Rabobank

Dutch Housing Market Quarterly

Quarter IV 2009

Economic Research Department

Contents

The Economic Research Department is also available on the internet at www.rabobank.com/kennisbank

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Introduction and Summary

The negative spiral afflicting the housing market for some time appears to be broken, and the housing market is stabilising. After a sharp decline in transactions from autumn 2008, the past half year has shown signs of a slight rebound. The stabilisation of the economy in the wake of the crisis appears to be reflected in the situation on the housing market. One contributory factor is consumer confidence, which has been cautiously emerging from the doldrums since March 2009, exerting a favourable impact on transaction numbers. Furthermore, house prices are levelling. Looking at the differences per house type, it is clear that houses in the more expensive price bracket (semi-detached and detached) have been harder hit by the credit crisis than the relatively less pricey house types (apartments and mid-terrace houses). For all house types the biggest price drop occurred in the second quarter of 2009, with prices declining significantly less since then.

Remarkably, the rate of new housing completions appears not to have been unduly affected by the credit crisis. This is because the construction of houses now being completed commenced at the start of or even before the crisis. It is the number of newly issued building permits for the non-rental sector that have suffered instead. These are down by a quarter for the first ten months of 2009, in all probability resulting in a lower new housing output for the years ahead.

The affordability of purchasing a house improved greatly in 2009, but is not expected to improve further. House prices are stabilising, and mortgage rates are expected to rise gradually in the coming period. Fortunately for house buyers, the current average house price is in line with the gross financing potential of an average household with one and a half modal incomes. On the downside, however, purchasing power is on the decline and unemployment is rising.

Although the number of mortgages issued is still declining, the pace of decline is levelling off. Moreover, the total mortgage amount has shown a rise for some quarters now. Of course the overall level for 2009 is well below that of 2008. All market parties are feeling the effects of the reduced market size, with foreign players hardest hit – for instance Argenta, Bank of Scotland and GMAC. Dutch-owned ABN Amro has also lost market share, particularly with its Fortis ASR label. Market leader Rabobank (including Obvion) managed to increase its share at the start of the crisis and remained virtually stable throughout 2009 with some 30% of the total market.

Looking ahead, Rabobank expects house prices to stabilise and achieve a limited recovery in the second half of 2010. Owing to a lower starting position this year, we expect the price index for second-hand houses to register a lower annual average for 2010 than last year's. Consequently, we predict a 1% drop in the yearly average for 2010.

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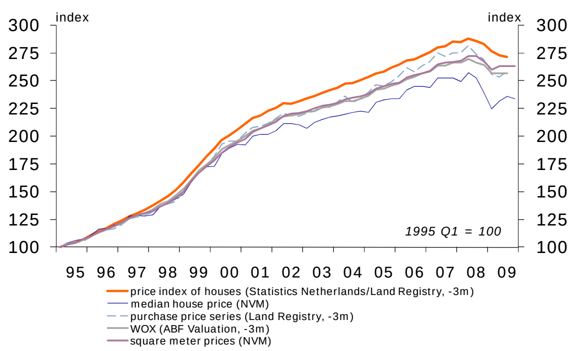
House prices virtually static

House prices in the Netherlands are stabilising. This was the most important message of our previous Housing Market Quarterly. The numbers from the fourth quarter now confirm this trend, showing virtually no movement in house prices (figure 1). Both the price index for second-hand houses (PBK) of the CBS/Land Registry, and the median house price series of the Dutch Association of Real Estate Brokers (NVM) showed a drop of less than 1% in the fourth quarter of 2009. The NVM series also shows prices per square metre stabilising, while the WOX index of ABF Valuation indicates no change since the second quarter of 2009. Certainly after the previous price slump, this is good news.

Figure 1: National house prices stabilise

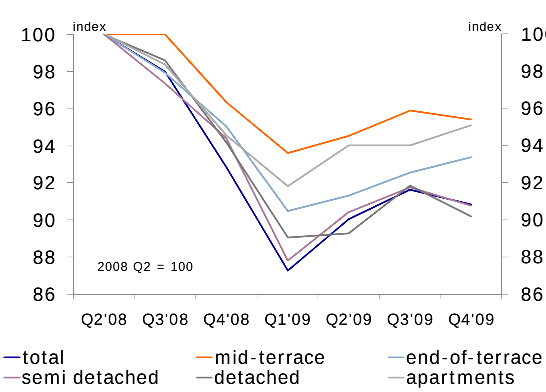


Source: ABF Valuation, Statistics Netherlands, Land Registry, NVM, Rabobank

Of course this calculation applies primarily to the overall data series shown in Figure 1. At the same time, we know, as was discussed in previous Quarterlies, that the more expensive segment of the market has been harder hit by the economic crisis than houses in the lower price brackets. It is interesting therefore to look at the differences per house type, starting with the NVM analysis of median price development (Figure 2). As expected, these numbers show that the price decline was most marked in the more expensive detached and semi-detached houses, compared to the generally cheaper apartments and mid-terrace houses, where the price drop was less severe.

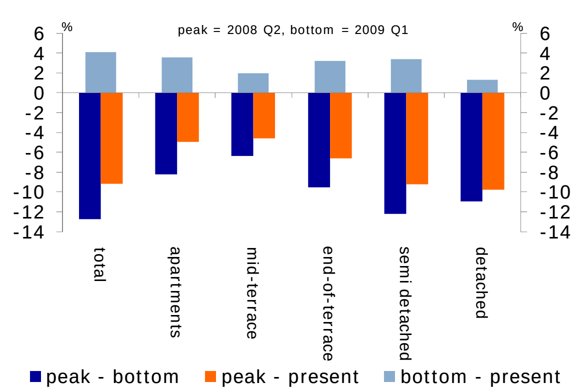
Figure 3 now shows the same data in a different light, comparing the total decline from the peak with the decline until the bottom per house type. This

Figure 2: Median house price out of the trough



Source: NVM, Rabobank

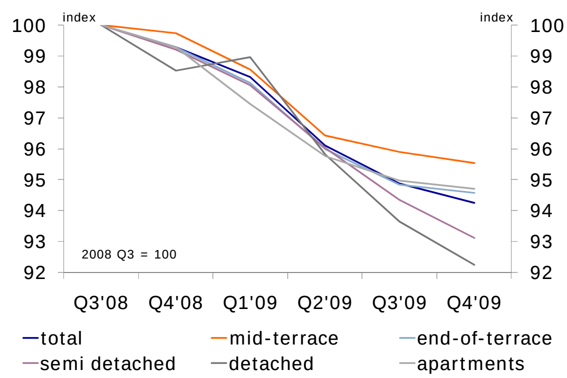
Figure 3: Compositional effects impact the median



Source: NVM, Rabobank

shows that not only were detached houses hardest hit by the economic crisis, but that prices in the most expensive segment have been slower to pick up since the trough of the first quarter of 2009.

Figure 4: Detached houses hardest hit



Source: Statistics Netherlands, Land Registry, Rabobank

Remarkably too, the total drop during the period of price decline in both Figures is sharper than the price drop for each of the individual house types separately. Similarly, Figure 3 shows that the price rise since the trough is highest for the total number. In previous issues of the Quarterly, we indicated that Rabobank is not a great fan of how this NVM method of tracking the median house price works out in times of crisis. These data again confirm our view. A robust series will not be influenced by compositional effects, but will give a sound picture of the (average) developments taking place in the various market segments. Comparing the median house price series with NVM data on percentual price development per square metre, it appears that the latter indicator gives a more reliable picture of trends in the market. This view is confirmed by curve of this indicator since 1995, (Figure 1), which is much more in line with other house price series, such as the Dutch Land Registry index and ABF Valuation.

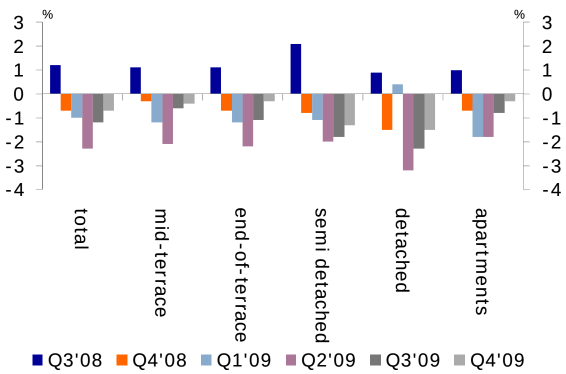
Comparing the second-hand house price indices (PBK) of CBS and the Dutch Land Registry with the NVM data, a somewhat similar picture emerges of the development of house prices in the various market segments. For instance, the PBK house price reached its peak to date in the third quarter of 2008. Fully in line with our expectations, this was one quarter after the NVM median house price began to decline. More information about the differences between the Dutch house price series can be found in one of our earlier publications.[1]

In addition, the PBK confirms the picture that the more expensive houses have been more severely affected by the economic crisis, and that the price decline has been less marked in the lower price brackets (Figure 4). This is clear when you compare the price development of detached and semi-detached houses (more expensive segment) with mid-terrace houses and apartments (cheaper segment). This trend is fully in line with the earlier described picture based on

[1] Themabericht *2009/10: Meten en weten op de woningmarkt*, on www.rabobank.com/kennisbank.

NVM data. Interestingly, the PKB data show the sharpest price decline taking place in the second quarter of 2009 (Figure 5). This is also in line with expectations, since the NVM data had already reached this point a quarter earlier.

Figure 5: Price decline slows, rebound expected



Source: Statistics Netherlands, Land Registry, Rabobank

However, there are also differences between the NVM data and PBK series. For instance, the cumulative price decline, particularly at the top end of the market, is more marked in the NVM figures than in the PBK figures. Furthermore, the period of price decline as depicted by the NVM was relatively short though severe, whereas the PBK shows a less negative trend, but the decline is spread out over a longer period. And while the NVM numbers showed a price drop for only three quarters, and since then a cumulative price rise (Figure 3), the PBK index has been negative for five quarters now (Figure 5). A further major difference has yet to be mentioned, and that is the direction of the total number for the Dutch housing market. In contrast to the NVM statistics, the PBK shows a more or less average development across the board for the prices of the various house types. These significant differences can be largely attributed to the already identified compositional effects, making the median house price index a less suitable market indicator in times of crisis.

Looking ahead, we do not envisage any great price changes for the PBK in the short term. This price stability can be expected to foster confidence among potential house buyers, who will want to make their purchase at the lowest point of the market. Indeed, this point seems already to have arrived, as reflected in Figure 5. You can read more on our expectations for house price development in 2010 in ‘Outlook’, at the end of this report.

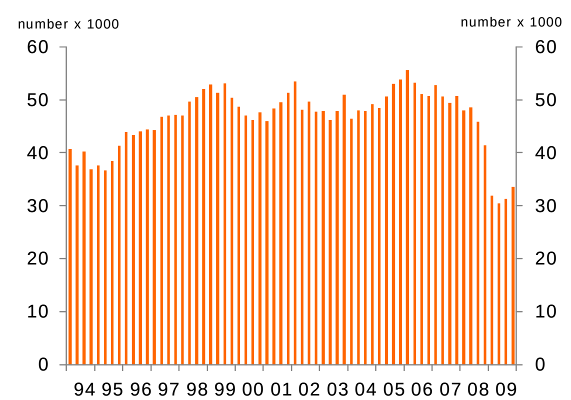
Considerable uncertainty continues to dog the market, which is currently being fuelled from government quarters (the housing market working group, and the controversy about maximum mortgages stirred up by the financial market supervisor (AFM). While these issues remain unresolved, a lack of clarity will prevail, prolonging the uncertainty. Equally, recent cabinet statements, emanating from Deputy Minister Anke Bijleveld, about whether or not to the purchase newly constructed houses in regions with a declining population, do not help to restore confidence among house buyers. Confidence can only grow when market participants know what to expect from the government.

Transactions creeping back up

Over 15,000 second-hand houses changed hands last December, 8% less than in December 2008. However, compared to the same period a year earlier, this decline was much less marked than during the first eleven months of last year (some 30% on average). This is because the number of transactions in 2008 had already dropped sharply. During the fourth quarter of last year, a total of almost 37,000 transactions were registered, confirming the upward trend set in the previous quarter (Figure 6). The rise in the number of existing home sales in the second half of last year can partly be attributed to the increased volume of apartment sales. Because the date of property transfer forms the basis for house registration figures, the Land Registry data refers to house sales of some three months earlier. This is approximately the period that elapses between sale agreed and property transfer. Consequently, we have to wait for figures from the coming quarter to know whether the upward trend is continuing.
For the whole of 2009 a total of over 127,000 houses changed hands – a third less than in 2008, when 182,000 transactions took place. Actually, transactions have been declining since 2006, when almost 210,000 houses were sold. According to the NVM, currently, almost 175,000 houses are for sale, of which nearly 30% have been on the market for over a year (Figure 7). In the fourth quarter of 2009 the average length of time it took to sell a house rose further to just over seven months.

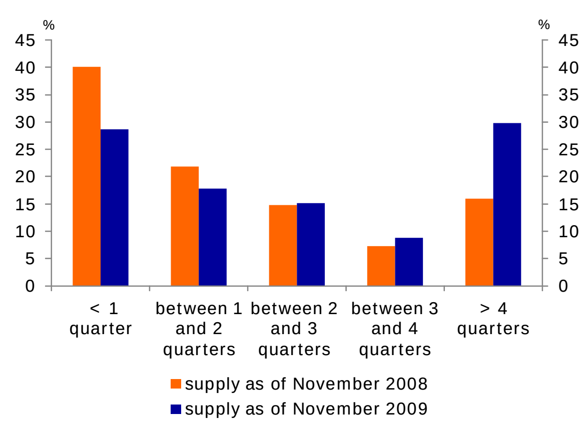
In 2009 over 2,200 transactions (1.8% of the total) involved forced sales. This compares to almost 2,000 in 2008. Relatively speaking, this is certainly a small number. The absolute increase can be explained by a combination of factors. These include the larger size of the mortgage market and the increased risks in mortgage lending since the mid-1990s (e.g. the move to issue mortgages on the basis of two incomes). As a result, the number of forced auctions has increased by more than a multiple of six since 1996.

Figure 6: Transactions rising gradually (seasonally adjusted quarterly figures)



Source: Land Registry, Rabobank

Figure 7: One in three houses for sale on the market for over a year

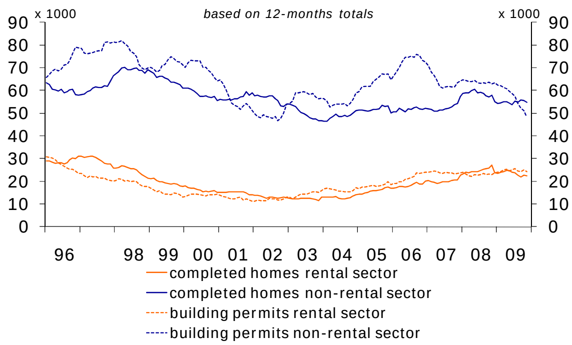


Source: NVM

Construction outlook unfavourable

During the first ten months of 2009 50,816 new housing completions were recorded, some 600 fewer than in the same period last year. The decline can be attributed to a slightly over 6% reduction in the number of completed rental units, while the number of completed non-rental homes actually showed a slight rise of 1%. Interestingly, the output drop of the first ten months of last year was less pronounced than during the last economic downturn of 2001-2003. Then only an average of some 43,000 housing completions took place amid an output drop of 8%. One reason for this is that a large number of building permits were issued during the recent years prior to the current crisis. During the 2006-2008 period, an annual average of 90,000 construction permits was issued. One possible explanation for this is that more developers decided to focus on the house building sector as the commercial property sector weakened.

Figure 8: Fewer building permits because of crisis



Source: Statistics Netherlands, Rabobank

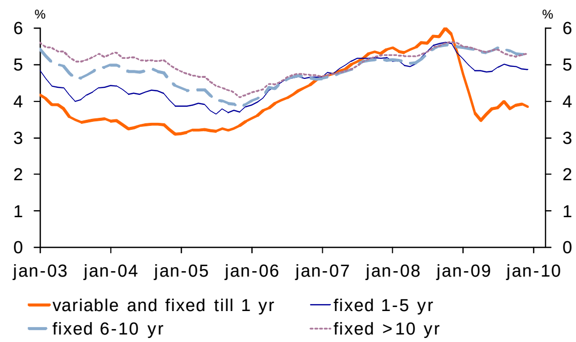
For a year in which the economy shrank by an average of 4%, the house building sector appears to have been able to hold its own. Appearances deceive, however, and the decline in building will only this year be properly reflected in the figures. During the first three quarters of 2009 over 11,700 new houses were sold – a slump of 43% compared to the same period a year earlier. The number of newly completed homes coming on the market in the first three quarters of last year halved compared to the same period in 2006-2008, when an average of over 31,000 newly constructed units were put up for sale annually. The sharp decline in new home sales, sliding order portfolios and restricted credit availability have since translated into a lower number of building permits issued (Figure 8). The non-rental sector has been particularly hard hit by the credit crisis. Up to November of last year, almost 36,000 building permits for non-rental homes had been issued – down by almost a quarter on the same period a year earlier. Yet relative to the severity of the crisis, building permit issuance can be said to be holding up reasonably well. This may be partly due to the relatively low costs of the permits and the possibility to adapt permits to changed market circumstances. In addition, the government is investing in an additional supply of almost 18,000 new houses to be built during the 2010-2012 period.

During the coming years, the house building sector will have to deal with a slow recovery process. Regions with a large stock of unsold new homes would be better off waiting until these are sold before investing in new housing. In this light, the region of Parkstad Limburg has adopted a promising policy to address this issue: for every new house built, two old ones are demolished.

Mortgage rates virtually stable

Since last September the average variable mortgage interest rate has remained virtually unchanged. The same trend can be seen in fixed interest mortgage rates (Figure 9). With the projected economic recovery accompanied by a turnaround in monetary policy, we expect to see money market and capital market interest rates rising in due course. On the one hand this development will exert upward pressure on both variable and fixed interest mortgage rates; on the other hand though, calmer financial markets combined with economic recovery will push down risk premiums. Consequently, a rise in money market and capital market interest rates will not necessarily have a knock-on effect to the same extent on mortgage rates.

Figure 9: Mortgage rates virtually stable

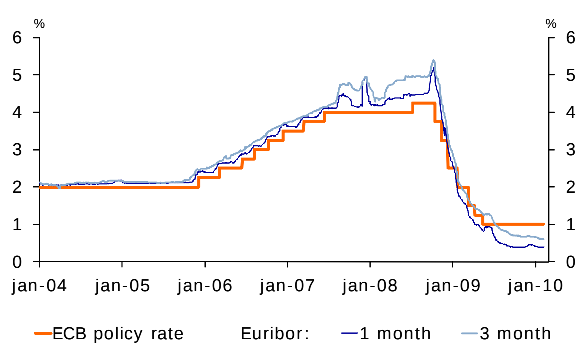


Source: De Nederlandsche Bank (DNB)

Money markets: at the bottom?

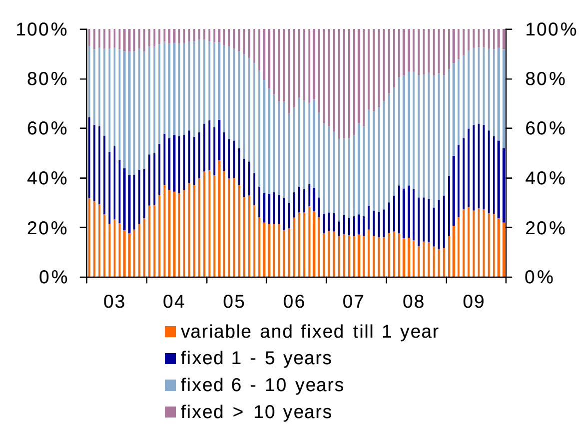
The situation on the interbank money market is gradually retuning to normality, thanks in part to the exceptional support measures of the ECB. However, now that the eurozone economy is gradually picking up, the ECB has started on a stepped reduction of its large-scale liquidity support to the banks. In mid-December the banks were given the last chance to borrow unrestricted sums for a 12 month period. This last 12 month refinancing loan is no longer issued at a fixed interest rate (1%), but at an average refinancing rate for the duration of the loan. After reversing the support

Figure 10: The trough of the money market?



Source: Reuters EcoWin

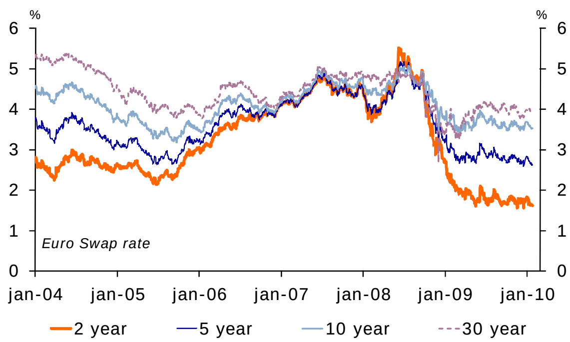
Figure 11: Increased percentage of new mortgages with variable rate



Source: De Nederlandsche Bank (DNB)

measures, the next step will be to raise the official interest rate. Because the economic recovery is still fragile, and the threat of inflation is low, we expect that the ECB will not implement its first policy raise until the second half of this year. In anticipation of this move, the interbank money market rates which are currently below the policy rate (Figure 10), will pick up because the ECB will already tighten liquidity support to the banks at an earlier date.

Figure 12: Capital market: little movement



Source: Reuters EcoWin

On the savings market, traditionally the main source of financing for the banks, there is likewise evidence of a rising trend. Deposit rates have been rising steadily since September of last year. Combined with an expected rise in money market rates, this may push the variable mortgage rate up slightly during the course of this year.

Since mid-2008 we have seen a rise in the percentage of mortgages with a variable and/or short term fixed interest rate in response to the sharp drop in money market rates (Figure 11). This percentage is expected to decline according as the situation on the money market normalises.

Capital market interest rates more or less stable

Since the peak in June last year, the ten-year swap rate in the eurozone has declined by over 40 basis points, reaching 3.5% in January this year (Figure 12). The swap rates appear not to be responding to the global economic recovery and the growing appetite for risk among investors. Perhaps this is because the recovery is still strongly contingent on temporary factors, especially government measures. There is a perceived risk that the authorities might reverse their support measures too soon, unintentionally stunting the recovery. This prospect means that the economic outlook and developments in the capital market remain uncertain. Nonetheless, we anticipate a rise in capital market rates during the course of this year as a result of economic growth picking up. Likewise, with the ECB turning off the liquidity tap, there will be a rise in money market rates, which will also put upward pressure on the short end of the yield curve in particular. In addition, the question as to whether the authorities will succeed in getting the timing right for reversing the support measures, combined with concerns about sharply deteriorating government finances, may exacerbate the upward movement in capital markets. The situation in Greece illustrates this risk. Over a 12-month period, the market expects the ten-year swap rate to reach an average level of some 4%. In view of these developments on the capital market, fixed interest rates are likely to show a gradual upward trend during the course of the year ahead.

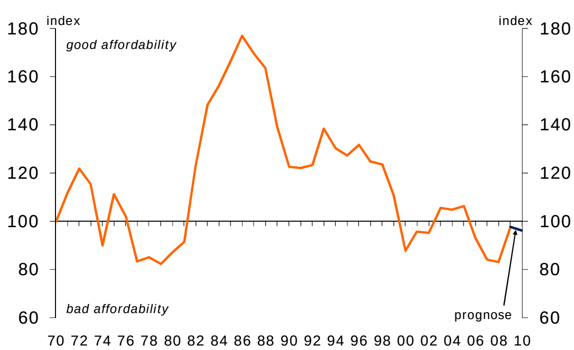
Affordability stable

The Rabobank affordability index (figure 13) is a measure of the affordability of purchasing an average house for a household with an average income in the Netherlands. It is essentially a snapshot, which means it does not take account of changes in income situation, for instance as a result of unemployment. The index makes a distinction between affordability for first-time buyers (110% financing) and those who want to trade up (70% financing). If the affordability index is 100, this means that for an average household income and an average priced house, the gross monthly burden is 30% of gross income. If the affordability index exceeds 100, then the gross monthly burden is less than 30% of gross income, and vice versa.

The affordability of buying a house in the Netherlands improved considerably in 2009. This is chiefly due to the decline in house prices. Another factor was the decline in the average interest rate (5-year), which dropped by over 50 basis points in 2009 compared to 2008. Nonetheless the current level of interest rates is still higher than the average during the 2003 – 2006 period. Besides, we expect to see a gradual rise in the 5-year mortgage rate during the course of 2010. These rising costs have to be seen against the income development of Dutch households. In view of the economic situation, the 2.9% wage increase under the collective wage agreement in 2009 was quite a bonus. We won't see this kind of wage growth this year, and in any case wage development follows economic developments with a lag. On balance, the affordability of houses in the Netherlands will deteriorate somewhat in 2010.

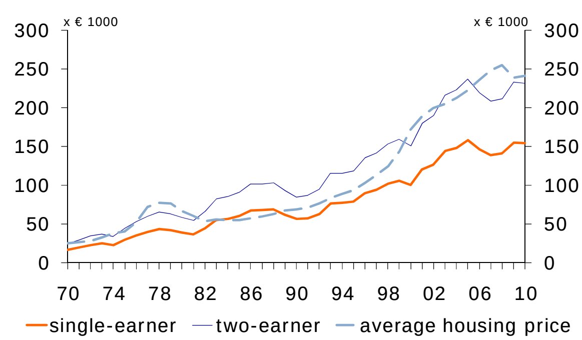
If we relate the current level of house prices to the borrowing capacity of Dutch households (Figure 14), we see a strong improvement compared to 2008. Furthermore, the average price of houses is close to the borrowing capacity of the average household, and this will change little in 2010. However, this outlook does not take account of lower purchasing power and higher unemployment.

Figure 13: Rabobank Affordability Index



Source: CPB, Land Registry, Reuters EcoWin, Rabobank

Figure 14: Borrowing capacity related to house prices

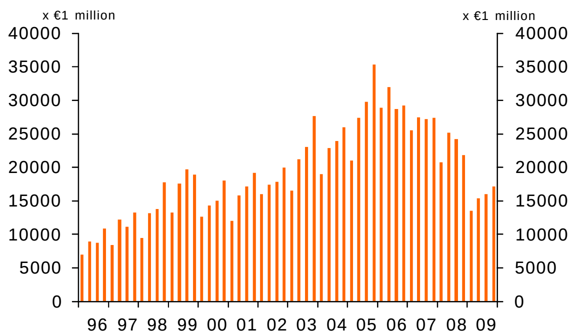


Source: CPB, Land Registry, Reuters EcoWin, Rabobank

Mortgage issuance remains low

Mortgage output declined last year by one third to € 61.9 bn compared to 2008 (€ 91.9 bn). The major part of this drop took place in the second quarter, when production amounted to € 15.4 bn: a decline of 39% compared to the same quarter a year earlier (€ 25.2 bn). During the course of 2009 there were signs of a cautious recovery (Figure 15). The last quarter was the most productive, yielding € 17 bn. While this represents a rise of almost 7% on the previous quarter, it is still a drop of 27% year-on-year. This overall decline of about a third is chiefly due to a drop in the number of refinancing mortgages: down to some 104,000 compared to almost 160,000 in 2008.

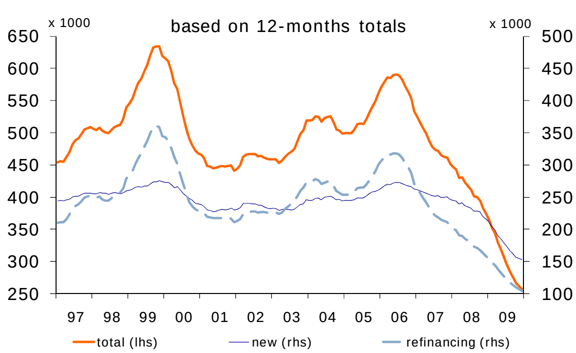
Figure 15: Turnaround in mortgage output?



Source: Land Registry, Rabobank

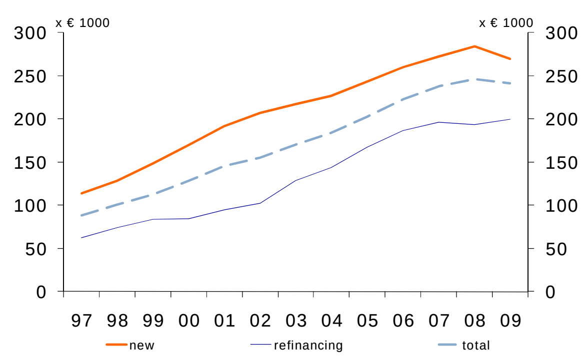
Likewise, the number of newly issued mortgages declined from just over 216,000 (2008) to approximately 153,000 in 2009. Incidentally, the downward trend in the volume of mortgages issued has already been in evidence since 2006, but was further exacerbated by the economic crisis (Figure 16). This slowdown is both demand driven (less favourable economic circumstances, uncertain income situation, uncertain developments on the housing market and a rise in nominal interest rates) and supply driven (reduced possibilities for securitisation, higher financing costs, tightened lending conditions among various mortgage lenders). Despite the decline in the number of mortgages, the mortgage market continued to benefit from the rise in the average mortgage loan sum (Figure 17). However, this trend was broken in 2009 due to a combination of reduced mortgage volume in the more expensive price bracket and currently lower house prices, which enable house buyers to buy a house at a lower mortgage.

Figure 16: Decline in mortgage issuance slowing



Source: Land Registry, Rabobank

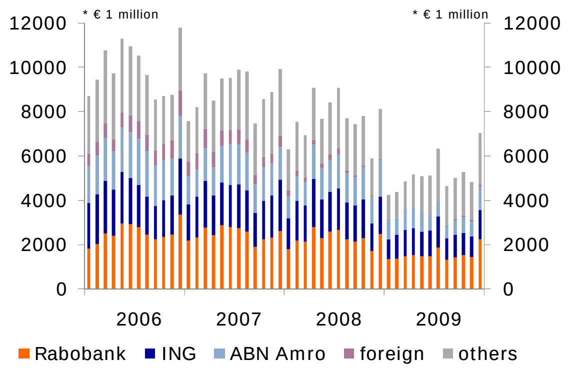
Figure 17: Average mortgage amount



Source: Land Registry, Rabobank

We have already seen that the number of mortgages issued has declined sharply in recent years. This contraction has affected the output of all the market parties (Figure 18), although in considerably varying degrees (Figure 19). International mortgage lenders (Argenta, Bank of Scotland and GMAC) have been particularly hard hit. While these together accounted for some 7% to 8% of total mortgages in 2007, this share had declined to less than 1% in 2009 (Figure 20).

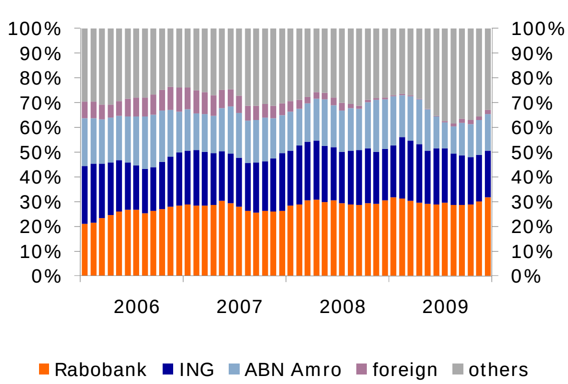
Figure 18: All mortgage lenders affected



Source: Land Registry, Rabobank

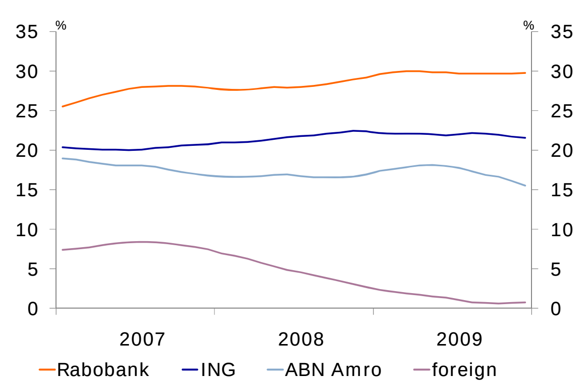
Looking at the main market players, market leader Rabobank (including Obvion) is the only one to have realised a significantly larger market share in late 2009 than in early 2007. It is also striking that its market share for 2009 is (virtually) stable at 30%. The second-largest mortgage lender on the market, ING (ING Bank, Postbank, Nationale Nederlanden and West Utrecht Hypotheekbank), has around the same market share as in early 2007. The third largest lender, ABN Amro (ABN Amro, Fortis ASR and Bouwfonds Hypotheken) lost considerable market share during the credit crisis. Most of the blame for this can be placed with the Fortis ASR label. A lack of data means that a number of smaller players have not been included in this analysis. However, since their market share is limited, the impact of these labels on the overall picture will not be significant. Incidentally, the increased share of 'others' (Figure 19) can be attributed to a doubling of the market share of Aegon and SNS in 2009 to 7% and 6% respectively in late 2009.

Figure 19: Rabobank market share increasing



Source: Land Registry, Rabobank

Figure 20: Foreign lenders almost disappeared



Source: Land Registry, Rabobank

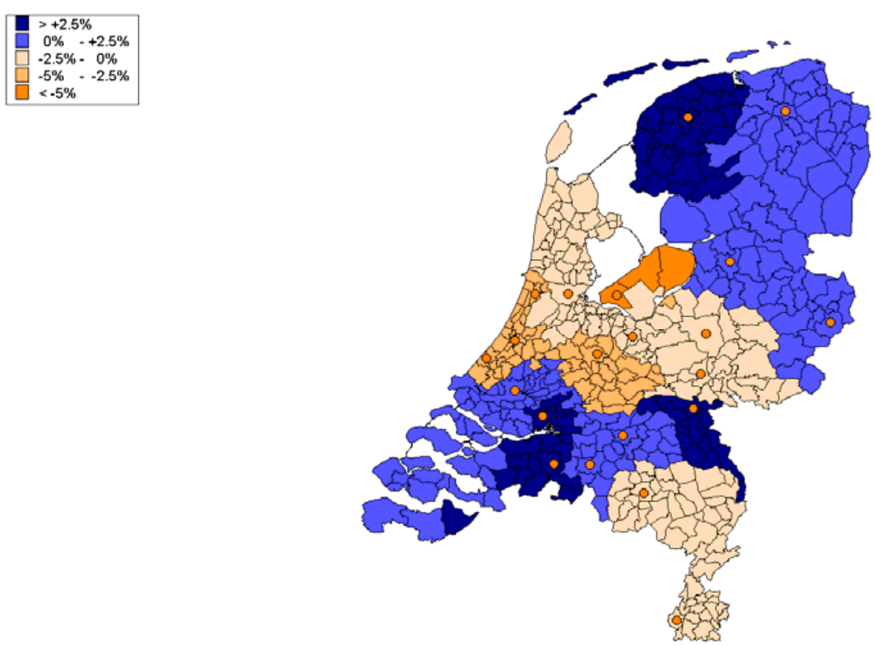
Strong regional fluctuations

On a national basis house prices are stabilising, but regional differences are sometimes considerable. This is evident in the fourth quarter of 2009 when prices declined again in a large number of regions in the Netherlands. It was not only the turnaround from rising to declining prices that was remarkable, but also the regional pattern in this development.

A normal picture?

The regional pattern of house price development in the fourth quarter was practically a mirror image of the pattern in the third quarter. In the fourth quarter, the regions in the north-east and south-west of the country showed a rise in the average house price (map 1). In terms of price rise, the Dordrecht region topped the list (+7%), followed at a distance by the regions of Breda and Nijmegen (+3%). By contrast, prices dropped in the centre and south-east of the country. The decline was most pronounced in the regions of Almere (-6%), Utrecht (-5%) and Haarlem (-4%). In the third quarter the strongest price rise had taken place in the northern flank of the Randstad urban belt and in the province of Friesland, while the sharpest drop was registered in the south of the country. This marked fluctuation in the average house price per region may be partly attributed to the relatively low number of house transactions taking place. At the same time, it was precisely in regions such as Dordrecht where houses are relatively affordable, that house prices rose compared to regions such as Haarlem, where houses are relatively less affordable. The association between regional price development and affordability was more marked in the fourth quarter than in the third, and also more pronounced than any time since the trough in the housing market was reached in the first quarter of 2009.

Map 1: Median house price development per housing market region Q4 compared to Q3 2009



Source: NVM

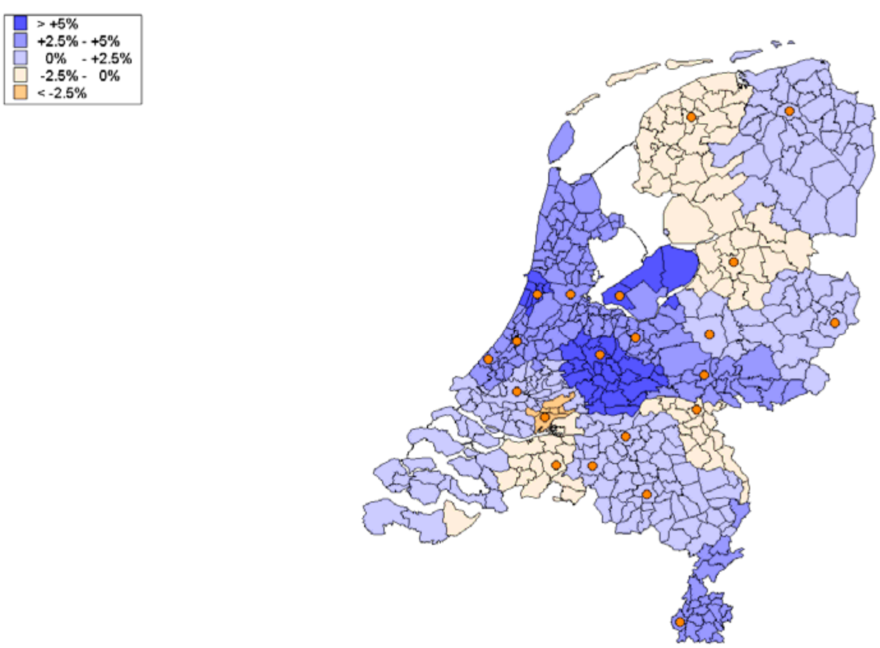
Thus prices on the regional housing markets appear to be determined more by purchasing power rather than by supply and demand.

Differences in affordability reaches record high

The rise in house prices in the north-east and south-west of the Netherlands mean that affordability declined in these regions in the fourth quarter (Map 2). The Dordrecht region topped the list with a 5% decline in affordability. By contrast, regions in the centre of the country in particular saw a drastic improvement in affordability. With house prices dropping in the Almere region, affordabiity in this region improved by 8%, while the region of Utrecht registered a 7% improvement and Haarlem 6%.

As a result of this development, the difference in affordability between the region with the highest affordability index, Almere, and the region with the lowest affordability index, Haarlem, has reached an all-time record level. This indicates that the sizeable discrepancy that exists between the various regional housing markets in the Netherlands has been exacerbated rather than otherwise by the economic crisis. The northern flank of the Randstad urban belt shows this development most clearly. The regions of Haarlem and Utrecht are popular with house buyers and therefore have relatively higher house prices and a lower affordability index. By contrast, house prices are low and the affordability index is high in the Almere region. On the eve of the planned expansion, if no change occurs in these consumer preferences, the proposed doubling of the housing stock in Almere in the coming years will further improve affordability in this region.

Map 2: Affordability index per housing market region Q 4 compared to Q 3 2009



Source: NVM and ABF Research

Outlook

The Dutch housing market is stabilising. Transaction numbers are rising again and prices are levelling. This will have consequences for the affordability of purchasing a house, which is currently considerably more favourable than was the case before the credit crisis. Apart from prices being lower, mortgage rates at the short end of the yield curve are currently low. Gross wage development will not contribute much to affordability during the course of 2010. Inflation remains low and owing to the credit crisis, wages are virtually static. While consumer confidence is still negative on balance, the lowest point was registered almost a year ago, and since then the confidence indicator has shown a steady rise. At the same time, the recovery is fragile, as is clear from the recent drop in the sub-indicator 'a good time to make large purchases', which is relevant to the housing market. On balance, these developments lead us to expect an increase in the number of housing transactions for 2010. In particular, buyers who waited last year for prices to drop further, are likely to make their move in 2010. However, a projected total number of 150,000 house sales will not bring us back to the pre-2009 level any time soon.

The stabilisation of the housing market is largely a result of the Dutch economic situation. On the plus side, we left the recession behind over six months ago, but the recovery remains tentative. And although further positive growth figures for the economy are expected in the short term, this does not mean that all problems are over. While unemployment has not risen as rapidly as was feared, there will still be some 155,000 more people out of work this year, and this will have consequences for the housing market. For instance, the number of households with repayment problems can be expected to increase. Nonetheless, we do not envisage this increase to have a significant effect on house price development, as the numbers involved will not be large. Furthermore, to a certain extent the repayment problems will be of a temporary nature, and will be resolved as soon as people find another job.
As has already been indicated, uncertainty still prevails in the market. This is fuelled partly by the government (housing market working group and the AFM debate on maximum mortgages). What the market now needs is clarity. Only then can confidence grow.

Based on the above developments, Rabobank expects to see house prices stabilise at current levels and a limited recovery in the second half of 2010. Because of a negative base effect, we expect the existing homes price index to register a lower yearly average for 2010 than last year. Accordingly, in our view, the yearly average will decline by 1% in 2010.[2]

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[2] Series influenced by compositional effects may register a more positive development. This will compensate for a comparatively more negative picture in 2009. We refer also to our expectations for 2010 under Key Data.

Key figures

House Prices

Year-on-year change (%)	2007	2008	2009	2010 [a]
NVM (median house price)	3.6	0.0	-7.4	2½
Land Registry (purchase price)	5.3	2.7	-6.3	1
CBS/Land Registry (PBK)	4.2	3.1	-3.5	-1
ABF Valuation (WOX)	4.4	2.6	-3.2	-1

Totals

x 1000	2007	2008	2009	2010 [a]
Sales transactions	202	182	128	150
Newly built homes	80	79	70 [a]	62

Totals

	2007	2008	2009	2010
Enforced Sales	1,811	1,961	2,256	-

Key economic figures (May 2008)

	2007	2008	2009 [a]	2010 [a]
GDP (growth, %)	3.5	2	-4	1
Inflation (%)	1.6	2.5	1.2	1
Unemployment (x 1000)	344	305	380	545

Rabobank affordability index

x 1000	2007	2008	2009	2010 [a]
Affordability index [b]	84	83	98	96

Interest rates [c]

Level (%)	16 February 2009	+3m [d]	+12m [d]
3-month eurozone	0.66	0.90	2.29
10-year Euroswap	3.42	3.39	4.00
Mortgage interest rate, 5-10 year fixed	5.26 [e]		

[a] Rabobank outlook
[b] The Rabobank affordability index is calculated based on the average property price (Land Registry) and average household income (Statistics Netherlands). An annuity mortgage is used with a duration of 30 years and a forced sale value of 80 percent of the market value, and a monthly expense quota of 30 percent. An affordability index greater than 100 indicates that the average house is reasonably affordable. An affordability index below 100 indicates that an average property is not reasonably affordable without injecting personal capital.
[c] Forecasts by Financial Markets Research, Rabobank International
[d] Outlook for +3 and +12 months respectively
[e] December 2009 monthly average, DNB

Colophon

The Dutch Housing Market Quarterly is a publication of the Economic Research Department (ERD) of Rabobank Nederland. The view presented in this publication has been based on data from sources we consider to be reliable. Among others, these include EcoWin, Land Registry, NVM, DNB, CPB and Statistics Netherlands.

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