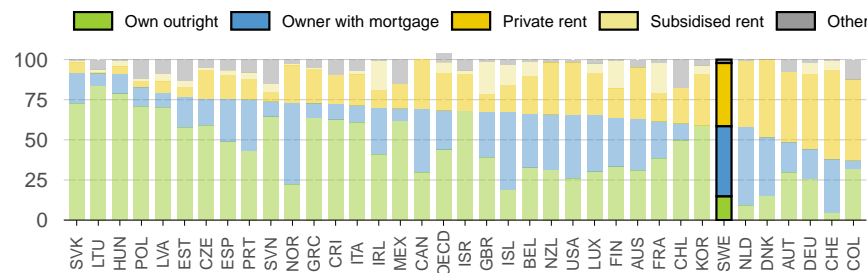


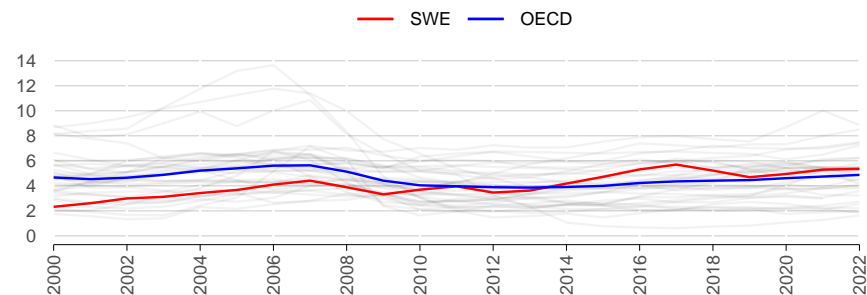
SWEDEN

Housing policies affect well-being through a wide range of channels including access to decent shelter, environmental quality, efficient use of scarce resources, type and extent of commuting, as well as its contribution to strong and resilient economic growth. This snapshot provides a cross-country perspective on Sweden's housing-related indicators and policy settings. Households' tenure choices depend on demographics and/or socio-economic factors, as well as policies related to public promotion of housing, housing taxation and rental regulations. There are large differences in tenure structure across OECD and key partner countries: homeownership in Sweden is lower than the OECD average (14.9% outright owners and 43.6% owners with mortgages in 2020 compared with 43.8% and 24.7% respectively in the OECD average). The share of private renters is high compared with the OECD average (39.4% vs. 27.3% in 2020). Real house prices in Sweden have risen strongly since the 1990s, with prices increasing by 52.2% since 2010 compared with an increase of 37.8% on average in the OECD. In the last two years, real prices have slowed down and started to decline. In contrast, real rents have slightly declined during the period, by 1.9% compared with the modest increase of 1.3% on average across the OECD. Sweden's housing investment rate has seen a steady rise during the period 2012-2017 and then declining converging to a level close to the OECD, respectively, 5.2% and 4.8% in 2022. Mortgage claims to GDP ratio reached 77% in 2021 (higher than the OECD average of 51.7%) and reflects the high proportion of owners that have to repay a mortgage. In addition, the share of new mortgages emitted with variable rates is high compared with other OECD countries and represents close to 70% of the new loans emitted in the second quarter of 2022.

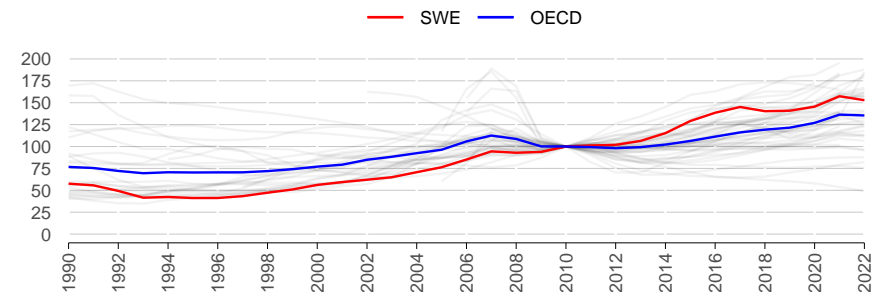
(a) Housing tenure distribution, 2020 or latest available



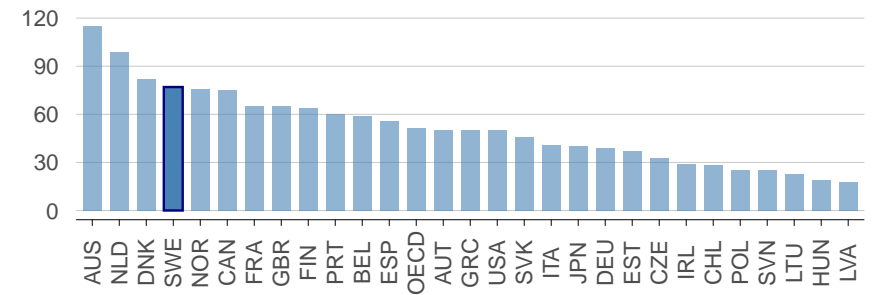
(c) Housing investment as share of GDP



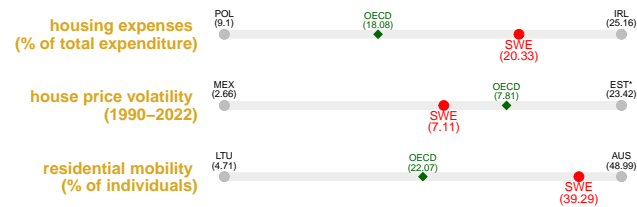
(b) Real house price index (2010=100)



(d) Housing finance: mortgage claim as a share of GDP, 2021 or latest available

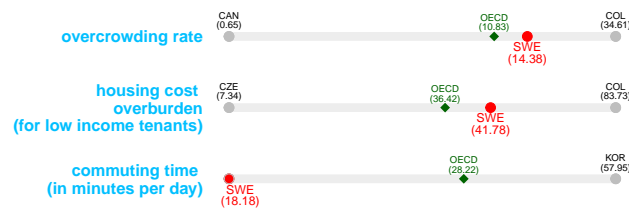


Efficiency



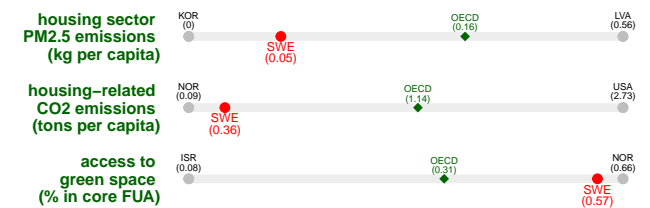
Efficiency measures the economy's capacity to align housing supply with demand, thereby limiting excessive price and rent increases, contributing to macroeconomic stability and facilitating residential mobility. In Sweden, housing costs, comprising actual and imputed rents as well as maintenance and repair of dwellings, make up a high share of overall household expenditure compared with the average OECD country (20.3 % in Sweden versus 18.2 % in the OECD on average). House price volatility, which can be an indicator of vulnerability in the housing sector when elevated, has been moderate in Sweden (7.1 standard deviation during the period 1992-2022 compared with 7.6 on average in the OECD). However, the high share of mortgage to GDP and the increasing reliance on variable interest rates could generate risks of overburden for households and contribute to macroeconomic instability. Residential mobility, as measured by the percentage of individuals who changed residence in the years 2008-2012, is among the highest in OECD countries (39.3 % of the population in Sweden compared with 22.1 % in the OECD average). However, the majority of moves is related to personal and family motives and difficult access to housing in some areas may still hamper labour mobility.

Inclusiveness



Inclusiveness refers to the housing sector's capacity to deliver adequate and affordable homes across the income distribution while limiting residential segregation. Sweden displays a relatively high overcrowding rate of 14.4 % of total population and it also ranks relatively high in terms of housing cost overburden (for low income tenants), measured by the percentage of low-income tenants spending more than 40 % of income in rent (41.8 % of low income tenants in Sweden in 2022 vs 36% on average in the OECD). Factors contributing to these outcomes include a shortage of affordable rental housing in some areas, partly related to relatively rigid rent regulations, and very limited prioritisation in access to municipal housing. In Sweden, the gross public investment in housing reached around 0.3% of GDP, higher than most countries. Spending on housing allowance are slightly above the OECD average and represents 0.32% of GDP in 2020. Furthermore, in Sweden average commuting time is 18.2 minutes per day, which is lower than the OECD average of 29.2 minutes per day, suggesting that relatively many people can afford living close enough to their workplace.

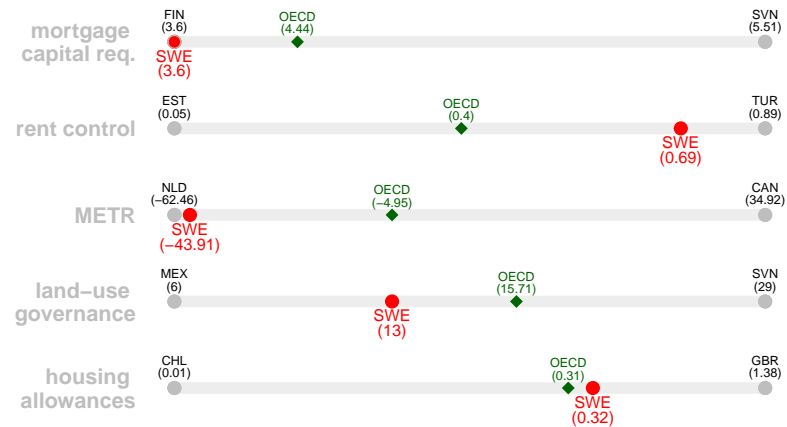
Sustainability



Sustainability assesses the housing sector's readiness for the transition to a low-carbon economy and its capacity to attenuate pressures on the ecosystem by preserving biodiversity and residents' health. Residential activities are responsible for 44% of fine particulate matter (PM2.5) emissions on average across OECD countries, which is the air pollutant that poses the greatest risk to health globally. Sweden displays relatively low housing-related PM2.5 emissions (0.05 kg per capita in 2020) compared with the OECD average (0.17 kg per capita in 2020), while also showing mean population exposure to PM2.5 below the WHO-recommended threshold of 10 micrograms per cubic meter. It ranks relatively high in terms of housing-related energy intensity, partly due to the wide temperature ranges (implying substantial energy use for heating and cooling) but displays low CO2 emissions, with 0.4 tons per capita of CO2 emissions in 2020, compared with the OECD average of 1.1 tons per capita. The good performance in terms of direct emissions reflects the almost complete exclusion of direct combustion of fossil fuels within households. In Sweden, electricity and district heating are the principal sources of energy used in the residential sector, respectively, 51% and 34% in 2020. During the period 2000-2020 the total emissions of the sector have declined by 53%, far above the OECD average and largely driven by improvements in the carbon intensity and a reduction in the energy use per capita. Finally, in Sweden, the average access to green space in urban areas, which is linked to a variety of health and well-being benefits, is among the highest in the OECD average.

Policy Profile

Housing policies shape the efficiency, inclusiveness and sustainability of the housing sector. The chart below shows the principal indicators capturing the policy profile for Sweden.



Requiring lenders to use more capital when funding risky mortgage loans has been found to result in lower crisis risk and stronger recoveries. More stringent rent control, which reduces the profitability of housing investment, is empirically associated with a weaker response of housing supply to change in demand. Higher marginal effective tax rates (METR) on housing property help containing house price dynamics, thereby contributing to housing affordability over the long run. Higher values of the land-use governance indicators reflect more decentralisation to the municipalities and/or more overlap across government levels; they have been empirically linked to housing supply that is less responsive to changes in demand. More spending on housing allowances typically facilitates residential mobility in some countries, which is often a condition for labour mobility. Higher rent subsidies can however inflate rents and prices where supply fails to respond flexibly to demand. It should be noted that in Sweden minimum risk weights on mortgages were raised on 31 Dec 2018. Additionally, there is no general housing allowance in Sweden. The amount shown in the chart reflects a housing means-tested supplement for retired people and an allowance for very low income people (families with children, youth). These are unlikely to have a big impact on mobility and rents.

Definitions*

Structural indicators	
Share of owners outright	Share of owners outright, source: OECD Housing Affordable Database
Share owners with mortgages	Share owners with mortgages, source: OECD Housing Affordable Database
Share of private renters	share of private renters, source: OECD Housing Affordable Database
Share of subsidized renters	Share of subsidized renters, source: OECD Housing Affordable Database
Real house price index	Real house (hedonic) prices evolution (100=2010). Source: OECD House Price Analytical Database
Housing finance	Loans for house purchasing, in percent of GDP (in %). 2019 or latest year available. Source: OECD Resilience database, National Bank of Belgium, Central Bank of Chile, Central Bank of Ireland
Housing investment	Housing investment as share of GDP (%). 2019 or latest year available. Source: OECD National accounts data
Efficiency	
Housing expenses (% of total expenditure)	Housing consumption as a share of total household expenditure (in %). The indicator includes expenditure for actual and imputed rents, maintenance and repair of the dwelling. 2021 or latest year available. Source: OECD National accounts data
House price volatility (1990-2022)	Standard deviation of (de-trended) real house prices (1990-2022). Source: OECD calculations based on OECD Analytical House Price Database
Residential mobility (% of individuals)	Share of individuals that changed residence in 5 years (in %), 2012. Source: OECD Calculations based on 2012 EU SILC Data for EU countries, AHS 2013 for the United States, HILDA 2012 for Australia, Encuesta de Calidad de Vida Urbana (ECVU) 2018 for Chile
Inclusiveness	
Overcrowding rate	Share of household that does not have at its disposal a minimum number of rooms relative to their household size and composition (in %). 2020 or latest year available. The minimum number of rooms is equal to: one room for the household; one room per adult couple in the household; one room for each single person aged 18 and over; one room per pair of single persons of the same sex between 12 and 17 years of age; one room for each single person between 12 and 17 years of age and not included in the previous category; one room per pair of children under 12 years of age. Source: OECD Affordable Housing database
Housing cost overburden (for low income tenants)	Share of tenants in the bottom quintile of the income distribution spending more than 40 percent of disposable income on private rent (in %). 2020 or latest year available. Source: OECD Affordable Housing Database
Commuting time (in minutes per day)	Average time spent travelling to and from work or study for all 15-to-64-year-olds (in minutes per day). Latest available year, ranging from 1999 (Portugal) to 2019 (USA). Source: OECD Family Database and Casen 2017 for Chile
Sustainability	
Housing sector pm2.5 emissions (kg per capita)	Estimates of the annual volume of emissions of PM2.5 with respect to man-made emissions from non-industrial combustion sources, in kg per capita. 2020 or latest available year. Source: OECD Environment database, 2019
Housing-related co2 emissions (tons per capita)	CO2 emissions from fuel combustion (including electricity and heat) in the residential sector (in tons per capita). 2018. Source: CO2 emissions from fuel combustion database, IEA 2020 edition
Access to green space (% in core fua)	Share of green space area in core functional urban areas (in %). 2021. Source: OECD calculations based on Banquet, A. et al. (2022), "Monitoring land use in cities using satellite imagery and deep learning"
Policy indicators	
Mortgage capital req.	Minimum regulatory Tier 1 ratio multiplied by unweighted average of risk weights for mortgage loans with an LTV ranging from 50 to 130. 2018 or latest year available. Source: ECB's Macropprudential Policies Evaluation Database (MaPPED) complemented by OECD own research
Rent control	Indicator reflecting on the number of regulations that restrict rent levels and rent increases. The indicator ranges between 0 and 1, with a higher number indicating greater stringency. 2021. Source: OECD calculations based on OECD Questionnaire on Affordable and Social Housing (QuASH)
METR	The indicator combines information on property taxes and housing-related provisions of income taxes. It is computed as the difference between the pre and post-tax rates of return of a marginal investment divided by the pre-tax rate of return of that investment where post-tax real rate is the minimum rate of return necessary to make the investment worthwhile (in %). 2016. Source: Preliminary illustrative estimates pending the publication of the final estimates of the forthcoming OECD Tax Policy Studies
Land-use governance	Indicator of restrictiveness of the land use regulation. It comprises two components: decentralisation and overlap of government levels in land planning decisions. The indicator ranges between 2 and 30 with a higher number indicating greater stringency. 2021. Source: OECD calculations based on OECD Questionnaire on Affordable and Social Housing (QuASH, 2021)
Housing allowances	Public spending on means- and/or income-tested housing allowances and transfers to households (in % of GDP). 2019 or latest year available. Source: OECD Affordable Housing database

*The choice of indicators may vary by country depending on data availability.