Ambitious Housing Plans in the Run-up to Elections

Netherlands Housing Sector – October 2025

Election Housing Focus

Building Momentum

With political parties outlining ambitious housing agendas ahead of the upcoming elections, government policy remains firmly centred on tackling the persistent housing shortage. A total of €5 billion has been allocated to accelerate new residential development, including €2.4 billion through the Realisatiestimulans programme.

This initiative provides municipalities with a €7,000 subsidy per affordable home that begins construction from 2025 onwards. The national target is to deliver 90,000 to 100,000 new homes per year, two-thirds of which are designated affordable for low- and middle-income households, a target last achieved in 1990. Since then, the average has been just over 65,000 homes per year, with approximately 70,000 completed in 2024 as measured by Statistics Netherlands (CBS).

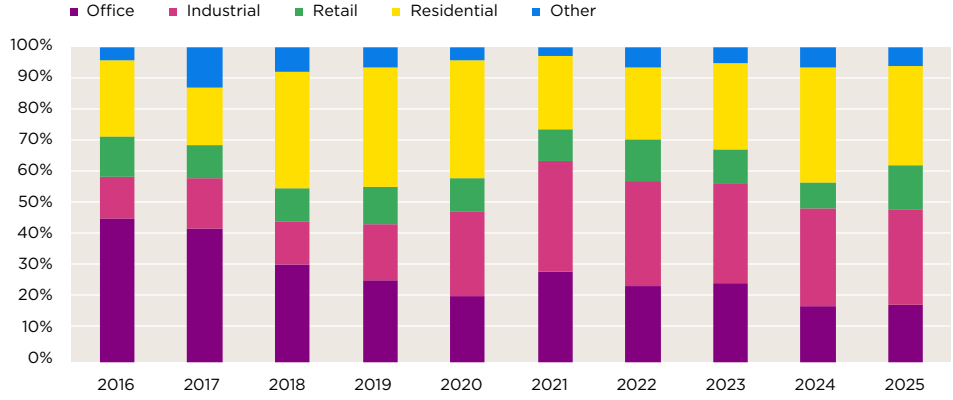
Beyond stimulating new construction, policymakers are also focused on optimising the existing housing stock. Office-to-residential conversions, vertical extensions and co-living concepts are expected to expand housing capacity more rapidly and sustainably. The government plans substantial investment in supporting infrastructure for large-scale neighbourhood development, with the 2026 budget allocating €2.5 billion for roads, public transport, and utilities, alongside €1.8 billion for water safety and climate-adaptive construction.

What does this mean?

These strategies aim to increase housing availability more quickly and sustainably, particularly in urban areas where space is limited. By rethinking how existing buildings are used, the government seeks to create additional affordable homes without relying solely on new development. At the same time, investment in infrastructure and neighbourhood liveability is strengthening the long-term quality and appeal of new urban areas, creating resilient communities and attractive opportunities for investors seeking long-term stable returns in markets with sustained housing demand.

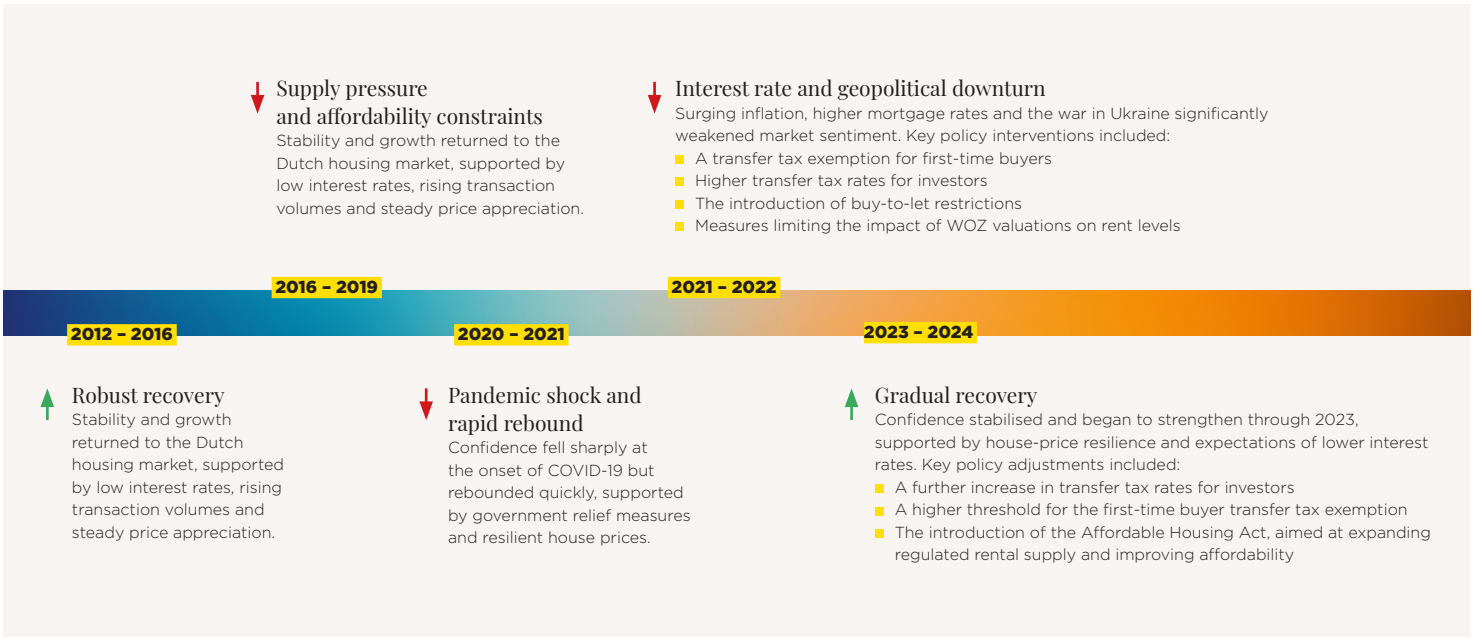
In 2025 Q3, the total Residential investment volume is projected at €1.1 billion and €2.6 billion in 2025 YTD, representing 31% of the total Dutch investment volume. The residential market is thereby the biggest driver behind the total investment volume in the Netherlands. Besides recent large deals, such as the sale of OurDomain to Bouwinest (612 homes) and At the Park to DUWO (735 homes), this volume is mainly driven by selling-off existing portfolios to the owner-occupied market, reflecting investors' growing shift towards the owner-occupied market.

FIGURE 01: RESIDENTIAL INVESTMENT VOLUME ACCOUNTS FOR 31% OF THE TOTAL DUTCH INVESTMENT VOLUME



Source: Savills Data, Intelligence and Strategy (2025)

FIGURE 02: CYCLICAL PHASES OF HOUSING MARKET CONFIDENCE (2012–2024)



Cycles of Confidence

The Dutch housing market is experiencing a notable supply shift since the introduction of the Affordable Housing Act and the change in fiscal treatment of real estate investments for private individuals. Investors are increasingly inclined to sell of their assets to the owner-occupied market, creating new pressures on housing supply and affordability, which is subsequently shaping trends insentiment. The following analyses highlights how sentiment has evolved over time and what factors influenced sentiment the most.

Consumer confidence in the Dutch owner-occupied housing market, as measured by the Eigen Huis Market Indicator, follows a clear cyclical pattern that reflects households' sensitivity to broader economic and political conditions. It also shows that sentiment towards homeownership often diverges from overall consumer confidence, as measured by Statistics Netherlands (CBS).

The housing market remains particularly sensitive to changes in geopolitical conditions, interest rates and market tightness, factors that quickly shape perceptions of affordability and financial security. Unlike general consumer spending, home purchases are guided by long-term expectations around income stability, borrowing costs and price developments. As a result, confidence in the housing market tends to be both more volatile and more closely intertwined with underlying economic fundamentals.

Periods of stabilising interest rates and improving labour-market conditions typically support stronger sentiment, laying the groundwork for renewed activity in the owner-occupied segment. Conversely, political uncertainty or abrupt policy changes can swiftly dampen confidence, underscoring how essential clear, predictable housing policy is to sustaining trust among both households and investors.

What's next?

Confidence in the housing market is expected to gradually improve as interest rates stabilise, and the macroeconomic outlook becomes more predictable. Policy measures aimed at enhancing affordability and accessibility, such as the expansion of the National Mortgage Guarantee (NHG) and a higher transfer tax exemption threshold for first-time buyers, are likely to provide additional support to homebuyer sentiment.

At the same time, the reduction in transfer tax rates for investors may reintroduce moderate activity in the buy-to-let segment, provided regulatory clarity improves. Adjustments to the *Eigenwoningforfait* and the proposed "villa tax" could, however, temper sentiment at the upper end of the market.

Overall, the 2025–2026 period is expected to reflect a cautiously optimistic phase, with confidence rebuilding further under a more stable policy and interest-rate environment. After all, all political parties want to tackle the housing shortage, underlying opinions just differ on how this can be achieved.

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