

Better in 2026, sharper cooling in 2027

- We expect house prices to rise by 3.8% in 2026 and 2.5% in 2027.
- The number of transactions falls by 0.5% in 2026 and 5.5% in 2027.
- The housing market did better than expected in the first half of 2026.
- But rising mortgage rates and uncertainty are cooling the market.
- Despite this cooling, we do not expect house prices to fall.



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The housing market is cooling, although house prices rose more than expected in the first half of the year.

According to Statistics Netherlands ([CBS](#)), prices of owner-occupied homes were 3.3% higher in August than a year earlier, the smallest increase since early 2024. Compared with July, prices fell by 0.1%. That is a clear sign that the housing market is cooling, albeit at a gentle pace. However, the Dutch [economy](#) and the housing market performed better than expected earlier this year. We are therefore raising our price forecast for 2026 from 3% to 3.8%. This is mainly due to the price gains recorded in the first half of the year. For the remaining months, we expect prices to remain stable or even fall slightly. As we now factor in two additional rate hikes by the ECB (see below), we expect house prices to rise less in 2027 than we previously thought. We are therefore lowering our forecast for average house price growth in 2027 from 4% to 2.5%.

The number of transactions is falling as the wave of investor sales ebbs. For the number of housing transactions, we see a similar picture as for prices. In the first eight months of 2026, around 156,000 homes were sold, 4% more than a year earlier. But here, too, the trend is turning. In August there were 18,900 transactions, 3% fewer than last year. Earlier this year, many transactions were brought forward in anticipation of rising interest rates. This pushed up the number of transactions. The wave of sales of former rental properties by private investors (“uitponden”) also seems to be slowly past its peak. In the second quarter, the Dutch estate agents’ association NVM registered a record 56,700 newly listed [homes](#). However, in periods when the housing market cools, we often see the number of homes for sale increase. This is because homes stay on the market for longer. Overall, we are somewhat more positive about the number of transactions in 2026, mainly because of the strong development up to and including August. We have adjusted our forecast for this year from -3% to -0.5%. For next year, we are slightly more pessimistic: -5.5% instead of -4%.

Regional differences remain large. Part of the housing market’s better-than-expected performance can be explained by regional differences. Rural provinces, such as Groningen, Drenthe and Gelderland, are showing strong price increases. They pull the national average up. In the Randstad provinces, by contrast, with Amsterdam leading the way, cooling was already under way. In the second quarter, prices in Amsterdam were only 0.8% higher than a year [earlier](#), compared with 4.2% nationally and 7.9% in Groningen. The [NVM](#) even reports slightly lower prices for Amsterdam than a year ago, with the number of homes on the market being more than a quarter [larger](#). That is the logic of affordability at work: in regions where house prices are highest relative to incomes, the borrowing limit bites first.¹ In only six of the 342 municipalities did [prices](#) fall. However,

¹ We take into account that incomes in Amsterdam are also higher than in other regions.

we also know from the past that Amsterdam is a trend indicator. This means that we can expect similar trends in other regions in the future, namely a cooling of the market.

The fundamentals are still strong

Demand for housing remains high but affordability is a problem. In recent years it was mainly demand driving the sharp rise in house prices. But the era of strong income growth and low interest rates is over. Moreover, strong demand has pushed prices up to such an extent that affordability is often a problem. The average first-time buyer now borrows almost 95% of the maximum amount allowed under the NIBUD lending standards.² This means that this group of buyers has little room to borrow and bid more for homes than they already do. Using savings is another way for buyers to afford higher asking prices. Although Dutch households have substantial savings, they are reluctant to use them in uncertain times like these. CBS consumer confidence stood at -33 in [September](#) (major purchases -35). This is not as bad as in the weeks after the outbreak of the conflict in Iran, when confidence bottomed out at -46, but it is far below the long-term average of -12. Against this background, income growth remains the main driver of housing demand. But that, too, is weakening. Real disposable household income rose by only 0.7% in the second quarter, the lowest rate since the third quarter of 2022. We expect this trend to continue, mainly because of persistent inflation. On balance, income growth continues to support housing demand, but less strongly than before.

Budget Day changes little for buyers, but support for first-time buyers remains reliable. The government's housing market plans presented on Budget Day (Prinsjesdag) focus mainly on investors and the rental market, where the government sees the biggest problems. It is freeing up a lot of extra money to stimulate the supply of rental housing. For buyers, the proposed measures are a mixed bag. For example, the CPB (Netherlands Bureau for Economic Policy Analysis) expects a decline in [purchasing power](#), especially for higher-income households, a category to which buyers often belong. On the other hand, the maximum [deduction rate](#) for mortgage interest rises from 37.56% to 38.16% as a result of changes in the tax brackets. Separately from Budget Day, the first-time buyer exemption from transfer tax rises in 2027 from 555,000 to 615,000 euros. As a result, more homes fall below the exemption threshold. In addition, we can also expect an increase in the NHG (National Mortgage Guarantee) limit, which has not yet been published. Overall, these measures lower transaction costs and offer better conditions, especially for first-time buyers. We know from the past that such support measures enable buyers to bid more and increase demand for housing.

The housing shortage remains large, which pushes up prices. Despite numerous plans and measures, the target of adding 100,000 new homes per year remains out of reach. Last year, only 69,189 new homes were added. This year the number will not be much higher, as in the first seven months of 2026 new construction, at 37,595 homes, was only 2.5% higher than in the same period of 2025. Combined with well-known bottlenecks, such as grid congestion, nitrogen rules, lengthy procedures and high construction costs, this reinforces the belief that the target of 100,000 homes per year is too ambitious. Additionally, many developers may also face higher interest rates (see below), which drives up costs and can lead to problems with project profitability. Yet there are also hopeful signs: the number of building permits rose sharply in the first [quarter](#) and the government recently presented 50 [actions](#) to tackle the housing crisis. ABF Research [expects](#) production to approach 100,000 in 2027. Since this is far from resolving the housing shortage, its dampening effect on house prices will be limited.

² With a market share of around 30%, this group is an important pillar of demand.

The biggest uncertainty and setback for price growth is the mortgage rate.

Interest rates stay higher for longer, so buyers with the same income can borrow less. With the conflict around Iran continuing and inflation in the eurozone remaining high, we expect the ECB to be forced to raise interest rates more than we previously thought. After two rate hikes of 25 basis points in June and September, the ECB deposit rate now stands at 2.5%. We [expect](#) two further ECB rate hikes, bringing the rate to 3%. Long-term interest rates are also rising, partly due to concerns about increased government debt and political uncertainty. As these rates form the basis for mortgage rates, we expect mortgage rates to stay high for longer and possibly even rise further. Only in the second half of 2027 do we expect mortgage rates to fall again. With higher mortgage rates, households can borrow less based on their income. That dampens demand for housing, although the effect is tempered by mortgage interest deduction. Those who pay more mortgage interest can also deduct more, so net monthly costs rise less sharply than gross costs. The bill for this ends up with the Treasury.

It would take many more rate hikes to trigger a market slump. But what if interest rates rise even further (more than expected)? It may be worth looking at the past. In 2022–2023, energy prices and inflation shot up, followed by sharp interest rate hikes. Mortgage rates rose from 0.5% to almost 4.5%. As a result, households saw their borrowing capacity shrink drastically and house prices fell by 2.8 [percent](#) in 2023. But this historic rate increase of 4 percentage points was linked to inflation of 10% in 2022. Current inflation is just above 3%, and even in adverse scenarios 10% seems a very long way off. Based on the current fundamentals of the Dutch housing market, many more rate hikes (beyond our expectations) would be needed to arrive at a scenario of zero or negative price growth. But even then, a slight price decline, as in 2023, is more likely than a severe market slump. Most homeowners have fixed their mortgage rate for a long period and will not be affected. In addition, there is mortgage interest deduction, which tempers the gross effects. In 2023, the price decline was mainly caused by first-time buyers, the most vulnerable group, withdrawing from the market.

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