

Dutch housing construction to pick up again in 2025

Rising house prices, increasing sales of new houses, and better-filled order books are clear signs that Dutch housing construction is picking up again. However, there are still bottlenecks such as a structural shortage of building land, financial feasibility, and grid congestion

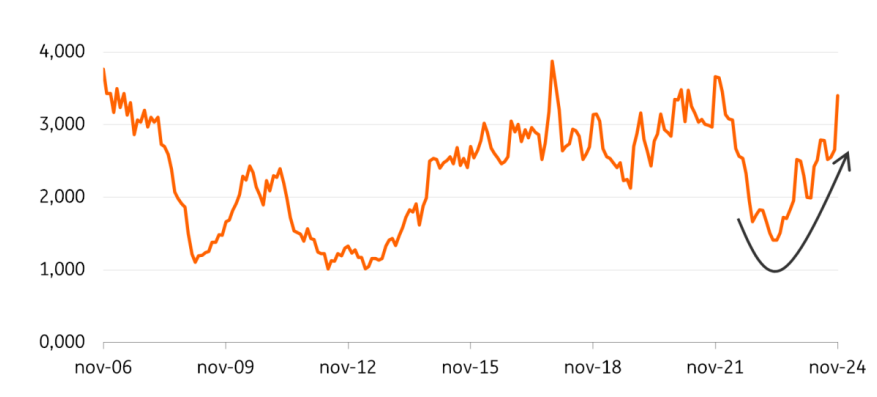


Sales of new homes are on the rise again

Sales of new-build Dutch homes are clearly on the rise again. From January to November 2024, almost 50% more new-build homes were sold than in the same period a year earlier. This is still slightly less than in the same period from 2019-2022, but not far off.

Sales of new homes are increasing significantly

Dutch new home sales (three-month moving average)



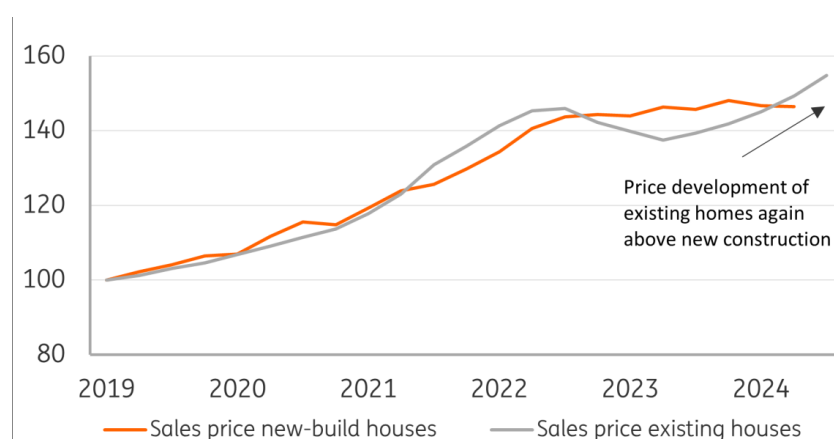
Source: WoningbouwersNL, ING Research

Rising prices of existing homes is good news for housing construction

In addition, we estimate that at the end of 2024, Dutch house prices of existing homes were about 12% higher than a year earlier. Key factors contributing to this increase were the slight decline in mortgage rates and the rise in wages. As a result, consumers can borrow more and therefore offer higher prices. However, Dutch new-build prices have barely increased, making them more competitive compared to existing homes. Project developers are therefore able to raise the prices of new builds. Projects that were initially not financially viable due to high construction costs can now proceed, although financial feasibility often remains a concern.

Prices of existing homes are rising again

Quarterly development of Dutch home prices (Index 2019 Q1=100)



Source: CBS & Het Kadaster, ING Research

Housing summit

At the Dutch housing summit “Woontop” on 11 December 2024, agreements were made to further increase housing construction to the desired 100,000 new homes per year. Concrete

agreements have been made with the market for 75,000 homes, mainly in the Utrecht-Nieuwegein region. It has also been decided by Dutch Housing Minister Mona Keijzer that the rule requiring two-thirds of new housing construction to be affordable will remain in place. According to the Cabinet, the available resources over the next five years will be sufficient to cover most of the costs if municipalities finance half. However, the question is whether municipalities will have the financial resources for this in the coming years.

A common argument against the two-thirds affordable rule is that it limits movement within the housing market. The minister cited a study showing that building more expensive owner-occupied homes allows people to move up the property chain, freeing up more affordable homes. However, focusing on affordable housing restricts this movement, resulting in fewer affordable homes becoming available.

Consequently, an agreement was made to amend or eliminate regulations that hinder home construction (STOER programme: Scrapping Contradictory and Unnecessary Regulations). This should enable cheaper and more efficient building. For instance, regulations are being revised to allow more construction around Schiphol without limiting flight space.

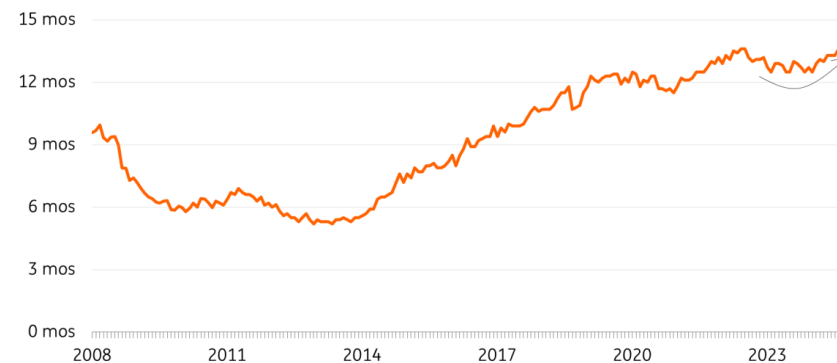
Order books of house builders better filled

Due to increasing home sales, Dutch homebuilder order books are also well-filled again. In October 2024, they reached a record level of 13.9 months of work. In January 2024, this stood at just 12 months. The order books appear to be filling up not only due to the recovery in residential construction but also because of structural factors. We see several reasons for this:

- Order books of home builders consist not only of new construction but also of renovation and sustainability. The structural growth in these latter subsectors is higher and more stable, leading to an increased share in total housing construction;
- Due to ongoing staff shortages and a rise in self-employed workers, construction companies can extend their order books for more months with the same amount of work (order books are calculated in months of work stock), as their permanent core of employees has become relatively smaller;
- Projects have become more complex in recent years, which means that they generate more work and take longer.

Order book backlog reaches record high

Work backlog in months of Dutch housing contractors per month up to October 2024



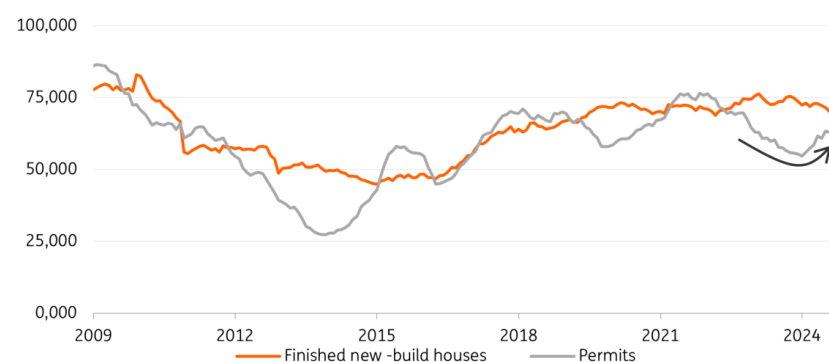
Source: EIB, ING Research

Building permits are the bottleneck

Demand for new Dutch residential construction is picking up strongly. However, the supply side is once again the bottleneck due to a shortage of building land, complex project development, and legal delays. Housing projects also sometimes face electricity grid overloads, causing new construction to be postponed due to a lack of connection options. Nevertheless, the number of permits issued has been increasing over the past year, after reaching a low of 55,300 in 2023. We estimate that the number of permits issued will have risen to approximately 62,000 by 2024, although growth has stalled in recent months. For instance, 1% fewer permits were granted in October compared to a year earlier.

Increase of new construction permits

Rolling annual total of new Dutch building permits for houses up to October '24 and new construction completions up to November '24



Source: CBS, ING Research

73,000 new-build homes in 2025

In general, an increase in the number of permits only results in an increase in the number of completed homes after 18 months, mainly due to the often long construction time. This will probably result in more homes being built in 2025. We expect approximately 73,000 new-build Dutch homes to be completed this year, compared to approximately 68,000 in 2024.

You can find the full version of this study in [Dutch here](#).

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