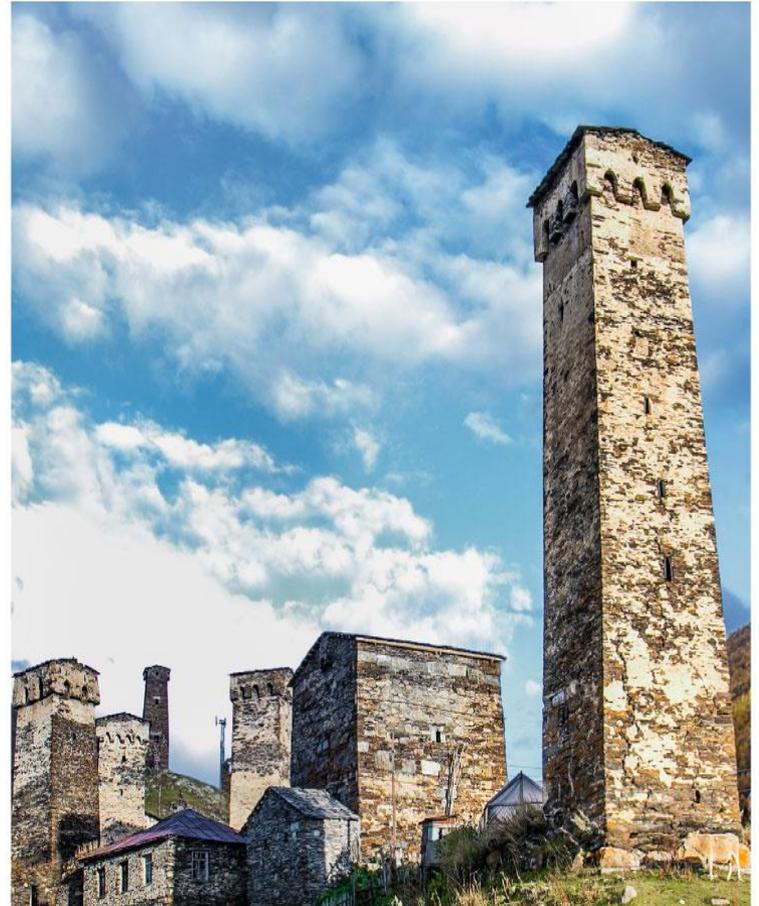




**GALT & TAGGART**  
CREATING OPPORTUNITIES

# Tourism in Georgia Monthly Market Watch

■ January 2019



# Georgia's tourism sector at a glance

#5yearschallenge



2018

**7.2 mn**  
INTERNATIONAL VISITORS

**4.8 mn**  
TOURISTS

**\$3.2 bn**  
REVENUES

**19.6%**  
REVENUES to GDP

↑  
+2.2mn

↑  
+1.9mn

↑  
+1.4bn

↑  
+8.8ppts

2014

**5.0 mn**  
INTERNATIONAL VISITORS

**2.9 mn**  
TOURISTS

**\$1.8 bn**  
REVENUES

**10.8%**  
REVENUES to GDP

Source: GNTA, NBG, Geostat, G&T research



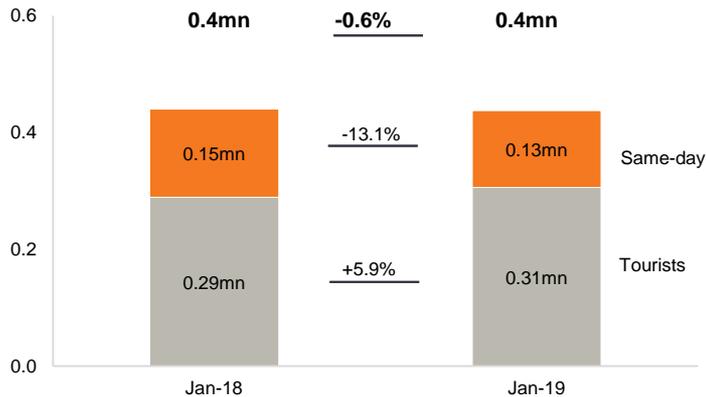
# Jan-19: Tourist arrivals up 5.9% y/y

## International visitors (tourists and same-day) by country

	Jan-18	Jan-19	Growth y/y
Azerbaijan	95,559	92,341	-3.4%
Russia	73,538	85,922	16.8%
Armenia	82,070	77,968	-5.0%
Turkey	80,639	64,349	-20.2%
Georgia (Nonresident)	44,314	44,541	0.5%
Ukraine	10,091	10,453	3.6%
Iran	14,322	8,424	-41.2%
Israel	3,109	7,217	132.1%
Kazakhstan	2,323	3,157	35.9%
Philippines	2,372	3,080	29.8%
Others	31,581	39,766	25.9%
<b>Total</b>	<b>439,918</b>	<b>437,218</b>	<b>-0.6%</b>

Source: GNTA

## International visitors (tourists and same-day) by type



Source: GNTA

- Tourist arrivals increased 5.9% y/y, while same-day arrivals fell 13.1% y/y in Jan-19, resulting in 0.6% y/y decline in total international visits to Georgia
- Continued decline of visitors from Turkey (down since Sep-18) was the major reason behind reduced same-day arrivals in Jan-19
- Notably, tourist arrivals from Iran continued falling (down since Jun-18 with the exception of Nov-18)
- Russia remains single largest source of visitor growth
- Visitors from the EU were up 36.0% y/y to over 15,000 visitors, with Germany and Poland driving growth
- From non-traditional markets visitors were pronounced from Israel, Kazakhstan and Philippines

Georgia's National Tourism Administration has a new head Mariam Kvrivishvili. "It is important that with the short, medium and long term strategies we can introduce and develop new tourism products, create new infrastructure, open up new flights to bring in more high solvent tourists. It is also important to provide Georgia with more diversified strategic markets," – commented Kvrivishvili.



# Monthly dynamics of visitors and revenues

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	2016	2017	2018
Total int'l visitors, '000	440	394	485	530	542	607	846	1,041	764	611	485	460	437	5,393	6,483	7,203
y/y growth	21.6%	24.4%	14.6%	18.7%	9.0%	14.2%	10.7%	10.7%	5.7%	8.5%	5.8%	0.2%	-0.6%	2.6%	20.2%	11.1%
o/w tourists, '000	289	236	315	335	360	400	565	737	536	407	307	270	306	3,297	4,069	4,757
y/y growth	27.5%	27.2%	24.5%	24.9%	16.1%	20.7%	15.0%	13.9%	9.1%	15.1%	14.0%	11.6%	5.9%	9.5%	23.4%	16.9%
Tourism revenues, US\$ mn	157	162	232	239	246	325	433	443	335	246	185	200	169	2,111	2,704	3,203
y/y growth	24.8%	30.2%	31.9%	33.3%	25.2%	27.8%	14.5%	12.4%	9.2%	14.0%	10.2%	7.2%	7.7%	13.0%	28.1%	18.4%
Per visitor spending, US\$	356.0	410.6	479.0	450.8	453.5	536.1	511.5	425.6	438.9	402.5	382.0	434.8	385.7	391.4	417.2	445.0
y/y growth	2.6%	4.7%	15.1%	12.3%	14.9%	11.9%	3.4%	1.6%	3.2%	5.1%	4.2%	6.9%	8.3%	10.1%	6.6%	6.7%

Source: GNTA, NBG, G&T research

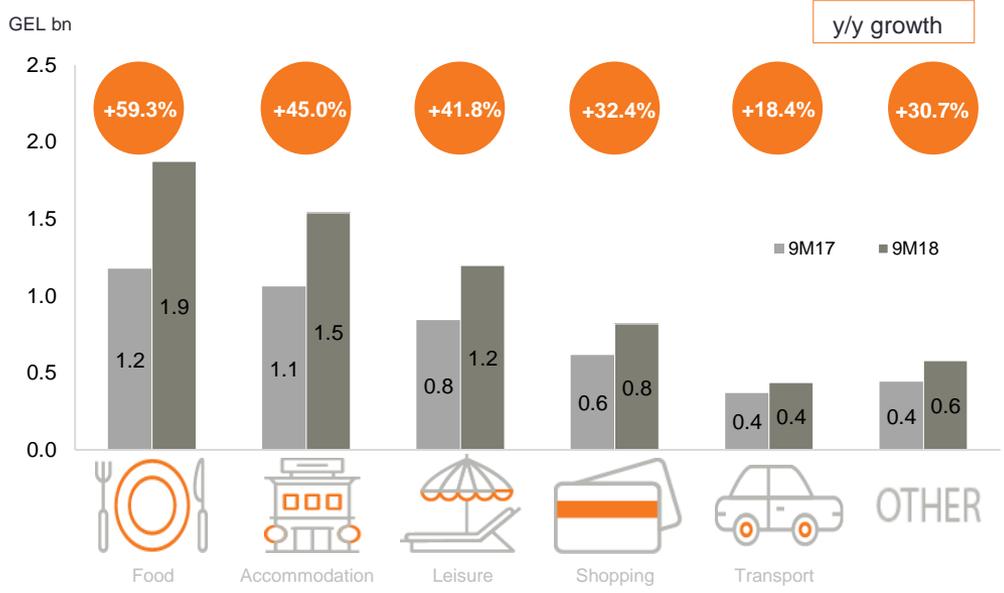
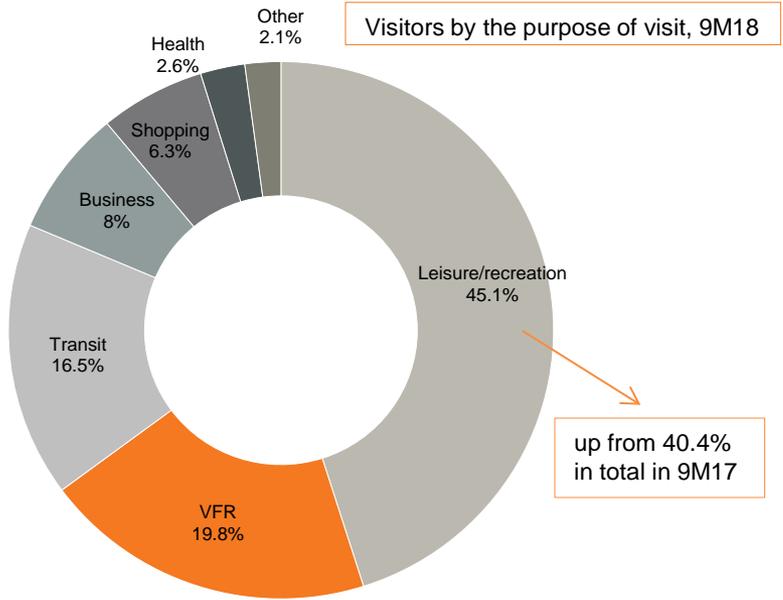
Note: Total international visitors combine tourist (overnight stay) and same-day visits



# Update – purpose of visit and spending

More visitors come for leisure/recreation purposes...

...boosting spending on all tourism-related expenses



Source: Geostat  
Note: VFR stands for visiting friends and relatives

Source: Geostat

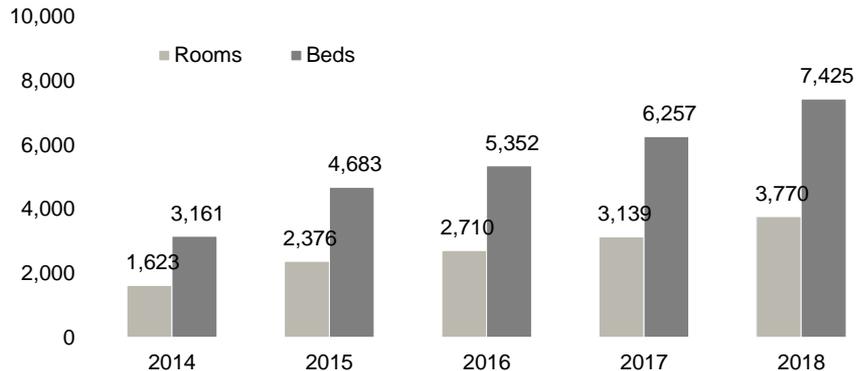
# Update – chain hotels expanding presence

## 6 new chain hotels opened in 2018...

Hotel	City	Rooms	Stars
Moxy by Marriott	Tbilisi	130	No stars
Ramada Encore	Tbilisi	152	3
Best Western City Centre	Tbilisi	44	4
Best Western Premier	Batumi	104	No stars
Best Western	Sairme	81	4
Radisson Collection	Tsinandali	120	5

Source: G&T research

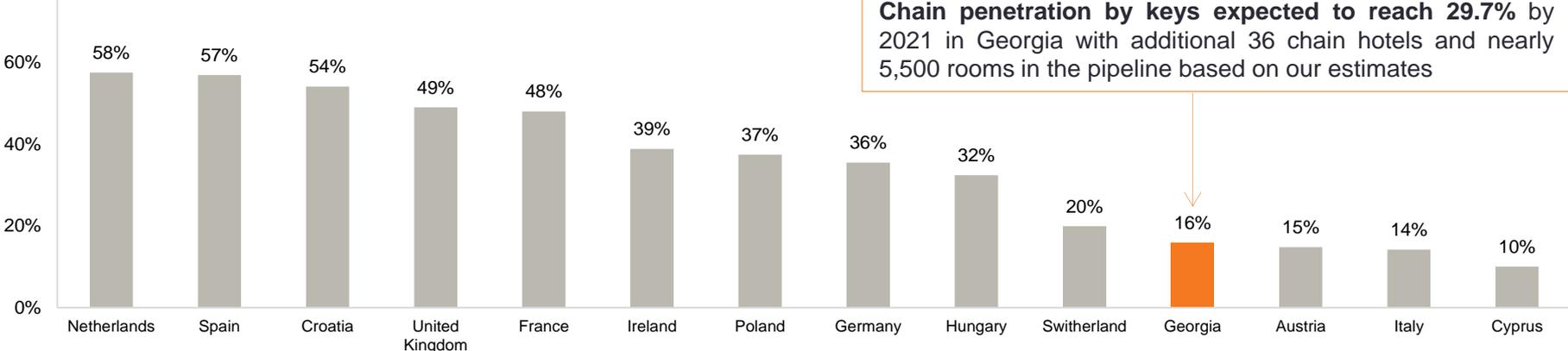
## ...resulting in largest addition in hotels/beds since 2015



Source: GNTA

## Chain penetration still low in Georgia compared to peers

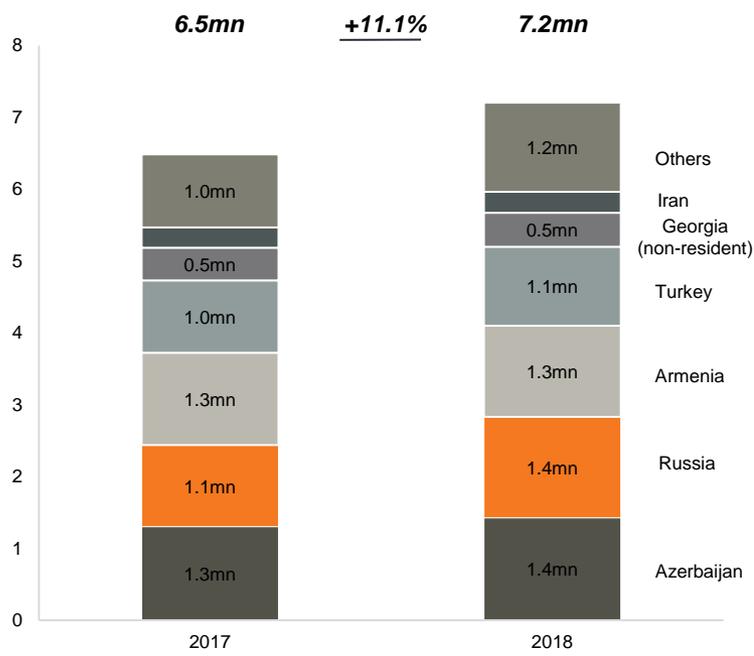
Chain penetration by keys (share in hotel room stock), 2017



Source: Horwath, G&T research

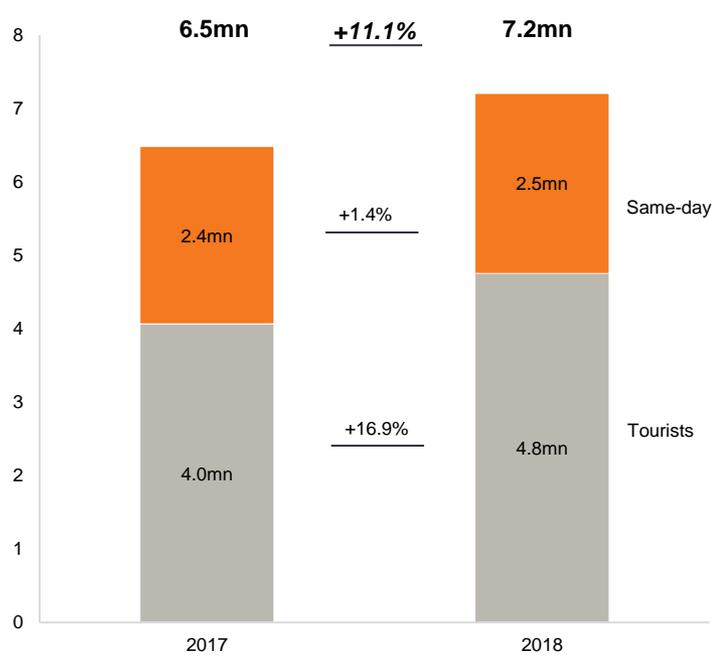
# 2018: Another boom year with tourists at 4.8mn

## International visitors (tourists and same-day) by country



Source: GNTA

## International visitors (tourists and same-day) by type



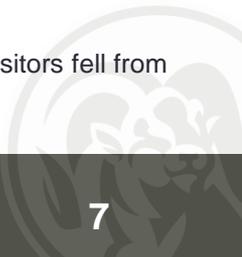
Source: GNTA

### Total international visitors stood at 7.2mn persons up 11.1% y/y in 2018:

- Russia was the largest contributor to arrival growth followed by Azerbaijan and Turkey
- visitors from EU increased 36% y/y to over 385,000

### Tourist category drove the arrival growth in 2018:

- Tourist trips increased 16.9% y/y lifting its share to 66.0% of total, up 3.2ppts y/y
- Same-day trips increased by a modest 1.4% as visitors fell from neighboring countries

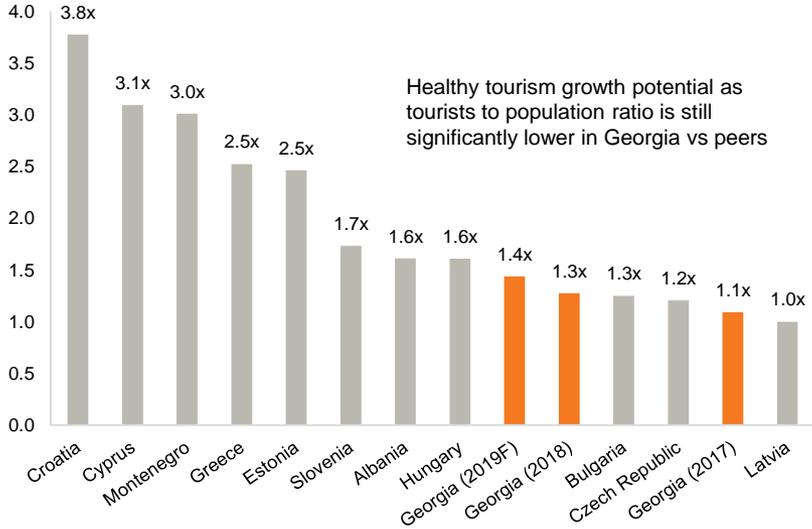


# Expectations for 2019

- We forecast 5.3mn (+11.4% y/y) tourists to visit Georgia in 2019

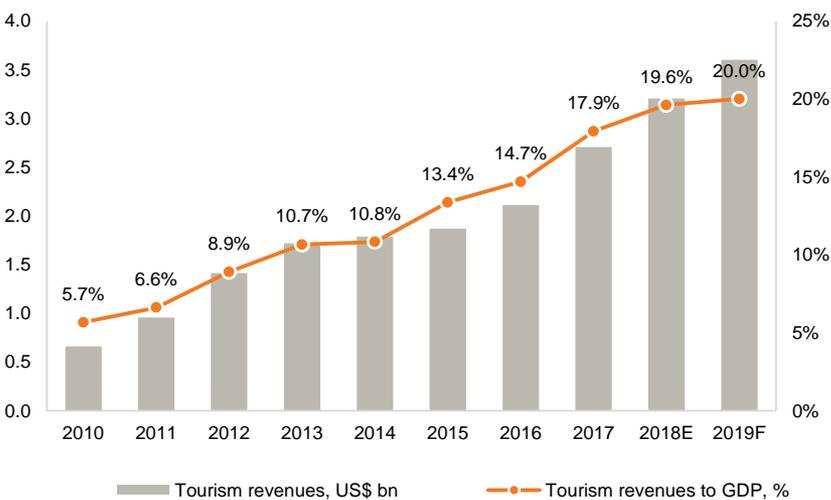
- We forecast tourism revenues at US\$ 3.6bn (+12.3% y/y) in 2019

## Tourists to population ratio, 2017



Source: UNWTO, WB, G&T Research

## Tourism revenues in Georgia



Source: NBG, Geostat, G&T Research



# Key figures

	2013	2014	2015	2016	2017	2018
<b>Tourism revenues, US\$ mn</b>	<b>1,720</b>	<b>1,787</b>	<b>1,868</b>	<b>2,111</b>	<b>2,704</b>	<b>3,203*</b>
<i>As % of GDP</i>	10.7%	10.8%	13.4%	14.7%	17.9%	19.6%
<b>International visitors, persons</b>	<b>4,954,448</b>	<b>5,004,331</b>	<b>5,255,999</b>	<b>5,392,816</b>	<b>6,482,830</b>	<b>7,203,350</b>
<i>by type**:</i>						
Tourists	2,884,295	2,938,892	3,011,663	3,297,275	4,069,354	4,756,820
Same-day	2,070,153	2,065,439	2,244,336	2,095,541	2,413,476	2,446,530
<i>by country:</i>						
Azerbaijan	940,129	1,103,408	1,156,183	1,075,820	1,301,556	1,424,610
Russia	606,668	651,282	763,019	849,265	1,135,057	1,404,757
Armenia	1,049,911	1,065,970	1,191,777	1,152,234	1,287,168	1,268,886
Turkey	1,292,275	1,136,703	1,074,065	988,312	1,007,276	1,098,555
Georgia (Nonresident)	499,132	482,038	441,260	429,343	456,132	476,389
Iran	67,944	33,803	22,019	129,933	282,549	291,070
Ukraine	115,281	131,951	127,344	151,630	169,862	177,058
Israel	36,683	38,646	55,439	85,398	115,040	156,922
Other	346,425	360,530	424,893	530,881	728,190	905,103
<b>Airport arrivals</b>	<b>584,601</b>	<b>639,919</b>	<b>737,660</b>	<b>998,762</b>	<b>1,439,689</b>	<b>1,788,417</b>
<i>of which:</i>						
Tbilisi	460,587	489,803	597,907	786,094	1,133,811	1,402,157
Batumi	56,031	67,423	78,900	120,763	193,699	239,251
Kutaisi	67,983	82,693	60,853	91,905	112,179	147,009
<b>Accommodation units</b>	<b>875</b>	<b>1004</b>	<b>1,383</b>	<b>1,727</b>	<b>1,963</b>	<b>2,390</b>
<b>Accommodation rooms</b>	<b>14,491</b>	<b>16,547</b>	<b>21,511</b>	<b>24,640</b>	<b>27,907</b>	<b>34,608</b>
<b>Accommodation beds</b>	<b>34,194</b>	<b>39,055</b>	<b>51,517</b>	<b>59,236</b>	<b>67,660</b>	<b>85,314</b>

Source: GNTA, GCAA, NBG

\*Preliminary figure

\*\*A visitor is classified as a tourist if his/her trip includes an overnight stay, while a same-day visitor (or excursionist) trip does not include an overnight stay



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