

Norway: Rental market survey, 2007

Higher rents in densely populated areas

The rental market survey 2007 shows that housing rents are higher in densely populated areas than in other areas. Average monthly rents for two and three-room dwellings amount to NOK 5 949 (737 Euros) and NOK 7 399 (916 Euros) respectively in Oslo including Bærum, which is considerably higher than in the rest of the country.

Geographical location is a crucial explanatory variable with regard to rent differences. Tenants living in Oslo including Bærum pay higher monthly rents than in the rest of the country. Tenants in this area pay an average NOK 5 949 and NOK 7 399 in rent per month for a two and three-room dwelling. In other main cities such as Bergen, Trondheim, Stavanger and Tromsø the monthly rents are much lower for the same dwellings sizes, at NOK 4 561 and NOK 5 537 respectively. The survey shows that the most densely populated areas have the highest average rents. In the smallest urban settlements and in sparsely populated areas, the average monthly rent for two and three-room dwellings is NOK 3 186 and NOK 3 693 respectively. The survey shows that smaller dwellings and especially two-room dwellings are the most common rental units in the largest cities, while larger rental units and other types of buildings dominate in smaller urban settlements and sparsely populated areas. At a national level, the average monthly rent for a two-room dwelling is NOK 4 391, while the rent for a three-room dwelling is NOK 4 995 on average.

Larger rental units have lower rent per square metre

If we look at rental units grouped by utility floor space, we see that the rent per square metre decreases with the size of the dwelling. In Oslo including Bærum, the annual rent for dwellings that are 30-49 square metres is NOK 1 589 per square metre, compared with NOK 1 332 on average for 50-79 square metre units. The average annual rent for dwellings that are 100-119 square metres is NOK 1 068.

Tenancy period important factor

The survey shows that the tenancy period is an important factor for the rent level. Since the proportion of tenants in younger age groups is relatively high, shorter tenancies dominate. Only about 16 per cent of all tenancies in the survey go further back than 2001. The results show that average rents for new tenancies (start date 2006 and 2007) is almost NOK 1 000 higher than tenancies that go further back than six years.

Highest rents in unregulated market

The survey shows that the relationship between tenant and lessor may have a considerable impact on the rent level. The Norwegian market has strong elements of "subsidised" tenancy contracts, i.e. tenancies with families and friends, in addition to major lessors such as municipalities and student organisations. The unregulated private market, on the other hand, consists of private individuals letting out dwellings, and private landlords or private letting agencies. These cover approximately 67 per cent of the rental market in Oslo including Bærum.

The survey shows that this market charges the highest rents, with tenants in Oslo including Bærum paying an average monthly rent of NOK 5 257 for a one-room dwelling. Monthly rents for two and three-room dwellings in this market are NOK 6 477 (802 Euros) and NOK 8 012 (992 Euros) on average.

Source: http://www.ssb.no/english/subjects/08/02/30/lmu_en/