Investigation of Potential Challenges and Opportunities in the Dutch Real Estate Market

Case: Present Properties Ltd

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ABSTRACT

In the events of recent economic recovery in the Netherlands, the local market of real estate has seen prerequisites for rehabilitation after the negative consequences of the financial crisis of 2007-08. Following this occasion, many potential entrants, both local and foreign, started seeing this market as a lucrative place for potential expansion. As Present Properties Ltd is particularly interested in entering the Dutch real estate market, yet lacks necessary information about this market, the thesis will concentrate on investigating the Dutch market condition and dynamics. Precisely, the author defines the thesis aim as identifying the challenges and opportunities for the case company as a potential market entrant to the Dutch real estate market.

The thesis employs case study as the main research strategy and adopts the deductive approach by withdrawing valuable conclusions through exploitation of theoretical models (including the Porter’s Five Forces model, the SWOT model and the PEST model). The author utilizes both the qualitative (interviews) and the quantitative (survey) data collection techniques to maximise the value of research outcomes. In addition, the author carries out a desk research with the use of various secondary sources (including material available in public domain and the case company’s internal materials).

The empirical findings in the thesis indicate that, despite high levels of industry competitiveness and price-sensitivity of market consumers, the Dutch real estate market still remains highly attractive for the case company as a potential entrant. The thesis author defined four most attractive for the case company regional real estate markets in the Netherlands, including Flevoland, Limburg, Overijssel and Zeeland. The thesis author also determined the property valuation and lead generation to be the key stepping-stones for the case company in the new market.

Key Words: Real estate, the Netherlands, market research, residential properties, real estate markets
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ABBREVIATION LIST

AORU  Average Occupancy Rate per Unit
AVRP  Average Value of a Residential Property
BCT   Business Cycle Tracer
cf.   Compare
GDP   Gross Domestic Product
LTD   Limited (in United Kingdom, a private company limited by shares)
LTV   Loan-to-Value (ratio)
N/A   No Answer
NVM   Nederlandse Verenging van Makelaars - the Dutch Association of Brokers
OOR   Owner Occupier Rate
R&D   Research and Development
VPC   Value Proposition Canvas
1. INTRODUCTION

1.1 Research background

The author of the thesis came up with the idea of implementing research of the real estate market in the Netherlands while distantly working as a telemarketing assistant for the case company.

As the company expressed a desire to promote itself in the international arena and take steps towards conquering new markets, the author made an initiative to prepare a thorough investigation of the residential real estate market in the Netherlands. Such research would consequently become the basis for a business plan for the company's establishment in the market of interest.

The case company has long been cherishing the idea of penetrating the Dutch real estate market. Despite its high motivation and great courage to expand operations on an international level, the company did not possess sufficient amount of valuable and credible information about the current state of affairs in the market of research area. Hence, the company is still, to date, not able to plan and build a viable market entrance strategy and a plan of action.

The main aim of the research is to outline the challenges within the market and provide the case company with valuable insights on the market's condition and dynamics, as well as the competition nature and consumer demand on the market.

One essential reason why the case company considers entering the Dutch residential real estate market is its general attractiveness and perspectives of flourishing and prompt recovery from the present economic crisis. Dutch economy is expected to strengthen further and its growth is to remain wide-ranged (OECD, 2015).

The general improvement of economic context in the Netherlands is essential for the real estate market. The market significantly benefits from various economic
factors, such as, for instance, the rise of employment and disposable income in the country during the recent years. (Van Dalen et al., 2015a.)

An instant indicator proving the recovery tendency, the number of transactions (number of houses purchased) in the real estate market in the Netherlands has risen significantly in the year 2014, amounting to 153,000 homes. Of these, 51,000 homes were purchased in the third quarter only, and December of the same year was declared to be the month with the highest monthly transaction volume ever recorded (Van Dalen et al., 2015a).

During the recent years, a large number of houses that had long been on the market were finally sold. Consequently, the average period that the houses remain on the market has also reduced from 395 to 371 days at the end of 2014, which is a good indicator of the market's recovery progress. Most crucially, the level of confidence in the housing market in the Netherlands has been improving steadily since January 2013 onwards. (Van Dalen et al., 2015a.) This tendency is forecasted to be further stimulated by such factors as low-interest rates, slumping unemployment rates and innovative government policies. (Delmendo, 2015.)

![Graph showing confidence level](image)

**FIGURE 1.** The Confidence Level on the Dutch Market of Real Estate in 2015 (Van Dalen et al., 2015a)

As mentioned, the real estate market in the Netherlands does seem lucrative. Certain factors can indicate prospects for future growth, which certainly attracts
potential investors and foreign players. However, to enter this market successfully, a more profound research on the market condition and dynamics has to be performed. This, respectively, will become the primary focus of the thesis.

1.2 Thesis Aim and Objectives

The current study aims to conduct an investigation of the Dutch residential real estate market and to provide recommendations for the case company. As stated, the case company's main intention is to enter the new market and reach the same target segment in this new market with its existing offer. To elaborate its own success strategy in the market of research and prepare an entrance plan, the company needs to possess actual and up-to-date information about the market's condition and dynamics, its nature of competition and consumer behaviour. Since the company is not aware of the present state of affairs in the market, it is crucial to provide an answer about perspectives and challenges it may encounter once it enters Dutch market of real estate. Therefore, the main aim of the present research is to provide an answer to the following question:

“What are the perspective challenges and potentials for the case company on the Dutch real estate market?”

To answer the research question in a sufficient manner, the author defined five sub-questions, which are as follows:

- How competitive is the Dutch real estate industry in general?

The holistic analysis of the Dutch real estate industry is an important starting point for the company's strategy planning process. Implementation of an industry analysis will enable the company to observe which industry forces are the most competitive in regards to the case company and its perspectives in the Dutch real estate market.

- What are the behavioural peculiarities of the case company's target segment in the Netherlands?
As it will be explained later, the case company serves a specific target segment in its domestic market. Before entering the Dutch real estate market, the company needs to know the essentials of the consumer trends, behaviour, and preferences regarded in this segment.

- Which regional real estate markets in the Netherlands should the case company pay particular attention to?

Due to specific peculiarities of the case company's offer, certain regional markets are expected to be of a higher interest to the company than others. Thus, one of the objectives of the current research is to define which local real estate markets in the Netherlands comply with the attractiveness criteria of the case company.

- What are the practical stepping-stones in the Dutch market that may be a concern for the case company?

To assess possible challenges in the Dutch real estate market, the company needs to be aware of hurdles it may expect, particularly regarding its marketing and other core operational activities. Thence, it is imperative for the research to cover this topic and supply the case company with the corresponding information.

- Which internal capabilities can help the case company succeed on the Dutch real estate market?

Finally, the research will explain which external capabilities (implying the offer values and operation strength) of the case company may facilitate the company's successful entrance and establishment on the market of research.

1.3 Research Methodology and Data Collection

In order to simplify the comprehension of the research methodology and data collection methods used in the thesis, the author will provide a detailed explanation of the subjects mentioned above with the help of the research 'onion' concept, elaborated by Saunders, Lewis and Thornhill (2009, 138). The core
elements of the 'onion', as shown in the Figure 2 below, will be described in the present chapter in order for the reader to gain a sufficient understanding of how the methodology and data collection tools are used in the thesis.

![Figure 2. The 'Research Onion' (modified from Saunders et al., 2009)](image)

Firstly, the deductive approach is applied as the main approach in the thesis. According to Lee and Ling's (2008, 7), the deductive approach implies generalising the collected empirical data by processing it through the theoretical framework(s). Deductive reasoning is opposite to inductive reasoning, where a theoretical conclusion stems from empirical observation.

The main research strategy used in the thesis is the case study. According to Creswell (2007, 73), the case study is an investigation of a particular phenomenon within a specific context. Case study is the most relevant strategy in case the research questions aim to explain some current circumstance (Yin 2009, 4). Importantly, the case study design appropriate to the thesis is the intrinsic case study, which concentrates on the case itself (Creswell 2007, 74).

A mixed-method research will be applied in the thesis by combining both qualitative and quantitative data collection techniques for separate empirical purposes (Saunders et al. 2009, 152). Thus, the interview technique will be utilized first to collect valuable insights from the case company's representatives.
and consequently conduct an internal analysis of the company (applying the semi-structured interview type). The survey of consumer behaviour, associated with the case company's target segment, is later conducted to meet one of the research objectives.

With both the qualitative and the quantitative research involved, the benefits of triangulation concept will apply to the present research. The concept of triangulation implies observing the phenomenon from multiple viewpoints, which consequently allows generating deeper knowledge about it. (Denzin 1978, according to Silverman 2004, 34.)

The time horizon chosen for this thesis is the cross-sectional horizon, or “snapshot” horizon, as it is frequently named. The cross-sectional time horizon involves an investigation of the particular phenomenon in a given time. This type of time horizon frequently employs survey strategy, which is also partially employed in the thesis. Cross-sectional horizon fits the mixed-method research perfectly, as it can be used both in qualitative and quantitative research methods. (Saunders et al. 2009, 155.)

The techniques employed in this thesis will include both primary data and secondary data. Primary data within the research takes the form of an interview with the case company's representative (which allows analysing the case company's internal forces) and a survey (for the purpose of the consumer demand investigation on the market). Secondary data will be collected from the literature and through the industry overviews (within the frames of the desk research,) or the secondary research. Desk research process implies an examination of secondary sources available in public domain or within private frames (Hague et al. 2016, 52). According to Crouch and Housden (2003, 19), desk research makes a good start to any kind of research due to secondary resources, on which it predominantly relies, frequently being cheap (if not free) and omnipresent. The secondary data tools used in the present research are books, scientific articles, reviews and other publications. Importantly, the author intends to employ various types of literature. Greener (2008, 21) differentiates three different types of literature sources: primary sources (typically taking the form of least accessible
documents, e.g. company's internal publications), secondary (sources freely available in the public domain) and tertiary sources (typically, collections of secondary sources).

1.4 Thesis Structure

The thesis is divided into seven chapters as follows:

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<td>Data collection and acquisition</td>
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<tr>
<td>Conclusion and suggestions for further research</td>
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FIGURE 3. Thesis structure

The first chapter of the thesis, the introduction, introduces the reader with the thesis topic and provides a brief introduction of the market of current study. Further, this chapter reveals the general aim of the thesis and the objectives that are to be met, both in the form of questions and sub-questions. Following this
information, the chapter explains research methodology, data collection methods relevant to the thesis, as well as describes its structure and theoretical framework. This chapter will enable the reader to gain understanding of the holistic research environment of the thesis as well as its general logical flow.

The overview of the theoretical framework associated with the present research will be presented in the second chapter. Thus, the chapter will include a proper explanation of all theoretical models and tools used in the research process along with an explanation of the rationale behind the employment of this material and relevant academic criticism.

The third chapter of the research provides information about the case company. This chapter will provide details about the company's background, mission, structure, philosophy and the entrepreneurship pattern upon which the company was established. The target segment of the case company will also be described in this chapter through the 5W customer analysis model. The value proposition canvas will explain to the readers how the company adjusts its offer to the needs of its customers. In addition, the author will exploit the internal materials granted by the case company to describe the strategies that Present Properties Ltd operates with. The chapter will also comprise a detailed analysis of the company’s external and internal capabilities. Finally, the company's vision associated with the market of investigation will be outlined at the end of the chapter.

The fourth chapter will investigate the Dutch real estate market and cover the outcomes of the author's independent research of the topic. This chapter will primarily outline the essentials concerned with the main components of the market: general dynamics of the market and separate geographic real estate markets in the Netherlands, related practical aspects, the nature of competition on the market and the consumer situation. The thesis author will also introduce the analysis of market competitiveness in the end of the market overview chapter.

The process of acquisition and analysis of the empirical data involved will be described in the fifth chapter. This section will also cover the logical thinking and rationale upon which the author arranged the research process.
The sixth chapter of the thesis provides sufficient answers to the research questions and generalises the findings of the present research. This chapter will also include recommendations for the further research by the case company and explain the validity and reliability pertinent to the thesis.

Finally, the seventh chapter will present a brief summary of the thesis content.

1.5 Theoretical Framework

In order to provide the case company with valuable insights on the Dutch real estate market, analysis of several topics needs to be implemented from a theoretical point of view. The areas of analysis in the thesis are the case company itself, the external market influencers, the consumer behaviour on the market and the competitiveness of the real estate industry in the Netherlands.

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</table>

FIGURE 4. Theoretical tools and models used in the thesis

Foremost, the PEST analysis model will be applied to observe the environment of the market of research. The Porter's Five Forces model will also be used in the market analysis part to provide a general picture of real estate industry competitiveness in the Netherlands and thus summarize the empirical findings in the research.
The market analysis will be carried out with the use of the SWOT matrix. The SWOT matrix will help to identify the core of the company's positive and negative characteristics, and outline the opportunities and threats that concern the company.

An explanation of the case company's target customer segments will be provided in the company overview chapter. This information will be collected within the interview frames and analysed with the use of the 5W Customer Analysis model and the Value Proposition Canvas. Such tactics will enable to trace the progress of the theoretical and empirical parts together, and explain how the company’s value propositions match the needs of its target segment.

1.6 Research Limitations

As defined by the objective of the thesis, the research will investigate the perspectives of Dutch real estate market for the case company, as well as forecast possible challenges that the company could potentially encounter in this new geographical market. The research will provide basis for the further strategy planning process that the company is to perform independently. The scopes of research will include the market dynamics, including dynamics of separate regional residential real estate markets in the Netherlands, the nature of competition and consumer demand on the market.

It is imperative to clarify the primary important facts in regards to the market in which the case company operates for the sake of the readers’ comprehension of the thesis focus. The case company has been solely operating in the market of residential real estate. The company has never been involved, nor is willing to involve in any activities in the commercial real estate market. Hence, it is important to emphasize that all the references and collected information will be related to the residential estate market in the Netherlands, as well as its players, segments, etc.
The thesis will not include any information about budgeting matter due to lack of information on the topic. The case company has requested not to take this issue into consideration in regards to the thesis. When the general findings concerned with the research market are sufficient for strategy planning, the company will independently implement further actions related to the financial matters. Also, any financial figures associated with competition and consumer demand on the market of research will not be provided in the thesis.

Upon an advanced agreement with the case company, the author has exempted herself from providing any legal information on the subject of establishment in the Dutch residential real estate market. The author will also abstain from presenting information on real estate legal contracts and agreements between the involved parties.

The author of the thesis intends to use data gathered from reliable sources. Nevertheless, the author aims to accentuate the readers’ attention to the fact that the information is to be used for rough speculations, as the readers of the thesis may have different opinions about the data presented in the thesis outcomes. The author compiled the thesis content based on the needs and preferences of the case company.
2. OVERVIEW OF THE THEORETICAL MODELS AND TOOLS

The following chapter introduces the reader to the theoretical material used in the thesis. The description of the theoretical models and tools will explain the logic that the author adhered to throughout the research process. Some of the relevant critical evidence related to the theoretical models and/or tools used in the thesis will also be provided in the present chapter. Observing the critique of the theoretical material will allow for rational evaluation of the practical results in the further chapters of the thesis.

2.1 SWOT Analysis Model

Allegedly credited to Albert Humphrey, the SWOT analysis model is a great tool for strategic planning and is widely used in the business field. The SWOT model serves to define the current situation of a company by outlining its internal strengths and weaknesses, as well as external opportunities and threats (Kotler & Armstrong 2011, 53).

Kotler and Armstrong explain the subdivisions of the SWOT model in the following way:

- Strengths are the company's "internal capabilities, resources, and positive situational factors";

- Weaknesses are the internal barriers and unfavourable external factors that may affect the company's performance;

- Opportunities are all the favourable trends in the external environment that the company may benefit from;

- Finally, threats are the negative trends in the external environment that create challenges for the company.
This model is a perfect tool for companies that face serious strategic decisions, as it allows examining a reality of a business idea or business itself. While there is never a firm guarantee of success, businesses need to define their strengths and, consequently, start off from the positions of those strengths (Fine 2010, 2). The primary objective of the company is to coordinate its strengths with the external opportunities while simultaneously mastering its weaknesses and minimizing the impact of external threats. (Kotler & Armstrong 2011, 54.)

Despite its popularity, the SWOT model has been criticised widely by various academics. Some of them claim that the information gathered with the use of the model may be subjective, whereas others assume that the same applies to the evaluation of results. Thus, Hill and Westbrook (1997, according to Clardy 2013) declare that the insights defined as strengths and weaknesses are seldom assessed irrespectively. Therefore, while the information gathered may be accurate and adequate, its evaluation may be biased due to the personal perceptions of an interpreter. In this way, the threats and opportunities may be identified incorrectly, which will consequently lead to distortion of the analysis outcomes.

2.2 PEST Analysis Model

The PEST model is a tool commonly used by companies to investigate the attractiveness of a single market. Academics Blyth and Megicks claim that applying this model allows for a thorough investigation of the macro-environment in the industry (Blyth & Megicks 2010, 80). The PEST model includes political, economic, socio-cultural and technological factors.

The authors have provided the explanation of the PEST elements:

- Political: includes factors of political stability in the country, current government policy;
- Economic: includes such factors as interest rates and credit availability;
• Socio-cultural: these include cultural and social factors, such as social trends and language;

• Technological: includes factors that reflect the technological advancement in the industry, such as communications technology, or scientific breakthroughs.

Although the complete version of this model includes legal and environmental factors, the author decided to omit these factors. First, the author excluded legal matters in the limitations of the thesis. At the same time, the environmental issues pertinent to the research topic will be covered in one of the further chapters of the thesis. The analysis will thus enable the author to concentrate on the four core external influencers associated with the market of research.

2.3 Porter's Five Forces Model

In the year 1979, a young professor Michael Porter published his article "How Competitive Forces Shape Strategy". In this article, Porter stated the five forces that essentially influence and shape the nature of competition in a single industry. The framework of these five forces came in opposition to the prior competition theories, which claimed the nearest competitors to be the main focus in determining the competition tension in different industries. The main concept of his framework is to enable companies to comprehend the forces that influence profit generation in an industry. (Porter 1979, 1.) Using the Porter's five competitive forces helps businesses understand the attractiveness of an industry and gives grounds for effective strategic positioning. As the framework is commonly used in various industries, it can also be applied to the real estate industry, and thus was chosen by the thesis author to observe the respective industry in the Netherlands.
In the holistic picture of Porter's framework, the competitive forces are not independent of each other. They are closely interconnected, i.e. one force may have a significant influence on another. In order to extract the maximum gain from the competition analysis though Porter's framework, it is imperative to understand the connection between the competitive forces. (Johnson et al. 2005, 80.)

FIGURE 5. Porter's Five Forces

In his article, Porter outlines the competitive forces in the following way:

1. Threat of Entry

This threat implies new players that intend to penetrate the market in order to gain the market share and generate profits in the market, thus intensifying the competition. The threat of entry significantly depends on the entry barriers, which
are the advantages that existing market players have over the perspective entrants. These are as follows:

- Economies of scale, the advantage of producing larger outputs with lower input costs that the existing market players wield;
- The capital requirement of entry, i.e. the capital required for successful market entrance;
- Network effects, related to customer loyalty toward the existing market players;
- The factor of switching costs, involving unwillingness of customers to switch to other suppliers due to arising process costs;
- Advantages of existing players regardless of size (including the market experience and knowledge of the customer segments on the market);
- Unequal access to distribution channels (including marketing and pricing matters);
- Retaliation barrier, i.e. the extent to which new entrants are likely to retaliate the patterns of existing firms;
- Government policies, which have straightforward relation to the market's activity and the industry in general.

2. The Bargaining Power of Suppliers

Suppliers are considered a powerful force in the following cases:

- They are more concentrated than their customer (i.e. their offer is broader than the offer of the industry players);
- They do not depend on any specific industry in terms of their revenues, i.e. function as suppliers for several different industries;
• It is costly for industry players to switch suppliers;
• Their offer is very specific or/and differentiated, which makes it difficult for businesses to switch to other suppliers;
• They are likely to become straightforward competitors of their buyers by distributing the goods/services straight to customer segments in the industry.

3. The Bargaining Power of Buyers

The buyers are most powerful if:
• They buy relatively large amounts of goods/services;
• The industry's offer is unspecified or undifferentiated;
• There are no significant switching costs for buyers;
• Buyers are likely to find solutions to their problem without the industry's goods/services.

The buyers are price-sensitive if:
• The cost of a good/service constitutes a large fraction of a single buyer's budget;
• The buyer belongs to a segment with low incomes;
• The product/service offered to buyers is unlikely to have an effect on the buyers' other costs, i.e. the quality and the multifunctionality factors;

4. The Threat of Substitute Products

A substitute by definition is a product that functionally simulates the industry's products and is likely to attract the same customer.

The threat of substitutes is considerable if:
• It has essential price- or performance-related advantages over the products/services of industry;

• The buyers costs of switching to the substitutes are insignificant;

5. The Rivalry Among Existing Players

The Rivalry between existing players of an industry usually implies strategies related to prices and discounts, marketing, and research and development (R&D) activities. The degree of rivalry significance heavily depends on two factors, which are the rivalry intensity and basis.

The Rivalry is most intensified if:

• Competitors in a single industry are numerous and somewhat alike regarding size and power (or market share);

• Industry growth is slow;

• Exit barriers in the sector are high;

• Rivals are motivated to fight for leader positions in the market;

• Players in the industry have no significant understanding of each other

Price competition occurs if:

• Offers of the majority of competitors in a single industry are identical and provide value for the similar customer segments;

• Fixed costs tend to be high, and marginal costs tend to be low in a particular industry;

• Capacity growth should be significant for the rivals to keep afloat;

• The products/services offered in the industry are perishable;
Although possibly the most powerful market analysis tool the model has been criticized by many in both business and academic worlds.

Some academics suggest that not all the competitive forces are equally important. In addition, the model is excessively self-reliant, thus is unlikely to relate to other external factors, such as PEST factors or growth dynamics in a particular market (Grundy 2006, 215).

Another criticism lies in the fact that the model remains static and ignores the changes in the competitive environment (Karagiannopoulos et al. 2005, 73). Thence, using the model does not necessarily guarantee a competitively viable solution.

The logic upon which the competitive forces have been shaped is believed to favour mainly the market leaders. Thereby, using the model provides "no help to small actors in a given industry". (Aktouf 2005, 92.)

2.4 The 5W Customer Analysis Model

The 5W customer analysis model does not originate from a particular author. The model is based on the broadly known as the Five W's model, also authorless, yet highly popular in such fields as politics, philosophy, science and many others. The 5W Customer Analysis Model was created with the purpose of thoroughly analysing the customer and its needs.

The 5W Customer Analysis Model includes the following points:

1. Who are our existing and potential clients?

2. What needs do our clients have?

3. Where do customers purchase our product?

4. Why and how do our customers select our products?
5. Why do not our potential clients buy our products?

Applying the 5W Customer Analysis Model will enable the author to answer vital question about the customer segment(s) of the case company and thus get a better comprehension of their characteristics.

2.5 Value Proposition Canvas

The Value Proposition Canvas is a unique tool that serves to design the company's value proposition (-s). This tool was presented by Alexander Osterwalder and Yves Pigneur in their publication “Value Proposition Design” in 2014 (Osterwalder & Pigneur, 2014.)

![Value Proposition Canvas](image)

FIGURE 6. Graphical representation of the Value Proposition Canvas (Mardsen, 2015)

The Value Proposition Canvas has become a supplement for the business model concept. The tool helps to outline the pains and gains of the customers related to their problems as well as define the solution that the company offers (including an explanation of the pain relievers and gain creators). Mainly, the canvas helps to establish the logical connection between a company's value propositions and its customer segments.
Knowing the value propositions of a particular company is essential for the planning of the strategy(s) that a company is to exploit. Kaplan and Norton (2001, 86) assert that a successful strategy relies on the value propositions, which respectively concentrate on specific target segments. Thus, fulfilling customer needs and wants is the key for continuous value generation. Applying the canvas model in the present research will enable the thesis readers to understand how the case company has tailored its values to the needs and demands of its target segment.
3. CASE COMPANY OVERVIEW

In the following chapter, the author will provide information about the case company, describing its background, structure, main operational strategies and customer orientation. In addition, the author will introduce the readers with the creative real estate strategies that the case company exploits in its domestic market. The chapter will also include an analysis of the company’s internal and external capabilities and explain its vision of the Dutch market in real estate.

The chapter will include information gathered with the use of primary research (interviews) and secondary research (desk research). Thus, the author of the thesis will utilise materials granted by the owner of Present Properties Ltd. In addition, this chapter will include an empirical element expressed in the form of interviews with the company's owner and partly with the two permanent employees of the company. Information collected through the interview process will enable the author to direct further research on the market of interest. The list of interview questions can be found in the appendices of this thesis.

3.1 General Description

Present Properties Ltd was established in 2013 by a young self-taught business enthusiastic. The owner of the company started the business from scratch, having studied the subject of real estate independently. According to the owner of Present Properties Ltd, the company was set up only with primary investments in marketing. With all energy and resources concentrated on business development, the owner managed to build a viable and successful business in the British market of real estate, as well as raise an its brand awareness.

Presently, the company employs three professionals on a permanent, yet distant basis, as well as several on-off freelancers reliable for administrative tasks. The company specializes in providing services to property sellers, helping them sell their residential properties under desired conditions (usually implying limited
amount of time and specific situation of the seller). The company started its operations with implementing so-called “package deals” under a below-market strategy (a detailed description of strategies used by Present Properties Ltd will be provided in one of the following subchapters), further expanding its service list with other real estate strategies. Nowadays, the company is successfully operating in the British real estate market (predominantly in the North-Eastern regions), constantly conquering new regional markets.

Present Properties Ltd is not a mere reseller of properties; neither is it a casual mediator between the parties involved in the property buying and selling activities. The company is proudly differentiating itself as a private property investor company that helps its target customers resolve property-related issues based on personal circumstances. The essential distinction of Present Properties Ltd is its orientation on the real needs of its target segment (the niche needs, as it is to be explained in the next subchapters). The case company acts as an independent mediator between the parties in real estate deals, thus representing its own commercial interests. However, as the company serves the segment of residential property sellers, it actually stands behind its customers throughout the whole transaction process.

From the first day of its existence Present Properties Ltd concentrated on the matter of innovation, constantly searching for the ways of adopting creative real estate strategies in the local real estate market. The creative real estate strategies that Present Properties Ltd exploits include option-based strategies, or the so-called “flipping” strategies. What is essentially innovative about the way the company operates is the fact that it utilizes no cash for upfront investments, yet implementing the activities that real investors do. Rather, the company uses its knowledge of legal aspects applicable in the real estate industry.
3.2 Company Structure

The following subchapter explain the two structural aspects of the company: its philosophy and the entrepreneurship pattern it employs as a business.

3.2.1 Company Philosophy

The owner of Present Properties Ltd defines the company's philosophy as a combination of lifestyle and growth business.

The term “lifestyle enterprise” considers a single business as a means to ensure a “comfortable livelihood” (Harvard Business School Press 2005, 15). Thus, such type implies focusing on maintaining the lifestyle of a business as such, rather than on robust generation of income. The phenomenon of lifestyle entrepreneurship has been broadly discussed in recent academic works, as well as professional business literature. Burns claims that lifestyle businesses are typically established by entrepreneurs that are willing to implement favourable activities to reach the level of desired income (Burns 2001, 11). This definition emphasizes the fact that entrepreneurs define the desired frames of income independently, which consequently shapes the decisions and steps to be made by the business.

As opposed to the lifestyle-oriented business, a growth-oriented business is established with the intentions of constant and consequent growth and gets exposed to more risk than a lifestyle business (Burns 2001, 11). In such businesses, the focus revolves around multiplying the value of owners or shareholders (depending on the size of a single company). Growth businesses usually have stricter frames of financial progress in comparison with lifestyle businesses.

Present Properties Ltd is an example of combining entrepreneurial lifestyle-orientation with growth objectives. The owner of Present Properties Ltd concentrated on building the real estate brand that would deliver real value to its target segment. The company has been continuously undertaking steps to raise the awareness of its brand by marketing it heavily throughout the United Kingdom.
and consequently penetrating the country's many regional real estate markets. During the last year, the company has made significant progress in regards to its presence in these markets, expanding its influence in the Northern parts of the United Kingdom.

3.2.2 Entrepreneurship Pattern

The entrepreneurial pattern that Present Properties Ltd has been exercising as a real estate firm lies on the so-called "E-Myth" concept. An American business enthusiast and author Michael E. Gerber originally formulated this concept in 1995 (Gerber, 1995). The essence of this concept revolves around Gerber's assumption of existence of three key roles in a single business: the role of entrepreneur, the role of manager and the role of technician (Gerber 1995, 19). According to Gerber, these roles exist in every company, regardless of the number of people engaged in the company's operating activities. The role of entrepreneur implies overlooking development opportunities for the business, defining growth strategies and the plan of action for the years ahead. In contrast, the role of manager encompasses implementation of the organizational duties. In other words, the manager ensures congruence with the plans and intentions outlined by the entrepreneur, as well as controls general business operation activities. At last, the technician's role involves the actual implementation of the company's business activities. Gerber (1995, 75-76) claims that successful organizations follow the golden rule of maintaining strong communication and coordination between these roles in the company. This innovative concept is popular among the freshly established start-ups and lifestyle businesses.

In the case of Present Properties Ltd, this concept has defined the operational structure of the company. The owner of the company has been responsible for the entrepreneurial activities, continuously determining the company's direction and its further steps. The owner controls all the activities that the firm exercises by continually monitoring the work done by freelance-based employees. The owner
also remains in close connection to the company's manager. The technician role is performed by the telemarketing professionals employed at Present Properties Ltd, who also stay in direct connection with the company’s owner and the manager. Such practice ensures a healthy and stable balance between the business roles in the company and provides a better comprehension of the company's vision to all the workers of Present Properties Ltd.

The company has an automated operational system that serves to control all operational activities of Present Properties Ltd. The system encompasses such platforms as Podio (customer management platform) and Basecamp (internal project management platform). Also, Present Properties Ltd is actively using such resources as Basecamp, Facebook, and LinkedIn for its marketing activities.

3.3 Customer Segments

In this subchapter, the author describes the customer segment of Present Properties Ltd and explains why they become customers of the case company. In this subchapter, the 5W Consumer Model Analysis is employed to generalise the findings collected during the interview sessions.

1. Who are the existing and potential clients of Present Properties Ltd?

The main clients of Present Properties Ltd are those homeowners who seek to sell or lease their residential properties, yet are burdened by severe personal circumstances. These are the circumstances that urge the homeowners to get rid of their properties quickly. Frequently, the household indebtedness, associated with the devaluation of residential properties, is one burdening circumstance common among the company's clients. Another spread characteristic among the company’s customers is personal motivation, which often stems from relocation or family matters. It is important to note that the company defines a strategic solution for a customer based on his/her personal circumstances. Thus, some of the company’s clients may prefer a quick sell, therefore making an agreement with the company
on a larger commission, whereas others may prefer to conclude a deal for a longer period. Not to mention, some customers of the case company prefer to abstain from selling their residential property immediately, thus choosing the lease-based option. Nevertheless, to simplify the consumer research process (which is to take place in the following chapter), a general customer segment, defined by the case company's owner as the motivated mass segment, will be considered further throughout the research.

2. What are the general needs of the case company's customer segments?

As mentioned above, the general need of the customer segment is to resolve their property problem with consideration of personal conditions. Customers also seek for professional support throughout the transaction process and the ability of an intermediary to resolve their problems quickly.

3. Where do customers purchase the company's services?

Present Properties Ltd. uses pro-active marketing tools to reach its clients. Not only does it implement social media marketing campaigns, but it also uses direct marketing (in the form of marketing leaflets) to establish direct connection with the sellers. When the clients make a decision to apply for the case company's services, they typically contact the company, which allows the Present Properties Ltd to develop a conversation with them and discuss possibilities of collaboration. The customer and the company then agree on consensual conditions and sign an option agreement. From this point, the company starts to take action by marketing the property through its marketing channels. The company generates its profit when an agreement between the buying and the selling parties is officially signed, and the money is transferred and handled by the solicitor. In other words, Present Properties Ltd only generates profit upon an agreement with property buyer.

4. How and why do the customers purchase the company's services?

To relive the comprehension of the issue, the author will cover the topic of purchasing process with the use of the Consumer Buying Decision Process model (Engel et al., 1968). This model reflects on the five main stages of the purchasing
process. According to Perreau (2016), these stages include the problem recognition stage, the information stage, the alternative evaluation stage, the purchase decision stage and the post-purchase decision stage. The following results reveal the purchasing process associated with the customers (particularly home sellers) of Present Properties Ltd.

- **Problem recognition.** In this stage, the potential clients of Present Properties Ltd recognise the fact that certain personal circumstances are urging them to get rid of their homes. Importantly, these sellers realise that they need to act fast and receive professional support in a short period of time. They also acknowledge the fact that they are not able to resolve the problem independently and, moreover, will not receive appropriate help from standard real estate agents on the market. If time is not a crucial factor for the sellers, it is usually the property unattractiveness that they are concerned with. Hence, these sellers will seek alternatives to the standard market offers, which will consequently lead them to the case company.

- **Information stage.** Typically, the sellers are aware of the complexity of their situations in advance. It is possible that some of them have already tried to resolve their property-concerned problems with the help of conventional market players, or even tried to take independent action. However, as those steps have not given results, the sellers start researching for an alternative means to find a resolution for their property issues. Here, the probability of the case company reaching its target segment, whether organically (through sellers' independent research) or by means of proactive marketing rises drastically.

- **Alternative evaluation stage.** Due to their high level of motivation, the sellers are usually prepared to apply for the services of the case company on this stage. In case a seller is not sure whether Present Properties Ltd can resolve his or her property problem, the company's telemarketers will
provide them with the necessary information and explain how the company may help in their exact case.

• Purchase decision stage. A seller, once explained about the service of Present Properties Ltd, takes some time (from one to two weeks) to make the final decision. Telemarketers of Present Properties Ltd negotiate the most appropriate solution for a client and preferred deal conditions. If the seller agrees to collaborate with Present Properties Ltd, the company will him or her an exclusive agreement for a specified length of time. The company starts seeking for a buyer/tenant right after the agreement is signed. The sellers do not have to pay any fees. Thus, they do not make a purchase per se. Rather, they agree on a commission that is allotted to Present Properties Ltd for the services it provides to the sellers.

• Post-purchase decision stage. At this stage, the customers of the case company enjoy the money or other material benefits earned from the deal, and evaluate the general effectiveness of their collaboration with Present Properties Ltd. Although not a necessity, the company follows up with its customers after the transaction is performed to express its loyalty to the customer and to gather information on their satisfaction.

5. Why do not our potential customers purchase the company's services?

The company does its best to reach the largest part of its target segments, both through online and physical (direct) marketing. In this connection, the response rates remain high. One of the reasons why Present Properties Ltd may not be reaching its target segments through marketing activities to the full is the imperfection of the marketing systems (such as shortcomings of mail-out tracing service system in the United Kingdom). Also, the company may lose processed leads, i.e., the sellers who were already reached by the company's telemarketers, due to unprofessionalism of the latter. Therefore, the importance of implementing the R&D activities for the company cannot be underestimated.
3.4 Creative Real Estate Strategies

The following explanation of the strategies applied by Present Properties Ltd in the British real estate market has been drawn upon the material, originally compiled by the company's representatives and granted by the company's owner as a courtesy for this thesis' purposes.

3.4.1 The Below Market Value Strategy

This strategy orients at highly motivated sellers, i.e. those who are willing to sell their property in the shortest period of time. Such sellers possess a lot of equity in their property, yet are willing to sell it as soon as possible. These sellers are likely to have experience with other real estate agents, which previously led to no avail. In this case, Present Properties Ltd offers a quick and adequate solution for the seller. Normally, this implies providing a solution of prompt marketing throughout the company's investor database and closing the property deal with the help of qualified real estate solicitors. Essentially, Present Property Ltd constantly replenishes its investor database with investors that are in the position to buy residential properties quickly. Hence, the company can close property deals in short time frames. The company typically charges from twenty to twenty-five per cent of the property value as a commission under the Below Market Value strategy. This strategy fits perfectly with the cases of negative equity, repossession, or when the seller wants to sell the property as soon as possible (due to personal or family situation). Solicitors play a crucial role in the process, as they control and manage the flow of cash, as well as other applicable legal matters. The Below Market Value deals usually take two to four weeks to process and leave the parties satisfied with desired conditions.
3.4.2 The Assisted Sales Strategy

The Assisted Sales strategy is one of the most typical strategies on the real estate market, yet commonly applicable in the frames of creative real estate. This strategy is somewhat similar to the Below Market Value strategy regarding its structure. Nonetheless, the terms of this strategy may vary according to customer preferences. Typically, the strategy is applied when the seller is not in a serious rush to move the property on the market. Hence, the seller agrees on an extended time frame, generally three to six months, and requires a reduced commission for the company (normally standing at ten to fifteen per cent). Present Properties Ltd, for its part, consents to such terms, taking few additional months to find a buyer that would agree on a lower discount. In result, the company still makes a decent margin on the deal without being short on time to complete it. This strategy is suitable for different seller scenarios, and, due to the flexibility of its nature, allows the company for an expanded market share.

3.4.3 The Lease Option Strategy

The fundamental concept of lease option deals lies on the availability of lease option contracts for both commercial and residential estate in the United Kingdom. Originally, the strategy comes from the real estate market in United States, where it is broadly applied by real estate investors, and was still relatively new to the home market of Present Properties Ltd when the company first started exploiting this strategy.

The Lease Option strategy is typically applied when the seller is not interested in selling its property immediately but considers the sale option in the future. In essence, the strategy revolves around the concept of the lease option, which allows the lessee (whether the real estate agency itself or a tenant buyer sourced by them) the right to buy the property in a specified amount of time, but does not oblige this side to do so. In other words, this contract enables the buying side to
decide whether s/he will want to buy the property for the price fixed at the beginning of the contract term right after this term expires.

Importantly, the purchase price is normally agreed on in advance, as well as the monthly lease payment, typically equalling or slightly prevailing the amount of mortgage payments paid by the seller, if applicable. The term of the contract usually stretches from two to seven years.

The case company may either source a tenant buyer for the seller or act as one itself. In the scenario, the company makes a commission-based profit as a service supplier. In the second case, however, it undertakes the full lessee responsibility and, apart from a commission for sourcing a tenant, earns additional margin from subletting. However, in both cases the company can resell the property to the property investors at the end of the contract term, generating profit from the difference between the property’s selling price and the fixed price of the lease option contract.

3.5 Value Propositions

When defining its main value propositions, the case company relied on the problems that its target customers face. Thence, the thesis author decided to apply the Value Proposition Canvas in this chapter in order to observe how the offer of the case company matches the nature of its customer segment, considering such important factors as pains and gains of that segment.

The Value Proposition Canvas enables to trace the alignment between the company's products/services and the customers’ problems, thus defining the company's value proposition.

Generation of value propositions starts with observing the customer perspective and defining the pains that the customer segment faces due to their problem and the gains that they strive for (or the solutions that they seek for). Consequently, the product perspective is investigated in order to define the pain relievers and the
gain creators respectively associated with the customers' characteristics. (Osterwalder & Pigneur 2014, 8-9.) The thesis author exploits the scheme described above to observe the perspectives of the case company’s segment and the product that it offers (i.e. the creative real estate services).

As seen on the graphical representation above, the main problem (or the Customer Job) of the case company's customers is related to their mainly property-related financial needs. Certain circumstances urge the clients of the company to sell or lease the property fast, which creates much fuss for them. The pains that the customers face frequently relate to their lack of knowledge in the field and relevant professional support, as well as the urge to act fast. A perfect scenario for
these customers would be to get the job done in the quickest period of time and minimize the associated pains.

![Value Proposition Canvas](image)

FIGURE 8. Value Proposition Canvas – Product Perspective (modified from Osterwalder & Pigneur 2014, 8)

The creative real estate services that the case company provides are determined to resolve the problems of the customers and hence serve them well. The company has its own customer database, which, coupled with marketing proactivity, enables it to take quick actions and provide a real solution for the customers. The solicitors that the company collaborates with guarantee legal support for both parties throughout the process of closing a deal. Importantly, the case company practices the concept of individual approach toward every customer. With its vast experience in the market, the case company can instantly define the right solution for each customer and immediately outline the plan of action.
The results elicited with the help of the Value Proposition Canvas are increasingly useful for the thesis. The value propositions of the case company are now clear, which defines the direction of further research process. Primarily, these results will help to determine the strengths of the company in the following SWOT analysis. Also, they are important for formulating the questions for the customer behaviour survey, the results of which will be revealed in the next chapter.

3.6 Operational Matters

Regardless of what strategy the case company exploits in a single customer case, there are several operational matters that the company implements with every deal.

The first matter is establishing connections with trustworthy solicitors. It is imperative for the solicitors to be competent in the field of creative real estate deals. The company has its own database of legal professionals, although the clients are free to choose a credible solicitor independently. The solicitors typically control the cash flow involved in a property transaction, including commissions, reservation fees, and other expenses.

Another crucial matter is due diligence, the general investigation of the property condition and, consequently, of the associated investment requirements. Present Properties Ltd undertakes relative steps by gathering information necessary for the valuation of the property. There are specific rules and regulations related to this process in different geographic real estate markets.

Essentially, marketing is the most important activity that Present Property Ltd implements. The importance of marketing activity for the company is characterized by its two-sided focus, which is directed at both the seller and the perspective buyer. Present Properties Ltd accumulates its database of property investors, who are in the position to, and, importantly, willing to buy or rent residential properties on the market. The company markets the property deal...
through various social media channels such as Gumtree, Facebook, LinkedIn, as well as among the private investors within its database. All in all, the company spends about a third of its revenues on marketing activities, which has ensured the company’s operational success throughout the years of its presence on the British real estate market. Another side of marketing importance for Present Properties Ltd concerns reaching the company’s potential clients by means of direct marketing. The company collects leads of potential clients on several real estate websites in the United Kingdom, the main being Zoopla (zoopla.com). This source contains information about all residential real estate properties in the country, as well as provides information on the transaction history associated with these properties. With the use of Zoopla, Present Properties Ltd gathers information on residential properties that have recently been set out for sale. In the sequel, the company utilizes this information for marketing purposes.

3.7 Internal Analysis

To perform the internal analysis Present Properties Ltd and study the current position of the case company in its domestic market, the SWOT model is applied in this subchapter. Although this analysis will concern the company's situation in the British real estate market, applying the model will help to outline the factors crucial for outlining the general perspectives of Present Properties Ltd, which may as well define challenges unrelated to specific geographical market characteristics. A table representing the outcomes of SWOT analysis is provided in the appendices of the thesis.

The main advantage of the case company is its adoption and exploitation of creative real estate strategies. Coupled with company's collaboration with expert solicitors, these advantages enable the company to provide quick solutions to its customer segments, consequently reinforcing the company's position on the market. Present Properties Ltd has been practicing a personalized approach to each of its clients. The company also focuses its attention on proactive marketing
techniques and constant expansion of its investor database. The factor of strong communication within the case company makes its operational outcomes nearly excellent due to the consequent comprehension of the shared vision and goals by each employee of Present Properties Ltd. The automated operational structure, implying exploitation of the project management platforms (Podio and Basecamp) and internal databases, allow the company to perform daily activities with a high level of efficiency. By means of the research and development activities the company is able to track operational effectiveness and consequently undertake corrective steps. All the factors mentioned above form the operational success of Present Properties Ltd.

Among the weaknesses of the case company the main issue is lack of information about the local competitors. Without consideration of implementing benchmarking activities, the company may not be ready to protect its position in the market, should the competition become a real threat. Apart from that, the company has not adopted new creative real estate strategies since its establishment on the market, which does not allow it access to potentially new customer segments. However, as declared by the company owner, expansion of customer segments it not a goal at the present time. Another weakness of the company is the superfluously mass-oriented nature of its marketing campaigns targeted at the sellers.

There are plenty of opportunities for the case company, both in its domestic market and in the new geographic markets, including the Dutch market of real estate. The company could take steps for massive expansion on regional markets and conquer customers, considering the increasing demand for creative real estate services in particular areas in the United Kingdom. Present Properties Ltd could also increase the customer conversion rate by improving its marketing campaigns through embedding a personalized customer approach, should the ways to collect personal information on the sellers appear.

One of the threats that the company may potentially face is related to the competition. In case the competition matter escalates, the company will face the danger of losing its market share. The same can happen if the company remains
ignorant of potentially successful creative real estate strategies. Another dangerous factor is the legislative imponderables, which may lead to a change in the acts related to option contracts. The latter, however, is an unpredictable factor, and speculation on this subject is not reasonable at present. However, the company should remain prepared for any legislative amendments and general changes on the market and in the industry in general.

3.8 Vision for Dutch Real Estate Market

The owner of Present Property Ltd has a particular vision in regards to Dutch real estate market.

Being aware of the perfect situation on the market of research, the company is willing to exploit its core strategies on the Dutch real estate market by copying the model of its Britain-based business. For this reason, testing the offer among the market consumers becomes one of the top priorities in the preparation for the establishment of the market.

It is imperative to gather information about the local real estate industry and study its competitiveness to forecast the possible pressure that the company may experience on the market of real estate in the Netherlands.

The company particularly needs information concerned with the dynamics of regional residential real estate market, which will allow it to define the right starting point(s) of operation in the Netherlands. The main attractiveness criteria for the regional real estate markets is the overall dynamics, level of competitiveness and negative equity situation in the regional markets.

To plan the exploitation of its creative real estate strategies on the new market, Present Properties Ltd. needs to collect general information about the legal aspects on the market, including information on selling and leasing transactions and the due diligence procedure. It also needs to define local property resources that would allow the company to collect information on property units in the country,
or any other sources that would allow the case company to reach its target segment.
4. OVERVIEW OF THE DUTCH REAL ESTATE MARKET

In this chapter, state of affairs regarding with the three core components of the Dutch real estate market, i.e. the general dynamics of the market (including the dynamics in regional estate markets), the nature of competition and the consumer behaviour, is described with the use of statistical data. Various theoretical frameworks will help analyse the findings in an adequate fashion. Additionally, information about legal aspects in the local real estate industry will be provided in this chapter.

4.1 Analysis of External Influencers

Both the academics and businessmen frequently apply the PEST analysis model to study the external factors, which may potentially influence the market in the short or long term. The analysis aims to outline the major factors of political, economic, socio-cultural and technological rationale, which are likely to influence the activities of a single company on a certain market.

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<td>Progressive government policies</td>
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<td>Improvement of BCT indicators</td>
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<td>High per cent of working age population</td>
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<td>Low rates of income inequality</td>
<td>Large investments in R&amp;D</td>
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<td>Low poverty rates</td>
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<td>Multiculturalism</td>
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FIGURE 9. PEST analysis: the Netherlands
Political factors

Generally, the political climate in the Netherlands is quite stable and favourable for international players to open new ventures in the country. Political corruption in the country is almost non-existent, while the legal framework guarantees strong protection of private property rights and law enforcement. At the same time, the general regulatory framework is quite limpid. Establishing a business venture is a relatively easy process, with the requirements on start capital being minimal and the whole process rather short (around five days). (The Heritage Foundation, 2016.)

Particularly, the government plays a crucial role in shaping the future of real estate market in the Netherlands. The government has been gradually making innovative policy-concerned decisions and consequently contributing to market development. Particularly, the Real Estate Council of the Netherlands, whereby five different Dutch ministries collaborate, was established in the year 2001 for the purpose of sustaining the government stance on the market and to ensure its involvement in the market development. The Real Estate Council particularly bears responsibility for ensuring accessibility and exchange of real property information in the Netherlands and also elaborates strategies and policies relevant to the Dutch real estate market. (Ministry of Finance, 2016.)

Economic factors

The economic picture in the country deteriorated significantly during the recession years (2008-2014) as the consequence of the financial crisis. However, during the last two years a slight improvement has been seen in the Dutch economic sector. Above all, the country's Business Cycle Tracer matrix emphasizes general betterment of significant economic indicators, as explained in the following figure.
According to the matrix, the majority of economic indicators located in the green area, implying that the actual performance exceeds the expectations in the long run (CBS, 2015). The country's Gross Domestic Product (GDP) has shown a 2.7% increase in comparison to the previous year (OECD Data, 2016a). Moreover, the inflation forecast for the present year is positive, with the annual growth rate stated as small as 1.39% (OECD Data, 2015).

A large amount of official statistical sources reflect on the event of the Dutch real estate industry’s positive development during the recent years. It is of no doubt that this phenomenon is directly concerned with the general economic progress, which was described above. Particularly, price development for residential properties in the Netherlands has been significant during the last few years. According to Global Credit Research (2015), the house price index rose by 2.6%
in 2015. Only during the first five months of that year there has been a 16\% increase in the house sales, making May's sales 31\% higher in comparison to the same month in 2014. (Global Credit Research, 2015.)

Social factors

During the past year, the amount of working age population in the country remained high (around 74.1\% of the total population). Consequently, the unemployment rate stood at mere 6.9\%, which is a great indicator for the present stiff economic conditions. The low poverty rate in country (0.08\%) complements the positive representation of the socio-cultural situation in the country. (OECD Data, 2016a.)

The real estate industry in the country is particularly concerned with the government policies that regulate the activities of social housing associations. The amount of social benefits to households in 2015 accounted for 11.52\% of country's GDP (OECD Data, 2016c). Approximately 75\% of all Dutch rental houses belong to housing associations. The monthly rent for a social housing unit does not exceed €710.68 (as in 2015). The Social housing is available to 10\% of the households with an annual income exceeding the allowed threshold. (Government of the Netherlands, 2016.)

Technological factors

The importance of technological factors consists in defining the potential opportunities and barriers for businesses that aim to enter a foreign market. The general technology-related outlook in the Netherlands is rather favourable.

With 1.96\% of the country's GDP spent on R&D activities, the Netherlands shows the biggest percentage of engagement in this activity among European countries. The amount of investments into the R&D activities in the real estate industry has been considerably increasing throughout the past decade. In addition, more that 90\% of Dutch businesses utilise broadband for business purposes (as for the year 2010), which is a sign of high technological development in the Dutch business environment. (OECD Data, 2016b.)
Thanks to the stable combination of political and economic climate, the Netherlands occupies 28th place in the “Ease of Doing Business” ranking. This fact emphasizes the simplicity of doing business in the country. (The World Bank, 2016.)

4.2 General Market Picture

The number of residential properties in the Netherlands is currently approaching the mark of 7.5 million units. Of this, about 59% are owner-occupied homes and the rest are rental residential properties (see Table 1, page 73). The outstanding majority of Dutch rental homes are regulated rentals, which are the rentals regulated by the industry's point system Woning Waarderings Stelsel (WWS) (Eicholtz et al. 2014, 11). The number of households in the country is predicted to rise steadily by around 50,000 units per year in the upcoming years (Rogerova et al. 2014, 19).

The number of building permits issued for residential properties has decreased significantly during the post-crisis years, which creates difficulties for the market (Savills Research 2013, 2). Nevertheless, the year of 2014 has shown a significant increase in regards to this number, and there are prerequisites for the further development (De Vries et al., 2016).

The volume of property transactions in the previous years decreased significantly in comparison to the peak recession years. Thus, only 110,000 homes were sold in the year 2013, which is approximately two times less as in the year 2006 (Statistics Netherlands, 2014.)
The general decrease in residential property prices constituted 16.5% in the past year (in comparison to the year 2008). The most drastic value drop concerned detached properties (22.5%). Semi-detached properties depreciated by 18% on average and end-of-terrace properties dropped in price by almost 14%. Apartments lost 13.3% in value, and the least decrease in value affected mid-terrace properties. (Van Dalen et al., 2015b.)

![FIGURE 11. Value decrease rates by property type (Van Dalen et al., 2015b)](Van Dalen et al., 2015b)

By the year 2013 the number of owner-occupier transactions on the market has reduced threefold in comparison to the pre-crisis years (Savills Research 2013, 4). However, the situation is currently changing: the amount of operations amounted to 153,000 in 2014 (Van Dalen et al., 2015a) and 178,000 in 2015 (De Vries et al., 2016), and the growth is predicted to continue in the upcoming years.

4.2.1 Overview of Regional Markets of Residential Real Estate

The Netherlands consists of four major regions (NL1, NL2, NL3 and NL4), which include the following sub-regions, or provinces: Drenthe, Flevoland, Friesland, Gelderland, Groningen, Noord-Brabant, Noord-Holland, Limburg, Overijssel, Utrecht, Zeeland and Zuid-Holland.
The sub regions of the Netherlands, as depicted in the figure above, can be considered as separate, independent and interdependent real estate markets with different dynamics and development rates. The aim of the present chapter is to introduce the reader with the present state of affairs in these regional real estate markets in the Netherlands.

The following data was collected and compiled by the thesis author. The table includes information on the households by region, encompassing the following subjects:

- The population of the region
- Number of (residential) property units in the region
• The average occupancy rate per unit (AORU), which indicates how many people are living in a single property unit on average

• The owner-occupier rate (OOR), i.e. the percentage of property owners among all household tenants in the region

• The average value of residential property in the region

• The overall percentage of increase in prices for residential properties in a region between the years of 2000 and 2010 (average)

• The percentage of decrease in the prices for residential properties in a region between the years of 2010 and 2015 (average)

• Development of property prices (comparison between the years 2014 and 2015)

• Development in the transaction number in the region

• The number of residential properties sold in a region in 2015

Comparing the indicators mentioned above will provide vital insights on the condition and dynamics of the residential real estate markets in the regions of the Netherlands. Consequently, the thesis author will be able to provide recommendations of the most attractive regional real estate markets in the Netherlands for Present Properties Ltd.

The following data on the regional real estate markets in the Netherlands predominantly originates from the recent publication on the Residential Market in the Netherlands (A Cushman & Wakefield Publication 2015, 19-24). All data mentioned in this subchapter concerns the respective year, unless specified otherwise. Other sources of information are indicated whenever applicable. The two parts of statistical analysis can be found in the appendices of the thesis.

Drenthe. Drenthe is a small provincial area with the population of 0.49 million of inhabitants (CBS Statline, 2016a), located in the North-Eastern part of the
country. The province accommodates 218,390 premises (houses), with an average amount of inhabitants per house being 2.24. Drenthe's owner-occupier rate equals to 65%, which is considerably higher than the average in the country. The average value of residential properties in the area increased significantly since 2000, and peaked at the arte of 150% in 2010. Following the economic recession, the prices decreased to €188,000 this year, reflecting with the negative change of 12.6%. The number of inhabitants in the major towns of Drenthe (i.e. Emmen, Assen, and Hoogeveen) is predicted to decrease in the following decades.

The properties in the region have risen in value by 1.6% in comparison to the previous year. The transaction volume in the area increased by 19.1% during the past year, with 5,011 units sold (CBS Statline, 2016b).

Flevoland. Located in the very centre of the Netherlands, Flevoland encompasses a stock of 162,730 residential premises, which currently is the smallest number in the whole country. At the same time, the number of inhabitants in this area approximated to 400,000 in the first month of 2014 (CBS Statline, 2016a), which is one of the lowest in the Netherlands. The owner-occupier rate in the area amounts to almost 64%, a significant 8% higher than the average by the country. Presently, the average value of residential space in the area amounts to €182,000, which is about ten per cent lower than that of the year 2010. The forecast for population growth is favourable; for instance, the population of the region’s biggest town Almere is predicted to grow by approximately 50% (currently 201,300 inhabitants).

The prices for residential properties in Flevoland rose by 1.4 in 2015. The increase in transactions in the market constituted 19.4%, which is the most significant progress among all Dutch real estate markets. All in all, 4,020 houses were sold in Flevoland in the year 2015 (CBS Statline, 2016b).

Friesland. Located in the North-Western part of the Netherlands, Friesland was home to 294,170 residential properties in the year of 2015. The population of the area exceeded 0.65 million of inhabitants in January 2014 (CBS Statline, 2016a). Furthermore, approximately 2.2 residents inhabit a single residential unit in the
region, while the overall owner-occupier fraction of residential properties constitutes 60%.

Starting from 2000 up to 2010, the growth of the average value of residential properties has been startling: the value of the latter year amounted to 228% from the former year. However, as with the case of other areas in the country, the following years have shown a decrease in this value, particularly 14.2% (for the year 2015). The number of inhabitants in Friesland is expected to increase at moderate pace, most considerably in the capital of Friesland, Leeuwarden.

Certain areas in the region of Friesland have recently seen a major decrease of prices on residential properties. Thus, in the Southern part of the region, the decrease rate stood at 8.1% in 2014 (Van Dalen et al., 2015a.) Nevertheless, the general development in property prices in the region changed to the positive 2.0% in 2015. Simultaneously, the number of houses sold in Friesland rose by 15.3% that year and amounted to 6,277 properties (CBS Statline, 2016b).

Gelderland. Located in the east of the Netherlands, this region is the largest territory-wise and is home to more than 2.02 million inhabitants (as for the year 2014; CBS Statline, 2016a). The average number of inhabitants per housing unit in the region equals to 2.2 and the owner-occupier rate is 56%. The average value of residential properties in Gelderland (presently €221,000) decreased by a record 15% in the past five years. It is anticipated that the region of Gelderland will experience a moderate population increase throughout the upcoming decades.

The price-related development rate in the region stood at 2.0% in the past year. At the same time, the number of selling transactions in 2015 constituted 19,088 deals (positive change of 15.8% in comparison to 2014’s indicator), which is far above the average in the country (CBS Statline, 2016b).

It is also imperative to mention that the Gelderland's town Zutphen has shown the most considerable increase in the house prices, contrasting the last quarters of the years 2013 and 2014 with a positive difference of 21.6%. That implies that, despite the significant decrease of property values during the recession years,
perspectives for this region’s real estate market are quite favourable. (Van Dalen et al., 2015a.)

Groningen. The ninth largest market regarding the number of residential properties, Groningen is located in the North-Eastern area of the country. The region is home to more than 272,000 residential properties. As of the beginning of 2014, its population constituted approximately 0.58 million inhabitants (CBS Statline, 2016a). The average number of inhabitants per unit of residential property in this area is 2.14, which is slightly lower than the country's average. This phenomenon can be explained by the fact of a large percentage of students living in this region. The owner-occupier rate constitutes 56% and the average residential property value in Groningen (for the year 2015) amounts to approximately €159,000, which in 2010 was 170% higher than the value of the year 2000. Currently, this value is 11.7% lower than in the year 2010. The perspectives of population growth in the area mostly relate to its largest city, Groningen. The general outlook predicts the population of the region to increase by 15%.

During the present year, the prices for residential premises in the region rose by 2.7, and the development of transactions stands at 14.2%. Thus, the number of sold properties in the region totalled at 5,420 units in 2015 (CBS Statline, 2016b).

Limburg. Located in the Southern part of the country, the population of this province amounted to roughly 1.12 million inhabitants in the beginning of 2014 (CBS Statline, 2016a), and thus is the seventh largest region in the country populace wise. The number of residential premises in Limburg exceeds 500,000 units, which are inhabited by 2.14 inhabitants per unit on average (lower than the country's average). Approximately 60.4% per cent of the premises in this region are owner-occupied. Limburg's average value of residential properties accounted for €180,000 in 2015, which is 12.6% less that the 2010's value indicator. The population-concerned forecasts are dismal, as there are no indicators of perspective growth of the Limburg's main towns, which are Venlo, Maastricht, and Sittard-Geleen.
The prices for residential properties in Limburg, particularly in the Northern parts of the region, slightly decreased in 2013 (by 2.6% in comparison to 2012) (Van Dalen et al., 2015a). Alike in the case with Friesland, this fact indicates at the high volatility levels on the real estate market as the direct consequence of financial crisis.

Nevertheless, several years later the Limburg's real estate market experienced moderate growth in prices for residential properties. In 2015, the positive change in prices in comparison to the preceding year comprised 1.9%. The number of selling transactions in the market grew by 12.3% and totalled at 10,168 property units (CBS Statline, 2016b).

Noord-Brabant. Noord-Brabant is the third largest province in the Netherlands, not only population wise, which roughly equalled to 2.48 million in 2014 (CBS Statline, 2016a), but also regarding the number of residential properties in the region (around 1.09 million units). Based on these numbers, the average number of inhabitants per housing unit in the region is 2.28. Some 60.8% of the properties in the regions are owner-occupied. The value of residential properties has decreased by 14.4% since 2010, amounting to €232,000 on average in the present year. Thus, this value in the region of Noord-Brabant is the third largest of its kind in the country. The rise of population in the region during the following three decades is expected to amount to 5-10%, varying by town.

In 2015, the prices for residential properties in Noord-Brabant grew by 2.3%. The number of property transactions in Noord-Brabant rose by 13.5%, a percentage slightly higher than the average in the Netherlands. Thus, 25,304 residential property units were sold in the region in the year 2015 (CBS Statline, 2016b).

Noord-Holland. The second largest region in the country, Noord-Holland's residential stock amounts to over 1.3 million properties. With the population of 2.7 million people in January 2014 (CBS Statline, 2016a), the average occupancy per unit of property in the region is set as 2.13. An important implication, the region is thus considered as the one with the highest number of one-person households. The owner-occupier rate in the region stands at the mere 48.8%,
which is lower than the country's average. This phenomenon is essentially a result of the private rental sector being more significant in this region in relative comparison with the others. Noord-Holland's population is expected to enlarge throughout the upcoming decades, with the most favourable forecast for the capital of the Netherlands, Amsterdam.

The price development on residential properties in Noord-Holland during the recent year has been the most significant among all Dutch regions, standing at 5.3%. Also, a substantial progress in regards to the number of transactions occurred in the region this year, with the respective percentage increased by 17.0% in comparison to the previous year. The overall number of properties sold in 2015 equalled to 35,378 (CBS Statline, 2016b). These factors make Noord-Holland one of the top real estate markets in the Netherlands.

Overijssel. With a stock of 490,200 housing premises, Overijssel ranks number seven in the country in terms of the number of residential property units. The population of 1.14 million people in the year 2014 (CBS Statline, 2016a) makes it the sixth most populated province of the Netherlands, while the amount of residents per unit of property in this area amounts to 2.32. The owner-occupier rate in the region is around 59%, which is about 3.5% lower than the country's average. Population growth in this region is mainly expected in its biggest towns, Zwolle and Enschede.

In regards to price development associated with residential properties, the regional real estate market in Overijssel experienced an increase of 0.9% in the recent year. Nevertheless, the increase in the transaction number amounted to 14.1%, making the overall number of houses sold equal to 10,462 (CBS Statline, 2016b).

Utrecht. The most central district of the country location wise, Utrecht is home to 1.25 million people in the beginning of 2014 (CBS Statline, 2016a), encompassing more than half a million of housing units. The average amount of residents per unit of property in the region is 2.31, which is slightly above the country's average of 2.2. Around 58% of the properties in the region are owner-
occupied. Utrecht's average value of residential properties has fallen by 13% from 2010, yet it is presently the highest in the country (€249,000).

Like other regional real estate markets in the Netherlands, Utrecht's market has seen development in prices for residential properties. In this region, the price development associated with residential properties has increased to 3.9%, some 1.6% higher than the country's average. The number of houses sold in the present year totalled 15,400, 16.1% more than in the year 2014 (CBS Statline, 2016b).

Zeeland. The smallest province in the Netherlands, Zeeland encompasses only 182,670 premises, with a population of 380,620 inhabitants in the beginning of 2014 (CBS Statline, 2016a). Consequently, the average amount of residents per unit of property in this region is only 2.08, which is below the country's average and exactly the lowest in comparison to all Dutch regions. In contrast, to the latter indicator, the owner-occupier rate in this region is quite high: it amounts to as much as 64.7% of all properties in the region, which is about 8% higher than the average in the country. The average value of residential properties in Zeeland, which currently equals €188,000, has seen the least significant decrease from the year 2010 of 6%. Importantly, the number of people living in this region is expected to decline throughout the following decades.

Zeeland’s regional real estate market also experienced the least significant price development associated with the residential properties in 2015: the respective indicator in that year stood at the mere 0.4%. The transaction growth in the region respectively stood at the mere 6.7%, and with a total number of 4,267 property units sold (CBS Statline, 2016b).

Zuid-Holland. Zuid-Holland is the most populated region in the Netherlands, with the number of residents amounting to 3.6 million people in 2014 (CBS Statline, 2016a). It is also the most significant region regarding the quantity of residential properties, which exceeds 1.6 million units. The average occupancy rate in Zuid-Holland currently stands at 2.17 residents per housing unit. A little more than half of residential premises in the region are owner occupied. Since 2010, the average value of residential properties in the region has decreed by 12% to €199,000. This
figurative is still slightly below the average in the country in regards to the respective indicator. In terms of its population growth, Zuid-Holland is facing favourable forecasts, with the population of its biggest cities (Rotterdam and The Hague) predicted to rise in the upcoming decades. However, the smaller towns may experience a slump in population density.

Prices for residential properties in the Zuid-Holland’s regional estate market grew by 3.0% in 2015, which is somewhat 0.7% higher that the average in the country. The percentage growth concerned with the selling transaction number also was above the average in the recent year, standing at 19.9%. On the whole, the number of houses sold in the region in 2015 amounted to 37,498, the highest indicator among all Dutch regional estate markets (CBS Statline, 2016b).

From the analysis of regional markets, it is evident that the industry is very inhomogeneous, and the market dynamics is incredibly diverse in different regions. The growth in the transaction volumes is especially salient in some geographical parts of the market. In general, all regional real estate markets in the Netherlands have been recovering during the last years in certain degrees. Some markets improved at a faster pace in comparison to others; however, the general improvement in the Dutch real estate market is rather apparent.

4.2.2 Negative Equity Situation in the Netherlands

The negative equity situation in the country is an issue of large importance for all prospective entrants to the Dutch real estate market. The mortgage debt in the Netherlands in 2013 was the highest mortgage debt in the world, standing at 108% of the annual GDP (Van der Putten 2013, 11). The high level of indebtedness of households in the country, as stated by CBS, exceeded the amount of €742 billion in the first quarter of 2015 (CBS, 2015). With the escalation of the economic crisis, indebtedness of households often remains connected with the phenomenon of negative equity.
Negative equity occurs when a homeowner's purchased property depreciates as a consequence of economic slowdown and falls below the amount of mortgage that the owner took to buy that property. In the year 2014 about a third of Dutch remained in the condition of negative equity (Deutsch et al., 2014). The situation escalated after the economic crisis of 2008, when the number of households in negative equity increased dramatically, as Figure 13 below shows.

The phenomenon of negative equity has been utmost common in Flevoland, as many young households with newly borrowed mortgages live in this area. Apart from Flevoland, the negative equity phenomenon also concerns such regions as South Holland (or Zuid-Holland), North Holland (or Noord-Holland) and Groningen. (CBS, 2014.)

![FIGURE 13. Amount of Households in Negative Equity by Province (CBS, 2014)](image)

The negative equity was primarily caused by the possibility to borrow mortgages at utterly low mortgage rates. Mortgage rates essentially depend on the amount of Loan-to-Value (LTV) ratio, which is the ratio between the mortgage amount and the estimated value of the property. The percentage of mortgage interest rate will increase with the larger LTV ratios associated with the mortgage amount, which
may further complicate with an arising need for mortgage insurance. Although typically amounting to 60% of the mortgage value (Rogerova, Hana, & Chroustovsky 2015, 10), the LTV ratio in the Netherlands has increased in the recession years. In 2015, slightly under a million of houses financed by means of borrowed capital were in negative equity. (Parlevliet & Kooiman 2015, 34.)

Rabobank forecasts a substantial improvement of the situation with households remaining in negative equity. It is estimated that the amount of households troubled with indebtedness in the year 2019 will decrease to the level of the year 2008, i.e. 450,00 households or approximately 13% of the total amount of the households in the country (Van Dalen & De Vries, 2015). The LTV ratio associated with mortgages is also expected to fall to 100% in 2018, which is a relatively high indicator in by international standards (Global Credit Research, 2015).

FIGURE 14. The forecast of negative equity lessening in the Netherlands (Van Dalen & De Vries, 2015)
4.3 Operational Aspects

In this subchapter, all the relevant legal aspects are described for the case company to understand the essentials of real estate transactions in the Netherlands. Also, valuation (due diligence) aspects will be described in detail in this subchapter.

4.3.1 Leasing Residential Properties

Lease agreements in the Netherlands do not necessarily imply a prescribed legal form per se. The agreements may take both oral and written forms; however, it is advised that the parties protect their rights and determine their obligations by signing a properly written lease contract. The Estate Council in the Netherlands (Raad voor Onroerende Zaken, or ROZ) has drafted the standard agreements for leasing transactions. This entity is de-facto determined by the general governing entity for landowners. (Bal & van Zanten 2014, 14.)

The lease terms are defined in advance by the involved parties and typically fall into the range of five to ten years. The statutory length of the lease is five years (this term applies if the parties have not agreed on another one independently). Upon expiry of the initial term, the statutory lease is prolonged automatically for the maximum of another ten years. Violation of the lease terms by one of the parties and extreme situation of the lessee (for instance, rapidly developed bankruptcy) are the only adequate reasons for terminating the fixed lease contract. (Van Schoonhoven-Sloot 2015, 18-19.)

Subletting, which is a secondary rental agreement between the original tenant and a new tenant, is common practice on the market of real estate in the Netherlands. According to Ministry of Interior and Kingdom Relations (2011), subletting is legal and possible upon landlord's consent. This opportunity is a subject of agreement between the original tenant and the property owner before signing a lease agreement. In case of a positive agreement between the parties, they add a
respective clause to the initial lease contract. (Ministry of the Interior and Kingdom Relations, 2011.)

4.3.2 Selling Residential Properties

Bal and van Zanten (2014) provide a detailed structure of the real estate selling process for residential properties in the Dutch market. According to these authors, the process consists of the following stage:

1. Investigation of the market. Along with market investigation, such activities as due diligence performance and data room set-up occur at this stage.

2. Determination of remaining issues associated with the property. This point implies revision of issues such as property condition (physical, material and technical) and leases extension before actually placing the property listing on the market.

3. Preparing the sale documentation. The following documents are prepared on this stage: the investment memorandum, a letter of intent or heads of terms, and the real estate contract.

4. Actual sale. On this stage, the investment memorandum is transferred to the buyer by the commercial advisor (or a notary).

4.3.3 Due Diligence and Preparation for the Real Estate Transactions in the Netherlands

The due diligence process, as declared by the owner of Present Properties Ltd, is vital for every property transaction occurring in the Dutch residential real estate market. The condition of the property and relevant documentation are subjects of meticulous examination that must be carried out before a transaction takes place.
There are specific conditions pertinent to the due diligence process, which cover the following aspects:

- The legal issues (including cadastral information, easements, agreement with the neighbour owners, environmental issues, zoning law aspects, building law, previous contracts, lease agreements);

- An exclusive review of the environmental issues by the environmental investigators;

- A technical consideration of the existing building(-s) and any perspective admissible developments. (Van Schoonhoven-Sloot 2015, 8.)

The land registration and property valuation matters are of high importance when dealing with real estate transactions. In the Netherlands, these issues are regulated by the land registration entity called Kadaster (Ploeger et al. 2005, 11). This source contains information about all the properties located in the Netherlands (this information is publically open).

Specific environmental aspects associated with residential property transactions, as mentioned previously, must be considered before a transaction occurs. These aspects include such environmental permits and documents, as the Soil Protection Act (Wet Bodembescherming), the Asbestos Removal Decree (issued in 2005) and Buildings Decree (published in 2012). Zoning plan, which is amended and updated every ten years on average, is another crucial environmental aspect to examine when selling or buying a residential property in the Netherlands. Finally, the integrated environmental permit is granted for a series of associated activities (construction, installation, the environment and fire safety, etc.). (Bal & Van Zanten, 2014.)

Absence of vital documents related to the property as a transaction subject may complicate the process. Thence, it is critical to carefully investigate the aspects described above when preparing for the process.
4.3.4 Lead Generation Matter for Real Estate Players in the Netherlands

In contrast to the British real estate market, the number of property resources with private property listing in the Dutch market is less considerable. Among such resources, Jaap (jaap.nl) allows for collaborating with both private sellers and agents/brokers/other real estate practitioners. Another example of open property resources is Marktplaats (marktplaats.nl), which is admittedly the most popular open property resource on the market. None of the property resources in the Netherlands, however, allow for public access to the household list in the country and the purchasing history of those. This factor may potentially limit case company's reliance on its own lead generation capabilities and consequently force the company to apply for the services of lead suppliers.

4.4 Competition: Dutch Real Estate Market

There is a multitude of competitors for the case company in the Dutch real estate market. However, it is important to understand the difference between the direct and indirect competitors for the company and evaluate their importance in the industry and the regional markets in the Netherlands.

There are industry professionals (including real estate agents and brokers) that specialise in the Business-to-Business and Business-to-Customer real estate services. Among these professionals, some specialise in providing services for the property buyers, whereas others serve the sellers (alike the case company), or even both target segments.

As the primary distinction of the case company's target segment is their real motivation to sell/lease residential properties, the real estate companies that provide creative real estate services and aim to resolve difficult situations of the sellers are seen as the direct competitors of Present Properties Ltd. Most frequently (although not necessarily) these companies specialise in creative real estate services. Thereby, all the market players providing standard services,
regardless of their size, are considered the indirect competitors for the case company.

4.4.1 Indirect Competitors

Basing on the consumer demand research of the thesis and the interview with the owner of Present Properties Ltd., the individual market players seen as the case company's indirect competitors may be identified. The main indirect competitors of the case company are the following:

- Standard real estate brokers/agents/agencies (providing typical offers on the market)

- Rental-oriented real estate agents/agencies

Indirect competitors of Present Properties Ltd may also orient at the so-called “second-tier” customers of the case company. Defined by Chan Kim and Mauborgne (2005, 107), these are non-customers who, despite having a problem that a single industry may resolve, abstain from its offer for specific reasons. Hence, the standard real estate agents provide support to the clients that are keeping away from the case company's offer for specific reasons, whether it is the lack of motivation or desire to agree on the increased commission rates. The rental-oriented real estate players compete with the case company over the homeowners that are willing to source tenants independently and thus generate their profit without the help of an intermediary. Such scenario is relevant in cases when homeowners are not willing to rid of their properties, but rather choose to resolve their property problems by renting or leasing it to another tenants. The number of the aforementioned competitors on the Dutch real estate market is great, which creates a serious competitive tension.
4.4.2 Direct Competitors

As for the present day, there already are particular examples of the case company's direct competitors in the Dutch real estate market. One of the direct competitors identified by the author of the present research is Verkoopjewoningsnel (Verkoopjewoningsnel, 2015). The company provides similar lease- and sell-oriented solutions to the similar target segment on the Dutch market. Verkoopjewoningsnel does not differentiate its offer by specific strategies; instead, the company presents its flexibility and personalised approach toward its clients, i.e. helps to define the right solution for each home seller. Just like the case company, this direct competitor does not charge any fees and base its profits on commissions. Instead, the company helps the sellers of residential properties in the Netherlands resolve their personal property-related situations (including repossession, negative-equity mortgages and many others) on the commission basis. One of the crucial advantages of this direct competitor over the case company shared is its experience of serving the local customers and, therefore, knowledge of the client segment. Also, Verkoopjewoningsnel has a profound understanding of the industry specifics and has their operations automated accordingly. However, once established in the market, the company may be able to catch up with its direct competitors with the use of a right customer approach and marketing pro-activeness.

4.4.3 Real Estate Associations in the Netherlands

Associations play important roles in shaping the industry of real estate in the Netherlands and are also responsible for regulating the competition between market players. Although there are a great variety of various real estate associations in the Netherlands, the thesis author decided to describe the most important and prominent of them.

The main association of in the Dutch real estate industry is the Dutch Association of Realtors and Appraisers in Real Estate, or NVM (Nederlandse Vereniging van
Makelaars en Taxateurs in Onroerende Goederen), which is responsible for almost 70% of the total Dutch property market (with 4,000 members). NVM is a national association that owns the largest property resource in the Netherlands, Funda.nl. This resource provides property offerings made by agents/brokers both represented by NVM and independent ones. Funda does not allow for private property listings and obliges all property sellers to make agreements with real estate agents or brokers that will represent them throughout the transaction process. (The Netherlands Competition Authority 2013, 23.)

Although Funda is in open access to independent real estate agents and brokers, the latter rate lower than NVM's members when it comes to promotion on that property resource (Mijnlieff, 2013). Funda attracts over 30 million visitors per month, and is therefore the main resource for Dutch property buyers and sellers.

Since the NVM members are numerous and serious competitors, it is important to mention their regional dissemination. The most populated by the NVM brokers and agents regions are Noord-Holland, Utrecht, Gelderland and Noord-Brabant. At the same time, the regions of Zeeland, Limburg, Overijssel and Flevoland are considerably less popular among the members of the NVM associations. (The Netherlands Competition Authority 2012, 13.)

VBO Makelaar is the second largest association of real estate professionals with a total membership of almost a thousand of independent industry players. The members of this association are agents and broker, as well as professional intermediaries who are not allowed for the mentioned titles (such as, for example, property investors, alike the company). (The Netherlands Competition Authority 2012, 14.)

VastgoedPRO is another national professional network of real estate brokers and appraisers, which currently consists of approximately 500 professionals (as for the year 2012). Alike the two associations above, VastgoedPRO is a certified national real estate association. (The Netherlands Competition Authority 2012, 14.)
Another association of real estate professionals is the Woning Investeerds Netwerk (WIN), which is the Network of Property Investors. This association collaborates with private property investors and brokers alike the case company, representing them and sustaining their reputation in the local estate market. The members are engaged in a great multitude of consulting and mediating activities and serve a variety of target segments in the market. Apart from the lease- and sell-oriented services, the members of this association also offer rental services and professional consulting services for investors. In contrast to the three associations mentioned above, the Woning Investeerds Netwerk is a private association.

Typically, an industry player must undergo a professional training and obtain a variety of professional licenses to become a member of Dutch real estate associations. However, private associations may have different criteria for accepting members. The members usually have to pay membership fees, which also vary by association.

The real estate professionals that operate under the wings of real estate associations are regarded with higher trust by the market consumers, whether the sellers or the buyers. Thus, it may be important for the case company to consider the possibility of becoming a member of a particular association when establishing in the Dutch real estate market.

4.4.4 Foreign Investor Interest

After a significant devaluation as a consequence of the recent financial crisis, the real estate market in the Netherlands has seen an increased interest from foreign investors. One of the reasons explaining this phenomenon is the high risk premium on the market (5.7% in the year 2014), which in conjunction with the high initial yield rate of 6.6% in the same year is believed to keep attracting foreign investors in the upcoming years. Currently, the main residential estate investors are companies like Patrizia, Round Hill Capital and Heitman. (Vlek &
As for the first three quarter of the year 2014, the amount of foreign residential investments constituted €1.7 billion, which at that time was the highest rate within the previous (post-crisis) seven-year time frame. (Brattinga & Guinee 2014, 2.)

4.5 Market Consumers: Dutch Home Owners

The customer segment of the Present Properties Ltd is the motivated mass market. In this connection, the research of consumer behaviour will start with the description of the general consumer-focused picture in the Dutch real estate market. As defined by the interview outcomes, it is necessary for the present research to contain information on consumer preferences associated with the homeownership. The focus in the following investigation will be put on the overall population of the Netherlands and thus correspond to the case company’s customer orientation.

4.5.1 General Picture of Dutch Households

As the previous market analysis has shown, the ownership rates in the Netherlands currently stand at approximately 59% of the total population of the country. In comparison to the other Western countries, this rate is quite average. In addition, the liability rates of Dutch households are the highest among the developed countries (Agarwal et al. 2013, 14).

The rate of own (residential) housing affordability remains stably high in the country. On average, it takes a person an investment of approximately four annual salaries to buy a standardized dwelling (70 m²) in the country. (Rogerova, et.al. 2015, 21.)
FIGURE 15. Affordability of own housing by country (a standardised residential property of 70 m² is considered) (Rogerova et al. 2015, 21)

Typically, the largest per cent of homeowners take a mortgage or a loan to buy a residential property. As in the year 2013, the percentage of such homeowners was close to two-thirds of all residential properties. In contrast, the rate of the loan- or mortgage- free homeowners was significantly less that year (about 6%). The remaining household fraction constituted of tenants who rented homes at a reduced price (about 30%), and tenants who paid the full rental market price (European Systemic Risk Board, 2015).

The level of household ownership in the Netherlands has been steadily increasing throughout the past decades. This phenomenon stems from a multitude of favourable external events. For instance, the tax rebates referred to homeowners in the Netherlands have been encouraging the citizens to chose buying properties over renting them. Together with other external contributing factors, the rebates have facilitated increased the number of house owners from 2.3 million in 1985 to 4.1 million in 2012. (Eicholtz et al. 2014, 12.)
The government particularly has been making its best efforts to support the steady growth of owner-occupier rates among the population. It has imposed many other policies, which favour the tendency of rising homeownership directly or indirectly. One of such policies, for example, is the low-level mortgage guarantee (particularly) for property mortgages, the Nationale Hypotheek Garantie, which ensures diminished financer's risks and lower interest rates for the render. (Eicholtz et al. 2014, 13.)

Despite the growth of ownership preferences, owing a house is still not the top priority for Dutch citizens. As depicted in the figure below, the households in the Netherlands still mainly rely on the pension assets. The indicators on the figure below explain how the ratio of asset preference among Dutch household has changed in the recent decades. In 1982, the ownership tendency was much stronger in comparison to the tendency for pension assets. Nowadays, the situation is antithetical: the households have become healthier, which, coupled with progressive social security policies regulated by the government, enables the citizens to enjoy great living standards without having to care about the ownership issue. However, as the ownership rates increase, so does the indebtedness rates. In
this way, the mortgage debt rate in the Netherlands has almost tripled since the year 1982. (Parlevliet & Kooiman 2015, 13.)

![Asset position of Dutch households](image)

FIGURE 17. Asset position of Dutch households (Parlevliet & Kooiman, 2015)

Since the financial crisis of the years 2007-2008, the households all over the Netherlands have been experiencing particular challenges that made them reconsider their life priorities. While the wealth of Dutch population has been steadily growing throughout the years, the recent events in the world economy have impacted the financial situation in the country significantly. The same applies to the real estate market and its consumers, which have experienced the difficulties of property depreciation and the negative equity problems from the peak recession years on. Although the recovery in the market is evident, the negative equity is forecasted to level up with the pre-crisis rates only by the end of 2010s and will still remain an issue for at least a decade ahead (see Figure 14. These changes remain the crucial drivers among the market consumers and significantly influence their behaviour. To investigate the consumer behaviour trends, the thesis author initiated a survey that targets the case company's potential segment in the Netherlands, i.e. the Dutch home sellers.
4.5.2 Short Survey Preview

Although the thesis author provides a detailed explanation of the survey data collection and the process of its analysis in the next thesis chapter, it is imperative to resume the outcomes of the consumer behaviour study at this point. The thesis author undertakes this step to complement the following examination of the Dutch real estate industry's competitiveness.

Surveying the case company segment in the Netherlands has massively contributed to the present market research. The survey results reflected the high rates of willingness to own residential properties (about two-thirds of respondents) and readiness to acquire mortgage experience for the property ownership purposes among the respondents (see Figures 19 and 20, pages 85-86).

The survey has also found that the most popular reasons for home sale among the Dutch residents are not only related to personal factors (such as divorce and relocation, which, however, scored the highest in this section) but also repossession, a direct consequence of mortgage indebtedness (see Figure 21, page 87).

At the same time, owners of residential properties in the Netherlands are highly price-sensitive. Particularly, when inquired about their view of the case company's combination of services and respective commissions, the majority of respondents expressed reluctance to consent to the more expensive, regardless of obstacles given (see Figure 23, page 89). Therefore, it can be claimed that the Dutch sellers as the target audience are not ready to undertake financial losses for the sake of a fast property sale.

The respondents have expressed unwillingness to perform the selling process independently. Most of the respondents preferred the option of a combined assistance in the form of both a professional intermediary and a competent solicitor. In respect to the factors influencing the choice of an intermediary, the most popular options among the respondents were the intermediary's reputation, the ability to take quick action and the adequate service cost.
4.6 Analysis of Industry's Competitiveness

The analysis of the real estate industry is provided in the following subchapter to answer one of the research sub-questions. The subchapter employs the Porter's Five Forces Model to analyse the real estate industry and determine its competitiveness. With consideration of the Dutch industry’s consumers, suppliers and players, the analysis will aim to determine the industry's relevance to the Dutch real estate market. Particularly, the following study will embrace the findings of the present market investigation and will therefore focus on outlining the perspectives of Present Properties Ltd in the Netherlands.

i. Threat of Entry: Medium

With the high level of the competition saturation in the market and forecasts of an increased interest from foreign players, the likelihood of offer retaliation in the market of real estate in the Netherlands is very high. This, particularly, constitutes a big threat to all new entrants, including the case company.

One of the complementary threat factors is the power of real estate associations in the local real estate industry, especially those in control of a large market share. Their members are guaranteed a particular level of protection and therefore are likely to win the trust of market consumers, including both the sellers and the buyers or residential properties.

The loyalty factor as a network effect is essentially critical when it comes to conquering target customers. Apart from determining the initial market entrance investments, new entrants are forced to pay attention at the mentioned aspect.

The switching costs in the industry are typically small due to a great variety of real estate offers. The home sellers are free to choose whichever intermediary they prefer to work with based on their personal needs and preferences. The advantages of the existing industry players comprise a significant threat for new entrants, including the case company. Particularly, this threat is the most severe in regards to the direct competitors of Present Properties Ltd in the Dutch market. As these businesses have already earned their market share and gained momentum
operation wise, their practical advantages over the case company may seem considerable. Thus, without a well-elaborated market strategy, the case company's offer may also become retaliation.

ii. The Bargaining Power of Suppliers: Lower Medium

From the perspective of real estate industry as a consulting industry, and particularly from the case company's perspective, the main suppliers are reckoned to be the lead suppliers and the suppliers of (direct) marketing services. The former provide its customers, akin the case company, with leads that can be further converted into new customers. On the other hand, the latter ensure the marketing channels to reach these potential customers.

The case company considers none of them to form a real competitive threat to its operations due to the company's expertise in niche services and independent implementation of lead generation activities.

The marketing service suppliers, on their side, are unlikely to get involved in the property business, let alone engage in the creative real estate, while having the room open for concentrating in their market.

Nevertheless, in the Dutch real estate market, the situation is complicated by the limitation of available property resources. There are no open sources of household leads in the Netherlands that could become the local alternative of the British Zoopla for Present Properties Ltd. In this connection, Present Properties Ltd may experience particular difficulties with the determination of appropriate alternatives. Therefore, the case company's dependence on the service suppliers may increase.

iii. The bargaining power of buyers: Medium

Due to the intensified competition in the real estate market in the Netherlands, the market is oversaturated with various offers that its players provide to consumers. Particularly, the variety of offers targeted at the home sellers is multiple, which consequently has a great influence on them and facilitates changes in their
behaviour. As the survey of present research has shown, sellers are utterly price-sensitive. Whether the sellers pay a fixed fee for intermediary's services or consent to a fixed commission instead, they lose a particular share of their assets. Thus, sellers will seek to choose the most optimal solution according to their personal needs. Being very cautious in their choice of industry's professionals, sellers give major preference to reputable and experienced players.

There are, however, some factors that reduce the bargaining power of the target clients as a threat. The market has recently seen a recession, and a great multitude of homeowners are still experiencing property-related problems. The amount of transactions in the market is steadily increasing, but the number of households in negative equity is still utterly significant. This factor supports the demand for creative real estate strategies and therefore confirms suitability of the case company's offer to the market needs. Although there are direct local competitors who provide the similar offer to the target segment, their number presently is not significant. The main advantages that these competitors possess over the case company are the established reputations and the experience with the local target segment.

iv. The threat of substitute products: Low

The obvious substitute option for the home sellers is completing the sale independently. However, this option, as the results of the survey have identified, is not popular among the target segment: the majority of the sellers prefer the support of professional intermediaries. Also, the number of property resources allowing for personal property listings on the market is limited, with Marktplaats being the most popular among these resources. This factor significantly limits the possibilities for independent home sellers.

v. The rivalry among existing players: High

The rivalry in the real estate industry in the Netherlands and particularly the residential real estate market is severe. While the number of direct competitors of
Present Properties Ltd in the country is not great, direct competition is still a serious threat to the company's intention of market entrance.

The real estate associations, too, have significance in shaping the competition on the market. Some of the associations, as discovered previously in the thesis, have greater power in the market and control a significant market share. Also, membership in prominent real estate associations adds credit to the reputation of its members. With the high level of competition taken into account, entrants need to have a distinct market strategy that will serve their target segment(s) and thence enable them to keep afloat on the market.

Conclusion

The industry analysis shows a high level of competitiveness in the Dutch real estate market, particularly regarding the force of rivalry. Nevertheless, the findings above are not to diminish the perspectives for Present Properties Ltd on the residential real estate market. The offer of the case company is not widely popular among the industry players, and the number of direct competitors, as discovered during the research process, is still insignificant. A favourable factor, the general development in the residential real estate market is evident. The dynamics in the regional estate markets is notably auspicious, with the consumer confidence gradually growing.
5. EMPIRICAL RESEARCH AND ANALYSIS

The present chapter reveals the empirical process of the research. Primarily, the chapter will explain how the data was collected (secondary research) and designed (primary research). Further, the chapter will describe the data analysis process associated with the collected findings.

5.1 Data Acquisition Process

The process of investigating the Dutch residential real estate market included several stages, depicted in the Gantt table below (OfficeTimeline, 2016).

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The three key parts of empirical research in the thesis are desk research, interviews, and survey. The information below describes the implementation phases that each of these parts are split into.

The investigation of Dutch real estate market in the thesis starts with desk research. The author primarily provides information on theoretical models and tools that she intended to utilize in the thesis. Consequently, the research focus switches to investigation of the Dutch real estate market, starting with presentation of the external influencers that affect the market and the Dutch real estate industry on the whole.

Next, the focus of desk research shifts to the present situation on the Dutch real estate market, consequently covering regional real estate markets in the Netherlands. Examination of the regional markets is an important part of the general market investigation as Present Properties Ltd is interested in identifying the most attractive areas for its activities in the Netherlands. This stage also includes statistical data concerned with the negative equity situation among Dutch households.

The further stage of desk research encompasses operational matters, particularly covering information about real estate transactions in the Netherlands, as well as information about the matters of property valuation and documentation. Also, the chapter presents online property resources in the Netherlands, which may be used for lead generation activities.

Following the practical real estate matters, desk research covers information about the nature of competition on the market, including specification of both direct and indirect competitors of Present Properties Ltd in the Netherlands. This phase also defines the significance of real estate associations in the Netherlands. Finally, the study of market competition presents forecasts related to the foreign investors interest in the market.
Statistical information concerned with the Dutch households is revealed further in the thesis. Consequently, the consumer subchapter is complemented by empirical evidence in the form of the survey overview.

The owner of Present Properties Ltd has genuinely granted the thesis author the private company materials for market investigation purposes. These materials include information about the creative real estate strategies that the company exploits on its domestic market. These materials, however, cannot be referenced in the thesis due to the confidential restrictions imposed by the company’s owner. Particularly, the thesis author utilized the materials in the third chapter of the thesis.

All in all, the desk research process took four months to complete. The last updates in desk research occurred in April, the same month that the thesis conclusion was drawn. The updates helped the author to maintain the timeliness of information that laid a foundation for the final recommendations.

As a part of qualitative research, the author of the thesis employed the interview research method in order to gain valuable insights from the case company's chief person, its owner. There were two interview sessions with the predetermined question sets, one of them conducted in February and the other in March 2016. During the interview sessions, the owner of Present Properties Ltd expressed his opinion as the company's chief visionary and decision-maker. Undertaking this step allowed fractioning interview volume as well as organizing the content. All the interview sessions took place in Skype, as the case company does not have a physical office. The author also managed to collect insights from the two permanent employees of Present Properties Ltd in regards to one of the interview questions.

During the sessions, the semi-structured interview type was applied. This interview type allows for open answers due to its predefined theme structure coupled with the relieved formality of implementation (Saunders et al. 2009, 320). In this way, despite the fact that the question set was determined in advance, the interview direction was regulated upon the interview process. Such practice
allowed complementing the set of interview questions and adding some additional vital information to the outcomes.

The questions covered during the first interview session encompassed the brief history of the company, its target segment, and the unique offer that it provides to this segment. The interviewee provided detailed answers to the questions, adding some information about the company's background and the process of creating value for the target segment. Following, the author added some of the information from the private material granted by Present Properties Ltd. This part of interviewing occurred at the beginning of February 2016 and was analysed by the author later that month.

The next part of interviewing, which took place in March 2016, encompassed the topics of case company's key operational matters and its internal and external capabilities. The interviewee described how the strategies aim to resolve problems of the target segment and how the company consistently implements them. Then, the respondent provided information about the vital operational matters upon which the whole business is automated. Following that discussion, the interviewee shared his view on the internal and external state of affairs concerned with Present Properties Ltd. Also, the two permanent employees of the company shared their opinions on the matter, contributing to the SWOT analysis of the case company. The respondents were solely asked one question regarding internal evaluation of the case company's capabilities through email correspondence. Their responses made a positive contribution to the analysis outcomes, adding them the credits of objectiveness and completeness. During the final stage of the second interview part, the owner of Present Properties Ltd shared his vision for Dutch real estate market along with expectations from the market investigation.

Outcomes of the interviewing process were handled and finalized later in March. These results have predominantly influenced the following desk research and shaped the structure of the research survey. All interview questions are provided in the appendices part of the thesis (see appendix 4, page 114).
Due to the case company's desire to acquire a deeper understanding of the consumer behaviour on the market of interest, the author came up with a decision to initiate a survey and spread it among the target focus group, i.e. the company's potential customer segment in the Netherlands.

The survey is commonly concerned with the deductive approach and is frequently used in descriptive research to process large amounts of quantitative data (Saunders et al. 2009, 144). The general idea of the survey in this thesis was to investigate the target segment of Present Properties Ltd in the Netherlands and determine the essential facts concerned with their behaviour. To reach the target respondents and acquire valuable and credible results, the author has placed the survey in various Facebook and LinkedIn groups for home sellers in the Netherlands.

Although the most interesting target group to the case company is motivated home sellers, the author found that reaching this group is highly difficult in practice. Therefore, to relieve the comprehension of the topic among perspective respondents and, importantly, increase their number, the author also encouraged owners of residential properties in the Netherlands to participate in the survey.

The author designed the thesis survey in the form of a questionnaire, which implies that the respondents give answers to the stated questions. The number of respondents turned out to exceed the expectations of the author and equalled 67 respondents. The author designed the questionnaire upon the results of the interview sessions with the case company. The actual survey process lasted almost one and a half months, starting from the beginning of March and ending in mid-April 2016.

5.2 Data Analysis

The subchapter will familiarise the reader with the data collection process regarded with present market research. At first, the author intends to describe the
process of desk research analysis as the primary research part. Following, the chapter will encompass analyses of primary data collected by the author, i.e. the results of interview sessions with the case company and the survey of consumer behaviour on the market of research.

5.2.1 Desk Research

The analysis process started with generalising the desk research outcome. The first subject of analysis was the external influence associated with the Dutch real estate market. Employing the PEST analysis model helped to determine the external influencing factors pertinent to the market of research. As concluded at that stage, the external environment of the market is highly favourable for the perspective market entrants.

The further step in the desk research analysis concerned the real estate market. Importantly, this subchapter included an extensive analysis of the regional real estate markets, covering all twelve regions in the Netherlands. The author implemented an investigation of the markets' dynamics by comparing specific indicators (such as owner-occupier rates, volume transaction rates, etc.). This step enabled to evaluate the attractiveness of each regional real estate market in the Netherlands and consequently outline the most interesting of them basing on the case company’s criteria. The following assessment of the negative equity situation in the Netherlands also contributed to the determination of the most attractive regional real estate markets. Eventually, the thesis author defined the regional real estate markets in Zeeland, Overijssel, Limburg and Flevoland as the most attractive for Present Properties Ltd.

Further, the desk research covered information on essentials of real estate transaction formalities in the Netherlands. The findings included vital information about the leasing and the selling transactions, the key moments of the due diligence process and the lead generation issue. Collecting the information
concerned with aforementioned topics was an important constituent of the research. The reason behind this assumption is that, should there be any stepping-stones associated with these topics, the number of challenges for the case company in regards to its perspective market entrance may increase. Therefore, this subchapter bears high importance for the case company and well deserves its attention.

The next step in the desk research embraced the matter of competition in the Dutch real estate market. The author primarily identified the significance of both the direct and indirect competitors. Importantly, it was determined that there are yet very few direct competitors of the case company in the Netherlands. This stage of desk research also included information about the real estate associations in the Netherlands and their importance in the local real estate market.

Following the information on competition on the market, the research covered the consumer situation. By means of desk research the author has shaped a general picture of Dutch households. In this stage, the following generalisations associated with Dutch households were elicited:

- The property ownership rate is rising in the Netherlands, which means that, in comparison to the previous decades, there are now more citizens who wish to own residential properties;
- The home affordability rates are quite high in the Netherlands;
- Dutch citizens tend to get mortgages to buy their own residential properties;
- The government, on its own, has been supporting this ownership tendency by introducing relevant policies (for example, the low-level mortgage guarantee, etc.);
- Despite the fact mentioned above, the preference for pension assets among Dutch households is still slightly outweighing the preference for home
assets. This can be explained by the popularity of social benefits in the country in the form of social housing.

5.2.2 Interviews

As explained in the data acquisition chapter of the thesis, interviewing the case company's owner (and, partly, the two permanent employees of the company) presented a detailed picture of the company's core and allowed the author to define the general direction for further market investigation. The interviewees wished to remain anonymous with the present research, thus, their names will not be revealed. Both interview sessions with the company owner occurred in Skype, whereas the two permanent employees of the company responded to the interview question through email correspondence.

During the first interview session the owner of Present Properties Ltd (further named as the Interviewee A) shared information about the history behind the company establishment as well as its nature and structure. Importantly, the owner explained how the company positions itself as an independent mediator who represents the seller throughout the process of a real estate deal. During the same session, Interviewee A denoted the company's target segment as the motivated mass market, due to motivation being the main driver of the customer segment's needs. The factor of motivation is usually based on a great variety of sellers' negative circumstances, which may include indebtedness associated with the property devaluation, as well as personal burdens (for example, divorce, relocation, and others). The owner of Present Properties Ltd expressed an opinion that while the personal circumstances are omnipresent and do not heavily depend on the market's condition, the household indebtedness rates are a direct consequence of the changing dynamics of the real estate markets.

According to Interviewee A, motivation, whether caused by personal or external factors, or by the combination of both, is the factor that drives the owners of residential properties to become customers of Present Properties Ltd.
During the second interview session, Interviewee A explained how the company's operational strategies resolved the problems of that segment and how the values were matched with the segment's needs. In this stage, the author seized the chance to interview two permanent employees of the company (further presented as Interviewee A1, the company's manager, and Interviewee A2, the company's main telemarketer) to discuss the internal and external capabilities of Present Properties Ltd. The short one-question interviews were conducted separately with each of the two interviewees by means of email correspondence. Interviewee A1 claimed that the main strengths of Present Properties Ltd are its automated operational structure and strong internal communication, whereas the company's main weakness is the lack of benchmarking activities and consequently its unawareness of possible competition-related threats. Contrariwise, Interviewee A2 declared that while the company concentrates on existing operational strategies, it is in danger of missing the chance to embrace potentially new demand on the market and conquer new customer segments. Finally, Interviewee A determined the main strengths of the company to be the company's proactive marketing campaigns and the possession of own investor database, while confirming the weakness of the competition unawareness.

The final stage of the second interview session generalised the company's vision for the market of research. The company sought to ensure that their offer would make a great match to the Dutch real estate market and its current condition. In this way, Interviewee A confirmed the necessity for the market investigation to cover the following topics:

- Possible external influence on the real estate market in the Netherlands
- Attractiveness of the regional real estate markets in the Netherlands
- Information about the negative equity situation in the country
- Legal real estate aspects in the Netherlands (including information on lease and selling transactions, lead generation issue and the due diligence process)
• Information about the market’s competition situation

• The consumer behaviour trends in the market

Consequently, the author concentrated the research process on the topics above. In particular, finalisation of the interview process laid the foundation for a survey.

5.2.3 Survey of Consumer Behaviour

However essential and actual, the information on market consumers in the Netherlands elicited from the secondary sources was not sufficient for the case company to plan its establishment in the Dutch real estate market. In this connection, the author of the thesis decided to add practical evidence to the market investigation and performed a survey of consumer behaviour. The survey was designed in the form of questionnaire, which contained ten questions and was distributed to the respondents online (by means of posting on various social media resources). A screenshot of the questionnaire can be found in the appendices of the thesis.

Since the target segment of the case company is the motivated mass segment, the author aimed to obtain responses from the Dutch home sellers. However, as it appeared to be utterly difficult to reach this target group on practice, the author also encouraged owners of residential properties in the Netherlands to participate in the questionnaire. The author asked only respondents aged 18 and older to participate in the survey due to legal responsibility in the Netherlands starting at that adultery age. This restriction was based on the fact that the case company sought to study the preferences and behaviour of legally responsible target customers in the Netherlands, as well as determine the factors upon which they undertake legal actions (such as, for example, readiness to get a mortgage or reasons to sell a residential property).

The questionnaire solely consisted of ten questions, all serving the purpose of collecting deep insights from the target group. Prior to the surveying process, the
author focused on determining the appropriate questionnaire length in order to attract a greater number of respondents. According to Scheuren, (2004), long questionnaires may discourage the answers of respondents and lead to insufficient results. Therefore, the questionnaire was kept short and its content was maximally tailored to the research purposes.

All in all, 67 respondents participated in the questionnaire designed for the present research. The fraction of women was outstanding among the respondents (almost 63%). The majority of respondents belonged to the age groups of 25-35 (35.8%) and 35-45 (28.4%), which responds to the age groups of households with highest residual debts (Parlevliet & Kooiman 2015, 23). Apart from that, 11 respondents (16.4%) were aged 18-35 and the other 9 (13.4%) were aged 45-55. The least number of respondents (4 respondents, almost 6%) belonged to the age group of 55+.

Although the author did not intend to investigate the relationship between the income of respondents and the decisions they tend to make in regards to the sale of residential properties, an income range was arranged as a criterion for the statistical division among survey respondents. The income ranges were divided relatively equally among the respondents of the survey. Importantly, the thesis author decided to set the net income as the criterion to avoid the tax-related disambiguation.

FIGURE 18. Division of annual incomes of respondents
According to questionnaire, the majority of respondents earn between €25,000 - €33,000 and €33,000 - €50,000 (28.4% and 26.9% respectively). Annual incomes of other 23.9% of respondents ranged between €0 - €25,000, and the least popular income range turned out to be €50,000+ (only 20.9% of respondents).

The survey results demonstrated that the majority of the respondents consider owning a residential property as one of the main life priorities. Thus, 43 respondents (64.2%) indicated owning property as one of their life goals, while 15 respondents (22.4%) answered this question negatively, and the other 9 respondents (13.4%) remained neutral.

![Figure 19](image)

**FIGURE 19.** Answers on (residential) property ownership as life priority

The following question concerned the respondents' experience with mortgages for the property ownership purposes or their willingness to deal with such mortgages in the future. The answers of respondents were predominantly favourable (with almost 57% expressing a positive attitude towards property mortgages). In the same time, 16 respondents (23.8%) remained negative in their vision of the mortgage issue, and the remaining 13 respondents were uncertain.
Further, the respondents were asked about the factors that could potentially urge them to sell their homes. This question took a form that allows the respondents to choose multiple options. All in all, six factors were presented in the question moving to another city/country (relocation), divorce (or other family issues), repossession, property inheritance, and financial needs. The sixth option was presented as “other” and implied an open answer. In result, an outstanding majority of respondents have identified divorce as the predominant motivational factor for selling homes, with 40 respondents (almost 60%) choosing this option. The next most popular choice among the respondents was relocation, which appeared to be the motivational factor for 34 respondents (almost 51%). Other popular options were repossession (33 respondents, 49.3%) and the financial need (25 respondents, 37.3%). Only about a third of respondents considered the option of selling the inherited property as a motivational factor. Also, two respondents left open answers, which, however, also concerned the problem of relocation.

FIGURE 20. Answers on mortgage willingness/experience (in regards to buying residential property)
FIGURE 21. Potentially motivating for sale factors

Next, the respondents were asked whether they prefer selling the residential properties independently, with the solicitor help or with the combined help (both a solicitor and a real estate professional). It is important to note that an option of real estate agency was chosen to alleviate the comprehension of the question by the respondents. The question was designed to study the potential preferences of the respondents. In result, only 9 respondents (13.4%) chose the option of independent sale. In contrast, other 16 respondents (about 23.9%) preferred applying for the services of solicitors, which assist the sellers in preparation of the mandatory documentation. The remaining 42 respondents (62.7%) appeared to be most comfortable with the support of both a solicitor and an industry's consultant.
The respondents were also asked about the probability of decreasing their residential property’s value for the sale purposes. This question implied that the situation would urge the respondents to undertake the respective step due to the internal or external driving force. The author designed this question in a way that allows the respondents discount options in accordance to the desired deal terms. The majority (47.7%, 32 respondents) chose the 10-15% discount option that implies sale within six months (based on the case company’s Assisted Sale strategy). Other (20.9%) 14 respondents opted for the quick sale of up to one month coupled with 20-25% of value discount (corresponding the Below Market strategy). The rest (31.3%, 21 respondents) would not potentially agree on any discount.
FIGURE 23. Willingness of respondents to discount the value of residential properties

The next multiple-choice question aimed to determine the most popular searching means among the survey respondents. The two most popular options among the respondents were the Internet (86.6%, 58 respondents) and the Social Media (56.7%, 38 respondents). Other 27 respondents (40.3%) selected (peer) reviews as the mean for finding professional support in the industry, while the options of physical advertisement and traditional media were significantly less popular.

FIGURE 24. Search preferences among the respondents
Finally, the respondents were asked about the factors that could potentially influence their choice of a real estate professional. The answer options included company's reputation, innovation of offer, ability to provide a quick solution to the customer's problem, possession of own solicitor base, adequate price/commission for provided services and personalized approach. The last option allowed an open answer possibility to the respondents. The results have indicated the largest part of those interviewed (80.6%) consider the professional’s reputation as a critical factor in the choice process. The next two most popular options among the respondents were the ability to quickly resolve the client's problem (64.2%, 43 respondents) and adequate pricing for services (59.7%, 40 respondents). About a third of respondents (29.9%) reckoned own solicitor base to be a factor of their choice; approximately the same percentage (31.3%) gave their votes for the option of a personalized approach. Some of the other options included peer reviews, practical experience (portfolio) in the region and attractive offers.

FIGURE 25. Value preferences among the respondents
The questionnaire results were used in the analysis of real estate industry, which the author implemented to answer one of the research sub-questions. The industry analysis is represented as a culminating point of the research as it factually includes generalization of all research components. However, as performing the industry analysis was only one of the research objectives, the author decided to place the analysis results at the end of the market investigation chapter. In this way, the reader can trace the logical thinking that the author adhered to while conducting the research and observe the reasoning of consequent answers to the research questions.
6. CONCLUSION

The following chapter will introduce the reader with the answer to the research questions, the reliability and validity

6.1 Answers to the Research Questions

The following subchapter presents the final answers on the research questions in actual consequence.

i. How competitive is the Dutch real estate industry in general?

The analysis of Dutch real estate industry competitiveness has indicated that the most competitive forces are the threat of entry, the power of buyers, and the rivalry among existing players. Primarily, the competition on the market is a substantial threat to new entrants, including Present Properties Ltd. The rivalry situation is exacerbated by the power of real estate associations. Some of these associations control large market shares and influence the competition situation considerably. In virtue of the fact that there is a limited amount of open property listing opportunities, withstanding the power of such associations and competing with their members becomes a challenge for independent market players. At the same time, the Dutch consumers (considering home sellers) are very price-sensitive and prefer mediators with a decent reputation.

Direct competition, despite not numerous in units, is a threat to the case company, too. Present Properties is advised to take care of differentiating its offer on the Dutch market and make it utmost attractive to the local target customers. Although substitute products are not a significant threat to the case company, it may find difficulties operating without the supplier support and thus should plan the resolution to this issue in advance.

ii. What are the behavioural peculiarities of the case company's target segment in the Netherlands?

The tendency of home ownership has been rapidly growing in the Netherlands throughout the recent decades. Presently, home ownership is one of the top life
priorities for Dutch citizens, which was proved in this research statistically and empirically. However, the demand for housing has drastically decreased in the peak years of market recession and, as a consequence, the negative equity phenomenon has become a real trouble to almost a third of Dutch households.

The recent events have had a significant influence on the home sellers. The survey has shown how price-sensitive this segment is, and at the same time how reluctant they are to proceed with real estate transactions independently. The homeowners are also highly concerned with the reliability of a real estate mediator. Thus, Present Properties Ltd should take these aspects into consideration and use them as the basis for the further strategy planning.

The target customers of Present Properties Ltd, as the survey has shown, are utmost likely to find information on real estate services in the Internet and Social Media platforms. The most recognized reasons for urgent home sale among home sellers are relocation, divorce, and repossession. To succeed at reaching its customers, the company may want to consider these factors when planning its marketing campaigns.

iii. Which regional real estate markets in the Netherlands should the case company pay particular attention at?

Although the real estate market in the Netherlands looks extremely attractive, there certainly are some regions that are of a higher interest to Present Properties Ltd regarding its market entrance intentions. Primarily, the most attractive markets for the case company are those markets in which the number of properties in negative equity prevails. However, other indicators, such as owner occupancy rates in the region and the development in transaction volumes are the important indicators to consider when measuring the attractiveness of regional real estate markets. The last, but not the least important factor for the attractiveness measurement is the competition saturation, especially in regards to the most powerful market players, the NVM members. The author conducted an independent assessment and came up with suggestions of the most attractive for Present Property Ltd regional markets, which is provided below.
The region of Flevoland is decidedly the most attractive market due to the high number of households in the situation of negative equity located in this region. Altogether, approximately half of all households were experiencing this problem in the year 2014. Apparently in this connection, the number of real estate transactions increased by 19.4% in 2015 (in comparison to the preceding year). Nevertheless, the region employs the least number of NVM professionals, which are in the possession of the largest market share. Therefore, the attractiveness of this regional real estate market to Present Properties Ltd cannot be underestimated.

Another great example of an attractive regional real estate market in the Netherlands is Zeeland. Stagnant dynamic wise, this region is home to a large amount of undervalued residential properties and, importantly, is not presently popular among the NVM competitors. What is especially attractive about Zeeland is that it is a neighbouring region with Zuid-Holland, and is particularly close to Rotterdam, another metropolitan area in the Netherlands.

Limburg and Overijssel are the other attractive regional markets of residential estate for the company, both with moderate development rates (considering the transaction- and price-related growth indicators). Importantly, these regions, too, are not burdened by competition yet. The factors above make these regions attractive for Present Properties Ltd.

An important fact is that the prices for detached properties in the Netherlands have reduced the most in consequence of recent economic crisis. The case company may want to consider this information as one of the reference points for further strategy planning.

iv. What are the practical stepping-stones on the Dutch market that may be of the case company's concern?

The main practical stepping-stone for the case company, according to the findings of the present research, is the limit of open property resources in the country. Particularly, the number of resources that allow for private property listings is not
great, with Marktplaats being the most popular one. At the same time, the biggest property resource, Funda, is largely controlled by one of the real estate associations in the market. This limiting factor may force the company to apply for supplier services due to its restricted perspectives of independent lead generation.

Although the author has determined to abstain from providing legal advice for the case company, it is imperative to note certain formalities that may have an influence on the operational activities of Present Properties Ltd on the Dutch market. Firstly, the due diligence procedure seems to be quite complicated. With a great variety of environmental regulations and corresponding documentation necessary for carrying out a real estate transaction, the company may need to study this issue in details.

v. Which internal capabilities can help the case company succeed on the Dutch real estate market?

In general, Present Properties Ltd may seize all internal strengths to its advantage on Dutch real estate market. Primarily, implementing proactive targeting marketing campaigns would enable the company to reach a large fraction of its segment. The author also encourages Present Properties Ltd to work on establishing own databases of investors and solicitors in the market of interest. Implementation of the R&D activities, especially in the early times of the company’s presence in the Dutch real estate market, would enable it to gain a deeper understanding of its target customers and their behavioural traits. Personalised approach is also a highly appreciated by the home sellers value, especially considering the tough conditions that this target group may be involved into. The company, however, should pay more attention on the competition issue and possibly implement benchmarking activities to determine and consequently exploit the unique advantages of its own offer.
6.2 Reliability and Validity

Exploiting the advantages of the triangulation method has significantly contributed to the high reliability of this thesis. First, by means of desk research the author managed to collect actual and up-to-date information concerning the market of research. Second, interviewing the company enabled the author to understand the company's nature and structure, as well as outline its principal internal values and capabilities. Finally, the author also designed the questionnaire in a way that allowed gathering vital information about the target audience and its behavioural trait, in this way contributing to the desk study results. The factors mentioned above enable the author to believe that the consistency in the research process was met, and the results are consequently rather reliable.

Application of the triangulation method and the coherence between the data collection methods also enabled the author to successfully achieve the research objectives and provide Present Properties Ltd with valuable information in regards to the current situation in the Dutch real estate market. Secondary material used for the research is highly credible and up-to-date, with the majority of them dated recently. Notably, Present Properties Ltd ensured the credibility of confidential documents granted to the author for research purposes. Questions in the questionnaire have been specially tailored for the corresponding research objectives, and the number of respondents was sufficient to draw adequate conclusions. With consideration of factors mentioned above, the author estimates the present research to have high validity.

6.3 Suggestions for Further Research

Due to the author's decision to abstain from touching the strategy planning issue, she decided to outline several important issues that Present Properties Ltd may want to conduct further research on before implementing these activities. This subchapter will explain these issues in a diligent manner.
As mentioned before, the competition on the market constitutes a high threat to the case company as a new entrant. Particularly, the existing direct competition may be a serious challenge for the case company to overcome, considering the offer similarity of certain direct competitors on the market. Nevertheless, with an adequately planned market strategy, Present Properties Ltd has all chances to become a strong and successful market player. The author recommends the case company to consider exploiting the Blue Ocean strategy to differentiate its offer from that of its direct competitors in the Dutch real estate market. Originally coined by W. Chan Kim and R. Mauborgne (2005), this strategy allows businesses to escape the competition battles by capturing the uncontested market space and adjusting the strategies accordingly.

Since Present Properties Ltd is heavily relying on the phenomenon of negative equity and massively works with undervalued properties, it is necessary for the company to consider the respective forecasts in the Netherlands. As the number of residential properties is decreasing year by year, the company may need to adjust its strategy exploitation (particularly regarding the Below Market Value strategy) according to the changing consumer demand. The company may also want to consider expanding its strategy set in view of the changing situation on the Dutch real estate market.

The company, as stated in research limitation paragraph, takes all responsibility for managing the legal side in regards to its operational activities. Thus, the company is advised to establish connections with solicitors competent in creative real estate strategies to plan its legal responsibilities in advance.
7 SUMMARY

With the transparent indicators of further development, the Dutch real estate market remains highly attractive for Present Properties Ltd despite all the challenges that the thesis research has identified. The external influence on the market is rather positive while the market itself is facing favourable perspectives for the years ahead. On the grounds of the research findings, the factors of intense competition and the exacting nature of consumer behaviour are seen as major threats for the case company in the Dutch market of real estate. The case company is therefore advised to consider the respective recommendations provided in this thesis to plan a successful market entrance strategy.

The thesis’ primary aim is defined as investigating the Dutch real estate market and providing valuable information to the case company in regards to possible challenges and opportunities associated with the market. In this connection, the thesis employs both qualitative and quantitative research methods to benefit the general research validity. The author utilizes both the primary and the secondary data to maximally enrich the findings with value. Essentially, different types of literature sources are employed in the research, which respectively are primary (internal publications of the case company), secondary and tertiary literature resources.

The thesis includes a brief description of the theoretical models utilised throughout the research process. In the respective thesis chapter, the author provides information about the origins of exploited theoretical models as well as related critical insights.

The research process starts with an internal investigation of the case company. A study of the company's orientation, operational strategies, activities and capabilities allowed to represent the company's nature in a comprehensive way. Importantly, this chapter provides adequate reasoning of research focus and confirms further steps for the research.
Further, the research switches to the investigation of the case company's market of interest, the real estate market in the Netherlands. The market investigation process starts with an analysis of the external influencers associated with the real estate industry in the Netherlands (by means of the PEST analysis model). The analysis is followed by brief investigation of the general market situation, which is then complemented with evaluation of regional real estate markets in the Netherlands. Information on the negative equity situation on the market as an essential element of general market investigation is provided in the same chapter. Practical real estate matters are also described in the frames of market investigation to introduce the readers and, primarily, the case company with essential information on the topic. Consequently, the author presents data concerned with the nature of competition, outlining related threats that the company may encounter as a new entrant. Information about the consumer situation on the market, coupled with an overview of consumer behaviour survey, finalise the empirical findings of the thesis.

Following the findings mentioned above, the analysis of industry competitiveness is provided with a brief summary on the significance of competitive forces. This analysis determined the main competitive forces on the Dutch market of real estate to comprise the power of existing competition and the bargaining power of consumers. Consequently, the analysis results were used to present the answer to one of the research sub-questions.

In the final chapter of the thesis, the research generalisation is provided in the form of sufficient answers to all research questions. In this stage, the study finally presents the major challenges and opportunities associated with the case company’s market entrance intentions. The author declares research reliability and validity to be maintained at a high level throughout the research process. The author stuck to complying with the research limitations in a sufficient manner. Suggestions for future research for the company are presented in the final chapter of the thesis.
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Ministry of Finance. 2016. The Real Estate Council of the Netherlands. [referenced 2 February 2016]. Available on Vastgoed van het Rijk:


APPENDICES

APPENDIX 1. Dynamics in the regional real estate markets in the Netherlands, part 1 (2015.)

<table>
<thead>
<tr>
<th>Province</th>
<th>Population (million)</th>
<th>Amount of houses (million)</th>
<th>AORU</th>
<th>OOR (%)</th>
<th>AVRP (2015)</th>
</tr>
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<tbody>
<tr>
<td>Drenthe</td>
<td>0.49</td>
<td>0.22</td>
<td>2.24</td>
<td>65</td>
<td>€188,000</td>
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<td>Flevoland</td>
<td>0.40</td>
<td>0.16</td>
<td>2.46</td>
<td>64</td>
<td>€182,000</td>
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<tr>
<td>Friesland</td>
<td>0.65</td>
<td>0.29</td>
<td>2.20</td>
<td>60</td>
<td>N/A</td>
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<tr>
<td>Gelderland</td>
<td>2.02</td>
<td>0.88</td>
<td>2.30</td>
<td>59</td>
<td>€221,000</td>
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<tr>
<td>Groningen</td>
<td>0.58</td>
<td>0.27</td>
<td>2.14</td>
<td>56</td>
<td>€159,000</td>
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<td>Limburg</td>
<td>1.12</td>
<td>0.52</td>
<td>2.14</td>
<td>60.4</td>
<td>€180,000</td>
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<td>Noord-Brabant</td>
<td>2.48</td>
<td>1.09</td>
<td>2.28</td>
<td>60.8</td>
<td>€232,000</td>
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<td>Noord-Holland</td>
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<td>1.30</td>
<td>2.13</td>
<td>48.8</td>
<td>€235,000</td>
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<td>Overijssel</td>
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<td>0.49</td>
<td>2.32</td>
<td>59.6</td>
<td>€196,000</td>
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<td>Utrecht</td>
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<td>0.54</td>
<td>2.31</td>
<td>58</td>
<td>€249,000</td>
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<td>Zeeland</td>
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<td>0.18</td>
<td>2.08</td>
<td>64.7</td>
<td>€188,000</td>
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<td>Zuid-Holland</td>
<td>3.60</td>
<td>1.60</td>
<td>2.17</td>
<td>50.4</td>
<td>€199,000</td>
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<td>--------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>---------</td>
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<tr>
<td>Average in the country</td>
<td>16.81</td>
<td>Approx. 7.5</td>
<td>2.23</td>
<td>58.9</td>
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### APPENDIX 2. Dynamics in the regional real estate markets in the Netherlands, part 2 (2015.)

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<tbody>
<tr>
<td>Drenthe</td>
<td>150.0</td>
<td>-12.6</td>
<td>1.6</td>
<td>19.1</td>
<td>5,011</td>
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<td>Flevoland</td>
<td>233.0</td>
<td>-10.3</td>
<td>1.4</td>
<td>19.4</td>
<td>4,020</td>
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<td>Friesland</td>
<td>180.0</td>
<td>-14.2</td>
<td>2.0</td>
<td>15.3</td>
<td>6,277</td>
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<td>Gelderland</td>
<td>154.0</td>
<td>-15.0</td>
<td>2.0</td>
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<td>Groningen</td>
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<td>2.7</td>
<td>14.2</td>
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<td>Limburg</td>
<td>117.0</td>
<td>-12.6</td>
<td>1.9</td>
<td>12.3</td>
<td>10,168</td>
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<td>Noord-Brabant</td>
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<td>-14.4</td>
<td>2.3</td>
<td>13.5</td>
<td>25,304</td>
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<td>Noord-Holland</td>
<td>193.8</td>
<td>-12.6</td>
<td>5.3</td>
<td>17.0</td>
<td>35,378</td>
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<td>Overijssel</td>
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<td>10,462</td>
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<td>Utrecht</td>
<td>150.0</td>
<td>-13.0</td>
<td>3.9</td>
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<td>15,400</td>
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<tr>
<td>Zeeland</td>
<td>160.0</td>
<td>-6.0</td>
<td>0.4</td>
<td>6.7</td>
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<td></td>
<td>160.0</td>
<td>-12.0</td>
<td>3.0</td>
<td>19.9</td>
<td>37,498</td>
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<td>-------</td>
<td>--------</td>
<td>-------</td>
<td>-------</td>
<td>---------</td>
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<tr>
<td>Zuid-Holland</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Average in the country</td>
<td>169.82</td>
<td>-9.65</td>
<td>2.3</td>
<td>15.3</td>
<td>14,858</td>
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# Company Analysis Outcomes (SWOT Analysis Model)

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<th>Strengths</th>
<th>Weaknesses</th>
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</thead>
<tbody>
<tr>
<td>• Adoption and exploitation of creative real estate strategies</td>
<td>• Lack of information on competitors</td>
</tr>
<tr>
<td>• Personalised approach to customers</td>
<td>• No service set expansion</td>
</tr>
<tr>
<td>• Quick solutions for customer problems</td>
<td>• Excessively mass-oriented marketing</td>
</tr>
<tr>
<td>• Extensive investor database</td>
<td></td>
</tr>
<tr>
<td>• Proactive marketing</td>
<td></td>
</tr>
<tr>
<td>• Extensive solicitor database (experts of creative real estate)</td>
<td></td>
</tr>
<tr>
<td>• Strong communication within the company</td>
<td></td>
</tr>
<tr>
<td>• Automated operational structure</td>
<td></td>
</tr>
<tr>
<td>• Continuous R&amp;D activities</td>
<td></td>
</tr>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>• Possibility of expansion in new regional markets in the UK</td>
<td>• Threat of losing its market share due to competition progress</td>
</tr>
<tr>
<td>• Opportunity to increase the customer conversion rate with marketing-related improvements</td>
<td>• Threat of losing the opportunity to innovate the market with new strategies</td>
</tr>
<tr>
<td></td>
<td>• Local legislation changes</td>
</tr>
<tr>
<td></td>
<td>(especially in relation to real estate contracts)</td>
</tr>
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</table>
APPENDIX 4. Resume of the Interview Questions

First Session

A. GENERAL (INTRODUCTION) QUESTIONS

1. Please briefly describe the background of Present Properties Ltd.

2. What is the strategic orientation of Present Properties Ltd?

B. COMPANY'S CUSTOMER SEGMENT

1. Which customer segment(s) does the company serve?

2. How do the target customers make decision to apply for the services of Present Properties Ltd?

C. VALUE PROPOSITION

1. What is (are) the unique value proposition(s) of Present Properties Ltd?

2. How are the value propositions of the company matching the needs of its target segment?

Second Session

OPERATIONAL MATTERS

1. What are the key operational activities that Present Properties Ltd implements?

COMPANY ANALYSIS

1. What, in your opinion, are the main internal strengths and weaknesses of Present Properties Ltd?
2. Which opportunities and threats do you see as crucial in regards to the company's present position?

VISION FOR THE MARKET OF RESEARCH

1. What are the main concerns of yours in regards to the market of research?
APPENDIX 5. Survey

Survey of consumer behaviour

This survey is intended to study the consumer behaviour in the residential real estate market in the Netherlands. The survey is a part of the final thesis project implemented by an International Business student at Lahti University of Applied Sciences (Finland). The case company of the present research is Present Properties Ltd, a UK-based provider of creative solutions in the field of real estate. All the answers will remain anonymous and will serve for study purposes only.

1. What is your gender?
   - Male
   - Female

2. What is your age?
   - 18 - 25
   - 25 - 35
   - 35 - 45
   - 45 - 55
   - 55+

3. Which of the following ranges does your (gross) annual income fall into?
   - €0 - €25,000
   - €25,000 - €33,000
   - €33,000 - €50,000
   - > €50,000

4. Is owning a property one of your main life priorities?
   - Definitely yes
   - Not sure
   - No

5. Have you ever gotten a mortgage to buy a (residential) property? If you have not had any mortgage experience, do you consider the possibility of getting one in the future?
   - Yes
   - Not sure
   - No
6. Which factors motivate (or would motivate) you to sell your residential property? (please chose all that apply)

- Moving to another country
- Divorce
- Repossession
- Property Inheritance
- Being extremely short on cash
- Other (please specify)

7. Which of the following options is utmost comfortable/convenient for you when selling your residential property?

- Try to sell the house independently, without applying for the services of solicitors and/or real estate agents
- Only apply for the solicitor services
- Apply for the services of a real estate agency

8. If you faced obstacles urging you to sell your residential property, which discount (on the value of your property) would you agree on? Please consider the average length of the selling process in regards to each option.

- 10% - 15% (up to six months)
- 15% - 25% (up to a month)
- I would not agree on a discount

9. Which resources would you use to find and choose a real estate agent/broker?

- Internet
- Social Media (e.g. Facebook, LinkedIn, etc.)
- Traditional mass media (e.g. television, radio, newspapers)
- Physical advertisement (e.g. brochures, leaflets, etc.)
- Reviews from your family/friends/colleagues
- Other (please specify)

10. Which of the following factors have (or could potentially have) an influence on your choice of a real estate agent/broker?

- Reputation
- Innovative services/offer
- Agency’s ability to take quick action (sell / lease services)
- Own database of solicitors
- Adequate price for services
- Personalised approach towards clients
- Other (please specify)