

Vacant retail space, should the municipality intervene?



VACANT RETAIL SPACE, SHOULD THE MUNICIPALITY INTERVENE?

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by

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Preface

This graduation thesis is the final work of my study Systems engineering, Policy analysis and Management. The topic of my thesis came rather unexpected during a dinner with my colleagues of bedrijvenschap HarnaschPolder. Paul van Joolingen raised the topic of vacant shops, which was exactly the topic I was looking for. An actuality and a topic of which everyone has an opinion about. Akro Consult provided me the opportunity to execute the study there.

This thesis was not possible without the help of many others. First of all, I would like to thank my graduation committee. Erik Louw thank you for all the inspiring meetings. Several times I arrived somewhat doubtful, but I always left satisfied and with new ideas to continue. I would like to thank Hadi Asghari, spatial planning is not part of your research field, but you always posed critical questions. “Martine, why should the municipality do anything at all in addressing retail vacancies?” A question that seems logic now to me, but nobody posed me before. I would like to thank Willem Korthals Altes for your helpful attitude and clear feedback. You showed me that the committee was there to guide, reflect and improve the study, not only to judge. Special thanks to Mariska, our meetings were always fruitful and in varying settings; brainstorming with large sheets of paper, discussing in the garden, at the Municipality of Midden-Delfland, or in Hoofddorp with Paul. Thank you for honesty, you told me that graduating is not always fun. I have to say, I imagined graduation to be worse. But overall I think the process of writing this thesis went smooth and you contributed to that process.

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Finally, I would like to thank my parents, sister, brother and Bart for their continuous support and faith in me.

The Hague, April 2017

Summary

In the years after the financial crisis, several European countries, among which the Netherlands, witnessed an increase of vacant retail space. A vacancy rate of 5% is necessary for a good flow on the retail market, while currently, more than 10% of the total shopping surface in the Netherlands is empty. The impact of vacancies is significant and includes blight, an increasing level of crime, and a decline of the faith in the local retail market. Especially problematic is the downward spiral vacancy can cause in an area; vacancy can give the impression of a neglected area, the area is less frequently visited, consumers spend less money, the viability of retailers is affected, and even more shops become vacant (Figure 1).



FIGURE 1 DOWNWARD SPIRAL RETAIL VACANCIES

The negative effects of vacancies on the area suggest that government intervention is needed. However, the large fluctuations on the retail market could also be explained by the so-called pork cycle, where oversupply of real estate alternates with shortages, which suggests that the market will continue the trend. This tension is observed in literature between the role of the government and the market in addressing retail vacancies.

Retail vacancy is a network problem which means that there is not one exclusive problem owner on the retail market. Many stakeholders are involved with varying interests: the national government, provinces, municipalities, property owners, real estate investors, retailers, inhabitants, and visitors. This study focuses on the potential role of municipalities in addressing vacancies on the retail market, and also considers other involved stakeholders. The municipality cannot address retail vacancies on its own; it needs the stakeholders to collaborate. Hence, the following research question is formulated: *'Is there a role for municipalities in addressing vacancies on the retail market in inner cities in the Netherlands, and how can they address retail vacancies?'*

If a role exists for municipalities in addressing vacancies on the retail market, it needs instruments for intervention. These instruments are indicated and categorized using four resources: nodality, authority, treasure and organisation (NATO) by Hood (1986). *Nodality* is the property of being in the middle of a social network. This would provide the municipality a good overview and a lot of information. *Authority* is the ability of the government to command and prohibit, and commend and permit. *Treasure* is the resource that the government can use to exchange (Hood, 1986): it is a money or money-related resource. *Organization* denotes the possession of a stock of land, buildings, equipment, and individuals with whatever skills they may have.

Q-methodology was used to identify viewpoints of stakeholders on municipal intervention on retail vacancies. Since retail vacancy is a network problem, the municipality depends on stakeholder involvement. The collective viewpoints among stakeholders reveals the support for a certain role of the municipality and municipal intervention and contributes to a successful approach to deal with retail vacancies. Besides, the Q-methodology reveals the tension between government intervention and market mechanism in addressing retail vacancies.

The study focuses on inner cities, since the amount of vacant retail space in inner cities is increasing faster than in other places. Besides, inner cities in the Netherlands have an important role because of the central location, historic value, varies sectors, and public facilities. For the Q-methodology Haarlem and Alkmaar were chosen to execute this study. Their inner cities are comparable on several fields; historic inner city, located in a strong region. However, the inner cities differ in the amount of vacancies, the vacancy rate of the inner city of Alkmaar is higher (20%) compared with Haarlem (15%).

The first step in using the Q-methodology was to determine the Q-set: the complete list of statements concerning the role of the municipality, other stakeholders, and municipal interventions. This list was formulated through studying literature, policy documents, and news articles. To determine the viewpoints of stakeholders concerning the role of the municipality, 20 stakeholders were asked to rank the Q-set from 'most agree' to 'most disagree' according to their perspective. Eventually 20 Q-sorts formed the data for the subsequent analysis phase. In the analysis phase of Q-methodology collective viewpoints on the subject were extracted from all Q-sorts. A collective viewpoint is shared by a group of participants with similar views on the topic; the Q-sorts of the participants of a group were highly correlated with each other and share only limited correlation with participants holding another viewpoint. In this study two viewpoints were derived from the conducted Q-sorts. These viewpoints represent two different collective views on the role of the municipality and municipal interventions. The two perspectives are discussed in the following paragraphs using Figure 2.

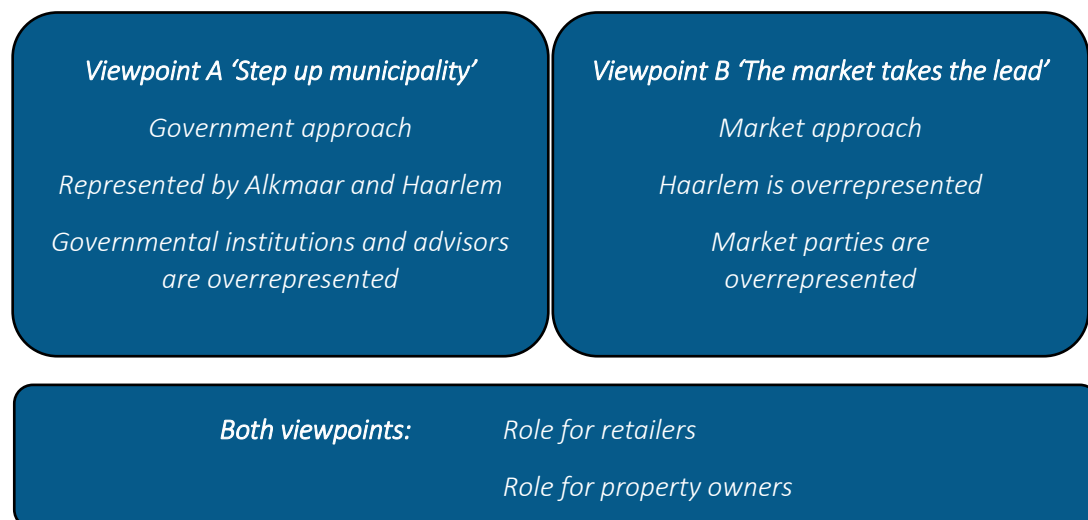


FIGURE 2 VIEWPOINT A AND B WITH THE ROLES OF THE MUNICIPALITY AND MARKET PARTIES

Viewpoint A 'Step up municipality' prefers an active role of the municipality which is in line with the government approach. The government approach includes an important role of the municipality, who determines the public interests, and a limited role of market parties. This

viewpoint is represented by stakeholders concerning Alkmaar and Haarlem, and mostly governmental institutions and advisors. Overall, most governmental institutions and advisors see an active role for the municipality irrespective of the inner city. Viewpoint A prefers the use of nodality and authority instruments (such as the provision of information and changes of the zoning plan). Two specific instruments that stand out are the municipal retail policy (organization) and the zoning plan (authority).

Viewpoint B ‘The market takes the lead’ prefers a limited role of the municipality. The market approach includes a facilitating role of the government and a very active role of market parties. This viewpoint is represented by more stakeholders concerning Haarlem than Alkmaar and mostly market parties. Viewpoint B agrees on the market approach and prefers market mechanism over government measures. The few instruments of the municipality that are preferred are preconditions like the quality of the public space or the accessibility of the inner city. There is no clear preference for a certain resource, however treasure instruments are not preferred. Subsidies are only temporary, and will not address the problem on the long term, besides market parties need to secure their own viability without the help of the government.

Though it cannot be said that one perspective is suitable in all situations, a number of conclusions can be drawn from studying the perspectives. A dichotomy was found concerning the role of the municipality and the instruments it should use. The tension identified in literature, between the role of the municipality and the role of the market in addressing retail vacancies, is observed in the viewpoints too.

There is overlap on some municipal instruments in which all stakeholders agree on: promotion of the inner city, the zoning plan and the quality of the public space. Both viewpoints consider treasure not as a useful resource for addressing retail vacancies. Several stakeholders state that money in itself is not a solution and subsidies are only temporary and will not solve the situation on the long term. Three treasure instruments are found inappropriate by all stakeholders for addressing retail vacancies: (1) property owners with an empty shop should be fined, (2) financial support to transform a shop in a different function, and (3) municipal purchase of empty shops to decrease the shopping surface. Since all stakeholders disagreed on those instruments, it is expected that municipalities experience much resistance with the implementation of those instruments.

Comparing the two viewpoints, viewpoint B is overrepresented by stakeholders of Haarlem and market parties. Viewpoint B agrees on the market approach, of which we conclude that market parties consider themselves able to address retail vacancies, under the condition that several preconditions are facilitated by the municipality like the public space and the accessibility. However, in practice often a wait- and see attitude raises among market parties. This can lead to enormous deterioration of inner cities. The fact that Haarlem is experienced as one of the best inner cities in the Netherlands, influences viewpoint B. Therefore, municipal intervention is considered unnecessary.

For addressing retail vacancies joint action is necessary. Vacancies on the retail market are a network problem, in network problems there are roles for more than one stakeholder. Both viewpoints agree on a certain role for the municipality, however very limited for viewpoint B. Irrespective of the inner city (Alkmaar or Haarlem) or the stakeholder group, everyone agrees on a role for property owners and retailers. This should be taken into account when a municipality wants to address retail vacancies, that property owners and retailers should be actively involved.

The issues of vacancies and viewpoints resulted from the Q-methodology are combined to come to opportunities for municipal intervention. The downward spiral shows that retail vacancies can start an ongoing process of more and more retail vacancies. Municipalities can use the downward spiral to monitor the quality of the inner city. Four parameters of the downward spiral are monitored by the municipality; retail vacancy, liveability, amount of visitors, and the revenues of retailers. Municipal intervention is needed, when the vacancy rate increases above 5% of the total retail space, or municipalities observe a decline or a declining trend of the liveability or amount of visitors. The fourth parameter, revenues of retailers, is a task for the market to address. Two packages are developed for municipal intervention: the basic package and a plus package.

The basic package, presented in Figure 3, is based on a limited role of the municipality and an active role of the market, in line with viewpoint B. It concerns five instruments, per instrument is indicated which parameter it addresses. The basic package is suitable when limited intervention is needed, since the municipality intervenes mainly in a facilitating role.

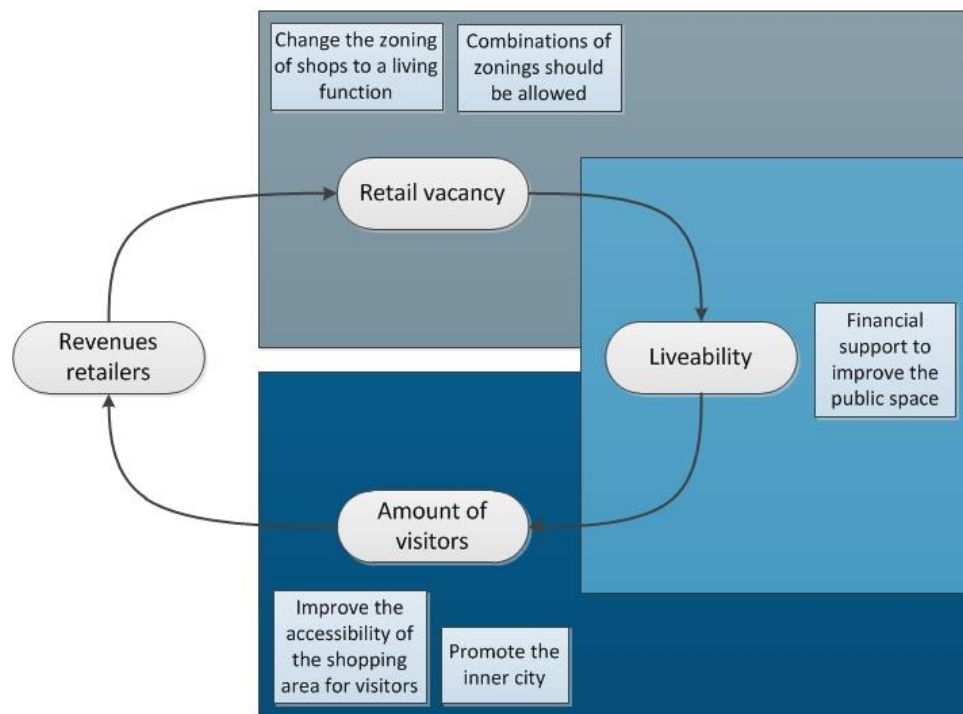


FIGURE 3 BASIC PACKAGE OF MUNICIPAL INSTRUMENTS TO ADDRESS RETAIL VACANCIES

The plus package, which is based on an active role of the municipality, concerns ten instruments (Figure 4). Per instrument is indicated which parameter it addresses, a few instruments address several parameters. The municipality decides to address retail vacancies actively and therefore intervenes on the market.

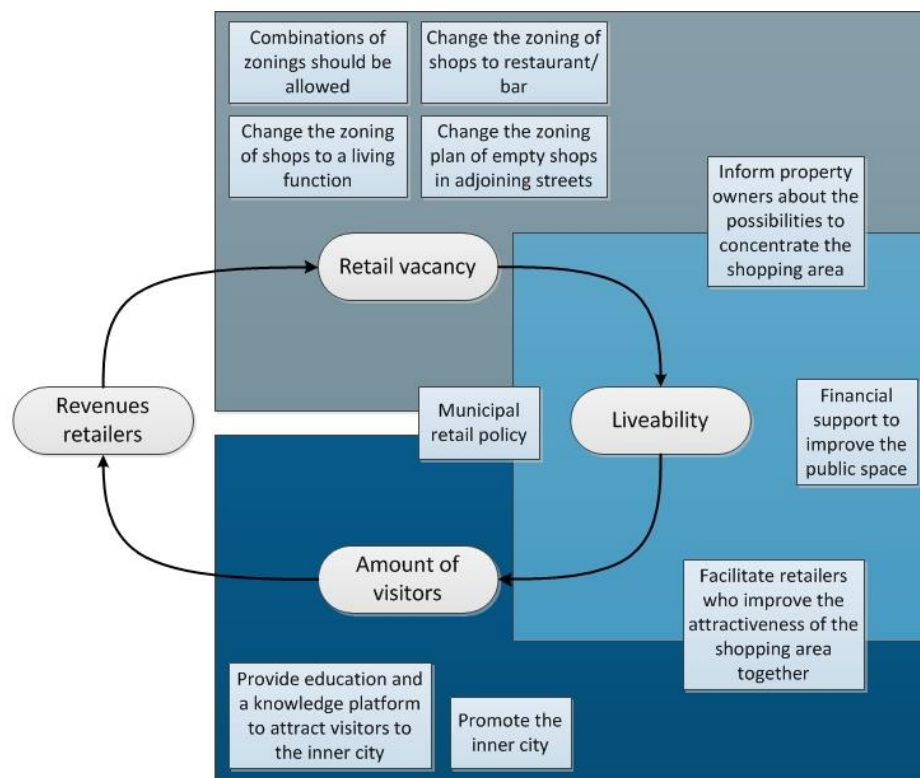


FIGURE 4 PLUS PACKAGE OF MUNICIPAL INSTRUMENTS TO ADDRESS RETAIL VACANCIES

Vacancies on the retail market are a network problem. This study focused on answering whether there is a role for the municipality but in network problems there are roles for more stakeholders. The viewpoints already showed that there is a role for property owners and retailers too. When the municipality wants to address retail vacancies it should make use of a joint approach in which market parties are involved.

Several recommendations for future research are given. Prior to studying the role of the municipality, the first question is whether there should be a role for the municipality at all. Research into the consequences of limited or no intervention of the municipality can provide new insights into the tension between market parties and the government. This study approached the tension from a government perspective, future research can include the approach of studying the tension from a market perspective.

Three recommendations regarding the instruments used to address retail vacancies are done. First, this study showed that the amount of vacant shops may influence the expectations of the role of the municipality. Future studies should clarify the turning point for municipal intervention. Second, future studies should include instruments used in other countries, or think of new instruments. Third, future research should try to further enhance our understanding about the effects of the instruments on the retail market.

Finally, it is recommended to study the implications of the downward spiral quantitatively. All parameters can be made quantitative. Although liveability is more complex to quantify, this is already measured in several researches on sales flows.

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1. Introduction

Since 2008 more and more shops became vacant in the Netherlands (CBS et al., 2016). In the years after the financial crisis, Dutch newspapers published alarming messages such as: “high rents deters retailers” (Hofs, 2010), and “shops close their doors indefinitely” (“Leegstand van winkels neemt toe met 10 procent,” 2011). Rein (2012) states that the increase of retail vacancies stagnated, the influence of e-shopping is exaggerated and new small shops start. Some provinces experienced already a decrease of retail vacancies (Reijn, 2012). A public discussion about retail vacancies started, positive news alternates with negative news.

Currently more than 10% of the total shopping surface is empty (CBS et al., 2016). In inner cities the amount of vacancies is increasing faster than in other places (Evers, Tennekes, & van Dongen, 2015). In the Netherlands historic inner cities have always been core areas within municipalities. The core areas are affected by the vacant shops. The impact of vacancies is significant; this includes blight, an increasing level of crime and a decline in the confidence of the local retail market (Berwyn, 2012; Teale, 2012-2013). Vacancy can cause a downward spiral in an area (Berwyn, 2012; Evers et al., 2015; Huizinga & Ossokina, 2014; Planbureau voor de leefomgeving, 2010; Platform 31 et al., 2014; van der Wal, 2014); vacancy can give the impression of a neglected area (Berwyn, 2012), the area is less frequently visited, consumers spend less money, the viability of retailers is affected, and more shops become vacant.

The issues of retail vacancies becomes more and more severe, intervention is needed. In 2014 three organizations, in which retailers and municipalities are involved, collaborated with the aim that retail vacancies will be put on the political agenda (Platform 31 et al., 2014). The year after, the Ministry of Economic Affairs takes the initiative to arrange retail deals (agreements) with several municipalities and market parties to address retail vacancies (Ministry of Economic Affairs, 2015). In 2016 this is done with all provinces (Ministry of Economic Affairs, 2016). The necessity of governmental intervention is questioned, Offringa (2016) suggests that market mechanism is the best solution to address retail vacancies (Offringa, 2016). Van Tellingén et al. (2015) states that the retail market is dynamic, shops disappear, but new shops and branches enter (van Tellingén, Zandbergen, & De Baaij, 2015). In-store shopping is part of peoples DNA and will never disappear (van Tellingén et al., 2015). A tension in society is observed between the necessity of government intervention and market mechanism.

2. Research plan

In the previous chapter an introduction to vacancies on the retail market was given with respect to inner cities in the Netherlands. A societal discussion is observed regarding the future of the problems of the retail market and whether market parties need to address retail vacancies or the government. This chapter analyses the problem, defines the aim, the research questions and scope of this study. Finally, the research methodology is outlined.

2.1 Problem analysis

One of the causes of vacant shops is that the shopping behaviour of consumers is changing. Rising incomes and increasing mobility have extended shopping opportunities for consumers (Weltevreden & van Rietbergen, 2007). Instead of a simple transaction in a shop, the experience in a shop becomes more and more important (Regionale omroep voor de provincie Noord-Holland, 2016). The distance to shops is becoming less important; the small corner shop is less frequently visited and consumers buy more and more online (Galle et al., 2004; Guy, 1998). The population is ageing, elderly spend less money and have different shopping preferences (van Rooijen, 2013). Not all retailers anticipated on the changing shopping behaviour, many shops went bankrupt and large concerns like V&D, Macintosh retail group and DA disappeared (Levison, 2016). Another cause of vacant shops is the oversupply of retail space (PBL & ASRE, 2013). The preferred amount of retail space was calculated using distribution planning research models. The models were based on the number of inhabitants, future demographic and economic developments and the distance to other shopping centres (Geerts, 2014), but the calculated retail space does not match the current situation. The development of new retail space disrupted the retail market.

With an increase of vacancies on the retail market, there is often spoken about a downward spiral (Berwyn, 2012; Evers et al., 2015; Huizinga & Ossokina, 2014; Planbureau voor de leefomgeving, 2010; Platform 31 et al., 2014; van der Wal, 2014). Figure 5 illustrates a downward spiral developed by the author. The downward spiral is a representation of the effects of vacancies on the retail market. An empty shop has a negative influence on the surrounding area, less people visit the area and it can lead to deterioration (Vermeulen, Teunlings, Marlet, & de Groot, 2016). Visitors of the inner city can feel more unsafe causing a negative influence on the liveability (Teale, 2012-2013). The liveability is determined by several aspects: safety, the quality and appearance of the properties and the quality of the public space. When the liveability decreases, the area becomes less attractive. Visitors are less willing to visit the area. Less visitors lead to lower revenues of retailers. Lowering revenues can lead to more bankruptcies of retailers and therefore more vacancies.



FIGURE 5 DOWNWARD SPIRAL RETAIL VACANCIES

Next to the explanation of the downward spiral, it is important to gain insight in the different influences that affect or accelerate the effects of the spiral. A shop becomes vacant when retailers go bankrupt, decide to move or quit. Those three situations lead to a vacant shop, but the decision to move, quit or when a retailer goes bankrupt is influenced by many factors. For instance a retailer can decide to move because of an increasing renting price, or a decrease in the number of customers. The decision to quit can take place when retailers merge, or when the owner of a small retailer retires.

A committed crime affects the liveability of the inner city causing inhabitants and visitors to feel more unsafe. When the area is redeveloped, the quality of the public space increases, and therefore the liveability of the inner city.

The amount of visitors of a shopping centre can be influenced by the realisation of a new shopping centre nearby, providing people alternatives for shopping locations. A change in the accessibility by train, car or bike can affect the amount of visitors as well. The amount of visitors can also increase when a new museum opens, or a festival is organised and the visitors combine the activity with shopping. The chance for a shop to become vacant decreases, when the footfall (the number of people entering a shopping area) increases (Koster, Pasidis, & van Ommeren, 2016). This means that an increase of the amount of visitors can slow down the spiral.

The revenues of a retailer can be influenced by the entrance of new shops. Large concerns like Primark or H&M can attract many people specifically to that shop. The surrounding shops can profit from that. The other way around, the bankruptcy of the V&D caused a decline in visitors and revenues for the surrounding shops (Omroepwest, 2016). The revenues of the retailer are also influenced by the retailer itself, being able to anticipate on the demand of consumers (Platform 31 et al., 2014).

The downward spiral in Figure 5 showed that retail vacancies are problematic once the first shops becomes vacant. According to Huizinga and Ossokina et al. (2014) the high amount of retail vacancies does not have to be problematic. In real estate markets fluctuation of vacancies are common because oversupply alternates with shortages, the so called pork cycle (Huizinga & Ossokina, 2014). On the other hand there are also indications that the amount of vacancies are not returning to their average again; e-shopping may lower the demand for in store shopping, there are indications that large real estate investors and retailers may

concentrate in only a few cities (Huizinga & Ossokina, 2014), and the population growth decreases (PBL & ASRE, 2013). Zhang et al. (2016) analysed the effects of e-shopping on the demand for commercial real estate in China. In-store shopping cannot be fully displaced by e-shopping because of the advantages of in-store shopping: assurance of the quality of goods and fitting services (Zhang, Zhu, & Ye, 2016). With an increasing living standard and purchasing power, there will be a stable demand for in-store shops in the future (Zhang et al., 2016). Since the research is executed in China we cannot directly use these conclusions for the retail market in the Netherlands, however with the expected increasing living standard in the Netherlands, there may be a stable demand for in-store shops too. Weltevreden & Rietbergen (2009) studied the implications of e-shopping on in-store shopping in the Netherlands. Despite the assumption in literature that city centres are most likely to benefit from e-shopping, the results of the research indicates the opposite (Weltevreden & Rietbergen, 2009). Inner cities are most likely to face substitution of e-shopping for in-store shopping (Weltevreden & Rietbergen, 2009). However, the impact of e-shopping varies among shopping centres. Shop accessibility and travel time to shopping centres are factors that influence the decision to substitute e-shopping for in-store shopping (Weltevreden & Rietbergen, 2009).

When the fluctuations of vacancies are a pork cycle as Huizinga et al. (2014) suggest, there may not be a task for the government nor municipalities to address retail vacancies. Situations in which vacancies on the retail market are a task for the government have been studied (CPB, 2016; Evers et al., 2015; Guy, 1998; Huizinga & Ossokina, 2014). Evers et al. (2015) see a task for the government when the government wants to limit welfare losses, (b) when degradation affects the surrounding area, (c) when a special property is a missed chance for the neighbourhood, (d) when degradation affects the surrounding area, (e) when the owner does not want to collaborate to redevelop in the function that is wanted, (f) when the loss of a function brings others into troubles. Centraal Planbureau (2016) and Huizinga et al. (2014) state that government intervention is only legitimate when there are external effects. Huizinga et al. (2014) state that external effects arise when a person or company has a positive or negative influence on the welfare of others. In that case, the government should intervene when the area ends up in a downward spiral (Huizinga & Ossokina, 2014). When can we speak of a downward spiral? Figure 5 shows that a downward spiral may start with one vacant shop, should the municipality intervene immediately? Centraal Planbureau (2016) uses the example of an external effect when a shop has a negative influence on the neighbours. Centraal Planbureau (2016) refers to the research in which Vermeulen et al., (2016) state that a vacant shop has a negative influence on its neighbours, because of less visitors and the appearance can give a feeling of deterioration. If one vacant shop already generates external effects, which suggests that the government needs to intervene with one vacant shop. According to Guy (1998) government intervention in retail change is based on three principles:

- (1) improve the efficiency of the market;
- (2) control external effects;
- (3) protect or subsidize for social reasons.

Van der Krabben (2009) states that Dutch retail planning policy has been primarily based on the second and the third principle. In the previous paragraphs is elaborated on the second principle by Centraal Planbureau (2016), Huizinga et al. (2014) and Evers et al. (2015). These studies present similar reasons, particularly external effects, for intervention. Evers et al. (2015) is the only study that is clear on the specific situation in which there is a task for the

government. Nevertheless, existing studies do not elaborate on the role of the municipality specifically.

We identify a tension in literature between the role of the government and the market in addressing retail vacancies. Centraal Planbureau (2016) state that in some regions the market can solve the vacancies itself. Huizinga et al. (2014) described that the high amount of vacancies should not lead necessarily to worries because fluctuations are common. This raises the question which role the municipality has, can market mechanism solve the situation? Or should the municipality intervene? In what situation and how?

2.2 Research objective and research questions

The aim of this study is to investigate whether there is a role for municipalities in addressing vacancies on the retail market and if there is a role, how the municipality should fulfil this role.

Based on the aim of this study, the following research question is derived:

Is there a role for municipalities in addressing vacancies on the retail market in inner cities in the Netherlands, and how can they address retail vacancies?

To answer this question, four sub-questions were formulated:

1. How can vacancies on the retail market be addressed?
2. What are the views of stakeholders on the role of the municipality?
3. What are the views of stakeholders on the retail market on how vacancies should be addressed?
4. What is the playing field of the municipality in addressing retail vacancies?

2.3 Scope of this study

In paragraph 2.1 a tension between the role of the government and the market in addressing retail vacancies is identified. The objective of this study is to research the potential role of the municipality in addressing vacancies on the retail market. Although government intervention on the retail market has been discussed, previous studies have not elaborated on the specific role of the municipality. The role of the municipality is of importance since spatial planning is decentralized in the Netherlands (van der Krabben, 2009), which means that many governmental tasks regarding spatial planning are exercised by municipalities. The idea behind decentralized spatial planning is that local planning is more effective in achieving its goals (van der Krabben, 2009). Retail vacancies have large effects on a local level, therefore the role of municipalities role is of great importance.

The study focuses on inner cities, since problems with retail vacancies mostly exist in inner cities. Inner cities in the Netherlands have an important role because of the central location, historic value, varies sectors and public facilities (Evers, Tennekes, & van Dongen, 2014).

2.4 Scientific and societal relevance

A single shop that is vacant is a problem for the property owner of the shop, and even then it does not have to be an urgent problem (Evers et al., 2014). However, vacancies on the retail market may become a societal problem when the area it ends in a downward spiral. Retail vacancies receive much attention of the media and is an issue on the political agenda (Ministry of Economic Affairs, 2015, 2016). There is a societal discussion whether the market is able to address retail vacancies or government intervention is needed. Besides, a tension in literature between the role of the government and the role of market parties to address retail vacancies

is observed (paragraph 2.1). This study approaches the tension from a different perspective, by studying the viewpoints of the stakeholders on the retail market.

This study is executed under the authority of Akro Consult, a consultancy firm in area development. This study explores issues and stakeholders viewpoint regarding municipal intervention on the retail market. The collective viewpoints among stakeholders reveals the support for a certain role of the municipality and municipal intervention and contributes to a successful approach to deal with retail vacancies.

2.5 Research methodology

In the previous paragraphs the study is introduced and a lack of insight into a potential role for municipalities in addressing vacancies on the retail market was identified as the main problem. This research aims to gain insight into the role of the municipality in addressing vacancies on the retail market from many different perspectives. Literature review and Q-methodology are the chosen methods to execute the research.

2.5.1 Literature review

The sub-questions as presented in paragraph 2.2 were answered based on a literature review. The following materials were used: policy documents of municipalities, provinces and the national government, reports of the Netherlands Environmental Assessment Agency (abbreviated as PBL in Dutch) and official statistical material. In addition, articles from the websites www.ikcro.nl and vastgoedjournaal.nl were used. The first website provides articles on spatial development on a local and national level. The second website is an independent platform on area development where knowledge exchange between academics and practitioners takes place. The governmental document 'Provincial retail deals' was analysed extensively. In 2016 all provinces closed an agreement with the Ministry of Economic Affairs concerning the retail market (Ministry of Economic Affairs, 2016). The provincial retail deals provide current information about the viewpoint of the provinces and their strategies. In addition, previous studies on the retail market were analysed. These studies concerned possible strategies to address retail vacancies in various countries and described retail market developments that took place over the years.

2.5.2 Q-methodology

Q-methodology is used to describe the viewpoints of a population (Watts & Stenner, 2012). For this study it was used to gain insights into the potential role of municipalities in addressing vacancies on the retail market, and, if municipalities have a role, how they should address such vacancies. Q-methodology bridges the gap between quantitative and qualitative research (Brown, 1996), since it makes use of quantitative factor analysis of a relatively small number participants is needed (van Exel & de Graaf, 2005).

Many stakeholders are involved in addressing retail vacancies, i.e., the national government, provinces, municipalities, property owners, real estate investors, retailers, inhabitants, and visitors. The municipality cannot address retail vacancies on its own; it needs the stakeholders to collaborate. 20 stakeholders were interviewed about their viewpoint on the role of the municipality and municipal intervention. Through Q-methodology, collective viewpoints on municipal intervention are explored. Insights into the viewpoints of all stakeholders on the role of the municipality and municipal intervention provide understanding of feasible roles and instruments.

3. The retail market in the Netherlands

The aim of this study is to research whether there is a role for municipalities in addressing vacancies on the retail market and if there is a role, how the municipality should fulfil this role. This chapter provides an overview of the retail market in the Netherlands. The framework of Evers et al. (2012) is used to discuss the different aspects of the retail market. In the next paragraphs the following aspects are discussed: the retail market (market), the retail space stock and location (space), and the laws and regulations (rules). After that all stakeholders with their interest on the retail market are explained. Subsequently, the role of the municipality from a provincial perspective is studied with an analysis of an agreement between all provinces and the Ministry of Economic Affairs. Then, instruments to address retail vacancies are presented. Finally, an exploration of the future is briefly addressed on the development of retail vacancies for the coming years.

3.1 Relation between the space, market and rules

Evers et al. (2012) developed a framework for the retail market. The retail market is determined by three force fields: space, market, and rules (Figure 6). According to Evers et al. (2012), changes of the retail market in the future can be estimated on those three aspects and the tensions in between.



FIGURE 6 DRIVING FORCES WITH DEVELOPMENTS ON THE RETAIL MARKET (EVERS, KOOIJMAN, & VAN DER KRABBEN, 2012) (TRANSLATED BY THE AUTHOR)

3.1.1 Space - Retail space and location

In order to provide a good understanding of the vacancies on the retail market, statistics about retail space and vacant space in the Netherlands since 2004 are shown in Figure 7. At first the stock of the total retail space is shown in Figure 7. Since 2004 there was a significant increase in the retail space stock till 2011. Since then it has still been increasing, albeit at a slower pace. The total retail space increases because more square metres are added than removed. When retail space is added, properties are newly built or current properties are expanded (CBS, PBL, & Wageningen UR, 2015). Last years the difference between the added retail space and the removed retail space is smaller (PBL & ASRE, 2013). Regarding the amount of properties, there

are less properties added than removed, because the average surface of shops is increasing (Evers, 2011).

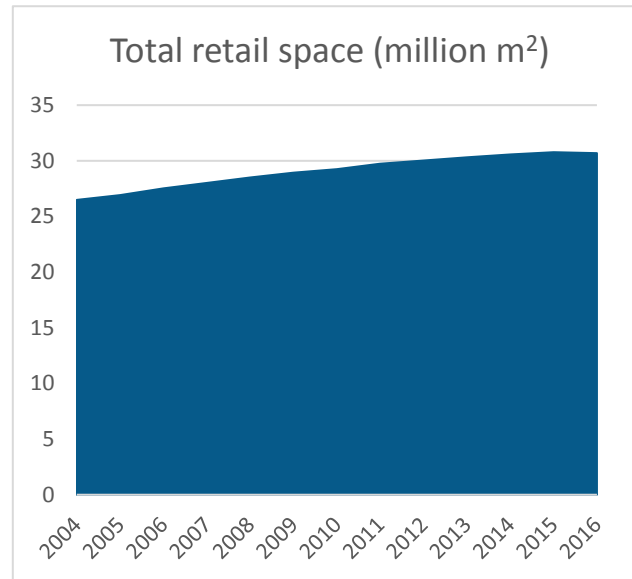


FIGURE 7 TOTAL RETAIL SPACE IN MILLION M² (CBS ET AL., 2016)

Before analysing the vacancy rate in Figure 8, this variable needs to be defined. The vacancy rate can be calculated in two ways. In scientific studies the vacancy rate is often calculated with the first formula (CBS et al., 2016; Evers et al., 2015; PBL & ASRE, 2013). Locatus, a research company in the field of retail information, uses the second formula.

The vacancy rate is calculated with the formula below, obtained from (van Dongen, Buitelaar, & Breedijk, 2013). The variable 'vacancy retail market', is the amount of square meters of retail space that is vacant. The 'in use retail market' is the amount of square meters of retail space that is currently used by shops. Vacant shops are buildings of which is expected that it will get a purpose as retail space later on (van Dongen et al., 2013).

$$\text{Vacancy rate retail market} = \frac{\text{vacant retail space}}{\text{in use retail space} + \text{vacant retail space}}$$

Locatus uses not only vacant retail space in the calculations, but all vacant commercial space (of restaurants, cafes and bars) is included (Locatus, 2011). The calculation factors (2/3 and 1/3) are empirical rules to compensate for the fact that retail spaces are larger than non-retail spaces (Locatus, 2011):

$$\begin{aligned} \text{Vacancy rate retail market} \\ = \frac{\frac{2}{3} * \text{vacant space}}{(\text{in use retail space} + \text{vacant retail space}) - \frac{1}{3} * \text{vacant space}} \end{aligned}$$

PBL & ASRE (2013) analysed the two formulas and concluded that the empirical rules in the second formula deviates more and more over the years, and it deviates strongly per region. Therefore this study uses the first formula.

The increase of the vacancy rate in the Netherlands is shown in Figure 8. From 2004 to 2010 the vacancy rate remained fairly static at approximately 5.5%. It is important to take into account that a vacancy rate of 5% is a necessity for a good flow on the retail market (Buitelaar, 2014). This vacant space is formed by shops that are temporarily vacant as a consequence of selling, a new renter or redevelopment. From 2010 there is a clear increasing line towards the 10 percent in 2016.

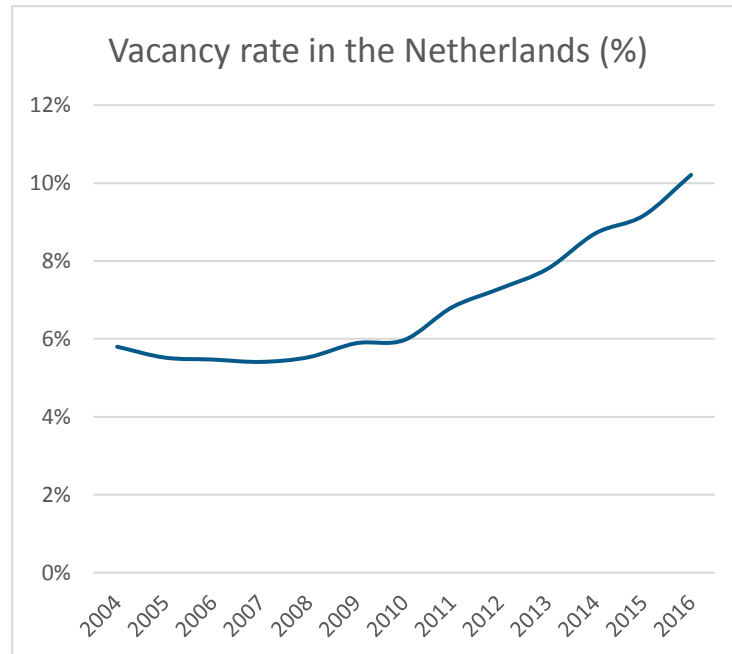


FIGURE 8 VACANCY RATE RETAIL SPACE (CBS, PBL, & WAGENINGEN UR, 2016)

Next to retail space, the space factor in the model is also determined by the location. Evers et al. (2015) presented the vacancy rate in three categories; inner cities, remainders of the city and remainder of the Netherlands. In inner cities is the vacancy rate the highest (Evers et al., 2015). The three categories are very rough. Evers et al. (2011) make a distinction between different locations categorized by the amount of visitors compared with the most busy area.

- A1 location: the most busy area of the shopping area
- A2 location: around 50 to 70 percent of the amount of visitors of the A1 location
- B1 location: around 25 to 50 percent of the amount of visitors of the A1 location
- B2 location: around 10 to 25 percent of the amount of visitors of the A1 location
- C location: adjoining street

The location is important to take into account, every type of location has a different amount of visitors and this influences the situation on that location. The A1 locations are the busiest areas of the shopping area. Mostly large real estate investors and property owners own shops on A1 and A2 locations. In those shops you find mostly large chain stores. The specialised or local shops are mostly located in B- or C-locations. The location type is also in relation with the market, since the type of location influences the value of the property and the renting price. In 2013 Stijnenbosch (2013) studied vacant retail space per location. B and C locations in inner cities have the most vacant retail space (Stijnenbosch, 2013).

3.1.2 Market – Retail market

The market determines the availability and quality of shopping centres, inhabitants and visitors decide where they want to go shopping. Weltevreden et al. (2007) studied the impact of e-shopping on shopping in inner cities among internet users. The higher the perceived attractiveness of the inner city among internet users, the less they are inclined to shop online (Weltevreden & van Rietbergen, 2007). Therefore the quality of the inner city is of importance if you want to attract visitors to the inner city who would otherwise shop online.

To explain the market side of the real estate market we use a model developed by DiPasquale and Wheaton (1996). The model simulates the effect of changes in the economy on the rent, property values, the amount of new constructed properties and the retail space stock. The model illustrates the relation between the (renting) prices, and the demand and supply (DiPasquale & Wheaton, 1996). Therefore different markets within the real estate market are also coupled; the space market and the investors market and the build and developing market. The model is used to explain changes in the economy on the renting price, property price etc. The model is also used to explain the effects of governmental intervention on the real estate market.

The model, as shown in Figure 9, is discussed per quadrant. Quadrant I, the upper right, starts with the property market. This quadrant shows that the demand for retail space decreases, with an increasing renting price.

Quadrant II, the renting price is of importance for the value of the property. When the renting price increases, the value of the property increases too.

Quadrant III, bottom left, shows the positive link between the value of properties and the construction of new retail space. The amount of new construction increases when the asset price increases. The line does not start in the centre of the axis because developers start construction works if the construction costs exceeds the property price.

Quadrant IV shows adjustments of the property market. New development, transformation and demolition affect the real estate space stock. This is not really a market, but the result of real estate development in quadrant III.

An aspect that concerns the retail market, but is not included in this model are the retail companies that enter or leave the market. When new retailers enter the market or current retailers open new shops, there is a higher demand for properties. When more retailers go bankrupt the demand for properties decreases.

When applying the current situation to the model a lower demand for retail space with many bankruptcies of retailers and a high supply of retail space should lead to a decreasing renting price. When the renting price is lower, the value of the property decreases too. According to the model by DiPasquale and Wheaton (1996), a property value should not lead to an increase of new construction of shops. However, in practice, the amount of retail space increased every year, as shown in Figure 9. Which means that there was not an optimal market mechanisms. In the introduction is already explained that the government intervenes on the real estate market and next paragraphs will explain more laws and regulations.

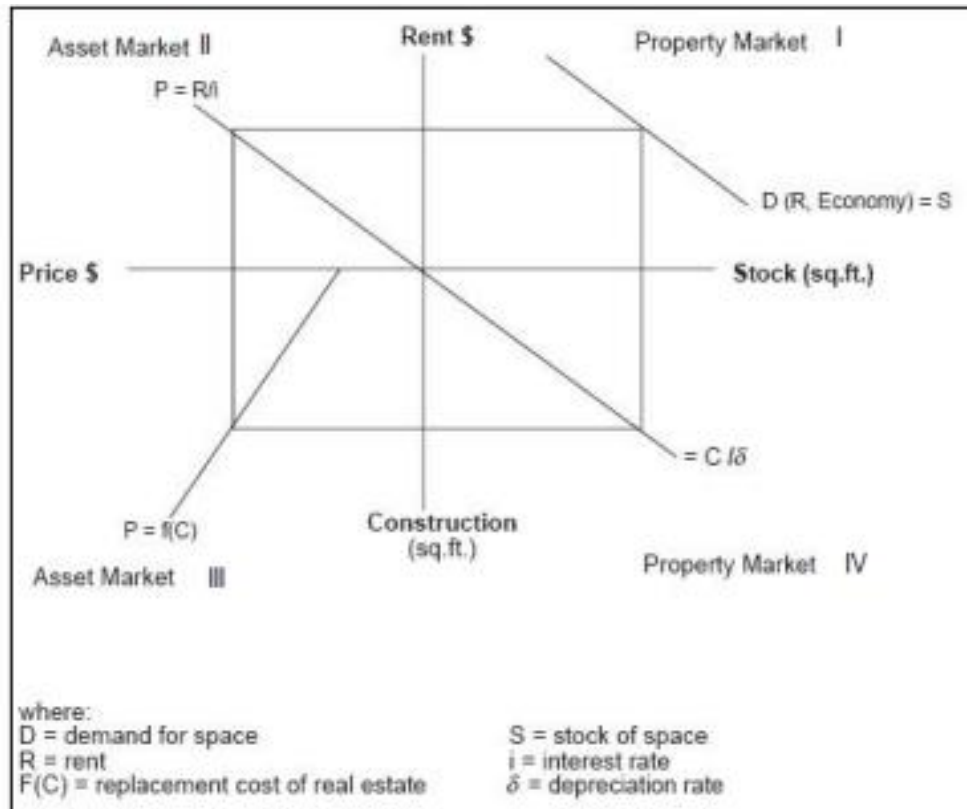


FIGURE 9 REAL ESTATE MARKET BY DIPASQUALE AND WHEATON SOURCE: (ZIESEL, 2012)

3.1.3 Rules - Laws and regulations

This paragraph elaborates on the laws and regulations that are of importance of the current retail market and in addressing retail vacancies.

Spatial Planning Act (2008) (Wro)

In 2008 the new Spatial Planning Act came into force. The motto is 'locally where possible, centrally where necessary' (Ministry of Infrastructure and the Environment, 2007). Municipalities and provinces are required to set out their policy in one or more structural visions. The province needs to take the structure vision of the national government into account and the municipality structure vision includes those of both the national government and the province.

The primary authority of the zoning plan lies at the municipal level. The municipality needs to update the zoning plan and has the authority to change the zoning plan.

Omgevingswet

In 2019 a new Act will be implemented, the *Omgevingswet*. The government wants to bundle all laws and rules for spatial projects in one Act, which simplifies all Acts and rules for the living environment (Ministry of Infrastructure and the Environment, 2014). The Act consists of six instruments: vision of the area, program with measures for protection and use of the area, decentralized regulations, general national government rules for activities, permit for the surrounding area, and uniform procedures for decision making about complex projects.

Huurwet (Renting Act)

The current renting Act limits the freedom of the content of contracts and protects the tenants (van der Kamp, 2010). The minimum renting period is 5+5 years. After this period, the renting period continues for indefinite time. Currently there is an exception for a renting contract of 2 years. The focus of the Renting Act is not on flexibility but on protecting the position of the tenant (van der Kamp, 2010). In the current situation the Renting Act may not always protect the tenant, because tenants cannot close a contract for a short term, whereas sometimes this is preferred. The renting Act may hinder market dynamics in some aspects, because there is not much flexibility in the period of renting contracts.

Ladder van duurzame verstedelijking (ladder for sustainable urbanization)

The framework of the ladder for sustainable urbanization controls new developments. The ladder is implemented for transparent and founded decision making, in which the space in urban areas is used optimally (Ministry of Infrastructure and the Environment, 2012). Before a new shopping area is developed governmental institutions need to check three aspects (Droogh Trommelen en Partners, 2015):

- Is there demand for new development?
- Can an existing urban area or existing buildings be reused?
- When the construction of new buildings is really necessary it needs to account for optimal fit in the area and accessibility.

Europese Dienstenrichtlijn (2009) (Services in the Internal Market Directive)

The aim of the Directive is to encourage competition between entrepreneurs (Droogh Trommelen en Partners, 2011b). Economic establishing requirements are forbidden, for example when a shop cannot establish because of a lack of space or because of bankruptcies of other shops (Droogh Trommelen en Partners, 2011b).

Wet kraken en leegstand (Act squatting and vacancy)

The aim of the Act squatting and vacancy is to address vacant properties, it provides municipalities instruments to so (RIGO Research en Advies, 2015). Based on the Act municipalities can implement a regulation for vacant (retail) properties (in Dutch: leegstandsverordening) which includes three instruments (RIGO Research en Advies, 2015):

- property owners with a vacant property need to report the municipality about the condition of the property;
- municipalities can get into conversation with the property owners once their property is vacant;
- the municipality can propose users to the property owner.

Municipalities can fine property owners who do not report their vacant property within six months (Platform 31 et al., 2014).

3.1.4 Three force fields

Applying a few examples of the Dutch retail market on Figure 6, the first force field is the one between the space and the market. Retailers can choose for a location for example close to many living places or many workplaces. They can also take their competitors into account. The second force field is between the market and the rules. The government can stimulate or prevent market processes. The third force field is spatial planning, which is in between rules

and space. For example municipalities decide on which parcels retail can take place and on which it cannot.

3.2 Stakeholders on the retail market

In addressing retail vacancies, many stakeholders are involved: the national government, provinces, municipalities, property owners, real estate investors, retailers, inhabitants, and visitors. The interests and priorities of all the stakeholders are explained shortly.

One of the most important national authorities concerning the retail market is the Ministry of Economic Affairs. The Ministry of Economic Affairs drew up a retail agenda to collaborate with shops, property owners, governmental institutions, and many other stakeholders. The retail agenda contains agreements with these parties. The most important agreements concern strong shopping areas, lowering the quantity of shops, investing in people, and developing chances for entrepreneurship. According to PBL & ASRE (2013) the national government is one of the problem owners, as the oversupply of the retail market has consequences for the economic growth of the country as a whole.

Provinces have a coordinating role regarding spatial planning, but concerning retail vacancies this is changing. According to Freulich (2016) provinces realise that retail vacancies are a regional problem, and therefore an integrated approach becomes important (Freulich, 2016; Platform 31 et al., 2014). In 2016 all provinces closed an agreement with the Minister of Economic Affairs to address retail vacancies, the provincial retail deals. The provincial retail deals are analysed in the next paragraph. Provinces can support municipalities in decreasing the overcapacity of shopping surface and coordinate plans for new shops among multiple municipalities (Interprovinciaal Overleg, 2016).

Municipalities serve the interests of many stakeholders. Horizontal interests between the different policy departments are important, as well as vertical interests between the municipal council, the mayor, and civil service (Platform 31 et al., 2014). Municipalities in the Netherlands are not a homogeneous group, every municipality has their own municipal council and draw up their own policies.

Initially a vacant shop is the problem of the property owner who does not receive revenues (Evers et al., 2015). The property owner has the opportunity to invest in the property to make it more attractive for renters. But a vacant property will not always lead to a 'sense of urgency' for the owner, for example because it is only a small part of all the properties he owns (PBL & ASRE, 2013). The perspective of property owners varies, a small part of vacant properties will not lead to a 'sense of urgency' but for property owners with many vacant properties this can be different.

An investor invests in real estate to make money by control and selling (Evers, 2011). In most cases a higher risk also means a higher return and the other way around (Evers, 2011). Although a high return is an important goal, a vacant property will not always lead to a 'sense of urgency' for the investor, just like for the property owner. A sustainable shopping area or many visitors is not the concern of a real estate investor. His priorities are high revenues and continuity in the revenues (Platform 31 et al., 2014).

Retailers want to establish themselves in attractive shopping centres, therefore a high accessibility, appearance and the location (A, B or C) are important. Retailers are not a uniform group, the interests of a small entrepreneur is very different from a large franchise (Platform 31 et al., 2014). For example a small entrepreneur can be successful because it specializes in

a product. People visit specifically that shop to buy a product, therefore this shop does not need to be surrounded by other shops. However, a large franchiser in clothes is more likely to be successful in a centrally located area surrounded by other (similar) shops. The role of governmental institutions, investors, and property owners is often mentioned in literature, but the role of retailers is underexposed. Retailers have a stake in retail vacancies because they benefit from a successful shopping area; more visitors and a high footfall can increase their revenues. In the introduction the downward spiral is mentioned. Because of a decreasing liveability and amount of visitors a retailer can go bankrupt, or decide to move.

Citizens are also not a uniform group. We make a distinction between the inhabitants of the municipality and the visitors of the inner city. Inhabitants of the municipality want a high liveability, which includes a high safety. The supply of the shopping centre needs to fit the needs of the inhabitants. Visitors have different reasons to visit the inner city: for work or as a tourist. A tourist who goes shopping has different interests from a visitor who goes to work. Both want a high liveability and a high accessibility. For employees the accessibility is also of high importance since they visit the area several times a week. Visitors who go shopping prefer a shopping area with a high supply, and a supply that answers their needs (Platform 31 et al., 2014). Besides the shops, the availability of culture or events is more important for tourists. From the perspective of all citizens, it is important to take into account that shopping areas with many vacancies are experienced as unattractive (Berwyn, 2012).

3.3 Municipal role from a provincial perspective

The municipal role from a provincial perspective is studied with the provincial retail deals. In 2016 all provinces closed an agreement with the Ministry of Economic Affairs. The agreements, the provincial retail deals, have the aim to create a future oriented retail market (Ministry of Economic Affairs, 2016). Provinces coordinate regional coordination and collaboration. The retail deal consists of two parts; the first part are general agreements with all provinces (Table 1), the second part are measures specifically for that province.

TABLE 1 GENERAL AGREEMENTS WITH ALL PROVINCES (MINISTRY OF ECONOMIC AFFAIRS, 2016)

Objective data	Collect data about the productivity of shops, the properties etc. to found policy and decisions on the data.
Prevent vacancies	Coordinate the reduction of retail space and the development capacity. Underprivileged shopping centres need to redevelop.
The right instruments	Many pilots are done with spatial development instruments. And an exploration of the instruments is going to be executed.

The first agreement concerns the use of objective data to base decisions on the data. For the current situation in which the retail market is changing, it is important to make a conscious choice. On the other hand, when you base decisions on current data, the decisions and policy are behind. It does not anticipate on what is coming. The last agreement concerns an exploration of the instruments within the current laws and regulations, and future laws and regulations. The *omgevingswet* concerns a new Act, therefore it is likely that new instruments need to be explored. But an exploration is also needed within current laws and regulations, which means that in 2016 provinces still do not know what their instruments to address vacancies exactly are. As we have seen in paragraph 0, since 2009 the amount of vacant retail space is increasing. And it takes seven years for provinces to only explore instruments to address vacancies.

The second part of the retail deal concerns measures specifically per province. All measures are indicated and categorized which province uses what measures, an overview is shown in Appendix I. We discuss here the findings based on the overview. There are 22 instruments chosen and also varying instruments, many instruments are focused on policies and retail agendas, but there are also some very different ones. The province of Flevoland is the only province that does not undertake any measures next to the general measures.

With this analysis we can provide a first answer for research question 2. According to the retail deals that the province closed with the Minister of Economic Affairs, there is a role for municipalities. At first the general agreements concern a measure to prevent vacancies in cooperation with municipalities. Of which we can conclude that there is a role for municipalities in preventing vacancies. The retail deal also states that provinces address vacancies and prevent them actively with municipalities (Ministry of Economic Affairs, 2016). We conclude that there is not only a role for the municipality to prevent vacancies, but also a role to address them.

All provinces mention also individually roles and tasks for municipalities. “Municipalities are responsible for a spatial balanced retail structure (Province of Overijssel)” (Ministry of Economic Affairs, 2016). “Municipalities and the province work together to deal with inner cities (Province of Gelderland)” (Ministry of Economic Affairs, 2016). “The changing retail market demands to address vacancies in inner cities, which is a challenge for municipalities (Province of Zeeland)” (Ministry of Economic Affairs, 2016). We conclude based on the Provincial retail deals, that there is a role for municipalities. They should address vacancies on the retail market. There is not an unambiguous definition of this role, but there is a role in both preventing and addressing vacancies on the retail market.

3.4 Instruments to address retail vacancies

General instruments to address vacancies on the retail market are studied in the Netherlands and the UK. Those countries are also in different stages of dealing with vacancies. Scholars concerning the Dutch situation diagnosed the problem with retail vacancies already a while ago, and established a framework to gain insight in the situation in the future (the relation between the space, market and rules in paragraph 3.1). The UK is in a further stage, they present some instruments how to deal with the vacancies. United States are also included.

PBL & ASRE (2013), Huizinga & Ossokina (2014) Loggers & Kooijman (2014) present three instruments in the Netherlands to address vacancies on the retail market:

- Search for new functions of shopping locations;
- Policy with a levy on newly built and a subsidy on transformation and demolishing;
- Pop-up stores.

PBL and ASRE (2013) recommends to prevent vacancy to search for new functions of shopping locations, for example dwellings. Huizinga and Ossokina (2014) researched whether the vacancy should be addressed with policy. Concentrated vacancies can have negative effects. To minimize or prevent these negative effects, policy could help with a levy on newly built buildings and use this as a subsidy for demolishing or change the destinations of shops (Huizinga & Ossokina, 2014). But there is no (scientific) knowledge yet about the effects of these concise recommendations. An instrument that is proposed as a temporary solution in the Netherlands is pop-up retail markets. Pop-up retail has primarily a social function. It can have positive impacts on the area; it increases the liveability, the image and the public support

for developing (Loggers & Kooijman, 2014). The financial value for retailers, municipalities and consumers is limited (Loggers & Kooijman, 2014).

The retail market in the UK suffered from the economic crisis (Burt, Sparks, & Teller, 2010). The retail market in the UK is heavily constrained by regulatory controls. Planners determine what type of space is supplied, what it is used for and where it is located (Teale, 2012-2013). Current planning is essentially designed to protect town centre shopping (Teale, 2012-2013).

Berwyn (2012) and Teale (2012-2013) present two instruments in the UK to address vacancies on the retail market:

- The temporary use of retail spaces;
- Attracting investors and attracting subsidies.

The first is the temporary use of retail spaces: “Bringing retail spaces into use can transform the local environment, foster activity and enterprise. Besides it can test the potential success of a new use” (Berwyn, 2012). A foundation is established that collaborates with local governments and other asset holders (Berwyn, 2012). The effects of this instrument are not yet researched. It is a temporary solution, and not very sustainable, on the other hand it can be the beginning of stopping the negative spiral. The second instrument starts with a distinction between attracting investors and attracting subsidies (Teale, 2012-2013). For viable projects, investors should be attracted. For non-viable projects, subsidies can be attracted (Teale, 2012-2013). Firstly, the non-viable projects; Teale (2012-2013) notices that shops seem to be perceived as some communally owned resource that must be preserved regardless of the economic viability. The problem here is that inhabitants expect that shops are protected, but this protection requires large investments. And subsidies seem to be necessary for a sustainable shopping area (Teale, 2012-2013). Secondly, attracting investors for the viable projects. Therefore, the challenge is to not become involved in trying to sustain the unviable projects, but secure the retail space that the industry can trade productively (Teale, 2012-2013).

Both instruments have shortcomings. The first is not very sustainable, because it is only for a temporary use. Although, an advantage of the instrument is that it can test success for new use. If this is often the case, and the organization in the building will stay after the ‘trial’, then it offers opportunities. For the second instrument it is important to be aware whether you should attract investments or not. There is no guidance on how to do this or in which situations.

3.5 Exploration of the future of the retail market

There are many factors that influence the amount of vacant retail space. Although it is not possible to predict the future, based on recent developments and studies it is possible to gain insight in possible ways in which retail vacancies will develop in the coming years.

Several reasons for the large amount of vacant shops were presented in the introduction. Below the developments of e-shopping, the ageing population, and spreading or concentration of shops are discussed.

- The economy is recovering slowly, in the Netherlands 2,1% economic grow is expected in 2017 and 1.8% in 2018. Household expenditures increase with 2.0 % in 2017 and 1,4% in 2018. The consumer confidence is large and returned to an extent of before the crisis (CPB, 2017).

- E-shopping. In the past years the amount of e-shopping grew, which was amongst others a reason for the increase of retail vacancies. Zhang et al. (2016) concluded however that shops will not completely be replaced by e-shopping.
- Ageing. One of the reasons for the high amount of vacancies is ageing, since elderly spend less money and have different shopping preferences (van Rooijen, 2013). In all areas in the Netherlands, proportional ageing will take place (CPB & PBL, 2015). Therefore demand for shopping will decrease the coming years in all areas in the Netherlands.
- It is unclear whether spreading or concentration will take place in the future, concentration seems the most likely scenario, but spreading is possible too (CPB & PBL, 2015). In the case of spreading, we expect that in many areas the demand for shops decreases. In the case of concentration the demand for instore shopping will increase in the concentrated areas, the large cities and surrounding areas. The other areas will face a decreasing demand for instore shopping.

In conclusion, it is expected that the amount of vacant retail space to increase in the coming years. The developments of e-shopping and ageing are relatively certain, however, the scenario of spreading or concentration is uncertain. This will strongly influence the amount of vacant retail space.

4. Theoretical context

This chapter describes vacancies on the retail market as a network problem. The aim of this study is to investigate whether there is a role for municipalities in addressing vacancies on the retail market and if there is a role, how a municipality should fulfil this role. By using the network problem theory the retail market with all its stakeholders can be clarified. Subsequently, theoretical role descriptions of the government are used to identify which roles exist for the involved governmental institutions. The roles are explained and used in a further stage to identify the role of the municipality. If a role exists for municipalities in addressing vacancies on the retail market it needs instruments to fulfil this role. Instruments are defined and a framework is used to categorize instruments.

4.1 Retail vacancies as a network problem

Vacancies on the retail market can be seen as a network problem. Network problems are characterized by three aspects (de Bruijn & ten Heuvelhof, 2008):

1. Network of interdependencies;
2. Distributed power;
3. Unstructured problem.

The stakeholders on the retail market are described in paragraph 3.2. Based on these descriptions, literature of network problems, and the retail market, these characteristics are described.

The network of interdependencies is visualised in Figure 10. A municipality wants a high liveability, economic development, and proper spatial planning. Citizens want a high liveability and a high supply of products. Besides that citizens want economic development. Retailers want to maximise their profits, continuity of exploitation, and economic development. The property owners want to maximise their profits, continuity of exploitation, and proper spatial planning. The real estate investors want continuity of exploitation, maximise their profits, and economic development. The Ministry of Economic Affairs wants economic development, proper spatial planning and a high liveability. The province wants, just like the municipality, economic development, a high liveability, and proper spatial planning. This indicates the different interests of all stakeholders in a simplified way. There is much overlap of the stakeholders interests, but as Figure 10 shows, there are many differences too. For instance the liveability is only of little importance for retailers, property owners, and real estate investors. Spatial planning is not in the interest of real estate investors, property owners, and retailers, but it is in the interest of the governmental institutions and citizens. As explained in in paragraph 3.2, several stakeholders are not uniform groups. This makes the network problem more complex than illustrated in Figure 10.

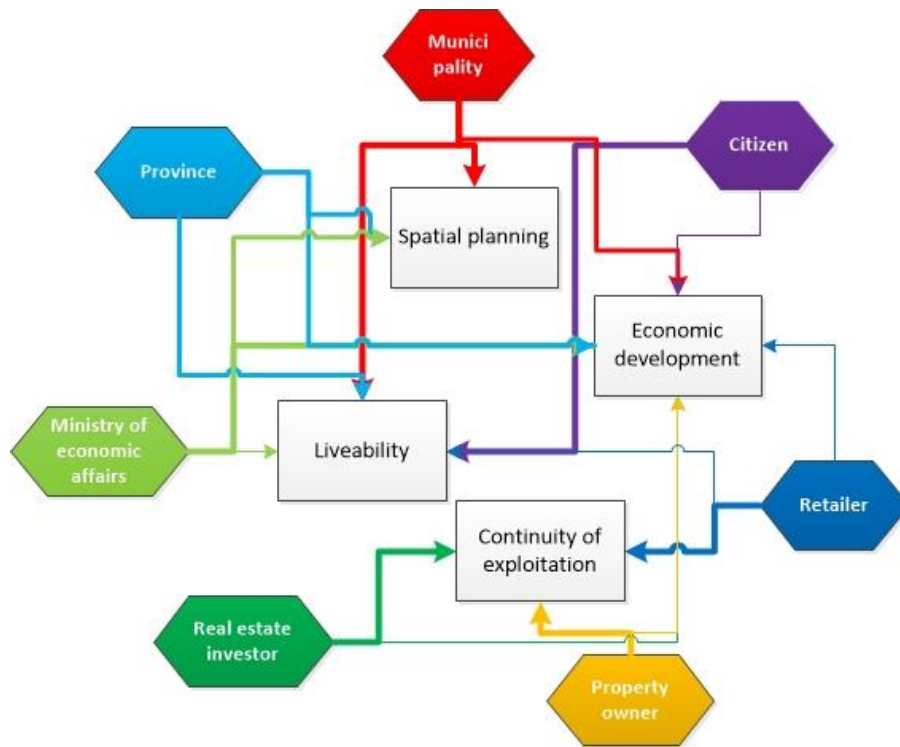


FIGURE 10 NETWORK OF INTERDEPENDENCIES (PLATFORM 31, DETAILHANDEL NEDERLAND, & STEDENNETWERK G32, 2014), MODIFIED FOR THIS STUDY BY THE AUTHOR

The second characteristic is distributed power. The power to tackle the problem is distributed across the different parties. Citizens have the freedom to shop when, where and what they want. Whether they decide to go shopping in an area depends on several factors for example the appearance of the area. The appearance of the area is influenced by the quality of the properties and the public space which is in power of the property owners, real estate investors and the municipality. Another important factor is the accessibility of an area. This depends on the parking possibilities and the accessibility with public transport and bicycles. The means to improve the accessibility are partly in hands of the ministry of Infrastructure and the Environment, but also partly in hands of the province and the municipalities. Another important factor, the public space, is influenced by the condition of the properties and the condition of the streets. Retailers can attract inhabitants to their shop or shopping centre because they have a certain freedom in the choice for the location of their shop. The location of the shop is limited by the zoning plan, which is in power of the municipality. The choice for a location is influenced by the availability of properties, the renting price, the location, the surrounding area, and the amount of visitors. Property owners and real estate investors have power concerning the renting price of the property and the condition of the property. The municipality decides the function of the property per parcel.

Unstructured problems have no unequivocal or authoritative solution available. There are three possible reasons for this (de Bruijn, ten Heuvelhof, & in 't Veld, 2010). When there is no information available that is objectively measured, when there is no consensus about the criteria to be used in solving the problem or when problems and solutions are dynamic (de Bruijn et al., 2010). There is no objective information available about the future of the property market. The property market may collapse. There is no objective information

available about how the demand for shopping evolves. There is no consensus about the criteria to be used in solving the problem. A high liveability is a criteria with relatively much consensus, but for example for accessibility of cars many different perspectives exists on whether or not this is an important criteria. The problems and solutions are dynamic. The problem changes in the course of time. The demand for shopping may decrease drastically in the future. The property market of offices, houses or bars or restaurants may collapse which in turn influences the retail property market. New actors enter the arena, while at first mostly municipalities were involved. Now the provinces and the Ministry of Economic Affairs have a more active role. Many retailers leave the arena when they go bankrupt and new retailers enter. Large real estate investors try to leave the arena before the value of their property decreases drastically.

As long as there is no shared perception on the content of the problem, it is difficult to be sure about the strategies other parties will develop and information is ambiguous. There are different perceptions of the content of the problem and the resources are scattered.

De Bruin & ten Heuvelhof (2008) underline the importance of a multi-issue agenda in network problems. The more problems and solutions that are being discussed, the easier it is to couple and decouple them and make a package deal. Besides, the more problems and solutions that are being discussed the more stakeholders want to be involved. A multi-issue agenda will prevent a one-issue and yes/no situation which hinders good and efficient decision making in a network (de Bruijn & ten Heuvelhof, 2008).

4.2 Roles of the municipality

There is no single definition of the role of the government nor a single definition of the role of the municipality. The scientific council for government policy (2012) formulates three approaches for the government: market, government, and society (Table 2). For every approach a different role of the government is described. In 2012 the scientific council for government policy published the report 'Public matters in a market society' (in Dutch: Publieke zaken in de marktsamenleving). For a long time government policy in the Netherlands was focused on supporting market mechanism (Scientific Council for Government Policy, 2012). A transformation took place and the relationship between the market, government, and society is changing. Firstly, business is spread more and more in network structures with several organisations and countries (Scientific Council for Government Policy, 2012). Secondly, citizens have more responsibility and behave more as consumers (Scientific Council for Government Policy, 2012). Thirdly, the government has handed over their powers to other instances (Scientific Council for Government Policy, 2012).

On the market side, a large part of the retailers in shopping centres exist nowadays of large store chains that operate internationally. The ownership of shops is also for a large part in hands of large real estate investors. Citizens and visitors are the consumers, they have the freedom if, where and when they go shopping. In the introduction it is explained that the shopping behaviour changed. The distance to shops is less important. Citizens do not only go to the shop around the corner, also they visit larger shopping centres instead. Then there is the phenomena of e-shopping. Online shopping provides a very high supply of products and therefore much freedom of choice. The government decentralized spatial planning, therefore municipalities play a larger role in local planning (van der Krabben, 2009).

With the results of the Q-methodology it is possible to indicate which approach stands out and which role of the municipality fits the results. This categorization helps to formulate the different possible roles for the municipality.

TABLE 2 MARKET, GOVERNMENT AND SOCIETY APPROACH WITH CORRESPONDING ROLES OF THE GOVERNMENT (SCIENTIFIC COUNCIL FOR GOVERNMENT POLICY, 2012)

Approach	Government's role
Market approach	The government needs to formulate conditions under which the market can serve the public interest of the societal welfare. The market is able to realise efficient production and effective allocation of goods and services. The market sets the standard because in general the market is more efficient than central governance.
Government approach	The government determines the public interests and has the responsibility to secure the public interests. If the government does not serve these interests by themselves, they assign market parties to serve these interests.
Society approach	The role of the government is primarily supporting traditions of societal solidarity. Entrepreneurs do not focus on making as much money as possible, but they add value to society. Of consumers is expected that they base their decisions on traditions and societal solidarity.

4.3 Instruments for addressing vacancies categorized by NATO

If a role exists for municipalities in addressing vacancies on the retail market, it needs instruments for intervention. An instrument can be defined as follows: “a measure to reach an aim” (de Bruijn & ten Heuvelhof, 1991). Hood (1986) argues that governments have essentially four resources at their disposal: nodality, authority, treasure, and organizational (NATO). *Nodality* is the property of being in the middle of a social network. This provides the municipality a good overview and much information (Hood, 1986). *Authority* is the ability of the government to command and prohibit, commend and permit (Hood, 1986). *Treasure* is the resource that the government can use to exchange (Hood, 1986); it is a money or money-related resource. *Organization* denotes the possession of a stock of land, buildings equipment and individuals with whatever skills they may have (Hood, 1986).

The municipal instruments to address retail vacancies were collected from the retail agenda, scientific articles, and policy reports. The instruments are categorized according to the NATO framework in Table 3.

TABLE 3 MUNICIPAL INSTRUMENTS, CLASSIFIED BY PRINCIPAL GOVERNING RESOURCE USED (HOOD, 1986)

Nodality	Authority	Treasure	Organization
Inform property owners about the possibilities to concentrate the shopping area	Facilitate retailers who improve the attractiveness of the shopping area together	Financial support to improve the public space	Public private partnership to realise goals for public and commercial functions of the inner city
Provide education and a knowledge platform to attract visitors to the inner city	Change the zoning of shops to a living function	Financial support to transform a shop in a different function	Municipal retail policy
Promote the inner city	Change the zoning of shops to a restaurant/bar	Property owners with an empty shop should be fined	Improve the accessibility of the shopping area for visitors
	Change the zoning plan of empty shops in adjoining streets	Municipal purchase of empty shops to decrease the shopping surface	
	Combinations of zonings/functions should be allowed		

5. Q-methodology within the network of the retail market

While Chapter 1 and 2 presented a tension between the role of the government and market parties in addressing retail vacancies, the Q-methodology is expected to bring the analysis a step further by unravelling the stakeholder's viewpoints. This chapter describes the Q-methodology extensively, Alkmaar and Haarlem are selected cases for execution of the Q-methodology, the selection and cases are described. Finally, the execution of the Q-methodology is described.

5.1 Extensive description Q-methodology

The Q-methodology was applied according to the guidelines of Watts and Stenner (2012). The six research steps, as summarised in Figure 11, are described one by one.

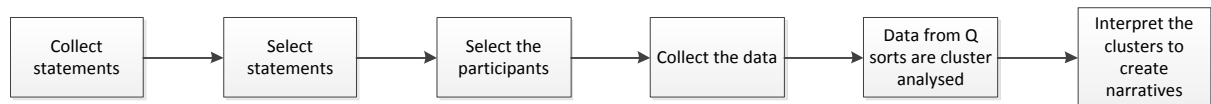


FIGURE 11 FLOWCHART OF THE STEPS OF THE Q-METHODOLOGY

1. *Collect statements: defining the concourse*

The literature study provided information about the retail market and the stakeholders. Hundred statements that focused on the role of the municipality and the issues in addressing retail vacancies were defined. In an attempt to reflect the entire range of opinions, the statements were collected from newspapers, policy documents and scientific articles.

2. *Select statements (determining the Q-set)*

The Q-set is the set of statements used during the interviews. From the collection of statements, a sample of forty-two statements was selected.

The set of statements was evaluated in a focus group meeting. During this meeting, the Q-set was tested with participants without prior knowledge to check for inconsistencies and the comprehensiveness. In addition, the representativeness of the Q-set is checked with a control question in the interview. Participants were asked whether they missed any aspect of the issue they believed was relevant.

3. *Select the participants (determining the P-set)*

Table 4 shows the parties that were asked to participate in this study. The parties were selected based on their network position; they should cover a wide variety of perspectives on vacancies on the retail market. During the interviews, the participants were asked for parties with a deviating opinion. If this is the case more opinions are collected and included in the research.

TABLE 4 IDENTIFICATION OF THE PARTICIPANTS

Participant	Amount
Inhabitants	1
Municipality	1
Real estate investor	1

Property owner	1
Large shop owner/manager	1
Small shop owner/manager	2
Society of entrepreneurs/shops/property owners	1
Province	1
National government (Ministry of Economic Affairs)	1
Total	10

4. *Collect the data (Q-sorting)*

In this step, Q-sorting, each participant classified the statements into three categories: agree, disagree, and neutral. Thereafter, the participants made a final sorting of the statements in a fixed distribution, shown in Figure 12. The extremes of the distribution have a factor score of +4 for “most agree” and -4 for “most disagree”, with 0 indicating indifference.

During and after ordering the statements the participants were interviewed to ascertain the reasoning behind their specific ordering. The interview protocol can be found in Appendix IV Interview protocol.

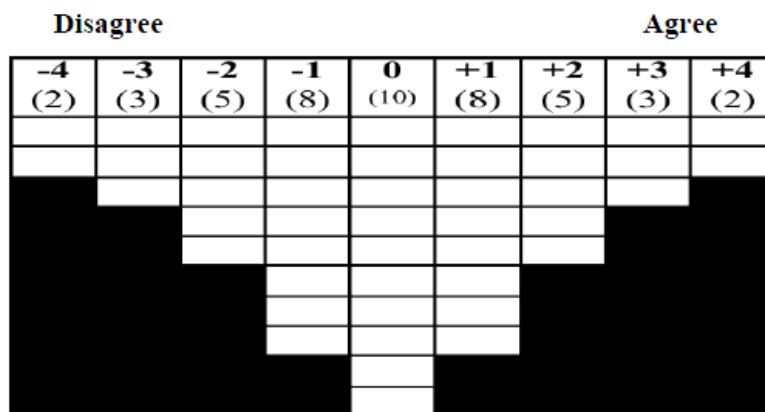


FIGURE 12 FIXED DISTRIBUTION USED IN A Q-METHODOLOGY STUDY (MINKMAN, VAN DER SANDEN, & RUTTEN, 2016)

5. *Factor extraction and factor rotation*

The data of the Q-sorts were analysed using the software package PQMETHOD as recommended by Watts and Stenner (2012). The factors are checked for their compliance with several criteria. After extraction of the factors, factor rotation is performed to optimise the factors. Factors itself are not affected, but rotation allows maximising the loading of one factor, while decreasing the loading on another factor.

6. *Interpret the factors to create perspectives*

In the final stage the data was interpreted. Factors were translated into perspectives. The quotes from the Q-sort were used to further characterize the different perspectives.

5.2 Selection for Q-methodology cases

Table 5 shows an overview of the selection criteria that were used to choose cases for the Q-methodology.

TABLE 5 SELECTION CRITERIA FOR THE Q-METHODOLOGY CASES

Criteria	Reason
Municipalities with a historic inner city	Problems with retail vacancies exist mostly in inner cities (and periphery regions). Inner cities have an important role because of the central location, the historic value, the varied sectors, and public facilities. Inner cities attract many inhabitants and tourists, it plays an important role for the local and regional economy.
Municipalities in a strong region	Municipalities in a strong region are doing well, considering the demography and economy (Evers et al., 2015). The municipalities are often located in urban regions and therefore there is competition with other municipalities. We expect to research the core of the vacancy problem, since the circumstances in these municipalities are relatively good. Aspects like depopulation and ageing are not directly demonstrable reasons for many vacancies.
The characteristics of the municipalities need to be comparable	We want to compare the results of the Q-methodology between the two cases. If two very different municipalities are chosen, different issues will follow from that.
Relevant sources or documentation that indicates that the municipality addresses vacancies on the retail market.	To identify the role of the municipality and instruments, it is important that retail vacancies are addressed.
One municipality where the retail vacancies are problematic and one successful municipality where the retail market is doing well.	One municipality with many vacancies is chosen to research what needs to be done to address vacancies. One successful municipalities is chosen to learn from this municipality what can to be done to prevent and address vacancies.

Based on the five selection criteria, the municipality of Alkmaar and Haarlem were chosen. The municipalities were discussed in the order of selection criteria as presented in Table 5; both municipalities have an historic inner city, and both municipalities are located in a strong region (Evers et al., 2015). Thirdly, the characteristics of Alkmaar and Haarlem need to be comparable. The characteristics of the municipalities are shown in Table 6 and the characteristics of the inner cities in

Table 7. The purchasing power of both municipalities, daily and non-daily, are very similar. The population of Haarlem is almost one and a half times as high as in Alkmaar: 158.305 inhabitants in Haarlem and 107.822 inhabitants in Alkmaar. Therefore the number of shops and the floor productivity in the inner city are corrected for the population. The corrected

number of shops is very similar for both municipalities, the corrected gross floor area is a little bit larger in Alkmaar, then Haarlem.

The vacancy rate of the municipalities is shown in Table 6. The vacancy rate in both municipalities increased from 2010. In Alkmaar there is a stronger increase then in Alkmaar.

Table 8 does not show that the vacancy rate in the inner city of Alkmaar specifically is very high, and the vacancy rate in the inner city of Haarlem is very low.

TABLE 6 CHARACTERISTICS MUNICIPALITY ALKMAAR AND HAARLEM (I&O RESEARCH, 2011c, 2011d; PLANBUREAU VOOR DE LEEFOMGEVING, 2016)

	Alkmaar	Haarlem
Vacancy rate	19.5 (2015)	7.9 (2015)
Vacancy rate	14.1 (2016)	10.6 (2016)
Population	107.822 (2016)	158.305 (2016)
Floor productivity daily shopping (€)	6570 (2011)	8115 (2011)
Floor productivity non- daily shopping(€)	1684 (2011)	2257 (2011)
Purchasing power binding force daily (%)	93 (2011)	89 (2011)
Purchasing power binding force non-daily (%)	75 (2011)	68 (2011)
Number of shops	888 (2011)	1131 (2011)
Gross floor area (m ²)	247.207 (2011)	248.000 (2011)

TABLE 7 CHARACTERISTICS INNER CITIES ALKMAAR AND HAARLEM 2011 (I&O RESEARCH, 2011A, 2011B)

	Alkmaar centre (2011)	Haarlem centre (2011)
Vacant shops	48	50
Vacant gross floor area (m2)	5557	9983
Floor productivity daily shopping (€)	6867	9268
Floor productivity non- daily shopping(€)	2809	2258
Purchasing power binding force daily (%)	14	16
Purchasing power binding force non-daily (%)	36	29
Number of shops	531	658
Shop per inhabitant	0.0049	0.0042
Gross floor area (m ²)	81.922	97.928
Gross floor area per inhabitant	0.76	0.62

TABLE 8 CHARACTERISTICS INNER CITIES ALKMAAR AND HAARLEM 2016 (PROVINCE OF NOORD-HOLLAND, 2016)

	Alkmaar centre (2016)	Haarlem centre (2016)
Vacant shops	77	43
Number of shops	414	557
Shop per inhabitant	0,0038	0,0035

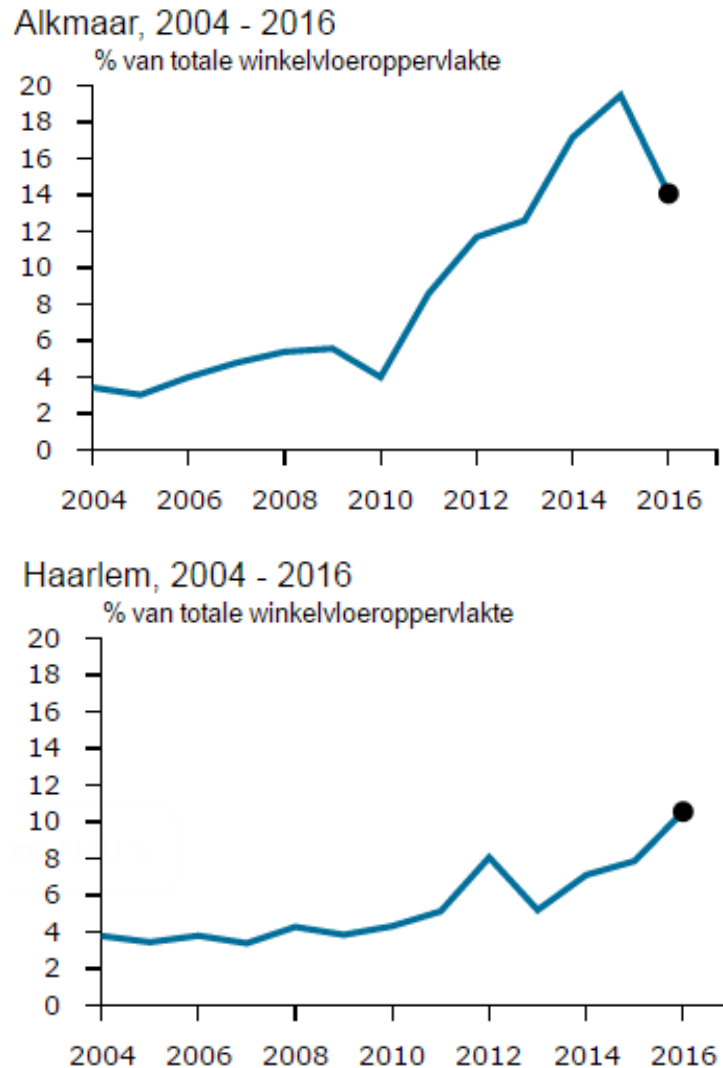


FIGURE 13 VACANCY RATE MUNICIPALITIES ALKMAAR AND HAARLEM (PLANBUREAU VOOR DE LEEFOMGEVING, 2016)

In addition to the quantitative data it is also important to compare the municipalities are comparable on other aspects. Both municipalities are located in the province of Noord-Holland. The analysis of the retail policies of provinces showed that there are large differences between the retail policies of the provinces. In this case only the retail policy of the province of Noord-Holland needs to be taken into account. The municipalities are located in the same region, therefore both municipalities deal with a comparable situation regarding the influences of other cities. Both Haarlem and Alkmaar have no university. This is taken into account because a university can have a large influence on the housing and shopping market (Coenen, 2014). The last aspect concerns the retail deal that both municipalities closed with the Ministry of Economic Affairs.

The fourth criterion is the necessity of sources or documentation that indicates that the municipality addresses vacancies on the retail market:

- The municipality of Alkmaar wrote a retail market vision in 2011. This retail vision is outdated, vacancies are not yet that actively addressed. However, in 2015 Alkmaar was the part of the first 12 municipalities who closed the retail deal (Ministry of

Economic Affairs, 2015). The municipality participates in several pilots to address vacancies (Ministry of Economic Affairs, 2015).

- In May 2015 the municipality of Haarlem drew up a memorandum “Effective vacancy policy” to research what the vacancy policy includes and how the municipality addresses vacancies (Gemeente Haarlem, 2015). The municipality of Haarlem drew up a retail vision “Haarlem Shopping city” (Gemeente Haarlem, 2016). Since January 2016 the municipality participates with an initiative to reduce vacant shops with temporary solutions (Haarlemupdates.nl, 2016).

The last criterion is that one municipality needs to be successful on the retail market and the other municipality needs to be problematic on retail vacancies. The municipality of Haarlem is a successful municipality (Evers et al., 2015; Meier-Boschaart, 2016). The retail market in the municipality of Alkmaar is problematic, the vacancy rate was 20% in 2015, and for more than five years above 10%. Several newspapers and websites raised the problem in Alkmaar (Hoogetboom, 2016; Regionale omroep voor de provincie Noord-Holland, 2016; Schut, 2013).

5.3 Case description Alkmaar

Based on the five selection criteria as described in paragraph 5.2, the municipality of Alkmaar and Haarlem were chosen. The demarcation of the inner city, the retail policy, and figures concerning the shops and shopping behaviour in the inner city.

5.3.1 Inner city of Alkmaar

The pink area in Figure 14 shows the demarcation of the inner-city of Alkmaar.

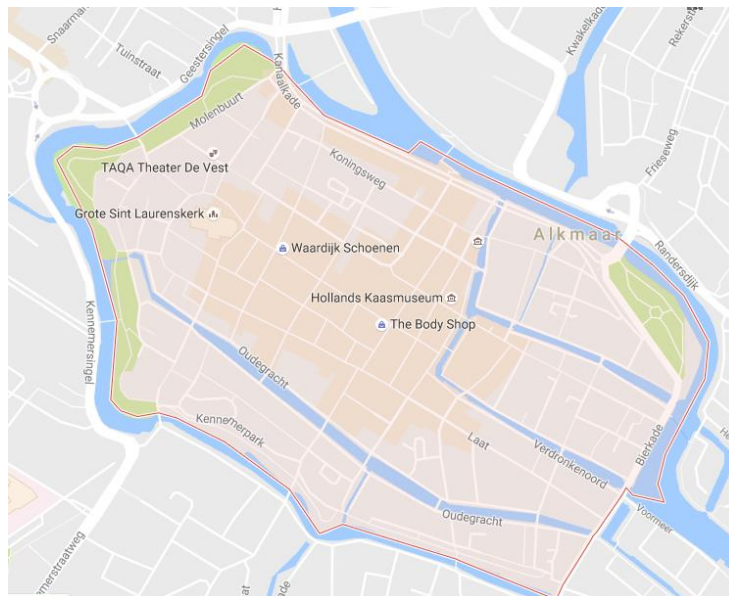


FIGURE 14 INNER CITY OF ALKMAAR SOURCE: (GOOGLE MAPS, 2016A)

5.3.2 Retail policy municipality of Alkmaar

The retail vision of the region of Alkmaar dates from 2011 (Droogh Trommelen en Partners, 2011). The ambition is to have a sustainable spatial policy that is flexible and dynamic, on the basis of this ambition the municipality wants to strengthen the existing retail structure (Droogh Trommelen en Partners, 2011). A strength of the inner city is the central shopping area for fun shopping (Droogh Trommelen en Partners, 2011).

Overstad is a shopping centre close to the inner city is restructured to integrate the spread shopping offer (Droogh Trommelen en Partners, 2011). This shopping centre is focused on large scale shops. Overstad is not in the scope, but it is important to take into account for the large amount of vacant retail space which is located very close to the inner city.

In 2015 the municipality of Alkmaar wrote a note concerning vacant offices and company buildings (Gemeente Alkmaar, 2015b). The retail market has a limited role in the note. However, the municipality is very clear on the policy concerned the realisation of new shops. New shops are not allowed outside the city centre, and smaller shopping centres (Gemeente Alkmaar, 2015b). The realisation of new retail space outside the current shopping centres may disrupt the viability of shops in the inner city.

In 2015 the municipality of Alkmaar developed an action program “economy”. The action program has three goals (Gemeente Alkmaar, 2015a):

- In 2018 Alkmaar belongs to the top 10 most attractive Dutch inner cities;
- Vacancy rate in the inner city below the national level;
- Enlarging average length of stay with 15%.

The direct solution for retail vacancies is in hands of retailers and property owners, but the municipality collaborates (Gemeente Alkmaar, 2015a). The municipality wants to connect starting retailers with property owners, be flexible with changing the zoning plan and participate with the retail agenda (Gemeente Alkmaar, 2015a).

5.3.3 Figures inner city of Alkmaar

Figures regarding the inner city of Alkmaar are presented in Table 9. The number of shops together with the gross floor area decreased. Despite the decrease of shopping surface, the amount of vacant space increased. This is also shown with the doubled vacancy rate from 10% in 2011 to 20% in 2016.

TABLE 9 FIGURES INNER CITY ALKMAAR (I&O RESEARCH, 2017A)

	Alkmaar centre (2011)	Alkmaar centre (2016)
Number of shops	474	410
Vacant shops	63	65
Gross floor area (m ²)	73.986	62.430
Vacant gross floor area (m ²)	8.612	15.271
Vacancy rate based on surface (%)	10	20
Floor productivity daily shopping (€)	-	7192
Floor productivity non- daily shopping(€)	-	4491

Alkmaar was in the top 10 most appreciated inner cities in the Netherlands in 2016 (Gemeente Alkmaar, 2016a).

The transactions of shops in the inner city of Alkmaar since 2000 are indicated to gain insight in the frequency retailers establish a shop and the renting price (Figure 16 and Figure 15). The transactions are based on a database of *vastgoedjournaal*, which is an online platform for the real estate sector (Vastgoedjournaal, 2016). The data represents transactions of shops, both renting and buying. Extensions of contracts are not included, only changes in renters and property owners. The transactions of the inner city are included, based on postal codes. Currently there are 410 shops in the inner city of Alkmaar (Table 9). Since 2000, 167

transactions are completed. In Figure 16 and Figure 15 are the transactions of shops and the average renting price of shops in Alkmaar presented. Before conclusions are drawn based on the graphics, it needs to be taken into account 167 transactions are done in 16 years, which is a relatively low number.

There are large fluctuations in the number of transactions, the past years, from 2012 to 2016 there seems to be a decline in the number of transactions. The renting prices since 2007 is relatively stable. From 2013 there is a small increase of the prices. CPB (2016) states that the renting prices in the Netherlands declined, based on these date, this is not the case in Alkmaar.

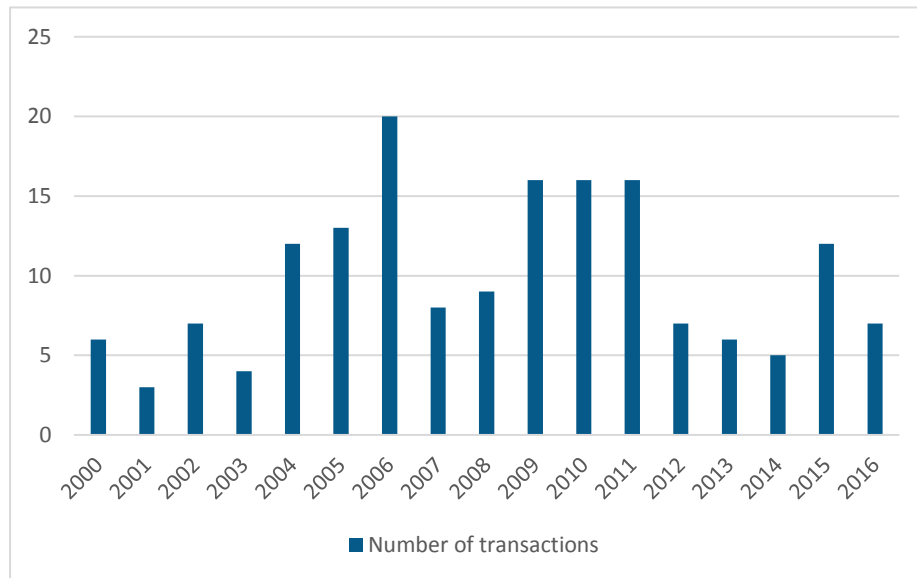


FIGURE 16 TRANSACTIONS OF SHOPS INNER CITY ALKMAAR (VASTGOEDJOURNAAL, 2016)

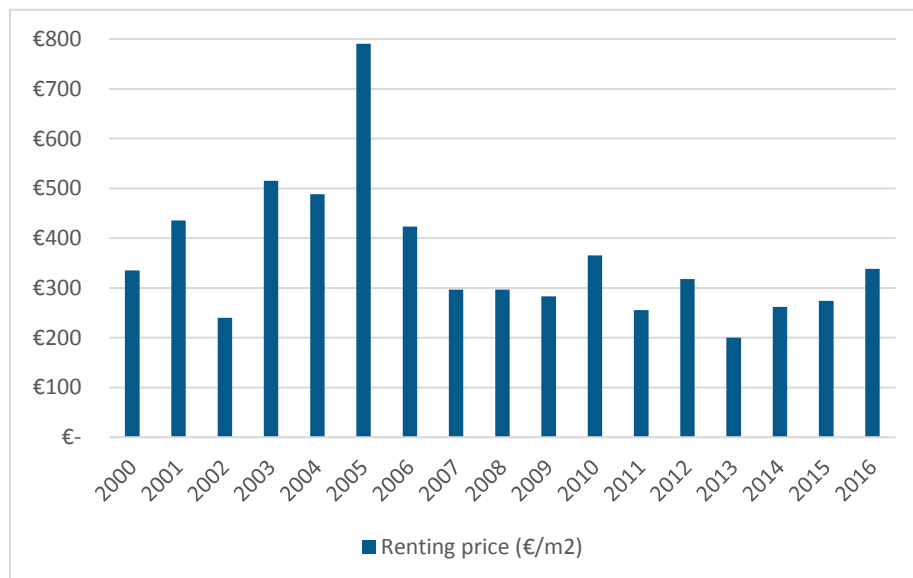


FIGURE 15 AVERAGE RENTING PRICE OF TRANSACTIONS INNER CITY ALKMAAR (VASTGOEDJOURNAAL, 2016)

5.4 Case description Haarlem

Next to the municipality of Alkmaar, the municipality of Haarlem is chosen based on the selection criteria as described in paragraph 5.2. The demarcation of the inner city, the retail policy, and figures concerning the shops and shopping behaviour in the inner city.

5.4.1 Inner city of Haarlem

The pink area in Figure 17 shows the demarcation of the inner-city of Haarlem.

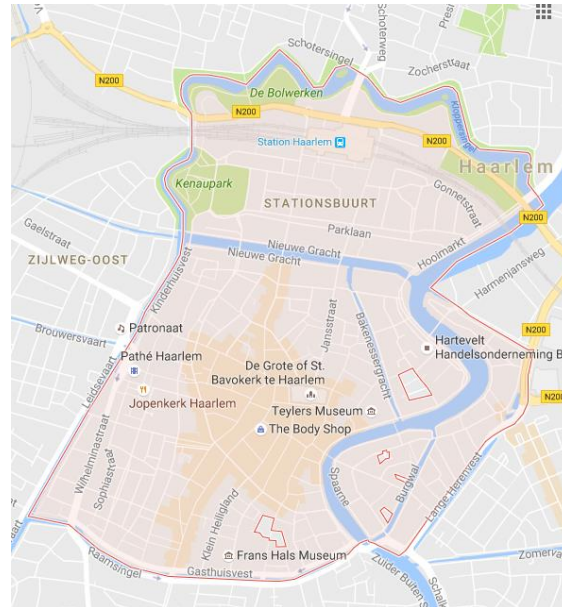


FIGURE 17 INNER CITY OF HAARLEM SOURCE: (GOOGLE MAPS, 2016B)

5.4.2 Retail policy municipality of Haarlem

In 2016 the municipality of Haarlem drew up a retail vision. The municipality formulated their role to strengthen the retail market as follows (Gemeente Haarlem, 2016):

- Regulate space with the zoning plan;
- Facilitate new retail concepts with flexible regulations and custom made solutions;
- Public space, reachability and parking;
- Stimulate collaboration between retailers;
- Knowledge sharing by monitoring;
- Facilitate retailers fund on demand of retailers;
- Marketing of Haarlem as a shopping city.

Not all the mentioned aspects are roles, some are instruments, but it provides a good understanding of how the municipality of Haarlem thinks about their role.

5.4.3 Figures inner city of Haarlem

Figures regarding the inner city of Haarlem are presented in

Table 10. The number of shops and gross floor area slightly decreased in 2016. Despite this decrease, the vacant gross floor area increased together with the vacancy rate to 15%.

TABLE 10 FIGURES INNER CITY HAARLEM (I&O RESEARCH, 2017B)

	Haarlem centre (2011)	Haarlem centre (2016)
Number of shops	606	551
Vacant shops	55	46
Gross floor area (m ²)	88.069	77.550
Vacant gross floor area (m ²)	11.577	14.047
Vacancy rate based on surface (%)	12	15
Floor productivity daily shopping (€)	-	9750
Floor productivity non- daily shopping(€)	-	3522

Haarlem was in the top 3 most appreciated shopping centres in the Netherlands in 2015 (Bekkers, 2015).

The transactions of shops in the inner city of Haarlem since 2000 are indicated to gain insight in the frequency retailers establish a shop and the renting price (Figure 18 and Figure 19). The transactions are based on a database of *vastgoedjournaal*, which is an online platform for the real estate sector (Vastgoedjournaal, 2016). The data represents transactions of shops, both renting and buying. Extensions of contracts are not included, only changes in renters and property owners. The transactions of the inner city are included, based on postal codes. Currently 551 shops are located in the inner city of Haarlem (

Table 10). Since 2000, 88 transactions are completed. Figure 18 and Figure 19 presents the number of transactions of shops and the average renting price. Before conclusions are drawn based on the graphics, it needs to be taken into account 88 transactions are done in 16 years, which is a relatively low number.

The number of transactions shows large fluctuations over the years. After the crisis in 2009, not much transactions, last year in 2016 there was a small revival. The average renting price increased till 2011, with an exemption in 2008. In 2012 and 2013 the prices decreased and increased again in 2014, 2015 and 2016. CPB (2016) states that the renting prices in the Netherlands declined, this is not the case in Haarlem.

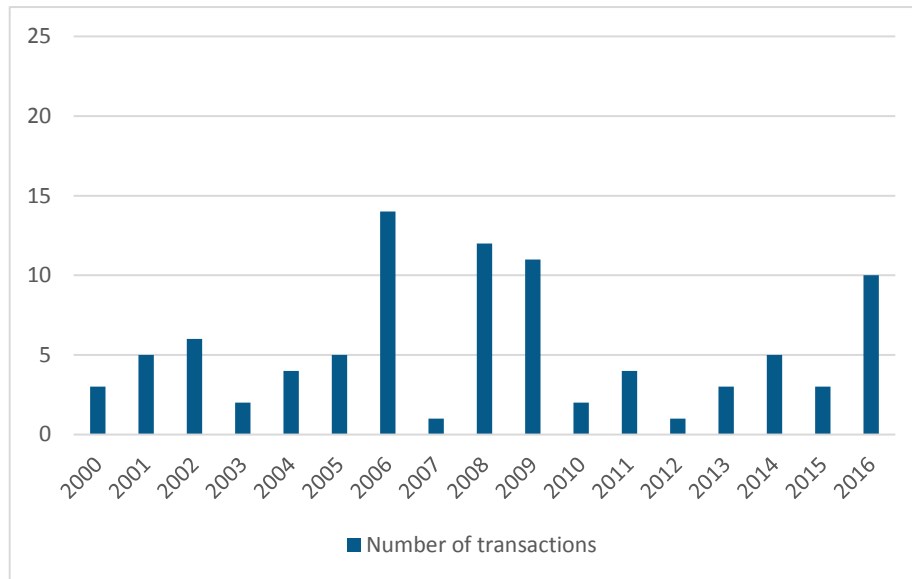


FIGURE 18 TRANSACTIONS OF SHOPS INNER CITY HAARLEM (VASTGOEDJOURNAAL, 2016)

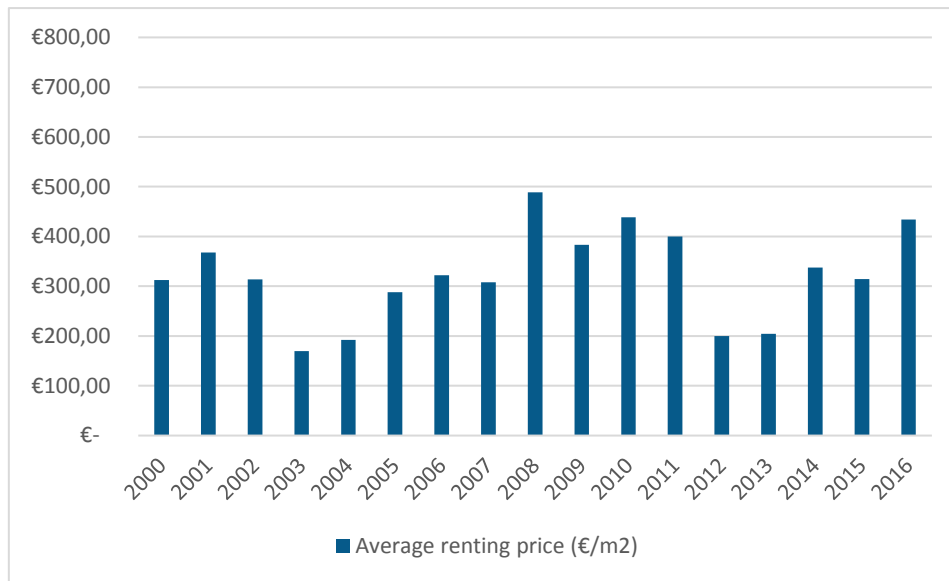


FIGURE 19 AVERAGE RENTING PRICE TRANSACTIONS INNER CITY HAARLEM (VASTGOEDJOURNAAL, 2016)

5.5 Q-set and P-set

After collection of statements from policy documents, literature that is used for this research and newspaper articles. A group meeting with students of different backgrounds was organised. The group tested the statements without prior knowledge on their content and the comprehensibility. A sample of 42 statements was then selected. The final Q-set is shown in Appendix III Sampling Q-set.

The P-set is the group of participants that participate in the Q-methodology interviews. The P-set consists of 2- stakeholders on the retail market, they were asked to rank statements concerning the role and instruments of the municipality from most disagree to most agree. The final P-set is shown in Appendix II Sampling P-set.

6. Results and discussion

In order to gain insight in the viewpoints on the roles and instruments of the municipality regarding retail vacancies 20 stakeholders were interviewed. They have provided their view by conducting a Q-sort. In this Q-sort the stakeholders were asked to rank statements concerning the role and instruments of the municipality from most disagree to most agree.

The analysis started with extraction to identify different factors. Then the process of rotating makes the inherent relationship more clear and the factors more relevant. Finally, the factors are translated into two viewpoints 'Step up municipality' and 'The market takes the lead'.

6.1 Factor extraction and factor rotation

The factor extraction and rotation are performed with the PQmethod 2.35, a program developed for Q-Methodology (Schmolk, 2015). An extensive description of the factor extraction and outputs of the PQmethod can be found in Appendix V Factor extraction.

Factor extraction is used to identify different factors. There are several criteria to assess whether a factor should be included or not. Horst's criteria, generated with PQMethod, and the Scree test suggest that two factors should be taken into account, while the Significant Factor criteria loading suggests 3 factors and Humphrey's criteria 1 factor. Since these criteria are mathematical guidelines and no fixed boundaries, two factors are used for the next step, factor rotation.

After the factor extraction, a factor rotation is performed to optimise the factors. An extensive description of the factor rotations and outputs of the PQmethod can be found in Appendix VI Factor Rotation. The factors itself are not changed, but the positioning of the factors in a two-dimensional space is. Rotation allows for maximising the loading on one factor, while decreasing the loading on the other factor. The method is used to decide which Q-sort belongs to which factor. There are two axes that represent two factors. All Q-sorts are placed on a point in relation to the two axes. When the axes are rotated, the position of the Q-sort is changed relative to the factors. There are two methods for factor rotation; Varimax and manual rotation. Varimax is used because it rotates the factors for you. The factors are positioned according to statistical criteria and so that, the factors account for the maximum amount of study variance (Watts & Stenner, 2012).

Varimax indicates which Q-sort belongs to which factor and can also flag the different Q-sorts. The factor loadings are shown in Table 11. A flagged Q-sort means that the Q-sorts is used in the factor array. The Q-sorts are flagged based on the significance level (SFL > 0,40) calculated in Appendix VI Factor Rotation. Some authors prefer to use 0,60 or even stricter requirements (Watts & Stenner, 2012). Q-sorts with a loading higher or equal to the Significant Factor Loading (SFL) were included in this study, because the factor array is an average that becomes more stable if more Q-sorts contribute (Watts & Stenner, 2012). The factor arrays are presented in Table 12, it shows how an individual would rank the items if that person was representing that factor 100%. Reading the table by column reveals the comparative ranking of statements which characterize a particular factor (Watts & Stenner, 2005). For example reading down column A, we can see that factor A ranked item 1 at -1 (i.e. this factor thinks the municipality should not get shopping surface out of the market), item 2 at +1, and so on. Reading this table by row reveals the comparative ranking of a particular statements across factors. For example reading along row 1, we can see that item 1 was ranked at -1 by factor A and at -3 by factor B, and so on.

TABLE 11 ROTATED FACTOR LOADINGS. LOADINGS THAT ARE MARKED BOLD ARE SIGNIFICANT, WITH A P-VALUE < 0,01. DEFINING SORTS (SORTS WHICH ARE SIGNIFICANT ON ONLY ONE FACTOR) ARE IDENTIFIED BY X.

QSORT	1	2
1	0,05	X0,83
2	X0,63	0,39
3	X0,50	0,32
4	X0,72	0,26
5	X0,45	0,11
6	0,39	0,06
7	X0,67	0,21
8	0,27	0,18
9	X0,81	0,07
10	0,27	X0,54
11	0,07	X0,40
12	0,33	0,22
13	X0,61	0,35
14	0,24	X0,43
15	X0,57	0,39
16	0,61	0,50
17	0,63	0,56
18	0,23	X0,65
19	0,42	0,48
20	0,37	0,10
Variance explained	24%	16%

TABLE 12 FINAL FACTOR ARRAYS, THE NUMBERS IN COLUMNS A AND B ARE THE THEORETICAL ITEM SCORE FOR A PERSON WHOSE VIEWPOINT IS 100% THAT FACTOR

Item number and wording		Factor arrays	
		A	B
1	The municipality needs to get shopping surface out of the market.	-1	-3
2	Shopping in the inner city is a public good.	+1	+3
3	Retailers should contribute together financially in a fund to make the public space more attractive.	+3	-1
4	The municipality should collaborate as much as possible with the initiatives of retailers.	0	+2
5	The municipality should collaborate as much as possible with the initiatives of property owners.	0	0
6	Municipalities should make space for renewed entrepreneurship.	+3	+3
7	The municipality needs to promote her own inner city as a shopping city	+1	+1
8	Combinations of functions should be allowed. An example is an interior shop where you can drink a cup of coffee.	+2	+3

9	By changing the zoning plan from a shop function to culture vacant properties are addressed in a good way.	0	-1
10	By changing the zoning plan from a shop function to a living function vacant properties are addressed in a good way.	+1	+1
11	By changing the zoning plan from a shop function to a restaurant/bar function vacant properties are addressed in a good way.	+1	-1
12	A strict distinction of the zoning plan (living, restaurant, bar, retail) in the inner city needs to be dropped	0	-2
13	Temporary vacancies can be addressed with pop-up stores. A pop-up store is a temporary store that appears as fast as it disappears.	+1	+1
14	If we want to address retail vacancies, the best option is to improve the parking supply.	-1	0
15	It is important that the municipality provides subsidies to address vacancies.	-2	-1
16	Municipalities take the initiative to bring parties together to develop a future-oriented retail policy	+4	0
17	The municipality cannot address vacancies on the retail market alone, other parties need to help.	+4	+2
18	The municipality needs to facilitate concentration of shops as much as possible.	+3	-2
19	The municipality is not capable in addressing vacancies on the retail market.	-2	-2
20	Concentration of the shopping area is the only solution for addressing vacancies on the retail market.	-3	0
21	Doing nothing is not an option for municipalities.	+2	+1
22	The initiative for addressing vacancies on the retail market needs to come from the market.	0	+4
23	The municipality should make the public space of the shopping area attractive.	+2	+2
24	The municipality should inform property owners about the possibilities for concentration of the shopping area.	+2	-1
25	The municipality needs to provide education and share knowledge for retailers and property owners to attract visitors to the inner city.	+2	0
26	The municipality should improve the accessibility of the inner city to attract more visitors.	0	+2
27	High streets (streets with mixed functions; shops, houses, etc.) with many vacant shops need to have a different function (zone).	+3	0
28	Addressing vacancies on the retail market is not a task the municipality should fulfil.	-3	-2
29	Property owners with a vacant shop for 6 months or longer should be fined.	-3	-2
30	Property owners should receive financial support by changing the function of the property.	-2	-4
31	Retailers are not capable in preventing a decrease of the liveability of the inner city.	-2	+1

Vacant retail space, should the municipality intervene?

32	Retailers have a risk, a chance for profits, but also a chance for losses. When retailers have losses they should not be compensated by the government.	-1	+1
33	In the inner city the market can solve the vacancies on the retail market.	-2	-1
34	You cannot expect property owners to address vacancies on the retail market, when the property owner with a vacant property earns nothing on their investment	-3	-3
35	The government cannot escape from spending money to address vacancies on the retail market.	0	-3
36	I prefer market mechanism over government measures to reduce the number of vacant shops.	+1	+3
37	Long term renting contracts (5 years or longer) between property owners and retailers have to make place for more flexible contracts.	0	+4
38	In an inner city with many vacant shops you cannot expect an active role of the remained retailers.	-4	-3
39	Retailers and the municipality should address vacancies together in a Public Private Partnership.	-1	0
40	The municipality needs to buy empty shops to give it a new function	-4	-4
41	New shops that do not fit the zoning plan should not be allowed	-1	0
42	Property owners should exchange parcels in a smart way to make developments in urban areas possible.	-1	+2

Figure 20 shows the rotated factor loadings of factor A and B. The Q-sorts in the top left area are the Q-sorts loading significant on factor A and the Q-sorts in the bottom right area are the Q-sorts loading significant on factor B. The higher the loading the more a participant agrees on that factor. The grey area top right show the Q-sorts that are co-founded (loading significant on both factors). The Q-sorts with a factor loading close to the significance level of 0,40 are not included in the factor analysis, these are the Q-sorts in the left bottom grey area. Nevertheless, they are included in the interpretation of the viewpoint, since there is no strict rule concerning the significance level. By including these Q-sorts a more in-depth reflection of those stakeholders is done.

A distinction is made between the high loading $> 0,60$, middle loading $0,40-0,60$ and low loading $< 0,40$. For factor A in Figure 20 with the highest loading $> 0,60$ are four government institutions and three advisors, four concerning Haarlem, two concerning Alkmaar and one participant concerning both Haarlem and Alkmaar. Between $0,40$ and $0,60$ are three market parties and one advisor. Participants with the lowest loading $< 0,40$, an inhabitant and government institution have a factor loading close to the significance level of $0,40$, but not yet.

Factor B in Figure 20 with the highest loading $> 0,60$ are two market parties, one concerning Haarlem and one concerning Alkmaar. Between $0,40$ and $0,60$ are one government institutions, two market parties, two advisors and one inhabitant. Participants with the lowest loading $< 0,40$ are two government institutions and one market party have a factor loading close to the significance level of $0,40$.

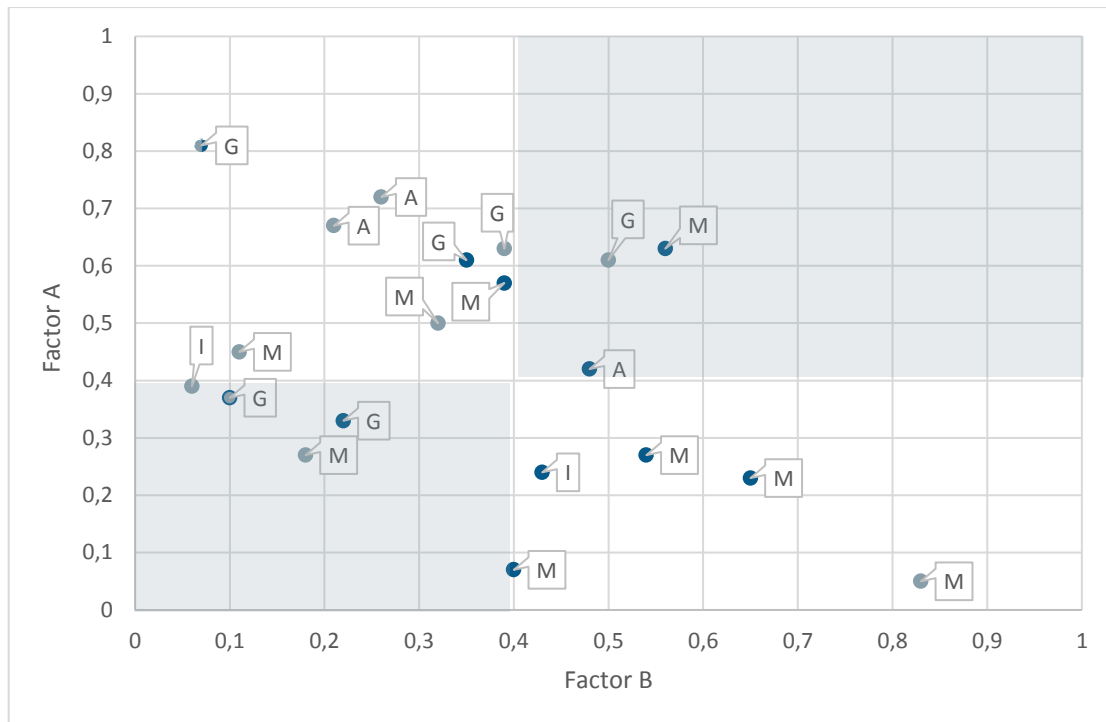


FIGURE 20 ROTATED FACTOR LOADINGS OF PARTICIPANTS LOADING ON THE Y-AXIS ON FACTOR A AND ON THE X-AXIS ON FACTOR B. THE GREY AREA IN THE BOTTOM LEFT ARE THE NON-SIGNIFICANT LOADING PARTICIPANTS, THE GREY AREA TOP RIGHT SHOWS THE COFOUNDED PARTICIPANTS.

	Haarlem
	Alkmaar
	Haarlem & Alkmaar
	Netherlands
A	Advisor
G	Government
I	Inhabitant
M	Market party

6.2 Factor interpretation to obtain viewpoints

Two factors were extracted and rotated using Varimax. Eventually the final factor array of the two factors was presented in Table 12. In the subsequent paragraph factor A and B are presented and discussed; they are interpreted based on the factor arrays and distinguishing statements as derived from the PQ method software, crib sheets, and information gathered from the interviews. Crib sheets identify distinguishing factors for each factor these are found in Appendix VII Crib sheet. We refer to statements with the corresponding factor score using (21: +2) which stands for statement 21 with a factor score of +2. Quotations of participants in this chapter have been taken from the interviews with the participants in December 2016 and January 2017.

6.2.1 Viewpoint A: Step up municipality

Viewpoint A explains 24% of the total study variance. A study variance of 100% would mean that the full range of meaning of all participants is explained with this factor. Eleven participants load significantly on this factor. Among them there are three participants who load significantly on viewpoint B as well (Table 11).

The participants of viewpoint A are a combination of governmental institutions and market parties. Six of eleven participants are interviewed concerning the inner city of Alkmaar, four of Haarlem and one participant is interviewed concerning both Alkmaar and Haarlem.

Roles stakeholders

Participants with viewpoint A think that doing nothing is not an option for the municipality (21: +2). Which means that they agree on a role for the municipality. 'Addressing vacancies on the retail market is not a task the municipality should fulfil' (28: -3) confirms this role. The participants considers the municipality capable in addressing vacancies on the retail market (19: -2) (the statement was formulated negatively).

For addressing vacancies on the retail market it is of importance that the municipality does not addresses retail vacancies alone, other parties need to help (17: +4). The participants strongly disagree with the following statements: 'Of property owners with a vacant property you cannot expect them to address vacancies' (24: -3). 'In an inner city with many vacant shops you cannot expect an active role of the remained retailers' (38: -4). Which means that the participants agree on a role for retailers and property owners. Participant #5: "You can expect that a property owner comes up with new ideas for the property. It would be strange if you have an empty property and you don't do anything." Overall there is a little preference for market mechanism over government measures (36: +1).

Additionally, the participants disagree with 'the market can solve the vacancies on the retail market itself' (33: -2), which means that, according to them, the market is not able to solve the situation itself. Therefore we conclude that if the market is not able to solve the situation, government intervention is needed.

Instruments municipality NATO framework

The municipal instruments that participants agree with are categorized in the NATO framework and shown in Table 13, the NATO framework was explained in paragraph 4.3. It can be stated that the participants agree with many instruments, they agree with ten out of fourteen instruments. Most of the instruments the participants agree with are nodality and authority instruments. Most of the authority instruments concern the zoning plan, of which we conclude that this is seen as an important instrument of the municipality. Participant #4 mentions: "for the different functions culture would be good, or mixed zonings. If the area is not future resistant for shops, the function can also be changed to housing." Participant #13: "dwellings in the main shopping streets does not generate traffic and should therefore be prevented." Only one treasure instrument is included; financial support to improve the public space. To maintain the public space is a fixed task of the municipality. Participant #9: "there is task for the municipality in securing a certain quality of the public space, for example in safety. They are responsible for this basic level, but not more." Participant #3: "retailers and property owners do not think this it is their task, at least aspects like streetlights and maintenance of the ground." Overall, treasure instruments are not in favour of the participants, this is confirmed with the following statements 'the government cannot escape from spending

money to address vacancies on the retail market' (35: 0) and 'it is important that the municipality provides subsidies to address vacancies' (15: -2). Participant #9: "spending money is not a solution in itself. Sometimes a certain process can be very good to subsidize, but not specifically spending money on the retail market". Participant #13: "Money can be used to facilitate processes, but for example not for the height of rents." The instrument that is considered the most important is the municipal retail policy, which is an organization instrument. Participant #4: "this is a task the municipality can fulfil and it is important that it is done together." Participant #9: "a retail policy for regions is already obligatory. But for specifically the municipality would be good addition. It is important that it happens together, it is a municipal task, but it needs to be done together." Participant #3: "the municipality of Alkmaar is doing this already with the 'retail nota'. They also tried to become the best inner city of the Netherlands."

TABLE 13 INSTRUMENTS VIEWPOINT A CONSIDERS RELEVANT CATEGORIZED ACCORDING TO THE NATO-FRAMEWORK BY HOOD (1986). THE NUMBERS IN THE TABLE INDICATE THE FACTOR SCORES (THE EXTENT IN WHICH THE VIEWPOINT AGREES ON THAT INSTRUMENT).

Nodality	Authority	Treasure	Organization
Inform property owners about the possibilities to concentrate the shopping area +2	Facilitate retailers who improve the attractiveness of the shopping area together +3	Financial support to improve the public space +2	Municipal retail policy +4
Provide education and a knowledge platform to attract visitors to the inner city +2	Change the zoning of shops to living function +1		
Promote the inner city +1	Change the zoning of shops to restaurant/bar +1		
	Change the zoning plan of empty shops in adjoining streets +3		
	Combinations of zonings/functions should be allowed +2		

Municipal role in theory

When we apply the different approaches and corresponding roles of the municipality (as explained in paragraph 4.2) on viewpoint A, we conclude that the government approach is best applicable. The municipality should address retail vacancies and determines the public interest. Determination of the public interest is done with mostly authority instruments, by deciding which shops are changed to houses or other functions. By implementing a municipal

retail policy, which should be done with the help of other parties, the municipality also determines the public interest. The extent to which the municipality determines the public interest is in the hands of the municipality itself.

Distinguishing statements

Distinguishing statements that are of importance of the interpretation of the viewpoint but not discussed yet, will be discussed. An overview of the distinguishing statements can be found in Appendix VII Crib sheet. The NATO framework shows that there is a task for the municipality to improve the public space. The participants agree that retailers also have a stake in the quality of the public space. 'Retailers contribute together financially in a fund to make the public space more attractive' (3: +3). Participant #7 and #9 state that "the municipality stays responsible for a certain basic level". Participant #3 mentions that "a survey in Alkmaar has been done among retailers and property owners concerning the fund, 52% agreed on the fund, but the minimum is 66%. Property owners and retailers had approximately the same percentage." Several advisors and governmental institutions concerning Alkmaar strongly agree with this point of view. They may consider the fund useful, in practice the market parties were not in a large majority.

Retailers are not capable of preventing a decrease of the liveability of the inner city (31: -2). Participant #3: "Retailers can do much with temporary vacant shops. For example with a summer pop-up store. Retailers can also mask vacant shops, for example by using the shopping window of the neighbour." Participant #7 adds that "a shop window is filled by a school in Alkmaar."

Municipalities need to give retailers the opportunity for new entrepreneurship (6: +3). Participant #2: "with new entrepreneurship rules and regulations need to be taken into account. It is for example not allowed to serve alcoholic drinks in a shop." Participant #3: "There are several projects in Alkmaar to stimulate new entrepreneurship; citylab and win your own shop." Citylab is a project in which retailers and the municipality realised a central place where retailers, property owners, the culture sector, the marketing organization and the municipality develop a collective approach for the inner city (Gemeente Alkmaar, 2016b). Win your own shop is a project in which entrepreneurs can present ideas for a shop and may win the opportunity to exploit a shop for a six months without paying rent (Stadslab Alkmaar, 2016).

The municipality needs to facilitate concentration of shops as much as possible (18: +3). Participant #3 and #7 mention that the municipality should help to make it possible, but not force it. Participant #7 adds that shops can also do well without concentration, for example a shop that specializes in bikes. Participant #13 mentions that this is included in the retail vision of the municipality of Haarlem. Participant #3 mentions that the specific location of every shop is not a task of the municipality.

An instrument that the participants fully disagree with and therefore is not shown in Table 13. The instrument where the municipality buys empty shops to give them a new function, is not seen as an option (40: -4).

Long term renting contracts (5 years or longer) between property owners and retailers have to make place for more flexible contracts (37: 0) Participant #5: "short term renting contracts are a short term solution. As a real estate investor you want long term contracts, and as a retailer you should want that too. You can collaborate and you invest in a long term

relationship". Participant #7: "it is not what they should do, but could do. For property owners it is difficult to invest without a 5 year contract. Small shops often want to close a contract for two years, and property owners are willing to close short term contracts. Large shops prefer long term contracts." Participant #3: mentions that "some property owners are afraid of more flexible contracts, for example revenue related contracts. Larger property owners are more in favour of flexible contracts than smaller property owners."

Reflection on the stakeholder group based on the description of the viewpoint

Reflecting on the participants of this viewpoint, the stakeholders with the highest loading are government institutions and advisors. Among those stakeholders are both Haarlem and Alkmaar present. In the middle range of loadings are market parties and one advisor, Haarlem and Alkmaar are equal. In the lowest range is an inhabitant and government institution. We conclude that there is not a large distinction between Alkmaar and Haarlem for this opinion. It is clear that advisors and government institutions strongly agree with this viewpoint, more than market parties. Governments and advisors may see a larger role for municipalities than market parties.

Conclusion

This perspective 'Step up Municipality' considers the market not able to solve the situation, municipal intervention is needed. This is in line with the government approach, in which the municipality determines the public interest. Nodality and authority instruments are preferred, two specific instruments that stand out are the municipal retail policy and the zoning plan. It is important to take into account that government institutions and advisors strongly agree with this viewpoint, more than market parties. Interestingly enough, government institutions see a role for themselves. Several reasons can be thought of on why they see a role for the municipality, because they have a long term view. Another reason can be that governments want to protect the societal value of the inner city, by not taking the risk that the inner city becomes deteriorated. Both Alkmaar and Haarlem are represented in the perspective of which we conclude that despite the situation in the inner city the participants agree on a role for the municipality.

6.2.2 Viewpoint B: The market takes the lead

Viewpoint B explains 16 % of the total study variance. Eight participants load significantly on this factor. Among them there are three participants who load significantly on viewpoint A as well (Table 11).

The participants of viewpoint B are mostly market parties, a municipality and an inhabitant. Among the market parties are three shops. Six out of eight participants are interviewed concerning the inner city of Haarlem, the other two concerning the inner city of Alkmaar.

Roles stakeholders

Participants with viewpoint B strongly agree that the initiative for addressing retail vacancies needs to come from the market (22: +4). The role for retailers and property owners is confirmed. Participants with this viewpoint strongly disagree with the following statements: 'Of property owners with a vacant property you cannot expect them to address vacancies' (34: -3). 'With many vacant shops you cannot expect an active role of the remaining retailers' (38: -3). Participant #1 elaborates on statement 34: "the fact that property owners do not

receive any rent is already a good incentive to undertake something.” Participant #10: “it is the responsibility and task of a property owner to do something.”

The fact that the initiative needs to come from the market, does not say that the market can solve the situation alone. The participants disagree, albeit not very strongly, with ‘the market can solve the vacancies on the retail market in the inner city’ (33: -1). Participants with this viewpoint consider doing nothing not as an option for the municipality (21:+1). Which means that the participants agree, albeit not very strongly, on a certain role for the municipality. This is confirmed with the following statement ‘addressing vacancies on the retail market is not a task the municipality should fulfil’ (28:- 2). The participants agree that the municipality is capable in addressing vacancies on the retail market (19: -2) (the statement was formulated negatively).

Instruments municipality NATO framework

The municipal instruments that the participants agree with are categorized in the NATO framework and shown in Table 14, the NATO framework was explained in paragraph 4.3. It can be stated that the participants agree with only a few instruments, they agree with five out of fourteen instruments. There is not a category that that stands out, and all categories are represented. Treasure instruments in general are not preferred: the participants disagree with the following statement ‘The government cannot escape from spending money to address vacancies on the retail market’ (35: -3). Participant #18 mentions that: “in the case of subsidies, the money spending is only temporary.” Additionally, the participants prefer market mechanism over government measures to reduce the number of vacant shops (36: +3). Participant #10: “When property owners have a relatively large amount of vacant shops, there is an incentive to invest, split shops or expand. The last alternative is lowering the renting price. The municipality does not have to do anything for these actions.” Interestingly enough all instruments that viewpoint B considers relevant are also considered relevant by viewpoint B, except for the accessibility of the shopping area.

TABLE 14 INSTRUMENTS VIEWPOINT B CONSIDERS RELEVANT, CATEGORIZED ACCORDING TO THE NATO-FRAMEWORK BY HOOD (1986). THE NUMBERS IN THE TABLE INDICATE THE EXTENT IN WHICH THE VIEWPOINT AGREES ON THAT INSTRUMENT.

Nodality	Authority	Treasure	Organization
Promote the inner city +1	Change the zoning of shops to living function +1 Combinations of zonings/functions should be allowed +2	Financial support to improve the public space +2	Improve the accessibility of the shopping area for visitors +2

Municipal role in theory

When we apply the different approaches and corresponding roles of the municipality (as explained in paragraph 4.2) on the viewpoint of viewpoint B, we can conclude that the market approach is best applicable. With the market approach the municipality needs to formulate conditions under which the market can serve the public interest (Scientific Council for

Government Policy, 2012). The market sets the standard because the market is in general more efficient than central governance (Scientific Council for Government Policy, 2012). The participants prefer market mechanism over government measures (36: +3). The initiative for addressing vacancies on the retail market needs to come from the market (5: +4). The market provides freedom of choice (Scientific Council for Government Policy, 2012), the municipality needs to limit her tasks to create conditions under which the market can do its job. An example is, that the municipality should allow combinations of zonings (8: +3). And improving the accessibility of the inner city, both are conditions for shopping.

Distinguishing statements

Distinguishing statements that are of importance of the interpretation of the viewpoint but not discussed yet, will be discussed. An overview of the distinguishing statements can be found in Appendix VII Crib sheet. The participants prefer market mechanism over government measures to reduce the number of vacant shops (36: +3). This is made more specific with the following statements. Long term renting contracts (5 years or longer) between property owners and retailers have to make place for more flexible contracts (37: +4). Property owners should exchange parcels in a smart way to make developments in urban areas possible (24: +2), the so called land readjustment. All these statements provide more room for a market mechanism or demand an active role of property owners. Participant #18: "Flexible contracts have helped us when a shop was too bad to continue, but too good to close. They agreed with the property owner to try it for another two years."

In contrast with the instruments mentioned in the previous paragraph, the participants do not see a role for the property owners or retailers for the quality of the public space. The municipality should make the public space attractive (23: +2). Retailers should contribute together financially in a fund to make the public space more attractive (3: -1). Participant #18: "the quality of the public space is a task of the municipality, retailers already pay a lot of taxes."

Property owners should exchange parcels in a smart way to make developments in urban areas possible (42: +2). Participant #10: "this will be difficult because of fragmentation of parcels, but it can be an interesting challenge. Reserved about the feasibility, but concentration of properties can help the property owner to make the area more attractive. Decide over which shops establish where. The bottle neck is the transfer tax of 6%."

Property owners should receive financial support by changing the function of the property (30: -4). Participants #1: "Property owners should not be subsidised, because they are market parties."

Reflection on the stakeholder group based on the description of the viewpoint

Reflecting on the stakeholders of this viewpoint, the stakeholders with the highest factor loadings are two market parties, one concerning Alkmaar and one concerning Haarlem. In the middle range are a government institution, 2 market parties, 2 advisors and one inhabitant. Haarlem is overrepresented in this group. In the lowest range are two government institutions and one market party, Haarlem is overrepresented again. Since this viewpoint is mostly represented by market parties we could state that market parties see a limited role for the municipality. However, we need to be careful with this conclusion since Haarlem is overrepresented, a smaller role of the municipality could be explained by the good situation

in Haarlem, with not that many vacant shops. There are less problems with retail vacancies and therefore a more limited role of the government is required.

Conclusion

This perspective 'The market takes the lead' prefers an active role of market parties, and a more facilitating role of the municipality in line with the market approach. Only a few municipal instruments are preferred. The viewpoint is mostly represented by market parties. We conclude that market parties consider mostly a role for themselves in addressing retail vacancies, and only consider a limited role of the municipality necessary. The instruments that are preferred consists mostly of instruments that draw up preconditions. Haarlem is overrepresented in this viewpoint, a limited role of the municipality could be explained by the fact that Haarlem is experienced as one of the best inner cities in the Netherlands and therefore an active role of the government is considered unnecessary.

6.3 Similarities between the viewpoints

Several similarities followed from the two viewpoints discussed in paragraph 6.2.1 and 6.2.2. Firstly, both viewpoints agree on a role for market parties; both retailers and real estate investors. Secondly, both viewpoints agree on the use of four instruments:

- Change the zoning of shops to a living function;
- Combinations of zonings should be allowed;
- Safeguard the quality of the public space;
- Promote the inner city.

Thirdly, three instruments are found inappropriate for addressing retail vacancies:

- Property owners with an empty shop should be fined;
- Financial support to transform a shop into a different function;
- Municipal purchase of empty shops to decrease the shopping surface.

The first instrument is a fine for property owners with a vacant shop (2: -3 and -2). The Dutch Act *Kraken en Leegstand* (squatting and vacancy) allows municipalities to implement a regulation for vacant (retail) properties. This regulation forces property owners to report the municipality about the condition of their property, when the property is not reported, municipalities can fine the property owner. It is not exactly the same as the fine formulated in the statement, but it helps to reflect on it. In 2015 the Ministry of Security and Justice and the Ministry of the Interior and Kingdom Relations took the initiative to evaluate the Act *Kraken en Leegstand* (RIGO Research en Advies, 2015). In 2015, only 8 municipalities made use of this Act. The municipalities conclude that the Act is useful to gain insight into the amount of vacant retail space, but they concerned the fine not useful. The fine is only used a few times by one municipality (RIGO Research en Advies, 2015). All other municipalities have used the regulation to get in touch with the property owners (RIGO Research en Advies, 2015). In theory it seems a good instrument to create an incentive for property owners, but in practice it is barely used and if it is used it does not provide the required results. The second instrument, financial support for the transformation of a shop into a different function is not preferred by the stakeholders (30: -2 and -4). They stated that subsidies should not be directly paid for market parties. The third instrument is 'the municipality needs to buy empty shops to give the property a new function' (40: -4 and -4). All participants strongly disagreed with this statement, since municipalities often already have several vacant properties and also because this is not a task the municipality should fulfil. However, in practice, this can be a very useful

instrument, when the municipality wants to guide the transformation of the function of a property in a specific direction. Therefore in practice, municipalities purchase shops to change the function in line with the public interest. In the interviews several market parties stated that retail vacancies should not be addressed with subsidies, since these are temporary and they stated that more long term solutions are necessary to address retail vacancies.

6.4 Discussion of the Q-methodology

This paragraph critically assesses the use of Q-methodology to answer the research questions.

In advance of the interview, the consistency and comprehensibility of the Q-set was checked. A focus group meeting was organised with four people with different backgrounds. The meeting consisted of judging the statements and then executing the Q-methodology. Even though the final Q-set was checked during the meeting, the formulation of some statements could have been better. Statement 20: 'Concentration of the shopping area is the only solution for addressing vacancies on the retail market' was not formulated well, because there is more than one solution for addressing vacancies on the retail market. Many participants disagreed on this statement, some participants were neutral. This statement is not taken into account while explaining the results. Statement 21: 'Doing nothing is not an option for municipalities' was not formulated well because of the double negative. The combination of 'doing nothing' and 'not' makes the statement confusing. Since all Q-sorts were executed with the attendance of the researcher, we expect those to be filled in correctly.

To check the representativeness of the Q-set, a control question was added to the interview. The Q-set could not be changed throughout the research, but for further research it is important to know whether the Q-set is conclusive and clear. Participants were asked whether they missed any aspect of the issue they believed was relevant. One participant mentioned that the instrument 'regional coordination of where to increase or reduce retail space' was lacking. Another participant preferred a distinction between property owners and real estate investors. In the Q-set only property owners are mentioned. It was the choice of the researcher to combine both real estate investors and property owners in the property owners group because of the limited number of statements. For further research the distinction can be made to gain more in depth knowledge in the differences between the role of property owners and real estate investors. In the P-set the distinction was made between real estate investors and property owners, so their differences in the viewpoint concerning the role of the municipality is included in the study.

In the study we found 4 out of 20 participants configured the Q-sort in a manner that failed to load significantly on factor A or B. It is not a goal in itself to have every participant load significant on a factor. Based on the interview and observance of the researcher possible reasons why those participants failed to load significantly are provided:

- Participant #6 is an inhabitant of Alkmaar, loads with 0,39 almost significant on factor A (> 0,40 is significant). The low loading can be explained by the difference in knowledge compared with the other stakeholders. All other stakeholders work on a daily basis in the field of the retail market, the inhabitants don't.
- Participant #8 is a retailer in Alkmaar. His opinion deviates significantly from both perspectives.
- Participant #12 is an inner city manager in Haarlem, who is in contact with many parties, property owners, retailers, and the municipality. Considering the

background of participant #12, we expected the participant to load significantly on one of the factors, because he is in contact with many parties.

- Participant #20 is an expert with a scientific background. The participant loads with 0,39 almost significant on factor A. He sorted the statements for inner cities in the Netherlands and not specifically Haarlem or Alkmaar. Therefore it does not come as a surprise that the Q-sort does not load significantly.

With Q-methodology, the interpretation of the researcher is of importance. With the extraction of factors, there is no strict rule how many factors should be extracted. Based on several criteria and factor analysis with both two and three factors the decision for two factors is made.

6.5 Discussion of the results

The results on the role of the municipality in addressing retail vacancies shows a dichotomy in the perspectives. However, three annotations need to be made in relation to this study.

Firstly, the viewpoints identified in this study are expected to be representative of stakeholders of the retail market in Alkmaar and Haarlem. All stakeholders that were expected relevant for the study participated. Of many stakeholders, only 1 or 2 representatives were interviewed, if the study would be repeated with 3 or more representatives per stakeholder additional viewpoints may be found. However, the tension whether the government or the market needs to address retail vacancies is confirmed with the results of the Q-methodology as found in literature (chapter 2). The viewpoints are not expected to change much on the main issues.

Secondly, the viewpoints following from the Q-methodology are not fixed. Q-methodology combines both quantitative and qualitative research. For the quantitative part, if another research is done given the same Q-sorts and analysed with the same PQMethod software, the same viewpoints will globally arise. Though there is a range within these viewpoints and small variations can occur, however in essence the same viewpoints arise: they are inherent to the conducted Q-sorts. The interpretation of the viewpoints is done qualitatively, which leaves room for discussion. The factor scores provide a solid basis for interpretation, but explanations are found in interviews and literature. In the translation of the viewpoints some variation could exist and this is open for discussion.

With the Q-methodology it is not sure whether the participants act in practice the same as they agreed or disagreed on the Q-statements. It is possible that the participants executed the Q-methodology rationally, but in practice they can act differently. For example during the interviews the market parties (retailers, property owners and real estate investors) explained that they disagree on subsidies for market parties, since the government should not intervene on the market. Then a subsidy is not a long term solution, but in practice when they are asked by a governmental institution they could answer differently since they can profit from it.

7. Synthesis: combining issues and viewpoints to come to opportunities for municipal intervention

This chapter combines the analysis of the downward spiral of retail vacancies as presented in Chapter 2, the network of stakeholders from Chapter 4, and the different stakeholders' perspectives of Chapter 6 in order to conclude where potential opportunities for municipal intervention are found.

The downward spiral, as presented in Figure 5, shows that retail vacancies can start an ongoing process of decreasing liveability, less visitors, lower revenues of retailers, and even more retail vacancies. Municipalities monitor the quality of the inner city with the use of the downward spiral. The downward spiral consist of four parameters:

- number of retail vacancies;
- number of visitors;
- revenues of retailers;
- liveability.

Per parameter is discussed when intervention is needed. A vacancy rate of 5% is necessary for a good flow on the retail market. This 5% is based on the fact that there always time between renters; renting contracts that do not follow each other directly or renovations take place. With a vacancy rate higher than 5%, the municipality needs to intervene. For the number of visitors, we cannot provide a specific number or percentage. In the case of a declining trend, the municipality needs to intervene. The same counts for the liveability. The revenues of retailers are monitored by the municipality. Lowering revenues of retailers will not lead to municipal intervention, this is a task that retailers need to fulfil. The quality of the inner city should be monitored every year, then a decrease in quality of the inner city can be assessed in an early stage, since prevention in an early stage is better than to cure problems later.

Instead of re-inventing the wheel, municipalities can make use of parameters that are already monitored by provinces and the Ministry of the Interior and Kingdom Relations. The provinces agreed in 2016 to provide a real estate monitor (paragraph 3.3). The real estate monitor provides information on the details of a parcel, which is available for stakeholders (Ministry of Economic Affairs, 2016). The Ministry of the Interior and Kingdom Relations monitors the liveability every two years on the scale of municipalities (RIGO Research en Advies & Atlas voor gemeenten, 2015). The liveability is determined based on dwellings, inhabitants, facilities, safety, and physical environment (RIGO Research en Advies & Atlas voor gemeenten, 2015). Municipalities can use this monitor as a basis to measure the liveability within their municipality. The province already has the responsibility for collecting data of shopping areas (Ministry of Economic Affairs, 2016), and the Ministry of Interior and Kingdom Relations for the liveability. Instead of starting their own research, municipalities need to collaborate with the province and Ministry of Interior and Kingdom Relations. The demand for which data, which area, and the frequency of monitoring should be geared to one another.

When the municipality observes a decreasing quality of the inner city, one of the following solution packages can be used. Two packages are created to support municipalities with addressing retail vacancies. The packages are based on the dichotomy that followed from the problem analysis in Chapter 2 and the results of the Q-methodology in Chapter 6. Municipal instruments are categorized according to the parameter it addresses. Therefore, municipalities can decide based on the results of monitoring which parameter needs to be

addressed and which instruments are useful. Next to the packages, the network of stakeholders that belong to that package are presented.

The basic package, as presented in Figure 21, shows the four parameters of the downward spiral in white ellipses. Municipal instruments are shown in the small light blue boxes, the instruments are categorized according to the parameter it addresses. For example, the instrument ‘*Change the zoning of shops to a living function*’ addresses the parameter ‘*retail vacancy*’. This basic package is based on a limited role of the municipality and concerns five instruments. One instrument concerns the change of the zoning of shops to a residential function and the allowance of different functions in a certain zone. Transformation possibilities depend on the demand for land (CPB, 2016), the higher the demand for residences, the easier transformation takes place. In regions like the Hague, Arnhem, and Nijmegen it is very likely that the demand for housing increases, but for parts of Limburg or Zeeland it is not (van Duinen, Rijken, & Buitelaar, 2016). The municipality of Rotterdam promotes the transformation of shops into residences (Gemeente Rotterdam, 2017). The municipality bought several shops and architects were asked to make designs for the future residences. The new residents are granted a subsidy of 2000 euros from the municipality to pay for the design of the architect (Gemeente Rotterdam, 2017). The new residents buy the property of the municipality for a relatively low price (without subsidy) and with the obligation to restore the property (Ministry of the Interior and Kingdom Relations, 2014). Once a shop is transformed into a residence, it does not attract visitors anymore. This can create a dead end in your shopping centre. Referring to the parameters of the downward spiral, with the transformation into a residence, retail vacancies are addressed, but the number of visitors is not. Therefore, the transformation to residences is only desirable on C-locations. The transformation of shops on the first and second floor into residences still attracts visitors to

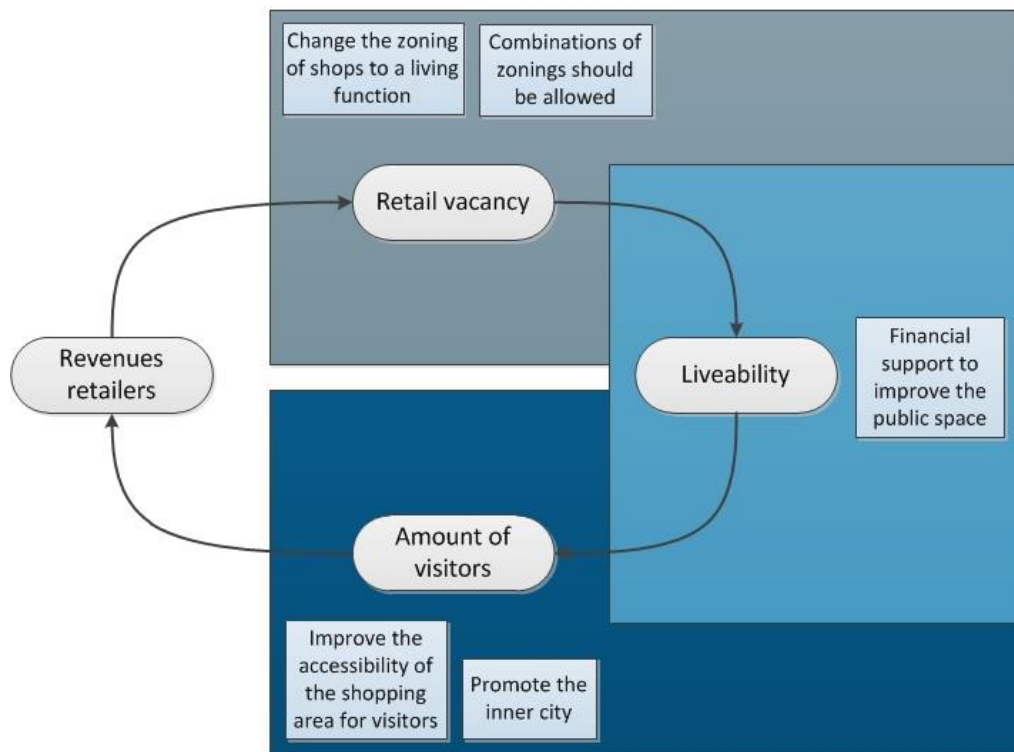


FIGURE 21 BASIC PACKAGE OF MUNICIPAL INSTRUMENTS TO ADDRESS RETAIL VACANCIES

the shop on the ground floor and is interesting from a financial perspective (Linssen et al., 2013). The value of the property increases, but the transformation of the property cannot take

place without an investment (Linssen et al., 2013). The investment is needed for constructional changes like an entrance for the residence on the ground floor. The retailer who rents the shop needs to be taken into account as well, since the retail surface on the ground floor decreases. Real estate investors are reserved in the transformation because of needed investment and the return on the long term (Linssen et al., 2013). Based on the results of the Q-methodology, it can be concluded that that financial support of the municipality is not preferred (paragraph 6.2.1). The municipality can promote the inner city to attract visitors. There are different ways to promote the inner city; for example by participating in the contest to become the best inner city of the Netherlands.

The network of stakeholders that concerns the basic package is shown in Figure 22. The market parties are positioned in the centre of the network; real estate investors, retailers, and property owners take the lead. For market parties, continuity of exploitation is very important (paragraph 3.2), therefore the market parties will focus on attracting citizens to the inner city. The municipality does not take the lead in this situation, but as the basic package shows, several preconditions are set up by the municipality like the quality of the public space and the accessibility. The province and the ministry of Economic Affairs are positioned on the background, their role is limited.

Tasks that market parties can fulfil in that case are the organisation of activities like an ice rink or performances. Real estate investors and property owners can provide more flexible contracts to attract retailers, and therefore address the parameter of retail vacancy. Real estate investors and property owners can renovate their shops to improve the appearance of the shop and therefore the liveability. Pop-up stores can address retail vacancies; it can attract new retailers, or existing retailers can expand their shopping surface.

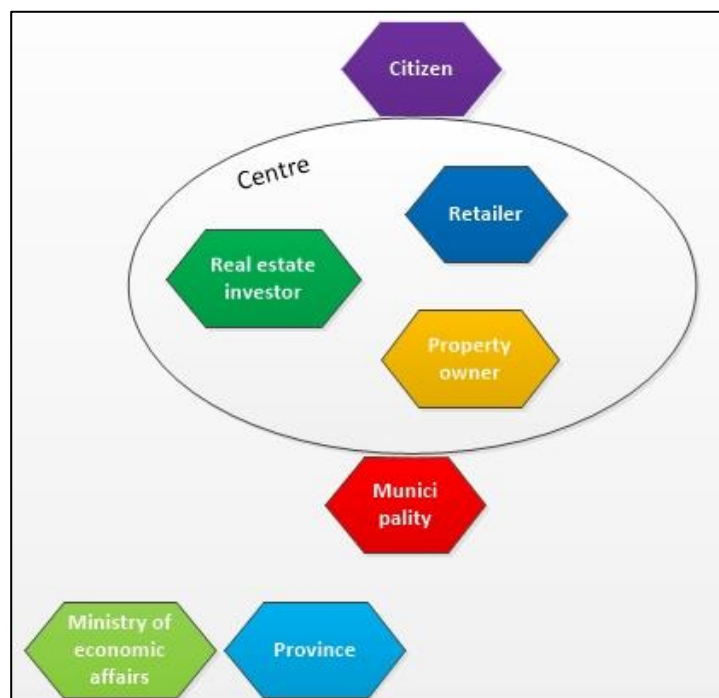


FIGURE 22 NETWORK CONCERNING THE BASIC PACKAGE, WITH MARKET PARTIES IN THE CENTRE OF THE NETWORK

The difficulty with this network in practice is that retailers, property owners, and real estate investors are not uniform stakeholder groups (paragraph 4.1). This is illustrated with the

following example: a small retailer whose hobby got out of hand and started a shop to sell second-hand books, has different interests from a retailer with hundreds of stores in different countries. The small retailer has a local interest and the aim to have an income from the revenues of the shop, where a large retailer may focus on optimize the profits and operates on a (inter)national level. In inner cities there is not one property owner or a few, like in a shopping centre, many real estate investors and property owners are involved because ownership of the shops is spread. The consequence of spread ownership is that interests greatly vary, therefore raising support among market parties is difficult. In practice this is experienced in starting business investment zones (BIZ). Market parties can unite in a BIZ under the condition that 66% of the parties supports the BIZ. A lack of support is experienced as the largest hindrance to realise a BIZ (Berndsen, Doornbos, van Vliet, & Maas, 2012). There may be a free rider problem, in which several market parties will participate in a joint approach and a few market parties benefit from their services but do not contribute to the services. For example, in the case of the organisation of an open concert on a city square. A few retailers may not contribute to the organisation, but these free riders do profit from the extra visitors that are attracted by the performance. Another difficulty is the wait- and see behaviour. For example, in the case of flexible contracts, property owners decide to offer flexible contracts to attract retailers. A few property owners wait- and see. Once several vacant shops become full again, the last properties will be filled more easily and the wait- and see owners can more easily close a long-term contract. Next to all the different interests of the stakeholders, there is also general lack of interest. The market parties will not act in the common good, but often in their own interest.

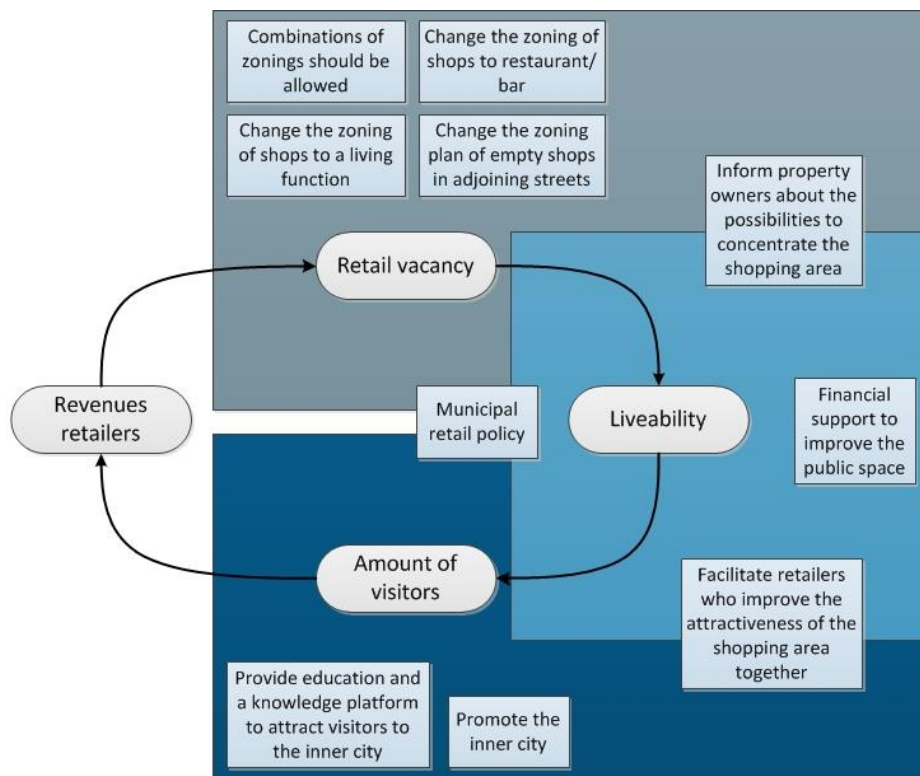


FIGURE 23 PLUS PACKAGE OF MUNICIPAL INSTRUMENTS TO ADDRESS RETAIL VACANCIES

The plus package, which is based on an active role of the municipality, concerns ten instruments (see Figure 23). The instruments to address retail vacancies all concern a change in the zoning plan. These concern the transformation of shops to restaurants, residences, and

combinations of zonings. The possibilities for transformation depend on the demand for land (CPB, 2016), the higher the demand for restaurants, bars or residences, the easier transformation can take place. In the past years, the transformation to a restaurant or bar took more often place in inner cities (Evers et al., 2015). However, the conducted interview show that a balance between shops and bars and restaurants is needed. Bars and restaurants should not take over the largest parts of the shops, because the combination of hospitality and retail strengthen each other. A visitor of the inner city can combine visiting shops with a restaurant. The adjoining streets are specifically appointed to transform shops to a different function. Change the zoning to residences is more appropriate in adjoining streets because a residence in a shopping street does not attract visitors like shops do. One of the instruments concerns informing property owners to concentrate the shopping area. The facilitation of retailers to improve the attractiveness of the shopping area together, can be done with a business investment zone (*BIZ*). A BIZ can only be implemented if 66% of retailers agree with the implementation of a BIZ. An advantage is that there is no free rider problem, once a BIZ is implemented all retailers need to participate, but the other side of the coin is the difficulty in practice to create support among so many retailers (Berndsen et al., 2012). A BIZ can also create a collective communication channel to the municipality (Berndsen et al., 2012). The municipality can promote the inner city to attract more visitors. An education- and knowledge platform can be provided to attract visitors to the inner city, which also can be a way to gather with property owners and retailers. Part of the knowledge platform is to share information concerning the quality of the inner city. The municipal retail policy addresses all three parameters of the downward spiral the municipality can monitor.

The network of stakeholders that concerns the plus package is shown in Figure 24. The municipality is located in the centre of the network, as the initiator to connect with all stakeholders. As the network theory explains in paragraph 4.1, there is not one stakeholder who can address the situation, the municipality needs all other stakeholders in a joint approach. The municipal retail policy and knowledge platforms (instruments from the plus package) are instruments that drive to this joint approach.

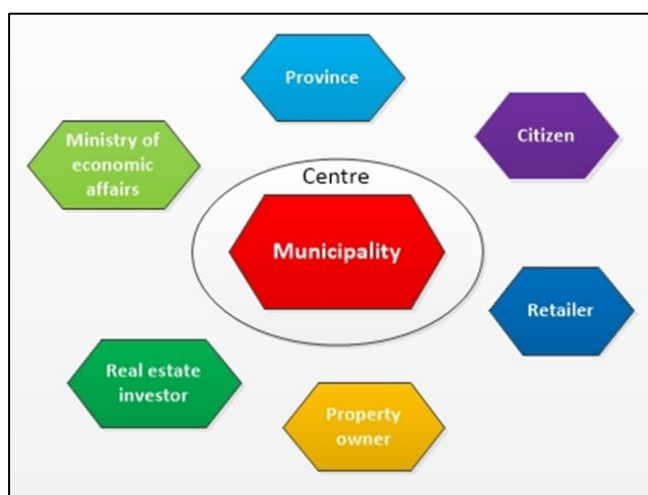


FIGURE 24 NETWORK CONCERNING THE PLUS PACKAGE, WITH THE MUNICIPALITY IN THE CENTRE OF THE NETWORK

Next to the packages, two additional opportunities are discussed. Following from the interviews and the literature review, several large real estate investors assess the quality of an inner city regularly and tend to invest only in the best inner cities in the Netherlands. Every

real estate investor has its own strategy, but in Alkmaar we concluded that two large real estate investors have no investments there, while they had in Haarlem. This is not of overriding importance of an inner city, but it can be an indicator of the quality of the inner city for municipalities.

Following from the Q-methodology, viewpoint A and B strongly agree with the fact that municipalities should not address vacancies alone, but other parties need to help (17: +4 and +2). Therefore, municipalities should make use of a joint approach, besides both viewpoints expect a role of property owners and retailers. From the network problem followed that a multi-issue agenda will prevent a one-issue and yes/no situation which hinders good and efficient decision making in a network (de Bruijn & ten Heuvelhof, 2008). In addition, the more problems and solutions that are being discussed, the more stakeholders want to be involved. A multi-issue agenda consists of not only addressing the issue of retail vacancies, but also other issues in the area, as for instance shoplifting which is in the interest of retailers.

8. Conclusions and recommendations

This thesis contains an exploratory study into the role of municipalities and municipal intervention on retail vacancies. This chapter brings all research results together to answer the main research question: *“Is there a role for municipalities in addressing vacancies on the retail market in inner cities in the Netherlands, and how can they address retail vacancies?”* Finally, recommendations for future research are presented.

8.1 Role of the municipality (and the role of market parties)

Although literature addressed government intervention concerning retail vacancies, it was concluded in this study that there is a tension in literature and society between the role of the government and the market in addressing retail vacancies (Chapter 1 and paragraph 2.2). Based on the external effects of vacancies, literature suggested that government intervention is needed. However, the large fluctuations on the retail market could also be explained by the pork cycle, which states that oversupply alternates with shortages. Market mechanism will turn the current oversupply into a shortage. This study aimed to investigate whether there is a role for municipalities in addressing retail vacancies on the retail market and if there is a role, how the municipality should fulfil this role.

The observed tension between market mechanism and government intervention was studied. Q-methodology was used to study the viewpoints of stakeholders in inner cities. A dichotomy was found concerning the role of the municipality and the instruments it should use: viewpoint A ‘Step up Municipality’ and B ‘The market takes the lead’.

Viewpoint A is presented in Figure 25 with the municipal instruments the stakeholders of the viewpoint consider useful. Viewpoint A prefers an active role of the municipality which is in line with the government approach. The government approach includes an important role of the municipality, who determines the public interests, and a limited role of market parties. This limited role does not mean no role at all, market parties are still expected to address retail vacancies.

The instruments are categorized in two ways: according to the NATO framework (explained in paragraph 4.3) and according to the space, market and rules framework (explained in paragraph 3.1). The NATO framework presented by Hood (1986) defines four basis resources

for governments: nodality, treasure, authority and organization (shown in Figure 25 with different colours).

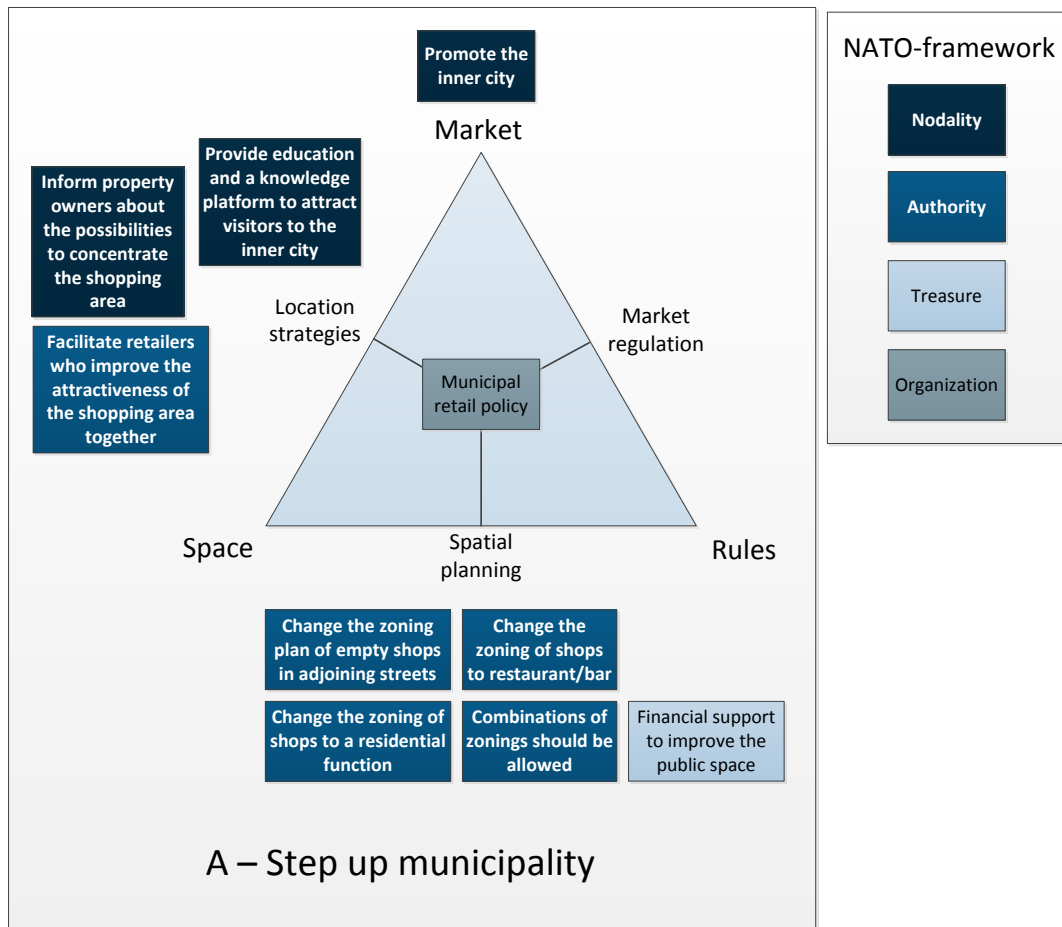


FIGURE 25 VIEWPOINT A - WITH THE MUNICIPAL INSTRUMENTS. POSITIONED ACCORDING TO THE DRIVING FORCES OF THE RETAIL MARKET (EVERS ET AL., 2012) AND CATEGORIZED ACCORDING TO THE NATO FRAMEWORK (HOOD, 1986).

Viewpoint A prefers the use of nodality and authority instruments. Two specific instruments that stand out are the municipal retail policy (organization) and the zoning plan (authority). The municipal retail policy is preferred because it is an instrument that brings parties together. Overall, treasure instruments are not in favour of the stakeholders, money should not be a goal in itself. Governmental institutions and advisors strongly agree with this viewpoint, more than market parties. Government institutions and advisors consider an important role for the municipality. This can be explained by several reasons: governments and advisors have a general over view of the situation, more than market parties. Besides, governments want to protect the societal value of the inner city, by not taking the risk that the inner city becomes deteriorated.

Viewpoint A is represented by stakeholders from Alkmaar and Haarlem. Despite the different situations in the inner cities of the municipalities, both nodality and authority instruments are preferred. Figure 26 shows that the instruments addresses different aspects of the retail market except for market regulation. This is surprising, because of the preferred government approach. This is explained as follows, the government approach is preferred, but without strict market regulations like rules to prohibit certain market processes.

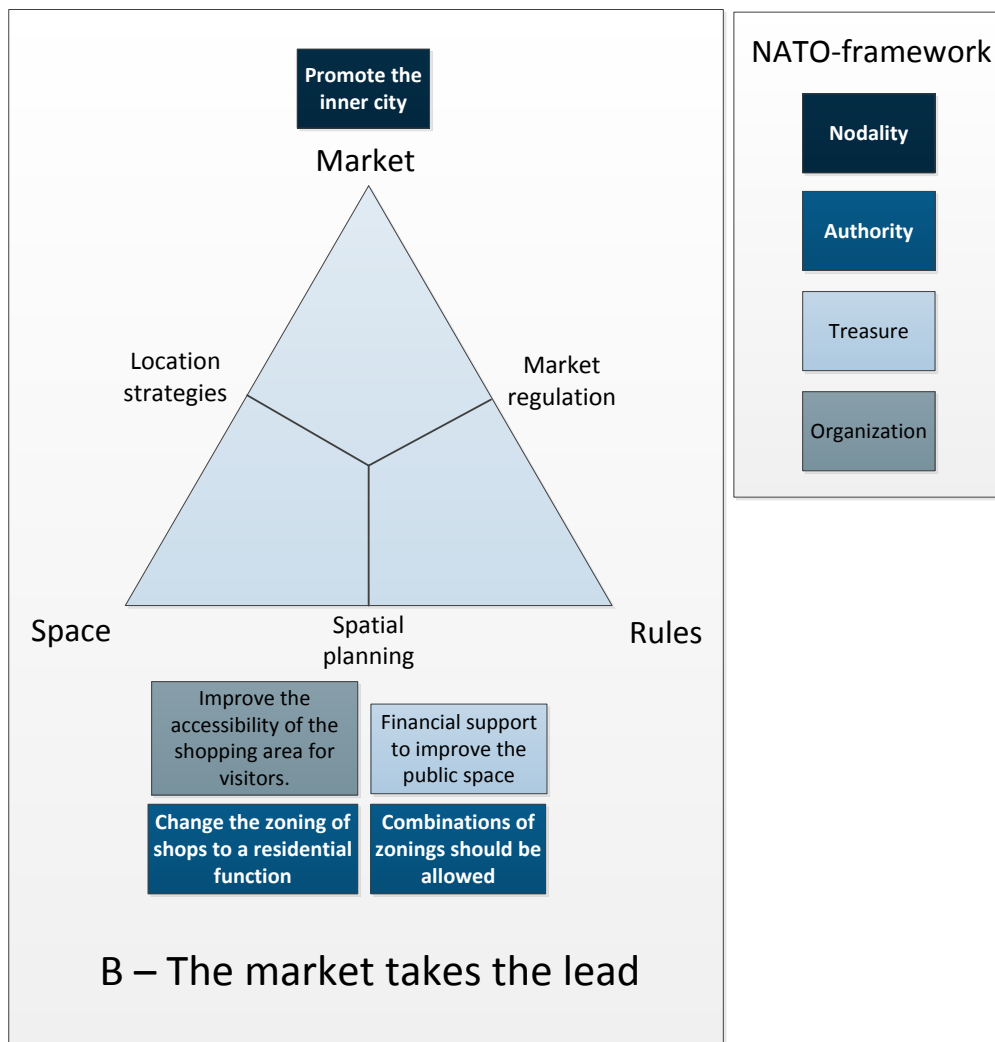


FIGURE 26 VIEWPOINT B - WITH THE MUNICIPAL INSTRUMENTS. POSITIONED ACCORDING TO THE DRIVING FORCES OF THE RETAIL MARKET (EVERS ET AL., 2012) AND CATEGORIZED ACCORDING TO THE NATO FRAMEWORK (HOOD, 1986).

Viewpoint B “The market takes the lead” is presented in Figure 26 with the municipal instruments the stakeholders of the viewpoint considers useful. Viewpoint B prefers a limited role of the municipality with a market approach. The market approach includes a facilitating role of the government and a very active role of market parties. Here, market mechanism is preferred over government intervention. Only a few municipal instruments are preferred. There is no clear preference for a certain resource, all resources; nodality, authority, treasure and organization are included. In drawing conclusions, it is important to take into account that the viewpoint is represented mainly by market parties. Market parties consider themselves able to address retail vacancies, when several preconditions are facilitated by the municipality like the public space and the accessibility. Haarlem is overrepresented in this viewpoint. Several reasons can be thought of how this influences the viewpoint: Haarlem is experienced as a very attractive and healthy inner city, and therefore municipal intervention is not considered necessary. Figure 26 shows that the instruments are focused on two aspects of the retail market; the market and spatial planning. The spatial planning instruments provide conditions (quality of the public space, accessibility, zoning plan) under which the market can

take the lead. The combinations of zonings provides market parties more freedom to optimize market processes.

Although it cannot be said that one perspective is suitable in all situations, a number of conclusions can be drawn from studying the viewpoints. The same tension as found in literature between the role of the municipality and the market in addressing retail vacancies is found in practice. The viewpoints show that that market mechanism is preferred by mostly market parties themselves and government intervention is preferred by mainly government institutions and advisors. Four municipal instruments are considered appropriate for addressing retail vacancies by all stakeholders:

- Change the zoning of shops to a living function;
- Combinations of zonings should be allowed;
- Safeguard the quality of the public space;
- Promote the inner city.

These instruments are part of the basic package (Chapter 7) and need to be implemented as minimum municipal intervention. The plus package is developed once the problems get worse (Chapter 7).

The treasure instrument is one specific resource of the municipality both viewpoints do not consider it as an appropriate resource for addressing retail vacancies. Municipalities will experience much resistance with the implementation of these instruments. Financial support in itself is not a solution, subsidies for market parties stimulate uneconomic companies. Besides, subsidies are only temporary and will not solve the situation on the long term.

8.2 Monitor the quality of the inner city

Retail vacancies can start a downward spiral of a decreasing liveability, less visitors, lower revenues of retailers resulting in even more retail vacancies (Paragraph 2.1). In literature is stated that there is a task for government institutions in addressing external effects. With the use of the downward spiral as a cause for government intervention, external effects are addressed. This study concluded that there is a role for municipalities in monitoring the quality of the inner city using the downward spiral (Chapter 7). The downward spiral consists of four parameters:

- retail vacancies;
- number of visitors;
- revenues of retailers;
- liveability.

The quality of the inner city should be monitored every year, then a decrease in quality of the inner city can be assessed in an early stage. Prevention in an early stage is better than cure later. Municipal intervention is needed, when the vacancy rate increases above 5% of the total retail space, or municipalities observe a decline or a declining trend of the liveability or amount of visitors. The revenues of retailers need to be addressed by market parties and is not a role of the municipality.

Two (solution) packages with instruments were developed for municipal intervention: the basic package and the plus package. The basic package includes a few municipal instruments, all instruments that both viewpoints agree on. The plus package includes a more extensive role of the municipality.

8.3 Joint approach to address retail vacancies

Vacancies on the retail market are a network problem (paragraph 4.1). In network problems, there is not one stakeholder who can address the complex problem (de Bruijn et al., 2010). There is role for municipalities in monitoring the quality of the inner city. Once, the downward spiral starts the municipality should use the basic or plus package to address retail vacancies. Besides, the viewpoints showed that there is a role for property owners and retailers too.

In viewpoint B, the market takes the lead, it will be very difficult use a joint approach. Many stakeholders are involved with different interests and that makes it difficult to create support for this joint approach. In viewpoint A, with the municipality as the connecting factor in the middle of the network (Figure 24 in Chapter 7), it will be more feasible to realise a joint approach. A multi-issue agenda helps for good and efficient decision making in a network. In addition, the more problems and solutions that are being discussed, the more stakeholders want to be involved. A multi-issue agenda consists of not only addressing the issue of retail vacancies, but also other issues in the area, as for instance shoplifting which is in the interest of retailers.

8.4 Recommendations for future research

Prior to studying the role of the municipality, the first question is whether there should be a role for the municipality at all. Research into the consequences of limited intervention or no intervention of the municipality can provide new insights into the tension between market parties and the government. What would happen if the rules are limited, the zoning plan has mixed zonings, will the market take the lead? There is a responsibility for the municipality to maintain the public space for a certain level, but not to expand this.

Based on this study it is recommended to evaluate the effects of the instruments to address retail vacancies. Firstly, future studies can include instruments used in other countries, or think of new ideas for instruments. Secondly, future research can collect data that makes it possible to compare the use of instruments over a certain period of time. This type of research may further enhance our understanding about the long term effects of the instruments on the retail market.

Finally, it is recommended to study the implications of the downward spiral quantitatively. This study developed the downward spiral qualitatively based on scientific literature, but all four parameters can be made quantitatively. The amount of vacant retail space, amount of visitors and the revenues of retailers are easily quantified. Although liveability is more complex to quantify, this is already measured in several researches on sale flows.

9. Reflection

The aim of this study is to investigate whether there is a role for municipalities in addressing vacancies on the retail market and if there is a role, how the municipality should fulfil this role. In this final chapter we reflect on the societal relevance, scientific relevance and the generalizability of this study.

By using Q-methodology this study adds a new research method in the toolbox of advisors. The results of the Q-methodology showed that this scientific method clarifies collective viewpoints of stakeholders on the retail market in practice. The collective viewpoints presented the support among stakeholders regarding certain roles and instruments of the municipality. This is of high value to municipalities as we know which stakeholders will collaborate or from which stakeholders we can expect resistance. A disadvantage of the use of the Q-methodology is that it is very time consuming and costly. The formulation of the Q-set took a lot of time since it needs to be exhaustive. Once the study has started, the Q-set cannot be altered anymore. A phase in which time can be saved is the collection of the Q-sorts. This study conducted the Q-sorts together with an interview, but the Q-set can also be ranked online. This saves travel time and execution of the Q-interview. However, an interview allows the researcher to pose questions and gain more knowledge, especially in this study this was valuable. Finally, we conclude that the Q-methodology is helpful to advisors when the problem is characterized by a network problem and not much pressure of time.

The results of this study presented the support among stakeholders for certain municipal instruments. However, the effectivity of the instruments was not studied. When the stakeholders ranked the statements, they may had situations in their minds of when a certain instrument was useful or not, or they might had experience with certain instruments. Finally, with the Q-method we did not explicitly tested the effectivity of the instruments, but the support of the instruments. The support is important for the feasibility of the instruments, but the effectivity is important to actually lower retail vacancy in practice. Future research in which the effectivity of the instruments is tested, in combination with the results of this study adds to a successful approach in practice.

By using Q-methodology this study adds a new research method in the field of spatial planning, because this method is unconventional in this field of study. The results of the Q-methodology showed that the method is able to gain insight into the viewpoints and structure the viewpoint of stakeholders in network problems. However, the results showed that a varying group of stakeholders can result in exclusion of the viewpoints of participants. In this study, the perspective of the citizens is only limited addressed because the citizens did not load significantly on any factor. This can be explained by the varying knowledge levels of the stakeholders on the retail market. Almost all stakeholders are involved in the retail market on a daily basis, but citizens are an exemption. They have no work experience, or education in this field like other stakeholders (retailers, real estate investors, and municipalities etc.). Therefore we conclude that the Q-methodology is most useful when the knowledge levels of participants are similar. However, network problems like retail vacancies will always include participants with varying levels of knowledge. It is complex to overcome this difficulty, however, once it is concluded an extra research method can be used. For instance an in-depth interview or a survey to take the viewpoint of participants with varying knowledge levels into account, although this takes much time and is costly.

The results of the Q-methodology and literature review were translated to two (solution)packages (Chapter 7). These were developed by combining the issues and viewpoints, and not validated in practice, however they still add value to practice and science. The most important added value of these packages is that they bridge the gap between theory and practice. As mentioned in the problem analysis, the main issue identified in literature is the tension between the government and the market in addressing retail vacancies. The synthesis provides concrete instruments how vacancies can be addressed in different ways. The synthesis should not be considered static, but appropriate to change for instance with the entrance of new instruments, laws and regulations.

The identified tension between market mechanism and government intervention is confirmed with the results of the Q-methodology. A generalisation to other countries cannot be justified, because of large differences in spatial planning and the expected role of the government. Spatial planning policy in the Netherlands was always focused on preserving the existing retail structure and protective with respect to peripheral retail development {van der Krabben, 2009 #25}. This resulted in a different retail structure, comparing with other countries where out of town centres is the rule rather than the exception. With the 'expected role of the municipality' I mean a difference of perspective in which in the Netherlands people count on a government institution to address certain problems, without questioning whether it is really their responsibility. The results of this study are representative for inner cities in the Netherlands, which are comparable in size of population and the retail surface of the inner cities included in this study. The results of the study are useful in other inner cities as it provides insight in the expected role of the municipality.

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Appendix I Analysis provincial retail deals

TABLE 15 PROVINCIAL RETAIL DEALS (MINISTRY OF ECONOMIC AFFAIRS, 2016)

	G D	F R	D R	F L	O V	G D	L B	N B	Z L	Z H	N H	U T	Amo unt
Knowledge platform municipalities and retailers		X	X		X	X	X	X	X			X	8
Researches on sales flows	X	X	X					X		X	X	X	7
Transfer of information of shops	X	X	X			X	X	X					6
Facilitate/ oblige/ encourage municipal retail visions	X	X			X			X		X	X		6
Restrict plans for new development of shops		X					X		X			X	4
Provincial retail agenda/outline a policy			X						X	X		X	4
Strengthen/ encourage entrepreneurship	X				X		X	X					4
Regional coordination of development of shops								X	X	X			3
Coordinated retail agenda with three provinces	X	X	X										3
Strengthen shopping area					X	X			X				3
Facilitate retail agenda several municipalities	X		X										2
Redevelopment of existing offices/ companies and shops					X						X		2
Research current and future instruments						X		X					2
Insight in the demand for retail								X		X			2
Subsidy for executing municipal retail deals					X								1
Concentration of the current shopping area									X				1
Invest in transformation and development						X							1
Re-education of retail employees					X								1
Dynamic stock control							X						1
Independent advisory committee for retail developments										X			1
Monitor developments and vacancies											X		1
Check retail visions municipalities											X		1

Appendix II Sampling P-set

Three strategies are applied to ensure a diverse P-set. The first strategy is based on the network indicated in paragraph 0. The second strategy consists of an indication of involved parties in the decision making of policy documents of the Ministry of Economic Affairs, the province Noord-Holland and the municipality of Alkmaar and Haarlem. The third strategy is consists of asking participants for other parties who have a different viewpoint and to be willing to contribute to the research.

Participants	
Inhabitant	Network
Municipality	Network
Real estate investor	Network
Large shop	Network
Small shop	Network
Province	Network
Ministry	Network
Society of entrepreneurs	Policy document
Expert	Policy document
Advisor/consultant	Via other participants

In Table 16 and Table 17 the contacted stakeholders are shown of Alkmaar and Haarlem. Both the province and the Ministry of Economic Affairs consist is only one person. They will be asked for both situations.

TABLE 16 P-SET ALKMAAR

Stakeholder	Organisation	Function
Inhabitant	-	-
Municipality	Municipality of Alkmaar	Policy Advisor Economy
Real estate investor	CBRE	Senior director retail
Real estate investor	CBRE Global Investors	Asset manager
Large shop	Mulder Schoenen	Manager
Small shop	The Whiskeyspecialist	Owner
Society of entrepreneurs	Eigenaren Vereniging Vastgoed Alkmaar	Chairman
Province	Province of Noord-Holland	Policy Advisor Economy
National government	Ministry of Economic Affairs	Programmaleider Ruimte en Water
Advisor	Goudappel Coffeng	Advisor economy and spatial development
Advisor	Newman in town	Advisor

TABLE 17 P-SET HAARLEM

Stakeholder	Organisation	Function
Inhabitant	-	-
Municipality	Municipality of Haarlem	Policy Advisor Economy

Real estate investor	ASR Nederland N.V.	Managing director commercial real estate
Property owner	Vereniging eigenaren binnenstad Haarlem	Chairman
Large shop	Body Shop	Shop fit & Maintenance manager
Small shop/ restaurant	Yoghurt barn	Manager
Society of entrepreneurs	Centrum Management Groep	Chairman
Province	Province of Noord-Holland	Policy Advisor Economy
Consultant	Akro consult	Advisor
Expert	Netherlands Environmental Assessment Agency	Spatial development

Below the list of participants is shown.

#	Government/ market party	Instance	Function		Name
1	Market party	The Whiskey Specialist	Owner	Shop (small)	Charles Snel
2	Government	Ministry of Economic Affairs		Ministry of Economic Affairs	Jacques de Win
3	Market party	Eigenarenvereniging Vastgoed Alkmaar	Chairman	Society of property owners	Rob Jennée
4	Market party	Goudappel Coffeng	Advisor	Advisor Province	Tim van Huffelen
5	Market Party	CBRE Global Investors	Asset Manager	Real estate investor	Luc Baas
6	Inhabitant	Inhabitant		Inhabitant	Kim Boerman
7	Market Party	Newman in Town	Advisor	Advisor Municipality	Marc Numann
8	Market Party	Mulder Schoenen	Manager	Shop (large)	Olaf Mulder
9	Government	Province of Noord-Holland	Policy Advisor Economic Affairs	Province	Kim Ruijs
10	Market Party	ASR	Managing director Commercial real estate	Real estate investor	Edwin van der Woestijne
11	Market Party	Yoghurt Barn	Manager	Restaurant and shop	Frank Kremer
12	Other	Centrum Management Groep Haarlem	Centrum manager	Centre management	Fred Postma
13	Government	Municipality of Haarlem	Policy Advisor	Municipality	Jan Appelman

Vacant retail space, should the municipality intervene?

14	Inhabitant	Inhabitant		Inhabitant	Marga Boer
15	Market Party	Vereniging Eigenaren Binnenstad Haarlem	Chairman	Society of property owners	Anton Bruning
16	Government	Municipality of Alkmaar	Manager Economie en Arbeidsmarkt	Municipality	Melissa Roecoert
17	Market Party	CBRE	Senior Director - Retail	Advisor property owners and retailers	Bjørn Brink
18	Market Party	Body Shop	Shop fit & Maintenance manager	Shop (large)	Steven Brand
19	Market Party	Akro Consult	Partner	Advisor municipality	Roger Kersten
20	Government	Netherlands Environmental Assessment Agency	Senior researcher Spatial Development	Researcher retail market	David Evers

Appendix III Sampling Q-set

To collect statements a diverse set of sources was accessed. Previous studies on retail management and planning policies formed the theoretical point of view. Table X provides an overview of the governmental documents that were used for this study. The governmental documents were consulted to determine the political dialogue and policy daily practice on the retail market. The whole of sources led to a set of 100 statements, which were reduced to a final set of 46.

TABLE 18 GOVERNMENTAL DOCUMENTS USED FOR THIS STUDY

Name document	Year published
Retail policy province Noord-Holland 2015-2020	2015
Monitor Retail market province Noord-Holland	2016
Retail vision region Alkmaar	2011
Notitie possibilities transformation vacant office- and company spaces in Alkmaar	2015
Retail Vision Zuid-Kennemerland (region Haarlem)	2013
Covenant inner city Haarlem 2013-2017	2013
Retail vision Haarlem shopping city	2016
Effective vacancy policy Haarlem	2015
Research prevention vacancy in Haarlem	2015
Retail agenda	2015

A focus group meeting was organised with four students of the TU Delft with different backgrounds. The meeting lasted 2 hours and consisted of judging the statements and then executing the Q-methodology.

The final set of 42 statements is shown below. There is a distinction made between statements that describe a role or an instrument for the municipality or another party.

TABLE 19 Q-SET IN ENGLISH

Statement	Source	Role/ Instrument	Reduce shopping surface	Stimulate more shopping
The municipality needs to get shopping surface out of the market.		I	X	
Shopping in the inner city is a public good.	Q	R		
Retailers should contribute together financially in a fund to make the public space more attractive.	H	I	X	
The municipality should collaborate as much as possible with the initiatives of retailers.	P	R	X	X
The municipality should collaborate as much as possible with the initiatives of property owners.	P	R	X	X
Municipalities should make space for renewed entrepreneurship.		R		X

Vacant retail space, should the municipality intervene?

The municipality needs to promote her own inner city as a shopping city	H	R	X	
Combinations of zonings/functions should be allowed. An example is an interior shop where you can drink a cup of coffee.	R	I		
By changing the zoning plan from a shop function to culture vacant properties are addressed in a good way.	H	I		X
By changing the zoning plan from a shop function to a living function vacant properties are addressed in a good way.	H	I		X
By changing the zoning plan from a shop function to a restaurant/bar function vacant properties are addressed in a good way.	H	I		X
A strict distinction of the zoning plan (living, restaurant, bar, retail) in the inner city needs to be dropped	R	I	X	X
Temporary vacancies can be addressed with pop-up stores. A pop-up store is a temporary store that appears as fast as it disappears.	H	I	X	
If we want to address retail vacancies, the best option is to improve the parking supply.	H	I	X	
It is important that the municipality provides subsidies to address vacancies.	Q	I	X	X
Municipalities take the initiative to bring parties together to develop a future-oriented retail policy	R	I/R	X	X
The municipality cannot address vacancies on the retail market alone, other parties need to help.		R		
The municipality needs to facilitate concentration of shops as much as possible.	H	R	X	X
The municipality is not capable in addressing vacancies on the retail market.	Q	R		
Concentration of the shopping area is the only solution for addressing vacancies on the retail market.		I		
Doing nothing is not an option for municipalities.	D	R		
The initiative for addressing vacancies on the retail market needs to come from the market.	D	R	X	

The municipality should make the public space of the shopping area attractive.		I		
The municipality should inform property owners about the possibilities for concentration of the shopping area.		I		X
The municipality should provide education and share knowledge for retailers and property owners to attract visitors to the inner city.		I	X	
The municipality should improve the accessibility of the inner city to attract more visitors.		I	X	
High streets (streets with mixed functions; shops, houses, etc.) with many vacant shops need to have a different function (zone).		I		X
Addressing vacancies on the retail market is not a task the municipality should fulfil.	Q	R		
Property owners with a vacant shop for 6 months or longer should be fined .		I	X	X
Property owners should receive financial support by changing the function of the property.		I		X
Retailers are not capable in preventing a decrease of the liveability of the inner city.	P	R	X	
Retailers have a risk, a chance for profits, but also a chance for losses. When retailers have losses they should not be compensated by the government.		R		
In the inner city the market can solve the vacancies on the retail market.	N	R		
You cannot expect property owners to address vacancies on the retail market, when the property owner with a vacant property earns nothing on their investment	N	R		
The government cannot escape from spending money to address vacancies on the retail market.	N	R		X
I prefer market mechanism over government measures to reduce the number of vacant shops.		R		
Long term renting contracts (5 years or longer) between property owners and retailers have to make place for more flexible contracts.		I		X

Vacant retail space, should the municipality intervene?

In an inner city with many vacant shops you cannot expect an active role of the remained retailers.		R		
Retailers and the municipality should address vacancies together in a Public Private Partnership.		I		
The municipality needs to buy empty shops to give it a new function		I	X	
New shops that do not fit the zoning plan should not be allowed		R	X	
Property owners should exchange parcels in a smart way to make developments in urban areas possible.		I	X	X

TABLE 20 Q-SET IN DUTCH

Q-set	
1	De gemeente moet winkeloppervlakte uit de markt halen.
2	Winkelen in de binnenstad is een publiek goed.
3	Winkeliers moeten gezamenlijk in een ondernemersfonds financieel bijdragen om de openbare ruimte aantrekkelijker te maken.
4	De gemeente moet zoveel mogelijk meewerken aan initiatieven van winkeliers.
5	De gemeente moet zoveel mogelijk meewerken aan initiatieven van vastgoedeigenaren.
6	Gemeenten moeten vernieuwend ondernemerschap de ruimte te bieden
7	De gemeente moet haar eigen binnenstad als winkelstad marketen
8	Combinaties van bestemmingen moeten worden toegestaan. Een voorbeeld hiervan is een interieurwinkel waar je ook een kopje koffie kan drinken.
9	Door winkellocaties te herbestemmen als cultuur wordt leegstand op een goede manier aangepakt.
10	Door winkellocaties te herbestemmen als woning wordt leegstand op een goede manier aangepakt.
11	Door winkellocaties te herbestemmen als horeca wordt leegstand op een goede manier aangepakt.
12	Strikt onderscheid tussen bestemmingen (wonen, horeca, retail) in de binnenstad moeten worden losgelaten.
13	Winkelleegstand in de binnenstad kan bestreden worden met pop-up stores. Een pop-up store is een tijdelijke winkel die net zo snel verschijnt als verdwijnt.
14	Als we winkelleegstand willen aanpakken, dan moet het parkeeraanbod verbeterd worden.
15	Het is belangrijk dat de gemeente subsidie verstrekt voor de aanpak van winkelleegstand.
16	Gemeenten moeten initiatief nemen om betrokken partijen bij elkaar te brengen om samen te komen tot een toekomstgericht detailhandelsbeleid.
17	De gemeente moet de winkelleegstand niet alleen aanpakken, andere partijen moeten daarbij helpen.
18	De gemeente moet zoveel mogelijk concentratie van winkels mogelijk maken.
19	De gemeente is niet in staat om winkelleegstand aan te pakken.
20	Concentratie van het winkelgebied is de enige oplossing voor de aanpak van winkelleegstand.
21	Niets doen door de gemeente is geen optie.
22	Het initiatief tot aanpak van winkelleegstand zal moeten komen vanuit de markt.
23	De gemeente moet de openbare ruimte van het winkelgebied aantrekkelijk maken
24	De gemeente moet vastgoedeigenaren informeren over de mogelijkheden van concentratie van het winkelgebied
25	De gemeente moet voorlichting en kennisdeling voor winkeliers en vastgoedeigenaren beschikbaar stellen voor de aanpak van winkelleegstand.
26	De gemeente moet de bereikbaarheid van de binnenstad verbeteren.
27	Aanloopstraten met veel lege winkels moeten een andere bestemming krijgen
28	De aanpak van winkelleegstand valt niet binnen de taken van de gemeente
29	Vastgoedeigenaren moeten beboet worden bij een leegstand winkelpand van meer dan 6 maanden.
30	Vastgoedeigenaren moeten subsidie ontvangen bij herbestemming van een winkel

31	Winkeliers zijn niet in staat om winkelleegstand aan te pakken.
32	Winkeliers hebben een risico, een kans op winst, maar ook een kans op verlies. Bij verlies moeten ze niet door de overheid worden gecompenseerd.
33	In de binnenstad kan de markt de huidige winkelleegstand zelf oplossen.
34	Van vastgoedeigenaren met een leeg pand die niets meer aan hun investeringen verdienen, kan men niet verwachten dat zij leegstand aanpakken
35	De overheid ontkomt er niet aan om met geld als 'smeerolie' over de brug te komen om winkelleegstand aan te pakken
36	Ik geef de voorkeur aan marktwerking boven overheidsmaatregelen om de winkelleegstand te verkleinen.
37	Langdurige huurovereenkomsten (5 jaar of langer) tussen vastgoedeigenaren en winkeliers moeten plaats maken voor meer flexibele contracten.
38	In een centrum met veel leegstand kan je van de overgebleven winkeliers geen actieve rol verwachten.
39	Winkeliers en de gemeente moeten samen in een PPS (publiek private samenwerking) winkelleegstand aanpakken.
40	De gemeente moet lege winkelpanden kopen om er een andere functie aan te geven
41	Nieuwe winkels die niet passen in het bestemmingsplan moeten niet worden toegestaan.
42	Vastgoedeigenaren moeten op een slimme manier onderling gronden ruilen om nieuwe ontwikkelingen in stedelijk gebied mogelijk te maken.

Appendix IV Interview protocol

All interviews are done verbally because then the most interaction with the participant is possible. It provides more insight into the view of the participant on the role of municipalities in addressing vacancies on the retail market, but also possible instruments.

The protocol of the interview is described are based on the protocol described by Watts and Steiner (2012). Participants are asked execute the interview on a table because of the ranking of all cards. The interview starts with an introduction of the research and the interviewer. Then the 7 steps of the interview are explained. At first several administrative questions are asked:

1. May I record this interview?
2. Do you want to receive my thesis once it is completed?
3. What is you function within this organization?

Step 1

The Q-methodology is for most participant not familiar and needs to be explained well, otherwise there will be misunderstandings and this will end up in mistakes in the research.

Step 2

The participant is asked to read all statements and categorize these in three groups:

- Agree: Statements where the participant agrees with
- Disagree: Statements where the participant disagrees with
- Neutral: Statements where the participant has no opinion or mixed opinions about.

Step 3

The participant has sorted the statements in three categories. First we start with the category where the participant agrees with. The participant ranks the cards relative to each other. At each ranking value (0, +1, +2, +3 etc.) is the number of possible cards shown.

← Most disagree					Most agree →				
-4	-3	-2	-1	0	+1	+2	+3	+4	
(2)									(2)
	(4)							(4)	
		(5)				(5)			
			(6)		(6)				
				(8)					

FIGURE 27 FIXED DISTRIBUTION USED TO RANK THE Q-SET. STATEMENTS ARE CATEGORIZED ON +4 FOR MOST AGREE AND -4 MOST DISAGREE. THE NUMBERS BELOW SHOWS THE NUMBER OF STATEMENTS THAT NEEDS TO BE PUT DOWN.

Step 4

The participant has sorted the all statements where it agrees on. The next step are the statements where the participant disagrees with. Again, the participant ranks the cards relative to each other. At each ranking value (0, -1, -2, -3 etc.) is the number of possible cards shown.

Step 5

The last cards are the category neutral. These cards need to be placed between the category positive and negative.

Step 6

All cards are placed under the ranking value cards. The participant is asked to check the cards again to see if there are no mistakes. Then the categorization needs to be recorded.

Step 7

The participants are asked why they sort certain statements as -4 (disagree) and +4 (agree). During the interview there is also interaction possible to ask questions during the process of ranking the cards. In the end, all participants were asked whether they missed any instrument or information in the statements.

Appendix V Factor extraction

1. Correlation matrix

One starts by creating a number of sorts by the total number of items (20 by 42) matrix of all Q-sorts and items. The correlation of Qn to all other Q-sorts is calculated using the following equation.

$$r = 1 - \left(\frac{\sum d^2}{2N} \right)$$

Correlation = $1 - (\sum \text{square of the difference between two Q-sorts on an item})$

d = square of the difference between two Q-sorts on an item

N = total number of sorts

TABLE 21 CORRELATION MATRIX (PART 1)

	1	2	3	4	5	6	7	8	9	10
1	100	40	28	31	10	0	22	12	18	64
2	40	100	43	43	57	16	43	30	53	45
3	28	43	100	47	20	15	62	7	34	22
4	31	43	47	100	31	24	59	13	63	40
5	10	57	20	31	100	12	30	19	27	28
6	0	16	15	24	12	100	13	32	52	4
7	22	43	62	59	30	13	100	32	43	47
8	12	30	7	13	19	32	32	100	13	30
9	18	53	34	63	27	52	43	13	100	13
10	64	45	22	40	28	4	47	30	13	100
11	32	14	7	20	-10	13	10	14	15	20
12	18	18	41	44	-3	6	30	-5	39	-5
13	23	57	43	59	27	22	38	14	64	21
14	34	36	44	20	13	-4	25	7	22	9
15	37	46	60	65	38	16	59	35	32	52
16	47	60	56	41	34	26	64	24	40	51
17	47	60	41	67	37	35	38	34	54	38
18	45	30	30	40	29	26	24	4	34	44
19	39	44	38	36	21	26	34	19	38	44
20	15	42	-4	21	36	36	26	17	47	18

TABLE 22 CORRELATION MATRIX (PART 2)

	11	12	13	14	15	16	17	18	19	20
1	32	18	23	34	37	47	47	45	39	15
2	14	18	57	36	46	60	60	30	44	42
3	7	41	43	44	60	56	41	30	38	-4
4	20	44	59	20	65	41	67	40	36	21
5	-10	-3	27	13	38	34	37	29	21	36
6	13	6	22	-4	16	26	35	26	26	36
7	10	30	38	25	59	64	38	24	34	26
8	14	-5	14	7	35	24	34	4	19	17
9	15	39	64	22	32	40	54	34	38	47
10	20	-5	21	9	52	51	38	44	44	18
11	100	9	31	15	20	26	38	18	26	7
12	9	100	46	39	30	29	32	22	34	6
13	31	46	100	47	39	52	62	32	39	22
14	15	39	47	100	27	40	53	44	31	-10
15	20	30	39	27	100	58	55	30	37	-1
16	26	29	52	40	58	100	62	40	42	32
17	38	32	62	53	55	62	100	53	41	28
18	18	22	32	44	30	40	53	100	52	18
19	26	34	39	31	37	42	41	52	100	30
20	7	6	22	-10	-1	32	28	18	30	100

2. How many factors?

During the factor analysis the Centroid Factor Analysis method (CFA) or Principal Components Analysis (PCA) is used to identify the different factors. PCA provides mathematically the best solution, but scholars state that there is not one best solution for a factor analysis (SOURCE). In contrast to PCA, CFA leaves options open. The analyst decides how many factors have to be extracted.

There are different criteria for factor extraction, these are discussed below.

Horst's method

With Horst's method the PQMethod program determine when to stop extracting factors according to what Horst suggested as the limiting level of residual correlations. For this study Horst's method suggests 2 factors.

The magic number 7

For a rough estimate, one can use the number seven. Usually not more than seven factors can be extracted (Watts & Stenner, 2012).

A factor for each 6 to 8 participants

Extracting a factor for every six or eight participants is a rule of thumb that cannot be mathematically justified, but is convenient in practice and seems to be applicable (Watts & Stenner, 2012). For this study with 20 participants, that would suggest using 3 factors, although 2 or 4 would be defensible as well according to this rule.

Significantly loading Q-sorts

Only factors that have two or more significant factor loadings following extraction. A significant factor loading at the 0,01 level can be calculated using the following equation. In this study the significant factor loading is 0,398. The factors factor loadings are checked in the unrotated factor matrix. Three factors satisfy this criterion.

$$\begin{aligned}\text{Significant factor loading} &= 2.58 \times (1/\sqrt{\text{No. of items in the Q set}}) \\ &= 2.58 \times (1/\sqrt{42}) \\ &= 0,398\end{aligned}$$

Humphrey's rule

Humphrey's rule states that a factor is significant if the cross-product of its two highest loadings exceeds twice the standard error (Brown, 1980). Twice the standard error for the study is 0,30. Factor 1 are 0.78 and 0,84, which means that a cross-product for this factor of 0,66 (=0,78*0,84). According to this rule, factor 2 and 3 are not significant.

$$\begin{aligned}\text{Standard error} &= 1 / (\sqrt{\text{No. of items in the Q set}}) \\ &= 1 / \sqrt{42} \\ &\approx 0,15\end{aligned}$$

Scree test

A scree test is a plot of the eigenvalues on a line graph. The number of extracted factors is indicated by the point at which the line changes the slope (Watts & Stenner, 2012). Figure 28 shows that the slope changes after 2, which means that two factors should be extracted.

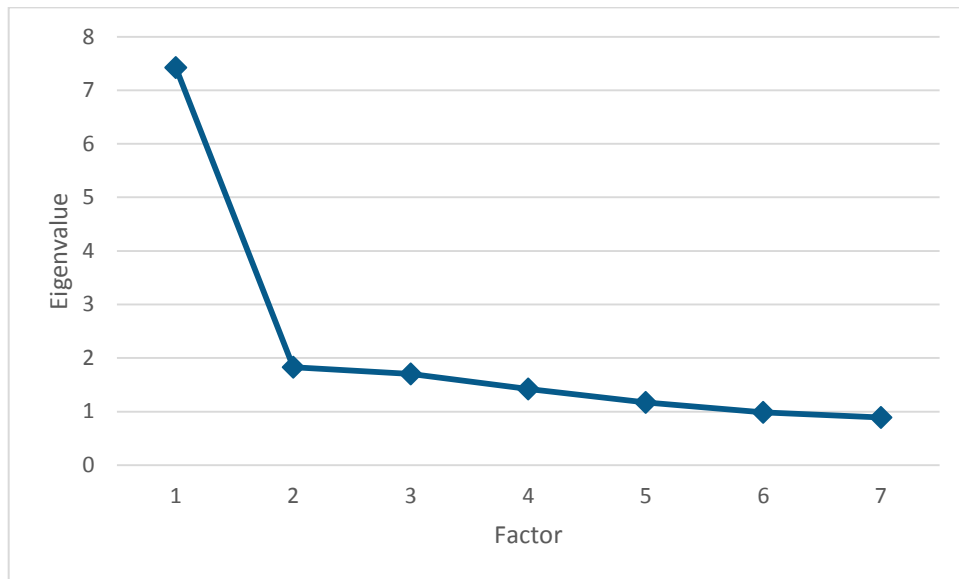


FIGURE 28 SCREE TEST FOR UNROTATED FACTORS USING PCA

Eventually two factors have been indicated.

Appendix VI Factor Rotation

After the factor extraction, a factor rotation is performed to optimise the factors. The factors itself are not changed, but the positioning of the factors in a two-dimensional space is. Rotation allows for maximising the loading on one factor, while decreasing the loading on the other factor. The method is used to decide which Q-sort belongs to which factor. There are two axes that represent two factors. All Q-sorts are placed on a point in relation to the two axes. When the axes are rotated, the position of the Q-sort is changed relative to the factors. There are two methods for factor rotation; Varimax and manual rotation. Varimax is used because it rotates the factors for you. The factors are positioned according to statistical criteria and so that, the factors account for the maximum amount of study variance (Watts & Stenner, 2012).

QSORT					1	2
1	Shop (small)	A1_WinWh	Alkmaar	Market	0,05	0,83
2	Ministry of Economic Affairs	A2_MinEZ		Government	0,63	0,39
3	Society of property owners	A3_EVA		Market	0,50	0,32
4	Advisor Province	A4_AdvT			0,72	0,26
5	Real estate investor	A5_CBREV			0,45	0,11
6	Inhabitant	A6_InwK		Citizen	0,39	0,06
7	Advisor Municipality	A7_AdvMN		Market	0,67	0,21
8	Shop (large)	A8_WinMu			0,27	0,18
9	Province	A9_Provi		Government	0,81	0,07
10	Real estate investor	H10_BelA	Haarlem	Market	0,27	0,54
11	Restaurant (and shop)	H11_WinB			0,07	0,40
12	Centre management	H12_CMG		Other	0,33	0,22
13	Municipality	H13_Geme		Government	0,61	0,35
14	Inhabitant	H14_Inw		Citizen	0,24	0,43
15	Society of property owners	H15_VEBH		Market	0,57	0,39
16	Municipality	A16_Gem	Alkmaar	Government	0,61	0,50
17	Advisor property owners and retailers	H17_CBRE	Haarlem	Market	0,63	0,56
18	Shop (large)	H18_Body			0,23	0,65
19	Advisor municipality	H19_Roge			0,42	0,48

Vacant retail space, should the municipality intervene?

20	Researcher retail market	NL20_PBL	Netherlands	Government	0,37	0,10
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Eyeball analysis with Q-sorts that possess a factor loading higher than the significant factor loading which is 0,398.

TABLE 23 FACTOR DEFINING Q-SORTS FOR TWO FACTORS

Factor number	Q-sort numbers	Total
1	2, 3, 4, 5, 7, 9, 13, 15	8
2	1, 10, 11, 14, 18	5
Co-founded	16, 17, 19	3
Non-significant	6, 8, 12, 20	4

TABLE 24 FACTOR DEFINING Q-SORTS CATEGORIZED PER STAKEHOLDER GROUP

	Factor A	Factor B
Government	Ministry of Economic Affairs Province Municipality	
Market	Society of property owners Advisor Province Property owner Advisor Municipality Society of Property Owners	Shop Real estate investor Shop Shop
Inhabitant		Inhabitant

Final factor array

The final factor arrays are obtained by normalising the factor loadings to the highest loading and including all factors with a significant factor loading ($> 0,398$). Participants with a loading higher or equal to the significant factor loading are included in this study, because the factor array is an average that becomes more stable if more sorts contribute (Watts & Stenner, 2012).

Appendix VII Crib sheet

Watts invented a crib sheet system (Watts & Stenner, 2012). The crib sheets is a way of ensuring that nothing obvious get missed or overlooked and it provides a wider system of organization of the interpretative process and encourages holism by forcing engagement with every item in a factor array (Watts & Stenner, 2012).

1. Crib sheet factor A

Items ranked at +4

- 16 Municipalities take the initiative to bring parties together to develop a future-oriented retail policy
- 17 The municipality cannot address vacancies on the retail market alone, other parties need to help.

Items ranked at +3

- 3 Retailers should contribute together financially in a fund to make the public space more attractive.
- 6 Municipalities should make space for renewed entrepreneurship.
- 18 The municipality needs to facilitate concentration of shops as much as possible.
- 25 Provide education and share knowledge for retailers and property owners to attract visitors to the inner city.

Items ranked higher in factor A array than in other factor arrays

- | | | |
|----|--|----|
| 1 | The municipality needs to get shopping surface out of the market. | -1 |
| 3 | Retailers should contribute together financially in a fund to make the public space more attractive. | 3 |
| 9 | By changing the zoning plan from a shop function to culture vacant properties are addressed in a good way. | 0 |
| 11 | By changing the zoning plan from a shop function to a restaurant/bar function vacant properties are addressed in a good way. | 1 |
| 12 | A strict distinction of the zoning plan (living, restaurant, bar, retail) in the inner city needs to be dropped | 0 |
| 16 | Municipalities take the initiative to bring parties together to develop a future-oriented retail policy | 4 |
| 17 | The municipality cannot address vacancies on the retail market alone, other parties need to help. | 4 |
| 18 | The municipality needs to facilitate concentration of shops as much as possible. | 3 |
| 21 | Doing nothing is not an option for municipalities. | 2 |
| 24 | The municipality should inform property owners about the possibilities for concentration of the shopping area. | 2 |
| 25 | The municipality needs to provide education and share knowledge for retailers and property owners to attract visitors to the inner city. | 2 |
| 27 | High streets (streets with mixed functions; shops, houses, etc.) with many vacant shops need to have a different function (zone). | 3 |
| 30 | Property owners should receive financial support by changing the function of the property. | -2 |

35	The government cannot escape from spending money to address vacancies on the retail market.	0
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Items ranked lower in factor A than in other factor arrays

2	Shopping in the inner city is a public good.	1
4	The municipality should collaborate as much as possible with the initiatives of retailers.	0
8	Combinations of functions should be allowed. An example is an interior shop where you can drink a cup of coffee.	2
14	If we want to address retail vacancies, the best option is to improve the parking supply.	-1
15	It is important that the municipality provides subsidies to address vacancies.	-2
20	Concentration of the shopping area is the only solution for addressing vacancies on the retail market.	-3
22	The initiative for addressing vacancies on the retail market needs to come from the market.	0
26	The municipality should improve the accessibility of the inner city to attract more visitors.	0
28	Addressing vacancies on the retail market is not a task the municipality should fulfil.	-3
29	Property owners with a vacant shop for 6 months or longer should be fined.	-3
31	Retailers are not capable in preventing a decrease of the liveability of the inner city.	-2
32	Retailers have a risk, a chance for profits, but also a chance for losses. When retailers have losses they should not be compensated by the government.	-1
33	In the inner city the market can solve the vacancies on the retail market.	-2
36	I prefer market mechanism over government measures to reduce the number of vacant shops.	1
37	Long term renting contracts (5 years or longer) between property owners and retailers have to make place for more flexible contracts.	0
38	In an inner city with many vacant shops you cannot expect an active role of the remained retailers.	-4
39	Retailers and the municipality should address vacancies together in a Public Private Partnership.	-1
41	New shops that do not fit the zoning plan should not be allowed	-1
42	Property owners should exchange parcels in a smart way to make developments in urban areas possible.	-1

Items ranked at -4

38	In an inner city with many vacant shops you cannot expect an active role of the remained retailers.
40	The municipality needs to buy empty shops to give it a new function

2. Crib sheet factor B

Items ranked at +4

- 22 The initiative for addressing vacancies on the retail market needs to come from the market.
- 37 Long-term renting contracts (5 years or longer) between property owners and retailers have to make place for more flexible contracts.

Items ranked at +3

- 2 Shopping in the inner city is a public good.
- 6 Municipalities should make space for renewed entrepreneurship.
- 8 Combinations of functions should be allowed. An example is an interior shop where you can drink a cup of coffee.
- 36 I prefer market mechanism over government measures to reduce the number of vacant shops.

Items ranked higher in factor B array than in other factor arrays

- | | | |
|----|---|----|
| 2 | Shopping in the inner city is a public good. | 3 |
| 4 | The municipality should collaborate as much as possible with the initiatives of retailers. | 2 |
| 8 | Combinations of functions should be allowed. An example is an interior shop where you can drink a cup of coffee. | 3 |
| 14 | If we want to address retail vacancies, the best option is to improve the parking supply. | 0 |
| 15 | It is important that the municipality provides subsidies to address vacancies. | -1 |
| 20 | Concentration of the shopping area is the only solution for addressing vacancies on the retail market. | 0 |
| 22 | The initiative for addressing vacancies on the retail market needs to come from the market. | 4 |
| 26 | The municipality should improve the accessibility of the inner city to attract more visitors. | 2 |
| 28 | Addressing vacancies on the retail market is not a task the municipality should fulfil. | -2 |
| 29 | Property owners with a vacant shop for 6 months or longer should be fined. | -2 |
| 31 | Retailers are not capable in preventing a decrease of the liveability of the inner city. | 1 |
| 32 | Retailers have a risk, a chance for profits, but also a chance for losses. When retailers have losses they should not be compensated by the government. | 1 |
| 33 | In the inner city the market can solve the vacancies on the retail market. | -1 |
| 36 | I prefer market mechanism over government measures to reduce the number of vacant shops. | 3 |
| 37 | Long term renting contracts (5 years or longer) between property owners and retailers have to make place for more flexible contracts. | 4 |
| 38 | In an inner city with many vacant shops you cannot expect an active role of the remained retailers. | -3 |

Vacant retail space, should the municipality intervene?

39	Retailers and the municipality should address vacancies together in a Public Private Partnership.	0
41	New shops that do not fit the zoning plan should not be allowed	0
42	Property owners should exchange parcels in a smart way to make developments in urban areas possible.	2

Items ranked lower in factor B than in other factor arrays

1	The municipality needs to get shopping surface out of the market.	-3
3	Retailers should contribute together financially in a fund to make the public space more attractive.	-1
9	By changing the zoning plan from a shop function to culture vacant properties are addressed in a good way.	-1
11	By changing the zoning plan from a shop function to a restaurant/bar function vacant properties are addressed in a good way.	-1
12	A strict distinction of the zoning plan (living, restaurant, bar, retail) in the inner city needs to be dropped	-2
16	Municipalities take the initiative to bring parties together to develop a future-oriented retail policy	0
17	The municipality cannot address vacancies on the retail market alone, other parties need to help.	2
18	The municipality needs to facilitate concentration of shops as much as possible.	-2
21	Doing nothing is not an option for municipalities.	1
24	The municipality should inform property owners about the possibilities for concentration of the shopping area.	-1
25	The municipality needs to provide education and share knowledge for retailers and property owners to attract visitors to the inner city.	0
27	High streets (streets with mixed functions; shops, houses, etc.) with many vacant shops need to have a different function (zone).	0
30	Property owners should receive financial support by changing the function of the property.	-4
35	The government cannot escape from spending money to address vacancies on the retail market.	-3

Items ranked at -4

30	Property owners should receive financial support by changing the function of the property.
40	The municipality needs to buy empty shops to give it a new function

3. Factor scores sorted by consensus vs. disagreement viewpoints

TABLE 25 FACTOR Q-SORT VALUES FOR STATEMENTS SORTED BY CONSENSUS VS. DISAGREEMENT

No.	Statement	A	B
39	Retailers and the municipality should address vacancies together in a Public Private Partnership.	-1	0
19	The municipality is not capable in addressing vacancies on the retail market.	-2	-2
13	Temporary vacancies can be addressed with pop-up stores. A pop-up store is a temporary store that appears as fast as it disappears.	1	1
10	By changing the zoning plan from a shop function to a living function vacant properties are addressed in a good way.	1	1
29	Property owners with a vacant shop for 6 months or longer should be fined .	-3	-2
34	You cannot expect property owners to address vacancies on the retail market, when the property owner with a vacant property earns nothing on their investment	-3	-3
7	The municipality needs to promote her own inner city as a shopping city	1	1
23	The municipality should make the public space of the shopping area attractive.	2	2
33	In the inner city the market can solve the vacancies on the retail market.	-2	-1
6	Municipalities should make space for renewed entrepreneurship.	3	3
15	It is important that the municipality provides subsidies to address vacancies.	-2	-1
40	The municipality needs to buy empty shops to give it a new function	-4	-4
5	The municipality should collaborate as much as possible with the initiatives of property owners.	0	0
26	The municipality should improve the accessibility of the inner city to attract more visitors.	0	2
41	New shops that do not fit the zoning plan should not be allowed	-1	0
14	If we want to address retail vacancies, the best option is to improve the parking supply.	-1	0
21	Doing nothing is not an option for municipalities.	2	1
1	The municipality needs to get shopping surface out of the market.	-1	-3
9	By changing the zoning plan from a shop function to culture vacant properties are addressed in a good way.	0	-1
2	Shopping in the inner city is a public good.	1	3
38	In an inner city with many vacant shops you cannot expect an active role of the remained retailers.	-4	-3
8	Combinations of zonings/functions should be allowed. An example is an interior shop where you can drink a cup of coffee.	2	3
20	Concentration of the shopping area is the only solution for addressing vacancies on the retail market.	-3	0
36	I prefer market mechanism over government measures to reduce the number of vacant shops.	1	3
11	By changing the zoning plan from a shop function to a restaurant/bar function vacant properties are addressed in a good way.	1	-1
4	The municipality should collaborate as much as possible with the initiatives of retailers.	0	2
28	Addressing vacancies on the retail market is not a task the municipality should fulfil.	-3	-2
30	Property owners should receive financial support by changing the function of the property.	-2	-4

Vacant retail space, should the municipality intervene?

12	A strict distinction of the zoning plan (living, restaurant, bar, retail) in the inner city needs to be dropped	0	-2
25	The municipality should provide education and share knowledge for retailers and property owners to attract visitors to the inner city.	2	0
27	High streets (streets with mixed functions; shops, houses, etc.) with many vacant shops need to have a different function (zone).	3	0
32	Retailers have a risk, a chance for profits, but also a chance for losses. When retailers have losses they should not be compensated by the government.	-1	1
17	The municipality cannot address vacancies on the retail market alone, other parties need to help.	4	2
35	The government cannot escape from spending money to address vacancies on the retail market.	0	-3
42	Property owners should exchange parcels in a smart way to make developments in urban areas possible.	-1	2
31	Retailers are not capable in preventing a decrease of the liveability of the inner city.	-2	1
24	The municipality should inform property owners about the possibilities for concentration of the shopping area.	2	-1
3	Retailers should contribute together financially in a fund to make the public space more attractive.	3	-1
37	Long term renting contracts (5 years or longer) between property owners and retailers have to make place for more flexible contracts.	0	4
16	Municipalities take the initiative to bring parties together to develop a future-oriented retail policy	4	0
22	The initiative for addressing vacancies on the retail market needs to come from the market.	0	4
18	The municipality needs to facilitate concentration of shops as much as possible.	3	-2