

PRESS RELEASE

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“Status quo in the Private Rental Sector not sustainable”

In a report presented to Government, analysing the current situation, and providing solutions to improve the Private Rent Sector (PRS), the Malta Chamber said that the status quo is not sustainable.

The document was formulated following an extensive internal and external consultation process on the subject, as a reaction to the Government’s White Paper titled ‘Renting as a Housing Alternative’.

In its comprehensive report, the Malta Chamber said that the status quo in the PRS is not a sustainable option for Malta.

The Chamber argued that in recent years, the country has enjoyed a cycle of notable year-on-year economic growth. This has brought about a situation of excess demand for labour which cannot be satisfied with Maltese workers. The labour market has now become reliant on consistent attraction of additional foreign workers.

“This cycle has benefitted the country significantly from an output perspective, but it is also cause for substantial stress on the country’s infrastructure and most notably, on the housing market. The current situation is characterized mainly by the fact that the shortage of workers is being matched by a shortage of affordable accommodation. However, the Chamber firmly believes that due to the irreversible nature of construction, it would be detrimental to the country to flood the market with new residential property that may remain vacant when the economic cycle eventually turns” the Chamber said.

Despite the scale and significance of the issues being faced by all parties involved in Malta’s PRS, the Chamber noted that the White Paper fell short of expectations in providing concrete, long-lasting solutions that effectively overcome the issues causing the current situation.

As a responsible organization with an overarching aim to safeguard and enhance the country’s long-term sustainability and competitiveness in the global market, the Malta Chamber is proposes, amongst others, the following recommendations:

- re-assessment of the IIP programme’s property investment eligibility criteria;
- a thorough audit of all private and public vacant property followed by efforts and incentives to place said resources to good use and form part of the rental property market;
- a clear and directional role for the Planning Authority in ensuring supply of affordable permanent housing that addresses the needs of today and those planned for the future through policies and initiatives that promote the satisfaction of urgent market priorities while guiding/advising the market on any risk of specific potential unfeasible land uses;
- implementation of the reforms proposed by the Malta Chamber and other bodies in 2018 related to Pre-June 1995 leased residential properties;

- feasible, effective and reversible housing solutions that create immediate supply of affordable, comfortable yet reversible accommodation.

In the coming days, the Chamber will pursue its recommendations with the Authorities with a view to solicit their timely implementation.

“The country, its society and economy cannot afford the current rate of increase in accommodation costs to persist. Therefore, strong and timely action is required to tackle the different factors that are contributing to the situation in order to safeguard the quality of life and sustainable growth in Malta” the Chamber concluded.

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