

INTELLIGENCE BRIEF:

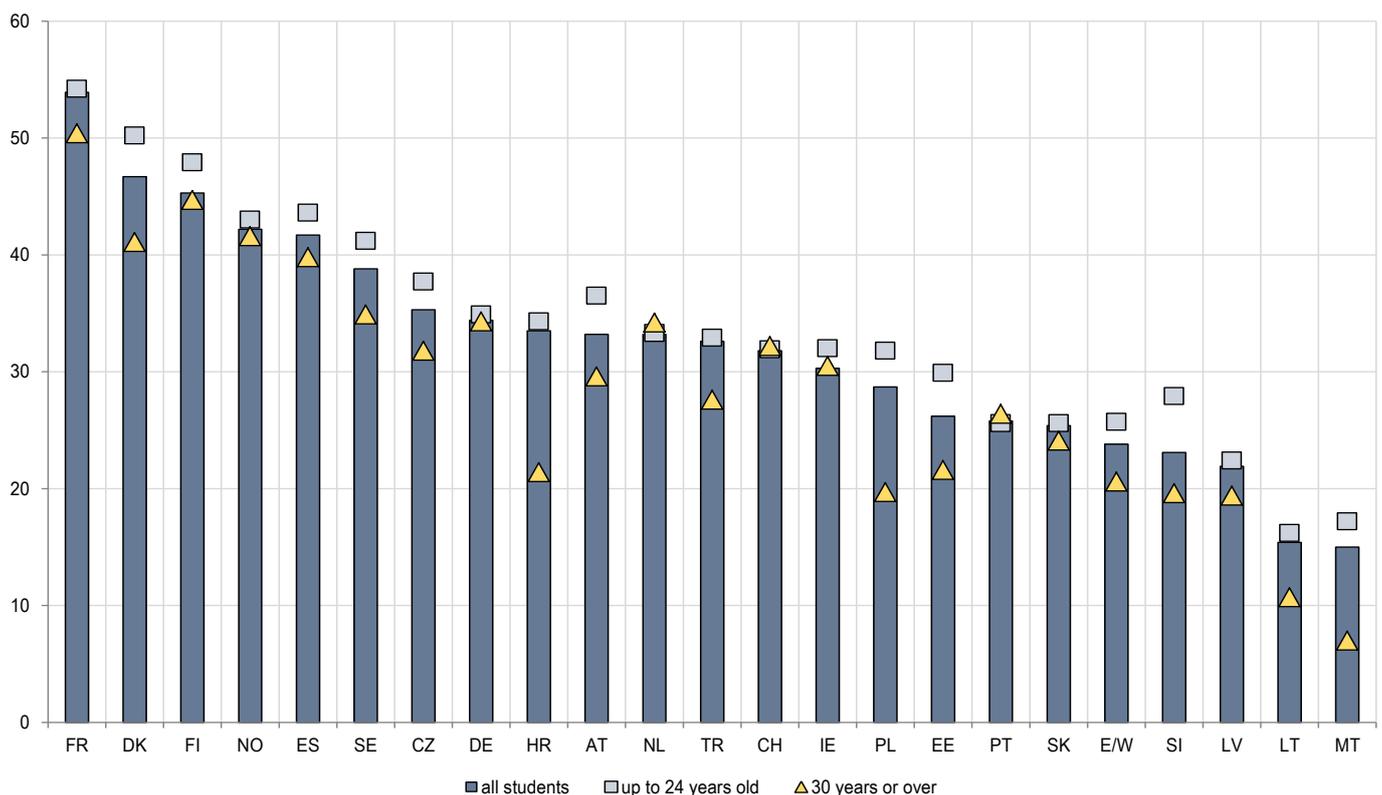
# HOW THE COST OF ACCOMMODATION (OVER?)BURDENS STUDENTS IN EUROPE<sup>1</sup>

The EUROSTUDENT project collates comparable student survey data on the social dimension of European higher education. It focuses on the socio-economic background and on the living conditions of students, but it also investigates temporary international mobility. The project strives to provide reliable and insightful cross-country comparisons. The data used here come from the fourth round of EUROSTUDENT, for which data were collated in the years 2009 and 2010. The fifth round of EUROSTUDENT will report spring 2015.

## To what extent are students burdened by the cost of housing?

In many countries, students who live away from their parents' home usually have to dedicate the largest part of their expenses to housing. EUROSTUDENT data show that this is also true for the vast majority of European countries which participated in the fourth round of the project.<sup>2</sup> Fig. 1 shows the average monthly cost for accommodation (including additional charges and cost for utilities) as a share of students' total expenditure differentiated by students' age and by country.<sup>3</sup>

Figure 1: Share of accommodation cost in total monthly expenditure for students not living with parents by age (in %)



Source: EUROSTUDENT IV Database, Subtopic E.2. No data: IT, RO.

On cross-country average, all students who are not living with parents spend about one third of their expenses on housing. The relative burden of financing accommodation differs markedly between the countries, and in

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<sup>2</sup> Exceptions are Lithuania and Malta. There, the average cost for fees exceeds the cost for housing for the group of all students who do not live with their parents, cf. EUROSTUDENT database, subtopic E.2.

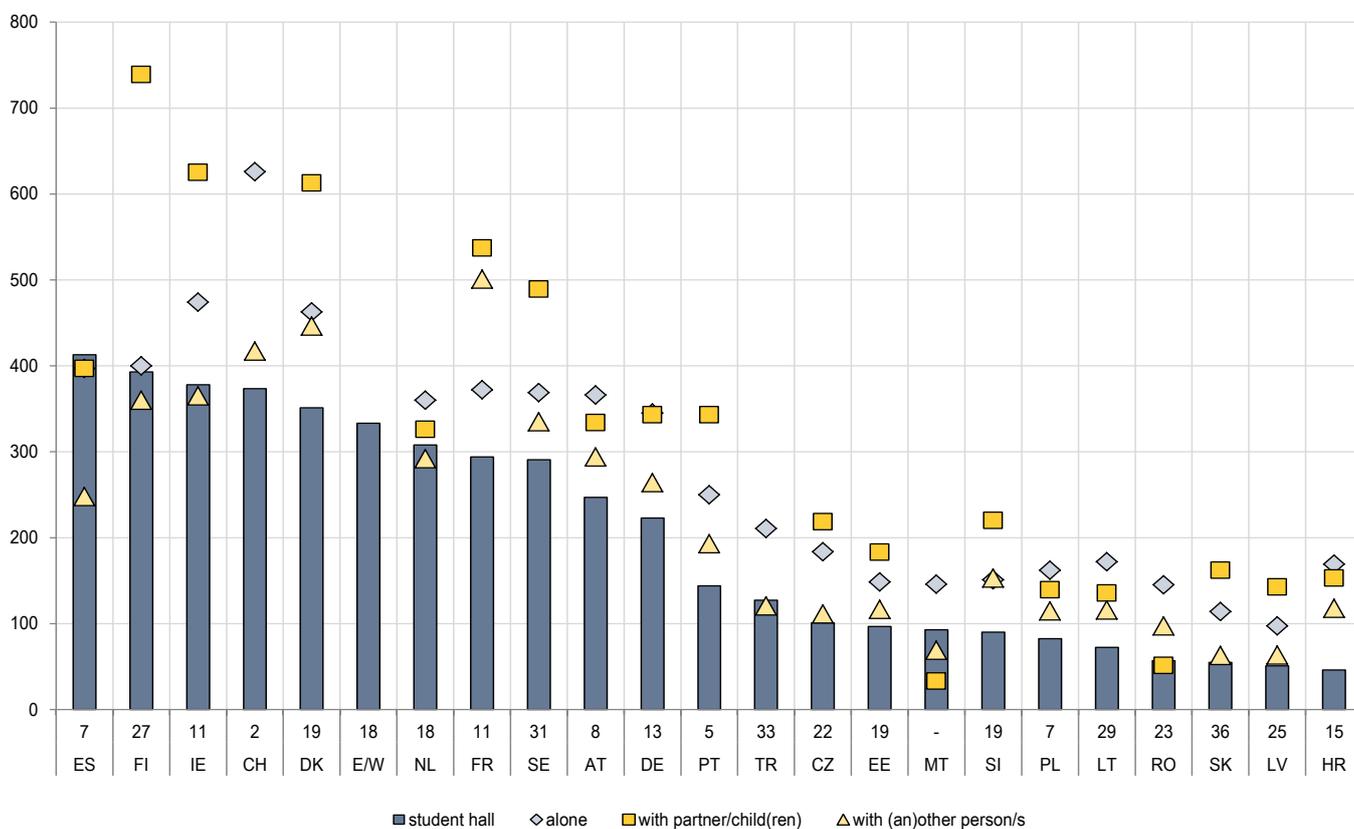
<sup>3</sup> Country abbreviations: AT = Austria, CH = Switzerland, CZ = Czech Republic, DE = Germany, DK = Denmark, E/W = England/Wales, EE = Estonia, ES = Spain, FI = Finland, FR = France, HR = Croatia, IE = Ireland, IT = Italy, LT = Lithuania, LV = Latvia, MT = Malta, NL = Netherlands, NO = Norway, PL = Poland, PT = Portugal, RO = Romania, SE = Sweden, SI = Slovenia, SK = Slovakia, TR = Turkey.

some cases between the age groups within countries. In France, Denmark, Finland, Norway and Spain the group of all students living away from their parents spends more than 40 % of total expenditure on housing, with French students dedicating even more than half of their expenses to this purpose. In Lithuania and Malta accommodation is rather cheap; there, students spend on average about 15 %. The cost of housing is clearly related to students' age. In almost all countries, the share of total expenses for accommodation is higher for younger students up to the age of 24 years. The only exceptions are the Netherlands, Switzerland and Portugal, where older students who are 30 years or older spend marginally higher shares. Sharp differences between the age groups are found in Croatia (younger students: +13 percentage points), Poland (+12 percentage points) and Malta (+10 percentage points). Although older students often have different/higher needs for the size and maybe the quality of living space than their younger fellow students (the former group is more likely to be married and to have children), they usually also tend to have considerably higher incomes which allow them to spend a smaller share of their (higher) budgets on housing.

**What is the cost for different forms of housing students have to bear?**

Fig. 1 provides a first insight into the financial implications of students' housing situation, but does not differentiate between the diverse forms of housing. The EUROSTUDENT data set distinguishes between five forms of accommodation: living 1) with parents, 2) alone, 3) with partner/child[ren], 4) with [an]other person/s, and as a special category living 5) in a student hall . Fig. 2 shows for the different forms of housing outside the parental home the average monthly cost (including additional charges and cost for utilities) a student has to spend by country. Data are grouped in descending order by the cost for student hall as some emphasis will be put on this form of housing. The numbers above the country abbreviations give the share of all students residing in student halls.

**Figure 2: Average accommodation cost per month by form of housing for students not living with parents (in Euro)**



Source: EUROSTUDENT IV Database, Subtopic D.6. No data: IT, NO, CH (with partner/child[ren]), E/W (alone, with partner/child[ren], with [an]other person/s), TR (with partner/child[ren]). Too few cases for students in student halls: MT. Data source for number of students in student halls (2011/2012) in SI: Statistical Office of the Republic of Slovenia.

Across the countries for which data are available, it shows that in the great majority of countries residing in a student hall is the cheapest form of housing for students outside their parents' home. This is true for 15 countries (CH, DK, FR, SE, AT, DE, PT, CZ, EE, SI, PL, LT, SK, LV, HR). If the cost for student hall is set at 100 % and then compared to the cost for the other options, there are striking relative differences in a number of countries: In Croatia, the cost for the second cheapest option (= living with [an]other person/s) is 156 % higher than for residing in a student hall. In Slovenia such a difference amounts to 68 % and in Lithuania to 60 % higher. In Poland, Portugal, France, Denmark and Latvia the difference still ranges between 39 % and 25 % higher. In 5 countries (FI, IE, NL, TR, RO) student halls turn out to be at least the second cheapest option for students who live away from their parents. Contrary to the pattern described above, in Malta student halls are the second most expensive form of accommodation out of the four options, and in Spain it is even the most expensive one (although the absolute and relative difference to the second most expensive option is only small). This can – at least partially – be explained by the fact that in those countries the provision of student halls is not subsidised by the public sector (although this is also true for England/Wales and Ireland); and it may well be that it is due to the vicinity to the higher education institution (and a higher shortage of supply resulting from this) that the cost of student halls outrun the cost of other forms of accommodation.

### The general debate

The cost of accommodation may create a risk of poverty for the tenants, especially in big cities where the level of rent is often particularly high. Students can be exposed to this risk as well as they have only limited opportunities of earning money due to the time budget they have to dedicate to studying. State support for students should, therefore, take the cost of student housing into account. Eurostat defines the problem of housing cost overburden as a situation where the total housing cost (net of housing allowances) represents more than 40 % of the total disposable household income (net of housing allowances). For methodical reasons this measure is not fully applicable to the results in Fig. 1. However, the findings from EUROSTUDENT seem to indicate that in some countries (larger) parts of the student population might be at risk of exceeding this threshold; a more in-depth analysis would be needed here. In order to support students and to ease the potential problem of housing cost overburden, the public sector can make use of different instruments. Examples: a) The state grants *transfers in cash* to the students which they can use on the private housing market to find an accommodation and pay the rent. b) The state provides *transfers in kind* for the students, e.g. by offering public student halls of residence either with or without co-payment from the students. In case of co-payment the rent would be below market price level for comparable accommodation. Economists often prefer solution a) as this type of state intervention interferes only little with the market mechanism and there is indication that the allocation mechanism of the market often works better than that of the state. Policy-makers, however, may sometimes consider distribution targets as more important than allocation targets. This may be the case in many Eurostudent countries, which often use transfers in kind with student co-payment in order to support their students. Data in Fig. 2 show that in the majority of countries student halls turn out to be the cheapest form of housing for students who are not living with parents. So if the countries' distribution target is driving down accommodation payments of students, transfers in kind seem to work quite well. Further increase in the supply of public student halls then might be a reasonable way to ease the students' burden of financing accommodation in some countries.

### EUROSTUDENT IV Data set

Of course, there are other important questions when talking about students' housing situation: What is the difference in the use of student halls by students' social background? What is the level of satisfaction of students in different types of housing? What is the average daily commuting time for students between home and higher education institution for different types of housing? EUROSTUDENT provides these analyses in the comparative report Orr, D. / Gwoś, C. / Netz, N. (2011): Social and economic conditions of student life in Europe. W. Bertelsmann Verlag, Bielefeld. The EUROSTUDENT data base allows users to explore country data by topic area and in comparison between countries. See our website for more details: [www.eurostudent.eu](http://www.eurostudent.eu).