



Georgia's Tourism Sector Tourism Market Watch

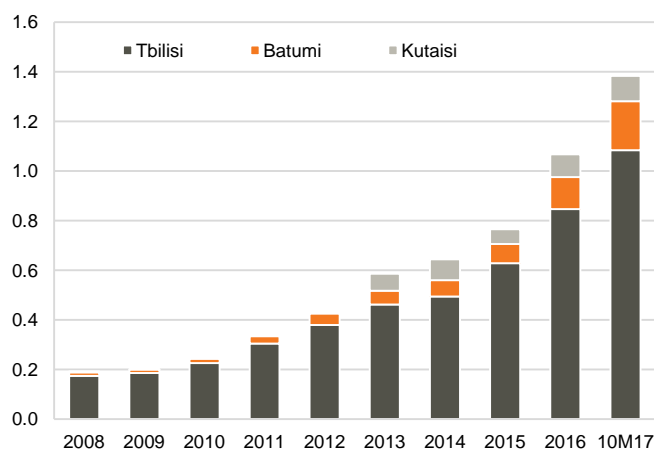
Georgia | Tourism
Monthly Bulletin
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Turkish Airlines maintains the leading position on the Georgian market by number of passengers served in 9M17. However, the increased competition over the last two years has weakened the airline's lead. Its share on the Georgian market has almost halved from 19.8% in 2015 to 11.2% in 9M17. Georgian Airways, the only local carrier on the market, is close behind, with 9.6% of the market. Since the addition of direct flights from Kutaisi to European cities, Wizz-Air's competitive position on the Georgian market has strengthened considerably. The airline's share is up from 4.6% in 2015 (100,464 passengers) to 7.7% in 9M17 (240,055 passengers). Overall, the share of top three airlines is on the decline, as the number of carriers operating on the Georgian market has increased from 33 in 2015 to 52 today.

The share of air travel in total arrivals to Georgia is on the rise, thanks to improvements in air connectivity and growth in the number of visitors from secondary source markets. The number of visitors arriving by air was up 49.0% y/y to 1.4mn in 10M17 and accounted for 21.5% of total arrivals, up from 13.5% in 10M15. The growth in air arrivals and EU visa liberalization resulted in explosive growth in passenger traffic across the three international airports in 10M17: +41.1% y/y to 2.7mn in Tbilisi, +58.7% y/y to 0.5mn in Batumi, and +65.6% y/y to 0.4mn in Kutaisi.

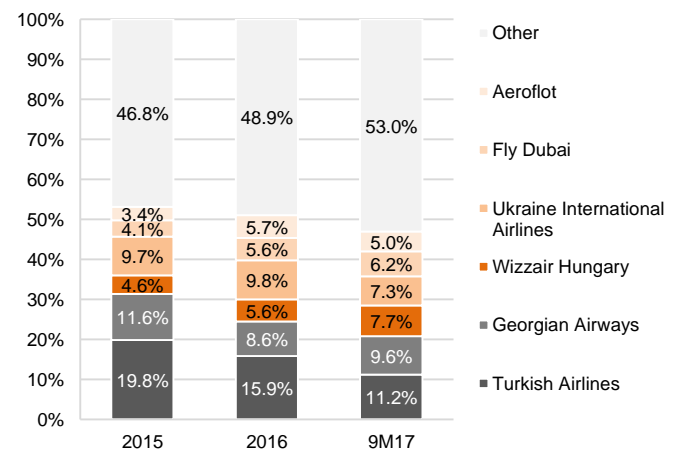
Air connectivity with Western Europe and secondary Asian markets is set to expand significantly in the near future. Wizz-Air announced direct flights to four new European cities – Rome, Paris, Barcelona, and Prague – starting May 2018. Wizz-Air already serves 11 routes with 24 weekly flights, as of October 2017. The expansion of Kutaisi International Airport, expected to be completed in 2Q18, will be integral to accommodating the expected growth in air traffic. Negotiations are also underway with several Asian airlines, including Indian and Chinese carriers, to launch direct flights to Georgian airports.

Figure 1: Visitor breakdown at international airports, mn



Source: GNTA

Figure 2: Airline market shares in Georgia



Source: GCAA

Key indicators	
International arrivals, 2016	6,360,503
Tourist arrivals, 2016	2,720,970
Tourism receipts to GDP, 2016	15.1%
Visa-free regime	98 countries
Direct flight routes out of Georgia	79
Carriers servicing Georgia	37
Accommodation units	1,945
Rooms	27,366

Source: NBG, GNTA, Ministry of Foreign Affairs, Georgian Civil Aviation Agency

Table 1: Visitors by country, '000

Country	10M17	y/y growth
Azerbaijan	1,431	10.8%
Armenia	1,389	15.8%
Russia	1,228	33.3%
Turkey	1,037	-4.1%
Iran	292	122.8%
Ukraine	171	11.5%
Israel	115	35.9%
Saudi Arabia	55	171.5%
Kazakhstan	52	16.5%
Poland	50	19.5%
India	48	70.0%
Germany	47	29.1%
Belarus	44	27.8%
USA	38	24.6%
UK	24	40.0%
Others	411	36.9%
Total	6,431	18.8%

Source: GNTA

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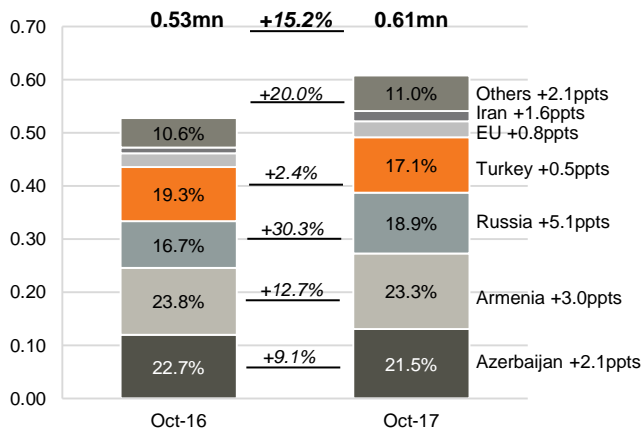
International Arrivals to Georgia

The number of international arrivals was up 15.2% y/y to 0.61mn in October 2017. Out of the top four source markets, there was strong growth from Russia (+30.3% y/y), Armenia (+12.7% y/y), and Azerbaijan (+9.1% y/y). The number of visitors from Turkey also increased (+2.4% y/y) for the fourth consecutive month, but the increase was a modest one. Arrivals from the EU were up 17.4% y/y to nearly 30,000 visitors.

The number of international arrivals was up 18.8% y/y to 6.43mn visitors in 10M17, surpassing the annual figure for 2016. The number of visitors increased from all major source countries except Turkey (-4.1% y/y). The largest individual contributor to overall growth was Russia (+33.3% y/y), while Armenia and Azerbaijan also posted double-digit increases. The number of Iranian visitors was up 2.3x to over 292,000 visitors and surpassed the number of Ukrainian visitors (170,797) in 10M17.

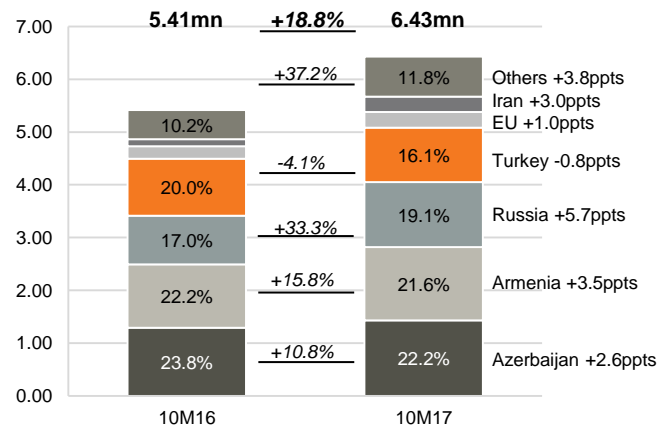
Secondary source markets also posted robust performances in 10M17. Arrival growth from secondary (non-EU) source markets contributed 3.8ppts to the overall growth of 18.8% y/y. The number of Israeli visitors increased 35.9% y/y to over 115,000 visitors, while the number of visitors from Saudi Arabia was up 171.5% y/y to almost 55,000. Arrivals from the EU were up 24.0% y/y to over 293,000 visitors in 10M17, with Germany, Poland, and UK accounting for a third of the growth.

Figure 3: Visitors by country in October 2017, mn



Note: ppts - percentage point contribution to total growth in the number of visitors
Source: GNTA

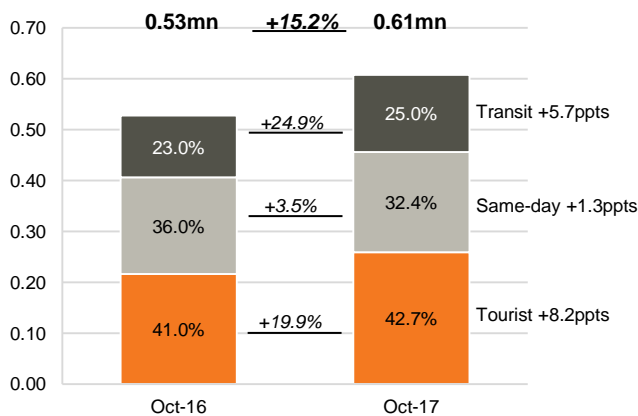
Figure 4: Visitors by country in 10M17, mn



Note: ppts - percentage point contribution to total growth in the number of visitors
Source: GNTA

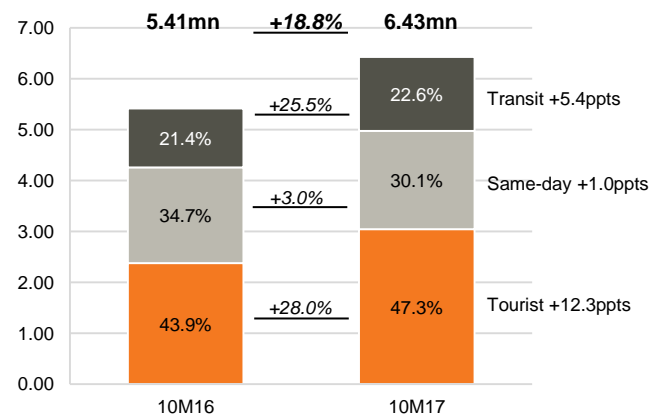
The tourist category continues to drive arrival growth in October 2017. The number of overnight visitors ('tourist' category) was up 19.9% y/y and accounted for 42.7% of international arrivals. Same-day arrivals and transit visitors posted annual growth rates of 3.5% and 24.9%, respectively. The number of tourist arrivals in 10M17 is up 28.0% y/y to 3.0mn, surpassing the annual figure for 2016.

Figure 5: Visitors by type in October 2017, mn



Note: ppts - percentage point contribution to total growth in the number of visitors
Source: GNTA

Figure 6: Visitors by type in 10M17, mn



Note: ppts - percentage point contribution to total growth in the number of visitors
Source: GNTA



Table 2: Key tourism indicators

	2012	2013	2014	2015	2016	10M17
Tourism receipts, US\$ mn	1,410	1,719	1,787	1,935	2,166	2,164*
International visitors	4,428,221	5,392,303	5,515,559	5,901,094	6,360,503	6,430,824
<i>by type:</i>						
<i>Tourists</i>	1,789,592	2,065,296	2,229,094	2,281,971	2,720,970	3,042,907
<i>Transit</i>	754,959	1,188,791	1,114,036	1,400,835	1,321,344	1,451,731
<i>Same-day</i>	1,883,670	2,138,216	2,172,429	2,218,288	2,318,189	1,936,186
<i>by country:</i>						
<i>Azerbaijan</i>	931,933	1,075,857	1,283,214	1,393,257	1,523,703	1,430,703
<i>Armenia</i>	921,929	1,291,838	1,325,635	1,468,888	1,496,437	1,389,377
<i>Turkey</i>	513,930	767,396	811,621	926,144	1,038,750	1,227,776
<i>Russia</i>	1,533,236	1,597,438	1,442,695	1,391,721	1,256,561	1,037,105
<i>Other</i>	527,193	659,774	652,394	721,084	1,045,052	1,345,863
Airport arrivals	429,364	585,716	643,088	764,588	1,066,378	1,382,954
<i>of which,</i>						
<i>Tbilisi</i>	378,947	462,173	493,895	627,903	845,830	1,083,151
<i>Batumi</i>	46,272	54,975	65,528	77,490	129,551	198,213
<i>Kutaisi</i>	4,145	68,568	83,665	59,195	90,997	101,590
Accommodation units	826	940	1,035	1,374	1,742	1,945
Accommodation rooms	13,123	15,781	17,303	21,429	24,854	27,366
Accommodation beds	30,857	37,159	40,809	51,165	59,636	66,184

*9M Figure
Source: GNTA, GCAA, NBG



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