

UDC 316.344.5

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REAL ESTATE CONDOMINIUMS IN ESTONIA: HISTORY AND PRESENT SITUATION

General information about real estate in Estonia, history and present situation of real estate condominiums are considered in the article. Some problems influenced by the world economical crisis are analyzed.

General Information about real estate in Estonia

Estonia has about 583,700 families. Two thirds are living in multiple dwellings; one fourth is living in farms or one family houses, 6% are living in houses for 2 families, etc.

Most of the families are living in multiple dwellings in urbanized regions in Northern and Eastern part of Estonia (84% and 86% respectively). In other regions (Central, Western and Southern Estonia) amount of houses are bigger and in multiple dwellings are living just half of the families. 85% of families who are living in multiple dwellings own the property, 15 % use to rent flats from companies or direct from the owner.

At 1 of January 2007 in Estonia were 638,200 living spaces, 476 living spaces for 1000 inhabitants. If we compare Estonia with other European states then we can say that Estonia has enough living space for its inhabitants. Amount of living spaces for 1000 inhabitants are lower in Poland, Latvia, Lithuania, Belgium, Ireland and Spain. More living spaces for 1000 inhabitants then Estonia have just Greece, Switzerland, Finland and France.

Almost 90% of living spaces are used. Numbers show us that it should not be a shortage of living space in Estonia. Limitations in availability of living spaces are established by financial possibility or special needs of the family (its too big, or too small, price, location etc.). If we compare the quality of living space in Estonia with quality from other European states, then we can say that in Estonia quality is lower – apartments are smaller, older, there are much more apartments then houses.

Despite of very active building activity in last few years, amount of new flats are not so big. Most of the families (79%) are living in multiple dwellings which were built in 1961 – 1990. In apartments which were built after 1991 are living just 4%. Quality of living space is determined also by space. Families who are living in apartments have in medium 2,3 – 1,3 rooms per person. Usually in one apartment you have 52 m² – per person 29 m². This space can vary depending on the period of time when the building was built – usually newer buildings have bigger living spaces.

80% of families who are living in multiple dwellings central heating, 13% – furnace heating, 5% – local central heating and 4% – electrical heating. Water and sewer system are present in almost all families, 63% are using central system of providing hot water, 83% have their own bath, and 11% don't have any conditions for using bath or shower.

In general, families state the value of their apartments as good or satisfactory. In last few years this value rises a little bit. In 2000 year the value of the apartments as very good considered 41% of families, in 2007th it was already 56%. The highest mark received apartments from Northern and Western regions of Estonia, where more then 60% considered their apartments as good.

The most important apartment's problems for families are: high prices (43%), amount of rooms in apartment (22%), small space (21%) and noise region (15%). Not everybody can afford to buy real estate. First of all because of insolvency of young families and non-competitiveness of groups with low income. In 2007th mean income of one person of the family was 5286 (340 €) crores and expenses 4358 (280 €) crores. Expenditure for housing were 625 crores (40 €) for each person in family and extra 258 crores (17 €) for other housing needs. Housing expenditures are second in the list after food expenditures and its amount is one fourth from the whole expenditures. The highest expenses for housing are in Tallinn, about 782 crores (50 €) per person in family. The lowest expenses for housing are in Saaremaa, about 368 crores (24 €) per person from family.

Real estate condominiums

Estonia is very unique country where 60% inhabitants are living in real estate condominiums. Till now there were established 8,5 thousands condominiums all over the country. Real estate condominiums are not very big, in medium in one condominium are 50 apartments.

Real estate condominiums in Estonia started to establish after 1990. State and local budgets were very poor, but society needed to reach certain level of development. Government then decided to facilitate creation of such kind of condominiums. In Estonia started housing reform, which had 3 levels. In the first level started apartments privatization, after this were created real estate condominiums, and at the third level of reform was introduced ownership on property.

Since 1994, when started process of privatization, owners of the apartments became thousands of people. Process of privatization was ruled by the Law about privatization of living spaces which come into force on 29 th of May 1993, and Law about apartment ownership which came into force on the 1st of July 2001. On the base of these Laws it was possible to become owner of apartment on two ways: privatization of the apartment and buying apartment on the base of free market. Both ways offer possibility to get also a small part of the main building in the ownership.

Often this part of the main building creates some problems for owners of the apartments – because solving these problems requires a lot of time, financial resources. Also the maintaining of these common facilities is very hard and expensive.

Government tried to solve this problem through creating real estate condominiums, this Law came into force on 3rd of August 1995. The goal of this law was to delegate the responsibility of maintaining common facilities to the owners, but unfortunately even after 5 years the situation didn't change a lot.

New Law about ownership from 2001 added some more rights, and responsibilities to the owners of the apartments.

Right now, the real estate condominiums are very important partners with Government and also local administrative bodies. Today, real estate condominiums received an important role in creating better quality of the life for owners, in economical and social life of the whole country. Condominiums are ruled by more than 8000 presidents of condominiums and each of them has its own accounting and book-keeping process.

Elections in these condominiums are very democratic one, on the base of voting. In condominiums are functioning the same rules as in the whole society: there are elections, discussing about the budget of the condominium.

Estonian economy and real estate condominiums' problems

Estonia, as many other countries was influenced by the world economical crisis. Estonian Bank forecasted that in 2009 the GDP will decrease with 12,3%. New growth in economy is forecasted just for 2011, but just if partner states will reestablish partnership with Estonia and will rebuilt their own economy.

At the end of 2009 authorities plan to have 14% unemployed. It is possible to have a 0,5% decrease on prices in 2009, but in 2010 till 2,9%. We would like to remind that in 2008 inflation in Estonia was 10,6%.

The average income of the population decreased from 12,818 crores (824 €) in 2008 to 12,151 crores (781 €) in 2009. GDP in 2010 will decrease at the same level as in 2006.

In this situation real estate condominiums in Estonia will face some real hardships especially due to financial shortages. In all this period of time the price for housing and maintenance increased twice per year at least. Now, when these prices are the same but the income of the population is decreasing will create some difficulties and problems.

Difficulties are especially because a lot of condominiums received big credits from banks for renovation of the buildings, and now they are not able to face with these big credits. But these credits are vital for them especially if the buildings were built 30 – 40 years ago.

Government tries to facilitate the process of getting credits for real estate condominiums through special fund (KREDEX), but the amount of this fund is not so big and the process of getting this credit is very hard. Real estate condominiums already started to underline and emphasize their problems, trying to convince Government that they really need a special fund which will help them to pass through the whole period of crisis.

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Андрій Гріцков

Квартирні товариства (condominiums) в Естонії: історія виникнення і сучасний стан

У статті аналізуються особливості житлової економіки Естонії. Розглядається історія виникнення квартирних товариств (condominiums) в Естонії і сучасна ситуація у цій сфері, у тому числі проблеми, які виникають у домогосподарств у зв'язку зі змінами у світовій економіці. Зроблено висновок про важливу роль квартирних товариств у формуванні якості життя населення в економічному і соціальному плані.

Андрей Грицков

Квартирные товарищества (condominiums) в Эстонии: история возникновения и сегодняшнее положение

В статье анализируются особенности жилищной экономики Эстонии. Рассматривается история возникновения квартирных товариществ (condominiums) в Эстонии и современная ситуация в этой сфере, в том числе проблемы, возникающие у домохозяйств в связи с изменениями в мировой экономике. Сделан вывод о важной роли квартирных товариществ в формировании качества жизни населения в экономическом и социальном плане.

Статья поступила в редакцию 07.07.2010.