



AN ANALYSIS OF AFFORDABILITY IN THE PRIVATE RENTAL MARKET IN MALTA

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INTRODUCTION

The escalating cost of housing, particularly within the rental market, represents a significant socio-economic challenge globally, and Malta is no exception. This study critically examines the extent of housing affordability in the Maltese private rental sector. Despite the introduction of the Residential Leases Act, rents in Malta have continued to rise at a rate that considerably outpaces wage growth and adjustments to the cost of living, leading to substantial financial strain on tenants. The overarching objective of this analysis is to scrutinise the current state of rental affordability for diverse household compositions and income brackets across Malta's localities and regions.

The methodology employed in this study involved utilising the Housing Authority's Rental Calculator to ascertain median rents across different localities and regions. Various net salaries were meticulously computed for households in categories such as those earning the minimum wage, those at the maximum income allowed for housing subsidies, and those on a gross salary of €35,000 (extended to €40,000 for couples with two children), accounting for different tax rates based on their marital or parental status. A crucial benchmark applied was that housing costs should ideally not exceed 25% of a tenant's net income, a principle aligned with the Private Rent Benefit Scheme. Where applicable, the maximum monthly housing benefit was integrated into the net salary calculation before comparing the total against monthly rents. This comprehensive approach allows for an in-depth understanding of the challenges tenants face in securing affordable housing.

METHODOLOGY

This study employs a quantitative analysis which evaluates the affordability of private rental housing across Maltese localities and regions subject to data availability. Through the Housing's Authority Rental Calculator¹, the median rent for each locality and region were observed.

Different net salaries were calculated² for people in different categories including: low-income earners on the minimum wage, people earning the maximum allowed for the housing subsidy, people on €35,000 (extended to €40,000 for couples with two children), for different tax rates including if they are single, married or a parent.

For each gross income level, net disposable income was calculated post-tax and national insurance contributions.

The affordable rent burden is defined as twenty five percent of the net salary was taken as the amount the tenants should pay for housing as per the suggestions in the Private Rent Benefit Scheme which aims to "ensures that nobody would have to pay more than 25% of their income in rent"³

For households whose gross income falls at or below the eligibility threshold for the HBS the maximum potential benefit was calculated and added to the net disposable income.

The total was then compared to the monthly rents of different localities and regions.

A table showing the affordability ranges was then calculated. This captures the non-linear relationship between gross income and affordable housing outcomes due to the structure of the Housing Benefit for Privately Rented Dwellings, where a household with a gross income just below the threshold possessing a greater effective housing budget than a household with a higher gross income ineligible for the benefit. This is accompanied with a continuous scale split between green areas which represent income levels considered affordable and red areas which represent non-affordable ranges.

¹ <https://housingauthority.shinyapps.io/MaltaRentCalculator/>

² <https://www.buddy.hr/mt/salary-calculator>

³ https://www.servizz.gov.mt/en/Pages/Inclusion_-Equality-and-Social-Welfare/Social-Welfare/Social-Housing/WEB2431/default.aspx

Median Rent by Locality

	One-Bedroom Apartment	Two-Bedroom Apartment	Three-Bedroom Apartment
	Median Rent	Median Rent	Median Rent
Birkirkara	800	1000	1200
Birzebbuga	650	750	866
Bormla	N/A	N/A	N/A
Floriana	N/A	N/A	N/A
Ghajnsielem	N/A	800	834
Attard	1100	N/A	1200
Dingli	N/A	N/A	N/A
Balzan	N/A	1000	1400
Gharghur	N/A	1050	N/A
Ghaxaq	N/A	N/A	1000
Kirkop	N/A	N/A	N/A
Lija	N/A	N/A	N/A
Luqa	N/A	950	950
Qormi	N/A	800	1000
Safi	N/A	N/A	1000
Tarxien	N/A	775	1000
Zabbar	N/A	900	900
Zebbug	N/A	900	1150
Valletta	N/A	N/A	N/A
Birgu	N/A	N/A	N/A
Fgura	725	900	1000
Fontana	N/A	N/A	N/A
Gudja	N/A	950	1050
Gzira	950	1200	1300
Hamrun	750	1000	1075
Kalkara	N/A	1100	N/A
Marsa	N/A	600	1000
Mellieha	710	900	1000
Mosta	750	1000	1100
Munxar	650	750	650
Qala	N/A	725	835
Qrendi	N/A	N/A	N/A
Nadur	N/A	775	750
Naxxar	800	1100	1225
Rabat	N/A	888	1000
Rabat Ghawdex	N/A	800	900

Siggiewi	N/A	835	1050
Swieqi	900	1300	1600
Xaghra	N/A	833	833
Xewkija	N/A	N/A	725
Xghajra	N/A	900	1050
Zebbug Għawdex	600	800	812
Zejtun	N/A	925	950
Zurrieq	N/A	900	1000
Għarb	N/A	N/A	N/A
Għasri	N/A	N/A	N/A
Ikklin	N/A	N/A	1100
Mdina	N/A	N/A	N/A
Imgarr	N/A	800	1100
Imqabba	N/A	N/A	1000
İmsida	850	1000	1175
Imtarfa	N/A	N/A	N/A
Isla	N/A	N/A	N/A
Marsaskala	750	900	1050
Marsaxlokk	N/A	1050	925
Paola	N/A	800	950
Pembroke	N/A	N/A	N/A
San Giljan	1000	1350	1500
San Gwann	912	1175	1300
San Lawrenz	N/A	N/A	N/A
San Pawl il-Bahar	700	825	1000
Santa Lucija	N/A	N/A	N/A
Santa Venera	812	950	1000
Kercem	N/A	N/A	N/A
Sannat	N/A	750	850
Ta' Xbiex	N/A	1100	1400
Pieta	850	1000	1300
Sliema	975	1350	1800

Median Rent by Region

	One-Bedroom Apartment	Two-Bedroom Apartment	Three-Bedroom Apartment
	Median Rent	Median Rent	Median Rent
Gozo	650	800	833
Northern	700	850	1000
Northern Harbour	900	1150	1300
South Eastern	700	900	1000
Southern Harbour	700	900	1000
Western	700	950	1100

Housing Subsidy Criteria

Category	Households	Maximum Annual Income	Maximum Housing Benefit
1	Single Person	€20,362.92	€4,200
2	Single Parent with 1 child	€20,594.40	€5,400
3	Single Parent with 2 children or more	€24,944.40	€6,000
4	Two Adults without children	€20,544.40	€4,200
5	Couple with 1 child	€25,344.40	€5,400
6	Couple with 2 children and more	€33,362.92	€6,000
7	3 or more adults living together	€29,444.40	€6,000

⁴

⁴ <https://housingauthority.gov.mt/wp-content/uploads/2023/12/HBS-Conditions-English-2024.pdf>

Net Salary

Single Person

	Single Minimum Wage	Single Subsidy Limit Income	Single 35,000
Gross Wage	11,104.08	20,000	35,000
Monthly Take Home Pay	814.94	1,322.83	2,201.75
25%	203.75	330.71	550.44
Maximum Housing Benefit	350	350	0
Affordability	553.74	680.71	550.44

Single Parent with two children

	Single Parent Minimum Wage	Single Parent Subsidy Limit	Single Parent €35,000
Gross Wage	11,104.08	24,750	35,000
Monthly Take Home Pay	831.94	1611.1	2,228.75
25%	207.99	402.78	557.19
Maximum Housing Benefit	500	500	0
Affordability	707.99	902.78	557.19

Two Adults No Children

	Two adults one earning Minimum Wage	Two adults both on Minimum wage	Two adults Subsidy Limit	Two adults, one earning €35,000	Two Adults dual income - €20,000 + €15,000
Gross Wage	11,104.08	22,208.16	20,500	35,000	20,000
Monthly Take Home Pay	814.94	1,629.88	1,350.65	2,201.75	1,322.83
25%	203.74	407.47	337.66	550.44	330.71
Maximum Housing Benefit	350	0	350	0	0
Affordability	553.74	407.47	687.67	550.44	594.86

Married Couple with Two Children

	Married with children Earning Minimum Wage	Married with children, subsidy limit	Married with children, one earning €40,000	Married with children both earning €20,000
Gross Wage	15,000	33,000	40,000	20,000
Monthly Take Home Pay	1105.6	21,75.08	2,612.41	1,421.83
25%	209.99	543.77	653.11	355.46
Maximum Housing Benefit	500	500	0	0
Affordability	709.985	1,043.77	653.11	710.92

RESULTS

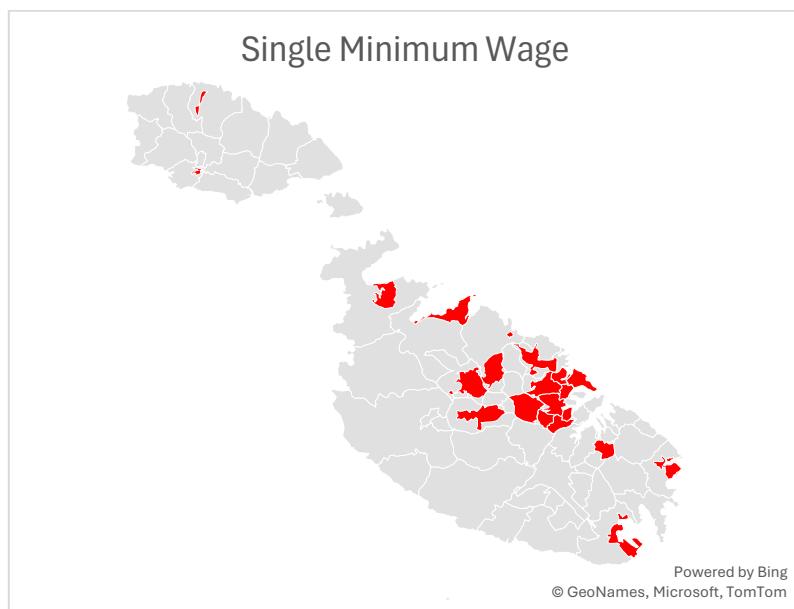
The results are presented using an affordability ratio, calculated as the household's affordable rent (25% of net disposable income) divided by the median market rent for a given locality, expressed as a percentage.

- A ratio of 100% indicates that the household's affordable rent budget is exactly equal to the median market rent.
- A ratio below 100% signifies an affordability shortfall. For instance, a ratio of 75% indicates that the household's allocated housing budget covers only three-quarters of the median rent, meaning they would have to divert resources from other essential expenditures to secure housing, thereby experiencing a cost burden.
- A ratio above 100% indicates that the household's affordable rent budget exceeds the median rent, suggesting a comfortable level of affordability within the defined benchmark.

Single Person

One-Bedroom Apartment

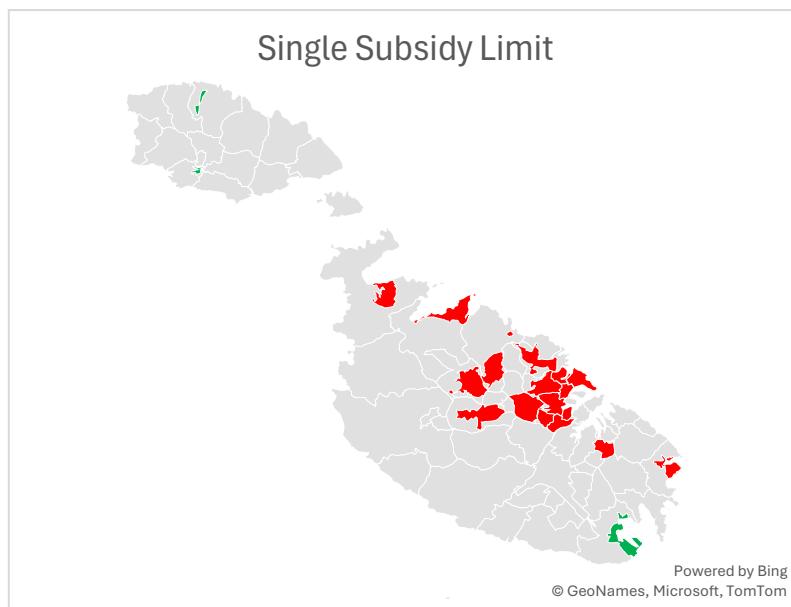
Minimum Wage



Affordable Localities

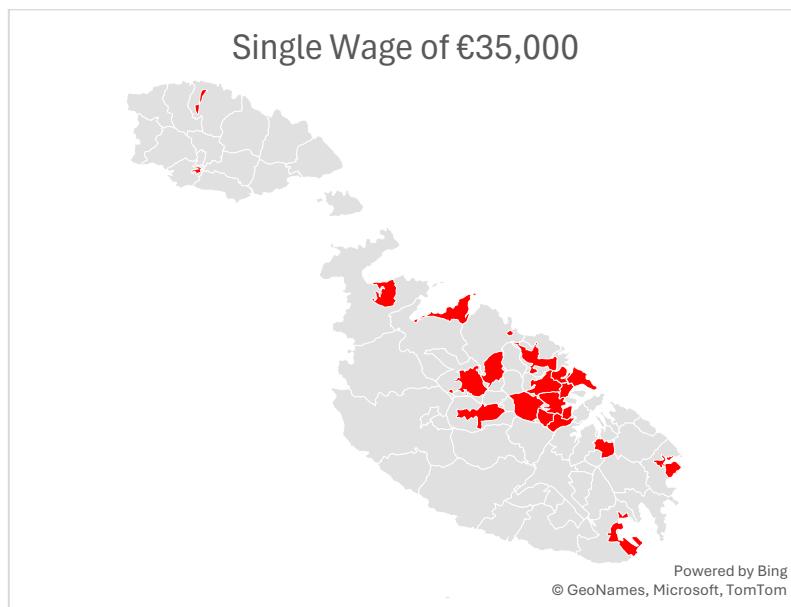
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Subsidy Limit



Affordable Localities 3/20

Single Person earning €35,000



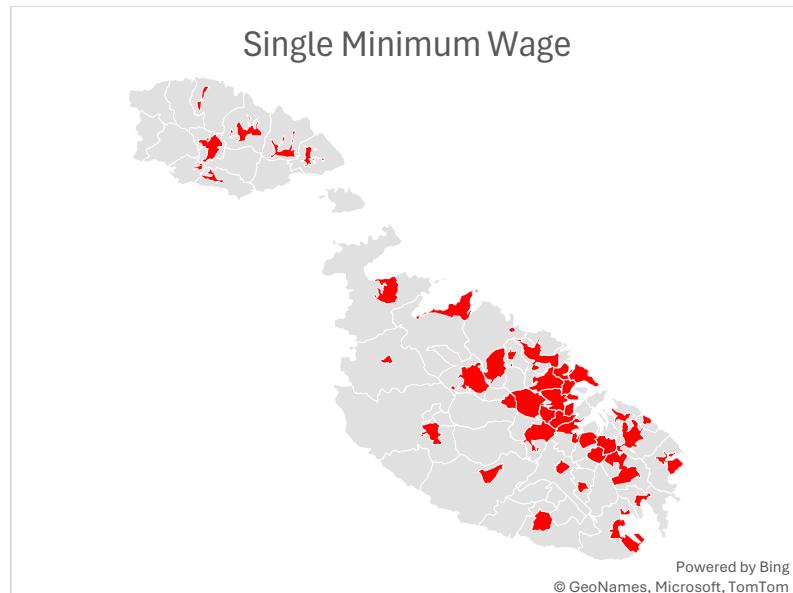
Affordable Localities 0/20

Regional Results

Region	Affordability Rate - Affordable if $\geq 100\%$		
	Minimum Wage	Subsidy Limit	€35,000
Gozo	85%	105%	85%
Northern	79%	97%	79%
Northern Harbour	62%	76%	61%
South Eastern	79%	97%	79%
Southern Harbour	79%	97%	79%
Western	79%	97%	79%
Affordable Regions	0/6	1/6	0/6

Two-Bedroom Apartment

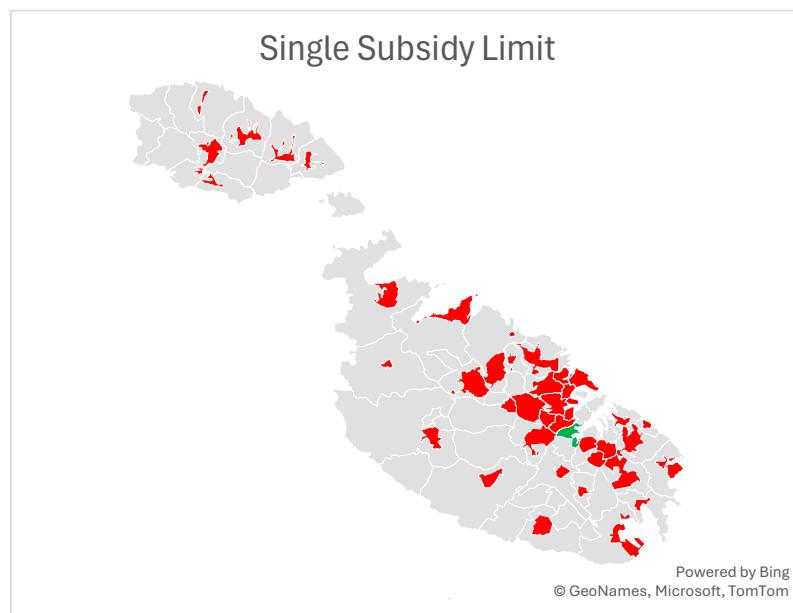
Minimum Wage



Affordable Localities

0/44

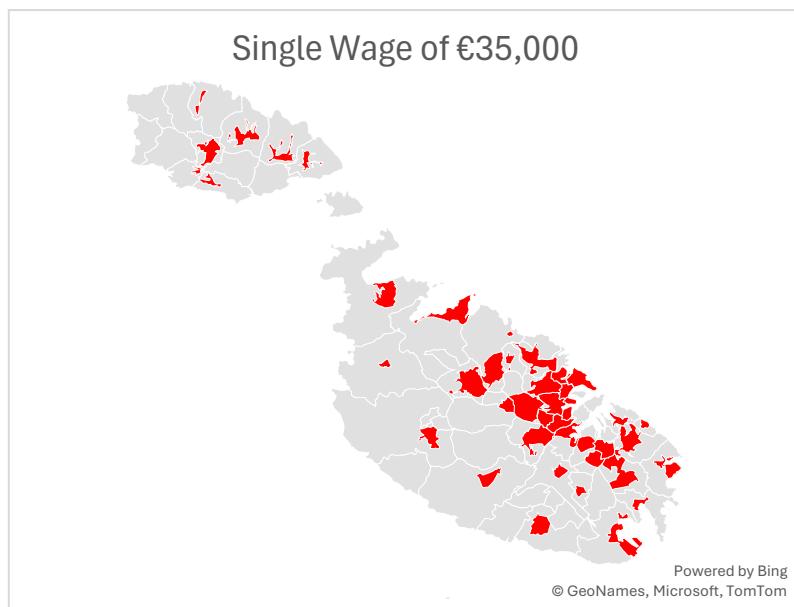
Subsidy Limit



Affordable Localities

1/44

Single Person earning €35,000



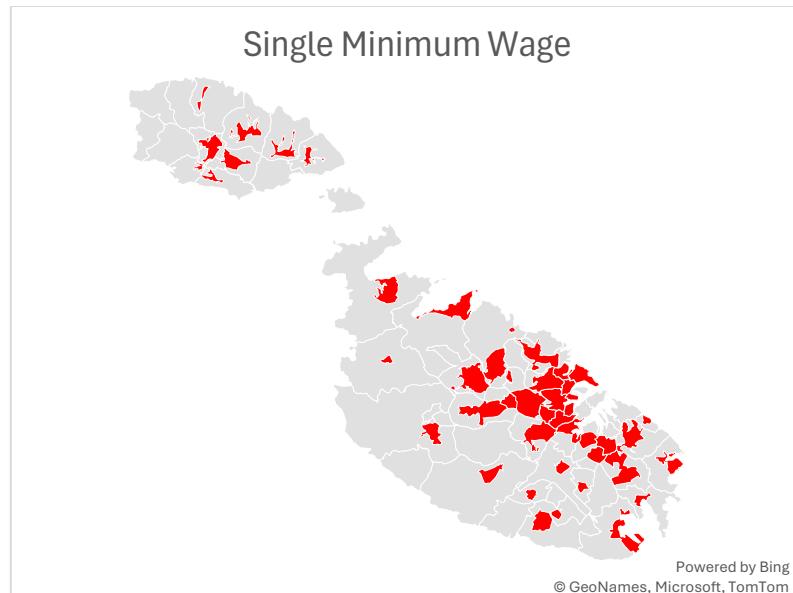
Affordable Localities 0/44

Regional Results

Region	Affordability Rate - Affordable if $\geq 100\%$		
	Minimum Wage	Subsidy Limit	€35,000
Gozo	69%	85%	69%
Northern	65%	80%	65%
Northern Harbour	48%	59%	48%
South Eastern	62%	76%	61%
Southern Harbour	62%	76%	61%
Western	58%	72%	58%
Affordable Regions	0/6	0/6	0/6

Three-Bedroom Apartment

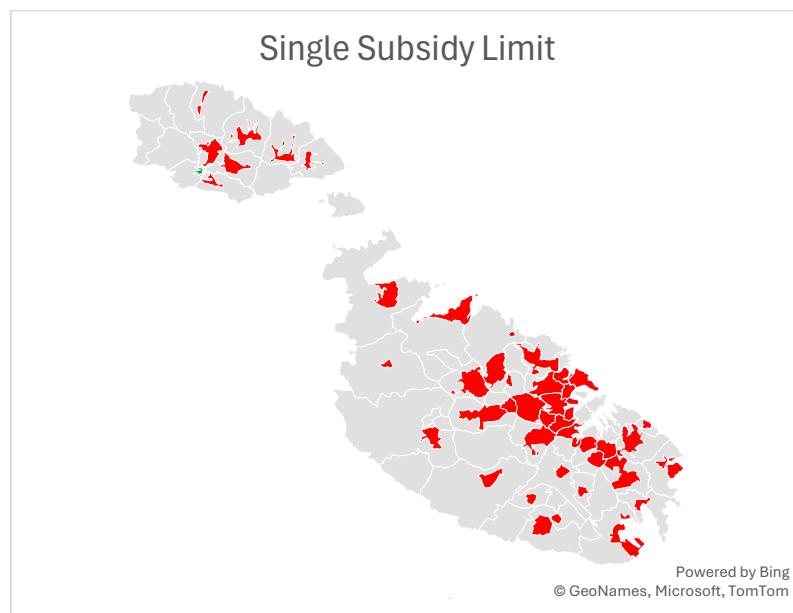
Minimum Wage



Affordable Localities

0/48

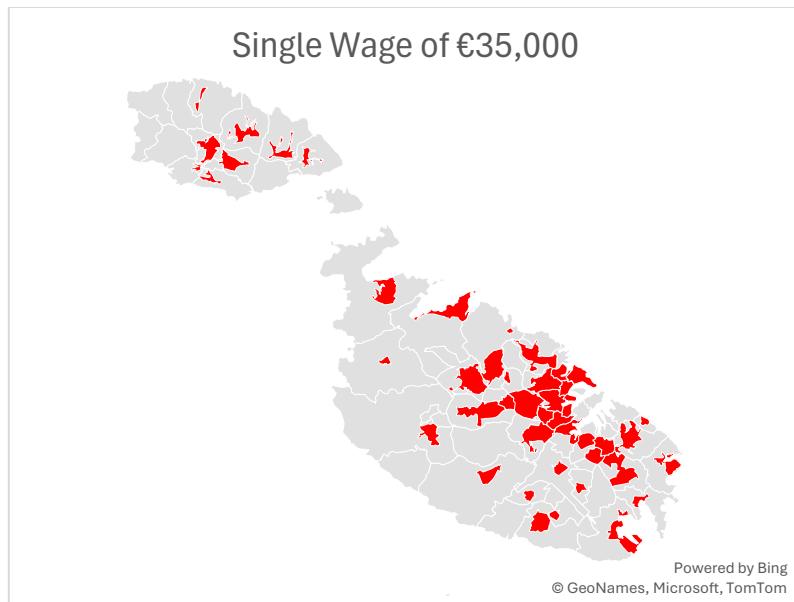
Subsidy Limit



Affordable Localities

1/48

Single Person earning €35,000



Affordable Localities 0/48

Regional Results

Region	Affordability Rate - Affordable if $\geq 100\%$		
	Minimum Wage	Subsidy Limit	€35,000
Gozo	66%	82%	66%
Northern	55%	68%	55%
Northern Harbour	43%	52%	42%
South Eastern	55%	68%	55%
Southern Harbour	50%	62%	50%
Western	58%	72%	58%
Affordable Regions	0/6	0/6	0/6

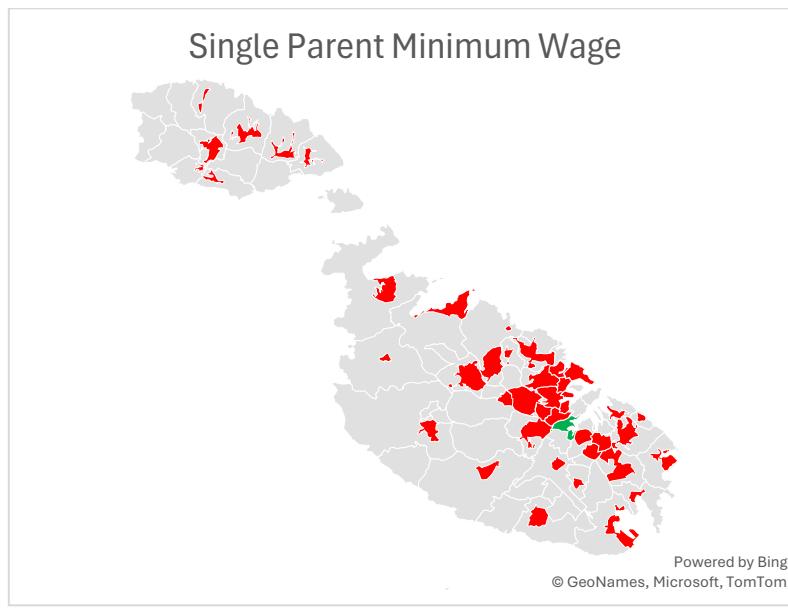
Single Parent with 2 Children

One-Bedroom Apartment

The study did not analyse one-bedroom apartments for single parents with two children as it would be over the overcrowding limit set by law.

Two-Bedroom Apartment

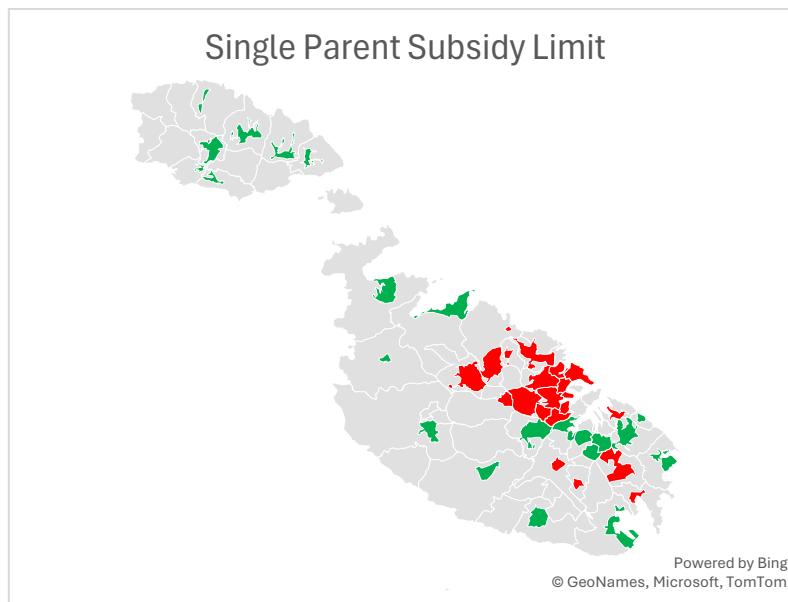
Minimum Wage



Affordable Localities

1/44

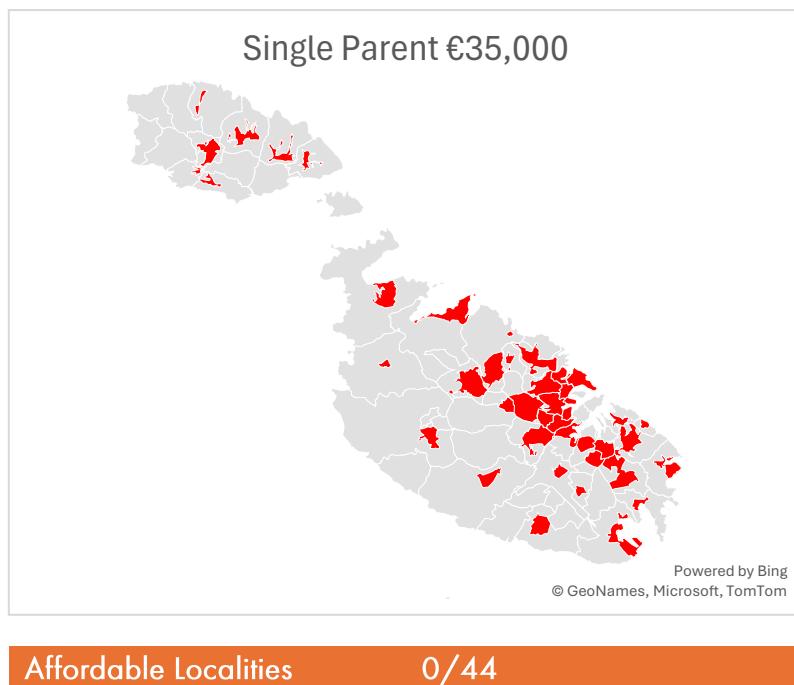
Subsidy Limit



Affordable Localities

24/44

Single Parent Earning €35,000

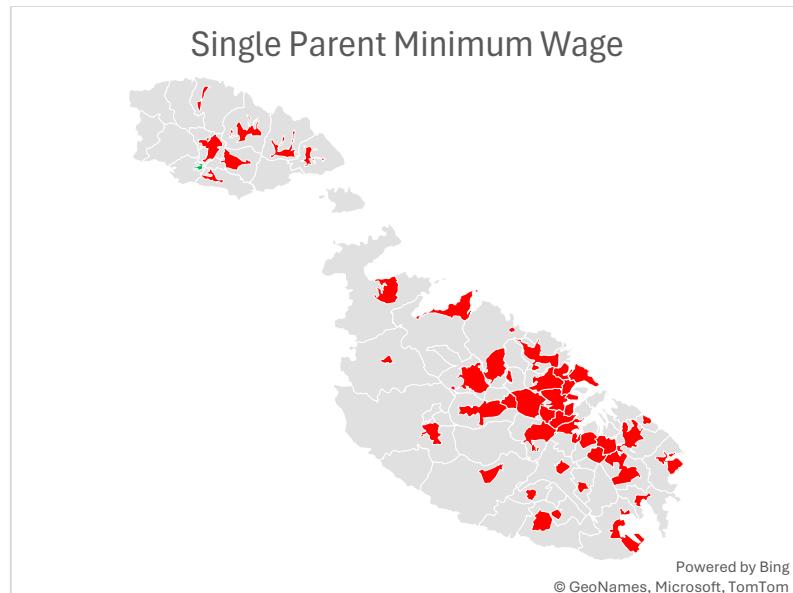


Regional Results

Region	Affordability Rate - Affordable if $\geq 100\%$		
	Minimum Wage	Subsidy Limit	€35,000
Gozo	88%	113%	70%
Northern	83%	106%	66%
Northern Harbour	62%	79%	48%
South Eastern	79%	100%	62%
Southern Harbour	79%	100%	62%
Western	75%	95%	59%
Affordable Regions	0/6	4/6	0/6

Three-Bedroom Apartment

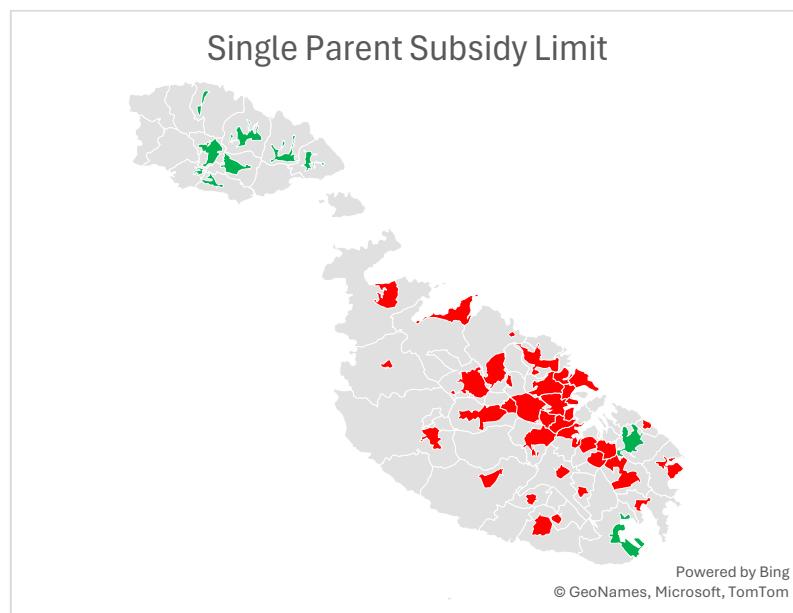
Minimum Wage



Affordable Localities

1/48

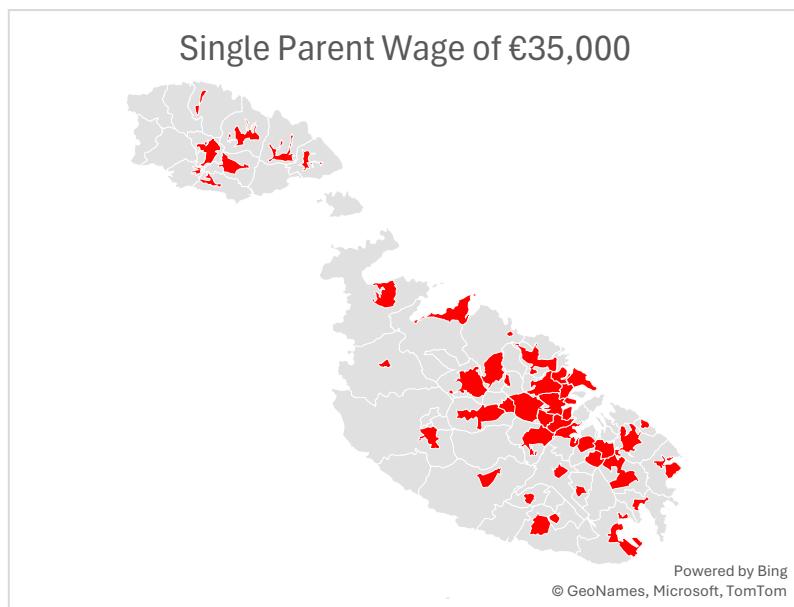
Subsidy Limit



Affordable Localities

11/48

Single Parent Earning €35,000



Affordable Localities 0/48

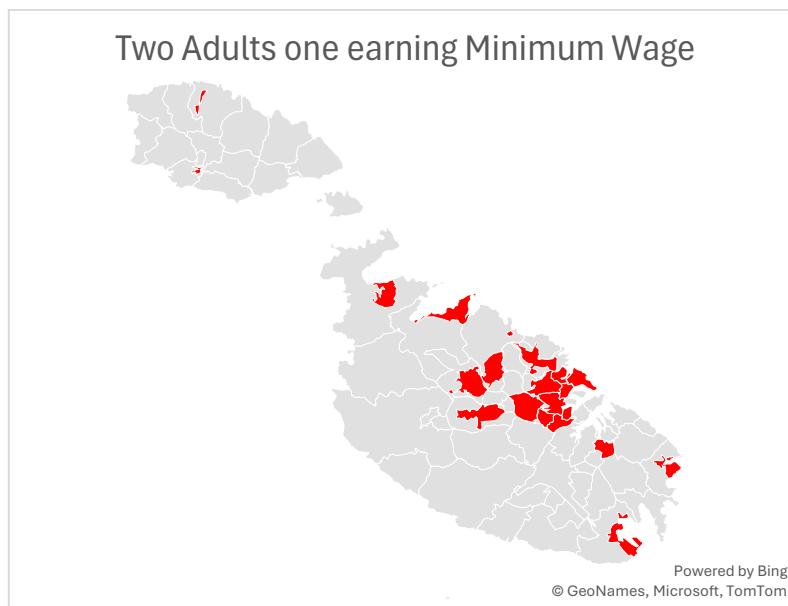
Regional Results

Region	Affordability Rate - Affordable if $\geq 100\%$		
	Minimum Wage	Subsidy Limit	€35,000
Gozo	85%	108%	67%
Northern	71%	90%	56%
Northern Harbour	54%	69%	43%
South Eastern	71%	90%	56%
Southern Harbour	71%	90%	56%
Western	64%	82%	51%
Affordable Regions	0/6	1/6	0/6

Two Adults No Children

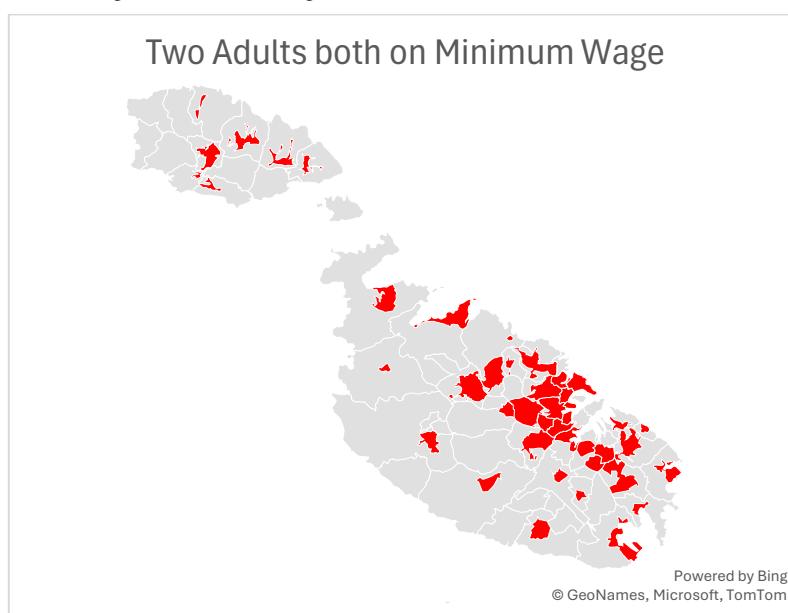
One-Bedroom Apartment

One earning Minimum Wage



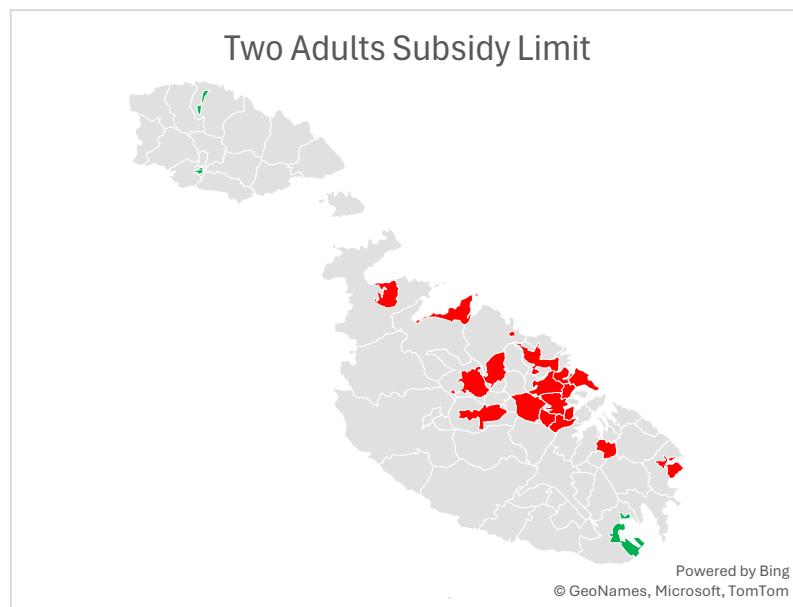
Affordable Localities 0/20

Both working and earning Minimum Wage



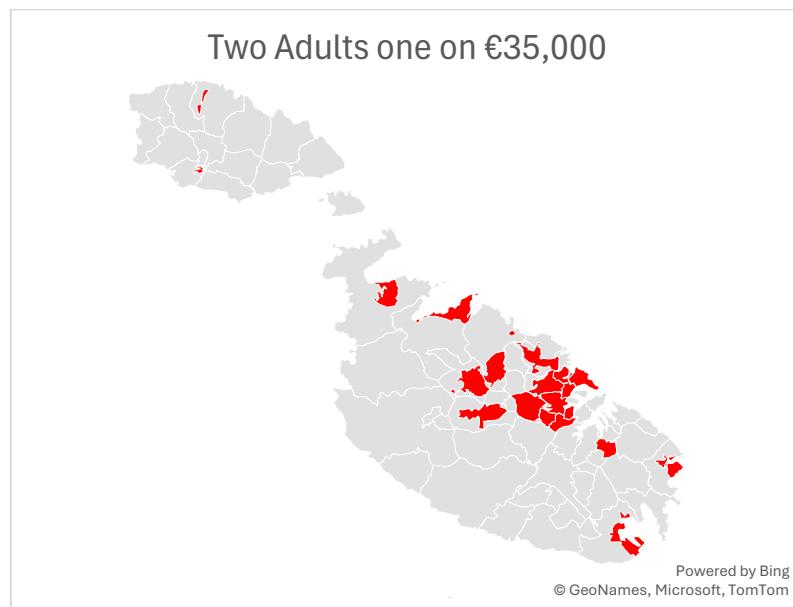
Affordable Localities 0/20

Subsidy Limit



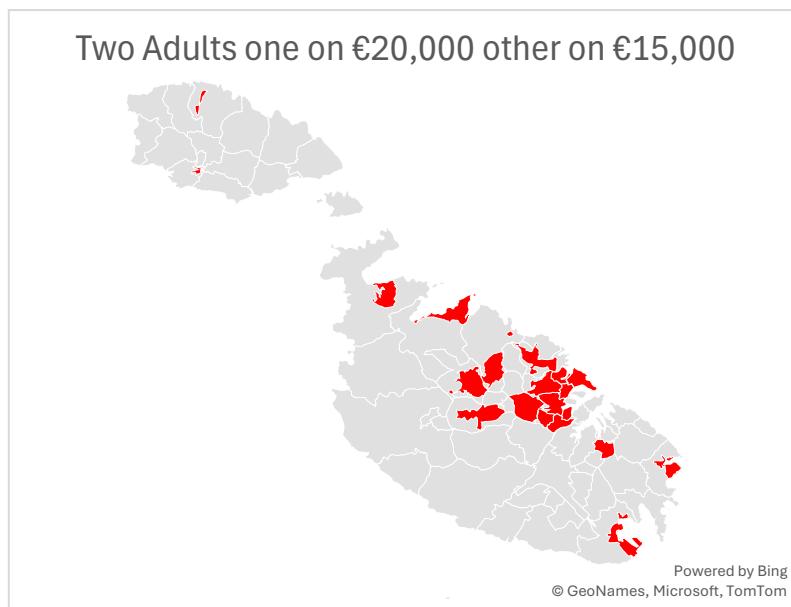
Affordable Localities 3/20

Two adults with only one earning €35,000



Affordable Localities 0/20

Two adults one earning €20,000 other €15,000



Affordable Localities

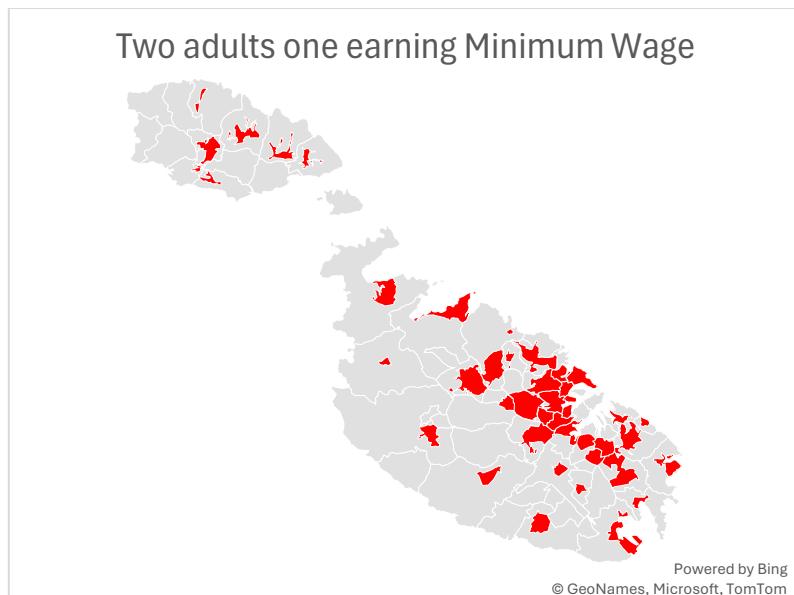
0/20

Regional Results

Region	Affordability Rate - Affordable if $\geq 100\%$				
	Only one earning Minimum Wage	Both Earning Minimum Wage	Subsidy Limit	€35,000	One earning €20,000 other €15,000
Gozo	85%	63%	106%	85%	92%
Northern	79%	58%	98%	79%	85%
Northern Harbour	62%	45%	76%	61%	66%
South Eastern	79%	58%	98%	79%	85%
Southern Harbour	79%	58%	98%	79%	85%
Western	79%	58%	98%	79%	85%
Affordable Regions	0/6	0/6	1/6	0/6	0/6

Two-Bedroom Apartment

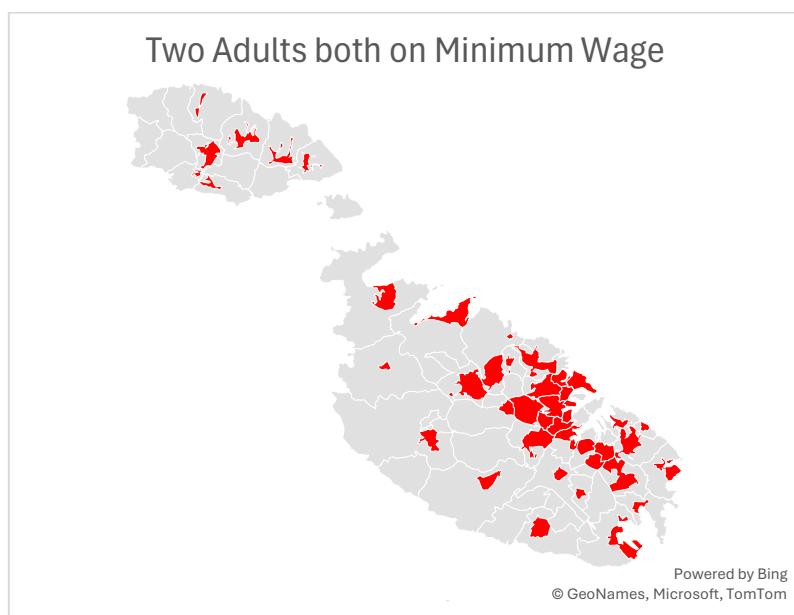
One earning Minimum Wage



Affordable Localities

0/44

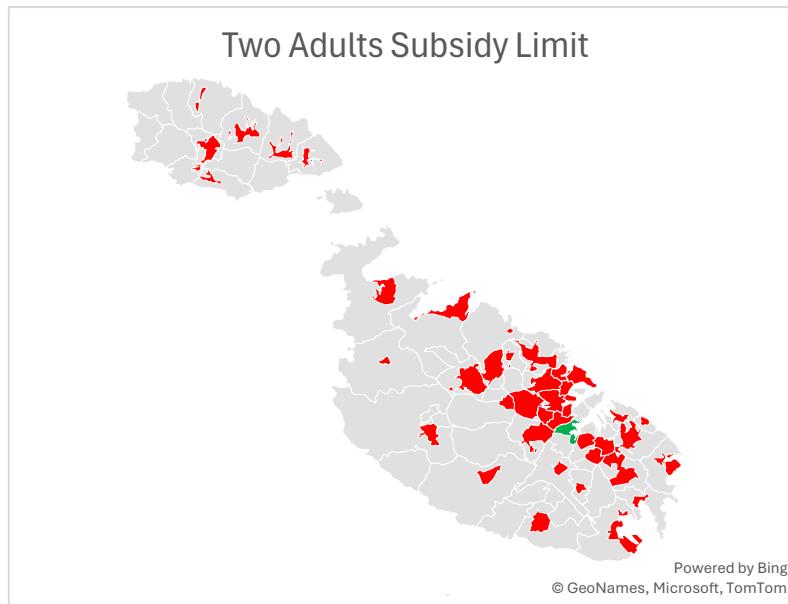
Both working and earning Minimum Wage



Affordable Localities

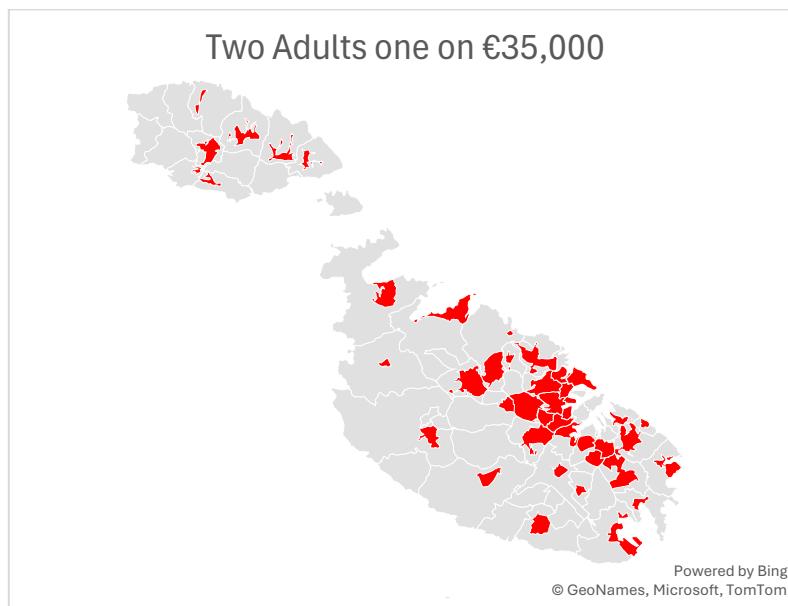
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Subsidy Limit



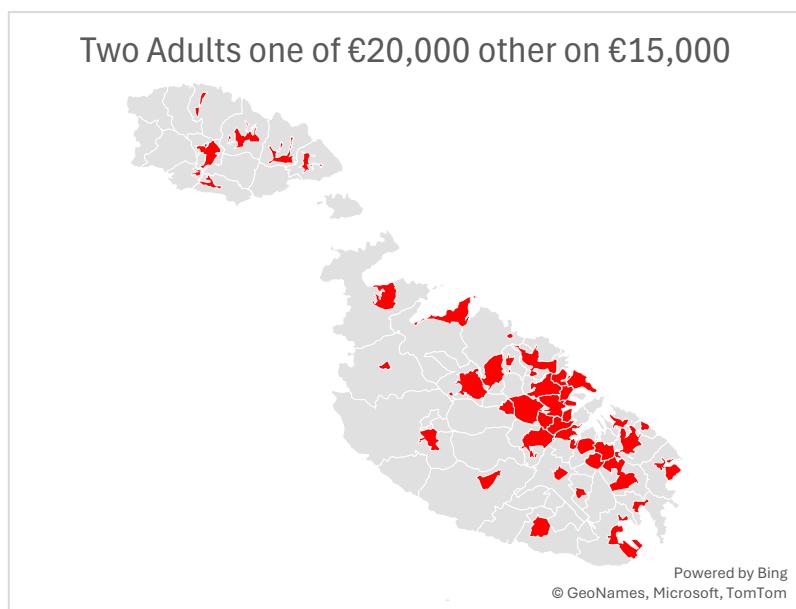
Affordable Localities 1/44

Two adults with only one earning €35,000



Affordable Localities 0/44

Two adults one earning €20,000 other €15,000



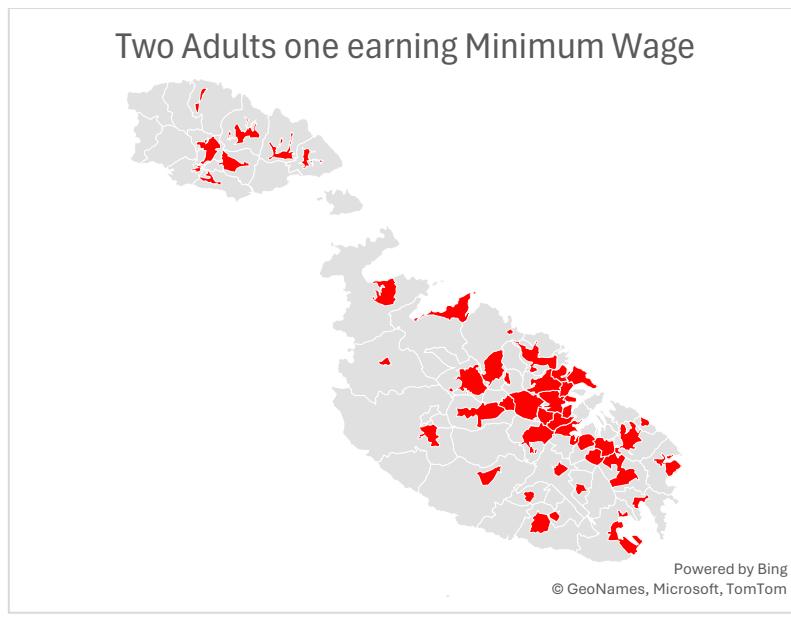
Affordable Localities 0/44

Regional Results

Region	Affordability Rate - Affordable if $\geq 100\%$				
	Only one earning minimum Wage	Both Earning Minimum Wage	Subsidy Limit	€35,000	One earning €20,000 other €15,000
Gozo	69%	51%	86%	69%	74%
Northern	65%	48%	81%	65%	70%
Northern Harbour	48%	35%	60%	48%	52%
South Eastern	62%	45%	76%	61%	66%
Southern Harbour	62%	45%	76%	61%	66%
Western	58%	43%	72%	58%	63%
Affordable Regions	0/6	0/6	0/6	0/6	0/6

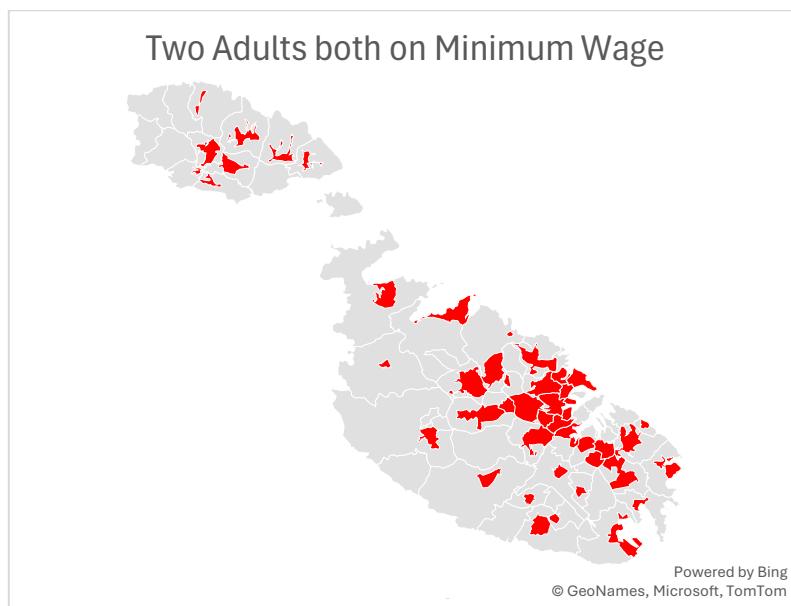
Three-Bedroom Apartment

Three-Bedroom Apartment One earning Minimum Wage



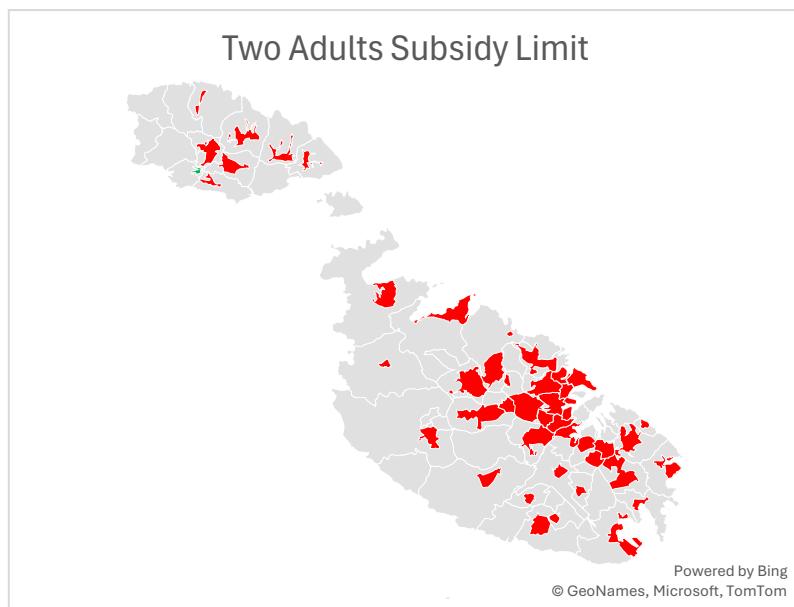
Affordable Localities 0/48

Both working and earning Minimum Wage



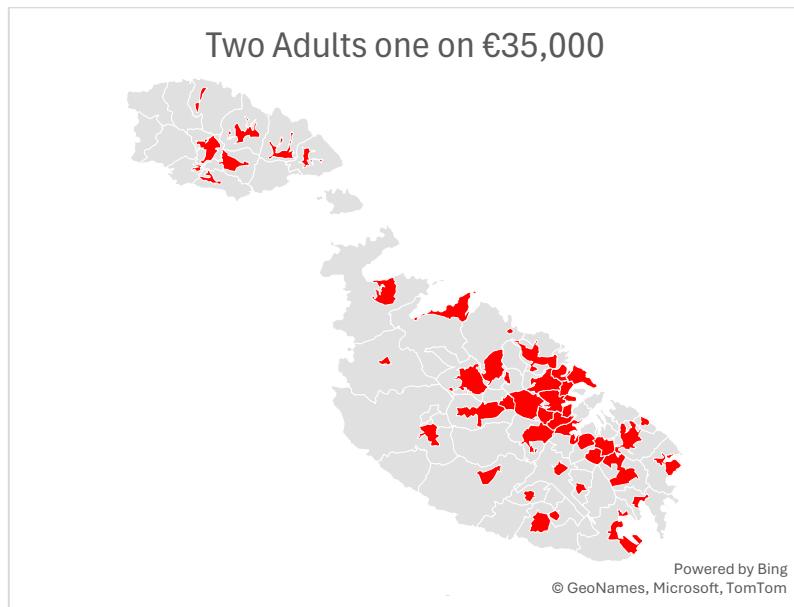
Affordable Localities 0/48

Subsidy Limit



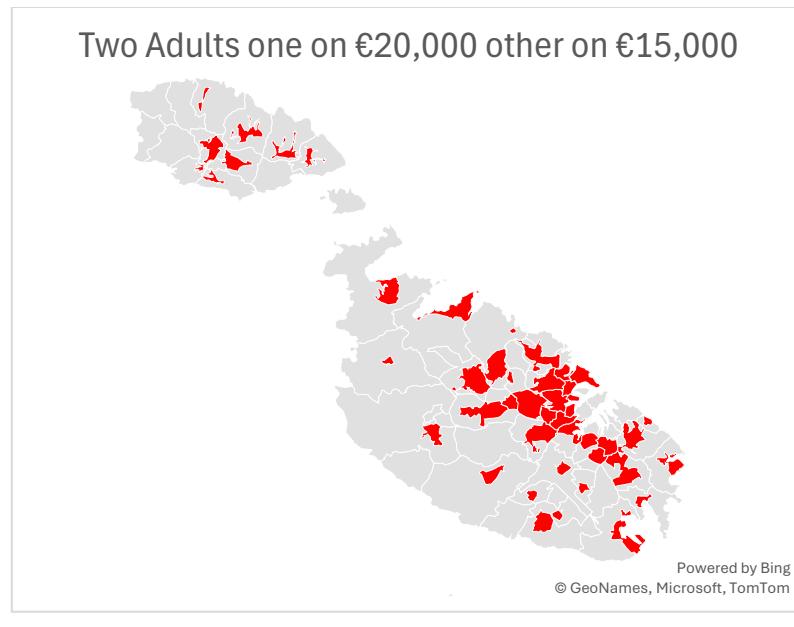
Affordable Localities 0/48

Two adults with only one earning €35,000



Affordable Localities 0/48

Two adults one earning €20,000 other €15,000



Affordable Localities 0/48

Regional Results

Region	Affordability Rate - Affordable if $\geq 100\%$				
	Only one earning minimum Wage	Both Earning Minimum Wage	Subsidy Limit	€35,000	One earning €20,000 other €15,000
Gozo	66%	49%	83%	66%	71%
Northern	55%	41%	69%	55%	59%
Northern Harbour	43%	31%	53%	42%	46%
South Eastern	55%	41%	69%	55%	59%
Southern Harbour	50%	41%	69%	55%	59%
Western	58%	37%	63%	50%	54%
Affordable Regions	0/6	0/6	0/6	0/6	0/6

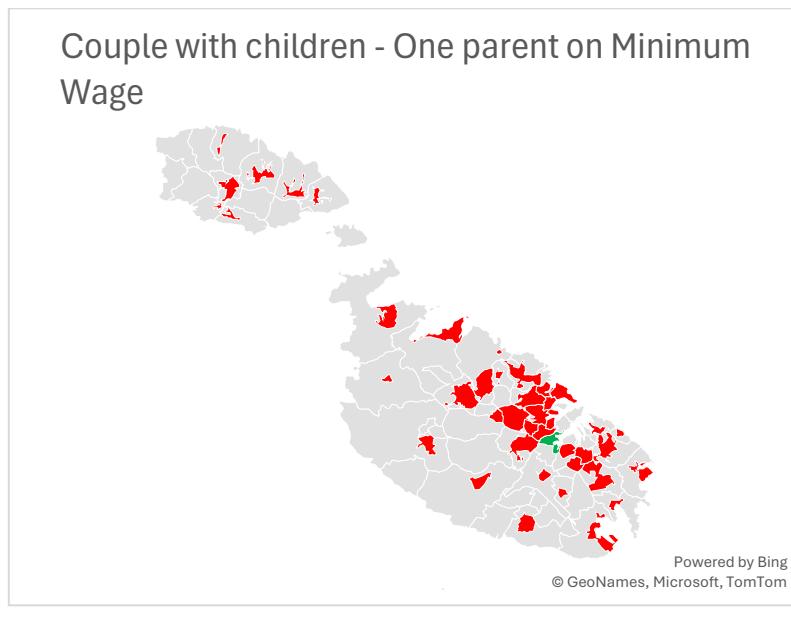
Couple with Two Children

One-Bedroom Apartment

The study did not analyse One-bedroom apartments for couples with two children as it would be over the overcrowding limit set by law.

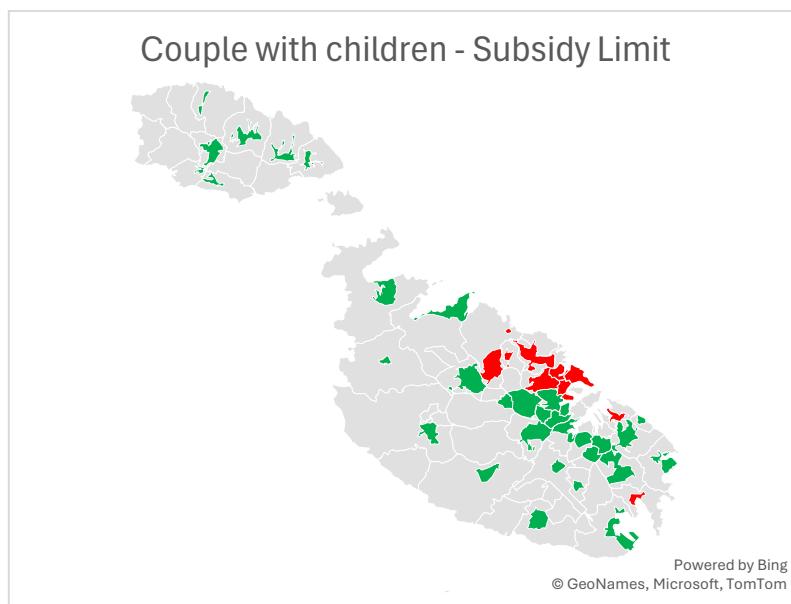
Two-Bedroom Apartment

One earning Minimum Wage



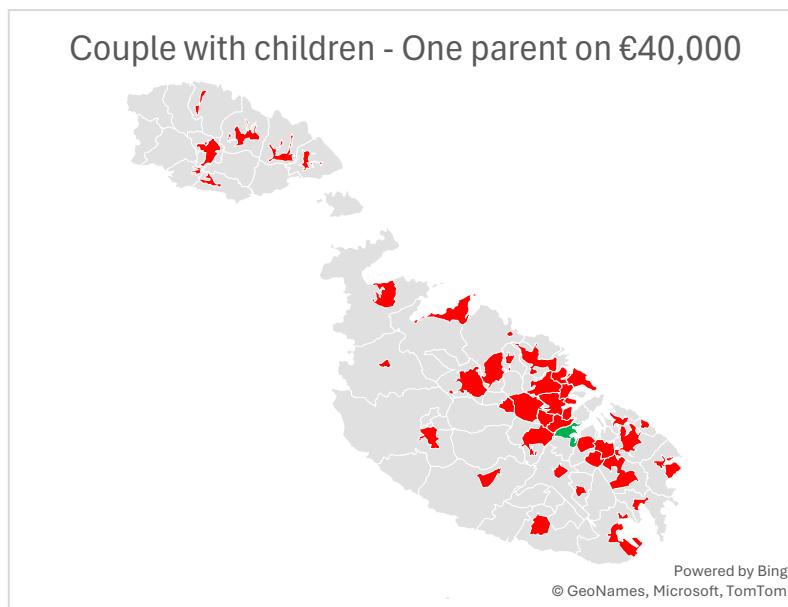
Affordable Localities 1/44

Subsidy Limit



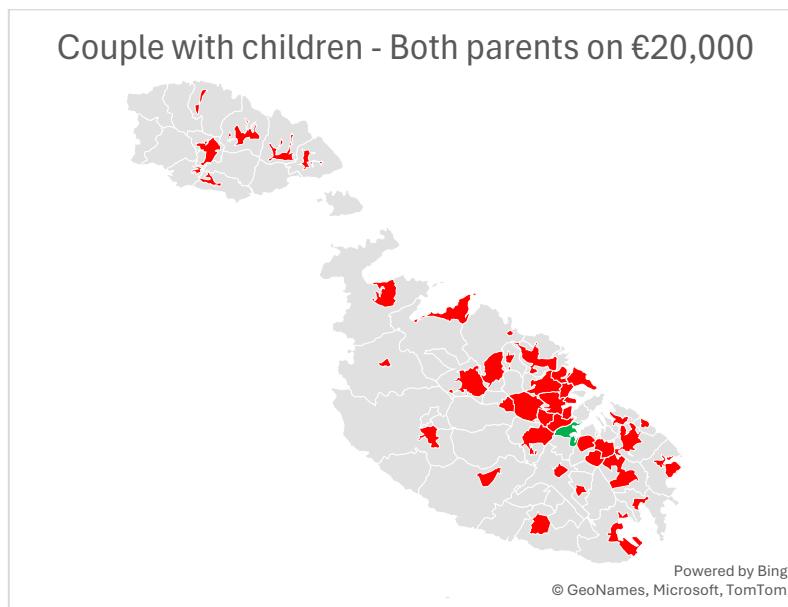
Affordable Localities 34/44

Couple with children one earning €40,000



Affordable Localities 1/44

Couple with children both earning €20,000



Affordable Localities 1/44

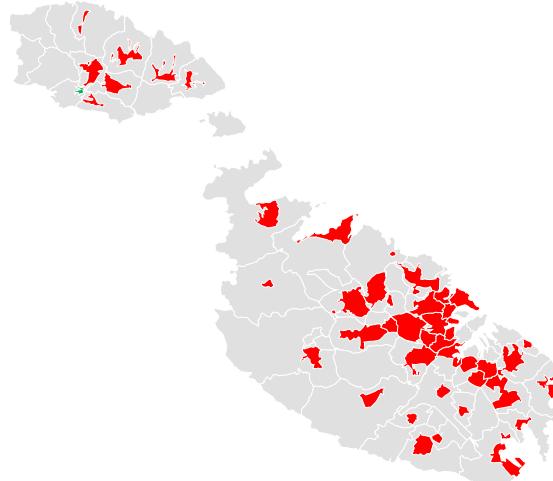
Regional Results

Region	Affordability Rate - Affordable if $\geq 100\%$			
	Only one earning minimum Wage	Subsidy Limit	One earning €40,000	Both Earning €20,000
Gozo	89%	128%	78%	85%
Northern	84%	121%	74%	80%
Northern Harbour	62%	89%	54%	59%
South Eastern	79%	114%	69%	75%
Southern Harbour	79%	114%	69%	75%
Western	75%	108%	66%	72%
Affordable Regions	0/6	5/6	0/6	0/6

Three-Bedroom Apartment

Three-Bedroom Apartment One earning Minimum Wage

Couple with children - One parent on Minimum Wage



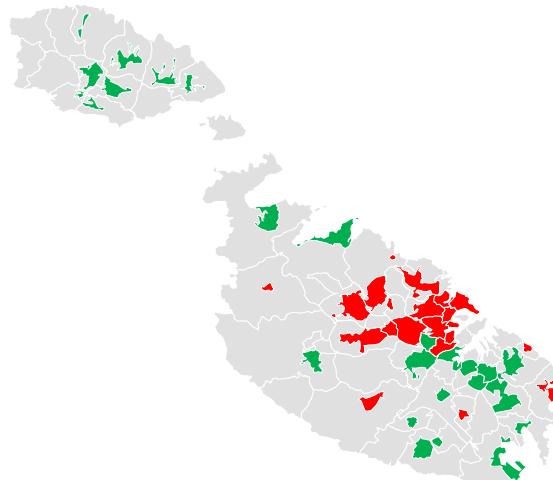
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Affordable Localities

1/48

Subsidy Limit

Couple with children - Subsidy Limit

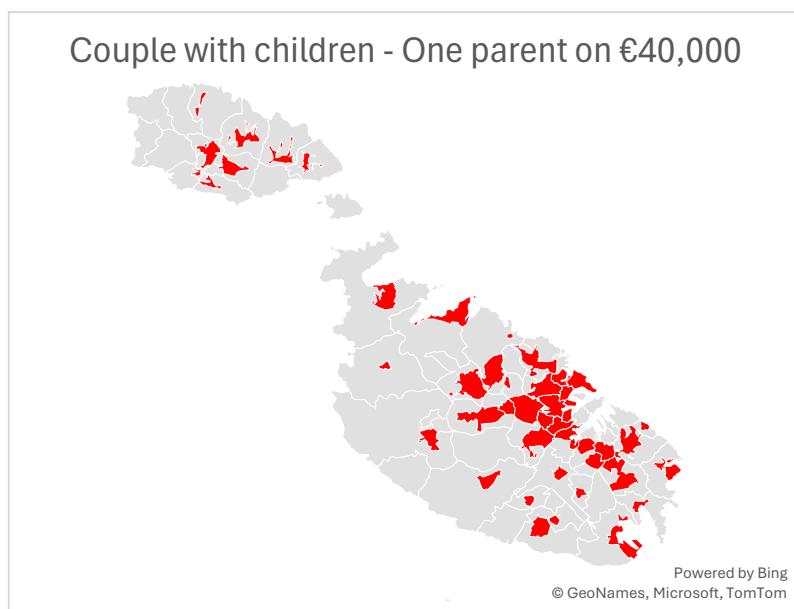


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Affordable Localities

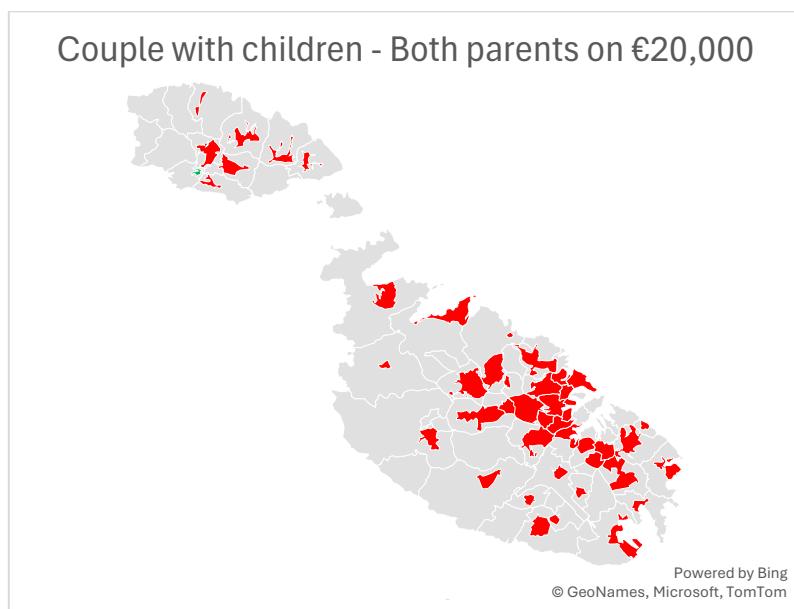
27/48

Couple with children one earning €40,000



Affordable Localities 0/48

Couple with children both earning €20,000



Affordable Localities 1/48

Regional Results

Region	Affordability Rate - Affordable if $\geq 100\%$			
	Only one earning minimum Wage	Subsidy Limit	One earning €40,000	Both Earning €20,000
Gozo	85%	123%	75%	82%
Northern	71%	103%	63%	68%
Northern Harbour	55%	79%	48%	52%
South Eastern	71%	103%	63%	68%
Southern Harbour	65%	93%	57%	62%
Western	75%	108%	66%	72%
Affordable Regions	0/6	4/6	0/6	0/6

SENSITIVITY ANALYSIS

Although the 25% threshold of disposable income adopted by the Housing Authority is widely recognised as a benchmark for housing affordability, alternative standards exist. For instance, Herbert, Hermann, and McCue (2018)⁵ propose that housing costs consuming up to 30% of disposable income remain within the bounds of affordability. Eurostat⁶ defines households as overburdened when total housing expenditures exceed 40% of disposable income.

To account for these varying definitions, a sensitivity analysis was conducted across all scenarios to determine the affordability level in each locality. The analysis classified outcomes into four categories: *affordable* (<25%), *marginally affordable* (25–30%), *stressed* (30–40%), and *overburdened* (>40%). The analysis exclusively tackled rental costs and did not take into account any other housing expenses including utility bills, insurance of contents of the property, condominium fees, all of which could be paid by the tenant.

⁵

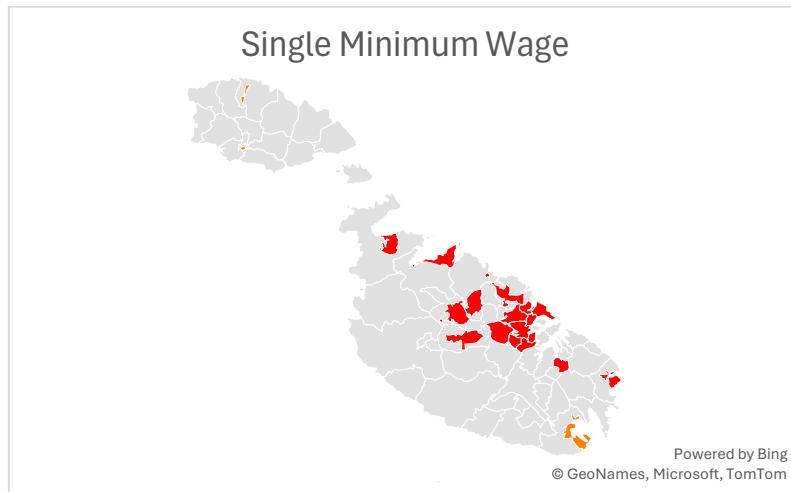
https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Herbert_Hermann_McCue_measuring_housing_affordability.pdf

⁶ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Housing_cost_overburden_rate

Single Person

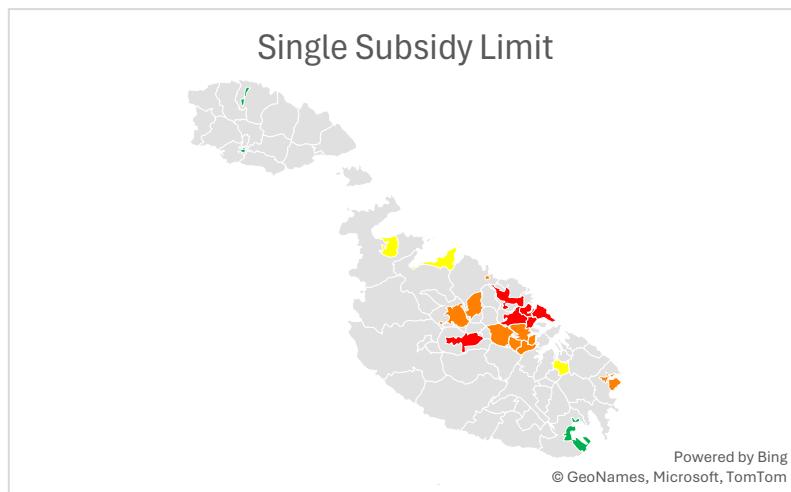
One-Bedroom Apartment

Minimum Wage

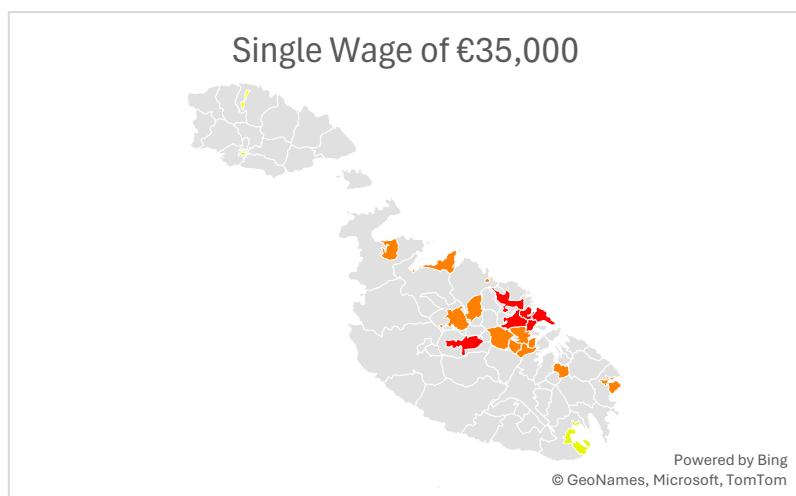


Localities	Total = 20
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	0
Stressed (30%-40%)	3
Overburdened ($>40\%$)	17

Subsidy Limit



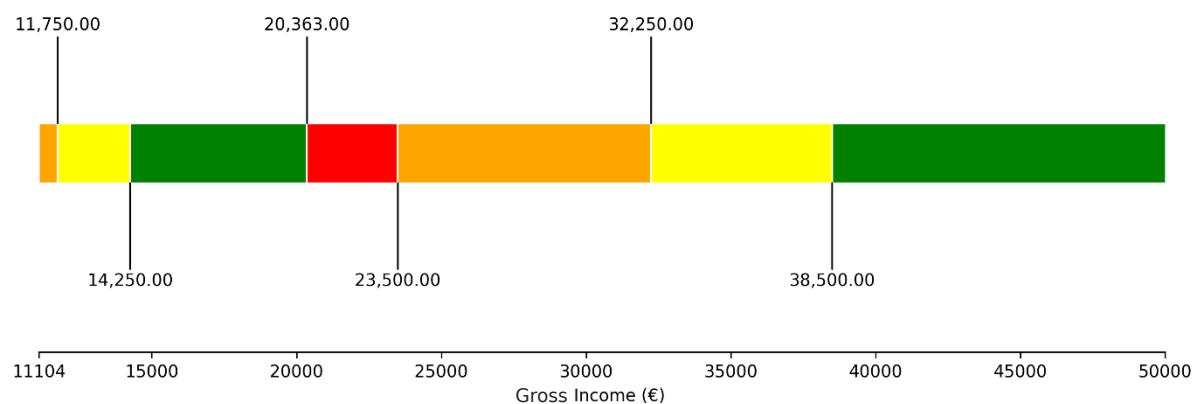
Localities	Total = 20
Affordable ($\leq 25\%$)	3
Marginally Affordable (25%-30%)	3
Stressed (30%-40%)	8
Overburdened ($>40\%$)	6

Single Person earning €35,000

Localities	Total = 20
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	3
Stressed (30%-40%)	11
Overburdened (>40%)	6

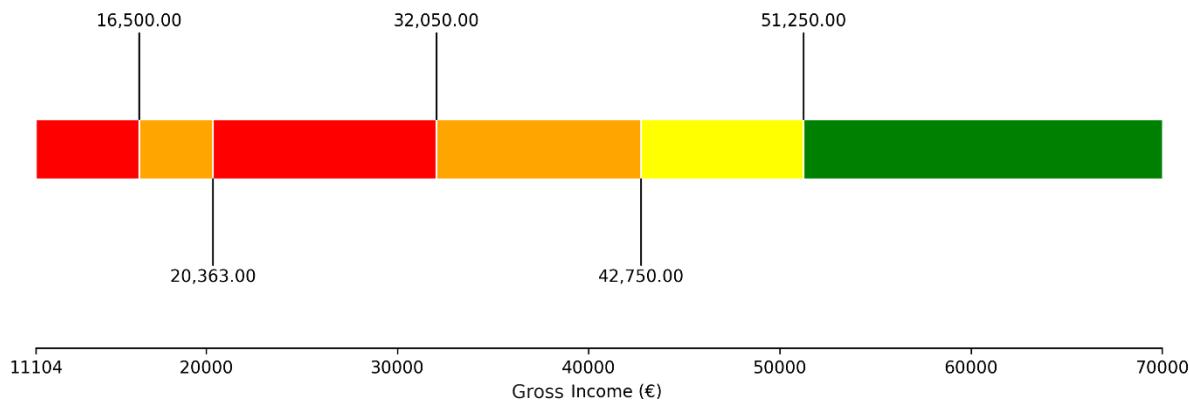
Affording the Cheapest Locality

Income	Affordable Level
€11,104.08 – €11,750	Stressed
€11,750 – €14,250	Marginally Affordable
€14,250 - €20,362.93	Affordable
€20,362.93 – €23,500	Overburdened
€23,500 - €32,250	Stressed
€32,250 - €38,500	Marginally Affordable
€38,500+	Affordable



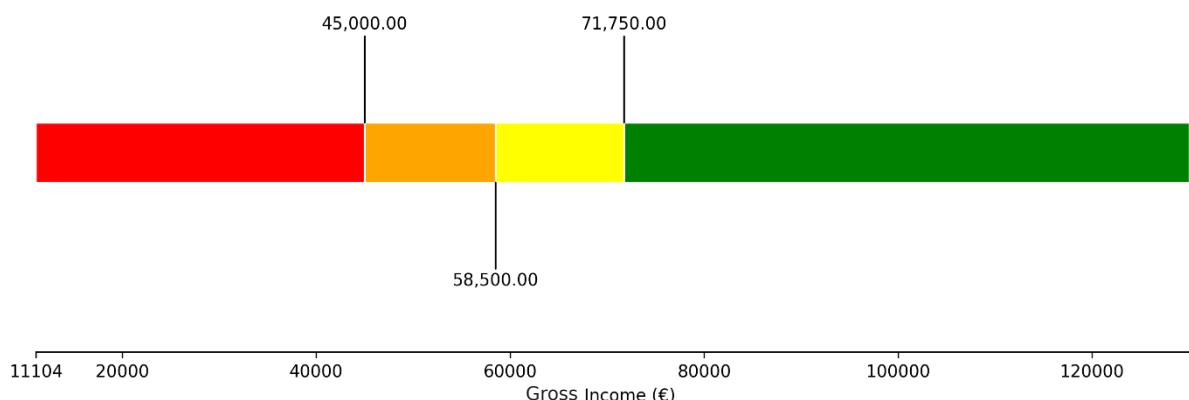
Affording the Median Locality

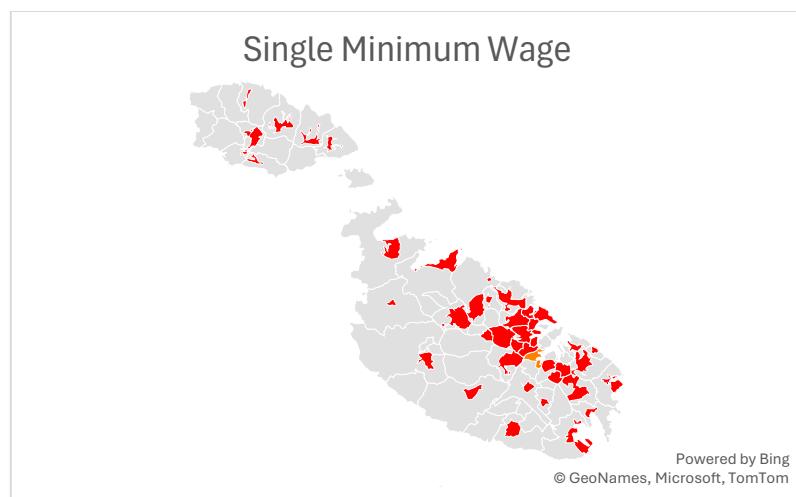
Income	Affordable Level
€11,104.08 – €16,500	Overburdened
€16,500– €20,362.93	Stressed
€20,362.93 – €32,250	Overburdened
€32,250 - €42,750	Stressed
€42,750- €51,250	Marginally Affordable
€51,250+	Affordable



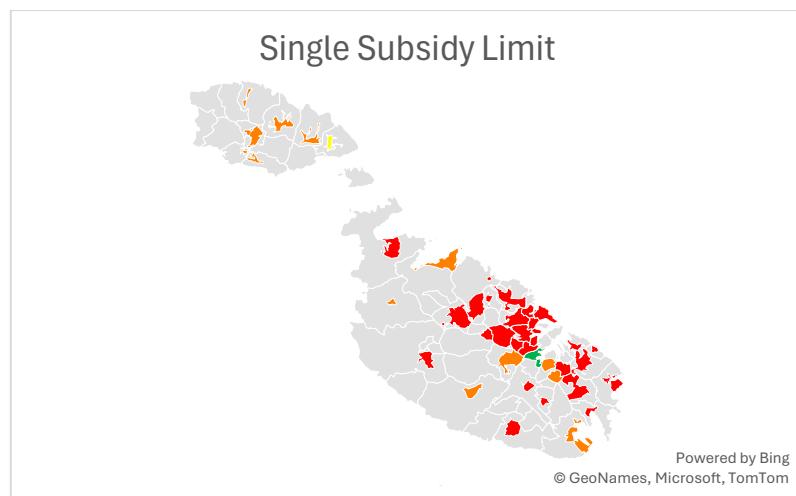
Afford the Most Expensive Locality

Income	Affordable Level
€11,104.08 – €45,000	Overburdened
€45,000 - €58,500	Stressed
€58,500 - €71,750	Marginally Affordable
€71,750+	Affordable



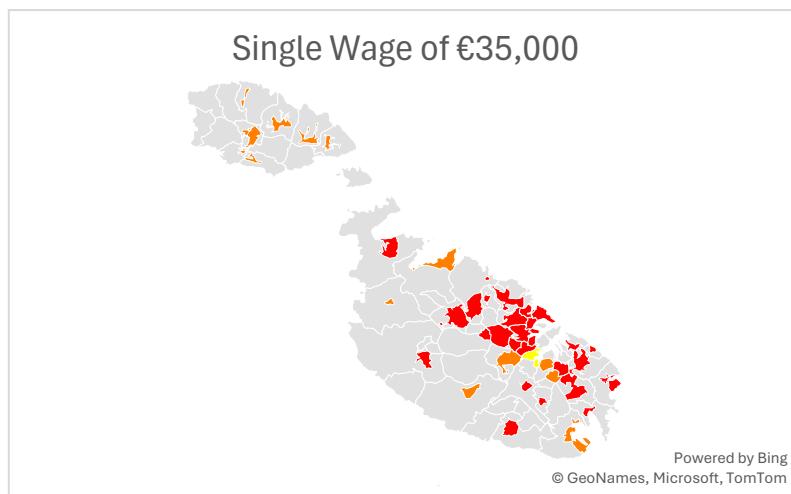
Two-Bedroom ApartmentMinimum Wage

Localities	Total = 44
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	0
Stressed (30%-40%)	1
Overburdened ($>40\%$)	43

Subsidy Limit

Localities	Total = 44
Affordable ($\leq 25\%$)	1
Marginally Affordable (25%-30%)	1
Stressed (30%-40%)	14
Overburdened ($>40\%$)	28

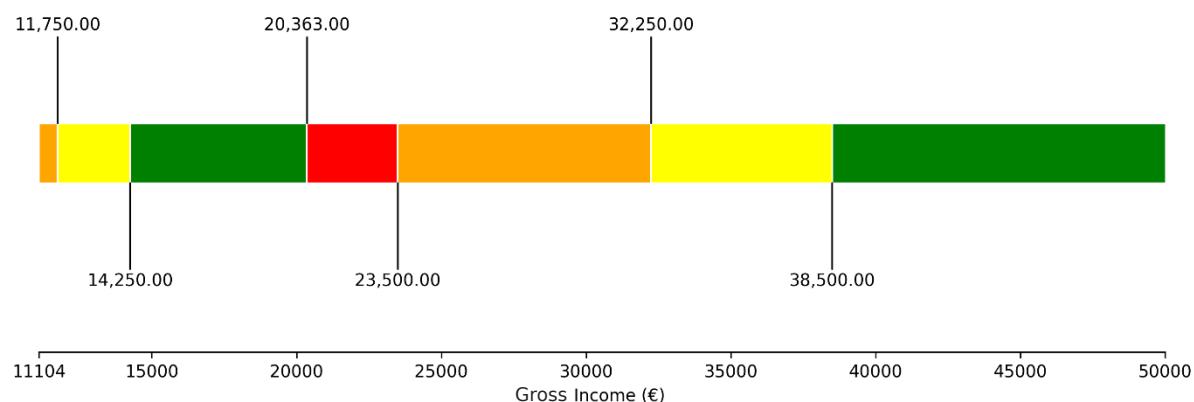
Single Person earning €35,000



Localities	Total = 44
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	1
Stressed (30%-40%)	15
Overburdened ($> 40\%$)	28

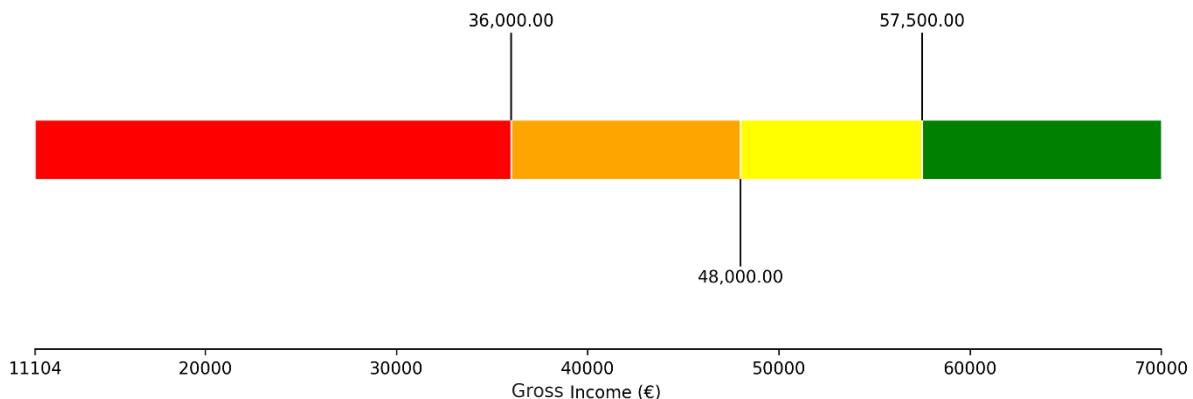
Affording the Cheapest Locality

Income	Affordable Level
€11,104.08 – €11,750	Stressed
€11,750 – €14,250	Marginally Affordable
€14,250 - €20,362.93	Affordable
€20,362.93 – €23,500	Overburdened
€23,500 - €32,250	Stressed
€32,250 - €38,500	Marginally Affordable
€38,500+	Affordable



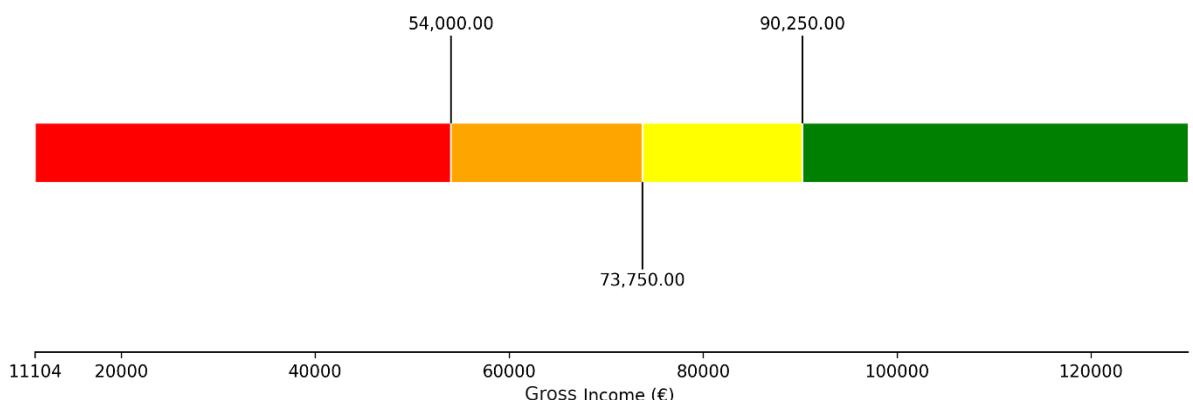
Affording the Median Locality

Income	Affordable Level
€11,104.08 – €36,000	Overburdened
€36,000-€48,000	Stressed
€48,000 - €57,500	Marginally Affordable
€57,500+	Affordable



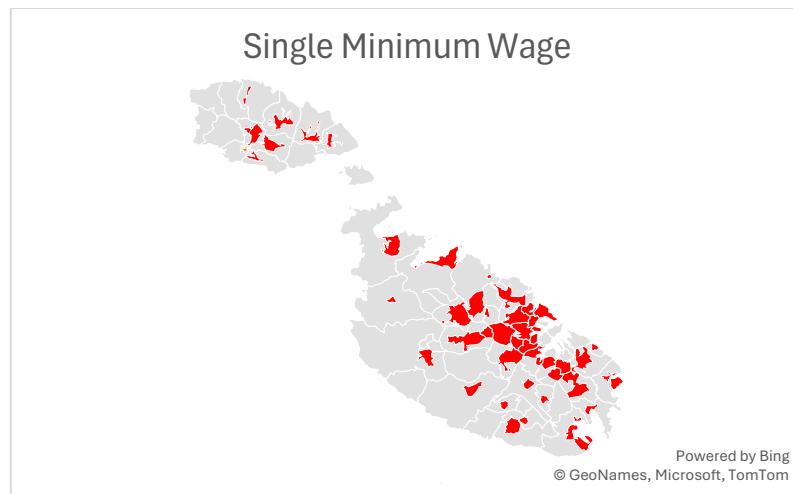
Afford the Most Expensive Locality

Income	Affordable Level
€11,104.08 – €54,000	Overburdened
€54,000 - €73,750	Stressed
€73,750 - €90,250	Marginally Affordable
€90,250+	Affordable



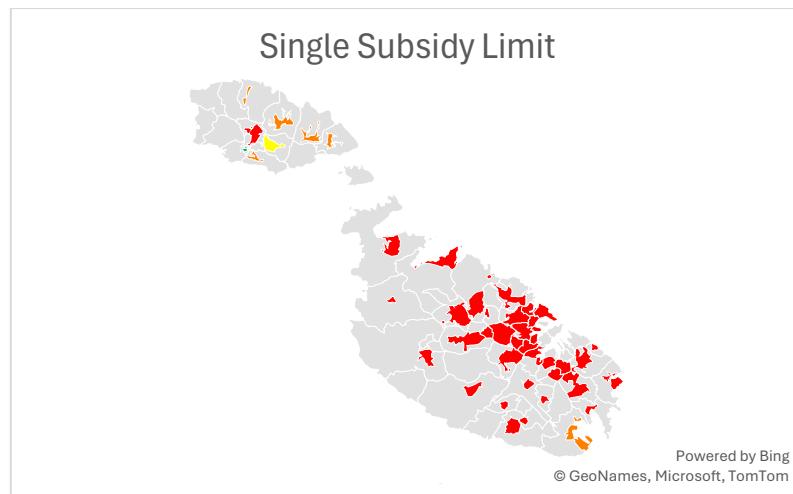
Three-Bedroom Apartment

Minimum Wage



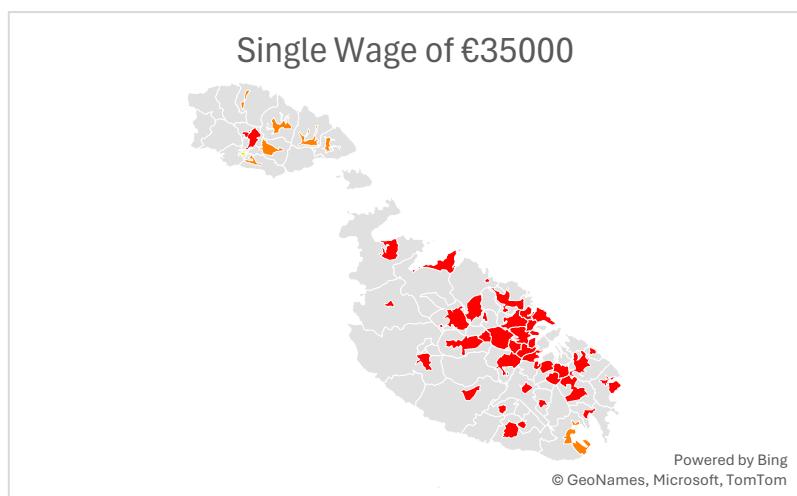
Localities	Total = 48
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	0
Stressed (30%-40%)	1
Overburdened ($>40\%$)	47

Subsidy Limit



Localities	Total = 48
Affordable ($\leq 25\%$)	1
Marginally Affordable (25%-30%)	1
Stressed (30%-40%)	7
Overburdened ($>40\%$)	39

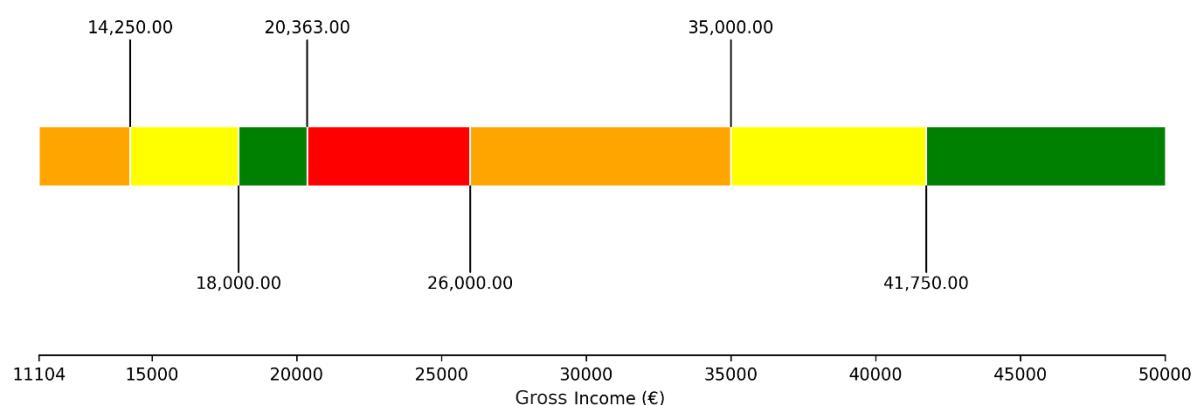
Single Person earning €35,000



Localities	Total = 48
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	1
Stressed (30%-40%)	8
Overburdened (>40%)	39

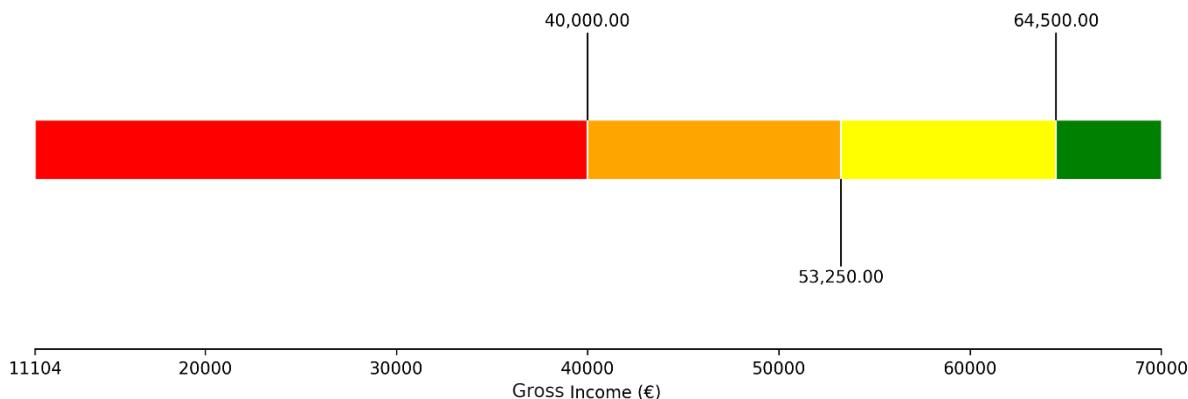
Affording the Cheapest Locality

Income	Affordable Level
€11,104.08 – €14,250	Stressed
€14,250 - €18,000	Marginally Affordable
€18,000 - €20,362.93	Affordable
€20,362.93 – €26,000	Overburdened
€26,000 - €35,000	Stressed
€35,000 - €41,750	Marginally Affordable
€41,750+	Affordable



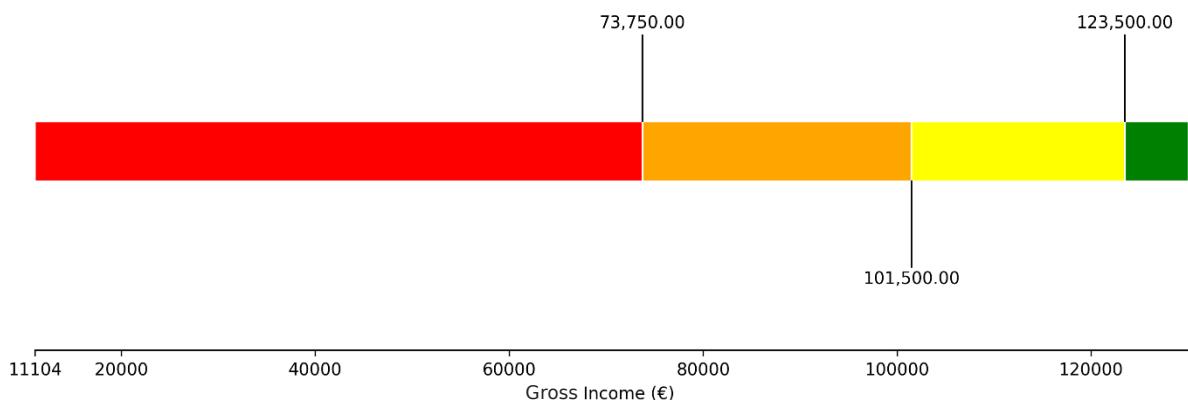
Affording the Median Locality

Income	Affordable Level
€11,104.08 – €40,000	Overburdened
€40,000- €53,250	Stressed
€53,250- €64,500	Marginally Affordable
€64,500+	Affordable



Afford the Most Expensive Locality

Income	Affordable Level
€11,104.08 – €73,750	Overburdened
€73,750 – €101,500	Stressed
€101,500- €123,500	Marginally Affordable
€123,500+	Affordable



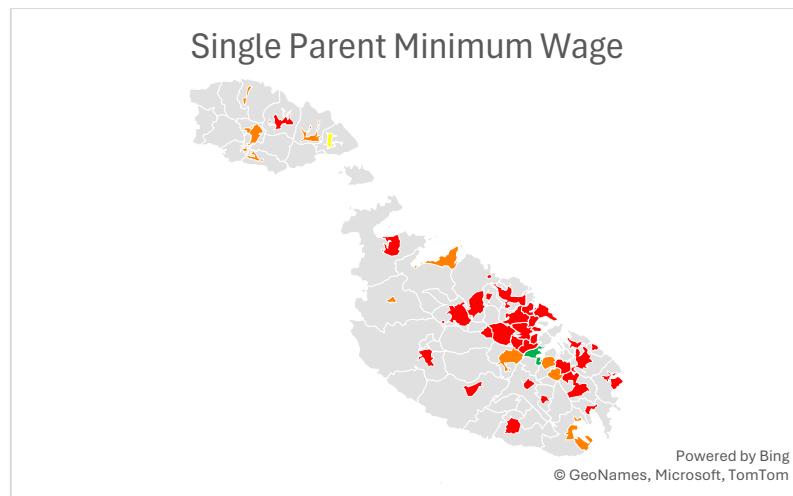
Single Parent with Two Children

One-Bedroom Apartment

The study did not analyse one-bedroom apartments for single parents with two children as it would exceed the overcrowding limit set by law.

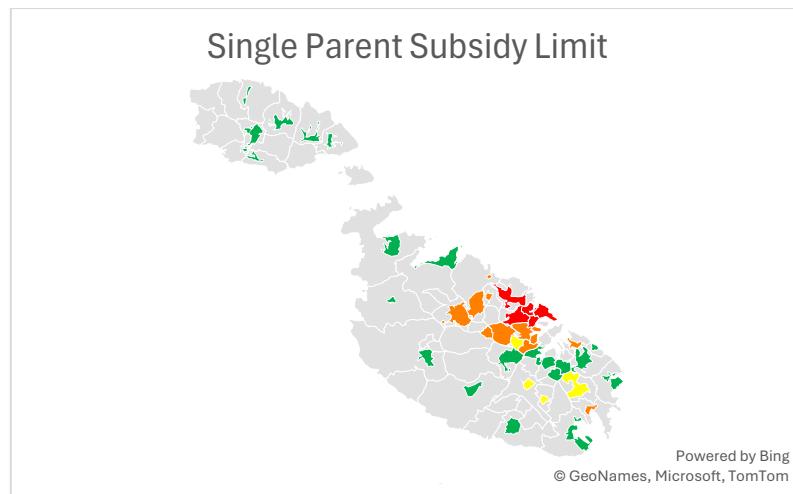
Two-Bedroom Apartment

Minimum Wage



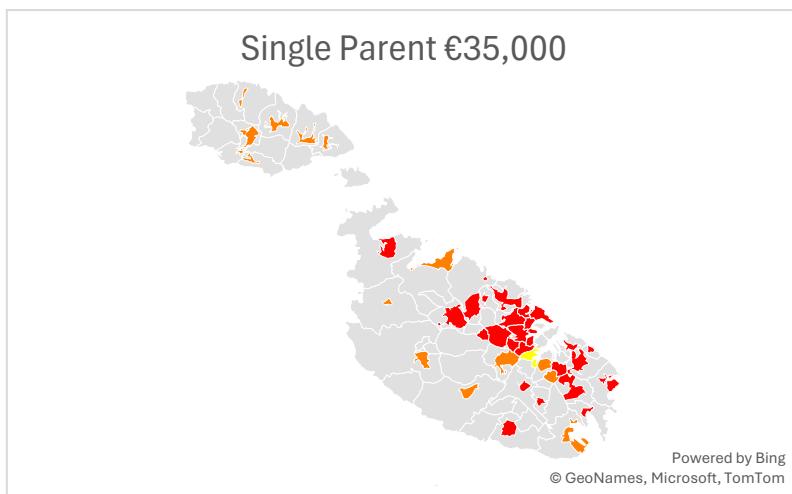
Localities	Total = 44
Affordable ($\leq 25\%$)	1
Marginally Affordable (25%-30%)	1
Stressed (30%-40%)	12
Overburdened ($>40\%$)	30

Subsidy Limit



Localities	Total = 44
Affordable ($\leq 25\%$)	24
Marginally Affordable (25%-30%)	4
Stressed (30%-40%)	11
Overburdened ($>40\%$)	5

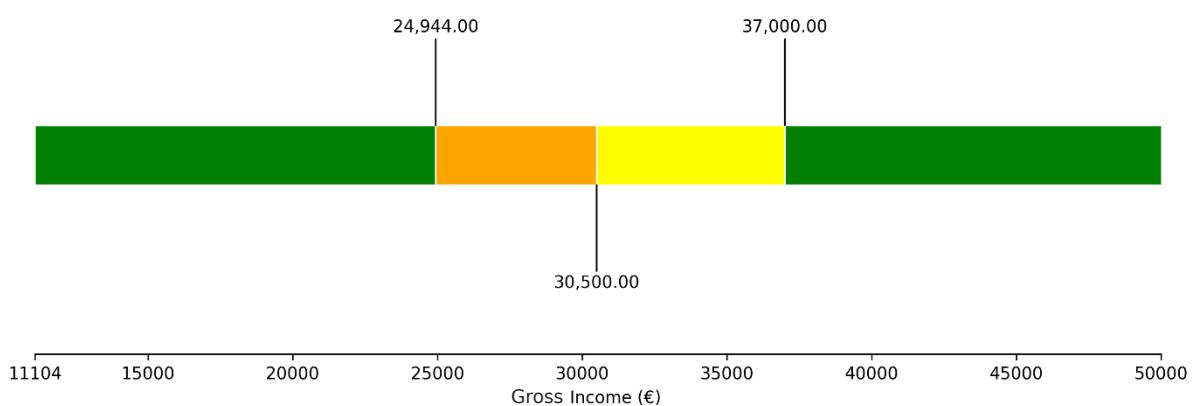
Single Parent Earning €35,000



Localities	Total = 44
Affordable (≤25%)	0
Marginally Affordable (25%-30%)	1
Stressed (30%-40%)	16
Overburdened (>40%)	27

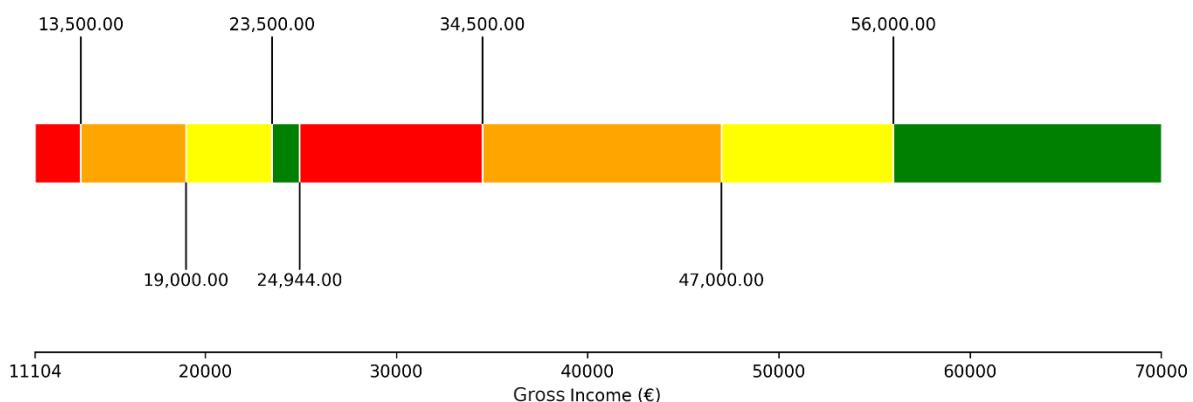
Affording the Cheapest Locality

Income	Affordable Level
€11,104.08 – €24,944.4	Affordable
€24,944.4 – €30,500	Stressed
€30,500 - €37,000	Marginally Affordable
€37,000+	Affordable



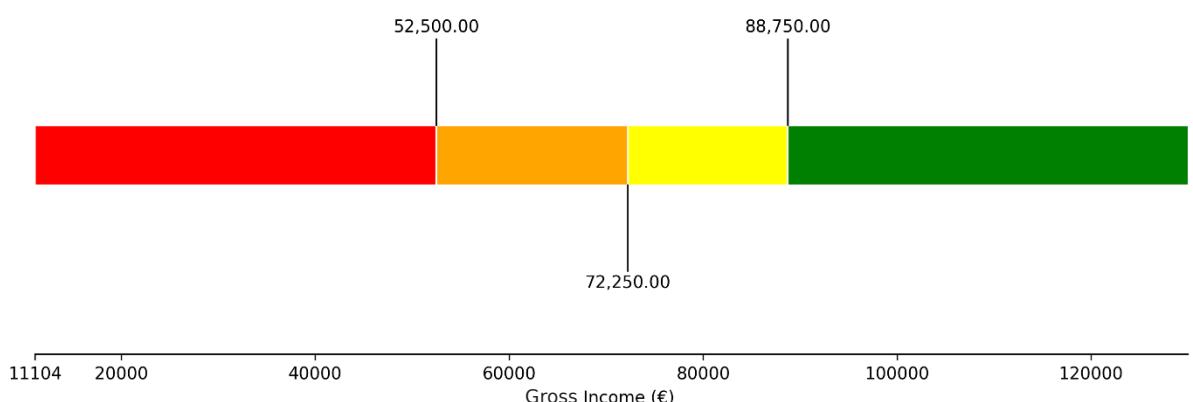
Affording the Median Locality

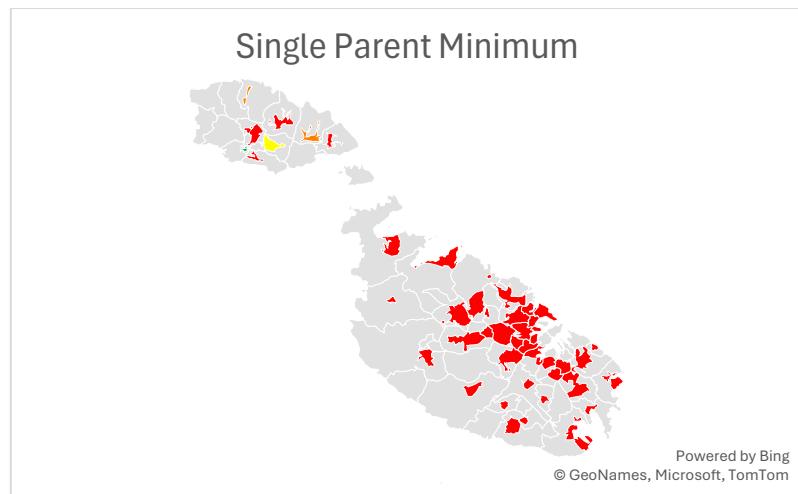
Income	Affordable Level
€11,104.08 – €13,500	Overburdened
€13,500 – €19,000	Stressed
€19,000 - €23,500	Marginally Affordable
€23,500 - €24,944.4	Affordable
€24,944.4 – €34,500	Overburdened
€34,500 - €47,000	Stressed
€47,000 - €56,000	Marginally Affordable
€56,000+	Affordable



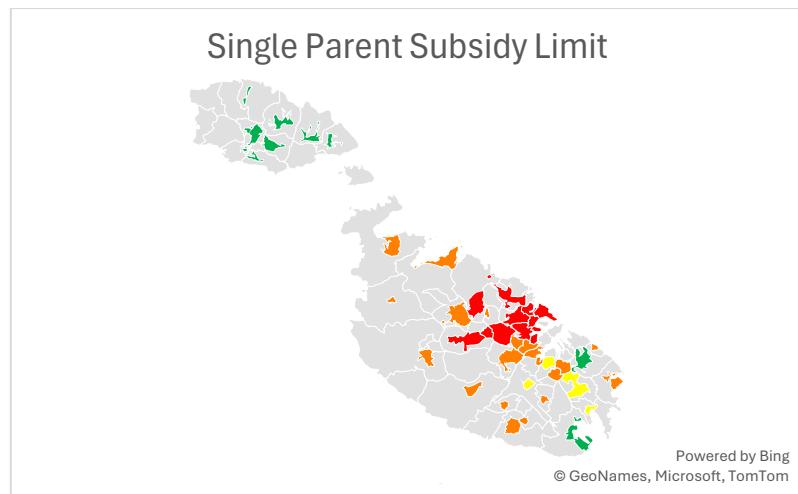
Afford the Most Expensive Locality

Income	Affordable Level
€11,104.08 – €52,500	Overburdened
€52,500 - €72,250	Stressed
€72,250 - €88,750	Marginally Affordable
€88,750+	Affordable



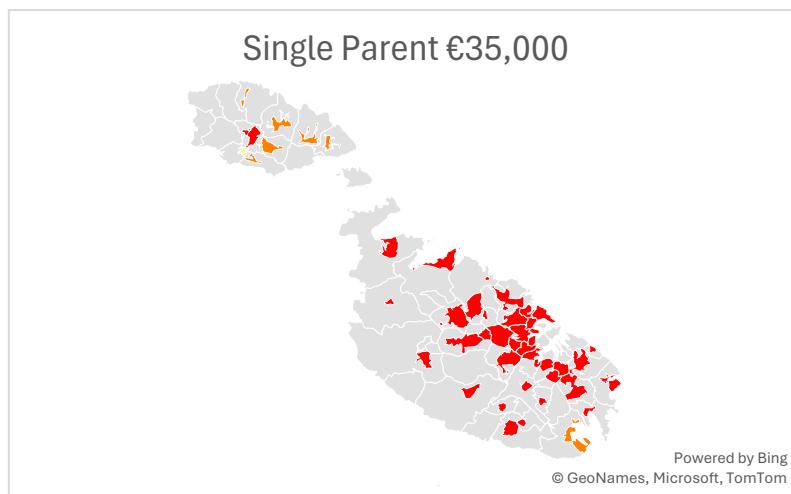
Three-Bedroom ApartmentMinimum Wage

Localities	Total = 48
Affordable ($\leq 25\%$)	1
Marginally Affordable (25%-30%)	1
Stressed (30%-40%)	2
Overburdened ($>40\%$)	44

Subsidy Limit

Localities	Total = 48
Affordable ($\leq 25\%$)	11
Marginally Affordable (25%-30%)	4
Stressed (30%-40%)	20
Overburdened ($>40\%$)	13

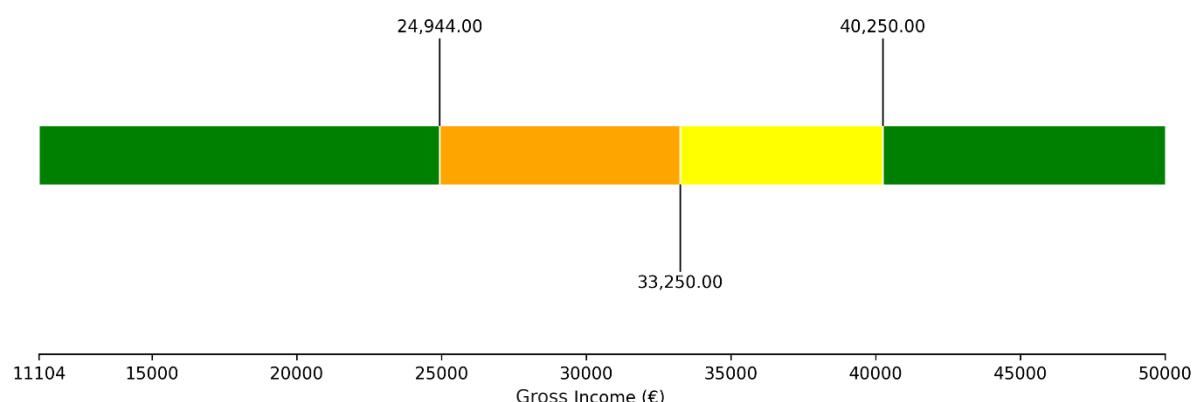
Single Parent Earning €35,000



Localities	Total = 48
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	1
Stressed (30%-40%)	8
Overburdened ($>40\%$)	39

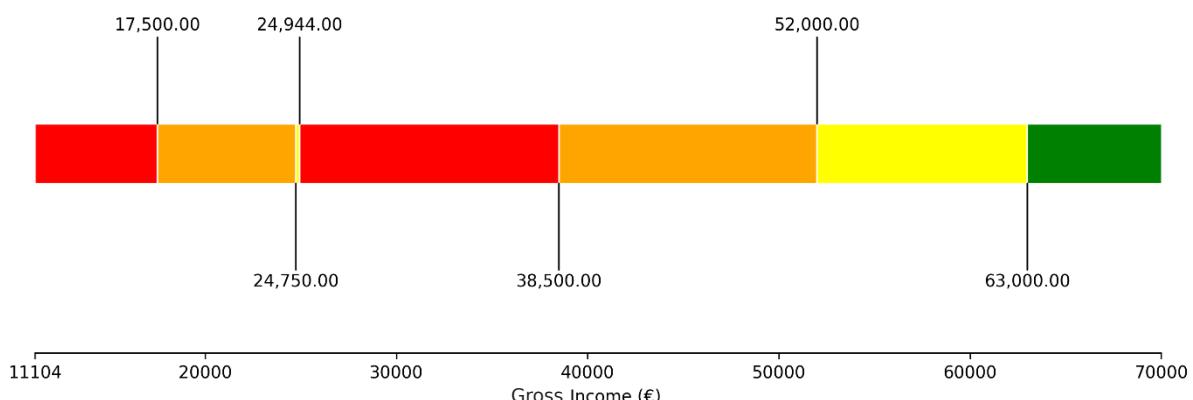
Affording the Cheapest Locality

Income	Affordable Level
€11,104.08 – €24,944.4	Affordable
€24,944.4 – €33,250	Stressed
€33,250- €40,250	Marginally Affordable
€40,250+	Affordable



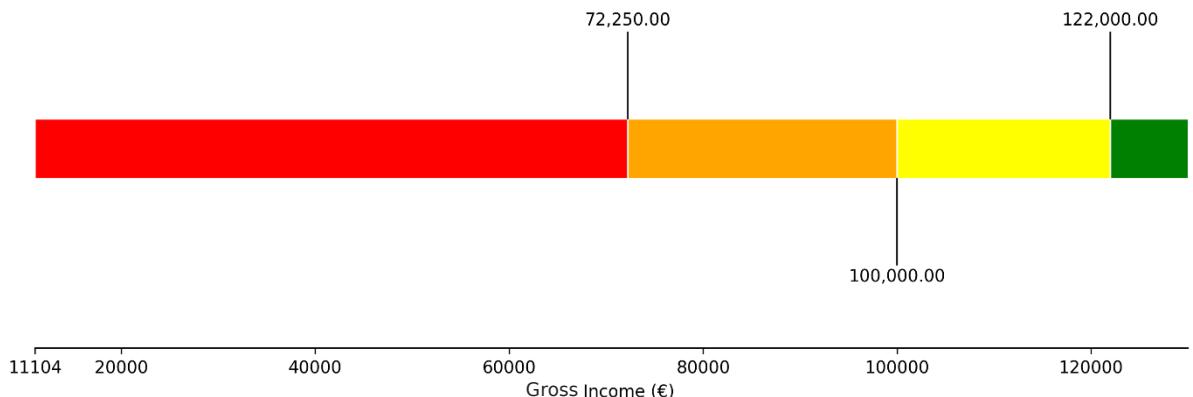
Affording the Median Locality

Income	Affordable Level
€11,104.08 – €17,500	Overburdened
€17,500 – €24,750	Stressed
€24,750 - €24944.4	Marginally Affordable
€24944.4 – €38,500	Overburdened
€38,500 - €52,000	Stressed
€52,000- €63,000	Marginally Affordable
€63,000+	Affordable



Afford the Most Expensive Locality

Income	Affordable Level
€11,104.08 – €72,250	Overburdened
€72,250 - €100,000	Stressed
€100,000 - €122,000	Marginally Affordable
€122,000+	Affordable



Two Adults No Children

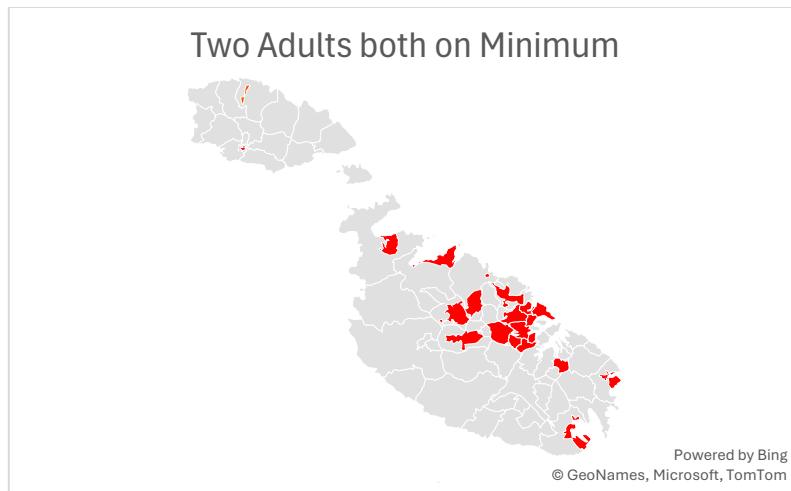
One-Bedroom Apartment

One earning Minimum Wage

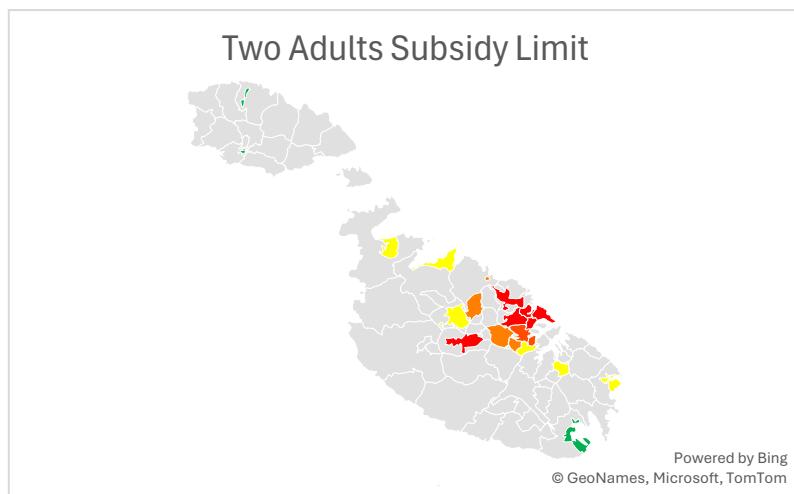


Localities	Total = 20
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	0
Stressed (30%-40%)	3
Overburdened ($>40\%$)	17

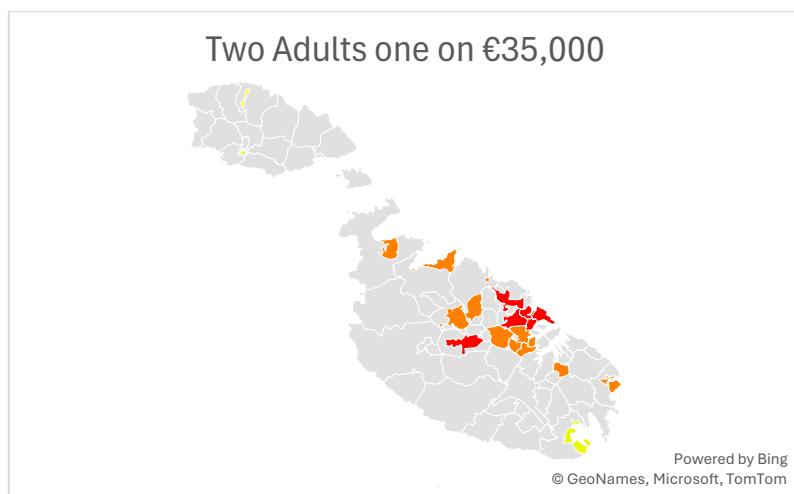
Both working and earning Minimum Wage



Localities	Total = 20
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	0
Stressed (30%-40%)	3
Overburdened ($>40\%$)	17

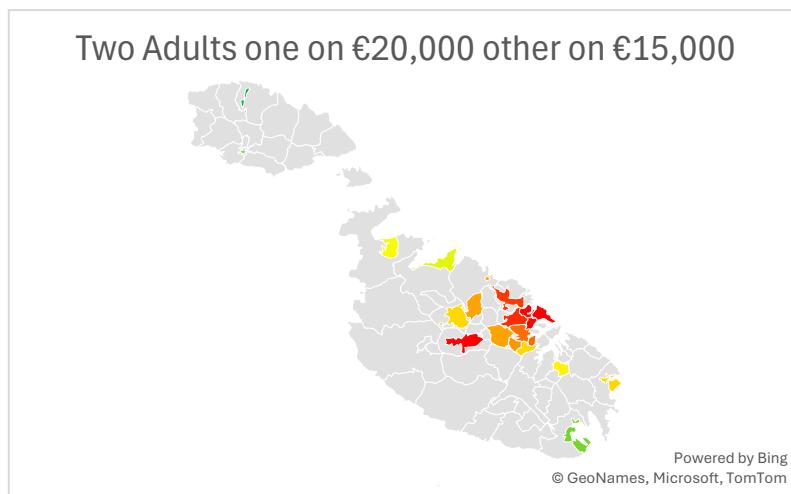
Subsidy Limit

Localities	Total = 20
Affordable ($\leq 25\%$)	3
Marginally Affordable (25%-30%)	6
Stressed (30%-40%)	5
Overburdened ($>40\%$)	6

Two adults with only one earning €35,000

Localities	Total = 20
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	3
Stressed (30%-40%)	11
Overburdened ($>40\%$)	6

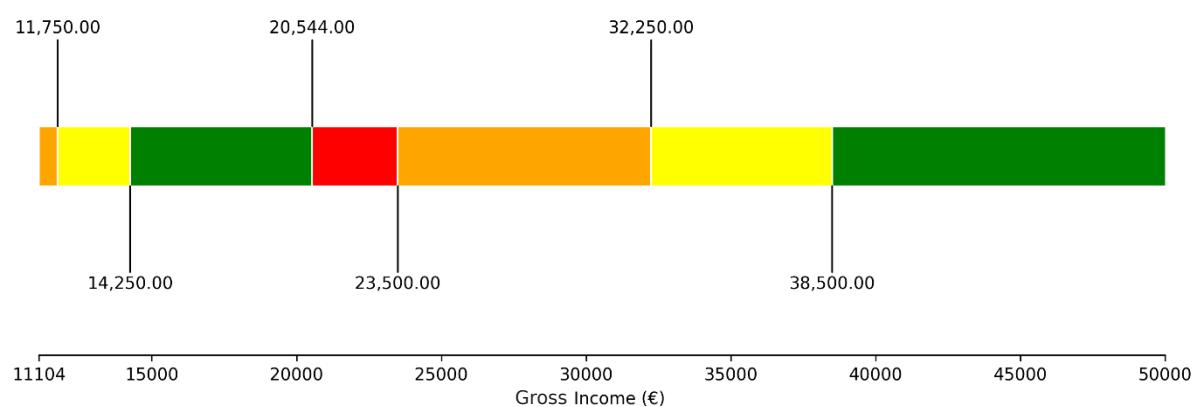
Two adults one earning €20,000 other €15,000



Localities	Total = 20
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	5
Stressed (30%-40%)	12
Overburdened (>40%)	3

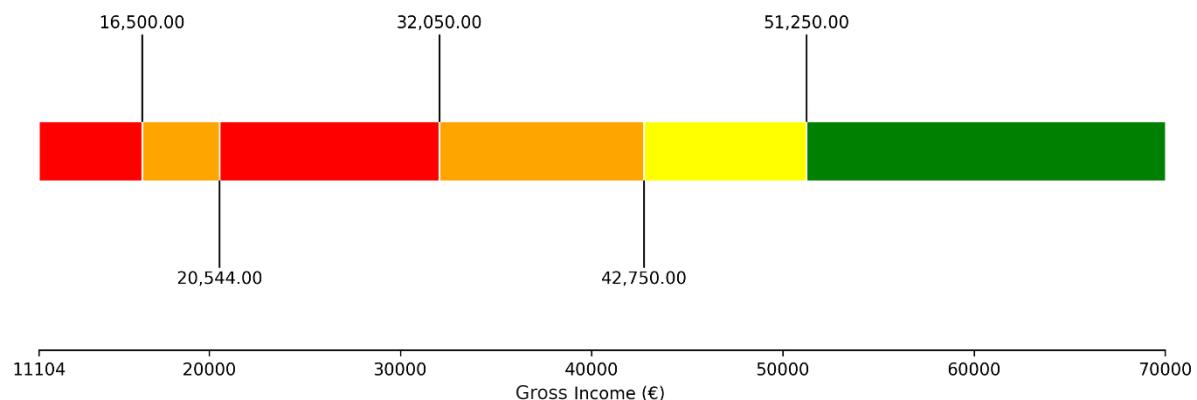
Affording the Cheapest Locality

Income	Affordable Level
€11,104.08 – €11,750	Stressed
€11,750 – €14,250	Marginally Affordable
€14,250 - €20,544.40	Affordable
€20,544.40 – €23,500	Overburdened
€23,500 - €32,250	Stressed
€32,250 - €38,500	Marginally Affordable
€38,500+	Affordable



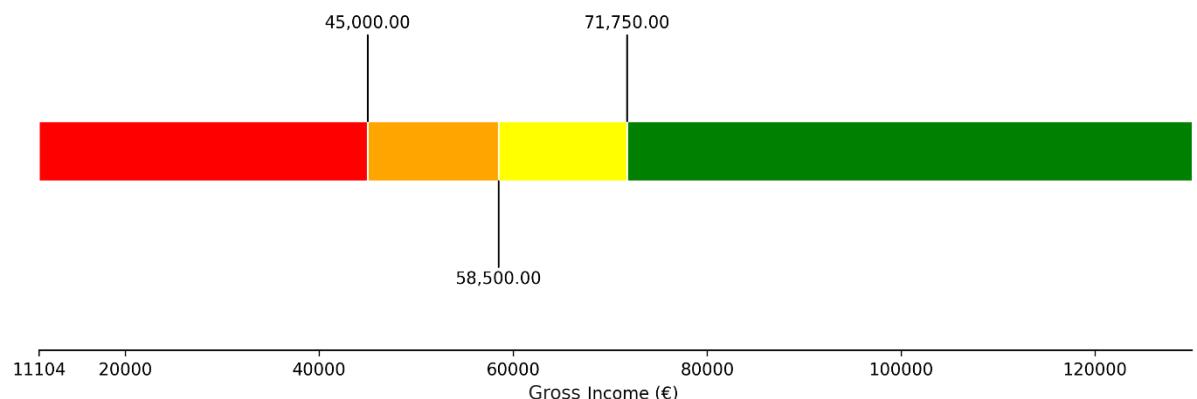
Affording the Median Locality

Income	Affordable Level
€11,104.08 – €16,500	Overburdened
€16,500 – €20,544.40	Stressed
€20,544.40 – €32,250	Overburdened
€32,250 - €42,750	Stressed
€42,750- €51,250	Marginally Affordable
€51,250+	Affordable



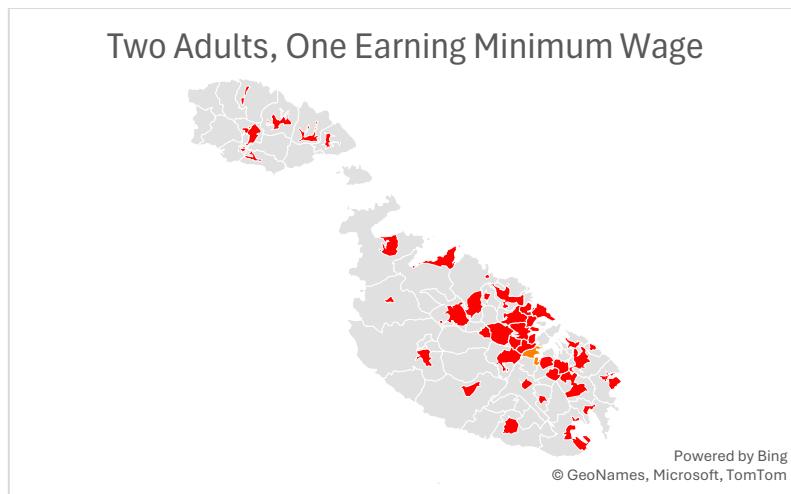
Afford the Most Expensive Locality

Income	Affordable Level
€11,104.08 – €45,000	Overburdened
€45,000 - €58,500	Stressed
€58,500 - €71,750	Marginally Affordable
€71,750+	Affordable



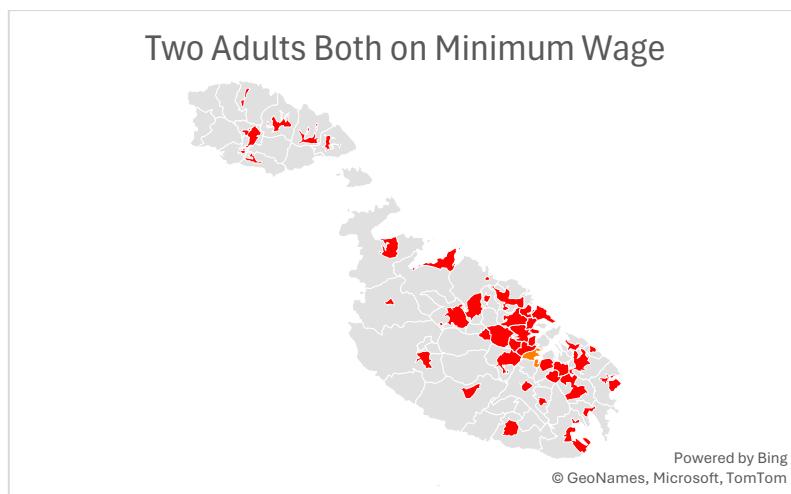
Two-Bedroom Apartment

One earning Minimum Wage

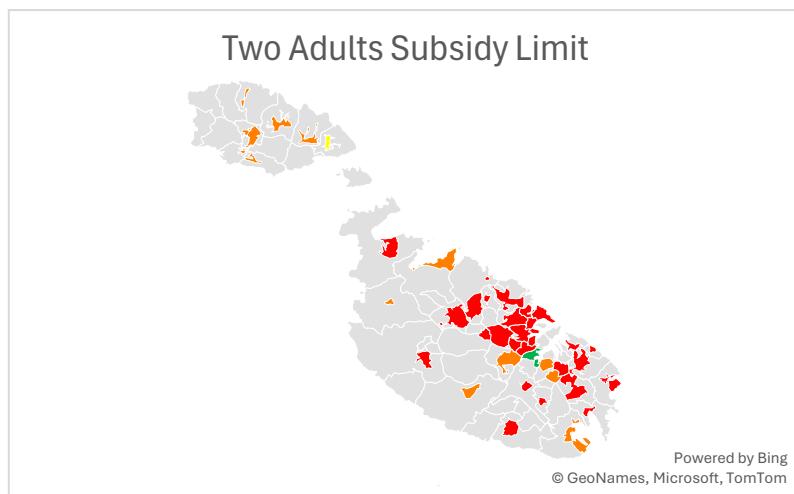


Localities	Total = 44
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	0
Stressed (30%-40%)	1
Overburdened ($>40\%$)	43

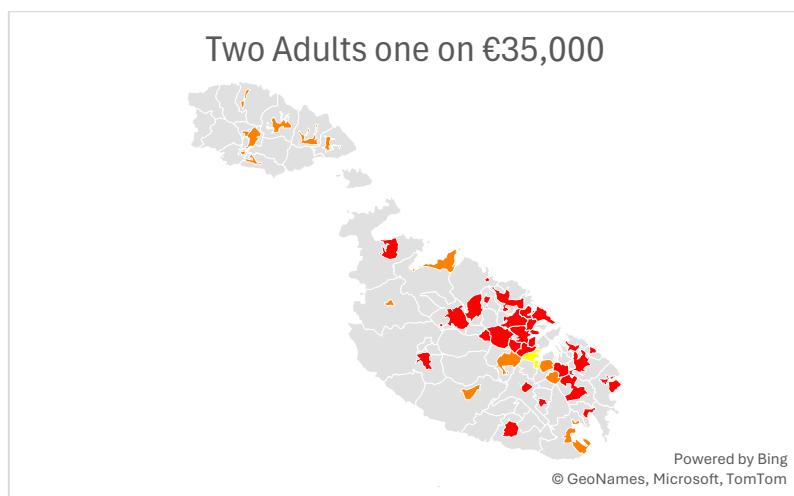
Both working and earning Minimum Wage



Localities	Total = 44
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	0
Stressed (30%-40%)	1
Overburdened ($>40\%$)	43

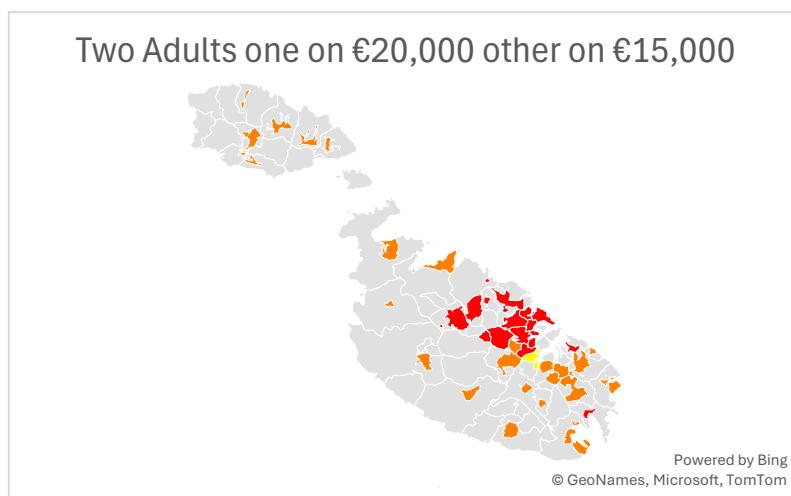
Subsidy Limit

Localities	Total = 44
Affordable ($\leq 25\%$)	1
Marginally Affordable (25%-30%)	4
Stressed (30%-40%)	12
Overburdened ($>40\%$)	27

Two adults with only one earning €35,000

Localities	Total = 44
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	1
Stressed (30%-40%)	15
Overburdened ($>40\%$)	28

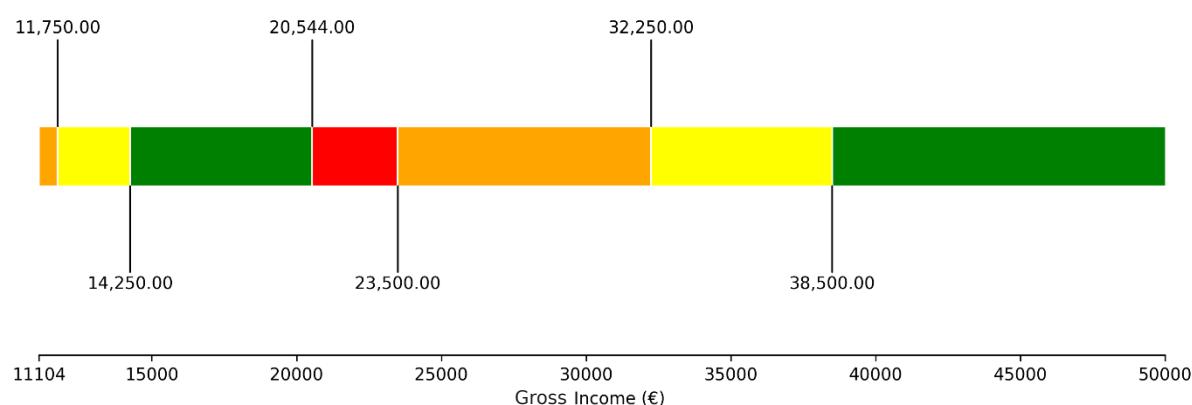
Two adults one earning €20,000 other €15,000



Localities	Total = 44
Affordable (≤25%)	0
Marginally Affordable (25%-30%)	1
Stressed (30%-40%)	27
Overburdened (>40%)	16

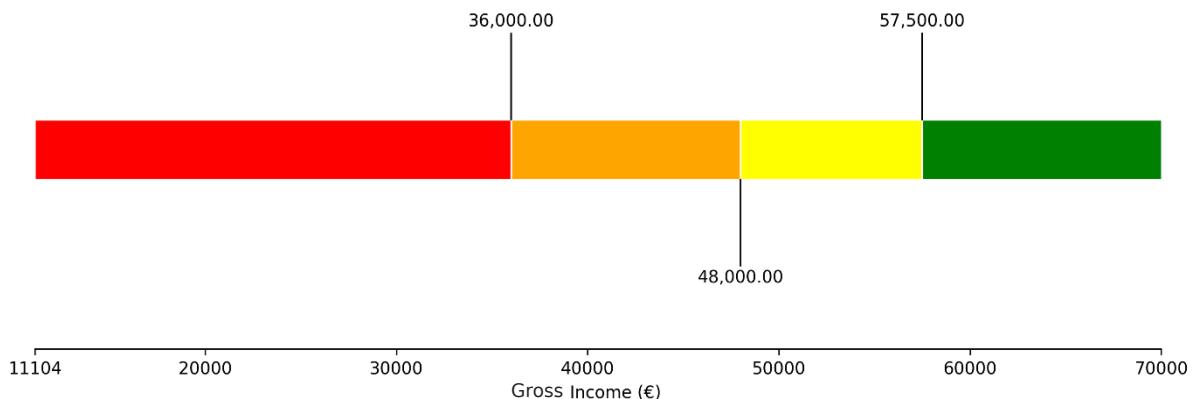
Affording the Cheapest Locality

Income	Affordable Level
€11,104.08 – €11,750	Stressed
€11,750 – €14,250	Marginally Affordable
€14,250 - €20,544.40	Affordable
€20,544.40 – €23,500	Overburdened
€23,500 - €32,250	Stressed
€32,250 - €38,500	Marginally Affordable
€38,500+	Affordable



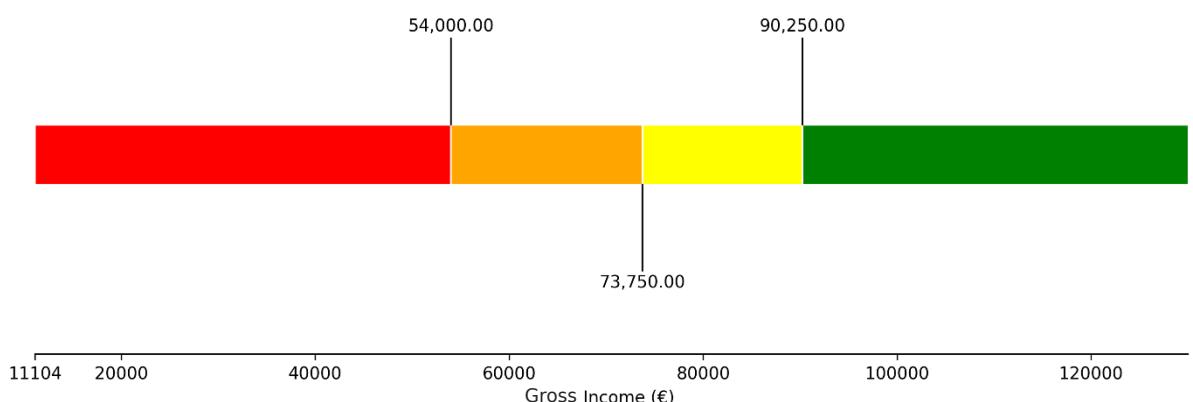
Affording the Median Locality

Income	Affordable Level
€11,104.08 – €36,000	Overburdened
€36,000-€48,000	Stressed
€48,000 - €57,500	Marginally Affordable
€57,500+	Affordable



Afford the Most Expensive Locality

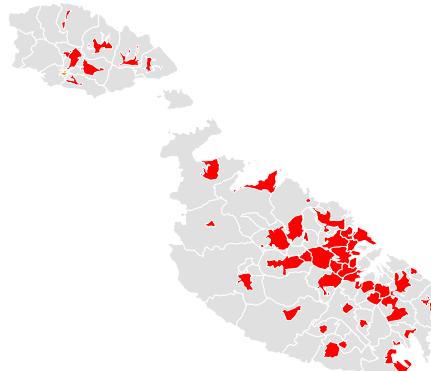
Income	Affordable Level
€11,104.08 – €54,000	Overburdened
€54,000 - €73,750	Stressed
€73,750 - €90,250	Marginally Affordable
€90,250+	Affordable



Three-Bedroom Apartment

One earning Minimum Wage

Two Adults, One earning Minimum Wage

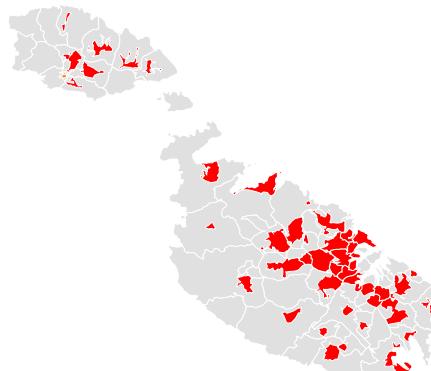


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Localities	Total = 48
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	0
Stressed (30%-40%)	1
Overburdened ($>40\%$)	47

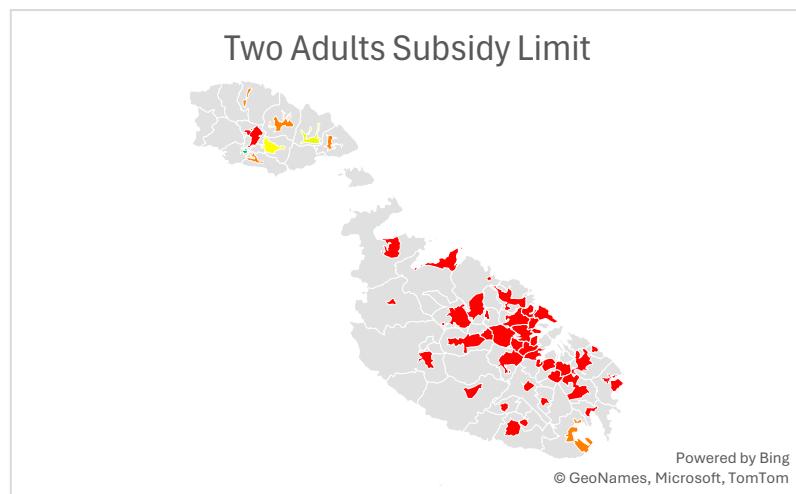
Both working and earning Minimum Wage

Two Adults both on Minimum Wage

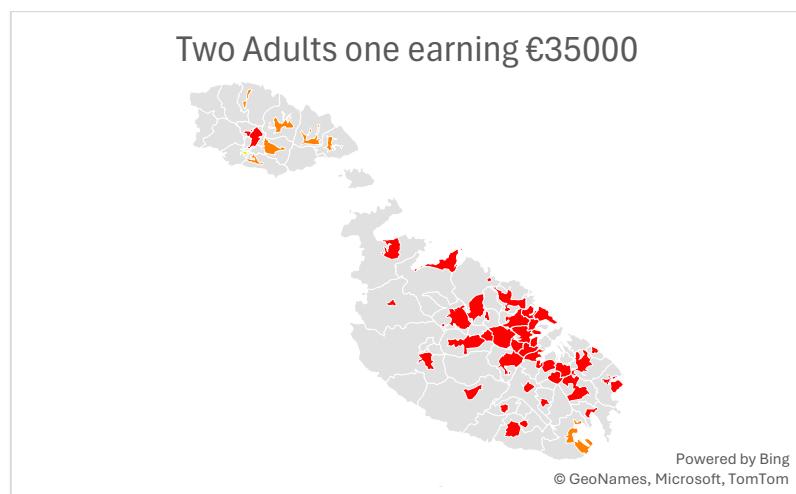


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Localities	Total = 48
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	0
Stressed (30%-40%)	1
Overburdened ($>40\%$)	47

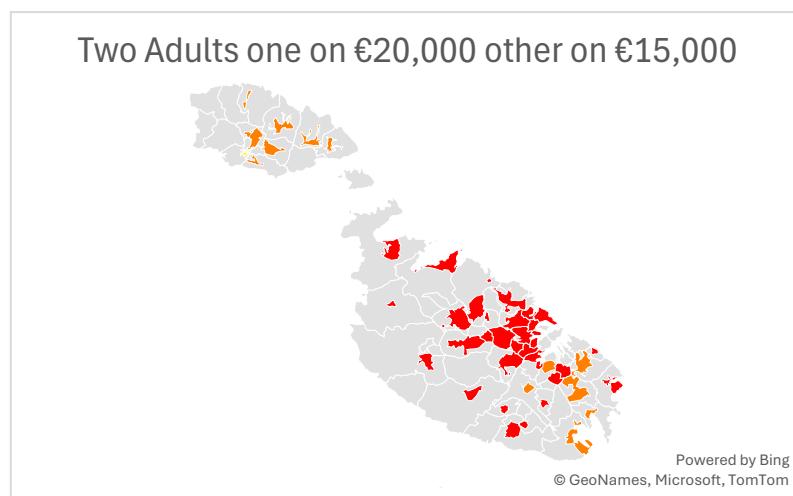
Subsidy Limit

Localities	Total = 48
Affordable ($\leq 25\%$)	1
Marginally Affordable (25%-30%)	2
Stressed (30%-40%)	6
Overburdened ($>40\%$)	39

Two adults with only one earning €35,000

Localities	Total = 48
Affordable ($\leq 25\%$)	0
Marginally Affordable (25%-30%)	1
Stressed (30%-40%)	8
Overburdened ($>40\%$)	39

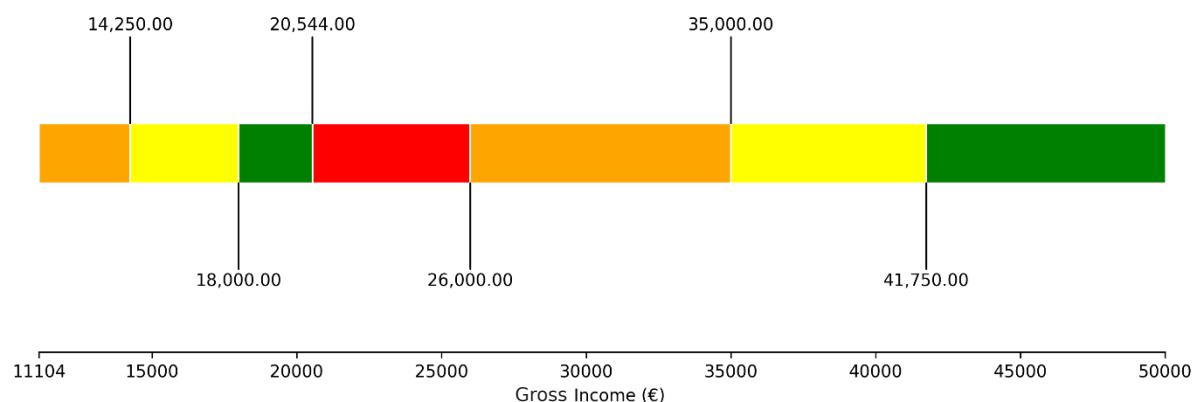
Two adults one earning €20,000 other €15,000



Localities	Total = 48
Affordable (≤25%)	0
Marginally Affordable (25%-30%)	1
Stressed (30%-40%)	14
Overburdened (>40%)	33

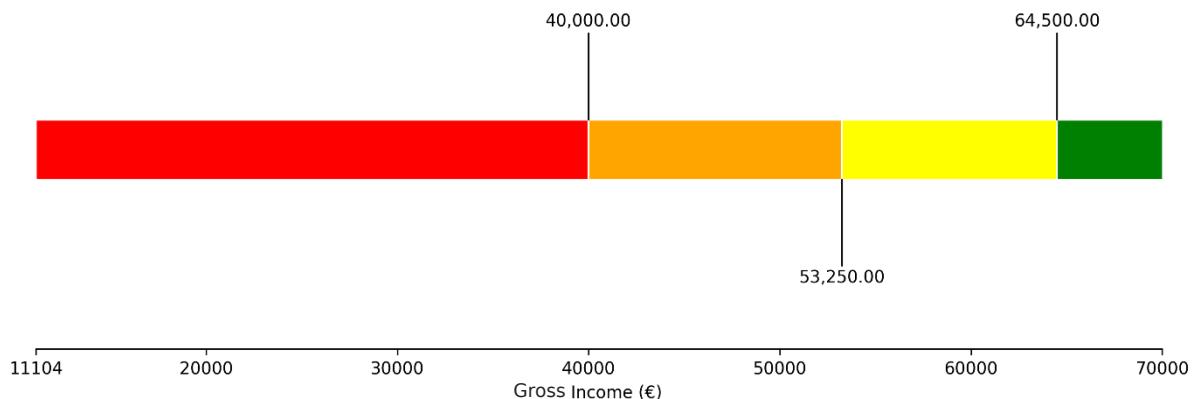
Affording the Cheapest Locality

Income	Affordable Level
€11,104.08 – €14,250	Stressed
€14,250 - €18,000	Marginally Affordable
€18,000 - €20,544.40	Affordable
€20,544.40 – €26,000	Overburdened
€26,000 - €35,000	Stressed
€35,000 - €41,750	Marginally Affordable
€41,750+	Affordable



Affording the Median Locality

Income	Affordable Level
€11,104.08 – €40,000	Overburdened
€40,000- €53,250	Stressed
€53,250- €64,500	Marginally Affordable
€64,500+	Affordable



Afford the Most Expensive Locality

Income	Affordable Level
€11,104.08 – €73,750	Overburdened
€73,750 – €101,500	Stressed
€101,500- €123,500	Marginally Affordable
€123,500+	Affordable

Couple with Two Children

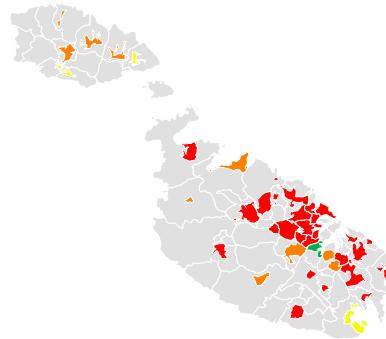
One-Bedroom Apartment

The study did not analyse One-bedroom apartments for couples with two children as it would exceed the overcrowding limit set by law.

Two-Bedroom Apartment

One earning Minimum Wage

Couple with children - One parent on Minimum Wage

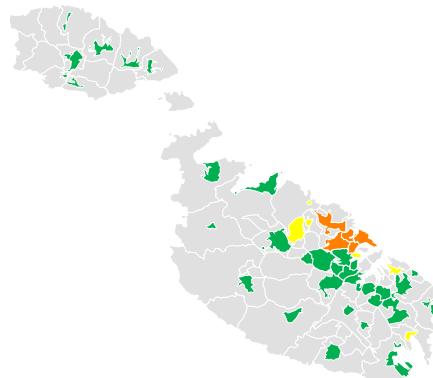


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Localities	Total = 44
Affordable ($\leq 25\%$)	1
Marginally Affordable (25%-30%)	4
Stressed (30%-40%)	11
Overburdened ($>40\%$)	28

Subsidy Limit

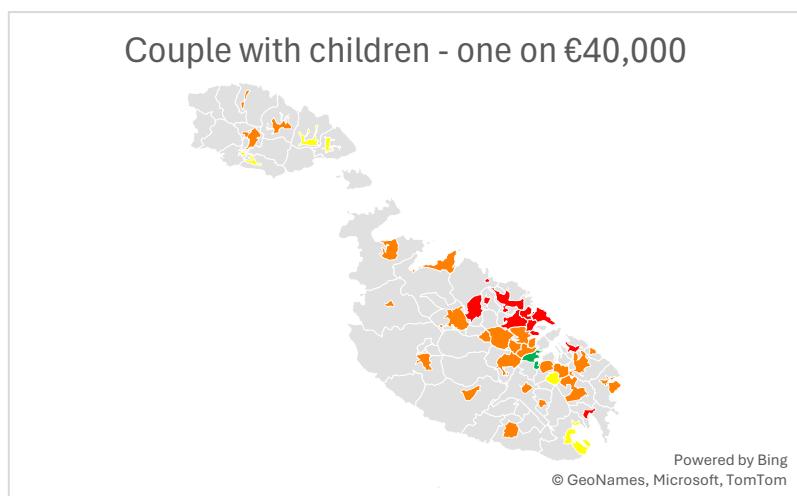
Couple with children - Subsidy Limit



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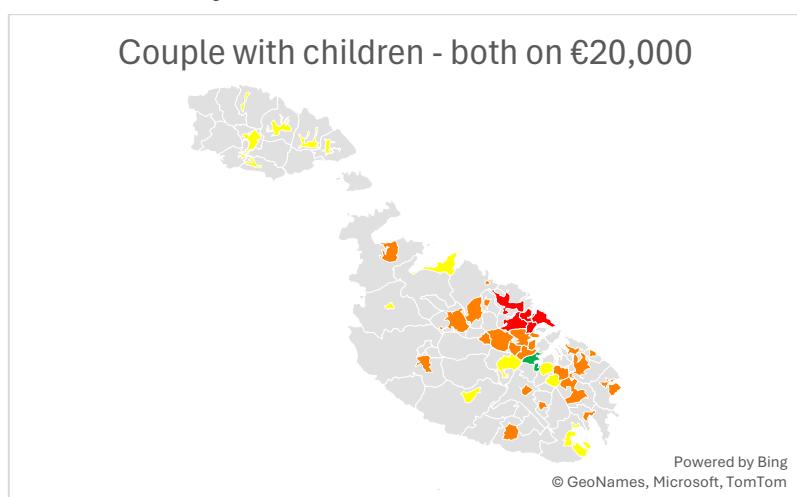
Localities	Total = 44
Affordable ($\leq 25\%$)	34
Marginally Affordable (25%-30%)	5
Stressed (30%-40%)	5
Overburdened ($>40\%$)	0

Couple with children one earning €40,000



Localities	Total = 44
Affordable ($\leq 25\%$)	1
Marginally Affordable (25%-30%)	6
Stressed (30%-40%)	27
Overburdened ($>40\%$)	10

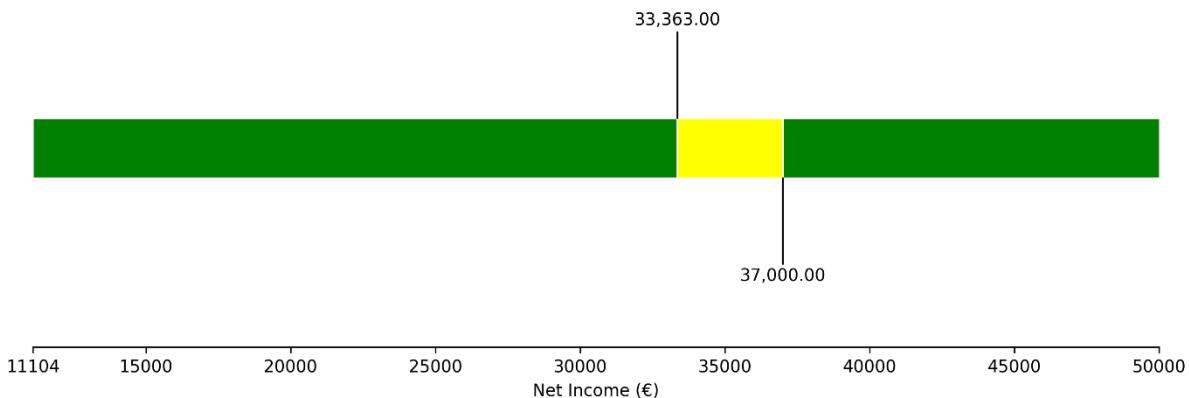
Couple with children both earning €20,000



Localities	Total = 44
Affordable ($\leq 25\%$)	1
Marginally Affordable (25%-30%)	15
Stressed (30%-40%)	23
Overburdened ($>40\%$)	5

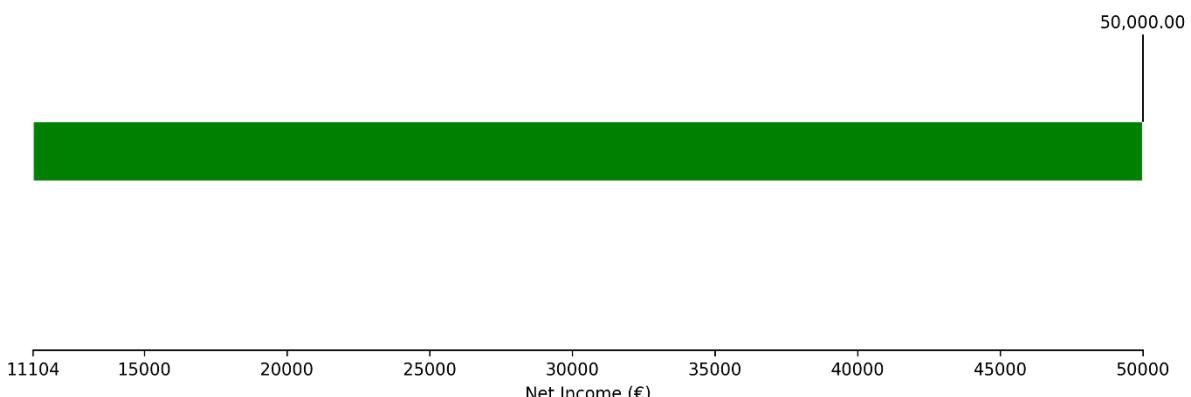
Affording the Cheapest Locality – Only one person working

Income	Affordable Level
€11,104.08 – €33,362.92	Affordable
€33,362.92 – €37,000	Marginally Affordable
€37,000+	Affordable



Affording the Cheapest Locality – Both people working

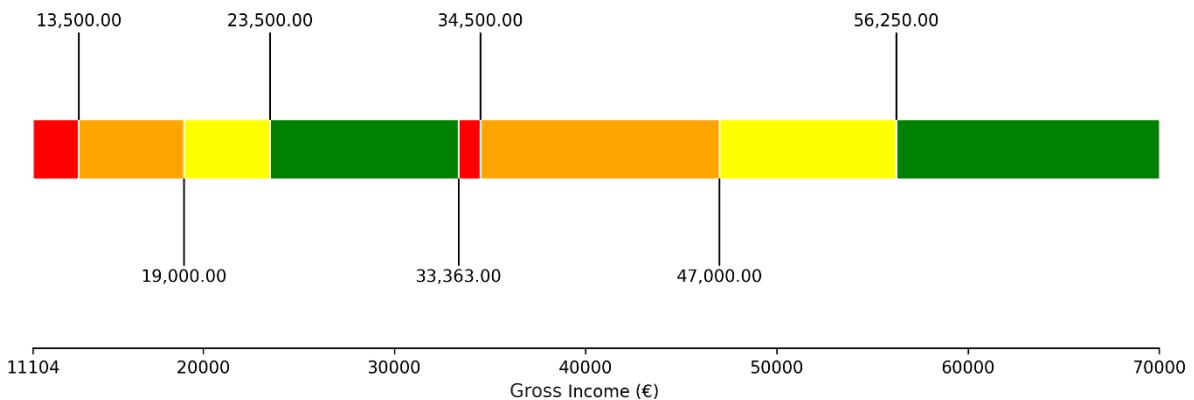
Income	Affordable Level
€11,104.08+	Affordable



Affording the Median Locality – Only one person working

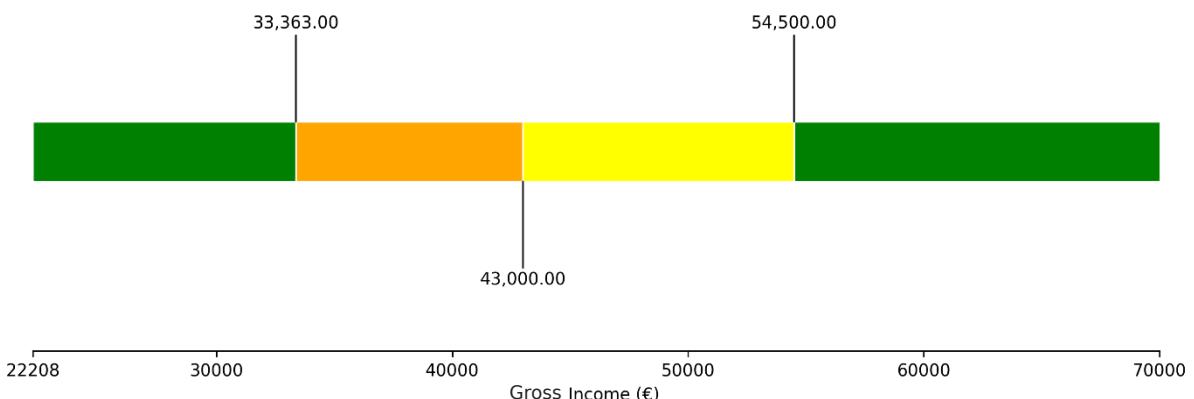
Income	Affordable Level
€11,104.08 – €13,500	Overburdened
€13,500 – €19,000	Stressed
€19,000 - €23,500	Marginally Affordable
€23,500 - €33,362.92	Affordable

€33,362.92 – €34,500	Overburdened
€34,500 - €47,000	Stressed
€47,000- €56,250	Marginally Affordable
€56,250+	Affordable



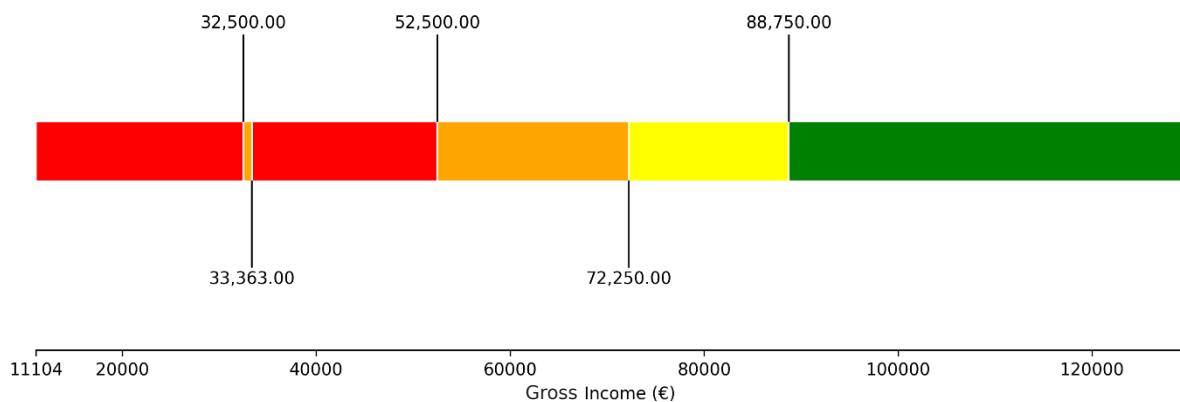
Affording the Median Locality – Both people working

Income	Affordable Level
€11,104.08 – €33,362.92	Affordable
€33,362.92 – €43,000	Stressed
€43,000- €54,500	Marginally Affordable
€54,500+	Affordable



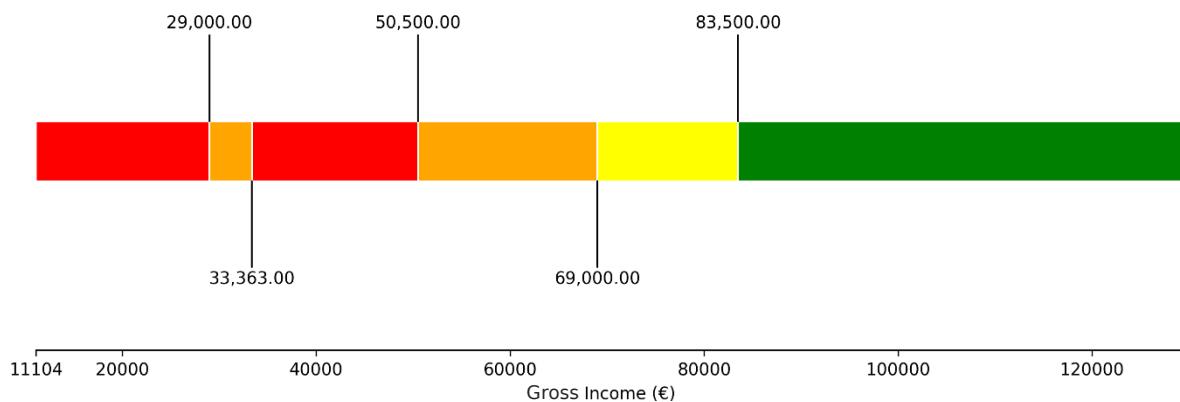
Afford the Most Expensive Locality – Only one person working

Income	Affordable Level
€11,104.08 – €32,500	Overburdened
€32,500 - €33,362.92	Stressed
€33,362.92 - €52,500	Overburdened
€52,500 - €72,250	Stressed
€72,250 - €88,750	Marginally Affordable
€88,750+	Affordable



Afford the Most Expensive Locality – Both people working

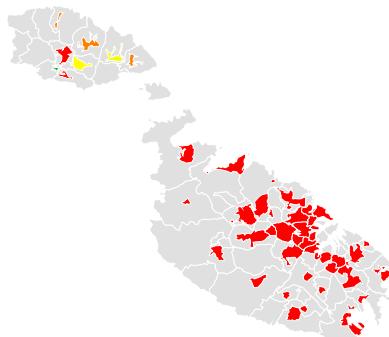
Income	Affordable Level
€11,104.08 – €29,000	Overburdened
€29,000 - €33,362.92	Stressed
€33,362.92 - €50,500	Overburdened
€50,500 - €69,000	Stressed
€69,000 - €83,500	Marginally Affordable
€83,500+	Affordable



Three-Bedroom Apartment

One earning Minimum Wage

Couple with children - One parent on Minimum Wage

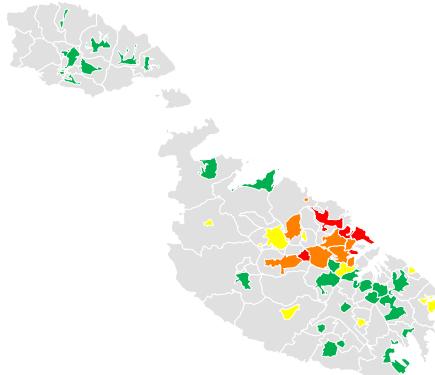


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Localities	Total = 48
Affordable ($\leq 25\%$)	1
Marginally Affordable (25%-30%)	2
Stressed (30%-40%)	4
Overburdened ($>40\%$)	41

Subsidy Limit

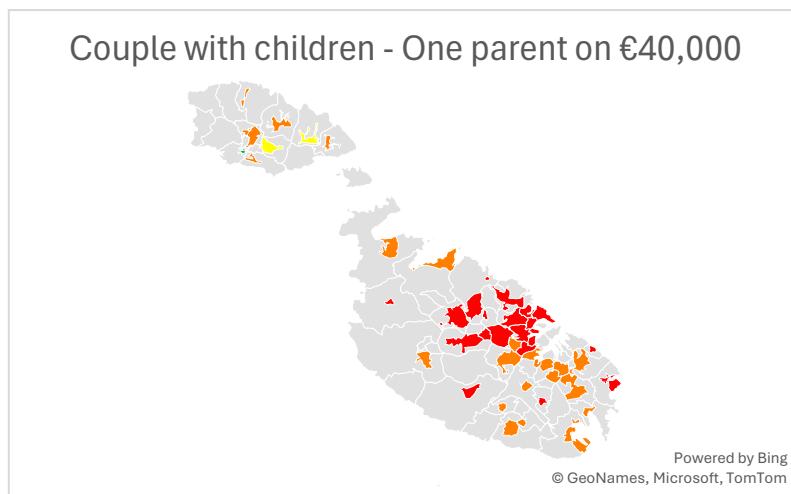
Couple with children - Subsidy Limit



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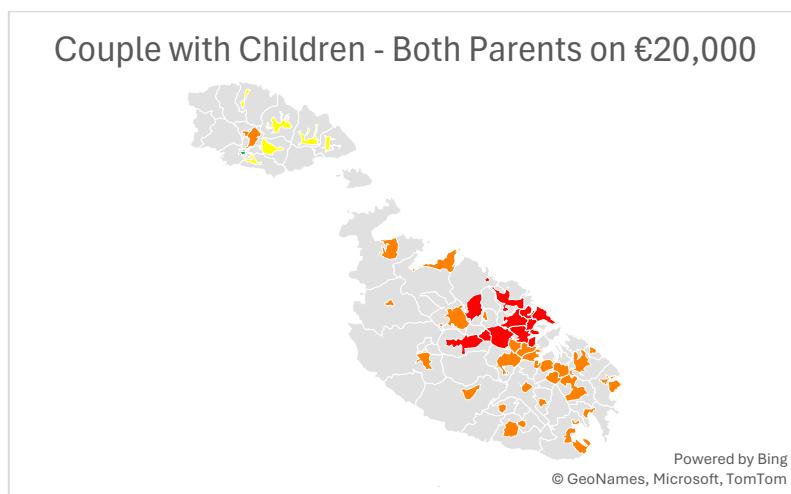
Localities	Total = 48
Affordable ($\leq 25\%$)	27
Marginally Affordable (25%-30%)	9
Stressed (30%-40%)	7
Overburdened ($>40\%$)	5

Couple with children one earning €40,000



Localities	Total = 48
Affordable (≤25%)	1
Marginally Affordable (25%-30%)	2
Stressed (30%-40%)	24
Overburdened (>40%)	21

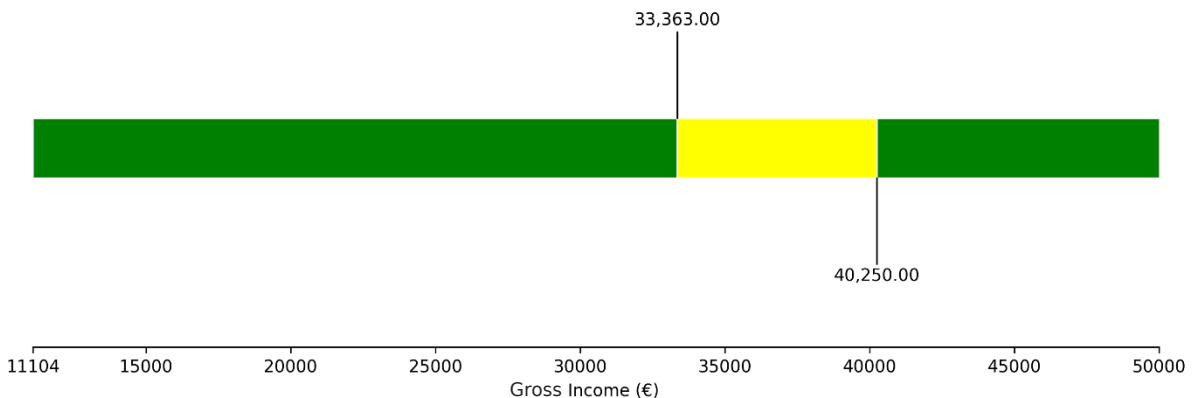
Couple with children both earning €20,000



Localities	Total = 48
Affordable (≤25%)	1
Marginally Affordable (25%-30%)	7
Stressed (30%-40%)	27
Overburdened (>40%)	13

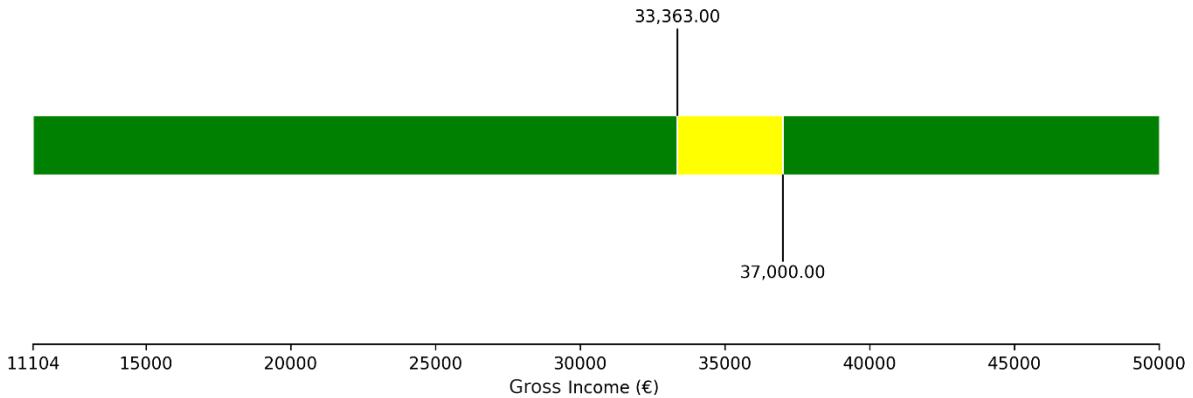
Affording the Cheapest Locality – Only one person working

Income	Affordable Level
€11,104.08 – €33,362.92	Affordable
€33,362.92 – €40,250	Marginally Affordable
€40,250+	Affordable



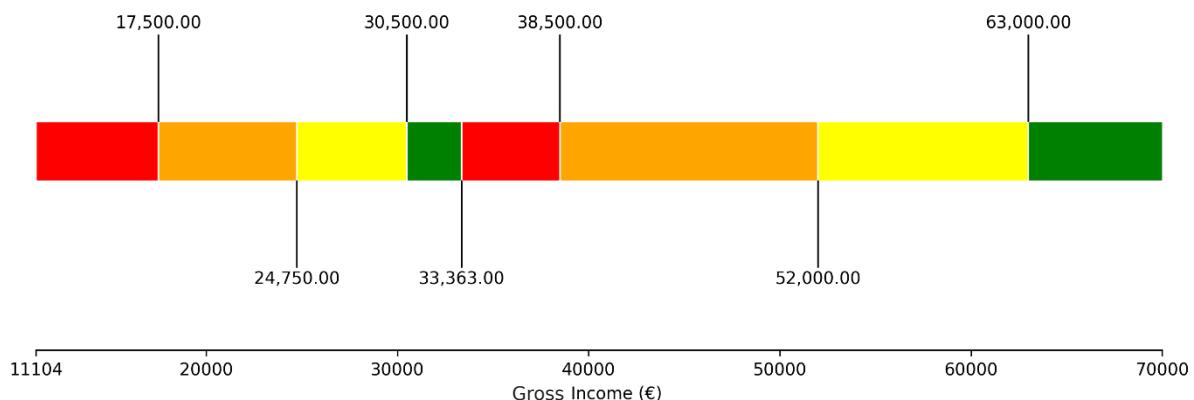
Affording the Cheapest Locality – Both people working

Income	Affordable Level
€11,104.08 – €33,362.92	Affordable
€33,362.92 – €37,000	Marginally Affordable
€37,000+	Affordable



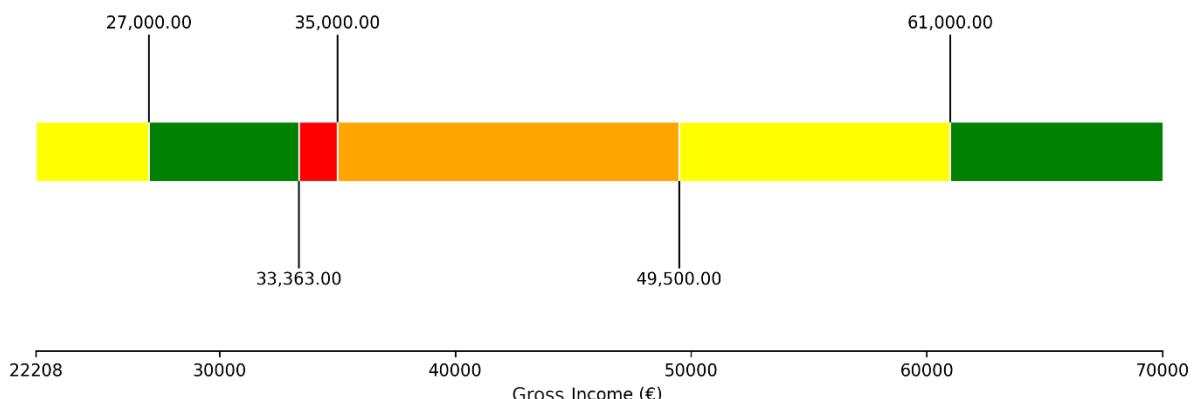
Affording the Median Locality – Only one person working

Income	Affordable Level
€11,104.08 – €17,500	Overburdened
€17,500 – €24,750	Stressed
€24,750 – €30,500	Marginally Affordable
€30,500 – €33,362.92	Affordable
€33,362.92 – €38,500	Overburdened
€38,500 – €52,000	Stressed
€52,000 – €63,000	Marginally Affordable
€63,000+	Affordable



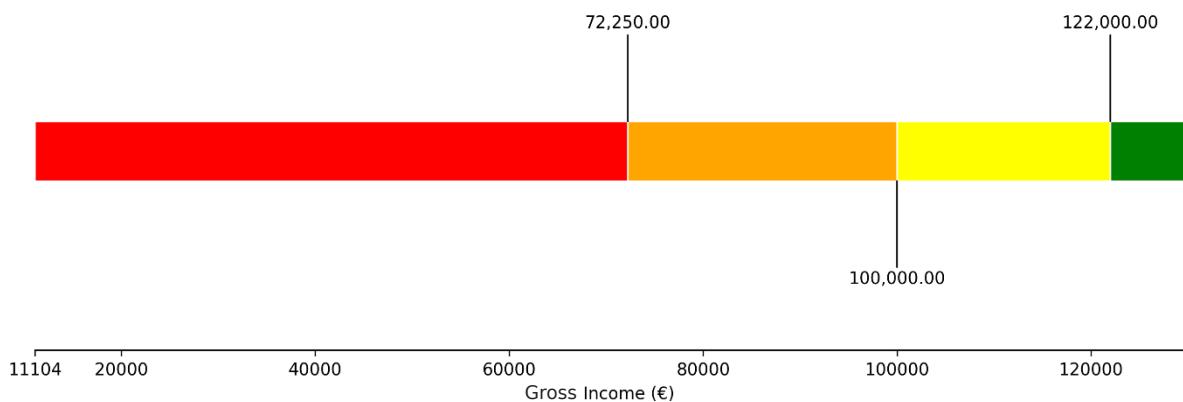
Affording the Median Locality – Both people working

Income	Affordable Level
€11,104.08 – €27,000	Marginally Affordable
€27,000 – €33,362.92	Affordable
€33,362.92 – €35,000	Overburdened
€35,000 – €49,500	Stressed
€49,500 – €61,000	Marginally Affordable
€61,000+	Affordable



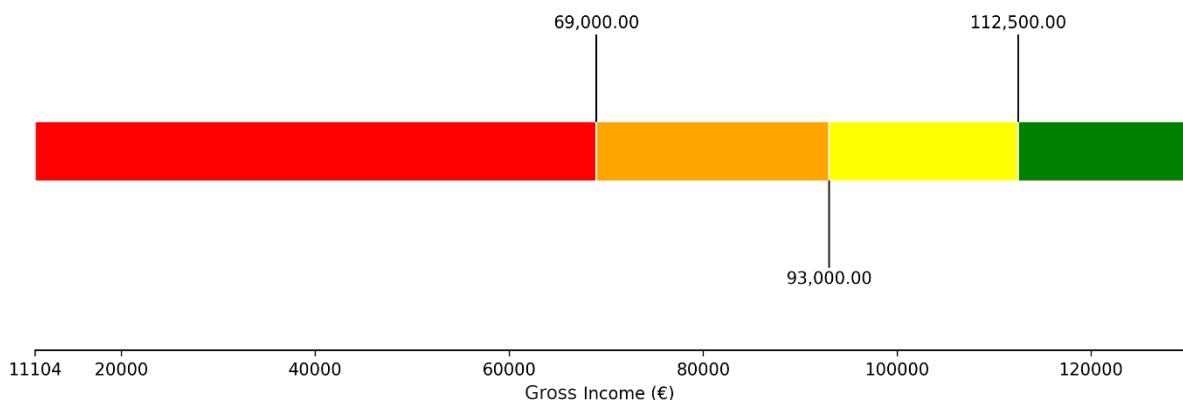
Afford the Most Expensive Locality – Only one person working

Income	Affordable Level
€11,104.08 – €72,250	Overburdened
€52,500 - €100,000	Stressed
€100,000 - €122,000	Marginally Affordable
€122,000+	Affordable



Afford the Most Expensive Locality – Both people working

Income	Affordable Level
€11,104.08 – €69,000	Overburdened
€69,000 - €93,000	Stressed
€93,000 - €112,500	Marginally Affordable
€112,500+	Affordable



RENT BURDEN INDICATORS

The tables below present the proportion of disposable income that tenants would need to allocate toward rent payments under various scenarios. A result of 100% indicates that the tenant would be required to allocate their entire disposable income to rent payments.

In line with current policy, it is assumed that households falling below the established subsidy threshold receive housing assistance sufficient to limit their rent burden to a maximum of 25% of disposable income or up to the maximum allowed.

Single Person

One-Bedroom Apartment

Localities	Single Minimum Wage	Single Subsidy Limit	Single 35,000
Cheapest	31%	25%	27%
Median	55%	34%	36%
Most Expensive	92%	57%	50%

Two-Bedroom Apartment

Localities	Single Minimum Wage	Single Subsidy Limit	Single €35,000
Cheapest	31%	25%	27%
Median	67%	42%	41%
Most Expensive	123%	76%	61%

Three-Bedroom Apartment

Localities	Single Minimum Wage	Single Subsidy Limit	Single €35,000
Cheapest	37%	25%	30%
Median	80%	49%	45%
Most Expensive	178%	110%	82%

Single Parent with Two Children

Two-Bedroom Apartment

Localities	Single Parent Minimum Wage	Single Parent Subsidy Limit	Single Parent €35,000
Cheapest	25%	25%	27%
Median	48%	25%	40%
Most Expensive	102%	53%	61%

Three-Bedroom Apartment

Localities	Single Parent; Minimum Wage	Single Parent Subsidy Limit	Single Parent €35,000
Cheapest	25%	25%	29%
Median	60%	31%	45%
Most Expensive	156%	81%	81%

Two Adults No Children

One-Bedroom Apartment

Localities	Two Adults; One on Minimum Wage	Two Adults; Both on Minimum Wage	Two Adults; Subsidy Limit	Two Adults; Both on €35,000	Two Adults; On €20,000, and €15,000
Cheapest	31%	37%	25%	27%	25%
Median	55%	49%	33%	36%	34%
Most Expensive	92%	67%	56%	50%	46%

Two-Bedroom Apartment

Localities	Two Adults; One on Minimum Wage	Two Adults; Both on Minimum Wage	Two Adults; Subsidy Limit	Two Adults; Both on €35,000	Two Adults; On €20,000, and €15,000
Cheapest	31%	37%	25%	27%	25%
Median	67%	55%	41%	41%	38%
Most Expensive	123%	83%	74%	61%	57%

Three-Bedroom Apartment

Localities	Two Adults; One on Minimum Wage	Two Adults; Both on Minimum Wage	Two Adults; Subsidy Limit	Two Adults; Both on €35,000	Two Adults; On €20,000, and €15,000
Cheapest	37%	40%	25%	30%	27%
Median	80%	61%	48%	45%	42%
Most Expensive	178%	110%	107%	82%	76%

Couple with Two Children

Two-Bedroom Apartment

Localities	Couple; One on minimum wage	Couple; Subsidy Limit	Couple; One on €40,000	Couple; Both on €20,000
Cheapest	25%	25%	23%	21%
Median	48%	25%	34%	32%
Most Expensive	101%	39%	52%	47%

Three-Bedroom Apartment

Localities	Couple; One on minimum wage	Couple; Subsidy Limit	Couple; One on €40,000	Couple; Both on €20,000
Cheapest	25%	25%	25%	23%
Median	60%	25%	38%	35%
Most Expensive	155%	60%	69%	63%

ANALYSIS AND DISCUSSION

The results clearly show that the majority of locations and regions are not affordable to tenants.

Lack of Affordability

From the 38 different scenarios provided only three were able to afford the median property and all those were scenarios in which tenants were at the subsidy limit.

What is even more alarming is that only nine from the 38 scenarios were able to afford the cheapest locality. In most scenarios, people earning €35,000 or even €40,000 cannot afford the median rent in the cheapest locality.

The sensitivity analysis reveals that merely adjusting the affordability threshold from 25% to 30% does not meaningfully improve affordability outcomes. For instance, single individuals at the subsidy limit were able to afford a one-bedroom apartment in only 3 out of 20 localities at the 25% benchmark, and even when extending the limit to 30%, the number of “marginally affordable” localities increased by just three. Similarly, for two-bedroom apartments, over 70% of all localities remained unaffordable even when adopting the more lenient 30% threshold

Even with the sensitivity analysis applied, affordability remains an issue throughout. When benchmarked against Eurostat’s overburdened household definition (spending >40% of disposable income on housing), most scenarios still fall within or exceed this threshold. For instance, a single person on minimum wage renting a median one-bedroom apartment would spend 55% of their income on rent. This suggests that Malta’s renters are overburdened, even by the loosest definition of affordability.

Impact of Subsidy

The impact of the subsidy is immediately evident. Where people are able to afford to rent a property, it is only due to the subsidy and is often a very narrow threshold. For example, a single person is only able to afford to rent a one-bedroom apartment if they are earning between €14,040 and €20,362.92 (the subsidy limit). They would then only afford the same property if they are earning over €51,000.

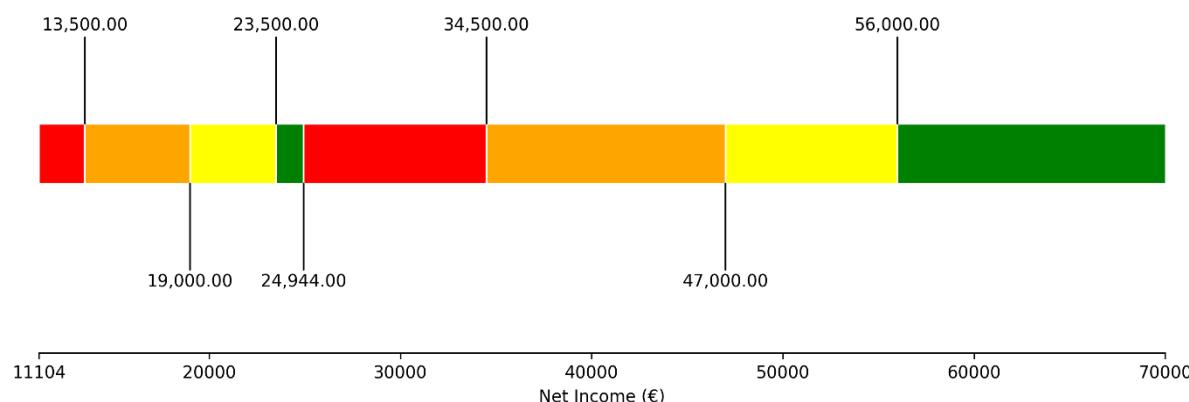
This has major implications for tenants earning close to or more than the threshold. This is clearly shown when seeing the one-bedroom regional analysis for two adults. It is more affordable for the tenants in this scenario for only one of them to be working, earning the minimum wage, than for both of them to be working and earning the minimum wage as they would exceed the subsidy threshold and lose €350 per month.

Region	Affordability Rate - Affordable if $\geq 100\%$	
	Only one earning minimum Wage	Both Earning Minimum Wage
Gozo	111%	81%
Northern	101%	74%
Northern Harbour	74%	54%
South Eastern	101%	74%
Southern Harbour	92%	68%
Western	58%	68%
Affordable Regions	3/6	0/6

The structure of the housing benefit creates a significant non-linearity in affordability. For example, when it comes to single parents affording the median locality when it comes to two-bedroom apartments. At the lowest incomes, the tenants are overburdened, eventually reaching an affordable level at the subsidy limit. Once the subsidy limit is reached, tenants become overburdened for a significant range of income.

Single Parent Affording the Median Locality- 2 bedroom

Income	Affordable Level
€11,104.08 – €13,500	Overburdened
€13,500– €19,000	Stressed
€19,000 - €23,500	Marginally Affordable
€23,500 - €24,944.4	Affordable
€24,944.4– €34,500	Overburdened
€34,500 - €47,000	Stressed
€47,000- €56,000	Marginally Affordable
€56,000+	Affordable



This pattern emerges across household types as the subsidy is crucial for affordability. For instance, single parents at the subsidy limit can afford roughly half of two-bedroom properties, but without the subsidy, affordability collapses almost entirely.

In scenarios where the subsidy is exceeded, rent burdens rise dramatically, often doubling or tripling as a share of disposable income. For example, a single parent with two children at the subsidy limit can afford up to 24 out of 44 two-bedroom localities, maintaining a rent burden close to 25%. However, once earnings exceed the eligibility threshold, affordability collapses, and rent burdens climb to 40–45%. The same pattern is observed among couples with two children, who can afford median two- and three-bedroom properties under the subsidy scheme but would be immediately priced out if the benefit were withdrawn.

Another example to note is for two adults with no children earning the minimum wage are, paradoxically, often better off when only one partner is employed. When both partners work, the household surpasses the subsidy threshold and loses €350 per month in assistance, resulting in higher effective rent burdens.

Subsidy Spending

Given the extensive increase in rent prices in Malta, it is clear that the subsidy cannot be the only measure in place for assisting with affordability. In 2016, the rental subsidy stood at a mere €83 a month⁷ compared to the maximum of €500 a month Government is currently spending. Comparing the 2022 entitlements compared to the 2024 entitlements, the subsidy increased between €600–€1000 annually per beneficiary. Total spending on the private rental subsidy “rose from €3,761,815 in 2019 to €9,559,129 to 2023”⁸, a rise of 154% in just five years.

These findings indicate that Malta’s current subsidy framework, while vital, is insufficient as a long-term solution. It mitigates but does not resolve the underlying affordability crisis. Without structural interventions, such as rent regulation, gradual subsidy tapering, and expanded affordable housing supply, rent will continue to be unaffordable for most.

⁷

https://www.maltatoday.com.mt/news/national/73797/muscat_pledges_rent_regulation_if_subsidy_experiment_backfires

⁸ <https://housingauthority.gov.mt/wp-content/uploads/2024/11/The-Housing-Authoritys-Rental-Affordability.pdf> page 9

RECOMMENDATIONS

Recommendation 1: Ensure Housing Cost Burden Does Not Exceed 25% of Income

The Maltese Housing Benefit Scheme (HBS) aims to limit the housing cost burden of tenants to a maximum of 25% of their income, in line with the European Union Housing Partnership's recommendations⁹. However, in practice, this objective is frequently unmet, leaving many tenants excluded from support and facing unaffordable rent levels.

Excessive housing costs exacerbate poverty and social exclusion, undermining financial stability and constraining household expenditure on other essential needs, including food, healthcare, education, and transportation. Aligning housing costs more closely with the 25% affordability benchmark is therefore critical. Policy interventions such as stronger rent regulation and enhanced tenant protections can reduce housing cost burdens, safeguard low-income groups, and foster greater economic and social inclusion.

Recommendation 2: Introduce Rent Controls to Tackle Escalating Housing Costs

Despite the enactment of the Private Residential Leases Act, rents in Malta have continued to increase at a pace that significantly outstrips wage growth and cost-of-living adjustments. The absence of effective rent controls has worsened affordability, leaving tenants unable to keep up with rising costs.

The introduction of rent control measures, such as temporary rent freezes, limitations on the frequency of rent increases, and caps on maximum allowable rent hikes, would prevent further erosion of affordability. Such measures would enable tenants' disposable incomes to catch up, thereby enhancing housing stability and reducing financial vulnerability.

Recommendation 3: Incentivise Long-Term Contracts

Although current legislation places a cap of 5% on annual rent increases for multi-year long-term leases (linked to the Property Price Index), the uptake of such contracts remains minimal. The most recent data show that only 4,464 of 64,856 contracts¹⁰ (less than 7%) extend beyond one year, underscoring the precariousness of Malta's rental market.

⁹

https://ec.europa.eu/futurium/en/system/files/ged/final_action_plan_euua_housing_partnership_december_2018_1.pdf

¹⁰ <https://housingauthority.gov.mt/wp-content/uploads/2024/12/Registered-rental-contracts-in-Malta-2024H1.pdf>

Expanding incentives or mandating longer-term contracts would provide tenants with greater security of tenure and predictability of costs. Longer rental agreements also foster trust and cooperation between landlords and tenants, increasing the likelihood of contract renewal and stabilising the rental sector overall.

Recommendation 4: End No-Fault Evictions

At present, landlords retain broad powers to terminate tenancies at the end of contractual periods, even in cases where tenants have complied fully with their obligations. This imbalance of power undermines rental security and perpetuates instability within the housing market.

Ending no-fault evictions would offer tenants greater stability and predictability, thereby strengthening affordability. When coupled with rent regulation, this measure would represent a decisive step towards ensuring secure, fair, and affordable rental housing in Malta.

Recommendation 5: Compensate Tenants that are Illegally or Constructively Evicted

Illegal evictions, false declarations, and practices that render tenancies untenable (constructive evictions) continue to undermine housing security despite minimal existing legal protections. Tenants affected by such practices face significant financial and emotional hardship, further intensifying affordability challenges.

Expanding the remit of the adjudicating panel to include compensation for tenants in cases of unjust eviction or constructive termination, similar to compensation frameworks in employment law for unfair dismissal, would provide stronger enforcement of tenants' rights. This would deter exploitative practices while ensuring tenants can rely on secure housing.

Recommendation 6: Ensure those Re-applying for HBS get Full Subsidy when Rental Contract has Changed

Currently, tenants re-applying for the Housing Benefit Scheme (HBS) following a contract change experience delays in receiving their first subsidy payments. These delays, which can extend over several months, create an immediate financial gap, leaving tenants unable to meet their rent obligations during the transition period.

Ensuring that HBS payments are disbursed in a timely manner and cover the full rent from the start of a new contract is essential to prevent financial strain and rental arrears, thereby maintaining affordability and security.

Recommendation 7: Broaden Eligibility for HBS

A significant proportion of tenants remain ineligible for HBS support, despite facing acute affordability challenges. This exclusion further disadvantages already vulnerable households, exacerbating financial hardship and risk of displacement.

Expanding the eligibility criteria to ensure that all tenants facing housing cost burdens are entitled to support would mitigate affordability pressures and contribute to more equitable housing outcomes.

Recommendation 8: Substantially Expand the Supply of Social and Affordable Housing

Adequate housing is a fundamental right and a cornerstone of social stability and equality. However, the current reliance on market-driven housing development in Malta has failed to ensure affordability. Private sector priorities often centre on profit maximisation, leading to soaring rental costs, a shortage of affordable housing, and heightened risks of overcrowding, precarious tenancies, and homelessness. These conditions increasingly affect not only low-income households but also middle-income groups.

A significant expansion of government-provided social, public, and affordable housing is therefore imperative. Establishing a minimum quota of 30% for social and affordable housing within all new housing developments by 2030 would increase the supply of stable and affordable rental units, protect vulnerable communities from displacement, and create sustainable pathways to long-term affordability.

CONCLUSION

The findings of this report unequivocally demonstrate a profound lack of affordability within Malta's rental market, where it is only the exception that tenants are able to afford the properties they inhabit. This could explain why more tenants are being pushed into sharing properties and rooms rather than renting out an apartment.

Out of 38 distinct scenarios analysed, merely three allowed tenants to afford the median property, and these were exclusively scenarios where tenants were at the subsidy limit. Crucially, no scenario provided tenants with the flexibility to afford properties in any desired locality. Alarmingly, even individuals earning €35,000 or €40,000 frequently cannot afford the median rent, even in the cheapest localities.

The study highlights the critical, yet often precarious, impact of the Housing Benefit Scheme. While the subsidy enables affordability for some, it does so within very narrow income thresholds, creating significant challenges for tenants earning just above these limits. This phenomenon is starkly illustrated by scenarios where earning above the subsidy threshold can render housing less affordable, such as for two adults both earning minimum wage who lose €350 per month compared to a single earner, or for couples with children where one partner earning €40,000 makes housing less affordable than one earning minimum wage. The substantial increase in subsidy spending, rising by 154% from €3,761,815 in 2019 to €9,559,129 in 2023, underscores that the subsidy alone is insufficient to address the escalating rental costs.

Given these critical findings, the study puts forth a series of urgent recommendations to address the pervasive housing affordability crisis in Malta including measures to ensure housing cost burden does not exceed 25% of income, through the introduction of rent control, incentivising long-term contracts, ending no-fault evictions and compensating tenants for illegal or constructive evictions. Further recommendations include, ensuring that the full HBS subsidy is provided for re-applicants, broadening eligibility for the HBS, and substantially expanding the supply of social and affordable housing.

The current state of Malta's rental market is characterised by widespread unaffordability and an over-reliance on a limited subsidy scheme. This necessitates a comprehensive and multi-faceted policy response and addressing these recommendations is critical not only for individual financial stability and well-being but also for fostering broader social inclusion and economic equity across the nation.

ABOUT THE AUTHOR



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ABOUT SOLIDARJETÀ

Solidarjetà is an independent trade and tenant union established in February 2024. It is the first and only union to have a tenant section in Malta and represents the interests of all workers and tenants across the islands. Since its founding, Solidarjetà has helped hundreds of its members with work or tenancy issues and has been a leading voice in advocating for stronger protections for workers and tenants when it comes to legislative reform.

SOLI DAR JETÀ

AN ANALYSIS OF AFFORDABILITY IN THE PRIVATE RENTAL MARKET IN MALTA