The district heating (DH) sectors differ considerably among the Nordic countries: DH is an important contributor to heat supply in Denmark, Finland and Sweden, but in Norway it plays only a minor role. In this study, we compare historical, economic, jurisdictional, political and geographical framework conditions for DH and assess their impacts on the development of DH in the Nordic region. DH is subject to national and municipal regulations, with tax and subsidy schemes that are complex and vary between the countries. The total fuel prices induce differences in fuel distribution. Electricity is competitive, both in DH and individual heating in Norway. This study further suggests, by comparing the impacts and implications of differences in cost components in a model plant, that differences in profitability is currently small between the Nordic countries. However, historical and geographical factors, such as local commitment and differences in infrastructure, constitute the major difference in the penetration of DH. Adaptability, in terms of fuel flexibility, is important for the industry’s survivability and electricity prices are crucial for the development of DH. Energy efficiency measures and competition from residential heat pumps are the industry’s largest challenges.