

# Breda, decent village across the border

Reasons for Benelux Headquarter to locate in Breda

Delft University of Technology  
Faculty of Architecture

Real Estate and Housing  
Corporate Real Estate Management

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# 'Breda, decent village across the border'

Reasons for Benelux Headquarters to locate in Breda

Delft, April 2011

P5-report



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## **PREFACE**

This Master's thesis is carried out at the Real Estate and Housing department, Faculty of Architecture at the Technical University of Delft in the year 2010-2011. Within the Master track of Real Estate Management I choose my specialty in Corporate Real estate Management.

The master's thesis explores reasons for Benelux Headquarters to locate in Breda. The aim is to create insight in this phenomenon and context. This research deepened my knowledge of the real estate study field and broadened my view concerning corporations and economic geography. This research taught me how to better use empirical and theoretical data to create new insight in this field. The general objective of the Master's thesis is to become a professional in the field of Real Estate and Housing.

I would like to take the opportunity to express my gratitude to everyone who helped and supported me during the Master's thesis. First of all I would like to thank my first mentor MSc Eng. Arch Herman Vande Putte, who tutored the Corporate Real Estate Management lab. Thank you for sharing your knowledge, for broadening and sharpening my view on my research. I also would like to thank my second mentor, Dr MSc Gerard Wigmans from the Urban Area Development lab. Thank you for your great guidance, feedback, specific knowledge and expertise during the research. Thanks for the mentorship!

Thanks to all corporations for your time, willingness to cooperate and helping me to obtain the right information. This was of great value for the achievement of this result.

Special thanks to my boyfriend, Ferco, and my parents, Hans and Anita, for their unwavering support and faith in me. Thank you for inspiring me!

Delft, April 2011

Diewertje Dekker

## **SUMMARY**

### ***Introductie***

In 1987 vestigde Esso het Beneluxhoofdkantoor in Breda als gevolg van de fusie van de hoofdkantoren Brussel en Den Haag. In de periode 2000 tot 2010 hebben nog 32 bedrijven een Beneluxhoofdkantoor gevestigd in Breda. Breda lijkt een voorkeurslocatie te zijn voor deze bedrijven. De redenen van Beneluxhoofdkantoren om zich in Breda te vestigen zijn onbekend.

### ***Onderzoek***

Deze masterthesis onderzoekt waarom bedrijven hun Beneluxhoofdkantoor in Breda vestigen. Het is een explorerend onderzoek. In het theoretisch gedeelte van het onderzoek is een literatuurstudie gedaan naar locatienmerken, locatiedynamiek en vestigingsfactoren. Voor het empirisch gedeelte van het onderzoek zijn de locatienmerken van Breda onderzocht en zijn zes Beneluxhoofdkantoren uit Breda geïnterviewd. Tenslotte zijn de karakteristieken van Breda vergeleken met de vestigingsfactoren van Beneluxhoofdkantoren.

### ***Literatuurstudie***

Volgens Ernst & Young (2005) is Beneluxeren de oplossing voor bedrijven voor de enerzijds toenemende wereldwijde integratie en anderzijds de lokale processen.

Volgens Pellenbarg (2006) hebben de klassieke vestigingsfactoren van honderd jaar geleden tegenwoordig plaatsgemaakt voor moderne vestigingsfactoren. Bij klassieke vestigingsfactoren ligt de nadruk op de interne factoren van het bedrijf, zoals kostenreductie en in het bijzonder het reduceren van transportkosten. De fysieke en economische vestigingsfactoren waren destijds meer van belang. Bij moderne vestigingsfactoren ligt de nadruk op de externe factoren van het bedrijf, zoals de opbrengsten maximalisatie. Bedrijven vestigen zich daarom in een omgeving met hoger opgeleiden en creativiteit. Sociale en economische vestigingsfactoren zijn tegenwoordig meer van toepassing. Op basis van Hospers (2008), Florida (2003) en Braun (2008) zijn, binnen de moderne vestigingsfactoren, drie categorieën te onderscheiden: fysieke, economische en sociale.

### ***Karakteristieken van Breda***

De karakteristieken van Breda zijn bepaald aan de hand van fysieke, economische en sociale factoren op basis van Hospers (2008), Florida (2003) en Braun (2008). Fysieke factoren zijn de geografische ligging, nabijheid en bereikbaarheid per auto, trein, vliegtuig en boot. Economische factoren zijn belastingen, bedrijventerreinen, bedrijfspanden, huurprijzen van bedrijfspanden, de markt in de regio, opleidingen en arbeidsmarkt. Sociale factoren zijn demografie, cultuur, imago en woon- en leefkwaliteit.

In dit gedeelte zijn, aan de hand van de ontwikkeling van Breda, de belangrijkste karakteristieken van de stad beschreven. Door de rivier de Mark en de ligging tussen het welvarende Holland en het hertogdom Brabant werd Breda een handelsplaats. Breda profiteerde zodoende van haar geografisch gunstige ligging. Rond 1850 kwam de industrie op waarbij bedrijfsruimten en bedrijventerreinen werden gerealiseerd. Ook treinverbindingen werden aangelegd tussen Breda en Roosendaal, Tilburg en Moerdijk. Vanaf 1950 werd de auto belangrijker. Het wegennet in en rond Breda werd uitgebreid en aangesloten op het wegennet van de Randstad en de Vlaamse Ruit. Mede door de kleinschaligheid van de Benelux ontwikkelde zich een gelijksoortige markt binnen de Benelux. De opkomst van de dienstensector in 1950 leidde tot de realisatie van kantoorlocaties binnen Breda. Zo



ontstond een groot bedrijfs- en kantorenaanbod. De gebouwen verkeren in goede staat en de huurprijzen in Breda zijn laag tot gemiddeld. In de loop der tijd nam Breda in grootte toe, vooral door de opname van omliggende gehuchten en dorpen. De sociale en economische investeringen kwamen later op gang.

De karakteristieken van Breda zijn meer of minder onderscheidend ten opzichte van omliggende steden. Hierbij zijn fysieke karakteristieken meer onderscheidend en de sociale en economische aspecten minder.

### ***Vestigingsfactoren van Beneluxhoofdkantoren***

Dockwise, Chevrolet, Leo Pharma, Opel, Beckers en Bürkert zijn geïnterviewde bedrijven die een Beneluxhoofdkantoor in Breda hebben. Door het houden van open interviews met deze Beneluxhoofdkantoren in Breda zijn de vestigingsfactoren en de belangrijkheid van deze vestigingsfactoren verkregen.

Voor de fusie waren bedrijven gevestigd in de Randstad en Vlaamse Ruit. De Beneluxhoofdkantoren geven kostenreductie aan als hoofdreden voor de fusie. De belangrijkste vestigingsfactoren zijn een geografisch centrale plaats in de Benelux, een goede bereikbaarheid van de locatie en het gebouw. Er zijn meerdere steden die zich centraal in de Benelux bevinden, zoals Breda, Tilburg, Eindhoven en Antwerpen. Voor een Beneluxhoofdkantoor is een locatie goed bereikbaar wanneer het huidige personeel (vanuit de Randstad en Vlaamse Ruit) binnen een acceptabele tijd de werklocatie kan bereiken. Deze integrale bereikbaarheid is te vinden op de lijn Amsterdam-Brussel, waarbij Breda en Antwerpen potentiële vestigingssteden zijn. Mede door het prijs-kwaliteit verhouding van het pand valt de keuze op Breda. Sociale en deels ook economische vestigingsfactoren waren minder belangrijk volgens de Beneluxhoofdkantoren.

### ***Vergelijken van de karakteristieken van Breda en de vestigingsfactoren van Beneluxhoofdkantoren***

De vestigingsfactoren van Beneluxhoofdkantoren en de karakteristieken van Breda zijn met elkaar vergeleken om de relaties tussen deze twee te ontdekken. Deze relaties zijn uitgedrukt in feitelijkheden, verklaarbare aannemelijkheden en speculaties.

De fysieke vestigingsfactoren en gerelateerde karakteristieken bestaan uit feiten en verklaarbare aannemelijkheden. Beneluxhoofdkantoren vestigden vanwege de geografische ligging, integrale bereikbaarheid en nabijheid van de luchthavens. De treinconnecties is een aannemelijke verklaring voor de vestiging in Breda.

De economische vestigingsfactoren en gerelateerde karakteristieken bestaan uit verklaarbare aannemelijkheden en speculaties. De panden met een goede prijs-kwaliteit verhouding is een verklaarbare aannemelijkheid waarom Beneluxhoofdkantoren zich vestigen. De speculaties zijn het belastingklimaat als invloed op de vestiging in Breda en de markt van Breda als onbelangrijke vestigingsfactor.

De sociale vestigingsfactoren en gerelateerde karakteristieken bestaan uit verklaarbare aannemelijkheden van niet belangrijke vestigingsfactoren. Het imago van de stad, cultuur, woon en leefkwaliteit, arbeidsmarkt en opleidingen zijn niet belangrijk als vestigingsfactor voor Beneluxhoofdkantoren.

### **Conclusie**

De fysieke en deels economische karakteristieken van Breda zijn redenen voor Beneluxhoofdkantoren om zich te vestigen in Breda. De sociale en deels economische karakteristieken zijn waarschijnlijk geen redenen om in Breda te vestigen.

De Beneluxhoofdkantoren vestigen niet in Breda vanwege de HSL shuttle, arbeidsmarkt, opleidingen, imago, leef en woon kwaliteit, cultuur. Dit zijn verklaarbare aannemelijkheden.

Beneluxhoofdkantoren vestigen zich in Breda vanwege de geografische ligging, integrale bereikbaarheid en de nabijheid van de grote luchthavens. Uit dit onderzoek blijkt dat de treinverbindingen en prijs-kwaliteit verhouding van panden aannemelijke redenen zijn waarom Beneluxhoofdkantoren zich ook in Breda vestigen.

### **Reflectie**

De kostenreductie in combinatie met deze fysieke vestigingsfactoren van de Beneluxhoofdkantoren duiden op karakteristieken van klassieke vestigingsfactoren.

Breda heeft altijd van haar ligging geprofiteerd. Hierdoor is de gemeente Breda mogelijk verwend geraakt, waardoor er mogelijk pas later aandacht is besteed aan de sociale en economische aspecten van de stad.

De vestigingsfactoren zijn gerelateerd aan de geografische ligging en niet zozeer aan de stad Breda. Met andere woorden zonder deze geografische ligging zouden er mogelijk geen Beneluxhoofdkantoren vestigen. Breda heeft minder ontwikkelde sociale en economische karakteristieken, waardoor mogelijk minder bedrijven zich vestigen in Breda. Dit betekent dat Beneluxhoofdkantoren niet bewust voor de stad Breda kiezen.

Nadat het contract van het huurpand eindigt in Breda, besluiten Beneluxhoofdkantoren toch te blijven in Breda. Mogelijk is er tussen het Beneluxhoofdkantoor en Breda meer verbondenheid opgetreden in de gevestigde tijd.

### **Aanbeveling**

Beneluxhoofdkantoren vestigen zich vanwege de locatie en niet vanwege de stad. Dit maakt het lastig om een goed beleid te ontwikkelen om deze bedrijven aan te trekken.

Belangrijk is de bereikbaarheid van de stad te behouden. Met de mogelijke bedreiging van deze bereikbaarheid, door de toenemende drukte op de wegen.

Ook is het belangrijk de sociale en economische karakteristieken van Breda te verbeteren.

Het is erg belangrijk om de Beneluxhoofdkantoren aan de stad Breda te binden. Contacten met bedrijven dienen goed onderhouden te worden. Belangrijk is hierbij pro actief te zijn richting bedrijven en niet reactief. De verbinding tussen een bedrijf en de stad wordt in het algemeen veel belangrijker, omdat bedrijven footloose zijn. Deze band behouden en versterken is belangrijk.

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*Appendix 1 History of Breda (1900-2010)*

*Appendix 2 Interview structure*

*Appendix 3 List of interviews*

*Appendix 4 Interview DTZ*

*Appendix 4 Interview Gemeente Breda*

*Appendix 5 Interview Dockwise*

*Appendix 6 Interview Chevrolet*

*Appendix 7 Interview LEO Pharma*

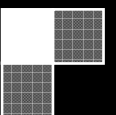
*Appendix 8 Interview Opel*

*Appendix 9 Interview Beckers*

*Appendix 10 Interview Bürkert*



# SECTION I RESEARCH FRAMEWORK



## 1 RESEARCH INTRODUCTION

### 1.1 Benelux Headquarters locate in Breda

Esso needed to reduce costs in the 1980s. Therefore, they decided to consolidate their Dutch and Belgian headquarters. The locations in Brussels and The Hague were closed and a Benelux Headquarter (hereinafter BHQ) was established in Breda in 1987, figure 1.1.

Many BHQ's were located in Breda, for example Beckers, Leo Pharma, Scania, Opel, Dockwise, and so on. These corporations came from various locations in the Benelux and are active in different fields. (Nuijten, 2010).



Figure 1.1 Esso in Breda (Nuijten, 2010)

### Breda centrum voor Benelux-hoofdkantoren

door Arthur 't Hart  
arthurhart@bndestem.nl

**BREDA/BRUSSEL** - Het nieuwe hoofdkantoor van Texaco komt aan de westkant van Breda, langs de A16. De verhuizing moet in het tweede kwartaal van 2009 zijn afgerond. Dan sluiten de huidige landenkantoren van Texaco-Delek in Rotterdam en Brussel. Daarbij gaan per saldo banen verloren. Het vervangen van aparte kantoren in Nederland en België door één Beneluxkantoor is altijd een bezuinigingsoperatie, ook bij Texaco. „Het is de bedoeling dat we straks al onze activiteiten vanuit Breda aansturen”, aldus woordvoerder Katrien Willem. „Dat werkt efficiënter dan wanneer dat uit twee kantoren gebeurt.” Texaco-Delek Benelux is de exploitant van 500 Texaco-tankstations in Nederland en ruim 300 in Bel-

gië en Luxemburg. De Amerikaanse Chevron Corporation, eigenaar van het merk Texaco, verkocht de stations vorig jaar aan Delek Group. Dat is een van oorsprong Israëliësch conglomeraat. De komst van Texaco-Delek bevestigt volgens Ceen Nuijten nog eens dat Breda een aantrekkelijke plaats is voor Benelux-hoofdkantoren. De stad versterkt met Texaco zijn positie in de auto- en brandstofsector, die – met het Esso-kantoor en vestigingen van diverse automerken – toch al stevig is. „Nu Texaco komt, gaan andere partijen in de branche ook naar Breda kijken”, aldus de hoofdacquisiteur van het REWIN. „We zijn met verschillende bedrijven bezig. Ik hoop dat er meer schapen over de dam zullen komen.” Nuijten denkt onder meer aan Shell, dat ook op zoek is naar een locatie voor een Beneluxkantoor.

Figure 1.2 BHQ's in Breda (BN De Stem, 2009)

Breda seems to be a preferred location for corporations to locate a BHQ. It seems to be a phenomenon in Breda. Breda is seen as 'BHQ centre' (figure 1.2). That BHQ's were located in Breda means that Breda has different characteristics compared to other cities. BHQ's have reasons to locate in Breda and Breda seems to have the desired characteristics. This research explores why corporations locate a BHQ in Breda.

### 1.2 Problem statement, objective and relevance

Location factors explain what the reasons for a corporation are to move to a certain location (Pellenbarg, et al., 2002). Location factors vary per corporation, but there can be similarities as well. Theories (Pellenbarg, et al., 2002) show that location factors can be physical, economic and social or a combination of them. For example physical location factors can be the geographical location, accessibility of the location or office supply. The economic location factors can be for instance tax, the labourmarket or office rental prices. Social location factors can be demographical, quality of life or the image of the city.

In the period 2000 to 2010, 32 corporations located their BHQ in Breda (Nuijten, 2010). BHQs have reasons to locate in Breda. There is never been research as to the reasons of BHQ's to locate in Breda, the reasons of these BHQ's to locate in Breda are unknown. Currently there is not enough insight to understand and explain the reasons of BHQ's to locate in Breda. However there is a need to know which location factors makes BHQ's locate in Breda.

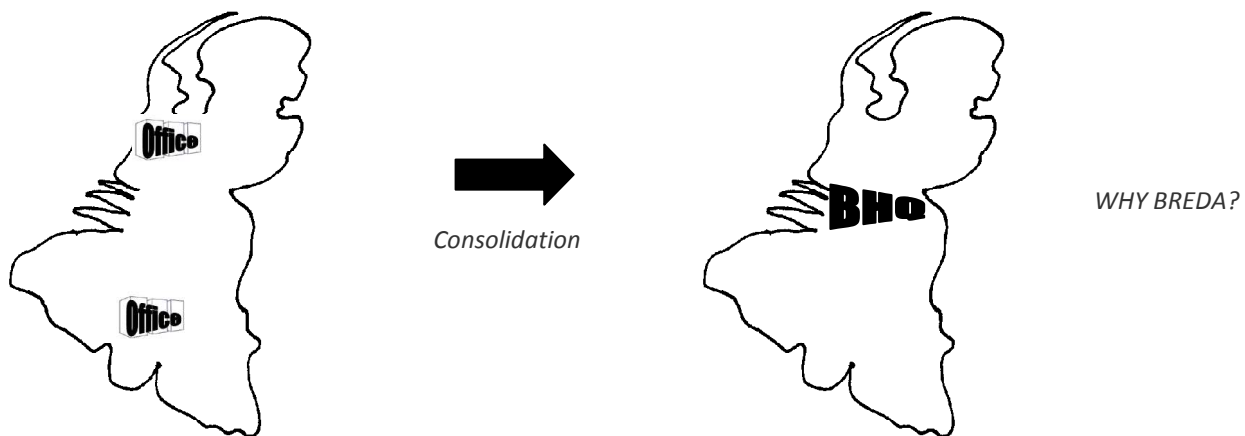


Figure 1.3 Unknown location factors for BHQ's in Breda

### **Problem statement**

The problem statement of this research is:

**There is not enough insight into the reasons why BHQ's moved to Breda in the period 2000 to 2010.**

### **Objective**

Based on the problem and problem statement the objective of this research is:

**Create insight in to why BHQ's located in Breda in the period from 2000 until 2010.**

### **Relevance**

#### **Academic relevance**

This research obtains product information, but it has academic relevance as well. This research creates insight in location factors in relationship to characteristics of the city. The academic relevance is that it also creates more insight in the relationship between corporations and cities, in particular the relationship between BHQ's and the city. While mutual goals are often clear to the parties involved, collaboration between cities and corporations is marginal or can still be improved (de Jonge H. , et al, 2009, p. 13).

#### **Social relevance**

This research explores reasons of corporations for locating their BHQ in Breda. The location factors are related to the characteristics of the city. By obtaining these location factors, characteristics of the city seem to be more or less important. Based on this information Breda's public policy can be directed towards improving the rate of establishment of BHQ's in the city. When more corporations locate in Breda the economic base improves, it creates more jobs, work and attracts more corporations to the city. Also the workforce, education level and labourmarket improve. (Brown, 2005 p. 159). In general this leads to growth of the city from a physical, economic and social point of view.



### **Target group**

Corporations can use this comparative research that compares Breda to other cities during a location search. The urban government can use this information to maintain or improve their plans and policies to redirect the city. Academics can use the results to create more insight in the relationship between corporations and cities. Consultants can use the result to inform BHQs about Breda or advice cities in general about location factors of BHQs. For real estate developers, this information can be used as market information about pros and cons of investing in Breda and the preferences of BHQ's.

### **1.3 Research questions & result**

The aim is to create insight as to why corporations moved their Headquarters to Breda in the period from 2000 until 2010. Based on this aim, the main research question is:

#### ***What are reasons for corporations to locate their Benelux Headquarter in Breda?***

To answer the main research question properly, the research is organized into sections. These are subdivided in sub research questions.

1. Which theory is relevant to explain location dynamics, location factors and location characteristics?
  - a) Why do corporations create a Benelux Headquarters?
  - b) What kind of location theories exist and what are the differences between those theories?
  - c) What determines characteristics of the city?
  - d) What is accessibility and what types of accessibility exist?

This question explores why corporations establish a BHQ in a certain location and creates insight into the reasons for doing this. By exploring the location theories, insight can be gained into corporate reasoning in the past and in the present. Aspects that determine the characteristics of a city can be used as a starting point for the second question. Accessibility is an important aspect of Breda, therefore, exploring this subject is needed to use the right terms in this research.

2. What are the characteristics of Breda?
  - a) What are the physical characteristics of Breda?
  - b) What are the economic characteristics of Breda?
  - c) What are the social characteristics of Breda?

The characteristics of Breda need to be determined to create an understanding of the unique aspects of the city. The three aspects (physical, economic and social) of Breda need to be elaborated on and compared with other cities to check how unique these aspects are for the city. The physical aspects consist of the geographical location, proximity and accessibility by car, train, plane and boat. The economic factors consist of taxes, office parks, office buildings, rental prices of buildings, the market in the region, education and labor market. Social factors are demography, culture, image and quality of life. Also, Breda's public policy planning needs to be taken into account.

3. What are the location factors of Benelux Headquarters to locate in Breda?
  - a) What were the former locations, what was the former demand of the organization and where did they locate in Breda?
  - b) What were the location factors and importance of these location factors of BHQ's to locate in Breda?
  - c) What were alternatives and why did BHQ's choose for Breda?

To discover why BHQ's locate in Breda the reasoning of corporations needs to be clarified. First the context of the corporations needs to be clear, therefore the former location of the BHQ and new demands needs to be catalogued. The location factors and importance of the location factors of BHQ's to locate in Breda needs to be obtained. What were the alternatives and what made Breda stand out?

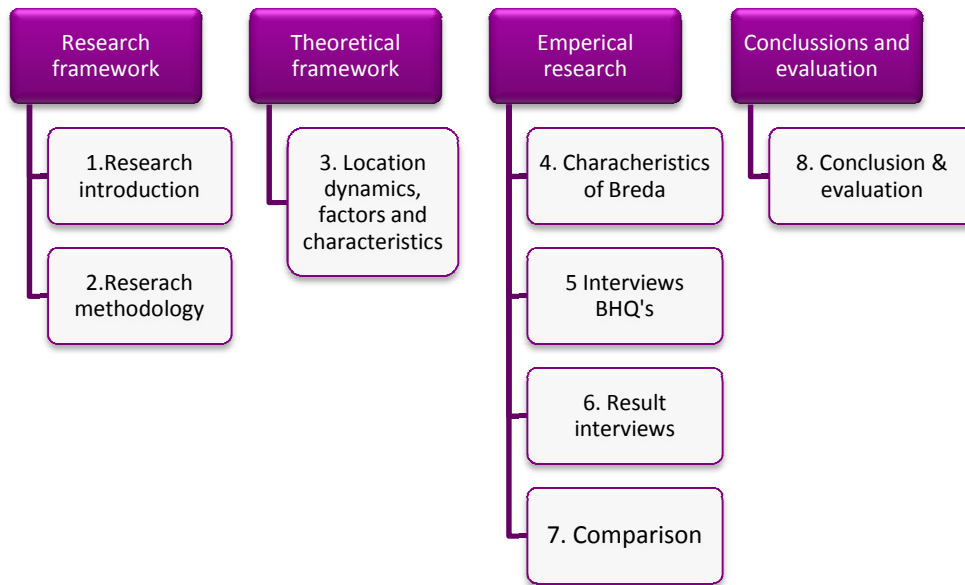
4. Which relationships can be found between the location factors of Benelux Headquarters of Breda and the characteristics of Breda?
  - a) What relationship can be found between physical location factors of BHQ's and the characteristics of Breda?
  - b) What relationship can be found between economic location factors of BHQ's and the characteristics of Breda?
  - c) What relationship can be found between social location factors of BHQ's and the characteristics of Breda?

The strength of the relationship between the location factors of BHQ's and the characteristics of Breda needs to be explored. The relationships need to be structured into facts and reasonable assumptions can be made to understand why BHQ's locate in Breda and why not.

### **Result**

The theoretical part of the research is a literature study about location characteristics, location dynamics and location factors. In the empirical part of the research location characteristics of Breda are explored and six BHQs are interviewed.

## 1.4 Readers guide



The report consists of four parts: research framework, theoretical framework, empirical research and conclusions and recommendations. The research framework consists of chapter 1, which is an introduction to the research and chapter 2, which describes the methodology of the research. The theoretical framework consists of chapter 3, which is the theory of location dynamics, factors and characteristics. The empirical research consists of chapter 4, the characteristics of Breda and chapter 5 the location factors of BHQ's. The result of the interviews is described in chapter 6. In chapter 7 the empirical outcome of the characteristics of Breda and the location factors of BHQ's are compared. In chapter 8 the conclusions, reflection and evaluation are described.

## 2 RESEARCH METHODOLOGY

In this part of the research outline the research framework is elaborated on. A concise reflection on the research study field, typology, design and units and mentorship is elaborated on in this chapter.

### 2.1 Research study field

The master thesis explores reasons why corporations locate their BHQ in Breda. This research is therefore related to corporate real estate management and economic geography.

#### Corporate real estate management

This research is situated between the demand and supply side. The demand side of real estate is the society, corporations or individuals. The supply side of real estate is the portfolio, building or workplace. (de Jonge, et al., 2009 p. 9).

#### Economic geography

Economic geography studies the related economic dimensions to spatial dimensions. The economic dimensions are the activities of corporations. The spatial dimensions are the accommodation of corporation and the economic development of the region. The economic geography also takes into account the applied social science (Atzema, et al., 2002 p. 27). Social science is defined as any scholastic discipline or scientific field that investigates human society (dictionary, 2010).

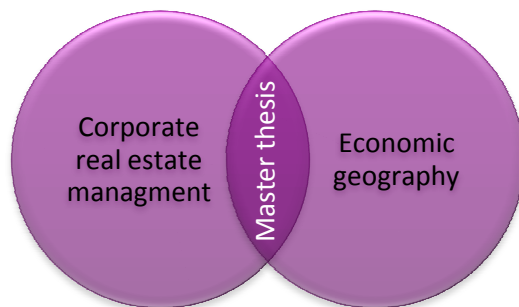


Figure 2.1 Research field CREM and Economic Geography

### 2.2 Research typology

#### Exploratory research

This master thesis contains exploratory research. 'Explorative research starts without any clear ideas or even vague prospects, searches for relationships and ends with a careful explanation of the findings' (de Jong, et al., 2005 pp. 53,54). By doing an exploratory research one wants to get an answer to the differences and/or cohesion between subjects. It is not meant to be a definite answer on the question, but more an exploration of what could be the case (Baarda, et al., 1997 pp. 53,54).

#### Qualitative research

This research is a qualitative research. Qualitative research is a form of empirical research where data of a qualitative nature are used. It has the objective to describe and to interpret research problems in or of situations, happenings or persons (Baarda, et al., 1997 p. 113).

#### Case study

This research is a case study where one research unit is investigated. Empirical inquiry investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon

and context are not clearly evident; and in which multiple sources of evidence are used. Case study refers to the collection and presentation of detailed information about a particular participant or small group, frequently including the accounts of subjects themselves. A form of qualitative descriptive research, the case study looks intensely at an individual or small participant pool, drawing conclusions only about that participant or group and only in that specific context. Researchers do not focus on the discovery of a universal, general truth, nor do they typically look for cause-effect relationships; instead, emphasis is placed on exploration and description. (Yin, 2003 pp. 13,14)

### Unique research

There has never been similar research into what characteristics makes Breda desirable for establishment of BHQ's.

## 2.3 Research design

A literature study explored the location characteristics, location dynamics and location factors. This literature study is done to get insight in the current theory. The physical, economic and social aspects determine the characteristics of the city. (Houtum, et al., 2003) (Pellenbarg, et al., 2002). An analysis of Breda is done based on these three aspects to get insight in the characteristics of the city. By doing open interviews with six BHQs, reasons of BHQ's to locate in Breda are obtained. This is done to create insight into what factors play a role in BHQ's choosing Breda. The characteristics of Breda are compared with the reasoning of BHQ's relative to their location choices and the relationship between these research units. Figure 2.2 shows the research design.

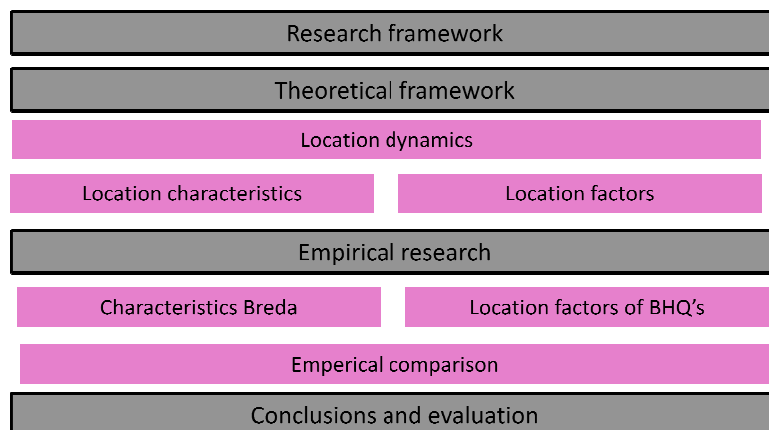


Figure 2.2 Research design

## 2.4 Research units

### Characteristics city

The characteristics of the city are present before 2000. Therefore characteristics of the city are obtained in the period before 2000. Based on the theory (Houtum, et al., 2003) (Pellenbarg, et al., 2002) three perspectives (physical, economic and social) are used to explore the characteristics of Breda.

### Benelux Headquarters

There are 32 corporations which have a BHQ in Breda and located in the period between 2000 and 2010. 6 BHQ's were selected at random and were interviewed.

### Methodical overview

The research is organized into the research framework, theoretical framework and empirical research. These were structured into the objective, method and techniques and result. This is shown in figure 2.3.

| Section            | Research framework                                                           | Theoretical framework                                                                                                                                 |                                               | Empirical research                                                      |                           |                                                                                                                                                                     |
|--------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------------------------------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                    | <i>Research methodology</i>                                                  | <i>Location characteristics</i>                                                                                                                       | <i>Location factors and location dynamics</i> | <i>Characteristics Breda</i>                                            | <i>BHQ's in Breda</i>     | <i>Empirical comparison</i>                                                                                                                                         |
| Objective          | Obtain information and knowledge about problem for research design and scope | Create theoretical insight in location characteristics, location dynamics and location factors                                                        |                                               | Obtain characteristics of Breda and location factors of BHQ's in Breda. |                           | Obtain the relationship between characteristics of Breda and the location factors of BHQ's to create insight in hard facts, reasonable assumptions and speculations |
| Method & technique | Literature study/ desk research                                              | Literature study                                                                                                                                      |                                               | Structure (van Houtum & Lagendijk 2003)                                 | Open interviews           | Describing method                                                                                                                                                   |
|                    | interviews                                                                   | Desk research                                                                                                                                         |                                               | Distinctiveness                                                         | DAS-frame                 |                                                                                                                                                                     |
| Result             | Knowledge about problem, BHQ's and Breda                                     | Location characteristics as input for the characteristics of Breda, location dynamics and location factors as input for the location factors of BHQ's |                                               | Characteristics of Breda                                                | Location factors of BHQ's | Conclusions in facts, reasonable explanations and speculations.                                                                                                     |
|                    |                                                                              |                                                                                                                                                       |                                               | Input for comparison location factors BHQ and characteristics of Breda  |                           |                                                                                                                                                                     |

Figure 2.3 Methodical overview

### Place of research

The research was done separate from any company. The information collected and objective research is independent and unbiased. The research is commissioned by the TU Delft. There is cooperation with REWIN.

### 2.5 Mentorship

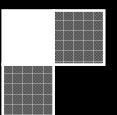
As mentioned before, this master thesis deals with corporate real estate management and urban area characteristics.

The first mentor is MSc Eng. Arch H.J.M. Vande Putte, Master in Real Estate. He is part of the corporate real estate management lab and a specialist in the corporations and cities field.

The second mentor is Dr MSc G. Wigmans. He is part of the urban area characteristic lab and a specialist in the urban characteristics field.



# SECTION II THEORETICAL FRAMEWORK





### 3 LOCATION DYNAMICS, FACTORS & CHARACTERISTICS

The theoretical framework consists of the location dynamics, factors and characteristics. The first research question which needs to be answered in this chapter is:

*Which theory is relevant to explain location dynamics, location factors and characteristics?*

The objective is to create theoretical insight in location dynamics, location factors and characteristics. The method used is a literature study to create insight in the current literature. The result of the theoretical framework is a theoretical base as input for the empirical framework. The result is used to analyze the characteristics of the city and the location choices and location dynamics of BHQ's.

#### 3.1 Location dynamics and Benelux Headquarters

In a corporation a division can be made between corporation internal and corporation external factors. The decisions inside the corporation s are made based on these internal and external factors, figure 3.1 (Atzema, et al., 2002 pp. 27-32).

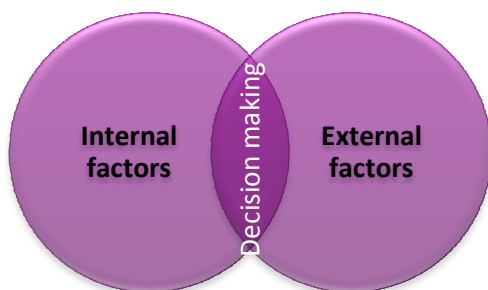


Figure 3.1 Decision making based on internal and external factors (Atzema, et al., 2002)

##### 3.1.1 Internal factors and external factors

Corporate internal factors are factors which are determined by the activities inside the company. Most of these aspects are self determined, such as the corporation structure, labor-rate, the efficiency and internal logistics.

External factors cannot be influenced by the corporation. For example, capacity and the quality of roads, rails, industrial park, tax, presence of universities, subsidy, environmental requirements, minimum salary, the market, the development of new technologies or new competition. (Atzema, et al., 2002 pp. 27-32).

##### 3.1.2 Benelux Headquarters

Corporations need to deal with the global integration and local responsiveness. On one hand the corporation needs to deal with the globally oriented economic functions, which are called space of flows. On the other hand corporations need to deal with locally rooted society and culture, which is called space of places. (de Jonge, 2008) This lead to consequences for the coordination of activities. A balance between both needs to be created. Corporations consolidate the organization to one BHQ, because regionalization is the solution to break the balancing act of Benelux Headquarters between the pressures for global integration and the pressures for local responsiveness (Ernst&Young, 2005 p. 12). Currently, many Benelux headquarters are being created. This can be seen in the expansion of European Headquarters and Benelux Headquarters. (Vermaas, 2010 p. 22). BHQ's increases the range and possibilities of the organization to coordinate and integrate employees, knowledge and skills on Benelux scale (Vermaas, 2010 p. 22). BHQ's in Breda needed to reduce costs and work more

efficiently, which is done by creating a BHQ's (chapter 5). BHQ's are organizational units concerned with, and involved in, the integration and coordination of activities of the organization within a given geographical region and are the link between the region and the headquarters (Schutte, 1996 p. 1).

### 3.2 Classic and modern location theories

Location theory distinguishes classical, neoclassical, behavioral and institutional theories (Mariotti, et al., 2001 p. 3). These are described below.

#### 3.2.1 Classic location theories

The land use theory is about the relationship between the distance of an agricultural company and the primary product market. The value of the land is related to the distance to the market. The shorter the distance the higher the land value and vice versa (Von Thunen, 1826). The land use theory is shown in figure 3.2. The theory of industrial location applies the isotope technique "Standortdreieck". Isovectors are drawn around the final market and the location of the primary commodity, representing distance and weight of the product to be transported at a certain price per distance unit travelled (Weber, 1922).

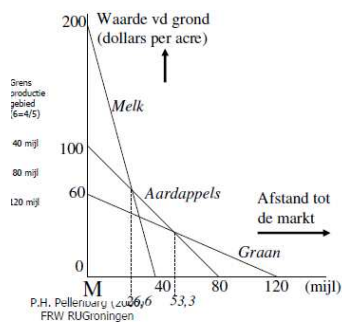


Figure 3.2 Land use theory (Von Thunen, 1826)

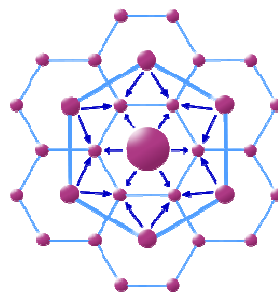


Figure 3.3 Central place theory, market principle (Christaller, 1933)

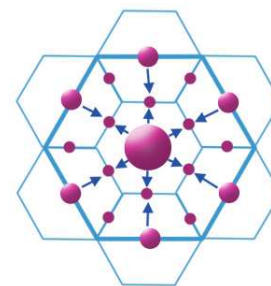


Figure 3.4 Central place theory, traffic principle (Christaller, 1933)

The central place theory is a geographical theory that seeks to explain the number, size and location of human settlements in an urban system. Assuming that the trade areas of central places that provide a particular good or service need are equal in size. The two concepts in this theory are threshold and range. Threshold is the minimum market (population or income) needed to bring about the selling of a particular good or service. The range is the maximum distance consumers are prepared to travel to acquire goods - at some point the cost or inconvenience will outweigh the need for the good. Christaller (1933) had three models, the market principle, traffic principle and policy principle. The reasoning of the market principle is every place has a certain service area. The bigger places have their 'big' service area. The smaller cities have a smaller service area, which can be part of the bigger service area. Each is part of a service area. This is shown in figure 3.3. The traffic principle is the shortest connection between two centers, is not connected with sub centers. To connect the sub centers with the traffic network, a longer route needs to be made. The essence is that it is important that places are on the traffic structure. This is shown in figure 3.4. The policy principle is that the highest order trade area completely covers that of the lowest order, meaning that this market serves a larger area. (Christaller, 1933). These location factors were related to transportation costs.

### 3.2.2 Neo classic location theory

The neo classical establishment theory is focused on cost reduction and revenue increase. Every company is able to fill in the production function, because companies have all information needed, according to this theory. A company will establish on an optimum bases because economic considerations create rational decisions. The emphasis in this theory is on how these decisions are taken. (Pellenbarg, et al., 2002 pp. 4-6).

### 3.2.3 Behavioral theory

In the behavioral theories the decisions are based on bordered rationality. Corporations can try to make a reasonable decision, but the location decision is almost always imperfect (Pred, 1967). The decision can be made based on all possible location factors and corporate characteristics. It is a theory about the link between attitudes and behavior, the theory is a prediction and an explanation of behavior that is based on decision processes of a person or corporation. The TPB-theory consists of three types: behavioral beliefs, normative beliefs and control beliefs. (Ajzen, 1991)

### 3.2.4 Institutional theory

The institutional theory is based on dynamic processes between corporations and their environment. This means market changes and competitors and the target group are checked continuously. Firms have to negotiate with deliverers and suppliers, local, regional or national governments, labor unions and other institutions, about prices, wages, taxes, subsidies, infrastructure, and other key factors in the production process of the firm (Pellenbarg, et al., 2002 p. 10). The emphasis in the institutional location theory is on corporate external environment, but the internal factors are also important.

### Theory Hospers

Corporations are afraid to lose employees. Corporations move therefore mainly inside the region instead of moving to another region. The cold city marketing is the acquisition of corporations outside the municipality. The warm city marketing is service to the current corporations in the municipality. According to Hospers (2008) it is more important for the city to concentrate on warm city marketing and less on cold city marketing. The location factors for corporations to locate in a certain area are according to Hospers (2008) organizational reasons, the appearance of the building, accessibility and the possibility to expand. The representations of office space and the accessibility become more important. This can be an improvement of accessibility and image quality of current locations and more flexible use of the design and conversion requirements. (Hospers, 2008 pp. 92,93). The location factors can be seen in figure 3.5

|                               |
|-------------------------------|
| <b>Hospers</b>                |
| <b>Expansibility</b>          |
| <b>Appearance building</b>    |
| <b>Office space</b>           |
| <b>Organizational reasons</b> |
| <b>Accessibility</b>          |

Figure 3.5 Location factors (Hospers, 2008 pp. 92,93)

### Theory Florida

Creativity is the basic element of the human presence. Corporations establish themselves where a lot of people are located, 'corporations follow people'. For that reason a city with a large creative class, will attract more people, which attract corporations. On the other hand the creative class leads to new ideas and innovations, which attracts corporations. The attitude and the principles of the creative class can be characterized by individuality, merit, diversity. (Florida, 2007). The locations factors according to Florida (2007) are shown in figure 3.6.

|                             |
|-----------------------------|
| <b>Florida</b>              |
| <b>Broad labourmarket</b>   |
| <b>Diversity</b>            |
| <b>Lifestyle</b>            |
| <b>Social communication</b> |
| <b>Authenticity</b>         |
| <b>Identity</b>             |

Figure 3.6 Location factors Florida (Florida, 2007)

### Theory Braun

A city is 'a place to do businesses and an environment that helps the company to pursue its objectives. The location factor is the site and buildings, whether it is office space, a production plant or a combined work and living space. A company looking for a new location might consider obvious things like space, costs, storage and whether the building is functional for the company's operations. Companies set great store by factors which they consider important for their business. (Braun, 2008 p. 56). The locations factors according to Braun (2007) are shown in figure 3.7.

|                                                         |
|---------------------------------------------------------|
| <b>Braun</b>                                            |
| <b>buildings and its direct environment</b>             |
| <b>Accessibility to and from suppliers and partners</b> |
| <b>Accessibility to and from knowledge</b>              |
| <b>Accessibility to and from finance</b>                |
| <b>Accessibility to and from employees</b>              |
| <b>Accessibility to and from new market</b>             |

Figure 3.7 Location factors Braun (Braun, 2008 p. 56)

Classical location theories are focused on reducing costs. Neoclassical theories are focused on reducing costs, but also on revenues, size of scale advantage and the market. The behavioral theory is focused on corporate internal factor; maximum revenues, but also on social relationships. Institutional theories are focused on external factors (policy- and cluster factors) of corporations, but also on internal ones.

#### 3.2.5 Trends in location factors

The location factors of corporations change during the years. Hundreds of years ago transportation costs and labor costs were the main location factors, these are economic and physical. The location factors were also more focused on the internal factors of the organization. This can be seen in the classical and neo classical location factors.

Currently the knowledge and techniques, quality of life, environment, policy rules and image are more dominant location factors. These location factors are more social and economic. The focus currently is more on the external factors of the organization. These location factors can be found in

the behavioral and institutional theories. (Pellenburg, 2006). The change of location factors are visualized in the scheme below:

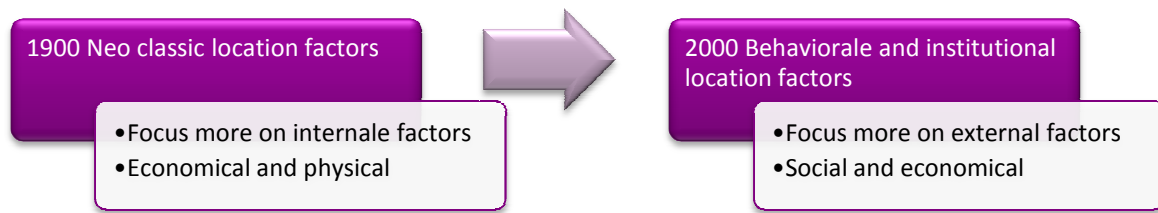


Figure 3.8 Trend in location factors (Pellenburg, 2006)

Location factors changed from more economic and physical to more social and economic. Location factors take physical, economic and social aspects into account, therefore these are used in the master thesis.

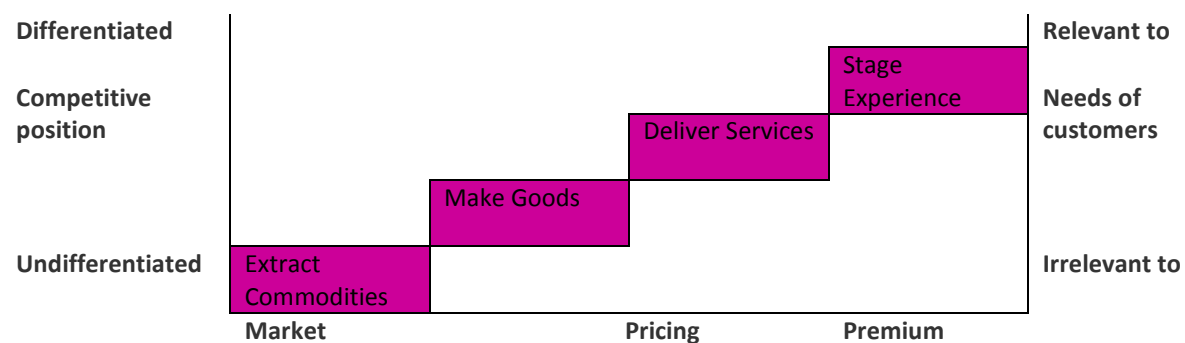
### 3.3 Location development and characteristics

#### 3.3.1 Characteristics of the city

Based on the location theories and location factors the conclusion is that physical, economic and social perspectives are relevant for corporations. The identity of the city consists of these three aspects as well (Houtum, et al., 2003). The definition of identity is the extent to which a person can recognize or recall a place as being distinct from other places - as having a vivid, or unique, or at least a particular, character of its own (Lynch, 1981 p. 131). Also from the city side the characteristics of city are determined by the physical, economic and social aspects.

#### *Development city and economic activities*

This city development can be divided in different stages of development. The development is 'the progression of economic value'. The society developed from an undifferentiated market to a market with differentiation. The needs of the consumer became more relevant. The agrarian self sustained economy was transformed into the industrial economy around the 1850s. The service economy rises mainly in the 1950's and 60's. Currently the experience society emerges. The first stage was the commodities phase where the agricultural market was active. Traders sell to the market. The goods phase is the transformation to the industrial economy. The trader is changed for a manufacturer who sells to users. Service economy consists of the provider who sells to the client. This was the service economy. (Pine, et al., 1999 p. 43). Currently we just entered the experience economy, where the stager sells to the guest. The stages can be seen in figure 3.9.



The city developed in four stages agrarian, industry, service and experience. While the function of the city changed, there were always economic activities in the city.

### **3.3.2 Accessibility of a location**

There is extra attention to accessibility in this research, therefore this subject is given attention in this paragraph. Part of the physical characteristic of the city is the accessibility to the city. TNO (1993) defines accessibility as the amount of time, money and effort it costs for one or more persons to move from one location to another. Accessibility is connected with the destination activity of the movement. Accessibility can be structured into relational and integral accessibility. Relational accessibility is the accessibility of a location from one specific location. The integral accessibility is the accessibility from all relevant locations together. (TNO, 1993). This can be seen in figure 3.10.

|                     | <b>Time, money and effort</b> | <b>Distance</b> |
|---------------------|-------------------------------|-----------------|
| <b>One location</b> | Relational accessibility      | Proximity       |
| <b>All location</b> | Integral accessibility        | Centrality      |

Figure 3.10 Accessibility definitions (TNO, 1993)

### **3.3.3 Development city and accessibility**

The city has been changing over the last decade. More space was needed in 1950, because of the introduction of the car (Gehl, et al., 2006 p. 12). Until the seventies most office developments were accidental developments and roads were accessible to cars. In the eighties the office market exploded in concentrated zones in the inner city, along major boulevards. Agglomerations were created, other corporations were nearby. In the nineties new office areas expanded to the edge of cities, connected to the freeway, disconnected from the city. In the eighties and nineties attempts were made to concentrate office development in redevelopment zones. After the collapse of the ICT-surge, there is no understanding of the requirements and scope of the office function in the city. Currently the question is related to patterns of work instead of office space. More people work at home, which is possible because of the ICT and needed because locations are less accessible. The office gets the function of server and there will be more a complex system of connections. (Kloosterman, 2002 p. 1)

Office locations moved inside the city, which was related to the accessibility of the location. The physical accessibility changes currently into accessibility by information and communication technology.

## **3.4 Conclusions**

The theoretical reasons for corporations to create a BHQ are obtained. The location theories for the past and the current situation are explored. Location factors of the modern location theory are elaborated on. The differences and similarities between the theories are explained. Aspects which determine the characteristics of the city are obtained. The term accessibility is elaborated on and different types of accessibility are highlighted.

Internal and external factors lead to a decision. Corporation internal factors are factors which are determined by the activities inside the company. External factors cannot be influenced by the corporation. Based on the internal and external factors corporations consolidate their organization to one BHQ. A BHQ is the solution to break the balancing act of Benelux Headquarters between the pressures for global integration and the pressures for local responsiveness.

The location dynamics were elaborated on to explain the decision making of corporations and the reasons for the creation of a BHQ. The location dynamics do explain the context of decisions of BHQ's in chapter 5. The location dynamics are not taken further into account.

Location theories changed from the classic location theories with the emphasis on internal factors, like cost reduction, to modern location theories with the emphasis on external factors, like the increase of revenues. The cost reduction can be found in physical and economic location factors, like reducing transportation costs. The increase of revenues can be found in social and economic location factors, like knowledge economies and quality of life. Based on this, location factors consist of three categories physical, economic and social. The modern location theory is true for the present time. Social and economic location factors should be applicable for corporations in the present time. The more recent location factors of this theory were elaborate on in this research. The location factors are used as parameters at the interviews with BHQ's in Breda. The other location theories are taken into account in the reflection of this masterthesis. The chronological order of the emphasis on location factors (physical, economic and social) is used to analyze the characteristics of Breda.

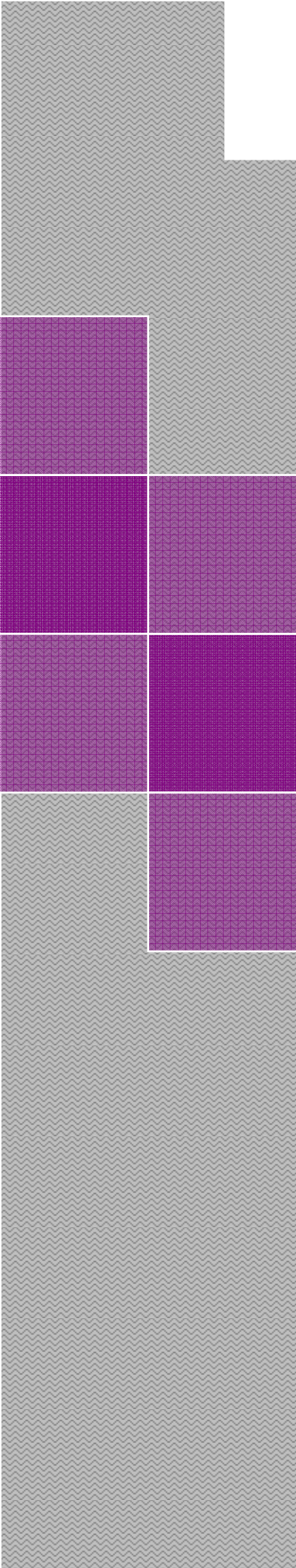
The physical, economic and social aspects of the city determine the characteristic of the city. These aspects are used in the analysis of the characteristics of Breda.

Part of physical aspect is the accessibility of a location. The physical accessibility of a location is elaborated on in detail, because this subject plays a very important role in this research. The integral accessibility is the accessibility from all relevant location together, time, money and effort taken into account. The distance for all location is called centrality. These definitions are used in chapter 4.

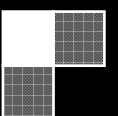
In the development of the city is described that the city transformed from the agrarian stage to the experience society. The development of the city is elaborated on to explain the context of the city in chapter 4.

In this chapter the question 'Which theory is relevant to explain location dynamics, factors and characteristics' are investigated. The conclusion in this part is the answer to this question. The objective 'create theoretical insight in location characteristics, location factors and location dynamics' is therefore achieved.





# SECTION III EMPIRICAL RESEARCH



## 4 CHARACTERISTICS OF BREDA

The objective of the empirical research is to obtain characteristics of Breda. The question which is answered in this part is: *What are the physical, economic and social characteristics of Breda?*

### Structure

The location theory and factors, from the theoretical framework, are used as research units to explore the characteristics of Breda. City characteristics can be determined by the physical, economic and social factors of the city. (Houtum, et al., 2003) (Pellenbarg, et al., 2002). The three location factors are split up in the theoretical framework in sub location factors of theories of Hospers (2008), Florida (2003) and Braun (2008). Some sub location factors are mentioned in several theories, similar sub location factors are joined into one main subject. These sub location factors are used in this chapter too. The city changed from the agrarian and industrial stage, where physical and economic aspects were more important, to the service economy and experience society, where the social and economic aspects are more important (Pellenbarg, et al., 2002) (Pine, et al., 1999). The order of development is the structure in this chapter. Different scale levels are used in this structure. To create an integral research, subjects which are more important are covered more detailed and subjects which are less important are covered in general terms. The BHQ's that find the physical location factors important are covered in more detail. The economic and social location factors are less important according to the BHQ's and are therefore covered in general (figure 4.1). To check the distinctiveness of the characteristics of Breda, they are compared with the surrounded cities Tilburg, Eindhoven and Antwerp.

| Subjects of characteristics of Breda |                                  |                |                           |              |                   |              |
|--------------------------------------|----------------------------------|----------------|---------------------------|--------------|-------------------|--------------|
| Structure chapter                    | Physical                         |                | Economic                  |              | Social            |              |
|                                      | Subjects                         | Detail level   | Subjects                  | Detail level | Subjects          | Detail level |
| Past<br>↓<br>Current                 | Geographical location***         | Detailed       | Economy ***               | General      | Demography        | General      |
|                                      | Train infrastructure             | Detailed       | Tax**                     | General      | Culture           | General      |
|                                      | Proximity airports and harbors   | Detailed       | Market in region *        | General      | Image of the city | General      |
|                                      | Accessibility by car (proximity) | Detailed       | Office parks & office *** | Detailed     | Quality of life** | General      |
|                                      | Accessibility by car (integral)  | Detailed       | Rental prices offices***  | General      | Promotion city*   | General      |
|                                      | Buildings**                      | Detailed       | Education                 | General      | Politics**        | General      |
|                                      | Land use policy**                | General        | Labor market**            | General      | Social plans      | General      |
|                                      |                                  | Economic plans | General                   |              |                   |              |

Figure 4.1 Subjects of characteristics of Breda

\*Also covered on regional level

\*\*Also covered on national level

\*\*\* Covered on regional and national level

The results are characteristics of Breda per physical, economic and social aspect. This chapter ends with the distinctiveness of these characteristics.

## 4.1 Physical characteristics

Because of the river the Mark and the location between the prosperous Holland and duchy Brabant, Breda became a trading place. Breda benefited of the geographical location. From 1850 a rail connection was realized between Breda and Roosendaal, Tilburg and Moerdijk. From 1950 on the car became more important. The traffic infrastructure in and around Breda was expanded and connected with the infrastructure of the Randstad and Flemish square. The rise of industry has led in Breda to industrial parks. Later, the service sector demand led to industrial building and offices. Breda had a big supply of industrial buildings and office space. (Stadsarchiefarchief Breda, 2010 pp. 3-13)

### 4.1.1 Geographical location

The geographical location is relative location. The geographical location is the location in relationship to another location in the area (encyclo, 2010). The geographical location of Breda is traditionally determined. A central location is the distance for all locations to reach that certain location (TNO, 1993), this is shown in figure 4.2. According to the preconditions of the BHQ (chapter 5), the location needs to be central and accessible. By accessibility they mean integral accessibility (TNO, 1993).



Figure 4.2 Central and accessible (TNO, 1993)

### Central in the Benelux

This research concerns headquarters which search for a city in the Benelux. Therefore the scope is limited to cities in the Benelux. A central location in the Benelux is shown on figure 4.3. Breda is a geographical central location in the Benelux, just like Tilburg, Eindhoven and Antwerp figure 4.4.

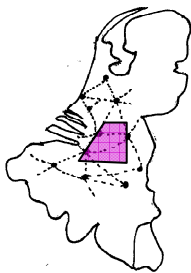


Figure 4.3 Central in the Benelux

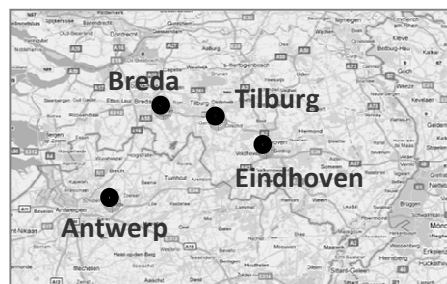


Figure 4.4 Central cities (maps.google, 2010)

| Physical              | Breda | Tilburg | Eindhoven | Antwerp |
|-----------------------|-------|---------|-----------|---------|
| Geographical location | ++    | +       | +         | ++      |

Figure 4.5 Own interpretation central location in the Benelux

### 4.1.2 Accessibility by train

In the 1850s rail connections were created between Breda and Roosendaal, Tilburg and Moerdijk. Antwerp is connected to Roosendaal and to Brussels, Gent and Liege. Tilburg is connected to Breda, Eindhoven and 'S Hertogenbosch. Eindhoven is connected to Tilburg, 'S Hertogenbosch, Venlo and Maastricht. The accessibility by train is important to the accessibility of Breda in general. In the 1850s

the rail connection is made from Breda to Roosendaal, Tilburg and Moerdijk. This connection to Breda is not expanded to other places. Breda is connected with Tilburg and therefore to Eindhoven and S’Hertogenbosch. Breda is connected with Roosendaal, which is connected with Antwerp. Breda has also a rail connection to Dordrecht and further on. There is no direct connection to Antwerp and Utrecht. The HSL line is finished in 2011 and is described in paragraph 4.1.7. (retro.nrc, 2010). Breda has no direct connection to Belgium (Antwerp) and Utrecht. The overall rail connections are good, just like

| Physical               | Breda | Tilburg | Eindhoven | Antwerp |
|------------------------|-------|---------|-----------|---------|
| Accessibility by train | +     | +       | +         | +       |

Figure 4.6 Own interpretation train connections

### 4.1.3 Proximity airport and harbor

In the Netherlands there are airports in Rotterdam, Eindhoven, Maastricht, Amsterdam and Groningen. In Belgium there is Brussels, Oostende, Luik and Antwerp. Schiphol airport is developed in 1916 and Brussels airport in 1910. These airports have developed into major airports and connect to other continents. This makes Amsterdam and Brussels more important and therefore the accessibility to both is more important. Figure 4.7 shows the traveling time to Amsterdam and Brussels. The proximity to major airports is an advantage to Breda. The proximity to airports at Tilburg, Eindhoven and Antwerp are average.

|                  |                  |                  |                  |
|------------------|------------------|------------------|------------------|
| <b>Amsterdam</b> | <b>Amsterdam</b> | <b>Amsterdam</b> | <b>Amsterdam</b> |
| 60 min.          | 90 min.          | 90 min.          | 120 min.         |
| <b>Breda</b>     | <b>Tilburg</b>   | <b>Eindhoven</b> | <b>Antwerp</b>   |
| 60 min.          | 90 min.          | 90 min.          | 40 min.          |
| <b>Brussels</b>  | <b>Brussels</b>  | <b>Brussels</b>  | <b>Brussels</b>  |

Figure 4.7 Travel time to Amsterdam and Brussels from central Benelux location (maps.google, 2010)

The main harbors are located in Antwerp and Rotterdam. Breda is in between both locations, figure 4.8. When the proximity to both harbors needs to be close, Breda is the most advantaged location in between both harbors. The proximity to airports at Tilburg, Eindhoven and Antwerp are average.

|                  |                  |                  |                  |
|------------------|------------------|------------------|------------------|
| <b>Rotterdam</b> | <b>Rotterdam</b> | <b>Rotterdam</b> | <b>Rotterdam</b> |
| 45 min.          | 60 min.          | 75 min.          | 75 min.          |
| <b>Breda</b>     | <b>Tilburg</b>   | <b>Eindhoven</b> | <b>Antwerp</b>   |
| 45 min.          | 55 min.          | 65 min.          | 0 min.           |
| <b>Antwerp</b>   | <b>Antwerp</b>   | <b>Antwerp</b>   | <b>Antwerp</b>   |

Figure 4.8 Travel time to Amsterdam and Brussels from central Benelux location (maps.google, 2010)

### Integral accessibility

The Randstad and Flemish square are developed into important urban agglomerations. Economic activities take place in these regions; therefore it is important to be connected to this region (Randstad, 2004 p. 9). The connection Amsterdam and Brussels is the axis, which connects both urban agglomerations with each other. Most BHQ’s used to be located mainly in the Randstad or Flemish square (chapter 5). The axis Amsterdam-Brussels is therefore very important. The central locations in the Benelux are compared based on the travel time (minutes) to Amsterdam and Brussels in figure 4.7 and 4.8. The conclusion is that Breda has a very good integral accessibility, Amsterdam, Brussels, Rotterdam and Antwerp taken into account, Antwerp has a good integral accessibility as well, while Tilburg and Eindhoven are not as good. This can be seen in figure 4.9.

| Physical               | Breda | Tilburg | Eindhoven | Antwerp |
|------------------------|-------|---------|-----------|---------|
| Integral accessibility | ++    | +/-     | +/-       | +       |

Figure 4.9 Own interpretation integral accessibility in the Benelux

#### 4.1.4 Accessibility by car

From 1950 on the car became more important. Breda is surrounded by a network of highways. The highways were built in the period of 1955 to 1971, and are 4-lane. Around 2004 the highways and connection hubs were upgraded. In figure 4.10 the highways highlighted in pink are upgraded from 2 lanes to 3 lane highways. (Autosnelwegen, 2010).

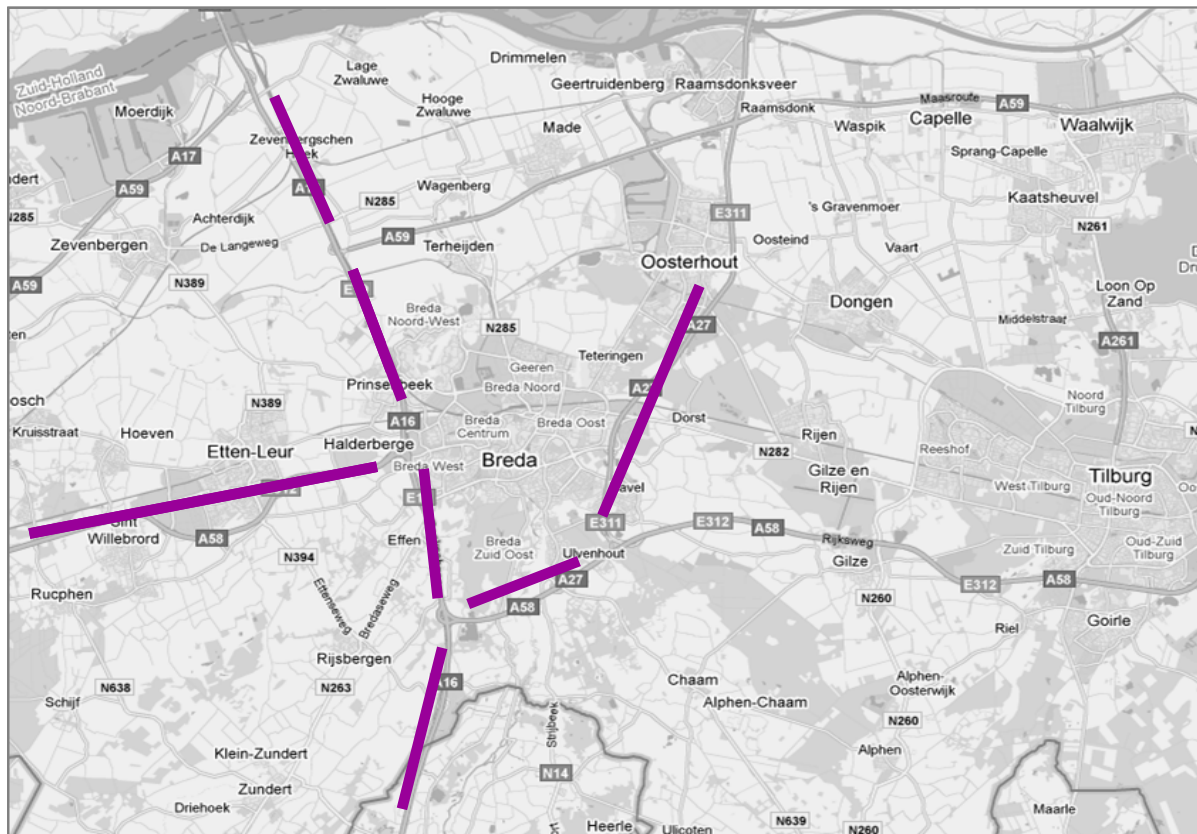


Figure 4.10 Upgrades of highways (Autosnelwegen, 2010)

#### Proximity locations

Breda is accessible via the A59 (in the north), A16 (on the western side), A58 (in the south) and A27 (on the Eastern side). The A59 creates a connection between S’Hertogenbosch and Breda, which is an East-West connection between the East and West side of the Netherlands. The A16 connects Breda with Dordrecht and Rotterdam, it creates a North-South connection between the south of the Netherlands and the Randstad. The north-south connection between the southern part of the Netherlands and the centre of the Netherlands, Utrecht, is the A27. The A58 connects Zeeland with the Eastern part of Noord-Brabant and Limburg and passes close to various towns including Breda. It is an important East-west connection as well. (maps.google, 2010) The distance of Breda to other locations is shown in minutes by car in figure 4.11.



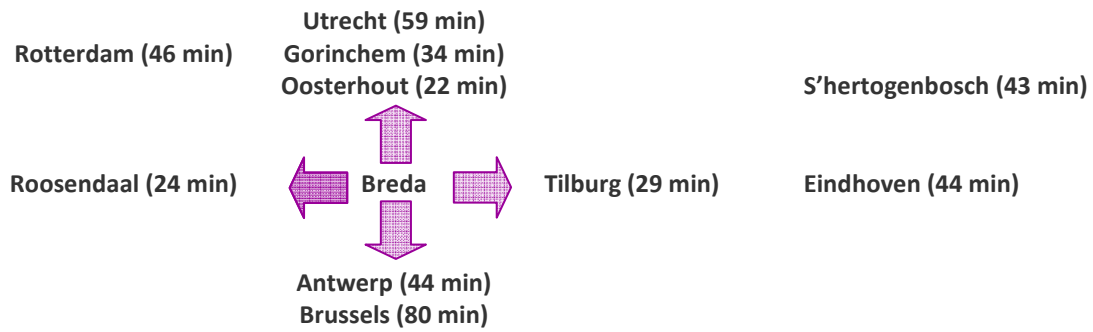


Figure 4.11 Proximity location (maps.google, 2010)

Tilburg, Eindhoven and Antwerp are shown in figure 4.13, 4.14 and 4.15. To the East of Breda are Tilburg and Eindhoven located and Antwerp lies to the south of Breda.



Figure 4.12 Tilburg (maps.google, 2010)



Figure 4.13 Eindhoven (maps.google, 2010)



Figure 4.14 Antwerp (maps.google, 2010)

Tilburg is located along the A58 (Vlissingen, Breda, Eindhoven). A connection with the A27 (Utrecht-Breda) will be built in 2012. Tilburg has two train stations. These are Tilburg central and West. There are no LRT's or subways, however there is public transportation by bus. (maps.google, 2010).

Eindhoven is surrounded by highways, the A2 (to 'S Hertogenbosch, Utrecht, Maastricht), A50 (Arnhem), A58 (Tilburg, Breda) and A67 (Antwerp). Eindhoven has a train station. There are no LRT's or subways, but there is bus transportation. Eindhoven has an airport for flights inside Europe. (maps.google, 2010).

Antwerp is surrounded by highways. The centre of Antwerp is surrounded by the R1 highway. The R1 connects the highways A1/E19, A12, A21/E34, A13/E313 and the A14/E17. This highway connects to the A1/E19 (Breda, Brussels). The A12 is connected with Bergen op Zoom, Vlissingen. The A21/E34 is between Turnhout, Eindhoven and Duisburg. Hasselt can be reached via the A13/E313. The A14/E17 is located between Gent, Kortrijk and Rijsel. Antwerp has two train stations (south and north), c-trains, busses and subways. (maps.google, 2010).

The proximity to Breda is very close, just like Eindhoven and Antwerp. The distance to Tilburg is less.

| Physical                | Breda | Tilburg | Eindhoven | Antwerp |
|-------------------------|-------|---------|-----------|---------|
| Proximity accessibility | ++    | +       | ++        | ++      |

Figure 4.15 Own interpretation proximity location

#### 4.1.5 Construction year buildings

The office space market in the Netherlands is 47,5 million m<sup>2</sup>. There is mainly development in bigger office regions. 6,3 million m<sup>2</sup> of this is not used. Too much new office space is built in the past which

### Reasons for Benelux Headquarters to locate in Breda

has not been absorbed, therefore there is a structural oversupply of 4 million m<sup>2</sup>. A big supply of recently built offices can be seen as an advantage. There is much to choose for corporations. (VMG, 2010) (Economisch Instituut voor de Bouw, 2010). There is a lot of vacancy in the Netherlands in office space. There is pressure on value development in the office market. The supply needs to be improved and they need to invest in the current supply. The question is when restructuring becomes convenient. (VMG, 2010). An impression of recent build offices are shown in figure 4.16.



Figure 4.16 Dutch office (DTZ, 2010)

Breda has a big recent office building supply. The office buildings which were older than 10 years have been often already been upgraded. (Gemeente Breda, 2011) An image of the offices in Breda can be seen on figure 4.17.



Figure 4.17 Buildings in Breda (bvrgroep, 2010) (fundabusiness, 2010)

Flanders (Brussels included) has 16 million m<sup>2</sup> of office space. Brussels is the most important office space market in Belgium with about 10 million m<sup>2</sup> of available office space. Other important office locations are Antwerp (1,6 million m<sup>2</sup>) en Gent (0,8 million m<sup>2</sup>). The economic growth in Belgium the last five years increased the demand for office space. New developments are started. For that reason the office space supply has increased a lot. This was needed, because much of the Flemish office space supply is out of date. (Ministerie van de Vlaamse Gemeenschap, 2003 p. 12). This can be seen in figure 4.18



Figure 4.18 Flemish offices (Ministerie van de Vlaamse Gemeenschap, 2003)



The supply in Antwerp is often out of date. This can be seen in figure 4.19. 79% of the vacant buildings are old. The new office supply is low. (Jones Lang Lasalle, 2007 p. 12)



**Figure 4.19 Buildings in Antwerp (Jones Lang Lasalle, 2007)**

The office supply of Breda is more recent than in Antwerp. A big part of the Belgium's office market is out of date. The office building supply of Breda is more recent than Antwerp's. The office market of Belgium (15,35 million m<sup>2</sup>) is smaller than in the Netherlands (47,5 million m<sup>2</sup>).

#### **4.1.6 Land use policyning plans**

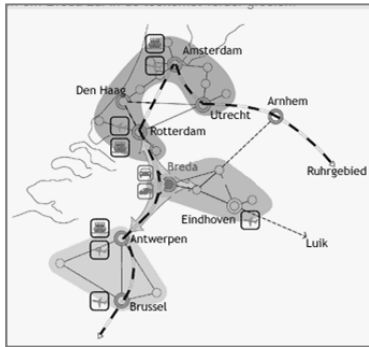
##### **Nota Ruimte**

The Nota Ruimte '04 has national urban networks designated as economic central areas which are needed to strengthen the international competitive position of the Netherlands. These areas consist of important concentrations of population, economic activities, labor and cultural activities. Brabantstad is one of the six national urban networks. In Brabantstad there are three economic key areas located: South-East Brabant with the A2-zone, the connection with the economic centre Tilburg and the A16-A4 zone in West-Brabant. The five municipalities in Brabantstad need to discuss specialization and complementary activities. Revitalizing, restructuring and transformation of live and work areas are the most important tools to develop the urban networks. Inside the urban networks the centre creation is essential according to the national government. There is priority for the development of the station area in Breda. (VROM, 2004)

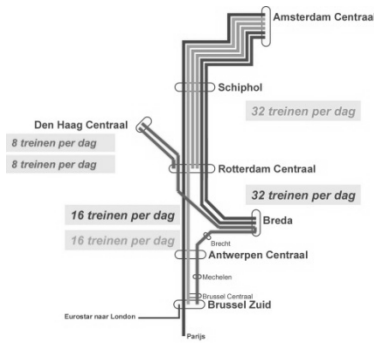
##### **HSL and shuttle line**

The high speed line connects large cities in Europe. It is the connection between Randstad, the Flemish square and Brabantstad, figure 4.20. Breda becomes more a link between Brabant and Europe. This makes Breda an important connection hub. The project should strengthen the connection between the North of Breda and the city centre of Breda. The HSL train does not stop in Breda, therefore Breda uses a shuttle train to connect Breda with the HSL station, figure 4.21. This rail line connects the cities The Hague, Rotterdam, Breda Brecht, Antwerp, Mechelen and Brussels. Breda has a third platform constructed to avoid problems with the slow train traffic in Breda. Two railways are connected with the HSL in the direction of Antwerp. Just north of the Belgian border the Breda shuttle connects to the HSL rail line. The train to Rotterdam uses the existing rail line. In the North of hub Zonzeel the shuttle connects to the HSL rail line. The High Speed Line will be finished in 2011. The HSL train connection links Breda to Antwerp. The improved accessibility should attract international corporations. The new locations with a high visibility offer space for international business centers for activities in trade, ICT and to service based institutions. The other locations in this area are meant for regional and urban economic activities. (BrIM, 2010 pp. 7,22-24).

**Reasons for Benelux Headquarters to locate in Breda**



**Figure 4.20 HSL and shuttle stops (VROM, 2004)**



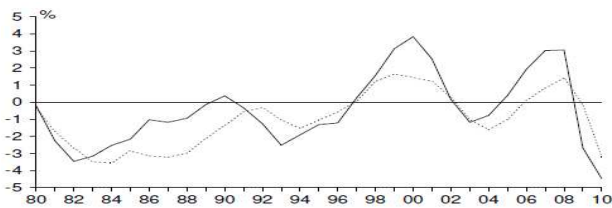
**Figure 4.21 HSL route (VROM, 2004)**

**4.2 Economic characteristics**

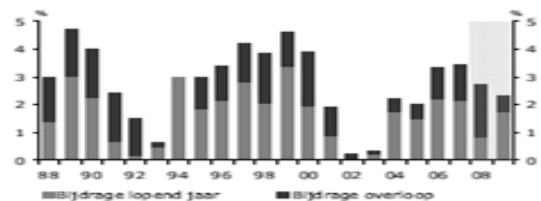
Breda became a trading place, because of the river the Mark and its location between prosperous Holland and the duchy of Brabant. Breda did not benefit from the colonial trade. However Breda was located in between both prosperous Randstad and Flemish square and benefited from these regions (Stadsarchiefarchief Breda, 2010 pp. 3-13). In combination with the rise of industry, industrial buildings and areas were created. The infrastructure improved in the 1950s and the economic activities in Breda increased. This in combination with the rise of the service sector in the 1950s, the amount of offices in Breda increased. The logistics sector became more dominant in Breda. (Bredata, 2010) The creation of the first higher vocational education (2001) did increase the amount of people with a higher level of education.

**4.2.1 Economy**

After the economic recession of 1983, the economy increased again until 1990. Economic activity slowed until 1993 when the economy increased fast until 2000, its highest point. The economy decreased until 2003. It increased again to 2008, then the economic recession started, the deepest recession in the world economy since World War II. (Centraal Ruimtelijk Planbureau, 2010). Figure 4.22 shows the output gap and the labor market tension. Figure 4.23 show the GDP growth.



**Figure 4.22 Economic flow (Centraal Ruimtelijk Planbureau, 2010)**



**Figure 4.23 GDP-growth (Centraal Bureau voor de Statistieken)**

The economic aspects are taken into account based on the theory (Pellenbarg, et al., 2002). Based on the interviewed BHQ's in Breda, this aspects is not a location factor. Therefore this aspect is covered in general.

|             | Air transport of goods | Sea transport of goods | Goods transport by inland waterways | Goods transport by road | Goods transport by rail |
|-------------|------------------------|------------------------|-------------------------------------|-------------------------|-------------------------|
| Netherlands | 1.371.235              | 468.051                | 271.495                             | 616.903                 | 33.594                  |
| Belgium     | 836.409                | 203.368                | 108.243                             | 297.879                 | 45.718                  |
| Luxembourg  | 627.261                | Not available          | 8.172                               | 52.649                  | 6.446                   |

**Figure 4.24 Transportation of goods (eurostat, 2010)**

The GDP is the gross domestic product and is mentioned per capita in purchasing power per country. The GDP of the Netherlands is rather stable (131), the GDP of Belgium (116) is a little less but still rather similar. Luxembourg (271) has a very fast growing GDP. (eurostat, 2010) Luxembourg seems to be very prosperous, therefore the transportation of goods are explored per country to check their prosperity. The transportation of goods can be done by road, airplane and water ways, as shown in figure 4.24.

The Netherlands transports the most goods, only the public transportation of goods is higher in Belgium. Luxembourg transports a small amount of goods relative to the Netherlands and Belgium (eurostat, 2010). However the Benelux market is a rather homogeneous market. (Benelux Secretariaat Generaal, 2005).

The Randstad is the urban agglomeration area of the Netherlands. The airport Schiphol and the harbor area in Rotterdam create the economic basis of the Netherlands. (VROM, 2004). The Flemish square is the urban agglomeration of Belgium (Vlaanderen, 2010). The urban agglomeration of the Netherlands is the Randstad, in Belgium this is the Flemish square.

#### **4.2.2 Tax**

In the Netherlands the income tax rate is 25,5%, in Belgium this is 33,9% and in Luxembourg this is 29,63 %. The Netherlands is cheaper than Belgium and Luxembourg (eurostat, 2010). Tax ruling ('69) is also called cost plus ruling. It is an agreement between foreign investors and the tax service, therefore the effective income tax can be reduced. This system is used in the Netherlands and since 2005 also in Belgium (Buck, et al., 2003 pp. 15,16). The participation exemption ('69) in the Netherlands, were dividend and capital revenues from daughter organizations in other countries are exempted of paying income tax. When a corporation located in the Netherlands has possession of minimal 5% of shares in domestic and foreign operating companies, the subsidiary companies do not have to pay tax on interest, royalties, dividends and capital gains (Belasting, 2010). The source tax exists since '63. The consequence of this is that the source tax on dividends, interest and royalty payments are reduced between the participating countries and the Netherlands. (Buck, et al., 2003 pp. 15,16). There are requirements made for European countries related to tax rates. The Netherlands had the image as 'harmful tax competition', this need to change after 2011 according to the EU. Therefore the Netherlands may be less attractive in the coming years. However it takes years to changes these rules and apply them. (Wesselius, 2003)

The Netherlands is more attractive from a taxation point of view relative to Belgium and Luxembourg. In 1969 the Netherlands created the advantageous tax climate, this consists of the income tax, tax ruling and participation exemption and source tax. The interviewed BHQ's in Breda do not mention tax as a location factor, therefore this subject is covered in general.

#### **4.2.3 Industrial and office supply**

The industrial areas were created when industrial demand rose (1850s), the service sector demand rose in the 1950s and led to office space in Breda. This had an impact on the development of the city and the industrial parks and offices. The industrial buildings and office market is elaborated on in the present time. The industrial building market is elaborated on for the cities of Breda, Tilburg, Eindhoven and Antwerp. The stock, release, transfer and supply of land for sale are also taken into account.

| Average per years     | Breda                  | Tilburg                | Eindhoven              | Antwerp               |
|-----------------------|------------------------|------------------------|------------------------|-----------------------|
| <b>Business stock</b> | 2.000 ha               | 1.500 ha               | 1.800 ha               | 1.770 ha              |
| <b>Release</b>        | 20 ha                  | 17 ha                  | 17 ha                  | -                     |
| <b>Transfer</b>       | 200.000 m <sup>2</sup> | 100.000 m <sup>2</sup> | 170.000                | 79.000 m <sup>2</sup> |
| <b>Supply</b>         | 500.000 m <sup>2</sup> | 200.000 m <sup>2</sup> | 300.000 m <sup>2</sup> | 40.500 m <sup>2</sup> |

Figure 4.25 Business areas figures average per year (DTZ, 2010 pp. 13,14) (Jones Lang Lasalle, 2007 p. 11)

Breda has the highest industrial stock, release, transfer and supply of land. The transfer is similar to Eindhoven and more than Tilburg. Breda, Tilburg, Eindhoven and Antwerp have almost similar industrial building stock and release. Breda has at minimum twice as much industrial supply as Tilburg and Eindhoven. Antwerp has a very low supply. In general the stock increases, just like the transfer, with the exception of 2009 and 2010. The stock has seen an increase of 400 ha. The stock for rent to industrial building varies from 400.000 m<sup>2</sup> (2008) to 580.000 m<sup>2</sup> (2010). The transfer in the industrial rental space area increases. The total supply is does not increase. (DTZ, 2010 pp. 13-14,51-52) (Jones Lang Lasalle, 2007 p. 11)

|                     | Breda                    | Tilburg                  | Eindhoven                | Antwerp                  |
|---------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Office stock</b> | 1.000.000 m <sup>2</sup> | 1.300.000 m <sup>2</sup> | 1.700.000 m <sup>2</sup> | 1.700.000 m <sup>2</sup> |
| <b>In use</b>       | 800.000 m <sup>2</sup>   | 1.200.000 m <sup>2</sup> | 1.500.000 m <sup>2</sup> | -                        |
| <b>Transfer</b>     | 50.000 m <sup>2</sup>    | 50.000 m <sup>2</sup>    | 70.000 m <sup>2</sup>    | 50.000 m <sup>2</sup>    |
| <b>Supply</b>       | 130.000 m <sup>2</sup>   | 60.000 m <sup>2</sup>    | 230.000 m <sup>2</sup>   | 100.000 m <sup>2</sup>   |

Figure 4.26 Office location figures average per year (DTZ, 2010 pp. 51,52) (GVA, 2009)

In Breda and Antwerp vacancy is about 12%, in Eindhoven 13% and Tilburg 15% (Brabant, 2011). Breda has the smallest office stock in relationship to Tilburg and Eindhoven. However they have the same range of not in use space. The transfer is relatively high in Breda. The supply of Breda office space is twice as high as Tilburg and half the size of Eindhoven's. (DTZ, 2010 pp. 51,52) (Jones Lang Lasalle, 2007 p. 11).

Remarkable is that Breda has at the minimum twice as much industrial land supply as Tilburg and Eindhoven. The transfer rate is relatively the same in all three cities. This means that Breda has a big industrial park supply. Breda has the smallest office space area relative to Tilburg and Eindhoven. However they have the same range of not- in- use land. The transfer of available land is the highest in Breda, followed by Eindhoven, Antwerp and Tilburg. A small office space market and relative high absorption rate means a high demand for office space. The supply in Breda is twice as high as in Tilburg and half the size of Eindhoven's. Breda's office space market grew and still grows, however it is smaller than Eindhoven and bigger than Tilburg.

### Business areas and office location

Three specific industrial and office spaces are elaborated on, bearing in mind the locations of BHQ's in Breda. Westerhage, Hoogeind and Hazeldonk are realized around 2000 and expanded. The locations are shown on figure 4.27 and 4.28.

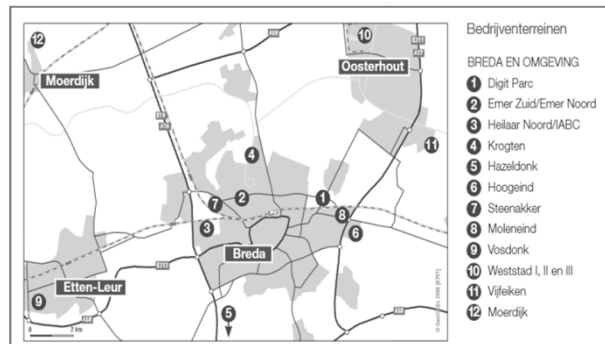


Figure 4.27 Industrial areas (DTZ, 2010 p. 14)

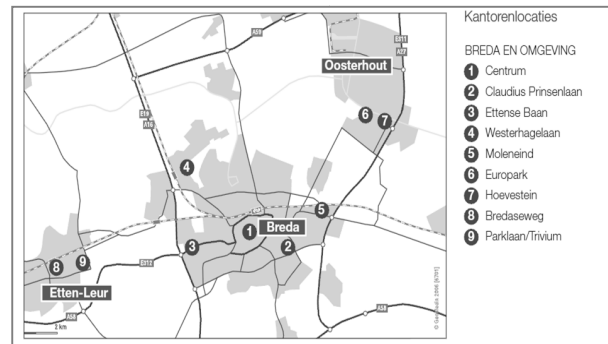


Figure 4.28 Office locations (DTZ, 2010 p. 14)

Hoogeind is located on the east side of Breda, along the A27. Hoogeind was built in three stages. The first part is developed 2000 and the last stage will be finished in 2011. Siematic (2005) Labori international (2001) Bürkert (2010) and Beckers (2009) are located on Hoogeind I. The rental prices are in between €40,-/m<sup>2</sup> and €60,-/m<sup>2</sup>. (Nuijten, 2010)

Business Park Hazeldonk is located in the southern part of Breda, along the A16. Hazeldonk is developed in 1999. CAT logistics (2006), Hatendoer Electro (2005), IVECO (2003), Chevrolet (2000) and Opel (2002) are located in this industrial park. The rental prices are in between €30,-/m<sup>2</sup> and €50,-/m<sup>2</sup>. (Nuijten, 2010)

Westerhage is located along the A16. The office is located near the train station Breda-Prinsebeek. Westerhage was built in 2001. The BHQ's Chevrolet (2007), Leo Pharma (2001), Dockwise (2001), Take 2 interactive Benelux (2004), Toshiba information system (2005) and Opel (2007) are located in Westerhage. The rental prices are in between €120,-/m<sup>2</sup> and €155,-/m<sup>2</sup>. (Nuijten, 2010)

Westerhage, Hoogeind and Hazeldonk are realized around 2000 and highways were close to these industrial parks and office locations.

#### 4.2.4 Rental prices

The rental price is taken into account based on the theory (Braun, 2008 p. 56). Based on the interviewed BHQ's in Breda, this aspect is not a location factor. Therefore this aspect is covered in general terms. The rental prices of surrounded cities had almost the same increase in rental prices (DTZ, 2010 pp. 51,52), therefore the current rental prices are taken into account to compare them. The rental prices which are taken into account are based on the year 2010. 90% of the corporations rent their office space in Breda according to DTZ (2010). More corporations start to rent instead of buying office space in Belgium as well. Therefore the rental price is very important. In Breda the rental price is between €90/m<sup>2</sup> and €160/m<sup>2</sup> (DTZ, 2010 pp. 51,52). The rental prices in the surrounded cities are mentioned in the figure below.

|                                  | Breda | Tilburg | Eindhoven | Antwerp |
|----------------------------------|-------|---------|-----------|---------|
| <b>Minimum (€/m<sup>2</sup>)</b> | 90    | 80      | 91        | 90      |
| <b>Maximum (€/m<sup>2</sup>)</b> | 160   | 160     | 175       | 144     |

Figure 4.29 Rental prices of office buildings (2009) (Antwerp Headquarters, 2010) (DTZ, 2010 pp. 51,52)

The conclusion is that Tilburg and Antwerp (just a little) are cheaper and Eindhoven is more expensive than Breda.

|                                  | Breda | Tilburg | Eindhoven | Antwerp |
|----------------------------------|-------|---------|-----------|---------|
| <b>Minimum (€/m<sup>2</sup>)</b> | 25    | 30      | 32        | 35      |
| <b>Maximum (€/m<sup>2</sup>)</b> | 60    | 57      | 58        | 59      |

Figure 4.30 Rental prices of business buildings (2009) (Antwerp Headquarters, 2010) (DTZ, 2010 pp. 13,14)

The minimum price in Breda is relatively low compared to the other cities in the surrounding areas. However the maximum price is higher than all of the cities. The maximum price of Tilburg and the minimum price of Eindhoven decreased in 2009. Breda and Antwerp remain the same in 2008 and 2009. The minimum price of Breda is lower than the cities in the surrounding areas.

The conclusion is that Breda has a relatively low minimum (€25/m<sup>2</sup>) price and an average maximum (€60/m<sup>2</sup>) price in the industrial buildings. The minimum price (€90/m<sup>2</sup>) in office buildings is average and the maximum (€160/m<sup>2</sup>) price varies more between the cities, but is average as well in Breda. In general the differences are really small. (DTZ, 2010 pp. 13,14)

#### 4.2.5 Market

The market is taken into account based on the theory (Braun, 2008 p. 56). Based on the interviewed BHQ's in Breda, this aspect is not a location factor. Therefore this aspect is not looked at in depth. Lots of logistics corporations located in Breda in the past. This sector dominated the market of Breda for a long time and did not increase much. The last ten years the service based companies increased strongly. Currently there are as many logistic corporations as service based corporations (both 2.700 corporations in 2010) (Bredata, 2010). The market is divers and the transportation, storage and communication businesses always were dominant. The service based institutions increased strongly the last few years.

#### 4.2.6 Education

Education is taken into account. Based on the interviewed BHQ's in Breda, this aspect is not a location factor so it is not studied in depth. Breda has two higher education schools since 2001; the International school for Applied Science (known as the 'NHTV') and the 'Avans Hogeschool'. The 'Florijn College' is a middle vocational school. There is an 'ROC of West Brabant'. The 'KMA' is the military academy, which is located in Breda as well. (Gemeente Breda, 2010)

There are relatively many higher educated people living in Breda, which increased. The lower and middle educated people remain the same as a percentage of the population. Breda has higher education facilities, however, no universities. Tilburg, Eindhoven and Antwerp do have universities, therefore the surrounded cities have more higher educated people, figure 4.31. The number of higher educated people grows for all three cities. The Tilburg and Eindhoven increase faster in the number of higher educated people than Breda does. (Bredata, 2010) The conclusion is that Breda has a big amount of high educated inhabitants in the city, which increases. However the surrounded cities of Breda have more high educated people which increase faster.



|                            | Breda | Tilburg | Eindhoven |
|----------------------------|-------|---------|-----------|
| Amount of students in 2000 | 6.523 | 9.140   | 9.612     |
| Amount of students in 2009 | 9.349 | 12.493  | 14.073    |

Figure 4.31 Education Breda (Breda, 2010) (Tilburg, 2010) (Gemeente Eindhoven, 2010)

#### 4.2.7 Labor market

The labourmarket is not mentioned at the interviewed BHQ's in Breda. In Breda the labor force consist of 61% with 84.162 people. (Breda, 2010) The labor force of Tilburg has grown from 69% (2000) to 80% (Tilburg, 2010). Eindhoven's labor force in 2000 is 70% and grew to 82% in 2009. (Gemeente Eindhoven, 2010). The labor force in Antwerp is 61%. The labor force of Breda is lower than the surrounded cities, but did increase.

#### 4.2.8 Economic plans

##### Brabantstad

Brabantstad '01 is the cooperative effort between the cities of Breda, Eindhoven, Helmond, 'S-Hertogenbosch and Tilburg and the Province of Noord Brabant. Their goal is to create an urban network. The economic policy of Brabantstad is focused on hub developments, top facilitations, culture, innovation MKB, promotion and improved external and internal accessibility. The goals for Breda are the development of the southern traffic hub Breda, shuttles included, the realization of the public transportation network of Brabantstad and the international economic promotion of Brabantstad. (BrIM, 2010 pp. 22-24)

##### Pieken in de Delta

The government policy 'Pieken in de Delta 2006-2010' is about the spatial economic agenda of the Netherlands. The agenda contributes to the competitive advantage and a dynamic economy of the Netherlands within Europe. The stimulation of area economic developments is the main goal. 'Pieken in de Delta South West' is meant for the regions Zeeland and West-Brabant. It is one of the six areas with specific opportunities, strengthening the strategic position of the region between the harbors of Rotterdam and Antwerp. The economic drivers are mainly the process industry, logistics and tourism. This needs to be improved to create a better regional and national economy. The process industry should go international in the maintenance and bio-energy industrial arena. Innovation inside and between existing chains are important to the logistics and service based sectors. Tourism should be improved by organizing new appealing and innovative product market combinations and to improve the knowledge infrastructure. (Rijksoverheid, 2010)

##### Economic development strategy

The economic strategy is 'active on the market' to improve the provision of services to entrepreneurs and the simplification of the procedures and regulatory processes. The creation of networks will be stimulated and the relationship between education and business improved. Moreover, the municipalities want to develop attractive business accommodations which meet the establishment criteria of entrepreneurs. Public spaces, safety and maintenance of these spaces are important as well. Besides the activities for the whole business in the economic strategy there are three specific sectors. The key qualities which need to be maintained or improved are the strategic location and accessibility, part of the economic central area Zuid-West Nederland (Pieken in de delta), the strong position of Breda in international trade and logistics, presence of a proper industrial basis, the character of Brabant with excellent livability and establishment climate, attractive inner city and the

presence of higher educational facilities. The economic development strategy to achieve a growing trend line will be to use the internationalization of the economy and the importance of regional thinking and dealing. Also to recognize the changing market situation and the need for speed and flexibility. Another trend is to realize the growth potential of industry and the increase of the leisure economy. The last trend is the aging of the population and privatization of the health sector. These three sectors will be improved; the international trade and logistics, knowledge industry and hospitality. (BrIM, 2011)

#### Via Breda

At the beginning of January 2008 construction began on two of the six sub-areas of the unique development around the railway station: the 'Drie Hoefijzers' area, the former site of 'Oranjeboom Brewery' formerly 'Drie Hoefijzers') and the construction of the key project: the Public transportation (PT) terminal. The plan is to connect Breda to the high-speed train network as of 2009. The construction of the other 4 subareas will not be started until after 2010. The other 4 subareas, to be realized after 2010, are for modern living spaces near the city centre; 'Markoevers', which is to become an international business centre, and 'Liniepark' and the 'Port area', which are planned as two special residential areas. (BrIM, 2010 pp. 22-24)

#### Dinalog

Dinalog is the Dutch advanced logistics centre and is realized in 2010. Dinalog is established to combine research and the creation of a program dealing uniquely with logistics and supply chain management. Dinalog is the physical and virtual place where the private sector cooperates with centers of excellence (i.e. Universities) and where Post-Experience Education is organized. The ambitious goal is to make the Netherlands by 2020 the European market leader in controlling flows of goods passing through one or more European Countries. Dutch value added (GDP) from supply chain control and related logistics activities will triple from € 3 billion in 2007 to over €10 billion in 2020. Innovation is necessary to realize this ambition. (BrIM, 2010 pp. 22-24)

#### World Trade Center

There are plans for a WTC, world trade centre, in Breda near to the train station. This will be realized in order to stimulate the unique character as an international city. It stimulates international trade and it creates a meeting place for international business. The target groups are expanding West Brabant corporations, foreign corporations and BHQ's, ambitious starters and nonprofit organizations which match with the WTX objective. This plan will be finished in 2012. (BrIM, 2010 pp. 22-24)

### 4.3 Social characteristics

Breda consists of several small villages, which makes Breda one big 'village'. The village character creates the burgundian atmosphere of Breda. The village of Breda became a city because of its size. (Stadsarchiefarchief Breda, 2010 pp. 3-13). Up to 2000 locations were redeveloped to improve the quality of life in Breda. Breda made a city marketing plan in 2006 to promote the current characteristics of Breda, like the burgundian and accessible image. This was to attract more corporations to the city, BHQs included.



### 4.3.1 Demography

The demographical aspects are taken into account based on the theory developed by Florida (Florida, 2007). Based on the interviewed BHQ's in Breda, this aspect is not a location factor. Therefore this aspect is covered in general terms.

In 2001 Breda had a population of 162.308, Breda increased in 2010 to 173.304 inhabitants. Breda is the 10th biggest city of the Netherlands. (Bredata, 2010) Breda always had more people moving into the city than people moving out. The net migration has more impact on the population of Breda, because the birth and death rate are about the same each year. The birth average is 2.000 and the death rate is 1.500 persons per year. The migration balance is therefore positive. (Bredata, 2010)

The age group 0-19 years old makes up 23% (2010) and the age group 20-39 years makes up 27% of the population (2010), but is decreasing. The age group 40-65 years old makes up 33% of the population (2010) and is increasing. The age group 65-79 years old remains the same at 11% and the group 80 years or older remain at 4% of the population. The green and grey pressure increases in Breda. (Bredata, 2010)

Tilburg has 204.924 inhabitants (2010) and is the sixth biggest city of the Netherlands (Tilburg, 2010). Eindhoven has 216.069 inhabitants (2010) and is the fifth biggest city of the Netherlands (Gemeente Eindhoven, 2010). Antwerp has 483.000 inhabitants (2010). It is the biggest municipality of Belgium (Vlaanderen, 2009). This can be seen in figure 4.32.

|             | Breda   | Tilburg | Eindhoven | Antwerp |
|-------------|---------|---------|-----------|---------|
| Inhabitants | 173.304 | 204.924 | 216.069   | 483.000 |

Figure 4.32 Inhabitants per city (Bredata, 2010) (Vlaanderen, 2009) (Tilburg, 2010) (Gemeente Eindhoven, 2010)

### 4.3.2 Culture

The cultural aspects are taken into account based on the theory developed by Florida (Florida, 2007). Based on the interviewed BHQ's in Breda, this aspect is not a location factor. Therefore this aspect is not looked at in detail.

Breda is known by its slogan 'Breda, 'city with character' (since 1997). The cultural policy of Breda is to strengthen the culture in Breda. Breda invests in cultural institutions, art in public spaces, projects, festivals and events. The city of Breda is called the 'Nassau city' and connects culture and heritage. Breda has many historic elements in the city, like the 'big church of Breda, the castle of Breda, castle of Bouvigne, the 'Spanjaardsgat' and 'Bagijnhof'. However there are also new cultural places in Breda like the chasse theater. The graphic design museum, centre for statue culture and festivals Breda photo, graphic design festival and international film festival Breda create quality and develop the cultural image. The creative industry is the combination of education in Breda cultural areas and creates a dynamic city. Breda has a public library. Besides culture, Breda has the best inner city of the Netherlands for the period 2009 -2011. The shops are located in the centre of Breda. There are also lots of bars and restaurants located in the center of Breda. The bars and restaurants are mainly located around the 'Grote Markt' and the 'Havermarkt'. 'Ginneken' is also a location outside the centre of Breda which has lots of bars. The casino in Breda completes the package of going out in Breda. Popular events in Breda are the 'Jazz Festival', 'Dancetour', 'Breda barst', 'Valkenburgconcerts (Mezz)' and 'POBparade'. Breda is also known for its soccer stadium of NAC. Lot of fans and visitors visit this stadium. Breda has a large park called 'Valkenburg', this is a place to meet and relax for the

people of Breda. Outside of Breda there are other nature and recreational areas, like the 'Galdersse Meren' and the 'Liesbos' and 'Mastbos'. (Gemeente Breda, 2010)

#### **4.3.3 Image**

The image aspect is taken into account based on the theory developed by Florida (Florida, 2007). Based on the interviewed BHQ's in Breda, this aspect is not a location factor. Therefore this aspect is covered in general. The image of Breda is according to corporations in ranking order of highest to lowest: a shopping city, livable city, historical city, , accessible city, regional centre city and Burgundian city. The pink color is what the municipality of Breda tries to create. The biggest downfall is the lack of 'European city' image, corporations find Breda not a European city, however the municipality wants to create this image. (AMBM, 2010 pp. 4,5) Breda is known as historical, accessible and Burgundian image. The city has no international image.

#### **4.3.4 Quality of life**

The quality of life is an aspect which is taken into account based on Florida's theory (Florida, 2007). Based on the interviewed BHQ's in Breda, this aspect is not a location factor. Therefore this aspect is covered in general.

In 2000 the policy plan 'Perspectief wonen 2000-2010 was decided on. The goals are; creating an expansion of the housing market, a flexible housing supply and housing and health care. In 2002 a retailing business plan was made up and several housing plans for restructuring as well. In 2005 the 'quality living plan' is created. In 2007 a plan for a housing area is created (Lijndonk tevoort). In 2008 plans are made to improve the spatial quality in 'Hoge Vucht', 'Doornbos' and 'Linie'. Also the building policy plan 2008-2011 is created. In 2009 the vision public space until 2030 is created from a sustainable point of view. (AMBM, 2010 pp. 4,5) Policy plans for Breda are focused on improving the quality of living and public space.

#### **4.3.5 Promotion of the city**

Based on the interviewed BHQ's in Breda, this aspect is not a location factor. Therefore this aspect is covered in general.

#### **Promotion**

The REWIN advisors give expert advice and detailed information on all the possibilities for locating in West Brabant. They assist with the orientation process and continue through to concrete location and beyond. (Nuijten, 2010). Antwerp focused on the European Headquarters, but this was difficult. They decided to focus themselves on BHQ's. This means that Breda has strong competition by Antwerp related to attracting BHQ's. Both cities have an acquisition and promotion organization to attract new corporations. Antwerp has the 'Antwerp Headquarter'. Antwerp wants to attract specific corporations and Headquarters of international Benelux organizations to Antwerp. Breda has the organization REWIN, which is the regional development NV for the region West-Brabant. They strengthen the regional economy by stimulating investment of corporations in West-Brabant. They also want to attract BHQ's. (Vlaanderen, 2009) Breda and Antwerp focus on the attraction of BHQ's. Breda is doing this from the year 2000 and Antwerp from 2009 on. Both cities have an acquisition and promoting organization. They are competing with each other.

### City marketing Breda 2006

In 2006 the municipality of Breda decided to market Breda as a product. The important aspects were Burgundian, fun, creative and modern. The target group is youth, young families and vital elderly so that they can live in Breda. Fun shoppers, European city trippers and youth events are potential new clients. From an economics point of view the knowledge and creative industry, logistic service based institutions and hospitality are interesting approaches. (BN De Stem, 2009)

### Quality Breda as tourism location 2010-2014 'destination Breda'

The city marketing plan of Breda is called 'Bestemming Breda', destination Breda. This plan is made for the period 2010-2014. The goals of Breda are more new international visitors in Breda, maintain revisits, maintaining sixth place in the top ten of most visited tourism cities and be declared as a hospitality city more than just one time. The program is about maintaining and further branding of the city of Breda as tourism destination. The sum of € 150.000 is set aside to realize this. Since 2004 the amount of visitors increases (1,5 million in 2008). After Amsterdam, Rotterdam, Den Haag and Utrecht, Breda is the city where tourists spend their dollars. Breda has the best inner city of the Netherlands (2009-2011) and scores high as a fun –to-shop-in city. Tourism has an effect on the urban economy, inhabitants and image of the city. For that reason Breda stimulates new visits, attractiveness of tourism areas and maintaining the number of current visitors. Breda needs to develop into and brand itself as a leisure city. (Gemeente Breda, 2010)

#### 4.3.6 Politics

Based on the interviewed BHQ's in Breda, this aspect is not a location factor. Therefore this aspect is covered in general. In Breda mainly the CDA, PvdA and VVD parties are dominant. The accent changes, but the basis remains more or less the same. (Gemeente Breda, 2010) The Netherlands is known as a political stable country. When a country has a stable environment this offers less risk and more security. The Netherlands is a political stable country because of the political system. In general Belgium was, just like the Netherlands, a political stable country. (Buck, et al., 2003 pp. 15,16)

## 4.4 Conclusions

The characteristics of Breda are obtained. The characteristics are compared with surrounded cities to check the characteristics for distinctiveness. This comparison is made based on the research aspects.

### Physical

Breda is located close to the centre of the Benelux, just like Eindhoven and Antwerp. The integral accessibility is better in Breda than in Antwerp. The accessibility by train is good for all cities. The proximity to the airport is very good for Breda and pretty good for Antwerp. Eindhoven and Tilburg are not as close to the major airports. The main harbors are located in Antwerp and Rotterdam. Breda is in between both locations. When the proximity to both harbors needs to be close, Breda has the most advantaged location in between both. Westerhage, Hoogeind and Hazeldonk are realized around 2000 and highways were close to these business and offices. Breda has at minimum twice as much commercial land supply as Tilburg and Eindhoven. The transfer of land is relatively the same in all three cities. This means that Breda has a large area of commercial land on offer. Breda has the smallest unused office space supply in relationship to Tilburg and Eindhoven. However they have the same range of not in use space. The transfer of supply is the highest in Breda, followed by Eindhoven, Antwerp and is the lowest in Tilburg. A small office space market and relative high absorption rate means a high demand for office space. The supply in Breda is twice as large as in Tilburg and half of

the supply of Eindhoven. Breda's office market grew and still grows, however it is smaller than Eindhoven and bigger than Tilburg.

| Physical                       | Breda     | Tilburg   | Eindhoven | Antwerp   |
|--------------------------------|-----------|-----------|-----------|-----------|
| Central location*              | ++        | +         | +         | ++        |
| Proximity accessibility*       | ++        | +         | ++        | ++        |
| Integral accessibility*        | ++        | +/-       | +/-       | +         |
| Accessibility by train*        | +         | +         | +         | +         |
| Office stock (m <sup>2</sup> ) | 1.000.000 | 1.300.000 | 1.700.000 | 1.650.000 |
| Business stock (ha)            | 2.000     | 1.500     | 1.800     | -         |
| Office rental price (€)        | 90/160    | 80/160    | 91/175    | 90/140    |
| Industrial rental price (€)    | 25/60     | 30/57     | 32/58     | 35/59     |

Figure 4.33 Physical aspects

\*own interpretation based on conclusion

### Economic

The Benelux has a homogenous market. The GDP of the Benelux is quite high, in particular for Luxembourg. More goods are transported through the Netherlands and Belgium. Luxembourg is too small to take part in the establishment possibilities for BHQ's and is therefore rejected from this area of this research. The Netherlands is more attractive from a taxation point of view in relationship to Belgium and Luxembourg. The office space market of Belgium (15,35 million m<sup>2</sup>) is smaller than in the Netherlands (47,5 million m<sup>2</sup>). A large percentage of Belgian offices are outdated.

| Economic                        | Netherlands  | Belgium    | Luxembourg |
|---------------------------------|--------------|------------|------------|
| GDP                             | 131          | 116        | 271        |
| Transportation of goods (roads) | 616.903      | 297.879    | 52.649     |
| Tax                             | 25,5%        | 33,9%      | 29,63%     |
| Office market (m <sup>2</sup> ) | 47,5 million | 16 million | -          |

Figure 4.34 Economic aspects

The urban agglomeration of the Netherlands is the Randstad, in Belgium this is the Flemish square. Breda has a relatively low minimum rental (€25/m<sup>2</sup>) price and an average maximum (€60/m<sup>2</sup>) price in the business buildings market. The minimum rental price (€90/m<sup>2</sup>) for office buildings is average and the maximum (€160/m<sup>2</sup>) price varies more between the cities, but is average as well. However the differences are very small. Many transportation, storage and communication corporations are located in Breda and historically dominate the business scene. Service based institutions increased strong the last years. In 2010 there were 2.700 logistics corporations and service based institutions. Breda has a large amount of highly educated inhabitants in the city, which is still increasing. However the cities competing with Breda have more highly educated people their rate is increasing faster. The size of the labor force of Breda is smaller than in the competing cities.

| Economic          | Breda | Tilburg         | Eindhoven       | Antwerp         |
|-------------------|-------|-----------------|-----------------|-----------------|
| Education         | HBO   | HBO, University | HBO, University | HBO, University |
| # Students (2009) | 9.349 | 12.493          | 14.073          | -               |

Figure 4.35 Economic aspects

### Social

Breda has 173.304 inhabitants, which is less than Antwerp, Tilburg and Eindhoven. The green and grey pressure increases in Breda. Breda is known as a historical, accessible and has a burgundian image. The city has no international image. Policy plans by the city of Breda are focused on improving the quality of live and public spaces. Breda and Antwerp focus on attracting BHQ's. Breda is doing this from 2000 on and Antwerp from 2009 on. Both cities have an acquisition and promotion department.

| Social               | Breda                                 | Tilburg  | Eindhoven             | Antwerp                  |
|----------------------|---------------------------------------|----------|-----------------------|--------------------------|
| <b>Demographical</b> | 173.304                               | 204.924  | 216.069               | 483.000                  |
| <b>Image</b>         | Historical, Burgundian, Accessibility | Industry | Technical , Knowledge | Harbor, Fashion, Diamond |
| <b>Acquisition</b>   | Rewin 2000                            | BOM      | BOM                   | AHQ 2009                 |

Figure 4.36 Social aspects

### Development of characteristics and relationships

Because of the river the Mark and the location between prosperous Holland and the duchy of Brabant, Breda became a trading post. Breda did not benefit from the colonial trade. However Breda was located in between both prosperous Randstad and Flemish square and benefited from these regions when the infrastructure improved in the 1850s. From 1850 on rail connections were realized between Breda and Roosendaal, Tilburg and Moerdijk. In combination with the rise of industry from the 1850s, the economic activities in Breda increased and business areas and parks were created. From 1950 on the car became more important. The traffic infrastructure in and around Breda was expanded and connected with that of the Randstad and Flemish square. The logistics sector became dominant in Breda. The rise of the service sector in the 1980s did increase the amount of offices in Breda and more service based institutions located in Breda. Finally Breda created an oversupply of industrial land and offices space. Breda consists of several small villages, which makes Breda a big 'village'. The village character helps to create the burgundian atmosphere of Breda. The village of Breda became a city, because of its size. The first higher vocational educational institution was created in 2001, which did increase the amount of higher educated people. Up to 2000 locations were redeveloped to improve the quality of life in Breda. Breda made a city marketing plan in 2006 to promote the current unique characteristics of Breda, like the burgundian and accessible image. This was to attract more corporations to the city, BHQs included.

### Distinctiveness of characteristics Breda

The characteristics of Breda are obtained. Concerning Tilburg, Eindhoven and Antwerp, Breda is at some characteristics more or less distinctive. This can be seen in figure 4.37.

|             | More distinctive for Breda       | Less distinctive for Breda |             |
|-------------|----------------------------------|----------------------------|-------------|
| <b>More</b> | Central location in the Benelux  | Education                  | <b>More</b> |
|             | Accessibility by car (proximity) | Labor market               |             |
|             | Accessibility by car (integral)  | Labor force                |             |
|             | Accessibility by train           | Business image             |             |
|             | Close to both airports           | Diverse market             |             |
|             | Close to both harbors            | Quality of life            |             |
|             | Rental price of buildings        | Culture                    |             |
|             | Relative recent office locations | Amount inhabitants         |             |
| <b>Less</b> | Relative recent offices          |                            | <b>Less</b> |

Figure 4.37 Distinctiveness characteristics of Breda

Figure 4.37 shows that Breda distinctiveness are physical characteristics. The weaknesses of Breda are mainly economic and social characteristic. These characteristics are compared in chapter 8 with the location factors of BHQ's in Breda.

The question 'What are the physical, economic and social characteristics of Breda?' is answered in this chapter. The objective of this chapter was to obtain characteristics of Breda and is therefore achieved. The characteristics are used to compare with the location factors of BHQ's.

## **5 INTERVIEWS BENELUX HEADQUARTERS**

The objective of empirical research is to obtain location factors of BHQ's. The question which is answered in chapter 5 and 6 is:

What are the location factors of Benelux Headquarters to locate in Breda?

The methods to obtain location factors of BHQ's are open interviews. The method to structure the interviews is the DAS-frame. The results are location factors of BHQ's in Breda and the importance of them. The result is used as input to compare the characteristics of Breda and the location factors of BHQ's.

### **Selection BHQ's**

It was hard to find corporations which wanted to cooperate. It was planned to have no prior division for a selection regarding branch. 27 corporations were approached, 6 corporations are interviewed. They belong to the sectors: trade and repair sector, industry, transportation/storage/communication and health and well-being. The corporations were located in Breda in the period of 2000 to 2010. The different branches and establishment period spread out over ten years makes the interviews into a heterogeneous research. The interview took about one hour.

### **Open Interviews**

Open interviews are held, because of the depth and quality of the information. The interviews are held at different times, with the same data in different groups, this is called trend research. There were face-to-face interviews to ask open and complex questions. More questions can be answered and the non-verbal information tells more about the importance and influence of the information. The disadvantage of oral interviews is that sometimes people can react sensitively on social desirability. (Baarda, et al., 1997) (Utrecht, 2010). When location factors are not mentioned, then there is asked for. The different parameters are based on theories of Hospers (Hospers, 2008 pp. 92,93), Florida (Florida, 2007) and Braun (Braun, 2008 p. 56). The interview structure is shown in appendix 2.

### **Process interviews**

When several corporations were approached, many of them did not want to cooperate. Corporations 'had no time', 'were too busy', 'research is not of added value to the corporation', 'the responsible person does not work here anymore', 'it is too long ago' or corporations did not response at all. More information can be found in the appendix 3. Besides the BHQ's themselves, I interviewed REWIN and DTZ, the obtain information about BHQ's in Breda. The interviewees are organized in order of establishment year in Breda, appendix 3.

### **5.1 Interview REWIN and DTZ**

About 80% of the corporations rent their building, and so do BHQ's in Breda. The target group of DTZ is business buildings, offices and retailers, not residential. Breda has a diverse market, therefore Breda has a stable market. This is advantageous in economic poor times and negative in good economic times.

Corporations move because they want to improve their corporate processes, this often means a search for cost reductions. When corporations move the retention of employees is the most important aspect. Therefore it is very important that the residential areas in a city are attractive. Also



accessibility is important. Sometimes corporations move to attract a certain target group. The municipality of Breda does not make any effort to improve this factor for corporations. Only the attraction of new corporations, REWIN, is important. REWIN is paid by the municipality to attract new corporations. Breda aims at a different target group for their specific industrial and commercial areas. When a corporation, which is not the target group, wants to locate itself in Breda, they avoid them even though there is room for this corporation. This leads to vacant business areas, while there are corporations who want to locate there. These corporations locate in another city, because of this policy. (de Lobel, 2010). In the period from 2000 until 2010 there were 32 BHQ's that moved to Breda. Most of these BHQ's came from Zuid Holland (34%), Utrecht (25%) and Noord-Holland (22%). Belgian corporations mostly originated from Antwerp (39%) and Brussels (42%). (Faas, 2010). The complete interview can be found in appendix 4.

## 5.2 Interview Dockwise

E. Hoogeveen, vice president of Human Resources Dockwise, is interviewed on December 9<sup>th</sup> 2010 at 08.30 A.M. Dockwise relocated in 2000, and is active in the transportation/storage/communication sector. The complete interview can be found in appendix 6.

### Corporation

Dockwise provides transportation, logistics, project management, procurement and engineering for heavy marine transports and installation in some of the most challenging environments in the world. Dockwise operates the largest and most versatile fleet of 20 semi-submersible heavy transport vessels in the world. Dockwise offers a full range of logistical and transport management services to ensure seamless operations. Dockwise delivers three services to its key clients: Heavy Marine Transport, Transport & Installation and Logistical Management. (Dockwise, 2010).

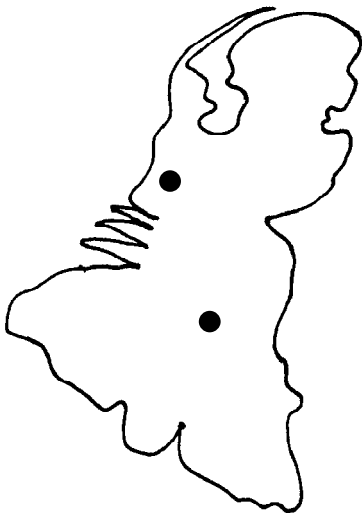


Figure 5.1 Locations The Hague and Meer



Figure 5.2 Building Dockwise, Westerhage



The strategy is to offer increasingly differentiated service packages to global clients. This requires a high degree of engineering capabilities. Dockwise strives to become the contractor of choice for the execution of exceptional ocean transport, logistical management and installation projects. Each project, operation, achievement is unique and realizes something that is often seen as impossible to the outside world and their clients. The mission is the fundamental purpose, the reason for existence. (Dockwise, 2010).

### Corporate Real Estate

‘The largest Operating Company, Dockwise Shipping B.V. is based in The Netherlands and manages its global activities from its main office in Breda. It’s main commercial offices outside of the Breda office are located in Houston, Shanghai, Busan, Lagos, Singapore, Rio de Janeiro, Moscow and Perth. The company also works with a network of dedicated commercial agents in other parts of the world.’

‘Dockwise was formed in September 1993 through the merger of two complementary companies, Wijsmuller Transport (a division of Heerema) and Dock Express Shipping (a division of Royal Vopak), becoming the world's largest seagoing heavy transport shipping company. (Dockwise, 2010). The previous location were The Hague and Meer (Hoogstraten), Belgium. Wijsmuller brought a fleet of seven semi-submersible vessels and four dock-type vessels. In 2001 Offshore Heavy Transport ASA (OHT) joined the company, adding two heavy transport vessels. In 2001 the tonnage tax regime in Belgium changed negatively for Dockwise. Therefore Dockwise decided in 2000 to leave Belgium and to locate in the Netherlands. In the Netherlands the tonnage tax regime was a lot more attractive. However the corporation had 50 Belgian employees. Therefore it was important that they relocated within the borders of the Netherlands, but not too far to affect employee retention negatively. The first and only possibility was Breda. In 2001 Dockwise was taken over by Heerema from The Hague. At that time two operations from Belgium and the Netherlands were consolidated. In 2007 Dockwise was separated again from Heerema, at that time they weren’t a Benelux organization anymore. The organization grew to 200 employees, who came from the Netherlands instead of Belgium. They contemplated moving to Rotterdam. Although their business was not in Rotterdam, because every decision is taken in the office. In 2007 the building was too small for the amount of employees and they decided to rent the whole building, instead of a part of the building, for another 10 years.’

### Location research

‘There was a need to relocate to the Netherlands because of the change in tonnage regime in Belgium. It needed to be very accessible by car and for Belgian employees, to retain them.’

‘The main reason to locate in the Netherlands was the Dutch tonnage tax regime, which is a lot more attractive than Belgium’s. In the Netherlands they pay hardly any tax. Moreover the Netherlands is known as a sea harbor country, but there weren’t a lot of corporations related to this. Therefore the rules in the Netherlands were changed, so that the tax rules created a more attractive establishment climate for businesses related to transport by water. Their human resource is very important as well. Therefore one of their criteria was to maintain employees. The accessibility by car needed to be conveniently. The office building needed to be in a business oriented environment.’ The former and demand and supply are shown in the figure below.

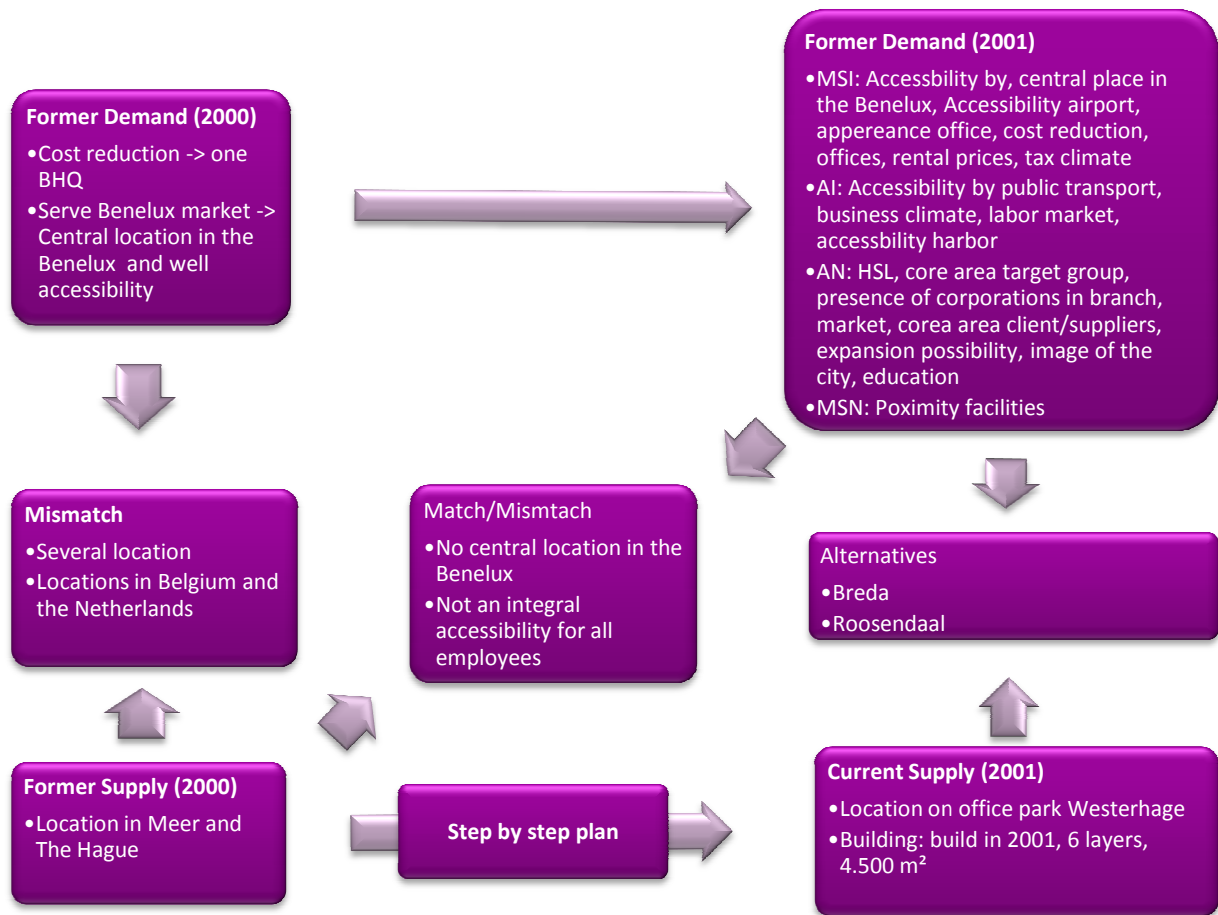


Figure 5.3 Former Supply and Demand

### 5.3 Interview Chevrolet

J. Creemers, European Manager Warehouse Operations & Logistics of Chevrolet, is interviewed at the third of December in 2010 at 15:00. Chevrolet distribution centre located in 2000 at Hazeldonk. The complete interview can be found in appendix 7.

#### Corporation

The distribution centre is set up to supply Chevrolet in Europe and Opel Benelux with quality vehicle parts. Chevrolet is the biggest division of General Motors. Chevrolet wants to combine quality parts with stylish, inspiring products, a perfect price/value rate with European flair and including strong safety and comfort characteristics. Chevrolet is known as a lively and innovative company with long term relationships with their clients. (Chevrolet, 2010).

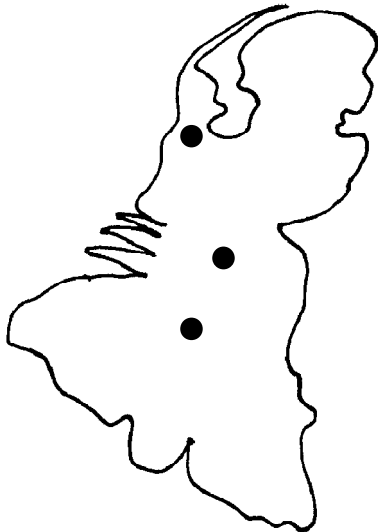


Figure 5.4 Location Vilvoorde, Son en Breugel and Hoofddorp



Figure 5.5 Building Chevrolet, Hazeldonk

The culture of Chevrolet is to focus on results for the organization. Chevrolet is an up and coming operation in Europe. Their mentality is sober and direct. The corporation is in flux and there is a strong ambition to improve product quality. (Chevrolet, 2010).

#### Corporate Real Estate

'Chevrolet left Son en Breugel and Rijen. In 2000 they relocated to Breda. The distribution centre of Chevrolet is located in Hazeldonk in Breda. They rent the building. In 2007 the headquarters in Vilvoorde and Hoofddorp were also relocated to one BHQ in Breda.'

'In 1996 it is decided to locate Chevrolet in 1997 in Son en Breugel. The second location was in Rijen. The accommodations eventually grew too small. In 1999 the business decided to relocate and construction of a new building was started. In 2000 Chevrolet moved into the building. In 2003 they expanded the location. In 2004 Opel was taken over by Chevrolet. Therefore the distribution centre is meant for parts for Chevrolet in Europe and Opel Benelux.'

#### Location research

'The main reason to relocate is the cost reduction. The main location factor is a good accessibility and the possibility to develop a new building. It is important that the connection with Antwerp and Rotterdam is good, because of the sea containers which arrive at the harbors in those places. Cost reduction and fixed infrastructure were the main reasons to locate in Breda. Transportation costs are the lowest at this location. It needed to be in the centre of the Benelux region. The rental prices of Hazeldonk were attractive.' The former demand and supply are shown in the figure below.

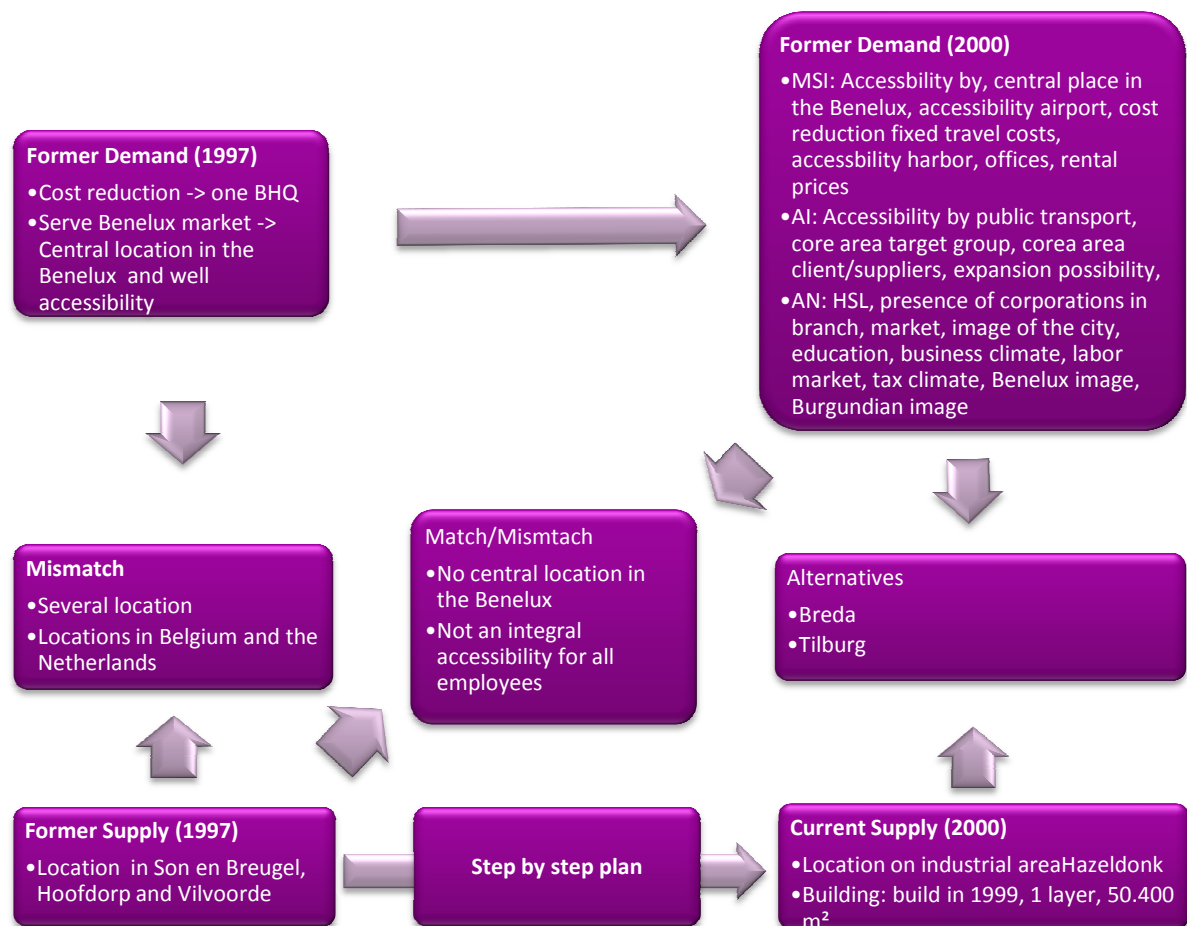


Figure 5.6 Former Supply and Demand

## 5.4 Interview BHQ's LEO Pharma

The personal assistant, M van der Laar, of the BHQ of LEO Pharma is interviewed at October 15<sup>th</sup> 2010 at 11:00A.M. LEO Pharma relocates in 2001 to Westerhage. The complete interview can be found in appendix 8.

### Corporation

LEO Pharma is a health institution and the global Pharma is a company specialising in dermatology and critical care. There is another Headquartered in Denmark, there are employees in 58 countries and the products are sold in more than 100 countries. The corporation is committed to five fundamental values: passion, competitiveness, integrity, adaptability and innovation. (Pharma, 2010).

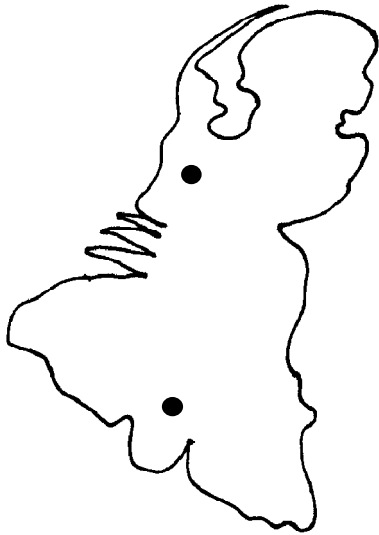


Figure 5.7 Locations Weesp and Brussels



Figure 5.8 Leo Pharma (Leo Pharma, 2010)

The vision of the corporation is to be the number one specialty pharma company worldwide, providing competitive drugs to patients and societies within the LEO Focus Areas. The mission is to realise this vision, employees will continuously provide improved treatment options to the benefit of patients and society at large. Because the strategy is to work on an international level, one organisation per country is needed. It is also easier to work within the rules of one organisation to improve and apply the strategy. At a BHQ you need to take into account the different cultures and rules, which is not useful for the corporation anymore. (Leo Pharma, 2010).

#### Corporate Real Estate

'The LEO Pharma relocated in 2001 and will leave Breda in 2011, because of their strategy. The contract is also finished 2011. They will relocate in Lier, 30 minutes by car from Brussels airport. They will also locate in Amsterdam, a 30 minutes drive to Schiphol. There are new requirements for the new location in Amsterdam.'

'In 2001 the LEO Pharma located in Breda at Westerhage. In 2011 the contract will run out, therefore the corporation reconsidered the location and their strategy. There is also a new strategy because there is a new CEO since 2009. They moved from Weesp and Brussels. This decision was taken by the Headquarters in Denmark. They wanted to locate in between these two locations. The Netherlands has an advanced tax climate, this was taken into account at the location choice. The organization grew fast these last few years. In 2010 they decided to split up the organization again and have one location in Lier and one in Amsterdam.'

#### Location research

'The LEO Pharma located in Breda, however Gorichem was an option as well. Belgian employees were not prepared to travel to Gorichem, but they were prepared to travel to Breda. Before the corporation located in Amsterdam, they hired an independent professional to advise them about their location options.'

'The corporation needed to reduce costs. The corporation located in 2001 in Breda. The accessibility by car and for employees was important. It was a central place in the Benelux and in the between Amsterdam and Weesp. The connection to Schiphol and Brussels airport was important and Breda was therefore the best option. The office supply of Breda was important as well. They located in Breda as well because of the public transportation systems, however the accessibility not that great. Just once an hour there is a train connection with Breda Central.' The former demand and supply are shown in the figure below.

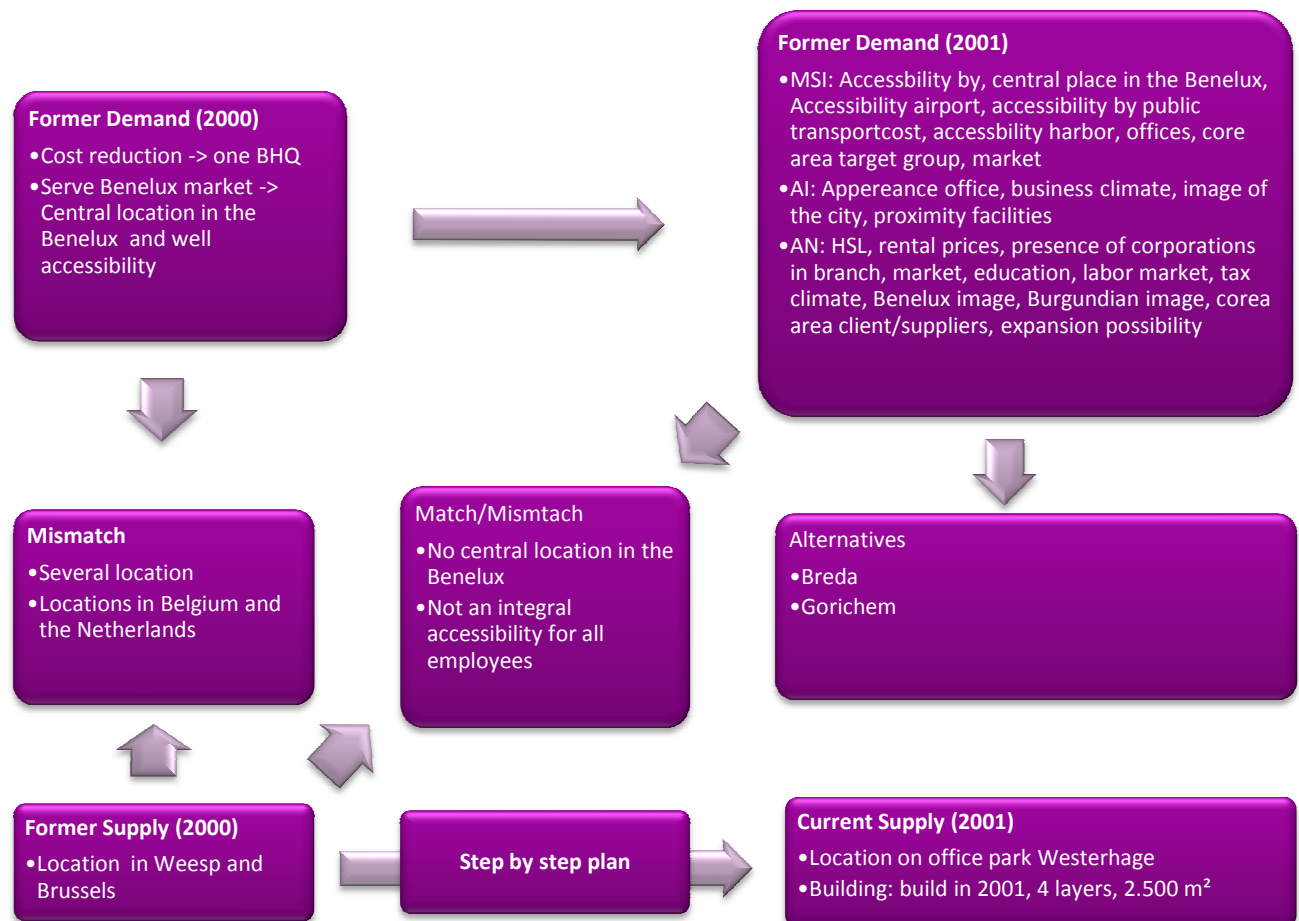


Figure 5.9 Former Supply and Demand

## 5.5 Interview Opel

At October 28th 2010 at 14:30, Nel Kapsenberg, manager of human resources, was interviewed. Opel located in 2002 at Westerhage. The complete interview can be found in appendix 9.

### Corporation

Founded in 1862 in Rüsselsheim, Opel is one of the technologically advanced automobile manufacturers in Europe. Together with Vauxhall, the sister brand in the U.K., they sell vehicles in over 35 markets in Europe. They operate 13 vehicle, power train and component production plants in 8 countries and employ around 47,000 people. Many additional jobs are provided by some 5.000 independent sales and service outlets. (Opel, 2010).

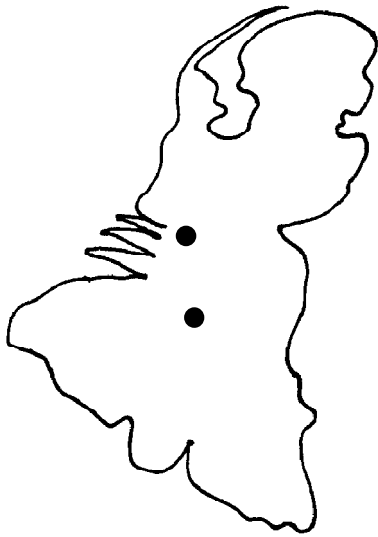


Figure 5.10 Location Sliedrecht and Kontich



Figure 5.11 Building Opel, Westerhage

### Corporate Real Estate

'Opel's offices are located in Breda on the Westerhage office complex. Opel's office is combined with those of Saab and Chevrolet. The corporate real estate is used as analytical aspects. The controllers try to satisfy the senior management's need to better understand and minimize real estate costs. They compare other buildings to each other to get needed information to determine if they are efficient in their real estate choices.'

'Before 2002 Opel was located in Sliedrecht, and Kontich. They needed to reduce costs, therefore they decided to consolidate two locations in to one.'

### Location research

'There was a location search. They researched travel distances for their employees to the new location from Kontich in Belgium and Sliedrecht in the Netherlands. Breda was a fitting location. Also the tax climate in the Netherlands is attractive. Based on office building supply and accessibility they choose Breda.'

'The main reasons to relocate for Opel were cost reduction and higher efficiency. It was important to employee retention and that Belgian employees accepted the new location, which was the case with Breda. Opel located in 2002 in Breda, because of good accessibility by car, the good accessibility for employees, proximity airports and also the accessibility by public transportation. Also the central place in the Benelux region was why they located in Breda. Based on the office building supply in Breda, they choose Breda.' The former demand and supply are shown in the figure below.



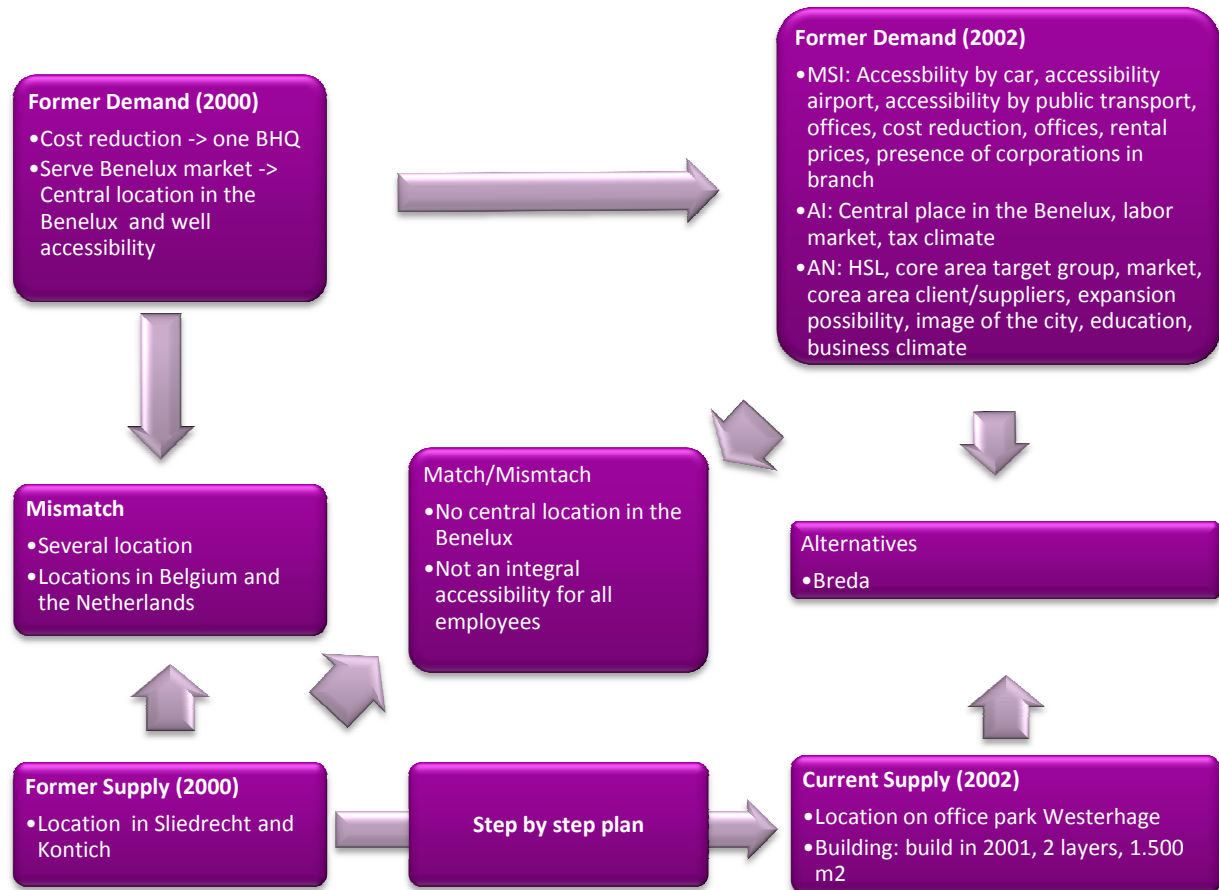


Figure 5.12 Former Supply and Demand

## 5.6 Interview Koninklijke Weasanen Beckers

On October 11<sup>th</sup> 2010 at 10:00 o' clock I interviewed J. Koeyvoets, who is the director of human resources and operations. . Beckers located in Breda in 2009 and is in the trade and repair branch. The complete interview can be found in appendix 10.

### Corporation

Beckers Benelux is part of Wessanen and is a BHQ in the private sector. Beckers is specialized in national organic food market, and geared towards convenience food. This is in the out-of-the-home sector or food sales. Beckers origins can be found in authentic snacks made from original ingredients and traditional recipes. Their ambition is to search worldwide for authentic good tasting snacks for consumers who are looking for a new meaning to originality and are looking for surprising and exciting new tastes. The most important part of the organization is the technical staff, because the working process is standardized. It can be characterized as machine bureaucracy. (Beckers, 2010).

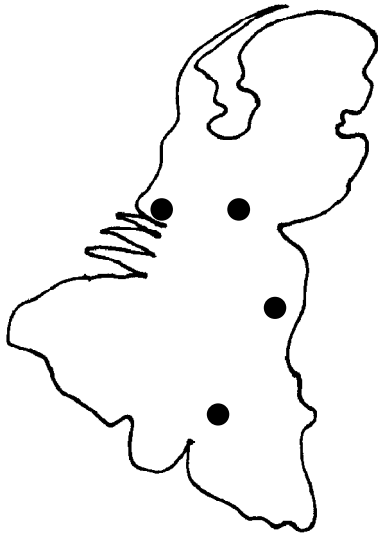


Figure 5.13 Locations Katwijk, Deurne, Utrecht and Leuven



Figure 5.14 Building Beckers, Hoogeind

The strategy is to provide quality both in products as in cooperation with the client, with a passion for snacks and dining components and with professionalism as the main driver. Beckers grows quickly and to direct this growth efficiently a BHQ is needed. This creates the opportunity to streamline the organization, because cost reductions are realized and because of economy of scale the operation is run more professionally. The efficiency advantage of the BHQ is the common culture and market concept. (Beckers, 2010).

#### Corporate Real Estate

'The Beckers organization is in the real estate problem solving stage. They have looked at increasing revenues as well as reducing costs , because they want to have a showroom location. They also wanted a hands-on-experience centre, therefore their real estate can be seen as an added value in this case. Corporate real estate decisions are made by the director of human resources and operations.'

'J. Beckers is the founder of Beckers in Deurne in the 1950s. The organization grew and in 1959 Beckers moved to Griendsveen, because their old location was too small. In 1972 the organization was taken over by Lyons to continue the operation. In 1990 there was reorganization, because the competition forced cost reductions on them. The factories are located in Deurne and Katwijk. In January 2009 Koninklijke Wessanen NV decided to consolidate their convenience food sector office activities of Leuven and Utrecht to one BHQ's in Breda. In December 2009 they relocated to Breda. Since the 1990s Beckers is part of Royal Wessanen. By consolidating two Beckers offices into one location in Breda , there was also a division split. Zonnatura (part of Weassanen) and Beckers became two separated locations; Breda and Wijgmaal. The Headquarter of Beckers Benelux is in Breda.'

#### Location research

'In the location research there were four cities competing with Breda; Tilburg, Eindhoven, S'hertogenbosch and Antwerp. Tilburg was not accessible enough, the geographical location is not as good as Breda and Mora, the competitor, is located there. Eindhoven was easily accessible for Belgian employees, but not for employees from Utrecht. S'hertogenbosch is advantageous to

employees from Utrecht, but not for Belgian employees. Moreover Belgian employees did not want to work there. S’herbergenbosch has a robust burgundian image as well. The four main criteria for Beckers to choose a location were central geographical location in Benelux, employee retention, good image of the city and experienced employees with knowledge and skills’

‘Finally Beckers needed to choose between Antwerp and Breda, because both cities scored very well on their criteria. Breda and Antwerp both had a good supply of attractive real estate, however REWIN was the party who made them locate in Breda. Breda was on the line between Utrecht and Leuven. Finally Breda was cheaper in total overall costs, the tax system including. The cost aspect makes Breda more attractive according to Beckers. Also the management of Beckers found Breda was more attractive.’

‘Beckers is located at the minervum on the business park Hoogeind I. In 2007 Koninklijke Wessanen NV decided to consolidate offices of convenience food activities of Leuven and Utrecht to one BHQ’s in Breda. The main reason to move was the cost reduction. A new strategy was created, because Beckers was not functioning well. The accessibility of the location for the users was very important. Also the office supply was a reason to locate. The public transportation was a location factor. It was important that the location was in the middle of the core area, this is a central place in the Benelux. Beckers located in Breda as well, because of the food professionals from the regions universities in Rotterdam and Antwerp. The creation of Dinalog is interesting as well. The burgundian atmosphere of Breda fits the target group.’ The former demand and supply are shown in the figure below.

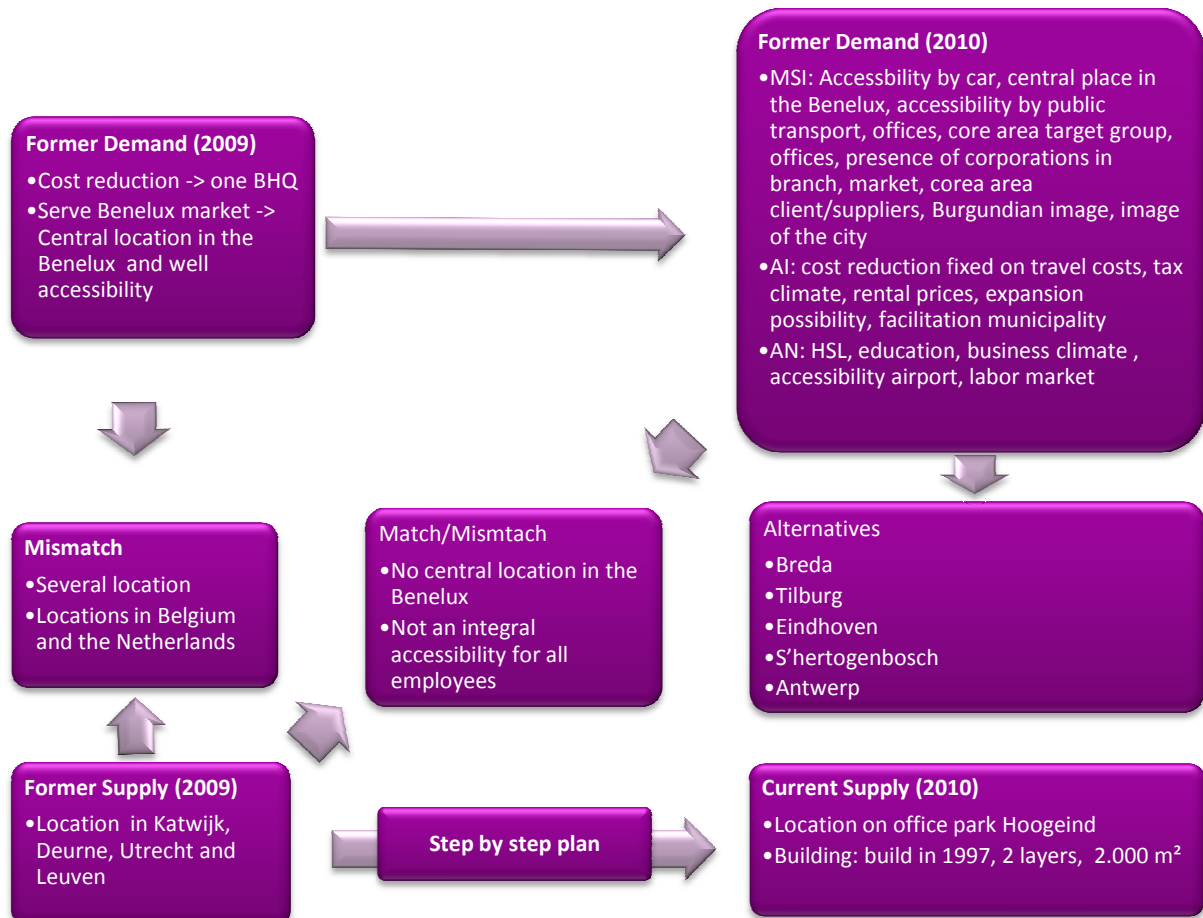


Figure 5.15 Former Supply and Demand

## 5.7 Interview Bürkert Contromatic

November the first 2010 at 15:00 I talked to A. Dam, who is the general manager of Bürkert. Bürkert located in 2010 on the business terrain Hoogeind I. Bürkert is in the industrial sector. The complete interview can be found in appendix 11.

### Corporation

Bürkert develops measurement and control systems for the control of gas and fluid flows. Bürkert is a global leader in fluid control systems, offering everything from simple valves to high-tech sensors, all manufactured to the highest quality and applying state-of-the-art technology. Bürkert is active in the research area. Bürkert has 35 locations spread all over the world. The corporation has a standardization of skills mechanisms. (Burkert, 2010).



Figure 5.16 Locations Utrecht and Wijnegem



Figure 5.17 Building Bürkert, Hoogeind

Bürkert's goal is to meet their clients' needs in a way that is goal oriented, trustworthy and professional. They operate in an international environment and provide high quality products, complete systems solutions, and broad based services. Corporate philosophy is based on team spirit, international outlook, worldwide exchange of ideas and a comprehensive education and training program. They place special emphasis on process organizing. (Burkert, 2010).

### Corporate Real Estate

The reason to create a BHQ of Bürkert is to create a professional Benelux corporation which manages and works from one common culture and strategy on the market. They want a strong Benelux organization to offer the customers the most optimal partner for the future. It is not because of cost reductions. The building has 1600 m<sup>2</sup> office space and a 550 m<sup>2</sup> hall. There are 40 parking spaces. Bürkert consolidated their operations to create one strong organization, which resulted in one culture and strategy. They try to anticipate trends in the market and measure their impact. They try to realize the mission of the corporation by matching this in their real estate portfolio. The focus is more on the vision than on real estate, this is the strategic stage of real estate. The corporate real estate stage is problem solving. The problem solving stage is managed by the dealmaker. In this stage they look not only at the cost of real estate but at the revenues which can be

generated by real estate as well. For that reason it creates value to the corporation. They try to standardize building use.'

'Bürkert was founded in Germany in 1946 by Christian Bürkert, who began by developing and manufacturing innovative products such as foot warmers, oven controls and thermal control systems for incubators. Over the years the company increasingly focused on valve technology and soon became an international benchmark for industrial solenoid valves. Because the corporation is constantly growing, Bürkert wants to give this an impulse. The corporation decided to combine the locations Utrecht and Wijnegem into one location in Breda. In May 2010 they located in Breda. Corporate real estate decisions are made by the general manager.'

**Location research**

'The location had to be in between Utrecht and Wijnegem. Based on the office building supply, they located in Breda.'

'Bürkert choose Breda as location because Breda is a located between Utrecht and Wijnegem. It is a central place in the Benelux and Breda is easily accessible by car. The office supply and accessibility by public transport were location factors. The importance of accessibility and distance to work for Belgian and Dutch employees. A newly build business park was important to Bürkert. The expansion possibility, market and image of the city were location factors as well. The core area for the target group and the client suppliers was less important, however Breda is the core area of both.' The former demand and supply are shown in the figure below.

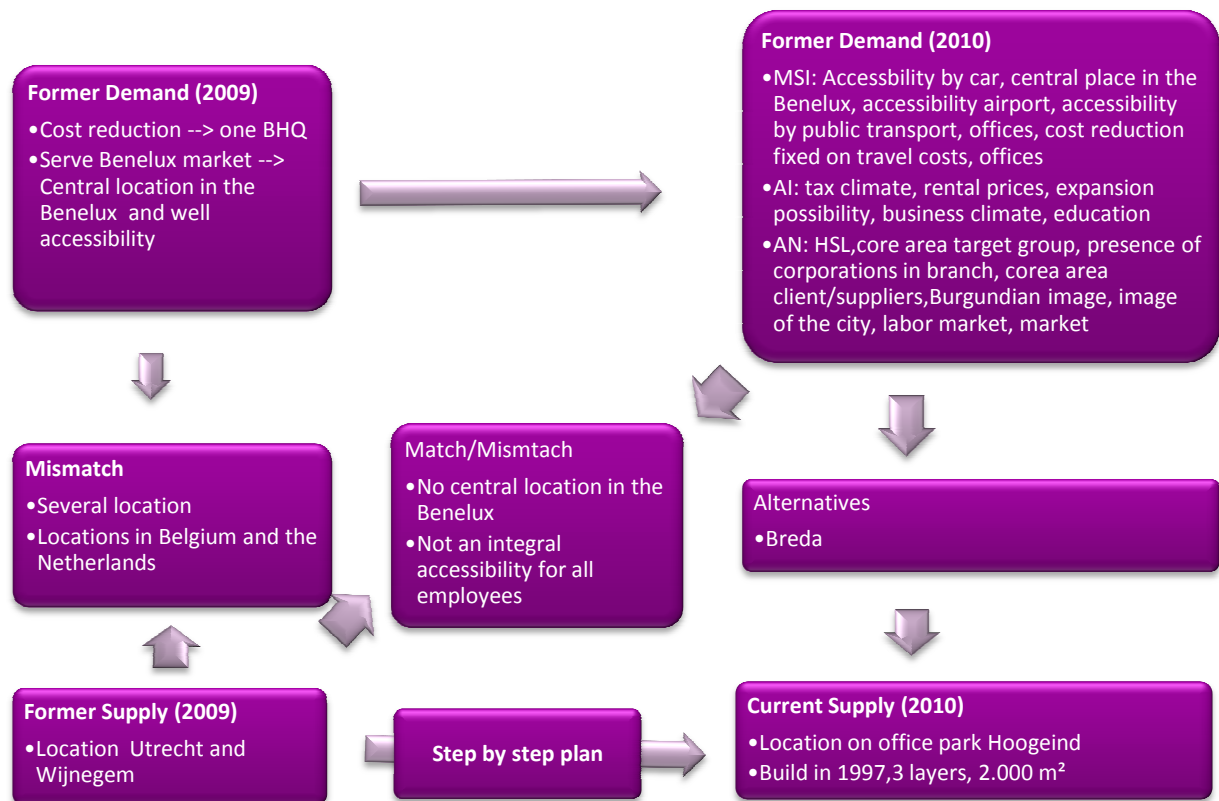


Figure 5.18 Former Supply and Demand

## 6 RESULTS INTERVIEWS

The previous chapter consists of the interviews with BHQ's. In this chapter the results and conclusions based on these interviews are elaborated on. The objective of this chapter is to obtain the location factors and importance of these location factors of BHQ's. The question which is answered in this part is:

What are the location factors of Benelux Headquarters to locate in Breda?

This chapter is organized based on the DAS-frame, former supply (1), former demand(1), former demand (2), alternatives, current supply (2), current demand (3) and a reflection on the results.

### Design Accommodation Strategy frame

A real estate strategy can be designed by using the Designing an Accommodation Strategy framework, also called the DAS-frame. The DAS-frame assumes that there is a demand side and a supply side. Time is also part of the model, it is divided in the former and current option. This DAS-frame is used to organize the obtained information of the BHQs interviews.

### 6.1 Former supply (1)

The former supply is what the organization had. The previous locations of the BHQ's were in the Randstad and the Flemish square, figure 6.1. The BHQ's were relocated in the period of 2000 to 2010.

| BHQ        | Netherlands               | Belgium        | Until |
|------------|---------------------------|----------------|-------|
| Dockwise   | The Hague                 | Meer           | 2000  |
| Chevrolet  | Hoofddorp, Son en Breugel | Vilvorde       | 2000  |
| Leo Pharma | Weesp                     | Brussels       | 2001  |
| Opel       | Slidrecht                 | Kontich        | 2002  |
| Beckers    | Katwijk, Utrecht          | Deurne, Leuven | 2009  |
| Bürkert    | Utrecht                   | Wijnegem       | 2010  |

Figure 6.1 Former locations BHQ's

### 6.2 Former demand (1)

The former demand is what the corporation needs. The organizations want to reduce costs by reorganizing. By reorganizing redundancy can be cut out of the organization. The organization also wants to retain former employees to keep their knowledge and skill base intact. Besides cost reduction to the organization, the organization also needs to deal with the market to create revenues. The organizations corporate strategy is to serve the market from one location. This means that a BHQ is needed at a central place in the Benelux with integral accessibility. This can be seen in figure 6.2 and 6.3. Ernst & Young (2005) confirm this. 'Corporations consolidate their organizations to one BHQ, because regionalization is the solution to break the balancing act of BHQ's between the pressures for global integration and the pressures for local responsiveness' (Ernst&Young, 2005 p. 12).

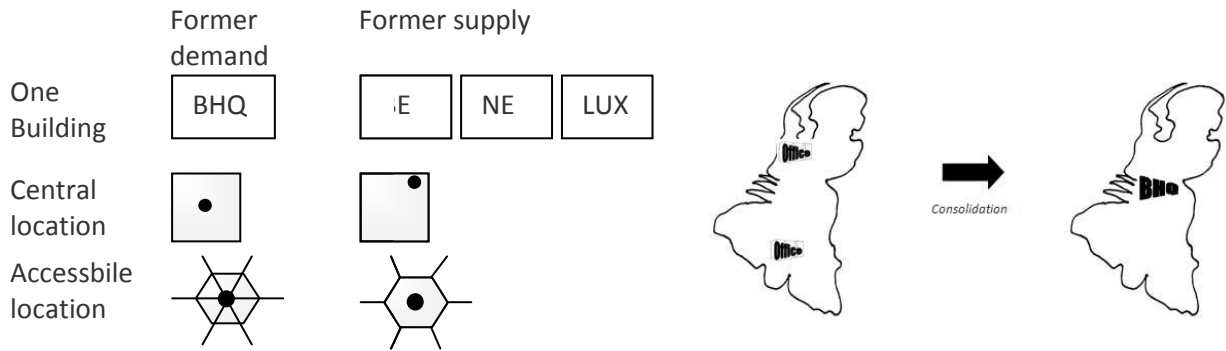


Figure 6.2 One building at a central and accessible location.

### Process BHQ's

The process of BHQ's are mentioned in figure 6.4. The vertical ax is the time aspect.



Figure 6.3 Decision making clustering

The organization evaluates the corporations. Costs need to be reduced or revenues increased. The organization, often the board of directors, creates a new strategy. This can be the consequence of a new CEO as well. The organizational requirements are: corporate strategy, one culture, efficiency and cost reduction.

#### 6.2.1 Match/mismatch former demand and supply

The former supply consist of locations in the Randstad and the Flemish square. The former demand is to reduce costs and service the market in the Benelux from one location. This is a mismatch.

### 6.3 Former demand (2)

The former demand is what the organization needed. The needs are the location factors of the BHQ's. The open interview technique is used to discover the important or less important location factors. These location factors are mentioned spontaneously. When some of the location factors of the location theories of Hospers, Florida or Braun are not mentioned, then there is asked for in the interviews. The complete overview of location factors are shown in appendix 13. The overview of location factors are shown in figure 6.5.



*Reasons for Benelux Headquarters to locate in Breda*

| PHYSICAL                                 | Mentioned spontaneously important | Asked for important | Mentioned spontaneously not important | Asked for not important |
|------------------------------------------|-----------------------------------|---------------------|---------------------------------------|-------------------------|
| Accessibility                            | 6                                 | -                   | -                                     | -                       |
| Accessibility by car                     | 6                                 | -                   | -                                     | -                       |
| Central place in Benelux region          | 5                                 | 1                   | -                                     | -                       |
| Proximity airports                       | 5                                 | -                   | -                                     | 1                       |
| Accessibility by public transportation   | 4                                 | 2                   | -                                     | -                       |
| Realisation HSL-Shuttle line             | -                                 | -                   | -                                     | 6                       |
| Cost reduction fixed on travel costs     | 3                                 | 1                   | -                                     | -                       |
| Proximity harbors                        | 1                                 | 1                   | -                                     | -                       |
| Apperance office                         | 1                                 | 1                   | -                                     | -                       |
|                                          |                                   |                     |                                       |                         |
| ECONOMIC                                 | Mentioned spontaneously important | Asked for important | Mentioned spontaneously not important | Asked for not important |
| Offices                                  | 6                                 | -                   | -                                     | -                       |
| Rental price                             | 3                                 | 2                   | -                                     | 1                       |
| Expansion possibility                    | -                                 | 3                   | -                                     | 3                       |
| Business climate                         | -                                 | 3                   | -                                     | 3                       |
| Market                                   | 2                                 | -                   | -                                     | 4                       |
| Core area clients and suppliers          | 1                                 | 1                   | -                                     | 4                       |
| Core area for target group               | 2                                 | 1                   | -                                     | 3                       |
| Presence of corporations in branch       | 2                                 | -                   | -                                     | 4                       |
| Agglomeration effect                     | 1                                 | -                   | -                                     | -                       |
| Tax climate                              | 1                                 | 3                   | -                                     | 1                       |
|                                          |                                   |                     |                                       |                         |
| SOCIAL                                   | Mentioned spontaneously important | Asked for important | Mentioned spontaneously not important | Asked for not important |
| Image of the city                        | 1                                 | 1                   | -                                     | 4                       |
| Benelux image                            | -                                 | -                   | -                                     | 3                       |
| Burgundian character                     | 1                                 | -                   | -                                     | 3                       |
| Labor market                             | -                                 | 1                   | -                                     | 5                       |
| Education                                | -                                 | 1                   | -                                     | 5                       |
| Facilities in neighborhood               | 1                                 | 1                   | -                                     | -                       |
| Support and facilitation of municipality | -                                 | 2                   | -                                     | -                       |

Figure 6.4 Ranking location factors

In figure 6.5 can be seen that the most important location factors are mentioned spontaneously. The not important location factors are mostly asked for.

What also can be seen is that the physical location factors are more important than the economic and social location factors.

The main important location factors are the accessibility by car, central place in the Benelux and the office supply. 6 corporation find the accessibility by public transportation an important reason to locate in Breda, 4 of them mentioned this spontaneously. 5 of the 6 corporations choose for Breda,

because of the proximity to both airports. 5 of the 6 corporations find the rental price a reason to locate in Breda, 3 of them mentioned this spontaneously. 4 corporations find the cost reduction on transportation costs and recent realized buildings important, 3 of them mentioned this spontaneously. 4 BHQ's find the tax climate in the Netherlands a reason to locate.

The realization of the HSL shuttle line is not important to the 6 corporations to locate in Breda. 5 of the 6 corporations mentioned that the labourmarket was not a reason to locate in Breda. The market, core area clients and suppliers, presence of corporations in branch and the image of the city are not important location factors to locate in Breda confirmed by 4 corporations.

The other location factors have to less response to use them for this research or there is no clear outcome to elaborated on them.

### **6.3.1 Match/mismatch former supply (1) and former demand (1)**

The former supplies of office buildings are in locations central in the Netherlands or Belgium, but not central in the Benelux with no integral accessibility for all relevant location in the Benelux. This means that there is a mismatch between the former supply and former demand. A BHQ needs to be located at a new location in the Benelux. This can be seen in figure 6.3.

### **6.3.2 Alternatives**

BHQ's want a central place in the Benelux, integral accessibility and a building that meets their needs. This means that the main area of the search for a new location is in the centre of the Benelux. Luxembourg is left out of the new location, because it does not meet the demand. Other provinces in Belgium and the Netherlands are left out as well, because these provinces are not central in the Benelux, which is a requirement. A location search can take place in the provinces Antwerp and Noord-Brabant, because this region meets the requirements. Alternatives are Breda, Tilburg, Eindhoven and Antwerp.

The integral accessibility is the accessibility from all relevant locations together. (TNO, 1993). Previous location of BHQ's are in the Randstad and Flemish square, figure 6.6. The infrastructure between Amsterdam and Brussels connects these regions to each other. The integral accessibility is therefore located in between these regions along the axis Amsterdam and Brussels, figure 6.7. The cities which are central in the Benelux and integral accessible are Antwerp and Breda. Alternatives are Breda and Antwerp.



Figure 6.5 Former locations

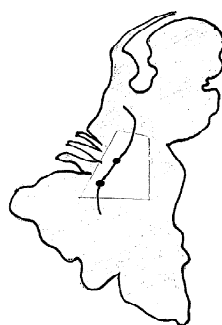


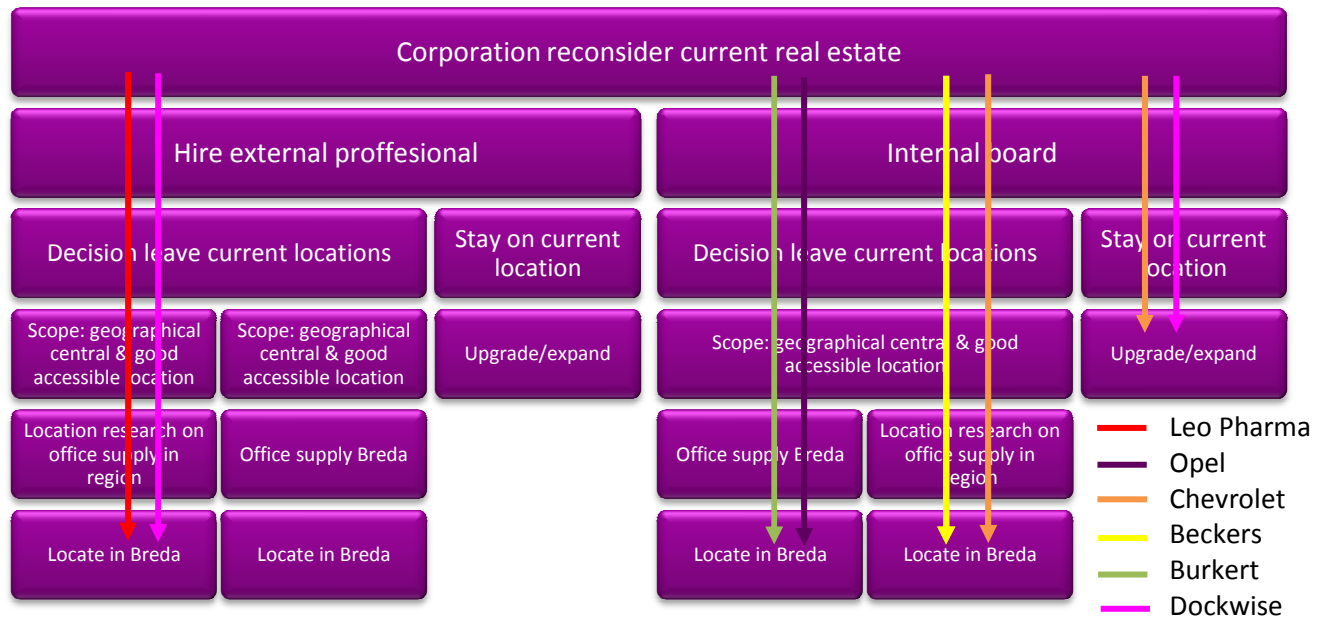
Figure 6.6.6 Axis Amsterdam-Brussels

**Reasons for Benelux Headquarters to locate in Breda**

The BHQ’s search for a matching office building. A matching office supply consists of matching price-quality ratio. The rental prices in Breda are average or low in concerning surrounding cities. The buildings and business parks are recently realized (developed around 2000). Rental prices in Antwerp are rather similar to Breda. The buildings and business parks in Antwerp are often out dated. Therefore BHQ’s locate in Breda.

**Process of BHQ’s**

Alternatives are what the corporations could have, this is the design, evaluation and selection of solutions. The process of BHQ’s are described below.



Based on the new corporate strategy their real estate needs are reconsidered. Usually one of the board members of the organization (or an external real estate professional) decides what location to choose. LEO Pharma corporation hired an external consultancy. The other corporations appointed the human resource manager, vice president or CEO as facility manager. The corporation stays on the location and upgrades the building or leaves the location and searches for a new location. All corporations decided in the past to relocate to one new location in Breda. However two corporations (Dockwise and Chevrolet) reconsidered in the last ten years again if their real estate needs are being met in Breda. They decided to stay one their present location in Breda. Both upgraded their building. The corporations’ preconditions are a central geographical location and an easily accessible location. Based on the office building supply in a region they search for a fitting location.

## 6.4 Current supply (2)

The BHQ's were located on three locations in Breda, Westerhage, Hoogeind and Hazeldonk, figure 6.10 and 6.

| BHQ        | Location   | Located in |
|------------|------------|------------|
| Dockwise   | Westerhage | 2000       |
| Chevrolet  | Hazeldonk  | 2000       |
| Leo Pharma | Westerhage | 2001       |
| Opel       | Westerhage | 2002       |
| Beckers    | Hoogeind   | 2009       |
| Bürkert    | Hoogeind   | 2010       |

Figure 6.9 Location of BHQ's



Figure 6.10 Locations of interviewed BHQ's (Gemeente Breda, 2010)

## 6.5 Current demand (3)

When the contract of a BHQ ends, the corporation reconsiders their real estate. This was the case with Chevrolet, Dockwise and Leo Pharma. The contracts of the other BHQ's do not end yet, because they are located in 2009 and 2010. Chevrolet and Dockwise reconsidered their real estate in Breda, but stays at the current location.

When the BHQ's located in Breda in 2000, they had Belgian employees. Currently they have more Dutch employees and almost no Belgian employees anymore. Employees are located in the in Breda or in the surroundings. The corporation wants to keep these employees, this can a reason to stay at the current location.

The BHQ's also mention that they did not locate in Breda in 2000, because of the image or appearance of the city. Currently the BHQ's mentioned that they find the image and appearance of Breda attractive. May be these aspects are reasons to stay.

When the contract of a BHQ ends, the corporation reconsiders their real estate and does some location research. They conclude that the quality-price ratio of their current location is very good. This can be part of the reason to stay at the current location.

The tax climate is attractive in the Netherlands, however BHQ's did not mention this as reason to locate in Breda. It could be part of the reason to stay in the Netherlands and therefore in Breda at the current location.

The BHQ's mentioned that they still find the accessibility of Breda and the central in the Benelux attractive.

BHQ's may stay in Breda, because there is some commitment with the city.

## **6.6 Conclusions**

The former supply of the BHQ's consists of locations in the urban agglomerations Randstad and Flemish square. The former demand was cost reduction and serve the Benelux market. The former demand consists of the location factors. The main location factors are the central location in the Benelux, the accessibility and offices. The current locations are in Breda at the office parks Hoogeind, Westerhage and Hazeldonk.

The BHQ's were more focused on reducing costs and less on increasing revenues. The location factors of BHQ's are physical and partly economic, but not social and economic. This combination indicates classic location factors more than modern location factors.

When the BHQ's are located for about ten years in Breda, they reconsider their real estate because the contract ended. BHQ's may stay in Breda, besides the physical reasons, because there is some commitment with the city.

The question in this part is: *What are the location factors of BHQ's to locate in Breda?* This question is answered in this chapter. The objective of this chapter is to obtain the location factors of BHQ's and to obtain the importance of the location factors. The objective is achieved in this chapter.

## 7. COMPARISON LOCATION FACTORS AND CHARACTERISTICS

The characteristics of Breda are determined in chapter 4. The location factors of BHQ's are obtained in chapter 5 and 6. In this chapter the relationship between characteristics of Breda and the location factors of BHQ's are considered. The objective is to create insight the relationships between important location factors and related characteristics. The research question which is answered in this part is:

Which relationships can be found between the location factors of BHQ's of Breda and the characteristics of Breda?

The physical, economic and social relationships are elaborated on. This chapter ends with a conclusion.

### Relationships

A relationship can be a fact or a reasonable explanation. When there is a strong relationship between the characteristic and the location factors, this is called a fact. When there is an explainable relationship between the characteristic and the location factors, this is called a reasonable explanation. Speculation are possible relations.

### 7.1 Physical location factors and characteristics of Breda

The physical location factors of BHQ's are related by parameters with the characteristics of Breda (figure 7.1).

|               | Location factors                       | Parameters                                                 | Characteristics of Breda                  |
|---------------|----------------------------------------|------------------------------------------------------------|-------------------------------------------|
| Accessibility | Accessibility by car                   | Integral accessibility and centrality of Breda             | Geographical location and infrastructure  |
|               | Central place in Benelux region        | Centrality location of Breda                               | Geographical location                     |
|               | Accessibility by public transportation | Train accessibility                                        | Train connections                         |
|               | Proximity airports                     | Proximate to major airports of Belgium and the Netherlands | Proximity airports                        |
|               | Cost reduction fixed on travel costs   | Integral accessibility and centrality of Breda             | Geographical location and infrastructure  |
|               | HSL Shuttle line                       | HSL Shuttle line                                           | HSL Shuttle line will be realized in 2011 |

Figure 7.1 Comparison physical location factors and characteristics.

#### 7.1.1 Accessibility by car

The location factor accessibility by car is related by the parameters integral accessibility and centrality of Breda. The integral accessibility is related to the infrastructure and the centrality of the geographical location.

The integral accessibility is the accessibility from all relevant locations together. The Randstad and Flemish square are developed into important urban agglomerations. Economic activities take place in these regions, therefore it is important to be connected to them. (Randstad, 2004 p. 9). The connection Amsterdam and Brussels is the axis, which connects both urban agglomerations with each other. The previous locations of the BHQ's are mainly located in the Randstad or Flemish square (chapter 5). The axis Amsterdam Brussels is therefore very important. Breda is located on this axis, therefore the integral accessibility of Breda is of great value.

The geographical location is the location in relation to another location in the area (encyclo, 2010). The geographical location of Breda is traditionally determined. A central location is the distance for all locations to reach that certain location (TNO, 1993). Based on the distances from Breda to other places, there can be concluded that Breda is a geographical central location in the Benelux.

All BHQ's mentioned this location factor as important. BHQ's say about the accessibility by car: 'Breda is gewoon uitstekend bereikbaar. Je zit hier echt heel goed. De bereikbaarheid was de belangrijkste reden om in Breda te gaan zitten' (LEO Pharma)

The BHQ's located here because of the accessibility by car in Breda. The infrastructure and geographical location of Breda have led to easy accessibility by car. The characteristics of Breda are strongly related to the location factors of the BHQ. This is a fact.

### **7.1.2 Central place in the Benelux region**

The location factor central place in the Benelux region is related by the parameter geographical location to the characteristics of Breda.

Breda has a geographical central location in the Benelux.

All BHQ's mentioned this location factor as important. The reasons to locate in Breda were the central place in the Benelux. This was important to maintain the employees. 'We established in Breda, because of the central place in the Benelux.' (Bürkert).

The BHQ's locate because of the central location in the Benelux in Breda. The centrality of Breda has led to an advanced geographical location for BHQ's. The characteristic of Breda is strongly related to the location factors of the BHQ, therefore this is a fact.

### **7.1.3 Accessibility by public transport**

The location factor accessibility by public transportation is related by the parameter train connections to the characteristics of Breda.

Breda has no direct connection to Belgium (Antwerp) and Utrecht. The overall train connection is good, just like it is in Tilburg, Eindhoven and Antwerp. The HSL will be finished in 2011 and may improve the accessibility by public transportation to Breda.

All BHQ's mentioned this location factor as important, 4 of them spontaneously. BHQ's mentioned: 'Ja, we hebben zeker gekeken naar de bereikbaarheid hier aan het spoor' (Dockwise).

This characteristic of Breda is related to the location factor of the BHQ's. The accessibility by public transportation is only fair. The BHQ's mention that they located in Breda because of public transportation, but it was not the main reason to locate there. It is therefore likely that BHQ's locate in Breda because of public transportation, but this is not a fact. This is a reasonable explanation.

### **7.1.4 Proximity airports**

The location factor proximity airports is related by the parameters proximity to the airports.

Breda is relatively close to the major airports of Belgium and the Netherlands. It takes 60 minutes to reach Amsterdam or Brussels from Breda. Antwerp is also close to these locations. Eindhoven and Tilburg further away.



5 of the 6 BHQ's mentioned this location factor spontaneously as important. The connection to the airports Amsterdam and Brussels is more important than to the smaller airports, because smaller airports don't connect to all other airports inside and outside of Europe. 5 of the 6 corporations are multinationals. Therefore BHQ's find it important to have a good connection by car or train to these important airports. BHQ's mention: 'Ons hoofdkantoor ligt in Zurich en willen dus goed bereikbaar zijn voor collega's van daar' (Chevrolet).

The characteristics of Breda are related to the location factor of the BHQ. Breda is proximate to both major airports in Belgium and the Netherlands. The BHQ's mention that they located in Breda because of this. The characteristics of Breda are strongly related to the location factors of the BHQ. This is a fact.

### **7.1.5 Cost reduction fixed costs infrastructure**

The location factor cost reduction on fixed costs infrastructure is related by the parameter geographical location and infrastructure to the characteristics of Breda. The integral accessibility is related to the infrastructure and the centrality of the geographical location.

The axis Amsterdam Brussels is therefore very important. Breda is located on this axis, therefore the integral accessibility of Breda is therefore very good.

Breda has a geographical central location in the Benelux.

There were 4 of the BHQ's, who find this location factor important. BHQ's mention: 'Het was gewoon het goedkoopste om in Breda te zitten, zo kon er bezuinigd worden op de transportkosten' (Chevrolet).

The BHQ's locate because costs can be reduced because of the integral accessibility and geographical location. The good infrastructure and geographical location of Breda could have led to a reduction of fixed costs. However there were just 4 corporations mentioning this. Moreover it is reasonable to accept that shorter distances have led to cost reduction on transportation cost, but not for sure. Therefore this is a reasonable explanation.

### **7.1.6 HSL shuttle line**

The location factor HSL shuttle line is related to the parameter project HSL shuttle line.

In 2000 there were plans to realize the HSL shuttle line to Breda. This line is not finished yet. It is planned to finish this in 2011. The train connection to Amsterdam, Rotterdam, Antwerp and Brussels will be improved.

Corporations find the realization of the HSL shuttle line not an important reason to locate in Breda. This is confirmed by 6 corporations. Dockwise: 'De HSL is niet van belang voor ons'.

The BHQ's mention that they do not locate because of the HSL project. The HSL project can contribute to the accessibility by train of Breda. However the train connection is not finished yet. A reasonable explanation can be that train connection is not realized and therefore not an important location factors. A reasonable explanation is that BHQ's find the realization of the HSL shuttle line not important to locate in Breda.

### 7.1.7 Conclusion

The overview of relationships between the characteristics of Breda and the location factors of BHQ's are shown in figure 7.2.

|               | Location factors                       | Characteristics of Breda              | Relation                |
|---------------|----------------------------------------|---------------------------------------|-------------------------|
| Accessibility | Accessibility by car                   | Geographical location, infrastructure | Fact                    |
|               | Central place in Benelux region        | Geographical location                 | Fact                    |
|               | Accessibility by public transportation | Train connections                     | Reasonable explanations |
|               | Proximity airports                     | Proximity airports                    | Fact                    |
|               | Cost reduction fixed on travel costs   | Geographical location, infrastructure | Reasonable explanations |
|               | HSL shuttle line                       | HSL shuttle line realized in 2011     | Reasonable explanations |

Figure 7.2 Relations between location factors and characteristics of Breda

BHQ's do locate in Breda, because of the well accessibility of the location. The location factors accessibility by car, central location in the Benelux and the proximity to both airports are facts. The accessibility by public transport and cost reduction on fixed costs are reasonable explanations. These location factors are important location factors to BHQ's. The HSL shuttle line is probably not important to BHQ's.

## 7.2 Economic location factors and characteristics of Breda

The economic location factors of BHQ's are related by parameters with the characteristics of Breda (figure 7.3).

|        | Location factors                   | Parameters                     | Characteristics of Breda                                                                                                    |
|--------|------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Office | Office                             | Office supply, state buildings | Large supply, vancancy and recently built buildings                                                                         |
|        | Rental price                       | Rental price                   | Average or low rental prices                                                                                                |
| Market | Market                             | Market, economic plans         | Transportation, storage and communication, service based institutions and divers market.<br>Nota ruimte, pieken in de delta |
|        | Core area clients and suppliers    | Market                         | Transportation, storage and communication, service based institutions and divers market                                     |
|        | Presence of corporations in branch | Market                         | Transportation, storage and communication, service based institutions and divers market                                     |
|        | Tax climate                        | Tax rules                      | Well tax climate                                                                                                            |

The figure 7.3 Comparison economic location factors and characteristics.

### 7.2.1 Offices

The location factor office building supply is related to the parameters industrial building and office building supply and the state of buildings.

Breda has at minimum twice as much industrial real estate supply as Tilburg and Eindhoven. The transfer is relatively the same in all three cities. This means that Breda has a large industrial real estate market. Breda has the smallest office building stock relative to Tilburg and Eindhoven. However they have the same range of not- in- use buildings. The transfer of supply is high in Breda. A small office building market and relative high absorption rates means a high demand for office space. However Breda has an oversupply of industrial real estate and office buildings. There si also 12% vacancy in Breda.

### *Reasons for Benelux Headquarters to locate in Breda*

The BHQ's locate in Breda because of office building supply. BHQ's: 'Het was lastig om het juiste aantal vierkante meters te vinden wat we nodig hadden in de regio. Toen hebben we uiteindelijk voor dit pand gekozen'(Beckers).

There is a large supply of industrial real estate and a supply of office buildings. However there are 12% vacant buildings. This means that the demand and supply do not match. The office supply characteristic of Breda and the location factor office supply of the BHQ is questionable. This can be speculated on.

In general counts in the Netherlands buildings are recently built or renovated, therefore the quality is well. In Belgium some buildings are out of date and not (yet) renovated. Also buildings in Breda are more recently build than in Antwerp. Breda has the projects Dinalog, WTC and via Breda which are new to realize business terrains.

BHQ's occupies buildings, which are not older than 15 years old. The BHQ's locate in Breda because of office building supply. BHQ's: 'Het moet een fatsoenlijk kantoor zijn, zonder dat het op een industriegebouw lijkt'(Dockwise).

Buildings in Breda has a good quality, they are recently built or renovated. BHQ's want a decent building. The quality of the building can be a reasonable explanation.

#### **7.2.2 Rental price**

The location factor rental prices and rental prices of Breda are compared.

Breda has a relatively low minimum (€ 25) rental price and an average maximum (€60) rental price of commercial real estate. The minimum price (€90) in office buildings is average and the maximum (€160) price varies more between the cities, but is average as well. However the differences are quite small.

The BHQ's locate in Breda because of office building supply. BHQ's: 'Dit pand was beschikbaar en dit was de beste deal' (Dockwise)

The rental prices are average to low in Breda. BHQ's do also locate because of the rental price. The rental price is therefore a reasonable explanation why BHQ's locate in Breda.

#### **7.2.3 Market**

The location factor 'market' has different branches in Breda as parameter.

The dominant branch in Breda always was the 'transportation, storage and communication' corporations. The last ten years the service based institutions grew and crosses the line of the transportation, storage and communication sector. In general, Breda has a divers market. The policy plans Nota Ruimte and Pieken in de Delta should increase the economic activities in Breda and region.

4 of the 6 BHQ's mention that they find the market of Breda not important and is there not a reason to locate in Breda. This could be reasonable because Breda has not a specific market for these BHQ's. 2 of the 6 BHQ's do locate in Breda because Breda is the central place of their market. These corporations mean the Benelux market.

Breda has a diverse market. The BHQ's may be located in Breda because of the central place in the Benelux market. BHQ's probably do not locate in Breda, because they find the market of Breda not an important reason to locate. This is a speculation.

#### **7.2.4 Core area clients and suppliers**

The location factor 'core area client and suppliers' is part of the location factor 'market'.

Breda has a diverse market. 4 of the 6 BHQ's mention that they do not locate in Breda because of the client and suppliers. The clients are located in the Benelux and not specifically in Breda.

Breda has a diverse market. The BHQ's do not locate in Breda, because the clients and suppliers in Breda are not important to the BHQ's. They may be located in Breda because it is a central place in the Benelux market. This is a speculation.

#### **7.2.5 Presence of corporations in branch**

The location factor 'presence of corporations in branch' can be compared with the different branches in Breda.

The dominant branch in Breda always was the 'transportation, storage and communication' corporations. The last ten years the service based institutions grew and crosses the line of the transportation, storage and communication sector. In general, Breda has a diverse market.

4 of the 6 corporations mentioned that they the presence of corporations in their branch is not important to the BHQ's. May be BHQ's are not depended on corporations in Breda, they are may be dependent on corporations in the Benelux.

Breda has a diverse market. The BHQ's are may be not dependent on corporations in Breda. Therefore this location factor is not important to BHQ's. This is a speculation.

#### **7.2.6 Tax climate**

The location factors 'tax climate' is compared with the tax circumstances in the Netherlands and Belgium.

The Netherlands has a more advanced tax system than in Belgium.

4 of the 6 BHQ's do locate in the Netherlands, because the tax climate. 'We zijn puur om fiscale redenen naar Nederland verhuist' (Dockwise). 1 BHQ mention that they did not take this aspects into account.

Breda has a more attractive tax climate than Belgium. BHQ's mention that they did locate because of this aspect. This location factor is a reasonable explanation to choose for the Netherlands. It could be coincidence that they locate in Breda because of this location factor. This is a speculation.

### 7.2.7 Conclusion

The overview of relationships between the characteristics of Breda and the location factors of BHQ's are shown in figure 7.4.

|         | Location factors                   | Characteristics of Breda                                                                                                    | Relation               |
|---------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------|
| Offices | Offices                            | Large supply, vacancy and recently built buildings                                                                          | Reasonable explanation |
|         | Rental price                       | Average or low rental prices                                                                                                | Reasonable explanation |
| Market  | Market                             | Transportation, storage and communication, service based institutions and divers market.<br>Nota ruimte, pieken in de delta | Speculation            |
|         | Core area clients and suppliers    | Transportation, storage and communication, service based institutions and divers market                                     | Speculation            |
|         | Presence of corporations in branch | Transportation, storage and communication, service based institutions and divers market                                     | Speculation            |
|         | Tax climate                        | Well tax climate                                                                                                            | Speculation            |

Figure 7.4 Relations between location factors and characteristics of Breda

It is a reasonable explanation that BHQ's locate because of the price-quality rate of the buildings in Breda. These location factors are important reasons to locate in Breda. If BHQ's do locate because of the office supply, can be speculated on. Most of the BHQ's do not locate in Breda, because of the market. They may locate in Breda because of the central place in the Benelux market. This is speculation as well. These are location factors which are not a reason to locate in Breda. BHQ's can locate because of the advanced tax climate in the Netherlands and therefore locate by coincidence in Breda. This can be speculated on. The location factors which are important are reasonable explanations. The location factors which are less or not important can be speculated on.

### 7.3 Social location factors and characteristics of Breda

The economic location factors of BHQ's are related by parameters with the characteristics of Breda (figure 7.5).

|              | Location factors  | Parameters                                      | Characteristics of Breda                                                                                                                   |
|--------------|-------------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Image        | Image of the city | Image, culture, quality of life, promotion city | Historical, Burgundian and accessibility image, cultural events, activities in Breda, residential plans, city marketing since 2006         |
| Labor market | Labor market      | Labor market, education, demography             | Relative low rate of highly educated people, but it is increasing<br>HBO education, no university, 10 <sup>th</sup> biggest city of the NL |
|              | Education         | education                                       | HBO education, no university, 10 <sup>th</sup> biggest city of the NL                                                                      |

The figure 7.5 Comparison economic location factors and characteristics.

### **7.3.1 Image of the city**

The location factor 'image of the city' is determined by the image, culture, quality of life and promotion of the city.

The image of the city is 'historical', 'burgundian' and 'accessible'. There are some cultural events and activities in Breda. The quality of life has been improved and will be improved in Breda, because residential areas are restructured or will be restructured. There is a city marketing since 2006 'Breda, een stad met karakter'

4 of the 6 BHQ's find this location factor not important. BHQ: 'Imago speelde in 2000 nog geen rol' (Chevrolet). There were 2 of the 6 BHQ's which did locate in Breda, because of their image.

Breda has not one specific image. BHQ's do not locate, because of the 'image' of the city. Therefore it can be a reasonable explanation that BHQ's do not locate in Breda, because of the image of the city.

### **7.3.2 Labor market**

The location factor 'labor market' is compared with the characteristics of Breda.

Breda has two HBO schools since 2001. There is no university. The amount of higher educated people increases, but the amount of higher educated people in surrounded cities increases faster.

5 of the 6 BHQ's mentioned that the labor market was not a reason to locate in Breda. BHQ: 'De beroepsbevolking of opleiding van Breda is totaal niet belangrijk' (Chevrolet).

The higher educated people increase, but surrounded cities score better at this aspect. BHQ's do not locate in Breda, because of the labor market. That BHQ's do not locate because of this is a reasonable explanation.

### **7.3.3 Education**

The location factor 'education' is compared with the education possibilities in Breda.

Breda has two HBO schools, the Florijn College and the KMA. 5 of the 6 BHQ's mentioned that they do not locate in Breda because of the education. 'We zijn niet gevestigd in Breda vanwege de arbeidsmarkt' (Opel).

The education in Breda improved and still improves. However surrounded cities score better at this point. BHQ's mention that they do not locate because of this. Therefore this is a reasonable explanation.

### 7.3.4 Conclusion

The overview of relationships between the characteristics of Breda and the location factors of BHQ's are shown in figure 7.6.

|              | Location factors  | Characteristics of Breda                                                                                                                            | Relations              |
|--------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Image        | Image of the city | Historical, Burgundian and accessibility image, cultural events, activities in Breda, residential plans, stable politics, city marketing since 2006 | Reasonable explanation |
|              | Labor market      | Relative low rate of highly educated people, but it is increasing<br>HBO education, no university, 10 <sup>th</sup> biggest city of the NL          | Reasonable explanation |
| Labor market | Education         | HBO education, no university, 10 <sup>th</sup> biggest city of the NL                                                                               | Reasonable explanation |

The figure 7.6 Comparison social location factors and characteristics.

The location factors image and labor market are not important for BHQ as reasons to locate in Breda. These are reasonable explanations. The social location factors are probably not important to BHQ's to locate in Breda.

## 7.4 Conclusions

The relationships between the location factors and characteristics are obtained. These relationships are organized into facts, reasonable explanations and speculations.

The physical location factors and related characteristics consists of facts and reasonable explanations. BHQ's did locate because of the geographical location, integral accessibility and proximity to the airports. A reasonable explanation is the train connection.

The economic location factors and related characteristics consists of reasonable explanations and speculations. Reasonable explanations for BHQ's to locate in Breda are the offices (quality of buildings) and rental price, this is the quality-cost ratio. There is speculation about the tax climate as important location factor. There can be speculated on the location factors which are not important, these are market, core area clients and suppliers and presence of corporations in branch.

The social location factors and related characteristics consists of reasonable explanations of not important location factors to BHQ's. The image of the city, labor market and education in Breda are not important to BHQ's.

Figure 7.7 shows locations factor which are important or not important to BHQ's. What can be seen is that the physical and partly the economic location factors are important to BHQ's. The location factors which are not important to BHQ's are social and partly economic.



*Reasons for Benelux Headquarters to locate in Breda*

| Physical                   | Economic                | Social                  |
|----------------------------|-------------------------|-------------------------|
| Geographical location (F)  | Quality buildings (REX) | Image of the city (REX) |
| Proximity airports (F)     | Rental price (REX)      | Culture (REX)           |
| Integral accessibility (F) | Market (S)              | Quality of life (REX)   |
| Train connections (REX)    | Tax climate (S)         | Labor market (REX)      |
| HSL shuttle line (REX)     |                         | Education (REX)         |

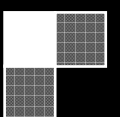
**Figure 7.7 Important (purple) and not important (grey) location factors of BHQ's**

- F Fact
- REX Reasonable explanation
- S Speculation

The research question in this part is: Which relationships can be found between the location factors of Benelux Headquarters of Breda and the characteristics of Breda? This question is answered in this chapter. The objective 'to create insight in hard facts and reasonable explanations of the relationships between important location factors and related characteristic' is therefore achieved.



# SECTION IV CONCLUSIONS AND EVALUATION



## **8 CONCLUSIONS AND EVALUATION**

### **8.1 Conclusions research questions**

This research explored the reasons for BHQ's to establish in Breda. The main research question is: *'What are reasons for corporations to locate their Benelux Headquarter in Breda?'* The motivation was the remarkable phenomenon of a high rate of BHQ's in the area in Breda. The location factors of BHQ's and the characteristics of Breda are explored and relationship between them is explored. This chapter is organized in the research questions and answers. The main research question is answered. This chapter ends with a reflection on the end conclusion.

1. Which theory is relevant to explain location dynamics, location factors and location characteristics?

The theoretical reasons for corporations to create a BHQ are determined. The location theories for the past and the current situation are explored. Location factors of the modern location theory are elaborated on. The differences and similarities between the theories are explained. Aspects which determine the characteristics of the city are determined. The term accessibility is elaborated on and different types of accessibility are highlighted.

Decisions of BHQ's are based on the external and internal factors of the organization. The pressures of global integration (external factor) and pressures of local responsiveness (internal factor) increases. The solution to break this balancing act is to consolidate the organization into one Benelux Headquarter.

Location theories changed from the classic location theories with emphasis on an internal factor like cost reduction to modern location theories with emphasis on external factors like growth in revenues. Cost reduction can be found in physical and economic location factors like reducing transportation costs. The revenue growth can be found in social and economic location factors like knowledge based economies and quality of life. Based on this, location factors consist of three categories physical, economic and social. The modern location theory is true for the present time. Social and economic location factors should be applicable for corporations in the present time.

The physical, economic and social aspects of the city determine the characteristic of the city. These aspects are used in the analysis of the characteristics of Breda. Part of physical aspect is the accessibility of a location. The integral accessibility is the accessibility from all relevant locations as a whole, and time, money and effort taken into account. The distance from all locations is called centrality.

2. What are the characteristics of Breda?

The characteristics of Breda are obtained and structured in physical, economic and social aspects. More important aspects of Breda were more elaborated on than less important aspects. The characteristics are treated in chronological order.

Because of the river the Mark and the location between the prosperous Holland and duchy of Brabant, Breda became a trading place. Breda did not benefit from the colonial trade. However Breda was located in between both the prosperous Randstad and Flemish square and benefited from

**Reasons for Benelux Headquarters to locate in Breda**

activities in these regions. In combination with the rise of industry from the 1850s on, the economic activities in Breda increased and industrial buildings and business districts were created. From 1850 rail connections were realized between Breda and Roosendaal, Tilburg and Moerdijk. The logistic sector grew in Breda. From 1950 on the car became more important. The traffic structure in and around Breda was expanded and connected to the traffic structure of the Randstad and Flemish square. Also because of the small size of the Benelux a rather similar market within the Benelux developed. The rise of the service sector in the 1950s did increase the amount of offices in Breda. Finally Breda created an oversupply of industrial buildings and offices. The quality of buildings is good and the rental prices are low or average. Breda became bigger over time, because of the absorption of surrounded hamlets and villages. The social and economic investments came late.

The characteristics of Breda are more or less distinctive concerning surrounded cities. Physical characteristics are more distinctive for Breda than social and economic aspects.

|                                                                              | More distinctive for Breda       | Less distinctive for Breda |                                                                              |
|------------------------------------------------------------------------------|----------------------------------|----------------------------|------------------------------------------------------------------------------|
| <b>More</b><br>↓<br>↓<br>↓<br>↓<br>↓<br>↓<br>↓<br>↓<br>↓<br>↓<br><b>Less</b> | Central location in the Benelux  | Education                  | <b>More</b><br>↓<br>↓<br>↓<br>↓<br>↓<br>↓<br>↓<br>↓<br>↓<br>↓<br><b>Less</b> |
|                                                                              | Accessibility by car (proximity) | Labor market               |                                                                              |
|                                                                              | Accessibility by car (integral)  | Labor force                |                                                                              |
|                                                                              | Accessibility by train           | Business image             |                                                                              |
|                                                                              | Close to both airports           | Diverse market             |                                                                              |
|                                                                              | Close to both harbors            | Quality of life            |                                                                              |
|                                                                              | Rental price of buildings        | Culture                    |                                                                              |
|                                                                              | Relative recent office locations | Amount inhabitants         |                                                                              |
|                                                                              | Relative recent offices          |                            |                                                                              |

Figure 8.1 Characteristics of Breda

Figure 8.1 shows that Breda distinctiveness are physical characteristics. The weaknesses of Breda are mainly economic and social characteristic.

3. What are the location factors of Benelux Headquarters to locate in Breda?

Dockwise, Chevrolet, Leo Pharma, Opel, Beckers and Bürkert are BHQ's which are interviewed. The former locations and demand and the current location of the BHQ's are obtained. The location factors and importance of these location factors are determined. The alternatives besides Breda are pointed out and the balancing of choices is explored.

Before the fusion corporations were located in the Randstad and Flemish square. The BHQ indicates that the main reason to merge was cost reduction.

The most important location factors for BHQ's to locate in Breda are the central place in the Benelux, good accessibility and the office. There are more central places in the Benelux like Breda, Tilburg, Eindhoven and Antwerp. A good accessibility for BHQ's is when the current employees (from the Randstad and Flemish square) reach the work location within an acceptable time limit. This integral accessibility can be found in the centre of the Amsterdam-Brussels axis. Breda and Antwerp are therefore potential establishment cities. The other cities fail at this point. Also because of the price-quality ratio of the building in Breda do BHQ's choose to locate in Breda. The physical and partly economic location factors are important. The social and partly economic location factors are not

important location factors for BHQ's to locate. The overview of important and not important location factors are shown in figure 8.2.

| Location factors                       | MSI | AI | MSN | AN |
|----------------------------------------|-----|----|-----|----|
| Accessibility                          | 6   | -  | -   | -  |
| Accessibility by car                   | 6   | -  | -   | -  |
| Central place in Benelux region        | 5   | 1  | -   | -  |
| Proximity airports                     | 5   | -  | -   | 1  |
| Accessibility by public transportation | 4   | 2  | -   | -  |
| Cost reduction fixed on travel costs   | 3   | 1  | -   | -  |
| Offices                                | 6   | -  | -   | -  |
| Rental price                           | 3   | 2  | -   | 1  |
| Market                                 | 2   | -  | -   | 4  |
| Core area clients and suppliers        | 1   | 1  | -   | 4  |
| Tax climate                            | 1   | 3  | -   | 1  |
| Image of the city                      | 1   | 1  | -   | 4  |
| Labor market                           | -   | 1  | -   | 5  |
| Education                              | -   | 1  | -   | 5  |
| Realisation HSL-Shuttle line           | -   | -  | -   | 6  |

Figure 8.2 Location factors (mentioned by BHQ's)

- MSI    Mentioned spontaneously important
- AI     Asked for important
- MSN    Mentioned spontaneously not important
- AN     Asked for not important

When the BHQ's are located for about ten years in Breda, they reconsider their real estate because the contract ended. BHQ's may stay in Breda, besides the physical reasons, because there is some commitment with the city.

4. Which relationships can be found between the location factors of BHQs of Breda and the characteristics of Breda?

The relationships between the location factors and characteristics are obtained. These relationships are organized into facts, reasonable explanations and speculations.

The physical location factors and related characteristics consists of facts and reasonable explanations. BHQ's did locate because of the geographical location, integral accessibility and proximity to the airports. A reasonable explanation is the train connection.

The economic location factors and related characteristics consists of reasonable explanations and speculations. Reasonable explanations for BHQ's to locate in Breda are the offices (quality of buildings) and rental price, this is the quality-cost ratio. There is speculation about the tax climate as important location factor. There can be speculated on the location factors which are not important, these are market, core area clients and suppliers and presence of corporations in branch.

The social location factors and related characteristics consists of reasonable explanations of not important location factors to BHQ's. The image of the city, culture, quality of life, labor market and education in Breda are not important to BHQ's.

**Reasons for Benelux Headquarters to locate in Breda**

Location factors which are important or not important to BHQ's. The physical and partly the economic location factors are important to BHQ's. The location factors which are not important to BHQ's are social and partly economic.

| Physical                   | Economic                | Social                  |
|----------------------------|-------------------------|-------------------------|
| Geographical location (F)  | Quality buildings (REX) | Image of the city (REX) |
| Proximity airports (F)     | Rental price (REX)      | Culture (REX)           |
| Integral accessibility (F) | Market (S)              | Quality of life (REX)   |
| Train connections (REX)    | Tax climate (S)         | Labor market (REX)      |
| HSL shuttle line (REX)     |                         | Education (REX)         |

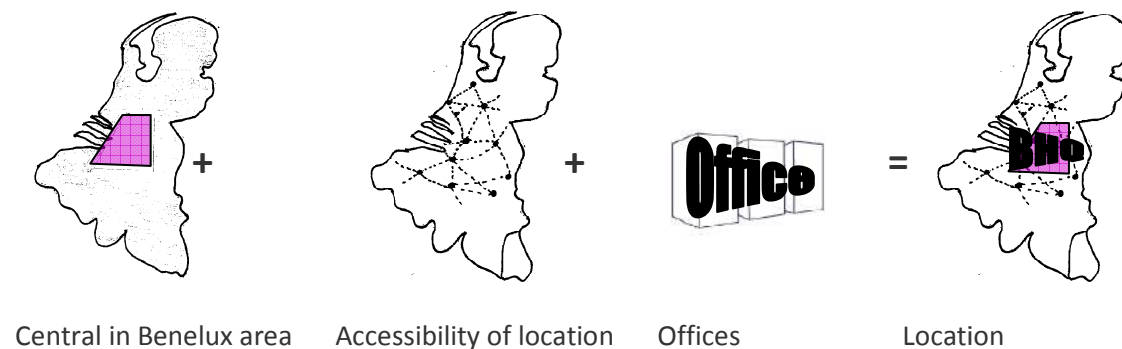
**Figure 8.3 Important (purple) and not important (grey) location factors**

- F Fact
- REX Reasonable explanation
- S Speculation

**What are reasons for corporations to locate their Benelux Headquarter in Breda?**

The BHQ's do not locate in Breda, because of the HSL shuttling line, labor market, education, market, image, quality of life or culture.

The geographical location, integral accessibility, proximity to airports are characteristics of Breda that BHQ's locate for. The train connections, rental price and quality of buildings are reasonable explanations as to why it is reasonable to accept that BHQ's locate in Breda for these reasons. These aspects are physical and partly economic characteristics. This can be seen in figure 8.4.



**Figure 8.4 Reasons why BHQ's locate in Breda**

The important location factors and related characteristics are physical and partly economic. The location factors which are not important to BHQ's and the related characteristics are social and partly economic.

## 8.2 Reflection on conclusions

The result of the interviews is that BHQ's locate in Breda because of the central location in the Benelux, integral accessibility and the office supply. These are physical location factors and not social and economic. The BHQ's were focused on reducing costs and less on increasing revenues. The cost reduction in combination with the physical location factor of the BHQ does indicate classic location factors.

Breda always had an advantageous geographical location. The traffic structure between the Randstad and Flemish square, along Breda, improved the accessibility to Breda. Therefore corporations located in Breda. That corporations relocate because of geographical reasons to Breda is not remarkable, because this was always the case. Breda always benefited of this advantage. The municipality of Breda confirms this: 'We liggen al 750 jaar goed, dus wat dat betreft hebben we mee dat we toch heel erg strategisch liggen. Dus misschien zijn wij ook wel een beetje verwend geweest met dat bedrijven toch wel vanzelf komen'. The municipality mentions that they are may be spoiled, because of the advantageous location. This may have led to less awareness of the need to investment in social and economic aspects in time.

The location factors are related to the location and not to the city Breda. In other words, without the geographical location less BHQ's may locate here. The social and economic characteristics of Breda are less distinctive for the city, therefore fewer corporations may locate in Breda. This means that BHQ's do not locate in Breda on purpose. Dockwise confirms: 'gladly for Breda, Breda is a decent village across the border'.

## 8.3 Prospects

Corporations are forced to reduce costs. Current employees needs to be retained to keep the primary process going, therefore a central geographical location with a good accessibility of the location is needed. These physical requirements are therefore the consequence of the only option that they have, cost reduction. Cost reduction leads to physical location factors.

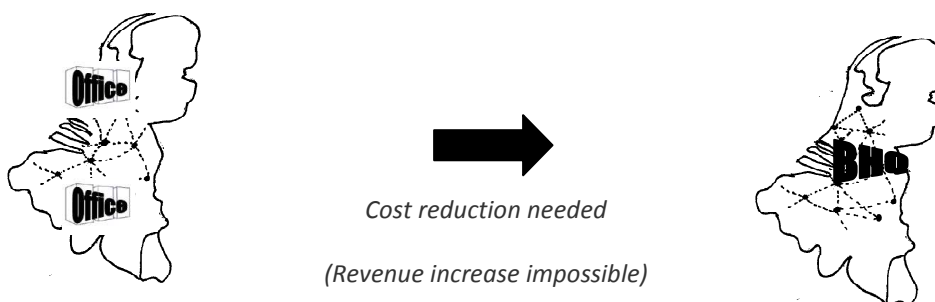


Figure 8.5 Corporations reduces costs and classic location factors



Corporations do not choose the city of Breda, they choose for the location. When the BHQ's are located in Breda, they reconsider their real estate when the contract ends. BHQ's may stay in Breda, because there is some commitment created in the mean time with the city.



#### **8.4 Recommendation**

Corporations locate in Breda, because of the location and not because of the city itself. Therefore it is difficult to create a policy that would increase the likelihood of establishment of BHQ's in Breda. The municipality of Breda confirms this: 'Die kunnen morgen besluiten om ergens anders te gaan zitten. Iets wat nog groter of praktischer is, zorgt er voor dat ze verkassen. Dat is nu eenmaal een gegeven. Daar heb je als stad heel weinig keus in.' Some recommendations can be done:

It is necessary to keep the good physical characteristics of the location. The municipality is aware of this: 'We zetten alles in werking om de bedrijven naar de zin te maken. Dat betekent dat je werkt aan het product Breda, wat hebben we te bieden, bereikbaarheid dus'. However they did not mention that there is a threat, roads become denser and there can be more traffic jams in the future. (Buck, et al., 2003 p. 19). It is important to maintain and improve the accessibility of the city.

To increase the amount of BHQ establishers the social and economic aspects of the city needs to be improved.

More required is the increase of the commitment between BHQs and Breda, this may help to keep corporations in the city. De Jonge (2008) confirms the importance of commitment, 'the urban development needs to be forced on commitment, specific on belief, trust and persuasiveness'. Currently the municipality is more focused on the 'cold citymarketing' instead of 'warm citymarketing'. De Lobel (2010) of DTZ mentioned that Breda pays not enough attention to the commitment with corporations. 'De gemeente Breda doet niks aan het behoud van bedrijven. Er wordt enkel gekeken naar het aantrekken van nieuwe bedrijven'(de Lobel 2010). Also the BHQ's mention that after the acquisition there is no contact anymore with the municipality. More effort should be put in the commitment with the BHQ's.

A more general conclusion can be drawn. The increase of commitment between BHQs and the city may help to keep corporations in the city.

## **8.5 Further research**

The physical characteristics of Breda have led to the establishment of BHQs. However traffic is becoming denser, therefore it is hard to keep good accessibility. Further research should be done into the accessibility of Breda. How to keep good accessibility and how to improve this aspect. Because if Breda loses its accessibility less corporations will locate in Breda.

This research obtained the conclusion that the BHQs did not locate because of social and economic reasons in Breda. Theory shows that currently corporations locate in a city because of social and economic reasons. Breda is not preferred from this point of view. Further research should be done into this issue. More insight needs to be created in how to improve the social and economic aspects of the city.

This research created more insight in the reasons for BHQs to locate in Breda. The reasons are strongly related to the location and not to the city of Breda. There is a high likelihood that corporations will leave the city again soon, therefore it would be useful to know how to keep them in the city. Further research should be done on the keep factors of BHQs in Breda. The results might be useful in order to keep BHQs or corporations in a city.

## **8.6 Evaluation of the research**

Six BHQs are interviewed. Many corporations were not prepared to take part in this research. It is important to explore at an early stage if corporations are prepared to cooperate. It is also important to approach interviewees at an early stage.

The willingness to make the product better has also led to an oversupply of collection of data. This in combination with the organizing of information and interpretation took more time than was planned. The research took therefore 3 months longer.

During the research more interesting information was obtained. It was hard to keep interesting but irrelevant information out of the research. I have never been forced this much to disregard information and stick to the essence. Being complete is not the same as doing research well. I definitely learned a lot about how to concentrate on the main theme and elaborate more on important and less on less important issues.

My writing in English skill has certainly improved while I was writing this report, even though it was for sure a stretch for me and I had to use more resources than I first anticipated, I feel I understand the language much better now. My reasoning about assumptions and how to clarify points has improved. It is important to be critical about what I wrote and why I wrote things. Continued questioning is essential to writing a report well. It was therefore very hard to point out aspects. It was hard to find the right words to clarify what I mean or what I want to explain, however I was greatly helped by using by using the right sources. This report is a communication tool to explain to the reader how this research is done, what the situation was and why this happened.

This is all about doing research. I am sure I learned a lot more about doing research and being a professional in the real estate study field. I gained research skills and increased my knowledge about the real estate management study field.

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