Refitting Vacancy for the Creative Industry

A Development Strategy for the Owners of Vacant Offices

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INTRODUCTION

1. Introduction

This chapter describes my personal motivation for this graduation lab and the choice for the subject. It then describes the problem analysis and statement which lead to the research question of this thesis. It ends with the societal and scientific relevance of the research.

1.1 Personal motivation

Spending most of my time in the city of Rotterdam I find myself constantly surrounded by vacant buildings that are often obsolete but full of character. I have always found it a shame that these buildings stand there empty while they have so much potential. Demolishing these buildings and replacing them with new buildings of the highest quality I think is the easy way and therefor I see a challenge in upgrading the existing building stock to fit the future demand. Adaptive reuse is identified as a process to enrich the financial, environmental and social performance of a building (Bullen & Love, 2010). They state that older buildings may have a character that can significantly contribute to the culture of a society and conserve aspects of its history. The preservation of these buildings is important and maintains their intrinsic heritage and cultural values.

During my minor I started an internship at CODUM, a project development company that played an important role in redeveloping the Schieblock in Rotterdam for the creative industry. I got to know some aspects of the project and it got me really interested in redevelopment projects. This project in particular, because the whole project seemed so simple and clean, something that I see as an aspect that characterises redevelopment for the creative industry. For these reasons mainly I chose the adaptive reuse graduation project. The research belongs to the scientific domains of Design & Construction Management and Real Estate Management.

1.2 Choice of subject

Vacancy nowadays is more of a problem than ever before. Vacancy in the office market lays around 16% (DTZ, 2015; NVM, 2015). An important reason for the office vacancy is the shift from a demand driven market towards a more supply driven replacement market. New buildings are preferred over older buildings and therefore vacancy concentrates in the older building stock. This is caused by a change in user preferences. The mismatch between office buildings' functional lifespan and their technical lifespan causes structural vacancy of office building and finally the end of office buildings' economic lifespan (Remøy, 2010).

A group of office users whereby the user preferences are different than the large scale organisations of the production industry is the creative industry. The creative industry is an example of a network organisation; small organisations that work together to integrate knowledge form different disciplines (Remøy & van der Voordt, 2014). This industry is a pioneer for working standards which are often later adopted by other industries and is growing every year (Florida, 2012). To give an example, by late 2011, the most commonly used word on LinkedIn with which one describes himself is creative.

Accommodating the creative industry in the vacant stock can form one solution for the vacancy problem. However, the stock needs to be adapted to make it suitable for the creatives. With this graduation research I seek to find a strategy for owners of vacant property to successfully adept their real estate for this industry.

1.3 Problem analysis

The problem analysis is built up in two sections. First vacancy is being analysed for the office stock. Subsequently, the creative industry is chosen as the potential end-user of the adaptive reuse of vacant real estate.

1.3.1 Vacancy in the office market

In the Netherlands, about 16% of the offices are vacant (see Figure 1), and in the city of Rotterdam alone this number is around 20% (DTZ, 2015). The most important reasons for vacancy in general are the aging of the population, the new way of working and the changing market where there are more freelancers and flexible contracts (Van Leersum & Stousbury, 2013) (Van der Voordt, 2006).

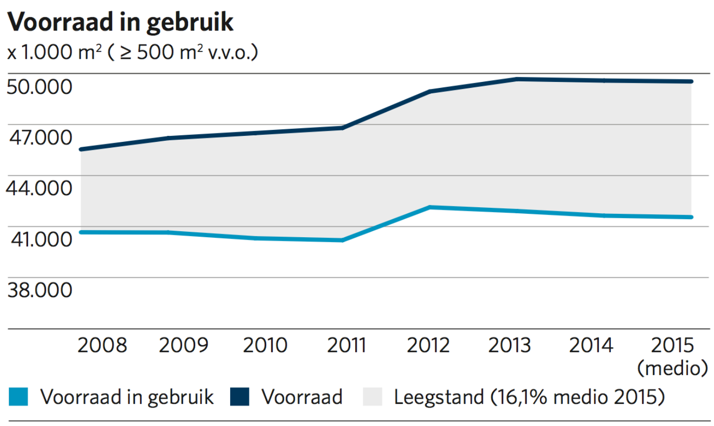

Figure 1. Stock in use[1]

For the New Way of Working there is no general term. It is seen as a combination between the development of new management scales (dynamic management), the handling of innovative organisation principles (flexible organising) and the realisation of high quality forms of employment (smart working) to increase the productivity and the competitiveness (Broere, 2013). But especially the innovative organisation principle of flexible working has its influences on the vacancy of the office market. In 2011 half of the active labour force has the possibility to work time and place independent. Of these employees a quarter works at least one day a week at home (Jochems, 2010; Kluwer, 2011). Together with changing work concepts like desk sharing this changes

[1] DTZ Zadelhoff. (2015). Nederland compleet. Kantoren- en bedrijfsruimtemarkt.

the demand for workspace. By traditional work concepts about 22 to 28 sqm GFA/employee is required relative to 13 to 20 sqm when the new way of working is implemented (Lokhorst, 2013; Van 't Spijker & Van den Meer, 2010). Organisations that implement the new working concepts require less square meters per employee en thus less office space in total.

In periods with a high employment rate or with many cheap capital available, as was the case after 2002, the demand for new offices increases strongly. This is enhanced by the fact that new built often better fit the changing market demands like the New Way of Working and the quality of the location. A new office often means a saving on the housing costs due to more efficient housing possibilities and lower capital expanses. Many municipalities know a flexible issuance policy which makes that a high demand for offices not necessarily leads to lower prices but to a strong production increase, which results in a high supply elasticity (Zijlstra, 2013; M. Zuidema & Van Elp, 2010). At the same time, provides inelasticity of the market that the rapidly increasing demand for offices in the booming period of 2002-2007 led to the construction of many new office buildings which are being developed till after the recession began in 2008, when demand fell sharply, due to the long construction periods. Because of this an oversupply of new offices arises (Klein, 2013). Besides, despite an ever-increasing vacancy in the office market, withdrawals from the office stock remains far below the new built of offices. This means, given the reversal in the trend in demand, it will continue to increase the vacancy rate on balance.

The stock in use is relatively stable and doesn’t demand much expansion (M. V. Zuidema, Van Elp, & Van der Schaaf, 2012). Due to the oversupply of new offices, organisations move to newer buildings that are more suitable leaving the old stock vacant, which is due to a replacement market (Remøy, 2007).

The combination of the new working trends, an oversupply of offices and the change to a replacement market increases the vacancy in the office stock. Of all vacant offices in 2015, a third is structural vacant as it is vacant for at least three years consecutive and has now perspective on future tenants (DTZ, 2015; Sprakel & Vink, 2007).

Vacancy characteristics

Mutation vacancy and frictional vacancy should be seen as integral part of the rental process. Real problems arise when vacancy exceeds frictional and becomes structural. To predict which buildings are most at risk for structural vacancy and to determine what features of market, location and building will cause this, the Vacancy Risk Meter [in Dutch: Leegstandsrisicometer] has been developed (Geraedts, 2007). This meter can map the lower segment buildings of the market. These are most of the time offices that have been left vacant by organisations that have moved to a building at a better location and of a better quality. The Vacancy Risk Meter first appraises the market supply on location and building level to determine whether an office is suitable for further investigation, then appraises the supply with gradual criteria and then determines the vacancy risk of the building. These steps are shown in Table 1.

Step	Action	Level	Result
Step 1	Rating market supply with veto criteria	Location Building	Quick selection of offices; suitable or not for further research
Step 2	Rating market supply with gradual criteria	Location Building	Gradual verdict on vacancy risk of building in question
Step 3	Determine the vacancy risk	Location Building	Vacancy risk of the building
Further steps			
Step 4	Detailed scan with REN norm, Transformation meter or Redevelopment guide	Location Building	Redevelopment as office or transformation to other functions

Table 1. Different steps of the Vacancy Risk Meter (translated from Dutch)[2]

The meter can be used for both the demand and the supply side and is interesting for both users and owners of buildings. The meter can determine the potencies and the risks for preservation for the office market of a building and gives a good insight in the specific reasons of vacancy. REN, the Real Estate Norm, gives factors on the scale of location, site and building that have to be considered positive in order to work as pull-factors. These factors are uses scan the selected office building after the vacancy risk is determined (Remøy, 2010).

In case of this research, the meter can be used to determine whether a vacant building has any potential for adaptive reuse. If the building is suitable, the meter then shows what risks are involved in the adaptation. In combination with user preferences, the meter can help simplify the search for vacant property with development potential for the creative industry and map the risks in an early stage.

Functional obsolescence

The before mentioned reasons for vacancy indicate that a substantial amount of vacancy is caused by the changing demand for office space and the way offices are used. For example, flex working requires a different use of space than traditional working, on which most layouts of today's vacant office stock is based. Due to the replacement market, the functional life of office buildings is becoming increasingly shorter. Users exchange dated offices for new buildings that better meet their functional requirements. With the ever changing demands of organisations, offices become functionally obsolete (Remøy, 2010). By the functional lifespan, the period is meant when a building meets the functional requirements of the user (Figure 2). That is to say that the building is of a high level in such a way that the activities of the user are supported spatially adequately. The functional lifetime of an object is finished when it limits the user of the building in the pursuit of its activities. The functional lifetime is related to the type of use, and is therefore dependent on the specific user (Vijverberg, 2003).

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[2] Geraedts, R. (2007). Leegstandrisicometer Transformatie van kantoorgebouwen. Thema's, actoren, instrumenten en projecten. Rotterdam: 010 Publishers.

However, the end of the functional lifetime of an object does not automatically indicate the end of the technical lifetime. Maintenance and renovations make that the technical lifetime of a property can be extended to a certain extent. The acceptation level of the technical quality is determined by both the owner, the user and regulations (Den Heijer & Vijverberg, 2004). The gap between the technical and functional lifetime creates a mismatch that will lead to vacancy if the functional lifetime cannot be renewed. It that case the property will come to the end of its economical lifetime. The economic lifespan refers to the time when the building simply generates more income than expenses. As long as the building produces a net cash flow, the economical lifespan is not over. Revenues depend on the price, quality and competition in the market, while the costs depend on what is needed to maintain the building (Den Heijer & Vijverberg, 2004; Vijverberg, 2003). The economic life is related to both the technical and functional lifespan. The economic life is the comprehensive balance between demand (the functional life) and supply (technical lifespan) (Blakstad, 2001).

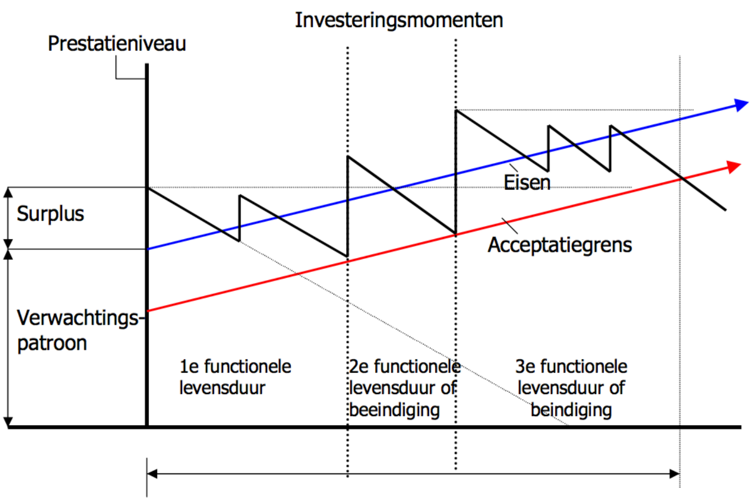

Figure 2. Functional lifespan of real estate[3]

1.3.2 Creative class

The creative class is a combination of sectors whereby initial creation is central. It is about creating form, significance or symbolic value. The way activities and the creative innovation process are formed also plays an important role. The companies within the creative industry find their reason for being in creativity, innovation and entrepreneurship (CBS, 2014). The industry grew fast in popularity after it was recognised in 2002 by Richard Florida in his book 'The Rise of the Creative Class'. Florida stated that the creative industry is ahead of working trends, which are later picked up by other disciplines.

The creative industry in the Netherlands is one of the fastest growing sectors in the economy. Since 2000 the industry grew three times as fast as the total labour force (CBS, 2012). Since the shift from a technology led society towards a socially led

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[3] Vijverberg, G. (2003). Beheer, beleid en techniek. *DW Corporate, 4*, 18-21.

society smaller organisations work together to combine specific strengths, competencies and knowledge to join insights and solutions (De Man, 2004; Laglas, 2011). The creative industry uses this working principle which is refereed to as a network society. Organisations that are a part of a network organisation collaborate to strive for innovation, establish partnerships and utilise each other's strong points. This working principle has different working standards then the large organisations of the production economy (Remøy & van der Voordt, 2014).
The creative industry is roughly divided into three sub-sectors, e.g. creative business services, arts, and media & entertainment (CBS, 2014). The creative business services consist of architects, designers and advertisement. The user preferences of these branches, which are researched by Arkenbout (2012), best suit the principles of a network organisation and are most appropriate to be accommodated in office locations.
Arkenbout (2012) studied the user preferences of the creative industry on the scale of location, building and use. What appears to be most important is location. It is important that the office is easy accessible by public transportation and car and that restaurants and cafés are located nearby. City centres are suitable for these reasons, but also the office parks which are often located on the outskirts of the city along the highway. However, office parks are still in demand, but are losing ground to city centres. In 2007 23 percent of the all office space was located in the centres, in 2011 this increased to 27%. Structural vacancy is mainly seen on the outskirts of cities and in the cities (CoreNet, 2013; Macke & Bertens, 2014). For the building itself a multitenant building is preferred. For the use of the building tenants find it important that WiFi, security and meeting places are available, preferably included in the rent. This corresponds with the preferences concerning the building since multi tenant buildings often incorporate the before mentioned services in the rental price.

The user preferences of the creative industry are much suitable to fit into vacant offices. Along with the fact that this is one of the fastest growing sectors in the Netherlands, and it has been proven that working trends used today by this sector are later often adopted by other sectors, make that the creative industry is a suited target group for the adaptive reuse of vacant offices.

1.4 Problem statement

Currently there is both a quantitative and a qualitative mismatch in the office market. The high vacancy is mainly explained by an oversupply in relation to demand for office space. The demand is expected to decrease further due to aging of the population, a changing economy and the lower need for space because of the 'New Way of Working'. The qualitative mismatch is explained by vacant property that is to old, of insufficient quality and on the wrong location. That new offices are still being conducted is not the result of a quantitative question but because of a replacement market (Van der Voordt, Remøy, & Hendrickx, 2012).

The owners of vacant buildings are often not able to lease or sell their buildings because of functional obsolescence. Adaptation can be a solution but the end-user is

not always included in the process. Often, the focus is on the building and technique and less on the end-user. Some even see the lack of involvement of the end-user as the cause of the crisis in the building industry (Laglas, 2011). By including the end-user, projects become more complex. However, it fits todays social trend to involve the user, since there is a shift from a more technical and market led society towards a more socially led society.
A possible end-user is the creative industry. This growing industry is ahead of working trends (Florida, 2012). The different working standards of this industry lead to a different use of office space than the large-scale offices of the production economy. A more flexible lay out is required to accommodate the industry, which is different than the designs of most of the vacant property, causing the functional obsolescence. This results in a gap between the supply of possible office buildings and the market demand of the creative industry in the Netherlands.

1.5 Matching supply and demand

Due to the oversupply of office buildings and the shift in the market from a demand driven market into a replacement market, new developments are needed in the office market. Adaptive reuse can form a solution. By redeveloping an office building, the vacant stock can be adapted to the current standards. If the supply of vacant buildings can be adapted in such a way that it meets the demands of the growing and progressive creative sector, this could partly solve the vacancy problem cities encounter nowadays. In order to achieve this, a strategy has to be developed that tells what measures can best be taken to adapt vacant property and make it suitable to accommodate the creative sector.

1.6 Final result and target group

The target group for this research are the owners of vacant offices and any interested developers/investors. The research results in a strategy that shows if the office is suitable for redevelopment for the creative industry and if so what need to be taken to adapt the property. The strategy consists of requirements and constraints concerning facilities, rental price, use of space, square meters and management. Owners of vacant property can apply this strategy for the adaptive reuse of their property as a solution for vacancy.

1.7 Research scope

Since the creative industry is a very large sector consisting of different sub-sectors the focus of this research will be on the creative business services. This sub-sector is most suitable to accommodate in office buildings. It furthermore focuses on the Netherlands since user preferences of the creative industry might differ in other countries.

1.8 Research question

In order to solve the main problem, the following research question has been set:

"What development strategy can be best applied by property owners for the adaptation of vacant offices for the creative industry?"

1.9 Sub-questions

In order to answer this question some sub-questions are composed that need to be answered first.

1. What problems do property owners encounter during vacancy? What are their motives for adaptation for the creative industry?
2. What are the user preferences of the creative sector? What are their wishes, demands, (financial) possibilities and requirements?
3. When is a building suitable for the creative industry and what are the determines?
4. How can a property be redeveloped for the creative industry and what interventions are therefor needed?
5. What strategies have successfully been used for the adaptation of buildings for the creative industry? Why do these strategies work and to what extend is the end-user involved in the adaptation process?

1.10 Relevance

This section describes the societal relevance and the scientific relevance, which indicates a gap in knowledge.

1.10.1 Societal relevance

Vacancy these days is of high societal relevance since the vacancy rose significantly after the recession started in 2008 and many solutions are already conceived, such as transformation into residential property. Vacant property has a negative influence on the rental price of nearby offices (Koppels, Remøy, & El Messlaki, 2011). Besides financial problems for the property owner vacancy also negatively influences its surroundings. If no money is invested in a vacant office not only the attractiveness of the building itself decreases, but also that of the surrounding properties. Multiple offices lose their value, which downgrades the area. The disturbance of the office market will also decrease the attractiveness of public spaces. The decrease in revenue for owners causes overdue of maintenance of both offices and public spaces. This creates the risk of deterioration and stagnation in the value development of the whole area. The accumulation of problems ensures that the social insecurity in the area increases and worsens the image. Vacancy rates, impoverishment, insecurity and poor image reinforce each other, so that the problems increase even further (Schalekamp, 2009).

On the other hand, there is the creative industry, of which Richard Florida (2012) states that is has a positive effect on the neighbourhood quality. Adding value is the main focus of property owners. It no longer only concerns the economic value, but also the social, spatial and environmental value are important these days, since sustainability and corporate social responsibility have become increasingly popular trends (Jensen, Van der Voordt, & Coenen, 2012). Accommodating the creative sector in former vacant

property will not only have a positive effect on the economic value but also on the social and spatial value of both the building and the surroundings.
The creative industry is a growing and popular sector that uses different modern standards which will later be adopted by other industries (Remøy & van der Voordt, 2014). Adaptive reuse of vacant properties for the creative industry will not only form a direct solution for vacancy, but is also a more long term solution since it will most likely be suited for more industries in the future.

1.10.2 Scientific relevance

A lot has already been written on vacancy and how to possibly solve this problem (Geraedts, 2007; Ketting, 2014; Remøy, 2010). Arkenbout (2012) proposes the accommodation of the creative industry as one solution for the vacancy problem. He researched the user preferences of this industry, but was not fully able to translate them into actual building characteristics, which are needed to actual adapt a building.
There are many examples of buildings that have been adapted for the creative industry. The Schieblock, Strijp-S and the Caballero Factory have proven to be successful projects. However, it has not been documented jet on how this can best be done. Every project uses its own strategy, and the aim of this research is to see if there is one strategy that can be applied for every case.

METHODS

2. Research Methodology

In this chapter the research methodology for this thesis will be described. First the research design will be explained and three cases will be selected to research what has been done to successfully redevelop for the creative industry. The chapter ends with an explanation of the different research methods that will be used.

2.1 Research design

The first phase of the research consists of a literature study on vacancy and the creative industry as an introduction to the subject. The literature research consists of a study on real estate owners and the problems they encounter during vacancy and different management levels on an operational scale. The creative industry will be defined and a selection for a sub sector will be made based on the user preferences of the industry. Three case studies will be selected that have redeveloped vacant property for the creative industry. These cases will be used to learn about why redevelopment for the creative industry is chosen and what measures have been taken for the redevelopment for this industry. Therefor, interviews will be conducted with project developers, owners and other involved parties. The interviews will result in a list of criteria that not only the building, but also the internal management must meet in order to be suitable for the industry. This data will be analysed and translated into a development strategy. All of these steps will be elaborated on in more detail later in this chapter.

To order to get a better overview of the structure of this thesis the DAS-frame is used. The framework structures the strategy design process when there is a current mismatch between the demand and supply (Arkesteijn, Bankers, & Van de Schootbrugge, 2010). A future (mis)match can be determined by placing the future demand against what is currently available. In case of a mismatch, alternatives can be weighted and selected and a step-by-step plan, the strategy, will be designed to come to a new or adapted supply (see Figure 3).

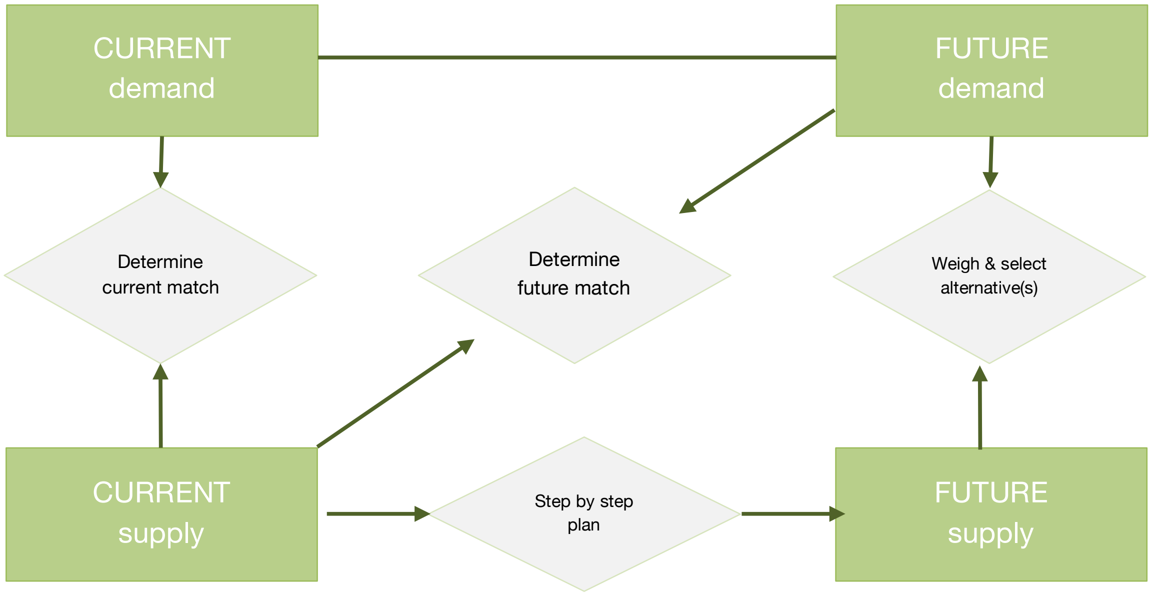

Figure 3. DAS-Frame[4]

When filling in the framework for this research the current and future supply are considered to be the same since the research focusses on the redevelopment of vacant offices for which is no current demand. There is a mismatch between the supply and demand since the offices are not suited for the creative industry, mostly because of their functional programme. Possible solutions here are consolidation, demolition and new built, transformation and adaptation (Remøy, 2010). Adaptation is used in this thesis as the solution for vacancy. The development strategy that eventually will come out of this research is the step-by-step plan that will lead to the adapted offices. The framework is filled in in Figure 4.

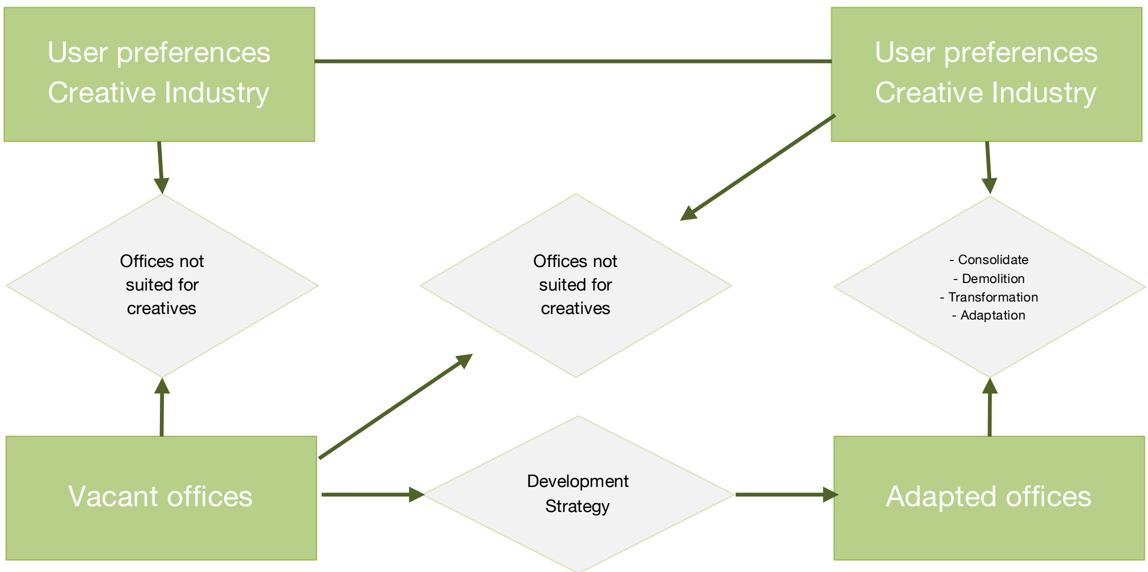

Figure 4. Research structure incorporated in DAS-Frame (own ill.)

[4] De Jonge, H., Arkesteijn, M. H., Den Heijer, A. C., Vande Putte, H. J. M., De Vries, J. C., & Van der Zwart, J. (2009). *Corporate Real Estate Management: designing an accommodation strategy (DAS frame)*. Delft: Delft University of Technology.

The conceptual model derives from the filled-in DAS-framework and is shown in Figure 5. There is a mismatch between the market demand and the current office supply. The creative industry forms the demand in this research with their user preferences, which will be derived from both literature research and the case studies. The supply of vacant offices sets a bandwidth in which the demand is to be fitted in. Both demand and supply give their input for a strategy that can be used to redevelop vacant offices. This strategy consists of a checklist of building characteristics the property must meet and a management programme for the internal management of the organisations. The strategy leads to an adapted supply that incorporates the user demand.

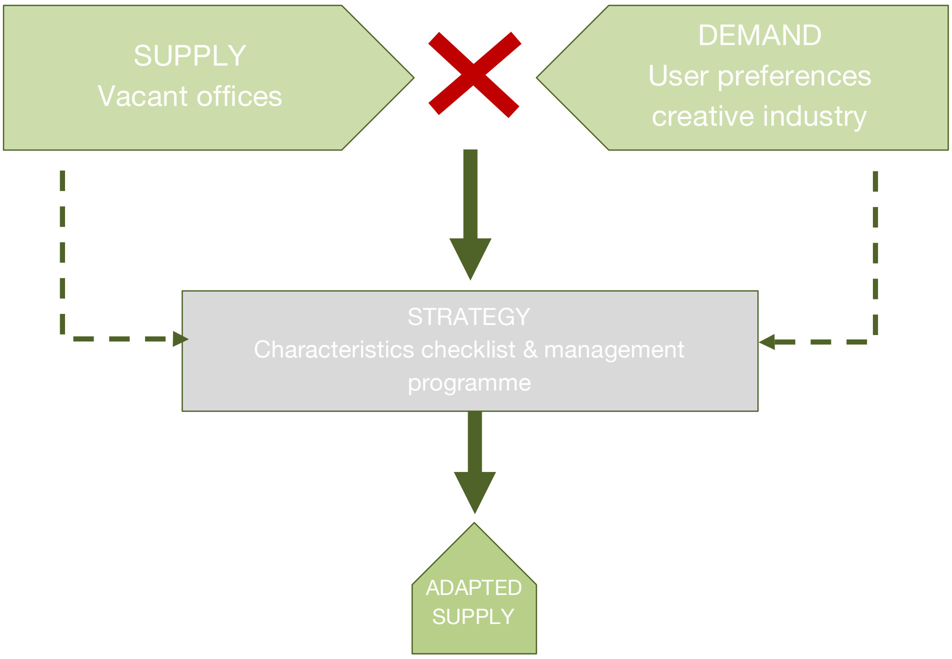

Figure 5. Conceptual model (own ill.)

The structure of the thesis is described in the research design (Figure 6) and outline (Figure 7). The two main viewpoints of the property owners and the creative industry are studied both in a theoretical and an empirical way. For the creative industry the user preferences are researched which form the demand side. The problems that real estate owners encounter during vacancy are due to the mismatch between demand and supply. As well on property management level as on the level of facility and community management the current supply is insufficient. What these problems are will be evident from both empirical and theoretical research. By structuring the user preferences of the creative industry under the same three management levels it becomes clear were there is a mismatch and what needs to be changed in order to solve this mismatch. These results are the input for the development strategy, which is also structured using those three levels, that will be used to adapt the current supply. The research will conclude with a discussion and recommendations.

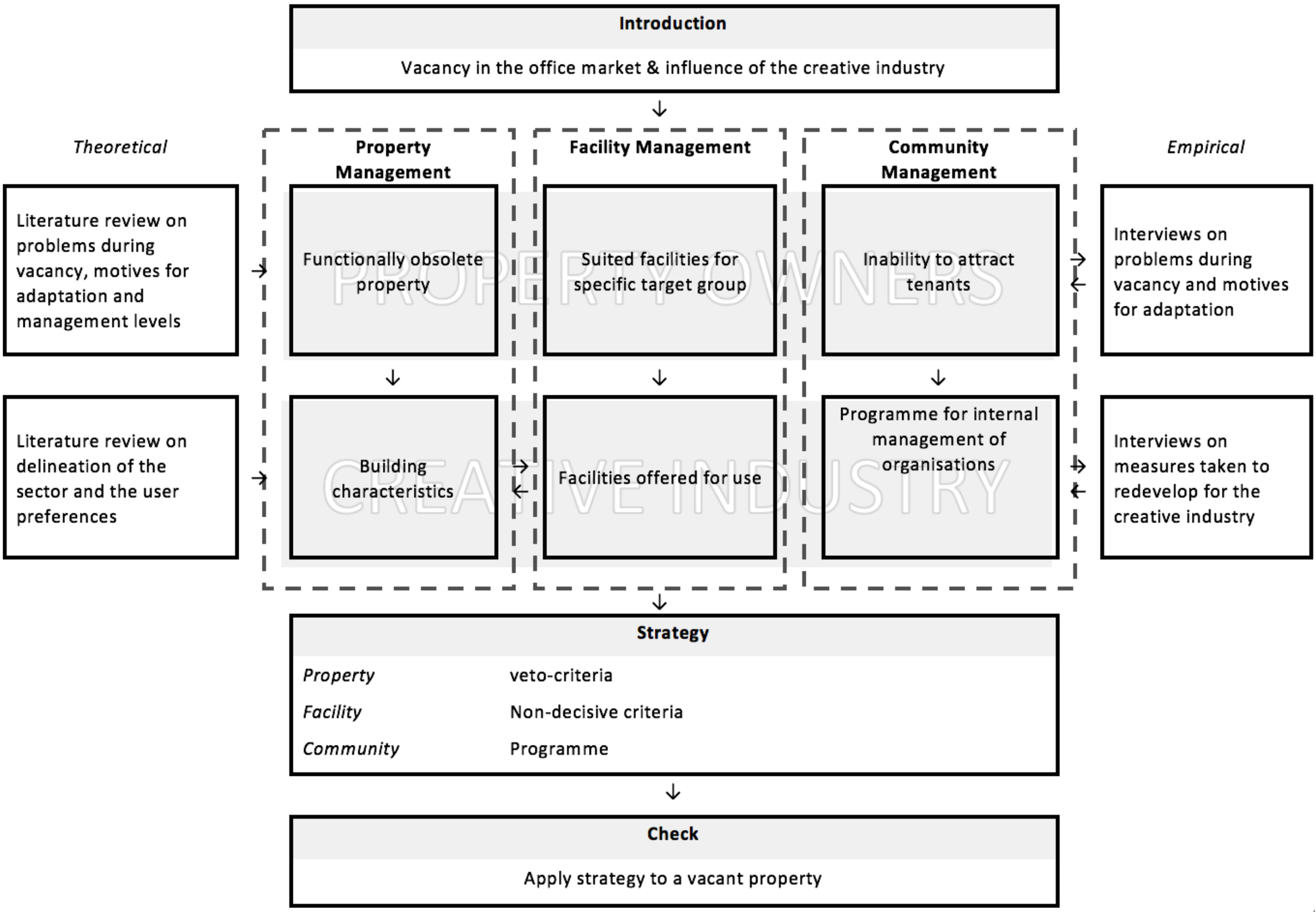

Figure 6. Research design (own ill.)

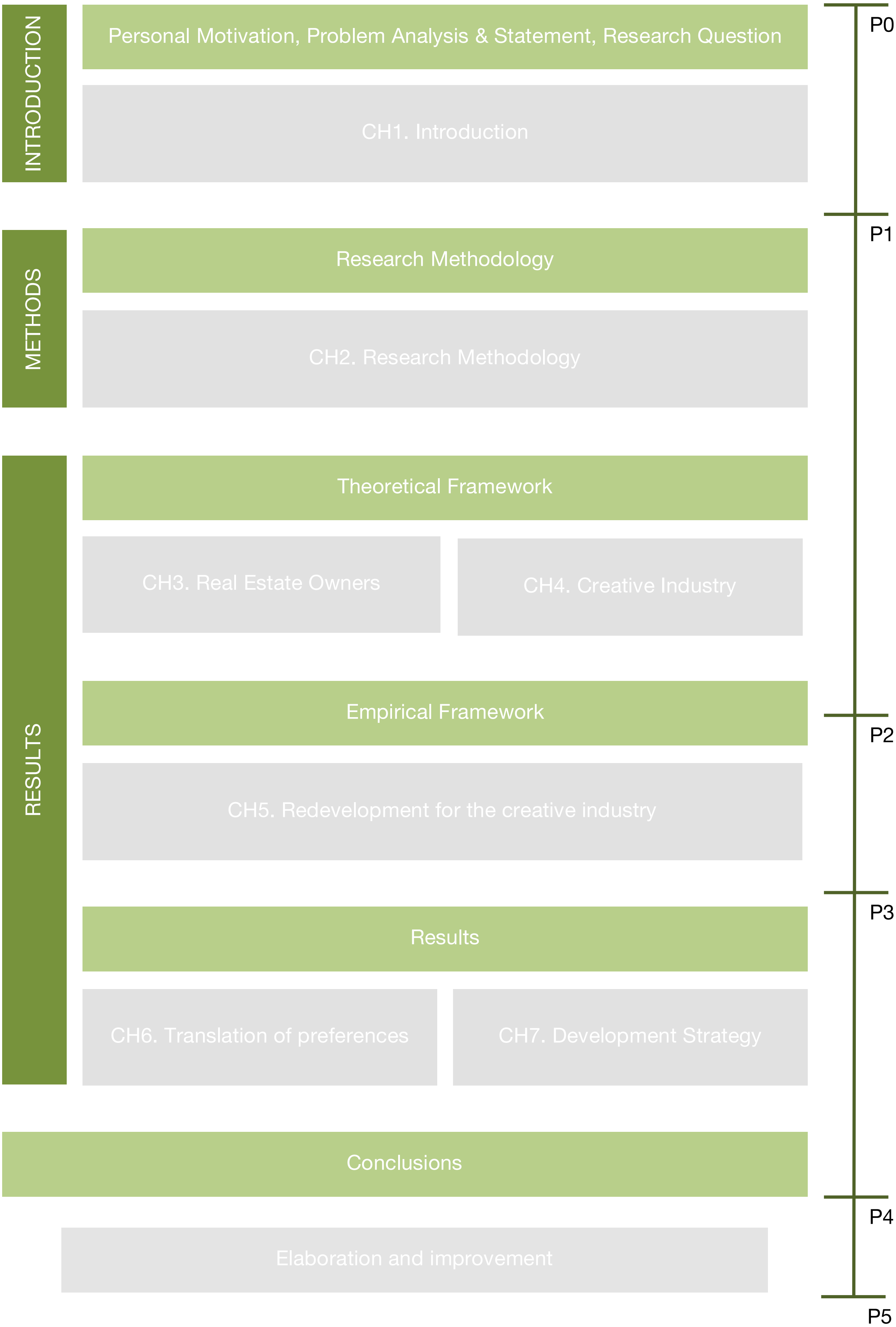

Figure 7. Research outline (own ill.)

2.2 Literature research

A substantial amount of this research will consist of literature research. As an introduction to the subject, first vacancy in the office market is researched. Publications of real estate consultants are studied to find out more about the severity of vacancy in this sector (DTZ, 2015; JLL, 2015). Reasons for vacancy like working are described by Lokhorst (2013), Broere (2013), Van der Voordt (2012) and Van Leersum & Stoutsbury (2013), Vijverberg (2003) and Den Heijer (2004) describe the different lifespans of a property, since functional obsolescence is one of the main reasons for vacancy in this research. For the vacancy risk meter as a tool to asses the risks of vacant property see Geraedts (2007).

Vacancy brings about various problems for property owners. The Borst (2014) describes the financial problems like a negative cash flow and loss of negotiation power. Van Winden (2011) makes a division in owner-occupiers and investors as owners of property. He states that investors face less risk than owner-occupiers during vacancy because limited amount of own capital invested. Knowing these problems help understanding motives for these owners to redevelop their property.
When redeveloping offices, the property can be managed on three levels, namely property, facility and community management. De Jonge (2009) and Arkesteijn (2014) explain the differences between these levels of management, which later will help ordering the user preferences of the creative industry.

After Jane Jacobs (Hospers & Van Dalm, 2005), Richard Florida (2002) was one of the first to recognise the creative class and his definitions will be used as a starting point. Accordingly, the Dutch definition of the CBS (2014) will be used in order to further explain the notion of the creative industry and to know the corresponding figures. Arkenbout (2012) and Van der Voordt et all. (2012) have studies the user preferences of the creative industry which form the starting point for further empirical research.

2.3 Case studies

Three case studies will be selected to study. The cases will be used to learn about why there is chosen to redevelop specifically for the creative industry, what has been done to make the building suitable for the industry, what facilities are offered and how the organisations are managed. They will also be used to know more about their previous function and why redevelopment was necessary in order to attract new tenants.
The following selection criteria are set for the cases;

1. The property was vacant before redevelopment.
2. The property is redeveloped for the creative industry and in particular for creative business services.
3. The project is a success, meaning that the buildings have hardly any vacancy.
4. All three cases are located in a different city.

2.3.1 Strijp-S

The first case selected is Strijp-S in Eindhoven. The project concerns multiple buildings of which the greater part is redeveloped specifically for the creative industry. The project is chosen since it worked as a catalyst for the entire area. Initially the redevelopment of the first buildings was done very basic, but the area became such a success that in a later stage more money was available to renovate more thoroughly (Van Eijkeren, 2015). The buildings have a different origin and therefor different interventions were needed for the adaptation for the same user. This gives a good insight in different kind of measures can be taken to come to the same desired result.

2.3.2 Schieblock

The second case is the Schieblock in Rotterdam, only a 500 meter walk from the central station. Before the adaptation this building stood vacant for several years and was ready for demolition. Architects ZUS anti-squatted the building for a couple of years before they initiated the adaptation in 2007. With a budget of only €1,5 million this project shows that not always lot of money is needed in order to successful redevelop a vacant office. The reason behind the success are the personal efforts of the initiators and the close collaboration with the municipality (Sieswerda, 2015). The dedication of the creative companies contributed to the fact that the adaptation of this building enlivened the whole area.

2.3.3 To be determined later

2.4 In-depth interviews

The before mentioned cases are used to interview involved actors to learn about the measures and actions that are taken in order to redevelop these projects for the creative industry. The dynamics of organisations makes it difficult to predict the needs of tenants (CoreNet, 2013). Due to the dynamic and rapidly changing demand many different organisations would have to be interviewed to get a coherent and realistic overview of their preferences. Since Arkenbout (2012) already used this method this research approaches the demand from the supply side. The case studies will be used to interview parties that were involved with the redevelopment to ask them about the measures that have been taken to make the project specifically suitable for the creative industry and to what extent they have incorporated the wishes of the user.
For Strijp-S Joep van Eijkeren of VolkerWessels and Sietske Aussems of Trudo (without prejudice) will be interviewed and for the Schieblock Jouke Sieswerda of ZUS architects is interviewed.

If from the literature research the problems of vacancy for property owners is insufficient, the owners of the same cases will be interviewed about the problems they encountered during vacancy and what their motives for adaptation have been. The owners will be asked if they see the project as a success and if there are aspects they like to see different in future projects.

2.5 Development strategy

“A plan or policy to achieve a certain objective”. This is the most common description of a strategy. There are many definitions of the term strategy of which the simplest is ‘the way in which and the resources with which an objective is achieved’ (De Jonge et al., 2009). The complexity of a strategy does not allow for one particular description and literature on organisation management is debating for decades on which definition of a strategy is the right one. One definition is the one of Mintzberg (2001), which is often used in strategy management and states that a strategy is five P’s at the same time. It is a simultaneously plan for action, a pattern, a perspective, a unique position in the market and a plot. This definition describes in essence the goal of the strategy that will be developed in this thesis.

A tool that can be used to help form a strategy is PESTLE. It can be used as a checklist that gives an overview of the different macro-environmental factors that need to be taken in consideration when conducting a strategic analysis and can help structure a strategy (CIPD, 2015). By using PESTLE an organisation is able to audit its current environment and assess potential changes, making it better placed than its competitors to respond to changes. The letters in PESTLE stand, in order of appearance, for political, economic, social, technological, legal and environmental. Political factors are basically to what degree the government intervenes in the economy, economic factors include economic growth, interest rates, exchange rates and inflation rate and social factors include the cultural aspect and health consciousness, population growth, age distribution and emphasis on safety. Technological factors include all technical aspects like automation, technology incentives and the rate of technological changes. Legal factors include discrimination law, consumer law, employment law and health and safety law and environmental factors include ecological and environmental aspects such as weather, climate and climate change. Using these factors make for a complete strategy that takes into consideration all maters that may affect the eventual goal of the strategy, which in this case is the accommodating of Creative Business Services in former vacant offices.

2.5.1 Adaptation and renovation

A first strategy gives several alternatives on how to cope with structural vacancy in the first place (Remøy, 2010). A first solution is to consolidate. Property owners then choose to do nothing with their property and wait till better times arrive and search for new tenants. The second alternative is demolition and new construction. This alternative is more attractive in a declining office market but takes a lot of time and therefor delays an income. Transformation is the third alternative. Often offices are being transformed into housing. However, they’re both different markets and owners have little knowledge about the other market and have a general lack of knowledge on transformation processes. The fourth alternative is adaptation for different market segments or renovation. When adapting one must ensure that the positive effect of renovation must be higher then the costs of renovation. This thesis uses adaptation and renovation as the way to cope with structural vacancy.

The goal of the strategy in this thesis is to describe how to attract the creative industry and specifically the creative business services, and which measures to take in order to achieve this. It is more about the social and cultural value then about the financial value. Florida (2002; 2012) described exactly that when he wrote about the creative industry. He stated that attracting the creative industry to an area increases the social value of the entire area and thus has a positive influence on the cultural value. In order for an owner to be willing to adapt his property for the creative industry he must appreciate the building in such a way that he will not automatically look for the highest return but is willing to create value, not only for the property but also for the surroundings. However, increasing the value of a former structural vacant building also has an integral contribution to the larger urban area, not only social but also physical and economical (Claassen, Daamen, & Zaadnoordijk, 2012). The strategy should add value on different levels for the owner of the property but also for the organisations that are attracted by it.

2.5.2 Structure of the strategy

The strategy will be divided into three parts, which correspond to three levels of management, namely property management, facility management and community management. These forms of management will be described in the next chapter.

Property management is linked to both veto criteria as gradual criteria. The property must meet a list of criteria in order to be suitable for the creative business services. If one of these criteria is answered with ‘yes’, adaptation for the creative industry is a NO-GO. Other criteria concerning the location and the building itself are gradual.

The criteria belonging to facility management are not necessarily decisive but increase the chance of success. The more criteria can be met, the higher the chance that the office will successfully attract creative business services. The criteria concern several types of facilities that need to be offered.

Community management forms the basis for a programme that can be used for the internal management of the businesses. This will enhance a network society, which in fact underlies the creative industry.

All these criteria are a translation of the user preferences of the creative business services which result from the literature review and the interviews.

THEORETICAL FRAMEWORK

3. Real Estate Owners

A real estate owner has three main types of objectives (Borst, 2014). These are the direct and indirect return on investment, risk, and non-financial objectives. Logically, vacancy has a negative influence on the portfolio of an owner. Vacancy generates no income and therefor no return on investment. The supply of office needs to be adapted in order to meet the current changing demand and again generate an income. Since there is a lot of vacancy nowadays, the tenant has a strong negotiation power. Lower rents are asked and more services need to be included in the rental price. On the other hand, owners still aim for a higher rent to generate as much income as possible and to increase the value of the property (French & Jones, 2010). This causes a conflict between the owner and the tenant.

3.1 Problems during vacancy

In the Netherlands there are two main types of real estate owners, namely the owner-occupier and the investors. In the Netherlands about 40% is owner-occupier. These owners use the building completely or rent out a part to another party. Vacancy arises when the organisations needs less office space. The main problem for these owners is not as much the direct vacancy but more the new accounting law about the inclusion of rental values on the balance sheet (Van Winden & Verpalen, 2011). Property owners are not aware that the covering of insurance automatically decreases if a property is vacant for more than three months. In such a situation, the policy coverage of a comprehensive hazard insurance reduced to the effects of fire, explosion, aircraft and storm damage. Frost and water damage, burglary, vandalism or collision are for example no longer assured. In addition, some insurers reserve the right to adjust the premium and policy conditions, if the vacancy is not reported within two to three months. The policy cover can even be terminated without compensation (Klein, 2013; Leegstandloket, n.d.).
If there are no tenants and the building becomes vacant, there is often less attention to the property. For example, unheated pipes can break in a frost period and due to less social control burglars and vandals are less likely to be noticed. In all cases are the financial consequences for the owner enormous.

Investors are approximately 60% of the market. Investors can be divided into real estate funds (31%), institutional investors (46%) and other parties (23%) (Cuppen, 2011). Investors have often a limited amount of own capital invested in a property; the remaining funds are financed by other parties such as banks. Because the interest rate is currently low, also the associated financing costs are low. Problems can arise if interest rates start to rise (Van Winden & Verpalen, 2011). Investors suffer directly from vacant property; there is no rental income. This means there is less money to invest in maintenance, which reduces the quality of the building. Structural vacancy leads to depreciation of the property and will eventually lead to impairments.

From the perspective of all types of investors, the financial feasibility is one of the main criteria determining the real estate strategy (Van Driel, 2010). For investors, the total rate of return and internal rate of return required are distinctive for their portfolio. However, environmental and social issues are crucial for the feasibility of the investment (Buitelaar, 2014). Societal problems may arise when there are negative effects of vacancy that translate onto the area, the rest of the city or parts thereof. A vacant property means less social control which may result in a feeling of insecurity in the surroundings. This can result in a lower book value of the surrounding properties that could lead to a downward spiral of depreciation and vacancies (Koppels et al., 2011; Roberts, Rowley, & Henneberry, 2012).

A solution can be to lower the book value of vacant property, which up to now is kept artificially high (Buitelaar, 2014). This creates room for lower rents and investments in the property. This would hurt the owners initially, but if the offices get a fair value, more possibilities arise. If the offices can be rented out against a lower sqm price, companies will start to take up space more easily. However, lowering the rent does not affect the functional problems of a building which, as mentioned before, is often the reason behind vacancy these days. A new or improved functioning of the property can bridge the gap between the building and the market. Adaptation is therefor often chosen to deal with vacancy.

3.2 Management levels

When adaptation is chosen to solve the vacancy problem the property can be managed on three levels, namely; property management, which oversees the whole property, facility management, which is about adding value through facilities, and community management, which is about the internal management of businesses located within the building. These three levels are discussed below.

3.2.1 Property management

Real estate itself can be managed on three levels. On strategic level it is called portfolio management and on a tactical level its asset management. Property management is the management of real estate on operational level. The main objective of property management is to generate an income and preserve or increase the financial value of the investment property (Kyle, Baird, & Spodek, 2000). The goal of the manager is to generate the highest possible net income for the owner over the lifetime of that property. For optimal property management there must be a comprehensive understanding of the economic forces at work in the real estate market. The property must be evaluated in terms of operating income, forecast the future potential and construct a management plan that reflects these forecasts. Nowadays objectives must remain flexible in order to cope with fast changes in the market.

The objectives of property management consist of administrative, technical and commercial tasks (Van Driel, 2010). The administrative tasks broadly involve the capturing, classifying and processing of incoming and outgoing cash flows, such as direct debits, mutations and service. The technical tasks include the planned maintenance, maintenance contracts and commercial maintenance, but also the support of facility management, which will be discussed next.

In the commercial tasks the objective of property management is expressed, namely advising and coordinating operational duties in such a way that the total return of the object is optimised. Commercial management conducts analyses and advises the asset management of the property policy. Normally the property management maintains contact with the (new) tenants and coordinates daily management activities, but in this research this falls under community management.

3.2.2 Facility management

Facilities are physical features that enable organisations to conduct their day to day activities. These features include installations, equipment and other related services. Facility management can therefore be described as the management and realization of housing and accommodation, the services related to these and other means in order to enable the organization to realise its mission (Van der Woude, 2007). Facility management provides services at a competitive cost and with a high quality, in such a way that it improves the value of an organisation. Hereby its crucial that the work environment enhances communication and cooperation what in their turn lead to a higher productivity (Bijering & Hoogh, 2010).

Facility management is established around the 1980's in the UK and was aimed at controlling and reducing costs by new ways of organising and managing a number of disparate activities, which before did not receive much attention. New management tools were introduced that often led to tremendous cost savings. Centralisation, internal markets, benchmarking, outsourcing and Key Performance Indicators are some examples of this (Jensen, Sarajosa, Van der Voordt, & Coenen, 2013). Around 2000 controlling costs was no longer sufficient for facility managers. This period of expansions and a strong demand for new generations of highly skilled professionals from the creative class, led to more focus on attracting and retaining employees. The new focus off facility management shifted to providing attractive workplaces with high standard services. Facility management now has to focus on managing facilities in such a way that it adds value to the core business (Mooij, 2011).
Since the financial crisis the focus shifted somewhat back to reducing costs but the core business remains adding value. Sustainability and corporate social responsibility are newer trends that facility management focusses on to add value. Facility management, however, knows multiple definitions that originate from different disciplines and a variety in focus. Roughly there are four main focusses (Van der Voordt, 2012);

- Prudential: contribution of FM to productivity, profitability and distinctive ability of an organisation.
- Socio-economic: to increase the satisfaction of clients, customers and end users.
- Relational perspective, focusing on the process side and relationship: trust, reliable agreements and short delivery times.
- Sustainability perspective: contribution of FM to reducing energy consumption, careful use of scarce materials and avoiding products that harm people and the environment.

The common sense in these definitions are the revenues of facility management in relation to the sacrifices needed to generate returns for all stakeholders.

Jensen (2012) designed a FM value map for facility management that names the added value parameters on which facility managers should focus. The value map provides a conceptual model that shows the different values that can be created through facility management for the core business of an organisation as for its surroundings. These added values are sorted under the core business of an organisation, which is divided into people, process and economy, and the surroundings. These parameters are shown in Table 2.

Core business			**Surroundings**
People	*Process*	*Economy*	
Satisfaction Culture	Productivity Reliability Adaptability	Cost	Economical Social Spatial Environmental

Table 2. Facility Management Value map, added value parameters (Own table, based on Jensen[5])

3.2.3 Community management

Community management, as it will be used in this thesis, is not a common form of management in real estate. In the Netherlands, community management is seen as the structural and substantiated building and expansion of the online network of an advertiser (De Jong, 2009). This is often done with the use of social media. Here, it is seen as the management of companies located within one building.

When developing for the creative industry, it is most likely that multiple companies will be located within the building; the building will function as a business complex focusing on one particular target group. Often these are smaller companies with few employees which are specialised in one profession. If different companies with different professions are located within one building, they can make use of each others services. They will benefit from the proximity due to an easier and faster communication and possibly by special rates.

The community manager seeks to place these companies in the building in such a way that they can make optimal use of each other's services. He also puts companies in touch with each other when it is indicated that other services are desired. Community management is thus about the internal management of companies to improve their productivity.

[5] Jensen, P. A., Van der Voordt, T., & Coenen, C. (2012). *The Added Value of Facilities Management - Concepts, Findings and Perspectives.* Retrieved from

4. Creative Industry

Over the last couple of years there has been a shift from a technology led society to a market led society and eventually to a more socially led society (Langlas, 2011). Within the socially led society smaller organisations often work together to integrate knowledge from different disciplined. This working principle is referred to as network organisation. A network society is a network of organisations which revolves around the merger of forces of these organisations. The different organisations combine specific strengths, competencies and knowledge to join insights and solutions (De Man, 2004). It is the task of such an organisation to set up such a structure so that several objects can be converted into a common goal (Dumay, 2009). A sector that works according to these principles is the creative industry.

4.1 Defining the creative industry

The first person known to acknowledge the creative class. Jane Jacobs was an urban writer and activist without any professional training in the field of city planning. Instead, she relied on her observations and common sense to show why certain places work, and what can be done to improve those that do not (Hospers & Van Dalm, 2005). She published the book “The Death and Life of Great American Cities” in 1961 in which she talked about creative impulses of urban entrepreneurs. After this publication the creative class was for a long time not spoken off until Richard Florida again spoke of the creative class in his book ‘The Rise of the Creative Class’ (Florida, 2002). He defines the core of the creative class “to include people in science and engineering, architecture and design, education, arts, music, and entertainment whose economic *function is to create new ideas, new technology, and new creative content.*” (Florida, 2002). Different than the members of the working class and the service class, who are mainly paid to do routine work, members of the creative class are paid to use their minds. Although the creative class in Florida’s terms remains somewhat smaller than the service class, it has a crucial economic role which makes it the most influential class. This can be seen back, because only in America, this would mean that one third of all population belongs to the creative class (Florida, 2012).

After the publications of Florida’s book the term creative industry grew fast in popularity. In the Netherlands, the creative industry is defined as a combination of sectors whereby the initial creation is central. It is about creating form, significance or symbolic value. The way activities and the creative innovation process are formed also plays an important role. The companies within the creative industry find their reason for being in creativity, innovation and entrepreneurship (CBS, 2014).
Still, not all researchers agree on this definition. Some argue the absence of the software industry is unjust and there is also the question whether or not “Arts” should belong to the creative industry (Berger, 2015). Anyway, the common denominator of all the different definitions of "creativity”, an understanding that has to do with the creation of original objects and ideas. The most important fundament is often knowledge or information, but also innovation is often mentioned as an important characteristic. The later is not only about innovative products but also about

innovative production processes and revenue models. The main difference with other industries is that what is being produced in the creative industry also has a symbolic value besides ‘utility’. The added value of human work therefore moved to what a machine can not do: be creative, invent new things and innovate.

For years, the creative industry is one of the fastest growing sectors of the Dutch economy. Over the past ten years, the labour force of the industry grew three times as much as the total labour force in the country (see Table 3). The total revenue this year amounts 32,8 billion euro which equals 2,9% of the total gross national product. This makes the creative industry a humble player, but one that grows faster than any other sector (CBS, 2012). For this reason, the creative industry is one of the nine top sectors on which the Dutch government wants to excel at internationally. Through the top sector policy, the government wants to work with businesses and targeted investments in science prerequisites for knowledge, innovation, export, financing and human capital.

The growth of the creative industry is closely linked with technological developments, meaning the digitisation. Much of the work being done in the creative industries was unthinkable twenty years ago, such as game development, interaction design or online newspapers.

	Arts	***Media & Entertainment***	***Creative Business Services***	***Total creative labour force***	***Total labour force***
2003	48.000	38.000	67.000	153.000	6.909.000
2004	53.000	38.000	71.000	162.000	6.907.000
2005	54.000	39.000	74.000	167.000	6.894.000
2006	54.000	40.000	72.000	166.000	6.932.000
2007	55.000	40.000	69.000	164.000	7.053.000
2008	56.000	43.000	71.000	170.000	7.229.000
2009	59.000	44.000	74.000	177.000	7.357.000
2010	58.000	45.000	76.000	179.000	7.386.000
2011	59.000	45.000	77.000	181.000	7.349.000
Growth Factor	1,23	1,18	1,15	1,18	1,06
Growth Percentage	23%	18%	15%	18%	6%

Table 3. Active labour force in the creative industry (own table, based on CBS[6])

Often, freelancers [in Dutch: ZZP’er] and the creative industry are appointed as being more or less the same. However, there are many differences between both groups. A freelancer is an entrepreneur who has no employees, which is not by definition the case for the creative industry (KvK, 2014). Table 4 shows that freelancers concern all sectors in the market and not just the creative sector.

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[6] CBS. (2012). Werkzame beroepsbevolking; creatieve beroepen. Retrieved from http://statline.cbs.nl/Statweb/publication/?

Freelancer	2014	Share %
Business services	251.872	29%
Construction	112.413	13%
Health	78.171	9%
Retail	59.310	7%
Culture, sports & recreation	58.753	7%
IT & media	50.431	6%
Wholesale	43.462	5%
Agri- & horticulture	33.380	4%
Industrial	30.801	4%
Logistics	20.881	2%
Hospitality	19.499	2%
Financial institutions	9.356	1%
Energy, water & environment	1.250	0%
Others	109.271	12%
Total	878.850	100%

Table 4. Freelancers (ZZP'ers) per branch[7]

Because freelancers are a very heterogeneous group, their user preferences vary greatly (Ketting, 2014). Of all freelancers about 57% prefers a working station away from home. To be able to somewhat categorize the needs of freelancers a sub-division of three groups has been made, e.g. private office users (18%), flex-workers (27%) and urban professionals (12%). The first group prefers a closed off private office in the city centre while the second group prefers a more flexible work location in the city and weigh up the monthly cost and the type of work location along heavily. The urban professionals put greater value to location, flexible contracts and high-quality facilities (De Vries & Van den Besselaar, 2013).

4.2 Creative business services

The creative industry has been sub divided into four sub sectors, namely arts, cultural heritage, media & entertainment and creative business services (see Figure 8). The sub sector cultural heritage is often combined with arts since it concerns a very small sector with a limited amount of jobs. For this thesis the focus will be on the largest sub sector, which are the creative business services. This sub sector can be further divided into three categories, namely architecture, design and advertisement. Architecture hereby concerns all forms of architecture and design concerns graphic, industrial and fashion design (CBS, 2014; Rutten, Marlet, & Van Oort, 2011). A complete list of the delimitation of the creative industry can be found in Appendix 1 – Delineation Creative Industry.

[7] KvK. (2014). jaaroverzicht Ondernemend Nederland. Bedrijfsleven 2014.

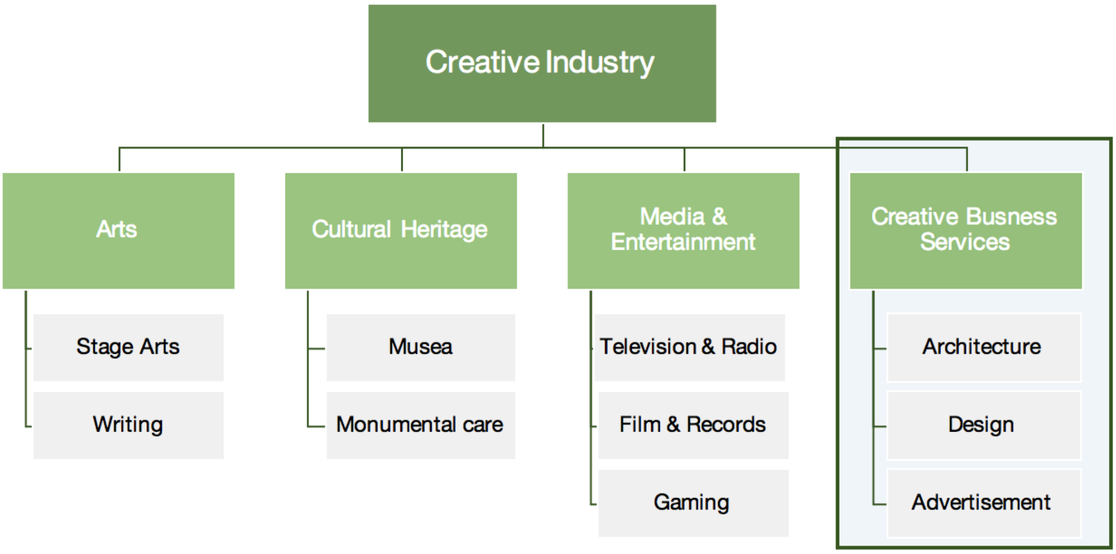

Figure 8. Sub-division creative industry (own ill.)

4.3 Clustering of the creative industry

The creative class is not evenly spread around the country but clusters mainly in larger cities like Amsterdam, Utrecht, The Hague and Rotterdam. They cluster at places where companies and people are closer together, where there is a better improved infrastructure and where there are more cultural and social facilities that in more rural areas (Berger, 2015). Where creative companies actual settle has often more to do with historical factors than with an active incubator policy (Deinema, 2012). New enterprises tend to start their business at a location where already many relevant expertise is clustered.

It has proven to be a fact that the creative industry generally shows a strong pattern of clustering. Recent research in the United Kingdom demonstrates this aptly (Chapain, Cooke, De Dopris, ManNeill, & Mateos-Garcia, 2010). By clustering, companies gain access to skilled labour and can share services and amenities. They also have the opportunity to redeem the value of knowledge spill overs. The most famous example is of course Hollywood. Other examples are the Media Park in Hilversum and design cluster in Eindhoven. In other cases, the presence of creative companies leads to an urban buzz which attracts highly skilled and competent employees and encourages collaboration.

When looking at the amount of jobs in creative business services, this amount is twice as high in the CCAA as in the other big cities in the Netherlands (Rutten et al., 2011). Among the cities of the CCAA fall Amsterdam, Utrecht, Zaanstad, Haarlem, Alkmaar, Hilversum and Amersfoort. No other city in the G50 scores lower or equal to the average of the other major cities. The G50 are the fifty largest cities in the Netherlands.

4.4 User preferences of the creative business services

In order to design a strategy that can be applied to redevelop vacant offices, the user preferences of the creative business services need to be known to match the supply with the market demand. Research on the user preferences of the creative industry has already been done. The study of Arkenbout (Arkenbout) shows that the user preferences of the creative industry differ somewhat for the three sub-sectors. In his research he sub-divides the preferences on the scale of location, building and use. The result per sub-sector and scale level can be found in Figure 9.

Creative Business Services	**Arts**	**Media & Entertainment**
Location:	Location:	Location:
1. Accessibility by public transportation	1. Accessibility by bike	1. Accessibility by bike
2. Accessibility by car	2. Accessibility by public transportation	2. Accessibility by car
3. Restaurant & café in presence	3. Restaurant & café in presence	3. Restaurant & café in presence
Building:	Building:	Building:
1. Multi tenant building	1. Comfort	1. Multi tenant building
2. Comfort	2. Multi tenant building	2. Comfort
3. Interior representativeness	3. Layout flexibility	3. Interior representativeness
Use:	Use:	Use:
1. Internet (WiFi)	1. Security	1. Internet (WiFi)
2. Meeting places	2. Meeting places	2. Security
3. Security	3. Internet (WiFi)	3. Meeting places

Figure 9. User preferences for each sector of the creative industry[8]

For the creative business services accessibility by public transportation is the most important factor of location. The presence of restaurants and cafés is also of interest. For these reasons city centres are a good location to house the creative industry. City centres are suitable for these reasons, but also the office parks which are often located on the outskirts of the city along the highway. However, office parks are still in demand, but are losing ground to city centres. In 2007 23 percent of the all office space was located in the centres, in 2011 this increased to 27%. Structural vacancy is mainly seen on the outskirts of cities and in the cities (CoreNet, 2013; Macke & Bertens, 2014). For the building itself, tenants prefer a multi tenant building. This is in order for the companies located in the building to be able to make use of each other's services and share office facilities, what aligns with the fact that the creative industry is seen as a network society. For the use of the building tenants find it important that WiFi, security and meeting places are available, preferably included in the rent. This

[8] Arkenbout, R. (2012). *Kantoor binnenste buiten.* Delft University of Technology, Delft.

corresponds with the building preferences since multi tenant buildings often incorporate the before mentioned services in the rental price.

In order to make this list functional for the strategy, the preferences have to be divided under the three levels of management. The location and building preferences fall under property management. They concern criteria the building itself must meet in order to attract creative companies. The use preferences fall under facility management since they concern features that are to be offered to the tenants, preferably within the rental price. Community management is not covered in the research of Arkenbout. This list however consists mainly of preferences which are not measurable. The preferences concerning the property should be translated into actual building characteristics to make them measurable. To give these preferences a dimension interviews have to be conducted.

Besides looking at the user preferences of the creative business service it is important to look at the push- and pool factors of companies in order to understand what triggers these companies to either stay at their current office location or move to a new office. Understanding these factors will help the adaptation of vacant offices since they can be incorporated in the development strategy and create a better connection between the user and the supply (Hendrickx, 2012).
From literature study and interviews with office users and owners the most important push, pull, keep and objection factors have been determined that influence the choice for accommodation (Van der Voordt et al., 2012). These factors are displayed in Figure 10. The most important motives for the consideration are location, the outcome of the business case, annual housing costs in different scenarios and sustainability. These factors need to be reconciled with the preferences of the creative industry. They can then be deployed to determine which requirements a vacant property must meet in order to attract creative companies.

Push	**Pull**
• Growth • Accessibility (especially public transportation) • Representativeness • Environmental aspects • “New way of working”	Same aspects as push, plus: • Central location • Low land price
Keep	**Objection**
• Positive image • Emotional attachment • Tradition (“The company has always been here”)	• High investment costs • Moving costs • Personal considerations (further from home, need for new housing) • Owning a property • Dread for a less productive period

Figure 10. Push, pull, keep and objection factors[1]

Again, these factors have to be divided under the management levels to make them functional. Location is an important factor of property management and so is the price. The new way of working is facilitated by flexibility, both in office space and flexible contracts and several facilities that are offered within the building. This factor therefor falls under facility management. The emotional attachment is for a large part depended on the relation with the building and the other companies and could therefor be placed under community management.

4.5 Subjects for further research

The user preferences researched by Arkenbout (2012) and the push and pull factors of Van der Voordt et all. (2012) form the basis for further empirical research.
The management levels described in chapter 3.2 are the three categories in the strategy that will structure the criteria. These criteria will be based on the user preferences of the creative industry. Preferences that are still missing from the literature concern community management. Also, technical features of the building like size and construction are still unknown, but could be decisive. The preferences Arkenbout (2012) categorised under the level of use are very broad and may be more specific. Another important notion is that the user preferences derived from the literature are often not measurable and therefor difficult to incorporate in the strategy as criteria. This should be taken into account during the interviews.

EMPIRICAL RESEARCH

5. Redevelopment for the creative industry

This chapter discusses redevelopment for the creative businesses. It takes a look at successful completed projects whereby vacant property is redeveloped for the creative industry. Interviews are held to find out what measures have been taken to make the building itself suitable for its tenants, what facilities are being offered and how the internal management of the organisations is dealt with.

5.1 Strijp-S

Strijp-S covers not just one building but a whole creative area. Since 2006 the redevelopment of the area started and focusses mainly on the creative sector. The former business park of Philips used to be fully closed of from the rest of Eindhoven by fences and barriers but is now inextricably linked to the city. The first building to be redeveloped was the “Klokgebouw” (Klokgebouw, n.d.). The first major project was the renovation of the North wing for the pop collective PopEi and directly after that thirty basic units, two large units of 1.000m2 and thirty more luxury units were realised. Here, the main operation was the renewal of the climate control installations. During the redevelopment of Strijp-S it soon became clear that there was a huge interest of creative entrepreneurs in search of affordable workspace in an inspiring environment. The Klokgebouw was soon after release completely full and therefore the Apparatenfabriek was designated as the new home for creative talent (Apparatenfabriek, n.d.). The first two floors are designated for public functions in order for the people to be triggered to visit Strijp-S. On the other floors workspaces are realised for creative entrepreneurs. The top two floors were reserved for larger tenants, such as the entire back office of Trudo. Later it is still decided to also offer the seventh floor in small units, but especially focused on ICT, new media and web design. After the success of these two projects more buildings have been realised, but to a lesser extent focussed on the creative industry.

5.1.1 Ownership

Strijp-S was since 1916 property op Phillips. In the late 90s, the head office of Phillips moves to Amsterdam. Then only Phillips Lightening and Phillips Research remain in Eindhoven. The ownership of the area is being divided in 2001 between the municipality and VolkerWessels in a public-private partnership. Both parties have a 50% shareholder of the total area development. VolkerWessels and the municipality set up a company that would exploit the ground. This company is Park Strijp Beheer and buys the area in 2004 (Strijp-S, n.d.). The buildings that Phillips still uses, they rent back, but in 2006 Phillips Research moves to High Tech Campus, also in Eindhoven. This company is Park Strijp Beheer. Parts of the ground are sold to other parties like housing corporation Trudo and Woonbedrijf, and Bosch. Other pieces of land remained property of VolkerWessels and the municipality. For each parcel of land, a document is drawn up with al guidelines on what is and what is not allowed for this particular piece of land. After selling the land, the buyer can either redevelop, transform or demolish the property on that piece of land, provided that it remains within the guidelines of the document.

5.1.2 Measures taken

The very first step in attracting the creative class to Strijp-S was the development of a skate park in the middle of the area. This attracted an urban scene which made reuring in the area. Trudo bought the Klokgebouw and Apparatenfabriek located next to the skate park and redeveloped these as the first two buildings of Strijp-S specifically for the creative industry.

Videolab

Another building that consist for the larger part of creative companies is Office-S or the Videolab. This building used to be a research building where videotapes, Blu-ray and DVD were developed. The building has a concrete structure, which is architectural ideal due to the regular grid. The climate installations however, were much deteriorated and consisted of one circuit resulted in the fact that various parts of the building could not be controlled separately. A substantial amount of the budget when into the repairing of these installations. Nowadays there is a central heating with heating elements that can operate separately. However, since the building is very old and badly isolated the heating costs are relatively high.

The first floors that were redeveloped were the first and seventh. Tenants could indicate how much office space they needed and this was fitted within the grid. In principle, the offices are delivered hulls, but if desired the tenant can ask for more. After the first and seventh floor were fully rented the redevelopment of floor two and six started, and so on. This has been done for two reasons. The first is to be able to give the tenant what he wants. This way Videolab could offer bespoke offices. Secondly, it was done to prevent unnecessary redevelopment. The redevelopment was initially temporary until 2016 and it was not known if the project would be a success. Phased developments would prevent unnecessary expenses if the building wouldn't be rented out completely.
All tenants rent for a price of €90 per meter per year and the rent is on an all-in basis. This means that all facilities are included, like the coffee corners, cleaning, internet and conference rooms which can be booked in an online system. The reception at the entrance on the ground floor is available to all tenants. The reception can accept calls, packages and mail and can receive guests. The rent for the tenants is terminable per month and for the lessor per three months. If organisations feel the need to expand (or to reduce space) the organisation may move within the building or in consultation with the neighbours, these might cede some space or move.

What makes Videolab different than other office complexes are the way organisations are organised and managed within the building. There is a clustering of companies, done by the community manager. When a new tenant appoints, a meeting is held first in which there is talked about who you are as an organisation, what your goals are, your drive and what you expect to get out of the building as an organisation. This enables the smart clustering of companies and creating partnerships.
The goal of Videolab is to make the building feel as small as possible by bringing organisations in contact with other entrepreneurs with whom you see a business opportunity. If a company has a certain issue or quality, he can seek contact with the

community manager and he sees if there is another organisation that possibly might solve your issue or seeks your offered quality. The community manager literally walks through the building to set up new partnerships. Videolab currently houses three communities; Power-S, consisting of self-employed entrepreneurs, Human-resource companies in Talent-S and Plan-S with architects. Parties can acquire together on larger projects and thereby organise an additional income besides their own core business. Videolab tries to make the workplace a bit less important, and the network around it much more interesting for you as an entrepreneur. This also reduces the likelihood of organisations leaving.

5.2 Schieblock

The Schieblock is an initiative of architects ZUS and project developer LSI. The investment budget was €1.5 million. Hereby nog banks were involved, but agreements are made with every partner. This requires a lot of trust from the project partners but at the same time does it result in a lot of commitment and a search for good and cheap solutions. The offices were delivered shell and it was up to the creative companies to fix up their offices, of which the amount of square meters could be determined on spot. The Schieblock turned a structural vacant building, ready for demolition, into a creative hotspot that now attracts people from all over Rotterdam and beyond. Just like Strijp-S, Schieblock worked as a catalyst for the area and attracts a lot of public functions, and thereby people, to the area.

5.2.1 Ownership

The building was property of project developer LSI and stood vacant for several years, before in 2001 the owners of ZUS anti-squatted the building they set up their office and lived there as well. The plans of LSI were to demolish the building to send a signal to the market that are large-scale real estate would develop here. At that moment LSI came up with the plans to redevelop the property. Together with CODUM they set up a business case for five years and convinced LSI to allow the developments, who was very hesitant. LSI agreed on the term that at least 70% would be leased before starting the adaptation and that the property would come to a better state. CODUM and ZUS started Schieblock bv and were able to invest €1.5 million, obtained by loans from various banks. LSI itself has invested no money. When in 2009 LSI was in danger of bankruptcy, the municipality brought back the ground for €52 million and issued a leasehold to Schieblock bv. After the first term of five years, the lease has been prolonged with another ten years (Sieswerda, 2015).

5.2.2 Measures taken

After the plans for redeveloping the Schieblock came up in 2007 first the dependence was opened in the plinth in 2009. This was done to let people get to know the Schieblock and to enthuse them. At that same time the building itself was renovated. The property was very obsolete, was littered with rubble and walls were half collapsed. Everything was cleaned up, the walls were removed and everything was painted. The façade was being fixed and money was particular invested in fixing the electricity, the plumbing and internet. Because the building has a concrete structure, alterations were made easily and makes the building very flexible.

After the building was “cleaned up” space dates were organised. Tenants could indicate what amount of space they would like to rent, by taping the walls on the ground. Then LSI putted in the walls and delivered the offices shell. If requested, LSI also provided the interior. Tenants are free to adjust their office as they desire and what is striking is that the building becomes more “finished” every year. The offices are rented out for €90 per meter per year, which is strikingly less that at surrounding office locations were the rent could reach up to €230 per meter per year. Facilities that are offered within the rental price are conference rooms, toilets, print facilities and kitchenettes. Smaller offices share these facilities and some larger companies have their own. There is a rooftop garden with a small restaurant that serves lunch, but can also be used as a conference room. Another feature of the building is the Work hotel. This consists of desks which can be rented per month.

The Schieblock is profiled as a city lab. Specifically, there is being sought for companies that just as ZUS have a commitment to the area, and thus the aim is to go one step further than a creative business complex. It is deployed on companies who want to think along, invest and make their hands dirty to not only the building but also to the area to make it better and more attractive. Since the Schieblock has been redeveloped the police indicates that the neighbourhood has become socially much more safe.

To get the most potential out of the organisations, xenogamy takes place. People are placed together in the building to make use of each others facilities and expertise. For example, various architects are brought in contact with each other and placed together so that they can rent office with each other. This way they have more space and ZUS has to invest less work and money, which makes the place better as a whole.

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APPENDICES

Appendix 1 – Delineation Creative Industry

Tabel 2 Afbakening creatieve industrie (SBI code en beschrijving)

Kunsten en cultureel erfgoed
7990 Reisinformatie- en reserveerbureaus
90011 Beoefening van podiumkunst
90012 Producenten van podiumkunst
9002 Diensten voor uitvoerende kunst
9003 Scheppende kunst
90041 Theaters, schouwburgen en concertgebouwen
91011 Openbare bibliotheken
91012 Kunstuitleencentra
91019 Openbare archieven
91021 Musea
91022 Kunstgalerieën en expositieruimten
9103 Monumentenzorg
94993 Fondsen (niet voor welzijnszorg)
94994 Vriendenkringen van cultuur
Media en entertainment industrie
5811 Uitgeverijen van boeken
5813 Uitgeverijen van kranten
5814 Uitgeverijen van tijdschriften
5819 Overige uitgeverijen, geen software
5821 Uitgeverijen van computergames
5829 Software-uitgeverijen, geen games
59111 Filmproductie, geen televisiefilms
59112 Productie van televisieprogramma's
5912 Facilitaire diensten voor film, tv
5913 Distributie films en tv-producties
5914 Bioscopen
5920 Maken en uitgeven geluidsopnamen
6010 Radio-omroepen
6020 Televisieomroepen
6321 Pers- en nieuwsbureaus
6329 Overige informatievoorziening
74201 Fotografie
90013 Circus en variété
93211 Pret- en clusterparken
93212 Kermisattracties
Creatieve zakelijke dienstverlening
7021 Public relationsbureaus
7111 Architectenbureaus
7311 Reclamebureaus
7312 Handel in advertentieruimte
7410 Industrieel design
8230 Organisatie van congressen, beurzen

Bron: TNO, 2009

Op de volgende pagina staat een overzicht van de ruime afbakening van de creatieve industrie die het projectteam heeft ontwikkeld.

Tabel 3 Ruime afbakening creatieve industrie

Cluster-indeling
Kunsten en cultureel erfgoed
7990 Reisinformatie- en reserveerbureaus
90011 Beoefening van podiumkunst
90012 Producenten van podiumkunst
9002 Diensten voor uitvoerende kunst
9003 Scheppende kunst
90041 Theaters en schouwburgen
91011 Openbare bibliotheken
91012 Kunstuitleencentra
91019 Openbare archieven
91021 Musea
91022 Kunstgalerieën en expositieruimten
9103 Monumentenzorg
94993 Fondsen (niet voor welzijnszorg)
94994 Vriendenkringen van cultuur
Media en entertainment
5811 Uitgeverijen van boeken
5813 Uitgeverijen van kranten
5814 Uitgeverijen van tijdschriften
5819 Overige uitgeverijen, geen software
5821 Uitgeverijen van computergames
5829 Software-uitgeverijen, geen games
59111 Filmproductie, geen televisiefilms
59112 Productie van televisieprogramma's
5912 Facilitaire diensten voor film, tv
5913 Distributie films en tv-producties
5914 Bioscopen
5920 Maken en uitgeven geluidsopnamen
6010 Radio-omroepen
6020 Televisieomroepen
6321 Pers- en nieuwsbureaus
6329 Overige informatievoorziening
74201 Fotografie
90013 Circus en variété
93211 Pret- en clusterparken
93212 Kermisattracties
Creatieve zakelijke dienstverlening
7021 Public relationsbureaus
7111 Architectenbureaus
7311 Reclamebureaus
7312 Handel in advertentieruimte
7410 Industrieel design
8230 Organisatie van congressen, beurzen

(CBS, 2014)