

Opportunities and risks of foreign companies investing in real estate  
development in Georgia after the COVID-19 pandemic

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## Abstract

Since the 2008 economic crisis, Georgia's real estate industry has developed rapidly and has become one of the three pillar industries of Georgia's national economic growth since 2017. With Georgia's rapid economic growth and rising living standards, investment in the real estate industry is becoming more and more frequent. But because Georgia's real estate industry is a new industry, many policies and regulations are not perfect, so the government can not very ideal macro-control of real estate, so that housing prices have soared in recent years. People face rising house prices, this has produced a lot of pressure, the government is also trying to constantly regulate. In particular, Georgia's economic development in 2020 suffered the impact of the Covid-19 pandemic; the real estate industry has become one of the high-risk industries. Real estate is an important index to maintain social stability for society, country and people. Therefore, the research on real estate investment risk and opportunity is always concerned by enterprises.

First, this study discusses and summarizes the risk factors of real estate investment in detail. The real estate investment risk is mainly divided into policy risk, economic risk, business environment risk and legal risk. In addition, based on the induction of risk factors, this study is based on the macro perspective of the real estate industry, the construction of Georgia's real estate investment risk index system. Then, according to the economic analysis method, this study selects the proportion of real estate investment in the index system to GDP, the vacancy rate index, the housing price income ratio index, the housing price growth rate / GDP growth rate to measure the real estate investment risk. Because of Georgia's large geographical area, the researcher can't collect and study the data of real estate in all regions.

Therefore, this study selected the most rapid development of real estate in Georgia Tbilisi as the object of study, using the data in the CEIC Data (2020), ISET (2020) and NSO (2020) to measure the above indicators, and finally using the index synthesis method to carry out in-depth analysis of risk. This study concludes that the real estate investment market in Tbilisi, Georgia, has gradually shifted from high risk to low risk in the past five years, and the real estate bubble is small. This shows that the Georgian government's macro-control on the real estate market economy has played a positive role. Overall, Georgia's real estate investment risk is relatively stable and small; in addition, from the policy risk, economic risk, business environment risk and legal risk, real estate investment opportunities are still many.

***Key Words:*** Real estate investment, Real estate investment risk, Policy risk, Economic risk, Business environment risk, Legal risk...