

BAG INDEX

INVESTMENT
SURVEY



საქართველოს ბიზნეს ასოციაცია
BUSINESS ASSOCIATION OF GEORGIA



Leibniz Institute for Economic Research
at the University of Munich



Research

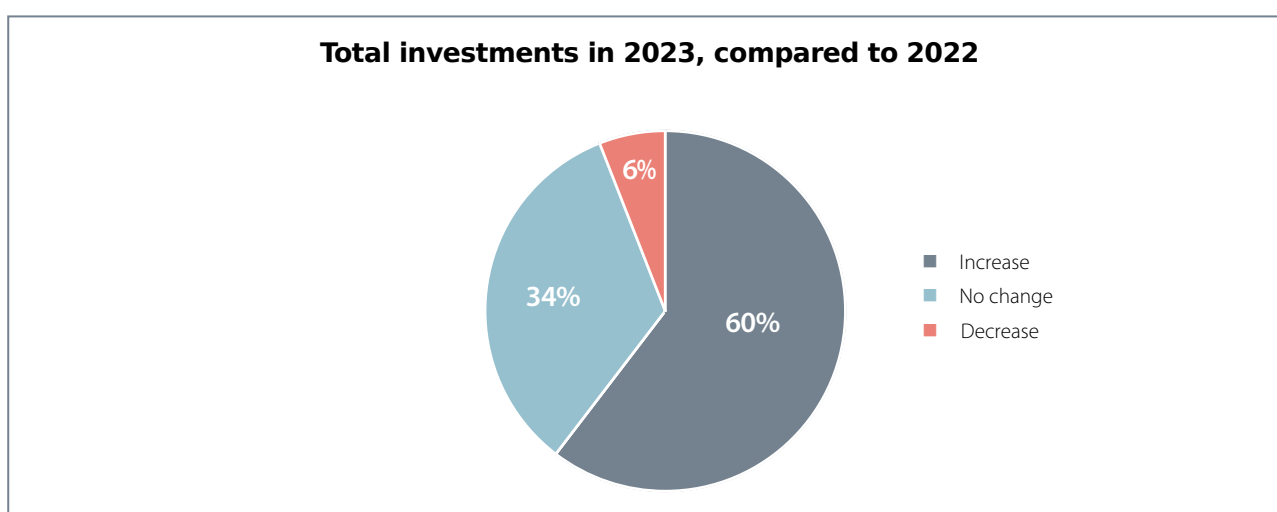
III QUARTER 2024

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 third quarter of 2024 covered investments made by surveyed businesses in 2023 and their plans for 2024.

INVESTMENT ENVIRONMENT IN 2023

Overall, 60% of the surveyed businesses stated that their total investments had increased in 2023, compared to 2022. Meanwhile, 34% of the surveyed companies claimed their total investments were unchanged and only 6% stated their investments had decreased over the same period.



Graph 1: Investment environment in 2023

It must be mentioned that 64% of the companies in the trade sector reported an increase in total investments in 2023, compared to 2022. In the given period, 63% of companies reported an increase in total investment in the service sector, 58% in the manufacturing sector, and 57% in the construction sector.

Furthermore, 17% of respondents in the manufacturing sector stated that total investments decreased in 2023, compared to 2022. At the same time, 7% of surveyed companies in the construction sector recorded a decrease in total investments in this timeframe, while for the service and trade sectors this figure was 3% (for detailed information see graphs 3, 4, 5 and 6).

In 2023, the majority of companies recorded an increase in their total investments in equipment (56%). The increase in investments in software and databases (54%) and plants (48%) was recorded in a relatively smaller share of the surveyed companies.

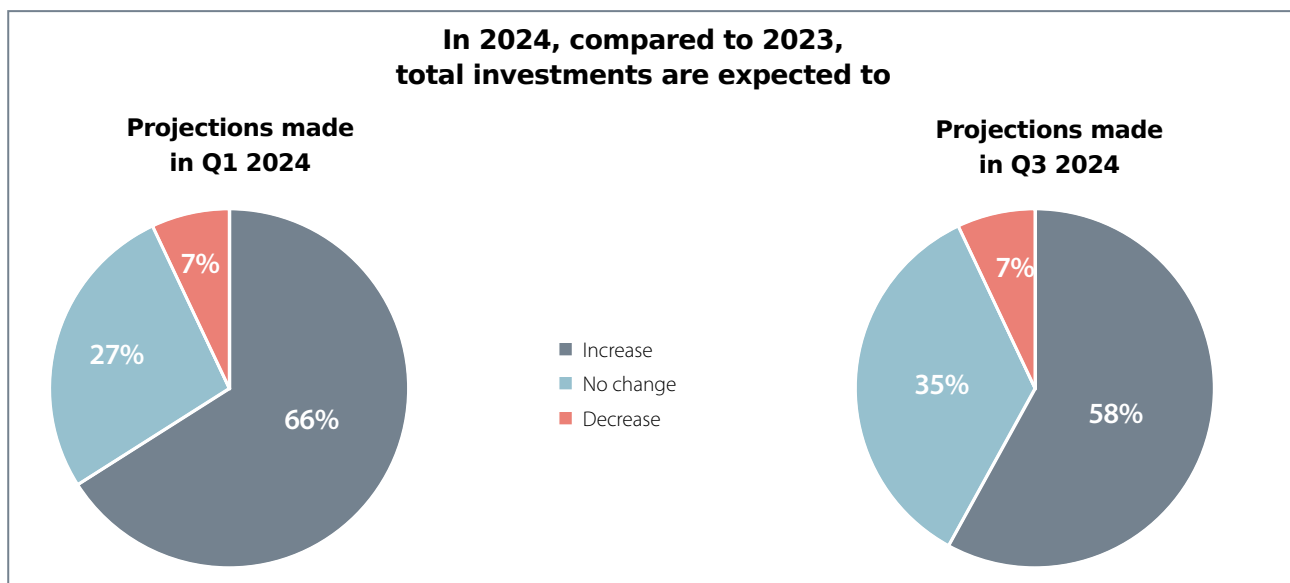
Looking at things sector by sector, the trade sector recorded the highest percentage share of companies stating an increase in their total investments in equipment (73%), software/databases (67%), and plants (58%).

INVESTMENT PLANS FOR 2024

To evaluate the investment plans for 2024, an investment survey was conducted in the first quarter of 2024, and this forecast was updated in the third quarter of 2024.

In Q3 of 2024, 58% of surveyed businesses claimed they will increase their total investments in 2024, compared to 2023. At the same time, 35% of the surveyed companies expect no change in their total investments, while only 7% expect a decrease in total investments.

It should be noted that according to the results of the survey of the third quarter of 2024, compared to projections made in the first quarter of 2024, the expectations of companies had worsened. According to the survey conducted in the first quarter of 2024, 66% of the surveyed companies were planning to increase their total investments in 2024, while now only 58% of companies are planning to increase their total investments. By sector, the construction sector saw the largest drop (33 percentage points) in investment forecasts. In the first quarter of 2024, 90% of companies expected their investments to increase, but by the third quarter, only 57% held this view.

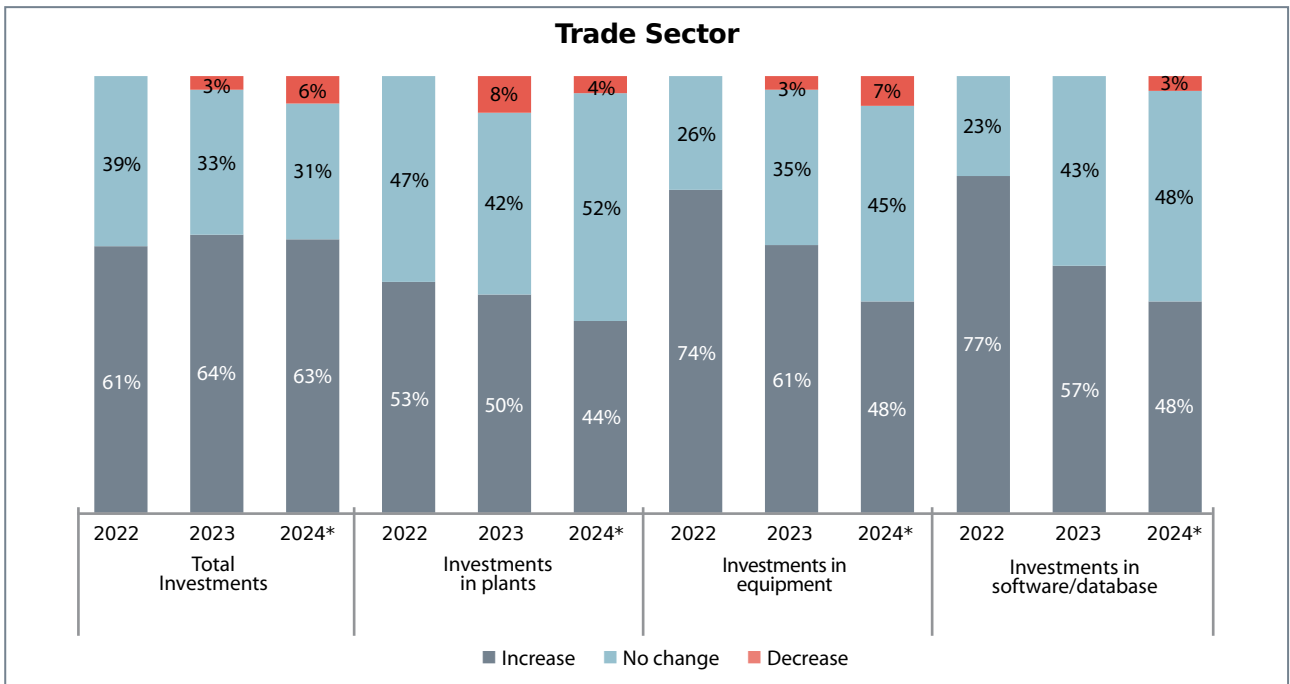


Graph 2: Investment plans of companies for 2024

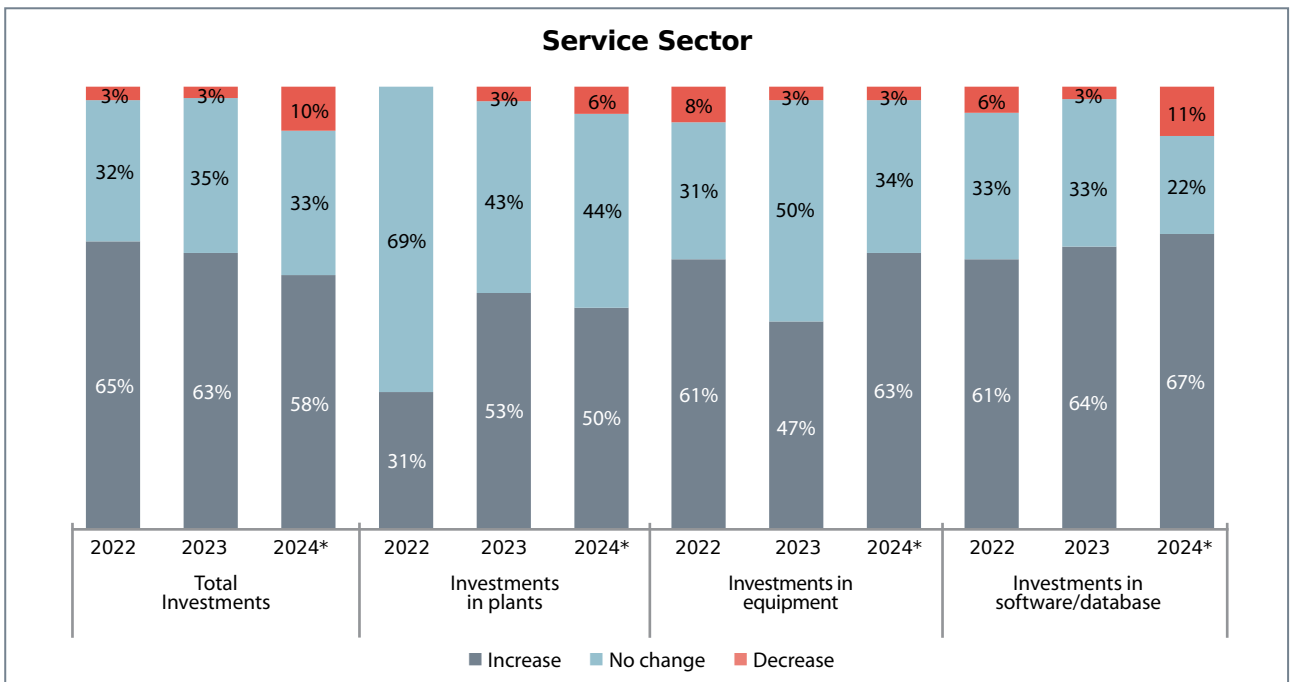
Amongst all four sectors, the trade sector conveyed the most optimistic expectations in direction of investment for 2024. 63% of companies in the trade sector claimed that they will increase their total investment in 2024, compared to 2023. Similar expectations are reported in the service and manufacturing sectors with 58% of companies planning to increase their total investments, meanwhile, for the construction sector the same figure is equal to 57%.

In 2024, more positive expectations with regard to investments were recorded in equipment, while less positive expectations were recorded with regard to investments in plants and software/databases. 58% of the surveyed companies expect to increase their investments in equipment in 2024, compared to 2023, while 54% of businesses have the same expectation for investments in software and databases. Moreover, 45% claim that their investments in plants will increase in 2024, compared to 2023.

It must be noted that, among the covered sectors, the most positive expectations regarding investments in equipment are conveyed in manufacturing sector. In particular, 75% of the companies in the manufacturing sector plan to increase investment in equipment. Regarding the investment in software/databases, the most positive expectations are recorded in the service sector with 67% of the companies planning to increase investments. Regarding the investment in plants, the most positive expectations are recorded in the construction and service sectors with 50% of surveyed companies planning to increase investments.

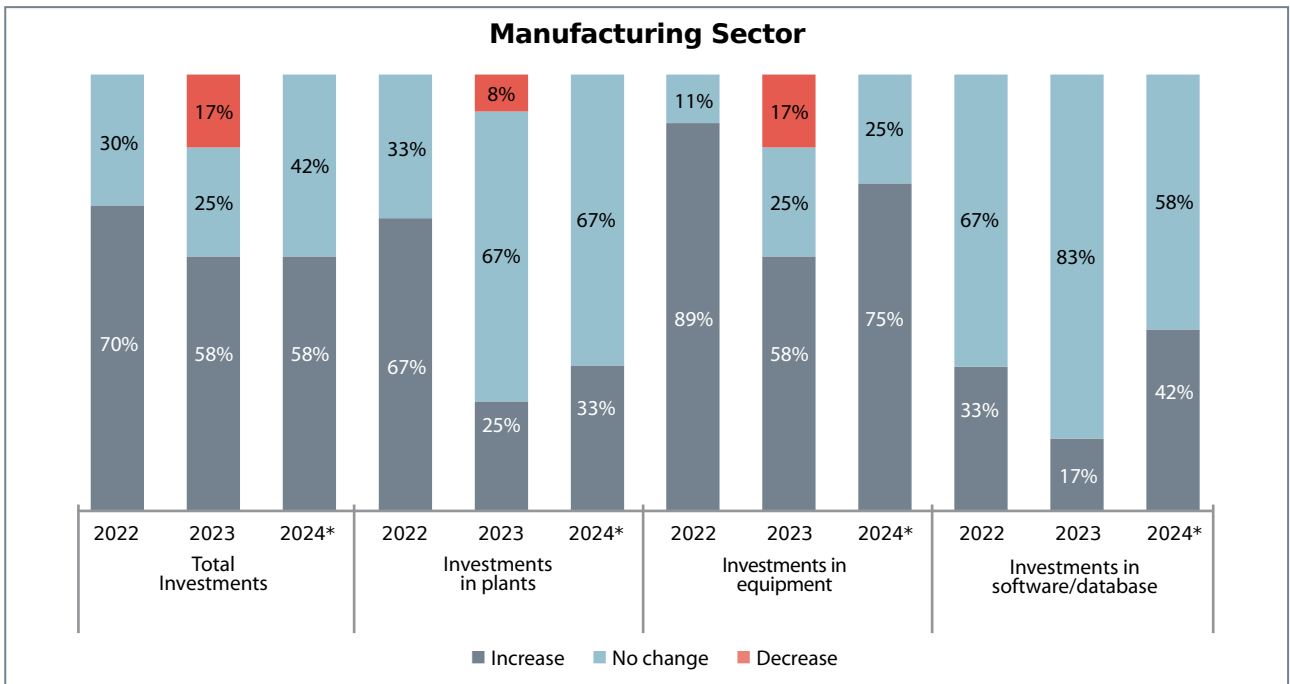


Graph 3: Investment environment in 2022 and 2023 and investment plans for 2024 in the trade sector (change compared to the previous year)¹

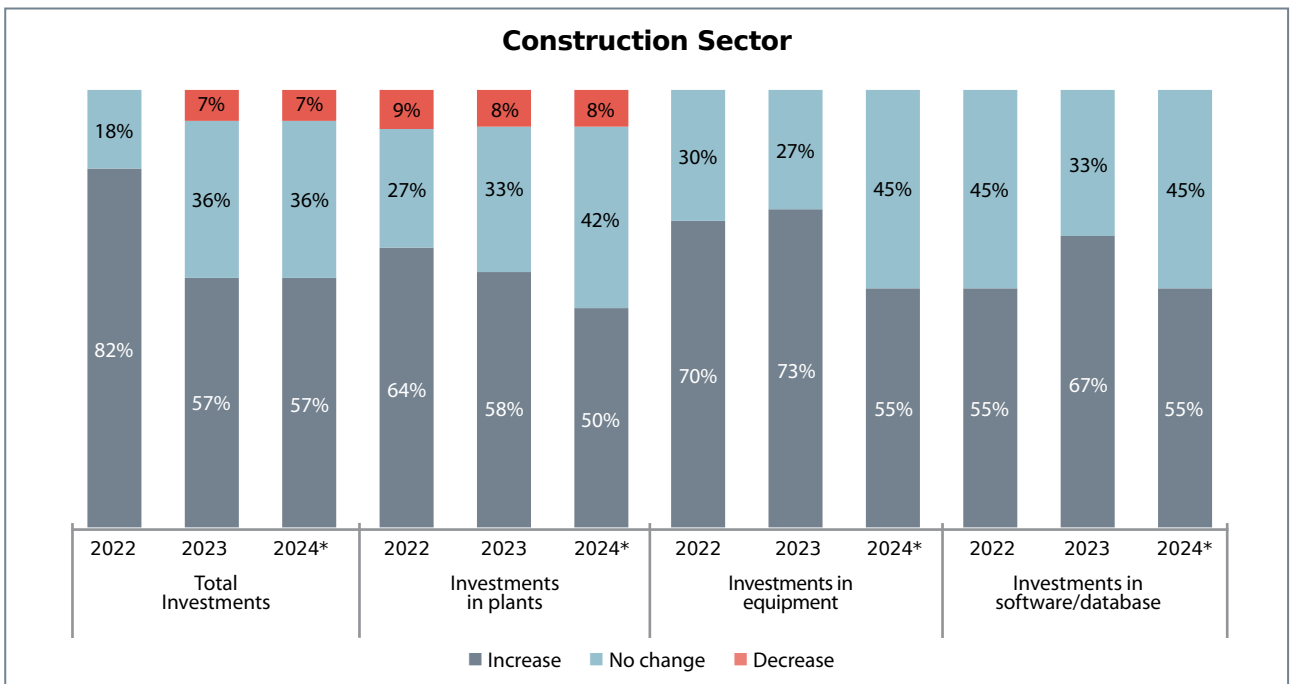


Graph 4: Investment environment in 2022 and 2023 and investment plans for 2024 in the service sector (change compared to the previous year)

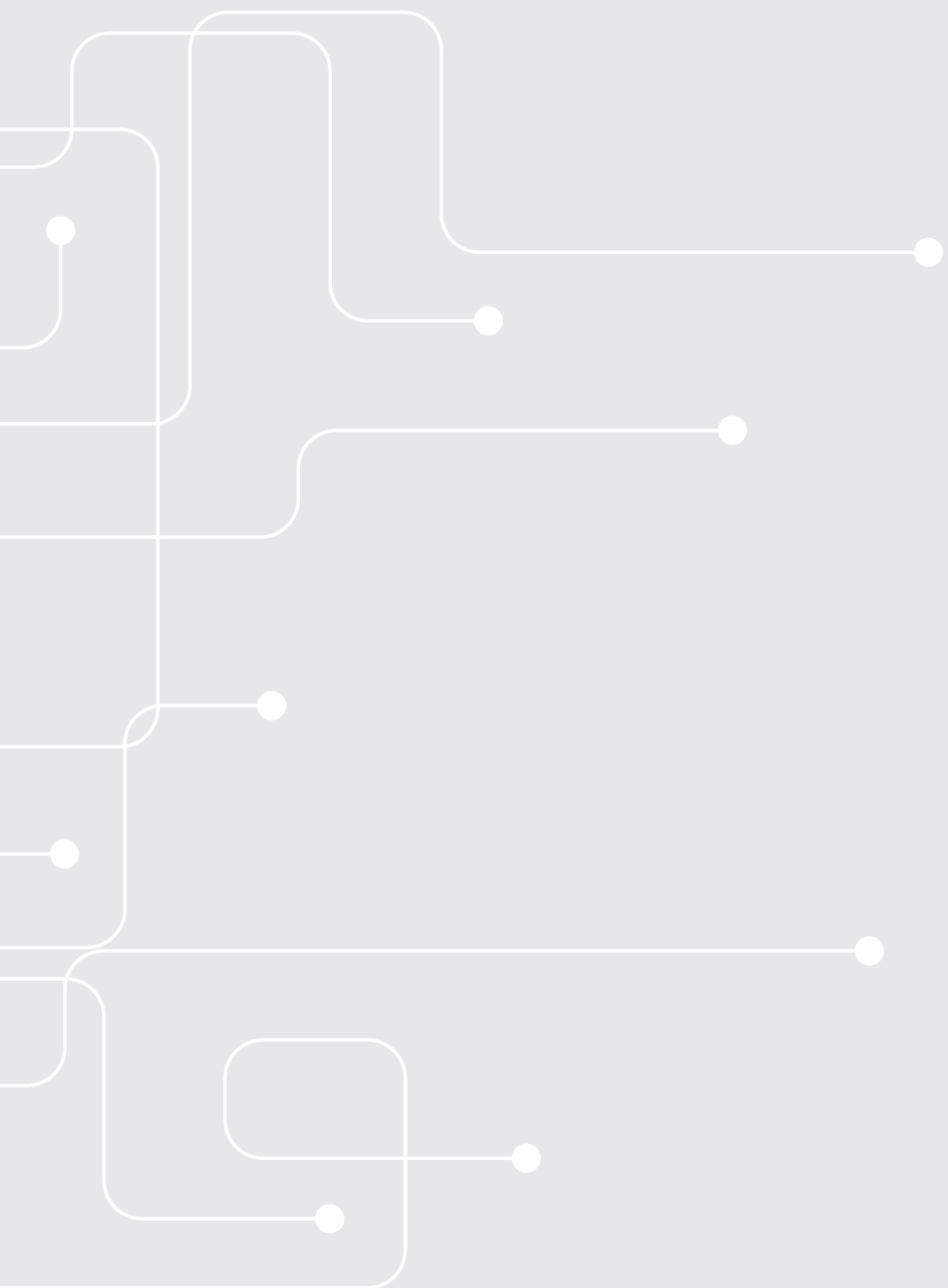
¹ Due to the rounding of number, in some graphs the sum of the data does not always equal 100%.
* Expectation.



Graph 5: Investment environment in 2022 and 2023 and investment plans for 2024 in the manufacturing sector (change compared to the previous year)



Graph 6: Investment environment in 2022 and 2023 and investment plans for 2024 in the construction sector (change compared to the previous year)



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