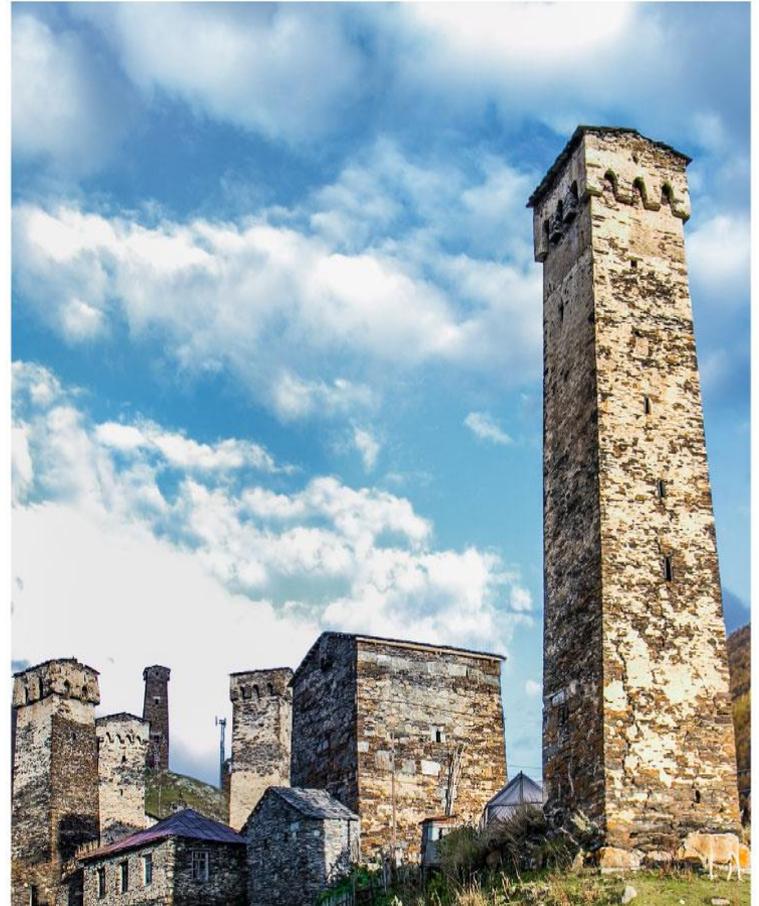




**GALT & TAGGART**  
CREATING OPPORTUNITIES

# Tourism in Georgia Monthly Market Watch

■ July 2019



# July-19: Tourist arrivals up 1.0% y/y

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

	Jul-18	Jul-19	Growth y/y
Azerbaijan	155,218	175,499	13.1%
Russia	169,857	159,063	-6.4%
Turkey	142,452	156,136	9.6%
Armenia	137,278	141,663	3.2%
Georgia (Nonresident)	38,334	40,340	5.2%
Ukraine	21,337	25,221	18.2%
Saudi Arabia	16,025	22,775	42.1%
Israel	19,648	22,687	15.5%
Iran	34,290	13,437	-60.8%
Kazakstan	10,219	13,129	28.5%
Others	100,930	112,381	11.3%
<b>Total</b>	<b>845,588</b>	<b>882,331</b>	<b>4.3%</b>

Source: GNTA

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



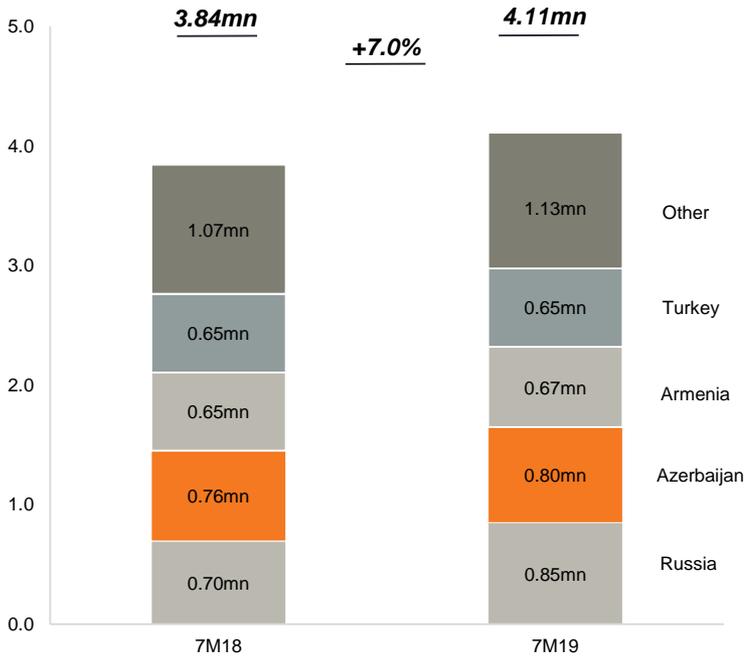
Source: GNTA

- International visitor growth (tourists and same-day combined) slowed to 4.3% y/y (0.9mn persons) in July-19 after 19.9% y/y growth in Jun-19. This growth was predominantly driven by 11.1% y/y increase in same-day arrivals.
- Tourist arrivals slowed but still posted growth of 1.0% y/y in July 2019 despite Russia's ban on direct flights to Georgia from 8 July 2019. The number of Russian arrivals reduced softer than expected - down 6.4% y/y in July. This was largely compensated by increased Russian arrivals through land border and via alternative transit flights.
- Arrivals from other neighboring countries (Azerbaijan, Armenia and Turkey) continued growing in July
- Visitors from the EU were up 14.4% y/y to nearly 55k visitors, with Germany (+33.7% y/y) and Poland (+15.7% y/y) driving growth in July. Visitors were also pronounced from Ukraine, Saudi Arabia, Israel and Kazakhstan.
- Tourism generated US\$ 428mn revenues in July-19 by our estimates, down 1.1% y/y. This figure reflects reduced Russian arrivals via air, which usually are considered high spenders than those crossing the land border. In 7M19, tourism revenues stood at US\$ 1.9bn, up 5.0% y/y.
- We expect tourism revenues to be flat y/y in 2H19 at US\$ 1.9bn as we estimate tourism revenue loss of US\$ 200mn in 2019 from reduced Russian arrivals. For the full 2019 year we project tourism revenues at US\$ 3.4bn (for more information on tourism revenue forecast see our note of 25 June 2019 - [Every Cloud Has a Silver Lining](#)).



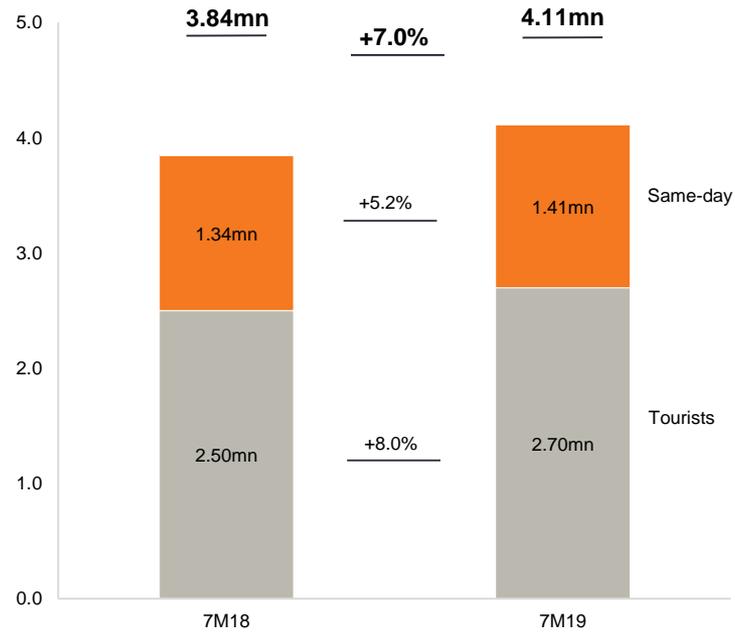
# 7M19: Tourist arrivals up 8.0% y/y

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



Source: GNTA

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



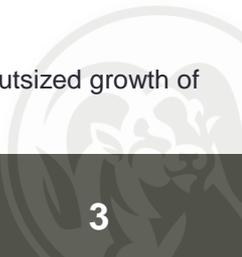
Source: GNTA

### Total international visitors stood at 4.1 mn (+7.0% y/y) persons in 7M19:

- From top markets, Russia was the largest contributor to arrival growth, followed by Azerbaijan and Israel
- Visitors from EU increased 23.5% y/y to over 239k persons

### In 7M19:

- Tourist trips increased 8.0% y/y, accounting for 65.6% of total arrivals, up 0.6ppts y/y
- Same-day arrivals were up 5.2% y/y, mostly due outsized growth of Turkish arrivals in Jun-19 (+45.8%)



# Monthly dynamics of visitors and revenues

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	2016	2017	2018
Total int'l visitors, '000	530	542	607	846	1,041	764	611	485	460	437	389	507	550	619	728	882	5,393	6,483	7,203
y/y growth	18.7%	9.0%	14.2%	10.7%	10.7%	5.7%	8.5%	5.8%	0.2%	-0.6%	-1.2%	4.6%	3.7%	14.2%	19.9%	4.3%	2.6%	20.2%	11.1%
o/w tourists, '000	335	360	400	565	737	536	407	307	270	306	248	328	349	425	472	570	3,297	4,069	4,757
y/y growth	24.9%	16.1%	20.7%	15.0%	13.9%	9.1%	15.1%	14.0%	11.6%	5.9%	5.1%	4.3%	4.2%	18.0%	18.0%	1.0%	9.5%	23.4%	16.9%
Tourism revenues, US\$ mn	239	246	325	433	443	335	254	191	206	165	169	245	267	270	340	428	2,111	2,704	3,222
y/y growth	33.3%	25.2%	27.8%	14.5%	12.4%	9.2%	17.8%	13.5%	10.5%	5.0%	4.4%	5.3%	11.8%	10.1%	4.5%	-1.1%	13.0%	28.1%	19.1%
Per visitor spending, US\$	451	454	536	511	426	439	416	394	448	376	434	482	486	437	467	485	391.4	417.2	447.3
y/y growth	12.3%	14.9%	11.9%	3.4%	1.6%	3.2%	8.5%	7.3%	10.2%	5.7%	5.8%	0.8%	7.8%	-3.6%	-12.8%	-5.3%	10.1%	6.6%	7.2%

Source: GNTA, NBG, G&T research

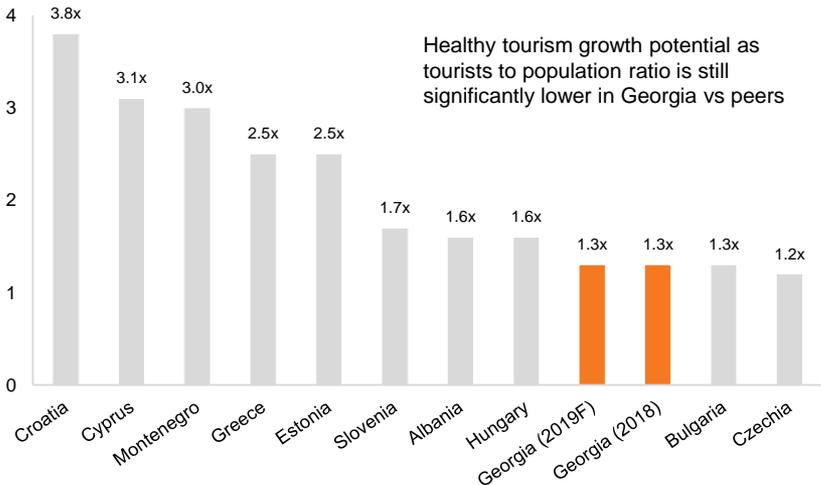
Note: Total international visitors combine tourist (overnight stay) and same-day visits; Tourist revenue monthly statistics subject to revisions

# Expectations for 2019

- We forecast 4.9mn (+3.5% y/y) tourists to visit Georgia in 2019 vs. our initial forecast of 5.3mn (+11.4% y/y) tourists
- We forecast tourism revenues at US\$ 3.4n (+6.9% y/y) in 2019 vs. our initial forecast of US\$ 3.6bn (+12.3% y/y)

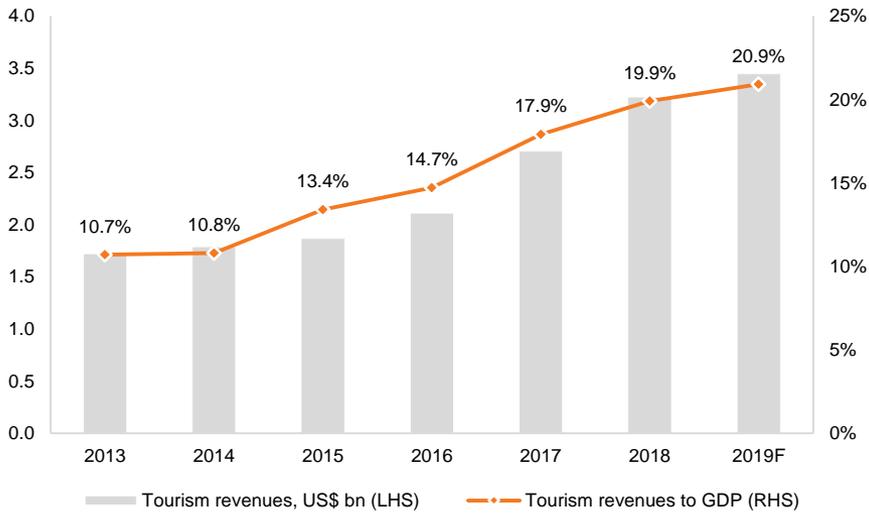
Note: Forecasts were revised in June 2019. For more information see our note of 25 June 2019 - [Every Cloud Has a Silver Lining](#).

## 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	7M19
<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>3,222</b>	1,884
<i>As % of GDP</i>	10.7%	10.8%	13.4%	14.7%	17.9%	19.9%	
<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>	<b>4,111,935</b>
<i>by type*:</i>							
Tourists	2,884,295	2,938,892	3,011,663	3,297,275	4,069,354	4,756,820	2,697,624
Same-day	2,070,153	2,065,439	2,244,336	2,095,541	2,413,476	2,446,530	1,414,311
<i>by country:</i>							
Russia	606,668	651,282	763,019	849,265	1,135,057	1,404,757	850,650
Azerbaijan	940,129	1,103,408	1,156,183	1,075,820	1,301,556	1,424,610	798,216
Armenia	1,049,911	1,065,970	1,191,777	1,152,234	1,287,168	1,268,886	672,657
Turkey	1,292,275	1,136,703	1,074,065	988,312	1,007,276	1,098,555	655,768
Georgia (Nonresident)	499,132	482,038	441,260	429,343	456,132	476,389	270,116
Ukraine	115,281	131,951	127,344	151,630	169,862	177,058	108,032
Israel	36,683	38,646	55,439	85,398	115,040	156,922	99,812
Iran	67,944	33,803	22,019	129,933	282,549	291,070	74,784
Other	346,425	360,530	424,893	530,881	728,190	905,103	581,900
<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>	<b>1,071,851</b>
<i>of which:</i>							
Tbilisi	460,587	489,803	597,907	786,094	1,133,811	1,402,157	826,608
Kutaisi	67,983	82,693	60,853	91,905	112,179	147,009	140,029
Batumi	56,031	67,423	78,900	120,763	193,699	239,251	105,214
<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>2,401</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>35,571</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>	<b>87,144</b>

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

\*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

Note: Tourism revenues in 2019 subject to monthly revisions

# Georgia's tourism sector at a glance

#5yearschallenge



2018

**7.2 mn**  
INTERNATIONAL VISITORS

**4.8 mn**  
TOURISTS

**\$3.2 bn**  
REVENUES

**19.9%**  
REVENUES to GDP

↑  
+2.2mn

↑  
+1.9mn

↑  
+1.4bn

↑  
+9.1ppts

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



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