



MONTHLY TOURISM UPDATE

February 2022

Georgia

Hotel Price Dynamics of Winter Destinations in Georgia



Research



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Summary

- ❏ In February 2022, the top countries of origin of **international visitors** were Turkey (29 606 visits), Russia (20 876 visits), and Armenia (17 366 visits).
- ❏ In February 2022, compared to February 2021, the **hotel price index (HPI) in Georgia** reached 17.5%, with the COVID-19 restrictions imposed in February 2021 being a significant factor for rising prices.
- ❏ According to the Georgian National Tourism Administration (GNTA), Mtskheta-Mtianeti and Samtskhe-Javakheti have been among the **top visited regions in winter season**, largely due to major ski resorts (Gudauri and Bakuriani) being located there.
- ❏ Throughout 2020, the YoY **HPI** was negative for both regions, with a more pronounced YoY decline in Samtskhe-Javakheti. As 2021 wore on, hotel prices increased significantly and from December 2021 to February 2022 the HPI in Mtskheta-Mtianeti averaged 23.5%, while for Samtskhe-Javakheti it was 15.2%.
- ❏ The **average monthly hotel prices** were higher in Mtskheta-Mtianeti region compared to Samtskhe-Javakheti from January 2019 to February 2022. In particular, during winter months the average hotel price in Mtskheta-Mtianeti was 175 GEL, which was 12.9% higher compared to Samtskhe-Javakheti (155 GEL).

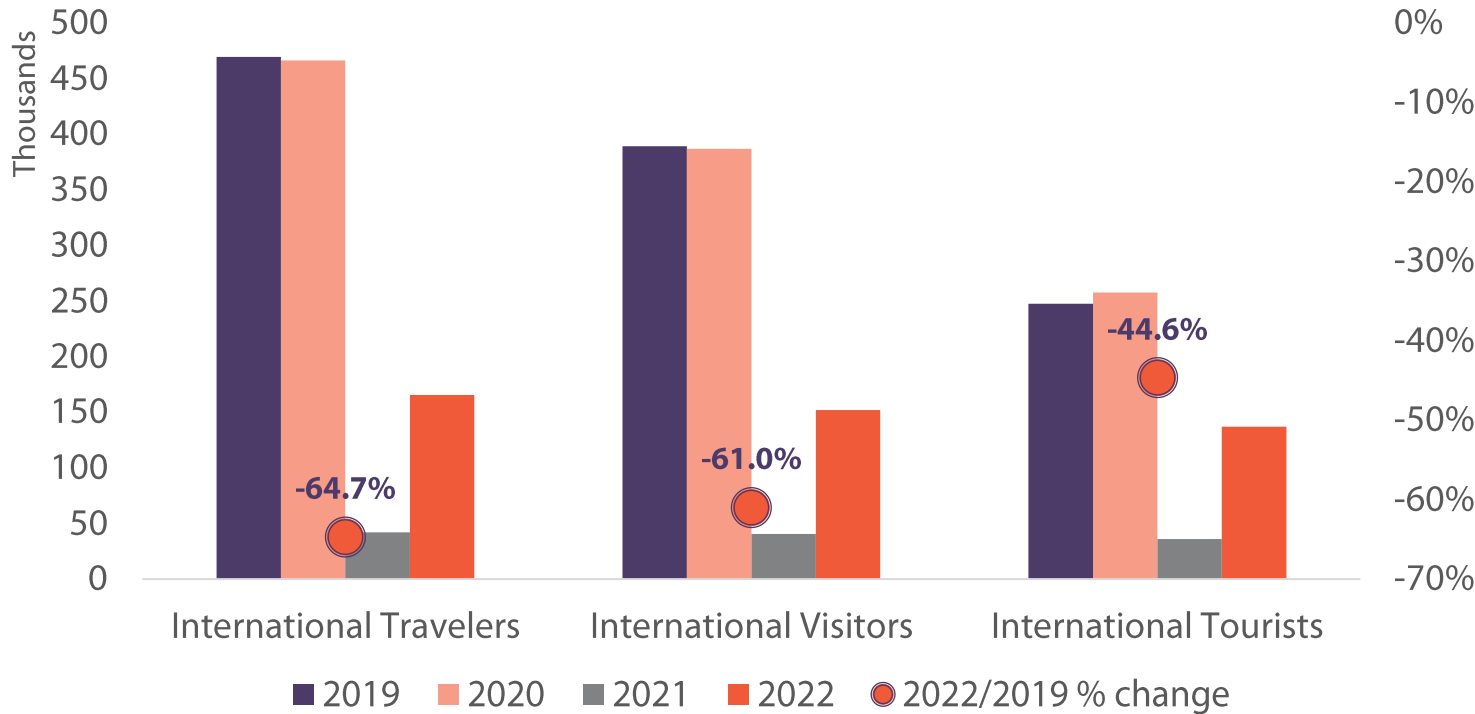


INTERNATIONAL VISITOR DYNAMICS

The number of **international travelers**¹ increased by 293.6% in February 2022, compared to the same period of 2021, and declined by 64.7% compared to the same period in 2019.

Meanwhile, the number of **international visitors**² increased by 274.8% (2022/2021) and declined by 60.7% (2022/2019), and the number of **international tourists**³ increased by 282.4% (2022/2021) and declined by 46.7% (2022/2019).

International traveler dynamics in February (2019-2022)



In February 2022⁴, the top countries according to the country of origin of international visitors were Turkey (29 606 visits), Russia (20 876 visits), and Armenia (17 366 visits).

Among those countries, the recovery in number of visitors was most significant for Turkey (48% of the 2019 figure), followed by Russia (30%), and Armenia (25%).

The number of international visits from Ukraine also recovered significantly in February 2022, reaching 8 601 visits (85% of the 2019 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 February 2022.

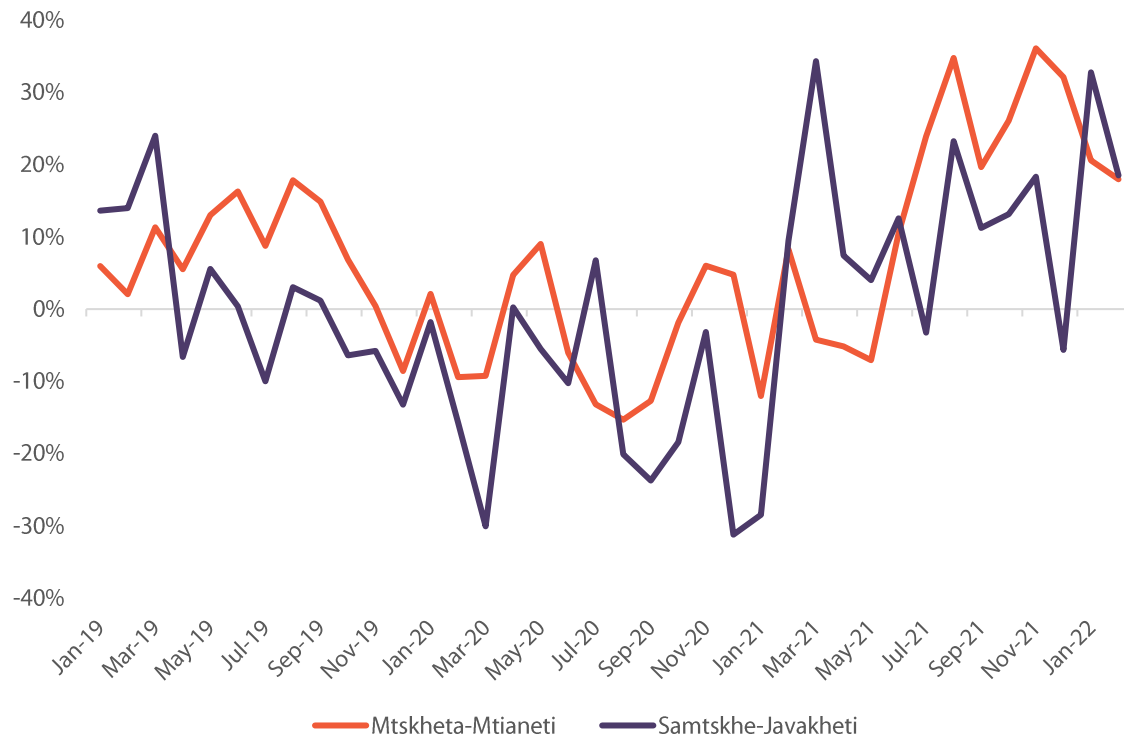


HOTEL PRICE INDEX IN WINTER DESTINATION REGIONS

According to the GNTA, Mtskheta-Mtianeti and Samtskhe-Javakheti have been among the top visited regions in the winter season largely due to the Gudauri and Bakuriani ski resorts⁵ being located there.

Mtskheta-Mtianeti is more popular than Samtskhe-Javakheti among both international and domestic visitors.

YoY monthly HPI index for Mtskheta-Mtianeti and Samtskhe-Javakheti, calculated in GEL (2019-2022 February)



In the first quarter of every year between 2017 and 2020, the number of international visits to those regions, on average, amounted to 24.7% of total visits to Georgia, while also making up 10.2% of all domestic visits.

At the beginning of 2020, the HPI was negative for both regions, however the YoY drop in prices was significantly higher in Samtskhe-Javakheti with HPI dipping to -30.1% in March 2020.

Prices started to recover considerably in March 2021 with the HPI in Samtskhe-Javakheti reaching a period high of 34.3%. Meanwhile in the same period, namely from December 2020 to March 2021, the HPI in Mtskheta-Mtianeti was relatively stable, averaging 0.8%.

Since April 2021, until December 2021, the HPI on average was positive for both regions with a higher HPI in Mtskheta-Mtianeti (17.3%) compared to Samtskhe-Javakheti (10.8%).

From December 2021 to February 2022, the HPI in Mtskheta-Mtianeti reached an average of 23.5%, while the average HPI in Samtskhe-Javakheti was 15.2% for the same period.

To sum up, even though the prices dropped significantly in both regions in 2020 due to the pandemic, the following year of 2021 has shown some significant recovery dynamics and in winter season of the 2022 HPI growth accelerated even more, with a more prominent price increase in Mtskheta-Mtianeti.

⁵ Note, that currently only a small portion of international and domestic visitors choose to visit other ski resorts of Georgia – Goderdzi and Mestia.

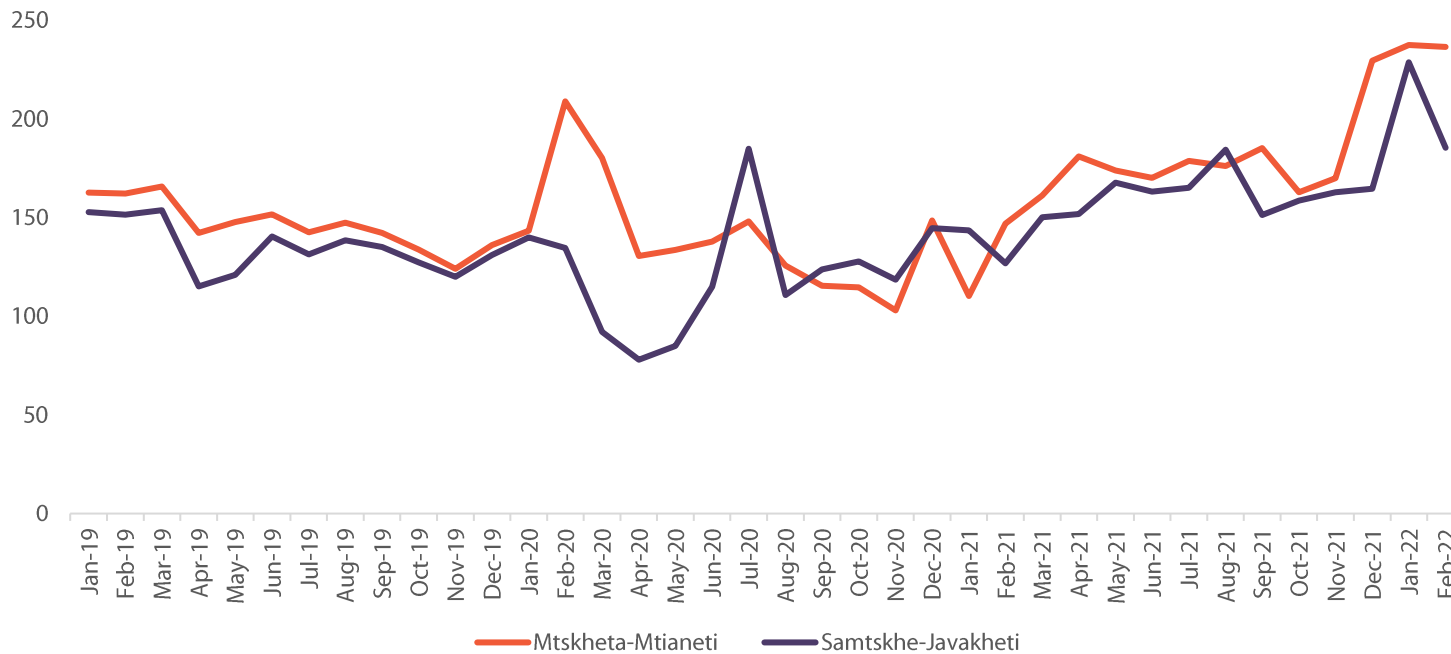


AVERAGE HOTEL PRICE DYNAMICS IN WINTER DESTINATION REGIONS

- From January 2019 to February 2022, the average monthly prices in both regions have shown some seasonality with higher prices during winter season, which can largely be explained by the higher demand for ski resorts during this time.
- The average monthly hotel prices were higher in Mtskheta-Mtianeti region, compared to Samtskhe-Javakheti.

- During winter months the average hotel price in Mtskheta-Mtianeti was 175 GEL, 12.9% higher than in Samtskhe-Javakheti (155 GEL).
- However, it must be noted that guesthouse prices were similar in both regions and that major differences were only to be found in 3-,4-, and 5-star hotels.

Average monthly hotel prices in Mtskheta-Mtianeti and Samtskhe-Javakheti (2019-2022 Feb)



- In winter season of 2022, there has been a significant increase in prices compared to both pre-pandemic values of 2019 and 2020.
- In Mtskheta-Mtianeti average winter prices increased by 40% compared to 2019 and by 44.1% compared to 2020. Meanwhile, In winter season of 2022, average hotel price increase in Samtskhe-Javakheti was 23.3% when comparing to 2019 and when compared to 2020 average prices increased by 42.7%.
- It must be mentioned, that declining prices in winter season of 2020 for both regions could be explained by the water supply issues in ski resorts in that period.

* Note that the data includes the prices for the whole region, including top ski resorts in Georgia: Gudauri in Mtskheta-Mtianeti and Bakuriani in Samtskhe-Javakheti, as well as

other tourist destinations such as Mtskheta in Mtskheta-Mtianeti and Borjomi in Samtskhe-Javakheti.



HOTEL PRICE INDEX IN GEORGIA

In February 2022, in Georgia the hotel price index⁶ increased by 4.3% compared to January 2022. The 3-star, 4-star and 5-star hotel price index increased by 1.4%, while for guesthouses, the price index increased by 7.0%.

The monthly price increase was most prominent in Imereti and Kakheti, however the hotel price increase in Kakheti was mainly determined by increasing prices of guesthouses.

In February 2022, compared to February 2021, hotel prices in Georgia increased by 17.5%. The prices of 3*, 4*, 5* hotels increased by 19.5% and the prices of guesthouses increased by 22.8%. The yearly price increase was the highest in Adjara as the 3*,4*,5* hotel prices increased by 45% compared to February 2021, which could be explained by imposed restrictions in February 2021.

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2022 Feb/ 2022 Jan	2022 Feb/ 2021 Feb	2022 Feb/ 2022 Jan	2022 Feb/ 2021 Feb	2022 Feb/ 2022 Jan	2022 Feb/ 2021 Feb
Kakheti	9.8%	17.0%	-3.4%	11.0%	21.9%	22.9%
Imereti	14.2%	19.4%	16.1%	26.0%	12.4%	15.6%
Guria	7.0%	19.7%	7.0%	-8.7%	-	105.7%
Kvemo Kartli	0.0%	0.0%	-	0.0%	0.0%	0.0%
Adjara	6.9%	31.0%	7.7%	44.5%	1.4%	13.6%
Racha	4.1%	7.3%	-	-	4.1%	7.3%
Shida Kartli	-4.0%	23.4%	16.7%	26.9%	-12.9%	18.3%
Samegrelo-Zemo Svaneti	1.2%	2.9%	-9.0%	-2.8%	8.0%	8.9%
Samtskhe-Javakheti	-0.3%	18.5%	-10.5%	27.2%	9.2%	8.8%
Mtskheta-Mtianeti	4.5%	17.9%	5.8%	23.3%	2.5%	13.9%
Tbilisi	2.5%	11.5%	1.4%	9.0%	11.3%	28.9%
Overall Price % Change	4.3%	17.5%	1.4%	19.5%	7.0%	22.8%

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).

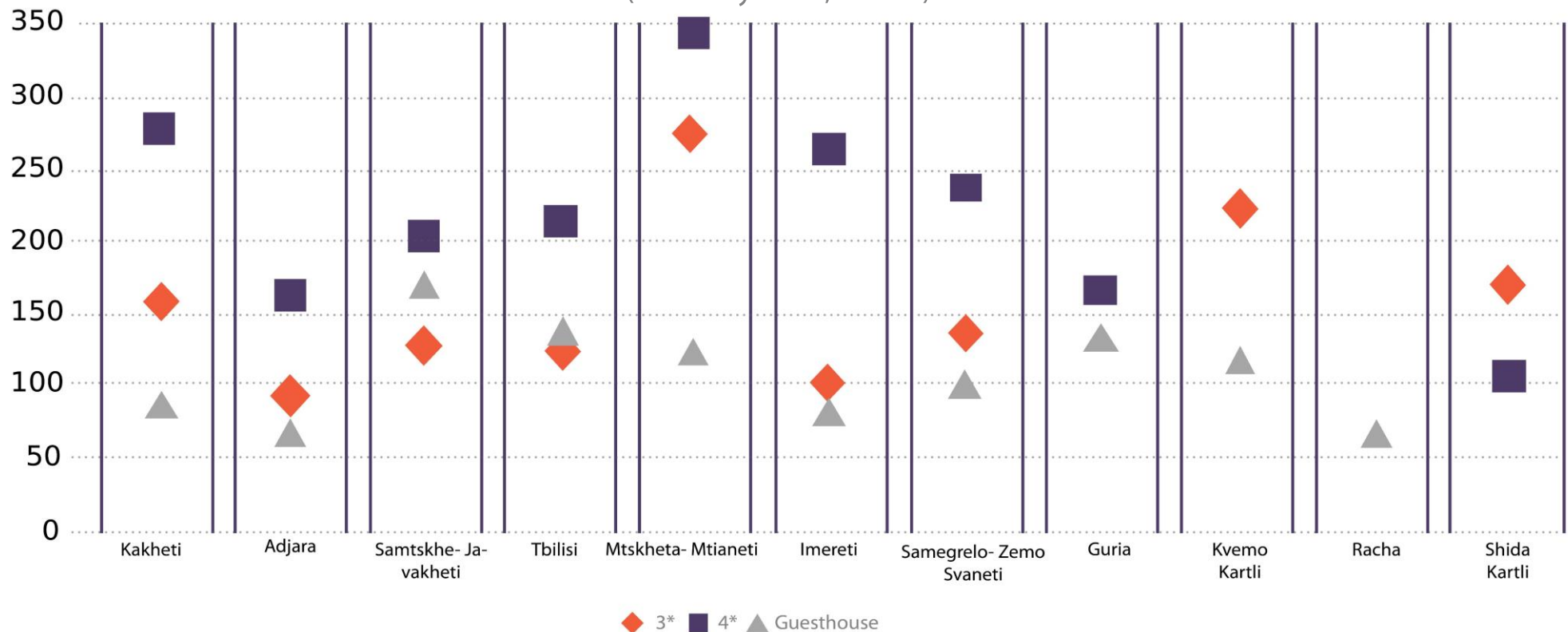


THE AVERAGE HOTEL PRICES IN GEORGIA (FEBRUARY 2022)

In Georgia, the average cost of a room⁷ in a 3-star hotel was 140 GEL per night in February 2022, while the average cost of a room in a 4-star hotel in Georgia was 234 GEL per night and the average cost of a room in a guesthouse⁸ was 113 GEL per night.

The average cost of a room in a 5-star hotel in Georgia in February 2022 was 416 GEL per night. In Tbilisi, the average price was 556 GEL, followed by Kakheti - 482 GEL, Samtskhe-Javakheti - 389 GEL and Guria - 387 GEL.

The average prices of 3*, 4* star hotels and guesthouses by regions (February 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. 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	I 2020	II 2020	III 2020	IV 2020	2020	I 2021	II 2021	III 2021	IV 2021
1	1054.1	1437.5	1800.0	2 223.0	404.7	216.5	340.6	242.6	1204.5	197.8*	452.2*	602.3*	472.0*
2	6720.0	7902.5	8679.5	9357.9	1333.1	114.2	150.3	149.6	1749.3	134.7	351.3	815.4	579.8
3	3297.3	4069.4	4756.8	5080.5	765.3	82.3	113.6	125.9	1087.0	116.6	305.8	670.4	484.7
4	2110.7	2704.3	3222.1	3268.7	427.7	28.8	42.5	42.6	541.7	53.6	246.1	566.0	379.4
5	386.3	463.6	524.7	657.2	124.1	13.5	20.9	22.0	180.5	19.8	37.1	62.6	-
6	120.0	109.5	82.3	123.4	7.4	-6.0	1.5	-252.4	-249.5	-0.9*	-1.4*	10.7*	-0.7*

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)

* Preliminary data



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