Technical Assistance – Market Studies of Pipeline and Stakeholders

The Netherlands

July 2025

Disclaimer

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COUNCIL OF EUROPE DEVELOPMENT BANK
BANQUE DE DEVELOPPEMENT DU CONSEIL DE L'EUROPE

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An **comprehensive analysis of social infrastructure investment** in nine EU countries is a key objective of the project

Introduction – Project in focus

The project is initiated by the **Council of Europe Development Bank** who has hired **PricewaterhouseCoopers**, through the support of InvestEU Advisory hub, to identify market gaps and potential investment opportunities, with stakeholder engagement playing a crucial role in enriching the study's findings.

Project overview and goals

- The project, led by the **Council of Europe Development Bank (CEB)** and executed by **PricewaterhouseCoopers (PwC)**, is financed by the **European Commission under the InvestEU Advisory Hub**. This signifies a strong commitment from the EU to enhance social infrastructure.
- The aim is to **map the current state of social infrastructure investments** in several EU countries, notably including Ireland. This involves a comprehensive assessment of market conditions, funding availability, and potential investment opportunities.
- **The study aligns with InvestEU's broader goals to stimulate investment across the EU**, specifically targeting the development and enhancement of social infrastructure.

Methodology and phased approach

1. **Phase One - Desk Research**: In the initial phase, PwC conducts extensive desk research to collate and analyse existing market data and studies. This phase establishes a foundational understanding of the investment landscape in the targeted countries and identifies key stakeholders.
2. **Phase Two - Direct Market Interviews**: Following the desk research, the second phase involves conducting interviews to gather firsthand market insights from identified stakeholders. This step is crucial to enrich the analysis with real-world perspectives and data.
3. **Comprehensive Evaluation**: The combination of desk research and direct interviews ensures a thorough and multi-dimensional analysis, providing a detailed picture of the current market and identifying key areas for potential investment.

Stakeholder engagement

- **The CEB and PwC are actively engaging with principal stakeholders to gather insights and respond to specific inquiries**. This collaborative approach is essential for validating the study's initial findings and enriching the overall analysis with diverse perspectives.
- Through this engagement, the **CEB seeks to build a network of informed and interested parties**, fostering a collaborative environment for future projects and investments.
- Post-study, stakeholders will have opportunities to remain involved in ongoing dialogues and initiatives led by the CEB. This continued involvement is aimed at translating the study's findings into tangible investment actions and partnerships.

Limitations

The main project limitations consisted of reduced data availability, which was mitigated through involvement of local experts who provided estimates, and in some cases, additional data access. As well as, access to stakeholders for the phase 2 interviews, which resulted in some segments being covered by only one interview.

1

Introduction

The Netherlands’s GDP growth has been slowed down by inflation, however a recovery is expected in 2025 and 2026

Introduction (1/3) – Overview of the Netherlands’s Economy

The Netherlands’s economic forecast Real GDP per capita and inflation

The Dutch GDP growth over the past 5 years reached a CAGR of 8,6%, which is well above the EU average CAGR of 7,2% in the same period. This can be primary attributed to high household consumption and government spending in the Netherlands.

The IMF, OECD, De Nederlandsche Bank (DNB), and the European Commission all forecast that the Netherlands' real GDP will grow between 1,2% and 1,6% in 2025 and 2026 respectively. This represents an improvement from 2024, when real GDP growth was 0,8%; according to the EU Commission. The increase can be attributed to private consumption increases and wage growth, further supported by tax cuts that support households' real disposable incomes. US tariffs are projected to only have a minimal impact on Dutch imports and exports, as the country only exports 5% of its goods to the US.

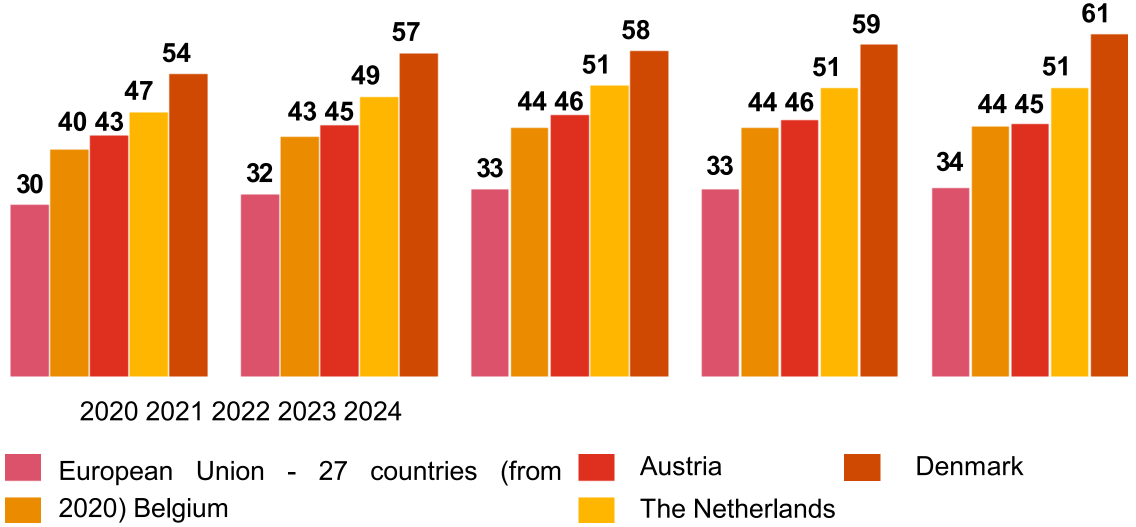
The Netherlands	2020	2021	2022	2023	2024	CAGR
Population (mil.):	17,41	17,47	17,59	17,81	17,94	**+0,76%**
GDP bn (current EUR)	816	892	994	1.068	1.134	**+8,6%**
GDP growth (%)	n/a	9,2	11,5	7,4	6,2	**n/a**
Real GDP per capita (EUR)	46.810	49.490	51.480	51.010	51.170	**+2,3%**
Unemployment (%)	4,9	4,2	3,5	3,6	3,7	**n/a**
HICP (annual % change)	1,1	2,8	11,6	4,1	3,2	**n/a**

Sources: Eurostat, OECD, EC, IMF, De Nederlandsche Bank, Rabobank PwC analysis

The Netherlands have been on a track of steady economic growth in recent years. The Netherland’s real GDP per capita has been growing with a CAGR of 2,3% over the past 5-year period, and has risen from 46,8k EUR in 2020, to 51,2k EUR in 2024.

Inflation is expected to stabilise, mainly due to decreasing industrial producer prices, supported by the decrease of energy prices. According to the European Commission inflation is expected to further drop to 3% in 2025 and to 2% in 2026. This decreased is mainly due to the projected decrease in energy prices.

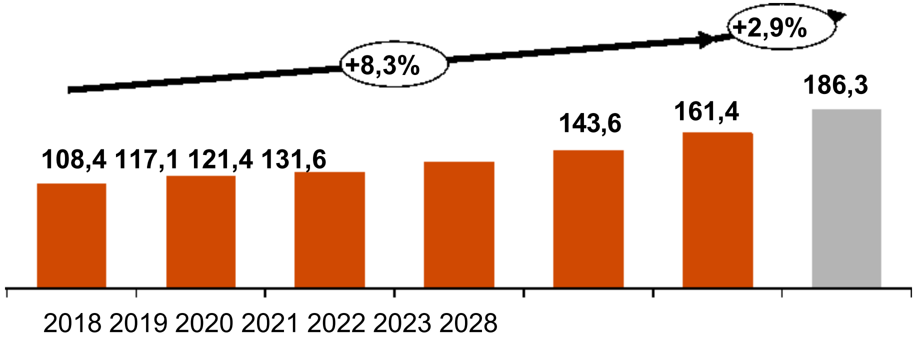
Real GDP per capita of the Netherlands and a basket of countries (EUR ths.) 2018– 2023



The construction sector has experienced robust growth, which is expected to continue until 2028

Introduction (2/3) – Overview of the Construction Sector

Buildings construction industry value, in EUR bn



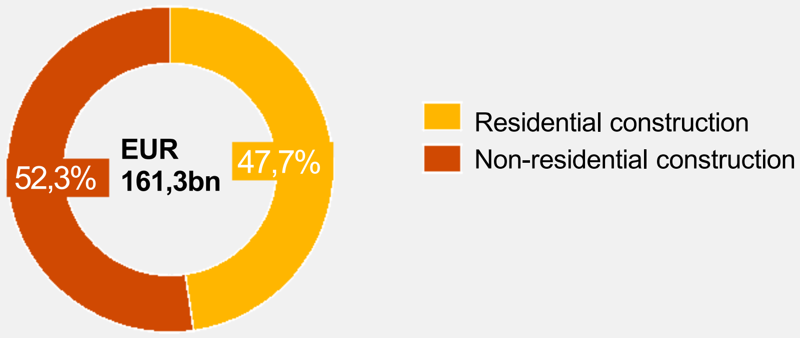
In 2023, the Dutch construction industry increased by 15,3%, reaching a value of 161,3bn. The compound annual growth rate (CAGR) for the industry between 2018 and 2023 was 8,3%. By 2028, the industry is projected to reach a value of 186,3bn EUR, marking a 15,5% increase from 2023. In 2023, the Netherlands accounted for 5,2% of the European construction industry's total value.

The industry's growth from 2018 to 2023 can be attributed to factors such as economic expansion, urban development, increased government spending on infrastructure, population growth, and the growing need for improved roads, railways, and airports. There is also a need to enhance connectivity and efficient transportation and a rising demand for housing.

Growth can also be seen in the total number of enterprises operating in the construction sector. In 2024 Q4, there were approximately 270,7k enterprises, representing a compound annual growth rate (CAGR) of 8% since 2020 Q4.

From 2018 to 2022, the number of construction workers also grew at a CAGR of 3%, increasing from 337k to 381k workers in total. Job vacancies have grown sharply, with a CAGR of 16% from 2020 to 2024. The rapid growth in job vacancies, alongside the increased number of enterprises, suggests a strong demand for skilled construction workers

Construction work value share, by subsector, 2023



Residential construction

In 2023, the residential segment contributed revenues of 77bn EUR, accounting for 47,7% of the industry's total value.

Non-residential construction

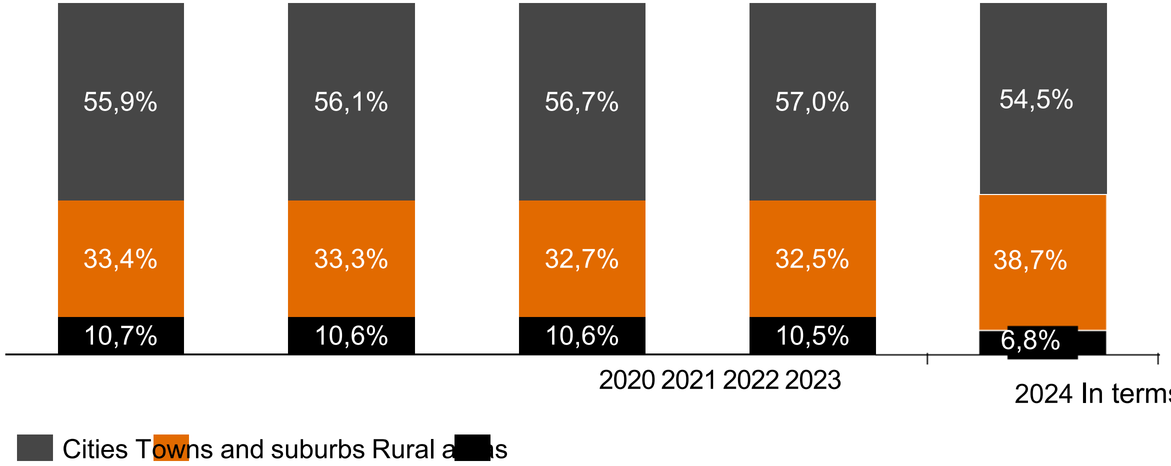
In 2023, the non-residential segment represented the largest portion of the industry, generating total revenues of 84,3bn EUR, which accounted for 52,3% of the industry's total value.

Sources: Eurostat, EMIS, CBS, European Commission, PwC analysis

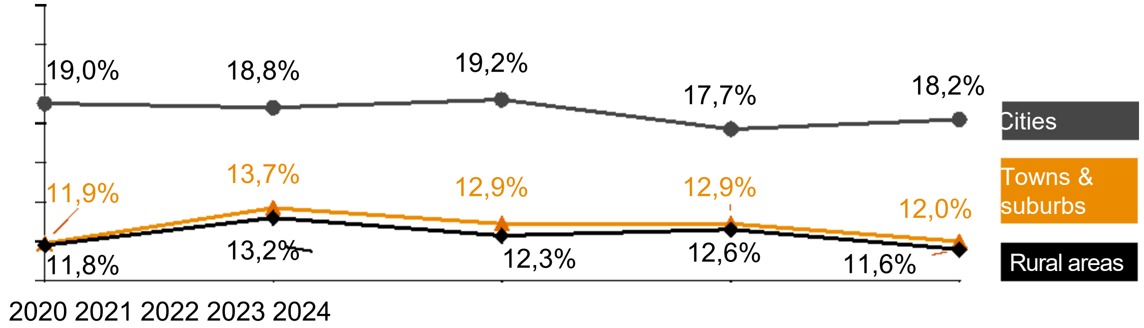
Population dynamics in the Netherlands are entirely dependent on migration, as the natural increase is negative

Introduction (3/3) – Overview of the Netherland‘s population

Share of population, by degree of urbanisation, in %



People at risk of poverty or social exclusion by degree of urbanisation, in %



Sources: Eurostat, World Bank, CBS, PwC analysis

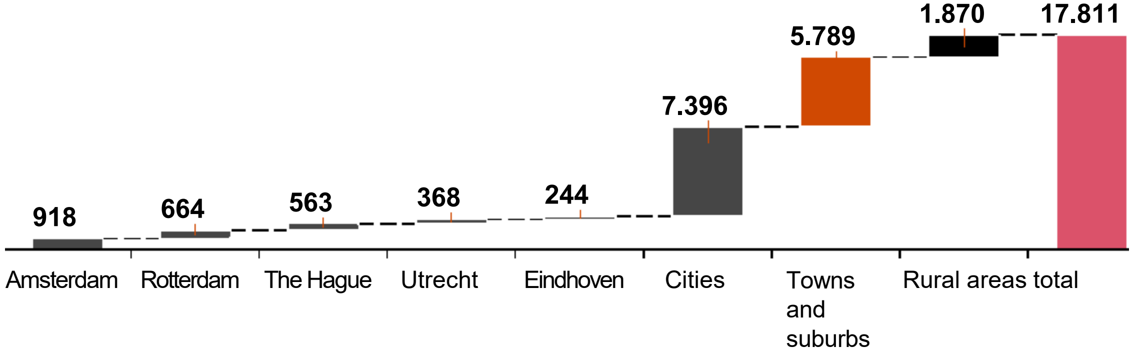
Population Dynamics

In 2024, the population of the Netherlands has been reported at approximately 17,94M people. Projections indicate a slight increase to around 17,97M by 2030, with further growth anticipated to reach about 18,14M by 2050.

Regarding population distribution by degree of urbanisation in 2024, 54,5% of the Dutch population resides in cities, 38,7% in towns and suburbs, and 6,8% in rural areas. This distribution reflects a significant urban presence, characteristic of the Netherlands' compact geography and infrastructure. The population growth in the Netherlands is entirely reliant on migration. According to the Netherlands Statistics Office (CBS), in 2024, net migration resulted in an increase of 109,1k inhabitants. However, natural growth, which is the difference between births and deaths, contributed a decrease of 6,5K.

In terms of socio-economic challenges, the population at risk of poverty or social exclusion varies by area. In 2024, 18,2% of people in cities are at risk, compared to 12,0% in towns and suburbs, and 11,6% in rural areas. These figures highlight urban areas as having a slightly higher percentage of individuals facing socio-economic difficulties.

Population split by largest 5 cities with powiat status, in ths. (2023)



2

Affordable social housing

Despite the **observed gap,** the potential of this segment **is limited due to existing guarantee schemes**

Social and affordable housing

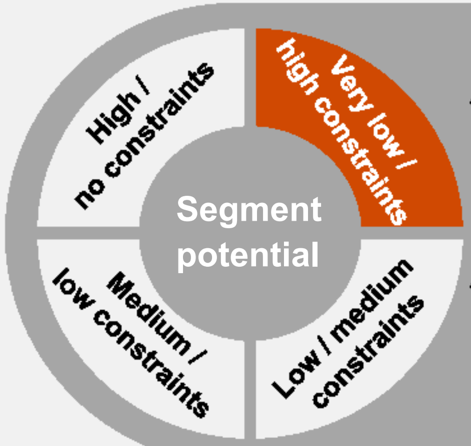
Key conclusions — Phase 1

- Social housing in the Netherlands is defined as "affordable and accessible to lower-income groups", with the Ministry of the Interior and Kingdom Relations being responsible.
- Housing Associations are the main provider of social housing, with them accounting for 60% of the total construction of new dwelling.
- Social housing represent 30% of the entire housing stock of housing.
- Social housing in the Netherlands is available to households in the first six income deciles due to the high eligibility threshold. However, rent remains unaffordable for the lowest two deciles, and home ownership is out of reach for the first five.

Key conclusions — Phase 2

This segment has not been shortlisted for phase 2.

PwC Assessment

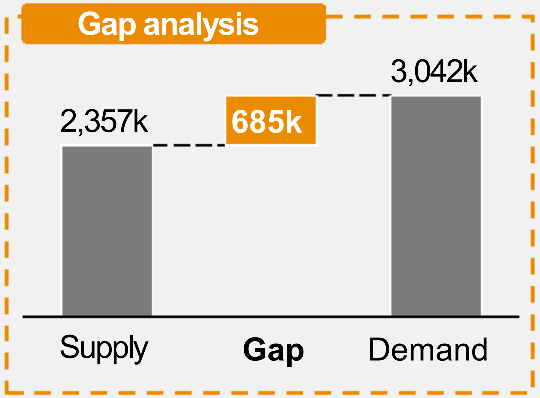


Sizable gap exists, along with a general issue of affordability, and availability of housing.

Existence of guarantee scheme aimed at promoting construction limits segment potential.

Key Segment Data

- **30%** of stock - social housing
- **69,3%** share of home ownership
- **58%** mortgaged dwellings
- **26%** rented at reduced price/free
- **17k** new social housing built 2023
- **50%** of HH can afford a home loan



Social housing is primarily manged by social housing association in the Netherlands

Social Housing – General Overview (1/2)

Social Housing definition and oversight

In the Netherlands, social housing has been defined since 1901 as "affordable and accessible to lower-income groups." This has traditionally been a crucial component of the welfare system, established by the Housing Act of 1901.

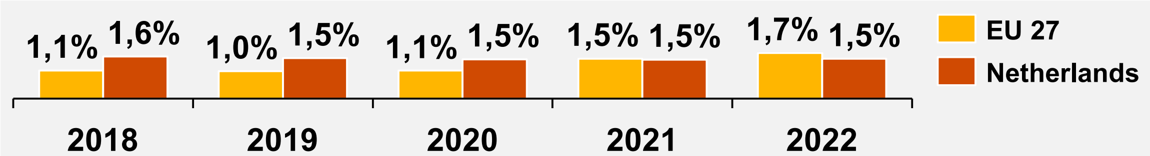
The Netherlands has the highest rate of tenants at reduced prices or free at 25,4% compared to the EU average of 10,5%.

Social housing in the Netherlands is mainly focused on renting and is provided by housing associations. They account for more than 60% of the construction of new dwellings and do not receive government subsidies. 85% of their stock must be rented to tenants that do not exceeds the income thresholds. Their operations are financed through excess rental revenue or own capital, which they use to secure long-term loans from sector banks, using their assets as collateral. Additionally, they acquire equity from unit sales.

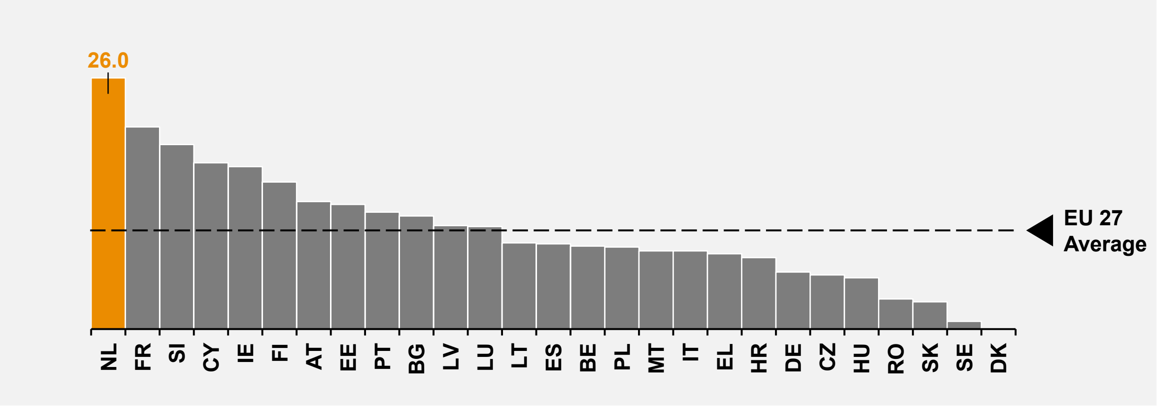
Housing associations are supported by from loan guarantee schemes through the Social Housing Guarantee Fund, (WSW), a private company that secures lower borrowing rates for all 268 (or 98%) associations through guarantees. The Dutch Housing Corporation Authority (Aw) supervises housing corporations' conduct and financial management. Additionally, municipalities sell public land below market value to support social housing development.

The Ministry of Housing and Spatial Planning subsidises and sets the criteria for social housing allocation according to yearly household income, with a threshold of up to 47,7k EUR for a single person and 52,7k EUR for a multi-person household, as per 2024.

Government spending on social housing, in % of GDP)



Tenants, rent with reduced prices or for free in Europe (2022, %)



Responsibility for social housing

The main responsibility for coordinating governmental policies regarding state assistance, for housing acquisition or rental, falls to the Ministry of the Interior and Kingdom Relations. The Ministry is responsible for the organization and coordination of monthly allowances; a sum of money for covering housing expenses for households with a low income. This benefit depends on the rent cost, age of applicants, household composition, income, and personal wealth.

The municipalities and Ministry of Housing and Spatial Planning are providers of the logistics agreements for the investment and construction of affordable and sustainable housing.

Source: Eurostat, Ministry of the Interior and Kingdom Relations, AEDES, PwC analysis

The Dutch housing market defined by a high home ownership rate and rent price regulation

Social Housing – General Overview (2/2)

Market Breakdown

In the Netherlands, 69,3% of the total dwellings are owner-occupied, totalling around 5,6M. This demonstrate that the rate aligns with the EU-27 average of 69,1%. From the total housing stock, 11%, or approximately 880k homes, are mortgage-free, 58,3% have mortgages or loans, meaning that around 4,7M homes have outstanding liabilities. There is a total of 2,5M rented dwellings; 26% are rented at reduced prices or leased for free and, only 4,7% are rented at market prices. This translates to about 400k tenants paying market rates and around 2,1M tenants paying reduced rates or renting for free.

The Netherlands has the highest rate of tenants at reduced prices or free and home ownership with a mortgage among the EU-27 countries. Over the past five years, homeownership rates in the Netherlands have remained the same despite favourable interest rates for first-time buyers. According to NVM, the largest trade association of real estate professionals in the Netherlands, there is a higher demand for new constructions and houses with higher energy efficiency. This is problematic as new construction projects are to few, due to the increase prices in constructions.

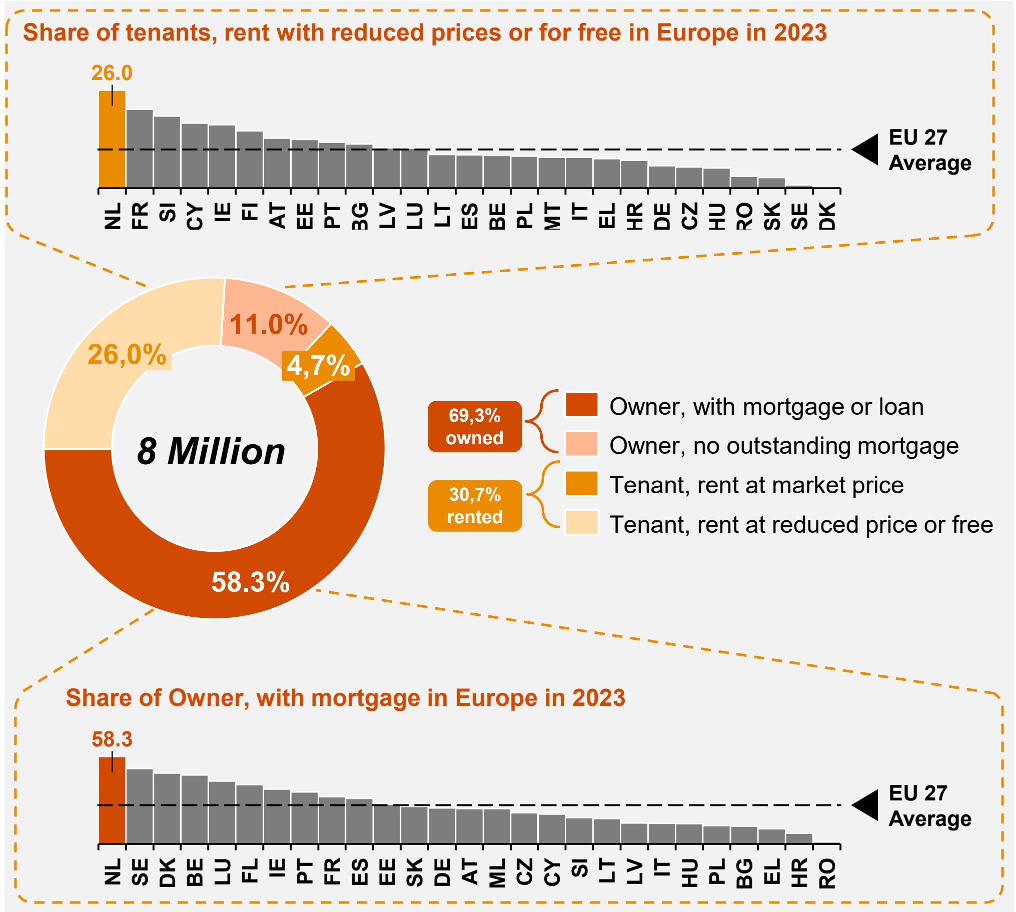
Rental market

The Good Landlord Act and Affordable Rent Act aim to enhance affordability for medium-income tenants and address the growing housing shortage. The results expected by the government are that over 300k home would decrease the rent and expand the options for the middle income tenants, while increasing sustainable renovations of the dwellings, due to the energy label Housing Valuation System (WWS).

However, the introduction of these Acts has made the market less attractive for private investors due to rent price limits and added more pressure on municipalities, which are facing a shortage of staff capacity, which was also impacting the process and delays for building and rental permits.

The new measures indicate an unattended demand among middle-income earners, as housing associations are restricted to constructing dwellings for low-income individuals, and highlight the stagnation of the construction market, which has been impacted by a lack of affordable building plots, increase in building materials due to high energy prices, and high labour costs because of staff shortage.

Total number of dwellings; in 2023



Source: Eurostat, Ministry of the Interior and Kingdom Relations, PwC analysis

The Netherlands has a substantially lower overcrowding rate than EU averages

Social Housing – Key Trends (1/2)

Growth of dwellings stocks and alternation of type

The Netherlands had 8,2 million dwellings at the beginning of 2023, with the number consistently increasing at a compound annual growth rate (CAGR) of 1% since 2019. This low growth is due limited space, lengthy zoning procedures, delays in obtaining construction permits, and stringent environmental laws.

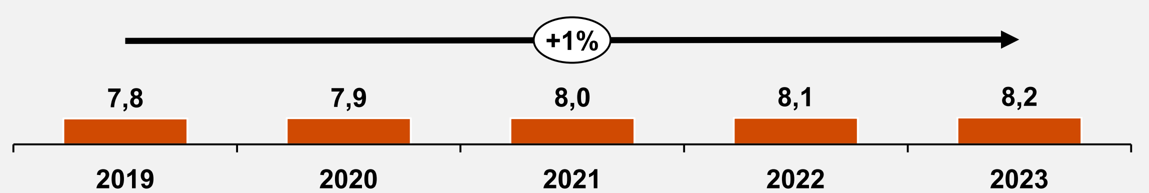
Comparing the total new dwellings completed by the Housing Associations in 2022 (15,2k) and 2023 (16,7k) there was a CAGR growth of 6%. There has also been an alternation that increases multi-family buildings and decreases in the single-family buildings. Multi-family buildings include flats and apartments, whereas single-family buildings range from detached houses to terraced houses. This shift indicates a rising demand for urban housing solutions.

The average number of square meters of all new-built dwellings decreased from 77 m2 in 2018 to 68,2 m2 in 2022. According to Aedes, the trade association of housing associations, this is driven by smaller average family sizes, an sharp increase in material and labour costs.

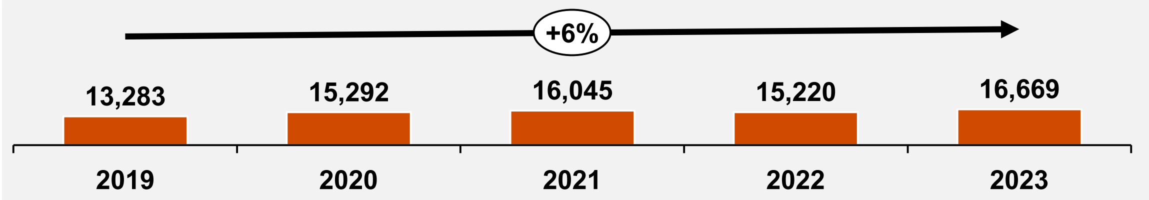
The overcrowding rate in Netherlands is significantly low, ranging from 4,7% in cities to 2,8% in rural areas, and 2,2% in towns and suburbs. This is significantly lower than EU averages, with the rural, towns and suburbs and cities, having an 81,3%, 85;1% and 76,4% lower overcrowding rate when compared to EU averages.

According to the European Social Policy Network, there is a shortage of social housing, which is being affected by the lack of affordable dwellings. There are tenants that no longer qualified for social housing, but they are not able to move out and leave the place for another family that meets the criteria, simply because they can not find a suitable dwelling. This impacts the waiting list for social housing, leading to an average wait time of 7 to 10 years.

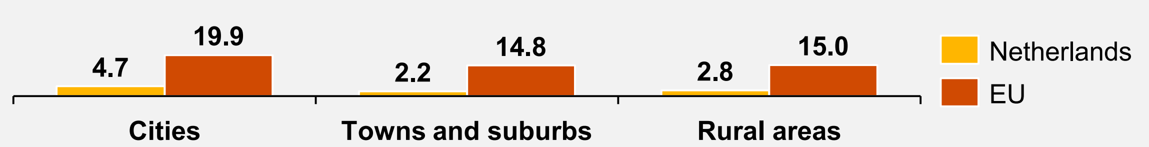
Total housing stock (2023, millions units)



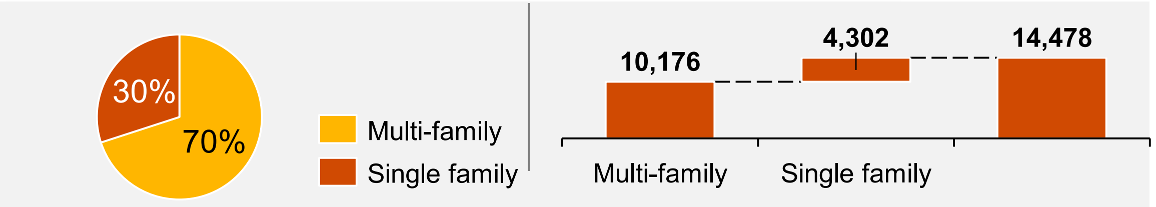
Total new social housing stock by Housing Associations (2023)



Share of overcrowding rate by urbanization type (2023), in %



Total new social housing stock by type of dwelling (2022)



Sources: : Eurostat, Ministry of the Interior and Kingdom Relations, AEDES, PwC analysis

Homeownership, early independence and migration are reshaping the Dutch Housing landscape

Social Housing – Key Trends (2/2)

Population trends shaping the housing market

The trends that shaped housing demand were driven by a cultural inclination towards home ownership and living alone. These trends led to an increase in housing loans due to the attractiveness of low rates and borrowing standards that allowed individuals to borrow the total amount of the home's value. Also, they have contributed to an escalating demand and a housing crisis, which, according to the Netherlands‘ Statistics Office (CBS) mainly affected the regions of Noord-Holland, Zuid-Holland, Flevoland, and Utrecht. These regions contains the biggest cities in the country.

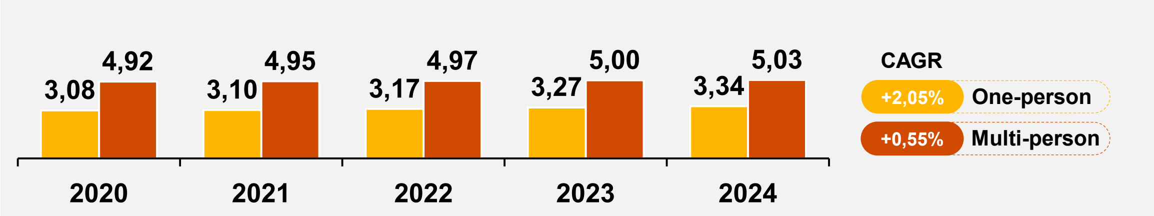
Another trend shaping the landscape is the immigrant-driven population growth. In Noord-Brabant, Noord-Holland, Zuid-Holland, Flevoland and, Utrecht, the population growth was mainly driven by migration due to large asylum centres, proximity to major cities, and good universities in these provinces, as well as a liberal migration policy. However, this trend is expected to decrease due to the new asylum and migration rules presented by the government in September 2024, which aim to impose stricter regulations on labour, student migration, and asylum. This trend is expected to decrease future demand for social housing.

In 2022, 83.7% of young Dutch adults aged 25 to 29 lived independently, making the Netherlands a leader in this trend within the EU. This preference among the young population to leave their parental homes early and establish their own households has influenced housing dynamics in the country.

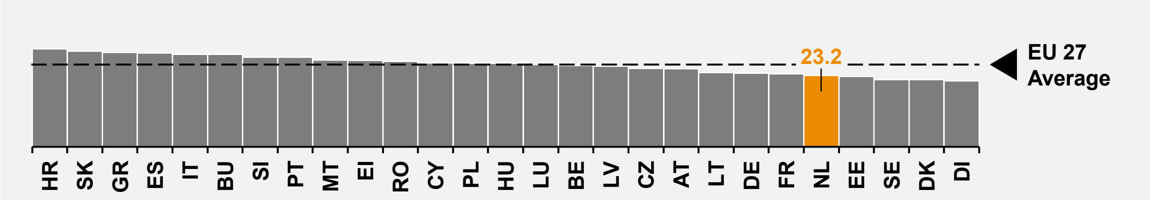
The number of one-person households has grown at a compound annual growth rate (CAGR) of 2% from 2020 to 2024, highlighting a contrast to the multi-person households, which have increased at a modest pace of 0.6%.

This shift increases the demand for smaller housing units, as one-person household replaces the traditional model of multiple-person households. Consequently, there is a rising need for more housing stock, with new constructions being smaller and designed for fewer residents.

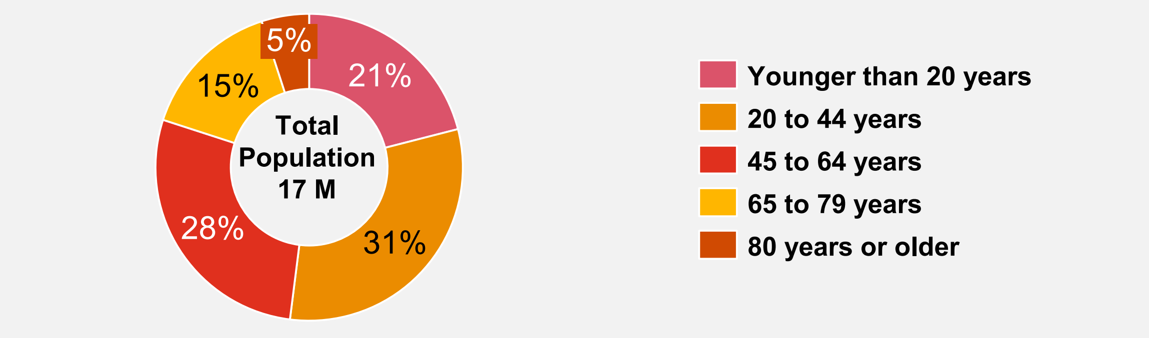
Type of households stock (2024, million units)



Average age of young people leaving the parental household



Population dynamics by age (2021)



Source: Eurostat, Ministry of the Interior and Kingdom Relations, CBS, PwC analysis

Social housing is accusable to the first six income deciles of household, due to the income criteria being set at 53k EUR

Social Housing – Demand

High ownership and mortgage debt outstanding

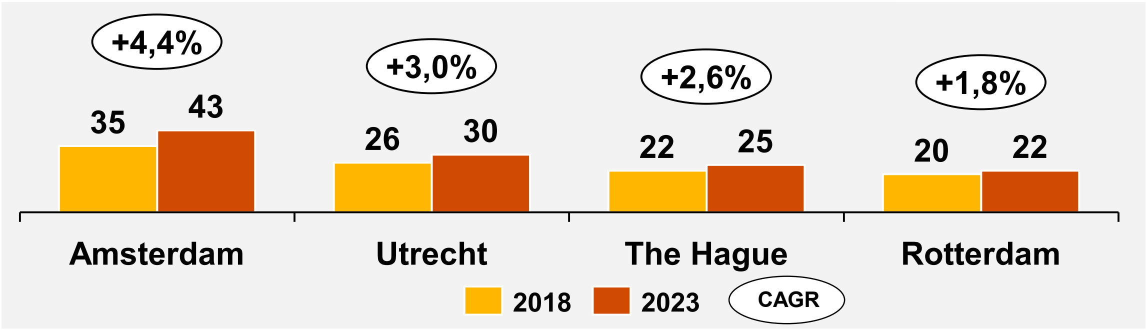
There is an observed trend of inter-municipal migration to more urbanised regions within the Netherlands. This can be mainly observed in the regions of Flevoland, Utrecht, Zuid-Holland, and Noord-Holland where the population has been increasing due to inter-municipality migration from 2018 to 2023. This shift is mainly from the countryside to the main metropolises. This trend is expected to increase the demand for housing in these region and their main cities, which have already experienced a CAGR of 4,4% in Amsterdam, 3% in Rotterdam, 2,6% in Utrecht and, 1,8% in The Hague. Conversely, the population of Zeeland Flanders, southern Limburg, and northern and eastern Groningen is projected to fall by 16% by 2040.

In 2024, the Ministry of Housing and Spatial Planning introduced a change in legislation that will impact rental market prices from the beginning of 2025. Rents are expected to increase by up to 7,7% in the liberalized rental market and by 5% in the social housing sector. This is projected to add further pressure on tenants, especially those in the lower-income deciles, and is likely to directly affect the demand for social housing.

The average price for a dwelling in December of 2024 was 6.346 EUR per m², consequently a 50m² dwelling costs around 317k EUR. Given these conditions, the calculation on the right considers the feasibility of purchasing a first home with a mortgage loan from a commercial bank (ABN AMRO), for a person aged between 25-35 years old, with repayment period of 30 years and no down-payment. This calculation results in monthly instalments of 1.444 EUR, showing that purchasing a home is inaccessible to the fifth decile of households.

The average rent stands at 870 EUR, rendering it unaffordable for households below the second income decile. However, the income threshold for social housing of 52,7k set by the Ministry of Housing and Spatial Planning enables families below the sixth income decile to access social housing.

Population growth due to immigration (2023 in ths.)



Average total income per household (2023, deciles)

Rent Netherlads Rent Social Housing Buy Netherlands

Decile	EUR	40% HH income, EUR	40% HH income, EUR
D 1	1.357,4	542,95	542,95
D 2	2.060,3	824,13	824,13
D 3	2.460,9	984,37	984,37
D 4	2.945,9	1.178,37	1.178,37
D 5	3.567,7	1.427,08	1.427,08
D 6	4.214,3	1.685,73	1.685,73
D 7	4.808,9	1.923,54	1.923,54
D 8	5.683,4	2.273,38	2.273,38
D 9	6.452,0	2.580,80	2.580,80
D 10	9.797,8	3.919,11	3.919,11

Source: Eurostat, Ministry of the Interior and Kingdom Relations, CBS, ECB, PwC analysis

Social Housing in the Netherlands represents 30% of the total dwellings stock

Social Housing – Market Supply

Long waiting list and lack of social housing stock

Housing Associations play a crucial role in the social housing landscape. There are around 300 associations dispersed around the country, and since 2018, they accounted for more than 90% of social housing stock and around 30% of the total of the dwellings stock. At the end of 2022, the housing associations owned 2.36M dwellings; which 56% and the regions of Zuid-Holland (~24%), Noord-Holland (~19%) and Noord-Brabant (~14%). The rest of the dwellings are dispersed throughout the country and have on average 5% of the stock.

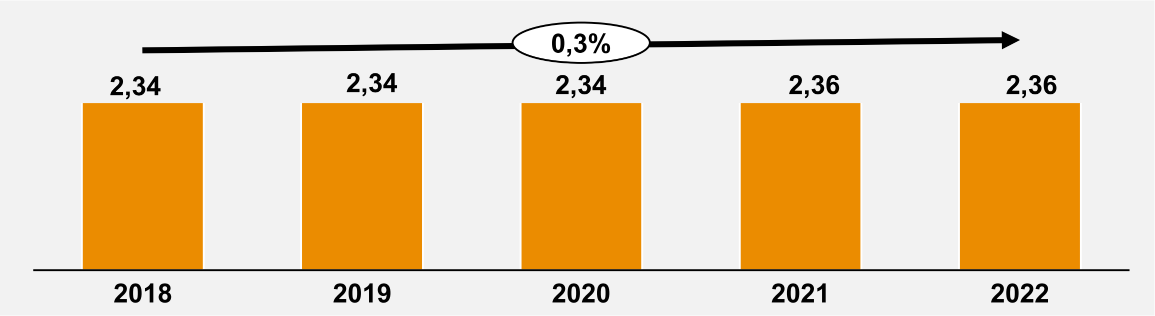
Housing associations finance the construction of new dwellings through a combination of rental income and support from the Social Housing Guarantee Fund (WSW). WSW provides guarantees for loans, securing lower interest rates for associations. Housing associations pay an annual fee to WSW of up to 0,34% of the guaranteed loan volume from the previous year. This fee helps maintain WSW's risk capital, ensuring it can meet its guaranteed obligations.

According to the report prepared by the Bouwinvest Real Estate Investors B.V.,a private company that specializes in managing real estate portfolios for institutional investors, the Dutch housing crisis, in 2024, experienced a critical shortage of 400k housing units, with this deficit expected to increase by 36k units by 2026. Additionally, a report from the Dutch Broadcasting Foundation (NOS), which utilized data from 110 organizations (1/3 of the total), indicated that the average waiting list for social housing is approximately seven years.

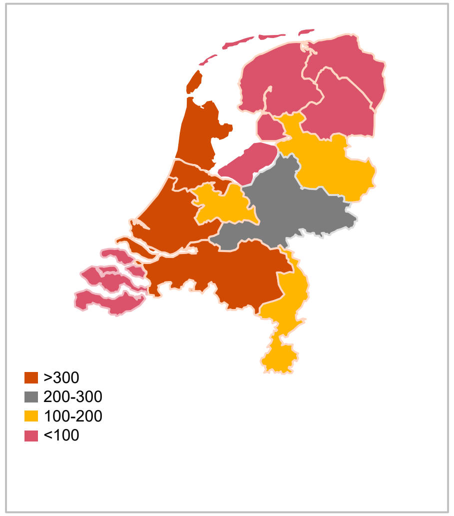
To address this issue, the Dutch government developed an ambitious program named "Programma Woningbouw", which aims to construct 900k dwellings by 2030. To achieve this goal, the government decided to review the Housing Act, and make the process of allocation, quality, and affordability more transparent and less complex, and to abolish the landlord levy; a tax that affected the social housing directly because the amount was based on the value and quantity of buildings owned by the social housing providers.

These actions of deregulation aim to find an answer to the crisis, alleviate pressure and potentially create more space for investment and construction of sustainable dwellings.

Rental housing stock by public entities, dwellings (2022, in M.)



Share split of public housing stock and social housing by region (2022)



Provinces	Total dwellings	Soc. Housing
Netherlands	***8M***	**2.4M**
Zuid-Holland	1.8M	555k
Noord-Holland	1.4M	442k
Noord-Brabant	1.2M	328k
Gelderland	936k	263k
Utrecht	605k	173k
Overijssel	521k	145k
Limburg	542k	143k
Groningen	289k	86k
Friesland	308k	82k
Drenthe	228k	56k
Flevoland	180k	47k
Zeeland	190k	42k

Sources: Eurostat, Ministry of the Interior and Kingdom Relations, Bouwinvest, IMF, PwC analysis

3

Student housing

About 29% of students reside in student accommodation, with the **majority of providers being either private or non-profit**

Student housing

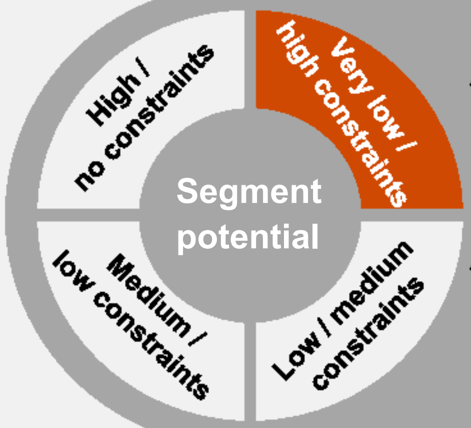
Key conclusions – Phase 1

- The largest share of students live at home with parents (44%), and only about 29% live in student housing. Private PBSA providers account for 39% of the market, while non-profit PBSA makes up 43%. The remaining 18% of students live independently in the private rental market.
- PBSA associations estimated that the number of student is going to rise by 19% (177k) until 2031.
- The Netherlands has experienced growth in both newly enrolled and total student numbers, driven by a surge in foreign students.

Key conclusions – Phase 2 (Student housing & universities)

This segment has not been shortlisted for phase 2.

PwC Assessment

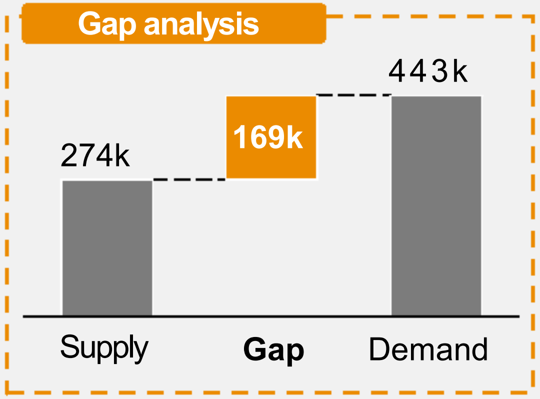


The identified gap is high and is estimated to increase in the future, driven mainly by low affordability and rise in number of international students.

Despite the existing shortage, this segment does not present a high potential for external financing due to high presence of existing players in the market

Key Segment Data

- **29%** students living in dorms
- **925k** number of students
- **508k** gap estimate
- **164k** number of foreign students
- **+12%** CAGR - foreign students
- **274k** supply of student beds



In the Netherlands, PBSA are primarily provided by non-profit organizations

Student Housing – General Overview

Student housing options

Students can choose between non-profit or for-profit purpose-built student accommodation (PBSA), private rental market and living with parents. There is no government-owned PBSA. However, the non-profit PBSA are regulated and supported by the government. Another important highlight about the landscape is that the Dutch Universities do not own housing accommodations.

1 **PBSA provided by non-profit and profit organizations.**
The PBSA are primarily owned by non-profit organisations. Private investment in this sector was almost non-existent until 2021. Universities can reserve some of the rooms in these organizations to offer “campus accommodation” but ultimately, the universities do not own these accommodations. On the other hand, for-profit organizations offer a more luxurious range of options from shared flats to studio apartments. International Students tend to occupy the PBSA due to their offer of furnished accommodation, that suit with short stays.

2 **Accommodation in private rental market**
This option is not targeting students, therefore, they do not offer private-PBSA. This consist of rooms or studio apartments that can be found through various housing agencies. National students look for options in this market, adding pressure to the housing rental market and narrowing the options for middle-incomers, increasing the demand and prices.

3 **Living with parents**
According to Kences, an organisation that represents student housing providers, 48% of students choose to live with their parents primarily because of affordability, while 20% due to lack of availability of suitable accommodations. This represents a mismatch between supply and demand, highlighting shortage of regulated PBSA. Additionally, the higher rents in the private rental market make moving out expensive for students.

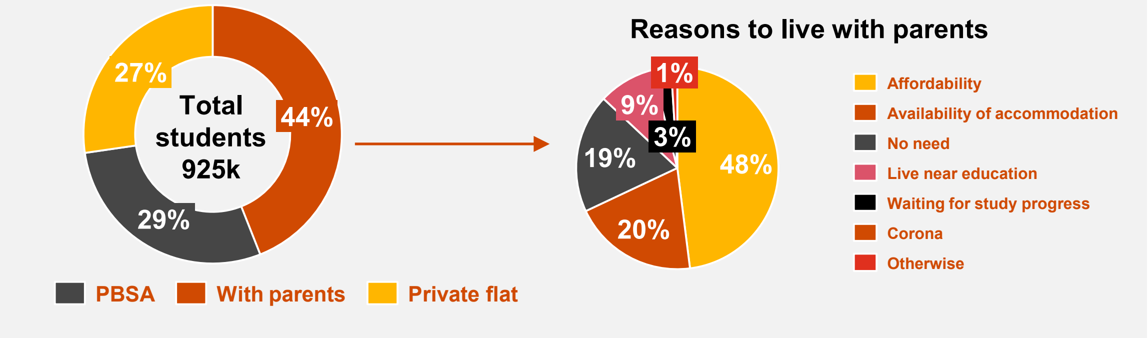
Student preferences of type accommodation

The Netherlands is home to 925k tertiary students. Of this total, 44% live with their parents, while 29% opt for PBSA, nearly double the average across Eurostudent countries (15%). The strong preference for PBSA positions the Netherlands as a leader, indicating a growing demand that may require investment and strategic planning to meet students' evolving needs.

In 2021, the government developed a plan to build 60k PBSA between 2022-2030, aiming to address the shortage identified of 23k and attract private investors, to increase the supply.

In 2023, the reintroduction of the basic grant, a financial aid provided by the government to support students in covering their living and educational abolished in 2015, aims to increase the affordability, which might increase the demand for accommodations in PBSA and private rental market. The increase in affordability will add pressure to the current student housing supply, which cannot accommodate the entire student population, and might add further strain to the rental market that is affecting the country.

Split of students per type of accommodation by 2022, %



Sources: Eurostudent, The Netherlands Statistics (CBS), Kences, PwC Analysis

The Student housing landscape in the Netherlands is shaped by the housing shortage and lack of affordability

Student Housing – Key issues (1/2)

Supply shortages and affordability issues shape the landscape

The National Student Housing Monitor (LMS) reported that during the academic year 23-24, 498k students lived away from home. Also, it estimated the shortage of student housing at 23,1k accommodations. By 2031, this shortage will increase to 26,3k in the lower limit scenario. This indicates that the demand for student housing exceeded the supply.

Due to the severe shortage of available housing, universities discourage students from relocating to major cities for their studies unless they have secured proper accommodation in advance. The demand for purpose-built student accommodation (PBSA) managed by non-profit organisations is high, leading to waiting lists of 2,5 to 3 years. These organisations recommend that individuals register for a room at the age of 16 to improve their chances of securing housing when they begin their university studies.

The other major challenge for student housing is affordability. In the academic year 23-24, 24% of students living away from home had a monthly budget below 750 EUR. The average disposable income for students living away was 1.185 EUR. Based on the report from the LMS, the housing costs of a student are on average 630 EUR, which represents 53% of their disposable budget spent on housing costs.

Prices vary by accommodation type and provider. Rooms with shared facilities average 495 EUR per month, one-room accommodations 585 EUR, and multiple-room accommodations 780 EUR. In contrast, PBSA rooms owned by Kences* student associations are generally more affordable, averaging 435 EUR for shared facilities, 460 EUR for one-room, and 585 EUR for multiple-room accommodations.

The severe shortage of affordable student housing, with long waiting lists and high costs, suggest the need for increased investment in purpose-built student accommodation to meet growing demand and alleviate financial pressure on students.

Price of student accommodation

Student housing type	Price / month
PBSA – Kences* Student Housing Associations	**EUR 455**
• Room with shared facilities	EUR 435
• 1-bed room	EUR 470
• Multi room	EUR 585
PBSA – Kences Student Housing Associations	**EUR 605**
• Room with shared facilities	EUR 515
• 1-bed room	EUR 610
• Multi room	EUR 720
Private rental market	**EUR 600**
• Room with shared facilities	EUR 510
• 1-bed room	EUR 695
• Multi room	EUR 870

Addressing the Student Accommodation Crisis

To address the student housing crisis, the association of the Netherland‘s Universities has implemented a package of measures aimed at alleviating the pressure on student accommodation. One key strategy is to reduce the number of programmes designed to attract foreign students, thereby prioritising housing availability for Dutch students. This approach seeks to balance the benefits of internationalization with the pressing need to ensure that local students have access to adequate housing.

*Association for social student housing providers and knowledge centre for student housing

Sources: Ministry of Education, Culture and Science, Universities of the Netherlands Associations, PwC analysis

The student housing segment is faced with a housing and student housing shortage

Student Housing – Key issues (2/2)

Crossover acts affecting student accommodations

The housing shortage is being pressured by the competition on middle income, the tertiary students, particularly international students. The international students number has been amplified by Brexit, prompting more students to choose the Netherlands as their destination due to the favourable economic conditions, quality of life and university programmes.

To alleviate this pressure, the government and universities prepared regulations to discourage international students, by stopping the offer of English programmes. Despite the efforts, the PBSA associations estimates that the numbers will continue to rise, a growth of 19% (177k) is expected until 2031, significantly impacting PBSA demand.

This presents a challenge because attracting international students has been instrumental in supporting the Dutch knowledge economy by bringing in qualified personnel. To address this, the government is developing strategies to make the PBSA sector more appealing to national students, aiming to increase supply. These regulations might affect the demand for PBSA and social housing, as well as university enrolments. This, in turn, may impact the labour market by potentially reducing the pool of qualified workers.

The housing shortage and PBSA shortage are interlinked. As graduated students struggle to find suitable accommodation in the private market, they tend to remain in PBSA for an average of three years. This extended stay results in fewer PBSA accommodations being available for new tertiary students.

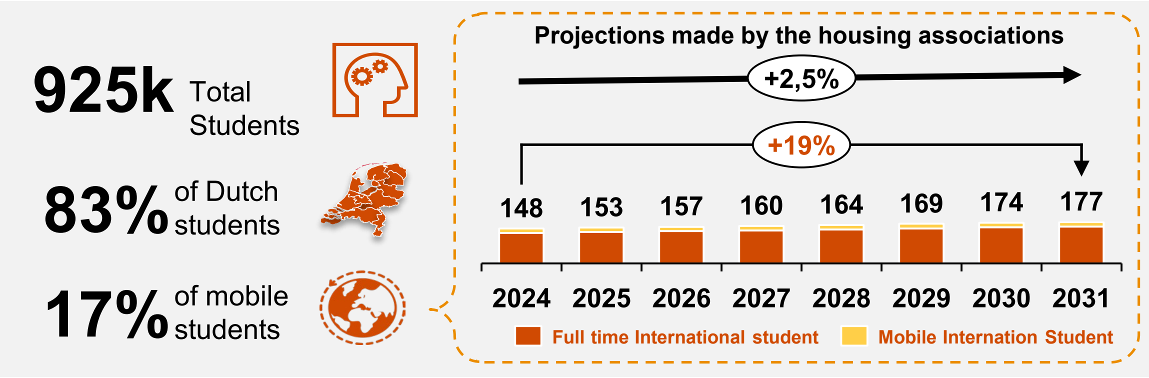
In July 2024, the government enforced the Affordable Rent Act, introducing a third category for rental dwellings in the private market. This change has reduced rental market supply, shifting stock towards home ownership, which affects domestic students who rent in the private market. However, the addition of new student accommodations from the existing housing stock is expected to be limited, as municipalities, due to the Good Landlord act from 2023, implement measures to prevent property conversion into separate rooms and apartments.

Action Plan to increase supply

In response to the growth in PBSA demand and existing shortages, the National Student Housing Action Plan was developed. This plan, agreed upon by municipalities, educational institutions, housing corporations, private investors, and the government, aims to create 60k student homes between 2022 and 2030. The agreement has opened opportunities for private investors to enter the market.

In 2021, approximately 430 million EUR was invested in student housing, with 81% of the total investment volume added to the portfolios of international investors. The PBSA market in the Netherlands, traditionally dominated by housing associations and private investors, has seen the entry of international PBSA investors (Round Hill Capital, Greystar, Catella, International Campus, Xior and The Student Hotel). The PBSA investors benefit from loan guarantee schemes through the Social Housing Guarantee Fund (WSW), a private company that secures lower borrowing rates through guarantees.

International Students

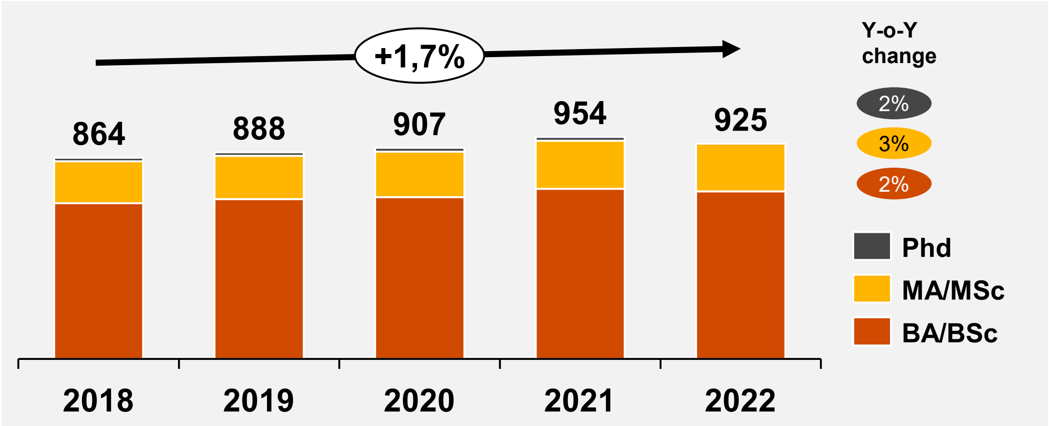


Sources: Ministry of Education, Culture and Science, Universities of the Netherlands Associations, PwC analysis

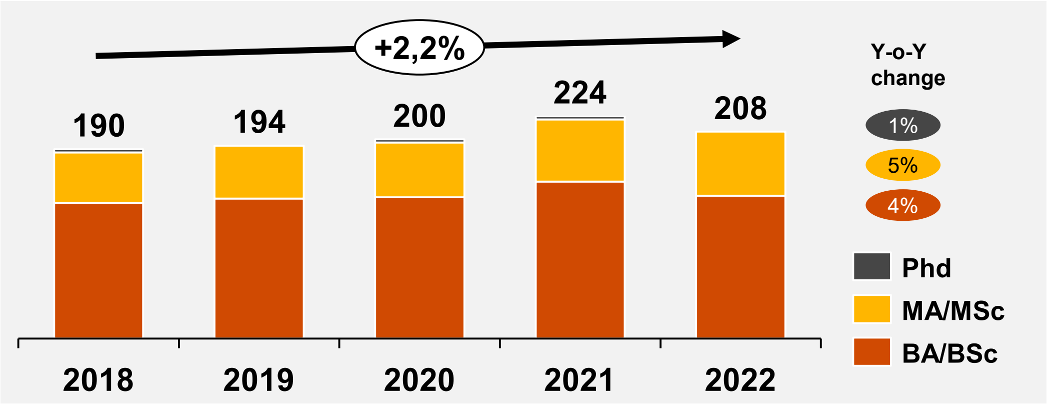
The growth in student numbers is supported by a high growth of foreign students, which is projected to decrease

Student Housing – Market Demand

Number of tertiary education students, in ths.



Number of newly enrolled student per year, in ths.

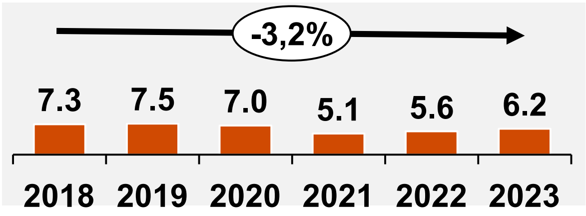


Rising total enrolments and declining dropouts

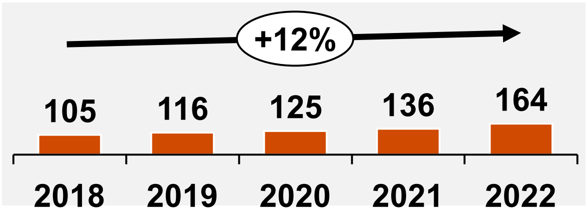
The total number of students experienced a consistent CAGR of 2,2% from 2018 to 2022. COVID-19 pandemic did not hinder this growth; in fact, student numbers continued to rise across all levels, bachelor's, master's, and PhD programmes. According to estimates from the Kences Association (Association for social student housing providers) and the Ministry of the Interior, this upward trend in tertiary student enrolment is expected to continue, with projections indicating sustained growth until at least 2031.

The total number of newly enrolled students per year has increased with a CAGR of 2,2% from 2018 to 2022 across all educational levels. Simultaneously, the number of early leavers, students who discontinue their studies prematurely, has been decreasing at a rate 3%, which is higher than the EU average. Additionally, the number of foreign students has surged with a CAGR of 12% from 2018 to 2022, highlighting the country's growing attractiveness to international students. However, according to the Universities of Netherlands Association, this trend declined by 6% for the academic year 24-25 due to the to reduction of programmes designed to attract foreign students due to the lack of accommodations. However, the reintroduction of the basic grant, a governmental financial aid, is expected to increase affordability, impacting the demand for tertiary student housing. The consistent increase in student numbers, coupled with a significant growth in international enrolment, is likely to intensify the demand for student housing in the Netherlands.

Number of early leavers from education, (% of total student population 18-24)



Number of foreign students, in ths.



Sources: Eurostat, The Netherlands Statistics, Ministry of Education, Culture and Science, PwC analysis

The national government, together with the municipalities, is working to increase the PBSA supply by 32k units by 2032

Student Housing – Market Supply

Breakdown of Dutch Student housing supply market

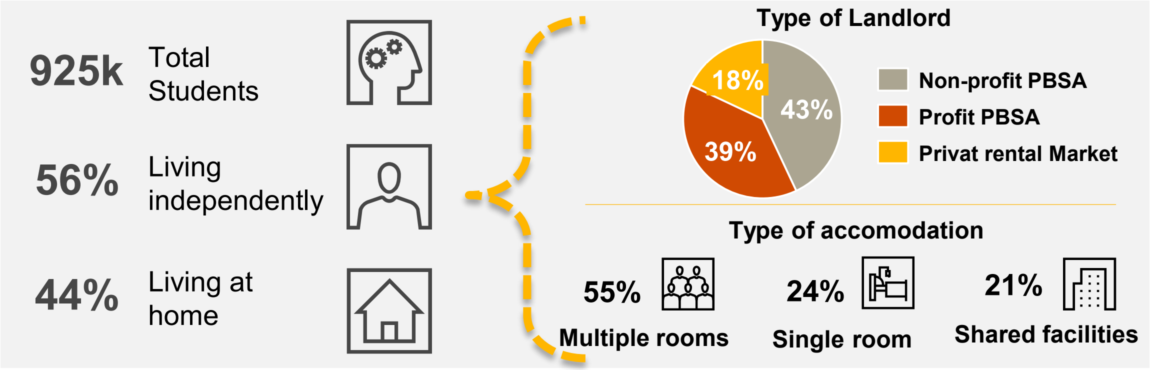
In the academic year 2023-2024, the non-profit market of PBSA represented 43% of the market share, while private organizations accounted for 39%. These figures suggest a combined total of approximately 277k student accommodations across both the private and public sectors. The remaining market share (18% or 61k) was occupied by private landlords who provide additional housing options. Student accommodation in the Netherlands can be classified into three main types: one-room accommodation, multiple-room accommodation, and single rooms with shared facilities. Single rooms with shared facilities make up 55% of the total, indicating a clear preference for this option due to its affordability,

In May 2024, a report was released by municipalities detailing construction plans for student housing in the 20 largest student cities, in line with the National Student Housing Action Plan. These plans are crucial in addressing the increasing demand. According to the report, from 2024 to 2032, the supply is expected to increase by 14,4k residential units specifically intended for students, alleviating the housing shortage by providing sustainable and affordable living options for the student population.

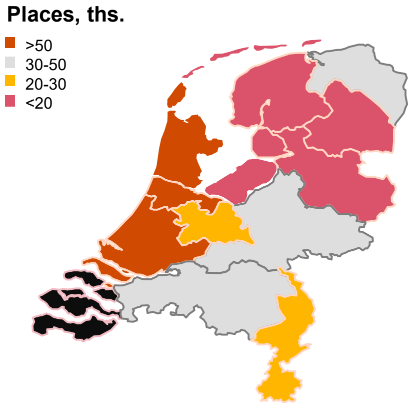
Several Dutch cities have set goals to address the rising demand for student housing. South Holland leading by adding 3,9k units in cities like Rotterdam (731) and The Hague (1,6k), while North Holland focuses on 2,2k units in Amsterdam (2,2k), and other provinces and cities, including Utrecht (2,5k) and Eindhoven (1k), also plan substantial increases to meet growing student demand.

These initiatives reflect a proactive approach to urban development, ensuring the Netherlands remains a welcoming and well-equipped environment for student housing demands. However, this suggests that the new units will not fully cover the demand, and there might still be a shortfall in the supply of purpose-built student accommodation (PBSA).

Market shortage, according to associations of student housing 2024



Split of places in student accommodation institutions



Provinces	Total places	%	Construction plans 24-32
Netherlands	***324k***	***82%***	***14,4k***
Zuid-Holland	85k	26%	3,9k
Noord-Holland	60,4k	18%	2,2k
Groningen	38k	12%	1K
Noord-Brabant	37,8k	12%	2k
Gelderland	34,9k	11%	1,2k
Utrecht	29,6k	9%	2,5k
Limburg	17,8k	5%	506
Overijssel	16k	5%	848
Friesland	7,2k	2%	236

Sources: Ministry of the Interior and Kingdom Relations, Kences Association, PwC analysis

4

Universities

The segment is characterised by **high enrolment of foreign students and high degree of newly enrolled students**

Universities

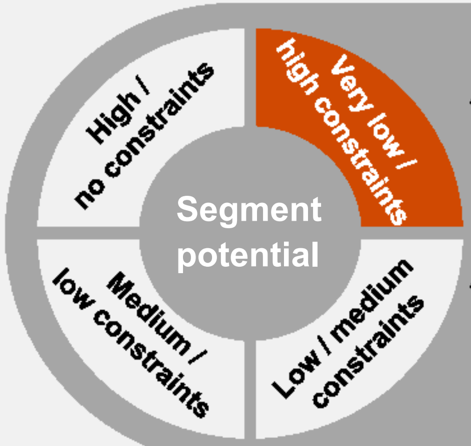
Key conclusions – Phase 1

- Number of students is rising at a CAGR rate of 2,3%, which surpasses the growth in population aged 18-24 in the Netherlands.
- In 2024, a legislative change, the Balanced Internationalisation Act (WiB), was introduced to reduce the number of English-taught classes in order to limit the enrolment of foreign students.
- The total number of students grew at a CAGR of 1,7% from 2018 to 2022, while the number of foreign students increased at a CAGR of 12% over the same period.
- The student-to-teacher ratio in the Netherlands was 14,9, closely aligning with the EU average of 14,7.

Key conclusions – Phase 2 (Student housing & universities)

This segment has not been shortlisted for phase 2.

PwC Assessment



Significant oversupply limits the investment appeal for the segment, as the main focus of opportunities are specific niche projects.

Reduction of student population, along with an initiative to reduce foreign students further limit the potential.

Key Segment Data

813k students in public institutions

112k students in private institutions

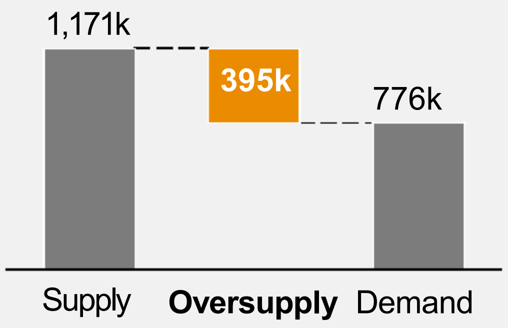
57 number of HEI

+12% CAGR - foreign students

1,7% CAGR – tertiary students

4% CAGR - newly enrolled

Oversupply analysis



In the Netherlands, higher education is divided into two main types: universities and higher professional institutions

Universities – General Overview

Organisation of tertiary education in Netherlands

In the Netherlands the Higher Education and Research Act (WHW) categorizes higher education institutions in the Netherlands into three types: universities, higher professional institutions (HBO), and Open University (distance education).

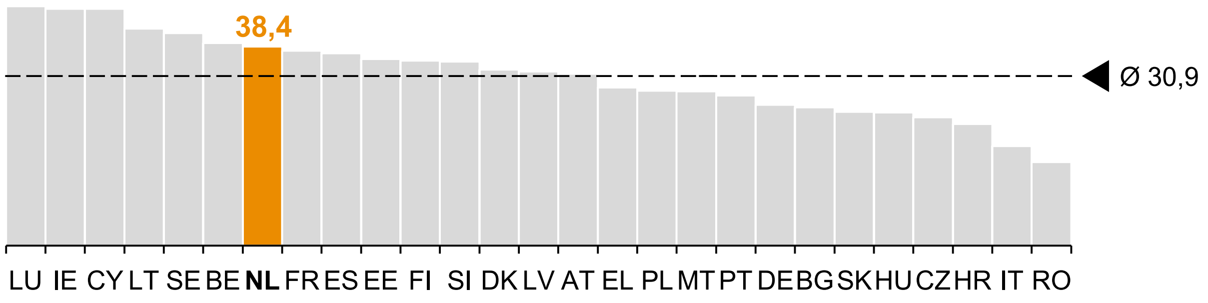
Universities focus on academic teaching, research, and training for researchers and engineers. HBO institutions offer higher professional education and conduct research related to specific occupations. The Open universities offer academic and professional education, they conduct relevant research, and promote innovation in higher education, primarily through distance learning courses.

Higher education institutions can be either government-funded or privately funded. HBO institutions and universities receive government funding, while private sector institutions operate without it. However, private institutions must be approved by the Education Inspectorate and accredited by the Netherlands-Flanders Accreditation Organisation (NVAO).

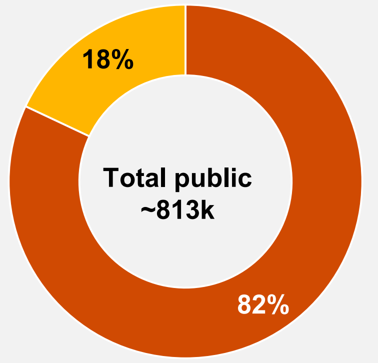
The academic year runs from 1 September to 31 August. The bachelor-master system, introduced in 2002, distinguishes between higher professional education (HBO) and university education. University bachelor's programs take three years (180 ECTS), while master's programs range from one to two years (60-120 ECTS). HBO bachelor's programs last four years (240 ECTS), with master's programs requiring 60 ECTS credits. The system aligns with the European framework, promoting student mobility and flexibility. Institutions are organized into faculties or departments, grouping related study programs and research groups, providing a structured yet adaptable learning environment.

84% of the student population is enrolled in public universities, while the remaining 16% attend private universities. From 2018 to 2022, the student population in public universities grew at a CAGR of 2,6%. This trend indicates a strong preference among new entrants for public education, which is likely to further increase demand for public university resources and infrastructure.

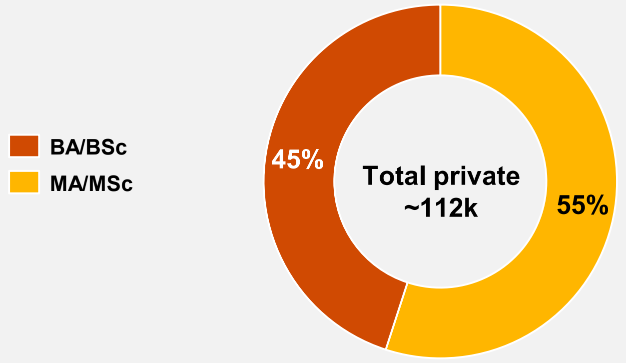
Share of population with university degree, 2023, in %



Split of students by public institutions, 2022



Split of students by private institutions, 2022



Source: Eurostat, Eurydice, The Netherlands Statistics, Ministry of Education, Culture and Science, PwC Analysis

University-aged population is expected to decrease, number of foreign students registered a CAGR of 10%

Universities – Key Drivers

Increasing share of foreign students

The population segment aged 18-24, a key demographic influencing the potential demand for university education in the Netherlands, is projected to decrease. Over a 25-year period (2025-2050), this decline is expected to result in a compound annual growth rate (CAGR) of approximately -0.3%.

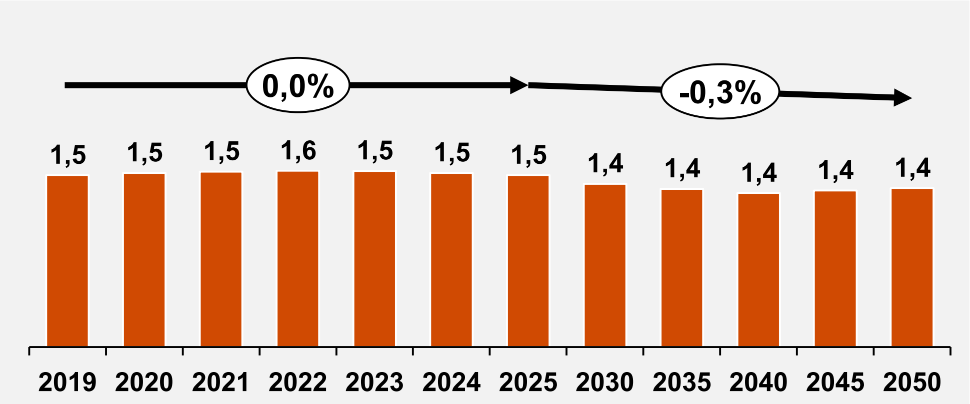
Based on the data obtained from Eurostat about the total number of students enrolled in tertiary education and the total number of foreign students in the Netherlands, the proportion of foreign students has been increasing consistently over the last five years, registering a CAGR of 10%.

According to the National Dutch Statistics (CBS) the number of international students from Europe in the Netherlands has significantly increased in recent years. In the 2005/06 academic year, European students constituted 63% of all international students; by the 2021/22 academic year, their share had risen to 76%. Although German students represented one-fifth of all international students in 2021/22, their share has decreased from nearly half in the 2009/10 academic year. Concurrently, the proportion of students from other European countries has shown an upward trend. In addition, the number of students from Asia reached 21k, 5k from Americas, 2k from Africa in 2022/23.

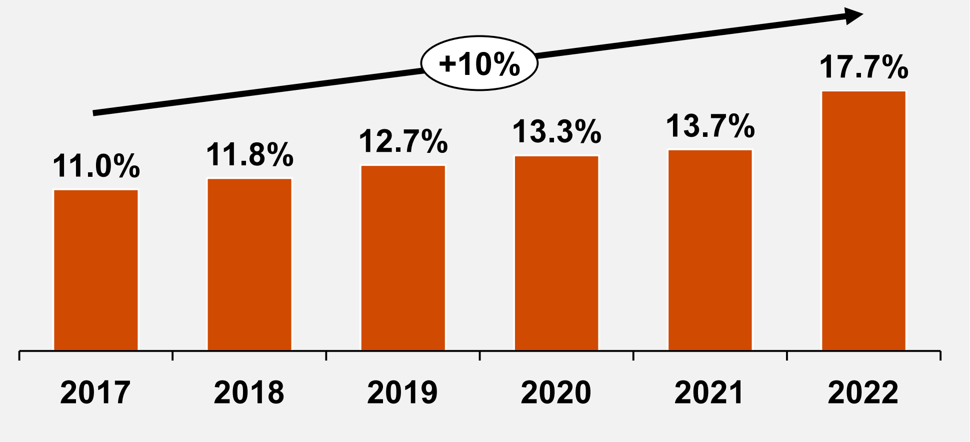
In the Netherlands, there are two types of tuition fees; (1) statutory tuition fee and (2) institutional tuition fee. Eligibility for the statutory tuition fee applies to individuals who hold Dutch nationality, specific Dutch residence permits or are nationals of an EU/EEA country, Switzerland, or Suriname. Students who do not meet these criteria or attend to a private institution are required to pay institutional fees, which are set by the individual universities or HBO (Higher Professional Education) institutions.

Regarding tuition fees, the majority of students in the Netherlands pay statutory tuition fees, which are set annually by the government. For the 2024-2025 academic year, the statutory tuition fees are set at 2.530 EUR. During the 2021/2022 academic year, tuition fees were halved as part of the National Education Agreement to provide financial relief during the COVID-19 crisis. This reduction is being discontinued in recent years and may no longer apply to first-year students, with the government aiming to limit the fee reduction to 1.072 EUR per student.

Predicted population, 18-24-year-old, in ths.



Share of foreign students, in ths.



Sources: Eurostat, The Netherlands Statistics, Ministry of Education, Culture and Science, PwC analysis

The measures taken to reduce the international students will also impact universities funding

Universities – Key Issues

Impact of government plan

In 2024, the government enacted two legislative measures that significantly impacted the demand and supply dynamics for universities, both directly and indirectly. Firstly, the government reduced the education budget by 1 billion EUR, affecting the resources available for higher education institutions. Secondly, the Balanced Internationalisation Act (WiB) was introduced, aiming to retain Dutch students by balancing the number of courses taught in Dutch versus other languages. Under this act, a cap on the total number of students was established to prevent overcrowding in classes and maintain the quality of programs. Additionally, a long-study penalty and monitoring measures were introduced. This policy has begun to discourage international students, as it reduces the availability of courses in foreign languages, according to the report from the Netherlands Universities Association, there was a reduction of 6% in the International student in the academic year 24-25 compared previous academic year.

International students are unevenly distributed across universities, influenced by the varying availability of English-language programmes and the differing reputations of universities among international students. As a result, the measures proposed in the 'Balanced Internationalisation Act' (WIB) will have differing impacts on each university.

According our report conducted by PwC Netherlands, a decrease of 10% in EU students enrolments could represent a loss of 13 million EUR by 2037, while a similar decrease of non-EU students could lead to a loss of 43 million EUR per year. This decline in enrolments may cause universities to face a budget deficit of 16 million EUR by 2026. A decrease in non-EEA students numbers could also impact the workforce. According to the Dutch organization for internationalisation in education (Nuffic), 46% of the international graduates remains in the Netherlands, with 74% of those employed. The current intake of international students (2021-2022) will ultimately contribute around 1.5 billion EUR to the Dutch public finances. The majority of this comes from non-European students.

The measures to discourage international student from moving to Netherlands are being driven by the ongoing housing crisis. These measures will not impact the demand for universities but could also exacerbate university budget deficits, which are already strained by rising energy prices due to the war in Ukraine, potentially leading to staff reduction.

international students' figures

-6% Enrolments

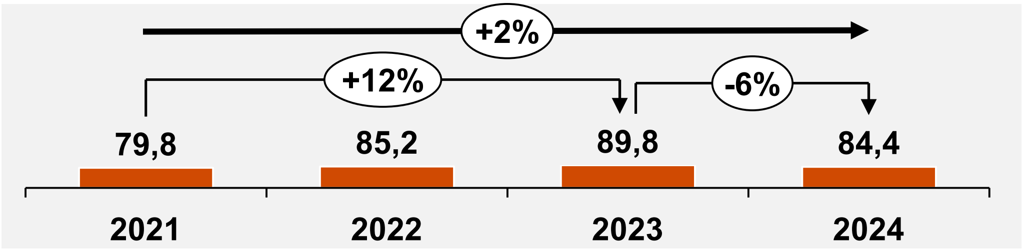
46% Remain after graduation

1,5B Contribution to public finances

43M Estimated loss

% of total enrolled students Universities	# in ths.	%
Netherlands	**89,8k**	***82%***
Universiteit Maastricht	13.017	60%
Universiteit van Amsterdam	14.855	35%
Universiteit Twente	3.973	34%
Technische Universiteit Eindhoven	3.928	30%
Rijksuniversiteit Groningen	9.429	28%
Erasmus Universiteit	8.157	27%
Wageningen University	3.346	26%
Technische Universiteit Delft	6.640	26%
Tilburg University	4.718	24%
Universiteit Leiden	6.787	21%
Vrije Universiteit Amsterdam	6.440	20%
Universiteit Utrecht	5.804	15%
Radboud Universiteit	2.656	11%

International students in universities, in ths.



Sources: Eurostat, The Netherlands Statistics, Ministry of Education, Culture and Science, PwC analysis

There is an increase in number of students in tertiary education and in newly enrolled students

Universities – Demand

Enrolment increase to all levels of education

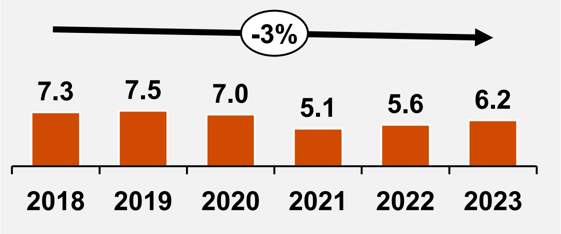
The total number of students in the Netherlands experienced a consistent increase with a compound annual growth rate (CAGR) of about 2,3% from 2017 to 2021. The COVID-19 pandemic did not impede this growth; in fact, student numbers continued to rise across all levels—bachelor's, master's, and PhD—at an average rate of 1.6%, from 2018 to 2020.

According to the National Dutch Statistics (CBS), in the academic year 2022/23, national and international students showed a preference for courses in the field of law, administration, trade and business services (49%) and journalism, social sciences and behavioural sciences (34%).

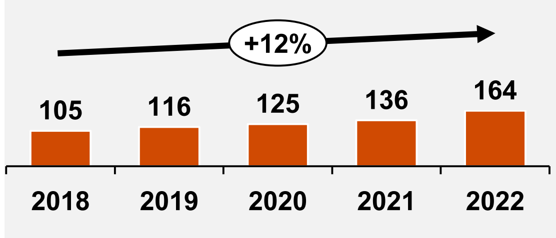
The total number of newly enrolled students per year in the Netherlands has seen a compound annual growth rate (CAGR) of 4% from 2017 to 2021 across all educational levels. In addition, there was a reduction in early leavers by a CAGR -4%, outpacing the EU average by 3%. And increase the number of foreign students grew at an annual rate of 7%, showcasing the country's increasing attractiveness and strong global education reputation.

This steady increase reflects the growing demand for higher education in the country, driven by both domestic and international factors. However, this trend could shift due to the new enforced Acts and budget cuts to education.

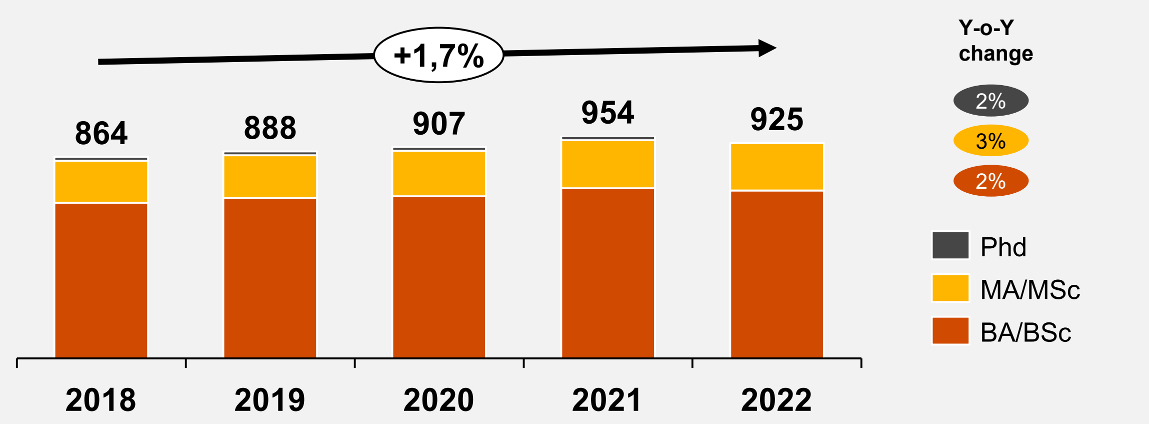
Number of early leavers from education, (% of total population)



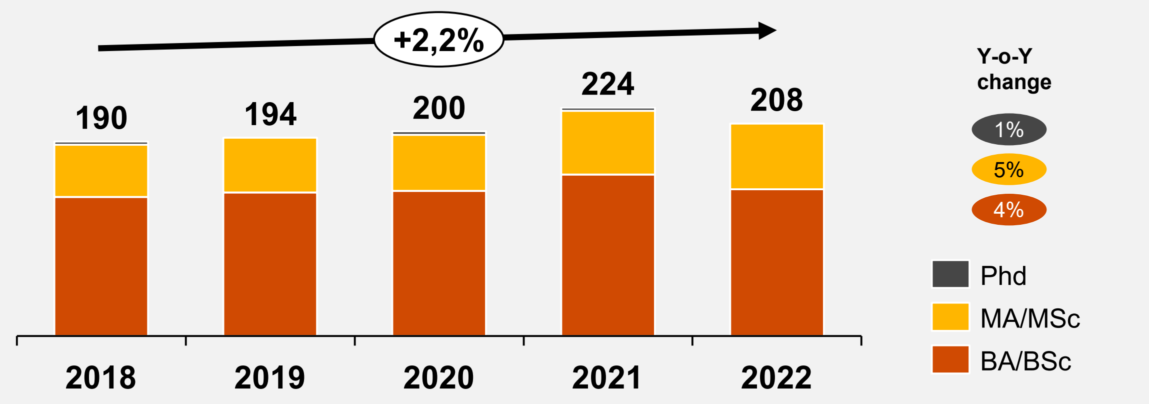
Number of foreign students, in ths.



Number of tertiary education students, in ths.



Number of newly enrolled students per year, in ths.

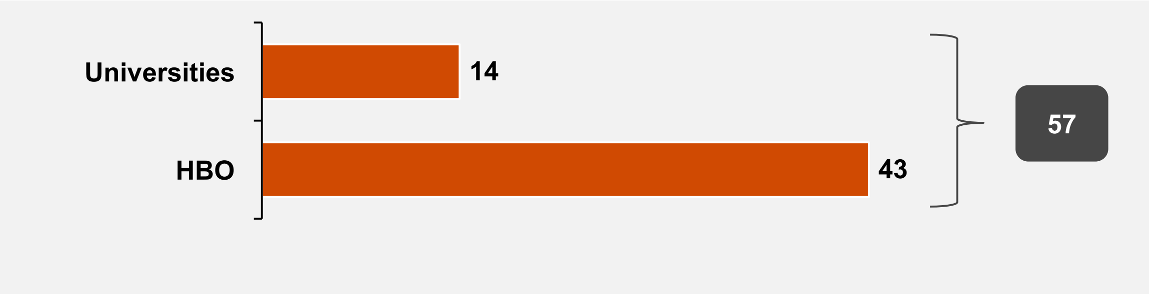


Sources: Eurostat, The Netherlands Statistics, Ministry of Education, Culture and Science, PwC analysis

There are 57 HEI in the Netherlands, with the student-to-teacher ratio aligning closely with the EU average

Universities – Supply

Number of tertiary education institutions

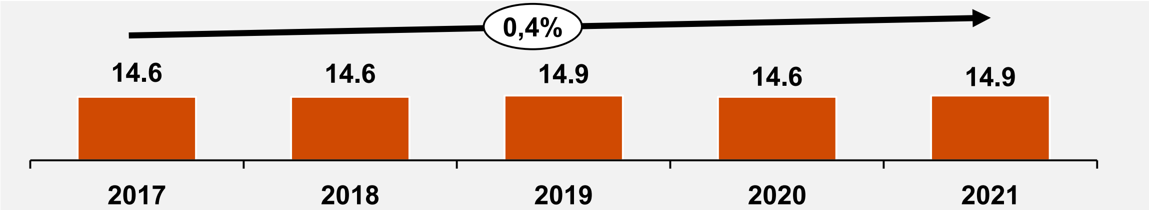


The Dutch higher education landscape comprises 43 institutions of higher vocational education (HBO) offering a wide array of 200 programmes. The country also boasts 14 universities, including three universities of technology, alongside three special universities and four philosophical institutions. Most of these higher education institutions are concentrated in Zuid-Holland, which hosts three universities and eight professional institutions. This makes Zuid-Holland the leading region in terms of university student population, accounting for 27% of students. However, the University of Amsterdam (UvA) holds the title of the largest university, with a student body of 43k as per their latest report, followed by Utrecht University with 40k students.

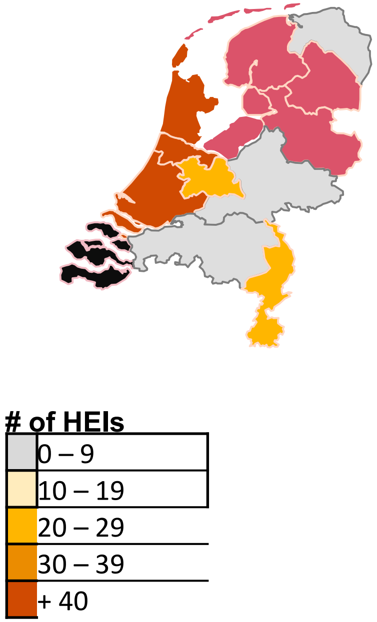
The student-to-teacher ratio has remained consistent over the years. From 2017 to 2021, there was a slight CAGR increase of 0,4%. The ratio aligns closely with the European union average of 14,7, with slight deviations through the years.

The education budget cuts stated in 2024 are expected to impact higher education providers over the next four years. The availability of spots for international students will decrease due to the Balanced Internationalisation Act (WiB), with Zuid-Holland and Noord-Holland being the most affected regions. These measures are anticipated to increase the availability of spots for national students.

Student-teacher ratio



Distribution of students and HEIs by regions, 2021



Provinces	%	HEI	% Int. Students
Netherlands	**324k**	***82%***	***17%***
Zuid-Holland	85k	26%	24%
Noord-Holland	60,4k	18%	24%
Groningen	38k	12%	11%
Noord-Brabant	37,8k	12%	10%
Gelderland	34,9k	11%	7%
Utrecht	29,6k	9%	6%
Limburg	17,8k	5%	15%
Overijssel	16k	5%	4%
Friesland	7,2k	2%	N/A

Sources: Eurostat, CBS, Government of Netherlands, PwC analysis

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Pre-school facilities

The main issues in this segment are staff shortages, compounded by wating lists in some institutions

Pre-school facilities

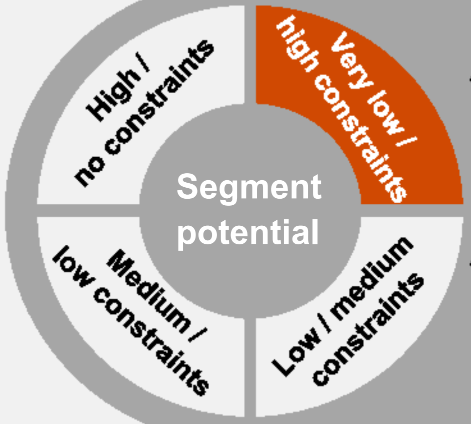
Key conclusions – Phase 1

- Municipalities are obligated to provide early childhood education, ensuring that each child aged 2,5 to 4 years has access to 960 hours of pre-school care.
- There are several types of pre-school education in the Netherlands, which can be broadly divided into three main groups: Daycare (0-4 years), Out-of-school care (4-12 years) and Childminder service (0-12 years).
- One of the major issues in the sector is waiting lists, according to local news sources. Currently, 70% of all daycare centres have waiting lists, with 30% of crèches and 60% of after-school care centres facing similar challenges.
- Staff shortages are the key issue in the segment. Although government pay initiatives aim to attract more pre-school workers, an estimated 32k additional staff are still needed to meet demand.

Key conclusions – Phase 2

This segment has not been shortlisted for phase 2.

PwC Assessment



Staffing shortages are the primary driver of the segment, which is essentially more of an OPEX than the CAPEX issue, which limits the potential of the segment.

Number of children is projected to drop in the long term, which will slightly reduce the demand in the coming future.

Key Segment Data

27 children/ 1000 enrolled

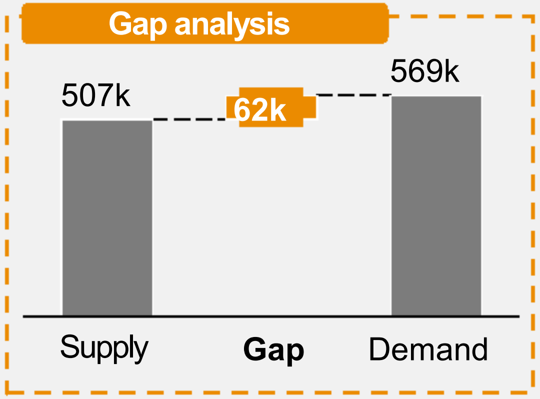
9,8% CAGR - new-born children

-7% CAGR – childminders

9,2k number of pre-school institutions

-0,3% projected growth of new-borns

164k Number of new-borns in 2023



The Childcare and Early Childhood Education is mostly run by private operators, while the state subsidises most costs

Pre-Schools – General Overview

Organisation of pre-school education in Netherlands

The Dutch pre-school system is under the jurisdiction of two ministries: the Ministry of Social Affairs and Employment and the Ministry of Education, Culture and Science.

There are several types of pre-school education in the Netherlands, which can be broadly divided into three main groups. (1) Daycare is designed for children aged 0 to 4 years and is typically provided in the form of a crèche. (2) Out-of-school care caters to children aged 4 to 12 years, offering supervision before and after school, during teacher training or study days, and throughout school holidays. (3) Childminder services are available for children aged 0 to 12 years and can take place either in the child's home or the childminder's home.

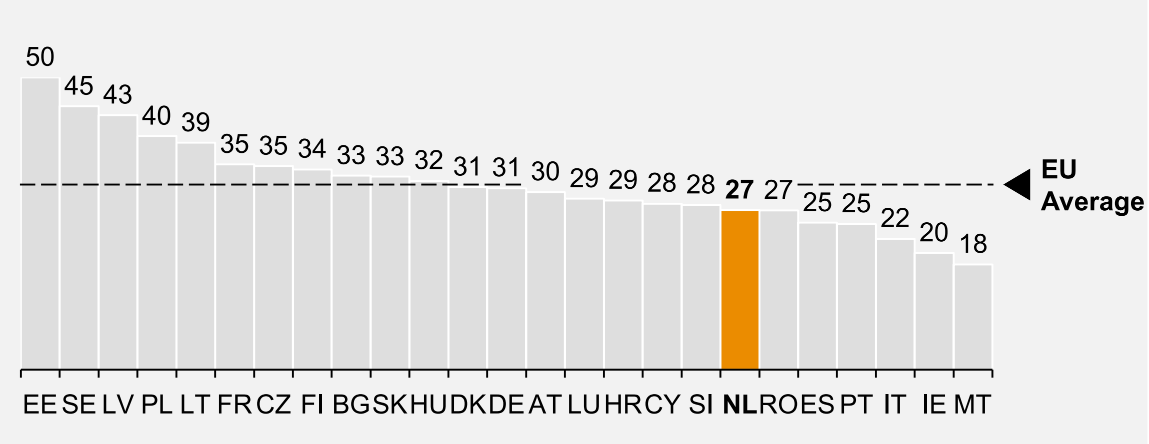
Primary school enrolment begins at four when education becomes a legal right, but attendance is only mandatory from age five, with most children enrolling in primary school at age four.

In the Netherlands, there is no guaranteed placement for pre-schools; parents must independently choose a childcare provider. However, municipalities are obligated to provide early childhood education, ensuring that each child aged 2,5 to 4 years has access to 960 hours of pre-school care.

There are also various early childhood education (VVE) programmes available, which are provided by the municipalities. These are not separate from daycare but rather a subsidised support measure aimed at preventing or reducing educational disadvantages, primarily by helping children with language delays.

To further enhance the quality and accessibility of childcare, significant reforms were introduced in 2018 and 2019: the Innovation and Quality of Childcare Act (Wet IKK) and the Harmonisation of Childcare and Playgroup Work Act (Wet harmonisatie kinderopvang peuterspeelzaawerk). These reforms introduced stricter quality requirements for childcare providers, including better training for staff and improved child-to-staff ratios and enhanced measures for the safety and health of children in childcare facilities

Number of children enrolled to pre-school facilities, per 1000 citizens, 2022



Child benefits systems

Every parent receives the universal child benefit, Child Allowance (Kinderbijslag), which provides 286,45 EUR per quarter for children aged 0-5. In addition, the Child Budget (Kindgebonden Budget), which scales with income, with recipients with higher incomes receiving less, offers up to 209 EUR per month per child up to 18 y.o. To qualify for childcare benefits, families must be eligible for child allowance and have a net worth of no more than 142k EUR. Single parents benefit from an additional 3.389 EUR per year, regardless of how many children they have. The Childcare Allowance (Kinderopvangtoeslag) benefit covers up to 96% of childcare costs for up to 230 hours per month, although there is a compulsory contribution, meaning that parents have to cover some part of the cost. These benefits collectively demonstrate a comprehensive approach to making childcare more accessible and affordable for families across different income levels.

Source: Eurostat, The National Dutch Statistics (CBS), PwC analysis

Despite a declining number of children, the sector is still facing staffing shortages and waiting lists

Pre-Schools – Key Drivers

Population dynamics

Recently, a trend has emerged where more institutions are providing daycare and after-school care, leading to a decline in the number of childminders. The market share of daycare and after-school care increased from 32% in 2017 to 47,9% in 2023, while the market share of childminders decreased from 68% to 52,1% during the same period.

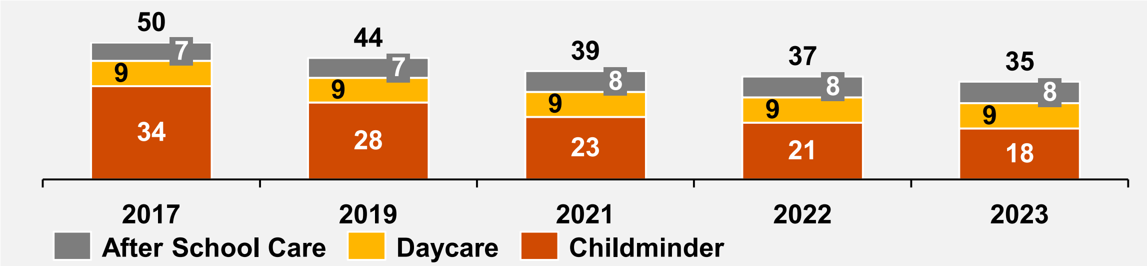
The number of newborn children has been declining at a CAGR of 0,8%, suggesting a slight decrease in the overall number of children in the future. The total child population is shrinking at a CAGR of 0,1%, primarily due to a decrease of 7k children in the 3-5 y.o. age group, while the 0-3 y.o. group has grown by approximately 5k children.

In 2021, over 668k parents received allowances for childcare for approximately 1M children, marking an increase of nearly 6k more parents and 11k more children compared to 2020. The rising number of children receiving childcare allowances despite a decline in the overall number of children highlights an increasing reliance on government support for childcare.

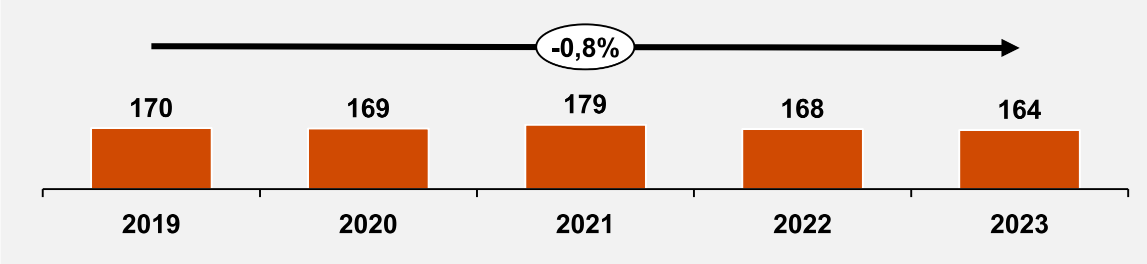
One of the major issues in the sector is waiting lists, according to local news sources. Currently, 70% of all daycare centres have waiting lists, with 30% of crèches and 60% of after-school care centres facing similar challenges. This is primarily due to staff shortages. While government initiatives aimed at increasing pay are intended to attract more pre-school workers, estimates suggest that an additional 32k staff members would be needed to meet demand. Nevertheless, there are currently 7,5k vacancies across the sector. A projection conducted by the trade union federation CNV estimates that by 2034, as many as 275k children could be without a place in either day care or after-school clubs, due to staffing issues.

Despite the staffing shortages, the government is pushing ahead with plans to introduce free childcare by 2027, setting aside 2,9bn for the initiative. However, the proposal remains highly debated, as the resulting increase in demand may not be met due to the ongoing staff shortages.

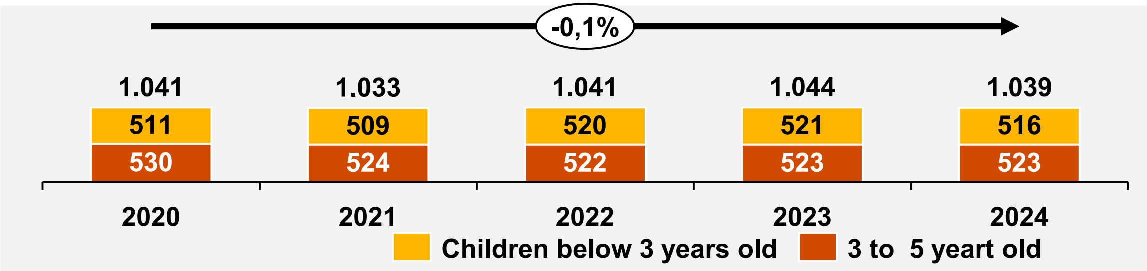
Number of childcare providers, split by type of childcare



Number of new-born children, in ths.



Number of children aged 0-5, in ths.



Sources: Eurostat, The National Dutch Statistics (CBS), PwC analysis

Enrolment in pre-schools is increasing, largely due to migration pressures

Pre-Schools – Demand

Increasing demand for early childhood education

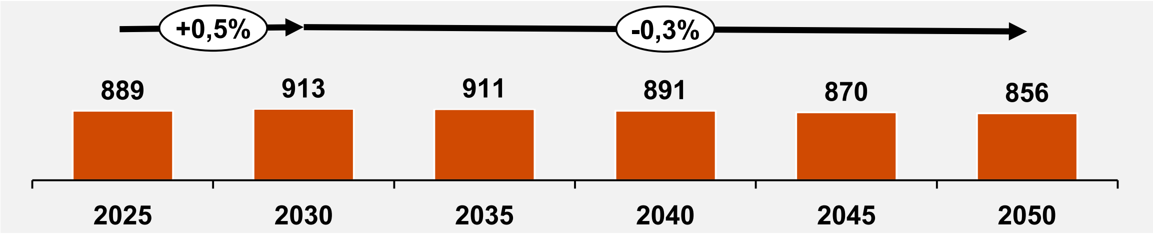
The total number of enrolled children in the Netherlands was 512k in 2023, which has grown by an CAGR of 2,4% since 2018 or by 58k children. One of the drivers of this increase is migration, as CBS statistics showed that 28% of children aged 0 to 6 years had a migration background. Notably, children aged 0 to 6 years represent 8% of the total population with a migration background.

When examining the regional distribution of children, we see that the majority are located in South Holland, North Holland, North Brabant, and Gelderland. These regions collectively account for approximately 65%, or around 332k, of all children enrolled in childcare centres. In contrast, enrolments in other regions are more sparsely distributed.

Around 68% of children are enrolled in public institutions, while the remaining 32% attend private providers. According to Eurostat, the children in the age group 0-4 years old who are eligible for daycare will increase until 2035 at a CAGR of +0,5% or by 24k children until 2030, after which the number of children is projected to fall by a CAGR of -0,3% or by 57k children.

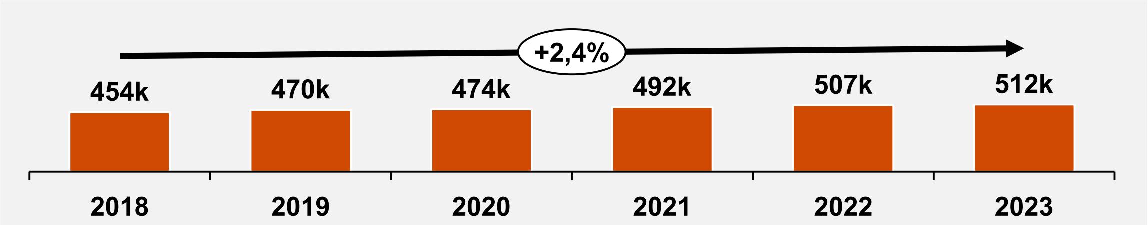
According to a government report, the COVID-19 pandemic placed significant strain on the sector by increasing demand. This pressure was further exacerbated by the expansion of pre-school provision from 10 to 16 hours per week, which has further contributed to rising demand within the sector. However, parents are not obliged to use the full 16 hours.

Projected number of population of children aged 1 up to 4 (in ths.)



Sources: Eurostat, The National Dutch Statistics (CBS), PwC analysis

Number of children enrolled in formal daycare, in ths.



Total number of children enrolled in daycare child centres (2023)

Regions	Total	%
The Netherlands	511.780	
South Holland	107.270	20,96%
North Holland	86.060	16,82%
North Brabant	78.380	15,32%
Gelderland	60.470	11,82%
Utrecht	46.600	9,11%
Overijssel	35.840	7,00%
Limburg	26.690	5,22%
Friesland	17.920	3,50%
Groningen	15.230	2,98%
Drenthe	13.940	2,72%
Flevoland	13.840	2,70%
Zeeland	9.540	1,86%

There is a growing preference for day care centres, as they face rising enrollemnt, while childminder demand is decreasing

Pre-Schools – Supply

Supply of early childhood education

The data provided by the National Dutch Statistics (CBS) for 2023 shows that there were approximately 9,2k institutions offering places for early childhood education for children up to 4 years old or until children attend primary school. The total supply for formal childcare for the age group 0-4 was 309k. The total supply for childcare services is growing with a CAGR of 1,9%, with the number of places increasing by ~33k.

Over half of the childcare institution places for the 0-4 age group in the Netherlands are concentrated in a few regions. Leading the list is Zuid-Holland with 19% (59k places), followed by Noord-Holland with 15% (47k places), Noord-Brabant with 9% (28k places), and Utrecht with 7% (22k places). Additionally, the majority of these places are found in major cities within these regions: Amsterdam accounts for 6% of the total, while both Rotterdam and 's-Gravenhage hold 4% each, and the city of Utrecht has 3%.

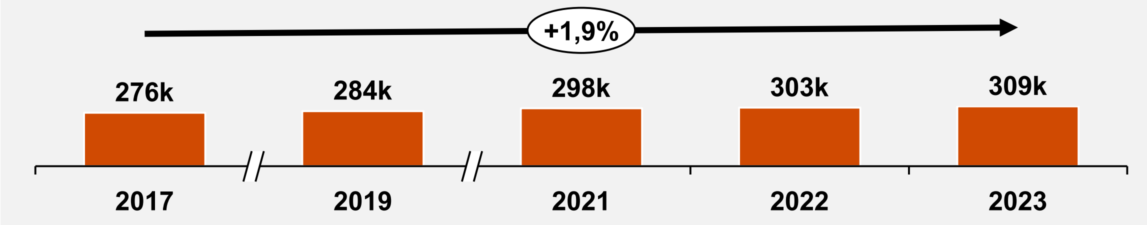
The vast majority of institutions operate as for-profit organisations, with 81,5% classified as for-profit and only 18,5% as non-profit. Both types have seen a decline since 2017, with for-profit organisations decreasing by -10,4% and non-profits by -42,5%.Despite the decline in the number of institutions, the overall supply of childcare places has increased. This is due to providers expanding their capacity, which has, on average, grown by 150% since 2017.

In 2021, the national government allocated, an extra 170 EUR million towards pre-school education. This additional funding was used to extend the number of available hours and to improve the quality of early years education. In 2022, Netherland's local governments expenditure was about ~16M EUR for pre-primary education.

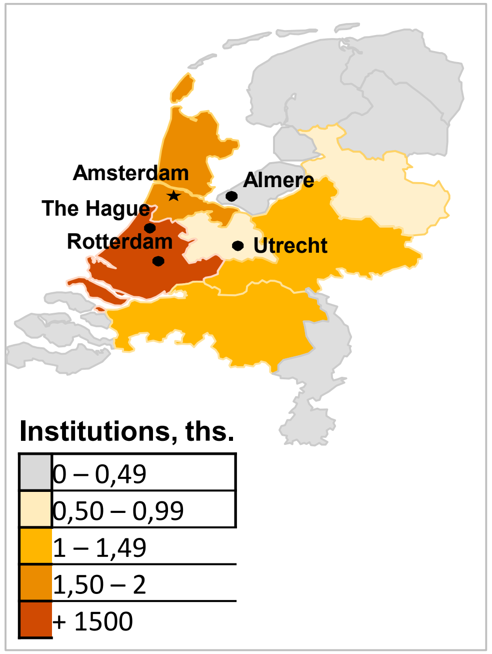
The number of childminders has been decreasing with a CAGR of -7%. The number of children looked after by registered childminders decreased by 62k in 2023, marking the sixth consecutive year of decline. This signal that there is a growing preference for enrolment of children into day care centres rather than childminder care.

Sources: Eurostat, Eurydice, The National Dutch Statistics (CBS), PwC analysis

Supply of day care places for children aged 0-3, in ths.



Share split of pre-school institutions (0-4) by region (2021, %)



Provinces	# institutions	%
Netherlands	**9,178**	**100%**
Zuid-Holland	2094	23%
Noord-Holland	1559	17%
Noord-Brabant	1031	11%
Gelderland	845	9%
Utrecht	789	9%
Overijssel	553	6%
Friesland	384	4%
Groningen	357	4%
Drenthe	298	3%
Limburg	273	3%
Flevoland	229	2%
Zeeland	141	2%
Voorburg	40	0,4%
Nootdorp	13	0,1%

6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Hospitals

Despite the identified oversupply, **this segment shows potential due to a need for modernisation**

Hospitals

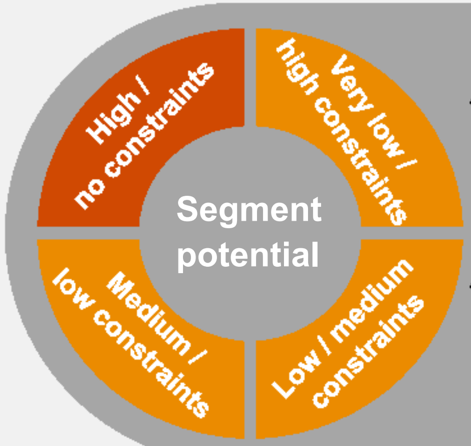
Key conclusions – Phase 1

- Unmet self-reported healthcare needs were among the lowest in the EU. The mortality rate in the Netherlands is ~30% lower than the EU average.
- There is currently a declining number of general medical practitioners and specialists, with local news sources reporting 135k vacancies in the sector, largely driven by nurse shortages.
- The number of in-patient consultations has decreased at a CAGR of -3,2% from 2013 to 2022, primarily due to effective gatekeeping at the primary care level and the efficiency of outpatient care.
- In 2022, there were 43k hospital beds, including 41k curative beds and 2k for rehabilitative care. The total number of hospital beds has been decreasing at a CAGR of -6% from 2018 to 2022.

Key conclusions – Phase 2

- Stakeholders expect that out-patient care will become even more prevalent in the future. The main driver of this is that out-patient care tends to be cheaper than in-patient care.
- In the future there might be a larger focus on digitalisation and technology investments rather than construction of facilities or bed capacity expansion.
- There is a growing scarcity of healthcare personnel. Staff spend considerable time travelling between patients' homes, which is compounded by the increasing demand due to the ageing population.

PwC Assessment

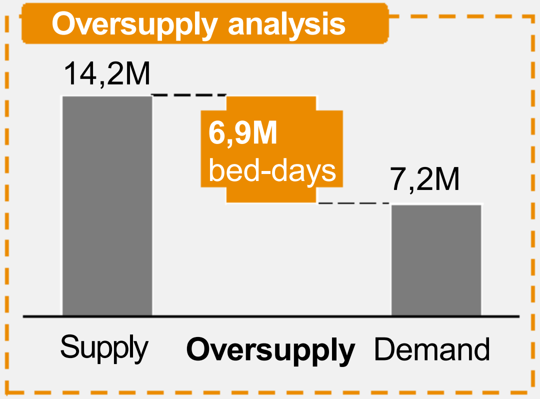


Investments in the Dutch healthcare sector are primarily focused on improving and upgrading existing healthcare services rather than expanding capacity.

There is an oversupply, which has decreased slightly, however its continued presence suggests that opportunities are in areas other than capacity increases.

Key Segment Data

- **530** number of hospitals
- **43k** number of hospital beds
- **41k** number of curative beds
- **-3,2%** Decrease of inpatient stays
- **4,8km** avg. distance to hospital
- **51%** utilisation rate of beds



Most hospitals are private non-profit organisations, with the majority of funding coming from health insurance

Hospitals – General overview

Structure and Principles of the Dutch Healthcare System

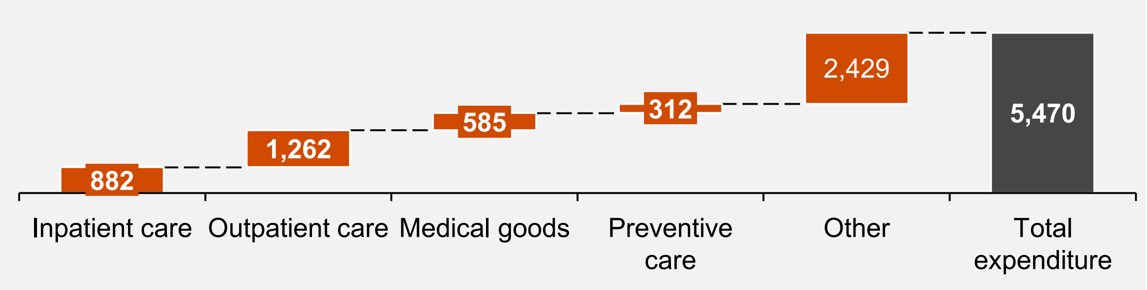
The central government ensures the proper functioning of the healthcare system by setting quality requirements, budgets, and the benefits package. The Ministry of Health, Welfare and Sport (MoH) is responsible for high-level planning, regulation, and system oversight but does not directly control payers or providers. Policy making is done collaboratively with the involvement of MoH, healthcare professionals, and patient organisations.

The main law governing healthcare in the Netherlands is the Health Insurance Act, introduced in 2006, which merges public and private insurance. It also requires all residents to purchase a standard insurance that includes specialist care, primary care, pharmaceuticals, medical devices, and some mental health services. Healthcare is provided by private providers and insurers, with most hospitals operating as non-profit foundations. Individuals can choose their insurer, though four major insurers dominate the market. Long-term care follows a single-payer model managed by the dominant regional insurer, while municipalities oversee social care.

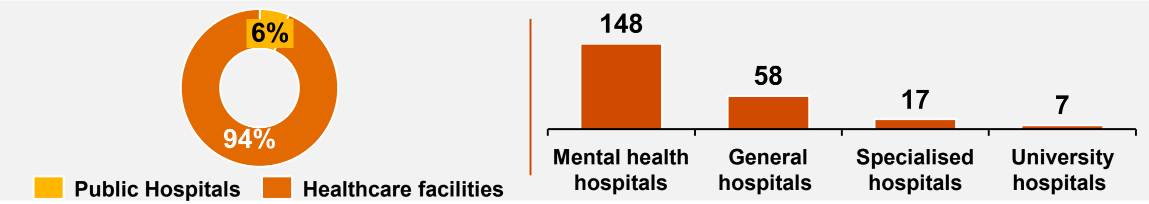
There are four distinct types of hospitals: University hospitals, which are hospital affiliated with universities. They provide complex care that requires specialised facilities. They also conduct scientific research. General hospitals, which offer a wide range of medical services to the public, they comprise 90% of available hospitals. They usually don't treat complex cases. Specialised hospitals, which focus on specific types of medical care such as orthopaedics or cardiology; and Mental health hospitals, which are dedicated to the treatment and care of individuals with psychiatric conditions.

In 2022, the Netherlands reported a total healthcare expenditure per capita of ~5,47k EUR. The largest share was allocated to outpatient care at ~1,26k EUR (23% of total), followed by inpatient care at ~882 EUR (16%). Spending on medical goods amounted to EUR ~585 (11%), while preventive care accounted for ~312 EUR (6%). The remaining ~2,43k EUR (44%) covered other healthcare services. Compared to the EU average of ~3,7k EUR per capita, the Netherlands' healthcare expenditure was approximately 49% higher.

Expenditure on healthcare, 2022, EUR per capita



Types of Hospitals, 2022



Financing Mechanisms of the Dutch Health system

The Health Insurance Act is financed through a combination of individual premiums, income-related contributions, and government subsidies. Individuals pay a monthly premium to their chosen private insurer, averaging around 1200 EUR per year. Additionally, there is an income-related contribution of 6,9% on income up to 54.614 EUR. The government also provides subsidies to ensure affordability, particularly for low-income individuals. In 2020, the total national healthcare expenditure was over 116bn EUR. Out of which 23% was funded by the government, 20% by WLZ (Long-term care), 42% by the Health insurance, 4% was voluntary insurance, 5% were direct payments, and 7% was by other forms.

Source: Eurostat, Ministry of Public Health, Welfare and Sport ,PwC analysis

The accessibility of hospitals and outpatient clinics has seen improvement over the past 15 years

Hospitals – Key Issues (1/2)

The segment is facing hospital staffing shortages

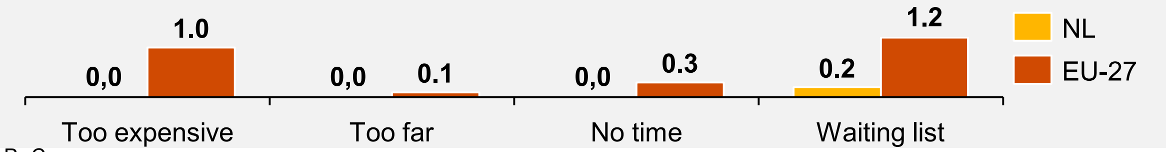
In 2023, the average road distance to a hospital or clinic in the Netherlands fell to 4.8 km, 400 metres less than in 2008. However, access to GP out-of-hours services and pharmacies worsened. South Holland had the shortest average distance (3.4 km), while northern provinces like Friesland (10.4 km) faced much greater distances, potentially indicating supply mismatches in Friesland, Groningen, and Drenthe.

Hospitals have had to manage increased demand for emergency medical care and other health services. The pandemic highlighted existing staff shortages, particularly among nurses and general practitioners. Since 2020, the number of medical practitioners in the Netherlands has been declining, with a CAGR of -0,75% for generalists and -2,18% for specialised medical practitioners. This is further supported by local news sources, who report 135k vacancies in the healthcare system, alongside increasing treatment delays and waiting times, driven by staff shortages. This deficit is primarily due to a shortage of nurses and the relative unattractiveness of the healthcare sector for workers compared to other industries.

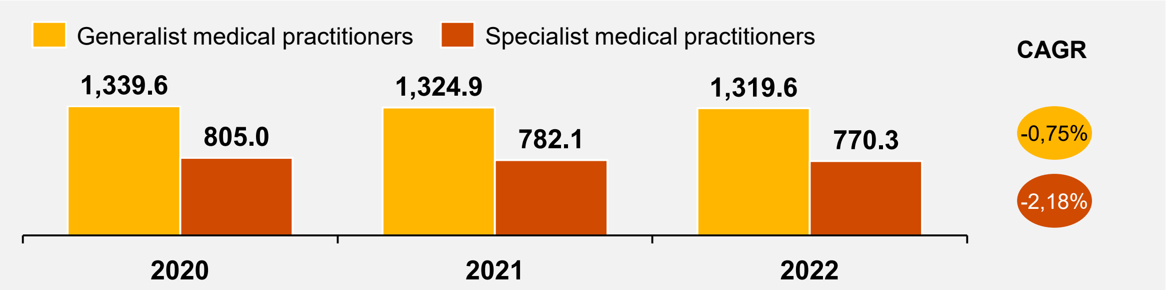
The performance of healthcare providers was also problematic in 2022, according to ING Global Markets Research, with the financial results of the four largest providers shrinking by 39%, and more than a quarter of institutions facing losses. This was due to the disappearance of COVID-19 support and rising costs, particularly in the labour market, where hiring costs increased by 18% in 2022.

Reported unmet needs were among the lowest in the EU, with waiting lists being the only issue though still six times lower than the EU average.

Self-reported unmet demands of population by reason (% of population 16+)



Medical practitioners, per thousand population



Regional split of hospital distance, in 2022

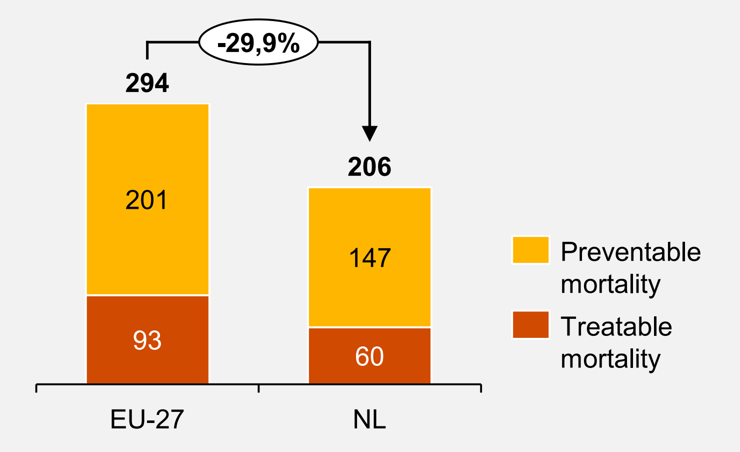
Provinces	Km to Hospitals	KM to GP
Netherlands		
Zuid-Holland	3,4	0,8
Noord-Holland	3,8	0,8
Utrecht	3,9	1
Flevoland	4,5	1,3
Limburg	4,6	1,1
Noord-Brabant	5,3	1,1
Overijssel	5,4	1,3
Gelderland	5,4	1,2
Zeeland	6,3	1,5
Drenthe	7,7	1,7
Groningen	8,1	1,3
Friesland	10,4	1,6

Source: Eurostat, Ministry of Public Health, Welfare and Sport, Local news sources, PwC analysis

The Netherlands has a lower mortality rate and better self-perceived health and risk factors than the EU averages

Hospitals – Key Issues (2/2)

Mortality rate compared to EU average

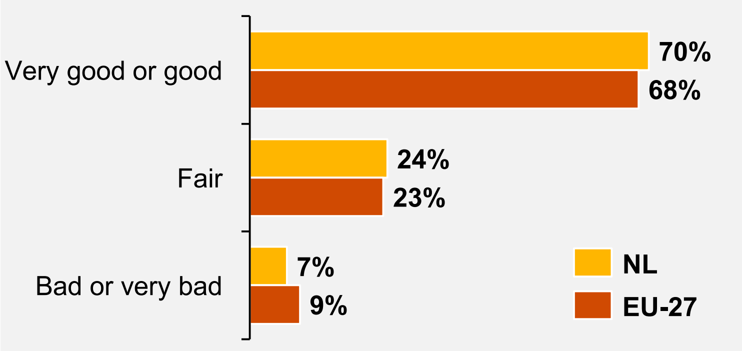


With a total mortality rate of ~206 per 100k inhabitants, the Netherlands' figures are ~30% lower than the EU-27 average of ~294. Specifically, the Netherlands' preventable mortality rate stands at ~147, which is about 27% lower than the EU-27 average of ~201. Furthermore, the rate of treatable mortality in the Netherlands is ~60 per 100k inhabitants, which is roughly 36% lower than the EU-27 average of ~93.

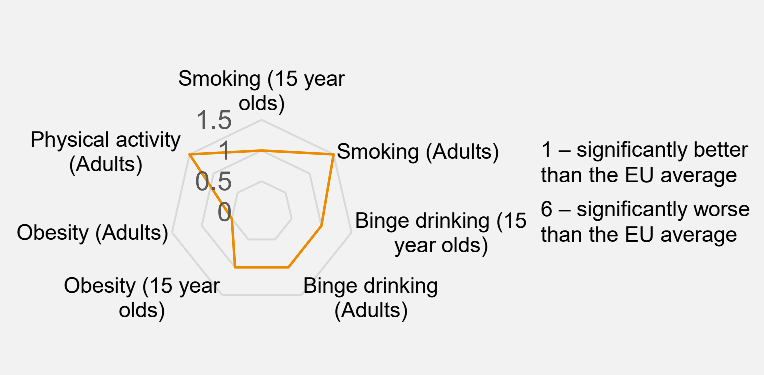
In 2022, the Netherlands recorded approximately 169k deaths. Neoplasms, or tumours, were the most significant contributors, responsible for around 28,4% (approximately 48k deaths) of all deaths. Diseases of the circulatory system were also among the leading causes of death, accounting for around 22,3% (approximately 38k deaths) of total fatalities. Within this category, ischaemic heart diseases contributed to about 22.3% (roughly 8k deaths) of circulatory disease-related deaths. Other notable causes included diseases of the respiratory system (13k deaths) and diseases of the nervous system (9k deaths). COVID-19 also still had a considerable impact, contributing to around 4,9% (approximately 8k deaths) of the total.

In the Netherlands, all health risks were considerably lower than the EU averages. The highest risk factors were physical inactivity and smoking among adults, but even these remained well below the EU average. When examining unmet healthcare needs among children, the Netherlands had a lower rate, with only 2,3% experiencing unmet needs for medical examination or treatment, compared to the EU average of 3,6%.

Self-perceived health and risk factors



In 2023, approximately 70% of the Netherlands' population aged 16 and above rated their health as either "good" or "very good." This figure is ~2% above the EU-27 average of 68%. In contrast, the proportion of individuals in the Netherlands who perceived their health as either "bad" or "very bad" stood at 6,5%, which is 2,3% lower than the EU average of 8,8%. Additionally, those who considered their health to be "fair" represented 24,0% of the population, which is slightly higher compared to the EU-27 average of 23,3%.

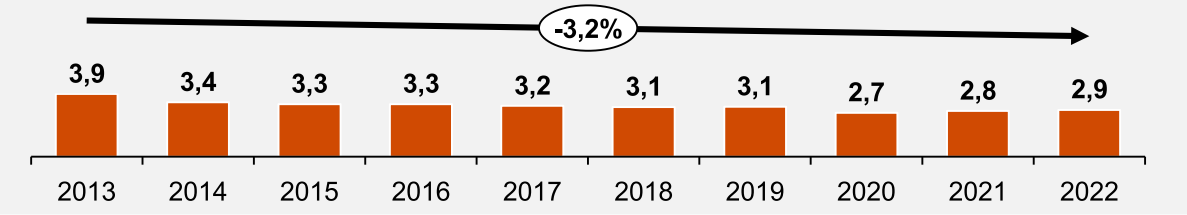


Sources: Eurostat, Institute for Health Metrics and Evaluation, PwC analysis

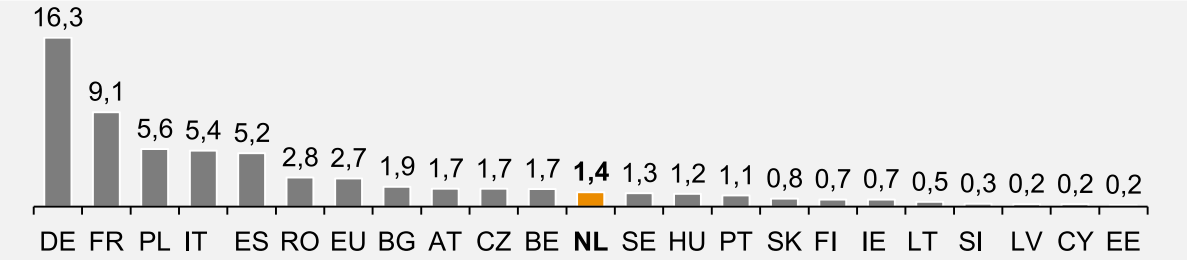
The Netherlands is experiencing decreasing number of in-patient consultations, due to effective out-patient care

Hospitals – Market Demand

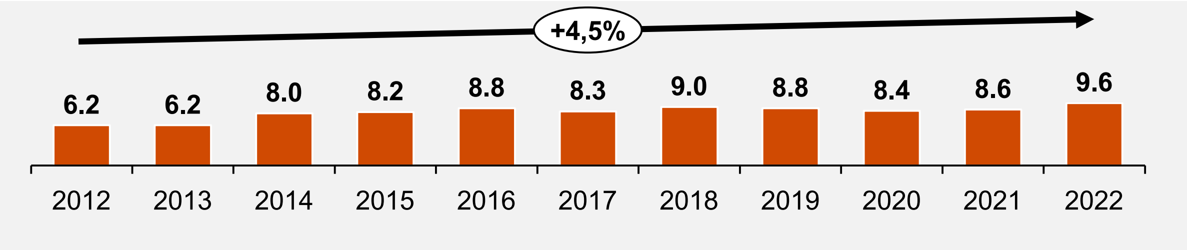
Number of in-patient stays in Netherlands in millions



Hospital discharges across EU in millions (curative care)



Average number of visits to physicians, per capita



Source: Eurostat, The National Dutch Statistics (CBS), WHO, PwC analysis

The number of admissions in Dutch hospitals has declined at a CAGR of 3,2% since 2013. A notable drop followed by a subsequent rise in admissions can be observed in 2020, when admissions fell by 12% before increasing by 6% until 2022. The decline in 2020 was due to postponed care caused by the pandemic, while the overall reduction is likely due to the effectiveness of outpatient care. With the Netherlands having a strong gatekeeping mechanism at the primary care level and 30% lower rates of avoidable hospitalisation than EU averages.

From 2012 to 2022, there was a notable increase in the number of physician consultations, achieving a compound annual growth rate (CAGR) of 4,5%. In 2012, the average number of consultations stood at 6,2 per person and reached its peak in 2022 with 9,60 consultations per person. This consistent increase over the decade shows the growing demand for medical consultations in the Netherlands, likely driven by factors such as an aging population, and accessibility improvements.

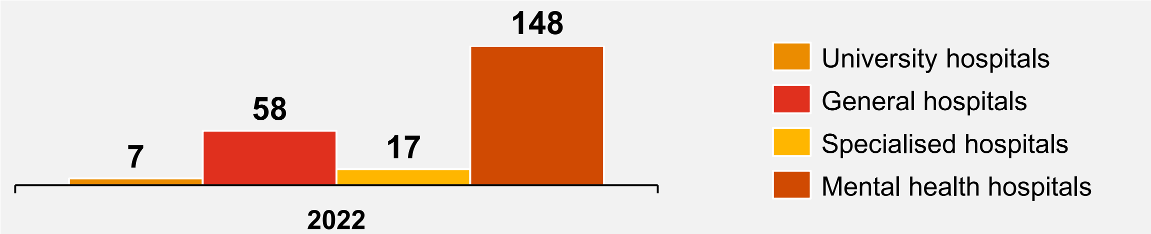
In 2021, when analysing hospital admissions by diagnosis per 100k inhabitants, we observed that neoplasms had the highest admission rate, along with a slightly above-average length of stay at 4,8 days compared to the overall average of 4,5 days. Diseases of the digestive system had the second-highest admission rate but a below-average length of stay at 4,4 days. The third-highest admissions were due to injury, poisoning, and certain other consequences of external causes, with an above-average length of stay at 5,3 days. Although certain infectious diseases accounted for a relatively small share of overall admissions, they had the longest average length of stay at 6,6 days. This indicates that neoplasm, diseases of the digestive system and injuries and poisoning drive a significant part of the demand.

When comparing hospital discharges to EU averages we can see that the Netherlands is much lower than the EU average, having ~49% lower number of hospital discharges than EU averages of 1,9M, with Netherlands having 1,4M discharges. This is likely due to strong primary care.

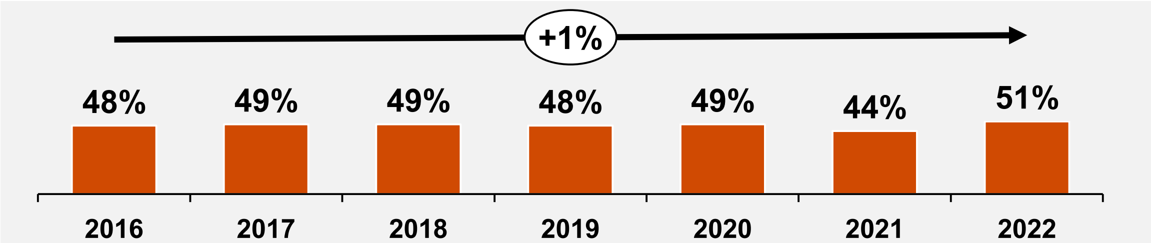
The number of available hospital beds has been decreasing, while the utilisation rate of beds has remained stable

Hospitals – Market Supply

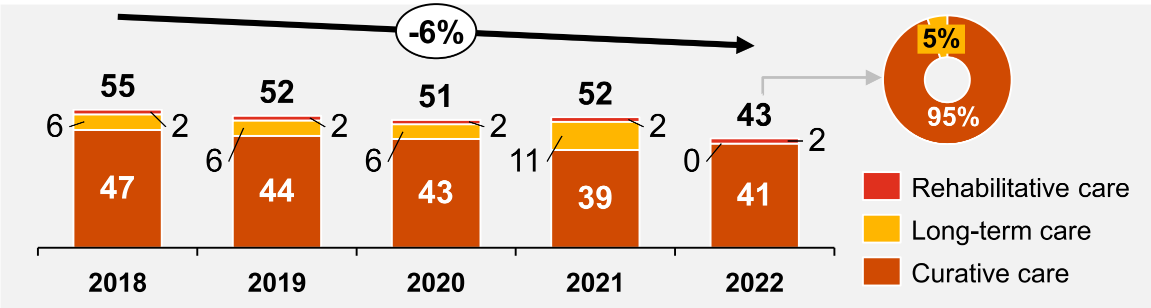
Health care institutions in Netherlands, 2022



Utilization of hospital beds



Capacity and number of beds, by type of bed, 2022



As stated by the National Dutch Statistics (CBS), in 2022, there were 530 hospitals in the Netherlands, including 7 university hospitals, 58 general hospitals, 17 specialised hospitals, and 448 mental health hospitals.

Official statistics indicate that in 2022, there were approximately 43k beds available in Dutch hospitals. This total includes around 41k curative beds and 2k rehabilitative care beds. Over the five-year period since 2018, the total number of hospital beds has been decreasing at an annual rate of approximately ~6%, equating to a reduction of about 12k beds in total. The reduction in hospital beds is likely driven by a staff shortage, particularly among nurses and general practitioners. Thus, leading hospital to reduce capacity of beds.

In 2022, the Netherlands ranked second-last in terms of hospital beds per 1k inhabitants, with 2,4 beds. This status is due to effective outpatient care and strict primary care gatekeeping. From 2010 to 2019, hospital beds fell from 4,0 to 3,0 beds per 1.000 people, below the EU average of 4,9. In 2021, bed capacity slightly rose from 2,9 to 3,0 beds per 1.000 people.

Utilisation of hospital beds in the Netherlands has remained stable at around 49% since 2016, with slight variations. A notable drop to 44% occurred in 2021 due to the pandemic, followed by a rise to 51% as postponed treatments resumed and the supply of beds dropped further.

Both the declining number of hospital beds and the relatively low utilisation rate compared to EU averages indicate that the Dutch healthcare system is highly effective. This efficiency is driven by strict gatekeeping at the primary care level and well-functioning outpatient care, where patients are first assigned to outpatient clinics and only after are referred to inpatient care when deemed necessary.

Source: Eurostat, PwC analysis

7

Retirement homes

This segment shows potential, due to the shift towards out-patient care and the identified gap

Retirement homes

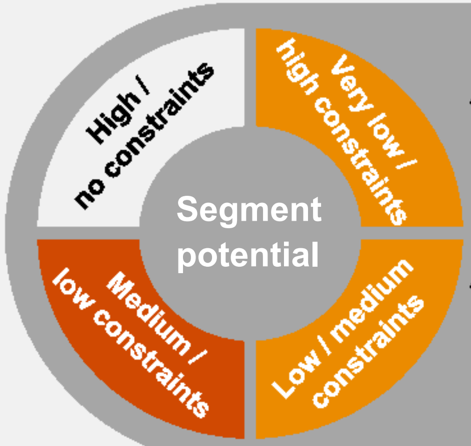
Key conclusions – Phase 1

- The system is fully reliant on private not-for-profit enterprises to construct and operate facilities.
- The Netherlands has significant LTC expenditure with 1,5k per inhabitant being 188% higher than the EU average.
- The main driver of demand is ageing population, as the Netherlands has recorded a significant growth in all age brackets above 65 years
- We see a relatively high gap of 67,9k places between persons with declared need and the actual LTC occupancy. This, coupled with mostly private players make this segment very interesting for IFI funding.

Key conclusions – Phase 2 (Retirement homes & Social enterprises)

- Stakeholders in this segment face staffing shortages, this represents the main constraint to expansion, rather than availability of financing for retirement homes.
- WFZ (a Dutch guarantee fund) guarantees have limits to funding amounts, this leads retirement homes to looking for other sources of funding.
- There is a growing trend of elderly people preferring to reside at home rather than in care homes.
- There is a shortage of financial institutions willing to engage in specialised social investments.
- Social enterprises are often perceived as high-risk and expected to generate low financial returns, making them unattractive to traditional funders.

PwC Assessment

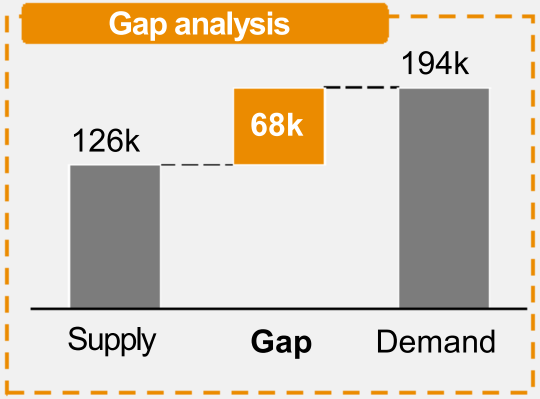


Private providers exclusively provide service in this segment, with the Government funding a part of the costs, with elderly having to cover small parts.

Existence of gaps means need for funding of the expansion of service, funding which the players usually seek on the commercial market.

Key Segment Data

126k beds in LTC facilities	**1.550** LTC spending per person	**100%** share of beds in public LTC
3,8M people aged 65+ in 2023	**523** national avg. contribution	**67,9k** immediate existing gap



The system is dominated by private players, funded from social insurance with low elderly personal contribution

Long-Term Care – General overview

Structure and Principles of the Dutch Healthcare System

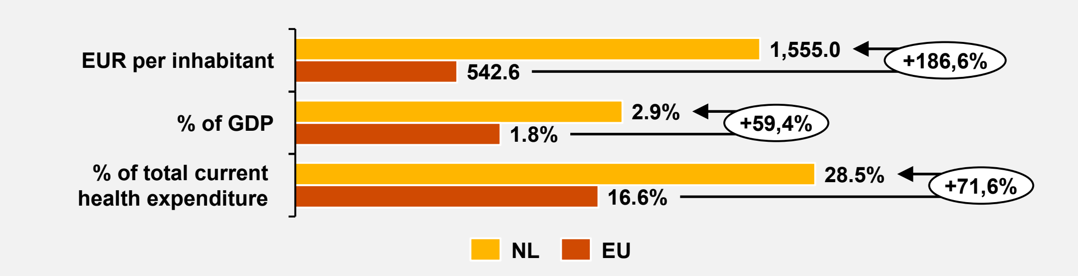
In the Netherlands the LTC system is organised on the principles of universal accessibility based on need. The responsibilities for LTC system are split between private players and the Government, with the former in charge of providing spaces and facilities, while the Government is in charge of providing funding for elderly to utilise the private facilities. According to WHO the system is fully reliant on private not-for-profit enterprises to construct and operate facilities.

The funding is split into two distinct schemes: **Wet langdurige zorg (WLZ)** or mandatory social insurance covering 24/7 institutional care and intensive home care for severe disabilities; and **Zorgverzekeringswet (Zvw)** insurance scheme covering home-based nursing and personal care. In order to qualify for WLZ the elderly has to go through assessment performed by the Centrum Indicatiestelling Zorg (CIZ) that places the elderly into one of the 10 categories of need based on their actual requirements. Based on these levels of need, the elderly is placed in the appropriate home, or provided for at their home. The Netherlands, as shown on the top chart right, is providing substantial spending for LTC, especially comparing to EU average, with 1,86 times larger contribution per inhabitant compared to EU. This represents 2,9% share of GDP or more than a quarter of entire healthcare expenditure.

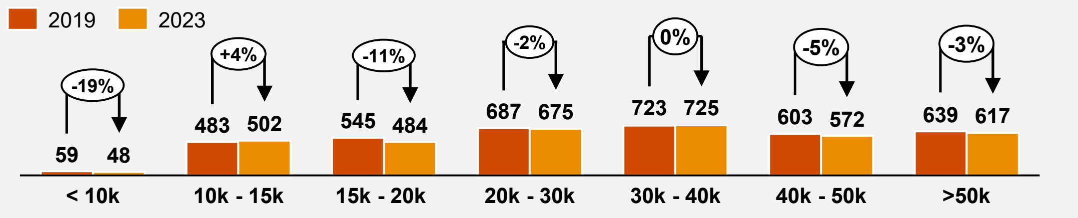
This expenditure is complemented with some personal contribution, which is shown in the second chart on the right. The contributions scale according to retirement income (pension), but at on average 523 EUR per month on national level. Furthermore, as we see across majority of categories of pension the contribution has reduced from 2019 to 2023. Additionally, this contribution corresponds about half of the pension on the lower income levels to less than a quarter on the higher pension levels, however, are across the board lower than the pension, meaning that the LTC homes in the Netherlands can be considered as affordable.

Finally, as mentioned, the care is provided solely by private enterprises, out of these the majority are small enterprises, however the data did not provide the split of beds per enterprise, meaning that there is a possibility that beds are concentrated in the hands of the larger enterprises. Furthermore, we see a significant presence of self employed individuals, which have also grown by a substantial amount (5,2% CAGR) from 2019 to 2022.

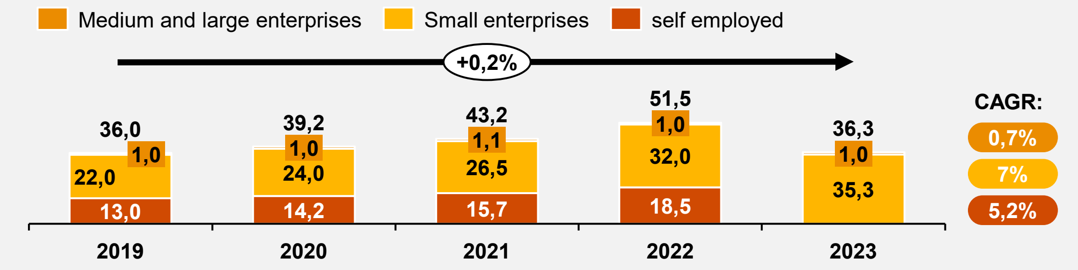
Long-term care (health) expenditure



Personal contribution dependent on retirement income, EUR



Number of companies according to size in LTC system, in ths.



Source: Eurostat, Ministry of Public Health, Welfare and Sport ,PwC analysis

Growing elderly population increase the demand for LTC care, with elderly requiring care later in life

Retirement Homes – Key Drivers (1/2)

Life expectancy and healthy life years ratios are above the EU average

In the Netherlands average life expectancy is slightly above the EU average, and has been nearly stagnant, increasing since the year 2018 by 0,1 years. EU average has been increasing at a faster pace, growing by 0,5 years in the same period.

On the other hand, the average healthy life years at 65 is significantly higher in the Netherlands than in the EU, with it being 3,4 years larger. This is a main determinant of the elderly health, meaning that in the Netherlands the elderly population can remain longer in the own homes without support than in the rest of the EU. This reduces the overall demand for the institutional LTC care.

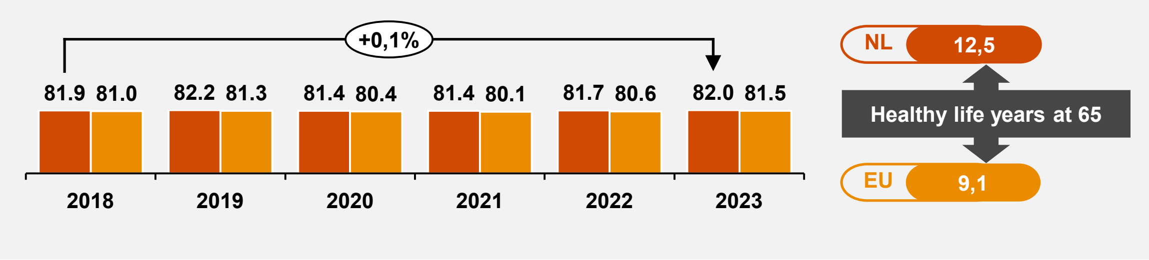
On the other hand, we see that the population of Netherlands is ageing, with increases in every age bracket from year 2015 to year 2024. Highest increase of nearly 50% occurred in the 75 to 79 year cohort, while the smallest increase of 3,3% occurred in 65 to 69 year cohort. These are the net changes of population, as each year population enter and exit each cohort.

Considering the average healthy life years in the Netherlands, exactly this category of 75 to 79 years is the time when, on average, the elderly start to require more structured care. The increases in each of the population cohorts mean that in the long term we can expect an increase in demand of LTC in the Netherlands.

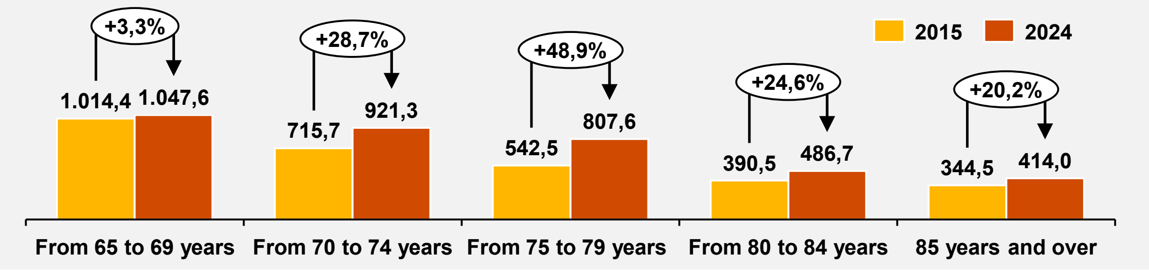
Taking a look at the old age dependency ratio, ratio of population above 65 years to the working age population, we see that the ratio is increasing from 29% to 31,4% in the years 2018 to 2023. However these numbers are still significantly below the EU average, which has been growing by the similar pace. The increases in this ratio are expected as the life expectancy increases, and is also another determinant of increasing population above 65 years, while the rest of the population shrinks.

It should be noted that old-age dependency ratio is a good metric of the social welfare system, if these figures keep on growing there is a potential where the system itself will not be able to support the people in need. This is the primary reason behind starting the discussion about switching elderly care to a more out-patient focused care.

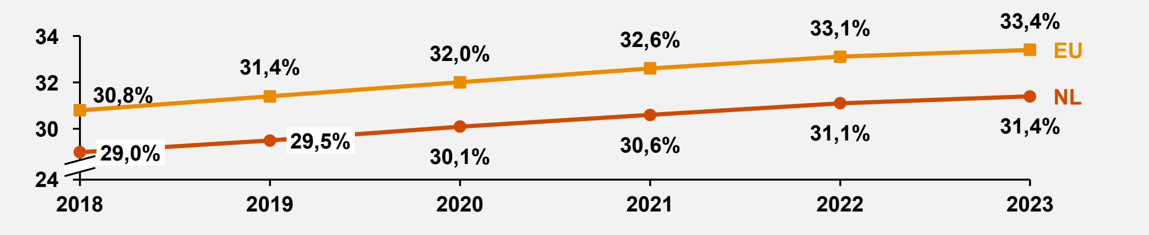
Average life expectancy at age 65 (2021)



Population aged 65+ per age bracket; in ths.



Old-age dependency ratio; in %



Sources: Eurostat, Ministry of Public Health, Welfare and Sport, CBS, PwC analysis

Factors mentioned on the previous slide mean that the Government is considering moving to out-patient care model

Retirement Homes – Key Drivers (2/2)

Life expectancy and healthy life years ratios are below the EU average

The mentioned increases in elderly population, along with the growing old age dependency ratio has influenced the Government to seek guidance from the Dutch Healthcare Authority (NZa), who performed a study in 2019 on reserving the institutional LTC care only for elderly that cannot be serviced at home. This model is a replica of the Danish model of LTC care, where care is provided mostly at elderly's home, aiming to lengthen the time they spend in their community.

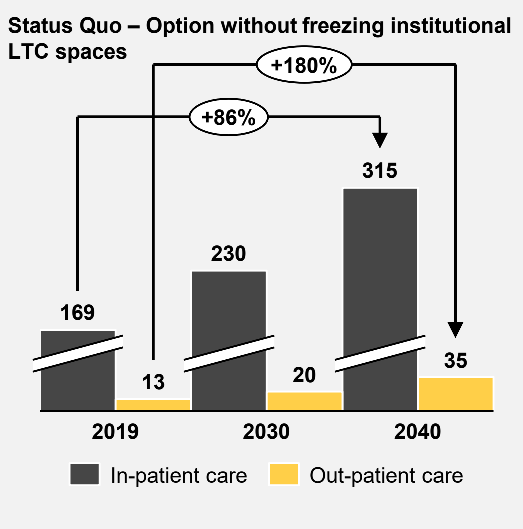
These models are promoted throughout Europe as they are more accepted by the elderly, as well as are easier to support with Government funds. Considering that the Netherlands' current model provides care for all, there are growing budget concerns that this is not viable in the long run, which makes the out-patient focused model more sustainable. This model would also, according to the NZa report, improve quality of life for the elderly, as well as leverage digital advancements to deliver effective care at home.

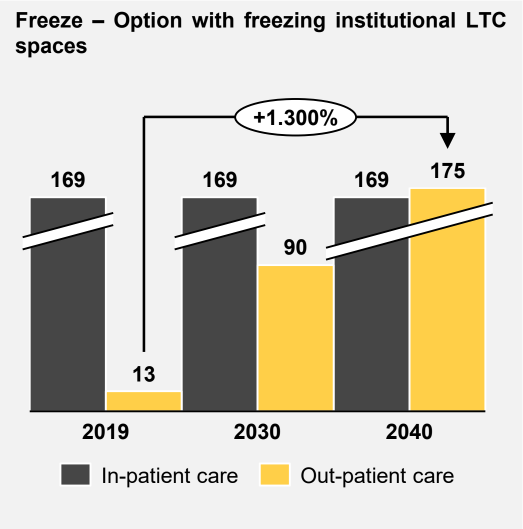
If this proposal is accepted by the Government, the NZa proposes freezing the institutional LTC spaces to the 2019th level of 169k places (this also includes institutions that provide out-patient care), and shifting the rest of the care to out-patient care. This would also mean that the internal structure of patients according to the level of care needed (not shown on slide) would be readjusted so that only higher level care (7 and above) be covered by institutional LTC.

Looking at the two scenarios presented in the top right, we see that in "status quo" option the institutional LTC is expected to grow by 86% by year 2040, while the out-patient care is expected to growth by 180%. On the other hand, in the "freeze" option we see that the in-patient care would be the same as the current level, with out-patient care growing by 1.300%.

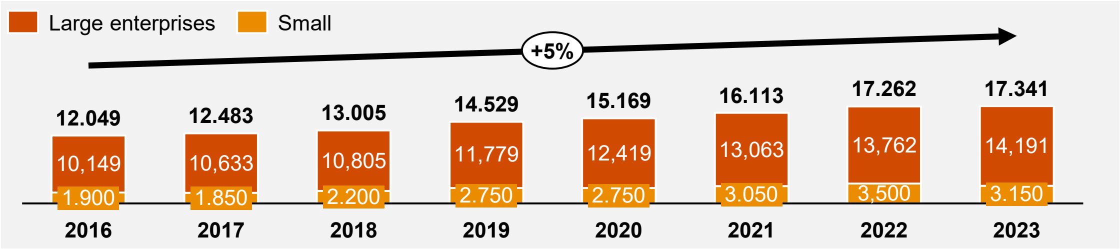
Important factor for the implementation of this initiative will be staff, which has grown by CAGR 5% from year 2016 to year 2023. This growth is mainly fuelled by large enterprises who have grown by 4k staff in the same period, recording 40% growth. Despite this impressive growth the change to out-patient care would require a large staff increases, unless modern digital methods are utilised.

Scenarios for transferring care model to out-patient care preference





Growth of personnel in LTC care, in ths.



Sources: Eurostat, Ministry of Public Health, Welfare and Sport, CBS, PwC analysis

Growing elderly population indicates an increase in demand, supply of LTC places are stagnant

Retirement Homes – Demand & Supply

Demand

In the Netherlands, according to the data from the National Dutch Statistics (CBS), a total of 289k are people living in various care institutions. Among these, approximately 45%, or 128k individuals, are housed in homes for the elderly and nursing homes.

There are approximately 440k people with intellectual disabilities in the Netherlands. Around 113k have a serious intellectual, physical, or sensory impairment, requiring lifelong care and supervision, 24 hours a day. More than 111k people with intellectual disabilities receive help from the Long-Term Care Act. Hence, they are also increasing the LTC demand

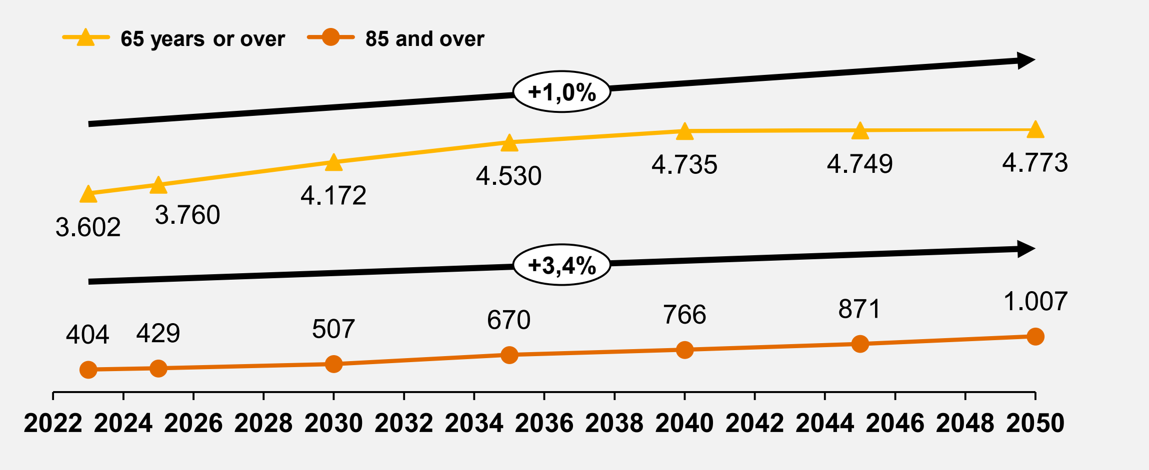
The total population of individuals aged 65 years or over currently stands at 3,6M. This demographic is projected to grow to 4,8M, indicating a compound annual growth rate (CAGR) of 1%. The projected growth in the elderly population, coupled with the significant number of individuals residing in care institutions and those with intellectual disabilities requiring extensive support, is expected to increase the demand for healthcare and long-term care facilities to meet the needs of these expanding demographics.

Supply

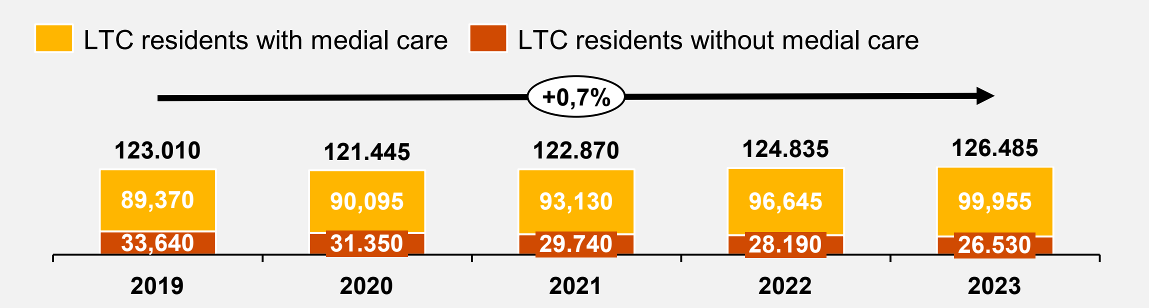
The supply of hospital beds has been growing by a significant pace of CAGR 0,7% since the year 2019. The majority of this number comes from full time stay with medical treatment, accounting for ~79% of the total supply or 99.955 places. This indicates that, even now the majority of the elderly who come to the LTC care are requiring more specialised care.

On the other hand, the percentage of elderly who stay in the LTC homes and are not requiring treatment has dropped from around 33,6k in 2019 to 26,5 in 2023. This indicates that the places in the LTC homes are being reallocated to the more in need individuals, further supporting the general shift to out-patient care in the Netherlands

Population projections for elderly, in ths.



Supply of beds in LTC homes (elderly), in ths.



Sources: Eurostat, The National Dutch Statistics (CBS), PwC analysis

Sources: Eurostat, Ministry of Public Health, Welfare and Sport, CBS, PwC analysis