



MONTHLY TOURISM UPDATE

July 2023

Georgia

Revenues from International Travel to Georgia in the First Half of 2023



Research



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Summary

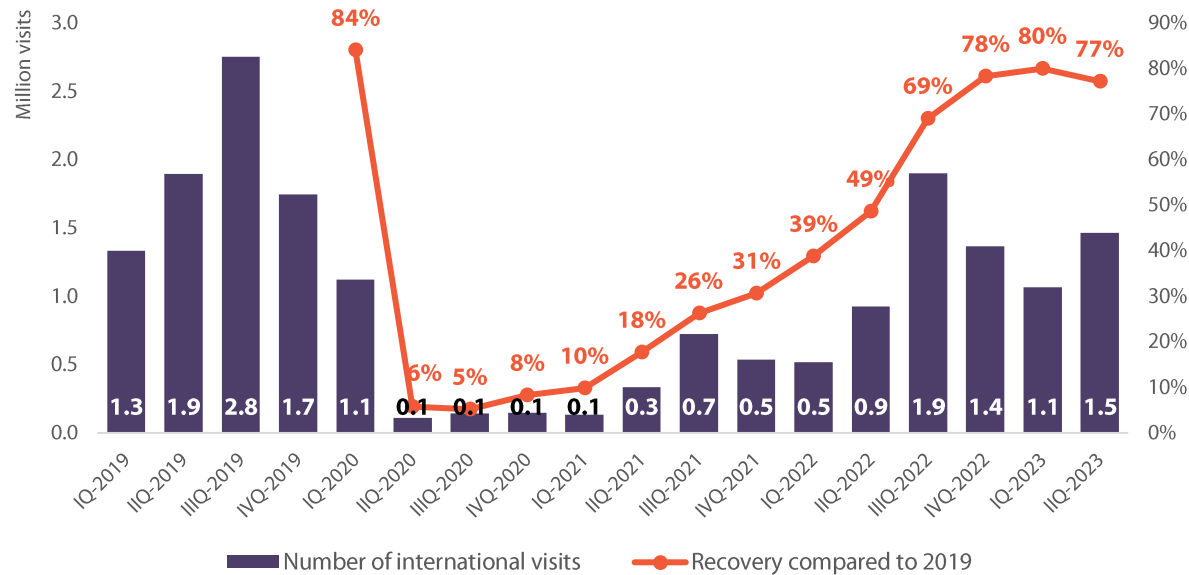
- ❏ In the first half of 2023, **the number of international visits to Georgia reached 2.5 million visits, which is 21.7% lower than in the first half of 2019** (referred to as the corresponding pre-pandemic figure). This relatively slow recovery could be attributed to the ongoing Russia-Ukraine War and related disruptions to Georgia's tourism sector.
- ❏ **From a regional perspective**, the number of international visits originating from Europe in the first half of 2023 was well below the pre-pandemic number (-23.3%), while for all other regions, the number of visits matched or exceeded the pre-pandemic figure.
- ❏ Despite only a partial recovery in the number of international visitors in the first half of 2023 against the corresponding period of 2019, **income from international travel reached USD 1.8 billion**, representing a 24% increase compared to the first half of 2019.
- ❏ According to the National Bank of Georgia, as of 30 June 2023, **38.4% of Russian citizens, 34.9% of Belarusian citizens, and 28.0% of Ukrainian citizens residing in Georgia** were estimated to have been living in the country for at least one year or were intending to stay for more than one year.
- ❏ Considering these estimates, **income from Russian travelers was at its highest in the first half of 2023** when it amounted to USD 482.1 million (equating to 26.7% of total income from international travel), which is 9.4% higher compared to the same period of 2019.
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- ❏ In July 2023, compared to July 2022, **the Hotel Price Index (HPI)** in Georgia decreased by 8.6% attributed to a significant decline in Tbilisi (-16.5%). Meanwhile, compared to June 2023, HPI increased by 0.6% with the highest monthly increase in Guria (16.3%).



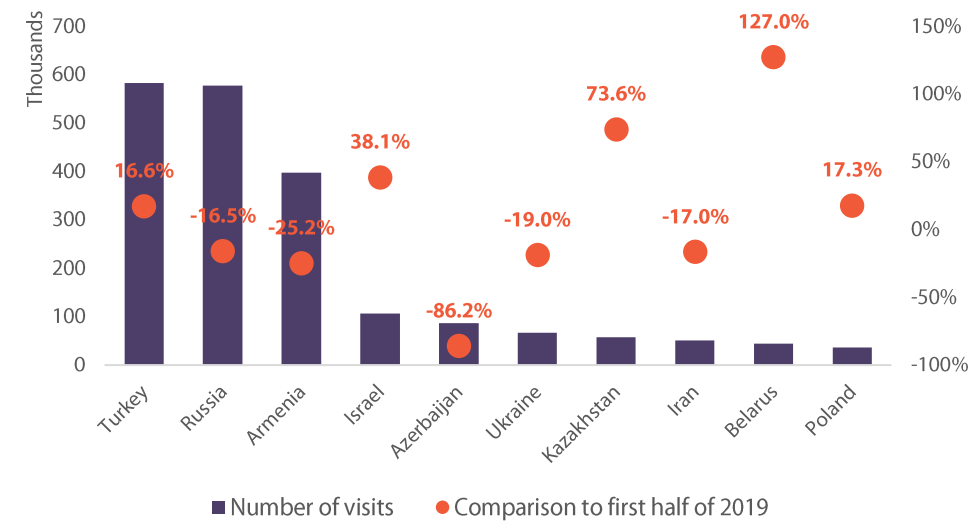
INTERNATIONAL VISITS IN THE FIRST HALF OF 2023

In the first half of 2023, the recovery in the number of international visits continued, however at a slower pace compared to previous periods, which could be attributed to the ongoing Russia-Ukraine War and related continuous disruptions in Georgia's tourism sector due to ecological and geopolitical issues arising from it. In particular, **in the first half of 2023, the number of international visits reached 2.5 million visits, which is equal to 78.3% of the corresponding pre-pandemic (2019) number.** However, this did at least represent a significant YoY increase (75.7%).

Number of international visits and its recovery to pre-pandemic number



International visits by countries in the first half of 2023 and its recovery to pre-pandemic number



Source: GNTA

In the first half of 2023, **in terms of country of origin**, the highest number of visitors to Georgia came from **Turkey**, amounting to 582,500, marking a 16.6% rise compared to the first half of 2019. Narrowly behind in second was **Russia** with 577,600 visits, reflecting a 16.5% drop compared to the pre-pandemic number. Among the top 10 countries of origin for international visitor trips, the number of visits increased most from **Belarus** (127.0% higher compared to the corresponding figure for the first half of 2019), **Kazakhstan** (73.6%), and **Israel** (38.1%). Meanwhile, the recovery was the lowest for **Azerbaijan** (13.5% of the corresponding pre-pandemic number), **Armenia** (74.8%), and **Iran** (83.0%).

Notably, **looking at the situation from a regional perspective**, in the first half of 2023 the number of international visits originating from Europe was considerably below the pre-pandemic figure (-23.3%), while from all other regions, the number of visits reached or exceeded the pre-pandemic number. This could be attributed to Georgia perceived as less safe or suitable as a tourist location due to the Russia-Ukraine War, and consequent disruptions, such as the substantial inflow of migrants from Russia.

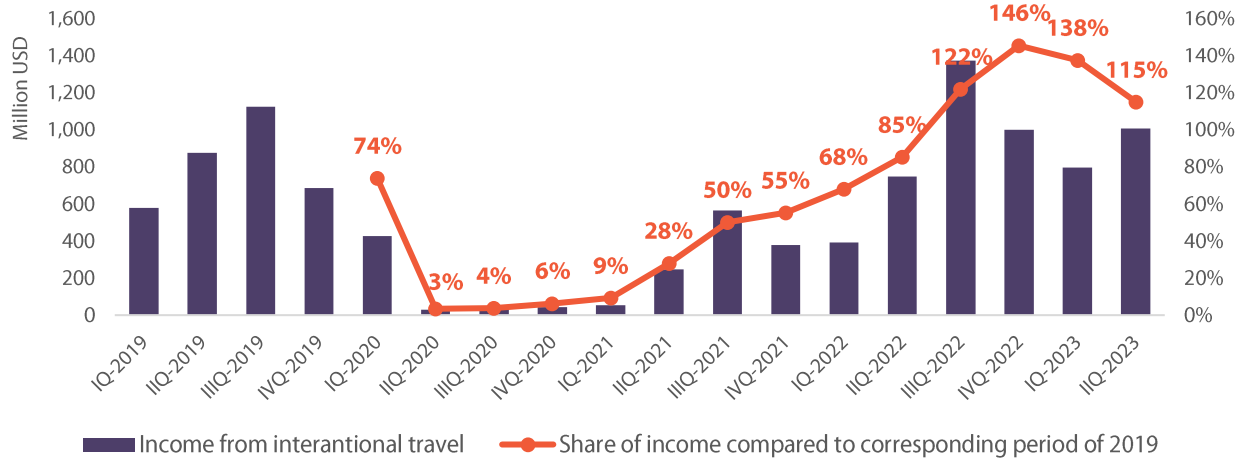


REVENUES FROM INTERNATIONAL TRAVEL IN THE FIRST HALF OF 2023

Despite only a partial recovery in the number of international visitors in the first half of 2023, **the income from international travel in this period exceeded the pre-pandemic level significantly.** This can be attributed to factors such as increased average length of stay, the broader recovery of international tourism, and inflationary trends.

In particular, **in the first half of 2023, income from international travel reached USD 1.8 billion**, which is 24% higher compared to the first half of 2019, and 58% higher compared to the first half of 2022.

Income from international travel and its share compared to pre-pandemic values



Income from international travel by countries in the first half of 2023 and its recovery to pre-pandemic number



Source: National Bank of Georgia

In terms of nationality, income from Russian travelers was highest in the first half of 2023 (26.7% of total income from international travel) and amounted to USD 482.1 million, which is 9.4% higher compared to 2019. In this regard, Russia was followed by Turkey (14.6% of total income), income from which recorded a 39.5% increase compared to the first half of 2019, and then the EU, which surpassed the pre-pandemic number by 14.4% despite the low level of recovery of international visits and contributed 12.0% of total income from international travel.

Among the top 10 countries of origin, the income recovery rate was the lowest for Azerbaijan (recovering to just 59.3% of its pre-pandemic figure). Meanwhile, a significant increase in income compared to the pre-pandemic period was reported for Israel (70.4%), while Ukraine also recorded a reasonable rise (30.8%).

According to the National Bank of Georgia, as of 30 June 2023, **38.4% of Russian citizens, 34.9% of Belarusian citizens, and 28.0% of Ukrainian citizens residing in Georgia were estimated to have been living in the country for one year or intending to stay for more than one year.** According to IMF methodology, such people are treated as Georgian residents, and their spending is not included in the calculations of income from international travel.



HOTEL PRICE INDEX IN GEORGIA

In July 2023, in Georgia the hotel price index¹ increased by 0.6% compared to June 2023. The 3-star, 4-star, and 5-star hotel price index increased by 1.6%, while for guesthouses, the price index decreased by 8.7%.

The monthly HPI was the highest in Guria (16.3%) and lowest in Mtskheta-Mtianeti (-11.9%).

In July 2023, compared to July 2022, hotel prices in Georgia decreased by 8.6%. The prices of 3*, 4*, 5* hotels decreased by 10.2% and the prices of guesthouses decreased by 10.4%.

The yearly HPI was the highest in Shida Kartli (19.8%) and lowest in Tbilisi (-16.5%).

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2023 July/ 2023 June	2023 July/ 2022 July	2023 July/ 2023 June	2023 July/ 2022 July	2023 July/ 2023 June	2023 July/ 2022 July
Kakheti	0.2%	4.5%	0.7%	-3.9%	0.1%	8.0%
Imereti	1.1%	8.3%	0.0%	1.5%	2.1%	14.2%
Guria	16.3%	-10.7%	30.8%	-10.7%	3.3%	-
Kvemo Kartli	0.0%	0.0%	0.0%	0.0%	-	0.0%
Adjara	5.5%	-2.8%	2.6%	-4.7%	14.6%	15.0%
Racha	0.0%	0.0%	-	-	0.0%	0.0%
Shida Kartli	0.0%	19.8%	0.0%	6.5%	0.0%	51.7%
Samegrelo-Zemo Svaneti	-2.8%	8.0%	-5.5%	3.4%	-1.3%	11.2%
Samtskhe-Javakheti	7.9%	4.5%	22.8%	2.4%	-2.7%	6.0%
Mtskheta-Mtianeti	-11.9%	-9.4%	-16.1%	-15.1%	-6.6%	-3.9%
Tbilisi	-2.0%	-16.5%	-0.3%	-15.8%	-21.6%	-27.5%
Overall Price % Change	0.6%	-8.6%	1.6%	-10.2%	-8.7%	-10.4%

¹ 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). Note, that for the selected regions, the sample size is relatively low compared to other regions (ex. Shida Kartli, Racha). Therefore, the calculations of Hotel Price Indices for those regions the HPI may

stand for changes in the prices for only a small number of enterprises, therefore lacking the ability to show the general pattern of the hotel price change in these regions.

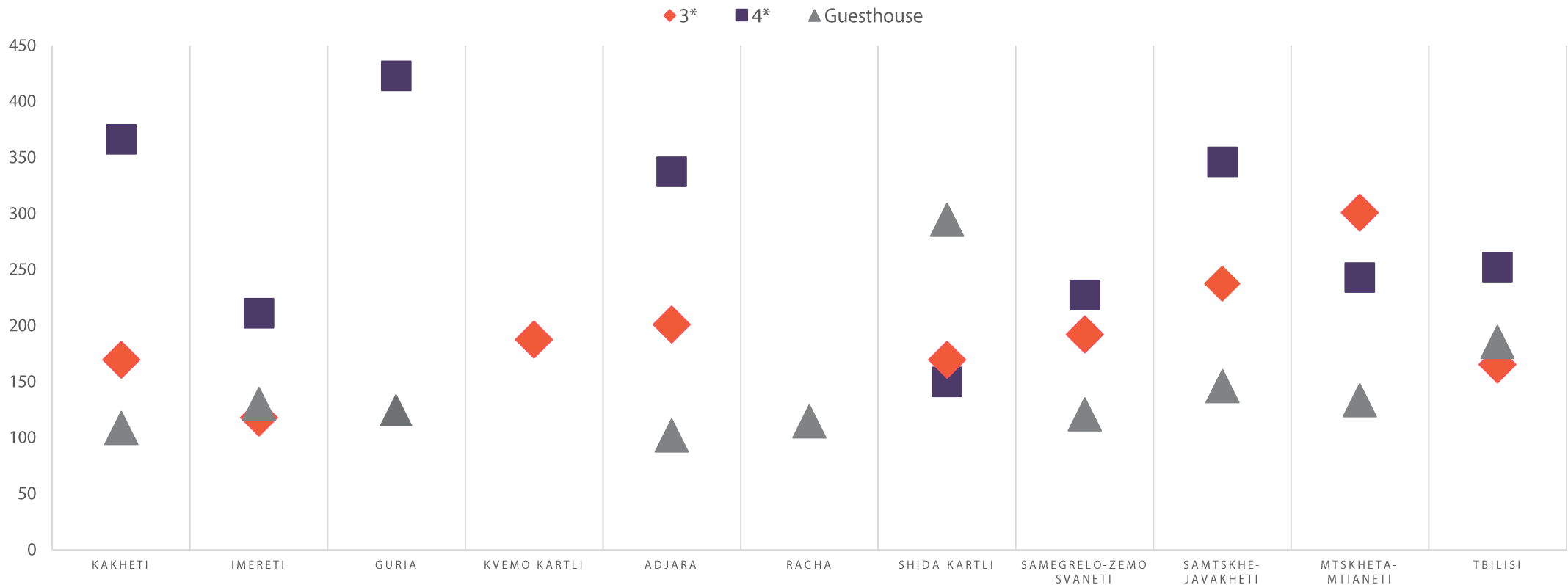


THE AVERAGE HOTEL PRICES IN GEORGIA

In Georgia, the average cost of a room² in a 3-star hotel was **174 GEL** per night in July 2023, while the average cost of a room in a 4-star hotel in Georgia was **267 GEL** per night and the average cost of a room in a guesthouse³ was **132 GEL** per night.

The average cost of a room in a 5-star hotel in Georgia in July 2023 was **498 GEL** per night. In Guria, the average price was **894 GEL**, followed by Adjara – **550 GEL**, Tbilisi – **505 GEL**, and Kakheti – **466 GEL**.

THE AVERAGE PRICES OF 3*, 4* STAR HOTELS AND GUESTHOUSES BY REGIONS (JULY 2023, IN GEL)



² 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. The average prices are arithmetic mean of standard double hotel room prices.
³ 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

	2018	2019	2020	2021	I 2022	II 2022	III 2022	IV 2022	2022	I 2023	II 2023
GDP in current prices for Accommodation and Food Service Activities (mln)	1800.0	2223.0	1204.5	1783.6	360.9*	536.2*	831.1*	646.2*	2374.5*	436.8*	-
Number of International Travelers (thousand persons)	8679.5	9357.9	1747.1	1881.3	576.5	1049.4	2266.7	1534.3	5426.9	1208.5	1651.70
Number of Tourists (thousand persons)	4756.8	5080.5	1087.0	1577.5	456.0	749.3	2082.6	948.8	3652.9	845.3	1085.2
Revenue from International Travel (mln USD)	3222.1	3268.7	541.7	1244.9	393.7*	748.8*	1374.7*	999.5*	3516.6*	795.4*	1009.1*
The Expenditures of Georgian Travelers Abroad (mln USD)	524.7	657.2	180.5	184.7	72.2*	103.5*	118.6*	114.3*	408.6*	105.0*	-
Foreign Direct Investment in Hotels and Restaurants Sector (mln USD)	106.0	119.3	-247.2	-7.4	10.6*	6.9*	16.1*	-2.0*	31.5*	4.3*	-

* Preliminary data



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