

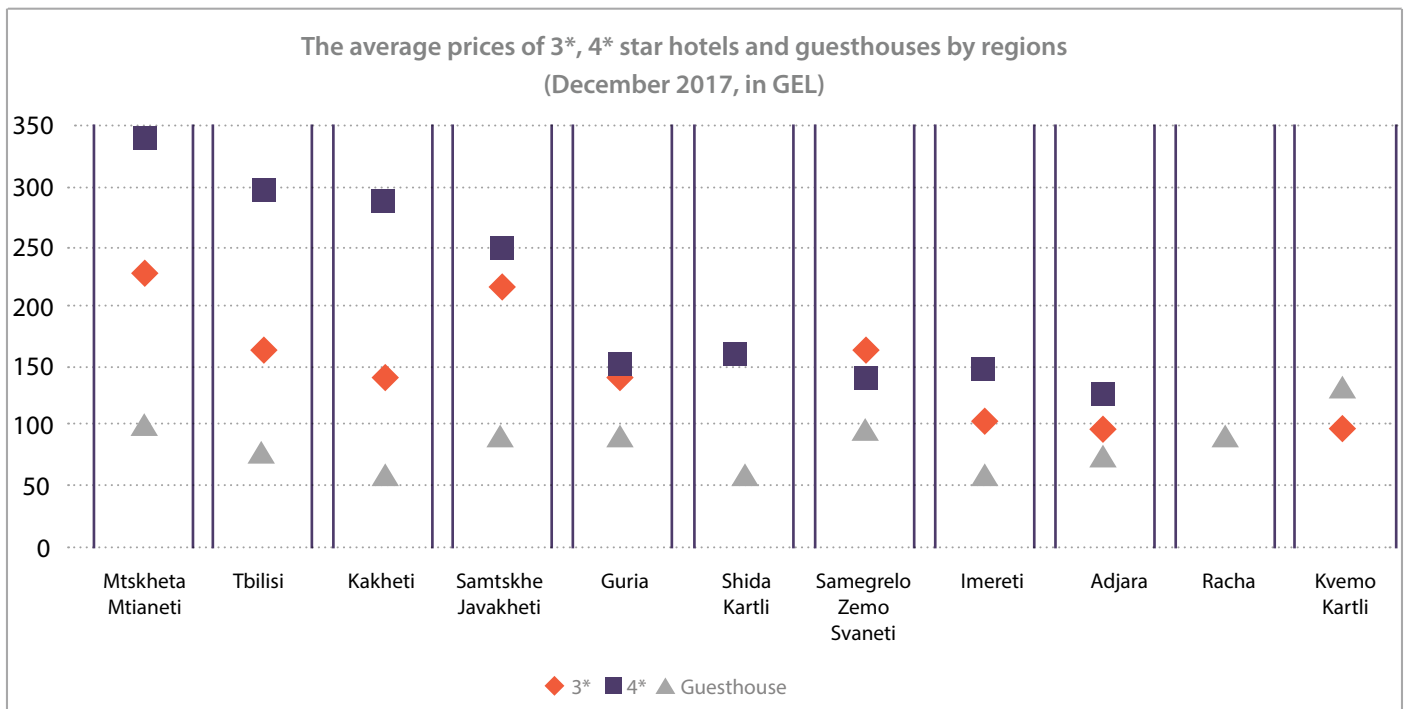
In this bulletin, we discuss hotel prices¹ in December across different regions of Georgia and calculate the hotel price index² in December 2017 compared to November 2017. Information about hotels and hotel price data were collected by contacting hotels individually and by using the booking.com website. On this website, there are more than 10,000 accommodations (apartments, hostels, hotels, etc.) registered in the territory of Georgia. For the purpose of this study, we focused on guesthouses³ and 3, 4, and 5-star hotels.



Average Hotel Prices

In December 2017, the average cost of a room in a 3-star hotel in Georgia was GEL 144. The most expensive 3-star hotels in Georgia are in Mtskheta-Mtianeti and Samtskhe-Javakheti regions, where the daily rates surpass the average price by 58% and 48% respectively. This is largely due to the high prices of standard double rooms in hotels of popular winter destinations, Bakuriani and Gudauri.

The rates for 3-star hotels in Samegrelo-Zemo Svaneti and Tbilisi are also above the national average. Significantly, and curiously, 3-star hotels in Samegrelo-Zemo Svaneti region are more expensive than 4-star hotels in the same region. This is due the remote locations of many of the 3-star hotels which are mostly located in Mestia, while 4-star hotels are more commonly found in the more accessible locations of Zugdidi and Poti.



Graph 1: In the graph standard double room average prices in 3, 4 star hotels and guesthouses are given by regions. 5-star hotel prices are provided below.

The average cost of a room at a 4-star hotel in December 2017 was GEL 255. The most expensive 4-star hotels are found in Mtskheta-Mtianeti region (GEL 342). Prices for this type of hotel are also above average in Kakheti and Tbilisi.

5-star hotels are only found in three regions outside Tbilisi (Adjara, Kakheti, and Samtskhe-Javakheti). For this type of hotel, the average cost of a room was GEL 411 in December 2017. Importantly, there is a vast difference between prices for 5-star hotels in Tbilisi and the other three regions. In Tbilisi, the average price is GEL 679, in Kakheti it is GEL 297, in Adjara it is GEL 253, and in Samtskhe-Javakheti it is GEL 426.

The prices for guesthouses are considerably lower compared to 3, 4, and 5-star hotels. The average cost of a room in December 2017 was GEL 77. Similar to 3-star and 4-star hotels, the highest daily rates for guesthouses are found in Mtskheta-Mtianeti region. The prices for guesthouses in Kvemo Kartli region also stand out (72% higher than the average) because of the high rates for guesthouses in Tetritskaro.



Hotel Price Index

In December 2017, the hotel price index² increased by 9.3% compared to November 2017 (It should be noted that in November 2017 compared to October 2017 the hotel price index had declined by 4.4%). The daily rates for standard double hotel rooms increased significantly in regions where tourism is seasonal, namely Mtskheta-Mtianeti, and Samtskhe-Javakheti. The notable increase in hotel prices for these regions is due to the opening of the ski season at winter resorts.

Tbilisi hotel prices also rose significantly, driven by increased demand. As usual, the number of international travelers increased in December compared to November. In December 2017 compared to November, the number of international travelers visiting Georgia grew by 14%. Of these international travelers, the number who stayed in Georgia for 24 hours or more increased by 17% compared to November⁴.

Price changes in the remaining regions are insignificant. Guria, Kvemo Kartli and Shida Kartli regions all have small shares of the hotel market. The demand for, and supply of, hotel services is low in these regions. The demand for hotel services in Kakheti and Imereti regions is not affected by seasonality. Accordingly, the prices are stable in these regions compared to others. The daily rates of hotel prices decreased only in Racha.

Region	Hotel	3*, 4*, 5*	Guesthouse
Mtskheta-Mtianeti	18.5%	44.9%	0.4%
Samtskhe-Javakheti	15.1%	26.4%	11.2%
Tbilisi	12.5%	15.1%	3.6%
Adjara	2.2%	1.9%	2.8%
Shida Kartli	1.8%	0.0%	2.0%
Kvemo Kartli	1.8%	3.2%	0.0%
Imereti	1.7%	1.7%	1.7%
Kakheti	1.6%	0.3%	2.0%
Samegrelo-Zemo Svaneti	1.5%	-1.3%	2.6%
Guria	0.0%	0.0%	0.0%
Racha	-0.8%		-0.8%
Overall price % Change	9.3%	12.2%	3.3%

Table 1: Percentage change of prices in December 2017 over November 2017

The 3-star, 4-star and 5-star hotel price index rose by 12.2% in December 2017 compared to November 2017. For these types of hotels, Mtskheta-Mtianeti and Samtskhe-Javakheti regions recorded the steepest price rises. Furthermore, Tbilisi experienced a significant increase in 3, 4 and 5-star hotel prices during this month. In guesthouses, a moderate price increase was recorded (3.3%). In this type of accommodation, the biggest percentage price rise for standard double rooms was recorded in Samtskhe-Javakheti region.

Basic Economic Indicators											
	IV 2015	2015	I 2016	II 2016	III 2016	IV 2016	2016	I 2017 *	II 2017 *	III 2017	
1	446.2	1842.1	436.5	489.3	559.1	493.4	1978.3	458.7	549		
2	1406.8	5901.1	1136.7	1505	2245.1	1473.8	6360.5	1266.1	1730	2826.7	
3	477.7	2282	408.5	606.3	1146.6	559.6	2721	513.6	796.3	1473.6	
4	427.7	1935.9	352.5	515.4	817.2	481.2	2166.3	434.6	658.8	1081.1	
5	90.3	329.6	83.1	103	107.8	92.4	386.3	81.4	109.5	152	
6	105.3	138.8	7.2	-0.1	12.4	32.9	52.4	15.9	29.5	30.1	
* 1	Total Tourism Value Added (mln Gel)			* 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 individually, while the prices of guesthouses were taken from booking.com.

2 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)).
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 According to the Georgian National Tourism Administration, in December 2017, 600,004 international travelers visited Georgia. Of these, 234,969 travelers stayed in Georgia for 24 hours or more. In November 2017, the number of international travelers was 524,108, of whom 201,056 travelers stayed in Georgia for 24 hours or more.