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EUROSISTEMA
CENTRAL BANK OF MALTA

RESIDENTIAL PROPERTY PRICES

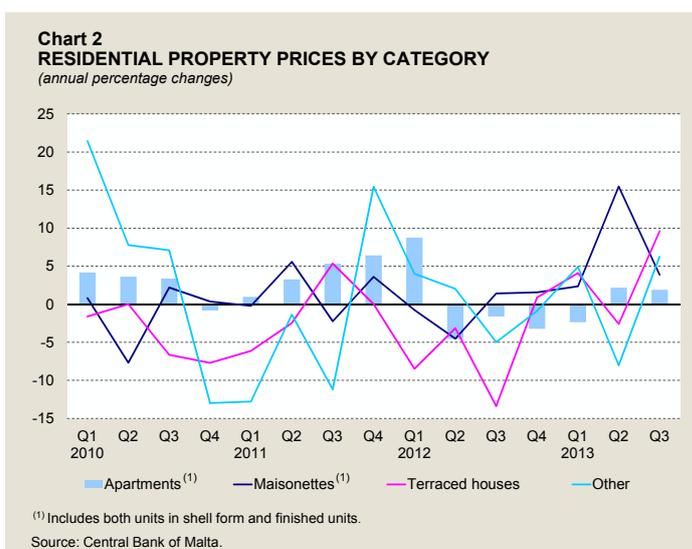
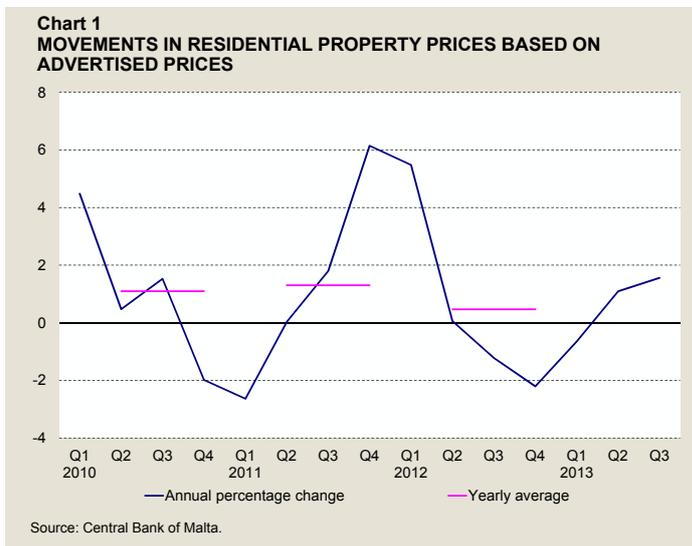
RESIDENTIAL PROPERTY PRICES

Residential property prices increase in the third quarter of 2013

Based on the Central Bank of Malta's property price index, the price of residential properties rose at an annual rate of 1.6% in the third quarter of 2013, following an increase of 1.1% in the previous quarter (see Chart 1).¹

Prices increased across all the main sampled categories included in the index during the third quarter of 2013 (see Chart 2). The acceleration in the overall index was supported by faster growth in the prices of terraced houses and of property in the "other" category, which consists of town houses, houses of character and villas. Both categories had recorded year-on-year declines in the previous quarter. In contrast, the annual rate of change of apartment prices and maisonnettes moderated in the third quarter.

During the third quarter of 2013 prices for apartments, which make up almost three-fifths of properties in the sample and hence represent the largest contributor to movements in the overall index, rose by 1.9%. This followed a 2.2% rise in the previous quarter. The increase recorded in the July – September period marks the second consecutive one after four quarters of negative growth rates.



¹ This analysis of property price movements is based on the Central Bank of Malta's residential property price index, which tracks movements in advertised residential property prices compiled from newspaper advertisements sampled each month. The Bank's index is divided into eight dwelling categories.

Moreover, advertised prices in the “other” category rose by 6.2%, after dropping by 8.0% in the previous quarter. The rise was driven by higher prices for houses of character. This outweighed drops in prices for town houses and villas.

Meanwhile, asking prices of maisonettes increased at a slower rate when compared with the second quarter of 2013. During the third quarter of 2013, asking prices went up by 3.9%, which followed a 15.5% growth in the April to June quarter. The high growth rate in the latter quarter was a result of the exceptionally low price of maisonettes in the second quarter of 2012. Furthermore, in 2013 Q3, prices for terraced houses rose by 9.6%, which followed a drop of 2.6% in the previous quarter.

Activity in the housing market may be measured by the number of advertised properties captured in the Bank’s survey and by permits approved for development. In the third quarter of 2013, the number of advertised properties in the Bank’s survey declined by 1.4% on a year earlier, after a 0.3% rise in the second quarter. The overall fall mirrored decreases in adverts for apartments and houses of character, which outweighed increases in adverts for terraced houses and maisonettes.

Meanwhile, the number of building permits issued by the Malta Environment and Planning Authority picked up strongly, rising by 14.8% after a marginal fall of 0.2% in the previous quarter. The rise was mainly driven by a larger number of permits issued for apartments. This category accounted for more than half of the year-on-year increase in the number of dwelling permits. However, the number of permits granted for maisonettes, terraced houses and dwellings in the “other” category also rose.