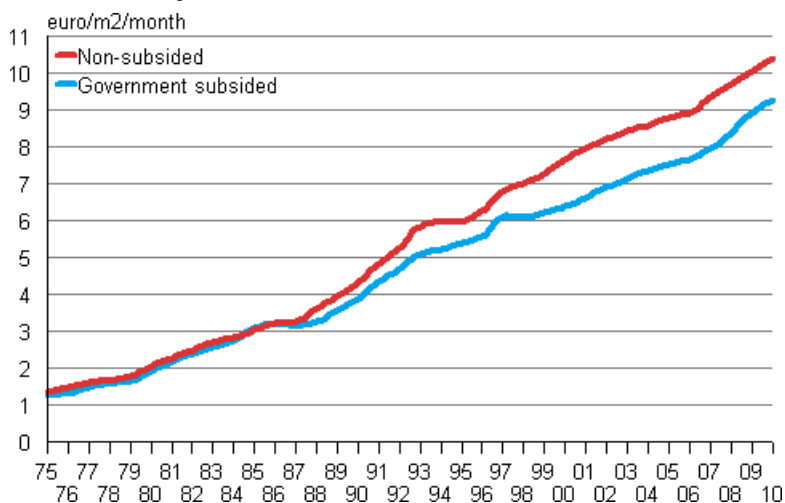


Rents of Dwellings 2010

Rents increased by 2.7 per cent in 2010

Rents of residential dwellings increased by an average of 2.7 per cent in 2010 from the year before. Rents of non-subsidised rental dwellings increased as well in the whole country, by an average of 2.6 per cent. In Greater Helsinki the rents of non-subsidised rental dwellings increased by 2.5 per cent and in the rest of Finland by 2.6 per cent. The rents of government-subsidised rental dwellings increased by 2.8 per cent in the whole country.

Development of average rents per square metre (€/m²/month) in the whole country 1975–2010



The average rent per square metre of non-subsidised rental dwellings was EUR 10.40 per square metre in the whole country. The average rent per square metre for non-subsidised rental dwellings was EUR 13.74 per square metre in Greater Helsinki and EUR 9.26 per square metre in the rest of Finland. The average rent per square metre of government-subsidised rental dwellings was EUR 9.28 per square metre in the whole country. In Greater Helsinki it stood at EUR 10.43 and in the rest of Finland at EUR 8.77 per square metre.

In Helsinki the rents of non-subsidised rental dwellings increased by 2.6 per cent, in Espoo by 3.3 and in Vantaa by 0.6 per cent. In Tampere rents increased by 2.3 and in Kuopio decreased by 1.0 per cent. Rents in Jyväskylä rose by 4.7 per cent, in Turku by 3.9 and in Lahti by 4.4 per cent.

These data derive from Statistics Finland's annual statistics on the rents of dwellings. The statistics are based on interview data collected in connection with the Labour Force Survey and data obtained from the Social Security Institution's housing register. Statistics on rents of dwellings include some 242,000 rental dwellings.

[The rent statistics for 2010 revised](#)

Contents

Rents of new non-subsidised tenancies rose by an average of 2.6 per cent.....4

Figures

Appendix figures

Appendix figure 1. Average rents per square metre (€/m²/month) by number of rooms in 2010, new tenancy agreements for non-subsidised rental dwellings.....5

Quality Description Definitions: Rents of Dwellings.....6

Rents of new non-subsidised tenancies rose by an average of 2.6 per cent

The rents of new non-subsidised tenancies agreed in 2009 on the free rental market rose on average by 2.5 per cent from the year before.

In the Greater Helsinki Area, the rents of new tenancies rose by 4.3 per cent and elsewhere in the country by 1.7 per cent. The average rise in rents amounted to 3.5 per cent in Helsinki, 6.8 per cent in Vantaa and 6.1 per cent in Espoo. The rents of new tenancies went up by 1.0 per cent in Tampere, 6.1 per cent in Kuopio, 3.3 per cent in Jyväskylä, 2.4 per cent in Lahti and 2.0 per cent in Oulu.. In Turku rents went down by 1.0 per cent.

In the Greater Helsinki Area, the average rent per square metre of new non-subsidised tenancies was EUR 14.71 per month. Elsewhere in the country, the average rent per square metre was EUR 9.73.

According to the sampling frame, there were approximately 107,000 new non-subsidised tenancies, like in the previous year . Approximately 40.0 per cent of the new tenancies were for single room dwellings. In the Greater Helsinki the proportion of new tenancies for single room dwellings was approximately 45.4 per cent.

Bases for rent revisions

Index clauses were applied to rent revisions in 35.5 per cent new tenancy agreements; a fixed sum or percentage increase was used in 2.5 per cent of cases and other provision were applied in 29.5 per cent of agreements (incl. non-respondents). The basis on which rent would be revised was not stated in 31.5 per cent of new tenancy agreements.

Landlord category

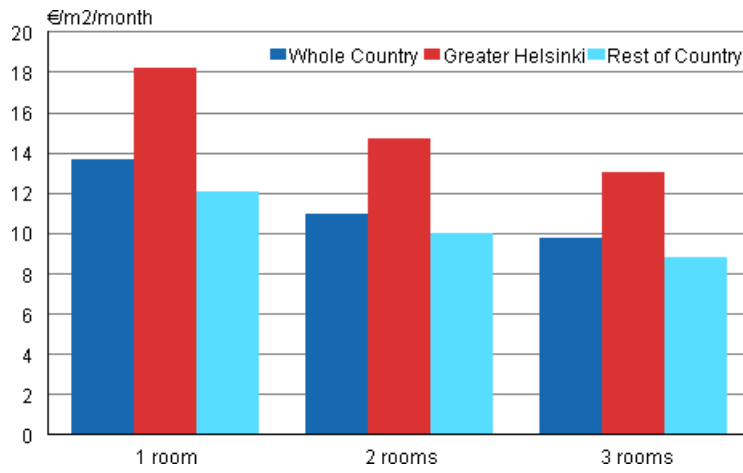
The biggest single category of landlords are private individuals and death estates: 64.6 per cent of the respondents rented a dwelling from a private individual or a death estate. Housing associations accounted for 2.3 per cent of the landlords, while banks, insurance companies and non-financial corporations made up 6.5 per cent, and non-profit organisations, foundations, municipalities and other parties 25.1 per cent of the landlords.

Duration of tenancy agreement

The tenancy agreement with a new tenant was in force until further notice in 83 per cent of cases and for a specified time period in 17 per cent of cases.

Appendix figures

Appendix figure 1. Average rents per square metre (€/m²/month) by number of rooms in 2010, new tenancy agreements for non-subsidised rental dwellings



Quality Description Definitions: Rents of Dwellings

1. Relevance

The annual statistics on rents describe the annual levels and changes of rents for the rental dwelling stock. The statistics contain data on rents for the reference year classified by area, type of financing, number of rooms and year of construction. The statistics also include information about the development of rents over a longer time span.

The purpose of the statistics on rents is to provide information on trends on the rental markets for all those interested in them.

The data and the data suppliers

The data of the annual statistics on rents are compiled from the interview data collected in connection with the Labour Force Survey for the quarterly statistics on rents and from the data in the Social Insurance Institution's Housing Allowance Register. Statistics Finland's data on the dwelling stock, obtained from the Building and Dwelling Register of the Population Register Centre, and data on migration and population structure are also exploited in the compilation of these annual statistics.

Concepts:

Rent: In these statistics the concept of rent includes separately payable water and heating charges, but not compensations paid for the use of amenities such as sauna or laundry room. Telephone and electricity charges are also excluded. The published average rents have been calculated per square metre of dwelling per month (€/m²/month). The given average rents per square metre are weighted geometric averages per square metre.

Number of rooms: The concept of number of rooms excludes kitchen. The room number category of 3h+ refers to dwellings with at least three rooms.

Type of financing: A government-subsidised dwelling refers to a dwelling built with a government-subsidised housing loan, whose rent is determined on the cost coverage principle. Most government-subsidised dwellings are owned by local government. Non-subsidised dwellings are other than government-subsidised dwellings.

New tenancy: In the annual statistics a new tenancy refers to a tenancy that has started during the statistical reference year. Thus, in the 2010 annual rent statistics new tenancies refer to tenancies started during 2010.

Classifications:

Regional classification: The statistics use diverse combinations of geographic areas, such as Greater Helsinki Area, satellite municipalities surrounding the Greater Helsinki Area, major 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 have been combined into the major regions of Southern Finland, Western Finland, Eastern Finland and Northern Finland complying with the NUTS2 regional division of the European Union. The urban sub-areas are formed of postal code areas using price level and location as the criteria. Details of the used regional classifications can be found on the homepage of the statistics under classifications.

The data concerning the Autonomous Territory of Åland Islands: <http://www.asub.ax/files/hyra2009.pdf>

2. Methodological description

In practice, the calculation of indices for rent levels, i.e. indices for average rents per square metre and changes in them, can be distinguished in the calculation of annual rent statistics. Rent level indices are calculated from weighted average rents. Quality adjustment is applied in calculating changes in rents.

Calculation of average rents per square metre

Average rents of rented dwellings per square metre describe the going rent levels for dwellings of different sizes and types. As the calculation is based on exhaustive register data for the dwellings receiving housing allowance, and on interview data for other dwellings, the observations are weighted with stratum weights. The calculation takes place in two stages. First the geometric average rents are calculated for the classifications of the interview framework, i.e. area, number of rooms and type of financing, after which average rents are calculated for higher levels.

Index calculation

The intention of the rent index is to describe how much more or less people have to pay, on average, for a rented dwelling of the same quality during the reference period in comparison to the base period. The measurement of trends in housing rents would be easy if dwellings of exactly the same quality were rented during each period, because average rents could then be used direct to measure price development.

However, as the dwellings rented at different points of time are dissimilar, changes in average rents per square metre do not depict pure price trends but are also influenced by the characteristics of rented dwellings. It is not appropriate to compare the rents of dissimilar dwellings direct. The index calculation employs methods aiming to ensure that the reported price changes do not reflect structural changes in the stock of rented dwellings.

In the index calculation, price indices are first calculated for relatively small strata of the rental dwelling stock. After this, the value of the index and the percentage changes can be calculated at the desired aggregate level, e.g. the whole country. There are 46 geographical areas and the dwellings within each area are divided into five sections (A-E) according to the data source and rental market segment:

- A. Government-subsidised
- B. Old non-subsidised, data source interview (= tenants receive housing allowance)
- C. Old non-subsidised, data source interview (= tenants do not receive housing allowance)
- D. New non-subsidised, data source Housing Allowance Register (= tenants receive housing allowance)
- E. New non-subsidised, data source interview (= tenants do not receive housing allowance)

This produces 230 strata, for which price changes are calculated:

- from the same dwellings for government-subsidised (A) and old non-subsidised tenancies receiving housing allowance (B)
- for new non-subsidised tenancies receiving housing allowance (D), changes are calculated by category in detailed classes (postal code area, number of rooms, area, year of construction) and change at the area level is obtained as Laspeyres' chain index
- changes for the interview data (C and E) are calculated with regression models.

Logarithmic rent per square metre is used as the dependent variable in the regional regression models. Besides the micro-strata, the influence of postal code area is controlled, and the explanatory variables used in the models are area of dwelling and its square root, age of dwelling and its square root, type of building and number of rooms, as well as a dummy variable indicating the time the data relate to.

Price indices for the whole country and other aggregate areas are obtained by aggregating the changes of each stratum with Laspeyres' index formula:

Price indices for the whole country

$$P_t^{t+1} = \frac{\sum_{k=1}^H w_k^t p_k^{t+1}}{\sum_{k=1}^H w_k^t p_k^t}$$

where = average rent per square metre p in stratum h in base period t (comparison period, $t+1$)

wh = aggregation weight of stratum h, which is the area of dwellings of the rental dwelling stock in stratum h in square metres.

The frame of the rental dwelling stock (from which the aforementioned aggregation weights are obtained) that is used for calculating the annual statistics is formed from the Population Register Centre's Building and Dwelling Register by drawing from it all dwellings that are indicated in it as being permanently occupied, are not in institutional use (student dwellings, sheltered accommodation or old people's home), and are occupied by the tenant on the basis of a tenancy agreement. New tenancies in the frame were identified with the Population Register Centre's data on the population structure. Dwellings receiving housing allowance could be identified through the Social Insurance Institution's Housing Allowance Register.

The frame of the 2010 rent statistics contains a total of 719,000 dwellings, of which 336,000 are government-subsidised and 383,000 non-subsidised.

3. Correctness and accuracy of the data

Use of the Housing Allowance Register improves the reliability of the statistics because the register covers exhaustively all dwellings where the tenant receives housing allowance. However, in assessing the reliability of the statistics it should be noted that there are certain problems in linking the Housing Allowance Register to (the Building and Dwelling Register of) the Population Information System, especially in respect of pensioners and students. Moreover, although the Population Information System is exhaustive, all the data in it are not necessarily always up-to-date.

The Housing Allowance Register only contains information about the rents of the dwellings that receive housing allowance, not the entire stock of rented dwellings. The data on housing allowances covers all dwellings that receive housing allowance. The rent level for other dwellings (470,000) is estimated from 15,000 items of data obtained with interviews.

With view to the reliability of the statistics, it has been decided that average rents per square metre and dispersion figures will not be published for categories with fewer than 20 observations. The statistics are compiled using such parameters of rents per square metre with which cases clearly deviating from the market level, and erroneous data can be eliminated.

4. Timeliness and promptness of the published data

The annual rent statistics are published yearly in the beginning of March and the published data are final.

5. Accessibility and transparency of the data

The data in this publication describe rent levels and changes in rents in 2010. A latest data release from the statistics and an electronic pdf version of the publication will be published on Statistics Finland's website on the publication date of the annual statistics on rents.

6. Comparability of the statistics

Besides annually, Statistics Finland also publishes statistics on rents quarterly. The compilation of the annual statistics deviates in certain respects from that of the quarterly statistics. The clearest difference between the two sets of statistics is that in addition to interview data, the annual statistics also utilise data from the Housing Allowance Register, which are not used in the quarterly statistics. Thus, the basis of the data for the annual statistics is considerably broader than the one for the quarterly statistics.

7. Coherence and consistency

Apart from the statistics compiled by Statistics Finland, no other regular data are produced on rents of dwellings in Finland. Statistics Finland publishes annual and quarterly statistics on rents.

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Source: Rents of dwellings, Statistics Finland