

## Belgium: A Planning Environment both Rigid and Flexible

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On first impressions, the Belgian planning environment appears rigid and inflexible. Any new development, extension or change of use for a large store is only permissible once an operating permit has been granted. Furthermore, the criteria defining the size of these outlets has been lowered since the regulation was first introduced on the 29<sup>th</sup> June 1975. Nevertheless, these measures do not seek to regulate and limit other aspects of the retail market, such as small and medium-size retailers, the way in which retailing integrates with other commercial functions in a town or city, accessibility, or impact on the environment etc.

Under the 1975 Act, an operating permit has to be obtained for retail outlets with a gross built area above 3,000m<sup>2</sup> in zone 1, and 1,000m<sup>2</sup> outside zone 1, and/or where the net floor area exceeds 1,500m<sup>2</sup> in zone 1 and 750m<sup>2</sup> outside zone 1. Zone 1 is defined as the area with the highest population density in the largest towns.

Applications for operating permits are assessed according to a socio-economic enquiry and the results of market research. The project is considered in the light of four criteria: the location of retailing facilities; the interests of consumers; employment; and impact on existing trade.

The application is submitted to the local municipal council (Council of Mayor and Aldermen) in the commune where the development is planned, and then sent on to the Secretariat of the Socio-economic Committee for Distribution. If the verdict of the Socio-economic Committee is unfavourable, the decision is passed back to the local municipal council (in which case an appeal is not possible). If the decision is favourable, it is passed on to the Provincial Commission, although the final judgement still rests with the local municipal council. Appeals can be made if an application is refused at this stage.

On the 23<sup>rd</sup> June 1994 a new law was introduced, lowering the size limits for which an operating license had to be obtained. Retail outlets with a gross built area above 1500m<sup>2</sup> in zone 1, and 600m<sup>2</sup> outside zone 1, and/or a net floor area above 1000m<sup>2</sup> and 400m<sup>2</sup>, had to get permission from the Socio-economic Committee.

Prior to 1994, despite this rigid framework, retail developments sprung up not only in the suburbs of major towns, but also around medium-size and smaller towns (less than 10,000 inhabitants), and even in some rural areas. The major reason for this is that astute property developers and investors built schemes which were just under the size limits qualifying for an operating license. This has sometimes

meant dividing the scheme into two separate entities. In some cases, outlets have been built without a permit. Without doubt this situation illustrates the inefficiency of a system which is overly concerned with the size of a development, rather than its location.

Research covering the period 1975-1991<sup>1</sup> (B. Mérenne-Schoumaker, 1995, p. 44) shows that the number of schemes refused planning permission was no higher outside major commercial centres than inside them, leading to a highly fragmented retail environment.

### OPPORTUNITIES AND CONSTRAINTS FOR DEVELOPERS

There is no doubt that the planning environment of the last 20 years has severely curtailed the supply of new retail floorspace across the whole of Belgium. This has resulted in a dearth of both new, planned shopping centres and hypermarkets. Indeed in 20 years, only eight new, large centres (more than 10,000m<sup>2</sup> GLA) have been built. This excludes extensions in both existing centres (like the Woluwé shopping centre in Brussels), and the addition of some retail arcades/galleries, for example, in hypermarkets such as the Cora de Messancy complex, Rocourt and Hornu.

New shopping centres include one in the centre of Longdoz (Liège, 1977), City II (Brussels, 1978), Basilix Shopping Centre (Brussels, 1984), Ville II (Charleroi 1990), Wijnegem Shopping Centre (Anvers, 1993), City Shopping Centre Gent Zuid (Gand, 1995), Belle-Ile (Liège, 1995), and Cora Anderlecht (Brussels, 1998). Along with the extended centres, these new centres – all situated in large towns – have attracted major retailers, both Belgian and foreign.

As far as foreign retailers are concerned, they generally moved into the country prior to 1990. This was at a time when Belgium represented an excellent test bed for retailers, due to its central position and the multi-cultural nature of its population. It is interesting to note that foreign retailers in Belgium are predominantly from nearby countries: 35% from France, 22% from the Netherlands, 14% from the UK and 12% from Germany (Jones Lang Wootton, 1998). Generally, these chains have invested in prime locations: major commercial routes of large and medium-size towns; key suburban areas; and

<sup>1</sup> B. Mérenne-Schoumaker, 1995 – Retail planning policy in Belgium, in R.L. Davies (Ed.), Retail planning policies in Western Europe, Routledge, London and New York, pp 31-49

even on some new highways, underpinning an increase in rental values and the necessity for paying key-money (premiums).

There are generally two factors influencing a retailer's decision to operate in a town centre or on the periphery: the type of product being sold, and therefore its floorspace requirements; and the supply situation. Hence, in a medium-size town without a major secondary shopping centre, most foreign retailers locate in the city centre and sometimes in peripheral areas around a hypermarket or supermarket. However, in a larger town, with secondary poles, or even with peripheral shopping centres, new retailers may be found equally in peripheral and central areas.

#### **THE NEED FOR A MORE EFFICIENT PLANNING SYSTEM**

The aim of the Belgian retail planning system has always been to restrict large, new developments, principally as a means of protecting independent retailers. Even before the Second World War, developments were restricted under the 'de cadenas' laws ('padlock laws' 1937-1961). These planning regulations were initially aimed at limiting the opening and extension of department stores. Between 1962 and 1975, planning restrictions were lifted, leading to the widespread development of supermarkets and hypermarkets. However, under pressure from the middle classes (the economic sector grouping all types of small and medium-size businesses), a new law was introduced in 1975 limiting the expansion of major retail schemes (shop-

ping centres, hypermarkets and specialised, large stores).

In my opinion, the planning policies that have regulated retail development in Belgium have been highly inefficient. They have resulted in a fragmented pattern of retailing, illustrated by spatial disorganisation, a split in polarities, and a scattering of developments, weakening centres in both large and small towns and even leading to the demise of several traditional nuclei. Therefore, it is essential to shift from a social and economic planning regime to an urbanistic one, where the decision to allow a development does not rest solely on size, but on its capacity to reinforce or redevelop existing poles of attraction, such as the city centres themselves and the secondary poles of attraction in city districts or rural areas. In this case, large, well-integrated projects (like shopping centres) offer a more efficient retail network than the current sprinkling of small units everywhere.

Moreover, without doubt it is necessary to move away from a system that gives so much planning authority to the communal level. The town is seldom the right level to assess the appropriateness of a scheme. Retail developments need to be considered within the broader environment, hence in urban areas, the 'urban regions', and in rural areas, the 'pays' (countryside as a whole).

Belgium cannot hope to avoid the many changes that are taking place within the European retail market, but it can find herself a more efficient means of planning and coping with them.