

Summary

Socio-economic developments

On 1 January 2006, the 20 KAN¹ communities had 719,558 inhabitants. The labour force grew with approximately 15% during the last 10 years, which was approximately 3 times as high as the general growth in population. Unemployment declined during the 90s despite this large rise, but then started to rise again after 2000. As of 2001, we can see a relocation of employment opportunities from the market sectors agriculture, industry, construction, trade and commercial services (-5%), to semi- and governmental, educational, health care and social services employment (+9%). It is expected that this shift will continue during the upcoming decades. The future growth of the labour force in the Arnhem Nijmegen urban region compares rather well with the Netherlands as a whole.

Infrastructure

Beter Bereikbaar KAN (BBKAN) is a co-operative association of KAN communities, including the Province of Gelderland, the Ministry of Public Works (Rijkswaterstaat) Directorate for the Eastern Netherlands and the Arnhem-Nijmegen region. The objective of this association is to keep the accessibility of the urban region at an acceptable level. Points of attention are, amongst others: A broadening of the A50 motor highway, the prolongation of the A50 to the A12 motorway, a better co-ordination of the traffic lights, a second city bridge in Nijmegen, development of Waalsprong on the A325 and investments in public transport (stations at Schuytgraaf and Westervoort, Arnhem Central Station, the axis Waalsprong – City Centre – Central Station – Heyendaal Nijmegen).

Housing market

The average purchase price of a housing in the KAN area increased in 2005 less quickly than in comparison to the rest of the country. The increase amounted to 1.5%, rising to € 220,595, as against 4.7% nationally. Only apartments rose more strongly in price within the KAN region. The average selling time for an apartment in the urban region rose by 13 to a total of 91 days during 2005, which is longer than in all of the Netherlands and Gelderland. As per a 1 January 2006, the offer of apartments for sale declined by 37% to 4,212 units. While the number of transactions still declined by 2.6%, in comparison to the preceding year, the number of transactions in 2005 increased by 11.3%, rising to 8,667. Interim accommodations and apartments are most popular, while double residences under one roof and freestanding residences were sold less frequently.

The province of Gelderland has the highest housing shortage in the entire Netherlands. The state has made agreements regarding housing construction with the KAN association management, the province of Gelderland and the municipalities of Arnhem, Overbetuwe and Nijmegen, for the realisation of 24,600 housing units by 2009. While 40% more housing accommodations were built than in the year before, the goals for 2005 were nevertheless not achieved.

Office space market

The positive statements, which are sometimes made in the national office space market, are also noticeable within the KAN region. Due to a declining offer (-3.5%, falling to 248,000 m²) and an increase in take-up (+32%, rising to 82,500 m²), the market has become somewhat more balanced. At a national level, the take-up of office space increased by 2.3% in 2005, rising above 1.3 million m², while the offer increased by 10%, to more than 5.3 million m².

In Arnhem, the take-up figure reached approximately 58,500 m² in 2005, which was the best since 2001. The primary cause for this was a number of larger transactions. As of 1 January 2006, the offer has declined from a level of 158,000 m² to approximately 154,000 m².

¹ KAN = Knooppunt Arnhem-Nijmegen, a regional development council in the Netherlands,

Where Nijmegen showed a historically low take-up during the last year, a clear recovery could be noted during this year, which was especially due to a large commitment by Philips. In 2004 the take-up level had been around 9.000 m², in comparison to approximately 20,400 m² in the past year. Exactly as in Arnhem, the offer in Nijmegen also declined, falling from 97,000 m² to 94,000 m².

Due to the high level of a non-occupancy (currently 15% of offer within the KAN region), there are an increasing number of signals from the market that a redevelopment or demolition of old and unsaleable office properties is required for a recovery of the market. Financing is, however, frequently a problem.

Retail store market

Exactly like the office market, the market for retail stores is also in a more positive mood. At a national level, a rise in sales can be seen for the first time in many years. The available retail space has increased substantially during the past two years and amounts to more than 1 million m² in the KAN region. The top-class locations in both Arnhem and Nijmegen continue to be in great demand, and the rental prices have therefore remained stable.

In Arnhem, the take-up level in 2005 was higher than in the preceding two years, reaching 15,437 m². More than 60% of this was located in core retail areas, which confirms the attractiveness of Arnhem as a city for shopping. The Musiskwartier, as an expansion of the top-class shopping area, was completed this year. The available shopping space in Arnhem however declined with 33% to 7,511 m².

The take-up level in Nijmegen declined in 2005 by 45%, falling to 5,154 m². Also the offer has declined substantially, falling by 16% to 12,950 m² as per 1 January 2006. Nijmegen continues to position itself increasingly as a shopping city, for instance through various new construction projects, such as the Marikenstraat and the Moenenstraat.

Factory space

The market for factory space is highly sensitive to economic fluctuations; the real estate cycle is always highly visible. As a consequence of economic stagnation in 2005, the offer has increased by more than 6% to approximately 8.5 million m². The take-up level remained reasonably stable at 2.7 million m², while offered factory space in the KAN region increased by 10.5% in 2005, rising to 411,260 m². With that it reached the highest level of the past 10 years. At the same time, the take-up of factory space has not been that low in the past 10 years, declining with 21% to 89,965 m². The bandwidth of rental prices at a number of industrial terrains has shifted both of upwards and downwards. While the rental price of outdated properties declined, the rent for top locations increased.

Industrial terrains

After four years of shrinkage, the granting of permits for industrial terrains increased by 8% in 2004, rising to 650 hectares. In contrast to the office market, the economic recession in the market for industrial terrains did not lead to a substantial increase in the offer; the municipalities simply reduced the number of new permits. Within the KAN region, the number of hectares of industrial terrains that were released declined both in 2004 and in 2005, falling by 14.8% in 2004 and 10.6% in 2005. As of 1 January 2006, the KAN region has net industrial terrains of approximately 118.3 hectares available for development. This supply is almost exactly equivalent to the reference date, 1 January 2005. Ground prices vary from between € 30 (industrial terrain Dieren Oost) to € 220 (Westervoortsedijk in Arnhem) per square metre.