

# Prices of dwellings

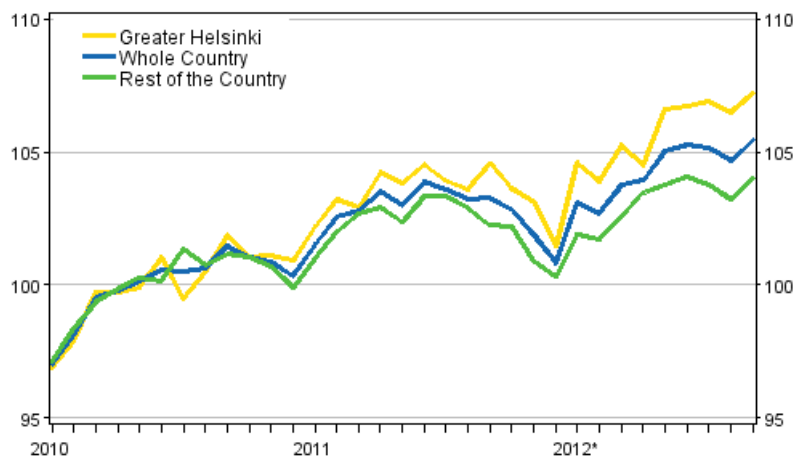
2012, September and 3rd quarter

## Prices of dwellings rose slightly in September

According to Statistics Finland's preliminary data, prices of old dwellings in blocks of flats and terraced houses went up by 0.7 per cent in the whole country in September compared with the previous month. In Greater Helsinki, prices went up by 0.7 per cent and in the rest of the country by 0.8 per cent.

Compared with the corresponding period of the previous year, prices rose by 2.1 per cent in the whole country. In Greater Helsinki, prices went up by 2.5 per cent and in the rest of the country by 1.8 per cent.

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



\*Preliminary data for the year 2012

In September 2012, the average price per square metre of an old dwelling in a housing company was EUR 2,125 in the whole country, EUR 3,357 in Greater Helsinki and EUR 1,642 elsewhere in the country.

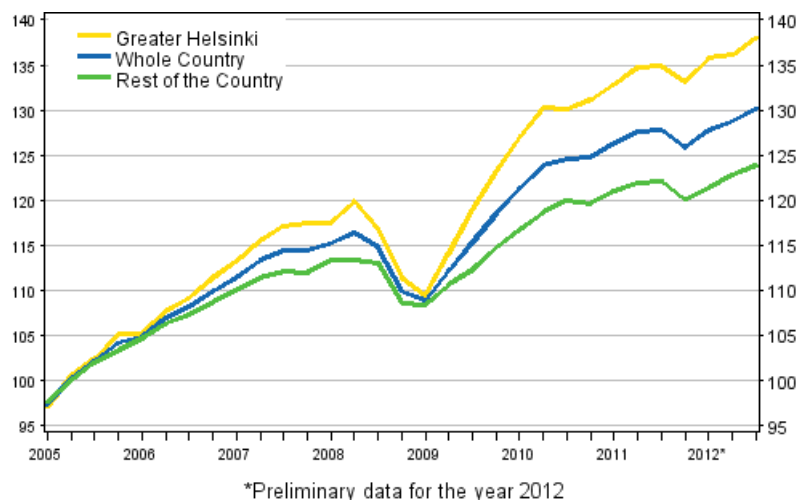
When the monthly statistics on prices of dwellings are published they cover approximately 40 per cent of all transactions made in the latest statistical month. The monthly data become revised during the following months so that the final data for the year are published in the release concerning the first quarter of the following year. For further information about data revisions, see a separate table. 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](http://pxweb2.stat.fi/Database/StatFin/Asu/ashi/ashi_fi.asp) (in Finnish only).

## Prices of dwellings in the third quarter

In the third quarter of 2012, prices rose in the whole country by 1.1 per cent from the previous quarter. In Greater Helsinki, the growth amounted to 1.4 per cent and in the rest of Finland to 0.8 per cent. Compared with the corresponding period of 2011, prices went up by 1.8 per cent. In Greater Helsinki, prices went up by 2.3 per cent and in the rest of the country by 1.4 per cent.

### Development of prices of old dwellings, index 2005=100



In July-September, the average price per square metre of an old dwelling in a housing company was EUR 2,232 in the whole country, EUR 3,466 in Greater Helsinki and EUR 1,676 in the rest of Finland.

Prices of new dwellings in blocks of flats and terraced houses rose by 0.6 per cent from the previous quarter in the whole country. In Greater Helsinki, as well as in the rest of Finland, prices rose by 0.6 per cent.

Compared with the corresponding period of the year before, prices of new dwellings rose by 4.6 per cent in the whole country. In Greater Helsinki, the growth amounted to 7.4 per cent and in the rest of Finland to 3.1 per cent. The average price per square metre of new dwellings was EUR 3,375 in the whole country, EUR 4,608 in Greater Helsinki and EUR 2,931 in the rest of Finland.

The deviations between the results of the monthly and quarterly statistics are caused by that the monthly statistics are produced with a less detailed regional division and the monthly statistics have a different weight structure than the quarterly statistics. The base year of the quarterly index is 2005.

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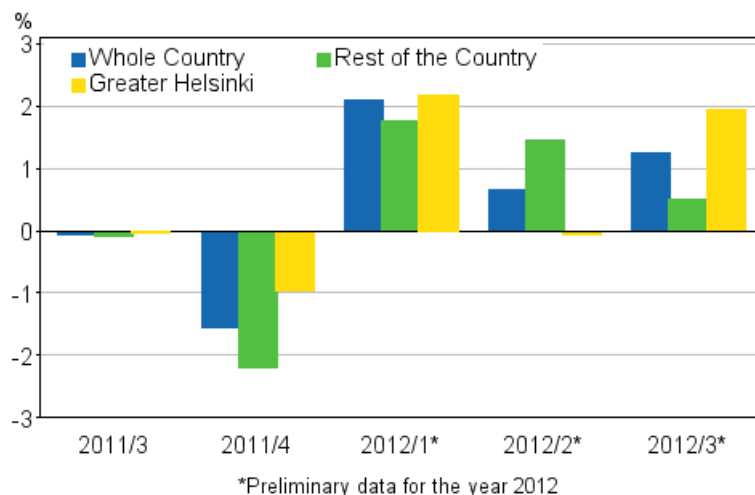
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## 1. Prices of old dwellings in blocks of flats rose in the July to September period

According to preliminary data, prices of old dwellings in blocks of flats rose by an average of 1.2 per cent from the previous quarter in the whole country. In Greater Helsinki, prices went up by 1.9 per cent and in the rest of the country by 0.5 per cent. Compared with the corresponding quarter of 2011, prices rose by 2.4 per cent in the whole country. In Greater Helsinki, prices went up by 3.3 per cent and in the rest of the country by 1.5 per cent.

**Figure 1. Quarter-on-quarter changes in prices of dwellings in old blocks of flats**



When viewing by type of apartment, prices of three-room and larger flats rose by most from the previous quarter in the Greater Helsinki area. Prices of one-room flats rose by 1.6 per cent in Greater Helsinki and by 0.6 per cent in the rest of Finland. Over the same period, prices of two-room flats rose by 0.9 per cent in Greater Helsinki and by 0.4 per cent in the rest of the country. Prices of three-room and larger flats went up by 2.6 per cent in Greater Helsinki and by 0.6 per cent in the rest of the country.

In the third quarter of 2012, the average price per square metre of an old dwelling in a block of flats was EUR 2,338 in the whole country, EUR 3,570 in Greater Helsinki and EUR 1,656 elsewhere in Finland.

Prices of new dwellings in blocks of flats remained unchanged from the previous quarter in the whole country. In Greater Helsinki, prices fell by 0.4 per cent, while in the rest of Finland they went up by 0.2 per cent. Prices fell most, or by 4.8 per cent, in Southern Finland and rose fastest, or by 3.5 per cent, in Western Finland.

Compared with the corresponding period of 2011, prices of new dwellings in blocks of flats went up by 5.6 per cent in the whole country. In Greater Helsinki, prices rose by 9.3 per cent and in the rest of Finland by 3.2 per cent. Prices rose most, or by 7.8 per cent, in Southern Finland. In Uusimaa outside the Greater Helsinki area, prices fell by 3.3 per cent and in Northern Finland by 1.1 per cent.

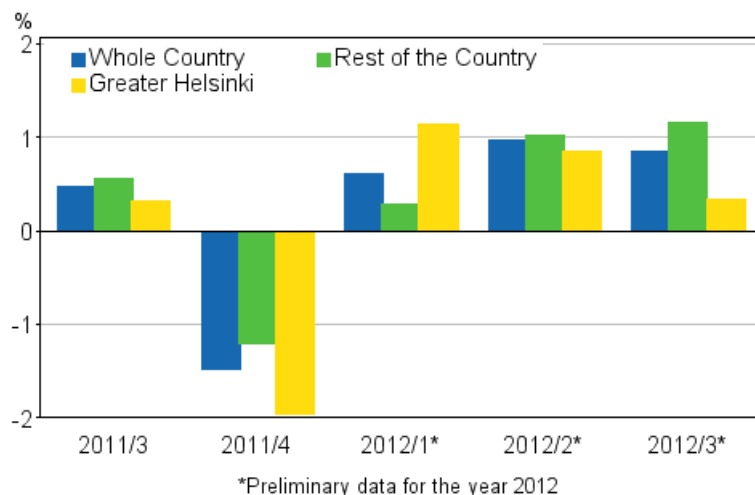
In the third quarter of 2012, the average price per square metre of a new dwelling in a block of flats was EUR 3,738 in the whole country, EUR 4,962 in Greater Helsinki and EUR 3,168 elsewhere in the country.

The data of old dwellings derive from the statistics on the prices of dwellings compiled by Statistics Finland from the Tax Administration's data. The preliminary data comprise roughly two-thirds of completed transactions in old dwellings in blocks of flats and terraced houses. The data of new dwellings are based on the transaction price information of the largest building contractors and estate agents.

## 2. Prices of dwellings in terraced houses rose slightly in the July to September period

According to preliminary data, prices of old dwellings in terraced houses rose by an average of 0.9 per cent from the previous quarter in the whole country. In Greater Helsinki, prices went up by 0.3 per cent and in the rest of the country by 1.2 per cent. Compared with the corresponding period of 2011, prices of old dwellings in terraced houses went up by 0.9 per cent in the whole country. Prices went up by 0.4 per cent in Greater Helsinki and by 1.3 per cent elsewhere in Finland.

**Figure 2. Quarter-on-quarter changes in prices of dwellings in old terraced houses**



In the third quarter of 2012, the average price per square metre of an old dwelling in a terraced house was EUR 2,089 in the whole country, EUR 3,264 in Greater Helsinki and EUR 1,699 elsewhere in the country.

Prices of new dwellings in terraced houses rose by 1.7 per cent from the previous quarter in the whole country. Prices went up by 3.1 per cent in Greater Helsinki and by 1.2 per cent elsewhere in Finland. Prices rose most, or by 3.8 per cent, in Uusimaa outside the Greater Helsinki area. In Northern Finland, prices fell by 9.7 per cent. Compared with the corresponding period of the year before, prices of new dwellings in terraced houses went up by an average of 3.0 per cent in the whole country. In Greater Helsinki, prices rose by 2.8 per cent and in the rest of Finland by 3.0 per cent.

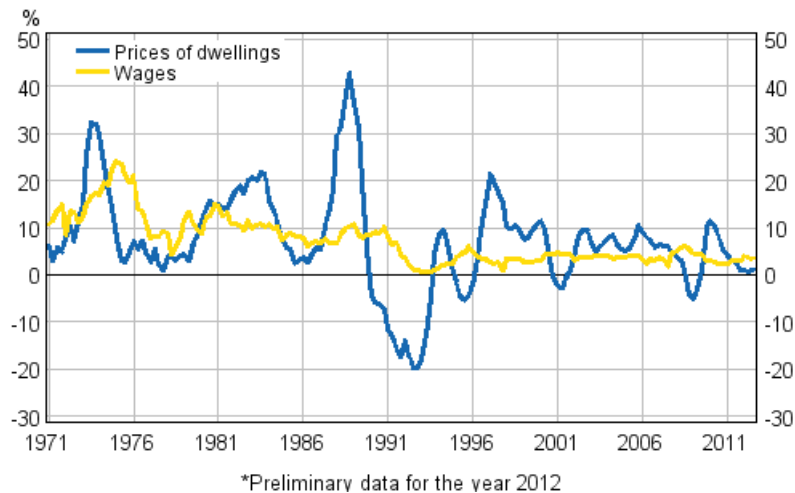
The average price per square metre of a new dwelling in a terraced house was EUR 2,903 in the whole country, EUR 3,860 in Greater Helsinki and EUR 2,670 elsewhere in Finland.

### 3. Changes in prices of dwellings and in earnings level

The price development of dwellings has varied much within the last 40 years or so. During the overheating of the housing market, prices rose by over 40 per cent in the last quarter of 1988 compared with the previous year. Correspondingly, during the recession of the early 1990s, prices of dwellings fell by as much as 20 per cent from the year before. From 1996 dwelling prices rose up to the middle of the year 2008, with the exception of the year 2001. The outbreak of the international financial crisis in autumn 2008 slowed down the housing market and prices fell by five per cent from the third quarter of 2008 until the first quarter of 2009. From the middle of 2009 onwards, prices of dwellings have continued to grow again. The rise in dwelling prices has clearly slowed down during 2011.

Over the same time period changes in wages and salaries have been more moderate than changes on the housing market, except for the mid-1970s, when the earnings level rose by over 20 per cent per year due to the great inflation. Over the 2000s wages and salaries have gone up yearly by an average of four per cent. The average annual rise in prices of dwellings has been one percentage point faster, which has undermined the purchasing power of wages and salaries on the housing market.

**Figure 3. Year-on-year changes in prices of dwellings and in wages and salaries**



## 4. House price development elsewhere

In the second quarter of 2012, prices of dwellings went up most year-on-year in urban areas of Russia. Prices went up slightly in the United Kingdom and in the USA. In Spain, Greece and Sweden dwelling prices fell. Unless otherwise stated, the sources of the data in the table are national statistical institutes.

**Table 1. Changes in prices of dwellings in different countries, 2nd quarter 2012**

Maa	Year-on-year change, %	Quarter-on-quarter change, %
Great Britain	2.0	1.2
Spain, new dwellings	-12.8	-2.6
Spain, old dwellings	-15.7	-3.7
Greece, new dwellings <sup>1)</sup>	-10.8	-2.5
Greece, old dwellings	-9.7	-3.0
Norway	6.7	3.2
France	-0.1	0.2
Sweden	-3.0	1.0
Germany, new dwellings <sup>2)</sup>	5.2	-0.6
Germany, old dwellings	4.5	1.1
United States <sup>3)</sup>	3.0	1.8
Russia, new dwellings	9.9	3.1
Russia, old dwellings	14.3	2.8
Estonia	6.8	1.3

1) Source: Greece's Central Bank

2) Source: Eurospace AG

3) Source: Federal Housing Finance Agency (FHFA)

The compilation of statistics on dwelling prices is currently being developed in several EU countries. The above data have been collected from a number of sources. They are not necessarily mutually comparable or comparable with data compiled on Finland.

## Appendix tables

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

Area	Price per square metre, euro/m <sup>2</sup>	Index (2010=100) <sup>1)</sup>	Monthly change, %	Yearly change, %	Number
Whole Country	2 125	105,4	0,7	2,1	3 013
Greater Helsinki	3 357	107,2	0,7	2,5	783
Satellite municipalities <sup>2)</sup>	2 201	103,4	0,2	0,4	248
Rest of the Country (Whole Country - Greater Helsinki)	1 642	104,0	0,8	1,8	2 230
Southern Finland	2 495	105,9	0,6	2,2	1 452
Western Finland	1 702	105,2	1,1	1,6	857
Eastern Finland	1 443	104,3	1,0	3,1	403
Northern Finland	1 469	101,6	1,2	1,8	301
Helsinki	3 682	108,3	0,6	2,9	462
Espoo-Kauniainen	3 285	105,9	1,7	2,6	174
Vantaa	2 485	105,0	-0,6	0,6	147
Tampere	2 255	107,6	3,9	4,9	184
Turku	.	.	.	.	11
Oulu	1 744	103,0	3,0	2,1	132

1) Preliminary data

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

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

Area	Price per square metre, euro/m <sup>2</sup>	Index (2010=100) <sup>1)</sup>	Monthly change, %	Yearly change, %
Whole Country	2 203	106,2	0,7	2,9
Greater Helsinki	3 425	108,3	0,6	3,1
Satellite municipalities <sup>2)</sup>	2 035	104,7	0,3	1,4
Rest of the Country (Whole Country - Greater Helsinki)	1 606	104,0	0,8	2,7
Southern Finland	2 557	107,2	0,8	3,4
Western Finland	1 671	103,8	-0,1	1,0
Eastern Finland	1 501	102,9	1,1	1,6
Northern Finland	1 597	103,3	2,3	4,5
Helsinki	3 769	109,0	0,7	3,6
Espoo-Kauniainen	3 182	107,6	1,0	2,3
Vantaa	2 283	104,9	-0,6	1,5
Tampere	2 197	105,9	1,8	3,1
Turku	.	.	.	.
Oulu	1 760	105,1	3,5	2,8

1) Preliminary data

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



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

Area	Price per square metre, euro/m <sup>2</sup>	Index (2010=100) <sup>1)</sup>	Monthly change, %	Yearly change, %
Whole Country	2 004	104,2	0,8	0,7
Greater Helsinki	3 192	104,5	0,9	1,0
Satellite municipalities <sup>2)</sup>	2 347	102,4	0,1	-0,4
Rest of the Country (Whole Country - Greater Helsinki)	1 690	104,1	0,7	0,5
Southern Finland	2 382	103,5	0,2	-0,2
Western Finland	1 742	107,2	2,8	2,5
Eastern Finland	1 365	106,5	0,9	5,2
Northern Finland	1 341	99,9	0,0	-0,8
Helsinki	3 221	104,2	-0,2	-0,8
Espoo-Kauniainen	3 386	104,4	2,4	3,0
Vantaa	2 806	105,0	-0,5	-0,5
Tampere	2 403	111,7	9,2	9,4
Turku	.	.	.	.
Oulu	1 719	100,0	2,3	1,1

1) Preliminary data

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

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

Area	Price per square metre, euro/m <sup>2</sup>	Index (2010=100) <sup>1)</sup>	Monthly change, %	Yearly change, %	Number
Whole Country	2 137	104,7	-0,5	1,4	5 210
Greater Helsinki	3 375	106,5	-0,4	2,8	1 355
Satellite municipalities <sup>2)</sup>	2 167	103,2	0,5	0,5	392
Rest of the Country (Whole Country - Greater Helsinki)	1 651	103,2	-0,5	0,3	3 855
Southern Finland	2 495	105,3	-0,6	2,1	2 643
Western Finland	1 723	104,0	-0,6	-0,2	1 420
Eastern Finland	1 538	103,3	0,6	0,7	620
Northern Finland	1 435	100,5	0,4	-0,3	527
Helsinki	3 713	107,7	-0,5	3,7	817
Espoo-Kauniainen	3 167	104,1	-0,4	1,2	288
Vantaa	2 646	105,6	-0,1	1,7	250
Tampere	2 174	103,5	-1,4	-0,8	375
Turku	1 848	101,6	-4,4	-0,8	90
Oulu	1 655	100,0	0,6	-0,4	205

1) Updated preliminary data

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

**Appendix table 5. Unencumbered average prices per square metre of old dwellings in housing companies, July, 2012**

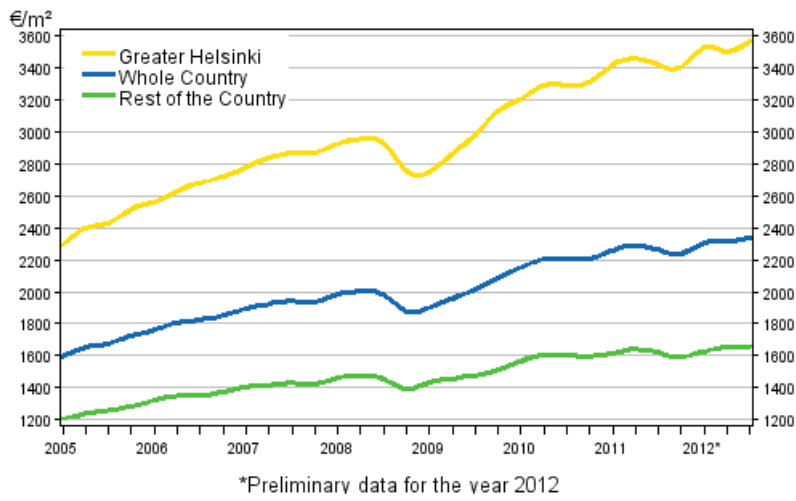
Area	Price per square metre, euro/m <sup>2</sup>	Index (2010=100) <sup>1)</sup>	Monthly change, %	Yearly change, %	Number
Whole Country	2 161	105,2	-0,1	1,5	5 207
Greater Helsinki	3 403	106,9	0,2	2,9	1 238
Satellite municipalities <sup>2)</sup>	2 128	102,7	-0,3	0,1	302
Rest of the Country (Whole Country - Greater Helsinki)	1 674	103,8	-0,3	0,4	3 969
Southern Finland	2 535	105,9	0,1	2,1	2 762
Western Finland	1 726	104,7	-0,5	0,7	1 337
Eastern Finland	1 507	102,6	0,3	-0,0	610
Northern Finland	1 476	100,0	-1,4	-0,7	498
Helsinki	3 717	108,2	-0,0	3,7	748
Espoo-Kauniainen	3 216	104,5	-0,2	0,8	253
Vantaa	2 717	105,7	1,5	3,1	237
Tampere	2 255	105,0	0,4	3,7	357
Turku	1 952	106,3	-1,0	2,3	247
Oulu	1 645	99,5	-1,8	-1,4	219

1) Updated preliminary data

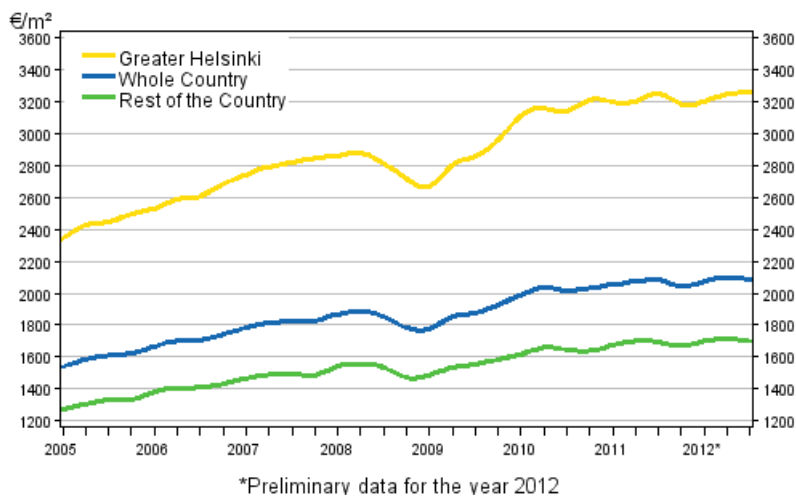
2) Satellite municipalities= Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Nurmijärvi, Riihimäki, Sipoo, Tuusula and Vihti

# Appendix Figures

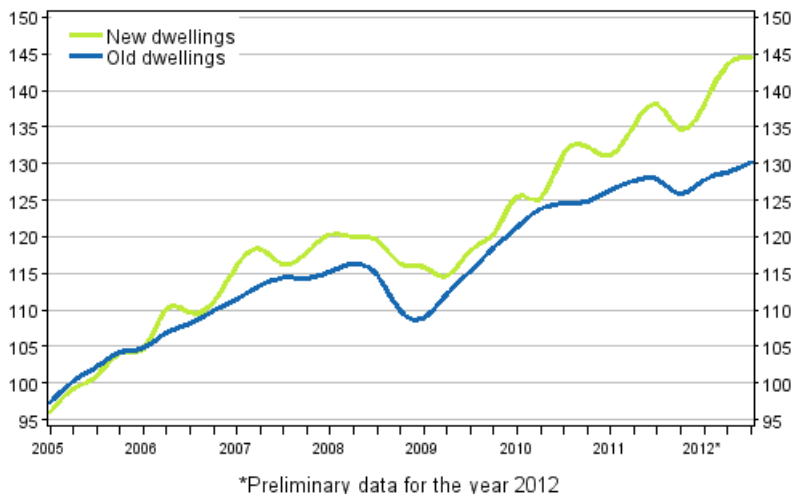
**Appendix figure 1. Average prices per square meter of dwellings in old blocks of flats**



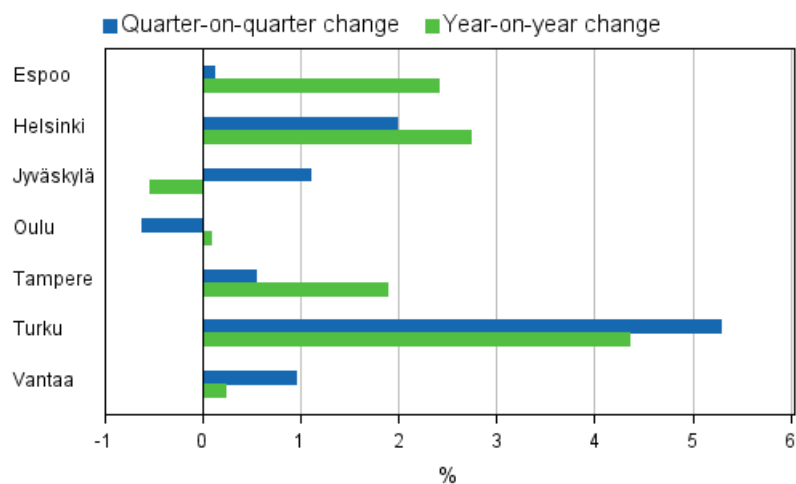
**Appendix figure 2. Average prices per square meter of dwellings in old terraced houses**



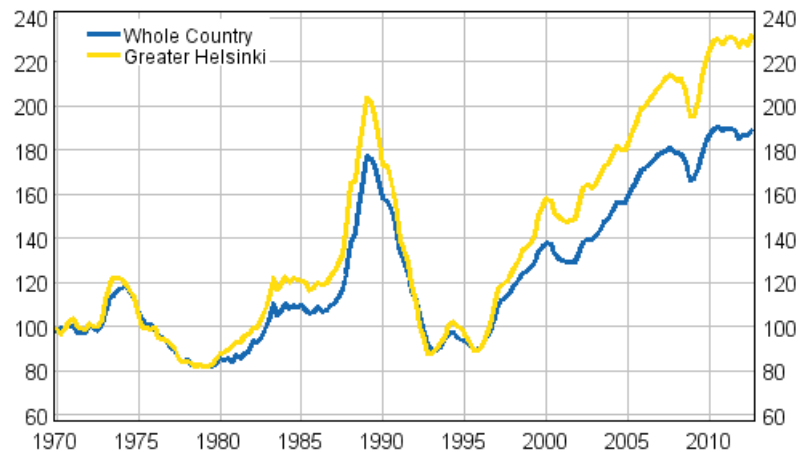
**Appendix figure 3. Price development of old and new dwellings from 2005**



**Appendix figure 4. Changes in prices of dwellings in major cities, 3rd quarter 2012**



**Appendix figure 5. Real Price Index of dwellings in old blocks of flat 1970=100**



## Revisions in these statistics

The data of the statistics have become revised according to the table below. For more information about data revisions, see Section 3 of the quality description.

### Revisions to data on monthly changes in Prices of Dwellings, Monthly Statistics <sup>1)</sup>

Area		2012			
		May	June	July	August
Whole country	1st release, %	1,2	0,1	-0,5	-0,6
	26.10.2012, %	1,1	0,2	-0,1	-0,5
	Revision, percentage point	-0,1	0,1	0,4	0,1
Greater Helsinki	1st release, %	1,9	1,1	-0,7	-0,7
	26.10.2012, %	2,0	0,1	0,2	-0,4
	Revision, percentage point	0,1	-1,0	0,9	0,3
Rest of the country	1st release, %	0,6	-0,6	-0,3	-0,4
	26.10.2012, %	0,3	0,3	-0,3	-0,5
	Revision, percentage point	-0,3	0,9	0,0	-0,1

1) The revision describes the difference on monthly change percentages between the first and the latest release.

### Revisions to data on annual changes in Prices of Dwellings, Monthly Statistics <sup>1)</sup>

Area		2012			
		May	June	July	August
Whole country	1st release, %	1,7	1,1	1,2	1,3
	26.10.2012, %	2,0	1,3	1,5	1,4
	Revision, percentage point	0,3	0,2	0,3	0,1
Greater Helsinki	1st release, %	2,1	2,8	2,4	2,2
	26.10.2012, %	2,7	2,1	2,9	2,8
	Revision, percentage point	0,6	-0,7	0,5	0,6
Rest of the country	1st release, %	1,3	-0,3	0,2	0,6
	26.10.2012, %	1,4	0,7	0,4	0,3
	Revision, percentage point	0,1	1,0	0,2	-0,3

1) The revision describes the difference on yearly change percentages between the first and the latest release.

### Revision to data on quarterly changes in Prices of Dwellings, Quarterly Statistics <sup>1)</sup>

Area		2011		2012	
		3rd quarter	4th quarter	1st quarter	2nd quarter
Whole country	1st release, %	0,2	-1,4	1,2	0,5
	26.10.2012, %	0,2	-1,5	1,5	0,8
	Revision, percentage point	0,0	-0,1	0,3	0,3
Greater Helsinki	1st release, %	0,2	-1,3	1,6	0,0
	26.10.2012, %	0,1	-1,3	2,0	0,2
	Revision, percentage point	-0,1	0,0	0,4	0,2
Rest of the country	1st release, %	0,2	-1,4	0,9	1,0
	26.10.2012, %	0,2	-1,7	1,1	1,3
	Revision, percentage point	0,0	-0,3	0,2	0,3

1) The revision describes the difference on quarterly change between the first and the latest release.

## Revision to data on yearly changes in Prices of Dwellings, Quarterly Statistics <sup>1)</sup>

Area		2011		2012	
		3rd quarter	4th quarter	1st quarter	2nd quarter
Whole country	1st release, %	2,6	1,0	0,9	0,6
	26.10.2012, %	2,7	0,9	1,1	0,9
	Revision, percentage point	0,1	-0,1	0,2	0,3
Greater Helsinki	1st release, %	3,7	1,6	1,8	0,7
	26.10.2012, %	3,7	1,5	2,2	1,0
	Revision, percentage point	0,0	-0,1	0,4	0,3
Rest of the country	1st release, %	1,7	0,6	0,1	0,5
	26.10.2012, %	1,8	0,3	0,2	0,8
	Revision, percentage point	0,1	-0,3	0,1	0,3

1) The revision describes the difference on yearly change between the first and the latest release.

# Quality Description

## 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/m<sup>2</sup>).

*Floor area of dwelling:* The floor area (m<sup>2</sup>) 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](http://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, Kirkkonummi, Nurmijärvi, Riihimäki, 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](mailto: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.

[The price data become revised](#) over the year so that the final data for the year are published in the release concerning the first quarter of the following year. On the average, the revision in monthly statistics on prices of dwellings amounts to 0.3 per cent either way for the whole country. The revision is larger for

smaller geographical areas. The average revision in quarterly statistics amounts to 0.2 per cent either way for the whole country.

### **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. Preliminariness 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 old 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. For prices of new dwellings time series have been calculated since 2005.

## ***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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