

# Impact of the spring memorandum 2025 on the housing market and housing construction

In the Spring Memorandum, the government updates the budget for the current year and provides an outlook for the coming years. Below we outline the impact of the spring memorandum 2025 on the housing market.

- The spring memorandum 2025 introduces a number of important changes that will significantly affect the housing market including the forecast of new-build

In the budget cycle of the Dutch government, the spring memorandum and the autumn memorandum are important documents. In the spring memorandum, the government updates the budget for the current year and provides an outlook for the coming years. The memorandum provides information on any setbacks and windfalls and includes adjustments based on the latest economic developments and policy changes. The autumn memorandum summarizes the execution of the budget up to that point in the year. It provides an interim account of expenditures and revenues.

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### Freezing social rents

One of the most notable measures is the freezing of social rents for the years 2025 and 2026. Tenants of social housing will experience no rent increases during this period, which should ease the financial pressure on them. In addition, the rent allowance will be increased to help tenants offset the rising cost of living. To compensate for the impact of the rent freeze on landlords, investments will be made in social housing. In 2026, 270 million euros will be reserved to improve the quality and availability of social rental housing. In the two consecutive years this budget will be increased to 405 million euros per year.

### Impact on housing market and housing construction

The Spring Memorandum puts considerable pressure on the ambitions of construction of new-builds. The rent freeze directly affects housing corporations, which need the rental income to invest in maintenance, renovation, sustainability measures and new construction. The performance agreements that housing associations made with the Government and other parties are seriously jeopardized with the rent freeze.

The former agreements include the realization of 250,000 social rented homes, making 675,000 homes more sustainable and improving housing quality and affordability. By freezing rents, housing corporations lose billions of potential investments, leading to delays or stagnation of planned (re)construction projects. As a result, less new social rented homes will become available on the market and fewer existing rented homes will be renovated and made more sustainable.

Hence, this affects both current tenants and home seekers looking for affordable rental housing.

### More financial support for municipalities

The cabinet is largely reversing planned cuts to municipalities, which is positive for people with owner-occupied homes. This year, almost 20 per cent of municipalities are increasing property taxes (OZB) by more than 10 per cent, anticipating a cut in the Municipal Fund in 2026. The compensation cushions possible local tax increases or local spending cuts. This measure, combined with the energy tax cut, results in lower costs for households, which increases purchasing power.

### **Uncertainty over sustainability measures**

Uncertainty remains about applicable or upcoming sustainability measures for homeowners. This ongoing uncertainty reinforces the wait-and-see attitude of homeowners to make their homes more sustainable.

### **No focus on foundation issues**

The Spring Memorandum makes no mention of the foundation issue that may be hanging over homeowners' heads. During a debate on foundation damage on 13 February last, the seriousness and urgency of the problem was stressed. Minister Mona Keijzer wants the government to take the lead. However, homeowners with a foundation problem continue to rely on their own resources for the time being, while repair costs are hefty and the cause is often beyond their control.

The number of homes with foundation damage due to climate change, falling groundwater levels and subsidence of peat and clay soils is growing rapidly. It is estimated that as many as 425 thousand homes will face foundation problems by 2035. Repair costs can amount to more than 100 thousand euros per house. These costs cannot

be completely passed on to the homeowners, as foundation problems are mainly caused by external factors. The government plays a crucial role here and a national foundation repair fund, subsidy schemes or financial contributions from the government are therefore desirable and necessary.

### **Conclusion**

The 2025 Spring Memorandum brings a series of measures that will significantly affect the housing market and housing construction. By freezing rents, increasing rent allowances and investing in social housing, the financial pressure on tenants is eased. However, the rent freeze also negatively affects housing associations, which can invest less in new construction and sustainability. This could lead to a further worsening of the housing shortage and failure to make crucial investments in housing. The slowdown in construction production, combined with rising disposable incomes, will irrevocably lead to more pressure on the housing market, resulting in an even faster rise in the prices of existing and new-build homes. This is particularly detrimental to home seekers.

In addition, it is strange that, given the

magnitude of the future foundation problem, there is no attention to it in the Spring Memorandum. Although a coordinating role from the government is a must. Meanwhile, the first tentative initiatives are being developed in the market, such as “Het Fonds Duurzaam Funderingsherstel”, to help real problem cases to repair the foundation of their homes. .

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