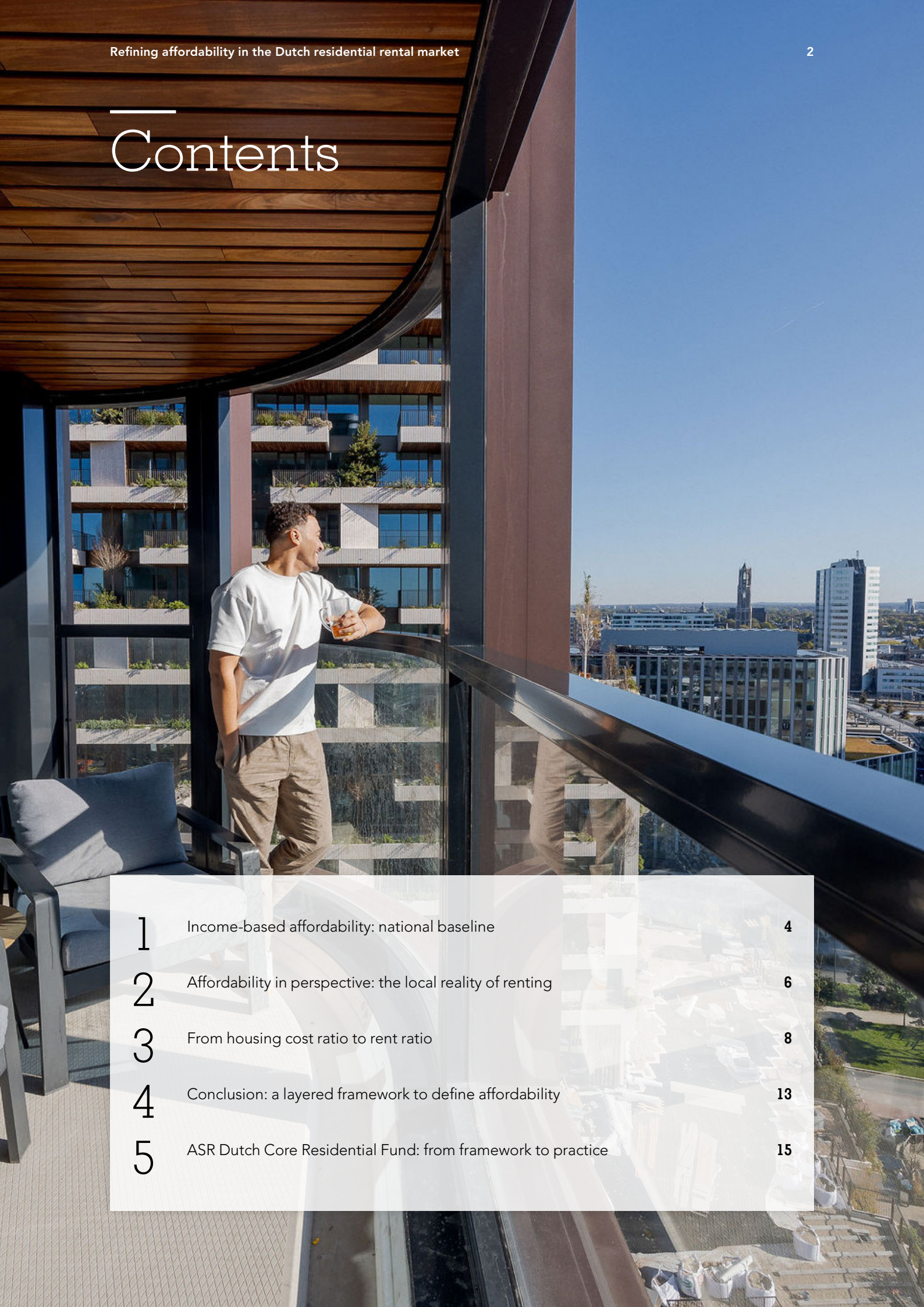
Refining affordability in the Dutch residential rental market

a.s.r. real estate

Contents



Introduction

Affordability remains at the heart of the Dutch housing debate, but a multitude of definitions and interpretations make it an elusive concept. It is undisputed that a shortage of roughly 400,000 homes – projected to reach about 420,000 by 2026 – has driven up both purchase and rental prices and restricted access to affordable housing for large segments of the population. Recent and proposed legislation (e.g., the Affordable Rent Act 2024 and the Housing Governance Strengthening Act 2025) underscores the urgency of the situation and aims to improve access to affordable housing. At the same time, it brings into focus the ambiguity of what 'affordable' truly means.

This paper presents a layered framework for understanding affordability in the Dutch residential rental market, focusing on middle to upper-middle income households in the private rental market segment.

Chapter 1 begins with revising the housing cost ratio (HCR), an established standard for assessing affordability.

Chapter 2 builds on the revised HCR by adding a local dimension, highlighting how local income structures shape what is sustainable in each market.

Chapter 3 translates the HCR into a rent ratio by deducting structural non-rent housing costs such as energy costs, local taxes and service charges.

The paper also features a closer look that explores how affordability outcomes differ by life stage and household type, showing how identical ratios create different pressures for singles, families and seniors.

Chapter 4 brings together the research conclusions into an integrated theoretical framework.

The final chapter of this paper, Chapter 5, covers the practical translation and operationalisation of the presented affordability framework by the ASR Dutch Core Residential Fund.

Affordable housing from a political perspective

A structural shortage of more than 400,000 homes, projected to reach roughly 420,000 by 2026, has driven affordability to the forefront. After a decade of market-led housing policy, a new regulatory wave is reshaping the residential market by imposing rent caps, mandating new-build targets and linking quality directly to permissible rent.

The Affordable Rent Act (effective as of 1 July 2024) restructures the regulation of the lower end of the private rental market segment. Previously, the housing valuation system (Woningwaarderingsstelsel; WWS) was used to regulate the social housing segment, consisting of homes scoring up to 142 WWS points and primarily managed by social housing corporations. Under the Affordable Rent Act, homes scoring up to 187 WWS points (approximately €1,180 base rent in 2025) are also regulated, creating a new mid-rental segment.

The newly created mid-rental segment as a definition of affordable housing
Prior to the Affordable Rent Act, institutional investors often used the terms 'affordable housing' and 'mid-rental' interchangeably. This suggests that the bandwidth of the mid-rental segment (142 - 187 WWS points) set by the government could serve as the standard definition of 'affordable housing.'

However, defining affordability based on the government's mid-rental segment framework has two important limitations:

- The governmental mid-rental segment encompasses homes between 142 and 186 WWS points. For 2025, this means rents between €900 and €1,185, which is a very narrow segment to focus on.
- Affordability in the rental market cannot be captured by a single threshold. It depends on a multitude of factors such as household income, life stage and the local cost environment.

1 Income-based affordability: national baseline

Affordability is typically assessed via the housing cost ratio (HCR): the share of disposable household income spent on total housing costs. In the Netherlands, Nibud[1] considers an HCR of 30 to 35% to be affordable. For a cross-country comparison, Eurostat and the Organisation for Economic Co-operation and Development (OECD) often apply a uniform 40% threshold.

Affordability in perspective: the housing cost ratio

While Nibud's and OECD's affordability thresholds offer useful benchmarks, they lack nuance. Recent WoON'24[2] figures illustrate their limitations by showing a clear gap in HCR based on housing tenure. Owner-occupiers have an average HCR of approximately 23%, tenants overall have an HCR of 34% and private-sector tenants specifically have an HCR of 42% (see Figure 1).

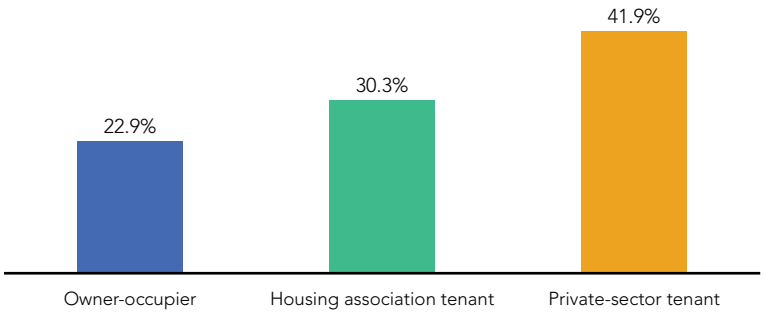
These figures show that the HCR is a helpful starting point by revealing structural differences based on tenure and signalling where pressure is most acute. However, the HCR does not explain why affordability problems emerge in one household but not another, or why a given ratio feels sustainable in one context but risky in another.

- It overlooks local differences by only using disposable household incomes at the national level, even though local differences are quite apparent.
- It considers the total housing costs, which may create the false impression that the corresponding amount can be fully charged as rent. However, housing costs can also include expenses such as energy costs, local taxes, and service costs.
- It overlooks differences in household composition and spending patterns (e.g., dual-income households with children vs. dual-income households without children).

The high HCR of private-sector tenants shows that, despite investors' aspirations to keep housing affordable, Dutch market realities make this difficult to achieve. High land prices and development costs continue to drive rents upward, as investors aim to seek sufficient returns. This paper aims to strike a workable balance between these realities and affordability aspirations by adopting a 35% HCR as the starting point. This choice is based on observed spending patterns in the private rental sector and represents a middle ground between the more cautious 30 to 35% benchmark of Nibud and the broader 40% threshold used by Eurostat and the OECD.

1. Starting point:
35% housing cost ratio

Figure 1 Average housing cost ratio by tenure



Source: woON'24, 2025

1 Nibud, Nationaal Instituut voor Budgetvoorlichting

2 WoonOnderzoek Nederland (WoON), the Netherlands Housing Survey conducted every three years to assess the housing situation, preferences and needs of Dutch households

Ability-to-pay in the target deciles

With a 35% HCR as starting point, the paper now narrows its analysis to identify the core market for the investable mid- and free-sector rental segment. To identify this market, this paper uses income deciles: ten equal groups of households ranked by disposable household income (after taxes and transfers), from D1 (lowest 10% incomes) to D10 (highest 10% incomes). The household is the unit of analysis since rent and housing costs are paid at the household level[3].

Within this framework, deciles D5 to D8 represent the middle 40% of households and the target group for the mid- and free-sector rental segment. Within this group, D5 households are at the lower-to-middle end of the disposable household income range and often face affordability constraints in high-cost markets. D6 and D7 households form the core target group for the investable mid-rent market. D8 households are at the upper-middle end of the disposable household income range. Many of these households can afford to buy, though a significant share continues to rent, either by choice or constraint.

Based on the starting point of a 35% HCR, the monthly maximum HCRs range from approximately €1,190 in D5 to €2,036 in D8 (Figure 2). This positions D5 to D7 as the core market for the investable mid-sector rental segment and D8 as the core market for the high-end rental segment, with some households approaching the threshold for ownership opportunities.

Conclusion: national baseline

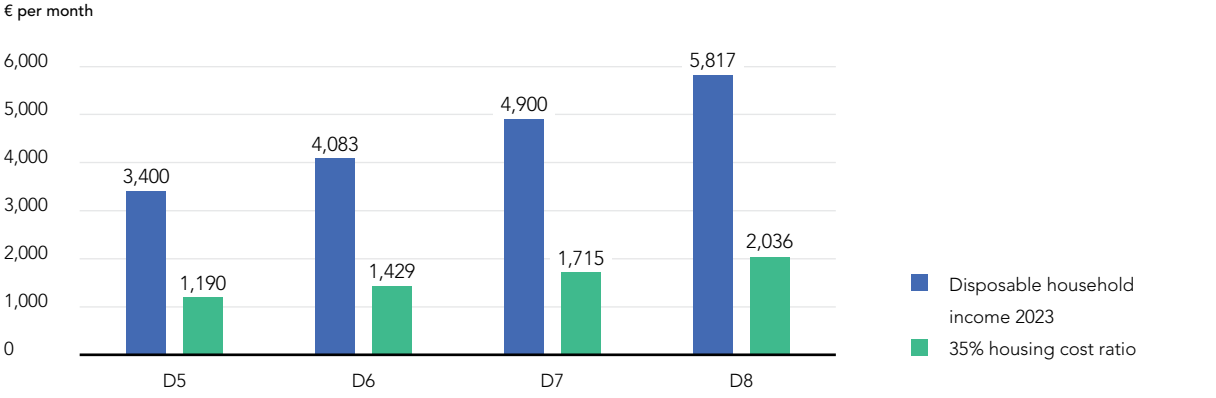
The HCR provides a simple and useful starting point for assessing affordability, highlighting the broad differences between owners, housing association tenants and private-sector tenants while showing where the pressure is most acute. At the same time, this simplicity comes with limitations such as overlooking local variation, household composition, residual income and the split between rent and other housing costs.

Due to these limitations, a 35% HCR is adopted as a starting point, but more refining is needed. A 35% HCR reflects the actual spending patterns in the private rental sector and strikes a balance between Nibud's cautious 30 to 35% guidance and Eurostat's broader 40% threshold.

From here, the analysis focuses on the households most structurally reliant on mid- and free-sector rentals: income deciles D5 to D8 (or in other words the lower-to-middle end of disposable household income range to the upper-middle end of disposable household income range). For this group, the 35% HCR translates into indicative monthly housing budgets of €1,190 to €2,036. This establishes the national baseline for the affordability framework developed in the following chapters.

2. Identifying target market mid- and free-sector rental segment:
Household income deciles D5 to D8 (lower-to-middle end to upper-middle end of disposable household income range)

Figure 2 Income deciles D5 - D8 and the corresponding 35% HCR per decile



Source: CBS, 2025; a.s.r. real estate, 2025

3 Student households are excluded to avoid bias

2 Affordability in perspective: the local reality of renting

This chapter shifts the focus from national to local analysis, taking into account local income levels to determine whether a seemingly feasible level is sustainable in a specific market.

Income distribution and local affordability

Affordability is shaped by both rent levels and local incomes. At the municipal level, the gap between average and median disposable income reveals how concentrated higher incomes are and how the average may overstate the paying capacity of most households. This income gap is not solely determined by city size. Large urban centers such as Amsterdam, Rotterdam, The Hague and Utrecht show wide gaps: average incomes approach or exceed the national average, while median incomes fall well below national levels (Amsterdam: average ≈ 107%, median ≈ 84%).

A relatively small high-income group inflates the average, while most households manage on tighter budgets in these large urban centers (see Figures 3 and 4). Several medium-sized cities, including Amersfoort, 's-Hertogenbosch and Haarlem, display the same pattern. By contrast, places like Zwolle, Apeldoorn and Dordrecht show much smaller gaps, and income distributions are more balanced.

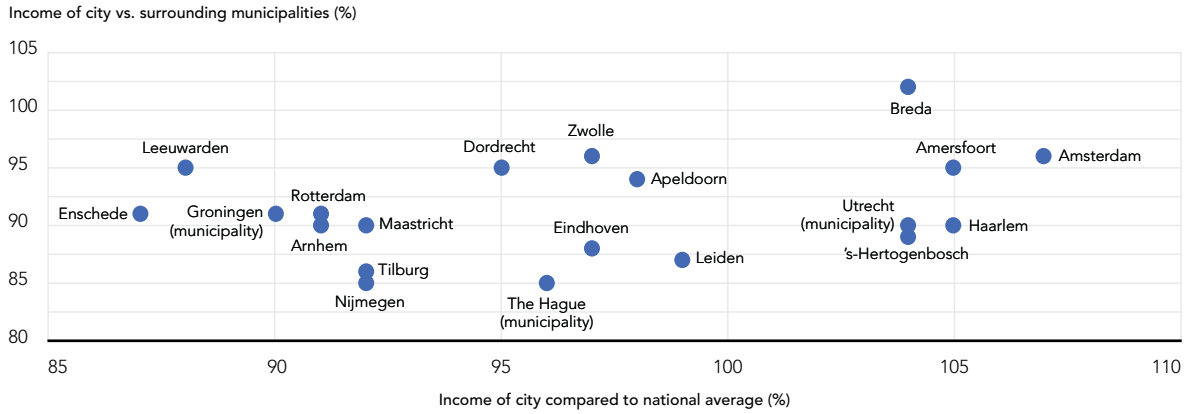
When average income exceeds the median, it indicates a skewed distribution where most households face tighter budgets, while a smaller high-income segment can support higher rents in parts of the market. As a result, median income offers the most reliable guide to affordability, as it reflects what typical households can pay.

Defining 'local' from a housing perspective

Affordability should be analysed in a local context, which requires a definition of what 'local' means in this setting. Defining 'local' solely based on municipal boundaries is often too narrow, as housing markets rarely align neatly with these municipal borders. People live, work, and move within broader functional areas, rather than within isolated municipalities.

Commuting patterns, shared labour markets, and interconnected housing supply mean that rent levels and income dynamics in one area directly shape affordability in neighbouring areas.

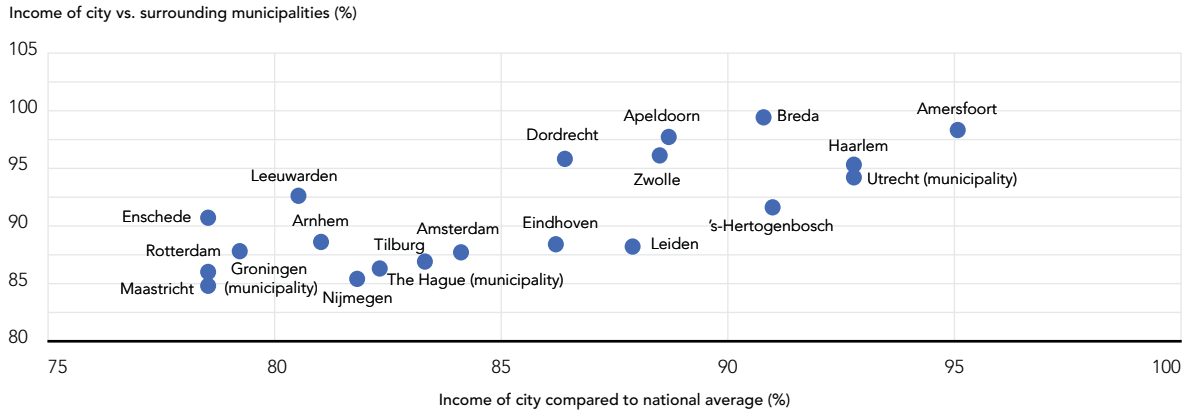
Figure 3 Average standardised income by city[4]



Source: CBS, 2025

4 Figures use standardised income to compare cities with different household structures. Affordability analys presented later in this paper is based on disposable household income, which reflects actual spending capacity.

Figure 4 Median standardised income by city



Source: CBS, 2025

This implies that the appropriate scale for analysing affordability is not the municipality, but the agglomeration. An agglomeration refers to a cluster of spatially and economically interconnected municipalities that together form a functional urban area. These areas are characterised by shared infrastructure, commuting flows, and housing markets that transcend administrative boundaries.

Anchoring the local context at the level of agglomerations therefore appears to be the most logical approach. It captures the interdependence between municipalities and ensures that housing and affordability policies reflect actual patterns of mobility and economic connection within local housing systems.

3. Adding a local lens:
Using the median disposable household income of the agglomeration

High-Pressure Urban Markets

In high-pressure urban markets, demand significantly exceeds supply, resulting in elevated market rents. Applying a standard HCR based on the median disposable household income may lead to rent ceilings that fall well below actual market levels. This approach overlooks the fact that tenants in these areas often demonstrate a willingness to pay rents that exceed affordability thresholds.

Conclusion: affordability must be understood locally

Realistic affordability assessment requires looking beyond national averages to account for local characteristics, especially income distribution. Using median rather than average incomes helps to avoid overestimating what households can actually afford, as it better reflects the typical income level within an area. To apply this measure meaningfully, the local context should be defined at the level of the agglomeration to capture the interdependence between municipalities and to reflect actual patterns of mobility and economic interaction within local housing systems.

3 From housing cost ratio to rent ratio

As previously stated, the HCR is based on total housing costs, which may give the false impression that the corresponding amount can be fully charged as rent. The HCR takes into account expenses such as energy costs, local taxes, and service costs. Therefore, these expenses must be deducted from the HCR to determine affordable rent. The relevant metric is the rent ratio, the portion of income available for base rent after deducting these structural non-rent expenses. This chapter translates the HCR into a rent ratio by isolating these costs and assessing their impact.

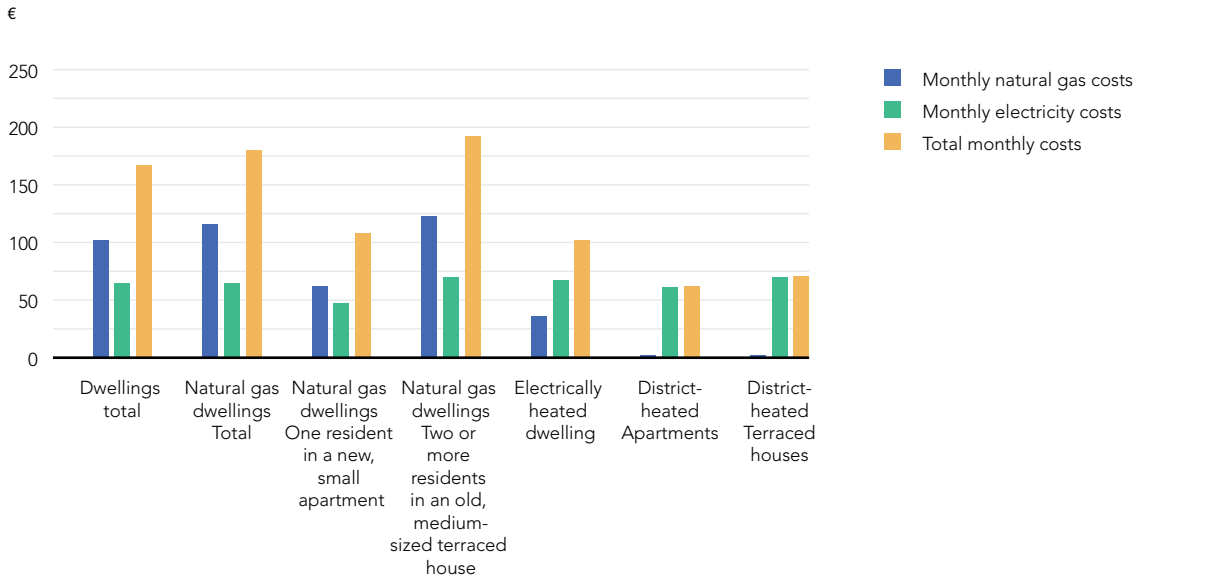
Energy as a structural cost

Energy is an unavoidable, recurring component of total housing costs that directly affects how much income remains available for rent. Figure 5 shows this impact across a set of dwellings and their housing profiles using 2023 energy rates. Even within this limited sample, monthly energy costs range from €61 to €191 per month, with an average of approximately €166 per month (CBS, 2025).

In regard to affordability, this means that for the same HCR, households in energy-efficient or gas-free homes structurally have more disposable income available to pay for rent. For example, at a 35% HCR, a household with a disposable income of €4,000 per month can spend up to €1,400 on housing. In an older dwelling with natural gas, energy costs are €180, leaving approximately €1,220 for rent. In a gas-free, district-heated home, energy costs are €60, leaving €1,340 for rent. This yields €120 more for rent under the same HCR.

Figure 5 demonstrates that energy performance and heating systems are not only sustainability issues, but also critical levers for affordability and rent-setting. This implies that energy-efficient, gas-free dwellings can justify higher rents while remaining affordable.

Figure 5 Monthly energy costs by dwelling type[5]



Source: CBS, 2025

5 Assumptions: 2023 rates; gas €1.35/m³, electricity €0.40/kWh.

Local taxes: location-dependent

Local housing-related charges, such as municipal levies (waste and sewage) and water board taxes (purification and water system), are a structural part of total housing costs and are typically paid by tenants. However, practices differ across municipalities.

In approximately one-third of municipalities, tenants do not pay the sewage levy, and in some cities, such as Amsterdam, these charges are only applied once usage exceeds a certain threshold.

In 2024, combined local charges ranged between €20 and €95 per month, depending on municipal policy, household size and WOZ values. Higher totals tend to appear in (sub)urban and coastal municipalities (e.g., Hillegom, Voorschoten, Wassenaar), often reflecting higher service levels and infrastructure costs. Peripheral areas (e.g., Aalten, Rijssen-Holten) are generally lower.

Local charges reduce disposable income for rent one-for-one. At a 35% HCR on a representative €3,667 per month income, a difference of about €45 per month in local charges reduces the amount available for rent by the same amount. This trims the effective rent ratio by about 1.2 percentage points. Therefore, even modest differences have a meaningful influence on affordability.

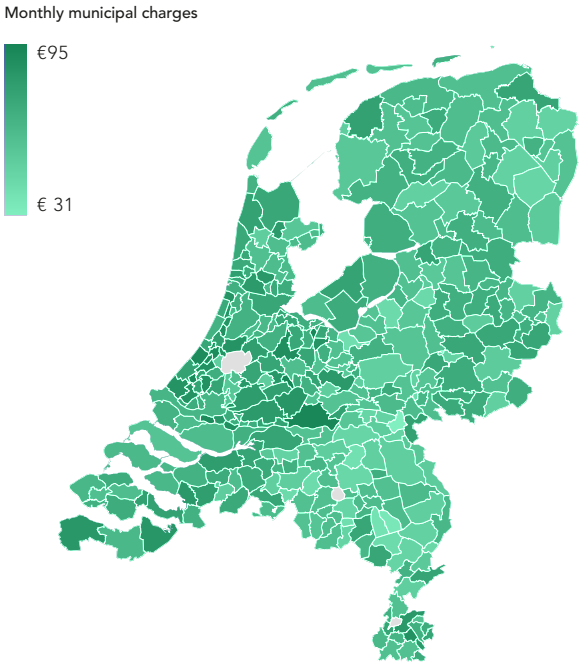
Service charges: hidden but impactful

In addition to energy and local taxes, service charges are another structural component of total housing costs. They cover shared facilities and operations, cleaning, elevator maintenance, landscaping, corridor lighting, and, in some buildings, extras such as security or a concierge. Service charges vary widely. In the social rental sector, they are typically €30 to €50 per month. In the private rental sector, especially new or amenity-rich developments, they often reach €100 to €150 per month, approximately 5 to 15% of the rent.

Service charges are pivotal for affordability for two reasons. First, they are mandatory: tenants cannot opt out, so every euro spent on service charges is one less euro for base rent. Second, they are often opaque and difficult to challenge, which complicates budgeting for households with narrow margins.

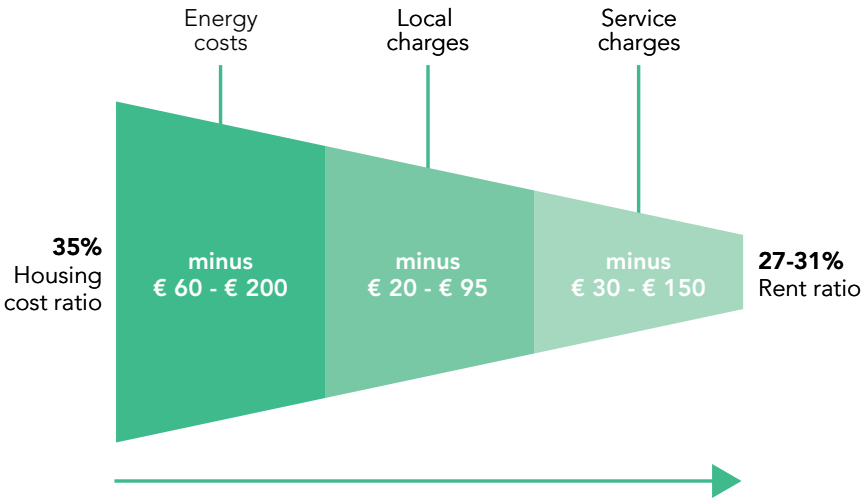
4. Translating the housing cost ratio into a rent ratio: Deducting structural non-rent expenses (energy costs, local taxes, and service charges) from the HCR

Figure 6 Local charges for multi-person households



Source: COELO, University of Groningen, 2024

Figure 7 From housing cost ratio to rent ratio



Source: a.s.r. real estate, 2025

Conclusion: adjusting housing cost ratio to rent ratio

Deducting structural non-rent expenses such as energy costs, local taxes, and service charges significantly lowers the effective rent ratio. The funnel in Figure 7 illustrates this narrowing process: what begins as 35% of disposable household income for total housing costs is progressively reduced by unavoidable expenses, leading to the rent ratio.

Across typical dwelling types and household profiles, these deductions amount to roughly 4 to 8 percentage points. Consequently, a HCR of 35% generally reduces to an effective rent ratio of about 27 to 31%. The reduction can be larger in case of higher local charges or high-amenity buildings.

Implications for pricing and product:

- Recognise structural costs: Energy costs, local taxes, and service charges permanently reduce rent capacity one-for-one.
- Prioritise efficiency: Energy-efficient and gas-free dwellings expand sustainable rent capacity without eroding affordability.
- Adjust to local taxes: Differences in taxes and levies should be explicitly factored into underwriting and pricing.
- Keep service charges lean: Transparent, moderate charges preserve capacity for rent.
- Use the rent ratio: Express affordability in terms of the rent ratio rather than the HCR.

Using rent ratios provides a more realistic affordability metric by linking rent determination to actual ability to pay. This method supports the sustainable affordability of products and ensures that pricing reflects the full cost of living in a dwelling rather than rent in isolation.

Closer look: The relevance of life stage and household composition

In addition to income levels, local differences and structural expenses, affordability is shaped by life stage and household compostion. A young single professional, a single-parent family and a retired single all have different income profiles and cost structures, resulting in different levels of financial pressure under identical ratios.

Transitioning Household Compositions

Household compositions in the Netherlands are changing. Young adults are leaving the parental home at a later age, the number of single-person households is increasing, and the population is ageing. In addition to the traditional "family household" - typically a couple with children - subgroups such as single-parent families and adult home sharers are becoming more prominent in the Dutch residential market.

From an affordability perspective, the income and cost structures associated with different household types are particularly relevant, as identical ratios can result in different levels of financial pressure.

Household composition: impacting affordability

Covering housing and fixed costs on a single income adds pressure, even at or slightly above average earnings. Many expenses, such as energy, municipal levies and service charges, are fixed, so smaller households face relatively higher costs per person.

Furthermore, single-income households with children face the same circumstances while also bearing the burden of childcare costs, making them the most financially vulnerable group in the rental market.

In comparison with single-income households, dual-income households with relatively low fixed costs can sustain a higher maximum affordable rent. As a result, this group is a stable target for mid- to upper-segment rentals.

For dual-income households with children, combined income is typically stable. However, childcare, education and healthcare costs reduce their disposable income, compared to dual-income households with no kids.

Among the 65+ group, incomes stabilise as pensions replace earnings. For senior-oriented housing, smaller and energy efficient units are critical to keep cost ratios within range and avoid affordability cliffs, as fixed incomes leave little buffer for unexpected non-rent costs.

Conclusion: consider life stage and household type

Affordability varies significantly by life stage and household composition. Young dual-income households can sustain higher costs, while dual-income households with children face rising expenses on similar incomes. Seniors typically experience lower costs but also lower incomes, so moderate rent ratios and predictable non-rent costs are essential. Finally, single-income households and especially single-income households with children carry the highest relative burden, as fixed expenses are spread over only one income.

Overall, the analysis shows that identical rent reatios do not translate equally across life stages and household types. Identical ratios create different levels of financial pressure depending on income dispersion, fixed costs and mobility patterns. It is challenging to integrate this observation into rental policies, since the life stage and household composition of a tenant can change during their rental period, and subsequently, the definition of affordability. It would require tracking the life stage and household composition of each tenant.

The life stage and household lens is therefore a diagnostic tool, not a directive. Pricing should remain anchored in local medians and the 35% HCR, corrected for structural non-rent expenses. Affordability is best preserved through product design choices, strong energy performance and streamlined service charges, rather than household-specific pricing.

4 Conclusion: a layered framework to define affordability

Understanding affordability in the private rental market requires examining the different layers that make it complex. Income ratios set prudent boundaries, local income structures determine whether a seemingly feasible level is truly sustainable in a specific market. While structural non-rent expenses determine what remains available for base rent.

For investors targeting affordable housing, combining these layers is key to creating a consistent method for pricing and product design for the targeted households (specifically disposable household income deciles D5 to D8, being the lower-to-middle end of disposable household income range to the upper-middle end of disposable household income range). This target group is central because they are the households that rely on and can sustain affordable rental housing.

No universal definition – but a usable framework

There is no universal definition of affordability. Instead, affordability varies depending on location, structural costs and household circumstances. In short, identical ratios can translate to different financial pressures. A practical approach to affordability is, therefore, project-specific and informed by local context.

This paper adopts a 35% HCR as the starting point, based on the median disposable income at the local level for households in the mid- and free-sector rentals (disposable income deciles D5 to D8, the lower-middle to upper-middle range of the disposable income distribution). Anchoring the local context at the level of agglomerations captures the interdependence between municipalities and reflects actual patterns of mobility and economic interaction within local housing systems.

However, 35% of income for total housing costs is not equivalent to 35% available for rent. Structural costs such as energy costs, local taxes and service charges typically account for 4 to 8 percentage points of the HCR. The effective share left for rent, the rent ratio, is therefore closer to 27 to 31% of the disposable household income. Shifting from HCR to rent ratio is crucial because a dwelling's energy efficiency and operating costs are not secondary details but direct determinants of how much households can sustainably pay in rent.

1. Starting point:
35% housing cost ratio

2. Identifying target market mid- and free-sector rental segment:
Household income deciles D5 to D8 (lower-to-middle end to upper-middle end of disposable household income range)

3. Adding a local lens:
Using the median disposable household income of the agglomeration

4. Translating the housing cost ratio into a rent ratio:
Deducting structural non-rent expenses (energy costs, local taxes, and service charges) from the HCR

This approach helps determine an affordable base rent that fits both the target household groups and the local context. It goes beyond the scope of this paper to calculate affordability thresholds for every location and dwelling type. Nevertheless, based on the previous analysis a formula to calculate an affordable base rent, taking into account the different relevant dimensions, can be formulated:

Affordable base rent = (35%* local median disposable household income[6]) – structural non-rental housing expenses[7].

6 Median disposable household income of the agglomeration in deciles D5 to D8, the lower-to-middle end of disposable household income range to the upper-middle end of disposable household income range

7 Structural non-rental housing expenses (energy costs, local taxes and service costs)

5 ASR Dutch Core Residential Fund: from framework to practice

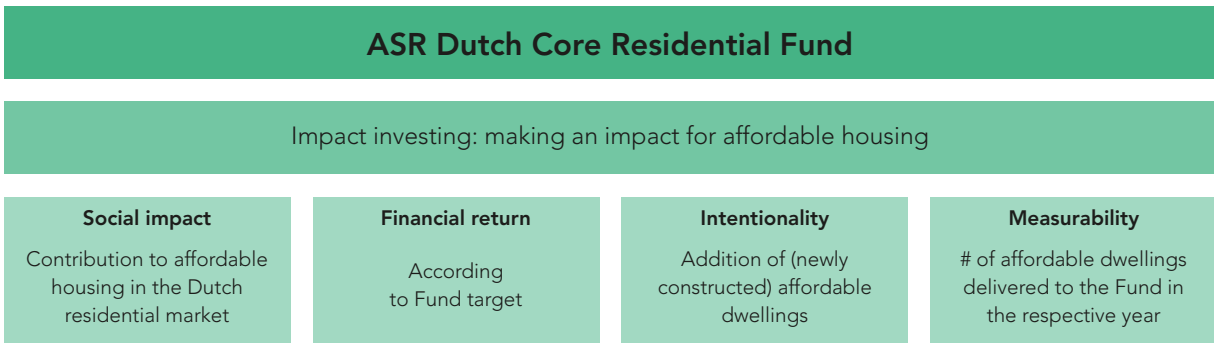
With the introduction of the Affordable Rent Act and the maturation of affordable housing as an impact investing category, the debate surrounding the definition of affordable housing has intensified. The discussions have mainly been a call for greater nuance regarding aspects such as sustainability, location and broader housing-related costs. The ASR Dutch Core Residential Fund ("the Fund") requested its independent research department to explore the concept of affordability in depth. The findings of this exploration led to the development of the layered affordability framework presented in this paper. In this final chapter, the Fund translates and operationalises the framework to integrate the findings in its strategy.

Impact investing: affordability at asset level

The Fund acknowledges the urgency of affordable housing and its ability to help address it. In 2019, the Fund therefore developed an impact investment strategy focused on affordable housing. Through its impact investment strategy, the Fund aims to deliver societal impact by adding affordable dwellings to the Dutch residential market. The impact is measured by the number of (newly constructed) affordable dwellings delivered to the Fund in a given year.

This key performance indicator is based on the number of dwellings rather than monetary value because this more accurately represents the number of households positively affected by the impact strategy. The Fund's impact investment strategy is summarised in figure 8.

Figure 8 Impact strategy ASR Dutch Core Residential Fund[8]



Source: a.s.r. real estate, 2025

8 a.s.r. real estate aligns with the impact investing definition established by the Global Impact Investing Network (GIIN, 2025).

Defining affordability is a crucial part of this impact investing strategy. For a sustainable and future-proof strategy, the definition of affordability should align with socially responsible housing cost standards (as set by Nibud), while also considering the differences in local characteristics and accounting for structural non-rental housing expenses (energy costs, local taxes, and services costs). Therefore, the Fund adopts the suggested HCR of 35%, adjusted for local disposable household income and corrected for the structural non-rental housing expenses, resulting in the rent ratio. Following the research conclusions, the Fund anchors the local context at the level of the agglomeration.[9]

To calculate the maximum rent deemed affordable for assets falling within the impact strategy, the Fund applies the formula presented in chapter 4:

(35% * local median disposable household income)[10]
– structural non-rental housing expenses[11]

This approach results in a tailored upper limit of the affordable base rent per newly added asset and reflects the key finding that there is no universal definition of affordability, since affordability varies depending on location and structural costs. Our approach to affordability is, therefore, project-specific and informed by local context.

From 1 January 2026 onward, the Fund will apply this new and refined approach of affordability as part of its impact investment strategy.

9 To secure objectivity and continuity the Fund uses predefined agglomerations.

10 Median disposable household income of the respective agglomeration in deciles D5 to D8, the lower-to-middle end of disposable household income range to the upper-middle end of disposable household income range

11 Structural non-rental housing expenses (energy costs, local taxes and services costs)

Beyond impact investing: insight into rental levels and affordability of a portfolio

Intentionality is a key principle of impact investing: only investments made with the deliberate aim of generating social or environmental impact can be classified as impact investments. In other words, the intention should be clear at the investment stage and cannot be claimed retroactively. Therefore, assets in the portfolio constructed prior to 2019 (when the Fund's impact strategy was introduced) cannot be considered as impact investments. Although existing assets are not classified as impact investments, the Fund remains committed to offering them at socially responsible rental levels. This is achieved through a moderate rent policy and a location-specific assessment of what constitutes a responsible rent. The aim is to maintain an optimally lettable and profitable portfolio, while also taking the Fund's social responsibility into account.

To provide insight into the rent levels within the portfolio, the Fund reports the share of the portfolio that falls within the social rental segment (below € 900), the governmental mid-rental segment (€ 900 - € 1,185), its own affordability reference point, and the share that exceeds these three categories.

As previously stated - and in line with research findings – an asset-level approach is proposed for assessing affordability in the context of impact investing. While this method would also offer the most accurate insight into affordability at portfolio level, it presents practical limitations. To provide a meaningful indication of affordability at portfolio level, a pragmatic solution is applied – one that accounts for local differences and portfolio specific structural non-rental housing expenses.

Again, starting point is the formula as presented in chapter 4:

> Affordable base rent = (35%* local median disposable household income) – structural non-rental housing expenses costs

For the local median disposable household income at portfolio level the Fund uses the average median income of the agglomerations representing the Fund's geographical strategy.

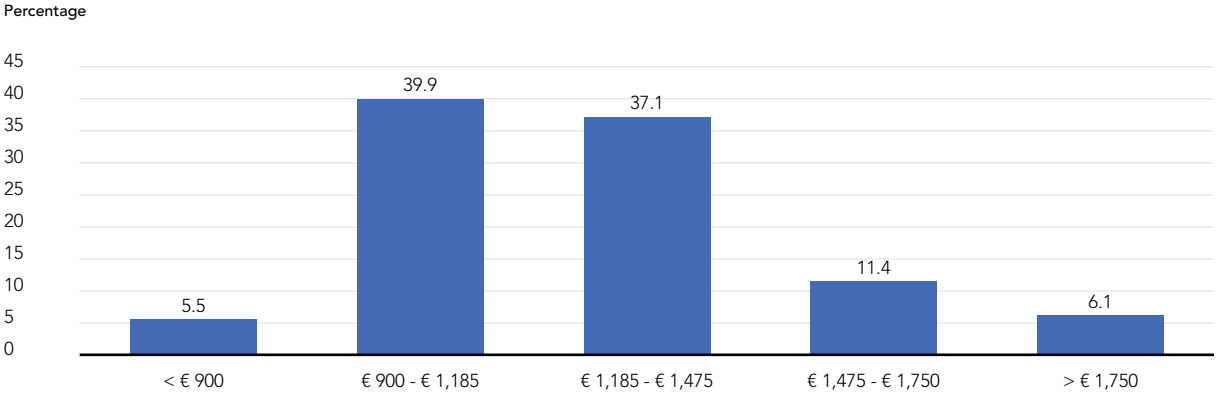
Structural non-rental housing expenses costs are also tailored to the portfolio:

- The average monthly energy costs of all assets in portfolio is used;
- Local taxes are based on the average municipal and waterboard charges of the agglomerations representing the Fund's geographical strategy;
- As service costs the average monthly service cost of the portfolio is taken into account.

This results in an affordable base rent of, approximately €1,475, per month at portfolio level. The Fund uses this threshold as a reference for affordability in the rental price composition of its portfolio.

The observations regarding life stage and household type are not integrated in the Fund's operationalisation of affordability since both factors can change during the rental period. It would require following the life stage and household type of each individual, which would cause a practically unworkable situation.

Figure 9 Rental price composition ASR Dutch Core Residential Fund as at 30 September 2025



Source: a.s.r. real estate, 2025

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