

The Netherlands

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IN A NUTSHELL

- Economy exited recession and grew by 1%
- As contractual wage growth accelerated to 6.6% and inflation fell to 3.2%, consumer purchasing power increased.
- Exit of small buy-to-let investors due to policy measures provided room for first-time buyers.

MACROECONOMIC OVERVIEW

The economy recovered from a mild recession caused by high inflation and a global trade downturn. While the year started with a small contraction, growth started in the second quarter and overall, the economy grew by 1% over the year (after 0.1% in 2023).

As inflation decreased from 4.1% in 2023 to 3.2%, consumer confidence improved somewhat, contractual wage increases rose to the highest level since 1982 and statutory minimum wages were increased further, resulting in an increase in consumer purchasing power and consumption growth.

Growth was 1% (0.1% in 2023). Public consumption, particularly in health care, provided the largest contribution to growth along with specialised business services, trade, and transport and storage, while temp job agencies, construction, and transport equipment manufacturing were the largest drags.

The number of bankruptcies increased throughout the year but had little impact on unemployment. International trade was mixed, as the energy crisis and global rebalancing still had lagged repercussions. As service exports had already returned to growth earlier, goods exports expanded from Q2 due to a re-exports revival, while exports of Dutch origin continued contracting. A further drag on growth was inventory reductions in retail and manufacturing, which was partly due to policy changes. Overall, investment, including housing investment improved through the year but was still negative YoY, especially in commercial non-residential real estate it was weak and infrastructure too, due to delays related to emission limits and lack of qualified personnel. The latter is expected to be turned around, as the government plans to boost investment in infrastructure (as well as in defence) considerably in 2025.

LOOKING AHEAD

The most prominent risk to the Dutch economy is escalation of the trade war. The outlook for growth in the Dutch economy is only moderately positive, as trade barriers and elevated uncertainty already have negative effects on the global economy. While the effect on Dutch business confidence visible in surveys seems still only slightly negative, consumer confidence has dropped.

For now, it seems reasonable to expect sluggish growth quarters mid-2025 and an acceleration towards a normal growth pace thereafter. This assumes that US import tariffs would remain in the ballpark of 10-20%. That would still allow Dutch exports to moderately expand in 2025 and 2026. Accordingly, economic growth remains below potential for a number of quarters, but may approach a normal pace again in the second half of 2026.

Domestic policies (or the lack of changes) are also a source of uncertainty. In July 2024, the new four-party government was sworn in. The resulting political uncertainty appears higher than in the past. The coalition's policy plans are projected to boost GDP growth in the short term, especially in 2025. This is mostly thanks to higher expenditures, such as higher private investment in (infrastructure for) housing, purchasing power measures (such as higher rent allowances) and additional growth in health care. Medium term economic growth potential is likely to be negatively impacted by the policy changes, i.e. by lowering investment in science and education and policy uncertainty regarding nitrogen emission restrictions.

HOUSING MARKETS

The price index for existing owner-occupied homes increased by 8.7% (-3% in 2023) with price increases increasing over the course of the year due to improved affordability due to wage-growth (6.5% average in 2024) and slow declines in interest rates.

Among the four largest cities the municipality of Utrecht recorded the largest price increase (15.2 percent), the national average and in Amsterdam increases were 8.7%, in The Hague 7.2% and Rotterdam 6.5%.

Nearly 206,500 homes were sold (182,400 in 2023), an increase of 13%. Especially in urban areas, the number of transactions increased significantly: in The Hague by 27.5 %, Utrecht by 26.5%, Rotterdam (26.4%, and Amsterdam (23.4%).

The major cities were especially popular among young buyers; in particular first-time buyers. Due to successive policy measures, small investors renting out their properties in these cities less and selling their houses. These houses are particularly suitable for first-time buyers on the housing market.

Economic uncertainty affects the housing market. However, the expectation is that this effect will be limited. The underlying demand remains high. Household growth and income increases continue. At the same time, fewer homes are being added than are deemed necessary. In 2024, 89 thousand homes were added to the housing stock through new construction and other forms of housing development. This is less than in the previous five years. In 2023, 94 thousand homes were added to the housing stock. There continues to be a housing shortage. To meet the demand, the government has set a goal to build an additional 100,000 homes annually.

MORTGAGE MARKETS

Total Outstanding Residential Mortgage Lending strongly increased to EUR 890 bn by year end, up 4.2% y-o-y. Gross residential lending increased 29% to EUR 139bn, recovering from the contraction in 2023 (-30% y-o-y).

The average interest rate (weighted) was 3.9%, (4.0% in 2023). Variable interest rates (fixed for up to 1 year) averaged 5.2%, while long-term fixed (10 years or more) were 3.4%.

In 2024, 53% of new mortgages in the Netherlands had an initial fixed interest period between 5 and 10 years, while 16% were variable-rate mortgages. The sharp rise in mortgage interest rates beginning in 2022 triggered a significant shift in borrower preferences toward shorter fixed-rate periods—those under 10 years.

This trend has persisted into 2024. Only 20% of new mortgages now have an initial fixed rate longer than 10 years, a steep decline compared to the average of 54% during the period from 2020 to 2022. This shift reflects both affordability concerns and expectations of future interest rate reductions.

	THE NETHERLANDS 2023	THE NETHERLANDS 2024	EU 27 2024
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	0.1	1.0	1.0
Unemployment Rate (LSF), annual average (%) (1)	3.6	3.7	5.9
HICP inflation (%) (1)	4.1	3.2	2.6
HOUSING MARKET			
Owner occupation rate (%) (1)*	69.3	68.8	68.4
Gross Fixed Investment in Housing (annual change) (1)	-1.3	-1.1	-4.3
Building Permits (2015=100) (2)	101.17	123.45	136.9
House Price Index - country (2015=100) (2)	182.2	198.1	179.8
House Price Index - capital (2015=100) (2)	190.0	206.6	171.5
Nominal house price growth (%) (2)	-2.9	8.7	4.9
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	826,157	890,132	6,879,667
Outstanding Residential Loans per capita over Total Population (EUR) (2)	46,384	49,609	15,311
Outstanding Residential Loans to disposable income ratio (%) (2)	154.7	159.9	71.3
Gross residential lending, annual growth (%) (2)	-30.4	29.4	3.9
Typical mortgage rate, annual average (%) (2)	3.7	3.9	4.34

(1) Eurostat Data

(2) European Mortgage Federation – Hypostat 2024, Statistical Tables

* Eurostat Reviewed

** EU 2024 to be confirmed

THE NETHERLANDS FACT TABLE

Explanation: Answers to the following questions will be used to construct information charts and a small table to be included in every country report in Hypostat. The idea is that these aspects do not vary on a continuous basis and will (probably) remain mostly true for a long period of time. Their accuracy should be checked every year, but there will be no need to update them with new data every year as is the case for the statistical tables. Please provide answers to the following questions in the boxes below, trying to be as concise and to the point as possible:

Which entities can issue mortgage loans in your country?

Mortgages are mostly being issued by banks and insurance companies. But also, the government, municipalities, companies in general and private persons may issue mortgages. However, for professional issuing of mortgages a company needs a license from the Netherlands Authority for Financial Markets. There are strict regulations for license holders to protect the consumer.

What is the market share of new mortgage issuances between these entities?

Not available.

Which entities hold what proportion of outstanding mortgage loans in your country?

Not available.

What is the typical LTV ratio on residential mortgage loans in your country?

Maximum LTV in 2022 is 100% (106% when financing energy saving measures). The average LTV for all new mortgage applications at HDN in 2022 was 55.4%, and 75.9% for house purchase mortgage loans.

How is the distinction made between loans for residential and non-residential purposes in your country?

A mortgage is registered at the Kadaster (Land Registry and Mapping Agency). At the time of registration of the mortgage, it must be specified whether a piece of land or object is meant for residential purposes.

What is/are the most common mortgage product(s) in your country?

Annuity and interest-only.

What is the typical/average maturity for a mortgage in your country?

30 years.

What is/are the most common ways to fund mortgage lending in your country?

Deposits and wholesale funding.

What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?

2% taxes; 4% other transaction costs (i.e. notary; real estate agent; taxation).

What is the level (if any) of government subsidies for house purchases in your country?

There is a guarantee fund, the Nationale Hypotheek Garantie (NHG). For mortgages lower than EUR 355,000 and meeting certain conditions, the NHG guarantees the repayment of the remaining mortgage debt in case of foreclosure (again subject to certain conditions).