

# BAG INDEX

INVESTMENT  
SURVEY



საქართველოს ბიზნეს ასოციაცია  
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Research

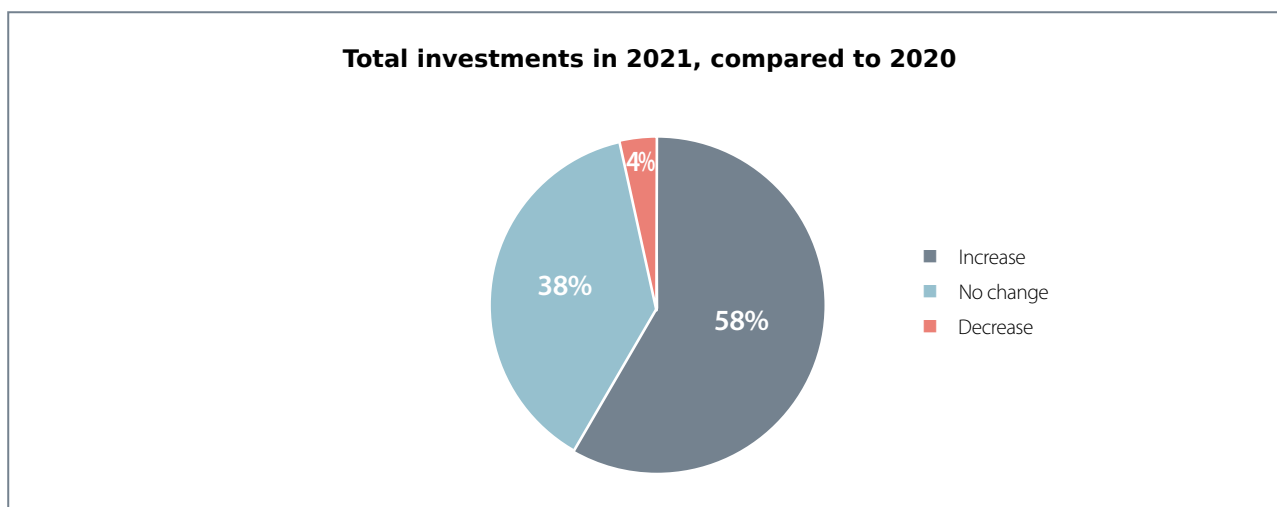
III QUARTER 2022

## 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 2022 covered investments made by surveyed businesses in 2021 and their plans for 2022.

### INVESTMENT ENVIRONMENT IN 2021

Overall, 58% of the surveyed businesses stated that their total investments had increased in 2021, compared to 2020. Meanwhile, 38% of the surveyed companies claimed their total investments were unchanged, while 4% stated their investments had decreased over the same period.



**Graph 2:** Investment environment in 2021

It must be mentioned that none of the companies in the manufacturing sector reported a decrease in total investments in 2021, compared to 2020. These figures for trade, service, and construction sectors were 2%, 5%, and 9%, respectively (for detailed information see graphs 3, 4, 5 and 6).

Furthermore, 79% of respondents in the manufacturing sector stated that total investments increased in 2021, compared to 2020. At the same time, 61% of surveyed companies in the trade sector recorded an increase in total investments in this timeframe, while for the construction and service sectors these figures were 55% and 50%.

In 2021, the majority of companies recorded an increase in their total investments in software and databases (61%) and equipment (57%). The lowest increase in the volume of total investments was recorded in plants, with 48% of surveyed companies recording growth in this regard.

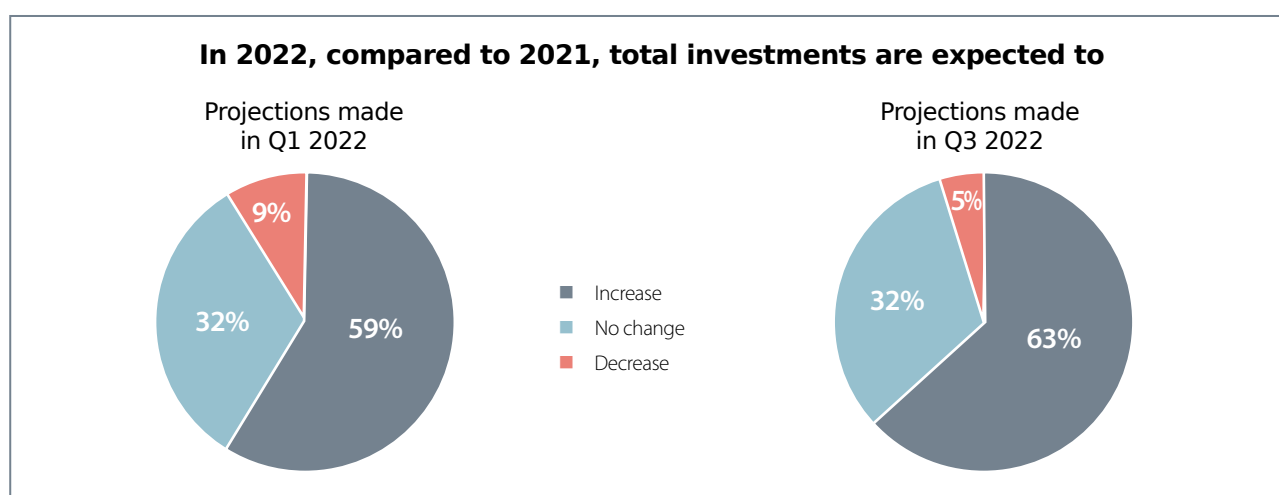
Looking at things sector by sector, the trade sector recorded the highest percentage share of companies (77%) stating an increase in their total investments in software/databases amongst the four sectors. Whereas the highest percentage share of companies stating an increase in total investments in equipment was observed in the manufacturing sector (71%). The manufacturing and construction sectors recorded the highest percentage share of businesses stating an increase in their investments in plants in 2021, compared to 2020 (64%).

## INVESTMENT PLANS FOR 2022

To evaluate the investment plans for 2022, an investment survey was conducted in the first quarter of 2022, and this forecast was updated in the third quarter of 2022.

In Q3 of 2022, 63% of surveyed businesses claimed they will increase their total investments in 2022, compared to 2021. At the same time, 32% of the surveyed companies expect no change in their total investments, while only 5% expect a decrease in total investments.

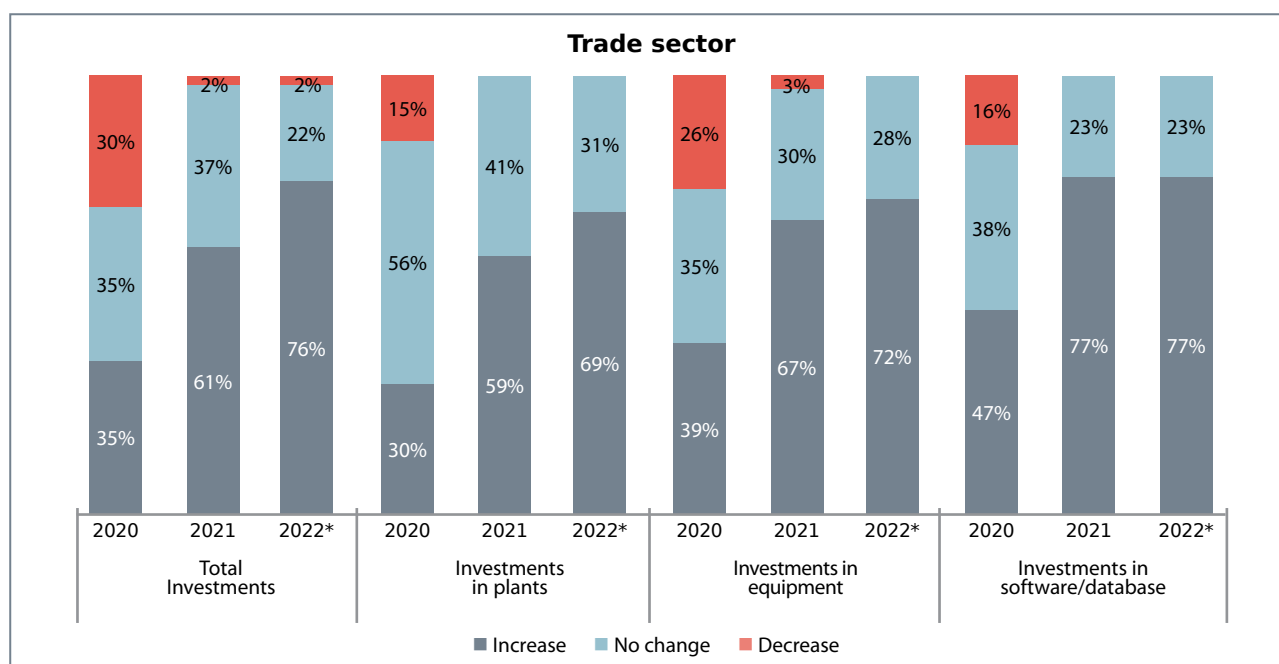
It should be noted that according to the results of the survey of the third quarter of 2022, compared to projections made in the first quarter of 2022, expectations of companies had improved. According to the survey conducted in the first quarter of 2022, 59% of the surveyed companies were planning to increase their total investments in 2022, which is 4 percentage points below the result of the latest survey. Meanwhile, the percentage of businesses planning to decrease their total investments is 4 percentage points lower compared to previous expectations (5%). Accordingly, from the first to the third quarter of 2022 companies have positively altered their investment plans for 2022.



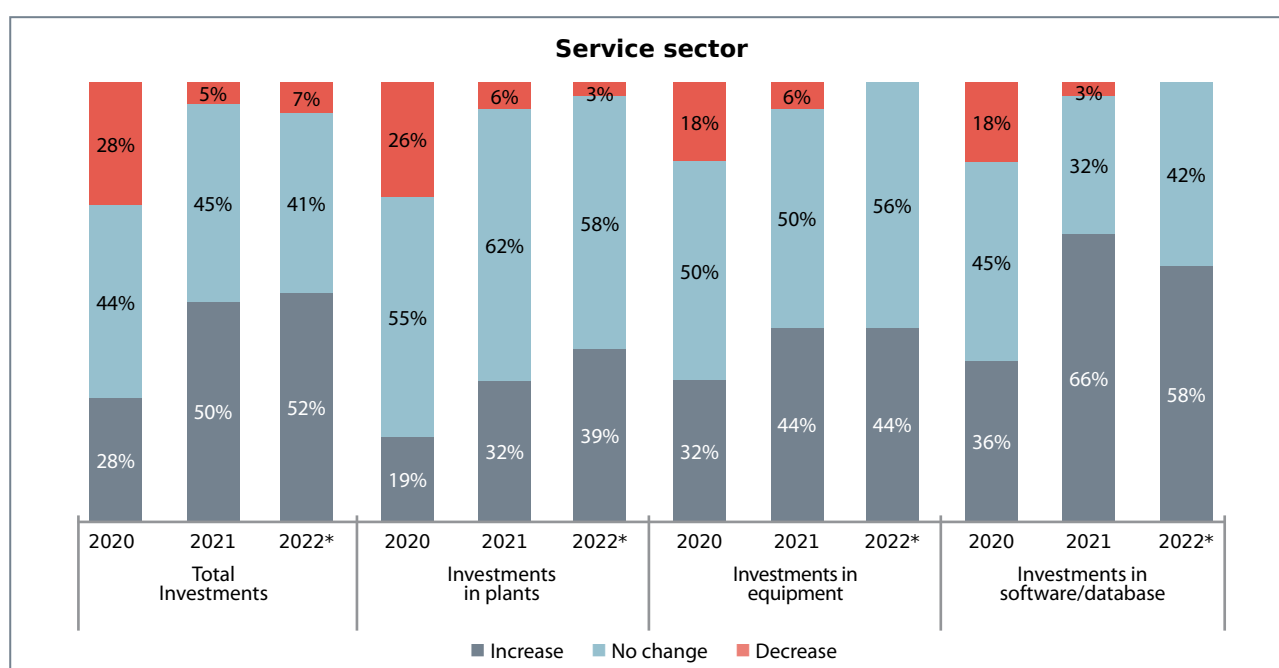
**Graph 2:** Investment plans of companies in 2022 according to the predictions done in Q1 of 2022 and in Q3 of 2022

Amongst all four sectors, the trade sector conveyed the most optimistic expectations in direction of investment for 2022. 76% of companies in the trade sector claimed that they will increase their total investment in 2022, compared to 2021. Similar expectations are reported in the construction sector with 73% of companies planning to increase their total investments, meanwhile, for the manufacturing and service sectors, the same figures are equal to 57% and 52% respectively.

In 2022, more positive expectations with regard to investments were recorded in equipment and software/databases, while less positive expectations were recorded with regard to investments in plants. 58.4% of the surveyed companies expect to increase their investments in equipment in 2022, compared to 2021, while 57.7% of businesses have the same expectation for investments in software/databases and 55.2% of businesses expect to increase their investments in plants.



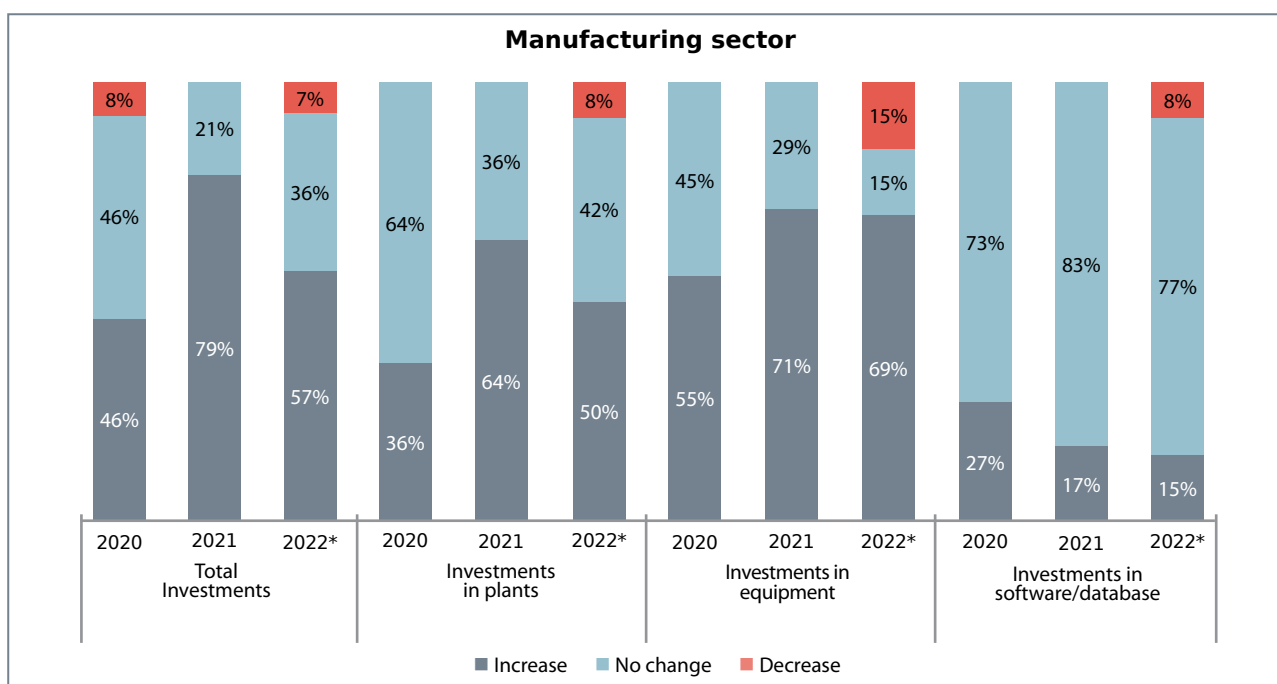
**Graph 3:** Investment environment in 2020 and 2021 and investment plans for 2022 in the trade sector (change compared to the previous year)<sup>1</sup>



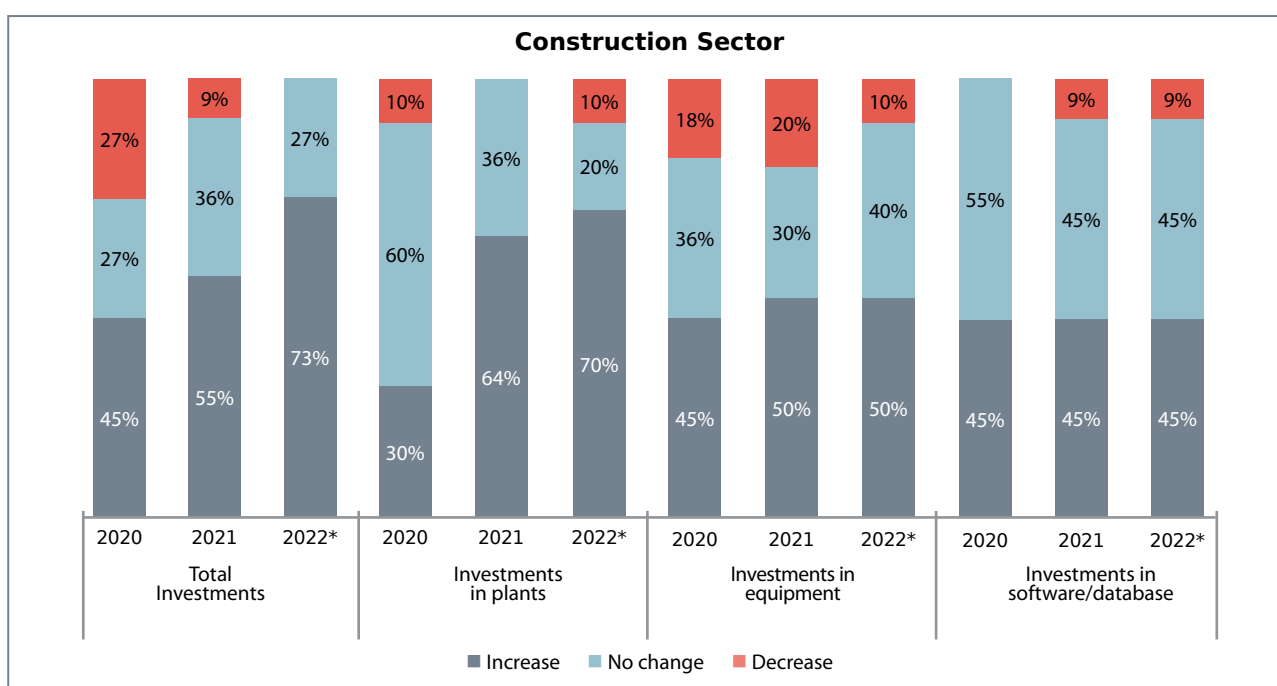
**Graph 4:** Investment environment in 2020 and 2021 and investment plans for 2022 in the Service sector (change compared to the previous year)

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

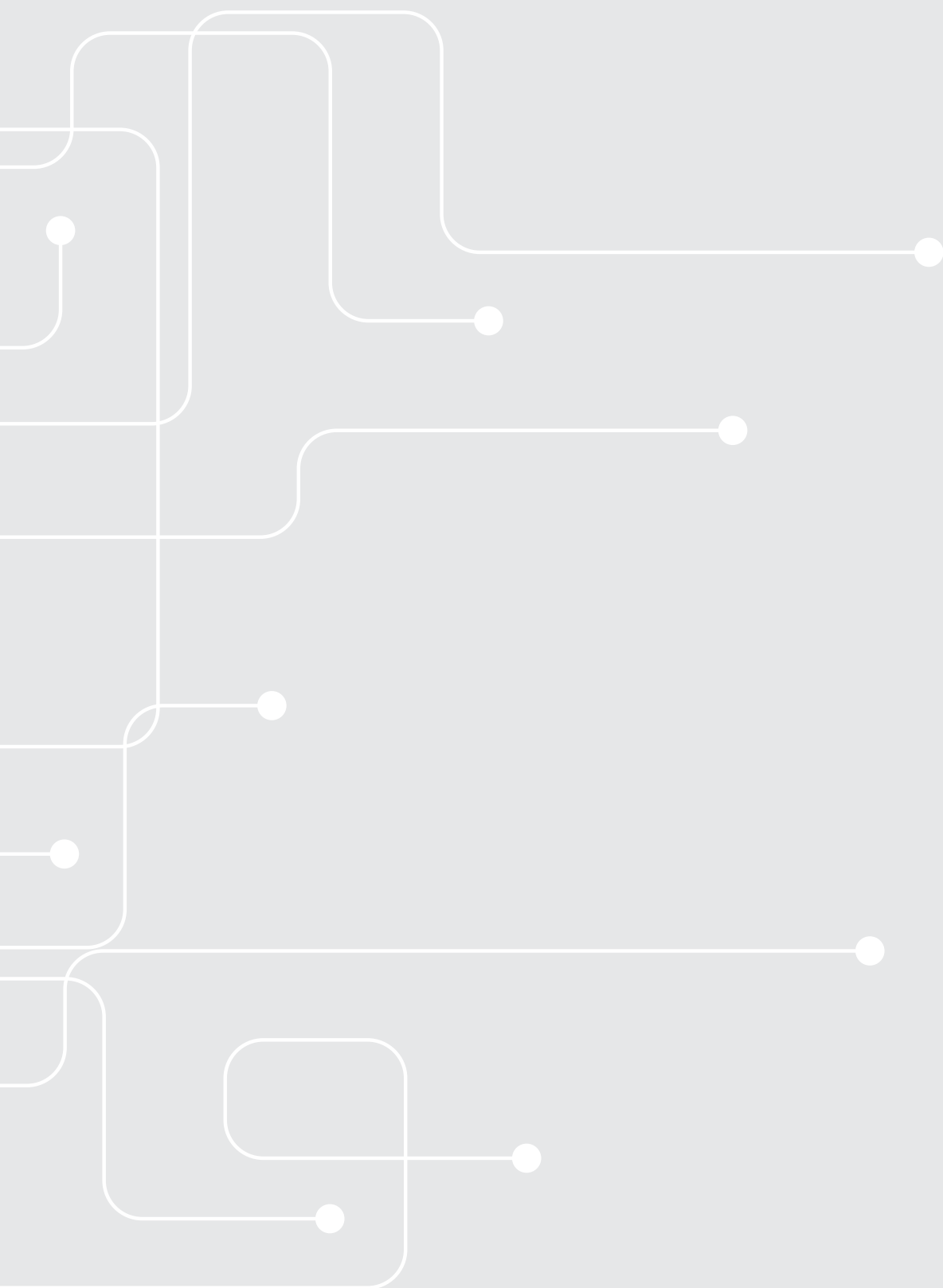
\* Expectation.



**Graph 5:** Investment environment in 2020 and 2021 and investment plans for 2022 in the Manufacturing sector (change compared to the previous year)



**Graph 6:** Investment environment in 2020 and 2021 and investment plans for 2022 in the Construction sector (change compared to the previous year)



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