



Research

# Monthly Tourism Update

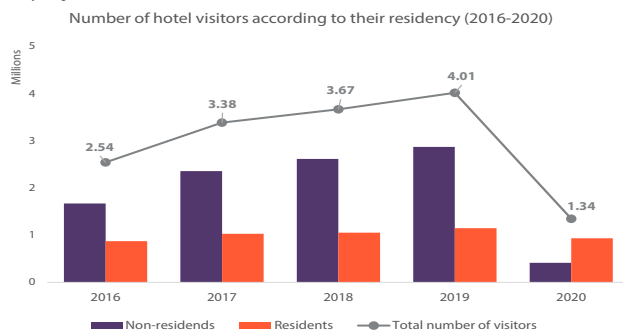
September 2021

- The number of international travelers<sup>1</sup> increased by 362.5% in September 2021, compared to the same period of 2020, and declined by 73.1% compared to the same period in 2019. Meanwhile, the number of international visitors<sup>2</sup> increased by 348.8% (2021/2020) and declined by 71.1% (2021/2019), and the number of international tourists<sup>3</sup> increased by 401.3% (2021/2020) and declined by 61.1% (2021/2019).
- The hotel industry of Georgia had been growing steadily before the pandemic struck, with a significant increase in the number of hotels and considerable growth in the number of people employed in the sector. In 2020, the previously positive trends in major industry indicators reversed which had a large economic impact, causing a 37.3% decrease in the number of hotels operating in Georgia.
- During the first year of the pandemic, the role of Georgian residents in tourism increased significantly as they made up 69.4% of total visitors, while the share of hotel visits for medical reasons peaked over the period of 2016-2020 largely due to the utilization of hotels as quarantine zones.

## The impact of the pandemic on the hotel industry in Georgia

The hotel industry has been one of the sectors most negatively impacted by COVID-19. Despite the tourism industry already entering its recovery phase, it is crucial to evaluate the magnitude of the effect of the pandemic on the hotel industry to be able to estimate the period of the full recovery and develop relevant measures to ensure sustainable recovery.

Throughout the period of 2016-2019, before the pandemic, the hotel industry was enjoying steady growth. In particular, the number of hotels and hotel-type enterprises increased by 12.4% (rising from 1,496 in 2016 to 1,682 in 2019), while the total area covered by hotels in sq. meters showed a significant 35.7% increase (from 1,675 thsd to 2,272 thsd), and the number of hotel employees increased by 31.7% (from 15,628 to 20,575). However, the spread of COVID-19 halted and reversed these positive dynamics in major industry indicators. In 2020, the number of hotels decreased by 37.3% compared to the previous year, while the total area covered by hotels decreased by 19.6%, and the number of employees underwent a considerable 33.8% decline<sup>1</sup>.



Number of hotel visitors according to their residency (2016-2020)

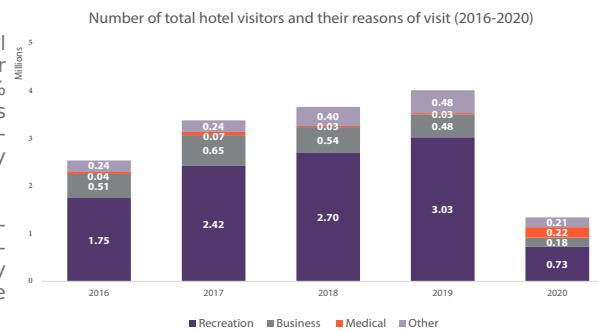
The number of hotel visitors also grew through the 2016-2019 period, peaking at 4.01 mln in 2019, of which the share of non-resident visitors was 71.5%. Of the latter, 35.3% of international visitors came from CIS countries and 15% came from EU member states, while residents of Georgia made up 28.5% of total visitors.

In 2020, the total number of hotel visitors declined by 66.5% compared to 2019, amounting to only 39.5% of the average level for the 2016-2019 period. The number of non-resident hotel visitors drastically decreased (by 85.7%) in 2020 compared to 2019, amounting to only 30.6% of total visitors. Of these, 34.5% of visitors were from CIS countries and 8.9% were from the EU<sup>1</sup>. In 2020, the number of residents of Georgia visiting hotels decreased by 18.5% and amounted to 69.4% of total visitors, showing a reversal of the pre-pandemic dynamics of the shares of visitors according to their residency.

The pandemic has also seen a change in the breakdown of the reasons for hotel visits. Throughout the 2016-2019 period, the average share of hotel visits for medical purposes was equal to 1.3%, while in 2020 this figure increased to 16.2% of total hotel visits. It must be noted that 90.3% of hotel visits for medical reasons were by the residents of Georgia, which can be directly explained by the utilization of hotels as quarantine zones for those potentially infected and those actually infected with COVID-19.

Elsewhere, recreation was the major reason for hotel visits throughout the reporting period. However, in 2020 out of all categories, the most prominent year-over-year decrease (75.8%) was reported in recreational visits and the majority (62.9%) of visitors were residents of Georgia, thus highlighting the increased role of domestic tourism in the hotel industry during the pandemic.

<sup>1</sup> Geostat: Major economic indicators of Hotels and hotel-type enterprises  
<sup>2</sup> Geostat: Hotel visitors according to their country of origin



Number of total hotel visitors and their reasons of visit (2016-2020)

Source: National statistics office of Georgia

## Hotel Price Index

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2021 Sept/ 2021 Aug	2021 Sept/ 2019 Sept	2021 Sept/ 2021 Aug	2021 Sept/ 2019 Sept	2021 Sept/ 2021 Aug	2021 Sept/ 2019 Sept
Kakheti	0.2%	25.7%	-1.1%	35.9%	0.8%	23.0%
Imereti	5.5%	23.1%	8.5%	15.5%	3.7%	28.4%
Guria	-25.8%	-25.6%	-34.5%	-41.3%	-15.9%	-5.6%
Kvemo Kartli	4.1%	50.8%	0.0%	50.8%	12.9%	-
Adjara	-12.7%	-13.1%	-14.6%	-9.8%	-9.5%	-17.9%
Racha	7.6%	2.5%	0.0%	0.0%	9.2%	2.5%
Shida Kartli	3.1%	25.2%	7.3%	25.9%	0.0%	24.9%
Samegrelo-Zemo Svaneti	-8.6%	4.4%	-12.6%	-14.8%	-5.6%	11.7%
Samtskhe-Javakheti	-5.9%	-2.0%	-13.5%	-11.0%	2.3%	5.7%
Mtskheta-Mtianeti	-9.0%	31.2%	-15.2%	31.3%	-4.0%	31.2%
Tbilisi	-4.8%	0.5%	-5.3%	1.3%	-1.7%	-5.4%
Overall Price % Change	-6.6%	0.9%	-8.4%	0.8%	-3.2%	-3.4%

Table 1: Percentage change of prices in September 2021 over August 2021 and over September 2019.

In September 2021, in Georgia the hotel price index<sup>4</sup> decreased by 6.6% compared to August 2021. The 3-star, 4-star and 5-star hotel price index decreased by 8.4%, while for guesthouses, the price index decreased by 3.2%.

In September 2021, compared to September 2019, hotel prices in Georgia increased by 0.9%. The prices of 3\*, 4\*, 5\* hotels increased by 0.8% and the prices of guesthouses decreased by 3.4%.

## Average Hotel Prices

In Georgia, the average cost of a room<sup>5</sup> in a 3-star hotel was 143 GEL per night in September 2021, while the average cost of a room in a 4-star hotel in Georgia was 263 GEL per night and the average cost of a room in a guesthouse<sup>6</sup> was 85 GEL per night.

### The average prices of 3\*, 4\* star hotels and guesthouses by regions (September 2021, in GEL)



**Graph 2:** In the graph, average prices for standard double rooms in 3 and 4-star hotels and guesthouses are given by region. 5-star hotel prices are provided above.

The average cost of a room in a 5-star hotel in Georgia in September 2021 was 497 GEL per night. In Guria, the average price was 694 GEL, followed by Tbilisi - 642 GEL, Kakheti - 539 GEL and Adjara - 485 GEL.

### Basic Economic Indicators

	2016	2017	2018	2019	I 2020	II 2020	III 2020	IV 2020	2020	I 2021	II 2021	III 2021
1	1054.1	1437.5	1800.0	2 223.0	427.2*	310.4*	335.8*	247.5*	1320.9*	187.9*	558.7*	-
2	6720.0	7902.5	8679.5	9357.9	1333.1	114.2	150.3	149.6	1749.3	134.7	351.3	-
3	3297.3	4069.4	4756.8	5080.5	765.3	82.3	113.6	125.9	1087.0	116.6	305.8	815.4
4	2110.7	2704.3	3222.1	3268.7	427.7	28.8	42.5	42.6	541.7	53.6	246.1	670.4
5	386.3	463.6	524.7	657.2	124.1	13.5	20.9	22.0	180.5	19.8	37.1	-
6	120.0	109.5	82.3	123.4	7.4	-6.0	1.5	-252.4	-249.5	-0.5*	-2.3*	-

1	GDP in current prices from Accommodation and Food Service activities (mln)	2	Number of International Travelers (thousand persons)	3	Number of Tourists (thousand persons)
4	Revenue from international travel (mln USD)	5	The Expenditures of Georgian travelers Abroad (mln USD)	6	Foreign Direct Investment in Hotels and Restaurants Sector (mln USD)

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 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)).

5 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.

6 Guesthouse: a type of accommodation that is characterized by having a small number of rooms and services are usually offered by the resident family.

\* Preliminary results