

HC1.1 HOUSING-RELATED EXPENDITURE OF HOUSEHOLDS

Definitions and methodology

Households spend a lot of money on housing and associated costs. This indicator presents information on the final consumption expenditure of households on housing, water, electricity, gas and other fuels, as a percentage of their overall final consumption expenditure. Data refer to aggregate expenditure at national level. The indicator helps to understand the relative importance of housing-related expenditures within consumer spending and facilitates comparison with other household budget items, across countries as well as over time. The data in this indicator are mainly taken from the OECD Annual National Accounts Database on Final consumption expenditure of households, along the categorisation in the Classification of Individual Consumption According to Purpose (COICOP).

The COICOP categorises the following items under housing-related expenditure:

- *Actual rentals for housing*: rentals normally include payments for the use of the land on which the property stands, the dwelling occupied, the fixtures and fittings for heating, plumbing, lighting, etc., and, in the case of a dwelling let furnished, the furniture. Rentals also include payments for the use of a garage to provide parking in connection with the dwelling.
- *Imputed rentals for housing*: Imputed rentals of owners occupying their main residence (the rental-equivalence that homeowners would pay for a house with similar characteristics to the one they own, which is designed to capture the segment of owner-occupied housing)
- *Maintenance and repair of the dwelling*: Expenditure that tenants and owner-occupiers incur for materials and services connected with activities undertaken regularly in order to maintain the dwelling in good working order.
- *Water supply and miscellaneous services relating to the dwelling*: Expenditure associated with water supply (such as hiring and reading of meters, standing charges, etc.); refuse collection and disposal; sewage collection and disposal; and, other services related to the dwelling (including co-proprietor charges for caretaking, gardening, stairwell cleaning, heating and lighting, maintenance of lifts and refuse disposal chutes, etc. in multi-occupant buildings; security services; snow removal and chimney sweeping).
- *Electricity, gas and other fuels*: Expenditure associated with the domestic use of, for example, electricity, natural gas, liquefied hydrocarbons and liquid and solid fuels.

Key findings

Housing is the single-largest household expenditure item on average.

Housing-related expenditure constituted the single-highest household expenditure item in OECD and EU countries in 2022, at an average of around 22.5% of final household consumption expenditure for OECD countries and 22.2% for EU countries. Figure HC1.1.1 shows that food and non-alcoholic

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Please cite this as: OECD (2024), "Indicator HC1.1. Housing-related expenditure of households," OECD Affordable Housing Database, <http://oe.cd/ahd>.

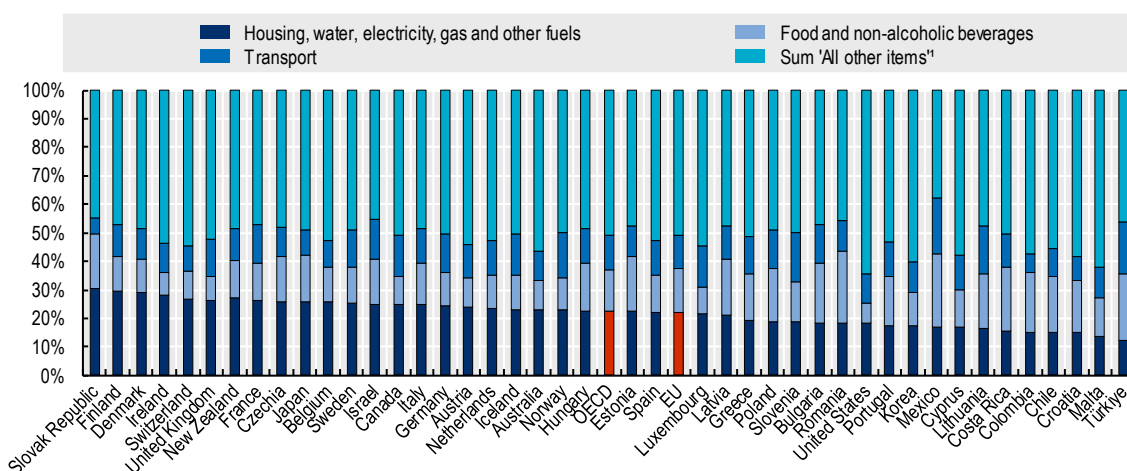
beverages (15.6%) and transport (12.2%) are the next two most significant spending items, on average. Meanwhile, household consumption expenditure is, on average, smaller for miscellaneous goods and services (11.1%), recreation and culture (8.3%), restaurants and hotels (8.3%), furnishings, household equipment and routine maintenance of the house (5.4%), health (5.1%), clothing and footwear (4.2%), alcoholic beverages, tobacco and narcotics (4.1%), communications (2.5%) and education (1.5%).

The relative importance of housing-related expenditure varies across countries, however. In 2022, housing-related items constitute over a quarter of overall household consumption expenditure in 14 countries: Belgium, Canada, Czechia, Denmark, Finland, France, Ireland, Israel, Japan, New Zealand, Slovak Republic, Sweden, Switzerland, and the United Kingdom (Figure HC1.1.2, Panel B). By contrast, Croatia, Malta and Türkiye recorded the lowest relative level of housing expenditure, at less than 15% of overall household consumption expenditure on housing, followed by Chile, Colombia, Costa Rica, Cyprus, and Lithuania (between 15 and 17% of all household consumption spending).

Bulgaria, Chile, Colombia, Costa Rica, Croatia, Lithuania, Portugal, Romania and Türkiye are the only countries in which food and non-alcoholic beverages constitute the largest share of household consumption expenditure. In the United States, spending on health was the largest household spending item (20.3%) (see the online xls.file with detailed information in Table HC1.1.1).

Figure HC1.1.1. Final household consumption expenditure of households by item

Share of final household consumption expenditure, three main expenditure items and sum of all others, 2022 or latest available year^{1,2,3}



Note: 1. "All other items" include the following COICOP categories: Miscellaneous goods and services; Recreation and culture; Restaurants and hotels; Furnishings, household equipment and routine maintenance of the house; Clothing and footwear; Alcoholic beverages, tobacco and narcotics; Health; Communications; and Education. 2. Data refer to 2021 for Chile, Colombia, Costa Rica, Japan, New Zealand, and Switzerland. 3. Provisional values for Belgium, France, Germany, Greece, Hungary, Korea, Mexico, the Netherlands, Portugal, and Switzerland.

Source: OECD Annual National Accounts Database; Eurostat Annual national accounts database (Cyprus and Malta)

Footnote by Türkiye: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue";

Footnote by all the European Union Member States of the OECD and the European Commission: The Republic of Cyprus is recognized by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

On average, spending on housing has increased in recent decades, though there are large differences across countries.

Between 1995 and 2021, the share of housing-related expenditure increased, on average, in the OECD by 15% – more than 3 percentage points (Figure HC1.1.2). However, the evolution of housing-related expenditure has not been linear. Between 1995 and 2007, housing related-expenditure increased gradually, from 20.7% in 1995 to 21.3% in 2007, on average – apart from a slight drop between 1999 and 2000. This was followed by a more rapid increase until 2013 (to 23.3%), and then a gradual decline until 2018 (22.4%), yet still well above the 1995 levels. Since 2019, the share of housing-related expenditure has again increased, with the largest annual increase of 8% – nearly 2 percentage points – recorded between 2019 and 2020, when the share of housing-related expenditure reached its peak (24.4%). In 2021, the average housing-related spending dropped slightly to 23.8%.

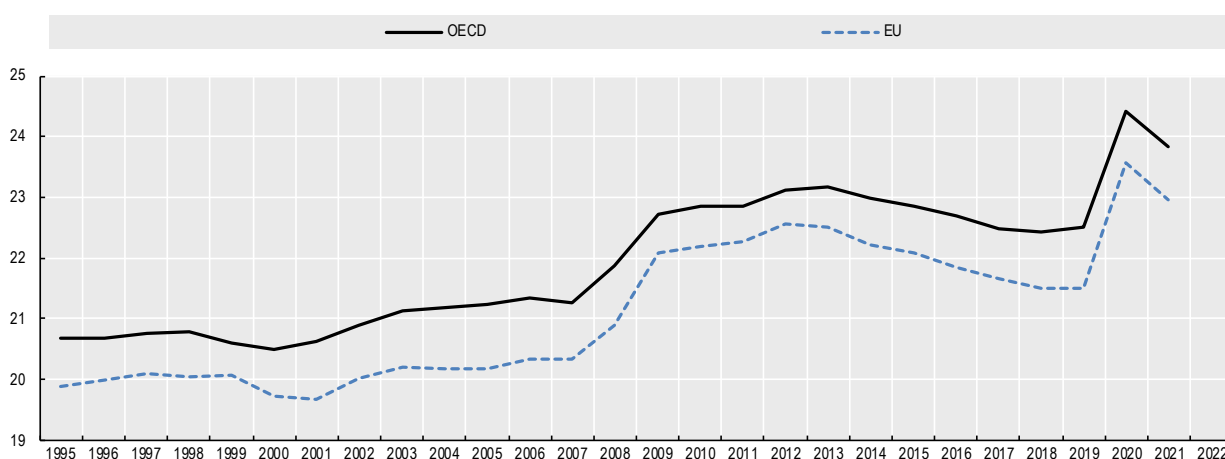
Moreover, there are considerable differences across countries. Between 1995 and 2022, the share of housing expenditure in total household expenditure increased by over 80% in Ireland and by over 50% in Cyprus and Spain. Over this period, Bulgaria, Croatia and Lithuania all recorded a drop in average housing expenditure of at least 20%. In Canada, Costa Rica, Germany, Norway, Slovenia, the United Kingdom and the United States, average housing-related spending remained relatively stable over this period.

Imputed rentals for housing represent the biggest spending component on housing.

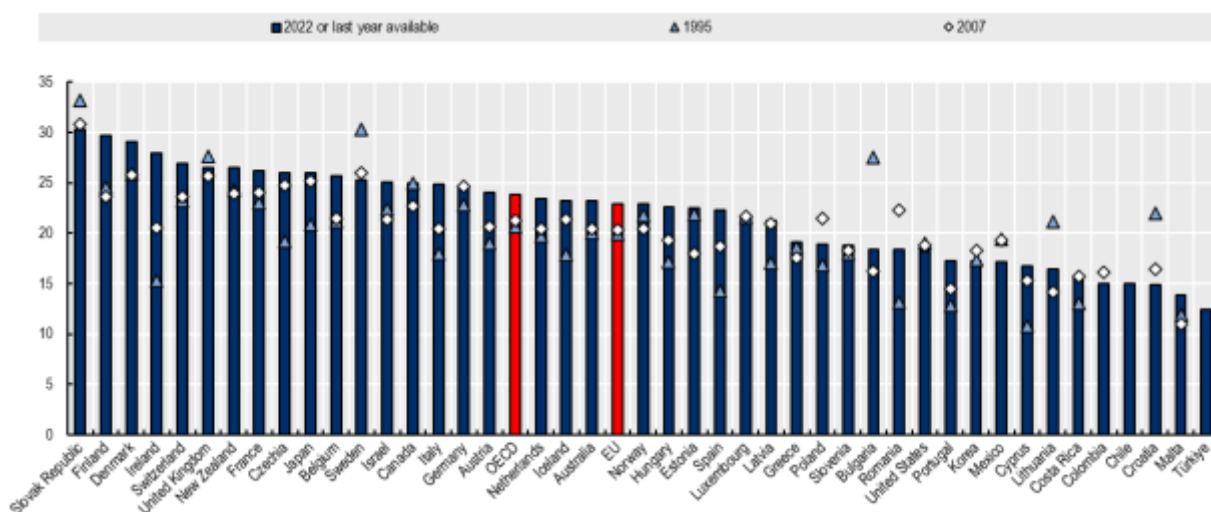
In terms of the composition of household expenditure on housing, imputed rentals for housing represent the largest component in all countries but Poland and comprise at least 60% of total housing-related expenditure in 9 countries. In Poland, electricity, gas and other fuels constitute the largest expenditure item. Figure HC1.1.3 shows that on average across the OECD, imputed rentals for housing made up 12.3% of total household consumption expenditure in 2022, with smaller shares of spending devoted to electricity, gas and other fuels (4.8%), actual rentals for housing (3.9%), water supply and miscellaneous services (1.4%), and maintenance and repair of the dwelling (0.8%).

Figure HC1.1.2. Housing expenditure as share of final consumption expenditure of households

A. Housing, water, electricity, gas and other fuels, % of final household consumption expenditure, OECD average and EU average, 1995-2021^{1,2,3}



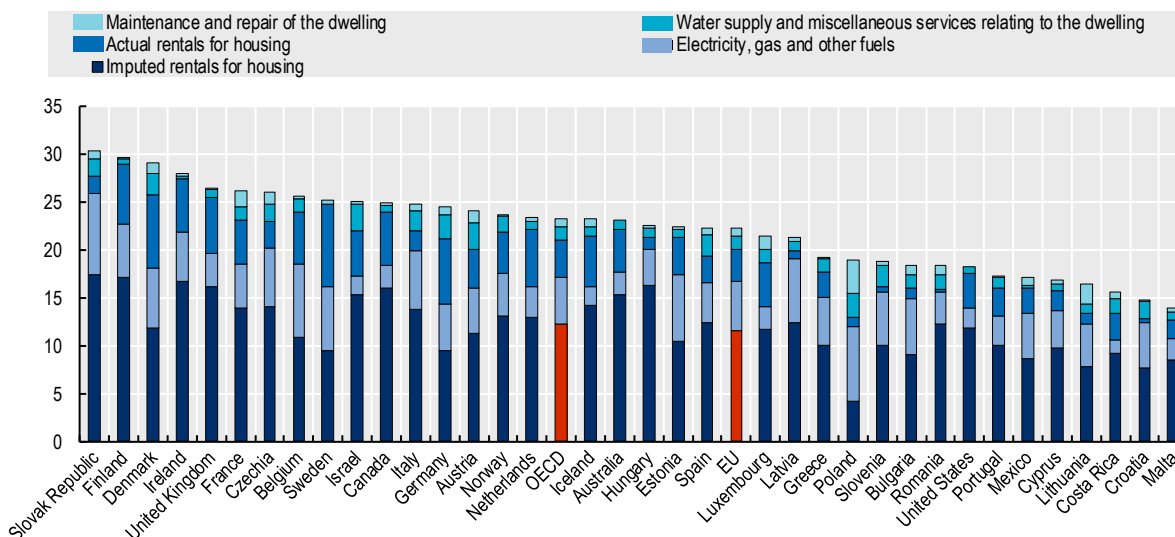
B. Housing, water, electricity, gas and other fuels, % of final consumption expenditure of households, 1995, 2007, 2022 or last year available^{1,2,3}



Note: 1. The OECD average over time is calculated using the data of the countries available for all years. 2. Provisional values for 2022 for Belgium, France, Germany, Greece, Hungary, Korea, Mexico, the Netherlands, and Portugal. 3. Latest year refers to data from 2021 for Chile, Colombia, Costa Rica, EU, Japan, New Zealand, OECD, and Switzerland. The present publication presents time series which extend beyond the date of the United Kingdom's withdrawal from the European Union on 1 February 2020. In order to maintain consistency over time, the "European Union" aggregate presented here excludes the UK for the entire time series. Source: OECD Annual National Accounts Database; Eurostat Annual national accounts database (Cyprus and Malta)

Figure HC1.1.3. Breakdown of housing-related expenditure

Components of housing-related expenditure, % of final household consumption expenditure, 2022 or latest available year^{1,2,3,4}



Note: 1. A detailed disaggregation of housing-related expenditure is not available Chile, Colombia, Japan, Korea, New Zealand, Switzerland or Türkiye. Data on Maintenance and repair of the dwelling are not available for Australia or the United States. 2. Data refer to 2021 for Norway. 3. Provisional values for Belgium, France, Belgium, Germany, Greece, Hungary, Mexico, the Netherlands, and Portugal. 4. The OECD average only includes countries with available data for each category. Therefore, Australia and the United States are not included in the average here. Source: OECD Annual National Accounts Database; Eurostat Annual National Accounts Database (Cyprus and Malta).

Data and comparability issues

The data used in Figures HC1.1.1, HC1.1.2, HC1.1.3 are mainly taken from the OECD Annual National Accounts Database, and more specifically from the section on Detailed Tables and Simplified Accounts - Final consumption expenditure of households. These data present the final consumption expenditure of households (in national currency, in current prices and constant prices, expressed in millions) according to the COICOP (Classification of Individual Consumption According to Purpose). This classification, developed by the United Nations Statistics Division, divides consumption into categories, with twelve main categories for the household sector. Data used follows the COICOP classification, with the exception of “insurance related to health”, classified as part of “health” consumption instead of “miscellaneous goods and services”.

Data for Cyprus and Malta are taken from the Eurostat Annual National Accounts database, Detailed breakdown of main GDP aggregates (by industry and consumption purpose) - Final consumption expenditure of households by consumption purpose. Percentages are calculated based on aggregate expenditure in current prices.

Sources and further reading

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