



Statistics Netherlands

Press release

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Netherlands Housing Research 2009

- **Total housing costs rise in line with net income**
- **Higher share and amount of interest-only mortgages**
- **Inhabitants of action neighbourhoods have faith in their community**
- **More than 1.1 million homes more energy efficient**
- **One in three starters buy their own home**
- **Demand holding up, but buyers are postponing**

These are some of the main conclusions of the latest Netherlands Housing Research 2009 (WoON). This study is carried out jointly by the Ministry of Housing, Communities and Integration and Statistics Netherlands. The report with the outcomes and conclusions of the study, *Het wonen overwogen*, describes recent developments on the Dutch housing market on the basis of the WoON survey.

Total housing costs rise in line with net income

Taking the rent allowance into consideration, tenants of rented homes spent 23 percent of their net disposable income on rent in 2009. In 2006 this was 24 percent. If energy costs and various rates are included, tenants spent 37 percent of their income on their homes, the equivalent of 600 euro per month.

Owner-occupiers spent 16 percent of their income on mortgage payments in the same period. This is the same amount as in 2006. Their total monthly housing costs including energy costs, property tax and other rates, but excluding maintenance, were 810 euro per month. This is just over one quarter of their net disposable income. For both groups, the costs for energy were 30 percent higher on average than in 2006. In combination with other housing related costs, the share of housing costs in income was about the same in 2009 as in 2006.

Tenants in rented housing spend more of their income on rent (23 percent) than owner-occupiers spend on mortgage (16 percent). An important part of this difference is caused by the difference in average income between these two groups. The percentages differ less within the income groups. As income increases, less of each earned euro is spent on housing. This, together with the fact that households with a higher income are more likely to own their homes, explains why owner-occupiers spend relatively less income on mortgage than tenants on rent.

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Share and amount of interest-only mortgages up

More than 3.5 million Dutch households have taken out a mortgage to finance their home. This is the equivalent of six out of every seven home owners. In 2009, 69 percent of mortgages consisted of one type of mortgage. Half of these were interest-only mortgages amounting to an average 120 thousand euro, one quarter were endowment mortgages of an average 145 thousand euro. The amounts borrowed for both types of mortgages were 32 percent higher than in 2006. The average amount borrowed rose by an average 28 thousand euro to 130 thousand.

The remaining 31 percent of the mortgages were combined mortgage loans and consisted of more than one type of mortgage. The average amount of these combined mortgages was 185 thousand euro, 12 percent more than in 2006. Interest-only mortgages were included in 78 percent of combined mortgage loans, endowment mortgages in 58 percent.

Fifteen percent of homeowners have negative equity, i.e. their outstanding mortgage debt is higher than the value of their home.

Inhabitants of action neighbourhoods have faith in their community

Most inhabitants are positive about their neighbourhoods, especially inhabitants of the forty underprivileged "action" neighbourhoods. Previous surveys had indicated a deterioration in these neighbourhoods in the last year, but the situation has now improved.

The picture is the same for the coming years. In general terms, inhabitants who expect the community to improve outnumber those who expect a deterioration. In the action neighbourhoods the group of optimists is 20 percent larger than the group of pessimists. Eight years ago it was 11 percent smaller.

The livability in the action neighbourhoods is still below the Dutch average. In terms of the three livability indicators - degradation, harassment and social cohesion - the action neighbourhoods score worse than other neighbourhoods in the Netherlands.

More than 1.1 million homes more energy efficient

In the twelve months preceding the survey, improvements had been made to more than 1.1 million homes to reduce their energy use. These were mostly homes built before 1980 with no, or only low quality, insulation. The measures ranged from small adaptations to quite drastic home improvements.

In 2008, 10 percent of home sellers had passed on an energy label to the new owners.

One in three starters buy their own home

Since 2007, one in three starters on the housing market bought their own home. In the period 2004 to 2006 this was one in four starters. More first time buyers bought a one-family house than a flat. A rented flat was most popular among starters: they accounted for nearly 50 percent of first homes.

Further up the housing ladder, 58 percent buy their next home and 27 rent a flat. These homeowners buy more expensive houses than starters. They also get more quality for their money, a larger house, a bigger garden or a better location. The average price difference between the home they sell and the home they buy is 50 thousand euro. In the rent sector, the difference between the former and the new home is 70 euro rent per month.

Demand holding up, but buyers are postponing

In spite of the crisis, about one quarter of households in the Netherlands say they want to move house in the next two years. This share is about the same as in 2006. The number of people who are actually looking for a new house was only slightly smaller than in 2006. And the same proportion want to buy as three years ago.

Fifteen percent fewer households want to move in the short term, i.e. within six months. The desire to move is just as great, but there are more obstacles. Potential buyers may have trouble getting a mortgage, and want to sell their own house first before buying a new one. The fall in the number of homes sold in 2009 confirms this postponing behaviour.