

First building handover at SmartCity Malta in 2010



By Parag Deulgaonkar on Sunday, April 05, 2009

SmartCity Malta, a joint venture between the government of Malta and SmartCity, will hand over its first office building next year, a senior company executive has disclosed.

"A significant amount of grading work has been carried out at the site and the first building is under construction," said Claudio Grech, the project's CEO.

"We are practically on schedule with the development of the office building, which we plan to hand over in July 2010."

The building, which is being developed in the main district, will provide 120,000 square feet of office space in addition to housing a number of retail outlets.

Grech declined to reveal the names of tenants likely to move into SmartCity Malta, but said they comprised a mixture of big names and local small- and medium-sized enterprises.

"They are companies that are focusing on the international market. Primarily, the clients that we are looking to attract are ones who are seeking to internationalise their businesses either in the European Union (EU) or in the Middle East."

The majority shareholding in SmartCity Malta lies with SmartCity, a joint venture between Tecom Investments and Sama Dubai. The Government of Malta has a nine per cent stake and one representative on the board.

Asked if the economic downturn had changed SmartCity's plans, Grech said: "As a company we haven't felt any direct consequence from the economic slowdown. In January, we were capitalised to the tune of €31 million (Dh153.5m) by our shareholders and the budgets for the year has been approved."

SmartCity Malta has shifted its focus from attracting large information technology companies to the service side of the sector.

Market research and analysis firms such as International Data

Corporation and Gartner are forecasting that, despite the slowdown, there will be an increase of six per cent per annum in the IT and business services market over the next five years.

"We believe Malta serves as a fantastic location, offering the right cost structure and location, competent and skilled people, and an effective fiscal framework," added Grech. "Any foreign shareholder who operates from Malta is subject to a maximum tax rate of only five per cent – by far the best taxation rate in the EU."

He said businesses in the UK, Ireland and Italy were accustomed to high cost structures, but their boards of directors were now instructing them to look for destinations where costs were lower.

"There has been a significant degree of turmoil in the information and communication technology market. However, we are also seeing that for companies in countries such as UK, Ireland and Italy there are significant opportunities. A business can have 40 to 50 per cent cost advantage in Malta compared with the UK or Ireland." The first phase of SmartCity will be largely developed in 2009 as most of the infrastructure will be completed by the end of the year. The entire project will be completed over 10 years.

"The infrastructure works have been budgeted for and approved by the board of directors. Currently, we can't plan too far ahead, but shareholders have trust in the project." Grech said SmartCity would contribute between 2.5 and four per cent to Malta's gross domestic product and create thousands of jobs.

"The firm has a contractual pact with the government to create 5,600 jobs over a period of eight years. If the company fails to attain that number it has to pay a penalty."

Copyright © 2008 Emirates Business24|7