



Research

# Monthly Tourism Update

May 2021

- The number of international travelers<sup>1</sup> increased by 141.6% in April 2021 compared to the same period of 2020, and declined by 86.8% compared to the same period in 2019. Meanwhile, the number of international visitors<sup>2</sup> increased by 140.4% (2021/2020) and declined by 85.0% (2021/2019), and the number of international tourists<sup>3</sup> increased by 182.2% (2021/2020) and declined by 78.2% (2021/2019).
- The number of visitors to Georgia from Israel in April 2021 recovered to 70% of its April 2019 level, with its share in total visitors amounting to 12.2%.
- Georgia's four neighboring countries accounted for 71% of total visitors in 2019. None of these countries had vaccinated more than 20% of their population as of May 23, 2021.
- Some countries that stand out for their high vaccination rates among Georgia's key source markets include Israel (63% of the population), United Arab Emirates (61%), the United Kingdom (56%), Hungary (52%), the United States (49%), and Finland (41%). Most EU countries have a rate of around 30-40%.
- In April 2021, the Hotel Price Index decreased by 2.3% compared to the corresponding month of 2019, mainly driven by a price decline of 27.4% in Adjara.

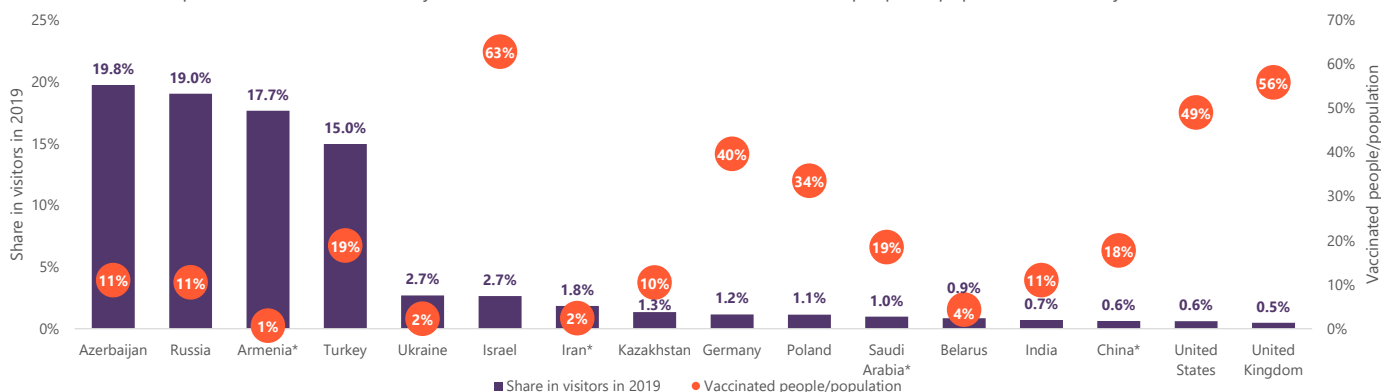
## Vaccination trends in key source markets for tourism in Georgia

In April 2021, the number of international visitors in Georgia reached its highest level since the start of the pandemic. Furthermore, since April, the following factors have given rise to more optimistic expectations than before: the curfew restricting outdoor movement after 9pm has been pushed back to 11pm, a special vaccination program for tourism sector workers has commenced, restaurants are now allowed to operate on weekends, various old and new air routes have been (re)introduced and, finally, land borders are set to re-open on June 1. Thus, the overall expectations for tourism's recovery in 2021 have shifted upwards. However, as entry requirements include either vaccination or a negative PCR test result, recapturing even half of the pre-pandemic scale of tourism is unlikely this year. In this issue, we examine the prospects regarding number of visitors in 2021 by looking at the percentage of vaccinated people in Georgia's key source markets.

In 2019, 71% of all visitors to Georgia came from its four immediate neighbors: Azerbaijan (19.8%), Russia (19.0%), Armenia (17.7%), and Turkey (15.0%). As of May 23\*, none of these four countries had vaccinated more than 20% of their population, with Turkey being the closest on 19%. In fact, the key source countries for Georgia to have vaccinated more than 20% of their population accounted for just 10.5% of visitors in 2019.

Countries that stand out in terms of vaccination performance among the top source markets include Israel (63% of people vaccinated), the United Kingdom (56%), and the United States (49%), followed by Germany (40%) and Poland (34%). Most other EU countries, while not having a significant share in visitors to Georgia, have vaccinated around 30-40% of their populations as well.

Top visitor countries in 2019 by their share in total visitors, and % of vaccinated people in population as of May 23rd, 2021.



Source: Ourworldindata.org, Georgian National Tourism Administration, author's calculations

Looking at the breakdown of visitors to Georgia in April 2021, 12.2% of visitors were from Israel, while in 2019 this corresponding figure was only 2.7%. In fact, the number of visitors from Israel in April 2021 declined by just 29.6% compared to April 2019. It is expected that Israel will continue to rank fairly high in terms of share in visitors, at least over the course of 2021. Some other countries that stand out in terms of their high vaccination rates, and that could be worth targeting at least in the short term, include United Arab Emirates (61%\*\*), Hungary (52%), Bahrain (52%), Finland (41%), and Cyprus (41%).

\* For some countries data were not available for May 23, so data from May 22, 21, or 20 were taken \*\* For some countries (indicated by a star on the graph) the number was estimated based on total vaccinations

## Hotel Price Index

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2021 May/2021 Apr	2021 May/2019 May	2021 May/2021 Apr	2021 May/2019 May	2021 May/2021 Apr	2021 May/2019 May
Kakheti	2.4%	10.1%	3.3%	12.1%	2.2%	9.6%
Imereti	-0.9%	5.7%	-0.7%	11.6%	-1.1%	0.6%
Guria	6.5%	11.4%	8.8%	19.1%	0.0%	-2.5%
Kvemo Kartli	3.4%	44.0%	0.0%	6.7%	10.5%	-
Adjara	10.4%	-27.4%	12.9%	-24.3%	4.8%	-33.8%
Racha	0.0%	14.0%	-	-	0.0%	14.0%
Shida Kartli	17.6%	10.8%	10.9%	11.3%	40.0%	10.0%
Samegrelo-Zemo Svaneti	0.4%	12.9%	0.0%	22.1%	0.7%	8.0%
Samtskhe-Javakheti	3.0%	9.8%	4.7%	-1.0%	1.0%	21.8%
Mtskheta-Mtianeti	-0.9%	-3.2%	-5.4%	-1.8%	4.7%	-4.2%
Tbilisi	7.7%	4.1%	6.4%	5.2%	14.4%	-1.8%
Overall Price % Change	6.8%	-2.3%	6.4%	-1.8%	9.0%	-5.5%

Table 1: Percentage change of prices in May 2021 over April 2021 and over May 2019.

In May 2021, in Georgia the hotel price index<sup>4</sup> increased by 6.8% compared to April 2021. The 3-star, 4-star and 5-star hotel price index increased by 6.4%, while for guesthouses, the price index increased by 9.0%.

In May 2021, compared to May 2019, hotel prices in Georgia decreased by 2.3%. The prices of 3\*, 4\*, 5\* hotels decreased by 1.8%, while the prices of guesthouses decreased by 5.5%.

## Average Hotel Prices

In Georgia, the average cost of a room<sup>5</sup> in a 3-star hotel was 132 GEL per night in May 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 guesthouse<sup>6</sup> was 82 GEL per night.

The average prices of 3\*, 4\* star hotels and guesthouses by regions (May 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 May 2021 was 402 GEL per night. In Guria, the average price was 600 GEL, followed by Tbilisi - 509 GEL, Kakheti - 432 GEL and Adjara - 391 GEL.

### Basic Economic Indicators

	2018	II 2019	III 2019	IV 2019	2019	I 2020	II 2020	III 2020	IV 2020	2020	I 2021
1	1800	537.4	697	564.2	2 223	427.2*	310.4*	335.8*	247.5*	1320.9*	-
2	8679.5	2244.8	3375.1	2120.4	9357.9	1333.1	114.2	150.3	149.6	1749.3	134.7
3	4756.8	1245	1863.6	1089.7	5080.5	765.3	82.3	113.6	125.9	1087	133.6
4	3222.1	877.6	1126.8	685.8	3268.7	427.7	28.8	42.5	42.6	541.7	129.2
5	524.7	167.9	181.6	176.2	657.2	124.1	13.5	20.9	22.0	180.5	-
6	82.3	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 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