

PROPERTY REPORT

FEBRUARY 21



Introduction

Amidst the ongoing economic and social disruptions, the monitoring of property price developments has gained increased interest and importance. How have market prices reacted, also considering the pre-2019 growth spur? What market outlook do the latest data and developments portray?

Within this context, this Report provides an overview of latest trends and observations (up to 2020Q4) discerned from Djar's property listings database. The Djar portal analyses data on different property characteristics, including location, type of property, prices, total area, finishing status and other property features.¹ Within this Report, analyses of average changes in asking prices (price changes by listing and overall market average changes), as well as changes in rates per sqm and price distributions are presented. Recorded market supply volumes are also assessed. The report concludes with an overview of market price/sqm rates for various types of commercial property, sourced from Djar's dataset.

At a general level, the data indicates/portrays that the local real estate market has been fairly resilient to the turmoil created by pandemic. Most property listings have maintained their prices leading to low recorded average price changes. Asking prices appear to have generally remained stable and not suffered a major drop-downs. Positive average price changes remain in Gozo, although at a somewhat reduced rate. The number of online listings on the market registered a notable drop in 2020Q2, possibly reflecting a propensity in certain segments to withdraw properties from the market rather than negotiating at a reduced sale price. Volumes returned to previous levels over subsequent quarters, during which market supporting measures have been provided by Government.

Various factors could be contributing to different extents to this observed resilience. Economic support measures such as the wage subsidy scheme, have protected against unemployment surges and supported overall disposable incomes. Interest rates remain at historically low levels, keeping the return on financial investments and cost of borrowing down. And essentially, different from previous economic crises, the pandemic has led the population to spend more time in their homes, appreciating the value of quality housing and encouraging housing spending upgrades.

What 2021 will reserve for the local economy and property market is yet to be explored. At this stage it's still anyone's guess. Will the expected economic recovery and return of pre-Covid social practices bring back buoyancy to the property market or have market fundamentals changed altogether? Market data observations over the coming months could shed further clarity on what the future for the market beholds.

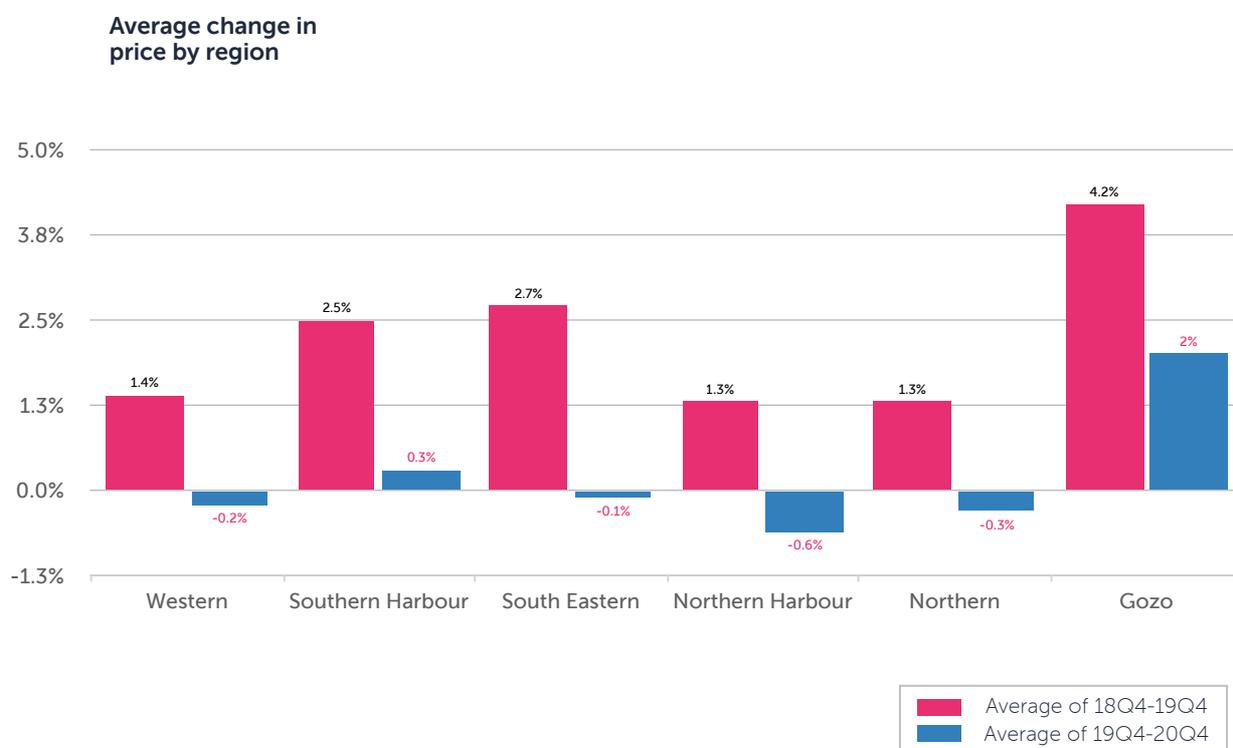
¹ For the analysis being presented in this report, the listings have been filtered to remove spurious and duplicate property entries through a dual process of machine-learning clustering and manual cross-checks. Properties of over €1.5mln value have also been filtered from the analysis to control for averaging distorting effects. All figures shown in this report are rounded. Any region-specific data has been categorised as per the National Statistics Office (NSO) classification by local administrative unit.

Price developments

This first section of the Report focuses on observed movements in prices of individual residential property listings, relative to their values in the previous year.

As shown in Figure 1.1, whilst annual average listing price growth within a range of 1-4% had been registered across regions in 2019, in 2020 all regions in Malta have registered minor average price changes. Gozo has maintained positive average growth (2.0%), albeit at a lower rate (4.2%) than that recorded for the previous year.

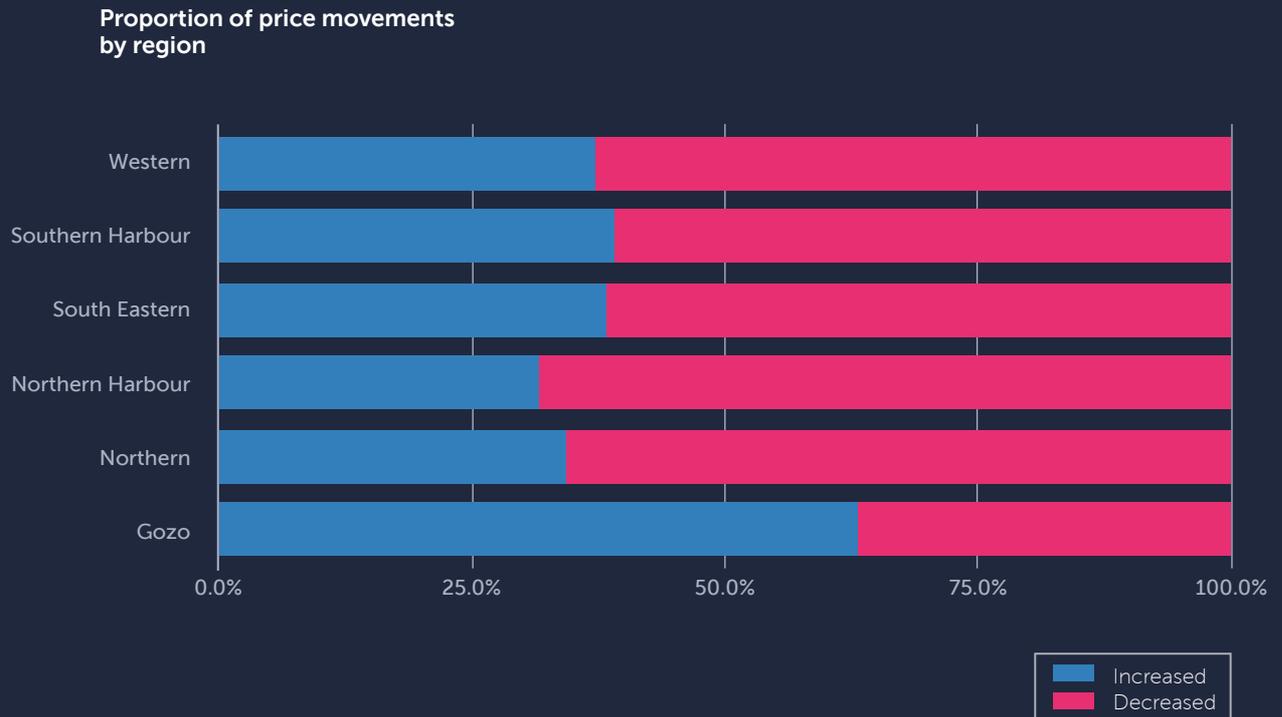
Figure 1.1



Methodology note: Calculations based on average of individual price changes for those listings remaining on the market in the respective quarters under consideration (i.e. properties listed at start and end of period).

It has been observed that over 2020 a major proportion of listings have been maintained at the same prices. Of those which have changed in price, however, most (63%) have done so with a reduction in price (Figure 1.2). This is observed across all regions, except for Gozo. The current market situation seems to be leading more property owners to revise downwards (or not raise) their asking price.

Figure 1.2



From a property type perspective, townhouses and houses of character have experienced the largest share of price reductions, leading to a negative average listing price change. On the other end, the average change in terraced house prices was in positive territory. It is observed that, in general, higher valued properties had a greater share of price reductions than lower valued properties.

Figure 2.1



Figure 2.2

Average change in listing prices by property type

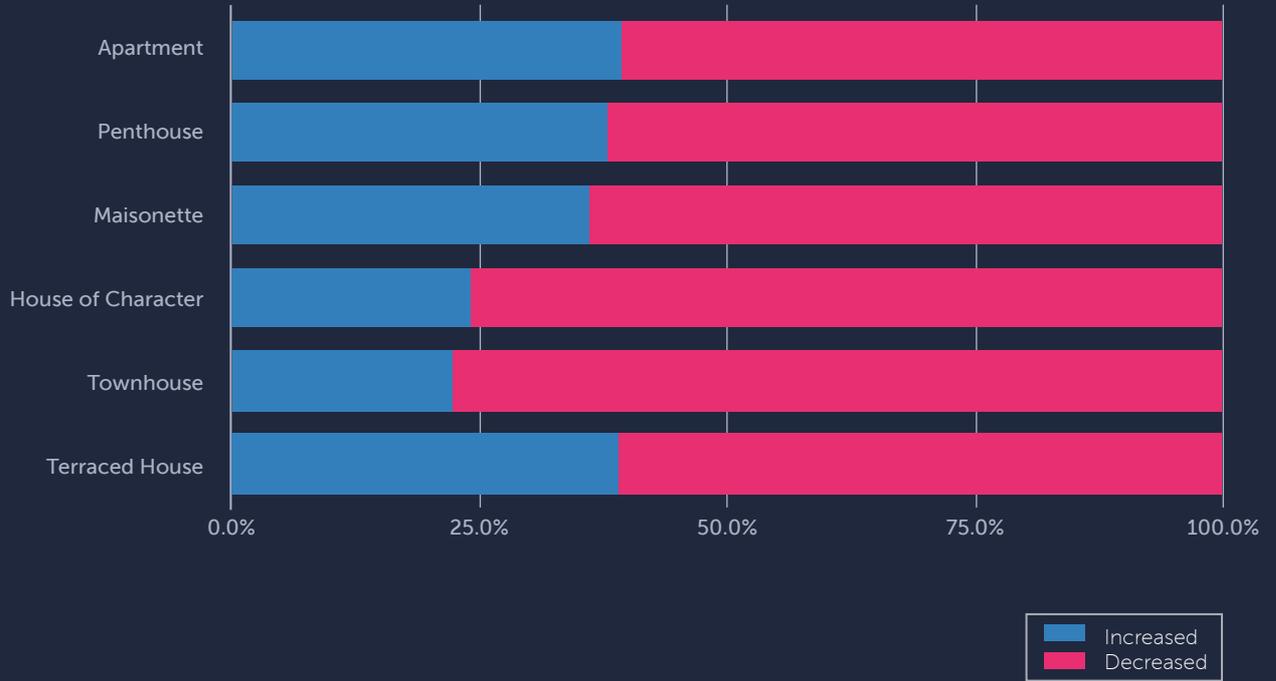
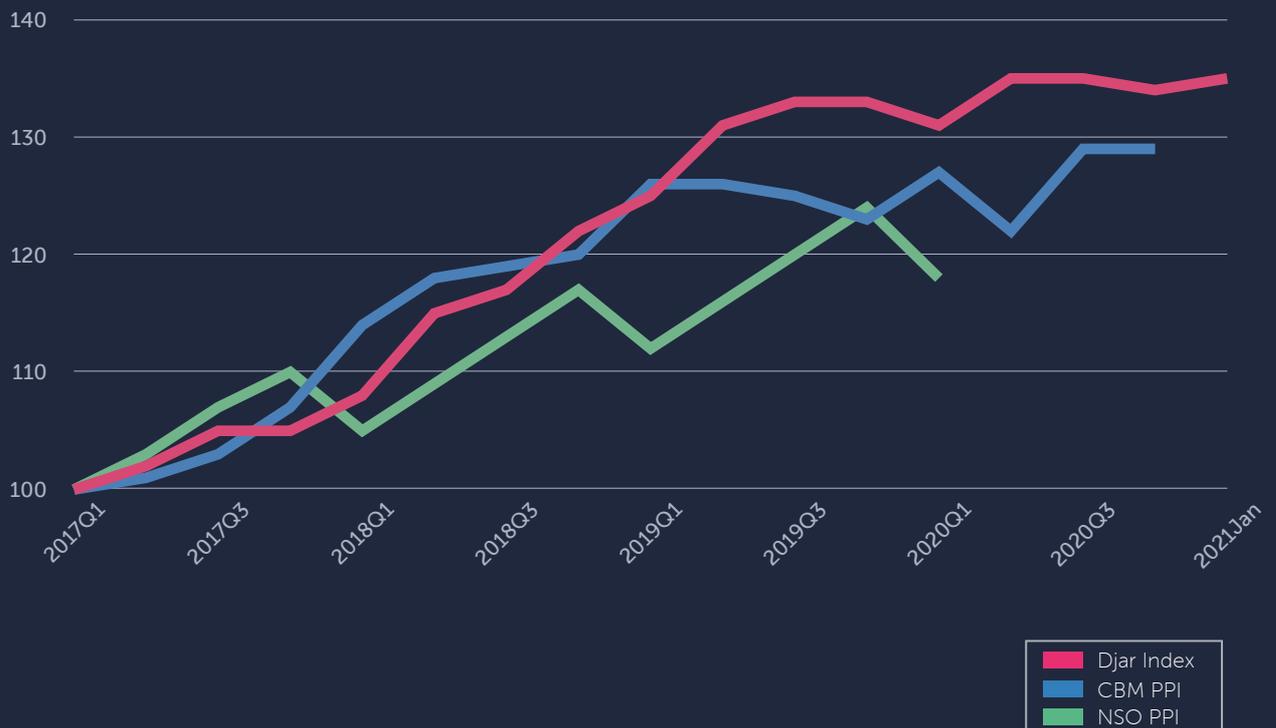


Figure 2.3

Comparison with NSO and CBM property price indices





Gozitan localities, together with Manikata, Kalkara and Santa Lucija in Malta, registered the highest average listing price increases over the previous year. At the other end, Madliena, Mtarfa, Valletta, Senglea and Cospicua had the largest average price reductions.

Figure 3

Localities with largest average price increases and decreases (19Q4 – 20Q4)

Highest average price increase		Largest average price decrease	
Ghasri	8.1%	Madliena	-2.9%
Manikata	7.2%	Mtarfa	-2.5%
Kalkara	6.7%	Valletta	-2.2%
Marsalforn	4.6%	Senglea	-1.9%
Nadur	2.3%	Cospicua	-1.9%
Santa Lucija	2.3%	Lija	-1.9%
Qala	2.2%	Floriana	-1.8%
Xewkija	2.2%	Burmarrad	-1.8%
Munxar	2.1%	Vittoriosa	-1.6%
San Lawrenz	2.1%	Swieqi	-1.3%

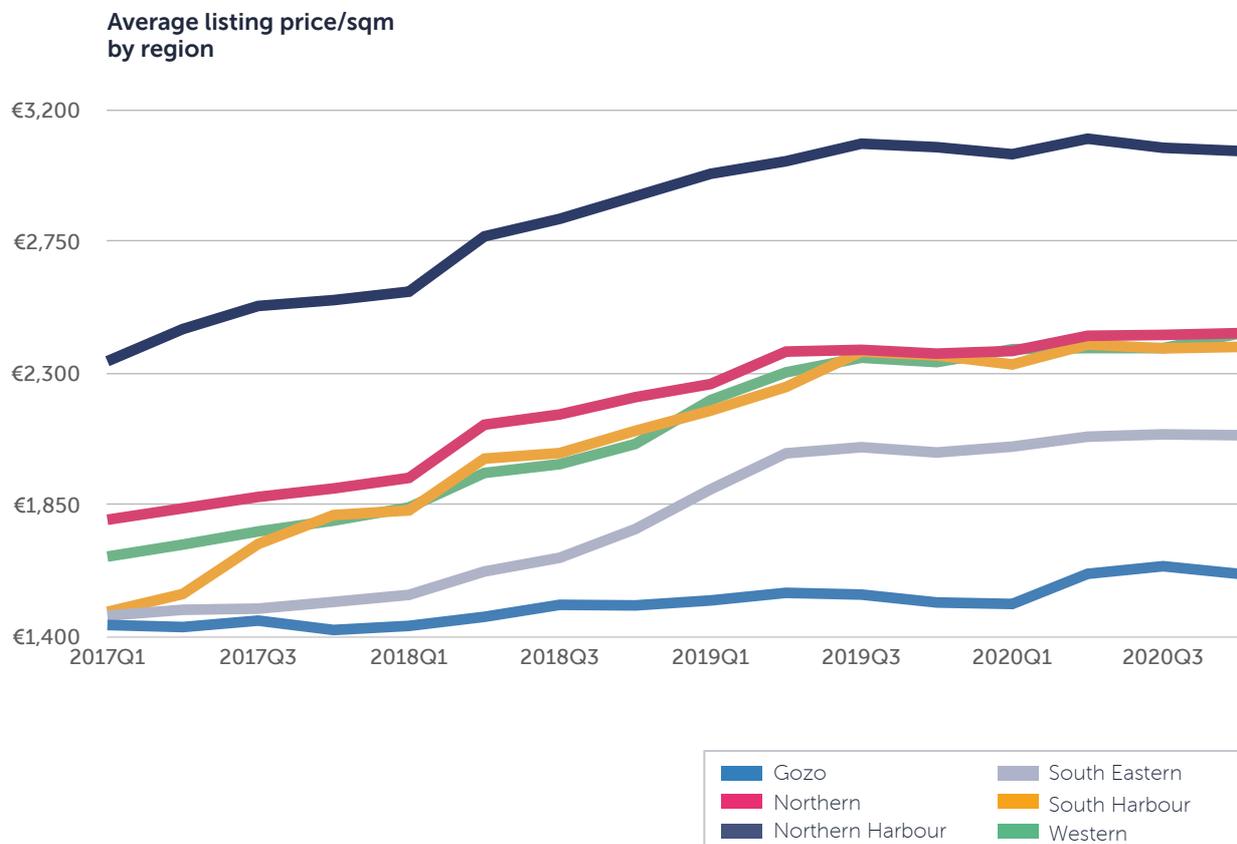
Average prices per sqm

Average prices in the market have also displayed a general slowdown in price growth over 2019 and 2020².

Average price per square metre rates have remained largely stable since mid-2019 across all regions. Over the latest quarters, upward trends in the South Eastern and Gozo regions and a downward trend in Northern Harbour region are loosely observed.

These observed trends in prices/sqm could also be driven by changes in the property size composition within a region, given the observed negative relationship between the two variables. A greater proportion of lower sized properties being listed in a region (with typically higher price/sqm rates) could drive up average rates, and vice-versa. For instance, it is observed that the price/sqm increase in Gozo in 2020Q2, coincided with a relatively larger drop in active listings in the same region. It is possible, that higher sized properties were withdrawn from the market by owners in this period.

Figure 4



² As at the preparation of this report, the latest published data for the NSO property price index is for 2020Q1.

Figure 5

Average price/sqm by property type

Region	Apartment	House of Character	Maisonette	Penthouse	Terraced House	Townhouse
Gozo	€1,449	€2,186	€1,477	€1,810	€2,334	€1,736
Northern	€2,319	€3,278	€2,256	€2,825	€3,927	€3,039
Northern Harbour	€3,126	€3,083	€2,517	€3,042	€3,543	€3,385
South Eastern	€1,986	€2,282	€2,061	€2,231	€2,831	€2,366
Southern Harbour	€2,322	€3,051	€2,357	€2,166	€2,849	€3,023
Western	€2,174	€2,930	€2,312	€2,583	€3,754	€3,019

The lowest average price per sqm rates are recorded in Gozo at c. €1,600/sqm, whereas the highest rate in the Northern Harbour region exceeds €3,000/sqm. Figure 5 further breaks down these regional average rates by property type.



Property price distributions

Figure 6

Property price distributions by region



Corresponding with the observed price per sqm increases, price distributions across all regions have notably shifted upwards since the start of the 2017Q1 observation period.

The price range shifts and observed increases in both mean and median values indicate that price increases have been experienced across all value ranges.

The most substantial increases in were recorded in the Western, Southern Harbour and Southern regions. In the Northern Harbour region, where price ranges were already elevated in 2017Q1, price uplifts have been more moderate.

The Southern Harbour region also exhibits a significant price distribution widening, indicating that a wider variety of property profiles (and associated prices), especially in the higher-end segment, are being made available on the market.

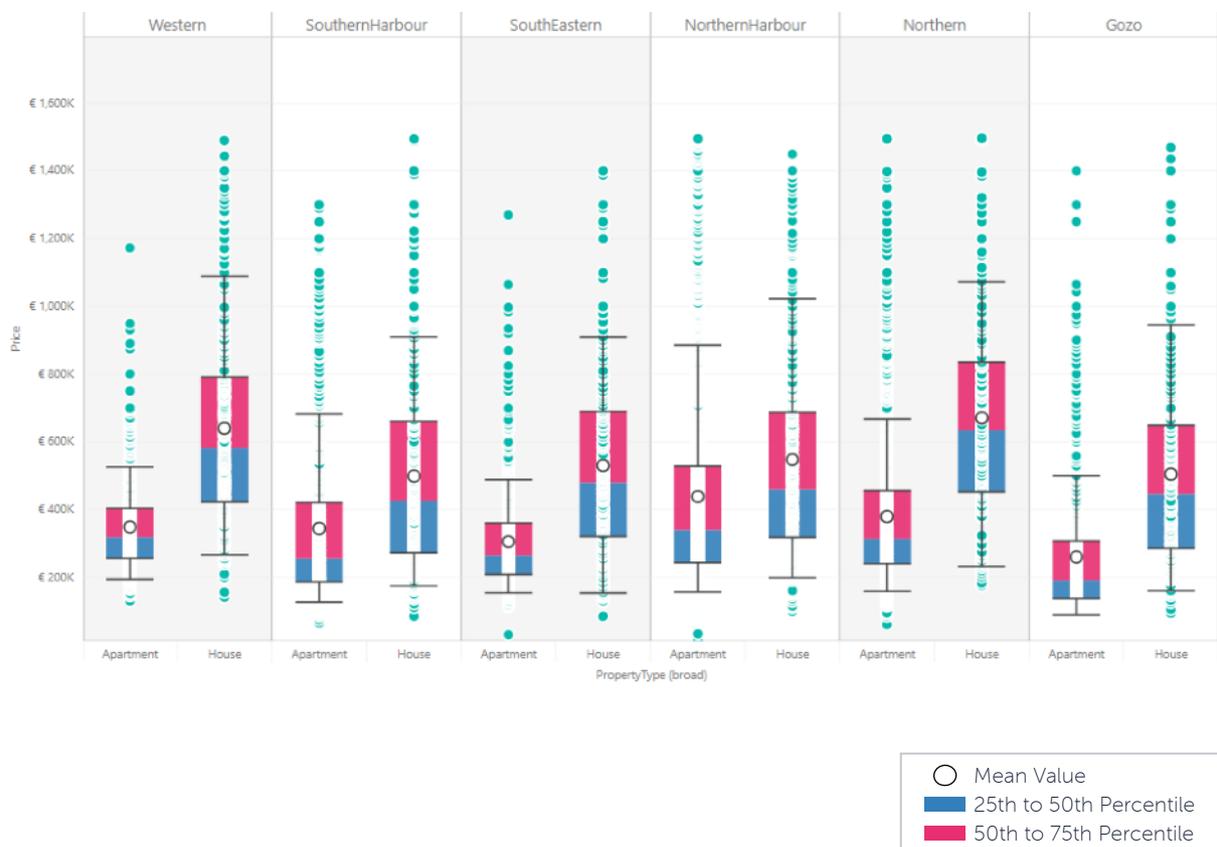
The distributions of prices by property type (apartment vs. houses) per region as at 2020Q4 are illustrated in the below figure.

The disparity in price distributions across houses and apartments is evident across all regions, except within the Northern Harbour region. The latter includes significantly higher apartment listing prices, resulting in a value distribution which is not too dissimilar from that of houses.

The consideration of the high-valued distribution of house prices relative to average income levels, points to potentially limited access and affordability to this segment for younger market participants with low accumulated wealth levels. This consideration could also extend to apartments in the higher value regions.

Figure 7

Property price distributions by property type



Market volume supply

The volume of listed properties on the market could be viewed as a reflection of market conditions/sentiment/expectations.

A drop in the number of listings has been observed for 2020Q2, indicating that a number of properties could have been withdrawn from the market at the onset of the uncertainty caused by the Covid pandemic. The drop in Gozo was relatively larger, suggesting that in this region there was a greater propensity to remove properties from sale market rather than revising downward prices (in line with earlier listing price change analysis).

The subsequent increase in online listings volume suggests that these and other properties may have been put back over the following quarters. Market supporting Government measures could have been a major contributing factor in this regard.

Figure 8

Property listing volume by region

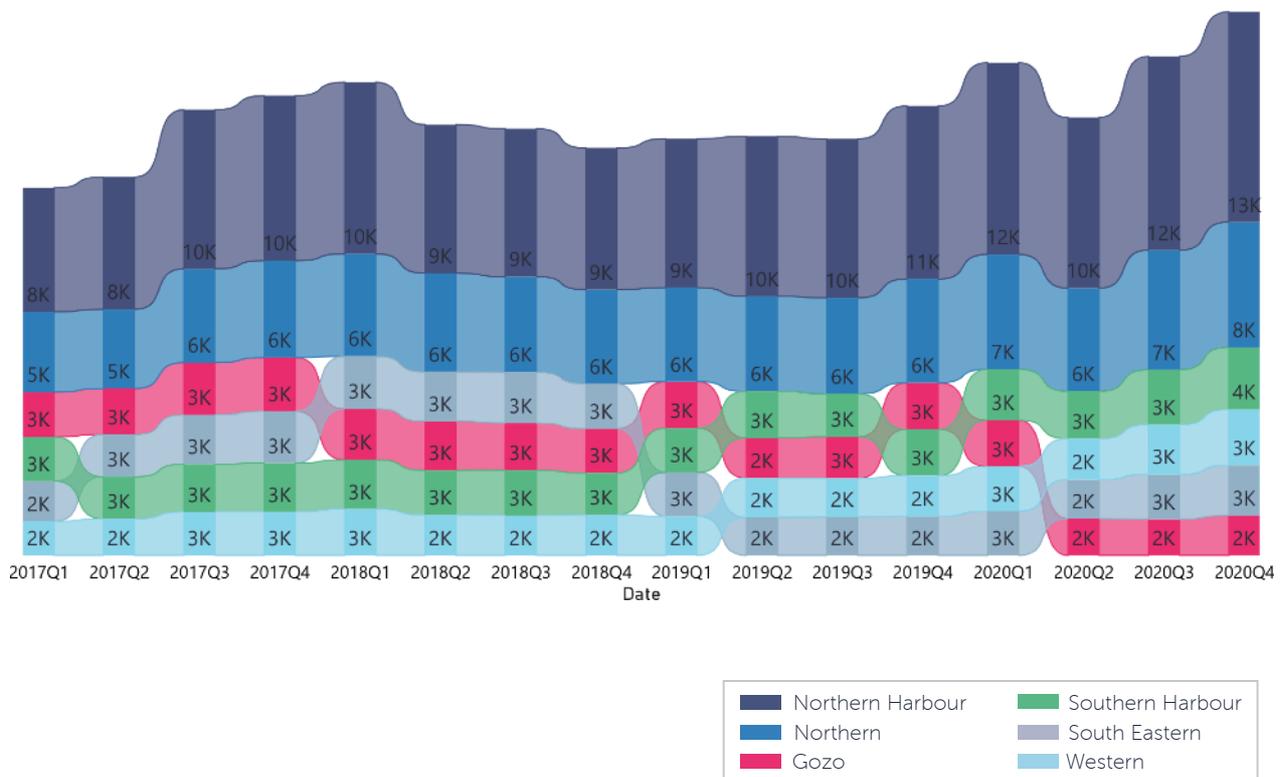
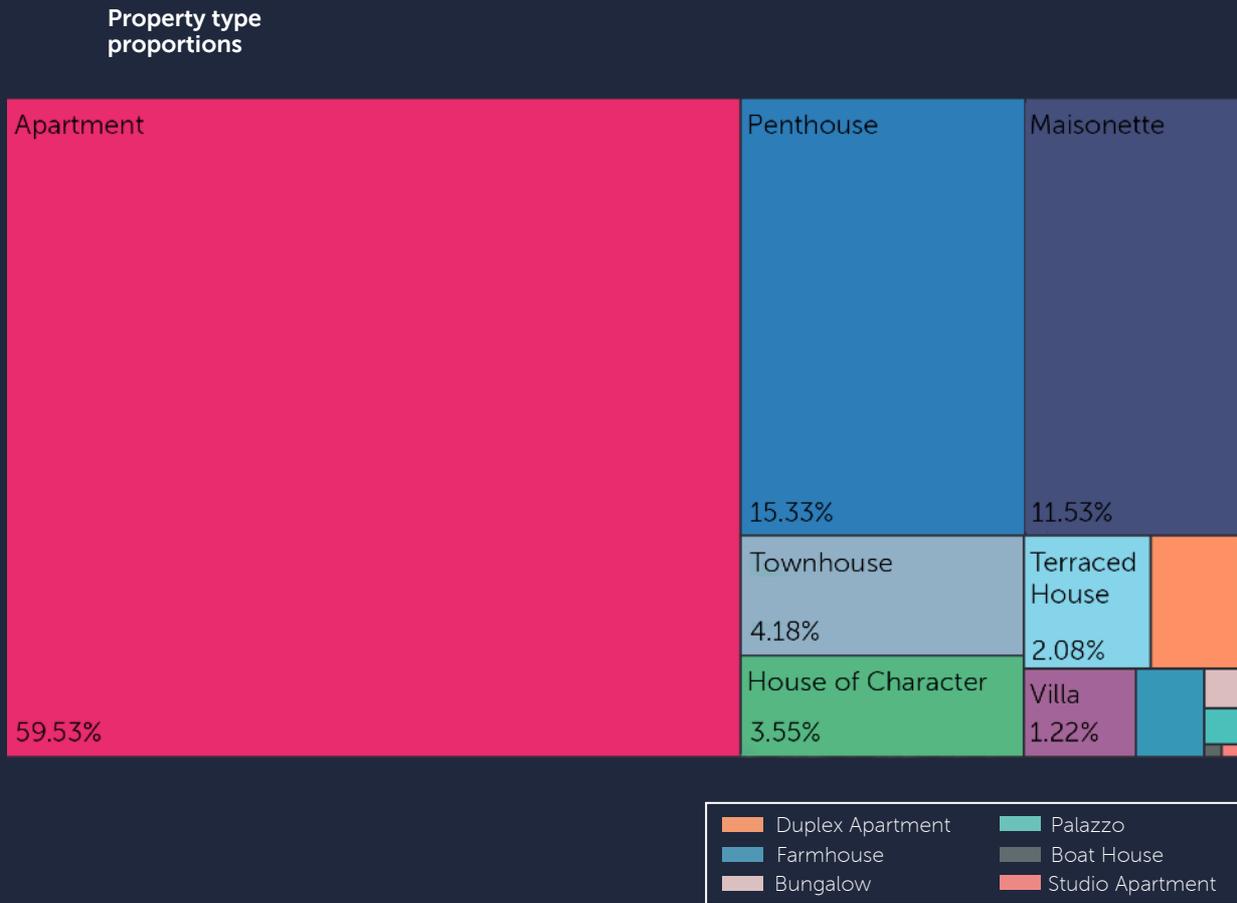


Figure 9



The adjacent figures present a summary of the characteristics of property listings in 2020Q4.

Figure 10

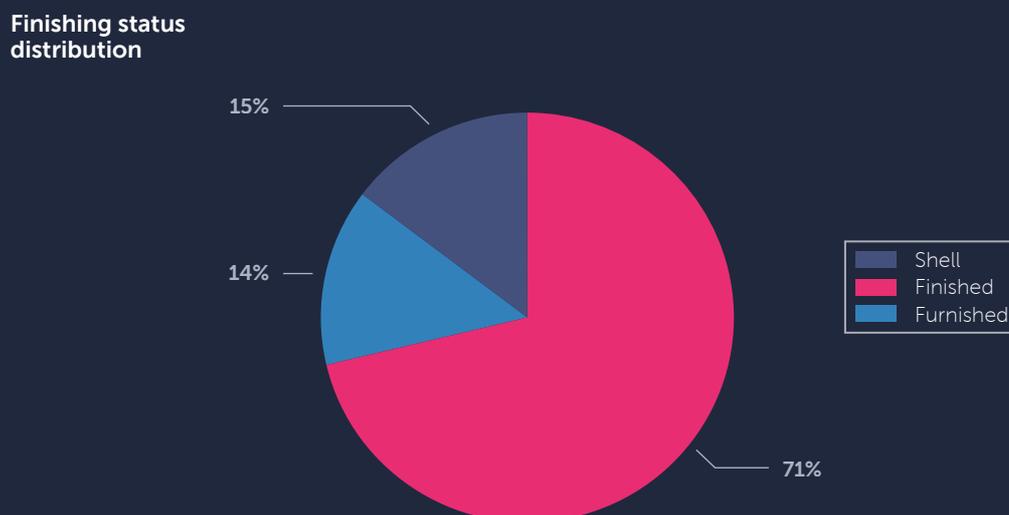
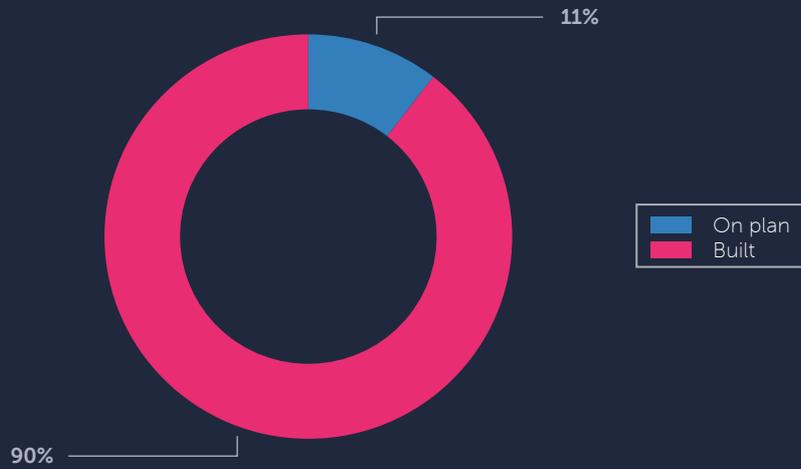


Figure 11

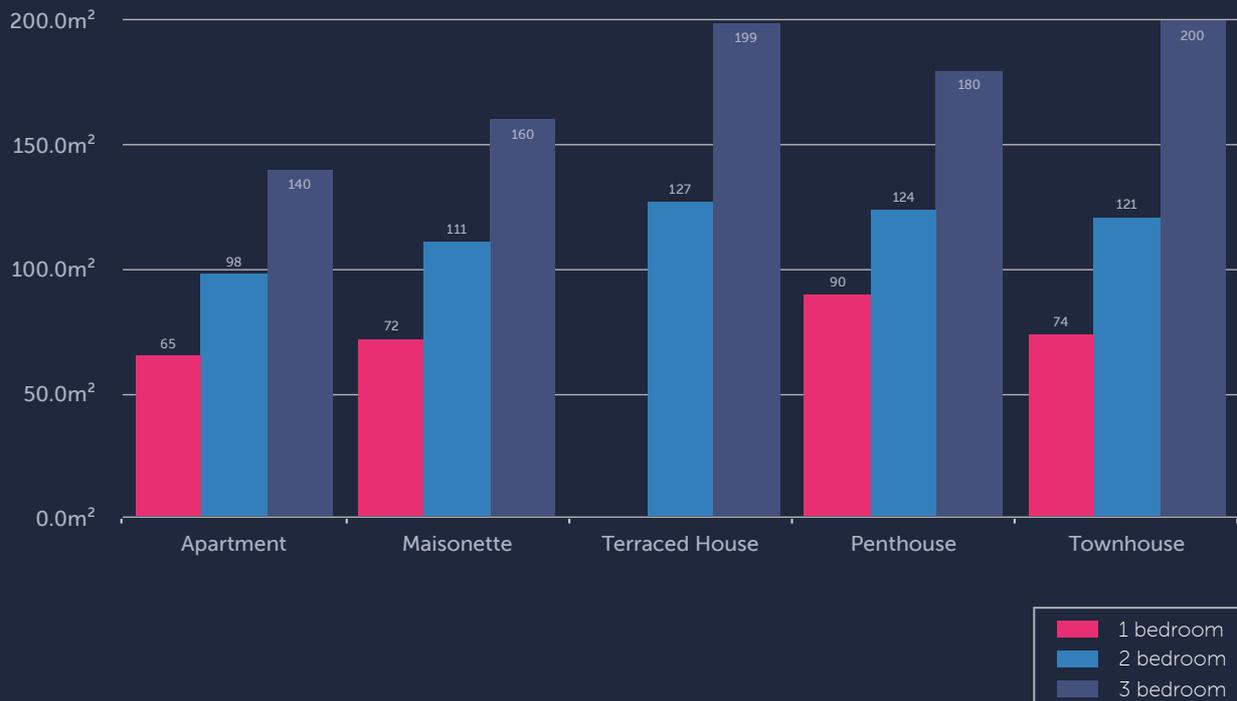
On plan vs Built properties 2020Q1



Average apartment sizes are recorded at 65 sqm for 1 bedroom, 98 sqm for 2 bedroom and 140 sqm for 3 bedrooms and over. With apartments, penthouses and maisonettes taking a large proportion of the market, over 70% of property listings have an area of less than 150 sqm, and about 25% of total listings have less than 100 sqm area.

Figure 12

Median property size by property type and number of bedrooms





Commercial property data

The Djar portal also collects sale price listing data for the various forms of commercial properties.

The following table presents regional average €/sqm rates for selected commercial property types as at 2020Q4.

The dataset records notable drop in average price/sqm rates for hospitality establishments since 2020Q3 (from c. €6,000/sqm to €5,500/sqm), and a fall in average prices for offices in 2020Q2 which was however recovered in subsequent quarters. Average prices/sqm for other commercial property categories have remained mostly stable.

Figure 13

Average/Median asking prices per sqm by commercial property type and region

€/sqm rates (2020Q4)	Catering	Hospitality	Office	Shop	Showroom	Storage facilities	Overall average
Gozo	€2,170	€3,790	€1,290	€1,930	€1,660	-	€2,250
Northern	€3,840	€4,280	€2,720	€3,100	€3,800	€2,670	€3,270
Northern Harbour	€4,930	€6,440	€3,440	€3,100	€2,530	€2,300	€3,280
South Eastern	€3,350	€6,510	€2,290	€2,890	€1,470	€1,260	€2,660
Southern Harbour	€4,090	€4,810	€2,890	€3,000	€2,010	€1,760	€3,040
Western	€3,440	-	€3,650	€2,570	€5,790	€2,200	€3,110
Overall average	€4,000	€5,500	€3,200	€3,000	€2,700	€2,100	€3,200





This report provides a snapshot of the data held by the Djar platform. More detailed analysis, including more granular data into locality analysis, property types and market segments, as well as monthly and quarterly price changes is available upon enquiry.

We encourage you to contact us to set up an appointment for a dedicated information session.

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