Finland

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IN A NUTSHELL

- → The economic development was still slow in 2025, as real GDP increased by 0.8%.
- → Residential construction remained depressed, new permits fell by 13% and there were more bankruptcies in the construction industry (768) than during the global financial crisis in 2009.
- → Outstanding mortgages stayed at the same level compared to previous year.
- → House prices decreased by 2.3% y-o-y.

MACRO-ECONOMIC OVERVIEW

The economic growth was very slight, 0.8% in real terms.

During the year the economy began to recover. Inflation slowed on the basis of Finnish CPI to 0.3% (1.6%), but on the basis of HICP (which excludes mortgage interest costs) it increased to 1.8% from 1% in 2024. Interest rates remained at low level compared to previous years.

According to Statistics Finland's labour force survey, there was an average of 2,590,000 employed and 278,000 unemployed people aged 15–74 in 2025. There were 12,000 fewer employed and 39,000 more unemployed than in the previous year. The employment rate for people aged 20–64 was 76.0% in 2025. The employment rate decreased by 0.7 percentage points from 2024. The unemployment rate is 9.7% (up from 8.4% last year).

LOOKING AHEAD

In 2026, GDP is expected to grow between 0.6%-1.4%, from which it will accelerate to 1.3%-1.7% the following year.

HOUSING MARKETS

Building permits were granted for 16,266 dwellings which was 13% less than a year prior.

In 2025, the construction of 7,903 new dwellings started with state support. There were 5,540 rental apartments and 2,363 right-of-occupancy apartments. The number of rental apartments decreased by 5% from the previous year and the number of right-of-occupancy apartments by 8%.

The construction industry experienced more bankruptcies (768) than during the global financial crisis in 2009.

Housing allowance for owner occupied properties was abolished.

MORTGAGE MARKETS

MARKET DYNAMICS

During the coronavirus pandemic and Russia's war of aggression, the Finnish banking sector has continued to lend to households for home purchases as usual, which has been important for the growing popularity of remote work and labour mobility, among other things.

The mood in the housing market was expectant throughout 2025. The impact of the coronavirus pandemic, which boosted housing sales, had receded at the end of 2022. The relatively high level of heating energy prices and loan interest rates, as well as the general increase in uncertainty, kept housing demand moderate compared to historical levels.

In the end, demand for housing loans remained moderate during the year, and at the end of 2025, the stock of housing loans stood at EUR 106.3 billion (Q4 2024: EUR 105.8 billion). At the end of 2025, the average interest rate on housing loans was 2.88% (3.9% in 2024), and the average interest rate on buy-to-let housing loans was 2.86% (3.71% in 2024).

The prevalence of variable-rate housing loans – 95% of the total - has meant that the effects of the ECB's monetary policy easing have been felt more strongly in Finland than in many other euro area countries. On the other hand, in previous years, when market interest rates were zero or even below, housing loan interest rates in Finland were among the lowest in the euro area, and the difference with other countries was at best several percentage points.

At the end of December 2025, the stock of loans granted to housing corporations, especially housing companies, stood at EUR 45.9 bn. Part of this is the responsibility of households, part is the responsibility of housing investment funds and other housing investors, and part of it is the responsibility of companies. In the statistics, housing corporation loans are included in banks' corporate loans.

MORTGAGE FUNDING

Mortgages are generally funded via deposits and covered bonds. All outstanding covered bonds in Finland are primarily backed by mortgages and the ratio of outstanding covered bonds to residential loans was approximately 45%. Therefore, covered bonds are an essential source of funding for the mortgage sector.

GREEN FUNDING

One example of complementary public financial instruments is the European Investment Fund (EIF) Loan Guarantee Programme, which aims to boost clean technology investments and energy efficiency renovations by SMEs, households and housing companies. In 2024 the European Investment Fund (EIF) signed agreements with eight Finnish banks and financial institutions to support small and medium-sized enterprises (SMEs), small mid-caps and housing companies. The agreements will enable approximately EUR 1 billion in loan financing for projects that promote Finland's climate goals and environmental sustainability.

	FINLAND 2024	FINLAND 2025	EU 27 2025
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)*	0.9	0.8	1.5
Unemployment Rate (LSF), annual average (%) (1)	8.4	9.7	6.0
HICP inflation (%) (1)	1.0	1.8	2.0
HOUSING MARKET			
Owner occupation rate (%) (1)	68.1	66.9	68.5
Gross Fixed Investment in Housing (annual change) (1)	-9.8	-2.4	2.8
Building Permits (2015=100) (2)	53.1	n/a	86.9
House Price Index - country (2015=100) (1)	99.6	99.03	161.92
House Price Index - capital (2015=100) (2)	111.8	106.8	n/a
Nominal house price growth (%) (1)*	-2.7	-2.3	5.5
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (1)	105,760	106,272	5,617,435.11
Outstanding Residential Loans per capita over Total Population (EUR) (2)	18,873	18,799.22	12,472.10
Outstanding Residential Loans to disposable income ratio (%) (1)	114.23	110.99	81.39
Gross residential lending, annual growth (%) (1)	-1.0	0.1	2.8
Typical mortgage rate, annual average (%) (2)	3.9	2.88	3.31

(1) Eurostat Data
(2) European Mortgage Federation – Hypostat 2026, Statistical Tables
* Eurostat Reviewed
** EU 2025 to be confirmed

FINLAND FACT TABLE

Which entities can issue mortgage loans in your country?	Credit institutions.
What is the market share of new mortgage issuances between these entities?	Credit institutions account for 100% of new mortgage issuances. The market shares are as follows: OP Financial Group 39%, Nordea 30%, Danske Bank 9%, and all other institutions 22%.
Which entities hold what proportion of outstanding mortgage loans in your country?	Banking groups hold 100% of the housing loan stock (banking groups include mortgage banks as subsidiaries).
What is the typical LTV ratio on residential mortgage loans in your country?	Loan-to-Collateral (LTC): 80% for first-time buyers (median for new loans) and 60% for other borrowers (median for new loans).
How is the distinction made between loans for residential and non-residential purposes in your country?	Not available.
What is/are the most common mortgage product(s) in your country?	Housing loans.
What is the typical/average maturity for a mortgage in your country?	A maturity of 25 years is typical. The average maturity for owner-occupied loans was 22 years and 11 months (as of September 2025).
What is/are the most common ways to fund mortgage lending in your country?	Deposits and covered bonds.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Since October 2023: 1.5% transaction tax has applied to apartments and a 3% transaction tax for real property.
What is the level (if any) of government subsidies for house purchases in your country?	State support in the form of subsidies and guarantees for qualifying properties (mostly social housing) is provided via the Centre for State-Subsidised Housing (Varke).