

Dutch property market in focus

The year 2020 in facts and figures

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Foreword

You are kindly invited to read our summary of Dutch real estate trends for 2020. This publication is a practical reference for property entrepreneurs seeking to use last year's facts and figures as a compass for an undoubtedly turbulent 2021.

Despite the uncertain outlook due to the coronavirus outbreak, the housing market did pick up quite rapidly after minor hesitation earlier on. In fact, in terms of transaction levels, 2020 proved even more successful compared to the year before. Price trends too by no means suffered from the COVID-19 pandemic in 2020. But still, this is no reason to celebrate. New price hikes over the last five years emphasise the fact that the housing market in the Netherlands is far from balanced. As for new buildings, 2020 was a good year though. The uncertainty about future developments due to COVID-19 prompted many project developers to bring projects to the market at accelerated speed. The private rental housing market also remained steady last year. Because of limited travels as a result of the corona pandemic, expats clearly required fewer rental homes.

The situation in 2020 can be referred to as inconsistent when it comes to agricultural property in the Netherlands. The number of dairy farm transactions climbed, however, the number of pig farms dropped to only forty. The horticultural sector showed a variable situation as the corona crisis did not affect each company to the same extent. Agricultural land prices climbed 2.7%, confirming once more land remains a scarce item in the Netherlands.

Rural houses were as popular as ever. Working from home because of COVID-19 probably allowed this trend to persist. The market is tighter than it has ever been before, with availability diminishing almost by half.

The commercial property market in the Netherlands showed a rather positive image in 2020. Most segments within this market kept sales numbers quite steady despite the corona crisis. Only the office market clearly experienced poorer demand, which makes perfect sense with most people working from home nowadays.

COVID-19 has undisputedly imposed its mark heavily on society, markets and people. Therefore, the authorities have a key role in getting the housing market back on track. Having a crystal-clear long-term vision on spatial development in the Netherlands and the fiscal-financial structure of the housing market is pivotal. Proper housing is a fundamental right and therefore a social task if anything. The government's challenge thus requires a solid directing role from the national authorities.

Onno Hoes
NVM Chairman

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Introduction

In 2020, the Dutch property market lived an eventful year because of the corona pandemic. The economic consequences of COVID-19 affected the economy directly. A historic economic contraction of nearly 10% presented itself due to lockdown measures in the 2nd quarter of the year. The economy did pick up to some extent later on in 2020, yet never to levels reached in the preceding year. Thanks to government support measures, the economic consequences for businesses and employed persons remained limited so far.

The year 2020 showed us above all that, regardless of the pandemic, the housing market is suffering from a serious lack of (new) property. Due to ultra-low mortgage interest rates as an additional catalyst, tightness on the housing market has reached the lowest levels of this century, with average transaction prices climbing to records of € 365,000. Indeed, an acceptable number of new-build properties were added to the market in 2020, however this by no means made up for existing scarcity, and the outlook for 2021 is not quite favourable too. As a result, more houses were let out with higher prices (over 4%), however welcoming fewer internationals did result in poor demand for (semi-)furnished rental houses.

The office market too was affected in 2020. Sales volumes dropped by about one-quarter, mainly due to poorer demand for larger offices from the business community. Two interesting details surfaced when it comes to the industrial and logistics market. Widespread availability on the one hand, particularly due to a rising

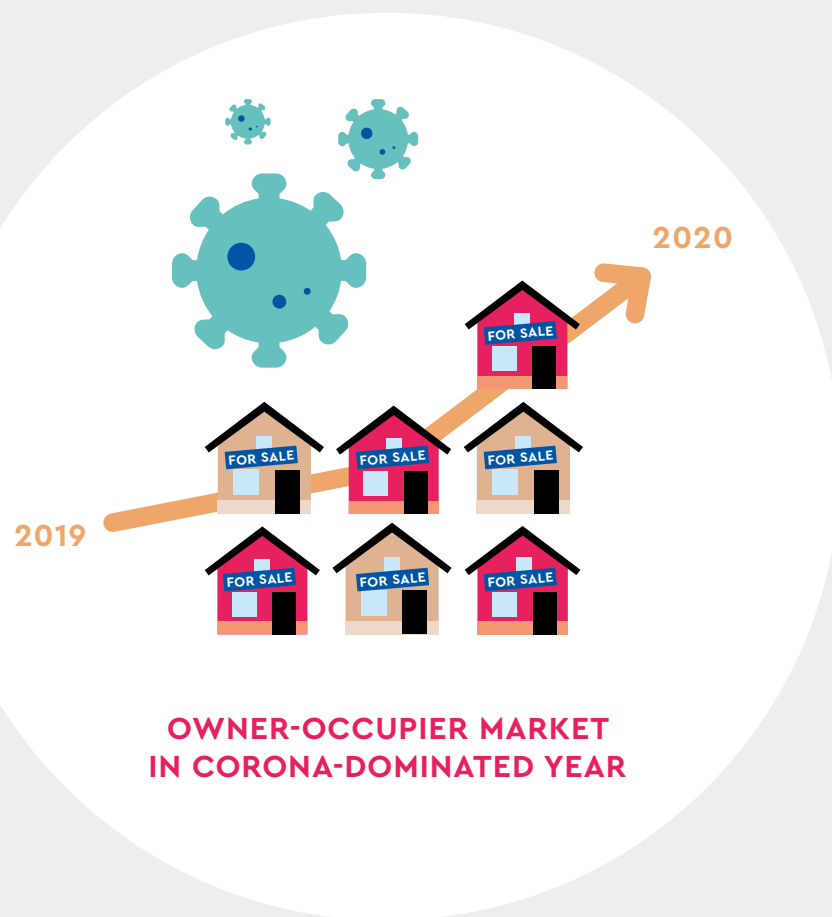
number of distribution centres under speculative construction. And on the other hand, the growing scarcity of smaller industrial space in particular. Surprisingly, the amount of retail space available diminished despite the negative consequences for retail trade due to lockdown measures. Retail space was withdrawn from stock and entrepreneurs were able to survive thanks to support measures.

Developments were diverse on the agricultural property market. Scarcity has made land prices climb to an average of nearly € 64,000 per hectare. More dairy farms were sold, mainly those that come with stables and good-quality land. Pig farms, however, were sold at lower prices because of corona and the swine fever outbreak in Germany. Horticultural farms dedicated to export were less successful because of COVID-19, while those geared towards the home market were better off. The result was fewer horticultural sales transactions and more sales transactions involving greenhouse farms. The rural housing market benefited from increased appreciation of space with climbing prices and scarcity as a result.

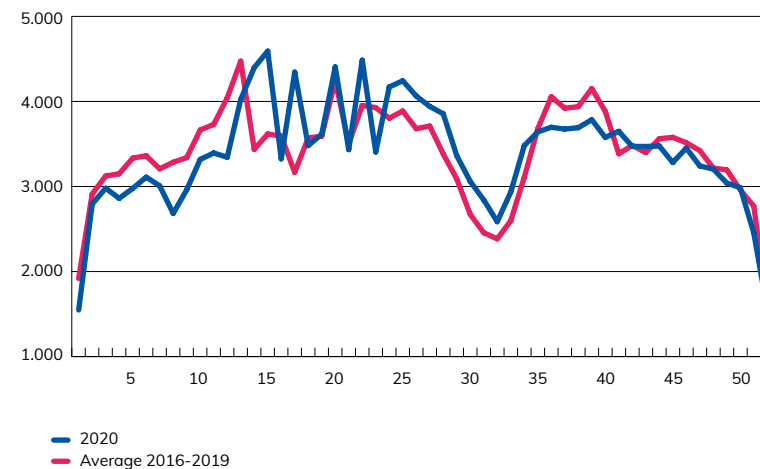
All things considered, 2020 became a lively year indeed as far as the property market is involved, despite corona and its consequences. With the end of this pandemic being in sight thanks to the vaccination program, it remains to be seen how this will interfere with the Dutch property market in and beyond 2021. For the time being, it is mainly the other fundamental factors and previously initiated trends calling the shots on this market.

Housing

New supply levels remain steady despite COVID-19



Registrations on a weekly basis

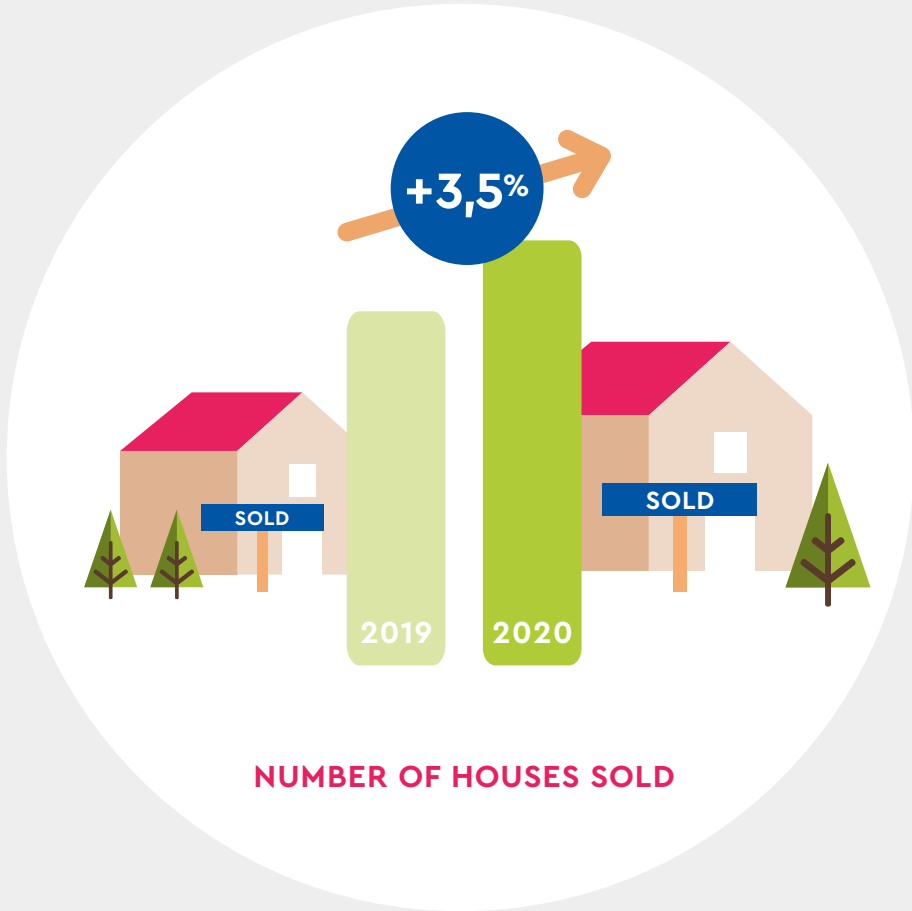


The number of houses offered for sale on a weekly basis fluctuated in the course of the year and much depended on the season involved. Corona hardly interfered with the number of houses offered for sale. In fact, in 2020 even more houses were available than in 2019. Brokers adapted rapidly to the new reality and the housing market just kept going. This made consumers feel sufficiently confident to continue to buy and sell property.

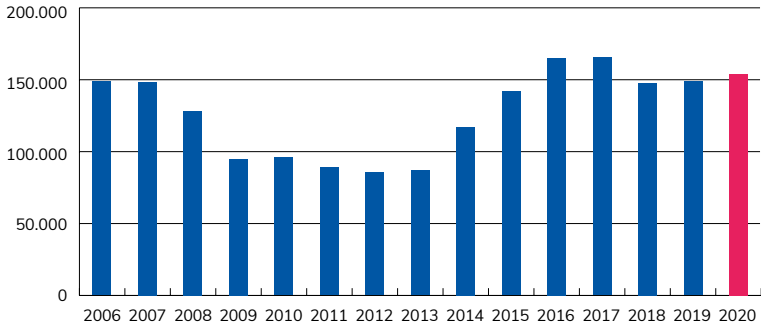
Supply levels are steady, but demand remains very strong



Selling slightly more houses than in 2019

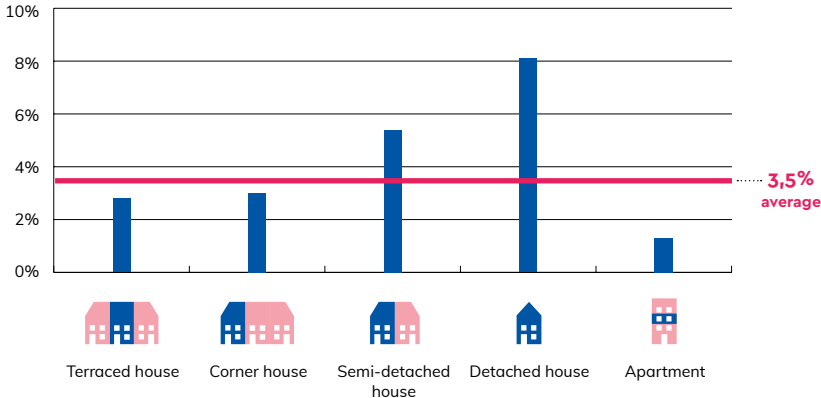


Transactions

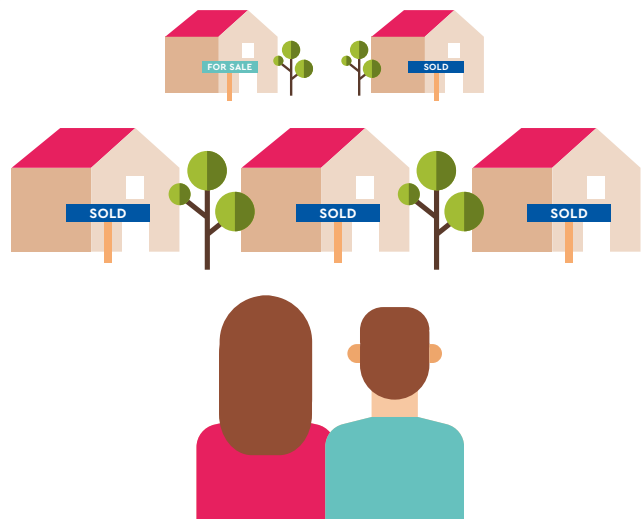


In 2020, NVM brokers sold 154,000 houses, up 3.5% compared to 2019 however still not as many as in the peak years 2016 and 2017. Demand for owner-occupied property is overwhelming, and therefore the number of sales transactions is mainly determined by how many houses are actually being offered. With the number of houses registered remaining steady despite corona, this many houses could still be sold. Detached homes in particular were very popular last year, selling 8% more compared to 2019.

Percentage of more houses sold compared to 2019 per type of property

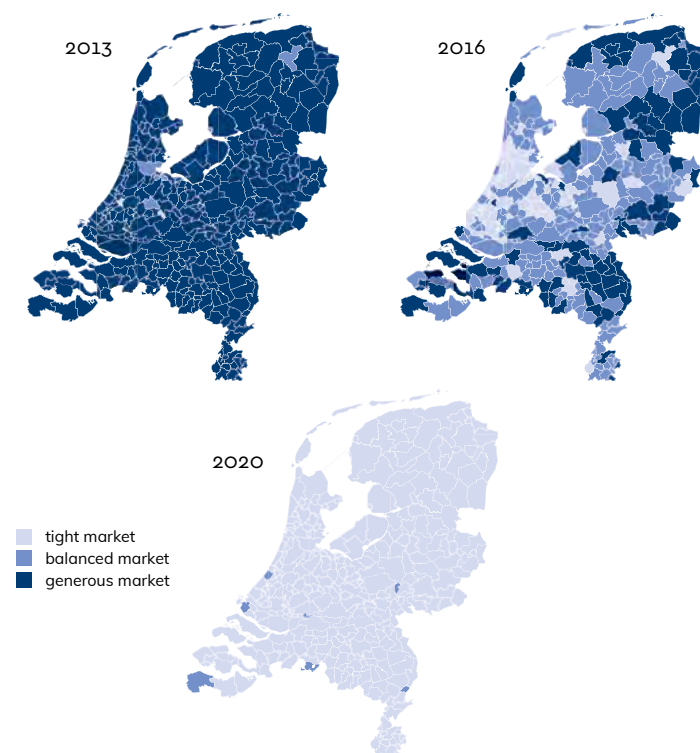


Tightest housing market so far this century



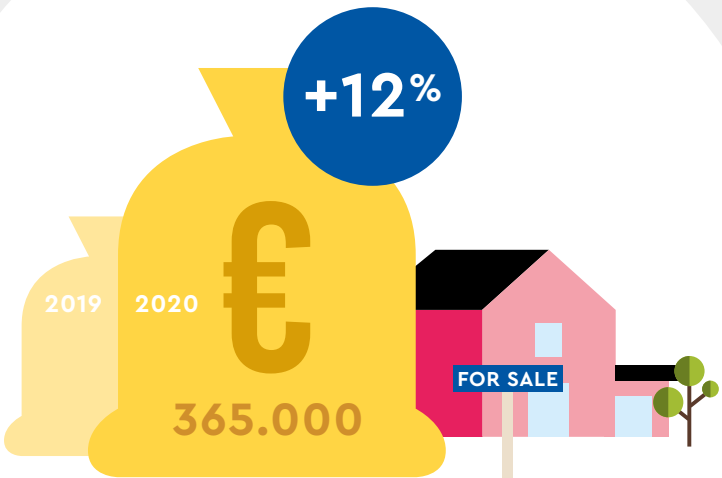
**LIMITED CHOICE OF
AVAILABLE PROPERTY**

Housing market tightness indicator 2013, 2016 and 2020



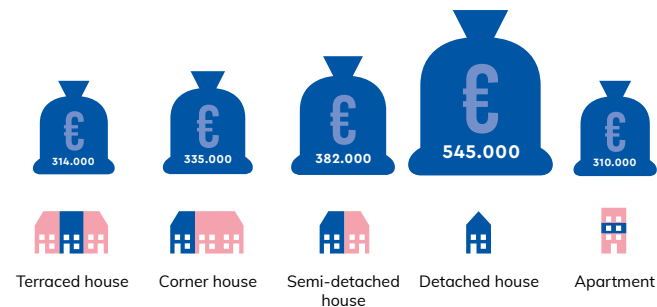
Over the last two decades, the housing market has never been as tight as last year. The tightness indicator reached 2.3, which means each buyer can choose from an average of 2 to 3 houses. It is an unprecedentedly limited choice. The reason is that demand has been consistently exceeding availability. The result is fierce competition on the housing market, displacement of vulnerable groups and massive price hikes. The market has not always been this tight. In 2016, many regions, particularly those outside the Randstad region (urban agglomeration of western Netherlands), still had plenty of choice, and in 2013 the housing market in fact was a (very) broad market pretty much across the country.

Strongest price hikes in 20 years



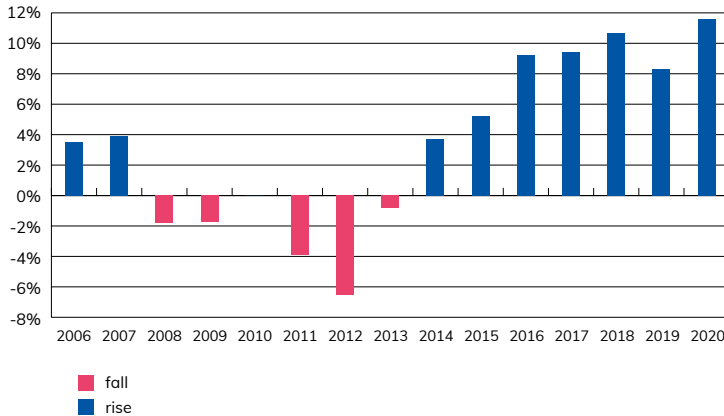
AVERAGE PRICE PAID FOR PROPERTY

On average, how much did a house cost in late 2020?



House prices skyrocketed unprecedentedly in 2020. The average price paid for a house was beyond € 365,000, up nearly 12% compared to 2019. Prices have never climbed this much in the past two decades. Detached house prices increased most substantially by more than 14%, while price hikes remained limited and below 10% as far as apartments are involved. Strong demand for houses, combined with limited availability, leads to major price increase. Nevertheless, they remained affordable due to ultra-low interest rates, which means housing costs are still acceptable as a result.

Price trends

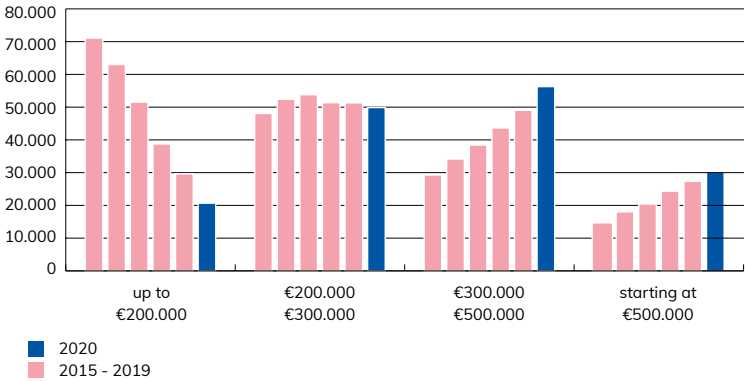


What will € 200,000 buy you?



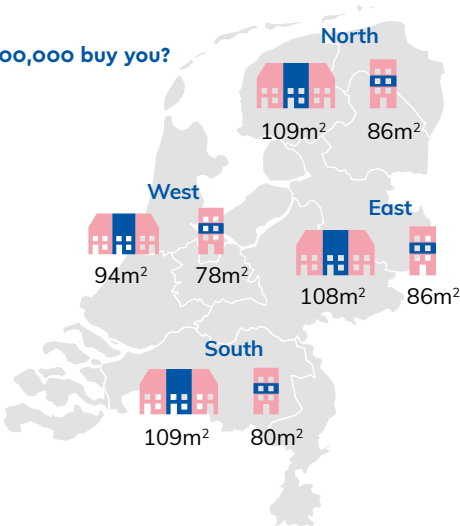
SHARE OF HOUSES COSTING LESS THAN € 200,000

New supply by price category



Persistently climbing house prices are pushing down the number of affordable options. In 2020, only 13% of the number of houses for sale were offered at € 200,000 or even less. This amount of money will buy consumers in Western Netherlands a 94 m² terraced house or an apartment covering nearly 80 m². In other parts of the Netherlands, buyers will have more options, like a terraced house of about 110 m² at nearly € 200,000.

What will € 200,000 buy you?

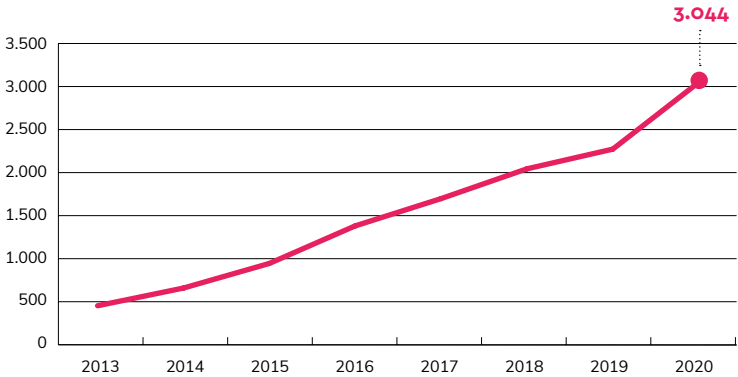


Selling one-third more houses beyond € 1 million



NUMBER OF HOUSES SOLD BEYOND € 1 MILLION

Number of houses sold at more than € 1 million



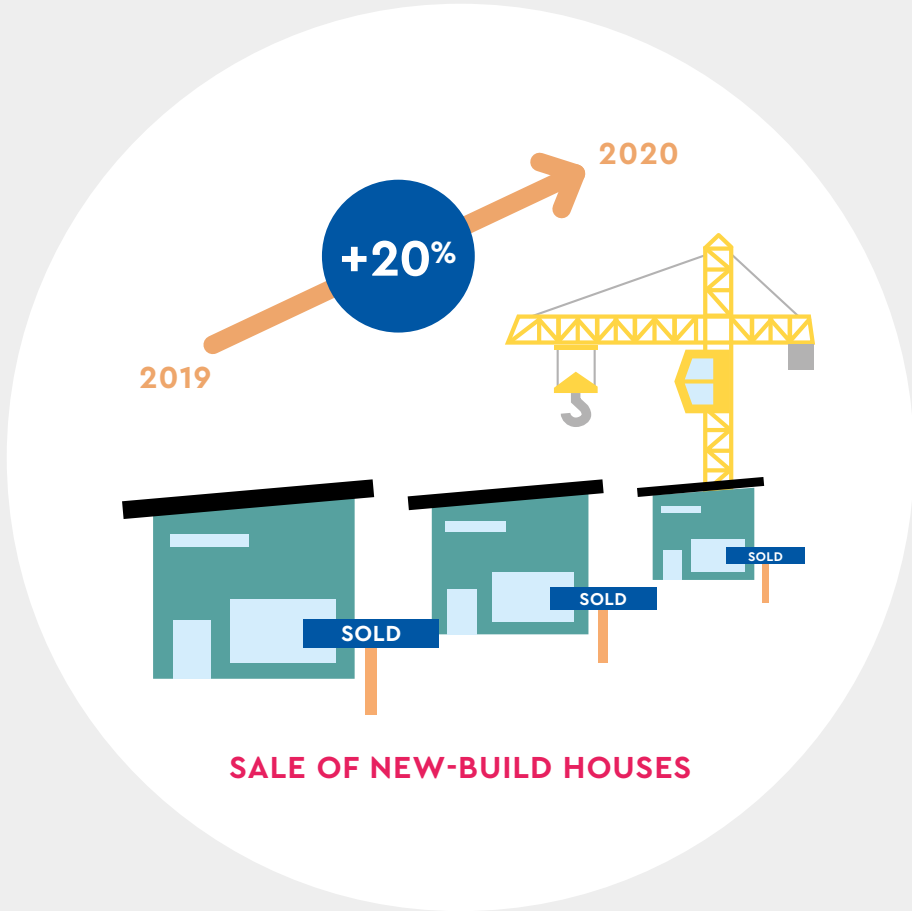
Due to serious price hikes in previous years, today the > € 1 million prices category includes more and more houses, while at the same time this kind of property is becoming accessible to more and more people because of excess value and low mortgage interest rates.

Most houses sold beyond € 1 million exist in Amsterdam, Rotterdam, The Hague, Bloemendaal and Wassenaar. Compared to the year 2019, Haarlem has dropped out from the Top-5 municipalities, while Rotterdam has climbed from position 6 to 3 (due to major price hikes).

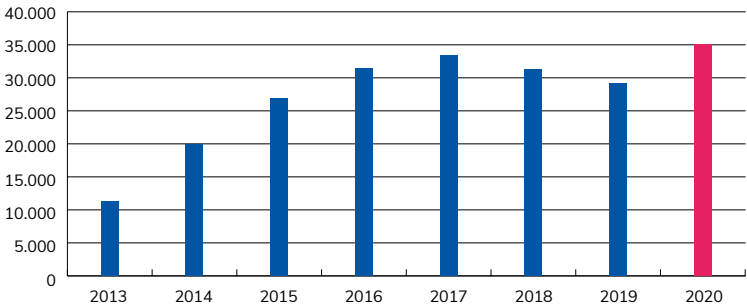
Top-5 municipalities selling the most houses beyond € 1 million

Municipality	2020	2019
1. Amsterdam	626	582
2. The Hague	141	132
3. Rotterdam	92	70
4. Bloemendaal	90	85
5. Wassenaar	86	74

2020 was a fine year for new-build property



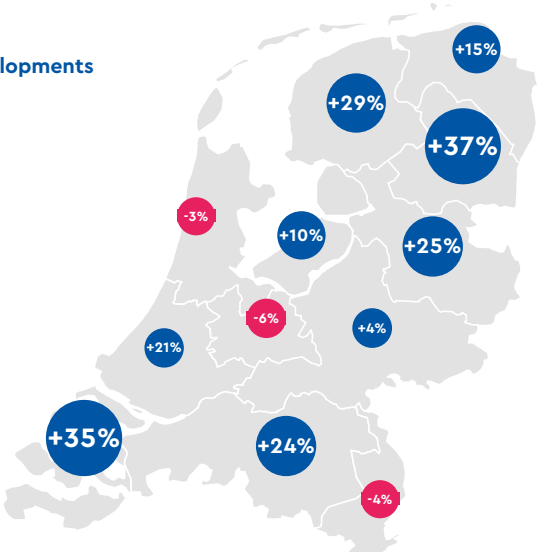
New-build houses sold by NVM real estate agents – The Netherlands



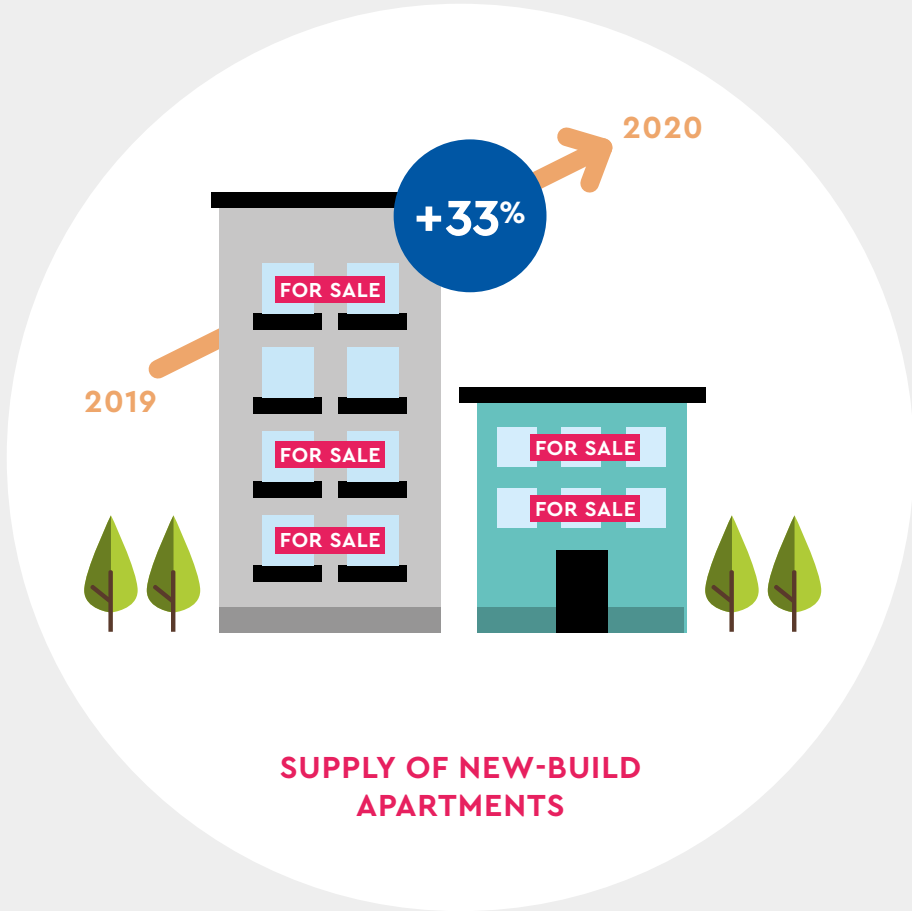
More than 35,000 new-build houses and construction sites were sold by NVM real estate agents in 2020, which is a lot more than the average in the period of 2016-2019. Many more houses are available for sale. In response to the corona crisis, project developers have marketed at accelerated speed many projects initiated before COVID-19 presented itself. In the summer of 2020, one-quarter more new-build houses were available for sale than in 2016-2019.

But still, NVM's new-build specialists are gloomy about prospects. Corona has forced many people to work from home, which is affecting production at bigger new-build locations.

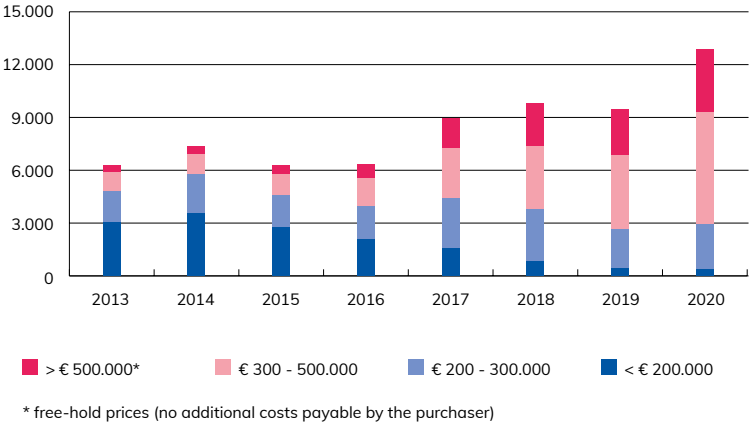
New-build developments by province



Much more emphasis on developing apartments



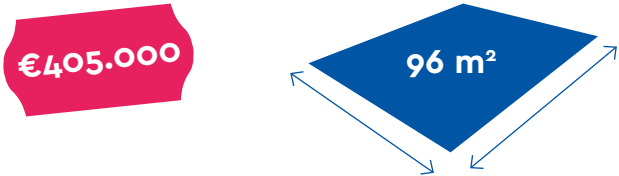
New supply of new-build apartments by price category



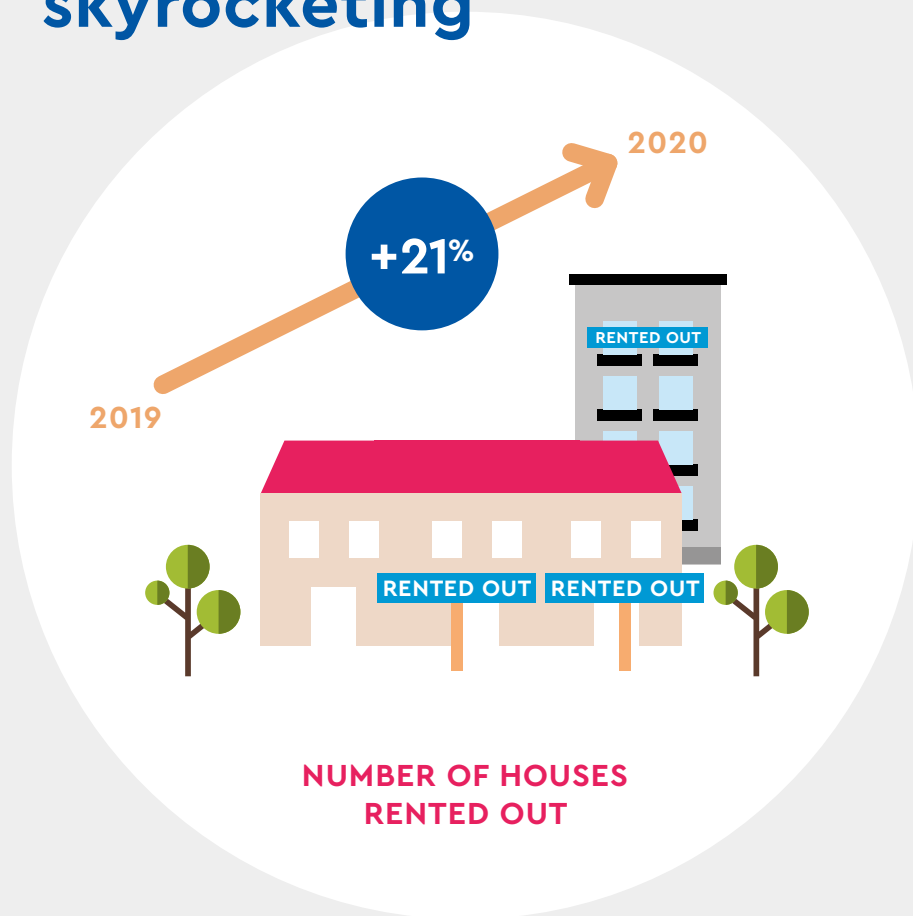
In 2020, the number of new-build apartments rose by one-third compared to preceding years. One of the possible explanations is the nitrogen crisis in 2019, slowing down developments in the proximity of Natura-2000 areas, while inner-city redevelopments were hardly affected. Inner-city redevelopment involves apartments in most cases.

A new-build apartment was offered for sale at an average price of more than € 400,000 in 2020. Three-quarters of the apartments were sold at € 300,000 or more.

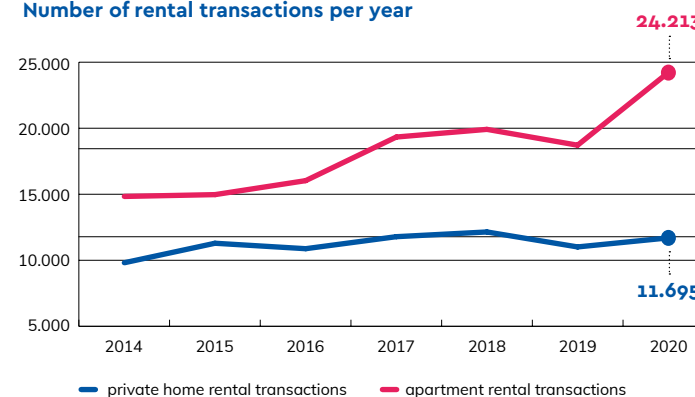
Average asking price and surface area of a new-build apartment in 2020



Many more rental transactions, prices are skyrocketing



Number of rental transactions per year

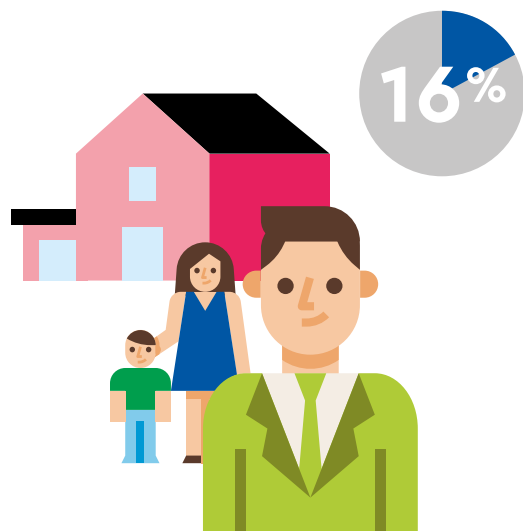


Many houses were rented out in 2020, in fact 21% more compared to 2019. Apartments in particular were very popular, involving nearly 30% more rental transactions. Stronger demand once again made rents climb significantly. The average rent per square metre of a single-family home climbed 4% on an annual basis; 5.6% for apartments. The most expensive city to rent a house is still the city of Amsterdam, charging over € 20 per square metre. The Dutch capital is followed by the cities of Amstelveen and Haarlem. Almere is the least expensive city of all big cities in the Netherlands, charging € 11 per square metre at the most.

Transaction price per square metre

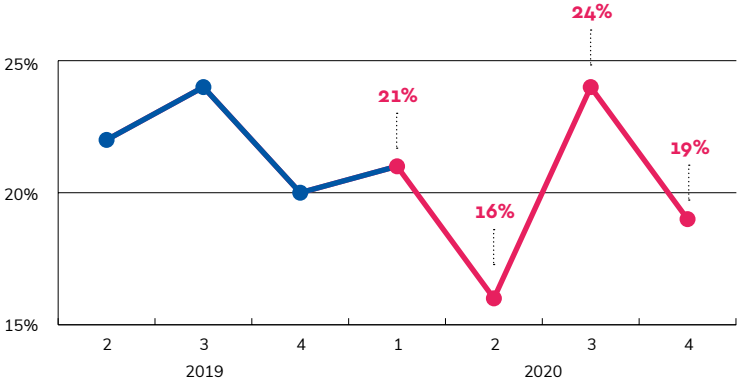


Expats' share on the rental market diminishes due to COVID-19



EXPATS' SHARE ON THE RENTAL MARKET

Expats' share on the private rental home market



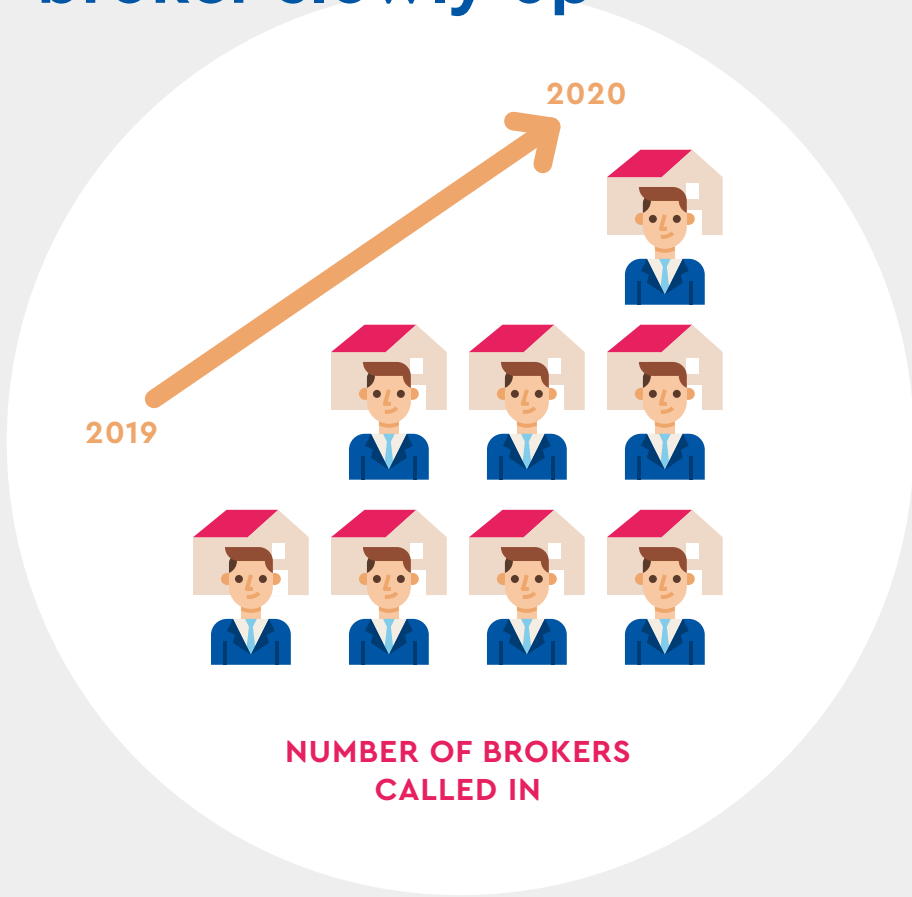
Expats represent a significant target group on the private rental housing market. About 1 out of 5 rental homes is let out to an expat. This number has gone down because of the coronavirus. During the 2nd quarter of the year 2020, only 16% of rental homes were let out to the expat community.

Most expats live in the big cities. Here, numbers have dropped beyond average. Expats have taken off and fewer international students are coming in. Lower rents clearly illustrate the consequences.

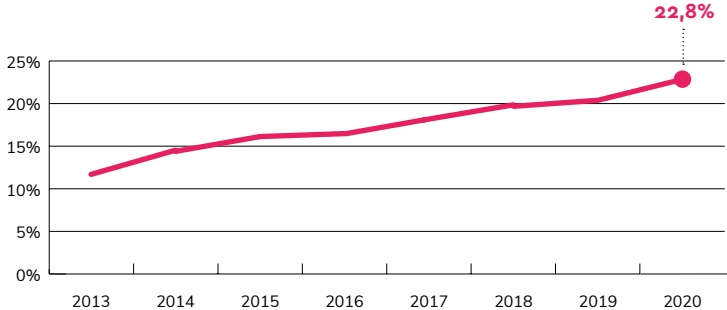
Top-10 Municipalities with the highest percentage of expats in 2020

Gemeente	2019	2020
1. Delft	78%	70%
2. The Hague	69%	64%
3. Wassenaar	76%	64%
4. Amsterdam	61%	60%
5. Amstelveen	67%	55%
6. Leidschendam-Voorburg	41%	35%
7. Zaanstad	32%	31%
8. Utrecht	23%	28%
9. Rotterdam	34%	20%
10. Haarlem	28%	17%

Number of buyers engaging a purchase broker slowly up



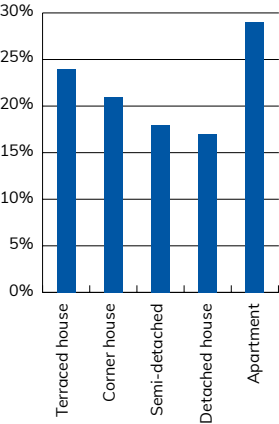
Registered purchase: percentage, total in the Netherlands



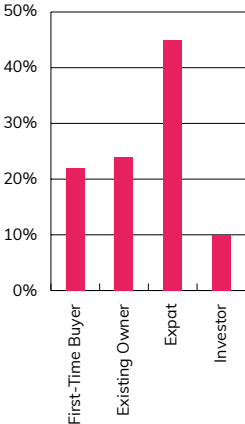
More and more consumers decide to call in a real estate agent to buy a house. This is already customary when selling property, but now real estate agents are also engaged more often to actually buy property. Today a purchase broker is called in in 1 out of 4 cases.

Percentages are higher when purchasing an apartment compared to other types of property. First-time buyers and existing homeowners call in a purchase broker almost as often, but there is one group doing so in half of the cases: the expat.

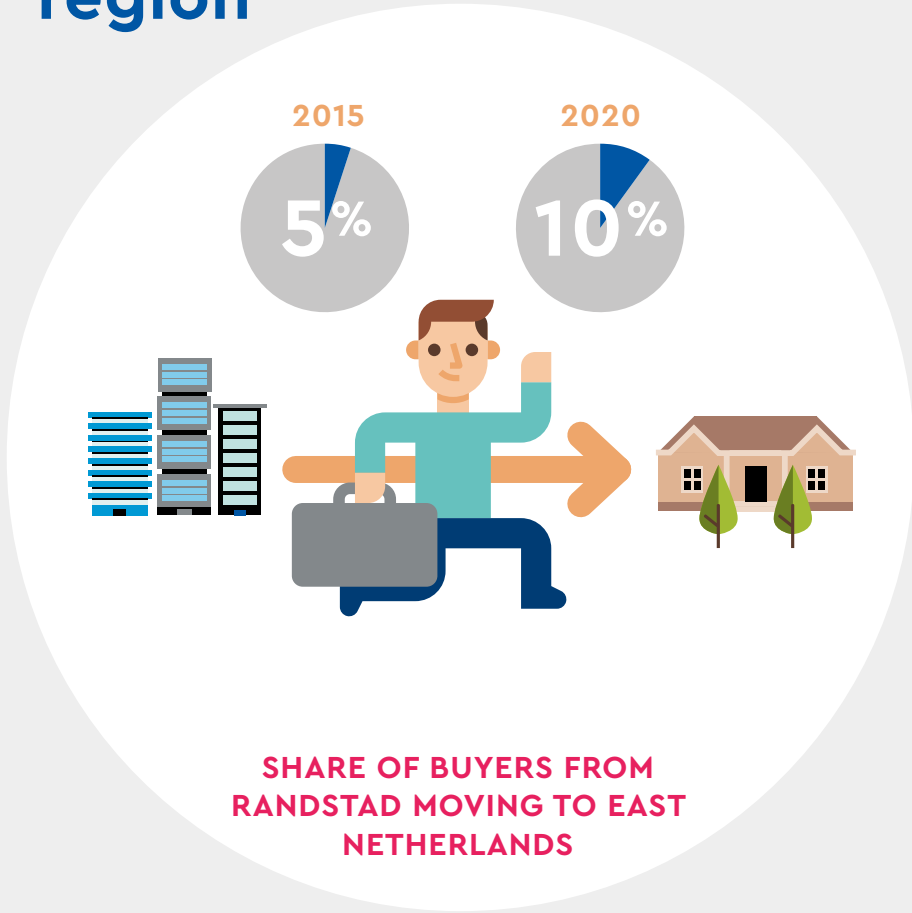
Registered purchase: percentage, type of property



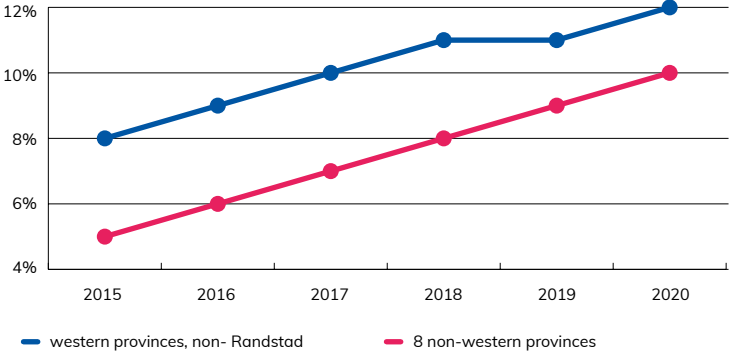
Registered purchase: percentage of expats and investors



More and more people are leaving the Randstad region

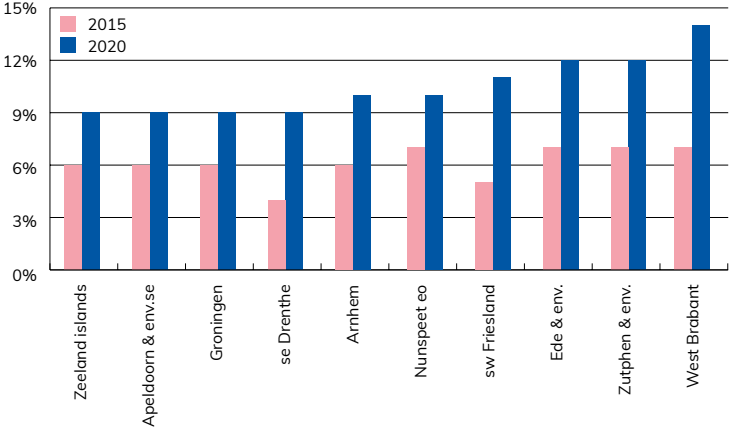


Buyers from Randstad moving to western and non-western provinces



More people are moving out of the Randstad region. In 2020, nearly 10% of buyers from the Randstad region purchased a house in the eight non-western provinces, versus 5% in 2015. In some regions like south-west Friesland and south-east Drenthe, the number of buyers from the Randstad region more than doubled in five years. Reasons include the availability of houses, changing preferences and financial possibilities. The coronavirus and having to work from home more often because of it, might intensify this trend in the future.

Percentage of buyers from Randstad by region



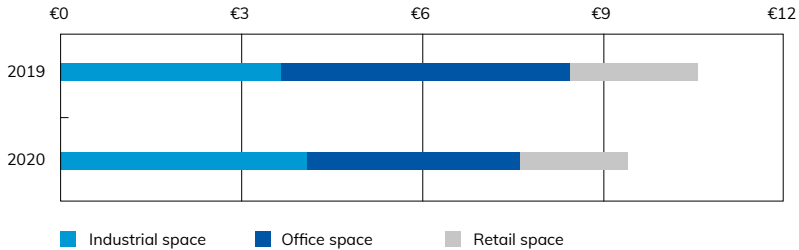


Business

Investors are less interested in office space



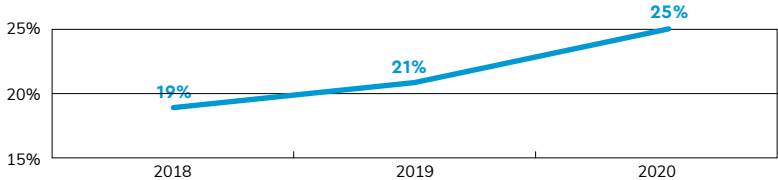
Investment volumes in billion € by type of property



The corona crisis played a significant role on the commercial property market. At year-end, impact proved below expectations, nonetheless. Indeed, many property transactions were cancelled or postponed at the start of the year, and yet investments picked up pace after all. In total, last year investors spent approximately € 9.5 billion on offices, industrial & logistic space and stores. One of the differences with previous years is that office space proved no longer the most wanted property. In 2020, investors became more interested in industrial buildings and logistics property in particular.

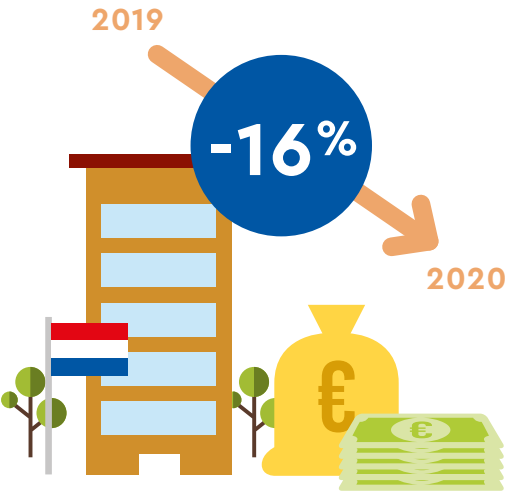
Interestingly though, private investors are still coming onboard the investment market. In 2018, private investors represented 19% of commercial property investments; versus one-quarter of the total investment market last year.

Share of private investors in %



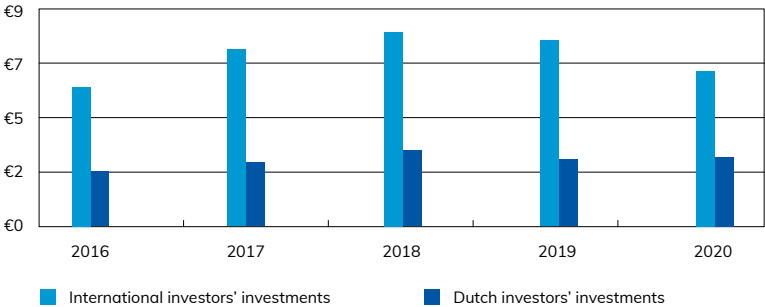
Source: Bak

International investors reluctant to venture the Dutch commercial property market



INTERNATIONAL INTEREST IN
DUTCH COMMERCIAL
PROPERTY

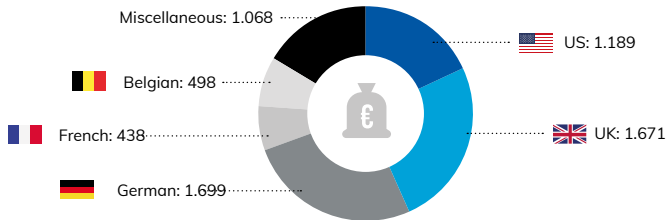
International versus Dutch investments in billion €



International investors were less interested in Dutch commercial property, spending over € 6.6 billion in total on Dutch offices, stores and logistics property in 2020; down 16% compared to the year before. In 2019, international investors represented nearly three-quarters of investments, versus 69% in 2020. The amount of space claimed by international investors also dropped from approximately 5.2 million m² in 2019 to about 4.4 million m² in 2020.

National investors, though, were quite confident and they were clearly more interested in commercial property. In 2020, Dutch investors spent nearly € 3 billion on Dutch commercial property, up 3%.

International investment volumes in million €



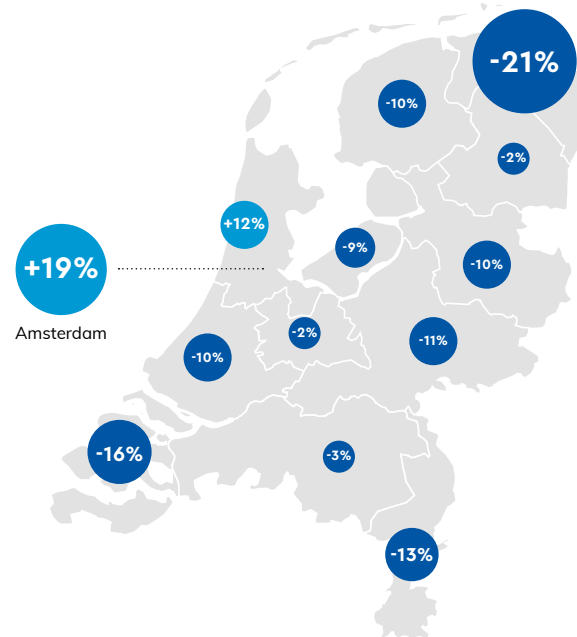
Source: Bak

Much speculative office construction despite economic contraction



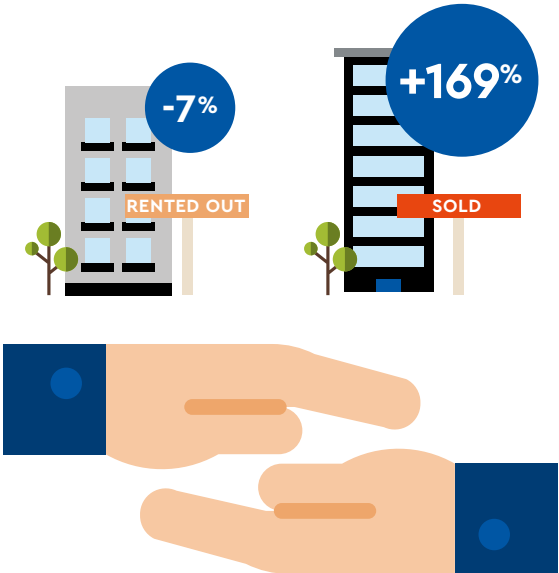
OFFICE SPACE AVAILABLE IN M²

Trends in available office space (m²) 2019 - 2020 in %



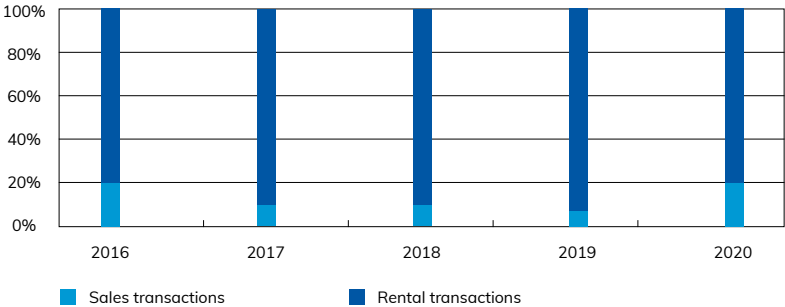
The corona crisis and the measures that followed from it had serious impact on the office market in 2020. As a result, the amount of property readily available dropped by no more than 4%. Most provinces, with the exception of the province Noord-Holland, faced a substantial increase in the amount of office space offered. It is mainly because many developers and investors ventured speculative construction despite everything. It means offices were built and offered on the market without being truly necessary on short notice. In Amsterdam, the amount of office space available rose by as many as 100,000 m², with speculative construction representing approximately 60,000 m². Bearing in mind the exceptional situation on the market in 2020 this has been an eye-catching development indeed, although the majority of projects were probably initiated before the coronavirus outbreak.

Ownership prevails on the office market, number of rental transactions down



SHARE OF OFFICE RENTAL
AND SALES TRANSACTIONS

Share of office space rental and sales transactions in %

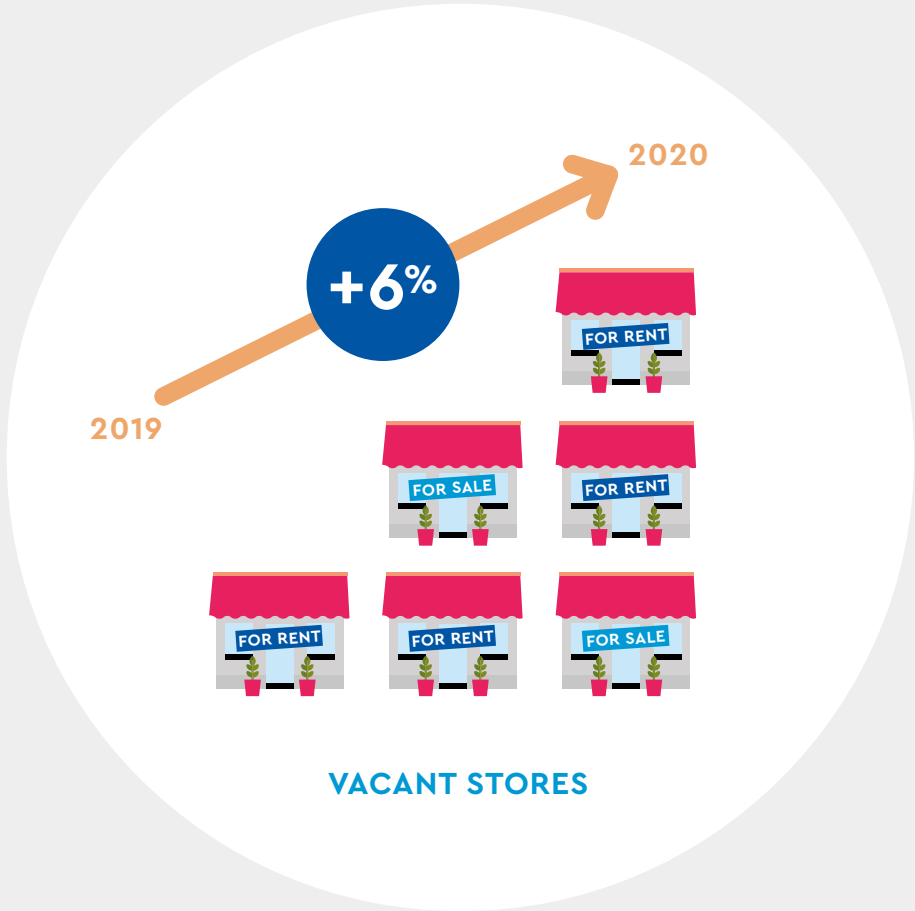


The occupational office market is generally speaking a rental market in the first place. The rental market, however, suffered the most from the corona crisis and the measures that followed from it, the demand for large space in particular. The number of transactions involving smaller offices (< 500 m²) in fact has grown. The buyer’s market (office owners/users) - disregarding owner-occupier development – clearly suffered less substantially from economic circumstances. In absolute as well as relative sense, the number of sales transactions increased strongly in the previous year; about 20% of all office transactions involved the buyers’ market. The total amount of office space involved thus reached 230,000 m². In 2019, the ratio of sales transactions amounted to no more than 8% on the office market.

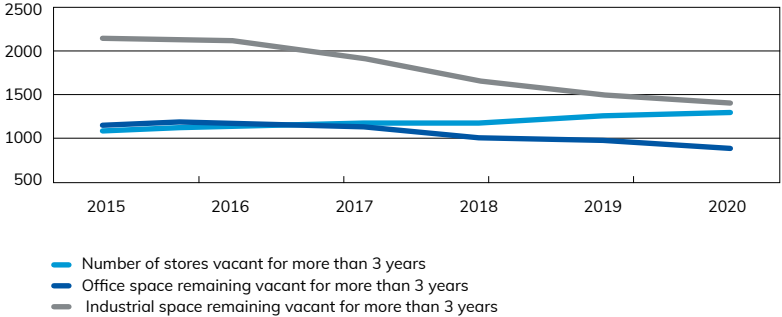
Top-3 municipalities of office space sold the most

Gemeente	2020
1. Amsterdam	21.200 m²
2. Delft	16.300 m²
3. Breda	10.000 m²

More stores remaining vacant for a long time

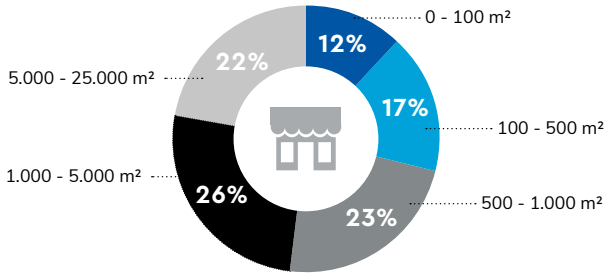


Retail, office and industrial space remaining vacant for a long time (> 3 years)

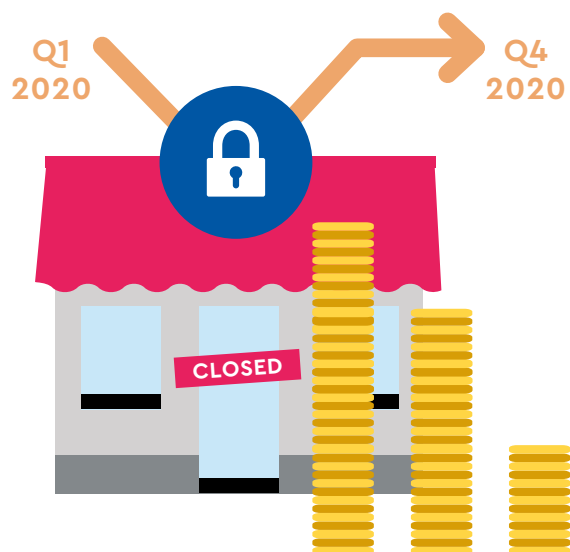


Parts of the Dutch retail trade were seriously hit by the corona crisis in 2020. Clothing stores in particular reported a downturn in sales. Supermarkets and DIY stores, on the other hand, achieved the biggest sales growth in years. Nevertheless, the retail market was not severely damaged, to an extent due to government support measures. But still, the number of stores remaining vacant for a long time continues to grow for years. Last year too, the number of retail premises climbed and also the amount of retail space remaining vacant for a long time increased by 6%. The opposite trend is visible on the office and industrial property market, whereas the decline in the number of premises remaining vacant for years already began in 2017 and 2016 respectively.

Stores remaining vacant for a long time, by size category

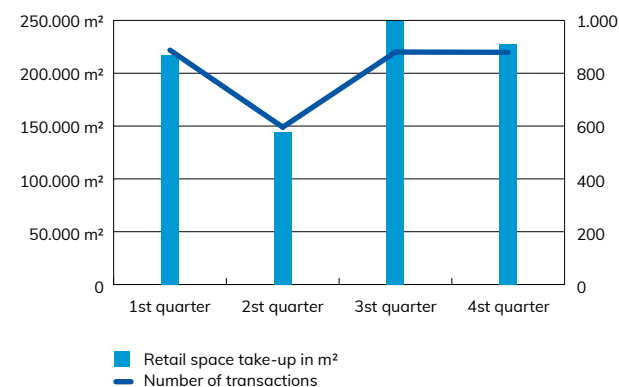


Retail property market recovers after slump during initial lockdown measures



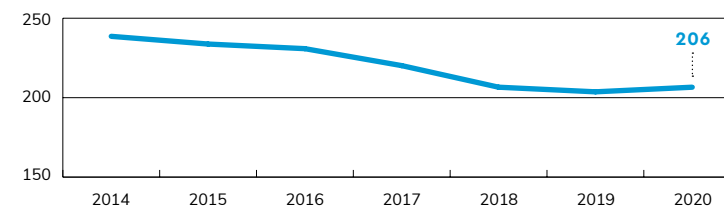
RETAIL TURNOVER DURING INITIAL LOCKDOWN MEASURES

Take-up in m² and number of retail space transactions per quarter in 2020

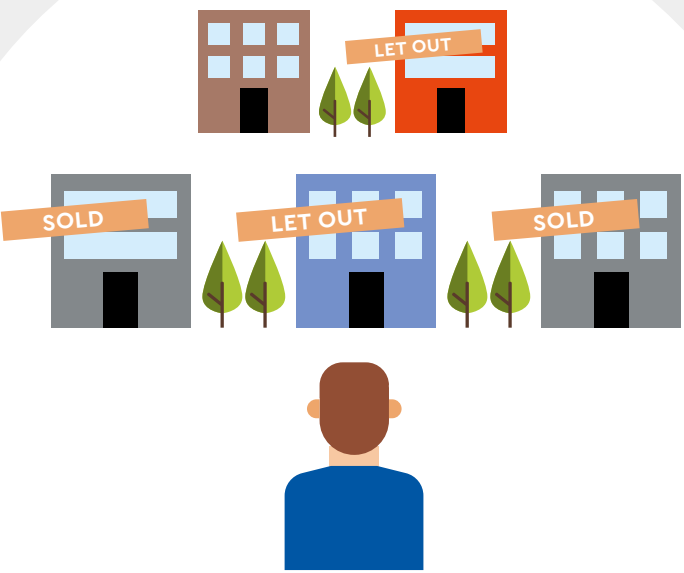


The Netherlands went into partial lockdown halfway through March. The lockdown measures, but above all people's changing behaviour for fear of contamination and diminishing business confidence, had strong impact on transactions in 2020. In total, one-third less retail space was let out and sold in the 2nd quarter. The summer offered more freedom of movement, allowing total retail trade turnover to grow substantially in the 3rd quarter of 2020. Also, significantly more transactions were signed in this time of year. Halfway through December the Dutch government tightened lockdown measures, choosing to close temporarily all non-essential stores. The impact of these measures on the property market will surface in the course of 2021.

Duration of transactions in days (median)

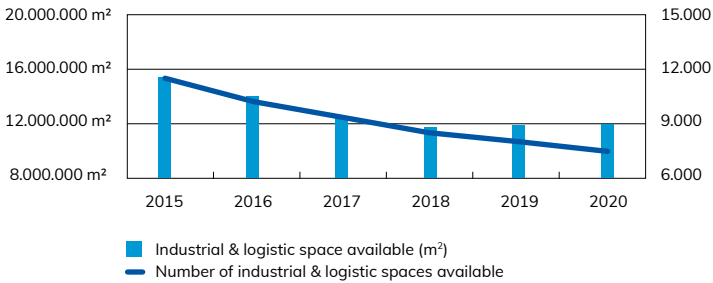


Increasing scarcity of small industrial space



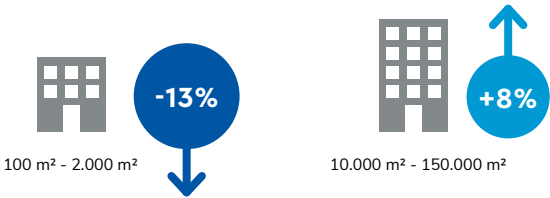
AMOUNT OF SMALL INDUSTRIAL SPACE AVAILABLE

Industrial space available in m² and the number of industrial premises available



Despite the corona crisis, the industrial & logistic property market was able to manage in 2020. The bad news is that the amount of space available continued to grow. But as the surface area climbed (2%), the number of industrial & logistic premises available dropped 10%. Climbing supply levels to an extent followed from a substantial increase in the number of distribution centres still to be let. Also, generally speaking small premises (roughly 100 – 2,000 m²) welcomed new lessees or buyers more often compared to alternatives covering more than 10,000 m². The (lurking) scarcity of small industrial spaces has already been visible for quite some time in the Randstad region and particularly around The Hague. In 2020, this trend was intensified by exceptional circumstances. The amount of industrial & logistic space available dropped most significantly in the northern provinces.

Development of available industrial & logistic space size category compared to 2019

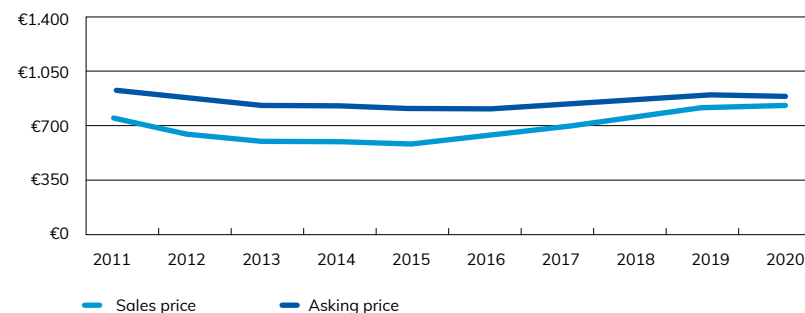


Smallest difference ever between asking price and price paid for industrial space



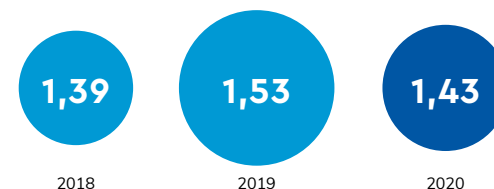
ASKING PRICE VERSUS PRICE PAID FOR INDUSTRIAL SPACE

Sales price versus asking price in € per m²



Industrial & logistic space take-up remained at decent levels in 2020, to some extent because of online spending which skyrocketed due to the corona crisis and the measures involved. It made demand for distribution centres, storage space and small-scale logistics property in Dutch cities grow. Also, the industrial & logistic property market was very tight indeed in 2020, which means there were relatively few industrial premises available for prospective buyers to choose from. Healthy demand and a tight market led to a further reconciliation between industrial & logistic space sales prices and asking prices.

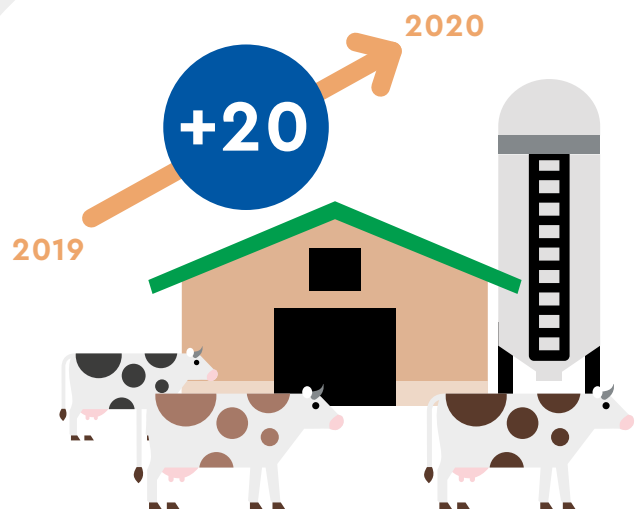
Business tightness indicator



Market tightness is presented using the 'business tightness indicator'. This indicator represents the ratio between industrial & logistic space available and industrial & logistic space sold. The smaller the number, the tighter the market and so the less choice seekers have eventually. The industrial property market was very generous in 2012 with proportionally speaking many options buyers could choose from. The market was the tightest in 2018.

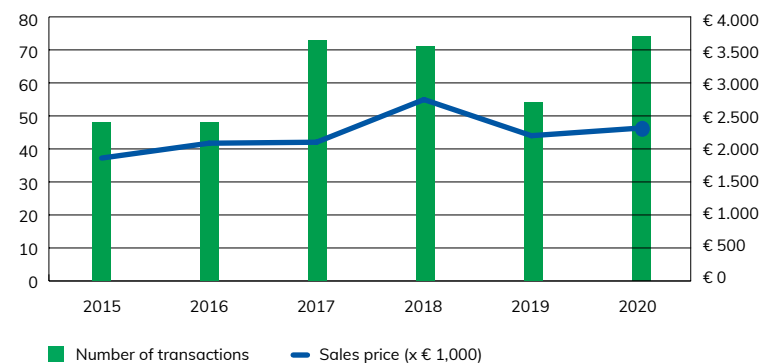
Agricultural & Rural

Dairy farm transactions up in difficult corona-dominated year



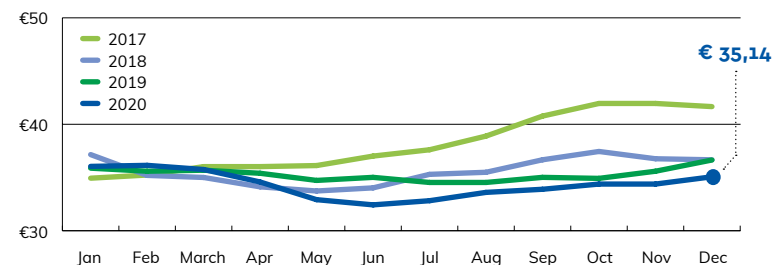
NUMBER OF DAIRY FARMS SOLD

Number of transactions and dairy farm prices (in x € 1,000)



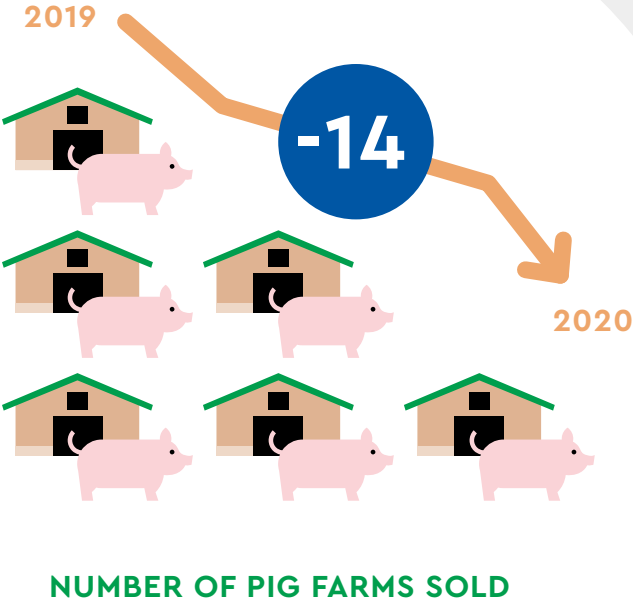
The dairy sector struggled in 2020. After the coronavirus outbreak, milk prices dropped to the lowest levels in the past four years. Later on in the same year, milk prices recovered to some extent, however never to levels reported in 2019 and also in 2018. In addition, feed costs continued to climb due to dry summers in previous years. In 2020, more dairy farms were sold compared to 2019. Sales prices too climbed to some extent, also due to climbing land prices, compared a year ago. Buyers, however, became increasingly critical indeed. Businesses having proper permits with regard to the nitrogen crisis and stables as well as good-quality land, are able to sell more successfully.

Milk prices in the last 4 years (in €)

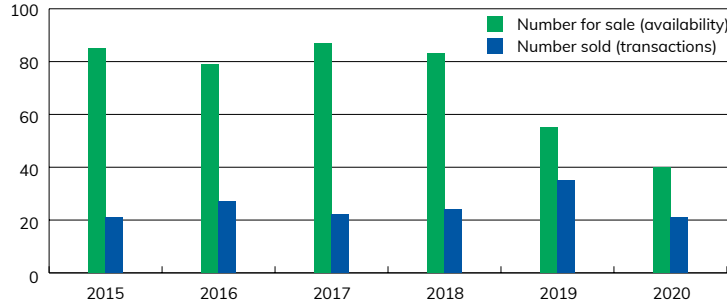


Source: Agrimatie

Dramatic year for pig farms

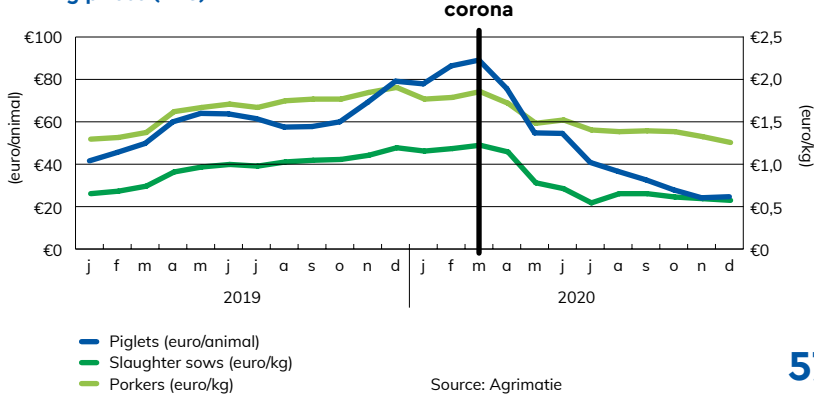


Number of transactions versus pig farms available

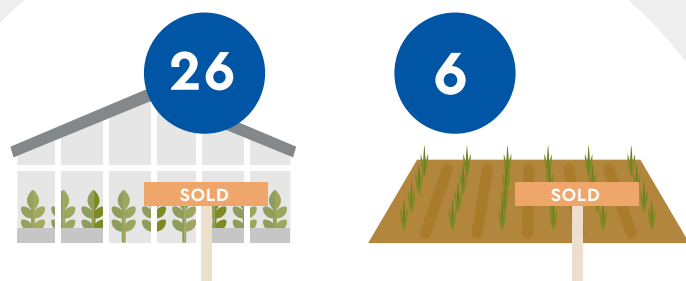


After an outstanding 2019, 2020 too kicked off positively as far as pig farms are involved. Pig prices were very high, however they plummeted eventually due to the corona crisis and the pig fever outbreak in Germany. As a result, pig farms' income was seriously under pressure in 2020. The pig farm market reported hardly any transactions or registrations in 2020, the more so compared to the year before. Also, availability diminished from 55 to 40 farms. The main reason has been the scheme known in Dutch as the SRV-regeling (the reorganisation of pig farms subsidy scheme). Farms joining this scheme are not sold by a broker. The SRV scheme might continue to push down the number of transactions in the years to come.

Pig prices (in €)

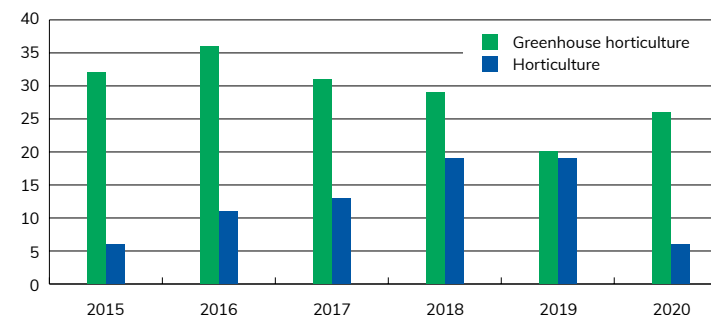


Corona's impact depends on the type of horticultural farm involved



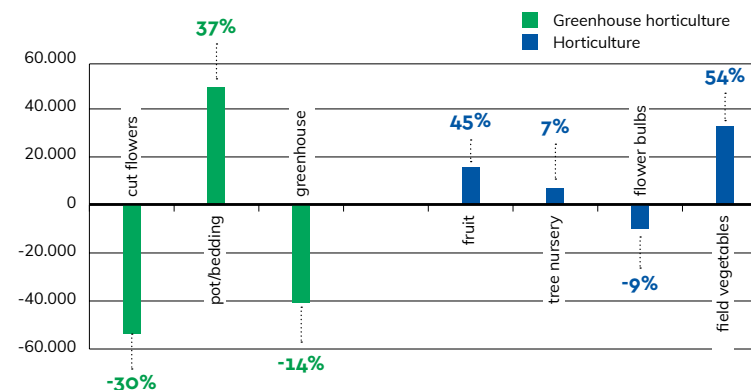
NUMBER OF GREENHOUSE AND HORTICULTURAL FARMS

Number of greenhouse farms versus horticultural farms



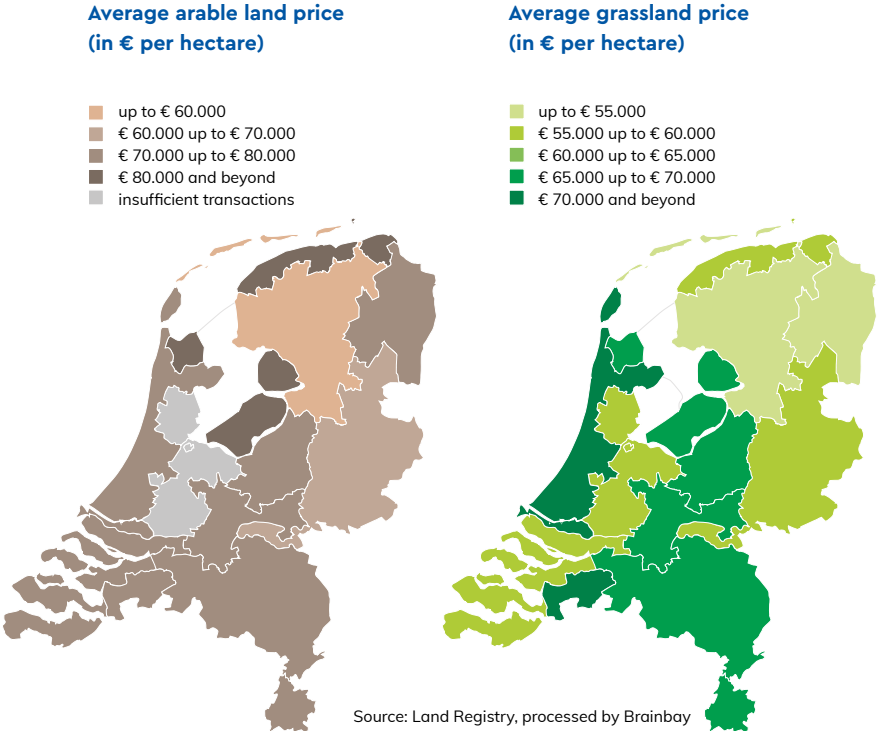
The corona crisis is not affecting each type of horticultural farm equally. Farms dedicated to export or selling products to the hospitality industry, lost turnover during the lockdown periods (e.g. flower industry). Farms serving the internal market, on the other hand, were better off. Pot and bedding plant companies benefited from people working from home (or their gardens) en masse; fruit and vegetable companies tailored to a healthier diet during lockdown measures. This year real estate agents were able to sell fewer horticultural farms because there wasn't a good reason to sell given the relatively good year. The number of greenhouse farms, however, climbed compared to 2019.

Income differences compared to 2019 per type of farm



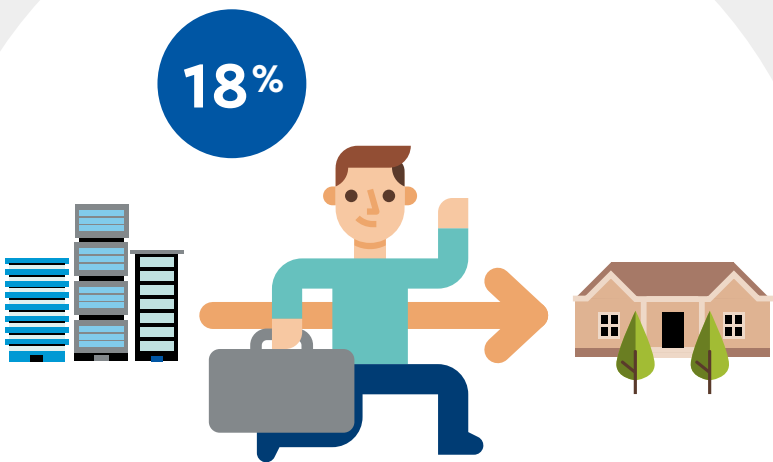
Source: Bedrijveninformatienet; processed by Wageningen Economic Research

Agricultural land prices in 2020



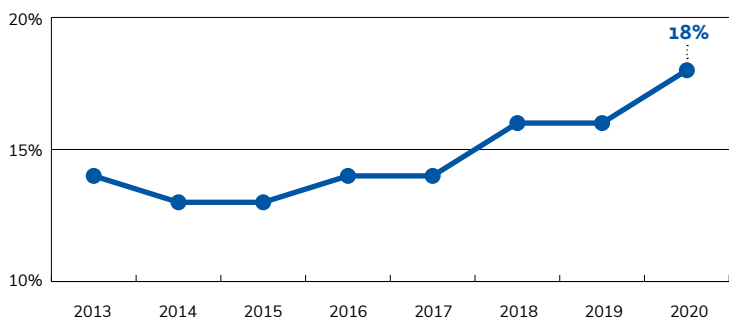
Agricultural land prices climbed 2.7%, up to € 63,600 per hectare this year. Land remains a scarce item in the Netherlands and high demand on the market is pushing up prices despite economic setbacks. Land prices dropped in the first half of 2020. However, because they climbed significantly in the fourth quarter of the same year, the average annual price in 2020 exceeded that of last year, nevertheless. The average arable land price rose slightly by 0.8% up to € 71,200 per hectare. Grassland prices climbed more significantly by 3.4%. The average cost of one hectare of grassland was € 58,400 in 2020. Land prices and price trends depend on the agricultural area involved. What's more, land prices in the proximity of Natura-2000 areas are under increasing pressure because of the nitrogen crisis.

Migration from the Randstad region to rural houses continues



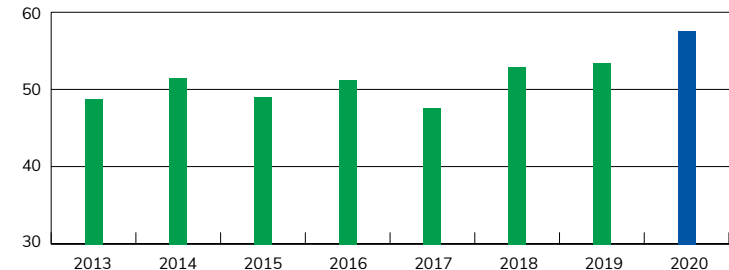
SHARE OF BUYERS OF RURAL HOUSES FROM RANDSTAD

Share of buyers of rural houses from the Randstad region (in %)

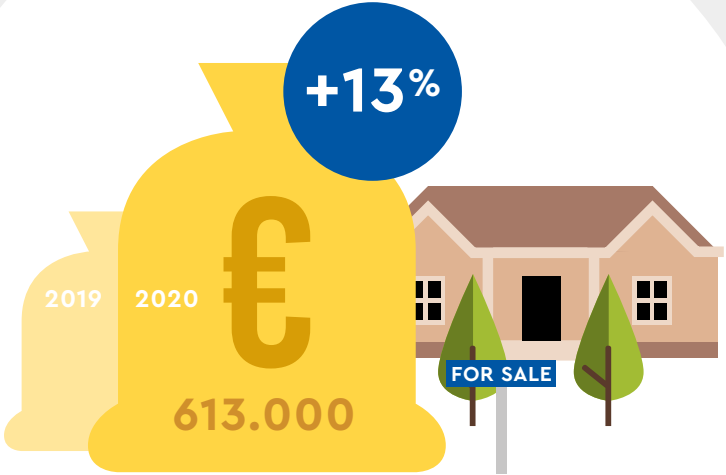


Page 32 already revealed more and more people are leaving the Randstad region. The same trend is presenting itself when we zoom in on rural houses. This year the number of people from the Randstad region choosing to buy a rural house located in the rest of the Netherlands, has continued to grow (from 16% to 18%). Also, the people from the Randstad region are moving further away to live in a rural house. In 2020, the average moving distance rose by four kilometres. Migration from the Randstad region to rural houses is expected to persist in the years to come.

Moving distance to a rural house away from the Randstad region (in km)

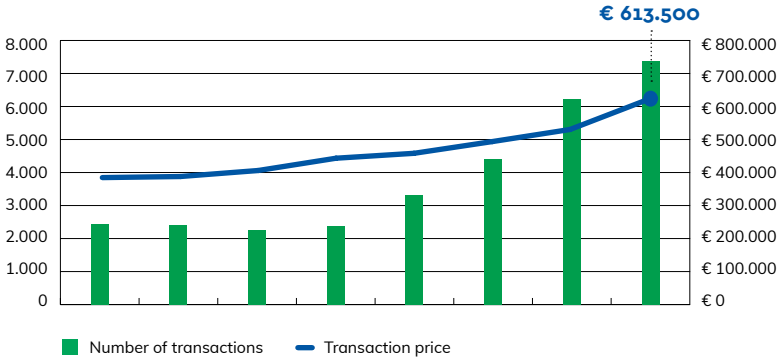


Rural house prices are skyrocketing



RURAL HOUSE PRICE HIKES

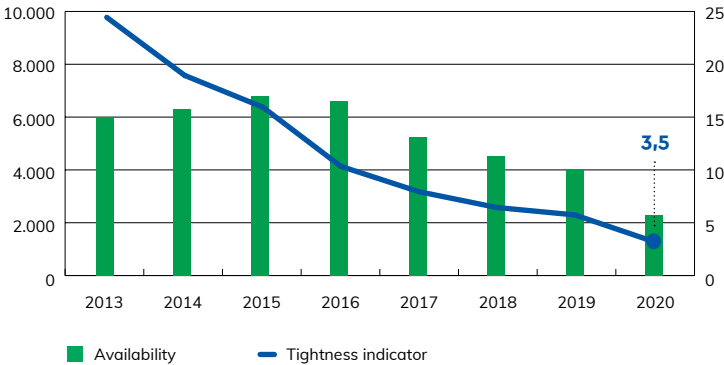
Number of transactions and transaction price (in €)



Last year NVM reported several times that the housing market does not seem to be affected by the corona crisis. In fact, prices continue to climb significantly and the same goes for rural property (€ 613,000 in 2020).

The number of transactions too rose 18% up to 7,390 houses in 2020. Nevertheless, the market is tighter than ever, with availability diminishing by half. The tightness indicator in 2020 was 3.5 for rural houses.

Availability and tightness indicator of rural houses



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Source

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