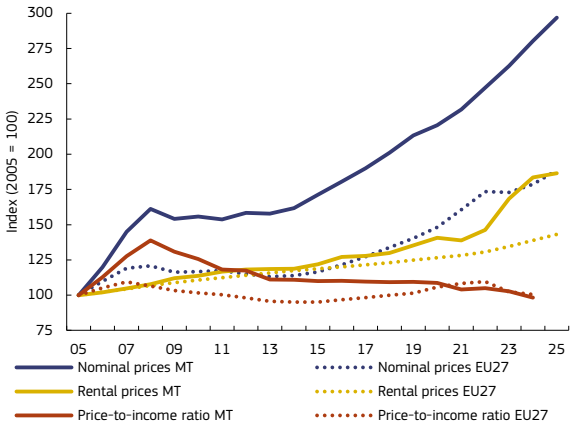
Vulnerable groups in Malta face significant challenges due to rising rents and house prices. Rising house prices and rents impact not only the overall population but also, in particular, vulnerable households (including non-EU nationals, children, single-parent households, and those at risk of poverty), thereby deepening poverty and social exclusion. The construction sector, critical to addressing housing supply, struggles with labour shortages and poor job conditions, relying heavily on non-EU nationals who endure precarious safety standards. Although the government has launched substantial social housing initiatives and is expanding the housing stock, it seems that provision remains insufficient. Efforts are also ongoing to strengthen existing housing support schemes. High rental rates and limited access to accessible social housing make it difficult for people with disabilities in Malta to live independently.

Housing market developments

Malta's housing market has experienced a strong and sustained increase in nominal house prices over the past decade, clearly outpacing developments in the EU. After a period of relative stability in the early 2010s, house prices in Malta rose significantly from around 2014 onwards (see Graph A16.1). Over the past decade, the increase in house prices significantly outpaced that of rental prices (including existing and new rental contracts), although the latter have increased noticeably in recent years. The proportion of tenants in Malta also increased rapidly over the last decade, with a 12 percentage point rise, driven by strong rental demand from foreign workers and tourists.

Affordability pressures remain comparatively contained overall. The price-to-income ratio in Malta has declined since 2007. Slightly higher overall income growth has offset the increase in house prices, limiting affordability pressures as measured by the price-to-income ratio. House prices and rents increased by 5.9% and 1.7% respectively between 2024 and 2025. In recent years the proportion of homeownership in Malta has declined, falling to 68.1% in 2024 compared with an average of 79.7% in 2020-2024. This reflects the emergence of a buoyant rental market as a result of strong population and labour force growth through immigration.

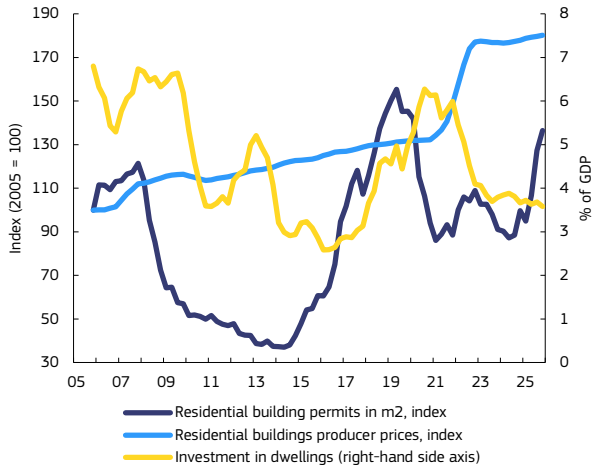
Graph A16.1: **House prices, rents and price-to-income evolution in MT and EU27 since 2005s**



Source: Eurostat

Malta's housing supply indicators point to a volatile and structurally constrained construction cycle. Residential building permits, measured in square metres, were very volatile between 2014 and 2023, recovering partially in 2025 (see Graph A16.2). Over the same period, residential building producer prices continued to rise, accelerating particularly after 2020. They have reached historically high levels in recent years, reflecting the impact of rising construction costs and capacity pressures in the sector. Investment in dwellings, expressed as a percentage of GDP, fluctuated as well, growing strongly and peaking around 2020, while easing in recent years.

Graph A16.2: **House supply indicators in MT since 2005**



(1) 4-quarters moving sums (averages for prices)
Source: Eurostat

Demand for housing in Malta remains strong. The number of residential property transactions as measured by registered final deeds of sale and registered promise-of-sale agreements stayed flat in 2023 and 2024 and increased in 2025 by 6.0% and 7.3% respectively ([262]). Furthermore, Malta has had particularly stable and low mortgage interest rates ([263]) compared with other Member States. As a result, the house price growth in the country did not exceed the change in the borrowing capacity of the population.

The construction sector in Malta is grappling with significant labour shortages and job quality concerns. The job vacancy rate within the construction industry has been increasing since early 2021, reaching 4.6% by Q4 2025, which is average. By Q4 2025, 46.8% of employers in the higher than pre-pandemic levels and the EU construction sector anticipated that labour shortages would constrain production vs the EU average of 27.5%. Additionally, non-EU nationals make up an increasingly high proportion of the workforce (up to 25%) in the construction sector, highlighting their significant role in addressing labour demands. Despite recent reforms, the sector still faces poor working conditions, with low wages and a high incidence of workplace accidents (see Annex 11) ([264]).

Structural policies

Recent initiatives aim to address the rapid growth in housing demand. Labour migration and the expansion of the tourism sector have increased the demand for housing, putting pressure on affordability. The government has initiated a sizeable social housing construction programme in recent years, the largest since the 1980s. The initiative seeks to strengthen the role of public housing and to partly offset demand pressures by expanding the stock of social and affordable dwellings ([265]). Malta is also working more closely with the private sector to lease properties to the Housing Authority for a period of 10 years (known as the *Nikru biex Nassistu* scheme) for use as social housing. At present, there are more than 1 300 private properties in this scheme that are used for social housing ([266]).

Caps are in place but have not prevented rents from rising. Since the entry into force of the Private Residential Leases Act in January 2020, Malta has applied a 5% cap on annual rent increases. The cap applies only when an existing lease is renewed but not when a tenancy ends and a new contract is signed. In practice, this allows landlords to terminate leases and re-let the same property at significantly higher rents, effectively circumventing the cap. In 2025, a parliamentary petition was submitted arguing that this loophole undermines tenant protection and contributes to rent inflation. The petition called for: (i) the rent cap to be linked to the registered rent of the dwelling, irrespective of tenant turnover; and (ii) stronger safeguards against leases being terminated solely to increase rents ([267]). At the

([262]) NSO Malta 2026. 'Residential Property Transactions: March 2026', News Release 061/2026.

([263]) European Commission 2025. 'Housing in the European Union: Market Developments, Underlying Drivers, and Policies'. European Economy Discussion Paper 228.

([264]) Justice and Peace Commission, Beyond GDP II: Third Country Nationals in Malta, 2024, and Construction Malta, Malta's construction sector under fire, 2025.

([265]) Housing Europe, The State of Housing in Europa: Malta, 2025, and Times of Malta, Beyond Walls – A book on the evolution of social housing in post-war Malta, 2025.

([266]) Housing Authority, Nikru biex Nassistu and Malta Independent, Scheme whereby landlords lease vacant properties to Housing Authority for social housing extended, 2025.

([267]) Times of Malta, 1 November 2025 and Parliament of Malta, Petition No.: 76, 2025.

same time, measures need to consider that rent-control measures tend to reduce supply and renovations ([268]).

Vulnerable groups

Housing affordability in Malta continues to be a pressing issue, especially for vulnerable households. In 20254, 7.7% of those at risk of poverty or social exclusion had mortgage or rent arrears. Moreover, although people face a lower overall housing cost overburden rate than the EU average (6% vs 7.9% in 2025) ([269]),([270]). A notable 21.2% of non-EU nationals face housing cost overburden in 2025. Moreover, the issue profoundly affects 23% of people at risk of poverty or social exclusion and a striking 35.4% of young people at risk of poverty or social exclusion, as well as 21.5% in the lowest income quintile.

Housing costs are a significant driver of poverty, affecting children in particular. Evidence by the JRC shows that rental and housing costs cause living standards to deteriorate, while housing subsidies only partially improve them ([271]). This points to housing affordability as a structural rather than transitory factor shaping poverty risks. The analysis reveals a significant tenure divide, with tenant households, especially those paying market rents, experiencing the largest increases in poverty and poverty gaps. Housing costs substantially deepen poverty among the poorest households. They also push a non-negligible proportion of households in the lower-middle income range into poverty, and affect children more deeply. Vulnerable households, particularly those consisting of single parents, non-EU nationals and families with low educational attainment, are deeply affected.

Overcrowding and energy poverty are significant issues for vulnerable groups. While the general overcrowding rate remains low at 4.7%, well below the EU average of 16.8%, it impacts 9.7% of non-EU nationals and only 3.2% of Maltese nationals. This issue is particularly prevalent among families with dependent elderly and/or children. Similarly, energy poverty affects vulnerable groups more deeply (see Annex 12).

Housing support is delivered through a single public framework managed by the Housing Authority. Housing support includes the allocation of social housing, housing affordability schemes, regulation of the private rental market and property management. Social housing is provided to eligible low-income households. In parallel, a range of benefit-based schemes provides financial support to households, including: (i) grants and subsidies to promote access to homeownership; (ii) rent support to improve rental affordability; (iii) measures to increase owner-occupiers' purchasing power; and (iii) assistance for property refurbishment to improve housing quality. In the 2026 Budget Speech, several existing housing schemes were boosted and extended ([272]). While accessibility in public buildings has been largely satisfactorily addressed in legislation, a comprehensive set of standards is needed to address accessibility in private dwellings ([273]).

Nonetheless, there does not appear to be enough social housing and it is difficult to access it. In Malta, there is no specific comprehensive standalone policy for social housing. Despite some recent improvements, supply remains limited and partially reliant on public–private partnerships, resulting in long waiting lists. Only 8.1% of the population lives in housing rented at reduced prices or free of charge, which is below the EU average of 10.2%. At the same time, eligibility is narrowly defined on the basis of income, assets, family composition and residency criteria ([274]). The Ministry for Social and

([268]) Kholodilin, 'Rent control effects through the lens of empirical research: An almost complete review of the literature', 2024.

([269]) This indicator should be read together with the tenure structure (homeowners, tenants), that may differ across countries and regions.

([270]) The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

([271]) The simulation was performed by the European Commission, Joint Research Centre, based on the EUROMOD model, J2.0+.

([272]) Government of Malta, Budget Speech 2026, 2025.

([273]) Accessible and sustainable housing for persons with disabilities, Bezzina Lara, Callus Anne-Marie, Camilleri Zahra Amy, Gauci Vickie, European Disability Experts, to be published.

([274]) Housing Authority, Annual Report, 2024 and Social Housing website; Government of Malta, Affordable and Social Housing: Working Paper to the National Strategy for Poverty Reduction and Social Inclusion: 2025-2035, 2024.

Graph A16.3: **Housing affordability selected indicators**

		EU27				MT							
	unit	2000-25 avg.	2023	2024	2025	2000-25 avg.	2023	2024	2025	unit	2023	2024	2025
House price to income ratio	*2000-25 avg = 100*	100.0	102.0	100.2		100.0	96.9	92.7		YoY%	-2.2	-4.3	
Rent to income ratio	*2000-25 avg = 100*	100.0	85.1	83.5	84.5	100.0	83.0	81.0	79.4	YoY%	6.1	-2.4	-2.0
Overburden rate, total	%	9.9	8.8	8.2		2.7	6.0	5.8		PPS/y	3.1	-0.2	
Overburden rate, tenant with market rent	%	23.8	20.3	19.2		19.9	25.5	19.7		PPS/y	6.7	-5.8	
Overvaluation gap	%					0.2	-2.1	-4.4	-2.7				
Deflated construction production price	*2010 = 100*	102.2	112.2	111.8	110.5	104.1	119.0	116.9	115.7	YoY%	-6.8	-2.2	-1.2
Building permits	*m^2 per ths persons*	483.5	376.9	362.9	379.9	2538.2	2167.7	2283.7	3087.6	YoY%	-23.1	5.4	35.2
Residential construction investment	*% GDP*	5.5	5.8	5.1	5.0	5.0	3.8	3.7	3.6	YoY%	-7.3	-2.6	-2.7
Share of ownership	%	70.0	69.1	68.4		79.7	74.7	68.1		PPS/y	-9.6	-8.8	
Share of people living in overcrowded homes	%	17.7	16.8	16.9		3.7	2.4	4.4		PPS/y	-0.4	2.0	

Source: European Commission. The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

Affordable Accommodation announced at the end of 2025 that the social housing stock had been substantially increased ([275]). The 2025–2035 national strategy for poverty reduction and social inclusion also features a number of policy measures related to social housing.

Homelessness in Malta remains an under-addressed issue. In the absence of an official definition or a national strategy, support is largely provided by charities and the third sector. In 2024, 150 people were living rough (ETHOS 1), 399 in emergency accommodation (ETHOS 2) and 551 in accommodation for the homeless (ETHOS 3). Evidence indicates capacity constraints, with shelters operating close to full occupancy, accommodating both adults and children, while cases of rooflessness persist. Financial difficulties are the most commonly reported trigger, alongside mental health issues, domestic violence and job loss, with notable gender differences in the underlying causes ([276]).

([275]) Housing Authority, Social Housing Impact: Over 900 Families Assisted in 22 Months, 2025.

([276]) ESPAN, The fight against homelessness and its links with anti-poverty policies across the European Union, 2025, YMCA Malta and Marketing Advisory Services, Contemporary homelessness in Malta: qualitative research, 2022 and ESN, European Social Services Index, 2025.