The Netherlands

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IN A NUTSHELL

- → Resilient GDP growth of 1.8%, driven by 5% wage growth and strong consumption.
- → Housing price growth moderated from 11.5% to 5.8% year-on-year.
- → Shift towards 5–10 year fixed-rate periods for new mortgages.

MACRO-ECONOMIC OVERVIEW

Despite the trade war, elevated uncertainty, and a strong euro, the Dutch economy expanded by a considerable 1.8%, or 1.3% per capita. Productivity growth, measured as GDP per hour worked, was 2.4%, the highest in twenty years. Growth was broad-based across expenditures. Household consumption provided the largest contribution, thanks to strong income growth, while public consumption in health care and public administration was also an important growth driver. Were it not for a strong rise in public spending on defence equipment, infrastructure, and housing construction, investment would have been a drag on growth, as business investment contracted. Export growth was surprisingly solid, benefitting from booms in AI and pharmaceuticals, while food exports also performed well.

Most industries expanded. Half of the manufacturing industries moved from contraction in 2024 to expansion in 2025. The machinery industry alone contributed no less than 0.25 percentage points to economic growth, while the oil, travel, health care, and public administration sectors were among the fastest-growing industries. The number of bankruptcies fell by 15.0%, while the number of voluntary exits increased by 6.0%. The number of self-employed sole traders fell considerably, as the government started to enforce laws regulating self-employment.

Continued high contractual wage growth (5.0% in 2025) coincided with a slight rebalancing of the labour market, although it remained tight. Gross labour participation reached a new record high. A fall in the number of vacancies resulted in only a slight uptick in the unemployment rate, to a still low 3.9%. Inflation hardly slowed and remained relatively high at 3.0%, but it was low enough to allow gains in household purchasing power. As consumer confidence fell amid elevated global geopolitical uncertainty, the discretionary household savings rate increased to a historically high level. In mid-June, the populist government fell, causing a standstill in many policy reforms.

LOOKING AHEAD

The Iran war and energy market responses have brought headwinds to economic growth. Consumer confidence plummeted. There are no indications of an imminent household purchasing strike, but uncertainty remains high. The outlook has softened, with mediocre GDP growth forecasts for 2026 of about 1.0%. However, it has not yet turned fundamentally negative. General elections brought about a minority government that has been governing since early 2026. While it gained a parliamentary majority for most of its small, targeted support measures in response to higher price expectations, other policy reforms, such as the increase in the statutory pension age and austerity measures for disability and unemployment insurance, run the risk of not being implemented. Such domestic policy uncertainty may weigh on investment, including, in some cases, housing investment, which is already hampered by supply-side restrictions such as electricity grid congestion and nitrogen emission constraints, both of which call for decisive government intervention.

HOUSING MARKETS

In 2025, the price index for existing owner-occupied homes in the Netherlands continued to increase, although at a more moderate pace compared to the strong rebound observed in 2024. The pace of price growth slowed during the year, with year-on-year increases declining from 11.5% at the start of the year to 5.8% towards year-end.

The continued rise in house prices was mainly driven by strong wage growth and slightly lower mortgage interest rates, which increased borrowing capacity and supported affordability for prospective buyers. At the same time, the structural shortage of housing supply continued to exert upward pressure on prices.

Among the four largest cities, price developments showed clear regional differences. Utrecht recorded the strongest increase (9.4% year-on-year), followed by The Hague and Rotterdam (around 7–8% year-on-year), while Amsterdam showed a more modest increase (3.6% year-on-year), reflecting its already high price level and additional supply due to investor sell-offs. Overall, price growth in large cities was generally below peak national levels, with stronger growth observed in more affordable regions.

In 2025, the number of housing transactions increased further. Total sales amounted to approximately 238,000, compared to around 206,000 in 2024. This represents further expansion in market activity, primarily driven by the sale of former rental properties entering the owner-occupied market. During the year, transaction volumes remained elevated, with double-digit increases observed in several periods compared to 2024.

This increase in supply particularly affected urban areas. As a result, first-time buyers remained an important driver of demand, benefiting from the availability of relatively smaller and more affordable dwellings. At the same time, this trend contributed to a moderation in price increases in large cities.

While economic uncertainty continued to influence the housing market, its overall impact remained limited. Underlying demand remained strong, supported by population growth and rising incomes, while housing supply continued to lag behind demand. The housing shortage persisted, as construction output remained below long-term targets due to regulatory, cost, and capacity constraints.

To address the structural imbalance, the Dutch government maintained its ambition to build approximately 100,000 homes per year, although this target has consistently not been achieved in recent years.

MORTGAGE MARKETS

MARKET DYNAMICS

Total outstanding residential mortgage lending increased further in 2025, reaching EUR 936.0 billion at year-end. This reflects a continued expansion of the mortgage stock compared to 2024, supported by stronger housing market activity and higher transaction volumes, although growth remained more moderate than the strong rebound observed in 2024.

Gross residential lending remained elevated in 2025, broadly tracking the recovery in housing transactions and benefiting from increased supply due to investor sell-offs, particularly in the private rental market. Mortgage origination volumes were supported by strong demand, especially from first-time buyers, and reached record quarterly levels.

Mortgage interest rates decreased modestly in 2025 compared to the peaks observed in 2023 but remained above pre-2022 levels. The gradual easing of capital market conditions led to slightly lower borrowing costs, supporting affordability and lending volumes.

In terms of product characteristics, the Dutch mortgage market continued to be dominated by fixed-rate lending. The majority of new mortgages had fixed-rate periods exceeding five years, reflecting a persistent preference for payment stability. At the same time, a shift was observed towards medium-term fixed-rate periods (5–10 years), while longer fixed-rate periods became relatively less dominant than in previous years. Variable-rate mortgages continued to account for a limited share of new originations.

	THE NETHERLANDS 2024	THE NETHERLANDS 2025	EU 27 2025
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)*	1.1	1.8	1.5
Unemployment Rate (LSF), annual average (%) (1)	3.7	3.9	6.0
HICP inflation (%) (1)	3.2	3.0	2.0
HOUSING MARKET			
Owner occupation rate (%) (1)	69.4	68.8	68.5
Gross Fixed Investment in Housing (annual change) (1)	-1.8	1.4	2.8
Building Permits (2015=100) (2)	62.6	65.1	86.9
House Price Index - country (2015=100) (1)	198.1	193.3	161.92
House Price Index - capital (2015=100) (2)	206.6	219.4	n/a
Nominal house price growth (%) (1)*	8.73	-2.42	5.5
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (1)	890,132	936,000	5,617,435.11
Outstanding Residential Loans per capita over Total Population (EUR) (2)	49,609.03	51,940	12,472.10
Outstanding Residential Loans to disposable income ratio (%) (1)	159.92	160.25	81.39
Gross residential lending, annual growth (%) (1)	30.4	14.8	2.8
Typical mortgage rate, annual average (%) (2)	3.93	3.57	3.31

(1) Eurostat Data
(2) European Mortgage Federation – Hypostat 2026, Statistical Tables
* Eurostat Reviewed
** EU 2025 to be confirmed

THE NETHERLANDS FACT TABLE

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).