

# Position Paper Commercial establishment in the Netherlands



## Dutch retail structure

**The Dutch retail structure is internationally recognised for its intricate structure. Shopping areas in the Netherlands come in all shapes and sizes: historic towns and village centers, shopping arcades and large-scale retail establishments in the periphery.**

**The Netherlands is the country with the largest retail density in Europe. Since the 1960s we went from 11 to 16 million inhabitants and the square footage of retail space quadrupled. In addition to the huge increase in retail space, the average floor productivity (revenue) per square meter of floor space is reduced by approximately 25% compared to the year 2000. Recent research by Q & A Research and Consultancy (2014) shows that in 33 municipalities in the Netherlands (403 in total) store vacancy is already above 10%.**

**In 2013, more than 5 billion of sales is done through the Internet. This is 6% of the total retail sales. The turnover of online retailers grew rapidly in recent years. We can conclude however, with consideration of total retail sales, there is a huge growth potential for online sales. Based on the expectation that the transition towards omni-channel businesses will further develop, the sector envisages that less retail square footage is needed in the future.**

## Commercial establishment policy in the Netherlands

Based on the increasing of square meters of retail and the rise of retail vacancy it becomes clear that real estate development needs clear rules from the municipality and provincial level. Store vacancy negatively influences the adjacent shops and has a snowball effect on viability of shopping areas. It is a challenge for both public and private parties to develop a good spatial planning where existing retail space is used as much as possible and while new initiatives continue to be supported (or continue to be possible). The 'ladder for sustainable urbanization' is an instrument equipped for a careful and transparent decision-making on spatial and infrastructural policy in order that those urban areas are used optimally. The ladder is essential for a well-functioning rural planning of retail space and a balanced approach of sustainable development of cities, towns and rural areas.

Municipalities should have good knowledge of the local en regional situation in the retail and real estate. There are still improvements to make on the implementation of the 'ladder for sustainable urbanization'. For new retail entrants, an economic needs test and/or impact assessment on the existing structure are sometimes required by the municipalities and provinces. This test can legitimately be used as substantiation of rural considerations in the public interest, such as environmental protection, town and country planning and consumer protection. This does not mean that sometimes the economic effects or impact on the existing retail structure may play a role in the public debate.

Another factor is that some municipalities own land themselves as a private party, and therefore may have conflicting interests in the realization of new shopping areas. These interests make it complex to make an objective political judgment.

A strong coordinating role of the 12 provinces on retail planning policy and for the supra-regional coordination of retail development is therefore indispensable. Provinces should take a more coordinating and controlling role in this matter.

#### Experiences of Detailhandel Nederland on commercial establishment

Detailhandel Nederland emphasises the importance that governments should strengthen the existing retail structure for the sake of public interest. In addition, sufficient space should be provided for new developments and innovation. In general and in the long term, the industry expects that much less retail space is needed. Governments need to anticipate to these developments and adapt their policy in order to avoid social harm, such as deterioration of the viability of life in cities, towns and rural areas.

On commercial establishment municipalities and provinces sometimes require economic needs tests and/or impact assessments on the existing structure. This leads to high research costs for the entrants. Sometimes this even results in costs for entrants for preparing and drafting the public rural planning policy. This is an undesirable situation for entrants.

It's a challenge for municipalities and provinces to make 'the successful marriage of a competitive retail sector with fair and sustainable development of cities, towns and rural areas'<sup>1</sup>. We need more governmental (including the national government) decision-making power, vision and shared knowledge to make the Dutch retail structure future-proof. A good implementation of policy on commercial establishment is crucial.

Therefore the following action is needed:

- The national government should coordinate and stimulate the sharing of knowledge on retail structures;
- The national government should monitor developments in the retail structure;
- Provinces should pick a more active and leading role and establish frameworks for retail stock per region;
- Municipal and provincial policies should reflect that any economic study may only be used as basis for spatial considerations relating to the retail trade;
- Municipalities and provinces need to pay attention to minimize the costs and administrative burdens for new entrants.



### About Detailhandel Nederland

Detailhandel Nederland represents the collective social and economic interests of the retailers. The aim is to create the perfect climate for retailers to do business in the best possible way. Thanks to their cooperation in Detailhandel Nederland, small and medium-sized firms (SMEs) and chain stores can present one position together. This strengthens the representation of the retail trade vis-à-vis the Dutch and European authorities.

### The Dutch retail trade

Almost 700,000 people are working in 110,000 shops in the Dutch retail trade. This makes the retail trade the biggest employer in the Netherlands. In 2013 the retail trade achieved a turnover of around 96 billion Euros. In the entire European Union around 31 million people work in the retail trade, in 6.2 million companies with a total turnover of about 2,273 billion Euros.

### Lobby and communication

Detailhandel Nederland is the spokesperson of the retailers in the Netherlands. Consultation with the government and other consultative structures ensure that the retailers' voice is heard. In the European context, Detailhandel Nederland is a member of EuroCommerce.

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