



February 2021

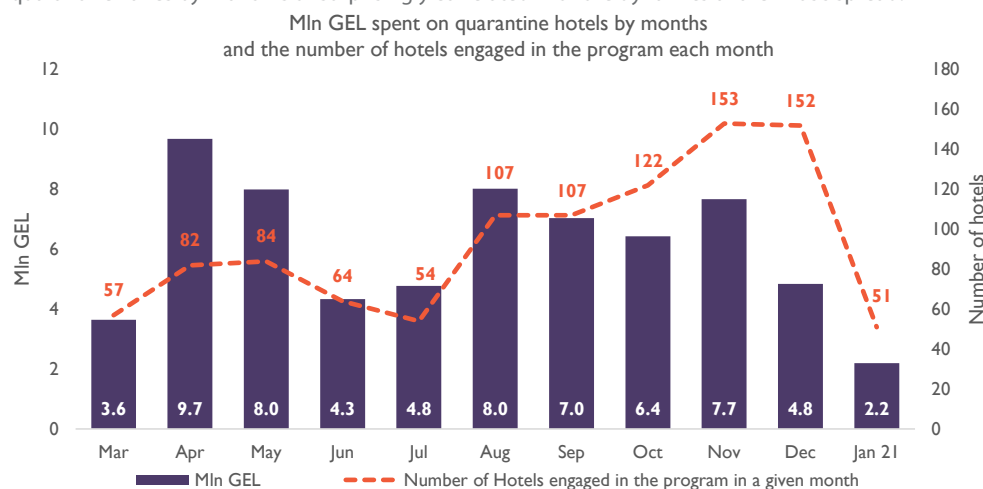
- The number of international travelers declined by 91% in February compared to the same period of both, 2020 and 2019, while the number of international visitors fell by 90% and the number of international tourists fell by 86%.
- From March 2020 to February 19, 2021, 220 different hotels, and 11 744 hotel rooms, were utilized under the quarantine zones program. A total of 148 904 people stayed in these quarantine hotels over the covered period, and 3 644 people maintained their jobs in these hotels due to the program.
- From March 2020 up to and including January 2021, a total of GEL 66.6 mln was spent under the program, averaging GEL 6.1 mln per month. On average, 94 hotels and 6340 hotel rooms were utilized per month, and 32 GEL was spent per hotel room per day.

Quarantine zones program - an overview

In March 2020, to prevent the spread of COVID-19, Georgia closed its borders to international visitors. The combination of the pandemic breaking out and the lockdown measures imposed to combat the spread of the virus plunged businesses in the hospitality industry into crisis. Since March 2020, a government program emerged, which aimed at: 1) providing quarantine spaces for Georgians returning to the country, as well as other people under risk of COVID-19 infection, and people actually infected with COVID-19; and 2) providing at least some support to the heavily damaged accommodation industry. Thus, the concept of quarantine hotels emerged, and under this government program, 220 different hotels (and 11 744 hotel rooms) were utilized as special quarantine zones during the period of March 2020 to February 19, 2021. According to the GNTA, the program ensured that 3 644 employees in the tourism sector kept their jobs, and 148 904 people were assigned to quarantine zones between March 2020 and February 2021.

From March 2020 up to and including January 2021, a total of GEL 66.6 mln was spent under the program. This represents an average of GEL 6.1 mln per month. The program spent the most in April 2020 (GEL 9.7 mln) and the least in January 2021 (GEL 2.2 mln). If the dynamics of monthly spending are analyzed, April and May, two months with the most stringent lockdown measures, stand out for the highest spending, along with August (coinciding with a lockdown imposed in Mestia, Svaneti) and November (coinciding with the peak of the virus's spread in the country). On the contrary, June and July stand out for the lowest amounts spent, as well as December and January (2021).

From March 2020 up to and including January 2021, on average 94 hotels were utilized per month. However, when carrying out a month-by-month analysis, it can be observed that before August, much fewer hotels were utilized (on average 68 per month), and from August to December much more hotels were utilized (on average 128 per month), while this figure dropped to 51 in January 2021. It is worth noting that the number of hotels used as quarantine zones by month is unsurprisingly correlated with the dynamics of the virus's spread.



Source: Georgian National Tourism Administration

From March 2020 up to and including January 2021, on average 6 340 hotel rooms were utilized per month. The dynamics of this figure by month are nearly identical to the dynamics of total hotels utilized.

The average price of one hotel room per day over the analyzed period was 32 GEL. It is worth noting that this figure was at its highest in April (50 GEL), and at its lowest in December and January (2021) (17 GEL and 19 GEL, respectively).

In sum, the program provided alleviation for at least some actors of the accommodation sector, however, given the size of the tourism industry and the magnitude of the shock, this support is relatively insignificant.

Hotel Price Index

| Region | Hotel | | 3*, 4*, 5* | | Guesthouse | |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2021 Feb/ 2021 Jan | 2021 Feb/ 2020 Feb | 2021 Feb/ 2021 Jan | 2021 Feb/ 2020 Feb | 2021 Feb/ 2021 Jan | 2021 Feb/ 2020 Feb |
| Kakheti | 0.9% | 12.8% | 3.3% | 7.2% | -0.3% | 15.9% |
| Imereti | -1.1% | 13.9% | -1.9% | 6.9% | -0.5% | 18.9% |
| Guria | 3.5% | 4.0% | 4.7% | 12.4% | 0.0% | -7.4% |
| Kvemo Kartli | 0.0% | 23.1% | 0.0% | 26.3% | 0.0% | 20.0% |
| Adjara | -0.7% | 3.6% | 1.1% | 1.1% | -3.5% | 6.9% |
| Racha | 0.0% | -11.5% | | | 0.0% | -11.5% |
| Shida Kartli | 0.0% | 14.2% | 0.0% | 21.2% | 0.0% | 4.3% |
| Samegrelo-Zemo Svaneti | 0.9% | 4.6% | 1.2% | 7.1% | 0.7% | 2.7% |
| Samtskhe-Javakheti | -0.9% | 9.4% | 1.5% | 0.5% | -4.7% | 15.4% |
| Mtskheta-Mtianeti | 2.5% | 8.3% | 5.1% | 2.9% | 0.5% | 12.4% |
| Tbilisi | -5.5% | 12.4% | -7.3% | 10.5% | 3.1% | 20.0% |
| Overall Price % Change | -2.8% | 9.8% | -3.1% | 6.7% | -0.5% | 15.1% |

Table 1: Percentage change of prices in February 2021 over January 2021 and over February 2020.

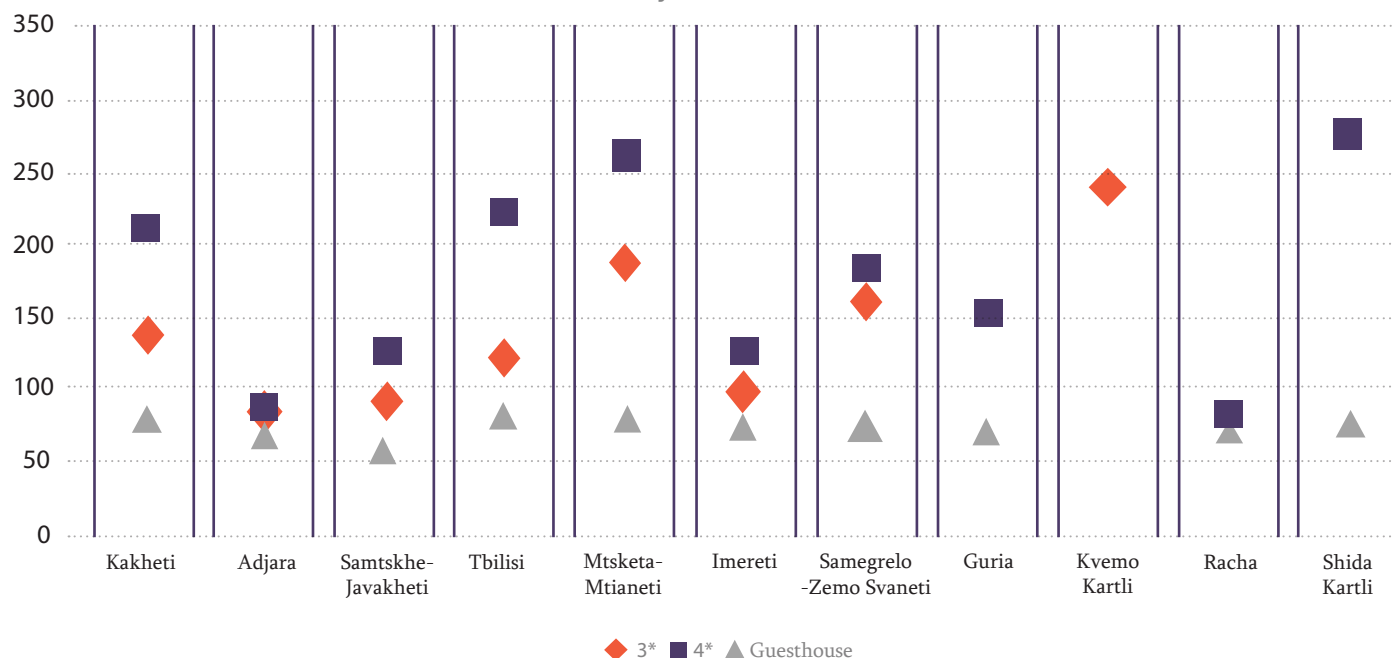
In February 2021, in Georgia the hotel price index¹ decreased by 2.8% compared to January 2021. The 3-star, 4-star and 5-star hotel price index decreased by 3.1%, while for guesthouses, the price index decreased by 0.5%.

In February 2021, compared to February 2020, hotel prices in Georgia increased by 9.8%. The prices of 3*, 4*, 5* hotels increased by 6.7%, while the prices of guesthouses increased by 15.1%. It is worth noting that compared to February 2019, hotel price index decreased by 6.9%.

Average Hotel Prices

In Georgia, the average cost of a room² in a 3-star hotel was 126 GEL per night in February 2021, while the average cost of a room in a 4-star hotel in Georgia was 180 GEL per night and the average cost of a room in a guesthouse³ was 75 GEL per night.

The average prices of 3*, 4* star hotels and guesthouses by regions (February 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 February 2021 was 345 GEL per night. In Guria, the average price was 464 GEL, followed by Samtskhe-Javakheti - 433 GEL, Tbilisi - 428 GEL and Kakheti - 329 GEL.

Basic Economic Indicators

| | 2018 | I 2019 | II 2019 | III 2019 | IV 2019 | 2019 | I 2020 | II 2020 | III 2020 | IV 2020 | 2020 |
|---|--------|--------|---------|----------|---------|--------|--------|---------|----------|---------|---------|
| 1 | 1800 | 424.4 | 537.4 | 697 | 564.2 | 2 223 | 427.2* | 310.4* | 335.8* | - | - |
| 2 | 8679.5 | 1617.5 | 2244.8 | 3375.1 | 2120.4 | 9357.9 | 1333.1 | 114.2 | 150.3 | 149.6 | 1749.3 |
| 3 | 4756.8 | 882.1 | 1245 | 1863.6 | 1089.7 | 5080.5 | 765.3 | 82.3 | 113.6 | 125.9 | 1087 |
| 4 | 3222.1 | 578.4 | 877.6 | 1126.8 | 685.8 | 3268.7 | 427.7 | 28.8 | 42.5 | 42.6 | 541.8 |
| 5 | 524.7 | 131.3 | 167.9 | 181.6 | 176.2 | 657.2 | 124.1 | 13.5 | 20.9 | - | - |
| 6 | 82.3 | 57.8 | 19.7 | 36.1 | 6.6 | 120.2 | 15.7* | 3.0* | 7.9* | -247.4* | -221.5* |

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