



Research

Monthly Tourism Update

July 2021

- The number of international travelers¹ increased by 435% in July 2021 compared to the same period of 2020, and declined by 76.4% compared to the same period in 2019. Meanwhile, the number of international visitors² increased by 403.7% (2021/2020) and declined by 73.8% (2021/2019), and the number of international tourists³ increased by 473.9% (2021/2020) and declined by 62.6% (2021/2019).
- In July 2021, the number of visitors from Ukraine nearly reached July 2019 levels, while Israel, Belarus and Kazakhstan recovered to approximately 75% of their June 2019 levels.
- Tourism sector in Georgia received several boosts in terms of eased restrictions and recovered flight routes. Still, major obstacles persist in the way of the recovery, such as rising virus spread within the country and slow vaccination rollout.
- In July 2021, the Hotel Price Index increased by 5.6% compared to the corresponding month of 2019, mainly driven by positive expectations about tourism's recovery, as well as the low base effect due to the shock (Russian flight ban) in July 2019.

Tourism Recovery Prospects in Georgia

After a challenging 2020 and early 2021 for the tourism sector, various positive developments, such as the alleviation of restrictions, were seen in the tourism sector in Georgia in the second quarter of 2021. As of July 2021, there are no restrictions of movement in place within Georgia, and both land and air borders are open for eligible visitors. Below is a timeline of the relaxing of various COVID-19 measures in the second quarter of 2021:

- Since May 17, the curfew was moved from 21:00 to 23:00.
- Since May 22, restaurants have been allowed to operate on weekends in open spaces.
- Since June 1, restaurants have been allowed to operate on weekends in both open and closed spaces.
- Since June 1, land borders have been reopened.
- On June 14, tourism information centers around the country re-opened.
- On June 16, mandatory PCR testing for visitors aged less than 10 was eliminated.
- Since July 1, the curfew (23:00 – 04:00) was removed.

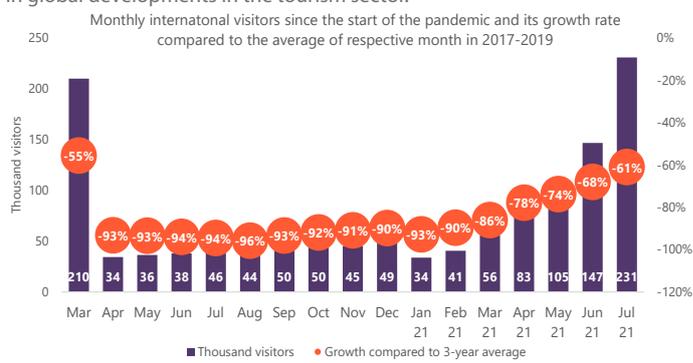
The prospects of the tourism sector's recovery in 2021 have received a significant boost from developments in the aviation industry as well. According to Mariam Kvirivshvili, Deputy Minister of the Ministry of Economy and Sustainable Development, as of July 2021, 72% of the number of direct flight routes had been recovered, compared to 2019 levels. In particular, Batumi International Airport has shown rather positive tendencies, with growth of 21% in terms of the number of flight destinations compared to 2019 levels⁴. WizzAir, a major airline carrier for the Georgian market, has reestablished its international hub in Kutaisi. Meanwhile, various other airlines (such as FlyArystan, Air Astana, Air Manas, Gulf Air, Qatar Airways, Air Arabia, FlyDubai, LOT Polish Airlines, Eurowings, Bees Airlines, Aegan Airlines and Turkish Airlines) have renewed, expanded, or started operations in Georgia so far in 2021⁵. The tourism sector also received another boost recently as in the updated state budget of 2021, the GNTA's budget was increased by GEL 10 mln. In addition, Georgia has been elected to the Executive Council of the UNWTO for four years, which will allow the country to have a say in global developments in the tourism sector.

These positive developments have resulted in a significant increase in the number of international visitors since March 2021. Moreover, apart from absolute numbers, the growth has also been evident with respect to the pre-pandemic levels of visitors (defined as average number of visitors in respective month in 2017-19) - in March 2021, only 19% of pre-pandemic level was recovered, while in July 2021, this figure amounted to 39%.

However, there are significant obstacles that persist in the way of recovery. In particular, the significant increase in number of COVID-19 cases and deaths in recent weeks raises uncertainty about tourism's recovery in 2021 and beyond. Pertinently, this spike has recently resulted in Georgia moving to the red country list of Israel, one of Georgia's key source markets, especially in 2021 so far. This has already resulted Israel to move from 2nd place in terms of visitors in June to the 5th place in July. Moreover, despite the rollout of a general vaccination program, and a specific program for the tourism sector, the vaccination process has not been fast enough so far, with most of the sector and the country still unvaccinated (even with the vaccination rate picking up in recent weeks). In fact, some measures for curbing the spread of the virus have been reinstalled. Rapid scale-up of vaccination process and mitigation of the spread of the virus is crucial for sustaining current positive developments in the sector.

⁴ <https://bm.ge/ka/article/aviacis-agdgenis-tendencia-ukiduresad-kargi-swrafi-da-jansagia---mariam-qvrivshvili/87531/>

⁵ <https://bm.ge/ka/article/qvrivshvili---quotaset-rtul-periodshi-aviacis-axali-mimartulebiti-da-aviakompaniebi-emateba/85287/>; <https://bm.ge/ka/article/ra-mimartulebit-zrdis-saqartvelodan-frenis-sixsheebs-9-aviakompania/87399/>



Source: Georgian National Tourism Administration

Hotel Price Index

| Region | Hotel | | 3*, 4*, 5* | | Guesthouse | |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2021 Jul/ 2021 Jun | 2021 Jul/ 2019 Jul | 2021 Jul/ 2021 Jun | 2021 Jul/ 2019 Jul | 2021 Jul/ 2021 Jun | 2021 Jul/ 2019 Jul |
| Kakheti | 1.0% | 16.9% | 4.3% | 20.2% | -0.2% | 16.0% |
| Imereti | 2.3% | 18.3% | 4.8% | 5.8% | 0.8% | 27.4% |
| Guria | 12.8% | -6.2% | 12.6% | -23.7% | 13.0% | 15.2% |
| Kvemo Kartli | 6.3% | 9.4% | 0.0% | 9.4% | 12.9% | - |
| Adjara | 13.3% | -2.6% | 12.5% | -2.5% | 15.2% | -2.7% |
| Racha | 3.1% | 0.0% | - | 0.0% | 3.1% | 0.0% |
| Shida Kartli | -0.5% | 36.0% | 12.8% | 25.9% | -6.6% | 38.6% |
| Samegrelo-Zemo Svaneti | 9.2% | 11.4% | 7.9% | -4.5% | 10.2% | 16.4% |
| Samtskhe-Javakheti | 12.7% | -6.2% | 18.3% | -24.2% | 4.0% | 9.5% |
| Mtskheta-Mtianeti | 7.5% | 15.4% | 4.4% | 1.7% | 11.5% | 24.5% |
| Tbilisi | 7.8% | 8.2% | 8.6% | 11.5% | 1.8% | -6.8% |
| Overall Price % Change | 9% | 5.6% | 9.4% | 4.2% | 5.9% | -0.6% |

Table 1: Percentage change of prices in July 2021 over June 2021 and over July 2019.

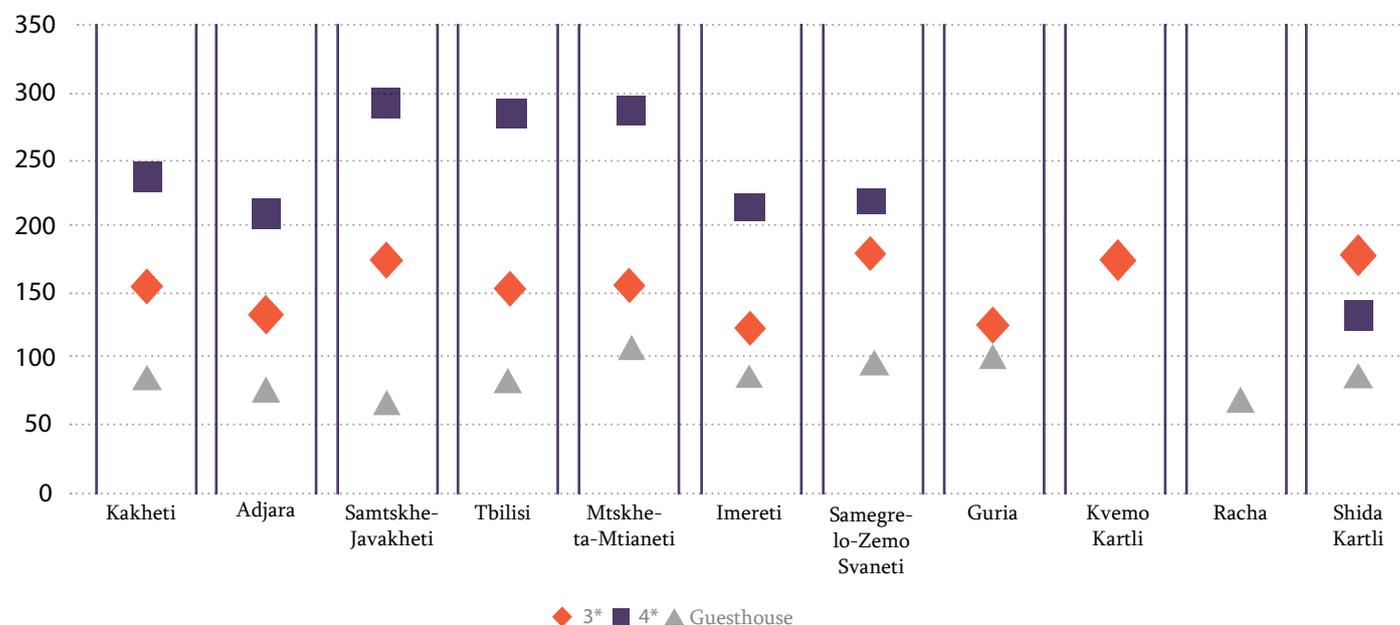
In July 2021, in Georgia the hotel price index⁴ increased by 9% compared to June 2021. The 3-star, 4-star and 5-star hotel price index⁵ increased by 9.4%, while for guesthouses⁶, the price index increased by 5.9%.

In July 2021, compared to July 2019, hotel prices in Georgia increased by 5.6%. The prices of 3*, 4*, 5* hotels increased by 4.2% and the prices of guesthouses decreased by 0.6%.

Average Hotel Prices

In Georgia, the average cost of a room in a 3-star hotel was 149 GEL per night in July 2021, while the average cost of a room in a 4-star hotel in Georgia was 265 GEL per night and the average cost of a room in a guesthouse was 85 GEL per night.

The average prices of 3*, 4* star hotels and guesthouses by regions (July 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 July 2021 was 524 GEL per night. In Guria, the average price was 809 GEL, followed by Adjara - 550 GEL, Kakheti - 543 GEL and Tbilisi - 539 GEL.

Basic Economic Indicators

| | 2018 | III 2019 | IV 2019 | 2019 | I 2020 | II 2020 | III 2020 | IV 2020 | 2020 | I 2021 | II 2021 |
|---|--------|----------|---------|--------|--------|---------|----------|---------|---------|--------|---------|
| 1 | 1800 | 697 | 564.2 | 2 223 | 427.2* | 310.4* | 335.8* | 247.5* | 1320.9* | 187.9* | - |
| 2 | 8679.5 | 3375.1 | 2120.4 | 9357.9 | 1333.1 | 114.2 | 150.3 | 149.6 | 1749.3 | 134.7 | 351.3 |
| 3 | 4756.8 | 1863.6 | 1089.7 | 5080.5 | 765.3 | 82.3 | 113.6 | 125.9 | 1087 | 116.6 | 305.8 |
| 4 | 3222.1 | 1126.8 | 685.8 | 3268.7 | 427.7 | 28.8 | 42.5 | 42.6 | 541.7 | 53.6 | - |
| 5 | 524.7 | 181.6 | 176.2 | 657.2 | 124.1 | 13.5 | 20.9 | 22.0 | 180.5 | 19.8 | - |
| 6 | 82.3 | 36.1 | 6.6 | 120.2 | 15.7* | 3.0* | 7.9* | -247.4* | -221.5* | 2.2* | - |

| | | | | | |
|---|--|---|---|---|--|
| 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