

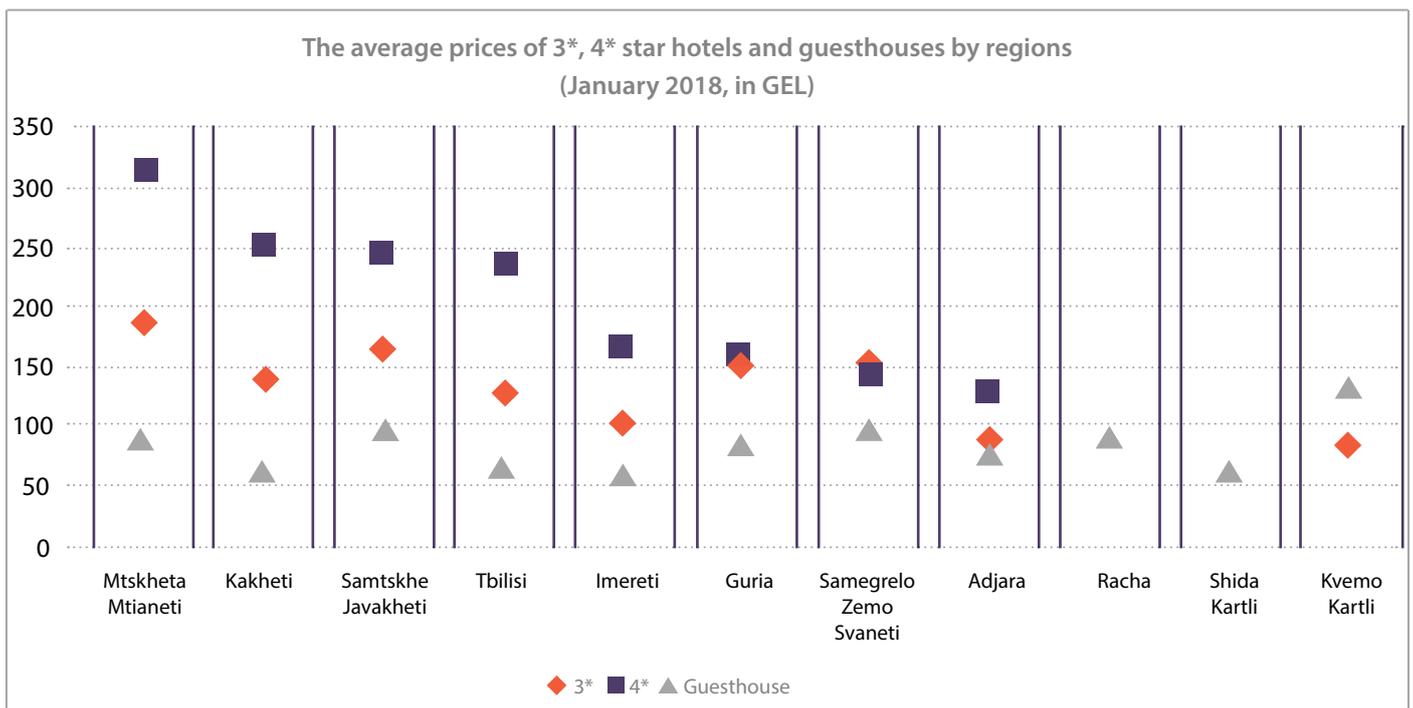
In this bulletin, we discuss hotel prices¹ in January across different regions of Georgia and calculate the hotel price index² in January 2018 compared to December 2017. Information about hotels and hotel price data were collected by contacting hotels individually and by using the website booking.com. On this website, there are more than 10,000 accommodations (apartments, hostels, hotels, etc.) registered on 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 January 2018, the average cost of a room in a 3-star hotel in Georgia was GEL 124. Similar to December 2017, the most expensive 3-star hotels in Georgia were in Mtskheta-Mtianeti and Samtskhe-Javakheti regions, where the daily rates surpass the average price by 53% and 33% respectively. This is largely due to the high prices of standard double rooms in the hotels in popular winter destinations, specifically Bakuriani and Gudauri. The rates for 3-star hotels in Samegrelo-Zemo Svaneti were also above the national average.

The average cost of a room at a 4-star hotel in January 2018 was GEL 223. The most expensive 4-star hotels are found in Mtskheta-Mtianeti region (GEL 315). Prices for this type of hotel are also above average in Kakheti, Samtskhe-Javakheti and Tbilisi.



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.

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 373 in January 2018. Similar to December 2017, there was a vast difference between prices for 5-star hotels in Tbilisi and the other three regions. In Tbilisi, the average price was GEL 649, in Kakheti it was GEL 297, in Adjara it was GEL 216, and in Samtskhe-Javakheti it was GEL 407.

The prices for guesthouses were considerably lower compared to 3, 4, and 5-star hotels. The average cost of a room in January 2018 was GEL 74. The highest daily rates for guesthouses were found in Kvemo Kartli, Samegrelo-Zemo Svaneti and Samtskhe-Javakheti regions.



Hotel Price Index

In January 2018, the hotel price index² decreased by 6.4% compared to December 2017. The daily rates for standard double hotel rooms changed significantly in Tbilisi (declined by 9.9%). This notable decrease can be linked to the decrease in the number of international travelers in January compared to the previous month. In January 2018, compared to December 2017, the number of international travelers visiting Georgia decreased by 25.9%. Of these international travelers, the number who stayed in Georgia for 24 hours or more (tourists) decreased by 19.4% compared to December⁴.

In December 2017, the increased daily rates for standard double hotel rooms in Mtskheta-Mtianeti and Samtskhe-Javakheti regions, due to the increased demand for hotels in Gudauri and Bakuriani, remained stable for Samtskhe-Javakheti, while for Mtskheta-Mtianeti prices decreased by 3.4%.

Similar to December 2017, the prices in January 2018 were still more or less stable in regions which are not characterized by seasonality and in regions which have only a small share of the hotel market. The demand for hotel services in Kakheti and Imereti regions is not affected by seasonality. The value added in the hotel and restaurant sector in Racha, Guria, Kvemo Kartli and Shida Kartli regions contributes insignificantly to the total value added in this sector in Georgia (3% in 2016).

Region	Hotel	3*, 4*, 5*	Guesthouse
Tbilisi	-9.9%	-10.9%	-6.0%
Mtskheta-Mtianeti	-3.4%	-10.7%	3.3%
Adjara	-2.0%	-3.3%	0.2%
Kakheti	-1.8%	1.9%	-2.5%
Imereti	-1.2%	-3.8%	0.1%
Guria	0.0%	0.0%	0.0%
Racha	0.0%		0.0%
Kvemo Kartli	0.0%	0.0%	0.0%
Samtskhe-Javakheti	0.7%	-2.0%	1.9%
Samegrelo-Zemo Svaneti	1.0%	1.1%	0.9%
Shida Kartli	1.4%		1.4%
Overall price % Change	-6.4%	-7.8%	3.3%

Table 1: Percentage change of prices in January 2018 over December 2017

The 3-star, 4-star and 5-star hotel price index decreased by 7.8% in January 2018 compared to December 2017. For these types of hotels, Tbilisi and Mtskheta-Mtianeti regions recorded the steepest price decreases.

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 Mtskheta-Mtianeti 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 January 2018, 444,421 international travelers visited Georgia. Of these, 189,476 travelers stayed in Georgia for 24 hours or more. In December 2017, the number of international travelers was 600,004, of whom 234,969 travelers stayed in Georgia for 24 hours or more.