

## Global Real Estate Country Profiles Questionnaire:

### 1) Are there restrictions on property or land ownership for citizens of your country?

As of January 1, 2020, a new law enters into force concerning the right of pre-emption of the State of Finland in certain strategic areas. This implies all real estate transactions in buffer zones, currently about 500 on the annual basis. With the reform, the State can ultimately resort to its right to expropriate in the name of national security.

In Finland also any municipality can, under certain conditions, use its right to expropriate.

However, these measures only apply to property (land and buildings), not apartments which in Finland are legally speaking shares in a housing company.

### 2) Are there restrictions on property ownership for foreigners?

As of January 1, 2020, also a new law restricting foreign citizens' rights to obtain property enters into force. This Act imposes a requirement for a permit from the Ministry of Defence to buy property in Finland.

The following will need a permit:

- 1) Private person without citizenship in an EU or EEA country,
- 2) Organization based outside an EU or EEA country,
- 3) Organization where a person or organization mentioned either at points 1) or 2) has at least 10 % of ownership or equivalent real influence.

Note that these measures only apply to property (land and buildings), not apartments (condominiums) which in Finland are legally speaking shares in a housing company.

### 3) What is the home ownership rate? (Please cite source of data if possible)

Approximately 70 per cent, according to Eurostat.

[https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Distribution of population by tenure status, 2016 \(% 25 of population\) YB18.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Distribution_of_population_by_tenure_status,_2016_(%25_of_population)_YB18.png)

**4) Is there exclusive representation in your country? Who is the party represented (buyer, seller, both)?**

Usually only the seller makes a commission. Buyers in Finland do not use representatives.

Commissions by the buyer have lately become more popular especially in areas of high demand, but it has not yet formed a culture in the field of real estate.

According to Finnish law, the agency is obliged to “take into account the interests of both parties”, which can be challenging at times.

**5) Who pays the commission fees?**

According to law, always the commissioner – which in majority of the cases is the seller.

**6) Are there licensing laws/government regulation of the real estate industry? If so, what are the renewal/ continuing education requirements?**

The law regulates businesses in the first hand and requires that a licensed company nominates a responsible manager with several requirements filled, among which is a so-called LKV competence: licensed real estate agent or certified broker. Apart from that, at least half of the staff engaged in real estate commissions need to have that specific LKV competence.

Otherwise there are no minimum requirements for basic education nor renewal or continuing education – yet. This is where Finland is different from the other Scandinavian countries.

**7) Is there an MLS or other shared listings site in your country?**

No, but it is currently being examined.

**8) What is the main property portal for consumer property searches?**

We have two main portals ([www.etuovi.com](http://www.etuovi.com) and [www.oikotie.fi](http://www.oikotie.fi)). Agencies generally use both when advertising their listings.

**9) Do you pay referral fees? If so what percentage of your commission do you pay?**

Due to competition law, the Central Federation cannot comment directly on fees or level of commissions.

The Finnish law forbids double commissions within one and the same agency, so colleagues cannot charge twice the commission if one finds a buyer for another one's listing. However, this is not a problem with competing agencies. Agents can agree to split the commission.

**10) Describe the real estate transaction process in your country. For example, do you have closings or is the property turned over upon contract signing? Do you have title insurance? Are commissions paid to buyer's and seller's agents, only one side, or neither?**

For the property (land, buildings): a bid is not binding unless verified by a public purchase witness, *or* unless the document is generated in the electric service portal of The National Land Survey of Finland (register authority).

Often an inspection is conducted before the final transaction, separate insurances do not exist.

The contract of sale must always be in a specified form and it always requires a public purchase witness to verify it – *or* the document must be generated in the electric service portal of The National Land Survey of Finland (register authority).

As for the shares in housing companies (apartments), the process is less formal and general principles of contract law apply. There is no need for public purchase witness.

Currently the National Land Survey has started to collect information on shareholders of all housing companies in Finland. The register authority will eventually possess full information of ownership of apartments as well as that of property.

The commission fee is paid by the commissioner – as a rule, the seller – to his or her agent when the contract is being signed. This process is similar also in digital transaction. It is rare to have an agent representing the buyer.

The property can be turned over upon the signing or upon agreement. It is common that the contract of sale decrees on the terms of occupancy of the house or apartment. Possession (ownership) is typically transferred upon signing (except when terms in payment apply), but often there is a delay in turning over the house or apartment with a few weeks or even up to several months.

Digital transactions of property and shares are possible already now and awaited to increase rapidly in the coming years.

**11) Is there any other information the world should know about your real estate market?**

In Finland the market has been very stable year in, year out. Real estate agencies are annually involved in approximately 60 000 transactions, corresponding some 75-80 % of all; a bit less often in case of apartments/condominiums (legally shares in housing companies) than in selling villas or land (where regulation is different and more demanding).

Polarization is changing the landscape rapidly and there are only a few larger city areas that are predicted to grow in 2040, mainly the capital area around Helsinki, Turku and Tampere. Population is not growing and from 2030 onwards predicted to decline due to record-low nativity rate and modest immigration. This is a political issue already now on the coalition government's agenda.

Digital transactions are gaining ground fast. That offers also opportunities for brokers to better serve their clients by organising "signing the contract" ceremonies outside office hours and walls and cuts remarkably the penetration time from agreement to closing the sale.