

# BAG INDEX

INVESTMENT  
SURVEY



საქართველოს ბიზნეს ასოციაცია  
BUSINESS ASSOCIATION OF GEORGIA



Leibniz Institute for Economic Research  
at the University of Munich



Research

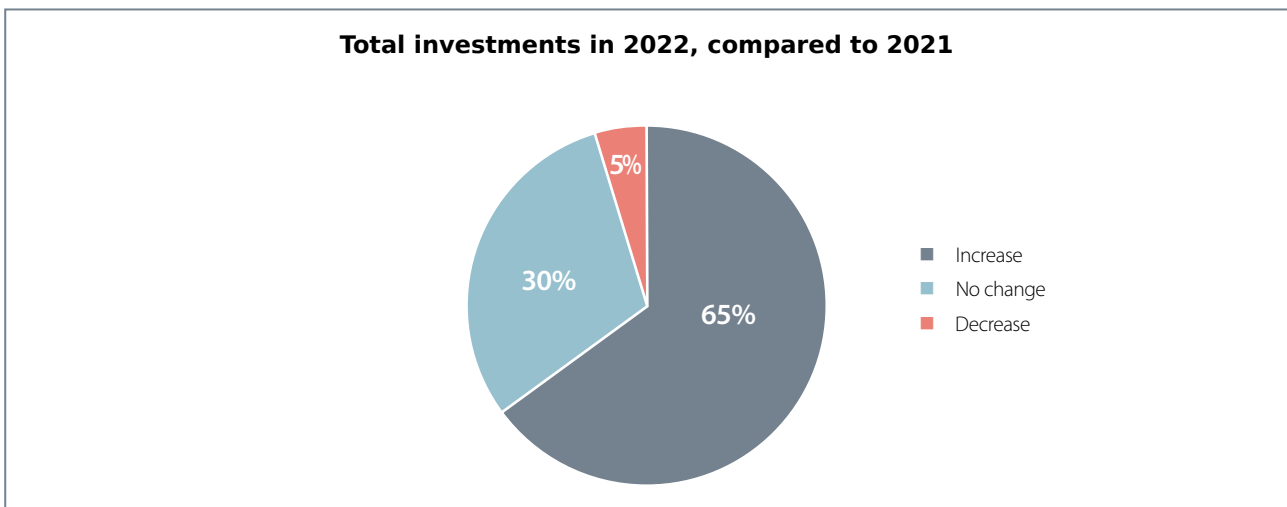
I QUARTER 2023

## BAG INVESTMENT SURVEY

As part of an investment survey, which is carried out bi-annually, PMC Research Center collects data on investment trends. For the purposes of this survey, respondents were divided into the following four sectors (similar to the BAG Business Climate): trade, service, manufacturing and construction. The survey conducted in the first quarter of 2023 covered investments made by surveyed businesses in 2022 and their plans for 2023.

### INVESTMENT ENVIRONMENT IN 2022

Overall, 65% of the surveyed businesses stated that their total investments had increased in 2022, compared to 2021. Meanwhile, 30% of the surveyed companies claimed their total investments were unchanged, while 5% stated their investments had decreased over the same period.



**Graph 2:** Investment environment in 2022

It must be mentioned that 17% of the companies in the manufacturing sector reported a decrease in total investments in 2022, compared to 2021. These figures for service, trade, and construction sectors were 2%, 3%, and 6%, respectively (for detailed information see graphs 3, 4, 5 and 6).

Furthermore, 69% of respondents in the trade sector stated that total investments increased in 2022, compared to 2021. At the same time, 67% of surveyed companies in the service sector recorded an increase in total investments in this timeframe, while for the construction and manufacturing sectors these figures were 63% and 50%.

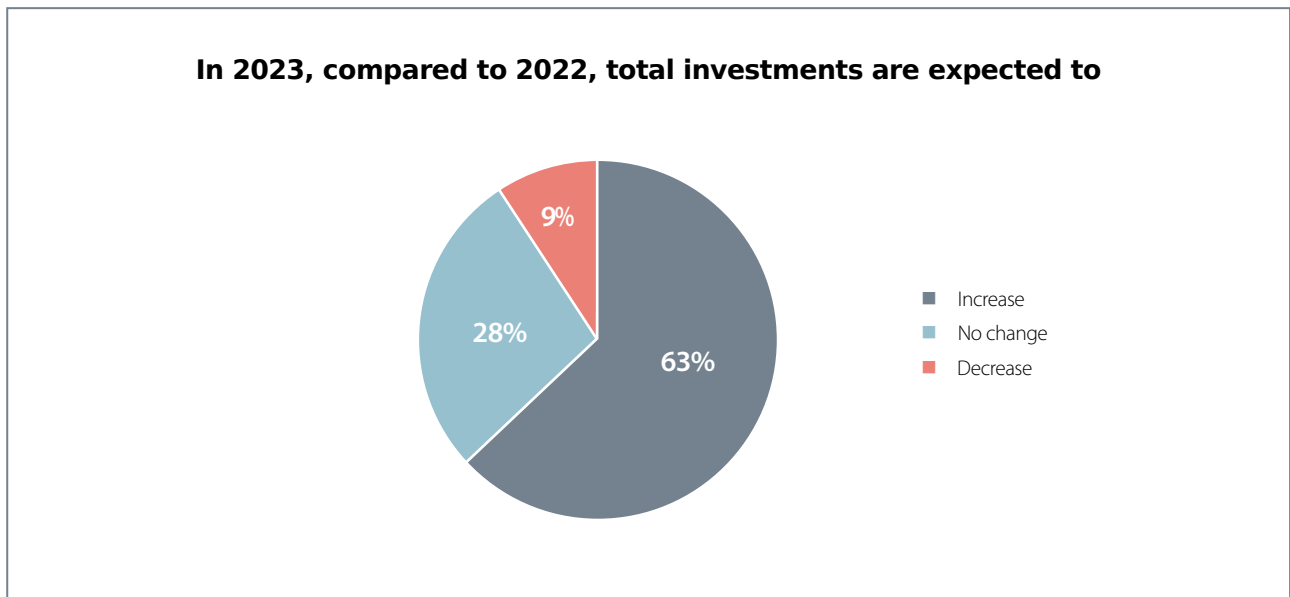
In 2022, the majority of companies recorded an increase in their total investments in software and databases (65%) and equipment (63%). The lowest increase in the volume of total investments was recorded in plants, with 57% of surveyed companies recording growth in this regard.

Looking at things sector by sector, the construction sector recorded the highest percentage share of companies (73%) stating an increase in their total investments in software/databases amongst the four sectors.

Whereas the highest percentage share of companies stating an increase in total investments in equipment was observed in the trade sector (69%). Regarding the investment in plants, trade and construction sectors recorded the highest share (66% and 64%) of businesses stating an increase in their investments in plants in 2022, compared to 2021.

## INVESTMENT PLANS FOR 2023

In Q1 of 2023, 63% of surveyed businesses claimed they will increase their total investments in 2023, compared to 2022. At the same time, 28% of the surveyed companies expect no change in their total investments, while only 9% expect a decrease in total investments.

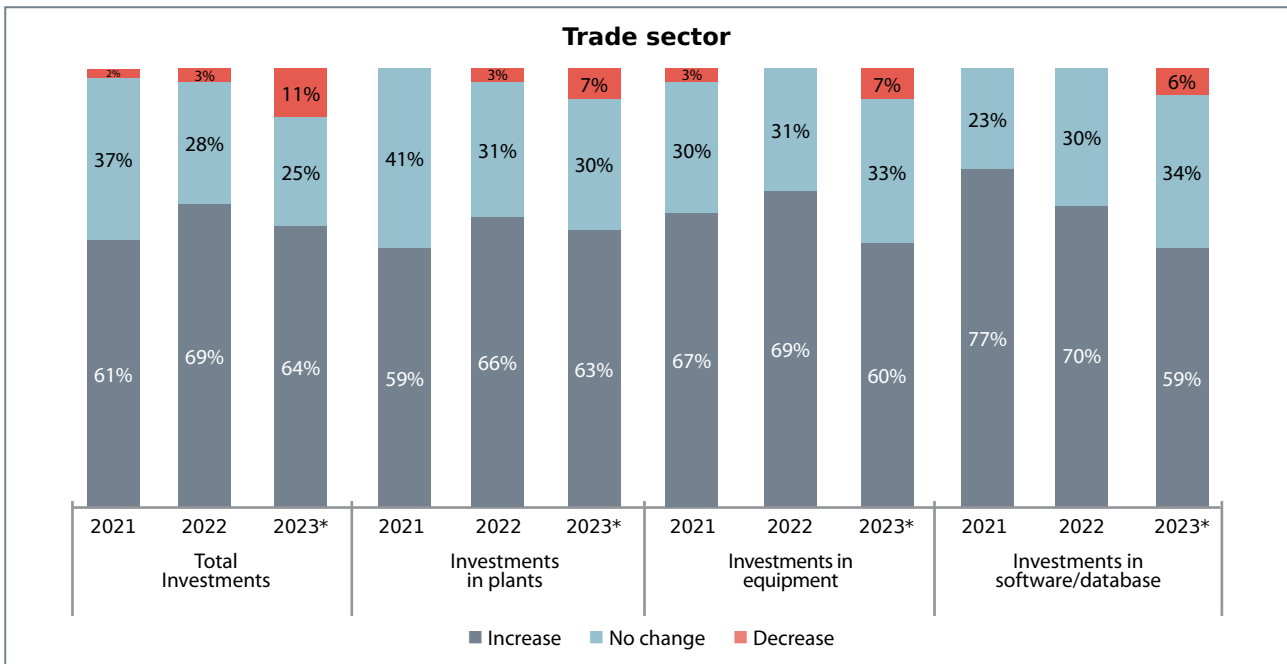


**Graph 2:** Investment plans of companies for 2023

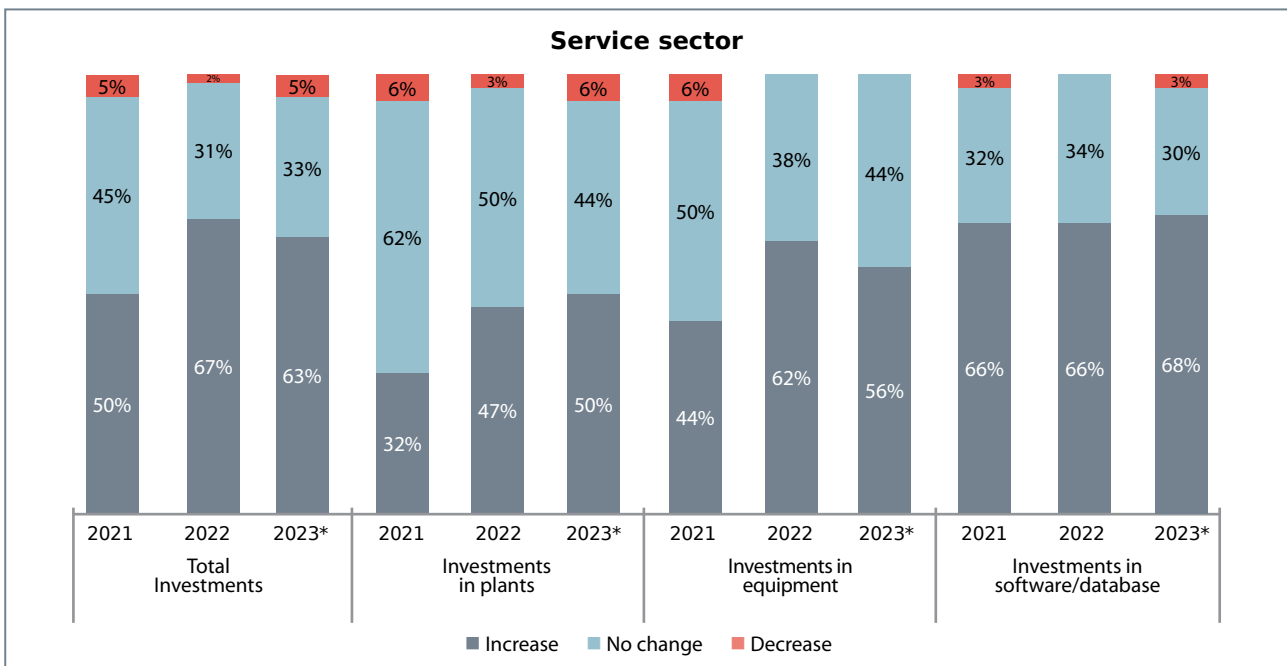
Amongst all four sectors, the construction sector conveyed the most optimistic expectations in direction of investment for 2023. 75% of companies in the construction sector claimed that they will increase their total investment in 2023, compared to 2022. Similar expectations are reported in the trade and service sectors with 64% and 63% of companies planning to increase their total investments, meanwhile, for the manufacturing sector the same figure is equal to 45%.

In 2023, more positive expectations with regard to investments were recorded in software/databases, while less positive expectations were recorded with regard to investments in plants and equipment. 65% of the surveyed companies expect to increase their investments in software/databases in 2023, compared to 2022, while 58% of businesses have the same expectation for investments in plants. Moreover, 55% claim that their investments in equipment will increase in 2023, compared to 2022.

It must be noted that, among the covered sectors, the most positive expectations with regard to investments in software/databases and plants is conveyed in construction sector. In particular, 77% of the companies in construction sector plan to increase investment in software/databases, while 82% of the companies plan to increase their investments in plants. Regarding the investment in equipment, the most positive expectations are recorded in trade sector with 60% of surveyed companies planning to increase investments. The most negative expectations are recorded in the manufacturing sector, where 18%-18% of the surveyed companies plan to decrease investment in plants and in equipment in 2023.

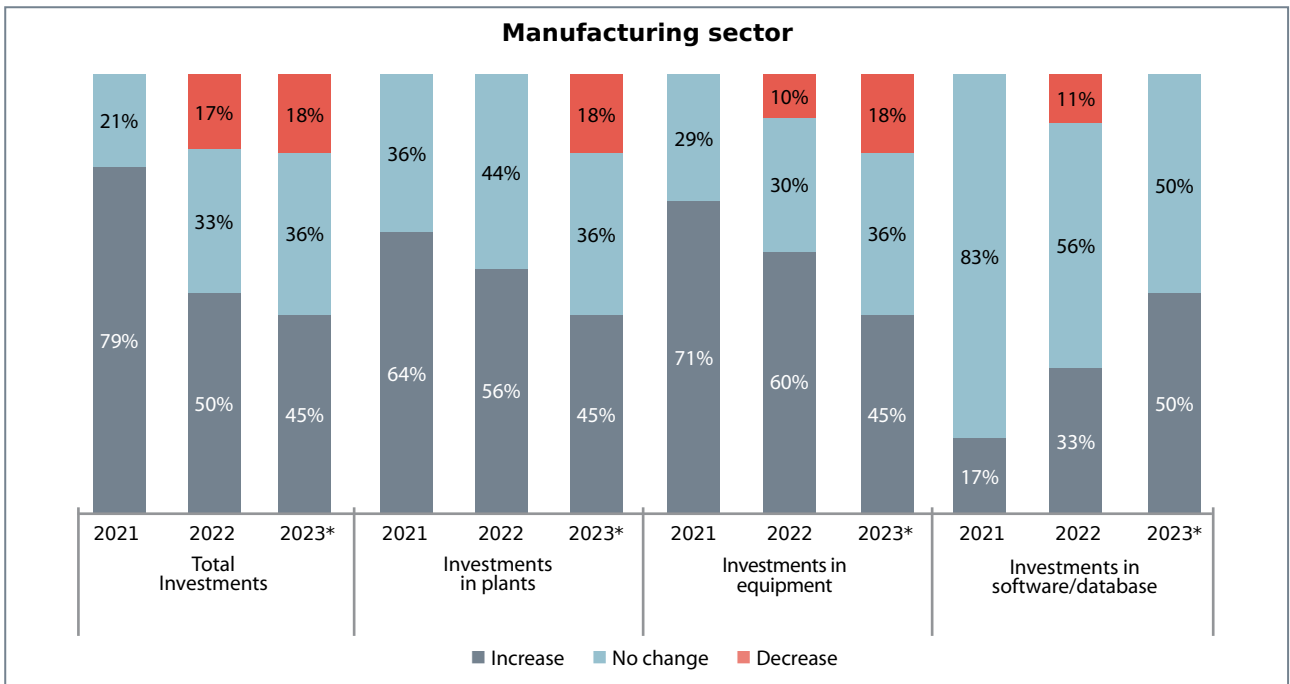


**Graph 3:** Investment environment in 2021 and 2022 and investment plans for 2023 in the trade sector (change compared to the previous year)<sup>1</sup>

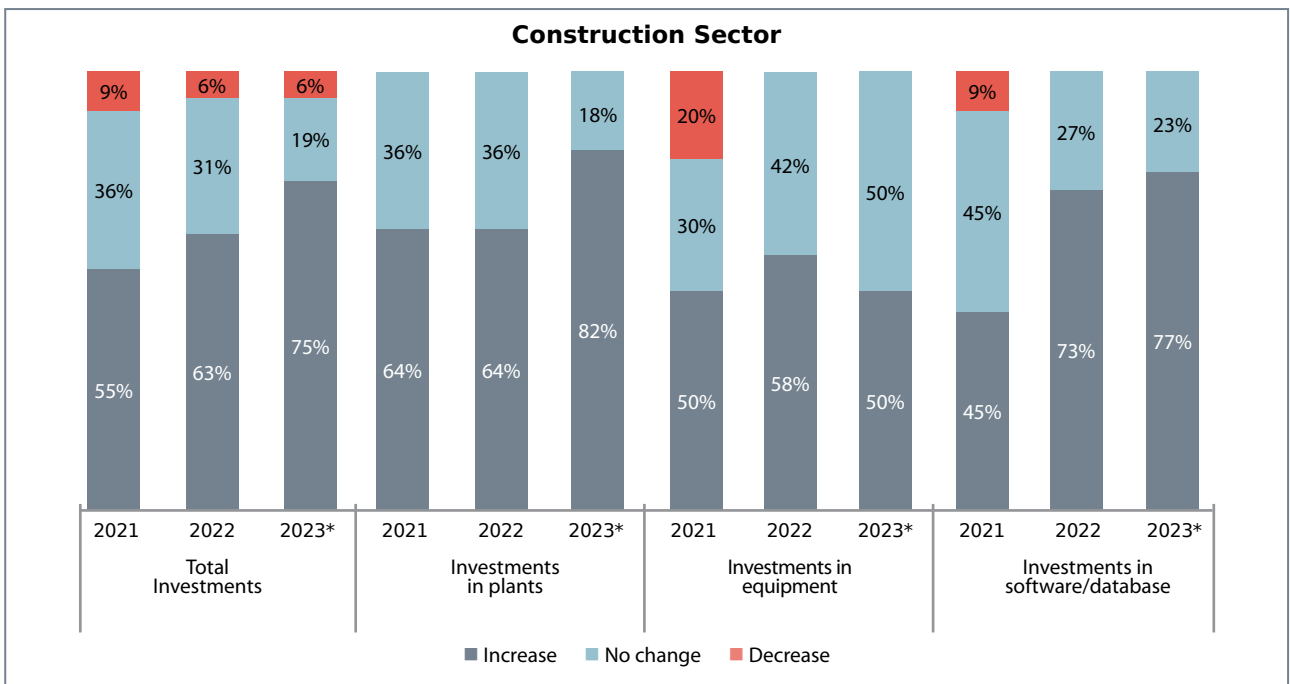


**Graph 4:** Investment environment in 2021 and 2022 and investment plans for 2023 in the service sector (change compared to the previous year)

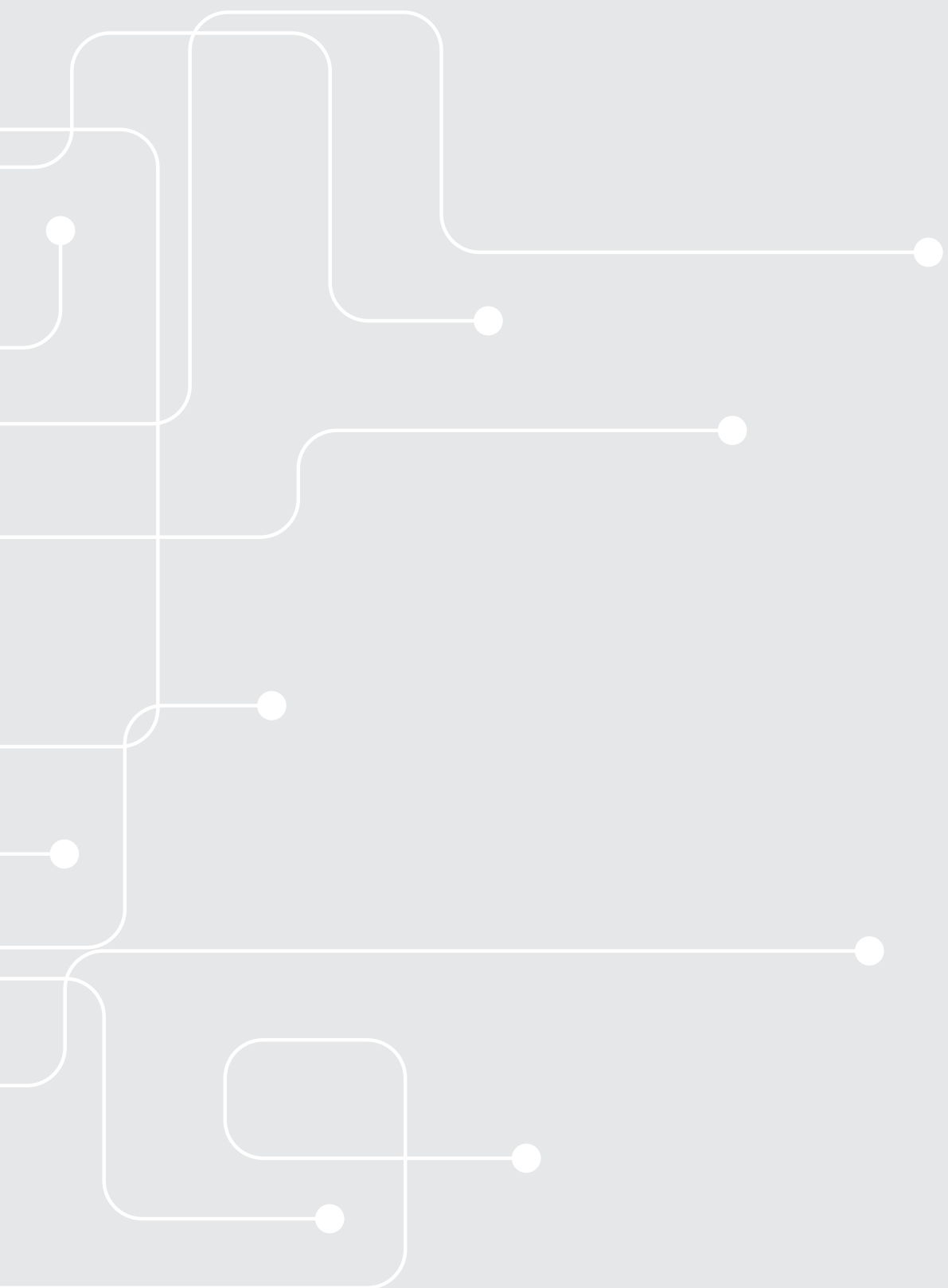
<sup>1</sup> Due to the rounding of number, in some graphs the sum of the data does not always equal 100%.  
 \* Expectation.



**Graph 5:** Investment environment in 2021 and 2022 and investment plans for 2023 in the manufacturing sector (change compared to the previous year)



**Graph 6:** Investment environment in 2021 and 2022 and investment plans for 2023 in the construction sector (change compared to the previous year)



## CONTACT:

2, G. Leonidze Street, Tbilisi, Georgia

☎ +995 32 2 202-215

✉ info@bag.ge

f Business Association of Georgia

[www.bag.ge](http://www.bag.ge)