



# MONTHLY TOURISM UPDATE

December 2022

Georgia

## Business Statistics for the Accommodation Sector (Q1-Q3 2022)



Research



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### Summary

❗ In 2022, the tourism sector showed a significant recovery, which could be attributed to a combination of factors, such as the rapid inflow of international visitors after the outbreak of the Russia-Ukraine war, the alleviation of COVID-19-related restrictions, the reopening of land borders, the revival of flight routes, and sustained high demand among domestic visitors.

❗ The accommodation sector recovered significantly in Q3 of 2022, with turnover showing a 20.1% increase compared to Q3 of 2019. Notably, the turnover of the accommodation sector reached a high of GEL 794.9 mln in Q3 of 2022.

❗ In the first three quarters of 2022, the average monthly salary in the accommodation sector exceeded pre-pandemic values significantly with an average YoY increase of 22.5%. This could be attributed to a labor shortage in the tourism sector, inflationary trends, and increased demand for accommodation and food services.

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❗ In December 2022, in Georgia, the Hotel Price Index (HPI) increased by 5.0% compared to November 2022. The HPI increased by 14.9%, compared to December 2021, with the yearly HPI being highest for guesthouses (20.4%).

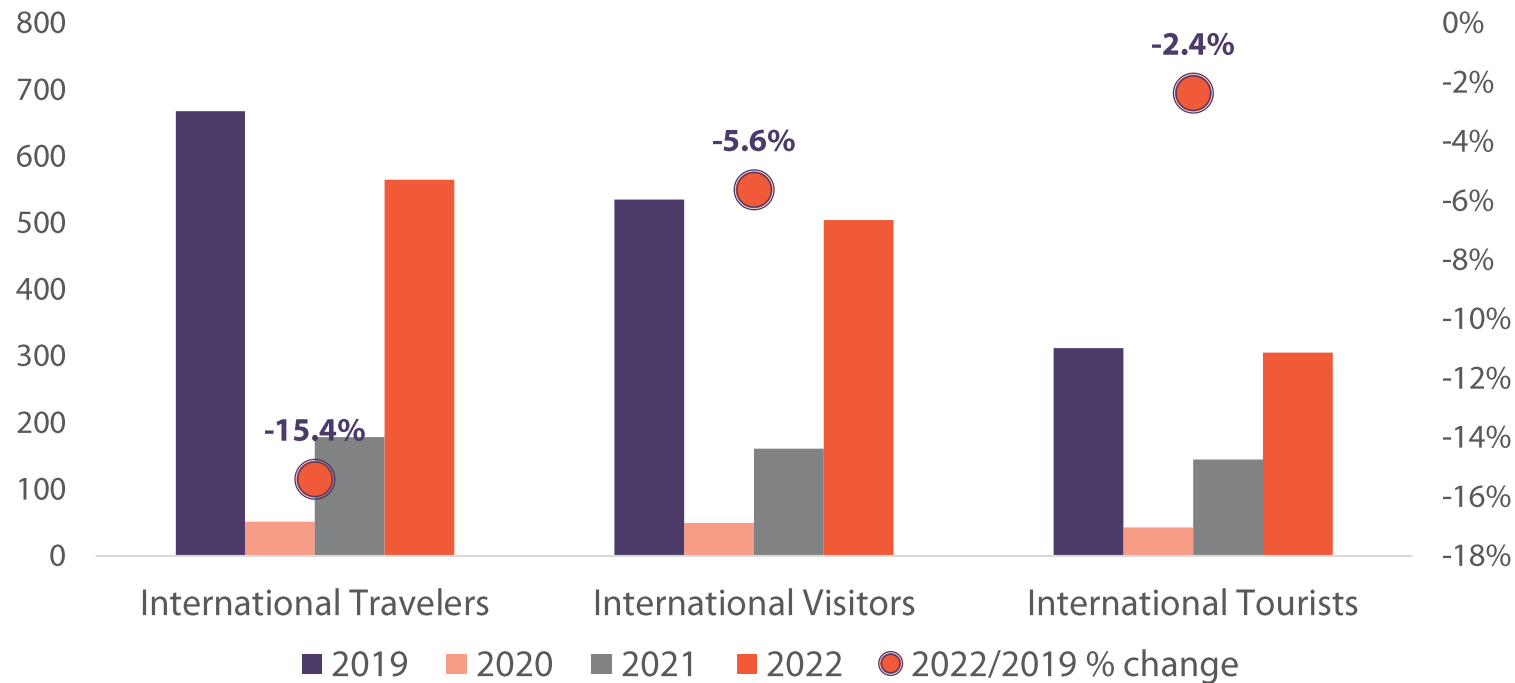


# INTERNATIONAL TRAVEL DYNAMICS

✎ The number of **international travelers**<sup>1</sup> increased by 216.9% in December 2022, compared to the same period of 2021, and declined by 15.4% compared to the same period in 2019.

✎ Meanwhile, the number of **international visitors**<sup>2</sup> increased by 213.9% (2022/2021) and declined by 5.6% (2022/2019), and the number of **international tourists**<sup>3</sup> increased by 110.7% (2022/2021) and declined by 2.4% (2022/2019).

International travel dynamics in December (2019-2022)



Source: Georgian National Tourism Administration (GNTA)

✎ In December 2022<sup>4</sup>, the top countries of origin of international visits were **Turkey** (199 124 visits), **Russia** (89 513 visits), and **Armenia** (76 181 visits).

✎ Throughout 2022, among the major tourism markets, the number of international visits from **Belarus** (96.5%), **Saudi Arabia** (59.6%), and **Kazakhstan** (16.3%), significantly exceeded the pre-pandemic figure (2019). Besides, the number of international visits from neighboring countries: **Turkey** (-20%), **Russia** (-26.1%), **Armenia** (-45.6%), and **Azerbaijan** (-90%)<sup>5</sup> still stayed well below the pre-pandemic number.

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 Note, that international visitor statistics are counted as the number of

international visitors leaving the country, thus the data does not represent the number of total visitor inflow in the corresponding month.

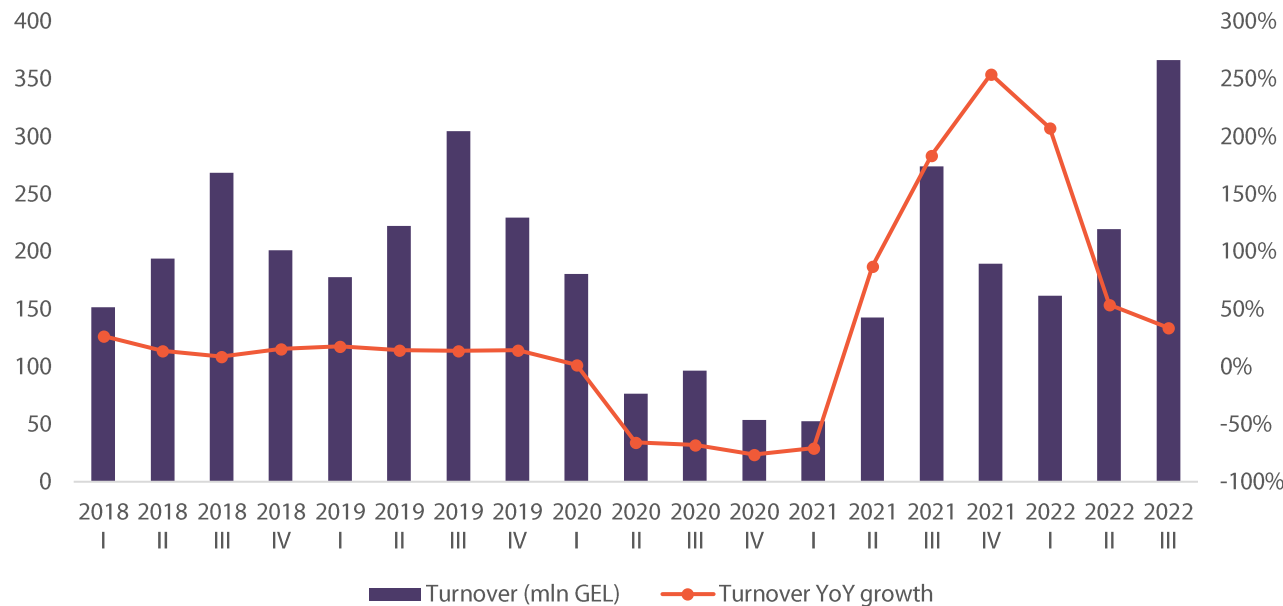
5 The low recovery rate of visits from Azerbaijan is attributed to the closure of the land border between Georgia and Azerbaijan since March 2020.



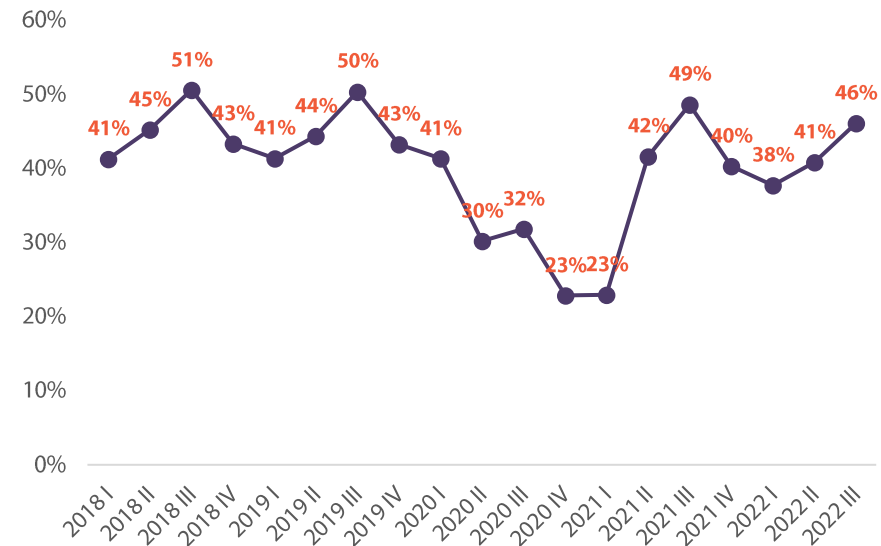
# TURNOVER IN ACCOMMODATION SECTOR

The accommodation sector recovered significantly in Q3 of 2022, with turnover showing a 20.1% increase compared to Q3 of 2019. Moreover, the turnover of the accommodation sector hit an all-time high of GEL 794.9 mln in Q3 of 2022, which could be attributed to the increased average length of stay for both international and domestic visitors, general inflationary trends, and the market distortions caused by mass migration after the outbreak of the Russia-Ukraine war.

Turnover in accommodation sector (2018-2022 Q3)



Share of the accommodation sector in HORECA sector turnover (2018-2022 Q3)



Source: National Statistics Office of Georgia

Turnover in the accommodation sector increased markedly in the first three quarters of 2022 compared to the previous year. After staggering YoY growth early in the year for turnover in the accommodation sector, it slowed down in the second and third quarters. Due to the low base effect, in Q1 of 2022, the turnover of the accommodation sector was 207.5% higher compared to Q1 of 2021, while in Q2 and Q3 of 2022, the YoY growth rates were 54% and 33.6% respectively, compared to the corresponding periods of 2021.

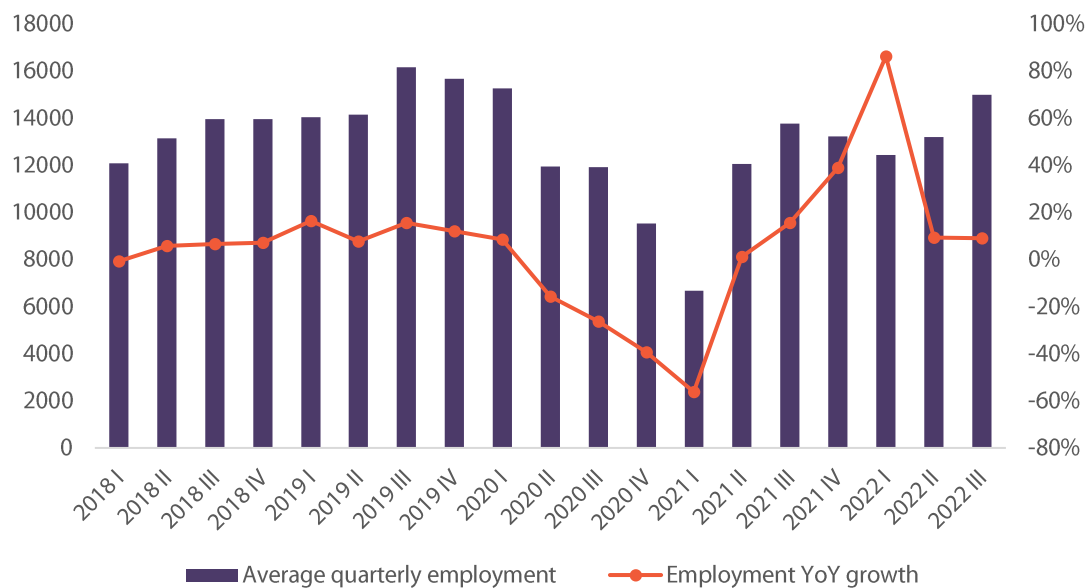
After a steep decline in the share of the accommodation sector in the total turnover of the HORECA sector throughout the pandemic, in the first three quarters of 2022 the quarterly shares of the accommodation sector almost returned to pre-pandemic levels, reaching 46% in Q3 of 2022, yet still behind the contribution of the food service sector to the total turnover of the HORECA sector.



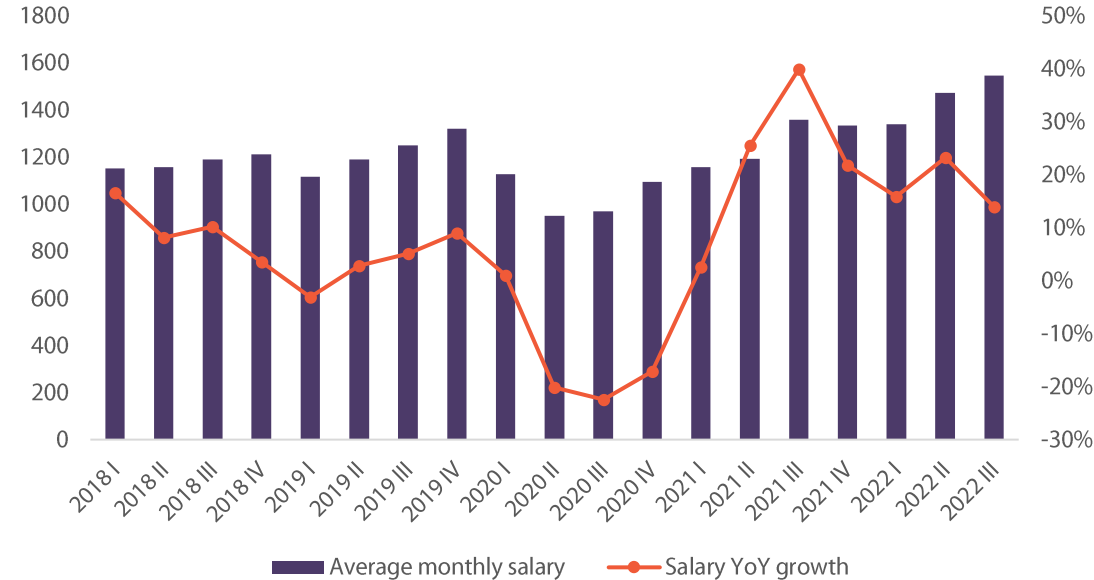
# EMPLOYMENT AND SALARIES IN ACCOMMODATION SECTOR

In the first three quarters of 2022, employment in the accommodation sector demonstrated a considerable recovery and increase compared to 2021. Notably, in Q3 of 2022, average employment was only 7% lower compared to Q3 of 2019. Meanwhile, the YoY growth rate of employment slowed down over the course of the first three quarters of 2022, with a 9% YoY increase in Q3 of 2022. By the end of that quarter, average employment was 15,000 employees<sup>6</sup>.

Average quarterly employment in accommodation sector (2018-2022 Q3)



Average monthly salary in accommodation sector (2018-2022 Q3)



Source: National Statistics Office of Georgia

The average monthly salary in the accommodation sector showed a gradual increase after the sharp decline experienced initially at the beginning of the pandemic. **Notably, in the first three quarters of 2022, the average monthly salary in the accommodation sector exceeded the pre-pandemic (2019) values significantly, with an average increase of 22.5%.**

**Total salaries also demonstrated a significant increase, reaching a total of GEL 23.2 million in Q3 of 2022, which is 24.2% higher compared to Q3 of 2021 and a 14.8% increase compared to the pre-pandemic figure (Q3 of 2019).**

<sup>6</sup> It has to be noted that a substantial amount of sector employment is unobserved, as many accommodation facilities are not officially registered. Therefore, the employment values may considerably underestimate the employment in the accommodation sector.



# HOTEL PRICE INDEX IN GEORGIA

In December 2022, in Georgia the hotel price index<sup>7</sup> increased by 5.0% compared to November 2022. The 3-star, 4-star, and 5-star hotel price index increased by 7.9%, while for guesthouses, the price index increased by 5.4%.

The monthly HPI was the highest in Mtskheta-Mtianeti (25.2%) and the lowest in Samegrelo-Zemo Svaneti (-14.9%).

In December 2022, compared to December 2021, hotel prices in Georgia increased by 14.9%. The prices of 3\*, 4\*, 5\* hotels increased by 13.4% and the prices of guesthouses increased by 20.4%.

The yearly HPI was the highest in Shida Kartli (29.1%) and the lowest in Imereti (0.9%) and Samegrelo-Zemo Svaneti (0.9%).

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2022 Dec/ 2022 Nov	2022 Dec/ 2021 Dec	2022 Dec/ 2022 Nov	2022 Dec/ 2021 Dec	2022 Dec/ 2022 Nov	2022 Dec/ 2021 Dec
Kakheti	1.6%	8.3%	2.7%	3.5%	1.3%	10.4%
Imereti	0.4%	0.9%	2.2%	0.8%	-1.7%	0.9%
Guria	23.8%	19.7%	23.8%	19.7%	-	-
Kvemo Kartli	-4.0%	10.0%	-4.0%	10.0%	-	-
Adjara	12.3%	19.1%	15.6%	25.1%	-5.6%	-4.4%
Racha	-10.6%	8.2%	-	-	-10.6%	8.2%
Shida Kartli	21.2%	29.1%	0.0%	17.6%	33.4%	55.6%
Samegrelo-Zemo Svaneti	-14.9%	0.9%	-2.7%	0.1%	-24.1%	1.6%
Samtskhe-Javakheti	-1.1%	11.3%	19.5%	20.1%	-11.3%	3.1%
Mtskheta-Mtianeti	25.2%	9.4%	49.2%	24.4%	-0.8%	-13.4%
Tbilisi	1.3%	16.0%	-0.1%	14.4%	20.6%	46.8%
<b>Overall Price % Change</b>	<b>5.0%</b>	<b>14.9%</b>	<b>7.9%</b>	<b>13.4%</b>	<b>5.4%</b>	<b>20.4%</b>

<sup>7</sup> 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.

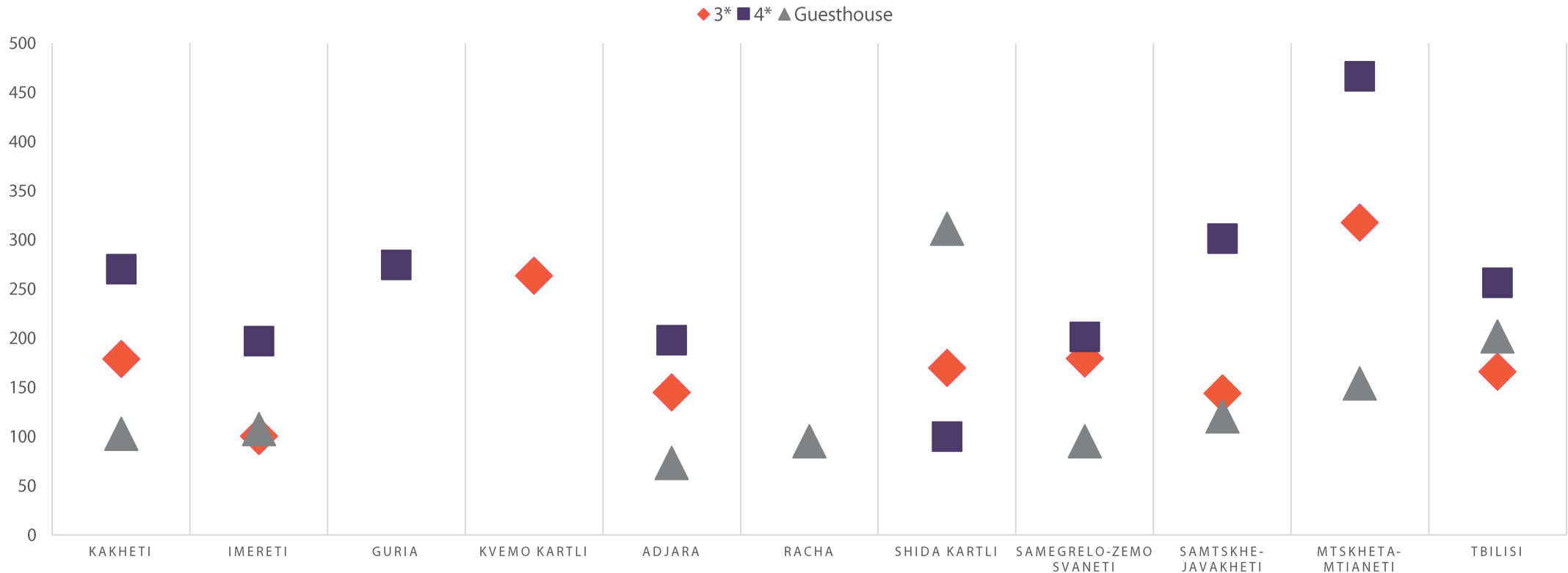


# THE AVERAGE HOTEL PRICES IN GEORGIA

In Georgia, the average cost of a room<sup>8</sup> in a 3-star hotel was **167 GEL** per night in December 2022, while the average cost of a room in a 4-star hotel in Georgia was **275 GEL** per night and the average cost of a room in a guesthouse<sup>9</sup> was **122 GEL** per night.

The average cost of a room in a 5-star hotel in Georgia in December 2022 was **456 GEL** per night. In Tbilisi, the average price was **559 GEL**, followed by Kakheti – **552**, Samtskhe-Javakheti – **458**, and Adjara – **429**.

THE AVERAGE PRICES OF 3\*, 4\* STAR HOTELS AND GUESTHOUSES BY REGIONS (DECEMBER 2022, IN GEL)



<sup>8</sup> 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](http://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](http://booking.com). The average prices are arithmetic mean of standard double hotel room prices.  
<sup>9</sup> 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	I 2021	II 2021	III 2021	IV 2021	2021	I 2022	II 2022	III 2022	IV 2021
<b>GDP in current prices for Accommodation and Food Service Activities (mln)</b>	1054.1	1437.5	1800.0	2223.0	1204.5	213.1	439.2	604.4	527.0	1783.6	360.9*	536.2*	831.1*	-
<b>Number of International Travelers (thousand persons)</b>	6720.0	7902.5	8679.5	9357.9	1747.1	134.7	351.3	815.4	579.8	1881.3	576.5	1049.4	2266.7	1534.3
<b>Number of Tourists (thousand persons)</b>	3297.3	4069.4	4756.8	5080.5	1087.0	116.6	305.8	670.4	484.7	1577.5	456.0	749.3	2082.6	948.8
<b>Revenue from International Travel (mln USD)</b>	2110.7	2704.3	3222.1	3268.7	541.7	53.6	246.1	566.0	379.3	1244.9	393.7*	748.8*	1377.8*	999.4*
<b>The Expenditures of Georgian Travelers Abroad (mln USD)</b>	386.3	463.6	524.7	657.2	180.5	19.7	37.1	62.6	64.5	184.7	72.2*	103.5*	118.6*	-
<b>Foreign Direct Investment in Hotels and Restaurants Sector (mln USD)</b>	120.0	112.4	105.2	130.4	-248.0	-1.0	-5.6	6.4	-2.7	2.9	11.3*	11.0*	16.5*	-

\* Preliminary data





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