



*Speech "Never let a good crisis go to waste"*



was not relevant or authentic for this new generation of tenants we aimed for. Starting to strip the entire building is like crossing the Rubicon: there is no way back. Parts of the old installations were integrated in what we demolished. You have to renovate the whole building including these installations, and some were recently renewed and just a year old. But the more space we created, the more inspiration the old building-structure gave us.

Once you see it you cannot "unsee" it.

For these works we did not explicitly asked for approval from the bank. It was uncertain if they would share my vision of the state of the market regarding my empty building. And the concept-solution I envisioned was absolutely unproven. Lots of newly build offices in Amsterdam never met a tenant; they failed to attract these new generation companies. So why invest this heavy in an old building, they would most certainly respond.

But that is why I am an entrepreneur and they are a bank.

Finally, after a year of working and spreading the concept, in October 2010 I met a professional candidate-tenant, the Randstad-group, who immediately understood and signed up 3 weeks later. That convinced the bank; they took their responsibility and financed a large part of the investment. About seven months later, like a miracle, 85% of the building was signed with leases, all of them perfect tenants. And this was achieved without giving rental-free incentives. The national media picked it up, RTL made an item of it for their evening news, and RTL-Z, our nations business-channel shot a whole documentary about it, "unveiling Zuidpark".

\*\*\*

My point is that we lost faith in commercial real estate; we want solid proof before we start and that is not working anymore. We are used to think in spreadsheets with data that is confirmed by facts. Banks and investment-committees want that 100% proof before they step into anything. And that is understandable from their point of view; it is what we expect them to do. But before something is a fact, it starts with a belief. In these days nothing is a fact, and so nothing really happens in the industry. The lack of faith in commercial real estate is the main source of the problem. "If you remain doing what you did, you will stick with what you got", Einstein told us. It is a self-fulfilling prophecy; it will only get worse unless we start to believe in change and act accordingly.

Take the Urban Farming-idea I introduced at Zuidpark for example. It is genuine food for thought, "Nature Band-Aids" as a remedy for wounded and mutilated urbanism. It is important that not only tenants, investors and banks, but also urban planners start to embrace these concepts to turn those old empty buildings to our future cultural heritage.

Give sustainability a fair chance by being less rigid and more flexible with urban development plans. New generations need organic diversity that will bring prosperity.

\*\*\*





*Speech "Never let a good crisis go to waste"*



large numbers of users to be profitable. And sustainable installations are costly. It is impossible to have them in small buildings.

The result to aim at is a future-proof investment that is flexible and constructively ready to be remodeled internally any time, for a new tenant or an existing one who is evolving towards different work methods that imply modifications.

So invest your money in Generation Z, born in this millennium, they hit the labor market from 2025 on, together with Y-Generation, till 2040. You can do that now. Big buildings serving as HUBS will prove to be the best inflation-proof investment possible. No other investment can beat that with such an amount of certainty. Surely not stocks, bonds or money on bank accounts.

Do I know for sure that this works for most of the big old empty buildings and anywhere in the world? I think so, really I do, but what I do know for sure is that it all starts with creativity, faith and passion: adaptive entrepreneurship. Not with 100% facts proven spreadsheets. That will come when we regain our faith in commercial real estate and that can only start when we trust each other's integrity. It all starts with integrity!

Do I know that CASH thinking is exactly what the next Generation Z and generations after it will want? I am sure it is NOT. They will have other needs, ideas and technology! But a building like Zuidpark is designed for flexibility and will be ready to welcome these modifications.

I leave you with this:

We often hear people complaining that we are in the middle of the worst crisis since 1929, and that this is the main reason for the misery in the real estate market. Self-pity nonsense I call that.

My grandfather ran a good construction-firm in the late 30's, third generation "Established 1873". Then the Nazis came by, and took his whole inventory. Sharing the same DNA as I do he probably told them what he thought about that. It may have been the reason why that same day they put him on labor to build the Atlantic Wall. Now, that is what I call a genuine crisis. He told me a lot of anecdotes about these times, about friendships and betrayal. They are not really relevant in this context and probably are romanticized anyway.

However, they taught me one great lesson:

By being creative and productive, seeking allies and having the guts to face the facts and fight the problem, we manage to come out of any crisis, stronger than ever.

Thank you so much!

Jan Huijbregt  
March 2014