

# RETAIL ISSUES AND SHOP RE-PARCELLING

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In September 2011, my company Locatus organized two so-called `shopviews`, small and informative events for networking with our connections and clients. The presentations of the event discussed the retail developments in Rotterdam: the prediction of the number of shoppers and the emergence of international retail. When the final presentation started, an opportunity came to my mind, being chairman for the day - an opportunity that would solve two of the problems that had been discussed during both days:

## **PROBLEM 1: SHOP VACANCY**

One of the major topics of discussion, especially for municipalities, was shop vacancy. This is a nation-wide problem, even though it bothers one municipality more than another due to regional variation. Generally, vacant shops further deteriorate the economic performance of an area. Wherever stores are empty, fewer shoppers are attracted; and less is sold, where fewer shoppers are present. Where fewer goods are sold, other stores leave causing even more vacancy. This kind of cycle hurts everyone: retailers, shop-owners, employees, and the people living in the area.

## **PROBLEM 2: DEMAND FOR LARGE RETAIL SPACES**

The topic of the last presentation of the day was the emergence of new international retail chains in the Netherlands, such as Primark,

Forever 21, Hollister, and Abercrombie & Fitch. These chains want to conquer the Dutch market and search for retail spaces in the cities. These are preferably in the large cities but not necessary in the A1-shopping areas: large enough but not expensive. The potential tenants need spaces of around 5 000 – 6 000 m<sup>2</sup> in the city centre or close by in the A2 or B-segment, but it is quite difficult to find that kind of large retail spaces in the centre.

## **OPPORTUNITY FOR A SOLUTION**

Speaking my last words as chairman of the day, I proposed a solution to both problems: the one problem is the solution of the other. One problem is about vacant shops, the other is in search of it. The solution looks like a market for supply and demand, but not completely because the available vacant floors are spread throughout the city while the needed square meters should be concentrated. How can we make it work?

To create space for new large retail demands, we need to combine all vacant buildings in an area next to each other. That's when I knew: 're-parcelling' is the solution. As a former cadastre-partisan, I have worked on land re-parcelling for agricultural purposes. The problem was the same: spread out ownership which had to be concentrated and appointed per farm. The solution: re-parcelling.

## **WHAT IS RE-PARCELLING?**

Re-parcelling, also called 'consolidation' or 'land exchange', is a process in which land-owners trade parcels with each other. One of the reasons to start the trade, is to prevent fragmentation of land and give the land-owner as much agricultural land around his farm as possible and thus having less traffic within the region. The goal for all land-owners is to be better off than they were before the trading. This requires a minimum amount of three participants. If all requirements are met, the costs of the trade can be reimbursed by the government. The usual order of events is to set up a re-parcelling plan by the provincial or municipality authorities. The land owners can then trade according to this plan.

## **ADVANTAGES OF SHOP RE-PARCELLING**

Shop re-parcelling can help solve situations in which one out of three parties is stuck, without having to resolve to measures as purchasing land, giving one party more rights, or expropriation. Re-parcelling is a compromise between all parties involved, with the help of an expertise mediator. It accelerates the solving of the problem, saves costs, and decreases political risks. Private parties have the advantage of less financial problems because the purchase of land or the like is deferred to a later stadium.

For public and private cooperation in the development of certain areas, re-parcelling can help separate the ‘ground-routing’ (the transfer of land exploitation from the previous to the final owner, often through a third party) from other public-private deals.

## **DEVELOPING A PRACTICE OF SHOP RE-PARCELLING**

At Locatus we looked for a team of partners who believe in this idea and want to see it progress to a more concrete plan. We are now collaborating with the Kadaster (Dutch Land Registry Office), the University of Maastricht, and Seinpost Consultancy to build a practice for shop re-parcelling. Furthermore, the municipality of Rotterdam has agreed to start a pilot for these ideas.

Meanwhile, we have found out about similar initiatives of urban re-parcelling in Germany and Valencia, Spain. In Germany the concept has received the name “Umlegung” and in Valencia there is the method of “Reparcelacion”. For more information on these concepts, see the Dutch report “Herverkaveling op Ontwikkelingslocaties” by Arjan Bregman and Herman de Wolff (OTB TU Delft, 2011). Although we can learn a lot from these experiences, none of these initiatives and concepts refers specifically to shopping streets and stores.

Developing new methods to deal with vacancy and demand for large retail spaces is not easy and creating new approaches for shop re-parcelling is even more difficult. Of course there will not be space for every single party in a shopping area and some spaces must be transformed to other purposes or functions. Furthermore a role is reserved for the municipality authorities to accommodate these processes. The approach will also differ per shopping area due to the situation of the owners of the buildings. There can be many owners in one small area, or there can be only one owner for a large shopping area.

By discussing the subject with all parties engaged and convincing them of this solution, new possibilities will definitely arise. After all, good stores and plinths come from good ideas!