

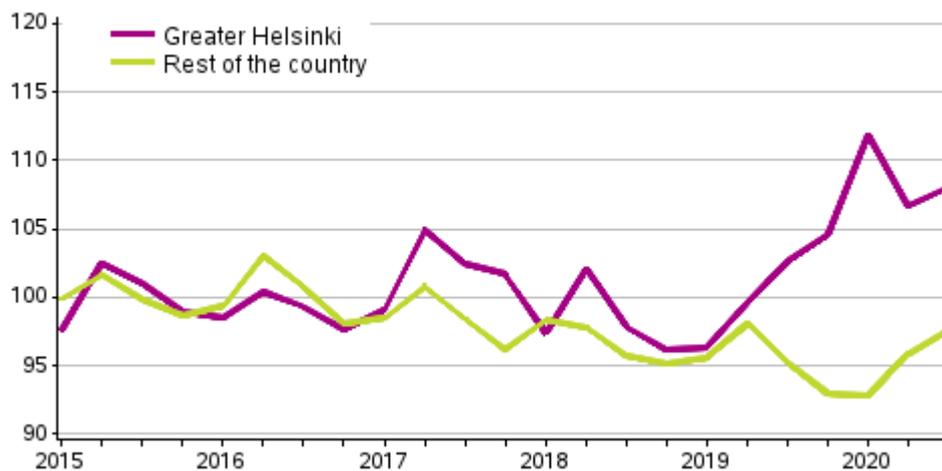
Real estate prices

2020, 3rd quarter

Prices of old single-family houses grew by 2.8 per cent year-on-year in July to September

In the third quarter of 2020, prices of old single-family houses went up by 2.8 per cent from the previous year. In Greater Helsinki, prices went up by 5.3 per cent and in the rest of the country by 2.5 per cent. Compared with the previous quarter, prices of old single-family houses increased by 1.7 per cent. These data derive from Statistics Finland’s Index of real estate prices, which is compiled by utilising data from the real estate transaction register of the National Land Survey of Finland. The statistics cover single-family houses located on own plot.

Development of prices in old single-family houses, index 2015=100



In the whole country, the average price per square metre of old single-family houses was EUR 1,647 in the third quarter of 2020. In Greater Helsinki, the average price per square metre of single-family houses was EUR 3,402. In the rest of the country, the average price per square metre was EUR 1,518.

In the third quarter of 2020, prices of single-family house plots increased by 7.4 per cent in the whole country from the year before. From the previous quarter, prices of plots increased by 2.8 per cent. The

average price per square metre for a single-family house plot was EUR 20.6 and the average size of sold plots was 2,991 square metres.

In the third quarter of the current year, over three per cent more transactions of old single-family houses were made than in the corresponding period of last year. In Greater Helsinki around six per cent more transactions were made and in the rest of Finland slightly over three per cent more.

In the third quarter of 2020, altogether 28 per cent more transactions of single-family house plots were made than in the corresponding period of the previous year. In Greater Helsinki, the number of transactions remained unchanged and in the rest of the country it increased by 31 per cent.

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Appendix table 1. Price index for old single-family houses, 3rd quarter 2020

Region	Average price, euro/m ²	Index 2015=100	Quarterly change	Yearly change	Number
Whole country	1,647	98.7	1.7	2.8	4,900
Greater Helsinki	3,402	108.1	1.4	5.3	252
Rest of the country (whole country - Greater Helsinki)	1,518	97.6	1.8	2.5	4,648
Satellite municipalities ¹⁾	2,183	104.2	3.5	4.1	410
Municipalities under 20000 inhabitants	1,327	95.4	1.5	2.8	2,108
Municipalities 20000-59999 inhabitants	1,692	97.6	-0.4	1.5	1,540
Municipalities 60000-100000 inhabitants	1,301	98.0	3.1	0.3	490
Municipalities over 100000 inhabitants	2,380	106.3	4.4	5.7	762
Southern Finland	1,878	101.3	3.1	3.0	2,493
Eastern Finland	1,272	93.3	-2.8	7.6	568
Western Finland	1,453	95.6	1.0	-0.3	1,277
Northern Finland	1,298	100.8	2.7	4.1	562

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

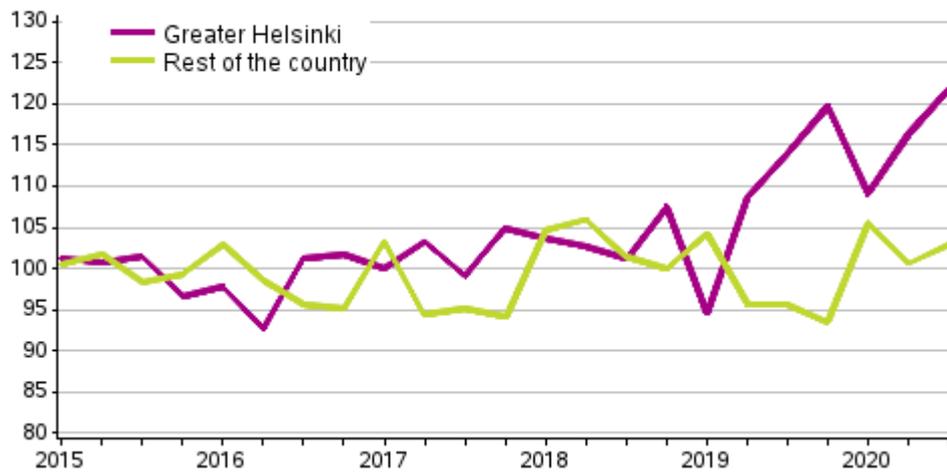
Appendix table 2. Price index for single-family house plots, 3rd quarter 2020

Region	Average price, euro/m ²	Index 2015=100	Quarterly change	Yearly change	Number
Whole country	20.6	107.4	2.8	7.4	1,018
Greater Helsinki	170.6	121.7	4.6	6.7	62
Rest of the country (whole country - Greater Helsinki)	16.3	102.9	2.2	7.6	956
Satellite municipalities ¹⁾	32.1	103.9	4.9	-0.3	86
Municipalities under 20000 inhabitants	9.1	96.7	-4.9	2.3	437
Municipalities 20000-100000 inhabitants	22.1	103.2	7.1	5.7	379
Municipalities over 100000 inhabitants	59.6	120.5	3.7	12.9	202
Southern Finland	34.7	110.3	7.3	9.4	433
Eastern Finland	7.5	97.4	-9.6	-1.8	89
Western Finland	14.8	97.9	-3.7	2.3	329
Northern Finland	11.0	123.2	-1.8	14.4	167

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

Appendix figures

Appendix figure 1. Price development for single-family house plots, index 2015=100



Quality description: Real estate prices

1. Relevance of statistical information

1.1. Data content and purpose of use

The statistics on real estate prices describe the prices of single-family houses and single-family house plots and their quarterly and annual changes and price levels. Data on old single-family houses and plots are available with different classifications starting from 1985.

The price index for newly built single-family houses describes how much the price of building an average single-family house has developed. Data on new single-family houses on the level of the whole country are available starting from 2009.

1.2. Concepts, classifications and data

Concepts

Professional construction: Professional construction refers to commercial building, i.e. building that is carried out against payment, cf. own-account construction.

Floor area: Floor area includes all spaces intended for continuous living use of a building. Floor area is the area remaining between the inner surfaces of walls confining the building. Data on floor area are derived from the Digital And Population Data Services Agency's Building and Dwelling Register.

Real estate: A real estate is a unit of ownership in a land or water area with a specific code entered in the Tax Administration's real estate register. The real estate includes the buildings and fixtures located there and owned by the owner of the real estate.

Average price: The average prices published in the statistics are floor area-weighted arithmetic averages of prices per square metre (EUR per m²).

Average area: The area of single-family houses refers to floor area (m²) and the area of single-family house plots to the total area of the plot.

(Nominal) price index: Indicates the change in prices compared with the index base time period (1985=100, 2010=100, 2015=100).

Single-family house real estate: A real estate whose use purpose is a residential building area and which has only housing buildings and ancillary buildings, and it is not located in the shore plan area. If the real estate is in a building plan or town plan area it is also required that the nature of the plan is a residential building or detached house area. The statistics on prices of old detached houses includes transactions of old single-family houses that are included in the real estate transaction register, i.e. for which registration of title is not applied.

Single-family house plot: A real property whose use purpose is a residential building and has no buildings. The real estate must not be situated in a shore plan area either. If the real estate is in a town plan area it is also required that the nature of the plans has to be a residential detached house area.

Own-account construction: Own-account construction refers to building projects carried out by households, which include building of detached houses without using paid labour force, cf. professional construction.

Point figure: Point figure is a change quantity used in price indices, which expresses the price, average price or index of the comparison period relative to the price, average price or index of the base period. The point figure of the base period is usually denoted by the number hundred. For example, if the point figure of a commodity at a certain point in time is 105.3, the price of the commodity has risen by 5.3 per cent compared to the base time period.

Real price index: Real price change compared to the base period of the index (1985=100, 2010=100, 2015=100). The real price index is derived by dividing the point figure of the nominal price index with the point figure of the Consumer Price Index of the corresponding time period.

Distribution parameters

Lower quartile = 25 per cent of prices per square metre are lower than or equal to the lower quartile.

Median = Middle price per square metre in order of size.

Upper quartile = 75 per cent of prices per square metre are lower than or equal to the upper quartile.

Classifications

Regional division: The regional classification used in the statistics on single-family houses and single-family house plots contains data on the following areas: whole country, Greater Helsinki, rest of Finland, satellite municipalities, and major regions. Data are also calculated classified by the number of inhabitants. For the index of newly built single-family houses, data are published only on the level of the whole country.

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 division of major areas is the NUTS2 division into major regions that came into force in 2003 where Eastern Finland and Northern Finland are separate areas. Åland is not included in the statistics.

Data

The statistics on real estate prices are based on the data in the transaction prices in the National Land Survey's purchase price register, which is supplied to Statistics Finland quarterly. In addition, background information is searched for the transaction price data from the Digital And Population Data Services Agency's Building and Dwelling Register.

For the price index for newly built single-family houses, prices are collected on materials, prefabricated houses, and connection and official charges, and on planning and monitoring costs.

2. Methodological description of survey

Indices of real estate prices are indices standardised for quality based on hedonic regression analysis. Indices standardised for quality describe pure price change, that is, the effect on prices of qualitative differences of single-family houses/single-family house plots sold at different is removed. Before index calculation, the data have been limited so that single-family house plots of size 450(town plan)/1,000 (other than town plan) to 20,000 m² and single-family houses with a floor area of 40 to 440 m² are included. In addition, clearly deviating price observations are removed from the calculation based on annual updated price limits. Indices are calculated according to the classification of area and population as the fixed-weight Log-Laspeyres index. Weights of the 2015=100 series are based on the data of the register of buildings and dwellings for 2015.

The statistical model, review procedures, weight structure and classifications used in the calculation of old single-family houses and single-family house plots were renewed in 2017. In addition, the new base year 2015=100 was taken into use.

In the index regression models, the explanatory factors in the model of single-family houses are the house's age, the square of age, abutting a shoreline, floor area and in Greater Helsinki the distance to Helsinki and elsewhere in the country the distance to a big, medium size and small town. The model renewed in 2017 takes better into account the distance of the real estate to the town or municipality centres.

In the regression model of plots, the explanatory factors are the quality of the plot plan (town/master, sparsely populated), nature of conveyance (municipality/other), abutting a shoreline, size of the plot, plot ratio, and in Greater Helsinki the distance to Helsinki and elsewhere in the country the distance to a big, medium size and small town. In addition, the plot model takes into account the effect of the plot area separately in town plan area vs. other area. The model renewed in 2017 takes better into consideration the distance of the plot, plot efficiency and the quality of the plan in the plot area.

In the renewed statistics, plots located in a master plan area are also included, while before they were excluded from the statistics. Observations are not limited based on the distance of municipality/Employment and Economic Development Centre or building efficiency, as in the previous statistics. Changes in data limitations have a lowering effect on plots' prices per square metre.

In the renewal of 2017, the area classification and the classification based on population were also updated. In the classification based on population, the main change is that Kuopio moved to the category of over 100,000 inhabitants.

The methodological description depicting the previously published series of the statistics can be read under the Methodological description section of the statistics.

The aim of the price index of newly built single-family houses is to follow the development of the prices of single-family housing construction. The index is formed by using the Building Cost Index and the indices describing professional and own-account construction. The sub-index describing construction of detached houses is derived from the Building Cost Index to the statistics. The price index for professional construction is a construction sale price index with variable weights and prices. For own-account construction, the development of total costs is followed from planning to yard work.

The index for newly built single-family houses is calculated according to the Laspeyres price index. In addition to the weight structure of the base year, the index calculation requires monthly price monitoring of selected commodities.

The weights of newly built single-family houses are formed for four components. The mode of building is a detached house built on-site or from prefabricated elements and the constructor is a professional or own-account builder. The price index for newly built single-family houses is calculated by weighting these together.

3. Correctness and accuracy of data

3.1 Reliability of statistics

The price statistics of old single-family houses and single-family house plots are based on the National Land Survey's purchase price register which contains all real estate transactions. The data are checked before the statistics are calculated and the observations which have clearly deviating prices or areas or are otherwise deficient are removed from the calculations.

The data for new single-family houses are based on the construction price index and the development of prices of professional and own-account construction. Prices are measured by means of materials, wages and salaries, and prefabricated houses, and connection and official charges.

3.2. Accuracy of the statistics

When viewing regional price indices of old single-family houses and plots, attention should be paid to the number of transactions in the area. If only a few transactions are made in the area, a few deviating cases can have a significant effect on the development of the index in the area. Then it would be advisable to examine longer term development instead of quarterly changes. The statistics do not include single-family houses on rented plots.

4. Timeliness and promptness of data

The statistics on real estate prices are published quarterly in approximately 10 weeks from the end of a quarter. The released data are final data. Annual data are released in connection with the publication for the fourth quarter.

5. Accessibility and transparency/clarity of data

The basic publication and database tables of the index of real estate prices are available on Statistics Finland's website (http://tilastokeskus.fi/til/kihi/index_en.html).

Data on transactions and other detailed information on the realised transaction prices of real estate can be had from the National Land Survey's (www.maanmittauslaitos.fi/en) Official Purchase Price Register, Customer Service tel. +358 29 530 1110, e-mail: asiakaspalvelu@maanmittauslaitos.fi.

6. Comparability of statistics

6.1. Comparability with other data

The National Land Survey of Finland publishes the purchase price statistics based on purchase price data. The main difference between the price index compiled by Statistics Finland and the National Land Survey's purchase price statistics is that the purchase price statistics present primarily the distribution data of transactions and prices at a given period, while the price index focuses on measuring changes in prices from one period to another. The latter takes account of price differences caused by real estate properties sold in different periods and their effect is removed in the index calculation. The numbers released in the statistics differ regarding to single-family house plots from the numbers in the National Land Survey's purchase price register due to different selection rules.

6.2. Comparability over time

For old single-family houses and plots, data are available starting from 1985. Data on the index of real estate prices 1985=100 are available with a more detailed classification between 1985 and 2009. In addition, there is a long time series on the index of real estate prices 1985=100 on level of the whole country, Greater Helsinki and the rest of Finland. This time series is always chained with the newest index, whereby the changes in the index correspond to the changes in the newest index. In connection with changing the base year, the methodological changes made are also reflected in the annual changes of the long time series.

The statistical model, review procedures, weight structure and classifications used in the calculation of old single-family houses and single-family house plots were renewed in 2017. The base year of the index was changed into 2015=100. Due to the changes, retrospectively calculated series for 2015 and 2016 differ from the previously published indices (2005=100 series, 1985=100).

For new single-family houses, data are available from 2009 onwards.

7. Coherence and consistency/uniformity

In addition to quarterly statistics on real estate prices, Statistics Finland publishes monthly, quarterly and annual statistics on dwellings in housing companies. The National Land Survey also publishes data on real estate transactions. Price data on detached houses are part of the indices of owner-occupied housing prices that Statistics Finland delivers to Eurostat

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