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The Netherlands Greenhouse Cultivation Market Outlook to 2019

- Declining Profitability to Hamper Growth

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Key Highlights of the Report

- Discussed leading players, profile, market share and services portfolio
- Industry statistics from 2008 to 2014 and forecast from 2015 to 2019 in value terms
- Detailed discussion of the market segments
- Regulatory and macro economy environment
- Opportunities let by industry developments

THE NETHERLANDS GREENHOUSE CULTIVATION MARKET AND SEGMENTATIONS

The sales revenue of the greenhouse has been following a downward trend since 2010, with only exception being in 2012 when the sales revenue marginally increased by 6.5%. The same trend is supported by the decreasing number of greenhouses in the country and the increasing yield which temporarily led to oversupply in the agricultural market, causing a decline in the sales price of greenhouses vegetables. Although the market has grown at a CAGR of 2.8% during 2008-2014, the recent trend suggests a slow growth in the sales revenue of the greenhouses, as fierce competition in the market and increasing yield would put downward pressures on the revenue earned.

The intense competition in the greenhouses market of Netherlands due to technology innovation and use of modern techniques has led to an increase in productivity of the land. Owing to the

increase in productivity, fewer greenhouses are able to meet the demand of fruits, vegetables and flowers of the domestic, as well as export market. This has caused a decline in the profitability of many greenhouses, leading to bankruptcy of those who couldn't match with the fierce competition. This decline in number of greenhouses has directly decreased the area covered by greenhouses in the country. The total area occupied by greenhouses has decreased to ~ million square meters in the Netherlands.

Although the area covered by greenhouses has declined over the years, the productivity has increased for the same period. The area covered by greenhouses in the country might see a declining trend in the coming few years, as emergence of greenhouses in other countries would give stiff competition to the Netherlands in the world export market of fruits, vegetables and flowers.

Figure: The Netherlands Greenhouse Cultivation Market Size by Sales Revenue of Greenhouses in USD Million, 2008-2014

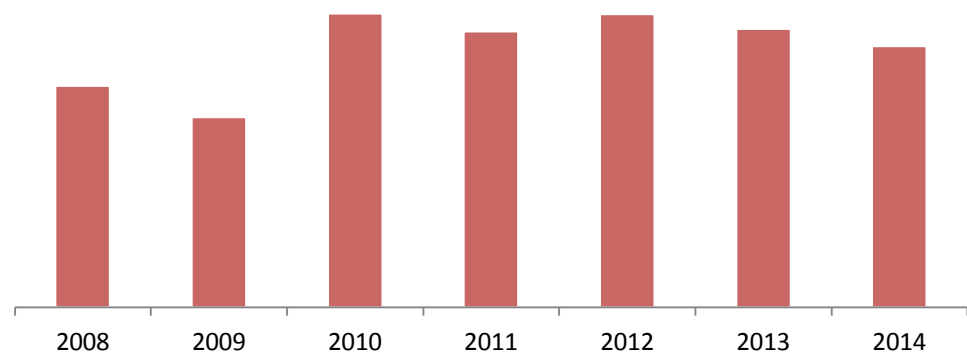


Figure: The Netherlands Greenhouse Cultivation Market Size by Area Covered by Greenhouses in Hectares and Growth Rates (%), 2008-2014

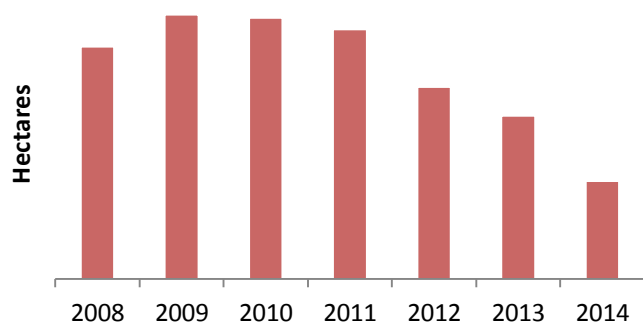
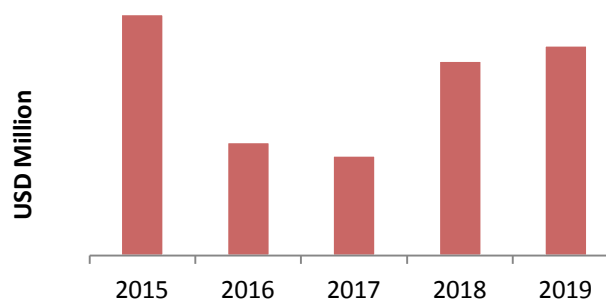


Figure: The Netherlands Greenhouse Market Size Future Projections by Sales Revenue in USD Million, 2015-2019



In contrast to the production of vegetables in greenhouses, for which the area under cultivation increased, in spite of the decrease in the number of greenhouses, the area under cultivation for production of cut flowers witnessed a decline. The area for cultivation of cut flowers in greenhouses fell by approximately ~ hectares during 2008-2014. The decline in area was noted to occur at a CAGR of ~% during 2008-2014, owing to the falling profitability of cut flower production due to the excessive supply in the world export market. The area under roses in greenhouses was noted to decline at a CAGR of ~% during 2008-2013, while chrysanthemums faced a comparatively low CAGR of -1.7% during 2008-2014. As noted for the number of greenhouses producing orchids in the Netherlands, the safe nature of the flower protected it from high decline in the area of cultivation. The area under orchids grew at a rapid pace in 2010, as the effects of world economic crisis forced greenhouse owners to produce orchids to protect themselves against the risk of falling profitability in the world market. This increase in the area in 2010 was approximately 31.1% which shielded many greenhouse owners from running out of business. However, owing to the falling profitability and shutting down of many greenhouses, the greenhouse area under orchids fell till 2014 to reach ~ hectares.

Flowering potted plants have a high demand in the world market for ornamental purposes, as well as the domestic market of the Netherlands, which has made this segment a market leader for pot and bedding plants greenhouse market. In 2008, the greenhouse area covered by flowering potted was noted to be ~ hectares in 2014, owing to the negative environment for the overall greenhouse market in the Netherlands. The decrease in area was also a result of utilization of greenhouse area assigned to potted plants for production of vegetables that provided a slightly higher return during the economic slowdown. Similarly, cultivation of bedding offered higher returns during the economic slowdown than greenhouse cultivation of leafy potted plants. Therefore, beddings occupied a greater greenhouse area than the latter in 2013. It is interesting to note that the greenhouse area covered by leafy potted plants was always greater than beddings since 2008 except in 2013, as the greenhouse area for leafy potted plants fell at a faster rate than beddings.



WHAT ARE THE MAJOR STRENGTHS OF THE NETHERLANDS GREENHOUSE CULTIVATION MARKET?

Section Review

- The real adjusted gross disposable income of households per capita has declined gradually at a CAGR of 0.5% during 2008-2014.
- The population of the Netherlands has steadily grown to increase to 16.9 million in 2014 in comparison to 16.4 million recorded in 2008.

The main strength of the Dutch market lies in its vast experience over the years in different branches of horticulture, which have enabled the Dutch to capture a major portion of the global greenhouse market. Product differentiation and innovation has moved the concepts of production from traditional supply driven to more market oriented concepts. With the improvement in the technology required to practice cultivation in a greenhouse, the number of players in the Dutch greenhouse market have greatly reduce due to increased productivity. The steps taken by the Netherlands towards sustainability production concepts might prove to be a thriving factor for the greenhouse market in the country. The ambitious goals set by the government to reduce energy consumption, and focus on environmental protection by reducing the use of pesticides would prove to give a boost to the Netherlands greenhouse cultivation market. The location bound nature of the greenhouse market in the Netherlands makes it very knowledge intensive, leading to

an increase in economic resilience of the greenhouse regions. Sustainability issues in the greenhouse market of the country have come up in response to the overuse of pesticides, water energy and other resources which were having harmful effects on the environment. Growers have been investing heavily to decrease their power consumption, as it forms a major cost for greenhouse horticulture. This initiative by the growers is a good start to the issues of sustainability, as it has benefits for both environment and profit. As the nature of the market has shifted from supply driven to demand driven in the recent years, the profitability of the modern greenhouses has been falling at a faster rate than semi-technologically advanced greenhouses.

Table: The Netherlands Greenhouse Cultivation Market Segmentation on the basis of Area Covered by Major Vegetables in Greenhouses in Hectares, 2008-2014

Major Types of Vegetables	2008	2009	2010	2011	2012	2013	2014
Tomatoes							
Paprika							
Cucumbers							
Strawberry							
Eggplant							
Other Greenhouse Vegetables							
Total							



COMPANIES CITED IN THE REPORT

Competitive Landscape

	Particulars
Companies Mentioned	Havecon Projects Alweco Certhon KGP Greenhouses ReyTec Innovation Projects
Competition	The competition in the Netherlands market is high as the market is in a turbulence stage and the market also faces stiff competition from international players.

KEY FACTORS CONSIDERED IN THE REPORT

- Comprehensive analysis of the greenhouse cultivation market and its segments
- Industry is presented by number of greenhouses, area covered by greenhouses, yield of greenhouses, and sales revenue generated by greenhouses
- Listed major players and their positioning in the market
- Identified major industry developments in last few years and assess the future growth of the industry



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