

AN UPDATE ON THE PROFILE OF

FIRST-TIME BUYERS IN MALTA





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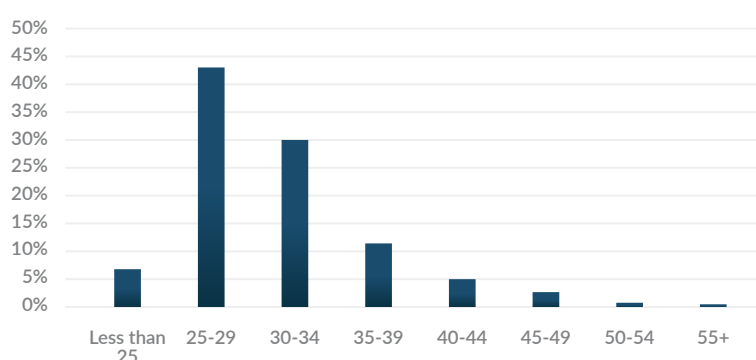
The Profile of First-Time Buyers in Malta

In 2023, the Government introduced a scheme whereby first-time buyers (FTBs) were given the opportunity to benefit from a one-time grant of €10,000 spread over ten years, which amounts to €1,000 per annum. This scheme was intended to ease the burden on FTBs and to improve their purchasing power, thereby helping them make their house a home. In addition, this scheme presented the Housing Authority with a novel dataset to better understand the profile of FTBs in Malta.

This report is based on an analysis of 3,103 applications – representing 4,590 individuals – that were successfully processed by the Housing Authority since the launch of this Scheme.¹ Out of these, 2,741 were applications received for FTBs that purchased their property in 2022, with a further 361 that signed their contract in 2023.² Around 92% of the applications qualified for the full amount (i.e., €1,000), while 8% only qualified for only €500. The latter is when only one person in a couple is a first-time buyer.

The median age of FTBs is around 30 years. This statistic is consistent with Eurostat figures which show the average age that young people in Malta leave their parental household. Figure 1 shows that 73% of FTBs that benefitted from the scheme were between 25 and 34 years old.

Figure1: Age distribution of FTBs



¹ Cut-off date: 18 October 2023

² Another 569 applications have been received by the Housing Authority and are in the verification stages. The latter also include those applications waiting for information from the Commissioner for Revenue or those who supplied incomplete applications. Furthermore, the Housing Authority has also received more than 120 applications that were invalid. The primary reason for the invalidity was that the applications were not FTBs, followed by cases in which the contract signed before 2022.



Slightly more than half of FTBs have purchased a property on their own (i.e., single beneficiaries). Figure 2 shows that the share of single beneficiaries stood at 52%, with the remaining 48% being joint beneficiaries. In terms of gender composition, males and females accounted for 55% and 45%, respectively, of single beneficiaries (see Figure 3).

Figure2: Composition of beneficiaries

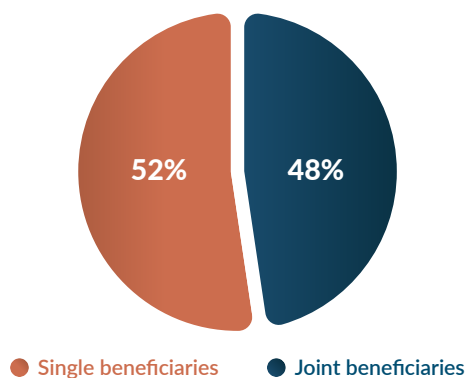
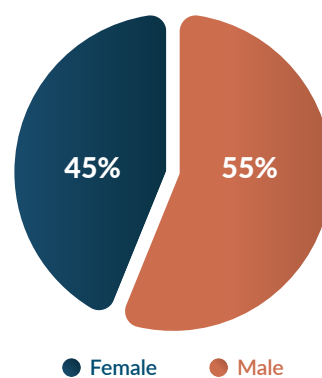
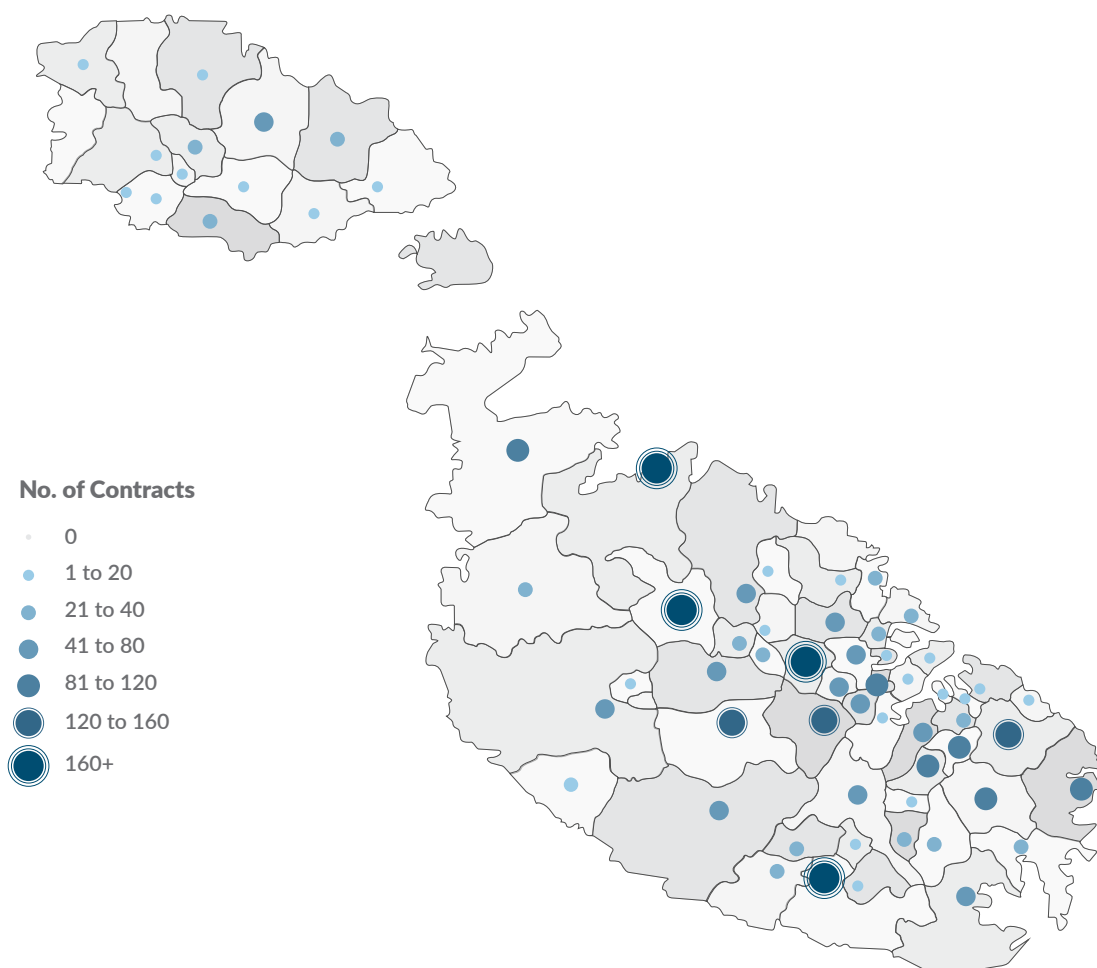


Figure3: Gender composition of single beneficiaries



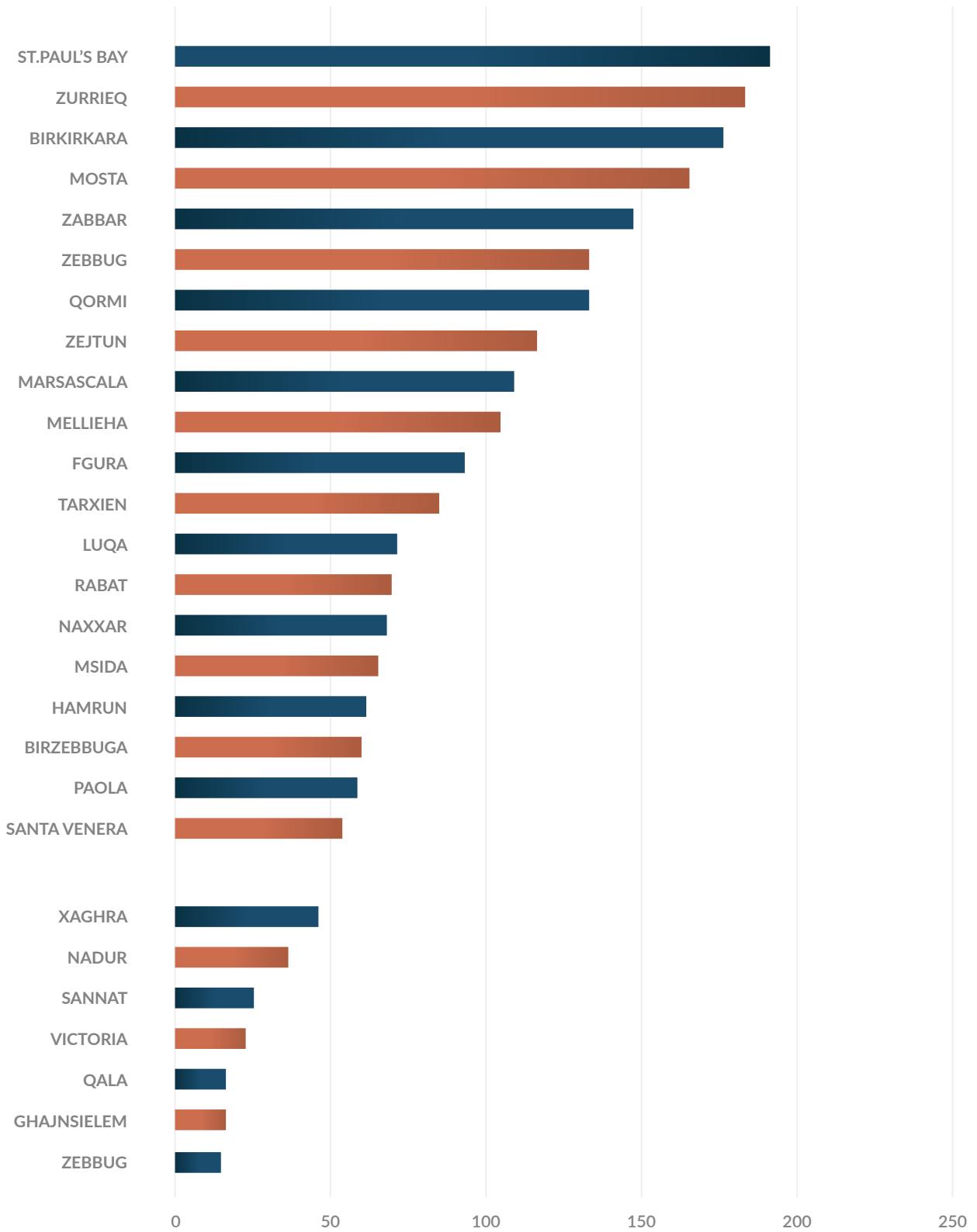
FTBs purchased properties in 66 different localities in Malta and Gozo (see Figure 4). The five most common localities sought after by FTBs in Malta are St Paul's Bay (191), Zurrieq (185), Birkirkara (177), Mosta (166) and Zabbar (148). Other popular localities in Malta for FTBs are Zebbug, Qormi, Zejtun, Marsascala and Mellieha (See Figure 5). In addition to being popular with FTBs, St Paul's Bay remains the most popular locality with tenants, with the highest number of rental contracts registered with the Housing Authority. Except for St Paul's Bay, however, the main localities sought-after by FTBs tend to be somewhat different from the most popular localities for rental purposes.³ A total of 228 properties, representing around 7% of all purchases by FTBs, were in Gozo. The most sought-after localities in Gozo are Xaghra (46), Nadur (35) and Sannat (25).

Figure4: Spatial distribution of FTB purchases in Malta and Gozo



³ Besides St Paul's Bay, the localities with the most registered rental contracts are Sliema, Msida, Gzira and St Julian's. Further details are available from Housing Authority (2023). The private rental market in Malta: A holistic assessment based on registered contracts. Housing Brief.

Figure5: Main localities in Malta and Gozo sought after by FTBs



When buying a new property, individuals exhibit a preference for properties that are close to their current address, possibly within the same locality. Indeed, 48% of FTBs have purchased a property in the same locality as their previous address (see Figure 6). This locality preference is somewhat less pronounced for single beneficiaries, although still prevalent. Only 43% of beneficiaries that purchased a property on their own bought in the same locality as their current address, which typically tend to be their parents' residence (see Figure 7). At a regional level, this preference tends to be especially strong in Gozo. Indeed, 72% of FTBs from Gozo purchased a property in Gozo.

Figure6: Property purchased in the same locality of current address – all FTBs

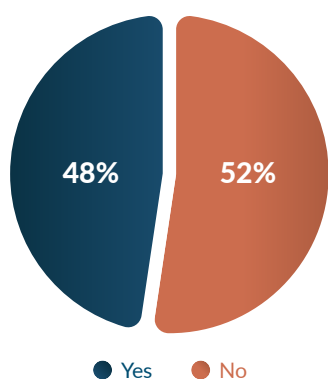
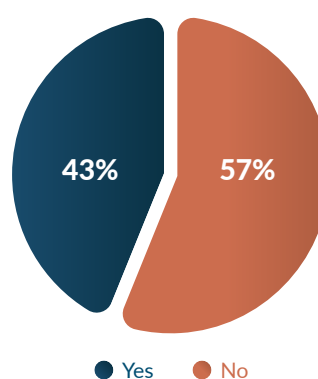


Figure7: Property purchased in the same locality of current address – single beneficiaries



Apartments are the most common type of property purchased by FTBs. There are, however, some differences between single and joint beneficiaries (see Figure 8). Apartments tend to be more prevalent for single beneficiaries, with 79% of FTBs opting for this type of property. Only 65% of joint beneficiaries purchased apartments, which in turn bought relatively more houses (18%) and maisonettes (15%). Property finishes were broadly similar between the two categories of beneficiaries: around 74% purchased finished properties, 24% were in shell form and 2% were purchased on plan.

Figure8: Type of properties purchased by beneficiaries



Almost half of FTBs purchased a property valued between €150,000 and €250,000. Figure 9 plots the distribution of property values, making a distinction between single and joint beneficiaries. Around 57% of single beneficiaries purchased a property valued between €150,000 and €250,000, whereas only 37% of joint beneficiaries purchased within this price range. A further 23% of joint beneficiaries purchased a property valued between €250,000 and €300,000. Overall, joint beneficiaries purchased properties that were more expensive than those by single beneficiaries. The share of joint and single beneficiaries that purchased a property valued more than €300,000 stood at 34% and 14%, respectively. Properties purchased in Gozo tend to be cheaper than those in Malta (see Figure 10).

Figure9: Distribution of property prices by beneficiaries

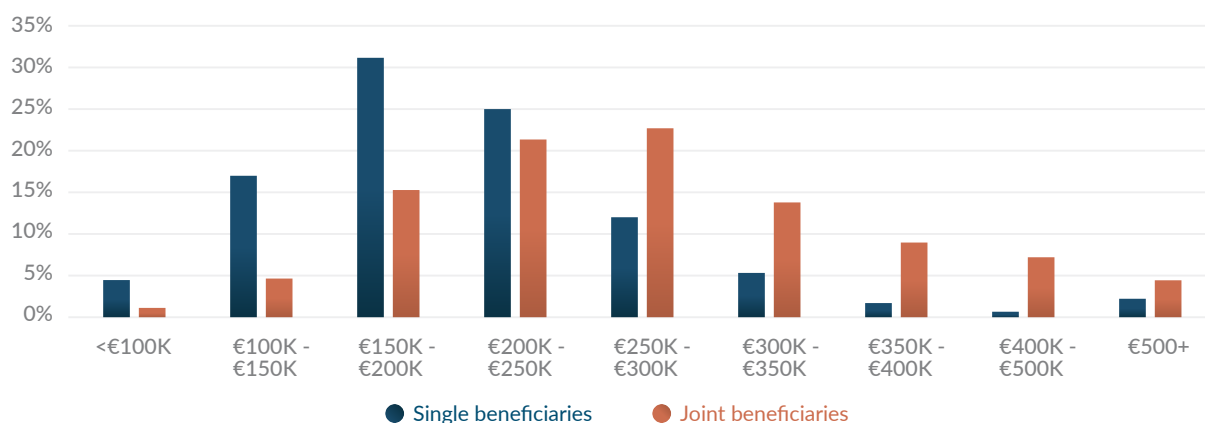
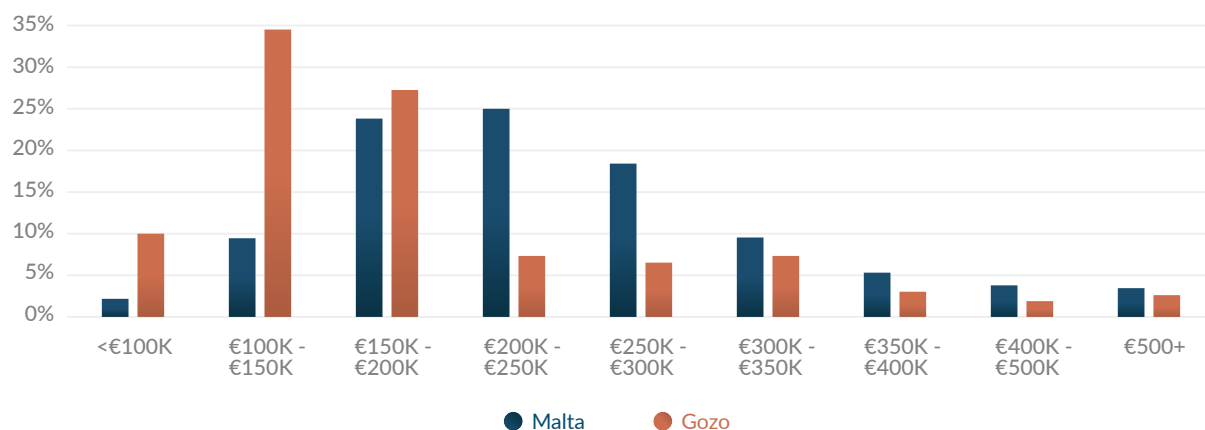


Figure10: Distribution of property prices in Malta and Gozo





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