

FROM 2022 TO 2023: A CONTINUED APPETITE FOR MORTGAGES?

Interest and mortgage rates have increased significantly in 2022. How has this affected institutional demand for Dutch residential mortgage investments? Head of Investor Relations Jan-Jaap Meindersma sees a continued appetite for mortgages.

DMFCO has attracted four new institutional investors in the last year. In total, investors increased their commitment with €2.8 billion, says Meindersma.

Not all investors have added or increased mortgage exposure to their portfolios: while some have increased their exposure significantly, others are adjusting their allocations or pausing their investment due to - amongst others - rebalancing considerations. Nonetheless, the total AUM of DMFCO grew from €24bn to €27bn.



Jan-Jaap Meindersma

Head of Investor Relations & Business Development

WHAT IS 2023 GOING TO BRING?

While DMFCO does not anticipate the same level of growth for the coming twelve months, we expect that the appetite for Dutch residential mortgages remains healthy thanks to its attractive risk/return profile. In the past decade, Dutch residential mortgages have outperformed other high rated fixed income alternative investment. This makes Dutch mortgages a conservative, albeit interesting asset class.

ESG will continue to grow in importance to homeowners, mortgage investors and our company alike. By stimulating our borrowers to take energy saving measures, we continue to work towards making the Dutch housing stock carbon neutral.

While the persistent housing shortage has an effect on the affordability of houses, the increased mortgage rates cause house prices to decrease slightly over the next few months. However, we do not have major credit concerns as the average LTV of our portfolio lies around 55%.

As the housing market is cooling down, mortgage origination volumes are expected to be lower than in the last couple of years. Borrower preference has shifted towards shorter durations (10 as opposed to 20-year fixed) as the mortgage rates are higher than in the past decade.

