

First-time buyers on the Dutch housing market

An analysis of their (changing) position

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What are my chances today?

Direct entrants as a couple:

Constant -0.34

Age
17-25 years -0.37

Purchase price
More than 280.000 0.17

Moving motive
Desired to buy -0.36

+

Success rate
and in 2018

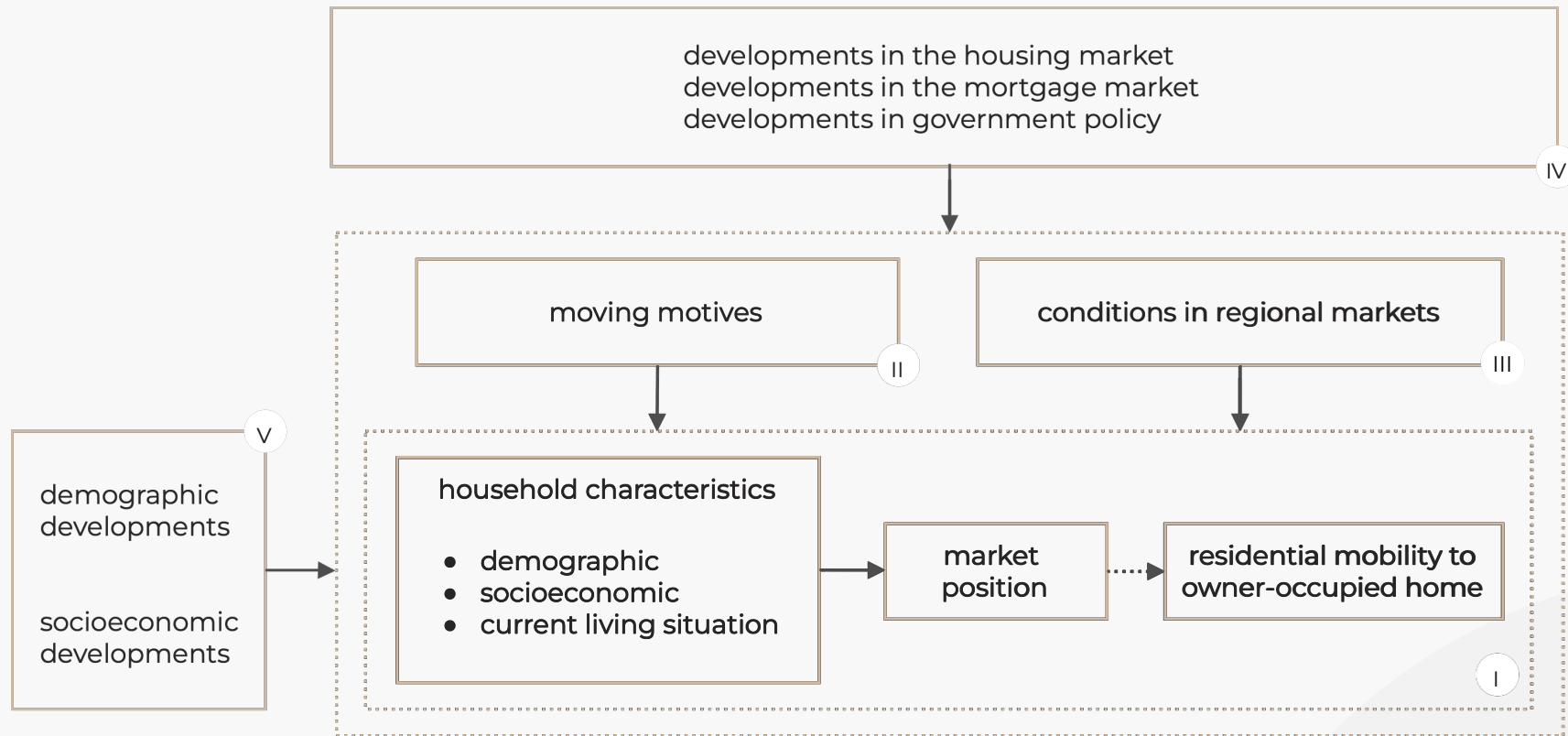
~~74%~~

59%



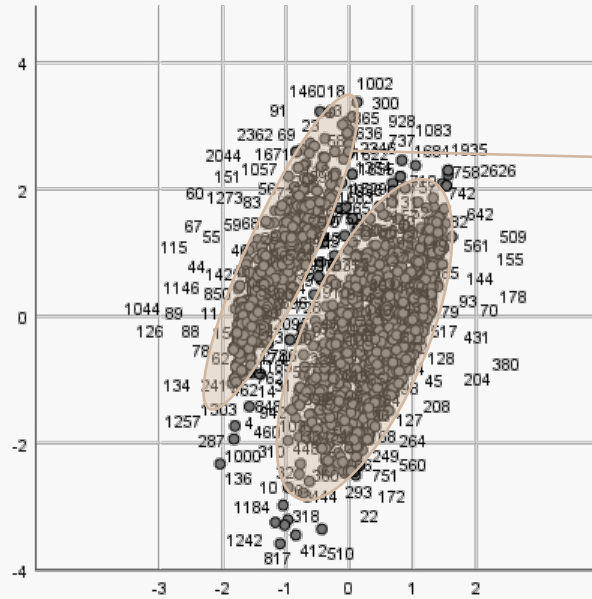
What is the **position** of first-time buyers in the Dutch housing market and how has this position **developed** from 2009 to 2021?





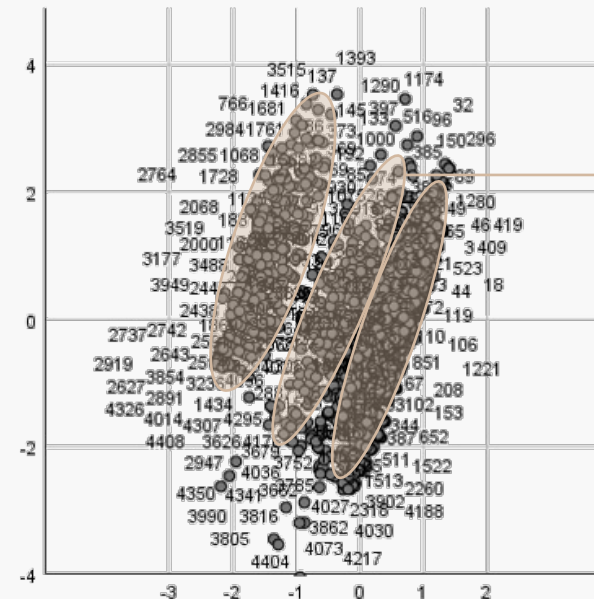
The first-time buyer explored

DIRECT ENTRANTS



Distinct profiles

FORMER TENANTS



Distinct profiles

The first-time buyer explored

DIRECT ENTRANTS



SINGLES

Single earners, lower income, 17-34 years, apartment
purchase price: €235.000



COHABITANTS

dual earners, mid-high income, 25-34 years, terraced house
Purchase price: €261.000



FAMILIES

Dual earners, high income, 30-44 years, terraced house
Purchase price: €304.000

FORMER TENANTS



SINGLES

Single earners, middle income, 25-44 years, apartment
Purchase price: €254.000



COHABITANTS

dual earners, high income, 25-34 years, terraced house
Purchase price: €304.000



FAMILIES

dual earners, high income, 25-44 years, terraced house
Purchase price: €330.000



OTHERS

single earners, middle income, 34-44 years, apartment
Purchase price: €310.000

5 MAIN FINDINGS



absolute inflows remain stable, **relative** inflows decline sharply



Current homes are not **current**



Buying is increasingly reserved for **high-potential households**



Mostly **quantitative shortages** & typically affordability problems in Randstad



Declining **success rates** & increased diversity of households

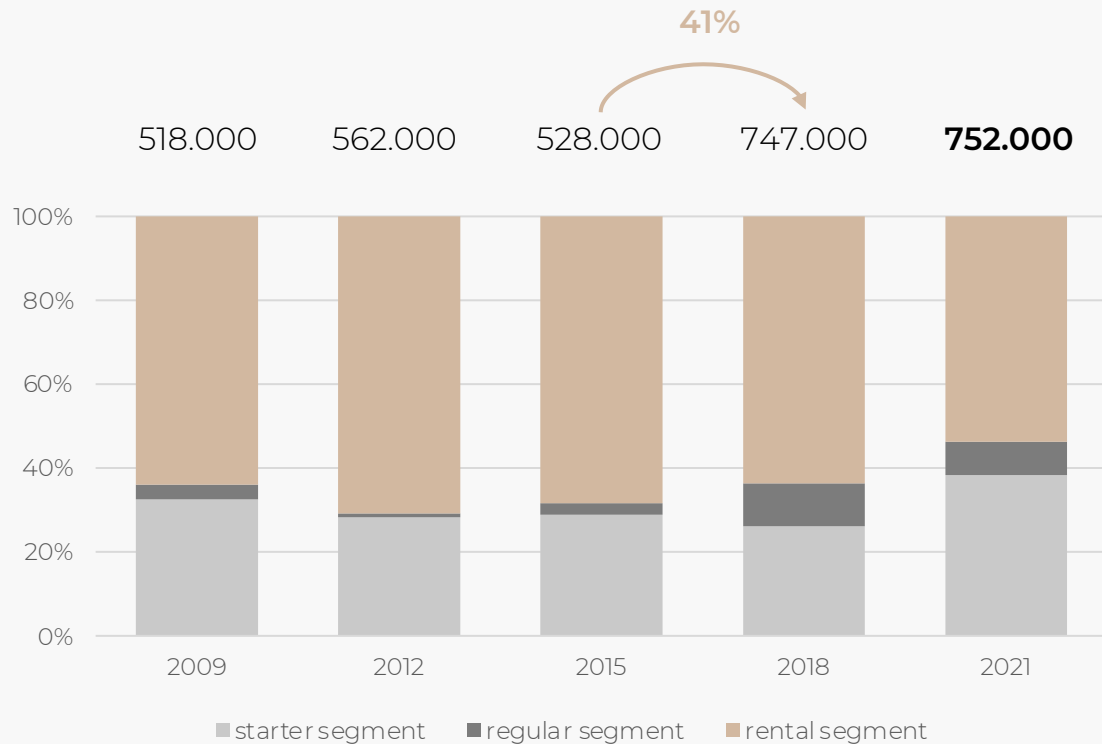


absolute inflows remain stable
relative inflows decline sharply

Absolute inflow vs. relative inflow

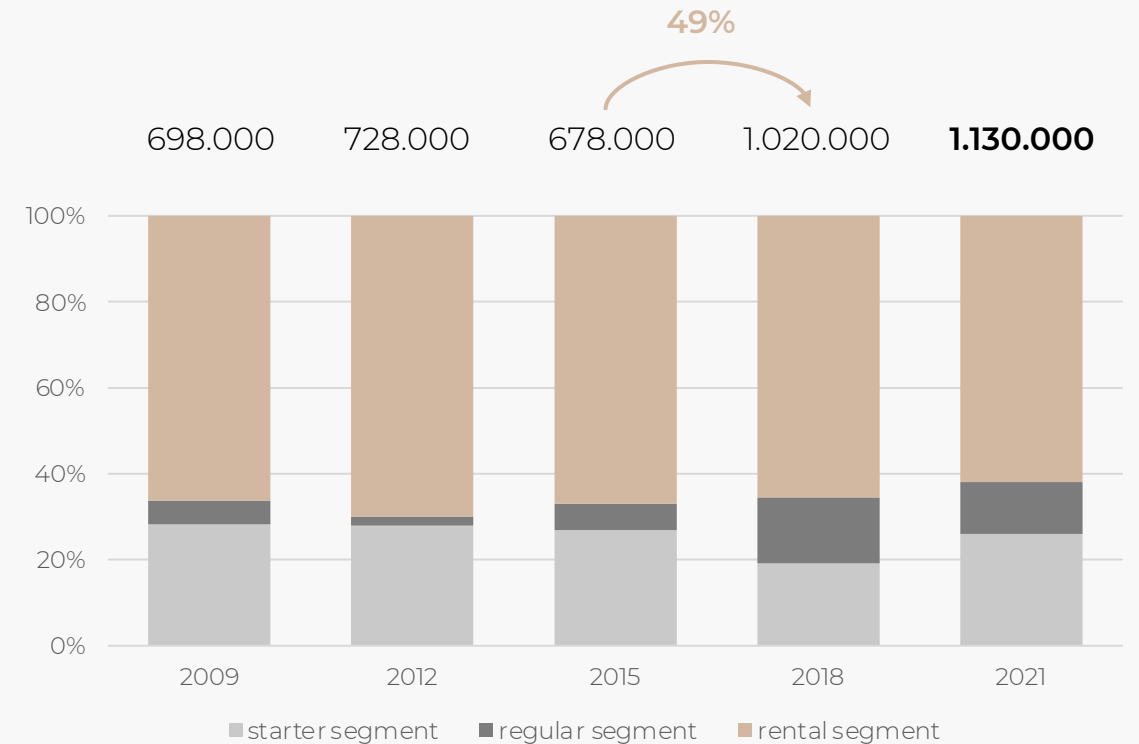
DIRECT ENTRANTS

Relative demand for housing



FORMER TENANTS

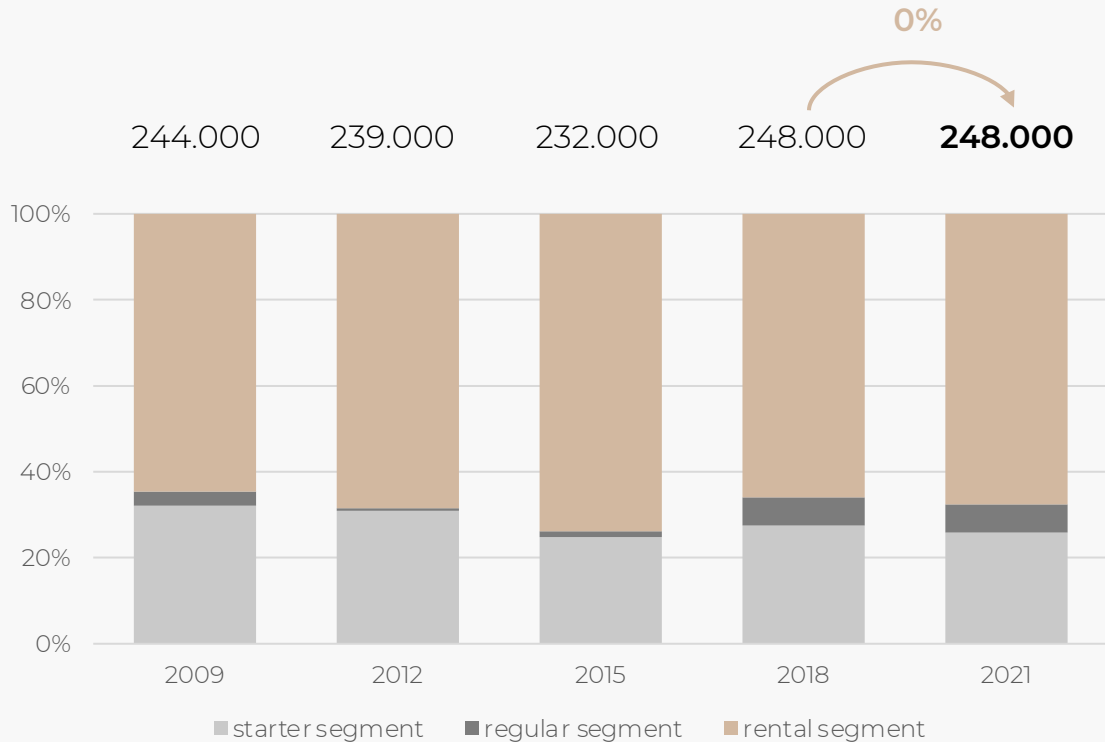
Relative demand for housing



Absolute inflow vs. relative inflow

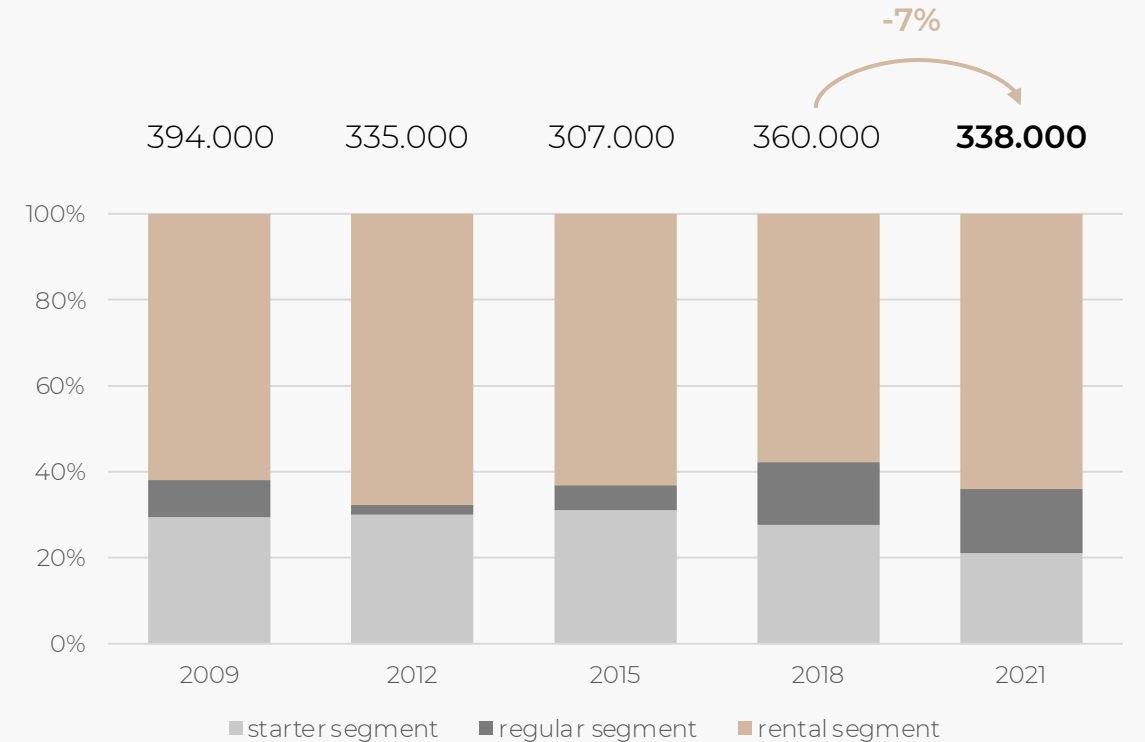
DIRECT ENTRANTS

Relative influx of households



FORMER TENANTS

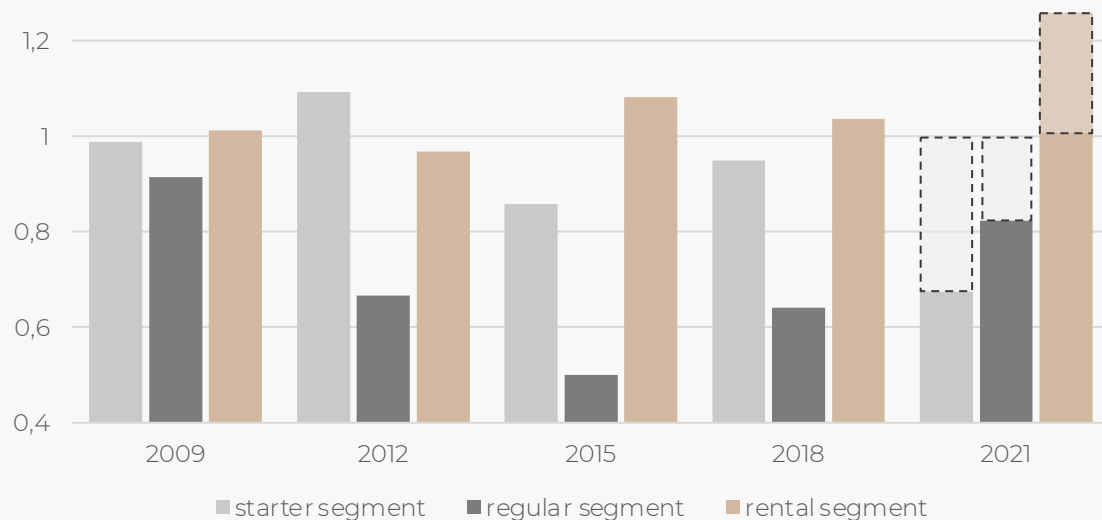
Relative influx of households



Absolute inflow vs. relative inflow

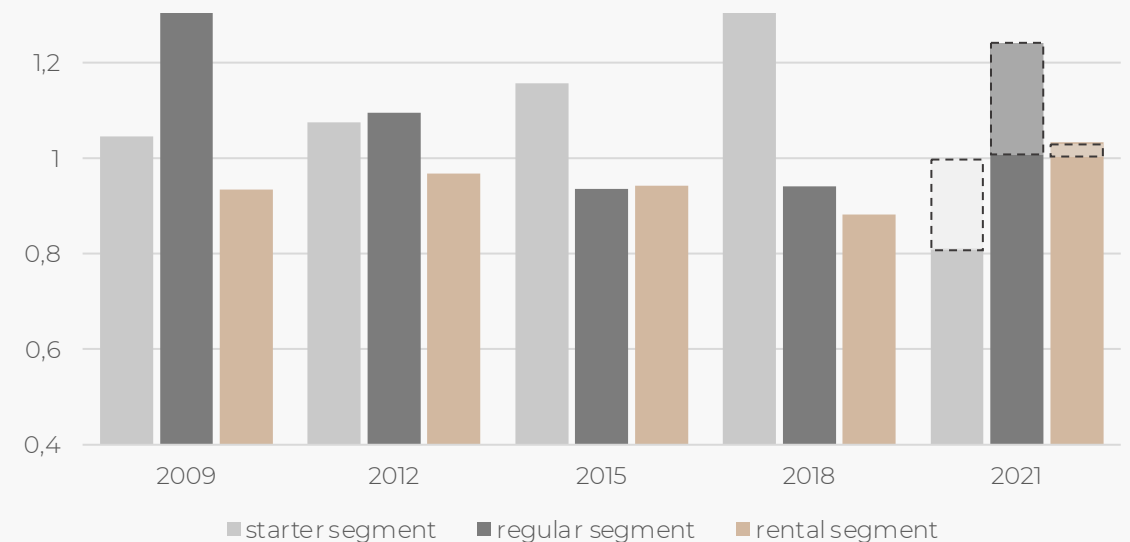
DIRECT ENTRANTS

- Only 65% find throughflow in **starter segment**
- Higher throughflow of 80% in **regular segment**
- **Substitution** towards the rental segment



FORMER TENANTS

- 81% find throughflow in the **starter segment**
- households more often in **regular segment**
- **No substitution** to rental segment



Current homes
are not **current**

Current homes are not current

Year	NHG limit	nr. of homes	% of stock	first-time buyers	
				removals	% all first-time buyers
2009	€ 265.000	2.107.736	54%	194.698	82%
2012	€ 350.000	3.273.699	82%	174.734	95%
2015	€ 290.000	2.901.171	68%	153.401	88%
2018	€ 245.000	2.004.045	46%	167.939	71%
2021	€ 300.000*	2.102.201	46%	135.407	67%

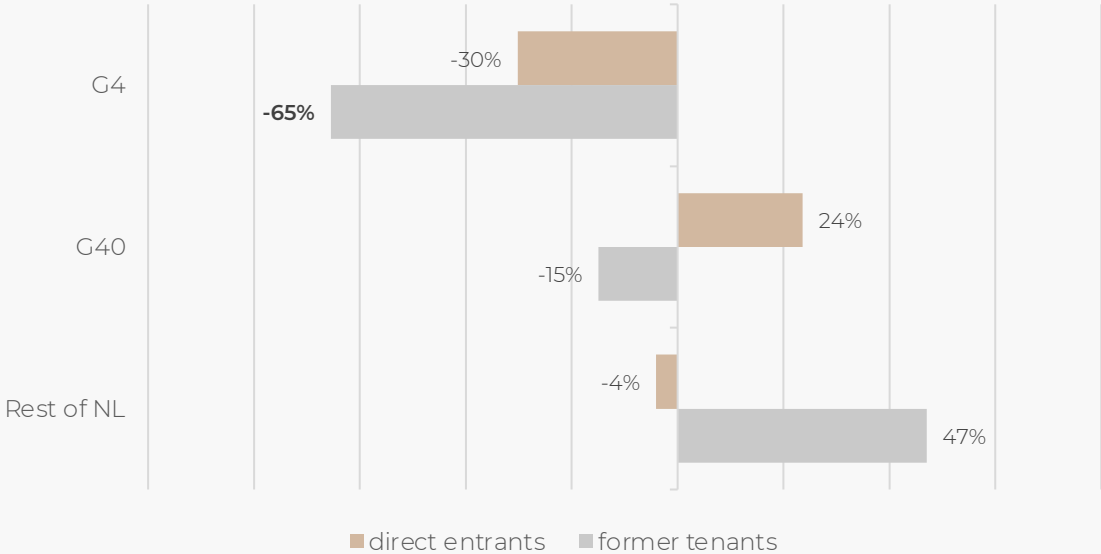
Declining share of houses in NHG
 → faster price development

Only 2/3 of all first-time buyers
 → More entry in regular segment

Current homes are not current

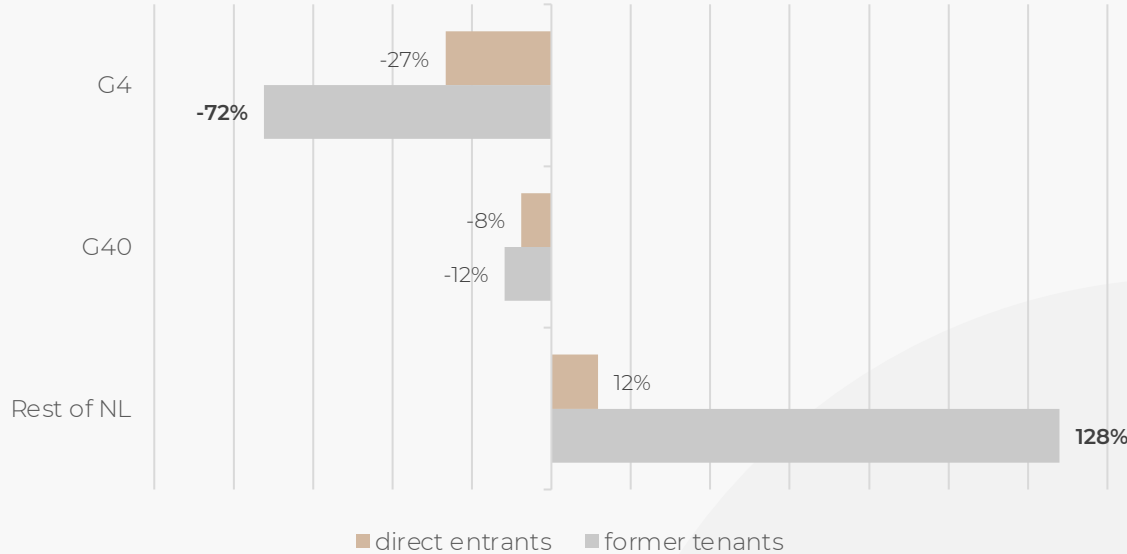
STARTER SEGMENT

- Demand far exceeds local supply **in G4**



REGULAR SEGMENT

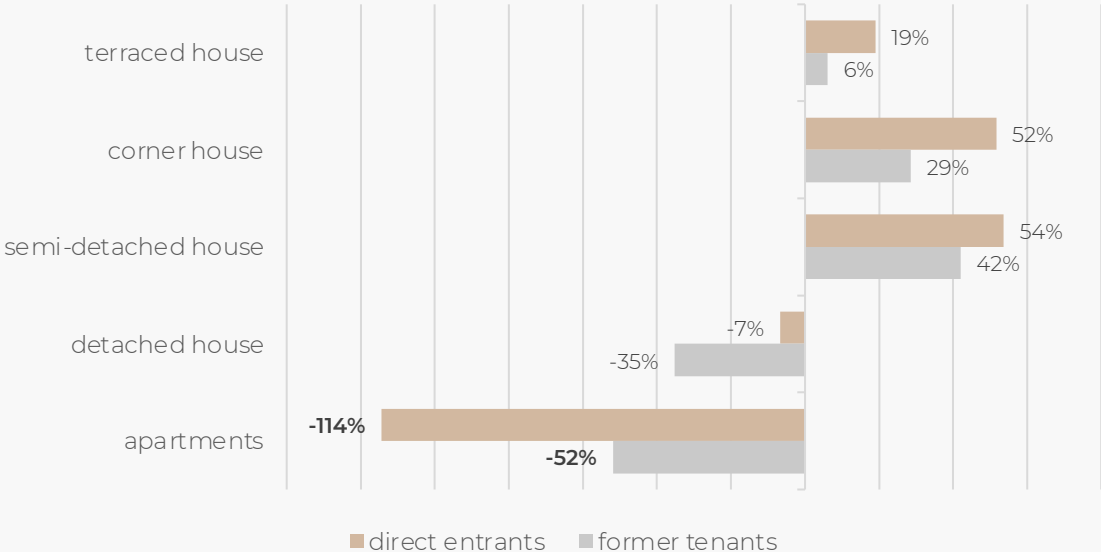
- Demand far exceeds local supply **in G4**
- Non-urban areas are **less** in demand



Current homes are not current

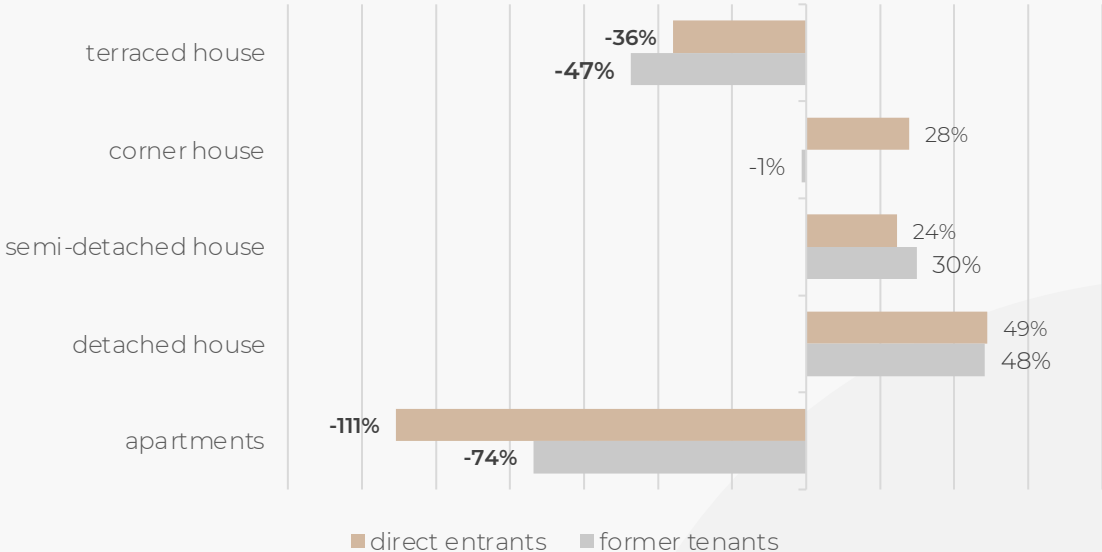
STARTER SEGMENT


- Shortage of **apartments**
- Mostly smaller apartments **up to 3 rooms**



REGULAR SEGMENT

- Shortage of **apartments** and **terraced houses**





Buying is increasingly reserved
for **high-potential households**

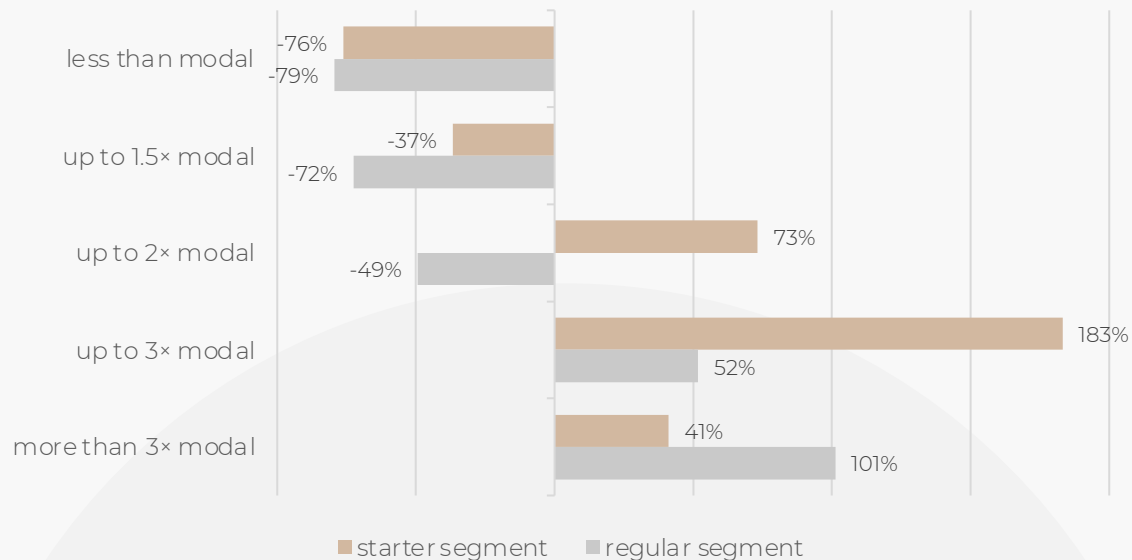


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Buying is more reserved for high-potential households

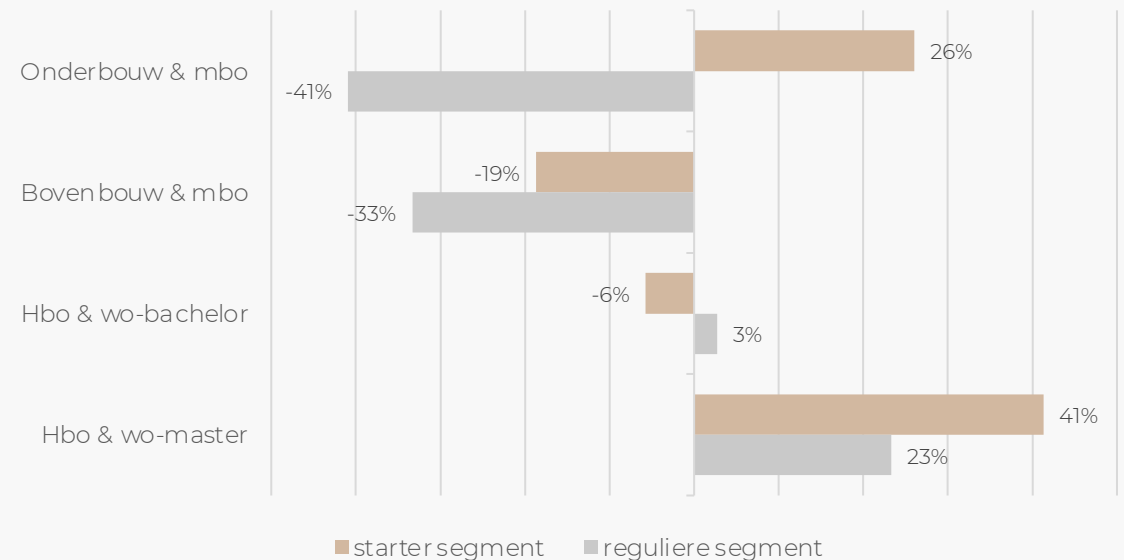
DISPOSABLE INCOME

- Chances increase from **1.5× modal** income in the starter segment



LEVEL OF EDUCATION

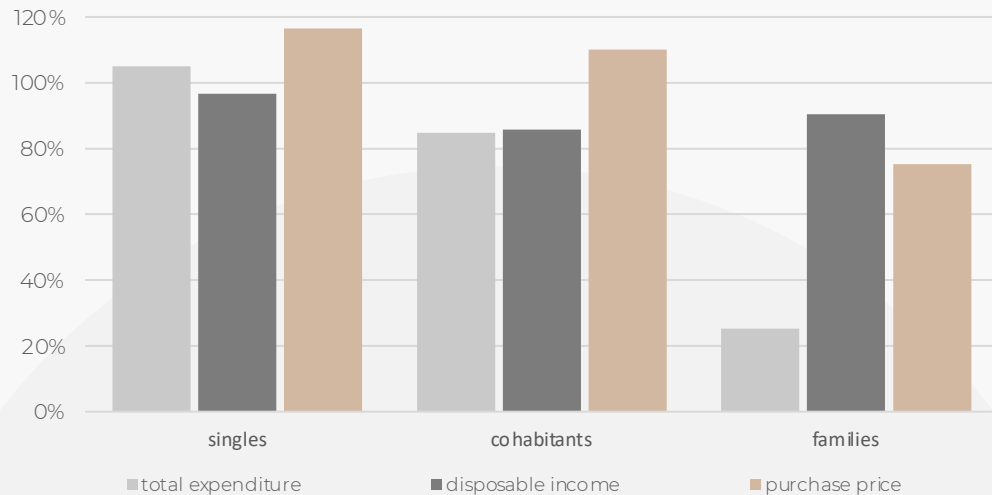
- Higher education highly **increases** chances



Buying is more reserved for high-potential households

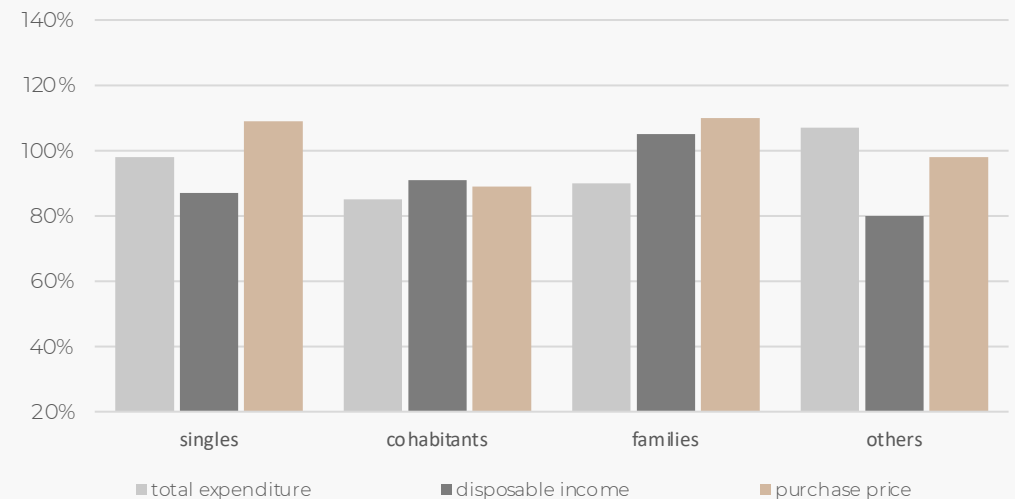
DIRECT ENTRANTS

- Singles receive the most gifts → up to €25.000
- More and higher gifts in the regular segment



FORMER TENANTS

- Singles receive the most gifts → up to €25.000
- 1/4 households receives a gift





Declining **success rates** and
increased diversity of households

Success rate declines & more diversity

What are the most determining factors?



DISPOSABLE INCOME

Higher incomes have a higher success rate



PURCHASE PRICE

Lower purchase prices have a lower success rate



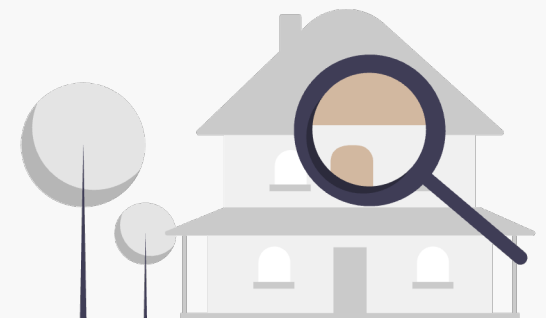
LEVEL OF URBANITY

Lower urban cities have a higher success rate



HOUSING TYPE

Single-family houses have a lower success rate



Success rate declines & more diversity

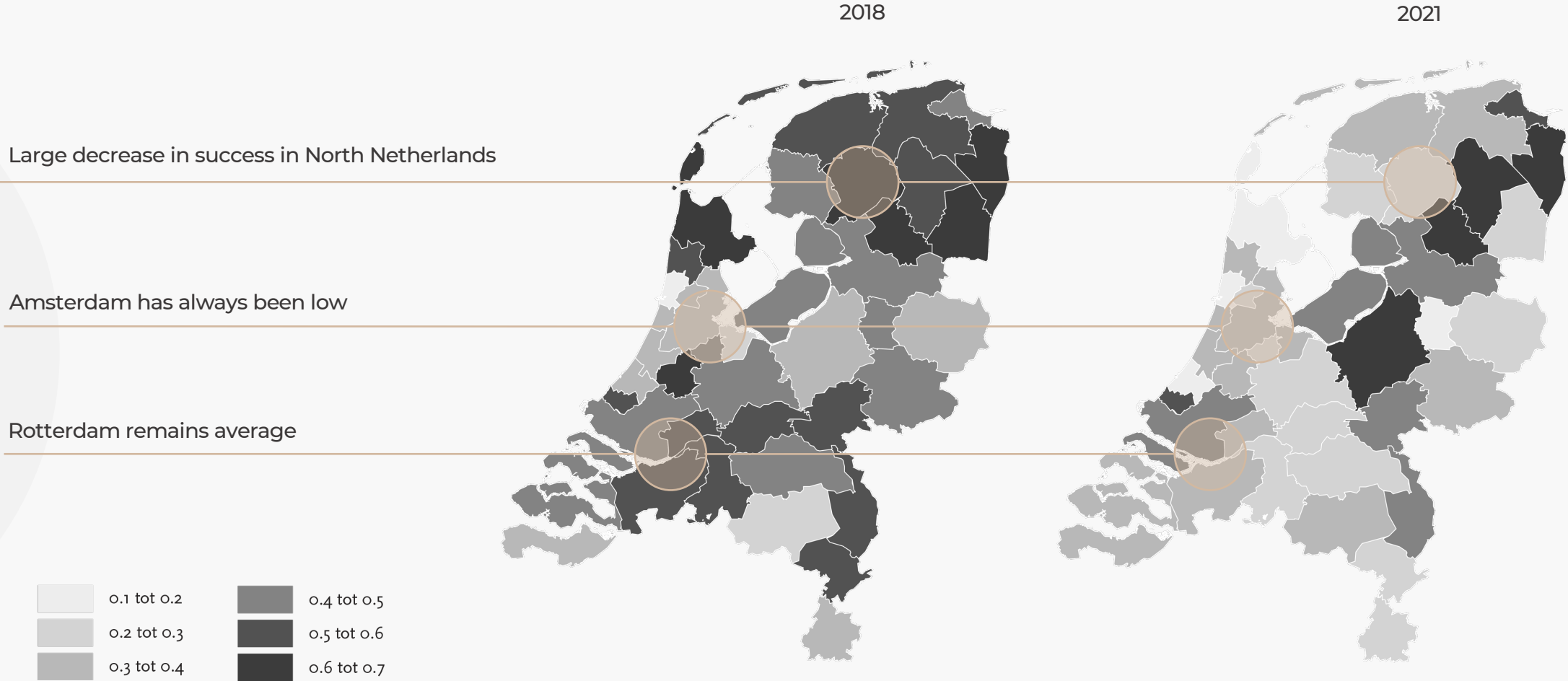
EXAMPLE

Former tenants as **dual earners** with a **primary** motive

variable	category	2018	2021
income	Less than €40.000	-5%	-19%
Urbanity	Highly urban (G4)	-13%	-16%
Purchase price	Up to €280.000	-11%	-19%
Housing type	Single-family home	1%	-14%
Price × type	Up to €280.000 × single fam.	-3%	11%
Urbanity × type	Highly urban × up to €280.000	-7%	9%
Average success rate		41%	35%



Success rate declines & more diversity





Mostly **quantitative shortages** and
affordability problems in Randstad

Quantitative shortage & regional differences

The number of houses **affordable** compared to all **available** houses in a **specific area** for a specific household



QUANTITATIVE SHORTAGE

HIGH affordability and **HIGH** competition



LOW ACCESSIBILITY

LOW affordability and **HIGH** competition



QUALITATIVE SHORTAGE

LOW affordability and **LOW** competition



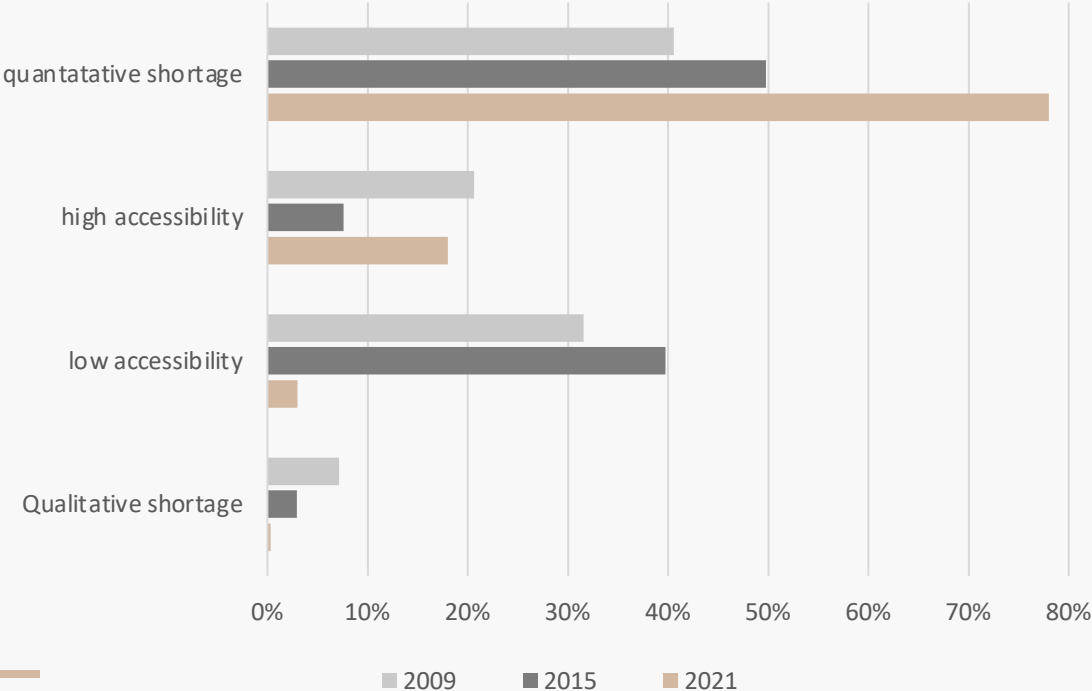
HIGH ACCESSIBILITY

HIGH affordability and **LOW** competition

Quantitative shortage & regional differences

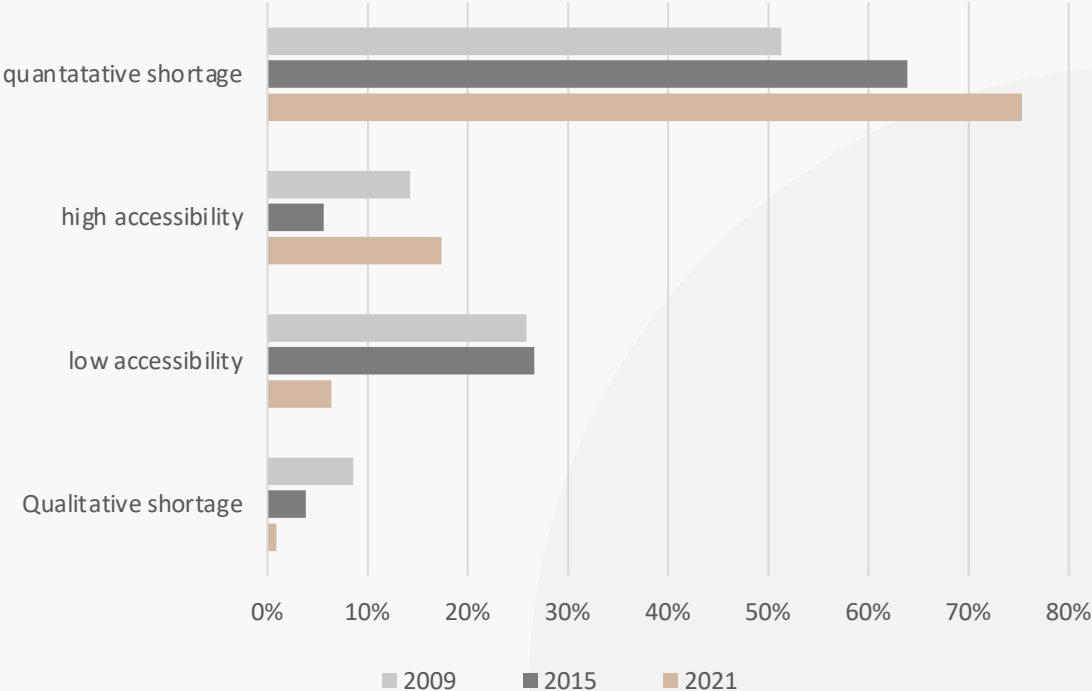
DIRECT ENTRANTS

- For 79% **quantitative** shortage
- Shift **low to high** accessibility → interest rates



FORMER TENANTS

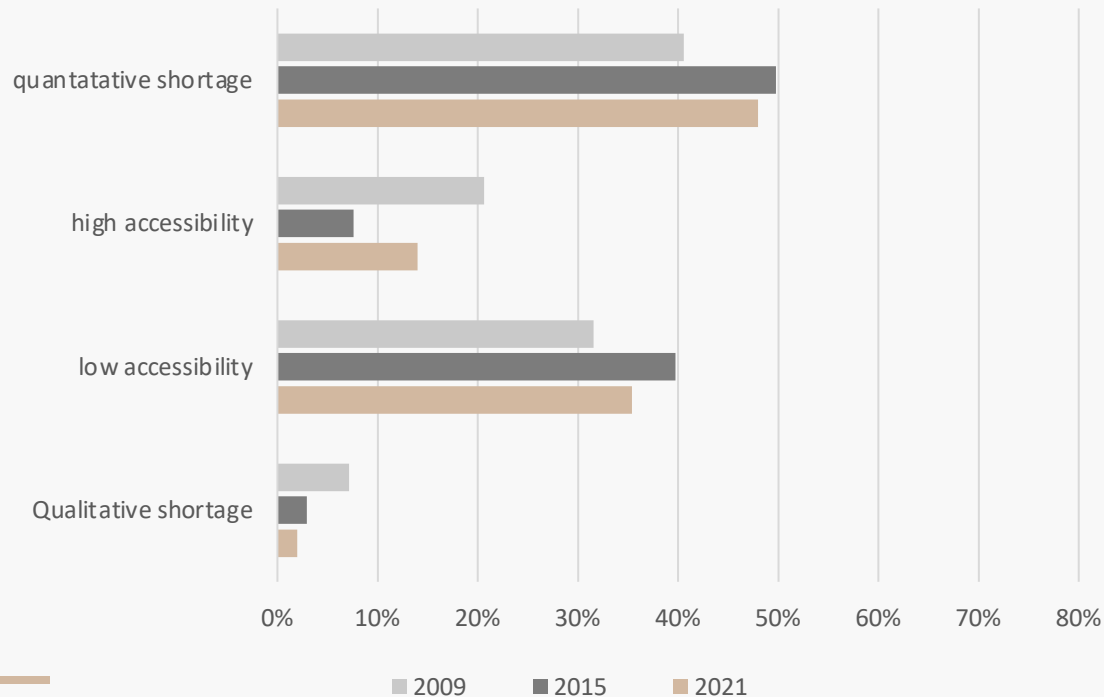
- For 76% **quantitative** shortage
- Shift **low to high** accessibility → interest rates



What happens under current mortgage rents?

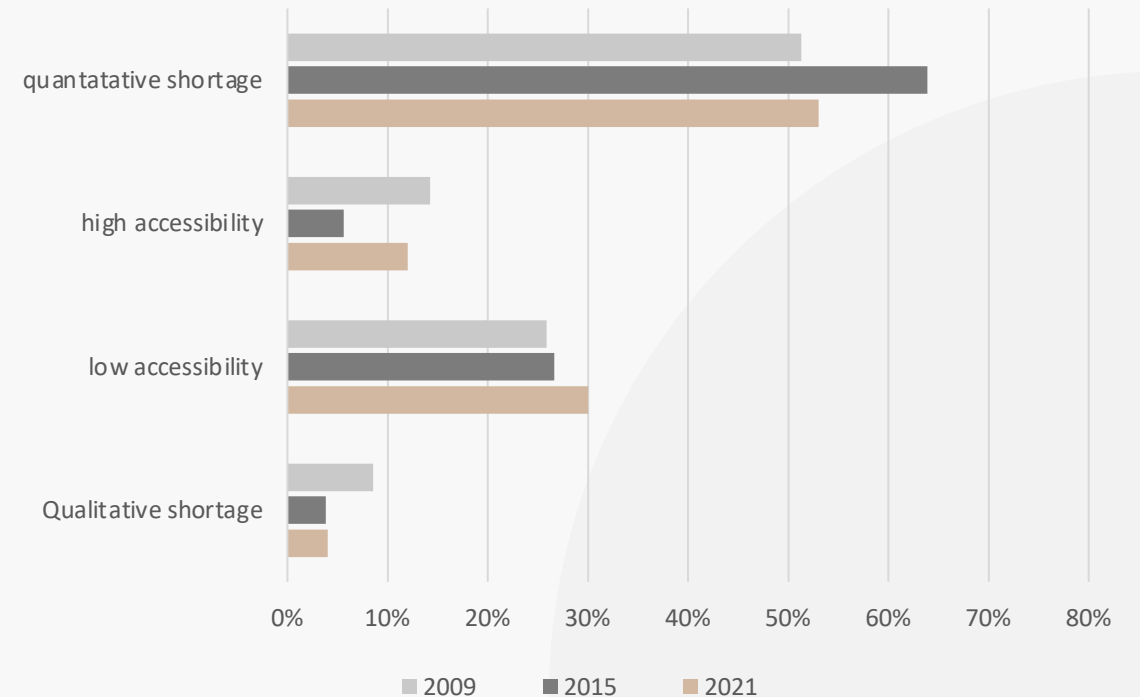
DIRECT ENTRANTS

- Mortgage rent increase → **4.3% NHG** (10 years)
- Large shift towards **low accessibility** → affordability

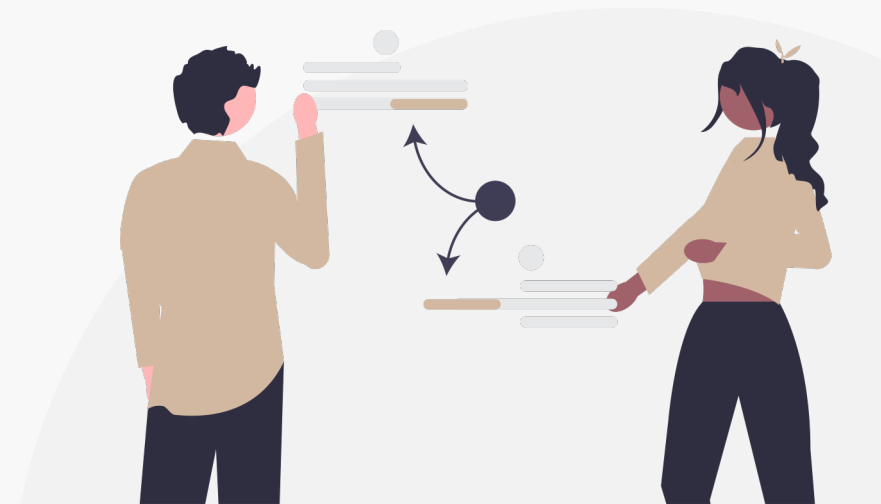


FORMER TENANTS

- Mortgage rent increase → **4.3% NHG** (10 years)
- Large shift towards **low accessibility** → affordability



Solution directions



Solution directions



BUILD TO DEMAND

Built houses to the demand within NHG norms



RESPOND TO COMPETITION

Built demanded housing type in largest competition areas



RENTAL AS ALTERNATIVE

Transfer a share of demand to the rental sector



INCREASE NHG

Reduce premium to 0% and increase limit to mean price

Thank you for listening!