



**CUSHMAN &
WAKEFIELD**

Batumi Hospitality Market Q1|Q2 2023



TOURISM IN GEORGIA, Q1|Q2 2023

Georgia experienced a remarkable recovery in its tourism sector during Q1 and Q2 of 2023, welcoming a total of 2,860,117 international travelers. This represents a significant 74% rebound compared to pre-pandemic levels, showcasing an impressive increase of 75.9% compared to the same period in 2022. Notably, in Q2 of 2023, the country hosted 1,651,655 international travelers, achieving a commendable 73.6% recovery of pre-pandemic levels, accompanied by a remarkable increase of 57.4% compared to the same period in 2022. Throughout Q1 and Q2 of 2023, Georgia recorded 1,930,483 international tourist visits, showcasing a substantial 90.8% recovery when compared to the data from 2019. This demonstrates a remarkable 59.6% increase compared to 2022. Moreover, in Q2 2023, Georgia hosted 1,085,151 international tourist visits, achieving an encouraging 87.2% recovery from the data of 2019 and a notable increase of 44.8% compared to the same period in 2022.

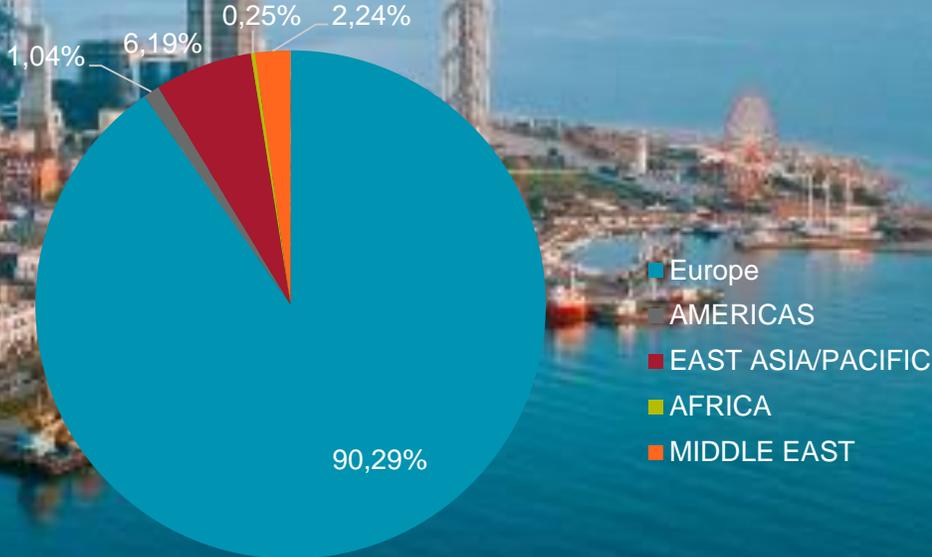


Figure 1. International visitor trips by regions of origin in Q1-Q2 2023, % shares
Source: GNTA

TOURISM IN BATUMI, Q1|Q2 2023

Batumi, recognized as the summer tourism capital of Georgia, holds a prominent position among the country's most celebrated destinations. Nestled on the stunning Black Sea Coast, this city provides visitors with a plethora of entertainment choices along its picturesque seaside park-boulevard. Batumi effortlessly merges the charm of a sophisticated, "old-world" southern city with the conveniences of modern infrastructure and innovative architectural advancements.

In 2019, Batumi welcomed a total of 3.57 million visitors, comprising both domestic and international travelers. By 2022, Batumi recorded 2,015,887 international visitors, with a notable portion coming from Turkey. Additionally, there was a significant influx of visitors from various other regions, including the USA and Asia, which added to the diversity of Batumi's visitor profile. Moving on to the first quarter of 2023, the city experienced an arrival of 330,110 international visitors, while the number of domestic visitors amounted to 301,064. It's worth mentioning that both international and domestic visitor numbers have seen an increase compared to the first quarter of 2022.

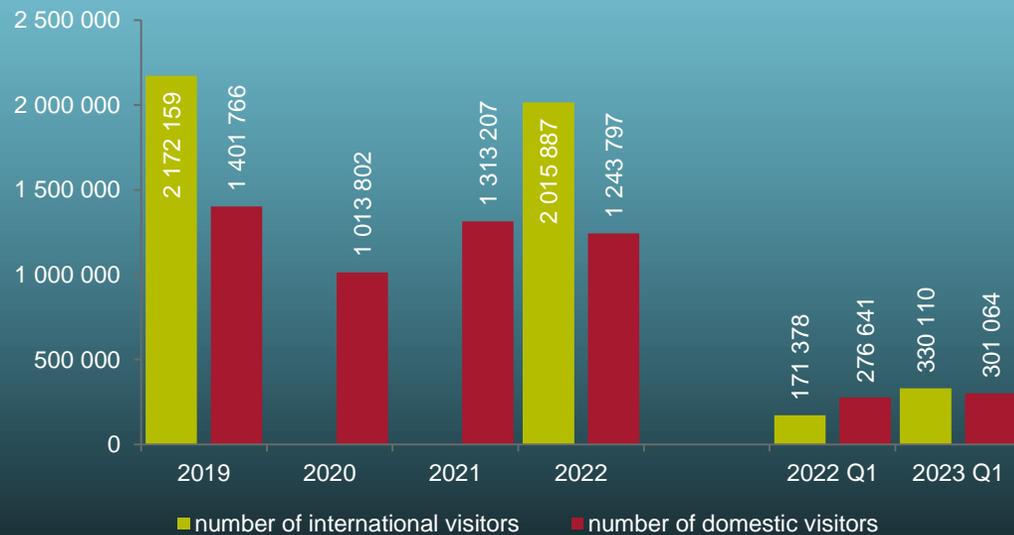


Figure 2. International and Domestic Visitors in Batumi – Absolute Numbers
Source: GNTA

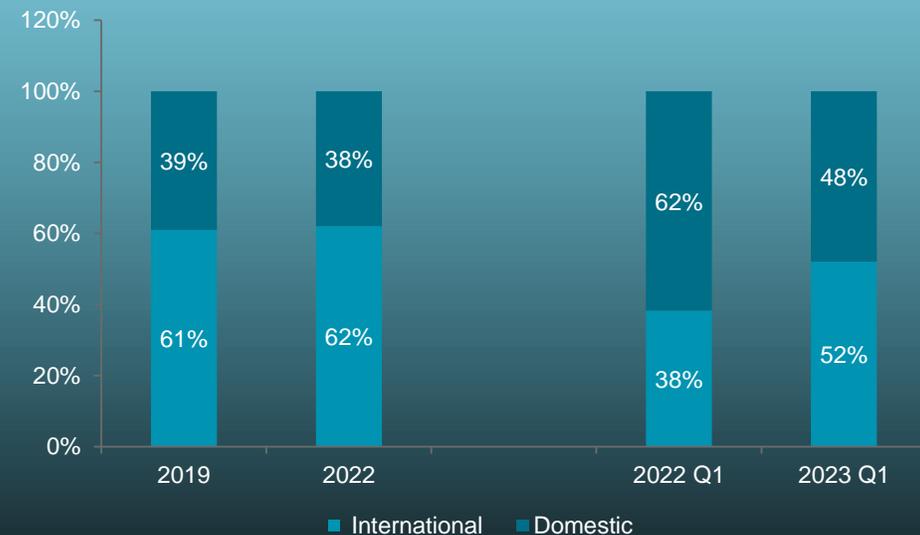


Figure 3. International and Domestic Visitors in Batumi – % shares
Source: GNTA

TOURISM IN BATUMI, Q1|Q2 2023

The tourism demand in Batumi displays clear seasonality patterns. The first quarter is recognized as the low season, while the third quarter stands out as the peak season. Conversely, the second and fourth quarters are categorized as the shoulder seasons. Remarkably, these seasonal patterns apply consistently to both domestic and international visits, revealing a parallel trend across all types of visitors.

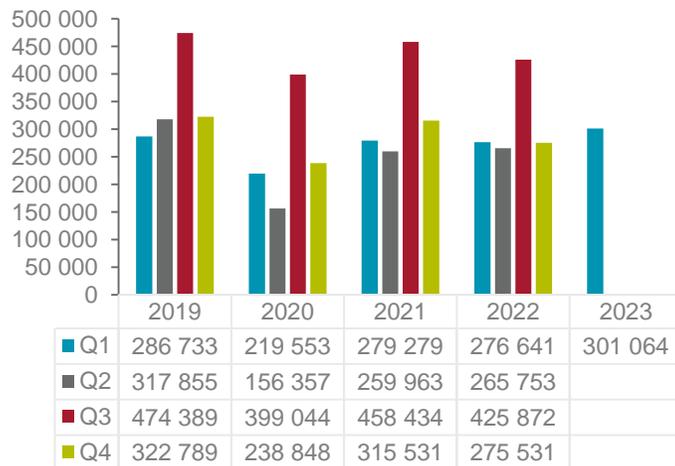


Figure 4. Seasonality of Domestic Visitors in Batumi

Source: GNTA

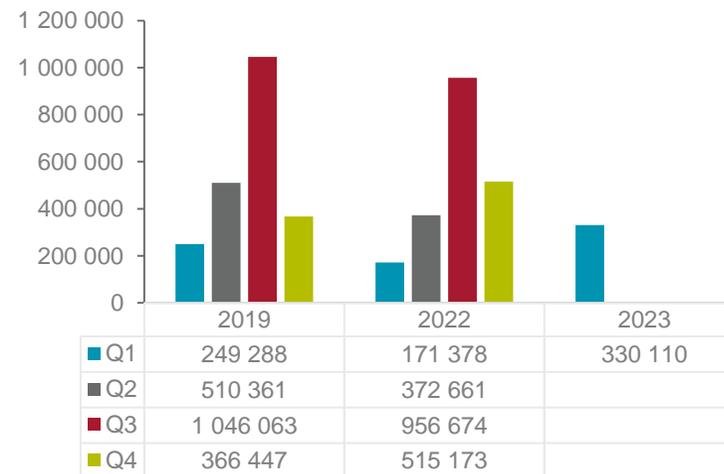


Figure 5. Seasonality of International Visitors in Batumi

Source: GNTA



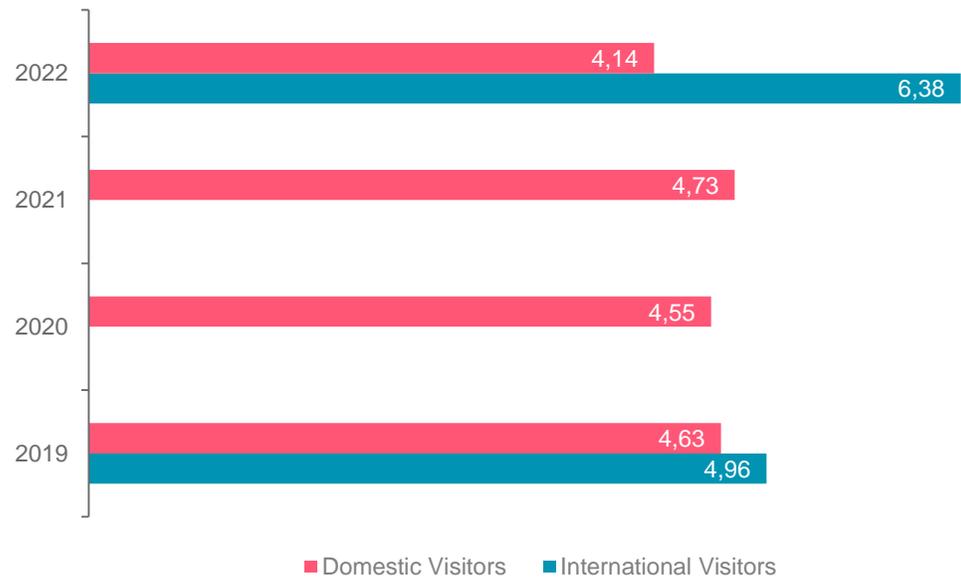


Figure 6. Average Length of Stay in Batumi – Nights
Source: GNTA

Regarding the purpose of visits, the majority of hotel bookings in Batumi are made for recreational purposes, while a relatively small portion of hotel guests visit the city for business reasons. In terms of the length of stay, international visitors stayed in Batumi for an average of 6-7 nights in 2022. In contrast, domestic visitors tended to have a shorter average stay of around 4 nights in the city.

HOTEL MARKET IN BATUMI

Q1|Q2 2023

Batumi boasts a diverse array of hotels, encompassing both branded and non-branded establishments. Looking ahead to the years 2023-2024, the city has ambitious plans to elevate its hospitality offerings through various ongoing projects. Some notable developments in the pipeline include Rooms Batumi, Ambassadori Batumi, Crowne Plaza, Hampton by Hilton, and several others. These projects are set to further enrich the city's hospitality landscape and cater to the growing needs of travelers and visitors.

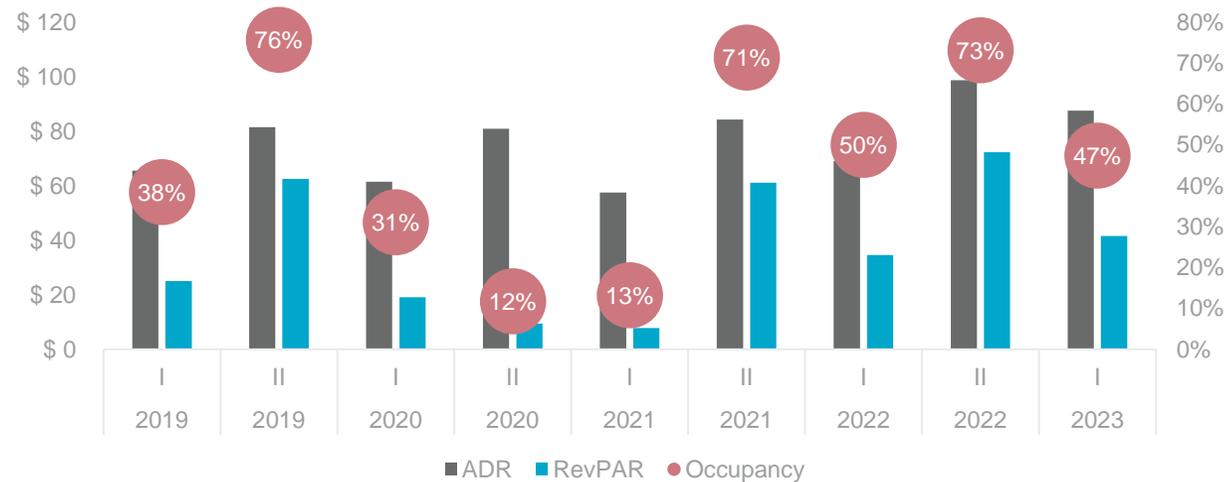


Figure 7. Monthly Average Dynamics of International Branded Hotels in Batumi

Source: STR Global, Cushman & Wakefield Georgia

According to STR, both occupancy rate and Average Daily Rate (ADR) at Upper Upscale branded hotels in Batumi typically experience their lowest points in Q1 and rise in Q2 marking the beginning of the high season. In 2022 Q1 ADR was \$69, while occupancy rate was 50%. In 2023 Q1 ADR totalled to \$88, while occupancy rate amounted to 47%.



Alongside the presence of branded hotels, Batumi is also home to a number of local, non-branded establishments. These charming hotels offer a unique experience and compete on par with branded hotels in terms of room capacity, price range, and the services they provide.

Based on the survey by C&W team, in the first quarter of 2023 non-branded hotels in Batumi achieved an average occupancy rate of approximately 52%. Moreover, the average daily rate (ADR) during the low season was recorded at \$72. Moving to the second quarter of 2023, the average occupancy rate rises to an impressive 78%, and the ADR during this period increases to \$112.

With the upcoming peak season in the third quarter, it is expected that non-branded hotels in Batumi will experience a further boost in both occupancy rates and ADRs.

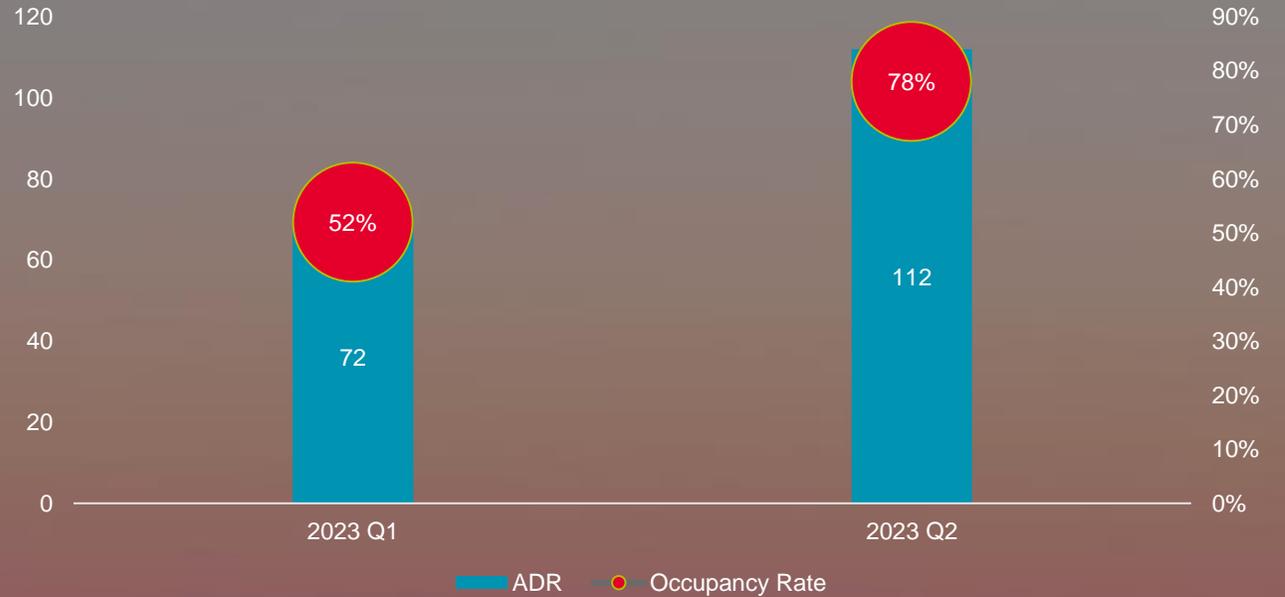


Figure 8. Quarterly Dynamics of Non-Branded Hotels in Batumi
Source: Cushman & Wakefield Georgia

AIRBNB MARKET OF BATUMI

Supply Dynamics

In 2023 Q1, Airbnb guests in Batumi had an extensive range of options, with over 11,000 active rentals available. This marked a substantial increase of 54% compared to the same period in 2022, when there were only 7,179 active rentals in the city.

Of the available active rentals in Batumi, a remarkable 84% consist of entire homes, while private room and shared room options are relatively limited. Among the entire homes listed on Airbnb, 13% are studio apartments, 50% are single-bedroom flats, and 29% are double-bedroom flats. This variety of options ensures that guests can find accommodations that suit their preferences and needs during their stay in Batumi.

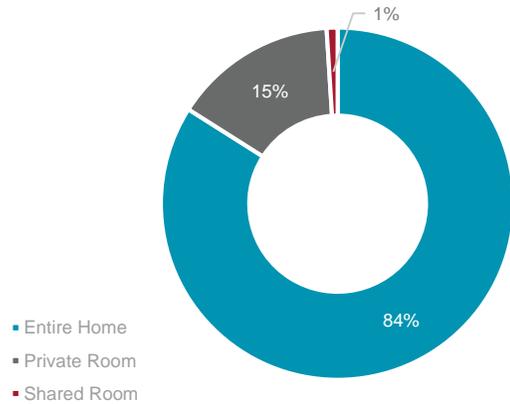


Figure 9. Type of Rental Options in Batumi
Source: AirDNA, Cushman & Wakefield Georgia

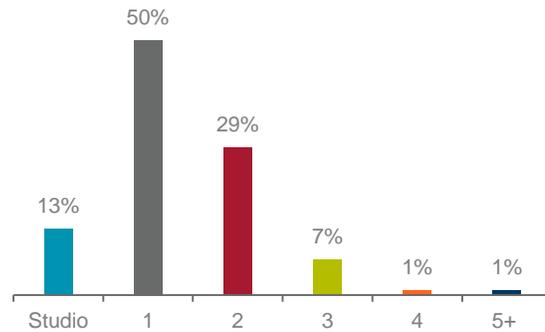


Figure 10. Rental Options – Number of Bedrooms
Source: AirDNA, Cushman & Wakefield Georgia





AIRBNB MARKET OF BATUMI

Demand Dynamics

In 2022 Q1, there was a noteworthy recovery compared to the same period in 2021, with booked properties increasing by 36%. Furthermore, in 2023 Q1, there was a further improvement in the number of booked Airbnb properties, with a 4% increase compared to the previous year.

Following the pandemic, there was a remarkable recovery in the occupancy rate in 2022 Q1, with a significant increase of 24% compared to the previous year. However, in the Q1 of 2023, there was a slight drop in the occupancy rate compared to the same period of the previous year.

Regarding the Average Daily Rate (ADR) for Airbnb properties, there was a remarkable increase in the ADR in 2023 Q1, reaching \$43, indicating a substantial rise from the previous year. These positive trends suggest a positive rebound in the Batumi Airbnb market after the challenges of the pandemic.

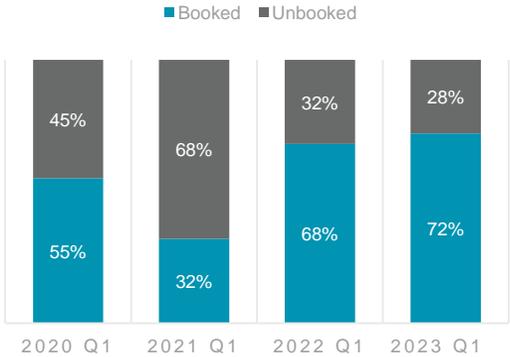


Figure 11. Yearly Demand Rate Fluctuations
Source: AirDNA, Cushman & Wakefield Georgia



Figure 12. Dynamics of occupancy rate and ADR
Source: AirDNA, Cushman & Wakefield Georgia

BATUMI INTERNATIONAL AIRPORT TURNOVER

Q1|Q2 2023

In the first half of 2019, Batumi International Airport transported 246,296 passengers. Fast-forwarding to the same period in 2023, the airport served 236,444 passengers, showcasing a significant recovery of 96% compared to the pre-pandemic levels. Additionally, when comparing the number of passengers transported in the first half of 2023 to the same period in 2022, there was increase of 9%.

Regarding the number of flights at Batumi International Airport, the first half of 2023 witnessed a 13% increase compared to the same period in 2022. Furthermore, the month of June 2023 saw a 21% rise in number of flights compared to June 2022.

These statistics indicate a positive rebound in passenger traffic and flight operations at Batumi International Airport, reflecting a steady recovery in the aviation sector after the challenges posed by the pandemic.

Batumi International Airport - Passengers			
2021	2022	Change	Change %
516 017	616 885	100 868	20%
2022: 6 Months	2023: 6 Months	Change	Change %
216 062	236 444	20 382	9%
2022: June	2023: June	Change	Change %
63 329	69 150	5 821	9%

Batumi International Airport - Flights			
2021	2022	Change	Change %
2 604	2 875	271	10%
2022: 6 Months	2023: 6 Months	Change	Change %
1 069	1 209	140	13%
2022: June	2023: June	Change	Change %
283	342	59	21%

Table 1. Passenger Traffic and Flights at Batumi International Airport
Source: GNTA

Border	2019: I - II Quarter	2022: I - II Quarter	2023: I - II Quarter	% Change 2019/2023	% Change 2022/2023
Batumi International Airport	100 393	90 962	97 644	-2,7%	7,3%

Table 2. International Visitor Trips, Batumi Airport Border Crossing
Source: GNTA

Meanwhile, based on the border crossing data at Batumi International Airport during the first half of 2022 and 2023, international visitor trips have been observed to increase by 7.3%. It is important to highlight that the number of international visitor trips has not yet reached the same level as the indicator recorded during the first half of 2019. Nevertheless, there is a positive outlook for the upcoming quarters



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