



**TBC CAPITAL**

# **MIDDLE EAST CONFLICT IMPACT ON TOURISM SECTOR**

**March, 2026**

**Ia Katsia**

Senior Associate, Research

**Irina Kvakhadze**

Senior Vice President, Research

# Middle East Conflict Impact on Tourism Sector

Georgia's tourism sector shows moderate dependence on Middle Eastern markets, accounting for 10-11% of international visits and approximately 20% of tourism revenues, driven by high-spending segments such as Israel and Gulf countries.

the Middle East conflict introduces significant downside risks, with estimates suggesting regional tourism arrivals could decline by 6–27% in 2026, alongside substantial losses in visitor spending.

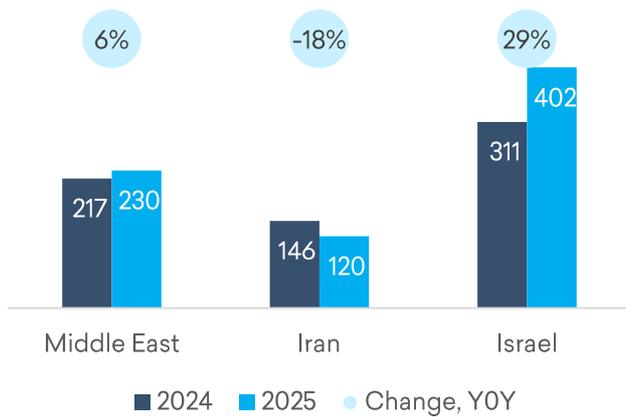
Given that markets such as Israel and Saudi Arabia generate significantly higher spending per visit than average, any disruption is

likely to have an amplified impact on overall tourism income.

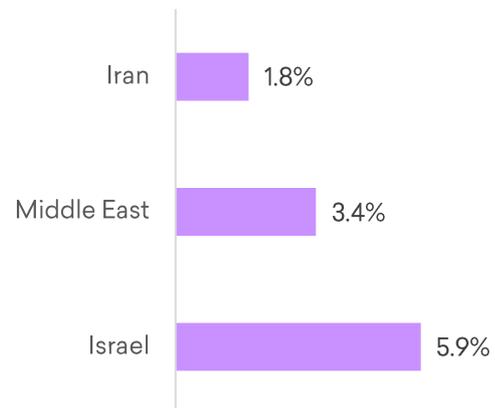
The impact of the Middle East conflict will largely depend on its duration and intensity: a short-lived disruption would likely result in temporary volatility and delayed travel decisions. Past experience indicates that tourism from Israel tends to recover relatively quickly following short military conflict.

While a prolonged conflict could result in sustained declines from affected markets and broader shifts in travel patterns.

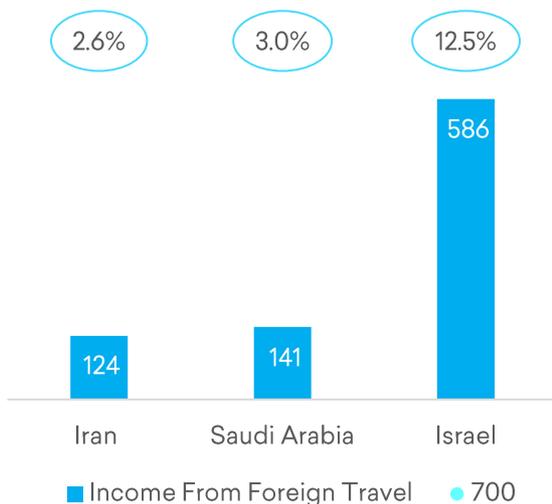
**FIGURE 1 International visitors (1000 visits)**



**FIGURE 2 Share in total international visitors**



**FIGURE 3 Income from foreign travel (mln. USD)**



**Table 1 Average spending per visit (GEL)**

Saudi Arabia	3,941
Israel	3,589
United Arabs Emirate	3,239
Average spending	2,265

# Main Indicators

As of March 1, 2026, flights from Tbilisi and Batumi to key Middle Eastern destinations (Tel Aviv, Dubai, Abu Dhabi, Sharjah) have been suspended due to ongoing regional military tensions. In addition, IndiGo has temporarily halted flights to Tbilisi, citing geopolitical instability and safety risks associated with Iranian airspace.

Some major airlines are has extended cancellations until end of April or May, even until autumn.

- **Lufthansa group airlines:** Swiss, Austrian Airlines, Brussels Airlines, ITA Airways and Edelweiss have suspended flights to Dubai and Tel Aviv until May 31, and to Abu Dhabi, Amman, Beirut, Dammam, Riyadh, Erbil, Muscat and Tehran until October 24.
- **Saudi Arabia:** Some European carriers like Virgin Atlantic continue to fly to Riyadh, while others have suspended service until the autumn.
- **Israel's Ben Gurion Airport:** has extended its official airspace closure to foreign airlines until April 16, 2026

Markets broadly expect the conflict to be short-lived; however, the situation remains highly fluid. Two scenarios are considered:

**Short-lived (1–2 months):** Temporary impact with gradual normalization

**Mild (3–6 months):** Prolonged disruption with sustained pressure on demand

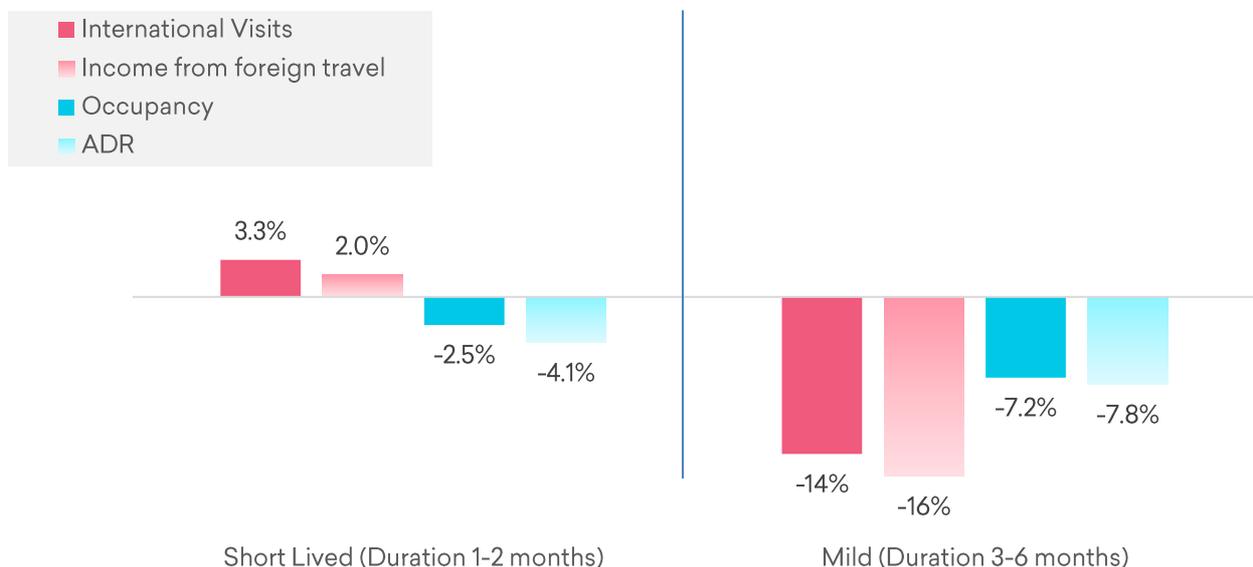
Under the short-term scenario, escalation is assumed to ease by mid-April, with flights from the region remaining largely suspended until then. Tourism from the Middle East is expected to temporarily halt, with a partial recovery beginning in mid-April and continuing into May. Demand from the rest of the world (RoW) is also projected to decline slightly due to heightened uncertainty. In this scenario, travel revenues are expected to decrease by USD 220 mln.

In the **prolonged scenario**, recovery in tourism from the Middle East is unlikely in the near term, while demand from RoW weakens further. Continued instability would lead to broader travel avoidance and sustained pressure on tourism flows.

Table 2 **No conflict – initial forecast 2026**

International Visits	Income From Foreign Travel	Occupancy	ADR
7.3 mln +6.0%	5.0 bln +6.7%	48% +1.7%	USD 107 +2%

FIGURE 4 **Projected main indicators by conflict duration scenario**



## LEGAL NOTICE

This publication (the “Publication”) has been prepared and distributed by TBC Capital LLC (“TBC Capital”) member of TBC Bank Group PLC (“Group”) for informational purposes only and independently of the respective companies mentioned herein. TBC Capital is operating and performing its professional services on the territory of Georgia and is duly authorized to prepare and distribute this Publication on the territory of Georgia. Nothing in this Publication shall constitute an offer or invitation to treat to solicit buying or selling or subscribing any assets and/or securities and nothing herein shall form the basis of any contract or commitment whatsoever or shall be considered as a recommendation to take any such actions. Since distribution of this Publication may be restricted by law in certain jurisdictions, persons into whose possession this Publication comes are required by TBC Capital to inform themselves about and to observe any and all restrictions applicable to them. As this Publication is not directed to or intended for distribution, directly or indirectly, to or use by any person or entity in any jurisdiction where such distribution, publication, availability or use would be contrary to the applicable law or which would require any registration or licensing within such jurisdiction, neither TBC Capital nor any member of the Group nor any of their respective director(s), partner(s), employee(s), affiliates, adviser(s) or agent(s) (“Representatives”) accept any direct or indirect liability to any person in relation to the publication, distribution or possession of this Publication in or from any jurisdiction. This Publication is not intended to provide any investment, business, tax and/or legal advice, and credit or any other evaluation. Recipients of this Publication are strongly required to make their own independent investigation and detailed appraisal of the matters discussed herein. Any investment decision should be made at the investor's sole discretion and consideration. Any and all information contained in this Publication is subject to change without notice, and neither TBC Capital nor any member of the Group nor any of their Representatives are under any obligation to update or keep information contained in this Publication. Distribution of this Publication, at any time, does not imply that information herein is correct, accurate and/or complete as of any time after its preparation date or that there has been no change in business, financial condition, prospects, credit worthiness, status or affairs of the respective companies or anyone else since that date. Accordingly, this Publication should not be considered as a complete description of the markets, industries and/or companies referred to herein and no reliance should be placed on it. TBC Capital does not undertake to update this Publication or to correct any inaccuracies therein which may become apparent. The Publication may include forward-looking statements, but not limited to, statements as to future operating results. Any “forward-looking statements”, which include all statements other than statements of historical facts, involve known and unknown risks, uncertainties and other important factors beyond TBC Capital's control that could cause the actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment operating in the future. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. No assurances can be given that the forward-looking statements in this document will be realized. TBC Capital does not intend to update such forward-looking statements. Opinions, forecasts, estimates and/or statements relating to expectations regarding future events or the possible future performance of investments represent TBC Capital's own assessment and interpretation of information available to it currently from third party sources. Information obtained from the third party sources believed to be reliable, but that there is no guarantee of the accuracy and/or completeness of such information. TBC Capital does and seeks to do and any member of the Group may or seek to do business with companies covered in this Publication. Thus, investors should be aware that TBC Capital may have a potential conflict of interest that could affect the objectivity of the information contained in this Publication. This Publication may not be reproduced, redistributed or published, in whole or in part, in any form for any purpose, without the written permission of TBC Capital, and neither TBC Capital nor any member of the Group nor any of their Representatives accept any liability whatsoever for the actions of third parties in this respect. TBC Capital makes no expressed or implied representation or warranty of usefulness in predicting the future performance or in estimating the current or future value of any security or asset, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this Publication. Without limiting any of the foregoing and to the extent permitted by law, TBC Capital or any member of the Group or any of their Representatives expressly disclaim all liability whatsoever (in negligence or otherwise) for any loss or damages however arising, directly or indirectly, from any use of this Publication or its contents (including without limitation to the accuracy and/or completeness of information therein) or otherwise arising in connection with this Publication or for any act or failure to act by any party on the basis of this Publication.



**TBC CAPITAL**