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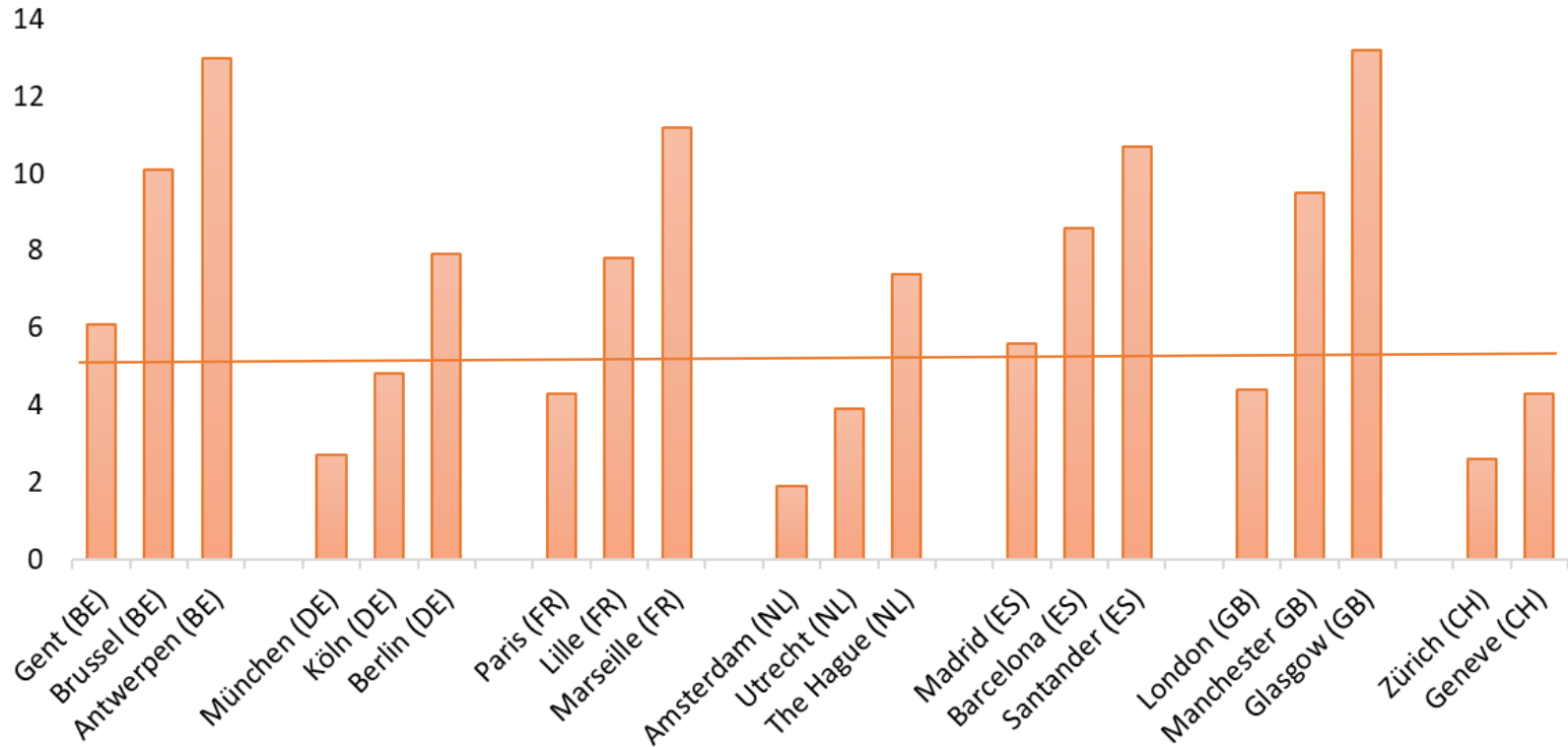
Retail vacancy: causes and solutions



**Event Eurocommerce “Retail and wholesale innovating to keep towns vibrant”
16 May 2018, Brussels**

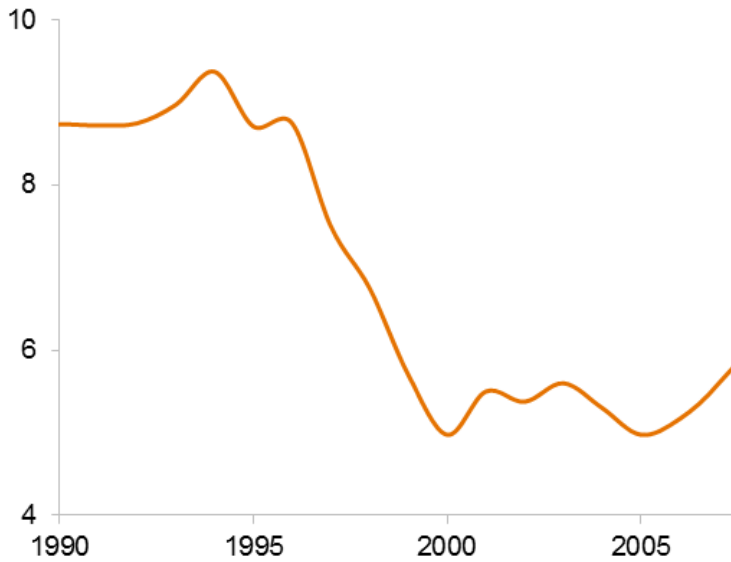
Empty storefronts are an eyesore in many cities

Retail vacancy European cities 2017 (%)

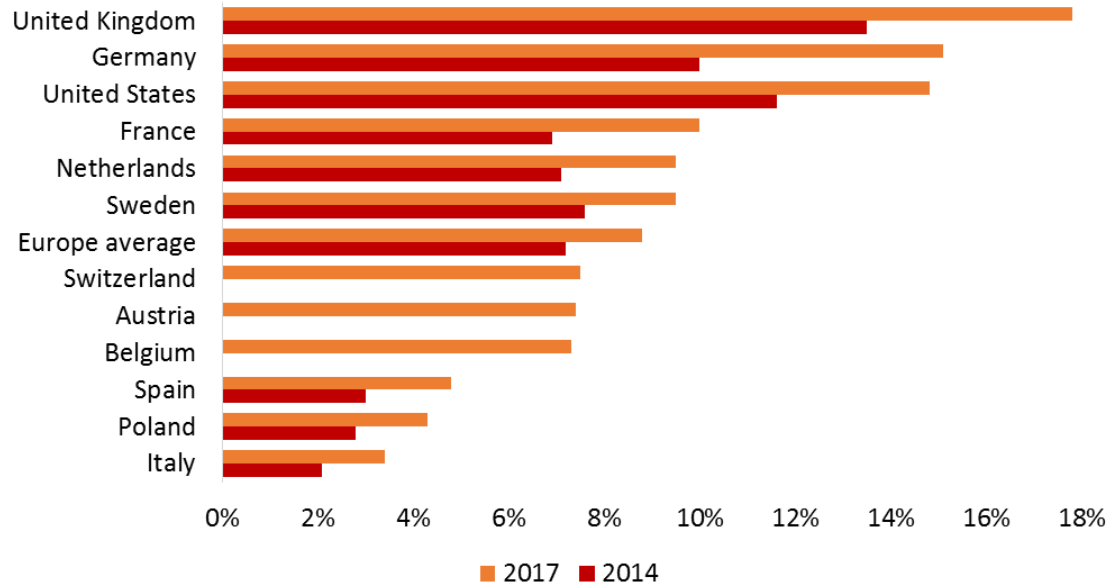


Usual real estate cycle? Probably there is more to it

Retail vacancy USA (%)



Share online sales in retail trade



Possible solutions

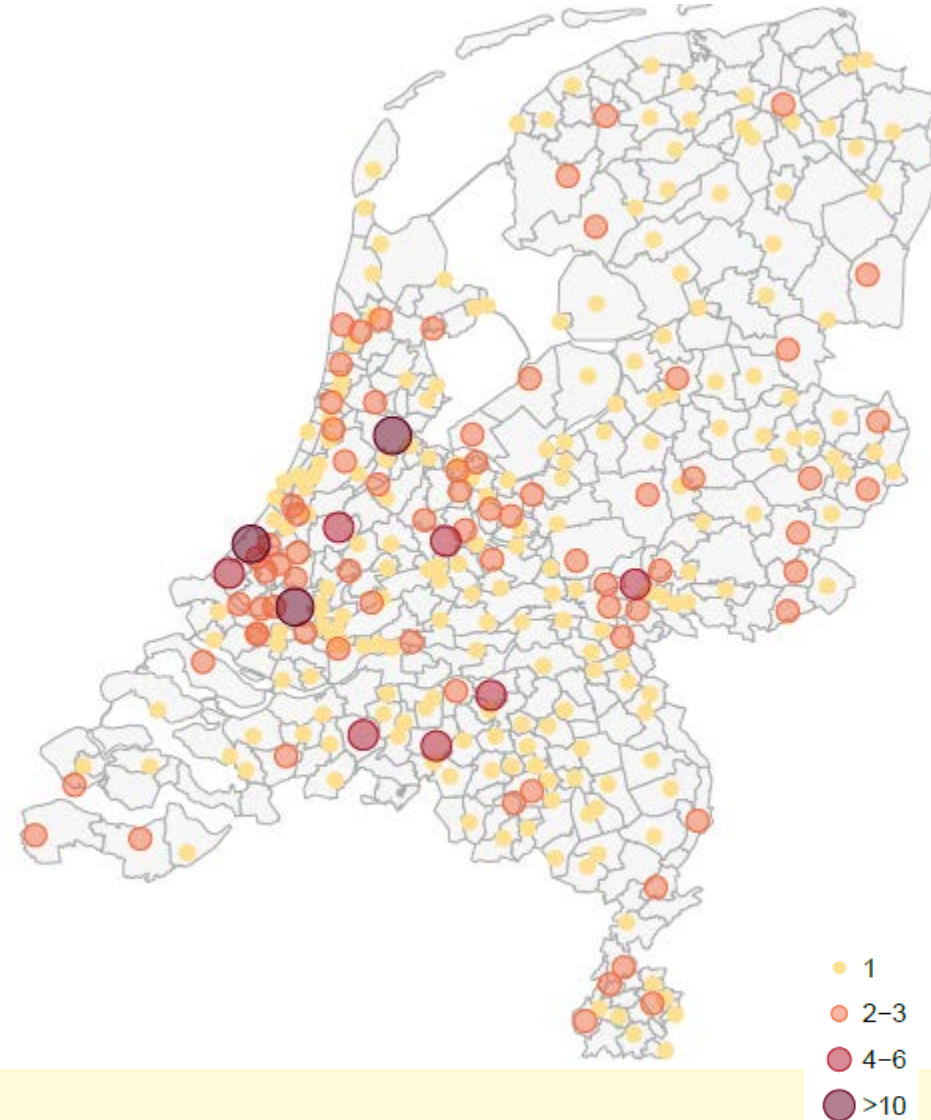


300 shopping areas in the Netherlands

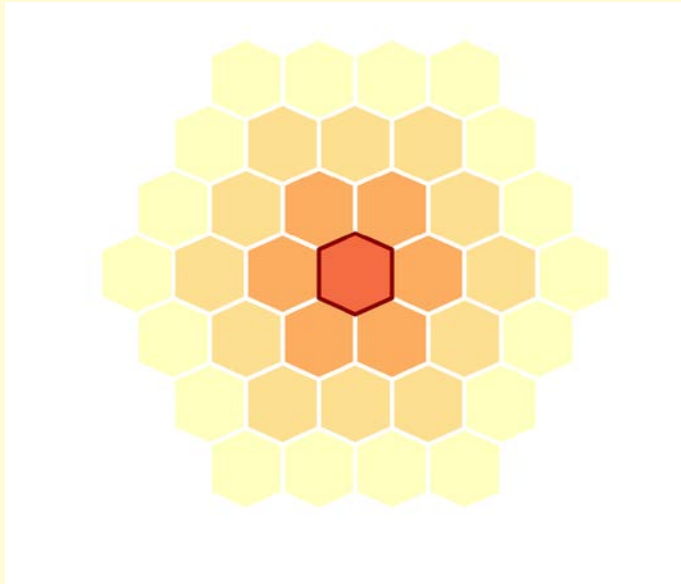
Shopping area: concentration of shops

- Central (downtown) and non-central, in- and outdoor
- Larger (>25 shops), mixed (>10% mode)
- Not in our data: baker on the corner, furniture malls, food market

Number of shopping areas by municipality

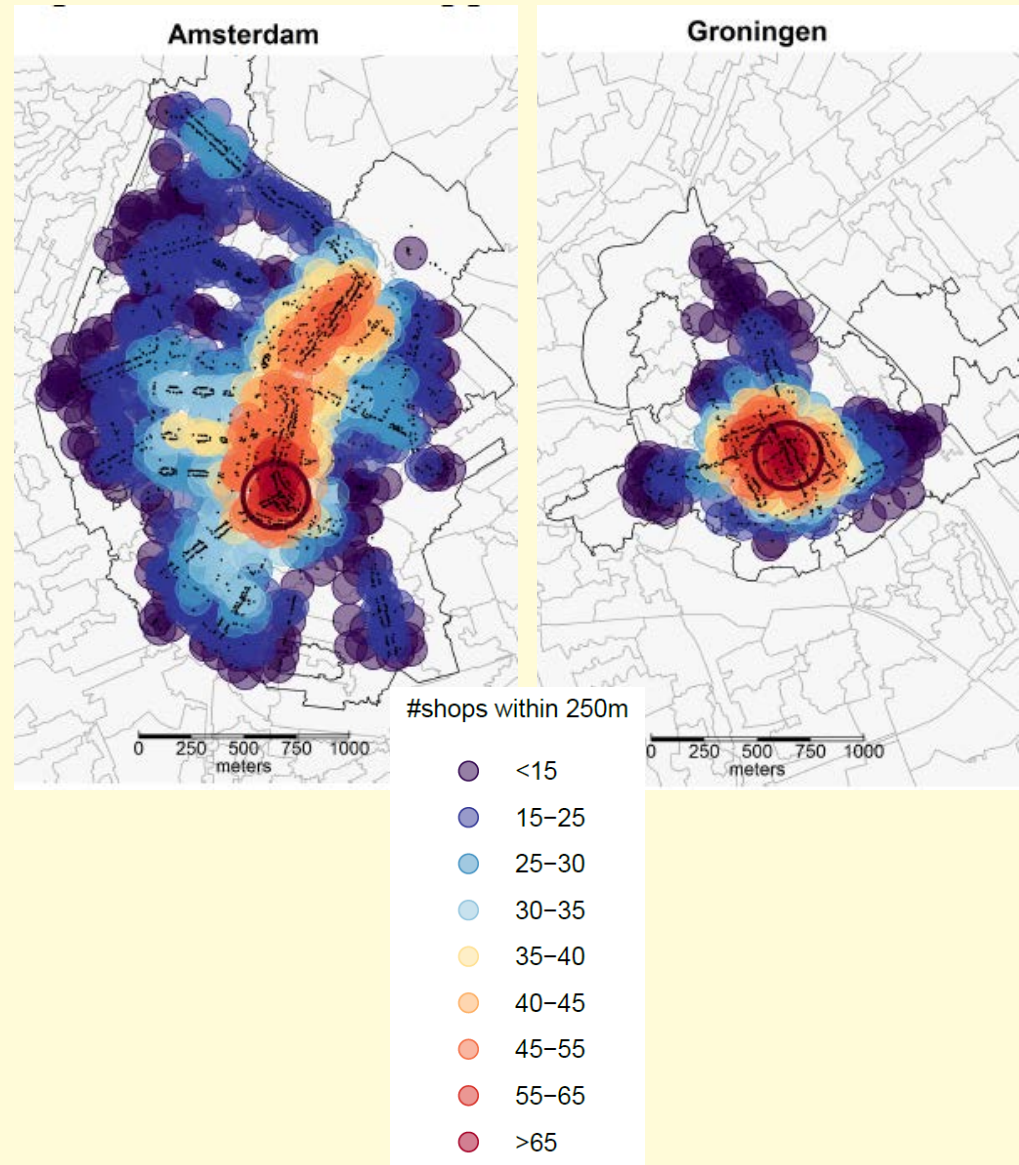


New insight: shopping areas are monocentric



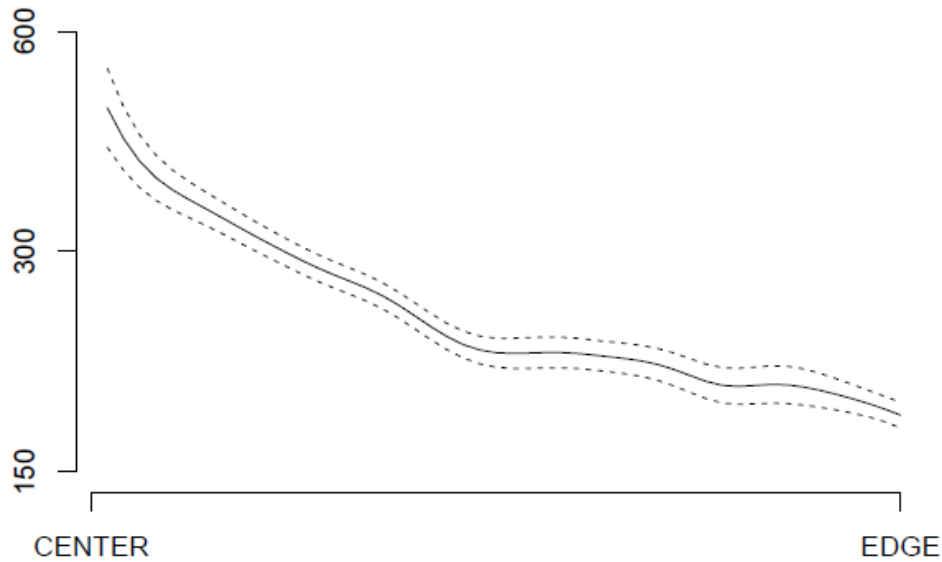
Holds for:

- Rents
- Vacancy
- Density

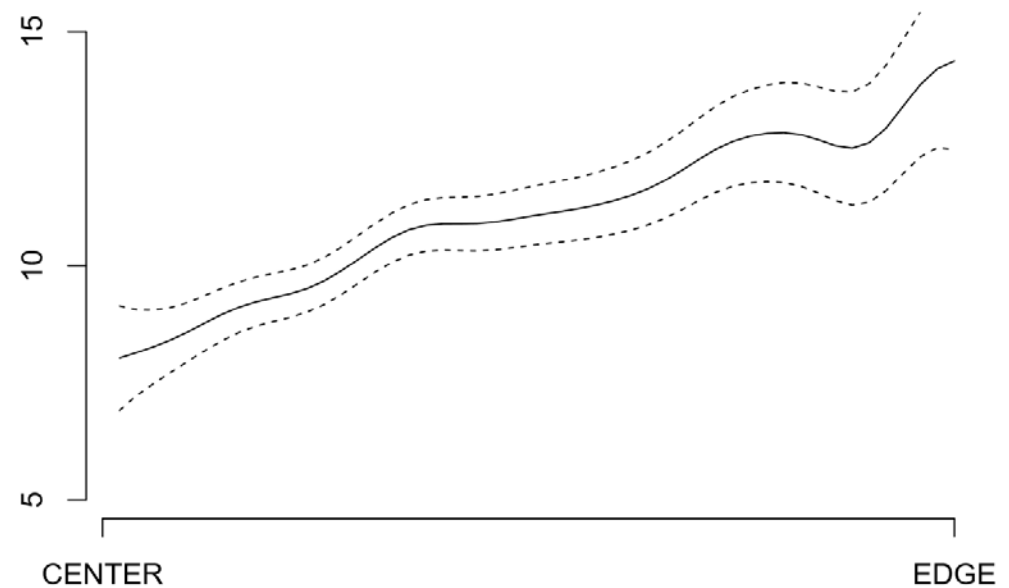


New insight: shopping areas are monocentric

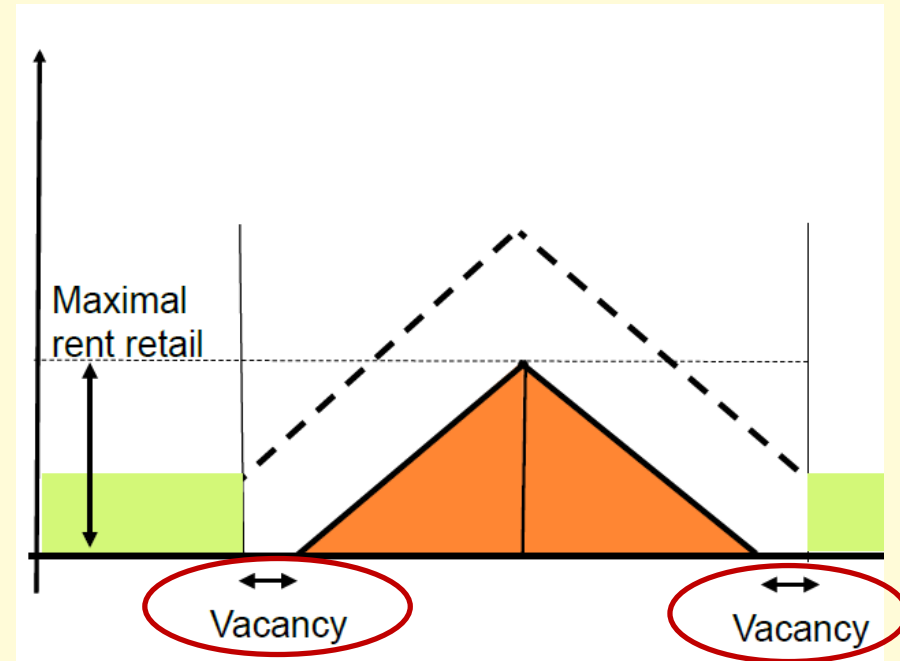
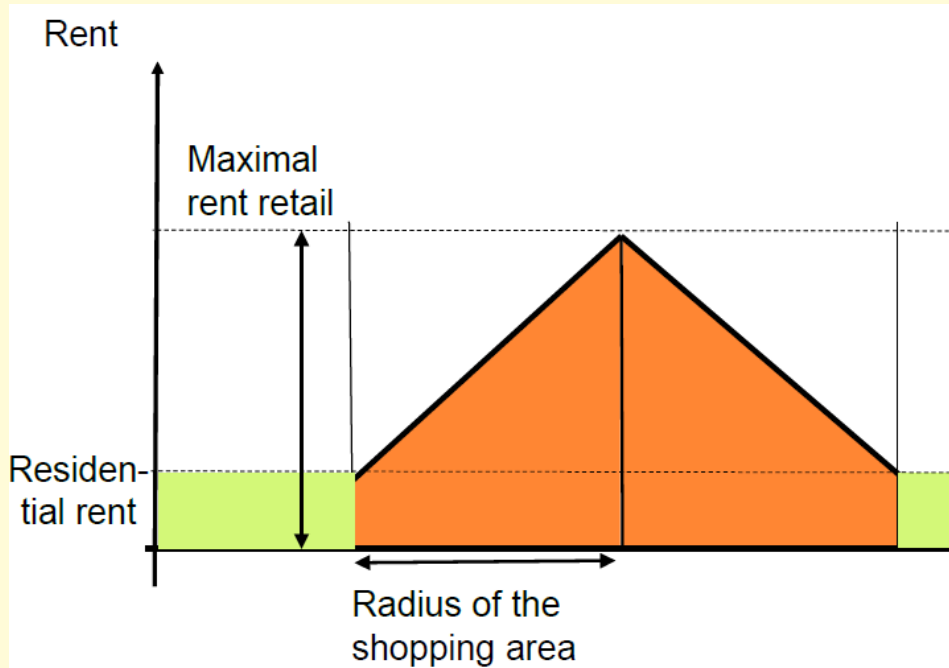
Retail rents (euro per m2 per year)



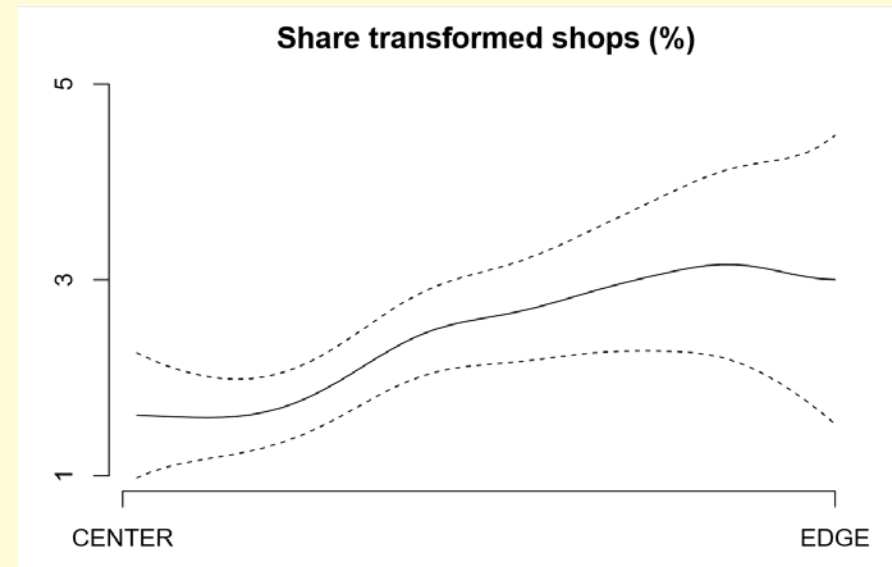
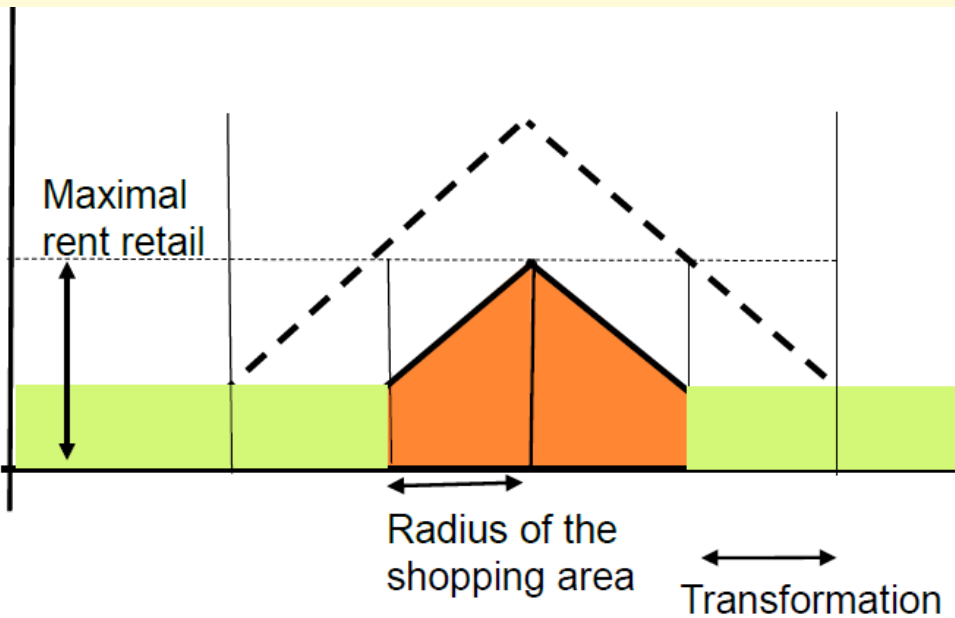
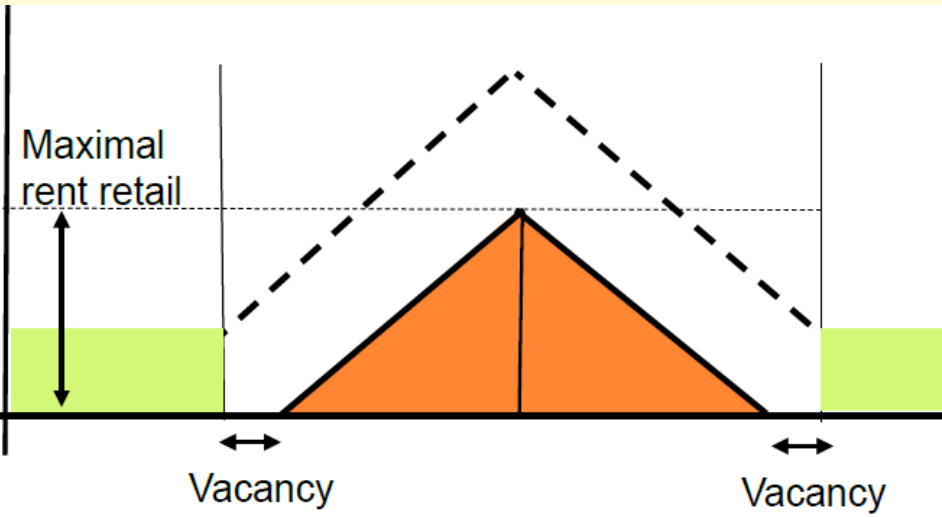
Vacancy (%)



Drop in demand makes some locations unprofitable

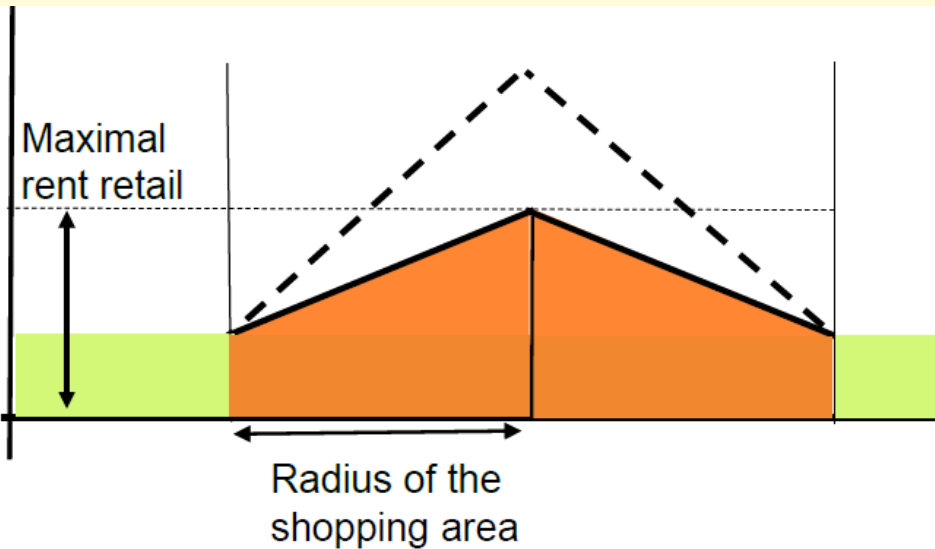
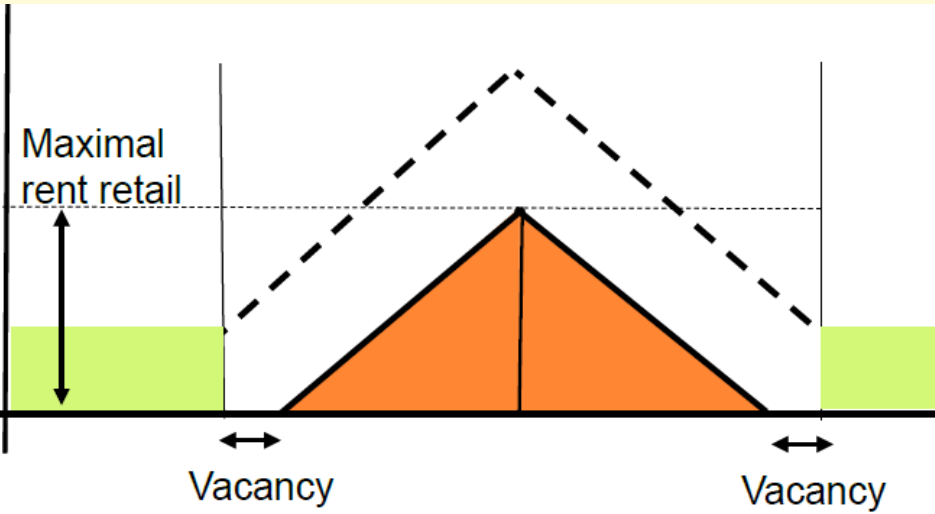


Market solution: transformation to other use



Necessary condition: strong land market

Market solution: investing in facilities



Type shopping area

Paid parking, few facilities

- 22%

Paid parking, many facilities

-16%

Free parking

-6%

**Dist. effect
rents 100m**

Government: coordinating and facilitating

- 1) Facilitate transformation (e.g. relax zoning regulations)
- 2) Remove distortionary policies (e.g. rent regulation, parking tariffs, etc.)
- 3) Stimulate cooperation *within* shopping areas (e.g. investment in facilities).
- 4) Facilitate collaboration *between* different actors.
E.g. NL Retailagenda: goal 20% reduction retail space.
- 5) Coordinate policy on neighbouring shopping areas
(in some cases may need to close one to help the rest)
- 6) Stimulate data availability for analytics

Thanks for collaboration, support, data access to:

- Retailagenda
- Ministry of Economic Affairs and 26 Dutch municipalities
- Locatus
- Strabo
- JLL
- NVM Dutch association of real estate brokers
- Statistics Netherlands
- (former) colleagues from CPB, PBL, TU/e, EUR, VU, UvA
- ...