

Vesteda Market Watch

Q3 2022



5.7

Housing Market Indicator

The Housing Market Indicator of Q3 2022 dropped to an all-time low of 5.7, coming from 6.2 in Q2. The downward push is caused by almost all drivers.

On the consumer-side, the affordability of housing remains under pressure and consumer confidence dropped to a new all-time low of -59.

The economic part of the HMI is mainly influenced by the sharp increase of inflation. Furthermore, economic growth is levelling off and there is a slight increase of the unemployment rate.

On the housing market we see clear signs of an easing market leading to a decline in transaction prices. An effect of rising interest rates. However, price levels on the owner-occupier market are still high and the housing market remains tight, which is indicated by low supply-demand ratios. On the rental market, prices continue to rise but the increase of the total cost of living caused by high energy prices remains a serious matter of concern.

The sustainability factors did perform well in the last months. Households being moderate with gas consumption and the seasonal effect, has resulted in a decline in CO2 emissions from households and an increase in energy from renewable sources.

Consumers

2.4

Economy

5.4



Sustainability

7.7

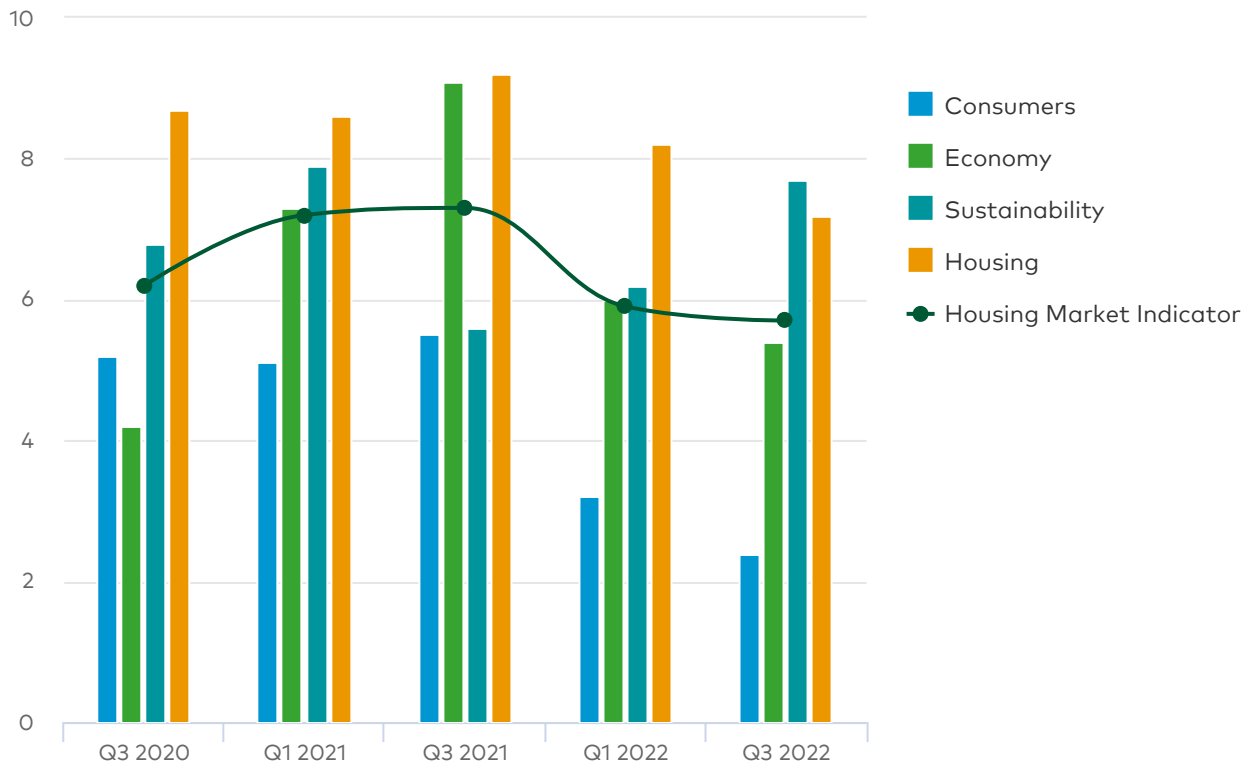
Housing

7.2

Housing Market Indicator
overall score, actual per Q3 2022

Please visit www.vestedamarketwatch.com for more information on the Housing Market Indicator

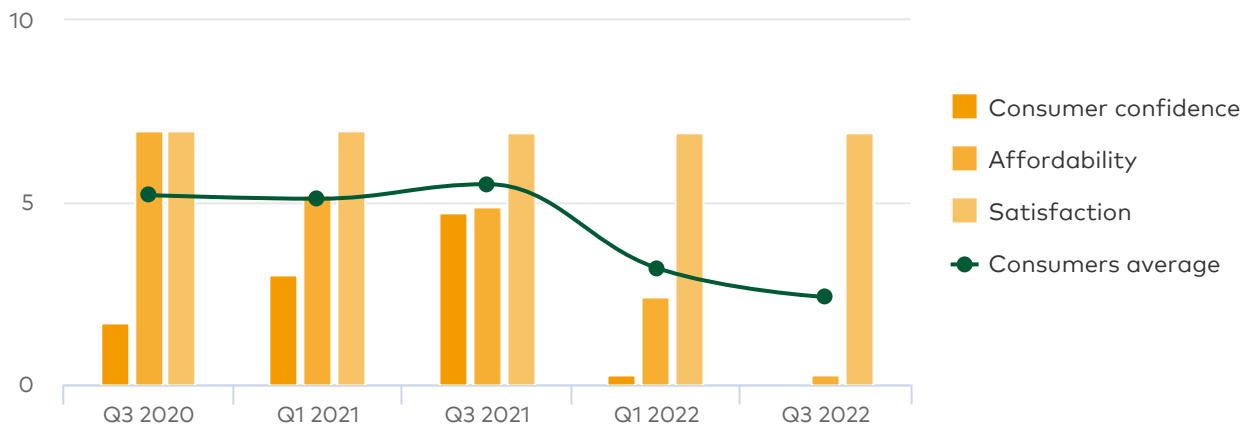
Q3 2020 - Q3 2022





Consumers 2.4

Q3 2020 - Q3 2022



Consumer confidence 0.0

Consumers are as gloomy in October as they were in September, when a record low in consumer confidence was reached. In October, consumer confidence stands at -59, the same as in September. Consumers are less pessimistic about the economic situation, but willingness to buy has deteriorated slightly. At -59, the consumer confidence indicator in October is positioned well below its long-term average over the past two decades (-9). The indicator reached an all-time high (36) in January 2000 while the all-time low (-59) was reached in September 2022.

Source: Statistics Netherlands

Affordability 0.3

The score on the driver for the affordability of housing in The Netherlands dropped to an all-time low of 0.3 in the third quarter of 2022.

Price levels on the owner-occupier and rental market are still high and the enormous scarcity continues. The sharp increase in cost of energy will also have an impact on the affordability of housing, especially when the rise in salaries lags behind the increased cost levels. Affordability of housing remains high on the political agenda.

Source: Calcasa

**Satisfaction 6.9**

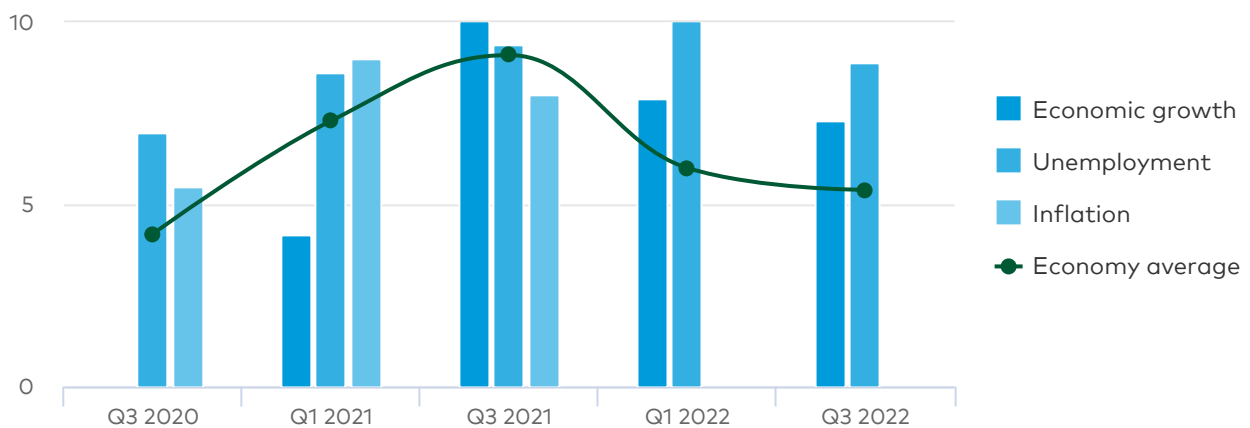
The annual benchmark remains stable with a score of 6.9 in 2022, the same as last year. The score of 6.9 is the actual score the tenants gave Dutch institutional investors for their services. Tenants are mainly satisfied with their housing and living environment, and a point of attention is the handling of complaints.

Source: IVBN/Customeyes



Economy 5.4

Q3 2020 - Q3 2022



Economic growth 7.3

The driver for Economic growth dropped slightly to a 7.3 in Q2 2022. Gross domestic product (GDP) increased by 2.6 percent in Q2 2022 relative to the previous quarter. Investments and the balance of trade (exports minus imports) contributed the most to economic growth. Household consumption also made a positive contribution, despite the uncertainty of the current economy and its fragile growth.

The GDP growth in Q2 2022 relative to Q2 2021 is 5.1 percent. Household consumption, the trade balance and investments contributed to the growth in particular.

Source: Statistics Netherlands

Unemployment 8.9

The score on unemployment rate dropped slightly from a maximum score to 8.9. In the period July through September, unemployment rose by an average of 14 thousand per month. This resulted in 382 thousand unemployed in September 2022, i.e. 3.8 percent of the total Dutch labour force. This unemployed rate is still very low, albeit the increase reflects a shift in the economic situation in the Netherlands.

Source: Statistics Netherlands



Inflation 0.0

In September 2022 the consumer price index (CPI) was 14.5 percent higher than in the same month last year. The sharp increase in inflation continues to have a big impact on the economic driver of the HMI. The massive increase in inflation is mainly caused by the price development of energy.

Aside from energy, the price development of food and clothing had an upward effect on the inflation rate. The price increase of food was 12.7 percent higher compared to September 2021.

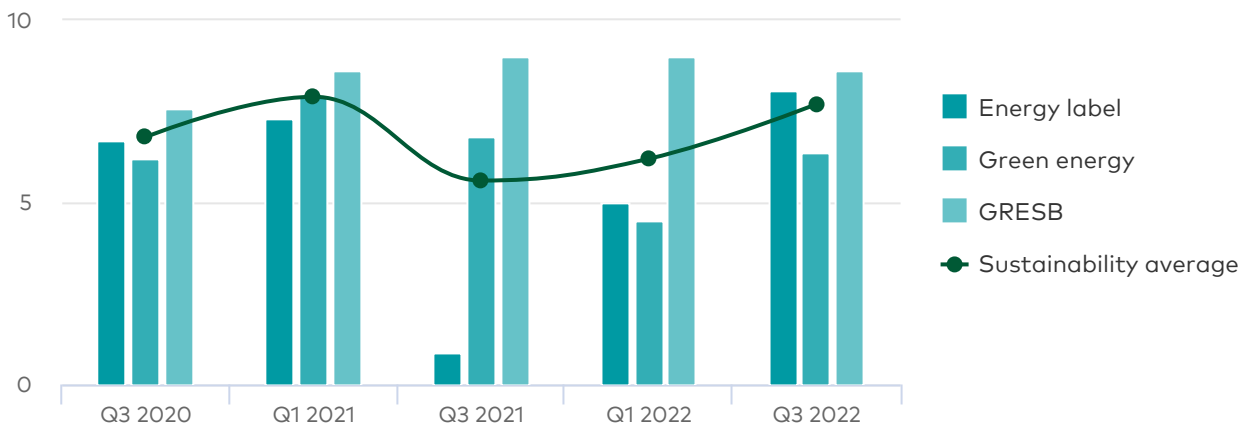
*In the Netherlands the CPI is the main standard for measuring inflation. The main conceptual difference between the CPI and the HICP for the Netherlands is that, unlike the CPI, the HICP does not take into account the costs of homeownership. In the Dutch CPI, these costs are calculated based on developments in rental property prices. According to the European HICP, consumer goods and services in the Netherlands were 17.1 percent more expensive in September than in the same month last year.

Source: Statistics Netherlands



Sustainability 7.7

Q3 2020 - Q3 2022



CO2 emissions 8.1

The driver for CO2 emissions continued to rise in the second quarter of 2022 to a score of 8.1. In Q2 2022, greenhouse gas (GHG) emissions showed a year-on-year decrease of 9 percent. This is partly due to high natural gas prices and the relatively mild and sunny spring, less natural gas was consumed by virtually the entire economy and society. This led to a significant reduction in greenhouse gas emissions.

Source: Statistics Netherlands

Renewable electricity 6.4

The increased use of renewable electricity continued, but at a lower pace than in Q2 2022. In Q2 2022, the production of electricity from renewable sources rose by 25 percent. Compared to the same quarter five years previously, the total production has more than tripled.

Solar and wind power in particular showed strong increases (40 and 25 percent, respectively) in the second quarter. Both the sunny weather and the increased solar panel capacity resulted in higher electricity production from solar power. Wind power mainly showed increased onshore production. This was due to both greater installed capacity of onshore turbines and the favourable weather conditions for wind energy over the past quarter.

Source: Statistics Netherlands

**GRESB 8.6**

The Dutch non-listed residential companies scored a total of 86 points on average in 2022. This high score reflects the fact that institutional investors are devoting considerable attention to sustainability issues.

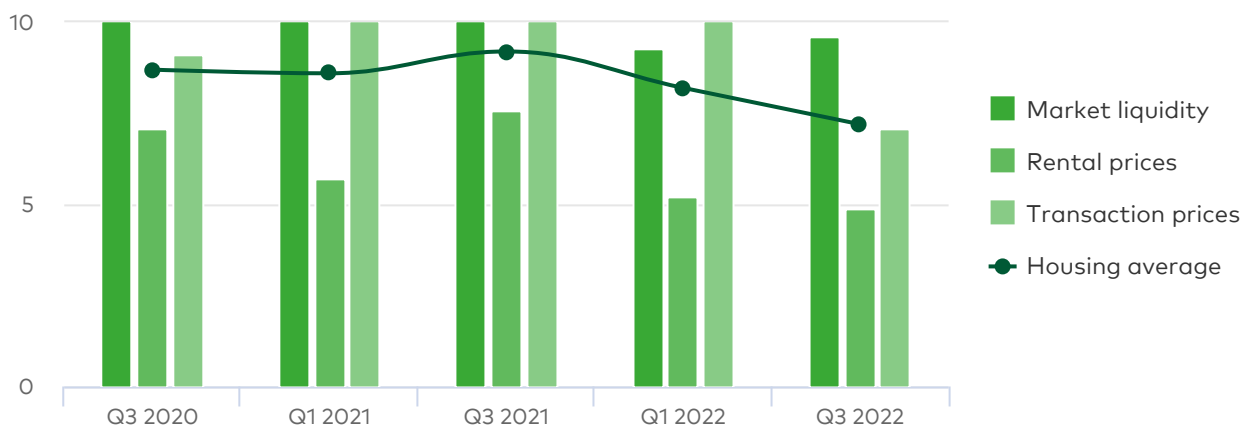
The Global Real Estate Sustainability Benchmark (GRESB) is a tool used to compare the sustainability scores of real estate investment funds. The benchmark rates environmental management practices and their implementation.

Source: GRESB



Housing 7.2

Q3 2020 - Q3 2022



Market liquidity 9.6

The housing market remains tight, which is indicated by low supply-demand ratios. In the third quarter of 2022 the market liquidity scored a 9.6. The low market liquidity shows the ongoing pressure on the Dutch housing market.

Source: Calcasa

Rental prices 4.9

Price levels on the rental market are still high, mainly as a result of the enormous scarcity. Although, the increase is below previous quarters, affordability of housing remains under pressure for some households. This applies mainly to home seekers in the lower- and mid-market segment.

Source: Calcasa

Transaction prices 7.1

The driver transaction prices dropped to a score of 7.1. Price increases on the owner-occupier market are levelling off and in local markets price levels are even declining.

Furthermore, last quarter showed a downturn in the number of transactions. In total 50,453 homes have changed owners. This is 6.4 percent less than in the same period in 2021.

Source: Statistics Netherlands, NVM

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Housing Market Indicator: Technical explanation

The Housing Market Indicator (HMI) is an objective indicator of the current market situation, developed by Vesteda. The HMI provides a quick overview of the Dutch housing market from a residential investors perspective. The HMI is updated twice a year.

The HMI is made of 12 key determinants. These 'drivers' are divided into 4 different quadrants with 3 drivers per quadrant. The 12 drivers are scores on a scale from 1 to 10, based on the best available data. The data on most drivers has been placed in historical perspective, whereas the historical lower and upper limits were determined as the maximum range. Only on the drivers GRESB and customer satisfaction the actual scores are used. The average of the scores on the 12 drivers was then used to calculate a final score. The indicator only contains historical data, predictions are not included in the HMI.

As the manager of the largest residential fund in the Netherlands, Vesteda believes it is important to increase the knowledge on the Dutch residential investment market and to promote transparency. With the Housing Market Indicator, Vesteda therefore offers more insight into current market developments on the Dutch housing market.

Disclaimer

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