

Chapter 3| Housing Affordability: A Focus on Young People in Malta

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Abstract

Young Maltese people leave home considerably late in comparison to other EU countries ostensibly not by choice but for financial reasons. This chapter sets out to assess the potential of young Maltese people to rent or purchase their own home. The analysis considers lower-bound estimates for starting rents to be around €200 for a shared dwelling and €550 for a studio in Malta or a 2-3 bedroomed flat in Gozo. Average residential property prices are considered to be just under €200K. Two scenarios for net incomes among young people are considered namely, €800 a month and €1600, corresponding to incomes which are slightly above the minimum wage and average incomes respectively. Affordability is explored by examining the ratio of housing costs (rents or mortgages) to income as well as by examining living wages and residual incomes. The analysis also delves into other considerations, including the implications of family wealth effects, issues pertinent to foreign young people living in Malta, as well as considerations of the quality/crowding of the housing. The analysis concludes that it is unlikely for most young Maltese people to be able to afford moving out of the family home unless they receive family or state assistance, marry/cohabit or move to Gozo. The chapter concludes by outlining existing policy measures, exploring the application of the findings to other segments of the population and making further recommendations for policy and research.

Key words: Housing; Rent; Affordability; Malta; Youth

1. Introduction

As the European Union turned its focus to young people, with 2022 being declared the European Year of Youth, Eurostat issued the results of a study on when young people across Europe leave their parental homes (Eurostat, 2021). The study revealed that young people in Malta leave home considerably late in comparison to other EU countries. The average age for leaving the parental home is 30 in Malta (and slightly older for males). The average age for leaving home in various other European countries, particularly in Northern countries, is 18-22 years, on average.

Many factors are at play, not the least of which are cultural ones (Abela, 2016). After all, the situation has long prevailed, even when rental and property prices in Malta were far lower than they are today. Indeed, similar trends to Malta are also present in some countries in South Europe, where young people leave home in their late twenties, on average.

Furthermore, in a country as small as Malta, there is also a geographical argument that arguably explains why people take their time to leave their parental home. Given the average distances to work in Malta, one's parental home is as good as any to travel to educational institutions or workplaces. An exception to this is the reality of young people who live in Gozo. In fact, far more Gozitans are likely to leave their parental home and live in Malta (Kunsill Nazzjonali taż-Żgħażagħ, 2021). Presently, some 1,000 Gozitan students (and rising) are estimated to study in Malta (Thejournal.mt, 2021). On average almost one in four Gozo residents commute to work in Malta (Giordimaina, 2021).

The question explored in this study is whether young people in Malta *could* flee the nest even if they wanted to. Housing is a fundamental right, and one that paves the way for the enjoyment of other rights (United Nations, 1948). Setting up personal living arrangements enables self-sufficiency and independence and empowering young people to take this step is a priority for Malta's National Youth Council. Yet a recent survey commissioned by the same Council and Aġenzija Żgħażagħ, found that most young people (aged 18-35) in Malta living in the family home do not do so by choice but mainly for financial reasons (Kunsill Nazzjonali taż-Żgħażagħ, 2021).

The question of affordability in the context of Malta is particularly interesting given that prices in the rental market rose rapidly over the last decade (Micallef, 2021). Following decades of relative inactivity, the residential lease market in Malta has increasingly become a thriving affair. Consequently, it is now a realistic prospect to live in a rental property - at least in principle. Renting offers young people in Malta a degree of flexibility to grow into the dwelling of choice, rather than committing capital to purchasing a property. But it is interesting to examine whether this holds up in practice, given rent-to-earnings ratios (Zammit, 2022). Increases in property prices in Malta also outstripped the EU-27 average between 2010-2020 (The Malta Independent, 2021).

This article focuses mainly on the potential of young people to rent their own home (Section 2), but, in the light of a long-standing trend of home-ownership in Malta, it also examines the potential for young people to *buy* a residential home (Section 3). The nature of existing and potential intervention to address the situation is then discussed (Section 4). Methodologically, the article adopts a stylised facts approach, examining data which is available and creating scenarios to answer the questions.

2. Affordability of Rental Dwellings: Scenarios and implications

To examine whether rents are affordable, a basic approach is to estimate the monthly rent as a percentage of monthly earnings. A simplistic and much used rule-of-thumb for rents to be considered affordable is for these rents to be a percentage of earnings - for instance 30% (Office for National Statistics, 2021). The Eurostat indicator considers 40% of household disposable income to be the cut-off point.¹¹ In Malta, the Housing Authority adopts a more conservative 25% as the national marker (S. Cutajar, personal communication, May 17, 2002). Meanwhile, empirical evidence of the actual percentage of income allocated to housing arrangements in Malta suggests that among those aged 18-35, this can range from 10% (among those living in a family owned property) to 50% of income (Kunsill Nazzjonali taż-Żgħażagħ, 2021). An obvious starting point to assess affordability, is to examine rents and to compare these to earnings in Malta for the demographic cohort of interest.

2.1 Rents

Recent Housing Authority data provides useful data in this regard (Housing Authority, 2021). Based on the data available from the first year of rental registration (2020), and confirmed by data in the subsequent year, rents in Malta, as in other countries, naturally vary according to size, location and other attributes (Micallef et al., 2021). For instance, accommodation in the Northern Harbour area of Malta is the most expensive, while Gozo offers the least costly rentals.

During the first year of the Covid-19 outbreak, a three-bedroomed apartment in the Northern Harbour commanded a median rent of €950 in contrast with median rents of between €700 to €750 in other regions of Malta. Median rents in Gozo were considerably lower at €500. On average, the lowest possible registered rent for a dwelling could be found in the range of €450-€650 for 1-bedroomed apartments. A shared space (a room within a shared dwelling) could be found in most regions for less than €200, and in some regions (e.g. Southern Harbour), on exception, for even €100 per month. This said, even some shared spaces commanded an excess of €500 per month (Debono et al., 2021). Figures for 2021 suggest that median rents rose slightly with median rents for a three-bedroomed apartment in the Northern Harbour standing at €950, while in other regions it varies between €700 and €750. For Gozo, median rent stood at €550 (Micallef, 2022). These figures pertain to actual registered rents. Recent data suggests that advertised rents are anywhere from 10% to 30% higher than those registered (Debono et al., 2021).

While the rental market presents various scenarios in practice, for the purposes of this exercise, it is possible to consider that anyone looking for low cost rentals will be served by at least three scenarios: i. a room in a shared dwelling realistically starting at around €150 per

¹¹ The Eurostat indicator of housing cost overburden rate is defined as the percentage of the population living in a household where the total housing costs represent more than 40% of the total disposable household income.

month, ii. a studio or one-bedroomed flat in Malta starting at €500, or iii. a 2/3 bedroomed flat in Gozo for €500. These prices exclude utilities (water, electricity, gas and condominium fees, internet fees), which are unlikely to be lower than €50 per month.

For simplicity then, we assume starting rents, including utilities, to be around €200 for a shared dwelling and €550 for a studio in Malta or a 2-3 bedroomed flat in Gozo. We consider these to be lower-bound estimates.

2.2 Earnings

What about earnings? Getting an estimate of earnings for young adults proves to be quite a challenge in Malta, mainly because in large scale representative surveys (such as the Survey on Income and Living Conditions or the Labour Force Survey) consider the household as the unit of analysis.

As a starting point, the current minimum wage at the time of writing is €9,507.16 per annum, translating to €792.26 per month.¹² According to the labour force survey, average monthly basic salary of employees for the first quarter of 2021 across all regions in Malta, all sectors and all ages, was estimated at twice this, around €1,597 gross (National Statistics Office, 2021).¹³ Here too there are considerable variations by sector, by position as well as by demographic distinctions. For instance, the financial and insurance activities sector yielded among the highest incomes. Salaries also varied from €972 in elementary occupations to €2,353 among managers.

Recent regional statistics also shed light on variations in average monthly salaries by region and gender (National Statistics Office, 2021b). In this exercise the average gross monthly basic salary for employees was estimated at €1,633 in 2019.¹⁴ For males the average was higher at €1,748 while for women the average stood at €1,481. The highest average gross annual basic salary for both males and females was registered in the Western district while the lowest averages were registered in Gozo at €1,461 per month and the Southern Harbour area which stood at €1,460 per month.

¹² According to the *National Minimum Wage National Standard Order (2021)*, (L.N. 462) the national minimum wage per working week for adults amounts to €182.83, totalling €9,507.16 over 52 weeks (€792.26 monthly).

¹³ Average monthly basic salary here refers to salary received by employees before any social contributions and tax deductions. This amount excludes payments for overtime, allowances and bonuses, but accounts for the wage supplement scheme. As a result, persons who stated that they were receiving this supplement during the first quarter of 2021 had their monthly salary modified to account for this change in their income. Data is provisional and subject to revisions.

¹⁴ Gross annual basic salary refers to the gross annual basic salary received by employees before any social contributions and tax deductions. This amount excludes payments for overtime, allowances and bonuses.

For insights on earnings by age, we turn to the data extracted from the EU SILC 2020.¹⁵ The median net equivalised income published by the EU-SILC, reveals that those aged between 16 to 24 years (which include students) enjoy a monthly household equivalised income of €1,403, in comparison with the 25-49 age bracket where the figure stands at €1,495.¹⁶

An exercise involving disaggregated data in 2019 finds average earnings of 25-29 year olds to be just shy of €1,600 per month, while average earnings of younger persons (20 to 24) to be significantly lower and closer to the minimum wage.¹⁷ The lower average for this age bracket reflects the fact that most would still be in full-time education. In fact, Malta's education statistics reveal student enrolment in post-secondary and tertiary education stands at almost 26,000 (National Statistics Office, 2021c). Although free of student debt, they would not yet be earning a full income.

For illustration purposes, we therefore take two scenarios, namely a young person (likely aged under 24) earning €800 net a month and a young person (likely aged 25-29) earning €1600 net per month.

2.3 Affordability

The analysis now brings these stylised facts together to consider a young person earning in the range of net €800 per month, another earning net €1,600 per month, in the light of available affordable accommodation, namely €200 per month in a shared dwelling, or for €550 per month for a studio or one-bedroomed flat in Malta, or a 2-3 bedroomed flat in Gozo (See Table 1).

Applying the 30% - 40% rules, any young person on the minimum wage or thereabouts, can only afford a room in a shared dwelling. Young people earning average salaries or above, can afford a studio or 1-bedroomed flat in Malta by the 40% rule. More options are available for young people willing to cohabit. For instance, it is affordable for the average young couple earning average salaries to afford any dwelling across Malta and Gozo. For a young couple on minimum wages, a studio or 1-bedroomed apartment is affordable if we consider that 40% is an acceptable percentage to spend, but less so if we cap the rent/earnings limit at 30% (or lower).

¹⁵ This excludes income at household level such as rental income, family/children related allowances, social exclusion, housing allowances, regular inter-household cash transfer received and income received by people aged under 16 and Interest, dividends, profit from capital investments in unincorporated business. Individual gross income is composed of the following categories: Employee cash or near cash income, Company car, Cash benefits or losses from self-employment, Pension from individual private plans, Unemployment benefits, old-age benefits, survivor's benefits, sickness benefits, disability benefits, education-related allowances.

¹⁶ Equivalised income helps to account for differences in household size and composition. Total disposable income of the household is divided by an equivalisation factor (weighted according to household member), yielding the income attributed to each individual. Common scales include the OECD-modified scale which gives a weight of 1.0 to the first person aged 14+, a weight of 0.5 to other persons aged 14+ and a weight of 0.3 to persons aged 0-13.

¹⁷ Based on the authors' own calculations.

To make this analysis more rounded, it is necessary to consider some nuances around the basic argument. The first, of course, is that it is possible to consider different metrics of affordability. The conventional ratio concept can be misleading, in that different households will experience the squeeze between housing costs and incomes in different ways – particularly those at the low-income spectrum. A popular definition of affordability which takes such considerations into account is that which considers whether the residual income is sufficient to meet essential non-housing expenditure (Stone et al., 2011).

To assess affordable rents by this metric, one would need to examine a minimum monthly income standard for Malta. A recent local study assessed the minimum essential budget needed for a decent living in 2020, in three scenarios (Piscopo et al., 2020).¹⁸ The findings indicate that for a couple with two children (and excluding rent), this would be €1,125.06, for a single parent, this would be €882.67 and for an elderly couple with no children, this would be €653.15. Unfortunately the study does not provide a scenario on the minimum essential budget needed for young people, but it is safe to estimate that the costs for a single young person are lower than €1,125.06 needed for a couple. Indeed, a small manipulation to the data in the report would suggest that the minimum budget for a single person without a child would be around €847.3 monthly.

This figure can be compared with that emerging from another recent study on what constitutes a living wage in Malta based on 2016 data (Galea, 2018). This would suggest that for an individual, this is €679 per month - roughly 15% lower than the present minimum wage. The estimate is calculated as 60% of the total Median Net Equivalised Income. To account for higher incomes in 2022, and for ease of discussion, we round this up to €700 as a conservative estimate of what a single young person needs to live.

In turn, assuming €700 as the basic minimum needed to live, then young people on the minimum wage would be left with insufficient residual income to rent. Working in reverse, young people would need to be earning at least €900 net a month to afford a room and a living wage and €1,350 net a month to be able to afford a studio or 1-bedroomed flat, or a flat in Gozo.

¹⁸ In this study, Piscopo, Bonello and Gatt (2020) estimate the living income based on food, clothing, personal care, health, household goods and maintenance, laundry and care, services, education, culture and gifts, transport and rent on social housing. In our cited income standard, we exclude the rent estimates to capture all living costs less housing.

Scenario	Earnings	30% or 40% rule		Residual rule		
	€	30% of earnings €	40% of earnings €	Rental options	Based on €700 €	Rental options
Young Couple average earnings	3200	960	1280	Wide range	1800	Wide range
Young Couple minimum earnings	1600	480	640	Room, Studio, Gozo	200	Room
Young Person average earnings	1600	480	640	Room, Studio, Gozo	900	Wide range
Young Person minimum earnings	800	240	320	Room	100	None

Table 1: Rental affordability for young people – illustrative scenarios

One may also bring into question other considerations, for instance whether the housing which is considered affordable meets other criteria, chiefly, adequate sanitary standards and those needed to avoid overcrowding.¹⁹ In this regard, the EU definition of overcrowding envisages a minimum of one room for the whole household and one room per adult couple in the household (Eurostat, 2021b).²⁰ The OECD definition requires a one-person household to have two rooms (one for the household and one for the adult), a single parent household or a cohabiting/married couple household with 2 children under 12 years of age should have three rooms (OECD, 2022).²¹ Adequacy, on the other hand, refers to the conditions of the dwelling such as mould, rot and availability of sanitary facilities. Do affordable properties provide sufficient and sanitary space to be within these definitions? Failure to do so narrows the availability of affordable accommodation further.

While the above arguments suggest a somewhat pessimistic scenario for rental affordability in Malta particularly for younger adults and those on minimum wages, consideration of wealth effects suggests the opposite. Indeed, though incomes may be low, young people may benefit from parental wealth, rendering their liquidity higher and offering them more options for rental (Davenport et al., 2021). Relatedly, young persons may benefit from subsidised (or zero) rent if living in their parents' second/third homes. Ownership of more than one dwelling per household is certainly not an uncommon phenomenon in Malta (Attard et al. 2020).²²

¹⁹ Refer to the *Development Planning (Health and Sanitary) Regulations (2016)*, (S.L.N. 552.22).

²⁰ The definition also envisages one room for each single person aged 18 and over, one room per pair of single persons of the same sex between 12 and 17 years of age, one room for each single person between 12 and 17 years of age and not included in the previous category; one room per pair of children under 12 years of age.

²¹ According to the OECD, a one-person household should have two rooms (one for the household and one for the adult), a single parent household or a cohabiting/married couple household with 2 children under 12 years of age should have three rooms. Rooms typically refer to bedrooms, living and dining rooms in the case of European countries. In non-European countries, rooms would also include kitchens.

²² On average, households in Malta hold 23% of real assets in secondary property.

A further nuance relates to foreign young people working in Malta. Here the variance in wages is likely to be higher - ranging from above the mean in certain sectors (like gaming) to below minimum among those working in the underground and precarious economy and foreign students (National Statistics Office, 2022). Limited family and social networks, relative ineligibility for free social and other governmental services, not to mention an obligation to pay for permits and their renewals (and a duty to send remittances in some instances), is likely to render living in Malta a more expensive enterprise for most foreign young people than it is for Maltese youth. Yet, unlike the Maltese, renting is often-times the only living arrangement available for foreign young people in Malta.

Be it as it may, the essential finding remains fairly clear, namely that it is unlikely for most young people in Malta to be able to live alone in Malta - at least on their own steam. The implications are various, but notably three: i. As things stand, state or family intervention is necessary for most young people in Malta to live alone. ii. For young people wishing to rent a dwelling, with their own means, cohabitation or sharing would appear to be an important consideration. iii. Gozo will increasingly become an attractive option for affordable housing, particularly with increased connectivity.

3. Home Ownership

The discussion would not be complete without examining the potential for young people to purchase their own home. There is, after all, a very high tendency for home ownership in Malta where 81.9% of households are homeowners (National Statistics Office, 2021d). According to the aforementioned study by the National Youth Council and the Aġenzija Żgħażaġħ, among the young respondents who have moved out of their familial home, three-quarters in fact live in an owned property.

In the home ownership domain, measuring affordability can be done by various metrics. A simple starting point again involves comparing housing prices to earnings. If, for instance, a median house costs €250,000 and median income is €25,000 then the ratio of house prices to income is 10. As a rule of thumb, house prices should not be more than 4-5 times the annual salary (Office for National Statistics, 2021). For instance, Meen (2018, p. 6) states "In 2016, house prices in England, according to official statistics, were on average 7.7 times earnings and, for many, this simple summary indicator epitomises the extent of the housing crisis; it does not appear plausible that prices relative to earnings could be sustained at these levels." (Meen, 2018).

In addition to this consideration, affordability for first time buyers has another component - the ability to make a deposit of 10%. To this, one must add the non-trivial fees of notaries, architects, life policies and stamp duties typically involved in the purchase of a property. And, given that most properties are sold unfurnished, one would need to add the cost of making a property habitable.

When looking at the same ball-park figures, and employing the figure of monthly earnings of €1,600, then for dwellings to be affordable for the average young single person, they would need to be priced under €96,000 (Eurostat, 2022). A median couple purchasing a dwelling together could, theoretically, afford twice as much. For young people on the minimum wage or thereabouts, lack of affordability happens at much lower prices. Indeed for anyone in Malta

earning in the region of the minimum wage or slightly more a year, the only affordable properties would be those costing under €48,000.

Against this data, one may cast a quick look at house prices in Malta. Though there are differences between asking prices and actual selling prices (Martin, 2021), the National Statistics Office register of property sales transactions reveals that in March 2022, the average value on a final deed of sale among households was €199,442 (National Statistics Office, 2022b). Securing a finished, furnished residential property for €48,000 to €96,000 with all fees included is impossible. This rules out purchase for most young people. More so when one considers the added burden of having to have savings worth 10% of the selling price for the upfront deposit. Even if such properties were available on the market, one would need to question whether the residual income would allow such people to cope with living.

Solo purchase of a property without assistance is impossible for most young people in Malta. Indeed, given current prices and earnings, purchase is a difficult scenario even for young couples whose expectations may rightly include additional bedrooms to grow a family. With two incomes of €1,600 per month, and a rule of thumb of property costing 5 times as much as earnings, a couple would just about afford the average unfurnished property in Malta, excluding other costs. They would however, still need to contend with the prospect of raising at least 10% of the value for the deposit.

Again, this discussion merits some reconsiderations. In the case of purchase, wealth effects become more pertinent. Young people may benefit from parental wealth, offering them more options for purchase. Relatedly, young persons may benefit from inheritance of actual properties from their parents. Moreover, young people may already be on the property ladder. This would theoretically allow them to generate their own capital before purchasing another property. Naturally this assumes that they would have purchased a property when they were younger – something which, given prices and wages in recent years, certainly cannot be considered as typical.

The essential finding that emerges is that it is unlikely for a young person in Malta earning minimum to slightly above average wages to be able to purchase a property on their own steam – unless they do so as a cohabiting or married couple, with their parents' help or with state assistance. Certainly, one may again consider different metrics of affordability, the different incomes for the different segments of young people (by education, age) and, of course, the grants/assistance available to young people by state aid - discussed in the next section.

4. Implications for policy

It is evident that numerous incentives have been introduced to address the issue over the years – mainly focused on assisting people to become home-owners. The emphasis is on first-time buyers - which although not necessarily young people, are far more likely to be so. Notable among these are the First Time Buyers' Scheme and the more recent assistance with the down payment payable upon promise of sale (Servizz.gov, 2022).²³ First-time buyers also

²³ The loans scheme launched by the government aims to assist property buyers within the 21-40 age category.

save on stamp duty and receive grants of €15,000. The amount is twice that if the property is in Gozo – even though properties in Gozo are cheaper.²⁴

Additionally, anyone purchasing a property falling under certain categories could, at the time of writing, receive a VAT refund of up to €54,000 on the first €300,000 expenses incurred in improvement/restoration of the property. The Equity Sharing Plus scheme has also seen a lowering of the eligible age from 40 to 30 years (Housing Authority, 2016). Evidence of the impact of these initiatives is worth investigating. Such impact will undoubtedly include both intended impacts on affordability, but also unintended consequences – for instance possible inflationary effects.

In the rental market, 2019 saw the introduction of new means-tested benefits for tenants on rent paid for premises leased for over six months as ordinary residence - provided applicants would have been resident in Malta for at least 18 months, among other conditions (Housing Authority, 2019). For a single person earning under €19,182 (just under €1,600 per month), the benefit is capped at €3,600 per annum (roughly €300 per month). For single or other parents, and for two or three adults renting, the income levels and/or the benefits are marginally higher. Higher benefits also apply in cases of disability. Gozitan students undertaking tertiary education in Malta are also entitled to assistance on rental costs of up to €600 per month (for shared dwellings).

This said, according to the recent study by the National Youth Council and the Aġenzija Żgħażaġħ, only 10% of young people residing alone obtained help from third parties - namely parents or government. Among these, the vast majority (86%) identified the third party as their parents. Asked what kind of support they would like to receive from the government, respondents pointed to both the need for support when buying and when renting, as well as the need for more social housing in that order of importance. Incentives for first-time buyers and students, lower interest rates on loans and regulation of property prices and rent were also mentioned (Kunsill Nazzjonali taż-Żgħażaġħ, 2021).

Future intervention can take different forms: tax deductions, housing allowances, subsidised loans, and investment grants. A key consideration is that subsidies should be carefully designed not to result in the transfer of money to those less in need. Subsidies without conditions can easily stimulate speculation, contribute to increased prices on homes and construction, push up rents and decrease housing affordability as an unintended effect.

Legislation such as Development Planning guidelines facilitating the development of affordable housing, and conversion to smaller units can also assist in the provision of affordable supply. Fiscal dis/incentives can also guide the market to offer supply where it is needed. For instance, property developers could be incentivised to construct or rehabilitate affordable housing for low-income households, thereby expanding affordable supply. Investors would also do well to consider the need for properties at the lower end of the cost spectrum – both for sale and to rent. In the private sector, the design of bank loan instruments can help young people access the housing market.

²⁴ Applies on dwellings built more than 20 years ago and vacant for more than 7 years, built in an urban-conservation area (UCA), or are new but built in traditional Maltese style.

5. Conclusion

Young Maltese people leave home considerably late in comparison to other EU countries with lack of affordability ostensibly being one of the reasons for this state of affairs. To assess the situation in Malta, this study has brought together stylized facts from various sources. Upon employing the 30-40% of earnings rule, the study found that a young couple on average earnings can afford a broad range of rental options. For an identical couple on minimum earnings or for a single young person with average earnings, options are far more limited. Renting a room in a shared dwelling is the only affordable option available to young people on minimum earnings, and even then, without sufficient residual income. Purchasing a house is also a difficult prospect for younger people, although a hypothetical couple with average earnings can expect to participate in the housing market.

Against this backdrop, a key conclusion is that housing, be it rental or purchase, is unlikely to be a realistic prospect for young people in Malta were it not for government intervention or family assistance, unless they marry or cohabit, or relocate to Gozo. Of course, this issue is not confined to Malta but pertinent in most cities of the world (Choi, 2018). The main difference is that in other countries it is possible to relocate to cheaper property on the outskirts of the city and commute. This could well be one of the reasons for the observed delay in young people leaving their parental home in Malta and resonates with findings from recent survey-based research.

The implications of this pose another set of interesting questions: Does this state of affairs impact marital decisions, nudging young people into marriage to afford a joint property? Does it discourage young people from staying in school, propelling them to settle into stable jobs sooner? What are the life-style implications for their parents? What is the risk of homelessness, if the parents do not have a family home (or bequest) to offer? (see, for instance Diaz, 2021) Could Gozo increasingly become an option for young people to set up their first home? What are the broader well-being consequences on young people of remaining in the family home longer than the European average? On this last point, a recent study in Malta suggests negative implications (Kunsill Nazzjonali taż-Żgħażaġh 2021).

Future research could also extend this analysis to other segments of the population. Indeed much of the analysis here is applicable to anyone in Malta on the minimum to average wage. In this regard it is pertinent to point out that the latest statistics indicate that some 85,369 persons in Malta earn a salary that is lower than €812 per month. These people are at risk of poverty, and women are more at risk than men (National Statistics Office, 2021e; Trading Economics 2022). Simply put, these people cannot afford any rent or mortgages at all were it not for state assistance. There is no doubt that an informed debate about earnings in Malta is crucial. One issue up for discussion is whether minimum wages should move closer to living wages, and how (See Eurofound, 2021). After all, affordability (and lack of it) is not an inherent characteristic of the housing or rental market but rather one that speaks of the relationship between housing costs (rent or mortgage) and income.

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