

Vesteda Market Watch

Q3 2021



7.3

Housing Market Indicator

The Housing Market Indicator of Q3 2021 increases to 7.3, from 7.2 in Q1 2021. The increase of the HMI is mainly caused by the economic drivers: GDP-growth increased significantly, inflation has risen to 2.7% and the unemployment rate is very low at 3.2%. However, given the large spread in scores between the quadrants, these developments come at a price.

On the economic side we observe a growth that is very high compared to the decline in Q2 2020 (the first quarter of the pandemic) together with low unemployment numbers and an increasing (but still moderate) inflation. The housing market is still booming with a sharp increase in house prices and a very low market liquidity.

But the sustainability-quadrant scores a fairly poor 5.6 which is mainly caused by the sharp increase of CO₂-emissions. It should be noted that the latest data is not yet available. The positive news in this quadrant comes from the Dutch institutional investors who saw their GRESB-score increase to 9.0.

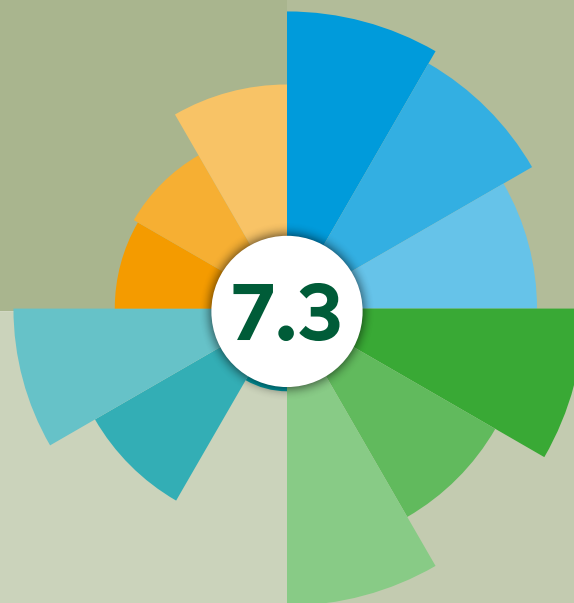
Furthermore, the consumer side is also under pressure. The consumer confidence is still negative, at -5 in September, and the affordability of housing continues to decline. Customer satisfaction is fairly stable at 6.9.

Consumers

5.5

Economy

9.1



Sustainability

5.6

Housing

9.2

Housing Market Indicator
overall score, actual per Q3 2021

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

Q3 2019 - Q3 2021



Explanation

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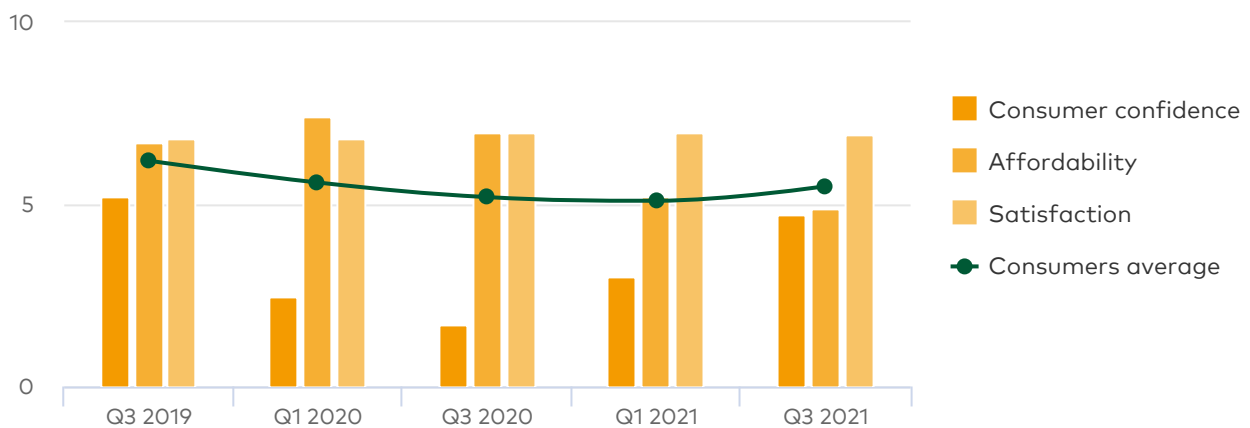
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Consumers 5.5

Q3 2019 - Q3 2021



Consumer confidence 4.7

- Compared to half a year ago, the consumer confidence has increased slightly, but remains fairly stable. The consumer confidence indicator stands at -5. Consumers' sentiment about the general economic situation has improved, but willingness to buy has deteriorated slightly.

Source: Statistics Netherlands

Affordability 4.9

The driver for the affordability of housing in The Netherlands keeps declining, after a slight lift in the second quarter of 2021, to a score of 4.9 in the third quarter of 2021.

Price levels on the owner-occupier and rental market are still rising and the enormous scarcity still continues. Affordability of housing remains high on the political agenda.

Source: Calcasa

Satisfaction 6.9

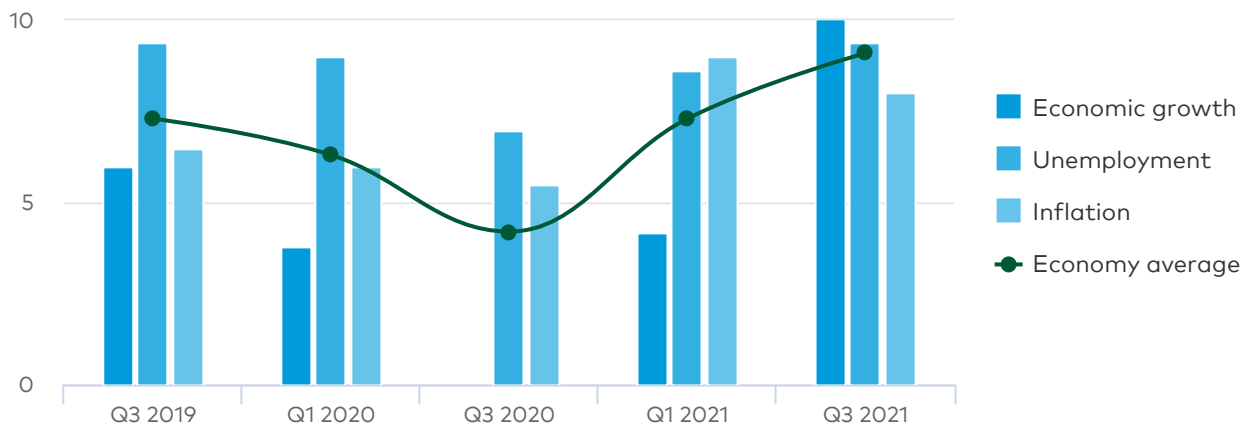
- The annual benchmark dropped by 10 basis points to a score of 6.9 in 2021. The score of 6.9 is the actual score the tenants gave Dutch institutional investors for their services. It's the first time in five years that the overall score of the benchmark has slightly dropped. This small change might be caused by the influence of Covid-19, people being more at home and as a result, they experience inconveniences more frequently.

Source: IVBN/CustomEyes



Economy 9.1

Q3 2019 - Q3 2021



Economic growth 10.0

- Year-on-year, gross domestic product (GDP) in Q2 increased by 10.4 percent which is the highest growth since the start of the GDP measurements in 1996. This growth reflects the enormous difference between current economic developments and those of last year during the pandemic.
- The overall picture of the economy has remained unchanged. Compared to Q2 2020, household consumption and the trade balance were higher in particular. Investments and public consumption also made a positive contribution to growth.

Source: Statistics Netherlands

Unemployment 9.4

- In September 2021, there were 292 thousand unemployed. This is equivalent to 3.1 percent of the labour force. From July 2021 through September 2021, the number of unemployed kept declining by an average of 22 thousand per month. The further decline in the number of unemployed over the past three months is the result of underlying flows between the active, unemployed and inactive labour force.

Source: Statistics Netherlands



Inflation 8.0

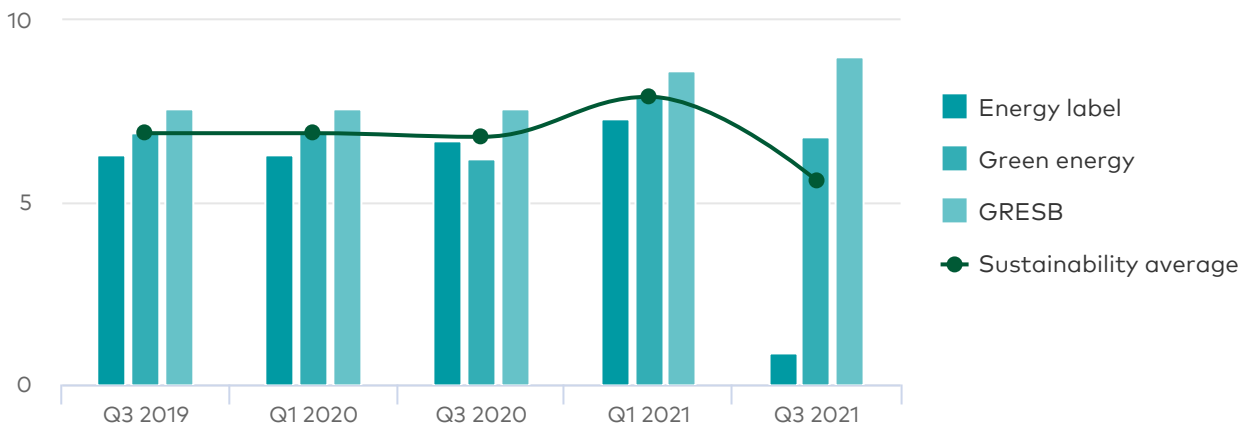
- The consumer price index (CPI) was 2.7 percent higher in September than in the same month last year. The inflation rate stood at 2.4 percent in August. The price development of gas and electricity and postponed spending due to the Covid-19 crisis are the main drivers behind this increase in inflation. The favorable economic situation and the increase in energy prices will probably affect inflation in 2021 (and 2022) to a predicted level of well over 2.0.

Source: Statistics Netherlands



Sustainability 5.6

Q3 2019 - Q3 2021



CO2 emissions 0.9

- Since CO2 emissions have been measured year on year, there has never been such a large increase as this year. This growth is due to seasonal effects and it is caused by the fact that the end of the Covid-19 crisis seems to be near and society is going back to the pre-Covid-19 era. Economic growth is accelerating and is still going hand in hand with an increase of CO2 emissions.

Source: Statistics Netherlands

Renewable electricity 6.8

- The use of renewable electricity has increased compared to Q1 2021. Biomass accounted for the largest share of renewable electricity generation, namely 54 percent ; wind turbines accounted for 23 percent and solar power for 14 percent. It is arguable whether the use of biomass is sustainable, but luckily the use of biomass is declining while the use of other renewable energy sources (wind energy in the winter and solar power in the summer) is increasing.

Source: Statistics Netherlands

GRESB 9.0

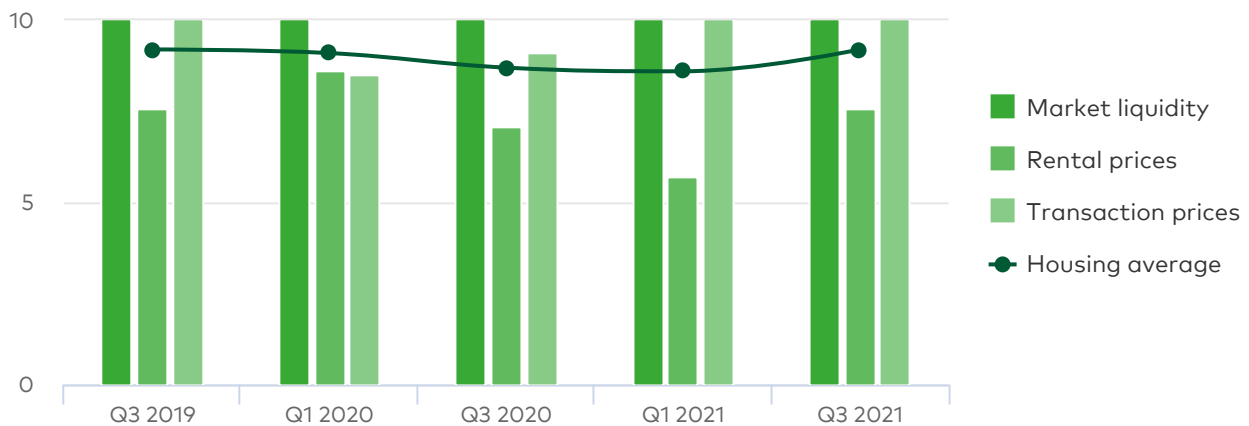
- The Dutch non-listed residential companies scored a total of 90 points on average in 2021. This high score reflects the fact that institutional investors are devoting considerable attention to sustainability issues.
- The Global Real Estate Sustainability Benchmark (GRESB) is a tool used to compare the sustainability scores of real estate investment funds. The benchmark rates environmental management practices and their implementation.

Source: GRESB



Housing 9.2

Q3 2019 - Q3 2021



Market liquidity 10.0

- In the third quarter of 2021 the market liquidity scored 10.0, which means it is still at a historical low.
- The low market liquidity shows the ongoing pressure on the Dutch housing market. There is not much to choose from for homeseekers in the Netherlands and there are no signs of a declining housing market yet.

Source: Calcasa

Rental prices 7.6

- Price levels on the rental market are rising steadily, mainly as a result of the enormous scarcity. However the increase is not as sharp compared to the market of owner occupied homes. This is mainly caused by the higher rental segment. Although the number of expats is increasing again and therefore the vacancy rate in the high-rent segment is decreasing, the demand has not yet returned to the level as it was before the Covid-19 crisis.

Source: Calcasa

Transaction prices 10.0

- Price levels on the owner-occupier market are still rising, mainly as a result of the enormous scarcity and low interest rates. On average, a house in the Netherlands costs € 400,000.
- In August, owner-occupied dwellings (excluding new constructions) were on average 17.8 percent more expensive than in the same month last year, representing the largest increase in nearly two decades.

Source: Statistics Netherlands

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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.

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