

PwC's Real Estate Survey 2023

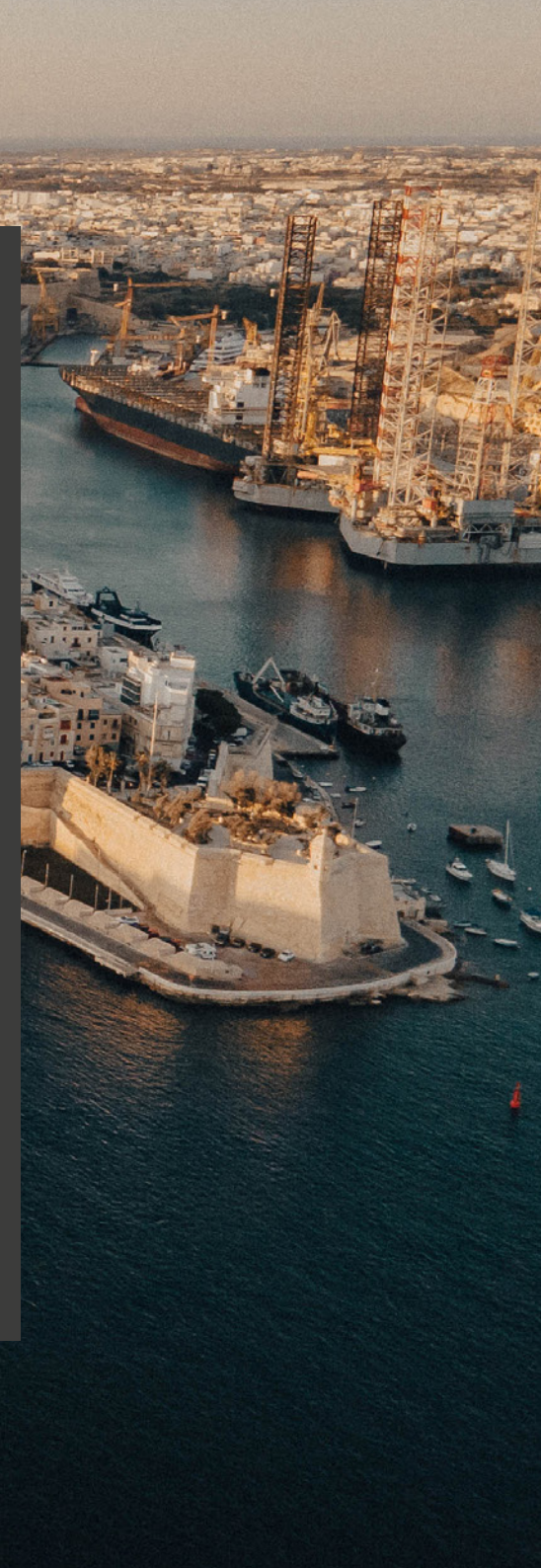


Introduction & Methodology

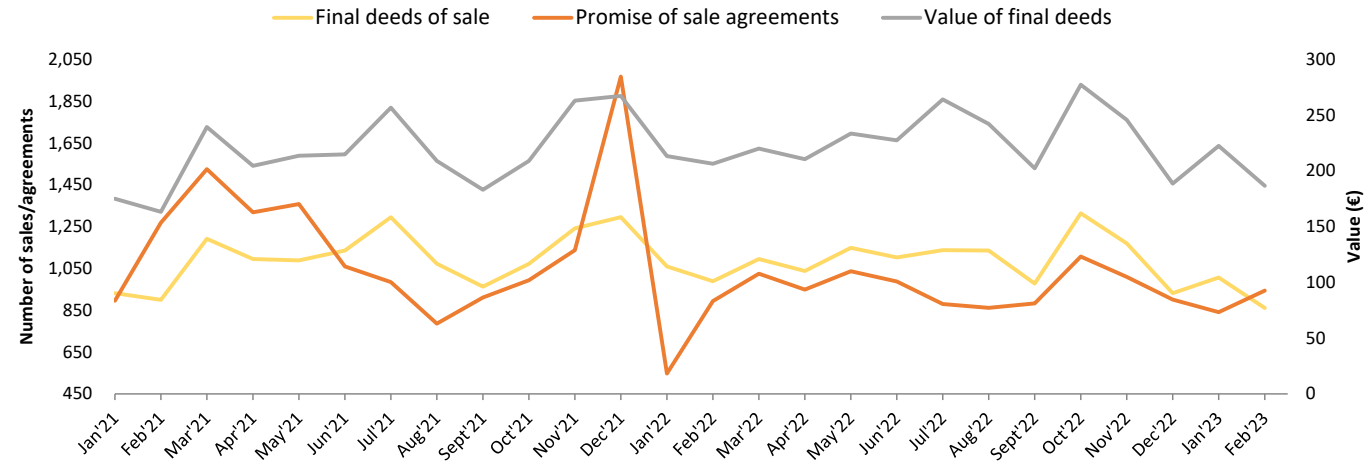
PwC Malta is releasing the fourth edition of its Real Estate online barometer which was carried out between Q4 of 2022 and Q1 of 2023 and targeted the total population residing in the Maltese Islands. Throughout this report, results will be referred to as relating to Q1 2023. This market research project garnered 405 respondents through an online survey and is representative of the Maltese population, stratified by age, gender and nationality.

[National data](#) indicates that, during 2022, the number of promise of sale agreements (PoSAs) relating to individual buyers of residential property amounted to 11,083, a 22% decrease when compared to those registered in the previous year. The highest number of PoSAs were entered into during the last quarter of the year (3,018 in aggregate), albeit a decline of c. 26% was registered over the same quarter of the previous year. Having said this, a c. 24% increase was observed in the number of PoSAs registered by individual buyers of residential property in the first two months of 2023, when compared to January and February 2022.

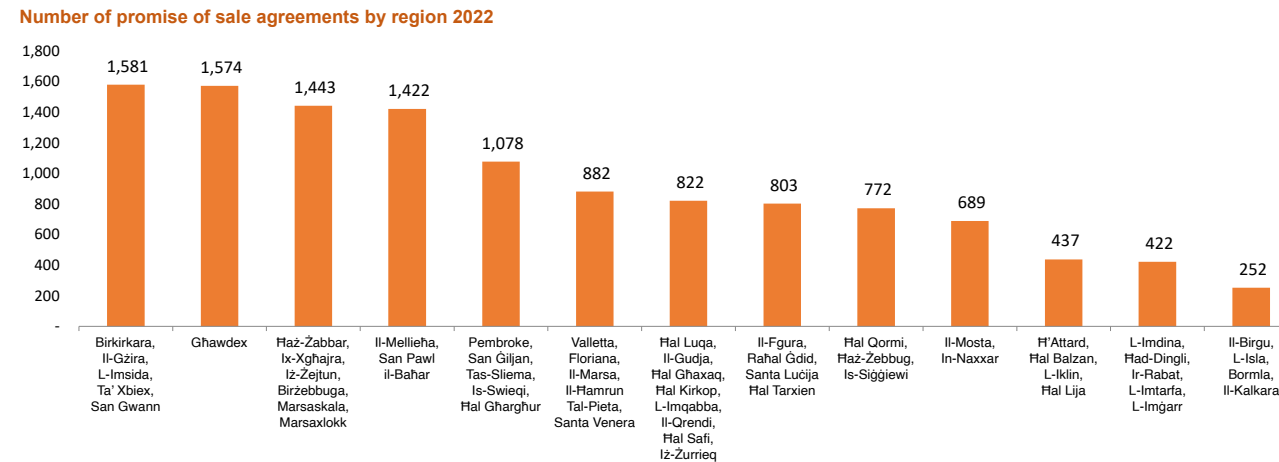
A marginal decline of c. 2% is observed over the two-year period to 2022, when looking at the number of final deeds of sale involving individual buyers. These stood at 13,102 by the end of 2022. Similarly, a decrease was also registered in the number of final deeds of sale by households over the first two months of 2023, when compared to the same period last year. Based on data reported in the Housing Authority's latest [Annual Malta Residential Rental Study](#), by the end of 2021, the rental register comprised almost 38,000 active contracts, which represented an increase over the prior year. One is yet to assess whether this could mean that a shift is being witnessed from residential property sales to property rentals, based on the data included in the upcoming Housing Authority report.



The value of final deeds of sale increased by 4% over the previous year, totalling €2,732 million in 2022. Whereas an increase was observed in values of residential property sales to individual buyers in January 2023 (€222.5 million) versus January 2022 (€213.3 million), a decline of 2.5% was registered in February 2023 when compared to the same month of the prior year.



The highest number of PoSAs in 2022 was registered in the Birkirkara, Il-Gżira, L-Imsida, Ta' Xbiex and San Ġwann cluster, where 1,581 agreements were recorded. Southern localities such as Ғaž-Żabbar, Ix-Xgħajra, Iz-Żejtun, Birżebbuġa, Marsaskala and Marsaxlokk were the next most popular locations, with the Il-Mellieħa and San Pawl il-Baħar cluster following suit. In Gozo, 1,574 PoSAs were recorded during 2022.



Renting or buying Residential Property

Source of financing

New regulatory developments

Agents

Information

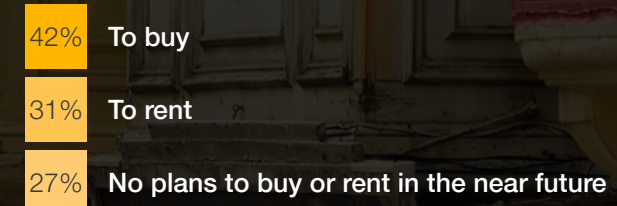
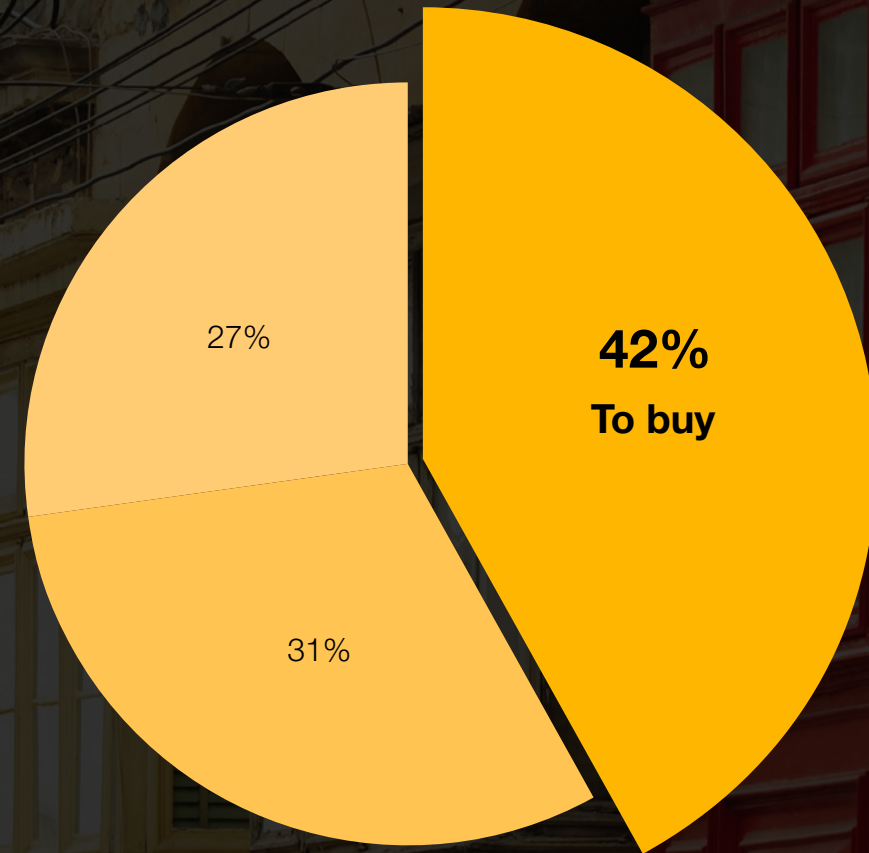


Are you making plans to **buy** or **rent** a residential property?

The demand for property rentals at 31% of the total respondents, went up significantly when compared to the results of the barometer carried out in the same quarter of 2022 (12%).

This represents the highest registered demand for property rentals out of all the barometer editions we carried out to date. On the other hand, a decrease was registered in the share of the population that is looking to purchase property (Q1 2023: 42%; Q1 2022: 51%), very likely influenced by inflationary pressures, denting consumer purchasing power. 27% of the population surveyed suggested no plans to buy or rent (Q1 2022: 37%).

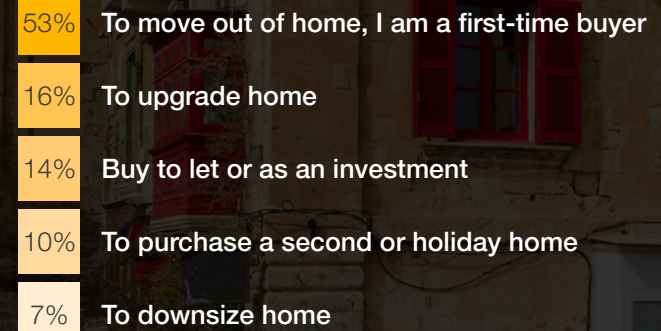
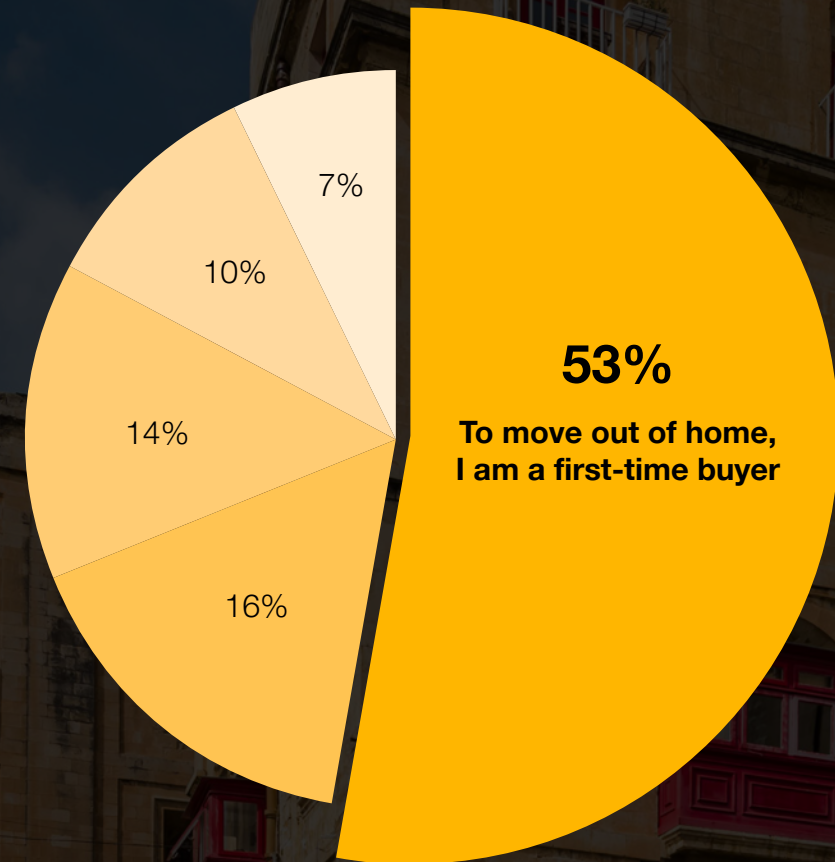
This also echoes the sentiment reflected by the public in 2022, in terms of the number of PoSAs and residential property deeds registered during the year.



What is the reason for **purchasing the property?**

Around half of the respondents stated that the reason they are looking to purchase property is because they are moving out of their parental home, hence being first-time buyers, with the share increasing significantly from previous periods (Q1 2023: 53%; Q1 2022: 34%). Contrastingly, the share of respondents that would like to buy property for investment purposes has fallen.

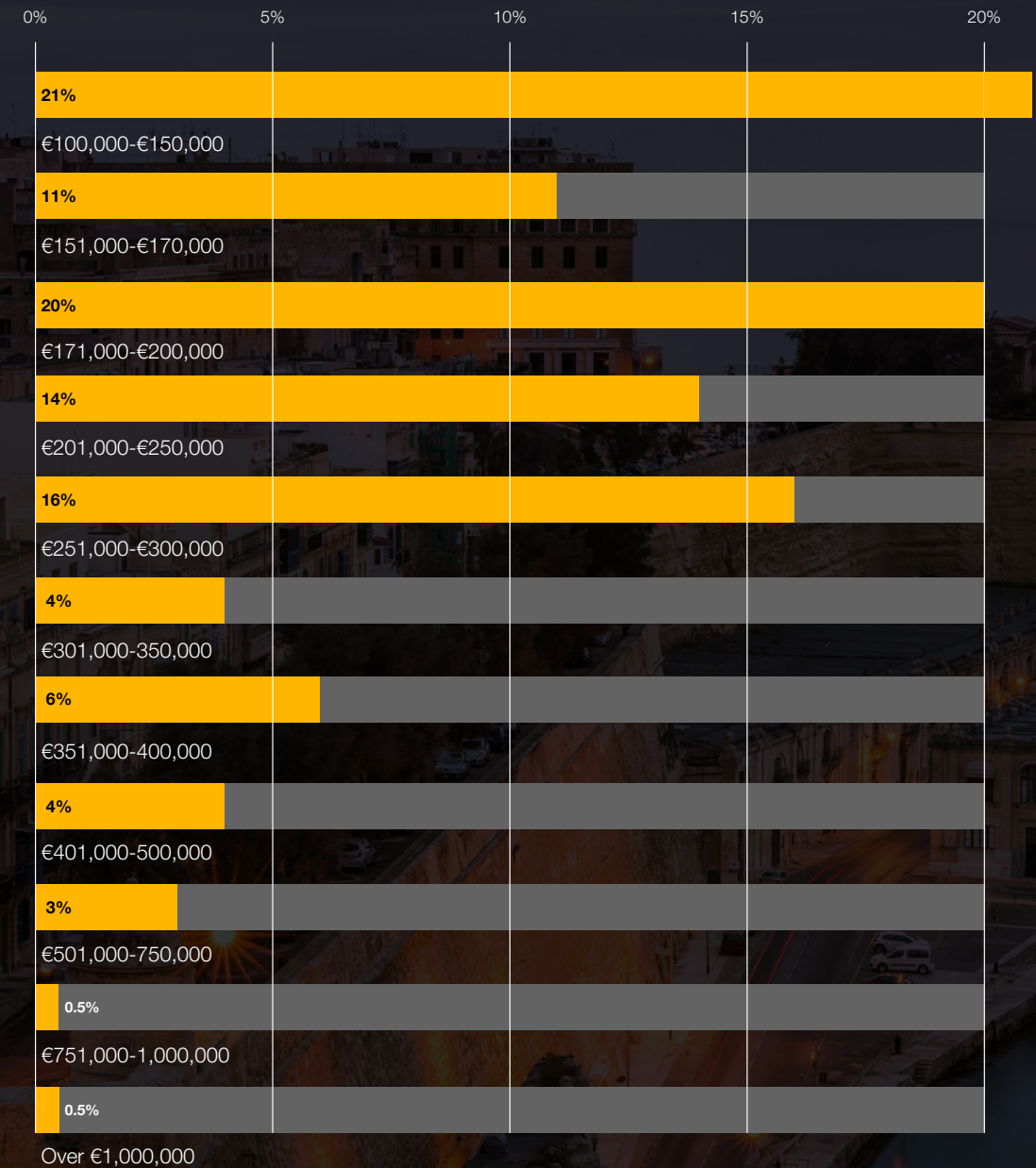
This suggests that a lower level of consumer confidence is in play, when compared to the level observed in the first quarter of 2022, most likely due to the uncertainty surrounding the economy.



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

The majority of respondents are looking to purchase property valued between €100k and €200k, with this price bracket occupying a slightly bigger share than that observed in the barometer carried out in the same quarter of 2022 (Q1 2023: 52%; Q1 2022: 48%). Against this backdrop, [secondary data](#) shows that the average value of final deeds of sale involving individual buyers has constantly exceeded the €200k mark throughout 2022, with a 12-month average of €208k.

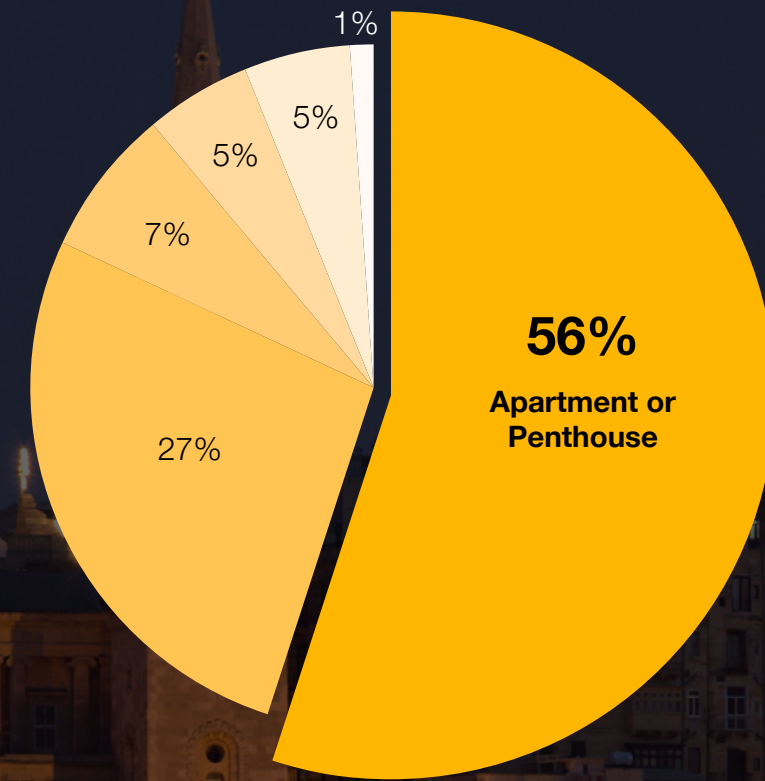
Movements between the brackets of properties valued at €351k to €500k and those above €501k can be observed, where respondents shifted from the latter bracket to the former. This might again be a result of inflation, reflecting the deterioration in the purchasing power of the market.



Type of **property**

The property type of choice remains apartments and penthouses (56%), in line with the value of property range demanded by respondents, given that these types of properties are in the lower end of the price spectrum.

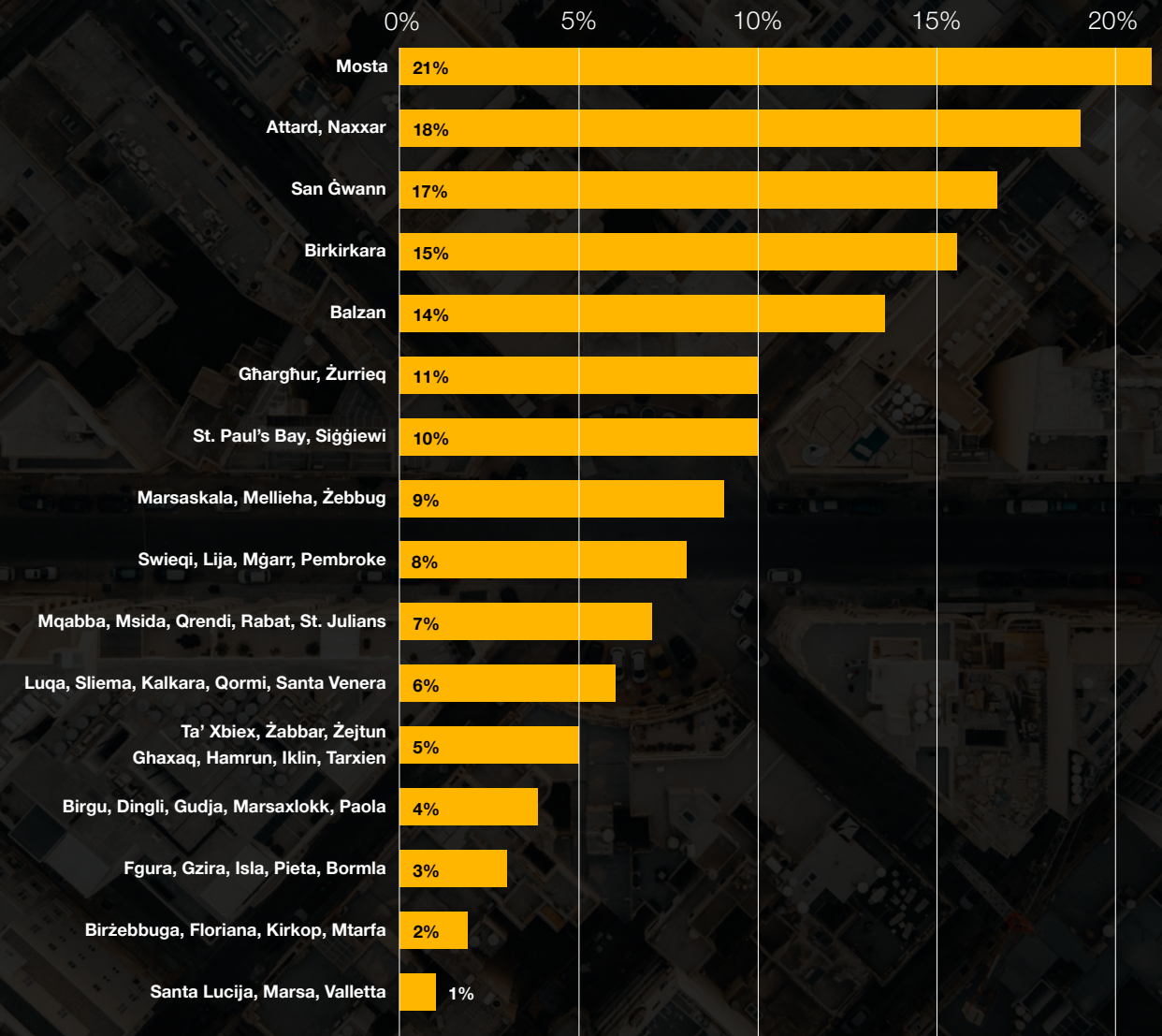
Furthermore, the share of respondents looking to buy maisonettes has increased (Q1 2023: 27%; Q1 2022: 18%), while that of respondents looking to buy property on the higher end, namely villas, bungalows, farmhouses and palazzos, has declined (Q1 2023: 1%; Q1 2022: 6%).

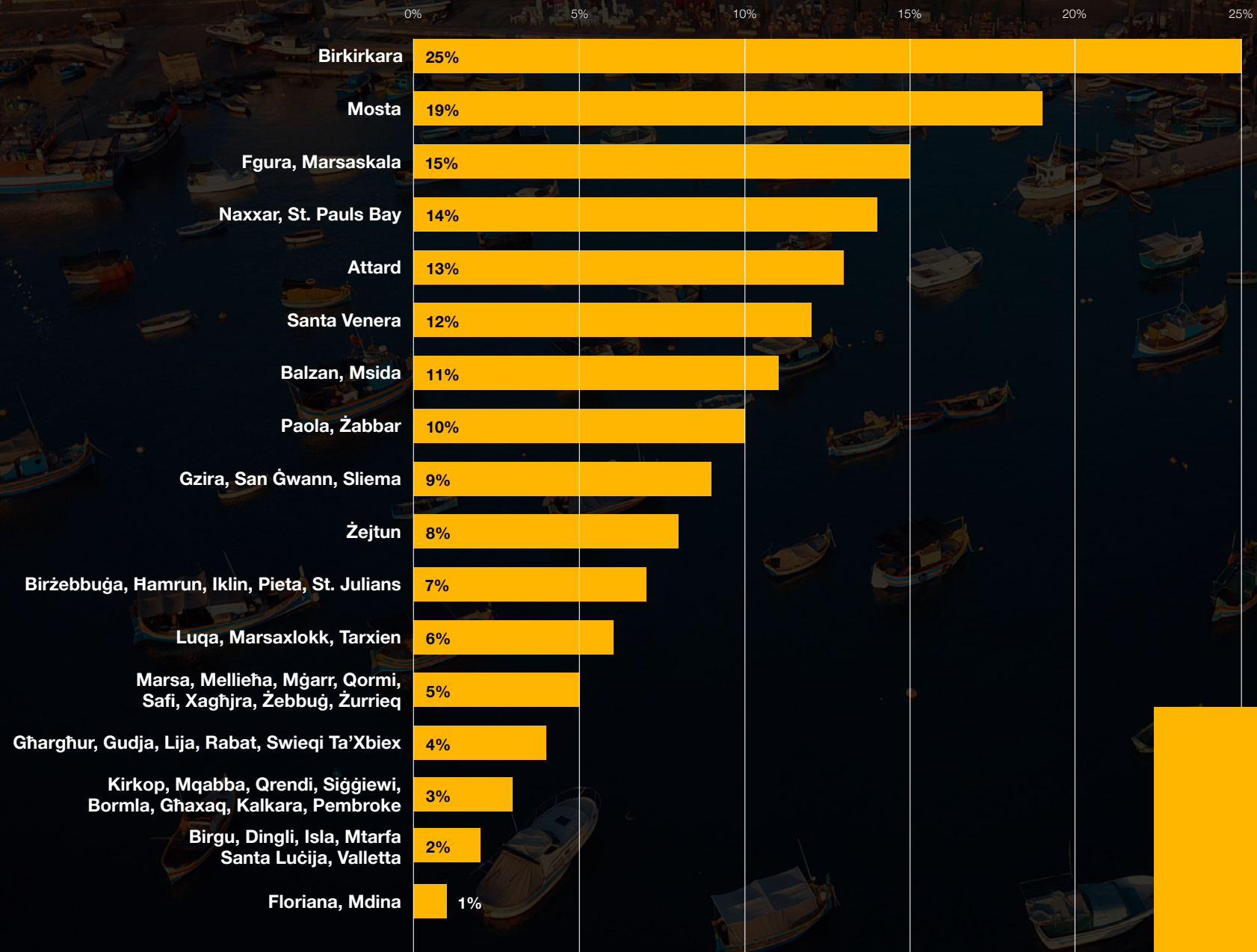


In which area(s) in Malta are you looking to **purchase** property?

The preferred area to buy property continues to be in central Malta, with Attard and Naxxar retaining the same popularity, while Mosta ranks in the first place as the most desired area, rising in prominence from previous runs. Birkirkara and Mosta are the most preferred localities to rent property. However, in this case, respondents also consider properties located in the South of Malta, most notably Fgura and Marsaskala.

This sentiment however differs when compared to the localities of properties subject to PoSA or contracted transactions, as outlined earlier.





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



- Renting or buying residential property

- **Source of financing**

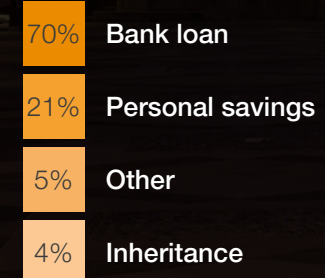
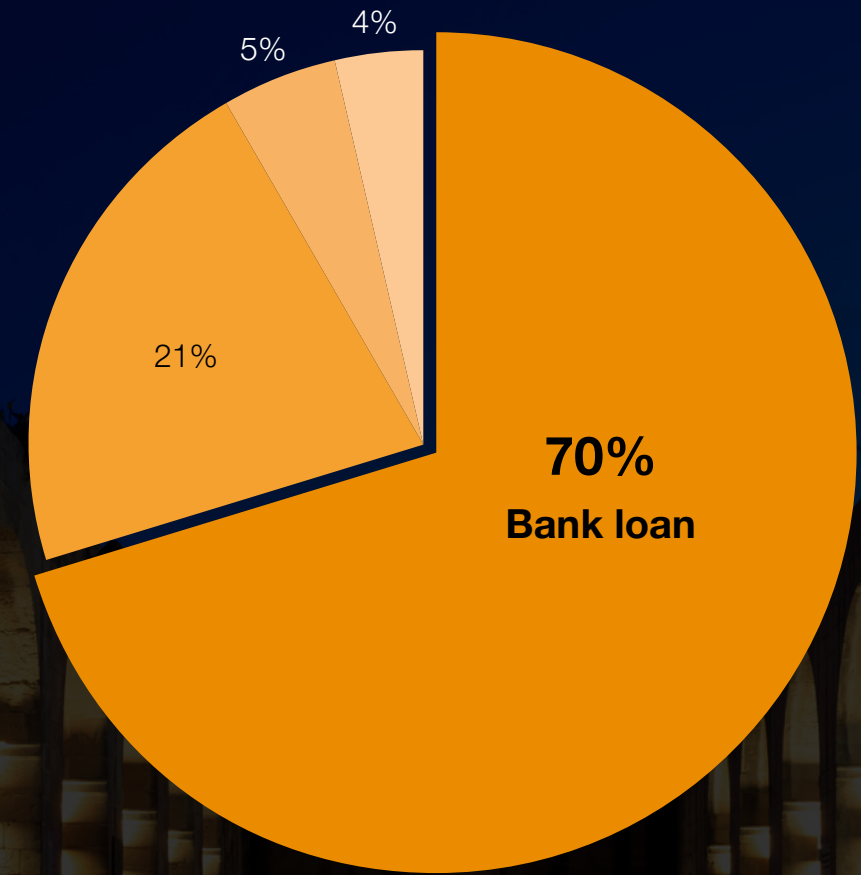
- New regulatory developments

- Agents

- Information

What is the **main source** for financing the property purchase?

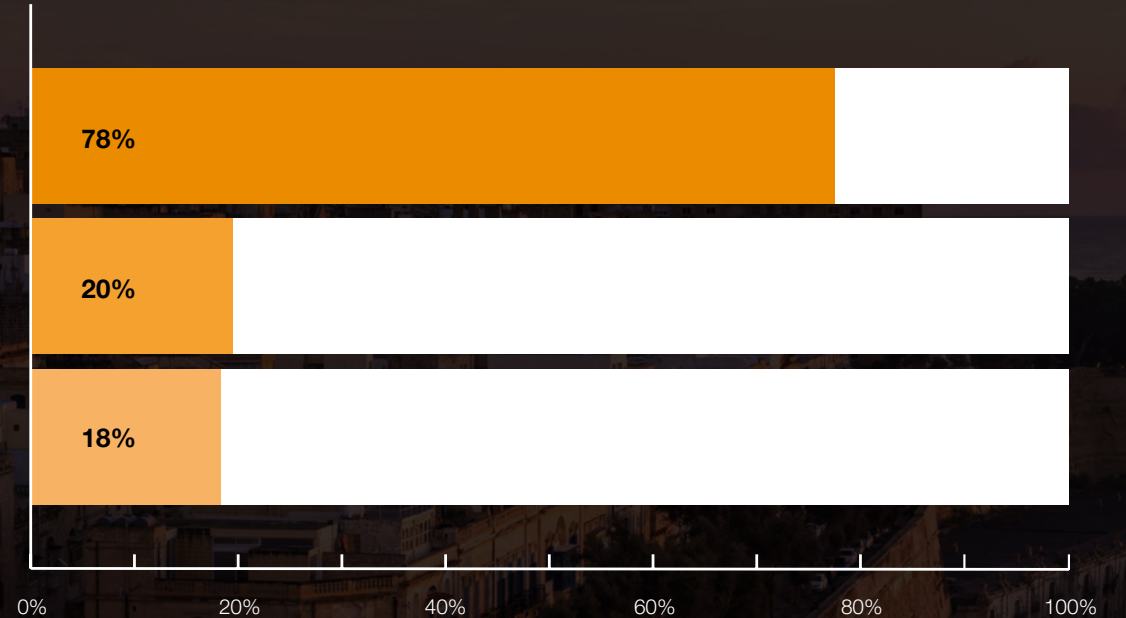
Almost three quarters of the respondents (70%) make use of bank loans to finance their property purchases. Demographics show that younger cohorts are most likely to rely on bank loans to finance their property purchase, while older cohorts resort to personal savings and inheritance, which is in line with expectations.



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

If a bank loan is required as a source of financing, the factor that has the biggest influence in choosing one bank over another is the interest rate offered (78%).

Loan packages that include attractive features for energy efficient development are gaining traction. Whereas only 8% of respondents selected this factor in Q1 of 2022, 20% selected this factor in this run.



- 78% Interest rate offered
- 20% Loan packages which include attractive features for energy efficient developments
- 18% Relationship with bank

- Renting or buying residential property

- Source of financing

- **New regulatory developments**

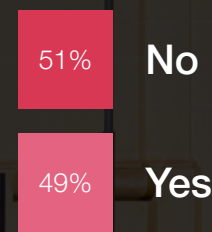
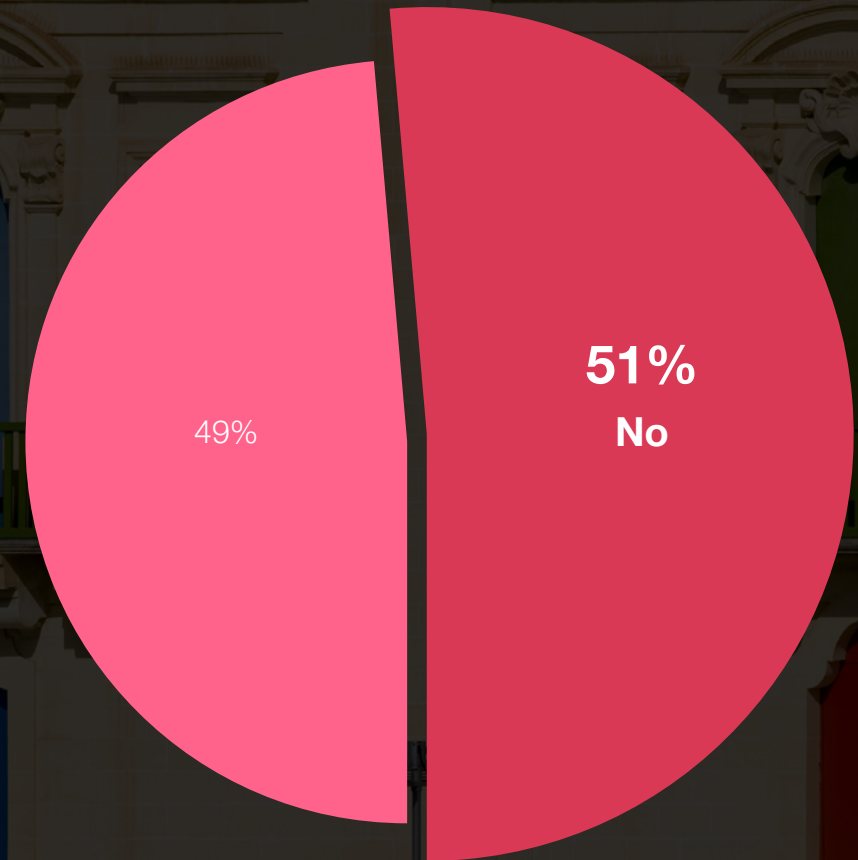
- Agents

- Information



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

Of the respondents that were aware of these restrictions, though, 49% said it did impact their decision to purchase property. The budget measures which incentivised the sale of property influenced just above two thirds (69%) of respondents, with 33% saying that it influenced them significantly, this indicative of the fruition of the Government's measures to propel the economy by fuelling the real estate industry.



■ Renting or buying residential property

■ Source of financing

■ New regulatory developments

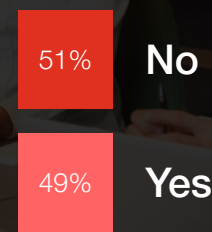
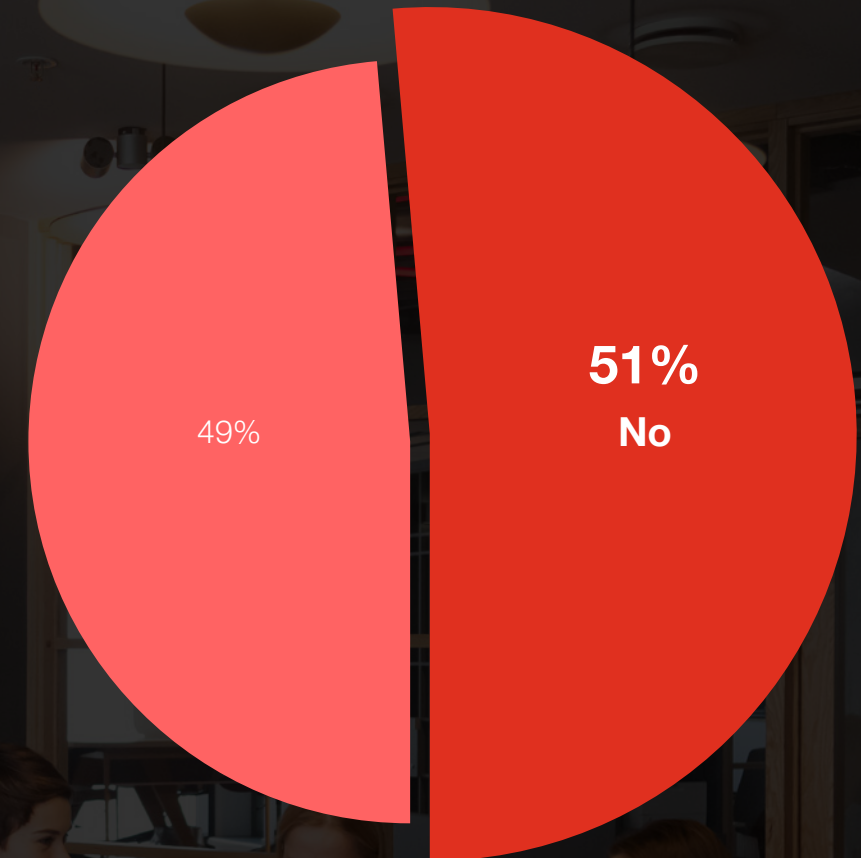
■ **Agents**

■ Information



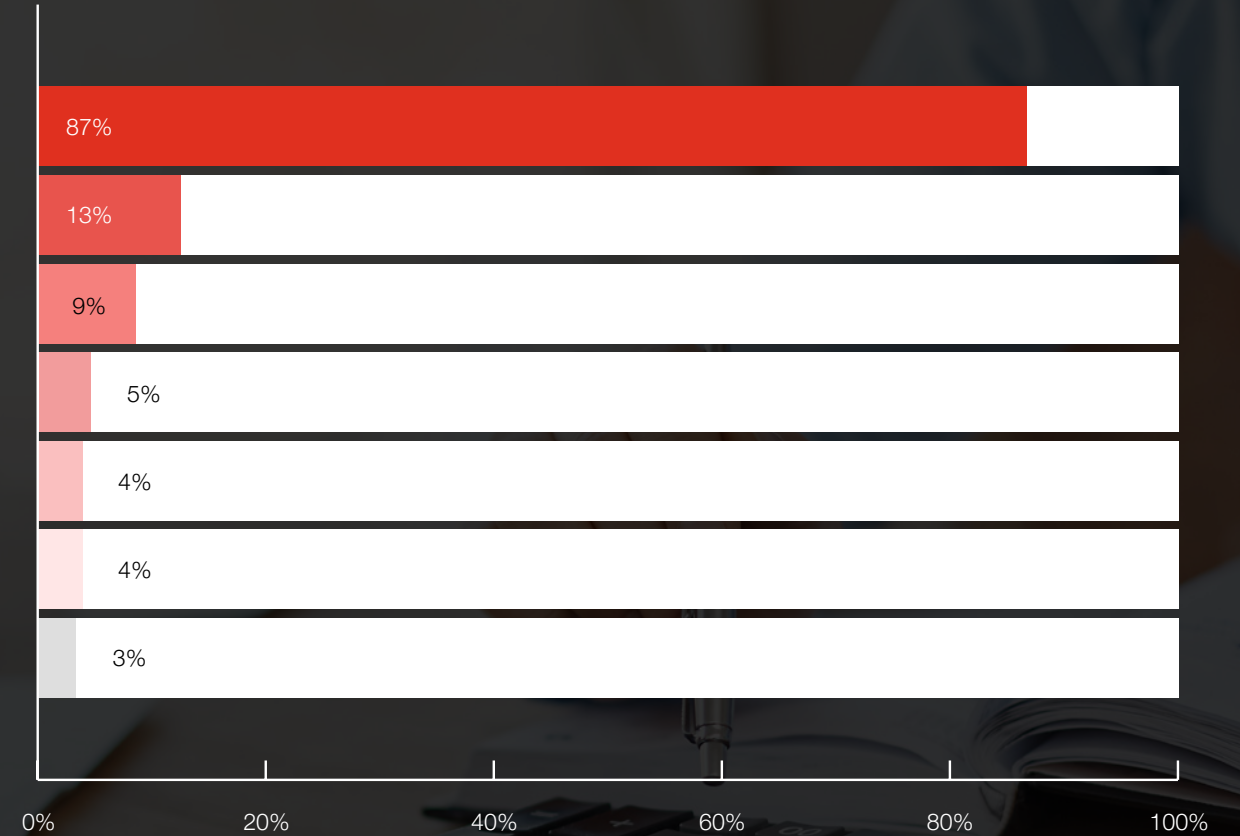
Would you use an **agent** to sell, buy or rent a property?

With an almost 50-50 split, respondents stated that they would not use an agent (51%) to sell, buy or rent a property.



Why **wouldn't** you use an agent?

The most prevalent reason (echoed by 87% of those against) provided in relation to this finding is the high commission fees.



87% High commission

13% Other

9% Competence

5% Ethics

4% Benefits

4% Services offered

3% Professionalism

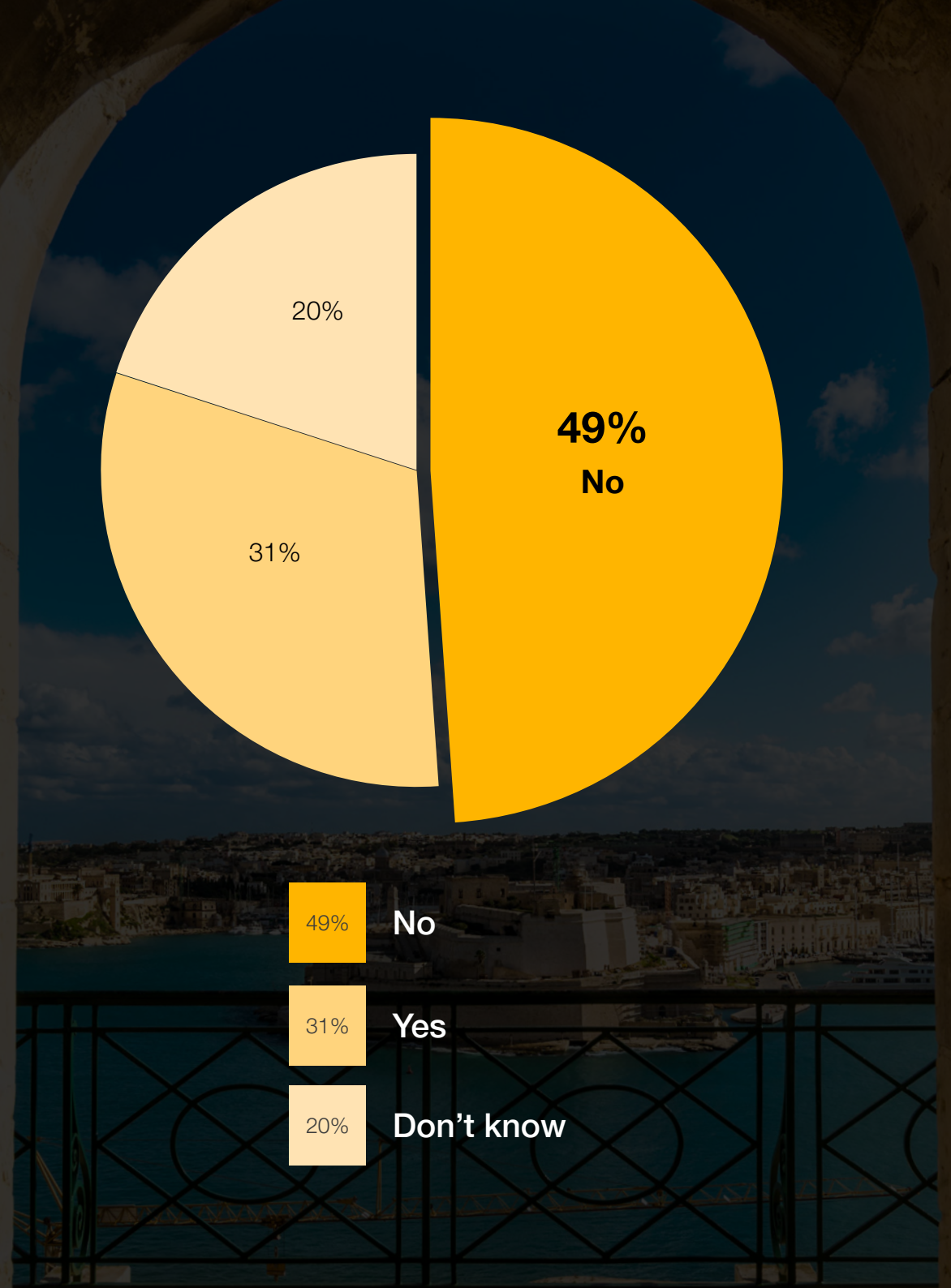
- Renting or buying residential property
- Source of financing
- New regulatory developments
- Agents
- **Information**



Do you feel there is **enough information** available in the market for you to make an informed decision when acquiring or renting property?

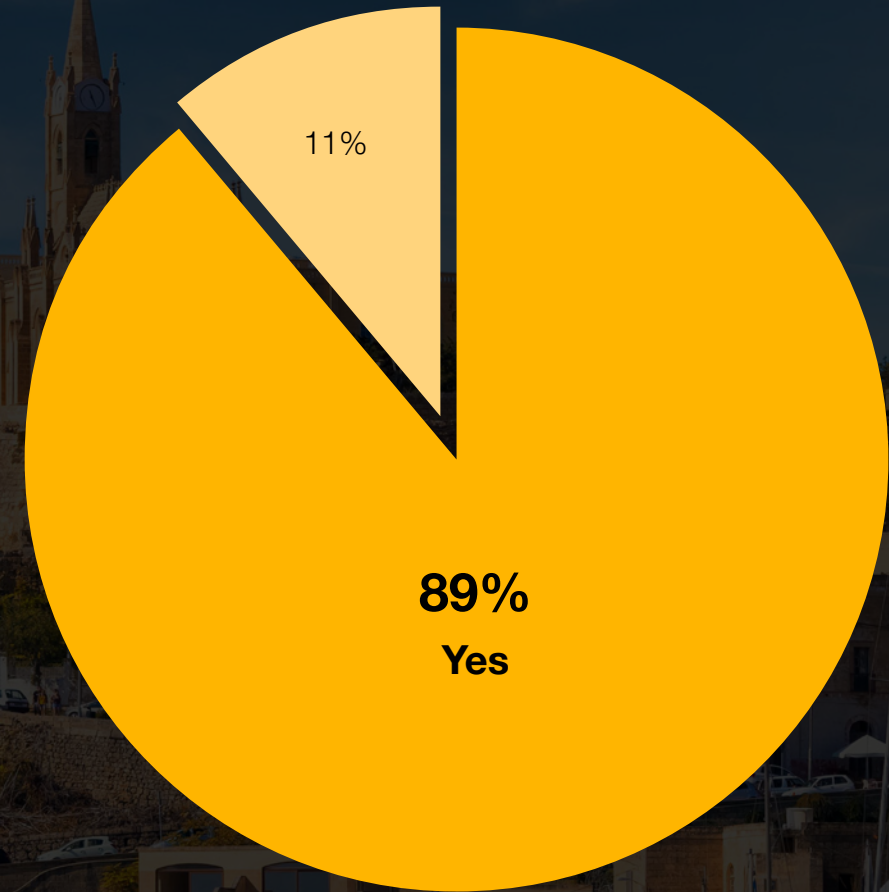
For the first time since its inception, this PwC barometer sought to gain insight about whether there is sufficient knowledge in the market for property buyers to make a sound decision when looking to buy or rent property. Most of the respondents, 49%, feel that there is not enough information available in the market for them to make an informed decision when acquiring or renting property, while 31% state otherwise.

This seems to echo Malta's ranking in the [2022 JLL GRETI](#), with Malta securing the 62nd place out of 94 countries, particularly due to the lack of publicly available information in the sector (such as contracted rents, contracted property prices, vacancy rates, and gross capitalisation rates).



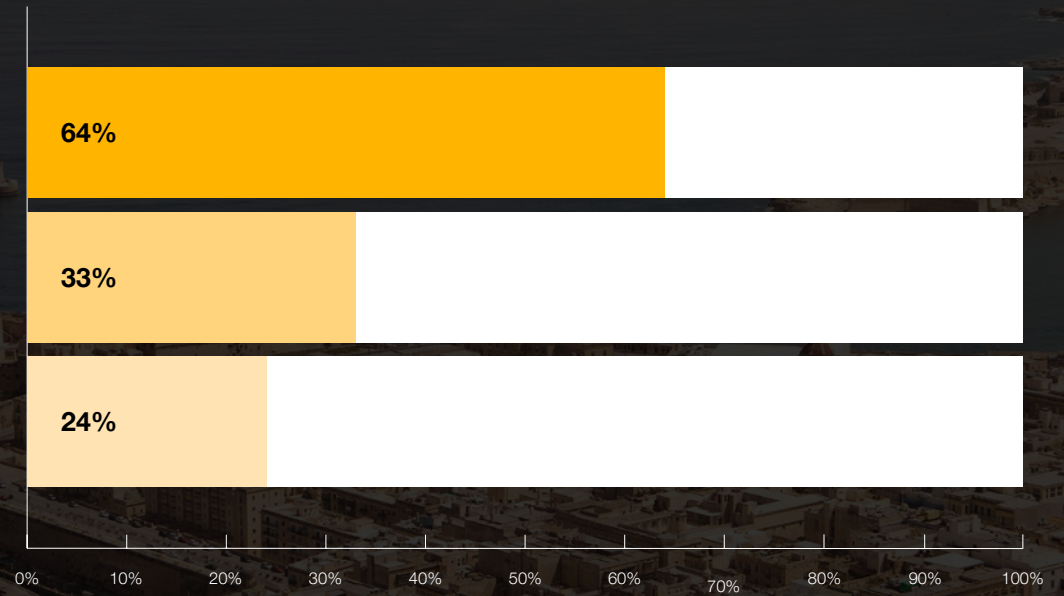
Would you conduct research regarding contracted **property prices** or **rents** in the localities in which you are looking for property to make an informed decision?

Having said this, 89% of the respondents claim that they conduct research regarding contracted property prices or rents in the localities in which they are looking for property.



Would you...

Most of the respondents stated that they would prefer to carry out the research themselves rather than engaging agents or other options to guide them in making their decision.



64% Carry out the research yourself on contracted property prices and rental rates

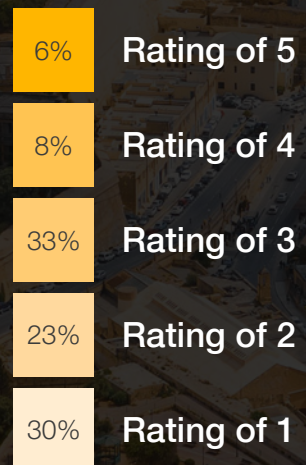
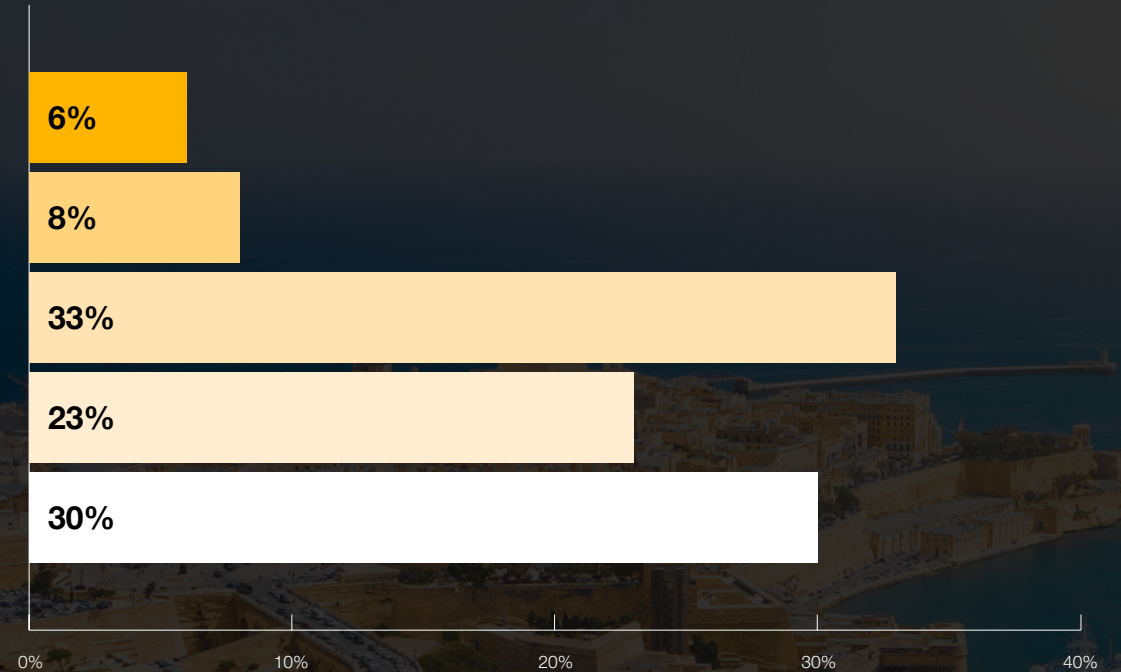
33% Engage a real estate agent to guide you on contracted property prices and rental rates

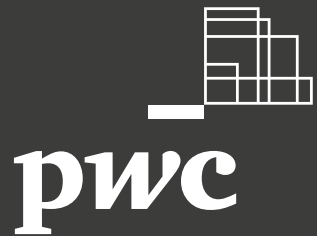
24% Engage other options (such as notary, bank, etc.) to guide you on contracted property prices and rental rates

On a scale of 1 to 5, do you think that the **extent** and **nature of construction** in Malta is coordinated in a way to direct development of property in sectors which are economically viable, sustainable and which do not impinge on the quality of life?

The sentiment shown by respondents indicates that they do not think that the extent and nature of construction in Malta is coordinated in a way to direct (or encourage) development of property in sectors which are economically viable, sustainable and which do not impinge on the quality of life.

On a scale from 1 (lowest) to 5 (highest), an average rating of 2.36 was given to this statement.





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