Dutch housing market quarterly: Even higher house prices and more house sales on the horizon

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Due to the continuing mismatch between supply and demand, owner-occupied homes are expected to become 8.6% more expensive on average this year, followed by a slightly lower price increase of 5.7% in 2026. The upward trend in house sales is also expected to continue. We expect 222,000 sales in 2025 and 227,000 in 2026. The sale of rental homes by investors dampens the price increases on the owner-occupied housing market, while the extra supply results in more sales.

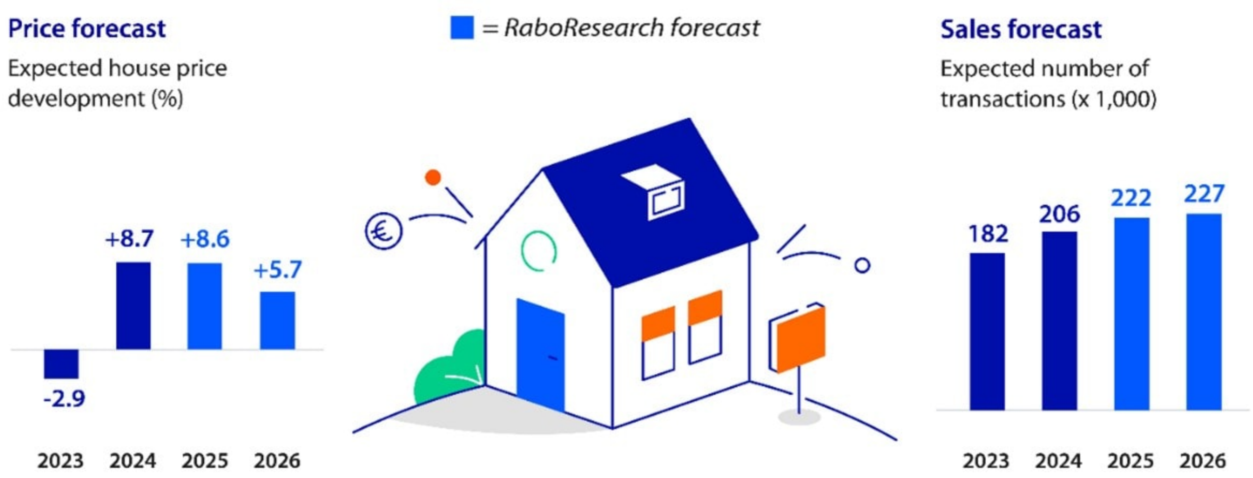
Summary

- Demand for homes remains high due to rising wages, the growth in the number of households and low unemployment – while housing construction is lagging behind.
- This mismatch between supply and demand already drove up house prices by an average of 8.7% in 2024.
- We expect owner-occupied homes to become more expensive this year and next year. We expect prices to increase by an average of 8.6% in 2025 and 5.7% in 2026.
- The number of transactions rose sharply in the past year, partly because residential investors are selling former rental properties now that renting them out is less attractive.
- This wave of landlords wanting to sell is expected to continue in the coming years. Together with a recovery of housing construction, this makes more sales possible.
- We therefore foresee a growth in the number of sales from 206,000 existing homes in 2024 to 222,000 in 2025 and 227,000 in 2026.

Wages that have risen by an average of 6.7%, 104,000 additional households, persistently low unemployment and more flexible lending standards have driven demand for (owner-occupied) homes in 2024. In combination with lagging housing construction – taking into account demolition, only 70,000 homes were added – it drove house prices to new records. In 2024, they rose an average of 8.7%; in

January, the price increase continued with a year-on-year increase of no less than 11.5%, according to Statistics Netherlands and the Land Registry. The number of transactions also increased sharply last year, by more than 13% to a total of 206,000 sales. This is partly due to the persistent selling of former rental properties. Due to increased interest rates, higher taxes, local rules to keep investors out, and stricter requirements for rents, home investors have been selling more homes than they buy for several years, according to figures from the Land Registry. This makes it more difficult for potential tenants to find a house, but it is a boost for potential home buyers: They can choose from more owner-occupied homes, which also makes more sales possible.

House prices continue to rise; sales up sharply



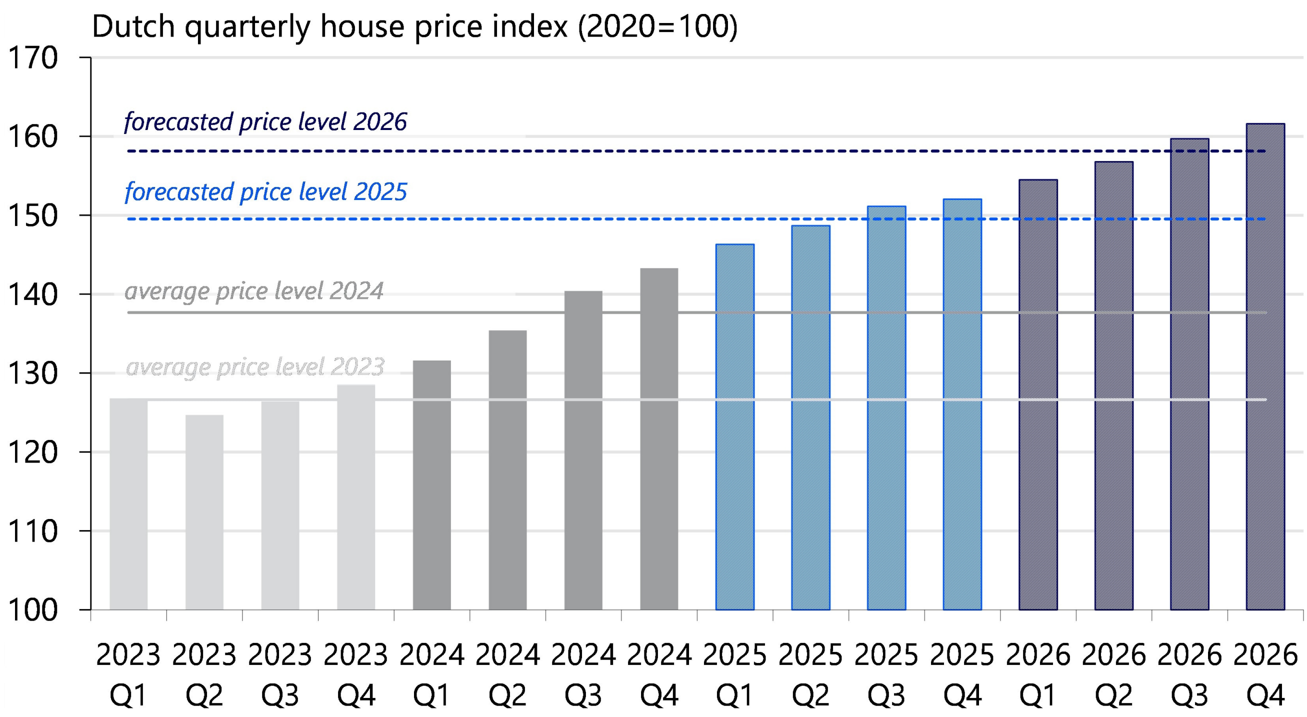
Source: RaboResearch 2025

House prices to rise in line with wage developments in the coming years

We expect house prices to be considerably higher this year than a year earlier (see Figure 1), but the pace at which prices are rising is slowing down. In our estimate, houses will be 6.1% more expensive in the last quarter of this year than in the last quarter of 2024. But due to carry-over effects, houses will be on average 8.6% more expensive this year than in 2024. For 2026, we expect an average price increase of another 5.7%.

House prices continue to rise because the demand for housing is rising faster than the supply. The housing shortage calculated by research agency ABF will increase further in the coming years, from 4.9% to 5.1% of the housing stock. This percentage is mainly based on demographic factors: According to ABF's expectations, the population is growing faster than the number of houses. Demand is also increasing further due to a number of economic factors, the most important of which is rising incomes. We furthermore assume that capital market interest rates will fall in the coming years. On the other hand, there is an increase in the supply of owner-occupied homes, because, as mentioned, investors sell many rental homes to owner-occupiers. We think that this extra supply is absorbed by the market, so that there are more transactions while the price growth is lower than if this extra supply had not been there. We will discuss each of these factors in more detail in this section.

Figure 1: House prices forecasted to continue rising in 2025 and 2026



Source: Statistics Netherlands/Land Registry, RaboResearch 2025

Compared to our previous quarterly report, our expectations have remained more or less the same: we assumed a house price growth of 9.2% in 2025 and 6.0% in 2026. There are some underlying changes, but on balance the effect is limited. In this forecast round, we expect lower capital market interest rates, but also expect slightly more housing supply. The macroeconomic picture is also not currently leading to a significant adjustment of our expectations for the owner-occupied housing market: our forecasts for the Dutch economy have remained virtually the same. Economic growth will be slightly lower until the end of 2026 and we have also adjusted our wage growth forecast downwards, but on the other hand, unemployment is also rising less than previously thought due to the persistently tight labor market. In our estimate, we already take into account more trade barriers as a result of US protectionist policies, but a further deterioration in the geopolitical environment – such as higher trade tariffs than we assume in our base case – could affect our expectations for the Dutch economy and the housing market.

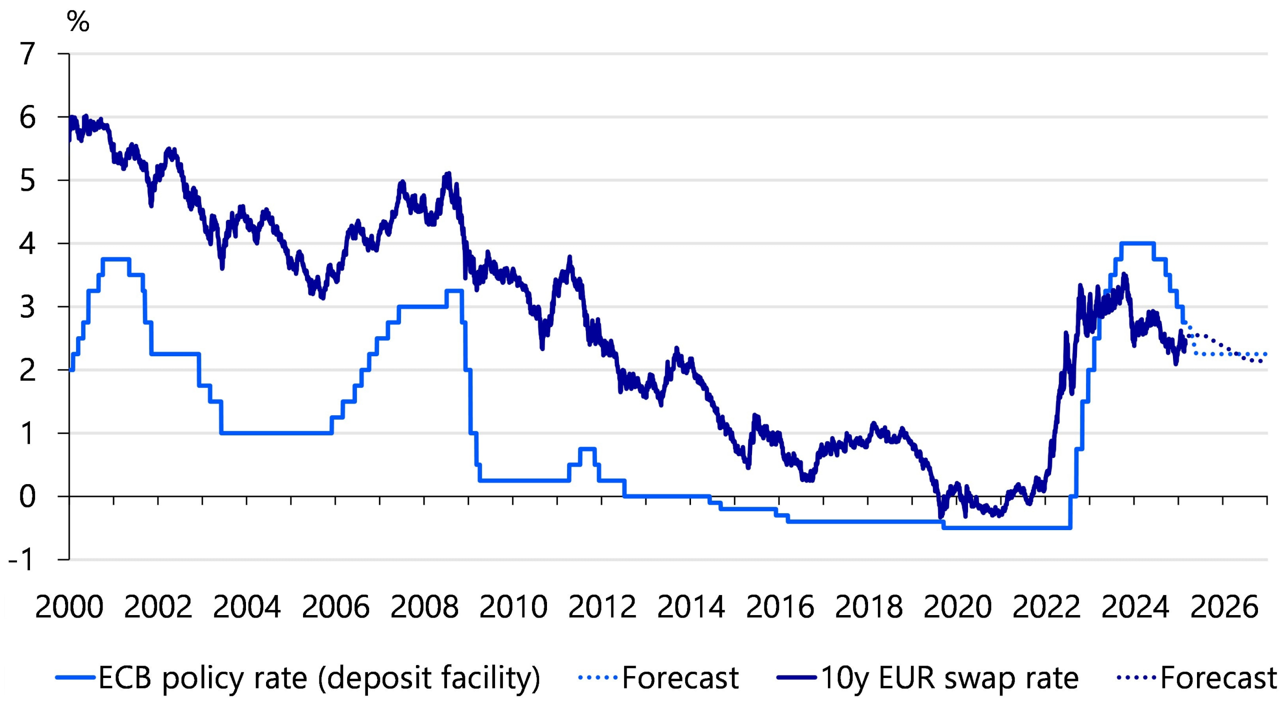
More borrowing space due to rising wages

The strong rise in incomes has been the main driving force behind the recovery of the housing market in recent years. Last year, collectively negotiated wages rose by no less than 6.7%, and we are also assuming solid wage increases for this year and next year – of 4.8% and 4.1% respectively. As a result, potential home buyers can borrow and bid more. Compared to our previous quarterly report, we have adjusted our expectations for wage developments slightly downwards. We expect home buyers to be able to borrow an average of 1% less in 2025 than previously thought and 2% less in 2026 than we assumed three months ago. This somewhat tempers the previously anticipated growth in demand for owner-occupied homes.

Lower capital market interest rates than previously expected

Compared to the previous quarterly report, RaboResearch's expectations about capital market interest rates have been sharply revised downwards. At the end of last year, it was still expected that these interest rates would rise slightly, but we now expect a decline (see figure 2). Capital market interest rates determine the financing costs of mortgage lenders and are therefore important for the level of mortgage interest rates. Although the relationship between capital market rates and mortgage rates is indirect, lower capital market rates can lead to lower mortgage rates in the long term, allowing potential homebuyers to borrow more. This is further fueling the demand for owner-occupied homes. Uncertainty is high in interest rate estimates. There is therefore a considerable risk that future interest rates will be higher (or lower) than our estimate, which in that case will also have consequences for the housing market.

Figure 2: Decline in capital market interest rates expected



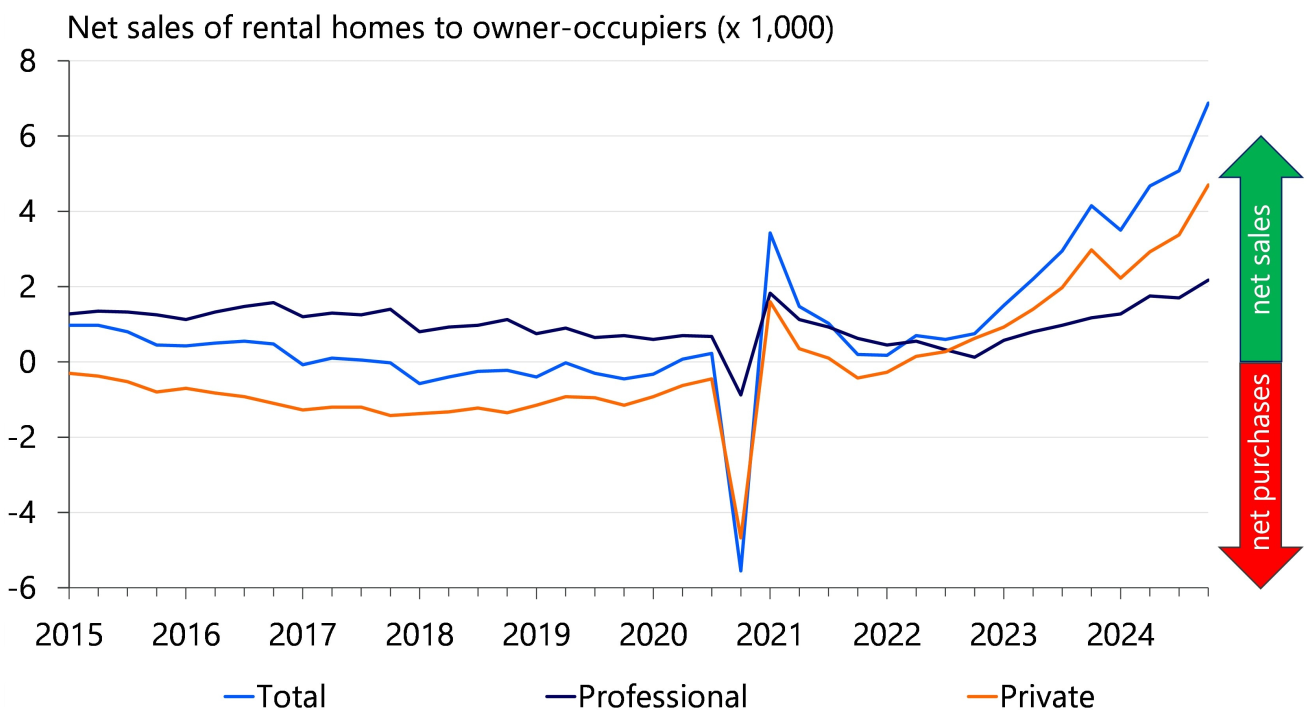
Source: Macrobond, RaboResearch 2025

More supply of owner-occupied homes due to sell-off by investors

Renting out homes has become less attractive in recent years due to higher transfer taxes, increased interest rates, higher wealth tax and stricter rent regulation. This is especially true for investors who bought up existing homes for rental instead of building them. Investors are therefore selling their rental properties en masse. In 2024, they sold about 24,000 homes to owner-occupiers, while they purchased 4,000 homes from owner-occupiers. On balance, about 20,000 homes went to the owner-occupied market (see figure 3). In 2023, that balance was still 11,000 homes, and the trend is still showing a clear acceleration. In practice, considerably more rental houses are sold, because these figures only include companies and individuals who have three or more homes. Last year, Dutch people with two homes also sold many more houses than they bought, a total of 18,000 units. The exact use of second homes cannot be determined with certainty, but research by Statistics Netherlands and the Land Registry indicates that about 70% of second homes in the Netherlands are rented out.

Due to the wave of sell-outs, there is more supply of owner-occupied homes, especially in the cheaper segments. This results in more transactions – especially of apartments. This has contributed to the recovery of the share of young home buyers in the total number of homes purchased, and this also depresses house price growth. Due to the high latent demand for owner-occupied homes – from potential first-time buyers who would like to buy a house, but have missed out in recent years – this extra supply is expected to be sold quickly.

Figure 3: On balance, more than 20,000 rental homes will be sold to owner-occupiers in 2024

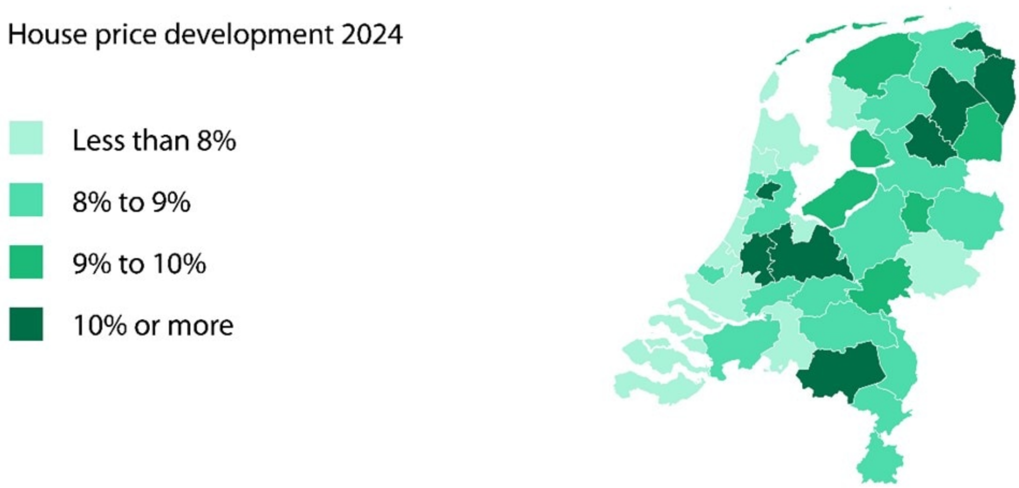


Source: Land Registry

Strong resurgence in house prices in Utrecht

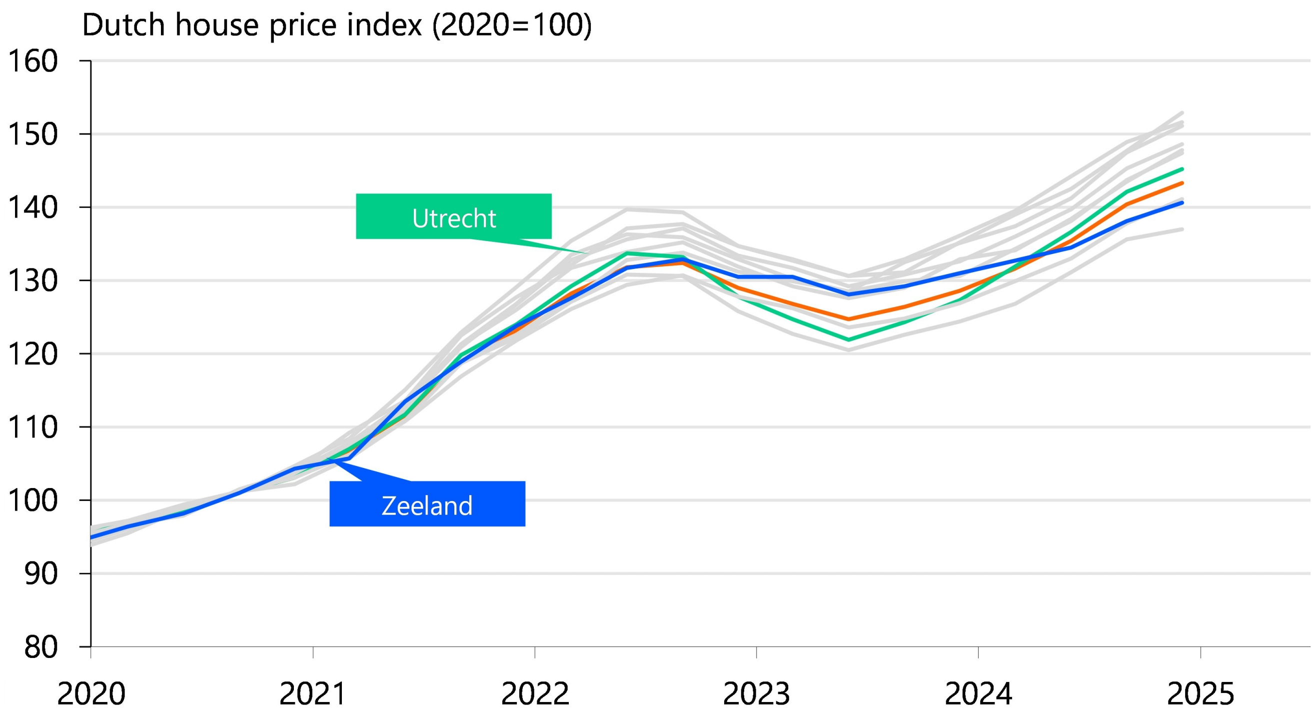
In most regions, house price rises in 2024 were more or less in line with the national average of 8.7%. Clear exceptions are the province of Zeeland, where prices rose by an average of 5.2% (4.3% in Zeeuws-Vlaanderen and 5.5% in the rest of Zeeland), the province of Utrecht, where prices skyrocketed by 11.6%, and frontrunner Delfzijl, where house prices rose 12.4% in 2024. We do not know the exact explanation for the deviating house price growth in these regions. In the case of Zeeland – where house price developments tend to be more moderate – and Utrecht, the different picture may have to do with the extent to which house prices fell between the summer of 2022 and the spring of 2023, after mortgage rates had risen sharply. In Zeeland, prices fell less sharply than in the rest of the Netherlands. Altogether, 3.6%, compared to 5.8% on average in the Netherlands. In Utrecht, on the other hand, the price dip was greater than average, with a decrease of 8.8% (see Figure 5). The housing market in the Delfzijl region has been on the rise for some time. Here, house prices continued to rise in 2023 with modest price growth of 3%.

Figure 4. House prices rose sharply in all regions in 2024



Source: Statistics Netherlands/Land Registry

Figure 5: More volatile prices in the province of Utrecht

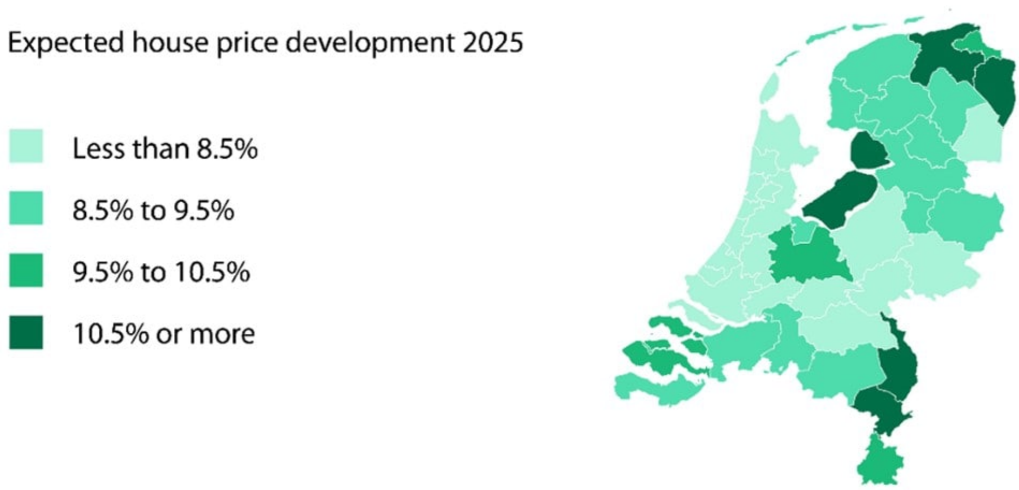


Source: Statistics Netherlands/Land Registry, processed by RaboResearch 2025

Regional house price expectations

We expect prices of existing owner-occupied homes to rise most sharply this year (by 11%) in Flevoland, North and Central Limburg and in parts of Groningen (see figure 6). The lowest price increase is expected in the north of North Holland, the Alkmaar region and Groot-Rijnmond. In these regions, we expect a price increase of 7%. In the G4 cities (Amsterdam, Rotterdam, The Hague and Utrecht), investors sell a relatively large number of rental homes, partly because the share of commercial rental homes is relatively large there. Due to this extra housing supply, price growth in these regions is expected to be lower. Nevertheless, we also expect existing owner-occupied homes to become more expensive in these metropolitan regions, as demand for owner-occupied homes continues to exceed supply.

Figure 6: Highest expected price increase in Flevoland and the outskirts of the country in 2025



Source: RaboResearch 2025

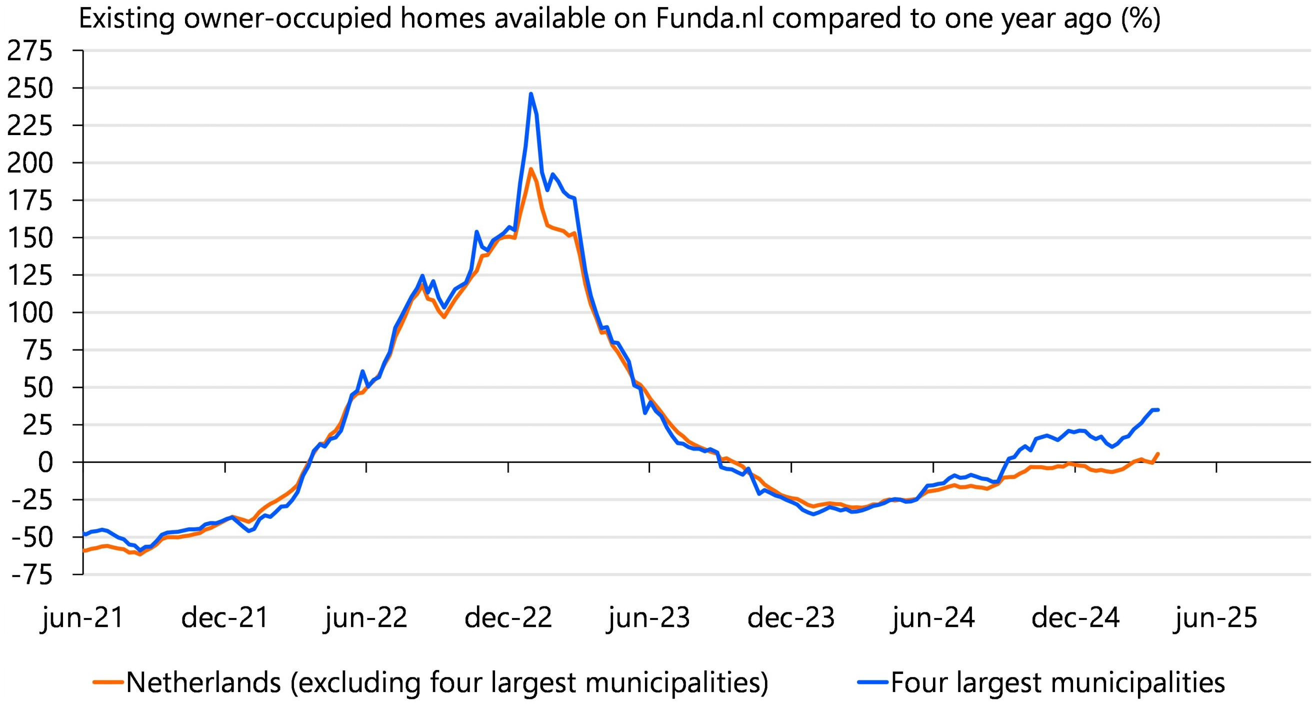
More homes for sale and rising number of transactions

The past year saw a strong rebound in sales, after falling to 182,000 transactions in 2023 – the lowest level since 2015. In total, more than 206,000 owner-occupied homes changed hands in 2024, over 13% more than in 2023. The Amsterdam region showed the largest increase in sales (see figure 7), but the number of sales also rose sharply in many other regions. There are also significant differences within COROP regions: the increase in the number of transactions is largest in urban municipalities. This is probably because in cities – where the share of rental homes is usually higher than in the more rural municipalities – there are many more houses for sale due to the sale of rental homes (see also paragraph 'More supply of owner-occupied homes due to sell-off investors'). For example, in the second half of 2024, housing website Funda.nl showed that more houses were available in the four largest municipalities than in the second half of 2023, while in the rest of the Netherlands there were slightly fewer houses online on average (see figure 8). At the same time, the number of sales flourished much more strongly than average in the four major cities: Almost 28% more houses were sold in Rotterdam, 26% in Amsterdam, 20% in The Hague, and in Utrecht the number of transactions increased by almost 17%.

Figure 7: Largest increase in the Amsterdam region

Source: CBS/Land Registry

Figure 8: More for sale in the big cities

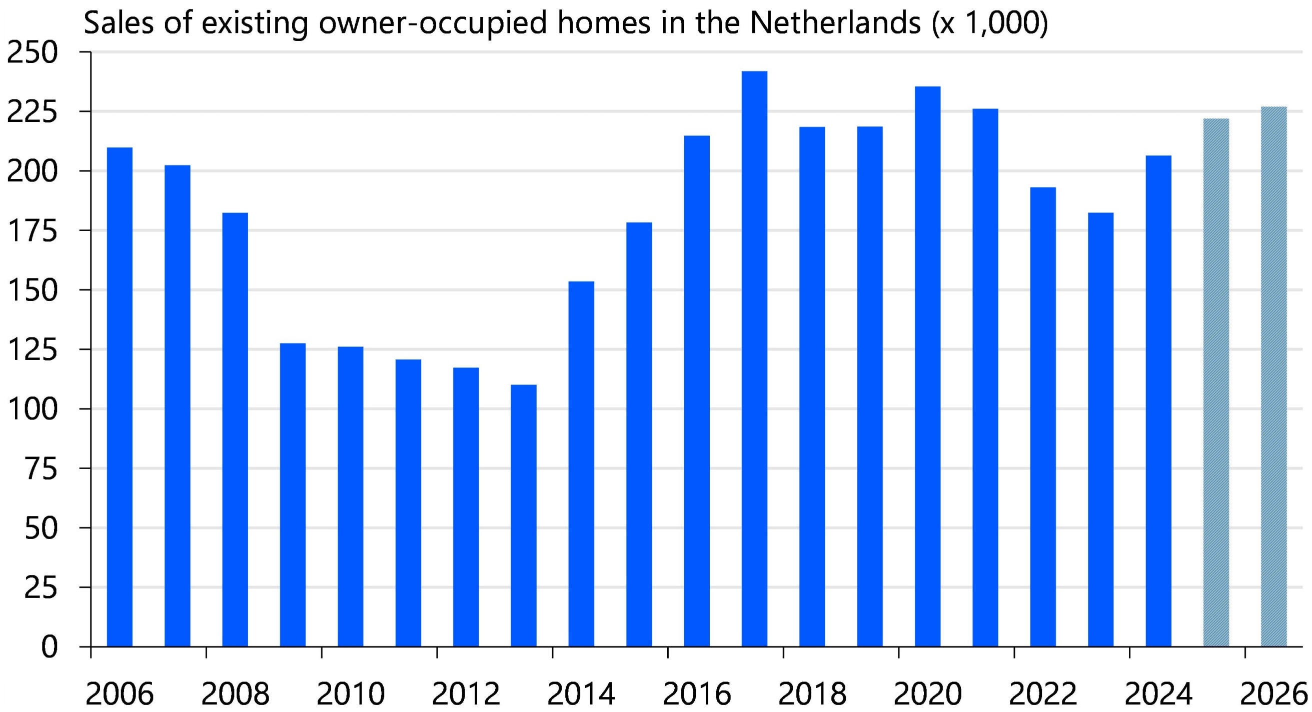


Source: Funda.nl, RaboResearch 2025

Significantly more sales expected in 2025 and 2026

We expect the number of sales to increase to 222,000 homes this year, almost 8% more than in 2024. For 2026, we estimate further growth to 227,000 transactions, a plus of 2%. This means that we are adjusting our sales forecast sharply upwards compared to our estimate of three months ago. Recently, housing construction fell less sharply than previously expected. This has a positive effect on the supply of existing owner-occupied homes, because new-build owner-occupied homes are often bought by existing homeowners. The number of houses for sale has also developed more positively due to the 'wave of sales' of former rental homes by housing investors. This leads to more for-sale signs, especially in the big cities. As sales of rental properties are expected to continue, there may be more transactions than we had anticipated last quarter.

Figure 9: Rebound in house sales expected to continue



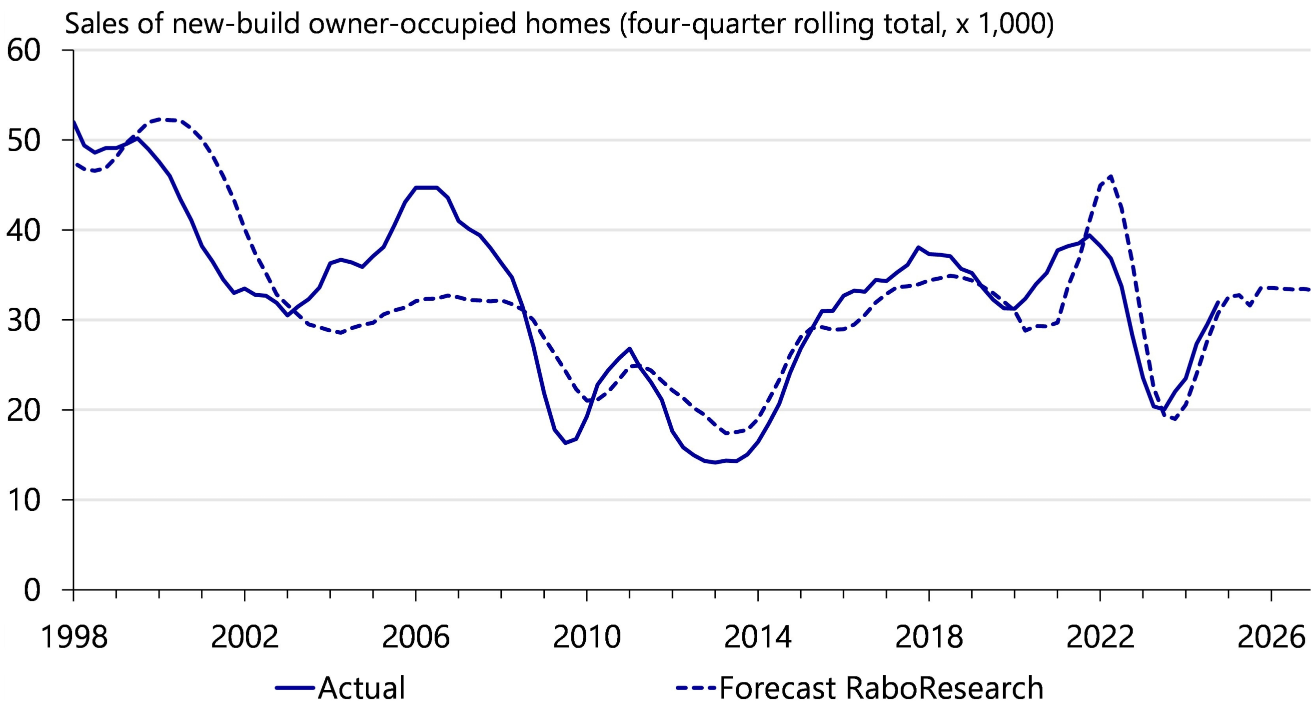
Source: CBS/Land Registry, RaboResearch 2025

New construction continues to pick up

House prices were already 9.5% higher in January of this year than at the previous peak in July 2022. New-build owner-occupied homes have become only 5% more expensive in the same period. Compared to existing owner-occupied homes, new-build houses have therefore become slightly more attractive. Higher house prices make it easier to get housing projects off the ground financially, and we therefore see construction picking up strongly (see figure 10). The somewhat lower interest rates are also contributing to the recovery of new construction. On the policy side, we see both pluses and minuses: extra resources for social housing increase the feasibility of construction projects, but the requirement for two-thirds affordable housing and the Affordable Rent Act are actually at the expense of feasibility. For example, figures from the Economic Institute for Construction (EIB) show that a third of the mid-market rental homes to be built will result in a loss of return, despite the fact that 10% more rent may be charged for new-build rental homes.

Nevertheless, we expect the recovery in residential construction to continue this year, as prices of existing owner-occupied homes are expected to rise further while capital market interest rates fall a little further. However, the nitrogen problem and the lack of building sites continue to affect housing construction. Moreover, after 2026, housing construction may also have to deal with the consequences of the Water Framework Directive. The government is working on increasing the number of locations for large-scale housing construction and also wants to relax the rules for out-of-town housing. But in the short term, little can be expected from this given the lead time of construction projects.

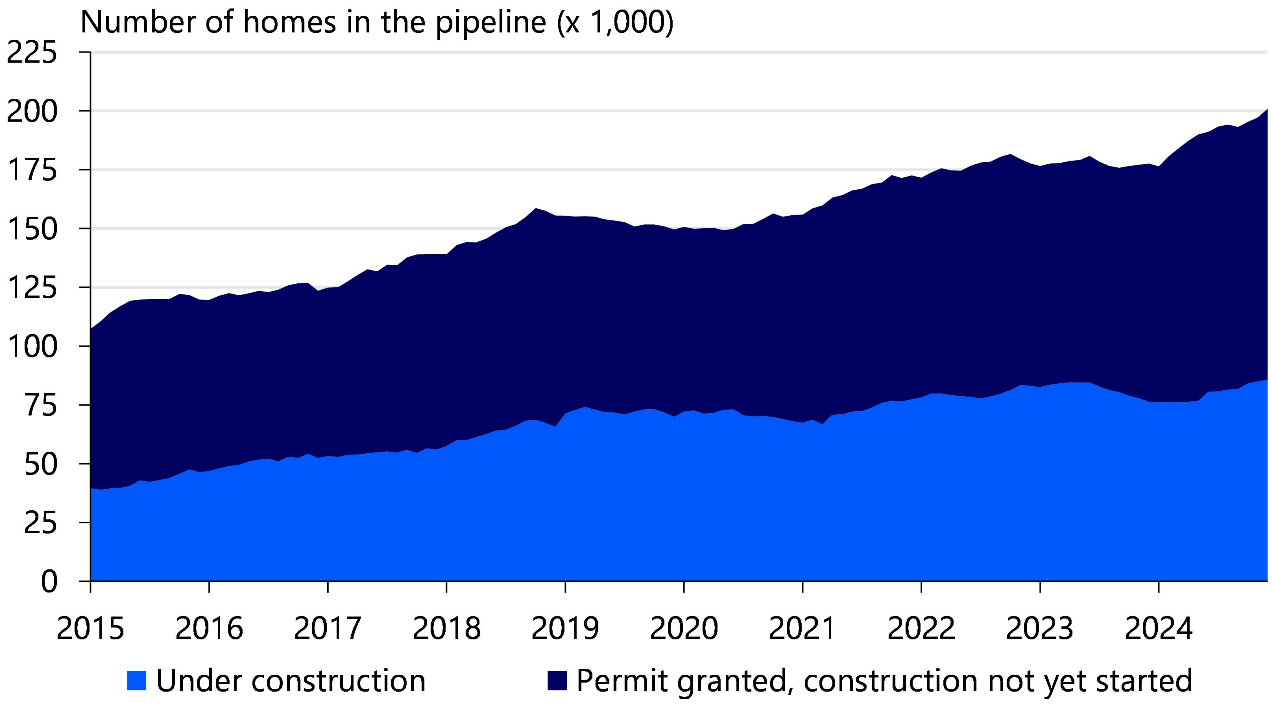
Figure 10: Sales of new-build homes will reach ceiling after 2025



Source: WoningBouwersNL, based on completion guarantees issued by Woningborg, SWK and Bouwgarant (realizations), RaboResearch 2025

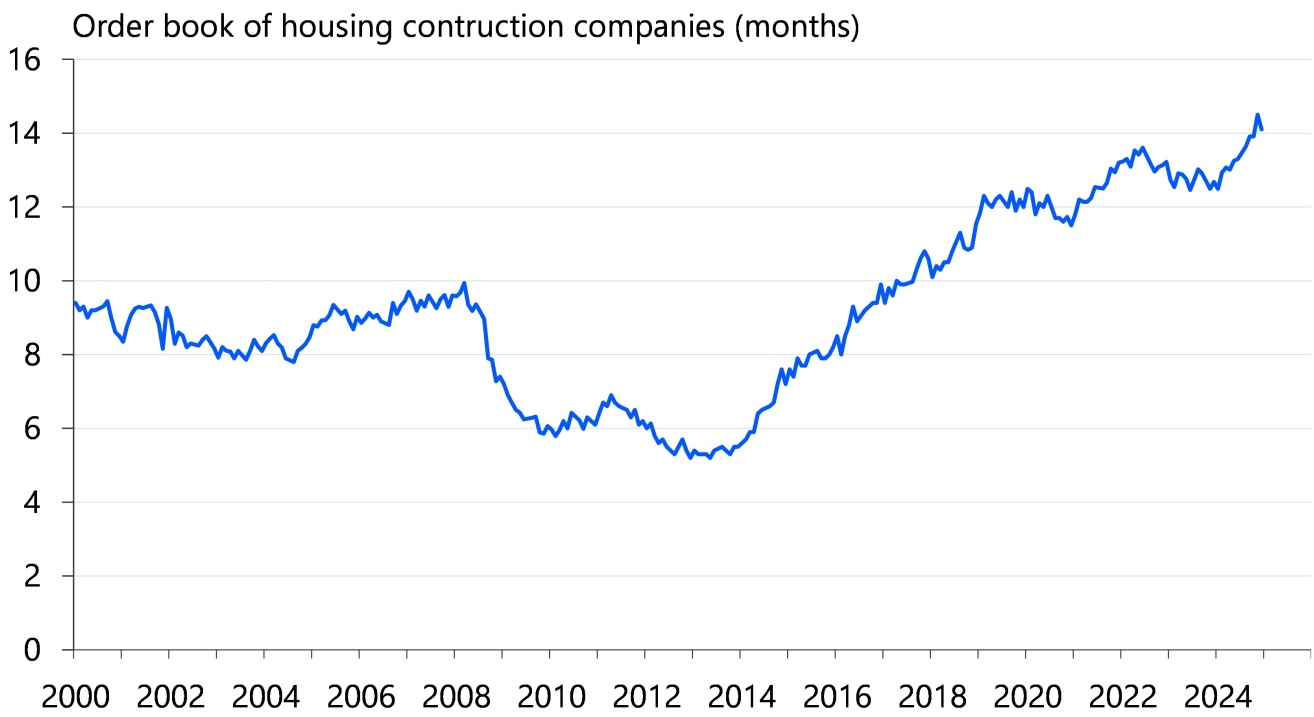
The recovery of housing construction is also reflected in the number of building permits granted. Last year, just over 67,000 permits for new-build homes were granted: 21% more than in 2023. But we still haven't matched the level of 2021. Yet this does not say everything, because the number of homes in the pipeline suggests plenty of room for an increase in housing construction. Some construction projects stagnated from 2022 onwards, which meant that the number of housing projects for which construction has not yet started, but for which a permit has already been granted, has risen sharply (see figure 11). Now that the market is picking up again, these projects can be restarted. The increased amount of scheduled work at housing companies also points to room for further recovery in residential construction in 2025 (see figure 12).

Figure 11: More new-build homes in the pipeline



Source: CBS

Figure 12: Housing backlog is rising



Source: EIB

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https://www.rabobank.com/knowledge/d011469462-dutch-housing-market-quarterly-even-higher-house-prices-and-more-house-sales-on-the-horizon