

Alternatives for first-time buyers

A study on the barriers and enablers of alternative purchase instruments to increase the accessibility of first-time buyers to the Dutch housing market.



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01. Introduction

315.000

Housing crisis



Housing shortage



Housing costs
rental sector



Differences in
equity

315.000

Housing shortage

80%

Increase in property prices since 2013

12%

Decrease in transactions by first-time buyers since 2009

LIMITED ACCESS

first-time buyers

01. Housing shortage

02. Increasing property prices

03. Tightened mortgage requirements

Relevance

- Housing market flow

- Prosperity gap

Initiatives

01.

Starter loan

02.

Starter exemption
transfer tax

03.

National fund for
affordable
owner-occupied
housing

Alternative purchase instruments

02. Research objective

01.

Limitations first-time
buyers

02.

Barriers & enablers
purchase instruments

03.

Alterations purchase
instruments

RESEARCH QUESTION

How could alternative purchase instruments be adjusted to increase the accessibility of first-time buyers to the Dutch housing market?

Sub questions

01. What are the characteristics of first-time buyers in the Netherlands?
02. What limits the accessibility of first-time buyers to the Dutch housing market?
03. How do the alternative purchase instruments enable the accessibility of first-time buyers to the Dutch housing market?
04. Which factors of the purchase instruments form a barrier in increasing the accessibility of first-time buyers to the Dutch housing market?
05. How could the barriers of the alternative purchase instruments be adjusted to enhance the accessibility of first-time buyers to the Dutch housing market?

03. Methodology

Qualitative research

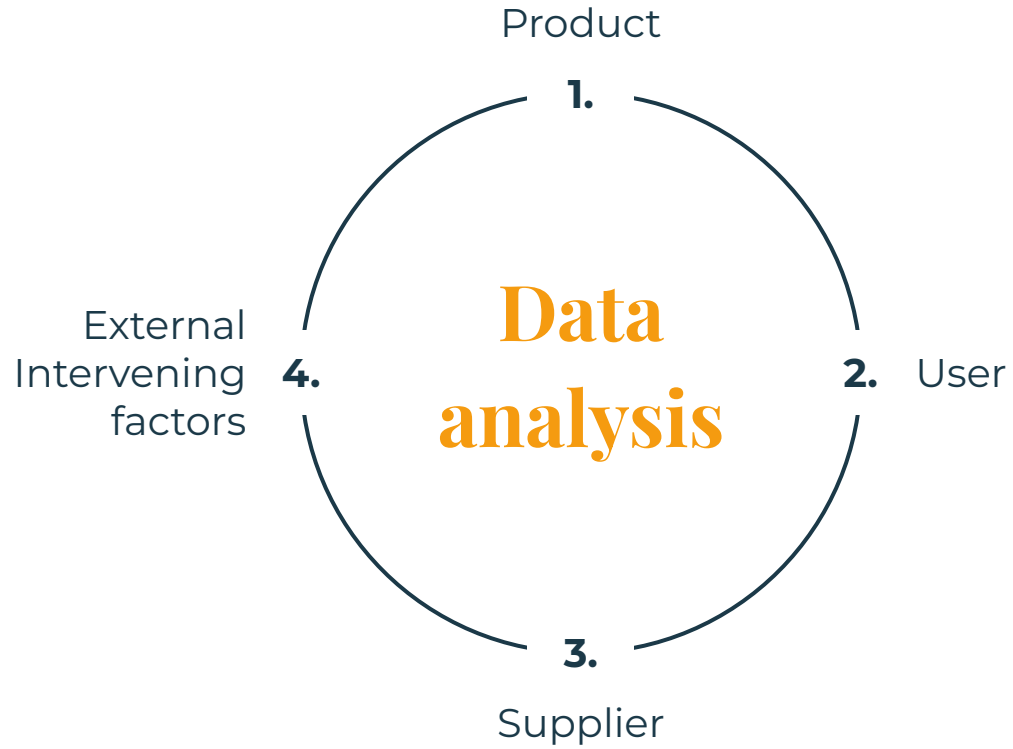
Literature research

- Context
- Characteristics & limitations first-time buyers

Empirical research

3 sets of interviews:

- Experts
- Suppliers
- External intervening factors



04. Results

First-time buyers

Direct entrants

Households that move from a dependent housing situation directly onto the owner-occupied housing market.

Former tenants

Households that move from a rental property onto the owner-occupied housing market.

#1

Single

first-time buyers purchase their first property by themselves.

#2

Partnered

first-time buyers purchasing their first property together.

#3

Combined

first-time buyers exist of one first-time buyer and one existing home-owner that purchase a property together.

Limitations

Income

€40.000 - €60.000

- Too high for social rent
- Too low for a mortgage

Equity

Lack of equity

Main limitation

Financial capacity

Alternative purchase instruments

Alternative purchase instruments

01.
KoopGarant

02.
KoopStart

03.
Slimmer Kopen

04.
Duokoop

01.

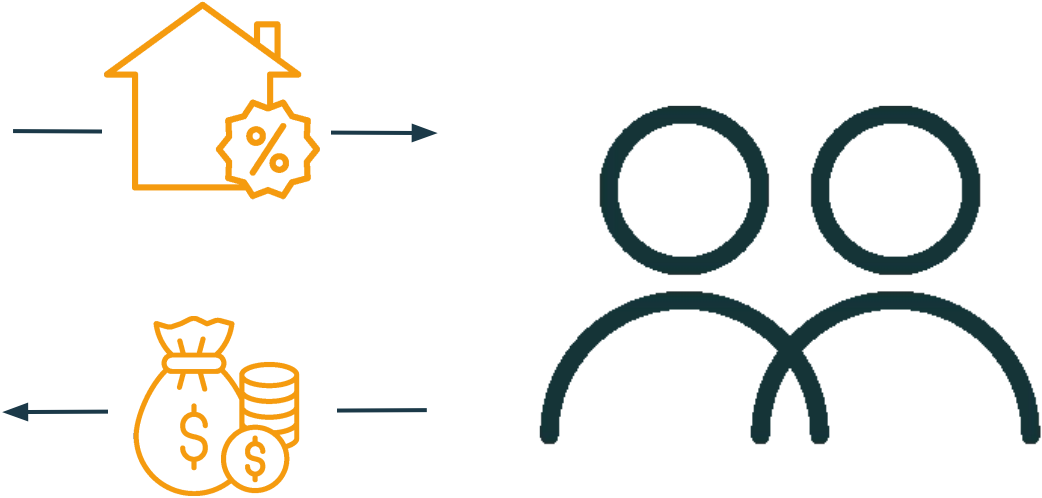
KoopGarant

01. KoopGarant

Moment of purchase



Housing association

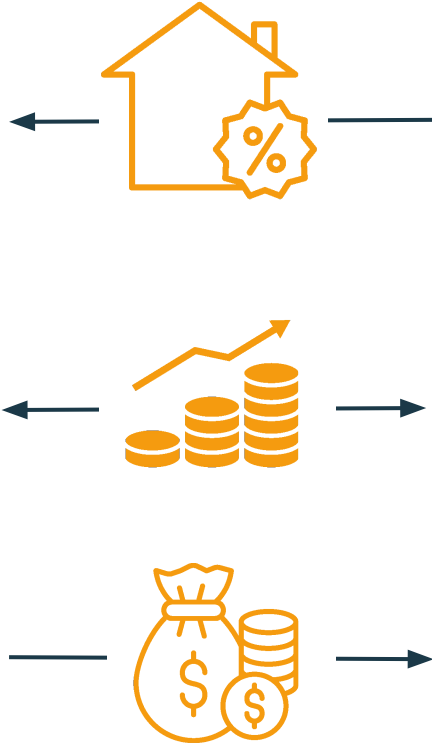


01. KoopGarant

Moment of sale



Housing association



Fair value method

1 : 1,5

Discount = 30%

Share of value development housing association: $30\% \times 1,5 = 45\%$

Share of value development buyer: 55%

Repurchase obligation

#1

Low chance of acquiring the bare property rights.

#2

Properties must be present on the balance sheet.

#3

Able to keep the properties available for first-time buyers on the long term.

02.

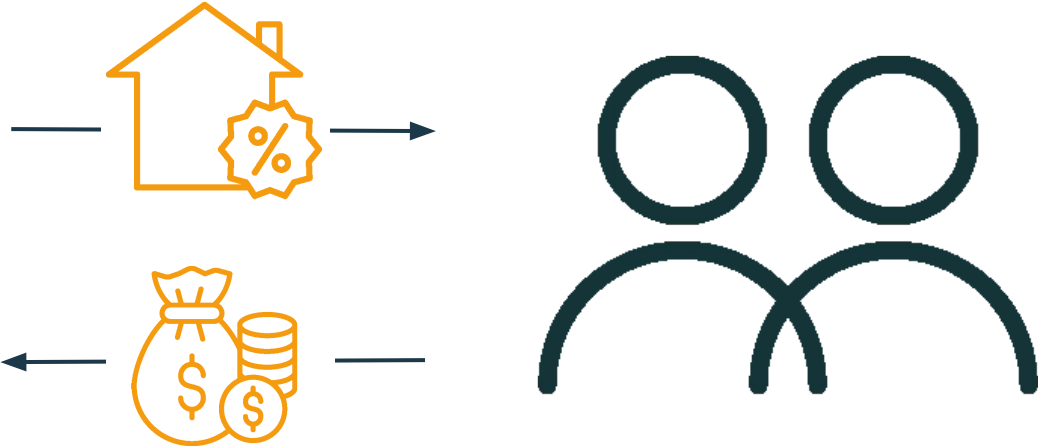
KoopStart

02. KoopStart

Moment of purchase



Real estate developer



02. KoopStart

Moment of sale



Real estate developer



Barriers & Enablers

#1

No repurchase obligation.

#2

Bare property rights can be acquired after three years.

#3

Opportunity cost real estate developer.

03.

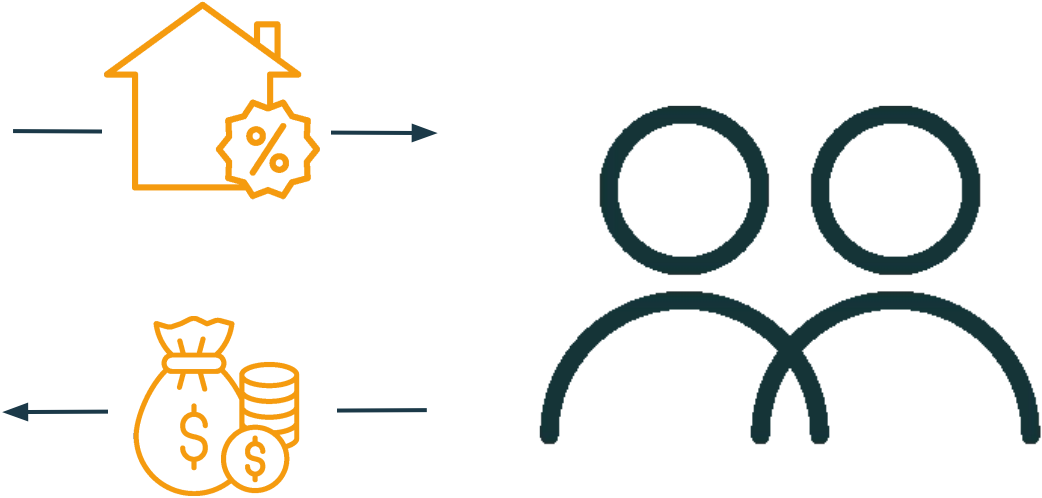
Slimmer Kopen

03. Slimmer Kopen

Moment of purchase



Trudo

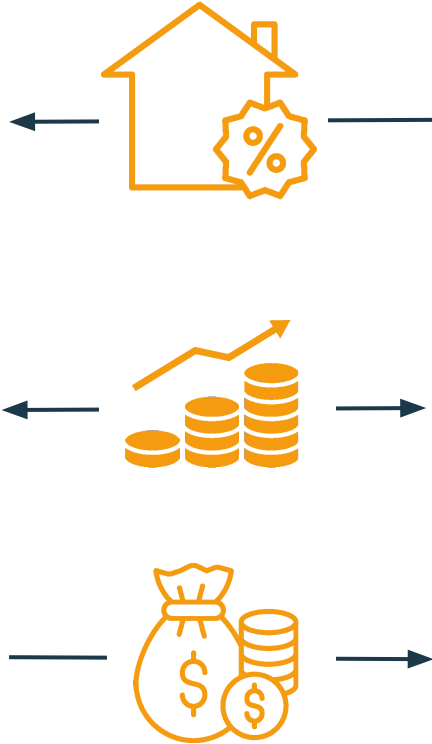


03. Slimmer Kopen

Moment of sale



Trudo



Barriers & Enablers

#1

No repurchase obligation, but still a long term solution.

#2

Low chance of acquiring the bare property rights.

#3

Cannot be combined with the starter loan.

04.

Duokoop

04. Duokoop

Moment of purchase



Duokoop fund

04. Duokoop

During ownership



Duokoop fund

Monthly canon payments



04. Duokoop

Moment of sale



Duokoop fund

Barriers & Enablers

#1

Monthly canon payments.

#2

The ground can be purchased at any time.

#3

Individual bound instrument instead of property bound.

05. Findings

Deployment capacity

Property bound



- KoopGarant
- KoopStart
- Slimmer Kopen

vs

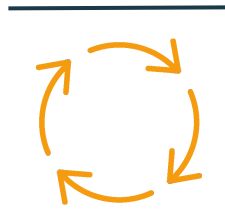
Individual bound



- Duokoop

Durability

Continuation



- KoopGarant
- Slimmer Kopen

vs

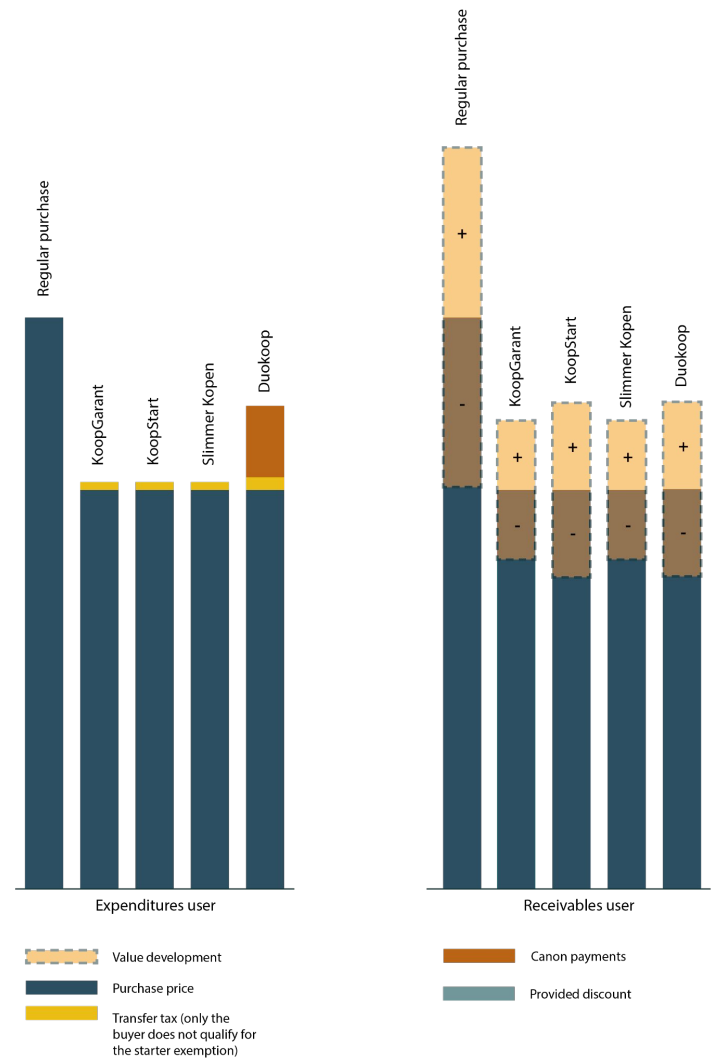
One-time-only

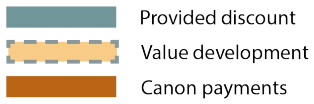
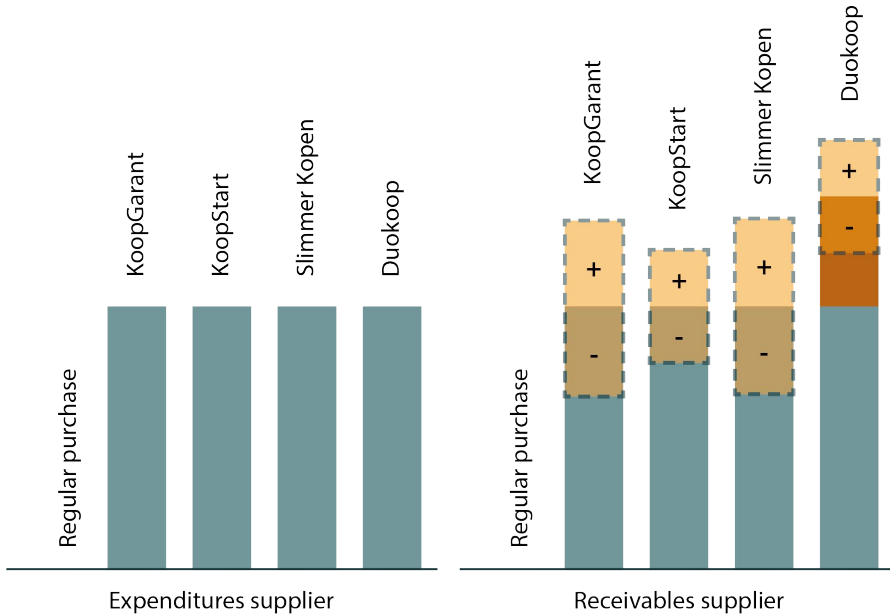


- KoopStart
- Duokoop

User's perspective

Financial & risk comparison





Supplier's perspective

Financial & risk comparison

06. Discussion

Limitations

01.
Theoretical

02.
Scope

03.
Methodology

04.
Recommendations

07. Conclusions

Limitations
first-time buyers

01. Income 40 - 60 k

- Income limit social rental sector
- Maximum mortgage based on LTI

02. No property

- Lower or no equity growth compared to transferring homeowners on the market

Barriers

01. Deployment capacity
02. Durability
03. Ratio division financial benefits and risk

Recommendations

For practice

#1

Independent from external factors.

#2

Individual bound instead of property bound.

#3

Revolving fund effect.

Implementation

National fund for affordable owner-occupied housing

Recommendations

For future research

#1

Interview first-time buyers.

#2

Research alternative purchase instruments in neighboring countries.

#3

Study a wider variety of instruments.

Thank you

Questions?