



Sunset, Dubai (2024). From my own collection.

In 2024, Finland paid €2.4 billion in housing allowances¹. If that sum were evenly distributed across all rental apartments, it would amount to €220 per month per unit².

Housing support appears to have become a cornerstone of the rental market. In practice, the state transfers taxpayer money into the returns of property investors. This sustains – and even raises – rent levels, because the tenant's purchasing power is propped up by the public sector. The price mechanism is broken: rents are no longer based on genuine demand, but on subsidised demand. The result? The state pays – the investor smiles. Housing support has become an indirect subsidy for landlords – no longer for tenants.

Inderes' Sauli Vilén interviewed eQ CEO Janne Larma about the attractiveness of real estate as an investment in the current interest rate environment³. According to

Larva, the real estate market is the world's largest asset class, and the decisive factor is the yield gap – the level of the return spread relative to interest rates⁴. One of the prerequisites for price growth, he noted, is also the inflow of foreign capital into the Finnish market.

I found myself wondering why a foreign investor would currently choose to enter Finland as a real estate investor. What would be the attraction of a country where public expenditure accounts for 56% of GDP, there has been no economic growth for two decades, and public finances are persistently in deficit – patched up with tax increases and borrowing? These are, of course, factors that can change. Still, I have long questioned asset management companies' bets on the housing market. As a business model, it is admittedly appealing, since management fees can effectively be discounted into the share price if fundraising succeeds. Weak liquidity ensures that the money stays in the funds.

Housing markets are typically an excellent investment in growing and developing economies. For example, the United Arab Emirates has grown its GDP strongly⁵, and the Henley & Partners Wealth Migration Report 2025 forecasts that 9,800 millionaires will move to the UAE in 2025 – more than to any other country⁶. This equates to about 817 new millionaires per month, or 27 per day.

The same report forecasts that 16,500 millionaires will leave the United Kingdom in 2025 – a record net outflow. Why? It only takes spending a few days in these countries, reading a couple of news articles, and checking the tax regime to see the reasons clearly. Billionaires and millionaires have not found their way to Finland (apart from the occasional Lapland holiday) – which is a pity, as they would bring millions with them and also buy property. Instead, Finland attracts mostly those who are interested in an option where no personal funds are needed to get a home⁷.

My intention is not to disparage property investors. In Finland, roughly two-thirds of household net wealth is tied up in housing⁸. It would be wise to diversify wealth more broadly into other asset classes.

But that wealth will erode quickly if economic reform is not achieved. Such reforms are possible – as examples from Milei's Argentina show. Finland's housing market will rise again, but first, the conditions for market-driven growth must be created. That time will come – but not without large-scale reform. And that time, too, will come.

–Marko Viinikka
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¹ <https://tietotarjotin.fi/tilasto/2860578/tilasto-yleisesta-asumistuesta> – Source: Statistics Finland. States the total amount of housing allowance paid and the number of beneficiaries.

² Calculation formula: Housing allowance (€) ÷ rental apartments (units). Housing allowance per rental apartment/year = €2,641 p.a. Housing allowance per rental apartment/month = €220.08/month.

³ <https://www.youtube.com/watch?v=FMuB3nl3xw4> – Interview by Inderes with Janne Larma, CEO of eQ. eQ is a publicly listed company and one of the largest asset managers in Finland.

⁴ Yield cap rate often refers to the upper limit of the required rate of return, beyond which is not realistic in the prevailing market conditions. Investors may use this in internal modelling: if the required yield rises above a certain threshold (e.g., 8-9%), it typically signals a very high-risk market or indicates a significant price decline.

⁵ In the early 1990s (e.g., 1990), GDP was about USD 27 billion, but by 2000 it had grown to just over USD 30 billion. In the early 2000s, growth accelerated significantly, and by 2023 GDP had increased more than tenfold – to over USD 500 billion. <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=AE>

⁶ <https://www.henleyglobal.com/publications/henley-private-wealth-migration-report-2025>

⁷ It is well known that Kela (the Finnish Social Insurance Institution) can pay housing allowances and, in some cases, cover the full rent; in certain situations, it can also cover the payment of the rental security deposit.

⁸ <https://stat.fi/julkaisu/cm7wwd3ud5dft07vzlx2g4xua> – Source: Statistics Finland. According to the publication, approximately 69% of Finnish households' wealth consists of housing.

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Gold performance table

Currency	1W	1M	3M	1Y	3Y	5Y	
EUROPE							
 EUR	0.83%	1.63%	-2.10%	32.69%	64.94%	67.59%	
 GBP	1.12%	2.12%	0.44%	33.74%	69.45%	60.95%	
 CHF	2.09%	2.31%	-1.47%	32.73%	59.43%	46.68%	
 DKK	0.86%	1.68%	-2.03%	32.78%	65.45%	67.91%	

 NOK	1.83%	2.16%	-0.24%	33.64%	97.37%	86.99%	
 SEK	1.17%	1.86%	0.35%	29.48%	78.03%	81.93%	
 CZK	0.63%	1.11%	-3.74%	28.71%	65.04%	55.86%	
 HUF	-0.22%	0.64%	-4.06%	31.89%	65.75%	91.68%	
 PLN	0.52%	2.01%	-1.43%	30.57%	49.40%	61.65%	
NORTH AMERICA							
 USD	2.57%	0.98%	1.34%	41.47%	88.37%	65.55%	
 CAD	1.87%	1.60%	-0.08%	41.30%	101.41%	69.98%	
 MXN	1.54%	0.91%	-2.95%	36.56%	73.28%	37.91%	
MIDDLE EAST							
 ILS	3.38%	2.73%	-2.58%	27.07%	93.89%	65.60%	
 TRY	2.65%	2.54%	6.24%	71.30%	326.34%	821.60%	
ASIA							
 CNY	2.35%	1.06%	0.54%	41.48%	100.28%	70.56%	
 INR	2.39%	3.10%	3.81%	47.49%	107.06%	93.06%	
 JPY	0.91%	1.58%	2.82%	42.24%	105.78%	130.52%	
 HKD	2.57%	0.98%	2.30%	42.36%	88.38%	67.64%	
 KRW	2.57%	2.39%	0.81%	42.79%	101.23%	93.35%	
 MYR	1.82%	0.81%	-0.16%	33.21%	78.89%	67.38%	
 SGD	1.56%	1.37%	0.26%	36.83%	75.48%	54.90%	
 THB	1.47%	0.36%	-0.61%	28.40%	70.64%	71.28%	
 IDR	2.57%	0.98%	0.58%	44.62%	107.55%	85.55%	
 PHP	0.57%	2.25%	4.70%	40.38%	94.59%	92.97%	
AFRICA							

 ZAR	0.33%	0.64%	-1.29%	36.30%	100.86%	66.29%	
SOUTH AMERICA							
 BRL	0.34%	0.93%	-2.16%	37.13%	101.22%	66.27%	
OCEANIA							
 AUD	1.34%	1.22%	-0.37%	41.36%	101.83%	81.67%	
 NZD	1.80%	1.95%	0.60%	42.45%	98.96%	83.62%	

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