

17 March 2010

Living Conditions Survey (LCS)
Year 2009. *Provisional data*

Main Results

- The **average annual income of Spanish households** reaches **26,429 euros** in 2008, with a 1.6% increase as compared with the previous year.
- **13.7% of households** state that they have a **great deal of difficulty making ends meet** in the year 2009, representing an increase of 1.5 points as compared with 2008.
- In 2009, **one in three households cannot handle unforeseen expenses**, with an increase of 5.8 points as compared with the previous year.
- **19.5% of the population** resident in Spain are **below the relative poverty threshold** in the year 2009.

Average income in 2008

Annual average net income per household rose to 26,429 euros in 2008, with an increase of 1.6% as compared with the previous year.

In turn, average income per person reached 9,839 euros, 2.9% higher than that registered the previous year (9,560 euros).

Relative poverty

19.5% of the population resident in Spain was below the relative poverty threshold¹ in 2009, this being measured without taking into account ownership of the dwelling.

By age, the highest poverty rate corresponded to persons aged over 65 years old. Nevertheless, it is important to highlight the decrease in the poverty rate in this age group during the last three years, which went from 28.5% in 2007 to 25.7% in 2009.

The poverty rate decreased to 15.5%, after considering the value of imputed rent². Taking into account the value of the dwelling in which the household resided in the calculation, when it was owned or granted free of charge, meant that poverty decreased in all age groups.

Relative poverty rate, by age

Percentages

	2007		2008		2009*	
	Without imputed rent	With imputed rent	Without imputed rent	With imputed rent	Without imputed rent	With imputed rent
Total	19.7	15.2	19.6	15.5	19.5	15.5
Under 16 years old	23.4	19.7	24.0	21.5	23.2	20.7
Between 16 and 64 years old	16.8	14.1	16.7	14.4	17.1	14.7
65 years old and over	28.5	15.6	27.6	14.1	25.7	13.7
16 years old and over	19.1	14.4	18.8	14.4	18.8	14.5

* Provisional data.

¹ The relative poverty rate is the percentage of persons below the poverty threshold, this being measured as 60% of the median of income per consumption unit of persons. The median is the value that, ordering all individuals from lowest to highest income, leaves half of them below the aforementioned value, and the other half above it.

Therefore, since it involves a relative measurement, its value depends on how income is distributed among the population.

² The LCS, in accordance with Community regulations, estimates the value of the use made of the dwelling by the household, when it is owned by said household. This involves a non-monetary component, which is relevant in measuring income and poverty rates, which is estimated using the imputed rent method (valuation of the use of the dwelling with a mixed method, based on prices of real rents and on the subjective valuation of the household itself).

Difficulty making ends meet

In the year 2009, 13.7% of Spanish households stated that they had a great deal of difficulty making ends meet, indicating the highest value in the last six years.

In the case of households experiencing difficulty or a great deal of difficulty making ends meet, between 2007 and 2009, the percentage of these increased 3.7 points, from 26.8% in 2007 to 30.5% in 2009.

Households by degree of difficulty making ends meet

Percentages

	2004	2005	2006	2007	2008	2009 *
TOTAL	100	100	100	100	100	100
With a great deal of difficulty	11.0	10.4	10.7	10.3	12.2	13.7
With difficulty	17.3	15.8	18.2	16.5	17.1	16.8
With some difficulty	31.8	32.1	31.2	29.9	30.6	28.5
With some ease	27.7	28.1	27.0	26.4	26.7	26.8
With ease	11.1	12.4	11.6	15.4	12.4	12.9
With a great deal of ease	0.8	1.1	1.3	1.5	1.0	1.2
No data recorded	0.3	0.2	0.1	0.1	0	0

* Provisional data

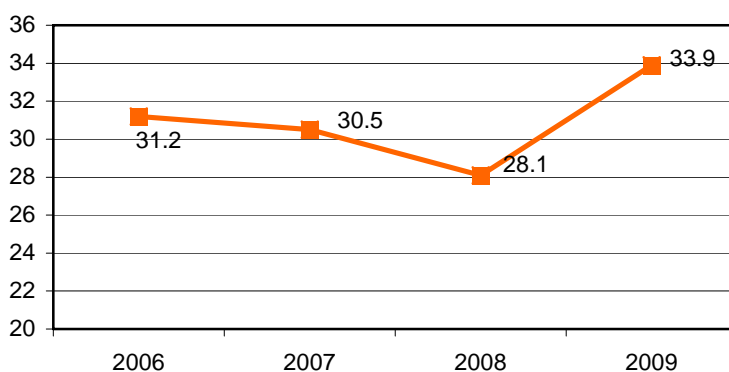
Household economic situation

The percentage of households that, in 2009, were unable to handle unforeseen expenses, experienced a 5.8-point increase as compared with the previous year, reaching 33.9%, their highest value in the last four years.

Conversely, the percentage of households that could not afford at least one week of holidays away from home per year stood at 38.9%, with a 5.4-point increase as compared with the previous year.

Evolution of households unable to handle unforeseen expenses

Percentages



Late payments

7.2% of households had late payments when paying expenses related to the main dwelling (mortgage or rent, gas or electricity bills, homeowner association costs,...) in the 12 months prior to the interview.

This percentage has been increasing over the last five years, from 4.7% of households in 2005 to 7.2% in 2009.

Evolution of households with late payment of expenditure related to the main dwelling

Percentages

	2005	2006	2007	2008	2009*
Total	4.7	4.9	5.2	5.4	7.2

* Provisional data.

On analysis of the situation of the household with regard to activity, 18.6% of households in which all active members were unemployed presented late payment of expenditure related to the main dwelling.

This percentage stood at 17.4% in the case of households with employed and unemployed members, and decreased to 6.3% in households in which all active members were employed.

Households with late payment of expenditure related to the main dwelling by situation of the household with regard to activity

Percentages

	Households with late payments (percentages)
All households	7.2
All inactive persons	2.4
All active persons employed	6.3
Employed and unemployed	17.4
All active persons unemployed	18.6
Unclassifiable	10.3

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Methodological note

Dissemination of provisional data

This press release presents provisional results from the 2009 Living Conditions Survey (LCS). The intention is to release, further ahead of time, the main results of the survey. The final data, together with the INEbase detailed tables, is expected to be published approximately in November 2010.

The data used for producing these provisional results has not been entirely filtered, whereas in the final results published, filtering will be complete.

The Living Conditions Survey (LCS) is an annual statistical operation aimed at households, and is carried out in all European Union countries. These statistics are harmonised with the European Union (EU), supported by Regulation (EC) No. 1177/2003 of the European Parliament and Council, of 16 June 2003, regarding community statistics on income and living conditions.

The LCS was carried out for the first time in 2004, and the first data was released in December 2005. On this occasion, the INE presents a preview of the results for the year 2009 referring to Spain.

The primary objective of the survey is to provide information on income, and level and composition of poverty and social exclusion in Spain, and to enable the drawing of comparisons with other European Union countries.

Among its uses, the survey is of note due to its constituting a fundamental reference element for tracking the National Action Plan for Social Inclusion.

The LCS also provides longitudinal information, since it is a panel survey in which the persons interviewed cooperate over several consecutive years. It is thus possible to ascertain the evolution of variables researched over time.

The LCS is specifically designed to obtain information on:

1. Income in private households, and in general, on their economic situation (the information on income refers to the year prior to the survey year).
2. Poverty, deprivation, social protection and equality of treatment.
3. Employment and economic activity.
4. Retirement, pensions and socio-economic situation of elderly persons.
5. Housing and the costs associated with it.
6. Regional development.
7. Level of training, health and the effects of both on the socio-economic situation.

Definitions

Net household income

This is income received, during the year 2008, by the members of the household, who are the persons providing this information for the compilation of the survey. This income is composed of income from employment by others, profits / losses from freelance work, social benefits, capital and property income, transfers between other households, income received by children and the outcome of the income tax and the tax on wealth return. Non-monetary components are not included, with the exception of company cars.

Net income per household consumption unit and personal income

Income per household consumption unit is calculated taking into account economies of scale in households. It is obtained by dividing the total household income by the number of consumption units. These are calculated using the modified OECD scale, which assigns a weight of 1 to the first adult, a weight of 0.5 to remaining adults and a weight of 0.3 to children under 14 years of age.

Once the income per household consumption unit is calculated, it is assigned to each of its members. This income per consumption unit of persons (or equivalent personal income), is used to calculate relative poverty measurements.

Imputed rent

Imputed rent constitutes a non-monetary component of household income. Imputed rent is applied to those households that do not pay a complete rent, either because they are the resident-owners, or because they reside in the dwelling rented at a price below the market price, or because they live in the dwelling free of charge. The amount imputed is equivalent to the going market price of the rent that would have to be paid for a dwelling similar to that occupied, minus any rent actually paid.

The amount of imputed rent is obtained by combining the amount obtained via an objective method, with the subjective rent provided by the household informant. The objective method used consists of imputing the average of the real rent of dwellings with similar characteristics in terms of the number of bedrooms, type of dwelling, degree of urbanisation of the area and period of occupancy of the dwelling.

As with other publications, the relative poverty rate by age was also calculated considering the imputed rent in the definition of household income. The indicators, including imputed rent, are not final, since adoption of a final definition by Eurostat is still pending.

Relative poverty

The poverty threshold depends on the distribution of income per consumption unit of persons (giving rise to the term relative poverty, which takes into account the situation of the population from which it is taken). The poverty threshold is set at 60% of the median income per consumption unit of persons. The median is the value that, ordering all individuals from

lowest to highest income, leaves half of them below the aforementioned value, and the other half above it.

The relative poverty rate is the percentage of persons below the poverty threshold.

In the results presented, the threshold for the national group has been used.

The value of the poverty threshold, expressed as the equivalent income of the person, is established in euros. That is to say, a person with **an annual income per consumption unit** below this threshold, is considered to be in relative poverty.

The value of the poverty threshold, expressed according to the total household income, depends on the size of the household and the age of its members, that is, the number of household consumption units. This is obtained by multiplying 7,945.0 by the number of household consumption units. For example, for a household with one adult, the threshold is 7,945.0 euros, for a household with two adults, it is 11,917.5 euros (or 5,958.8 euros per person), for a household with two adults and one child under the age of 14, it is 14,301.0 euros (or 4,767.0 euros per person), for a household with two adults and two children under the age of 14, it is 16,684.5 euros (or 4,171.1 euros per person), and so on.

Household expenses

Household expenses include: rent (when the dwelling is rented), mortgage interest (when the dwelling is owned) and other expenses associated with the household (homeowners' association, repairs, water, electricity, gas, contents insurance, some municipal rates and taxes).