

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

Country fiche – SWEDEN

General Information

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| Country | Sweden |
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| Main Sources Used | Legal sources for matters of law, statistical data from Statistics Sweden and other government agencies as well as industry sources, and government and industry sources for miscellaneous information. See the tables and footnotes throughout the document. |

1. Regulatory background

1.1 Level of regulation in the country

| Table 1: Level of regulation | | | |
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| | 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 | <ul style="list-style-type: none"> Formal requirements for binding contract (written contract); Title registration mandatory (declaratory; has a number of effects towards third parties). | <ul style="list-style-type: none"> 4:1 of the Land Code (1970:994) 6:4 of the Tenant-Ownership Act (1991:614) Chapter 20 of the Land Code (title registration) | <p>As of yet, electronic signatures are not accepted with respect to real estate and tenant-ownership homes. The contract must therefore be in traditional paper form and both parties must sign the same copy/copies.</p> <p>Some discussion among academics as to the merits of the requirement of a written contract. It is an exception to the general rules on Swedish contract law. One problem for consumers has been identified: as a result of the formality requirement, bids to buy or sell real estate or tenant-ownership homes are not binding. Consequently, prospective buyers can feel free to bid on properties, helping raise prices, knowing they will not be forced to make good on their bids. This also makes it possible for disloyal parties to lodge fake bids in order to raise the sale price. While there is no solid evidence to suggest that fake bids are in fact commonplace on the real estate and housing market, there is a perception among many that this is so. The behaviour constitutes a criminal act², and brokers implicated in such behaviour will lose their professional license.³ To counter the problem of fake bids, several measures are plausible. Since over 90 % of all transactions are conducted through real estate brokers⁴, one effective measure could be to raise transparency by amending 20 § of the Estate Agents Act (2011:666). Said provision requires brokers to, inter alia, make</p> |

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

² See the Supreme Court case NJA 2016 s. 39.

³ Melin, Magnus, *Fastighetsmäklarlagen. En kommentar*, 4th ed. 2017, Wolters Kluwer, p. 66; Jingryd, Ola & Segergren, Lotta, *Fastighetsförmedling*, 4th ed. 2015, Studentlitteratur, pp. 232-236.

⁴ Mäklarsamfundet, *Fastighetsmäklarbranschen. Fakta & nyckeltal 2016*, p. 17, available at

http://www.maklarsamfundet.se/sites/default/files/Analyser_rapporter/fakta_och_nyckeltal_maj_2016_lag_uppd.pdf (2017-06-22).

Table 1: Level of regulation

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| | | | <p>a list of all received bids, with the names and contact details of the bidders, as well as any conditions tied to the bid. Upon completion of the sale, buyers and sellers must each be given a copy of the bidding list. However, the other bidders have no legal right to see the bidding list. One measure that has been suggested is to grant all parties who have participated in the bidding a legal right to see the bidding list.</p> <p>There are attempts from the industry to make the bidding process more secure. For instance, some brokerage firms have begun requiring that bidders log in with their "Bank ID", an electronic ID that can be obtained from the banks and that is widely used and recognized as an electronic signature.</p> <p>As of yet no far-reaching discussion proposing the abolition of the formality requirement has materialized. However, the Supreme Court has suggested in an obiter dictum⁵ that a buyer or seller in a real estate sale who negligently leads the other party to believe that a contract has been entered into, or that its entering is imminent, could become liable for damages incurred by the misled party. It should be noted, however, that to date no buyer or seller has been held liable under such circumstances except where the parties have previously signed a letter of intent (while promises to buy or sell are not binding with respect to the sale itself, they can give rise to liability for damages).</p> <p>In sum, with respect to the level of regulation, it seems fair to assert that one may expect more rather than less regulation in the future.</p> |
| <p>Notary system (or lawyer/conveyancer system)⁶</p> | <p>Semi-regulated</p> | <p>Estate Agents Act (2011:666)</p> <p>Estate Agents Ordinance (2011:668)</p> | <p>There is no mandatory participation of any professional or government agency but the land registry. However, since most conveyances are accomplished through brokers, the regulation</p> |

⁵ NJA 2012 s. 1095.

⁶ Only in countries where notaries do not exist or do not have a monopoly on conveyancing.

Table 1: Level of regulation

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| | | | <p>of brokers is, ipso facto, rendered tantamount to a regulation of the conveyance itself.</p> <p>Under The EAA, real estate brokers have duties similar to those of civil law notaries⁷:</p> <ul style="list-style-type: none"> • A duty to gather information about the property, such as the lawful owner, any restriction in the right to dispose of the property, easements and other encumbrances, etc.; • A duty to verify the veracity of information provided by the seller or another party where the information is uncertain or questionable, provided it is not unreasonably cumbersome to do so; • A duty to disclose relevant information about the property or other matters pertaining to the sale; • A duty to give counsel on legal, technical, and financial issues pertaining to the sale, particularly with regard to the legal relation between buyer and seller; • A duty to strive to ensure that the parties enter into agreements on all matters necessary, and to draw up the necessary documents (sale contract, deed, etc.) in a way that is adapted to the transaction at hand and that minimizes the risk of future disputes; • A duty to ensure that the parties are completely aware of the meaning and legal implications of all parts of the sale contract, including, where applicable, the various possibilities to regulate sensitive issues in different manners. <p>It should be noted that brokers are generally required to be informed enough to give such information and advice as may be warranted due to the nature of the transaction, and that the</p> |
|--|--|--|--|

⁷ 8, 16, 17, 18, 19, 21 §§ of the Estate Agents Act; prop. 1983/84:16, prop. 1994/95:14, prop. 2010/11:15; NJA 1991 s. 625, NJA 1991 s. 725, NJA 1997 s. 127 I & II, NJA 1997 s. 667, RH 1995:127, RH 2000:82, RH 2012:69, RÅ 2006 ref. 53; Jingryd, Ola, *Impartial Legal Counsel in Real Estate Transactions: The Swedish Broker and the Latin Notary*, doctoral thesis 2012, Royal Institute of Technology (KTH); Melin, op. cit. note 3, pp. 143-188; Jingryd & Segergren, op. cit. note 3, pp. 193-246, 255-310; Melin, Fastighetsmäklarens ansvar för låneklausuler, *Juridisk Tidskrift 2013-14*, p. 159; Jingryd, Fastighetsmäklaren och köpekontraktet, *Juridisk Tidskrift 2015-16*, p. 531. Nota bene that the list of sources is non-exhaustive!

Table 1: Level of regulation

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| | | | <p>assumed level of knowledge is usually as high as that of a lawyer. While the travaux préparatoires of the EAA seem to give some measure of freedom for the broker to refrain to give advice on issues where they feel they are not sufficiently proficient⁸, the courts have limited the broker's discretion, requiring advice that often presupposes expert knowledge of the applicable law⁹.</p> <p>There is no discourse or debate seeking to abolish this order; on the contrary, it is constantly evolving through the case law of the Estate Agents Inspectorate and the administrative courts, as well as the civil courts.</p> |
| Profession of estate agents | Strictly regulated | Estate Agents Act (2011:666) Estate Agents Ordinance (2011:668) | <p>The Swedish Consumer Agency recently proposed, in a report¹⁰, the following changes:</p> <ul style="list-style-type: none"> • The introduction of a consumer bureau, to be funded by the industry, charged with offering impartial advice to consumers; • That the Estate Agents Inspectorate, which currently supervises all real estate brokers, is granted supervisory powers over brokerage firms (under the current regime, it is the individual broker who is regulated and thus subject to government oversight); • That the Estate Agents Inspectorate is granted the right to issue regulations with respect to the obligations and prohibitions in the Estate Agents Act, particularly concerning the obligation to disclose information about the physical condition of the property, on which note the Consumer Agency proposes the information be made mandatory when advertising the property, as opposed to the current regime where information on e.g. physical |

⁸ Prop. 1983/84:16, p. 37.

⁹ See e.g. NJA 1997 s. 127 I & II, RH 2000:82, RH 2012:69, Svea HovR T 11309-14.

¹⁰ Konsumentrapporten 2017, available at <https://www.konsumentverket.se/globalassets/publikationer/var-verksamhet/konsumentrapporten-2017-konsumentverket.pdf> (2017-05-23).

Table 1: Level of regulation

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| | | | <p>defects need only be disclosed to prospective buyers who have come further in the sale process¹¹;</p> <ul style="list-style-type: none"> • That brokers be obliged to inform the public, when advertising a property, of the estimated market value of the property; • Increased regulation of the bidding process and the broker’s obligations surrounding it; and • New provisions in the Estate Agents Act to regulate the broker’s duty to provide information when brokering tenant-ownership homes which are under construction. <p>To what extent any of the agency’s proposals will become reality is currently uncertain.</p> |
|--|--|--|---|

1.2 National legislation

Table 2: List of national legislation

| List of national legislation | Classification of national legislation | Content of the national legislation |
|------------------------------|--|--|
| Land Code (1970:994) | Land law, private law, real estate law | <ul style="list-style-type: none"> • Definition of real estate and basic provisions, • The use of land and real estate, • Purchase/sale • Mortgage • Easements, usufructs and other rights • Priority of rights • Land registry |

¹¹ 16 § of the Estate Agents Act.

Table 2: List of national legislation

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|---------------------------------|--|--|
| Tenant-Ownership Act (1991:614) | Land law, private law, real estate law | Tenure similar to condominiums. The Act has a few provisions relating to sale and purchase, but is otherwise concerned with the tenant-ownership association and its relation to its members. |
| Estate Agents Act (2011:666) | Consumer protection; regulation of professions | <ul style="list-style-type: none"> • Licensing system including mandatory registration at the Estate Agents Inspectorate (5 §), and a criminal provision (31 §) prohibiting the practice of real estate brokerage without a license/registration. • Mandatory university education of 120 ECTS including, inter alia, 30 ECTS real estate law and private law, 30 ECTS real estate brokerage (which also includes law), 7.5 ECTS tax law, 7.5 ECTS construction engineering, 7.5 ECTS property valuation, and 15 ECTS economics and/or business administration¹² • A general duty to exercise due care, to safeguard the interests of both buyer and seller, and to act in accordance with “sound estate agency practice” in all things (8 §) • A duty of impartiality and independence, including prohibitions to purchase the property one has been assigned to convey, to cater to relatives and parties with whom the broker has shared economic interests, to engage in activities – or broker in situations – where the impartiality and integrity of the broker may be called into question, and to act as an attorney on behalf of one of the parties in relation to the other (11-15 §§)¹³ • A duty to gather and disclose information, to give advice and to draw up the necessary legal documents, as described above (8, 16-19, 21 §§) • A duty to make notes of what transpires through the brokerage process, particularly the execution of the broker’s legal obligation (20 §) |

¹² See KAMFS 2013:3.

¹³ Due to the latter prohibition, laid down in 15 § EAA, it is arguably not entirely accurate to call real estate agents in Sweden “agents” at all, since they are in fact forbidden from representing either party. The most suitable English translation would therefore seem to be “broker”.

Table 2: List of national legislation

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|---|------------------------|--|
| | | <ul style="list-style-type: none"> • A duty to draw up a bidding list and present the buyer and seller with a copy each upon completion of the sale –or to the seller, if the assignment ends without the property being sold (20 §) • The broker's right to remuneration (23-24 §§) • The broker's civil liability (25-26 §§) • The broker's disciplinary responsibility (29 §) |
| Sales Act (1990:931) | Buyer and seller | <p>Governs the contractual relation between buyer and seller in sales concerning all other kinds of property than real estate; in the housing market, this applies primarily to tenant-ownership homes and condominiums.</p> <p>The rules are similar, but not identical, to those in the Land Code. There is, from time to time, discussion on whether all types of homes should be governed by identical rules. As of yet, this is not the case.</p> |
| Income Tax Act (1999:1229) | Tax law | See below |
| Stamp Duty Act (1984:404) | Tax law | See below |
| Act (1979:230) on the Acquisition of Rural Land | Buyer (affects seller) | The main aspect of the statute is the requirement for the buyer of rural land, in some instances, to obtain an acquisition permit. |
| Act (2011:914) on Consumer Protection With Respect to Timeshare or Long-Term Holiday Products | Buyer, seller | Implements Directive 2008/122/EC on the protection of consumers, in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts |

The above-mentioned statutes are the principal applicable statutes. There are more statutes that are potentially applicable in some instances of real estate conveyances.

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 <u>not</u> been transposed? |
|---|--------------------------|---|---|---|---|
| Directive 2005/29/EC on unfair commercial practices (UCPD) | Yes | Marketing Act (2008:486). | Prop. 2007/08:115; bet. 2007/08:CU21 Prop. 2015/16:46, bet. 2015/16:CU11 | Marketing law, consumer law | All parts should be transposed. To implement the Directive, Sweden abolished its old Marketing Act in 2008 and replaced it by the current statute. In September 2014, the Commission let the Swedish government know that it did not deem the Swedish implementation complete on the issue of aggressive marketing. As a result, legislation was enacted in 2015, whereby a new provision (7 a §) was introduced. ¹⁴ |
| Directive 93/13/EEC on unfair terms in consumer contracts | Yes | Lag (1994:152) om avtalsvillkor i konsumentförhållanden | Prop. 1994/95:17; bet. 1994/95:LU5 | Consumer law, marketing law, private law | None |

¹⁴ Prop. 2015/16:46, p. 5.

Table 3: Implementation of relevant EU legislation

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|---|-----|---|--------------------------------------|--|------|
| 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 | Act (2011:914) on consumer protection in respect of timeshare or long-term holiday product Amendments made to <ul style="list-style-type: none">• Distans- och hemförsäljningslagen (2005:59)• Lag (2006:595) om europakooperativ• Marketing Act (2008:486) | Prop. 2010/11:85; bet. 2010/11:CU55 | Consumer law, private law | None |
| Directive 2010/31/EU of Energy Performance of Buildings Directive | Yes | Amendments to <ul style="list-style-type: none">• Lag (2006:985) om energideklarationer• Förordning (2006:1592) om energideklarationer | Prop. 2011/12:120; bet. 2011/12:CU26 | Environment law, construction law, real estate law | None |
| Directive 2005/36/EC on Recognition of Professional Qualifications, as last amended by Directive 2013/55/EU | Yes | Recognition of Professional Qualifications Act (2016:145) Recognition of Professional Qualifications Ordinance (2016:157) | Prop. 2015/16:44; bet. 2015/15:UbU6 | Real estate brokerage law, labour law | None |

Table 3: Implementation of relevant EU legislation

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|--|-----|--|-------------------------------------|---------------------------|------|
| Mortgage Credit Directive, 2014/17/EC | Yes | <p>Lag (2016:1024) om verksamhet med bostadskrediter</p> <p>Amendments to</p> <ul style="list-style-type: none"> • Kreditupplysningslagen (1973:1173) • Lag (1992:160) om utländska filialer mm. • Lag (1996:1006) om anmälningsplikt avseende viss finansiell verksamhet • Lag (2005:59) om distansavtal och avtal utanför affärslokaler • Money Laundering Act (2009:62) • Offentlighets- och sekretesslagen (2009:400) • Konsumentkreditlagen (2010:1846) • Lag (2014:275) om viss verksamhet med konsumentkrediter | Prop. 2015/16:197; bet. 2015/17:CU5 | Consumer law, finance law | None |
|--|-----|--|-------------------------------------|---------------------------|------|

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 | Yes | Consumer Agency Consideration 2015/1491 ¹⁵ Swedish Competition Authority Statement 742/2015 ¹⁶ Tax Agency Statement 131 623462-15/112 ¹⁷ There have also been statement from non-government bodies, and there may be more documents referring to the paper. | See footnotes | Discussion of European policy initiatives in the Swedish context | None |
| COM(2013)676 Communication from the Commission on evaluating national | Yes | Government Fact Memo 2013/14:FPM18 ¹⁸ | See footnotes | Ditto | None |

¹⁵ <http://www.konsumentverket.se/om-konsumentverket/vara-remissyttranden/2016/remiss-kom2015-550-slutlig-att-forbatta-den-inre-marknaden-battare-mojligheter-for-individer-och-foretag/> (2016-06-26).

¹⁶ <http://www.konkurrensverket.se/globalassets/aktuellt/nyheter/15-0742-yttrande-inre-marknadsstrategi.pdf> (2016-06-26).

¹⁷ <https://www.skatteverket.se/omoss/omskatteverket/rapporterremissvarochskrivelser/remissvar/2015/remissvar2015/13162346215112.5.3810a01c150939e893f148bf.html> (2016-06-22).

¹⁸ <http://www.riksdagen.se/sv/Dokument-Lagar/?doktyp=eundok,fpm&riksmote=2007/08,2013/14&sort=rel&sortorder=desc> (2016-06-26).

Table 4: Communications and strategy papers

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|---|-----|---|--------------|-------|------|
| regulations on access to professions | | SOU 2014:19 Official Investigation Report on the National Implementation of the Professional Qualifications Directive ¹⁹ | | | |
| COM(2016)820 Communication from the Commission on reform recommendations for regulation in professional services | Yes | Government Request for Consideration Statements U2017/00304/UH ²⁰ | See footnote | Ditto | None |
| European Consumer Agenda | Yes | Government Fact Memo 2011/12:FPM160 ²¹ | See footnote | Ditto | None |
| Consumer Programme 2014-2020 | Yes | Government Fact Memo 2011/12:FPM67 ²² | See footnote | Ditto | None |

¹⁹ <http://www.regeringen.se/rattsdokument/statens-offentliga-utredningar/2014/04/sou-201419/> (2016-06-26).

²⁰ <http://www.regeringen.se/remisser/2017/01/remiss-av-forslag-till-europaparlamentets-och-radets-direktiv-om-proportionalitetsprovning-fore-antagandet-av-ny-reglering-av-yrken-kom-2016-822-slutlig-m.m/> (2016-06-26).

²¹ http://www.riksdagen.se/sv/dokument-lagar/dokument/fakta-pm-om-eu-forslag/strategi-for-konsumentpolitiken-i-eu_GZ06FPM160 (2016-06-26).

²² http://www.riksdagen.se/sv/dokument-lagar/dokument/fakta-pm-om-eu-forslag/eus-konsumentprogram-2014---2020_GZ06FPM67 (2016-06-26).

2. General market information

2.1 Key market data

Table 5: Key market data

General market situation (e.g. trends in the market, recent developments in the market, price fluctuations, etc.)

- Severe housing shortage. The Housing Agency estimates that more than 700,000 new homes are needed within the next 10 years.²³
- Urbanization and immigration. The pressure on most municipalities, particularly the three biggest cities Stockholm, Gothenburg, and Malmö, is further increasing. The problem is accentuated by the large recent influx of asylum seekers, in combination with a legal right²⁴ for asylum seekers to refuse a dwelling offered by the state if they can arrange housing on their own. Typically, this leads to clustering. It mostly affects the rental market, although because the municipalities are charged with providing housing to all inhabitants²⁵, and since recently they are also obliged by law to accept all asylum seekers assigned to them by the national government²⁶, some municipalities have taken to going out of the market and purchasing tenant-ownership homes, and in some instances properties, in order to fulfil their obligations.²⁷
- Mortgage caps, mandatory amortization and less advantageous income tax deductions hamper supply. Based on a recommendation from the Financial Markets Inspectorate²⁸, banks are currently not granting mortgages higher than 85 % of the property's value. The Inspectorate has also issued a regulation requiring lenders to require amortization down to 70 % of the property's value.²⁹ Combined with capital gains tax and the high and rising market prices, many people refrain from putting their home on the market. This limits short-term supply, which in turn serves to increase market prices.
- Soaring prices. According to recent statistics³⁰, prices are up from May 2016 to May 2017 by 7 % for tenant-ownership homes, 9 % for houses, and 9 % for holiday homes. While Stockholm remains by far the city with the highest market prices, the last year's rise has been higher in Gothenburg and Malmö.
- Mandatory amortization (meaning that in a loan contract, the monthly instalments to be paid by the debtor to the lender must not only cover the interests but also repay the loan): Mandatory

²³ Boverket rapport 2016:18, *Reviderad prognos över behovet av nya bostäder till 2015*, available at <http://www.boverket.se/globalassets/publikationer/dokument/2016/reviderad-prognos-over-behovet-av-nya-bostader-till-2025.pdf> (2017-06-22).

²⁴ Asylum Applicant Act (1994:137).

²⁵ Municipal Housing Provision Act (2000:1383).

²⁶ Provision of Housing to Recently Arrived Immigrants Act (2016:38).

²⁷ 2:4 p. 2 of the Tenant-Ownership Act provides that a municipality that has purchased a tenant-ownership home cannot be refused membership in the tenant-ownership association that owns the property.

²⁸ FFFS 2016:33, available at <http://www.fi.se/contentassets/79f5f2bb456541e398d473bd5a58be60/fs1633.pdf> (2017-06-22).

²⁹ FFFS 2016:16, available at <http://www.fi.se/contentassets/690c9d8430bd4961b6073dedf4f9105f/fs1616.pdf> (2017-06-22).

³⁰ <https://www.maklarstatistik.se/pressmeddelanden/okande-villapriser-men-nagot-lugnare-utveckling-bland-bostadsratter/> (2017-06-22).

Table 5: Key market data

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| | <p>amortization is intended to curb the mortgage levels. In the short run, however, it seems it contributes to a low supply, which generates higher prices.</p> <ul style="list-style-type: none"> • Debate on market developments. The idea has been floated to cool the market by removing the income tax reduction for mortgage interest payments. Under the current regime, the tax reduction is 30 % of all interest payments.³¹ As of yet, no government has presented such a proposition to Parliament. |
| 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 | Total value of conveyances of owner-occupied dwellings – houses, tenant-ownership homes and holiday homes – in 2015 was roughly € 39,000,000,000 (SEK 381,000,000,000). ³² No figures are available on renting. |
| Ratio house owners – tenants (i.e. the percentage of households that are owners resp. tenants of dwelling units) | Roughly 61 % of all homes are owner-occupied (houses or tenant-ownership homes; see Table 1.2); the rest are rentals. ³³ |
| Usage of land (Quotas for built land, agricultural land, “wild land” (forests, lakes etc.)) | <p>In 2010, according to Statistics Sweden³⁴</p> <ul style="list-style-type: none"> • 2,8 % built land • 69 % forests • 8 % agricultural land • 9 % mire/peatland • 8 % natural grass land • 0,1 % golf courses and skiing pistes • 0,1 % quarries and mining areas • 3 % mountains and miscellaneous land |

³¹ Chapters 42 and 65 of the Income Tax Act; technically, the whole sum is deducted, but with a 30 % capital gains tax rate, the effect is a tax reduction.

³² Mäklarsamfundet, op. cit. note 4, p. 16.

³³ Ibid., p. 13.

³⁴ [https://www.scb.se/sv_/Hitta-statistik/Statistik-efter-amne/Miljo/Markanvandning/Markanvandningen-i-Sverige/12850/12857/Behallare-for-Press/Markanvandningen-i-Sverige-2005-367523/\(2017-06-22\)](https://www.scb.se/sv_/Hitta-statistik/Statistik-efter-amne/Miljo/Markanvandning/Markanvandningen-i-Sverige/12850/12857/Behallare-for-Press/Markanvandningen-i-Sverige-2005-367523/(2017-06-22)).

Table 5: Key market data

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| Average prices of residential property | <i>According to the type of property</i> | <ul style="list-style-type: none"> • Data retrieved from available information: • Average Prices Sweden³⁵ • Tenant-ownership homes € 4,112/m² ³⁶ • Houses (all sizes) € 334,720 • Holiday homes (all sizes) € 164,196 |
| | <i>According to the type of location</i> | <p>Data retrieved from available information:</p> <p>Tenant-ownership homes³⁷</p> <ul style="list-style-type: none"> • Central Stockholm € 9,643/m² • Greater Stockholm € 6,126/m² • Central Gothenburg € 6,365/m² • Greater Gothenburg € 4,578/m² • Central Malmö € 3,188/m² • Greater Malmö € 2,954/m² <p>Houses</p> <ul style="list-style-type: none"> • All Sweden € 334,720 • Greater Stockholm € 623,937 • Greater Gothenburg € 472,872 • Greater Malmö € 394,470 |
| Price development of residential property | <i>According to the type of property</i> | <p>Data retrieved from available information:</p> <p>All Sweden³⁸</p> <ul style="list-style-type: none"> • Tenant-ownership homes + 7% • Houses + 9% • Holiday homes + 9% |

³⁵ <https://www.maklarstatistik.se/pressmeddelanden/okande-villapriser-men-nagot-lugnare-utveckling-bland-bostadsratter/> (2017-06-27).

³⁶ It has become increasingly common to measure the price of tenant-ownership homes by the price per square meter.

³⁷ Op. cit. note 36.

³⁸ Ibid.

Table 5: Key market data

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|--|---|---|
| | <p><i>According to the type of location</i></p> | <ul style="list-style-type: none"> • Data retrieved from available information: <p>Tenant-ownership homes March-May 2017 compared to March-May 2016³⁹</p> <ul style="list-style-type: none"> • Central Stockholm + 6 % • Greater Stockholm + 6 % • Central Gothenburg + 10 % • Greater Gothenburg + 11 % • Central Malmö + 16 % • Greater Malmö + 18 % <p>Houses March-May 2017 compared to March-May 2016</p> <ul style="list-style-type: none"> • All Sweden + 9 % • Greater Stockholm + 5 % • Greater Gothenburg + 11 % • Greater Malmö + 10 % |
| <p>Development of price index (Housing price index if existing, otherwise Consumer price index)</p> | <p>Consumer price index for housing rose by 2.2 % between October 2015 and October 2016.⁴⁰</p> | |

³⁹ Ibid.

⁴⁰ Statistics Sweden, https://www.scb.se/sv_/Hitta-statistik/Statistik-efter-amne/Priser-och-konsumtion/Konsumentprisindex/Konsumentprisindex-KPI/33772/33779/Behallare-for-Press/410327/ (2017-06-22).

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 agents⁴¹ | 2,587 ⁴² | 6,856 ⁴³ | 4,354 ⁴⁴ | See below | See below | See below |
| Lawyer/Advocate s/ Solicitor | N/A | 5,838 members of the Bar Association ⁴⁵ | N/A | N/A | N/A | Not typically involved in real estate conveyances |
| Notary | N/A | N/A | N/A | N/A | N/A | N/A |
| Licenced conveyancers | N/A | N/A | N/A | N/A | N/A | N/A |
| Architects | N/A | N/A | N/A | N/A | N/A | Not typically involved in real estate conveyances |
| Surveyor | N/A | N/A | N/A | N/A | N/A | Not typically involved in real estate conveyances |
| Engineers | N/A | Roughly 2,800 members in the National Association of Construction Engineers SBR ⁴⁶ | N/A | N/A | N/A | N/A |

⁴¹ Where available data provided separately for national real estate agents and real estate agents incoming from other EU/EEA Member States.

⁴² Firms with at least one employee; see https://www.scb.se/sv_/Vara-tjanster/Foretagsregistret/Aktuell-statistik-ur-Foretagsregistret/ (2016-06-26).

⁴³ As of May 31st, 2017; Estate Agents Inspectorate, <http://www.fmi.se/Sve/Filer/Statistik%202017-05-31.pdf> (2016-06-26).

⁴⁴ Rough figure, the total number of brokers (6,856) minus the number of brokerage firms with no employees (2,502); for the latter number, see the link in note 37.

⁴⁵ Advokatsamfundet, <https://www.advokatsamfundet.se/Pressrum/Fakta-om-Advokatsamfundet/#antal> (2016-06-26).

⁴⁶ <http://sbr.se/om-oss/> (2016-06-26).

Of the abovementioned professionals, only real estate brokers and construction engineers are typically involved in real estate conveyances. Financial information concerning employees, turnover, etc. for the other professions is therefore of limited interest.

Statistics concerning the number of firms, employees and turnover for the real estate brokerage industry have proven difficult to obtain. The industry is dominated by up to 10 brokerage firms, which operate under the franchise model. Each franchisee is both an employer and a franchisee, and both a business owner and a part of a big firm.

Statistics concerning construction engineers has proven equally difficult to obtain.

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

Table 7: Role of professionals in the real estate market

| | Estate agent | Property valuator⁴⁷ | Lawyer/ Advocate/ Solicitor | Notary | Bank | Licenced conveyancer | Technical expert (architect, engineer, surveyor) |
|--|--|---|---|---------------|-------------|-----------------------------|---|
| Main function: does the professional typically work independently or as part of a firm or another organisation? | Typically as part of a firm, but with personal liability. Legally, each assignment is carried out by the individual broker, not the firm, and the parties to the brokerage agreement are the seller/principal and the individual broker. Each broker must have their own liability insurance, and answers personally to the Estate Agents Inspectorate even where an infraction of the law is the result of instructions from, or practices suggested by, the employer or of advice from any party whatsoever including legal counsel. ⁴⁸ | Not commonly employed, at least with respect to residential real estate, as brokers are expected to perform the valuation. Where valuers are employed, it is usually in order to secure loans. | Not usually employed in real estate conveyances, though seeking the advice of legal professionals remains always an option. However, the existence of a lawyer does not expunge the duties of the broker. | N/A | N/A | N/A | An increasing number of properties are inspected by a professional inspector (construction engineers) prior to the sale and/or after the sale (in the latter case with a contingency clause in the contract that allows the buyer to withdraw from the purchase after the inspection). The biggest brokerage firms have partners among inspection firms, and offer package deals to sellers: an inspection prior to the sale, combined with a liability insurance for any hidden defects. The details of such packages vary. |

⁴⁷ 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.

⁴⁸ In RÅ 2002 ref. 30, the broker was acquitted by the Supreme Administrative Court for acting on the advice of counsel. Said advice was highly questionable in substance, and two out of the five members of the court issued a dissenting opinion. The case is widely considered to be of limited value as a precedent and courts do not see themselves as bound by it; see e.g. Administrative Court of Appeal of Stockholm case n° 7452-14, where all three instances (the Estate Agents Inspectorate, the Administrative Court of Stockholm, and the Administrative Court of

Table 7: Role of professionals in the real estate market

| | | | | | | | |
|---|---|-------------------------------|--|--|--|--|---|
| <p>Extent of engagement (at which point(s) does each professional intervene in the process?)</p> | <p>All phases of the transaction, including the parts carried out by civil law notaries</p> | <p>Not commonly employed.</p> | <p>Not usually employed in real estate conveyances</p> | | <p>Banks finance a vast majority of all home purchases. They perform a check of the prospective buyer's/debtor's personal finances to make sure they are able to make their payments.</p> <p>At the conclusion of the sale, the bank and the broker work together in ensuring that all funds are transferred to the appropriate accounts and assist the buyer in seeking title registration.</p> | | <p>Before and/or after the sale (in the latter case where the buyer has a contingency clause), employed by buyer or seller.</p> |
|---|---|-------------------------------|--|--|--|--|---|

Appeal of Stockholm) stated that the 2002 Supreme Administrative Court case could not be deemed to mean that an act or omission is not in breach of the law simply because it is preceded by advice from counsel.

Table 7: Role of professionals in the real estate market

| Mandatory involvement | No | No | No | No | No | No | No |
|--|--|---------------------------|-----------------------------|-----|---|-----|--|
| How are their fees/charges structured | <p>Traditionally a percentage of the sale price, though fixed fees as well as mixed fees (fixed sum up to a certain sale price level, combined with a percentage on any sums exceeding that level). The trend seems to be that commission levels are lower in urban areas with high property prices – which would suggest that a fairly transparent market orientated at an equilibrium in absolute terms exists.</p> <p>Competition among brokers is high, meaning the commission levels typically vary between 1 and 5 %, with the higher bracket usually only met where the remuneration is agreed in SEK not in %.</p> | Normally charged by hour. | Usually charge by the hour. | N/A | Banks charge interest and a number of fees. | N/A | A fixed fee agreed before the inspection is carried out. |

4. Land registration

| Table 8: Land registration | |
|---|---|
| Responsible authority(ies) dealing with land registration | Lantmäteriet (national survey agency) |
| Actors involved in the registration procedure and their main functions | Lantmäteriet – Land registry department |
| Intermediate steps of the registration procedure, if applicable | 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 | Yes | Brokers |
| Alternative matching devices | Matching the parties | Unusual | There are online sites where anybody can advertise their properties. They remain the exception, however. |
| Preliminary contract | Securing the transaction before the final contract is concluded | Unusual | As stated above, Sweden has a formality requirement for the conveyance of real estate and tenant-ownership homes. Promises to buy or sell are not binding. Therefore, preliminary contracts have no particular function, save to create a certain liability for damages if either party withdraws from the deal. |
| Preliminary checks (land register, administrative permits) | Ensuring that the buyer knows all legal obligations and relevant features related to the property | Yes | As stated above, this is done by the broker as per obligations in the Estate Agents Act. |
| Drafting the sales contract and/or deed of conveyance | Summarising the agreement of the parties | Yes | Done by the broker; an obligation under 21 § of the EAA. |
| Legal advice or counselling | Ensuring that the transaction is valid and that the parties know about their rights and duties | Yes | Done by the broker; an obligation under 8 and 16 §§ of the EAA. |

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

| | | | |
|--|---|---------|--|
| Certification of signatures | Ensuring the validity of the agreement | Yes | Done by the broker; an obligation under 8 and 21 §§ of the EAA. ⁴⁹ |
| Contract execution (transfer of payment) | Executing the contract (and securing that both parties perform their obligations) | Yes | Broker |
| Contract execution (transfer of property) | Executing the contract (and securing that both parties perform their obligations) | Yes | Broker |
| Registration | Making the transaction visible to third parties and the public | Yes | Land registry – title registration mandatory under Chapter 20 of the Land Code |
| Taxation (esp. transfer tax) | <ul style="list-style-type: none"> • Creating revenue for the state (income tax) • Funding the land registry (stamp duty) | Yes | Stamp duty levied by Lantmäteriet, whereas income tax is levied by the Tax Agency |
| Post-transaction controls (if applicable) | Securing that the contract is duly executed | Unusual | The broker usually assists the buyer in seeking title registration upon completion of the sale. After the sale, the broker is technically not required to be involved. ⁵⁰ |

⁴⁹ The broker has perfect incentive to make sure this is done, as their right to remuneration typically hinges on a valid and binding sale agreement; see 23 § EAA.

⁵⁰ In fact, they are often discouraged from being involved due to the risk of violating the impartiality rule in 8 § EAA; see Melin, op. cit note 3, p. 85-87.

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 ⁵¹ | | Typical risks associated to these steps, if relevant |
|---|---------------------------------------|--|---|--|
| | | 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 | Broker (usual) | <p>The broker's fee is one fee, which applies to all tasks carried out. The market is free, and in large parts of the country, competition is fierce. Remuneration levels reflect the level of competition.</p> <p>Commission levels vary between 1 and 5 %, with 2-4 % being most common.</p> <p>In consumer relations, all fees include VAT.</p> | Once the sale contract is definitely binding, i.e. when it is signed by both parties and when any contingency clauses have lapsed (or the conditions are met) | |

⁵¹ 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 | | | | |
|---|--|--|--|---|
| Preliminary contract (usual) | As previously stated, a preliminary contract, can never be binding save to create a certain liability for a withdrawing party. Therefore, such contracts are rare. | | | |
| Preliminary checks (land register, administrative permits) | Broker (usual) | | | If there are voluntary easements or other encumbrances, which have not been submitted to the land registry (but nonetheless binding), the broker may not find them. It is usual in standard contracts for seller to guarantee that by the date of possession, there will be no encumbrances save those, which have been previously disclosed. However, at times this promise is hollow. |
| Drafting the sales contract and/or deed of conveyance | Broker (usual) | | | <p>While brokers are individually liable for malpractice, and while they are required to adapt the contract to the transaction at hand, brokers are frequently employees of national franchise firms. These firms have pre-made standard contract clauses. The broker may face pressure to improve profits by minimizing the time spent on each transaction, which increases the risk that the contract does not reflect the will and needs of the parties.</p> <p>The same risk is exacerbated when brokers do not provide the parties with draft contracts before signing. In</p> |

Table 10: Contract of sale and transfer of ownership

| | | | | |
|--|---|---|---|---|
| | | | | such situations, it may be difficult for consumers to understand the contract – although it is common practice and arguably mandatory for the broker to read the contract out loud with buyer and seller present – and know what to react to. |
| Legal advice or counselling | Broker (usual) | | | Since the broker's right to remuneration is tied to the completion of the sale (23 § EAA), but not the completion of all his/her duties, the broker arguably has insufficient incentives to spend time on advice. ⁵² |
| Certification of signatures | Broker (usual) | | | - |
| Contract execution (transfer of payment and registration; transfer of property) | Broker (usual) | | | - |
| Registration in land register or similar device | Land registry (Lantmäteriet) | € 85 ⁵³ for title registration € 39 per mortgage deed | | - |
| Taxation (esp. transfer tax) | Lantmäteriet (stamp duty) Tax Agency (capital gains tax) | 1,5 % of the sale price (4,25 % for commercial actors). Capital gains 22 % for homes, and 27% for commercial properties | Stamp duty, when seeking title registration Capital gains, the year after the sale takes place | - |

⁵² See⁵³ SEK 825.00 (exchange rate of 2017-05-24).

▲ Information on the legal position of a tenant occupying the dwelling to be sold. In particular: Does the rule emptio non tollit locatum apply?

This is governed by Chapter 7 of the Land Code (LC). 7:11 requires the seller to notify the buyer of any encumbrances, including tenants. Upon notification, the rights are binding towards the buyer. If the seller fails to inform, 7:13 provides that tenancies are nonetheless binding towards the buyer if the tenancy contracts have been entered into in writing (which the tenant is entitled under 12:2 LC to demand), and the tenants have taken possession prior to the sale. The tenancy is also binding towards the buyer if the buyer was aware, or should have been aware, of the tenancy prior to the sale (7:14).

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: • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available) |
| Estate agent services or alternative matching devices | <p>The EAA does not contain any provisions requiring brokers to provide information about their own service. However, brokerage services are also governed by the Marketing Act (2008:486) which contains general and more specific prohibitions against misleading marketing.</p> <p>One important non-regulated piece of information is the role of the broker in the transaction. The absence of such information is typically detrimental to the broker, since 8 § EAA requires the broker to act impartially in relation to buyer and seller, which sometimes causes dissatisfaction among some clients, particularly sellers. Thus, the broker has incentive to inform the parties of the role, which the law dictates for him/her.</p> | Broker | Explained two columns to the left | Covered by the broker's commission (see Table 10) |
| Provision of mandatory information before the start of the transaction, if applicable | <p>18 § EAA – The broker must provide a prospective buyer who is a consumer with a description of the property (which, since the obligation applies in relation to all prospective buyers, is typically provided at showings or, prior to that, in connection with the advertisement online), which must specify:</p> <ul style="list-style-type: none"> • The name, taxable value, area and operating costs of the property; • Any mortgages, easements, or other encumbrances; • Any joint facilities; and • The age, size and construction type of the building. | Broker | Mandatory | Covered by the broker's commission (see Table 10) |

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

| | | | | |
|---|---|--------|-----------|------------------------------------|
| Preliminary contract (usual) | N/A | - | N/A | N/A |
| Preliminary checks (land register, administrative permits) | <ul style="list-style-type: none"> • 17 § EAA obliges the broker to verify the owner and their right to dispose of the property; • The existence of any mortgages, easements or other encumbrances; and • The existence of any joint facilities. | Broker | Mandatory | Covered by the broker's commission |
| Drafting the sales contract and/or deed of conveyance | 21 § EAA – The broker must strive to ensure that the parties enter into agreement with regard to all pertinent issues, and draw up all the necessary documents. ⁵⁴ The contract and other documents must be adapted to the individual transaction (not merely standard contracts) in a suitable manner. The broker faces civil liability as well as disciplinary sanctions by the Estate Agents Inspectorate for violations. | Broker | Mandatory | Covered by the broker's commission |

⁵⁴ The obligation to draw up the sale contract can be contracted out, but this option is rarely if ever used. Firstly, since the broker is bound by 8 § EAA to safeguard the interests of both buyer and seller, an agreement to contract out the obligation would have to be made with both parties. It should also be borne in mind that the principal (almost always the seller) pays 100 % of the broker's commission. Therefore, contracting out the drawing up of the sale contract in exchange for a lower fee is not a viable option. Secondly, 23 § EAA ties the broker's right to commission to the existence of a binding sale contract. Thus, the broker has an incentive to retain control of the transaction process and ensure that a binding contract is entered into.

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

| | | | | |
|---|---|---------------|---|---|
| <p>Legal advice or counselling</p> | <p>16 § EAA – the broker must give the parties such information and advice as they may need concerning the property and other issues pertaining to the transaction. This entails giving advice on legal, financial and technical issues.</p> <p>16 § p. 2 obliges the broker to strive to ensure that the seller provides pertinent information about the property. The same paragraph also requires the broker to inform the buyer in writing about his/her duty to inspect the property⁵⁵, and to strive to ensure that the buyer inspects the property prior to the sale.</p> <p>The duty to counsel is mainly focused on ensuring that buyer and seller are made aware of their respective rights and obligations, and the risks inherent in the type of transaction they are about to undertake.⁵⁶ This means the broker must be competent about the laws and regulations that are applicable to the type of property and transaction at hand. Thus, for instance, where the property is a rural property governed by particular statutes that do not concern urban homes, it is incumbent on the broker to know the applicable law and advise the parties accordingly. Tax law is treated differently from other fields of law in that giving tax advice, as opposed to advice on other legal issues, is voluntary for the broker.⁵⁷</p> | <p>Broker</p> | <p>Mandatory, with the exception of tax advice, which is optional but usual.⁵⁸</p> | <p>Covered by the broker's commission</p> |
|---|---|---------------|---|---|

⁵⁵ A “duty to inspect”, while being the established term, is actually misleading. The buyer has no duty to inspect, and faces no liability or other consequences for refraining to do so. However, pursuant to 4:19 p. 2 of the Land Code, the seller’s liability for defects does not extend to such defects as could have been discovered at an inspection of such thoroughness as is warranted in the individual case (due to numerous factors). The distinction is made between “concealed” defects, for which the seller is liable, and “discoverable” defects, for which the seller is not liable. Thus, the “duty to inspect” is in reality an allocation of risk.

⁵⁶ It also applies to risks that are particular to the individual transaction.

⁵⁷ Prop. 1983/84:16, p. 37; NJA 1991 s. 625, NJA 1997 s. 127 I & II, RH 2000:82, RH 2012:69, Svea Court of Appeals T 10086-10, Svea Court of Appeals T 11309-14, RÅ 2006 ref. 53; Melin, op. cit note 3, pp. 143-160, Jingryd, op. cit note 6, pp. 196-217; Jingryd & Segergren, op. cit. note 3, pp. 255-286.

⁵⁸ In a survey conducted in 2010, 25 % of the respondents claimed to answer and/or address income (typically capital gains) tax issues in more than 90 % of all conveyances, and another 29 % answered that this happens in 61-90 % of all conveyances. Thus, it appears safe to conclude that a majority of brokers do in fact give tax advice, and that this can be described as common or usual; see Jingryd, op. cit. note 7, p. 50.

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

| | | | | |
|---|--|--|---------------------------|---|
| Certification of signatures | 8 § and 21 § EAA: it is incumbent on the broker to ensure the validity and efficacy of the contract. In addition, the Money Laundering Prevention Act (2009:62) obliges, inter alia, brokers to verify the identity of parties with whom they enter into business relations or single transactions worth € 15,000 or more. | Broker | Mandatory | Covered by the broker's commission |
| Contract execution (transfer of payment; transfer of property) | 8 § EAA: the validity and efficacy of the broker. While there are no explicit provisions obliging the broker to perform these tasks, it is common practice that brokers do so. It is likely that brokers perceive these tasks to be either mandatory or an intrinsic part of brokerage. | Broker | Optional but (very) usual | Covered by the broker's commission |
| Registration in land register or similar device | <ul style="list-style-type: none"> Chapter 20 of the Land Code requires the buyer to file for title registration within 3 months of the purchase (20:1-2). Stamp duty under the Stamp Duty Act (1984:404) | The broker or bank usually assists the buyer with this. | Optional but (very) usual | <ul style="list-style-type: none"> Broker's services covered by commission 1,5 % of the sale price (or, if the sale price is lower than the taxable value, the taxable value) |
| Taxation (esp. transfer tax) | Capital gains tax under the Income Tax Act (1999:1229) | No assistance, although tax advice given by the broker is not uncommon | Optional but usual | Remuneration for tax advice from broker not necessarily covered by commission. The broker is free to charge any remuneration, as it is a free market. |

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, if relevant |
|--|--|---|--|--|
| Conclusion of credit and mortgage agreement with lender (bank) | Bank/creditor, debtor Mortgage broker (traditionally not common but recently increasingly so) | In the case of mortgage brokers, information standards extend to: <ul style="list-style-type: none"> • The register of all mortgage brokers kept by the Finance Inspectorate • Whether the broker only brokers loans from certain lenders, and who these are • Whether the broker offers advice • The fees involved, or how the fees are calculated • The remuneration received by the broker • The possibility to file a complaint against the broker, including non-judicial dispute resolution • The name, address, and organization number of the broker | As per agreement with the lender; for usual fees see table 22 The bank sometimes charges an administrative fee of roughly € 30 (SEK 300). Mortgage brokerage services usually do not entail costs for the consumer as the bank pays the fee. | Asymmetric information |
| Insertion of mortgage in the land register, usually at first rank | Bank, land registry (department at Lantmäteriet) | -- | 2 % of the mortgage sum for new mortgage deeds + € 39 administrative fee (see table 22) | -- |
| Credit sum paid to mortgagor (buyer) or seller | Bank, broker | -- | -- | -- |

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 involved⁵⁹ |
| Finding and matching landlords and tenants | Professional (private sector) brokerage of tenancies exists but is not very common due to a cap on the permissible remuneration (see table 15). By contrast, municipal tenancy brokerage services are quite common. Much of this process takes place online. |
| Information search by landlords or tenants (e.g. about salary, outstanding debts) | See table 15 |
| Inspection of the property by tenants (in some cases with the help of professionals) | Letting & renting properties is not very common. Letting & renting is mostly for flats/apartments. Inspecting the physical condition of the home prior to taking possession is common, but not a thorough technical inspection with a professional. |
| Delivery of mandatory information to tenants prior to the conclusion of the contract (if relevant) | Energy performance, see below |
| Delivery of energy performance certificate to tenant | Mandatory before conclusion of tenancy contract |
| Provision of additional guarantees to landlord, if relevant | -- |
| Conclusion of the contract in the usual form (e.g. oral, written, preformulated) | Under 12:2 of the Land Code, the tenant (and landlord) is entitled to a written contract. However, a verbal contract is equally binding. |

⁵⁹ Explain more precisely to what extent each step is relevant and how the step is performed

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

| | |
|--|---|
| Rent payment and deposit (e.g. bank account) | As per agreement (depending on size, type, location etc. of dwelling). Rent deposits are increasingly common and the typical deposit is around € 500-1000 (SEK 5,000-10,000). |
| Registration of the contract in the land register (e.g. excluded, optional or mandatory; if optional: usual and/or recommendable) | -- |

6.2 Rent contract

Table 14: Rent contract

| Main steps | Actors involved per intermediate step | Payment details ⁶⁰ | | Typical risks associated to these steps, if relevant |
|--|---|---|--------------------------|--|
| | | 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 | No | SEK 3,000 - € 308 (see table 15) | Upon completion | -- |
| Information search by landlord on tenant (e.g. about salary, outstanding debts) | Landlord, tenant, Firms that run financial background checks See table 15 | -- | -- | -- |

⁶⁰ 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 14: Rent contract

| | | | | |
|---|--------------|----|----|----|
| Inspection of the property by tenant (in some cases with the help of professionals) | Voluntary | -- | -- | -- |
| Delivery of mandatory information to tenant prior to the conclusion of the contract (if relevant) | See table 15 | -- | -- | -- |
| Delivery of energy performance certificate to tenant | Voluntary | -- | -- | -- |
| Conclusion of the contract in the usual form (e.g. oral, written; if written: preformulated are usual) | See table 15 | -- | -- | -- |
| Rent payment and deposit (e.g. bank account) | -- | -- | -- | -- |
| Registration of the contract in the land register or other device (excluded, optional or mandatory) | -- | -- | -- | -- |

6.3 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 | The Estate Agents Act (2011:666) is applicable on tenancy brokerage in some parts. The general obligation to disclose important facts is applicable. | Tenancy brokers (private and municipal) | Voluntary | Under 12:65a of the Land Code, brokering tenancies, with the exception of vacation home tenancies, for remuneration is punishable by a fine or up to six months imprisonment. Professional tenancy brokerage is exempted from the ban, but there is a cap of SEK 3,000 - € 308 - on the permissible commission rate. ⁶¹ |
| Information search by landlords or tenants (e.g. about salary, outstanding debts) | No | -- | Landlords may ask prospective tenants to prove a certain income, or to provide a (clean) record of previous convictions. ⁶² Landlords may also perform a financial background check; for such cases, there are several private firms on the market. The fee is paid by the landlord. | Obtaining an excerpt from the record of convictions bears an administrative cost of € 15.30 (SEK 149) |

⁶¹ Ordinance (1978:313) on the rate for professional tenancy brokerage.

⁶² Under the Conviction Record Act (1998:620), only the individuals themselves and certain government bodies are entitled to access information about convictions. However, employers and landlords can, as a general rule, make an employment or a tenancy contingent on the candidate presenting a (presumably clean) record of convictions.

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

| | | | | |
|---|--|------------------|--|----|
| Inspection of the property by tenants (in some cases with the help of professionals) | No | Landlord, tenant | Voluntary | -- |
| Delivery of mandatory information to tenants prior to the conclusion of the contract (if relevant) | Information about the landlord's name and address. ⁶³ However, this information need not necessarily be provided ex ante. | The landlord | Mandatory | -- |
| Conclusion of the contract in the usual form (e.g. oral, written, preformulated) | The tenant is entitled to a written contract, but a verbal contract is also valid. ⁶⁴ | Landlord, tenant | Mandatory if either party demands a written contract | -- |
| Rent payment and deposit (e.g. bank account) | No | -- | -- | -- |
| Registration of the contract in the land register (e.g. excluded, optional or mandatory) | No | -- | -- | -- |

⁶³ 12:18 of the Land Code (LC).⁶⁴ 12:2 LC.

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> | N/A |
| 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 notaries and other professionals allowed and usual?</i> | |
| Business structure | <i>Are notary associations/corporations allowed?</i> | |
| 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> | |
| | <i>Are these limitation restricted to specific tasks?</i> | |

7.2 Market conduct regulation

Table 17: Market conduct regulation

| Table 17: Market conduct regulation | | |
|---------------------------------------|---|-----|
| | Regulation | |
| Exclusive rights | <i>Specify for which transactions or parts of them only notaries may act against payment.</i> | N/A |
| Duty to provide services | <i>Are notaries 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 Notaries) in this context?</i> | |
| Mandatory intervention | <i>Is the intervention of a notary required for the registration procedure</i> | |
| Compulsory indemnity insurance | <i>Is indemnity insurance compulsory? If yes, what is the indicative amount of the insurance? Different types of indemnity insurance (if applicable).</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>Notarial fee system</i> | |

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> | Master of laws (LLM). To be allowed to use the title “advokat”, one must be admitted into Advokatsamfundet (the Bar Association). This requires 5 years of legal work, from which any time (typically 2 years) of court clerk work will be discounted. |
| Objective requirements | <i>Do numerus clauses and other objective requirements exist?</i> | No |
| Citizenship requirements | <i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i> | Yes |
| Inter-professional cooperation | <i>Are forms of collaboration between lawyers and other professionals allowed and usual?</i> | Under the rules of Advokatsamfundet, advocates must not be employed by other parties than advocates. The board of the Bar Association can grant exceptions. |
| Business structure | <i>Are lawyer associations/corporations allowed?</i> | Yes. However, such corporations must not conduct other kinds of business than legal practice. Therefore, corporations typically assemble lawyers with different specialities. |
| 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)?</i> | No |
| | <i>Are these limitation restricted to specific tasks?</i> | N/A |

The Estate Agents Act restricts the practice of real estate brokerage to registered brokers. However, advocates are exempt and may therefore practice brokerage. As a practical matter, it is not common enough to threaten the position of brokers on the market.

8.2 Market conduct regulation

Table 19: Market conduct regulation

| | Regulation | |
|---------------------------------------|--|--|
| Exclusive rights | <i>Transactions or parts of them only lawyers may act against payment</i> | Not with respect to real estate conveyances |
| 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> | No |
| Duty to provide services | <i>Are lawyers allowed to refuse a request to act?</i> | Yes, although the Discrimination Act (2008:567), and 16:9 of the Criminal Code, prohibit the refusal to provide services on discriminatory grounds. |
| 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> | The rules of the Bar Association (Advokatsamfundet). The Bar Association is the legally recognized body of self-regulation. It has no formal role for anybody but its members. Members who fail to adhere to its rules and code of conduct may lose their membership and hence the legal right to use the title "advokat". |
| Compulsory indemnity insurance | <i>Is indemnity insurance compulsory? If yes, what is the indicative amount of the insurance? Different types of indemnity insurance (if applicable):</i> | Yes. |
| Continuing education | <i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i> | Yes. Continuing education consists of a minimum of 18 hours of professional courses per year. Non-legal courses, such as language courses, are also accepted, as long as they are related to the profession. |
| Advertising restrictions | <i>Are there limitations on advertising?</i> | Yes. Members of Advokatsamfundet must adhere to its rules of conduct. In the past, Advokatsamfundet was quite rigid in its view concerning |

Table 19: Market conduct regulation

| | | |
|-----------------------|--------------------------|--|
| | | advertising directly to consumers. Today, most advertising is permissible as long as it is in accordance with the Marketing Act (2008: 486). |
| Fee regulation | <i>Lawyer fee system</i> | No, lawyer fees may be negotiated freely by the parties. The client who requests legal services has to pay the fee. |

As the participation of advocates is quite rare in Sweden due to the broker's role in securing the legal aspects of the transaction, this section is of less importance; hence the somewhat perfunctory nature of the answers.

9. Professional services regulation: estate agents (brokers)

9.1 Market entry and structure regulation

Table 20: Market entry and structure regulation

| | Regulation | |
|--------------------------------|---|--|
| Subjective requirements | <p><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. Other access requirements for a professional (such as compulsory membership in professional bodies/compulsory registration, minimum age requirements, clean criminal record, etc.)</i></p> | <p>While there are two professional bodies who organize real estate brokers – Mäklarsamfundet and Fastighetsmäklarförbundet – and while only a small portion of brokers does not belong to either, being a member in a professional body is not a requirement to practice the profession. Instead, 5 § of the Estate Agents Act provides that practising the brokerage profession requires a license (registration) from the Estate Agents Inspectorate.⁶⁵</p> <p>Under 6 § EAA, obtaining a license (registration) presupposes that the applicant:</p> <ul style="list-style-type: none"> • Is not under age, declared bankrupt, barred from conducting business, or legally incapacitated; • Has an indemnity insurance as prescribed in the Estate Agents Ordinance (2011:668)⁶⁶; • Has adequate training; • Intends to actively pursue the brokerage profession; and • Is upright and fit to practise the profession.⁶⁷ <p>As to “adequate training”, 15 § of the Ordinance specifies that the applicant’s education must comprise courses in private law, real estate law, tax law, business administration and/or economics⁶⁸, construction engineering, and real estate valuation.</p> <p>In the Estate Agents Inspectorate’s Regulation KAMFS 2013:3, the education requirement is further elaborated. 8 § provides that the education must</p> |

⁶⁵ Under 31 § EAA, practicing the profession without a license is punishable by a fine or up to six months imprisonment.

⁶⁶ 20 § of the Ordinance prescribes, *inter alia*, that the indemnity insurance must cover damages up to SEK 2,000,000.

⁶⁷ For instance, since the broker is to be trusted with other people’s money, it is particularly damaging if the applicant has a prior conviction of economic crime.

⁶⁸ The Swedish word used is “ekonomi”, which is unfortunate since it applies to both business administration and economics.

Table 20: Market entry and structure regulation

| | | |
|-------------------------------|---|---|
| | | <p>comprise at least 120 ECTS at a university operated by the state, or another body with the right to issue university level degrees.</p> <p>In the same provision, it is stated that the education is the equivalent of level B of the qualification levels specified in Article 11 of the Professional Qualifications Recognition Directive 2005/36/EC.</p> <p>In an appendix to the Regulation, the requirements with respect to the scope and contents of each listed subject are elaborated. As to scope, the courses in the mandatory 120 ECTS curriculum must be as follows:⁶⁹</p> <ul style="list-style-type: none"> • Private law 15 ECTS⁷⁰ • Real estate law 15 ECTS • Tax law 7,5 ECTS • Real estate brokerage 30 ECTS • Business administration/economics 15 ECTS • Construction engineering 7,5 ECTS • Real estate valuation 7,5 ECTS <p>The remaining 22,5 ECTS may be divided freely between the specified subjects. The appendix further specifies, under each subject, topics that must be treated for the courses to be approved. Interestingly, in the case of Business administration/economics, the specified topics seem to indicate that the Inspectorate deems business administration more important than economics.</p> |
| Objective requirements | <i>Do numerus clauses and other objective requirements exist?</i> | No |
| Licence requirements | <i>Are estate agents licenced or do they work as employees?</i> | The Estate Agents Act applies to the individual (1 § EAA). This means the broker/agent is understood to be an individual. The individual must have a license (registration) from the Estate Agents Inspectorate to practise the profession. |

⁶⁹ The manner in which the subjects are packaged into concrete courses may vary, as long as, as a whole, the curriculum comprises the prerequisite number of ECTS per subject.

⁷⁰ Many universities in Sweden offer a 15 ECTS General Survey in Law course, which comprises more than private law. These courses are commonly accepted as 15 ECTS private law under the Regulation.

Table 20: Market entry and structure regulation

| | | |
|--|--|---|
| | | <p>This does not preclude the broker from being an employee of a brokerage firm. In fact, most brokers are employees. However, from a legal point of view it is the individual broker, not the firm, who is party to the brokerage agreement. Consequently, it is also the individual broker, not the firm, who faces liability in cases of malpractice.</p> |
| <p>Citizenship requirements</p> | <p><i>Is unlimited access to the profession granted to foreign professionals de iure and de facto?</i></p> | <p>There is no discrimination with respect to nationality. However, since the profession is regulated, the individual must obtain a license to practice the profession (see above). Obtaining one is done within the scheme of Directive 2005/36/EC on the recognition of professional qualifications, implemented in Sweden by:</p> <ul style="list-style-type: none"> • The Professional Qualifications Recognition act (2016:145), and; • The Professional Qualifications Recognition Ordinance (2016:157). <p>The Estate Agents Inspectorate regulates professionals from other EEA countries in 10-13 §§ of Regulation 2013:3. New regulations are currently under way. However, the main trait remains the same, namely that the EEA professional must complete a test in Swedish law (the fields pertaining to real estate conveyances, such as private law, real estate law, brokerage law, and tax law).</p> |

Table 20: Market entry and structure regulation

| | | |
|--|---|---|
| <p>Inter-professional cooperation</p> | <p><i>Are estate agents allowed to exercise another profession or business activity? Is inter-professional cooperation regulated?</i></p> | <p>There is a general prohibition in 14 § of the Estate Agents Act to engage in activities that may be detrimental to the public's faith in the broker's impartiality. For instance, it is clear from case law that it is prohibited for the broker to broker a home in a tenant-ownership association where s/he is a member⁷¹, to broker a home in an association whose finances are managed by a firm owned by the broker⁷², and to be employed by a construction firm and broker the firm's newly built homes.⁷³</p> <p>The ban is also understood to apply, inter alia, to brokering mortgages and (some instances of) insurances. However, engaging in these activities is generally permissible as long as the remuneration received is "insignificant" [sic!].⁷⁴</p> <p>No action has been taken against brokerage firms being owned by banks, despite the fact that the brokerage firms are at times, as a practical matter (share office space, etc.) almost completely integrated with the bank.</p> |
|--|---|---|

⁷¹ RÅ 2008 ref. 63.

⁷² RÅ 2006 ref. 84.

⁷³ Stockholm Administrative Court of Appeal 8008-05.

⁷⁴ 14 § p. 2; see further Melin, op. cit. note 3, pp. 128-136, and Jingryd & Segergren, op. cit. note 3, pp. 73-95.

| Table 20: Market entry and structure regulation | | |
|---|---|--|
| Business structure | <ul style="list-style-type: none"> • <i>Share of estate agent 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>Contrary to the logic of the law, which applies to the individual and hence seems to implicitly assume that brokers work as sole practitioners, the vast majority of brokers in Sweden are employed by brokerage firms. Since most firms are run as franchises, the firms are at once large and small: while the franchisor is, in most cases, national, the franchisee is usually local or regional.</p> <p>There are no legally prescribed restrictions with respect to corporate structure, but there could be indirect restrictions by virtue of the ban in 14 § EAA (see above).</p> |
| Geographical limitations | <ul style="list-style-type: none"> • <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> | No. |
| | <ul style="list-style-type: none"> • <i>Are these limitation restricted to specific tasks?</i> | N/A |

9.2 Market conduct regulation

Table 21: Market conduct regulation

| Table 21: Market conduct regulation | | |
|-------------------------------------|---|--|
| | Regulation | |
| Neutrality | <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>Yes. 8 § EAA specifically obliges the broker to safeguard the interests of both buyer and seller. Within the boundaries of “sound estate agency practice”, however, the broker is required to give particular regard to the economic interests of his/her principal. This is generally understood as meaning that the broker is to be neutral in all matters except the price of the property. The various obligations and prohibitions in the EAA and other applicable statutes, such as the Marketing Act (2008:486) – enforced by the Estate Agents Inspectorate and the administrative courts with respect to oversight, and the common courts with respect to civil liability – ensure that the broker is restricted in his/her discretion to act with the aim of maximizing the sale price.⁷⁵</p> <p>The remuneration is paid by the party who has hired the broker – usually the seller. There are no general restrictions on the way the broker’s remuneration is calculated. However, structuring the remuneration in a particular manner may bring additional requirements to the fore. For instance, a “commission stair”, where the remuneration is a certain percentage up to a certain sale price, and a higher percentage on anything exceeding that sum, is only permissible if the dividing point is set at the expected market value or higher.⁷⁶</p> |
| Professional standards | <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>The Estate Agents Act (2011:666) is, as previously mentioned, the applicable statute. It contains obligations and prohibitions, chiefly the following:</p> <ul style="list-style-type: none"> • Impartiality and integrity – 8, 11, 12, 13, 14 §§ • Duty to disclose facts and give advice – 8 and 16 §§ • Duty to verify ownership and right to dispose of the property, as well as encumbrances – 17 § |

⁷⁵ Prop. 1994/95:14, p. 41; Melin, op. cit. note 3, pp. 81-85; Jingryd & Segergren, op. cit. note 3, pp. 74-81.

⁷⁶ Melin, op. cit. note 3, pp. 211-212; Jingryd & Segergren, op. cit. note 3, pp. 182-183.

Table 21: Market conduct regulation

| | | |
|--|--|---|
| | | <ul style="list-style-type: none"> • Duty to draw up the sale contract/deed and other necessary documents in a suitable manner, i.e. in a manner that reflects the informed will of the parties⁷⁷ <p>The EAA is enforced through civil liability (25 §) by the courts, and through disciplinary responsibility – disciplinary reminders and warnings, or revocation of the license (29 §) - by the Estate Agents Inspectorate. The Inspectorate's decisions can be appealed to the administrative courts.</p> <p>The Estate Agents Inspectorate is a government authority charged with managing both the registration and the supervision of brokers. Disciplinary action is initiated either by the EAI ex officio, or after a complaint has been filed. Each case is first investigated by the EAI's officials, and then brought before the authority's own Disciplinary Committee. The Committee consists of one president who is also the head of the EAI, and one vice president, both of whom must be qualified judges, as well as members (one per organization) nominated by:</p> <ul style="list-style-type: none"> • Mäklarsamfundet (broker association); • Fastighetsmäklarförbundet (broker association); • the Consumer Agency; • Lantmäteriet (national survey agency who also handles the land registry); • the Housing Agency; • the National Construction Engineers' Federation; • the interest group Bostadsrätterna (who assist tenant-ownership associations throughout the country); • the National Association of Home Owners; • Bankföreningen – a collaborative body owned by the banks; • Finansinspektionen (the national supervisory body for the financial markets); and • A chosen university who gives the brokerage programme (from 2007 to 2017 Malmö University) |
|--|--|---|

⁷⁷ The broker's duty to give advice applies particularly to the different ways the contract is and/or could be drawn up, including relevant contract clauses, their implications and their wording.

| Table 21: Market conduct regulation | | |
|---|---|---|
| | | As of June 2017, the industry's own dispute resolution body, Fastighetsmarknadens Reklamationsnämnd (FRN), is an approved body as envisaged in Directive 2013/11/EU on alternative dispute resolution for consumer disputes. |
| Compulsory indemnity insurance | <i>Is indemnity insurance compulsory for estate agents? If yes, what is the indicative amount of the insurance? Different types of indemnity insurance (if applicable).</i> | Yes – up to SEK 2,000,000. See table 20. |
| 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> | Yes, but voluntary and handled by the professional associations. The consequences of non-compliance are therefore limited. There is no mandatory continuing education that has an impact on the registration at the EAI. |
| Advertising restrictions | <i>Are there limitations on advertising?</i> | No, although all marketing/advertising must comply with the requirements in the Marketing Act (2008:486). |
| Fee regulation | <i>Estate agents fee system briefly. In particular: Are fees limited by statute? Which party is responsible for their payment?</i> | As previously mentioned, the broker's remuneration is paid by the party who hires the broker, which is generally the seller. There are no fee regulations as such regulations might be in violation of Article 101 of the Treaty on the Functioning of the European Union as well as, nationally, 2:1 of the Competition Act (2008:579). |
| 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> | No |

10. The real estate market

10.1 Transaction costs for sample transactions

| Table 22: Transaction costs VAT excluded | | | | | | |
|---|----------------------------|-------------------------------|-------------------|--------------------|---|----------------------------|
| | Estate agent ⁷⁸ | Technical services (if usual) | Legal services | Land register fee | Transfer tax/stamp duty | Total usual transfer costs |
| €100,000 sales price (no mortgage) | € 4,000 ⁷⁹ | € 1,000 ⁸⁰ | N/A ⁸¹ | € 85 ⁸² | € 1,500 ⁸³ | € 6,585 |
| €100,000 sales price + 100.000€ mortgage | € 4,000 | € 1,000 | N/A | € 85 | € 1,500 + € 2000 ⁸⁴ + € 39 ⁸⁵ = € 3,539 | € 8,624 |
| €250,000 sales price (no mortgage) | € 10,000 ⁸⁶ | € 1,000 | N/A | € 85 | € 3,750 | € 13,835 |
| €250,000 sales price + 250,000€ mortgage | € 10,000 | € 1,000 | N/A | € 85 | € 3,750 + € 5,000 + 39 = € 8,789 | € 19,874 |
| €500,000 sales price (no mortgage) | € 15,000 ⁸⁷ | € 1,000 | N/A | € 85 | € 7,500 | € 23,585 |

⁷⁸ An agent usually receives a percentage of the transaction value.

⁷⁹ Based on an assumed 4 % commission rate.

⁸⁰ Simple (ocular) technical inspection. A more thorough inspection, which only a minority of buyers choose to purchase, naturally costs more, and € 2,000-2,500 would not be unusual.

⁸¹ As previously stated, this is handled by the broker and included in the broker's commission.

⁸² SEK 825 administrative fee.

⁸³ 1,5 % stamp duty for private persons and tenant-ownership associations; 4,25 % for commercial buyers.

⁸⁴ 2 % of the mortgage sum. However, this is not a realistic mortgage sum since banks are only allowed to mortgage up to 85 % of the sale price.

⁸⁵ SEK 375 administrative fee.

⁸⁶ As the expected sale price rises, the commission rate usually drops. Here, 4 % is still assumed, but in practice a 3,5 % rate would perhaps be more likely.

⁸⁷ Assumed commission rate of 3 %. Here, the previously assumed 4 % is less realistic.

Table 22: Transaction costs VAT excluded

| | | | | | | |
|---|----------|----------|-----|------|------------------------------------|----------|
| €500,000 sales price + €500,000 mortgage | € 15,000 | € 1,000 | N/A | € 85 | € 7,500 + € 10,000 + 39 = € 17,539 | € 33,624 |
| %VAT applicable | Included | Included | -- | N/A | N/A | -- |

10.2 Transaction features

Table 23: Transaction features

| Transaction / service | Party bearing the costs of intermediation service (buyers or sellers, landlords or tenants) | Fees as expressed in the contract: | Possible hidden costs faced by buyers or tenants, if applicable |
|------------------------------|--|--|---|
| | Costs expressed: <ul style="list-style-type: none"> • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available) | <ul style="list-style-type: none"> • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available) | |
| Estate agents | The broker's principal (usually the seller, but at times the buyer) | Usually 1-5 % | A seller who knows that s/he will have to pay the broker may set the price accordingly, in which case it could be argued that the cost is ultimately borne by the buyer (if the market allows such a price increase). |
| Technical services | Borne by whomever hires the specialist in question | € 1,000 for simple, ocular inspection, € 2,000-2,500 for a more thorough inspection | No |

Table 23: Transaction features

| | | | |
|------------------------------|---|--|--|
| Legal services | In real estate (and tenant-ownership/condominium) conveyances, this is done by the broker, and the fee is covered by the broker's commission. | N/A | No, there are insufficient economic incentives for the broker to perform his/her duty to counsel in a diligent manner. ⁸⁸ |
| Land register fees | Buyer | € 85 (SEK 825) administrative fee for title registration € 39 (SEK 375) administrative fee for mortgages | No |
| Taxes on conveyancing | N/A | -- | No |
| Transfer taxes | Stamp duty borne by the buyer | For title registration, 1,5 % of the sale price for private persons and tenant-ownership associations, 4,25 % for commercial buyers 2 % of mortgage sum for mortgages | No |

⁸⁸ See Jingryd (2017), *The Real Estate Broker and the Duty to Counsel: A Study of Incentives*, in Sidoli, Vols & Kiehl (eds.), *Regulating the City. Contemporary Urban Housing Law*, The Hague: Eleven International Publishing.

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 and as a fixed amount if available) |
|--------------------------------------|----------------------|--|---|
| Registration tax⁸⁹ | Yes | See Stamp tax below | See Stamp Tax below. In Sweden, there is only one tax levied for the sale itself, and that is stamp duty, which the buyer must pay to Lantmäteriet when seeking title registration. |
| Mortgage tax | Yes | Whenever one wishes to mortgage the property – no particular connection (de jure) to buying or selling. If the seller has mortgaged the house, the buyer becomes owner of the mortgage deeds (which are “free” once the seller’s debt is settled). If the buyer does not need to mortgage the property for a larger amount than the seller had, there is no new stamp duty to pay. The buyer need only pay for new mortgage deeds. | 2 % of the sum of all new mortgage deeds |
| Cadastral tax | No | N/A | |
| Stamp tax | Yes | The Stamp Duty Act provides for stamp duty in two instances: 1) for registration of title, and 2) for creating mortgages. | For title registration, 1,5 % of the sale price for private persons and tenant-ownership associations, 4,25 % for commercial buyers |

⁸⁹ 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.

Table 24: Taxes related to buying and selling a property

| | | | |
|--|-------------------|---|---|
| Transfer tax (tax on the acquisition of property) | No | N/A | N/A |
| Archives tax | No | N/A | N/A |
| Other taxes | Capital gains tax | When selling assets, income tax in the case of profit | 22 % effective tax (on the profit) for residential real estate and tenant-ownerships, 27 % effective tax for commercial real estate ⁹⁰ |

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 | N/A | N/A |
| Stamp tax | No | N/A | N/A |
| Other taxes concerning the use of the property, if applicable | Yes | Income tax under the Income Tax Act. <ul style="list-style-type: none"> For commercial lettings, taxable business revenue. For private persons letting their homes or parts thereof, capital gains tax with a basic deduction of SEK 40,000 for every let unit. | <ul style="list-style-type: none"> Business tax rates depend on many factors and effective taxes are hard to summarize here. The corporate tax rate is currently 22 %. The capital gains tax rate for private persons is 30 % (calculated on the sum exceeding SEK 40,000 per year and unit) |

⁹⁰ Chapters 45, 46, and 65 of the Income Tax Act (1999:1229).

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?</p> <p>In particular: are residential tenants treated as consumers?</p> | <i>With respect to buyers</i> | <p>Not with respect to the purchase, save that a commercial seller of residential real estate who has sold a property to a private person cannot contract out his/her liability for defects.⁹¹</p> <p>Consumer protection is inherent, and at times explicit, in the Estate Agents Act and the Marketing Act.</p> <p>The fact that brokers have a mandatory university education, that they have a duty to counsel and to safeguard the interests of the parties, etc., is a form of consumer protection, and it is regarded as such by the legislator.</p> <p>The Marketing Act is almost exclusively a consumer protection statute, although there are no specific provisions about real estate in it.</p> |
| | <i>With respect to sellers</i> | Consumer protection is inherent, and at times explicit, in the Estate Agents Act and the Marketing Act. |
| | <i>With respect to tenants</i> | <ul style="list-style-type: none"> • The “Tenancy Act” (Chapter 12 of the Land Code) cannot be deviated from to the detriment of the tenant.⁹² • The tenant is entitled to a written tenancy contract, although an oral contract is also valid. The tenancy is understood to be “until further notice” unless a specific tenancy period has been agreed.⁹³ • Term of notice in case of termination.⁹⁴ • The “protection of possession” that imposes restrictions on the possibility to evict tenants, even in case of breach of contract, and which grants the tenant the right to an automatic prorogation of the tenancy unless it is forfeited due to severe breach of contract on the part of the tenant.⁹⁵ |

⁹¹ 4:19d of the Land Code (LC).

⁹² 12:1 p. 5 LC.

⁹³ 12:2-3 LC.

⁹⁴ 12:3-8 LC.

⁹⁵ 12:42-52 LC.

| Table 26: Consumer rights | | |
|--|----------------------------------|---|
| | | <ul style="list-style-type: none"> • Obligation on the part of the landlord to maintain a reasonable standard on the rented unit.⁹⁶ • Tenants' right to participation in case of improvements or changes to the property.⁹⁷ |
| | <i>With respect to landlords</i> | No |
| If relevant, which existing marketing practices are non-compliant with national consumer legislation? | -- | |
| If relevant, which existing marketing practices are non-compliant with EU consumer legislation? | -- | |
| Are there existing marketing practices detrimental to consumers, even if not necessarily illegal, in both domestic and cross-border transactions? | -- | |

⁹⁶ 12:9-18c LC.

⁹⁷ 12:18d-18h LC.

11.2 Consumer complaints

| Table 27: Consumer complaints | |
|--|--|
| How often do <u>buyers and sellers</u> complain due to arising legal issues (e.g. invalid contract, missing information, hidden defects, missing building permit, delay in payment)? | <p>The Estate Agents Inspectorate received 416 complaints against real estate brokers in 2016. As of May 31st, 2017, 236 complaints have been received in 2017.⁹⁸</p> <p>Below, the most common complaints are listed:</p> <p>The most common complaints:</p> <ul style="list-style-type: none"> • The bidding process (usually buyers who believe the broker is not truthful); • The advertising price, believed to be set unrealistically low so as to lure more prospective buyers to bid on the property in the belief that they can afford it. (It is not permissible for the broker to advertise the property at a price that significantly deviates from the expected market value); • Deviation from advertised property area – especially with respect to apartments; • Non-disclosure of important facts. |
| How often do <u>tenants and landlords</u> complain due to arising legal issues (e.g. invalid contract, missing information, increase of rent, termination of the contract without proper notice)? | <p>No recent statistics available at this point. However, disputes concerning the validity of contracts are very rare. Disputes before the Tenancy Boards (part of the District Courts) throughout the country typically involve the amount of the rent or the lawfulness of a unilateral termination of the tenancy by the landlord.</p> |
| Are consumer complaints against a professional service provider frequent, in particular as regards the fees and quality or service? | <p>With almost 7,000 brokers in the country, 416 complaints in total cannot be considered frequent. It should be noted that only 67 brokers received disciplinary sanctions (10 reminders, 53 warnings, and 4 revocations) in 2016.⁹⁹</p> |
| To whom can consumers complain (e.g. local or national administration, consumer protection agencies)? Moreover, through which means (e.g. formal letter, online form)? Is the procedure effective (in particular: | <ul style="list-style-type: none"> • The Estate Agents Inspectorate is the supervisory body, concerned with the conduct of the broker. The Inspectorate is not authorized to make decisions with respect to damages or the broker's remuneration. The EAI's decision can be appealed by the broker (but not the consumer) to the Administrative Court of Stockholm. • The FRN – Fastighetsmarknadens Reklamationsnämnd, The Real Estate Industry Board of Complaints, is a private dispute resolution body that handles complaints against brokers as well as disputes between brokers. The FRN is an approved alternative dispute resolution body under Directive 2013/11/EU. |

⁹⁸ <http://www.fmi.se/Sve/Filer/Statistik%202017-05-31.pdf> (2016-06-27).

⁹⁹ Ibid.

Table 27: Consumer complaints

average time needed for reply, solutions available for redress)?

The procedure before the EAI as well as the FRN is formal and in writing (no oral proceedings, though the EAI has conducted such proceedings in a few rare cases).

The effectiveness of the procedure at the EAI is open to debate. Since disciplinary sanctions can only be issued if professional misbehaviour or malpractice is proven beyond reasonable doubt¹⁰⁰, it can and does occur that brokers are acquitted in cases where the public (especially after media coverage) believes the broker to be guilty. The effectiveness of the procedure is of course also hampered by the lack of oral proceedings, since the absence of such proceedings makes it more difficult to establish what has actually happened in each case.

¹⁰⁰ RÅ 1996 ref. 83.