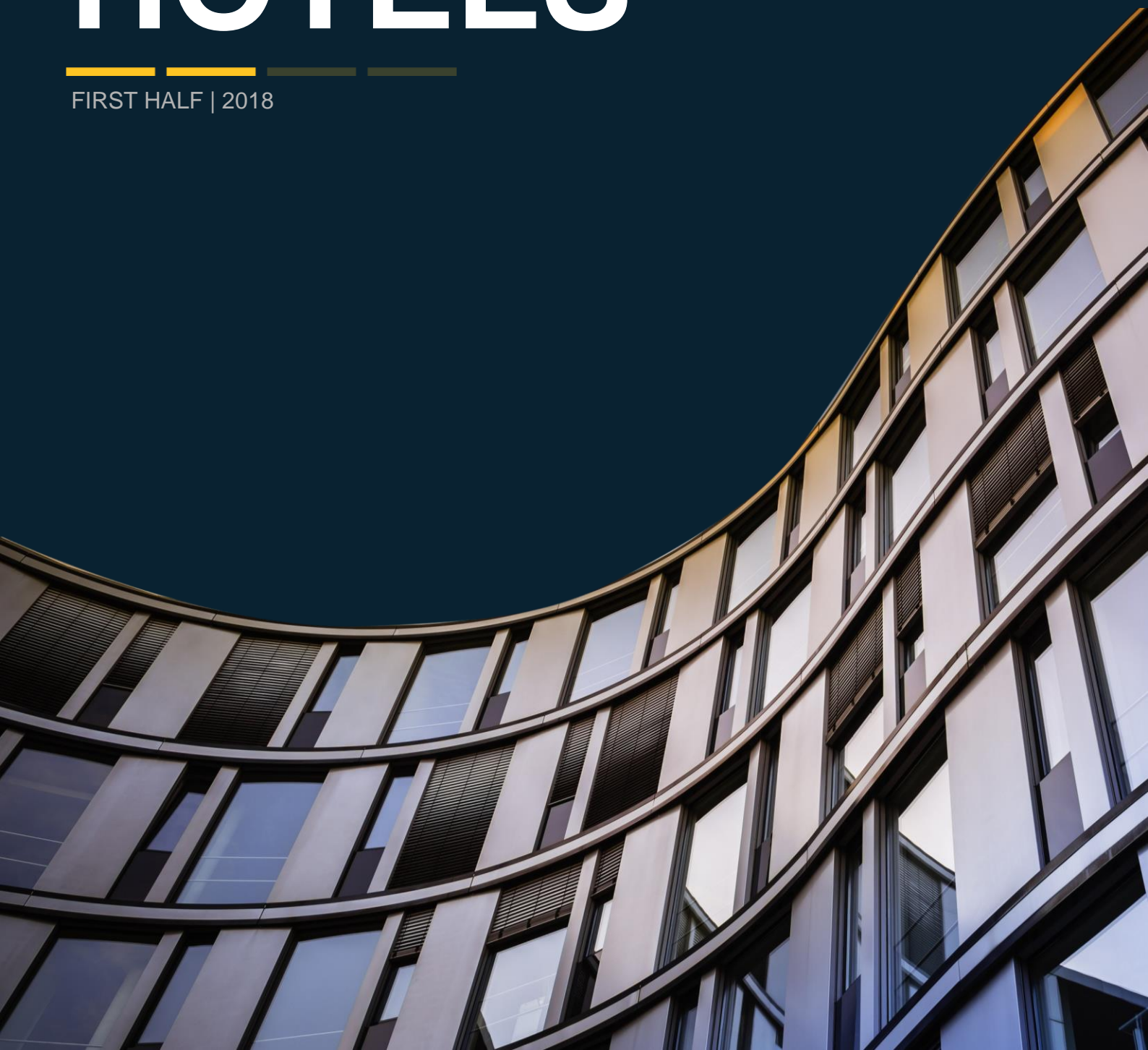




TBILISI HOTELS

FIRST HALF | 2018



TBILISI TOURISM OVERVIEW

Foreign visitors in Tbilisi

The number of international tourist arrivals in Tbilisi continues to increase year after year. According to the National Statistics Office of Georgia (Geostat), the number of international tourist visits reached 1,094,488 in the first half of 2018 (H1), a 39% increase compared to the same period last year.

Purpose of visit

In the first half of 2018, the vast majority (62%) of the international tourist trips to Tbilisi were made for holiday, leisure, recreation, and shopping purposes. 19% of the trips were made to visit friends and family. The third most stated purpose was business (11%).

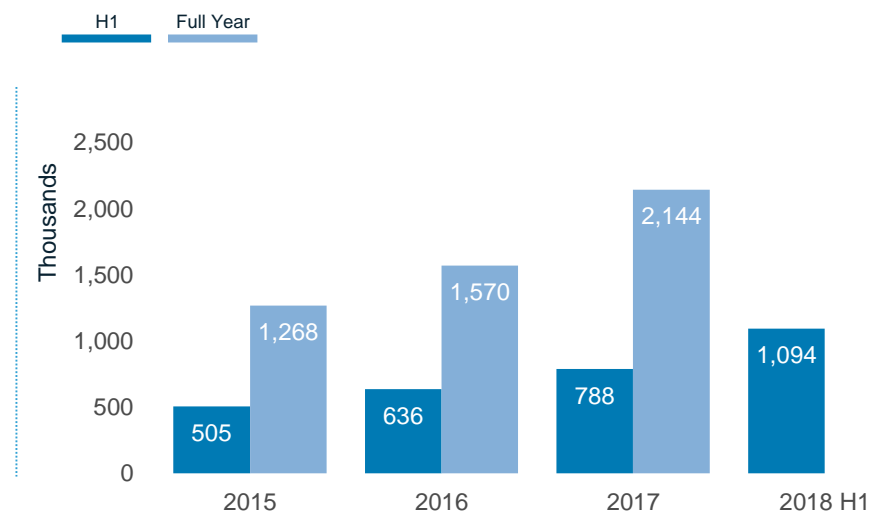
Main source markets

In 2018 H1, 653,620 out of 1.1 mln international tourist visits to Tbilisi were made by the residents of the following countries: Russia, Turkey, Azerbaijan, Armenia, and Iran. Residents of Russia make up 26% of the total number of international tourist trips to Tbilisi. Residents of Azerbaijan and Turkey make up the second and third largest shares of the total tourist trips, with 14% and 8%, respectively.

Length of stay

In the first half of 2018, the average number of nights spent in Tbilisi by the international tourist visitors was 5.2.

FIGURE 1: Number of international tourist visits to Tbilisi



Source: Geostat, Colliers International

FIGURE 2: Purpose of visit

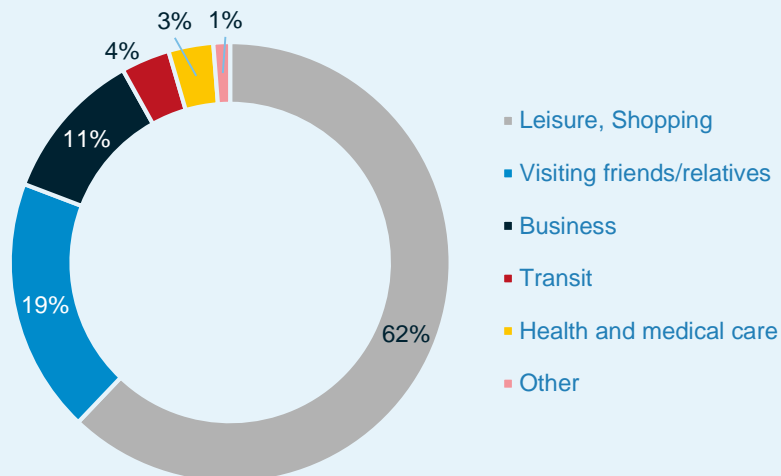


FIGURE 3: Main source markets

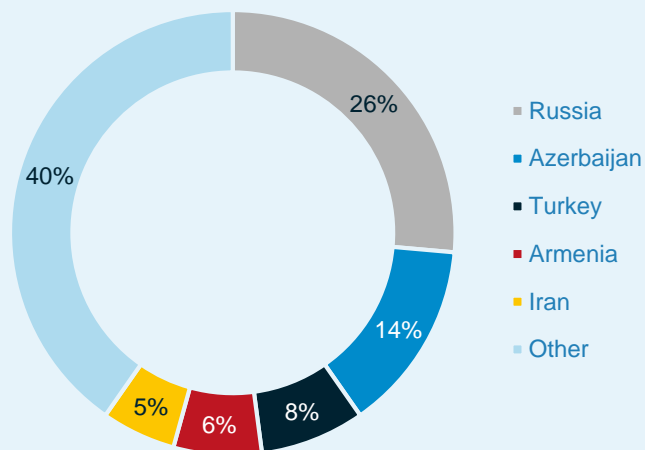
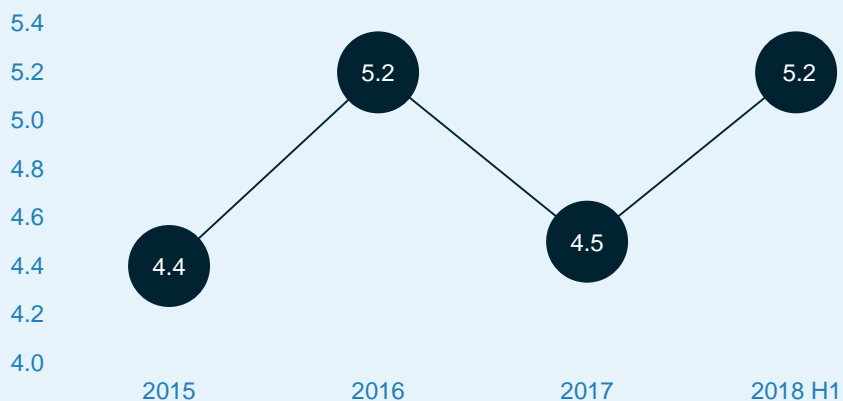


FIGURE 4: Average length of stay (days)



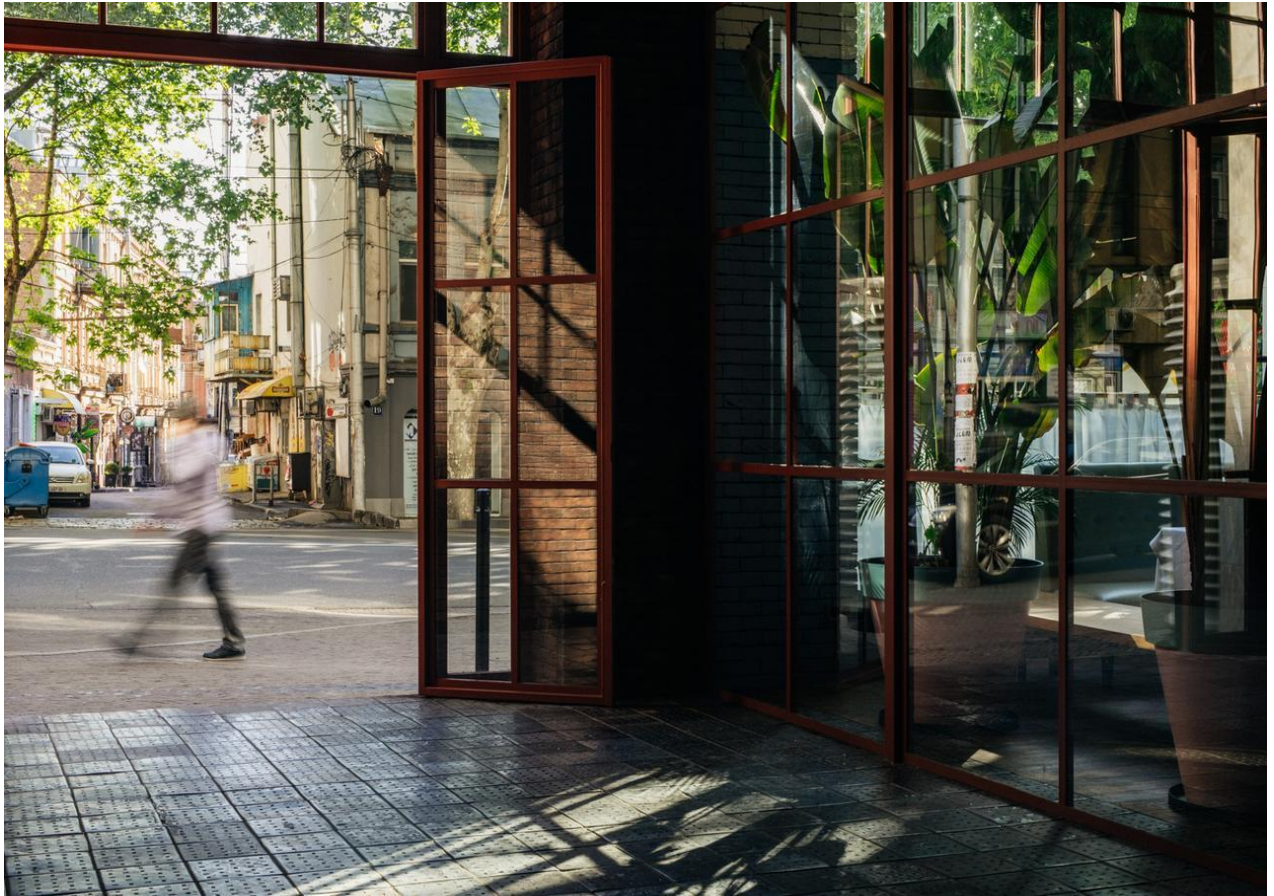


Photo: Stamba Hotel

TBILISI HOTEL MARKET

With the rise in number of international tourist trips to Tbilisi, the demand on accommodation units has grown. Seven new hotels opened in the capital in 2018, supplying the hospitality market with 471 hotel rooms and a total bed capacity of 890. The list of newly opened hotels includes internationally branded hotels such as Moxy by Marriott, Best Western Tbilisi City Center, and Ramada Encore. Another important hotel opened in the first half of 2018 was Stamba by Adjara Group, a member of Design Hotels. Stamba Hotel is located in the 20th century publishing house, which adds to its

unique design and architecture. The hotel currently offers 41 rooms. However, it is planning to supply 205 rooms in total, with the bed capacity of 400.

According to the Georgian National Tourist Administration (GNTA), there are fourteen new hotels planned to open in the remaining of 2018 and 2019. As a result, Tbilisi's hotel room supply is expected to grow by 2,314 rooms, with the total bed capacity of 4,400. Some of the hotels in Tbilisi hotel pipeline are Wyndham Garden, Marriott Autograph Collection – Panorama Freedom Square, Hilton Garden Inn, and Hyatt Regency.

INTERNATIONAL UPSCALE BRANDS

Today, the international upscale segment consists of Tbilisi Marriott, the Radisson Blu Iveria, the Biltmore hotel, and Stamba*. Together, these hotels provide 631 hotel rooms, which make up 7% of the city's total room supply**. In the first half of 2018, the demand on the international upscale hotel rooms grew by 3% compared to the same period last year. Ten more international upscale brands such as Radisson Blu Telegraph, Autograph Collection, and Tbilisi Hyatt are expected to open during the next few years, adding 1,962 hotel rooms to the capital's stock together with Stamba's additional 164 rooms.

Performance Indicators

Both, the Average Daily Rate (ADR) and the average occupancy increased in the first half of 2018. The ADR in the international upscale segment grew by 14% compared to the same period last year, amounting to USD 181. As for the occupancy, 68% of the supplied international upscale hotel rooms were occupied in the first half of 2018, compared to the 66% in H1 2017. The average revenue per available room (RevPAR) has increased by USD 18, amounting to USD 122 in H1 2018.

International upscale hotels by opening year



Source: Colliers International

* Stamba is not an international brand. However, it is a member of Design Hotels, an international hotel network.

** The total room supply is a sum of rooms in all hotel-type accommodation. Source: Georgian national tourism administration.

FIGURE 5: Occupancy rate & ADR
(%, USD)

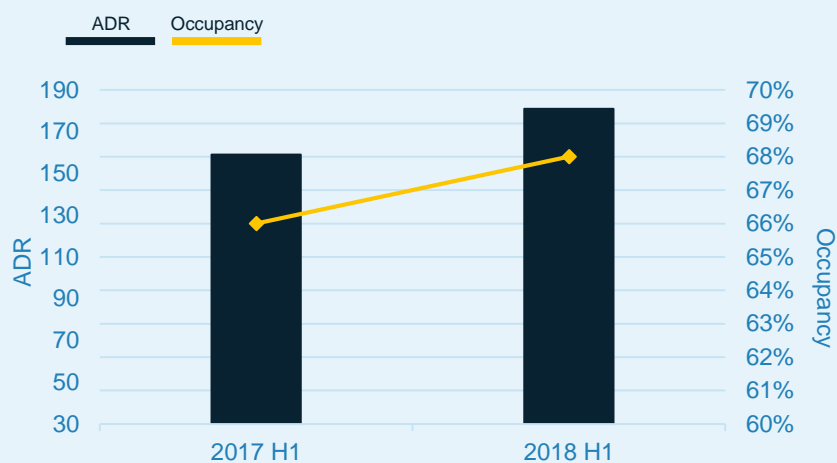
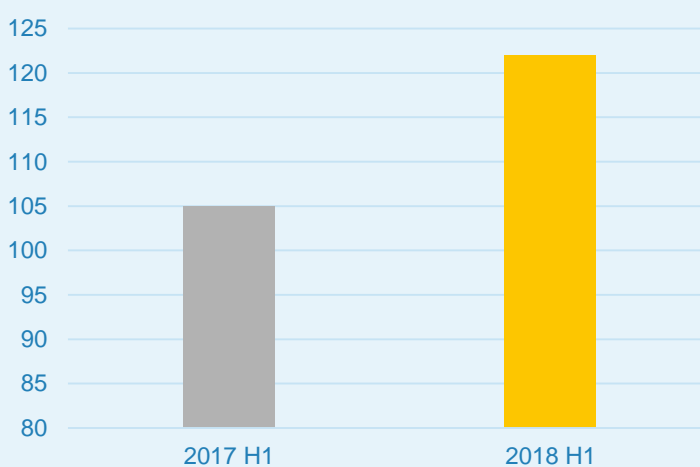


FIGURE 6: RevPar
(USD)



International Upscale Hotel Pipeline

OPERATOR/BRAND	DEVELOPER	LOCATION	EXPECTED # OF ROOMS	EXPECTED COMPLETION YEAR
Sheraton Metekhi Palace	RAKIA Georgia Free Industrial Zone	16 Telavi Street	255	2019
Hotel MC/Autograph Collection	Georgian Co-Investment Fund	Tabori Mount	160	2019
Hotel MC/Autograph Collection	Georgian Co-Investment Fund	Freedom Square	220	2019
Hilton Tbilisi	Granat Georgia	41 Kostava Street	206	2019
Radisson Blu Telegraph	Silk Road Group LLC	31 Rustaveli Avenue	183	2019
AccorHotels/Pullman Hotels & Resort	Axis/Georgian Co-Investment Fund	37 Chavchavadze Avenue	234	2019
Wyndham Garden	Alliance Group	49B Chavchavadze Avenue	150	2020
Hotel MC/Autograph Collection	Georgian Co-Investment Fund	Kojori Highway	370	2020
Radisson RED	Plaza Group, Telegraph LLC	44 Aghmashenebeli Avenue	100	2020
Tbilisi Hyatt	Rustaveli Property LLC	30 Rustaveli Avenue	170	2021
Hotel MC/Autograph Collection	Georgian Co-Investment Fund	22 Kote Apkhazi Street	150	2021

Source: Colliers International

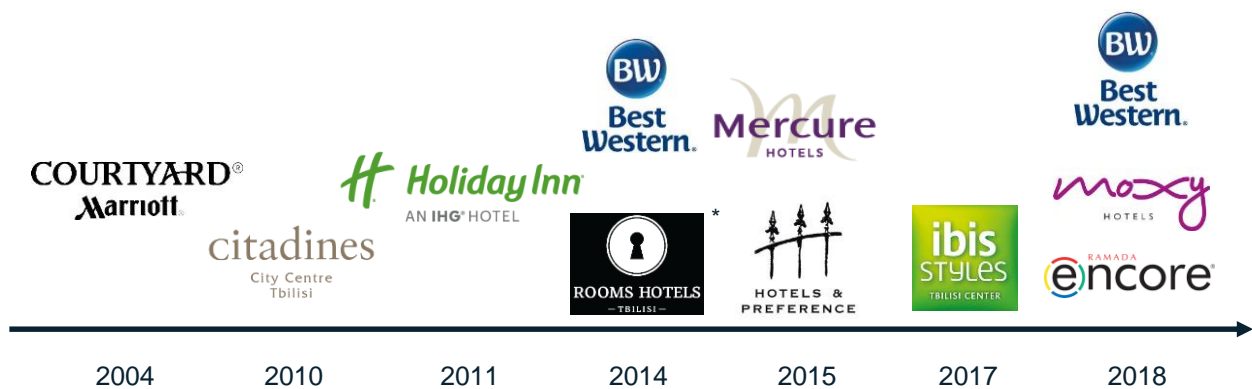
INTERNATIONAL MIDSCALE BRANDS

There are eleven international midscale hotels in Tbilisi. They contain a total of 1,418 rooms that make up 16% of Tbilisi's total hotel room supply. With 270 rooms, Holiday Inn is currently the largest supplier to the international midscale segment. The demand on international midscale brands in hospitality market has been increasing steadily over the past couple of years. In the first half of 2018, the number of booked nights in midscale hotels increased by 16.2% compared to the same period last year; whereas, the room supply increased by 10.2%. The total revenue of Tbilisi's international midscale hotels has increased by 14% compared to the first half of 2017.

Performance Indicators

The average ADR (Average Daily Rate) in the international midscale segment was USD 106.84 in the first half of 2018, which is a 1.9% decrease compared to the same period last year. With a rise in demand, the occupancy rate in the segment has been increasing. In the first half of 2018, the average occupancy rate reached 72.6%, a 5.3% increase year-over-year (y-o-y). Consequently, the average revenue per available room (RevPAR) increased by 3.3% y-o-y, amounting to USD 77.56 in the first half of 2018.

International midscale hotels by opening year



Source: STR, Colliers International

* Rooms is not an international brand. However, it is a member of Design Hotels, an international hotel network.

FIGURE 7: Occupancy rate

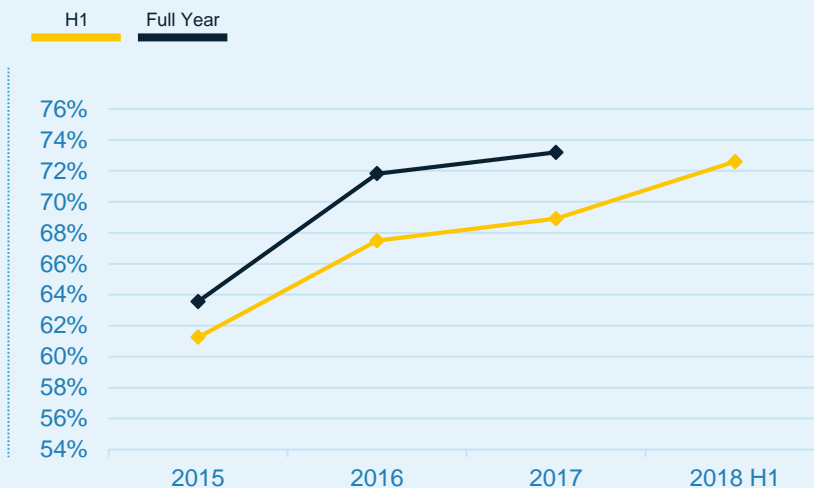


FIGURE 8: ADR (USD)

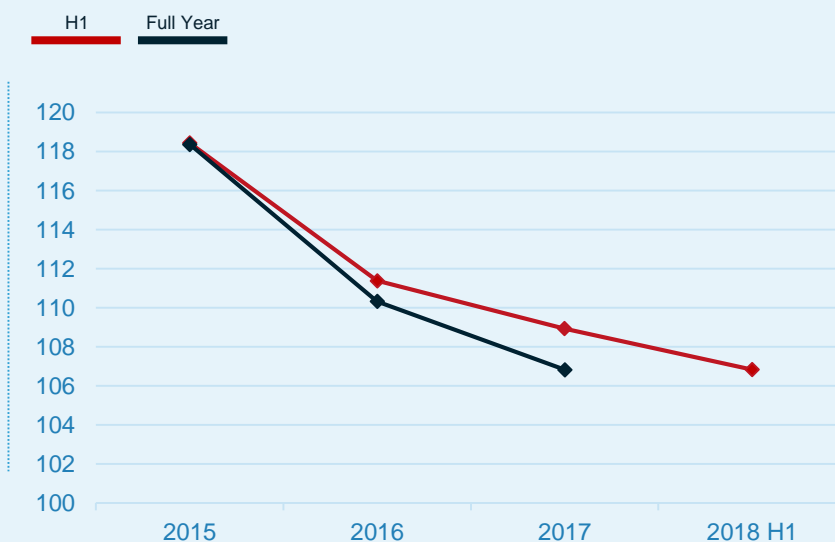
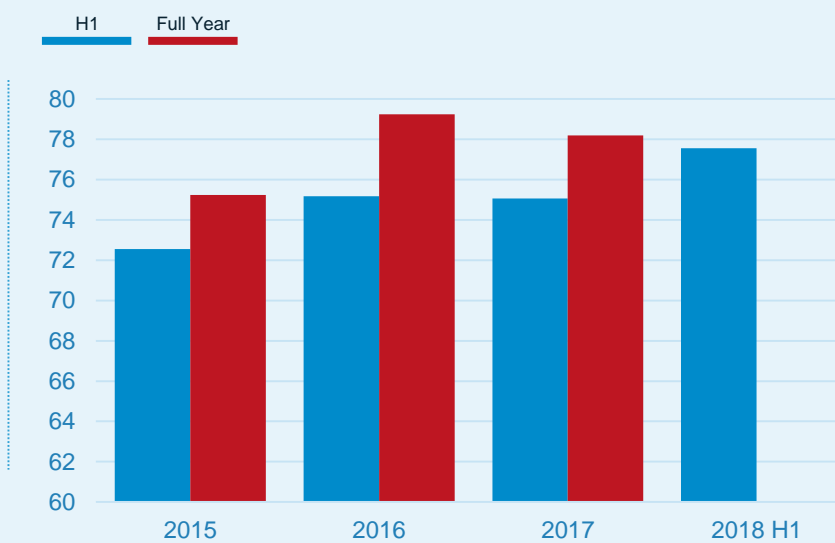


FIGURE 9: RevPAR (USD)



Sources: Figure 7: STR, Colliers International | Figure 8: STR, Colliers International | Figure 9: STR, Colliers International

International Midscale Hotel Pipeline

OPERATOR/BRAND	DEVELOPER	LOCATION	EXPECTED # OF ROOMS	EXPECTED COMPLETION YEAR
Golden Tulip	LLC Block-Invest	2a 300 Aragveli Street	78	2018
Hilton Garden Inn	Redix	64 Chavchavadze Avenue	170	2019
Ramada	M2 Residence	10 Melikishvili Street	122	2019
Park Inn by Radisson	LLC Block-Invest	10 Chanturia Street	200	2020
Ibis Stadium	LTD Georgian Hotel Management	178 Aghmashenebeli Avenue	149	2020

Source: Colliers International

FOR MORE INFORMATION

RESEARCH & FORECASTING

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