

Mix of incentives and pressure is needed to unlock senior housing market in the Netherlands

Older adults in the Netherlands tend to be more cautious about moving, even when doing so could significantly improve their comfort of living. This holds back the senior housing market. A mix of incentives and pressure is needed to boost demand for and supply of senior housing



A senior living facility in Steenwijk, The Netherlands

Dutch senior housing market lacking momentum

Older adults tend to be more cautious about moving, even when doing so could significantly improve their comfort of living. In the Netherlands, more than a quarter of people aged 65 and over express a desire to move, yet only 4% have actually relocated in the past two years. This limited mobility has direct consequences for the senior housing market, which is expanding only very slowly. Both demand for and supply of senior housing are currently lagging behind. This is a typical chicken and egg problem that can only be solved if both sides of the market are stimulated simultaneously.

Construction of Dutch senior housing far behind government targets

The Dutch government aims to realise 290,000 senior homes by 2030, but so far construction is falling far short of this target. In 2024, just under 11% of the annual goal of 36,250 senior homes was completed. Despite the delay, the government does not intend to lower the target. The goal of 290,000 senior housing units was set in 2022 based on a modelled estimate of additional demand through 2030 by ABF Research, which also provides household forecasts to the government.

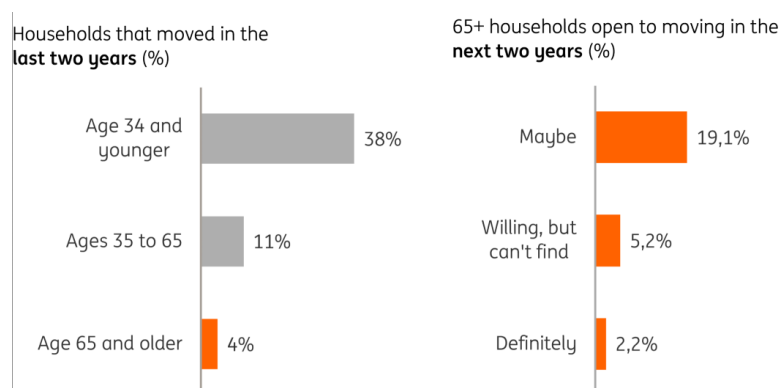
Ageing and policy increase demand for senior housing

Population ageing is an important reason for the expected growth; as the number of people aged 75 and over increases, the number of households with health and mobility problems will rise over time, which requires more suitable housing for older adults. In addition, seniors are staying healthy for longer, and government policy is aimed at enabling them to live independently at home for a longer period. This differs from the past, when it was common for older adults in the Netherlands to move to a nursing home once their care needs increased significantly. The current policy aims to freeze the capacity of nursing homes at around 135,000 places, while organising the remaining care for older adults in and around their own homes.

Social benefits left untapped

Important societal benefits are being missed due to the low level of activity in the senior housing market. New housing development currently focusses mainly on younger groups, who dominate the demand side of the housing market. However, from a societal perspective, it would be more effective to build more senior housing: this stimulates mobility within the housing chain and frees up more existing family and starter homes, thereby improving the quality of housing for both young and old. It also reduces the need for additional housing land. In addition, clustered senior living arrangements help improve both the accessibility and the quality of elderly care.

Dutch 65+ move infrequently, but many more wish to relocate



Source: Woononderzoek 2024

Barriers to turning moving intentions into action

In the Netherlands, the share of people aged 65 and over who express a desire to move within the next two years (27%) is significantly larger than the share that actually moves (4% within the

past two years). Only 5% of this group cites a lack of supply as the main reason for not moving, suggesting that the obstacles lie primarily on the demand side. The main hurdles on the demand side appear to be:

1. Moving often leads to higher housing costs;
2. Moving is a challenging and demanding process for older adults;
3. Older adults are insufficiently aware of the benefits of senior housing.

Moreover, older adults typically require more guidance and time to make relocation decisions, which makes them a more complex target group for developers and investors. As a result, these parties tend to focus on building regular homes for starters and young families instead.

Building senior housing is less attractive than building regular homes

In addition to the limited demand from older adults, three key factors slow down the development of senior housing:

1. **The construction costs of senior residences are relatively higher**, partly due to the additional requirements needed to make homes accessible for older adults with mobility limitations.
2. **Quantitative building targets for senior housing are absent in municipal housing programmes**, while affordability requirements for housing development have become stricter in recent years. In combination with higher construction costs, this makes developers more inclined to focus on building regular homes.
3. **Developing attractive senior housing requires greater collaboration** between developers, investors, housing associations, and care providers in order to offer an appealing mix of housing, care, and activities.

A mix of incentives and pressure is needed to unlock the senior housing market

Both higher demand and increased supply are needed to activate the senior housing market. Fortunately, various measures are available to stimulate both sides of the market. A mix of incentives and gentle pressure appears to be the most effective—and least costly—approach.

Demand can be strengthened by actively promoting the benefits of senior housing and reducing the practical barriers associated with moving. It can also be encouraged by gradually phasing out certain fiscal advantages for homeowners. This would increase the willingness of older homeowners to move to a senior residence that may be smaller than their current home but is safer, more comfortable, and often offers a better combination of care and well being services.

Supply can be stimulated by making existing subsidy schemes for (clustered) senior housing accessible to developers and investors; in the Netherlands, some of these schemes are currently restricted to housing associations and care providers. A certain degree of pressure will also be needed to expand supply. For example, it would help if municipalities included explicit targets for the number of senior homes in their housing programmes.

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