



The Grünerløkka neighbourhood in Oslo attracts tourist and young people, but gentrification discourages multi-cultural meetings.

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Housing in Norway – what is so special?

Foreign politicians, bureaucrats and researchers keep coming to Norway and Oslo on study trips, to find out how a non-regulated and market-run rental housing market functions. And yes, friends of privatisation and market based housing policies will often learn about a well-functioning housing market. But, there is indeed another side of the coin, which often does not get enough attention.

There are mainly three aspects of the Norwegian housing model that fascinates market liberals.

Firstly, almost 80% of Norwegian households own their homes. Public spending in the housing sector is very limited, and hardly noticeable in the state budget. Secondly, the rental sector is almost all private, and deregulated. Thirdly, it is easy to get the impression that anyone, anytime and anywhere, can find a rental flat the very same day. Unfortunately, this is not the reality.

What is so special about Norway? After WW II, Norway chose its own strategy for solving the housing shortage. As a reaction to cynical and speculative landlords in an almost lawless rental sector, the political parties all agreed on a policy where homeownership was the sector to be supported and promoted for the Norwegians – either privately or through housing cooperatives. And housing co-operatives became the social housing model that would replace the old rental sector.

Today, through generous public loans and various support mechanisms, combined with extensive tax subsidies, four out of five households own their homes.

Tax subsidies yearly account for some 60 billion NOK, or 6.6 billion Euros. An additional bonus is tax deductible mortgage interest.

There is a growing opposition to this extreme favouring of homeowners. But as so many households in Norway have adjusted their economies to this situation, there is hardly any political party that dares to touch these policies – at least as long as they are in, or going after, government power.

Unlike the other Nordic countries, the Norwegian rental market is dominated by small private landlords, letting a room or a flat. Professional landlords are few, and only somewhat present in Oslo. The municipal rental sector is small, compared to other countries in north and central Europe, and reserved for the financially weakest in society, like refugees, newly released people from prisons and from institutions, etc. In other words, all those who are at the back of the queue in the private rental market.

The large number of private landlords contribute to a very volatile and vulnerable market, where macro-economic fluctuations can suddenly decrease the supply of rental accommodations. There have been some political proposals to improve the security of tenure, to introduce longer tenancies and some rent regulation, but this has failed as the authorities fear that such measures will discourage private landlords from letting.

It is very lucrative to let in Norway, and many people invest in one extra dwelling which they rent out. According to the tax authorities there are around 50,000 dwellings in Oslo alone which are owned by persons registered at another permanent address.

Tenancies in Norway are short, and about half of all tenancies are limited in time, often limited to three years. If the landlord lives in the same individual house as the tenant, the minimum tenancy is one year. After the ten-

ancy period it is up to the landlord to grant the tenant another period, which of course creates uncertainty for the tenant.

To buy – how much?

Prices on homes have increased almost continuously since 1993, with a small dip in 2008. Prices increased by almost 15% annually in 2015/2016, and by about 10% in the last four years.

Average price per m² was NOK 61,000 in 2016, or €6,800. Smaller flats often sell for NOK 100,000 per m², or €11,200.

To rent – how much?

The average rent in Oslo, in 2015, was NOK 13,255 per month, or €1,500. The most common rental flats consisting of two rooms, plus kitchen and a bathroom, are rented for NOK 10,700 to 12,800 per month, or €1,200 to €1,450. Electricity, hot water and heating is extra.

Prices in Bergen and Trondheim are 15–20% lower compared with Oslo.

Who rents?

Young adults, and students, who do not want to remain with their parents, usually share a bigger flat. A five-room flat in Oslo rents for about NOK 24,000 per month, or €2,700, which is less costly than renting a studio, a one-room flat. For most young people it is OK to share the kitchen and bathroom with others – at least for a limited period.

If you are not a student, but on a low income, you can apply for a housing subsidy, a housing allowance. This allowance is strictly based on needs and income, and even households that we would usually consider poor do not always get this allowance.

And those who cannot find any cheaper, smaller or less central flat on the regular housing market, can apply for a municipal rental flat. These few flats have rents which are of course lower than those on the market, but with a kind of average price rent. These municipal flats are often of lower quality, with lower standards of maintenance and in housing environments burdened with the usual problems connected with stigmatisation.

Text Lars Aasen,
Chief Executive of
Leieboerforeningen, Lbf
Norwegian
Tenant Association



Nordic IUT meeting

In January, the leaders of the tenant associations in Sweden, Norway, Denmark and Finland met in Stockholm. The agenda was to discuss common threats and opportunities, national housing policies, best practices and cooperation across the Nordic borders.

Several private landlords in the four countries have rental properties in one or more other Nordic country. Therefore, there is a need for closer cooperation between the four Nordic tenant associations, as to monitor the trends more broadly and to be able to act together.

But the housing markets in all four countries are quite different, especially when it comes to the rental markets. Sweden and Denmark have large public housing sectors, while this sector is small in Norway and Finland. Market rents in the private rental sector are generally more accepted in the latter two countries, while rents are more regulated in Sweden and Denmark.

In the respective national debates, one or the other model is often raised as a show case, particularly by the landlords' federations;

“Hey, look at Norway, they have market rents, and it works fine...”, “And, look at Finland, they deregulated the rents in the 1990s and the market functions fine...”

But the Norwegian representative, as well as the Finnish representative, expressed great concern about their respective housing markets, and said that low- and medium income households find it increasingly difficult to access affordable rental housing.

Also, “renoviction” is an issue in all four countries, where apartments are renovated often too extensively, at high cost, and rents become 20%–50% higher than before renovation – and tenants can not afford to move back in.

The Swedish Union of Tenants proposed to write a Nordic Declaration on the Implementation of the EU New Urban Agenda. The declaration calls for a stronger political leadership in developing our cities, and to base it on participation and sustainability. The four Nordic leaders agreed that cities need to be more inclusive and should also allow people without big wallets to establish themselves close to public transportation and workplaces.

Text Stefan Runfeldt,
Swedish Union of Tenants



From left: Marie Linder and Stefan Runfeldt (SUT – Sweden), Lars Aasen (Lbf – Norway), Helene Toxværd (LLO – Denmark), Marie Juhlin (SUT – Sweden) and Anne Viita (Vuokralaiset ry – Finland).