



Research

Monthly Tourism Update

January 2021

- The number of international travelers declined by 94.5% in January compared to the same period of 2020, while the number of international visitors fell by 93.6% and the number of international tourists fell by 91.9%.
- In January 2021, the year over year Hotel Price Index decreased by 33.8% in Adjara and by 28.5% in Samtskhe-Javakheti.
- The number of ski-lift users in Georgia grew significantly, by an annual average rate of 21%, from the 2014-2015 season up to and including the 2018-2019 season. However, compared to the 2018-19 season, the number of ski-lift users dropped by 20% during the 2019-2020 season, due to the looming COVID-19 pandemic which effectively brought the season to an early finish. Thereafter, the 2020-2021 season has been cancelled outright due to the ongoing epidemiological crisis.
- Sales per skiing day demonstrated significant growth from the 2014-2015 winter season up to and including the 2018-2019 winter season, growing by 33% annually on average in this period. It even registered modest growth (4%) in the 2019-2020 season.

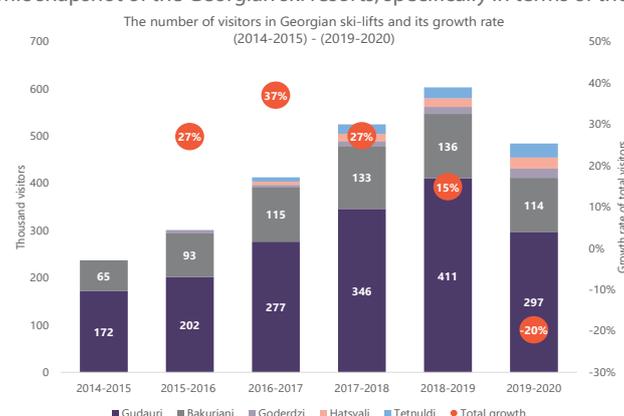
Mountain resorts of Georgia: a pre-pandemic snapshot

The COVID-19 pandemic has disrupted tourism all over the world, with winter tourism no exception in this regard. Due to the high risk of infection at ski resorts, combined with the unfavorable epidemiological situation in the majority of countries around the world, most ski resorts have been closed throughout the season, including in Georgia. In this issue, we present a pre-pandemic snapshot of the Georgian ski resorts, specifically in terms of the number of visitors and revenue generated.

In Georgia, there are five ski resorts, which prior to the pandemic had been generating a growing number of visitors and revenue. The number of total ski-lift users grew at an annual average rate of 21% from the 2014-2015 season up to and including the 2018-2019 season. However, in 2019-2020, with the impending emergence of the COVID-19 pandemic, the winter season was cut short and the number of visitors declined by 20%, while the number of skiing days in the season declined by 25%.

Gudauri is the most popular of the ski resorts in Georgia, with an average share in the total number of visitors of 67% over the analyzed period, followed by Bakuriani on 26%, and the remaining 7% being shared among three relatively new resorts: Goderdzi (Adjara), and Hatsvali and Tetnuldi (both Mestia).

Another interesting indicator to observe here is the revenue from the sales of ski-lift passes, adjusted by the number of average skiing days in each skiing season (calculated by taking the average number of skiing days in all five ski resorts in Georgia for each winter season. The length of the season is different each year).



Source: Mountain Resorts Development Company LTD

The sales per skiing day indicator had been growing more significantly, at an annual average of 33% from throughout 2014-2015 up to and including 2018-2019. Moreover, it even registered modest growth (4%) in the 2019-2020 season (the fall in total sales was more than offset by a bigger fall in number of skiing days). Meanwhile, the exceptionally high year-on-year growth rate of 73% in 2016-2017 (compared to 2015-2016) is partially attributed to the opening of the Hatsvali and Tetnuldi resorts.

Overall, the hitherto fast-growing ski tourism sector has been hit hard by the COVID-19 pandemic. Even in the 2019-2020 season, which was only partially hindered by the pandemic, the number of visitors and the number of sales per skiing day were affected. With the 2020-2021 season essentially non-existent due to the ongoing epidemiological crisis, the sector's wait to return to pre-pandemic levels, which will be a challenging process, will go on for at least another year.

Hotel Price Index

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2021 Jan/2020 Dec	2021 Jan/2020 Jan	2021 Jan/2020 Dec	2021 Jan/2020 Jan	2021 Jan/2020 Dec	2021 Jan/2020 Jan
Kakheti	-0.4%	7.7%	-3.2%	8.0%	0.9%	7.5%
Imereti	1.8%	9.7%	-1.7%	4.2%	4.2%	12.8%
Guria	-1.7%		-2.8%		0.0%	
Kvemo Kartli	26.3%		26.3%			
Adjara	-2.0%	-33.8%	-4.1%	-40.6%	2.0%	-17.7%
Racha	1.1%	16.7%			1.1%	16.7%
Shida Kartli	10.3%	-18.8%			15.8%	-18.8%
Samegrelo-Zemo Svaneti	4.1%	-19.8%	4.0%	-12.3%	4.2%	-22.2%
Samtskhe-Javakheti	-7.6%	-28.5%	-20.2%	-21.1%	17.8%	-33.6%
Mtskheta-Mtianeti	-7.9%	-12.1%	0.0%	11.5%	-17.4%	-23.7%
Tbilisi	-1.9%	-12.8%	-3.3%	-10.6%	9.8%	-21.7%
Overall Price % Change	-2.0%	-19.2%	-4.4%	-18.5%	5.3%	-20.7%

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

In January 2021, in Georgia the hotel price index¹ decreased by 2% compared to December 2020. The 3-star, 4-star and 5-star hotel price index decreased by 4.4%, while for guesthouses, the price index increased by 5.3%.

In January 2021, compared to January 2020, hotel prices in Georgia decreased by 19.2%. The prices of 3*, 4*, 5* hotels decreased by 18.5%, while the prices of guesthouses decreased by 20.7%.

Average Hotel Prices

In Georgia, the average cost of a room² in a 3-star hotel was 118 GEL per night in January 2021, while the average cost of a room in a 4-star hotel in Georgia was 188 GEL per night and the average cost of a room in a guesthouse³ was 72 GEL per night.

The average prices of 3*, 4* star hotels and guesthouses by regions (January 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 January 2021 was 324 GEL per night. In Samtskhe-Javakheti, the average price was 420 GEL, followed by Tbilisi - 417 GEL, Guria - 404 GEL and Kakheti - 315 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*	-	-

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