Malta

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IN A NUTSHELL

- → Real GDP grew 4.0% in 2025 (6.2% a year earlier) as growth in domestic demand and net export slowed down.
- → Annual inflation, in 2025 based on the HICP, remained unchanged at 2.4%.
- → Residential property prices rose at an average annual rate of 5.9% based on the average of the annual rates of change recorded in each quarter of 2025 (Q1: 5.9%; Q2: 5.6%; Q3: 6.0%; Q4: 6.1%).
- → Mortgage lending in Malta is estimated to have increased by 9.8% in 2025 to EUR 9.2 bn.

MACRO-ECONOMIC OVERVIEW

During 2025, Maltese economic growth moderated but remained robust and continued to exceed by far that recorded in the euro area. Real GDP grew by 4.0% (6.2% a year earlier), supported primarily by domestic demand, with net exports also contributing positively. Growth was largely driven by services, particularly wholesale and retail trade, accommodation and related activities, partly reflecting the continued strength of tourism.

During 2025, imports grew by 4.4% and exports increased by 4.5% on a year earlier. As exports outpaced imports, net exports added 1.0 percentage point to annual real GDP growth. This reflected a larger trade surplus in services.

In 2025, government consumption grew by 5.9%, above the 4.8% recorded in 2024. This acceleration is mostly due to higher growth in spending on intermediate consumption. This offset slower growth in compensation of employees, which in 2024 was especially high due to the signing of a new collective agreement for educators. This base effect dampened the impact of a new civil service collective agreement, which came into force in 2025. Overall, government consumption added 1.0 percentage point to annual GDP growth.

During the first three quarters of 2025, employment expanded at an average annual rate of 4.4%. This compares with 5.5% during the corresponding period of 2024. While moderating, employment growth remains above its historic average and continues to indicate strong labour demand. According to the Labour Force Survey (LFS), the unemployment rate reached 2.7% in the third quarter of the year, which was a historical low. During the first three quarters, it averaged 2.9% which meant that it also remained well below the annual average rate of 6.3% recorded in the euro area.

The stock of foreign workers in September 2025 stood at 131,277, up from 120,194 in September 2024. In the first three quarters of the year, the average number of non-Maltese employees increased across all types of occupations compared to the same period of 2024. The majority of such workers remained employed within services and sales jobs, and in elementary occupations. However, the largest increases in absolute terms, amounting to almost half the total level increase, were recorded in services and sales jobs and among technicians and associate professionals.

Labour productivity remained stable at 0% in 2025 as GDP growth matched the increase in employment. This follows a 1.2% increase in the previous year. When compared with the previous year, wage growth slowed down in most economic sectors, with the exception of the information and communication, agriculture, and manufacturing sectors. The fastest wage growth occurred in the information and communication sector, followed by the wholesale and retail sector.

In the first three quarters of 2025, the general government deficit increased when compared to that recorded in the corresponding period of 2024. When measured on a four-quarter moving sum basis, the deficit-to-GDP ratio widened from 3.5% as at end-2024 to 3.9% in the third quarter of 2025. General government debt as a share of GDP rose by 0.4 percentage points from the end of 2024, to reach 46.5% at end-September 2025. The net financial worth of general government as a share of GDP improved by 0.8 percentage points from end-2024, to stand at -30.9%. Consequently, the net financial worth of the Maltese Government continued to compare favourably with the euro area average. The latter stood at -54.9% of GDP in September 2025.

The average rate of Harmonised Index of Consumer Prices (HICP) inflation in Malta stood at 2.4% during 2025, unchanged from 2024. HICP inflation accelerated through the first quarter of the year, before hovering around 2.5% for the rest of the year. Energy prices continued to retain during the year an unchanged contribution to overall inflation, reflecting the retention of Government measures aimed at containing the effects from international price pressures.

HOUSING AND MORTGAGE MARKETS

According to the National Statistics Office (NSO), the home-ownership rate in Malta in 2025 was 65.9% of all households owning their main dwelling. The same source also reports that, when looking specifically at Maltese households, the ownership rate was 84.6% in 2025.

The number of permits for residential units issued by the Planning Authority increased by 41.4% in 2025, following a 7.4% rise in 2024. Permits issued stood at just over 12,300, up from just over 8,700 in the previous year. The number of permits in 2025 exceeded the historical average of around 7,500 and was close to the number of permits issued in 2018 and 2019 which were the years when the largest number of permits were approved.

The latest increase in permits was spread across all property categories with the largest year-on-year increase in level terms being in permits for apartments. In 2025, permits for apartments accounted for almost nine out of every ten permits.

The number of development permits for commercial buildings increased by 28.7% in 2025, following an increase of 5.6% in the preceding year. In 2025, 3,441 commercial permits were issued, above the 2,673 permits approved in 2024, and also higher than the long-term average of around 2,800 permits.

Residential property prices continued to increase during the first three quarters of 2025, though at a slower pace. The NSO's Residential Property Price Index (RPPI) – which is based on actual transactions involving apartments, maisonettes and houses – increased at an average annual rate of 5.7% during the first three quarters of the year, following a 6.7% increase recorded in 2024. The price increase in the first three quarters of 2025 exceeded that in the euro area, where house prices increased by an annual rate of 5.2% during the same period.

Mortgages to residents for house purchases totalled around € 9.2 bn at year end, from around € 8.2 bn in 2024. The core domestic banks extended well over 90% of credit to households and individuals (which includes mortgage loans).

The median loan-to-value ratio in 2025 was 79.5% (76.5% in 2024) indicating a higher typical leverage level among recent mortgage borrowers.

Average interest rates on new residential loans decreased further in 2025 to 2.45% (2.6% in 2024).

In recent years, various factors contributed to the attractiveness of property investment such as: an increase in disposable income; the influx of foreign workers which increased demand for property and a growth in tourism which led to a strong demand for private accommodation. Moreover, various government schemes aimed at first-time buyers in the property market also contributed to supporting demand.

The Malta Permanent Residence Programme (MPRP), the country's primary investment-based residency pathway for foreigners, subject to certain conditions, also played a role in generating demand for local properties.

MORTGAGE FUNDING

Mortgage loans are mainly provided by the Core Domestic Banks - predominantly Bank of Valletta plc and HSBC Bank Malta plc - which together represented 69.4% of Malta's banking assets in 2025. Such banks rely mainly on resident deposits for funding, while in 2025 those held by the two main banks amounted to around € 20.3 bn. Local retail deposits provide ample liquidity to the Core Domestic Banks and with a loan-to-deposit ratio as low as 60.2%, such banks have never felt a need to resort to issuing covered bonds nor to securitising assets on a material basis.

GREEN FUNDING

During the last few years, various domestic banks launched a wide array of green loan products to finance the acquisition of equipment and fixtures for example to generate renewable energy or increase energy efficiency. This includes PV panels; green roof gardens; solar water collectors; space heating and hot water or cooling generation; insulation; interior and exterior apertures – double glazing and insulation; ventilation, heating or cooling and lighting systems; energy generation household storage and EV household charging stations.

Sources: inter alia *CBM Annual Report 2025, CBM Interim Financial Stability Report 2025, NSO website and CBM website Monetary and Banking Statistics*

	MALTA 2024	MALTA 2025	EU 27 2025
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	6.2	4.0	1.5
Unemployment Rate (LSF), annual average (%) (1)	3.1	2.9	6.0
HICP inflation (%) (1)	2.4	2.4	2.0
HOUSING MARKET			
Owner occupation rate (%) (1)	69.6	70.9	68.5
Gross Fixed Investment in Housing (annual change) (1)	2.8	3.2	2.8
Building Permits (2015=100) (2)	n/a	n/a	86.9
House Price Index - country (2015=100) (2)	163.31	177.36	161.92
House Price Index - capital (2015=100) (2)	n/a	n/a	n/a
Nominal house price growth (%) (2)	5.15	8.6	5.5
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	8,170	8,882.09	5,617,435.11
Outstanding Residential Loans per capita over Total Population (EUR) (2)	43,820	n/a	12,472.10
Outstanding Residential Loans to disposable income ratio (%) (2)	n/a	n/a	81.39
Gross residential lending, annual growth (%) (2)	n/a	n/a	2.8
Typical mortgage rate, annual average (%) (2)	2.6	2.45	3.31

(1) Eurostat Data
(2) European Mortgage Federation – Hypostat 2026, Statistical Tables

MALTA FACT TABLE

Which entities can issue mortgage loans in your country?	Main lenders are the 6 core domestic banks (APS Bank Ltd; Bank of Valletta plc; BNF plc; HSBC Bank Malta plc; Lombard Bank Malta plc, MeDirect Bank (Malta) plc) plus 3 other banks, FCM Bank Ltd, FIMBank plc and Izola Bank p.l.c.
What is the market share of new mortgage issuances between these entities?	Not available
Which entities hold what proportion of outstanding mortgage loans in your country?	HSBC Bank and Bank of Valletta (BOV) account for 61.2% of the total assets (December 2025) held by the core domestic banks.
What is the typical LTV ratio on residential mortgage loans in your country?	The LTV has remained contained at around 79.5%.
How is the distinction made between loans for residential and non-residential purposes in your country?	Central Bank of Malta regulations differentiate macroprudential measures between Category I borrowers - purchasing their primary residential property and Category II borrowers - purchasing their second or additional residential property or buy-to-let properties.
What is/are the most common mortgage product(s) in your country?	Borrowers can choose both fixed and variable rate mortgages, with capital and interest payable over the term of the loan. A moratorium on capital repay¬ments can normally be agreed for an initial number of years, during which interest only is repaid.
What is the typical/ average maturity for a mortgage in your country?	The maximum maturity granted in Malta is linked to the retirement age. 40-year mortgages to Category I borrowers are only issued on condition that the mortgage is repaid before the borrower reaches the age of 65.
What is/are the most common ways to fund mortgage lending in your country?	Mortgage funding in Malta remains predominantly deposit based. Core Domestic Banks provided approximately 95.7% of bank credit to residents and collected around 95.9% of total resident deposits.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	In Malta, there is a 5% Duty on Documents (Stamp Duty) on purchases, which can be reduced to 3.5% of the first EUR 150,000 under certain conditions (see www.notariesofmalta.org/taxinfo.php) and one final withholding tax of 8% on the value of the property when sold (again, with certain conditions).
What is the level (if any) of government subsidies for house purchases in your country?	Malta had a mix of tax reliefs, grants, and Housing Authority support schemes that could materially reduce the cost of buying a home or make a purchase possible for people who could not otherwise access finance: 1) First-time buyer stamp-duty exemption; 2) €10,000 Housing Authority First-Time Buyer grant; 3) Special first-time buyer grant for UCA / long-vacant / approved traditional-style new homes; 4) Old/vacant/UCA home transfer relief: exemption from stamp duty (and seller tax) on the first €750,000; 5) Restoration / finishing grant of up to €54,000 for qualifying homes; 6) Second-time buyer refund of duty; 7) 10% Deposit Scheme (Housing Authority); 8) Equity Sharing Scheme (Housing Authority); 9) Social Loan Scheme (Housing Authority); 10) New Hope Scheme (Housing Authority); 11) Grant on First Residence (post-purchase finishing/ construction support); https://housingauthority.gov.mt/schemes/