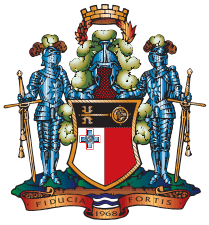
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DEVELOPMENTS IN THE ACCOMMODATION AND FOOD SERVICES SECTOR IN MALTA

Eliza Farrugia

Analytical Article Series 4/2026

DEVELOPMENTS IN THE ACCOMMODATION AND FOOD SERVICES SECTOR IN MALTA[1]

Introduction

This article forms part of a series of studies examining developments across different sectors of the Maltese economy. It focuses on the accommodation and food services activities sector (NACE Sector I), which plays an important role in Malta's service-based economy and is closely linked to tourism activity.

In recent years, this sector has undergone notable structural changes and shifts in economic performance. These developments reflect broader trends such as the shift in tourism patterns that followed the COVID-19 pandemic, changing patterns of business formation, and evolving labour market conditions. This article therefore reviews recent developments and longer-term trends in the sector using several data sources, including the statistical business register, national accounts data, and Jobs plus data.

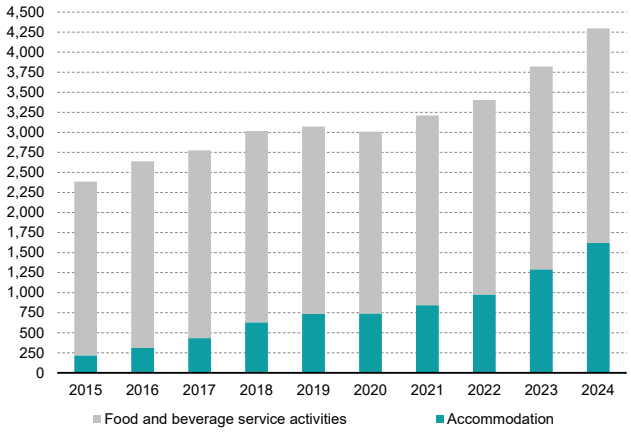
NACE Sector I consists of two main sub-sectors (Annex 1). The first, NACE I55, includes accommodation activities such as hotels and similar accommodation services. The second, NACE I56, covers food and beverage service activities, including restaurants, cafes, and bars. Together, these activities form a core component of Malta's tourism-related services.

Business structure

According to data published by the National Statistics Office (NSO), the number of active business units operating within the accommodation and food services activities sector stood at 4,297 units in 2024, representing 7.1% of all registered business units in Malta that year (see Chart 1).

Between 2015 and 2024 the number of active business units in this sector increased by around 80%, which shows that this sector expanded substantially over the period. As illustrated in Chart 1, in level terms the food and beverage services sub-sector accounts for a higher proportion of business units in sector I, with an average share of 77% over this period. However, the food and beverages sub-sector's share still declined over this period from 91% in 2015 to 62% in 2024. This is mostly due to increases observed in the accommodation sub-sector. In fact, the share of the accommodation sub-sector increased to having a share of 38% by 2024, standing at an elevated level when compared to a share of 9% in 2015.

Chart 1
ACTIVE BUSINESS UNITS
(number of business units)



Sources: Statistical Business Register; NSO.

The growth in the number of business units was driven largely by the significant growth in the accommodation sub-sector between 2015 and 2024,

[1] Prepared by Eliza Farrugia, Economist within the Economic Analysis Department of the Central Bank of Malta. The author would like to thank Governor Alexander Demarco, Deputy Governor Rita Schembri, Dr Aaron G. Grech, and Ian Borg for their helpful comments.

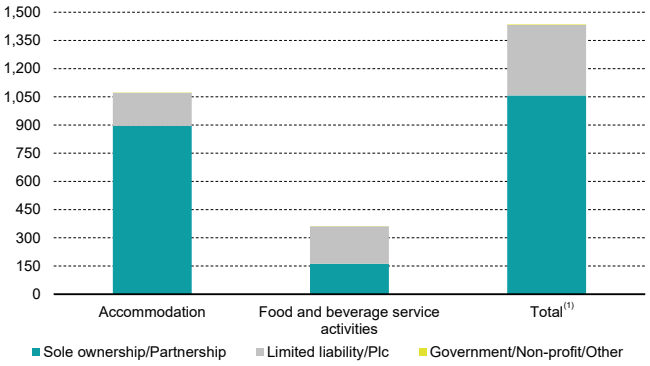
whereby 1,401 units were added, out of 1,911 total number of units added in Sector I. In fact, bed-stock for hotels during this period increased on average by 1.6% per year, with an increase of 70,112 beds. The number of accommodation related business units increased particularly in the years following the pandemic. At the same time, the food and beverage services sub-sector added 510 business units to the sector.

Chart 2 provides further detail on changes in the number of firms across legal structures and sub-sectors. The most significant increases occurred among sole ownerships and partnerships, particularly within the accommodation sub-sector. In fact, this category recorded an increase of 895 registered units since 2015. Within the food and beverage services sub-sector, an additional 162 firms were registered under the sole ownership or partnership category during this period. These developments suggest that the expansion of the sector has been driven primarily by smaller business operators, rather than by larger businesses. In fact, limited liability companies saw much smaller changes throughout the years.

Further insights into business dynamics in this sector can be obtained by examining registrations and deregistrations of firms, shown in Chart 3. Overall, the number of newly registered firms in the accommodation and food services sector remained relatively high over the period. However, a noticeable decline occurred between 2020 and 2022, which coincided with the disruptions caused by the COVID-19 pandemic. During this period, increasing uncertainty surrounding economic activity most likely discouraged new business formation. Following this decline, registrations began to recover in subsequent years, which also coincided with a significant recovery and growth in inbound tourism.

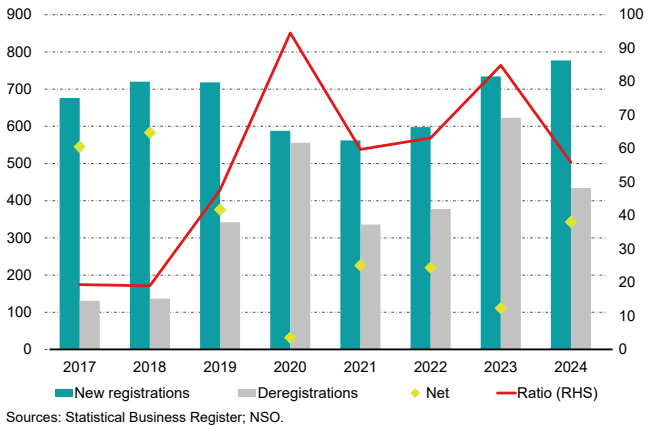
At the same time, Chart 3 also shows an increase in firm deregistrations, with the highest level recorded in 2023. In 2024, the deregistration to registration ratio stood at 56%, which was significantly higher than that in the pre-pandemic period. This simultaneous rise in both registrations

Chart 2
CHANGES IN BUSINESS STRUCTURE IN THE ACCOMMODATION AND FOOD SERVICE ACTIVITIES SECTOR BETWEEN 2015 AND 2023
(number of units)



Sources: Statistical Business Register; NSO.
(1) Other types of legal structures include public corporations, cooperatives, joint ventures and branches.

Chart 3
NEW AND CLOSED BUSINESS IN THE ACCOMMODATION AND FOOD SERVICES ACTIVITIES SECTOR
(per cent; number of units)



Sources: Statistical Business Register; NSO.

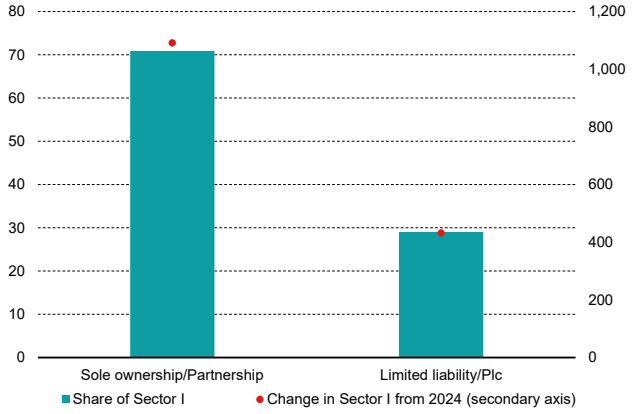
and deregistrations suggests that the sector is undergoing structural changes, which is resulting in a higher degree of entry and exit among firms in the industry.

Despite these fluctuations, net registrations remained positive throughout the period, with the lowest level recorded in 2020, when deregistrations temporarily increased and new registrations declined. Hence, the number of firms operating within the sector continued to expand.

The majority of businesses in Sector I operate as sole ownerships or partnerships, accounting for around 70% of firms (see Chart 4). A further 29% of firms are organised as limited liability companies, while other types of legal entities account for a very small share of firms in the industry.

This distribution in addition to the large number of registrations and deregistrations shows that this sector is dynamic and flexible. Many firms operate on a small scale, particularly in the food and beverage services segment, where businesses such as cafés, bars, and small restaurants can be established with comparatively limited capital investment, allowing for the high number of registrations discussed previously.

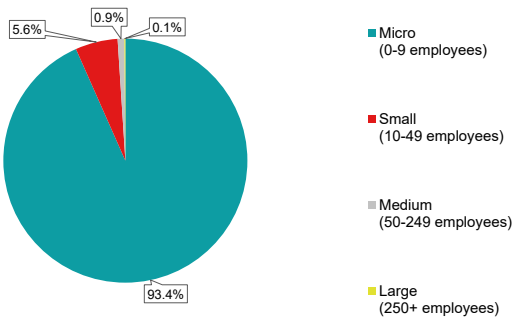
Chart 4
BUSINESS STRUCTURE IN THE ACCOMMODATION AND FOOD SERVICES SECTOR IN 2024
(per cent; number of business units)



Sources: Statistical Business Register; NSO.

In fact, the accommodation and food services activities sector is overwhelmingly dominated by micro enterprises, which account for approximately 93.4% of all firms operating within the sector (see Chart 5). Small enterprises constitute a further 5.6% of firms, while medium-sized and large enterprises collectively account for less than 1% of the total number of firms.

Chart 5
SIZE CLASS IN THE ACCOMMODATION AND FOOD SERVICES SECTOR
(share of total firms in 2024)



Sources: Statistical Business Register; NSO.

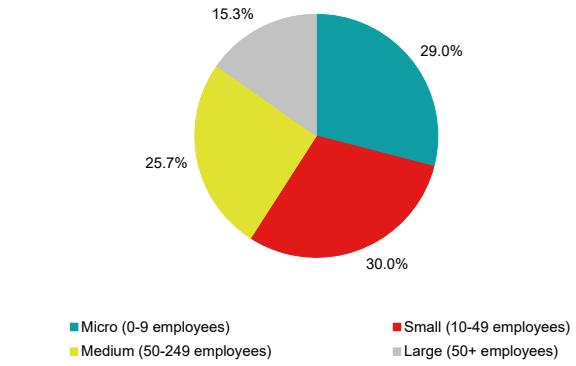
Over the years, micro enterprises have consistently continued to dominate the accommodation and food services sector. In fact, micro firms have experienced the largest increases between 2015 and

2024. The largest increases can be attributed to the accommodation sub-sector which saw an increase of 2,530 micro units, out of 2,645 total micro units added in sector I. At the same time, the food and beverage services sub-sector added 295 such units.

Despite the dominance of micro enterprises within the sector, employment is quite evenly distributed across different firm sizes (see Chart 6). In fact, while in 2024 micro enterprises and small firms accounted for slightly less than a third of employment each, medium sized firms accounted for a quarter, while large firms accounted for around 15%.

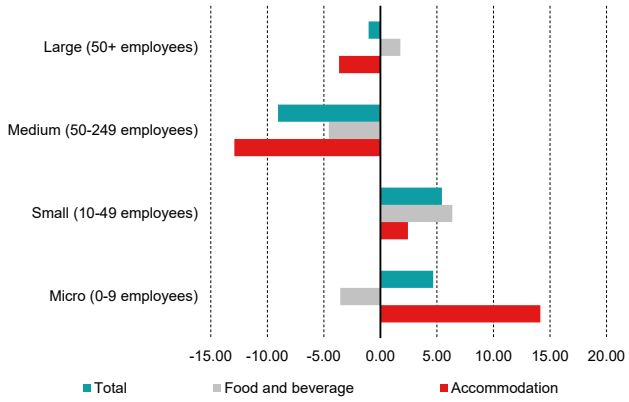
However, over time we observe that smaller businesses are employing an increasingly larger share of employees than larger businesses. In fact, when compared to 2015, the share of employment in micro and small enterprises rose by 4.7 and 5.4 percentage points, respectively, while that in medium and large enterprises declined by 9.1 and 1.0 percentage points (see Chart 7).

Chart 6
EMPLOYMENT BY FIRM SIZE IN THE ACCOMMODATION AND FOOD SERVICES SECTOR
(share of total employment in 2024)



Sources: Statistical Business Register; NSO.

Chart 7
CHANGES IN THE SHARE OF EMPLOYMENT BY FIRM SIZE BETWEEN 2015 AND 2023
(percentage points)



Sources: Statistical Business Register; NSO.

At the sub-sectoral level, the accommodation sector recorded a substantial increase in employment within micro firms, their share rose by 14.1 percentage points. Employment in small firms within this sub-sector also increased; by 2.4 percentage points. In contrast, the share of medium-sized and large firms experienced declines of 12.9 and 3.7 percentage points, respectively. This development is likely linked to the growing prevalence of very small (boutique) hotels, which has contributed to the sector becoming increasingly dominated by smaller establishments.

Similarly, the food and beverages sub-sector registered the strongest increase in the share of employment in small firms, which rose by 6.3 percentage points. Over the same period, micro and medium-sized firms experienced declines of 3.6 and 4.6 percentage points, respectively. This may indicate a structural shift towards a greater concentration of restaurants and cafés operating as small enterprises.

The composition of accommodation used by inbound tourists has changed considerably over time (see Chart 8). While collective accommodation has remained the predominant form of accommodation, its share of inbound tourists declined from around 75% in 2013 to approximately 61% in 2025. This decline has been accompanied by an increase in the use of other rented accommodation, whose share rose from around 14% to 31% over the same period. By contrast, the share of tourists using non-rented accommodation has generally declined, accounting for around 8% of inbound tourists in 2025. These developments point to a gradual shift in accommodation preferences towards other forms of rented accommodation, even though collective accommodation continued to account for the majority of inbound tourists.

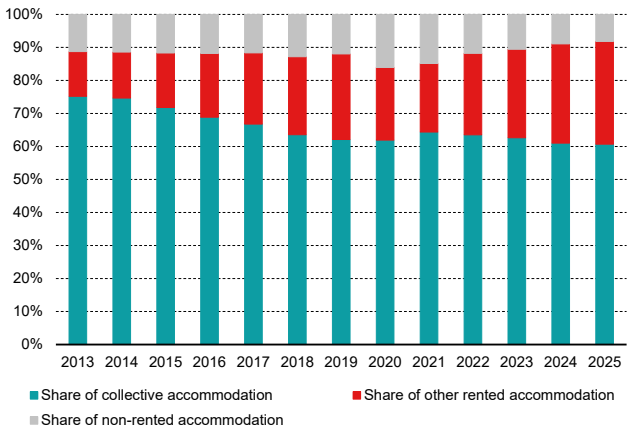
Activity indicators

National accounts data show that the volume of gross value added (GVA) generated by the accommodation and food services activities sector amounted to €1,151 million in 2025.

The sector's share increased since 2000 (see Chart 9). At the start of the period, the sector represented approximately 4.0% of total GVA, whereas by 2025 its share increased to around 6.3%.

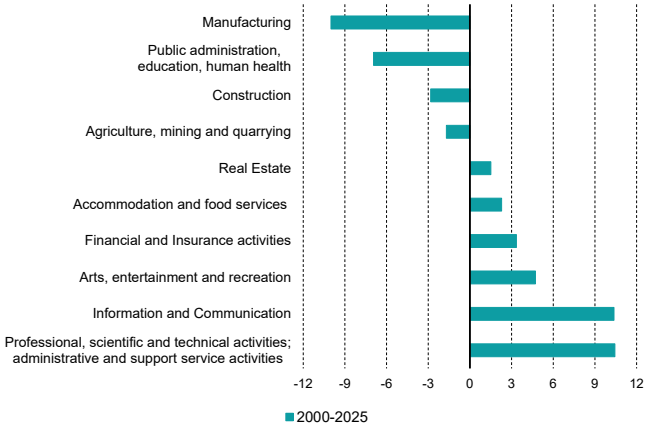
Chart 10 provides a closer examination of the distribution of GVA between the two main

Chart 8
SHARE OF INBOUND TOURISTS BY TYPE OF ACCOMMODATION
(per cent)



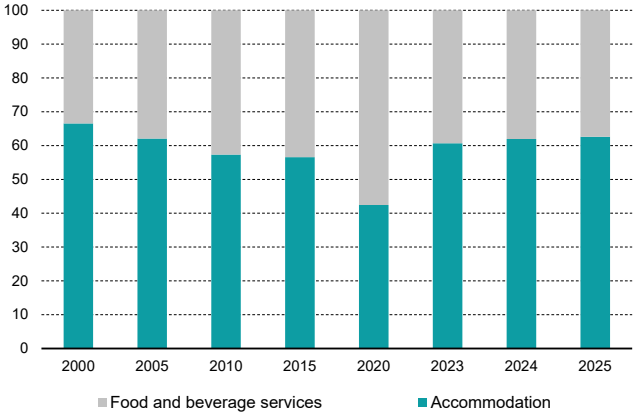
Source: NSO.

Chart 9
CHANGES IN REAL GVA OVER TIME
(as a % total economy)



Source: NSO.

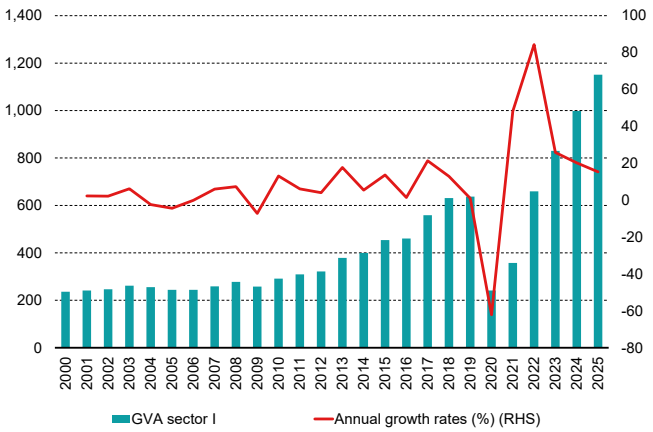
Chart 10
SHARE OF GVA IN THE ACCOMMODATION AND FOOD SERVICES SECTOR
(per cent)



Source: NSO.

sub-sectors within the sector. The accommodation sub-sector accounted for 62.6% of the total GVA of sector I, while the food and beverage services sub-sector contributed approximately 37.4% in 2025.

Chart 11
REAL GVA IN THE ACCOMMODATION AND FOOD SERVICES SECTOR
(EUR millions; per cent)

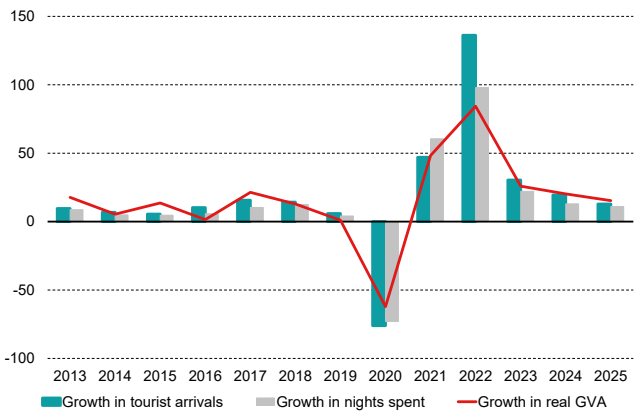


Sources: NSO; own calculations.

Growth in the sector was quite muted over the period 2000-2009, averaging around 1.1% (see Chart 11). This picked up strongly from 2010 to 2019 averaging around 9.7%. In 2020, COVID-19 restrictions hit hard especially the tourism sector, which brought about a sharp contraction. This was however followed by an impressive recovery in the following two years, such that GVA levels exceeded pre-pandemic levels already by 2022. More recently, the sector has continued to show strong performance. In fact, growth rates observed between 2023 and 2025, stood at 25.9%, 20.2% and 15.3%, respectively.

Growth in GVA in Sector I, inbound tourist arrivals and nights spent has broadly followed a similar pattern over the years, suggesting a close relationship between developments in tourism activity and the sector's performance (see Chart 12). Between 2013 and 2019, tourist arrivals expanded strongly, recording average annual growth of 9.7%, alongside the expansion observed in the accommodation and food services sector. At the same time, nights spent have recorded an average annual growth of 7.3% during this period which also coincides with the growth observed in the sector. More recently, the strong increase in the sector's value added has similarly coincided with a substantial rise in tourism activity. Overall, these developments suggest that higher tourist volumes have been an important factor supporting the expansion of the sector over time. The expansion of tourism activity has also been supported by developments in Malta's air connectivity, which increased considerably over the longer term, while the post-pandemic period has seen a continued recovery in direct connections and a strengthening of flight and seat capacity.[2] Measures aimed at increasing accommodation capacity have also played a role, including the Hotel Height Limitation Adjustment Policy,

Chart 12
GROWTH IN GVA OF SECTOR I VS GROWTH IN INBOUND TOURIST ARRIVALS AND NIGHTS SPENT
(per cent)



Source: NSO.

[2] See Sant, K. (2025), An In-Depth Analysis of Malta's Air Connectivity in 2024, Central Bank of Malta *Discussion Paper* DP/02/2025.

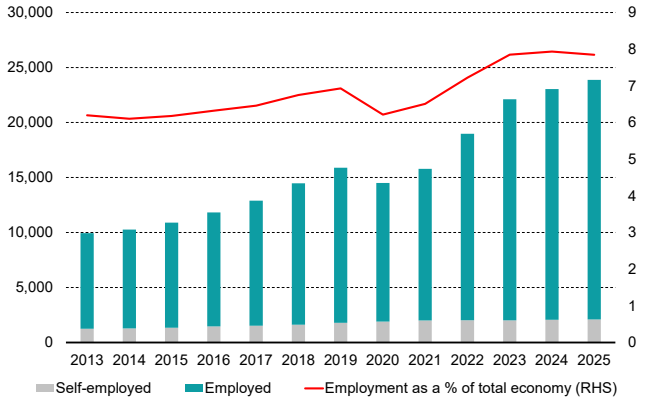
which provided eligible hotels with scope to expand vertically beyond the height limitations established in the relevant local Plans.[3]

Labour market developments

Administrative data show that employment in the accommodation and food services activities sector grew by an average of 6.9% over the period between 2013 and 2025. By 2025, total employment in the sector reached 32,473 workers, accounting for approximately 8% of total employment in the Maltese economy. The share of employment of the sector in total economy employment remained broadly stable from 2013 onwards, with an average share of 7.4% over this period of time.

When total full-time employment in the sector is split between employees and self-employed workers, employees account for the vast majority of the workforce. In 2025, the number of employees stood at 21,772, representing 91.2% of total full-time employment in the sector. Nevertheless, the number of self-employed workers has also grown significantly over the years, reaching 2,099 in 2025 and accounting for the remaining 8.8% of total full-time employment (see Chart 13).

Chart 13
EMPLOYEES AND SELF EMPLOYED IN THE ACCOMMODATION AND FOOD SERVICES ACTIVITIES SECTOR
(number of persons as at end-December; per cent)

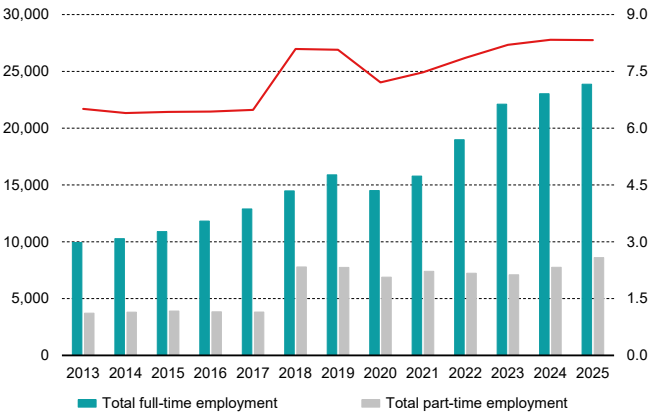


Source: Jobsplus.

Full-time employment (including full-time self-employed) accounted for 73.5% of total employment in Sector I in 2025, amounting to 23,871 workers. The food and beverage sub-sector represented the larger share of full-time employment, accounting for 61% (14,318 employees), while the accommodation sub-sector accounted for the remaining 39% (9,553 employees).

Part-time employment accounts for the remaining 26.5% of total employment, with 8,602 workers. Similar to full-time employment, the food and beverage sub-sector employed the majority of part-time workers (68%), while the accommodation sub-sector accounted for the remaining 32% (see Chart 14).

Chart 14
FULL-TIME AND PART-TIME WORKERS IN THE ACCOMMODATION AND FOOD SERVICES SECTOR
(EUR millions; per cent)



Source: Jobsplus.

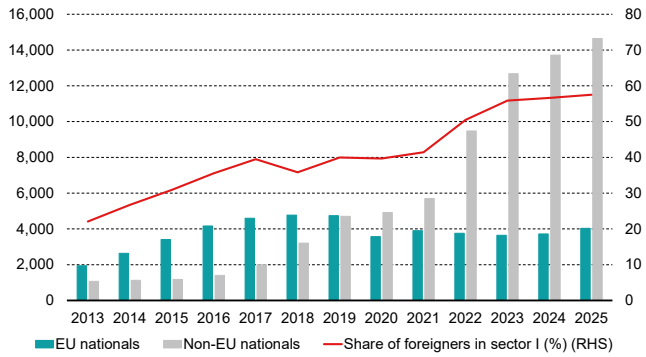
[3] See Micallef, B. and Attard, S. (2015), Assessing the Macroeconomic Impact of Extending Hotel Height Limitations, Central Bank of Malta *Working Paper* WP/01/2015.

Foreign workers

The accommodation and food services activities sector has experienced substantial growth in the number of foreign workers over the past decade. By 2025, the total number of foreign workers in the sector reached 18,673 workers, representing a significant increase from the 3,013 workers recorded in 2013. As a result, foreign workers accounted for 58% of total employment within the sector, considerably higher than the corresponding share of 35% recorded across the overall economy.

The increase in foreign employment within the sector has been largely driven by the growth in non-EU nationals. Between 2013 and 2019, the number of EU workers consistently exceeded that of non-EU workers (see Chart 15). However, from 2020 onwards, the number of non-EU nationals began to rise at a faster pace, with particularly strong increases recorded from 2022 onwards.[4] Overall, these developments suggest that the accommodation and food services sector has become increasingly reliant on foreign labour, particularly non-EU nationals, to meet its employment needs.

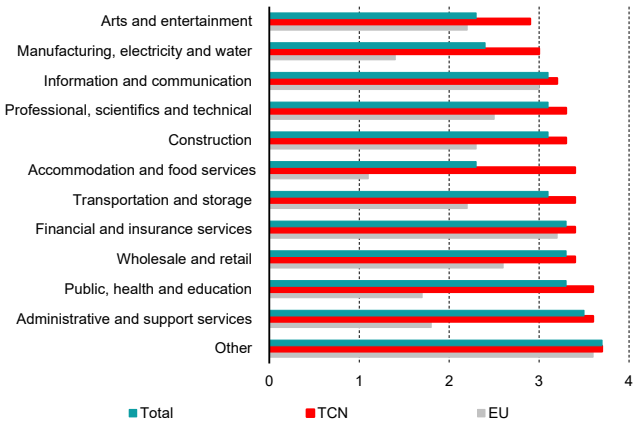
Chart 15
SHARE OF FOREIGNERS IN TOTAL EMPLOYMENT IN THE ACCOMMODATION AND FOOD SERVICES SECTOR
(persons in full-time and part-time employment; per cent)



Source: Jobsplus.
(1) The marked increase in non-EU nationals and the corresponding decline in EU nationals in 2022 is partly attributable to the reclassification of UK nationals as non-EU nationals following the UK's withdrawal from the European Union.

As shown in Borg (2025), foreign workers in Malta are very transient, with a median length of stay of three years. The length of stay of foreign workers within the accommodation and food services activities sector is particularly short, at just 2.3 years (see Chart 16). This mainly emanates from a very short length of stay of EU nationals, which have a median length of stay of just one year. Conversely, non-EU nationals have a median length of stay of close to three years, which is only slightly less than the median length of stay of all non-EU nationals.[5] This suggests that the sector relies more heavily on non-EU workers for longer-term employment, whereas EU workers may be more likely to engage in shorter-term or temporary employment within the industry.

Chart 16
LENGTH OF STAY OF FOREIGN WORKERS
(years)



Source: Borg, I. (2025).

[4] The marked increase in non-EU nationals and the corresponding decline in EU nationals in 2022 is partly attributable to the reclassification of UK nationals as non-EU nationals following the UK's withdrawal from the European Union.
[5] Borg, I. (2025), "The length of stay of foreign workers in Malta: an update", *Discussion Paper* May 2025, Central Bank of Malta.

Labour costs

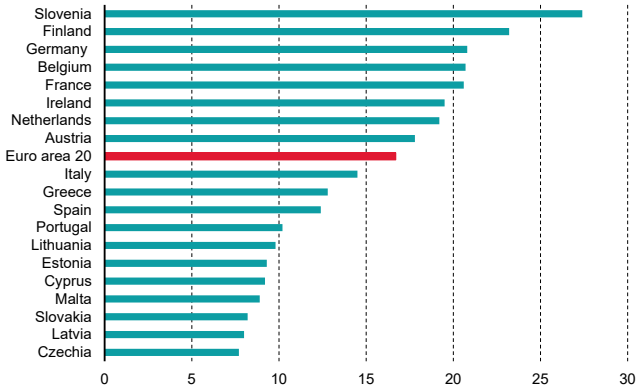
According to the Labour Cost Survey, wages per hour in the accommodation and food services activities sector in Malta was among the lowest when compared to other euro area averages (see Chart 17). The average wage per hour in the euro area stood at €16.70 in 2024, while that in Malta stood at €8.90 per hour.[6]

Furthermore, when compared with other services sectors in Malta, the accommodation and food services activities sector recorded the lowest wage per hour among all services sectors in 2024 (see Chart 18). This observation reflects that this sector mostly employs low skilled workers with requirements for labour intensive jobs for hospitality services.

A similar pattern can be shown using national accounts compensation per employee (CPE) data. In fact, the accommodation and food services activities sector had the lowest CPE during 2025 when compared with other sectors. The annual CPE in the accommodation and food services sector stood at €17,200 (see Chart 19). This is almost half of the CPE of the whole economy, which stood at €36,000 in 2025.

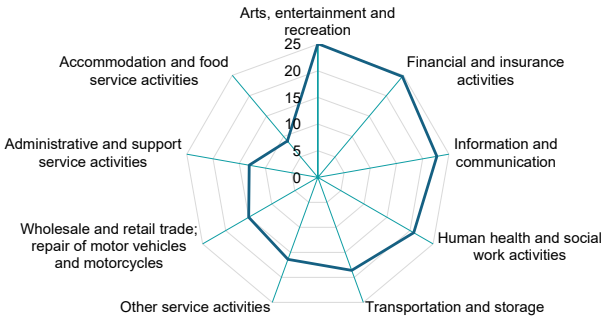
Nevertheless, growth in CPE in the accommodation and food services activities sector was among the highest across the economy. Between 2013 and 2025, the sector recorded

Chart 17
AVERAGE LABOUR COST PER HOUR ACROSS COUNTRIES FOR THE FOOD AND ACCOMMODATION SECTOR DURING 2024
(EUR)



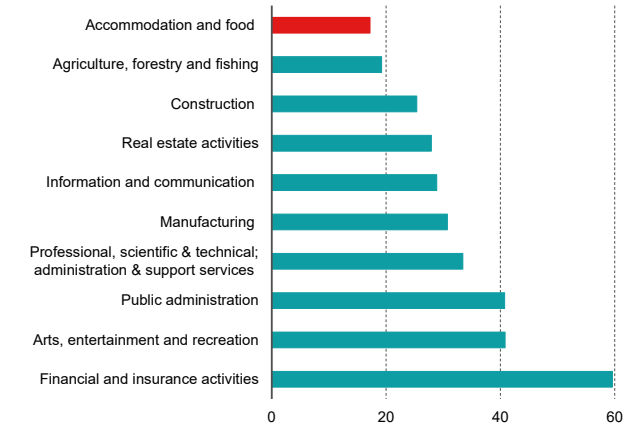
Source: Eurostat.
Note: Data for Wages and Salaries Total is excluding taxes.

Chart 18
LABOUR COST PER HOUR ACROSS THE SERVICES SECTORS DURING 2024
(EUR)



Source: Eurostat.

Chart 19
CPE BY SECTOR DURING 2025
(EUR, thousands)



Sources: NSO; Author's calculations.

[6] Wages and Salaries are referring to the total average hourly labour costs excluding taxes.

average annual growth of 5.2%, following information and communication (6.2%) and arts, entertainment and recreation (5.5%). The average annual growth rate for CPE in the accommodation sector between 2013 and 2025 stood at 5.5%, while that in the food and beverage activities sub-sector was 5.8% (see Chart 20).

In terms of productivity per worker, approximated by real GVA per person employed, the accommodation and food services activities sector was among the least productive sectors (see Chart 21) In fact, it ranked as the second lowest, with only the construction sector recording lower productivity levels. This might reflect the labour-intensive nature of the work involved in this sector.

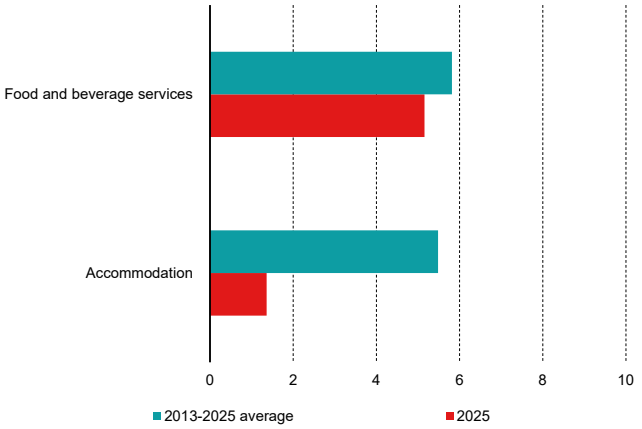
At the sub-sectoral level, GVA per employee in nominal terms shows a slightly higher level of nominal value added per person in the food and beverages services sub-sector (see Chart 22).

Between 2013 and 2025 the accommodation sector recorded an average annual growth rate of around 17.4% whilst the food and beverages sector recorded an average annual growth of 7.4%.

Profitability

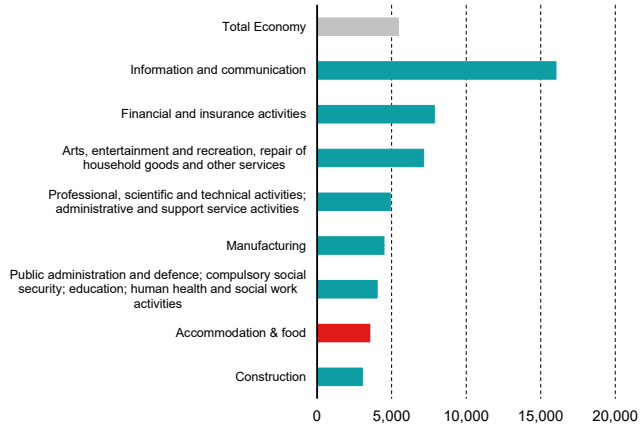
The accommodation and food services sector for Malta exhibits a moderate degree of profitability, when compared with other euro area countries

Chart 20
GROWTH RATES OF CPE BY SUB-SECTOR
(per cent)



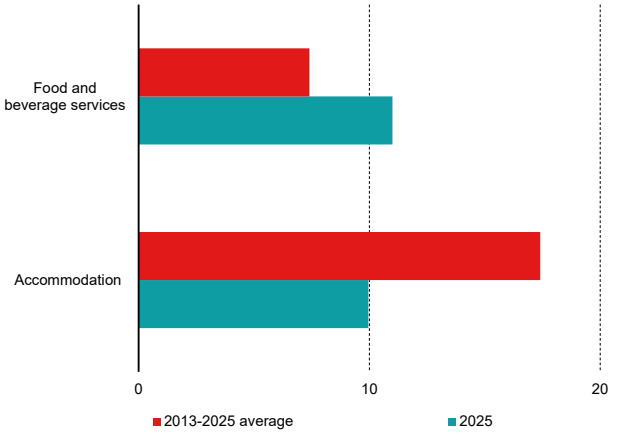
Sources: NSO; Author's calculations.

Chart 21
REAL PRODUCTIVITY IN 2025
(EUR per person employed)



Sources: NSO; Author's calculations.

Chart 22
GVA PER EMPLOYEE ACROSS SUB-SECTORS IN NOMINAL TERMS
(per cent)



Sources: NSO; Author's calculations.

(see Chart 23). Profitability is assessed using two complementary indicators: net operating surplus as a share of GVA and as a share of output. The first indicates how much of the value added generated by the sector accrues to operating surplus, while the second measures operating surplus relative to total production. National accounts data from Eurostat indicate that Malta ranks among the higher-bracket euro area countries under both measures.

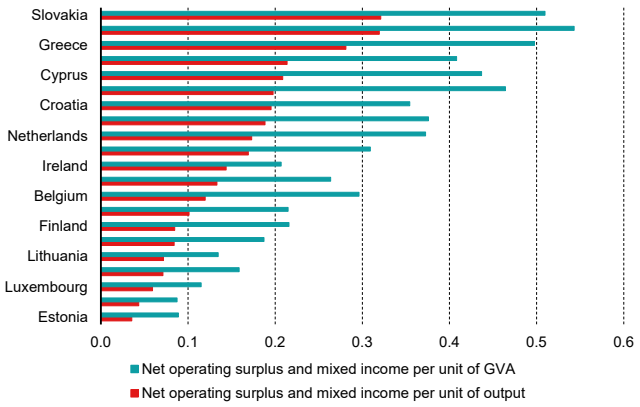
Furthermore, when compared to other sectors in Malta, it shows relatively strong profitability. In fact, according to the profitability per unit of GVA indicator, it has the 4th highest profitability in 2025 (see Chart 24). Profitability per unit of output was somewhat more moderate, though still amongst the most profitable sectors in Malta.

Developments in profitability by subsector between 2013 and 2025 were mixed (see Chart 25). Profitability per unit increased among firms operating in the accommodation sub-sector over this period, whilst the food and beverage sector experienced decreases in profitability.[7]

Linkages with the rest of the economy

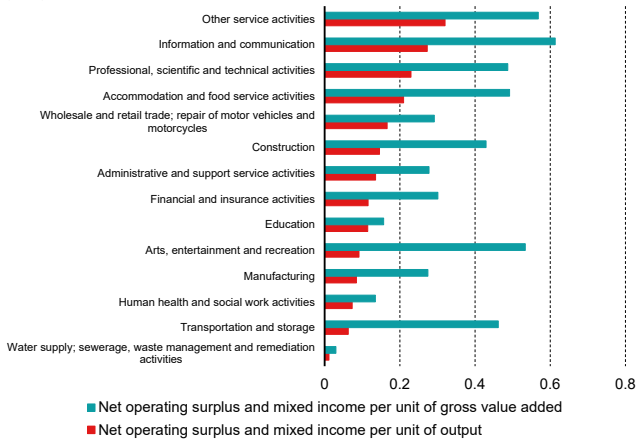
The Accommodation and food service activities sector shares important linkages with other sectors of the Maltese economy. Looking at the latest input-output tables based on 2020 data,

Chart 23
PROFITABILITY IN EURO AREA COUNTRIES IN THE ACCOMMODATION AND FOOD SECTOR DURING 2024
(EUR)



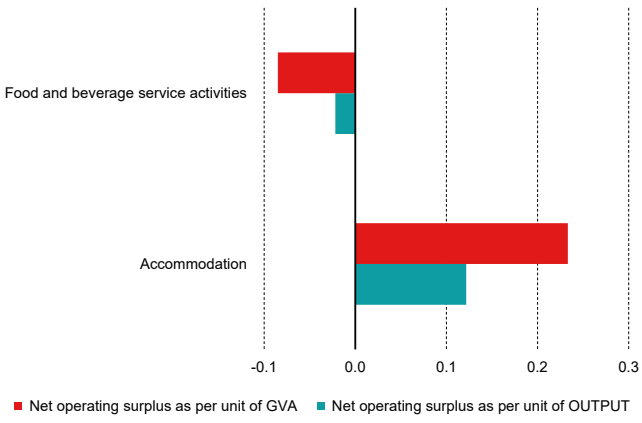
Source: Eurostat.

Chart 24
PROFITABILITY ACROSS SELECTED SECTORS DURING 2025
(EUR)



Sources: Eurostat; Author's calculations.

Chart 25
CHANGE IN PROFITABILITY BETWEEN 2013 AND 2025
(EUR)



Sources: NSO; Author's calculations.

[7] Recent findings from Deloitte Malta's Hotel Performance Surveys also point to positive profitability developments among hotel operators, with improvements in gross operating profit margins reported for five-star hotels in 2025 and for both four and five-star hotels in the first quarter of 2026 (Times of Malta, February 2026; The Malta Independent, July 2026).

to generate an output worth of €714.9 million, the food and accommodation sector utilised €473.6 million in intermediate inputs. Around €320 million of the latter were in the form of domestically produced inputs (see Table 1). This amounts to 68% of its intermediate consumption, with the rest – around 32% – constituting imported inputs. Among the crucial domestic inputs, production in sector I was particularly dependent on the distribution sector (17.9% of domestic production), and the real estate sector (9.7% of domestic production).

Turning to the output of industry I during the year, this was almost entirely consumed as final demand (€633.6 million or 88.6%), primarily as final consumption. Around 1.8% was exported (1%)[8] while a further 0.7% was used for investment purposes. At the same time, €81.3 million (11.4%) were used as intermediate inputs by other sectors of the Maltese economy (see Table 2).

Table 1
DISTRIBUTION OF INTERMEDIATE CONSUMPTION FOR SECTOR I, 2020

EUR millions

Output at basic prices	**714.9**
Total intermediate consumption	**473.6**
of which:	
Domestic production	320.0
Agricultulture, forestry and fishing (A)	16.1
Mining and quarrying; utilities (B+D+E)	29.9
Manufacturing (C)	97.2
Construction (F)	16.2
Services	160.8
of which:	
Distribution (G)	57.2
Transport (H)	2.5
Accommodation and food services (I)	**4.3**
Information and communication services (J)	3.0
Financial and insurance activities (K)	19.7
Real estate (L)	30.9
Professional, scientific and technical activities (M)	13.6
Administration and support services activities (N)	15.5
Arts, entertainment and recreation (R)	2.5
Imported products	146.0
Taxes less subsidies on products	7.6
GVA at basic prices	**241.3**

Source: NSO.

Note: Sectors are based on the NACE Rev. 2 classification.

[8] Input-output tables are based on the domestic concept therefore the output of all sectors that is being consumed by tourists is classified under households' consumption. The input-output table includes an adjustment whereby total purchases by non-residents are deducted from total household consumption and added to exports, to go to the national concept.

Table 2
DISTRIBUTION OF OUTPUT OF SECTOR I IN THE ECONOMY, 2020

EUR millions

Intermediate demand		81.3
Final demand		633.6
of which:		
	Final consumption	621.0
	Gross capital formation	5.2
	Exports	7.4
Output at basic prices		**714.9**

Source: NSO.

It is important to note that according to Balance of Payments data, tourism exports amounted to €2,894.25 million in 2025. On average, these have accounted for approximately a tenth of total services exports since 2017.[9] The share of net travel receipts in the services balance stood at 26.5% in 2025, hence contributing to the current account surplus during the same year. From a National Accounts perspective, expenditure by non-residents is classified as an export of services and hence travel exports form part of the net export contribution to overall GDP growth.

A more comprehensive understanding of the inter-industry linkages of the Accommodation and food service activities sector can be derived from a multiplier analysis. The latest set of industry-specific *modelling* and *accounting* multipliers are published in Debono and Borg (forthcoming) on the basis of the 2020 symmetric input-output table (SIOT).[10,11] Modelling multipliers capture the direct and indirect effects (Type I multipliers) as well as induced effects (Type II multipliers) arising from an increase in final demand for a given sector. Compared to other sectors of the Maltese economy, the Accommodation and food service activities sector exhibits relatively the highest *output* and *employment* modelling multipliers (see Table 3). Meanwhile, the value-added multiplier is not the highest when compared to other sectors, but it is still quite strong.

While these modelling multipliers are useful to shed light on the extent of inter-industry linkages, they do not account for the relative size of the respective industries or the magnitude of the final demand for their goods and services. These factors are considered by *accounting* multipliers which show each industry's (direct and indirect) contribution to total output, income, value added, and employment in the economy.

The Accommodation and food service activities sector records comparatively lower accounting multipliers than most sectors (see Table 4). Its contributions to output and income are also among the lowest, although its employment multiplier remains high even after accounting for its relative size.

[9] The years 2020 and 2021 have been excluded from the calculation of the average to avoid distortions arising from the COVID-19 pandemic.

[10] Debono, N. and Borg, C. (forthcoming), "Sector-specific Multipliers in Malta: An Analysis Based on the 2020 Symmetric Input-output table", Central Bank of Malta *Policy Note*.

[11] Debono and Borg (forthcoming) estimate industry-specific multipliers on the basis of the demand driven input-output framework, updating previous work of Debono and Cassar (2021) using the 2015 SIOT.

Table 3
MODELLING MULTIPLIERS FOR SPECIFIC SECTORS OF THE ECONOMY

Per cent of total

	Output	Income	Value added	Employment	Output	Income	Value added	Employment
			Type I				Type II	
Selected industries:								
Manufacturing (C)	1.4	0.3	0.5	10.8	1.8	0.3	0.7	14.0
Wholesale and retail (G)	1.4	0.4	0.7	18.4	1.9	0.5	1.0	23.2
Accommodation and food services (I)	**1.7**	**0.4**	**0.6**	**28.9**	**2.2**	**0.6**	**0.9**	**34.2**
Information and communication services (J)	1.2	0.2	0.6	4.8	1.4	0.2	0.7	7.1
Financial and insurance activities (K)	1.5	0.3	0.7	7.6	1.9	0.4	0.8	11.3
Professional, scientific and technical activities (M)	1.3	0.3	0.6	7.6	1.7	0.3	0.8	10.8
Administration and support services activities (N)	1.3	0.4	0.7	17.7	1.8	0.5	1.0	22.6
Human health and social work activities (Q)	1.4	0.6	0.8	18.3	2.1	0.7	1.1	25.4
Arts, entertainment and recreation (R)	1.2	0.1	0.3	2.1	1.3	0.1	0.3	3.2

Sources: Debono and Borg (2026) and Central Bank of Malta estimates.

Notes: All figures are rounded to 1 decimal place. The multipliers cannot be directly compared to those published in Debono and Borg (2026) because the two analyses are based on the application of the Leontief demand-driven model to input-output matrices of difference sizes.

Table 4
ACCOUNTING MULTIPLIERS FOR SPECIFIC SECTORS OF THE ECONOMY

Per cent of total

	Accounting multipliers			
	Output	Income	Value added	Employment
Selected industries:				
Manufacturing (C)	8.1	8.4	7.5	9.5
Wholesale and retail (G)	5.0	7.8	7.1	10.2
Accommodation and food services (I)	**2.9**	**4.3**	**3.0**	**8.0**
Information and communication services (J)	5.4	4.6	6.7	3.4
Financial service activities, except insurance and pension funding (K)	6.1	7.0	7.3	4.9
Professional, scientific and technical activities (M)	5.8	6.4	7.3	5.2
Administration and support services activities (N)	2.7	4.6	4.1	5.8
Human health and social work activities (Q)	4.9	11.1	7.1	10.0
Arts, entertainment and recreation (R)	31.6	12.2	19.9	8.7

Sources: Debono and Borg (2026) and Central Bank of Malta estimates.

Note: The multipliers cannot be directly compared to those published in Debono and Borg (2026) because the two analyses are based on the application of the Leontief demand-driven model to input-output matrices of difference sizes.

Table 5
CHANGES IN MULTIPLIERS BETWEEN 2015 AND 2020 IN THE FOOD AND ACCOMMODATION SECTOR

Per cent of total

	Output		Value added		Income		Employment	
	2015	2020	2015	2020	2015	2020	2015	2020
Simple multipliers	1.65	1.66	0.64	0.61	0.29	0.44	17.09	28.87
Total multipliers	2.21	2.21	0.89	0.87	0.39	0.56	22.41	34.25
Accounting multipliers	6.43	2.95	7.42	2.96	7.19	4.33	10.2	8.02

Sources: Debono and Borg (2026) and Central Bank of Malta estimates.

Notes: The multipliers cannot be directly compared to those published in Debono and Borg (2026) because the two analyses are based on the application of the Leontief demand-driven model to input-output matrices of difference sizes.

Table 5 compares the simple, total and accounting multipliers of sector I between 2015 and 2020. The (modelling) simple and total *output* and *value-added* multipliers remained broadly constant between the two years. On the other hand, the *income* and *employment* multipliers increased somewhat over time.

On the other hand, Table 5 shows substantial declines in the respective accounting multipliers of sector I. With its respective simple multipliers remaining broadly constant or even recording slight increases, the smaller magnitude of accounting multipliers estimated for this sector is largely driven by the weaker final demand from households in 2020. Indeed, input-output data shows a 38.5% decline in the nominal household final consumption in the Accommodation and food service activities sector between 2015 and 2020.

These developments largely reflect the timing of the latest vintage of Input-Output tables. The reference year of 2020 has been impacted by the COVID-19 pandemic and the associated containment measures on this sector's activities.[12] In particular, travel restrictions and operational limitations imposed on restaurants and other food service establishments significantly reduced economic activity within the sector, weakening its overall contribution to the total output, income, value added, and employment generated in the Maltese economy during the year.

Conclusion

The accommodation and food service activities sector remains an important contributor to the Maltese economy, largely due to its strong links with tourism. Despite the disruption caused by the COVID-19 pandemic, the sector recovered strongly, recording sustained growth in business activity, employment, and GVA.

The sector is predominantly composed of small businesses, which have also driven much of the recent employment growth. While its share of GVA remains below that of other major service industries, its increasing contribution highlights the continued importance of tourism-related activities to Malta's economic performance. Overall, the sector remains strongly reliant on tourism

[12] For further details, refer to Sant, K (2021), "The Covid-19 Pandemic and Disruption in 2020: Developing a Government Response Tracker for Malta", Central Bank of Malta *Policy Note*.

activity and non-resident demand, while changing accommodation preferences point to an evolving composition of tourism demand.

Employment has expanded significantly, particularly in full-time positions, alongside a growing reliance on foreign workers, especially non-EU nationals. The longer average duration of employment among third-country nationals further underscores the sector's dependence on foreign labour to meet long-term workforce needs.

Although labour costs, CPE, and productivity remain relatively low compared with other sectors and euro area averages, the sector continues to play an important role in supporting broader economic activity and profitability.

Moreover, sector I exhibits strong linkages with other industries through its reliance on domestic inputs and its role in generating demand across different sectors. The sector also records relatively high output, value-added, and employment multipliers, reinforcing its wider economic significance, although its accounting multipliers remain comparatively lower than those of many other sectors.

Annex

ANNEX 1
NACE CLASSIFICATIONS FOR SECTOR I

I	Accommodation and food service activities sector
I55	Accommodation
I56	Food and beverage service activities