

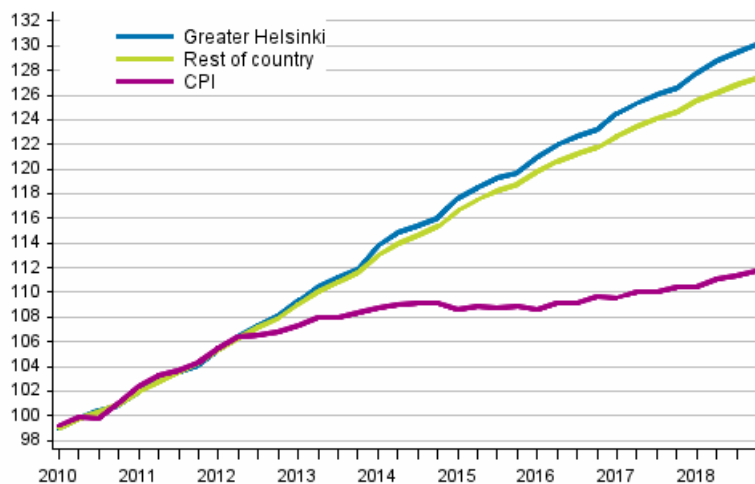
# Rents of dwellings

2018, 4th quarter

## Rents rose by 2.3 per cent in the year

During the fourth quarter of 2018, the year-on-year increase in rents was 2.3 per cent. The rents of non-subsidised rental dwellings went up by an average of 2.3 per cent in the whole country. In the Greater Helsinki Area the rents of non-subsidised rental dwellings went up by 2.5 per cent and in the rest of Finland by 2.2 per cent. The rents of government subsidised dwellings rose by 2.4 per cent in the whole country. Compared to the previous quarter, the rents of non-subsidised dwellings increased by an average of 0.5 cent and the rents of government subsidised dwellings by 0.3 per cent.

### The development of rents and consumer prices, 2010=100



The data derive from quarterly statistics on rents compiled by Statistics Finland. The rent statistics are based on interview data collected in connection with the Labour Force Survey and on the Population Register Centre's Building and Dwelling Register.

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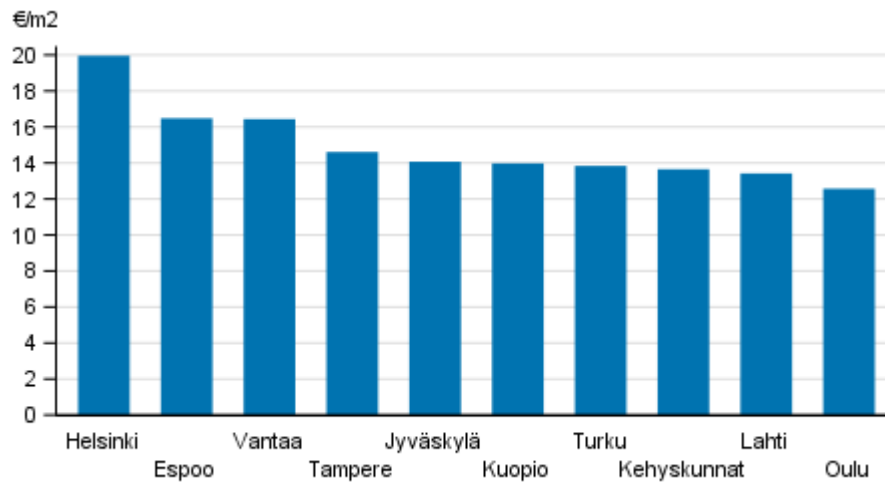
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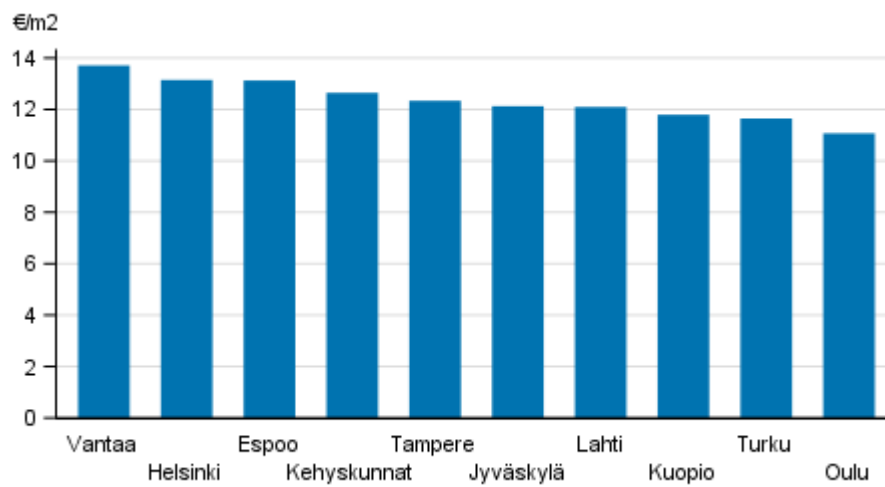
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# Quality Description: Rents of dwellings

## 1. Relevance

### 1.1. Information content

The quarterly statistics on rents describe quarterly and year-on-year levels and changes of rents for the rental dwelling stock. The statistics are published quarterly approximately five weeks after the end of the examined quarter.

The purpose of the statistics on rents is to provide information about the development of the rental market to all those monitoring the rental market.

### 1.2. Concepts, classifications and data

#### *The data and the data suppliers*

The statistics on rents are compiled from interview data collected in connection with the monthly Labour Force Survey, 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. Around 1,500 persons are interviewed monthly. The sample for one survey month consists of five rotation groups which have entered the Labour Force Survey at different points of time. The target population of the survey month changes gradually so that one third of the respondents change monthly. The Population Register Centre's Register of Buildings and Dwellings forms the quarterly framework for rents. The framework is updated annually.

The quarterly publication contains rent data for the whole country, from the Greater Helsinki area, the rest of the country, satellite municipalities and largest towns. The Greater Helsinki area includes Helsinki, Espoo, Vantaa and Kauniainen. The satellite municipalities are Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Nurmijärvi, Riihimäki, Sipoo, Tuusula and Vihti.

The interview data of the statistics on rents have been collected since the first quarter of 2003 and the quarterly index has also been calculated from that point forward.

#### *Concepts*

**Rent:** Statistics Finland's concept of rent includes separately paid water charges and heating costs. Compensations for the use of facilities, such as a sauna or laundry room, are not included in the rent figures. The concept of rent in the statistics is also exclusive of electricity and Internet charges. However, in case the charges above are directly included in the rent paid by the tenant, they are taken into the calculation of the average rent, because these items cannot be easily separated from rents. The statistics release information about both the average rent per square metre of the dwelling (EUR/m<sup>2</sup>/month) and the total rents of an average dwelling per month. The average rents per square metre and total rents reported in the statistics are geometric averages.

**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+.

**ARA rental dwelling:** the rent is determined by the regulations of the Act on the Use, Assignment and Redemption of State-subsidised (ARAVA) Rental Dwellings and Buildings and the Act on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans. The prime cost principle is applied to the determination of rents of dwellings. Dwellings built with interest subsidy are included in ARA dwellings in the rent statistics.

**Non-subsidised rental dwelling:** the rent is determined by market demand.

## 2. Calculation method

### *Calculation of changes*

The calculation of the quarterly statistics on rents of dwellings has been changed so that price ratios are formed based on the euro-denominated observation and reference period rents of the same dwelling. Price ratios for new observations in the data are formed by using a statistical model with which the euro-denominated rent is estimated for the dwelling for the reference period. Geometric means are then compiled based on the price ratios for the most detailed regional levels. From these, higher level indices are aggregated with the value share weights of the frame of rents using a Laspeyres-type index formula.

#### *Calculation of average rents per square metre*

The average rents of rental dwellings per square metre describe the current rent level in dwellings of different size and type. Average rents per square metre are calculated by increasing the euro-denominated average rents per square metre of the annual rent statistics by the quarterly change indicated in the quarterly rent statistics. The levels of the statistics' average rents per square metre are checked annually to correspond with the average rents per square metre of the annual statistics.

#### *Handling of non-subsidised and ARA dwellings*

The handling and calculation of ARA dwellings has been harmonised with that of non-subsidised rental dwellings in the quarterly rent statistics starting from the first quarter of 2014.

Previously, only the dwellings where the rent had changed between the observation and reference periods were included in the index calculation for ARA dwellings. From now on, the change is calculated based on all findings for both non-subsidised rental dwellings and ARA dwellings.

### **3. Correctness and accuracy of data**

#### **3.1. Reliability of the statistics**

To ensure the reliability of the statistics, average rents per square metre and dispersion figures are not published in categories with under five observations. The statistics make use of limits on rent per square metre based on the distribution, by which cases clearly deviating from the market level and errors in data are removed.

#### **3.2. Accuracy of the statistics**

Cases with missing information about rent or floor area, or with exceptionally high or low rent due to contract within family or error in data entry are not accepted into the statistics.

### **4. Timeliness and promptness of the published data**

The quarterly rent statistics are published four times per year and the data of the publication are final.

### **5. Accessibility and transparency of the data**

This publication describes the rent level and changes in rents during the quarter preceding the time of publication. The latest data release from the statistics and a pdf version of the publication are published on Statistics Finland's website on the publication date of the quarterly statistics on rents.

### **6. Comparability of the statistics**

#### **6.1. Comparability with other data**

In addition to the quarterly statistics on rents, Statistics Finland publishes annual data on rents. The compilation of the quarterly statistics deviates in certain respects from that of the annual 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 register of housing allowances, which are not used in the quarterly statistics. Thus, the basis of the data for the annual statistics is considerably broader than that of the quarterly statistics.

#### **6.2. Comparability over time**

Because of comparability, the average rents have been calculated with the same formula from the first quarter of 2010. The quarterly average rents calculated both with the old and new methods for 2010 to 2012 can be found in the StatFin database service.

## **7. Coherence and consistency**

In addition to Statistics Finland's statistics on rents, KTI Finland publishes rent data for the largest towns two times per year. These rent data are based on the rents of non-subsidised rental dwellings owned by towns, non-profit corporations and insurance companies. Statistics Finland publishes annual and quarterly statistics on rents.

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