



Research

# Monthly Tourism Update

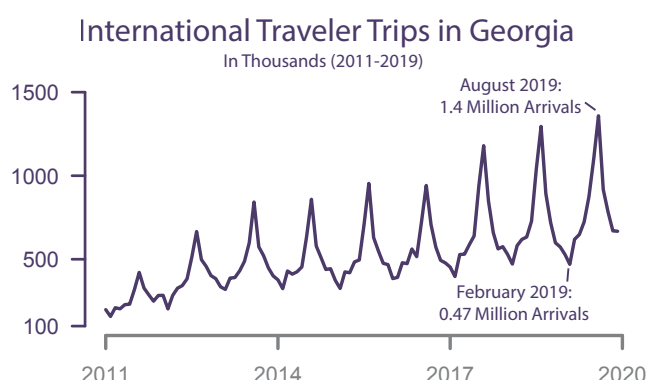
December 2019

- Number of international traveler trips has increased by 7.8% (compared to 2018) and has reached all time high - 9.3 million.
- Number of tourists visiting Georgia has increased by 6.8% (compared to 2018) and has also reached all time high - 5.1 million.
- In 2019, Azerbaijan, Armenia, Russia and Turkey accounted for 33.6% of all international visitor trips in Georgia.
- Since 2011, annual number of arrivals in Georgia has increased by 200.4%.
- On average, 2.8 times as many foreigners visit Georgia in August compared to February.
- State owned Mountain Resort Development Company has experienced loss of 16.5 million lari in 2018.
- In December 2019, compared to November 2019, hotel price index increased by 9.1%;
- In December 2019, compared to the same period of 2018, hotel price index increased by 1.2%;

## Seasonality in Georgian Tourism

2019 was a successful year for Georgian tourism sector. Number of international traveler trips in Georgia reached 9.3 million, 7.8% higher compared to 2018, whilst number of international visitor trips increased by 7.3%. This number is still lackluster compared to previous years' 9.8% and 17.6%. In general, tourism inflow growth seems to be slowing down, or rather, stabilizing, which is probably caused by natural constraints. In fact, if the growth of tourism inflows does not slow down (which is unlikely), number of international traveler trips in Georgia could hypothetically reach 89 million by 2050. Nevertheless, this decade has been remarkable for traveler trips, as number of annual arrivals since 2011 has increased by 200.4%.

It is also important to point out the seasonality in tourist inflows and how it has shaped tourism industry. Each year, number of tourists visiting Georgia peaks in August and reaches its lowest point in February (even when accounted for the least number of days). However, this gap between August and February is not narrowing. On average, 2.8 times as many foreigners visit Georgia in August compared to February.



Graph 1: Incoming International Travelers. January 2011 - December 2019  
Source: Georgian National Tourism Administration.

The desire to tap the potential of winter tourism has been reflected on new promotional campaign of different ski resorts. There are multiple reasons why winter tourism is more lucrative than summer. Firstly, revenue from ski resorts is usually higher compared to summer resorts. With the declining tourism industry in Alps, there is an opportunity to attract additional European tourists. Secondly, Georgian state company, Mountain Resort Development Company, has experienced a loss of 16.5 million lari in 2018. This public company provides tourism infrastructure (mainly ski lifts) maintenance in different Georgian ski resorts and this loss indicates that sufficient number of tourists are required for economic sustainability of winter resorts.

Sources : Georgian National Tourism Administration; Mountain Resorts Development Company Ltd.

## Hotel Price Index

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2019 Dec/ 2019 Nov	2019 Dec/ 2018 Dec	2019 Dec/ 2019 Nov	2019 Dec/ 2018 Dec	2019 Dec/ 2019 Nov	2019 Dec/ 2018 Dec
Kvemo Kartli	3.1%	-32.4%	5.3%	-32.1%	0.0%	-33.3%
Shida Kartli	16.0%	30.5%			16.0%	30.5%
Guria	7.7%	22.0%	7.0%		8.3%	22.0%
Mtskheta-Mtianeti	12.9%	-8.6%	7.7%	-23.8%	18.7%	11.1%
Adjara	4.9%	9.1%	1.9%	14.8%	9.8%	1.7%
Tbilisi	10.8%	1.2%	9.1%	0.7%	16.5%	2.7%
Samtskhe-Javakheti	15.3%	-13.3%	6.5%	-17.7%	21.5%	-10.0%
Samegrelo-Zemo Svaneti	8.8%	-2.9%	6.1%	-18.9%	9.5%	2.1%
Imereti	9.0%	-1.7%	5.6%	1.5%	11.1%	-4.2%
Kakheti	-0.1%	-3.7%	7.2%	6.2%	-1.9%	-6.7%
Racha	6.7%	2.2%			6.7%	2.2%
Overall Price % Change	9.1%	1.2%	6.4%	-0.8%	13.9%	1.2%

Table 1 : Percentage change of prices in December 2019 over November 2019 and over December 2018.

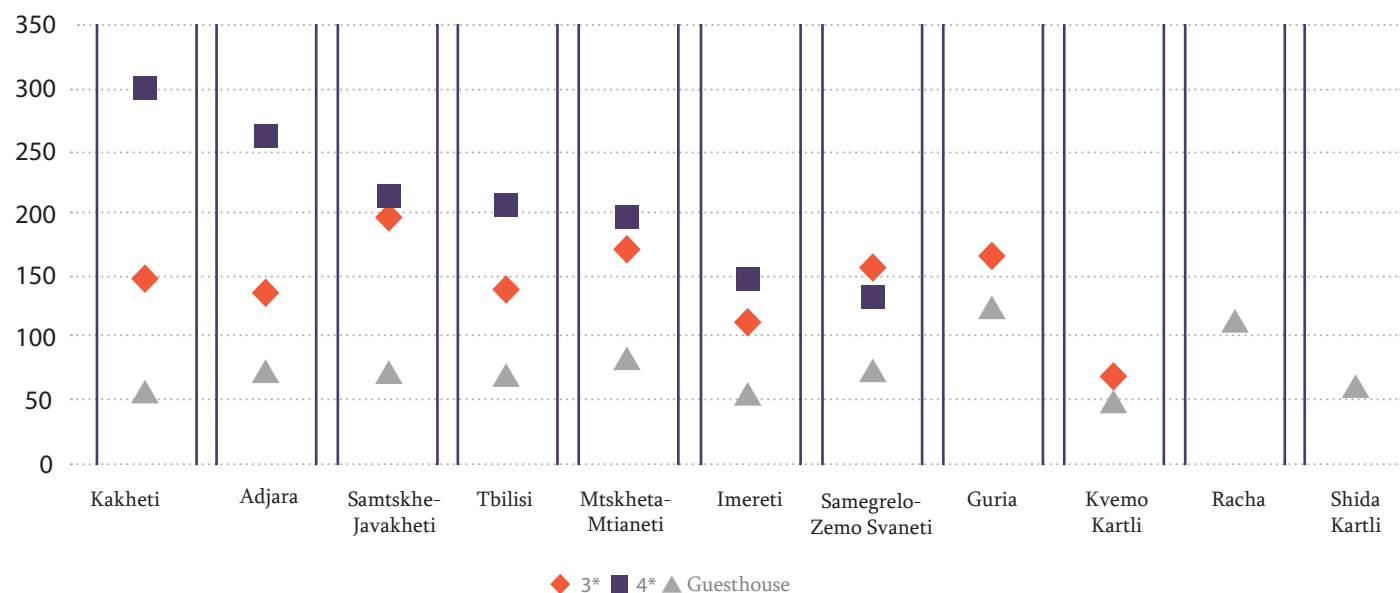
In December 2019, in Georgia the hotel price index<sup>3</sup> increased by 9.1% compared to November 2019. The 3-star, 4-star and 5-star hotel price index increased by 6.4%, while for guesthouses, the price index increased by 13.9%.

In December 2019, compared to December 2018, hotel prices in Georgia increased by 1.2%. The prices of 3\*, 4\*, 5\* hotels decreased by 0.8%, while the prices of guesthouses increased by 1.2%.

## Average Hotel Prices

In Georgia, the average cost of a room<sup>1</sup> in a 3-star hotel was 140 GEL per night in December 2019. While the average cost of a room in a 4-star hotel in Georgia was 213 GEL per night and the average cost of a room in a guesthouse<sup>2</sup> was 69 GEL per night.

The average prices of 3\*, 4\* star hotels and guesthouses by regions (December 2019, 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 December 2019 was 426 GEL per night. In Tbilisi, the average price was 530 GEL, followed by Kakheti - 400 GEL, Adjara – 381 GEL and Samtskhe-Javakheti - 360 GEL.

### Basic Economic Indicators

	I 2018	II 2018	III 2018	IV 2018	2018	I 2019	II 2019	III 2019	IV 2019	2019
1	751.6	859.8	1104.9	968.8	3721.1	880.7	1030.5	1252.1	-	-
2	1582.4	1979.6	3226.4	1891.1	8679.5	1617.5	2244.8	3375.1	2210.4	9357.9
3	839.5	1094.2	1838.3	984.7	4756.8	882.1	1245	1863.6	1089.7	5080.5
4	550.7	810	1210.6	650.8	3222.1	578.4	877.6	1126.8	-	-
5	105.9	126.4	149.9	142.4	524.7	131.3	167.9	181.62	-	-
6	25.3	-8.2	44.9	15.7	77.8	66.2*	28.8*	45.7*	-	-

1	Value Added from Accommodation and Food Service activities (mln)	2	Number of International Travelers (thousand persons)	3	Number of Tourists (thousand persons)
4	Revenue from International Tourism (mln USD)	5	The Expenditures of Georgian tourists Abroad (mln USD)	6	Foreign Direct Investment in Hotels and Restaurants Sector (mln USD)

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)). 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. 4 \* Preliminary results