

GRDA NOTE



**Assessing the Economic Impact
of Queen Mary University of
London's Gozo Campus**

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Assessing the Economic Impact of Queen Mary University of London's Gozo Campus

Introduction

Foreign Direct Investment (FDI) plays a crucial role in the economic development of small islands and regions. These territories often face challenges such as limited resources, small domestic markets, and vulnerability to external shocks. By injecting capital, facilitating technology transfer, and creating employment opportunities, FDI serves as a key driver of economic growth and resilience.

The establishment of the Queen Mary University of London (QMUL) campus in Gozo is a notable example of FDI in a small island economy. This investment has introduced new economic opportunities to Gozo, fostering the growth of emerging sectors while complementing and revitalising traditional ones. By diversifying the local economy, the QMUL campus enhances Gozo's economic resilience and generates high-skilled employment opportunities for the island's workforce. Additionally, the presence of an international university promotes cultural exchange and strengthens Gozo's reputation as a hub, attracting students and professionals from around the world.

Stakeholders, including the Gozo Business Chamber, have emphasized the significance of attracting high-growth industries like QMUL to drive Gozo's economic progress and productivity. Moreover, the success of QMUL demonstrates that, under the right conditions, certain sectors can thrive in Gozo.

Despite the widely recognised benefits, the full economic impact of this investment has not yet been thoroughly assessed. This note aims to analyse the economic benefits generated by QMUL's presence in Gozo. The next section of this note examines the overall economic impact, based on an impact assessment model developed by Oxford Economics for the Gozo Regional Development Authority (GRDA). The note concludes by exploring how QMUL's investment could serve as a catalyst for attracting further FDI to the island.

Queen Mary University of London – A Brief Overview

Queen Mary University of London traces its origins to 1785, when the first of its constituent institutions was established as The London Hospital Medical College, England's first official medical school. Over time, St Bartholomew's Hospital Medical College, Westfield College, and Queen Mary College became part of its founding institutions. The university is now a member

of the prestigious Russell Group, comprising 24 leading UK universities. Its six campuses across East and Central London are complemented by international campuses in China, France, and Malta. Queen Mary is renowned for its research output, particularly in areas such as medical innovation, dentistry, and public health, aligning its mission to deliver world-class education with transformative societal impact.

The Queen Mary campus in Gozo, situated next to the Gozo General Hospital, features a 154-seat auditorium, two smaller lecture theatres that can combine into a 120-seat facility, an anatomy centre, two computer labs with a capacity of 70 students each, as well as teaching rooms and clinical skills spaces. The facilities at the Gozo campus are frequently utilised by various institutions and NGOs for events such as conferences, workshops, seminars, lectures, and annual general meetings of local organisations.

The campus offers a five-year Bachelor of Medicine, Bachelor of Surgery (MBBS) program. Student enrolment for such program has grown over the years. During the 2024-25 academic year, 295 students from 51 different nations were enrolled. 40% of the students were British nationals, followed by Indian (9%), Canadian and Italian (4%) students. The remaining students comprised individuals from Asia, Africa, North and South America, and Australia. The proportion of students from the UK has been slowly falling over the years on account of increasing representation from throughout the World.

Assessing the Economic Impact

Data & Methodology

To assess the economic impact of Queen Mary, this analysis uses Oxford Economics' impact model for Gozo. This model, as developed by Oxford Economics for the GRDA, allows for alternative scenario shocks to the baseline economic projections. Through this model, the direct economic impact of this investment on the economy of Gozo as well as the associated indirect and induced impacts of the project were assessed. The economic impact of the investment is determined by the change in economic activity vis-à-vis the regional macroeconomic model for Gozo developed by Oxford Economics' European Cities and Regions Service. It is also important to emphasise that the economic impact estimated by this model is measured in real terms, meaning it accounts for inflation.

This impact assessment is based on a number of assumptions. These include the site characteristics, the construction and finishing costs of the project, the project's timeline, number of employees and number of students enrolled. These assumptions were based on information provided by QMUL, public information, and expert judgement. A summary of these assumption is found in Table A.

Table A: Main Assumptions

Project floor area	8,100 sqm	QMUL Gozo Campus total floor area.
Projected cost of project	€25 million	The costs of the project including construction and finishing costs (including furniture and equipment) were estimated based on information available from an NAO report ¹ and expert judgement.
Construction & finishing period	3 years	Construction & finishing were complete over a 3-year period from 2017 to 2019.
Number of students	Number of students enrolled annually with QMUL Gozo Campus was based on information provided by the University.	
Payments by QMUL for student accommodation in Malta	As part of their course requirements, students at the QMUL Gozo campus must spend some time in Malta for practical work. The associated fees, including accommodation costs, are covered by QMUL. Since 2021, these payments have averaged €522,996 per year. This is in addition to the properties in Gozo that students rent independently.	
Annual field trip to Gozo	Starting in 2024, the Faculty of Humanities and Social Sciences at QMUL began organising an annual field trip to Gozo for Geography students. That year, 75 individuals participated in the trip.	

¹ The NAO Report can be accessible from <https://nao.gov.mt/wp-content/uploads/2023/08/VitalsMay2023.pdf>.

Source: Queen Mary University & GRDA assumptions.

The analysis differentiates between the project's impact at both the national and local levels. While the project is based in Gozo, it also influences the national economy due to the multiplier effect and the reliance on supplies and services sourced from mainland Malta, particularly during the finishing phase. Moreover, the economic impact of QMUL is analysed by assessing its contribution to the local economy across two distinct phases: the construction and finishing phase, and the operational phase.

Results

According to this assessment, QMUL has had a positive impact on Gozo's economy by generating higher levels of economic activity. This impact was evident both during the construction and finishing phase as well as during the operational phase, though its magnitude varied across these periods. When considering both phases of the investment, this project has contributed an estimated €65.0 million in real terms to the Gozitan economy since its launch in 2017, benefiting multiple sectors.

Between 2017 and 2019, during the construction and finishing phase, in addition to the direct, indirect, and induced effects of the QMUL Gozo campus development, this assessment also considers the economic impact of new residential developments in the surrounding area, which were driven by this investment. In total, during this phase this investment is estimated to have generated an average annual economic impact of approximately €12.0 million (see Chart 1). This

contributed to an average annual real GDP growth rate of 2.0% for Gozo compared to a scenario without this investment.

As expected, the construction and finishing phase primarily benefited industries related to building and finishing works, particularly the construction sector (see Chart 2). Additionally, this phase had a positive, albeit smaller, impact on industries such as professional, scientific, and technical services, as well as wholesale and retail trade.

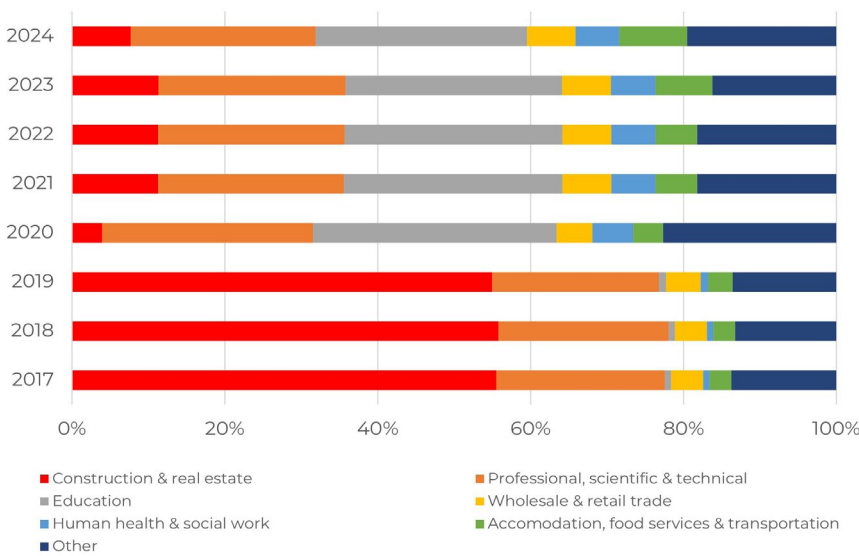
Chart 1: QMUL estimated impact on Gozo's real GDP



Source: GRDA workings.

Beyond the construction phase, the project has continued to contribute to Gozo's economy, though at a lower magnitude. This assessment estimates that during the operational phase, the investment has generated an average annual economic contribution of approximately €6.0 million.

Chart 2: QMUL estimated impact by industry (% of total, Gozo)



Source: GRDA workings.

During this phase, the University's impact on real GDP became broader. The education sector emerged as the primary driver of this growth, complemented by moderate increases in other sectors such as accommodation and food services, wholesale and retail trade, administrative and support services, and real estate activities. With regards to the latter, a key aspect of this impact was the increased demand for rental properties, driven by the accommodation

needs of students and visiting lecturers. This demand was especially pronounced in Victoria and the surrounding areas near the university campus.

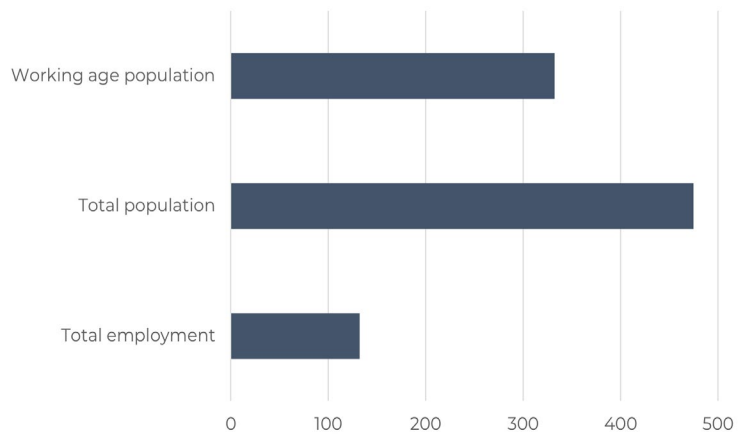
Beyond its direct economic impact, the investment has also influenced other areas, including employment and population dynamics. In terms of employment, it is estimated that overall, the university created an additional 130 jobs by end of 2024 (see Chart 3). The growth in employment was mainly in the educational sector as well as in the sectors of administrative and support services. This investment is also estimated to have had an impact on Gozo's population and by 2024

this is estimated to have increased by nearly 500 individuals. The increase in population reflects higher inflows of foreign students and additional workers, and their respective families, to fill the jobs created by such an investment.

As previously highlighted in the methodology section, the project's economic impact extends beyond Gozo. While the primary investment occurred on the island of Gozo, this investment created a ripple effect that benefited the broader Maltese economy.

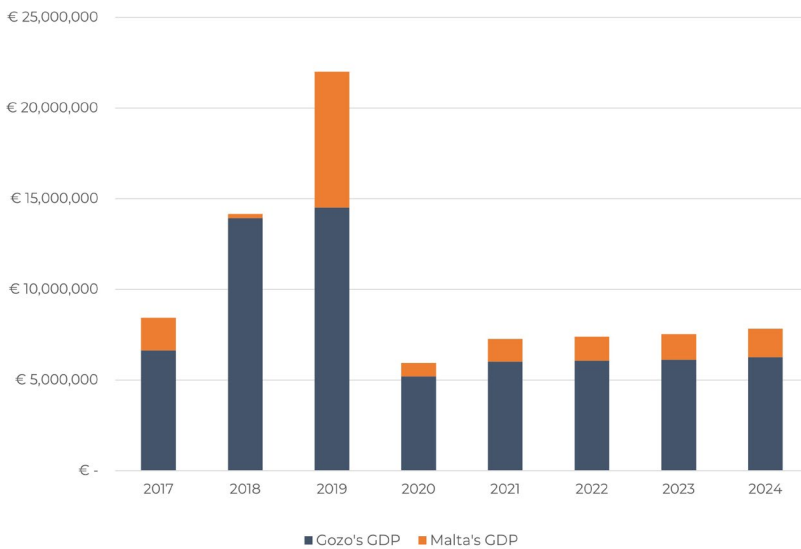
In fact, 20% of the economic benefits generated on a national level during the life cycle of the project were realised on mainland Malta. This was largely due to the need for certain finishing supplies and services to be sourced from Malta during the project's finishing stages as well as other multiplier effects. Moreover, as part of the course's practical component, students must spend a period in mainland Malta, with QMUL providing accommodation during that time. In other words, the overall economic effect of the project was larger than that outlined earlier, which only focused on the impact in Gozo.

Chart 3: QMUL estimated impact an employment and population (individuals, 2024, Gozo)



Source: GRDA workings.

Chart 4: QMUL estimated impact on national economy's real GDP



Source: GRDA workings.

In real terms, the project is estimated to have contributed €80.6 million to the national economy between 2017 and 2024. The largest national economic impact occurred during the construction and finishing phase (see Chart 4). In 2019 alone, the year which the project was being finalised, the project is estimated to have generated over €22.0 million for the national economy. As expected, the economic impact during the operational phase was more subdued, with an annual average of €7.2 million.

Conclusion

The analysis highlights the crucial role of foreign direct investment in driving economic growth and creating high-level job opportunities in a small island economy like Gozo.

Furthermore, the analysis underscores the importance of building on past efforts to attract investment to Gozo. This includes the potential expansion of innovative initiatives in the medical sector, such as medical and rehabilitation tourism. These opportunities can be further pursued through collaboration with stakeholders, including Queen Mary, and by leveraging other resources, such as the nearly completed aquatic and sports centre in Victoria. This potential could be further enhanced by the possibility of a new hospital in Gozo.

Developing appropriate infrastructure to support start-ups is also a key strategy and aligns with the Regional Strategy for Gozo. Start-ups not only generate job opportunities but also bring fresh knowledge and expertise, which can help position Gozo as a hub for research and development in the long term. This includes maximising the potential of the Gozo Innovation Hub and fostering stronger collaboration with Malta Enterprise to enhance existing initiatives and introduce new ones.

Finally, FDI not only influences economic growth and employment opportunities but can also have a profound effect on the social fabric of a region. A notable example of this is the QMUL investment in Gozo, which has had a positive social impact as many university students involved in this initiative dedicate their time to volunteer work. This highlights the broader social benefits of FDI, as it fosters a sense of community engagement.

Thus, further developing the infrastructure and environment to attract FDI to the island, could generate both significant economic and social advantages, creating a more dynamic economy and society.



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