

Consumer market study on the functioning of the real estate services for consumers in the European Union

Country fiche – LUXEMBOURG

General information

Country	LUXEMBOURG
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Main Sources Used	<p>Dumont Christel & Gerber-Lemaire Martine (2013): <i>Droit de la construction et de l'immobilier</i>, Eds. Promoculture-Larcier, Coll. Les Codes, 966 p. ISBN: 978-2-87974-355-4.</p> <p>Ministry of Housing - Luxembourg (2006): <i>Bail à loyer – La nouvelle législation en matière de bail à usage d'habitation</i>, 94 p. ISBN : 2-87999-157-9. http://www.ml.public.lu/pictures/fichiers/Bail____loyer/brochure_bail_loyer.pdf</p> <p>Santos Silva Marta (2014a): <i>TENLAW National Report for Luxembourg Report</i>, European Union's FP7 Program TENLAW (Tenancy Law and Housing Policy in Multi-level Europe), 252 p. http://www.tenlaw.uni-bremen.de/reports/LuxembourgReport_26052014.pdf</p> <p>Santos Silva Marta (2014b): <i>Tenant's Rights Brochure for Luxembourg</i>, European Union's FP7 Program TENLAW (Tenancy Law and Housing Policy in Multi-level Europe), 26 p. http://www.tenlaw.uni-bremen.de/Brochures/LuxembourgBrochure_30072014.pdf</p> <p>Thielen Lex (2016): <i>Tout savoir sur l'immobilier</i>, Eds. Promoculture-Larcier, Coll. Tout Savoir sur..., 278 p. ISBN : 978-2-87975-008-8.</p> <p>Watgen Monique & Watgen Raymond (2013): <i>La propriété immobilière</i>, Eds. Promoculture-Larcier, Coll. Regards sur le Droit Luxembourgeois, 568 p. ISBN : 9782-87974-272-4.</p> <p>Note: Key legal instruments and sources relevant to each question should be quoted also within the document through footnotes.</p>

1. Regulatory background

1.1 Level of regulation in the country

Table 1: Level of regulation			
	Level of regulation	Source of relevant legislation	Ongoing discussion on regulation/deregulation (if applicable): current state of affairs and main arguments in the debate
Real estate transactions ¹	Partly regulated. There is no prohibition of certain transactions, but some formal requirements are applied. In particular, all transactions need to be registered at the “Mortgage Registrar” in order to be eligible against third parties.	Code civil, Livre III “Des différentes manières dont on acquiert la propriété” - TITRE III – « Des contrats ou des obligations conventionnelles en général » - TITRE VI – « De la vente » http://legilux.public.lu/eli/etat/leg/code/civil/20160901	No major discussions ongoing
Notary system (or lawyer/conveyancer system) ²	Strictly regulated. Access to the profession of Notary, missions of the Notaries and the commission fees are all very strictly defined by the Law and precised (especially commission fees) within Grand-Ducal Regulation	Loi modifiée du 9 décembre 1976 relative à l'organisation du notariat. http://legilux.public.lu/eli/etat/leg/loi/1976/12/09/n1/jo Règlement grand-ducal du 24 juillet 1971 portant révision du tarif des notaires. http://legilux.public.lu/eli/etat/leg/rgd/1971/07/24/n1/jo	
Profession of estate agents	Partly regulated. There are some requirements to be met for the profession of real estate agent, and the maximum commission that the agents can claim is set within the Grand-Ducal regulation.	Loi du 2 septembre 2011 réglementant l'accès aux professions d'artisan, de commerçant, d'industriel ainsi qu'à certaines professions libérales. http://legilux.public.lu/eli/etat/leg/loi/2011/09/02/n1/jo Règlement grand-ducal du 20 janvier 1972 fixant le barème des commissions maxima pouvant être facturées par les agents immobiliers. http://legilux.public.lu/eli/etat/leg/rgd/1972/01/20/n1/jo	

¹ E.g. limitations or prohibitions of certain transactions; specific formality requirements etc.

² Only in countries where notaries do not exist or do not have a monopoly on conveyancing.

1.2 National legislation

Table 2: List of national legislation		
List of national legislation	Classification of national legislation	Content of the national legislation
Loi modifiée du 9 décembre 1976 relative à l'organisation du notariat. http://legilux.public.lu/eli/etat/leg/loi/1976/12/09/n1/jo	Regulation of professions	Framework law for the profession of Notary: access, missions, fees, etc.
Loi du 2 septembre 2011 réglementant l'accès aux professions d'artisan, de commerçant, d'industriel ainsi qu'à certaines professions libérales. http://legilux.public.lu/eli/etat/leg/loi/2011/09/02/n1/jo	Regulation of professions	Qualification requirements for the profession of real estate agent.
Code civil, Livre III "Des différentes manières dont on acquiert la propriété" - TITRE III – « Des contrats ou des obligations conventionnelles en général » - TITRE VI – « De la vente » http://legilux.public.lu/eli/etat/leg/code/civil/20160901	Real estate transactions	Definition of the sale contract and the relationships between buyers and sellers
Loi modifiée du 21 septembre 2006 sur le bail à usage d'habitation et modifiant certaines dispositions du Code civil http://legilux.public.lu/eli/etat/leg/loi/2006/09/21/n1/jo	Real estate transactions	Regulation of the relationships between tenants and landlords
Loi du 8 avril 2011 portant introduction d'un code de la consommation http://legilux.public.lu/eli/etat/leg/loi/2011/04/08/n2/jo	Consumers	Introduction of the Consumer Code
Loi du 23 décembre 2016 portant: 1. transposition de la directive 2014/17/UE du Parlement européen et du Conseil du 4 février 2014 sur les contrats de crédit aux consommateurs relatifs aux biens immobiliers à usage résidentiel et modifiant les directives 2008/48/CE et 2013/36/UE et le règlement (UE) n° 1093/2010; et 2. modification du Code de la consommation. http://legilux.public.lu/eli/etat/leg/loi/2016/12/23/n24/jo	Consumers	Framework for the mortgage loan credits for residential buildings

1.3 Implementation of relevant EU legislation

Table 3: Implementation of relevant EU legislation

EU legislation	Implementation achieved?	Implementation of EU legislation at the national level (e.g. the name of the law)	Source of the national implementation legislation	Content of the national legislation in keywords	Which parts of the EU legislation have been transposed?	Which parts of the EU legislation have <u>not</u> been transposed?
Directive 2005/29/EC on unfair commercial practices (UCPD)	Yes	Loi du 29 avril 2009 relative aux pratiques commerciales déloyales et modifiant - la loi modifiée du 30 juillet 2002 réglementant certaines pratiques commerciales, sanctionnant la concurrence déloyale et transposant la directive 97/55/CE du Parlement européen et du Conseil modifiant la directive 84/450/CEE sur la publicité trompeuse afin d'y inclure la publicité comparative; - la loi modifiée du 28 décembre 1988 réglementant l'accès aux professions d'artisan, de commerçant, d'industriel ainsi qu'à certaines professions libérales et modifiant l'article 4 de la loi du 2 juillet 1935 portant réglementation des conditions d'obtention du titre et du brevet de maîtrise dans l'exercice des métiers; - la loi modifiée du 16 avril 2003 concernant la protection des consommateurs en	Official journal: Mémorial Grand-Ducal A N°88 du 30/04/2009, pp. 1028-1033. Publication date: 30/04/2009 Entry in force: 30/04/2009	Unfair commercial practices	All	None

Table 3: Implementation of relevant EU legislation

		matière de contrats à distance; - la loi modifiée du 18 décembre 2006 sur les services financiers à distance.				
Directive 93/13/EEC on unfair terms in consumer contracts	Yes	Loi du 26 mars 1997 portant : 1° transposition des directives 93/13/CEE du 5 avril 1993 concernant les clauses abusives dans les contrats conclus avec les consommateurs et 85/577/CEE du 20 décembre 1985 concernant la protection des consommateurs dans le cas de contrats négociés en dehors des établissements commerciaux; 2° modification de la loi modifiée du 25 août 1983 relative à la protection juridique du consommateur; 3° modification de l'article 1135-1 du code civil; 4° modification de la loi du 16 juillet 1987 concernant le colportage, la vente ambulante, l'étalage de marchandises et la sollicitation de commandes	Official journal: Mémorial Grand-Ducal A N° 30 du 29/04/1997, p. 1116. Publication date: 29/04/1997 Entry in force: 29/04/1997	Unfair terms	6.3 Conclusion of tenancy contracts – control of contractual terms	-

Table 3: Implementation of relevant EU legislation

Directive 2008/122/EC on the protection of consumers, in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts	Yes	Loi du 8 avril 2011 portant introduction d'un code de la consommation	Official journal: Mémorial Grand-Ducal A N°69 du 12/04/2011, pp. 1120-1178. Publication date: 12/04/2011 Entry in force: 12/04/2011	Protection of consumers; Consumer Code	All	None
Directive 2010/31/EU of Energy Performance of Buildings Directive	Yes	Règlement grand-ducal du 23 juillet 2016 modifiant 1. le règlement grand-ducal modifié du 30 novembre 2007 concernant la performance énergétique des bâtiments d'habitation; 2. le règlement grand-ducal modifié du 31 août 2010 concernant la performance énergétique des bâtiments fonctionnels; 3. le règlement grand-ducal du 12 décembre 2012 instituant un régime d'aides pour la promotion de l'utilisation rationnelle de l'énergie et la mise en valeur des énergies renouvelables dans le domaine du logement.	Official journal: Mémorial Grand-Ducal A N°69 du 01/08/2016, pp. 2464-2511. Publication date: 01/08/2016 Entry in force: 01/10/2016	Energy performance of buildings	All	None

<p>Directive 2005/36/EC on Recognition of Professional Qualifications, as last amended by Directive 2013/55/EU</p>	<p>Yes</p>	<p>Loi du 28 octobre 2016 1. relative à la reconnaissance des qualifications professionnelles; 2. portant création d'un registre des titres professionnels et d'un registre des titres de formation; 3. modifiant a) la loi modifiée du 29 avril 1983 concernant l'exercice des professions de médecin, de médecin-dentiste et de médecin-vétérinaire, b) la loi modifiée du 31 juillet 1991 déterminant les conditions d'autorisation d'exercer la profession de pharmacien, c) la loi modifiée du 26 mars 1992 sur l'exercice et la revalorisation de certaines professions de santé, d) la loi modifiée du 11 janvier 1995 portant réorganisation des écoles publiques et privées d'infirmiers et d'infirmières et réglementant la collaboration entre le ministère de l'Education nationale et le ministère de la Santé, e) la loi du 2 septembre 2011 réglementant l'accès aux professions d'artisan, de commerçant, d'industriel ainsi qu'à certaines professions libérales, f) la loi du 14 juillet 2015 portant création de la profession de psychothérapeute.</p>	<p>Official journal: Mémorial Grand-Ducal A N° 231 du 18/11/2016, pp. 4264-4305. Publication date: 18/11/2016 Entry in force: 18/11/2016</p>	<p>Recognition of professional qualifications</p>	<p>All</p>	<p>None</p>
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Table 3: Implementation of relevant EU legislation

Mortgage Credit Directive, 2014/17/EC	Yes	Loi du 23 décembre 2016 portant: 1. transposition de la directive 2014/17/UE du Parlement européen et du Conseil du 4 février 2014 sur les contrats de crédit aux consommateurs relatifs aux biens immobiliers à usage résidentiel et modifiant les directives 2008/48/CE et 2013/36/UE et le règlement (UE) n° 1093/2010; et 2. modification du Code de la consommation. Règlement grand-ducal du 23 décembre 2016 portant modification de la partie réglementaire du Code de la consommation	Official journal: Mémorial Grand-Ducal A N° 302 du 28/12/2016, pp. 6328-6357. Publication date: 28/12/2016 Entry in force: 28/12/2016	Mortgage credit	All	None
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1.4 Communications and strategy papers

Table 4: Communications and strategy papers

Communication or strategy paper	Have the following communications and strategy papers been referred to in national documents?	Name of document	Source	Content	Differences with respect to communications and strategy papers listed in the first column
COM(2015) 550 final Communication of the Commission Upgrading the Single Market: more opportunities for people and business	No				
COM(2013)676 Communication from the Commission on evaluating national regulations on access to professions	No				
COM(2016)820 Communication from the Commission on reform recommendations for regulation in professional services	No				
European Consumer Agenda	No				
Consumer Programme 2014-2020	No				

2. General market information

2.1 Key market data

Table 5: Key market data

<p>General market situation (e.g. trends in the market, recent developments in the market, price fluctuations, etc.)</p>	<p>In the last decade, from 2007 to 2016, house prices in Luxembourg have increased by 42% in total (meaning a yearly growth rate close to 3.6%), while house prices in 2016 are very close to their 2007 level in the aggregate euro area (+1.4% in total between 2007 and 2016) (STATEC / Ministry of Housing, 2016; EUROSTAT, 2017a). The prices of land for property development are the main reason for the fast rise of the housing prices (Ministry of Housing, 2015a). Experts consider that the dynamics of housing prices may become a source of concern, even though models from the Luxembourgish Central Bank do not indicate the presence of strong overvaluation of house prices and the risk of a sharp price correction appears low. However, there are supply-side concerns and investment in residential construction is insufficient to meet the very high housing needs stemming from demographic growth (European Systemic Risk Board, 2016). In recent years, housing supply has not kept up with growing demand associated with population growth and this has contributed to urban sprawl and additional congestion problems (OECD, 2017). According to the population projections made by the National Institute of Statistics and Economic Studies in Luxembourg (STATEC), an additional 129,000 units are needed by 2030 to address the increasing demand, which means that around 6,500 should be delivered yearly (Peltier, 2011). Meanwhile, over the period 2000-2014, the average housing construction was about 2,600 units per year (STATEC, 2017).</p>
<p>Total value of residential transactions for buying and renting for the year 2015 (2014 or 2013 depending on the latest available data) expressed in EUR</p>	<p>According to the data provided by the Ministry of Housing / Observatoire de l'Habitat, based on notary deeds, there were approximately 9,600 transactions involving residential properties in 2015 (approximately 65% involving flats and 35% individual houses), for a total amount of 4,400 million euros (the average value per transaction was thus close to 460,000 €, but some transactions may include more than one individual house or flat).</p>
<p>Ratio house owners – tenants (i.e. the percentage of households that are owners resp. tenants of dwelling units)</p>	<p>In Luxembourg, 73.2% of households were homeowners in 2015 (42.8% having ongoing mortgages or loans, and 30.4% having no outstanding mortgage or loan), while 21.7% were tenants in the private market (paying rent at market price) and 5.1% were paying a below-market rent or were occupying a dwelling rent-free (EUROSTAT, 2017b).</p>
<p>Usage of land (Quotas for built land, agricultural land, “wild land” (forests, lakes etc.)</p>	<p>In 2013, the urbanized areas (or areas designed for urban purpose within the urban planning documents of the municipalities) constituted around 9% (226.19 km²) of the total floor area of Luxembourg (Ministry of Housing, 2015b). The areas dedicated to housing constituted around 56% (around 126.45 km²) of the existing urbanized areas (or areas designed for urban purpose within the urban planning documents of the municipalities).</p>

Table 5: Key market data

Average prices of residential property	<p><i>According to the type of property</i></p> <ul style="list-style-type: none"> • Average flat of ca. 70 sqm • Terrace house of ca. 100 sqm • Detached (one family house) of ca. 150 sqm 	<p>There are significant differences in house prices in Luxembourg as a function of location and the period of construction (existing units <i>versus</i> newly constructed or under construction). The national average house prices in 2016 (STATEC / Ministry of Housing, 2017) were as follows: 5,044 €/m² for a flat of 70 m², i.e. a total price close to 350,000 € (about 330,000 € for an existing flat and 400,000 € for a flat under reconstruction); 400,000 € to 450,000 € for a terrace house of 100 m²; 550,000 € to 600,000 € for detached house of 150 m². The very similar average prices of a 70 m² flat and a 100 m² terrace house can be explained by differences in location (units in multi-family buildings mostly in Luxembourg City or other urban areas for flats, and individual houses more frequently in peri-urban or rural areas for houses).</p>
	<p><i>According to the type of location</i></p> <ul style="list-style-type: none"> • Capital city • Urban areas • Rural areas 	<p>There are huge differences in prices over the Luxembourgish territory, which take a highly monocentric pattern: space-time accessibility to Luxembourg-City explains more than 50% of the inter-municipal differences in average house prices (STATEC / Ministry of Housing, 2017). The average prices of flats in 2016 (STATEC / Ministry of Housing, 2017) were close to: 6,638 €/m² for an existing flat and 7,587 €/m² for a newly-built flat in Luxembourg-City (the capital); Around 4,200 €/m² for an existing flat and 4,934 €/m² for a newly-built flat in the other major urban area (i.e. the southern part of the country, canton d'Esch-sur-Alzette); 3,710 €/m² for an existing flat and 4,663 €/m² for a newly built flat in the rural areas (i.e. the northern part of the country). In average, the house prices in Luxembourg City are almost twice as high as in rural areas. The same ratio applies both to flats and to individual houses.</p>
Price development of residential property	<p><i>According to the type of property</i></p> <ul style="list-style-type: none"> • Average flat of ca. 70 sqm • Terrace house of ca. 100 sqm • Detached (one family house) of ca. 150 sqm 	<p>Since 2000, residential real estate prices have been increasing steadily in Luxembourg, and this applies both to flats and individual houses. This is reflected by the national house prices indexes (STATEC): The price index for existing flats has exhibited a yearly average increase of 4.1% between 2010 and 2016; The price index for newly-built flats is even higher over the same period: 4.7% per year on average; The increase in the price index for existing flats has been close to 4.8% over a shorter period; from 2013 to 2016, (statistics based on notary deeds were not available before 2013).</p>

Table 5: Key market data

	<p><i>According to the type of location</i></p> <ul style="list-style-type: none"> • <i>Capital city</i> • <i>Urban areas</i> • <i>Rural areas</i> 	<p>When looking at the average prices of flats at the municipal level (with data coming from notary deeds), it appears that: The average price of an existing flat has increased by 8.7% per year in Luxembourg-City (+8.8% per year for a newly-built flat); In other urban areas (mainly in the southern part of the country, i.e. canton d'Esch-sur-Alzette), the average price of an existing flat has increased by approximately 4% per year (5% to 6% for a newly-built flat); In rural areas (mainly in the northern part of the country), the increase is a bit lower: +2.5% per year on average for an existing flat (+4.0% for a newly built flat). These findings indicate that the impact of time-space accessibility on house prices has even reinforced since 2010 (STATEC / Ministry of Housing, 2016).</p>
<p>Development of price index (Housing price index if existing, otherwise Consumer price index)</p>	<p>The synthetic house price index provided by STATEC (including both flats and houses, existing and newly built dwellings) indicates that prices grew up by 4.5% on average between the first quarter of 2010 and the end of 2016, implying a total increase of 36% over this 7-year time span.</p>	

References:

European Systemic Risk Board - ESRB (2016): Vulnerabilities in the EU residential real estate sector, ESRB Report, November 2016, 170 p. <https://www.esrb.europa.eu/pub/reports/html/index.en.html>

EUROSTAT (2017a): Housing price statistics – House price index and value of housing transactions. Retrieved in September 2017 on the EUROSTAT website: <http://ec.europa.eu/eurostat/web/housing-price-statistics/data/database>

EUROSTAT (2017b): Statistics on income and living conditions, based on the EU-SILC survey in 2015. Retrieved in September 2017 on the EUROSTAT website: <http://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database>

Ministry of Housing – Housing Observatory (2015a): “Les prix du foncier à bâtir en zone à vocation résidentielle”, Coll. Notes de l’Observatoire de l’Habitat, n°21, December 2015, 12 p. Downloadable on: http://observatoire.liser.lu/pdfs/Note21_A4.pdf

Ministry of Housing – Housing Observatory (2015b): “Le potentiel foncier destiné à l’habitat au Luxembourg en 2013”, Coll. Notes de l’Observatoire de l’Habitat, n°20, October 2015, 8 p. Downloadable on: http://observatoire.liser.lu/pdfs/Note20_A4.pdf

OECD (2017): Economic Surveys of Luxembourg 2017, June 2017, 112 p. <http://www.oecd.org/luxembourg/economic-survey-luxembourg.htm>

Peltier F. (2011) : "Projection des ménages privés et des besoins en logements 2010-2030", STATEC, Coll. Economie et Statistiques n°55/2011, September 2011, 53 p. <http://www.statistiques.public.lu/fr/publications/series/economie-statistiques/2011/55-2011/index.html>

STATEC / Ministry of Housing – Housing Observatory (2016): Le logement en chiffres au Grand-Duché de Luxembourg, n°5, October 2016, 10 p. http://observatoire.liser.lu/pdfs/Logement_chiffres_2016T2.pdf

STATEC / Ministry of Housing – Housing Observatory (2017): Le logement en chiffres au Grand-Duché de Luxembourg, n°6, June 2017, 10 p. http://observatoire.liser.lu/pdfs/Logement_chiffres_2016T4.pdf

STATEC (2017): Statistics on completed dwellings, 1970-2014. Retrieved in September 2017 on the STATEC website: http://www.statistiques.public.lu/stat/TableViewer/tableViewHTML.aspx?ReportId=13443&IF_Language=fra&MainTheme=4&FldrName=4&RFPPath=35

2.2 Service providers

Table 6: Service providers						
	Total number of firms	Total number of professionals	Total number of employees	Branch offices per firm	Market concentration in % of turnover	Average turnover per firm (expressed in EUR)
Estate agents	3 219	n.a.	n.a.	n.a.	n.a.	n.a.
Lawyer/Advocates/Solicitor	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Notary	36	36	n.a.	n.a.	n.a.	n.a.
Licenced conveyancers	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Architects	619	962	n.a.	n.a.	n.a.	n.a.
Surveyor	-	40	-	-	-	-
Engineers	227	491	n.a.	n.a.	n.a.	n.a.

In Luxembourg, real estate professionals cover three different professions: 1) real estate agents (*"agent immobilier"*); 2) real estate developers (*"promoteurs"*); 3) administrators or real estate or real estate management firms (*"administrateur de biens / syndics de copropriété"*). Many real estate firms cover more than one of these professions, and the statistics available on the number of firms and employment do not distinguish between the three professions.

The statistics on architects and engineers are provided by the *Ordre des Architectes et Ingénieurs Conseil* (OAI), as released on the 12th of June 2017 - <http://www.oai.lu/fr/177/oai/l-oai/statistiques/>

The statistics on surveyors (*"geomètres"*) are provided by the Administration du Cadastre et de la Topographie (ACT), as released on the 15th of July 2017 - <https://act.public.lu/fr/parcelles-residences/mensuration-officielle/geomètres-officiels/index.html>

3. Roles of professionals and services in the real estate market

Table 7: Role of professionals in the real estate market						
	Estate agent	Property valuator ³	Lawyer/Advocate/Solicitor	Notary	Bank	Technical expert (architect, engineer, surveyor)
Main function: does the professional typically work independently or as part of a firm or another organisation?	May be independent real estate agents or (most often) real estate agencies	Most often real estate agencies	Independently, or within firms	Independently (number of Notaries defined by the Grand-Ducal regulation - 36 nowadays)	N/A	Architects and engineers typically work within engineering consulting firms, while most of the surveyors work in the public sectors (at the Administration du Cadastre et de la Topographie, in municipalities, etc.)
Extent of engagement (at which point(s) does each professional intervene in the process?)	1. Search and matching process between buyers and sellers 2. Preliminary checks (land register, administrative permits) 3. Writing of the sale contract 4. Legal advice	For sellers: initial setting of the asking price	Legal advice for buyers and sellers (mainly for firms or investors, not for individual homeowners)	1. Legal advice 2. Certification of signatures 3. Registration of the sale 4. Taxation and perception of fees	Mortgage agreement (after the sale contract)	Architects and engineers provide the mandatory certificate for energy performance of the building In case of disagreement between buyers and sellers: surveyors can provide an official measurement of the floor area of a land plot
Mandatory involvement	No	No	No	Yes	N/A	No
How are their fees/charges structured	Proportional to the final transaction price (up to 3% + VAT)	No legal requirement To be paid by the seller	-	Proportional to the final transaction price = 6% for registration rights + 1% for transcription rights +	No legal requirements, but the set-up fees for a new mortgage	Fixed unit price for the certificate of energy performance (the price is NOT set by regulation)

³ In some EU countries, the real estate property valuers are regulated as a profession that is separate from estate agents (e.g. Hungary, Lithuania, Latvia); their services might be obligatory, especially when taking mortgage loans.

Table 7: Role of professionals in the real estate market

	To be paid by the seller			<p>notary fees (often between 0.3% to 0.5%) To be paid by the buyer</p>	<p>contract are usually rather low. Mortgage credits used to be granted mostly with variable rates for several decades in Luxembourg, but the share of fixed-rate mortgages has strongly increased since 2014 (in 2016, around 54% of the total amount of new contracts)</p>	<p>Fixed unit price for an official definition of the floor area of a land plot</p>
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4. Land registration

Table 8: Land registration	
Responsible authority(ies) dealing with land registration	Administration of Land Register and Topography (« <i>Administration du Cadastre et de la Topographie</i> »), under the responsibility of the Ministry of Finances.
Actors involved in the registration procedure and their main functions	<p>The first actors involved in the registration procedure are the Notaries, who are in charge of writing and authentication of notary deeds. A notary deed is compulsory for each transaction. The notary deed must be kept by the Notary for thirty years (after that, notary deeds are transmitted to the National Archives).</p> <p>In order for the transfer of property to be valid with respect to third parties, the notary deed must be registered and transcribed at the Administration of Registration (<i>Administration de l'Enregistrement et des Domaines</i>). In particular, the Mortgage Registrar (<i>Bureau des Hypothèques</i>) allows for verifying whether a property is mortgaged.</p> <p>The ownership of real property is then recorded in the land register (<i>Administration du Cadastre et de la Topographie</i>). This administration delivers on request information/excerpts related to a real estate property, such as the exact location and extent, the identity of former and current owners, the year of construction, the land survey plans and topographical plans.</p> <p>Information on real estate property is available to notaries and real estate agents, but also to the public, since the land register is public and therefore any person may request documents/information. The land register (<i>Administration du Cadastre et de la Topographie</i>) provides the information.</p>
Intermediate steps of the registration procedure	N/A

5. The process to buy or sell a property

5.1 Main steps in the transaction process to buy or sell a property

Table 9: Main steps of the process to buy or sell a property			
Main steps	Main function	Applicable	National specificities/additional functions/main actors
Estate agent services	Matching the parties	Usual	In Luxembourg, most of the transactions still go through real estate agencies. The sales without intermediaries are the exception.
Alternative matching devices	Matching the parties	Yes	The use of real estate portals (such as AtHome.lu, IMMOTOP.lu, and WortImmo.lu) is frequent in the search process for both potential home buyers and tenants. However, the real estate agents provide most of the advertisements.
Preliminary contract	Securing the transaction before the final contract is concluded	Yes	Writing a preliminary sale contract is the rule rather than the exception in Luxembourg. The sale contract is binding for both the buyer and the seller. However, it incorporates a suspensive clause in most cases: for example, the contract is automatically broken if a buyer made a thorough search but was not able to be granted a mortgage loan.
Preliminary checks (land register, administrative permits)	Ensuring that the buyer knows all legal obligations and relevant features related to the property	Yes	As indicated above, the search of information on real estate property is possible for every actor, since the land register is public. Information are provided by the land register (<i>Administration du Cadastre et de la Topographie</i>).
Drafting the sales contract and/or deed of conveyance	Summarising the agreement of the parties	Yes	In Luxembourg, most of the transactions still go through real estate agencies, which are in charge of writing the sales contract.
Legal advice or counselling	Ensuring that the transaction is valid and that the parties know about their rights and duties	Yes	The Notaries have to inform buyers and sellers about their rights and duties.
Certification of signatures	Ensuring the validity of the agreement	Yes	The Notaries are responsible for the writing and authentication of notary deeds.
Contract execution (transfer of property)	Executing the contract (and securing that both parties perform their obligations)	Yes	-
Registration	Making the transaction visible to third parties and the public	Yes	The transfer of property has an enforceable title against third parties only if the notary deed is registered and transcribed at the Administration of Registration (<i>Administration de l'Enregistrement et des Domaines</i>).

Table 9: Main steps of the process to buy or sell a property

Taxation (esp. transfer tax)	Creating revenue for the state	Yes	The transfer of property by sale/purchase is subject to a transfer tax (including both registration rights and transcription rights) and notary fees. The Notaries are responsible for the tax collection.
Post-transaction controls (if applicable)	Securing that the contract is duly executed	Yes	The validity of the sale (especially with regards to the sale amount) is checked by the Administration of Registration (Administration de l'Enregistrement et des Domaines).

5.2 Sale contract and transfer of ownership

Table 10: Contract of sale and transfer of ownership

Main steps	Actors involved per intermediate step	Payment details ⁴		Typical risks associated to these steps
		Payments expressed : • In EUR as % of total purchase price <u>and</u> • As a fixed amount if available (add if VAT applies)	When is the payment made	
Estate agent services or alternative matching devices	Real estate agent services are present in the majority of transactions in Luxembourg.	The agent fees usually amount up to 3% of the final transaction price in Luxembourg (+ VAT), which is the maximum possible amount. The agent fees are only paid by the seller. <u>The buyer can not be charged any fee.</u>	When the final transaction occurs. Often, the commission is perceived by the Notary, who returns it to the estate agency.	If the sale contract includes a suspensive clause (which is typically the case), the commission is not due if there is no final transaction.
Preliminary contract (usual)	The two parts (buyer and seller) are free to agree upon the payment of a deposit (or down payment) before the final	-	-	-

⁴ Payment shall be considered as the 'discharge of an obligation by its settlement equal to the monetary value of the debtor's obligation' while fees can be defined as 'a charge for services rendered' (Retrieved from: <http://www.investorwords.com/3634/payment.html>, <http://www.investorwords.com/1922/fee.html>). Payment, therefore, includes both the cost of the service and the fees for the service in question.

Table 10: Contract of sale and transfer of ownership

	transaction, but there is no legal duty for such practice.			
Preliminary checks (land register, administrative permits)	As indicated above, the search of information on real estate property is possible for every actor, since the land register is public. Information are provided by the land register (Administration du Cadastre et de la Topographie).	Free	-	-
Drafting the sales contract and/or deed of conveyance	The drafting of the sale contract is part of the tasks done by the real estate agency.	Included in the agency fees.	-	-
Legal advice or counselling	Legal advice is performed by the Notary. Most of the time, there is no additional need for counselling or legal advice.	-	-	-
Certification of signatures	Notary	Notary fees (including legal advice) are set according to a Grand-Ducal regulation (Règlement grand-ducal modifié du 24 juillet 1971 portant revision du tarif des notaires). The calculation of the fees is made proportional to the final transaction value. The rate is decreasing with the transaction value, but the total fee is typically between 0.3% and 0.5% of the total transaction price (+ VAT). They are paid by the buyer.	The notary fees are due at the signature of the notary deeds.	
Contract execution	Notary	-	-	-

Table 10: Contract of sale and transfer of ownership

Registration in land register or similar device	Notary	Transcription rights (i.e. fees for the inscription of the transfer of property at the Mortgage Registrar) amount to 1% of the transaction price. Transcription fees are paid by the buyer.	The transcription rights are due at the signature of the notary deeds.	-
Taxation (esp. transfer tax)	Notary	Registration rights (i.e. transfer tax on the sale of the real estate good) usually amounts to 6% of the final transaction price of the dwelling. In addition, a special surcharge of 50% of the registration tax is applied for buildings sold in Luxembourg City (unless the building has been occupied for 10 years or more). When buying a dwelling to be built (" <i>VEFA = Vente en Etat Futur d'Achèvement</i> "), the transfer tax only applies to the land plot component. In order to reduce the auxiliary costs associated with buying a dwelling, the law of the 30 th July 2002 introduced a tax credit on registration duties and fees for all persons wishing to acquire real estate property intended for dwelling purposes; this tax credit is set at EUR 20,000 for single persons and at EUR 40,000 for couples, independent of the amount of registration taxes. Any balance of the tax credit can be carried forward to a future acquisition. However, there is a special arrangement for buyers who clearly want to buy a dwelling in order to sell it soon afterwards, in less than 4	The registration rights are due at the signature of the notary deeds.	

Table 10: Contract of sale and transfer of ownership

		<p>years (“speculation” motive). The total tax rate is 8.2% instead of 7% (7.2% for the registration tax and 1% for the transcription fee). However, the buyer may get back part of the tax if s/he sells before 2 years (until 6%) or between 2 and 4 years after the acquisition (until 4.8%).</p>		
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▲ Information on the legal position of a tenant occupying the dwelling to be sold.

The rule “**emptio non tollit locatum**” applies in Luxembourg: the sale of the real estate good does not affect existing lease contracts. Article 12 of the framework law on rental relations (“Loi du 21 septembre 2006 sur le bail à usage d’habitation”) clearly states that “*the transfer of property of dwelling does not constitute serious and legitimate reasons for the landlord to be able to terminate the contract*”. The landlord must inform the potential buyer that tenants occupy the dwelling and that the contract must be retaken.

However, the rental regulation states that the new owner of the dwelling can invoke a “personal need” within the period of six months’ notice, if s/he wants to use the dwelling for his/her own occupation. The tenant can introduce a procedure for obtaining an extension of the notice and claim it to the justice of the peace. The judge may give a prolongation of the notice up to a maximum of 6 months starting at the end of the initial 6 months’ notice.

5.3 Professional services performed in the real estate market related to buying and selling a property

Table 11: Professional services performed in the real estate market related to buying and selling a property				
Services in the real estate market	Minimum standards for information provided by law, if applicable	Service providers involved	Quality of involvement	Fees expressed: <ul style="list-style-type: none"> • In EUR as % of total purchase price and • As a fixed amount (if available)
Estate agent services or alternative matching devices	Minimum qualifications for real estate professionals defined by law	Real estate agencies / Independent real estate agents	Optional (usual)	Maximum agency fees set to 3% of the final transaction price (+ VAT)
Provision of mandatory information before the start of the transaction	Provision of the certificate for energy performance of the building (" <i>certificat de performance énergétique / energiepass</i> ")	Architects and engineers	Mandatory	Fixed amount (but the price is NOT set by law, and thus may be different among architects and engineers)
Preliminary contract (usual)	Framework defined by the Civil Code	Real estate professionals (or buyers / sellers by themselves)	Optional (usual)	-
Preliminary checks (land register, administrative permits)	Information are provided by the land register (<i>Administration du Cadastre et de la Topographie</i>)	Real estate professionals (or buyers / sellers by themselves)	Optional before the final transaction (usual) In any case, will be done by the Notaries later	-
Drafting the sales contract and/or deed of conveyance	Framework defined in the Civil Code	Real estate professionals (or buyers / sellers by themselves)	Optional (usual)	-
Legal advice or counselling		Real estate professionals or lawyers / advocates	Optional (unusual)	-
Certification of signatures		Notary	Mandatory	Proportional to the final transaction price = 6% for registration rights + 1% for transcription rights + notary fees (often between 0.3% to 0.5%)

Table 11: Professional services performed in the real estate market related to buying and selling a property

				To be paid by the buyer
Contract execution		Notary	Mandatory	-
Registration in land register or similar device		Notary	Mandatory	Proportional to the final transaction price = 6% for registration rights + 1% for transcription rights + notary fees (often between 0.3% to 0.5%) To be paid by the buyer
Taxation (esp. transfer tax)		Notary	Mandatory	Proportional to the final transaction price = 6% for registration rights + 1% for transcription rights + notary fees (often between 0.3% to 0.5%) To be paid by the buyer

5.4 Creating a Mortgage

Table 12: Mortgage requirements

Main steps to create a mortgage	Actors/institutions involved	Minimum standards for information	Fees expressed: • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available)	Typical risks associated to these steps
Conclusion of credit and mortgage agreement with lender (bank)	Banks	Defined with the Loi du 23 décembre 2016 portant: 1. transposition de la directive 2014/17/UE du Parlement européen et du Conseil du 4 février 2014 sur les contrats de crédit aux consommateurs relatifs aux biens immobiliers à usage résidentiel et modifiant les directives 2008/48/CE et 2013/36/UE et le règlement (UE) n° 1093/2010; et 2. modification du Code de la consommation. http://legilux.public.lu/eli/etat/leg/loi/2016/12/23/n24/jo	No legal requirements, but the set-up fees for a new mortgage contract are usually rather low.	Most sale contracts contain a suspensive clause, so that the contract is automatically broken if the buyer is not granted a mortgage
Insertion of mortgage in	Notary + Mortgage Registrar (Bureau des Hypothèques)	-	Proportional to the final transaction price = 1% for transcription rights	-

the land register			To be paid by the buyer	
Credit sum paid to mortgagor	-	-	-	-

6. The process to rent or let a property

6.1 Main steps in the transaction process to rent and let a property

Table 13: Main steps of the process to rent and let a property

Main steps	Process involved
Finding and matching landlords and tenants	Most often, the process go through a real estate agent, who assists the landlord in: <ol style="list-style-type: none"> 1. defining the rent level; 2. advertising the unit for rent in newspapers and mostly in real estate websites (the leaders are AtHome.lu, IMMOTOP.lu and WortImmo.lu); 3. Organizing the collection of dossiers of potential tenants
Information search by landlords or tenants (e.g. about salary, outstanding debts)	In Luxembourg, where demand most often exceeds supply especially for renting, the selection of the future tenant is an important step for the property owners. The landlords require the copy of the current work contract and/or 3 last payslips. Some of the landlords give the priority to those with permanent work contract.
Inspection of the property by tenants (in some cases with the help of professionals)	In Luxembourg, the help of real estate agencies is still the rule rather than the exception.
Delivery of mandatory information to tenants prior to the conclusion of the contract	-
Delivery of energy performance certificate to tenant	The delivery of the energy performance certificate is not mandatory for a rental contract (between landlords and tenants), but the new tenant has the right to check the energy performance certificate.
Provision of additional guarantees to landlord	-
Conclusion of the contract in the usual form (e.g. oral, written, preformulated)	The Luxembourg Civil Code and the law of 21 September 2006 provides that rental agreements do not have to be written to be valid, i.e., that they can be oral as well. The tenant is however advised to ask the landlord for a written, signed contract, which might be important in the case of misunderstandings between the parties. Preformulated contracts are provided by the Luxembourgish Consumers Union (“Union Luxembourgeoise des Consommateurs”)
Rent payment and deposit (e.g. bank account)	The landlord may ask for a deposit up to three rent payments (i.e. three-month rents) to be paid when the rental contract is signed. This guarantee for unpaid rents or other obligations link to the rental contract can be transferred directly between the tenant and the landlord or it may be blocked as a bank deposit.
Registration of the contract in the land register (e.g. excluded, optional or mandatory)	The registration of the contract used to be mandatory before 2017, but many contracts were not registered in practice. From the 1st of January 2017, the registration of the rental contract is not mandatory any more.

6.3 Rent contract

Table 14: Rent contract

Main steps	Actors involved per intermediate step	Payment details ⁵		Typical risks associated to these steps
		Payments expressed : • In EUR as % of total purchase price <u>and</u> • As a fixed amount if available (add if VAT applies)	When is the payment made	
Finding and matching the parties	Real estate agency (not mandatory, but usual)	The fees charged by real estate agencies in Luxembourg usually amount to one month rent plus VAT (17%)	At the signature of the rental contract.	None
Information search by landlord on tenant (e.g. about salary, outstanding debts)	Real estate agency (not mandatory, but usual)	Included in the real estate agency fees	At the signature of the rental contract.	
Inspection of the property by tenant (in some cases with the help of professionals)	Real estate agency (not mandatory, but usual)	Included in the real estate agency fees	At the signature of the rental contract.	
Delivery of mandatory information to tenant prior to the conclusion of the contract	-	-	-	
Delivery of energy performance certificate to tenant	-	-	-	
Conclusion of the contract in the usual form (e.g. oral, written; if written, indicate whether preformulated are usual)	Real estate agency (not mandatory, but usual) Oral and written contracts are both possible. However, written contracts are usual, especially preformulated contracts	Included in the real estate agency fees	At the signature of the rental contract.	

⁵ Payment shall be considered as the 'discharge of an obligation by its settlement equal to the monetary value of the debtor's obligation' while fees can be defined as 'a charge for services rendered' (Retrieved from: <http://www.investorwords.com/3634/payment.html>, <http://www.investorwords.com/1922/fee.html>).

Table 14: Rent contract

Rent payment and deposit (e.g. bank account)	Landlords and tenants The landlord is not obliged by law to ask the tenant for a deposit or bank guarantee, but most of the landlords do it	The deposit may not surpass three-month rent. It shall be highlighted that the law prohibits the landlord from accepting any other amount, which is not the rent or the deposit.	At the signature of the rental contract.	
Registration of the contract in the land register or other device (excluded, optional or mandatory)	The registration of the contract used to be mandatory before 2017, but many contracts were not registered in practice. From the 1st of January 2017, the registration of the rental contract is not mandatory any more.	Not relevant since the 1 st of January 2017	Not relevant since the 1 st of January 2017	

6.4 Professional services performed in the real estate market related to renting and letting a property

Table 15: Professional services performed in the real estate market related to renting and letting a property

Services in the real estate market	Minimum standards for information provided by law, if applicable	Service providers involved	Quality of involvement (e.g. mandatory; exclusive rights)	Fees expressed: • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available)
Finding and matching landlords and tenants	-	Real estate agency (not mandatory, but usual)	Exclusive rights are not a rule in Luxembourg.	The fees charged by real estate agencies in Luxembourg usually amount to one month rent, to which VAT (17%) is added.
Information search by landlords or tenants (e.g. about salary, outstanding debts)	-	Real estate agency (not mandatory, but usual)	-	Included in the real estate agency fees
Inspection of the property by tenants	-	Real estate agency (not mandatory, but usual)	-	Included in the real estate agency fees
Delivery of mandatory information to	-	Real estate agency (not mandatory, but usual)	-	Included in the real estate agency fees

Table 15: Professional services performed in the real estate market related to renting and letting a property

tenants prior to the conclusion of the contract				
Conclusion of the contract in the usual form (e.g. oral, written, preformulated)	Oral and written contracts are both possible. However, written contracts are usual, especially preformulated contracts	Real estate agency (not mandatory, but usual)	-	Included in the real estate agency fees
Rent payment and deposit (e.g. bank account)	-	Banks	The landlord is not obliged by law to ask the tenant for a deposit or bank guarantee, but most of the landlords do it	The deposit may not surpass three-month rent. It shall be highlighted that the law prohibits the landlord from accepting any other amount, which is not the rent or the deposit.
Registration of the contract in the land register (e.g. excluded, optional or mandatory)	The registration of the contract used to be mandatory before 2017, but many contracts were not registered in practice. From the 1st of January 2017, the registration of the tenancy contract is not mandatory any more.	Not relevant since the 1st of January 2017	-	Not relevant since the 1st of January 2017

7. Professional services regulation: notaries

7.1 Market entry and structure regulation

Table 16: Market entry and structure regulation

	Regulation	
Subjective requirements	<i>Qualifications (diplomas, exams, concours) required to become a notary in your country:</i>	In order to become a Notary, the candidate must: <ul style="list-style-type: none"> - succeed in at least 4 years of studies in Law at the University - obtain the diploma for candidate-Notary (<i>diplôme de candidat-notaire</i>) in Luxembourg - have strong capacities in all relevant languages in Luxembourg (French, German and Luxemburgish) The candidate also needs to have reached the age of 25 to be eligible.
Objective requirements	<i>Do numerus clauses and other objective requirements exist?</i>	The number of Notaries is defined in the Grand-Ducal regulation. Nowadays, 36 Notaries are allowed for the whole territory of Luxembourg.
Citizenship requirements	<i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i>	Citizens of all Member States of the European Union are admitted, as long as they have strong capacities in all relevant languages in Luxembourg (French, German and Luxemburgish)
Inter-professional cooperation	<i>Are forms of collaboration between notaries and other professionals allowed and usual?</i>	Notaries collaborate with the Land Registrar (<i>Administration du Cadastre et de la Topographie</i>) and the Administration in charge of registration (<i>Administration de l'Enregistrement et des Domaines</i>) for updating the land register (<i>système intégré de la Publicité Foncière</i>)
Business structure	<i>Are notary associations/corporations allowed?</i>	The Chamber of Notaries (<i>Chambre des Notaires</i>) includes the 36 Notaries, but there is no association allowed.
Geographical limitations	<i>Are there limitations with respect to the area in which the notary can exercise his/her activities (e.g. at the regional or municipal level)?</i>	The Notaries are spread over the Luxemburgish territory depending on the volume of transactions and the population in each geographical area.
	<i>Are these limitation restricted to specific tasks?</i>	No

7.2 Market conduct regulation

Table 17: Market conduct regulation

	Regulation	
Exclusive rights	<i>For which transactions or parts of them only notaries may act against payment.</i>	Notary deeds: All transactions related to real estate property transfer (sales, adjudication of bankruptcy, etc.) Family Law (marriage contracts, donation, inheritance, etc.) Business Law (creation of societies, merging, etc.)
Duty to provide services	<i>Are notaries allowed to refuse a request to act?</i>	Yes
Professional standards	<i>How are professional standards regulated? What are the tasks of the professional representation (e.g. Chamber of Notaries) in this context?</i>	The Chamber of Notaries is in charge of the sharing of good practices, as well as the implementation and updating of professional standards.
Mandatory intervention	<i>Is the intervention of a notary required for the registration procedure?</i>	Yes
Compulsory indemnity insurance	<i>Is indemnity insurance compulsory? If yes, what is the indicative amount of the insurance?</i>	No
Continuing education	<i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i>	The Chamber of Notaries is in charge of sharing good practices, as well as the implementation and updating of professional standards.
Advertising restrictions	<i>Are there limitations on advertising?</i>	NO
Fee regulation	<i>Fees system</i>	The notarial fees are set in the Grand-Ducal regulation, and thus are the same for all 36 Notaries over the Luxemburgish territory. The notarial fees are proportional to the amount of money involved in the transaction, with a rate depending on the type of transaction and decreasing with the amount.

8. Professional services regulation: lawyers or other licensed conveyancers (only relevant if legally admitted to perform real estate transactions and/or to assist the conclusion of tenancy agreements)

8.1 Market entry and structure regulation

Table 18: Market entry and structure regulation		
	Regulation	
Subjective requirements	<i>Conditions (diplomas, exams, concours) required to become a lawyer in your country.</i>	Not fully relevant in Luxembourg
Objective requirements	<i>Do numerus clauses and other objective requirements exist?</i>	
Citizenship requirements	<i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i>	
Inter-professional cooperation	<i>Are forms of collaboration between lawyers and other professionals allowed and usual?</i>	
Business structure	<i>Are lawyer associations/corporations allowed?</i>	
Geographical limitations	<i>Are there limitations with respect to the area in which the lawyer can exercise his/her activities (e.g. at the regional or municipal level)? Are these limitation restricted to specific tasks?</i>	

8.2 Market conduct regulation

Table 19: Market conduct regulation

	Regulation	
Exclusive rights	<i>For which transactions or parts of them only lawyers may act against payment</i>	Not fully relevant in Luxembourg
Neutrality	<i>Is the lawyer allowed to act on behalf of both parties involved in the transaction? In this case, what type of fees apply and which party has to bear them?</i>	
Duty to provide services	<i>Are lawyers allowed to refuse a request to act?</i>	
Professional standards	<i>How are professional standards regulated? What are the tasks of the professional representation (e.g. Chamber of Lawyers/Advocates) in this context?</i>	
Compulsory indemnity insurance	<i>Is indemnity insurance compulsory? If yes, what is the indicative amount of the insurance?</i>	
Continuing education	<i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i>	
Advertising restrictions	<i>Are there limitations on advertising?</i>	
Fee regulation	<i>Lawyer fee system</i>	

9. Professional services regulation: estate agents

9.1 Market entry and structure regulation

Table 20: Market entry and structure regulation

	Regulation	
Subjective requirements	<i>Qualifications (level and duration of education and training, diplomas, exams, traineeships or professional experience requirements, concours) required to become an estate agent in your country.</i>	The required qualifications are the same for the professions considered as “real estate professionals”: 1. Real estate agent (agent immobilier); 2. Real estate developer (promoteur immobilier); 3. Administrator of real estate / real estate management firms (administrateur de bien / syndic de copropriété). Those professions only require a professional diploma (Diplôme d’Aptitude Professionnel – DAP) or any upper diploma (Bac, Bachelor, Master, etc.). However, there is a compulsory training session organised by the House of Training: the candidate need to obtain the success certificate in order to be able to settle as a real estate professional. This is a 50-hour training session. Opening a real estate agency or any other real estate firm also requires to fulfil the conditions needed to become a trader (commerçant), which implies clean criminal record in Luxembourg and success in another training session organised for access to the professions of trader (or previous creation of another shop, store or agency, as evidenced by an authorization of settlement).
Objective requirements	<i>Do numerus clauses and other objective requirements exist?</i>	There are no numerus clauses or other objective requirements.
Licence requirements	<i>Are estate agents licenced or do they work as employees?</i>	Most of the real estate agents are licenced.
Citizenship requirements	<i>Is unlimited access to the profession granted to foreign professionals de iure and de facto?</i>	There are no citizenship requirements.
Inter-professional cooperation	<i>Are estate agents allowed to exercise another profession or business activity? Is inter-professional cooperation regulated?</i>	Real estate agents may also act as real estate developer (promoteur immobilier) or administrator of real estate / real estate management firms (administrateur de bien / syndic de copropriété), since the requirements are the same.

Table 20: Market entry and structure regulation

<p>Business structure</p>	<p><i>Indicate the share of estate agent acts acting as sole practitioners and as companies (if data are available)?</i> <i>Can the agent be employed by another agent or establish a partnership with other agents?</i> <i>Are there any restrictions on the corporate structure of a real estate enterprise (such as voting rights reserved to qualified members of a profession, shareholding requirements etc.)?</i></p>	<p>It is quite difficult to estimate the precise number of active real estate agents in Luxembourg. Many sole practitioners are indeed working on a part-time basis. There are possibilities to establish partnerships with other agents, especially for real estate development. Franchising is also developing (still moderately) in real estate agencies in Luxembourg.</p>
<p>Geographical limitations</p>	<p><i>Are there limitations with respect to the area in which the estate agent can exercise his/her activities (e.g. at the regional or municipal level)?</i></p>	<p>There are no geographical limitations.</p>
	<p><i>Are these limitation restricted to specific tasks?</i></p>	<p>-</p>

9.2 Market conduct regulation

Table 21: Market conduct regulation

	<p>Regulation</p>	
<p>Neutrality</p>	<p><i>Is neutrality regulated? Is the agent allowed to act on behalf of both parties involved in the transaction? In this case, what type of fees applies and which party bears these?</i></p>	<p>Neutrality is not fully required, the agent may act for both parties involved in the transaction. In case of a sale, the agent fee is most often dependent on the final transaction price and must not exceed 3% (+VAT). The fees are only paid by the seller, there is no real estate fee for the buyer. In case of a rental contract, the agent fee typically amounts to one rent (+VAT), to be paid by the new tenant.</p>
<p>Professional standards</p>	<p><i>How are professional standards regulated? Are entities or associations ensuring the professional representation and respect of rules of good practice (e.g. association of real estate professionals)?</i></p>	<p><i>The Chamber of Real Estate Professionals (Chambre Immobilière du Grand-Duché de Luxembourg - CIGDL) is a non-profit association, which represents the different professions of the real estate sector. The main goals are to improve constantly professionalism and the quality of service provided to the clients by the CIGDL members. All members submit themselves to a Code of conduct, whose principles are</i></p>

Table 21: Market conduct regulation		
		<i>enumerated in a Quality Charter (“charte de qualité”). The CIGDL ensures that members fulfil the conditions in practice.</i>
Compulsory indemnity insurance	<i>Is indemnity insurance compulsory for estate agents? If yes, what is the indicative amount of the insurance?</i>	<i>Indemnity insurance is compulsory for real estate agents, and is required in order to get the settlement agreement.</i>
Continuing education	<i>Do forms of continuing education exist? If yes, is continuing education mandatory? What are the requirements related to the content and duration of continuing education? What are the consequences of non-compliance?</i>	<i>Many trainings are proposed for continuing education. Some of those trainings are offered by the House of Training or the Chamber of Commerce. Other trainings are offered by private companies active in professional training. The CIGDL encourages its members to participate in those trainings regularly, but this is not mandatory for all real estate professionals.</i>
Advertising restrictions	<i>Are there limitations on advertising?</i>	<i>NO</i>
Fee regulation	<i>Estate agents’ fee system</i>	<i>In case of a sale, the agent fee is most often dependent on the final transaction price and must not exceed 3% (+VAT). The fees are only paid by the seller, there is no real estate fee for the buyer. In case of a rental contract, the agent fee typically amounts to one rent (+VAT), to be paid by the new tenant.</i>
Compulsory membership in professional bodies/compulsory registration	<i>Is membership in professional bodies compulsory? If so, what are the membership conditions and the membership fees? Does the professional body have a supervisory or another important regulatory role?</i>	<i>Membership in professional bodies is not compulsory.</i>

10. The real estate market

10.1 Transaction costs for sample transactions

Table 22: Transaction costs VAT excluded

	Estate agent⁶	Technical services (if usual)	Legal services	Land register fee	Transfer tax/stamp duty	Total usual transfer costs
€100,000 sales price (no mortgage)	Paid by the seller Usually a 3% fee = 3,000 €	-	-	Paid by the buyer Usually 6% for registration rights = 6,000 € or 100 € only (minimum fee) if the household benefits for the <i>Bellegën Akt</i> (all individuals have a tax credit worth 20,000 € for his/her lifetime)	Paid by the buyer Notary fees around 0.4% of the final transaction price = 400 € approximately	3,000 € paid by the seller 6,400 € paid by the buyer, or 500 € if the household benefits from the <i>Bellegën Akt</i> (for first homeownership for example)
€100,000 sales price + 100.000€ mortgage	Paid by the seller Usually a 3% fee = 6,000 €	-	-	Paid by the buyer Usually 6% for registration rights + 1% for transcription rights = 14,000 € or 100 € only (minimum fee) if the household benefits for the <i>Bellegën Akt</i> (all individuals have a tax credit worth 20,000 € for his/her lifetime)	Paid by the buyer Notary fees : around 0.4% of the final transaction price = 800 € approximately	6,000 € paid by the seller 14,800 € paid by the buyer, or 900 € if the household benefits from the <i>Bellegën Akt</i> (for first homeownership for example)

⁶ An agent usually receives a percentage of the transaction value.

Table 22: Transaction costs VAT excluded

€250,000 sales price (no mortgage)	Paid by the seller Usually a 3% fee = 7,500 €	-	-	Paid by the buyer Usually 6% for registration rights = 15,000 € or 100 € only (minimum fee) if the household benefits from the <i>Bellegën Akt</i> (all individuals have a tax credit worth 20,000 € for his/her lifetime)	Paid by the buyer Notary fees : around 0.4% of the final transaction price = 1,000 € approximately	7,500 € paid by the seller 16,000 € paid by the buyer, or 1,100 € if the household benefits from the <i>Bellegën Akt</i> (for first homeownership for example)
€250,000 sales price + 250,000€ mortgage	Paid by the seller Usually a 3% fee = 15,000 €	-	-	Paid by the buyer Usually 6% for registration rights + 1% for transcription rights = 35,000 € Can be reduced by 20,000 € for a single individual and 40,000 € for a couple (up to 100 €, the minimum fee) if the <i>Bellegën Akt</i> has not been used before.	Paid by the buyer Notary fees : around 0.4% of the final transaction price = 2,000 € approximately	15,000 € paid by the seller 37,000 € paid by the buyer, or 17,000 € if the household benefits from the <i>Bellegën Akt</i> for one single person (for first homeownership for example) or 2,100 € if the household benefits from the <i>Bellegën Akt</i> for a couple (for first homeownership for example)
€500,000 sales price (no mortgage)	Paid by the seller Usually a 3% fee = 15,000 €	-	-	Paid by the buyer Usually 6% for registration rights = 30,000 € Can be reduced by 20,000 € for a single individual and 40,000 € for a couple (up to 100 €, the minimum fee) if the <i>Bellegën</i>	Paid by the buyer Notary fees : around 0.4% of the final transaction price = 2,000 € approximately	15,000 € paid by the seller 32,000 € paid by the buyer, or 12,000 € if the household benefits from the <i>Bellegën Akt</i> for one single person (for first homeownership for example) or 2,100 € if the household benefits from the <i>Bellegën Akt</i> for a couple (for first homeownership for example)

Table 22: Transaction costs VAT excluded

Table 22: Transaction costs VAT excluded						
				Akt has not been used before.		
€500,000 sales price + €500,000 mortgage	Paid by the seller Usually a 3% fee = 30,000 €	-	-	Paid by the buyer Usually 6% for registration rights + 1% for transcription rights = 70,000 € Can be reduced by 20,000 € for a single individual and 40,000 € for a couple (up to 100 €, the minimum fee) if the Bellegën Akt has not been used before.	Paid by the buyer Notary fees : around 0.4% of the final transaction price = 4,000 € approximately	30,000 € paid by the seller 74,000 € paid by the buyer, or 54,000 € if the household benefits from the Bellegën Akt for one single person (for first homeownership for example) or 34,000 € if the household benefits from the Bellegën Akt for a couple (for first homeownership for example)
%VAT applicable	17%	-	-	-	-	17%

10.2 Transaction features

Table 23: Transaction features

Transaction / service	Party bearing the costs of intermediation service (buyers or sellers, landlords or tenants) Costs expressed: • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available)	Indicate fees as expressed in the contract: • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available)	Possible hidden costs faced by buyers or tenants, if applicable
Estate agents	For a sale: the seller For a tenancy contract: the tenant and the landlord	For a sale: maximum 3% of the final transaction price (usually 3%) + VAT For a rental contract: typically a 1-month rent + VAT	No hidden cost.
Technical services	Usually included in the fees of the real estate agent.		No hidden cost.

Legal services	Usually included in the fees of the real estate agent.		No hidden cost.
Land register fees	For a sale: the buyer For a rental contract: no cost	For a sale: transcription rights = 1% of the final transaction price But the household may benefit from a tax credit (<i>Bellegën Akt</i>)	No hidden cost.
Taxes on conveyancing	Most often: not relevant		
Transfer taxes	For a sale: the buyer For a rental contract: no cost	For a sale: registration rights = 6% of the final transaction price But the household may benefit from a tax credit (<i>Bellegën Akt</i>) Notary fees: between 0.3% and 0.5% of the final transaction price	No hidden cost.

10.3 Taxes during the process of buying and selling a property

Table 24: Taxes related to buying and selling a property

	Relevance of the tax	When to pay the tax as part of the process of buying or selling	Tax amount (expressed in EUR as % of total purchase price <u>and</u> as a fixed amount if available)
Registration tax ⁷	Yes	Notary deed	Registration rights = 6% of the final transaction price But the household may benefit from a tax credit (<i>Bellegën Akt</i>)
Mortgage tax	Yes	Notary deed	Transcription rights = 1% of the final transaction price But the household may benefit from a tax credit (<i>Bellegën Akt</i>)
Cadastral tax	No		
Stamp tax	No		
Transfer tax (tax on the acquisition of property)	No		
Archives tax	No		

⁷ Registration taxes are public levies associated with the registration act. They are not to be confused with registration fees, i.e. the payment required by the registration office to carry out the registration. Registration fees are contained in Table 10.

10.4 Taxes during the process of renting and letting a property

Table 25: Taxes related to renting or letting a property

	Relevance of the tax	When to pay the tax in the process of renting or letting	Tax amount (expressed in EUR as % of total purchase price <u>and</u> as a fixed amount if available)
Registration tax	No		
Stamp tax	No		
Other taxes concerning the use of the property, if applicable	No		

11. Consumer situation in the market

11.1 Consumer rights

Table 26: Consumer rights

<p>Are there specific consumer rights in the context of real estate transactions and residential tenancies in your country? In particular: are residential tenants treated as consumers?</p>	<p><i>With respect to buyers</i></p>	<p>A <i>Consumer Code</i> has been introduced in the Luxembourgish legislation in 2011 (<i>Loi du 8 avril 2011 portant introduction d'un code de la consommation</i>). Rights and duties within mortgage credit contracts (between buyers and banks) are also more explicitly defined in the new Law on mortgage credit (<i>Loi du 23 décembre 2016 portant: 1. transposition de la directive 2014/17/UE du Parlement européen et du Conseil du 4 février 2014 sur les contrats de crédit aux consommateurs relatifs aux biens immobiliers à usage résidentiel et modifiant les directives 2008/48/CE et 2013/36/UE et le règlement (UE) n° 1093/2010; et 2. modification du Code de la consommation</i>).</p>
	<p><i>With respect to sellers</i></p>	<p>The <i>Consumer Code</i> introduced in 2011 specifies the rights and duties of sellers.</p>
	<p><i>With respect to tenants</i></p>	<p>The rights and duties of landlords are not specifically defined within the <i>Consumer Code</i> introduced in 2011. The definition is done in another Law, specifically dedicated to the rental contract (<i>Loi modifiée du 21 septembre 2006 sur le bail à usage d'habitation et modifiant certaines dispositions du Code civil</i>). However, the rights of tenants are defended by the Luxembourgish Consumers Union (<i>Union Luxembourgeoise des Consommateurs – ULC</i>), aiming at informing, advising and protecting tenants about housing issues.</p>
	<p><i>With respect to landlords</i></p>	<p>The rights and duties of landlords are not specifically defined within the <i>Consumer Code</i> introduced in 2011. The definition is done in another Law, specifically dedicated to the rental contract (<i>Loi modifiée du 21 septembre 2006 sur le bail à usage d'habitation et modifiant certaines dispositions du Code civil</i>).</p>
<p>Which existing marketing practices are non-compliant with national consumer legislation?</p>	<p>-</p>	
<p>Which existing marketing practices are non-compliant with EU consumer legislation?</p>	<p>-</p>	
<p>Are there existing marketing practices detrimental to consumers, even if not necessarily illegal, in both domestic and cross-border transactions?</p>	<p>-</p>	

11.2 Consumer complaints

Table 27: Consumer complaints

How often do buyers and sellers complain due to arising legal issues (e.g. invalid contract, missing information, hidden defects, missing building permit, delay in payment)?	To our knowledge, there are no official statistics on the number of complaints in the relationships between buyers and sellers.
How often do tenants and landlords complain due to arising legal issues (e.g. invalid contract, missing information, increase of rent, termination of the contract without proper notice)?	In 2016, the Ministry of Justice states that there were 1,882 new complaints on the relationship between tenants and landlords (related to the rental contract). There were also 1,407 judgements rendered with that regards. Source: Ministry of Justice, Activity Report 2016. http://www.mj.public.lu/chiffres_cles/rapport_activite2016.pdf
Are consumer complaints against a professional service provider frequent, in particular as regards the fees and quality or service?	To our knowledge, there are no official statistics on the number of consumer complaints.
To whom can consumers complain (e.g. local or national administration, consumer protection agencies)? And through which means (e.g. formal letter, online form)? Is the procedure effective (in particular: average time needed for reply, solutions available for redress)?	All disputes related to the existence and execution of rental agreements and violation of a right of first refusal (or pre-emptive right) are adjudicated in the Court of Peace (<i>Justice de Paix</i>) of the municipality where the rented dwelling is located. There is the possibility of appeal to the District Court (<i>Tribunal d'arrondissement</i>). Disputes about the amount of the rent are brought before the Rents Commission (<i>Commission des Loyers</i>) of the municipality where the dwelling is located. Those commissions are specialized instances for adjudication of tenancy law disputes, and their role is to determine the amount of the rent <i>and/or</i> the charges that the tenant shall pay to the owner if both do not reach an agreement. Most of these disputes arise from the intention of the landlord to increase the rent. These commissions have the role of mediators, and they aim at reaching an amicable settlement between the parties to a rental agreement, thus avoiding that the situation will reach the court. As indicated in Santos-Silva (2014a): <i>"Luxembourg has a well-organized and effectively structured judicial and para-judicial system to address tenancy law disputes, which in most cases consist of neighbourhood disturbances ("troubles de voisinage"). The procedures of bringing the matter before the court of peace are simplified. Indeed, the referral of the justice of the peace is made through the redaction on a normal, blank piece of paper (rédaction sur papier libre) of the request (requête) by the plaintiff. This request shall be signed by the plaintiff and afterwards duplicated in two copies, one for each party of the dispute. Each party will be made recipient of convocation by the court clerk, to which a copy of the request will be added. The appearance in court is never compulsory, and it is also not necessary for the parties to be represented by an attorney. Nevertheless, if the defendant does not appear in</i>

Table 27: Consumer complaints

court, the court may render a judgement by default ("jugement par défaut") considered broad-based (contradictoire), without that the defendant may defend him or herself.

Before the enactment of the LBUH [Loi sur le Bail à Usage d'Habitation, introduced in 2006], cases concerning termination of contracts were very lengthy; sometimes a period of several years would pass before the landlord would be able to effectively evict the tenant. Nowadays, there is a deadline of 6 months for the eviction, and this has significantly improved the quickness of the procedure.

As far as the procedure before the rents commissions are concerned, the procedure is also aimed at avoiding unnecessary delays. First, the commission should only be seized if the rental agreement has been concluded for at least six months and only in case the parties do not come up with an agreement within one month after the dispute over the rent arises. Afterwards, parties come before the commission, and a visit of the dwelling will only take place whenever it is strictly necessary. After solving the dispute an appeal on the decision of the Commission is possible, but only within the month that follows to the communication of the decision by the rents Commission.

All in all, procedures work well and usually without delays: the average length of procedures where no appeal is made is about 3 months." (Santos-Silva, 2014a, pp. 200-201).