MARKETBEAT

NETHERLANDS

Living Q2 2024

	YoY Chg	12-Mo. Forecast
17,810,000 Population in 2023	▲	▲
€ 468,000 Average transaction price	▲	▲
15,200 Newly build availability	▼	▲

ECONOMIC INDICATORS H1 2024

	YoY Chg	12-Mo. Forecast
1.1% GDP Growth forecast 2024	▼	▲
3.7% Unemployment Rate Forecast 2024	►	►
5.0% Prime yield (GIY, excl. buyers' costs)	▲	►

Source: DNB, Cushman & Wakefield

LOCAL MARKET RESEARCH LEAD

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INVESTMENT MARKET: sentiment improving while investment activity shows first signs of stability

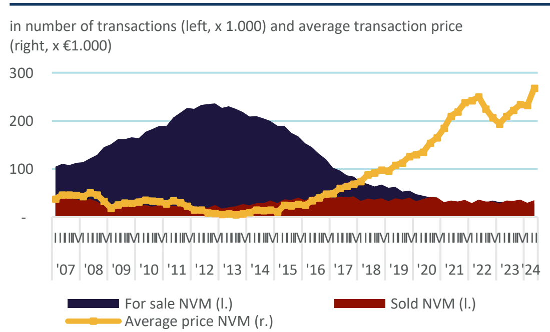
During the first six months of 2024, EUR 1.34 billion was invested in the residential investment market. This is 20% higher compared to the same period last year, when EUR 1.07 billion was invested. Therefore, the recovery of the residential investment market seems to continue. Despite the investment volume of 2023 is 27% below the volume of 2022, sentiment from Dutch and foreign investors became more positive again.

The tempered transaction dynamics in 2023 are not only a result of rising interest rates and construction costs. In recent times, the government has introduced both policy and fiscal measures that are either stimulative or regulatory in nature, that are affecting residential investors. With regards to policy, some uncertainty is recently removed since the Affordable Rent Act became effective from the first of July and the government decided to extend the rental increase cap for the private rental sector until 2029. Some fiscal measures/uncertainties are however still limiting the attractiveness of the Netherlands for residential investments. Examples include abolishing the real estate investment trust (REIT) structure and the transfer tax of 10.4%. Whereas (suitable) investment product was very scarce until more than a year ago, currently both investors and financiers are looking more critically. Whereas the initial yield of Core products is at 5.0% in Q2 2024, the gap to Core+ (6.0%) and Value-Add (7.5%) is widening. Partly due to increased construction costs, sustainable new-build complexes are scarce, while there is much more availability in the Value-Add segment. This segment does however not meet the (sustainability) requirements of (institutional) investors.

OCCUPIER MARKET: The desired Housing construction is limited, and prices continue to rise.

With positive sentiment and confidence returning, market dynamics in the owner-occupied housing market increased. Due to the continued tightness of the market, good financing conditions, income increases and associated consumer confidence, prices have moved to EUR 468,000 on average. With increasing scarcity and rising prices in existing stock, more house seekers are opting for new construction. This has improved the situation in the new-build market. For the second quarter in a row, sales dynamics are strong. Also, the availability of newly build dwellings improve. Due to the renewed interest in newly build dwellings, it seems that postponed projects have re-entered the market. However, the number of building permits granted remain a topic of concern.

OWNER-OCCUPIER MARKET | Supply and demand



LIVING YIELD DEVELOPMENT | GIY, excl. buyers' costs