GOZO BUSINESS SENTIMENT

2026 Vol. 3 - Issue 1

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GBC

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Gozo Business Sentiment Survey

Issue 1 – 2026 Volume 3

1. Introduction

The Gozo Business Sentiment (GBS) is a business dialogue initiative which aims to establish and maintain regular communication with businesses operating in Gozo. The primary objective of this initiative is to gather real-time information on recent performance, business activity expectations, investment and employment trends, and pricing dynamics. The objective of this exercise is to complement official economic indicators and provide deeper insights into sectoral developments and trends in Gozo. A joint effort between the Gozo Regional Development Authority (GRDA) and the Gozo Business Chamber (GBC), the GBS helps both organisations better understand the factors shaping current and emerging economic trends on the island.

This publication presents a comprehensive analysis of the findings from the latest business sentiment survey, conducted in March 2026, alongside comparisons with sentiment data from previous rounds. The survey methodology remains consistent with that of previous publications, ensuring a reliable sample size and sector representation to enhance comparability and data quality over time.[1]

The survey comprises of two sections: the first includes standard questions that remain unchanged across rounds to facilitate comparison. The second section, addresses topical issues that vary with each round, which in this edition focus on external financing.[2]

2. Gozo Business Sentiment Survey – Issue 1 (2026 Volume 3)

Data collection for the first 2026 issue of the GBS was conducted during March 2026, with the sample composition reflective of Gozo's enterprise profile (Chart 1). In line with previous issues, the distribution was kept fairly consistent, facilitating comparisons with past data points. However, this does not imply that the list of participating enterprises is definitive.

[1] For a detailed description of the methodology adopted in the survey see GBS 2024 Issue 1 Volume 1. *https://grda.mt/wp-content/uploads/2024/06/GBC-2024-Vol.1-Issue-1.pdf*

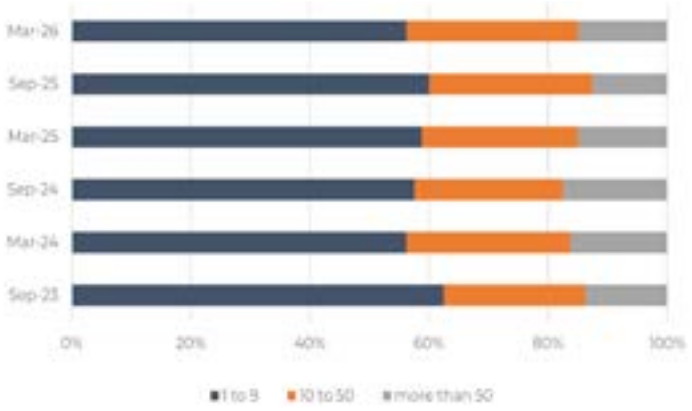
[2] The list of questions asked in this round are presented in Annex A of this report.

Chart 1: GBS survey sample composition

Data Source: Gozo Business Sentiment

Figures from the March survey indicate that the employment structure in Gozo remained broadly consistent with previous issues. Enterprises employing between 1 and 9 employees continue to be the dominant category, accounting for 56% of the sample. However, this share has declined slightly when compared with the previous survey and on a year-on-year basis. This was accompanied by an increase in the other two categories, mainly in the 10 to 50 employees' group.

Chart 2: Workforce of sample composition



Data Source: Gozo Business Sentiment

2.1 Business Conditions and Expectations

Business conditions remain resilient

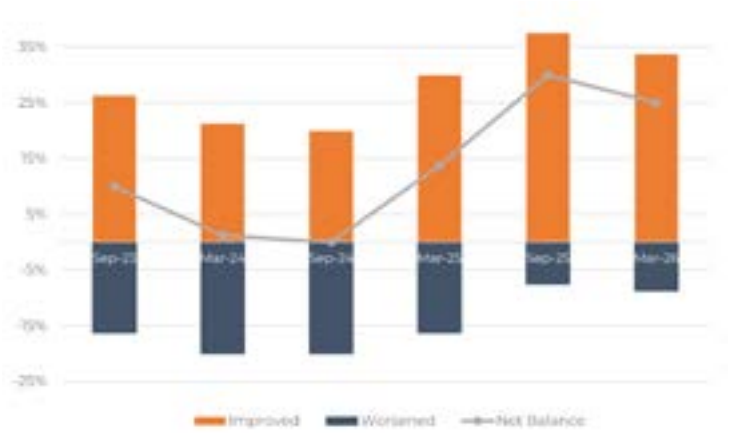
The March exercise revealed that Gozitan enterprises continued to record stable business conditions, with 58% of the participants stating that their situation remained unchanged in the preceding six months. Business conditions improved when compared with the March 2025 round and remained broadly in line with figures observed in September 2025 (see Chart 3).

Improvement in business conditions were noted in 34% of the sample, four-percentage-points higher than that recorded in March 2025, yet four-percentage-points lower than the

September 2025 reading. Businesses reporting worsening in conditions were also lower than those recorded a year earlier, standing at 9% from 16%.

The net balance points to an improvement in sentiment, standing at 25%, which remains well above the 11% average recorded across all survey rounds. However, compared with the previous survey round, the net balance declined by five percentage points from its all-time high of 30%.

Chart 3: Current business conditions



Data Source: Gozo Business Sentiment

Note: The question put to respondents was: 'Have your business conditions in the last 6 months improved, worsened or remained unchanged?''

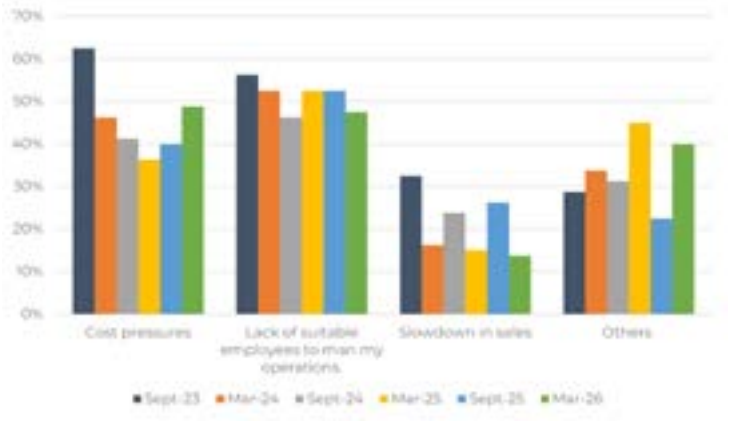
In line with the previous issue, the secondary sector, consisting of manufacturing and construction enterprises, registered the largest share of improved business conditions, with a net balance of 38%. This was supported by the fact that no firms within this sector reported worsening conditions.

The services sector also recorded a strong positive net balance, standing at 24%. Within this sector, accommodation and food service activities emerged as the category with the strongest positive sentiment, followed by the information and communication activities. Lastly, the knowledge sector recorded a modest positive net balance, at 11%.

Cost pressures emerge among firms

For the first time since the September 2023 survey round, cost pressures have emerged as the most pressing challenge for local firms, surpassing concerns related to staff shortages. As depicted in Chart 4, cost pressures had followed a downward trajectory since September 2023 with only a modest increase in September 2025, supported by a period of declining inflation rates. In the latest survey, 49% of participants reported cost pressures, an increase of nine percentage points when compared to that reported in the previous survey round. This was particularly evident within the transport and storage activities, followed by accommodation and food service activities, and construction.

Chart 4: Businesses main pressing concerns



Data Source: Gozo Business Sentiment

Note: The question put to respondents was: ''What are the main pressing concerns for your business?''

This round can be considered the first to capture the potential implications of higher international energy and transportation prices driven by the by the escalated conflict in the Middle East. Although energy prices in Malta remain subsidised, higher global energy costs still feed through as they impact the prices of imported inputs. In fact, several "others" responses highlighted concerns regarding geopolitical tensions in the Middle East, with businesses pointing to the uncertainty this creates and its various impacts, including delivery delays and higher shipping costs.

The lack of suitable employees to support operations remains a very pressing challenge, with 48% of respondents flagging it. However, this represents a slight drop when compared with the September 2025 survey, and in line with that reported a year earlier. Education, human health, and social work activities once again recorded the highest incidence of this challenge. Construction, as well as the accommodation and food service activities sector, also reported a notable share of responses in this regard.

As shown in Chart 4, a clear seasonal pattern emerges in the "slowdown in sales" concern, with March survey rounds consistently recording significantly lower shares of respondents compared with September rounds. In the latest round, a slowdown in sales was cited by only 14% of respondents, an all-time low, although broadly in line with other March surveys.

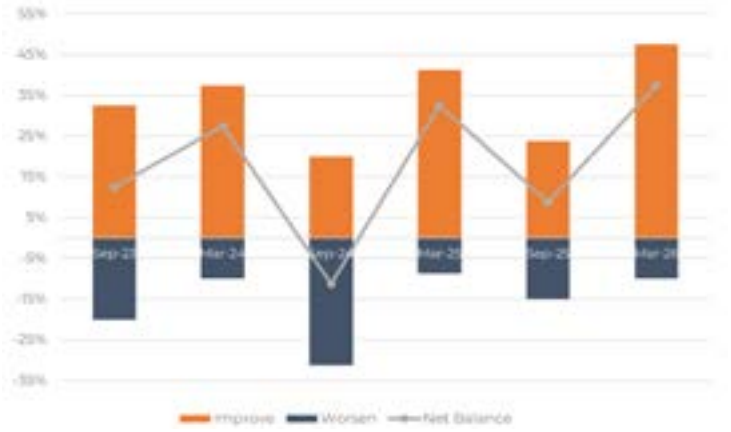
Short term business outlook strengthens

Looking ahead, a significant share of businesses expect their business conditions to improve over the coming six months. In fact, 48% of participants anticipate an improvement, while only 10% foresee a deterioration in conditions. The remaining respondents (43%) expect conditions to remain unchanged. This results in the highest net balance recorded across all survey rounds, standing at 38%. Thus, despite the global uncertainty arising from the ongoing conflict in the Middle East, businesses remain positive about the future.

A cyclical pattern is also evident in Chart 5, with businesses consistently displaying greater optimism regarding their six-month outlook during the March rounds compared with September.

On a sectoral basis, the strongest net balance, that of 44% was recorded in the knowledge sector, primarily made up of arts, entertainment and recreation category. This was closely followed by the secondary sector, which registered a net balance of 38%. The tertiary sector also recorded a robust net balance of 36%, reflecting a significant share of participants expecting improved business conditions over the short term.

Chart 5: Expectation for business activity



Data Source: Gozo Business Sentiment

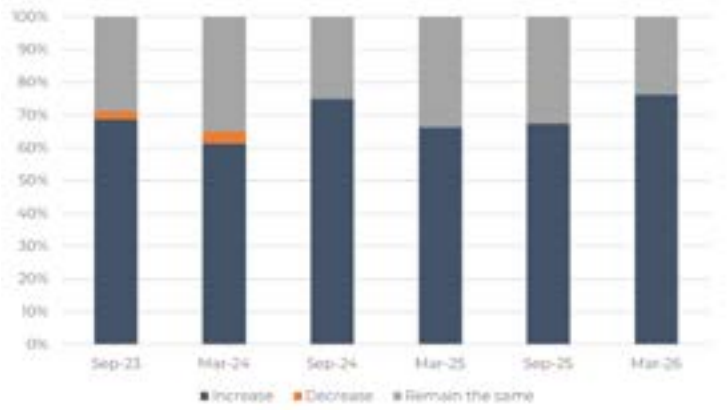
Note: The question put to respondents was: "Do you expect your business conditions in the next 6 months to improve, worsen or remain unchanged?"

2.2 Prices

Input and selling price pressures remain stable

In line with the concerns previously highlighted by businesses, cost pressures are also being reflected in firms' expectations regarding the prices of products and services purchased over the coming six months. In fact, 76% of the sampled businesses expect the prices of their inputs to increase. This represents an eight-percentage-point rise compared with the September 2025 round and a 10-percentage-point increase over the previous year. Consequently, the share of participants expecting prices to remain unchanged declined to 24% (Chart 6). Among the sectors with the highest expectations for price increases are the industry (except for construction) and transportation and storage activities.

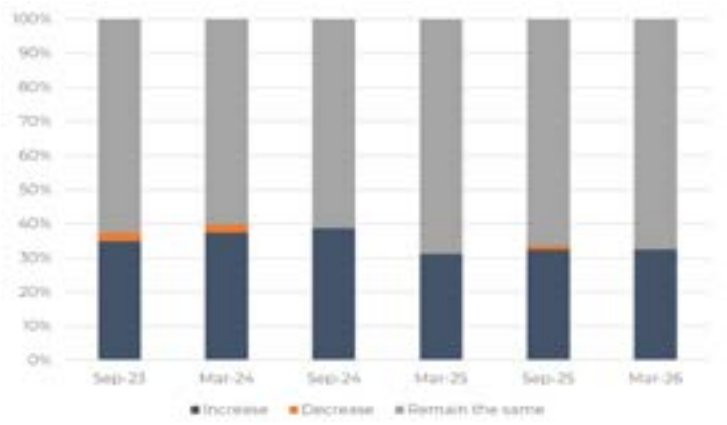
Chart 6: Price expectations of products or services purchased



Data Source: Gozo Business Sentiment

Note: The question put to respondents was: ''Over the next 6 months are prices of products and services purchased, expected to increase, decrease or remain the same?''

Chart 7: Price expectations of products or services sold



Data Source: Gozo Business Sentiment

Note: The question put to respondents was: ''Over the next 6 months are prices of products and services sold, expected to increase, decrease or remain the same?''

The increased expectation of higher input prices does not appear to be feeding through into expected selling prices, as the figures for the March survey presented in Chart 7 were broadly in line with previous survey rounds conducted in September and March 2025. The vast majority of respondents (68%) indicated that they expect selling prices to remain unchanged over the coming six months. Meanwhile, 33% anticipate an increase in their selling prices during the same period. This share remained unchanged compared with the September 2025 round and broadly in line with levels recorded a year earlier.

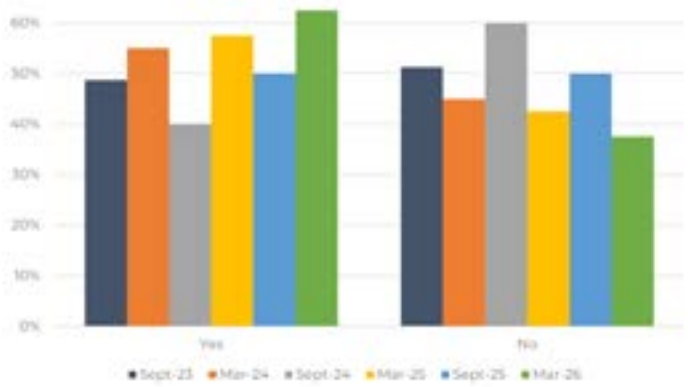
2.3 Employment

Hiring intentions by firms on the rise

Over the last six months, 30% of surveyed local businesses reported increasing their workforce, reflective of Gozo's strong labour market. This positive trend is further reinforced by businesses' employment expectations for the next six months.

The vast majority of the businesses (63%) consider increasing their workforce in the short-term, whereas 38% of the sample indicated that they are not seeking additional employees. The share of firms planning to recruit has reached a high compared with previous observations (see chart 8), surpassing the September figure by 13 percentage points. This stronger demand partly reflects seasonal effects. In fact, when compared with the March 2025 survey, the difference narrows to five percentage points.

Chart 8: Employment expectations



Data Source: Gozo Business Sentiment

Note: The question put to respondents was: "Do you plan to increase the number of employees over the next 6 months?"

The positive employment intentions were also evident across all economic sectors. The secondary sector registered the highest intention to employ new workers, with almost 70% of businesses planning to increase employment. This was closely followed by the knowledge sector, where 67% of businesses indicated that they intend to hire new staff. Meanwhile 60% of the services sector also outlined that they plan to increase their workforce.

As illustrated in Chart 9, businesses planning to increase employment are primarily seeking workers with computer and related skills, and tools, machinery and related skills, highlighting strong demand for technical and operational competences across the local economy. At the same time, a significant share of businesses reported the need for communication, collaboration and related skills, suggesting that interpersonal abilities are valued alongside technical expertise. Demand was also noted for information and related skills. In

Chart 9: Employment expectations

Data Source: Gozo Business Sentiment

Note: The question put to respondents was: 'If the previous answer is "increase" specify the type of employee skills you require."

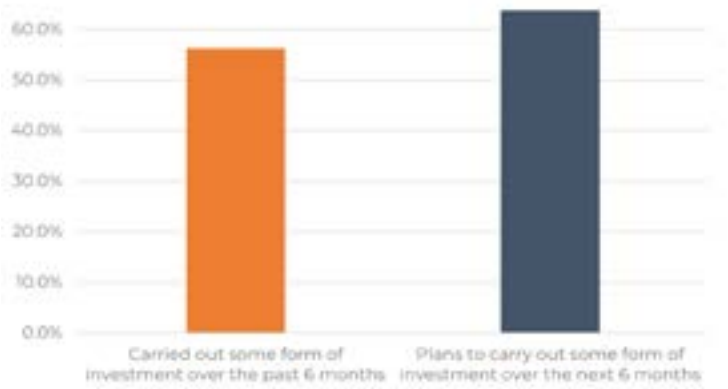
contrast, no demand was recorded for agriculture, fishing and related skills or artistic and creative skills.

2.4 Investment

Growing investment plans

A significant 56% of the firms surveyed in March 2026 stated that they have carried out some sort of capital investment in the previous six months (see Chart 10). The knowledge sector once again had the highest investing activity, with 78% of the businesses indicating a capital investment. Notably, the secondary and tertiary sector also had a decent level of investment, at 63% and 51%, respectively.

Chart 10: Investment Plans



Data Source: Gozo Business Sentiment

Note: The questions put to respondents was: '' Have you carried out any capital investment over the last 6 months?'' & '' Do you expect to carry out any capital investment over the next 6 months?''

Prospects of investment in the short-term remain strong amongst Gozitan firms, with 64% of the businesses planning on doing capital investments in the coming six months. This percentage continues the upward momentum noted in the previous round and slightly exceeds it. The transportation and storage show the strongest investment outlook, with all the businesses in it stating they will invest in the short term. This is followed by the arts, entertainment and recreation category and by wholesale and retail trade.

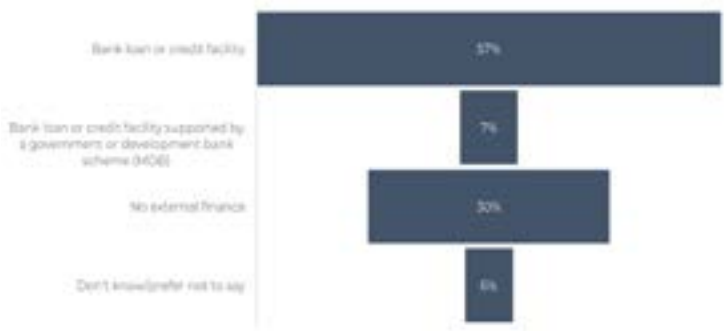
3. External Financing

The latest edition of the GBS survey continues to monitor overall business sentiment and short-term expectations through its established set of core questions. In addition, each survey round includes a dedicated thematic section focusing on issues currently affecting the business community. The thematic focus of this edition concerns external financing, with particular attention given to businesses' access to suitable bank lending facilities.

As depicted in Chart 11, the survey results show that 64% of the participating firms do currently have an external source of financing. Among these, bank loans and credit facilities represent the most common form of funding, accounting for 57% of the sample. A smaller proportion of businesses make use of bank loans or credit facilities supported by government or development bank schemes, which account for 7% of the sample.

Another 30% of the surveyed firms stated that they do not have an outstanding external financing. This sub-set of participants were asked to specify the reason behind this position, with almost all the participants stating that they do not require any external financing. Only a single participant cited that the reason behind this is limited information or awareness of available schemes.

Chart 11: Use of External Finance

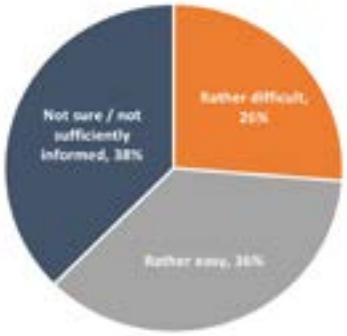


Data Source: Gozo Business Sentiment

Note: The questions put to respondents was: "Does your business currently use any of the following forms of external finance?"

Chart 12 presents respondents' views on the ease of accessing external financing for local businesses. The largest share of participants (38%)reported being unsure about the ease of access or lacking sufficient information to provide an assessment. This was followed by 36% of the participants who consider obtaining financing to be rather easy. The remaining 26% were of the opinion that it is a rather difficult process.

Chart 12: Ease of accessing suitable bank loans/credit facilities



Data Source: Gozo Business Sentiment

To further explore potential constraints, respondents were asked to identify possible obstacles in accessing financing. Half of the participants indicated that they do not perceive any barriers. Among those who did identify challenges, the most common concern was the administrative or documentation burden associated with the process. Other factors mentioned included a lack of information or guidance, as well as the cost of financing, albeit to a lesser extent.

Annex A

Questions	March 2026
Q1	What is the sector in which your business operates?
Q2	What is your current workforce?
Q3	Have your business conditions improved, worsened or remained the same over the last 6 months?
Q4	Do you expect business conditions to improve, worsen or remain the same over the next 6 months?
Q5a	What are the main pressing concerns for your business?
Q5b	If you have selected 'Others', kindly specify what type of pressing concerns you have encountered.
Q6	Have you carried out any capital investment over the last 6 months?
Q7	Do you expect to carry out any capital investment over the next 6 months?
Q8	Over the next 6 months are prices of products and services purchased, expected to increase, remain unchanged or decrease?
Q9	Over the next 6 months are prices of products and services sold, expected to increase, remain unchanged or decrease?
Q10	Have you increased the number of employees over the last 6 months?
Q11a	Do you plan to increase the number of employees over the next 6 months?
Q11b	If the answer to the previous question is 'yes' please specify the types of employee skills that you are currently seeking: (To select all that apply) • Agriculture, fishing and related skills • Artistic and creative skills • Assistance, care and related skills • Communication, collaboration and related skills • Computer and related skills • Construction and related skills • Information and related skills • Tools, machinery and related skills
Q12	Does your business currently use any of the following forms of external finance? • Bank loan or credit facility • Bank loan or credit facility supported by a government or development bank scheme (e.g. Malta Development Bank) • No external finance • Don't know / prefer not to say

Questions	March 2026
Q13	If you have selected “No external finance”, kindly choose the main reason/s why your enterprise did not use bank loans or credit facilities *(Select all that apply)* • No need for financing • Interest rates or financing costs were too high • Collateral or personal guarantee requirements were too demanding • Insufficient collateral or guarantees • Enterprise’s financial position or profitability was insufficient • Previous application was rejected • Application procedures were too complex or burdensome • Lack of suitable financing products • Limited information or awareness of available schemes • Other
Q14	How would you assess the ease of accessing suitable bank loans or credit facilities for a business like yours, considering your size, sector, and location? • Very difficult • Rather difficult • Rather easy • Very easy • Not sure / not sufficiently informed
Q15	Which factor currently represents the most important obstacle to your enterprise’s access to bank loans or credit facilities? • Cost of financing (interest rates or fees) • Collateral or guarantee requirements • Administrative or documentation burden • Availability of suitable financial products • Enterprise’s financial situation • Lack of information or guidance • No significant obstacle

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