

Schemes invest €13bn in DMFCO for Dutch mortgages

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Dutch Mortgage Funding Company (DMFCO) has hit €13bn in assets, making it one of the biggest managers of pension assets in the Dutch mortgage industry.

DMFCO, which was formed four years ago, offers pension funds and institutional investors a direct access to the Dutch mortgage market.

Growing mortgage debt and an increase in single-person households has contributed to high yields and low risk for pension funds, it said in a statement.

DMFCO, which collaborates with 16 pension funds in the Netherlands, has over the years originated over 50.000 mortgages through the MUNT Hypotheken label and is looking to originate around €3-4bn mortgages annually in Dutch mortgages.

The capital flow in the mortgage market, a market estimated to be worth around €100bn annually, has been transformed since DMFCO took up operations, it said. The combined value of its originated mortgages is €12bn, landing the manager in the top six mortgage lenders in the Netherlands.

“Direct residential mortgage funding has become a new asset class that has currently attracted over €52bn, with DMFCO as biggest and most stable player on the market,” the asset manager said.

“Due to its low risks and high yields, with a return of 150 to 250bps above Dutch government bonds, mortgages are an attractive asset class that matches the prolonged investment horizon of pension funds and insurance companies.”

Dutch mortgage debt is currently worth €670bn, a number estimated to grow to somewhere between €800bn and €875bn in 2025.