

Building in the Netherlands

Introducing a new business model: “Understanding for female enthusiasm”

Nico Rietdijk, Secretary of the NVB – the Netherlands umbrella association for project developers and building contractors

At the “Building Ceramics Conference”, Nico Rietdijk, Secretary of the NVB, the Netherlands umbrella association for project developers and building contractors, outlined the developments in the Netherlands’ housing construction market.

Moreover he went into the consequences of these developments for the strategy of the project developers and building contractors.

Rietdijk started off by reviewing the developments in the housing construction market in the year 2010. Looking back, the year 2010 had still been a relatively good year. The consumers had digested the first shock, interest rates sank to a historic low and the government implemented a series of effective support measures. The construction sector responded by building smaller and cheaper housing units as well as dividing bigger projects into several smaller ones. Nevertheless the number of new housing units fell considerably (-30 %). The decline could, however, have been even more drastic.

With regard to the year 2011, Rietdijk expressed greater pessimism, expecting a “double-dip” as a result of a drop in demand based on four trends: the Netherlands government doesn’t have any money left as it had to buy up expensive banks during the credit crisis. Housing corporations are building fewer units as, on account of the statutory cap on rents, for example, their costs are rising faster than their rental income. Private individuals aren’t buying either because they are worried about their jobs, fear they won’t be able to sell their own houses in good time, or they are afraid that tax deductions for mortgage interest will be stopped for political reasons. And finally companies are not investing in new buildings as they aren’t making any profits.

On the other hand, Rietdijk thought he could also make out some positive signs of recovery on the newbuild market: regrowth of the economy, increasing consumer confidence, falling unemployment and provisional (!) security for the mortgage interest deductions. He doubts, however, whether this is all enough to reach new buyers on the housing market. And this although it is undisputed that particularly now it is the newcomers to the market who can significantly contribute to stimulating the construction sector and housing market. When a first-time buyer buys (a new or already existing property), this is followed by a chain of moves to ever more expensive houses (also new or already existing properties). Unfortunately, the first-time buyers in 2011 are quite reserved with regard to buying houses. Besides the fear of the houses falling in value, the stricter mortgage regulations, rising mortgage interest rates and the fact that renting a flat in the Netherlands is still much cheaper than buying one are also factors to be taken into consideration.

Rietdijk also pointed out that the cautious banks, strict regulating authorities, and the fiercer approach of credit insurers are currently a bigger problem than the crisis of 2008/2009 itself.

Then Rietdijk came to the core of his talk: the importance of all these developments for the strategy of the project developers and building contractors in the future.

To sum up, it would seem that this strategy concentrates on rectifying the distorted relationship between costs and market value: costs down and value up. This can be achieved, according to various representative bodies, with a new business model which rests on two pillars: cooperation instead of competition and increased focus on the question of how consumers live and what they want.

With regard to the first point, according to Rietdijk, the matter mainly concerns more equal cooperation (“bad times bring you closer together”). With regard to the second point, it is a matter of increased focus on the question of how the consumers live/think/act (“it only gets interesting for marketing specialists when a market gets difficult”).

From the viewpoint of the NVB, it is accordingly important to adjust cleverly and efficiently to the recovery of the construction sector, which is bound to come sometime. Rietdijk’s message is: create incentives for the buyer to arouse their interest and do this by means of ‘gender marketing’.

“In 80 % of cases it is the women who take the decision with regard to moving and furnishing houses. For this reason, target your message on the housing market especially to them by appealing to their feelings in respect of the location, the atmosphere and “cosiness” of the property. And use natural materials, because women tend to turn up their nose at imitations.” An understanding of female enthusiasm, says Rietdijk, therefore means paying attention to the skin of building – clay brick fits the bill perfectly here.