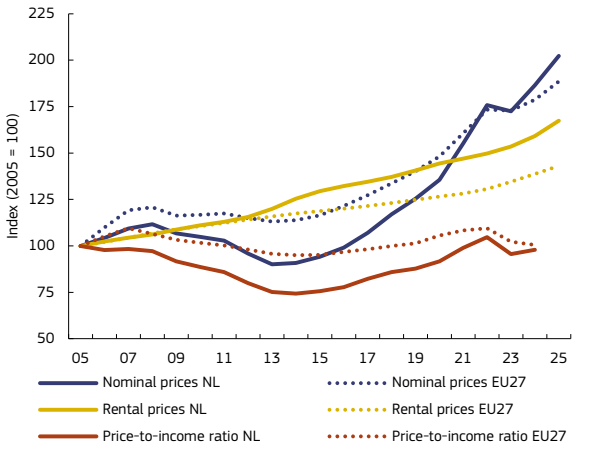
Key challenges in the Netherlands include rapidly rising house prices, persistent shortages of new dwellings and constraints in the private rental market, which remains small and expensive. Affordability pressures disproportionately affect tenants. This is reflected in long waiting lists in the social rental sector and strong demand in the private rental segment. The supply of new housing remains below national targets due to complex planning and permitting procedures, environmental constraints, infrastructure bottlenecks and labour shortages, despite ongoing efforts to simplify procedures. In the rental market, protective regulations for tenants have been strengthened, but investor disincentives persist, leading to a shrinking private rental segment and limiting affordability. While social housing construction has increased, it remains insufficient to fully mitigate affordability pressures, particularly for lower-income households and vulnerable groups. Moreover, the housing association sector faces a significant EUR 20 billion investment gap to meet expected needs for new construction, renovation and decarbonisation of the housing stock. This gap reflects constraints on the sector's capacity to scale up investment despite strong and persistent demand. Overall, the Netherlands has made only limited or partial progress in addressing structural housing market challenges, reflecting the need for targeted reforms to increase housing supply, improve investment incentives and reduce demand-side distortions. Regional supply pressures, persistent affordability constraints in high-demand urban areas and energy-related cost burden for vulnerable households further compound housing access challenges. In the area of housing, the 2025 country-specific recommendations for the Netherlands highlighted the need to remove obstacles to the construction of new dwellings by simplifying planning and permitting procedures, to support the development of an affordable private rental sector including by making investment conditions more attractive, and to reduce incentives for debt-financed homeownership (see Annex 3 on Taxation).

Housing market developments

House prices continue to rise in an already expensive housing market. Since 2013, prices have increased strongly, with only a temporary slowdown in 2022-2023 because of a spike in interest rates (see Graph A16.1). This substantial increase in house prices has affected all provinces, with prices often more than doubling over the past decade. Despite a record number of 238 695 property sales in 2025, marking an almost 16% increase from 2024, largely driven by private landlords opting to sell their rental properties ([426]), average house prices increased by 8.6% in 2025 year-on-year ([427]) sustaining price overvaluation of around 20% (based on the standard European Commission methodology). This continued price increase is being driven by strong demand amid a constrained supply, which is expected to sustain house price growth in the next years.

Graph A16.1: **House prices, rents and price-to-income evolution in NL and EU27 since 2005**



Source: Eurostat

Demand pressures in the Dutch housing market are driven by demographic developments, favourable financing conditions and structural mismatches in the use of the existing housing stock. Population growth has been stronger than anticipated, while household formation has increasingly shifted towards smaller households, widening the mismatch, particularly in urban areas, between the available stock of larger dwellings and demand from groups such as students, first-time buyers and migrants. At the same time, rising disposable income, historically low interest rates and tax incentives, including mortgage interest deductibility and the low effective taxation of low imputed rents, have supported demand and

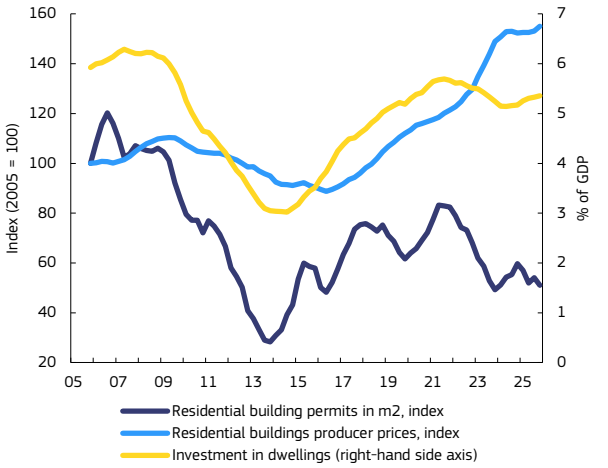
([426])See section on rental market.

([427])Statistics Netherlands (2026).

continued to favour homeownership financed through mortgages over renting (see Annex 5). These pressures are compounded by the high degree of under-occupation in the existing housing stock: around 59% of dwellings are classified as underoccupied, compared with an EU average of around 33% in 2024, reflecting limited mobility in the owner-occupied sector and the effects of population ageing.

The responsiveness of new dwelling supply to this high demand has remained limited. The housing supply gap is a major issue projected to exceed 400 000 dwellings in 2025 ([428]). The shortage is most acute in the Randstad and several rapidly growing medium-sized cities, such as Eindhoven, and other parts of Brabant. Multiple bottlenecks contribute to the shortfall in meeting the national target of adding around 100 000 dwellings per year (through both new construction and other additions to the housing stock, such as conversions and subdivision) with around 69 000 newly constructed dwellings and approximately 10 000–11 000 other additions (about 80 000–90 000 total additions) expected in 2025 and around 80 000 in 2026 ([429]) (see 2025 CSR 1.4). These bottlenecks include: (i) complex planning and permitting procedures; (ii) high costs and lack of available land; (iii) labour shortages; (iv) environmental regulations limiting building permits due to overall excessive nitrogen deposition; and (v) electricity grid congestion (see also the Section on structural policies). As the number of new residential building permits issued in 2025 dropped by 8.6% year-on-year, this will likely impact construction in 2027. (see Graph A16.2). These housing market bottlenecks also restrict labour mobility and can weigh on competitiveness by limiting workers' ability to relocate for job opportunities and increasing housing--related cost pressures on firms and households.

Graph A16.2: **House supply indicators in NL since 2005**



Source: Eurostat

The large social rental sector faces overwhelming demand, while the private rental market is shrinking as rent regulations increase the risk of unprofitable investments. The rental market consists of a small and expensive private segment (14.3% of the total housing stock in 2025) and a considerably larger social segment (28.2% of the total housing stock)**.** Despite its substantial size, the social rental sector has long waiting lists due to affordable rental options being accessible to both low- and middle-income households, causing demand to outstrip supply ([430]). Within the social housing sector, housing associations play a central role in sustaining affordability and expanding supply. However, their investment capacity is increasingly constrained, contributing to a growing housing association investment gap. This reflects structural supply bottlenecks, rising construction and compliance costs, and strong demand pressures in a context of insufficient overall housing supply, which limit their ability to scale up investment despite long-term financing needs. At the same time, the private rental segment remains relatively small and offers limited affordability, with tenants receiving considerably less public support than social rental households or homeowners. Recent rental regulations have been introduced to protect private tenants and rent caps have been extended to mid-range rentals (up to

([428])Balouktsi et al. (2026), Housing investment needs in the EU, JRC Technical Report 144419.

([429])Economisch Instituut voor de Bouw (2026).

([430])In 2026, maximum EUR 51 537 for single-person households and EUR 56 910 for multi-person households.

EUR 1 184.82) in the private rental sector ([431]), while prices for rental properties above the cap can still be freely set. However, these regulations, alongside higher interest rates and tax changes, have made buy-to-let investments unprofitable for many landlords. Consequently, this has resulted in a sell-off of rental properties and is likely to deter new construction for rental supply, leading to an even smaller private rental segment and a reduction in the total housing supply (see 2025 CSR 1.5). While capped rents benefit some tenants, others who rely on the private rental market face a further reduction in available dwellings and even stronger affordability pressures for units priced above the cap.

Productivity growth in construction lags behind other sectors. A decade of rising investment has not increased annual housing supply (see Graph 5.7.2). In 2010-2024, labour productivity measured as value added per hour worked increased by only 3.3%; far below the growth seen in industry (34.3%) or the overall commercial sector (10.3%) ([432]). This sluggish productivity growth contributes to rising construction costs, complicating the financial viability of housing construction.

Structural policies

Complex planning procedures, environmental restrictions and the limited availability of developable land constrain housing construction. Construction projects are delayed by lengthy permitting processes, nitrogen deposition limits and electricity grid congestion ([433]), while municipalities have limited instruments to coordinate land allocation. Permitting delays reflect the multi-layered nature of Dutch spatial planning and environmental approval systems, including zoning, building and environmental permits under the Omgevingswet, as well as additional licensing requirements linked to nitrogen emission constraints following the 2019 Council of State ruling, all of which increase administrative complexity and extend approval timelines ([434]).

Housing supply policies combine efforts to streamline permitting and planning procedures with limited RRP support and demand-side measures, but structural supply constraints continue to dominate outcomes. Efforts to increase construction and streamline permitting are ongoing, including under the STOER programme ([435]), which aims to reduce regulatory complexity and remove unnecessary administrative requirements in housing development. The Netherlands Recovery and Resilience Plan includes limited but targeted housing-relevant measures, mainly focused on improving spatial planning and permitting processes and supporting energy-efficiency and renovation of residential buildings, thereby addressing structural constraints to housing supply rather than directly financing large-scale housing construction ([436]). While policy efforts have also aimed to support first-time buyers, most notably through the increase of the National Mortgage Guarantee (NHG) ceiling and a recent rise in young homebuyers, these measures operate in a context of constrained supply and may contribute to upward price pressures in tight housing markets. Bottlenecks therefore persist, particularly in high-demand regions such as the Randstad, where supply expansion continues to face structural constraints. The government has also established a ministerial taskforce to accelerate housing construction, with initial measures focusing on addressing key bottlenecks in permitting and

([431])Ban on buy-to-let properties in specific neighbourhoods (2022), providing greater protection to tenants (Wet goed verhuurschap, 2023), making fixed-term rental contracts the norm (2024), and extending rent controls to the mid-price rental market segment (2024).

([432])See CBS (2025), Groeirekeningen; nationale rekeningen.

([433])Netbeheer Nederland (2024), Rapportage netcongestie elektriciteitsnet.

([434])OECD (2023), Housing policies in the Netherlands / Urban Development Reviews; Algemene Rekenkamer (Dutch Court of Audit), reports on spatial planning and permitting efficiency.

([435])STOER programme (Dutch Ministry of the Interior and Kingdom Relations, "Schrappen Tegenstrijdige en Overbodige Eisen en Regelgeving (STOER)"), a policy initiative aimed at simplifying and reducing regulatory burden in spatial planning and housing development procedures.

([436])European Commission, Commission Staff Working Document: Analysis of the Recovery and Resilience Plan of the Netherlands, SWD(2022) 173 final, accompanying the proposal for a Council Implementing Decision approving the Dutch Recovery and Resilience Plan.

project delivery, as outlined in a communication to Parliament in April 2026 ([437]).

Tax policies influence housing demand and investment incentives. Mortgage interest deductibility, imputed rent taxation and other incentives encourage homeownership but can cause further price rises. As detailed in Taxation Annex 3, the Dutch tax system continues to favour debt-financed homeownership through generous mortgage interest tax relief for primary residences and a relatively low effective taxation of imputed rents. No reforms are currently foreseen to change the tax treatment of owner-occupied housing, which has been a long-standing country-specific recommendation. The continued absence of reform, confirmed in the 2026–2030 coalition agreement, maintains these structural incentives. Ongoing reforms, including the simplification of housing benefits, aim to support low-income households while promoting sustainable housing investment.

Housing policies are implemented through a multi-level governance framework involving the national government, municipalities and housing associations, with regional housing deals and National Performance Agreements (NPAs) setting commitments on housing supply, affordability and sustainability. This framework aims to align national targets with local delivery, but differences in administrative capacity and implementation performance across regions lead to uneven outcomes. OECD analysis points to the need to strengthen regional coordination, simplify spatial planning governance and improve incentives for municipalities to release land in order to enhance housing supply responsiveness, particularly in the Randstad and in rapidly growing medium-sized cities ([438]). Regional disparities in housing outcomes remain significant. Concentration of population and economic activity in the Randstad, together with stronger household formation in medium-sized cities, continues to generate uneven pressure on local housing markets, with more acute affordability constraints and longer access times in these areas. Policy responses increasingly focus on improving coordination across governance levels, including more integrated spatial and infrastructure planning, stronger inter-municipal cooperation and improved alignment between land-use and housing strategies, alongside efforts to strengthen regional delivery capacity and accelerate permitting processes.

The social housing sector, at 28.6% of the total housing stock, plays an important role in mitigating affordability risks but faces increasing demand, supply and quality-related pressures. Construction of new social rental units has increased but remains insufficient to meet targets, particularly for larger households and vulnerable groups. At the same time, housing associations are expected to improve the quality and energy efficiency of the existing stock, including through renovation and insulation measures aimed at phasing out low energy-label dwellings and reducing energy costs for tenants, in line with the National Performance Agreements ([439]). Housing associations therefore continue to operate under fiscal and regulatory pressures while addressing long waiting lists and upgrading the sustainability and quality of the social housing stock.

Vulnerable groups

Housing affordability pressures have intensified over the past decade, with the burden falling disproportionately on lower-income households and tenants. House price growth has persistently outpaced income developments, with the house price-to-income ratio remaining well above its long-term average, reflecting sustained affordability pressures in both the ownership and rental markets. These dynamics, combined with constrained housing supply and high rental costs, continue to translate

([437])Dutch Government (2026), Brief aan de Tweede Kamer: Eerste resultaten Taskforce Versnelling Woningbouw, 20 April 2026. Available at: https://open.overheid.nl/documenten/561223f4-5f56-4b63-8e72-b38a357464c4/.

([438])OECD (2025), OECD Economic Surveys: Netherlands 2025, OECD Publishing, Paris, https://doi.org/10.1787/2dd1f4aa-en.

([439])National Performance Agreements (Nationale Prestatieafspraken) between the government, municipalities and housing associations, including commitments on new construction, affordability and energy-efficiency upgrades of the social housing stock. Government of the Netherlands: Housing associations https://www.government.nl/topics/housing/housing-associations.

into significant housing cost burdens for vulnerable groups. While the overall housing cost overburden rate declined to 6.9% in 2024, below the EU average of 8.2%, the burden remains substantially higher for households at risk of poverty, at 27.9% (EU-27 average: 31%). Tenants are particularly affected, especially those renting at market prices, for whom the overburden rate reaches 43.9%, compared with only 1.0% for homeowners with a mortgage. More broadly, housing costs account for a relatively high share of disposable household income, at around 20.5% in 2024, compared with an EU average of 19.2% ([440]).

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These dynamics, combined with constrained housing supply and high rental costs, continue to translate into significant housing cost burdens for vulnerable groups. While the overall housing cost overburden rate declined to 6.9% in 2024, below the EU average of 8.2%, the burden remains substantially higher for households at risk of poverty, at 27.9% (EU-27 average: 31%). Tenants are particularly affected, especially those renting at market prices, for whom the overburden rate reaches 43.9%, compared with only 1.0% for homeowners with a mortgage. More broadly, housing costs account for a relatively high share of disposable household income, at around 20.5% in 2024, compared with an EU average of 19.2% ([442]).

Both tenants and homeowners with mortgages are facing constraints on their disposable income. High housing costs, combined with inflation and elevated energy prices, continue to constrain the disposable incomes of low-income households, particularly tenants. At the same time, high – largely mortgage-related – household indebtedness increases exposure to interest rate shocks and constrains disposable income among homeowners with mortgages.

Housing quality challenges persist alongside affordability pressures, with clear regional and socio-economic disparities. In 2023, around 7% of the population reported housing difficulties, a proportion that almost doubles among people at risk of poverty or social exclusion. Energy-inefficient housing stock and affordability pressures are more pronounced in older post-war urban neighbourhoods and lower-income areas, as well as in structurally weaker regions in the north and south of the country, exacerbating territorial inequalities and increasing exposure to energy poverty. At EU level, energy poverty remains significantly higher, with around 10–9% of the EU population unable to keep their home adequately warm (Eurostat, 2024), compared with an estimated around 6% of households in the Netherlands, indicating relatively lower, but still non-negligible, energy vulnerability in the Dutch context.

Discriminatory practices that pose barriers to equal access to housing persist in the rental market, affecting people with a migrant background, in particular. Data show that prospective tenants with non-Dutch-sounding names continue to receive fewer invitations to viewings, despite gradual improvements over time, with discrimination remaining more pronounced outside cities ([443]). In response, the Netherlands strengthened its regulatory framework with the entry into force of the *Wet goed verhuurderschap* (Good Landlordship Act) in July 2023. The Act is a binding legislative measure that applies

([440]) https://ec.europa.eu/eurostat/databrowser/view/ilc_mded01__custom_19401920/bookmark/table.

([441]) CBS: Meer nieuwbouw woningcorporaties in eerste helft jaar | Aedes.

([442]) https://ec.europa.eu/eurostat/databrowser/view/ilc_mded01__custom_19401920/bookmark/table.

([443]) The third national monitor on housing discrimination (2022–2023).

Graph A16.3: **Housing affordability selected indicators**

		EU27				NL							
	unit	2000-25 avg.	2023	2024	2025	2000-25 avg.	2023	2024	2025	unit	2023	2024	2025
House price to income ratio	*2000-25 avg = 100*	100.0	102.0	100.2		100.0	106.0	108.4		YoY%	-8.7	2.3	
Rent to income ratio	*2000-25 avg = 100*	100.0	85.1	83.5	84.5	100.0	88.5	86.9	86.1	YoY%	-4.6	-1.9	-0.9
Overburden rate, total	%	9.9	8.8	8.2		12.5	9.3	6.9	6.5	PPS/y	-0.7	-2.4	-0.4
Overburden rate, tenant with market rent	%	23.8	20.3	19.2		27.8	47.9	43.9	39.5	PPS/y	6.5	-4.0	-4.4
Overvaluation gap	%					5.0	13.1	16.7	19.7				
Deflated construction production price	*2010 = 100*	102.2	112.2	111.8	110.5	93.7	102.6	101.6	100.4	YoY%	9.6	-0.9	-1.2
Building permits	*m^2 per ths persons*	483.5	376.9	362.9	379.9	682.1	464.3	544.6	464.4	YoY%	-26.6	17.3	-14.7
Residential construction investment	*% GDP*	5.5	5.8	5.1	5.0	5.1	5.2	5.2	5.4	YoY%	-5.5	0.0	3.8
Share of ownership	%	70.0	69.1	68.4		68.0	69.3	68.8	68.8	PPS/y	-1.8	-0.7	0.0
Share of people living in overcrowded homes	%	17.7	16.8	16.9		3.1	3.8	4.6	4.1	PPS/y	0.9	0.8	-0.5

Source: Eurostat and European Commission calculations.

enforceable standards for landlords and letting agents, including obligations to prevent discrimination, apply transparent tenant-selection criteria, and comply with municipal oversight and sanctioning powers ([444]). Policy efforts increasingly also target vulnerable groups through dedicated programmes, including the "Wonen en zorg voor ouderen" programme and "Een thuis voor iedereen", which aim to improve access to suitable housing for elderly people and other vulnerable groups such as low-income households, homeless people and other groups with complex housing needs.

Recent policy measures have not addressed underlying supply constraints. The simplification of the housing benefit system in 2026 is expected to increase support for nearly all current recipients (around 1.5 million people) and expand coverage by an estimated additional 170 000 beneficiaries. While these measures are expected to improve short-term affordability for low-income households, structural housing shortages persist, indicating that demand-side support alone is insufficient to address underlying supply constraints ([445]).

([444])Ministry of Housing and Spatial Planning, aanpak woondiscriminatie, 2023.

([445])Tax and Customs Authority, Huurtoeslag verandert vanaf 2026: meer mensen krijgen recht op deze toeslag | Dienst Toeslagen.