



Tourism: Entering the Second Winter of the Pandemic

MONTHLY WATCH

December 2021

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December 2021 in Brief

During the whole year of 2021, the total number of international visitors who visited Georgia amounted to 1,721,242. The results are 78% behind the level of 2019. However, revenues from international visitors recovered by 38% to the January-December 2019 level.

In December 2021, the number of visitors declined by 70% relative to the same period of 2019, and this outcome is lower than in the previous two months of 2021. Relative to December 2020, the number of visitors increased by 226%, a lower growth rate than in the previous month.

The number of visits from the Middle East almost doubled compared to the level of 2019, while the number of visitors from Azerbaijan and Armenia continues to decline in comparison to the same period in 2019.

In the last month of 2021, Georgia received 126,051,017 USD from tourism, 42% behind the level of 2019. The EU+UK, Turkey, and Russia have the highest shares in tourism revenue. Additionally, in December 2021, Saudi Arabia's share more than doubled relative to 2019 and totaled 4%.


Traditionally, air travel posted the highest recovery relative to other border types. It also reached its highest level in December 2021, relative to 2019, and totaled 84%.

The survey conducted by TBC Capital in December 2021 shows that average hotel occupancy in Georgia decreased and totaled 33%. Also, occupancy in large hotels decreased compared to November 2021 and amounted to 45%. However, it is 16% higher than in the same period of 2019.

In December 2021, average hotel occupancy in Tbilisi amounted to 50%, 4% higher than the level of 2019. Meanwhile, in Kakheti, occupancy in hotels amounted to 41%, significantly higher than in December 2019.

In the last month of the year 2021, the average daily rate in large-brand hotels reached the highest level of recovery throughout the year. It is only 5% behind the December 2019 level.

In December, non-cash spending in hotels by international visitors continued an increasing trend and amounted to 80% of the whole non-cash expenditure in hotels.



Public holidays in the first week of January and the opening of the ski season may boost the number of international and domestic visitors. The increased number of ski resort visitors, combined with Georgia's low vaccination rate, may lead to an increase in COVID-19 cases. Furthermore, the Green Passport rule will impact the demand from domestic tourism, again due to low level of vaccination. The service providers might also be challenged by the shortage of staff due to fast spread of Omicron strain.

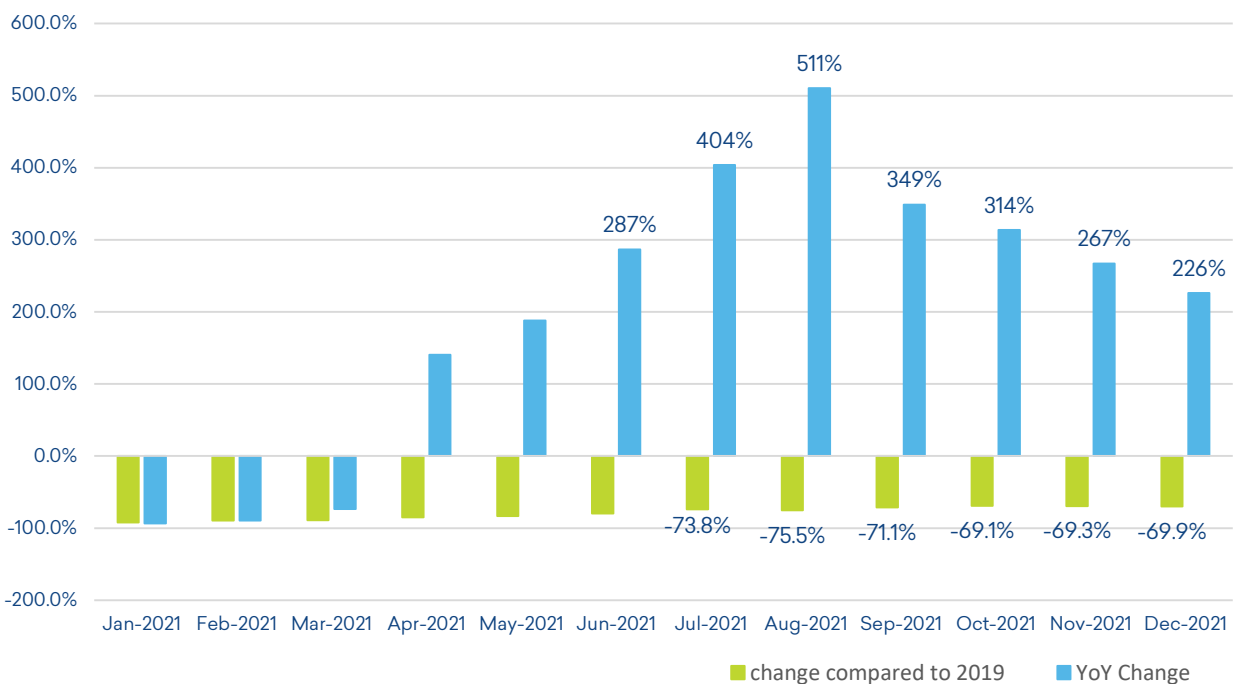
The numbers are down, however the recovery trend is maintained

In December 2021, number of international visitor trips decreased by 69.9%, relative to December 2019. The recovery in December, relative to December 2019, was slightly lower than in previous two months of 2021.

Historically, the effect of seasonality pushes numbers down in winter, however, the recovery still maintains positive trend.

As for the YoY change, relative to the December of 2020, international visitor trips increased by 226% in the same period of 2021.

FIGURE 1
International visitor trips to Georgia



Source: GNTA

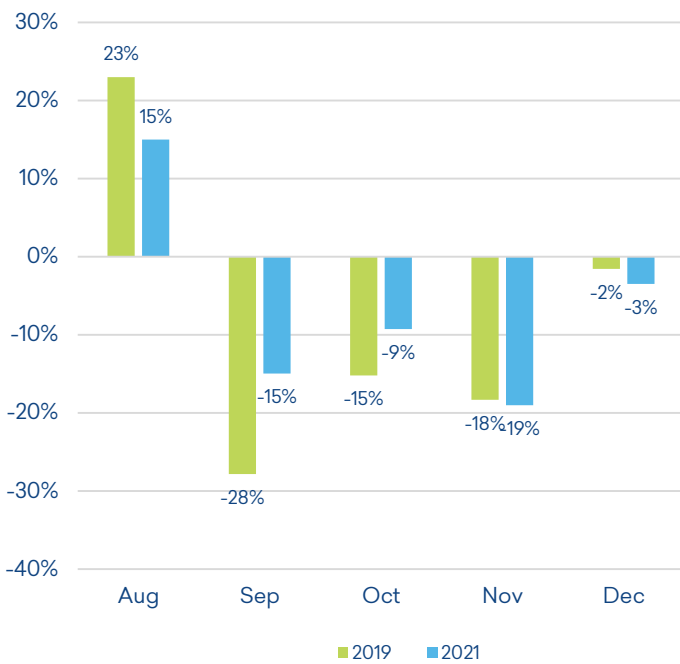
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In the last month of 2019 less international visitors were arriving in Georgia. In December 2021 the trend of MoM decline continues, when comparing the number of international visitors in December to November. However, the reduction is negligible compared to the MoM change of the previous month.

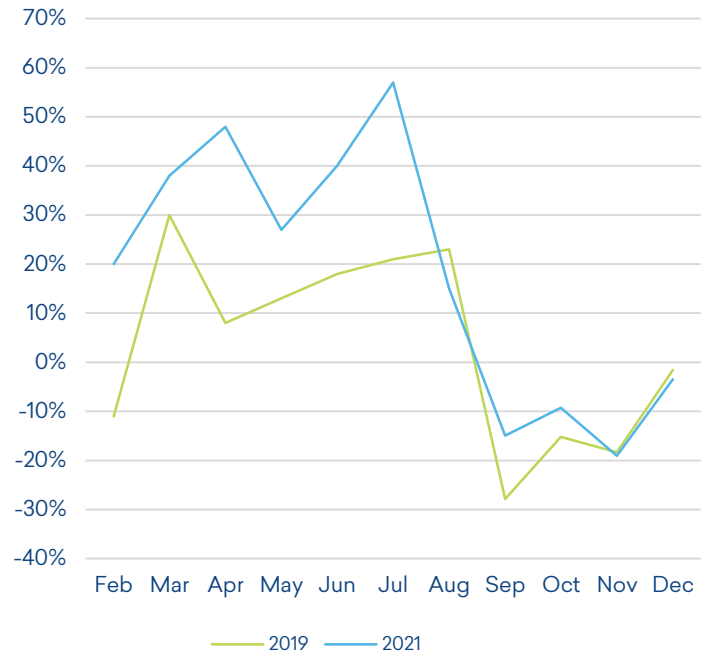
The MoM decline of international visitors totaled 3%, in December 2021. It turned out to be very similar to the same period of 2019 (-2%). Accordingly, the reduction trend remains stable in 2021.

FIGURE 2 & 3

MoM change of international visitors



Source: GNTA



Source: GNTA

Shares of Israel and Ukraine doubled in 2021 compared to 2019

In December, international visitors from Turkey maintained largest share. It totaled 20% in total visitor trips, higher than in the same period of 2019 (15%).

The share of Azerbaijan is significantly lower in December of 2021, compared to the same period of 2019.

In December 2021, the share of Israel in international visitor trips has nearly doubled and amounted 6%, compared to the same period in 2019. However, the number of total visitor trips from Israel decreased by 22%, compared to the previous month.

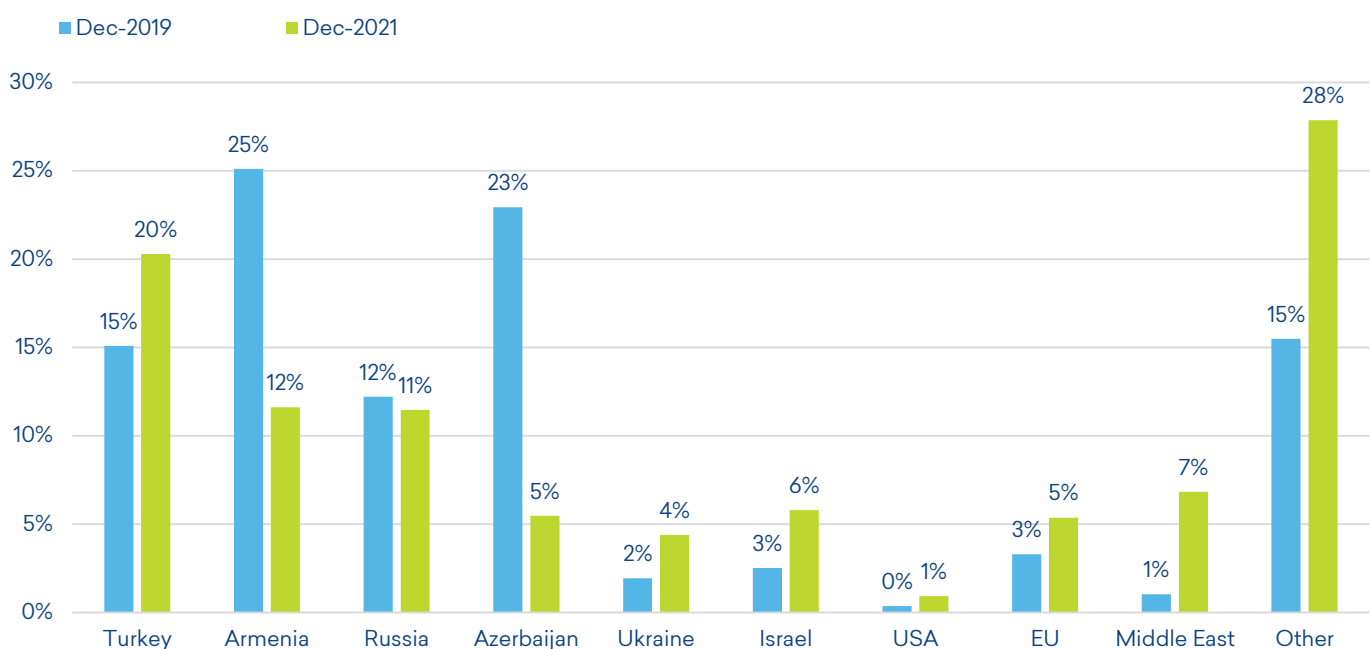
In the first month of the winter, the share of Ukraine also doubled relative to the same period in 2019. However, the number of total visitors from this country, in December 2021, decreased by 19%, compared to November 2021.

In 2021 December, share of USA increased compared to the same period in 2019.

The share of the Middle East in visitor trips increased noticeably relative to the December of 2019 and totaled 7%. In December 2021, the share of other countries has almost doubled compared to the same period of 2019.

FIGURE 4

Shares of countries in total visitor trips



Source: GNTA

International visitor trips to Georgia from Israel totaled 69% in December 2021, relative to the same period of 2019. A significant decline compared to the previous month.

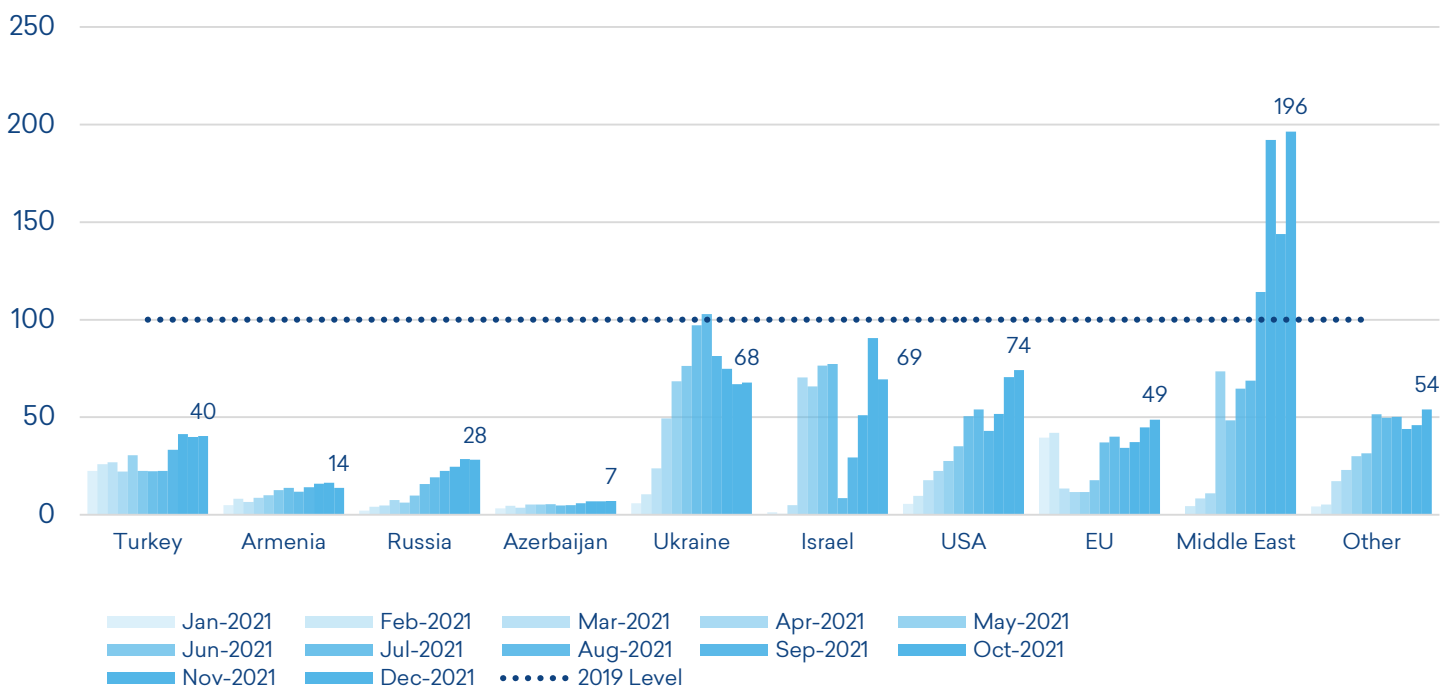
From the Middle East the recovery of visitors almost doubled. Number of visitors increased by 96%, relative to 2019. Recovery from Ukraine remained stable.

Traditionally, recovery of visits from neighbor countries of Georgia remained slow, relative to 2019. In December 2021, number of visitor trips from Azerbaijan reduced by 93%, from Armenia - by 86%, and by 72% - from Russia. However, higher recovery of visitor trips was observed from Turkey.

Number of visits from the Middle East almost doubled in December 2021, relative to 2019. However, international visitor trips from Israel has significantly declined in the last month of 2021.

FIGURE 5

Recovery of international visitor trips to 2019 levels (%)



Source: GNTA

Recovery of total international trips for 12 months of 2021, remained high from Ukraine (70%) and the Middle East (73%).

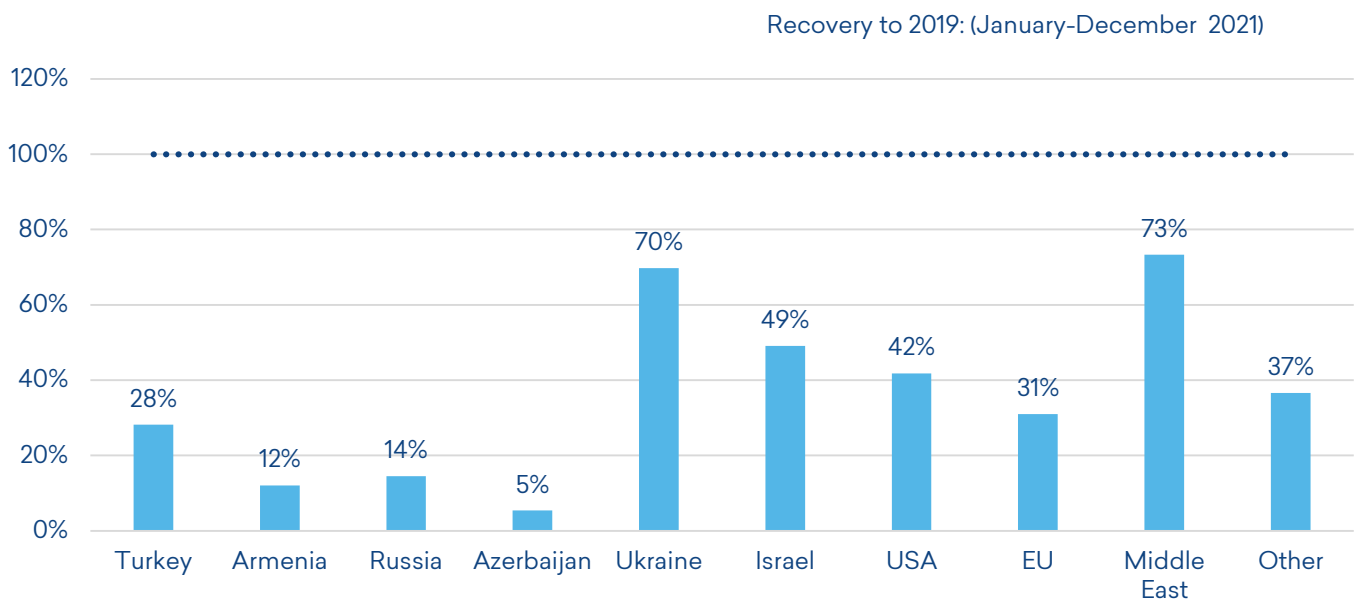
During the period of January-December 2021, 49% of visitor trips from Israel to Georgia recovered to its 2019 level.

In the period of January-December 2021, visitor trips from USA to Georgia has fourth highest recovery, relative to 2019, amounting 42%.

The lowest recovery of international visitor trips to Georgia can be observed from Azerbaijan (5%).

FIGURE 6

Recovery of total international visitor trips in January-December 2021 compared to January-December 2019



Source: GNTA

During the whole year of 2021, the recovery of the Middle East has reached its highest percentage and amounted 73%.

In the last month of 2021, recovery of travel by air reached the highest level

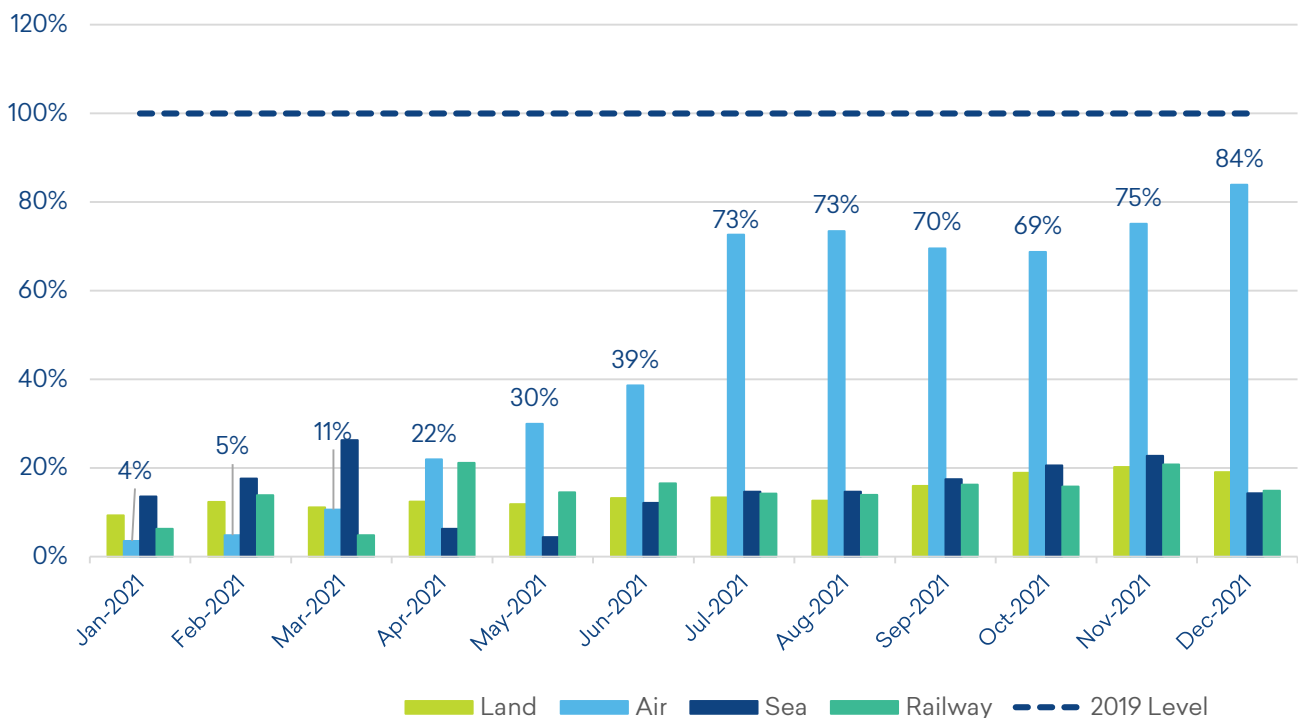
In December 2021, visitor trips through air borders was 16% lower relative to the same period of 2019.

The visitor trips through sea posted significant decline in December, compared to 2019.

The visitor trips through land border remained stable in the last month of 2021 and recovered to 19% of the 2019 level. In November recovery of visits through land border totaled 20%.

Air travel’s high level of recovery is related to high share of visitors from non-neighbor countries.

FIGURE 7
International Visitor Trips by Borders
 (2019=100%)



Source: GNTA

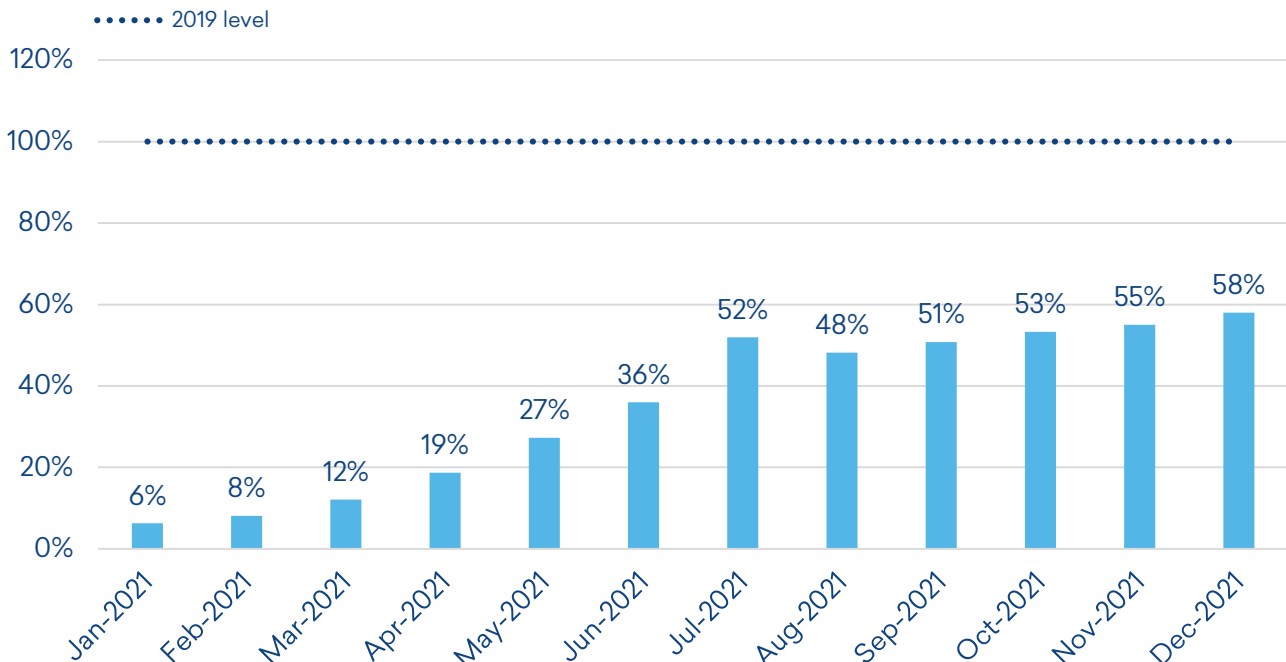
Revenue Side

In December 2021, the positive trend of revenues from international visitors continued. The recovery was the highest in December compared to other months of 2021. In the last month of 2021, revenues from tourism was only 42% lower compared to the same period of 2019.

Looking at the total revenue of the 12 month of 2021, the recovery to 2019 level stands at 38%, 3 percent higher than in the 11 months of 2021.

FIGURE 8

Recovery of revenues from visitors in 2021 compared to 2019 level



Source: NBG

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In December 2021, the highest recovery of revenues from international visitor trips to Georgia is posted from Ukraine, Israel and EU+UK.

In the last month of the year, the recovery of Israel significantly slowed down relative to November. However, the revenue from Ukraine almost doubled in December.

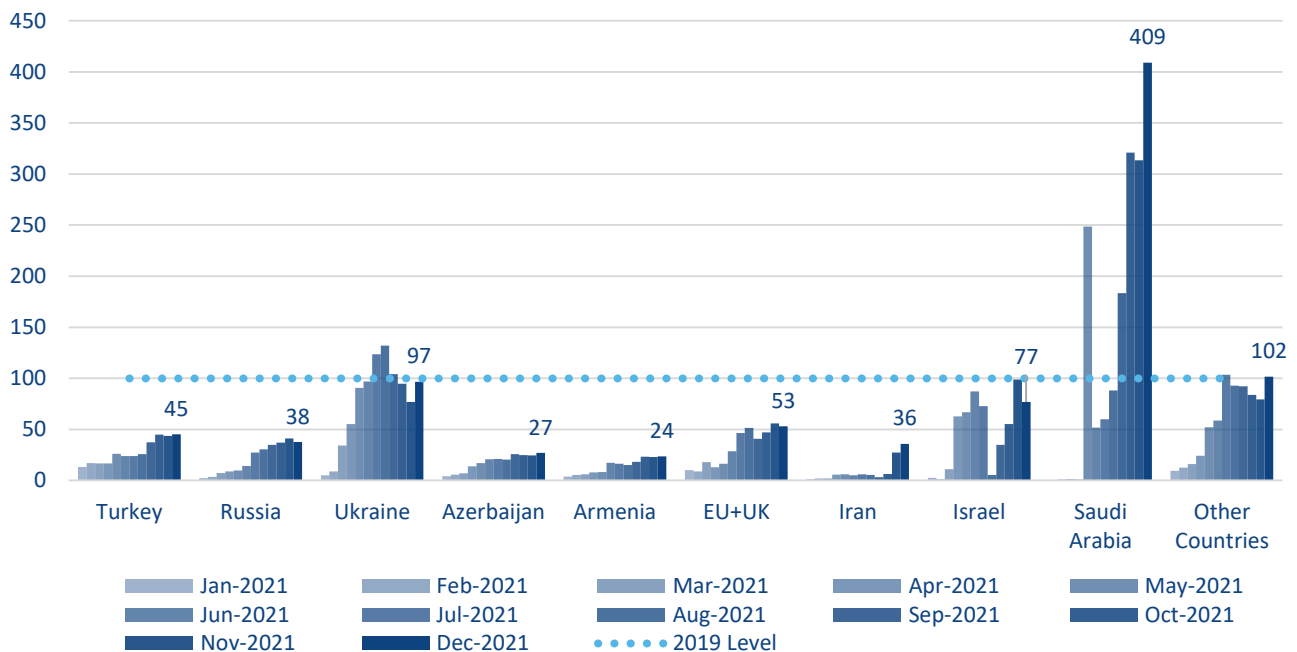
Since September, the recovery of revenues from the Saudi Arabia

more than doubled, relative to 2019. In December 2021, it reached the highest level. The recovery of revenue highly depends on the recovery of international visits.

In December 2021, recovery of revenues from neighbor countries remains slow.

FIGURE 9

Recovery of revenues from international visitors by country to 2019 levels (%)



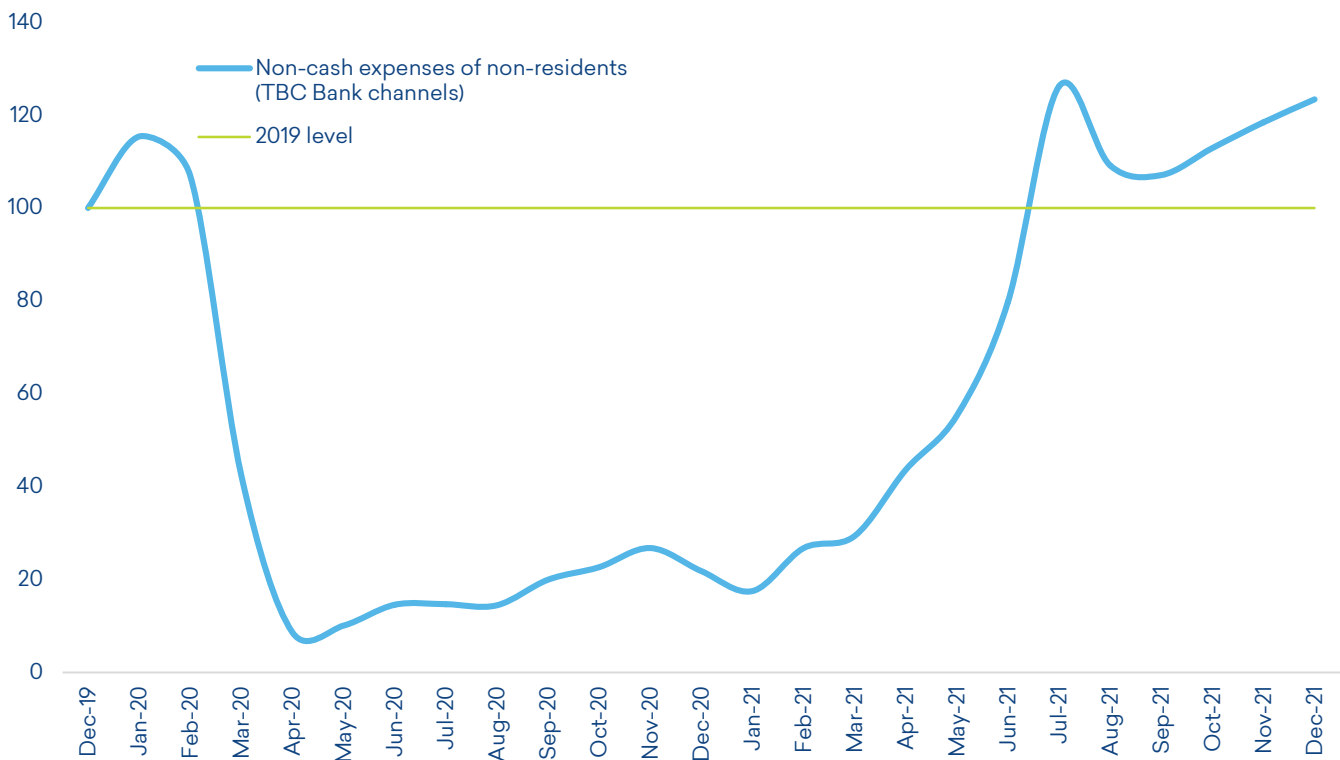
Source: NBG

Non-cash spending by non-residents, through TBC Bank’s channels, continued positive trend in December.

Change relative to December 2019, totaled 23%, significantly higher than in November (19%).

FIGURE 10

Non-cash spending by non-residents (% change relative to 2019)



Source: TBC Bank

In 2021, the share of countries in revenues generated from international visitors differs from the 2019. In General, most of the countries lost their share to the category “other countries” compared to 2019.

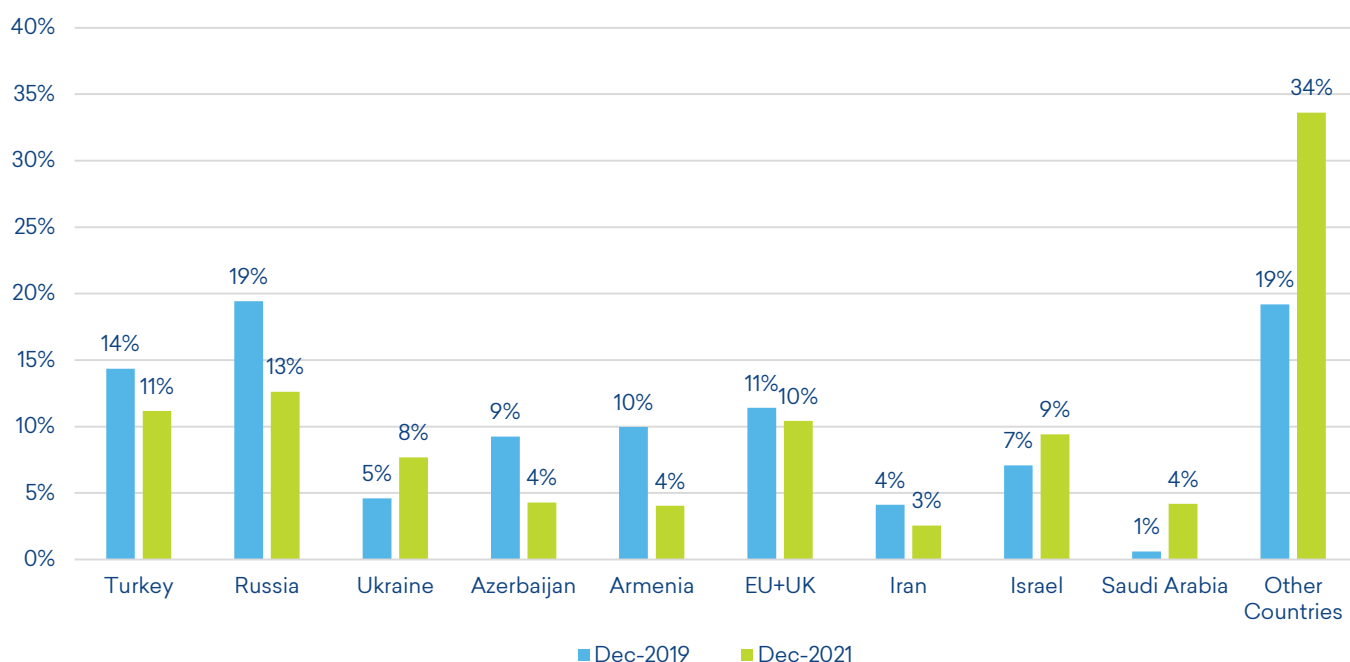
However, in December 2021, the share of Saudi Arabia more than doubled, relative to 2019.

Ukraine and Israel posted higher percentages than in 2019, with shares totaling 8% and 9%, respectively.

However, compared to November the shares of Ukraine and Israel are lower in December. Decline can be explained by the reduction in the number of international visitors from above mentioned countries compared to previous month.

FIGURE 11

Share of countries in revenues generated by international visitors



Source: NBG

In December 2021, the shares of Israel, Saudi Arabia and Ukraine in revenues generated by international visitors outperformed the results of the same period in 2019.

In January-December 2021, Ukraine and EU+UK have reached the highest shares in revenues from international visitors, amounting 13% and 14%, respectively. Ukraine's share more than doubled, relative to the same period of 2019.

Share of Israel in revenues from visitors to Georgia outperformed the results of January-December period of 2019.

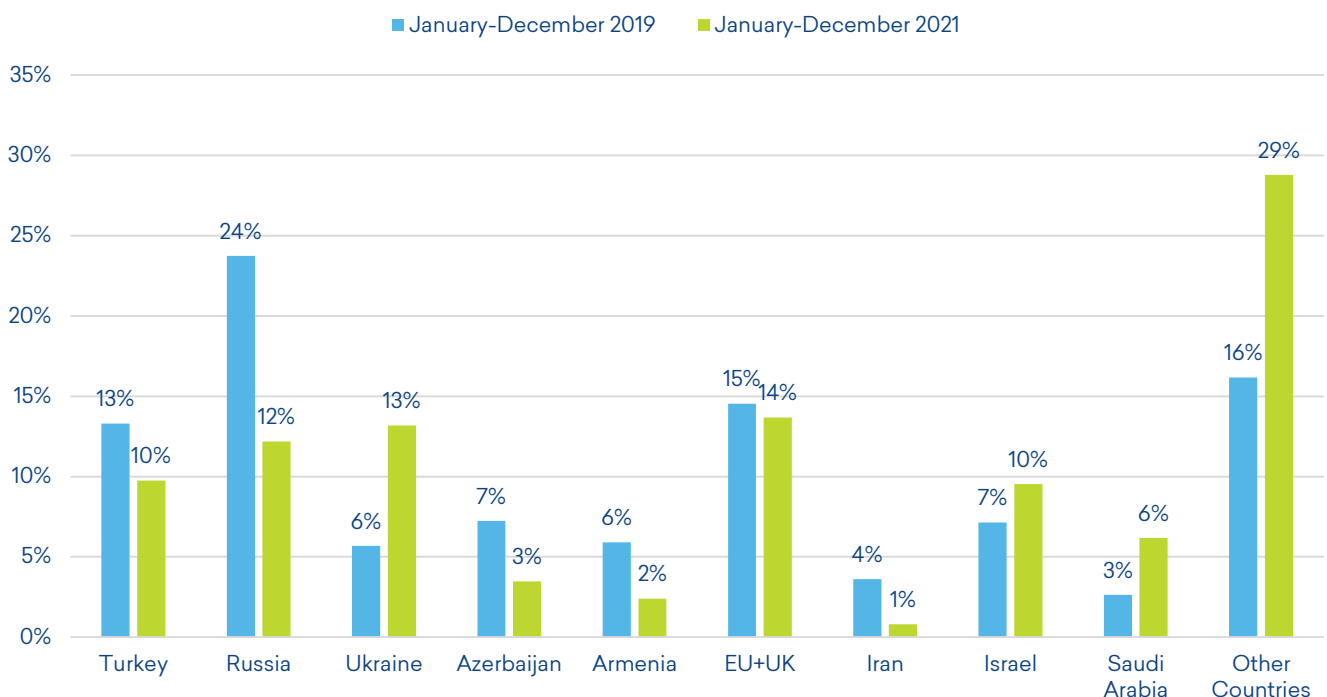
Saudi Arabia's share in revenue in 2021, during the whole year posted significant increment. It doubled relative to the same period in 2019 and amounted 6%.

The neighbor countries of Georgia still have low results compared to the same period of 2019.

In 2021, the shares of Ukraine and Saudi Arabia, in revenues from tourism, doubled compared to 2019 and totaled 13% and 6%, respectively.

FIGURE 12

Share of countries in revenues generated by international visitors (January-December)



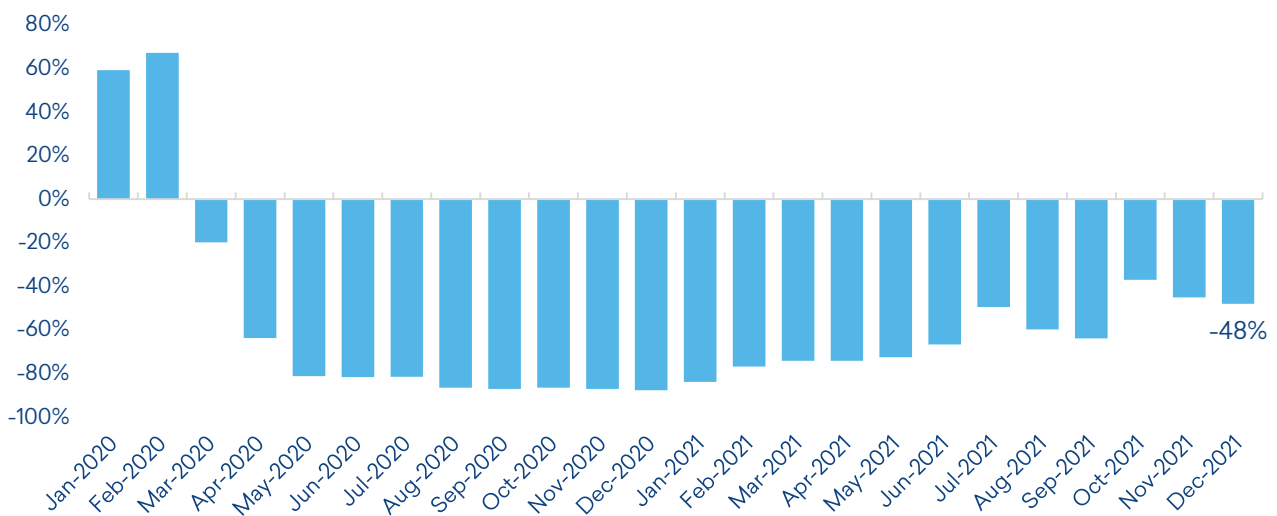
Source: NBG

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The negative dynamics of November did continue in the last month of the year. In December, Tbilisi Airbnb market revenue significantly decreased by 48%, relative to 2019.

The reason of reduced revenue might be the new strain of COVID-19 "Omicron" .

FIGURE 13
Tbilisi Airbnb Market Revenue
(% change relative to 2019)S



Source: Airdna

Hotels in Georgia: Entering the Second Winter of the Pandemic

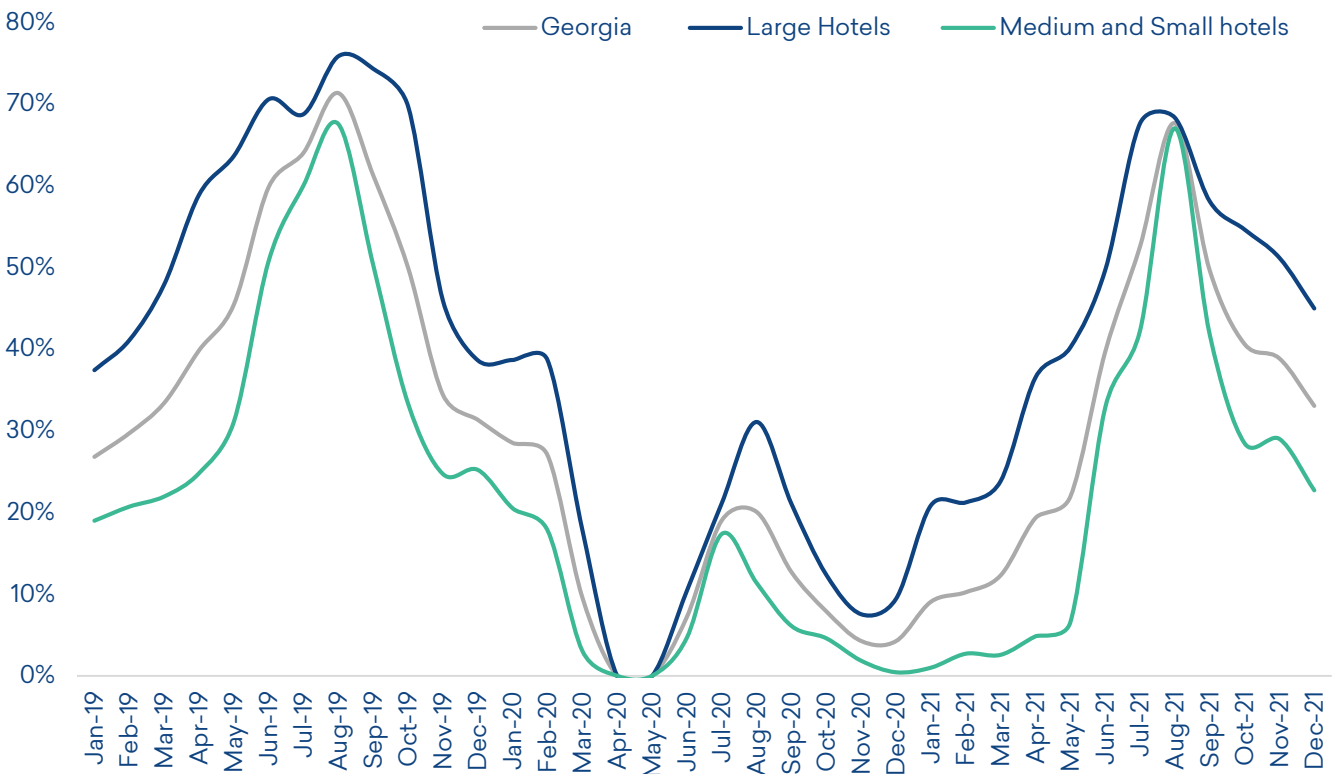
Average occupancy of hotels in Georgia totaled 33% in December 2021, which is 14% lower than in the previous month.

In December 2021, average occupancy in large hotels totaled 45%, 16% higher than in the same period of 2019

Since October the dynamic of 2021 was broadly following the trend of 2019. The last month of the year was no exception.

For medium and small hotels average occupancy totaled 23%. It posted 22% reduction compared to the previous month.

FIGURE 14
Average Hotel Occupancy



Source: TBC Capital survey;

*Large hotels: more than 80 rooms; Medium and small hotels: less than 80 rooms

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In December 2021, average hotel occupancy in Tbilisi totaled 50%, 7% behind the level of November 2021. However, 4% higher than in the same period of 2019.

Average occupancy in hotels in Kakheti, in December 2021, was 116% higher than in December 2019, totaling 41%.

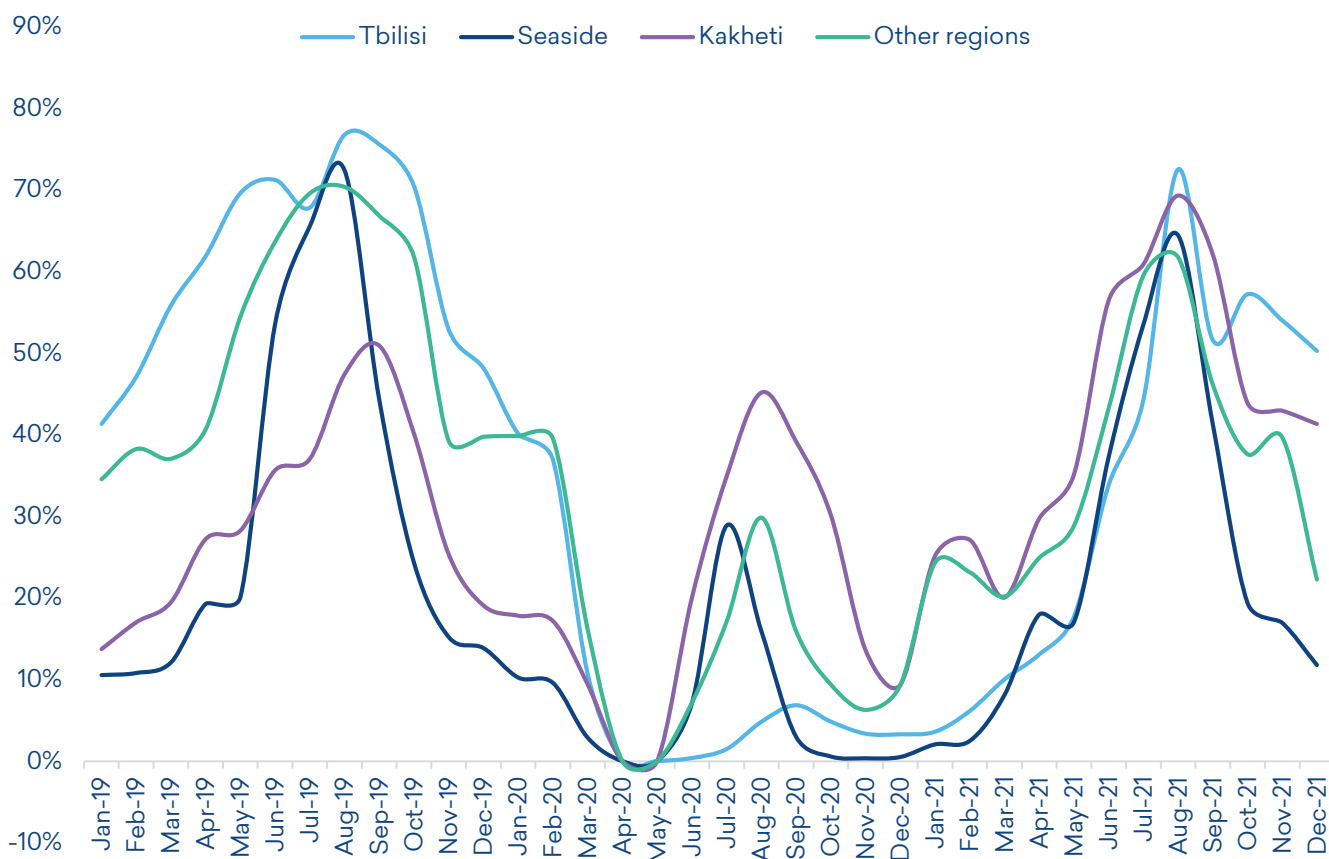
The reason of such a growth could be increased interest of domestic tourists in this region.

Additionally, New Year celebration events in hotels could have increased the occupancy in Kakheti region.

In December 2021, average occupancy in hotels on the seaside significantly decreased, compared to the previous month, amounting to 12%. Average occupancy in hotels on the seaside was 15% lower than in December 2019.

FIGURE 15

Average Hotel Occupancy by Region

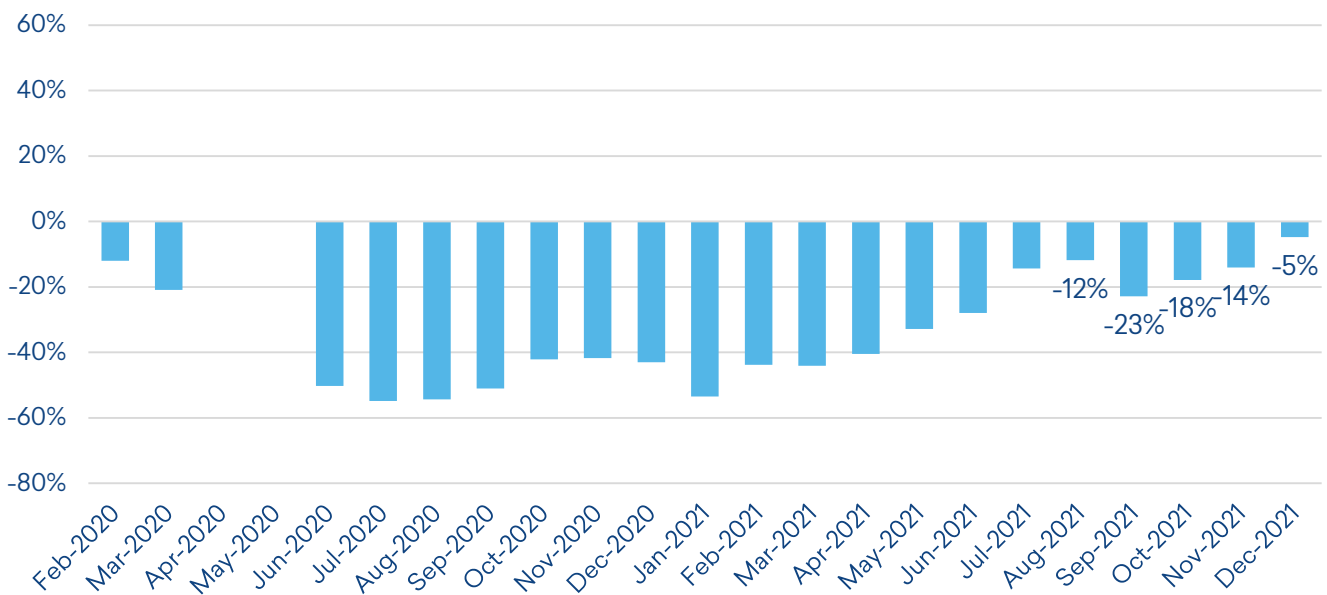


Source: TBC Capital survey

In December, the ADR in large, brand hotels has reached the highest level during the year 2021. Recovery of average daily rate in large, brand hotels in November was only 14% behind the level of 2019, while ADR decreased only by 5% in December relative to December 2019.

The reason of such improvement in the last month of 2021, could be fueled by the New Year celebration events in the large, brand hotels.

FIGURE 16
Average Daily Rate in large*, brand hotels
 (% change relative to 2019)



Source: TBC Capital survey

*Large hotels: more than 80 rooms

Relative to 2019, non-cash spending in hotels, through TBC Bank’s channels, decreased by 10% in December. A significant decline compared to the previous month (-25%).

In hotels of Tbilisi, non-cash spending was 20% behind the 2019 level. However, in regions, non-cash spending, through TBC Bank’s channels continues to increase and remains on the positive growth territory.

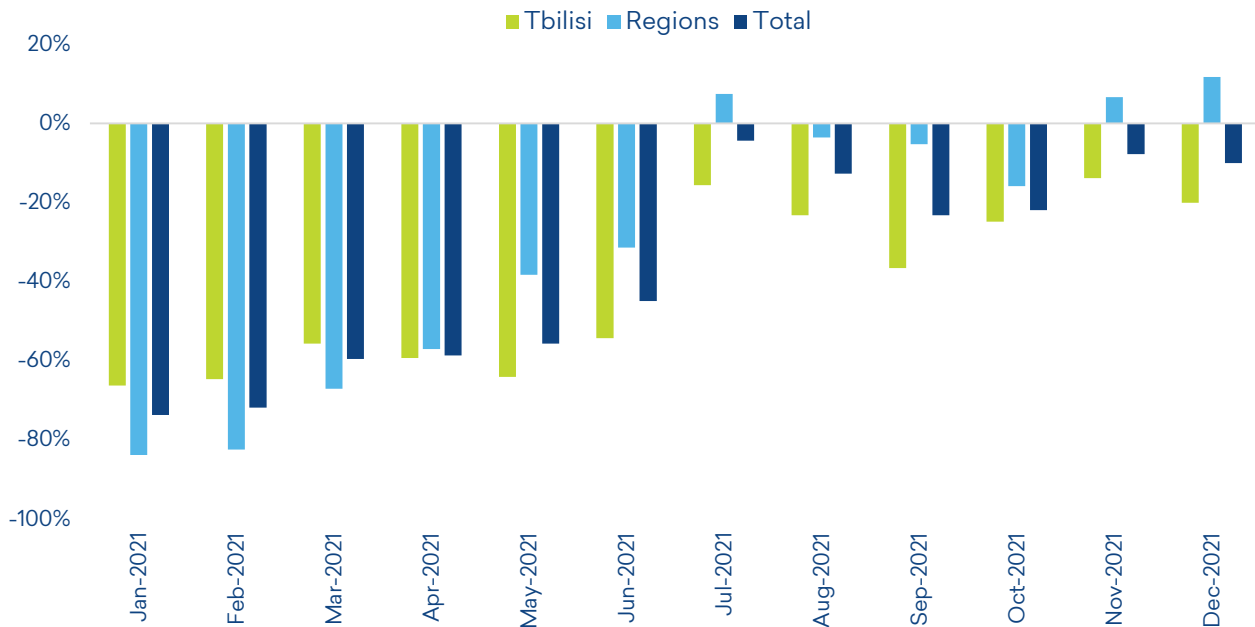
In December, non-cash spending, through TBC Bank’s channels, in regions amounted 12%, relative to 2019.

The reason of the positive dynamic in the regions could be the start of the holiday season.

FIGURE 17

Non-cash spending in hotels by region (% change relative to 2019)

Through TBC Bank’s channels



Source: TBC Bank, TBC Capital

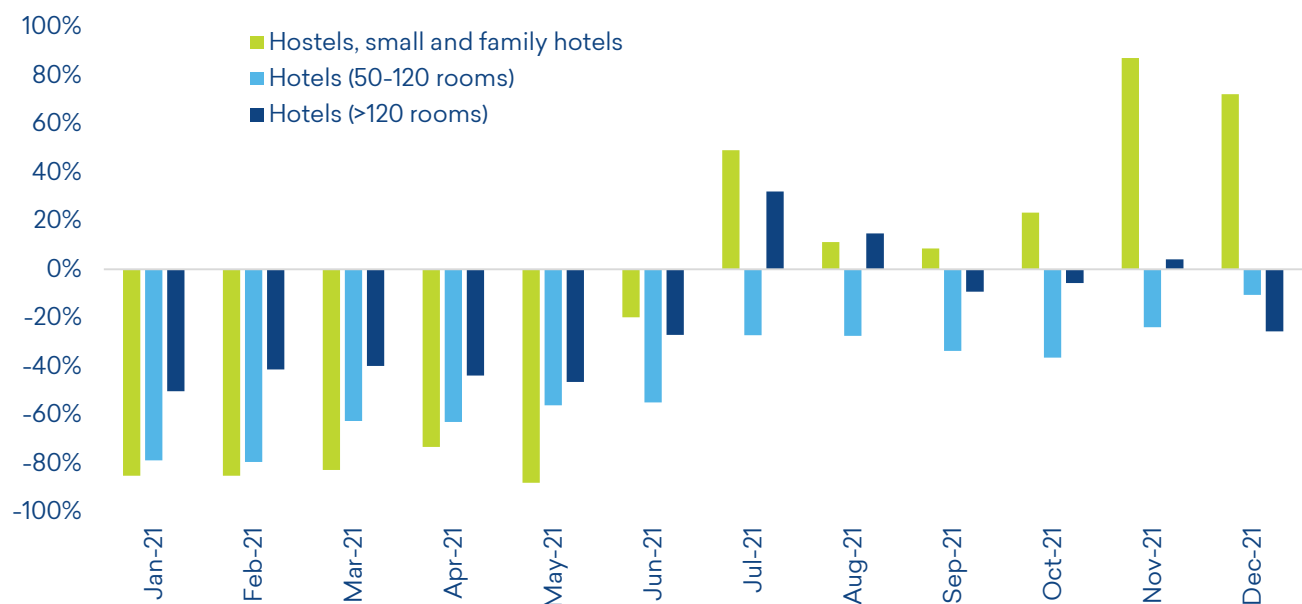
In December 2021, growth of non-cash spending through TBC Bank’s channels in hotels with 50-120 rooms continued positive dynamics and stood 11% behind its 2019 level.

Non-cash spending, through TBC Bank’s channels, for hotels with more than 120 rooms, moved back to the negative growth territory and declined by 26% compared to December 2019 level.

In Hostels and small and family hotels, non-cash spending, through TBC Bank’s channels, remained on the positive growth territory compared to 2019. However, posted a solid decline, compared to the previous month.

FIGURE 18
Non-cash spending in hotels by size
 (% change relative to 2019)

Through TBC Bank’s channels



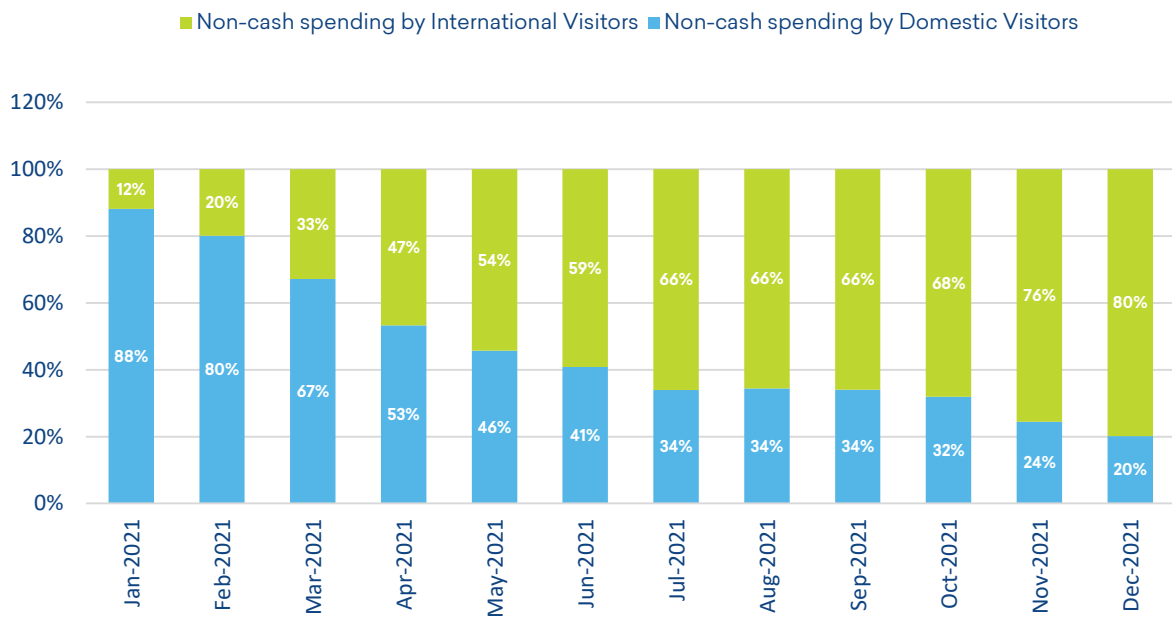
Source: TBC Bank, TBC Capital

Share of international visitors in non-cash spending in hotels, through TBC Bank’s channels, in December 2021, totaled 80%, up from 76% in November.

through TBC Bank’s channels, posted the highest percentage during the whole 2021 year.

In the last month of December, share of non-cash spending in hotels by international visitors,

FIGURE 19
Share in non-cash expenditures in hotels
 Through TBC Bank’s channels



Source: TBC Bank, TBC Capital

During January-December 2021, Kvemo Kartli (76%), Racha-Lechkhumi & Kvemo Svaneti (85%), Guria (68%) and Samegrelo-Zemo Svaneti (68%) had highest shares in non-cash spending by domestic visitors in hotels (through TBC Bank's channels).

Share in non-cash expenditures in hotels was dominated by international visitors in the following regions: Adjara (69%), Tbilisi (76%), Mtskheta-Mtianeti (65%) and Shida Kartli (60%).

FIGURE 20

Share in non-cash expenditures in hotels (January-December 2021)

Through TBC Bank's channels



Source: TBC Bank, TBC Capital

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