



# Tenant and Landlord Experiences of the Maltese Residential Rental Market

Three Years after the Introduction  
of the Residential Leases Act

*March 2024*

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# Executive Summary

This study was conducted with a view to understanding the demographic and socio-economic nature of tenants and landlords in Malta and to gauge their experiences, satisfaction and awareness levels, following the introduction of the Residential Leases Act in January 2020.

The study involved the collection of primary data from tenants and landlords using computer-assisted telephone interviews with quantitative data being analysed using statistical methods. A total of 800 participants, drawn at random from the residential rent registry, aged 18 years or over, of multiple nationalities were interviewed. Of these, 400 responses were drawn from tenants and 400 from landlords.

In summary, the study reveals that practically all landlords are Maltese (97%), with only 2% coming from other EU countries and 1% being third-country nationals (TCN). The average age of landlords in Malta exceeds that of the general population and almost a third (30%) are retired. Landlords aged over 50 years manage two-thirds of the residential rental stock. The educational level of landlords is similar to the average of the Maltese population. Four out of ten landlords are able to make ends meet easily.

When it comes to the rental experience, the median gross rental income for all landlords stood at €12,000. Eight out of ten landlords own one to four rental properties each (totalling 57% of the properties), and four out of ten own only one. Renting is a part-time endeavour for four out of five landlords (80%). Among those for whom rents were the main source of income, one in five rely on just one property.

In contrast, only 10% of tenants are Maltese, 17% are EU and 74% are TCNs. The average age of the tenant population is lower than that in Malta at 37 years. Nine out of ten tenants are active in the labour market. Almost half of tenants (46%) had a tertiary level of education which is significantly higher than the 26% of the general population and that of landlords. Around a third of tenants report a monthly household income of €3,000 or more and similarly a third say they are easily able to make ends meet. However, another third say they find it difficult to make ends meet and over 15% of tenants receive housing benefits from the government.

For tenants, the experience is characterised by sharing residence with others and a tendency to move around properties: around a third of tenants had changed places three or more times prior to the current one. A third of the respondents are only on the island on a temporary basis, while another third intend to settle in Malta and purchase their own property. Though the preferred contract duration by both landlords and tenants is of one year, around a third of respondents are in favour of longer-term contracts, in particular two and three-years contracts.

In terms of satisfaction, tenants are more satisfied than landlords with the services offered by the Housing Authority and real estate agents. Tenants are also far more satisfied than landlords with the way they feel their rights are being protected, signalling scope for improvement. On the other hand, there was no difference in the level of satisfaction with the rent received and paid when comparing landlords and tenants. The vast majority (70%) of landlords are likely to hold their current property portfolio as is, and do not intend to invest in further property or to switch to short-term rentals. Many (73%) stated they were highly likely to renew the rental contract with current tenants.

Awareness about the Residential Leases Act is mixed but higher among landlords (particularly about the existence of the Adjudication Panel and minimum contract duration). In general, respondents were aware about the obligations surrounding utility bills, wear and tear, and lease renewal. On the other hand, there is considerable confusion about the legal duration of shared spaces contracts and the possibility to raise rents in a new contract. Respondents are also unaware of the need to use registered letter for contract termination. Taken as a whole group, on average, landlords passed the knowledge test with a rounded-up score of 6/12 while tenants failed the test with a score of 4/12. The lack of knowledge of basic aspects of the residential leases act signals a potential to improve communication. Direct emails are both tenants' and landlords' preferred medium.

01.

# Introduction

Regulating residential rents generally involves striking a balance to avoid the ills of a free market and the unintended consequences of governmental intervention. One way to reduce such consequences is to design policy on the basis of evidence and, wherever possible, to monitor the impact with a view to corrective action.

It was with this consideration in mind that, three years after the introduction of the Private Residential Leases Act of 2020 in Malta, this study was conceived, with a view to understanding the extent to knowledge, the experience with and satisfaction (or otherwise) with the new residential rent regime. This would serve to inform revisions going forward, to guide the administration services offered by the Housing Authority and, more broadly to better understand the demographic and socio-economic nature of tenants and landlords in Malta.

By way of background, the new Act targeted various aspects of the lease including the obligation to register a contract, the setting up of an Adjudicating Panel, a cap on rental increments (of 5% for renewed contracts), a minimum duration of the long lease contract (of 1 year), conditions for room-sharing contracts and automatic renewal of the lease (in the absence of a registered letter to declare otherwise) (Briguglio, 2021). The Act resulted in over 30,000 contracts in the first year alone, with around 95% of these contracts being for long-term leases that have a minimum duration of one year (Debono et al., 2021). By mid-2023, the number of active registered contracts with the Housing Authority increased to almost 55,000 (Housing Authority, 2023).

Similar studies that shed light on the nature of landlords and tenants in Malta, particularly their preferences, intentions and awareness are scarce. In part, this is due to the absence of a sampling frame, which was not available prior to the rent reform of 2020 (Micallef, 2021). Recent work by Cutajar (2021), conducted in early 2020, sought to assess reactions in the early stages of COVID-19 pandemic and to gauge the initial impact of the pandemic on the private rental market. A key finding was that despite the upheaval caused by the pandemic, most tenants and landlords who were affected by COVID-19 expressed willingness to cooperate and find flexible solutions in the form of temporary discount arrangements and other (mostly verbal) informal agreements. This study also revealed that the majority of tenants were foreigners, that most landlords owned one or two properties, with 85% stating that the rental yield did not constitute their main source of income. At the time, around a fifth of landlords had declared that their rental investment was financed by a buy-to-let loan, with the remaining 80% not requiring bank financing.

The 2021 Census of Population and Housing reports that 56,292 dwellings were rented from the private sector, with most of them being either flats or penthouses (66%) or maisonettes (19%) (NSO, 2023a). Two thirds of rented dwellings (66%) were rented furnished and were generally described to be in a good state, with over half of them (52%) being built in 2016 or after. The monthly median rent for a furnished flat/penthouse was calculated at €710, and €815 for a semi/full-detached house, although this varied with location, among other factors. The Census also found that rental contracts for non-Maltese individuals, in general, had a shorter duration (and higher rent) compared to those of Maltese individuals.

Following a review of the method applied (Section 2), this study starts by offering the first ever detailed profile of landlords and tenants in Malta including their socio-economic profile, their actual and preferred rental transactions, their level of satisfaction and their market intentions (Section 3). Armed with this information, the main distinctions between tenants and landlords are drawn out – including the differences in rent regulation awareness (Section 4). The final section (Section 5) summarizes the findings, outlines the shortcomings of the study and make suggestions for future research. We conclude by making recommendations for policy.

# 02.

## Method

The aim of the study was to answer the following three questions, three years after the introduction of the laws:

1. What is the profile of landlords and tenants in Malta?
2. To what extent are they satisfied with the residential rental market and regulation?
3. To what extent are they knowledgeable about the new regulatory regime?

To do so, the study involves the collection of primary data from tenants and landlords using computer-assisted telephone interviews with quantitative data being analysed with statistical methods. The data set generated consists of a sample of a total of 800 participants, all aged 18 years or over, of multiple nationalities. Of these, 400 responses are drawn from tenants and 400 from landlords.<sup>1</sup> On average, each interview lasted 18 minutes.

In terms of the data collected, landlords were asked whether rental income was their main or a secondary source of income, how many properties they rented as residences, and the gross income they made from them. On future intentions, they were asked about the likelihood of selling or investing in more property for residential rent, renewing contracts or switching to

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<sup>1</sup> The participants were drawn randomly from the Housing Authority Residential Rent database, which, at the time of sampling contained over 26,581 registered individual landlords and 81,124 individual tenants. Following consent, a list of (approximately 5000) telephone numbers was generated as a sampling frame with no identifying information. From these, 800 complete questionnaire responses were obtained by phone between April and July 2023. The response rates (successful interviews as a percentage of numbers dialled) were 14% for landlords and 11% for tenants. Among those reached, 27% of landlords and 23% of tenants agreed to take the interview.



tourism rentals. They were asked about their preferred tenant demographic and contract duration.

Tenants were asked about the duration of their contract, the number of people living in the tenement and the monthly rent they paid. They were asked whether they received any housing benefits from government, whether they are able to afford to buy a residence in Malta and whether they actually already own a residence. Their experience in the market was gauged by how many other rental properties they lived in and the reasons they left previous properties. They were also asked about the likelihood of renewing the present contract, of buying their own property in Malta and of leaving Malta. Like landlords, they were asked about their preferred contract duration.

Both landlords and tenants were asked about their levels of satisfaction with the service offered by estate agents, the Housing Authority, the way their rights are protected in the rental market and the rent they received/paid. They were subject to a test consisting of 12 questions to which they could respond with an answer or simply state that they did not know the answer. The questions focused on lease duration, termination procedure, rent, utilities and expenses and adjudication. In terms of demographic data, respondents were asked their age, gender, nationality, locality of residence, education, work status and income. All respondents were asked also by which medium they preferred to learn about things like this.

# 03.

## Results

### 3.1 Landlords in Malta: Demographics, Experience, Intent

#### *3.1.1 A Demographic Profile of Landlords in Malta*

In examining the data on landlords in Malta, the headline indicator is that practically all landlords are Maltese (97%), with only 2% coming from other EU countries and 1% being third-country nationals (TCN). Examining landlords by age reveals that the average age of landlords in Malta was 53.7 years. This exceeds the average age of the general population, which stood at 41.7 years according to the 2021 Census for Malta (NSO, 2023b). Indeed, over half the landlords interviewed (55%) were aged 51 years or older. Reflecting this, while most landlords (60%) were active in the labour market, working either full-time or on a reduced hour/part-time basis, almost a third (30%) were retired.

In terms of district, the landlord distribution is close to that of the Maltese population (see Table 1), although one is considerably more likely to find landlords in the Northern district (24% of landlords in contrast with 18% of the population) and less likely to find landlords in the Southern Harbour region (7% of landlords in contrast with 17% of the population).

**Table 1:** Landlords, population regional composition (percentage)

	Distribution of Landlords	Distribution of Population
	Survey Sample	2021 Census
Southern Harbour	7.2	16.6
Northern Harbour	26.4	30.3
South Eastern	15.2	15.0
Western	17.7	12.6
Northern	23.6	18.0
Gozo and Comino	10.0	7.6

Around 70% of landlords had a low or medium level of education, which is very close to that of the general population, which stood at 73% in 2022 (Eurostat, 2023a).<sup>2</sup>

To gauge the financial situation of landlords, they were asked about their ability to make ends meet. Most landlords (41%) said they were able to make ends meet easily or very easily, and 39% said they were able to make ends meet neither easily nor with difficulty. One in five landlords (20%) replied they found it difficult or very difficult to make ends meet. The Survey on Income and Living Conditions (SILC) offers a good basis to assess how these results compare with those of the general population. SILC figures for 2022 show that the share of the population able to make ends meet fairly easily, easily or very easily stood at 45% (in contrast with landlords' 41%) (Eurostat, 2023b). The other 55% were able to make ends with different degrees of difficulty (in contrast with 40% of landlords in our sample).<sup>3</sup>

<sup>2</sup> This figure refers to tertiary educational attainment amongst the 18 to 74 years age group.

<sup>3</sup> Since fields are not entirely comparable, we add the 20% of those who found it difficult to make ends meet to an estimated half of the 39% (neutral response) to obtain the 40% figure.

### 3.1.2 The Letting Experience

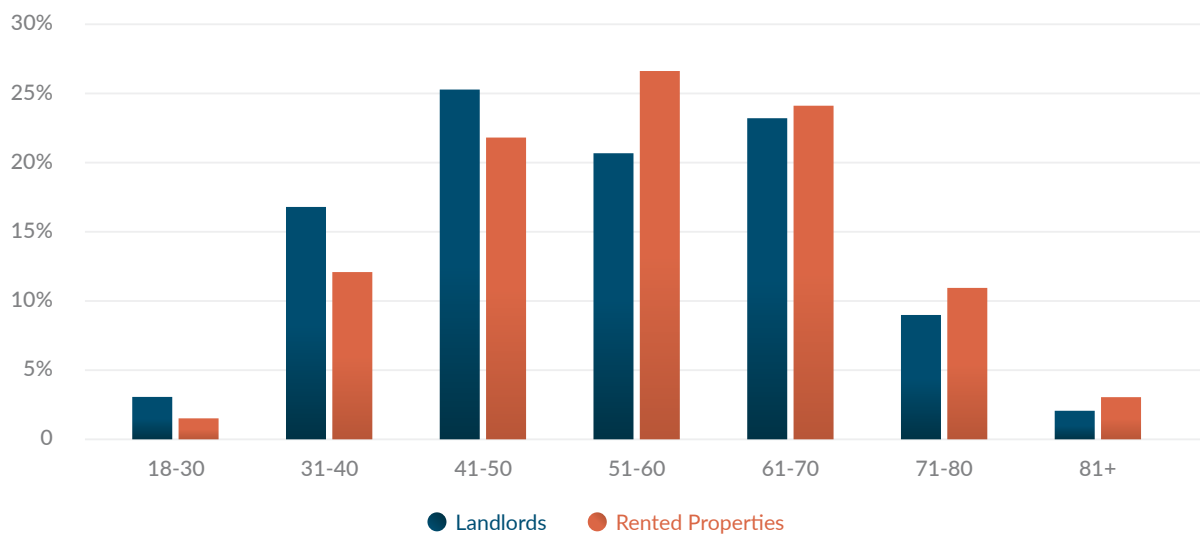
Turning to the actual practice of letting, the average number of rental properties owned by a landlord stood at 2.7 properties. Landlords who owned only one rental property amounted to 42% (see Table 2). One in five landlords (23%) had two properties while 13% had three properties rented out. A further 6% had four properties. The share of landlords with five or more properties stood at only 13%. Between them, this 13% of landlords managed 43% of all properties rented. Only 4% of landlords owned more than 10 properties.

**Table 2:** Properties by Landlord

Number of Properties	Share of Landlords (percentage)
1	42.1
2	22.5
3	13.1
4	6.2
5	4.5
6	2.0
7	1.2
8	0.7
9	0.7
10+	4.0

Chart 1 shows the share of properties managed by landlords according to their age. As would be expected, the number of properties among those aged 51 and older (who own more than 1 property per capita on average) is greater than the number of properties among the younger cohorts (who own less than 1 property per capita on average). In fact, landlords over 50 years of age managed almost 65% of rental properties indicating that older landlords have a greater holding in the rental market.

**Chart 1:** Share of rented properties according to landlords' age



For four out of five landlords (80%), rental income was a secondary source of income. Among those landlords who declared that rental income was their *main* source of income, the majority had more than one property being leased out, with the average being 4.3 properties. Just over a fourth (27%) of those who make a living from property had five or more properties on lease (see Table 3). On the other hand, 21% of those who said that rental income was their main source of income were relying on just one property.<sup>4</sup>

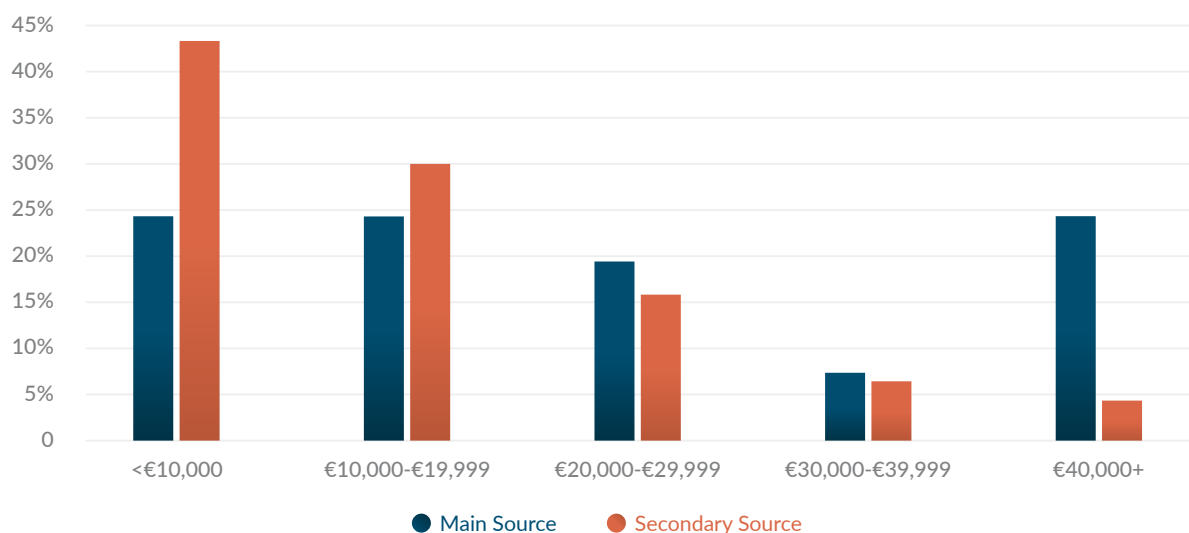
<sup>4</sup> Shares do not add up to 100% as a small share of landlords did not disclose how many properties they held.

**Table 3:** Properties by source of income

Number of Properties	1	2	3	4	5+
<b>Main Source (20%)</b>	<b>21%</b>	<b>25%</b>	<b>10%</b>	<b>10%</b>	<b>27%</b>
<b>Secondary Source (80%)</b>	<b>47%</b>	<b>22%</b>	<b>14%</b>	<b>5%</b>	<b>10%</b>

Chart 2 shows the distribution of gross yearly rental income declared by landlords. Among those who provided an answer (68%), for the majority (70%) the figure of rental revenue did not exceed €20,000. A further 23% reported between €20,000 and €39,999. The share of landlords reporting a rental income of €40,000 or more stood at a mere 7%. The median gross rental income for all landlords stood at €12,000, whilst average rental income amounted to around €17,000. Instances wherein:

**Chart 2:** Gross yearly rental incomes, where rent is the main/secondary source of income



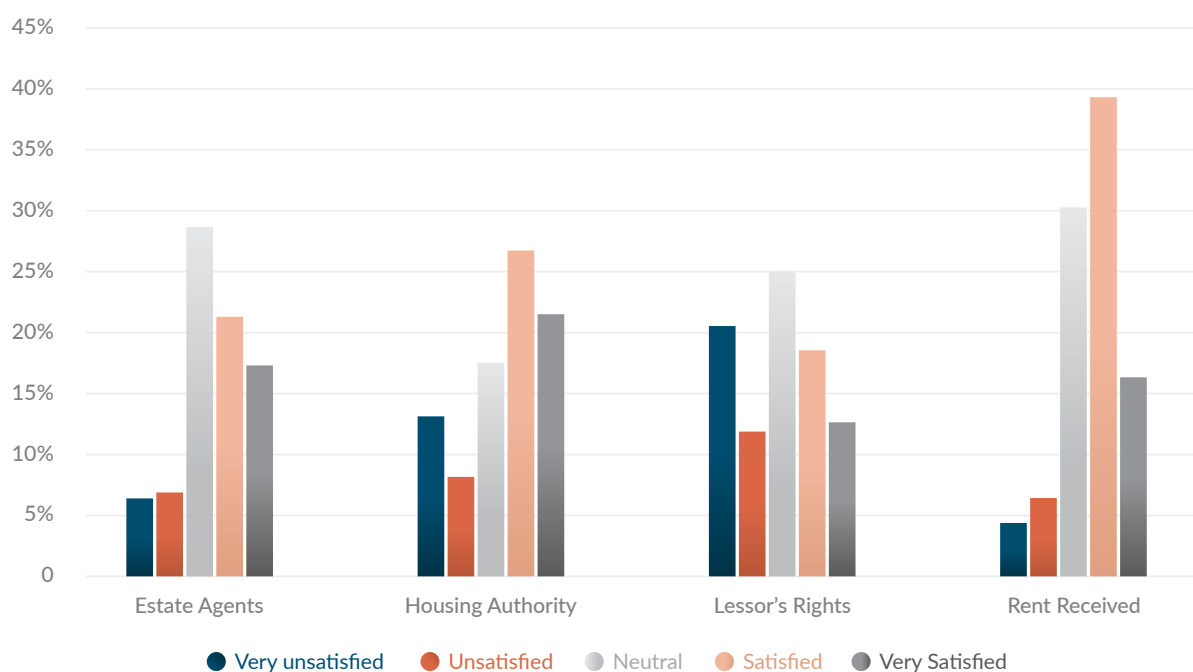
As expected, average gross income differs for those established landlords and those holding fewer properties. The distribution of gross yearly rental income for those who rely on their rental income as a means of living is different to those whereby rent was their secondary source of income.

Indeed, average gross rental income for landlords who declared rental income as their main source of income amounted to almost €30,000 in 2022. For those who declared that rental income was a secondary source of revenue, average yearly rental income stood around €15,000.

When asked about their satisfaction with the rent they received as compared to the quality of the property they let, the majority of landlords (56%) were happy with the rent received. Around one in three were neither satisfied nor dissatisfied while 11% were dissatisfied (see Chart 3). An examination of the profile of the latter reveals that they are more likely to be landlords who had another source of main income and, who, on average, earned less than €8,000 in annual gross rental income per property rented.

Chart 3 also displays landlords' satisfaction with the service offered by real estate agents, by the Housing Authority, as well as their satisfaction with the way their rights are protected in the rental sector. Overall, landlords were satisfied with the service received by agents as well as with the service of the Housing Authority. This is less so when it comes to the way their rights are protected in the rental market with almost around a third reporting that they were dissatisfied. This feeling was more prevalent amongst those landlords holding three or more properties.

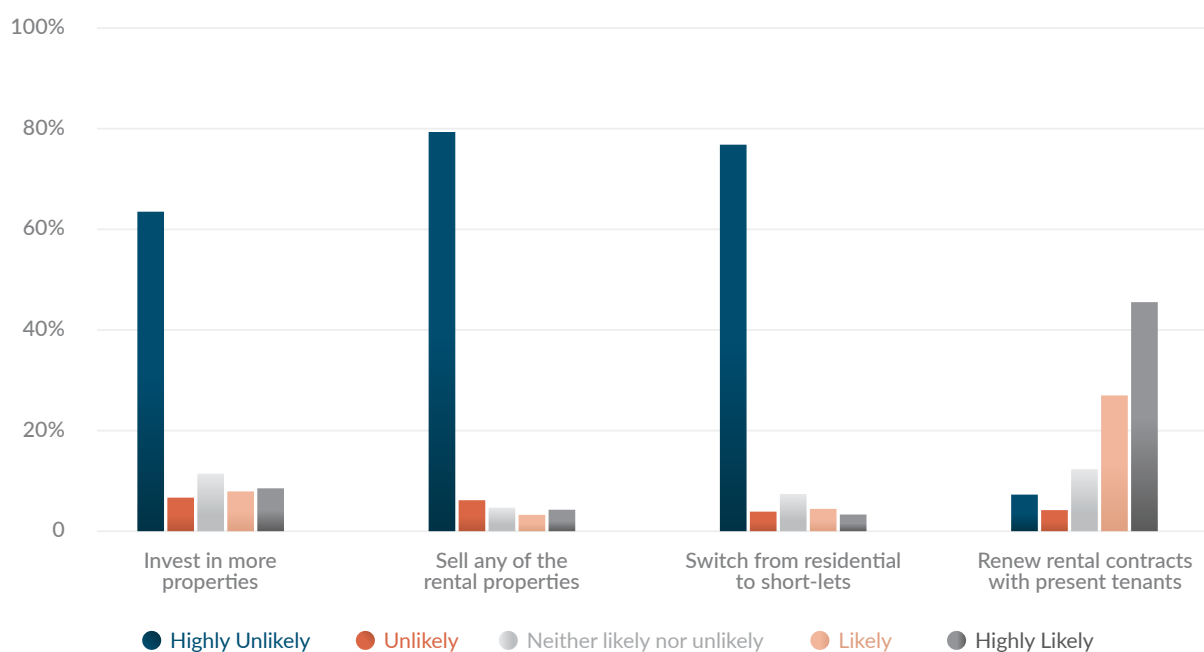
**Chart 3:** Landlords' satisfaction with agents, authorities, rights protection and rent



### 3.1.3 Landlords' Intentions

When asked about their intentions, most landlords replied that they did not plan to change their real estate portfolio in the next twelve months (see Chart 4). Indeed, 70% replied that it is unlikely that they would invest in further property with the intention of renting it out. Of the remaining 30%, around half (16%) said that it is likely that they would increase their portfolio size. The latter included both established landlords as well as those who had only one property rented out, in almost equal shares. Furthermore, around 86% indicated that they were unlikely to sell their rental properties in the coming year. Most landlords (81%) stated they intended to keep their rental properties for long-term residential purposes, with only 8% stating they intended to switch property from residential to tourism rentals in the near future.

**Chart 4:** Landlords' rental market intentions for the coming year



When asked about their preferred contract duration, 64% of landlords stated they prefer a one-year residential lease. Only a very small percentage (3%) of landlords favour shorter contracts. The remaining 30% favour longer-term leases, in particular 2-year and 3-year contracts. Notwithstanding the fact that the vast majority of leases in the residential rent registry start as 1 year contracts, almost three-fourths of landlords were



happy to renew their rental contract with current tenants (see Chart 4). Indeed, the latest data from the rent registry of the Housing Authority show that tenancy duration has gradually increased since the establishment of the register in 2020 partly because of contract renewals (Housing Authority, 2023).

When asked about their preferred tenant demographic (open-ended), responses were mixed. While some landlords expressed no preference, many landlords favoured couples and families without pets. On balance, landlords preferred to rent to foreigners (particularly Europeans), but some landlords explicitly mentioned a preference to rent to Maltese tenants.

## 3.2 Tenants in Malta: Demographics, Experience, Intent

### 3.2.1 *A Demographic Profile of Tenants in Malta*

According to the survey results, only 10% of tenants in the registry are Maltese, with the shares of EU and TCN tenants standing at 17% and 74%, respectively.<sup>5</sup> This is slightly lower than the figure reported three years prior, in Debono et al. (2021), reflecting the continued increase in foreign workers, especially TCNs, since 2020.

In terms of gender composition, almost 64% of tenants identified as males, similar to landlords' profile. On the other hand, the average tenant was younger than the average population with an average age of 36.8 years. As expected, over 91% of tenants were active in the labour market, mainly working on a full-time basis. Only 3% of tenants were pensioners while another 2% were students.

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<sup>5</sup> It bears mention that Maltese tenants on social housing arrangements and those holding pre-1995 leases do not form part of the residential rent registry. The registry could also be missing some (post-1995) leases involving EU/Maltese tenants. This illegal practice is less likely to occur among TCNs given work-permit requirements which oblige them to present a registered address.

In terms of districts, over 40% of tenants live in the Northern Harbour region. Between them, Sliema, St Julian's and Msida absorb around 20% of tenants. One in four tenants resided in the Northern region with St Paul's Bay occupying the top position for the locality hosting the largest number of tenants. The latter is broadly consistent with the analysis of the spatial distribution of rental contracts across the Maltese Islands (Housing Authority, 2023).

Almost half of tenants (46%) had a tertiary level of education, which is significantly higher than the share of the general population, among whom only 26% had a tertiary education in 2022 (LFS 2022). Research shows that, on average, migrants tend to be of a higher education than their native-born counterparts, even if this is not necessarily reflected in labour market outcomes, for instance due to issues with qualification recognition and language barriers (OECD, 2015; Gauci 2021).

Tenants were also asked about their ability to make ends meet. Their response was equally split with one in three saying they were able to make ends meet easily or very easily, another third saying they found it difficult to make ends meet and another third saying they were able to make ends meet neither easily nor with difficulty.

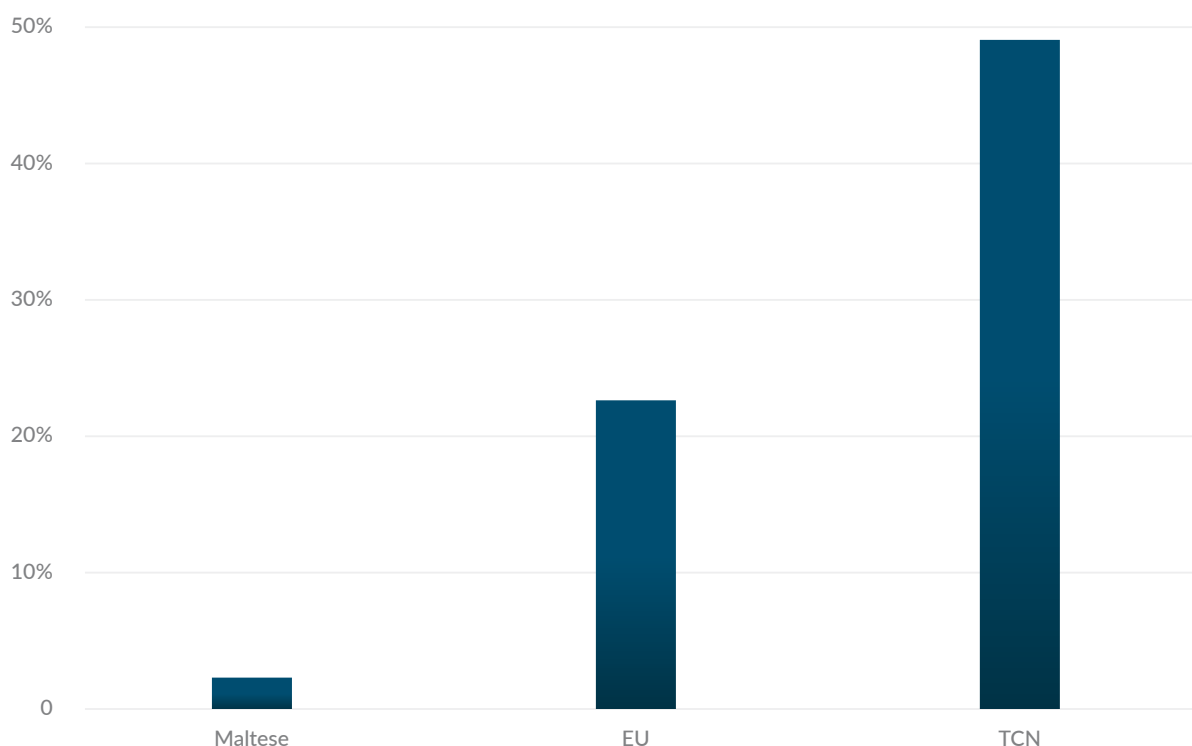
When asked specifically about their monthly household income, around three fourths (77%) provided an answer. Of the 77% who answered the question, some 14% declared an income of less than €1,000 per month, while 38% reported earnings between €1,000 and €1,999. A further 17% reported a gross income of €2,000 and €2,999. The share of tenants reporting a monthly income of €3,000 or more stood at 31%. A look at income by nationality reveals that one in every five (22%) Maltese and EU individuals reported a total income of lower than €1,000 per month. This share was lower in case of TCNs. On the other hand, almost 40% of EU nationals reported a total income of over €3,000.

### 3.2.2 The Tenant Experience

Three out of every four (74%) tenants had a rental contract of just one year, with most of the remaining tenants having a contract of two years or more. The share of short-term contracts was minimal, at less than 3%. When asked about their preferred contract duration, 61% of tenants said they were happy with a one-year contract (close to the 64% figure for landlords) while one in every three tenants (34%) was in favour of longer-term leases.

Around 17% of tenants surveyed said that they lived on their own with the remaining sharing the residence with other family members. Furthermore, four out of every ten (40%) of tenants shared their residence with others, besides their family. This was mainly true for foreigners, in particular TCNs. In case of the latter, almost half (49%) of TCNs co-shared their residence with other tenants who did not form part of their family (see Chart 5).

**Chart 5:** Share of tenants sharing their accommodation with non-family members



More than 70% of tenants had previously lived in another property prior to their current one, indicating a general tendency for tenants to move. On average, tenants had lived in around two more properties before settling in their current home. Almost one in three (29%) tenants had changed places three or more times prior to the current one. On the other hand, for almost 30% of tenants, the property they were living was the first one they had settled in. For four out of five of these tenants (77%), this first time contract was of a one-year duration, suggesting that they settled in Malta very recently.

When asked about the reasons for choosing to change property (open-ended), responses were mixed. In many instances, tenants were looking for a different location. In other instances, tenants were unhappy with the quality of the residence, the request for a higher rent by the landlord or their relationship with landlords and other tenants.

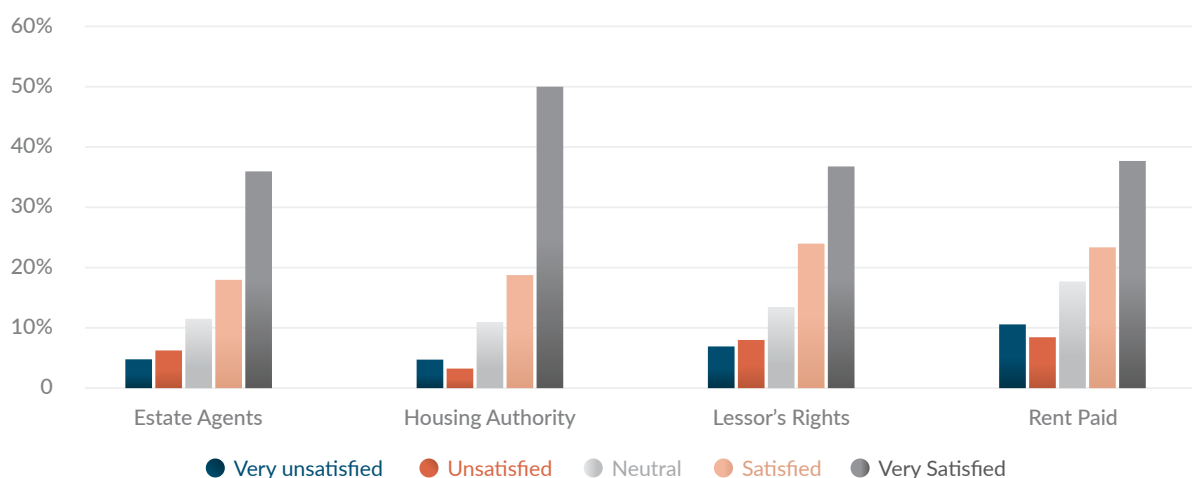
Chart 6 shows the monthly rent paid by tenants. This does not necessarily indicate the total rent being charged for the residence given that this figure refers solely to the amount paid by the tenant answering the survey. The median rent being paid by tenants was €650 per month. Almost half of the tenants (44%) were paying between €600 and €899 in rent. Around 39% of the respondents were paying less than €600 per month while the remaining 18% were paying in excess of €900. Just over 15% of tenants received housing benefits from the government, including one in every three Maltese tenants sampled.

**Chart 6:** Rent paid by tenants



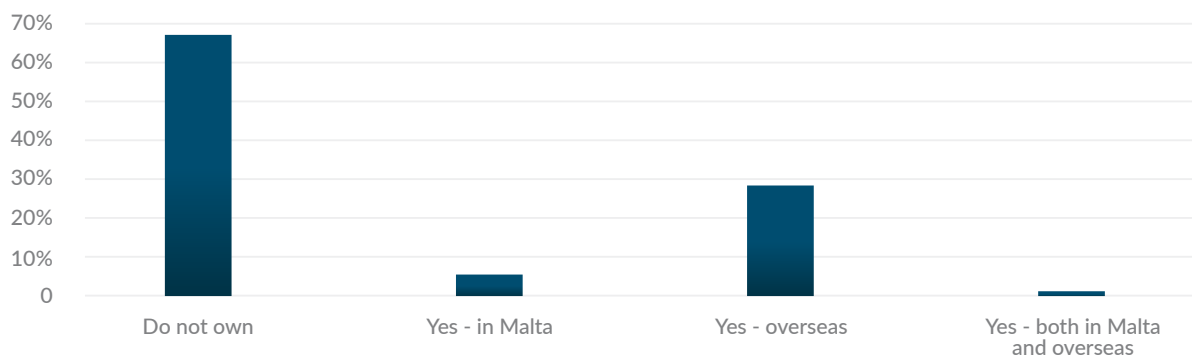
When asked about their satisfaction with the rent they paid as compared to the quality of the property they rented, the majority of tenants (61%) were happy with the rent paid (see Chart 7). Around 18% were neither satisfied nor dissatisfied while 19% were dissatisfied. Tenants were also asked about their satisfaction with the service offered by real estate agents, by the Housing Authority and with the way their rights are protected in the rental sector. Most tenants (69%) were satisfied with the service received by the Housing Authority and by the way their rights are protected in the rental market (61%). Satisfaction with the service received by agents stood at 54%.

**Chart 7:** Tenants' satisfaction with agents, authorities, rights protection and rent



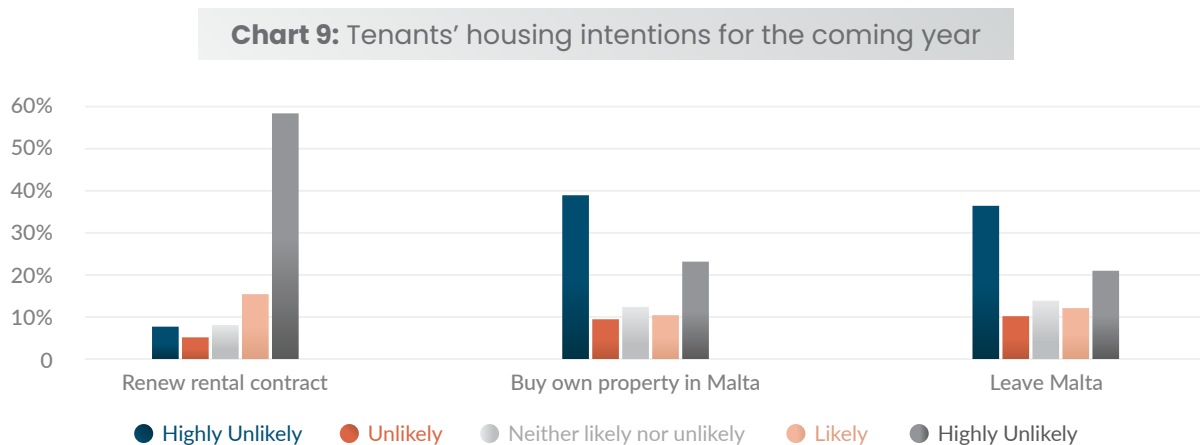
The survey also asked respondents whether they owned a residence besides renting. Two out of every three (67%) tenants stated that they did not own a residence. Only a small share of tenants (5%) replied that they own a residence in Malta yet almost 30% owned a residence overseas (see Chart 8). Results show that one in every five (21%) EU tenants own a residence overseas while one in every three (34%) TCNs own a residence overseas.

**Chart 8:** Share of tenants owning a residence either in Malta or overseas



### 3.2.3 Tenants' Intentions

Asked about their intentions going forward, three out of every four (74%) tenants expressed their wish to renew their contract with their present landlord (see Chart 9).



When asked about the possibility of buying their own property in Malta, almost half (49%) of tenants stated that it was unlikely that they will purchase their own property in Malta. However, one in three (34%) stated that it is likely or very likely that they will be purchasing their own property in Malta in the coming year.<sup>6</sup> The majority of those with intentions to buy were TCNs with a medium or high level of education. When asked about their ability to afford to buy a residence in Malta, one in every three respondents (34%) said that it is likely that they would be able to carry out the transaction. On the other hand, 40% stated that they would not afford it.

Tenants were also asked about the likelihood of leaving Malta in the coming year. Almost half (47%) said it is unlikely that they would leave soon while one in three (33%) stated that it is likely or very likely that they will be moving on in the near future. This is broadly in line with findings in other studies which found that the length of stays of foreign workers in Malta is short with around half of foreigners engaged in the Maltese labour market exiting within the first year or two years later than the year of engagement (Borg, 2019).

<sup>6</sup> In the event that this intent materialises (considering financial and other restrictions) it would considerably increase the number of annual deeds in Malta (NSO, 2023c)

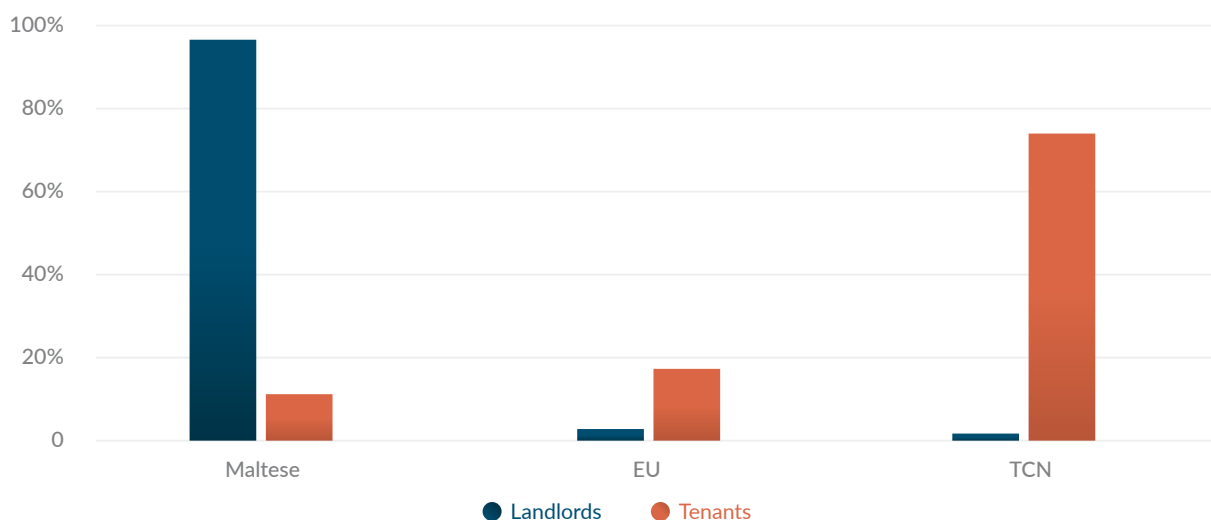
# 04.

## Further Analysis

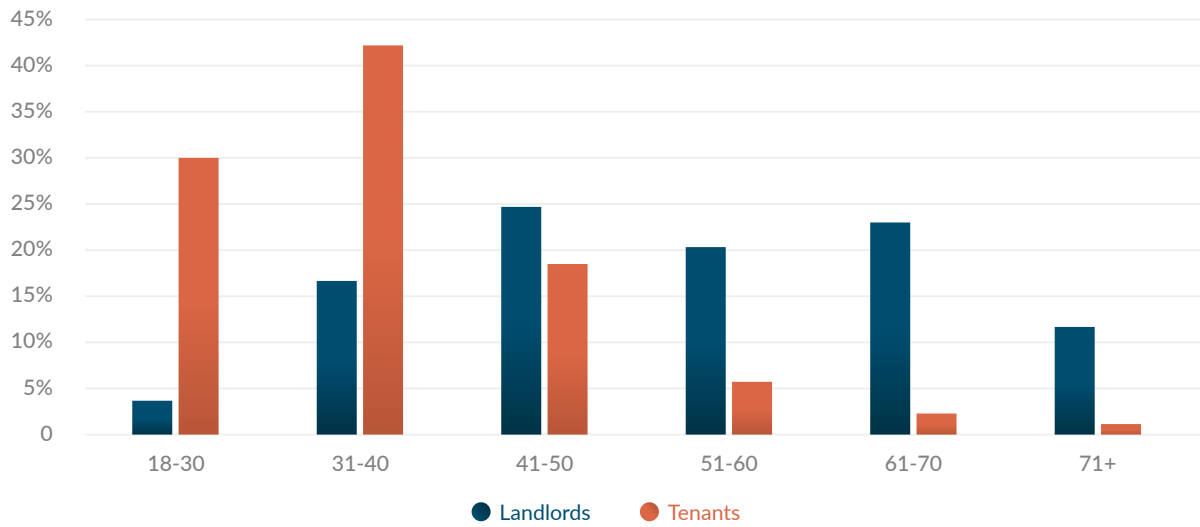
### 4.1 Landlords and Tenants – Demographic Distinctions

The most pronounced distinction between the supply and demand side of the rental market is that of nationality, with landlords being predominantly Maltese, while tenants being mostly foreign (Chart 10a). In terms of age, tenants tend to be relatively younger than landlords, with the age difference also manifesting in their work status (Chart 10b). In fact, whereas almost 90% of tenants classify as full-time workers, just over half of landlords are employed full-time (Chart 10c).

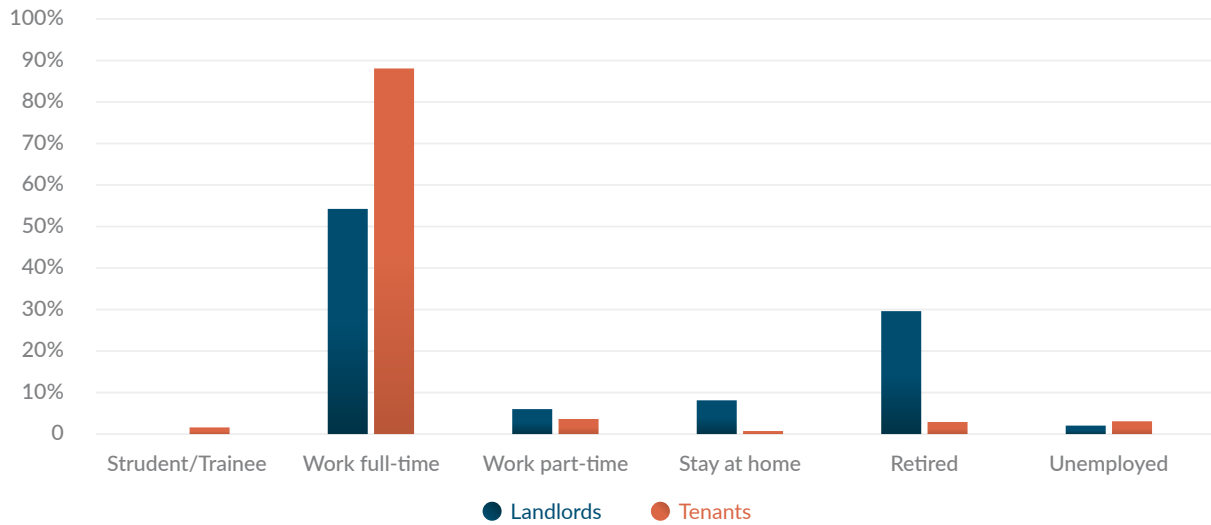
**Chart 10a:** Landlord-Tenant demographic dashboard - Nationality



**Chart 10b:** Landlord-Tenant demographic dashboard - Age



**Chart 10c:** Landlord-Tenant demographic dashboard - Labour Status

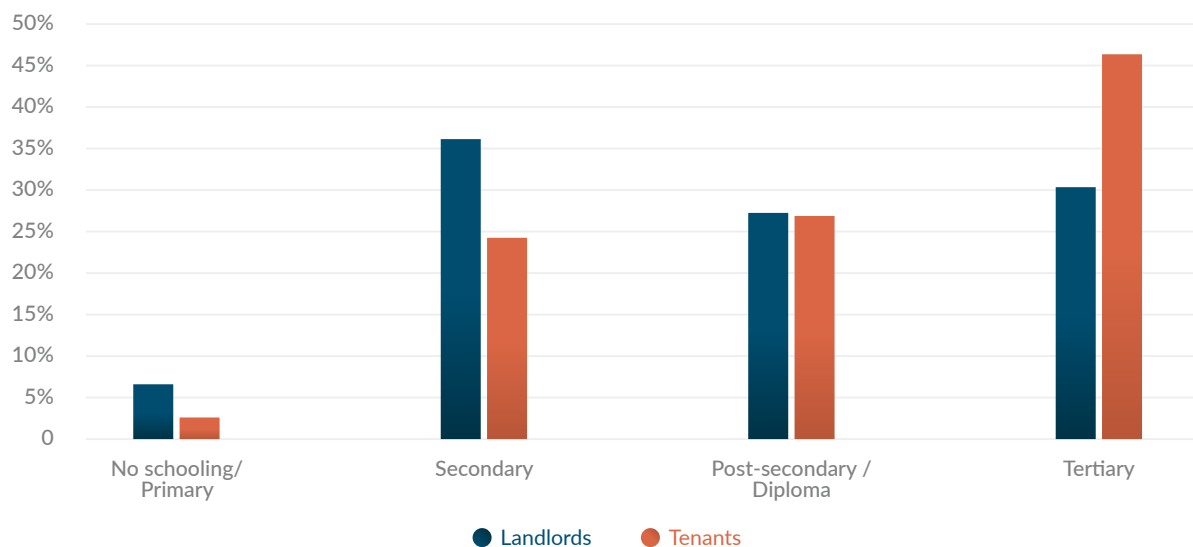


The share of tenants having a tertiary level of education is higher than the corresponding share for landlords, while the latter have a relatively higher share of secondary and primary education (Chart 10d). Another difference between landlords and tenants is in their ability to make ends meet (Chart 10e), although the gaps are not as large as one may have expected a priori. The share of landlords that able to make ends meet 'very easily' or 'easily' stood at 42% compared to 33% for tenants. Conversely, more tenants

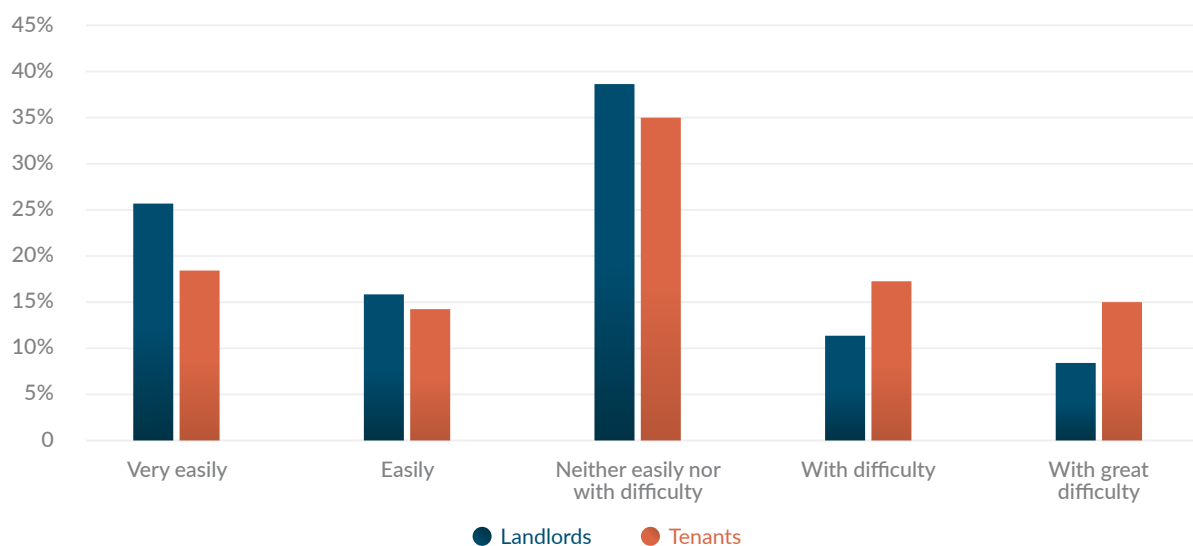


replied that the find it 'very difficult' or 'difficult' to manage financially compared to landlords (32% vs. 19%). Estimating the net balance statistic (the difference between the shares that replied 'very easily' or 'easily' against those that reported 'very difficult' or 'difficult'), this stands at 23 percentage points for landlords in contrast with 1 percentage point for tenants.

**Chart 10d:** Landlord-Tenant demographic dashboard - Education

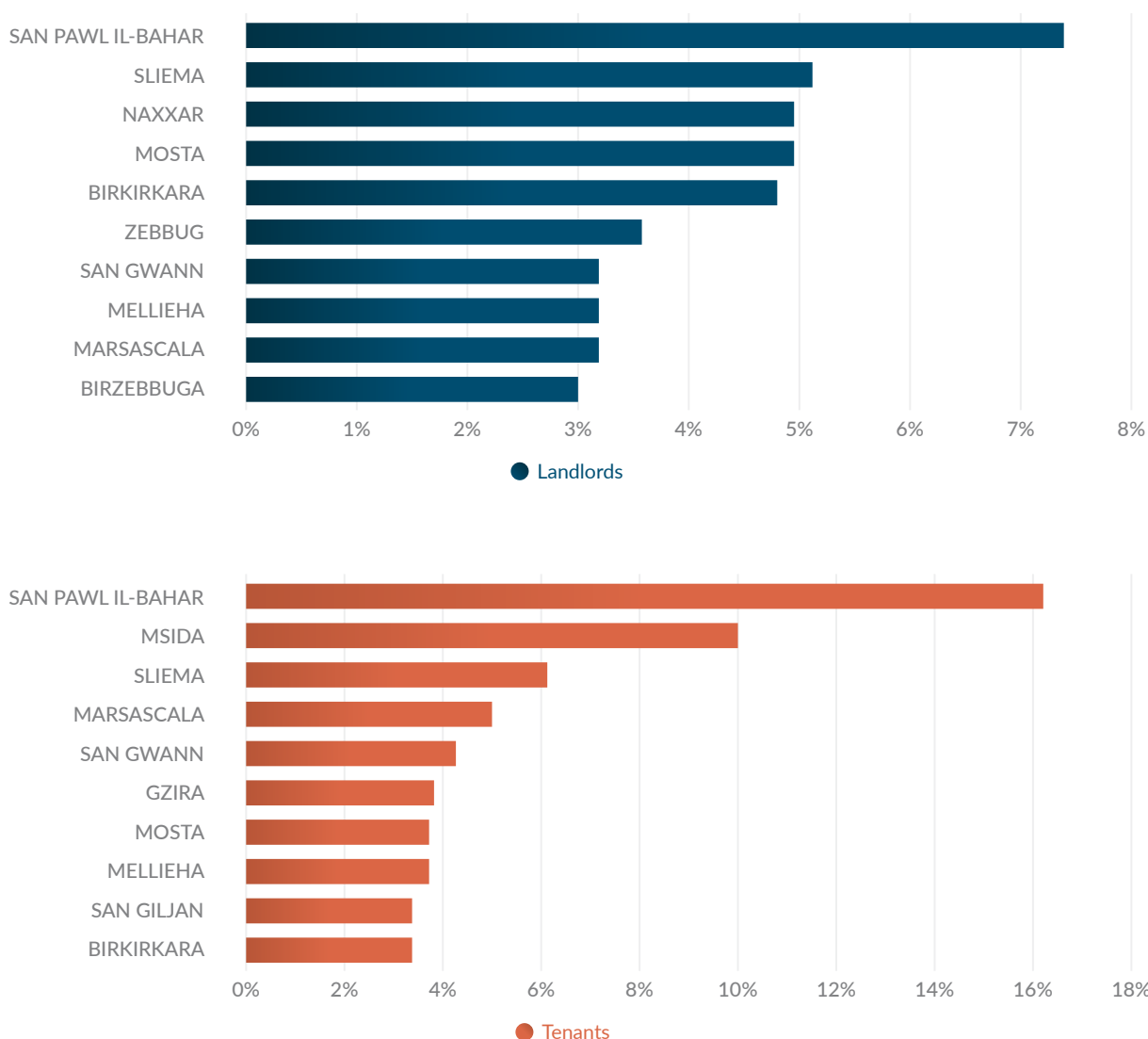


**Chart 10e:** Landlord-Tenant demographic dashboard - Making Ends Meet



Differences are also noticeable in terms of the localities in which tenants and landlords reside with some localities (e.g. Sliema, Msida, St. Paul’s Bay) being tenant hot-spots, while landlords are more evenly spread around the island (see Chart 11). A key finding, however, is that the two most prevalent localities for landlords were also St. Paul’s Bay and Sliema - in line with studies documenting ‘home bias’ in investment, including the preference of residential real estate investors to buy locally (Wright and Yanotti, 2019).

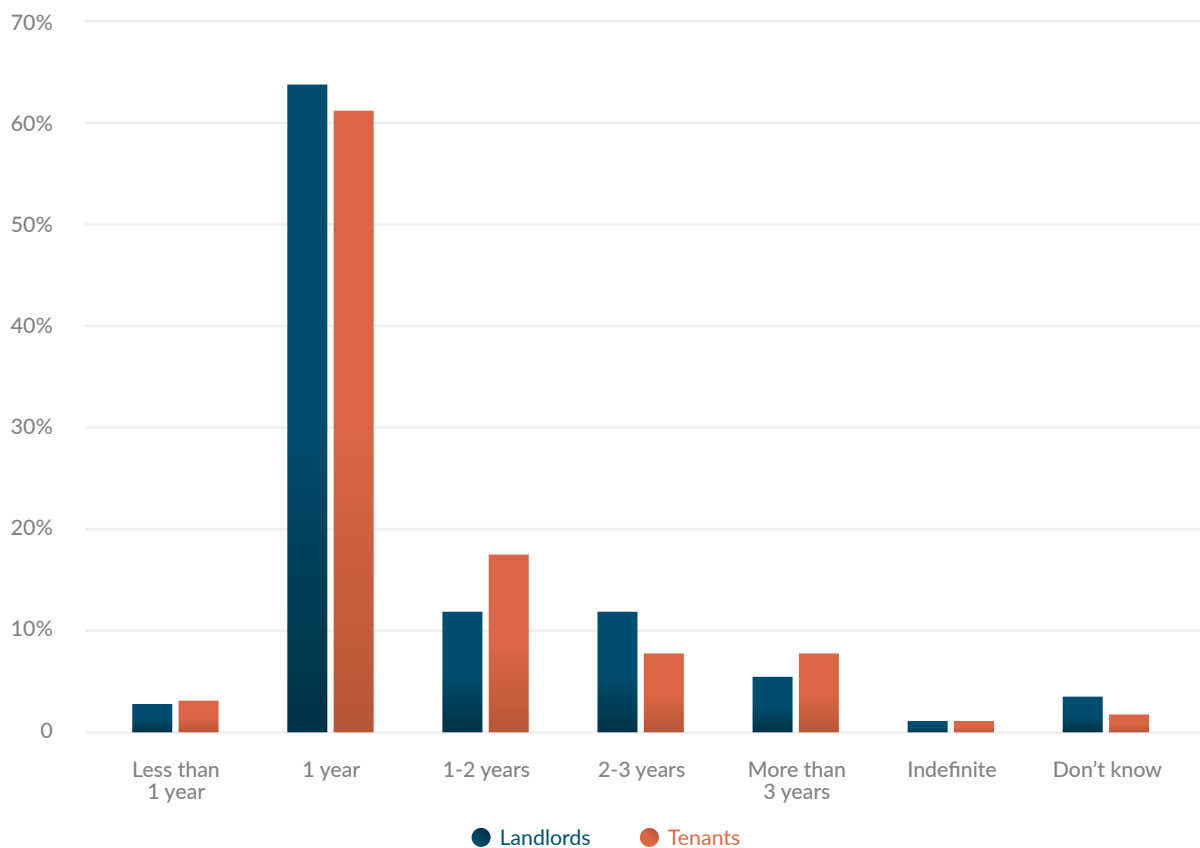
**Chart 11:** Landlord-Tenant geographical distribution



## 4.2 Landlords and Tenants – Preferred Contract Duration

Most landlords and tenants prefer rental contracts of one year, at least initially. The latter lease duration was chosen by 64% of landlords and 61% of tenants (see Chart 12). The share of landlords and tenants that prefer a longer duration stood at 29% and 34%, respectively. Only 1% of landlords and tenants prefer an indefinite contract, while the share that prefer shorter stays of six month stood at around 3% for both groups.

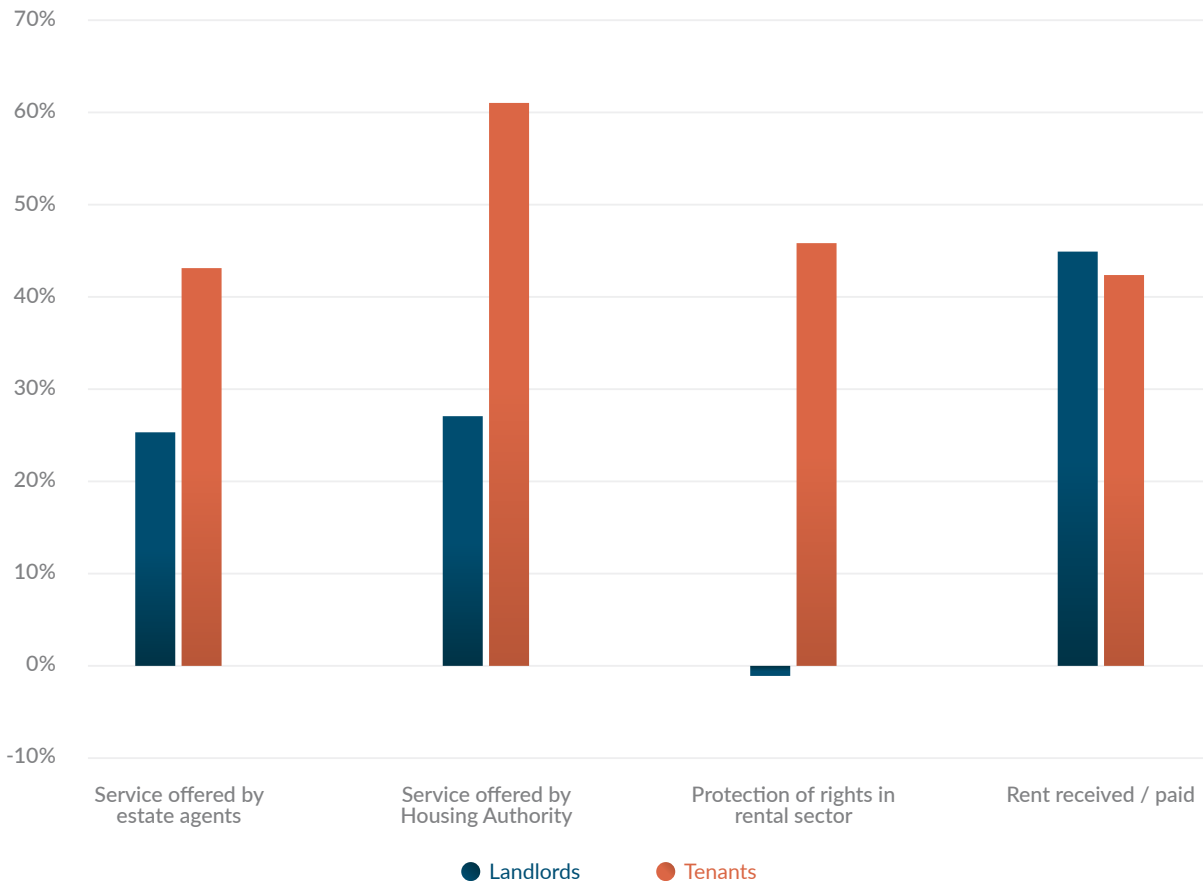
**Chart 12:** Landlord-Tenant preferred contract duration



## 4.3 Landlords and Tenants – Satisfaction

Differences are also noticeable in the attitudes that landlords and tenants have towards the services offered by real estate agents and the Housing Authority, the protection of their rights in the sector and the level of rent paid or received. Chart 13 plots the net balance for these four categories, with this statistic being computed as the difference between those that reported 'very satisfied' or 'satisfied' against those that replied to be 'dissatisfied' or 'very dissatisfied'. Overall, the net satisfaction for tenants exceeded 40 percentage points in all four categories, with the largest net satisfaction being reported by the services offered by the Housing Authority. With the exception of the net satisfaction on the rent received, landlords were in general less satisfied compared to tenants. Landlords were particularly dissatisfied with the protection of their rights in the sector, with a net balance of -1 percentage point.

**Chart 13:** Landlord-Tenant differences in satisfaction with agents, authorities, rights protection and rent



## 4.4 Landlords and Tenants – Rent Regulation Awareness

The questionnaire included a 12-question test to assess the knowledge of landlords and tenants in several aspects of rent regulations in Malta.<sup>7</sup>

### Residential Rent Laws Knowledge Test

#### Duration

1. What is the shortest duration allowed for a long-let residential lease?
2. In 1-year lease, how long must the tenant stay as a minimum?
3. When tenants rent a room in a shared space, how long must the contract be?

#### Termination

4. Do emails by the /tenants count as notification to terminate the lease?
5. If tenants get no notice from the landlord, is their lease renewed?

#### Rent

6. When renewing the same contract, what is the maximum % landlords can increase rent?
7. When signing a new contract with same tenants, what is the maximum % landlords can increase rent?

#### Utilities, Fees, Damage

8. Are landlords obliged to show the water and electricity bill to tenants?
9. May landlords ask for Insurance and condominium fees in the contract?
10. If something gets damaged by wear and tear must the landlord replace it?

#### Adjudication

11. Is there an adjudication panel for private residential leases?
12. Can landlords change the lock if a tenant fails to pay or stays on?

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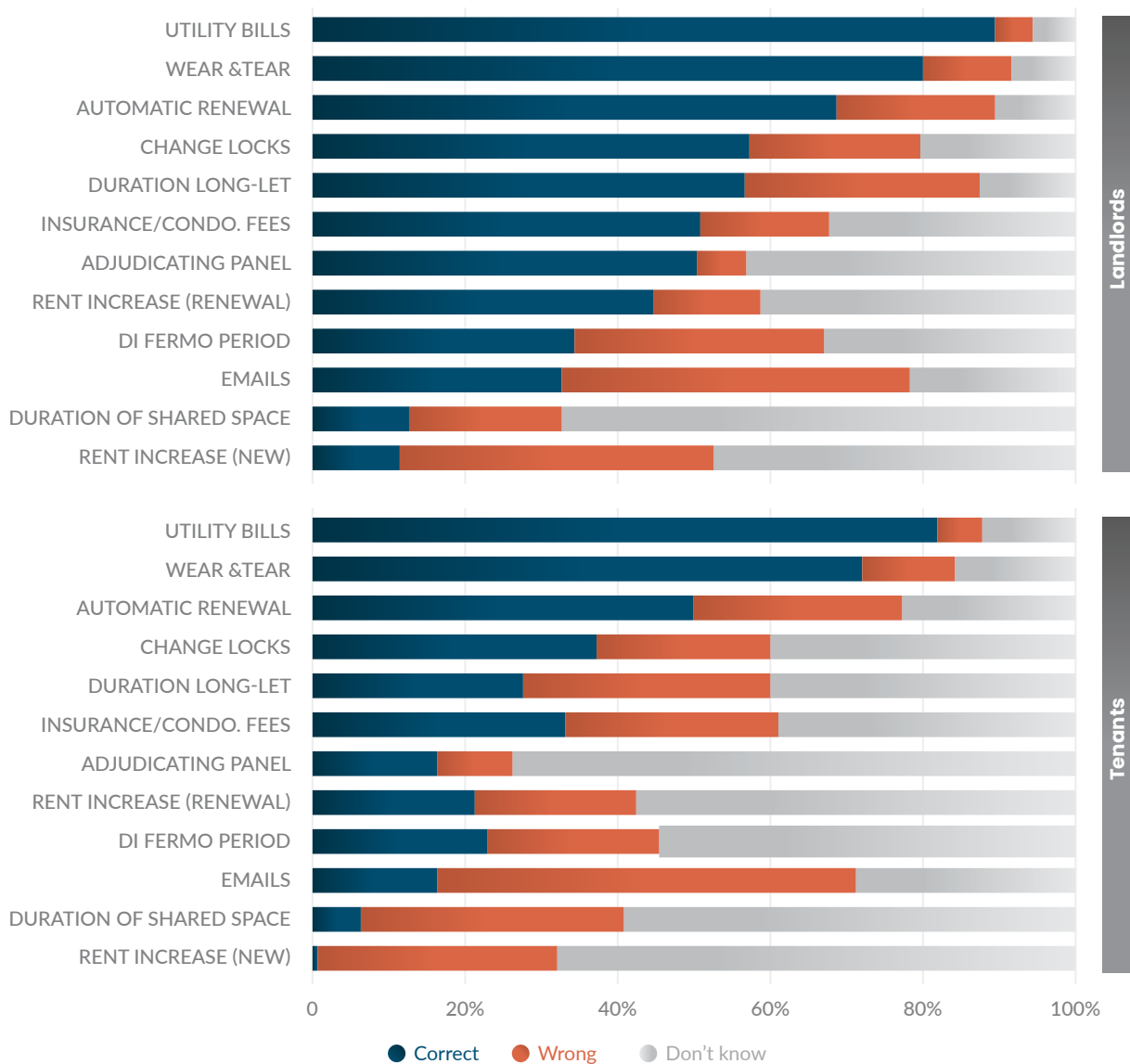
<sup>7</sup>The answers were marked as correct if they followed this scheme: Q1: 1 Year, Q2: 6 months; Q3: 6 months; Q4: No; Q5: Yes; Q6: 5%; Q7: Any; Q8: Yes; Q9: Yes; Q10: Yes; Q11: Yes; Q12: No

Chart 14 illustrates the share of correct and incorrect results from the 12 different questions, making a distinction between landlords and tenants.

The questions with the most correct results were those concerning utility bills, wear and tear, and automatic renewals, while those with the least correct answers were the questions on the duration of shared spaces and the rent increases for new contracts.

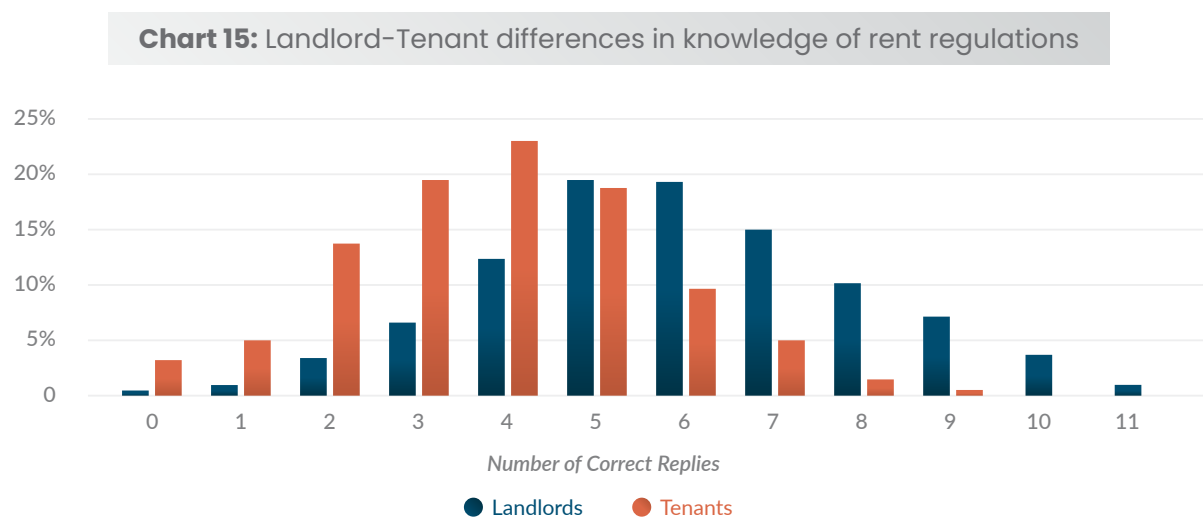
In general, landlords obtained a higher share of correct questions in all 12 questions compared to tenants. The largest differences in correct answers between the two groups were on the awareness of the adjudicating panel (51% landlords vs. 17% tenants) and the minimum duration for a long-let contracts (57% landlords vs. 28% tenants).

**Chart 14:** Landlords-Tenant knowledge about rent regulations



The question with the highest share of incorrect answers was on the use of email as notification for the termination of the lease. This question was answered erroneously by 56% of tenants and 46% of landlords. Finally, the questions with the highest share of 'don't know' replies for tenants were those concerning the existence of an adjudicating panel (74%) and the maximum increase permissible by landlords when signing a new contract with existing tenants (68%). For landlords, the question with the highest 'don't know' answers was that related to the duration of shared space leases (67%).

Chart 15 plots the number of correct replies by landlords and tenants. In general, landlords were more aware of rent regulations compared to tenants, but in both cases, knowledge was far from complete. Taken as a whole group, on average, landlords passed the knowledge test with a rounded-up score of 6/12 while tenants failed the test with a score of 4/12.



Finally, both tenants and landlords were asked about their preferred method of learning about these matters. The most popular medium among both groups was e-mail, with 57% of tenants and 43% of landlords identifying this medium as their preferred one. For a fourth of tenants and landlords, social media was the preferred outlet and for another fourth, the Housing Authority website was their preferred source. Television is popular among landlords (17%) but not tenants (5%), while radio garners very little support with 7% of landlords and 2% of tenants mentioning this as their preferred form of learning about residential leases regulation.

# 05.

## Conclusion

Three years after the introduction of the Private Residential Leases Act of 2020 in Malta, this study was conceived to gauge landlords' and tenants' experiences, satisfaction and awareness and more broadly to better understand the demographic and socio-economic nature of tenants and landlords in Malta. The study involved the collection of primary data from tenants and landlords using computer-assisted telephone interviews with quantitative data being analysed with statistical methods. From a random sample drawn from the residential rent database, a total of 800 participants, all aged 18 years or over, of multiple nationalities agreed to be interviewed. Of these, 400 responses were drawn from tenants and 400 from landlords. The findings highlight a number of key insights for policy-makers.

In summary, tenants and landlords hold a different demographic profile. Tenants are predominantly foreign, young, with relatively higher education. Nine out of ten tenants are active in the labour market. Around a third of tenants report a monthly household income of €3,000 or more and similarly a third say they are easily able to make ends meet. However, another third say they find it difficult to make ends meet and over 15% of tenants receive housing benefits from the government. For tenants, the experience is characterised by sharing residence with others and a tendency to move around properties: Some 20% of tenants had changed places three or more times prior to the current one. A third of the respondents are prepared to leave the island shortly, while a third have intentions to settle in Malta and purchase their own property.

Landlords are mainly Maltese. They are older than tenants and than the Maltese population on average, and a third of them are retired. Eight out of



ten landlords own fewer than five properties, and four out of ten own only one. However, by the estimation of this study, a small segment of established landlords (13%) own 43% of the rental properties. Renting is a part-time endeavour for four out of five landlords (80%). Among those for whom rents were the main source of income, one in five rely on just one property. The median gross rental income for all landlords stood at €12,000.

Tenants are more satisfied than landlords with the services offered by the Housing Authority and estate agents. Similarly, tenants expressed more satisfaction than landlords with the way their rights are protected. Consultation meetings with landlords could work towards addressing some of these dissatisfactions. This said, many landlords seem satisfied with their current status, and while most of them indicated no desire to invest further in the rental market, the majority expressed no desire to shift out of the market (both to sell their properties or to shift into short-lets) and most of them indicated a willingness to renew present contracts.

There is a clear preference for 1-year contracts by both landlords and tenants, but there is also to considerable turnover in the market. This may create transaction costs for landlords, tenants and regulators. There is potential to consider options to create more stability in the rental market, for instance through longer *di fermo* periods for tenants, allowing longer contracts for shared spaces, and extending the tax incentive for renewal of contracts beyond the first year.

Awareness about the Residential Leases Act is mixed but higher among landlords (particularly about the existence of the Adjudication Panel and minimum contract duration). In general, respondents were aware about the obligations surrounding utility bills, wear and tear, and lease renewal. On the other hand, there is considerable confusion about the legal duration of shared spaces contracts and the possibility to raise rents in a new contract with the same tenants. Respondents are also unaware of the need to use registered letter for contract termination. Overall, the findings point towards information asymmetries and a general lack of awareness of several of the basic aspects of the Residential Leases Act. Direct communication via email is both tenants' and landlords' preferred method of learning about such matters to make the market fairer and regulations more transparent.

Finally, it is necessary to outline the shortcomings of the study. Utmost care was taken to obtain a random and representative sample. Nonetheless several who were contacted refused to take the interview. The resultant sample could be skewed towards those who were able to speak in English or Maltese, who had the time and the interest to participate. The sample likely also over-represents TCNs, given that work permit requirements oblige them to present a registered lease – a necessity which is not prevalent among EU or Maltese nationals.

A survey-based study also depends on self-reporting. Errors related to understanding, recall and honesty are likely to be present. To mitigate this, the questionnaire was very carefully designed with simple questions, and assured non-identifiability. The study would have been enriched by open-ended questions and other topics (such as the quality of the tenement), but a telephone interview comes with time-constraints and this limited the number of questions that could be asked. These limitations can be addressed by continued research in the area, which we encourage.

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