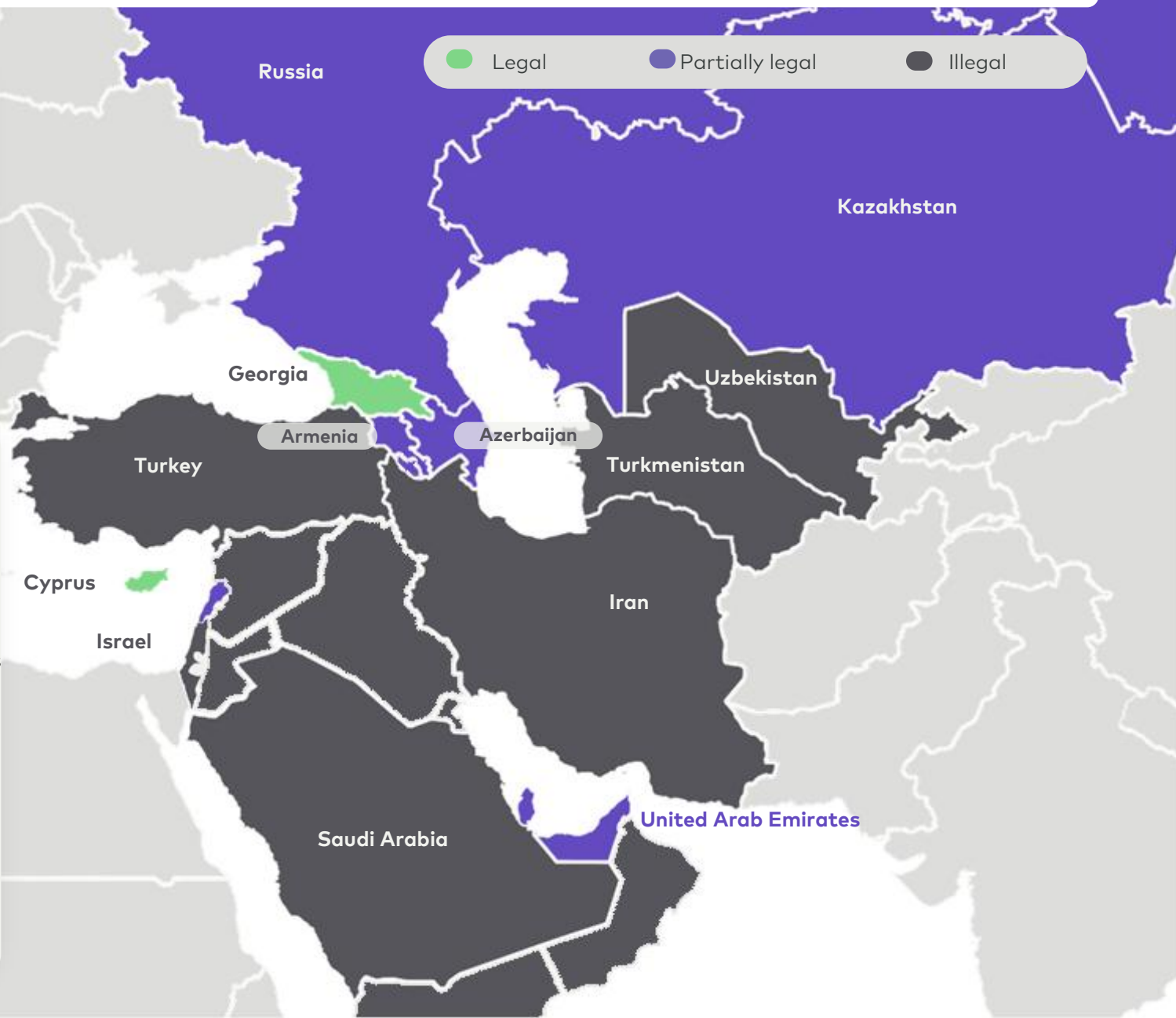
## Potential Competitors:

### United Arab Emirates

- **Estimated opening date:** 2027
- **Target segment:** VIP
- **Expected impact:** Limited, as the VIP segment is highly volatile in gambling outcomes, resulting in a relatively small share of Batumi's casino market.

### Azerbaijan

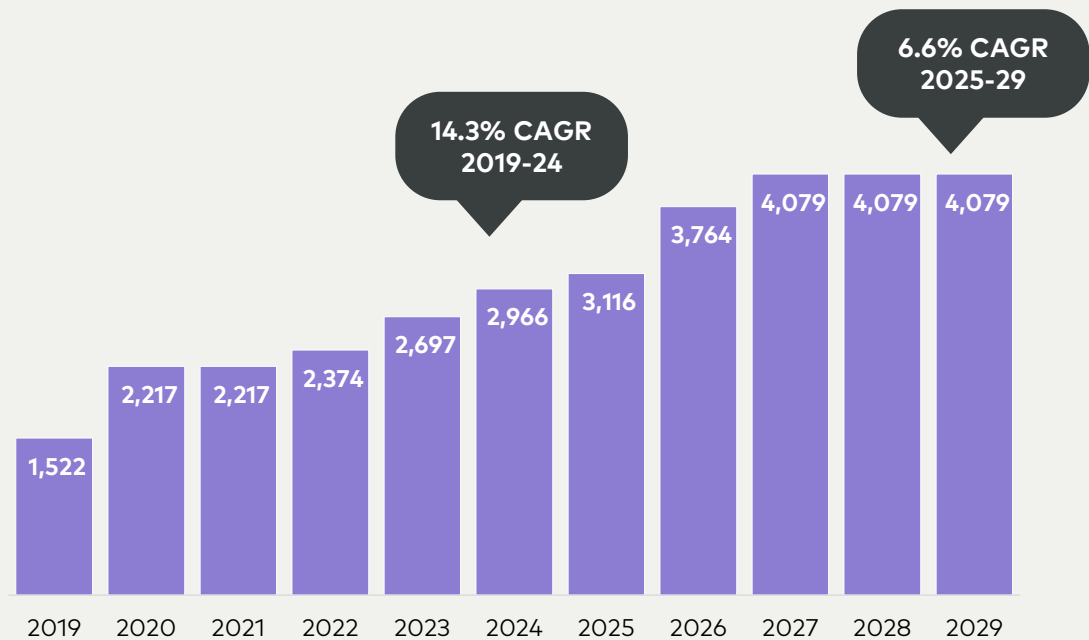
- **Estimated opening date:** 2028
- **Target segment:** Premium
- **Expected impact by nationality:**  
Turkey / Israel: Limited  
High-budget segment from Russia, Azerbaijan, Turkey, Arab countries, and East Asia: Moderate to high





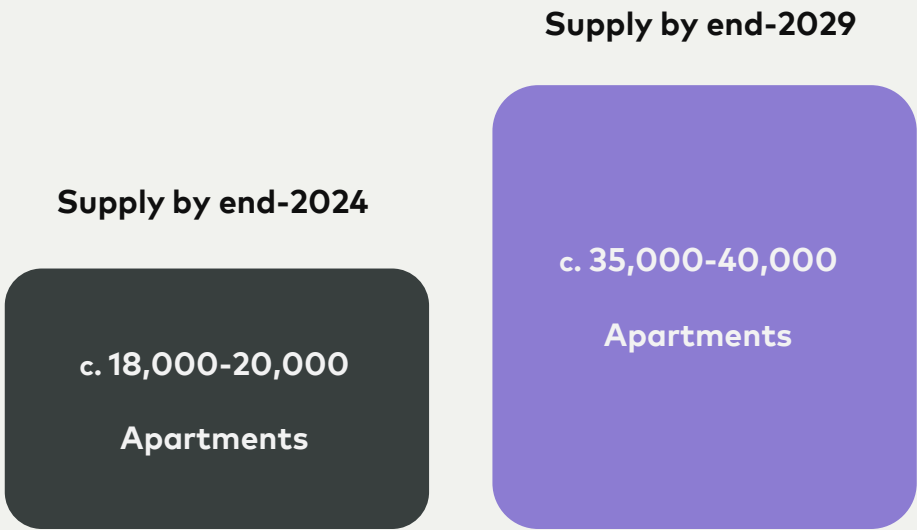
# The expected surge in short-term rental apartments by 2029 poses an additional challenge for Batumi

Current and planned branded hotel room supply in Batumi



Tourism growth has stimulated investor activity in Batumi, resulting in a doubling of branded hotel room supply over 2019-24. However, the growth pace is expected to slow over 2025-2029.

Expected supply of short-term rental apartments in Batumi



The number of short-term rental apartments are expected to double by 2029, necessitating either a 15% annual increase in tourist arrivals or improvements in average length of stay/supply optimization.



# With rising regional competition and rapid apartment supply growth, the sector should prepare for potential negative effects

## Importance of long-term stay tourism in Batumi:

- The need to rapidly increase tourist arrivals in Batumi poses a potential over-tourism risk, that the city's existing infrastructure cannot sustain.
- Alternatively, It is important to promote long-term tourism by attracting digital nomads and developing medical tourism.
- Analysis of international card transactions indicates that, so far, medical expenses account for only a small share of tourist spending, however, there is growing interest in specific services, including reproductive, aesthetic, and dental care.
- Tourists often stay for several weeks to several months for medical procedures, which could help mitigate seasonality and address the oversupply of apartments in Batumi.

## Diversification of tourist experiences and geography:

- Analysis of international card transactions shows a rising frequency of family visits from Middle Eastern countries, underscoring the importance of family-oriented activities (shopping centers, entertainment venues, etc.).
- Spending on medical services by Middle Eastern tourists is also observed, which could be leveraged to enhance competitive advantage.
- Details of the Azerbaijan casino projects are still unknown, so the competitive impact is unclear, however, collaboration between the private and public sectors is important to mitigate potential negative effects.
- Despite recent growth in tourist numbers, activity from China and India in Ajara remains low, likely due to the challenges of traveling to Batumi.



## Summary



### Hotels

-  **Main Segment:** visitors from Middle Eastern countries, including Israel, Iran, Saudi Arabia, and the United Arab Emirates.
-  **Visiting purpose:** Mainly gambling.
-  **Challenge:** The legalization of gambling in the region, especially in Azerbaijan.
-  **Recommendation:** Collaboration between the private and public sectors to mitigate potential negative effects, diversification of tourism offerings.



### Apartments

-  **Main Segment:** visitors from Russia, Ukraine, Belarus, Central Asian countries, and Turkey.
-  **Purpose of visit:** mainly leisure; in the case of Turkey - gambling.
-  **Challenge:** The expected surge in short-term rental apartments by 2029.
-  **Recommendation:** Encouraging long-term tourism through the attraction of digital nomads and the promotion of medical tourism.



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