The economic impact of the corana-crisis on the land market in The Netherlands

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Importance of Land Administration Data in Strengthening
Competitiveness and Economic Development
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Before corona

During lockdown

Changing times: How will the land market develop?
- economic predictions and models
- current state of play in the Netherlands
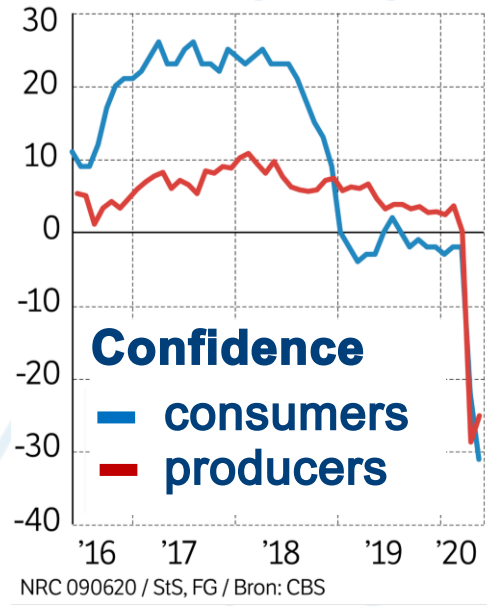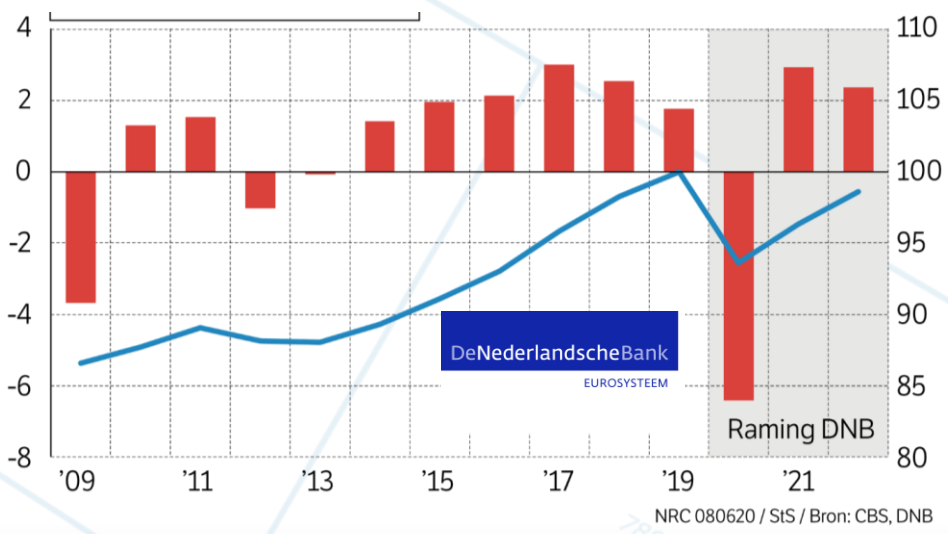- what might the future bring?

GDP (national bank; June 9, 2020)

■ percentage of growth
in relation to previous year

— volume (index: 2019=100)

NRC 080620 / StS / Bron: CBS, DNB

DNB De Nederlandsche Bank June 9, 2020:
''Extraordinary economic contraction'

Confidence
— consumers
— producers

NRC 090620 / StS, FG / Bron: CBS

Prediction housing prices:
2020   + 4.3%
2021   - 2.1%
2022   - 3.7%

No forecast of market volume

Because of:
lower confidence
rising unemployment
lower growth of income

Impact of the corana crisis on the land market

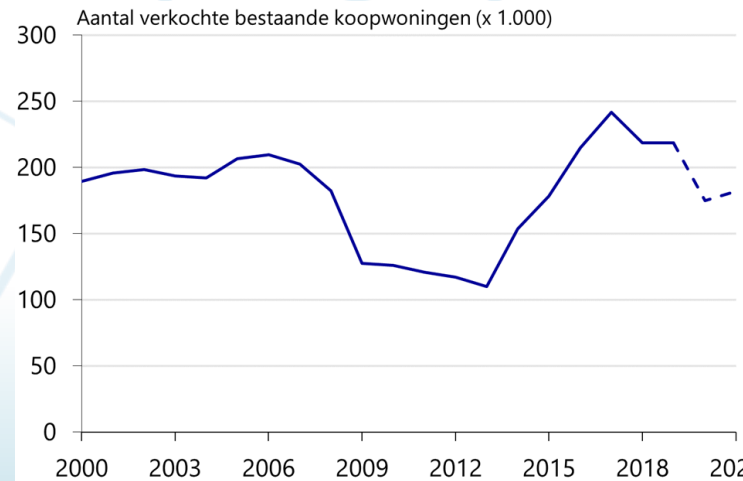# The economic crisis; state of play and predictions (II)

GDP (Rabobank; June 8, 2020**);** percentage of growth in relation to previous year
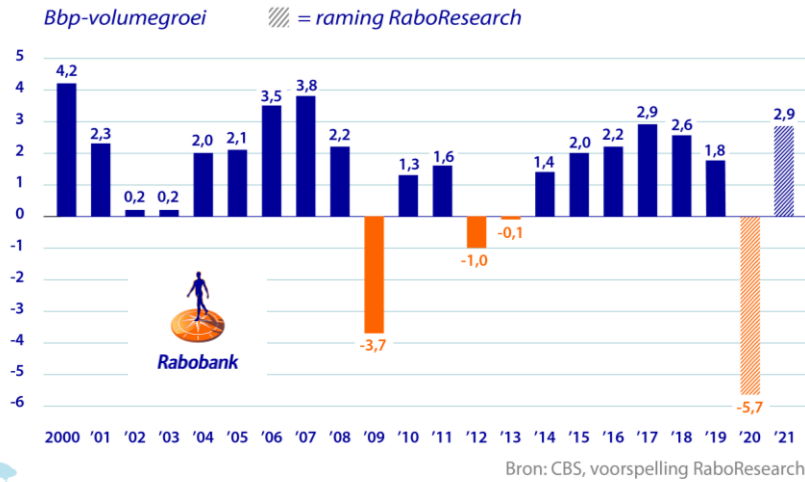
Market characteristic: high loan to value

- Incentive households to (partly) pay off mortgage
- Leads to less consumer spending

Decrease of investment construction industry

Number of transactions might decrease by 20% (estimate April 2020)

Disclaimer: Be aware that all predictions do *not* take into account a possible second wave
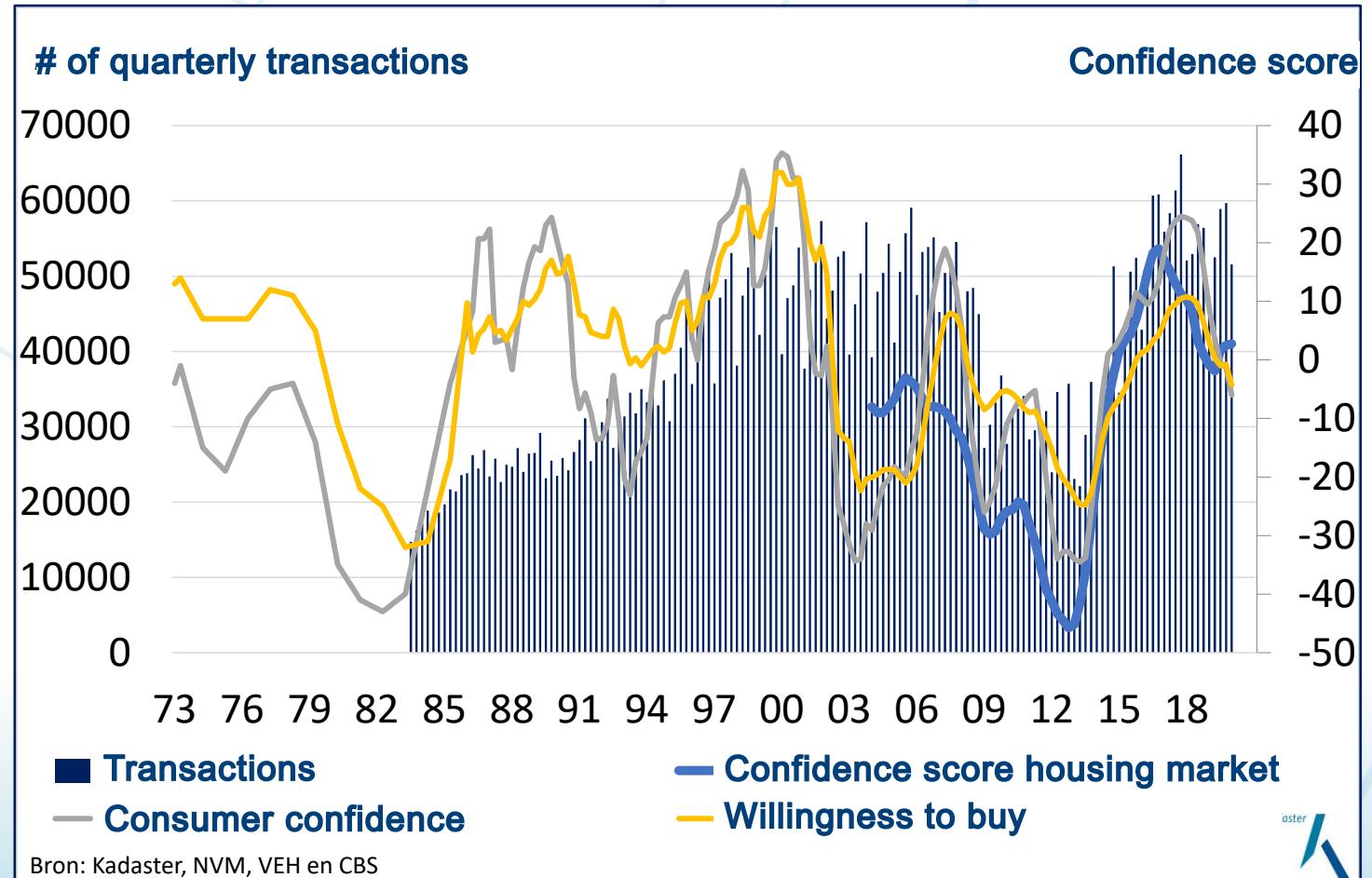
Lessons learned from previous crises

Confidence in housing market is a leading indicator and driver

In current models
- GDP
- interest rates
are important parameters.

Models are optimized for modelling (normal) fluctuations in business cycles but do not accommodate sudden changes

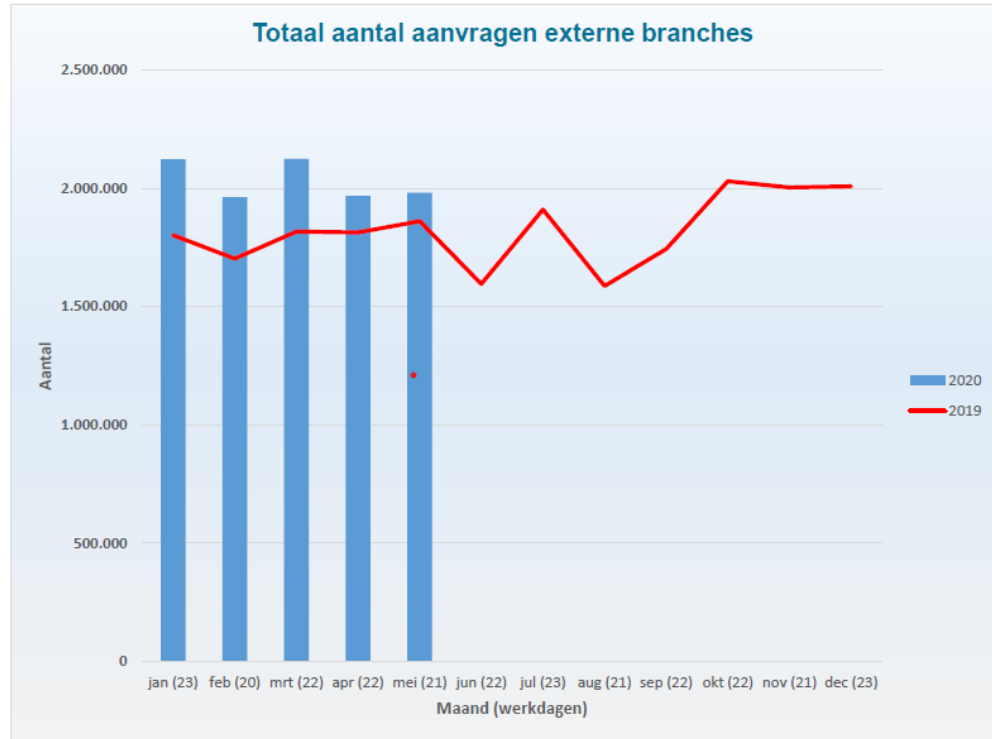In general land markets react with a delay

Bron: Kadaster, NVM, VEH en CBS

Crisis! What crisis?
Current state of affairs at Kadaster

Totaal aantal aanvragen externe branches

Information requests
(phase of orientation and sale)

January-April	2020	2019	% change
Deeds	160k	149k	+ 7,7
Mortgages	153k	130k	+ 17.4

Number of transactions registered

Registration takes place 2-3 months after sale, so volume lags behind, but at the same time information demand is not yet falling.

House owners want to secure low interest rates and transfer their mortgage.

Impact of the corana crisis on the land market

Market characteristics: housing

Housing market before crisis was already tending towards consolidation although at high level.

Corona crises will lead to lower number of transactions and stabilization of prices.

We see more houses offered for sale (+10%) generally an early warning sign.

We still have a tight housing market as there is a lack of housing.

Market in cities reacts quicker than in rural areas.

Commercial real estate: retail

Retail sector was already under pressure because of on-line sales.
The crisis has accelerated this trend and it will probably remain.

Hospitality industry has been heavily impacted by lockdown.

This will have a large impact on commercial areas.

Commercial real estate: offices

Will the trend to work from home persist?

Home becomes the quiet workplace and the **office** a kind of Starbucks

NRC HANDELSBLAD
June 12, 2020

Agriculture and rural areas

High and (sometimes) conflicting demands on land:
- Agriculture
- Environmental (nitrogen deposition, PFAS, phosphates)
- Climate change (water shortage, drainage)
- Energy transition (solar, wind, networks)
- Housing and business (logistics, datacentres)
- Nature conservation

Investment policies are in place

Concluding Remarks

- Uncertainty rules

- Housing market may suffer, but will not collapse

- Economic models are of limited use in the current situation

- The market for commercial real estate (retail, offices) might change considerably

- Demand on land remains high