

# The Netherlands

## *Impact and Opportunities: The Dutch Way of Dealing with the Effects of Credit Crunch*

*The Netherlands Government Buildings Agency (Rijksgebouwendienst)*

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Added value of construction sector (blue bar) compared to added value of business sector in total (yellow bar) in percentages compared to the previous year, according to the Dutch Central Bureau of Statistics (kw=quarter)

### Introduction

The Dutch building and construction sector is sinking deeper into a recession. Over 20,000 people in the industry already have lost their jobs. This is likely to grow to 50,000 in 2010 and 2011, which is 10 percent of the total number of jobs in the sector. While the rest of Dutch business shows a slow recovery, results for building and construction in the first quarter of 2010 are very poor (see chart).

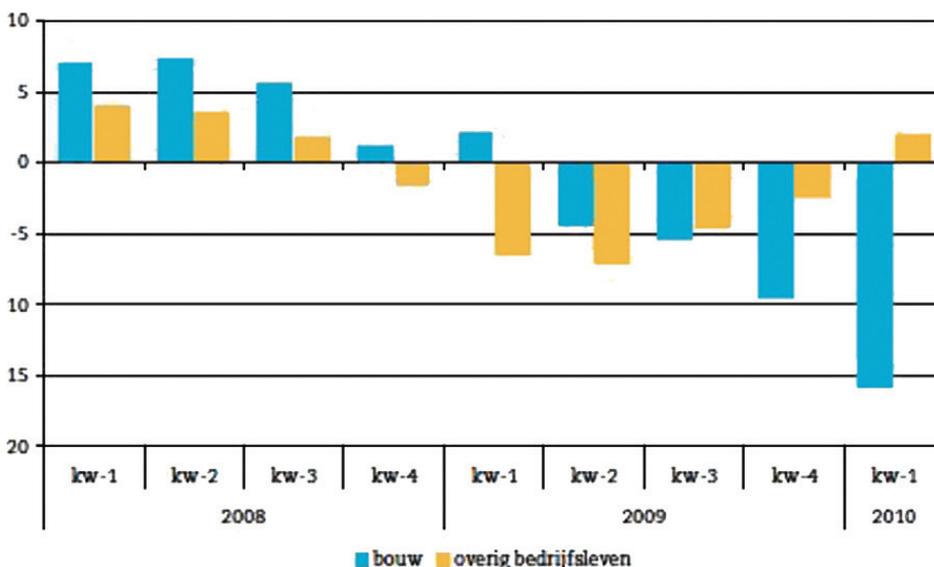
Early in 2009, designers, developers and brokers felt the impact of the credit crunch. Reduced contract portfolios and projects that were delayed or even stopped, lead to a significant decrease of turnover of 40 percent. In the first half of 2010,

turnover in most architectural offices again decreased (-35 percent). The number of active architects has dropped to about 7,000 (of 15,000 in 2008). Architects expect some improvement in the second half of 2010. Developments in the architect and design sector are usually a forerunner for what is about to happen in construction. Improvement in that sector is not expected until 2012.

The Dutch government, including the Rijksgebouwendienst (Government Buildings Agency), has taken steps to reduce the impact of the credit crunch, including the building and construction sector. Those actions and the way government housing responded to the credit crunch and to cuts in government spending are outlined here.

### Response of Dutch government

In 2009 and 2010 the Dutch government invested about 6 billion euro's (about \$7.7 B (billion)) in incentives for employment, education and knowledge, sustainable economy, infrastructure and construction and in improving liquidity for businesses. More than 700 million (euros) (almost \$899 M (million)) of that total was invested in building and construction. A large part of that is used to help projects that may not be able to continue, due to the crisis. >>>



*Presentation of the first series  
of 'research labs.'*

>>> Because of these actions, almost 15,000 jobs can be saved.

320 million euro's (about \$411 M) are spent on energy saving measures. This will help housing associations and private individuals to invest in energy saving. The government will help individuals with loans at low interest rates that make it possible for them to invest in making their homes more energy efficient.

## Government Housing

Unfortunately it was not possible to accelerate government housing projects but the Rijksgebouwendienst is able to help the construction sector in another way. As a user of about 10 percent of the office space in the Netherlands and the largest corporate real estate organization in the Netherlands (7.2 million m<sup>2</sup> (square meter) of floor space (about 77.5 M square feet (SF)), the Rijksgebouwendienst can have a significant effect on the building and construction sector, possibly mitigating the impact in the credit crunch. Proposals were made to invest sooner (and extra) in maintenance of monumental buildings, procurement of energy saving measures as well as additional fire protection in government buildings.

## Architects and Designers

To prevent "brain drain" in the architect industry in these difficult years, the Rijksbouwmeester (Dutch Chief Government Architect) launched the "research laboratory" (October 2009). As the first advisor to the Rijksgebouwendienst and the government in the field of architecture and preservation of



monuments it has an important role in developing and implementing national policy architecture. The Rijksbouwmeester wants to use this time of crisis to think about the future of architecture and urban design in the Netherlands and investigate priority national tasks.

In the 'lab', young designers, which are (partly) unemployed because of credit crunch, work on these tasks. For example, research has been done on conversion of offices into residential buildings, new office working environments and sustainable (government) buildings. The lab was so successful, that a second one has already been started.

## Implications for the Government Itself

### Cuts in Government Spending

Serious cut-backs are necessary to cover the costs of the credit crunch and future health-care costs related to the aging population in the Netherlands. Negotiations are currently taking place for a new government. The main topics of discussion of only a year ago have lead to cutbacks, starting with government itself. Focus is shifting from a government, investing in projects and supporting businesses,

to a government that is reducing expenses and postponing projects. In the coming years, it is expected that 12,800 civil servants will lose their jobs (8 percent of the total).

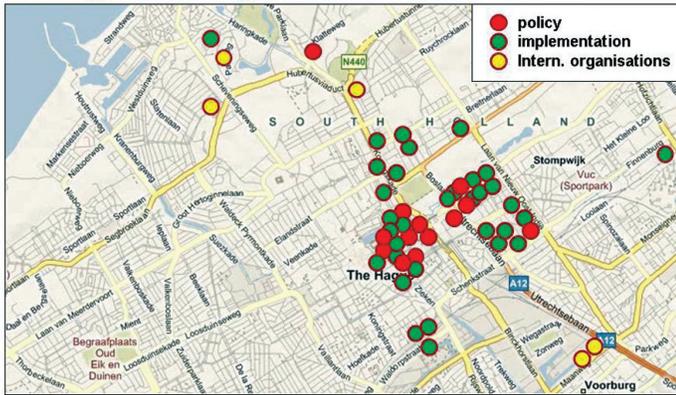
### The Hague

A smaller government will have most effect on the political center of the country, The Hague. About 30,000 civil servants work in this city and almost 27 percent of the total government housing portfolio is situated in this city. The number of civil servants in The Hague will decline by 5000, consequently the vacancy rate for office space in The Hague will increase.

The government has now agreed that in the near future, eight of the 13 departments in The Hague will be housed together in four buildings and use of square meters work-area per FTE has to decrease. Departments (government-wide) agreed on a maximum of 1.1 workplace per FTE, that is 0.2 work less than the present situation. Less square meters of office space will be needed at expensive locations in The Hague and some major renovations are no longer necessary.

This is a very large and complex operation in a relatively small area. Some departments will no longer have a building exclusively for their own use but will have to share >>>

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>>> with other departments. At the state level, this is a very logical and efficient decision, but not at departmental level. In the current situation in the Netherlands, departments have their own housing budget. With this budget, departments contract the Rijksgebouwendienst, the Rijksgebouwendienst provides housing solutions. Because housing budget is divided among departments, housing solutions are often made to measure that specific department. That's perfect for departments, but not always the most efficient solution on the governmentwide level. The operation shows us that housing is an emotional process that has to do with identity, and organizational politics. The crisis and the massive cutbacks have made it possible to talk about those developments and search for housing solutions that are efficient on the governmentwide level.

### The Netherlands

For the entire Dutch housing portfolio, the Rijksgebouwendienst is aiming for more concentration of buildings in a limited number of cities, more flexible use of buildings and reducing the use of square meters. Departments agreed on a maximum use of 27 m<sup>2</sup> (290 SF) gross floor area per FTE in 2020. Currently, the average is 34 m<sup>2</sup> (365 SF). The Rijksgebouwendienst has calculated that in this way approximately 90 million euro's (about

\$115 M) can be saved.

A smaller government and consequently, a surplus of square meters of government housing, doesn't

simply mean that buildings can be sold and therefore taxpayer money can be saved. Currently, about 7 M m<sup>2</sup> ( gross floor area) (or about 75 M SF) of office space in the Netherlands is vacant. That's about 1 in every 7 office buildings. Sale of large office-buildings by the government will only add to this problem. To counter this, the Ministry of Housing, Spatial Planning and the Environment launched a number of actions:

- New office buildings can only be built if there are no alternatives within existing stock.
- Government will invest in research on how to (technically) change the function of a building more easily.
- Also government will make it possible (legally) to temporarily change the function of a building.

### More with Less?

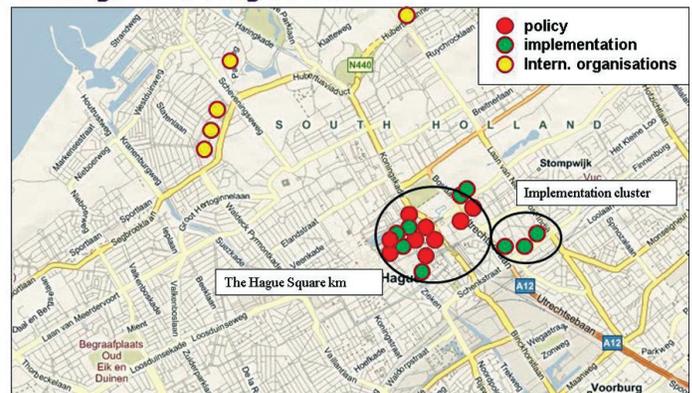
Does that mean that the keywords of the future workplace for a civil servant are 'less, smaller, cheaper'? Does this mean that everybody loses their own space and gets nothing in return? The answer to these questions is no. Current

developments also offer perspective and are a response to changing needs. Developments in technology, changes in how we work together (individualization, globalization, communication development) and in the way we do our job, demand change in the workplace. How we use our workplace and the reason why we go to the office, is different from 10 years ago and will be different 10 years from now.

### Government Workplace

In last year's edition of this newsletter (June 2009 Edition, Real Property Polycysite Newsletter, pg. 12 "Searching for Alternative Workplace Arrangements for the Netherlands Government", available at [www.gsa.gov/realpropertynewsletters](http://www.gsa.gov/realpropertynewsletters)), my colleague Merijn Zee wrote about some of the developments in the workplace and specifically focused on ICT (information and communication technologies). He described the office building 'Beatrixpark' as an example of a building where departments can rent workstations 'per desk' from the Rijksgebouwendienst. All facilities are available for departments to be flexible and able to work together with other departments. This was a first step in developing a >>>

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*Right and below: "Before" and "After" photos of office space at Beatrixpark office building*

>>> standardized government workplace, an environment in which any government employee can do their job and have all the necessary facilities. A space that stimulates productivity and makes alterations largely redundant. This does not mean that every workplace looks exactly the same but that each space has a minimum of standard requirements in order to optimally support the employee in doing his/her job.

Standards in terms of compatible ICT services, security, activity-based work environments, communication facilities etc.. The goals of the government workspace are very similar to the ones Bridget Hardy wrote about in her article "Working Beyond Walls" last year (in the June 2009 Real Property Polycysite Newsletter, pg. 18, "Working Beyond Walls – The Government Workplace as an Agent for Change").

Since last year, the concept of 'Government Workspace' has developed. For example, we learned that only providing a flexible

workspace is no guarantee that people will use that environment in a flexible and effective way. If, for example, management doesn't encourage flexible and efficient use of available workstations then, it will not lead to more efficiency and productivity and will, maybe, even cost more than a traditional workspace environment.

## New Discussions?

Summarizing, the effects of the credit crunch and significant cutbacks in government budget do not necessarily mean that the future of the civil servant looks bleak. The current situation also gives us opportunities to fundamentally change the way the Dutch government thinks about workplaces. A more efficient housing portfolio and workplaces that better support the way in which civil servants can best do their jobs, can lead to more satisfaction in the workplace and healthier, safer and more inspiring places to do your job. But, this new way of housing, also confronts us with new discussions.



I would like to end by explaining these discussions to you and inviting you to share your ideas with the Rijksgebouwendienst:

- **Identity.**

Is it possible to standardize government workspaces, but still leave room for people/organizations/groups to express their own identity? Do employees still feel part of the organization if they don't have their personal space? How do you leave room for identity in a standardized environment?

- **Flexibility of the Workspace**

The government workplace has to be a flexible environment, suitable for the 'average' civil servant. The point is, the 'average' civil servant does not exist. The workspace should leave some room for personal wishes/demands (of the project group, department, division, etc.). What technical ways are there to design a workspace so that (small) personal alterations are easy (and not expensive) to do?

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