



MONTHLY TOURISM UPDATE

June 2023

Georgia

International Benchmarking: Post-pandemic Recovery of International Tourist Arrivals to Georgia in 2022



Research



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Summary

- ❏ In 2022, the recovery level of **international tourist arrivals to Georgia** (72%) was higher compared to the averages of the world (63%), and Central/Eastern Europe (59%), yet lower than that of Europe as a whole (80%).
- ❏ The rate of recovery for Georgia accelerated in **Q1 of 2023**, reaching 96%, above the averages of the world (80%), Europe as a whole (90%), and Central/Eastern Europe (59%).
- ❏ However, **among selected comparable countries in which tourism makes a large contribution to the national economy**, Georgia's performance was not so outstanding in 2022. Specifically, high levels of recovery in the number of international tourists were evident in all such nations, with Albania even exceeding its pre-pandemic figure, followed by Greece and Croatia showing a strong rebound, while Georgia performed the worst among these four countries.
- ❏ In a regional context, Turkey and Armenia showed performed better regarding the recovery of international tourist arrivals than Georgia both in 2022 and in Q1 of 2023.
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- ❏ In June 2023, compared to June 2022, **the Hotel Price Index (HPI)** in Georgia increased by 4.7%. Meanwhile, compared to May 2023, HPI increased by 6.3% with the highest monthly increase in Adjara (28.2%) and Guria (14.1%).

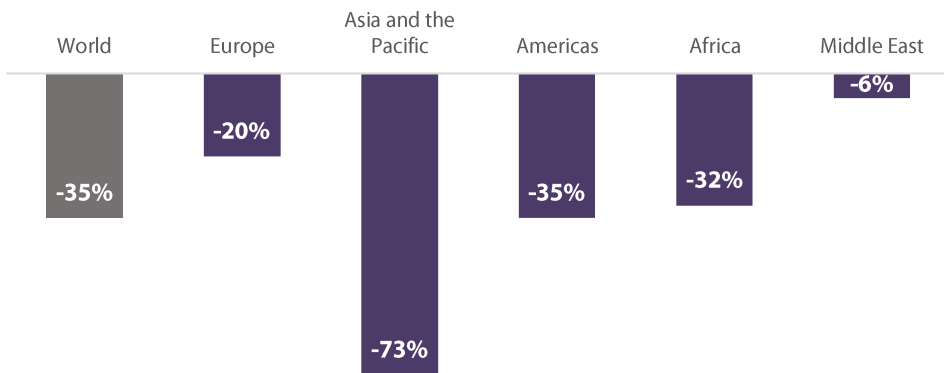


GLOBAL TOURISM RECOVERY TRENDS

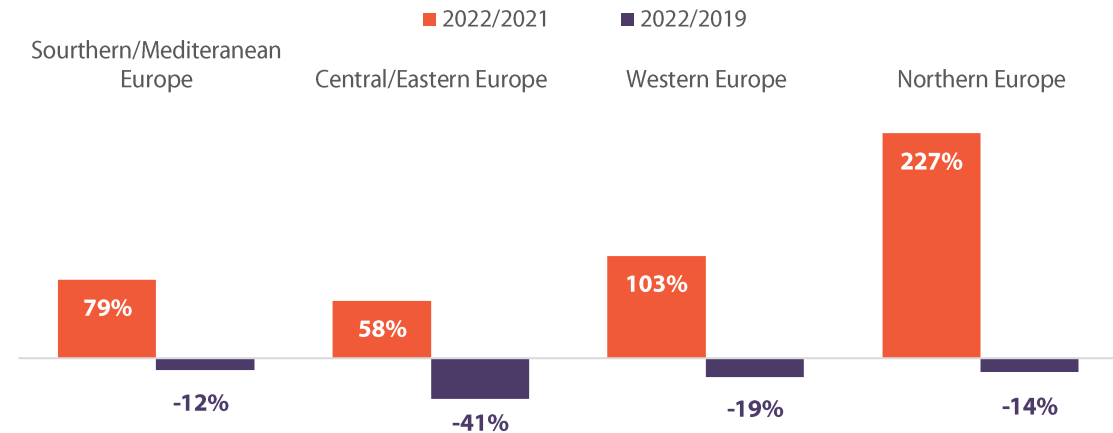
According to UNWTO World Tourism Barometer¹, in global terms in 2022, **international tourist visits** reached 63% of the pre-pandemic (2019), surpassing 900 million, and thus doubling the corresponding figure for 2021. The recovery continued in Q1 of 2023, with 235 million tourists traveling internationally, equivalent to 80% of the pre-pandemic number and 111% higher compared to Q1 of 2022.

However, even though **the recovery of international tourism is expected to continue throughout 2023**, most experts surveyed by the UNWTO maintain a belief that international tourism will not return to 2019 levels until 2024. The main challenges impeding a full recovery include the increased transportation and accommodation costs due to high inflation, followed by uncertainty caused by the Russia-Ukraine War.

Percentage change of international tourist arrivals by world regions in 2022 compared to 2019



Percentage change of international tourist arrivals by sub-regions of Europe in 2022, compared to 2021 and 2019



Source: UNWTO

From a regional view, in 2022, **the Middle East** recorded the strongest performance, showing an 83% recovery compared to the pre-pandemic number. Only marginally below that was **Europe**, which recovered to 79% of its pre-pandemic number and topped the world list in terms of number of tourists. This trend continued in Q1 of 2023, with the Middle East exceeding its figure for the corresponding period of 2019 (i.e. pre-pandemic) by 15% and Europe edging nearer, just 10% lower than the pre-pandemic number.

Among the sub-regions of Europe, the highest year-on-year growth was recorded in Northern Europe (227%) in 2022, however the recovery rate was highest for Southern/Mediterranean Europe (88%). Meanwhile, Central/Eastern Europe² showed the lowest YoY growth (58%) and recovery (59%) over the same period. In Q1 of 2023, this pattern continued, with Southern/Mediterranean Europe bouncing back most notably and Central/Eastern Europe recording the lowest recovery rate.

¹ UNWTO World Tourism Barometer - January 2023

² According to UNWTO, the Caucasus and Central Asia are classified as part of Europe in the sub-region of Central/Eastern Europe

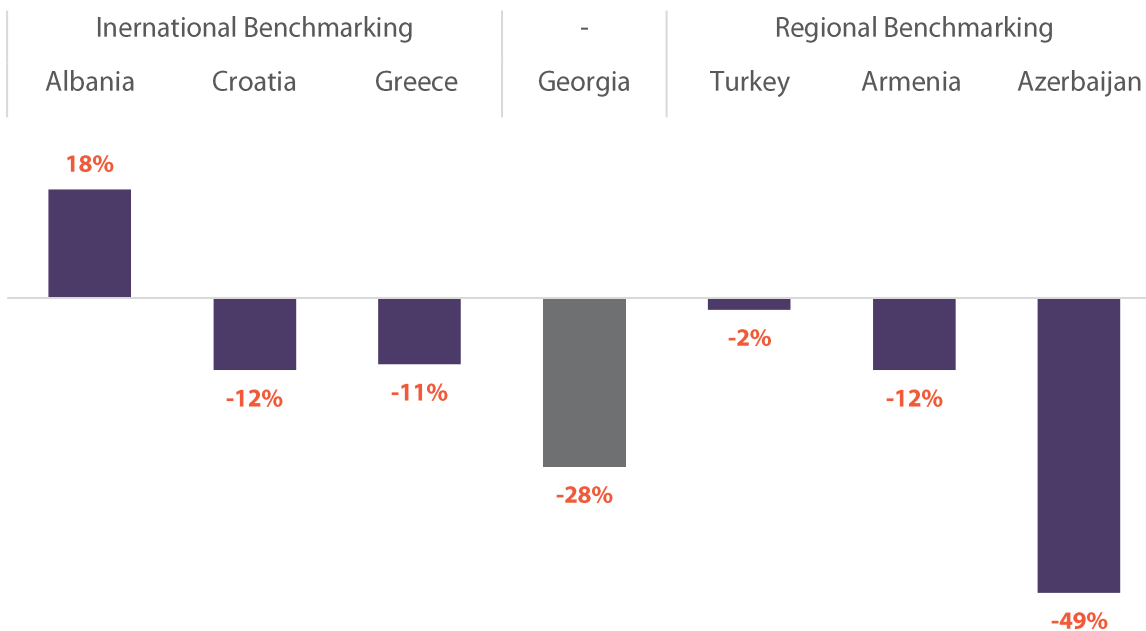


INTERNATIONAL AND REGIONAL BENCHMARKING

Importantly, in 2022, the **recovery level of international tourist arrivals to Georgia (72%)** was higher compared to the averages of the world (63%) and the sub-region of Central/Eastern Europe (59%), but lower compared to the region of Europe (80%). Further improvements for Georgia were reported in Q1 of 2023, when its recovery rate reached 96%, ahead of the world average (80%), slightly above European average (90%), and considerably in front of the Central/Eastern European average (59%).

In addition to drawing comparisons with the performance of regions of the world, it is worth analyzing the performance of the Georgian tourism sector against **international benchmark countries³** and within its **regional** context to ensure the comparability of recovery in Georgia to trends in similar countries. Indeed, these comparisons demonstrate that Georgia's performance in 2022 fell short of being remarkable.

Percentage change of international tourist arrivals in 2022, compared to 2019



Source: UNWTO

Among international benchmark countries (Albania, Croatia, and Greece), in 2022, a high recovery in the number of international tourist arrivals was evident in all of them, with Albania exceeding its pre-pandemic number by 18%, followed by Greece and Croatia, which reached 89% and 88% of their pre-pandemic figures respectively. Notably, Georgia performed worst among those countries. In Q1 of 2023, Georgia's situation improved significantly, as international tourist arrivals almost recovered to the level of Q1 of 2019 (96%), thus performing slightly better than Croatia (91%).

Within the regional context, in 2022, Azerbaijan's recovery was limited as it failed to reach even half of its pre-pandemic number. Meanwhile, in the same year, international tourist arrivals to Turkey (98%) almost recovered fully. Elsewhere, strikingly, Armenia performed better than Georgia. The regional trajectories continued in Q1 of 2023, with Armenia (24% increase) and Turkey (9% increase) exceeding pre-pandemic numbers and leading the regional recovery, while Azerbaijan reached only 60% of its pre-pandemic number.

³ The countries for international benchmarking were selected within USAID Economic Security Program - the quarterly Sector and Value Chain Analytics report by PMC. The selection is based on three factors: similar high dependency of the economy on tourism, relatively similar size, and geography.



HOTEL PRICE INDEX IN GEORGIA

In June 2023, in Georgia the hotel price index⁴ increased by 6.3% compared to May 2023. The 3-star, 4-star, and 5-star hotel price index increased by 7.8%, while for guesthouses, the price index decreased by 0.9%.

The monthly HPI was the highest in Adjara (28.2%) and Guria (14.1%), lowest in Tbilisi (-1.6%).

In June 2023, compared to June 2022, hotel prices in Georgia increased by 4.7%. The prices of 3*, 4*, 5* hotels increased by 3.6% and the prices of guesthouses decreased by 0.8%.

The yearly HPI was the highest in Shida Kartli (33.0%) and lowest in Tbilisi (-5.2%).

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2023 June/ 2023 May	2023 June/ 2022 June	2023 June/ 2023 May	2023 June/ 2022 June	2023 June/ 2023 May	2023 June/ 2022 June
Kakheti	2.9%	10.7%	9.6%	8.5%	0.1%	11.3%
Imereti	-0.2%	3.8%	0.7%	-1.8%	-0.9%	7.6%
Guria	14.1%	17.3%	11.3%	4.5%	18.4%	66.2%
Kvemo Kartli	0.0%	10.0%	0.0%	10.0%	-	-
Adjara	28.2%	15.6%	31.8%	13.0%	19.3%	24.1%
Racha	4.6%	21.0%	-	-	4.6%	21.0%
Shida Kartli	6.0%	33.0%	3.5%	20.8%	7.7%	53.6%
Samegrelo-Zemo Svaneti	0.9%	24.0%	2.2%	22.0%	-0.6%	25.5%
Samtskhe-Javakheti	-1.2%	17.9%	1.2%	14.6%	-2.4%	20.6%
Mtskheta-Mtianeti	2.4%	15.7%	3.2%	19.2%	1.4%	11.6%
Tbilisi	-1.6%	-5.2%	-1.0%	-4.4%	-9.5%	-20.3%
Overall Price % Change	6.3%	4.7%	7.8%	3.6%	-0.9%	-0.8%

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). Note, that for the selected regions, the sample size is relatively low compared to other regions (ex. Shida Kartli, Racha). Therefore, the calculations of Hotel Price Indices for those regions the HPI may

stand for changes in the prices for only a small number of enterprises, therefore lacking the ability to show the general pattern of the hotel price change in these regions.

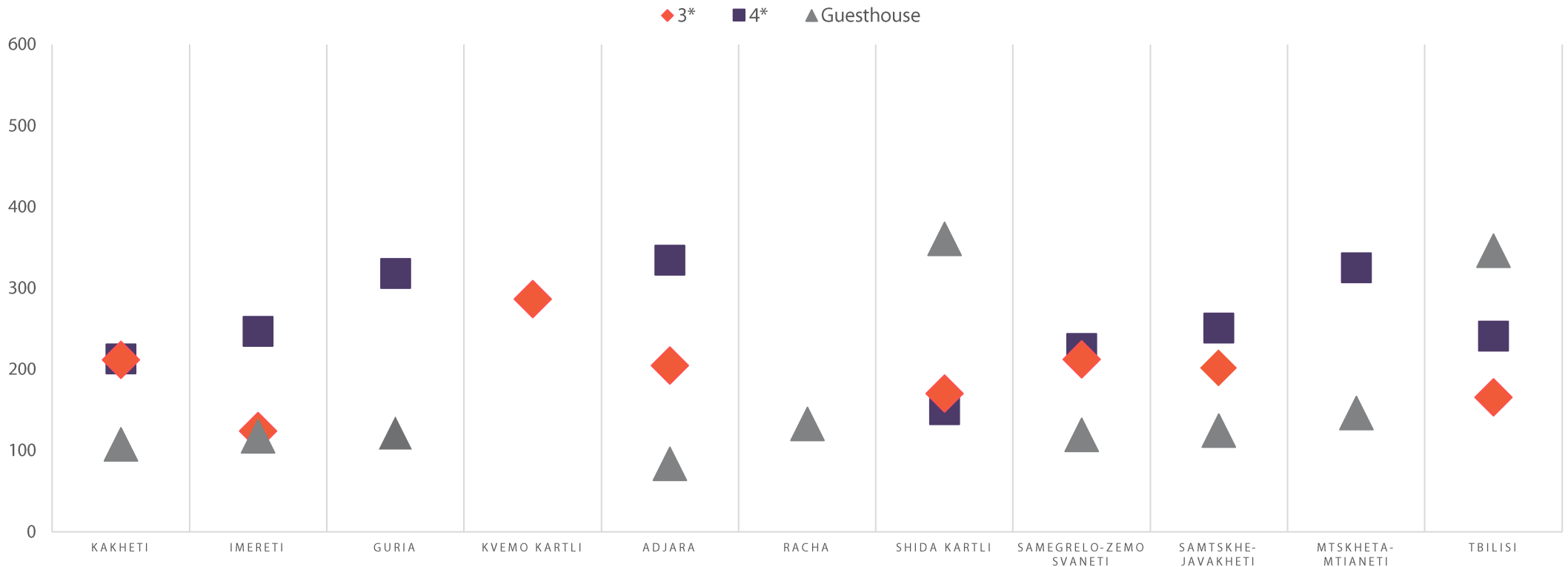


THE AVERAGE HOTEL PRICES IN GEORGIA

In Georgia, the average cost of a room⁵ in a 3-star hotel was **186 GEL** per night in June 2023, while the average cost of a room in a 4-star hotel in Georgia was **262 GEL** per night and the average cost of a room in a guesthouse⁶ was **133 GEL** per night.

The average cost of a room in a 5-star hotel in Georgia in June 2023 was **485 GEL** per night. In Guria, the average price was **646 GEL**, followed by Kakheti – **556 GEL**, Adjara – **516 GEL**, and Tbilisi – **512 GEL**.

THE AVERAGE PRICES OF 3*, 4* STAR HOTELS AND GUESTHOUSES BY REGIONS (JUNE 2023, IN GEL)



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.



BASIC ECONOMIC INDICATORS IN GEORGIA

	2016	2017	2018	2019	2020	2021	I 2022	II 2022	III 2022	IV 2022	2022	I 2023	II 2023
GDP in current prices for Accommodation and Food Service Activities (mln)	1054.1	1437.5	1800.0	2223.0	1204.5	1783.6	360.9*	536.2*	831.1*	646.2*	2374.5*	436.8*	-
Number of International Travelers (thousand persons)	6720.0	7902.5	8679.5	9357.9	1747.1	1881.3	576.5	1049.4	2266.7	1534.3	5426.9	1208.5	1651.70
Number of Tourists (thousand persons)	3297.3	4069.4	4756.8	5080.5	1087.0	1577.5	456.0	749.3	2082.6	948.8	3652.9	845.3	1085.2
Revenue from International Travel (mln USD)	2110.7	2704.3	3222.1	3268.7	541.7	1244.9	393.7*	748.8*	1374.7*	999.5*	3516.6*	795.4*	-
The Expenditures of Georgian Travelers Abroad (mln USD)	386.3	463.6	524.7	657.2	180.5	184.7	72.2*	103.5*	118.6*	114.3*	408.6*	105.0*	-
Foreign Direct Investment in Hotels and Restaurants Sector (mln USD)	118.1	111.4	106.0	119.3	-247.2	-7.4	10.6*	6.9*	16.1*	-2.0*	31.5*	4.3*	-

* Preliminary data



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