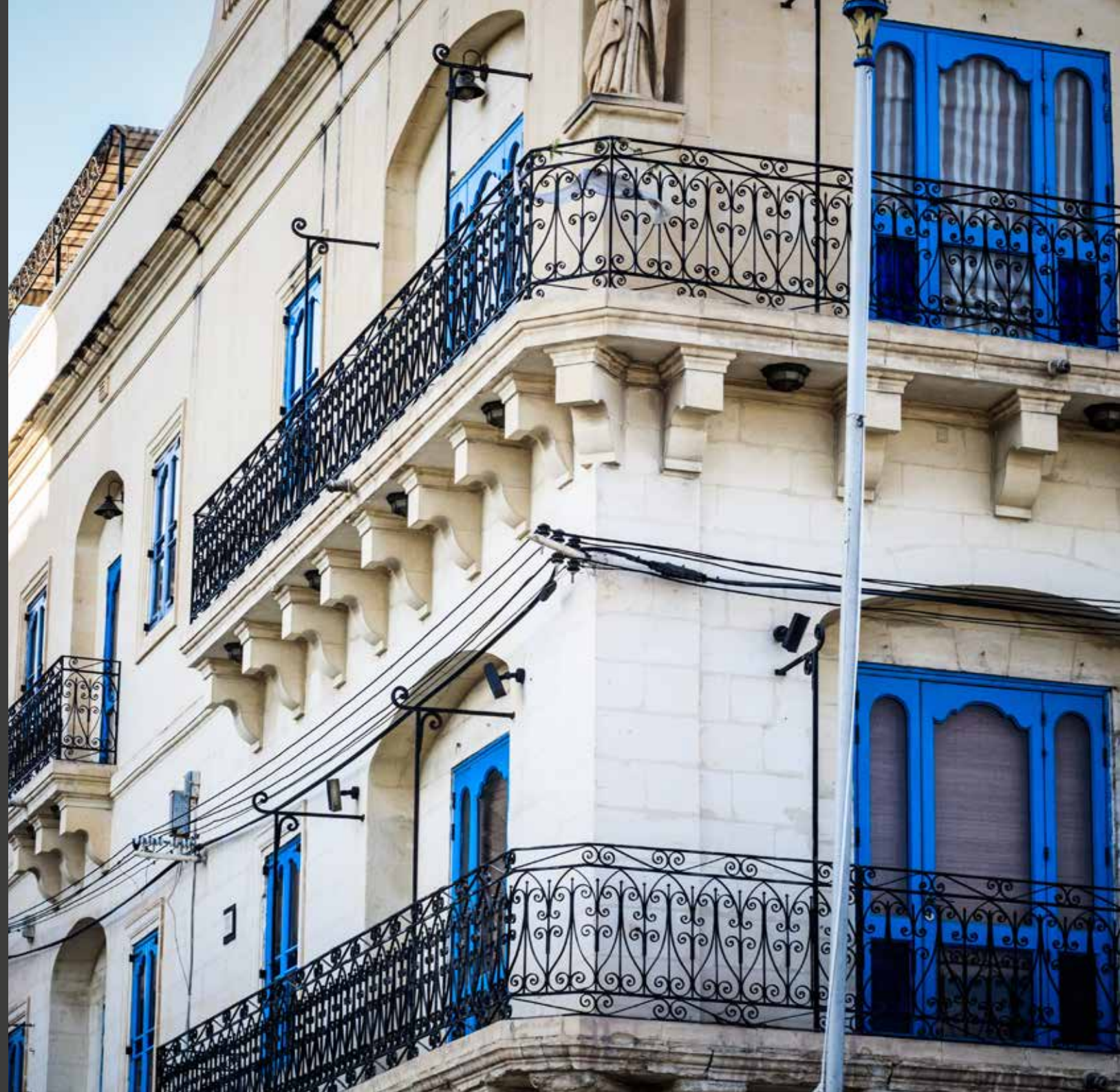




PwC's Real Estate Barometer

May 2022

PwC Malta is releasing the third edition of its Real Estate online barometer which was carried out during Q1 of 2022 and targeted the total population residing on the Maltese Islands. This market research project, which garnered over 340 respondents, continues to suggest meaningful insights into the key trends emanating from the local real estate market.

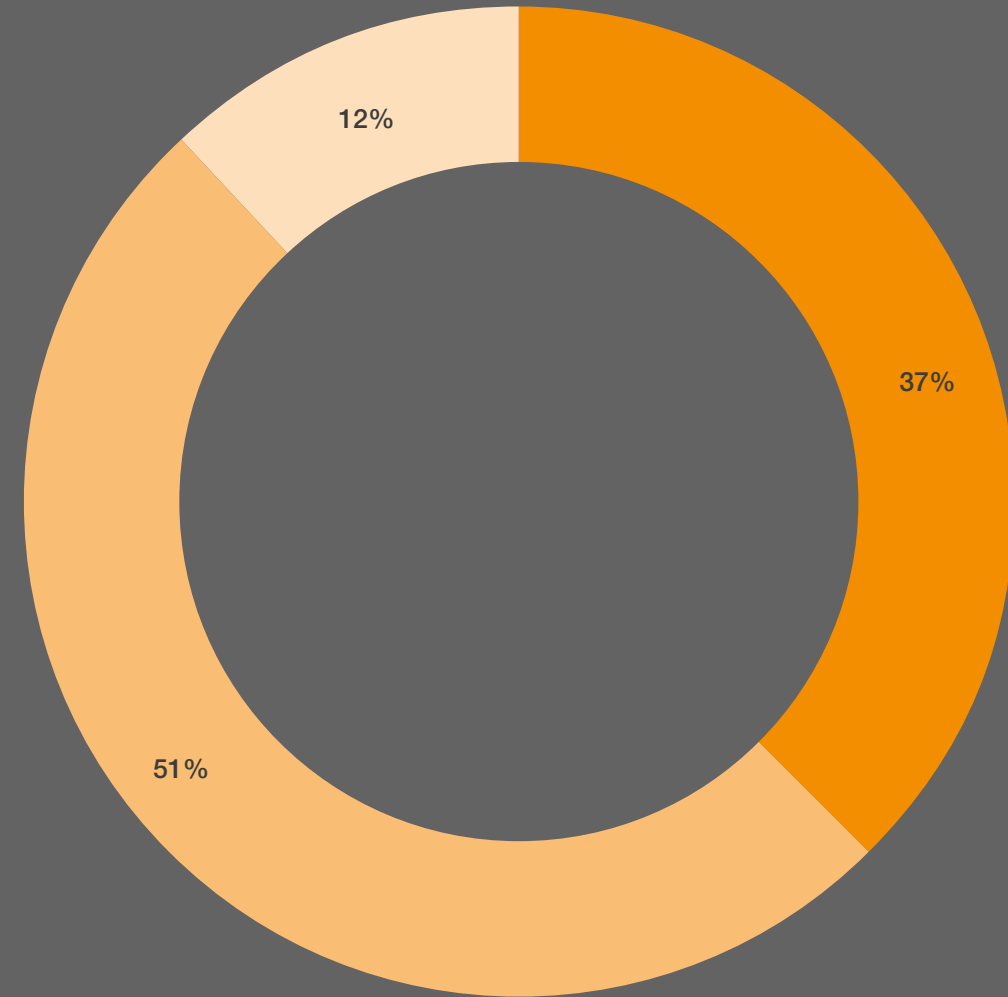




Renting or buying residential property

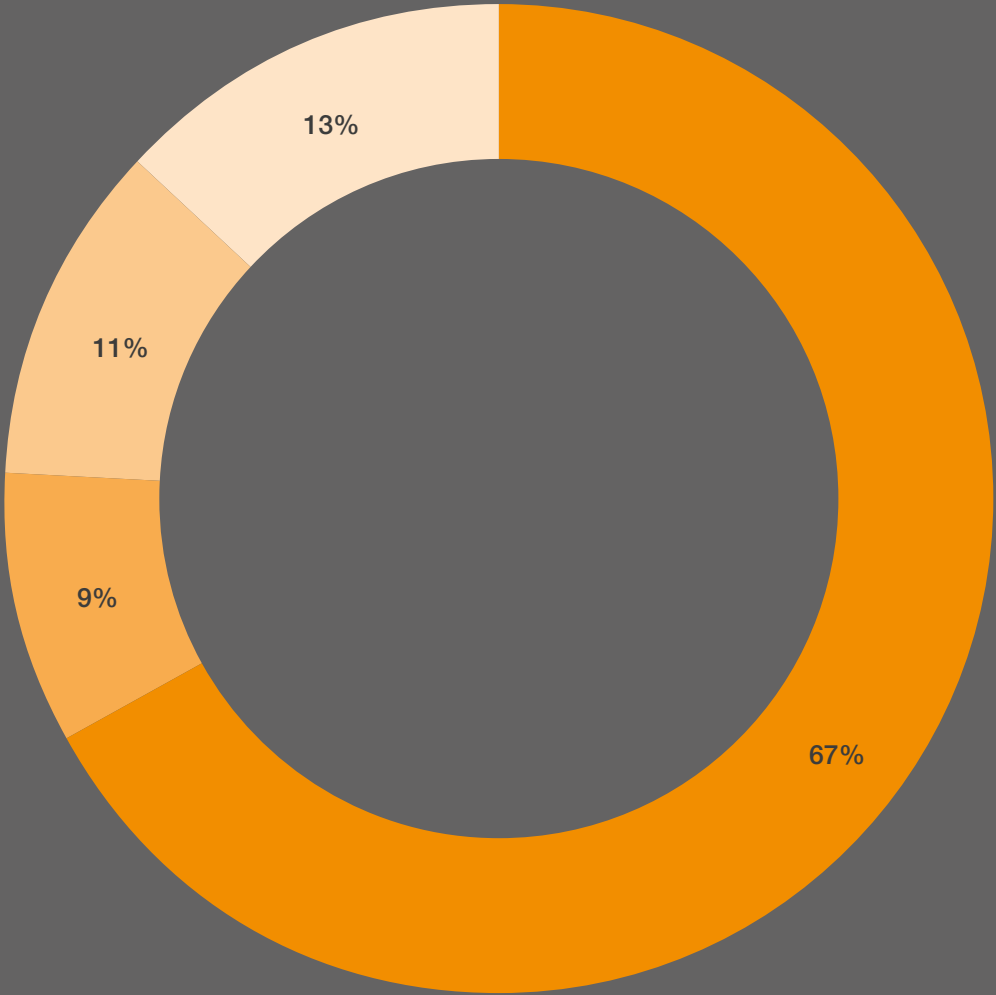
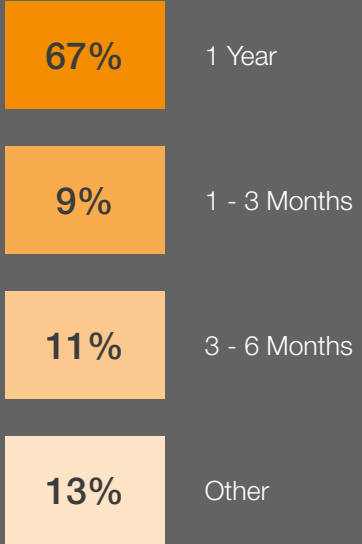
Are you making plans to buy or rent a residential property?

Most respondents are making plans to **buy a property**



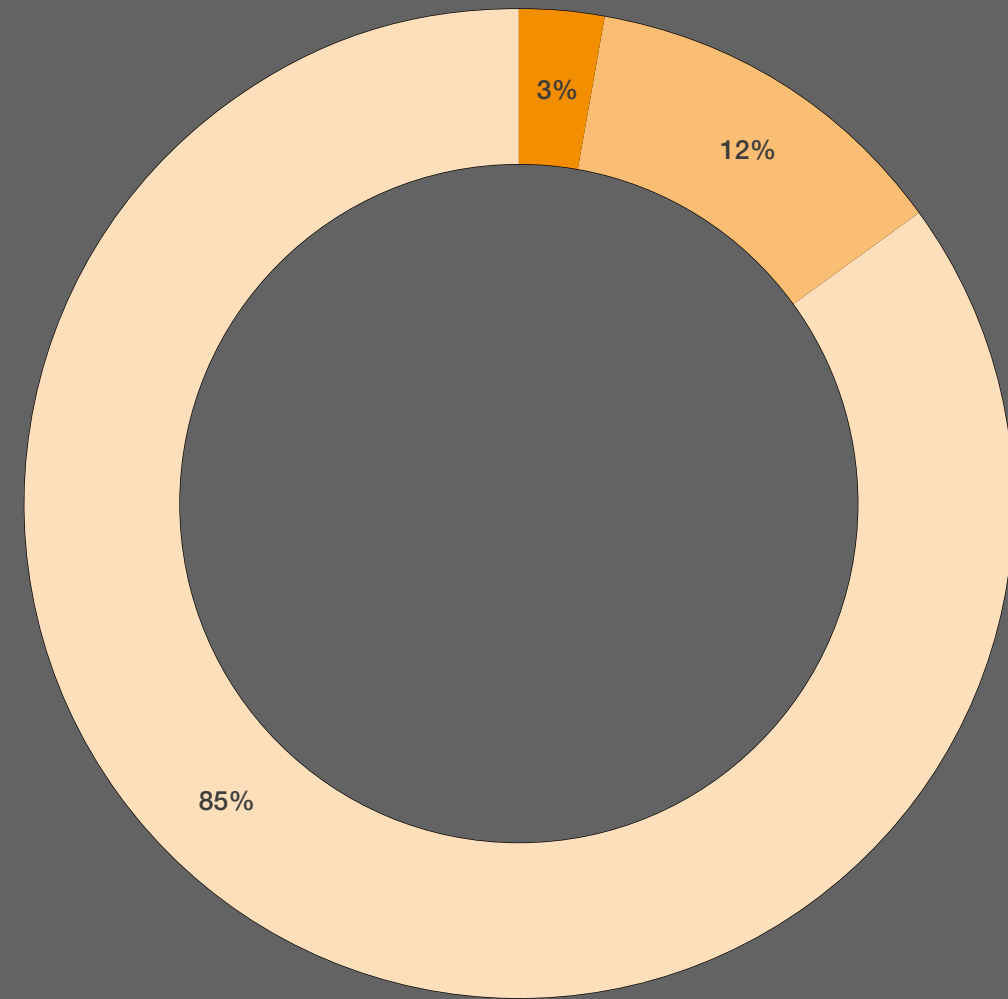
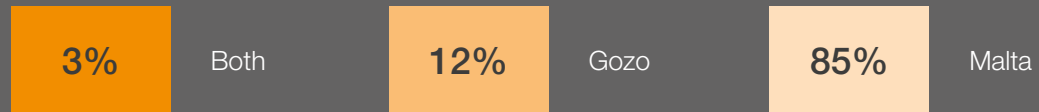
In what time-frame are you planning to move house?

Most respondents are planning to move house within **1 Year**



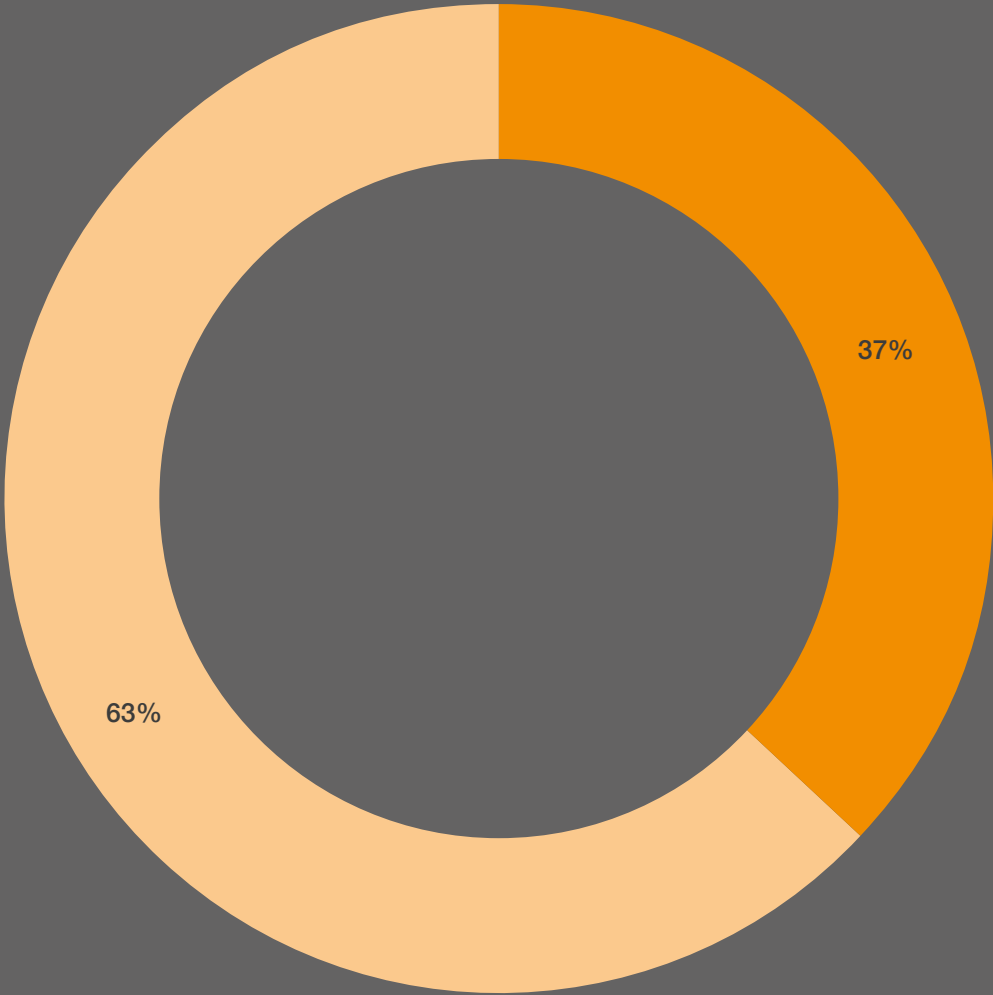
In which area(s) are you looking to rent property?

Most respondents are looking to **rent a property in Malta**



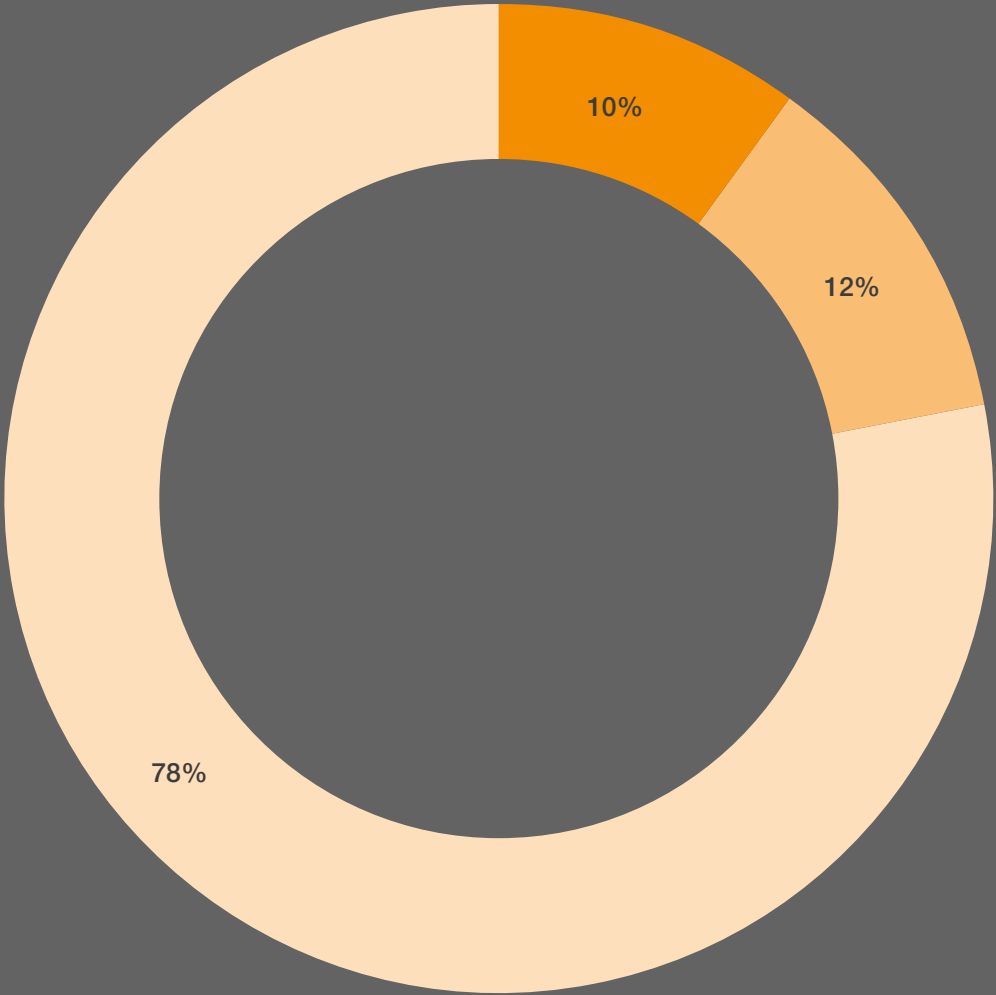
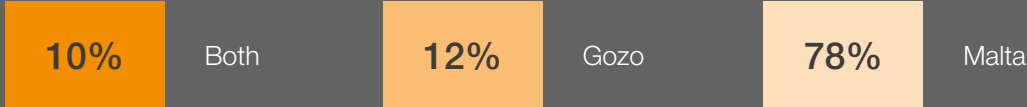
Will you be buying a property alone (sole owner)?

Most respondents will **be buying a property alone**



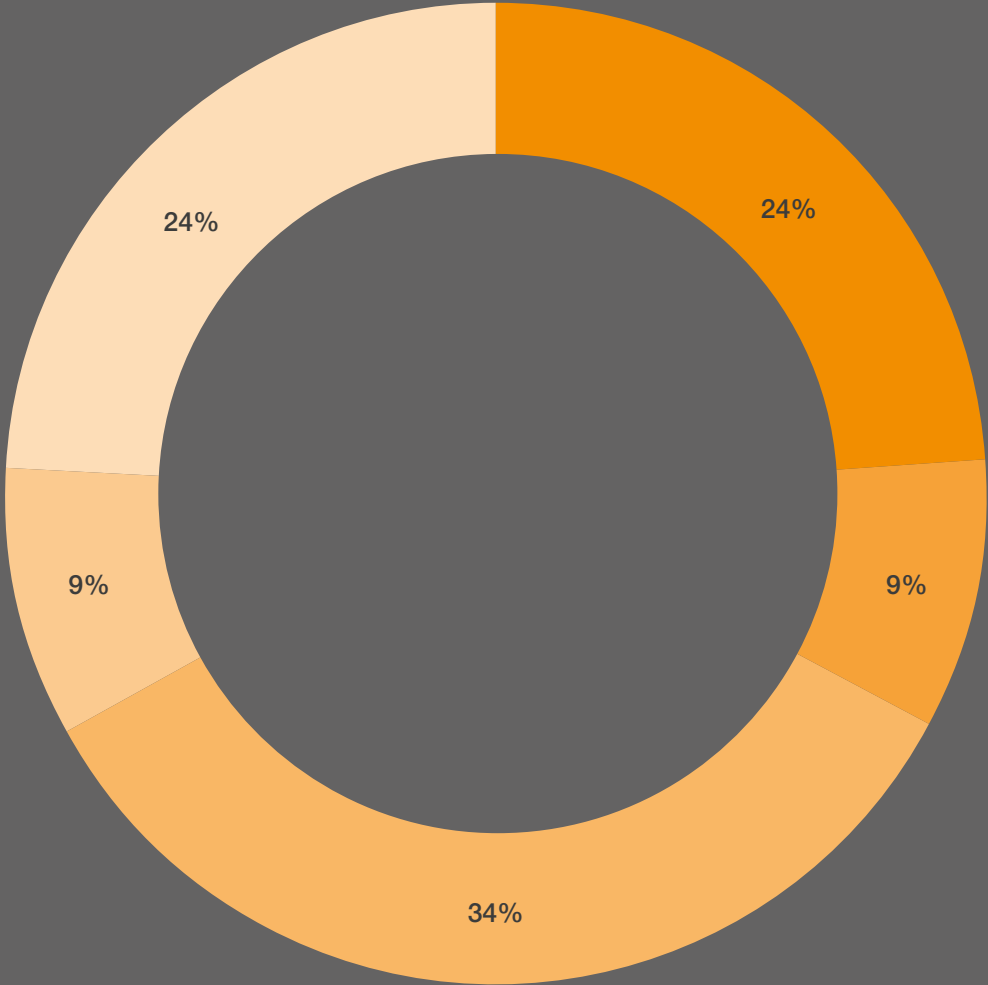
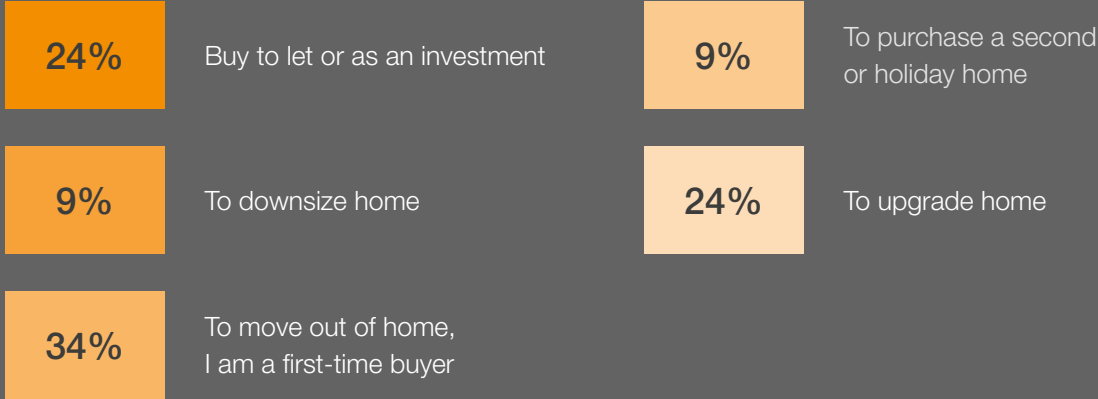
In which area are you looking to purchase property?

Most respondents are looking to **purchase a property in Malta**



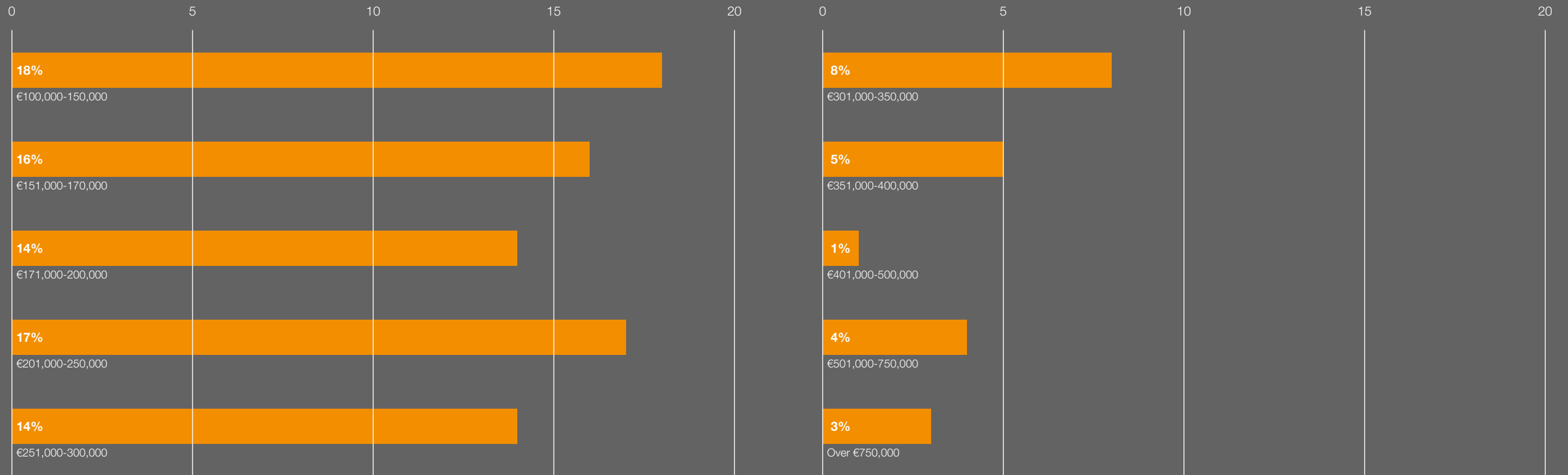
What is the reason for purchasing the property?

Most respondents are looking to **move out of home, since they are first-time buyers**



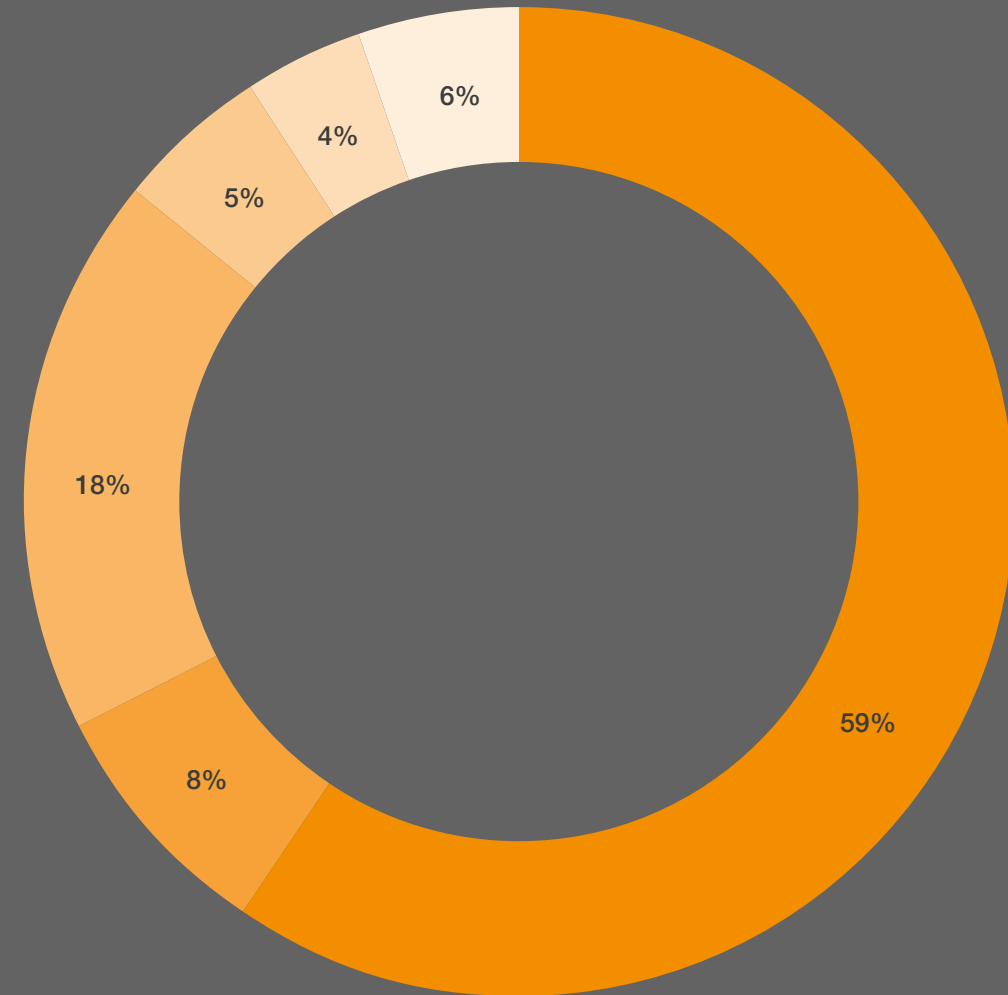
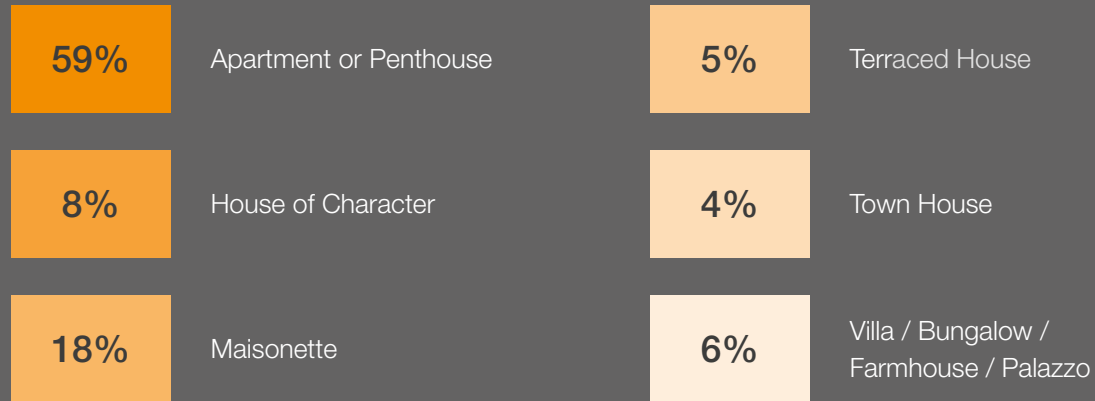
What is the value of the property you are looking for/can afford?

Most respondents are looking for properties which cost between **€100,000-150,000**



Type of property

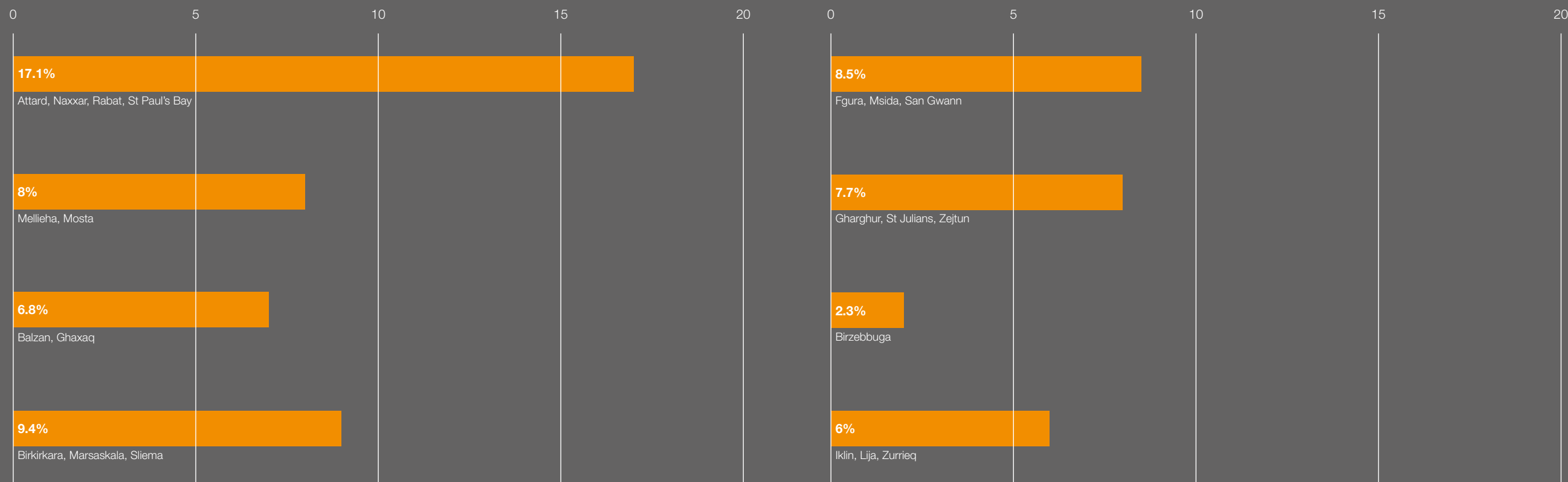
Most respondents prefer purchasing **an Apartment or Penthouse**



In which area(s) in Malta are you looking to buy property?*

Most respondents prefer **Attard, Naxxar, Rabat and St Paul's Bay**

*Select up to 5 areas



In which area(s) in Gozo are you looking to buy property?*

Most respondents are prefer **Nadur, Gharb and Ghajnsielem**

*Select up to 5 areas

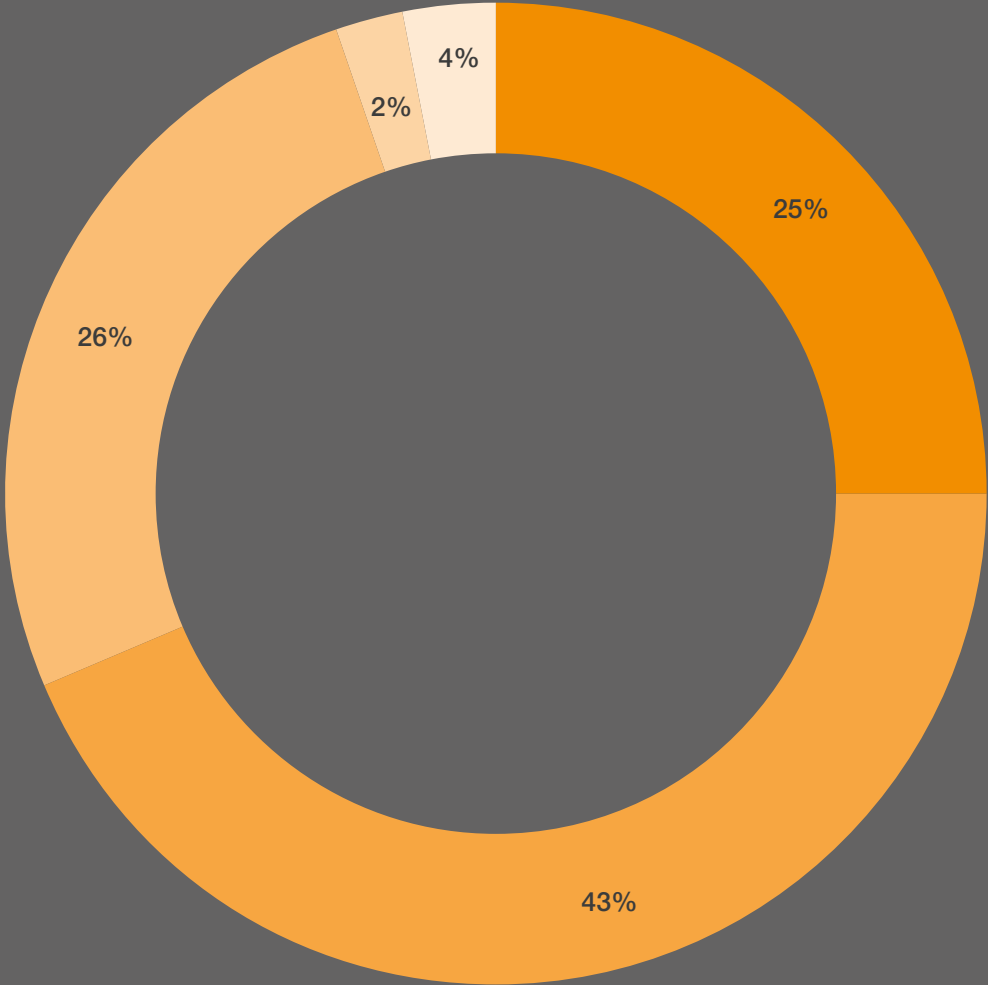
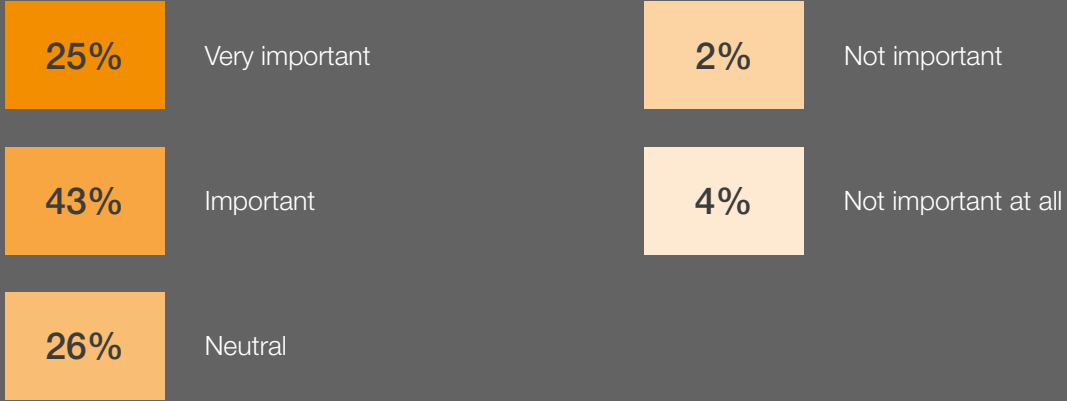




Sustainability

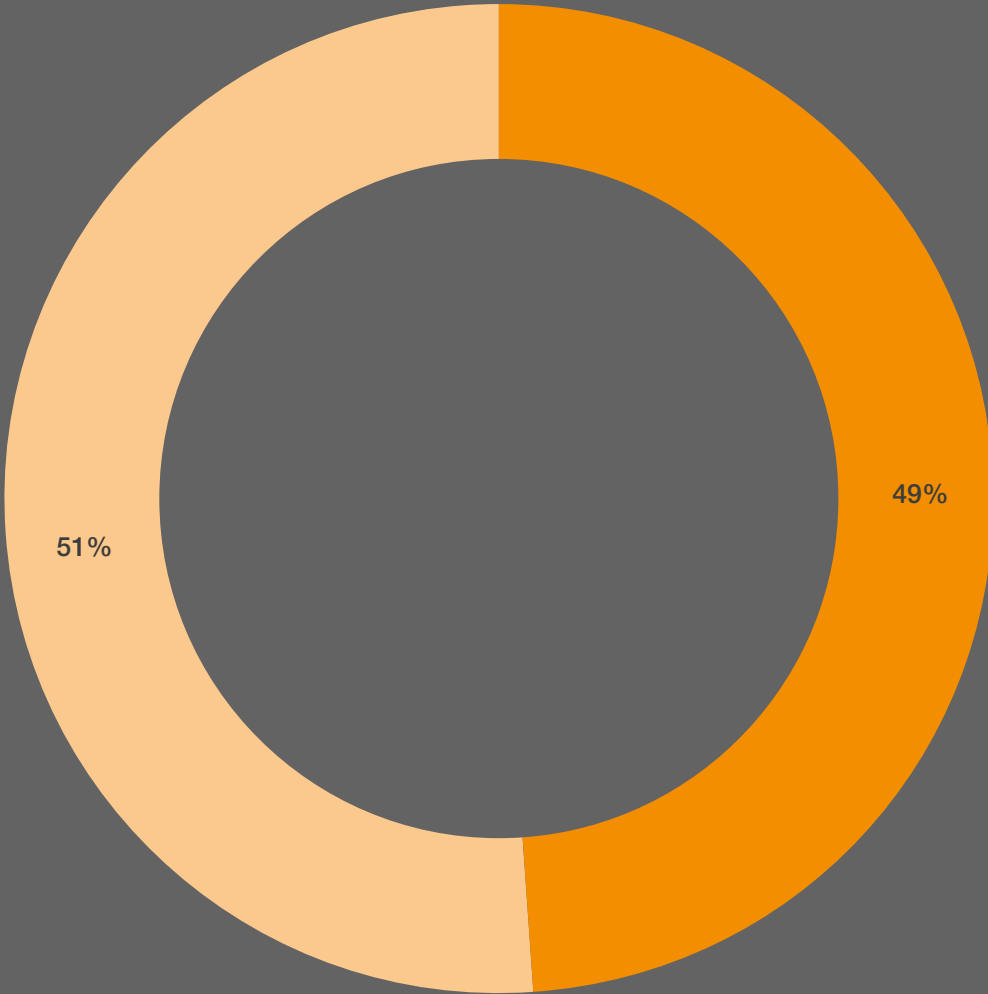
How much would sustainability factors impact your decision to buy or rent a property?

Most respondents consider sustainable factors as **important**



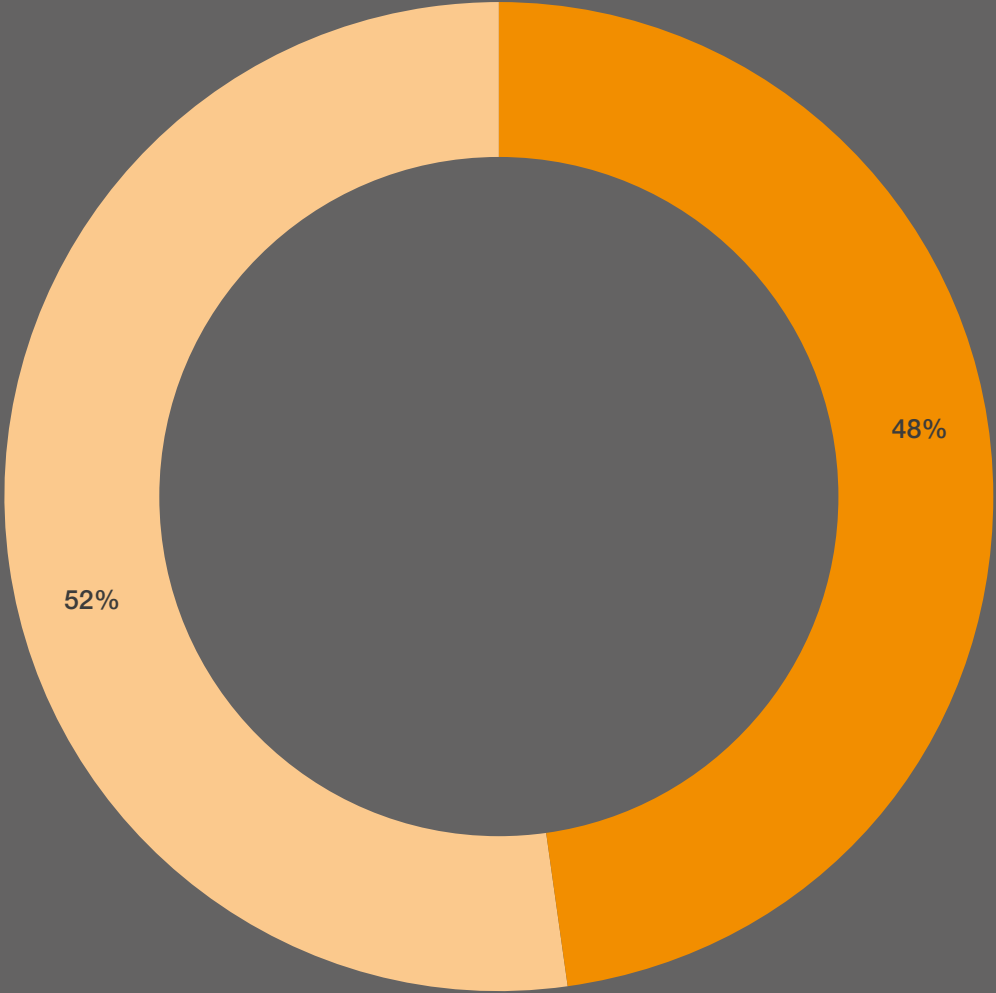
Would you pay more to rent or buy a property that considers renewable energy and other “green” factors?

Most respondents would **pay more to rent or buy a property that includes sustainability considerations**



Do you believe that when selling your property, sole agency is beneficial?

Most respondents believe that when selling their property, a **sole agency is beneficial**

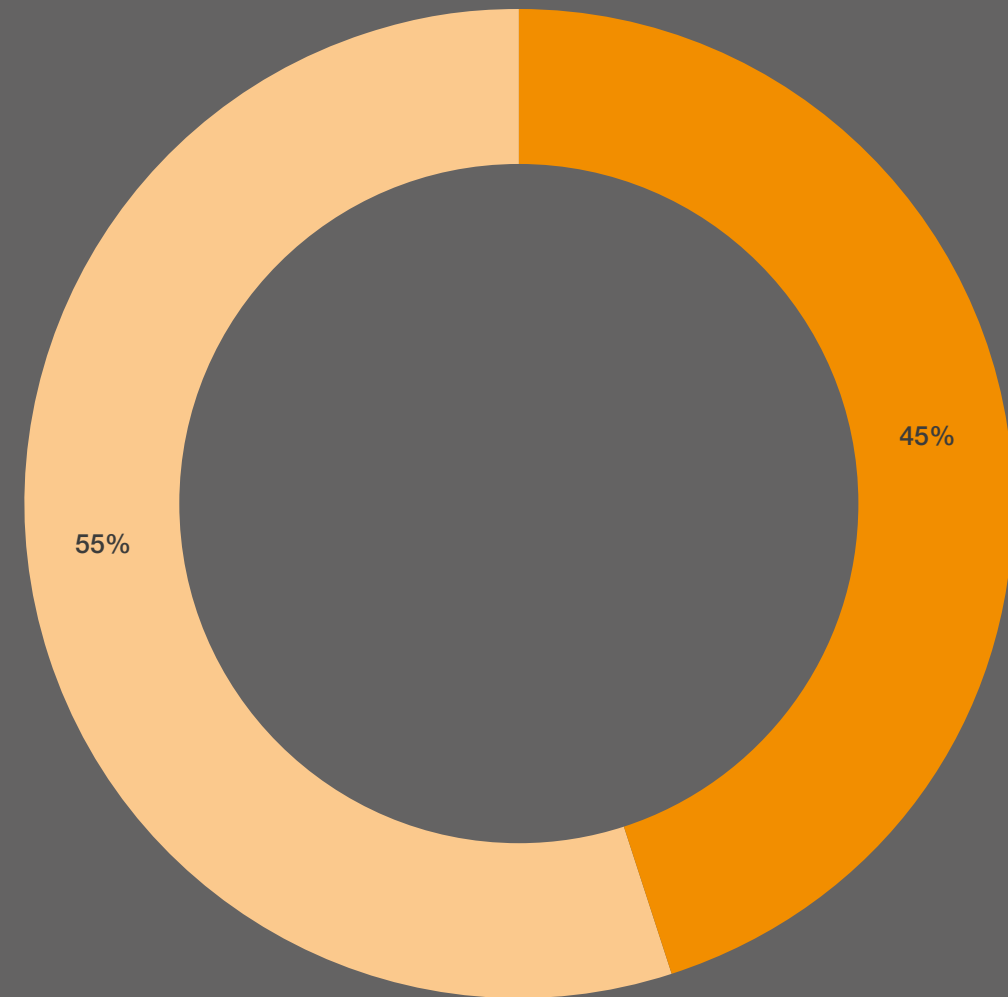




Agent

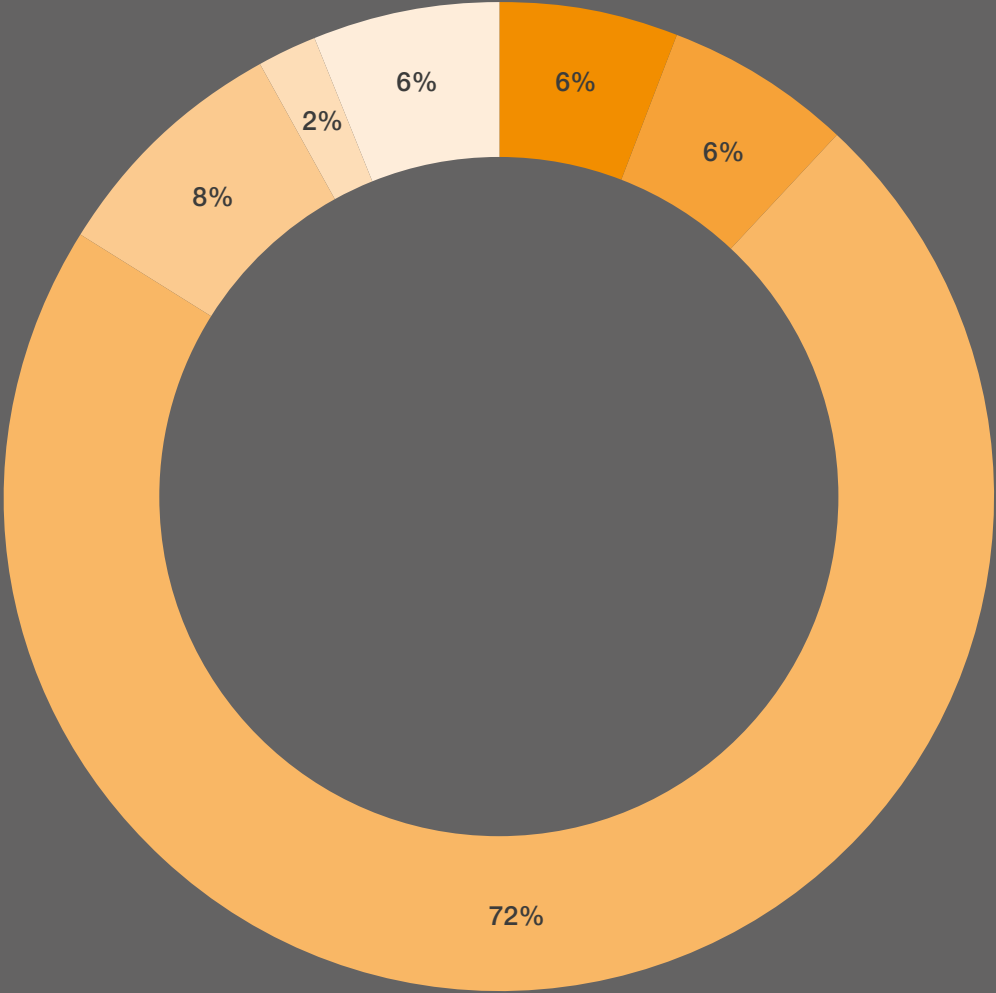
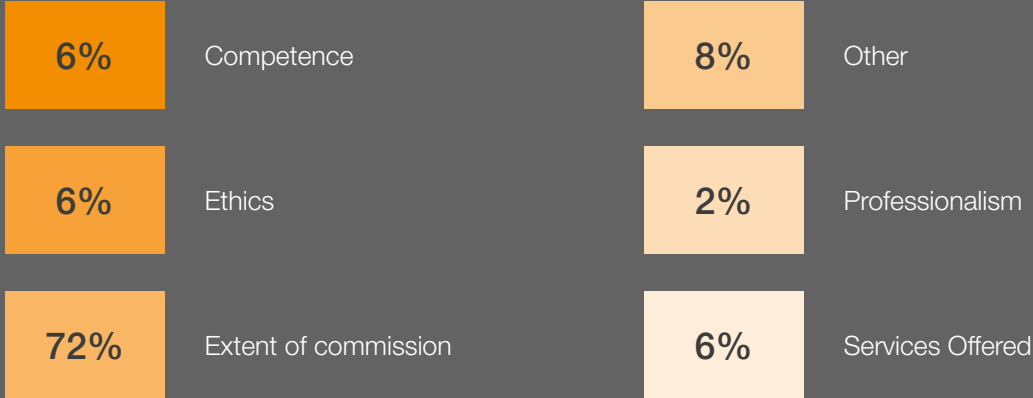
Would you use an agent to sell, buy or rent a property?

Most respondents prefer **using an agent when selling, purchasing or renting a property**



Why wouldn't you use an agent?

Most respondents who responded no to the previous question, would not use an agent due to **extent of commission**

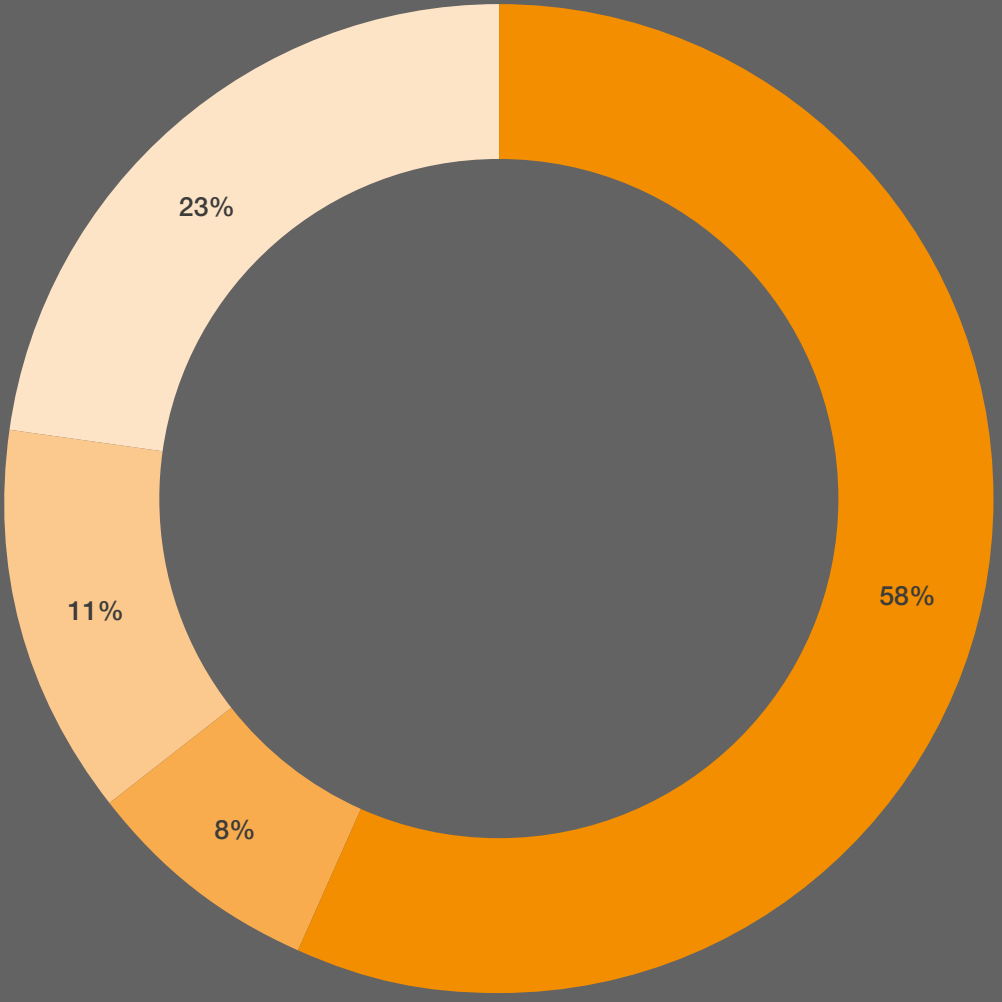




Source of financing

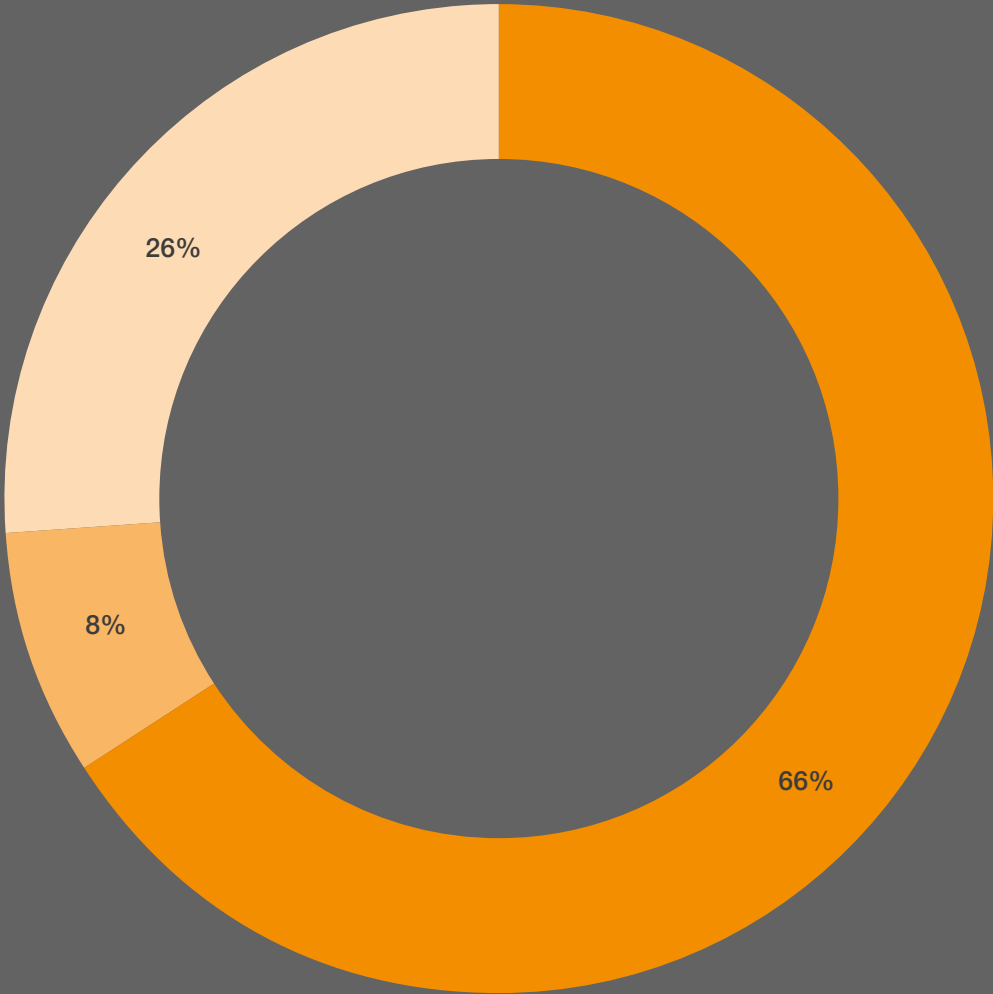
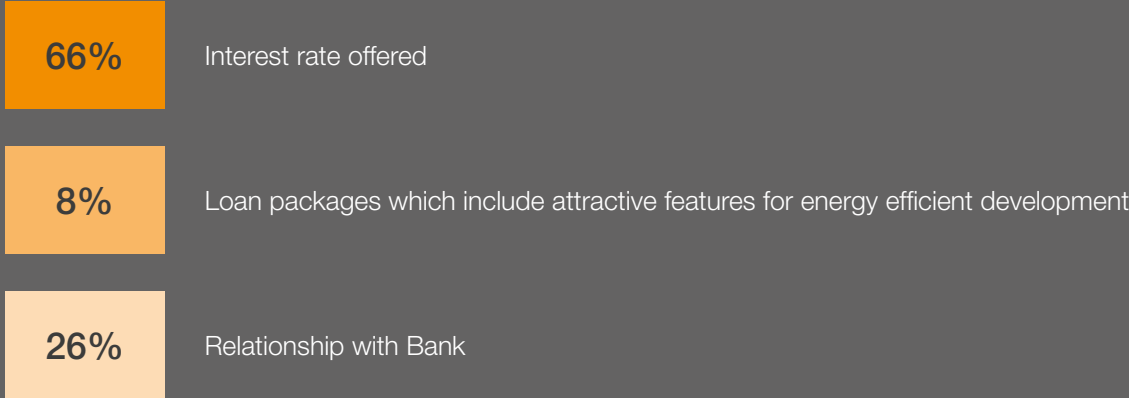
What is the main source for financing the property purchase?

Most respondents would opt for a **bank loan** to be able to purchase the property



If a bank loan is the option available, which of the following would influence you in choosing one bank over another?

Most respondents would consider one bank over another due to **the interest rate offered**

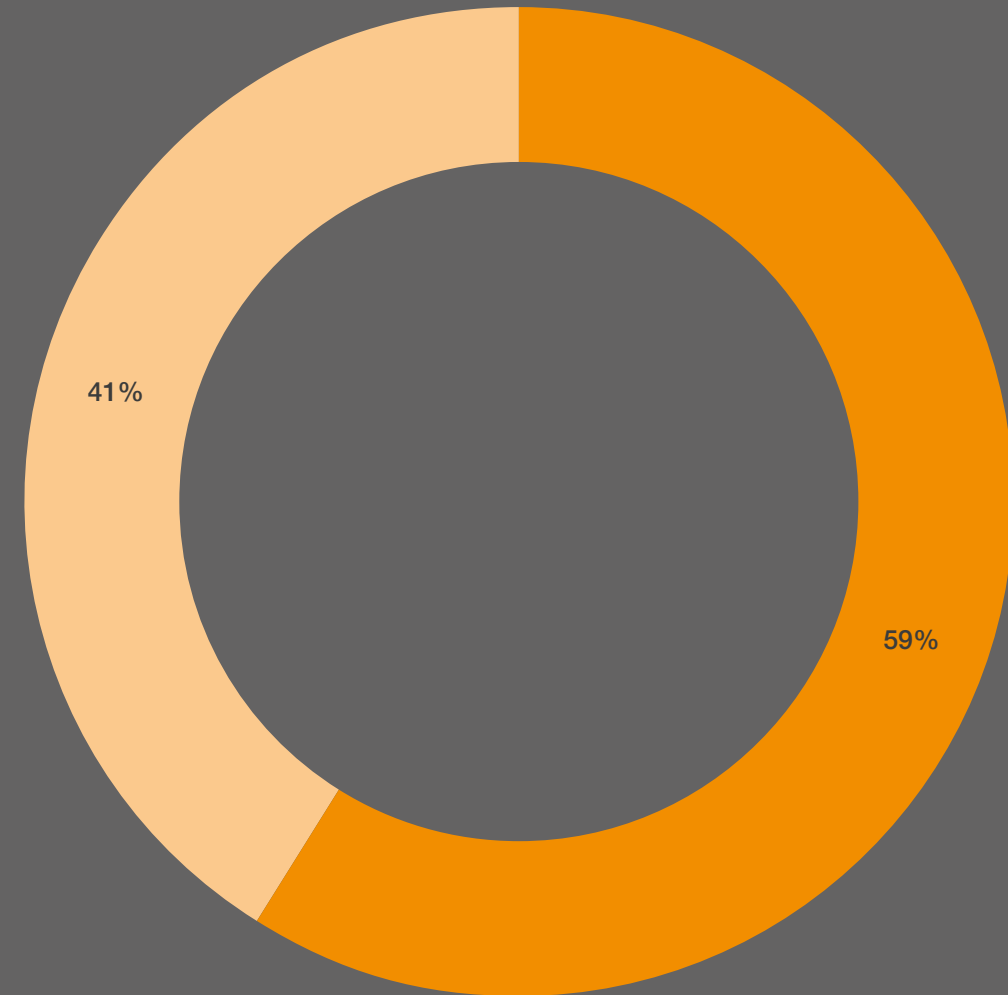




New regulatory developments

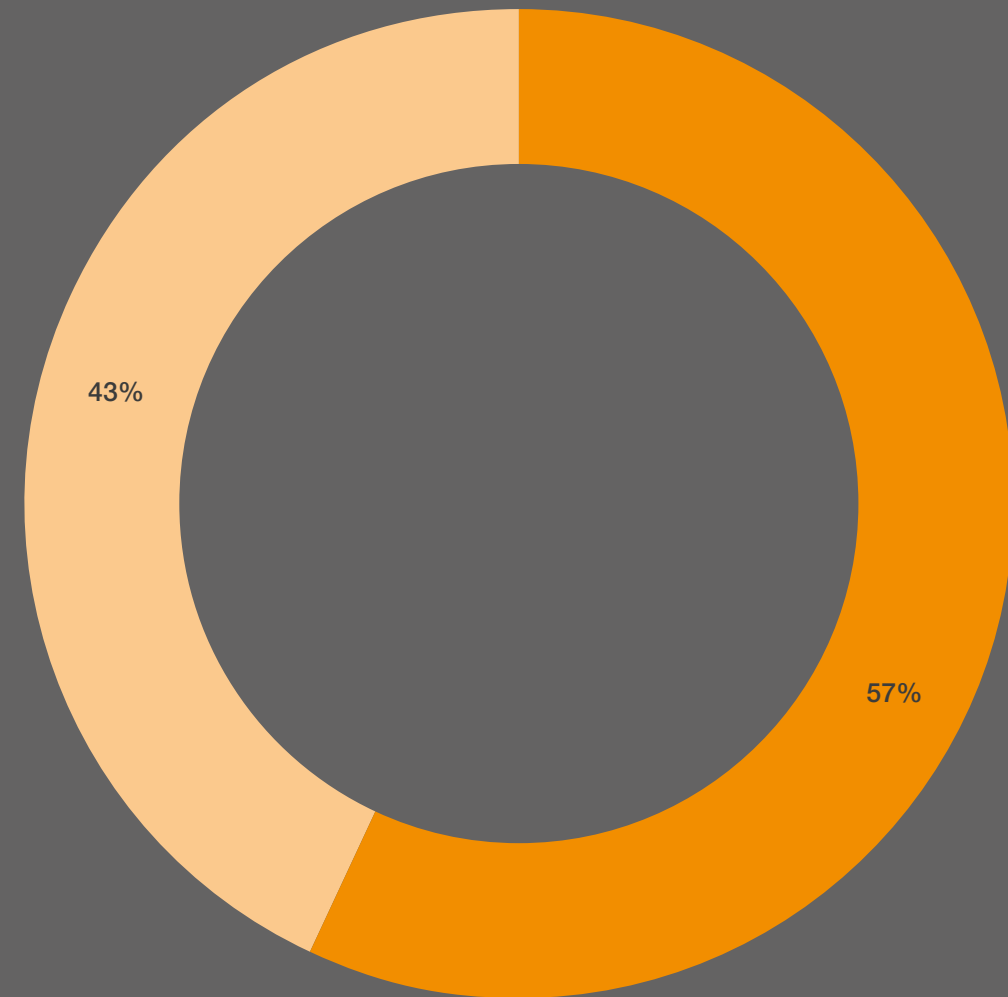
If you are not a first-time home buyer, are you aware of the additional restrictions imposed by the Central Bank on local banks in connection to the issuance of loans to purchase property?

Most respondents responded that they **are not aware of the additional restrictions**



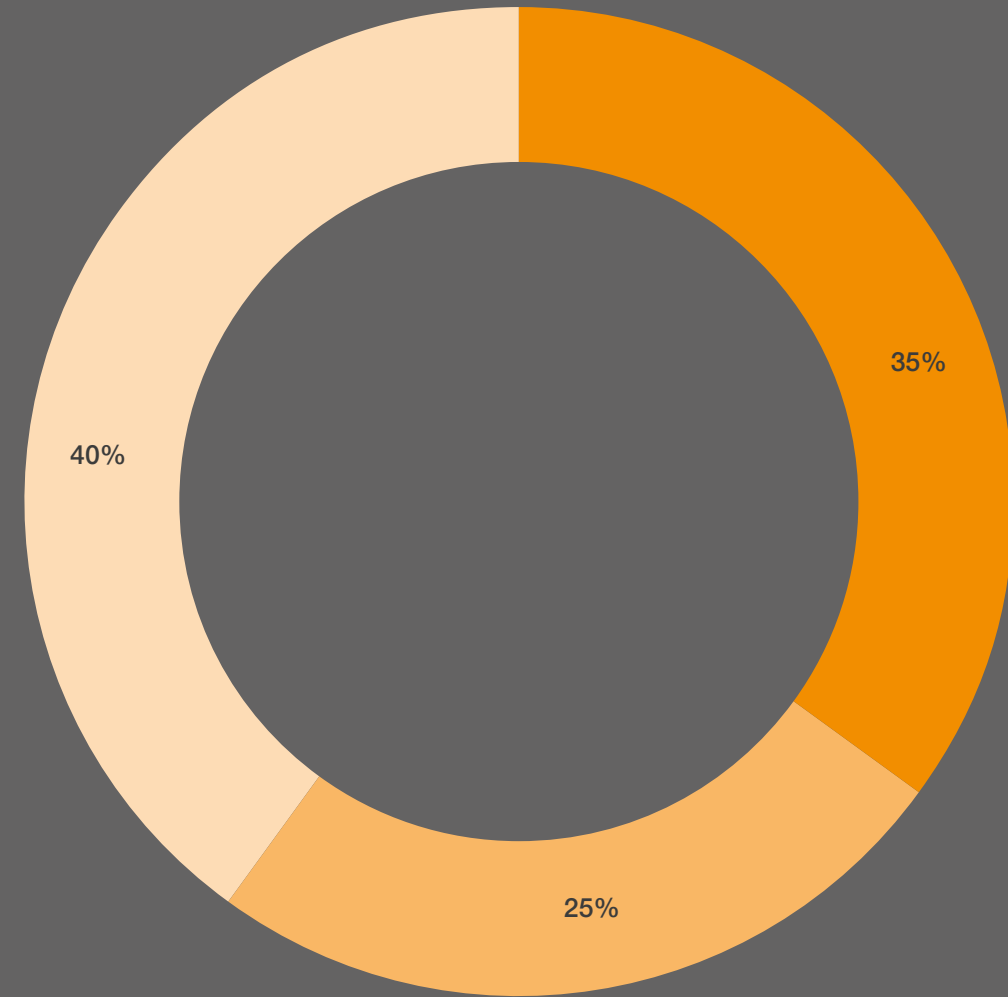
If yes, did they have an impact on your decision to purchase/or not, property?

Most respondents responded that it **did not impact their decision**



To what extent have the 2022 budget measures affecting the sale of property, namely, the tax relief on transfer of properties which are vacant, in UCA or which have traditional features, recent influence your decision/plans to buy?

Most respondents responded that it **slightly influenced their decision**



Key Takeaways

- The demand to rent property (at 12% of the total respondents, compared to 11% in Q2 of 2021) has remained broadly consistent when compared to the latest barometer which was carried out in Q2 of 2021. The latest survey registers an increase in the share of the population which is looking forward to purchase property (51% in Q1 of 2022 when compared to 45% in Q2 of 2021), arguably a reflection of the business sentiment which is yearning for a recovery following the unprecedented economic distress triggered by the pandemic. 37% of population surveyed suggested no plans to buy or rent (44% in Q2 of 2021).
- Nearly two thirds (63%) of respondents expressed plans to purchase alone, a trend which appears to be increasing since 2021 (Q2 2021 barometer 56%), probably reflective of the new aspirations of the younger generation and other social trends developing in our communities.
- When asked about the reason for the consideration of purchase of a property, a third (34%) stated that they were moving out from their parental home and were first-time buyers. Nearly a quarter (24%) of respondents wished to upgrade their home and another quarter suggested that their decision was one linked to an investment opportunity. Whilst the feedback to the first two questions is roughly in line with the feedback registered in 2021, in what appears to be another suggestion of increase level of consumer confidence, the percentage of respondents which are purchasing a property for investment purposes, more than doubled to 24% (when compared to 10% registered in Q2 of 2021) and is almost line with the level registered in Q1 of 2021.
- While the majority of interest (78%) in property purchase was in connection to properties situated in Malta, the barometer suggests a sustained level of interest in the purchase of properties on the sister island, at 12% (and up from 9% in the Q2 of 2021).

- Apartments and penthouses consistently remain the property type of choice, with 59% of respondents stating that they are on the lookout for such property - arguably as a result of the relative lower price such properties fetch in the market, when compared to town houses, and houses of character. In aggregate the latest barometer indicates the share of the general population looking for such higher end properties, in aggregate is 18%.
- The center of Malta remains very popular with prospective buyers with Attard and Naxxar retaining the top two spots, with Rabat placing third. In Gozo, Gharb remained popular, but there has been a shift from the west (in June) back to the east with Nadur and Ghajnsielem returning to the top 3 Gozitan localities, arguably as a result of the relative high cost and low supply of properties in the more rural side of the sister island.
- For the first time, this PwC barometer delved into the role of real estate agents. Slightly over half (55%) of respondents stated that they would rather use an agent when buying or renting property. When those who replied saying that they would prefer not to use an agent were asked to elaborate further, nearly three quarters (72%) said that it was due to the high

commission rates agents ask for. Nevertheless, the survey suggests that the majority of the population considers the value in the involvement of real estate agents. In a suggestion that the pressures on disposal income could be denting the prospective home buyers' budget, 49% of the respondents indicate that their respective budget available is €200k or less. This is higher than the equivalent cohort in the 2021 Q2 barometer, which at that time stood at 41% and marginally lower than the mark registered in the 2021 Q1 barometer, when at time stood at 52% - fluctuations, which are arguably driven by the dynamics of the pandemic of and inflationary pressures.

- The most common method to finance property purchases appears to be bank loans (over half (58%) of respondents) while close to a noteworthy quarter, (23%) of respondents, appear to be in a position to resort to personal savings as the main source of financing. When probed further on bank financing, two thirds of respondents state that the interest rates are the main influencing factor when choosing which bank to originate the loan from, with over a quarter (26%) stating that their pre-existing relationship (or lack thereof) would be the main influencing factor.

- About 59% of respondents who were not first-time buyers were not aware of the additional restrictions imposed by the Central Bank on local banks in connection to the issuance of loans to purchase property. Of those that did, though, 57% said it did not impact their decision to purchase property. The 2021 budget measures which incentivised the sale of property influenced just under two thirds (65%) of respondents, with 25% saying that it influenced them significantly - a clear indication that government's measures to propel the economy by fuelling the real estate industry had fruition.





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