

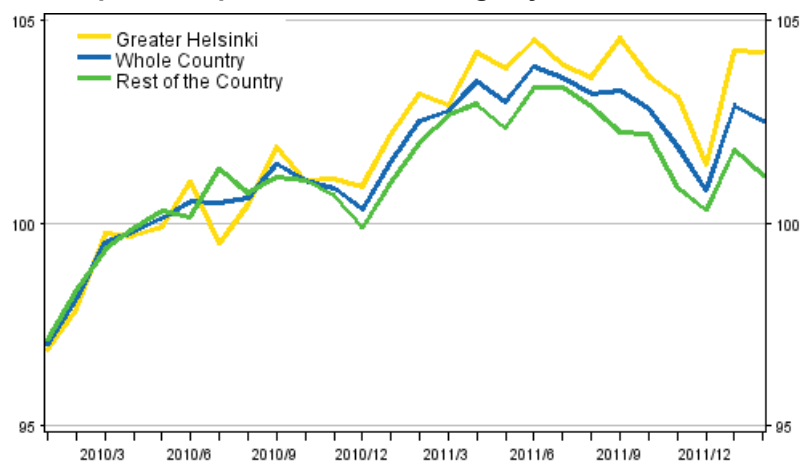
Prices of dwellings

2012, February

Prices of dwellings fell slightly in February

According to Statistics Finland's preliminary data, prices of old dwellings in blocks of flats and terraced houses fell in February by 0.4 per cent in the whole country compared with the previous month. In Greater Helsinki prices remained unchanged and in the rest of the country they fell by 0.6 per cent. Compared with the corresponding period of the year before, prices remained more or less unchanged in the whole country. In Greater Helsinki, prices rose by 1.0 per cent, while in the rest of the country prices went down by 0.8 per cent.

Development of prices of old dwellings by month, index 2010=100



*Preliminary data for the years 2011 and 2012

In February 2012, the average price per square metre of an old dwelling in a housing company was EUR 2,112 in the whole country, EUR 3,381 in Greater Helsinki and EUR 1,615 elsewhere in the country.

When the monthly statistics on prices of dwellings are published they cover approximately 40 per cent of all transactions made in the latest statistical month. Monthly data become revised during the following months so that the final data for the year are published in the release concerning the first quarter of the following year. The base year of the monthly index is 2010. Data by area starting from 2010 are available in the StatFin service: http://pxweb2.stat.fi/Database/StatFin/Asu/ashi/ashi_fi.asp (in Finnish only).

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Appendix table 1. Unencumbered average prices per square metre of old dwellings in housing companies, February 2012

Area	Price per square metre, €/m ²	Index (2010=100) ¹⁾	Monthly change, %	Yearly change, %	Number
Whole Country	2 112	102,5	-0,4	-0,0	2 718
Greater Helsinki	3 381	104,2	-0,0	1,0	614
Satellite municipalities ²⁾	2 079	102,3	1,0	1,1	133
Rest of the Country (Whole Country - Greater Helsinki)	1 615	101,2	-0,6	-0,8	2 104
Southern Finland	2 486	103,0	-0,5	0,2	1 444
Western Finland	1 659	102,1	0,4	-0,9	639
Eastern Finland	1 475	101,9	-0,3	1,6	360
Northern Finland	1 461	98,5	-1,0	-1,5	275
Helsinki	3 746	104,8	-1,1	0,7	350
Espoo-Kauniainen	3 171	103,9	3,1	1,8	132
Vantaa	2 577	102,5	-0,6	0,9	132
Tampere	2 143	103,6	0,6	-0,4	155
Turku	1 735	97,8	-5,9	-5,9	103
Oulu	1 771	97,4	-0,8	-3,4	79

1) preliminary data

2) Satellite municipalities= Hyvinkää, Järvenpää, Kerava, Riihimäki, Kirkkonummi, Nurmijärvi, Sipoo, Tuusula and Vihti

Appendix table 2. Unencumbered average prices per square metre of blocks of flat, February 2012

Area	Price per square metre, €/m ²	Index (2010=100) ¹⁾	Monthly change, %	Yearly change, %
Whole Country	2 197	102,9	-0,9	0,0
Greater Helsinki	3 471	105,1	-0,9	1,0
Satellite municipalities ²⁾	1 888	103,0	1,5	1,9
Rest of the Country (Whole Country - Greater Helsinki)	1 574	100,7	-0,9	-1,0
Southern Finland	2 555	103,7	-1,0	0,4
Western Finland	1 650	101,9	0,6	-0,9
Eastern Finland	1 553	102,6	-0,6	1,9
Northern Finland	1 526	95,2	-5,2	-5,1
Helsinki	3 828	105,1	-1,7	0,3
Espoo-Kauniainen	3 072	105,7	2,6	3,6
Vantaa	2 447	104,2	-0,1	2,2
Tampere	2 058	102,0	-2,3	-2,3
Turku	1 591	97,0	-4,7	-4,8
Oulu	1 873	96,8	-3,8	-4,8

1) preliminary data

2) Satellite municipalities= Hyvinkää, Järvenpää, Kerava, Riihimäki, Kirkkonummi, Nurmijärvi, Sipoo, Tuusula and Vihti

Appendix table 3. Unencumbered average prices per square metre of terraced houses, February 2012

Area	Price per square metre, €/m ²	Index (2010=100) ¹⁾	Monthly change, %	Yearly change, %
Whole Country	1 981	101,8	0,5	-0,1
Greater Helsinki	3 162	102,0	2,2	1,0
Satellite municipalities ²⁾	2 247	101,8	0,7	0,5
Rest of the Country (Whole Country - Greater Helsinki)	1 668	101,8	-0,3	-0,6
Southern Finland	2 362	101,7	0,3	-0,2
Western Finland	1 670	102,4	0,3	-0,9
Eastern Finland	1 371	101,0	0,0	1,1
Northern Finland	1 396	102,1	3,3	2,2
Helsinki	3 312	102,7	2,8	3,4
Espoo-Kauniainen	3 269	102,3	3,5	0,2
Vantaa	2 784	100,4	-1,2	-1,0
Tampere
Turku
Oulu	1 610	98,4	4,0	-1,2

1) preliminary data

2) Satellite municipalities= Hyvinkää, Järvenpää, Kerava, Riihimäki, Kirkkonummi, Nurmijärvi, Sipoo, Tuusula and Vihti

Appendix table 4. Unencumbered average prices per square metre of old dwellings in housing companies, January 2012

Area	Price per square metre, €/m ²	Index (2010=100) ¹⁾	Monthly change, %	Yearly change, %	Number
Whole Country	2 129	102,9	2,1	1,4	3 834
Greater Helsinki	3 379	104,3	2,8	2,0	946
Satellite municipalities ²⁾	2 171	101,3	0,4	1,1	265
Rest of the Country (Whole Country - Greater Helsinki)	1 639	101,8	1,5	0,8	2 888
Southern Finland	2 515	103,6	2,4	1,8	2 152
Western Finland	1 681	101,7	1,5	0,6	864
Eastern Finland	1 437	102,2	1,8	1,1	453
Northern Finland	1 444	99,6	0,1	-1,8	365
Helsinki	3 749	105,9	4,0	2,5	570
Espoo-Kauniainen	3 141	100,8	0,6	-0,5	198
Vantaa	2 597	103,2	1,2	4,3	178
Tampere	2 181	103,0	4,0	0,5	248
Turku	1 867	103,9	4,0	2,8	182
Oulu	1 639	98,2	-2,1	-3,1	132

1) updated preliminary data

2) Satellite municipalities= Hyvinkää, Järvenpää, Kerava, Riihimäki, Kirkkonummi, Nurmijärvi, Sipoo, Tuusula and Vihti

Appendix table 5. Unencumbered average prices per square metre of old dwellings in housing companies, December 2011

Area	Price per square metre,€/m ²	Index (2010=100) ¹⁾	Monthly change, %	Yearly change, %	Number
Whole Country	2 066	100,8	-1,0	0,5	5 147
Greater Helsinki	3 239	101,5	-1,6	0,5	1 403
Satellite municipalities ²⁾	2 141	100,9	0,6	1,8	285
Rest of the Country (Whole Country - Greater Helsinki)	1 606	100,3	-0,6	0,4	3 744
Southern Finland	2 424	101,2	-0,8	0,7	2 919
Western Finland	1 634	100,1	-2,2	-0,2	1 227
Eastern Finland	1 416	100,5	-0,6	0,4	547
Northern Finland	1 484	99,5	-0,3	-0,4	454
Helsinki	3 528	101,8	-2,2	0,8	837
Espoo-Kauniainen	3 096	100,2	-1,1	0,0	307
Vantaa	2 569	101,9	-0,1	0,3	259
Tampere	2 131	99,1	-2,9	-1,7	316
Turku	1 808	100,0	-1,8	0,5	274
Oulu	1 696	100,3	1,4	1,5	181

1) updated preliminary data

2) Satellite municipalities= Hyvinkää, Järvenpää, Kerava, Riihimäki, Kirkkonummi, Nurmijärvi, Sipoo, Tuusula and Vihti

Quality Description: Prices of Dwellings

1. Relevance

1.1 Information content and purpose of use

The statistics on prices of dwellings describe the unencumbered prices per square metre of old dwellings in housing companies, and monthly, quarterly and annual changes in them. The statistics contain data classified by area and type of building for the examined month and for a longer time period. The purpose of the statistics is to provide information about price development on the housing market.

1.2. Concepts, classifications and data

The data and the data suppliers:

Old dwellings: The data of the statistics on dwelling prices are based on the price information gathered by the Finnish Tax Administration for asset transfer tax calculation purposes. Additionally, the Tax Administration's Register of Real Estate Property and Statistics Finland's data on the dwelling stock that are based on the Population Register Centre's Register of Buildings and Dwellings are also used for the statistics.

New dwellings: The data of the statistics on dwelling prices are based on the information Statistics Finland receives via a private price monitoring service about transactions in new dwellings made by the largest real estate agents and building contractors. The monthly statistics do not contain information on new dwellings due to the scarcity of statistical data.

Used concepts:

Dwelling: A dwelling refers to a room or suite of rooms that is equipped with a kitchen, kitchenette or cooking area and is intended for year-round habitation.

Price per square metre of dwelling: The statistics are compiled from data on unencumbered prices, in other words, prices inclusive of the debt portion. The published price concept is price per square metre (EUR/m²).

Floor area of dwelling: The floor area (m²) of a dwelling is calculated from the inner surfaces of the walls enclosing it. The floor areas of auxiliary spaces (utility space, walk-in wardrobe, etc.), bathroom, hobby room, fireplace room, sauna in dwelling, washroom and changing room, and rooms used as working space if no hired employees work in them are also included in the floor area of a dwelling. Garage, cellar, sauna space in unoccupied basement, unheated storage space, balcony, porch, veranda, vestibule and unoccupied attic space are not included in the floor area of a dwelling.

First home: First-time dwelling transactions include those that are entitled to the exemption from the asset transfer tax for first-time homebuyers (www.vero.fi).

Old/new dwelling: An old dwelling refers to a dwelling that has not been completed in the examined year or the year before it. Respectively, a new dwelling refers to a dwelling completed in the statistical reference year or the year before it that is sold for the first time.

Type of building: The dwellings in the statistics are classified into blocks of flats and terraced houses according to type of building. The data on terraced houses also include detached houses whose tenure is based on ownership of housing company shares.

Type of financing: Dwellings financed with ARAVA subsidised housing loans and price controlled HITAS dwellings are not included in the non-subsidised dwelling category used in the statistics.

Number of rooms: A room is defined as a space with one or more windows that has a floor area of at least seven square metres and mean height of at least two metres. A hall, porch, bed recess or other similar space is not regarded as a room. Kitchen is not included in the number of rooms. Dwellings with at least three rooms are classified into room number category 3h+. In the monthly statistics data are not published by number of rooms due to the scarcity of statistical data.

(Nominal) price index: Describes the change in prices compared to the base period of the index concerned. In the annual and quarterly indices the base periods are for old dwellings 2005, 2000, 1983 or 1970 and for new dwellings 2005, in the monthly index the base period is 2010.

Real price index: Describes the change in real prices compared to the index base period. In the annual and quarterly indices the base periods are for old dwellings 2005, 2000, 1983 or 1970 and for new dwellings 2005, in the monthly index the base period is 2010. The real price index is derived by dividing the point figure of the nominal price index for the area with the point figure of the Consumer Price Index for the whole country in the corresponding time period and base year.

Distribution parameters:

Q1 (lower quartile) = 25% of the observations remain below.

Med (median) = Middle observation when the observations are arranged in size order.

Q3 (upper quartile) = 75% of the observations remain below.

Classifications:

Annual and quarterly statistics:

Regional division, old dwellings: The statistics use diverse area combinations, such as Greater Helsinki Area, satellite municipalities around the Greater Helsinki Area, regions and urban sub-areas. The Greater Helsinki Area comprises Helsinki, Espoo, Vantaa and Kauniainen, which in statistics is included in Espoo. The satellite municipalities are Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Nurmijärvi, Riihimäki, Sipoo, Tuusula and Vihti. Regions are defined according to the decision of the Council of State. The urban sub-areas are formed of postal code areas using price level and location as the criteria. Details of the used regional classifications are appended to this publication and can be found on Statistics Finland's website.

Regional division, new dwellings: Due to the low number of transactions, the statistics on the prices of new dwellings are compiled according to a less detailed regional division than the statistics on the prices of old dwellings. The classification used in the statistics on the prices of new dwellings also takes into consideration the needs of the Consumer Price Index, hence the regional classification uses the division into major regions. The area categories are Whole country, Greater Helsinki, Rest of Finland (the same as with old dwellings, Whole country exclusive of Greater Helsinki), Rest of Uusimaa (exclusive of Greater Helsinki) and major regions Southern Finland, Western Finland, Eastern Finland, and Northern Finland.

Monthly statistics:

Regional division: The area categories are: Whole country, Greater Helsinki, Rest of Finland (Whole country exclusive of Greater Helsinki), Satellite municipalities (Hyvinkää, Järvenpää, Kerava, Riihimäki, Kirkkonummi, Nurmijärvi, Sipoo, Tuusula, Vihti), Helsinki, Espoo-Kauniainen, Vantaa, Tampere, Turku, Oulu and major regions Southern Finland, Western Finland, Eastern Finland, and Northern Finland.

2. Methodological description

The calculation method of the index for prices of dwellings 2005=100 combines the classical approach based on classification of data and regression analysis (so called hedonic method). The index aims at answering the question how much more/less a typical dwelling in a housing company costs now compared with before on the basis of the total number of actual transaction prices. For this reason, monitoring average price changes will not necessarily provide an adequate answer, since average prices also change because the composition of dwellings sold at different times is not the same. For example, the relative shares of different types of dwellings may vary from quarter to quarter. The method helps to distinguish better than before the real price development from price changes caused by dwelling characteristics in different time period.

Because location, type of building and number of rooms are the most important price determinants, the composition of sold dwellings is first standardised for these variables by classification. The regional classification has been constructed so as to be geographically meaningful and as homogeneous as possible in respect of price levels. In the statistics on old dwelling prices the largest municipalities are divided into several sub-areas, and the smallest municipalities where few transactions take place have been combined.

In the statistics on new dwelling prices the regional classification has been formed according to six sensible geographical entities because due to the low number of observations in the data a more detailed classification cannot be used. In respect of both old and new dwellings, the dwellings within an area have been stratified by type of building into dwellings in blocks of flats, and dwellings in terraced and detached houses. Dwellings in blocks of flats have been classified further by number of rooms into dwellings with one room, dwellings with two rooms and dwellings with three or more rooms. Dwellings in terraced houses have been divided by number of rooms into two categories — dwellings with fewer than, and dwellings with at least three rooms.

The used classification does not necessarily homogenise the data sufficiently, because factors affecting price, such as micro-location, floor area, year of completion, and so on, are not controlled for by the classification. The price data of old dwellings contains information on the location of the dwelling on postal code level and on age and floor area. The price data of new dwellings contains information on the location of the dwelling on postal code level and on floor area. With the help of the regression model this information is used to adjust for changes in the composition of the data between the base and reference periods. The quality adjustment means the following: if in a statistical quarter dwellings in a certain area are on average older than in the base time period, the index must be adjusted upwards, because the lower price due to the higher age of dwellings would otherwise be erroneously interpreted as a price fall. A more detailed methodological description is available in Koev, Eugen: *Combining Classification and Hedonic Quality Adjustment in Constructing a House Price Index*. Helsinki, University of Helsinki (2003), or by e-mail: asuminen@stat.fi.

The overall index point-number for the whole country is obtained via aggregated price changes in every index class and price adjustments so called log-Laspeyres formula. The weights for old dwellings are derived as value-shares of stock of apartments in 2005. Respectively, the weights of new dwellings are the consumption expenditure weights of dwellings purchased in 2005.

3. Correctness and accuracy of the data

3.1. Reliability of the statistics

The statistics on the prices of old dwellings are based on the Tax Administration's asset transfer tax data, which cover the transactions of all dwellings whose tenure is based on ownership of housing company shares. All transactions of old housing company dwellings are not included immediately in the statistics, because the purchaser is allowed two months to pay the asset transfer tax. Many purchasers pay the tax faster than this and in transactions intermediated by real estate agents the tax is paid at the time of transaction.

When the statistics are published they cover approximately two-thirds of all transactions made in the latest statistical quarter. The latest monthly statistics include around two-fifths of all transactions. Statistics Finland receives the data on the remainder as they arrive at the Tax Administration. The final data for a given statistical year are published with the data for the first quarter of the year following it.

The statistics on the prices of new dwellings are based on data obtained from the largest real estate agents and building contractors and the data are final when first published.

The statistics describe the housing company share market by area relatively reliably. However, the number of included transactions should be taken into consideration. If few transactions have been made, a couple of deviating cases may affect the average price for an area significantly.

3.2. Accuracy of the statistics

Cases with missing information about transaction prices or floor area, or with exceptionally high or low price due to contract within family or error in data entry are not accepted into the statistics. The acceptable ranges of prices per square metre by area are defined yearly for old and new dwellings.

3.3. Use of the parameters of the statistics

Because the price index takes into account changes in the distribution of year of completion, floor area and location of dwellings sold at different points in time, and their effects on prices, the average prices of the statistics vary differently from the price index. This has been done because the price index and the average price are each useful measures for different situations.

The *price index* endeavours to measure as accurately as possible how much more/less an average dwelling in a housing company costs now than it did before. The *average price*, in turn, describes the prevailing price level for sold dwellings without considering whether they are older, newer, larger or smaller than dwellings sold before.

4. Timeliness and promptness of published data

4.1. Publication frequency and measurement period of the statistics

The statistics on prices of dwellings are published monthly, quarterly and annually. Monthly data are released one month from the end of the statistical reference month and quarterly data are released simultaneously with the data for the last month of each quarter. Quarterly data are statistically more reliable than monthly data and contain more detailed information by area. The annual statistics are published in connection with the statistical release for the first quarter of the year.

4.2. Preliminarity of the statistics

When the statistics are published they cover approximately two-thirds of all transactions made in the latest quarter. The latest monthly statistics contain around two-fifths of all transactions. Statistics Finland receives the data on the remainder as they arrive at the Tax Administration.

Monthly and quarterly data are updated retrospectively in connection with each release so that the final data for the statistical year are published with the data for the first quarter of the year following it.

5. Accessibility and transparency of the data

A latest statistical release will be published from the statistics on Statistics Finland's web pages on the publication date of the statistics on prices of dwellings. Data concerning dwelling prices can also be found on Statistics Finland's web pages and database service. The essential metadata have been described in this document, which is incorporated into the publication of statistics on dwelling prices. This document is also available on Statistics Finland's web pages.

These statistics cover only dwelling transactions in housing company shares. Especially out of the Greater Helsinki area, there are numerous real estate transactions that are not included in these statistics. Statistics Finland publishes a separate price index on real estate prices. Data on real estate transaction prices by municipality are available from the National Board of Survey.

6. Comparability of the statistics

6.1. Comparability with other data

When these statistics are compared with data from other producers the source of the basic data should be considered. Statistics Finland's data derive from the Tax Administration's comprehensive files, and thus cover exhaustively all completed transactions.

6.2. Comparability over time

Data compiled from the Tax Administration's asset transfer tax data are available on prices of dwellings quarterly starting from the year 1987. Older data are available going back to 1970. Data provided by real estate agents are available for the period 1970 to 1986 and the used classification is much less detailed. As regards new dwellings, the time series based on data provided by real estate agents have been calculated

quarterly from 2005 onwards, and the classification is clearly less detailed than in the data starting from 1987.

7. Coherence and consistency

In addition to the statistics on prices of dwellings in housing companies, Statistics Finland releases quarterly statistics on real estate prices. Besides the data published by Statistics Finland, real estate agents, credit institutions and banks also publish information concerning dwelling prices and their development.

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