



Welcome

Residential market for investors

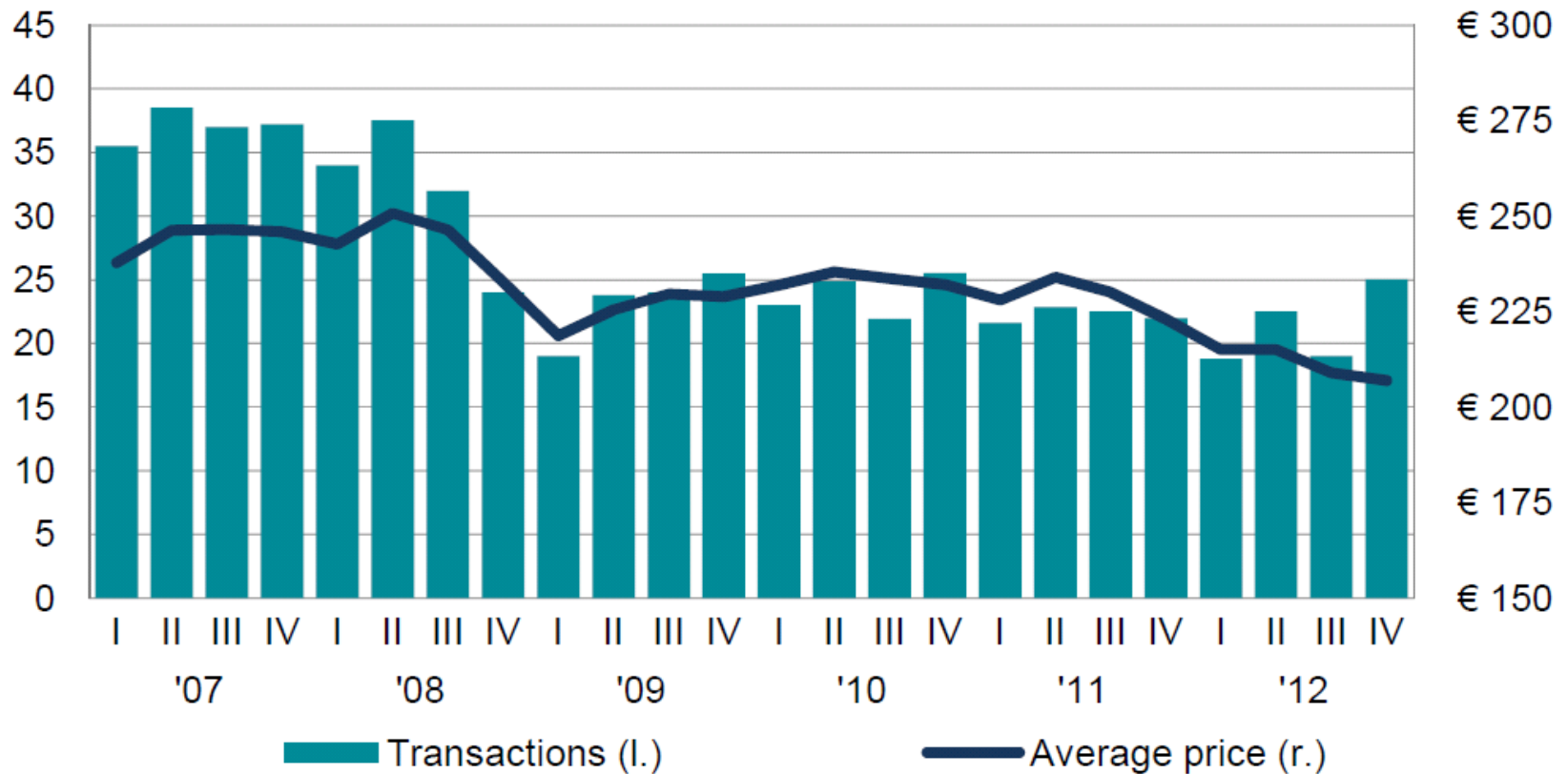
Rental market saves distressed owner occupier market?

March 22nd 2013

Rental market saves distressed owner occupier market?

1. Residential market in general
2. Rental market (users)
3. Residential investment market
4. Residential investors
5. Rental market saves owner occupier market?

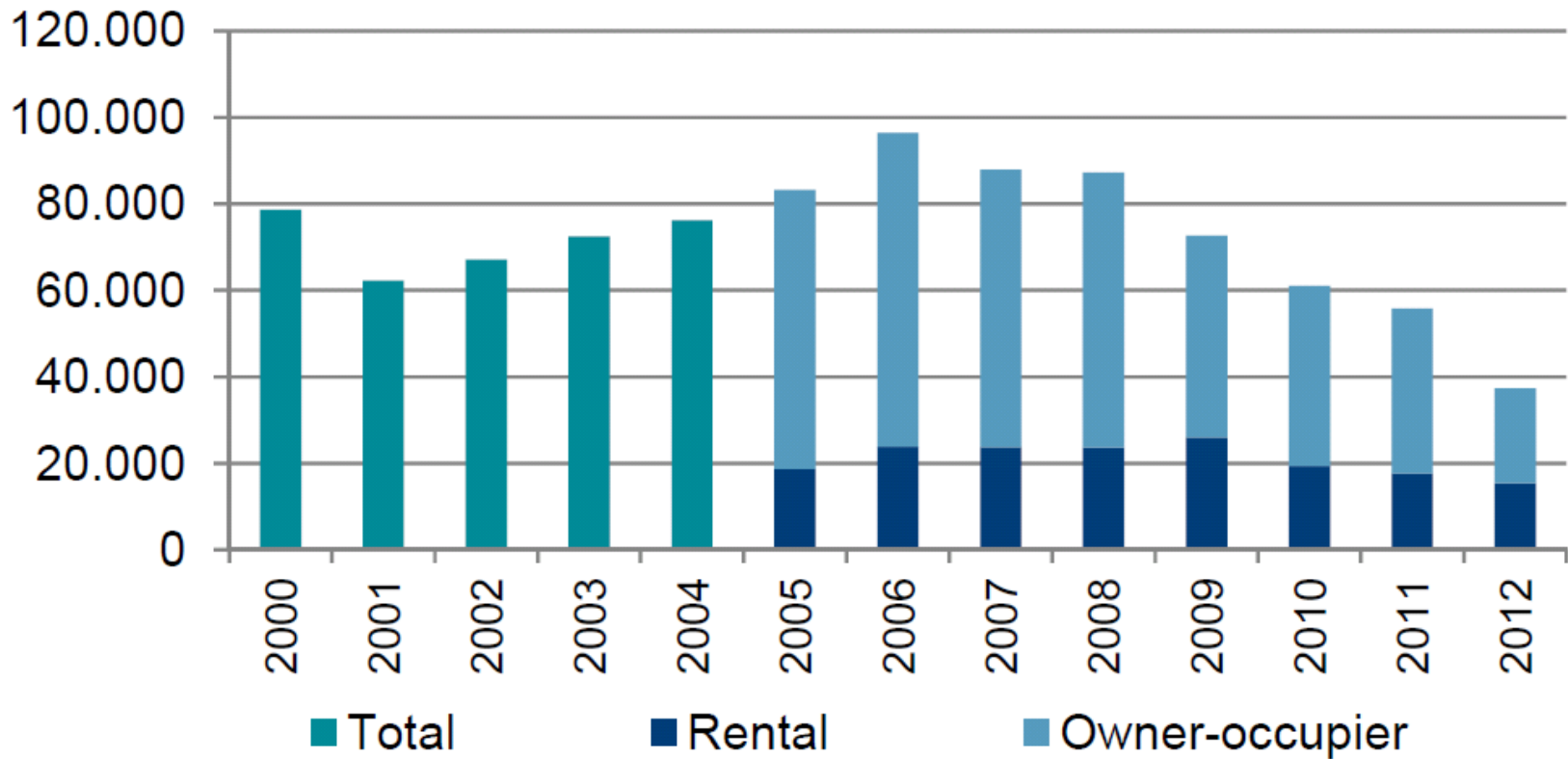
Demand in the market for owner-occupied properties in number of properties (l.) and euros (r.) per quarter (x 1.000)



Source: NVM

Building permits, residential properties

in number

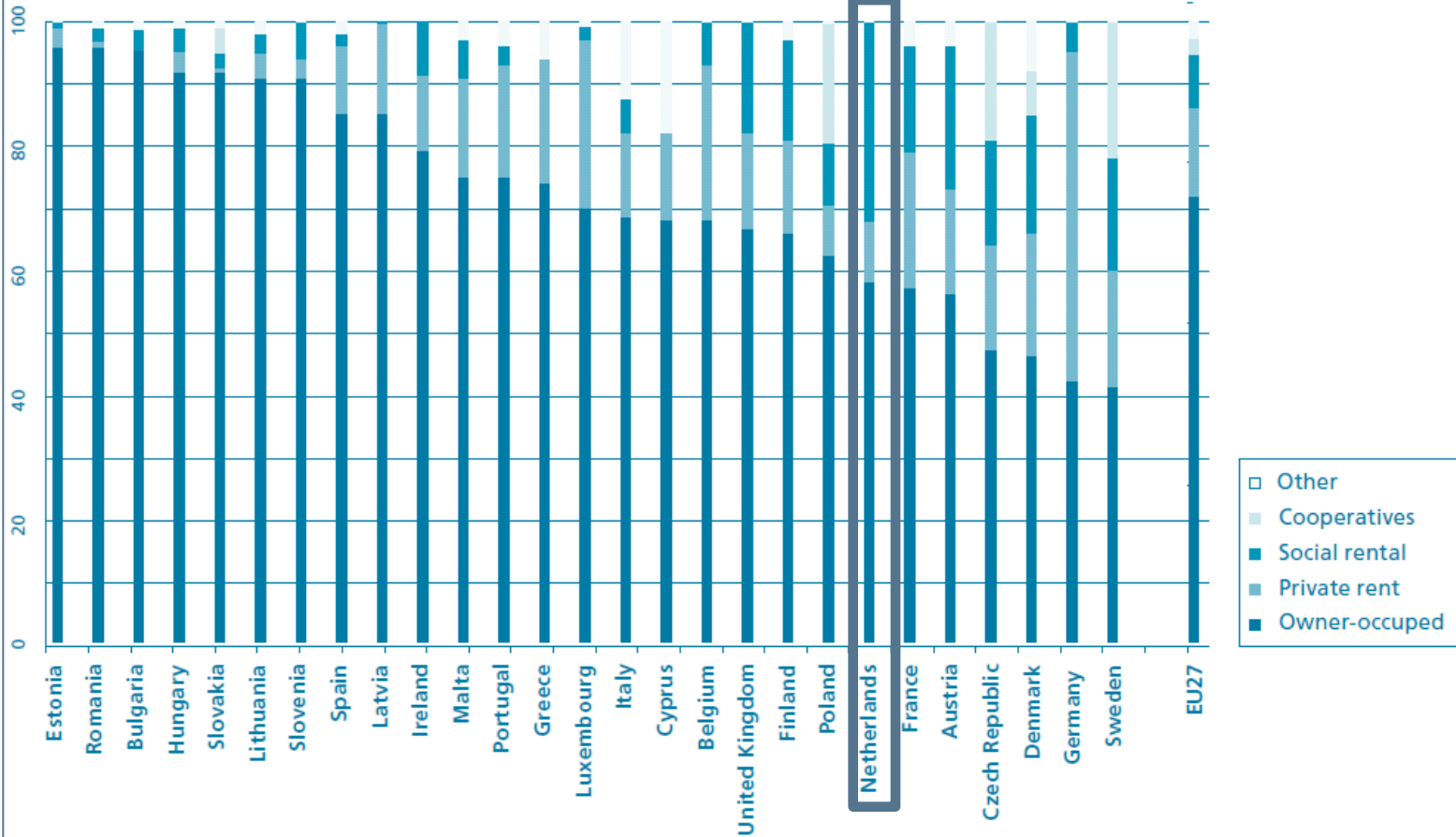


Source: CBS

Why weak housing market for owner occupiers?

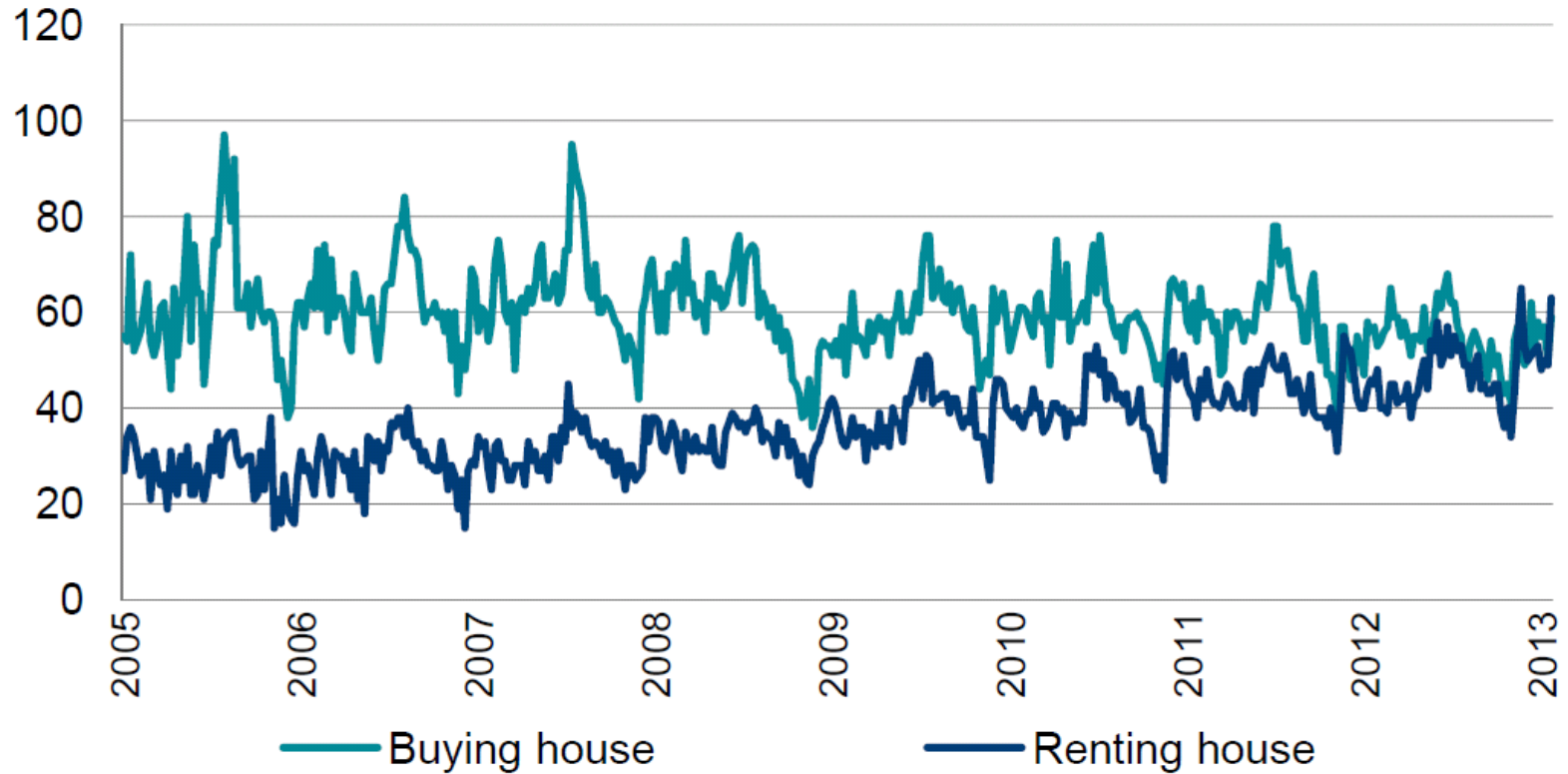
- Mortgage rules more strict
- Lack of confidence among consumers
- Difficulties to sell existing house

CHART 1: TENURE SPLIT IN THE 27 EU MEMBER STATES AS A PERCENTAGE OF THE TOTAL HOUSING STOCK



Housing statistics in the European Union 2010, updated by national correspondents

Google search index



Source: Google



Marketing period:

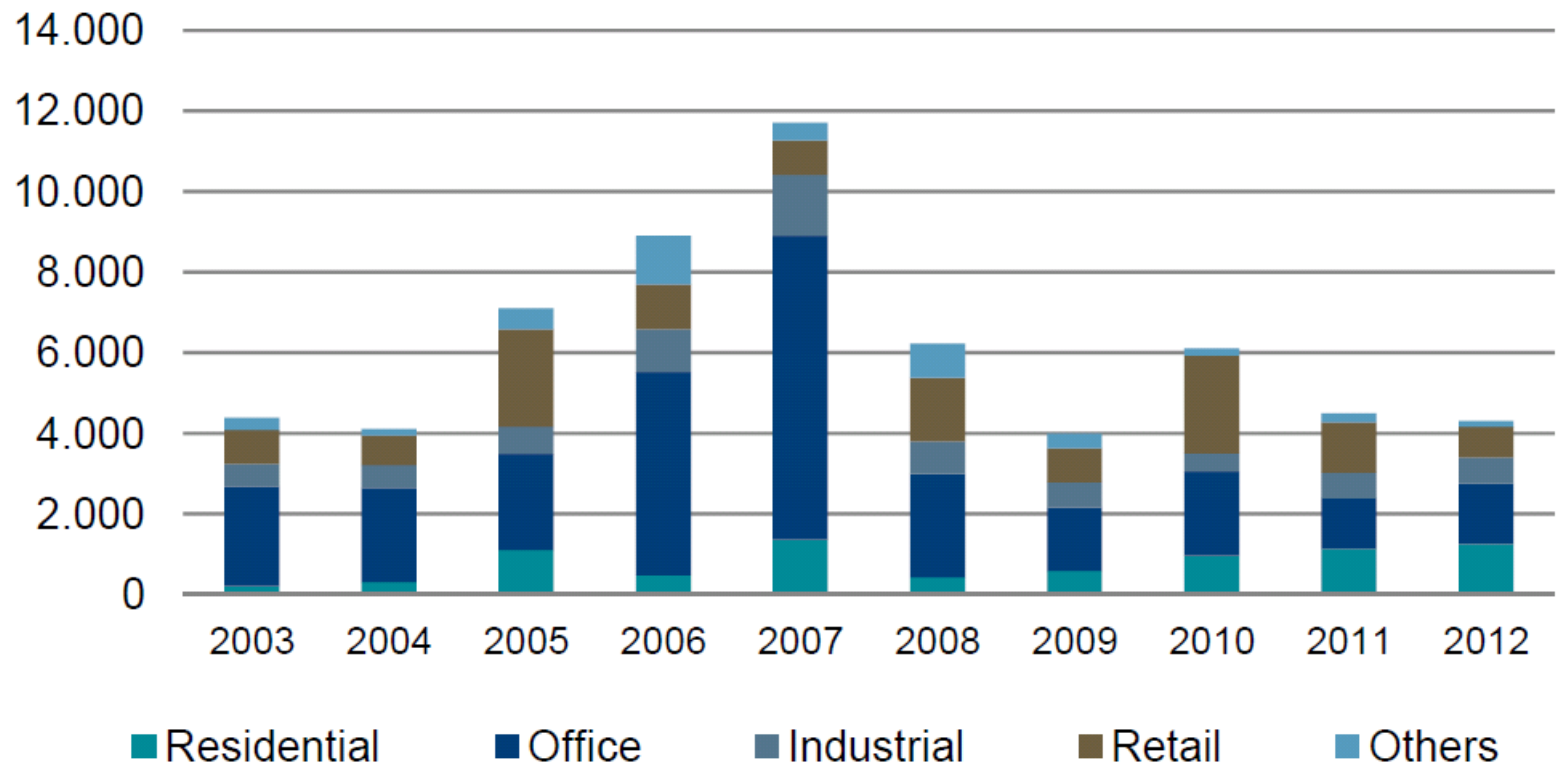
- 80 units rent: 2 weeks
- 40 units sale: 2 in a half year

Why strong residential rental market?

- Mortgage rules more strict (pay back in 30 years)
- People do not want to enter a declining market
- Young people prefer more flexibility
- Growing group elderly like comfort and care

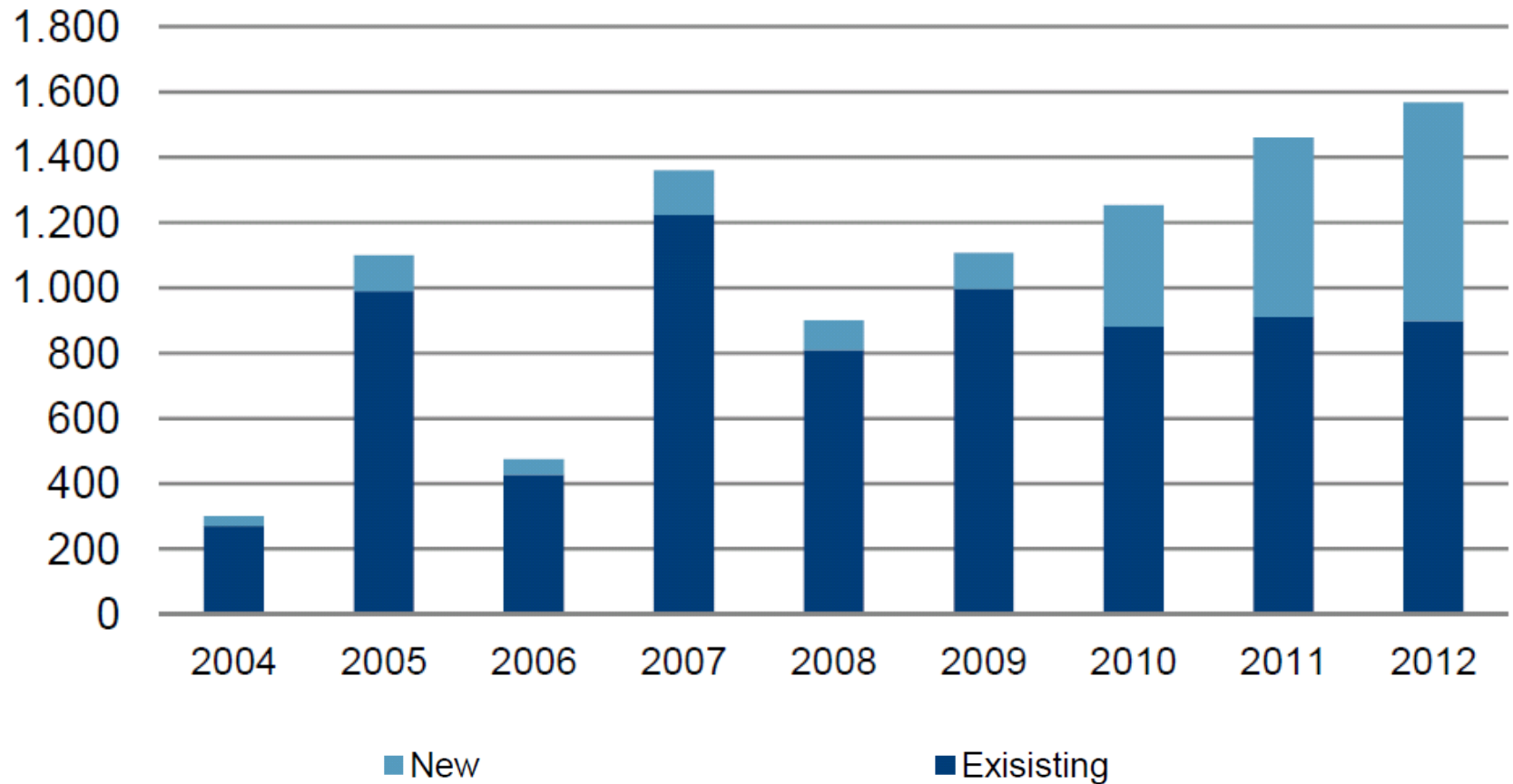
Dutch property investment market

Investment volume by property type



Source: DTZ Zadelhoff

Investment volume, residential properties in million EUR

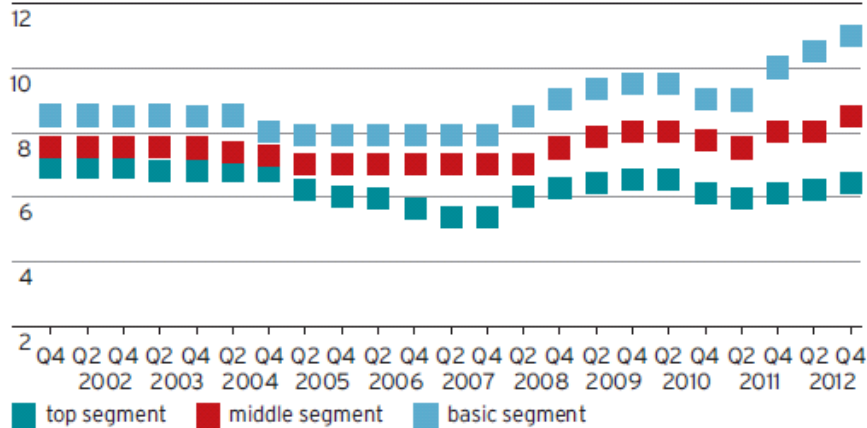


Source: DTZ Zadelhoff

Development of Yields

Dutch property investment market - Offices

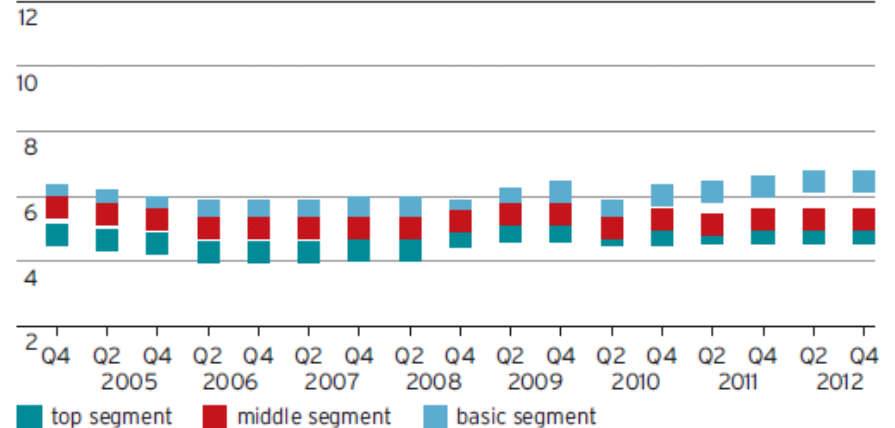
Gross initial yield top, middle and basic segment



Source: DTZ Research, 2013

Dutch property investment market - Residential

Gross initial yield top, middle and basic segment

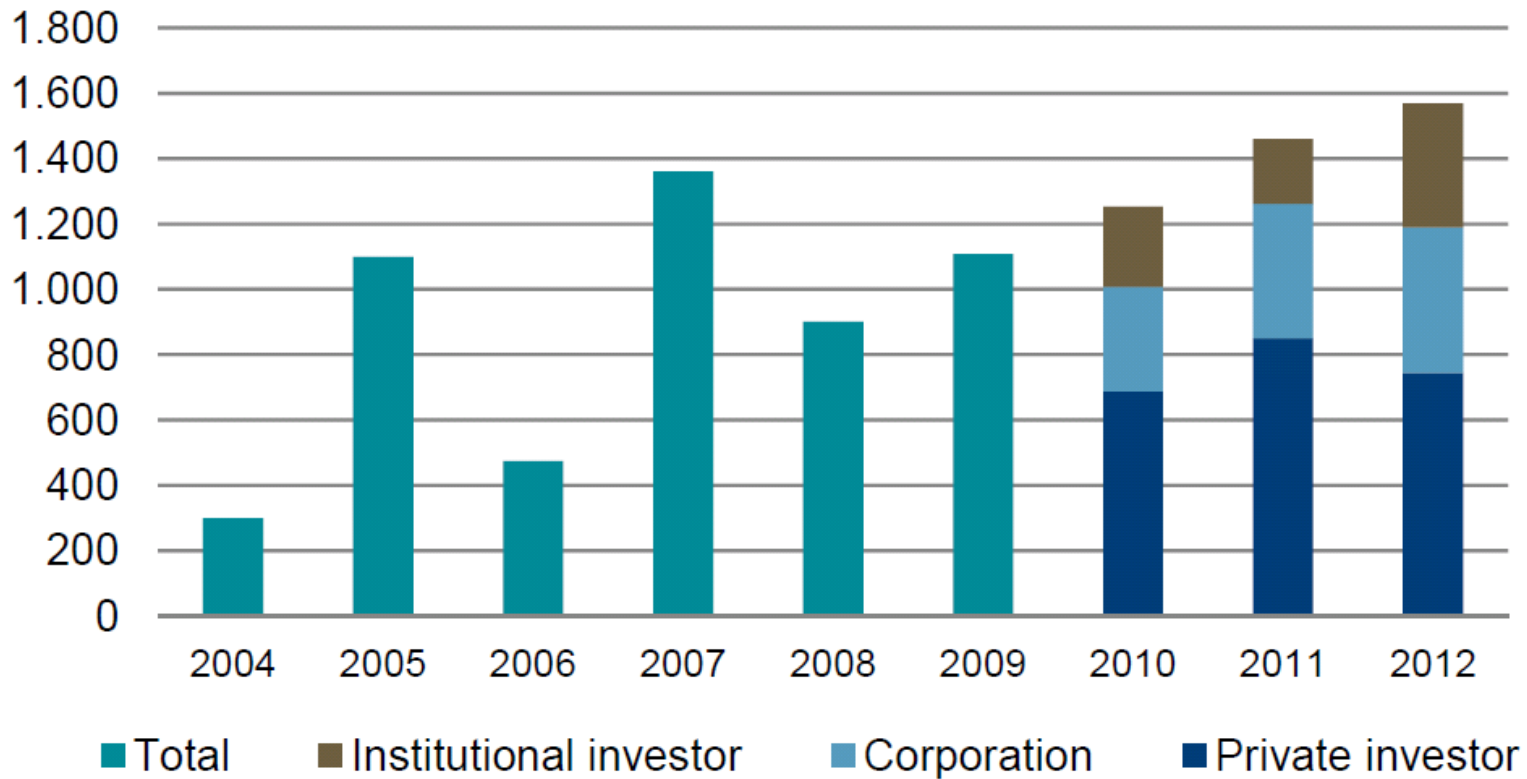


Source: DTZ Research, 2013

Why strong residential investment market?

- Shares are uncertain
- Bonds have very low yield
- Offices and warehouse have oversupply
- Retail suffers from internet sales

Investment volume by buyer, residential properties in million EUR



Source: CBS

Institutional Investors

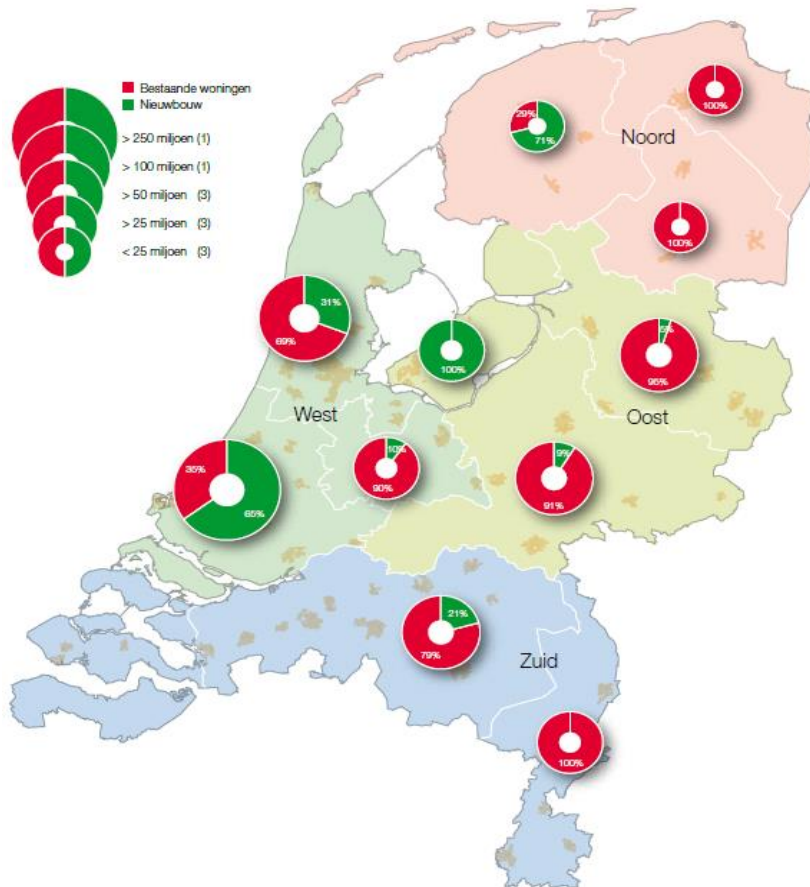
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- Lots of money available in pension and insurance funds
- Preference for low risk investments (like residential)
- No need for debt finance
- Relatively cheap to develop new homes

-/-

- Difficulties in selling old stock, because of oversupply
- Critical on location, mainly Randstad, or even Amsterdam
- Still high landprices slow down new developments

Where does the investment money go?



Private investors

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Residential still interesting investment opportunity
Lack of alternative investments

-/-

Individual sale of housing (“uitponden”) is critical
Difficulties in getting bank finance

Housing corporations

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More rental increase within contracts (“scheefhuur toeslag”)

Veto to sell houses to investors ended

-/-

Tax on social housing (“Verhuurders heffing”)

Vestia payments

Corporate taxes (since 2008)

Old stock

Less individual housing sales

Relatively, inefficient and expensive organisations

Landprices too high

- Price rented home approx. 80 – 90% of owner occupier home
- Municipalities need to decrease landprices 2 times
 - Lower house prices
 - Shift to “cheaper” rental market
- Municipalities cannot afford lower landprices

Shortage of money

- Financial problems in social housing sector
- Institutional sector rather small
- Foreign investors require higher yields

Expectations existing rental housing

- Rising supply by social housing stock that will come onto the market.
- Yields of residential go up further (“uitpond premium” disappears).
- Entrance of big international investors

Expectations new rental housing

- Rising demand by demographic developments
- Decline of difference between rental and owner occupier prices
- “Scheefhuur” toeslag will lead to growing demand