



MONTHLY TOURISM UPDATE

November 2023

Georgia

Business Statistics for the Accommodation Sector (Q1-Q3 2023)



Research



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Summary

- During the first three quarters of 2023, turnover in the Georgian accommodation sector reached 823.9 million GEL, representing a 10.2% increase compared to the same period of 2022. This significant growth can be directly linked to record-high income from international visits in 2023 so far.
- In Q1-Q3 of 2023, both the average number of persons employed and the average monthly salary in the Georgian accommodation sector rose compared to Q1-Q3 of 2022 by 5.7% and 11.4%, respectively. Notably, in Q3 of 2023, total salary fund in the sector reached an all-time high, amounting to 26.6 million GEL.

- The trends in the accommodation sector generally mirror broader trends observed in the aggregate sector of hotels, restaurants, and cafes (HORECA). However, the growth in the accommodation sector lagged behind the overall growth in the aggregate sector.

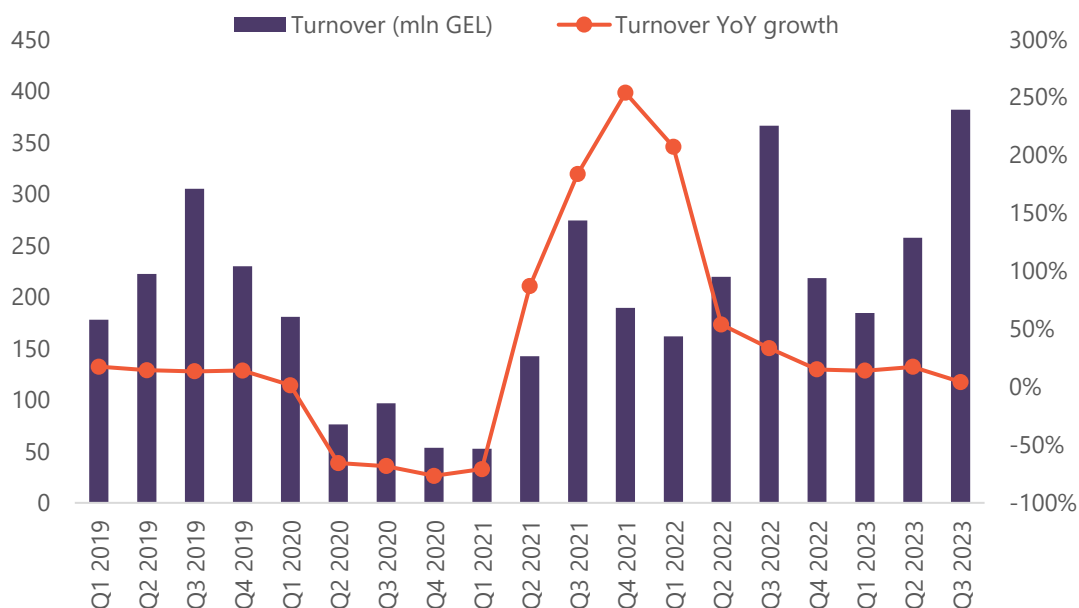
Hotel Price Index

In November 2023, compared to November 2022, the Hotel Price Index (HPI) in Georgia decreased by 13.2%, with the yearly HPI at its lowest under the “guesthouses” category (-21.5%). Meanwhile, compared to October 2023, the HPI in November 2023 dropped by 6.6%.

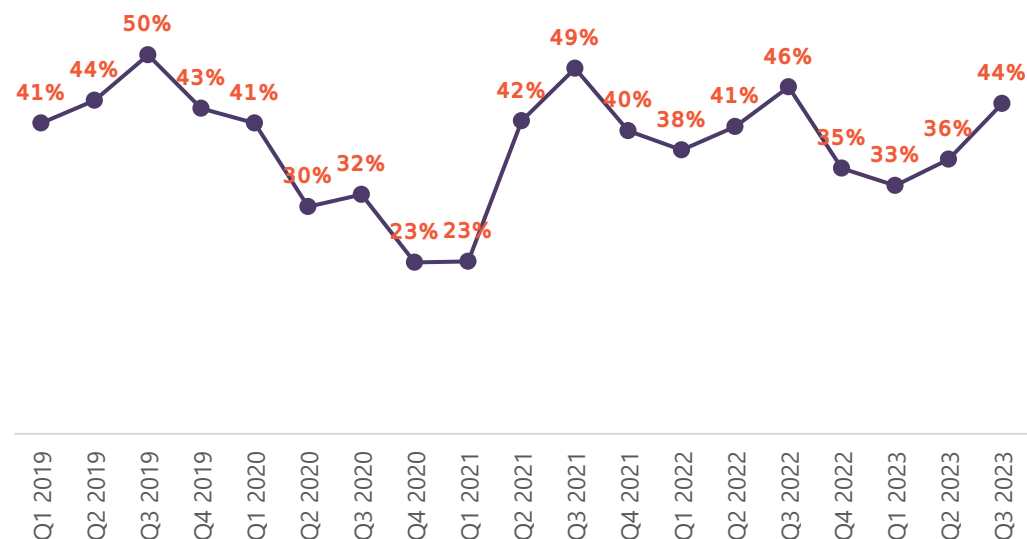


TURNOVER IN ACCOMMODATION SECTOR

Turnover in Accommodation Sector (2019- 2023 Q3)



Share of the accommodation sector in HORECA sector turnover (2019-2023 Q3)



Source: National Statistics Office of Georgia

In Q1-Q3 of 2023, expenditure on accommodation by international visitors reached 4.1 billion GEL, accounting for 39.7% of the sector's total expenditure. Moreover, the share of accommodation in total expenditure increased by 7 percentage points, compared to the same period of 2022.

Throughout Q1-Q3 of 2023, turnover in the accommodation sector amounted to 823.9 million GEL in total, equating to a 10.2% increase compared to Q1-Q3 of 2022. Despite the number of international visits remaining below the pre-pandemic level, in Q1-Q3 of 2023, turnover in the accommodation sector increased by 16.8% compared to Q1-Q3 of 2019.

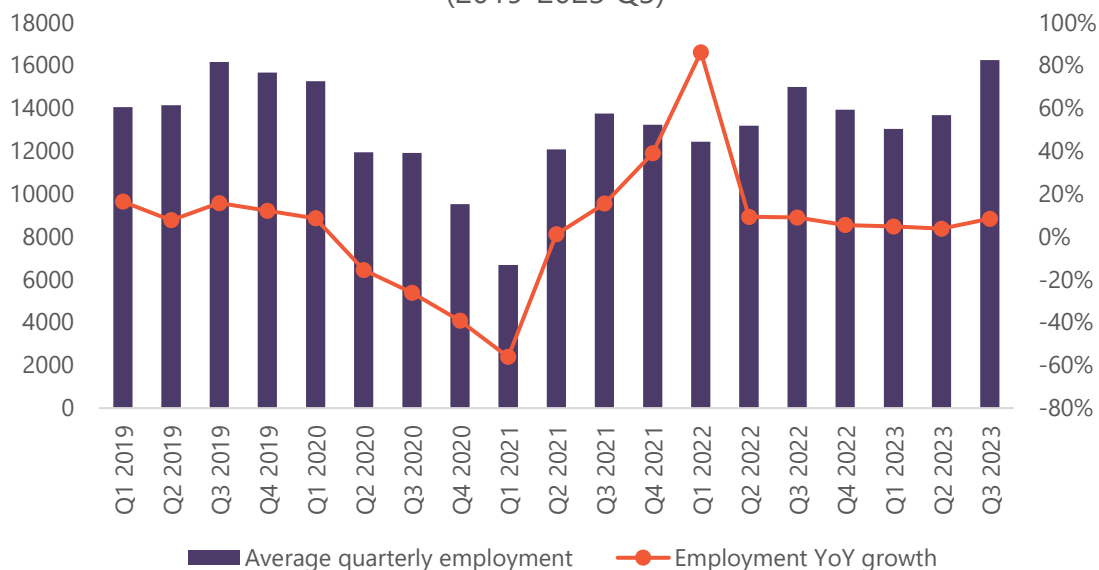
The share of the accommodation sector in the aggregate sector is decreasing. In Q3 of 2023, the accommodation sector's share of turnover in the HORECA industry amounted to 44%, which is lower compared to Q1-Q3 of both 2022 and 2019. This can be attributed to distortions in visitor characteristics since the COVID-19 pandemic and the Russia-Ukraine war.

In Q1-Q3 of 2023, the share of visitors choosing hotels (-1.8 pp) and guesthouses (-1.0 pp) as their type of accommodation while visiting Georgia declined, compared to Q1-Q3 of 2022. Meanwhile, the shares of visitors renting a house or apartment (+2.7 pp) or staying at the home of a friend or relative (+1.0 pp) increased.

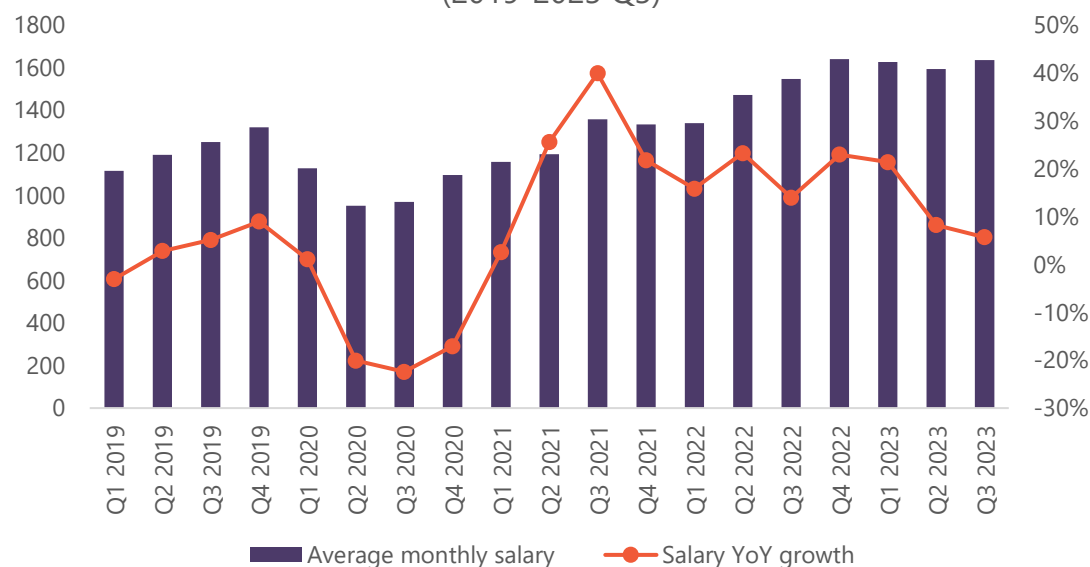


EMPLOYMENT AND SALARIES IN ACCOMMODATION SECTOR

Average quarterly employment in accommodation sector (2019-2023 Q3)



Average monthly salary in accommodation sector (2019-2023 Q3)



Source: National Statistics Office of Georgia

Throughout Q1-Q3 of 2023, the average number of persons employed in the accommodation sector was 14,315 people,¹ indicating a 5.7% rise compared to Q1-Q3 of 2022. Notably, employment in the accommodation almost recovered, reaching 96.8% of the corresponding figure for Q1-Q3 of 2019.

The employment trends in the accommodation sector generally align with the overall patterns observed in the aggregate sector. However, the YoY growth in the accommodation sector lagged behind that of the aggregate sector (+9.1% YoY) in Q1-Q3 of 2023.

In Q1-Q3 of 2023, the average monthly salary in the accommodation sector reached 1,619 GEL, marking a notable 11.4% increase compared to Q1-Q3 of 2022. Pertinently, in Q3 of 2023, total salary fund in the accommodation sector hit a record high, amounting to 26.6 million GEL.

Historically, the average monthly salary in the accommodation sector has consistently exceeded that of the aggregate sector. This trend continued in Q1-Q3 of 2023, with the average salary in the accommodation sector surpassing the HORECA average by 18.6%. However, similar to the number of persons employed, growth of the average monthly salary in the accommodation sector in Q1-Q3 was lower compared to the growth recorded in the aggregate sector (+18.6%, YoY).

¹ It has to be noted that a substantial amount of sector employment is unobserved, as many accommodation facilities are not officially registered. Therefore, the employment values may considerably underestimate the employment in the accommodation sector.



HOTEL PRICE INDEX IN GEORGIA

In November 2023, in Georgia the hotel price index² decreased by 8.6% compared to October 2023. The 3-star, 4-star, and 5-star hotel price index decreased by 9.4%, while for guesthouses, the price index decreased by 7.1%.

The monthly HPI was the highest in Samtskhe-Javakheti (-1.0%) and the lowest in Guria (-29.5%).

In November 2023, compared to November 2022, hotel prices in Georgia decreased by 13.2%. The prices of 3*, 4*, 5* hotels decreased by 12.1% and the prices of guesthouses decreased by 21.5%.

The yearly HPI was the highest in Guria (42.9%) and the lowest in Tbilisi (-23.7%).

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2023 Nov/ 2023 Oct	2023 Nov/ 2022 Nov	2023 Nov/ 2023 Oct	2023 Nov/ 2022 Nov	2023 Nov/ 2023 Oct	2023 Nov/ 2022 Nov
Kakheti	-7.9%	3.4%	-19.6%	11.3%	-1.4%	0.5%
Imereti	-6.7%	-1.3%	-8.5%	1.5%	-5.0%	-4.2%
Guria	-29.5%	42.9%	-29.5%	42.9%	-	-
Kvemo Kartli	-	-	-	-	-	-
Adjara	-7.6%	-4.2%	-7.4%	2.0%	-10.9%	-34.2%
Racha	-	-0.3%	-	-	-	-0.3%
Shida Kartli	-3.1%	11.4%	17.0%	3.9%	-9.0%	19.5%
Samegrelo-Zemo Svaneti	-	7.6%	-2.7%	3.4%	2.1%	11.4%
Samtskhe-Javakheti	-1.0%	-0.3%	2.5%	-9.7%	-2.7%	11.4%
Mtskheta-Mtianeti	-4.1%	-6.0%	-0.1%	-1.6%	-9.4%	-12.0%
Tbilisi	-10.7%	-23.7%	-11.5%	-23.8%	-3.9%	-22.2%
Overall Price % Change	-8.6%	-13.2%	-9.4%	-12.1%	-7.1%	-21.5%

² 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.

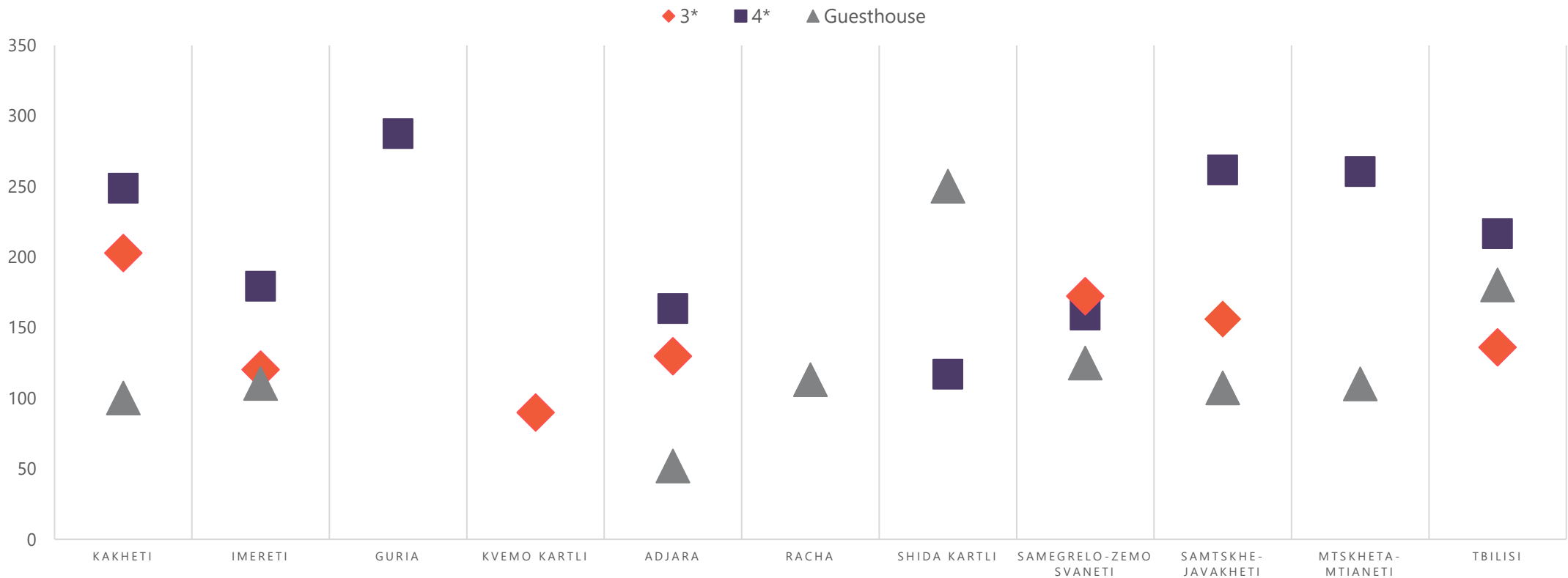


THE AVERAGE HOTEL PRICES IN GEORGIA

In Georgia, the average cost of a room³ in a 3-star hotel was **143 GEL** per night in November 2023, while the average cost of a room in a 4-star hotel in Georgia was **221 GEL** per night and the average cost of a room in a guesthouse⁴ was **117 GEL** per night.

The average cost of a room in a 5-star hotel in Georgia in November 2023 was **386 GEL** per night. In Kakheti, the average price was **553 GEL**, followed by Tbilisi – **541**, Guria – **358**, and Adjara – **299**.

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



³ 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. ⁴ 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	III 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*	638.6*	-
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	2706.9
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	1725.1
Revenue from International Travel (mln USD)	3222.1	3268.7	541.7	1244.9	393.7	748.80	1374.7	999.5	3516.6	795.4	1009.1*	1447.1*
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	126.0*	-
Foreign Direct Investment in Hotels and Restaurants Sector (mln USD)	106.0	119.7	-246.6	-13.6	20.6	15.2	23.0	7.9	66.7	30.1*	-1.5*	19.7*

* Preliminary data



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