

# Vesteda Market Watch Q3 2023

## Housing Market Indicator

Consumers

3.3

Economy

6.3

Sustainability

6.9

Housing

5.5



overall score, actual per Q1 2023

### Housing Market Shows Incremental Improvement in Q3 2023

In the third quarter of 2023, the Housing Market Indicator (HMI) showed a slight recovery, climbing from 5.2 to 5.5. This modest uptick was driven by stabilised inflation and increased solar energy production. However, challenges posed by economic factors tempered the overall progress.

#### Balancing Act: Factors at Play

The stabilisation of inflation contributed significantly to the rise, boosting the score on that driver from 0 to 5.0. Simultaneously, heightened solar energy production led to a 2.2-point increase in the driver renewable electricity, reaching a score of 6.1. Despite these positive trends, economic growth,

CO<sub>2</sub> emissions, and transaction prices posed hurdles, offsetting some gains.

#### Sustainability Gains: GRESB Benchmark

On a positive note, the Global ESG Benchmark for Real Assets (GRESB) saw improvement, rising from 8.6 to 9.0. This advancement underscores the sector's commitment to sustainable practices, demonstrating progress in environmental, social, and governance initiatives.

#### Conclusion: Uncertainty remains

Despite the slight rise of the HMI, the challenges in the housing market still remains a main concern. Stabilized inflation offers a foundation for growth but the uncertainty in the market remains.

### Trend Q3 2020 - Q3 2023



# Vesteda Market Watch Q3 2023

## Housing shortage

The Netherlands is facing a severe housing crisis, with staggering statistics highlighting the urgent situation. There is currently a shortage of 390,000 homes, a figure that needs to be reduced to 223,000 (2%) for a balanced housing market. To make matters worse, an expected increase of 601,000 households by 2030 will require a total of 981,000 new homes.

This shortage is due to unexpected factors, including a significant population increase due to unforeseen events such as the influx of Ukrainian refugees. In addition, the aging of the population and the reduction in household size are leading to an increase in the number of households, requiring an additional 27,000 homes by 2031.

The challenges are immense. Despite ambitions to build 900,000 new homes between 2022 and 2030, current construction rates are falling short. While 90,200 new homes will be built in 2022, this is expected to fall to 78,000 by 2025. Projections show a slight reduction in the housing deficit to 3.8% by 2031.

In addition, demographic changes, particularly an ageing population, are contributing to changing housing needs. The Randstad region, which includes cities such as Amsterdam and Rotterdam, faces rapid growth, reaching 44% of the national population by 2038.

However, there are major uncertainties. Demographic projections are subject to fluctuating migration patterns. To tackle this shortage effectively, careful planning, policy adjustments and increased construction efforts are essential to ensure that every Dutch citizen has access to suitable housing.

Source: [ABF Research](#)

## Useful links

Investment update 2023-Q3 (CBRE).

→ [visit website](#)

Decline in building permits (Capital Value).

→ [visit website](#)

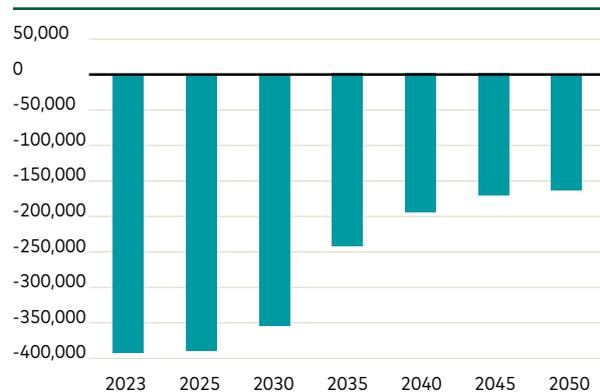
The number of newly built homes sold decreased in 2023-Q2 (CBS).

→ [visit website](#)

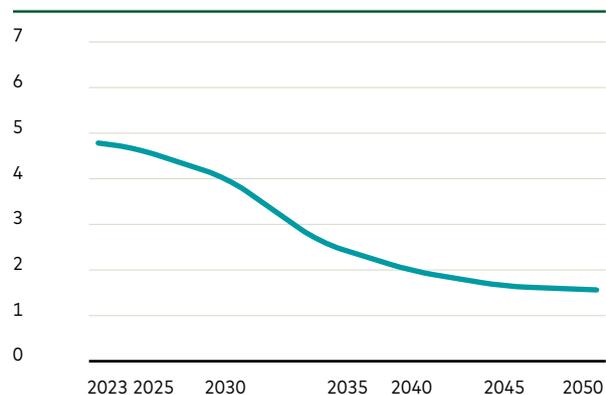
Effect of regulation on residential investments (JLL).

→ [visit website](#)

## Housing shortage in the Netherlands (in #)



## Housing shortage in the Netherlands (in %)



Current political situation and the real estate market (VGM NL).

→ [visit website](#)

Comparing rental prices to owner occupied homes (Watson+Holmes).

→ [visit website](#)