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EXPERTS ON THE FUTURE OF REAL ESTATE

RESIDENTIAL MARKET

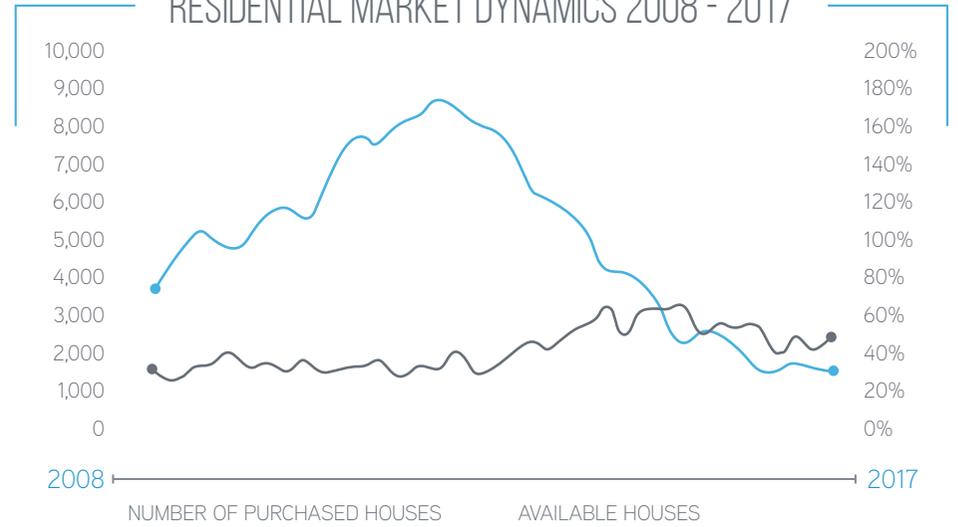
RESIDENTIAL MARKET AMSTERDAM

NOT EXPECTED TO ENTER CALMER WATERS UNTIL 2019

The Amsterdam residential market has been facing an extreme situation since the end of 2015. The unprecedented demand for homes has pushed up prices to a record high. At the moment, people living in Amsterdam pay an average of €5,000 per square metre. In addition, the strong interest of investors is causing prices to rise. As a result, it is particularly difficult for first-time buyers to finance their homes.

This development has led to a reduction in the number of transactions and contributes to house prices rising far less rapidly in 2017 than in the past three years. Due to the higher prices in the city center, more and more people are choosing to live in the Amsterdam Southeast and New-West areas. These traditionally less sought-after neighbourhoods with many low-income households were not particularly popular at first. However, now that different types of people are moving here, these areas are becoming more affluent.

RESIDENTIAL MARKET DYNAMICS 2008 - 2017



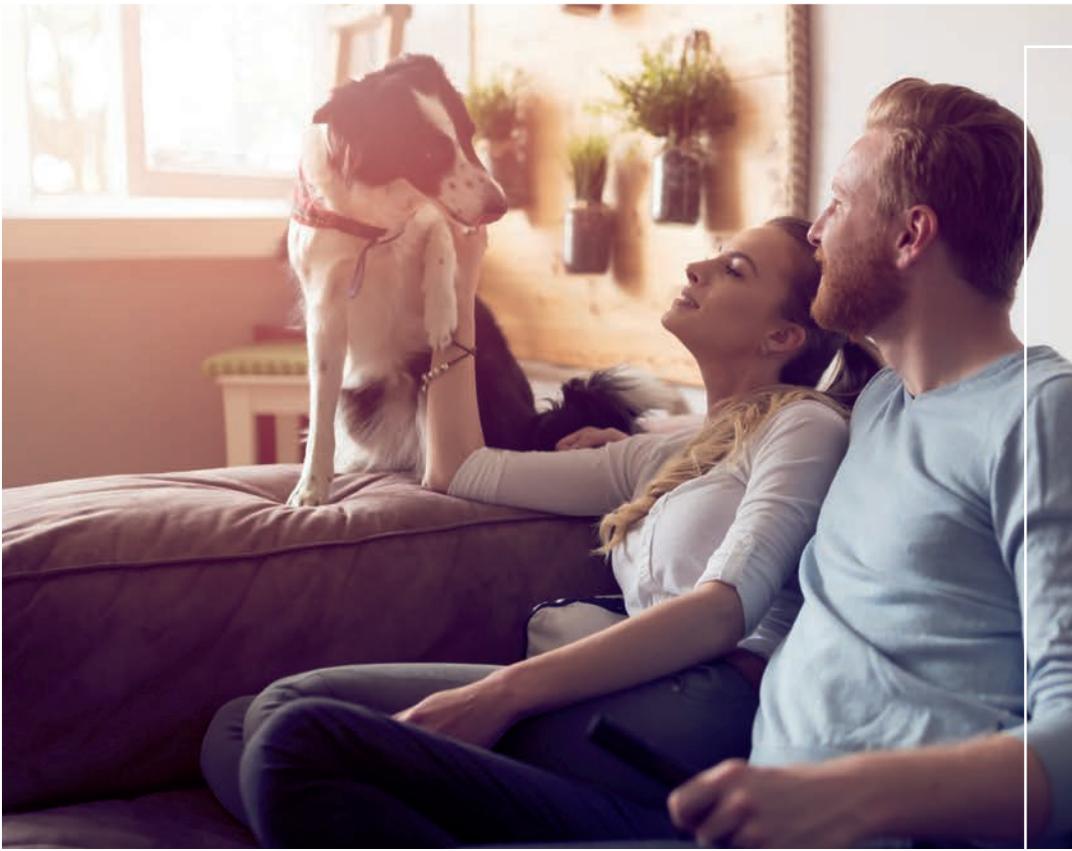
AT THE END OF 2017 THE SUPPLY DROPPED TO 1,600

SHORTAGE REMAINS DESPITE CONSTRUCTION OF MORE HOMES

Due to the huge demand for homes, it will remain difficult to find a suitable home, either for sale or rent, in the coming years. Although Amsterdam is investing in the construction of new homes, this is not enough. In 2017, 3,500 building permits were issued which is far lower than the growth of 6,300 households in 2018. This means that the demand for homes is much greater than the number of homes being created.

The Amsterdam Metropolitan Region is facing the same problem. In 2017, 11,100 building permits were issued in the region.

The number of households is expected to grow by 16,200 in 2018. This means that the demand cannot sufficiently be met in the region. More and more building permits are continuing to be issued however. The number of building permits rose by 44% in 2017. Nonetheless, some municipalities in the region are able to meet demand effectively. In the year ahead, enough new homes will be built in Almere, Diemen, Edam-Volendam, and Heemskerk to partly ease the shortage of homes in the Amsterdam residential market. They will also be able to provide homes for people from other municipalities.



MORE AND MORE NEW CONSTRUCTION IN FUTURE

Over the next few years, there will be a sharp rise in the amount of large-scale construction work taking place in Amsterdam. At the moment, many new homes are being built in the Houthavens, Amsterdam-North, and New-West areas. Thousands of homes are also being developed in the Bajes Kwartier, Amstelkwartier, the Centrum Eiland IJburg, Sloterdijk, and in Amsterdam-Southeast. In addition, a new neighbourhood is being built on the Hembrug site near to Amsterdam. These developments will meet demand for homes for the next two to five years. As the growth in households slows down from 2019 onwards and construction activity continues to rise, the residential market in Amsterdam is finally expected to calm down.

MORE AND MORE HOUSEHOLDS MOVING TO CITIES WITH DIRECT PUBLIC TRANSPORT LINKS TO AMSTERDAM

For some time now, the sharp rise in house prices in Amsterdam combined with the limited number of homes available has resulted in people from Amsterdam moving to a location outside the city. In 2013, approximately 56% of house sellers in Amsterdam chose to buy another house in Amsterdam. This number fell to 40% in 2017.

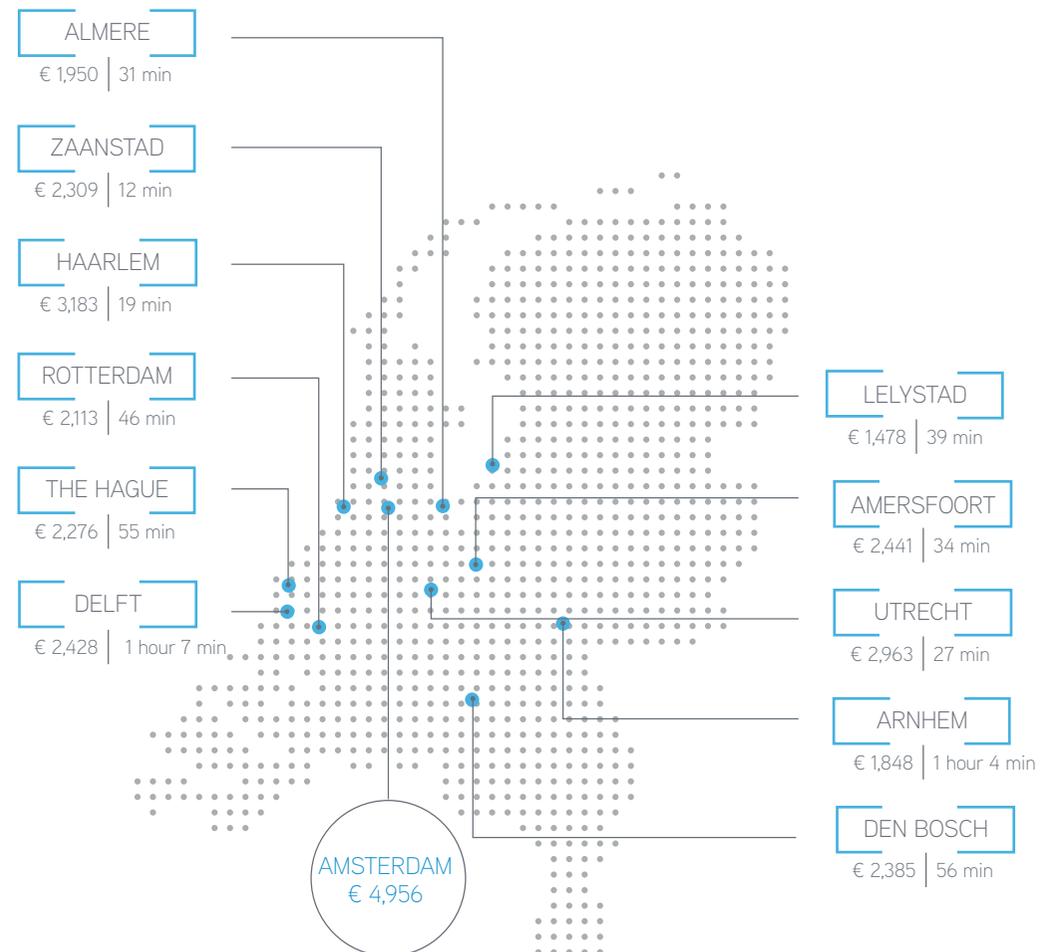
AMSTERDAMMERS OFTEN MOVE TO MUNICIPALITIES SUCH AS HAARLEM (4.7%), ALMERE (4.1%), AND ZAANDAM (3.4%). INTERESTINGLY, THE HIGHEST RELATIVE INCREASE CAN BE SEEN IN MUNICIPALITIES THAT ARE FURTHER AWAY SUCH AS ROTTERDAM (1.5%), THE HAGUE (1.9%), AND UTRECHT (2.5%).

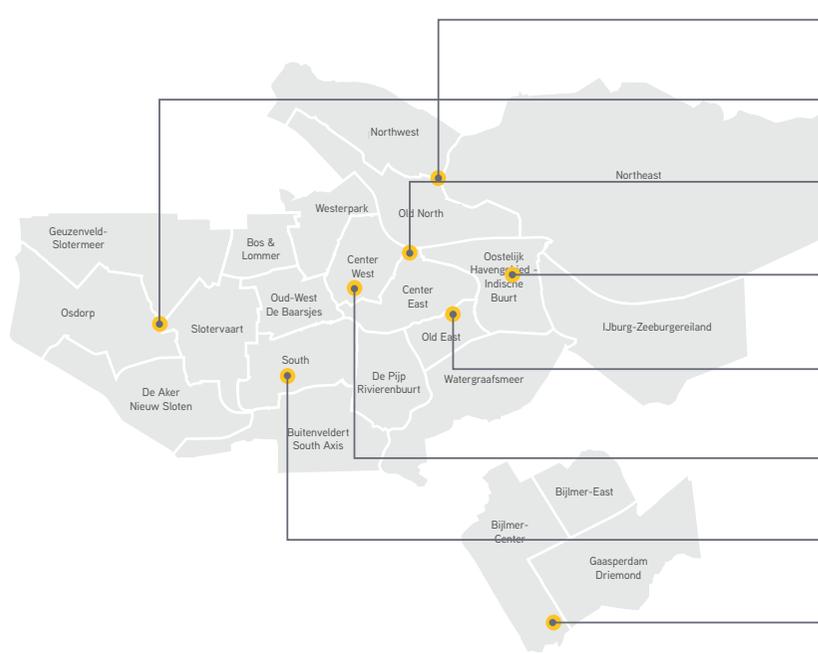
The places to which Amsterdammers move differs per neighbourhood. People from the city

center are more likely to move to Rotterdam, The Hague, or Utrecht, whilst households from the New-West area are more likely to move to Almere, Hoofddorp, or Zaandam.

What is particularly notable is that, over the last two years, Amsterdammers have mainly been moving to large and medium-sized cities with direct public transport links to Amsterdam. In addition to the three major cities mentioned, other popular cities are Delft, Den Bosch, Lelystad, Amersfoort, and Arnhem. It appears that transport links to Amsterdam are a determining factor when choosing an alternative place to live. A similar development can also be seen in London where there is a sharp increase in the prices of homes near to public transport hubs. This indicates the influence on house prices of transport links to the city center. The policy being pursued by the province of North Holland to build more homes around public transport hubs meets this need and is therefore the right decision.

AVERAGE PRICE PER SQM AND TRAVEL TIME TO AMSTERDAM

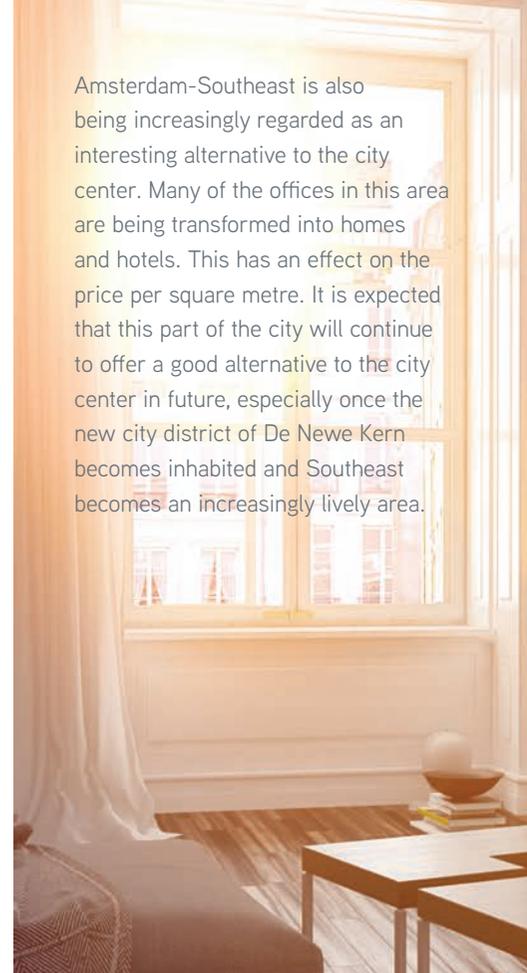




	TRANSACTION PRICE PER SQM 2017 (MEDIAN)		RENTAL PRICE PER SQM 2017 (MEDIAN)	
NORTH	€ 3,500	51%	€ 16	48%
NEW-WEST	€ 3,179	38%	€ 15	26%
CITY CENTER	€ 6,136	25%	€ 25	7%
EASTERN DOCKS	€ 4,811	28%	€ 17	25%
EAST	€ 5,131	39%	€ 19	24%
WEST	€ 5,625	32%	€ 25	14%
SOUTH	€ 6,052	33%	€ 23	10%
SOUTHEAST	€ 2,490	41%	€ 15	75%



Amsterdam-Southeast is also being increasingly regarded as an interesting alternative to the city center. Many of the offices in this area are being transformed into homes and hotels. This has an effect on the price per square metre. It is expected that this part of the city will continue to offer a good alternative to the city center in future, especially once the new city district of De Nieuwe Kern becomes inhabited and Southeast becomes an increasingly lively area.



AMSTERDAM-NORTH IS THE BEST INVESTMENT IN RECENT YEARS

The prices of owner-occupied and rented homes are currently rising most rapidly in Amsterdam-North. This part of the city is therefore very attractive to investors. Over the past two years, investors have seen better investment results here in terms of rental incomes and value appreciation, especially when compared to other parts of the city.

The North-South Rail Link will be opened at the end of July. This metro line will transport the residents of Amsterdam-North to the city center much more quickly and further contribute to the popularity of this district.

This can already be seen in the increase in the price per square metre which is increasing much faster here when compared to elsewhere in the city.

Since this district is still under development and the prices are still relatively low, Amsterdam-North will continue to attract investors in the coming years.

