

21 October 2010

**Living Conditions Survey (LCS)**  
Year 2010. *Provisional data*

**Main results**

- The average annual income of Spanish households reaches 25,732 euros in 2009, with a 2.9% decrease as compared with the previous year.
- 36.7% of households cannot handle unforeseen expenses, with an increase of 2.7 points as compared with 2009.
- 20.8% of the population resident in Spain is below the relative poverty threshold. In 2009, this percentage stood at 19.5%.
- Three in ten households state that they have difficulty or a great deal of difficulty making ends meet.

**Average income**

The provisional results of the Living Conditions Survey for the year 2010 provide information regarding average household income during the year 2009. According to these results, annual average net income per household reached 25,732 euros, with a 2.9% decrease as compared with the previous year.

In turn, average income per person reached 9,627 euros, 2.4% lower than that recorded the previous year, which was 9,865 euros.

## Relative poverty

The relative poverty rate<sup>1</sup>, calculated with the income received by households in 2009, stood at 20.8% of the population resident in Spain in 2010.

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 over the last four years, which went from 28.2% in 2007 to 24.6% in 2010.

The poverty rate decreased to 16.7%, after considering the value of imputed rent<sup>2</sup>. 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 the poverty rate decreased in all age groups, especially in the case of persons over 65 years of age.

## Relative poverty rate, by age

Percentages

	2008		2009		2010*	
	Without imputed rent	With imputed rent	Without imputed rent	With imputed rent	Without imputed rent	With imputed rent
<b>Total</b>	<b>19.6</b>	<b>15.6</b>	<b>19.5</b>	<b>15.5</b>	<b>20.8</b>	<b>16.7</b>
Under 16 years of age	24.1	21.5	23.3	20.6	24.5	22.2
16 to 64 years old	16.8	14.5	17.2	14.8	19.1	16.3
65 years old and over	27.4	14.1	25.2	13.7	24.6	13.2
16 years old and over	18.8	14.4	18.8	14.6	20.2	15.7

\* Provisional data.

<sup>1</sup> The relative poverty rate in 2010 is the percentage of persons below the poverty threshold, measured as 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.

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

<sup>2</sup> 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 to 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).

### Household economic situation

In 2010 a total of 30.4% of Spanish households claimed to have difficulty or a great deal of difficulty making ends meet, with 13.4% having a great deal of difficulty. This percentage was slightly lower than that registered in the year 2009 (30.5%), breaking with the growing trend observed in this indicator that began in 2007.

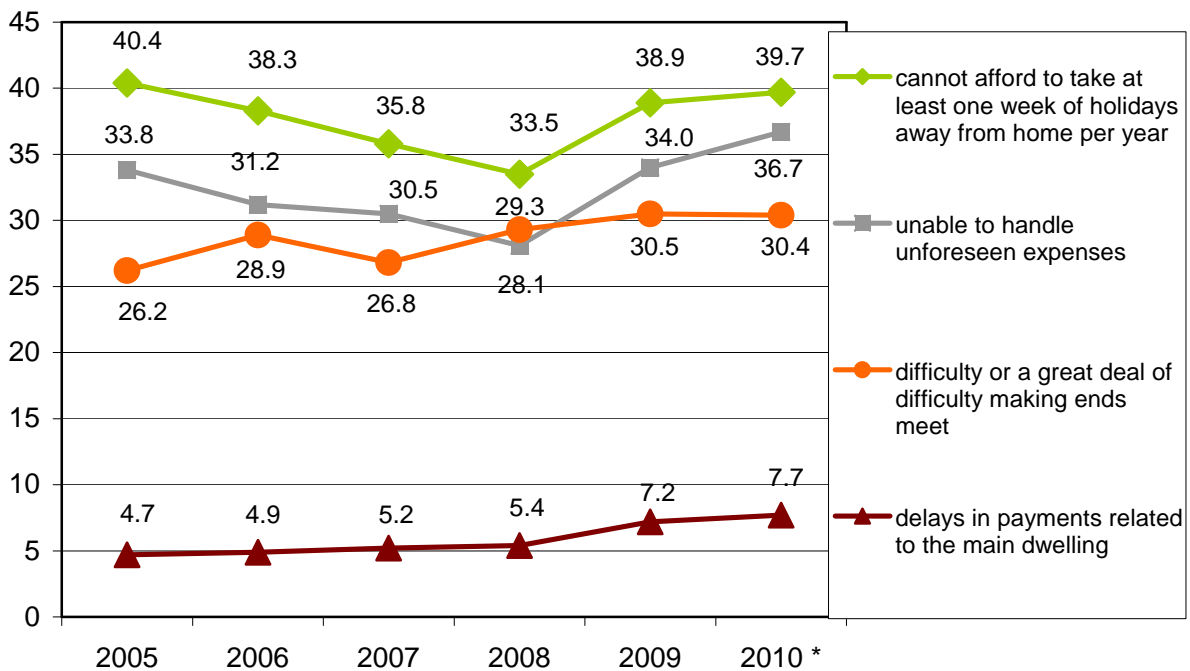
The percentage of households that, in 2010, were unable to handle unforeseen expenses experienced a 2.7-point increase as compared with the previous year, reaching 36.7%, its highest value in the last six years.

The percentage of households that could not afford at least one week of holidays away from home per year stood at 39.7%, with an increase of 0.8 points as compared with 2009.

In turn, 7.7% of households had delays when paying expenses related to the main dwelling (mortgage or rent, gas or electricity bills, community costs, etc.) in the 12 months prior to the interview. This percentage has been increasing over the last six years, from 4.7% of households in 2005 to 7.7% in 2010.

### Evolution of economic difficulties in households

Percentages



\* Provisional data

## Final results of Living Conditions Survey 2009

Today, the INE is also publishing the final results of the Living Conditions Survey for the year 2009, as well as its module on Material Deprivation.

### Relative poverty and average income

The relative poverty rate in 2009 stood at 19.5%, without including the value of imputed rent. By Autonomous Community, Extremadura (36.2%) and Andalucía (29.3%) presented the highest relative poverty rates. Conversely, the Communities with the lowest proportion of the population below the aforementioned poverty threshold were Comunidad Foral de Navarra (7.4%) and País Vasco (9.4%).

Average net annual income per person in 2008 reached 9,865 euros. By Autonomous Community, that which presented the highest average income per person was Comunidad Foral de Navarra (12,701 euros). In contrast, the Community with the lowest income was Extremadura (7,551 euros).

### Relative poverty rate, by Autonomous Community Year 2009

Percentages	Without imputed rent
Navarra (Comunidad Foral de)	7.4
País Vasco	9.4
Aragón	12.7
Asturias (Principado de)	12.8
Cataluña	12.9
Madrid (Comunidad de)	13.6
Cantabria	13.9
Balears (Illes)	17.3
Comunitat Valenciana	17.3
Galicia	19.1
Castilla y León	19.2
<b>Total Spain</b>	<b>19.5</b>
Rioja, La	22.7
Castilla-La Mancha	27.4
Canarias	27.5
Murcia (Región de)	28.6
Andalucía	29.3
Extremadura	36.2
Ceuta and Melilla	36.6

### Year 2008

Data in euros

	Without imputed rent
Navarra (Comunidad Foral de)	12,701
País Vasco	12,566
Madrid (Comunidad de)	11,703
Balears (Illes)	10,829
Aragón	10,774
Cataluña	10,770
Asturias (Principado de)	10,676
Cantabria	10,036
<b>Total Spain</b>	<b>9,865</b>
Castilla y León	9,806
Comunitat Valenciana	9,684
Rioja, La	9,572
Galicia	9,098
Castilla-La Mancha	8,470
Canarias	8,420
Andalucía	8,100
Murcia (Región de)	8,092
Extremadura	7,551
Ceuta and Melilla	8,331

### Average net annual income per person, by Autonomous Community

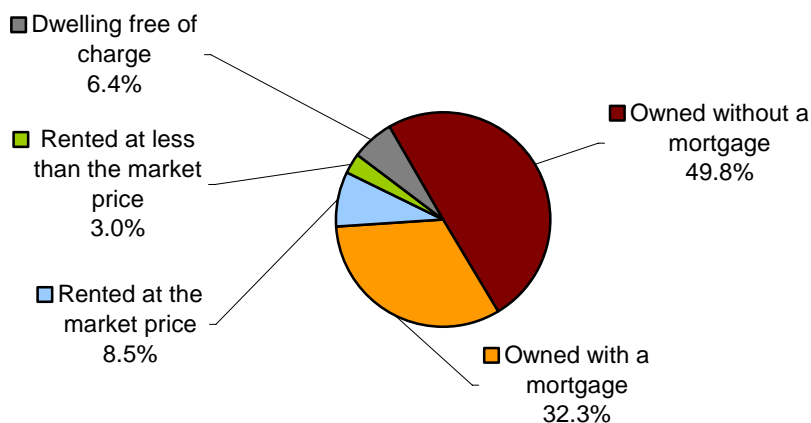
### Tenancy regime and expenditure of dwellings in 2009

49.8% of households owned dwellings without a mortgage in 2009. In turn, **32.3% of households owned dwellings but still had a mortgage outstanding**, of which they paid an average monthly instalment of 623 euros.

Another 8.5% of households were paying rent at market prices.

### Distribution of the tenancy regime of the main dwelling

Percentages



Each household spent a monthly average of 330 euros on expenses related to the main dwelling during the year 2009. These expenses included rent or mortgage interests, community costs, water and other expenses associated with the dwelling.

By tenancy regime, households renting a dwelling at market prices had an average monthly expenditure of 643 euros. Those residing in dwellings that they owned with a mortgage outstanding paid 519 euros, and those residing in dwellings that they owned with no mortgage outstanding had an average expenditure of 177 euros.

### Average expenses of the dwelling by tenancy regime of the main dwelling

Data in euros

	Average monthly expenses	
	2008	2009
<b>Total</b>	<b>296</b>	<b>330</b>
Owned without a mortgage	158	177
Owned with a mortgage	467	519
Rented at the market price	599	643

Rented lower than the market price	314	351
Dwelling free of charge	124	139

### Material deprivation

In the year 2009, **12.8% of households expressed that they had a lack of space in the dwelling**. This percentage varied, according to the size of the municipality in which the dwelling was located.

Thus, municipalities with more than 500,000 inhabitants had the most dwellings with a lack of space (18.2%). In turn, municipalities with fewer than 10,000 inhabitants presented the lowest percentage of dwellings with a lack of space (7.9%).

### Households, by lack of space in the dwelling and size of the municipality

Percentages

	Lack of space in the dwelling
<b>Total</b>	<b>12.8</b>
Up to 10,000 inhabitants	7.9
10,000 to 50,000 inhabitants	12.4
50,000 to 100,000 inhabitants	11.0
100,000 to 500,000 inhabitants	14.5
More than 500,000 inhabitants	18.2

**Half of the households** claimed in 2009 that **they were able to replace worn out or old furniture**.

The percentage of households that were able to replace their worn out or old furniture fluctuation between 51.8%, if the nationality of the reference person of the household was Spanish, and 22.6%, if her/his nationality was not of a European country.

### Households, according to the ability to replace worn out or old furniture, by nationality of the reference person

Percentages

	Yes	No, the household cannot afford to do so	No, for other reasons
<b>All households</b>	<b>50.7</b>	<b>35.4</b>	<b>13.9</b>
Spain	51.8	34.4	13.8
Rest of Europe	42.0	41.0	17.0
Rest of the world	22.6	64.1	13.3

**85.2% of adults** stated in 2009 that **they met with friends or relatives for lunch or a bite to eat at least once a month.**

By age bracket, the percentages increased for the youngest groups, from 69.1% for persons over 65 years of age, to the highest value (94.2%) in the group aged 16 to 29 years old.

## Adults, according to whether they met with friends or relatives for lunch or a bite to eat at least once a month, by age of the reference person

Percentages

		Yes	No, s/he cannot afford to do so	No, for other reasons
<b>Both sexes</b>	<b>Total</b>	<b>85.2</b>	<b>5.9</b>	<b>8.9</b>
	16 to 29 years old	94.2	3.9	1.9
	30 to 44 years old	91.1	5.0	3.9
	45 to 64 years old	83.4	7.3	9.3
	65 years old or over	69.1	7.2	23.7

77.8% of adults stated that they spent money on themselves each week. By sex, the percentages of men were higher than those of women for all of the age groups. For both sexes, the percentages decreased as age increased, with the lowest values observed in the case of persons over 65 years of age.

## Adults, according to whether they spent money on themselves each week, by sex and age

Percentages

		Yes	No, s/he cannot afford to do so	No, for other reasons
<b>Both sexes</b>	<b>Total</b>	<b>77.8</b>	<b>9.5</b>	<b>12.7</b>
	16 to 29 years old	88.4	7.3	4.3
	30 to 44 years old	81.8	10.0	8.2
	45 to 64 years old	78.2	10.1	11.7
	65 years old or over	60.0	10.0	30.0
<b>Men</b>	<b>Total</b>	<b>81.5</b>	<b>7.8</b>	<b>10.7</b>
	16 to 29 years old	90.3	6.3	3.5
	30 to 44 years old	83.3	8.7	8.0
	45 to 64 years old	82.1	7.6	10.3
	65 years old or over	66.2	8.2	25.6
<b>Women</b>	<b>Total</b>	<b>74.3</b>	<b>11.1</b>	<b>14.6</b>
	16 to 29 years old	86.4	8.5	5.2
	30 to 44 years old	80.1	11.4	8.5
	45 to 64 years old	74.3	12.6	13.1
	65 years old or over	55.4	11.3	33.3

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## Methodological note

### Dissemination of provisional data

**The Living Conditions Survey (LCS) of 2010 was conducted between the months of March and June 2010.** The intention is to release, with a greater degree of anticipation, the main results of the survey. The final data, together with the detailed INEbase tables, will be published approximately in November 2011.

The data used to compile these provisional results has not been filtered entirely. Likewise, this press release includes final results of Living Conditions Survey 2009, in which the filtering is already 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 conducted for the first time in 2004. The primary objective of the survey is to provide information on income, the 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 participate during four 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 the 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 the income received during the year prior to the interview (therefore, in the 2010 survey, questions refer to the income received in 2009, whereas in the 2009 survey, questions referred to the income received in 2008) by the members of the household, which are the persons who provide this information for the compilation of the survey. This income is composed of income from work for others, profits/losses from self-employed work, social benefits, income from private pension schemes not related to work, capital and property income, transfers between other households, income received by children and the outcome of the income tax and capital gains tax. Non-monetary components are not included, with the exception of company cars.

For the first time, it does include the income from private pension schemes not related to work in the calculation of net household income.

### **Net income per household consumption unit and personal income**

Income per household consumption unit is calculated to take into account economies of scale in households. It is obtained by dividing 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 under 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 occupation of the dwelling.

As with other publications, the relative poverty rate, by age, is 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 for persons (giving rise to the term relative poverty, which takes into account the situation of the population to which it belongs). The poverty threshold is set at 60% of the median income per consumption unit of persons. The median is the value which, 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.

The threshold for the national group has been used in the results presented.

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 as the total household income, depends on the size of the household and the age of its members**, that is, the number of consumption units. In the **2010 survey**, it is obtained by multiplying 7,845.6 by the number of household consumption units. For example, for a household with one adult, the threshold is 7,845.6 euros, for a household with two adults, it is 11,768.4 euros (or 5,884.2 euros per person), for a household with two adults and one child under the age of 14, it is 14,122.1 euros (or 4,707.4 euros per person), for a household with two adults and two children under the age of 14, it is 16,475.8 euros (or 4,118.9 euros per person), etc.

## **Household expenses**

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

## **Reference person**

The reference person is considered to be the person responsible for the dwelling, defined as the household member with the property (owned dwelling) or renting or subletting (rented dwelling) contract in her or his name. If the dwelling is used by the household free of charge, the person responsible for the dwelling will be considered to be the person to whom it was granted.