

In real estate terms

What makes a property development commercially viable is its capacity to attract investment, Sarah Muscat says.

What contribution does the property and construction sector give to the local economy?

Properties impact the general environment at several levels: they influence the city and region, the estate and neighbourhood, and the individual building itself.

To a financial analyst, the real estate environment is more than this. Holistically the property and construction sector is a key indicator of the current state of the economy. The nature and context of real estate development also signifies the position of the industry. Properties are structures that create economic capacity for the community.

The full measure of this economic impact includes all of the expenditures associated with each phase of the development process together with all the different types of employment generated. The extensive range of on-site construction services are supported by a wide range of professional and business services, including: architecture and engineering services; legal, advisory and financial services; marketing and management services; construction, site engineering and landscaping services; and interior design.

The combination of investment on pre-construction, construction and post-construction activities required to deliver buildings ready for occupancy represents the development industry's direct contribution to the local economy. Job growth and income generated and supported by annual building operations and maintenance represent a continuing flow of expenditures into economies that extend over the life of the structures.

You combine your architectural profession with a business knowhow – what advantages does this give you?

Through my professional experience in architecture and finance, I firmly believe that in the contemporary global economy, architecture, landscape, urban planning and design must confront the complex mechanisms of finance and economics. There is little use for an aesthetically beautiful commercial building if it does not make financial sense. Real estate must engage both design and investment as integrally connected. We should concentrate

on design within the crucible of finance, examining the ways each can add value to the other.

One should emphasise the importance of design in real estate development, exploring how form can have an impact on investment and value. Through experience on property related assignments, I have managed to combine analytical skills in investment and finance with an understanding of those forces that affect values in real estate development and investment in the urban context.

What are the main elements that make a development commercially viable?

One of the most critical aspects that make a development commercially viable is its capability of attracting investment. The repayment of the preliminary capital associated with the initial investment for a development occurs over a period of time – therefore, an investor needs to pay special attention to the long-term sustainability of the project. For this reason, project risks need to be identified and addressed in the design stage of any project. A detailed analysis of commercial use, size of units and completion timings of developments are vital for any project. Detailed studies of the market demand are equally important from the point of fully utilising the services and ultimately generating income from paying user charges.

The main elements that therefore render a development commer-

cially viable include: ensuring adequate revenues from project services and other dedicated sources will at a minimum cover project capital costs, operations and maintenance; and ensuring socially inclusive developments that operate in a systemic and sustainable basis. Moreover, a development needs to be environmentally sustainable and have a framework to enforce quality of service, preservation of public interest, and economic sustainability. Projects need to be functional and ergonomic and respond to the demands of the market.

A commercially viable project addresses demand for services in an economically sustainable manner. Project analysis and structures should be designed in such a way as to effectively mitigate risks of implementation and provide overall better long-term management.

Do these elements vary depending on the type of development?

For any type of development, be it an office block or commercial complex, a completely new building or a restored palazzo in Valletta, the key elements are still applicable. However, the dynamics of each element change for the different typologies. Capital expenditure also varies – yet ultimately every project needs to be economically sustainable and render adequate returns.

What services does Firstbridge offer?

When it comes to the details that



Sarah Muscat

matter in this ever-growing industry, Firstbridge can serve as a pivotal information centre on which prospective investors create and build upon their decisions. As a team, we offer an innovative approach at widening business ideas, ultimately helping clients make an informed decision.

Be it by way of feasibility studies on projects and designs, advanced financial structuring and modelling, to project assessment and advice on purchasing and selling real estate in a tax efficient manner, Firstbridge is making the property market accessible to everyone. We assist in assessing the right balance between debt and equity components, ensuring the right sources are used to support in structuring the project.

Most importantly, we provide independent, expert yet fully transparent advice, assisting clients at both ends of the spectrum and

bridging the gap between the designers or architects and the investors and lenders. We assist companies who are seeking finance to package their project and outline the main investment attractions of the development, in line with demands of the different investors.

If there ever were a time for real estate investment, it is right now. Firstbridge, through its tailor-made approach, is ready and able to provide the modern, holistic way of ensuring that investment is a success.

■ Sarah Muscat, an architect and qualified accountant, leads the property financial advisory division at Firstbridge, a multifaceted professional services provider based in Malta. Muscat's expertise lies within the area of business advisory with particular focus on projects related to property transactions.



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Reliable systems with strong performance characteristics for drainage installations in traffic areas provide a long-term safeguard for our modern infrastructure.

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Hauraton has developed reliable systems with strong performance characteristics in order to contribute to the high quality of our infrastructure and its further development.

In close cooperation with specifiers, building contractors and building material suppliers, Hauraton develops individual solutions that meet the most demanding design requirements.

Hauraton provides highly qualified professional advice and technical support during the design phase as well as the

construction phase. Decades of experience in the field of traffic area drainage and an innovative approach combine to provide the designer with the most reliable solutions.

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quality, Hauraton cooperates with specialist institutes for external monitoring of products and internal processes based on regular quality checks – our customers' guarantee for reliable design and long-lasting solutions.

Hauraton has chosen Bonnici Group to be its representatives for the Maltese market. Products can be found at their premises at Sardine Street, Burmarrad. For more information, contact Bonnici Group on 2359 6000 or sales@bbg.com.mt and visit www.bonnici.com.