

Story telling in the office market:

A research to the underlying causes that have shaped the developments in the Dutch office market

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Abstract

The vacancy rate in the Dutch office market is currently very high in comparison to previous years. The high amount of vacant offices has great social, economic and spatial consequences for many urban and suburban areas in the Netherlands. This research aims to identify the underlying causes that have led to the current vacancy rates in the office market in order to change the previous course of action and prevent the office market from failing again when the economy improves. Understanding why the office market has developed as it did starts with understanding the way people perceive their surroundings and how this has led to the formation of institutions that have been developed to provide direction to developments. Perceptions of people are important because, based on them, choices are made. This research has studied the perceptions of the various actors active in the office market through narrative analysis. Interviews were held and a newspaper analysis was done to find the underlying discourse that shaped the behaviour of the various actors in the office market over the past twenty-five years. This research shows that amongst others, the booming economy in the nineties has contributed to the emergence of a growth discourse in the office market that has led to the current oversupply of office space. Drawing on this analysis, suggestions are made for the possible interventions in this market by means of spatial planning. Suggestions are given about a new governmental organization that could help to increase the role of spatial planning and prevent office vacancy.

Keywords: discourse, narratives, institutions, vacancy, office market, spatial planning

Preface

This research is the result of my master in Landscape Architecture and Land Use Planning at Wageningen University. This research represents the end of my student time and the start of my working career.

The topic of this thesis originates from my internship at the State Property and Development Agency. During this internship I got involved with the problem of high amounts of office vacancies in the centre and periphery of urban regions in the Netherlands. Office vacancy is a very particular problem, which became visible to me while driving by train from Utrecht to The Hague. On this journey I observed two things. First of all, the high amount of office buildings that are empty and for rent. Second of all, the amount of plots available for sale to develop new offices. I found it surprising that you regularly read in many newspapers about this big problem of office vacancies, while on the same time you can buy a plot of ground to develop a new office. This contradiction immediately got my attention. After working for a couple of months on this topic, I am still very much surprised by this market and although it is difficult to capture its complexity, this research aims to shine new light on the office market from a different perspective than prior research.

I would like to thank all the experts that have been interviewed by me. Their knowledge, stories and diversity of perspectives have provided the insight in the office market needed to produce this research. This research has taught me not to judge the actions of people in the current light, but to understand their choices and actions in the light they were taken. It has helped me to take my own position in perceiving the world around me and to leave university with an opinion that is grounded in five years of studying.

Of course I would like to thank Raoul Beunen for his supervision. He is a great supervisor that has always been available for help. His feedback and knowledge have been very important for this research.

In particular I would like to thank Jordan Exmann, who has supported me and thought along with me and cheered me up when I got stuck with my thesis. Last I would like to thank my mom Jolande van Wijngaarden, who has given me the opportunity to study and has always supported my choices.

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Summary

Many regions and cities in the Netherlands are currently facing the problem of increasing structural office vacancy. Vacancy in general is caused by a mismatch between the demand for and supply of office space. This development has had multiple negative consequences not only for first party stakeholders in the office market (such as investors and project developers) but also for third party stakeholders (such as the general public). Office vacancy, for example, can have great social, economic and spatial consequences for many urban and suburban areas in the Netherlands. Currently, most actors involved in the office market recognise these problems and are searching for feasible solutions to make the market healthy again. In addition, the office market has become a much-discussed topic in politics and public-debates. Central in these debates are the causes of the vacancy, the effects it has on the cities, the financial losses for municipalities, office owners and real estate funds and possible solutions.

However, before an adequate solution can be formulated, it is first important to identify the underlying problems in the office market that have formed the office market in the way it is now. Not much knowledge currently exists about the underlying causes of the office vacancy. Often the high vacancy rate is explained by the current financial crisis, however, there are much more factors that play a role in the office market. A simplification of the causes of the office vacancy problem increases the chance that the underlying problem will not be recognised and be solved and that most likely in the future the problem will continue to endure. It is therefore necessary to find out which mechanisms and processes have led to the emergence of these problems in order to change the previous course of action and prevent the office market from failing again when the economy improves. Understanding why the office market has developed as it did starts with understanding the way people perceive their surroundings and how this has led to the formation of institutions (formal and informal rules and regulations) that have been developed to provide direction to developments. Perceptions of people are important in this because, based on them, choices are made. In turn, perceptions are formed by the beliefs that individuals have and together form the “scaffolds that humans erect to understand the human landscape” (North, 2005, p. ix). The dominant beliefs over time result in the build-up of an elaborate institutional structure, which is a combination of formal rules and informal constraints. In order to understand the office vacancy problem and the development in the office market, this research will thus aim to find the underlying causes. Besides these underlying causes, this research will also explore the role spatial planning can play in solving this problem. The office market is very much shaped and defined by the organisation of spatial planning in the Netherlands. Analysing the changes in attitudes towards planning and the resulting planning policy over the years might give new insights in the underlying causes of the current vacancy problem. Based on these causes, spatial planning departments might be able to prevent office vacancy in the future.

To find these underlying causes of the office vacancy, multiple concepts have been used. The above-described beliefs of people are in literature known as discourses. Discourse is a powerful tool to understand what goes on in specific fields; “an essential step in changing things is to start by analysing what is going on, to reveal how power relations have created conditions in the society that reinforce certain ways of thinking and exclude others” (Richardson, 2010, p. 359). To find the underlying discourse, narratives are used. Narratives give structure to a discourse and can maintain or change the dominant discourse. Narratives can thus help to understand the emergence of a discourse(s) within the office market that has been dominant. How people behave depends on what is written and told but also in the way it is narrated. Therefore the fourth concept that is chosen, which is very much connected to discourse and narrative concepts, is performance and performativity. The power of a narrative is strongly depending on performance and performativity. The way people tell the story is crucial because the strongest narratives are those who are easily to repeat and fit logically in previous knowledge structures of people. Within the office market, performance may have helped to preserve an image of

the office market to maintain a dominant discourse. Specific attention is paid to narratives of success and failure. Narratives of success and failure about the office market can help to understand why the vacancy problem is so hard to solve. Narrative of success and failure can create path dependency. Path dependency occurs when a narrative is very successfully performed: people are able to retell the story and accept it as truth. Due to this, the narrative can be institutionalised which further anchors a certain discourse. When narratives are institutionalised, it becomes very hard to change that narratives and the underlying connected discourse. Narratives are as a result of this also hard to change and often remain similar in their foundation. Powerful discourses are reproduced through their institutionalisation in practices. This creates path dependency in governance systems. This research therefore searches for these narratives of success and failure to analyse the dominant discourse and see how it has changed over time or has been further anchored through institutionalisation.

To find the underlying discourse in the office market, a narrative analysis is done that consists of six interviews with different actors in the office market and a newspaper analysis of news articles from the late eighties onward in which the office market is central. On the basis of these interview results and newspaper analysis, five distinct narratives and one underlying dominant discourse was identified in the previous chapter. When reviewing these narratives, the reoccurring premise in most stories told in the past few decades has been one of growth. Growth both in terms of the economy and in terms of the office market. The growth discourse in the office market has provided the actors active in this market with a framework on which they base and have based their actions. Important in this framework was the idea of growth in all possible ways: growth of the economy, population, service sector and the importance of market forces. The growth discourse has created a reality for the actors within the office market, but at the same time excluded alternative constructions of reality such as economic decline, population decline but also the aging population and new working concepts. These alternative ideas of reality became less visible and are less likely to be accepted due to this dominant growth thinking. In the office market there was little space for alternate ideas of reality such as office transformation, sustainable office developments and qualitative developments rather than quantitative developments. The growth discourse in the office market over time has become anchored, because it dominated the way the actors in the office market conceptualised this market and was institutionalised in rules and regulations and the organisation of the government systems.

The growth discourses has resulted in many problems in the office market such as competition between municipalities, a lack of coordination for office developments both within and between municipalities, over-optimism within the market, short-term visions on the future and quantitative developments rather than qualitative developments. Based on these underlying causes, this research has looked at how spatial planning can play a role in solving these problems. It has elaborated on why it is so difficult to coordinate this market and how all problems are related to each other and formed by the underlying growth discourse, making it difficult to change this market and taking an alternative development path. The research shows that amongst others, the diminishing role of spatial planning has contributed to the current vacancy problems in the office market. Drawing on this analysis, suggestions are made for the possible interventions in this market by means of spatial planning. Suggestions are given about a new governmental organisation that could help to increase the role of spatial planning and prevent office vacancy.

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1. Introduction

This first chapter provides a general introduction to and outline of this research. The chapter starts by providing an overview of the current state of the Dutch office market. Here it becomes clear that the market is currently troubled by high vacancy rates and artificially high prices. The following part outlines the far-reaching consequences the high vacancy rates have in the Netherlands. At this point in time, people realise that there is a problem in the office market and that something needs to change. However, as will be explained further on, the market is characterised by a high complexity that prevents a simple superficial solution to be found. Accordingly, the last part of this chapter outlines the previous research and the objective and structure of this research.

1.1 Developments in the office market

“Building for vacancy” (Mors, 2011), “Vacancy problem twice as big as expected” (Volkskrant, 2012) and “Municipalities are played out in the uncontrolled drift for developments” (De Jong, 2012) are just a couple of the headings that have passed the front-page of different newspapers in recent years. These headlines indicate that there is a problem in the office market. Many regions and cities in the Netherlands are facing the problem of increased office vacancies: over 14 per cent of all offices are currently vacant in the Netherlands while a healthy market has a vacancy rate of 5 per cent (DTZ Zadelhof, 2013; Anonymous 1, 2013). Currently, one third of these empty offices are already vacant for more than three years (DTZ Zadelhof, 2010). Expectations are that within the next year this amount of so called structurally empty offices will increase to 44 per cent of the total amount of vacant offices (DTZ Zadelhof, 2010). Most likely these structurally empty offices will never be used again as offices will remain empty due to the overload of buildings available for office users which allows them to pick the best offices to locate their business. In addition to this, the amounts of vacant offices will also increase further and probably reach a vacancy rate of 16 per cent in 2014 (Anonymous 1, 2013).

The high vacancy rate is not one of a healthy market. The question is what has caused this vacancy rate to increase so much in recent years. Vacancy in general is caused by a mismatch between demand for and supply of office space. In academic literature, multiple causes for the declining demand for office space have been put forward. Commonly, the current financial crisis is seen as the most important cause for the office vacancy problem. Besides the financial crisis, also other more structural causes are mentioned such as the population decline and more specifically the decline of the working population; the ‘new working’ concept that allows for less space per employee which means a decline in the amount of office space needed by a company and a reduction of the cost for that company; and technical developments such as internet, online meeting rooms and digitalised data systems that make it less needed for companies to have a big office because employees can work from any place at any time (Eichholtz, 2004; Van Gool & Ten Have, 2006). According to published research, all of these causes have led to a decrease in demand for office space. At the same time the supply of new offices in the market has increased steadily over the past few years (DTZ Zadelhof, 2013). The increase in supply can be explained by the cyclical working of the office market. The period between the start of a plan to develop an office and the delivery of an office on the market takes approximately eight years (Korteweg, 2006). When demand for office space increases, often in times of economic growth, supply responds with a delay due to this eight-year building period. As a result, by the time the office comes on the market, the economic situation most likely has changed. Due to this cycle, the amount of offices continuously increases: after every period of economic growth, a bulk of new offices is brought to the market. Therefore, demand for and supply of office space often do not match which has, in part, caused the vacancy problems in the Netherlands (Korteweg, 2006).

In addition to the office vacancy problem, the Dutch office market is also plagued by off-market prices. According to general economic theory, the price of an asset converges to a point where the forces of demand and supply meet, i.e. the equilibrium price (Begg & Ward, 2007). Shocks to either the demand side or supply side can cause the price for an asset to be reconsidered. As will be explained further in details later in this research, the office market has experienced large shocks in mainly the demand side of the market, but also in the supply side. Contrary to economic theory, the prices for office space have not been adjusted enough to reflect the demand and supply of office space (Janssen-Jansen, 2010b). As a result, the price for office space is artificially high in the Netherlands. A lot of authors have identified this off-market pricing by explaining that air bubbles have emerged in the office market (e.g. Van der Vlist, 2009; Zuidema & Van Elp, 2010b; Janssen-Jansen, 2010). It is necessary to find out which mechanisms and processes have led to the emergence of these air bubbles in order to change the previous course of action and prevent the office market from failing again when the economy improves. A simplification of the causes of the problems in the office market to the financial crisis increases the chance that the underlying problem will not be specified and solved and that most likely in the future the problem will continue to endure.

1.2 The consequences of vacancy

Office vacancy has multiple economic, financial, social and spatial consequences on multiple different levels (local, regional and national) (RVOB, 2011). High amounts of structural vacant offices can have negative effects on the economic development of a region. It can, for example, negatively affect the international position of a city or region in comparison with other cities or regions (Janssen-Jansen, 2010a). This negative image of a city through vacancy directly and indirectly affects the demand for offices in that area by both national and international actors because office users are less willing to locate themselves in a region with a high amount of vacancy. When multiple (important) regions are facing vacancy problems, the negative image can spread to the national level, making the country less attractive as business location for international companies and as investment destination for (foreign) investors (Janssen-Jansen, 2006; 2010a). In addition to this, increased vacancy also has very far stretching financial consequences for many actors in this market as well as for the area in which they are located. Vacant offices cost a lot of money for the owners of buildings and can result in bankruptcy when no new tenants can be found. Also, when offices are vacant, owners do not earn any money to maintain the surroundings of their buildings, which can have significant social consequences. Empty offices have considerable effects on the appeal of urban environments and can, in extreme cases, result in dangerous areas that are completely abandoned by people (Janssen-Jansen, 2010a/b). Vacancy can therefore cause deterioration and degradation of neighbourhoods and liveability of the city (RVOB, 2010; Jansen-Jansen, 2010a). Vacancy will become a 'push factor' for other companies to leave the area, which causes even more vacancy in that area. It is very likely that because of the vacancy 'no-go' areas emerge in cities. Destruction emerges in these places that are already weaker, and will spread to nearby areas (DTZ Zadelhof, 2010; Janssen-Jansen, 2006; 2011 a/b). The continuous growth of the office market has huge consequences for open space in the Netherlands. Every time a new office is built, a piece of green area is transformed into red area (built-up area) because offices are rarely reused. In a country where there is already a lack of quality open space, spatial planning is implemented to control the developments and preserve open space. Fact is that today still new offices are built, while vacant offices remain empty, probably never to be used again. The vacancy problem thus, besides economic, social and financial consequences, also has a clear spatial dimension to it.

1.3 Conflicting interests in the office market

Currently, most actors involved in the office market recognise the vacancy problem and are searching for feasible solutions. In addition, the office market has become a much-discussed topic in politics and public-debates (CPB, 2012). Central in these debates are the causes of the vacancy, the effects it has on the cities, the financial losses for municipalities, office owners and real estate funds and possible solutions. Many policy documents and discussions stress the need for solving this vacancy problem in which they mainly focus on the transformation of offices. Often these solutions concern working together with other (non-public) actors within the market. As a result of this, different agreements between private and public parties have emerged in the last years such as the ‘Office Agreement’ (Kantorenconvenant) (Rijk & Koepelorganisaties, 2012), but also many public organs have taken initiative to solve the office crisis by organising specialised teams such as the ‘expert team offices’ (expertteam kantoren) (Ministerie Economische Zaken, 2012) of the State and the ‘Transformation Team Utrecht’ (Scheldwacht, 2011) of the municipality Utrecht. All of these initiatives focus on formulating policies and institutions that help to transform empty offices quickly and easily for market parties in order to reduce the vacancy rate. However, regardless of the efforts to make an agreement that includes everybody’s interests, it turns out to be very hard to reach such an agreement. Often these agreements get a lot of critics because they are ‘empty’: no serious decisions are made that can transform the office market due to the many different interests involved (NOS, 2012). While many actors in the office market recognise that something has to change, it turns out to be a struggle to develop an integral approach for both public and private actors when there is no guarantee for a successful outcome for all.

Having so many different actors active in the office market makes finding a solution to the vacancy problem complex and dynamic. The office market involves public actors such as the central and de-central governmental organisations as well as private actors such as investors, banks, real estate agencies, constructors and project developers (Van der Voordt et al., 2007; Korteweg 2006). In times of economic growth, when there is a very high demand for office space, all actors share a common objective: namely the development of new offices. All actors in the office market, both public and private, aim to develop new offices because they can earn money with it. Each actor plays an important role in the development of a new office. Commonly municipalities have to give a building permit, allow the building in the zoning plan and sell the ground to project developers; an architect designs the building; a project developer organises the building process; the constructor executes the building process; the investors or banks provide the money for the developments; and the real estate agencies value and sell/rent the building on behalf of the investor/owner (Van der Voordt et al., 2007). However, in current times when fewer offices are needed and many offices are left behind empty, a lot of pressure is put on the market.

The pause in the development of offices causes more opposing and conflicting interests among the actors within this market. Municipalities want office owners/investors to transform their offices, rather than to build new ones in order to reduce the oversupply and reduce the consequences of vacancy on the city. Project developers and constructors have no work as a result of this building pause. They are often not willing to change their core business into the transformation of offices because it is much less lucrative than the development of new offices (Janssen-Jansen, 2010b). The building pause of offices and transformation urge of municipalities also affects investors and owners of office buildings. Municipalities want them to transform the building into a new function, which basically means they have to value down their building. First of all, the transformation costs a lot of money for them and it is no guarantee for an increase in profits. Secondly, offices are on the top of the value pyramid in the real estate world (Kersten, 2013). This is problematic because transformation will therefore always lead to the devaluing of the building for the investors or owners, which they are often not willing to

do.

Overall there thus are a lot of competing interests that make it difficult to solve the vacancy problem. The changing circumstances ask for a new interaction between the actors in this market. While the interaction previously was much easier due to the shared goal (developing offices), the interaction has now changed because of the changed market circumstances (RVOB, 2013). Due to the changes in the market, actors do not have the same goal anymore, which causes friction. Solving the office vacancy problem is the shared interest of all actors in the office market. Actors do want to work together to solve the problems since they all benefit from a healthy office market, however, they do not want to take the responsibilities themselves. Rather they would like to see someone else take responsibility and let them make changes. This also follows from the fact that nowadays many actors believe there is barely any money to gain in this market, only money to spend to solve the problem, which prevents actors from actively solving the problem. Many actors are still longing for the 'good old times' when it was easy to make money in this market. Most actors therefore choose to 'sit out' the office market crisis and wait for better times.

1.4 Previous research

Due to the conflicting interests in this market, the multiple efforts to make 'office agreements' result in 'empty documents' in which no hard decisions are made that can really change the current circumstances in the office market. The competing interests are also reflected in the way present-day developments are analysed and characterised in literature and documents. Janssen-Jansen (2010a) has, based on these competing interests, searched for common grounds for cooperation. All actors need the office market to become healthy again in order to gain profits from it. According to Janssen-Jansen (2010a), the office vacancy is caused by all actors both public and private, and should therefore also be solved by all actors. Based on this assumption, the author has suggested voluntary re-allotment and equation mechanisms as the solution for the office vacancy problem (Janssen-Jansen, 2010a). Through voluntary re-allotment and equation mechanisms the total amount of demand for office space is divided over the municipalities, preventing them from building too many offices. Through regional coordination, the office developments are equally spread over all municipalities. Also more economic oriented researches start to see the value of cooperation between actors (e.g. Zuidema & Van Elp, 2010b; Deloitte, 2012).

Research of the CPB (2012) focuses on the future perspective of the office market based on historical developments that have taken place within this market. The CPB concludes that from a historical perspective, the high vacancy rate is not a problem because fluctuations in supply in demand in the office market are normal and have occurred in the past. Expectations are that when the economy improves, that the problem will most likely be solved as well. They do notice that there are some new trends that have not been there in the past such as the expected decline in working population and the possible decline in office space per employee. However, they believe other unknown trends will compensate for this. The CPB thus explains the future of the office market mostly on the basis of the cyclical working of the office market. However, this research of the CPB is not the only research that approaches the office market from this economic perspective. In the research of Zuidema & Van Elp (2010b), the dominant discussion is about market mechanisms and why they do not work. He strongly believes that in the near future the office market will improve itself due to its cyclical character. Based on the current failure of the market mechanisms, he suggests some new institutions that can help private actors in the market to solve the problems. However, his emphasis lies on general economic improvements. In fact, most researchers base their research on the cyclical working of the office market and to where we are now in the cycle, the direction of the developments of the market in the near future and what this means for the sectors, the region and strategy for companies (Pornchokchai,

2011; Zuidema & Van Elp, 2010b; Eichholtz, 1996; Grenadier, 1995). They rely heavily on the cycle and the expected growth period that will eventually appear, just like it did in the past. Many of the current problems in the office market are explained by the cycle, which means that vacancy is explained by a decrease in the economy. Vacancy in this perspective is the result of a period of economic decline.

1.5 This research

Traditionally, the office market thus has been analysed from an economic perspective in which market mechanisms and economic theories play an important role. However, this research perspective does not allow for the determination of the underlying causes of the current problems in the office market. Understanding why the office market has developed as it did starts with understanding the way people perceive their surroundings and how this lead to the formation of institutions that were developed to provide direction to developments. This follows from the research of North (2005) who shows that understanding economic developments starts with understanding human perceptions of the physical and social environment. People perceive their surroundings on the basis of mental constructions or ‘scaffolds’ that are derived from past experiences. An individual’s learning is grounded in the experiences of that person over a lifetime, but also in the cumulative experiences of past generations. According to North (2005), perceptions are important because, based on them, choices are made. In turn, perceptions are formed by the beliefs that individuals have and together form the “scaffolds that humans erect to understand the human landscape” (North, 2005, p. ix). The dominant beliefs over time result in the build-up of an elaborate institutional structure, which is a combination of formal rules and informal constraints. Because we live in an uncertain and ever changing world, institutions change, albeit incrementally, as new threats and opportunities are perceived.

In literature these belief systems are known as discourses. According to Richardson (2010), discourse analysis is a powerful tool to understand what goes on in specific fields such as the office market. Used in a more reflective way, it forces us to ask hard questions about the vacancy problems in the office market by constantly challenging the status quo and to open up original perspectives on how things are as they are. Discourse analysis can be used to analyse the general accepted ideas within the office market, on which people base their decisions. According to Richardson (2010, p. 359), “an essential step in changing things is to start by analysing what is going on, to reveal how power relations have created conditions in the society that reinforce certain ways of thinking and exclude others”. Discourse theory can thus help to see power structures within society. For the office market it is important to understand more clearly the discourses active in everyday life and actions in order to find the underlying causes of the vacancy problem that stretch beyond the cyclical working of this market. If the discursive interplay is understood, it is possible to become more proactive and more strategically effective in the process of discursive construction in which all actors of the office market take part. It is necessary to know more about the dominant discourse because it has likely steered this market for many years, and has resulted in office vacancy with artificially high prices. Understanding this discourse is key to understand contemporary vacancy problems in the office markets and design solutions that meet its real-life complexity.

Discourse analysis will thus help to reveal the underlying structures and mechanisms that have influenced the office market and have caused vacancy within this market. It can provide information about the incentives that have caused the behaviour of actors in this market and answer the following main research question:

<i>What are the underlying causes of the current vacancy problem in the Dutch office market?</i>
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Although this research in general discusses the underlying causes of the office vacancy problem, it will also explore the role spatial planning can play in solving this problem. At an abstract level, spatial planning can be defined as “the coordination of policy and practise affecting spatial organisation” (Van Assche et. al, 2012b, p. 3). In this research, spatial planning is seen as a policy field in government. The office market is very much shaped and defined by the organisation of spatial planning in the Netherlands. That is, every office development has to take place according to the zoning plan and has to be approved by the municipality’s spatial planning department. Analysing the changes in attitudes towards planning and the resulting planning policy over the years might provide new insights in the underlying causes of the current vacancy problem. Based on these causes, spatial planning might be able to prevent office vacancy in the future. It is therefore necessary to analyse the changes that have occurred in ideas about planning, the institutions that guide planning and the spatial planning practice.

Previous literature shows that spatial planning could play an important role in helping to solve the office vacancy problem by organising and coordinating the process of office building (Janssen-Jansen, 2006; 2010a/b). Janssen-Jansen (2010b) argues that spatial planners of governmental organisations could save the city from over-optimism and can help prevent real-estate bubbles. However, little other research has been done on the role of spatial planning in the emergence of the vacancy problem and the possible role it could play in preventing vacancy in the future. This can probably be explained by the fact that, for a large part of the past twenty years, spatial planning in the Netherlands has been very accommodative of office developments. In addition, spatial planning in government organisations has become increasingly less visible over the past decennia as the market has received more freedom to develop offices (Janssen-Jansen, 2010b).

1.6 Objective of this research

Not much knowledge exists about the underlying causes of the office vacancy and especially not in relation to spatial planning in the Netherlands. This thesis therefore aims to discover these underlying causes of the vacancy problem in the offices market by analysing the market from a spatial planning perspective. Research is needed on shifts in policies, spatial planning, ideas, actions of actors and interactions between actors. Shifts in spatial planning policy, for example, can change, stimulate, allow and prohibit certain behaviour in a market and therefore influence the course of action of the actors within this market. These changes in spatial planning and policy are the result of the general shared ideas of actors in politics and society. Analysing these common ideas and the interactions between actors can help to explain why the office market has developed the way it did and explain how vacancy has emerged in the office market. Based on this information, advice is given to spatial planning departments in the Netherlands about their role in the process and how they can participate in solving the current problems.

1.7 Thesis guide

This thesis starts with a theoretical framework that functions as a fundament for the empirical research. Three theoretical concepts are discussed that are central in this research: discourse theory, narratives and institutionalisation. After the theoretical framework, the research methods are discussed in the chapter methodology. This chapter elaborates on the strategies of data inquiry, the research methods and the data analysis and interpretation. The following chapter provides an overview of the workings of the Dutch office market and the role spatial planning has within it. Chapter 5 presents a chronological narrative of the developments of the office market. In the chapter analysis this common narrative about the office market developments and spatial planning is connected to the theory of Chapter 2 in order to define changes in the narratives and find the underlying discourse. The

theoretical application in the analysis will in the end give insight in the underlying causes of the vacancy problem. Therefore, three sub-questions are answered in this chapter. Based on the results and analysis, the main research question is answered in Chapter 7, conclusions. Chapter 8 discusses the future possibilities for the spatial planning system and the office market.

2. Theoretical framework

To understand the developments of the office market, it is necessary to look beyond the general idea of ‘it is crisis and therefore things go bad’ and reveal the underlying structures that drive the office market. To analyse the structures that create the thoughts, communication and actions of actors, theories are needed that focus on understanding the world around us. The theories chosen will offer new ways to analyse the field of research and might lead to new insights. They will also help to explain why certain things happened the way they did and provide a solid basis for this research. In this chapter therefore multiple planning concepts are discussed: social constructivism, discourse, narratives, performance and performativity, narratives of success and failure and institutionalisation. These theories are very much related to each other. Together these concepts form the theoretical foundation for this research.

2.1 Social constructivism

This research is done in the light of a social constructivist worldview. The basic principal behind social constructivism is that knowledge is constructed through social interaction and is the result of social processes. In the theory of social constructivism, reality is formed by a social consensus and is based on social interaction. Social constructivists hold assumptions that individuals seek understanding of the world in which they live and work. A social constructivist believes that there are multiple subjective meanings of experiences (Creswell, 2009). Rather than searching for narrowing meanings into a few categories of ideas, a social constructivist is searching for a complexity of views. Social constructivism rests on the philosophical assumption that multiple understandings of the world exist and are legitimate, that text can be interpreted differently by different people, and that language is non-representational because language is not neutral but a system of signification through which actors create the world around them (Hajer, 2005; 1993). The goal of a research with this worldview is to rely as much as possible on the participants’ subjective meanings of the situation being studied in order to understand the complexity of views (Creswell, 2009). The researcher intends to analyse and interpret the views that others have on a specific topic being studied. However, social constructivists also acknowledge their own subjective perspective and “recognise that their backgrounds shape their interpretation, and therefore position themselves in the research to acknowledge how their interpretation flows from their personal, cultural, and historical experience” (Creswell, 2009, p. 8). A social constructivist worldview is based on three important assumptions (Creswell, 2009, p. 8):

1. Meanings are constructed by human beings, as they engage with the world they are constructing.
2. Humans engage with their world and make sense of it based on their historical and social perspectives - we are all born into a world of meaning bestowed upon us by our culture. Thus, social constructivists seek to understand the context or setting of the participants through visiting this context and gathering information personally.
3. The basic generation of meaning is always social, arising in and out of interaction with a community.

Because reality is a social constructed phenomenon, also attention is given to the specific context such as spatial planning, historical, cultural and political context in which a particular account of truth arises (Hajer, 2005). Dependent on this context, problems are understood and predetermines if people perceive it as a problem. Social constructivism therefore believes that a problem in itself is not important, but the way in which society makes sense of the world around them and the problems

within it. As a result, social constructivists believe context is very important for the participants' interpretation of the world around them. Discourse forms the context in which phenomena are understood.

2.2 Discourse

A concept that endorses this idea of multiple subjective meanings of experiences and the social construction of reality is discourse. The discourse concept is commonly applied in many different fields of research such as sociology and anthropology but also in, for example, human geography and spatial planning. Scientists use the word discourse in many different ways, which makes it necessary to clarify what is understood by it. Often people who use discourse analysis in their research have a linguistic focus; they interpret the discourse concept as a spoken or written language that provides meaning for the interpretation of social or physical events (Barnes & Duncan, 1992, p. 9; Dryzek, 2005, p. 8; Richardson, 2010). However, according to Foucault, a "discourse is something that necessarily extends beyond language" (Foucault, 1975). In other words, a common meaning can also be produced and shared through behavioural conducts, actions and (non-verbal) interactions. More generally, he believes a discourse is a social practice within which realities are produced (Van Assche et al., 2011). Foucault sees discourse as a "strategic game of actions and reactions, questions and answers, domination and evasion, as well as struggle. At one level, discourse is a regular set of linguistic facts. At another level, it is an ordered set of polemical and strategic facts" (Foucault, 2000, p. 2). What he means by this is that within language discourses exist that serve certain purposes. Hajer (2006; 2005) who relies on Foucault's ideas about discourse, explains discourse as "an ensemble of ideas, concepts and categorisations through which meaning is allocated to social and physical phenomena, and which is produced and reproduced in an identifiable set of practices" (Hajer, 2006, p. 447; Hajer & Versteeg, 2005, p. 177). In this interpretation, the concept of discourse refers to structures and patterns in a discussion (Hajer, 2006). Discussions are in his vision the object of analysis.

An important pre-assumption of Foucault is that he believes that there is no such thing as 'a truth'. According to Foucault, knowledge and truth are dependent on the society in which individuals move (Duineveld & Dix, 2011). Everybody is to a certain extent influenced by their own background and the society in which they grew up in forming their opinions and judging those of others. What is written or spoken is always someone's truth (Allmendinger & Tewdwr-Jones, 1997). Moreover, everything actors do includes a priori assumption and prescriptions about how the world is and ought to be (Allmendinger & Tewdwr-Jones, 1997, p. 802). Discourses in this light, form the framework through which events are understood and thus predetermine the definition of a problem (Hajer, 1993). Discourses play an important role in this because discourses frame certain problems. Discourses distinguish some aspects of a situation rather than others. Discourses provide the tools with which problems are constructed on the basis of ideas and perceptions of reality (Hajer, 1993). However, different actors that are involved in a process with mostly conflicting interests, produce very selective and particular knowledge (Flyvbjerg, 2002; Duineveld & Dix, 2011). Which and how problems are described thus is very much related to what Foucault calls power relations.

Foucault wrote a lot about the relation between knowledge, discourses and the representation of power. In his eyes power is knowledge (Duineveld & Dix, 2011). Power defines what is considered as valid knowledge, as truth or as reality within a certain discourse (Duineveld & Dix, 2011). It defines physical, economic, social and environmental reality itself (Duineveld & Dix, 2011; Flyvbjerg, 2002). Within a discursive formation, members gain power through the knowledge and truths contained in the predominant discourse. The forces that maintain and anchor the discourse are called exclusion mechanisms. These exclusion mechanisms are very important as they define what gets to count as

knowledge and what does not (Flyvbjerg, 2002). These exclusion mechanisms rely heavily on the knowledge of a predominant discourse, which makes it hard to compete with them. In other words, a discourse creates a reality for us but at the same time excludes alternative constructions of reality. Alternative ideas of reality become less visible and are less likely to happen due to this dominant discourse (Van Assche et al., 2011; Hajer, 1993). Discourses can therefore be very powerful (Flyvbjerg, 2002). Flyvbjerg explained in his article 'Bringing power to Planning Research' that also knowledge can be very powerful. Power and knowledge shape each other; power conflicts imply or give rise to conflicting versions of reality and vice versa (Flyvbjerg, 1998). However, power is uncertain and subject to challenge and resistance. Power relations are mobile and can be modified (Alexander, 2001). Discourses therefore are never fixed, not even a dominant discourse.

Although discourses are never fixed, discourse structuration can occur when a discourse starts to dominate the way a society conceptualises the world. However, discourses are subject to negotiation; they can be challenged by other discourses and can be transformed (Barnes & Duncan, 1992, p. 8). When discourses exclude each other, they have mostly conflicting interests. A new discourse can only emerge and replace another discourse if it has a paradox that goes against the surrounding or preceding notion (Barnes & Duncan, 1992). This means that this new discourse has to have a new fundamental idea. For example, first the fundamental idea was that the world was flat. That discourse was replaced by a new discourse that has a paradoxical idea, namely that the world is round. Although competing discourses may evolve among opposing interest groups, there may be a relatively stable discursive formation in which these competing discourses coexist. Multiple discourses can coexist and form coalitions because they are held together by discursive affinity, which means that arguments of the different discourses on a problem may vary in origin but the different discourses still have a similar way of conceptualising the world (Hajer, 1993). However, also open clashes between groups within society over a discourse are possible. Often these are more aggressive opposing discourses that do not accept the dominant discourse (Barnes & Duncan, 1992).

In discourse concepts much emphasis is given to the way in which conceptions of reality derive from discursive exchange: Many discourse theorists recognise the importance of language in the formation of realities. It is through communication and interaction between people that discourses emerge (Hajer, 2005). Discourse concepts and its importance of language have given rise to a wide range of linguistic theories of which one is narrative research.

2.3 Narratives – story telling

A way in which people interact or communicate is by telling stories or narratives. According to Hajer (1993), stories are a means through which actors construct meaning to the social world around them. Stories are based on the underlying discourse. As previously explained, a discourse is seen as a structured understanding of parts or aspects of reality (Beunen & Van Assche, 2013). Narratives can give conceptual structure to a discourse. That is, by the introduction of temporal, spatial and emotional components narratives can transfer or communicate discursive elements in a more persuasive and real way (Beunen & Van Assche, 2013). These are, for example, heroes and villains, dramatic episodes, driving forces and obstacles, a climax, spurring to further actors or maintaining the balance (Sandercock, 2011; Van Assche, 2012a). Narratives thus always include structural components that repeatedly come back.

Stories emerge from the practical world of everyday life. By telling and re-telling a story, behaviour and ideas are (re)produced. Stories integrate knowledge about what happened, aims to give understanding to why things happened and explains what it means to us (Sandercock, 2011). It defines what is normal and abnormal and what is right and what is wrong. By telling stories, actors also try to influence and reshape our future. Story telling according to Throgmorton (1996) is about what he calls

'the language of persuasion'. The best stories are often those stories that are both original and authoritative. The latter means that a story needs to rely on convincing arguments. Narratives have to deal with power, which shapes the stories and define which stories are told, get heard and carry weight and which do not (Sandercock, 2011). The storyteller makes choices about what to include and exclude, where to start with and where to end with, which words to use and which not, to structure the events in this way rather than that (Throgmorton, 1996). The way we construct narratives is closely related to our emotions. We tell certain stories because they matter to us and how we tell these stories depends on our backgrounds. "Stories can shape meaning and tell readers and listeners what is important and what is not, what counts and what does not, what matters and what does not" (Throgmorton, 1996, p. 3). A better understanding of the role of stories can help to deconstruct and critically evaluate arguments of others. Not only is it important to critically analyse stories of others, it is also necessary to question the stories of ourselves. Researchers also produce stories that are unconsciously shaped and influenced by their own background. They themselves also operate within a discourse and unconsciously use certain plots and character types (Sandercock, 2011, p. 12; Cresswell, 2009). Often, only research topics that provide information that is useful for the dominant discourse are financed. Researchers therefore unconsciously pick topics that are the result of the discourse they operate in.

Although stories and storytelling are very important in the planning practice, stories are a largely unrecognised force in spatial planning (Sandercock, 2011). Spatial plans are visionary ideas about the future of a space, but these plans are not easily sold to policy makers and others. In order to 'sell' these plans they need to be transformed into narratives. The way that we narrate about the city becomes a driver for the development of urban reality. It therefore becomes important to analyse these stories and find out in what ways stories are used in, for example, planning processes, practice, policy or, for example, as foundation or as justification for certain actions (Sandercock, 2011). Stories can be very powerful, which makes it necessary to critically look at them. Critical judgement is needed in deciding what weight to give to different stories, as well as analysing what stories are appropriate in what circumstances (Sandercock, 2011).

2.4 Performance and performativity

To increase the chance that a story has a certain effect on society, Sandercock (2011) and Throgmorton (1996) argue that stories need to be persuasive. To understand how knowledge and narratives are accepted by society it is necessary to analyse the relation between 'performance' and 'performativity'. According to Carlson (1996), because our lives are structured according to repeated and socially endorsed modes of behaviour, human actions can be considered to be a 'performance'. Performances express something about the performers. Any individual may give different performances, bringing the personal and the social together in a way that shows how they are intimately related. Performance is a self-aware and a highly deliberate form of social display (Bucholtz and Hall 2004) that is available for evaluation by an audience who may judge the efficacy and appropriateness of the action in a range of social environments and contexts (Bauman 1977). Performances of people can provide insight in the interpretation and objectification of a narrative by society and can help to bring a narrative to life (Beunen et al., 2013).

When a performance gets accepted, becomes shared and gets repeated by other people, it becomes performative. 'Performativity' is about the effect of a performance on society. Beunen et al. (2012) argue, "a certain narrative becomes performative when it is widespread in society, especially among elites and when it becomes institutionalised in administration and education" (Beunen et al., 2012, p. 281). According to Butler (1990), whether a performance becomes performative depends on the subconscious willingness of participants to continually reproduce / repeat it and to actively regulate

the performances of others and prevent possible construals. Things can become repeated because of traditions, because of familiarity and a common culture, or because experts present them (Fischer, 1990). The chance of a performance becoming performative depends on the 'quality' of the performance and on whether it corresponds with the underlying discourse. Some performances are better than others, some feel more real than others, some have a stronger emotional or cognitive impact, or give the impression that they reveal something more profound about the human condition (Beunen et al., 2012). A repetitive performance serves to re-create particular discourses. A discourse can only hold if the society is able to execute the performance and to persuade others. In this way, performative discourses create and re-create themselves in a process Butler (1990) calls performativity.

2.5 Narratives of success and failure

Within discourses, narratives of success and failure can be defined (Van Assche et al., 2012a). Success and failure do not exist in nature independent of the observer, but are constructed through social interaction between a wide variety of actors (Van Assche et al., 2012a). Stories that at first are considered to be a success are no guarantee for a dominant discourse to maintain its power because stories of success can later be perceived as failures due to changes in the discourse or interaction between people. Discourses construct and distribute the criteria of success and failure in various groups in society (Van Assche et al., 2012a). Performance can repeatedly proclaim success or failure, it can promote underlying criteria that support the story, it can implement stories within formal policy or scientific discourses to make the story more powerful and it can identify potential allies (Van Assche et al., 2012a). These characteristics strengthen the discourse and root it in a way that people remember it and that they will be able to repeat it to others.

Van Assche et al. (2012a) argues that stories of success and failure are necessary because "governments and planning organisations need to legitimise their action by stressing problems that can be tackled through their interventions" (Van Assche et al., 2012a, p. 578). Policy makers and planners need to convince others of the actions. In order to do this they need stories of success and failure because they need to persuade others of the underlying criteria of failure and success and the predicted success of their interventions. Stories of failure are necessary for a system to reproduce itself: they can demonstrate the importance and effectiveness of organisations and legitimise their actions. Stories of success can ascribe their behaviour and interventions and assure the continuity of organisations, which allows them to unconsciously reproduce themselves. Performing a story of success or failure is thus very important for organisations because by maintaining or contradicting a story they can prevent the spread of an alternative story that is less beneficial for the continuity of their organisation (Van Assche et al., 2012a). Good performances can result in the spread of story of success and failure and therefore can be interpreted as a self-reinforcing mechanism. Van Assche et al. (2012a) argues that "good performances can create development pathways of a governance system, pushing it forward in a certain direction, making it less sensitive for alternative understandings of the world" (Van Assche et al., 2012a, p. 579). What this means is that when stories of success and failure are seen as true, they are anchored through the implementation of that story in institutions that can be defined as formal and informal rules and regulations. By doing this, organisations remain on the same development path. Rules and regulation play an important role in the creation of development pathways. Namely, the more dominant a certain interpretation of success becomes, the harder it becomes to take alternative pathways. As a result of this, institutions will emerge that ascribe the story of success or failure and thereby also strengthen the performance of a story (Beunen & Van Assche, 2013). The emergence of rules and regulation is known as institutionalisation.

2.6 Institutionalisation

Many perspectives exist within institutional theory, however, in this research the sociological perspective is central. The sociological perspective focuses mainly on the rules that shape interaction patterns between actors in a certain policy field. These rules can exist in advance, but can also emerge along a process. Moreover, some rules are openly discussed, while others remain unspoken. Rules define the borders within which certain behaviour is accepted or not during an interactive process. Although rules are often very permanent and embedded in knowledge structures of society, they are also not fixed. Rules are constantly perceived, interpreted and reinterpreted and therefore can change during a process or over time. New interpretations of the world around us can result in new rules or changing existing rules. For example, new rules can be absorbed by the existing rules and complement each other, but new rules can also replace the previous rules, which often results in a big change (Edelenbos, 2005). Related to the rules concept are institutions.

The term 'institution' is used for a wide variety of concepts varying from politics and democracy, to norms, values and rules and regulations. In this research, institutions are seen as formal and informal rules and regulations that are implemented through policy, but also norms and values that are accepted by the actors involved in a process (Edelenbos, 2005; Alexander, 2005). To understand why people behave the way they do, it is necessary to understand the way people perceive their surroundings and how this leads to the formation of institutions (North, 2005). Institutions emerge because they help to deal with uncertainties and stabilise human behaviour. According to North (2005), institutions determine whose perceptions matter and how they get translated into transforming the human environment. Many actors in a process have to deal with uncertainties and unpredictable human behaviour that causes a risk for them and influences their behaviour. Edelenbos (2005) argues that institutions are there to provide actors with opportunities to act, without them having to think consciously about their actions all the time.

As explained by North (2005), dominant beliefs over time result in the build-up of an elaborate institutional structure. This is especially true when narratives are so strong that they are repeated by society and especially among elites (Beunen et al., 2012). If a discourse is successful, that is to say if many people use it to conceptualise the world, it will solidify into an institution. This process is called discourse institutionalisation (Hajer, 1993). It is a social process by which individuals come to accept a shared definition of social reality. The institutionalisation of a discourse helps to reproduce a system because through institutionalisation it becomes harder to change the assumptions of a discourse. Because we live in an uncertain and ever changing world, institutions change, albeit incrementally, as new threats and opportunities are perceived. Actors will use the institutions to interpret and approach reality (Hajer, 1993).

Understanding institutions is important for planners because all planning processes take place within a specific institutional context and only by knowing them it is possible for a planner to be an effective actor in a process (Alexander, 2005).

2.7 Conclusions and sub-research questions

In the first chapter of this research, the main objective of this research has been defined, namely to specify the main underlying causes of the current vacancy in the Dutch office market by using discourse analysis. Narratives and institutions are used in this research to identify the underlying discourses in the office market. Accordingly, the following three sub-research questions have been defined.

1. Which narratives (success or failure) have been told about the office market and what were their

effects on the office market?

2. Which dominant discourse(s) in the office market can be discerned through the identified narratives?
3. Which main institutions have resulted from the underlying dominant discourse?

The next chapter will discuss the research methods that are used to answer these sub-questions and the main research question.

3. Methodology

This chapter elaborates on how this research was performed and what steps were taken to answer the main research question. In the theoretical framework, multiple concepts have been discussed. On the basis of these concepts, a research design is formulated. The first part of this chapter starts with the research design that explains what qualitative research is and why it is relevant for this research. The second part elaborates on the specific form of qualitative research that is used, namely narrative research. Three methods have been used for this narrative research: document study, newspaper analysis and interviews with the main actors within the office market. For each method it is explained why and how it is used in this research and how the data is analysed and compared. The chapter ends with an explanation of how the data of the different methods are analysed, integrated, compared and brought into one chronological story about the office market.

3.1 Research design – qualitative research

This research is done from a social constructivist perspective. Researchers with a social constructivist worldview often use a qualitative research method. In this research also qualitative research methods are used. Bryman (2008) describes qualitative research as “a research strategy that usually emphasises words rather than quantifications in the collecting and analysis of data” (Bryman, 2008, p.366). Qualitative research is a means for exploring and understanding the meaning that individuals or groups ascribe to a social or human problem (Creswell, 2009, p.4). The latter is especially important for this research because this research aims to find the (underlying) causes of the office vacancy based on the understanding and interpretation of this market by the different actors. It is about the actors, their meanings, behaviour, incentives, values and their interpretations of the emergence of this problem and how they respond to it. Qualitative research enables us to analyse the complexity of the office market without simplifying the causes to statistic numbers. This research therefore covers a much broader field than any other research. There is much more to tell about this market than currently revealed by statistics. Qualitative research allows us to see this and find new causes of the vacancy problem, underlying perspectives and mechanisms.

3.2 Method of analysis – narrative research

Multiple forms of qualitative research exist. In line with the theoretical framework, in this research a form called narrative research is used. Narrative research is a strategy in which the researcher uses stories of multiple people’s lives to analyse a certain topic (Creswell, 2009). This analysis emerged as a discipline from within the broader field of qualitative research in the early twentieth century. Narrative analysis uses stories, autobiographies, journals, field notes, letters, conversations, interviews and life experience as the elements of analysis to research and understand the way people create meaning in their lives as narratives (Clandinin & Connelly, 2000). This type of qualitative research is chosen because it can help to structure concepts and ideas of actors about the office market. Narrative research allows for analysing the different meanings and experiences of the office market by the different actors. Also with narrative research it is possible to include the different stakes of the actors in the office market. As explained in Chapter 2, narratives give conceptual structure to a discourse. Through analysing and comparing the narratives in the office market, it thus becomes possible to discern the underlying discourses that have influenced the actors and their behaviour within this market. The dominant discourse possibly has had a pronounced influence on the behaviour of actors in this field and shows why making changes in this market is so difficult. This narrative research focuses on the participants’ story of the office market, and can be used to analyse how the actors have interpreted changes in the office market and how they have acted on it. This information allows for

reconstructing the discourse from which an actor approached the situation. Narratives can provide insights into how a particular cognitive shift occurred and what has led to the actual ‘reframing’ of the discourse of the office market.

In narrative research, the context of the narratives is very important in order to fully understand the stories in the office market. The context influences the behaviour of the actors and therefore can provide answers to the office market problem. The narratives cover a period of twenty-five years. This period is chosen because previous research has shown that from the end of the eighties, the office market started to get new shapes and became a real niche in the real estate market (Korteweg, 2006). This research examines the general stories about the office market and does not focus on a specific region in the Netherlands. This is because the dominant narratives and discourses about the office market decide whether or not actors believe new offices should be developed. Although the regional context is very important for regional office developments, many investors judge the office market on its overall image.

Three methods of data collection are used to do this narrative research: document study, newspaper analysis and interviews. In the next paragraph each of these methods will be discussed. Each method will elaborate why the method is used, how it is used and how the results are analysed.

3.3 Methods of data collection

In order to get a complete overview of the stories told in the office market over the past twenty-five years, multiple data collection methods are applied. These are outlined below.

3.3.1 Document study

Social constructivists believe that the context of every problem studied is very important. To analyse a problem, it is first necessary to understand the historical and cultural setting of the object being studied. The background of people, such as their culture, language, education, religion and economic system they grew up in, shapes their perception of the world and influences their behaviour. In order to understand the underlying causes of the office market, it is therefore first necessary to better understand the context in which developments of the office market took place such as the economic system, political ambitions, the spatial planning system, and the working of the office market in the Netherlands. As a result, Chapter 4 will first give an overview of the office market and spatial planning in the Netherlands. Scientific articles are used to provide a clear description of the spatial planning system and its evolution in the Netherlands. In addition, a document study is carried out to analyse the workings of the office market, its actors and the most discussed causes of the office vacancy problem. The documents used were mostly documents of real estate companies that have analysed the market on a statistic basis. This data provided a quantitative basis for the rest of this research and explains the changes in this market through these numbers. This information was needed to get insight in the current situation of the office market. The literature studies used to analyse the office market were mostly descriptive researches that describe the working of the office market and the actors.

3.3.2 Newspaper analysis

In order to give an overview of the office market over the last twenty-five years, first a quick scan was done of multiple Dutch newspapers such as the Financieel Dagblad, NRC and de Volkskrant. However, these newspapers are not specialised in the office market and therefore did not write enough about the office market to provide a good overview of the market from the end of the eighties onwards. It was not possible to sketch a general vision of the office market and observe shifts in

behaviour, discourse, narratives and ideas within this market on the basis of these articles. Therefore a newspaper is chosen that regularly wrote about the office market, namely Vastgoedmarkt. This newspaper specifically focuses on the real estate market, the developments, expectations and actors in this market. It is a well-known newspaper that is read by all actors operating in the real estate market and therefore is a good source to find out more about the narratives told in the office market.

To find the newspaper articles that were useful, all monthly newspapers of every year from the end of the eighties onward are scanned on their titles. The newspaper articles were compared using a colour system and coding. Articles received one of three colour codes. An article received the colour red if it was predominantly negative about the office developments. An article received the colour green if it was predominantly positive about the developments in the office markets. Finally, if an article received the colour blue, it meant new topics emerged in that article that recommended new strategies for office development. These articles could both be positive or negative. Based on these three colours an impression is produced about the general attitude in the office market in each year. This impression is formed by the most common topics of the newspaper articles in the relevant year. For example, if most of the titles of the articles somehow mentioned 'growth of the office market', this means that overall there was a tendency towards growth. Secondly, the articles that had a different message than the general message were analysed and compared to the general story. These topics were often very interesting because they tell a different story or introduce new topics. These new topics were placed on a list of topics about the office market. Every couple of years, the story changed, and different topics were introduced or reoccurred. These changes helped to define the different narratives over time. These changes in the story are analysed and explained by the theory discussed in the theoretical framework. Based on the changing narratives that are outlined in Chapter 6, the underlying causes of the office vacancy are revealed.

3.3.3 Interviews

The last important research method that is used in this research is the interview. The interview is the most widely employed method in qualitative research. Interviews have been necessary for this research because the underlying causes of office vacancy are barely discussed in literature or other documents. Interviews are a perfect way to find out more about the behaviour and ideas in previous and current times. Because this research aims to use narratives to analyse discourse changes in the office market, interviews are crucial. Interviews are the main source of knowledge in this research because the actors have experienced this market for many years and possess a lot of information that can help to define the discourse(s).

First, multiple helicopter interviews are done with different actors that have a good overview of the office market. These were orientating interviews with multiple colleagues from the Rijksvastgoed- en Ontwikkelingsbedrijf that have different backgrounds, work at different departments and have been working in this field for many years. They analyse the market from different perspectives and therefore give a good overview of the market. After the helicopter interviews, six semi-structured interviews were done. Semi-structured interviews are a good way to gain specific information (Bryman, 2008; Boeije et al., 2009). For this research, specific information about the office market is needed such as the mentality, actions, norms and ideas of actors in the past en current time. Also specific information is needed about the role of spatial planning in the developments of the office market. This type of interview guides the participants to the information needed for this research, but at the same time leaves space for the participants to tell their narrative and experience of the developments in this market. According to Bryman (2008) and Boeije et al. (2009), a semi-structured interview is an easy way to guide the interview and to emphasise certain topics.

For the interviews, a list with questions is used to guide the participants (see Appendix A). On first sight, the aim is to let the interviewees tell their story on the basis of a short explanation of the focus of my research and the theoretical framework. The question list will help to give more focus to the interviews and the topics of relevance for this research. In the interviews there has been a lot of room for the participants to give their own opinion and to go deeper into topics they feel are important. For this research six interviews are done on the basis of two criteria. First of all, the interviewees are selected on their role in the office market. This research aimed to include the main actors in the office market, namely the municipality, a project developer, a real estate agency, a real estate bank and a general commercial bank. These different actors will allow for seeing the different perspectives on the evolution of the office market. These different perspectives will help to analyse the problems from many different angles and to provide an all-embracing narrative of this market. Besides this, it will give insight in the different stakes that are present in the office market. The second criteria on which the interviewees are selected is their working experience. Interviewees needed to work roughly ten years in the office market. This was important because otherwise they were not able to give good insight in the changing attitudes, circumstances and behaviour in the office market over the last twenty-five years (Table 1).

Table 1: Interviewees

Interviewee	Function	Interview date
P. Kersten	Policy consultant and researcher of the municipality of The Hague at the department Urban Development. Currently he is coordinator of the office market and office transformations for the municipality of The Hague. He also allocated national and international companies in the The Hague area. He has worked for over ten years in the office market for the municipality.	25 March 2013
Anonimous 1	Both interviewees work at the real estate bank FGH for the department of market research and are specialised in the office market. Donkers has worked for the FGH bank for eleven years and is head of the department research. He has written multiple articles for Vastgoedmarkt about land use and the office market in the Netherlands.	28 March 2013
M. Hek	Principal Consultant for Ecorys at the department of strategic financial advice. He gives advice to both public and private actors about the financial feasibility of their plans and the administrative context. He has done a lot of research of the restructuring of old offices.	4 April 2013
J. Boeve	Director Valuations Advisory Services at DTZ Zadelhof, owner of DTZ Zadelhof v.o.f. and co-founder of 'Laten we Nederland mooier maken' in which he demands for a stricter policy towards land use in the Netherlands. He has been working in the office market since 1995.	18 April 2013
Anonimous 2	Industry analyst Construction & Real Estate at Rabobank International - Corporate Clients Netherlands. She advises partners of the Rabobank about investments in offices and the development of new offices. She has been working in the office market for almost ten years now.	23 April 2013
C. de Reus	Has a background in working for the VROM for almost ten years, has been head engineer of the department of public housing for five years and had a long career as head of project development corporations such as NEPROM.	23 April 2013

The interview results are compared by using a colour coding system. Reoccurring topics have been given the same colour (codes) in order to compare the outcomes of the different interviews.

3.4 Data comparison and analysis

The data of the newspaper analysis and the interviews both resulted in a topic list. Both topic lists are categorised into broader periods that describe the evolution of the office market. The following periods have emerged from this comparison:

- The build-up years
- New division of roles
- Economic pickup
- Boom years
- The current situation
- Central coordination

Based on these categories, a historical reconstruction of the developments in the office market is written. In this chronological story of the office market, the causes of the vacancy in the office market are discussed. The story mostly elaborates on the dominant story in the office market. Also attention is paid to other 'side stories' that discussed opposing topics to the dominant stories.

The chronological overview serves as a basis for the analysis. In Chapter 6, the results are connected to the theoretical framework and the sub-questions are answered. In this chapter, narratives are defined, structured and brought into the discussion of the causes of the office vacancy. On the basis of these narratives, the developments in the office market are reconstructed and the influence of the underlying discourses are analysed in order to understand how these have driven the debates, the construction of narratives, the occurrence of events, the decision making process and the role of planning.

4. The Dutch spatial planning system and the office market: two interrelated worlds

This chapter described the connection between the spatial planning system of the Netherlands, and the office market in the Netherlands. These two systems are interrelated and affect each other (Zuidema & Van Elp, 2010b). The office market is directly affected by the spatial planning rules in the Netherlands. To understand the office market it is therefore necessary to get some insights in the Dutch spatial planning system (Zuidema & Van Elp, 2010b). This chapter will first discuss the spatial planning context in the Netherlands. This part will focus mainly on how spatial planning is organised within the Dutch legal system. The second part of this chapter will zoom in to the current situation of the office market, the working of this market and the actors that are involved in this market.

4.1 From government to governance in planning

In the Netherlands the government, social organisations and private parties have different tasks. The central task of the government is the development, maintenance and execution of policy in the Netherlands. The government acts for and on behalf of the interest of the Dutch society. The interests of the Dutch society are organised through a democracy in which politicians represent the interest of the society. It is the task of the government to balance out the different interests within society. Through politics decisions are made about spatial development in the Netherlands. However, the way the government executes these developments has changed over time. This change is also known as the shift from government to governance. In the past, the government was mainly the decision maker in (planning) processes. There was a strong belief that society could be constructed by the way cities were built and central government had to take the lead in this (Klundert, 2008; Van Stiphout, 2008). This ideology resulted in hierarchical top-down government in combination with institutionalised planning, which means that the highest level of authority, the state, made most of the planning decisions. During this time, blueprint planning was widely executed. Blue print plans were high scale development projects of, for instance, neighbourhoods that were led by the central government.

Although the government mostly made the decisions about development projects, the government at this time already worked closely together with many private parties to develop and execute their plans. Foucault argues that the state has never been a complete closed system. Politics are in this opinion seen as continuously shifting networks of both public and private actors (Van Assche et al., 2011). Over time this role of the private actors has increased which has led to the emergence of governance. In governance, public policies are more often developed and implemented through the interaction of public and private actors (Peters, 2002). The state and private actors are in this vision interdependent and their cooperation is a continuous process of negotiation (Edelenbos, 2005; Peters, 2002). The increase in involvement of private actors is in literature known as the shift from government to governance. This shift is caused by the realisation that society was getting increasingly complex. Moreover, there was an increase in the amount of actors involved in the different policy fields. Many actors want to be included in solving problems in their policy fields, however, these problems are interconnected to other problems in other policy fields. Realisation came that society cannot be constructed because reality is too complex. As a result of this, new planning concepts emerged such as the organic city. Instead of the traditional top-down blue print planning, this form of planning uses a bottom-up approach of planning (Laar, 2011). In this form of planning, the government is no longer the initiator, but the facilitator of developments.

Although the shift has resulted in a stronger connection between the governmental organisation and the market, many governmental organisations still believe they are able to construct the society and city around them (Stadig, 2005; Bent, 2010). Today, therefore the government still plays an important

role in the development of cities and regions, but in a way that involves much more cooperation with, input from and responsibility of market actors such as investors, project developers and building companies. The shift from government to governance has resulted in a different focus of the central government that now pays much more attention to the development of policies, while the lower governments and private actors organise the execution of these policies (Bovens et al., 2007). Over time the role of the society has clearly increased and become more important for the development and execution of plans (Edelenbos, 2005).

4.2 The Dutch planning system

Before zooming in to the spatial planning systems in the Netherlands, it is necessary to understand the meaning of spatial planning in this research. Planning exists in many variations, shapes and forms, which make it important to define what is meant by it. Spit & Zoete (2006) argue that the field of spatial planning consists of a practical part: the planning practice and a scientific part: the scientific reflection on the planning practice. Spatial planning thus is both a set of practices as well as a scientific discipline (Spit & Zoete, 2006; Van Assche et. al, 2012b). Within these two fields many subfields can be found and explained. For example, planning practice can be associated with policy fields in central government and de-central government, with planners and with plans. Spatial planning can be driven by content and by procedures. It can be dominated by political, economic or juridical actors in different combinations (Van Assche et. al, 2012b). Planners are not always working for the government, but can be active in many different fields for many different actors. At an abstract level, planning can be defined as “the coordination of policy and practise affecting spatial organisation” (Van Assche et. al, 2012b, p. 3). Planning can thus be seen as a broad term that can mean many different things. In this research, spatial planning is seen as a policy field in government. It is about the rules and regulations of the government that help to coordinate and organise space. Planning as such involves a number of actors that ought to remain committed and rules thought ought to maintain their credibility. It is characterised by trusts, political risks, economic risks (large investments) and legal risks (what is constitutionally possible) (Van Assche et. al, 2012b). It therefore focuses mainly on spatial planning as practice rather than a scientific field.

An important task of the government is to control and organise space in the Netherlands. In a country where space is a scarce good and multiple functions compete for the same place. It is important that the government takes care of the social demanded design of space. The Netherlands is a ‘decentralised unitary state’ with a three-tier system of government (see Table 2). The country consists of 12 provinces and just over 400 municipalities (CBS, 2012; Van der Valk, 2002). The three tiers are the central government, the provincial government and municipal government. They are all autonomous, however, there is some statutory power reserved for province and central government. Contrary to the American system of local government, Dutch provinces and municipalities all have the same statutory powers regardless of the amount of citizens living in each province or municipality (Van der Valk, 2002).

Table 2: Tiers of government and spatial plans (Valk, 2002)

Ties of Government	Legal spatial plan	Area	Content
Central government	Planning core decisions	All of the country	Broad national policy guidelines
Provinces (12)	Regional structure plan	Province or part of a province	An overview of provincial planning
Municipalities (500)	Local struture plan	Municipality or combination of municipalities	Municipal policy guidelines
	Land allocation plan	Part of a municipality	Binding maps an regulations

Spatial planning in the Netherlands has a very solid basis because it is grounded in the second article of the constitution which says that “care of the government is to focus on the liveability of the country and the protection and improvement of the living environment” (Spit & Zoete, 2006, p. 15). This legal constitution is further elaborated in the Spatial Planning Act that came into effect in 1965 (Wet Ruimtelijke Ordening) and in many other rules and regulations (Spit & Zoete, 2006; Van der Valk, 2002). In 2008, a new Spatial Planning Act was implemented. The main difference with the old Spatial Planning Act is that in the new Spatial Planning Act the central idea is to decentralise as much as possible, which means that most of the responsibilities lay in the hands of the lowest level of government: the municipalities (Zuidema & Van Elp, 2010b). Thus, in this new act much more freedom and power is left over to municipalities. The Spatial Planning Act is also important because it states the tasks and responsibilities of the different levels of government within the spatial planning.

Spatial planning in the Netherlands is conducted through a very systematic and formal hierarchy of plans from national to local level, and coordinates public sector activity across different sectors (Janssen-Jansen et. al, 2008, p. 251). Each level of government has the authority to lay down a strategic plan which results in a complex system of interrelated plans - from the national level to the regional, from the regional to the local level (Hajer & Zonneveld, 2000). The Spatial Planning Act includes a consistency requirement for local and regional plans and for the plans of the state in order to maintain correlation between the plans. Consistency is also guaranteed by communication aiming at consensus building and mutual adjustment of planning proposals. The different plans must comply with the national framework plans for spatial planning (Van der Valk, 2002). Consequently, the spatial policies of higher-level authorities influence the spatial policies of lower-level authorities: national and provincial land use plans are broad framework plans and policy guidelines. However, local planning practices can only partly be understood from higher-level government policies, since municipal governments also have some freedom in the implementation of provincial or national planning frameworks and guidelines. These frameworks and guidelines can, to a certain extent, be adapted and reformulated during the implementation process at the local level, mainly because they leave room for interpretation. So each government level has its own plans.

On the national level, the state develops Rijkswaarschuivingen. These are partly elaborated on the regional level, and sometimes even on project level. The last Waarschuiving of the state is the 5th Waarschuiving Ruimtelijke Ordening. This Waarschuiving forms a framework for the provinces and municipalities to develop their structure vision and zoning plans. In this Waarschuiving the headlines of the spatial policies of the national level for a specific sector are described (Spit & Zoete, 2006). It describes where building is allowed and where not, where green areas have to be maintained and it defines the direction the government wants to go in upcoming years. The end responsibility for execution of the Waarschuiving Ruimte lies in the hands of the provinces and municipalities (Zuidema & Van Elp, 2010b).

The provinces of the Netherlands have, according to the Spatial Planning Act 2008, the task to develop a structure vision and/or regional plan. In this plan the aimed developments of the provincial area are set down (Spit & Zoete, 2006). The provinces have to write down how they think they will reach these developments. The structure vision is developed in agreement with the other governmental levels. The general structure vision needs to be implemented in the zoning plans of the municipalities.

The municipalities have the statutory power to make both structure plans as well as binding land allocation plans. The land allocation plan is the only legally binding plan in the Dutch system (Hajer & Zonneveld, 2000). Municipalities are obliged to make a zoning plan for their area. In the zoning plan, the municipalities write down what the function and the purpose of each piece of land and the located buildings is. For example, it can be for recreational purposes, office-use or for living. The zoning plan also consists of regulations that tell what can and cannot be done in an area. The zoning plan is the most important spatial plan, because it consists of rights everybody can use. It is a legally

binding document with judicial consequences for both the citizens and the government. Any person aspiring to construct a building or change the use of land is obliged to request a building permit, or in some instances a planning permit. The building or planning application is put to test with the land allocation plan for the area. If the application conforms to the plan in force then the municipality is not allowed to refuse it or state any conditions (Van der Valk, 2002). Due to the new Spatial Planning Act (Wro), it has become much easier for municipalities to change their zoning plans. They do not need the agreement of the province any longer (Zuidema & van Elp, 2010b; Spit & Zoete, 2006).

So why is the spatial planning system so important for the development of offices? Offices are always realised on a certain space. For the development of a new office building, the municipality is always involved. They have to agree to the development of a new office in their municipality. Due to this, the office market is dependent on the spatial planning department of the municipality in which they want to build an office. Now that it is clear how spatial planning in the Netherlands works, knowledge is needed about the office market, the current situation, the structure of this market, the actors and the general causes of the vacancy problem.

4.3 The Dutch office market: a three-tier design

The office market is not just one single market, but exists out of multiple related markets (Korteweg, 2002). The relation between the owners and/or investors with the building has multiple dimensions and is a complex system in which production, exploitation, maintenance and use of offices takes place, and in which multiple actors are operating. Three markets can be distinguished: the user market, the building and development market and the investment market. The renting- and/or buying prices play an important role in the functioning of the individual markets and the relation between these markets (Korteweg, 2002).

The user market

The user market is the market for current and future users of office space. On the user market, owner- and user rights of offices are traded. Builders, project developers and investors offer office space for rent or sale to new office users. The users often need an office to locate their own company (Korteweg, 2002). The user market consists of multiple regional markets (Korteweg, 2002). Many offices locate themselves in a certain region because that location has special conditions, or because other similar companies are located in that area. Most office users, when they are searching for new office space, therefore remain in their current region. These characteristics of the users are important for the building and development market as they define where and what buildings are needed / demanded.

The user market is subject to structural and circular changes. A structural change, which for example is the transformation of society from an industrial led to service led society, has caused a constant increase in the demand for office space over the last decennia (Korteweg, 2002; DTZ Zadelhof, 2010). The circular changes on the other hand are subject to economic fluctuations. The office market can be seen as a cyclical market with strong correlations with the overall economic growth of a country. The complete cycle shows that when demands increase the supply increases as well, and when the demand decreases, the supply responds with a delay (Korteweg, 2006). This is caused by the fact that developers of offices start their building projects when the vacancy is low and the renting prices increase. However, by the time a developer finishes the building process and brings the building on the market, other developers are doing this as well resulting in an oversupply of offices, which creates vacancy (Korteweg, 2006).

Building and development market

On the building and development market, the production of office space takes place. This happens on behalf of the project developers, users and other initiative takers. Within this market two market segments can be distinguished. First of all, the production of office space for a commissioner that also will be the end-user of the office. This segment is known as the 'commissioner-user'. The second segment of the market is the 'free market'. In this segment of the market, office development takes place on the expense and risk of the builders and project developers for an unknown user. The goal of the contractors and project developers in this segment is not to maintain the building, but to find an owner-user or renter for the building. Another possibility is to sell it to an investor (Korteweg, 2002). However, these investors do use certain strategies to reduce risks such as pre-renting. Pre-renting means that before the start of a building process a future renter or buyer is found for the object. By doing this the contractors or project developers aim to prevent to build an office that remains empty because no renter/buyer is interested in the object. Often they need this guarantee in order to get the financial means for a project. Many investors demand a pre-renting guarantee of project developers before investing in the project. Besides investors, also municipalities often demand pre-renting before a building permit is provided.

The investment market

Project developers and contractors often do not aim to possess the buildings they build. When they have found renters or buyers for these building, the project developers and contractors sell the building to investors or owner-users. On the investment market for offices, people invest in offices with the goal to gain profits by long-term exploitation and value increase. The main sellers of office space are project developers, and the main buyers of office space are institutional investors (Korteweg, 2002). However, on the investment market also transactions take place between investors and investors also sell buildings to other types of actors (Korteweg, 2002).

The three separate markets of the project developments, investors and users make it difficult to coordinate and solve the problems within this market (SBR, 2007). Van der Voordt et al. (2007) states that the different markets influence the conversation between the actors in these markets. The actors that operate in these markets have different financial goals, responsibilities, calculating foundations, profit models and different investment horizons. The people in these markets are very different and have different qualities. All these differences make communication about a future plan to solve the office vacancy problem difficult. Many studies suggest the need for transformation of offices (Ministerie van Economische Zaken, 2012; Gelinck, 2009; Van der Voordt et al., 2007; Hek, 2004). However, this is almost not possible because the values and incentives of the diverse markets are so different (Van der Voordt et al., 2007). For many actors it is not interesting to transform an office. Project developers and constructors, for example, earn much more money with the development of new offices and are not specialised in transformation. The transformation of offices is a new working field for them and not many are willing to change their core business to the transformation of offices. Also for investors it is not very interesting. Office buildings are on the top of the value pyramid in the real estate world and transformation almost always means devaluation. Besides this, transformation can cost a lot of money for investors and it is often not profitable enough on the long-term (Van der Voordt et al., 2007).

4.4 Actors and roles

The Dutch spatial planning system and the previous explained three tiered market system of the office market already reveals the complexity of this market and the multiple public as well as private actors

involved. The multiplicity of actors with different backgrounds and interests make the office market a very interesting but complicated research field. A distinction can be made between the public parties that fulfil a social function and can only make use of their public instruments, and the private parties that commercially operate on the base of profits (Van der Voordt et al., 2007). In this part of the chapter, the roles of the public and private actors within the office market field will be discussed. The main public actors in this field are the municipalities. The main private actors in this field are the owners (users and/or investors), project developers and banks (Van der Voordt et al., 2007). Each actor will briefly be discussed.

Municipalities

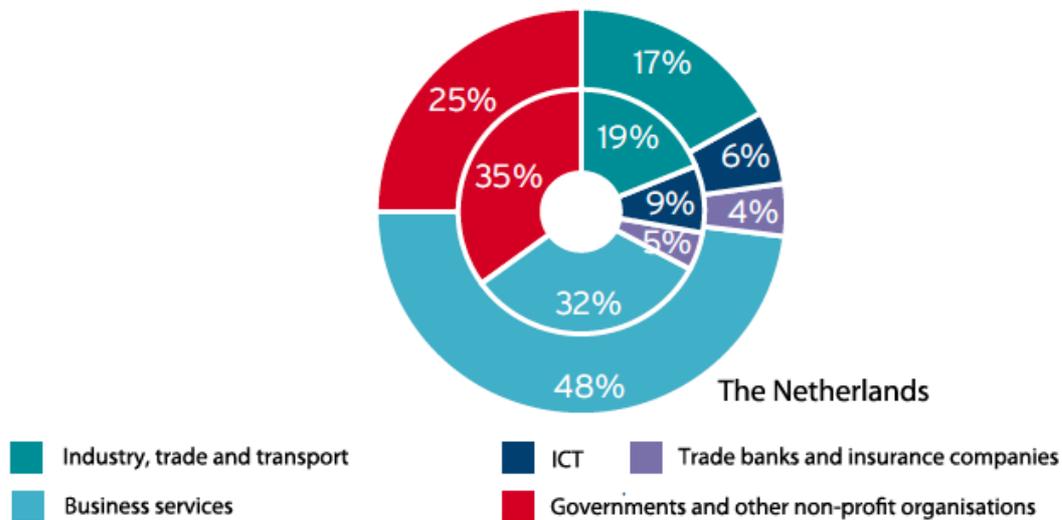
Municipalities always play a role in spatial developments (Gelinck, 2009). As a governmental institute, the municipality is dealing with many initiatives of third parties who would like to change the zoning plan or get a building permit. These developments have to take place within their own vision for the region. For a long time the structure visions and the connected zoning plans are the leading frameworks for further initiatives. Municipalities are, because of these zoning plans, able to expropriate and to execute their plans. For big area developments often a master plan or framework is made, sometimes together with private actors. When spatial developments take place it is very important that the municipality's council supports the plans. They have to create the necessary spatial planning frameworks and adopt these into the zoning plan. For the private parties, this framework functions as a security for their investments (Nozeman & Fokkema, 2010). Often a piece of land is bought by project developers that does not have the function of, for example, office yet. When they buy the land, they have to go through a changing procedure of the zoning plan. The planning framework serves as a guarantee for project developers that their plans can be executed and the municipality agrees to the changes needed in the zoning plan. Municipalities thus are leading in developments within their municipality. They provide opportunities and give guarantees to the market to develop real estate within their municipalities.

Users

The users are very important for the building of new office buildings. They often seek a place to locate their company. Their wishes and demands form the basis for the production of office space. Two types of users can be distinguished: the owner-users and the renter-users. More than half of the users of office space rent the building from an owner (Van der Voordt et al., 2007). The amount of owner-users has decreased substantially over time. Office users these days prefer to rent office space simply because it is financially more attractive. In recent years renter-users of office space have demanded for more flexible and shorter renting contracts. The reason behind this is that renters prefer to be able to adopt their office space to economic changes so they are able to decrease in space when the economy goes down, and increase when the economy improves without being bound to long contracts. Besides this, office users rather have a new building than renewing their own building (Janssen-Jansen, 2010b). With shorter and flexible renting contracts, they are able to change office buildings easily and move to more contemporary office buildings. Renters these days prefer new and modern buildings and have less attachment with the building they work in. Project developers and investors respond to these demands of the users. Users therefore have a very important role in the office market. They can be seen as the drivers for office development (Van der Voordt et al., 2007).

The main user of office space in the last ten years is the government, followed by business services. The government thus is a very important user of office space in general. However, in the last years the business services have been growing much harder than the government. This is caused by new policies of the government that aim to reduce the size of the whole government (see Figure 1).

Figure 1: Uptake per sector (outside ring 2011-2012, inside ring 2002-2012) (DTZ Zadelhof, 2013)



Project developers

Another important private actor in the office market is the project developer. The project developer is always searching for opportunities to build or develop a building on uncultivated land (Nozeman & Fokkema, 2010). Project development is a very complex working field in which there are many risks for the project developer, such as exceeding building costs, public risks such as changes in the zoning plan, cooperation with and dependence on different actors and financing (Nozeman & Fokkema, 2010). The task and role of the project developer is to build an office that corresponds to the demands of the users. Before starting a building process, a project developer will therefore always consult the market to see what is needed. Besides this, every project developer will before starting a project contact the municipality to see if it is possible to develop what they have in mind. The project developer thus always works at the crossroads of public and private interests; he tries to reach consensus between these two in order to gain profits (Nozeman & Fokkema, 2010).

Project developers develop and build offices, but never keep them. Almost all offices they build are sold to investors or owners-users. The project developer gains a lot of profits from the building of new offices and responds to demands from the market. Therefore they do not feel any need to do something about the vacancy problem. In theory they could help solve the office crisis by, instead of building new offices, transform offices into new functions. However, for them it is often not profitable to transform offices (Janssen-Jansen, 2010b). This emphasises the above-mentioned different markets the actors are operating in. The market of the project developers simply has different goals, which makes it difficult to integrate them into a coordinated process to solve the office crisis (Van der Voordt et al., 2007; Janssen-Jansen, 2010b). Besides this, building new offices has much more financial benefits for them and as long as there are building plots available and there is demand for new modern office space they are not willing to cooperate in a transformation process. Due to this they do not experience the negative effects of the vacancy problem on the office market (CPB, 2012).

Investors

In the sixties, offices were discovered to be very interesting investment properties (Van der Voordt et al., 2007). Until the financial crisis, there was a lot of capital available that people wanted to invest. People were searching for profitable investments, and offices became a very popular investment. The taxation value of offices is based on the renting contract. Investors want to keep this value as high as

possible because of multiple reasons. First of all, the decrease of a renting price gives an unwanted signal to the current and potential renter, which has a negative influence on the bargaining position of the investors. Besides this, the image of the building and the image of the owner of the building are strongly connected to the rent that is paid for the building. These factors cause that the current book value is much higher than the market value of an office (Van der Voordt et al., 2007). Often offices have a very high book value that has emerged during economic flourishing times. Today the actual price is much lower due to the financial crisis and an over-supply of offices. The prices of office square meters has dropped substantially and decreased the overall renting prices in the office market. However, investors are not willing to value down their offices because then they lose a lot of money. By not valuing down offices it becomes impossible to sell or transform offices. Another function than an office function would decrease the value of the building substantially because offices are on the top of the value pyramid in real estate. Investors therefore rather wait until they find a new renter to maintain the book value of the building. However, when there is a surplus on the office market, it is not really realistic that these offices will be sold against the book value. Especially because in the meantime these offices age and become harder to bring on the market again (CPB, 2012). The lack of willingness to devalue offices has kept the market stuck and contributed to the overproduction of offices in the market.

Two types of investors can be distinguished: the private and the institutional investors. The smallest part of the office buildings is in the hands of the first group of investors (SBR, 2007). They invest in real estate to spread in their investment wallet. Offices are seen as very solid and safe investments: the renting incomes and long term value increase make good profits for them. In the past, the office values have constantly been increasing, which has given these investors a nice bonus when they sold the building. However, a characteristic of the private investor is that they have no knowledge of the real estate maintenance and development. The interest of the investor is purely financial. The investor's knowledge is based on the profits he can gain and the track records of and trust in the supplier of the building. However, they do not keep in mind the value can decrease as well (SBR, 2007; Van der Voordt et al., 2007). This group of investors therefore is, due to high vacancy rates, now facing big value decreases in their investments. Sometimes they are forced to sell the buildings and take their loss (CPB, 2012). This also causes problems for banks that provided money to the investors.

The second group of investors have real estate wallets with many different objects (SBR, 2007). Contrary to the first group, they do calculate the possibility that the office remains empty. Therefore good and bad investments balance each other out. These investors do not like vacancy, but it is not an acute problem for them. Only when they sell these investors have to take their loss. Therefore, often these investors rather wait than sell a vacant office. They believe the office vacancy problem will solve itself when the economy improves (Van der Voordt et al., 2007).

Banks

The last important group of actors in the office market are the banks. They finance the building of offices and make it possible for private actors to start up a business in the development of offices. Their role is purely financial. Two types of banks can be distinguished: real estate banks and commercial banks. The first one is much more involved in the development of an office than the latter. Commercial banks often only consider the reliability of the client and based on that provide money for office development. The real estate bank takes into account much more aspects such as location, building type, users etc. They are therefore much more specialised than the commercial banks and have a lot of knowledge about the sector.

Besides these main actors, also many small actors are involved such as real estate agents, architects etc. The fact that many actors involved in the office market operate in different markets cause that the interests of these actors are very different. Also, the interests of the actors decide whether or not they are hit by the vacancy problem or not. However, the increased vacancy has negative consequences for most of the actors operating in the office market (CPB, 2012).

4.5 Facts and figures about the office vacancy

As is mentioned in the introduction, the office market is currently going through rough times. After more than a decennia of steady growth, the demand for office space has stabilised itself in 2001. However, after 2001 the office stock kept growing, which has resulted in a total amount of 46.5 million square meters of office space in the Netherlands in 2012 (DTZ Zadelhof, 2010; Mansveld, 2012). This is an increase of 70 per cent in the last twenty years (DTZ Zadelhof, 2010). In the last decennia, the Netherlands has faced a period of economic depression. During this period it became visible that the amount of growth in office space has been too high for what is needed in the upcoming years (DTZ Zadelhof, 2010; 2011).

DTZ Zadelhof (2010; 2011) argues that a healthy office market has a vacancy rate of 5 per cent of the total amount of office space. Between 1990 and 2001 this number has been steady, but in the years that followed (2002-2010), the number has been growing substantially up to a vacancy rate of 11 per cent that was reached in 2011 (DTZ Zadelhof, 2010). Recent studies show that today the vacancy rate is over 14 per cent of the total amount of office space, and that this number is about to increase further (Mansfield, 2012; DTZ Zadelhof, 2012, 2013; Bak, 2011). Figure 2 visualises the above-described discrepancy between the used amount of office space and the total amount of office space available. What this figure shows is that the office market is too big for the demand and that this discrepancy is increasing (Zadelhof, 2010; 2011).

Figure 2: Office space used (DTZ Zadelhof, 2013)

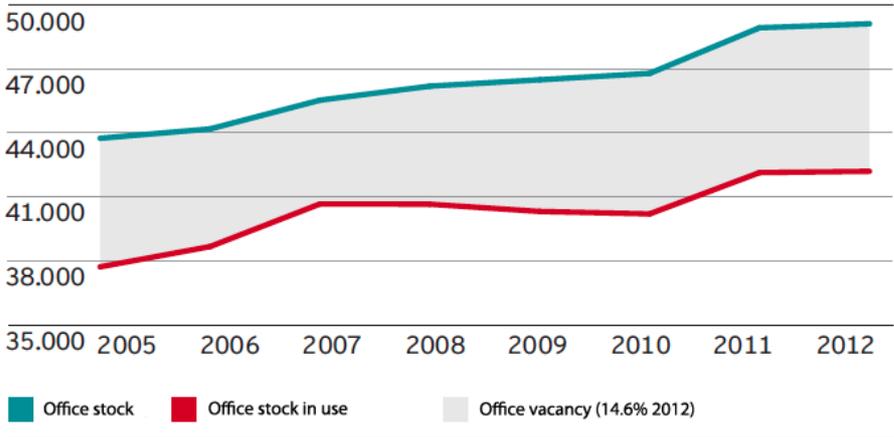
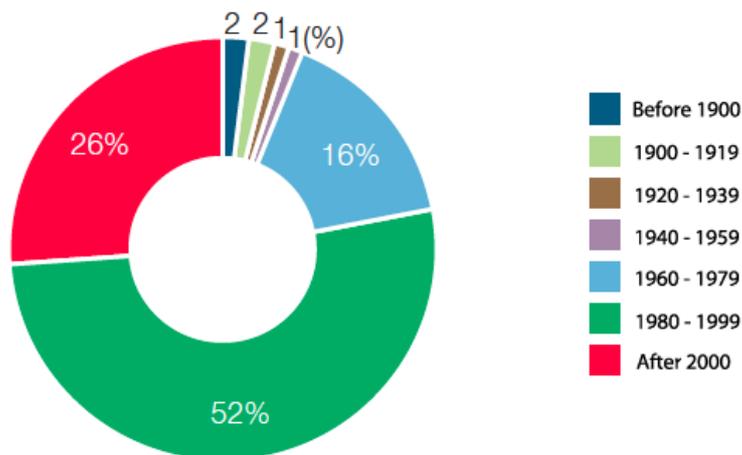


Figure 3: Market characteristics (January 2010): age of office buildings (DTZ Zadelhof, 2010)



In the office market a distinction can be made between long-term and short-term office vacancy. Long-term, or structural, office vacancies are those buildings that are empty and on the market for more than three years in a row. In 2010, 28 per cent of the empty offices were structurally empty. Expectations are that, even if the economy improves, these offices will not be adopted in the market again. There is an upward trend in structural empty offices. Due to the collapse of the office market, expectations are that this number will increase very fast to 44 per cent because the empty offices that are now on the market for two till three years, will become structurally empty on the short term (DTZ Zadelhof 2010; 2011).

Most of the structural empty offices are older buildings. When dividing the current office market into classes of the building age, it becomes clear that more than half of the current supply is built between 1960 and 2000. Only 6 per cent of the current office stock in use is built before the sixties. The average age of an office building is twenty-five years. Most of the buildings that are now structurally empty are built in the period between 1960 and 1980. These buildings thus are now more than twenty-five years old and form the biggest class of aged buildings (see Figure 3) (DTZ Zadelhof, 2010; 2011). 30 per cent of the structural empty buildings are built after 2000. Many of these offices will remain empty (Korteweg, 2006). Because of the current economic recession the general renting prices for office space have dropped. Not only are these new buildings cheaper, they also better meet the requirements of the renter. Office users prefer a good location and a high quality building that is adapted to recent technological developments (Korteweg, 2006; DTZ Zadelhof 2011). This causes office users to flow from the old buildings to newer offices. Not only the age matter in the vacancy problem, also the size of a building is an indicator whether or not a building becomes structurally empty. Bak (2011) shows that more than 30 per cent of the vacant offices are buildings with more than 10.000 square meters. These buildings are incredible difficult to get back in the market and especially if they have been empty for a while (RVOB, 2012).

When analysing the concentration of office vacancy, it becomes visible that municipalities with a high stock of offices have a higher rate of structural empty offices than municipalities that barely have office space. Data of Bak (2011) and DTZ Zadelhof (2012) shows that most vacant offices are located in the municipalities on the edge of the big cities. The big cities in the Randstad (Rotterdam, The Hague, Utrecht and Amsterdam) have relatively low structural vacancies. Thus, when the distance from the city centre increases, the amount of structural supply increases (DTZ Zadelhof, 2010).

4.6 The most common causes of office vacancy

Many different causes of the vacancy problem can be found. Roughly a distinction can be made between two categories namely: structural dynamics and cyclic dynamics. These two can both be described as non-influential causes of office vacancy because these are changing circumstances everybody has to deal with. These two causes are the most common known causes of the office vacancy. In this research the underlying causes of the office vacancy are central. However, before we go deeper into these causes first these two types of causes need to be discussed.

4.6.1 Structural dynamics of the office market

Since the Second World War, the office market has grown substantially due to two important reasons: transformation of the economy and population changes. In recent decades, there has been a major shift in the organisation of the economy: the economy has changed from an industrial led economy into a service led economy. Between 1990 and 2005, the job demands in the service led sector have as a result of this increased substantially. This has caused an increased demand for office space. Expectations were very optimistic about the service-led sectors because this market was continuously growing (Korteweg, 2006; DTZ Zadelhof 2010; Hek, 2013). However, in the last ten years this continuous growth has changed into a continuous decline.

Besides a shift in the organisation of the economy, also the composition of the population has changed. After the Second World War, the working population continuously has been growing (Eichholtz, 2004). Due to this increase, there was the need for more office space. However, the current figures of the CBS (2012) and Eichholtz (2004) show that the working population has reached a stagnation point and will decrease substantially in the near future (Figure 4 and 5) (Eichholtz, 2004). Van Gool & Ten Have (2006) argues that most likely after 2020, the demand for office space will substantially reduce due to these demographic changes. After all, when the working population decreases the potential users of office space will most likely also reduce. The effect of a reducing working population is already visible in the reduction of office jobs. In 2009 there was already a small decrease of 1.4 per cent visible in the amount of office jobs (DTZ Zadelhof, 2010). Expectations are that this number will rise in the near future. The decreasing number of office jobs has a restraining effect on the demand for office space. However, due to the long life expectations of a building, it is very difficult to reduce the supply of offices on the market (DTZ Zadelhof 2010; 2011). This makes it impossible to maintain the current high renting prices of the offices.

Figure 4: Development Dutch labour force 1950 - 2050 (Eichholtz, 2004)

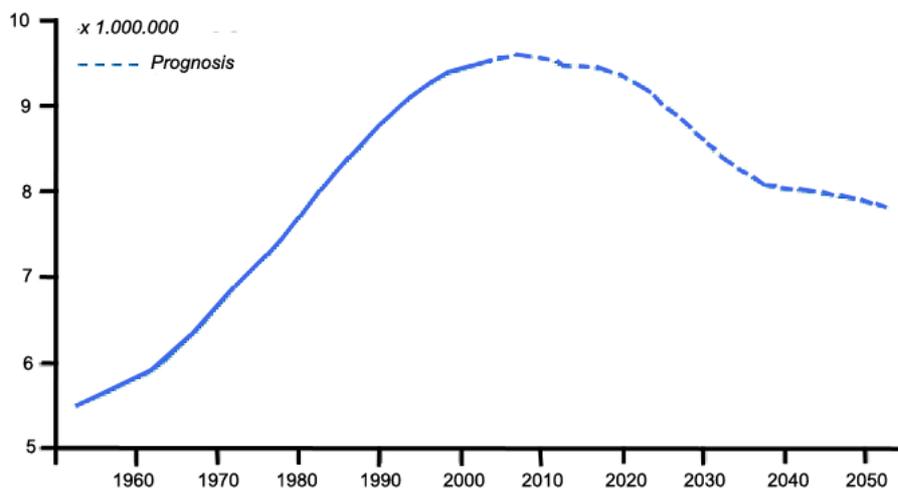
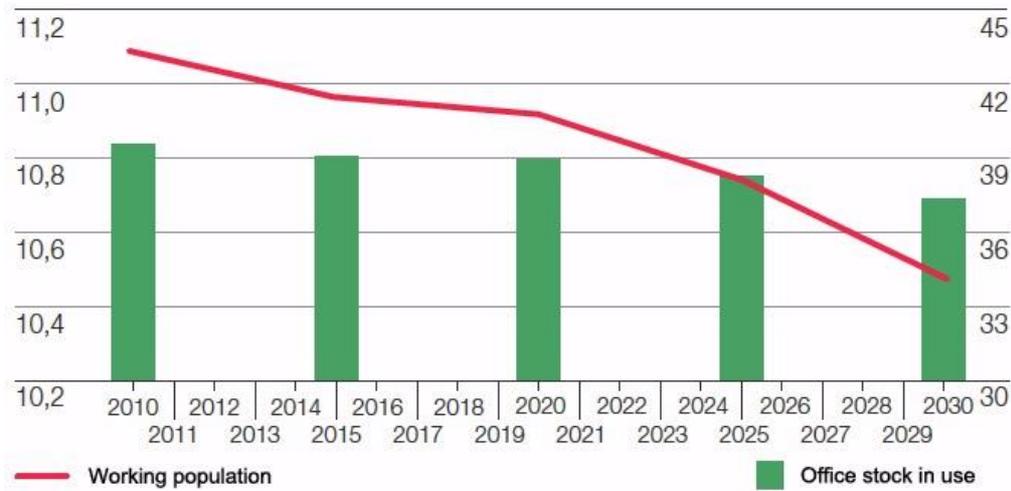


Figure 5: Office space used and labour force 2010 – 2030 (in millions) (DTZ Zadelhof, 2011)



Another important structural trend is the concept of ‘the new working’ that has been adopted by many companies already. In this new way of working, people can work at any place and any time. Due to technological developments, tasks of employees can be done everywhere. Many people have thought about the use of office space. The occupation degree of an office is never 100 per cent, which shows that companies need less office space. When companies start using the ‘new working’ approach, the occupation degree of office space will go up. The office space will be used more intensive because employees do not have their own working space anymore but instead use flexible spaces that can be used by everyone. Besides using flexible working spaces, also the total amount of space per employee has been reduced from 24 m² per employee to 16,8 m² per employee (Zuidema & Van Elp, 2010b). Another measurement to support the ‘new working’ concept is the fact that an increasing number of companies allow employees to work at home. Due to technological developments, employees do not have to work in the office any longer to do their jobs. Meetings no longer have to take place in an office either, but can take place in a digital environment. Employees can work on flexible times and do not have to work between nine till five any longer (Hinds, 2010). Due to these changes, the office turns into a meeting place rather than a working space. These developments have an incredible influence on the office stock (DTZ Zadelhof, 2011). Expectations are that due to these changes up to 30 per cent less space will be used per company (DTZ Zadelhof, 2010; 2011). Less demand for offices has a restraining effect on the adaptation degree of offices in the market, which means more vacancy (DTZ, Zadelhof, 2010).

The trend break in the service led society, demographic developments and the ‘new working’ concept result in a structural decrease in the demand for office space. However, regardless of these structural changes, in the past the demand for office space has never been constant. This had to do with the conjuncture dynamics of the office market. Supply of and demand for office space have always had a cyclic pattern caused by these dynamics within the market (Van Gool & Ten Have, 2007; Zuidema & Van Elp, 2010a/b; CPB, 2012).

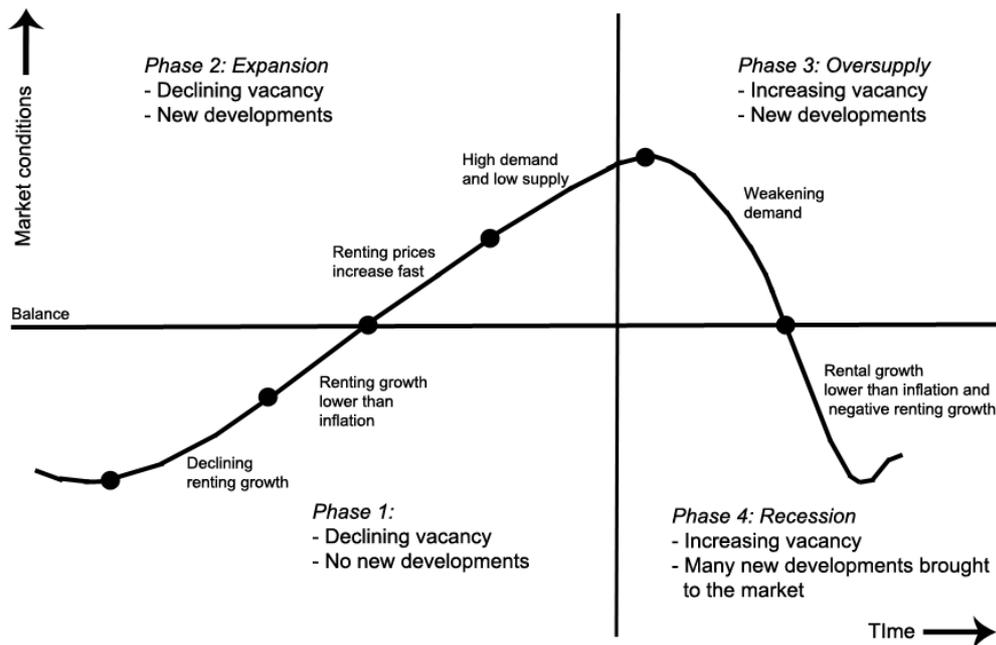
4.6.2 Cyclical dynamics

The office market is very susceptible to economic fluctuations. In the past, the office market has always been a cyclical market with strong correlations with the overall economic growth of a country (DTZ Zadelhof, 2010). Due to conjuncture fluctuations in the economy, the demand for office space is

not stable and continuously changes. Every cycle took approximately 8 till 10 years and consisted of four phases (Korteweg, 2006). Figure 6 shows the different phases in the office market cycle:

- Phase 1: Recovery
- Phase 2: Expansion
- Phase 3: Oversupply
- Phase 4: Recession

Figure 6: Phases of the office market cycle (Korteweg, 2006)



In the first phase, which is a period of economic recovery, there is a high degree of office vacancy. As a result of this, renting prices of office space have become low. Because the economy is recovering, the demand for office space increases (Janssen-Jansen, 2010a/b; Zuidema & Van Elp, 2010a/b). Due to the relatively low renting prices, office space is accessible for many companies. During this phase of economic recovery, companies expand and therefore need more office space. However, during this period no new offices are released on the market because of the previous period of economic decline. This slowly drives up the renting prices of the offices. Shortly after the increasing demand for office space, the office market will grow into the second phase.

The second phase is a period of economic expansion. The demand for office space will further increase, which will further drive up the renting prices. Project developers see this as an opportunity to gain profits and will start to develop new offices, often without having a future renter yet. Often a planning period for a new office takes two till three years followed by another two till three years from the start of the building process and the final realisation of the building. In these years, a scarcity will emerge on the office market (Korteweg, 2006; Zuidema & Van Elp, 2010a/b).

By the time the buildings are realised, the economic growth is declining. Most of the offices that started to be built in the second phase are brought on the market in the third phase. However, in the third phase the demand for offices declines due to the economic decline. Project developers, as a result of this, cannot find renters for their buildings (Korteweg, 2006). When there is economic decline, companies become more efficient to save money. Therefore renters will continue their current renting

contracts instead of renting a new building. Renting prices remain high in this period. When this occurs, the supply increases because fewer offices are adopted in the market. This causes office vacancy in the fourth phase (DTZ Zadelhof, 2010).

Phase four is a period of economic recession. The office vacancy problem now becomes bigger than in the third phase. New office buildings keep coming on the market, while the renting prices further drop because of the low demand. Due to the low renting prices, office users can replace their old offices for new offices. If the economy recovers, the process of the office market cycle starts again in phase one. The complete cycle shows that when demand increases the supply increases as well, and when the demand decreases, the supply responds with a delay (Korteweg, 2006). This is caused by the fact that developers of offices start with a project when the vacancy is low and the renting prices rise. Between the start of the building process and the delivery of the building are two to three years. By the time their office comes on the market, other developer also bring their newly built offices on the market, with as a result high vacancy.

At first sight, it seems that this cycle is not really a problem because if the cycle continues the problem will solve itself. After all, a couple of year with oversupply will always be followed up by a couple of years of shortage of offices. However, there has been a trend break in this cycle. According to Eichholtz, (1996), the problem is that the periods with office vacancy become more structural because the supply after every cycle increases. Janssen-Jansen (2010 a/b) argues that this cycle has been visible until the nineties. The period followed by the nineties was a period with lots of financial capital that needed to be invested. Offices were seen as solid investment in which it is easily to gain profits. This causes cycles to stop: there no longer was a correction on the growth of the office market. The office market continuously grew because of this idea that offices space was a great investment. Besides the investment potential of office space, also the market circumstances changed. For many decades the cycle was able to continue because there always was an intrinsic need for office space. Today this intrinsic demand for office space has fallen away. Supply is still increasing, while demand is decreasing. This, in combination with the previously mentioned effects such as population decline and the new working, causes office vacancy to increase (Hek, 2013).

5. The development of the Dutch office market

This chapter will provide a chronological overview of the major developments in the office market as of the Second World War. Over the years, the office market has experienced different market conditions: from the boom years of the late nineties to the crisis years after the turn of the century. Additionally, the roles of the actors active in the office market have changed. For example, as will be explained below, the role of the government has changed quickly from ‘the government as initiator and coordinator’ to ‘together with the government’ and eventually ‘instead of the government’. Finally, new rules and regulations have come into play in the Dutch office market. All these developments have made the office market what it is today.

5.1 The build-up years

After the Second World War, there was much to do in the Netherlands: the production capacity was damaged, most trams and trains were broken or missing, the bridges were bombed, nearly 10 per cent of the agricultural land was flooded and many homes were destroyed or damaged (Van de Klundert, 2008). The flood of 1953 was an additional challenge, especially since a baby boom occurred after the war. Until the seventies, everything was in the sign of recovery and solving the housing shortage.

Central planning and organisation were seen as necessary to stimulate the economy and distribute scarce resources efficiently. The public saw the government as a necessary and wise body that allowed for a balanced economic growth. The CPB (central planning agency of the government) was established. Wages, food prices and construction quotas were strictly regulated. The government was also active in the promotion of fundamental industries (Hoogovens, mining, DSM) and commercial services (Postbank, PTT). The public expenditure increased from 10 per cent in 1900, 20 per cent in 1910 and 32 per cent in 1950 to 46 per cent of GDP in 1970 (Van der Cammen & De Klerk, 1996).

The sixties were characterised by a strong population growth, a substantial emigration from the Netherlands and simultaneously an emerging immigration to the Netherlands. In this period, living and working increasingly grew apart and mobility increased significantly leading to suburbanisation. Where there were hardly any commuters before the war, in 1970 one third of the workforce commuted between home and work (Van de Klundert, 2008). The number of cars grew from several hundred thousand to millions. Cities in the Randstad had a negative net migration because people wanted a large family house and their own garden leading to increasing traffic.

In these build-up years, the duties and responsibilities of the government and market participants were sharply separated. The post-war period was characterised by a strong government control, large projects, and a uniform approach. If a development was considered to be needed, the government would decide the framework, monitor and coordinate the building of the project, and was active in the land issuance market. Based on consensus, large infrastructure projects could be realised in a relatively short amount of time. Market participants mostly carried out; if they developed, this would be on a small scale and within strict frameworks.

5.2 New division of roles

The last quarter of the twentieth century began badly with two oil crises in 1973 and 1979. They were in part responsible for, but also partly the backdrop of, a stagnant economy. The Dutch government tried to keep the economy going through Keynesian methods, i.e. active government intervention in the marketplace and monetary policy, and as a result the budget deficit exploded and the interest rates went up. The number of people on benefits rose rapidly, and in the mid-eighties unemployment rose to 17 per cent. The percentage of national income that went to public spending rose, from 40 per cent in 1965 to 70 per cent in 1984 (Van de Klundert, 2008). The welfare state imploded, more competition

and improvement of the international competitiveness was needed. The spending by the Dutch government in public works decreased sharply in this period. The residential occupancy fell from 3.2 per cent in 1970 to 2.6 per cent in 1984 (Van de Klundert, 2008; Van der Cammen & De Klerk, 1996). The immigration of various groups increased so the demand for housing was further strengthened. A substantial housing program was needed.

Since the mid-eighties, the dominant notion taught in the business schools has been that the government should focus on policy formulation and leave the implementation to others. Privatisation, market efficiency and outsourcing are related buzzwords (Begg & Ward, 2007). It was the time of Margaret Thatcher whose political philosophy and economic policies emphasised deregulation, flexible labour markets, the privatisation of state-owned companies, and reducing the power and influence of trade unions (Begg & Ward, 2007). The private sector would be able to better benefit from scale and innovation benefits. At this time, there was a lot of unrest and discontent about the role of the central government due to its complexity not allowing much room for market forces. The welfare state was at its end and it was followed by privatisation and the strengthening of the market.

Against this backdrop the role of the Dutch government began to change in the eighties. Because the government could no longer afford to finance large spatial projects and ambitions, it began to get a new, less dominant role in spatial planning (Boeve, 2013). At that moment in time, the cabinet of Lubbers decided that the money for these projects should no longer come from the central government but instead the municipalities should get a more central role in the process. Municipalities now had the responsibility to ensure the continuity of the project developments (both profitable and unprofitable), and safeguard that these developments were good for the local community (Boeve, 2013). According to De Reus (2013), the planning process changed from a technocratic process in which the government was dominant to a more decentralised democratic process in which multiple public and private parties had a saying at each individual stage of the decision making process.

Spatial planning in this period became more *laissez-faire*, a free market environment in which transactions between parties are free from government restrictions, tariffs, and subsidies (Kersten, 2013). There was a general belief that supply and demand would balance each other. The demand for blocks of land was formed by project developers who earned money by building new offices. The aim of this group of actors is to maximise profits (Boeve, 2013). The supply of land was formed by individual municipalities. In its new role, the municipality received much more responsibilities and could provide guidance and direction to developments in their own region. This actor has obligations to the general society and should act appropriately (Boeve, 2013). This was in line with the dominant ideas of the time where much of the roles and responsibilities were decentralised so to be better aligned with local needs and preferences. As monopolist, municipalities had received an earnings model through active land issuance (Anonymous 2, 2013; Boeve, 2013). No other actor in the office market could issue land with the appropriate zoning plan which developers could use. The money earned by the municipalities by issuing land could be spent on unprofitable projects that were important to society, such as swimming pools and public transportation (Boeve, 2013; Hek, 2013).

5.3 Economic pickup

In the late eighties, the lagging economy was a real problem in the Netherlands. Profits were low, the Dutch government had huge deficits and there was severe unemployment (Van de Klundert, 2008). At that time, 30 per cent of the people between fifteen and sixty-four years old had a job in the public sector and another 30 per cent were unemployed. In terms of international competition, the Netherlands was in a bad shape compared to other European countries. The office crisis of the early nineties was also accompanied by soaring vacancy rates and falling office rents. At the time of that crisis, there was a lot of uncertainty about the future. This is evident in the conflicting outlooks on the

office market at that time. Box 1 below gives excerpts of two different articles whose authors give a completely different assessment of this office market at the time of the crisis.

Box 1: Outlook on the office market

"The outlined vision of the office market in the Netherlands does not look favourable. And if one fails to significantly bring back the number of new developments in the short term, a restructuring of the market in the mid-nineties will become inevitable." (Regterschot, 1991)

"It can be assumed that the outlook on the office sector in the medium term is on balance fairly favourable. This optimism is based partly on the nature of the companies that use these buildings. These, for the majority, belong to the so-called tertiary sector of the economy: the services sector." (Van den Broek, 1991)

"The increasing globalisation of the world's economies and companies, which is, in part, expressed by the increasing trading activity between countries, indicates that the current upward sloping trend of the tertiary sector will continue." (Van den Broek, 1991)

Stories arose that stated that it would take a long time before the crisis would be over (Eichholtz, 2002). Also new stories surfaced that talked about the office vacancy and how to best deal with this problem. For example, Hogenboom & Meulen (1991) were two of the first people who talked about the importance but also the difficulty of the renovation of old buildings in the office market (see Box 2).

Box 2: One of the first mentions of renovation

"The rental of new office space has reached record levels in the late eighties. The users have left office space behind in many cases. Renovation is an often-mentioned alternative, but the question is whether this is always feasible." (Hoogenboom & Meulen, 1991)

"The vacant space will be re-listed as available office space. In an increasing number of cases, re-letting of vacant office space will be difficult: structural vacancy rate of offices is becoming a big problem. From a European perspective, the vacancy in Amsterdam, for example, is relatively high." (Hoogenboom & Meulen, 1991)

"It seems that in the Dutch market situation, the financial and economic preconditions for a successful renovation often are lacking." (Hoogenboom & Meulen, 1991)

Due to initiatives such as the Wassenaar Agreement that helped to restrain wage growth and to initiate the exploitation of natural gas, a strong economic growth momentum began in the early nineties that led to a decrease in unemployment and in the government deficit (Anonymous 1, 2013). Many women went to work and numerous activities were privatised (Kersten, 2013). At this time, the demand for office space was almost entirely driven by developments in the labour market, with particular regard to the development of employment in the service sector (Hordijk & Van der Meulen, 1991; Wagemakers, 1991; Hek; 2013). The vacancy in the office market of the early nineties was quickly absorbed and even led to a shortage of office space at a rate at which could not be matched by building new offices (Van Kalles, 1997). In the nineties, a lot of capital was available, both from local as international investors. Offices were seen as very solid and attractive investments because people believed that the office market would keep growing (Anonymous 1, 2013). In these circumstances, it was very hard to do anything wrong in the office market: it did not much matter what a developer put down, as long as the employees had a roof over their heads (Eichholtz, 2002). In Box 3 various headers of newspaper articles are given which clearly indicate the state of the Dutch office market in the second part of the nineties.

Box 3: Headers of newspaper articles at the end of the nineties

DTZ expects strong increase supply offices

"1998 was mainly characterised by growing demand. In many cities, especially the services sector had to deal with an unexpected increasing need for more housing. In the current favourable economic conditions, this sector had grown faster than expected. In the absence of suitable central housing, often there was chosen for ad hoc solutions, spread over several buildings." (Vastgoedmarkt, 1999)

Offices sector leads recovery property markets

"The Dutch office market has rebounded strongly from the slump in the first half of the nineties. On the wave of sustained economic growth, the demand for office space has exploded the past year." (Kalles, 1997)

Offices space sharply lower due to explosive growth in demand and limited new developments

"The Dutch office market is recovering strongly from the previous slump. The supply of office space available for rent has fallen sharply over the past year, both in the Randstad and beyond." (Vastgoedmarkt, 1997a)

Office space in use to record level

"In the Dutch office market two records were set in the past year. Almost 1.7 million m² of office space is rented out, never have the rental activities been so prominent. Also the increase compared to previous years by over 30 per cent is unique for the Dutch real estate sector." (Vastgoedmarkt, 1997b)

5.4 Boom years

The various actors active in the office market greatly benefited from this Babylonian era of unlimited growth (De Reus, 2013; Kersten, 2013). The office users preferred new offices because they were more modern. The project developers earned money by building new offices. For them more offices meant more projects and thus more money. Another actor that benefited from the development of offices is the investor that was able to earn great returns. At this time, it was relatively easy to get financing (Anonymous 2, 2013). Within no time, many different private actors got involved in the market such as project developers, real estate agencies, architects, and banks. Each of these actors tried to get a 'piece of the pie' in which the pie were the financial benefits from the many investments available in the office market. The market became driven by the power of money and financial benefits of all actors (De Reus, 2013).

Not only private actors were benefiting from the many investments, also the municipalities were. Municipalities noticed that there was a lot of demand from the market for the development of offices. Companies wanted to maximise profits and needed new locations and grounds for the development of new offices. Municipalities could sell plots of ground with an office function in the zoning plan for a lot of money to the project developers. These developers were willing to pay a lot because of this office function in the zoning plan. With this specific function they could gain a lot of profits themselves. Many municipalities in the underlying period had a broad issuance policy aiming at maximising the benefits of office development. Municipalities were able to increase ground values in the periphery of the municipality by 10 to 12 times by changing the function from for example grass land into office in the zoning plan and selling it to project developers (Anonymous 1, 2013). With this money the municipality could realise other facilities in the municipality and fulfil their governmental tasks.

Besides making money with the issuance of blocks of land, municipalities also earned money with the taxes companies had to pay when they were located in their municipality (Boeve, 2013; Kersten, 2013). The drive for the municipalities to develop offices became a competition between municipalities. Municipalities lived in fear, as businesses could easily move to a different municipality and build a new building there and as a result jobs would be lost in their municipality. In this way, companies and project developers could put municipalities under pressure and use the threat of moving to a different municipality as a bargaining chip. Economic theory teaches that in such situations the likelihood of a 'tragedy of the commons' is great. The tragedy of the commons occurs when individuals neglect the well-being of society (or the group) in the pursuit of personal gain. For

example, if neighbouring farmers continue to increase the number of sheep on a common block of land for their own personal gain, eventually the land will become depleted and not be able to support the sheep, which is detrimental to all. In the office market, the tragedy is caused by municipalities simultaneously trying to exploit the benefits of developing offices. Municipalities compete for the office user. Although it is rational for individual municipalities to enter this competition, it gives the market as a whole an undesirable outcome. Municipalities were effectively competing with each other, acted independently, and lost the overview (De Reus, 2013; Kersten, 2013; Anonymous 1, 2013).

All actors, public and private, gained profits from this system. This strengthened their discourse and belief in un-endless growth. In the nineties, the market was driven by the power of money and financial benefits of all actors (De Reus, 2013). At the time, there were few people who dared to doubt the sustainability of this growth. One of these people was Mr Van Enk (1997) who mentioned that the positive developments in the office market could lead to over-optimism that in turn could badly damage the office market (see Box 4).

Box 4: Warning of over-optimism

“Most of the entrepreneurs did not make worrying comments (about the office market) in their New Year’s speeches, while most would like to. “Such a positive attitude is killing”, one director sighed last week.” (Van Enk, 1997)

“In the euphoria of today, it is easy to overestimate the demand in about five to seven years time and, as a result, to develop too much now. The negative consequences of these developments comes years later and is most often felt not by the initiative taker (the developer) but by others.” (Van Enk, 1997)

5.5 Over-optimism of the actors

From an economic point of view, the Netherlands was doing well before the turn of the millennium. The economy had grown steadily in the second half of the nineties and for the first time in decades there was a budget surplus. The percentage of public spending as a share of GDP had fallen to 46 per cent and the polder model gained international fame (Van de Klundert, 2008). However, around the turn of the century, the Dutch success story fell like a house of cards. While wages rose sharply and the prices of stocks and houses also spurred spending, the finance minister reduced taxes. As a result, the economy overheated. When the stock market crashed (dotcom bubble), the Dutch economy had priced itself out of the market (Van de Klundert, 2008). Moreover, the quality of cities in many respects was inadequate, the whole social security system was lacking, the health care system was too expensive and inefficient and the schools performed sub-par. The economic crisis gave the politics arguments to further reshape the welfare state.

Around the turn of the century, the big boom market was history and the office market was in a crisis. Scarcity was replaced by an excess supply on the office market in many regions in the Netherlands. There were many complaints by the public about the loss of green space and in the politics annoyance dominated about the sluggishness and complexity of procedures. Over the course of the previous century, the role of the central government in spatial planning had become smaller and smaller while the role of the market (private actors) had become more important. After the turn of the century, this development was further cemented with the Nota Ruimte that had ‘Decentralised what can’ and ‘room for development planning’ as catchphrases (Van de Klundert, 2008).

For all players in the real estate market the big questions were how deep the crisis was and how long it would take to get out of it. The office crisis of the early nineties was also accompanied by soaring vacancy rates and falling office rents. At the time of that crisis, there were people who stated that it would take a long time before the crisis would be over (Eichholtz, 2002). However, nothing was further from the truth: the economy picked up again, the vacancy of the early nineties was quickly absorbed and led to a shortage of office space that the rest of the nineties had to deal with. Based on history, the temptation was to conclude that this crisis will be the same as the early nineties: as the

economy comes out of recession, employment in the service sector will pick up again and the economy will again need plenty of new working spaces and the crisis will be overcome quickly. In other words, the prevailing story was: ‘why would this crisis be any different?’ (Eichholtz, 2002).

People such as Jan Doets, who was an authority in the real estate world, had a lot of influence in the market. In 2000 he gave an interview in which he argued that the office market was a very solid and safe investment in which you could easily invest money (Anonymous 1, 2013). There was no collective organisation that collected numbers and figures of the office market, which made it difficult to make expectations about this market (Hek, 2013). For years, office planning was based on above average growth forecasts of individual actors in the market who all assumed that they would win the majority of the projects leading to a lot of double counting (De Reus, 2013; Gaast & Heere, 2010). This over-optimism resulted in a new building surge and new hefty office programs (Wagemakers, 2002). Offices were built at risk, i.e. there were no known tenants at time of the construction, for the rental market (Hek, 2013). This highlights the great confidence that developers and investors had in the office market. Additionally, municipalities played along with this game because they were strapped for cash and needed the money that the sale of land for developing offices and tax income it would generate (Boeve, 2013). All actors, public and private, gained profits from this system. Their strategic behaviour strengthened their discourse and belief in the un-endless growth (De Reus, 2013).

However, the demographic factors this time around showed that the labour market was fundamentally different from the labour market in the nineties. In the nineties, not only jobs were created, but also the workforce increased so that all the new jobs could be filled (Eichholtz, 2002; Stoffers, 2004). After the turn of the century, the labour market was in a transition from growth to stabilisation. Besides this, new office concepts were developed such as flex working (Hek, 2013). Employees increasingly worked from home. Many of these developments were visible at the time and showed that less square meters were needed per employee in the future. Regardless of economic developments, these autonomous developments would generate much less need for office space in the future (Hek, 2013). In other words, the then current crisis in the office market would not be solved by an explosion in demand for workspace as we have seen in the nineties. The labour market will not save the office market this time around.

All signals that time showed an increase in vacancy and decrease in demand, but nobody wanted to see it (Hek, 2013). There was a collective denial of the problem (Anonymous 2, 2013). Actors did not respond to the changes because they were in a comfort zone (Hek, 2013; Anonymous 2, 2013). At that time it was really difficult to see the problem because it was going so well with the office market. This is evident from the two excerpts in Box 5.

Box 5: Collective denial

“The office market crisis of the early nineties was also accompanied by sharply rising vacancy rates and falling office rents. There were people who told us that it would take a long time for it to be over. Nothing was further from the truth however: the economy is improving, less was built for a few years but then the vacancy turned into the tightness with which we have had to live with for the rest of the nineties. Why would it be any different this time?” (Eichholtz, 2002)

“For 2002, DTZ expects the returns for investors in Dutch commercial real estate will continue to rise and that offices are still the preferred investment.” (Vastgoedmarkt, 2002)

The most important driver at the time was that the offices that were developed still increased in value. You could always find another buyer and make a profit (Anonymous 1, 2013). With low interest rates and declining risk premiums there were low investment costs due to the high liquidity available in the real estate market (Van Elp & Zuidema, 2011). The optimism in this market caused the idea that vacancy would not really become a problem. There still was a belief that the economy would be able to fill the empty offices when it improves (Anonymous 1, 2013). This made a huge imbalance arise, a

mismatch between the situation in the real estate user market and the real estate investment market (Kempen, 2005).

5.6 Segmentation of the office market

In the past, growth or reduction of employment usually was the main reason for a company to move to another office. But after the dotcom crisis, the availability of affordable, high quality of office space in good locations seemed to become increasingly the main reason for reallocating according to DTZ (Vastgoedmarkt, 2005a). Despite the fact that at that time in each location there were plenty of vacant empty offices, a large number of companies still choose for new construction. This new construction was often justified by changed accommodation needs that could not be realised in existing buildings (Dijk, 2011).

This led the office market to become divided: a healthy and an unhealthy part. Prime locations remained popular and had few vacancies. On the other hand, for an increasing number of offices and locations there was no demand due to the fact that these offices were out-dated or the locations were subprime (Elp & Zuidema, 2011). DTZ finds a clear dichotomy in rents between these two office segments (Vastgoedmarkt, 2005a). The reasoning behind this is that companies move upward in the value chain and as a result the demand for well-positioned locations with modern offices is maintained and the demand for the out-dated and poorly located office areas decreases (Dijk, 2011). Old offices remain in terms of appearance, accessibility and comfort behind newly built offices and are at risk of structural vacancy (Gaast & Heere, 2010).

With the stagnant demand, while at the same time new production remained on the same high level for several years, large vacancy arose in the unhealthy part of the office market. With the then current demographic and economic trends, a large number of square meters of the current supply will prove to become structural oversupply and will never be absorbed by the market (Kooijman-Denissen, 2005; Kooijman-Denissen, 2006a). The structural supply mainly consists out of buildings built between 1960 and 1980. Additionally, it is greatest in the suburbs and remote locations.

5.7 The credit crisis and denial

Originated in the housing market of the United States, the credit crisis hit the Netherlands in the summer of 2007. From one moment to the other, the whole financial market collapsed. Because investors became risk averse and banks had to strengthen their balance sheets, the amount of financing in the office market in The Netherlands dried up. As a result, a lot of investors who had invested in the real estate market in the Netherlands were unable liquidate their investments and were stuck with their investments (Anonymous 1, 2013; Kersten, 2013). Because it is difficult to arrange funding, barely any new projects were taken under construction. End users of offices reduced their housing costs due to the economic environment of decreasing profits and rising unemployment. In order to implement this cost reduction, companies limited the amount of office space used as much as possible. The expectation is that, certainly in the medium term, the demand for office space will decline (Gaast & Heere, 2010). Along with declining consumption the vacancy figure will increase further (Gaast & Heere, 2010).

At that time, there were high vacancy rates, increasing structural vacancy, a sharp decline in consumption rates and an abundance of plans. There were about 5 to 6 million square meters of total office stock empty in the Netherlands. It is too simplistic to conclude that the economic crisis is the cause of the situation in which the office market now finds itself. The improvement of the economy cannot be seen as the solution, where it was at an earlier crisis still the case (Gaast & Heere, 2010).

Nevertheless, many parties in the office market were in denial. According to Martijn van Leeuwen, the rent has remained almost equal due to hidden incentives in the office market (Leeuwen, 2012).

Additionally, the entire real estate sector holds the value of real estate artificially high according to Rudy Stroink, director of TCN Property Projects (Gaast & Heere, 2010). According to Stroink, the property market holds the appearance that the market is healthy because all the actors involved in the market have an interest in that prices remain high. Evidence for this are the valuation reports of many real estate consultants. An empty office is often given a value as if the building will be fully rented within two years. However, the value of their investments says absolutely nothing about the true state of the office market.

5.8 The current situation

In 2010, the vacancy in the office market prominently was placed on the policy agendas. The Dutch Ministry of Housing brought private and public parties together for 'Actieprogramma Kantoren' to create more awareness among actors about the effects of their behaviour (Elp & Zuidema, 2011). Actors in the office market have now been aware of the fact that the problems in the office market are serious for several years. The problem today is not the building of new offices, because not so many new offices are built today. Currently the vacancy rate is 14 per cent; a healthy market has a vacancy rate of 5 per cent. The 14 per cent is not the problem; the problem is that it is expected the vacancy rate will increase fast in the following years because the big driver of the past is gone (Anonymous 1, 2013; Kersten, 2013). If you look rationally at office demand, you see that this demand will further decrease in the upcoming years due to trends such as the aging population and the new working concepts. The future perspective is quite negative.

The urgency of the vacancy in the office market is clear to the sector and room has been created for new perspectives and stories of the office market. This is evident from the heading of selected newspaper articles from the past three years listed in Box 6.

Box 6: Selected newspaper article headings

Old office space supply quickly out of date (Vastgoedmarkt , 2010b)
Encourage the redevelopment of offices (Gaast & Lord, 2010)
Now we need to invest in offices (Vastgoedmarkt, 2011a)
Stopping the development of new offices is the first step to a healthy office market (Dijk, 2011)
Governments are keen and willing in the move against vacant offices (Reith, 2011)
Offices will not restore itself (Elp & Zuidema, 2011)
Redevelopment route out of the vacancy problem (Bressers & Maaskant, 2012)
We must regain the trust (Wiegerinck, 2012)

The mind-set of actors is changing. However, a distinction can be made between the general perception and the individual perception (Anonymous 1, 2013). The actors in the office market agree that they cannot continue their behaviour as they did in the previous ten years, and that it has resulted in a damaged office market. However, the individual behaviour has not changed. It is much easier to agree in general to the problem, than to change your own way of working. The unattractiveness of depreciation and difficult regulations hamper interventions at the building level. In local communities, there is very individualistic behaviour among actors and 'free-rider' behaviour and the 'prisoner's dilemma' inhibit investments (Elp & Zuidema, 2011; Kersten, 2013). With these issues, restructuring of locations become prolonged stalemates. Overall, you do not see many changes in the individual behaviour of the actors within the office market (De Reus, 2013). When it occurs it is born out of

necessity, and they will return to their previous approach when the market increases. There are still too many actors that believe they can sit out this crisis, and continue like before when the economy increase (Anonymous 2, 2013; De Reus, 2013). People do not really want to change the previous course of action to prevent the market from getting this damaged again (Anonymous 1, 2013). Everybody agrees something needs to change, however nobody wants to take the first step.

5.9 Central coordination

The past situation of unlimited growth on the office market is very unlikely to happen in the future again (Hek, 2013). But there will always be actors that once the economy rebounds again are going to act on this driven by profit. To prevent this, most of the people interviewed for this research agree that general agreements need to be made at a higher level. While they are in favour of market forces, market forces can only be well facilitated if there are good rules. This section will summarise the thoughts and opinions of the various people interviewed for this research.

Boeve (2013) is firmly convinced that there should be central control on planning. According to him the municipalities now have free game; it is a kind of Wild West. “Companies, developers, and investors want to make a profit. And if that's personal interest, fine. But these actors should be driven by forces which act from a social and political backdrop” (Boeve, 2013). Additionally, municipalities had to deal with a huge conflict of interest since the late eighties. On the one hand, all actions done and decisions made by a municipality should be in line with the greater social interest. However, on the other hand, municipalities noticed that by issuing land with a permission to build offices, they could make a lot of money with which they could finance other projects. Often municipalities let this short-term view win over the long-term greater good to boost their image with voters (Hek, 2013). “Politicians survive day by day and can hardly develop a vision that goes forward many years. You can hardly blame them, because that is how the system and incentives work” (De Reus, 2013). Every four years the political formation changes which means different ideas emerge about the use of space. Municipalities only operate within a timeframe of these four years. The following period the same politicians might not be leading the municipality, so they aim to develop some prominent buildings within their term. This individualistic short-term behaviour has strongly contributed to the development of new offices. According to Boeve (2013) “Every actor in the office market sets its own ambitions. It would therefore be good to have overview”. According to Anonymous 2 (2013), “spatial planning has certainly contributed to the crisis”. In the view of Anonymous 1 (2013), there is currently certainly a lack of coordination at the regional level. There should come a disciplinary committee, or a mechanism that critically looks at spatial plans. According to Boeve (2013), this must come from a higher level of government such as the State or the provinces.

Ideally, the Netherlands should become more like an intelligent network which sees opportunities while at the same time keeps overview, rather than to have each municipality acting independently and chasing the same opportunities according to Boeve (2013). Anonymous 1 (2013) state that “some kind of direction is necessary... someone who creates a framework within which development can take place. It seems that a little bit of common sense is needed”. Anonymous 2 (2013) agrees with this point of view. Regardless of whether the various people think the central government should play a bigger role here or this should be done by a separate private actor, all agree that more central coordination is needed to create one coherent and sustainable vision of where the office market is going to prevent overproduction of office in the future. As stated by Anonymous 1 (2013), between total central control by one party and a decentralised free market are a lot of possibilities.

6. Narratives, discourses and institutions in the office market

This chapter presents an answer to the three sub questions that guide this research:

1. Which narratives (success or failure) have been told about the office market and what were their effects?
2. Which dominant discourse(s) can be discerned through the identified narratives?
3. Which main institutions have resulted from the underlying dominant discourse?

6.1 Narratives

The narrative research shows that stories of people and newspapers have reality effects in the sense that they can influence the behaviour of people. The research so far has shown that the planning of offices in Netherlands over the past twenty-five years was based upon story telling by people. Different stories have emerged over time about the office market. Broadly five periods of storytelling can be distinguished in the last twenty-five years: careful optimism, mixed attitudes, over-optimism, denial and awareness. Within these periods the most dominant stories that were told and written down by most actors will be explained. Moreover, the less dominant stories will be described for each period. These stories got less attention and were often not repeated by many actors in the market. These stories did not agree with or were critical towards the dominant story within the office market and its course of action towards office developments. The narrative study shows that often the stories with the best outcome for most of the people were repeated by others and were accepted as the truth. Besides this, the results show that in times of market failure, less dominant stories pop up in newspapers. These stories were more critical towards the idea of a continuously growing office market. For example, they argued that too many offices were built and recommended less office development and for a higher quality of the office developments that were taking place. These critical stories often faded away when the market improved again. The results reveal that a big part of the current problems in the office market can be explained by the truths created by all actors in the market and the behaviour that resulted from this such as building on risk, building for the short term and artificially keeping the prices up. The results show that stories have been incredibly important for the action of actors within this market. The stories that were told about the office market between the beginning of the eighties and the beginning of the twenty-first century has mainly been a story of success and growth of this market. However, distinctions can be made between these stories. Below the five periods of storytelling are defined and explained.

6.1.1 Careful optimism

Around the end of the eighties and beginning of the nineties, the main stories told in the office market were moderately positive about the developments of the market. The market was doing well and many new office developments could take place. Among all actors in this market there was a very positive belief in the office market that has led towards an expansion of the office market in a short amount of time. This growth in the office market was a logical result of the booming economy at the start of this period and the mentality of the people. The economy was going through a major shift from an industry and agriculture led society towards a service led society. This shift resulted in an enormous growth of the Dutch economy that caused an increased demand for office space. The shared idea that office space was needed for the economy to grow was very logically and seems to correspond with the market circumstances at that time. People started to believe that the office market was a solid and trustworthy market in which you could easily gain high profits (Hek, 2013; Boeve, 2013). This idea became part of the dominant narrative at that time. In the news articles often words such as ‘long term

growth periods', 'office shortage', 'high absorption of office on the market' and 'low vacancy rates' are mentioned. This shows the positive attitude towards office developments. People were definitely optimistic about the future perspectives of this market.

Although the economy was growing and demand for offices were increasing, actors in the market also remained quite careful. Actors were realistic about office developments and seemed to know the market quite well. Articles from this time have a cautious writing style. Actors understood the cyclical working of this market and therefore were also more careful with the development of new offices. The office market was closely related to the economic development of the country and a decrease in the economy directly affected the actors within this market. For many years this cycle had shaped the behaviour of actors in this market and made the actors careful. They knew an over-production of offices and too high vacancy rates could result in vacancy and financial loss for all actors. As a result of this, actors were careful. This is seen back in the way articles were written but also in the behaviour of actors during an office development process. For example, new offices were only built if there was a signed contract with the future user of the building and municipalities only allowed developments to take place if there was a future renter for the building. By doing this, they prevented that new offices were only built as investment, even if they were not used (Boeve, 2013).

Overall, this period was characterised by cautious optimism for the office market. The development of new offices during this time increased steadily. Because of the economic developments people believed in the growth of office developments. Within this positivism they kept in mind the cyclical periods of the office market and the consequences it could have for the office market and actors within this market.

6.1.2 Diversity in stories

At the beginning of the nineties, as a result of the cyclical working of the office market, the tide changed for the office market. Due to economic decline, new problems emerged in the office market that resulted in increasing vacancy rates and decreasing renting prices. What becomes visible is that during this period of economic decline, multiple new stories emerged about the future of this market that varied a lot: some were very optimistic, others were less positive. Many different perspectives emerged on the market that had different ideas about the future developments of this market. This period therefore is characterised by multiple opposing stories, insecurity of actors and a diversity of perspectives on the office market.

The diversity of stories and ideas at this time became especially clear in two researches of Twijnstra Gudde and EIB (Oude Veldhuis, 1993). Both researches made statements about the future needed office space. However, their results were completely different: Twijnstra Gudde was not very optimistic about the market and stated that the growth of the office stock was way too high for the demand. The research of the EIB on the other hand expected a very big growth of the office market in the upcoming years. These two researches show the two conflicting perspectives at that time and the emergence of opposite stories in the office market. Both use different data to support the story they want to tell. Around this time, not much data was available about vacancy rates, which made it difficult to draw conclusions upon this data (Zuidema & Van Elp, 2010a). However, as becomes clear, the growth story that is produced by EIB is what later on occurs in the office market. This can be explained by the general attitude in the office market: people wanted the market to grow because a growing market translates into more office developments. Within this thinking, the story of EIB was the most appealing one for the actors within this market.

During these years of economic decline, also the first stories started to emerge that argued that the market and government should think more carefully about the location of offices, the future users of a building and their preferences and the quality of office space (Hoozeboom & Meulen, 1991; Zuidema

& Van Elp, 2010a). A study of the Dewulf & De Jonge (1994) shows that at this time there was a mismatch between the demand for good quality buildings and the supply of less suitable buildings on bad locations. Moreover, some actors started to opt for the restructuring of old offices rather than building new offices (Hordijk & Van der Meulen, 1991). They realised that by building new offices, the old offices were left behind empty. They were aged and therefore not interesting for office users any longer. Office transformation thus did not get off the ground by the lack of good quality data about the actual vacancy rate and the lack of interest for transformation of actors in this market (Zuidema & Van Elp, 2010b). During this time of economic decline, people became more critical about the course of action and already came up with new initiatives to improve the office market. People started to think of new approaches, ideas and visions for the future of the office market, which resulted in the rise of new stories in the office market.

Regardless of the attempts of these new initiatives, these stories (opposing of the growth story) never really gained much support in the office market due to a sudden revival of the office market. Within two years the economy recovered and so did the office market. This was very new for the actors within the market. Normally periods of economic decline were much longer. For a couple of years the actors built less offices, but shortly after the economic decline, the economy started to flourish like never before. This continued for the rest of the nineties.

6.1.3 Over-optimism

From 1995 onwards, the mix of different stories transformed into one story of success. Due to the sudden revival of the economy, the growth story from before the economic decline became more powerful and overruled the more critical stories about transformation of offices, quality of buildings and future users of buildings. In the newspaper articles barely any critical stories can be found around this time. During this time, actors ignored the previous warning signs about the increasing vacancy in the office market. Actors believed the office market was a success market and they acted upon previous experience, which had been a success for many years. For years the office market had expanded and after a short economic decrease, the office market boomed again. This generated an enormous amount of confidence among the actors in this market.

This story of success created an atmosphere for people in which they believed the sky was the limit (Hek, 2013). No longer did they critically analyse the market, rather they focussed on building new offices. This was stimulated by prominent people in this market, but also by newspapers that basically told the same story: the Netherlands needed to grow (Kersten, 2013). The success story that supports the development of new offices is maintained because of the simple fact that every actor, both the public and private parties, within this system benefits from the development of new offices (Janssen-Jansen, 2013; Hek, 2013; Boeve, 2013). The success story is retold because others could benefit from that perspective as well.

Since everybody in this market, including municipalities, was gaining profits it was hard to change this dominant perception of the reality as a success story. It was a success for many people and why would anyone in this market want to try to stop this success? Hardly no articles can be found that were critical towards the development of new offices in this period of time which clearly represents the general idea of this period. Hardly any news articles mentioned the over-optimism in the office market. There was no space for different stories that doubted the quick developments of offices. Van Enk (1997) mentioned the over-optimism of the market. He wrote "In the euphoria of today, it is easy to overestimate the demand in about five to seven years time and, as a result, to develop too much now. The negative consequences of these developments comes years later and is most often felt not by the initiative taker (the developer) but by others" (Van Enk, 1997). This is the only critical note found in many articles in this period. The interview results showed that spatial planning departments of

municipalities in some cases were having concerns about the continuous development of new offices, however, they did not have the power to change the behaviour of the ground exploitation departments (Kersten, 2013; De Reus, 2013). The ground exploitation department of municipalities turned out to be very powerful because the profits earned by this department formed a very large part of the income of municipalities. Although some spatial planning departments did see the problem coming, they also did not always want to argue against new developments. After all, urban developments were good for them as well because it was their main source of work (Kersten, 2013). They therefore often also supported the story of success and contributed to the over-optimism in this market.

Stories that doubted the development of new offices were problematic for all actors within the market. Reducing the development of new offices would immediately affect them. They will therefore most likely repeat the stories that are beneficial for themselves. They have become blind for any other story that argued that too many offices were built (Anonymous 1, 2013). The aim of private actors was to gain profits from the development of offices. For private actors it is very logically to act strategically and react upon opportunities in the market that are good for their business. After all, the first aim of a company is to survive; the second aim is to gain profits. The market thus will always respond to opportunities. As long as there are opportunities for the market, they will support the story of success (Boeve, 2013). Municipalities provided the market with these opportunities to develop offices and maintained the story of success. Municipalities namely also gained from the development of offices. They needed the development of offices to realise other facilities within their municipality and therefore were also very much willing to repeat the story of success (Hek, 2013; Boeve 2013). A change in the story would directly affect their income and thus the municipality's ability to develop and maintain facilities in the area. Besides this, by building new offices the municipalities hoped to attract new office users to their municipality, which would be good for their economic and international position (Janssen-Jansen, 2010). As a result of this, the behaviour of municipalities changed around this time. There was a high demand for offices, which sharply increased the prices per square meter. The shortage in the market seduced actors to build more offices. Municipalities around this time became less strict with the requirement of having renting contracts in place with the future users of a building. Previously the renting contracts often covered a period of 10 to 15 years, while around this time a renting contract of 5 years was seen as enough. Sometimes offices were even built without a future renter because municipalities believed that due to the shortage of offices on the market, the buildings would be rented anyway. At a certain point, over eighty per cent of the offices that were built, were built on risk (Zuidema & Van Elp, 2010). This shows the incredible optimism people had in this market and the belief that this market was unstoppable.

The problem with this success story was that people acted upon these stories of success and the market circumstances at that time rather than the future need for offices: they became over-optimistic (Van Enk, 1997; Janssen-Jansen, 2010). The story of success took over the reality of the office market. Everybody was making a lot of money in this market, so more and more people became active in this market and wanted to participate in building offices. Actors became short-term oriented and focussed on their own interests rather than whether or not the developments were good for the market, city or the region itself and the future of the market. Offices were often built on deserted places and were of poor quality not able to fulfil any user's needs in the future (Donkers & Velleman, 2013). Actors were not careful anymore in their behaviour, and more and more offices were built. This all came forward from the belief that the office market would continue to grow. The success stories that had been told of the office market were widely accepted in society and especially among actors operating in the office market. This narrative of success was repeated by many people in this market that benefited from the booming of this market. What was especially important for the emergence of this success story was the support of this vision by powerful people in the market and the government. Newspaper articles show that important people within this field, such as major companies in this market, specialists and

politicians, perform this story of success. For example, Jan Doets, who was an authority in the real estate world, gave an interview in 2000 in which he argued that the office market was a very solid and safe investment in which you could easily invest money (Donkers & Velleman, 2013). The narrative thus became performative: the development of offices became a success in which many people gained a lot of profits. The truth about the office market clearly depended on the performance of the stories that were told. This idea in combination with the previous continuous growth of the office market made actors reckless in their behaviour. The actors in this field lost their rationality and became over optimistic due to previous experience. For those who were critical of the market at that time, it was very hard to change this success story mentality (Enk, 1997).

6.1.4 Denial

Around 2002 the first cracks started to show in this success story of the office market. There was a strong increase in vacant offices in the periphery areas during this time. There was a strong decrease in the demand for offices, while the supply still rapidly increased. As a result of this, many critical stories started to emerge again in the newspapers. There were many signs that showed that the need for office space was going to decline in the near future such as population decline (Eichholtz, 2002; 2004), a decline of the working population (Eichholtz, 2002; 2004; Stoffers, 2004), the introduction of flex working and new office concepts were launched (Hek, 2004; Hek, 2013). Besides this, the transformation of aged offices became a more important topic in newspapers (Hordijk & Van der Meulen, 1991). Mainly academics stated that the focus should be on restructuring offices rather than building new offices. They noticed the increased vacancy problem in the office market (Gijp & Louw, 2002; Schils, 2002; Vastgoedmarkt, 2002d; Hek, 2004; Hek, 2013). However, they were not heard by the actors operating in the office market (Hek, 2004; Vastgoedmarkt, 1995). The market was very much against transformation simply because they did not think it was profitable. As explained in Chapter 4, for none of the actors in the office market it is interesting to transform offices, because it is much more difficult to gain profits from the transformation of offices than it is from the development of new offices. So again, during time of economic decline more critical voices appeared in the newspapers.

Although the prospects for the office market were not good at this time, the story of success was still produced. Newspaper articles mentioned that the recession did not hold back the office developments (Vastgoedmarkt, 2002c) and that the production of offices reached new high points (Wagemakers, 2002). In the first five years of the new century, the story in the office market thus was still fairly optimistic among actors. Due to the quick recovery of the office market in the beginning of the nineties, the fear for vacancy in the office market was not so big anymore among actors. The interview results show that in general the attitude was still quite positive: the recession and the emergence of new critical voices did not convince all actors in the office market to reduce the development of new offices (Anonymous 1, 2013). There was a general idea that the office market would recover and continue to grow after a couple of years of decline, just like it did in the first part of the nineties. Actors had become over-confident due to the years of growth and did not want to see the changes in the general economic circumstances and in the office market (Janssen-Jansen, 2013). Although multiple stories emerged again in the newspaper, people held on to the success story of the office market. They saw it as a temporary change in the office market, but still believed the office market would continue to grow. Although new stories emerged, not much attention was paid to these opposing stories. Rather the focus was on performing a story of success in which the office market was a never-ending growing market in which there was always demand for new and better office space. Many actors in the market denied the problems allowing it to grow bigger and further affecting the office market (Boeve 2013; Anonymous 1, 2013; Den Haag Vastgoed, 2012). Behaviour of actors

did not change due to new emerging stories. Collective denial of actors led to the emergence of higher vacancy rates. In addition to this, actors believed they would not be affected by the problems and therefore were not willing to change their behaviour. As a result of this between 2000 and 2005 still new offices were built, and not much was done about the vacancy problem.

6.1.5 Awareness

In recent years a shift in this dominant story of success is appearing. Although many still do not want to change their own role in the office market to prevent the vacancy problem, there is a general acceptance that there is a structural vacancy problem in the office market. The vacancy problem has not solved itself and has become bigger over time making it impossible to deny the problem any longer. Many actors are directly affected by the financial crisis and are facing the negative consequences of the vacancy problem (Den Haag Vastgoed, 2012).

As a result of this, the story is now changing from a success story, to a mixed story of both success and failure (Den Haag Vastgoed, 2012). A negative image of the office market has emerged through multiple different reports, considerations and statements of accountants, banks, real estate and consultancies. This negative story accepts the high vacancy rates, but is quite pessimistic about the future of this market. It seems like after the years of euphoria before the crisis in which the development of offices was easy, a phase of awareness has started. Many critical stories have now emerged about the office market that argue that “office parks will transform in ‘Vogelaarwijken’ sooner or later” (Vastgoedmarkt, 2010a, p. 25), and that “the vacancy rate will increase incrementally due to the changing working concepts” (Geest, 2011). In general the attitude is that the vacancy rate will increase further and that the times of a flourishing economy will not soon return. At the same time there are still actors that produce a story of success because it will always remain more profitable for them to perform such story.

Municipalities, for example, will never perform a story of failure because it will directly affect them. During Den Haag Vastgoed (2012), all municipalities present acknowledged that the office market was going through rough times, however, they presented their municipalities still as very good locations for office developments in order to attract companies. The reason why municipalities present a positive image of the office market is because a negative image can have big consequences for them. The negative image of the office market scares domestic and foreign investors. They are not willing to invest in the Dutch office market because of the expected decline of this market in the upcoming years. The negative attitude has changed the behaviour of actors in this market; they are scared and are not willing to put any money in this market again (Den Haag Vastgoed, 2012). To prevent this, municipalities therefore still are positive about the developments within their municipalities.

Although the situation is currently bad, nuances should be made between the stories of success and failure. Many actors in the office market perform a story in which it seems like the Netherlands will not need any offices any more in the near future due to the aging population, the new concepts of working and declining working population. However, these factors are not new phenomenon. On the basis of exactly the same knowledge, in the beginning of 2000 actors believed the office market was unstoppable and investments in this market were solid and trustworthy (Wiegerinck, 2012). At that time these aspects were ‘black boxed’ by the people in this market. This has now shifted to a mixed story and not many actors are willing to invest money in this market (Anonymous 1, 2013). The situation is not the same as before, but the current narrative of failure blocks the market. It scares investors which makes it even harder to solve problems in this market. Newspapers these days completely focus on the problem and tend to generalise the problem. There are still regions in the Netherlands that are doing good. Also new successes are made in this market. For example, the former main office of GAK (gemeentelijke administratiekantoor) in Amsterdam has been transformed into

apartments (Stadgenoot AM, 2013). Unfortunately, not much attention is paid to the successful transformation of offices into for instance houses. It seems there is no grey area in between a story of success and a story of failure. The increased attention for the problem that is currently high on the agenda of the government and market actors is a big step forward in solving the problem. Small changes are noticed today within the market and among the actors in this market. New actors step up with new ideas on topics such as transformation, roles have changed and some actors even have taken their share of the loss. In newspaper much more attention is given to the current problems and possible solutions. For example, real estate valuers are thinking about new tools to make their valuations more precise (Wiegerinck, 2005). Also a lot attention is paid to transformation of old offices into new functions (Van Elp & Zuidema, 2011; Bressers & Maaskant, 2012; Gaast & Lord, 2010; Vastgoedmarkt, 2011a; Den Haag Vastgoed, 2012).

6.2 Discourse of growth

On the basis of the five distinct narratives one underlying dominant discourse can be found that forms the framework that unconsciously influences actions of actors in the office market. When reviewing these narratives, the reoccurring premise in most stories told in the past few decades has been one of growth. Growth both in terms of the economy and of the office market. In many governmental proposals and documents this common idea of growth can be identified. For example, the document 'Randstad 2040' of the ministry of VROM (2008) uses relatively high growth scenarios for the development and transformation of the Randstad into a European top-region (VROM, 2008). This growth scenario can also be seen back in the Rijks Nota's (Nota's Ruimte) that have emerged over time in the Netherlands. All future scenarios were based on this growth perspective, which meant more houses, more people, more jobs, more offices and more developments.

This discourse fits within the broader mind-set over time in the Netherlands in general. Economic growth became an important topic in the Netherlands as it was the solution to many problems in the past, such as unemployment. After the Second World War, growth was realised by the Dutch government. During this time, the Netherlands changed into a welfare state in which the state was the main initiative taker in developments and stimulation of growth. However, at the end of the eighties this system did not work anymore: the government was not able to finance all the costs of the welfare state. At that time, many citizens were unemployed and the government was not able to provide money for all these people: something had to change. As a result of this, at the end of the eighties this common idea about the role of the government changed enormously. Public private cooperation was initiated, new concepts such as 'space for space', 'red for green' development planning and 'area development' emerged. Within these concepts the government actively worked together with private actors to finance and cooperatively come to the development of the Netherlands.

This decentralisation suited the dominant political and liberal ideas that rose at that time which were free market working, economic growth and limited influence of the government (Boeve, 2013). Private actors, in the form of project developers, contractors and investors, gained much more influence in the office market. By their nature, the aim of this group of actors is to maximise profits (Boeve, 2013). They profit from the development of new buildings, more than from the transformation of existing buildings. Also municipalities gained from the growth of the economy. Municipalities had received an earnings model through active land issuance (Anonymous 2, 2013; Janssen-Jansen, 2010). Through these earnings models they could profit from developments of private actors and finance other less self-sufficient departments of the municipalities. As a result, public actors also increasingly behaved like a private actor with as goal to maximise profits. All in all, both private and public actors profited from growth in the office market. This further cemented growth as a dominant notion in the office market.

However, by decentralising the power of the central government to the lower governments, there was no central coordinating structure anymore in The Netherlands. Cabinet Lubbers had replaced the central coordination and financing of developments by a new model in which municipalities had to develop and finance project in their own municipalities (Boeve, 2013; Klundert, 2008). In this new approach the municipality gained two roles. On the one hand they were transformed into a business that needed to make profits in order to exist. On the other hand, municipalities were also responsible for the spatial planning in their regions (Boeve, 2013). In practice, the latter was often ignored in favour of earning money to further develop their municipalities. Due to the decentralisation the spread of the story of success became strategically important for municipalities to spread: they needed to attract companies to their municipalities in order to earn money. As a result of this, and the lack of coordination, an explosion of new office developments in the Netherlands took place.

The growth model works in times of economic growth, however, in times of economic decline it does not work (Janssen-Jansen, 2010). The growth discourse has made actors blind for other, conflicting, scenarios such as decline. In the meantime, actors still hold on to this growth notion. Many institutions are organised towards this idea of growth. However, this is currently not working anymore. The problems that spatial planning faces today are very different from the past, and therefore ask for a different approach. New policies are needed. The current practice shows that mostly the private actors are steering the developments in the office market, and the government facilitates this. And especially in times of economic decline the first priority of the private actors lays with themselves, and not the collective stakes of the spatial planning. The critical stories that aimed for transformation of offices are hard to implement, because they do not fit within this idea of growth. In order for these initiatives to work, the dominant discourse needs to change from optimism (growth) to realism (decline). It is a difficult step to change from this growth perspective (quantitative perspective), towards qualitative improvements.

6.3 Institutionalisation

The dominant discourse of growth has resulted in multiple different formal institutions that have been implemented through policy. These institutions have anchored the growth discourse and have made it much harder to change the course of action. The question is which institutions (policy, rules and actions of actors) have contributed to the imbedding of the growth discourse into the common ideas of actors in the office market. Multiple institutions can be found.

The most important institution that has emerged and was the result of growth thinking was the implementation of the money earning system of municipalities. Municipalities were stimulated to earn their own money to finance the different departments of the municipality. The state did not provide all financing to the municipalities any longer (Deloitte, 2012). Municipalities could earn money by expanding the build-up area in their municipality and through the selling of land with planning permissions. The municipalities developed a land allocation company that was concerned with the selling. During this time the ‘pre-amption right’ (wet voorkeurspositie) for municipalities emerged. The pre-amption right gives municipalities a preference position in the buying of land. When municipalities change the function of a plot of farmland into offices, a lot of money can be earned by both public and private actors. However, when the municipalities changed the zoning plan, many private actors started to speculate on the ground, quickly driving the prices of the plot of land up (Boeve, 2013). As a result of this, the municipality had to pay a lot of money when they wanted to buy the land for the development of these ground in, for example, offices. To prevent this, municipalities gained a preference position that gives them the right to first buy the land from, in this case, the farmer. As a result of this, municipalities could facilitate the market in new building projects by selling the land for a much higher price. The ground allocation company of the municipality organised

this process. Offices were seen as really important because municipalities could earn a lot of money through the development of new offices. This money was used to finance other costs of the municipality and also to finance other spatial developments such as the development of housing. There is a common belief among municipalities that growth is good. In order to expand and develop new neighbourhoods municipalities needed money. By selling ground to private actors, municipalities could earn money to finance these developments. With the pre-emption right the municipality was ensured they could earn money from the developments they allowed within their municipality. The complete change of the money earning system in the eighties and the emergence of the land-allocation company in each municipality has stimulated the growth of the municipality (Boeve, 2013; Anonymous 1, 2013). The money earning system of municipalities also resulted in competition among municipalities. Municipalities had to develop new offices because if they would quit developing and growing, other municipalities could make more money because of the decrease in supply and the increase in the price (Janssen-Jansen, 2010).

A second important instrument of the government is the zoning plan. In recent years municipalities have gained more freedom in one of their main instruments: the zoning plan. As explained in Chapter 4, the zoning plan defines where developments can take place, how big these developments can be and what use is allowed in these developments. The renewed Planning Act has given much more responsibilities and freedom to the municipalities to make and change their own zoning planning (Zuidema & Van Elp, 2010b). This, in combination with the changed money earning system of municipalities, has given them the freedom to decide if and where developments could take place within their municipality. The competition between municipalities has stimulated municipalities to keep building and developing their municipalities. They base their plans on way too high growth expectations, because they can benefit from the developments.

Another example of an institution that was the result of growth thinking was the ABC locations (Boeve, 2013). Through this policy the government stimulated the development of offices on three different types of locations: A were top locations with good accessibility by public transport and nearby facilities, B were medium locations that were accessible with public transport and car, and C were office locations only accessible by car. By using these three categories the prices of office space was defined: A locations were the most expensive and C locations the cheapest. However, this policy only looked at the financial aspects of office developments. The labelling of offices with A, B or C locations valued the offices, but did not make builders, investors and other actors think about future use of these locations. The ABC policy stimulated the development of offices along the highways and other deserted places in the Netherlands (Boeve, 2013; Anonymous 1, 2013). Often the farmland was very cheap around these locations, so private actors could still gain a lot of money by building offices of poor quality on poor locations. It allowed actors to quickly make money while the long-term perspective for those buildings was not taking into account. This institution clearly came forward out of growth thinking because there was an assumption that the office market would continue to grow further, and that it did not really matter where offices were built because they would always be rented.

A fourth example of institutionalisation of the growth discourse is the urban nodes in the 4th Nota of Space of 1988 and 1994. The idea was that the development of urban nodes would improve the competitive position of the Netherlands in the international perspective. In order to strengthen the international position, 7.2 million m² of office space was planned by the central government. As a result of this, the government developed policies that stimulated the development of offices around these urban nodes (Anonymous 1, 2013; Spek, 1993). However, these plans did not keep in mind the used plan capacity of offices at that time, creating an oversupply of offices. However, because the government wanted the development to take place many offices in the Vinex locations were built on risk, and were very hard to sell/rent. Besides this, the expected growth rates of office demands were often four times the amount of offices that were actually needed. This occurred due to the fact that all

municipalities argued that they expected to develop a certain amount of office space for the upcoming years (Anonymous 1. 2013; Spek, 1993). However, they did not keep in mind that neighbouring municipalities might fulfil part of the demands for office space, resulting in a lot of double counting. This was the result of the over-optimism in the office market and the stories of success, but also the lack of coordination and a solid data system. There were no complete data about the demand and supply in the office market. Municipalities decided themselves how many new offices were built, without keeping track of the rest of the region. This example shows that the growth ideas about the office market resulted in policies that stimulated the development of new offices.

An informal institution in the office market is the rule about 'building on risk'. Around the nineties there was an informal institution about the development of offices on risk. Actors were not allowed to build on risk because there was always the risk that no renter would be found and the building would remain empty (Kersten, 2013; Boeve 2013). This informal rule was maintained by municipalities who did not give a building permit for office development if there was no future renter for the building. However, over time the municipalities needed the development of offices as well to grow and to earn money from. They therefore let go of this informal rule and agreed on developments without a future renter. At that time, demand was so high that a new renter would be found easily. However, actors forgot about the long-term perspective of the office market in which fewer offices were needed (Kersten, 2013). This risky behaviour came forward out of over-optimism and belief in endless growth of the office market.

An important cause of the vacancy problem is that growth thinking is anchored in society through institutions such as rules, regulations, policies and planning documents. From the first to the last nota space, each of them mentions growth in some way: the first ones mentions population growth as the main reason to stimulate growth, the last one mentions growth to improve the international position important. However, decline of the economy is never mentioned in the nota space (IKRO, 2009). This growth thinking has stimulated the development of offices and caused misbalancing of this market. Through the institutionalisation of the growth discourse we have created path dependency in the office market in which quantity is more important than quality. Path dependency has caused the continuous growth of the office market and the current vacancy problems. The many benefits of office developments are very important for municipalities. Their current money earning system forces them to continue developing offices in order to finance other developments within the municipality. Municipalities make profits out of their own developments and can use that to improve their municipality and make it more attractive for companies and residents. However, neighbouring municipalities do the same.

The current realisation of the problems by many actors within this market has led to many suggestions for institutions that aim to solve the problems. For example, instruments have been developed for municipalities to make the transformation of aged offices possible. The current procedures for transformation of offices are very difficult and can take multiple years. In the meantime, the offices are empty. The lack of institutions that make it possible to change the function of an office shows that re-using office space has never been considered necessary. If a building did not suit the user anymore, a new building was built. All actors preferred a new office to the transformation of an old office because they could earn much more money by the development of a new one.

Other examples are some formal institutions that are opted by people who believe in sustainable developments of the office market. These people try to change the assumption of the office market from a growth market into a replacement market (INBO, 2010). By developing new institutions such as the 'green bonus' as financial stimulator to transform existing offices, or by implementing a 'destruction bonus' they hope to stimulate the idea of the office market as a replacement market. This means a change in the mind-set of the actors in this market. According to them behaviour of actors in

the office market should be influenced effectively by using new institutions (INBO, 2010). However, it is very hard to implement such institutions because they do not support the growth thought and economic perspective that is currently dominant in the office market.

Besides these sustainable institutions also more informal institutions are created on the office market through the 'Actieprogramma kantoren' (Van Elp & Zuidema, 2011). In this agreement, measures are taken against the previous functioning of the office market. The document points to the common responsibilities of the market and the government to wisely use space and financial means for the development of offices. It also aims to explicitly make rules for the behaviour of actors within this market. These rules are mostly related to certain working fields, for example the valuing of offices. The valuing of offices need to be much more realistic and therefore rules emerge. So due to the changed discourse, new institutions emerge that aim to deal with the current vacancy. Within these new institutions, it is all about being realistic and taking responsibility for the space we live in. The problem with these institutions is that in practice everybody has an economic or financial perspective and stake, causing them to choose their own profits over someone else's. Many actors believe it is not their task to solve the current vacancy problems because they did not cause the problems.

What becomes visible is that often these new institutions both formal and informal do not fit within the dominant discourse of growth and are therefore hard to implement. They have a different perspective on the office market that makes it difficult to implement because it has different assumptions grounded in it. Also existing institutions are hard to change because they are grounded in law, but also in the thoughts of people. In order for these new institutions to work, the discourse of growth needs to change and open up for new perspectives on the office market.

7. Conclusion

The aim of this research is to find the underlying causes of the current vacancy problem in the Dutch office market. The previous chapters have provided an overview of this market and have, on the basis of narratives, identified the main discourse in the office market in the past couple of decades. This chapter answers the main research question by outlining the underlying causes of the office vacancy.

7.1 The Dutch office market

As explained in the introduction of this research, many regions and cities in the Netherlands are currently facing the problem of increasing structural office vacancy. Vacancy in general is caused by a mismatch between the demand for and supply of office space. In addition, the Dutch office market is plagued by artificially high prices for office space. These developments have had multiple negative consequences not only for first party stakeholders in the office market (such as investors and project developers) but also for third party stakeholders (such as the general public). Currently, most actors involved in the office market recognise these problems and are searching for feasible solutions to make the market healthy again. In addition, the office market has become a much-discussed topic in politics and public-debates. Central in these debates are the causes of the vacancy, the effects it has on the cities, the financial losses for municipalities, office owners and real estate funds and possible solutions.

However, before an adequate solution can be formulated, it is first important to identify the underlying problems in the office market that have formed the office market in the way it is now. It is necessary to find out which mechanisms and processes have led to the emergence of these problems in order to change the previous course of action and prevent the office market from failing again when the economy improves. Not much knowledge currently exists about the underlying causes of the office vacancy. A simplification of the causes of the office vacancy problem increases the chance that the underlying problem will not be recognised and be solved and that most likely in the future the problem will continue to endure. This thesis therefore aims to identify the underlying causes of the vacancy problem in the offices market by analysing the market. Once these causes have been found, the next step is to think of a solution.

7.2 Underlying causes of vacancy

The office market is very dynamic in nature and consists of various groups of actors with different roles and interests. Understanding why the office market has developed as it did starts with understanding the way people perceive their surroundings. Perceptions are important because, based on them, choices are made. In turn, perceptions are formed by the beliefs that individuals have. Analysing the common ideas and the interactions between actors has helped to explain why the office market has developed the way it did and explained how and why vacancy has emerged in the office market.

This is done through discourse analysis. As explained in the theoretical framework of this research, discourse is a powerful tool to understand what goes on in planning. Used in a more reflective way, it forces us to ask hard questions about planning by constantly challenging the status quo and to open up original perspectives on why things are as they are. Discourse analysis can be used to analyse the general accepted ideas within the office market on which people base their decisions. It can give information about the incentives that have caused the behaviour of actors in this market. It is necessary to know more about the dominant discourse because it has likely steered this market for many years, and has resulted in office vacancy.

On the basis of the interview results and newspaper analysis, five distinct narratives and one underlying dominant discourse was identified in the previous chapter. When reviewing these narratives, the reoccurring premise in most stories told in the past few decades has been one of growth. Growth both in terms of the economy and in terms of the office market. The growth discourse in the office market has provided the actors active in this market with a framework on which they base and have based their actions. Important in this framework was the idea of growth in all possible ways: growth of the economy, population, service sector and the importance of market forces. The growth discourse has become dominant over time because for many years the economy continuously grew, improving the living situation of many people as through growth and new developments they could improve their own living situation. Growth therefore has become normal over time and has almost become a right that people claim to have. In addition, a growth scenario in the office market is most beneficial for all actors active in this market as they can gain most profits by the development of new offices. As a result of the growth thinking, more offices are built than actually needed. This behaviour is strengthened by institutions that are all organised towards growth, stimulating growth, and preventing alternative ways of development in the Netherlands. Because the growth thinking is institutionalised and has been maintained over many years, it is grounded in behaviour of people and in their perception of this market and how it should be. As explained in the previous chapter, the growth discourse has created a reality for the actors within the office market, but at the same time excluded alternative constructions of reality such as economic decline, population decline but also the aging population and new working concepts. These alternative ideas of reality became less visible and are less likely to be accepted due to this dominant growth thinking. The growth discourse in the office market over time has become anchored, because it dominated the way the actors in the office market conceptualised this market. The growth discourse has had the following effects in the Dutch office market which together have resulted in the current office vacancy.

Over-optimism

A big reason for the current vacancy problems in the office market has turned out to be the over-optimism among the actors in this market. The results show that the market over time has been over-optimistic, which has been driven by the stories of (powerful) people in this market. A story of growth was economically the best story for all actors in this market and therefore has been repeated. The confidence in building offices was confirmed by a very long period of economic growth. However, this over-optimism made people reckless. These stories are the logical result of on the one hand the economic climate, and on the other hand the wish of the actors within the market. Besides this, rules, regulations and municipalities allowed them to fulfil this desire to develop more offices. So all together this resulted in an oversupply of office space and the resulting structural vacancy. The problem with these stories is that you can barely influence them. Narratives occur and as they are accepted and fit within a commonly accepted discourse, they gain importance. Actors decide whether or not a story will be re-told and passed to others. The research showed that people with power most likely are heard, while others are not.

Double role of municipalities

As a result of the growth thinking, the governmental system changed enormously. Municipalities needed to profit from the growth as well and a system was introduced which gave the municipalities a position in which they had two roles. On the one hand, all actions done and decisions made by a municipality should be in line with the greater public interest. However, on the other hand, municipalities had to finance less profitable departments through the issuance of land with a permission to build offices. Municipalities as a result of this needed to stimulate growth of their municipalities in order for public developments to take place. When it concerned the development of

offices, the municipality often chose the financial benefits over the spatial consequences of new office developments. By doing this, they allowed for the overproduction of offices within their municipality. The consequence of this was that many offices were built at places that we now realise are unfavourable and unwanted.

Competition among municipalities

The current organisation of governmental institutions stimulates competition among municipalities and weakens the position of individual municipalities. It stimulates an individual approach among municipalities rather than a collective approach between municipalities that is needed for a region to become strong and attractive for companies to locate themselves. Every municipality needs office developments to take place within their municipality in order to pay for the less self-sufficient departments of the municipalities and to pay for other development projects. The municipalities thus had to grow. This is problematic because as a result, every municipality allowed new developments in their municipality to attract companies no matter the cost. Even if this meant building a new office 500 meters further down the street and leaving behind an old office. If they did not allow it, a neighbouring municipality would. This would cost them a lot of money so they were placed in a position in which they could only allow developments to take place. There was no overarching vision for regional areas that covered multiple municipalities that are related and dependent on each other. This makes it very difficult for municipalities to stop the competition. The current system therefore stimulates competition between municipalities rather than uniting them. This competition among municipalities creates too much freedom for the market to build offices at non-logical places and of low quality, because they can play out municipalities. This creates a tragedy of the commons as the municipalities neglect the well being of society in the pursuit of personal gain. This has allowed the market to gain a much stronger negotiating position and to be able to force developments on to the municipalities.

Lack of coordination

Related to competition among municipalities is the lack of coordination of offices by higher governments. Over the last twenty-five years, a very important shift has occurred in the spatial planning system in the Netherlands: the decentralisation of spatial planning to municipalities. Through this decentralisation, the market and municipalities have received a much bigger role in the office market than before. Due to the decentralisation, a lack of coordination has emerged which has caused a wild growth of offices in the Netherlands. Every municipality can decide themselves where and whether or not developments can take place in their municipalities. This means that there is no coordination from a higher level of government. There is no frame that guides municipalities by telling which places are allowed for developments and which are not. The role of the provinces has not been sufficient to prevent the overproduction of offices because municipalities are leading in making and changing the zoning plan. Municipalities increasingly acted as market actors, and thereby forgetting about their societal role to take care of the quality of the environment. The lack of a coordinating framework that guided the office market also allowed the municipalities to become short-term oriented.

Lack of long-term vision

Many municipalities used short-term thinking rather than long-term visions about the office developments that were taking place. The belief in growth was so strong that little attention was paid to where and what office developments were taking place. They did not think about the functionality of that building for a future renter or if that location would also be suitable for other future users of that building. In other words, actors in the office market did not take into account the long-term use of a building and the consequences for the (urban and rural) environment if no other user was found. This

can be explained by the four-year terms of the municipal council. Every four years the political formation changes which means different ideas emerge about the use of space. Municipalities only operate within a timeframe of these four years. The following period the same politicians might not be leading the municipality, so they aim to develop some prominent buildings within their term. This individualistic short-term behaviour has strongly contributed to the development of new offices. The long-term vision for the city and in specific the office market is often vulnerable to the new political formation. This means there is no real long-term vision for the office market, which allows for the wild growth of offices. This long-term vision has also been hard to establish due to a lack of data about the office market. For many years there was no accurate overview about the growth within this market and the increasing vacancy rates. Municipalities did not properly keep track of growth rates within their own municipality and surrounding municipalities. Expectations were mostly based on (success) narratives, rather than on data. The data that was available was mostly based on the forecasts of all municipalities together. However, there was a lot of double counting because all municipalities had high expectations and did not keep in mind the competition with other municipalities. This lack of accurate data from the municipalities and the conflicting data that existed in the market created opportunities to speculate about office market growth. This lack of data also prevented the development of a long-term vision about this market.

Path dependency

The last effect of the growth thinking is that all institutions are organised towards quantitative growth, rather than qualitative growth. For example, municipalities do not have instruments to easily facilitate the transformation of offices simply because transformation was never used. It was not necessary to transform offices before because the growth discourse allowed for the continuous development of new offices. The current instruments turned out to be too strict and not flexible enough to adapt to the current changes in the office market in which transformation of offices is wanted in order to reduce the office vacancy. The process of changing the function of a building often takes multiple years and is very costly which causes a threshold for actors to think outside the box and make their office profitable again. Office builders are thus organised towards the development of new offices rather than the development of old offices because they are stuck in a path dependency. They act on the basis of a discourse that has resulted in certain institutions with which they have learned to deal with and rely upon. Their behaviour has been shaped by the underlying discourse that is hard to change.

As explained in the introduction, most actors involved in the office market currently recognise the problems and are searching for feasible solutions. Often these solutions concern working together with other (non-public) actors within the market. As a result of this, different agreements between private and public parties have emerged in the last years such as the 'Office Agreement' (het kantorenconvenant). While sounding good on paper, in reality such a solution is very difficult to implement because they do not fit within the general idea of growth. As a result, while many actors in the office market recognise that something needs to change, they are unlikely to accept a solution that clashes with their underlying discourse that promotes and shouts growth. The growth discourse has made actors blind for other, conflicting, scenarios such as decline. In the mean time, actors still hold on to this growth notion. The growth discourse works in times of economic growth, however, in times of economic decline, as we are now, it does not work (Janssen-Jansen, 2010).

The problems that the office market faces today are very different from the past, and therefore ask for a different approach. In order for these initiatives to work, the dominant discourse needs to change from optimism (growth) to realism (decline). However, it is a difficult step to change from this growth perspective (quantitative perspective) towards qualitative improvements. The growth thinking in the office market is for a long time seen as a story of success. This story of success is repeated because it

endorsed the behaviour of actors within this market and assured the continuity of their business model. This allows them to reproduce themselves: they can continue their way of acting as long as the underlying assumptions remain the same. The performance of a story of success, which for the office market was unending growth, created development pathways in the office market system, making it less sensitive for alternative understandings of the world. The growth discourse has been institutionalised through rules and regulations, which creates even more development pathways. The more dominant the interpretation of the growth story became, the harder it became to take an alternative pathway.

8. Discussion

Now that the underlying causes of the vacancy in the Dutch office market are clear, it is possible to discuss the role that spatial planning could play in the future of the office market. In this research it has become clear that the office market is very much related and dependent on spatial planning for its developments. In addition, this chapter explores the possible levels of coordination for the office market. In the final section a reflection is made on this research and provides future research suggestions.

8.1 The possible role of spatial planning

As is explained in the introduction, the vacancy problem has numerous spatial consequences. A high amount of structural vacancy in the office market can have considerable negative effects on the appeal of urban environments and can, in extreme cases, result in dangerous areas that are completely abandoned by people (Janssen-Jansen, 2010a/b). Vacancy can therefore cause deterioration and degradation of neighbourhoods and liveability of the city (RVOB, 2010; Jansen-Jansen, 2010a). Vacancy can become a 'push factor' for other companies to leave the area, which causes even more vacancy in that area. It is very likely that because of the vacancy, 'no-go' areas emerge in cities. Deterioration emerges in the places that are already weaker, and can spread to nearby areas (DTZ Zadelhof, 2010; Janssen-Jansen, 2006; 2011 a/b). Moreover, empty offices can have negative consequences for the economic development of a region or even a country. It can, for example, negatively affect the international position of a region in comparison with other regions (Janssen-Jansen, 2010a). This negative image of a region through vacancy directly and indirectly affects the demand for offices in that area by both national and international actors because office users are less willing to locate themselves in a region with a high amount of vacancy. When multiple (important) regions are facing vacancy problems, the negative image can even spread to the national level, making the country less attractive as business location for international companies and as investment destination for (foreign) investors (Janssen-Jansen, 2006; 2010a). In a country that already consists for a large part out of built-up area, the continuous growth of the office market has huge consequences for open space in the Netherlands. Every time a new office is built, another piece of green area is transformed into red area (built-up area).

The many spatial consequences of the many new office developments and the resulting high vacancy rates force us to think about the role of spatial planning more carefully. Now that the various problems in the office markets have been identified, it is time to explore what role spatial planning can play in the Dutch office market. During this research, spatial planning has been used as a synonym for governmental spatial planning departments and the connected rules and regulations. However, spatial planning can be defined in a much broader sense. According to Cullingworth and Nadin (2006), spatial planning is concerned with the coordination and integration of the spatial dimension of policies. Spatial planning can provide a vision and common direction for policies and programmes and it can help to avoid duplication of effort by different departments and spheres of government by assisting in the coordination of policies (United Nations, 2008). Spatial planning can play an important role in delivering environmental, social and economic benefits by creating more stable and predictable conditions for investment and development, by securing community benefits from development, and by promoting prudent use of land and natural resources for development. Spatial planning is thus an important instrument for promoting sustainable development and improving quality of life (United Nations, 2008).

If planning is defined in this broader light, what role can spatial planning play in solving and preventing the current problems in the office market? In the following part of the discussion three possible roles of spatial planning are distinguished.

8.1.1 Providing vision and common direction for policies and programmes

Spatial planning can play a valuable role in keeping track of the office market and by creating a long-term vision for the office market. It can help to regulate the market and avoid an uncontrolled building drift by helping the actors active in the office market to focus on qualitative development rather than on a quantitative approach. Spatial planning in the Netherlands is currently subject to political change and therefore inconsistent in its decisions and actions over the long-term. This is because in many cases a new college of the municipality results in a complete reverse of plans. Spatial planning departments should not be so vulnerable to these alterations because this prevents them from making long-term visions for the urban develops in their region. This research has shown that due to the political terms, in the past actors did not think enough about the future use of an office or the next user of an office, which has contributed to the current vacancy problem. The lack of a vision for the market allows individualistic behaviour by both public and private actors. Spatial planning departments can provide this long-term vision for the markets. This long-term vision should not be a rigid document, but a document that is able to adapt to changes in the office market. It should be a guide for the expected developments of offices. Spatial planning can play a fundamental role in this.

8.1.2 Facilitate the market in new initiatives

Furthermore, spatial planning departments need to facilitate the market in being able to respond quicker to changes within the office market. The current spatial planning procedures and systems are rigid which makes this impossible. The results show that when a planning process of an office has started, it is difficult to turn back because the money is often already committed to the development. This causes spatial plans to be very linear, rather than flexible. The office vacancy and the collapse of the office market have changed the demands for office space. Vacant offices need to be transformed in other functions. However, this is often still a very difficult process for market actors. The stiffness or rigor in the system creates lengthy and costly processes. A change in the zoning plans can take over two years and costs a lot of money. Even if market actors are willing to change the function and take their loss, it is a very difficult process to go through. Spatial planning departments could initiate and participate in the creation of tools, rules and regulations to make transformation easier for market actors. This is an important role that spatial planning could fulfil as it allows the office market to become more flexible and to respond quicker to changes. The growth discourse has limited the amount of institutions available in the office market and has narrowed the options for actors within this market. In current thinking there is no space (yet) for alternative perceptions of how the office market should develop. The growth discourse has created path dependency through the emergence of institutions preventing actors to take alternative paths such as the transformation of offices. Spatial planning could help actors in the office market to take an alternative approach. Planners can thus help to bring both the public and private world together allowing them to cooperate while taking into account both points of view.

8.1.3 Assisting in the coordination of the office market

A second important role for spatial planning lays in the coordination of developments by public and private actors in the office market. This is because spatial planning can take into account the different stakes of all actors involved when making decisions and, more importantly, can take into account the common good. Due to the financial incentives linked to the development of new offices, public and

private actors lost sight of the underlying demand for new office space and the effects their actions would have in the long-term. Over time the society in general has felt the consequences of the building drift in the office market. The common interests were not taken into account when developing the offices while many of the resulting problems are felt and borne by society. Spatial planning can play an important role in coordinating office development by balancing out different interests of both public and private actors. However, to give spatial planners a position in which they are able to coordinate the market is difficult. In the following paragraph some options are discussed to change the role of spatial planning within this process.

8.2 Possible levels of coordination

As is explained previously, spatial planning can play an important role in the coordination of office developments and transformations. However, this research has also shown that in the past the role of spatial planning has diminished over the years due to various political developments. This has placed spatial planning in a position in which it has little power to influence the office market. Because of this and in order for spatial planning to be able to fulfil the above-mentioned roles in the office market, it is necessary to explore what changes need to be made to change the role of spatial planning in order for it to help solve the underlying problems.

The office market is a regional market. This means that municipalities should work together to facilitate office users within their region. However, the current financial system of the municipalities does not allow for this. Currently, individual municipalities decide if and where new office developments can take place within their municipalities without needing approval of the province or the state. Because the financial benefits office development can offer to a municipality, municipalities often aim to build as much as possible to finance other less profitable projects. As a result, they have ended up in competition with neighbouring municipalities, which has put municipalities in a subordinate position compared to other market players. This individual approach leads to multiple different office development plans, which causes that the supply of office space is both in a quantitatively and a qualitatively sense not to suit the demand.

To solve this problem, an option would be to increase the operational scale of spatial planning to a regional level. Municipalities that have similar economic activities in their municipalities should be clustered into an economic region. Each economic region will have its own specific focus and therefore the competition is largely taken away. This economic region can then together tackle the office vacancy problem and allow office developments to take place in a coordinated way on the basis of economic developments in their region. A development that more or less supports this idea is the current process of scaling up in which small municipalities are merged together to be more productive. This development can reduce competition between (small) municipalities in the office market. By merging together municipalities, they no longer have to compete with neighbouring municipalities to attract companies to their municipality. On a regional level, coordination is than possible through a regional spatial planning system. Taking away the competition element between municipalities is very important. By developing economic clustered regional municipalities, the fear of losing money and therefore making absurd deals to attract companies is partly gone. Neighbouring municipalities are less of a fear because they attract different economic entities. Moreover, many urban issues cross the borders of a municipality, which stimulates the development of economic regions. These regional platforms should have their own spatial planning tools and systems to maintain the overview over the region and coordinate the development of offices within that region. Economic regions would also improve the knowledge skills of municipalities. Many municipalities are not able to pay for expertise that is necessary to make good decisions about the development of offices or to develop and maintain

an office monitoring system. Economic regions with knowledge and expertise would solve this lack of knowledge and at the same time keep an overview over the office market.

The question is whether or not the merger of municipalities in regional economic entities will be enough to allow for good coordination in the office market. A complimentary option is to involve the central government into the development of offices. They are in the position that they can analyse the market from a higher level and have an overview of the office developments taking place. Moreover, they can make sure green areas and valuable landscapes in the Netherlands are protected. An option for the central government is to go back to its red and green development zones to specify where development of offices is and is not allowed. Within these red regions, municipalities themselves can decide where developments are allowed. The green areas are not allowed for development. The toleration of building in green areas has stimulated the development of offices on farmland. Especially because the price of farmland is really low, so even if a poor quality building is placed in the middle of nowhere, value is created. A red and green structure can prevent the wild growth of offices in green areas and maintain the qualities of the Dutch landscape. This system has been eliminated over the past years due to political changes, however, it did provide clear borders for development. The development of offices on deserted places would be made impossible by this coordination system. However, a structure like this is not likely to return in the current political circumstances of individuality and liberalism. This has made the vacancy problem mostly a problem of the municipalities alone. Although it is not likely to happen, it would be good if the central government went back to this more coordinating role.

No matter what formation is best to coordinate the development of office space, spatial planning should play a much more important role in this. However, before something like a planning system on a regional scale could work, a transparent market is needed. Without accurate data of developments of demand, supply and price, it will be hard to create a balanced office market. Also for private actors it is important to create a transparent market because a transparent market will increase their chances in this field. The current situation of the office market asks for a collaborative policy of both the market and the government. Strategic guidance of the office market is needed to balance out supply and demand in which spatial qualities and economic qualities take the lead. On the one hand, municipalities need to develop high-quality office locations, but on the other hand vacancy needs to be reduced. To realise both goals specific policies per region are needed. Every development project should be checked by spatial planning departments to make sure the developments are sustainable and fit in the environment and long-term developments. If every office development is taken into consideration for the current and future use and the location it is placed in, all actors in the market will profit from it. Maybe fewer offices are built, but the value of these offices will be more secured since the future use has already been taken into account.

Overall the vacancy in the office market remains a very difficult problem to solve. Coordination is something that is difficult to establish within the office market as it depends on the underlying growth discourse as well. All problems such as the competition between municipalities and over-optimism are interrelated and related to the underlying growth discourse. To change the course of action in the office market the underlying growth perception of the people within this market needs to be changed. This something that is very difficult to reach. Spatial planning can play a role in this, for example, through narratives. As has been explained earlier in this research, discourses are subject to negotiation; i.e. they can be challenged by other discourses and can be transformed. The current dominant discourse in the office market is one of growth. This discourse has created a perception of the office market that no longer matches the reality. A new dominant discourse can be formed through the creation and distribution of narratives. Discourses are not easy to change and it is a slow and gradual process. Due to the enduring problems in the office market, actors start to open up for alternative solutions, unconsciously slowly changing their idea about the future of this market. Spatial planners

can allow themselves to open up for alternative perceptions of reality. Besides this they can tell narratives with an alternative perception of reality to other people. Spatial planning should be more aware of the power of stories and learn how to project their ideas on to the market. Although it is no guarantee that their stories will be repeated, there is something to win here for spatial planning departments. Spatial planning can keep in touch with the reality of the office market and help to move away from a growth perspective and towards qualitative developments that benefits the region as a whole rather than the individual actors in the office market.

In the future more research should be done on the possible levels of coordination for the office market. The different options should further be analysed and tested. Comparisons should be made with other international systems to see how they deal with the problem of office vacancy. More research can be done to how to shape a regional platform. Important for this are the possible tools spatial planning departments would need to deal with the problems in this market on a regional level.

8.3 Research reflection

First of all, it is important to note that the office market is a very complex and difficult market, as is explained in the introduction. In the past, many research has been done on the functioning of this market, however, barely any of this research has been able to fully capture the complexity of this market and its many different aspects, processes, perspectives and actors. Also this research fails to do so. The office market is a market with many actors that all behave differently based on their own background, goals, and perception of reality. Due to this human aspect, it very complicated to analyse this market. For example, it is difficult to make a distinction between irregular behaviour and structural behaviour of the actors within this market. If it concerns structural behaviour it might have contributed to the vacancy problem and can be considered as an underlying cause. It is necessary to be very careful with generalising certain behaviour. People act independently and every situation is different which makes it hard to generalise. Besides this, many behavioural aspects within this market are not publicly conveyed by the actors involved. Everybody knows what is going on, but few dare to address the strategic behaviour of the actors within this market. Due to this, it is hard to catch important aspects of the market. This research therefore has not been able to fully analyse these behavioural aspects of the actors in this market.

The second note I would like to make is that this research has a focus on the national level. It analyses the general perspectives and image of the office market over the last twenty-five years and does not focus on any particular submarket. However, it is important to note that the office market often functions on a regional scale rather than a national scale. In some regions in the Netherlands, the vacancy problem might not be as bad as others because of multiple factors. This research therefore cannot be used to focus on a specific regional area: the situation in a region can be very different from the national perspective on the office market. It is important to accept the fact that the regional markets are much more important than the national markets. However, this research shows that often the behaviour of actors is driven by the national sentiment of the market. Actors often analyse the market as a whole and, by doing this, they influence each regional market. Therefore it is possible to say that the general image of the office market sketched in this research might be an explanation for those regions that are facing problems.

A third important note is that due to time constraints it has only been possible to analyse one newspaper over the last twenty-five years. To improve this research it might be an idea to analyse multiple newspapers over the last twenty-five years to see if different newspapers tell different stories about the office market. This would give a more neutral image. However, because the newspaper used in this research is one of the leading newspapers in this field, in my opinion this research is a very good and reliable start.

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Appendix A - Interview questions

Introduction

1. What is your role in the office market?
2. What are your stakes / goals in the office market?
3. How do you try to reach your goals?
4. Which actors, according to you, are active in the office market? With which actors do you cooperate?

Developments in the office market

5. Describe the developments of the office market during your career. What changes have occurred in this market during this period?
6. What are the main drivers for office developments (economy, assets, politics, spatial planning, science)? Which broader more general developments have contributed to the urgency to develop offices?
7. In the past there was a big urge to build new offices. Where did that urge come from? Which factors have contributed to the positive image that offices were solid investments?
8. Describe the process from start to end of the development of a new office. Has this process changes over time?
9. Did someone control / regulate the development of new offices? On the basis of which data were decisions made for new developments?
10. How do actors behave in the office market and to which extent has this behaviour influenced the office market?
11. Were the decisions about office development in the past logical? Were there any people who were against the extensive developments of new offices?

Current situation in the office market

12. How would you describe the current situation in the office market?
13. Which factors have contributed to the vacancy problem in the office market (declining demand, economic decline, strategic behaviour of actors etc.)?
14. Many people describe the office market as problematic. Do you think the current situation in the office market is problematic? Why? Is the attention for the vacancy problem fair, or do you think the problem can solve itself and too much attention is paid to the current problems?
15. Has behaviour of actors active in the office market changed due to the changed circumstances in this working field? Have, as a result of the problems, new actors emerged on the market?
16. What makes it so difficult to solve the problems in the office market?
17. Looking back at the developments of the office market, were there any signs that revealed the increasing vacancy problem in the office market? If yes, why did nobody respond to these signs?

Spatial planning

18. What role has spatial planning played in the development of the office market?
19. Has the role of spatial planning changed over time?
20. To what extent can spatial planning play a role in solving the office vacancy, and what role can they play in preventing vacancy from occurring in the future?