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Dutch Housing Market Update 2024-Q2

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Dynamic Credit originates and manages tailored portfolios of Dutch residential and consumer BTL mortgage loans for institutional investors in an easy, cost-efficient and transparent way. As always, we welcome the opportunity to discuss the housing market and investing in Dutch mortgages.



"During the past quarter, we observed further evidence of a shrinking rental sector, influenced in part by the recently enacted Affordable Rent Act and the ban on temporary rental contracts. According to Pararius, the number of rental properties entering the market has decreased by nearly a third, while HDN notes a strong increase in high-income first-time buyers. These trends are interconnected: tenants often cannot afford to purchase the properties they rent, so landlords are selling these properties to higher-income buyers once the tenants vacate. While the new Schoof Cabinet may introduce slightly more favorable policies, no major policy changes are anticipated."

Jasper Koops,
Head of Portfolio Management

1. Executive Summary

The Dutch housing market: Housing prices continued to rise with house prices increasing by 8.6% YoY and 2.9% QoQ as of 2024-Q2. Property transactions increased by 7.9% QoQ and 7.7% YoY

Housing price expectations: Housing price forecasts for 2024 and 2025 increased, with the average market consensus of 7.42% and 4.46%, respectively. The main factors behind this optimistic outlook remain the robust wage growth and expected mortgage interest rate decreases which boost the borrowing capacity of households.

Housing shortage: The estimated housing shortage increased further to 401,000 homes, representing 4.9% of the total housing stock. Permits for new homes are showing a cautiously positive signal.

Affordable Rent Act: The Affordable Rent Act came into effect on 1 July 2024, introducing new regulation for the middle rent sector. The Act also revised the WWS points system, making it more dependent on the energy label.

Rates and Spreads: Mortgage interest rates increased by 13 bps QoQ on average, reversing the decrease observed in the previous quarter. Mortgage spreads tightened by 10 bps QoQ on average, due to swaps increasing faster than mortgage rates. However, in July spreads widened by 17 bps ending at good spread levels for Dutch Mortgages.

Sustainability: The Dutch cabinet presented their high-level coalition agreement with limited sustainability ambitions but is bound by the EU's Fit-for-55 package, which sets reduction targets for primary energy usage and requires a National Building Renovation Plan.

Mortgage originations: Mortgage origination increased by 18.50% QoQ to EUR 32 billion in 2024-Q2, driven by strong demand from high-income first-time buyers and homeowners using their portability option.

Funding update: Four new RMBS deals were issued in 2024-Q2 for a total of EUR 4.8 billion, of which EUR 4.7 billion was publicly placed. Spreads on senior RMBS notes remained stable around 36-37 bps. Covered bond issuance totaled EUR 3.8 billion in 2024-Q2, bringing the year-to-date total to EUR 8.9 billion. Covered bond spreads decreased from 33 bps to 29-30 bps during the quarter but recovered to 33 bps by the end of the quarter.

Consumer Confidence: Consumer confidence in the Netherlands declined slightly in July 2024, dropping to -24 from -21 in April. Consumers were more pessimistic about the overall economic climate but expected some improvement in the next 12 months.

Macro update: The ECB lowered the central policy rates by 25 basis points in June 2024 and kept them unchanged in July. Inflation in the Netherlands slightly increased to 3.2% in June, while inflation in the Eurozone decreased to 2.5%. GDP in the Netherlands contracted by 0.5% in 2024-Q1 primarily due to a lower export balance. Dutch unemployment remains stable at 3.6%.

2. Dutch Housing Market Update

Current News and mortgage market developments

New cabinet installed

The Schoof cabinet was installed on July 2, 2024, 223 days after the general elections, succeeding the Rutte IV cabinet. It is a parliamentary cabinet formed by the PVV, VVD, NSC, and BBB under the leadership of Prime Minister Dick Schoof, who is not a member of a political party. On May 16, 2024, parties presented a high-level coalition agreement (*hoofdlijnenakkoord*). Concrete policy measures will need to be developed in the upcoming period. Parties are committed to structurally build 100,000 homes per year, suitable for the demographic and spatial developments in the coming years.

Mortgage fraud

On July 14, the Financieele Dagblad, a Dutch newspaper, reported on extensive mortgage fraud¹. According to the report, criminals connected to cocaine trafficking have purchased hundreds of properties in Amsterdam using fraudulent mortgages. These properties were used for storing cash, drugs, and as safe houses, as well as to house labor migrants. A total of 22 suspects have been arrested. The suspects worked at independent financial advisory firms, real estate agencies and accounting firms, collaborating to create fake income documents for mortgage applications. Due to privacy laws, the police are restricted in sharing information with mortgage lenders, and lenders have limited means to verify the authenticity of documents for instance with the tax authorities. There is growing momentum to change these rules and allow information sharing between lenders and the government to prevent this type of fraud.

Principles for credit providers

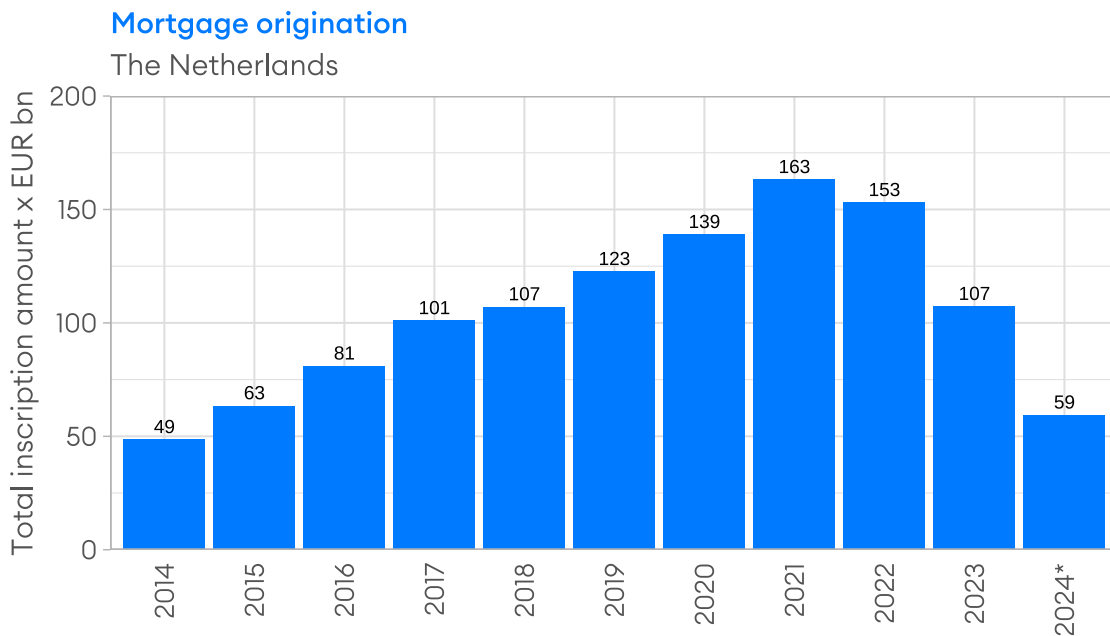
The Dutch Authority for the Financial Markets (“AFM”) has issued ten principles for credit providers in relation to their change management processes to improve the effectiveness of IT change management and credit approval processes and protect consumers against over-lending². The AFM found that errors in IT systems and processes can have significant impact on consumers. The principles are intended to support firms in the industry to improve their change-management processes to prevent or detect these errors. Lenders should review their current processes to ensure they meet the ten principles, which aim to apply to all changes that impact credit provision.

1 [FD - Crimineel netwerk kocht honderden woningen via listige hypotheekfraude](#)
2 [AFM - Principes ondersteuning changemanagementproces kredietverstrekking](#)

Mortgage originations

The Dutch land registry (“Kadaster”) reports on the total inscription amount for mortgage loans in the Netherlands, which gives insight in the total mortgage origination balance in the Netherlands. Yearly mortgage originations steadily increased in the period 2014 till 2021, after which a decrease in yearly origination volumes is observed as the mortgage market environment changed substantially due to rising interest rates.

In the first half of 2024 mortgage inscriptions totaled EUR 59 billion as can be seen in Figure 1 below. The second quarter of 2024 saw a total of approximately EUR 32 billion mortgage inscriptions compared to EUR 27 billion in the first quarter, an increase of 18.52%. Lastly, the Kadaster monitor¹ shows an increase in both the number of inscriptions and the average inscription amount in 2024-Q2.



* Data up to Jun 2024
Source: Dynamic Credit, Kadaster

Figure 1: Displayed above shows the total mortgage inscription in the Netherlands per year sourced from the Dutch land registry (“Kadaster”) up to and including 2024-06.

Update Overview of the Housing Shortage

Housing shortage increases further in 2024¹

To determine the number of homes that need to be built, the Ministry of Housing and Spatial Planning requires insight into the development of the number of households and the housing stock. Therefore, research agency ABF Research annually calculates the statistical housing shortage on behalf of the Dutch government. The statistical housing shortage is an indicator that visualizes the tension between the demand for and supply of homes.

Most households live in independent housing units, while the remaining households reside in other types of accommodations (such as recreational homes) or share a home with others. From this remaining group, it is estimated that approximately 359,000 households are searching for an independent residence. Additionally, there are new entrants, such as first-time buyers and immigrants, and those exiting the market, such as emigrants and elderly people moving to nursing homes. This results in a net additional group of 92,000 home seekers, bringing the total housing demand to 451,000. Of all uninhabited homes, a significant portion is not available for new residents. These homes are unavailable because they are either second homes or temporarily vacant due to moving or renovation. According to the methodology, the remaining number of homes that have been vacant for more than a year and are available is 50,000.

The available number of homes, combined with the total demand from households, results in a shortage in 2024 of 401,000 homes in the Netherlands, an increase of around 11,000 versus the year before. This represents a shortage of 4.9% of the total housing stock. The higher the percentage, the greater the tension in the housing market, with a 2% shortage considered an acceptable and healthy level of tension. Due to the increasing population growth over the next 15 years, an estimated 1.3 million newly built homes will be needed during this period to move towards a 2% shortage. However, due to the fewer building permits issued in recent years, it is expected that the shortage will first increase further.

Households		Houses	
Households	8,385,000	Houses	8,204,000
In a house	7,776,000	Inhabited	7,776,000
In different housing solution	609,000	Uninhabited	429,000
In a non-residential home	118,000	Temporarily empty (moving/renovation)	135,000
In a shared house	492,000	Not available (second home, other use)	244,000
Households looking for their own home	359,000	Available	50,000
Household growth	92,000		
Housing demand	451,000	Housing shortage	401,000

Table 1: The table above contains the housing supply and demand in the Netherlands based on the projections by ABF Research. The table shows the expected number of households, the existing housing stock, the net housing production and the resulting estimated housing shortage. Source: Volkshuisvesting Nederland, Dynamic Credit, 2024.

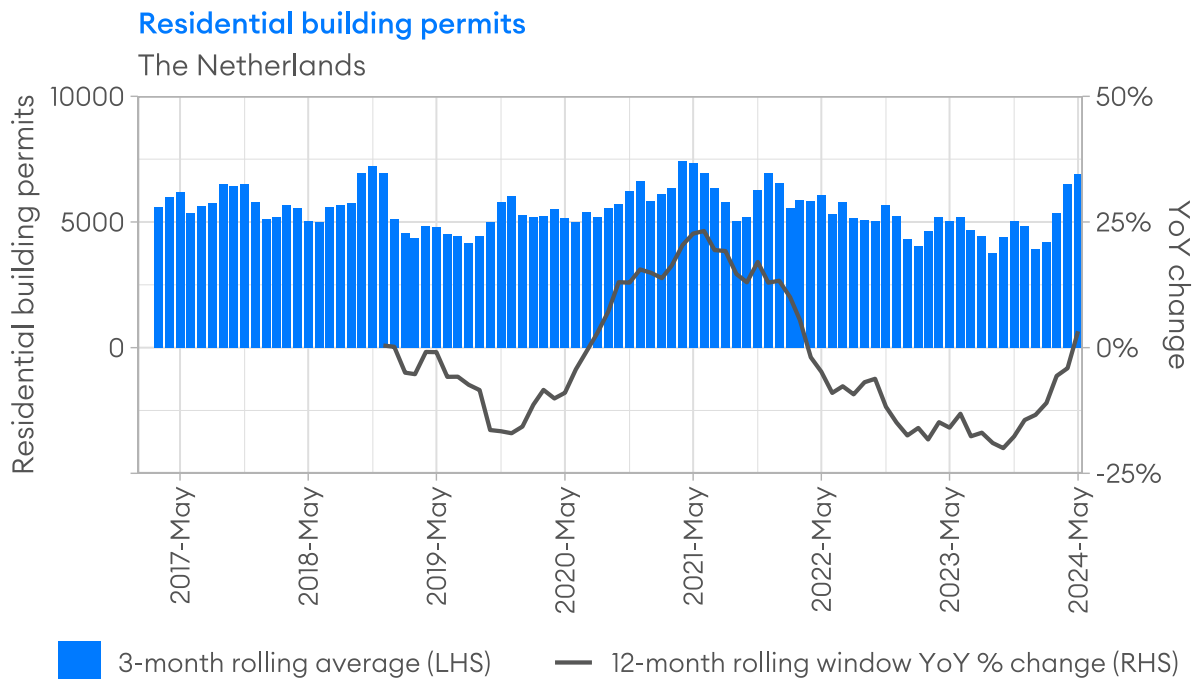
¹ [Volkshuisvesting Nederland - Het statistisch woningtekort uitgelegd](#)

Cautious change in trend for building permits

The housing shortage is driving a significant demand for new homes. In response, the government has set an ambitious goal of adding 100,000 new homes to the housing stock each year. The number of building permits issued in a month is a good predictor of what can be expected in terms of new home construction. Typically, it takes 1 to 2 years from the issuance of a building permit until a home is completed.

After many months of declining numbers of issued permits, there is cautiously positive news to report in the first five months of 2024, according to Statistics Netherlands (“CBS”)¹. The average monthly number of permits issued for home construction in 2024 was 5,915. This is almost 28% higher than the number of permits issued in the same months in 2023 and slightly higher than 2022. However, compared to 2021, the number is still over 9% lower. Therefore, to address the housing shortage, it is necessary for this number to continue to rise in the coming period.

In the first quarter of 2024, over 4.4 thousand newly built homes were sold², marking a 34 percent increase compared to a year earlier. However, this number is still significantly lower than the number of newly built homes sold in previous years. From 2018 to 2022, the average number of sales in the first quarter was approximately 6,400, which is 45 percent higher than 2024. Additionally, the price index for new homes increased by 1.4% in the first quarter, lagging behind the 3.8% increase in the price index for existing homes.



Source: Dynamic Credit, CBS

Figure 2: Number of issued building permits as of May 2024 and the percentual YoY change in the number of issued building permits excluding transformations i.e., repurposing office spaces to residential homes. Source: CBS, Dynamic Credit.

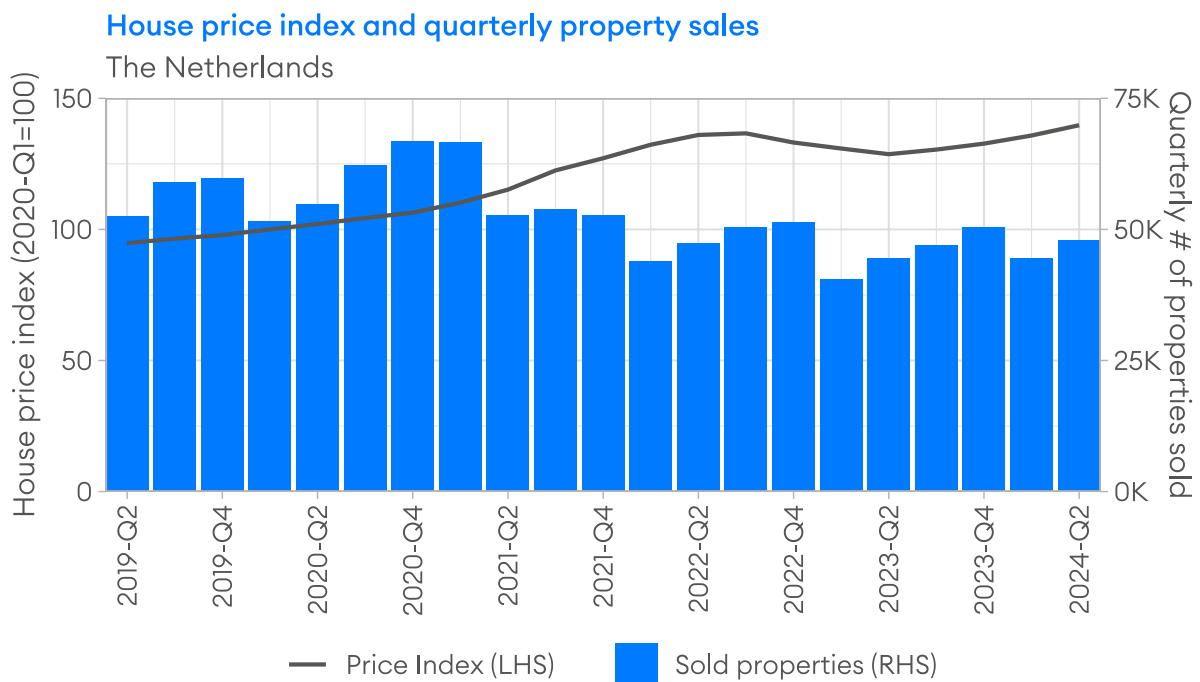
1 [CBS - Bouwvergunningen woonruimten](#)
2 [CBS - 4,400 new-build homes sold in Q1](#)

Offer volumes

In the second quarter of 2024, Hypotheken Data Netwerk (“HDN”, a provider of infrastructure for mortgage loan requests) recorded¹ approximately 120,000 mortgage offer requests in total, which is a 27.7% increase compared to the same period a year earlier. Approximately 75,000 of these mortgage offers were meant for purchases, an increase of 24% YoY. The average mortgage offer amount for purchases increased by 9.5% YoY and totaled EUR 361,000. Notably, the number of mortgage purchase offers that utilized their portability option increased by 45% to about 21,700, compared to 15,000 in 2023-Q2. When examining profiles in the purchase segment, a substantial increase of 42% of first-time buyers with a relatively high income is observed for a total of roughly 14,700 offers, overtaking the first-time buyers that purchase relatively cheap homes, usually with NHG, the group which generally has the highest number of mortgages offers meant for purchases.

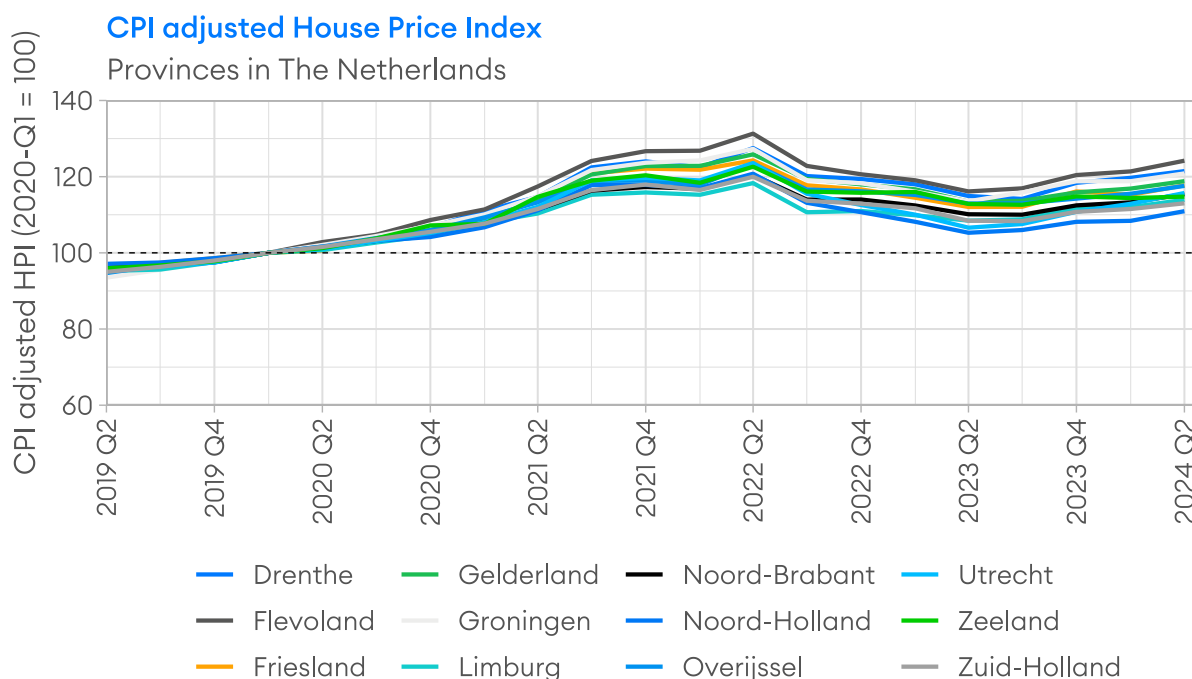
House prices and property sales

CBS reports on house price developments in the Netherlands using the Dutch House Price Index (“HPI”). As of 2024-Q2 the index stood at 135.4 (compared to 131.6 in 2024-Q1), which means Dutch housing prices increased by 2.9% QoQ and 8.6% YoY. In addition, as of 2024-Q2 the average transaction price for owner-occupied dwellings was approximately EUR 441,000. In the second quarter of 2024, the number of housing transactions totaled about 48,000, an increase of 7.9% QoQ and 7.7% YoY. For a graphical display of historical developments of Dutch housing prices and the number of property transactions please consider Figure 3 below.



Source: Dynamic Credit, CBS

Figure 3: House Price Index of the Netherlands (“HPI”) (2020-Q1 = 100) and monthly property sales. HPI until 2024-Q2. Source: CBS, Dynamic Credit.



Source: Dynamic Credit, CBS

Figure 4: CPI Adjusted House price index per province in the Netherlands up to and including 2024-Q2 (2020-Q1=100). Source: CBS, Dynamic Credit.

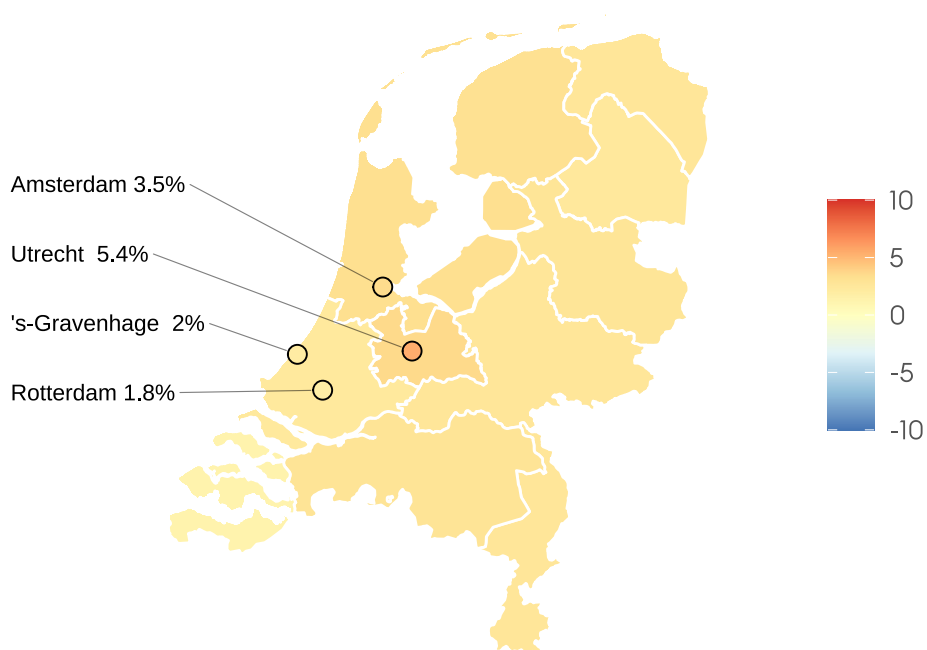
Regional differences

Table 2 displayed below gives insight in housing price and property transaction developments for the provinces and the four largest municipalities. During the second quarter of 2024, housing prices increased at a similar rate in all Dutch provinces and municipalities compared to the previous quarter. Compared to a year earlier, the most pronounced price change occurred in the municipality of Utrecht which saw housing prices increase by 17.3% YoY. Property transactions increased in all provinces and municipalities. The most property transactions occurred in Zuid-Holland, where a total of approximately 10,000 transactions took place in 2024-Q2, followed by Noord-Holland where 8,400 properties changed hands. Together, these two provinces accounted for about 38.44% of all property transactions in the Netherlands during 2024-Q2.

Area	Type	HPI (2020=100)	YoY Price %	QoQ Price %	Properties Sold in Quarter	QoQ Properties Sold %	YoY Properties Sold %
Nederland	Country	135.4	8.6	2.9	47,942	7.9	7.7
Amsterdam	Municipality	126.9	10.4	3.5	2,619	11.1	18.9
's-Gravenhage	Municipality	128.1	5.9	2.0	1,638	18.3	15.7
Rotterdam	Municipality	130.3	5.7	1.8	1,636	11.7	20.0
Utrecht	Municipality	136.7	17.3	5.4	1,078	6.7	5.5
Groningen	Province	141.2	9.9	2.7	1,499	9.6	7.2
Friesland	Province	138.4	8.5	3.2	1,717	10.9	8.7
Drenthe	Province	142.5	9.1	2.5	1,468	11.6	3.5
Overijssel	Province	138.1	7.5	2.8	3,106	10.3	12.3
Flevoland	Province	144.2	10.4	3.3	1,219	3.0	-2.2
Gelderland	Province	139.7	8.1	2.7	5,486	6.5	8.8
Utrecht	Province	136.6	12.1	3.6	3,806	8.2	7.0
Noord-Holland	Province	131.1	8.8	3.3	8,414	8.0	13.0
Zuid-Holland	Province	133.0	7.7	2.4	10,014	7.1	5.5
Zeeland	Province	134.5	5.0	1.3	1,300	9.0	14.1
Noord-Brabant	Province	136.1	8.2	2.9	7,101	7.2	3.5
Limburg	Province	134.9	8.4	2.7	2,812	8.6	10.2

Table 2: House Price Index of the Netherlands (“HPI”) (2020-Q1 = 100) and number of property sales changes in Dutch provinces and major municipalities 2024-Q2 Source: CBS, Dynamic Credit.

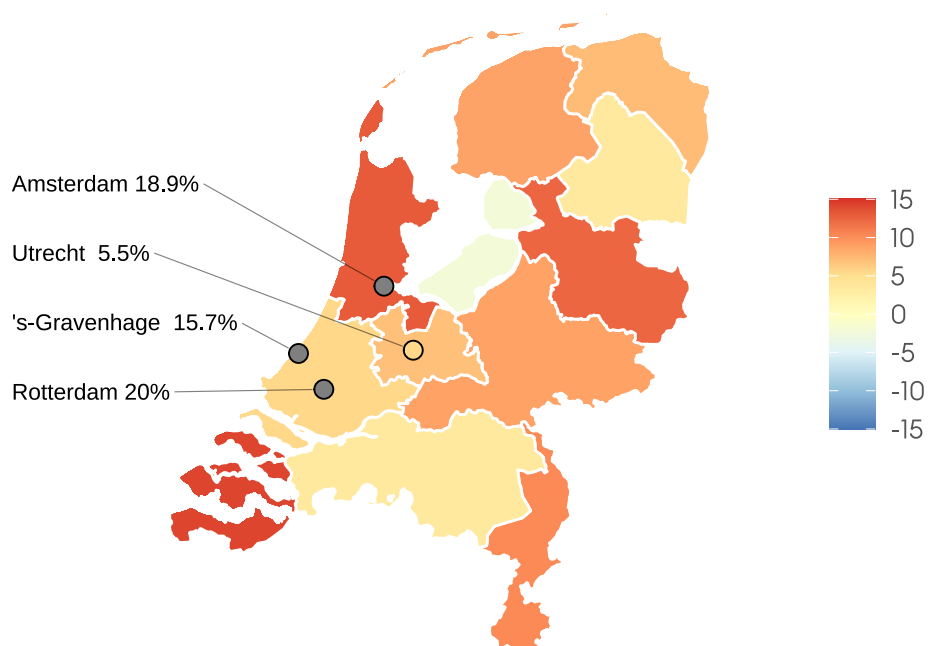
House Price Index QoQ change



Source: Dynamic Credit, CBS (2024 Q2)

Figure 5: Dutch House Price Index QoQ change in percentages, 2024-Q2.

Number of sold properties YoY change



Source: Dynamic Credit, CBS (2024 Q2)

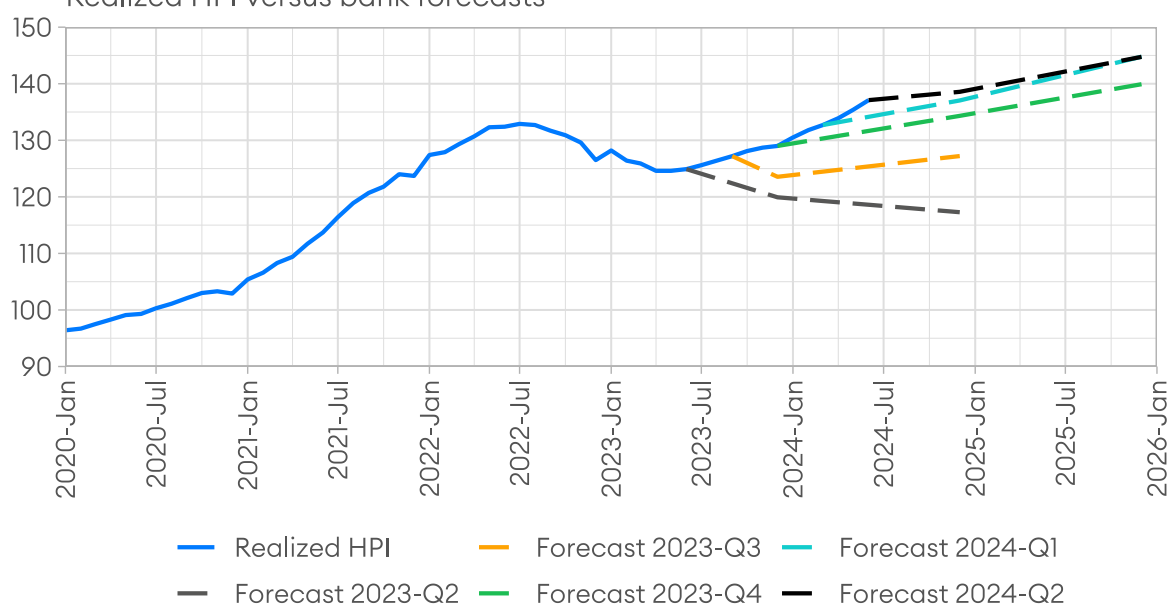
Figure 6: Sold properties YoY change in percentages, 2024-Q2.

Expected house price and property sales developments

In the second quarter of 2024, house price forecasts were higher compared to the previous quarter as the banks in our sample anticipate a stronger recovery from the 2022 downturn. The total house price forecast for 2024 and 2025 increased, however this increase was more front-loaded compared to the forecasts made in 2024-Q1. The average market consensus was that house prices will increase by 7.42% in 2024 followed by 4.46% in 2025, compared to 6.23% and 5.65% predicted in the first quarter. The main factors behind this optimistic outlook remained unchanged, the robust wage growth and expected mortgage interest rate decreases, which boost the borrowing capacity of households. In addition to these positive trends, the forecasts also address persistent challenges and inequalities that the Dutch housing market faces. This includes insufficient new construction, the low supply of existing homes for sale and the large income gaps and regional disparities in affordability, especially for first-time buyers. For a complete picture of how expectations evolved over the past quarters, please consider Figure 7 below. The next paragraph elaborates on the specific factors that are expected to influence housing prices in the near future.

House price index and average forecasts

Realized HPI versus bank forecasts



Source: Dynamic Credit, CBS, Rabobank, DNB, ABN AMRO

Figure 7: Realized house price index and average house price forecasts made at different points in time as of 2024-Q2. Source: Dynamic Credit, CBS, Rabobank, DNB, ABN AMRO, ING and Fitch.

Housing market forecasts by banks

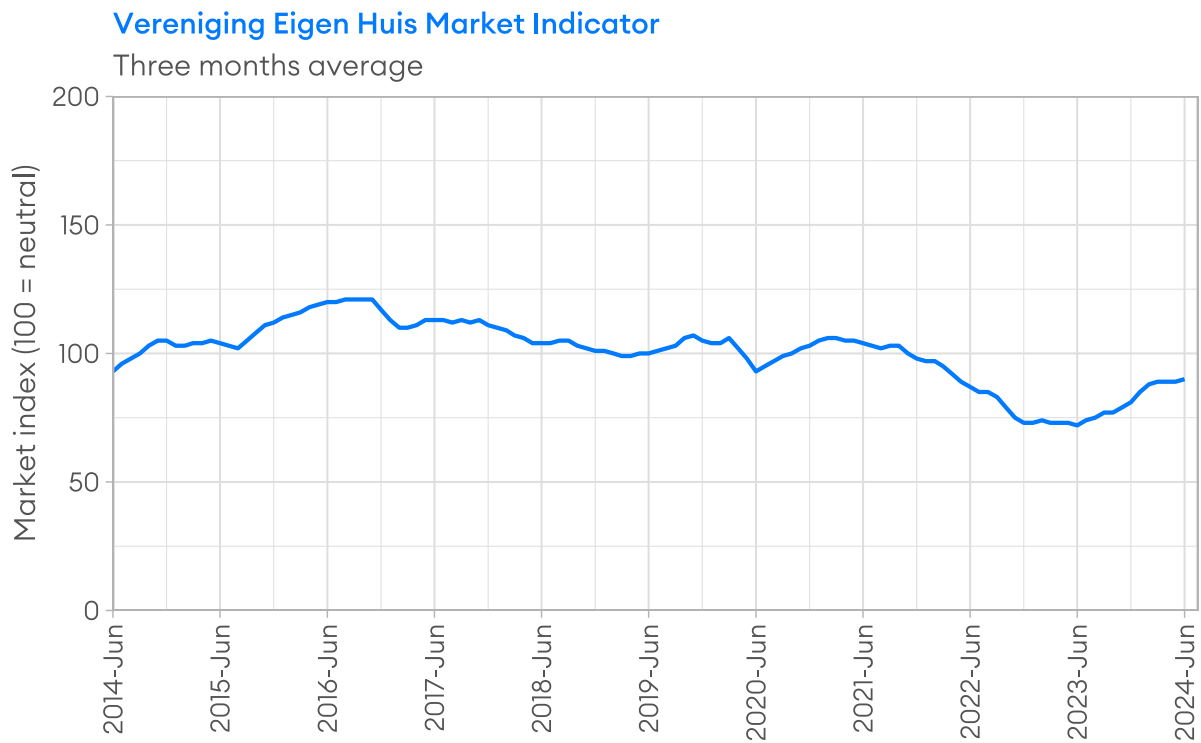
The Rabobank¹ expects the Dutch housing market to continue to recover from the 2022 downturn with house prices expected to rise by an average of 6.7% in 2024 and 5.2% in 2025. The main reasons for this outlook are the strong wage growth and the stable interest rates, which enable households to borrow more and afford higher house prices. However, Rabobank also warns of the challenges and inequalities that homebuyers face, such as the lack of new construction, the low supply of existing homes for sale, and the large income gaps and regional disparities in affordability, especially for first-time buyers. These factors do put upwards pressure on housing prices, but affect homebuyers sentiment negatively. Rabobank calls for more new construction and more balanced regional development to meet the demand and improve the accessibility of owner-occupied homes. The expectation is that the lack of housing supply will have a downwards effect on the number of property transactions in the coming years. Moreover, ABN AMRO² expects housing prices to rise substantially in 2024, with an anticipated increase of 7.5%, followed by a 5% rise in 2025. This expectation is driven by several factors: the reduction in mortgage rates, higher wages enabling larger mortgages, and increased housing transactions due to the raised NHG threshold and landlords selling properties. Additionally, the recovery in housing prices is attributed to the renewed willingness of homeowners to move spurred by increased homeowner equity. Regional price differences and the impact of energy labels on property values remain notable considerations according to ABN AMRO.

1 [Rabobank - Kwartaalbericht woningmarkt](#)
2 [ABN AMRO - Woningmarktmonitor juli 2024](#)

VEH Consumer confidence

Vereniging Eigen Huis (“VEH”)¹ measures consumer confidence in the Dutch housing market every quarter based on a questionnaire about interest rates, prices, and the general housing market. The indicator can take values ranging from 0 to 200, with 100 indicating a neutral value. Higher values indicate positive consumer sentiment and lower values indicate negative sentiments.

Displayed in Figure 8 below, the VEH indicator illustrates its historical trend. Initially, the indicator experienced a consistent decrease from its peak of 121 in 2016-Q3 to a value of 72 by June 2023. However, a change occurred thereafter, signaling a gradual rise in the index. As of 2024-Q2, the index has rebounded to 90.5 versus 88.9 in the previous quarter. Although it remains below 100 indicating negative sentiment. The rise in the VEH indicator can be attributed to various factors, mainly the increase in house prices in recent quarters which are expected to further rise. Secondly, the anticipated stability or decrease in interest rates. However, some factors negatively impacting the perception of home buying include the poor affordability and limited availability of housing choices.



Source: Dynamic Credit, Vereniging Eigen Huis

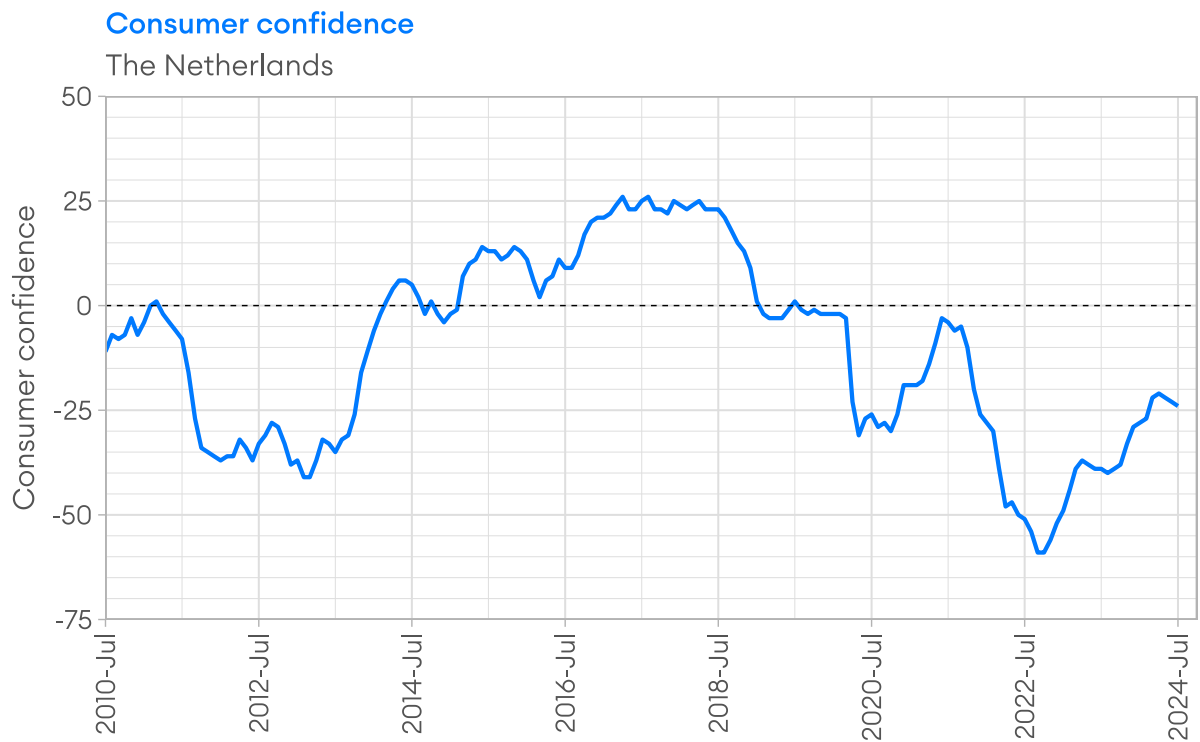
Figure 8: Vereninging Eigen Huis Market Indicator as of 2024-Q2.

1 [VEH Marktindicator - 2024-Q2](#)

CBS Consumer confidence

Statistics Netherlands (“CBS”) tracks consumer confidence by assessing Dutch consumers’ views and expectations on various topics, including the general economic environment, personal financial situations and willingness to make purchases. This indicator is measured in percentage points of negative or positive responses and can range from -100 to 100, with 0 indicating an equal number of positive and negative responses.

In July 2024¹, consumer confidence in the Netherlands experienced a slight decline, dropping to -24 from the year’s high point of -21 recorded in April. This decrease is primarily attributed to a more pessimistic outlook on the overall economic climate. Consumers’ assessments of the economic situation over the past twelve months, as well as their expectations for the coming year, remain in negative territory. However, despite the overall negative sentiment, consumers anticipate some improvement in the economic situation over the next twelve months. Regarding major purchases, consumers continue to exercise caution. The current climate for significant expenditures is perceived as slightly less favorable compared to June.



Source: Dynamic Credit, CBS

Figure 9: CBS total consumer confidence in the Netherlands as of July 2024.

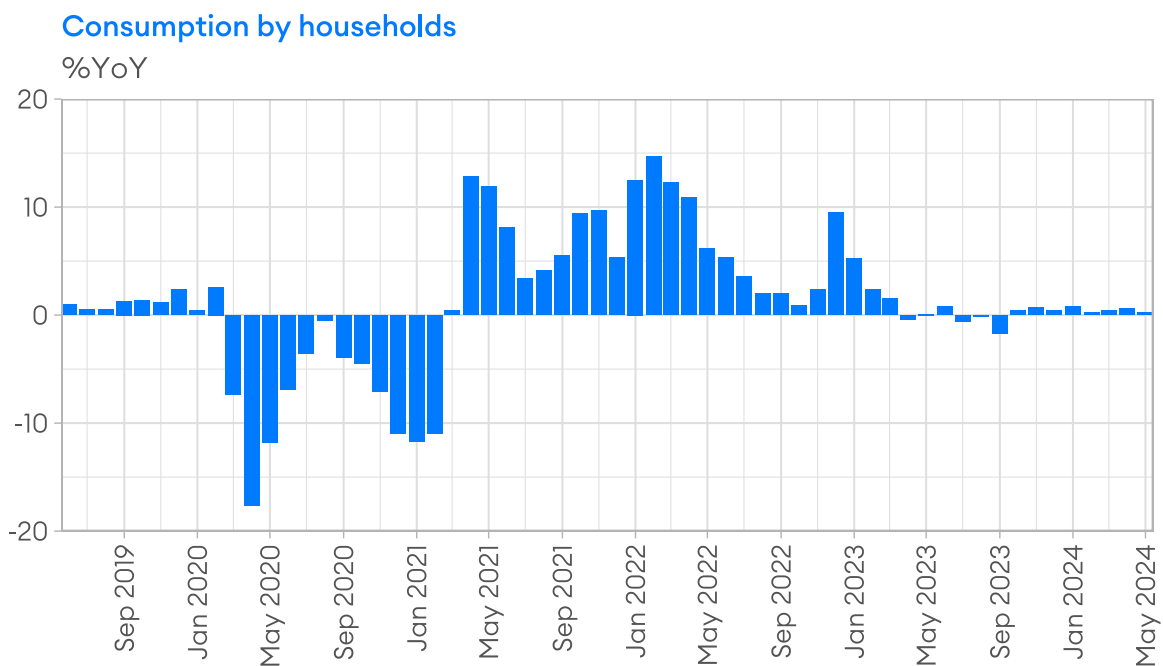
1 [CBS - Consumenten weer iets negatiever](#)

CBS household consumption

In May 2024, household consumption increased by 0.2% compared to May 2023, according to Statistics Netherlands (“CBS”)¹. Households purchased more services and durable goods such as clothing. The consumption figures are volume-adjusted, meaning they are corrected for price changes and shifts in shopping days.

Specifically, households consumed 0.7% more services, including public transport, communication, recreation, culture, and hospitality. Additionally, there was a 3.4% increase in the consumption of durable goods, with higher purchases of clothing, electrical appliances, shoes, and home items, although car purchases saw a significant decline. On the other hand, households spent 1.9% less on food and beverages and 5.4% less on other goods like energy and motor fuels, partially attributed to the milder weather in May compared to the previous year.

Looking ahead, CBS suggests a slightly more positive outlook for June. According to the consumption radar, conditions for consumption in June were slightly more favorable compared to May, driven by larger year-on-year increases in stock prices and house prices.



Source: Dynamic Credit, CBS

Figure 10: Percentual YoY domestic household consumption in the Netherlands adjusted for price changes up until May 2024.

1 [CBS - Consumptie huishoudens groeit met 0,2 procent in mei](#)

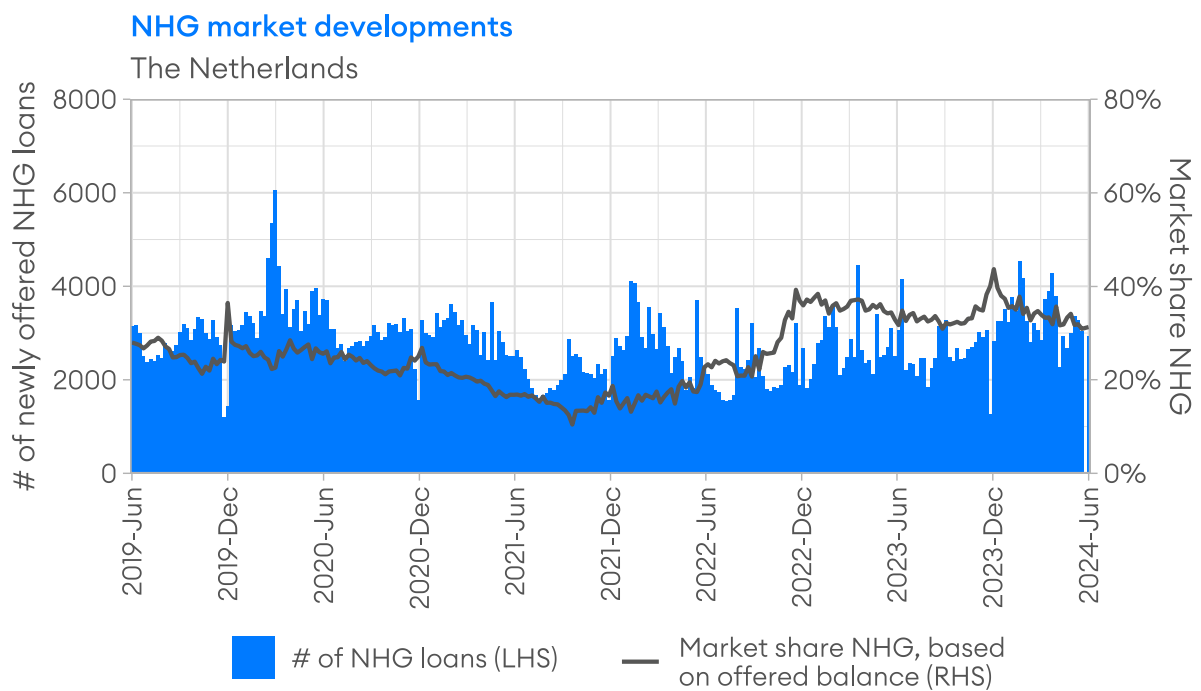
NHG

Stichting Waarborgfonds Eigen Woningen (“WEW”), a central, privatized entity, is responsible for the administration and granting of the Nationale Hypotheek Garantie (“NHG Guarantee”). The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs of mortgage loans. Irrespective of scheduled repayments and prepayments made on a mortgage loan, the NHG Guarantee is reduced on a monthly basis by an amount which is equal to the principal repayment part of the monthly instalment as if the mortgage loan were to be repaid on a thirty-year annuity basis. Financial support from the Dutch government is formalized in a backstop agreement, under which the State is responsible for providing interest-free loans in case of need.

New NHG guarantees

According to HDN¹, 43,177 loans with an NHG guarantee were offered for a total of EUR 10.6 billion in 2024-Q2 (compared to EUR 8.3 billion in 2023-Q2). The number of applications and the total volume are more or less similar to 2024-Q1. The 2024-Q2 volume corresponds to an NHG market share of 32.7% in terms of mortgage loan balance (compared to 36.7% in 2023-Q1).

Please consider Figure 11 below for a graphic description.



Source: Dynamic Credit, HDN

Figure 11: Number of new NHG guarantees and market share of NHG loans as a percentage of total originated balance through time. The x-axis refers to year and month.

Loss declarations¹

In the first quarter of 2024 8 loss declarations were submitted under the NHG Guarantee, versus 4 in the same quarter in 2023 and 11 loss declarations in the previous quarter. Of the 4 accepted loss declarations the payout ratio was 100% and the total payout was only EUR 29,000. WEW observes there is generally sufficient home equity to avoid residual debt after a (forced) sale. Furthermore, as of January 2024 lenders have more options to realize home preservation due to an adjustment of the terms and conditions.

The amount guaranteed by WEW (the total outstanding balance of mortgages with an NHG guarantee) is approximately EUR 202 billion. This is set against an (estimated) total collateral value of over EUR 402 billion. The capital ratio, the available capital as a percentage of the amount guaranteed by WEW equals 0.84%.

NHG Woonlastenmonitor²

The housing cost monitor (woonlastenmonitor) published by NHG provides insights into the affordability of housing costs for homeowners with a mortgage in the Netherlands. By combining data on payment arrears with research on how homeowners feel about their finances, NHG's goal is to identify new trends and payment issues and to better understand and address the financial problems and concerns of homeowners. The monitor offers both national and provincial perspectives on developments and changes in affordability and financial worries among homeowners, conducting a large-scale quarterly survey to track these issues.

6% of homeowners in the Netherlands report that their income is insufficient to cover all monthly costs and fixed expenses. Of this group, the majority has adjusted their spending, mainly by cutting back on energy and groceries or by increasing working hours. However, one in five indicated that they have not taken action. Additionally, one in five homeowners with a mortgage indicated that they struggled to meet their mortgage payments over the past 12 months.

Furthermore, 18% of homeowners indicated they are unable to handle a setback equal to one month's household income without taking additional measures such as selling something, working extra hours, or borrowing money. Nearly one in four (22.8%) homeowners with a mortgage have expressed concerns about their financial situation. They experience stress, sleeplessness or feelings of helplessness. These concerns are more common among borrowers with an NHG guarantee (27.9%) than those without the NHG guarantee (15.3%), which can probably be explained by the lower average income for homeowner with an NHG mortgage.

Among all homeowners with a mortgage in the Netherlands, 2% report being in arrears, with 0.1% having arrears of three months or longer. Dynamic Credit perceives the 2% that indicated to be in arrears now to be much higher than it observes in its portfolios. NHG reports that the percentage of mortgages in arrears for at least 3 months is currently at 0.1%, which matches the survey results. They noticed a slight increase since June 2023, after a relatively stable period since 2021.

1 [NHG - Kwartaalcijfers 1e kwartaal 2024](#)
2 [NHG - De Woonlastenmonitor](#)

3. Owner-Occupied Mortgages

Mortgage interest rate and spread developments

Mortgage interest rates

The year 2024 started off with decreasing mortgage interest rates during the first quarter. In the second quarter, this decrease was largely reversed in the shorter fixed rate period segments across different LTV segments. On average, mortgage interest rates increased by 13 bps in 2024-Q2, compared to the 19 bps decrease on average in 2024-Q1. This change in interest rates was relatively even distributed across the fixed-rate period segments, in contrast to the previous quarter where the longer fixed-rate periods saw more pronounced decreases compared to the shorter fixed-rate segments. When compared to the same period a year earlier, mortgage interest rates were down 28 bps on average. After the second quarter had ended, mortgage interest rates remained relatively unchanged as can be seen in Table 3 below.

The table below contains an overview of the interest rate development for the respective risk classes and fixed rate periods.

Mortgage rate development for average of top 6 mortgage rates								
Fixed rate period	Risk class	2023-06-30	2024-03-31	2024-06-30	2024-07-26	QoQ	YoY	QtD
5-year	NHG	3.95%	3.50%	3.66%	3.68%	0.16%	-0.29%	0.02%
	60% LTMV (non-NHG)	4.04%	3.57%	3.75%	3.76%	0.18%	-0.29%	0.01%
	80% LTMV (non-NHG)	4.17%	3.66%	3.84%	3.86%	0.18%	-0.32%	0.02%
	100% LTMV (non-NHG)	4.37%	3.82%	3.95%	4.01%	0.12%	-0.42%	0.06%
10-year	NHG	4.00%	3.69%	3.75%	3.76%	0.06%	-0.25%	0.01%
	60% LTMV (non-NHG)	4.08%	3.75%	3.85%	3.86%	0.10%	-0.23%	0.01%
	80% LTMV (non-NHG)	4.22%	3.82%	3.96%	3.94%	0.13%	-0.27%	-0.01%
	100% LTMV (non-NHG)	4.43%	4.05%	4.14%	4.14%	0.09%	-0.29%	0.00%
20-year	NHG	4.14%	3.81%	3.96%	3.95%	0.15%	-0.17%	-0.01%
	60% LTMV (non-NHG)	4.25%	3.92%	4.02%	4.03%	0.10%	-0.23%	0.01%
	80% LTMV (non-NHG)	4.38%	3.97%	4.10%	4.14%	0.13%	-0.27%	0.03%
	100% LTMV (non-NHG)	4.62%	4.18%	4.27%	4.30%	0.09%	-0.34%	0.03%
30-year	NHG	4.25%	3.92%	4.06%	4.07%	0.14%	-0.20%	0.01%
	60% LTMV (non-NHG)	4.31%	3.94%	4.04%	4.06%	0.10%	-0.28%	0.02%
	80% LTMV (non-NHG)	4.44%	4.01%	4.14%	4.17%	0.13%	-0.30%	0.03%
	100% LTMV (non-NHG)	4.64%	4.16%	4.29%	4.33%	0.13%	-0.34%	0.04%

Table 3: Average top-6 mortgage rates (excluding action rates) for mortgage loans with different fixed rate periods for four risk classes. Source: Dynamic Credit, Hypotheekbond. Reference date is 2024-07-26.

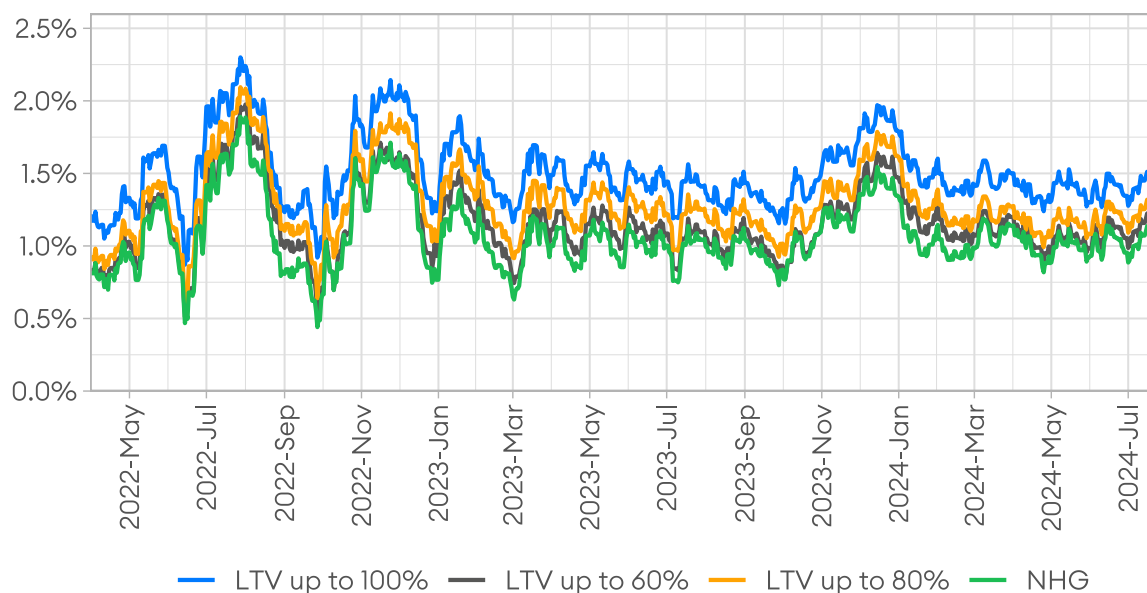
Mortgage spreads¹

In the second quarter of 2024 spreads tightened by 10 bps on average, due to swaps increasing at a quicker pace than the mortgage rate increases mentioned in the previous paragraph. However, in the month July spreads widened by 17 bps on average and ended at relatively high levels as can be seen in Table 4 below. As of 2024-Q2, spreads were slightly lower (8 bps) on average compared to 2023-Q2. In addition, please consider Figure 12 below for a graphical display of spread developments of 10-year fixed rate period segments for different LTV segments through time. The graph shows that spreads have remained relatively stable during the year compared to period of high volatility observed in 2022-2023.

¹ The EUSWxV3 swap is used, which uses quarterly resets and the floating leg is 3-month EURIBOR.

Spread average top 6 per risk class

10-year fixed rate period 2022 onwards



Source: Dynamic Credit, Hypotheekbond (2024-07-24)

Figure 12 : Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 10-year fixed rate period for four risk classes up to and including July 2024.

For a broader overview of the spread developments, see Table 3 displayed below. In addition, the information should be interpreted as representative gross spread for newly originated Dutch residential mortgage loans over time.

		Spread development for average of top 6 mortgage rates						
Fixed rate period	Risk class	2023-06-30	2024-03-31	2024-06-30	2024-07-26	QoQ	YoY	Qtd
5-year	NHG	0.73%	0.87%	0.82%	1.03%	-0.05%	0.09%	0.21%
	60% LTV (non-NHG)	0.82%	0.93%	0.91%	1.12%	-0.02%	0.09%	0.21%
	80% LTV (non-NHG)	0.94%	1.03%	1.00%	1.22%	-0.03%	0.06%	0.22%
	100% LTV (non-NHG)	1.14%	1.19%	1.11%	1.37%	-0.08%	-0.04%	0.26%
10-year	NHG	1.00%	1.14%	0.95%	1.12%	-0.19%	-0.05%	0.17%
	60% LTV (non-NHG)	1.09%	1.20%	1.05%	1.22%	-0.15%	-0.03%	0.17%
	80% LTV (non-NHG)	1.23%	1.27%	1.16%	1.30%	-0.11%	-0.07%	0.14%
	100% LTV (non-NHG)	1.43%	1.50%	1.35%	1.50%	-0.16%	-0.09%	0.16%
20-year	NHG	1.16%	1.19%	1.11%	1.22%	-0.08%	-0.05%	0.11%
	60% LTV (non-NHG)	1.27%	1.30%	1.16%	1.30%	-0.13%	-0.11%	0.14%
	80% LTV (non-NHG)	1.40%	1.35%	1.25%	1.41%	-0.10%	-0.15%	0.16%
	100% LTV (non-NHG)	1.64%	1.56%	1.42%	1.57%	-0.14%	-0.21%	0.15%
30-year	NHG	1.28%	1.28%	1.20%	1.32%	-0.09%	-0.09%	0.13%
	60% LTV (non-NHG)	1.35%	1.30%	1.18%	1.32%	-0.13%	-0.17%	0.14%
	80% LTV (non-NHG)	1.47%	1.37%	1.28%	1.42%	-0.10%	-0.19%	0.15%
	100% LTV (non-NHG)	1.66%	1.53%	1.43%	1.59%	-0.09%	-0.23%	0.15%

Table 4: Spread of the average top-6 mortgage rates (excluding action rates) over duration matched swap rates for four risk classes. Source: Dynamic Credit, Hypotheekbond. Reference date is 2024-07-26.

4. Funding Update

RMBS

In the second quarter of 2024 there have been four new (BTL) RMBS deals issued for a total of EUR 4.8 billion, of which EUR 4.7 billion has been publicly placed. Spreads on senior RMBS notes remained stable around the 36-37 level throughout the quarter.

In the paragraphs below information is provided on these new issues.

DOMI 2024-1

In May 2024, DOMI 2024-1 was issued with loans originated by Domivest, a Dutch buy-to-let lender. The pool amounts to a total of EUR 321.8 million. All the notes were placed publicly and no pricing data is available. The pool has a weighted average CLTV of 65.8%, a seasoning of 27.2 months, and interest-only loans make up 98.9% of the pool balance.

Green Lion 2024-1

In June 2024, Green Lion 2024-1 was issued. The loans were originated by ING Bank and the pool amounts to a total of EUR 750 million. The Class A notes have been placed publicly, the B and C Class notes have been retained. The pool has a weighted average CLTV of 74%, a seasoning of 24 months, interest-only amounts to 19.8% of the pool balance, and 20% of the borrowers are self-employed.

Dutch Mortgage Finance 2024-1

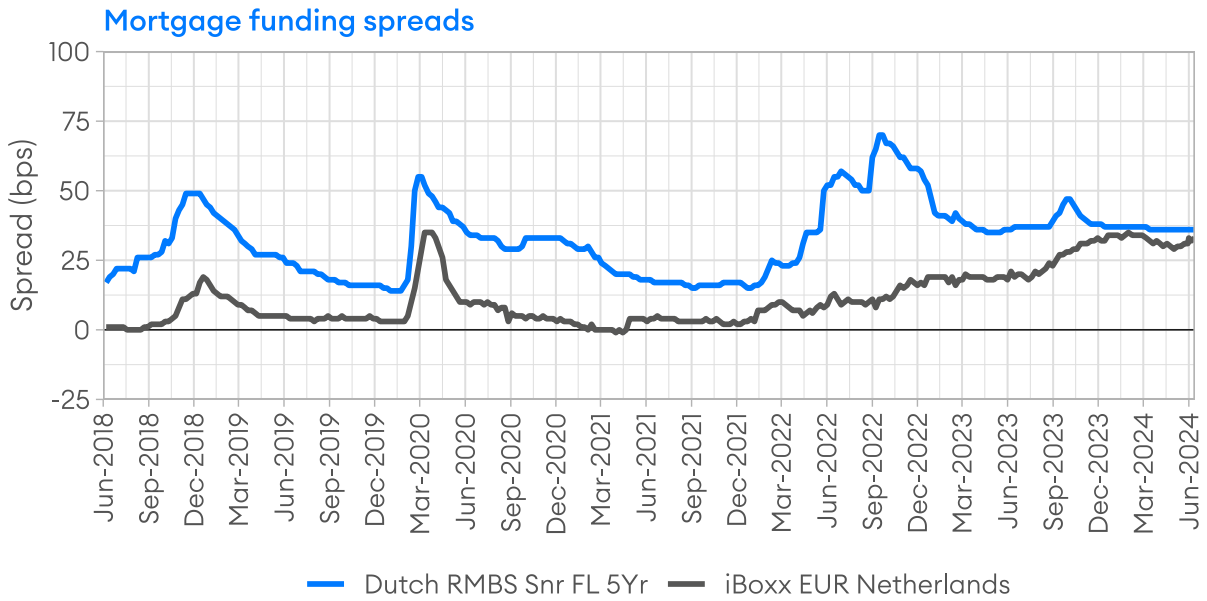
In July the Dutch Mortgage Finance 2024-1 was issued. The loans were originated by RNHB, a Dutch buy-to-let lender. The pool amounts to a total of about EUR 1.45 billion. The class A notes have been priced at par with a spread of 75 bps, the lower ranked notes have been priced below par with spreads ranging from 105 to 550 (B-F). The pool LTV is 54%, the seasoning 76 months and interest only amounts to 42% of the pool.

EDML 2024-1

In May 2024, the EDML 2024-1 was issued with owner-occupied loans originated by Elan Woninghypotheek. The pool amounts to a total of EUR 510 million. The Class A notes were priced at par, while the B-E notes were priced below par with spreads ranging from 115-260. All the notes were placed publicly. The pool has a weighted average CLTV of 54.1%, a seasoning of 67 months, interest-only loans make up 39.2% of the pool, and 5.56% of the borrowers are self-employed.

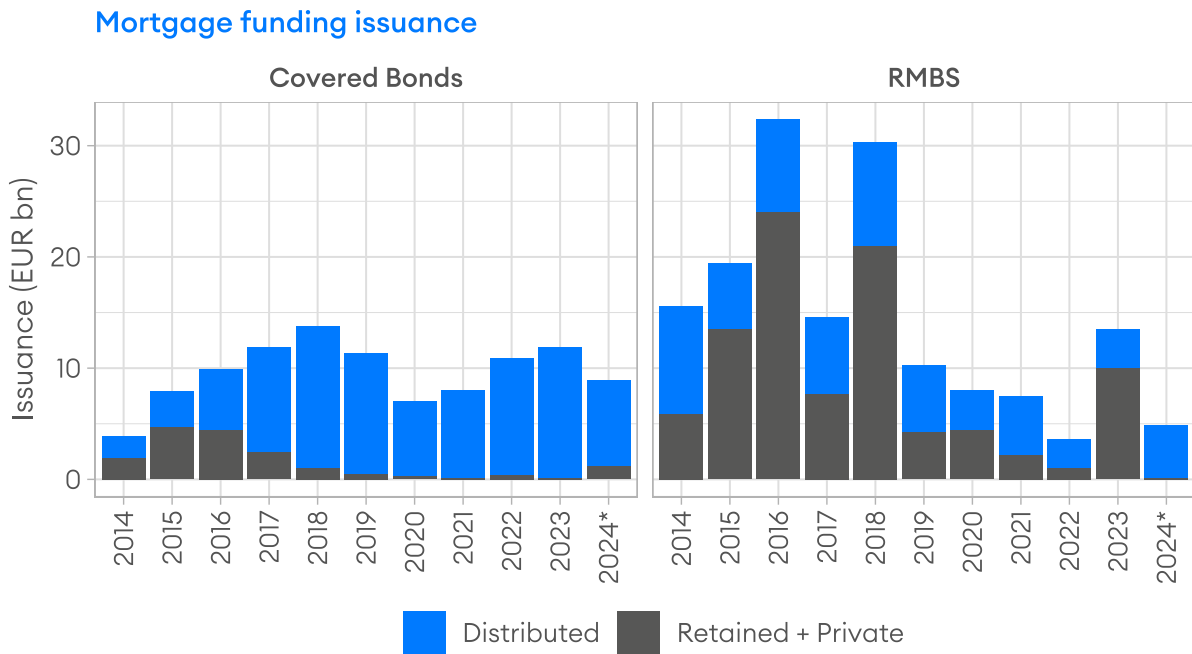
Covered bonds

Total covered bond issuance for the first quarter was EUR 3.8 billion, bringing the total to EUR 8.9 billion. Most of the issuance volume can be attributed to ING and Rabobank, both with issues totaling to EUR 2.2 billion. Over the quarter covered bond spreads have decreased from 33 bps to 29-30 bps but have recovered to 33 bps by the end of the quarter



Source: Dynamic Credit, JP Morgan

Figure 13: RMBS spread refers to indicative mid spread (DM) for representative generic RMBS bonds. iBoxx EUR Netherlands spread refers to spread versus mid swap rates. The data is as of 2024-Q2.



* Data up to Q2

Source: Dynamic Credit, JP Morgan

Figure 14: Issuance of Dutch RMBS and covered bonds. The data is as of 2024-Q2.

Dutch RMBS market: Priced Dutch prime RMBS and BTL deals

Date	Issuer	Series	Seller	Class	Euro Amount	Life	FXFL	Sprd	DM	Benchmark	M	SP	F	DBR	Retained	comments
2024-07-18	Dutch Mortgage Finance BV	2024-1	RNHB BV	A	1222	3.1	FL	75		3 Mo. Euribor	Aaa	AAA	AAA	N	EUR 1.45bn; WA CLTV 54%;	
				B	72	5.2	FL	105		3 Mo. Euribor	Aa	AA	AA	N	WA Seasoning 76m; IO Loans	
				C	51	5.2	FL	145		3 Mo. Euribor	A+	AL	AL	N	42.4%; Avg loan EUR 257.1K;	
				D	48	5.2	FL	210		3 Mo. Euribor	BBB	BBBL	BBBL	N		
				E	31	5.2	FL	350		3 Mo. Euribor	BB	BL	BL	N		
				F	22	5.2	FL	550		3 Mo. Euribor	COC	NR	NR	N		
				X	36		FL	450		3 Mo. Euribor	BB+	NR	NR	N		
				R	2		FX							N		
2024-06-25	Green Lion BV	2024-1	A	1000	4.9	FL	43		3 Mo. Euribor	Aaa	AAA	AAA	N	EUR 750mm; WA CLTV 74%;		
			B	53	4.9	FX						Y	WA Seasoning 24m; IO			
			C	11	4.9	FX						Y	Loans 19.8%; Self-employed			
2024-05-24	Domi BV	2024-1	Dominvest BV	A	298	3.5	FL	68		3 Mo. Euribor	Aaa	AAA	AAA	N	EUR 321.8mm; WA Seasoning	
				B	13	5.3	FL	95		3 Mo. Euribor	Aa2	AA	AA	N	27.2m; IO Loans 98.9%; WA	
				C	6	5.3	FL	135		3 Mo. Euribor	A2	A	A	N	CLTV 65.8%;	
				D	3	5.3	FL	200		3 Mo. Euribor	Baa3	BBB	BBB	N		
				E	2	5.3	FL	565		3 Mo. Euribor	B2	B-	B-	N		
				X	6		FL	398		3 Mo. Euribor	B3	B-	B-	N		
				A	485	4.3	FL	60		3 Mo. Euribor	Aaa	AAA	AAA	N	EUR 510mm; WA Seasoning	
				B	12	5.2	FL	95		3 Mo. Euribor	Aa1	AA+	AA+	N	67m; WA CLTV 54.1%; IO	
				C	8	5.2	FL	140		3 Mo. Euribor	Aa3	A	A	N	Loans 39.2%; Self-employed	
D	3	5.2	FL	225		3 Mo. Euribor	A3	BBB	BBB	N	5.56%;					
E	3	5.2	FL	500		3 Mo. Euribor				N						

Table 5: Priced Dutch RMBS and BTL Deals in 2024-Q2. Source: Dynamic Credit, JP Morgan.

5. Buy-to-let Mortgages

Buy-to-let news and market developments

Eres portfolio transaction¹

Canadian real estate investor Eres appears to have shifted strategy after previously failing to sell almost 6,900 Dutch rental homes in one transaction. Instead of an all-in-one transaction, Eres is selling its portfolio in parts, with Dutch real estate investors Rubens Capital Partners (RCP) and Vivet being the first two buyers. The former has purchased 464 rental homes for EUR 100.7 million while the latter has bought 66 rental houses for EUR 14.2 million. Both RCP and Vivet plan to sell the homes (to owner-occupants) when the current tenants leave. Additionally, throughout 2023-Q4 and 2024-Q1, Eres generated EUR 12.7 million from the sale of 38 rental houses to their occupants. Eres faces shareholder pressure to improve its finances with the debt ratio having increased from 49% in 2022 Q2 to 58% in 2024-Q1, and the interest coverage ratio having decreased from 4.2 to 2.9 in the same period. Furthermore, debt totaling to a notional amount of EUR 287 million is due for repayment or refinance in this year and next year, so an improved liquidity position is very welcome.

Affordable Rent Act (*Wet betaalbare huur*)²³⁴

In June the Dutch Senate has voted to approve the Affordable Rent Act, and on 1 July 2024 it has come into effect. The Act introduces a number of significant changes to the rental market. Rents were already regulated for social sector housing (up to 143 WWS⁵ points) and this remains unchanged. Further regulation now applies to the middle rent sector, which are homes with 144 to 186 WWS points and a rent price of EUR 880 to EUR 1,158. The regulation for the middle rent sector applies to new rental contracts entered into or after 1 July 2024.

The WWS points system has gotten a revision and it is now heavily reliant on the energy label: good labels get additional points and bad labels get a penalty. The Act and applying the WWS is now compulsory law, which means that landlords are required by law to abide by it. Municipalities get the authority to enforce based on notifications or proactively. And sanctioning the landlord will be possible. Furthermore, rent price markups apply for newly built homes (for 20 years) of 10% and for monuments of 15%-35%. Landlords are required to add the WWS points calculation to new rental contracts starting from 1 January 2025.

The rent assessment committee (*huurcommissie*) and rent revisions

Within six months of the start of the lease, every renter can have their initial rent price reviewed by the rent assessment committee. If found to be too high (based on the applicable rent regulation), the committee will lower the price. The decision by the committee is binding, and the new rent price applies retrospectively from the beginning of the rental agreement.

Before the Act came into effect, once the 6-month period had lapsed for rents above the social sector housing maximum (expressed in euros so above EUR 880 most recently), there was no opportunity to get the rent price reviewed by the rent assessment committee anymore and the rent would be fixed. With the Act coming into effect, most renters can have their rent price reviewed, either immediately or later on. The rent can only be adjusted retrospectively in the first 6 months, thereafter it could be adjusted going forward.

For renters of social sector housing (with up to 143 WWS points) whose rental price is higher than the maximum rent according to the WWS system, the situation remains unchanged: the renter can contact the rent assessment committee to obtain an accurate rent price. The rent assessment committee will determine the right price, and the decision is binding.

1 [FD - Canadese vastgoedbelegger verkoopt Nederlandse huurwoningen](#)

2 [Huurcommissie - Wet betaalbare huur](#)

3 [Volkshuisvesting Nederland - Nieuwbouwopslag volgens de Wet betaalbare huur](#)

4 [Volkshuisvesting Nederland - Aanpassingen van het WWS](#)

5 WWS stands for Woning WaarderingsStelsel which loosely translates to the home valuation methodology. The number of points relates to a maximum rent price.

For renters with a new rental contract (signed after 1 July):

- Renters of homes with a quality rating of between 144 and 186 points in the middle rent sector fall under the Affordable Rent Act. If the rental price is higher than the maximum rent according to the WWS points system, the renter can contact the rent assessment committee to obtain an accurate rent price. The rent assessment committee will determine the right price, and the decision is binding.

For renters with an existing rental contract (signed before 1 July), the old WWS system applies:

- Renters of homes with up to 143 WWS points (social sector) whose rental price (expressed in euros) is now unregulated (in most cases probably because the 6 month objection term has lapsed), will fall under the maximum rent price policy starting from 1 July 2025. There is a one year transition period and thereafter the renter has the possibility to contact the rent assessment committee for a binding rent price determination. Any lower price decision is binding, and landlords who fail to comply are subject to legal action.
- Renters of homes with more than 143 WWS points (previously unregulated rent) do not have right to an adjusted rental price as a new renter would under the Affordable Rent Act.

Rent developments

Pararius reports¹ that, as of the second quarter, the national average rental price in the unregulated sector is now EUR 18.79 per square meter per month, marking a YoY increase of 9.9% and a new record high. During this quarter, the number of available properties in the unregulated sector has decreased by 32.8% YoY.

In the second quarter of 2024, the average square meter price of rental properties in the free sector increased in four out of the five major cities in the Netherlands compared to the same quarter last year. In Eindhoven, the square meter price decreased by 1.7% to EUR 17.93, which is the only city within the G5 below the national average of EUR 18.79. In Amsterdam, the average square meter price increased by 3.8%, resulting in new tenants paying €27.57 per square meter per month. The largest percentage increases were in The Hague (+8.1%) and Rotterdam (+8%), where new tenants paid EUR 20.07 and EUR 20.13 per square meter per month, respectively. In Utrecht, the square meter price rose by 2.1% to EUR 21.52.

In the second quarter of 2024, a total of 14,673 homes became available for new renters in the Netherlands, which is a decrease of 32.8% compared to the same period a year earlier, and a 44% decrease compared to the same quarter of 2022. The five largest cities in the Netherlands accounted for 46.8% of the rental listings on Pararius in the second quarter of 2024. This is an increase from 41% in the same quarter a year earlier.

In the second quarter of 2024, the percentage of homes offered for sale that have originated from the rental market increased to 7.8%, up from 7% in the first quarter. The rise in former rental properties being put up for sale has contributed to the reduction in the supply of rental properties in the unregulated sector over the years. Note that the numbers are based on the rental properties that have been offered on Pararius previously and that the number could be higher when the rental properties that have never been offered on Pararius are taken into account.

1 [Pararius - Scharrste op vrije sector huurmarkt neemt toe](#)

Rate and spread developments

During the second quarter of 2024, buy-to-let mortgage interest rates remained relatively unchanged on average. After the quarter had ended, no changes occurred in mortgage interest rates for buy-to-let. In general, buy-to-let mortgage interest rates are relatively sticky compared to owner occupied mortgage rates. The unchanged buy-to-let mortgage rates resulted in a tightening of spreads of 17 bps on average during 2024-Q2. In July, spreads on average widened by 17 bps, thus resulting in buy-to-let spreads ending relatively equal to the beginning of the second quarter.

2024-Q2 buy-to-let spreads ended roughly at the same level.

It should be noted that Dynamic Credit is the only active lender in the high LTV (>85%) segment.

Market rate and spread development for consumer buy-to-let rates											
Fixed rate period	LTV	BTL rates					Spreads				
		2024-03-31	2024-06-30	2024-07-26	QoQ	QtD	2024-03-31	2024-06-30	2024-07-26	QoQ	QtD
1-year	50%	5.75%	5.75%	5.75%	0.00%	0.00%	2.37%	2.39%	2.58%	0.02%	0.19%
	60%	5.84%	5.83%	5.83%	-0.01%	0.00%	2.46%	2.47%	2.66%	0.01%	0.19%
	70%	5.87%	5.87%	5.87%	0.00%	0.00%	2.49%	2.50%	2.69%	0.01%	0.19%
	80%	5.95%	5.93%	5.93%	-0.02%	0.00%	2.57%	2.57%	2.76%	0.00%	0.19%
	90%	5.80%	5.80%	5.80%	0.00%	0.00%	2.42%	2.44%	2.63%	0.02%	0.19%
5-year	50%	5.19%	5.17%	5.17%	-0.02%	0.00%	2.55%	2.32%	2.52%	-0.23%	0.20%
	60%	5.30%	5.28%	5.28%	-0.02%	0.00%	2.66%	2.43%	2.63%	-0.23%	0.20%
	70%	5.34%	5.31%	5.31%	-0.03%	0.00%	2.69%	2.47%	2.66%	-0.22%	0.19%
	80%	5.26%	5.27%	5.27%	0.01%	0.00%	2.62%	2.42%	2.62%	-0.20%	0.20%
	90%	5.50%	5.50%	5.50%	0.00%	0.00%	2.85%	2.65%	2.85%	-0.20%	0.20%
10-year	50%	5.21%	5.23%	5.23%	0.02%	0.00%	2.67%	2.44%	2.59%	-0.23%	0.15%
	60%	5.36%	5.37%	5.37%	0.01%	0.00%	2.81%	2.58%	2.74%	-0.23%	0.16%
	70%	5.38%	5.40%	5.40%	0.02%	0.00%	2.83%	2.61%	2.76%	-0.22%	0.15%
	80%	5.33%	5.36%	5.36%	0.03%	0.00%	2.78%	2.57%	2.73%	-0.21%	0.16%
	90%	5.60%	5.60%	5.60%	0.00%	0.00%	3.05%	2.81%	2.97%	-0.24%	0.16%
20-year	50%	5.58%	5.56%	5.56%	-0.02%	0.00%	2.98%	2.72%	2.85%	-0.26%	0.13%
	60%	5.70%	5.68%	5.68%	-0.02%	0.00%	3.10%	2.84%	2.97%	-0.26%	0.13%
	70%	5.75%	5.73%	5.73%	-0.02%	0.00%	3.15%	2.89%	3.02%	-0.26%	0.13%
	80%	5.65%	5.63%	5.63%	-0.02%	0.00%	3.05%	2.79%	2.92%	-0.26%	0.13%
	90%	5.85%	5.85%	5.85%	0.00%	0.00%	3.25%	3.01%	3.14%	-0.24%	0.13%

Table 6: Interest rate and spread development for buy-to-let rates in the Netherlands. Source: Dynamic Credit, Hypotheekbond. Reference date is 2024-07-26. Note that the overview shows rates for consumer buy-to-let products, it excludes products that are targeted to professionals.

6. Macro update

The following sections provide an update on the (macro)economic environment.

Monetary policy

The European Central Bank (“ECB”) announced on 6th of June¹, that the Governing Council has decided to lower the central policy rates by 25 basis points. Rates were kept unchanged in April, but based on updated assessment of the inflation outlook and the strength of monetary policy transmission, the Governing Council decided to lower the three key ECB interest rates. The deposit facility rate is now set at 3.75%, the refinancing operations rate at 4.25%, and the marginal lending facility rate at 4.5%.

In its July meeting², the Governing Council of the ECB announced it would keep its key rates unchanged, despite some measures of underlying inflation showing an uptick in May. The upticks were primarily caused by one-off factors, whereas most measures were stable or edged down in June.

The Eurosystem’s holdings under the pandemic emergency purchase programme (PEPP) will be reduced by EUR7.5 billion per month on average over the second half of the year, with reinvestments under the PEPP expected to be discontinued by the end of 2024.

Inflation and Harmonized Index of Consumer Prices

In June 2024, the prices of consumer goods and services in the Netherlands (“CPI”) were up 3.2% YoY, compared to 3.1% by March 2024. According to CBS³, the price development of tobacco drove up Dutch inflation by increased excise on tobacco. The Harmonized Index of Consumer Prices (“HICP”) for The Netherlands, which has a uniform method of measuring inflation among European countries, was 3.4% in June, up from 2.7% in May. In the Eurozone, inflation decreased from 2.6% YoY in May to 2.5% YoY in June. The inflation targets for both the Netherlands and the Eurozone as a whole are 2%. For a longer time-window of CPI and HICP developments please consider Figure 15 below.

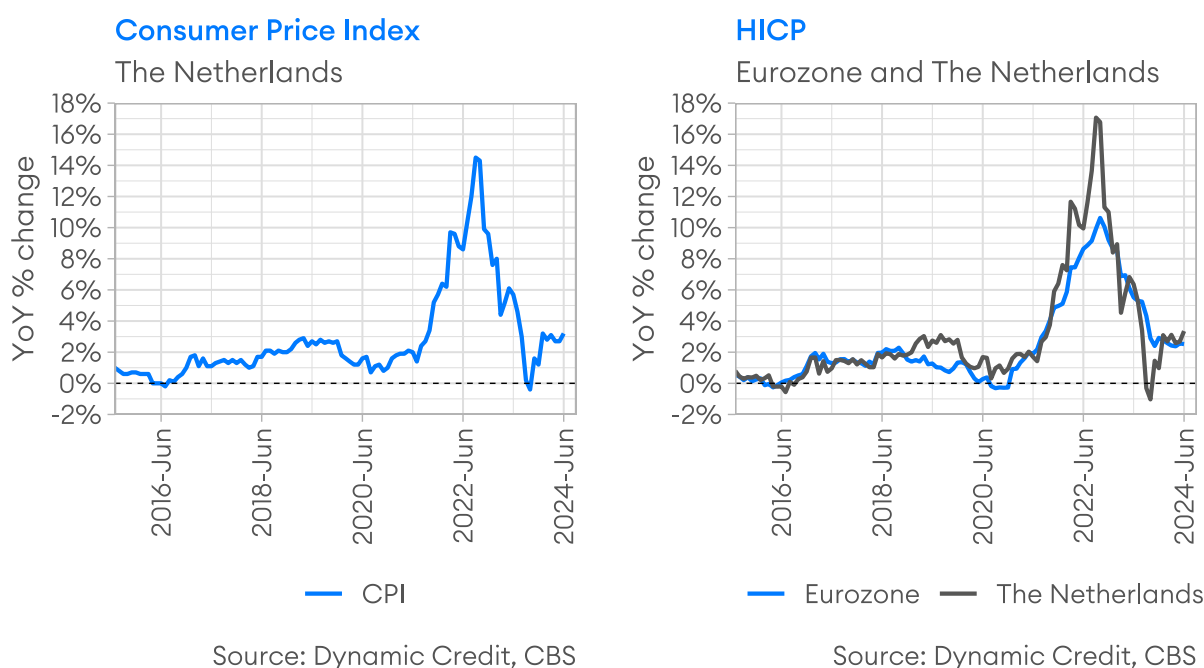
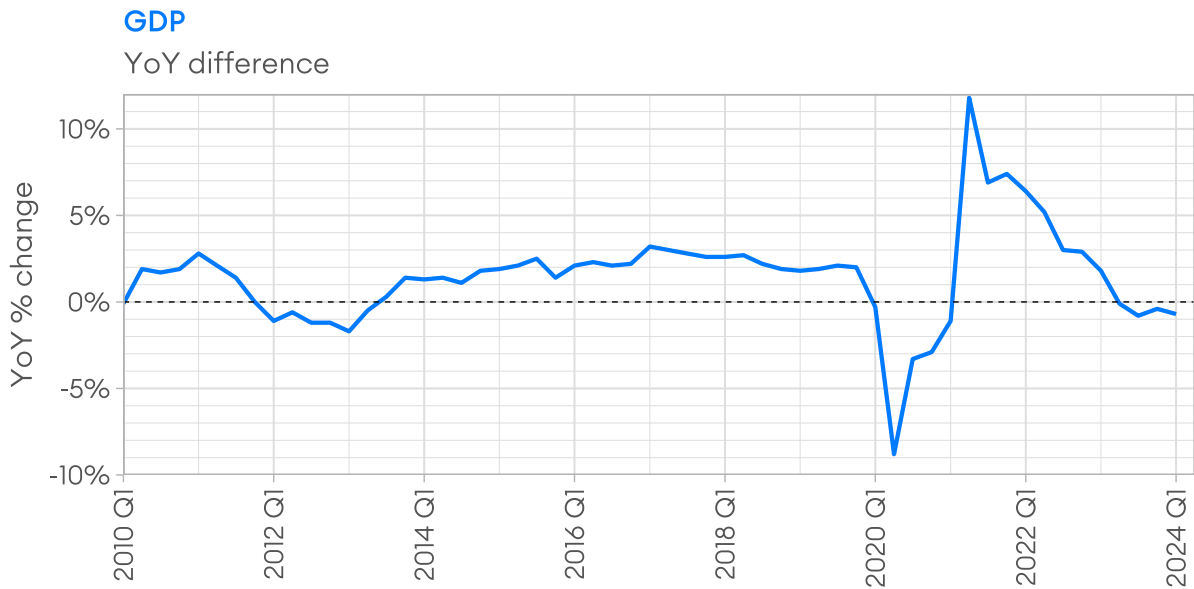


Figure 15: The consumer price Index in the Netherlands (left) and the Harmonized Index of Consumer Prices (“HICP”) (right) both as of June 2024.

1 [ECB - Monetary policy decisions June](#)
2 [ECB - Monetary policy decisions July](#)
3 [CBS - Inflatie stijgt naar 3,2 procent in juni](#)

Economic Growth

In June 2024, CBS released its report on the economic growth in the Netherlands¹. In 2024-Q1, the Dutch economy contracted by 0.5% according to the CBS final estimate. The decrease is mostly caused by a lower export balance. Compared to the same period a year earlier, a contraction of 0.6% is observed. Please consider Figure 16 below for the historical YoY change in Dutch GDP.



Source: Dynamic Credit, CBS

Figure 16: YoY GDP growth in The Netherlands as of 2024-Q1.

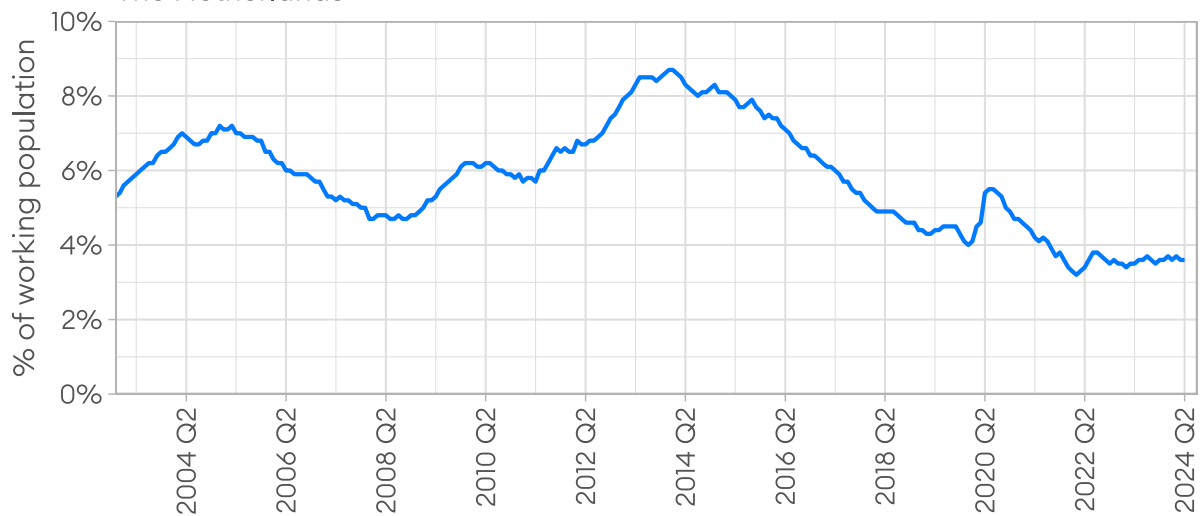
Unemployment

The latest report by CBS² shows that the Dutch unemployment rate remains stable at 3.6%, with roughly 370,000 people aged 15 to 74 years unemployed by June 2024. During the second quarter, the number of employed people has risen by approximately 5,000 per month. The net labor participation has slightly increased, reaching 73.4% in the last quarter. The growing population has resulted in 88,000 more people being employed in June 2024 in comparison to the previous year. There has also been a slight increase of 17,000 in the number of unemployed individuals, so the total labor force has grown by 105,000 during that period.

1 [CBS - Economic contraction of 0.5 percent in Q1 2024](#)
2 [CBS - Unemployment virtually unchanged in June](#)

Unemployment rate

The Netherlands



Source: Dynamic Credit, CBS

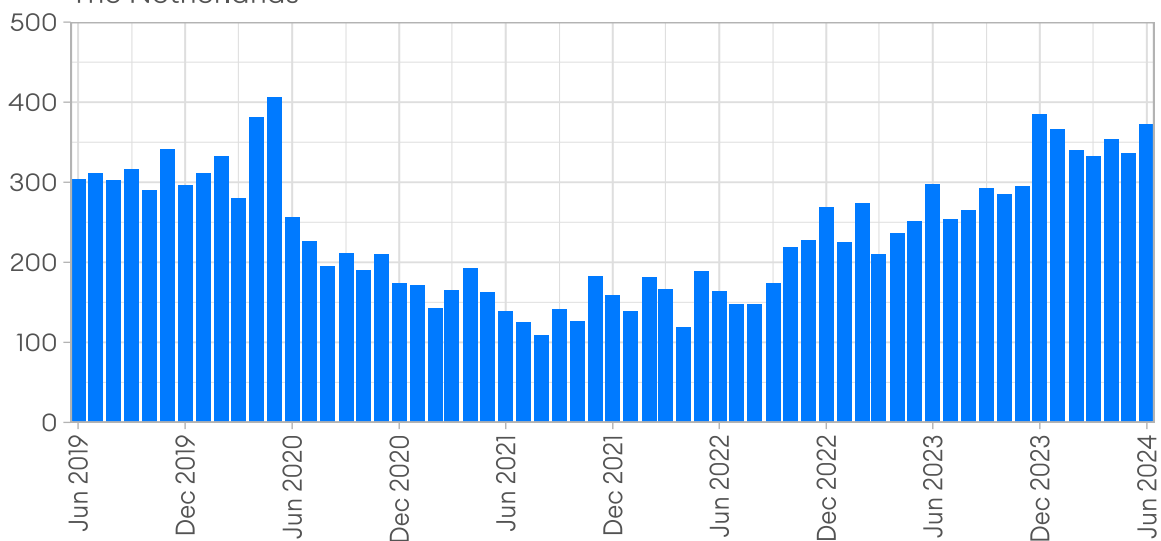
Figure 17: Unemployment rate in The Netherlands as of June 2024

Bankruptcies

The number of bankruptcies rose to 373, indicating an 11% rise over May, reports the CBS¹. An overall increase in bankruptcies of 40% has been observed in H1 2024 as compared to H1 2023, with the number being higher than the same period 2017-2019 (the 3 years before the COVID-19 pandemic). So the number of bankruptcies is increasing, also in a historical context. The construction industry had the highest number of bankruptcies in June with 54 cases, showing a 29% uptick from May.

Bankruptcies

The Netherlands



Source: Dynamic Credit, CBS

Figure 18: Monthly bankruptcies in The Netherlands as of June 2024.

7. Sustainability Update

New cabinet bound by European sustainability path¹

In May 2024, the recently installed cabinet presented the high-level coalition agreement, in which the ambitions in the field of sustainability can be described as very limited. The new cabinet does not have the intention to raise the climate ambitions. However, fears that ambitions will be adjusted downwards seem unfounded, as the cabinet is bound by European legislation that ensures progress towards a more sustainable built environment. The “Fit for 55” program is a comprehensive package of policies to help the European Union realize lower greenhouse gas emissions. The ambitious target is a crucial step towards the EU’s overarching goal of becoming climate neutral by 2050, as laid down in the European Green Deal.

The revised Energy Performance of Buildings Directive (“EPBD”), which sets standards for the built environment, is part of the Fit-for-55 package. As addressed in our previous quarterly report, the EPBD includes specific reduction targets, including a 16% reduction in primary energy usage by 2030 and 20-22% by 2035. A National Building Renovation Plan, required of every member state, will outline a roadmap with national targets for 2030, 2040, and 2050, detailing the annual renovation rate required to meet these goals. The Dutch government will work on this plan over the coming year, with a due date of December 31, 2025. The requirements will be at the national level, where it is unlikely that legal requirements will be imposed on homeowners. However, if the current policy does not achieve the desired outcome, legal requirements may still be implemented in the future.

To assist homeowners, member states are encouraged to set up building renovation passports to help consumers achieve zero-emission building status by 2050. Energy performance certificates will also undergo changes, with flexibility for member states to determine the distribution of scales, using letters A to G. In the Netherlands, adjustments to energy label cases may be postponed until December 31, 2029.

Uncertainty forces consumers to postpone installing heat pumps²

The sale of heat pumps has been impacted by lower gas prices, fear for an overburdened electricity grid, and political uncertainty. The Association of Heat Pumps, the trade organization for suppliers of heat pumps, reports a substantial decrease in demand among manufacturers.

In the first quarter of last year, 42,000 heat pumps were sold in residential construction. By the first quarter of this year, sales have fallen to fewer than 20,000 units. This decline is attributed to several factors. Reduced new construction projects have played a role, as has the increased payback period for heat pumps due to lower gas prices. Furthermore, political uncertainty has left many potential buyers hesitant, as they await clarity on whether the new cabinet will implement a heat pump mandate, what future taxes on gas and electricity will be, and what subsidy schemes will be available. Adding to the uncertainty is the concern over electricity grid congestion, which makes consumers wary of investing in (electrical) heat pumps. These factors are not only affecting heat pumps but also the adoption of other sustainable solutions, such as solar panels and electric vehicles.

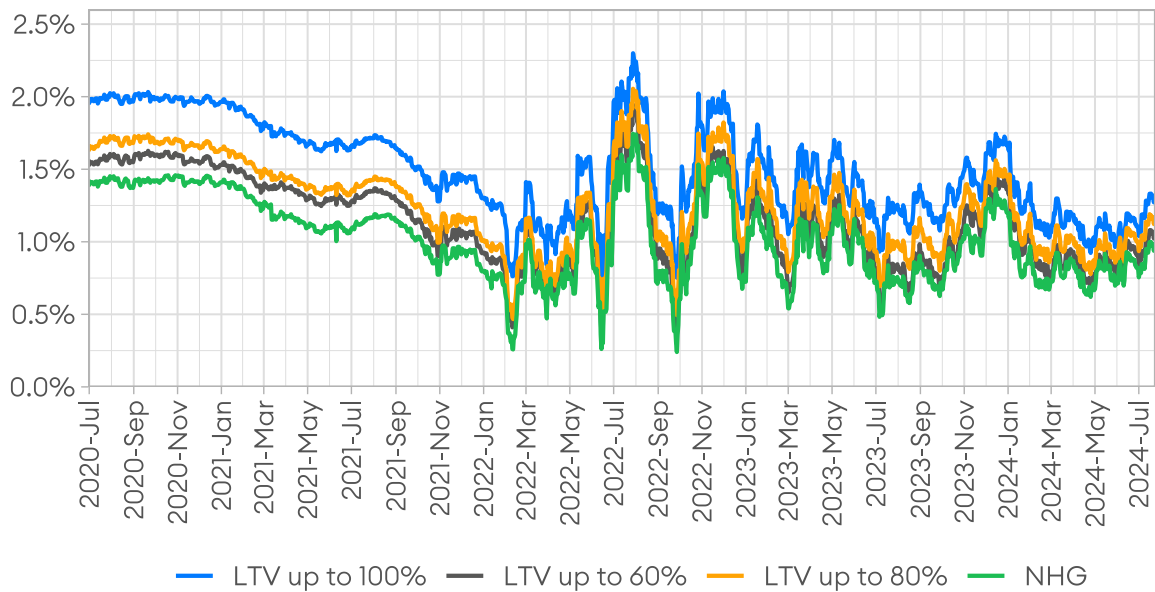
1 [RVO - Kort overzicht artikelen EPBD IV](#)

2 [Het Parool - Veel minder warmtepompen verkocht; consument kijkt kat uit de boom](#)

Appendix

Spread average top 6 per risk class

5-year fixed rate period

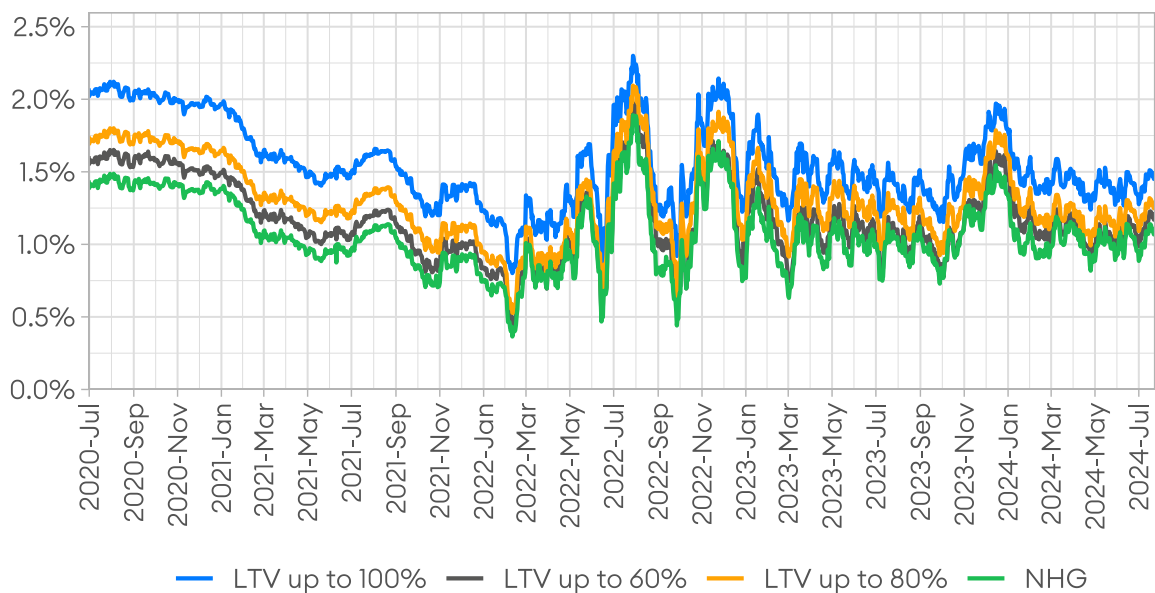


Source: Dynamic Credit, Hypotheekbond (2024-07-24)

Figure A1: Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 5-year fixed rate period for four risk classes. Up to and including 2024.

Spread average top 6 per risk class

10-year fixed rate period

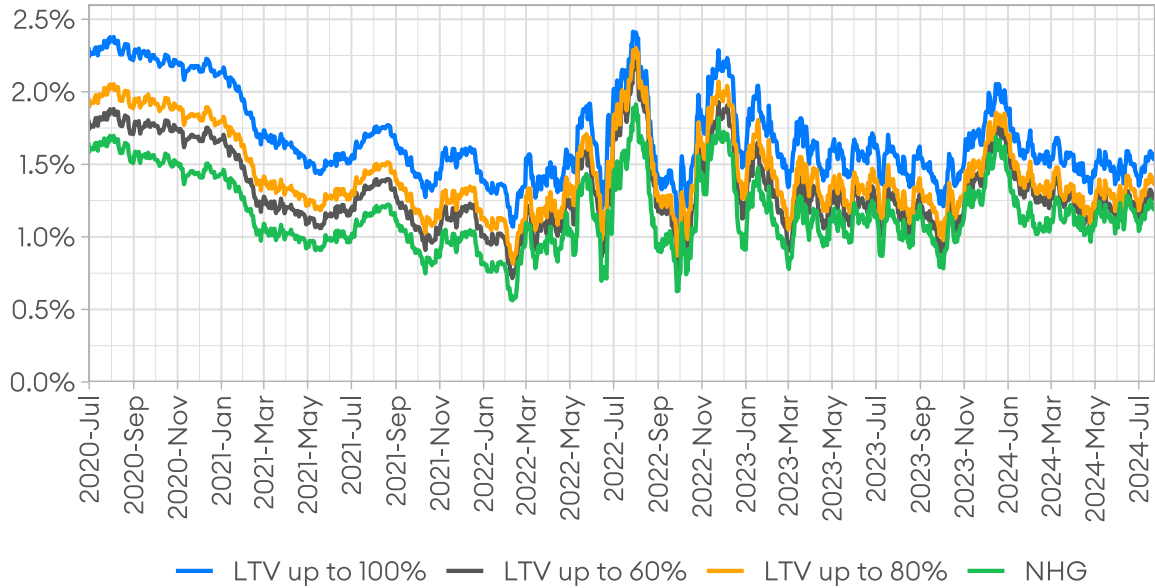


Source: Dynamic Credit, Hypotheekbond (2024-07-24)

Figure A2: Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 10-year fixed rate period for four risk classes. Up to and including 2024.

Spread average top 6 per risk class

20-year fixed rate period

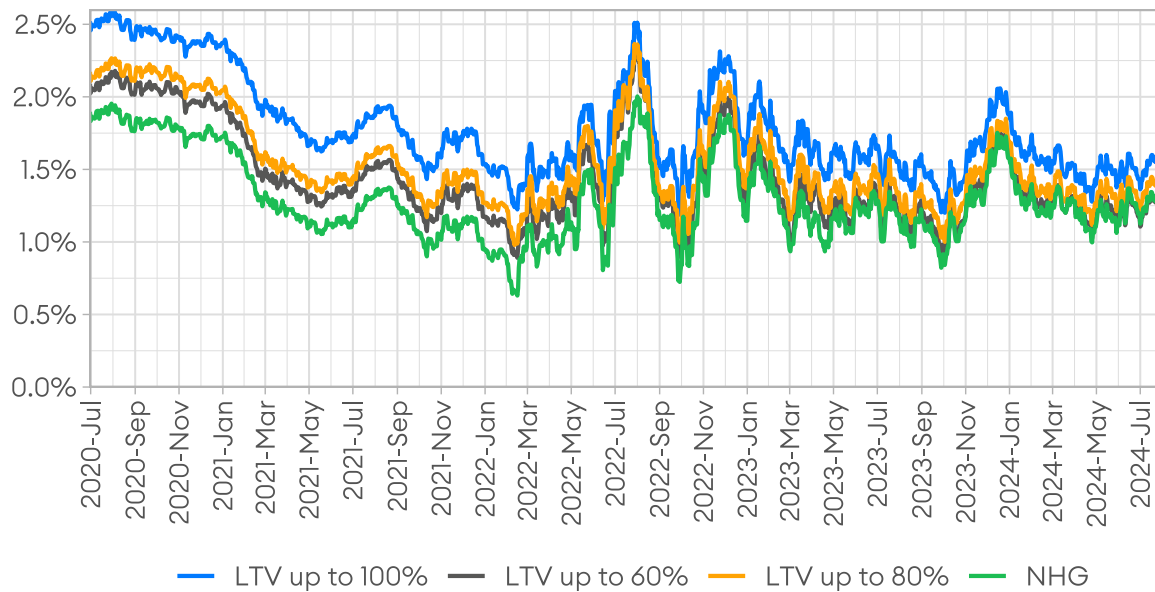


Source: Dynamic Credit, Hypotheekbond (2024-07-24)

Figure A3: Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 20-year fixed rate period for four risk classes. Up to and including 2024.

Spread average top 6 per risk class

30-year fixed rate period



Source: Dynamic Credit, Hypotheekbond (2024-07-24)

Figure A4: Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 30-year fixed rate period for four risk classes. Up to and including 2024.

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Revealing Opportunities.

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