



# The Implications of a New Economic Model on the Property Market

Malta's Property Market Outlook:  
Trends and Expectations

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3<sup>rd</sup> November 2023



# Important information

This document has been prepared for the purposes of supporting the oral presentation by KPMG delivered at 'Malta's Property Market Outlook: Trends and Expectations' Conference, held on 3<sup>rd</sup> November 2023, and has been prepared in accordance with our terms of engagement with Malta Development Association ('MDA' or the 'Association'), dated 10<sup>th</sup> June 2023.

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



## Malta's population could increase to 800,000 by 2040 – Clyde Caruana

Finance minister's forecast based on current economic model, urges change

*Times of Malta, 4 June 2023*

## Only 36% of Maltese feel like country is moving in the right direction, as satisfaction plummets

*Malta Independent, 6 June 2023*



## Finance Minister: We cannot keep importing workers at current rates

*Times of Malta, 24 October 2023*

## Majority of small businesses think Malta is moving in the wrong direction

*Times of Malta, 28 October 2023*



## Malta's infrastructure not ready for population boom – investors

*Times of Malta, 22 October 2023*

# Agenda



**The economy and the  
property market**



**Do we need a new  
economic model?**



**Where do we go from  
here?**

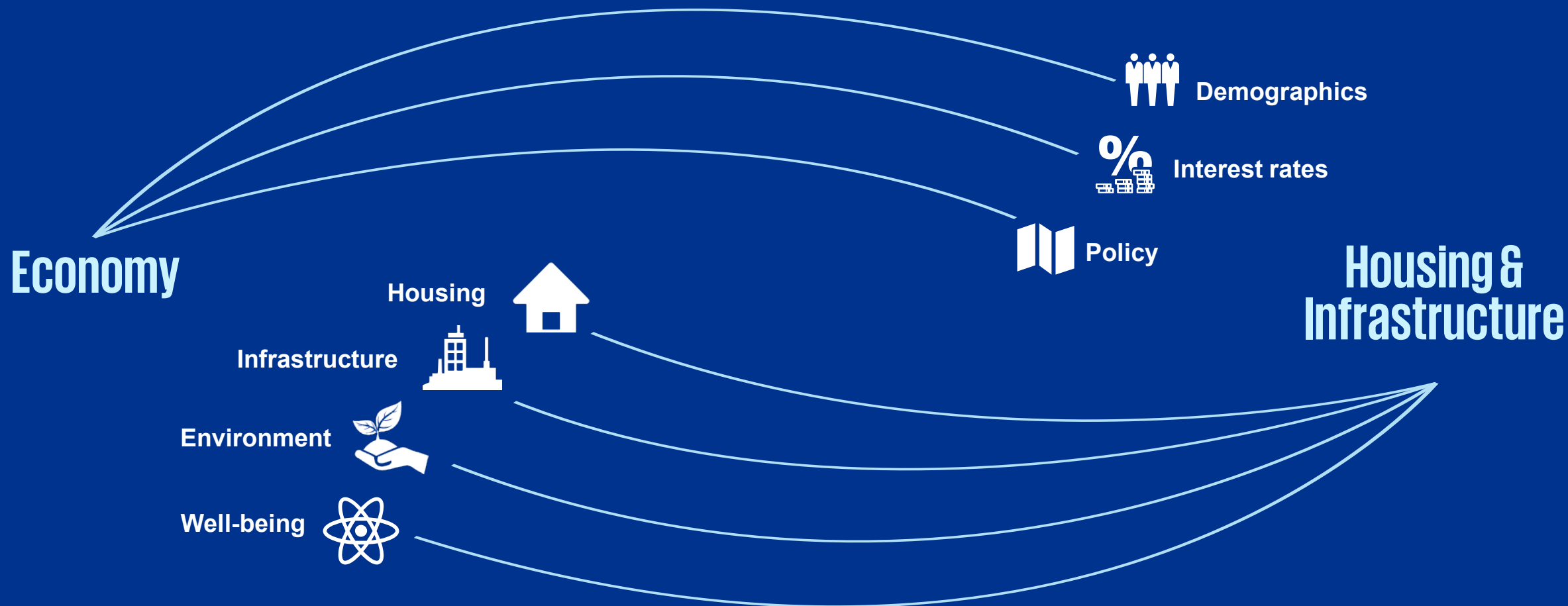


01

# The economy and the property market



# How are the economy and the property market interrelated?







02

**Do we need a new  
economic model?**

# Economic output

GDP per capita in PPPs [EU=100]: 2022

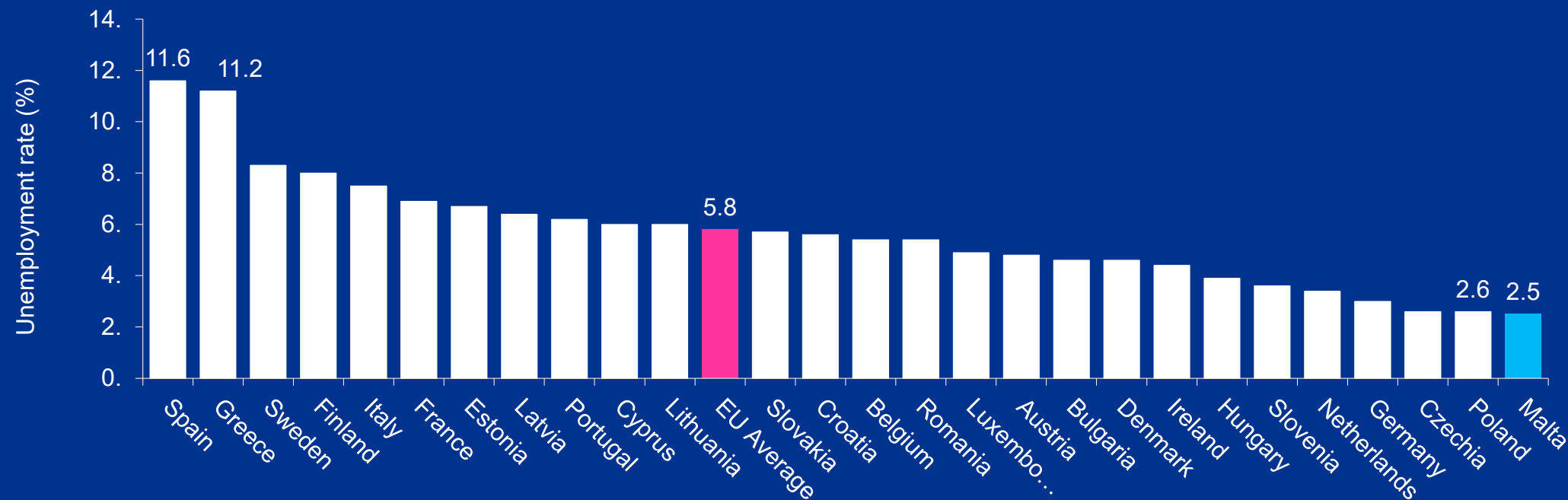


Source: Eurostat; KPMG Analysis



# Labour statistics

## Unemployment Rate 2023 Q2

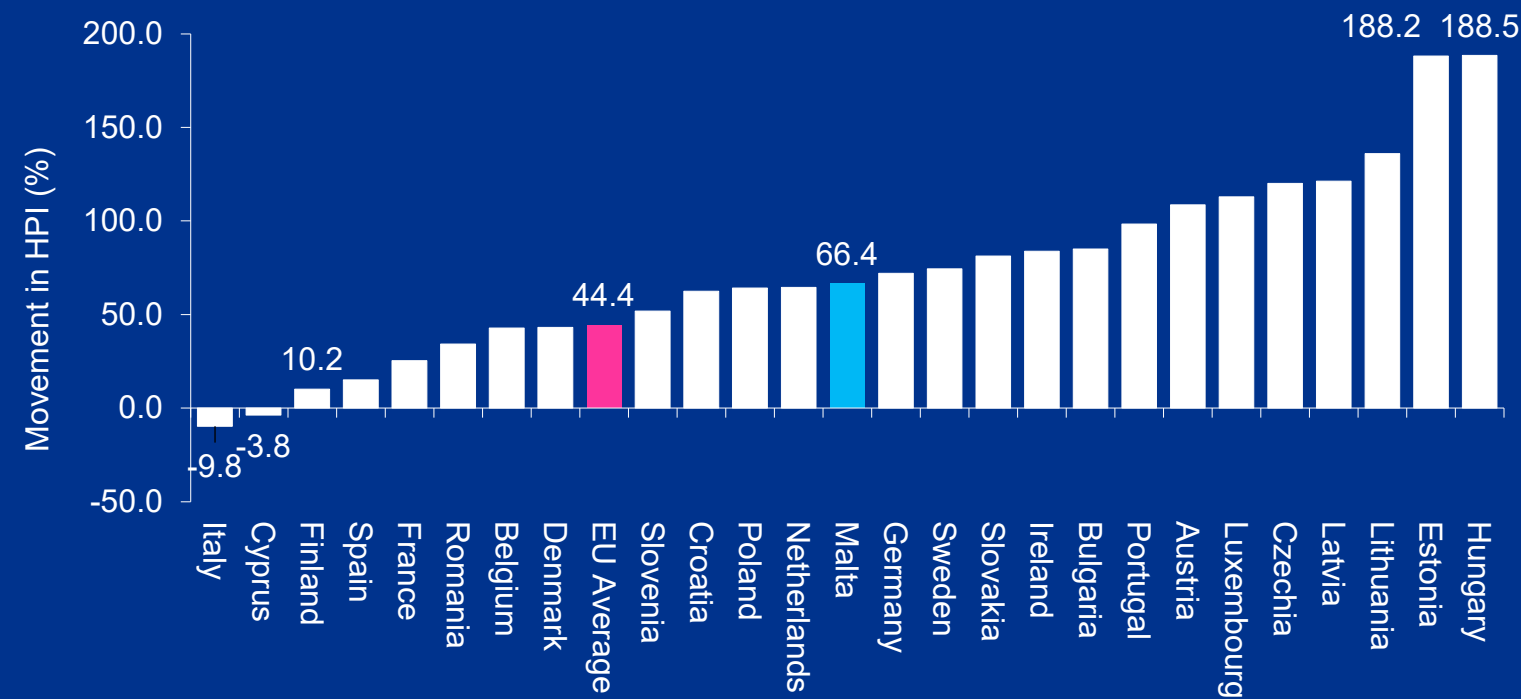


Source: Eurostat; KPMG Analysis

# Prices and interest rates

- In September 2023, the annual rate of consumer inflation stood at 4.9% - in line with the average for all EU member states.
- Interest rates locally remained stable despite an increase of 4.5% in the ECB key policy rates.

Movements in House Price Index: 2023/2011



Source: Eurostat; KPMG Analysis



**So why change a  
winning formula**



# Population trends

Population in Malta by Census Dates

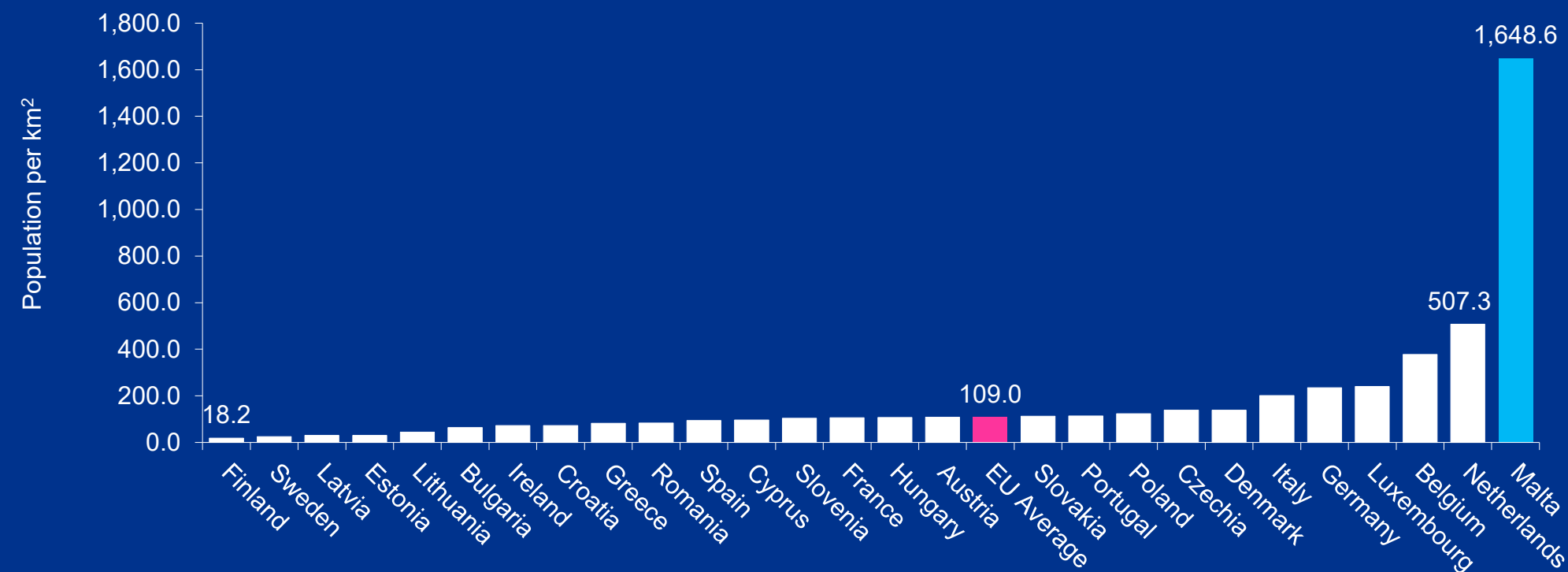


Source: Eurostat; KPMG Analysis



# Population trends

Population Density by Across the EU



Source: Eurostat; KPMG Analysis

# Dwellings

2011



Population: 417,000  
Dwellings: 224,000

2021



Population: 520,000  
Dwellings: 297,000

2041



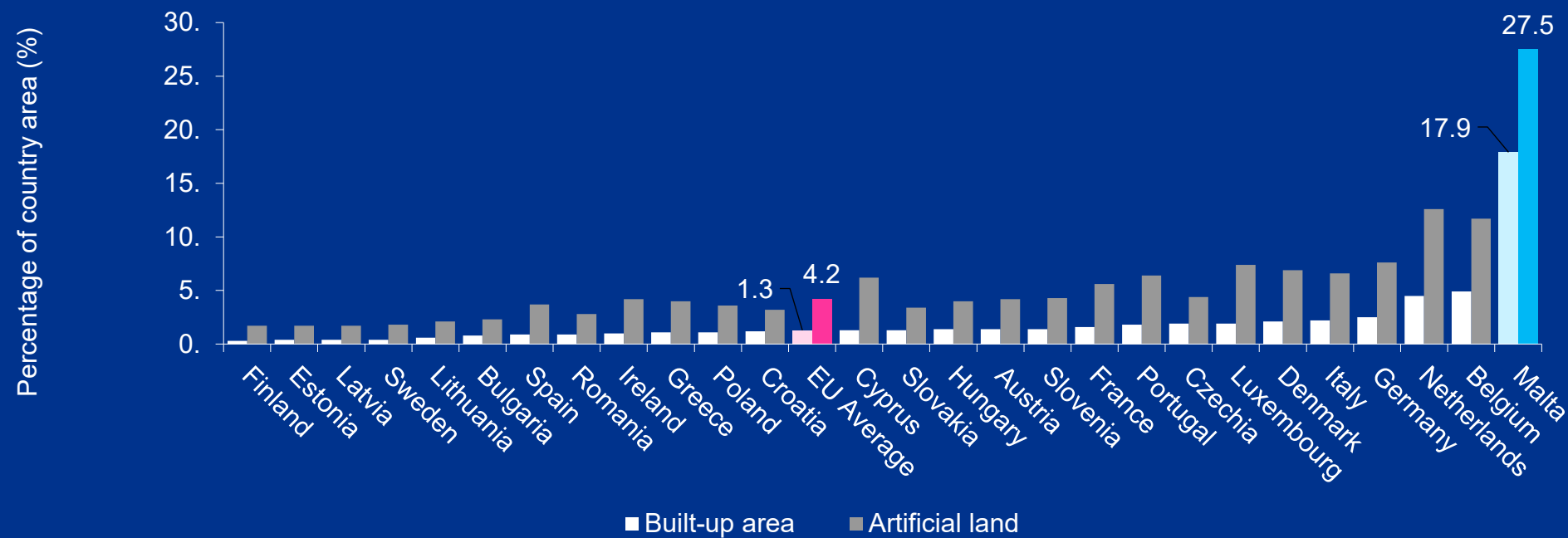
Population: 805,000  
Dwellings: 524,000

Source: Census of Population and Housing 2021: Final Report; KPMG Analysis



# Land Use

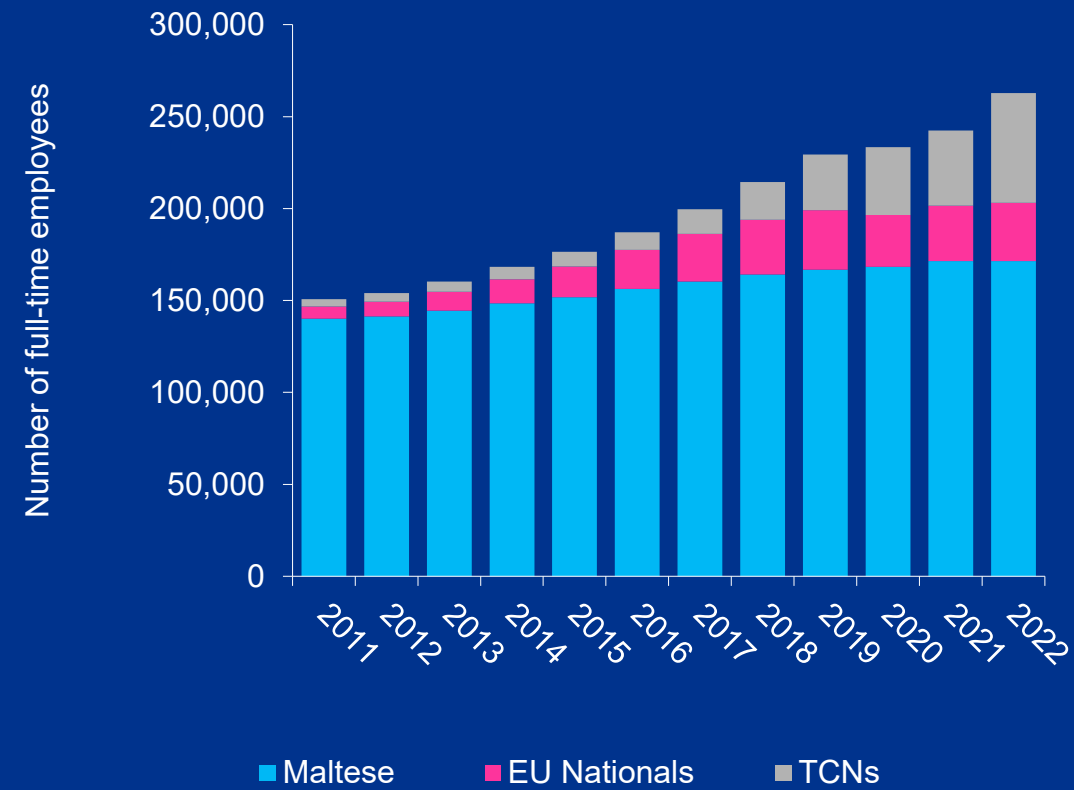
Percentage of Built-Up Area and Artificial Land



Source: Eurostat; KPMG Analysis

# Workforce movements

Composition of Workforce

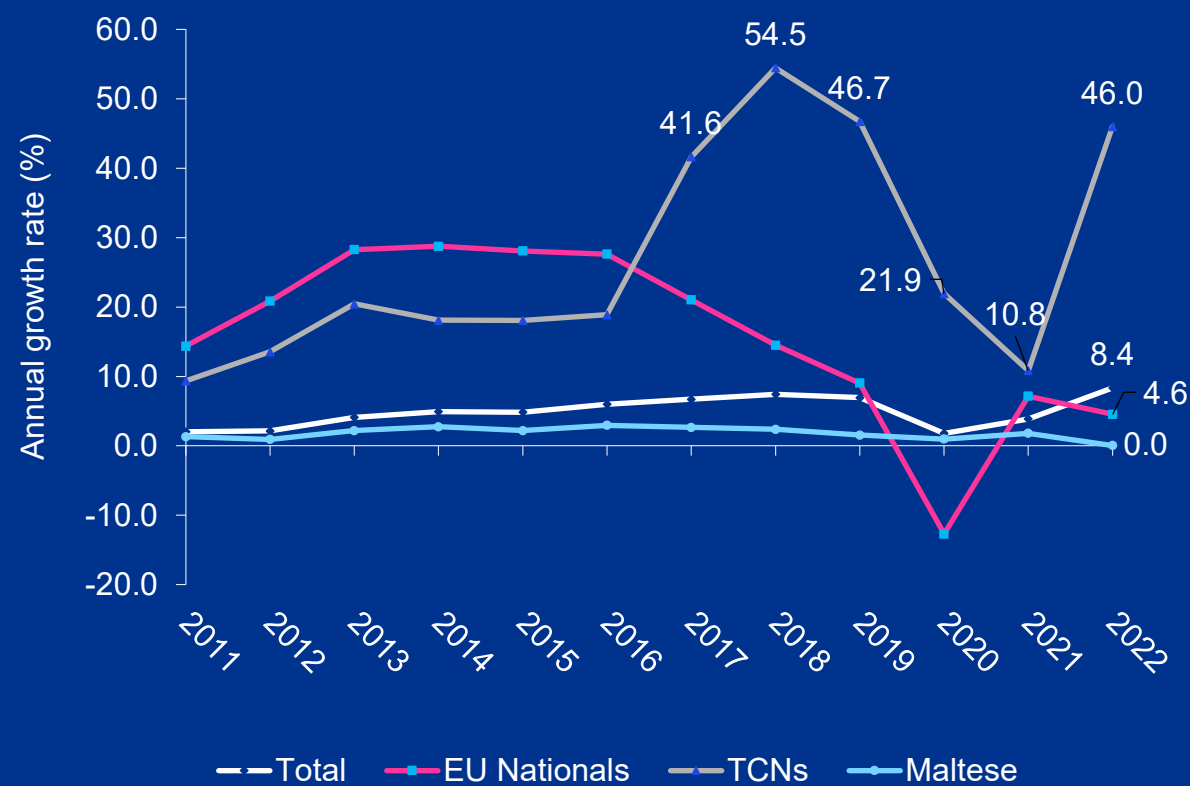


Source: Jobsplus; KPMG Analysis



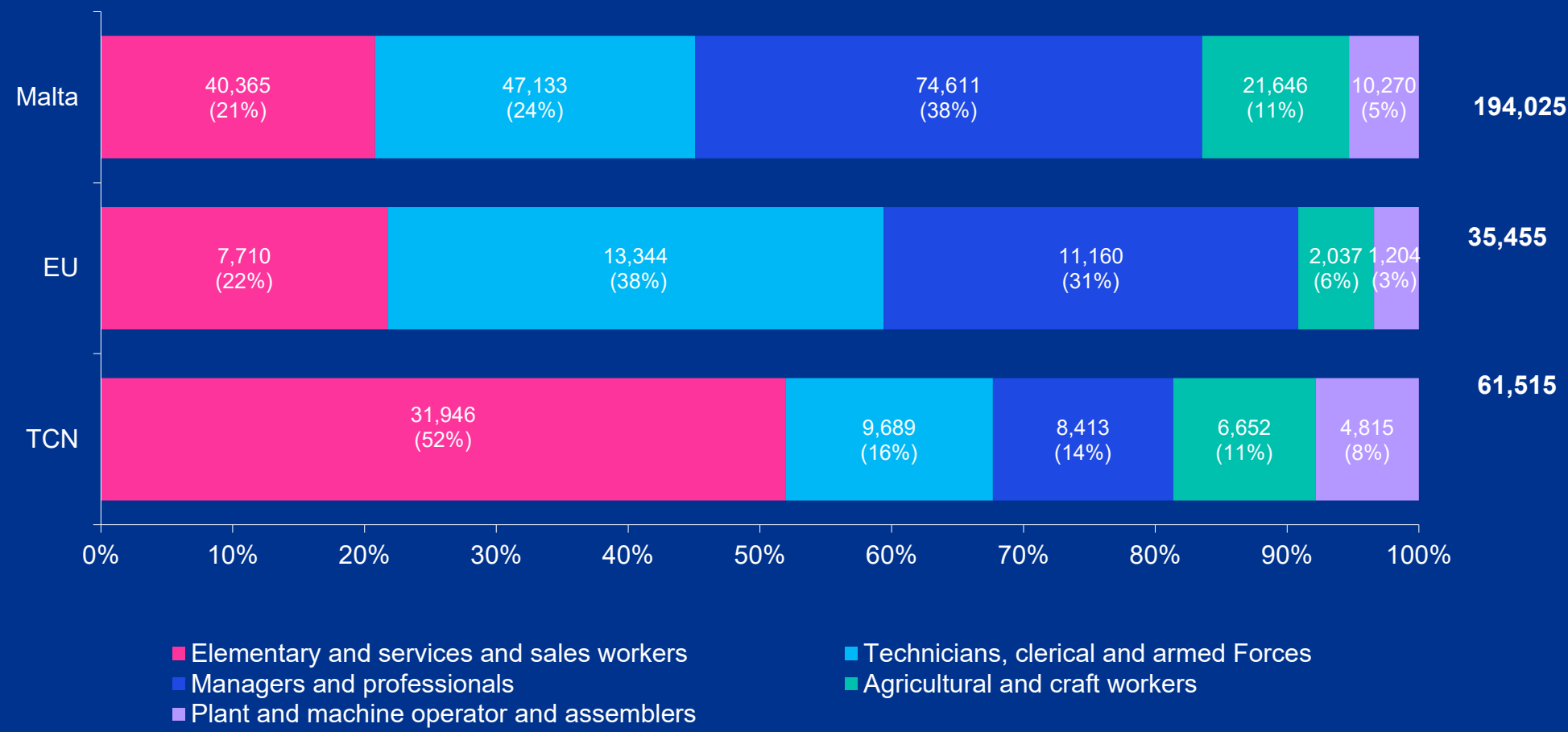
# Workforce movements

Annual Growth Rates in Workforce



Source: Jobsplus; KPMG Analysis

# Workforce by major occupation



Source: Jobsplus; KPMG Analysis

# Other challenges



Traffic



Energy



Water Scarcity



Waste Management



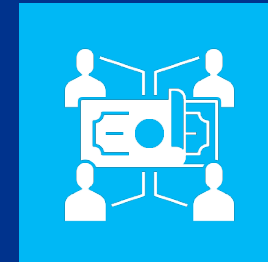
Health



Education



Cultural Integration



Income inequality

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Where do we go  
from here?





# Quantity → Quality

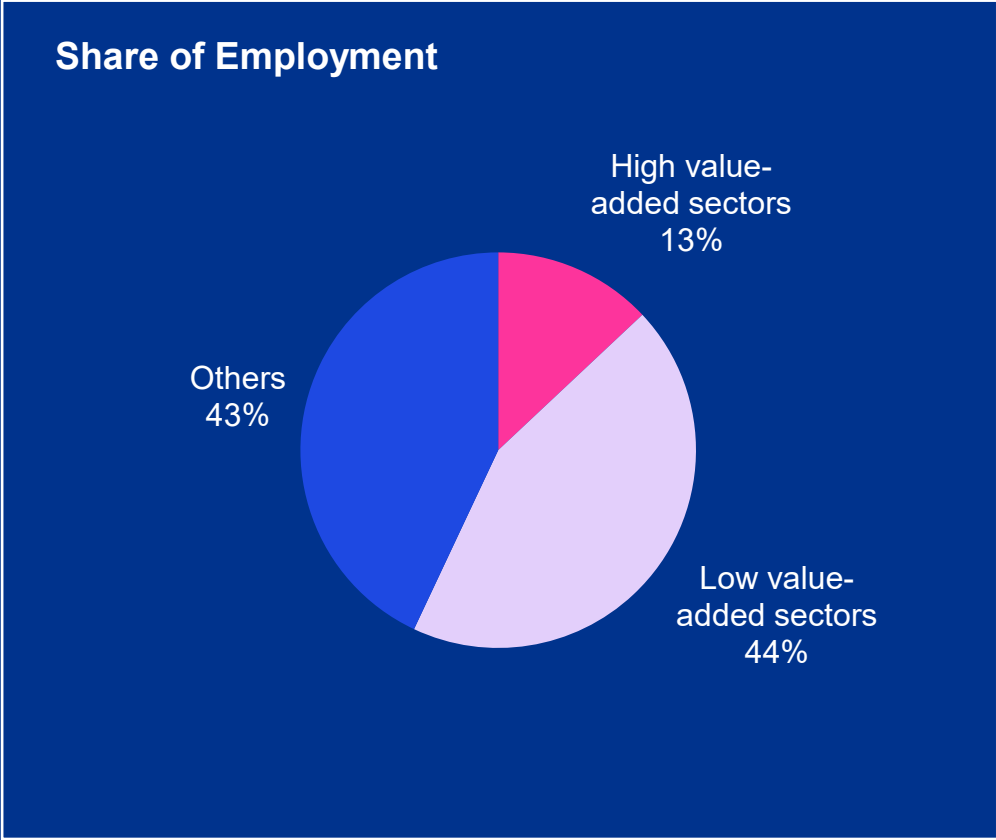
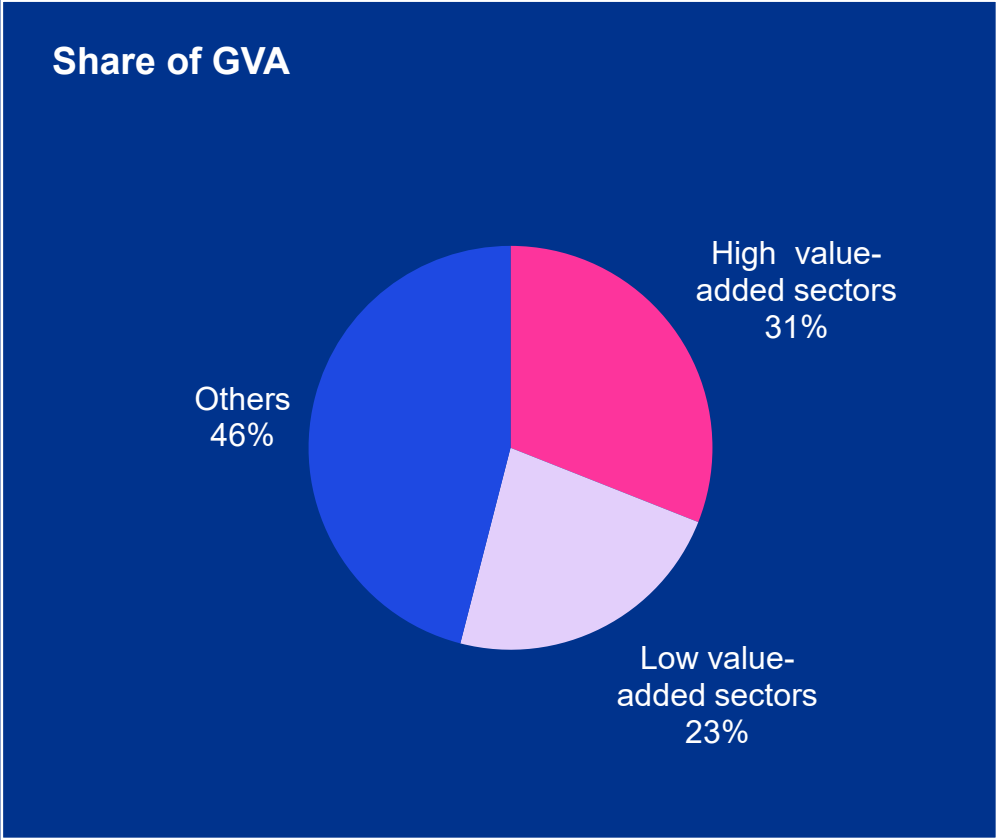
Gross Value Added per FTE



Source: NSO; KPMG Analysis

Nominal GVA per FTE (€)

# Quantity → Quality



Source: NSO; KPMG Analysis

# Where do we go from here?

## Economy

### Quantity

- Increased population
- Increased strain on infrastructure
- Increased strain on the environment

### Quality

- Focus on higher value added sectors
- Will require an upgrade of certain infrastructure
- Less strain on the environment & better care

### Housing

- Planning
- Quality of built
- Sustainability



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