



Georgia's Tourism Sector

Tourism Market Watch

Georgia | Tourism
Monthly Bulletin
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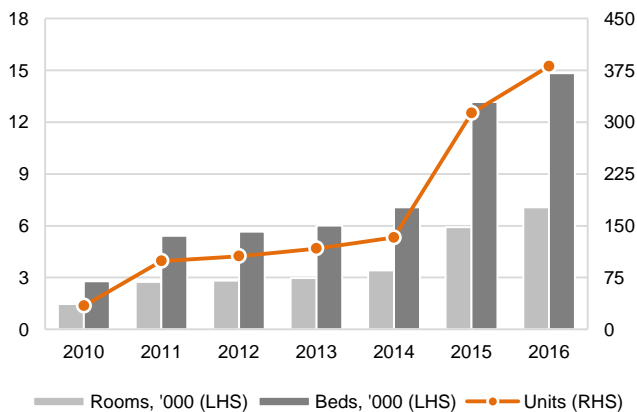
Georgia's air connectivity is set to expand significantly in the coming months. Wizzair announced flights from Kutaisi to London starting June 2017, while Georgian Airways will also be adding flights from Tbilisi to London, Prague, and Beirut in the near future. Notably, none of those markets are currently served via direct flights from Georgia. The low-cost airline, Fly Dubai, has announced its intention to launch seasonal flights from Batumi to Dubai in the summer of 2017. Intensified air transportation with the Middle East can be attributed to the growing number of visitors from that region. The number of international arrivals from the Middle East was up 55.7% y/y to over 88,000 in 2016.

Branded hotel supply in Georgia is set to increase further in the coming years. Alliance Group, a major player in the Georgian real estate and hospitality sectors, has announced plans to construct a Wyndham Garden hotel on Chavchavadze Avenue. The premium class project will be the group's first in the capital city of Georgia, with most of its projects to date located in the Adjara Region. A 100-room Courtyard by Marriott is expected to start operating in the Alliance Palace in Batumi by 2018. Furthermore, Alliance Group plans to build a 4-star, 100-room Ramada Resort hotel by 2018 in the newly established winter resort Goderdzi, which currently only features about 100 hotel beds in total.

Several new hotels will be opened in Georgia under Golden Tulip management. An 80-room Golden Tulip hotel in Tbilisi is set to open in the summer of 2017. US\$ 12mn was invested in the project, which will be Louvre Hotel Group's second hotel in Georgia after Golden Tulip Borjomi started operating in 2016. Another hotel under Golden Tulip management is expected to open in Telavi, in the former Intourist hotel, by end-2017. Other Golden Tulip projects were announced for Tskaltubo and Borjomi in 2017-2018. In addition to the strong branded hotel development pipeline, a 40-room, 5-star, local luxury boutique hotel, Plaza de Liberte, is set to open in the summer of 2018 in Freedom Square, diversifying the Tbilisi boutique hotel offering.

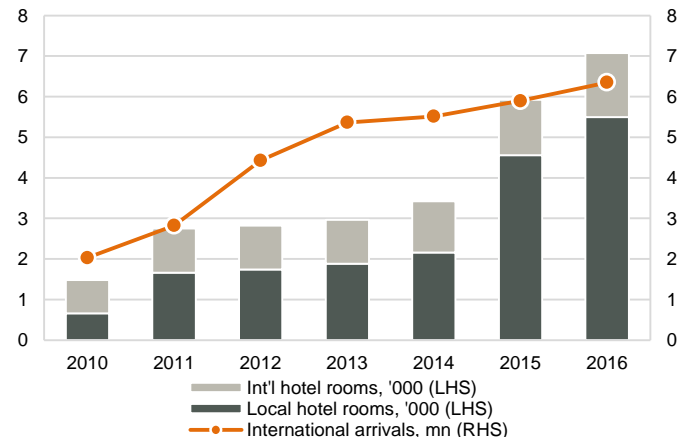
The number of hotel rooms in Tbilisi was up 19.5% y/y in 2016, with bed capacity up 12.7% y/y. Overall, 29.0% of Georgia's room supply is located in Tbilisi, with international branded hotels comprising 22.3% of the Tbilisi room stock. Hotel turnover increased 9.4% y/y to US\$ 220.4mn (13.7% y/y to GEL 520.1mn) and accounted for 41.6% of total HoReCa turnover in 2016.

Figure 1: Accommodation capacity of Tbilisi



Source: GNTA

Figure 2: Room supply in Tbilisi



Source: GNTA

Key indicators	
International arrivals, 2016	6,350,825
Tourist arrivals, 2016	2,714,773
Tourism receipts to GDP, 2015	13.9%
Visa-free regime	94 countries
Direct flight routes out of Georgia	56
Carriers servicing Georgia	31
Accommodation units	1,817
Rooms	24,988

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

Table 1: Visitors by country, '000

Country	2M17	y/y growth
Azerbaijan	222	0.1%
Armenia	158	18.2%
Turkey	151	-11.6%
Russia	119	35.9%
Ukraine	20	18.9%
Iran	15	438.5%
India	5	128.7%
Philippines	4	47.4%
Kazakhstan	4	21.2%
USA	3	4.3%
Israel	3	65.0%
Germany	3	35.4%
Uzbekistan	3	211.3%
Belarus	2	17.0%
Poland	2	30.2%
Others	38	32.5%
Total	755	10.5%

Source: GNTA

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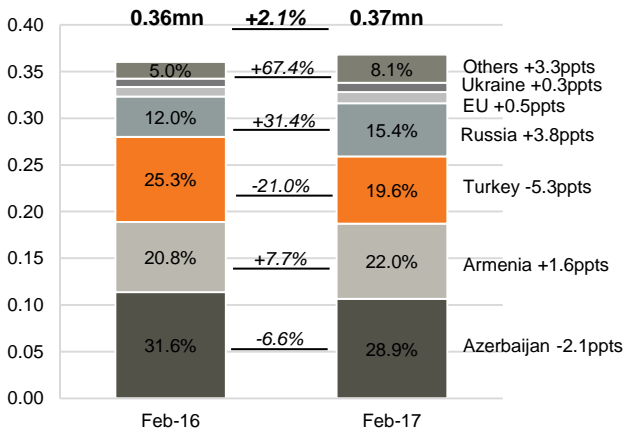
International Arrivals to Georgia

The number of international arrivals was up 2.1% y/y to 0.37mn in February 2017. Out of the top five source markets, there was growth from Armenia (+7.7% y/y), Russia (+31.4% y/y), and Ukraine (+10.6% y/y), while arrivals were down from Azerbaijan (-6.6% y/y) and Turkey (-21.0% y/y). Arrivals from the EU were up 18.5% y/y to over 12,000 visitors.

The number of international arrivals was up 10.5% y/y to 0.76mn visitors in 2M17. The number of visitors increased from all major countries except for Turkey (-11.6% y/y) in 2M17, while the number of visitors from Azerbaijan was flat (+0.1% y/y). Russia and Ukraine posted double-digit growth rates, while Armenia (+18.2% y/y) was the single largest contributor to overall growth.

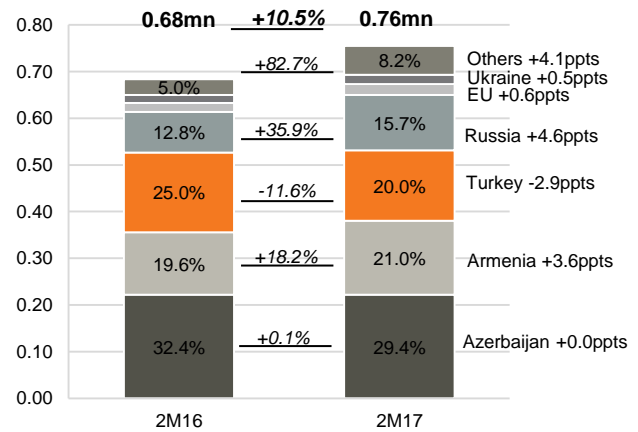
While the top four source markets accounted for 86.1% of international arrivals in 2M17, secondary source markets also posted robust performances. The number of Iranian visitors is up almost 5.4x to over 15,000, while the number of Israeli visitors during the same period is up 65.0% y/y to over 3,000 visitors. Arrivals from the EU were up 21.9% y/y in 2M17 with Germany (+35.4% y/y), Poland (+30.2% y/y), and UK (+26.2% y/y) driving the growth.

Figure 3: Visitors by country, mn



Source: GNTA

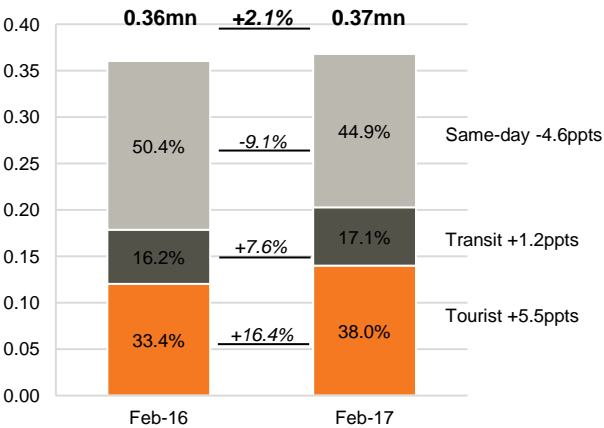
Figure 4: Visitors by country, mn



Source: GNTA

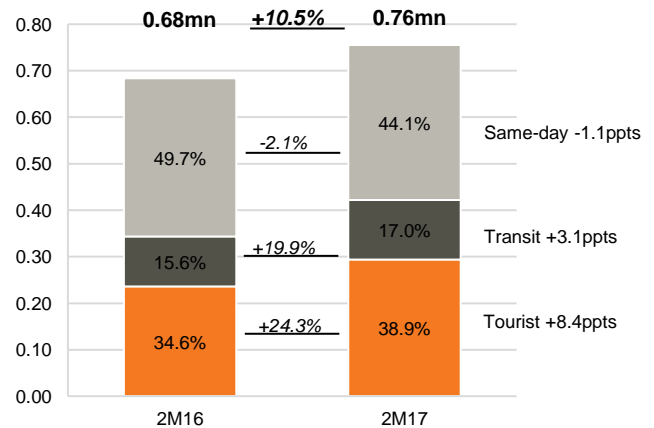
The tourist category continues to drive arrival growth in February 2017. The number of overnight visitors ('tourist' category) was up 16.4% y/y and accounted for 38.0% of total international arrivals. Same-day arrivals were down 9.1% y/y, while the number of transit visitors was up 7.6% y/y in February 2017. The number of tourist arrivals is up 24.3% y/y to 0.29mn in 2M17, compared to 0.27mn in 2M16. The number of same-day visitors is down 2.1% y/y, while the number of transit visitors is up 19.9% y/y in 2M17.

Figure 5: Visitors by type, mn



Source: GNTA

Figure 6: Visitors by type, mn



Source: GNTA



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