



# Go with the flow!

## Substantial spatial-economic differences in the Netherlands

**Prof. mr. Friso de Zeeuw**

For a small country such as the Netherlands, the spatial-economic differences are remarkably substantial. There also appears to be a clear relationship between demographic development, employment and house prices.

In order to see how substantial the spatial-economic differences in the Netherlands are, you have to stack three charts on top of each other. The first chart shows the regional growth in the economy and employment over the past few years. The second chart shows the demographic development by region and the expectations in this regard: where can growth, stabilisation and contraction be found? Chart number three represents the value of property, for example the house prices. The same unmistakable pattern always emerges. Economic growth, population growth and high prices can be seen in an extensive area running from the North Wing of the Randstad conurbation to Leiden, via the province of Utrecht, the Veluwe area, along to Kampen, Zwolle and Meppel, as far as Midden-Brabant, Breda, Den Bosch and Eindhoven.

### Three contrasting areas

There are three areas that contrast with this core economic area. There, economic growth is much less or even negative,

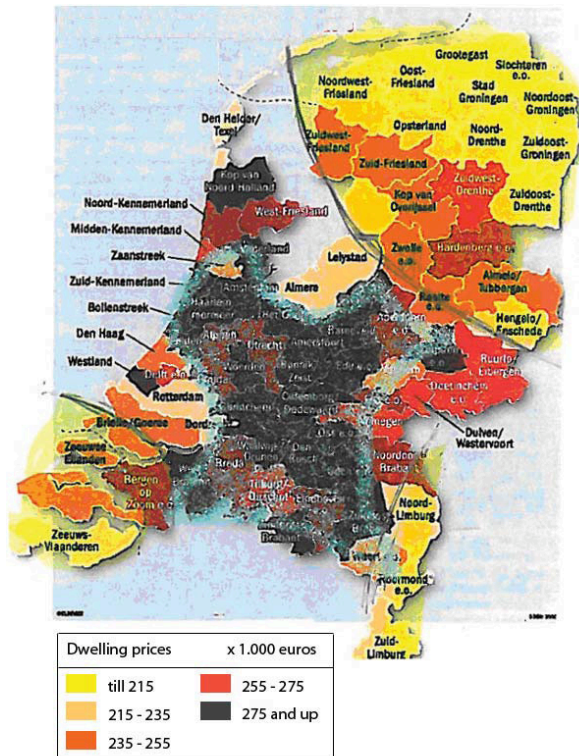
population decline is a fact or imminent property prices are at a much lower level. These areas include the three Northern provinces, most of Overijssel and part of Gelderland (including Achterhoek), then Limburg and north-eastern Brabant, and finally Zeeland, the South Holland Islands and the Drechtsteden (Drecht cities). The areas not mentioned – for example The Hague region, the Twentse Stedenband (Twente urban areas) and Arnhem/Nijmegen – take up a middle position.

Of course, there are exceptions to this master pattern covering three different areas, if you look more closely and at a lower level of scale. The most important is the Groningen-Assen area – it stands out in the North for positive reasons, i.e. growth in the economy and population and relative high prices. And in Limburg, Maastricht fares reasonably well.

It is also striking that regions of growth and contraction need not be situated far from each other or in a cross-border relationship. Compare, for instance, declining Zeelandic Flanders to flourishing Antwerp, or North Brabant to Limburg.

**Images**

- 1 'Map of the Netherlands'; Bureau Louter/Elsevier. Edited by Bouwfonds Ontwikkeling. Prices existing dwellings, second quarter 2008
- 2 Infographics, Willem Buijs, source Bouwfonds, Bureau Louter NVM. Brabant is a part of the Randstad, thus Friso de Zeeuw. He underpins his statement with the following indicators.



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**Steady pattern**

The trend of spatial-economic development as described above seems to be pretty steady. It shows a strong correlation between population growth, employment growth and property prices. The current credit crisis does, of course, have an influence on the growth rate. Amsterdam is being hit hard due to the presence

of a large financial cluster, as is North Brabant, which is strongly economically dependent on the logistics sector and the 'manufacturing industry', such as the computer chip production. A city like The Hague, however, will experience significantly less negative consequences because of the presence of many government institutions.

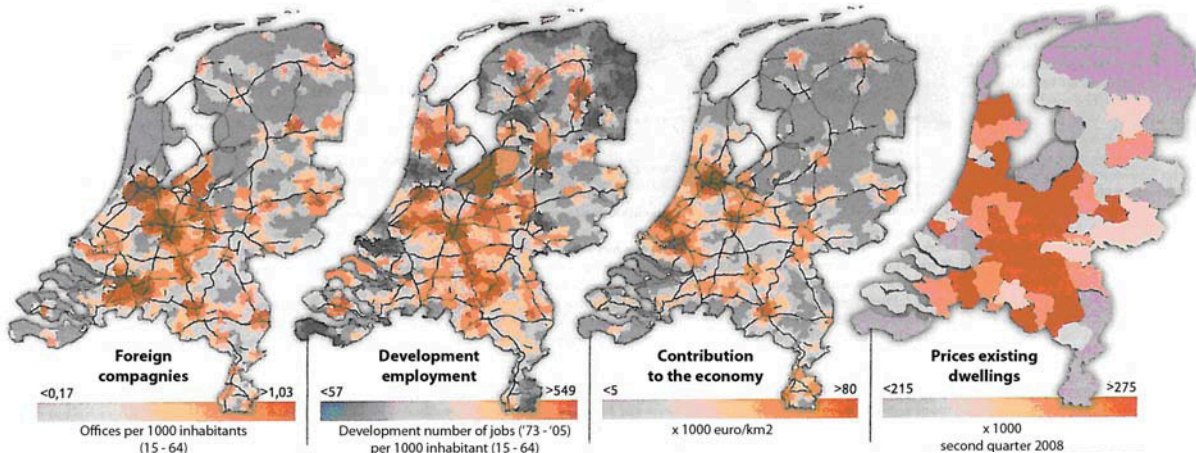
Personally, I suspect that the Dutch economy will recover in the course of 2011 and that spatial-economic development will return to the pattern prior to the credit crisis.

**Grieving process**

During a discussion on the TV programme 'Buitenhof' in which I participated in late December, it struck me that my fellow debaters from regions of contraction no longer launch into the mantra that the Randstad conurbation is bursting at the seams and that it is simply a matter of time before companies and residents realise this and escape from the tailbacks, crowds and high property prices. If the government would only improve the infrastructure, the people of the Randstad would definitely come. Rather, people are realising – after the habituation and grieving process – that attention needs to be focused on lower population figures, the closure and concentration of facilities and difficult restructuring projects. Municipalities still have the tendency to compete with each other on some issues; this can be seen in cases of over-planning, which is a sign of boundless optimism. As one of her most recent administrative actions, the late deputy of Friesland Anita Andriessen put an end to that and regional governance was called for.

**Example of regions of contraction: the Achterhoek region**

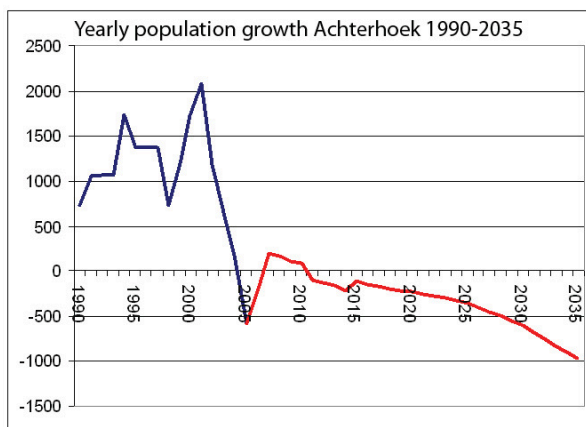
One of the regions of contraction I mentioned earlier is the Achterhoek region in the province of Gelderland. If we take a



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look at the annual population growth in the Achterhoek region between 1990 and 2035 (see graph), it seems like we can expect problems here. However, besides this decline, there is a decline in families; fewer people are living in one house. This means that the decline in the population figures is compensated by the average household occupancy. When the population size remains constant, it is necessary to expand the housing stock due to the decline in families. Until 2020, there will be a population of 300,000. When the household size decreases from 2.5 in 2005 to 2.3 in 2020, over 10,000 houses are needed for this reason alone. Therefore, there is room for investment here. It has to stop at some point, of course; a population size of well under 2 is not likely to be in an area such as the Achterhoek region.

The population composition will also change. The population of the Achterhoek region is, together with the Stedendriehoek (city triangle) region, ageing the most in Gelderland. In the Achterhoek region, the percentage of people over 65 was 15 percent in 2005 and will rise to 28 percent in 2035 (compared to 23 percent in the Netherlands and 24 percent in the province of Gelderland). The good news is that the decline in the number of young people has practically stopped. In 2005, 30 percent were under 25 years of age, which will fall to 27 percent in 2035.



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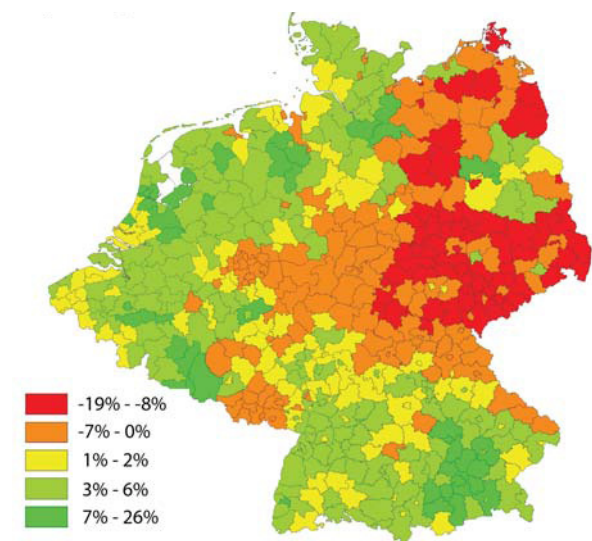
### Economic profile of the Achterhoek

The Achterhoek region would do well to strengthen its own economic profile by highlighting its unique characteristics. With its beautiful nature, small attractive towns and villages and picturesque hamlets pre-eminently suitable for recreation and tourism – sectors that are also fairly labour-intensive. Within these sectors, the Achterhoek region should focus on certain target groups. Bredevoort Boekenstad (Bredevoort book town), for example, proved to be a successful formula, focusing on the older, recreational public. Another significant factor is the

excellent network of bicycle paths.

I have chosen the Achterhoek as an example, but of course it is not the only region of contraction that has to dedicate itself to strengthening its economic profile. Zeelandic Flanders and East Groningen, for example, have to start doing so too. Recreation and tourism play a key role in this regard. On the other hand, people often overestimate the potential of the “zimmer frame economy”, (“rollator-economie”) which is based on the assumption that senior citizens permanently leave the Randstad conurbation for a quiet living environment in a fine location, where they can indulge in specially adapted sport, service and wellness facilities. That market is extremely narrow. Living in an area of contraction has its advantages; life is less hectic there, the cost of living is lower, the service is better and nature is often within reach.

As regards population decline, we can actually learn a lot from Germany, which has already been tackling this problem since 1992, especially in former East Germany. The problem is much greater there than in the Netherlands. Large scale housing improvement (“Rückbau”) is an accepted strategy there to overcome the consequences of contraction. This includes the redevelopment of land becoming vacant, as well as the adjustment of the level of facilities. The Federal Government of Germany financially supports these operations via the programme “Stadtumbau Ost” (urban restructuring in East Germany).



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### North Brabant

As I argued earlier in this essay, the trend of spatial-economic development in the Netherlands is fairly steady. Spatial-economic patterns are becoming more dominant and going

## Images

3 'Yearly population growth Achterhoek 1990-2035', Source: Provincie Gelderland.

4 'Population 1999-2009 (in %), Source: Experian.

5 'Source: Atelier Tordoir'. On the left: the axis of knowledge. On the right: the logistic axis.

beyond borders. But the areas closer to Germany are not continuous built-up areas; the Dutch-German borders are generally areas of contraction or stabilisation.

Economic relations with Belgian Flanders are becoming stronger, which changes the position of, e.g., North Brabant. If we include Flanders in the spatial-economic analysis, we can see, with a little imagination, that North Brabant has become part of the Randstad conurbation. The A2 motorway axis runs from Amsterdam to Utrecht, Den Bosch and Eindhoven. This axis, which runs as far as Belgium, is known in the Netherlands as the axis of knowledge.



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Many IT companies and knowledge institutions have set up there. The knowledge axis is gaining significance. Further towards the west, we can see a logistics axis – also from Amsterdam, via Rotterdam, through West Brabant and as far as Antwerp. This includes many companies in the fields of logistics and distribution.

Both axes have their own role to play. It is wrong to think that one axis is the axis of tomorrow and the other – logistics – axis is the axis of yesterday. Knowledge economy without logistics is a romantic delusion.

In Brabant, there is a self-strengthening process: due to the economic growth, employment increases and then foreign companies set up there and house prices rise. In other words: you can see a relationship here between property prices and economic significance. Ultimately, everything is connected: the setting up of companies, the population increase and higher house prices. A question of supply and demand.

## The people of Brabant are networkers

Getting back to my analysis of North Brabant. The fact that this province has achieved such a strong position is partly thanks to the strategic location and the good connections with both Dutch and foreign destinations: key reasons for companies to

set up there. They look at the location from the point of view of buyers and set-up costs. Companies have the tendency to cluster. Take, for instance, the West Brabant region, which creates a profile for itself with a number of spearheads, such as logistics, the process industry, tourism and Maintenance Valley (technical support). West Brabant is situated at the intersection of the north-south axis

and the Brabant axis, which is the west-east axis. The trick is to play for both sides, i.e. to focus on Rotterdam and Antwerp as well as the west-east axis.

North Brabant's strong position is also due to the fact that the people of Brabant are networkers par excellence. And it looks like North Brabant can benefit even more from this quality. The major rivers have long formed a barrier between the north and south of the Netherlands, as have the cultural differences. The people of the Randstad are fairly direct, bordering on rude. In the south, it is harder to know what someone is really thinking. But the barriers are breaking down, with the result that the North Wing of the Randstad may well be given more connections with Den Bosch, Tilburg and Eindhoven than with the South Wing.

## Maintaining Brabant's strategic position

It will be very important to North Brabant to develop and strengthen its strategic position. It is of crucial importance that the province attract people with a sound education. However, the presence of a HBO (school for higher vocational education) or university is in itself not enough to stimulate economic activity. That is evident, for example, in the Twente region, which does boast a university in Enschede, yet once its students have graduated, they leave in masses – often for the Randstad conurbation.

If North Brabant manages to educate the young people, as well as hold on to them, there will be a lot of entrepreneurship as a result. The cities of Brabant are already achieving great success. They are building houses in order to encourage people with a sound education to come to the city. Take Den Bosch, with its novel city centre concepts, and projects such as Haverleij district and the Paleiskwartier (Palace Quarter). Or Tilburg, which is also doing a good job.

## Municipalities must work together

It is also of paramount importance to North Brabant that municipalities work together. Because when someone comes up with a profitable concept, as in the case of the Megamall in Tilburg, municipalities still fight with each other like cats and dogs. North Brabant is, of course, not unique in this respect. In the province of Utrecht and in the South Wing, municipalities have to this day been working together just as unsuccessfully. Inspirational examples, however, include the Eindhoven region, the Metropolitan area of Amsterdam, the Drecht cities and the northern area of North Holland.

There are generally various stages of cooperation. The 'reception version' is always an informal meeting, with a few drinks never too far out of reach. In the next stage, people make firm agreements 'as far as the pain threshold'. The following 'cooperation' stage – although they are not that far yet – involves creating a joint reserve fund for projects. It is important that people learn to look beyond individual cities' interests. That is why we need people who take the driver's seat, without coming across as arrogant. Secondly: are you able to pinpoint common projects? A common enemy might also help. Before, Holland was the enemy, but you can't simply use that line anymore. You have to create your own strengths and link them to the appeal of the Brabant landscape.

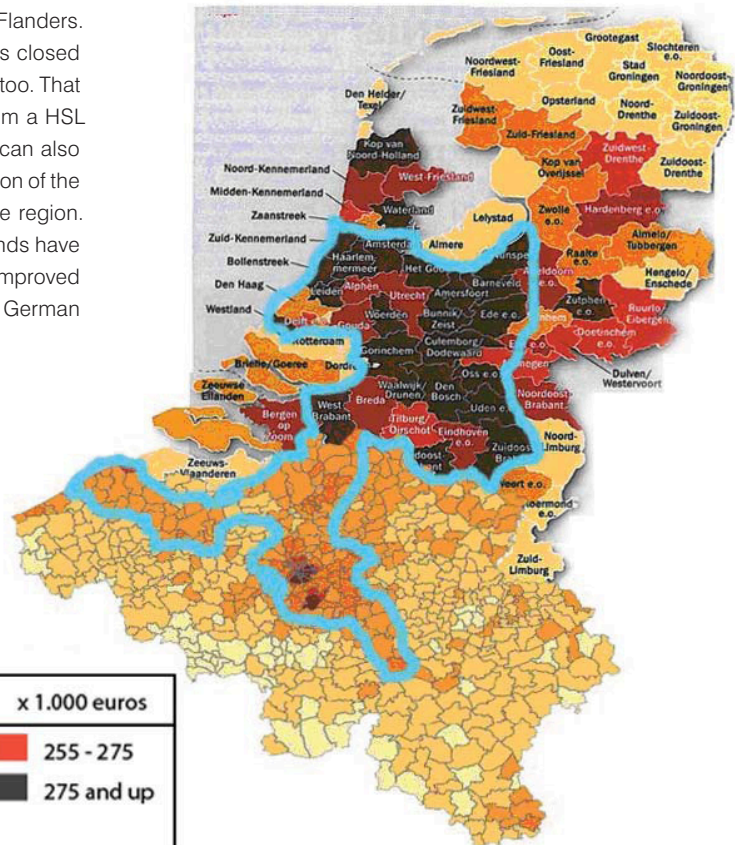
### North Brabant's pitfalls

North Brabant also has its pitfalls. Laziness and arrogance are always just around the corner.

Another pitfall is the loss of attractive parts of the Brabant landscape. Since the pace of life and work is becoming so fast, the province is more or less choking up. Lastly, there is the danger that the infrastructure will be lagging behind at the expense of economic activity. One tends to think it is easier for regions to link up with the core area – all they need is good connections. That's not necessary. Take the Westerschelde tunnel, with the intention of regenerating Zeelandic Flanders. But instead, companies and healthcare establishments closed branches there because they were accessible in Goes, too. That was the opposite effect! The region should benefit from a HSL (high-speed railway) station in Breda. But that station can also have a magnetic effect, i.e. it only strengthens the position of the location surrounding the station, at the expense of the region. You could look at how other cities outside the Netherlands have fared, but that's not much help. Lille, for instance, has improved greatly thanks to TGV. On the other hand, there are a few German cities where things haven't changed much.

### Randstad vision for 2040 without North Brabant?

When I examine the strengthened spatial-economic position of North Brabant, it is striking that the government is launching a Randstad Vision for 2040, yet it is not considering this province. The government is going ahead blindly, without rejuvenating its vision. The Randstad's significance as a unique area has in fact become a rather random approach. You might as well just examine the economic core area and draw up a policy for that. You could also look at how that core area compares internationally – that is still virgin territory. Then you shift your focus away from those strange Dutch borders. Spatial-economic patterns are becoming more dominant and going beyond the borders! The government has yet to realise this. Awareness of the actual movements of the trends – that is indeed getting through. Policy is still lagging behind somewhat, but that is not a drama. For the time being, the Randstad Vision for 2040 – the name says it all – is thankfully only a vision. It will only get really interesting when it becomes clear where the money is going. Then North Brabant will have to be aware of its own position.



## Images

6 'Map of the Netherlands'; Bureau Louter/Elsevier. Edited by Bouwfonds Ontwikkeling. Prices existing dwellings, second quarter 2008.

## Conclusions

In the Netherlands, spatial-economic differences are remarkably substantial; we can see a strong correlation between demographics, employment growth and house prices. It looks like the spatial-economic development trend is fairly steady. Spatial-economic trends are becoming more dominant. Regions of contraction, such as the Achterhoek and East Groningen must realise their weaknesses and make use of their strengths, which they are doing more and more. The municipalities of both regions of contraction and growth must try to work together. Too much competition among them is a waste of energy. Cooperation between the authorities 'as far as the pain threshold' – that's what it's all about. If you add the business world and education to the equation, you have a greater chance of success.

Finally, the analysis of North Brabant shows that the spatial-economic trends no longer stop at the Dutch borders. By including, for example, Flanders in the study, it becomes clear that North Brabant has become part of the Randstad conurbation.

Therefore, it is not far-fetched to say that more economic connections will be created between the North Wing and North Brabant than between the North and South Wings. The government, however, is still going ahead blindly, without rejuvenating its vision of the Randstad concept. 🔄

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His sideline activities include: board member of Neprom, member of the Supervisory Board of Movares and Delta and board member of the Netherlands Economic Institute for the Building Industry.

Previously, he was, among other things, Dutch Labour Party alderman of the municipality of Monnickendam and member of the Provincial Executive of North Holland.

