

## Average Hotel Prices in Georgia and Hotel Price Index

February 2019

In February 2019, in Georgia the hotel price index decreased by 1.7% compared to January 2019. In Tbilisi, the hotel prices decreased by 1.9%. The decrease of hotel prices in Georgia, can be linked to decreased number of tourists trips. In February 2019, compared to January 2019, the number of international travelers trips in Georgia decreased by 11.2%, while among the international travelers, the proportion who stayed in Georgia for 24 hours or more (classified as tourists) decreased by 19%.

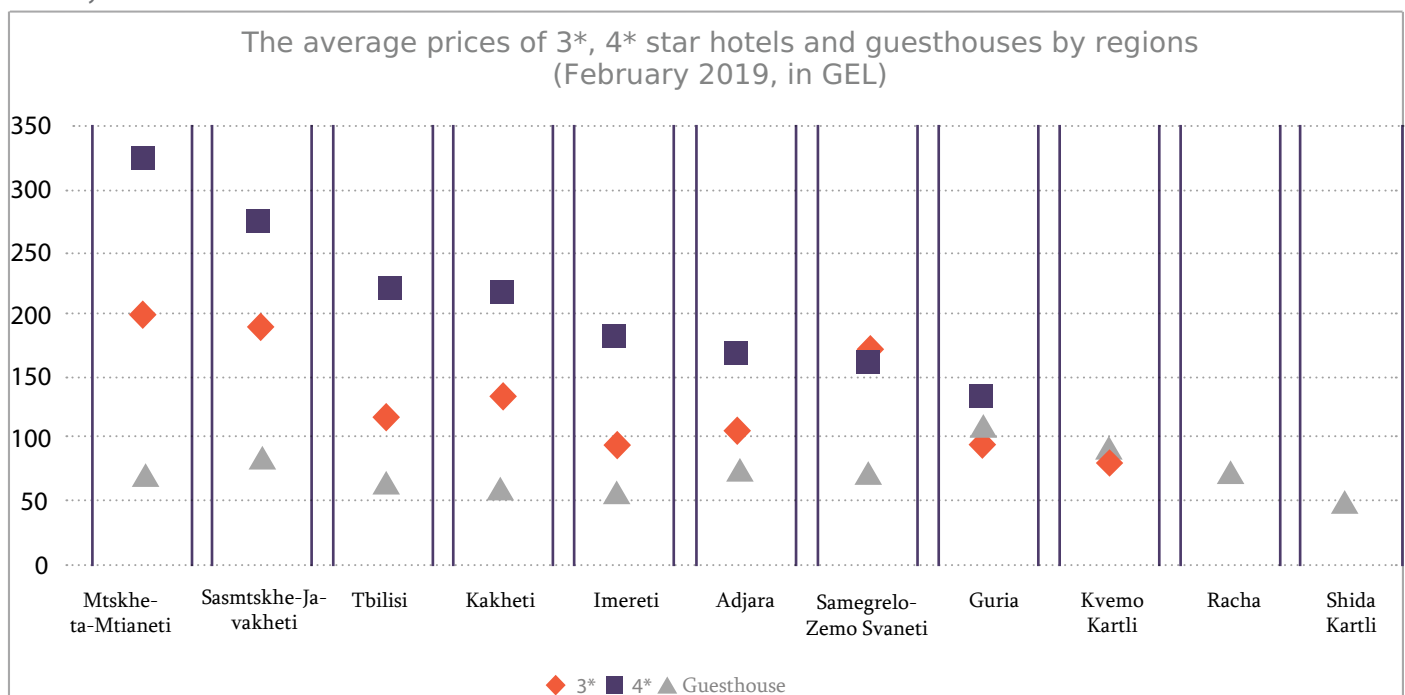
The number of international travelers visiting Georgia in February 2019, compared to February 2018, decreased by 0.4%. However, of these international travelers, the proportion who stayed in Georgia for 24 hours or more (classified as tourists) increased by 5.1%. This has to have positive effect on hotel price increases, however in February 2019, compared to February 2018, in Georgia the hotel price index decreased insignificantly by 0.4%. This was mainly due to price decreases of guesthouses. While, the 3-star, 4-star and 5-star hotel price index increased by 2.2%, for guesthouses, the price index decreased by 2.9%.

It's worth to be mentioned that the revenue from international travelers amounted 3.2 billion USD in 2018. According to countries, the most revenue from international travelers was received from Russia - 26.3% (USD 842 mln), followed by Turkey - 13.7% (USD 437 mln), and EU countries - 12.3% (USD 394 mln). In 2018, compared to 2017, the shares of revenues from international travelers from Turkey, Ukraine, Armenia and Iran decreased, while shares of Russia, EU countries and Iran increased.

### Average Hotel Prices

In Georgia, the average cost of a room<sup>1</sup> in a 3-star hotel was **122 GEL** per night in February 2019. The most expensive 3-star hotels in February in Georgia was in Mtskheta-Mtianeti – 200 GEL.

The average cost of a room in a 4-star hotel in Georgia in February 2019 was **221 GEL** per night. The most expensive 4-star hotels in February was found in Mtskheta-Mtianeti– 322 GEL.



**Graph 1:** 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 February 2019 was **488 GEL** per night. In Tbilisi, the average price was 601 GEL, followed by Adjara – 475 GEL, Samtskhe-Javakheti - 383 GEL, and Kakheti - 353 GEL.

In February 2019, the average cost of a room in a guesthouse<sup>2</sup> in Georgia was **69 GEL** per night. The highest daily rates for guesthouses, were found in Guria – 106 GEL.

### Hotel Price Index

In February 2019, in Georgia the hotel price index<sup>3</sup> decreased by 1.7% compared to January 2019. The daily rates for standard double hotel rooms decreased the most in Guria (-4.6%) and Kvemo Kartli (-4.3%). In Tbilisi, the hotel prices decreased by 1.9%.

Among ten regions of Georgia and Tbilisi, in February 2019, compared to January 2019, the hotel prices increased slightly only in Kakheti (0.6%).

The 3-star, 4-star and 5-star hotel price index decreased by 1.8% in February 2019, compared to January 2019. In these types of hotels, the highest price decreases were recorded in Kvemo Kartli and Guria. In Tbilisi, the 3\*, 4\* and 5\* hotel prices decreased by 2.1%. In February 2019, compared to January 2019, the 3\*, 4\* and 5\* hotel prices increases was recorded only in Kakheti.

For guesthouses, the price index decreased by 1.7% in February 2019, compared to January 2019. Like 3\*, 4\* and 5\* hotels, in this type of accommodation, the biggest percentage price decreases for standard double rooms were recorded in Guria and Kvemo Kartli. The price increase of guesthouses was not recorded in any of the regions. In Tbilisi, the prices of guesthouses decreased by 1.1%.

In February 2019, compared to January 2019, the decrease of hotel prices in Georgia, can be linked to decreased number of tourists trips. In February 2019, compared to January 2019, the number of international travelers trips in Georgia decreased by 11.2%, while among the international travelers, the proportion who stayed in Georgia for 24 hours or more (classified as tourists) decreased by 19%<sup>4</sup>.

In February 2019, compared to February 2018, in Georgia the hotel price index decreased insignificantly by 0.4%. This was mainly due to price decreases of guesthouses. The daily rates for standard double hotel rooms decreased the most in Shida Kartli (-7.2%) and Racha (-6.4%). In Tbilisi, the overall price level of hotels decreased by 4.3%. Among the regions of Georgia and Tbilisi, in February 2019, compared to February 2018, hotel prices increased in Adjara (6.9%), Samtskhe-Javakheti (5.5%), Guria (5.1%) and Mtskheta-Mtianeti (2%).

It's worth to be noted that the number of international travelers in February 2019, compared to February 2018, decreased by 0.4%. However, of these international travelers, the proportion who stayed in Georgia for 24 hours or more (classified as tourists) increased by 5.1%.

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2019 Feb/ 2019 Jan	2019 Feb/ 2018 Feb	2019 Feb/ 2019 Jan	2019 Feb/ 2018 Feb	2019 Feb/ 2019 Jan	2019 Feb/ 2018 Feb
Guria	-4.6%	5.1%	-3.6%	-7.2%	-5.6%	12.8%
Kvemo Kartli	-4.3%	-2.2%	-3.9%	-3.9%	-4.6%	0.1%
Imereti	-3.2%	-3.1%	-3.5%	-7.9%	-3.0%	0.7%
Samegrelo-Zemo Svaneti	-2.0%	-3.4%	-1.1%	12.8%	-2.3%	-11.3%
Tbilisi	-1.9%	-4.3%	-2.1%	-4.5%	-1.1%	-3.4%
Adjara	-1.8%	6.9%	-1.0%	15.8%	-2.9%	-4.1%
Samtskhe-Javakheti	-1.5%	5.5%	-0.8%	20.0%	-1.9%	-1.2%
Shida Kartli	-0.7%	-7.2%			-0.7%	-7.2%
Mtskheta-Mtianeti	-0.7%	2.0%	-0.5%	1.2%	-0.9%	3.0%
Racha	-0.3%	-6.4%			-0.3%	-6.4%
Kakheti	0.6%	-5.0%	3.8%		-0.4%	3.3%
Overall Price % Change	-1.7%	-0.4%	-1.8%	2.2%	-1.7%	-2.9%

**Table 1:** Percentage change of prices in February 2019 over January 2019 and over February 2018.

In Georgia, the 3-star, 4-star and 5-star hotel price index increased by 2.2% in February 2019, compared to February 2018. In these types of hotels, the highest price increases were recorded in Samtskhe-Javakheti and Adjara. During this period, in Tbilisi, the prices of these types of hotels decreased by 4.5%.

In February 2019, compared to February 2018, for guesthouses, the price index decreased by 2.9%. In this type of accommodation, the biggest percentage price decreases for standard double rooms were recorded in Samegrelo-Zemo Svaneti and Racha. During this period, in Tbilisi the prices of guesthouses decreased by 3.4%.

Basic Economic Indicators										
	2016	I 2017	II 2017	III 2017	IV 2017	2017	I 2018	II 2018	III 2018	IV 2018
1	1978.3	450	544.3	642.6	569.8	2206.7	522.9	642.5	781.9	
2	6720	1378.1	1757	2969.9	1797.5	7902.5	1582.4	1979.6	3226.4	1891.1
3	3297.3	665	908.9	1629.9	865.7	4069.4	839.5	1094.2	1838.3	984.7
4	2166.3	425.7	629.9	1078.3	570.5	2704.3	550.7*	810*	1210.6*	
5	386.3	81.4	109.5	152	120.7	463.6	105.9*	126.4*	149.9*	
6	56.1	7.1	25.1	29.7	10.3	72.2	25.5*	-6.5*	36*	
1	Total Tourism Value Added (mln)			2 Number of International Travelers (thousand persons)			3 Number of Tourists (thousand persons)			
4	Revenue form 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 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 individ-

ually, while the prices of guesthouses were taken from booking.com. The average prices are arithmetic mean of standard double hotel room prices.  
2 Guesthouse: a type of accommodation that is characterized by having a small number of rooms and services are usually offered by the resident family.  
3 The calculation of the hotel price index is based on the recommendations given by the Interna-

tional 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)).  
4 Source: GNIA  
5 \* Preliminary results