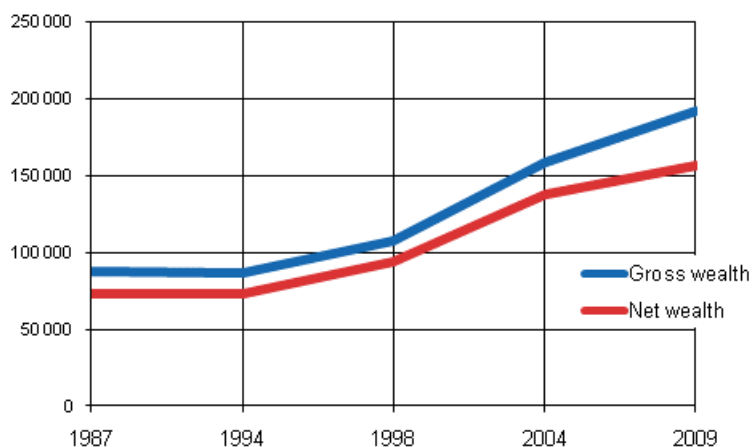


# Households' assets 2009

## Differences in wealth increased slightly by indebtedness

In 2009, the average gross wealth of households amounted to EUR 192,000 and net wealth was EUR 157,000 per household. In real terms, gross wealth had increased by one fifth (21%) from the time of the previous survey in 2004, while net wealth had increased by 14 per cent in this period. The trend of indebtedness has widened the difference between gross and net wealth in recent years. This is indicated by the Household Wealth Survey 2009 of Statistics Finland.

### Gross and net wealth of households in 1987–2009, EUR per household



Indebtedness is also reflected in the trend of relative differences in wealth. Relative differences in gross wealth have remained almost unchanged compared to 2004, whereas differences in net wealth have increased somewhat. The so-called Gini coefficient, which describes wealth differences in a single figure, remained almost unchanged from 2004 to 2009 when looking at gross wealth, but the coefficient for net wealth went up by approximately four percentage points to 66.6 per cent. Gini-coefficient takes the value 100 if one household has all the wealth and value 0 if all households have equal amount of wealth.

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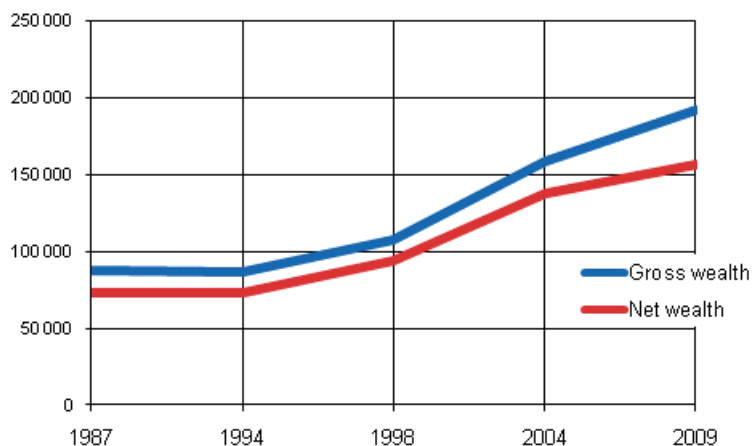
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## 1. Differences in wealth increased slightly by indebtedness

In 2009, the average gross wealth of households amounted to EUR 192,000 and net wealth was EUR 157,000 per household. In real terms, gross wealth had increased by one fifth (21%) from the time of the previous survey in 2004, while net wealth had increased by 14 per cent in this period. The trend of indebtedness has widened the difference between gross and net wealth in recent years (Figure 1). There was a marked growth in wealth from 1998 to 2004, while this growth has since slowed down. The first household wealth survey conducted by Statistics Finland dates back to 1987. From 1987 to 2009, the real value of household gross wealth has increased 2.2-fold.

**Figure 1. Gross and net wealth of households in 1987 - 2009, EUR per household**



Indebtedness is also reflected in the trend of relative differences in wealth. Relative differences in gross wealth have remained almost unchanged compared to 2004, whereas differences in net wealth have increased somewhat. In 2009, the wealthiest decile owned 39 per cent of gross wealth, which is similar to 2004 levels. The so-called Gini coefficient, which describes wealth differences in a single figure, remained almost unchanged from 2004 to 2009 when looking at gross wealth, but the coefficient for net wealth went up by approximately four percentage points to 66.6 per cent.

Changes in wealth differences do not directly give us information about changes in the amount of wealth. The gross wealth of the wealthiest decile increased by 24 per cent from 2004, exceeding the average change by some three percentage points. While the average of gross wealth in the highest decile increased by EUR 144,000 from 2004, the low values of wealth in the three of the least wealthy deciles have remained almost unchanged. In the two lowest deciles, the values of net wealth are negative, similarly to the years of earlier surveys.

The wealth of Finnish households continues to be based on dwellings, as approximately two thirds of households live in owner-occupied dwellings. The share of owner-occupied dwellings in gross wealth is 56 per cent. The less wealthy do not own dwellings, whereas nearly all households in the highest decile for wealth have an owner-occupied dwelling. Free-time residences come second with a share of approximately 11 per cent. The share of secondary homes and residential investment properties is nine per cent. The proportion of listed shares and mutual funds decreased to less than two per cent during the 1990s recession, but has since increased to about six per cent.

## 2. Wealth increases and diversifies with age

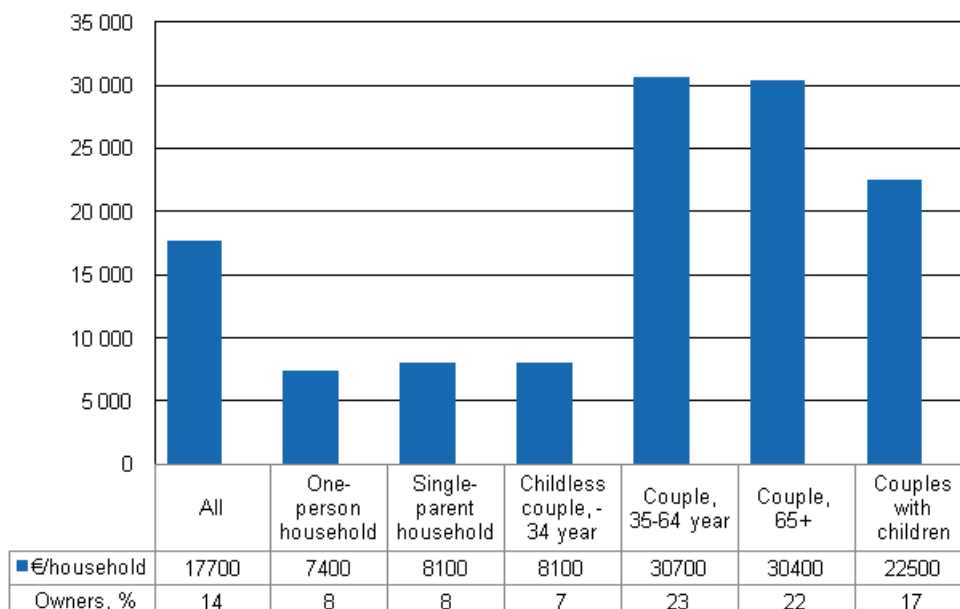
Accumulating wealth usually takes time, and the peak of wealth is usually reached rather late during a person's life span. Young age groups have little wealth, whereas people are more likely to own dwellings, free-time residences and liquid assets before retirement age. In 2009, households of those aged 55 to 64 years had the greatest average wealth, while those aged 25 or under showed the lowest figure. The composition of wealth varies depending on such factors as the level of income and wealth, age and stage of life. In the wealthiest age group, or households of those aged 55 to 64, 79 per cent have an owner-occupied dwelling. The average value of the dwelling they had in their personal use was EUR 157,000. One household out of five of those aged 55 to 64 owns residential investment properties. Of the younger households, or those aged 25 to 34, only one out of two lives in an owner-occupied dwelling (49%). The value of the dwelling is highest for those aged 35 to 44 living in an owner-occupied dwelling, or EUR 187,000.

Owning a dwelling divides households into two groups, also from the perspective of household type. In households that typically own a dwelling, for example, those aged 35 to 64, couples in retirement age and families with children, the share of those owning a dwelling is between 80 to 91 per cent. In one-person and single-supporter households and households of couples aged 35 or under, the shares of those owning a dwelling are clearly lower, or between 39 and 53 per cent. Families with children in particular have invested in owner-occupied dwellings, and the increase in value of their dwellings by far exceeds the average figure from 2004. The value of the dwelling rose by one fifth to EUR 207,000. The average value of dwellings owned by one-person households was EUR 111,000, only reflecting an increase of five per cent from 2004.

Changes in household structure may also play a role in wealth distribution. The number of one-person households has been increasing over an extended period. In 2009, the number of one-person households reached about one million, which is approximately 40 per cent of all households. The share of families with children has decreased from 24 per cent in 1987 to 17 per cent today.

In addition to owner-occupied dwellings, working-age people in the 35 to 64 age group and also couples in retirement age typically invest in free-time residences and residential investment properties. A higher than average share of their wealth is in the form of such assets. Almost one out of four couples aged 35 to 64 owned residential investment properties, and the value of these properties was approximately EUR 31,000 (EUR 131,000 per household that invested in a secondary home). Couples in retirement age, too, owned residential investment properties nearly to the same degree (Figure 2).

**Figure 2. Ownership of residential investment properties by type of household in 2009, EUR per household and the share of those owning properties of all households**



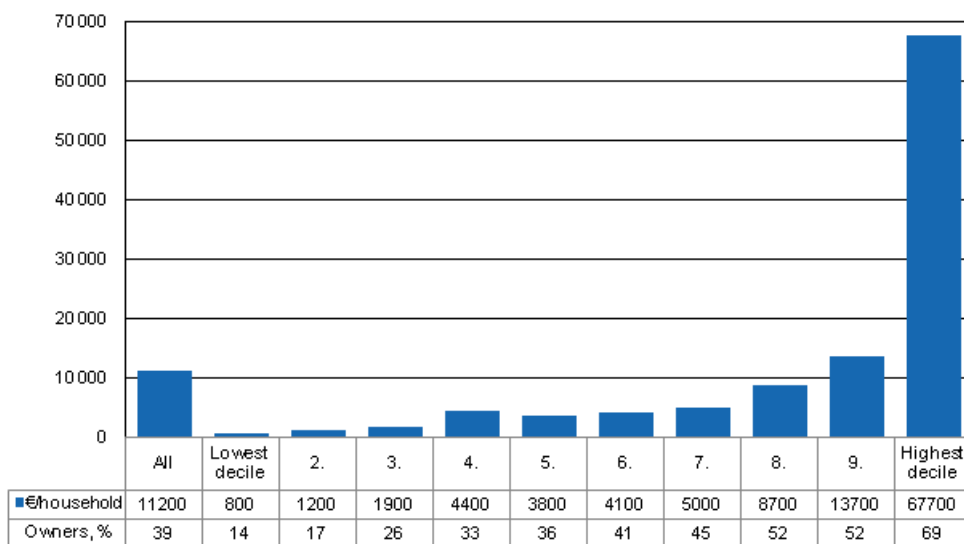
### 3. High income earners invest their surplus money in listed shares

The share of the most common financial wealth item, or deposits, in financial assets has been declining for an extended period. Although wealth has moved to shares and funds, the share of deposits in financial assets still exceeds 40 per cent, while the proportion of listed shares and mutual funds is approximately 30 per cent.

Of all households, 39 per cent had listed shares and mutual funds. This proportion was the highest, or 40 per cent, for those aged 45 to 54, and the average value of investments was EUR 42,000. Owning assets of this type was equally common in the younger and older age groups, or households of those aged 35 to 44 and 55 to 64 years, but the amounts invested by these groups were considerably smaller than the amounts invested by those aged 45 to 54.

As income grows, households put an increasingly large share of their liquid assets into investments with a higher risk, such as listed shares and mutual funds. Investments in shares and funds thus only increases dramatically for those with the highest incomes (Figure 3). For the majority of the population, risk investments of this type are rather marginal. In the lowest income bracket (1st decile), only 14 per cent of households invested in shares and funds, while in the highest income bracket (10th decile), this share increases to approximately 70 per cent. The amounts invested also increase manifold; while the average for all households is some EUR 11,000, this figure for the highest income bracket was EUR 68,000. Financial assets are distributed less evenly than dwellings and other real assets, and the highest concentrations of investments are found in listed shares and savings in funds. In 2009, households in the highest income bracket owned 61 per cent of all assets in the form of shares and funds.

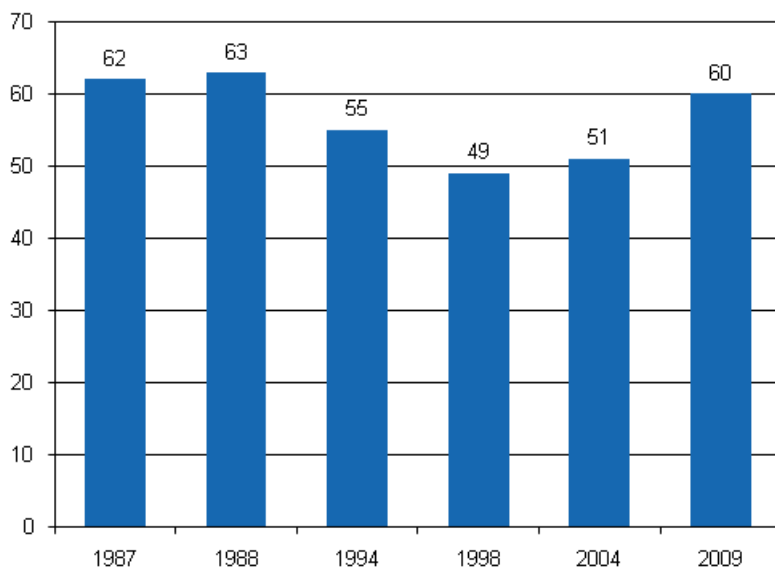
**Figure 3. Households' ownership of listed shares and mutual funds by income decile in 2009, EUR per household and share of households owning assets**



## 4. Young adults the most indebted

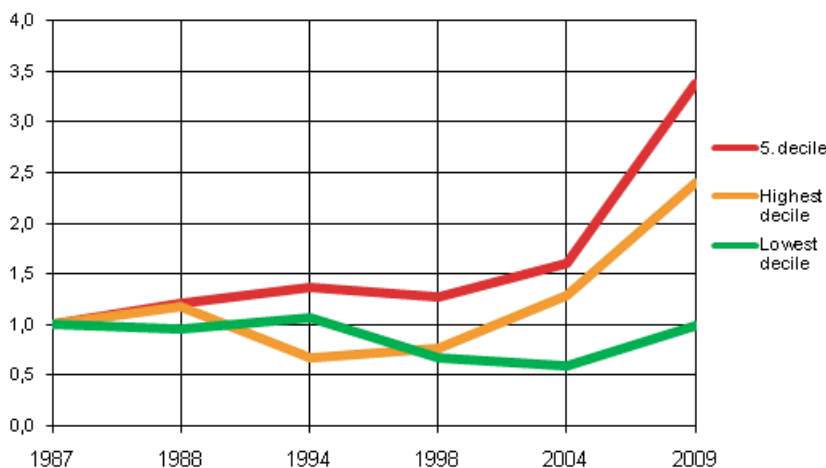
While indebtedness of households has increased, not nearly all Finns have debts. In 2009, 1.5 million households, or 60 per cent of all households, had a housing loan, a study loan or other debts. As regards the share of households with debts, we are currently approaching the figures recorded during the period of financial and property market upheavals in the 1980s, and debt amounts have increased considerably (Figure 4).

**Figure 4. The share of households with debts in 1987–2009, per cent of households**



In addition to income, wealth also plays a role in indebtedness, as the least wealthy may have limited possibilities of contracting debts. Figure 5 shows an index describing indebtedness trends for various levels of gross wealth from 1987. For the least wealthy (1st decile), the amount of debt in real terms was at the same level in 2009 as it was in 1987. On the other hand, the debts of the wealthiest (10th decile) were nearly 2.5-fold compared to 1987. Around the middle of the wealth distribution (5th decile), the amount of debt has increased at an even faster rate, or nearly 3.5-fold.

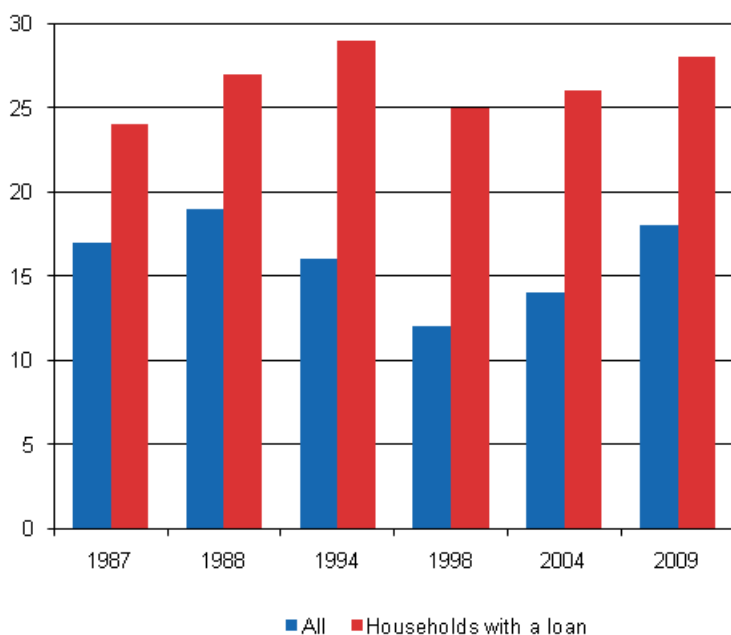
**Figure 5. Index describing the amount of debt in the lowest, 5th and highest deciles of gross wealth in 1987–2009, (year 1987=1)**



Similarly to wealth and income, debt also shows significant variations in different stages of life. The households of young adults aged 25 to 34 displayed the greatest debt amounts in proportion to their disposable income. While the proportion of debts to income in all households was 80 per cent, for those aged 25 to 34, this proportion was more than two-fold (179%). In proportion to income, the debt burden of the most indebted groups may exceed one hundred per cent, as in the calculations, the debt amount is examined in proportion to annual income.

However, debts are paid back over a number of years. As a key figure for indebtedness, debt burden, or a figure calculated in proportion to gross wealth, can also be used. The debt burden was, on average, 18 per cent in 2009, with an increase of some six percentage points over ten years. This figure for indebted households was 28 per cent (Figure 6).

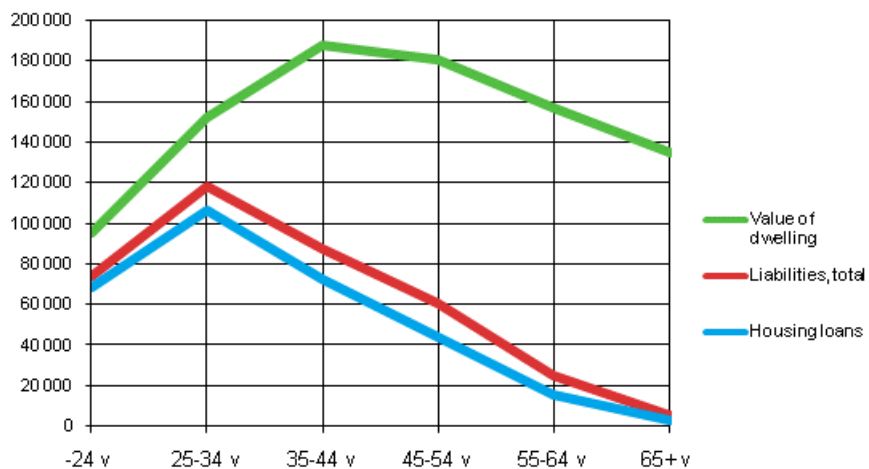
**Figure 6. Debt burden (proportion of debts to assets) for all households and households with debts, per cent**



Some 34 per cent had housing loans, and the share of these loans in debts was 76 per cent. One out of three households (35%) had an owner-occupied dwelling that was completely free from debt. While only five per cent of those aged 25 to 34 had an owner-occupied dwelling free from debt, this share for those aged 65 or over was as high as around 70 per cent.

The number of households living in owner-occupied dwellings was 1.7 million. When we look at the values of owner-occupied dwellings and housing loans in this context, we see that in the younger age groups, the amounts of housing loans initially increase sharply, but the asset value of owner-occupied dwellings also goes up (Figure 7). However, the debt burden reduces from one age group to the next, and once retirement age is reached, the debts have nearly been paid. While the households of young adults (aged 25 to 34) living in owner-occupied dwellings had an average debt of nearly EUR 120,000, this figure for those aged 65 or over was only an average of EUR 5,000. The debt burden of households of those aged 25 to 34 was 59 per cent, whereas the debt burden for households of those aged 65 or over was two per cent.

**Figure 7. Value of dwelling of households living in an owner-occupied dwelling, total of debts and housing loans by age group in 2009, EUR per household living in an owner-occupied dwelling**





## ***5. Residents in urban municipalities own one third of forests***

We have above examined household assets insofar as relevant data are available in the wealth surveys of earlier years. The survey of 2009 also included ownership of forest and farm land. Forest owners comprised 13 per cent of households, or a total of 325,500 households. The average value of forest property was EUR 3,900 and that of farm land EUR 1,900 per household.

The nature of forest and farm land property may vary for different population groups. For agricultural entrepreneurs, for example, land and forest property is part of their productive capital. The value of forest property owned by farmers is EUR 76,900, and the value of farm land EUR 79,400, on average.

However, agricultural entrepreneurs today only account for some 36,000 households, and if we look at the national distribution of forest property, one third (33%) of forest is owned by pensioner households. The share of agricultural entrepreneurs is 28 per cent and the share of salaried employees is 21 per cent. The share of those living in urban municipalities in forest owners is eight per cent, and that of those living in rural municipalities is 30 per cent. The share of the entire forest property owned by those living in urban municipalities, however, exceeds one third (34%). This figure for those living in rural municipalities is 45 per cent.

## 6. Wealth, liabilities and income in 2009

**Table 1. Household wealth, liabilities and income in 1994, 2004 and 2009, EUR per household**

<b>Wealth component</b>	<b>1994</b>	<b>2004</b>	<b>2009</b>
<b>1-6 Assets, total</b>	86,960	158,970	192,060
1-2 Housing wealth, total	69,160	121,850	146,650
1 Dwellings	60,110	106,570	125,860
1.1 Dwelling (main residence)	53,720	91,560	108,130
1.2 Dwellings (investment)	6,390	15,000	17,740
2 Free-time residences	9,060	15,280	20,790
3 Vehicles	6,380	11,600	9,270
4-6 Financial assets	11,410	25,520	36,130
4 Deposits	8,770	12,290	15,390
5 Securities, total	2,440	11,210	17,940
5.1 Listed shares and mutual funds	1,590	8,780	11,150
5.2 Other shares	210	1,900	6,510
5.3 Bonds and debentures	630	520	280
6 Voluntary pension insurance savings	210	2,020	2,800
<b>Private liabilities, total</b>	14,010	21,530	35,360
- Housing loans	11,190	17,950	26,980
- Consumer and other loans	2,820	3,580	8,380
<b>Net wealth</b>	72,940	137,440	156,690
Net wealth, % gross wealth	84	86	82
Disposable income	26,720	35,240	38,520
Disposable cash income	24,900	32,230	35,050
<b>Gini-coefficients</b>			
- gross wealth	54.0	56.9	57.9
- net wealth	62.3	62.3	66.6
<b>Sample size, population and average household size</b>			
Households in the sample	5,210	3,455	10,989
Households in the population	2,270,000	2,415,000	2,531,500
Average size of household	2.22	2.14	2.08

## 7. Survey methods

An updated method was employed to carry out the wealth survey. Register data on such property as dwellings, shares and vehicles were linked to households in the sample of income distribution statistics. Such property was mainly priced based on market prices. In earlier years, wealth data for the survey were collected by interviewing households. No register data are available for statistical use on all types of wealth, and as a consequence, it was necessary to resort to various estimation methods. Data on deposits, for example, were formed by a modelling process utilising interview data from the household wealth survey of 2004. The wealth values used in the estimation were scaled to correspond to the change between the years 2004 and 2009, using the change percentage of households' stock of deposits obtained from Statistic Finland's financial accounts.

Due to the methodological change, the comparability of the statistics varies by wealth item. For example, the values of unlisted shares were obtained using a calculation method that is not comparable with data from earlier years.

In comparisons of time series, wealth values have been converted to the 2009 price level based on the consumer price index.

The age group classification was based on the age of the reference person. The person with the highest personal income is selected as the reference person of the household. Personal income was defined according to register data and interview data.

The number of households in the sample is 10,989, which corresponds to 2,531,500 households in the entire country.

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Income and consumption 2011

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Source: Households' assets