



REAL ESTATE MARKET IN THE NETHERLANDS UNDER MOUNTING PRESSURE

While the second half of 2017 was extremely stable for the Dutch real estate market at around 207 points, the first quarter of 2018 is showing signs of mounting pressure on the real estate market: it has dropped 1.75 % to just above 200 points since the end of December. Does that mean a turnaround is imminent?

The fact that practically all input variables deteriorated was the main reason for this development. First and foremost, the constant decline of the Dutch real estate index FTSE EPRA/NAREIT Netherlands had a dampening effect on the market. The index already dropped 2.5 % to 1,129.1 points compared to the previous month, and registered an even sharper quarter-on-quarter fall at 11.6 %. The subdued performance of the AEX 25 is also intensifying the negative trend on the Dutch real estate market, as it was down by 1.1 % on the previous month and 2.8 % quarter-on-quarter to 529.5 points. Overall economic sentiment from the ESI registered the only positive development compared to the previous quarter, but it displayed a mixed picture during the first few months of 2018. While it was 0.4 % lower month-on-month (March 2018: 112.8 points), the index gained slightly by 0.7 % compared to the previous quarter.

COMMENT ON THE MARKET



Wouter de Bever,
Managing Director
Office Amsterdam

“Even though the Dutch REECO was unable to sustain its high prior-year level at the beginning of the year, the overall conditions for our sector remain positive. The economy is growing and unemployment continues to decline. The current real estate cycle is riding high, and many opportunistic investors are looking for ways to invest during this market phase. There is still plenty of liquidity on the market, but a growing number of investors are playing it safe, so to speak. The number of transactions is no longer rising, although there is huge demand, especially in the residential sector. We need a lot more apartments in the Netherlands, but the approval procedure takes too long. I would like to see things speed up soon in this respect.”

“A growing number of investors are playing it safe.”

Key figures of the real estate economies

Country	Change of input variables in Q1					Change of the real estate economy Q4/17 – Q1/18	Values of the real estate economy				
	Leading share index	Real estate share index	Indicator of economic sentiment	Basic interest rate	Risk-free interest rate		Q4/17	Jan 18	Feb 18	Q1/18	Δ Q4/17 Q1/18
Germany	↓	↑	↓	→	↓		314	318	308	306	-8
UK	↓	↓	↓	→	↓		221	219	216	212	-9
France	↓	↓	↓	→	↓		245	244	237	235	-10
Netherlands	↓	↓	↑	→	↑		207	208	205	203	-4
Poland	↓	→	↑	→	→		189	194	191	189	0
Spain	↓	↓	↓	→	↓		206	205	201	200	-6

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PUBLICATION DETAILS

Responsible for content:
bulwiengesa AG, Tobias Kassner
tobias.kassner@bulwiengesa.de
Moorfuhrweg 13, 22301 Hamburg
Tel.: +49 30 278768-23

Responsible for publication:
Deutsche Hypothekenbank, Carsten Dickhut
Carsten.Dickhut@deutsche-hypo.de
Osterstraße 31, 30159 Hannover
Tel.: +49 511 3045-580

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