

HELSINKI REGION TRENDS

2006

REGIONAL ECONOMY AND BUSINESS LIFE

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Declining youth and
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Moderate population
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declined

ARTICLES

Martti Tuominen

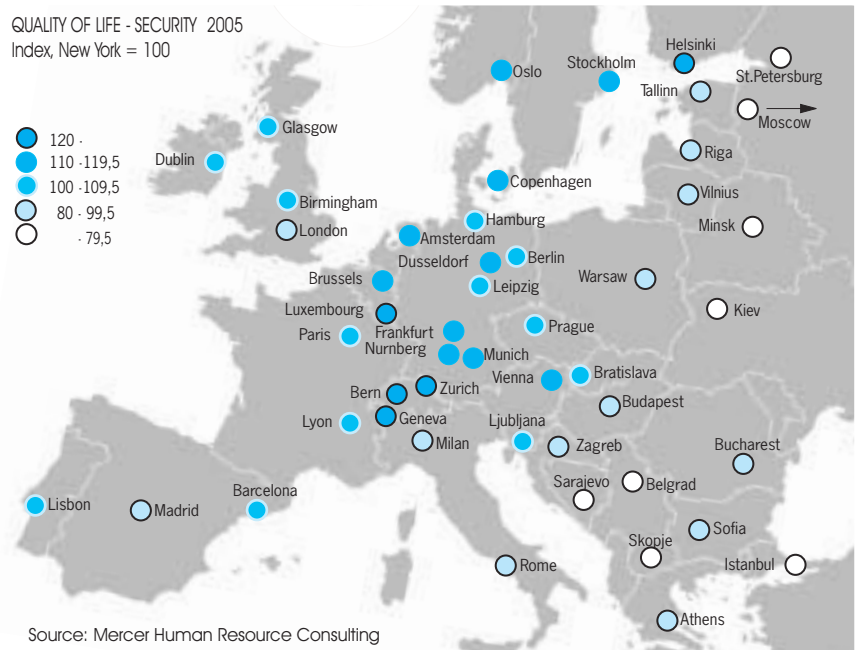
The safety of Helsinki
residents

Leila Lankinen

URBAN AUDIT –
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Current review of development in the region 4.5.2006

QUALITY OF LIFE - SECURITY 2005
Index, New York = 100



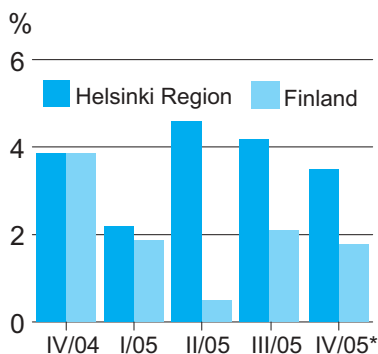
Helsinki ranks among the top safe cities in the world

Helsinki ranks very high internationally in terms of security – second only to Luxembourg in the whole world. Geneva, Zurich and Bern rank in the same category. Whereas New York has an index rating of 100, Luxemburg has 122,5, Helsinki and the three Swiss cities have 120. Stockholm, Oslo and Copenhagen have ratings that come very close. The other cities scoring over 110 are Vienna, Düsseldorf, Frankfurt am Main, Munich, Nuremberg, Amsterdam and Brussels.

The least safe cities, all rating below 66, are Belgrade, Kiev, Sarajevo, Istanbul, St. Petersburg and Moscow. Athens, Rome and London rank among the rather unsafe cities, with indexes just below 100. Madrid and London are equally unsafe.

The ranking of cities by degree of safety is based on a global survey on the quality of life conducted in 2004 by an international consultancy firm. Part of the survey, which included 215 cities, concerned safety. The assessment was made using six main criteria, namely relationships with other countries, law enforcement, internal stability, media & censorship, crime and limitations on personal freedom. Each criterion has a coefficient of its own. Relationships with other countries, internal stability and crime have the highest coefficients.

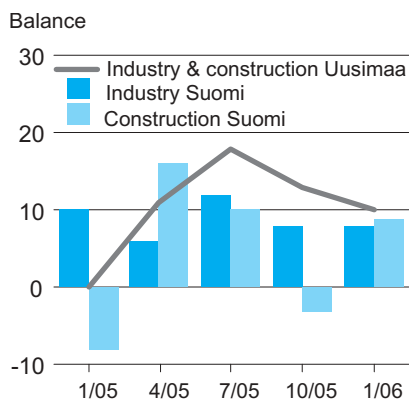
Output Change (%) since previous year



* forecast

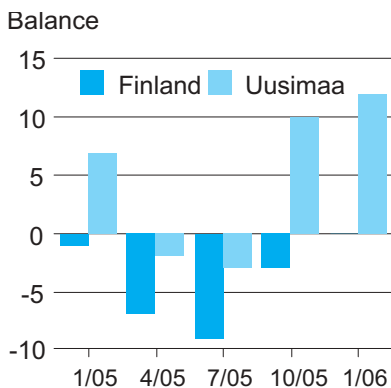
Source: Statistics Finland and Seppo Laakso

Business outlook of manufacturing and construction



Source: Confederation of Finnish Industries, EK, Business Tendency Survey

Business outlook of service sector



Source: Confederation of Finnish Industries, EK, Business Tendency Survey

REGIONAL ECONOMY AND BUSINESS LIFE

Relatively strong production growth

As a whole, production in the Helsinki Region is calculated to have grown by 3.5 per cent in 2005, which is a high figure in a European context. Production grew clearly more in the Helsinki Region than the country as a whole: the estimated difference was almost two percentage points. Part of this gap is explained by the large paper mill strike, which did not influence economy in the Helsinki Region very much but the more stronger so in many other parts of the country.

Production grew relatively fast during the last quarter of 2005 in the Helsinki Region, i.e. by an estimated 3.5 per cent over last year's figures. Growth during the third quarter was 4 per cent higher than the same period last year, and higher than expected. All other service sectors, too, as indeed construction and manufacturing, grew clearly, so economic growth was broad. Business services and trade were among the fastest growing sectors in late 2005.

Good economic outlooks

Manufacturing and construction

According to the Business Tendency Survey of the Confederation of Finnish Industries EK, the outlooks of manufacturing and construction in the Uusimaa province are bright. In January, the rating was +10, and the situation is expected to improve even further within just months. 12 per cent of companies expected improvement. Production grew as foreseen in late 2005 and is expected to grow slightly in the next few months too. Annual production has grown clearly.

Sales prices are rising and profitability has improved. Competitiveness on the domestic market has improved in recent months, but on the export market, competitiveness has fallen. Weak demand and a lack of skilled labour are the most common problems for production. Investments, on the other hand, have increased somewhat since last year.

In the country as a whole, too, economic outlooks are described as brighter than average, and the first months of 2006 confirmed this trend. The industrial confidence indicator is now clearly above its long-term average. The construction confidence indicator reached its highest level in the last 10 years in March.

Service sector companies

In January 2006, the economic outlooks of companies in the service sector were better than usual in the Uusimaa province, and better than in the country as a whole. With a rating of +12 in January – prospects are expected to brighten up even further. The sales of service companies in Uusimaa increased clearly in late 2005, being also higher than a year earlier. Sales prospects are good, and sales are expected to grow by an annual rate of almost 5 per cent in the next few months. In

Uusimaa, profitability has improved in recent months and it is also expected to be slightly better than during the same period last year.

In the country as a whole overall business situation of the service sector is nowadays considered to be somewhat better than average.

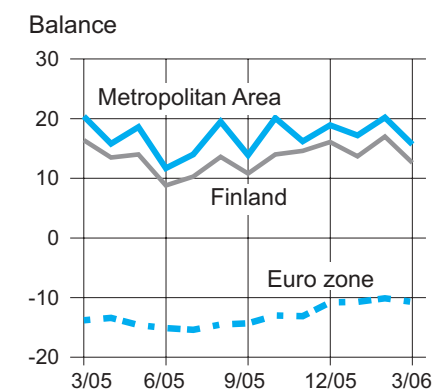
Consumer confidence indicator

In March 2005, the consumer confidence indicator read 15.7 in the Helsinki Metropolitan Area and 12.6 in Finland as a whole. In January and February, too, consumers in the Metropolitan Area had higher expectations than Finnish consumers at large. The reading in the Metropolitan Area was 17.2 in January and 20.2 in February. In Finland as a whole it was 13.7 in January and 17 in February.

Consumers in the Metropolitan Area have more confidence than Finns at large in brighter economic outlooks for Finland during the 12 months to come. The rating in March was 0.95 (in December 2.9) in the Metropolitan Area and -0.1 (in December 1.5) in the whole country.

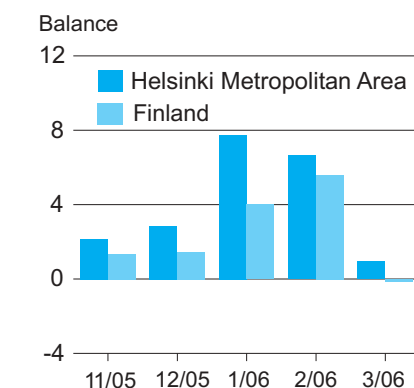
Consumers' confidence in their own economy was strong throughout 2005 both in the Helsinki Metropolitan Area and Finland as a whole. Here, too, consumers in the Metropolitan Area were more optimistic than Finns at large. The rating in March was 11.3 in the whole country and 12.5 in the Metropolitan Area. In the latter, one in three respondents expected their own economic situation to improve within the next 12 months. People in the Metropolitan Area and elsewhere believed strongly in their own chances of saving money. The rating in March was 54.8 in the Metropolitan Area and 51.0 in the country as a whole.

Consumer confidence indicator



Source: Statistics Finland, Consumer Survey

Consumers' expectations concerning Finland's economy for the next 12 months



Source: Statistics Finland, Consumer Survey

POPULATION

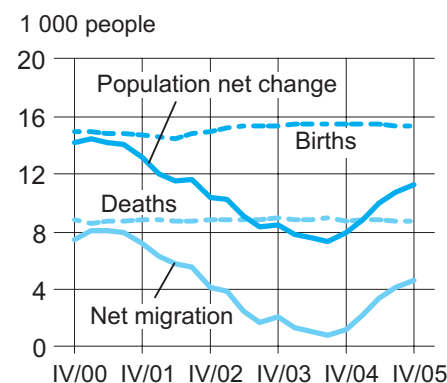
The population grew by 11,300 people

At the beginning of 2005, the population figure of the Helsinki Region was 1,240,500. It grew by 11,300 people in 2005 – 15,320 children were born and 8,680 people died in the region in 2005 and a net migration rate of 4,650 people.

In early 2005, Helsinki had 559,000 inhabitants. Preliminary findings from Statistics Finland show that in 2005, Helsinki had 6,090 births and 4,700 deaths, amounting to a natural population growth of 1,390 people. Added with a net migration rate of 590 people, this amounted to a population growth of 1,980 in Helsinki.

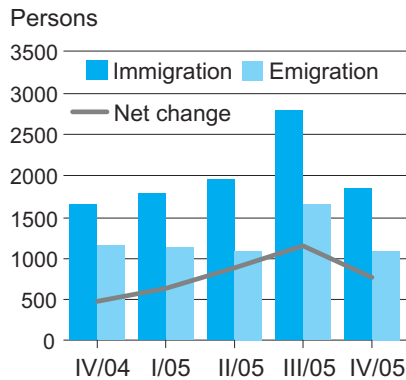
In Espoo the population figure on 1 January 2005 was 227,500. The population growth of Espoo was 4,150, breaking down into 3,360 births, 1,180 deaths and a net migration of 1,970 people. In Vantaa

Relative population change (net change per 1 000 inhabitants) during previous 12 months in the Helsinki Region



Source: Statistics Finland

Net international migration in the Helsinki Region



Source: Statistics Finland, Population statistics

the population figure on 1 January 2005 was 185,400. The population grew by 1,790 people, i.e. a net birth rate of 1,500 and a net migration of 290.

8,400 people from other countries moved to the Helsinki Region in 2005. And since 4,940 people moved abroad, the international net migration amounted to 3,460 people. The international migration surplus was 1,950 for Helsinki, 650 for Espoo, and 450 for Vantaa. The rest of the region received an international net of 370 people.

LABOUR MARKET

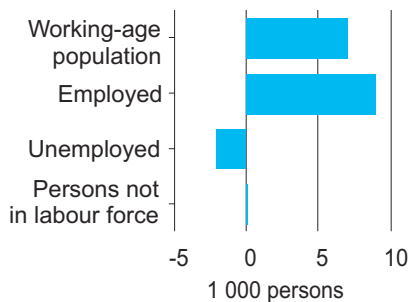
Less jobless

During the last quarter of 2005, the Helsinki Region had a working age population of 959,400 on average, among whom 654,200 were employed and 38,600 unemployed. 266,600 people did not belong to the labour force. The number of people having a job rose by 8,600, i.e. 1.3 per cent over the figures of October–December 2004, and the number of unemployed fell by 4.9 per cent. The number of people outside the labour force remained fairly unchanged.

Finland's entire working age population then amounted to 3,953,500 people, of whom 2,397,500 were employed and 196,900 unemployed. The number of employed grew by 2.1 per cent while the unemployed decreased by 2.3 per cent. In Finland as a whole, the number of people outside the labour force fell by 2.1 per cent.

Working age population (15–74 years) and their main economic activity in the Helsinki Region

Change (%) since previous year

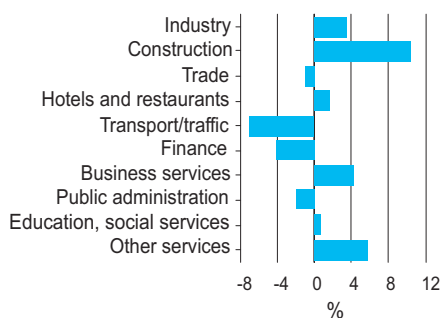


Source: Statistics Finland, Labour Survey

In the Helsinki Region, health care, social welfare and education were the biggest employers, with a total of 128,500 employees in the last quarter of 2005. The private services sector came next, with 116,100 employees. The number of employees in trade amounted to 104,100. Between the last quarter of 2004 and that of 2005, the number of employees grew most in construction, by one-tenth. The number of employees fell most in transport and communications, by 6.9 per cent i.e. 3,800 people. In financing, too, employees decreased, by 4.2 per cent i.e. 1,000 people.

Development within industries in the Helsinki Region

Change (%) in the employed labour force since previous year



Source: Statistics Finland, Labour Survey

Male and female unemployment at the same level

According to register data from the Ministry of Labour, the rate of unemployment in the Helsinki Region in December 2005 was 7.8 per cent, i.e. 0.5 percentage points lower than a year earlier. The rate of unemployment in Finland as a whole was 11.1 per cent, i.e. 0.8 percentage points less than a year earlier.

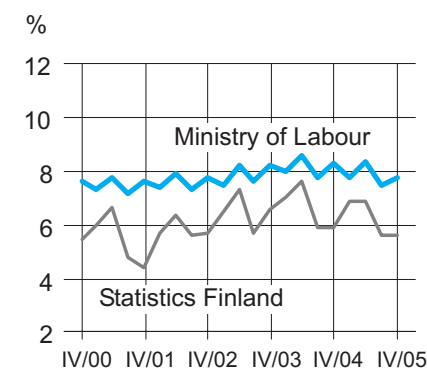
According to sample-based data from Statistics Finland, the rate of unemployment in the Helsinki Region was 5.6 in the last quarter of 2005, having fallen by 0.3 percentage during the year. In Finland as a

whole it was 7.6 per cent, i.e. down 0.3 percentage points, too. The rate of unemployment was 5.8 per cent among men and 5.4 per cent among women. This difference was bigger in Finland as a whole, where the rate was 7.2 per cent among men and 8.1 among women. In October–December 2005, the percentage of 15–64 year olds having a job in the Helsinki Region was 73.8 per cent. The percentage was 67.7 in Finland as a whole

Declining youth and long-term unemployment

The number of young jobless (under 25 years of age) declined by 690 in the Helsinki Region in 2005, still leaving 3,880 young people unemployed in December. Finland had 31,550 young jobless, and this meant a decline of 12.1 per cent. In October–December 2005, the Helsinki Region had 15,320 inhabitants who had been unemployed for over a year. This was 6.5 per cent less than a year earlier.

Rate of unemployed in the Helsinki Region



Source: Statistics Finland, Labour Survey and Ministry of Labour, Labour Exchange Statistics

HOUSING MARKET

Housing construction declined in the Helsinki Metropolitan Area

Between the last quarter of 2004 and that of 2005, the aggregate residential floor area beginning to be built in the Helsinki Metropolitan Area declined by one-third. Preliminary figures suggest the aggregate floor area of building permits granted was 38 per cent smaller than a year earlier.

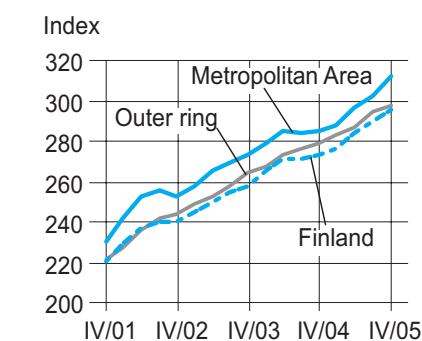
In 2005, the number of square metres of residential floor area starting to be built amounted to 657,000. Compared with construction starts in 2004, this was a decline of 16 per cent, and the number of separate permits granted fell too, by 10 per cent.

Current demand still raises housing prices

Between 2000 and 2005, the price of second-hand dwellings rose by 31 per cent in the Helsinki Metropolitan Area and 29 in Finland as a whole. In 2005 the average price per square metre was €2,509 in the Helsinki Metropolitan Area, with €2,743 in Helsinki, €2,333 in Espoo and €1,847 in Vantaa.

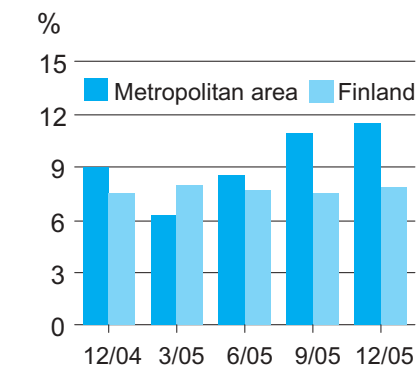
Average prices of various sizes of dwellings in October–December 2005 varied considerably by location. Whereas in the periphery of the Helsinki Region a one-room flat cost €1,550 per square metre on average, the price was €2,091 in Vantaa, €2,524 in Espoo and €3,286 in Helsinki. In Helsinki, districts varied between €4,269 and €2,397.

Housing price index (1983=100)



Source: Statistics Finland, Prices of dwellings

Percentage of households planning to buy a home during the next 12 months



Source: Statistics Finland, Consumer Survey

The safety of Helsinki residents

Helsinki! – Tutkimus helsinkiläisten turvallisuudesta ja Helsingin poliisin palvelukyvyistä (a study on the safety of Helsinki residents and the service capacity of the Helsinki Police Department) was published in June 2005. The study was commissioned by the Helsinki Police Department. It consists of three parts, i.e. a public poll, a study on how well the local police carry out their duties, and a register study. The study was conducted by researchers Markku Heiskanen and Outi Roivainen of the Finnish Police Academy.

The poll was to find out about residents' experiences of safety in their own neighbourhood, in public transport and in Helsinki at large. Another issue was to what extent people have fallen victims to various crimes.

The study on how well the local police carry out their duties gives feedback and information about how victims of crime have experienced the crime and the help they have received from the police. Findings are predominantly encouraging, and from an equality perspective, for example, it should be noted that no big differences between male and female perceptions were found. The marks received by police were 7.6 on a scale of 4–10.

The register study used a standardisation method to analyse how common violent crime and crime against property were in the districts of Helsinki. The districts of Vironniemi, Vanhakaupunki, Vartiokylä and Kampinmalmi turned out to have the highest crime rates both in terms of crime against property and violent crimes. Itä-Pakila, Kaarela and Lauttasaari had the lowest crime rates.

In the following, I shall describe the findings of the public poll.

Questionnaire on safety

This was the first thorough study among Helsinki residents of perceived safety and of falling victim to crime. Similar studies have been made several times nationwide, but it has not been possible to find out very much about the situation in separate cities (cf. Heiskanen –Sirén – Aromaa, 2004). This time, the Helsinki! study gives data even down at district level.

The material was collected by means of a mailed questionnaire to 5,016 residents. The response rate was 72 per cent, with 3,012 valid replies. This was a clearly higher response rate than usual with public polls on community matters. It is obvious that the topic is important and that respondents felt the authority carrying out the poll was reliable.

Thematically the questionnaire was divided into two parts: one on the fear of crime and the other on actually becoming a victim of crime. Obviously, the two are linked to each other, but not unambigu-

ously. Because for example, although people fall victim to crime more often in Helsinki than in other big cities in Finland, Helsinki residents do not feel insecure more often than those of the other big cities. Perceived insecurity is different among men and women, and the time of the day is another decisive factor for perceived insecurity.

Perceived insecurity

The most common situation to feel insecure is alone in central Helsinki late at night in weekends. 47 per cent of female and 29 per cent of male respondents reported they felt “rather insecure”, “insecure” or refrained totally from going out at night on weekends. The majority felt street safety had remained unchanged for the last three years. On the whole, crime was not perceived as such a bad problem – traffic behaviour, for example, worried respondents more than violence did.

Perceived security in one’s own neighbourhood varied considerably by district. In some districts, as many as one-third felt insecure or rather insecure in their own neighbourhood at night on weekends. In the safest five districts less than one in ten felt that way. The highest perceived insecurity occurred in the developments of eastern Helsinki and the former workers’ blocks north of the Pitkäsilta bridge in Inner Helsinki. Western Helsinki was perceived as safest. (see also Kvartti 2/04).

Among means of public transport, buses were perceived as safest, followed by trams and local trains. The metro was perceived as least safe. Under one per cent felt insecure in their car at night. The comparison of various means of transport is complicated by the fact that all respondents did not use all means of transport at night. For example, the metro is perceived as unsafe by people from western Helsinki, who do not regularly use it – the unfamiliar may easily be more frightening. Nonetheless, the level of safety in the metro vs. buses is clearly different even to those who use them. Whilst among those living in the police district of eastern Helsinki 30 per cent felt insecure in the metro, only nine per cent of residents in the Malmi police district, where there is no metro, felt insecure on the buses.

These findings on perceived safety in neighbourhoods and public transport are not surprising. Similar results have been obtained in earlier studies as well. The conformity of findings confirms the picture that there are clear differences in perceived safety relating to the physical and functional environment – and that these differences seem rather permanent.

Falling victim to crime

In Helsinki 25 per cent of residents had become victim of a crime against property and 16 per cent of violent crime during the last 12 months. Men fell victim to both thefts etc. and violence slightly more often than women did, with the exception of women between 15 and 24 years of age, who had experienced slightly more violence than men of their age. However, over a three-year span, men had experienced more violence than women in that age group, too. A more decisive factor for perceived violence than gender is age. Perceived violence tends to decrease with increasing age among both men and women.

Becoming the victim of a crime also varies to some extent by district. With thefts etc. local differences are smaller than with violent crime. Whereas the difference between the district of highest v.s lowest incidence of crime is just over 50 per cent for crime against property, it is more than double for violent crime.

Obviously, falling victim to violence must increase anyone's sense of insecurity. Other exposure to violence too such as seeing it happen or hearing someone you know has fallen victim will increase people's sense of insecurity.

Research findings as a basis for security work

Helsinki is currently working on a new safety strategy. The Helsinki! study provides crucial background facts for this study, particularly as regards crime encountered in everyday life and concerning people's sense of insecurity. The aim is to have the new strategy ready and confirmed by the City Council by spring 2006.

The safety strategy will provide a framework for monitoring safety. The Helsinki! study will be a good background for this work, too. Crime trends will be analysed, and perceived safety measured. Both items will be processed by district, which makes it possible to discern local patterns.

Criminality in Helsinki has remained very stable in recent years, and Helsinki is still considered one of Western Europe's safest cities. The goal of the safety strategy is, of course, to keep things this way and to try to foresee and eliminate problems. In this context, the task of research is to produce the background facts needed.

Sources:

Heiskanen, Markku – Roivainen, Outi (2005): Helsinki! Tutkimus helsinkiläisten turvallisuudesta ja Helsingin poliisin palvelukyvyistä. Poliisiammattikorkeakoulun tutkimuksia 21. Helsinki.

Heiskanen, Markku – Sirén, Reino – Aromaa, Kauko (2004): Suomalaisten turvallisuus 2003. Oikeuspoliittinen tutkimuslaitos, tiedonantoja 58. Poliisiammattikorkeakoulun tiedotteita 29. Helsinki.

Heiskanen, Markku – Roivainen, Outi – Tuominen, Martti: Helsinkiläisten turvallisuutta tutkitaan. Kvartti 2/2004. Helsingin kaupungin tietokeskus.

URBAN AUDIT – www.urbanaudit.org

Statistic database on European cities and urban regions

The opportunities for international urban comparisons improved considerably in 2004 when the European Union and its statistical authority Eurostat launched Urban Audit, an international urban database, on the web: www.urbanaudit.org. The aim of the database is to promote urban development and provide knowledge about the quality of city life for both policy-makers and inhabitants. The statistics were gathered by the Eurostat, the national and statistical authorities and the cities. The database involves 258 cities together making up one-fifth of the entire population of the European Union. The list of variables is impressive: a total of 333 variables on nine different themes, i.e.:

Population and population changes

- Social conditions
- Economic factors
- Civic participation
- Education
- Environment
- Transport
- Information society
- Arts, culture and leisure

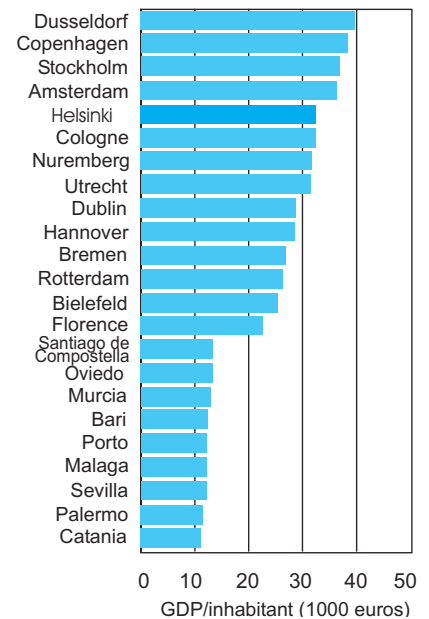
The database adopts three geographical levels: the urban region, the core city, and the districts of the core city. The statistics are from 2001, and they are compared with data from 1991 and 1996. The book *Urban Audit 2004, Key indicators on living conditions in European Cities* contains the profiles of 189 cities in the EU-15 countries. The next step will be 69 cities from the new member states. An update is planned for the database in 2006, and new countries are joining in: Norway, Switzerland, Croatia and Turkey.

The Helsinki Region in a European comparison

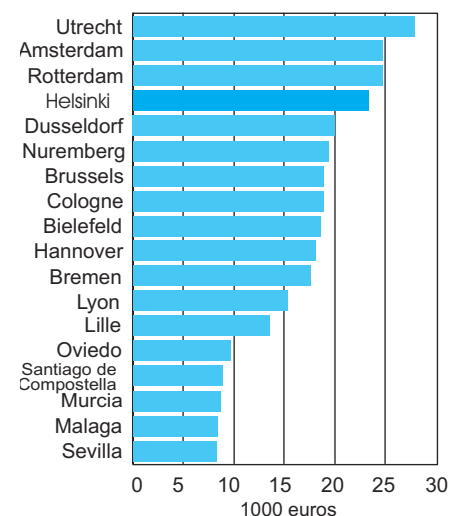
By its size, the Helsinki region ranks among the moderately large urban regions, together with, for example, Florence, Murcia and Palermo. In the following overview, the Helsinki Region is compared with urban regions of the same size, i.e. 1–2 million inhabitants, in the EU-15 countries.

The Helsinki Region has a youngish population: the demographic dependency rate is second lowest among the cities compared (after Amsterdam), and the proportion of over 75 year olds the third smallest. This proportion is greatest in the regions of Florence and Oviedo: around ten per cent in both. The population of the Helsinki Region has a very high level of education, too, with more than a quarter of men and women having a higher degree of education. This puts Helsinki in the lead in this respect.

GNP per capita in EU-15 urban regions with a population of 1–2 million



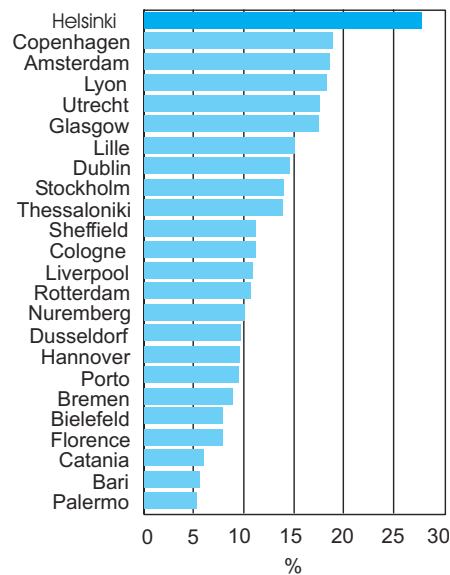
Average income in EU-15 urban regions with a population of 1–2 million



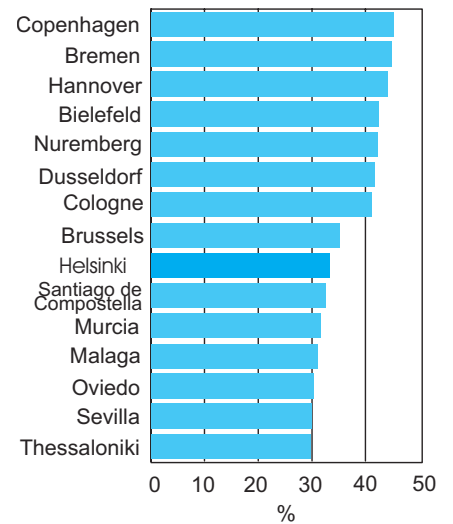
GNP per capita is fifth highest in the Helsinki Region, after the regions of Amsterdam, Stockholm, Copenhagen and Düsseldorf. The average income of inhabitants in the Helsinki Region is fourth highest among the cities compared, after Amsterdam, Rotterdam and Utrecht. We have to note, however, that the data on income have limited coverage: almost half the regions compared, did not provide any such data.

Only half of the regions compared provided data on housing density, i.e. living space per capita. Among EU-15 city regions Helsinki with its 33 square metres per capita ranks in the middle range. The inhabitants of the Copenhagen Region have most space per person. Society-supported housing is about as common in the region of Helsinki as in those of Lille and Lyon, and here too, the Helsinki Region with its 20 per cent ranks in the middle range. The greatest proportion of society-supported housing is found in the regions of Amsterdam and Rotterdam.

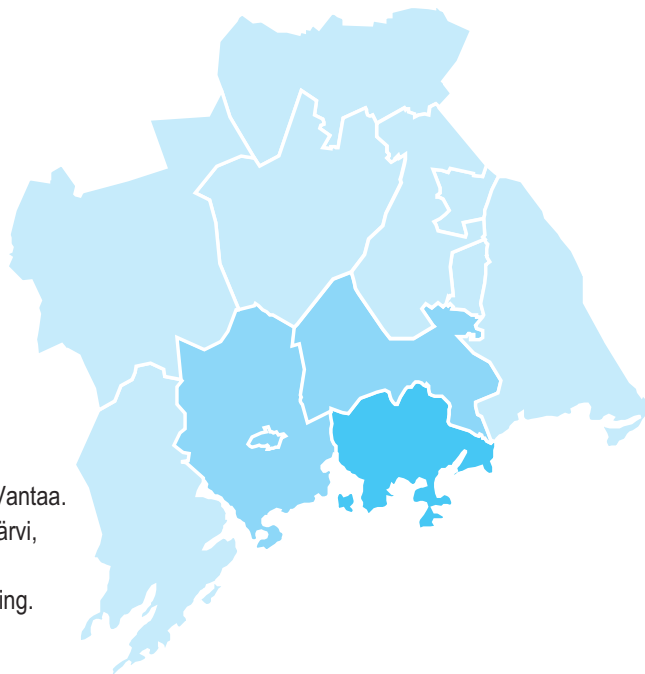
Percentage of women with a high level education in EU-15 urban regions with a population of 1-2 million



Housing space per capita in EU-15 urban regions with a population of 1-2 million



Info



Regions

The Helsinki Metropolitan Area consists of Helsinki, Espoo, Kauniainen and Vantaa.

The outer ring consists of Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Nurmijärvi, Sipoo, Tuusula and Vihti.

The Helsinki Region consists of the Helsinki Metropolitan Area and the outer ring.

Uusimaa consists of the Uusimaa Region and the Itä-Uusimaa Region.

Concepts

Output: Finland – Predictor of output by Statistics Finland; Helsinki Region – predictor constructed on the basis of data on net sales and aggregate payrolls by sector. Data for the latest quarter are a forecast estimated by Seppo Laakso.

Balance: The balance figures are obtained by deducting the weighted proportion of negative answers from that of positive answers. The balance figures and the confidence indicator can range between –100 and 100. A positive balance figure denotes an optimistic and a negative balance figure a pessimistic view on the economy.

The consumer confidence indicator is the average of the balance figures for four questions concerning the next 12 months: own and Finland's economy, unemployment and households' saving possibilities.

The Labour force survey: The survey follows the recommendations of the International Labour Organisation and the practices required by the Statistical Office of the European Communities. A person is classified as unemployed if he or she is aged 15 or over, does not have a job, has ac-

tively sought employment in the past four weeks and would be available for work within two weeks.

The Labour exchange statistics: The statistics are based on legislation, administrative regulations and on a job applicant register. It describes the situation on the last weekday of the month. The figures of the Labour Force Survey and the Labour Exchange statistics differ: the unemployment rates shown by the former are 2–3 percentage points lower.

Housing prices: Statistics Finland's quarterly house price statistics describe the unencumbered prices per square metre of old housing corporation flats based on data from the tax authorities. At the time the statistics are published, information on the most recent quarter is based on about 2/3 of all transactions.

	Helsinki	Helsinki region	Year
· total area km ²	686	4,693	1.1.2005
· land area km ²	186	3,091	1.1.2005
· population	559,046	1,240,482	1.1.2005
· population density inh./km ² of land area	3,005	401	1.1.2005
· population projection 1.1.2010	566,671	1,292,107	1.1.2005
· finnish-speaking	86.7	88.0	1.1.2005
· swedish-speaking	6.2	6.5	1.1.2005
· others	7.1	5.5	1.1.2005
· population (15-year-olds and over) that has attained tertiary education, %	34.0	34.0	31.12.2003
· total number of jobs	370,370	656,781	*2004
· employment rate, % (15-64 years)	74.1	74.0	2005
· unemployment rate, %	7.2	6.3	2005
· proportion of one-person households, %	48.9	41.2	1.1.2005
· proportion of dwellings in blocks of flats, %	87.2	69.8	2003

*Preliminary data

HELSINKI REGION TRENDS

HELSINKI REGION TRENDS contains current information on short-term trends in the Helsinki Region, covering the economy, population, labour market, housing market, property market, environment and well-being. Helsinki Trends is available in printed format and on the internet at www.hel2.fi/tietokeskus/eng.

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