

Yes, it's another fruity cover once again featuring on our quarterly magazine. To be frank I have questioned the relevance of a clean fresh image of fruit on our magazines; from a marketing point of view, we hope it will attract the eye, but clearly it is the content of our magazine that we hope to attract the mind with.

The past few months have remained much the same in that we still see an element of over subscription with property instructions. This has been a concern I have shared with you for quite some time in that the oversupply of properties and the fact that a great many speculators had entered the market with quick intentions to exit was in fact driving prices down in particular with speculation in off-plan developments. There is no question and I think all developers have reached a consensus, that it's time to let the market breath and take stock; their time will come again, I am sure, (I explain further below) but responsibility to the market is required.

What has struck a positive cord is the fact that speculative and over extended buyers with properties for sale are being taken up by new clientele arriving in Gibraltar, and here is where the same questions continue to be hurled at me and others in the industry I suspect. "Are there really buyers coming in"? "Is the market dying"? How can we really expect to fill all these luxury developments"?

Serious questions, with an almost predetermined sharp edged reply expected. Well, firstly lets tackle the questions in order.....YES – NO – THE ECONOMY.

The first two questions / answers require your faith and belief that I am in fact telling you the truth...I will not hold my breath and therefore will leave it up to you to judge or indeed give me a call and I would happily explain my thoughts. The third is what it is, that being an economy that is quite evidently churning out the clients and the business and maintaining growth in a world economic environment that sees most countries in recession and with unemployment rates that quite literally translate into an almighty kick between the legs....ouch!

The reality for us at least is that we are seeing continuous interest in almost all sectors, residential sales, lettings and commercial. There will no doubt continue to be adjustments in the market where prices in certain areas are over extended and expectations continue to be high. But in the main, the evident demand will continue to address the oversupply that we are quite clearly witnessing and we may well see a healthy balance of both these factors realized sooner rather than later.....hear he goes again I hear you mutter to yourself. I am sure that my continued (cautious) optimism is wearing thin; my point relates to the recent corporate tax announcement by the Chief Minister, in which we finally reach a flat rate applicable to all companies with no exemptions coming to fruition in Jan 2011....a flat 10% corporate tax rate!!!

The Budget Bloodbath in the U.K. will no doubt have an impact on centres like Gibraltar and whereas I take no joy in the misery that countries like England and other nations around the world are going through, there will evidently be a positive spin to our own economy which quite apart from being highly regulated and recognised as such is also driven by sensible low tax principles.

The impact that this tax rate is likely to have is huge, particularly when one considers taxation in other countries. The ability to attract business on this new playing field is clearly real and with further indications from the Chief Minister that we will also see further reductions in personal taxations, we may (as some high profile lawyers out there have suggested) be at the starting point of yet another substantial growth period for Gibraltar. In the past, it has been the corporate clients that have benefited from the now eradicated exempt status and only the very wealthy who have enjoyed such status on personal taxation. Gibraltar has done well to create this business and is now ready to pounce on a fairer tax regime all round which will see a level playing field across the board and with the added benefit of attracting a wider range of individuals other than the super rich.

I for one will remain on the optimistic trail and will continue to listen to the many leading players in Gibraltar who agree that we are in a sound and strong position, able to take advantage of our success.

As always, if you have any questions or comments, please do not hesitate to contact me.

May the next quarter be a profitable one for all.

Louis C. Montegriffo

Director.