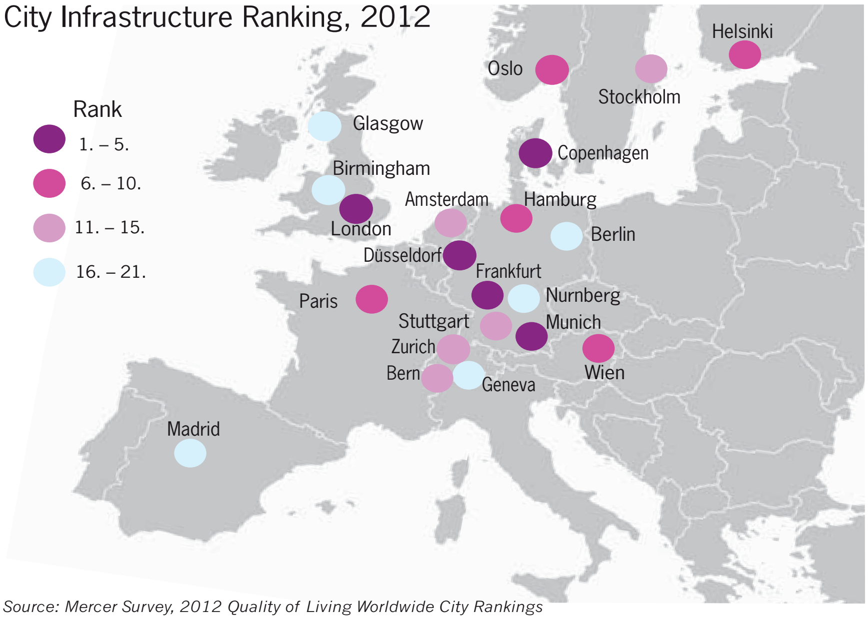
HELSINKI REGION TRENDS

2013

Current review of development in the region 2013

City Infrastructure Ranking, 2012



Source: Mercer Survey, 2012 Quality of Living Worldwide City Rankings

ENVIRONMENT

The best quality drinking water

POPULATION

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Start-up grant supporting entrepreneurship in Uusimaa

Helsinki's basic operational prerequisites are first-rate

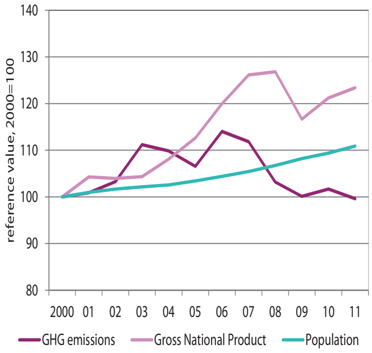
Helsinki ranked 9th among European cities in a report that examined city infrastructure or, in other words, the basic prerequisites and arrangements for production and economic development. In the global index, it was in 16th place. The basic prerequisites for production and economic development include the availability of electricity, telephone and postal services, public transport, traffic congestion and international flights available at the local airport. The best cities in Europe in terms of these factors are Frankfurt and Munich.

In addition to them, only Copenhagen, London, Hamburg, Paris and Vienna were estimated to have better infrastructure than Helsinki. Oslo, Stockholm and Stuttgart took the following places.

The best basic prerequisites for operation in the world are provided by Singapore, with the European cities of Frankfurt, Munich and Copenhagen in second place.

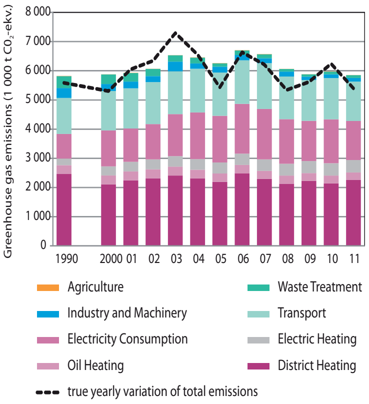
The information is based on the quality of living report compiled by the international consulting firm Mercer. The survey included 221 cities, and the material was primarily collected between September and November 2012.

Greenhouse gas emissions,
population and GNP
in the Helsinki Metropolitan Area
Reference value 2000=100



Source: HSY, Johannes Lounasheimo

Greenhouse gas emissions per sector in the Helsinki Metropolitan Area



Source: HSY, Johannes Lounasheimo

HSY Helsinki Region Environmental Services Authority

ENVIRONMENT

Greenhouse gas emissions and economic growth are parting

Helsinki Region Environmental Services Authority – municipal federation (HSY) calculates the greenhouse gas emissions of the towns in the Helsinki Metropolitan Area annually and monitors the development of indicators for climate change control. HSY participates in concrete control actions through different shared projects for the area, and it also works to decrease the energy consumption and greenhouse gas emissions of its own activities. In 2012, the Helsinki Metropolitan Area Climate Change Adaptation Strategy coordinated by HSY was completed, and the goals of the strategy are also being reviewed.

The aggregate greenhouse gas emissions in the Helsinki Metropolitan Area, including carbon dioxide, amounted to 5.9 million tonnes (CO2-eq.) in 2011. The emissions decreased by 2% compared to the previous year, and returned close to the levels of the 1990s. Approximately one half of the emissions in the Helsinki Metropolitan Area is caused by the heating of buildings, one quarter by electricity consumption, and one quarter by transport. During the 2000s, emissions decreased on average in Helsinki by 0.6% and in Kauniainen by 0.4% per year. In Espoo, the emissions have increased by 0.2% per year, and in Vantaa by 1.1%.

Economic fluctuations are still one of the central factors affecting the development of emissions in Finland and the Helsinki Metropolitan Area. On the other hand, it is not possible to directly forecast the emission level based on the gross national product (GNP), and there are signs of some level of disconnect between economic growth and emissions in the Helsinki Metropolitan Area. Globally the connection between economic growth and greenhouse gas emissions is clearer, because the importance of industry is greater in this extent.

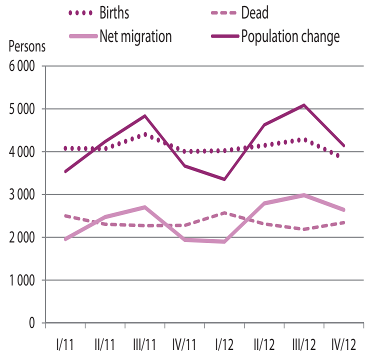
The best quality drinking water

The drinking water of those living in the Helsinki Metropolitan Area travels roughly 120 kilometres through a tunnel from Lake Päijänne to the HSY water treatment plants in Pitkäkoski and Vanhakaupunki in Helsinki. The raw water taken from Lake Päijänne amounts to only one-hundredth of the lake's natural discharge. The raw water is extracted from a depth of 26 m at a distance of 350 m from the shore. This keeps its temperature constant throughout the year, which is good for water quality and the condition of the water management network.

The quality of HSY's domestic water easily meets the quality requirements and recommendations. In addition to HSY's own sampling, the municipal health protection authority monitors the quality of network water. The reliability of the Helsinki Metropolitan Area water supply network is also excellent.

HSY Water services' customers consume an average of 158 litres of water per day. Water consumption in blocks of flats is, on average, higher than in terraced houses or detached houses. In detached houses, 123 litres of water is consumed by each resident every day, whereas in terraced houses the consumption is 149 litres per person per day. Personal hygiene accounts for over 40 per cent of the water consumption of households.

Population change in the Helsinki Region



Source: Statistics Finland, Population Statistics

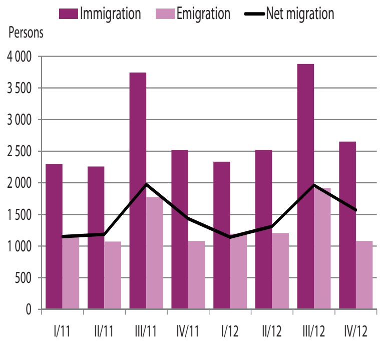
POPULATION

Migration gain increases population

According to preliminary information provided by Statistics Finland, the population of the Helsinki region increased by 4,100 people between October and December 2012. Over the entire year of 2012, the population of the region climbed by 17,200 people. Of this, 6,900 was attributable to natural population growth while migration brought in 10,300 people. In comparison to 2011, the population increase last year was higher by a little over 900 people. The migration gain was 1,200 people higher than a year earlier.

At the beginning of 2013 number of inhabitants in Helsinki was 604,000. 257,000 people lived in Espoo and 205,000 in Vantaa. The population within the outer ring was 309,000.

Net international migration in the Helsinki Region



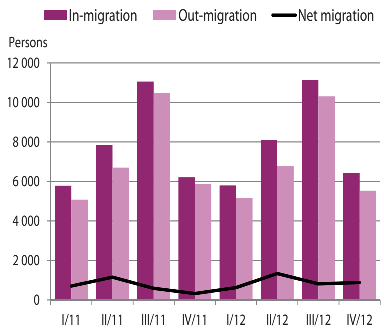
Source: Statistics Finland, Population Statistics

Exceptionally high migration gain from abroad

During 2012, nearly 12,700 people moved to the Helsinki region from abroad while 6,000 people moved to foreign countries. Therefore, the migration gain from abroad was slightly less than 6,700 people. This number was a record high. In the previous year, the migration gain from abroad was 400 people less. In 2007 and 2008, it was slightly less than 6,000 people. At other times, the numbers have sometimes been significantly lower.

During the past year, 11,400 people moved to the metropolitan area from abroad while 5,400 people moved to foreign countries. This means that the migration gain was slightly less than 6,000 people. Helsinki's share in this number was 60%, i.e. 3,500 people. Espoo's migration gain was slightly over 1,500 people while the gain in Vantaa stood at 900 people. In the exurbs, the number of incoming people trumped the number of outgoing people by nearly 700.

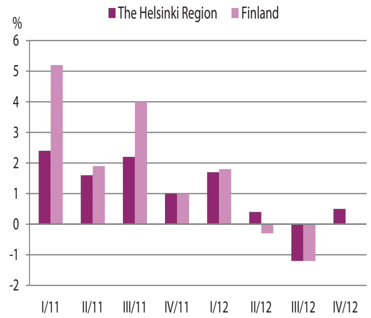
Net migration between the Helsinki Region and the rest of Finland



Source: Statistics Finland, Population Statistics

Indicator predicting total production

Change (%) since previous year



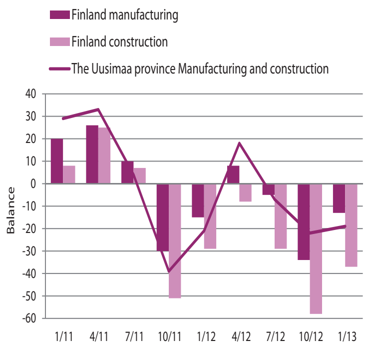
Source: Statistics Finland and Kaupunkitutkimus TA Oy

REGIONAL ECONOMY

Production turned to a slight increase at year's end

In the Helsinki region, production declined slightly over the past year but turned to an increase at the end of the year. Compared to the previous year, production was 0.5% higher in the last quarter. Industrial production decreased in the Helsinki region due to problems in the economically significant electronics industry, in particular. The national downturn affected wholesale trade and transport activities. However, moderate growth in other service fields over the entire year balanced the economic development. Record-high population growth increased demand in the service and housing markets.

Business outlook of manufactruring and construction



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

Business outlook notably cautious

According to the Business Tendency Survey conducted by the Confederation of Finnish Industries (EK) in January, the business outlook for the coming months is extremely cautious. Economic trends declined widely at the end of last year, and the situation in all main fields is described as clearly worse than average.

The outlook for industry is slightly more stable than in the autumn, but industrial companies are also anticipating a slight decline in conditions. In addition, the situation is clearly worse than normal in the service sector. Personnel development as a whole took a downturn towards the end of last year. The number of employees in industry and services decreased, whereas in construction the number remained roughly the same.

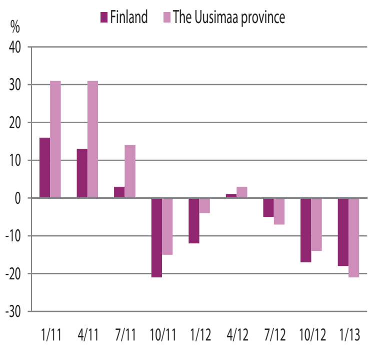
Manufacturing and construction

The economic situation of manufacturing and construction in Uusimaa worsened lightly at the end of last year. On the other hand, the business outlook has grown brighter since the last review. According to the survey conducted by EK in January, the outlook indicator was -19, whereas in October 2012 it was -38. Production expectations are cautious and production is anticipated to remain relatively unchanged in the coming months.

The outlook for industrial companies in the entire country is poor but slightly more stable than in October. The indicator in the January survey was -13 (-34 in October 2012). The personnel development of industrial companies weakened in the late autumn and early winter when the amount of labour took a moderate downturn. This decrease is expected to continue for the coming months.

The outlooks of construction companies in the entire country recovered slightly but nevertheless remained bleak. The outlook indicator was -37 in January (-58 in October 2012). However, personnel development remained moderate, when seasonal factors are taken into account.

Business outlook of service sector



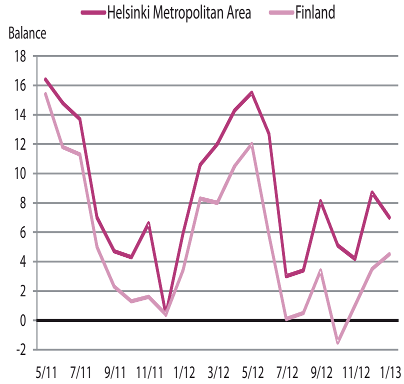
Source: Confederation of Finnish Industries, EK, Business Tendency Survey

Service

The outlook of service companies in Uusimaa remained grey at the end of last year. In January, it was worse than normal. The economic trend expectations for the coming months declined, resulting in an outlook indicator of -21 (-8 in October 2012). In Uusimaa, the economic outlook of the respondents was slightly below the national average. Sales are anticipated to increase slightly over the winter and spring.

In the entire country, expectations regarding economic trends continued to be tepid over the winter and the outlook indicator stood at -18 (-17 in November 2012). Service companies describe their situation with regard to economic trends as having grown incrementally bleaker over the previous year. The current trends are generally estimated to be poorer than average.

Consumer confidence indicator



Source: Statistics Finland, Consumer Survey

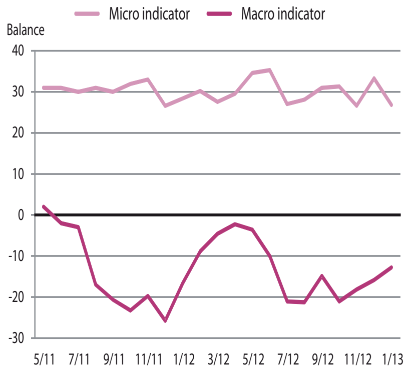
Consumer confidence in economic development strengthened

Early last year, consumers in the Helsinki Metropolitan Area were fairly confident about the positive development of the economy. However, these expectations declined significantly from July. In December and January, confidence once again strengthened. Consumers in the metropolitan area have traditionally been more positive in their views than the average Finnish consumer. In January of this year, the consumer confidence indicator in the metropolitan area was 7.0 and 4.5 for Finland.

The micro-indicator depicting the development and savings possibilities of consumer households stood at 26.8 in the metropolitan area in January, which is roughly the same as the year before but slightly less than in the previous months. In January, the macro-indicator depicting the economy and employment situation of the entire country stood at -12.8 in the metropolitan area, which means that views have brightened up from the previous months.

Confidence in the economic development of Finland strengthened in the metropolitan area in January, and the relevant indicator was only slightly negative at -1.7. In the entire country, the percentage was 29.3 and the indicator depicting expectations stood at -3.4.

Consumer confidence indicator



Micro indicator: Own economy and saving possibilities
Macro indicator: Finland's economy and development of unemployment

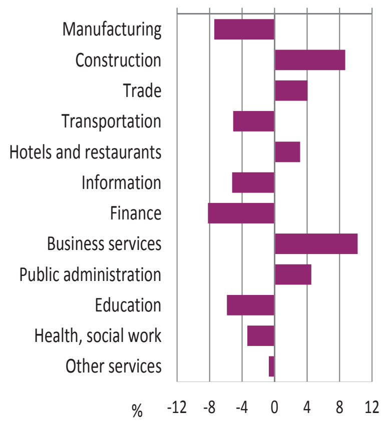
Source: Statistics Finland, Consumer Survey

LABOUR MARKET

Employment declines significantly in industry and financing

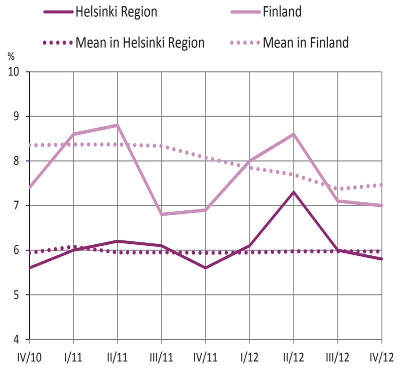
In the Helsinki region, the number of industry employees continues to drop. In the October–December period, their number decreased by 7.4% from the same time last year. In financing and insurance activities, the number of jobs decreased by 8.2%. For business services and trade, employment increased by 10% and 4%, respectively. Compared to

The employed labour force – Devolopment within industries in the Helsinki Region, IV/2012
Change (%) in since previous year



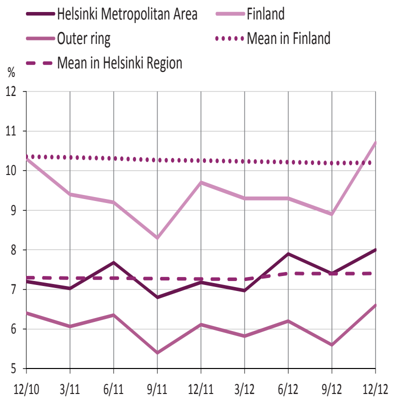
Source: Statistics Finland, Labour Force Survey

Unemployment rate in the Helsinki Region and in Finland
Mean (IV/10–IV/12)



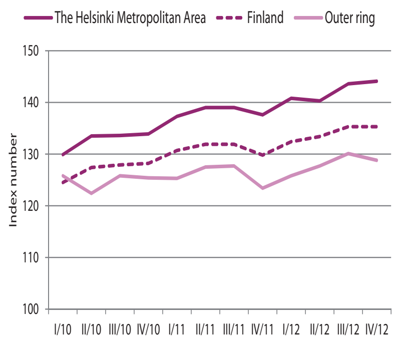
Source: Statistics Finland, Labour Force Survey

Unemployment rate in the Helsinki Metropolitan Area, in the Outer Ring and in Finland
Mean (12/10–12/12)



Source: Ministry of Employment and the Economy, The Employment service statistics

Prices of second-hand flats
Index, 2005=100



Source: Statistics Finland, housing price statistics

the end of 2008, the number of employees in trade was nearly 3% higher. In financing and insurance, employment increased by 10% compared to four years ago.

There were 64,500 employees in industry and 108,000 employees in trade in the Helsinki region during the final quarter of last year. In the entire country, trade provided jobs for 295,300 people while industry employed 372,400 professionals. Together, the fields of financing, insurance and real estate employed 72,200 people throughout Finland and 35,300 people in the Helsinki region.

Unemployment rate nearly unchanged

The proportion of unemployed people among the entire workforce was 5.8% in the final quarter of last year in the Helsinki Region, according to information provided by Statistics Finland Labour Force Survey. In Finland as a whole, the unemployment rate was 7.0%. Compared to the same time last year, the rate increased by 0.2% in the Helsinki region and 0.1% on a national level.

According to the customer register of the Employment and Economic Development Offices and the Ministry of Employment and the Economy, the unemployment rate at the end of December was 7.7% in the Helsinki region and 10.7% in the entire country. Compared to the equivalent period the previous year, this signified an increase of 0.8% in the Helsinki region and 1% in the entire country.

HOUSING MARKET

Prices of second-hand flats on the rise

In the metropolitan area, the prices of second-hand flats climbed by 4.7% in the last quarter of 2012 from the same period the previous year. In Helsinki, the average price of a second-hand flat per square metre was €3,970, in Espoo the price stood at €3,068 and in Vantaa at €2,417. The price was €2,012 for the exurbs and €2,342 for the entire country in the fourth quarter of 2012. In the exurbs and Vantaa, the average prices per square metre increased from the previous quarter by over €10, whereas in Helsinki and Espoo, the increase amounted to a few euros. Compared to 2005, the prices of second-hand flats rose in the entire country by 35%, in Helsinki by 47% and in the exurbs by 29%.

Significant decrease in the start of new construction

In the Helsinki region, there was almost one-quarter fewer square metres of new construction started during the last quarter of 2012 compared to the same period of time last year according to preliminary information. There was 9 per cent less of both already completed construction area and area granted a building permit. In the whole country, there was one-fifth less new construction started during October–December compared to last year, and the amount of construction area in square metres that received a building permit decreased by 4 per cent.

In the Helsinki region, the construction of 336,700 square metres started during October–December, and the corresponding amount in the whole country was 1.5 million square metres. A building permit was granted for the construction of 359,500 square metres in the Helsinki region and for 1.8 million square metres in the whole country.

TRAFFIC

Port cargo traffic decreases

Cargo traffic at the Helsinki ports decreased between October and December by 3.5% from the previous year. Import volumes had already taken a downward turn in the previous quarter. In the final quarter, import decreased by nearly 5% from the year before. Import decreased by 1.7%, and the decline has continued since the second quarter of last year. Compared to the end of 2001, there was about 4% more export and approximately 10% more import. The export volume was 4.8 million tonnes while import stood at 5.9 million tonnes in the October–December period.

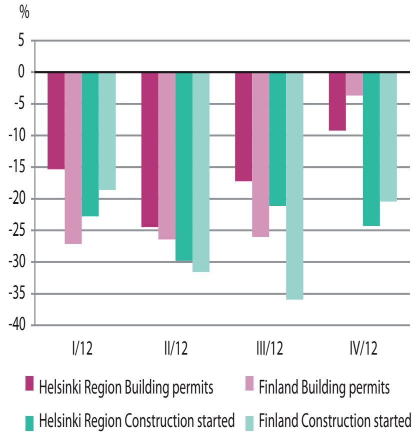
WELFARE

Number of crimes drops

In the fourth quarter of 2012, the police in Helsinki received information about 1,781 violent crimes and sexual offences. The number decreased from the previous year by 10%. The numbers continued to drop throughout last year compared to the corresponding quarters in the previous year.

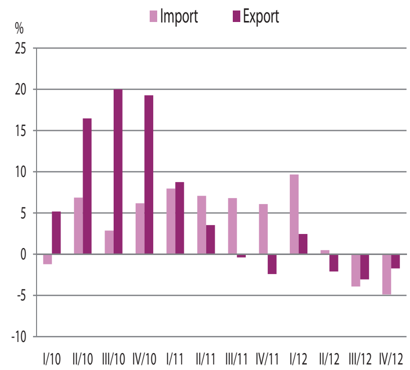
Between October and December 2012, the police received information about 7,343 thefts, which is 660 less than the previous year. In October–December, the number dropped by 8.3% from the same period a year before. During the fourth quarter of 2012, the Helsinki police received information about 658 drug offences. This was 167, or 20%, less than one year earlier.

Building permits granted and building starts
Change (%) since previous year



Source: Statistics Finland, Building and dwelling production statistics

Overseas cargo traffic at the Port of Helsinki
Change (%) since previous year



Source: Port of Helsinki

Violent crimes and sexual offences, thefts and drug offences in Helsinki
Change (%) since previous year

Source: Statistics Finland, Justice Statistics

Article

Santtu Sundvall, researcher
Centre for Economic Development, Transport and the Environment for Uusimaa

Start-up grant supporting entrepreneurship in Uusimaa

Supporting new and vital business is an essential goal of employment and economic development policy. Encouragement towards entrepreneurship functions as a tool that supports and maintains regional economic structure. However, entrepreneurial activities entail numerous challenges mostly related to the financial and mental survival of new entrepreneurs. It is typical that, in the early stages, the operating result of small and medium-sized businesses is primarily negative, customer contacts are few and the future is uncertain. During this time, external support received by the entrepreneur bears great significance.

The state start-up grant system was established in the early 1980s to support the development of new business operations by securing the personal livelihood of each entrepreneur in the initial period of business operations. Employment and Economic Development Offices provide the start-up grant to individual persons on a discretionary basis. This means that it is not considered an actual business subsidy by nature. Before making a decision to provide the grant, the applicant's entrepreneurial capability and the regional competitive situation are assessed. Until 2005, only unemployed people could apply for the start-up grant. After 2005, the support coverage was expanded to persons transitioning to entrepreneurship from paid employment, studies or domestic work.

Uusimaa and especially the Helsinki metropolitan area form the most essential market area in Finland for companies. The majority of businesses established in Finland position themselves in the Uusimaa region. Even though not every new entrepreneur needs the start-up grant to initiate business operations, the number of beneficiaries of the grant in Uusimaa is considerable. One quarter of all start-up grant entrepreneurs in the entire country set themselves up in Uusimaa. The large number of start-up grant entrepreneurs has sparked the need to determine the types of people that form this group, how significant the grant has been to their business operations, and how the Employment and Economic Development Offices have been able to serve them with regard to initiating business operations. Answers to the above questions were sought through an email questionnaire sent out by the Centre for Economic Development, Transport and the Environment for Uusimaa. Between 2008 and 2011, the questionnaire was answered by 728 recipients of the start-up grant.

Start-up grant companies are established in a diverse range of fields

Although secondary education is still the most common level of education among start-up entrepreneurs in Uusimaa, the respondents of the questionnaire mainly comprised people with higher education. 39% of the respondents had a degree from a university of applied sciences, while 27% had a higher academic degree. The majority of the respondents were over 36 years of age, and there were slightly more women than men. Most of the respondents were operating or had operated as an entrepreneur in the Helsinki or Espoo region and had received the start-up grant from an Employment and Economic Development Office in these regions.

The industry structure in Uusimaa is dominated by companies focused on services and trade. The same fields were also highlighted among the respondents. The largest single field by a very slight margin was 'other service operations' (15%). The field includes, for example, companies providing beauty care services. The trade sector came in second in the questionnaire. In addition to these, information and communications, arts, entertainment and recreation, as well as health and social services were prominent. A significant number of consultants from various fields were among the respondents. The survey strengthened the view that the start-up grant companies in Uusimaa are distributed among an extremely wide variety fields.

Based on the questionnaire, the start-up grant companies do not employ many people. A total of 78% of the respondents reported working alone. Moreover, the majority of the entrepreneurs estimated that their number of employees will not increase in the near future. The estimated turnover of the start-up grant companies was relatively small based on the questionnaire. About 61% of the respondents estimated their turnover to be under €50,000 a year. However, most estimated the turnover to increase in the near future. In a time when regional economic forecasts seem grim, this is an extremely positive piece of information.

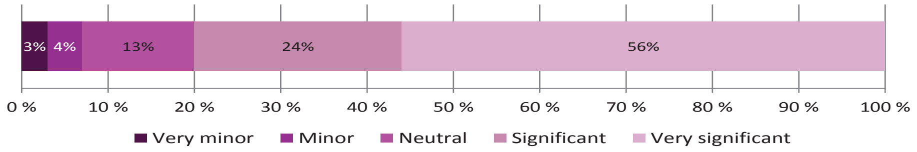
Creating your own job and working independently are the draws of entrepreneurship

The respondents were asked to state the three most significant reasons for their becoming an entrepreneur. The majority had made the decision out of a desire to create their own jobs or because they were inspired by the independence and freedom related to entrepreneurship. The previous employment status of each entrepreneur seemed to have had a significant effect on the reasons. For those who had transitioned to entrepreneurship from being unemployed, the creation of a job was most important. Those coming from employment or other backgrounds valued independence and freedom considerably more.

The significance of the start-up grant was found to be twofold

As many as 80% of the respondents felt that the approval of their start-up grant application had a significant or extremely significant positive impact on their business operations (Figure 1). The nature of the significance was found to be twofold: the grant was seen as financial support on a concrete level and proof of appreciation on a mental level. In accordance with the primary aim of the grant, the respondents felt that receiving the start-up grant had had a profound impact on their basic livelihood in the initial stages of business operations. Being able to secure their income had provided them with more financial leeway and even enabled them to take minor financial risks.

Figure 1. Significance of the start-up grant in the early stages of business operations % (n=725)



However, the mental aspects of receiving the start-up grant may have been even more significant. Many of the entrepreneurs had felt that the grant symbolised society's symbolic show of trust in them and their business ideas. It had been a sign that someone else believes in the future of the company. Therefore, receiving the grant had bolstered the confidence of the entrepreneurs and motivated them to develop the operations further.

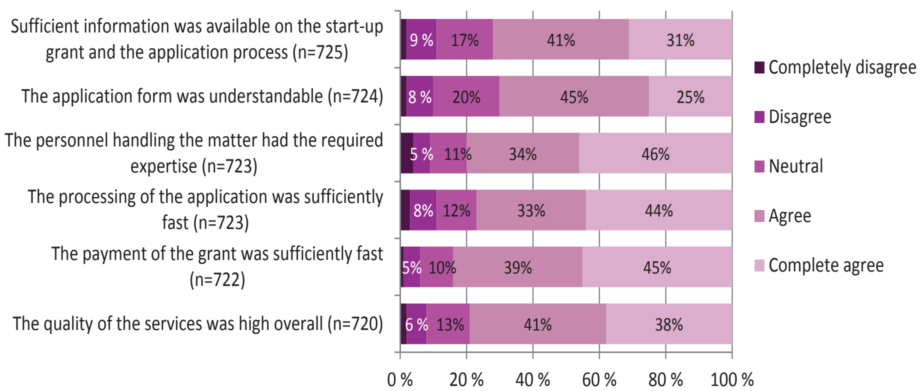
The Employment and Economic Development Offices were praised for their services

Overall, the attitude towards the start-up grant system was positive in the questionnaire. About 66% of the respondents found the system to function extremely well. However, the relatively small monthly amount, short duration and the inflexibility of the application process were seen as weaknesses. Generally speaking, the regional Employment and Economic Development Offices received a very positive evaluation in terms of the implementation of services related to the grant system. However, some respondents hoped for clearer information on the grant (Figure 2).

When the respondents were asked to list their most important partners upon initiating their business operations, the Employment and Economic Development Offices of Uusimaa and the Centre for Economic Development, Transport and the Environment ranked highest. The services provided by regional centres for new businesses were also found to be important. These centres provide entrepreneurs with advice and support, along with issuing statements to the Employment and Economic Development Offices on the profitability of individual companies, if necessary.

This article is based on the report "Starttiraha ja yrittäjyys Uudellamaalla" published by the Centre for Economic Development, Transport and the Environment for Uusimaa.

Figure 2. Views of the respondents on the various aspects of the services provided by the Employment and Economic Development Offices (%)



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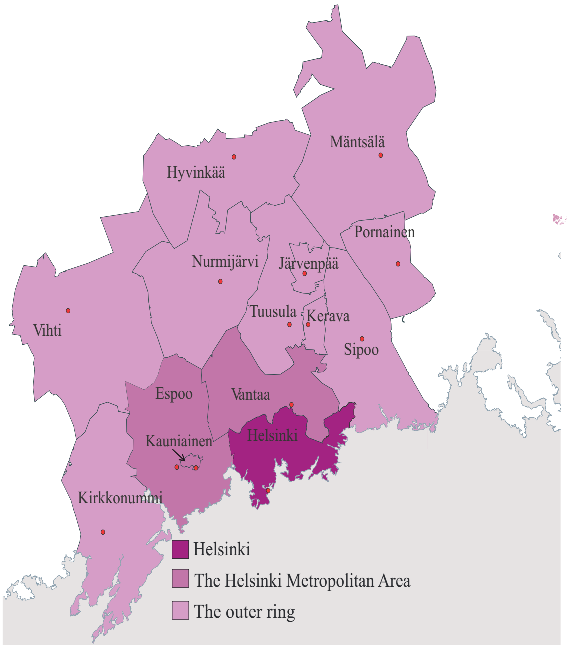
Regions

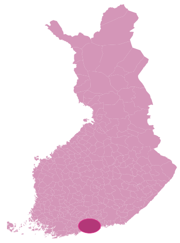
The Helsinki Metropolitan Area consists of Helsinki, Espoo, Kauniainen and Vantaa.

The outer ring consists of Hyvinkää, Järvenpää, Kerava, Kirkkonummi, Mäntsälä, Nurmijärvi, Pornainen, 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

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 actively 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.

Production: Describes the productive activity of companies and other organisations in the area.
1) **Helsinki region:** An anticipatory graph of the production in the Helsinki region, constructed based on the indicators by field of industry anticipating the development of production. The most recent information presented in the review is based on the preliminary estimates for the indicators. Source: Kaupunkitutkimus TA Oy.
2) **Finland:** The gross national product in the quarterly national accounts with fixed prices, by Statistics Finland. The most recent quarter is advance information on the total production published by Statistics Finland.

Key figures	Helsinki	Helsinki region	Year/Month
• total area km²	716	5,518	2012/1
• land area km²	213	3,841	2012/1
• population	603,968	1,383,993	2013/1
• population density (inh./km² land area)	2,836	360	2013/1
• population projection 2050	735,370	1,830,360	2012/1
• finnish-speaking	494,686	1,163,512	2013/1
• swedish-speaking	35,674	81,338	2013/1
• others	73,608	139,143	2013/1
• population (attained tertiary education) %	38.1	34.8	2011/12
• employment rate, % (15-64 years old)	73.0	73.0	2012/12
• number of employees	312,955	704,195	2012/IV
• unemployment rate, %	8.4	7.7	2012/12
• number of unemployed	20,613	43,661	2012/IV
• proportion of one-person households	49.0	41.8	2012/1
• proportion of dwellings in blocks of flats, %	85.8	67.1	2011/12

HELSINKI REGION TRENDS

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P.O.Box 5520
Fin-00099 City of Helsinki
e-mail: helsinkitrends@hel.fi

Contacts: Leena Hietaniemi
City of Helsinki Urban Facts
Tel. +358 40 3344804
e-mail: leena.hietaniemi@hel.fi

Maria Kuula
HSY Helsinki Region Environmental Services Authority
Tel. +358 45 3654783
e-mail: maria.kuula@hsy.fi

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