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# Georgia's Tourism Sector

# Tourism Market Watch

Georgia | Tourism
Monthly Bulletin
February 2017

**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.

| 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 |

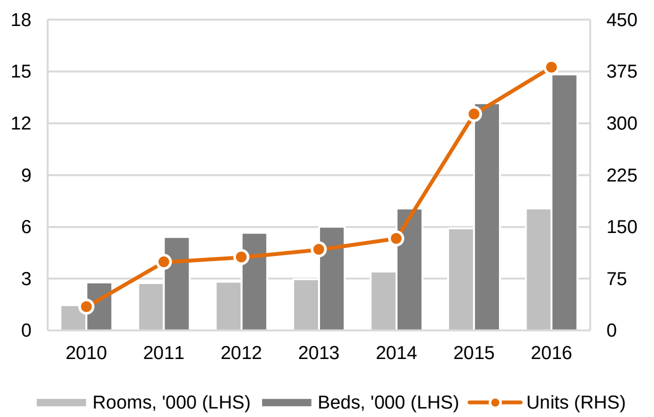
*Source: NBG, GNTA, Ministry of Foreign Affairs, Georgian Civil Aviation Agency*

## 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% |

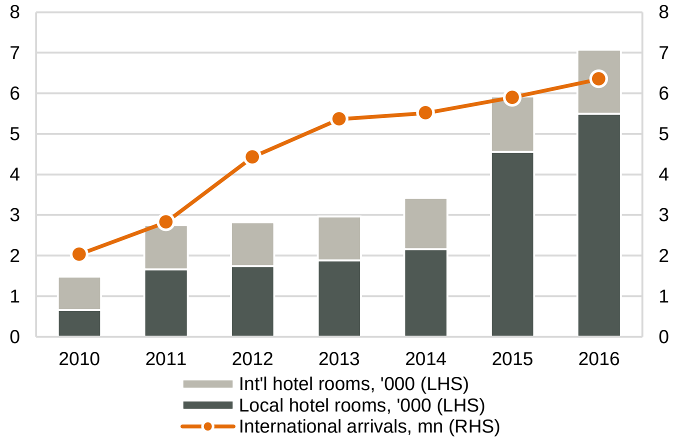
*Source: GNTA*

## Figure 1: Accommodation capacity of Tbilisi




*Source: GNTA*

## Figure 2: Room supply in Tbilisi




*Source: GNTA*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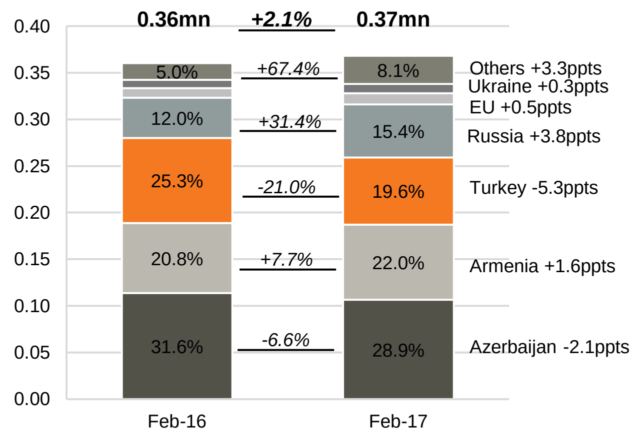
## International Arrivals to Georgia

**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.

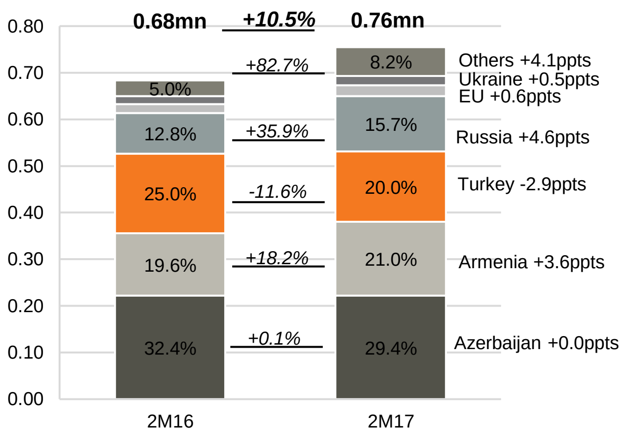
**While the top four source markets accounted for 86.1% of international arrivals in 2M17, secondary source markets also posted robust performances.** The number of Iranian visitors is up almost 5.4x to over 15,000, while the number of Israeli visitors during the same period is up 65.0% y/y to over 3,000 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*

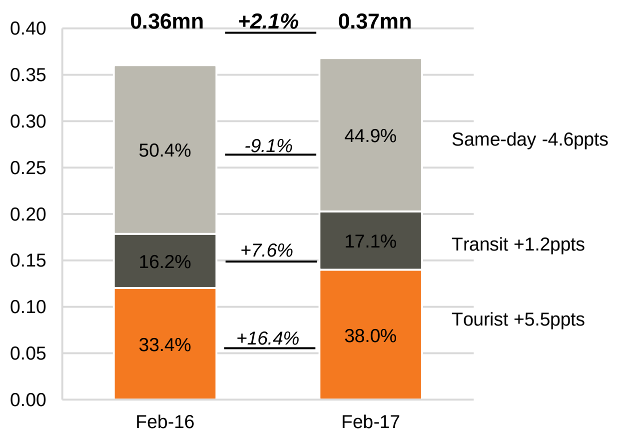
Figure 4: Visitors by country, mn




*Source: GNTA*

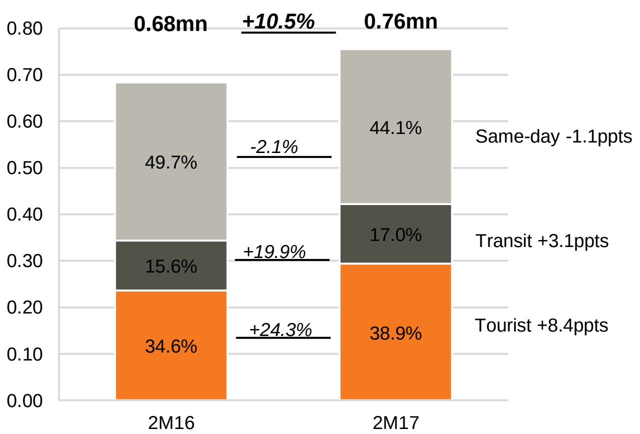
**The tourist category continues to drive arrival growth in February 2017.** The number of overnight visitors ('tourist' category) was up 16.4% y/y and accounted for 38.0% of total international arrivals. Same-day arrivals were down 9.1% y/y, while the number of transit visitors was up 7.6% y/y in February 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*

# Disclaimer



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