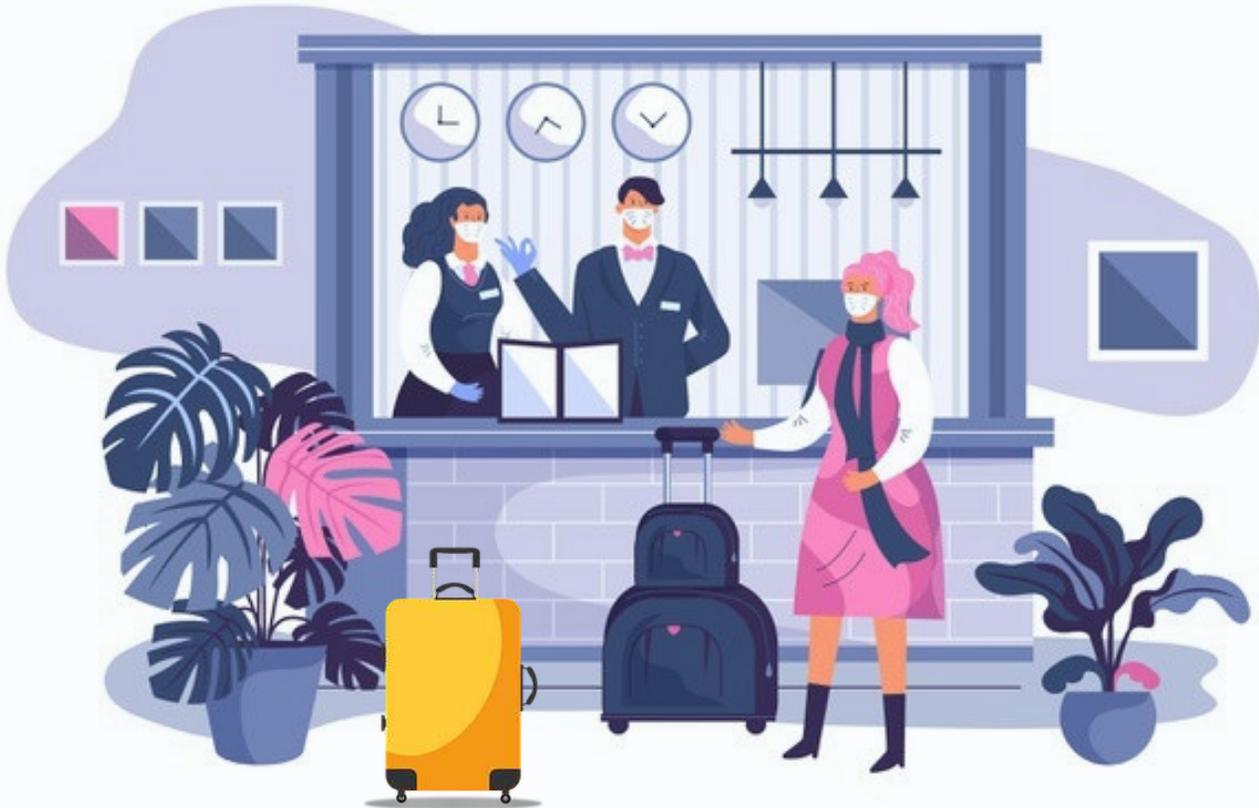


# Survey of hotel industry in Georgia

**AGIC**

*Prepared based on 2019 data*





# Contents

Page 3 - Methodology

Page 4 - Survey Results

Page 6 - General Market  
Overview

Page 11 - Key Players

Page 12 - Financial Ratios



---

## Reason of research

This study serves to review hotels, to reveal existing trends, based on the 2019 financial statements of first, second, and third-size category establishments. The report presents the average financial indicators of the industry, which forms a "benchmark" of the industry and provides information on its financial condition.



# Methodology

The data used in the study were taken from the website of the reporting portal, where annual financial statements are published in accordance with the legislation of Georgia.

These hotels belong to companies of the first, second, third and fourth size categories.

The mentioned information is based on the data from 2019, the research will consider hotels, the total number of which is 81.

The research focuses on the overview of hotels, precisely their number, distribution by region, and financial indicators, the data is taken from the National Statistics Service of Georgia.





# Research Results

The study reviews hotels with a total turnover exceeding 449 million GEL, total assets of 1,625 million GEL, and total profit before taxation reaching 16 million GEL.

The study identified the industry's leading hotels by revenue, assets and profits.

As a result of the data analysis, it was established that the hotels in Georgia have the following financial indicators: the average return on assets (ROA) was 3%, and the return on capital (ROE) was 25%.

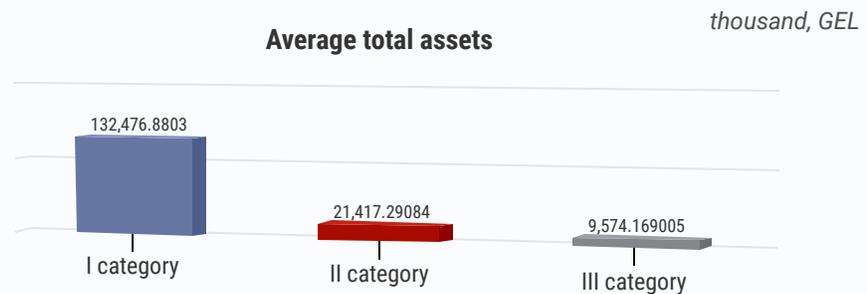
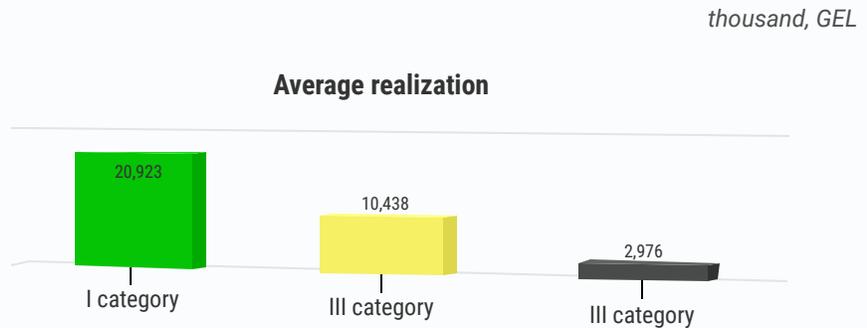
In addition, financial ratios of industry average liquidity and solvency were determined.





# Research Results

As a result of the research, the average data of hotels in 2019 was also revealed. Out of these 81 hotels, 3 belong to the first category, 18 to the second category, 49 to the third category, 8 to the fourth category, and 3 to the SDP category.



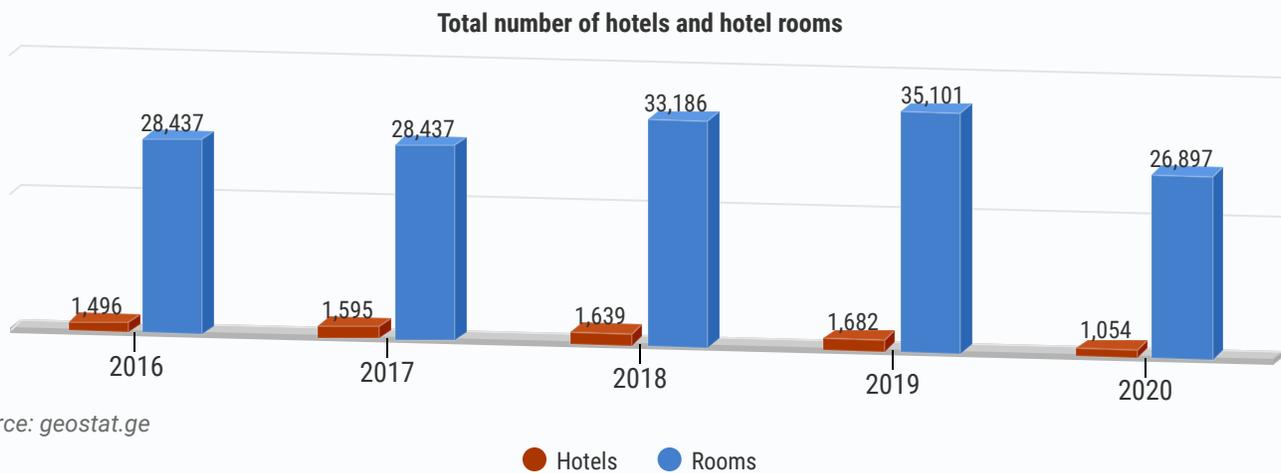


# Overview of hotel industry

The number of hotels and hotel-type establishments in Georgia was steadily increasing until 2019, and in 2020 it decreased by 628 units, which was caused by the current pandemic situation. However, it is estimated that accommodation facilities in Georgia are expected to double by 2025, as tourism and the number of tourists in the country are increasing. Considering all this, the turnover of the industry is increasing from year to year, with the exception of 2020. Step by step, placement facilities are making changes and introducing

appropriate standards that meet the requirements of both Georgia and the world, which makes the field even more attractive. According to the National Statistical Service of Georgia, in 2019, the number of hotels amounted to 1,682 units, and in 2020 it decreased to 1,054 units. Below is the total number of hotels and rooms in Georgia during the last five years, according to the official data of geostat.

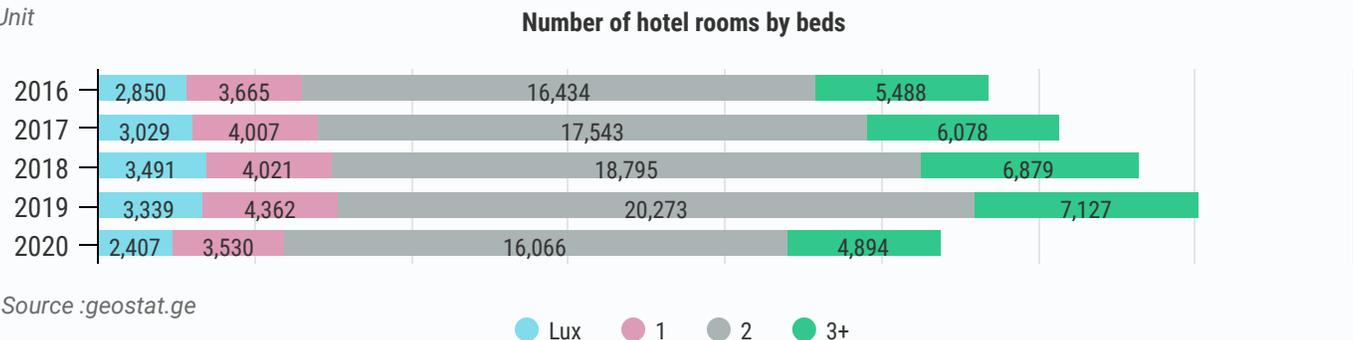
Unit



Source: geostat.ge

As can be seen from the diagram, the total number of both hotels and rooms has been increasing over the last five years, with the exception of 2020. As for the number of numbers according to seats, it is as follows:

Unit



Source: geostat.ge

The above statistical data show that the largest number is double hotel rooms, which can be determined by its high demand.

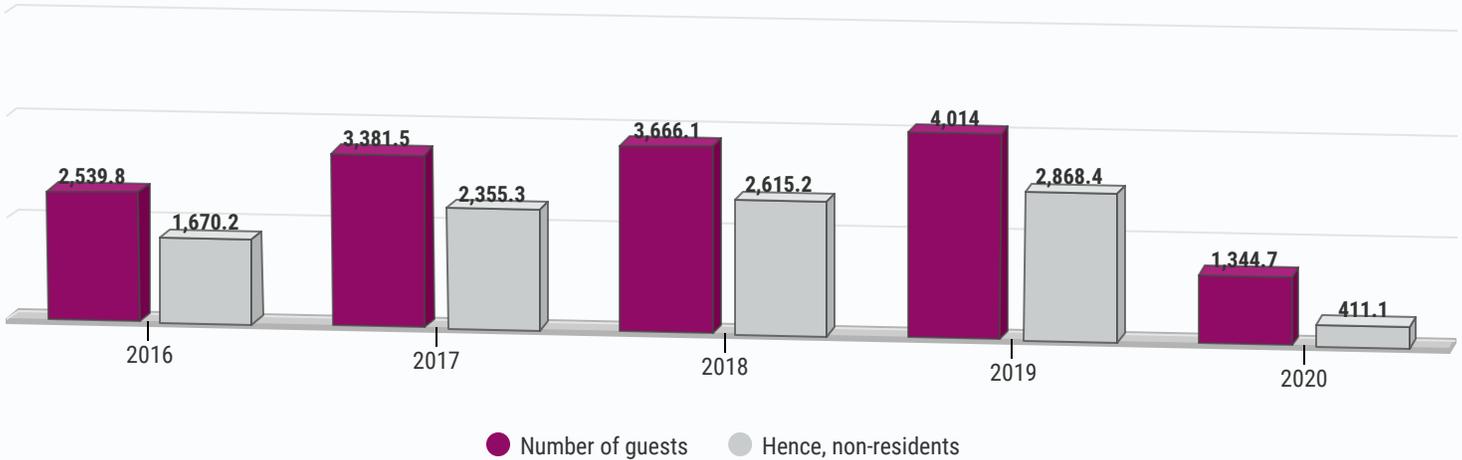
# Overview of hotel industry



thousand men

The following for the last five years of guests in hotels and hotel-type establishments:

Number of guests in hotels and hotel-type establishments, total

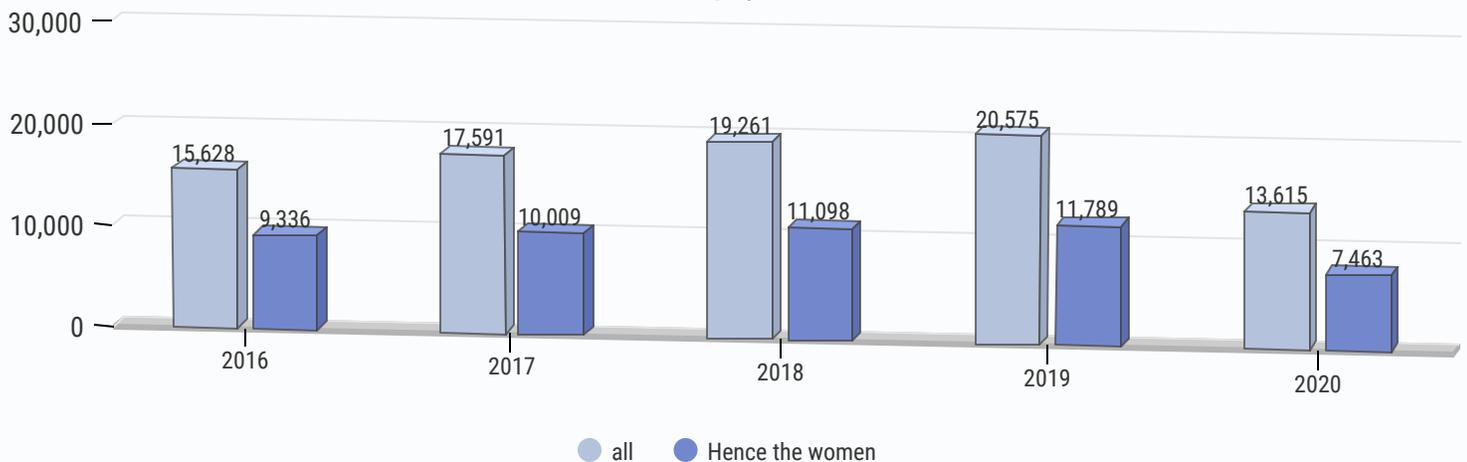


source:geostat.g

As can be seen from the diagram, the number of guests, including non-residents, is steadily increasing until 2019. Regarding the number of employees in hotels, in the last five years, the following is:

man

Number of employees in hotels



source:geostat.ge

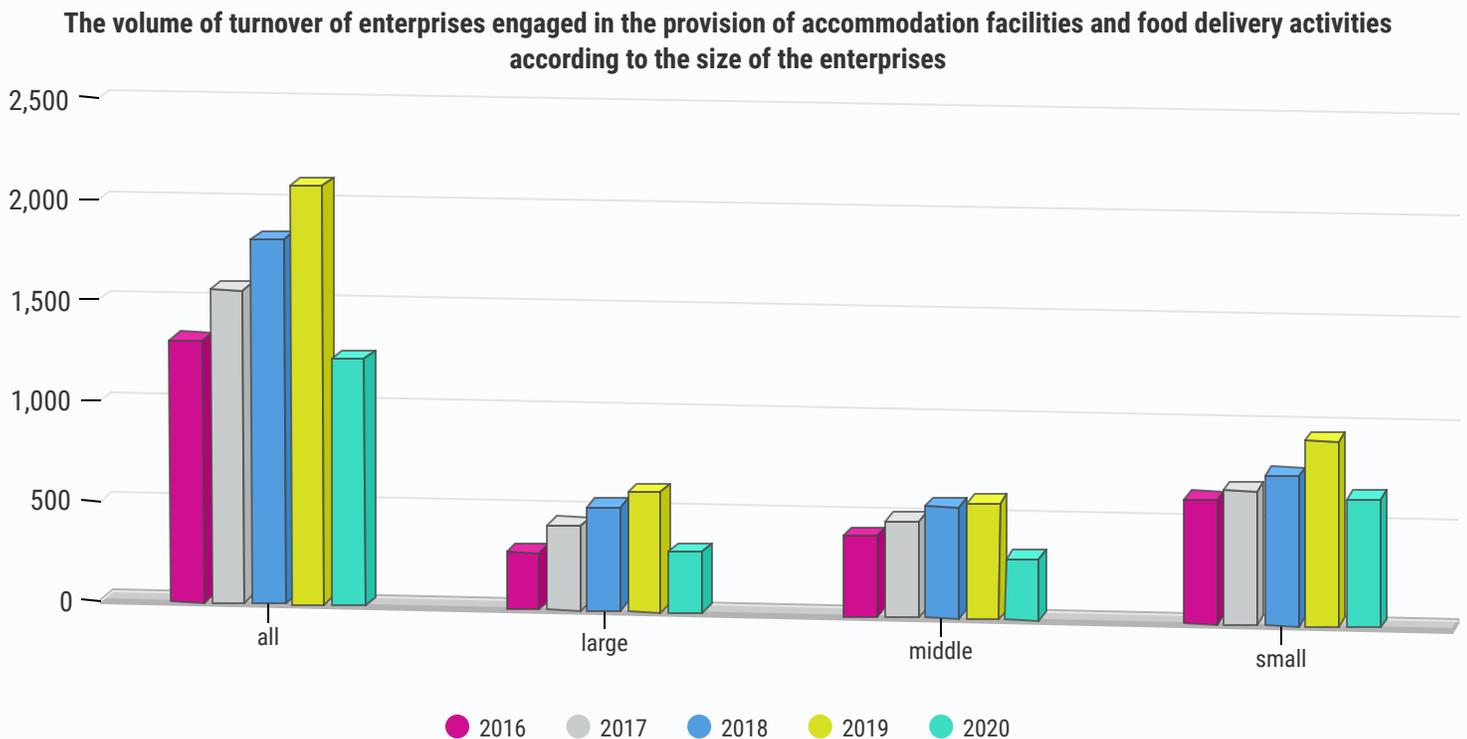
As can be seen from the diagram, in the last five years, the maximum number of employees in hotels was recorded in 2019, and the minimum in 2020, of which the main number is represented by women.



# Overview of hotel industry

According to the National Statistics Service of Georgia, the volume of turnover of the enterprises engaged in the provision of accommodation facilities and food supply, according to the size of the enterprises, during the last five years, is as follows:

million GEL



source:geostat.ge

As can be seen from the diagram, the turnover volume of enterprises engaged in the provision of accommodation facilities and food delivery activities has been steadily increasing over the past five years, except for 2020. The maximum amount was recorded in 2019 and amounted to 2089.1 million GEL, and in 2020 it was 1232.4 million GEL, which is 41% lower. If we look at the current statistics, we can say that the largest share of the turnover volume of enterprises comes from small-sized enterprises, in 2019 it amounted to 914.5 million GEL, while in the same year, the turnover volume of medium-sized enterprises was 575.2 million GEL, and in the case of large-sized enterprises, 599.3 million GEL.

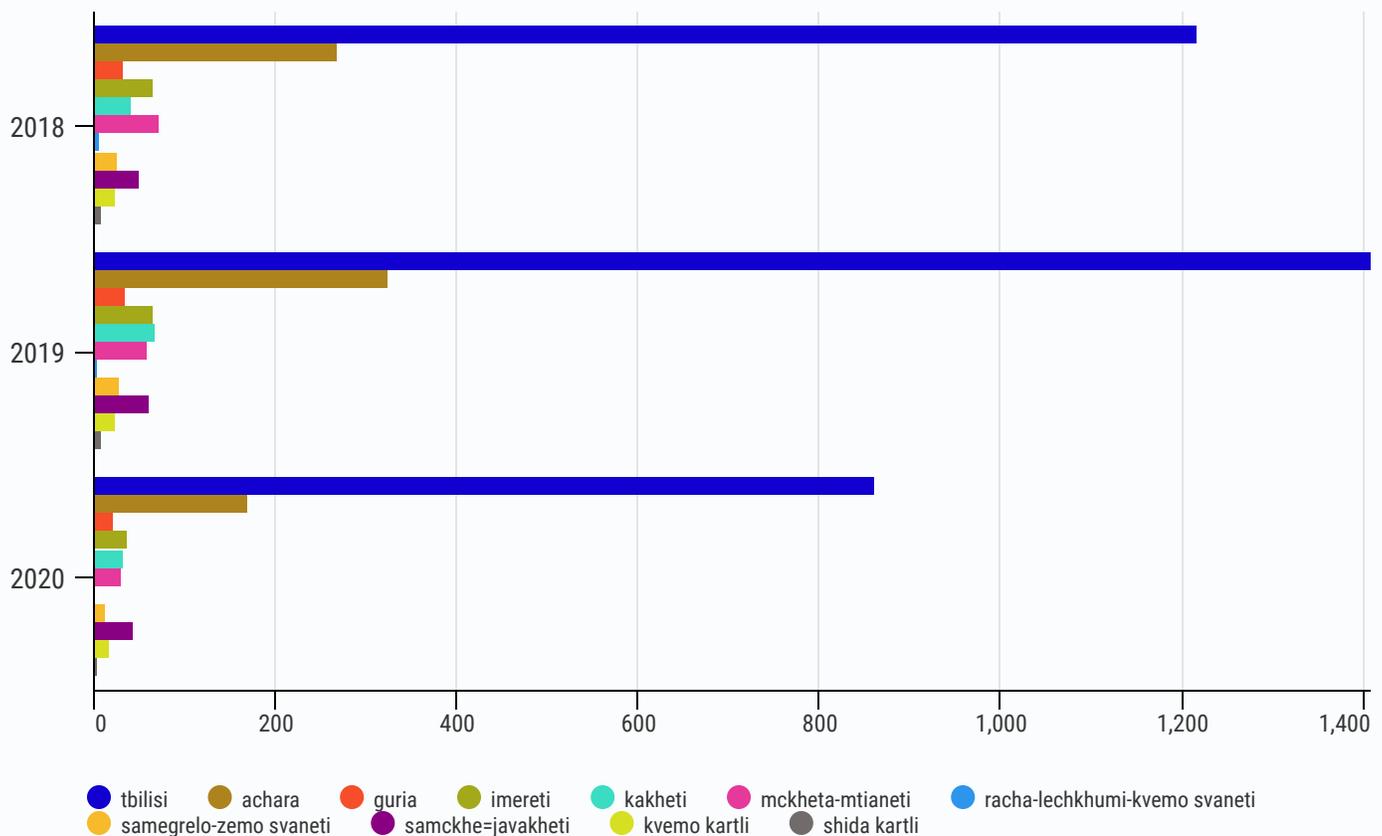


# Overview of hotel industry

According to the National Statistics Service of Georgia, the volume of turnover of enterprises engaged in the provision of accommodation facilities and food delivery activities according to regions is as follows:

მილიონი ლარი

Turnover volume of enterprises engaged in the provision of accommodation facilities and food delivery activities by region



source:geostat.ge

As can be seen from the diagram, Tbilisi is the clear leader in the volume of turnover of enterprises engaged in the provision of accommodation facilities and food delivery in recent years, in 2019 the maximum turnover volume was 1407.3 million GEL, the second place according to 2019 is occupied by Adjara - 324.9 million GEL, and the third place by Kakheti with 68.5 million GEL. In 2019, the lowest rate was recorded in Racha-Lechkhumi and Kvemo Svaneti, 3.9 million GEL.

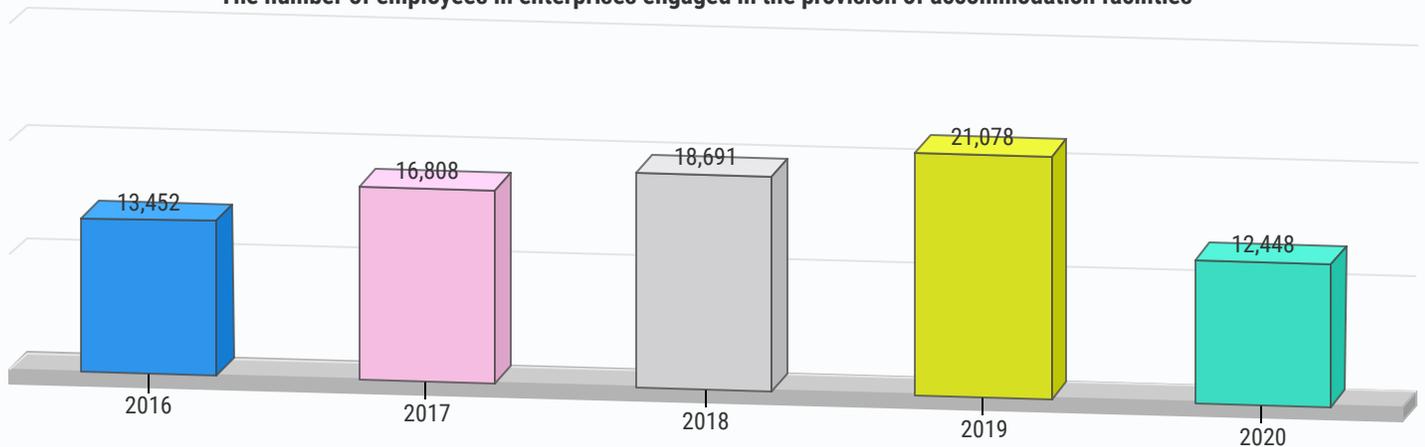


# Overview of hotel industry

According to the National Statistics Service of Georgia, the number of employees in hotels decreased significantly in 2020 and amounted to 12,448 people, which is 41% lower than the data of 2019. As for the data of the last five years, it looks like this:

man

The number of employees in enterprises engaged in the provision of accommodation facilities

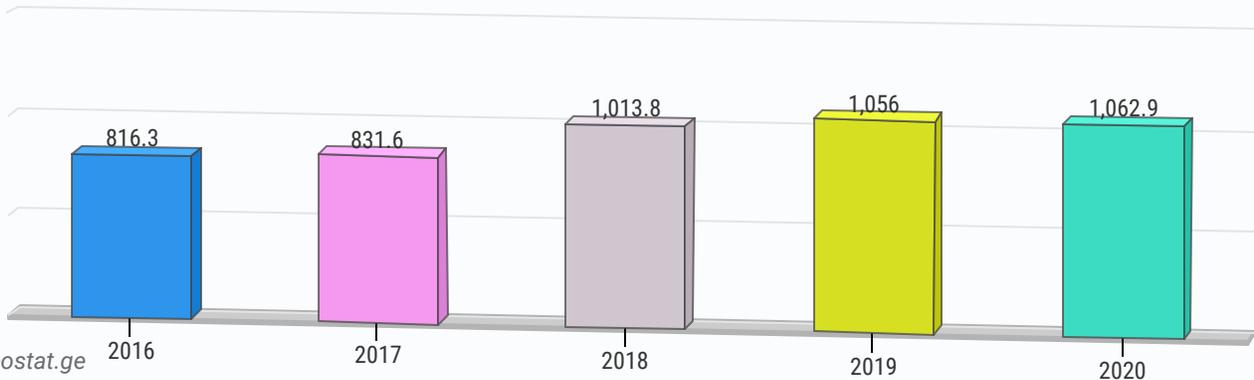


source:geostat.ge

As can be seen from the diagram, the maximum number of people hired in hotels in the last five years was recorded in 2019, and the minimum in 2020. As for the average monthly salary of the hired employees in the enterprises engaged in the provision of accommodation facilities, it is as follows:

gel

Average monthly salary of employees hired in enterprises engaged in the provision of accommodation facilities



source:geostat.ge

As can be seen from the diagram, the average monthly salary of the temporary workers in the accommodation industry has been increasing over the past five years, despite the crisis in the sector.



# The impact of the pandemic on the tourism industry

It is important to note the activation of domestic tourism, according to the data of the Ministry of Economy and Sustainable Development, in the first quarter of 2021, the rate of domestic tourism improved by 112% and 119% compared to the same period of 2019 and 2020.



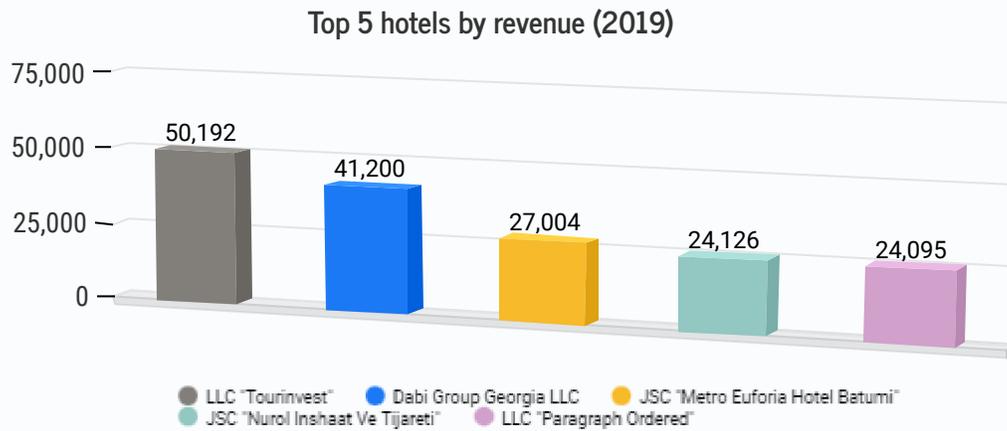
In the first quarter of 2021, the total number of overnight stays also increased by 31% compared to the same period in 2019. Domestic tourists spent 51% and 45% more, respectively, compared to the same period in 2019 and 2020. It should be noted that the average cost per visit amounted to 149 GEL, which is 35% more than the similar indicator of 2019. According to statistics, the hotel occupancy rate increased in 2021, in contrast to 2020, especially during the summer tourist season, and almost approached the record 2019 figures. In particular, if in May and June 2019 this indicator was 61.4% and 66.3%, respectively, in the same months of 2021 it was 40.3% and 58.3%, which allows for a very good forecast.



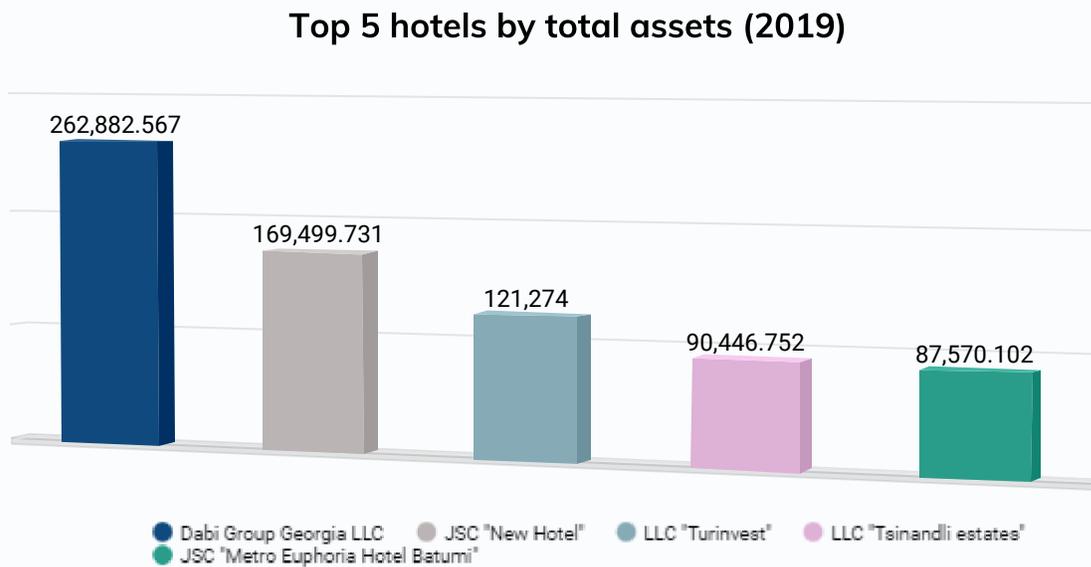


## Major market players (2019)

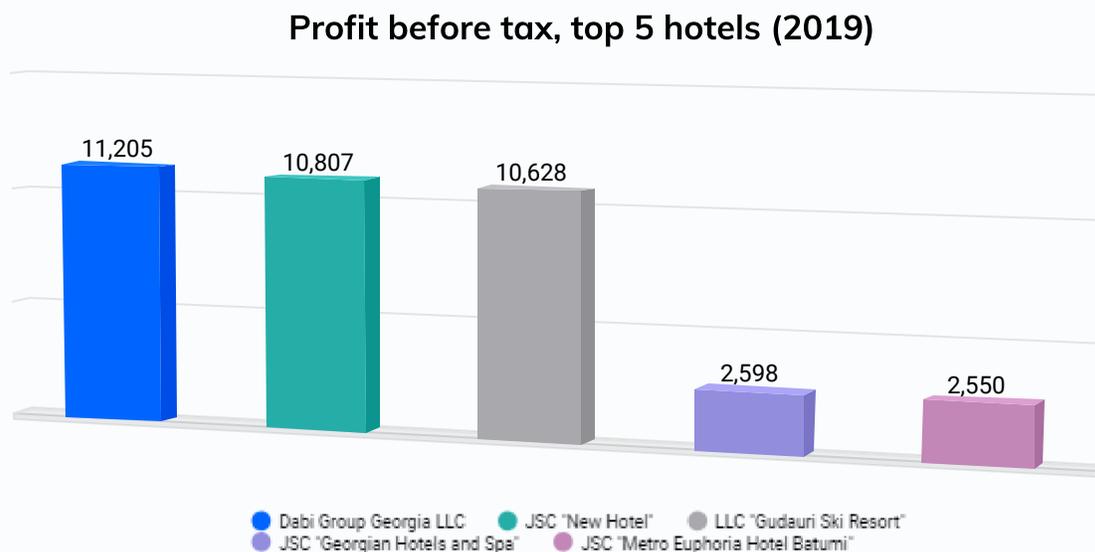
thousand, GEL



thousand, GEL



thousand, GEL

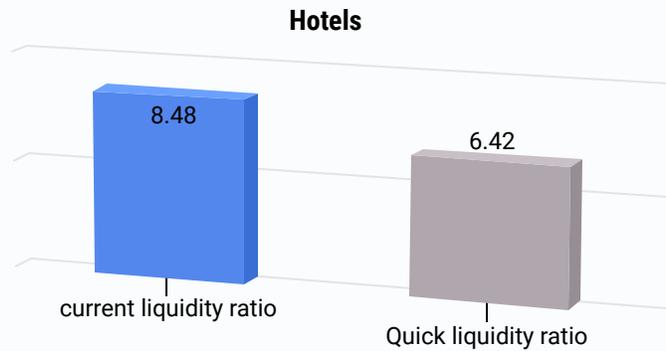




# Industry Average Financial Ratios (2019)

## Liquidity ratios

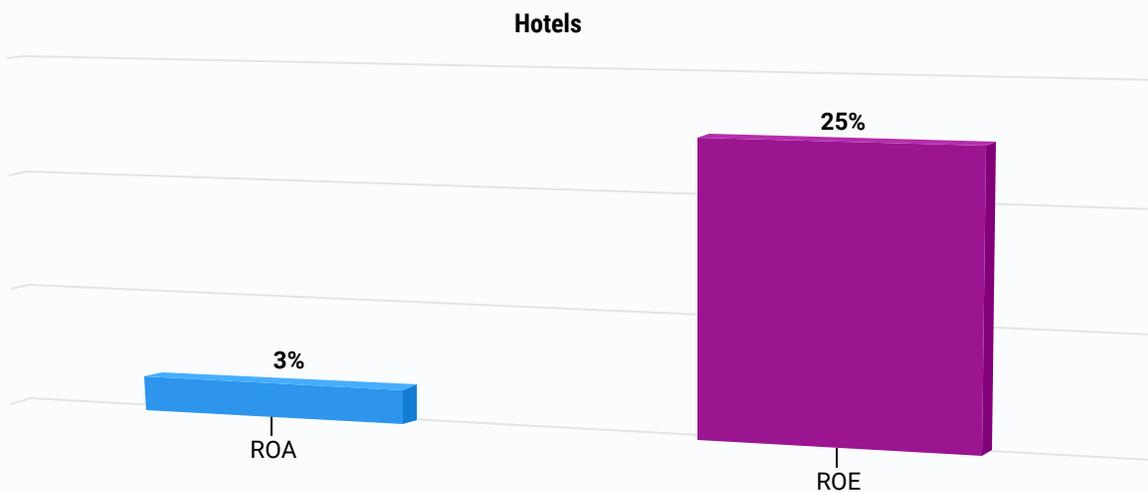
As a result of the research, the liquidity coefficients of hotels were revealed. Current and quick liquidity ratios were 8.48 and 6.42, when the liquidity ratio is greater than 1, the indicator is considered satisfactory.



---

## Profitability ratios

The profitability ratios of hotels operating in Georgia were as follows: annual return on assets (ROA) is 3%, and return on capital ROE is 25%.

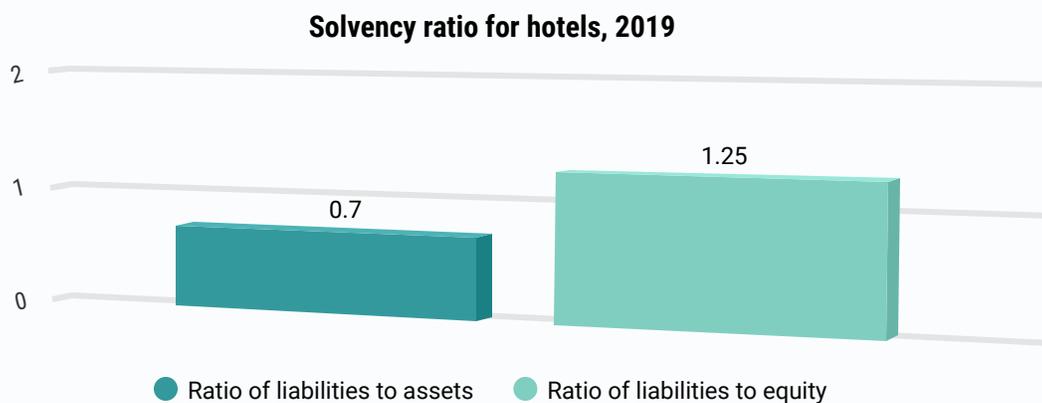




## Industry average financial ratios (2019)

### Solvency ratios

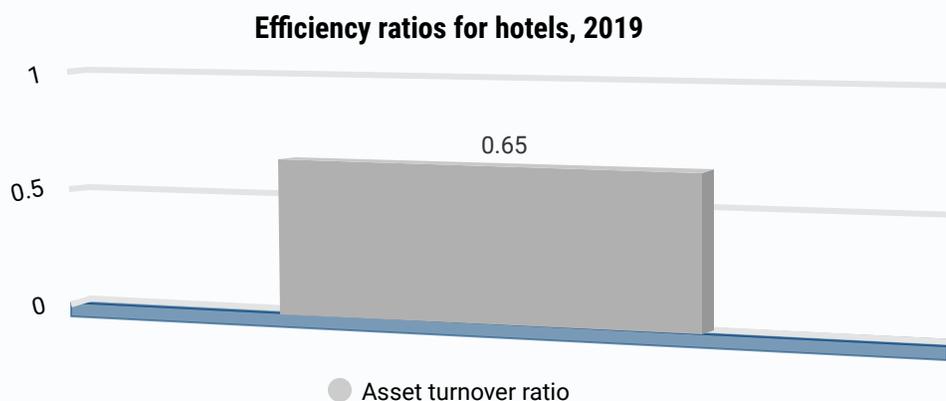
The liabilities to assets ratio shows the ratio of total assets to liabilities. For hotels, this indicator is equal to 0.7, and it is also worth noting the ratio of liabilities to capital, which is 1.25, which indicates how much liabilities exceed capital expenditures.



---

### Efficiency coefficients

The asset turnover ratio in the case of hotels is only 0.65, the higher this ratio, the more efficiently the company is able to use its assets in relation to sales volume.



# AGIC

The report was prepared by the consulting company AGIC, which has been operating since 2007 and provides the highest quality services in the areas of auditing, accounting, business consulting and marketing. The company's team consists of more than 40 highly qualified, experienced and professional employees who focus on development and customer success. Auditing and consulting company "AGIC" is a member of "PrimeGlobal" in Georgia, which allows to implement global, complex and complex projects together with partners in more than 100 countries of the world.



0171, p. Kavtaradze #10, I lane, Floor 4,  
Tbilisi, Georgia



(995 322) 500 130



(995 599) 34 33 48



[info@agic.ge](mailto:info@agic.ge)

