Retail vacancy in inner cities

The importance of area and object characteristics

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Reflection

Process

Since the research proposed at the P2 assessment the research has changed quite a bit. During the feedback on P2 presentation, the tutors made the comment that the proposal was focused on two aspects: new types of retail stores and how vacancy is related to area/object characteristics. I still believe the topic of new store types would have been an interesting topic. However considering the relevance of the topic of retail vacancy, I think I made the right choice.

Reflecting back shows that throughout the master thesis the focus of the research has been continuously changing until somewhere between the P2 and P3 assessment. Sometimes this change was a nuance, but especially in the beginning the changes were sometimes abrupt. These changes were made conscious and are part of a learning process.

Research method

There was chosen for an expert based research method since a number of rather specific concepts were subject to research and experts deal with these issues on a daily base. As well the focus on real estate characteristics advocated the expert based approach. The chosen research method however did not fit the research question used at the P3:''To what extent are area and object characteristics influencing vacancy in Dutch inner-city retail space?''. To answer this research question the research should have included a hedonic regression. Therefore the research question was rephrased to: ''How are area and object characteristics related to vacancy in Dutch inner-city retail space?''.

Literature research

The conducted literature research revealed sufficient literature concerning general theories related to retail space. For the retail centre attractiveness attributes predominantly international publications were found; literature specific for the Netherlands is limited. This however does not form a problem since the expert interviews were used to link the findings from literature to the current situation in the Netherlands.

Concerning object factors there was a lack of useful literature. The literature that was found includes a thesis research from the Amsterdam School of Real Estate. Based on the found publications no reliable list of factors could be derived and therefore the role of the expert interviews was crucial.

Expert interviews and Delphi research

In total 9 semi structured expert interviews were conducted. These interviews retrieved useful data and allowed the creation of a grounded list of factors on both area and object level. The interviews

experts were nicely spread out over the six identified categories. Furthermore almost all interviewees had a position as director or adjunct-director.

In total 19 experts participated in the Delphi research. Initially there was opted for a maximum of 24 experts. However due to time constraints there was chosen to settle for an expert panel that was smaller in size. However this did not per definition negatively influence the reliability of the research since: the Delphi method is not based on statistical power but rather on group dynamics, the Delphi panel was rather even spread out over the identified categories, and the Kendall W values for both the area and object ranking was high. One expert dropped out between the first and second Delphi round. Due to pregnancy leaf the expert did not participate in the second round of the Delphi. Consequently the participant was removed from the Delphi panel and the responds of the first Delphi round was removed as well.

Case Studies
The case studies were used to test the findings from the other research methods in practice. About the vacancy issue in Schiedam a number of useful reports were found. For Rotterdam and Vlaardingen there were no reports found of recent data that specifically target the subject of retail vacancy. However many policy document did have a relation to retail vacancy. The Locatus data was very useful in the analysis. The database of Locatus gives a quick and consisted overview of the distribution of retail space and footfall numbers in the retail centres.

During the research I intended to include the Retail Risk Index. This is a product of Locatus that gives an index rating concerning the risk of a certain retail property. Initially this seemed an interesting index since it to some extend is related to vacancy. However the Retail Risk Index does not focus on vacancy directly; it gives an index based on the expectation that the current tenant of an object will still occupy the property in a year. A number of sub indexes of the Retail Risk Index could be interesting to include; however, the index as a whole has a fairly low predictive value (in only around 30% of the cases that received the highest risk score the retailer actually left the object in a year) and the academic grounding of some assumptions made can be questioned. Therefore there was not tried to include the Retail Risk Index in this thesis research.

End result
The results from literature, expert interviews, Delphi research, and case studies are in line with each other. However the results of the case study are context dependent and can not be generalised to national level. The link between the object characteristics and vacancy is centre specific since all centres have different objects. This does not mean that no generic knowledge can be gained from the case studies. The Delphi ranking however can be generalised since the experts filled in the survey based on a generic inner city retail centre with over 200 stores and the ranking has a high Kendall W.

Research limitations
The research implications are limited to the Dutch situation. Due to the meshed character of the Dutch retail structure and considering the importance of local (shopping)culture, the conclusions can not be reflected on a different setting without first being critically assessed. Furthermore the case study used case areas that are located in the same urban agglomeration. A different context will possibly result in different outcomes.