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Location tendencies and location preferences by entrepreneurs concerning the Northern Netherlands and the Groningen-Assen region

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Mini-symposium Regio Groningen-Assen

Stadsschouwburg Groningen, 6 March 2008

agenda

- Stated location preferences: national (1983-1993-2003)
- Stated location preferences: regional (1986-1997-2007)
- Stated preferences for various types of industrial sites (2007)
- Revealed preferences: the spatial pattern of firm relocations (1999-2006)
- Policy considerations

PLACES TO BE VALUED AS POSSIBLE FIRM LOCATIONS

Questionnaire used in surveys
held in 1983-1993-2003
among a representative sample
of dutch firms > 10 wp in the sectors
of manufacturing, wholesale,
transport, building, and
commercial services

Source:
Meester en Pellenbarg
Various publications

AVERAGE RATING OF LOCATIONS

1ST SURVEY, 1983

AVERAGE RATING OF LOCATIONS

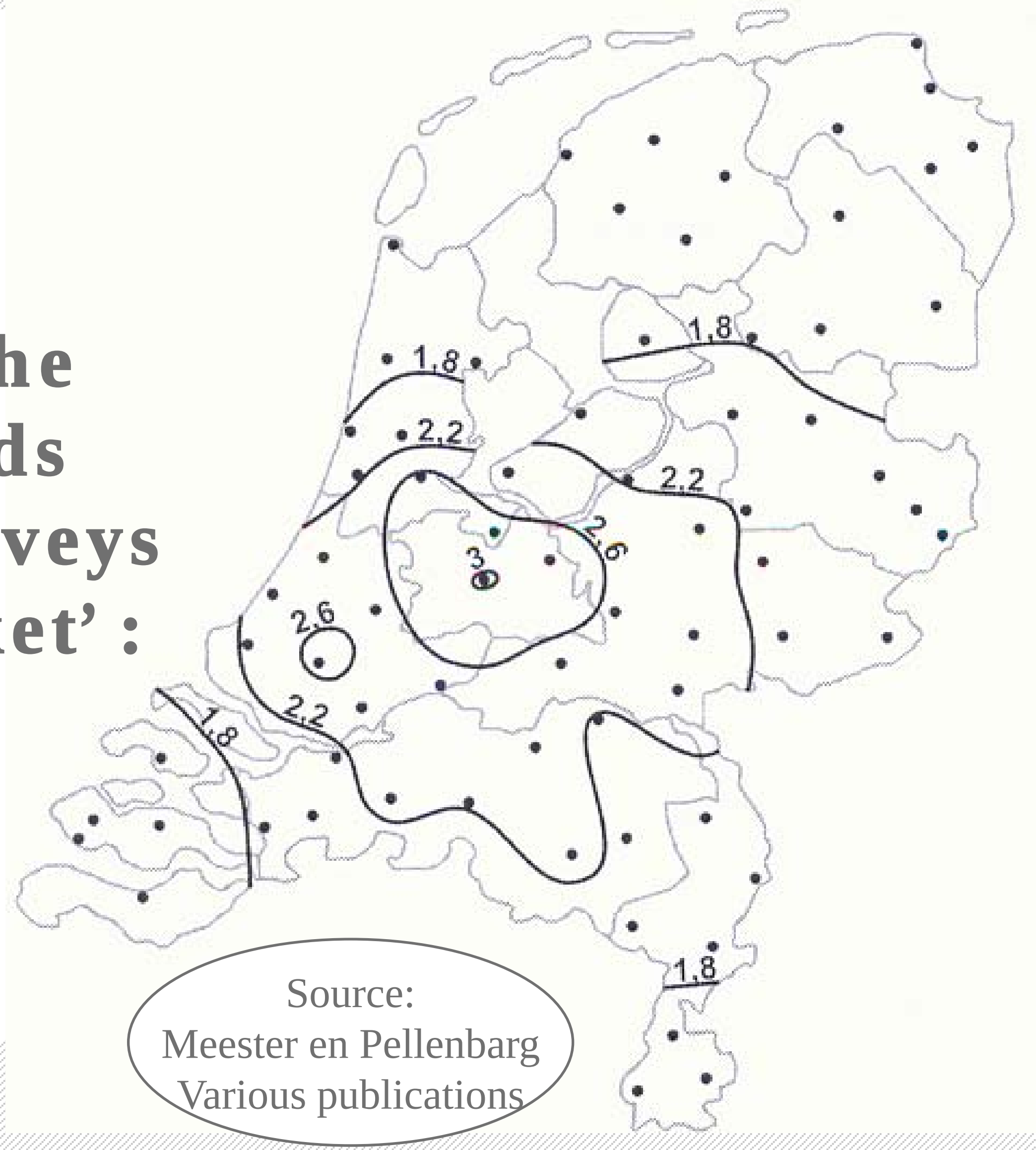
2ND SURVEY, 1993

Source:
Meester en Pellenbarg
Various publications

AVERAGE RATING OF LOCATIONS

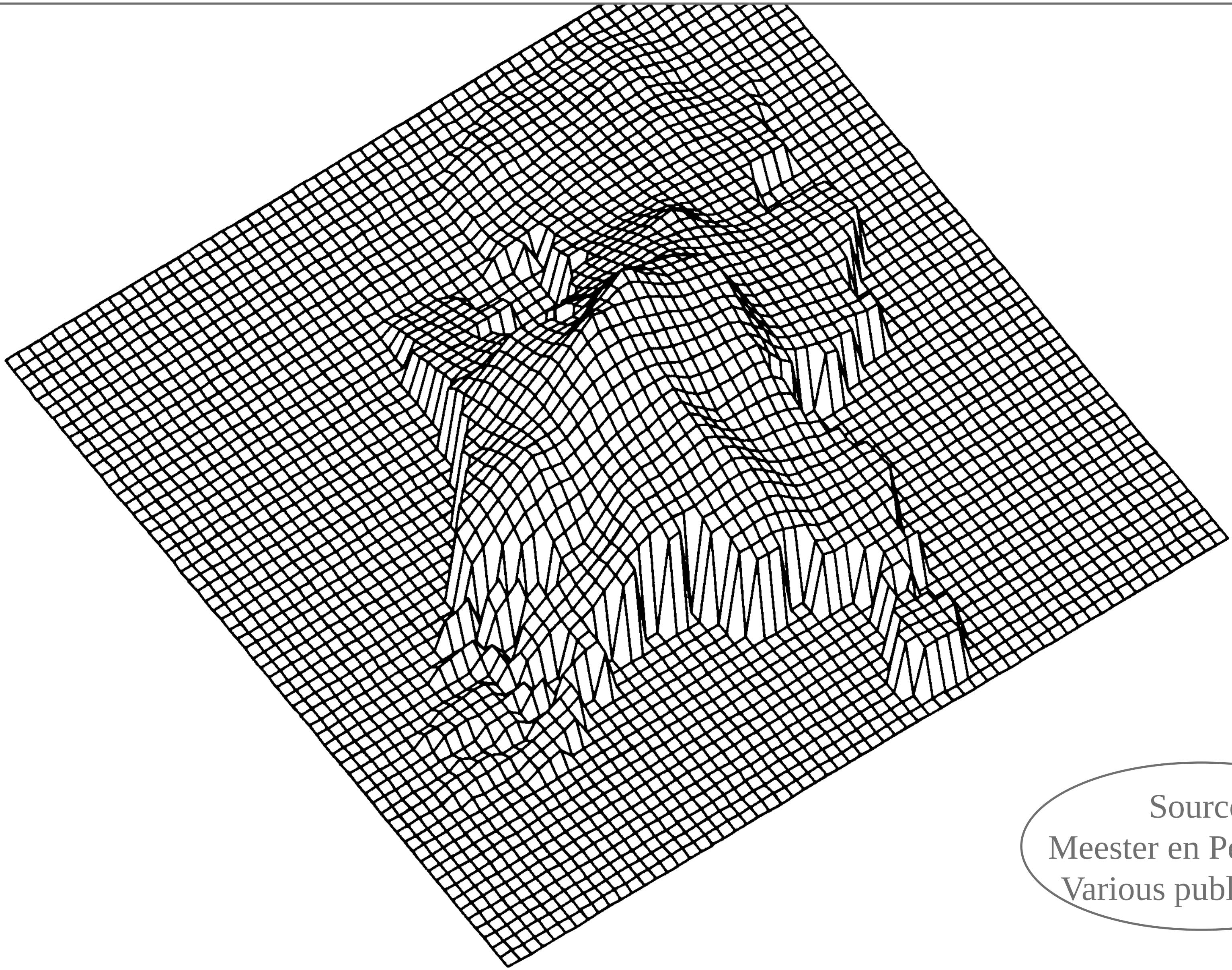
3RD SURVEY, 2003

**General picture
for the locations in the
Northern Netherlands
in these national surveys
of the 'location market' :
NOT GOOD**



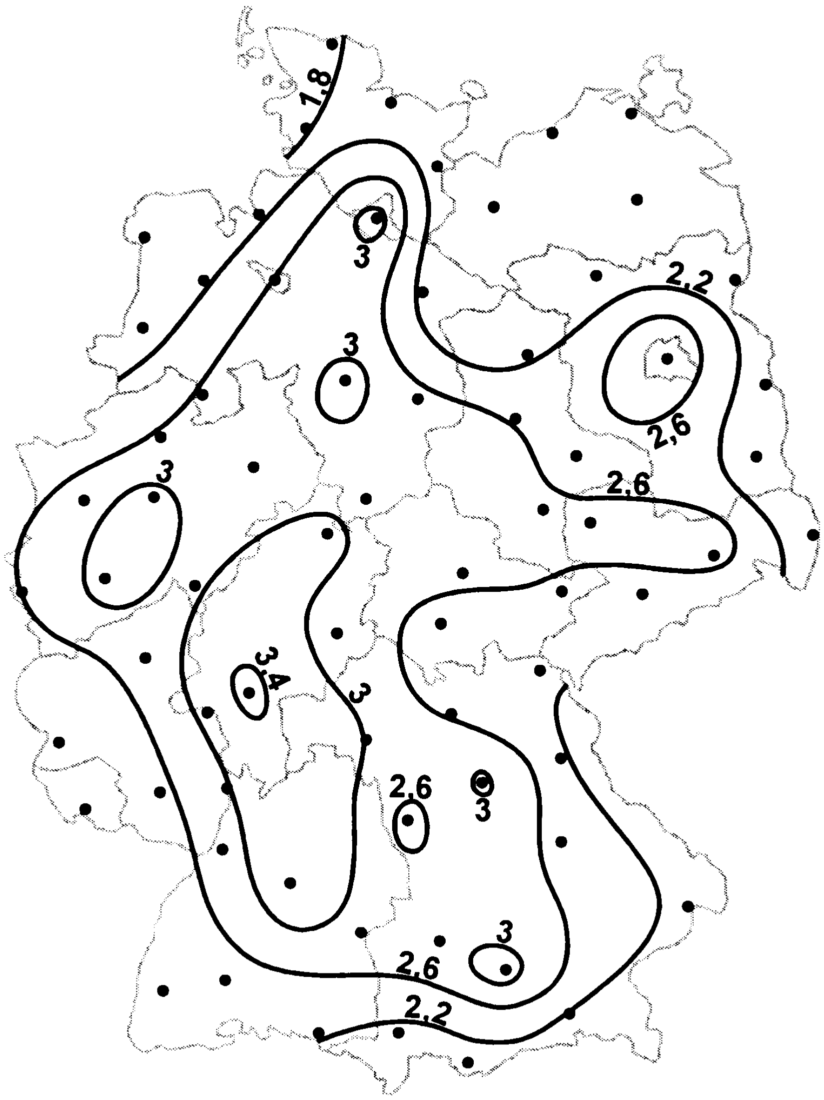
Source:
Meester en Pellenbarg
Various publications

3-DIMENSIONAL REPRESENTATION
OF THE AVERAGE RATING OF LOCATIONS IN 1993



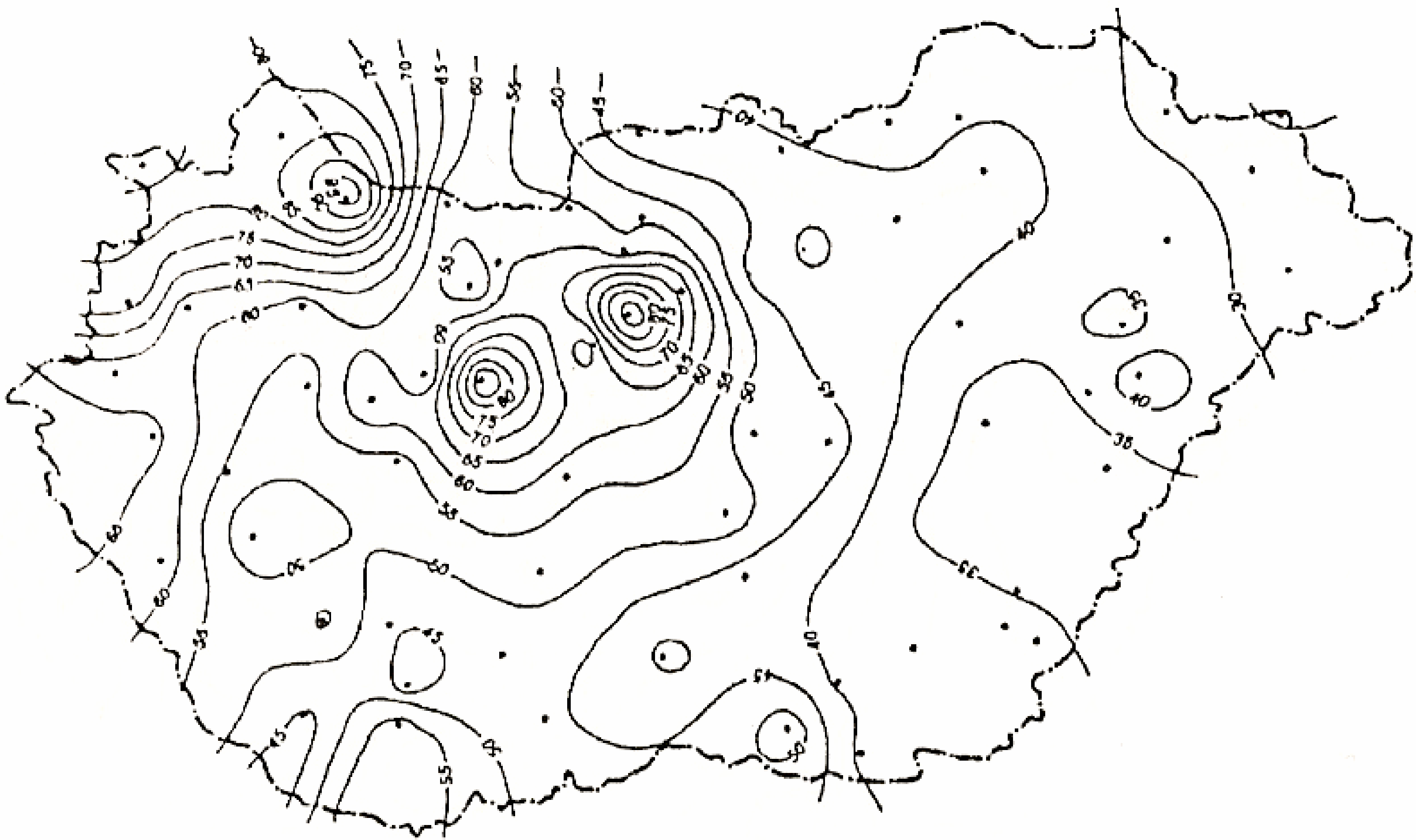
Source:
Meester en Pellenbarg
Various publications

AVERAGE VALUATION OF LOCATIONS IN GERMANY 1996

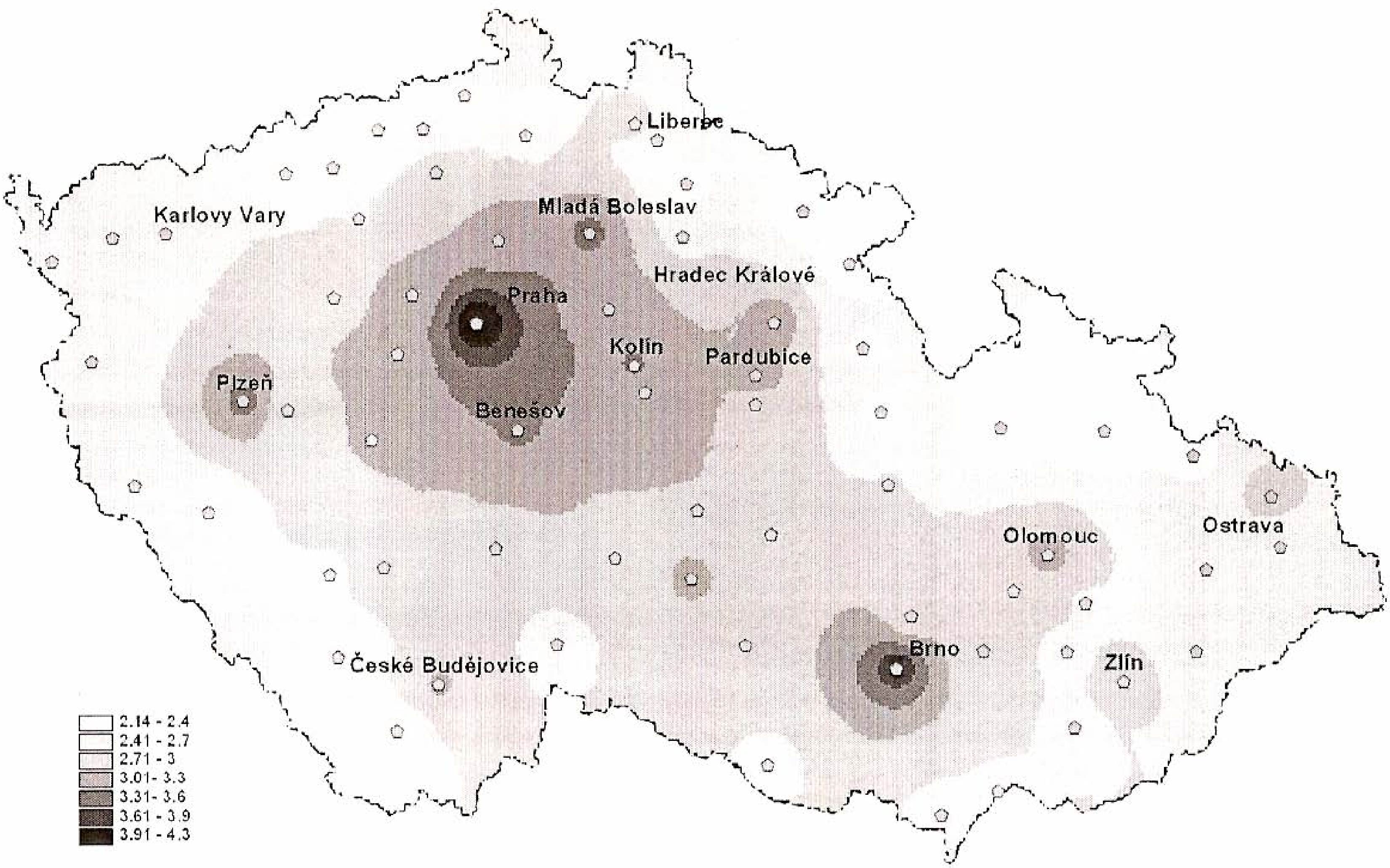


Source:
Meester 1999
(PhD thesis)

AVERAGE VALUATION OF LOCATIONS IN HUNGARY 1997/1998

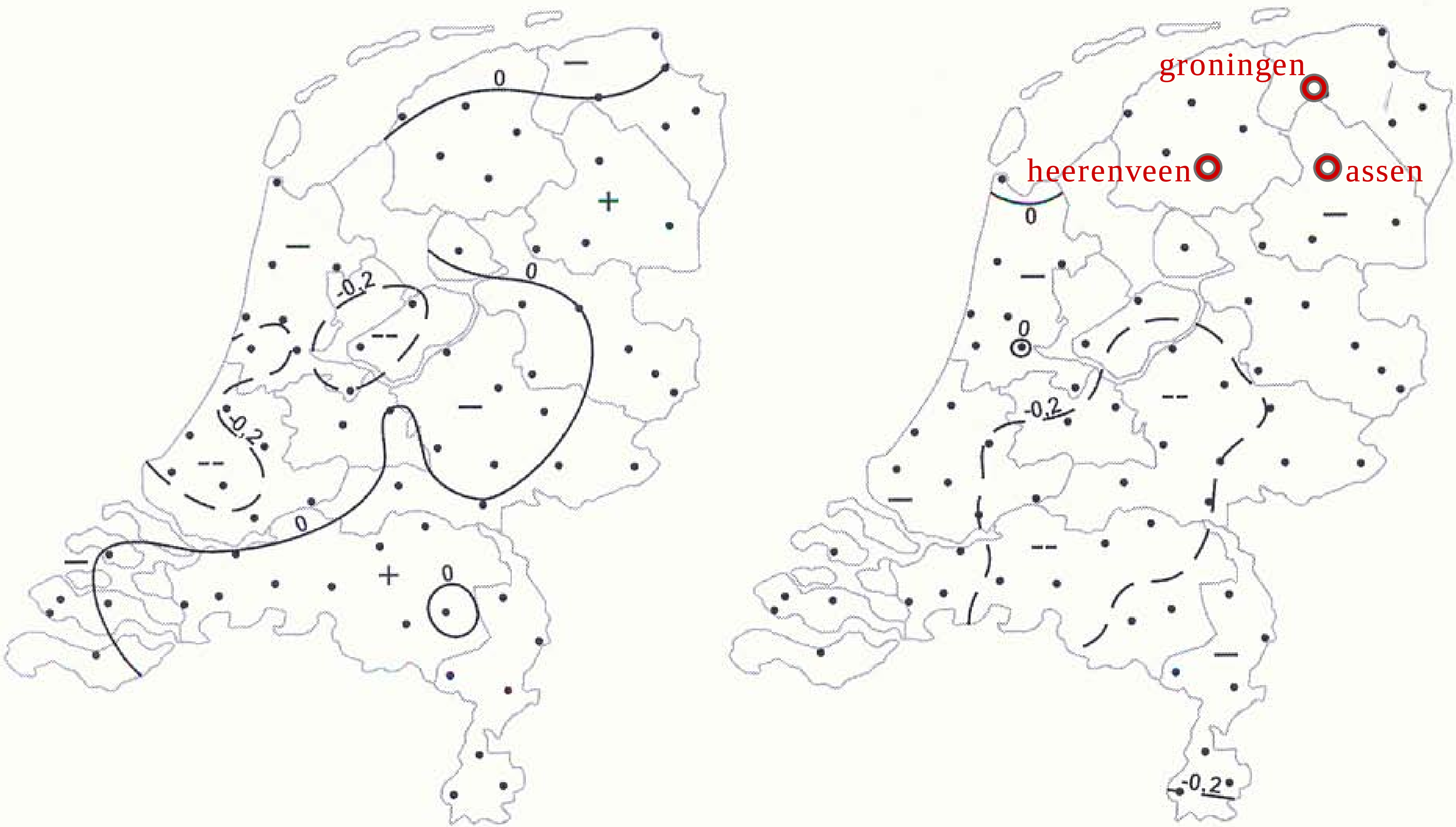


AVERAGE VALUATION OF LOCATIONS IN THE CZECH REPUBLIC 2004



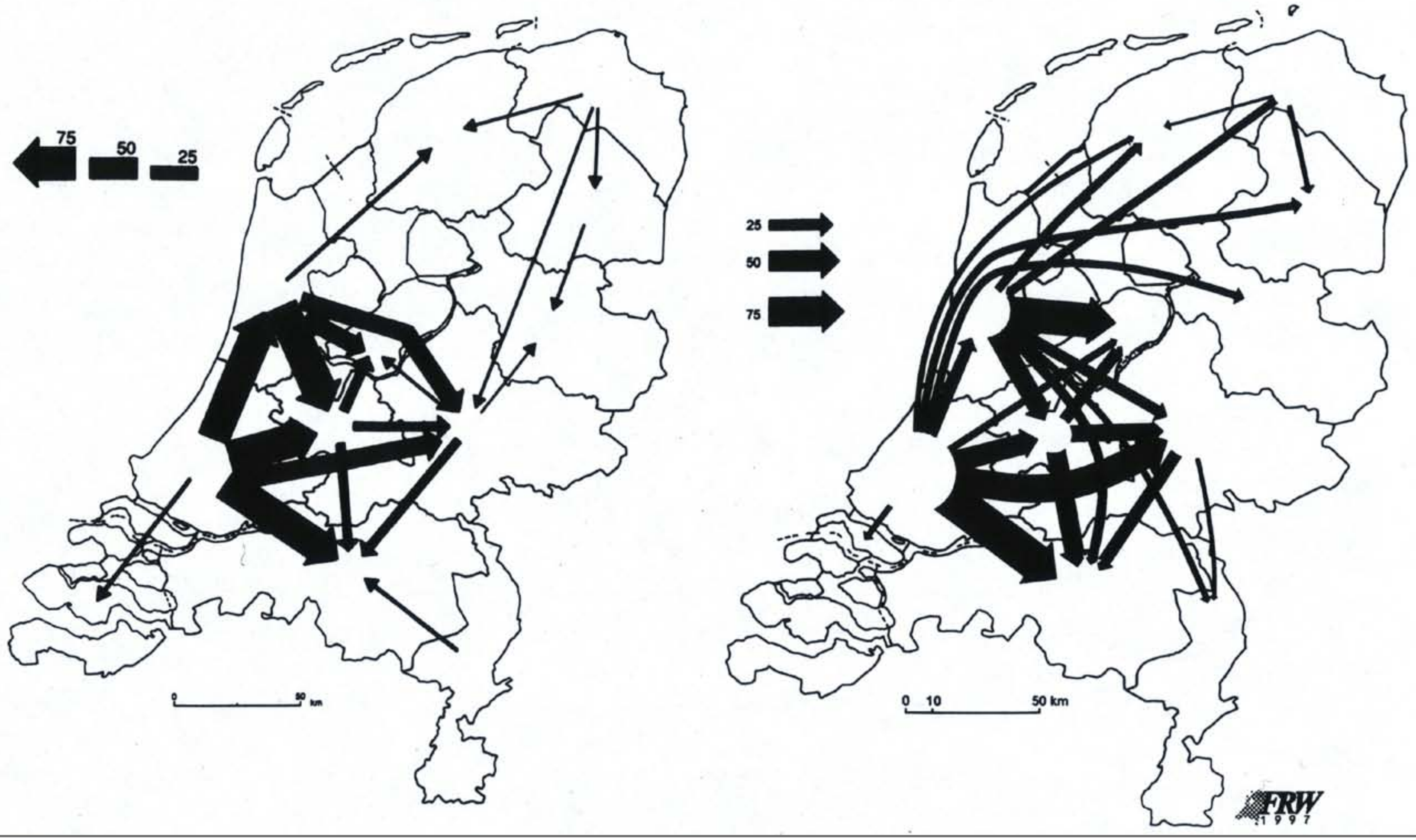
The Netherlands: Change in ratings

1983-1993 1993-2003



INTERPROVINCIAL FIRM MIGRATION
(balance of in- and outgoing migrations)

1990/1991 **1994/1995**



Source: Kemper and Pellenbarg 1993, 1997

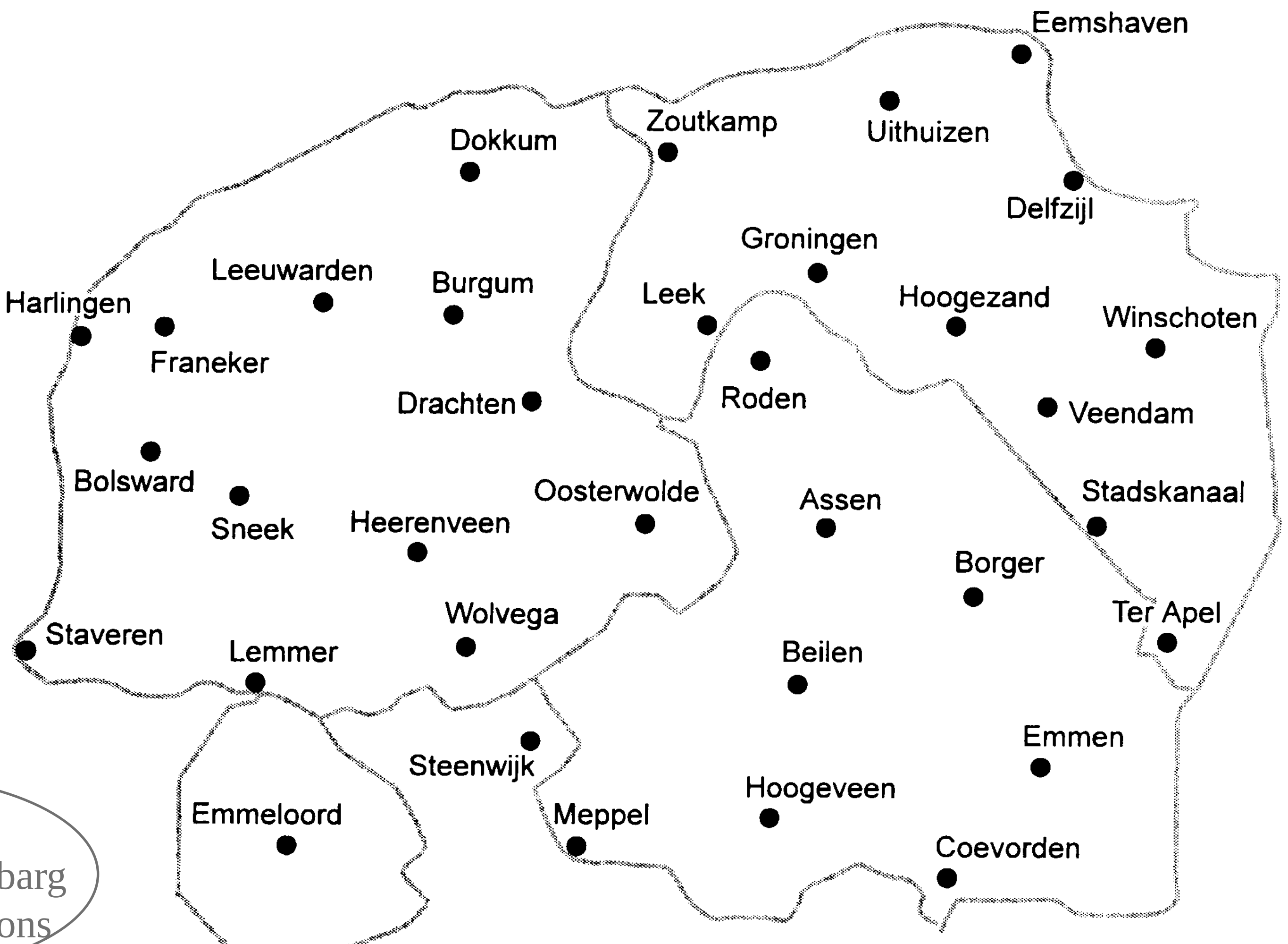
Changes in ratings 1983-1993-2003 (in the national survey) concerning *locations in the Northern Netherlands*:

- ***No big changes for most of the Northern locations***
- ***Heerenveen belongs to the national winners***

If we isolate the evaluations of the respondents from the Northern Netherlands we see:

- ***Improving positions for Groningen and Assen in 1993 and a consolidation in 2003***
- ***Strong improvement of position for Heerenveen, both in 1993 and 2003***

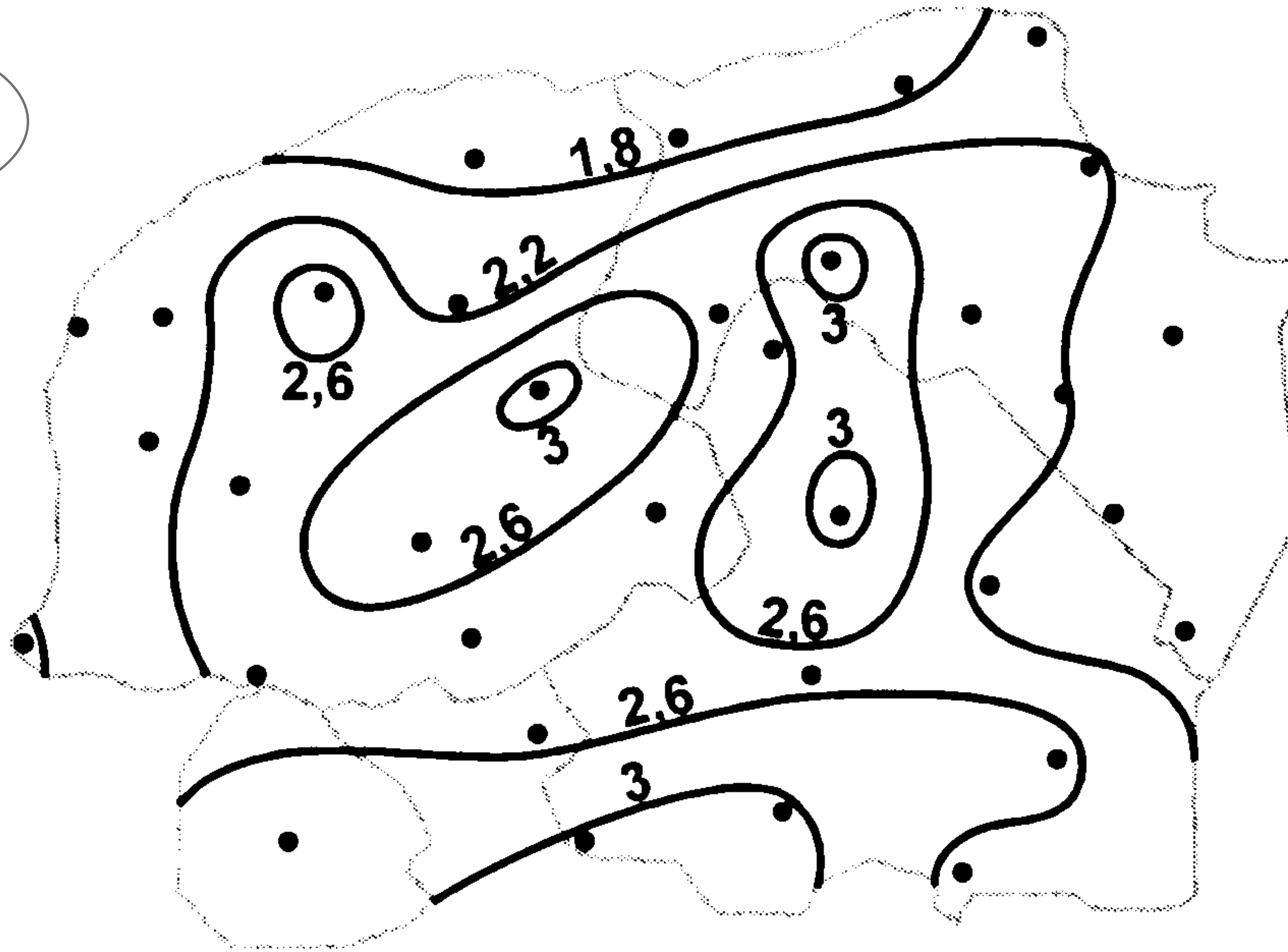
SURVEY OF LOCATION VALUATION IN THE NORTHERN NETHERLANDS, 1986



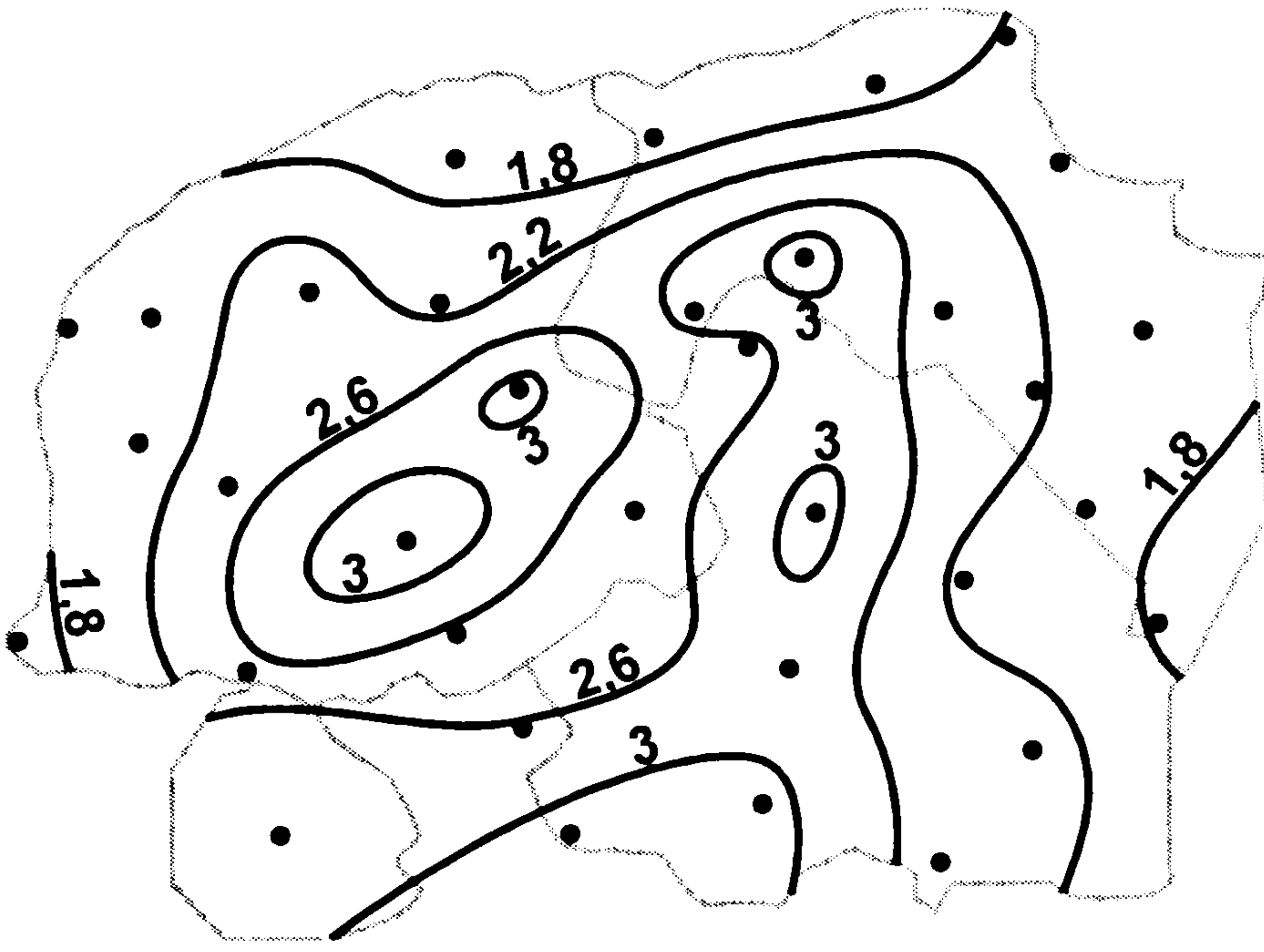
Source:
Meester en Pellenbarg
Various publications

AVERAGE RATING OF LOCATIONS
IN THE NORTHERN NETHERLANDS, 1986

Source:
Meester en Pellenbarg
various publications

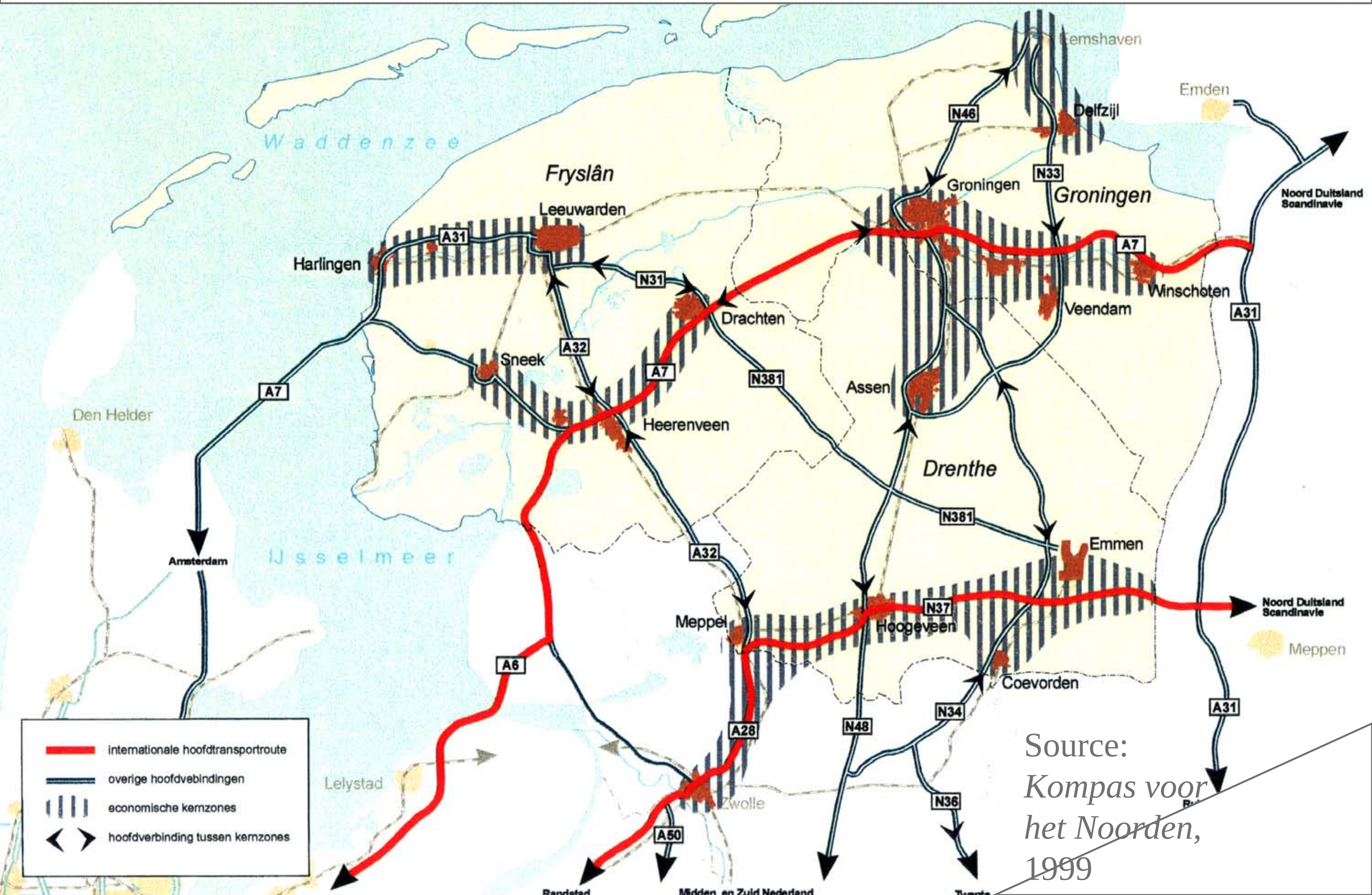


AVERAGE RATING OF LOCATIONS IN THE NORTHERN NETHERLANDS, 1997



Source:
Meester en Pellenbarg
Various publications

ECONOMIC CORE ZONES IN THE NORTHERN NETHERLANDS

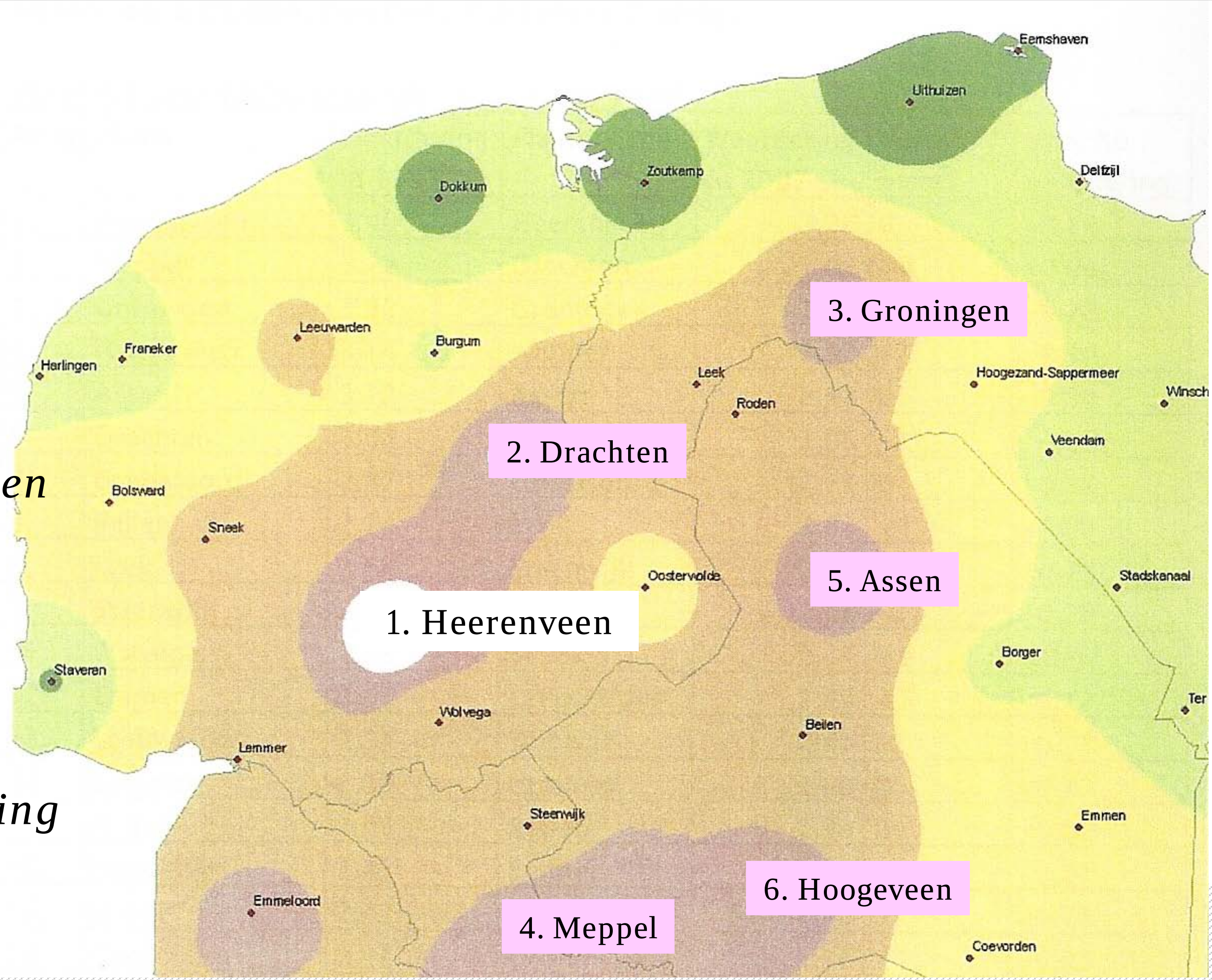


Source: *Kompas voor het Noorden*, 1999

AVERAGE RATING OF LOCATIONS IN THE NORTHERN NETHERLANDS, 2007

2007	(1997)
1. Heerenveen	(1)
2. Drachten	(6)
3. Groningen	(3)
4. Meppel	(2)
5. Assen	(5)
6. Hoogeveen	(4)

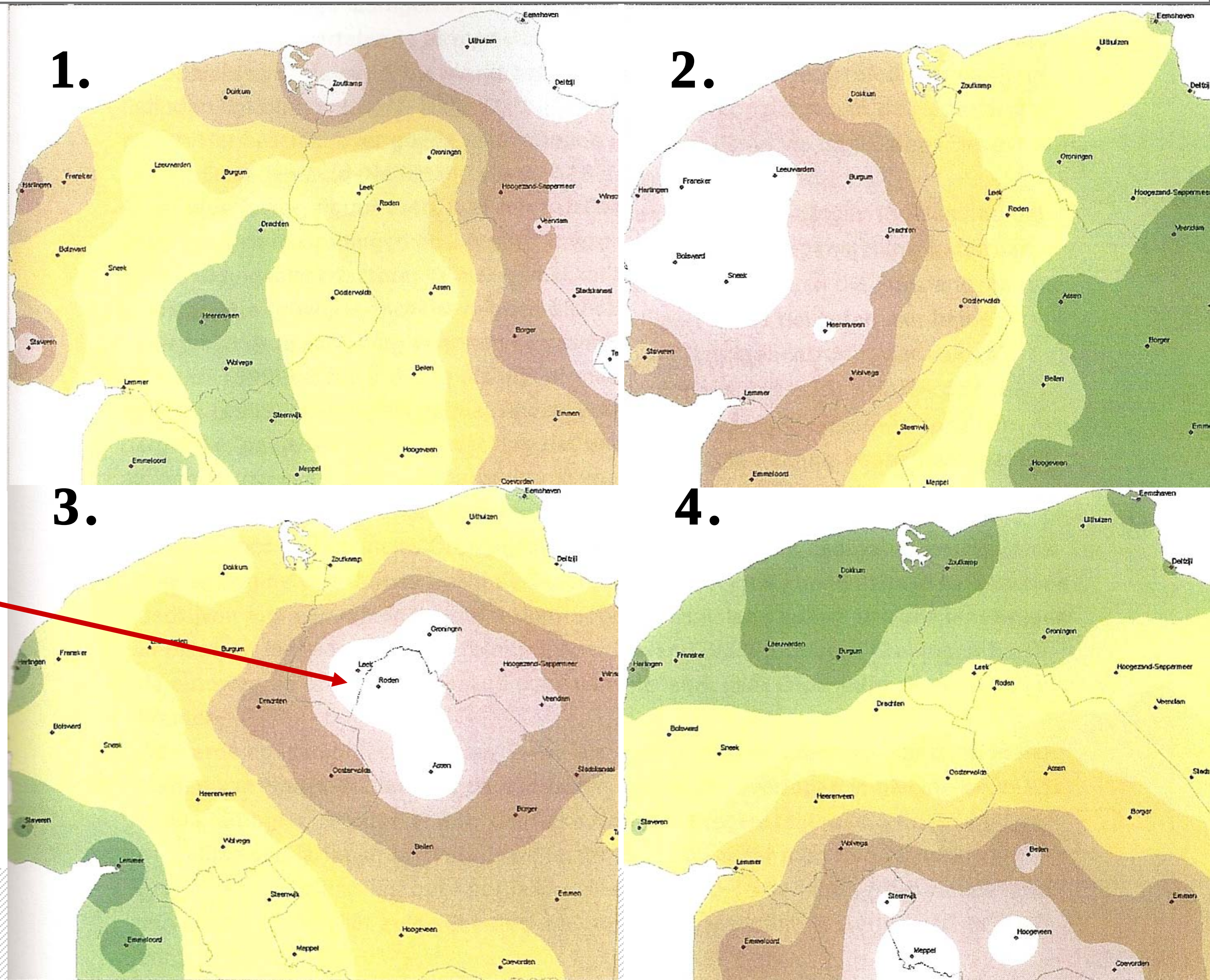
Groningen and Assen keep their relative positions (3 and 5). Within the North, Heerenveen and Drachten are their strongest and gaining competitors



LOOKING FOR EXPLANATIONS: THE RESULTS OF FACTOR ANALYSIS

Factors:

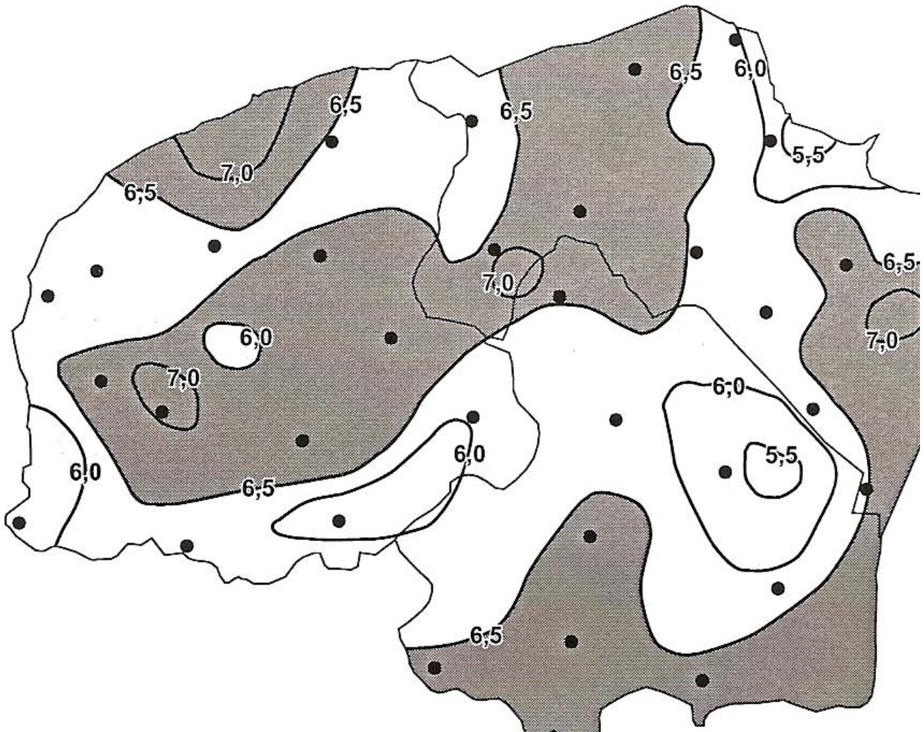
1.
Location versus national core area
2.
Friesland versus rest of the North
3.
The Groningen-Assen region!!!!
4.
Location versus the rest of the Netherlands and Europe

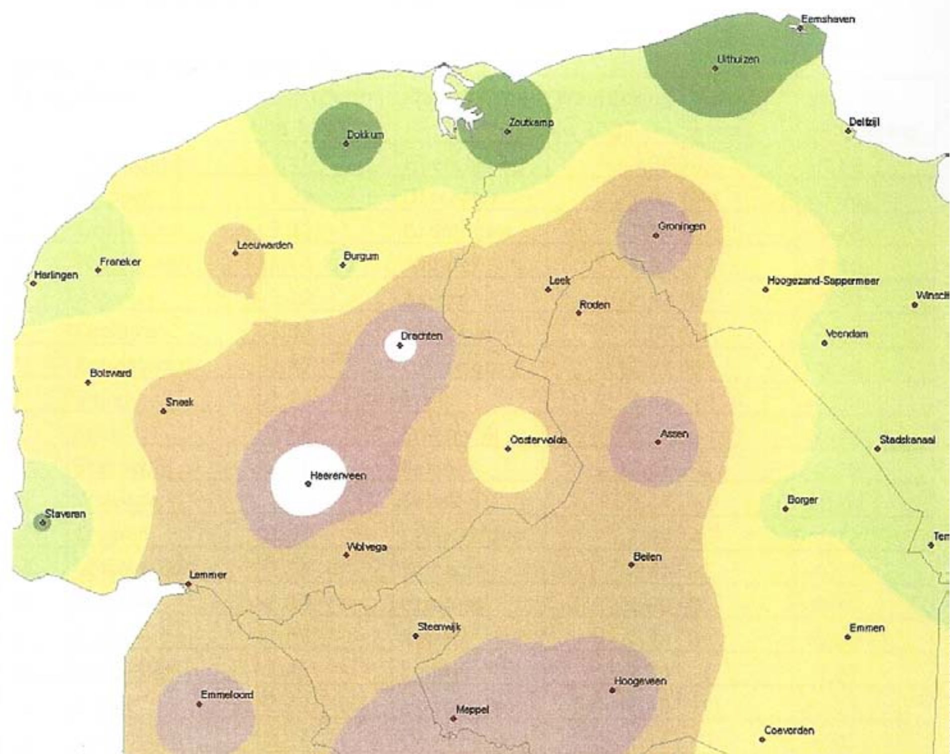


The *internal* versus the *external* image

Internal image = degree of satisfaction among the resident entrepreneurs

Global areas of correspondance: Heerenveen-Drachten-Groningen and Southwest Drenthe



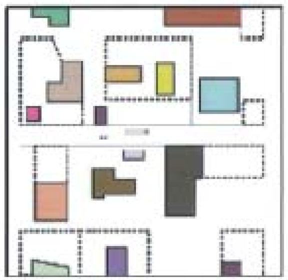


Stated preferences for various types of industrial sites

- Survey June 2007
- Sample of 1400 firms in the Northern Netherlands (> 10 wp, manufacturing, wholesale, transport, building, commercial services)
- 51% want more new industrial sites
  34% think this is not necessary
- 73% favor redevelopment of old industrial sites
  22% prefer old sites transformed to other uses
- 70% prefer 'middle class quality' sites

Stated preference by entrepreneurs

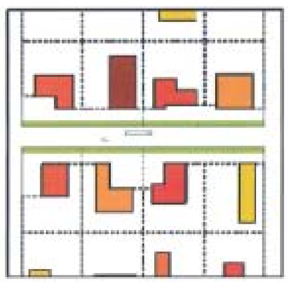
A: 6%



A.

grondprijs = 50 - 60 € m2

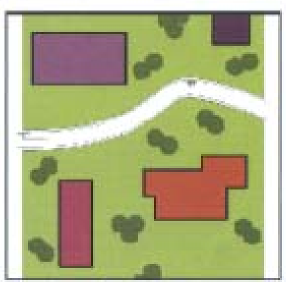
B: 70%



B.

grondprijs = 80 - 90 € m2

C: 24%



C.

grondprijs = 110-120 € m2

Sectoral differences (first choice)

- Only the commercial services sector favors site type C (61%)
- Highest preference for site type B: wholesale and building (77 and 79%)
- Relatively high preference for site type A: transport firms (24%)
- Preference for site type B is significantly higher for smaller firms with local&regional sales areas (many firms in the building sector)

Most favoured aspects of site arrangement

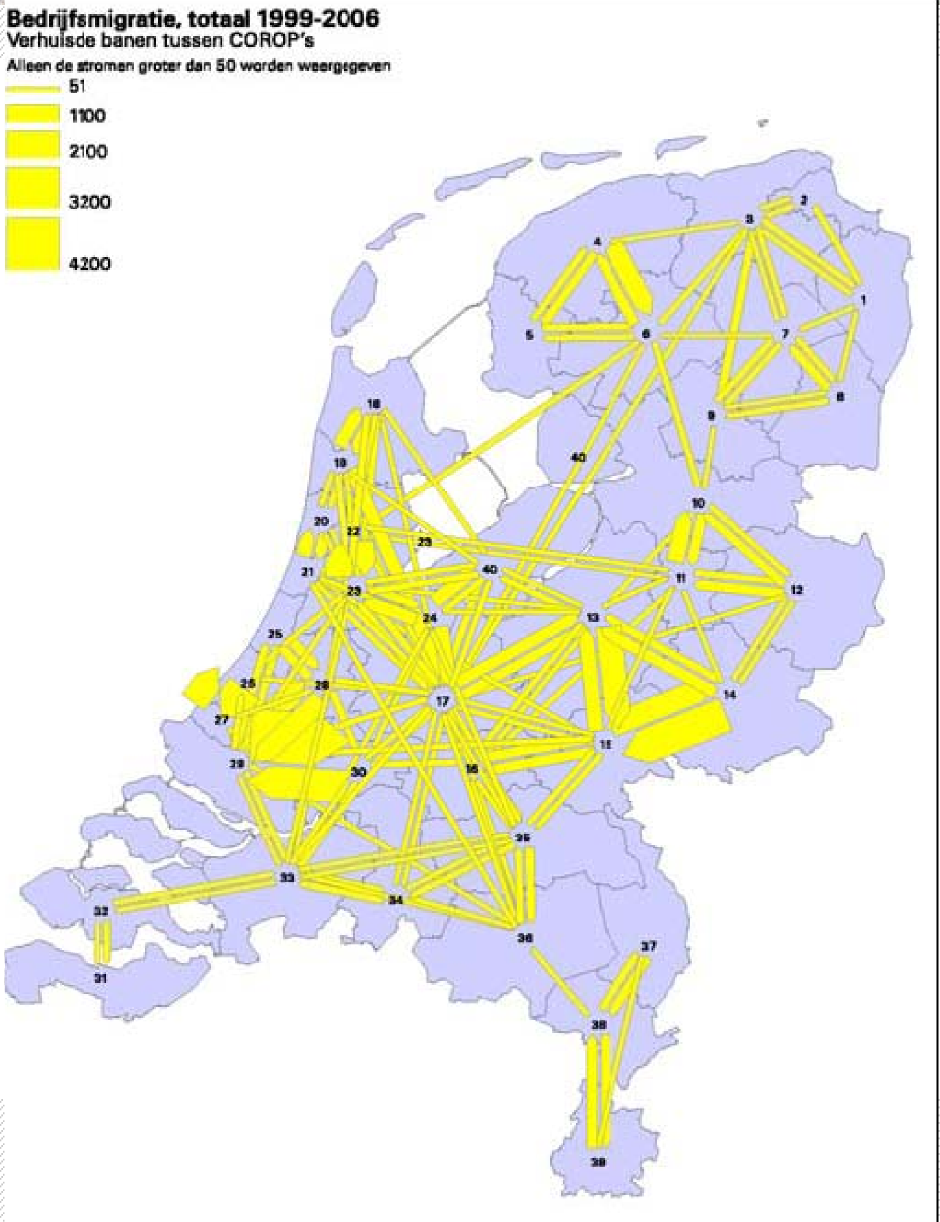
Infrastructure on the site	83 %
Representative appearance	73 %
Presence of other firms	40 %
Security	38 %
Greens	32 %
Parkmanagement	17 %
Child care	5 %
Cafe's, restaurants	5 %
Retail services	4 %

Revealed preferences: the spatial pattern of firm relocations

- Recently published new figures about firm relocation in the Netherlands (1999-2006) show a downgrade of deconcentration from Randstad to Intermediate Zone and Periphery
- There is no significant migration surplus either in the regions surrounding individual central cities
- Firm migration systems in the Periphery (esp. North and South) are becoming ‘disconnected’ from the firm migration system in the national core area

Firm migrations
in 1999-2006,
the national picture

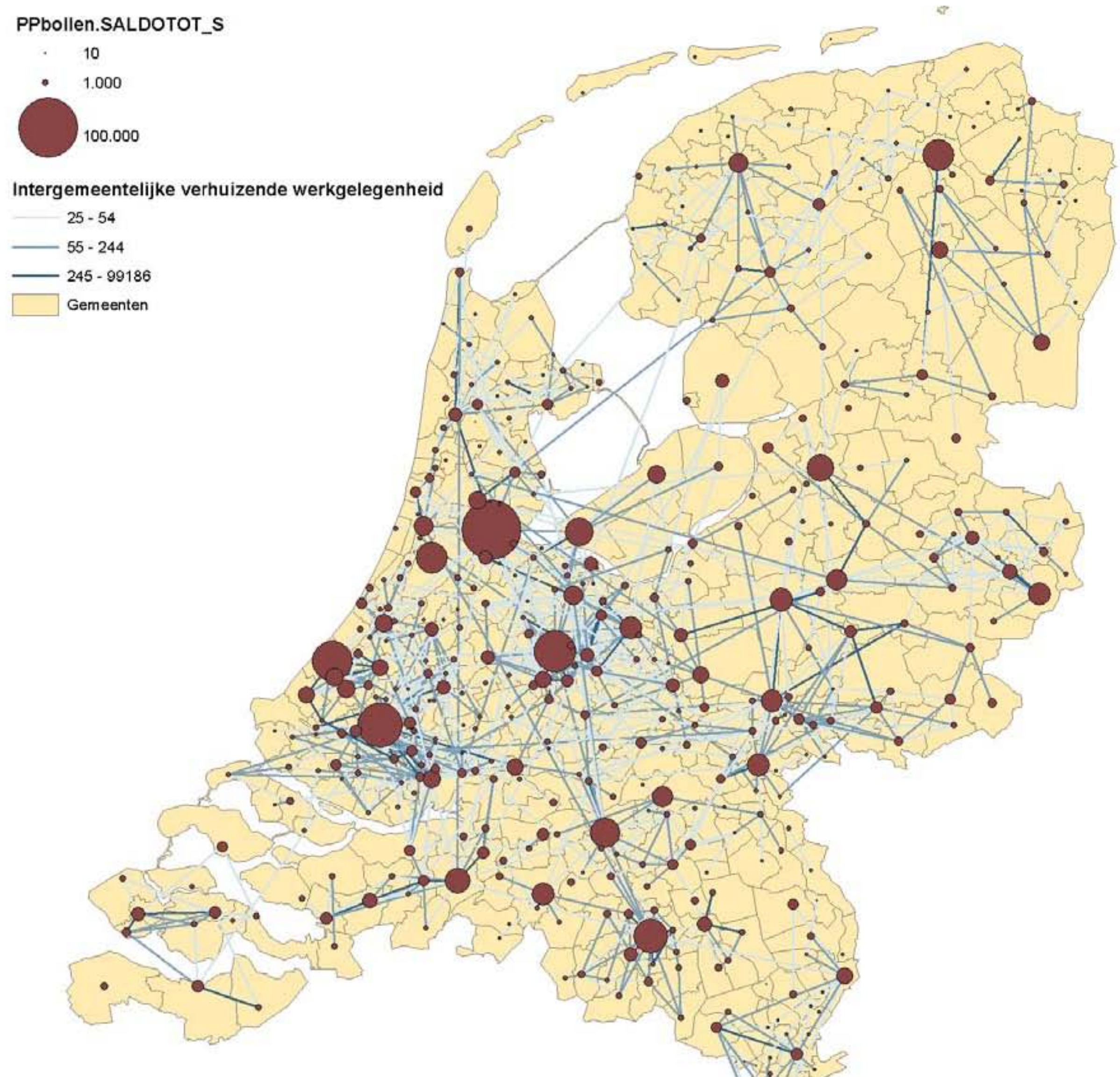
Migration surplus between
COROP regions (jobs)



The local picture: Firm migration 1999/2006 (jobs)

In the North even the migrations systems of Friesland and Groningen-Drenthe appear to become disconnected

Weltevreden et al. 2007



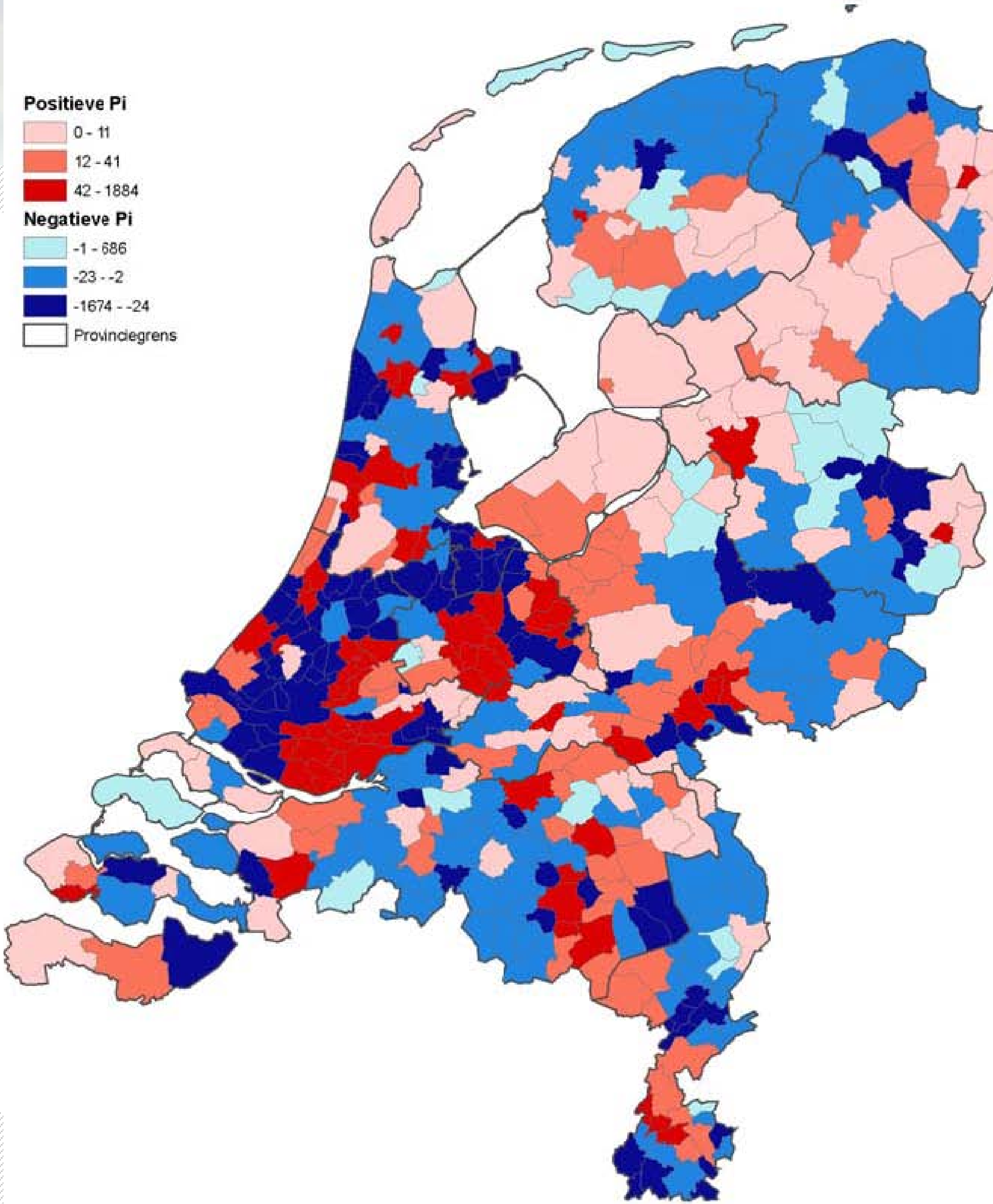
The local picture: 1999/2006

Firm migration

surplus (red)

or deficit (blue)

for municipalities (jobs)



the top of the North (incl. Leeuwarden and Groningen) looses

Zwolle is a winner

Weltevreden et al. 2007

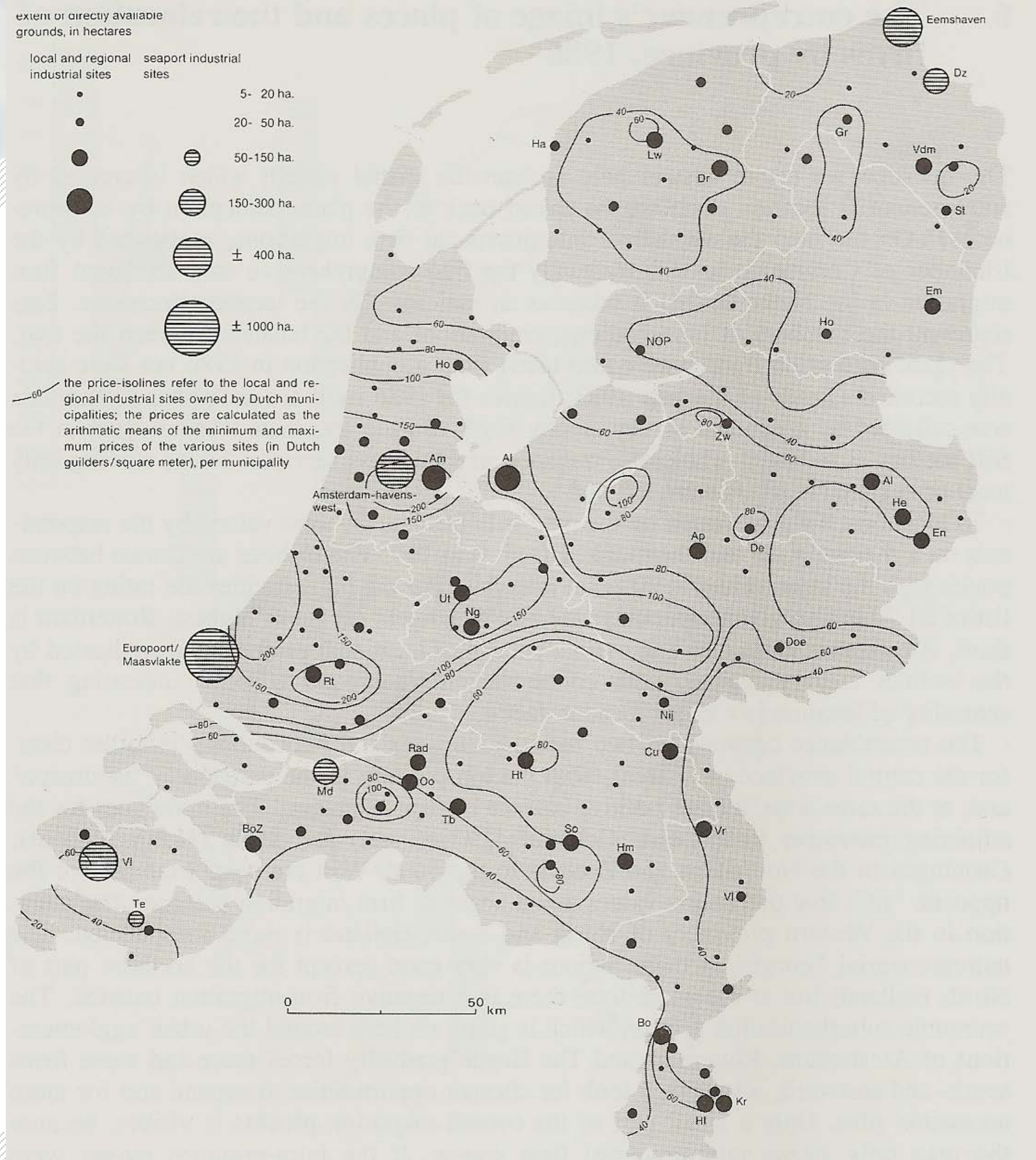
POLICY CONSIDERATIONS

- Not many firms can be expected to come from elsewhere
- Northern sites predominantly serve a regional market
- On this market they compete with each other in offering middle class sites to small and medium sized firms
- Groningen/Assen sites compete with Heerenveen and Drachten as far as their image is concerned
- Groningen/Assen sites compete with Meppel/Hoogeveen as far as their market potential is concerned
- In the place war with Zwolle, Gr/Assen is loosing ground

Availablity and price of industrial sites in 1986/1987

Source: RPD/IBIS

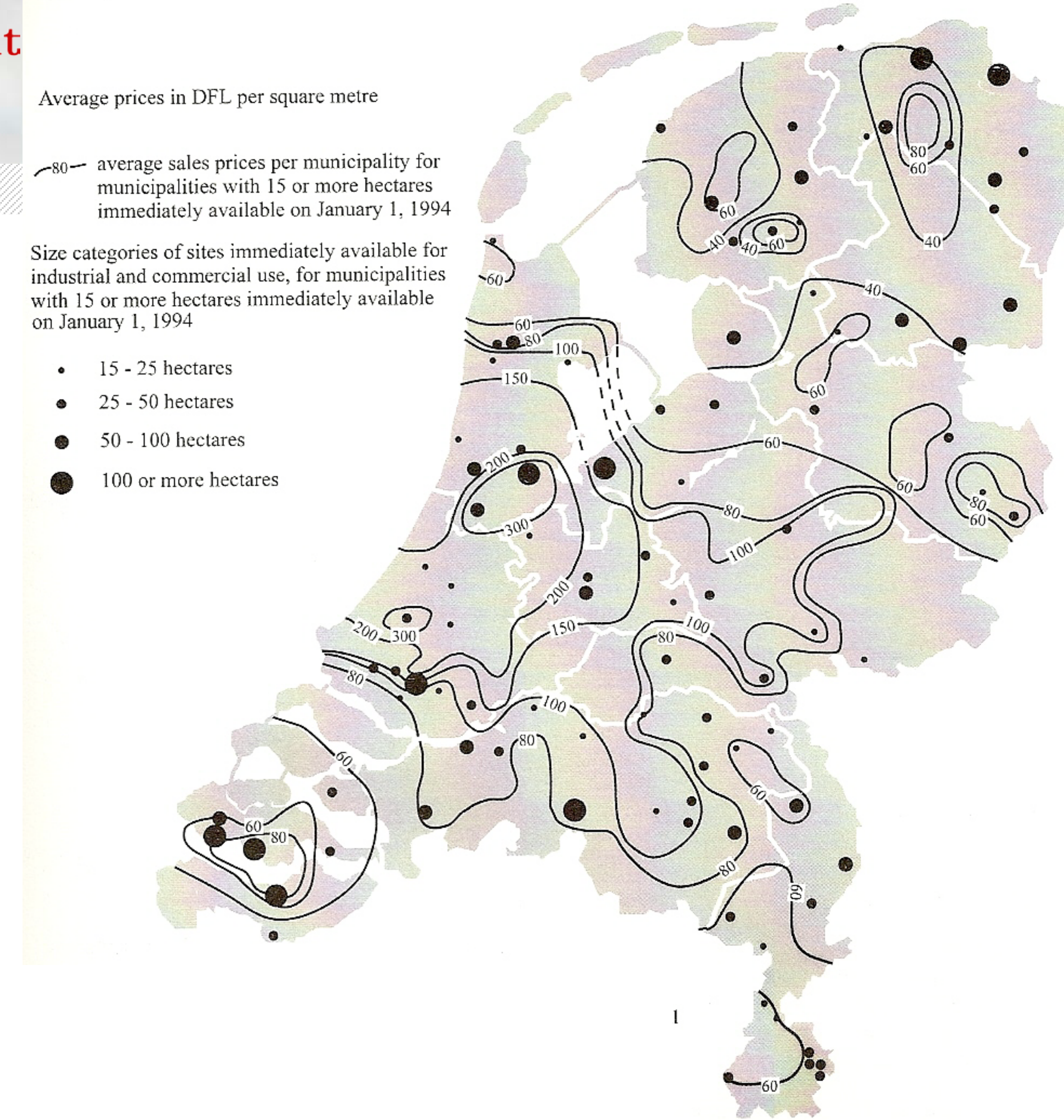
Taken from:
Pellenbarg&Ter Brugge 1988
(the Netherlands in Maps 1988/2)



Availablity and price of industrial sites in 1994

Source: RPD/IBIS

Taken from:
Pellenbarg&van Steen1995
(the Netherlands in Maps 1995/4)



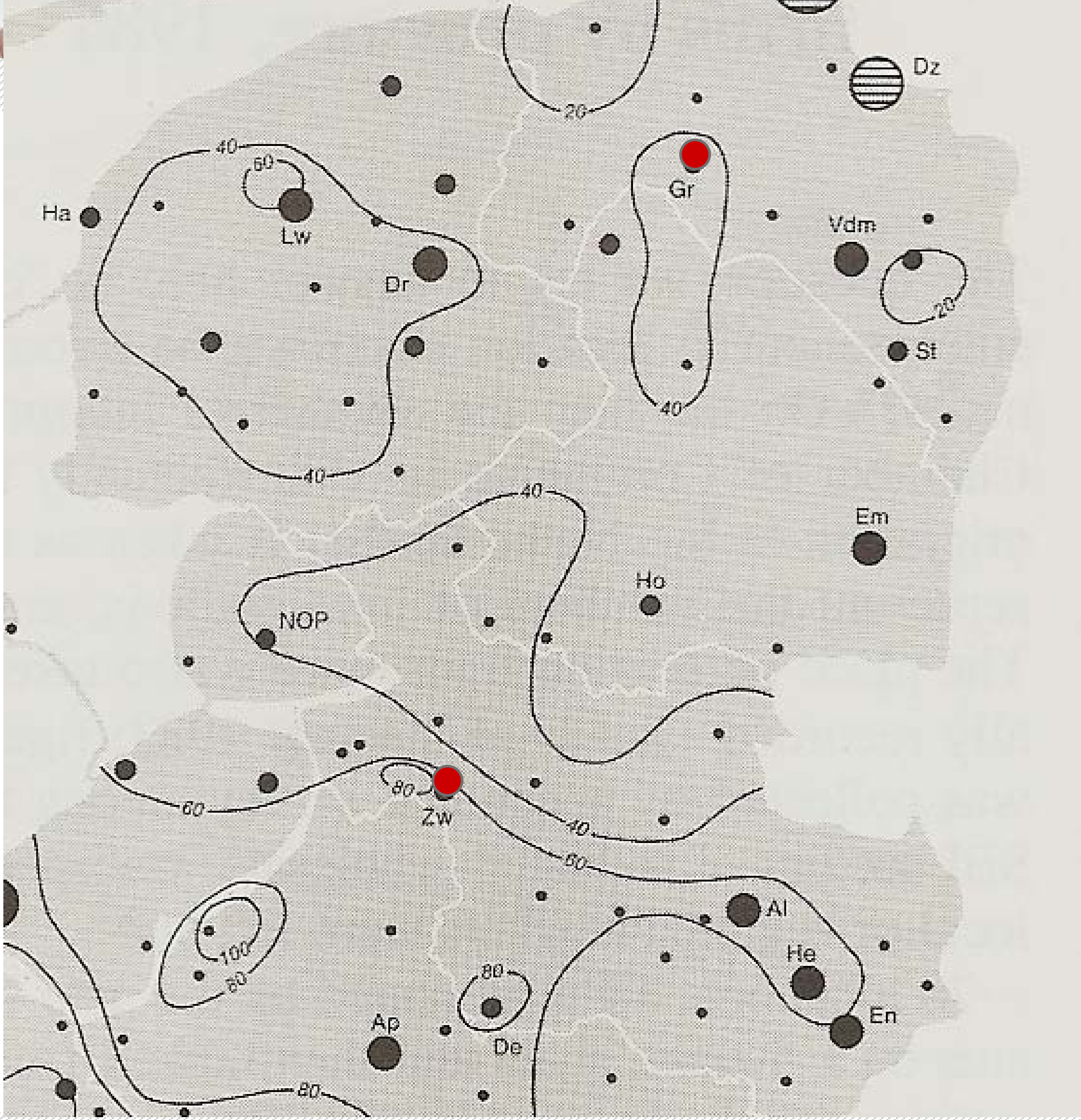
Availablity and price of industrial sites in 1986/1987 in North-East Netherlands

Source: RPD/IBIS

Taken from:
Pellenbarg&Ter Brugge 1988
(the Netherlands in Maps 1988/2

In the 1980s,
the Groningen sites
are cheaper than
the Zwolle sites

ZWOLLE: 60-80 (Hfl.)
GRONINGEN: 40+



ZWOLLE: almost 60 (Hfl.)
GRONINGEN: 80+

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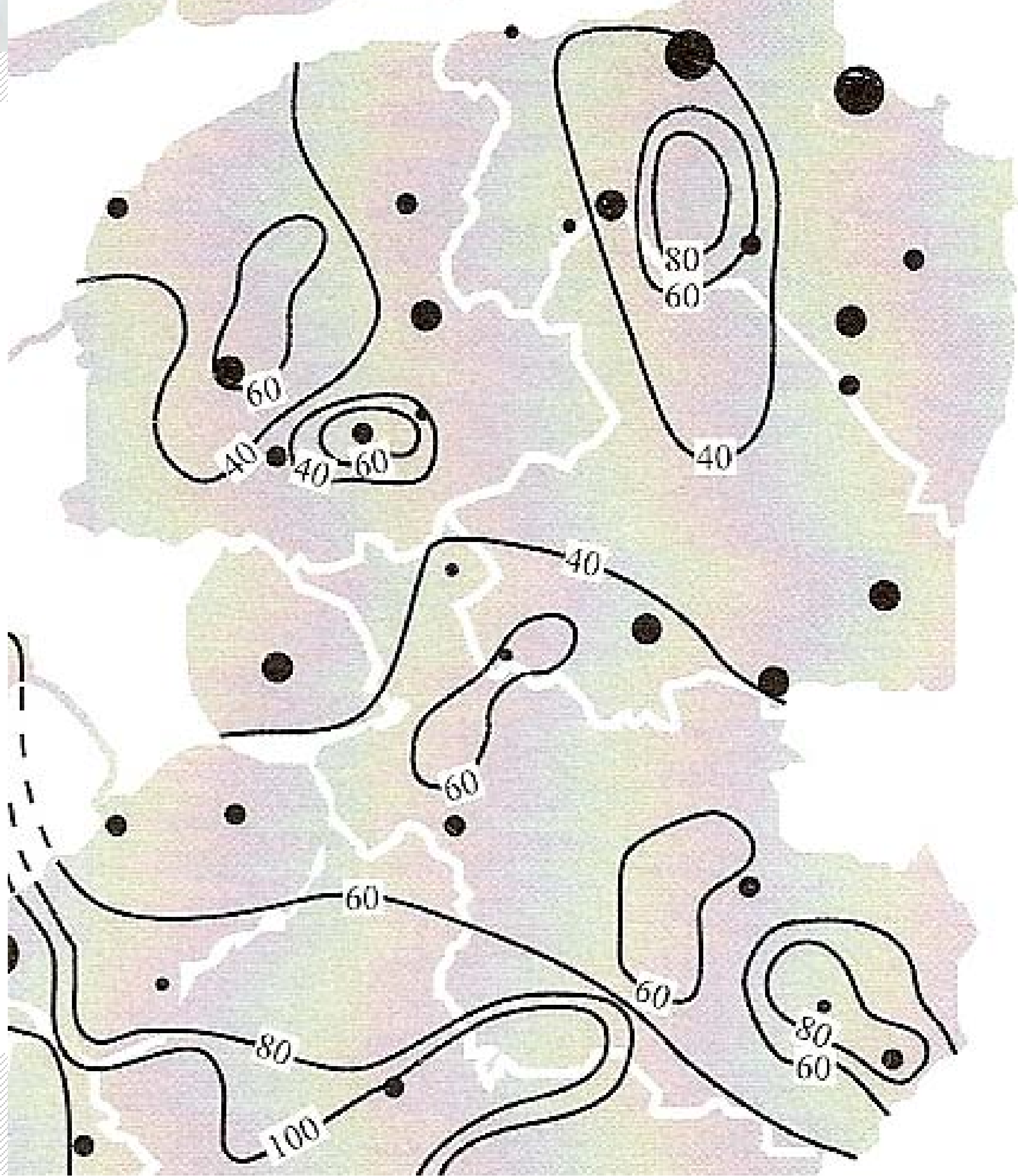
groningen

Availablity and price of industrial sites in 1994 in North-East Netherlands

Source: RPD/IBIS

Taken from:
Pellenbarg&van Steen1995
(the Netherlands in Maps 1995/4)

In the 1990s, Groningen overhauls the Zwolle price levels



Minimum and maximum price on all industrial sites in 2003, in the Groningen and Zwolle urban regions

PRICE per m2 > URBAN REGION	MINIMUM (Euros)	MAXIMUM (Euros)
GRONINGEN	44	51
ZWOLLE	76	99

But 10 years later, Groningen is far behind Zwolle again

Source: IBIS, Werklocaties 2003

Conclusions

Do the research outcomes support the idea of a regional firm sites pool?

Answer: YES, if….

- Such a pool offers a *variety of site qualities* and parcel sizes
- The total *supply of sites* in the region is gradually *downsized*, to enable and justify …
- A gradual *increase of site price levels*
- A dedicated *marketing campaign* should reposition the Groningen-Assen sites versus the sites in the Hoogeveen/Meppel/Zwolle region

THANK YOU FOR YOUR ATTENTION

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