



Georgia's Tourism Sector Tourism Market Watch

Georgia | Tourism
Monthly Bulletin
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Growth in the number of international hotel guests in Georgia outpaced tourism growth in 2016. The number of tourists was up 19.2% y/y to 2.7mn in 2016, while the number of international guests at hotels and hotel-type accommodations was up 42.8% y/y to 1.7mn, according to a survey conducted by Geostat. There was also strong growth in the number of domestic visitors staying at hotels in Georgia, up 27.0% y/y to almost 870,000. The international visitor mix, in terms of source countries, is quite diversified. The three leading countries represented were Russia (13.8% of total), Turkey (12.9%), and Ukraine (7.4%), while the remaining 65.9% of visitors came from a wide variety of countries.

Recreation and leisure visitors continue to be the leading driver of growth in the number of international hotel guests in Georgia. In 2016, the number of foreign visitors in this category increased almost three-fold from the 2014 figure and amounted to 1.2mn, or 74.6% of international guests. The number of international business visitors to hotels in Georgia, on the other hand, remains at approximately the same level as in 2014, with almost 270,000 visitors in 2016. Notably, despite the early-stage status of medical tourism development in Georgia, the number of hotel guests with healthcare as their main purpose of visit was up 2.5x over 2014-2016. However, the category still accounts for an insignificant share of foreign hotel guests, with only 26,347 visitors in 2016. Kazakhstan was the leading source market for the category, with the number of medical tourists from the country up almost four-fold and accounting for 38.4% of medical tourists in 2016.

Hotel industry development in Georgian seaside resorts is picking up pace. Notably, the development is taking place outside the previous target areas. Paragraph Resort and Spa, with 220 rooms, opened its doors in Shekvetili in September. The hotel falls under Marriott's luxury Autograph Collection brand and is Georgian Co-Investment Fund's first project on the Georgian seaside. The fund has two other five-star hotels in the pipeline for the seaside resorts over 2018-2019: a 190-room hotel, with an estimated investment of US\$ 60mn, in Ganmukhuri, and a 280-room Wellness and Spa Resort, with an estimated investment of US\$ 110mn, in Green Cape. The first Best Western hotel, featuring 50 rooms, was also unveiled in Batumi in July 2017, but recent announcements point to investors shifting their attention to other parts of the Adjara region. In addition to the international branded hotels in the pipeline for the Goderdzi ski resort, four local hotels, with total estimated investment of GEL 20mn, are expected to open at the resort by 2019. Announcements have also been made regarding new hotels in Kobuleti, Gonio, and Tsikhisdziri.

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	90
Carriers servicing Georgia	40
Accommodation units	1,945
Rooms	27,366

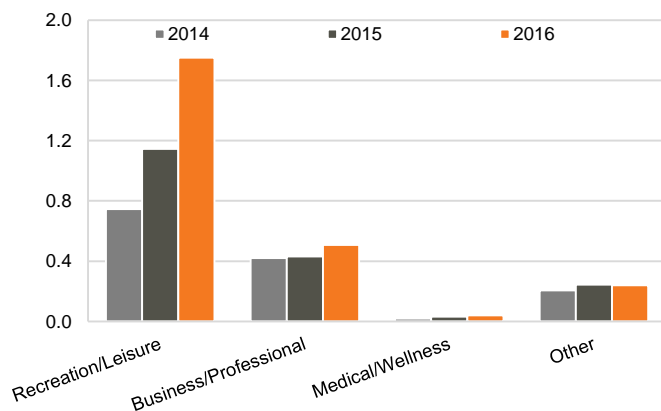
Source: NBG, GNTA, Ministry of Foreign Affairs, Georgian Civil Aviation Agency

Table 1: Visitors by country, '000

Country	8M17	y/y growth
Azerbaijan	1,148	10.4%
Armenia	1,101	16.8%
Russia	955	33.9%
Turkey	813	-6.6%
Iran	221	141.9%
Ukraine	135	15.3%
Israel	85	39.9%
Saudi Arabia	46	196.4%
Kazakhstan	42	16.7%
Poland	37	20.0%
India	36	98.9%
Germany	35	32.4%
Belarus	35	31.3%
USA	30	26.8%
UK	17	31.3%
Others	321	41.3%
Total	5,059	18.9%

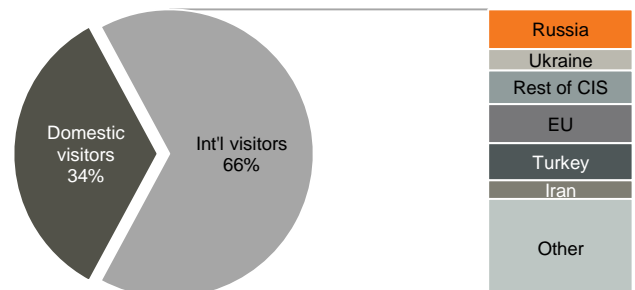
Source: GNTA

Figure 1: Hotel guests by purpose of visit, mn



Source: Geostat

Figure 2: Hotel guests by country



Source: Geostat

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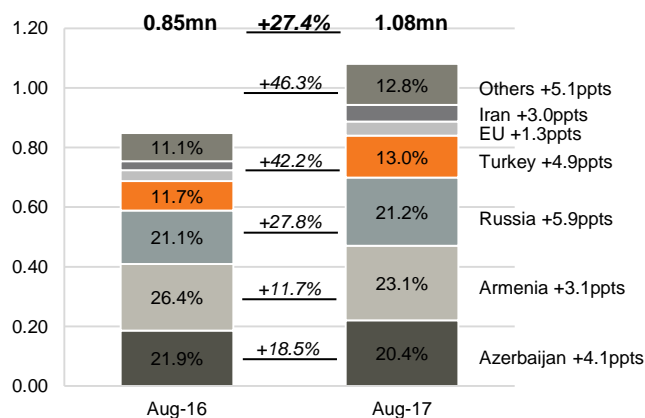
International arrivals to Georgia

The number of international arrivals was up 27.4% y/y to 1.1mn in August 2017. Out of the top four source markets, there was strong growth from Armenia (+11.7% y/y), Azerbaijan (+18.5% y/y), and Russia (+27.8% y/y). The number of visitors from Turkey was up 42.2% y/y, but from a very low base in August 2016 (-41.6% y/y). Arrivals from the EU were up 29.8% y/y to over 47,000 visitors.

The number of international arrivals was up 18.9% y/y to 5.1mn visitors in 8M17. The number of visitors increased from all major source countries except Turkey (-6.6% y/y). The largest individual contributors to overall growth were Russia (+33.9% y/y) and Armenia (+16.8% y/y). Azerbaijan contributed 2.5 percentage points, as the number of visitors from Azerbaijan increased 10.4% y/y. The number of Iranian visitors was up 2.4x to almost 221,000 visitors and surpassed the number of Ukrainian visitors (135,325, +15.3% y/y) in 8M17.

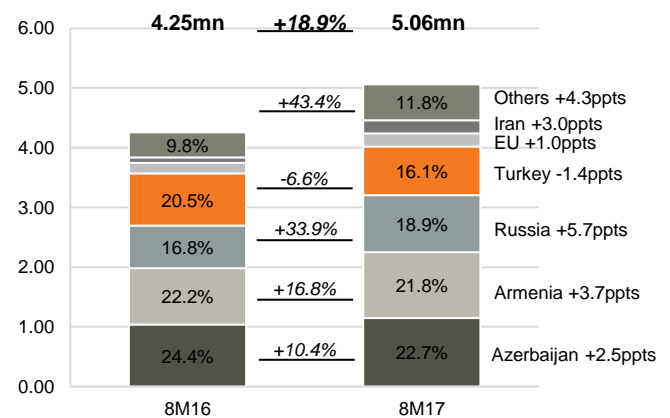
Secondary source markets accounted for more than 20% of total international arrivals in 8M17. Arrival growth from secondary (non-EU) source markets contributed 4.3ppts to the overall growth of 18.9% y/y. The number of Israeli visitors increased 39.9% y/y to over 84,000, while the number of Indian visitors was up 98.9% y/y to over 36,000 in 8M17. The number of visitors from the Middle East region more than doubled to over 126,000, with Saudi Arabia driving the growth. Arrivals from the EU were up 24.2% y/y to over 221,000 visitors in 8M17, with Germany, Poland, and UK accounting for almost half of that growth.

Figure 3: Visitors by country in August 2017, mn



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

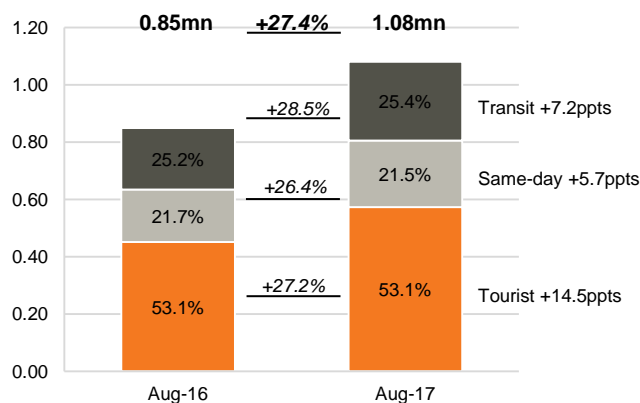
Figure 4: Visitors by country in 8M17, mn



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

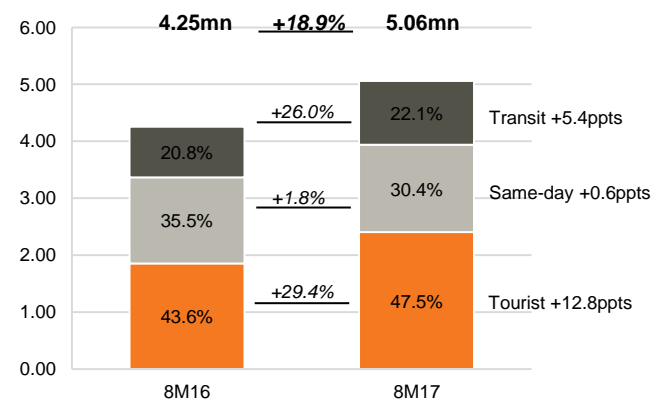
The tourist category continues to drive arrival growth in August 2017. The number of overnight visitors ('tourist' category) was up 27.2% y/y – after record growth in June and July 2017 – and accounted for 53.1% of international arrivals. Same-day arrivals and transit visitors posted high growth rates of 26.4% y/y and 28.5% y/y, respectively. The number of tourist arrivals is up 29.4% y/y to 2.4mn in 8M17, while the number of same-day visitors is up 1.8% y/y and the number of transit visitors is up 26.0% y/y.

Figure 5: Visitors by type in August 2017, mn



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

Figure 6: Visitors by type in 8M17, 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	8M17
Tourism receipts, US\$ mn	1,410	1,719	1,787	1,935	2,166	1,859*
International visitors	4,428,221	5,392,303	5,515,559	5,901,094	6,360,503	5,059,106
by type:						
Tourists	1,789,592	2,065,296	2,229,094	2,281,971	2,720,970	2,402,699
Transit	754,959	1,188,791	1,114,036	1,400,835	1,321,344	1,117,569
Same-day	1,883,670	2,138,216	2,172,429	2,218,288	2,318,189	1,538,838
by country:						
Azerbaijan	931,933	1,075,857	1,283,214	1,393,257	1,523,703	1,148,484
Armenia	921,929	1,291,838	1,325,635	1,468,888	1,496,437	1,101,479
Turkey	1,533,236	1,597,438	1,442,695	1,391,721	1,256,561	813,039
Russia	513,930	767,396	811,621	926,144	1,038,750	955,475
Other	527,193	659,774	652,394	721,084	1,045,052	1,040,629
Airport arrivals	429,364	585,716	643,088	764,588	1,066,378	1,070,819
of which,						
Tbilisi	378,947	462,173	493,895	627,903	845,830	837,620
Batumi	46,272	54,975	65,528	77,490	129,551	150,947
Kutaisi	4,145	68,568	83,665	59,195	90,997	82,252
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

*Preliminary figure

Source: GNTA, GCAA, NBG



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