



**How do you respond to claims that cash-rich investors, including property developers, are buying luxury real estate and using these purchases to unload cash, even undeclared cash?**

In any sector, there are individuals who do not necessarily follow the rules and law, who misuse the system for illicit purposes. However, there are ample means to limit this abuse. On the contrary to other investments, in the property business everyone is aware that if the value of property is underdeclared there is a valid reason that these contracts would become null and void. Additionally, I cannot see any reason why anyone would launder money in the property purchase, especially since the contractual price agreed upon would be made public. You would have to be very short-sighted to underdeclare a property purchase as that could leave you exposed down the line if a legal litigation occurs, as the actual price would not be capable of being recovered in full.

**Have recent developments, including the arrest of prominent people like Keith Schembri and Brian Tonna, led developers and investors to reevaluate their business partnerships and relationships? Are investors now more afraid that their business partners could take them down with them down the line, if they are in future accused of any illegalities?**

First of all I would like to point out that the aforementioned are not developers. The MDA calls on the authorities to make a distinction between someone who knowingly uses illegal means to protect illicit gains and someone who, for example, falls behind in paying taxes. In the former cases, often revolving around money laundering, we hope the authorities

**Ever so often, analysts bring up the issue of a property bubble. Is this a possibility?**

I have been hearing this since I started my career in this industry. It is true that there are times when property prices and sales drop, but that is normal in any kind of investment. Investors will put money into the product that offers them the best return on investment. As long as the country does not end up with unmanageable unemployment and a lack of direction, there will be enough liquidity to sustain a solid property market. Today, property is possibly what provides the best return on investment, particularly in Malta, where the land available for development is limited. And let me be clear: we hope that this remains so and that a decision is not taken to open up further land for development. Since the MDA was set up, in 2011 we have been adamant that the land available for development is enough, more than enough. In 2013, when the government issued a public call for proposals to amend the local plans, we reiterated our position that opening up further land for development would be a huge mistake. We already have enough challenges when it comes to forward-planning and sustainability.

**People in Malta have always chosen buying over renting property. Is the market still viable for first-time buyers?**

Yes, more than 80% of property is owned directly. Today, support is still there for first-time buyers. MDA was the catalyst in introducing the exemption of the stamp duty to every first time buyer. It is our satisfaction to see that government has adopted our proposals year after year. There are many other proposals that we have put forward and which the government has implemented for first-time buyers. Something interesting which has changed is that people, nowadays, seem to

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clamp down heavily on these criminals and make them face the full provisions of the law. In the case of tax evasion, we believe that people should be made to pay the full amounts due, with penalties if necessary. But a distinction should be clear between the two. Auditors, consultants, company directors must be at peace of mind to carry out their duties diligently. We were buoyed by recent assertions by the prime minister, who said no witch hunts will take place, and we trust that the authorities recognise the difference between these two categories.

**COVID-19 has had a negative impact on many sectors and industries. In the property market, although many properties ended up vacant, development and construction still carried on. Is that a correct analysis?**

Although construction kept going, the actual volume is much less than it was a couple of years ago. Property sales rose also as a result of a number of new projects coming on the market and also due to the recommendations presented by the MDA, especially the reduction of Property Transfer Tax, from 8% to 5%, and 5% to 1.5% on stamp duty for each sale up to €400,000.

have embraced the idea, to purchase an apartment in a block, as opposed to 30 years ago, when hardly no one wanted to live in apartments, even if their houses ended up being empty and bereft of furniture for a number of years after moving in. We are aware of the big challenges faced by first time buyers to reach the going rates, but due to the generous supply the prices remain stable and reachable.

**What is the biggest challenge the property and construction market are facing?**

The large majority of people involved in the industry are capable and ambitious. Our industry, directly and indirectly, employs around 50,000 people, that's nearly 25% of the total employment in Malta, but often our people are criticised for what they do and are not recognised for their hard work and imposed danger. The public out there, must realise that people in business are not criminals and that most of our entrepreneurs are in fact creating jobs and better conditions for our families. We need the influential political parties to highlight and appreciate the very hard work of the thousands of people involved in the construction sector, from the ground up.