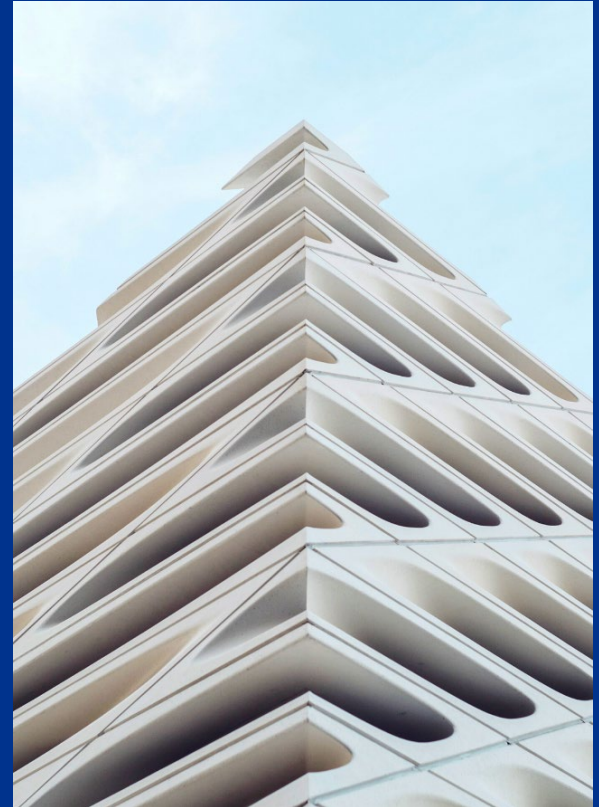




The Future of Malta's Property Market



28th October 2022

This study was commissioned by Malta Developers Association (MDA), and sponsored by Bank of Valletta p.l.c., BNF Bank p.l.c., FCM Bank Ltd., HSBC Bank Malta p.l.c., and Property Malta Foundation.



Important information about this document

This document has been prepared for the purposes of supporting the oral presentation by KPMG and has been prepared in accordance with our terms of engagement dated 10 March 2022, and the subsequent letter of extension dated April 2022.

Nothing in this document shall be construed as meaning that we undertake any advocacy services or managerial function for the Malta Developer's Association (MDA). Any decisions and/or positions taken are solely those of MDA.

Our duties in relation to this document are owed solely to the MDA and accordingly we do not accept any responsibility for loss occasioned to any third party acting or refraining from action as a result of this document. We understand and acknowledge that this document may be distributed and released into the public domain, in complete or summary form. Our consent for the whole or part of our reports to be copied or disclosed to any third party other than the MDA, or otherwise quoted or referred to, in whole or in part, is on the basis that we do not owe such third parties any duty of care as a result of giving such consent.

We have indicated in this document the sources of the information presented. We have not sought to establish the reliability of these sources by reference to information independent of the Association, but where any relevant information has been obtained, this has been indicated in the document. We have, however, satisfied ourselves, as far as possible, that the information presented is consistent with other information that was made available to us in the course of our work in accordance with the terms of the engagement letter.

Throughout this document, reference is made to comments received from industry operators during a series of consultation meetings. The views expressed by such industry operators do not necessarily reflect our own. Our inclusion of any such comments or views expressed by industry sources should not be interpreted as an endorsement of such views, or as an acknowledgement or otherwise of the veracity of such views.

Important information about this document

In providing our services, we may have referred to and quoted from laws, regulations, directives or rules issued by regulatory bodies. We may have also commented on their general or specific applicability to the subject of our engagement. We have done so in the context of providing you with additional insights relevant to the subject at hand, and should not be construed in any way as the provision of legal services.

We must emphasise that the scope of the work required in connection with this engagement is different from that required for an audit carried out in accordance with International Standards on Auditing and cannot therefore be relied upon to provide the same level of assurance as an audit of financial statements prepared in accordance with those standards.

Our document is also based upon publicly sourced information. Our reliance on and the use of this unaudited information should not be construed as an expression of our opinion on it except as, and to the extent that, we may otherwise indicate in our report. We do not accept any responsibility or liability for the impact on our conclusions of any inaccuracies in such information.

There exists a significant degree of judgement involved in selecting methods and basis for arriving at our opinions and recommendations, and a significant number of items may be subjectively considered when arriving at such opinion. It follows therefore that, whilst our opinion will be one which we consider to be both reasonable and defensible, others may arrive at a different conclusion.

This document is incomplete without reference to, and should be viewed solely in conjunction with, the oral briefing provided by KPMG. No reliance should be placed on any draft report or other documents and on previous verbal representations as such documentation and representations do not constitute our definitive opinions and conclusions.

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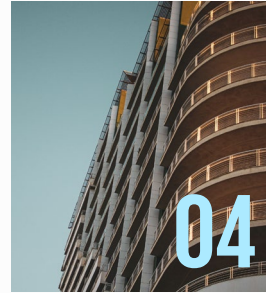
**Methodology
and
definitions**



**Industry
performance**



**Property
prices**



**Housing
affordability**



**Industry
viewpoints**



1

Methodology and definitions

Methodology



What?

Construction Industry and Property Market Report – Sixth Edition, first published in October 2017.



Why?

- Construction and property industry is a key component of the local economy.
- Challenges in obtaining a comprehensive view of the industry and related property market performance.
- Growing ask by a broadening stakeholder base.



How?

- KPMG Property Database – granular data on asking prices for all types of residential and commercial properties from 2011 onwards.
- Interviews carried out during April 2022 with MDA members and other industry stakeholders.
- Data published by the Eurostat, CBM, and NSO.
- Mortgage specific data from local banks.

Defining the building industry

Construction of Buildings

Development of building projects (NACE 41.1)

Construction of residential and non-residential buildings (NACE 41.2)

Core Activities

Civil engineering (NACE 42)

Specialised construction activities such as demolition and electrical installation and plumbing (NACE 43)

Real estate activities (NACE 68)

Architectural and engineering activities, technical testing and analysis

Mining and quarrying

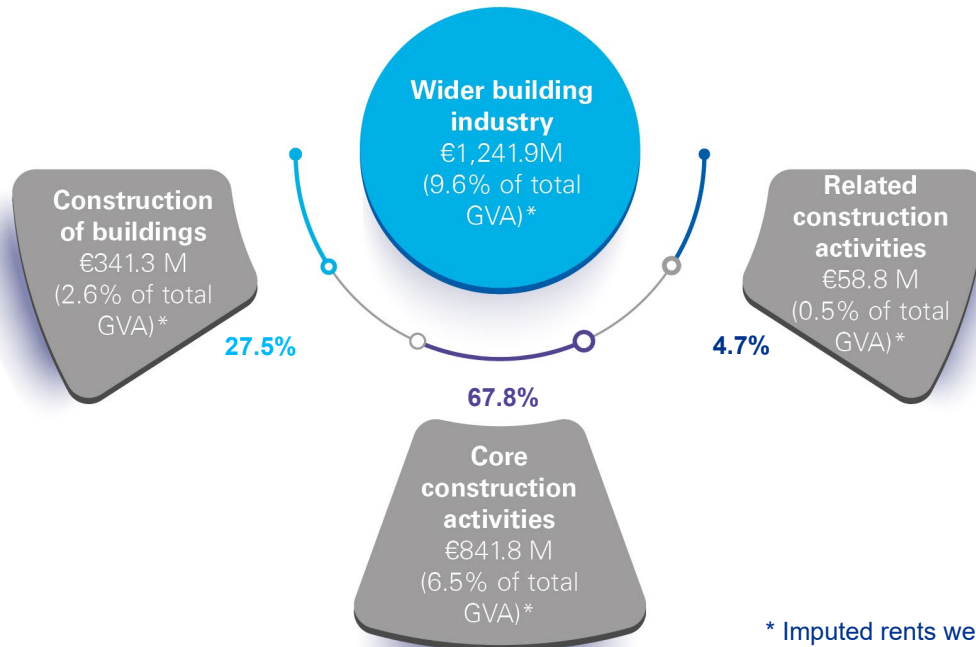
Related Activities

Manufacturing of wood and products of wood and cork

Manufacturing on other non-metallic mineral products

Manufacturing of fabricated metal products

Defining the building industry



Source: NSO data; KPMG Analysis.
Data pertains to annual figures for 2021.

* Imputed rents were excluded from the GVA of core activities, wider building industry, and total.

Direct share of the wider building industry

| GVA from the building industry | | | | | | |
|---|--------------|---------------|---------------|---------------|---------------|--------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | H1 2022 |
| | € millions | € millions | € millions | € millions | € millions | € millions |
| GVA from construction of buildings | 241.8 | 271.0 | 315.3 | 320.8 | 341.3 | 176.5 |
| GVA from core activities | 617.2 | 684.0 | 774.1 | 749.5 | 841.8 | 414.1 |
| GVA from related activities | 39.4 | 48.9 | 62.3 | 49.1 | 58.8 | 33.7 |
| Total GVA from construction, core and related activities | 898.3 | 1003.9 | 1151.7 | 1119.4 | 1241.9 | 624.3 |
| % of total GVA | 8.7% | 9.0% | 9.4% | 9.8% | 9.6% | 8.9% |

Figures for 2022 are up to June 2022 .

Imputed rents were excluded from the total of core activities and total GVA

Source: NSO data; KPMG Analysis

| Shares of GVA of wider building industry | | | | | | |
|--|------|------|------|------|------|---------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | H1 2022 |
| | % | % | % | % | % | % |
| GVA from construction of buildings | 26.9 | 27.0 | 27.4 | 28.7 | 27.5 | 28.3 |
| GVA from core activities | 68.7 | 68.1 | 67.2 | 67.0 | 67.8 | 66.3 |
| GVA from related activities | 4.4 | 4.9 | 5.4 | 4.4 | 4.7 | 5.4 |

Source: NSO data; KPMG Analysis



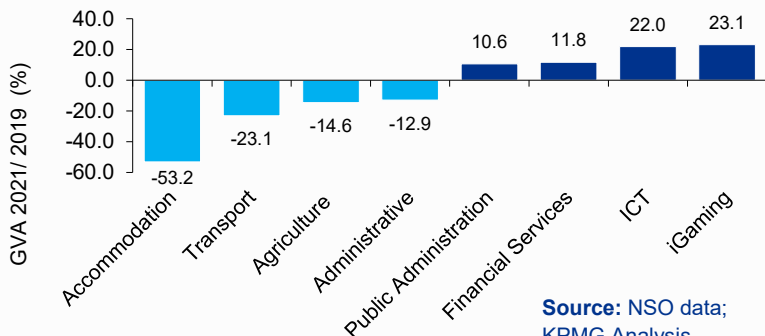
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Industry performance

Industry performance at a glance

- 2021, Malta's GVA increased by 9.9% over the previous year.
- Output levels for the Maltese economy overall were back to pre-pandemic levels (GVA All Sectors 2021/2019 - 1.9%), but the recovery was not evenly distributed across all sectors.
- Most of the contraction occurred in sectors heavily dependent on international tourism – accommodation, transport, and car rentals, while other sectors, such as financial services, information and communication services, and iGaming were seemingly unaffected by the pandemic.

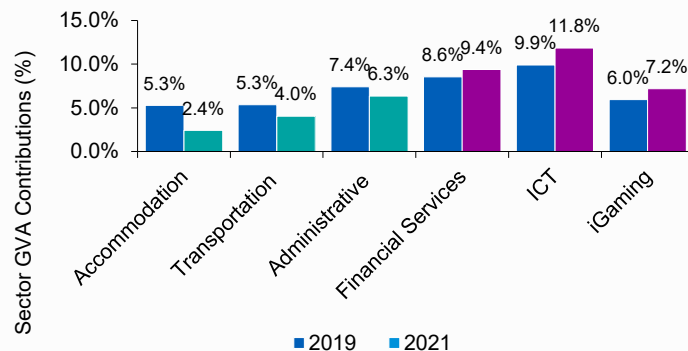
Movement in Sector GVA



Source: NSO data;
KPMG Analysis

- The uneven contraction and recovery resulted in a redistribution in the sector contributions to GVA. pandemic.

Movement in Sector GVA Contributions - 2021 vs 2019

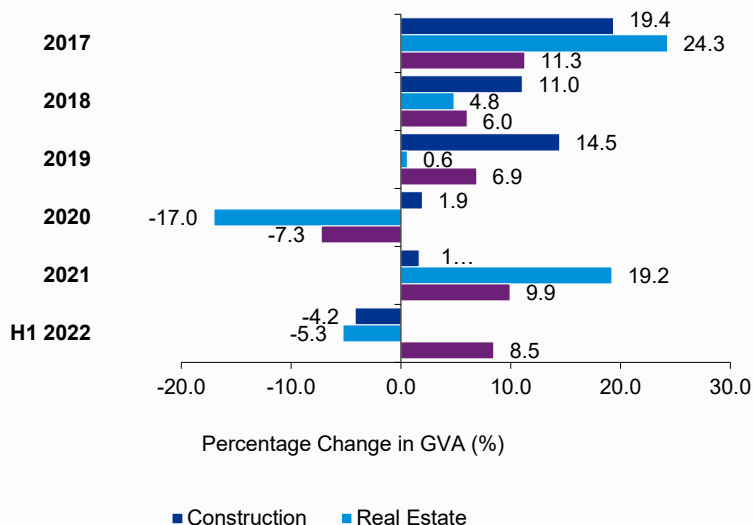


Source: NSO data; KPMG Analysis

In contrast, the direct GVA contributions of construction and real estate activities remained relatively unchanged at 4.3% and 5.7% respectively.

Construction and real estate in focus

Growth Rate in GVA in Volume Terms

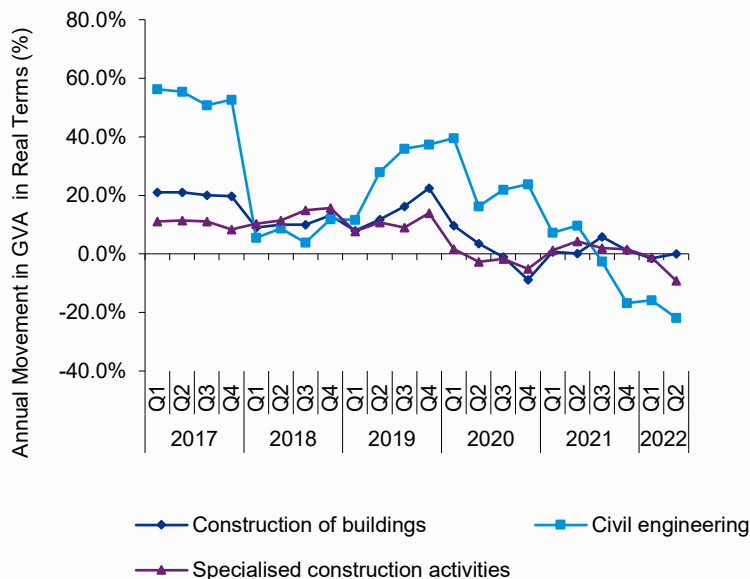


- During the pandemic, the construction industry did not contract.
- As a result of the strong pre-pandemic growth and its resilience during the pandemic period, the direct contribution of the construction industry to Malta's GVA, increased from 3.8% in 2017 to 4.3% in 2021.
- Real estate proved more volatile and, after accounting for imputed rents of owner occupied dwellings, the sector contracted by 17.0% during the pandemic. Nonetheless, recovery during 2021 was equally strong.
- During H1 2022, construction contracted by -4.2% in real terms, following a contraction of -1.0% in Q4 2021. Real estate activities, excluding imputed rents, contracted by 5.3%.

Source: NSO data; KPMG Analysis

Construction in focus

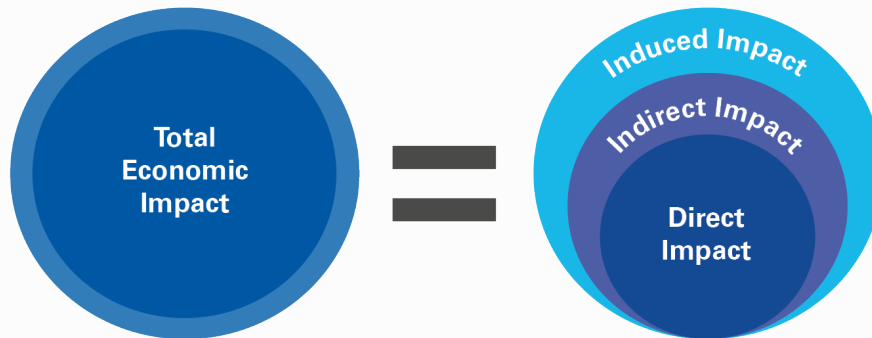
Breakdown of Construction GVA



- In 2021, the construction of buildings segment (circa 60% share of total construction GVA) and special construction activities (circa 30% share of total construction GVA) grew by 2.0% and 2.2% respectively, in real terms. Civil engineering (circa 10% share of total construction GVA) contracted by 1.4%.
- During H1 2022, all the segments in the construction industry contracted in real terms.
- On a quarterly basis, construction of buildings contracted by 1.5% in Q1 2022 and very marginally in Q2 2022.
- Civil engineering sustained 4 successive quarters of contraction, with a year-on-year decrease of -21.8% in Q2 2022. The output of this segment is very much related to government expenditure on capital projects.
- Specialised construction activities contracted by 1.2% in Q1 2022 and 9.1% in Q2 2022.

Source: NSO data; KPMG Analysis

Multiplier analysis



- Whenever a consumer purchases a good or service, the economic impact is greater than the value of their expenditure.
- Multiplier analysis is used to analyse the total effect on national income or employment, as a result of a change in a particular industry, in this case construction and real estate activities.
- The direct impact of an industry is the set expenditure or employment in a particular industry. In our case, the direct effects are the gross value added of the construction and real estate sectors or the people employed by the respective sectors.
- The indirect impact (Type 1) is the result of business-to-business transactions indirectly caused by the direct effects. Therefore, this is the result of industries, such as manufacturing supplying or acquiring products from the construction and real estate sectors.
- The induced impact (Type 2) is the resultant effect of the direct and indirect effects on the level of household income. For instance, part of the income generated by the construction industry will eventually be spent on food by construction employees.
- The total actual impact of an industry is expected to fall in between the Type 1 and Type 2 multiplier.

Multiplier analysis: GVA

| Estimation of the GVA contribution from the broader building industry | | |
|--|-----------------|----------------|
| Source of GVA contribution | € millions | % of total GVA |
| Construction | | |
| Output from construction | 2,048.18 | |
| Construction Type 1 Value Added multiplier | 0.55 | |
| Value added from construction | 1,126.50 | 8.53% |
| Real estate | | |
| Output from realestate | 1,219.01 | |
| Real estate Type 1 Value Added multiplier | 0.78 | |
| Value added from real estate | 950.83 | 7.20% |
| Value added from construction and real estate | 2,077.33 | |
| Less inter-industry linkages | -110.35 | -0.84% |
| Estimated contribution to total GVA by construction and real estate | 1,966.97 | 14.90% |

Source: NSO data; KPMG Analysis

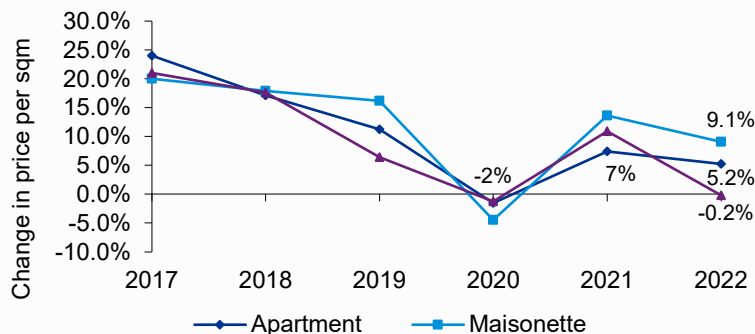
The 14.90% represents an estimate of the total of direct and indirect contribution of the construction and real estate activities.

3

Property prices

Residential property asking prices: KPMG property database

Weighted average change in general property price level

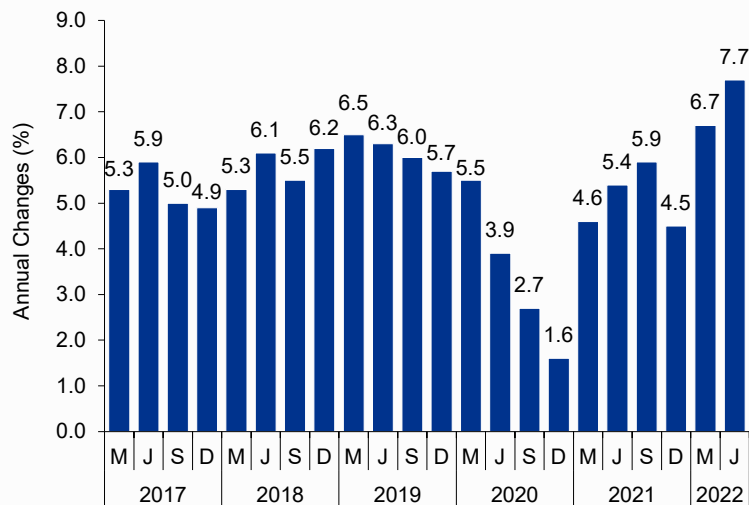


Source: KPMG Property database

- Changes in asking prices are not solely determined by property price inflation but are also dependent on the mix of characteristics in the sample. We have sought to control for certain characteristics to eliminate price variability due to qualitative factors.
- The following data refers to the movements in price per square metre of finished properties with no views and not part of a large-scale development.
- After a noted decline in the general advertised property price levels in 2020, asking prices returned to year-on-year positive growth in 2021.
- In 2022, asking prices increased, although at a decreasing rate when compared to a year earlier. Asking prices increased by circa 5.2% for apartments (2021:7.4%) and 9.1% for maisonettes (2021:13.7%). The asking prices for penthouses contracted marginally by -0.2% in 2022 (2021:10.9%).

Residential property transacted prices: NSO & Eurostat

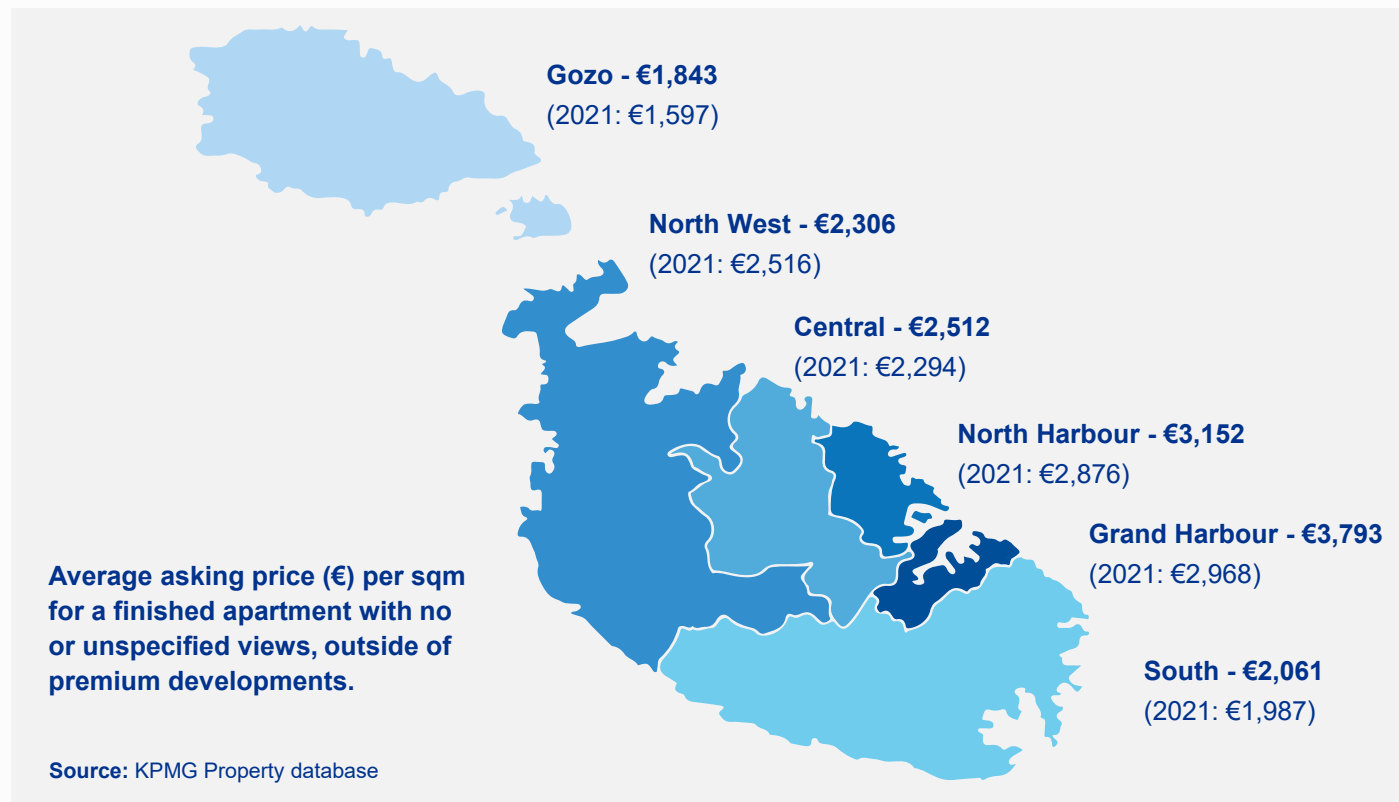
Growth in PPI (Contracted prices 2015 = 100)



Source: NSO and Eurostat data, KPMG Analysis

- In 2021, transacted property prices grew by an average of 5.1% over the previous year. During H1 2022, transacted property prices increased by an average of 7.2 percent as per NSO/ Eurostat.
- Transacted prices per property type moved in line with asking prices, with maisonettes exhibiting the most growth.
- NSO PPI relies on contracted property prices, whereas KPMG collates data from online listings. Other differences include:
 - Reference to different time periods.
 - Advertised data includes allowances for negotiating margins, which increase/ decrease depending on whether it is sellers'/ buyers' market.
 - Advertised data is generally more reflective of sellers' expectations.
 - NSO data includes all population, whereas KPMG database observes properties advertised with estate agents.

Region: a major driver of price



Region: a major driver of price

KPMG Real Estate Database - Localities in Central Region

Attard
Bahar ic-Caghaq
Balzan
Birguma
Birkirkara
Fleur de Lys
Gharghur
Gwardamangia
Hamrun
Lija
L-Iklin
Madliena
Mosta
Mriehel
Naxxar
Qormi
Qormi-Industrial
San Pawl Tat-Targa
Santa Venera
Swatar
Ta' Qali
Xwieki

KPMG Real Estate Database - Localities in Gozo

Fontana
Ghajnsielem
Ghammar
Il-Munxar
Il-Qala
In-Nadur
Ir-Rabat
Ix-Xewkija
Iz-Zebbug
Kercem
L-Gharb
L-Ghasri
Marsalforn
Mgarr
San Lawrenz
Sannat
Santa Lucia
Xaghra
Xlendi

KPMG Real Estate Database - Localities in Grand Harbour Region

Cospicua (Bormla)
Floriana
Kalkara
Marsa
Senglea (Isla)
Valletta
Vittoriosa (Birgu)





**KPMG Real Estate Database -
Localities in North Harbour
Region**

Blata il-Bajda
Gzira
High Ridge
Kappara
Msida
Paceville
Pembroke
Pieta
San Gwann
Sliema
St Andrews
St Julians
Swieqi
Ta' Giorni
Ta' Librag
Ta' Xbiex
The Gardens
The Village

**KPMG Real Estate Database -
Localities in North West
Region**

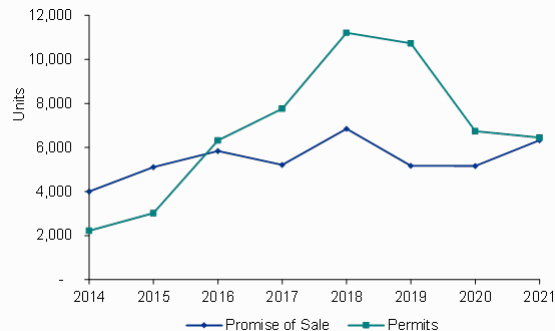
Bahrija
Bidnija
Bugibba
Burmarrad
Buskett
Dingli
Ghajn Tuffieha
Landriet
Maghtab
Manikata
Mdina
Mellieha
Mensija
Mgarr
Mtahleb
Mtarfa
Qawra
Rabat
Salina
St Paul's Bay
Wardija
Xemxija
Zebbiegh

**KPMG Real Estate Database -
Localities in South Region**

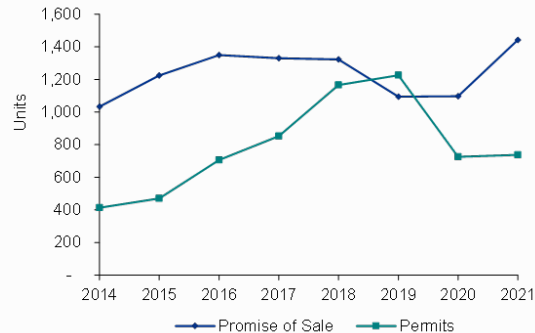
Bir-Id-Deheb
Birzebbugia
Fgura
Ghaxaq
Gudja
Hal-Far
Kalafrana
Kirkop
Luqa
Marsascale
Marsaxlokk
Mqabba
Paola
Qrendi
Safi
Santa Lucia
Siggiewi
Tarxien
Xghajra
Zabbar
Zebbug
Zejtun
Zurrieq

Residential property: Evolution of permits and promise of sale agreements

Apartments and Penthouses



Maisonettes

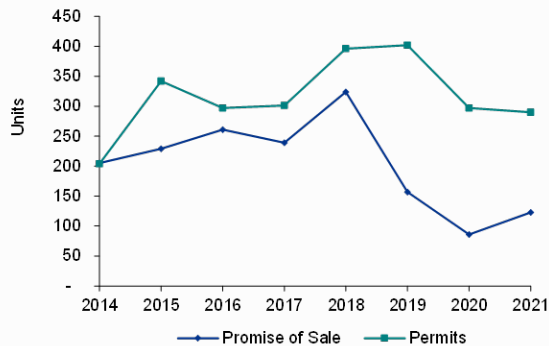


Source: CIR and NSO data, KPMG Analysis

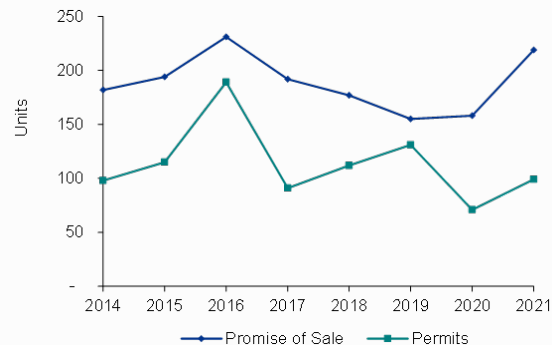
- Residential units:
 - 7,578 permits approved in 2021 (-3.3% over 2020)
 - Down from peak during 2017/8 of 12,000+ approved permits
- **Apartments and penthouses** remained by far the most popular type of property and made up 85.1% of units approved in 2021. During 2021, the number of permits decreased by 4.2%, while the number of promise of sale agreements increased by 23.0%.
- **Maisonettes** totalled 738 or 9.7% of approved units. During 2021, the number of permits increased by 1.5%, while the number of promise of sale agreements increased by 27.0%.

Residential property: Evolution of permits and promise of sale agreements

Terraced Houses



Others – Bungalows, Farmhouses, Villas

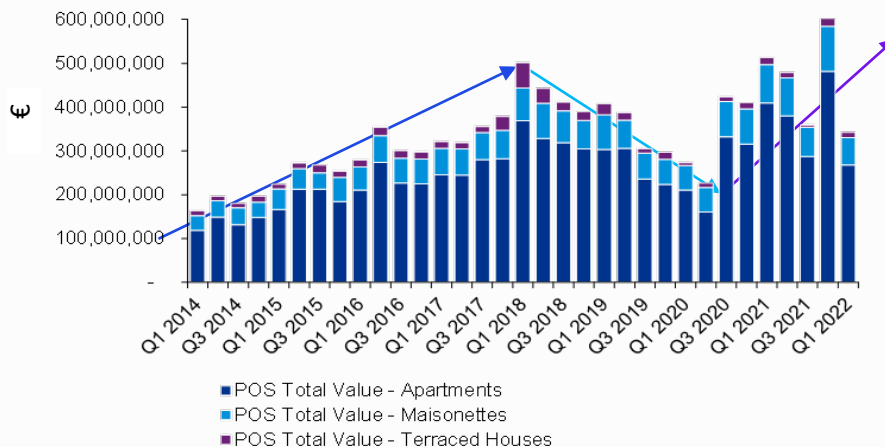


Source: CIR and NSO data, KPMG Analysis

- 290 permits for **terraced houses** were issued in 2021 – a decrease of 3.0% over the previous year. Terraced houses made up a 3.8% share of total unit permits.
- **Other dwellings** examined include bungalows, farmhouses and villas. In 2021, permits for new dwellings in this category stood at 99 versus 76 for 2020. Promise of sale agreements signed increased by 32.0% over 2020.
- While growth in these segments may be indicative of a market seeking larger properties, it is worth considering that the volumes being observed are much smaller and hence movements may not be statistically significant.

Residential property: Promise of sale agreements insights

Total value of Promises of Sale



Source: CIR data, KPMG Analysis

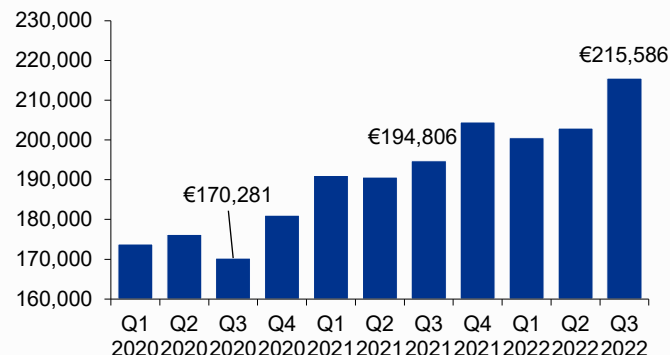
Residential property: Final deeds

- During the period Jan-Sep 2022, **10,516 final deeds** [2021: 10,472] for a value of €2,363.6 million [2021: €2,303.2 million] were signed. Final deeds involving individual buyers made up 91.7 percent in number and 84.6 percent in value.
- The average price appearing on deeds involving households for the September 2022 quarter stood at **€215,586**. This represents an annual rate of growth of 10.7%, when compared to September 2021, and a growth of 6.2% over the March 2022 quarter.

Movements in Average Value of Final Deeds Involving Households as Buyers

| Quarter | Value | Movement | |
|---------|---------|----------|---------|
| | € | YOY (%) | QOQ (%) |
| Q1 2021 | 191,071 | 9.9 | 5.5 |
| Q2 2021 | 190,693 | 8.2 | -0.2 |
| Q3 2021 | 194,806 | 14.4 | 2.2 |
| Q4 2021 | 204,488 | 12.9 | 5.0 |
| Q1 2022 | 200,605 | 5.0 | -1.9 |
| Q2 2022 | 203,009 | 6.5 | 1.2 |
| Q3 2022 | 215,586 | 10.7 | 6.2 |

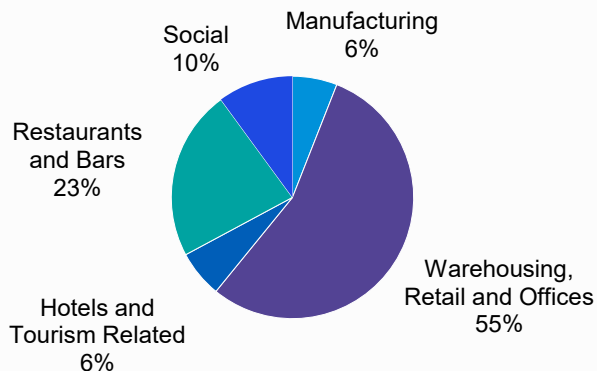
Average value of final deeds involving households as buyers



Source: NSO data, KPMG Analysis

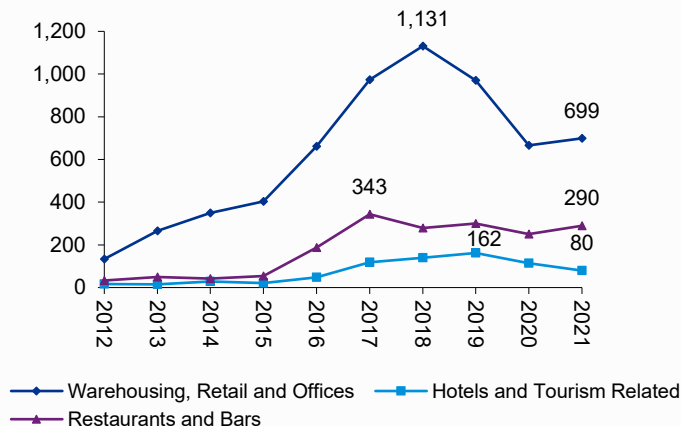
Commercial property development permits

Commercial Development Permits by Type - 2021



Source: CBM data, KPMG Analysis

Development Permits for Selected Types 2012 - 2021

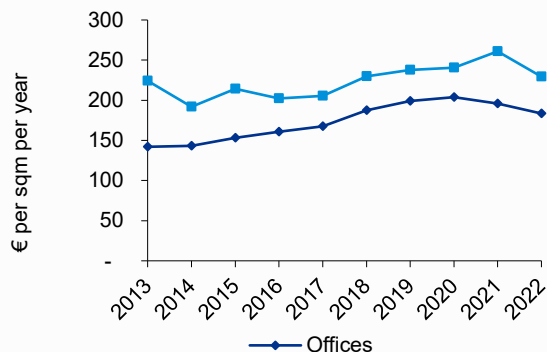


Source: CBM data, KPMG Analysis

- **Warehousing, retail and offices:** 699 permits in 2021, compared to an average long-term trend of 622. The highest number of permits, 1,131, were issued in 2018. This category includes the construction of offices, retail services, warehouses, mixed offices and retail outlets, mixed residential premises, offices and retail outlets, mixed residential premises and retail outlets, mixed residential, offices, retail and catering premises.
- **Restaurants and bars:** 290 permits were issued in 2021, compared to a long term average of 183. The highest number of permits, 343, were issued in 2017.
- **Hotels and tourism related:** 80 permits were issued in 2021, slightly above the long-term average of 75. The highest number of permits, 162, were issued in 2019, being the year just before the pandemic.

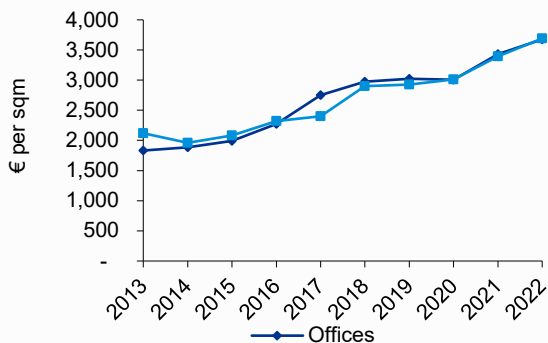
Commercial properties

Average asking rents for commercial property



- The majority of commercial property on the market is available on a rental basis (55%) rather than being offered for sale (45%).
- **Offices:** In 2021, the average asking rental rates for office space decreased by 3.9% to €196/sqm. The trend continued in 2022, with asking rents decreasing by a further 6.4% to €183/ sqm.
- **Retail:** In 2021, average asking rental rates for retail properties increased by 8.5% to €261/sqm. This increase was completely wiped out, with rates decreasing by 12.2% or €229/sqm – equivalent to 2018 levels in nominal terms.

Average asking prices for commercial property



The market for commercial property sales featured an increase in average asking prices for both 2021 and 2022.

- **Offices:** In 2021, the average asking price increased by 14.0% over 2020, climbing to €3,431/sqm. During 2022, average asking prices increased by a further 7.1% to €3,675.
- **Retail:** In 2021, the average asking price for retail properties saw an average increase in price of per square metre of 12.7%, reaching €3,396/sqm. In 2022, average asking prices increased by a further 8.8% to €3,696.
- It should be noted that this substantial growth may be attributed to changes in the underlying data and mix of properties.

4

Housing affordability

Housing affordability index

The HAI is calculated according to the following formula:

$$\text{HAI} = \frac{(\text{Median monthly net household income})}{(\text{Qualifying income})}$$

Where:

$$\text{Median monthly net household income} = \frac{(\text{NEI} \times \text{Average number of persons taking out mortgage})}{12}$$

and

$$\text{Qualifying income} = \frac{(\text{Monthly repayment})}{(\text{Coverage ratio})}$$

Therefore, the HAI calculates the ratio between the median monthly net household's income, and the required net monthly income to qualify for a mortgage for a median-priced property.

Housing affordability index – Two Approaches

Approach A – Median Properties

Assesses the capability of a median income household to obtain bank finance to acquire a median priced property.

Approach B – Typical Properties

Assesses the capability of a median income household to obtain bank finance to acquire a typical property.

An HAI of 1 indicates that a household with median income would be able to borrow the exact amount required to purchase a median priced or typical property. An HAI of less than 1 indicates that a household with median income would not be able to borrow the full finance required.

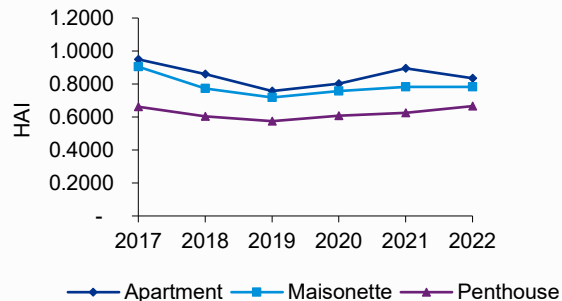
In the following exercise, we have kept banking conditions – i.e. down payment, term, interest rates, and coverage ratio stable as at 2022, in order to assess the movement in affordability due to income and property price movements.

| Summary of HAI results | | | |
|--|---------------|---------------|---------------|
| | Apartment | Maisonette | Penthouse |
| Approach A - Median property (All properties) | | | |
| HAI 2022 | 0.8355 | 0.7836 | 0.6672 |
| HAI 2021 | 0.8960 | 0.7828 | 0.6267 |
| HAI 2020 | 0.8026 | 0.7569 | 0.6077 |
| HAI 2019 | 0.7588 | 0.7181 | 0.5745 |
| HAI 2018 | 0.8603 | 0.7743 | 0.6049 |
| HAI 2017 | 0.9494 | 0.9056 | 0.6627 |
| <i>Change (2021 - 2022)</i> | <i>-6.76%</i> | <i>0.10%</i> | <i>6.46%</i> |
| Approach B - Typical properties | | | |
| HAI 2022 | 0.8446 | 0.7320 | 0.5838 |
| HAI 2021 | 0.8419 | 0.7197 | 0.5871 |
| HAI 2020 | 0.8379 | 0.7106 | 0.6010 |
| HAI 2019 | 0.8321 | 0.6804 | 0.5801 |
| HAI 2018 | 0.9218 | 0.7328 | 0.6264 |
| HAI 2017 | 1.0195 | 0.8470 | 0.6783 |
| <i>Change (2021 - 2022)</i> | <i>0.31%</i> | <i>1.71%</i> | <i>-0.57%</i> |

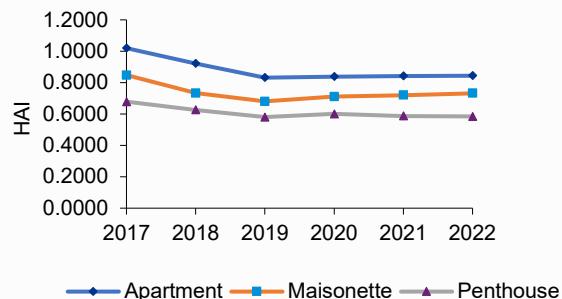
Source: Bank surveys, NSO data and KPMG Property database, KPMG Analysis

Housing affordability index – Two Approaches

Approach A - Median Property



Approach B – Typical Property



Source: Bank surveys, NSO data and KPMG Property database, KPMG Analysis

- The HAI for a median priced property decreased from 0.949 in 2017 to 0.836 in 2022. During the same time, income improved by 22.8%, while median asking property prices increased by an average 34.5%.
- The HAI for a typical property decreased from 1.019 in 2017 to 0.845 in 2022. During the same time, the asking price of a typical property increased by an average 44.3%.
- Apartments remain the most affordable property across all categories.
- In 2022, we noted a deterioration in the affordability of a median priced apartment, while affordability for typical apartments improved marginally. The asking price of a median priced apartment increased by 12.2%, while that of a typical apartment increased by 4.3%.
- Small improvements were noted in the affordability of maisonettes. Asking prices for maisonettes increased by 4.6% (median) and 2.9% (typical) respectively.
- The HAI for typical penthouses showed the most improvement in view of a noted decline in the asking prices of such properties.
- During 2022, net equivalised income stood at €17,831, up by 4.7% over 2021.
- **Changes in asking prices are not solely determined by property price inflation but are also dependent on the mix of characteristics in the sample.**

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Industry viewpoints

Industry viewpoints

Impact of COVID-19

Construction Operators:

- Not a significant hindrance to operations in 2021
- Government incentives helped bring demand forward
- Supply side issues

Real Estate Operators:

- Commercial property market remained weak
- Increase in work from home decreases demand for office space
- Residential rentals still not recovered

Commercial property

- Many firms piloted hybrid models of work in 2021 – this meant that while there wasn't a shift away from commercial properties, demand did not increase either.
- Some buyers interested in smaller commercial properties.
- Some operators wary of developing new commercial spaces.

Property prices

- Moderate increase in property prices in 2021 boosted by incentives, scarcity of land, and the fact that in times of economic distress most operators opt to delay selling their properties rather than reduce prices.
- Operators who sold on plan may find it difficult to finish projects within the original cost budget.

Industry viewpoints

Construction costs

- Dramatic increase in cost of materials.
- Recent builds at a competitive disadvantage with older builds which would have costed less to complete.
- Cashflow difficulties may force smaller operators to sell on plan to aid liquidity.
- Cost of labour – a sentiment that wage pressures have led to an increase in undeclared income and staff poaching.
- Dumping – lack of space has incentivised some operators to recycle.
- Demand for recycled material remains low.

Barter

- Upward trend after resurgence observed in 2020.
- Most common amongst operators with a challenging cash flow situation.
- Practice likely to increase in current scenario.

Banking

- Some operators commented that local banks have been less willing to increase their exposure to the construction industry and property market in recent years.
- Larger operators seemed to be unaffected.
- Increase in bureaucracy and compliance requirements.
- Expected increase in focus on ESG factors.

Industry viewpoints

Regulation

- Stakeholders continued to voice concerns on the lack of regulation so far which allows inexperienced individuals to enter the industry.
- A desire to introduce a licensing and classification system into the industry.

Sustainable development

- Buyers increasingly interested in sustainable development features.
- Property prices have to increase to reflect the increased costs associated with sustainable development features.
- Some operators argued that a minimum level of sustainability should be mandated by the authorities – also to result in a more level playing field in prices.

Further risks and opportunities

Opportunities:

- Setting up of BCA
- Licensing and classification system
- Shifting buyers' preferences – work from home.

Risks:

- Inflationary pressures
- Potential decline in demand for office space due to work from home.





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