



MONTHLY TOURISM UPDATE

July 2022

Georgia

Hotel Price Dynamics in Georgia January – July of 2022



Research



MONTHLY TOURISM UPDATE

Georgia

July 2022

Summary

- In July 2022, the number of **international tourist visits recovered to 80.6% of the pre-pandemic (2019) value** of the corresponding month and reached 459 711 visits.
- Since the outbreak of the war in Ukraine, the border-crossing statistics reveal **significant differences in the number of entries and exits to and from Georgia made by Russians, Belarusians, and Ukrainians**. In June 2022, the difference between the number of entries and exits was highest for Russians, continuing the trend of previous months.
- In the past few months, **significant increases in hotel prices** have been evident due to a combination of factors, such as the partial recovery of international tourism, the rapid inflow of Russians, Belarusians, and Ukrainians since the beginning of the war, a higher domestic tourism demand among Georgians, and the increase in prices for essential goods for hotel services.
- The **Consumer Price Index (CPI)** for restaurants and hotels has recorded a two-digit YoY price increase throughout the past year, peaking at 14.3% in July 2022.
- Meanwhile, since February 2022, the **Producer Price Index (PPI)** for accommodation services has also been increasing with a sharp peak of 23% in June 2022.
-
- In July 2022, in Georgia, **the Hotel Price Index (HPI)** increased by 13.3% compared to June 2022, and by 13.0% compared to July 2021.

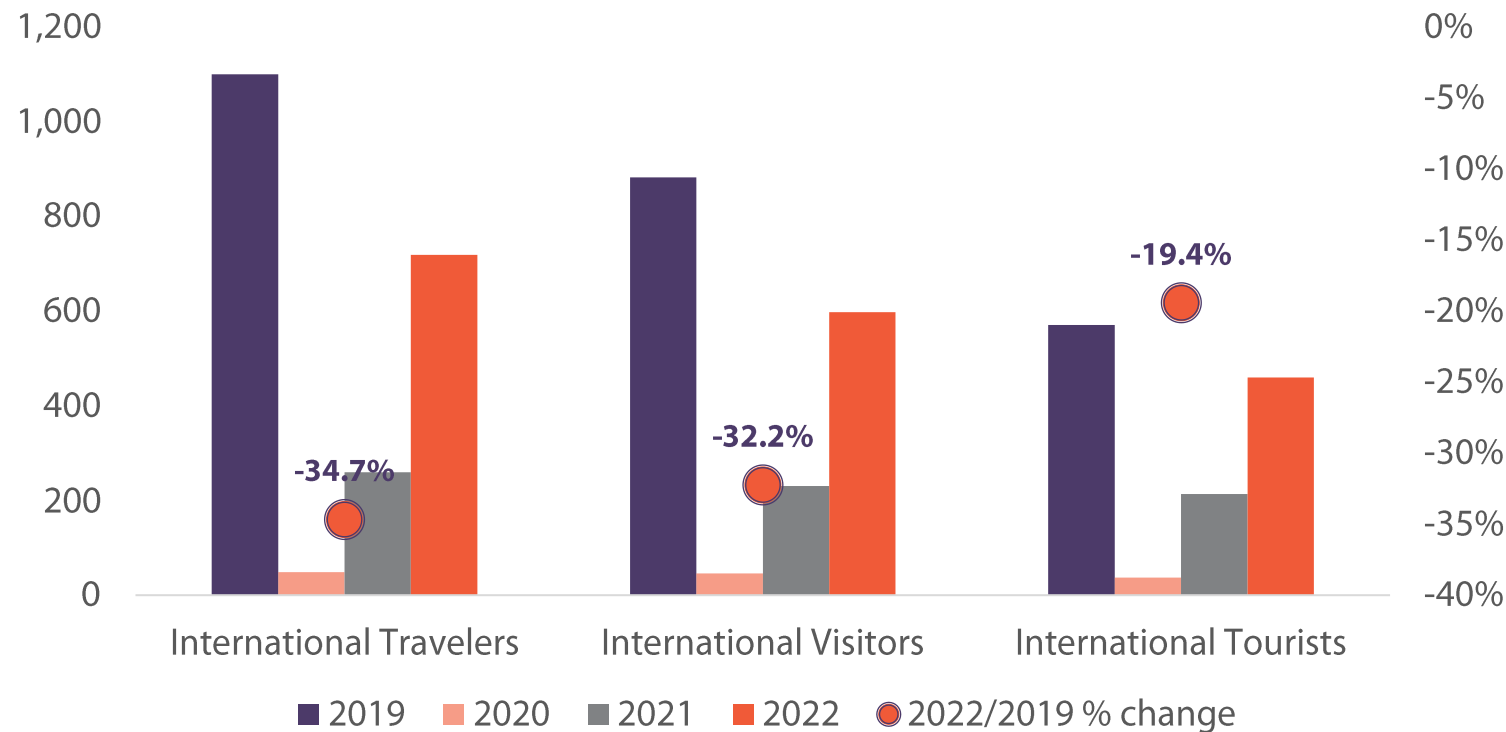


INTERNATIONAL TRAVEL DYNAMICS

The number of **international travelers**¹ increased by 176.7% in July 2022, compared to the same period of 2021, and declined by 34.7% compared to the same period in 2019.

Meanwhile, the number of **international visitors**² increased by 158.9% (2022/2021) and declined by 32.2% (2022/2019), and the number of **international tourists**³ increased by 115.3% (2022/2021) and declined by 19.4% (2022/2019).

International travel dynamics in July (2019-2022)



Source: Georgian National Tourism Administration (GNTA)

In July 2022⁴, the top countries of origin of international visits were **Russia** (156 737 visits), **Armenia** (103 906 visits), and **Turkey** (95 989 visits).

Among the major tourism markets, the number of international visits from **Belarus** (65.6%), **Kazakhstan** (46.7%), and **Saudi Arabia** (21.7%) significantly exceeded the pre-pandemic figure (July 2019). Besides, the number of international visits from **Russia** (-1.5%) has almost returned to the pre-pandemic figure.

1 An international traveler is someone who moves between different geographic locations for any purpose and any duration. This excludes foreign citizens who are Georgian residents and includes Georgian citizens who are foreign residents.

2 An international visitor is a traveler taking a trip to a main destination outside his/her usual environment, for less than a year, for any purpose (business, leisure or other personal purpose) other than to be

employed by a resident entity in the country or place visited. The usual environment of an individual, a key concept in tourism, is defined as the geographical area within which an individual conducts his/her regular life routines. For the purposes of defining "usual environment" in Georgia, travelers conducting 8 or more trips are excluded from the data.

3 A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor) if his/her trip includes an overnight stay.

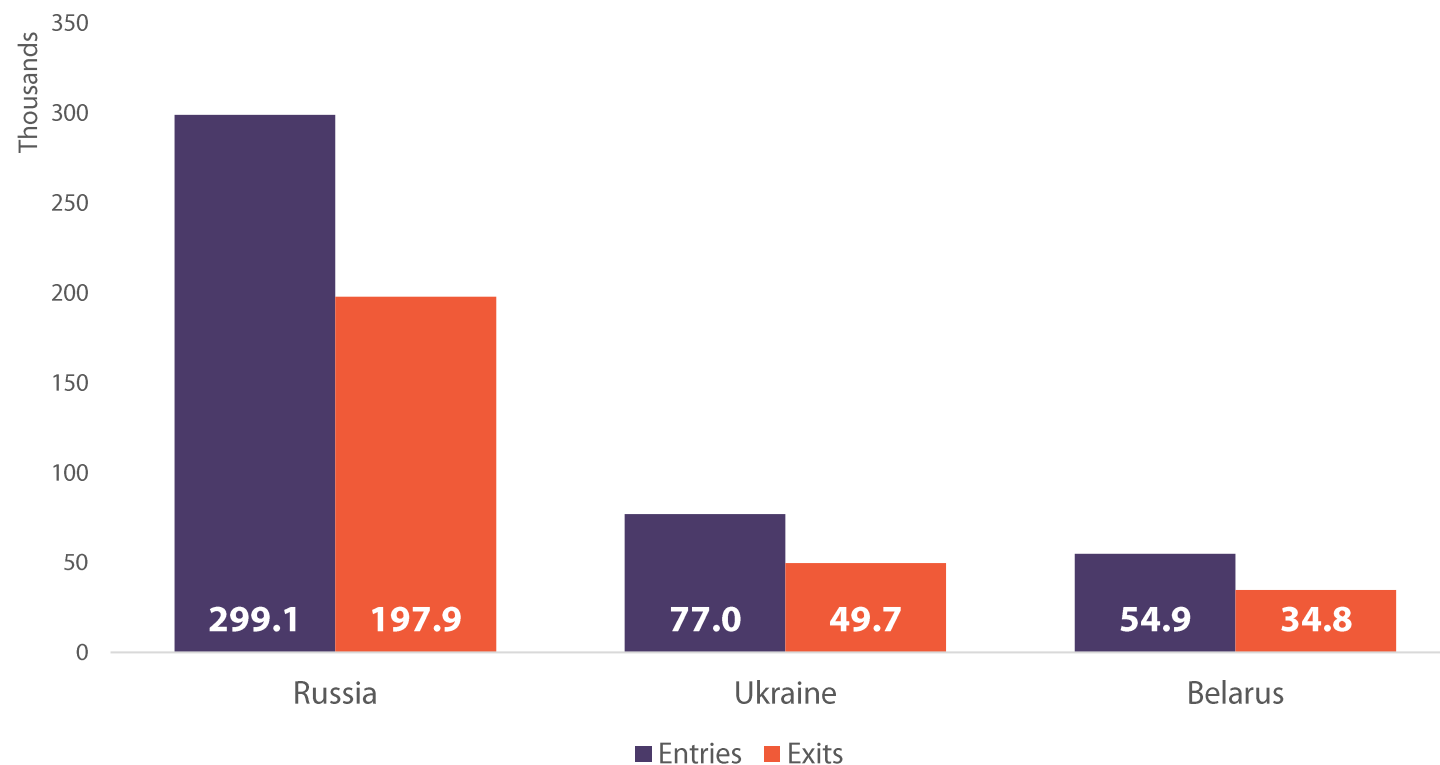
4 Note, that international visitor statistics are counted as the number of international visitors leaving the country, thus the data does not represent the number of total visitor inflow in the corresponding month.



ENTRIES AND EXITS OF RUSSIANS, BELARUSIANS, AND UKRAINIANS

Since the outbreak of the war in Ukraine, the border-crossing statistics reveal **significant differences in the number of entries and exits to and from Georgia made by Russians, Belarusians, and Ukrainians.**

The number of entries and exits by Russian, Belarusian and Ukrainians (sum of March-June 2022)



Source: Georgian National Tourism Administration (GNTA), Ministry of Internal Affairs

- In June 2022, entries from **Russia** were approximately 45 thousand higher compared to exits. The corresponding figure for **Ukraine** was around 4 thousand, while for Belarus this number was equal to 3 thousand.
- Throughout March-June 2022, the total number of entries by **Russians was approximately 101 thousand higher** compared to exits, while for Ukrainians and Belarusians the corresponding figures were 27 and 20 thousand, respectively⁵.
- The monthly differences (i.e. more entries than exits) were especially high for Russians in this period, which was followed by Ukraine and Belarus.**

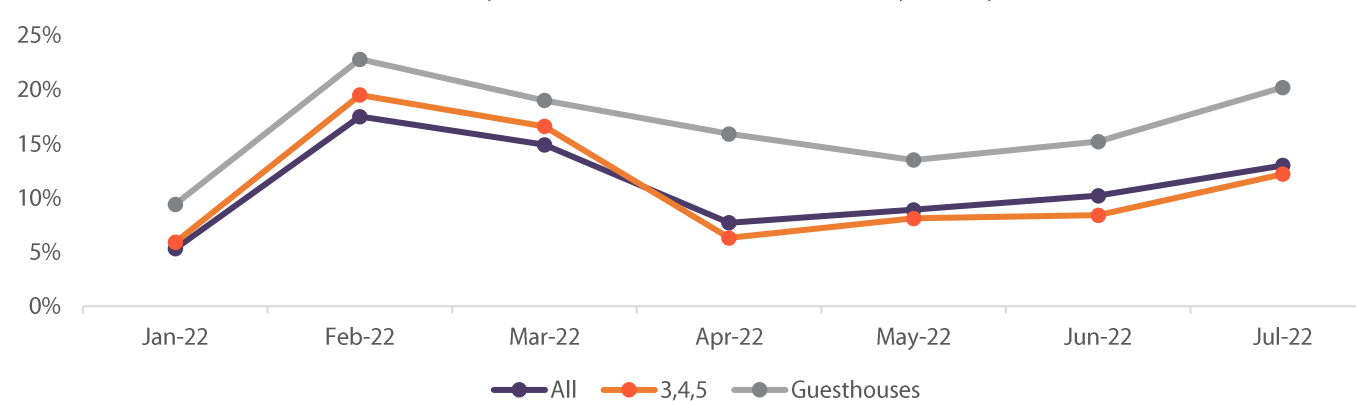
⁵ Statistical discrepancies could be caused by the fact that the data on the number of exits reflects the exit of international visitors only (please, refer to footnote 2) and is provided by the National Tourism Administration (GNTA). While the number of entries is counted for all citizens of given countries and is provided by the Ministry of Internal Affairs.



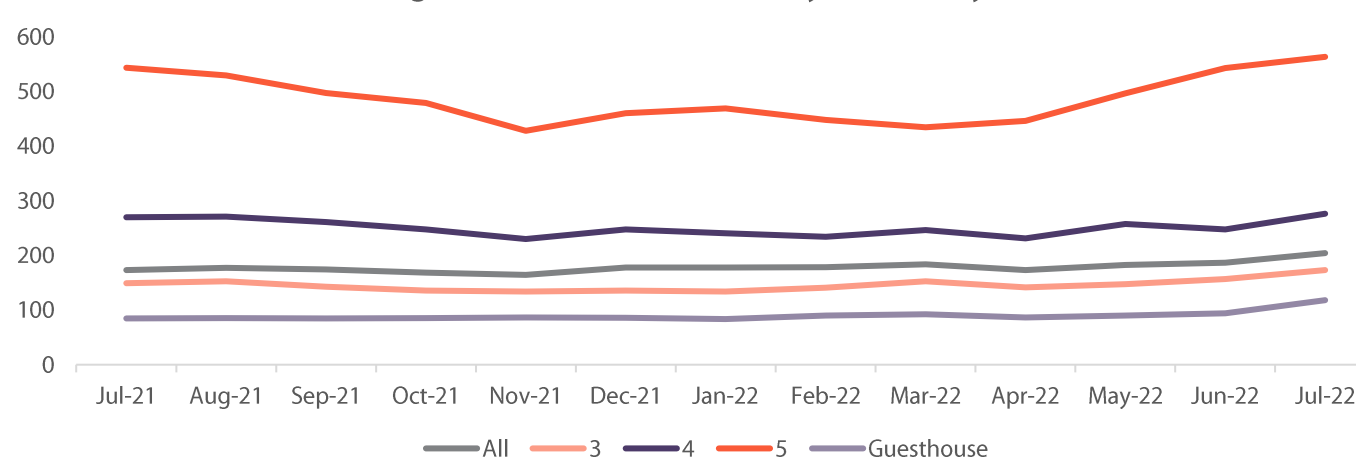
HOTEL PRICE DYNAMICS

- In recent months, **there have been notable increases in hotel prices** due to a combination of factors, such as the partial **recovery** of international tourism, the **rapid inflow of Russians, Belarusians, and Ukrainians**, since the beginning of the war, higher **domestic tourism demand** among Georgians, and **the increase in prices for goods** essential for hotel services, as well as **the low base effect** in February and March of 2022.

YoY monthly Hotel Price Index (January - July 2022)



Average Hotel Prices in GEL (July 2021- July 2022)



Source: Booking.com, PMC RC calculations

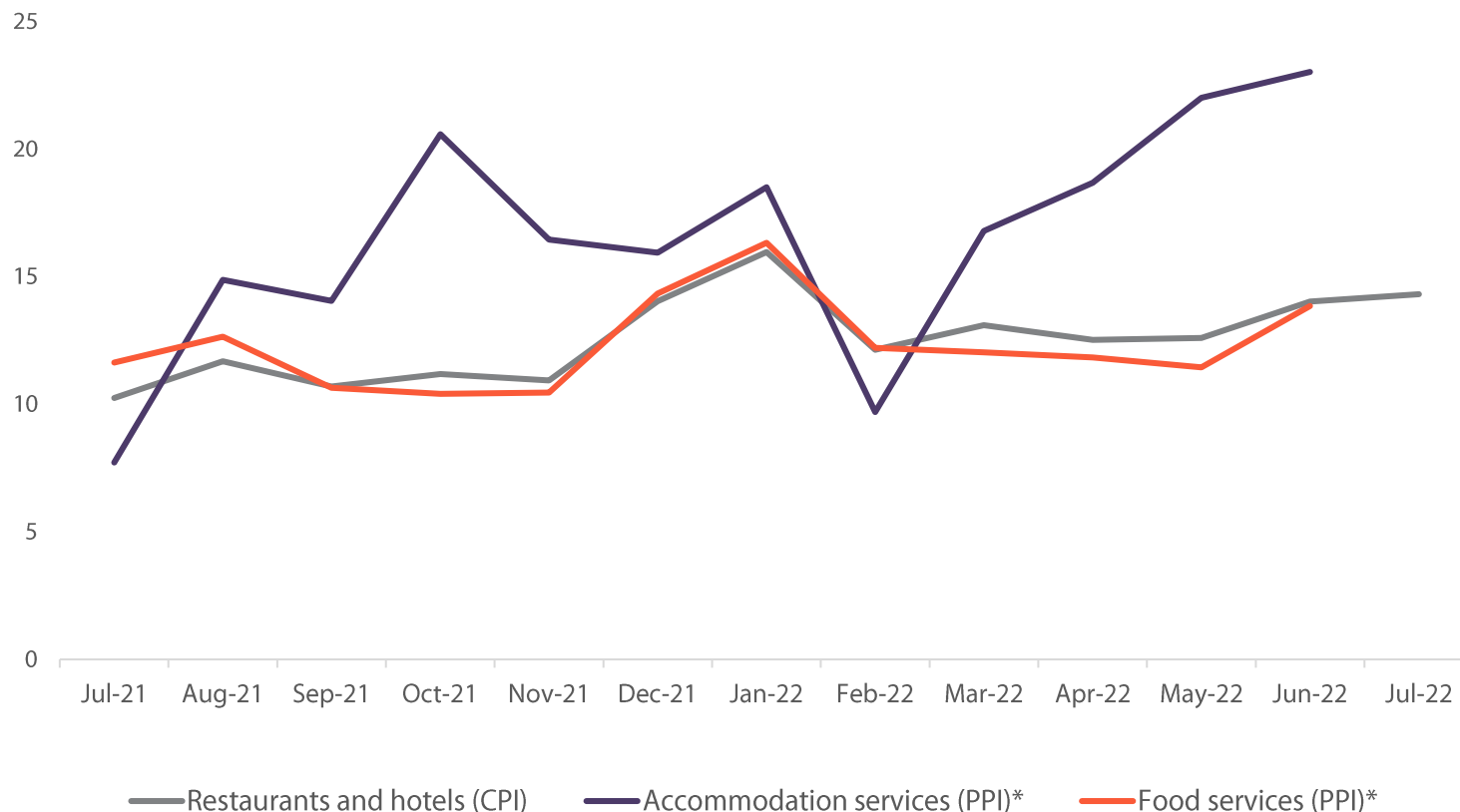
- For the first seven months of 2022, the **HPI** was at its highest in February (17.7%), followed by March (14.9%) and July (13%). In general, the HPI was higher for guesthouses compared to 3-, 4-, and 5-star hotels.
- When **compared to pre-pandemic values**, the HPI was negative in January 2022 but positive for every subsequent month.
- The magnitude of the price change** relative to the pre-pandemic values was at its highest in July (20.5%), followed by June (10.3%) and May (10.1%).
- Throughout the past year, **average hotel prices** have been increasing steadily for all types of hotels with the biggest increase being for 5-star hotels.
- For guesthouses (25.4%), 4-star hotels (11.8%), and 3-star hotels (10.5%), **the monthly average price increase** for the year so far was highest in July 2022. Meanwhile, for 5-star hotels, the monthly average price increase (11.2%) peaked in May 2022.



PRICE INDICES FOR RESTAURANTS AND HOTELS

Key indicators used to observe price changes for accommodation services is **the CPI** change for restaurants and hotels and **the PPI** change for accommodation services and food services. Both indicators have been consistent with the observations from the YoY HPI.

Consumer price index and producer price index for restaurants and hotels
(July 2021- July 2022)



The CPI for restaurants and hotels reached a peak YoY increase of 14.3% in July 2022, compared to July 2021. Meanwhile, the YoY increase in HPI in July 2022 amounted to 13%.

Elsewhere, **the PPI for accommodation services** has shown some fluctuation throughout the last year as a whole, albeit since February 2022 it has been increasing sharply, peaking at 23% in June 2022.

At the same time, **the PPI for food services** has also been showing some fluctuation, but of a smaller magnitude: a sharp decline was recorded at the end of 2021, followed by a relatively stable increase throughout 2022.

Source: National Statistics Office of Georgia

*note that the data for PPI index for July 2022 was not available yet



HOTEL PRICE INDEX IN GEORGIA

In July 2022, in Georgia the hotel price index⁶ increased by 13.3% compared to June 2022. The 3-star, 4-star, and 5-star hotel price index increased by 12.7%, while for guesthouses, the price index increased by 15.9%.

The monthly HPI was the highest in Samtskhe-Javakheti (30.1%) and Adjara (22%) and the lowest in Kakheti (1.6%).

In July 2022, compared to July 2021, hotel prices in Georgia increased by 13%. The prices of 3*, 4*, and 5* hotels increased by 12.2% and the prices of guesthouses increased by 20.2%.

The yearly HPI was the highest in Racha (24.2%) and Samtskhe-Javakheti (20.5%) and the lowest in Shida Kartli (-1.6%).

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2022 Jul/ 2022 Jun	2022 Jul/ 2021 Jul	2022 Jul/ 2022 Jun	2022 Jul/ 2021 Jul	2022 Jul/ 2022 Jun	2022 Jul/ 2021 Jul
Kakheti	1.6%	16.5%	4.4%	15.6%	0.5%	16.9%
Imereti	2.0%	12.8%	1.1%	20.2%	2.3%	9.5%
Guria	17.9%	14.5%	12.6%	23.7%	35.4%	6.0%
Kvemo Kartli	14.4%	0.3%	10.0%	18.9%	19.0%	-28.6%
Adjara	22.0%	17.9%	17.7%	17.1%	35.1%	26.6%
Racha	11.9%	24.2%	-	-	11.9%	24.2%
Shida Kartli	13.3%	-1.6%	11.1%	-3.8%	14.0%	0.5%
Samegrelo-Zemo Svaneti	10.7%	0.9%	8.2%	-4.1%	12.3%	5.3%
Samtskhe-Javakheti	30.1%	20.5%	36.2%	15.5%	27.5%	23.1%
Mtskheta-Mtianeti	6.3%	8.8%	10.4%	10.8%	3.5%	7.6%
Tbilisi	9.3%	10.3%	9.4%	9.2%	8.4%	20.9%
Overall Price % Change	13.3%	13.0%	12.7%	12.2%	15.9%	20.2%

⁶ The calculation of the hotel price index is based on the recommendations given by the International Monetary Fund (IMF). The elementary aggregate price index is calculated by Jevons

index (Consumer Price Index Manual-Theory and Practice (2004), Practical Guide to Producing Consumer Price Indices (2009).

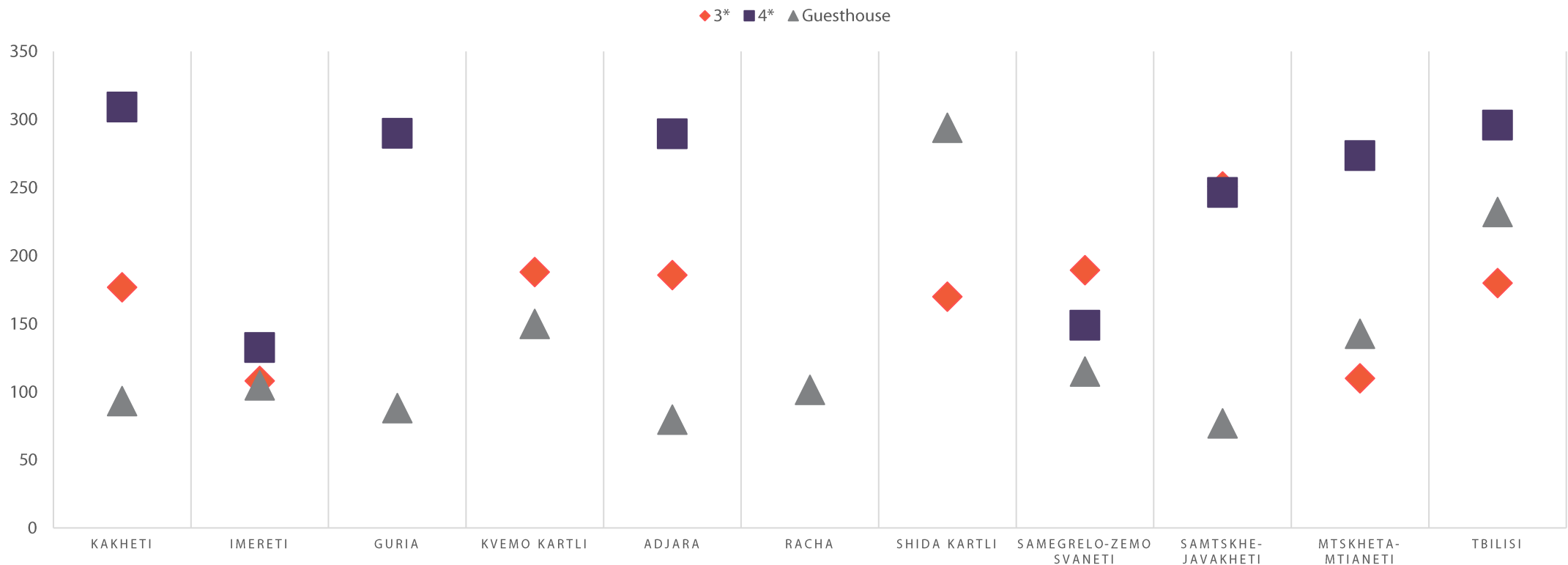


THE AVERAGE HOTEL PRICES IN GEORGIA

In Georgia, the average cost of a room⁷ in a 3-star hotel was **173 GEL** per night in July 2022, while the average cost of a room in a 4-star hotel in Georgia was **276 GEL** per night and the average cost of a room in a guesthouse⁸ was **118 GEL** per night.

The average cost of a room in a 5-star hotel in Georgia in July 2022 was **563 GEL** per night. In Guria, the average price was **1001 GEL**, followed by Tbilisi – **619**, Adjara – **612**, and Kakheti – **522**.

THE AVERAGE PRICES OF 3*, 4* STAR HOTELS AND GUESTHOUSES BY REGIONS
(JULY 2022, IN GEL)



⁷ The results are based on the surveying of standard double hotel room prices of 3, 4, 5-star hotels and guesthouses in 10 regions of Georgia. Hotels were chosen arbitrarily according to random sampling principle. The study contains 71% (312) of all 3, 4 and 5-star hotels and 25% (456 guesthouses) of all guesthouses

registered on www.booking.com The 3, 4 and 5-star hotel price data was collected by contacting hotels individually, while the prices of guesthouses were taken from [booking.com](https://www.booking.com). The average prices are arithmetic mean of standard double hotel room prices.
⁸ Guesthouse: a type of accommodation that is characterized by

having a small number of rooms and services are usually offered by the resident family.



BASIC ECONOMIC INDICATORS IN GEORGIA

	2016	2017	2018	2019	2020	I 2021	II 2021	III 2021	IV 2021	2021	I 2022	II 2022
GDP in current prices for Accommodation and Food Service Activities (mln)	1054.1	1437.5	1800.0	2223.0	1204.5	197.8*	452.2*	602.3*	472.0*	1724.4*	372.8*	-
Number of International Travelers (thousand persons)	6720.0	7902.5	8679.5	9357.9	1747.1	134.7	351.3	815.4	579.8	1881.3	576.5	1049.4
Number of Tourists (thousand persons)	3297.3	4069.4	4756.8	5080.5	1087.0	116.6	305.8	670.4	484.7	1577.5	456.0	749.3
Revenue from International Travel (mln USD)	2110.7	2704.3	3222.1	3268.7	541.7	53.6*	246.1*	566.0*	379.3*	1244.9*	393.7*	748.8*
The Expenditures of Georgian Travelers Abroad (mln USD)	386.3	463.6	524.7	657.2	180.5	19.7*	37.1*	62.6*	64.5*	184.1*	72.2	-
Foreign Direct Investment in Hotels and Restaurants Sector (mln USD)	120.0	109.5	82.3	123.4	-249.5	-0.9*	-1.4*	10.7*	0.7*	7.7*	12.1*	-

* Preliminary data



DISCLAIMER

The PUBLICATIONS presented on the website are prepared by PMC Research Center only for informational and/or marketing purposes. Nothing in the PUBLICATIONS constitute, or is meant to constitute, advice of any kind, and the reader is responsible for their interpretation of all content and acknowledges that any reliance thereupon shall be entirely at their risk. PMC Research Center cannot be held liable for any claims arising as a result of the reader's use of the materials.

The PUBLICATION is presented "as is" without any representations or warranties, expressed or implied.

Without prejudice to the general message of the first paragraph above, PMC Research Center does not guarantee that:

- the PUBLICATION will be constantly available; or
- the information contained in the PUBLICATION is complete, true, accurate, or non-misleading.

PMC Research Center reserves the right to modify the contents of PUBLICATIONS from time to time as it deems appropriate.

PMC Research Center absolves itself of any liability of violations of other parties' rights, or any damage incurred as a consequence of using and applying any of the contents of PMC Research Center's PUBLICATIONS. PMC Research Center will not be liable to the reader (whether under contract law, tort law, or otherwise) in relation to the contents of, use of, or other form of connection with, the PUBLICATION.

The reader accepts that, as a limited liability entity, PMC Research Center has an interest in limiting the personal liability of its officers and employees. The reader agrees that they will not bring any claim personally against PMC Research Center's officers or employees with respect to any losses suffered by the reader in connection with the PUBLICATION.

The reader agrees that the limitations of guarantees and liabilities set out in the PUBLICATION disclaimer protect PMC Research Center's researchers, officers, employees, agents, subsidiaries, successors, assignees, and sub-contractors as well as PMC Research Center itself.

If any provision of this disclaimer is, or is found to be, unenforceable under applicable law, that will not affect the enforceability of the other provisions of the PUBLICATION disclaimer.

Giorgi Khishtovani

Research Director

g.khishtovani@pmcginternational.com

Nika Kapanadze

Researcher

n.kapanadze@pmcginternational.com

Nana Kajaia

Junior Researcher

n.kajaia@pmcginternational.com

Sopio Mkervalidze

Intern

s.mkervalidze@pmcginternational.com

Address: 61 Aghmashenebeli Avenue, 3rd floor,
Tbilisi 0102, Georgia.

Tel: (+995 32) 2921171, 2921181

Email: research@pmcginternational.com

Website: pmcresearch.org