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Russians banned from buying property in states of the Baltic Sea region

The countries of the Baltic Sea region have been of interest to Russian entrepreneurs and investors for years due to their geographical proximity and dynamic economic development. As a result, some real estate located near strategic facilities is currently owned by Russians, posing a challenge to the security of the countries in the region. Bans on the purchase of land by citizens of hostile states, or plans to introduce such restrictions in the Baltic states, Finland and Norway, are intended to strengthen their national security.

Lithuania. In May 2023, Lithuania enacted regulations aimed at ensuring national security and realising the state's interests in connection with Russia's military aggression against Ukraine. Among other measures, they have restricted the purchase of real estate by Russian citizens (only Russians with permanent residence permits can buy land and apartments). Lithuanian statistics show a steady increase in the number of real estate purchases by Russians and Belarusians in recent years. For example, in 2018 there were 530 and 213 transactions by Russian and Belarusian citizens, respectively, while in 2021, these figures rose to almost 800 and 400. So far, the most popular properties among foreigners have been those located in and around Vilnius, Visaginas and Klaipėda. The restrictions introduced in 2023 were initially temporary, lasting for one year. The government then decided to extend the restrictions until May 2025, but they still only apply to Russian citizens. Some Lithuanian politicians believe that these restrictions should also apply to Belarusians.

It is possible that the tightening of land acquisition rules will also affect citizens of other countries. A public opinion poll conducted in March 2024 (Vilmorus) showed that 58% of respondents supported the ban on the purchase of real estate by Russian citizens who do not have a temporary or permanent residence permit in Lithuania (in the case of Belarusian citizens, the figure was 56%). It should be noted, however, that property purchases by Belarusian and Russian citizens have so far not accounted for a significant share of property transactions – in the case of Lithuania, these purchases only accounted for 1-2% of annual sales before the restrictions were introduced.

Estonia. Similar discussions began in Estonia in 2022, as Russians often bought property in the country due to its geographical proximity (especially in the Ida-Virumaa region and in Tallinn). However, visa and transit restrictions (["IEŚ Commentaries", No. 531](#); ["Komentarze IEŚ", nr 689](#)), which led to difficulties in managing real estate, caused them to withdraw from the market (in recent months, transactions involving Russian citizens have mainly been sales). More than 40,000 property owners in Estonia are citizens of the Russian Federation.

Concerned about the security of the state, the Ministry of the Interior prepared a report on real estate owned by foreigners in Estonia as early as 2022, which revealed that Russians and Belarusians own real estate located near places of strategic importance, which may pose a risk to national security. One example is the Kalevi Panorama housing estate in Tallinn, which is owned by a Russian company and is located a short distance from the military campus and headquarters of the Estonian Defence Forces. The Ministry cited similar examples from Norway and Finland. As a result, it was concluded that it was in Estonia's interest to limit the possibility for citizens of countries outside the European Union to own real estate within its territory. It was also deemed necessary to subject the border zone, as well as areas close to critical infrastructure facilities, to special monitoring.

The Ministry of the Interior has announced that it will present a draft law on this issue at the end of this year. It is expected that this law will introduce a ban on the purchase of real estate by foreigners near places

of strategic importance. This measure will mainly target citizens of Russia and Belarus, although those with permanent residence permits in Estonia may be treated somewhat more leniently.

Finland. In early September 2024, the Finnish Ministry of Defence announced the suspension of six property purchase transactions by buyers from outside the EU and the European Economic Area (EEA) for reasons related to national security (according to the regulations, from 1 January 2020 all buyers of real estate from outside the EU or the EEA must obtain a purchase permit from the Ministry of Defence). The targets were to be Russian citizens and dual nationals, including Russian citizens suspected of links to the Kremlin or organised crime groups. Subsequently, the Finnish Defence Minister, Antti Häkkinen, presented a bill that would – under certain circumstances – prohibit citizens of hostile countries from buying land in Finland. The current rules do not provide the authorities with sufficient tools to prevent suspicious transactions. Interestingly, the number of Finnish real estate purchases by Russians increased by 64% in 2022 compared to the previous year. A significant decrease in such transactions occurred only after the new visa regulations came into force in November 2023 ([“Komentarze IEŚ”, nr 1005](#)), with almost all current applications for land purchase permits by Russians coming from persons permanently residing in Finland.

Norway. Norway is also considering measures to restrict the sale of real estate to Russian citizens. The country's authorities have noticed a tendency for Kremlin-linked entities to purchase real estate close to critical infrastructure and military bases. One example of such a transaction is the purchase by the Russian Orthodox Church of land close to Norway's largest naval base, Haakonsværn.

Latvia. Following Finland's example, Latvia also intends to initiate similar legislative work. The idea of introducing a ban on the purchase of real estate by Russian citizens was raised by Latvian Foreign Minister Baiba Braže (New Unity) during a working visit to Finland in June 2024. The issue was also discussed during the Minister's meetings with representatives of Lithuania, Estonia and Poland. Then, on 30 July, in response to a request from the Parliamentary Committee on the National Economy, Agriculture, Environment and Regional Policy to assess the possibility of legislative changes and restrictions on the purchase of land in Latvia by citizens of Russia, Belarus and other hostile countries, Braže expressed support for such an initiative. For years, Latvia has attracted great interest from investors from post-Soviet countries. In 2022, the procedure for issuing temporary residence permits based on the purchase of real estate or investment in Latvia to citizens of Russia and Belarus was suspended. During the 12 years of the so-called 'golden visa' programme, which was aimed at stimulating Latvia's economic growth, this opportunity was used mainly by citizens of Russia, as well as Chinese, Ukrainians, Uzbeks and Kazakhs.

Conclusions. The ban on land sales, already in force (Lithuania) or planned to be introduced (Estonia, Finland, Norway, Latvia), applies in particular to Russians and Belarusians – citizens of countries that violate the territorial sovereignty of neighbouring countries. The aim of the regulations in this area is to strengthen national security and reduce the risk associated with transactions by persons suspected of having links to the Kremlin regime.

Despite being aware of the existing threats, Poland has not decided to introduce similar restrictions. The housing market in Poland is almost completely open to foreigners. A permit from the Ministry of Internal Affairs and Administration (MSWiA) is only required to buy property in the border zone, but this does not apply to European Union citizens. Since 2017, the MSWiA has recorded an increase in the number of real estate purchase transactions by Russians (more than double the number of apartments purchased compared to 2022), though a decrease of 15% was already observed in 2023. In the case of Belarusian citizens, there has been a sevenfold increase in the number of transactions since 2017. Russian and Belarusian citizens also remain among the top foreign buyers of property in Poland (4th and 2nd place respectively, MSWiA data, 2023).

It should be noted that China also follows a similar strategy of acquiring real estate in the vicinity of strategically important facilities. In Japan, PRC citizens own land close to Japanese critical infrastructure facilities and military bases. The law passed in Japan in 2022, which aims to prevent espionage and sabotage by restricting the acquisition of real estate near areas of national security importance, is mainly aimed at citizens

of China, Russia and North Korea. China is also interested in acquiring land in the Arctic archipelago of Svalbard, but the Norwegian government has successfully resisted it so far.