



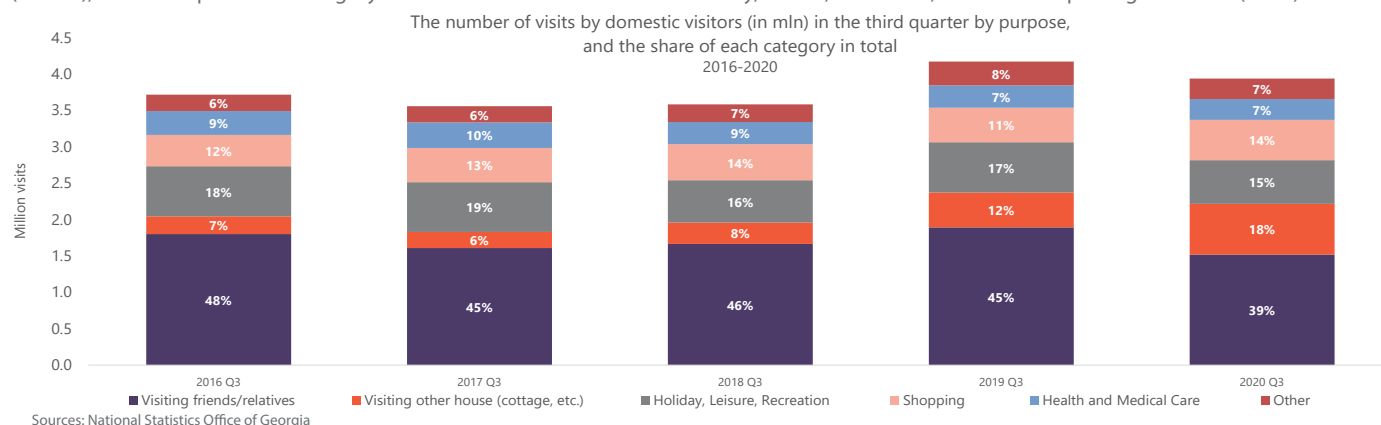
- The number of international travelers declined by 93.1% in November compared to the same period of 2019, while the number of international visitors fell by 91.6% and the number of international tourists fell by 88.3%.
- The price changes in Adjara and Guria are the most representative of tourism's decline. In November 2020, the year over year Hotel Price Index decreased by 45.8% in Guria and by 28.5% in Adjara. Hotel prices in other regions do not provide an accurate guidance of the situation in accommodation market due to the COVID-19 pandemic.
- The number of visits by domestic visitors in the third quarter of 2020 (Q3 of 2020) has declined by 5.6%, compared to the same period of 2019.
- The number of visits with the purpose of visiting friends or relatives has declined the most in Q3 of 2020, compared to the corresponding figure in 2019, having declined by 19.8%. Whereas, the number of visits with the purpose of visiting another house (cottage, etc.) has increased by 45.4% in Q3 of 2020, compared to Q3 of 2019. Perhaps, the main reason for these changes in the structure of the visit purpose is existing fears of traveling caused by the ongoing pandemic.

Purpose of Domestic Visits in Georgia – an Overview

The COVID-19 pandemic has disrupted tourism all over the world. In the event of closed borders and close to zero international visitors, it was hoped that as people could not go abroad for holidays, domestic tourism would expand and partially compensate for the lost international visitors. In Georgia, this hope was more prominent, as the country entered the holiday season (July-September, which also coincides with the third quarter of the year) with a favorable epidemiological situation for traveling. However, based on the National Statistics Office of Georgia's domestic visitor survey, the number of visits in Q3 of 2020 has decreased by 5.6% compared to the corresponding period of 2019. Nevertheless, even if the domestic tourism failed to compensate for lost international tourism, 2020 Q3 still produced impressive numbers, especially when considering major adverse factors such as fear of traveling due to the pandemic, and the outbreaks in 2 popular tourist destinations, Mestia and Batumi during the holiday season. Moreover, Q3 of 2020 registered a decline in the number of visits only because of a strong performance in Q3 of 2019. In fact, Q3 of 2020 was the best performing year in terms of domestic visits apart from 2019 in the past 5 years.

Looking at domestic visitors by the purpose of their visits, "visiting friends/relatives" has proved to be a dominating category, with at least 45% of total visits attributed to it in the Q3 of the years 2016-2019. However, when compared to the same period of 2019, in Q3 of 2020 the number of visits in this category declined the most, both relatively (-19.8%) and in terms of volume (-373 thousand visits). As a result, the share of this category in total visits declined by 6 percentage points, from 45% in 2019 to 39% in 2020. People likely were the most cautious about traveling to their friends and relatives, and this cautious behavior could explain a large part of the decline. The same logic can be applied to the category "holiday, leisure and recreation", however, with lower magnitude: The number of visits in this category decreased by 13.1% and its share in total visits decreased by 2 percentage points in 2020 compared to 2019. Contrarily, "visiting another house (cottage, etc.)", which is arguably the least likely category to provoke travel fears, saw a huge growth in the number of visits, increasing by 45.4% in 2020 compared to 2019, and increasing its share from 12% in 2019 to 18% in 2020.

The region in which the number of visits declined the most in Q3 of 2020 compared to Q3 of 2019 is the most popular seaside destination, Adjara (-22.4%), and the expenditure category which has declined the most is "holiday, leisure, recreation, cultural and sporting activities" (-25%).



Hotel Price Index

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2020 Nov/ 2020 Oct	2020 Nov/ 2019 Nov	2020 Nov/ 2020 Oct	2020 Nov/ 2019 Nov	2020 Nov/ 2020 Oct	2020 Nov/ 2019 Nov
Kakheti	-3.6%	12.6%	-8.6%	0.9%	-1.9%	15.7%
Imereti	-2.5%	9.6%	-5.9%	16.7%	0.1%	5.1%
Guria	6.7%	-45.8%	-3.6%	-55.0%	24.3%	-40.5%
Kvemo Kartli	-4.8%		-4.8%			
Adjara	-3.9%	-28.5%	-2.2%	-40.8%	-5.9%	-12.4%
Racha	-1.1%	-15.0%			-1.1%	-15.0%
Shida Kartli	-1.8%	13.3%	-5.4%	30.0%	0.0%	8.2%
Samegrelo-Zemo Svaneti	1.4%	-8.1%	-3.5%	-19.7%	4.7%	-5.8%
Samtskhe-Javakheti	-2.7%	-3.2%	-7.2%	-3.7%	0.4%	-2.5%
Mtskheta-Mtianeti	-8.1%	6.0%	-15.6%	10.0%	0.0%	5.3%
Tbilisi	-8.1%	1.0%	-7.9%	1.0%	-11.8%	1.8%
Overall Price % Change	-5.8%	-5.2%	-6.9%	-8.8%	-7.8%	-2.6%

Table 1 : Percentage change of prices in November 2020 over October 2020 and over November 2019.

In November 2020, in Georgia the hotel price index¹ decreased by 5.8% compared to October 2020. The 3-star, 4-star and 5-star hotel price index decreased by 6.9%, while for guesthouses, the price index decreased by 7.8%.

In November 2020, compared to November 2019, hotel prices in Georgia decreased by 5.2%. The prices of 3*, 4*, 5* hotels decreased by 8.8%, while the prices of guesthouses decreased by 2.6%.

Average Hotel Prices

In Georgia, the average cost of a room² in a 3-star hotel was 113 GEL per night in November 2020, while the average cost of a room in a 4-star hotel in Georgia was 176 GEL per night and the average cost of a room in a guesthouse³ was 67 GEL per night.

The average prices of 3*, 4* star hotels and guesthouses by regions (November 2020, 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 November 2020 was 350 GEL per night. In Tbilisi, the average price was 415 GEL, followed by Kakheti - 397 GEL, Samtskhe-Javakheti - 390 GEL and Guria - 387 GEL.

Basic Economic Indicators

	III 2018	IV 2018	2018	I 2019	II 2019	III 2019	IV 2019	2019	I 2020	II 2020	III 2020
1	534.5	468.6	1800	426*	498.5*	605.7*	541.9*	2072.1*	451.9*	278.4*	-
2	3226.4	1891.1	8679.5	1617.5	2244.8	3375.1	2120.4	9357.9	1333.1	114.2	150.3
3	1838.3	984.7	4756.8	882.1	1245	1863.6	1089.7	5080.5	765.3	82.3	113.6
4	1210.6	650.8	3222.1	578.4	877.6	1126.8	685.8	3268.7	427.7	28.8	42.6
5	149.9	142.4	524.7	131.3	167.9	181.6	176.2	657.2	124.1	13.5	-
6	45.2	19.1	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