



Research

Monthly Tourism Update

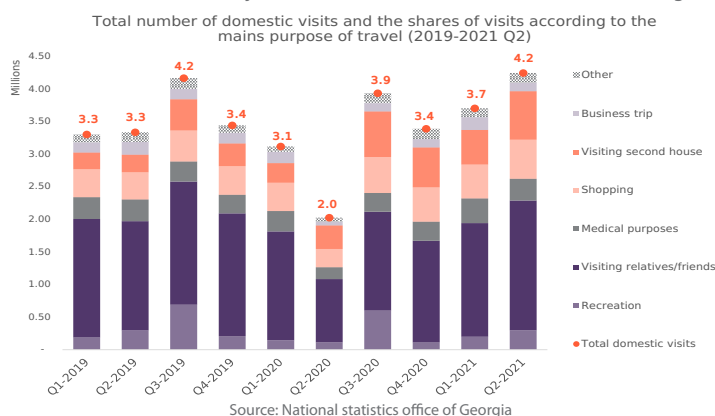
October 2021

- The number of international travelers¹ increased by 324.3% in October 2021, compared to the same period of 2020, and declined by 71.8% compared to the same period in 2019. Meanwhile, the number of international visitors² increased by 313.7% (2021/2020) and declined by 69.1% (2021/2019), and the number of international tourists³ increased by 331.5% (2021/2020) and declined by 57.0% (2021/2019).
- An observation of the total number of domestic tourism visits in Georgia in 2019 and then throughout the pandemic revealed that since the end of 2020 the numbers surpassed pre-pandemic levels significantly.
- The total expenses of domestic visitors in Q2 2021 reached GEL 610 million, which is 70.7% higher than in the corresponding period of 2019, and 128.1% higher compared to Q2 2020.

The impact of the pandemic on domestic tourism in Georgia

According to the United Nations World Tourism Organization, domestic tourism is set to recover faster to pre-pandemic levels than international tourism in selected markets¹. Considering that the COVID-19 pandemic has modified tourists' attitudes towards traveling, it is pertinent to analyze recovery trends and potential shifts in domestic travelers' behavior as the tourism industry in Georgia begins its recovery.

In the first quarter of 2021, the total number of domestic visits within Georgia amounted to 3.7 million, which was 18.8% higher compared to the corresponding quarter of 2020 and 12.1% higher than in 2019. At the same time, in the second quarter of 2021 the number of domestic visits increased markedly and reached 4.2 million, which was 27% higher than the same period in 2019 and more than double the level of 2020.

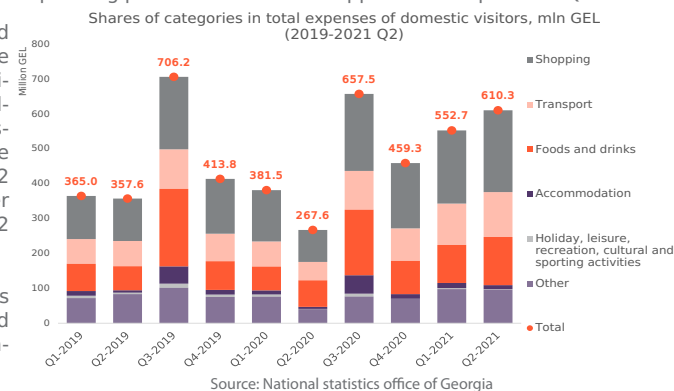


There have also been some changes in the breakdown of travel purposes of domestic visits throughout the reporting period. Still, "visiting relatives/friends" has remained the category with the highest share of total visits. Nevertheless, the share of this category showed a significant year-over-year decline throughout 2020 which was attributed to the imposed lockdown measures and traveler hesitancy. In the second quarter of 2021, its share was 47.0%, which is 3.4 percentage point (pp) lower than for the first half of 2019.

Moreover, the share of "recreation" in this breakdown demonstrated a significant decrease after the third quarter of 2020. In Q4 of 2020 the share of "recreation" decreased by 12.0pp (from 15.2% to 3.2%) compared to Q3 of the same year, partly explained by seasonality and partly by the restrictions imposed in Q4. In 2021, there has been a slight increase in the share of recreation in total domestic visits, reaching 7.0% in Q2 of 2021, which is 1.5pp higher compared to corresponding period of 2020 and 1.8pp lower compared to Q2 of 2019.

The expenses of domestic visitors throughout the reporting period showed some variability. However, compared to 2019 and Q1-Q3 2020 levels, the expenses throughout the period of Q4 2020-Q2 2021 have been significantly higher, which can partly be explained by inflationary trends, considering that most such expenses are on shopping, food and drink, and transport, prices for which have all increased in the national currency since the onset of the pandemic. The total expenditure of domestic visitors in Q2 2021 amounted to GEL 610 million, which is an impressive 70.7% higher than in the corresponding period of 2019, and 128.1% higher than in Q2 2020.

Finally, considering the positive trends in the number of domestic visits and the increasing total expenses of domestic visitors, it can be concluded that for Georgia domestic tourism has served as a buffer against plummeting foreign tourism, which is only beginning to recover.



Hotel Price Index

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2021 Oct/ 2021 Sep	2021 Oct/ 2019 Oct	2021 Oct/ 2021 Sep	2021 Oct/ 2019 Oct	2021 Oct/ 2021 Sep	2021 Oct/ 2019 Oct
Kakheti	-2.4%	29.8%	-1.7%	26.3%	-3.1%	30.7%
Imereti	-4.2%	13.8%	-4.5%	8.0%	-4.0%	19.5%
Guria	-14.5%	-10.1%	-41.9%	1.6%	3.8%	-17.1%
Kvemo Kartli	-14.6%	28.8%	21.4%	30.3%	-40.0%	-
Adjara	-6.9%	-8.3%	-13.8%	-13.6%	3.8%	2.3%
Racha	0.0%	29.5%		0.0%	0.0%	29.5%
Shida Kartli	-10.7%	13.7%	0.0%	25.9%	-20.2%	8.0%
Samegrelo-Zemo Svaneti	-1.2%	14.8%	1.7%	-2.1%	-2.9%	24.3%
Samtskhe-Javakheti	-12.4%	-3.2%	-18.1%	-5.3%	-7.8%	-1.7%
Mtskheta-Mtianeti	-6.6%	35.4%	-9.6%	40.6%	-4.4%	33.5%
Tbilisi	4.2%	-1.2%	3.8%	-1.8%	6.6%	3.1%
Overall Price % Change	-1.5%	1.4%	-4.2%	-0.8%	2.8%	5.3%

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

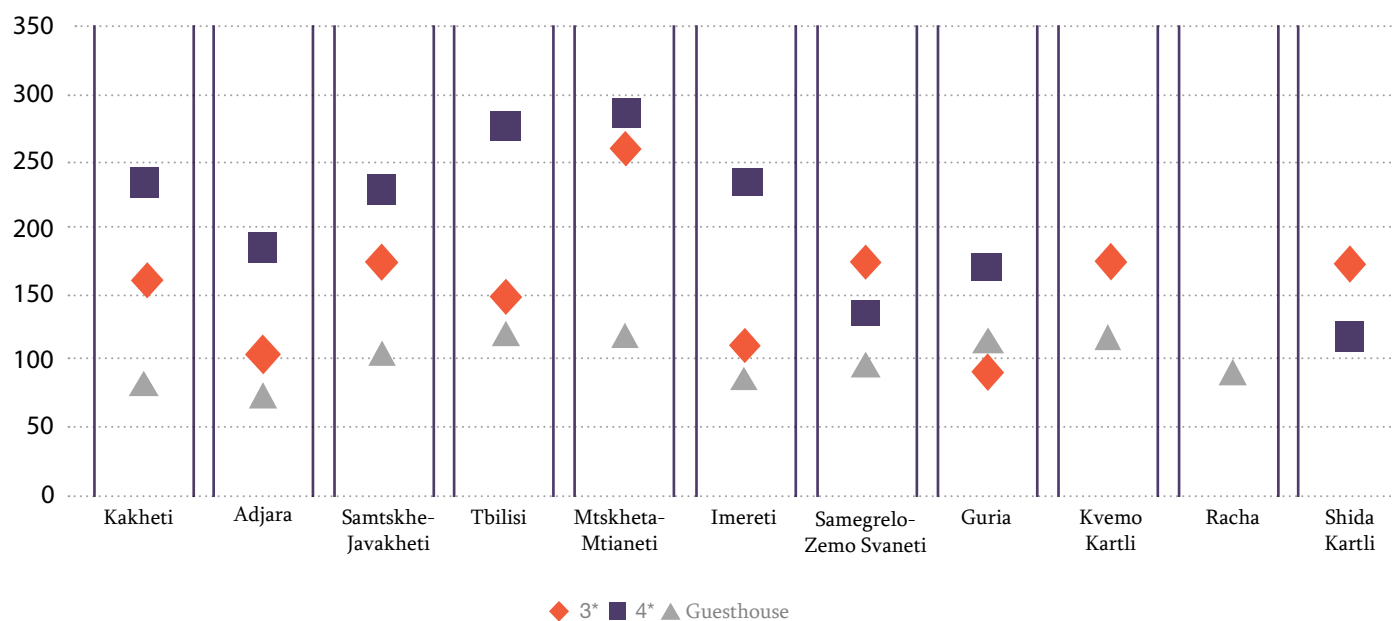
In October 2021, in Georgia the hotel price index⁴ decreased by 1.5% compared to September 2021. The 3-star, 4-star and 5-star hotel price index decreased by 4.2%, while for guesthouses, the price index increased by 2.8%.

In October 2021, compared to October 2019, hotel prices in Georgia increased by 1.4%. The prices of 3*, 4*, 5* hotels decreased by 0.8% and the prices of guesthouses increased by 5.3%.

Average Hotel Prices

In Georgia, the average cost of a room⁵ in a 3-star hotel was 136 GEL per night in October 2021, while the average cost of a room in a 4-star hotel in Georgia was 246 GEL per night and the average cost of a room in a guesthouse⁶ was 99 GEL per night.

The average prices of 3*, 4* star hotels and guesthouses by regions (October 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 October 2021 was 436 GEL per night. In Kakheti, the average price was 615 GEL, followed by Tbilisi - 588 GEL, Adjara - 416 GEL and Guria - 403 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	815.4
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
4	2110.7	2704.3	3222.1	3268.7	427.7	28.8	42.5	42.6	541.7	53.6	246.1	-
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