Determinants that Affect the Risk Premium of High Street Real Estate

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Summary

The real estate market is a turbulent market where multiple trends and developments continuously affect real estate prices. Developments such as the COVID-19 pandemic and the growing E-Commerce market share caused an uncertainty in the high street real estate market. The average risk premium of Gross Initial Yields (GIY) has already increased and it is expected these risk premiums will increase even more in the next years. Tremendous research has been done into what determinants affect the risk of different real estate markets. Though 13.5% of the in total 17 billion euros of investment properties in 2021 were retail investments, there is not much information about the high street real estate market. Due to the different trends and developments in the market, there is a lack of clarity about which determinants influence the risk-return profile for high street retail property investments. For that reason, this research is about the determinants that affect the risk premium of high street real estate investments according to real estate investment organisations.

This research firstly focused on a literary review in which the theory of real estate investment has been examined. Secondly, all possible determinants that could affect the risk premium of high street real estate according to the literature are presented.

Since the objective of the study was to develop a new theory and model wherein the theory is presented, the study is a qualitative study with an inductive research approach. The decision was made to hold semi-structured interviews in relation to the inductive research approach. The data was collected by interviewing thirteen respondents with whom five different subjects have been discussed. In order to collect enough representative data within a certain time limit, all thirteen respondents and the organisations had to fulfil a total of six requirements. In addition, all the collected data has been analysed with coding techniques.

The results establish that there are multiple determinants on a macro-, meso- and micro-economic level that affect the risk premium of high street real estate. These different determinants can vary, as macro-economic aspects cannot be influenced by investors. Moreover, the location and other related aspects have an impact on the risk premium of high street real estate as well. Lastly, property related and legal aspects also have an impact on the risk premium according to real estate investors.

The distinction between these different determinants is that the bandwidth of the risk premium is determined on a macro-economic level, whereas on a meso- and micro-economic level the risk premium is defined. However, all determinants are relatable to each other and determine together the risk-return profile of a high street real estate investment.

Although there are certain limitations of the results and methodologies, the results and theory of this research can give facility and real estate (FREM) organisations the possibility to make a new purchase vision or reconsider the current purchase vision. Besides recommendations to the FREM field, this research also provides possibilities for follow-up research. With this research there is a possibility to do qualitative follow-up research and investigate how the found results are related to the risk premium of high street real estate.

Foreword

The document laying in front of you is the result of my Facility and Real estate management master thesis. Between January and September 2022 I have been given the opportunity to research the world of high street real estate investments. During both my studies at the University of Applied Science, and my work as a commercial real estate broker and appraiser, I developed an interest in the concept of risk within real estate investments. Due to my studies, upbringing and longstanding interest in business, commerce, and trading, I developed a specific interest for high street real estate early on, which I still have. To support this specific interest and understand the world high street real estate, I decided to write my thesis on the risk premium of high street real estate investments.

After many ups and downs, it turned out to be a big project that, despite its multitude of highs and lows, was absolutely worth it in the end. By reading other related research and analysing the conversations I had with all my respondents, I now understand the concept of risk, and the world of high street real estate better. This thesis is based on my own work, and after the countless hours of work I put in it, I now want to take a moment to thank the multiple people that helped me to achieve my goals.

First of all, I want to thank all my respondents that have taken the time and effort to help me with my research. It would not have been possible to collect this many data about the world of high street real estate without them. Hence, a massive thank you to all the respondents.

Secondly, I want to thank my fellow classmates for helping me with the questions I had during my thesis. By reading each other thesis and giving feedback, the thesis was brought to a higher level. Hence, a massive thank you to the related classmates.

Thirdly, I want to thank Gerwin Goorhuis for helping me during my thesis. Gerwin was my tutor and provide me with support and guidance during the thesis. Hence, a massive thank you Gerwin.

Fourthly, I want to thank my family for providing me with knowledge of, and experience with the real estate world for as long as I can remember. This knowledge and experience have proved to be a tremendous help in relation to my research. For both the pre-existing knowledge on the subject, as the assistance with the English language, I want say thank you to my family, whom I love so dearly.

Fifthly, I want to thank my dear friend Rutger Nijenhuis for helping me with the representation of the visual of the theory. I would not have managed to get to the end without you. Thank you.

Most importantly, there is one special person to whom I want to express my gratitude. A very special thank you to Jan Ede Nijenhuis. Sadly, Jan is no longer with us. Not only did Jan help me with my former thesis, Jan (he) taught me to think on a higher, better, more calculated level. A master education level. Moreover, he helped, educated, and shaped me on a personal level. He taught me among other things about life and business. For all these reasons, and so many more, I want to dedicate this thesis to Jan Ede Nijenhuis.

Much reading pleasure,

Zwolle, August 2022
Bart Müller

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1 – Introduction

The introduction chapter contains a description of the occasion, definition of the problem and the objective, and the research questions.

1.1 - Occasion

The investment market of real estate is in a turbulent period. The average purchase prices of residential properties increased with 81% since 2013. Due to the increase of the purchase prices, the Gross Initial Yields (GIY) of residential investments decreased (CBS, 2021a; Syntrus Achmea, 2021).On the other hand, the price developments of high street retail property are rather turbulent and are rising and falling continuously since 2008 (CBS, 2021b). As a consequence of the turbulent market, the Gross Initial Yields of high street retail property investments have increased with an average of 1.3% since 2018 (Syntrus Achmea, 2021). Figure 1.1 provides an overview of the Gross Initial Yields developments of high street retail properties between 2010 and 2021.

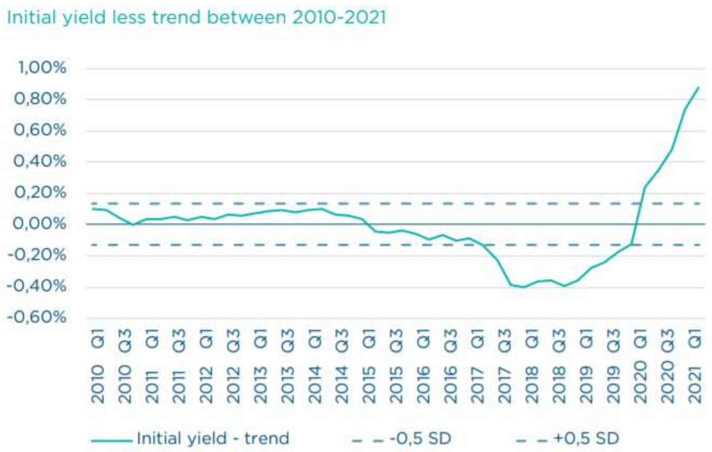

Figure 1.1 – Initial yield trend between 2010-2021 (Syntrus Achmea, 2021)

There are currently multiple trends and developments within the high street retail market. The E-Commerce market share in the Netherlands has grown from 13% (before the start of the COVID-19 pandemic) towards approximately 23% in 2023 (Bosma & Theuvenet, 2021a). According to Kaiser and Freybote (2021), institutional real estate investors already take the growing E-Commerce market into account as an investment risk. Because of the COVID-19 pandemic, there is also uncertainty about the marketability of tenants renting high street retail properties. There is uncertainty about the consequences are for the financial stability of tenants, and the possibility of retailers being allowed to open their stores (Vázquez-Martínez, Morales-Mediano, & Leal-Rodríguez, 2021).

On the other hand, since the start of the COVID-19 pandemic the retail market established an average turnover increase of 5.8%. However, there is a deviation between different retail enterprises and the increase of turnover. Convenience and large scale retail enterprises such as supermarkets, furniture stores and construction stores established an increase of relatively 7.1%, 7.9% and 19.7% (Bosma & Theuvenet, 2021b). In contrast, high street retail enterprises such as clothing stores, shoe stores and hospitality stores established a decrease of relatively 21.3%, 18.7% and 33.9% at the annual turnover (Bosma & Theuvenet, 2021b).

Furthermore, as a consequence of the COVID-19 pandemic between 2020 and 2021 there is an increase of the online E-Commerce within the retail market. Between 2020 and 2021 the E-Commerce sales have grown with 28.5%. Due to the compulsory shop closures, retailers started to sell more online. Hence, shop formulas changed between 2020 and 2021. High street retailers have sought to combine physical shops with online sales. In addition, new retail formulas like fast grocery delivery services have entered the E-Commerce market. The number of home-delivered restaurants has also increased with 39% between 2020 and 2021 (Bosma & Theuvenet, 2021b; Obbink, 2021). In addition, due to the turnover decrease within the high street retail market, as well as the increase of the E-Commerce sales and the entry of new online businesses, the average market rents of high street real estate decreased with an average of 15% till 20% (Syntrus Achmea, 2022).

Due to the turbulent retail market and decrease of the market rents, the expectation is that the average initial yields of high street retail property will keep increasing between 2021 and 2030 (Bosma & Theuvenet, 2021b; Syntrus Achmea, 2022). Figure 1.2 provides an overview of the expected increase of the initial yields for the twenty largest cities of the Netherlands.

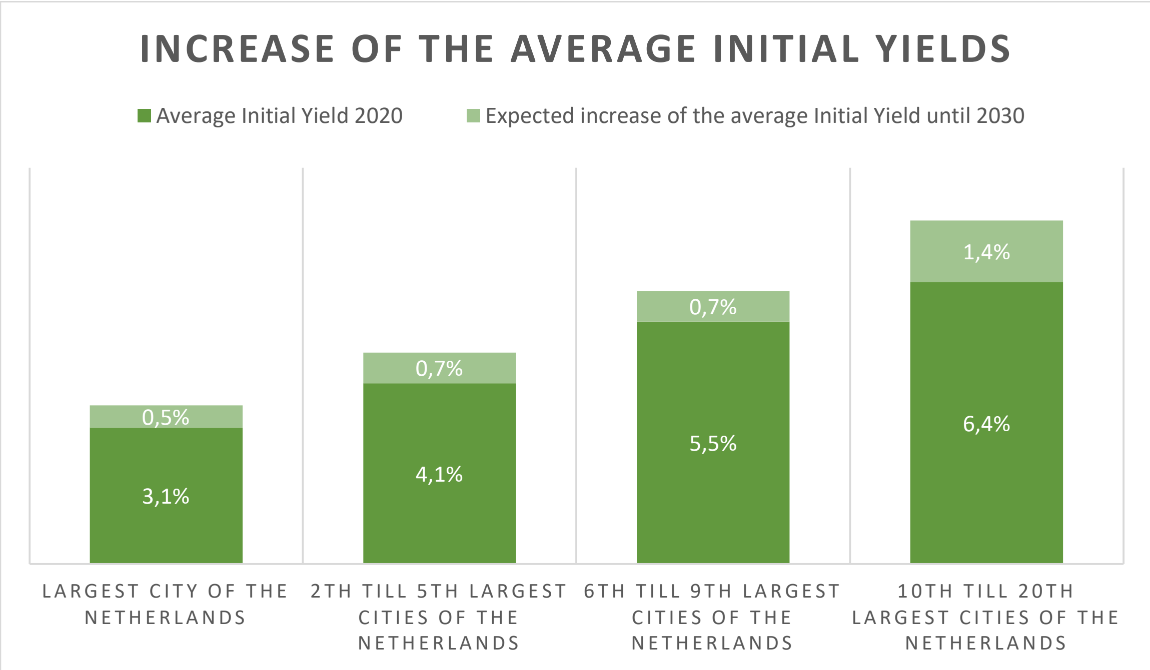

Figure 1.2 – Expectations increase Initial Yields (Author, 2022; Syntrus Achmea, 2022)

However, these uncertainties have not been translated into an increase of the vacancy rate of high street retail properties. The national vacancy rate of high street retail properties decreased from 7.5% to 6.8% between July 2020 and February 2022 (Custers, 2021; De Baaij, Brattinga, Smits, & Weerts, 2022). Furthermore, the bankruptcies rate to the lowest number of bankruptcies in 31 years declined between the start of the COVID-19 pandemic and 2021 (CBS, 2022c). There seems to be a gap between the relationship that clarifies the turbulent retail real estate investment market due to the increasing Gross Initial Yield, decreasing market rents, the vacancy rate, and the amount of bankruptcies.

1.2 – Problem definition

The Gross Initial Yield is a tool real estate investors can use to determine the market value of certain type of real estate property (van Arnhem & Berkhout, 2013). According to van Arnhem and Berkhout (2013), the definition of the Gross Initial Yield is: *''The Gross Initial Yield is the gross direct yield for the transfer upon sale, based on the contractual rent and the purchase price costs-to-buyer''.*

Besides the Gross Initial Yield, real estate investment organisations use multiple investment tools to determine if a real estate investment fits in the risk-return profile of the organisation. Methods such as the Net Present Value (NPV), the Internal Rate of Return (IRR), and a discount rate are tools real estate investment organisations use to decide whether an investment fits within the organizational investment structure for a certain period of time (van Arnhem & Berkhout, 2013; van Gool & Jager, 2013).

Furthermore, there is a distinction within retail real estate. Retail real estate is divided between convenience real estate, Large Scale Retail Stores (LSRS), and high street real estate (van Arnhem, 2013; van Gool & Jager 2013). Convenience properties are properties with users aiming at food-oriented services such as supermarkets, food speciality shops and district shopping centres. LSRS are stores with users aiming at supplying and selling large retail items, such as furniture stores. High street real estate are properties located in inner city shopping areas (Syntrus Achmea, 2021). High street real estate can be subdivided by location. According to Locatus (2017) there is a deviation of five different high street real estate areas which are explained and substantiated in the literature review.

For some decades, multiple studies have been published about risks of real estate and how these are used in different investment theories of real estate. Two years ago, Oertel, Willwersch, and Cajias (2020) introduced a new perspective on determinants of cross-border investment in offices and retail real estate. This research was written about the relationship between macro-economic determinants and the relative risk premium. The macro-economic variables included the gross domestic product rate (GDP), the unemployment rate and prime interest growth. The research established that while multiple macro-economic determinants have a significant correlation to the risk premium, other macro-economic determinants do not (Oertel et al., 2020).

Since 2015, Taheij and Huis in het Veld, both graduates of the Amsterdam School of Real Estate, have published theses on the determinants that influence the Gross Initial Yield of supermarkets. Taheij (2015) analyzed which determinants influence the Gross Initial Yield when purchasing supermarkets as investment objects. According to Taheij, the following five variables explain 40.8% of the Gross Initial Yield when purchasing supermarkets;

1. Interest on 10-year government bonds
2. Supermarkets small (500-1,000 m²)
3. Supermarket share in total retail floor space
4. Average number of cash registers
5. Yield spread between short-term and long-term interest rates

According to Huis in het Veld (2019), the quality of a catchment area also influences the risk spread of the Gross Initial Yield. Determinants are: Inhabitants per supermarket in the town in question, the number of inhabitants within a radius of two kilometers, and spendable income.

Furthermore, Grum and Govekar (2016) researched what macro-economic determinants affect the prices of real estate within the countries of Slovenia, France, Greece, Norway and Poland.
Like the research of Oertel et al. (2020), the macro-economic determinants that have been investigated in this study; the GDP, the unemployment rate and the prime interest growth. This study establishes that the results are both variable by the macro-economy and by country. In this study, only macro-economic factors were examined. Furthermore, this research focuses on commercial investment properties and residential properties (Grum & Govekar, 2016).

Besides the multiple macro-economic related studies, Chuangdumrongsomsuk and Fuerst (2017) researched multiple meso- and micro-economic studies that affect the risk premium within the Gross Initial Yield. There are not many studies of meso- and micro-economic determinants that affect the capitalisation rates (Chuangdumrongsomsuk & Fuerst, 2017). However, the study of Chuangdumrongsomsuk and Fuerst (2017) focuses on the office market instead of the high street real estate market. The study establishes that the location within a city, the age of the property, and the size of the property and plot have a significant influence on the risk premium within the capitalisation rate. Despite the different research scope, the results are still interesting. The data is applicable and can be tested against high street real estate areas.

Because of the turbulent retail market characterised by rising Gross Initial Yields, falling vacancy rates and the low number of bankruptcies, there is a lack of clarity about which determinants influence the risk-return profile for high street retail property investments. Multiple studies about which macro-economic factors influence the risk-return profile of commercial properties have been published. Zull Kepili Izati and Masron (2011) examined the relation between the prices of commercial real estate and macro-economic factors such as the GDP and lending rates. Furthermore, Chaney and Hoesli (2015) researched the relationship between the Gross Initial Yield, the macro-economic factors of a risk-free rate, and the Price-to-Earnings ratio. Multiple theses have also been published on which determinants influence the Gross Initial Yield of convenience real estate. Despite the theses of Taheij (2015) and Huis in het Veld (2019), Post (2014) researched what determinants affect the Gross Initial Yield of convenience real estate, and how this risk relates to other property investments. Lastly, Chuangdumrongsomsuk and Fuerst (2017) investigated what meso- and micro-economic determinants affect the capitalisation rate within the office market.

However, there is no information presented on which determinants determine the risk of high street real estate according to corporate investment organisations. Many macro-economic factors of similar studies can influence this, but nothing is written about which specific determinants influence the risk of purchasing high street real estate.

In 2021, approximately 17 billion euros worth of investment properties were sold in the Netherlands, of which 2.3 billion were retail investments (Bosma & Theuvenet, 2021b; Huisman, 2021). As the totality of the total number of transactions in 2021 was 13.5%, the high street real estate market is seen as an important investment market. By examining which main determinants influence the risk-return profile of high street real estate, real estate organisations can better assess, at a strategic level, which determinants might be important when deciding to acquire a single high street real estate investment.

The results of this study can contribute to the general level of knowledge to the FREM-field and specifically to real estate investment organisations. Moreover, the results also provide transparency on the high-street property investment market. This study also allows interested parties to better identify their investment risk profile, and to anticipate to the turbulent high-street property investment market more accurately. Lastly, this study makes it possible to assess what the financial consequences of the risk profile are for the building portfolio.

1.3 – Research objective

The research objective of this study is first to determine what determinants affect the decision of an investment organisation when purchasing a single high street real estate investment. This is conducted by examining what investment theories investment organisations use in the literature review. In addition, in accordance to the literature review and real estate investment organisations, the macro-, meso- and micro-economic determinants that might be influential in the purchase of a single high street real estate investment will be also be conducted. Finally, by analysing the differences betwixt the different determinants, the ultimate research objective is to both create a model with a theory that includes the distinction between the different determinants, and to establish the influence of these determinants on the decision to purchase a single high street real estate investment.

1.4 – Research questions

The central research question is:

What is the distinction between the different determinants that influence the risk premium of single high street real estate investments, according to real estate investment organisations?

The sub-questions to answer the central question are;

1. ***What are the purchase strategies real estate investment organisations use to substantiate the decision to purchase a high street property investment?***

This sub-question is answered within the literature review and with the field research. The importance of this sub-question towards the central question is to understand what theories and strategies investment organisations use when purchasing a single high street real estate investment. Moreover, how the concept of risk is translated within these theories. These theories are important to understand and identify the purchase strategies of the real estate investment organisations. The field research focused on the following four topics;

- Vision on the purchase strategy.
- Fund strategy how investment organisations collect the investment money.
- The risk and return ratio of the investment organisations.
- The method of the purchasing of high street real estate.

The results from the literature review and the retrieved results from the field research will reflect on the purchase strategy of real estate investment organisations.

2. ***According to both the literature and the respondents, what macro-, meso- and micro-economic determinants affect the risk premium for a real estate investment organisation?***

This sub-question is answered by the literature review and the results of the field research. Firstly, the literature review established what macro-, meso- and micro-economic determinants affect the risk premium within the investment theories. Secondly, the collected results from the field research that correspond with the results of the literature review are mentioned in the result chapter. The importance of this sub-question towards the central question is to understand what results from the interviews accord with the literature. Moreover, it is used to find and present new results that are unmentioned in the literature.

3. ***What macro-, meso- and micro-economic determinants that are not mentioned in the literature affect the risk premium for a real estate investment organisation?***

The third sub-question is answered with both field research, and the results from the second sub-question. By identifying the results that are not mentioned in the second sub-question, all the new results that affect the risk-return profile for a real estate investment organisation will be presented. The importance of this sub-question towards the central question is to find and present new results that are not mentioned in the literature.

Therefore, a preliminary interview was held with a business broker that has been working as a retail broker for over 22 years and specialises in renting and selling high street real estate in the Netherlands. This interview is important to identify any determinants the literature does not mention, but need further explanation and clarification in order to make the research understandable. The results from this preliminary interview are presented in table 2.3.

4. ***What is the distinction between the collected determinants for the risk premium, according to real estate investment organisations?***

The fourth sub-question is answered with the results from the field research and is based on the answers of the first till third sub-questions. Within the previous sub-questions, the purchase strategies, as well as all the macro-, meso- and micro-economic determinants that were found are presented. To make a distinction, the field research also focused on the differences and similarities between these different determinants. This sub-question is used to understand how real estate investment organisations assess the different determinants, and to eventually answer the central question.

2 – literature review

The literature review contains a description of the high street real estate. Secondly, the capitalization method, the Capital Asset Pricing Model and Arbitrage Pricing Theory will be described. Lastly, the found macro-, meso-, and micro-economic determinants as well as the additional determinants are presented.

2.1 – Description high street real estate

To determine what determinants affect the risk-return profile for high street real estate, the research scope is further explained and substantiated. There are multiple literary analyses about the locations of retail real estate. These analyses focus on the influence on the rents per square meter, the passer-by flow and the attractiveness of a shopping location. Moreover, how these differences lead towards a distinction between the high street retail properties within a city center.

Netzell (2013) examined the importance of the accessibility of high street real estate. Furthermore, Clifton and Handy (2001) researched the importance of the passer-by flow within city centers. Both studies established that the passer-by flow influences the attractiveness of a high-street real estate location. The passer-by flow is depending on the width of the streets as well as the structure of the city. National and international retailers will more likely establish in a main shopping street than in more narrow streets that are attached to the main shopping street (Clifton & Handy, 2001; Netzell, 2013).

These differences of locations within a city centre are supported by the Bidrent Theory (Richardson, 1977). According to the Bidrent Theory, the rent per square meter decreases as the distance from the main shopping street increases. The Bidrent Theory is supported by Larsson and Öner (2014), Carter and Vandell (2005) and Plazzi, Torous, and Valkanov (2010). These studies support the theory that a location in its optimal use will produce a higher rent and as the number of passers-by decreases, the rent will also decrease.

In addition, retailers are also prepared to pay a higher annual rent if the location of the high street retail property is located at a short distance of prominent and attractive tenants. These anchor tenants are attractive for the surrounding tenants due to the extra passer-by flow (Adair, McGreal, & O'Roarty, 1997; Gould, Pashigian, & Prendergast, 2005). The housing of international and national retailers can result into an increase of the passer-by flow in a high street shopping area. Consequently, once the anchor tenant is housed, certain areas are becoming more attractive than other parts within a catchment area (Benjamin, 1996). According to Tellingen (2016) this is called the Primark theory. The Primark effect established that the passer-by flow increases with 10% till 30% if the retailer Primark is located in a catchment area (Tellingen, 2016).

Based on the literary analysis there are multiple definitions of high street real estate. According to the building regulation of the Dutch ministry of internal affairs (2012), the definition of retail real estate is: *''Retail property has a retail function and also a utilitarian function for the trading of materials, goods, or services''.* However, based on the multiple literary analyses and due to the distinction of retail real estate, the definition of high street real estate that will be used within the research is: *''An immovable property or part thereof which, pursuant to a lease, is intended for the conduct of a retail business, a restaurant or bar business, a take-away or delivery service or a craft business, all this if in the leased space there is a publicly accessible area for the direct delivery of movable property or for the provision of services''* (ten Berge, Bierens de Haan, & Gisberts, 2021).

Furthermore, Locatus (2017) has prepared a report to define the difference in locations. Locatus (2017) is a research bureau that collects data on retail locations, retail property and footfall in the

Netherlands. Because Locatus is a nationally orientated research bureau and is frequently used within the real estate industry, the deviation that is mentioned below will be used to determine and delineate the research scope. According to Locatus, (2017) there is a deviation of five different high street real estate areas;

1. **Town centre:** These are the seventeen largest inner cities of the Netherlands and have more than 400 high street retail shops.
2. **Main shopping area large:** These areas have between 200 and 400 high street retail shops.
3. **Main shopping area small:** These areas have between 100 and 200 high street retail shops.
4. **Core shopping area large:** These areas have between 50 and 100 high street retail shops.
5. **Core shopping area small:** These areas have between 5 and 50 high street retail shops.

In addition to five different high street areas, Locatus (2017) also divided the area on the footfall. This is a percentage of the busiest point in a city centre;

1. **A1-location:** According to locates (2017), an A1 shopping area accounts for 75% to 100% of the flow of passers-by, measured from the busiest point in a city.

2. **A2-location:** A2 locations are the approaching streets to the A1 locations. According to Locatus (2017), this area accounts for 50% to 75% of the flow of passers-by, measured from the busiest point in a city.

3. **B1-location**: B1 locations are the approaching streets to the A2 locations. According to Locatus (2017), this area accounts for 25% to 50% of the flow of passers-by, measured from the busiest point in a city.

4. **B2-location:** These areas account for 10% to 25% of the flow of passers-by, measured from the busiest point in a city (Locatus, 2017).

5. **C-location:** These areas account for 5% to 10% of the flow of passers-by, measured from the busiest point in a city (Locatus, 2017).

2.2 – Capitalisation method

The capitalisation method is a method in which the market value of a property is determined by dividing the market rent by a yield percentage. The yield is a gross or net initial yield and consists of two components; a percentage premium for the risk-free return and a percentage premium for the risk of the investment (ten Have, 2003). According to van Gool and Jager (2013) the definition of risk premium is: *''Risk premium is the possibility, expressed in probability, that the realisation of the objectives of an organisation will be negatively influenced. Risk is subdivided into reputational risk, operational risk, and institutional risk''.*

Another definition of risk premium is the definition of ten Have (2003): *''Risk premium is an analysis of the unforeseen developments of risk factors for both a buyer and owner of an investment. Risks can be identified into firstly commercial risks, where asset risks and income risks are a subdivision, and secondly static risks, where tangible and intangible risks are a subdivision''.* The definition of risk premium of ten Have (2003) is used within the research, due to the differences within the subdivision. The subdivision of risk premium of ten Have (2003) is broader and more concrete and therefore assessed as more useful for the research.

In addition, according to van Gool and Jager (2013) the risk premium is determined by macro-, meso- and micro determinants. A determinant is a factor that affects the nature or the outcome of something (Cambridge Dictionary, 2022a; van Gool & Jager, 2013; Webster, n.d.).

The Gross Initial Yield is also referred to as a capitalisation rate (cap rate). The capitalisation rate is used to indicate the market value of a real estate investment. The capitalisation rate is a number by which the market rent is multiplied to determine the market value. The cap rate is calculated by dividing the number one by the Gross Initial Yield percentage (ten Have, 2003).

The capitalisation method is important in this study, for the yield percentage reflects the risk premium for investment properties at the time of purchase. Ten Have (2003) mentions that it is not possible to give a clear substantiation of the risk premium, because it is often not known which determinants are important to an investor and how these macro-, meso- and micro determinants are translated into a risk percentage. In addition, the following paragraphs establish that investment organisations also determine the risk of investment based on other investment methodologies. However, the literature establishes that these risk premiums are based on macro-economic determinants. According to Chuangdumrongsomsuk and Fuerst (2017), the majority of the studies to the capitalisation rates and Gross Initial Yields focuses on the macro-economic drivers. Meso- and micro-economic determinants such as location and property related aspects are largely ignored in these methodologies. In order to identify the meso- and micro-economic determinants, it is important to explain and use the capitalisation method in the research.

2.3 – Capital Asset Pricing Model and Arbitrage Pricing Theory

There are multiple methodologies for corporate investment organisations to determine if an investment is profitable. In these methodologies, profitability is measured against the risk that an investor attaches to the investment. The Net Present Value is an approach in which the future cash flows of an investment are weighed against the costs resulting from an investment (Geltner, Miller, Clayton, & Eichholtz, 2007).

According to Geltner et al. (2007), the Net Present Value is calculated by summing up the net cashflow (NCF) of an investment, reduced with the related costs of an investment. If the outcome of the Net Present Value is positive, the future incomes of an investment are bigger than the related costs. The NCF is calculated as the actual future income divided by a discount rate. The discount rate is a percentage that exist of the cost of capital and the expected return an investor wants to make on the investment (Geltner et al., 2007; Liapis, Christofakis, & Papacharalampous, 2011).

The Internal Rate of Return is a tool that is used by real estate investors to calculate the return of an investment. The Internal Rate of Return is the percentage of the return that an investor makes on an investment when the Net Present Value is equal to zero (Percoco & Borgonovo, 2012). The Internal Rate of Return is important for this research because it is a tool that is used to compare the expected return of an investment with the predetermined minimum return requirement. Investment organisations use the Internal Rate of Return to calculate if the return complies with the requirements of the organisation (Percoco & Borgonovo, 2012).

The discount rate is a percentage used by investors to calculate future cash flows to a reference date (van Arnhem et al., 2013). Investors can use the Weighted Average Cost of Capital (WACC) to determine the discount rate. The WACC is used by investment organisations to calculate the cost of capital for a company and exists of the cost of debt and the cost of equity (Frank & Shen, 2016; Harvey, 2020). According to the literature, there are two approaches to determine the cost of equity within the WACC theory and balancing the return against market risks. The Capital Asset Pricing Model (CAPM) is an investment theory and exists of a free-risk rate and a risk premium in which the market risk is embedded (Perold, 2004). The risk-free rates are the returns on governments bonds, for a government bond pays a fixed real rate of return, and is free from default (Tobin, 1958). The risk premium is indicated by the letter Beta of the Greek alphabet. The Beta indicates the extent the share price moves in relation to an index [benchmark]. The market has, per definition, a number of 1.0. Beta represents the increase or decrease in the investment relative to the 1.0 increase or decrease in the market (Perold, 2004).

At 1976 the Arbitrage Pricing Theory (APT) has been developed by Stephen Ross as an alternative to the CAPM-model (Ross, 1976). According to Jarrow and Rudd (1983) the difference between the APT-theory and the CAPM-theory is the Beta factor within the formula. Within the CAPM-model Beta is a number that establishes the relationship between the investment and the market and provides an overview of the return on the market (Perfod, 2004), whereas within the APT-theory the Beta is based on separate single market related risk factors (Jarrow and Rudd, 1983).

2.4 – Beta coefficient

The Beta coefficients in the APT-model are constant values and are estimated using linear regression. The model is based on the theory that returns can be predicted; from the linear relationship between the expected return on an investment, and the determinants of risk of an investment (Huberman & Wang, 2005). For instance, if gold prices increase by a few percent, the Beta coefficient establishes the relationship with the expected return on a real estate investment.

The reason the Beta coefficients are important in the calculations of ,for example, the Net Present Value, is because in the theory of the APT, investors can determine the determinants that affect the investment. Unlike the theory of CAPM, the theory of APT assumes there are multiple determinants that determine the risk in a market.

According to the literature, macro-economic determinants have an important influence on the estimate return on the investment (Huberman & Wang, 2005). However, there is little written about the meso- and micro-economic determinants that determine the estimated return on the investment for investment organisations, within the APT and CAPM theories. Furthermore, according to ten Have, (2003) the risk premium used by investors is difficult to substantiate. Because it is often unknown which meso- and micro-economic determinants are both known to investors, and important for the calculations of investment organisations.

The Beta coefficient can be used to determine which determinants influence the estimate return on the investment and the subsequent discount rate or WACC. The Beta coefficient also makes it possible to determine how these determinants influence the discount rate or the WACC. Hence, the Beta coefficients are important, for it establishes how the determinants determined by investors relate to the expected investment return (Huberman & Wang, 2005; Perold, 2004).

Disregarding that the Beta coefficient establishes the relationship between the expected return and the determinants that determine the risk of an investment, the determinants chosen by investors specifically, influence the final estimate return on the investment rate within the APT theory. These determinants represent the risk of an investment. Determining which determinants are important ultimately results in an applied WACC and discount rate (Huberman & Wang, 2005; Perold, 2004).

2.5 – Macro-economic determinants

According to the literature, multiple macro-economic determinants affect the Beta within the CAPM and APT models, the capitalisation rate, and the risk-return profile of investment organisations. Macro-economic factors are connected to the financial system at national level (Cambridge Dictionary, 2022). The definition of macro-economic is: ''*Macroeconomics deals with the evolution - and the relationship between - aggregate variables such as economic growth, unemployment, inflation, interest rates, the exchange rate, the government budget balance and the balance of payments current account balance*'' (Heylen, 2004).

In addition, macro-economic indicators are, according to van Gool and Jager (2013), factors related to economic and monetary developments which are not, or only to a limited extent, influenceable by investors. The definition of macro-economic determinants by Heylen (2004) will be used within the research, for this definition describes macro-economic determinants as aggregate variables, instead of only economic and monetary influences. The results of the founded macro-economic determinants are stated at table 2.1.

Posed by	Macro-economic determinants
Zull Kepili Izati and Masron (2011)	There is a positive relationship between the growth of the GDP, the prices of real estate and the growth of foreign investments. The determinants that affect this relationship are divided into real estate factors, macro-economic factors and social factors. The three main important real estate factors that determine the investment risk in a country are; the lending rate, the property-related tax, and the number of loans to the property sector. Furthermore, investors are more attractive to a real estate market if there is a low tax rate, a low lending rate, but a higher loan distribution. The macro-economic factors are the country's market size, the openness to trade, and the real exchange rate. Moreover, investors are more likely to invest in real estate if there is a large market size, low exchange rate, and strong openness to trade. The social factors are the transparency within the real estate market and the business freedom. These factors can be translated to a Beta number and can be used within the APT-theory (Zull Kepili Izati & Masron, 2011).
Valadez (2010)	There is a statistically significant relationship between the prices and risk of real estate, and the GDP. However, within the research there is not an explanation for the significant relationship (Valadez, 2010).
Giussani, Hsia, and Tsalocos (1993)	There is a significant relationship between the GDP and the unemployment rate of a country and the prices of retail real estate. Based on an analysis of the demand and supply and what affects the prices of retail real estate; the long term interest rates, the short term interest rates (Chen, Roll, & Ross, 1986; Chin, 2003; D'Arcy, McGough, & Tsolacos, 1999; Dobson & Goddard, 1992), the narrow money supply, broad money supply, the share price index (Matysiak & Tsolacos, 2003) and the Prime Lending Rates are macro-economic determinants that affect the prices of real estate, and should be taken into account within the calculations of the Arbitrage Pricing Theory (Giussani et al., 1993).
Chen, Roll and Ross (1986)	The research established a list of macro-economic variables that affect the Beta and the discount rate within the WACC formula and APT-theory. These macro-economic variables are: the inflation, the structure of interest rates of financial institutes, the consumption and oil prices, and industrial production. The research concluded that there is a significant relationship between these macro-economic factors and the used discount rate (Chen et al., 1986).
Chaney and Hoesli (2015)	Published research between the different determinants that influence the capitalisation rate (GIY), and affect the determinants within the Beta number. Furthermore, the relationship between the effect of a risk-free rate and the Price-to-Earnings ratio has been investigated and proven to be positive. Moreover, the results showed that investors often consider physical determinants of the investment to be included in the risk-return profile as well. Influencing factors, such as macro factors, are often included by investors within the calculations of the Arbitrage Pricing Theory (Chaney & Hoesli, 2015).

Chervachidze and Wheaton (2013)	Published research about the effect of the availability of financing investments and the capitalisation rates (GIY) of real estate investments, which proved the macro-economic determinants have a significant impact on the risk-return profile. There is a significant relationship between the availability of funding and the risk-free return on an investment (Chervachidze & Wheaton, 2013).
Sivitanidou and Sivitanides (1999)	Published a study about the determinants that affect the capitalisation rate and the risk-return profile for offices. The study investigated the macro-economic determinants, as well as the meso-economic and micro-economic determinants. There is a positive relationship between the inflation and returns on the stock market. Furthermore, according to the study, the meso- and micro factors appear to have a greater influence on the cap rate and the risk-return profile than the macro-economic determinants. However, it should be reported that local factors have a greater influence on the risk-return profile of firms, rather than macro-economic determinants (Sivitanidou & Sivitanides, 1999)
Ambrose and Nourse (1993)	Published a study about the macro-economic determinants that affect the capitalisation rate (GIY) and the risk-return profile for investors. The macro-economic variables investigated are the return on the stock market, and the inflation rate. The research established that there is a negative correlation between the return on the stock market, and the cap rate and risk-return profile. However, the study established a positive relationship between the cap rate and the risk-return profile and the inflation (Ambrose & Nourse, 1993).
Beracha, Freybote, and Lin (2019)	Researched the determinants of the risk premium of commercial real estate. By using a 20-year time series and the Markov-Switching regression, the research concluded that the risk premium is affected by fundamental and non-fundamental determinants. According to Beracha et al. (2019) the most important factors that affect the risk premium of commercial real estate are the debt of the capital market within a country, and the changes in stock market volatility. According to Beracha et al. (2019) the risk premium of commercial real estate is affected by these variables. However, it depends on the type of commercial property as well (Beracha et al., 2019).
Chuangdumrongsomsuk and Fuerst (2017)	Researched the determinants that affect the capitalisation rates of offices across the cities of New York, Chicago and Los Angeles. To identify the differences within the investment risks and the capitalisation rates across the different markets, Chuangdumrongsomsuk and Fuerst (2017) used submarket-level averages and time period controls, to then indicate the issue of infrequent trading of office properties and idiosyncratic characteristics of individual real estate deals. Based on a dataset of 1,804 transaction-based capitalisation rates of office property transactions between 2000 and 2013. The research established that as a population increases, the risk premium decreases due to the investors' expectation of rental growth. Conversely when real estate investors demand a higher compensation for a bigger uncertainty in the market, capitalisation rates decrease and the risk premium increases. Lastly, the study also established that the risk premium increases if the risk-free rate also increases. The risk

	premium increases due to the higher return within a risk-free investment (Chuangdumrongsomsuk & Fuerst, 2017).
Kim (2004)	Researched five macro-economic determinants that affect the expected risk premium of retail properties. Furthermore, Kim (2004) also researched whether these five observable macro-economic variables could be linked to the conditional volatilities. The macro-economic determinants investigated are the growth rate in industrial production output, the growth rate in the gross domestic product, the unexpected inflation, the market portfolio and short-term interest rates. The study established that these five macro-economic determinants are linked to the conditional volatilities and have a significant relationship with the risk premiums of the Gross Initial Yield (Kim, 2004).

Table 2.1 - Macro-economic determinants (Author, 2022)

2.6 – Meso- and micro-economic determinants

The literature writes little about how the meso- and micro-economic determinants affect the estimate return on the investment within the APT and CAPM theories. In addition, according to Perold (2004) and Jarrow and Rudd (1983), only macro-economic determinants are taken into account within the CAPM and APT theories.

However, there are multiple interfaces between macro-, meso- and micro-economic factors (Heylen, 2004). The macro economy is influenced by the many interactions taking place at the meso- and micro-economic levels (Heylen, 2004; Romer, 2011). Hence, the meso- and micro economy influence the macro-economic determinants. The micro economy is the opposite of the macro economy and can be defined as: *''Microeconomics analyses the behaviour and interaction of individual economic agents such as the individual consumer, an individual firm, and influences price formation on individual markets''* (Heylen, 2004). On the other hand, the meso- economy is focused on the economic processes at branch level, and represents the transition area between the macro and micro economy (Marijs & Hulleman, 2015).

Though not many studies have been written about the relationship between the meso- and micro-economic determinants and the APT and CAPM theories, there are multiple studies that have written about meso- and micro-economic determinants that determine the discount rate within the NPV-theory. For instance, Žižlavský (2014) mentioned that the discount rate consist financial, technical and commercial risks. These studies do not relate the meso- and micro-economic determinants to the APT and CAPM theories, but according to the literature, are in relation to the discount rate. According to van Gool and Jager (2013), meso-determinants are factors relating to the location of the property. These determinants are limitedly influenced by a real estate investor.

Furthermore, micro-determinants are factors related to the property. Investors have the most influence on the micro-determinants (van Gool & Jager, 2013). The definition of meso- and micro-economic determinants by van Gool and Jager (2013) will be used within the research. This definition is real estate investment related, and therefore more useful for the research than the definition written by Heylen (2004). The results of the founded meso- and micro-economic determinants are stated at table 2.2.

Posed by	Meso- and micro-economic determinants
Pivo and Fisher (2011) & Clifton and Handy (2001)	Published research about the effect of the walkability on both the value of real estate, and the Gross Initial Yield. Walkability is the degree to which a property lends to be within other functional and

	recreational destinations. Furthermore, it is also a measure of amenities at short walking distance. The walkability is measured by a walk score, a measurement score going from 0 till 100. The research determined there to be a negative relationship between the walkability and the Gross Initial Yield (Pivo & Fisher, 2011). The negative relationship between the walkability and the Gross Initial Yield is assessed as a meso-economic determinant.
Chaney and Hoesli (2015)	Studied eight meso- and micro-economic determinants that affect the risk premium of the Gross Initial Yield. The meso-economic determinants that have been investigated are the rating of the location, and the vacancy rate of high street real estate properties within the municipality. Both meso-economic determinants have a significant correlation with the risk premium of the Gross Initial Yield. Moreover, the study established the micro-economic determinants have a significant correlation with the risk premium in the Gross Initial Yield. The micro-economic determinants that have been investigated are a possible leasehold construction, the rentable floor space of the property, the sales procedure (public- or private sale), the year of construction, the last year of renovation, and the assessment of the contractual rent compared to the market rent (Chaney & Hoesli, 2015).
De Magalhães (2012)	Researched what factors improve commercial areas. De Magalhães (2012) mentioned that occupation, vacancy rate and rents are the determinants that affect the performance of high street real estate and the business rates of tenants. The vacancy rate can be divided at initial vacancy and the vacancy between a tenant transition. According to De Magalhães (2012) these determinants are important to assess and improve a commercial area. Thus, the occupation and vacancy at a high street real estate area are considered to be meso-economic determinants. Rents are considered micro-economic determinants, as an investor can influence this factor (De Magalhães, 2012).
Verhaegh (2005)	Researched determinants that affect the Gross Initial Yield of the Dutch office market. Although this is a different property segment, the research provided interesting data that is applicable to, and can be tested against high street real estate areas. Verhaegh (2005) found the rental potential of a property and the assessment of the lease have a negative correlation with the risk premium of the Gross Initial Yield. The factors included in the assessment of the lease are vacancy, delayed payments, and breach of contract. In addition, the year of construction, the level of maintenance, and the annual operating expenses have a positive correlation with the Gross Initial Yield. These factors are considered micro-economic determinants, for an investor can influence these aspects (Verhaegh, 2005).
Chuangdumrongsomsuk and Fuerst (2017)	Also researched property and location related variables that affect the capitalisation rate of offices across the cities of New York, Chicago and Los Angeles. Although this is a different property segment, the research put forth interesting data that is applicable to and can be tested against high street real estate areas. The

	research established that there is a significant relationship between the location and the capitalisation rates. Offices at central locations have a lower capitalisation rate than offices at suburban and peripheral locations. The relationship between the location and capitalisation rate is assessed as a meso-economic determinant. Moreover, the research also established that as the age of a property increases, the capitalisation rates increase as well. The older the property, the less representative the investment. Furthermore, there is a significant relationship between the capitalisation rates and the size of the building. Larger buildings are more attractive for corporate tenants with better credit ratings. Hence, they are considered a safer investment and have a higher capitalisation rate. Additionally, there is a significant relationship between the plot size and the capitalisation rates. If the plot size increases, the capitalisation rates also increase, due to the increased carrying costs of the investments (Chuangdumrongsomsuk & Fuerst, 2017). The age and the size of the property, as well as the size of the plot, are assessed as micro-economic determinants.
Sivitanidou and Sivitanides (1999)	Published a study about the determinants that affect the capitalisation rate and the risk-return profile for offices. The study investigated the macro-economic determinants as well as the meso-economic and micro-economic determinants. Although this is a different property segment, the research provided interesting data that is applicable to, and can also be tested against high street real estate areas. The research established there to be a positive relationship between local-fixed variables, such as the location and the tenant mix, and the time-variant features such as absorption rates, rental-income growth and vacancy rates and the capitalisation rate. In addition, the research also proved local factors to have a greater influence on the risk-return profile of firms than the mentioned macro-economic determinants (Sivitanidou & Sivitanides, 1999). Both the local-fixed and the time-variant factors are assessed as meso-economic determinants.

Table 2.2 – Meso- and micro-economic determinants (Author, 2022)

2.7 – Additional determinants

In the previous paragraphs, various macro-, meso- and micro-economic determinants were examined on the basis of the literature. These factors are related to both high street real estate and other commercial properties. All identified determinants within the literature review are relevant to the research question.

However, prior to the fieldwork, in order to identify all the determinants that influence the risk premium of high street real estate, an interview was held with a business real estate broker; they have been working as a retail broker for 22 years and are specialised in the rental and sale of high street real estate in the Netherlands. This broker described other determinants unmentioned in the literature which could influence the risk premium of high street real estate. These determinants have been determined based on work experience rather than academic research, but are included in this research as possible factors influencing the risk premium. Table 2.3 presents a representation including substantiation of these determinants. This interview makes it possible to identify all determinants that are not mentioned in the literature review. In addition, these determinants are occasionally mentioned during the field research. Thus, to make the research understandable, an explanation and clarification are needed.

Macro-economic determinants	
Private law restrictions	Private law provisions rest on a plot and cannot be influenced by a property owner. Examples include easements and perpetual clauses.
Public law restrictions	Are based on public law and are imposed by administrative bodies such as governments or water boards.
E-Commerce market	The E-Commerce market is an online retail market. Retailers are selling online products to customers whether or not in combination with a physical shop.
Construction costs	Construction costs are the costs of new properties or for the maintenance of existing properties.
War	Conflicts in other areas could also have an impact on the different costs and risks that are related to high street real estate investments.
COVID-19 pandemic	The COVID-19 pandemic could have an impact on the tenants and retailers. Since the start of the COVID-19 pandemic, there has been an uncertainty whether retailers could open their stores. Thus, an uncertainty about the financial situation of the tenants of the investment.
Change of law and regulation by the government	Changes of the law and regulation could have an impact on the thoughts or decisions of investors. Changes of law and regulations could result in change of transfer tax, an adjustment to the tax boxing system, or changes regarding climate requirements of an investment.
Meso-economic determinants	
Anchor tenant	An anchor tenant is one of the biggest and most important tenants within a catchment area.
The municipality	The municipality could affect the attractiveness of an area by creating or supporting new developments.
Area management	Area management can be performed if multiple properties in a certain area are owned by one individual. Examples of area management could be supporting developments in an area, or the influence on the composition of different branches.
The developments in the immediate vicinity	Developments in the immediate vicinity could affect the future viability of an investment.
The zoning plan	The zoning plan can affect the alternative use and rental potential of an investment. The zoning plan is a policy document from the municipality, wherein is described what kind of business may be established in a property.
The tenants in the immediate vicinity	The tenants in the immediate vicinity might influence the tenant's assessment of the property investment.
The parking facilities in the immediate vicinity (bike + car)	Parking facilities could affect the accessibility and walkability of a property.
The accessibility by car and the supply options	Both the accessibility by car and the provisioning possibilities influence the tenant options. This could affect the accessibility and walkability of a property.
Accessibility by public transport	The accessibility by public transport could affect the passer-by flow and the walkability of a property.

Micro-economic determinants	
The visibility and layout of a property	The visibility and layout can affect the attractiveness of a property. The visibility and layout are affected by the appearance, as well as property-related aspects such as extra walls or columns.
The property-related sustainability aspects	The building-related sustainability aspects include air conditioning, mechanical ventilation, sprinkler systems, sun blinds and/or top cooling.
Other annual property related charges	Other annual pledge-related expenses are, for example, insurance and management costs.
Overdue maintenance	Overdue maintenance can affect the total investment cost.
Refurbishment costs	Renovation costs are costs that have to be incurred in order to maintain the condition of the investment.
Association of owners' agreement	If the investment property is a condominium, the underlying agreement of the owners' association or the divisional deed affects the annual property related costs.
The divisibility of the lettable area in accordance with the ITZA method	The ITZA method divides a high street retail object into different zones based on the front, width, and depth of an object. The value of the front zone (zone A) is estimated to be higher than the back zones (zones B and C). The divisibility of the rental floor space, according to the ITZA method, influences the quality of a high street real estate investment.
Development opportunities/alternative uses	Development possibilities include, for example, apartments or other functions on upper floors. Alternative uses of the investment are other functions and other types of tenants allowed to rent a property by the zoning plan.
Financial assessment of the tenant	A financial assessment of the tenant involves an assessment of the solvency and liquidity of a tenant. In addition, an assessment is made of whether the tenant is subject to VAT.
Rental-related costs	Rental-related costs are, for example, promotion costs for rental or leasing agencies.
Risk in relation to a 7:303 Civil Code and 7:304 Civil Code procedure	With a 7:303 and 7:304 Civil Code procedure, both a landlord and a tenant can revise the contractual rent under different conditions. This may affect future cash flows and could therefore represent a risk for the investment.
The legal form of the tenant	The tenant's legal form affects the legal accountability of a tenant. Legal forms are a private company, a public limited company, a one-man business, a limited partnership, or a general partnership.
The front width of a property	The front width is important for the visibility of a building.
The type of ownership	The real estate property can be divided into full ownership, a condominium, or a leasehold structure.
The floor loading and the meter cox closure	The floor loading and meter cox closure could affect the attractiveness of a property for a tenant. If a tenant has requirements regarding the floor loading and cox closure, it could have an impact on the re-rentability of a property.
Morality assessment of a tenant	A morality assessment of a tenant can be important to assess whether the morality of a tenant fits the image of a landlord. Therefore, a morality assessment could impact the relation between a tenant and landlord.

Table 2.3 – Additional determinants (M. Müller, Personal communication, July 21, 2022; Author, 2022)

3 – Data and methodology

The chapter contains a delineation of the research scope. Hence, the research methodology, data collection techniques, the data analysis and the sampling techniques are described. Lastly, a research paradigm, conceptual model and the operationalisation of the research are presented.

3.1 – Research scope

According to the literature, there is deviation between the location of high street real estate. Locatus (2017) has prepared a report to define the difference in locations, that will be used to determine and delineate the research scope. Due to the objective of the research and the fact that the research is conducted from the perspective of national and international investment organisations that have property investments throughout the Netherlands, the research scope is focused on the A1 and A2 locations of the town centre areas.

Furthermore, the research scope is focused on single asset real estate investments. In the literature review, multiple investment theories were examined and described. These theories are based on a single asset real estate investment. When acquiring real estate portfolios, the modern portfolio theory of Harry Markowitz (1952) should be described. In the modern portfolio theory, other determinants, which are not emphasised in this research, are influential. For these reasons, the research is limited to single high street real estate investments on A1 and A2 locations in town centre areas.

3.2 – Research methodology

According to Saunders, Lewis, and Thornhill (2019), the research strategy should align to get the best potential results to answer the central question, regardless of applying qualitative or quantitative methods. The investigation is performed by an inductive research approach, as the research objective is to both investigate what determinants affect the decision of an investment organisation when purchasing a single high street real estate investment, as to create a model that includes the distinction between the different determinants. Within the research, new data is collected and added to the literature. In an inductive approach, observations and the recognition of patterns form the basis for establishing a theory. A deductive research approach is based on existing theory to design a research strategy to finally test the drafted hypotheses (Bell, Bryman, & Harley, 2019; Saunders et al., 2019).

The research, based on investment theories, and the literature review form the basis for achieving the research objective and answering the central research question. Based on the literature, it is identified which determinants influence an investment organisation about the purchase of a single investment property in a shopping street, and what the distinction between these determinants is. However, the collected data from the literature review will not be tested and therefore a deductive research approach is excluded in this study. However, although the research has an inductive approach, the found results are also compared to the literature; in order to find new determinants and create a model with a new theory, it is important to compare the results of the field work to the literature.

Anker Jensen (2010) researched the added value of facility management, which resulted in the FM-value map in 2012. Anker Jensen (2010) started the research with an inductive research approach and had interviews with practitioners in a Nordic FM project. Due to the research objective and because the data is added to the literature, this study is comparable with the study of Anker Jensen (2010). The found results of this study can be tested in a follow-up study like the study of Anker Jensen et al. (2012).

Based on the inductive approach, the choice was made to conduct interviews with twelve investment organisations that have multiple high street real estate investments spread throughout the Netherlands, and in multiple Town Centres on A1 and A2 locations (Locatus, 2017). The interviewees include institutional investment organisations, private national investment organisations, and family investment organisations. The main objective of these organisations is to purchase and manage investment properties and make a return on the rental streams resulting from these investments.

Due to the determined research objective, central question, and demarcated group of respondents, the research approach can be characterized as a qualitative study (Bell et al., 2019; Saunders et al., 2019).

3.3 – Data collection techniques

Due to the research objective, central question and the research approach, semi-structured interviews are selected. Semi-structured interviews are ′′non-standardised′′ and are referred to as ′′qualitative research interviews′′ (Saunders et al., 2019).

The interviews will be conducted according to five themes. Firstly, the purchase strategies of the selected organisations were discussed through the four different topics. Secondly, the themes of macro-, meso- and micro-economic determinants were discussed with all respondents. In the semi-structured interviews, the respondents were asked how these groups of determinants are assessed and which determinants are considered in the decision process of purchasing an investment object. Moreover, how these determinants are weighed up against each other and what the distinction is between these determinants. The reason for choosing semi-structured interviews is that the literature research forms the basis for the possible determinants. Within the interviews, the researchers examined which determinants correspond to the literature, but respondents were given the opportunity to suggest new determinants and thus add data to the literature (Bell et al., 2019; Saunders et al., 2019).

The last theme discussed the distinction between the different determinants. The respondents were asked what the distinction and relationship is between all the collected macro-, meso- and micro-economic determinants, and what the reason is for this distinction. Therefore, the researcher decides the subject within the interviews, though respondents were given the opportunity to add new data and create a distinction between all the retrieved data (Bell et al., 2019; Saunders et al., 2019).

3.4 – Data analysis

By using a codebook, the semi-structured interviews were analysed. The codebook is subdivided by the five different themes. According to Cooper and Schindler (2014), a codebook is a variable guide that breaks the interview down into effective and separated elements. In addition, the collected data is analysed by the four analysing steps mentioned below (Bell et al., 2019; Saunders et al., 2019).

1. *Transcribing the collected data:* The semi-structured interviews are, by permission of the respondents, audio recorded. Every single word of the audio-recording is transcribed (Bell et al., 2019; Saunders et al., 2019). In addition, all respondents have signed a model information letter and statement of consent. The letters are stated at appendix IV and V.

2. *Open coding:* After transcribing the collected data, the transcriptions were coded. The first step of the coding process was open coding. The transcriptions are dissected into elements and labelled with constructed codes. Because the results are compared with literature, the codes as stated in the literature are used. In addition, the new retrieved data is coded by the additional determinants as stated in table 2.3. All elements that are not stated within the literature review or table 2.3 have a descriptive code. These codes are aimed at facts and statements from the interviews. Each code has a personalized number in the codebook and in the transcription. This makes it possible to use the codebook and page number to find out which statement was made by which respondent (Bell et al., 2019; Saunders et al., 2019). In addition, a coded interview and the code tree are stated at appendix VI and VII.

3. *Axial coding:* After labelling each element with constructed and descriptive codes, the axial coding process has occurred. The umbrella codes that have been used are the five different themes discussed during the interviews. In addition, all umbrella codes have been given a colour which has been used to mark the axial codes in the transcriptions. The purchase strategy has the colour purple. Macro-economic determinants have the colour red. Meso-economic determinants have the colour blue. Micro-economic determinants have the colour yellow. Lastly, the distinction and relationship between the determinants have the colour green (Bell et al., 2019; Saunders et al., 2019).
4. *Selective coding:* After the first three coding steps, the results are presented. Based on selective coding the conclusion is drafted. In addition, the selective coding consist of the presentation of the visual and new theory (Bell et al., 2019; Saunders et al., 2019).

3.5 – Sampling

Due to the timeframe of the research, a limited number of interviews could be conducted. Therefore, a proper consideration has been made in selecting the samples. Because the research is qualitative research with an inductive approach and due to the specific research topic, there has been chosen for non-random and purposive sampling (Bell et al., 2019; Saunders et al., 2019). The organisations are chosen through three requirements and are selected by the expertise that is the most useful to achieve the research objective. Moreover, according to Saunders et al. (2019) a minimum of five interviews needs to be executed, in order to attain representative data. Therefore, thirteen respondents were interviewed to collect enough representative data. After thirteen interviews saturation arose and new data was not found anymore.

Three requirements have been selected to be fulfilled by the organisations. Firstly, the respondents and organisations should use the investment theories as described in paragraphs 2.2 and 2.3. According to the literature review, the determinants are applied in these investment theories and therefore in the interest of the research. It is important that the respondents and organisations use these theories.

Secondly, it is important for the research that the organisations have sufficient investment properties in different town centres. In order to make a selection in this respect, it was decided that only organisations with more than 50 million in retail property investments on their balance sheet would be suitable for the study. This has been verified by checking the annual reports of the organisations or by asking the respondents.

Finally, the organisations should be focused on buying high street investment properties in Town Centres in A1 and A2 areas rather than focused on one specific city in the Netherlands. If an organisation is focused on one city, other determinants might be more important than when organisations are focused on the whole country or a certain area in the Netherlands. Based on these requirements table 3.1 provides an overview of interviewed organisations.

Interviewed organisations	Type of organisation
Bouwinvest	Institutional investment organisation
Altera real estate	Institutional investment organisation
Patrizia AG	Institutional investment organisation
Bulten real estate	Private national investment organisation
Vastned	Private national investment organisation
Syntrus Achmea real estate & finance	Institutional investment organisation
Annexum	Private national investment organisation
a.s.r. real estate	Institutional investment organisation
MN real estate	Institutional investment organisation
CBRE Investment management	Institutional investment organisation
Dutch family business (anonymous)	Family investment organisation
Green real estate	Family investment organisation

Table 3.1 – Sampling selection (Author, 2022)

Besides the requirements of the organisation, the selected respondents also have to comply with three other requirements. Firstly, the core business of the respondent should be investing in retail real estate with an interface of high street real estate investments. There will not be a rejection if the respondent invests in other types of real estate. However, due to the research scope, it is important the respondent has enough experience and knowledge of the different macro-, meso- and micro-economic determinants and can explain the difference and relationship between these determinants. This could be done by investing in high street real estate investments, or by managing an existing high street real estate portfolio.

Secondly, the respondent should have at least five years of work experience in investing or managing high street real estate investments. Due to different macro-, meso- and micro-economic determinants it is important the respondent has enough experience and knowledge of the topic.

Lastly, the respondent must have a managerial or decisive position within the organisation. For the research it is important there is a distinction between the different determinants. Respondents with a managerial or decisive position have a more decisive role than employees who do not have this role. The last two requirements have been verified by asking the respondents.

3.6 – Research paradigm

A research paradigm is a philosophical assumption of research. It is of importance to understand the ontological, epistemological, and methodological assumptions of the research, to ensure the assumptions are consistent and in line with the research methods and designs (Bell et al., 2019).

The definition of ontology is: *''Ontology is concerned with theorizing about the nature of reality and is about the assumptions we make about what it means for something to exist''* (Bell et al., 2019). Objectivism and constructionism are two positions to determine what should be understood through research. Within this research there are multiple realities. This study examines the distinction between the various macro-, meso- and micro-economic determinants. These determinants can be interpreted and assessed in different ways by the different organisations and respondents. This excludes the possibility of there being only one reality. In addition, due to the possible multiple realities there is a need to understand the truth by observing and interviewing. For that reason, this research has a constructionism ontology (Bell et al., 2019).

Epistemology stems from ontology and is a particular way of understanding how to gain knowledge of the found reality. In addition, epistemology is important to understand how the research should be conducted and ensures that the found knowledge is sound (Bell et al., 2019). Positivism and interpretivism are two epistemological positions how to adopt knowledge of the reality. Due to the constructionism ontology and the possibility of multiple truths, the reality should be interpreted to discover the underlying meaning. For that reason, this research has an interpretivism epistemology (Bell et al., 2019).

The methodological assumptions refer to the research methodology and describe the process of data collection and analysis (Bell et al., 2019). As mentioned in paragraph 3.2 until 3.4, the research consists of an inductive research approach with ''non-standardised'', semi-structured interviews. In addition, the conducted data will be analysed by coding techniques (Saunders et al., 2019).

The research establishes that there are multiple realities that should be interpreted to discover the truth. Therefore, the research philosophy exists of a constructionism ontology with an interpretivism epistemology. In combination with the underpinned research methodology, this study has a constructivism paradigm (Bell et al., 2019). According to Honebein (1996), a constructivism paradigm is an approach to conduct own understanding and knowledge by experiencing things and reflecting on those experiences.

3.7 – Conceptual model

A conceptual model is a visual representation of the expected cause-effect between the independent and dependent variables (Saunders et al., 2019). Within this research the macro-, meso- and micro-economic determinants are the independent variables. The risk premium of single high street real estate investments is the dependent variable in this study, because it is influenced by the independent variables. Furthermore, this study has a moderating variable. The moderating variables in this study are the real estate investment organisations, for these organisations have an influence on the relationship and the use of the different determinants, and the risk premium of a single high street real estate investment. Figure 3.1 provides an overview of the conceptual model.

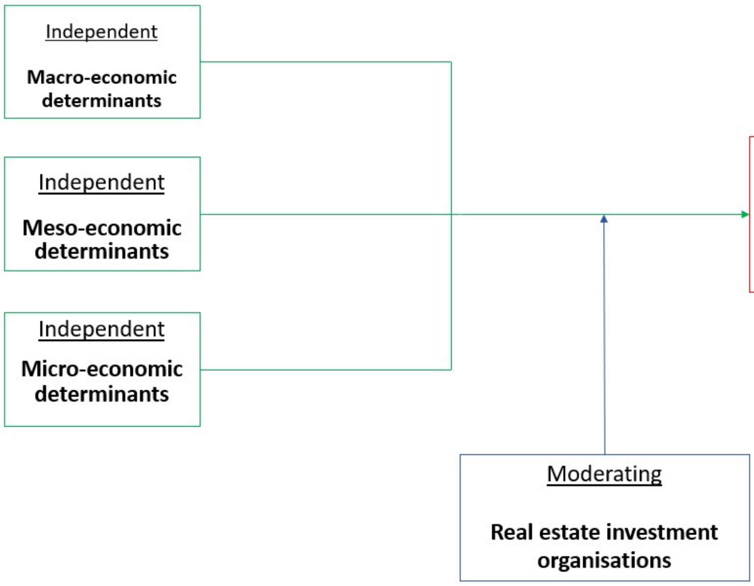

Figure 3.1 - conceptual model (Author, 2022)

3.8 – Operationalisation

Operationalisation is a translation of abstract and theoretical concepts into measurable data (Saunders et al., 2019). The abstract and theoretical concepts from the central research question that will be defined and operationalised are stated below with the definition used. The operationalisation scheme is stated at appendix I.

1. Determinants: *''A determinant is a factor that affects the nature or the outcome of something''* (Cambridge Dictionary, 2022a; van Gool & Jager, 2013).

2. Risk premium: *''Risk premium is an analysis of the unforeseen developments of risk factors for both a buyer and owner of an investment''* (ten Have, 2003).

3. Single high street real estate investments: *''Business premises for the purpose of rental and leasing, including; An immovable property or part thereof which, pursuant to a lease, is intended for the conduct of a retail business, a restaurant or bar business, a take-away or delivery service or a craft business, all this if in the leased space there is a publicly accessible area for the direct delivery of movable property or for the provision of services''* (Ten Berge et al., 2021).

4 – Research validity, reliability and limitations

This chapter contains a description of the validity, reliability and the limitations of the research.

4.1 – Content validity

According to Saunders et al. (2019) and Bell et al. (2019), validity is the ability of the questionnaire to measure what is intended to measure. The content validity refers to the extent to which the measurement device provides adequate coverage of the investigative questions (Saunders et al., 2019). The content validity will be ensured by the operationalisation scheme. The abstract and theoretical concepts from the research question are defined with two sources. Furthermore, the content validity will be ensured, as the abstract and theoretical concepts are specified through multiple dimensions and indicators per definition. With the operationalisation scheme, the research measures what it claims to measure. Moreover, the validity of the research is also guaranteed by the research strategy, the way of collecting data and the way of analysing the data. By carrying out the research method based on the points above, the validity of the research will be guaranteed (Bell et al., 2019; Saunders et al., 2019)

4.2 – Internal validity

Internal validity refers to whether the conclusions about causality are drawn rightfully (Saunders et al., 2019). The use of triangulation increases the internal validity (Baskarada, 2014). To guarantee the internal validity, the conclusions will be discussed and checked with the respondents (Saunders et al., 2019).

4.3 – External validity

The external validity refers to the generalisation of the conclusion into research units that are not investigated (Bell et al., 2019; Saunders et al., 2019). Due to the limited number of respondents, it is not possible to generalise the conclusions to the whole environment. However, with theoretical generalization it is possible to assess whether the drafted conclusions are transferable to cases that were not studied. To guarantee the external validity a thick description will be given within the research (Bell et al., 2019; Saunders et al., 2019).

4.4 – Reliability

According to Saunders et al. (2019) and Bell et al. (2019), the reliability refers to whether the data collection techniques and analysation of the data would reproduce the same findings if they would be repeated on another occasion or were replicated by another researcher. In addition, reliability determines whether there is transparency in how sense is made from the raw data. There are multiple errors and biases to determine the reliability of the research. The most common threats are:

1. Participant bias: A participant bias is a factor which produces a false response.
2. Participant error: A participant error is a factor which adversely alters the way in which a participant performs.
3. Researcher bias: A researcher bias is a factor which induces bias in the researchers recording of responses.
4. Researcher error: A researcher error is a factor which alters the researcher's interpretation (Bell et al., 2019).

Firstly, to avoid the biases and errors, a motivation and record of the steps and choices will be given at appendix II. Secondly, all interviews and transcriptions will be provided with a legend showing the data and times of the interviews. Thirdly, all the organisations and respondents have to fulfil a total six requirements. Within all drafted interviews and transcripts, it will be mentioned whether the organisations and respondents have fulfilled the determined requirements. Lastly, appendix III provides an overview of the interview guide to provide transparency on the interview questions.

4.5 – Limitations

The limitations are conditions, shortcomings or influences that cannot be controlled within the research by the researcher. These limitations can restrict the methodology and conclusions of the research (Bell et al., 2019; Saunders et al., 2019). The expected limitations of this research are:

1. **Statistical representation:** This research is about identifying the different determinants and determine the distinction between these determinants. However, a limitation of this research is that the found results are not qualitatively tested. There is no follow-up quantitative research that examines how these determinants are incorporated into investment theories.

2. **Time for collecting data:** Due to the timeframe of the research, there is a limited number of interviews that can be conducted. A limitation of this research is that due to the timeframe, the results are not as specified as to when there were more interviews conducted.

3. **Sample size and willingness to participate in the research:** A limitation of this research could be the willingness of the respondents to participate in the research. Due to the possibility of sensitivity about sharing the requested information with people outside of the organisation, it is possible the willingness to participate is limited.

4. **Limitations at the literature review:** The literature describes various determinants. However, new determinants emerge that are not mentioned in the current literature due to their recentness. Therefore, a limitation of the research is that not all determinants are mentioned in the literature review, and new determinants need to be confirmed at the interviews. Furthermore, this creates the limitation that there is possibility new determinants emerge after conducting the interviews.

5. **Limitations at the sampling techniques:** A limitation of this research could be the drafted requirements that the respondents have to fulfil. There is a possibility the collected data, based on the sampling techniques, limits the ability to conduct a thorough analysis of the results. If these limitations do occur, it will be acknowledged that the deficiencies should be reviewed for future research, and specific methods of data collection will be indicated.

6. **Limitations of the research scope:** A limitation of this research could be the research scope. There is a possibility that the results apply to other property segments and areas as well, and are therefore not specifically related to the research scope.

5 – Results

This chapter contains an overview of the collected results from the interviews and the literature review. The chapter is divided into four paragraphs. The four sub-questions that will answer the central question will be presented in these paragraphs. If the sub-question needs to be answered through the literature review as well, the main results of the literature review will also be stated in this paragraph.

5.1 – Sub-question 1

The first sub-question that will be answered is:

What are the purchase strategies real estate investment organisations use to substantiate the decision to purchase a high street property investment?

This sub-question will be answered using the literature review and the results from the interviews. The theories from the literature review are important in order to understand how the concept of risk is translated within the purchase strategy of real estate investment organisations. Therefore, the most important investment theories from the literature review will be presented in the first sub-paragraph.

Secondly, the results from the interviews will be presented in the second sub-paragraph. These results are divided into the vision of the strategies, the way the organisations collect the investment money, the risk-return ratio, and the method of purchasing. Table 5.1 presents an overview of the four different subjects and which respondents have made a statement about those subjects.

5.1.1 – Sub-question 1 literature review

Firstly, as stated in paragraph 2.2, the capitalisation method is a method where the market value of a property is determined by dividing the market rent by the gross or net initial yield (ten Have, 2003). The gross or net initial yield exist of a risk-free return percentage and a risk premium for the risk of an investment (ten Have, 2003). The gross or net initial yield is referred to as a capitalisation rate. The capitalisation rate is a number wherein the market rent is multiplied to determine the market value. The cap rate is calculated by dividing the number one by the Gross Initial Yield percentage (ten Have, 2003).

Secondly, as stated in paragraph 2.3, there are multiple methodologies to determine whether an investment is profitable, and the risk an investor attaches to an investment. The Net Present Value is an investment approach wherein the future cash flows of an investment are weighed against the costs resulting from an investment (Geltner et al., 2007). Therefore, the discount rate is a percentage that exist of the expected return on the investment, and cost of capital (Geltner et al., 2007; Liapis et al., 2011). The Internal Rate of Return is a percentage of the expected return and is compared to the predetermined minimum return requirement of an organisation (Percoco & Borgonovo, 2012).

The Weighted Average Cost of Capital is used to determine the discount rate. The WACC exists of the cost of equity and cost of debt (Frank & Shen, 2016; Harvey, 2020). There are two approaches to determine the cost of equity of the WACC and balancing the return against market risks. The Capital Asset Pricing Model is a theory that exists of a free-risk rate and a risk premium wherein the market risk is embedded. This risk premium is the extent to which the share price moves in relation to a benchmark index, and is indicated by the letter Beta and (Perold, 2004). The second approach is the Arbitrage Pricing Theory. Within the Arbitrage Pricing Theory, the Beta is based on separate single market related risk factors (Jarrow & Rudd, 1983).

5.1.2 –Sub-question 1 field research

Codes	The respondents that have made a statement about the code
Purchase strategy of retail real estate	A-B-C-D-E-F-G-H-I-J-K-L-M
Fund strategy how to collect investment money	A-B-C-D-E-F-G-H-I-J-K-L-M
Risk/return ratio	A-B-C-E-F-G-H-I-J-K-M
Vision on the purchase strategy plan	A-B-C-D-E-F-G-H-I-J-K-L-M

Table 5.1 – Overview subject purchase strategy (Author, 2022)

According to the respondents in table 5.1, the vision on the purchase strategy differs per organisation. The respondents A, E, F, G, I, J, L, and M said that the purchase strategy is a long-term strategy wherein a ratio is made between the different retail investments. Due to risk diversification, real estate investments are made in various retail sectors, such as the convenience sector and the high street real estate sector. The vision on the purchase strategy has focused on the thirty biggest cities towards the twenty biggest cities of the Netherlands. Furthermore, these eight respondents are also only focused on mostly the A1 and A2 locations of these biggest twenty cities. These organisations are rarely focussing on investing in B1 or other locations.

The respondents B, C, H and K, currently do not buy high street real estate investments. The four respondents have said that the related organisations have built up a high street real estate portfolio in the past. The high street real estate portfolio is spread across various cities in the Netherlands. Within this purchase strategy there was not a focus on the type of city. The respondents mentioned that there was only a purchase vision for the A1 and A2 locations of the cities in question. Currently, the vision is to sell or hold on to the high street real estate portfolio. However, the purchase vision of all four respondents is focused on the convenience sector.

Respondent D said that the purchase vision is aimed at anti-cycle economic purchasing. The purchase vision is focused on purchasing a high street real estate investment, re-developing the investment, and realising a maximum end value. In addition, purchases are not often sold and remain in the portfolio. Finally, the purchase strategy is focused on the northern region in the Netherlands. Beyond these requirements, the respondent did not mention a vision for the location within these cities.

''We have said about the G5. There, you can invest in A1 and A2 shopping area. And with the possibility of B locations, but only very selectively. We are carefully looking, but do not have an active purchasing policy for that. But it would be possible'' (Resp-G20, personal communication, June 17, 2022).

''Certainly, we still have high street real estate! But that was your question about how purchase. Currently, we don't do that for high street real estate. But we still have it a lot'' (Resp-K6, personal communication, June 30, 2022).

''Yes really just buy anti-cycle economic'' (Resp-D2, personal communication, June 14, 2022).

In addition to the purchase strategy, the respondents A, B, C, F, G, I, J, K and L are full equity organisations. According to the respondents, multiple pension funds and shareholders invest in the real estate funds of the relatable organisations. As a result, these retail funds have capital that can be invested directly. These organisations, in most cases, do not need to start a comprehensive financing process at a financial institution.

The respondents D, E, and H are being funded. The respondents stated there is an average percentage of 50% till 60% of debt capital. The loan capital is obtained from private investors who invest through the stock market, as well as from different financial institutions. As a result, these organisations cannot purchase real estate investment at all times; this depends on the financial market. In addition, the financial market determines how much these organisations can invest.

''Well, we are what they call a full equity investor. So, we are actually entirely self-funded'' (Resp-F56, personal communication, June 10, 2022).

''We raise money from private investors, that we want to invest in real estate. Then there is the financing market, because we also finance part of it. Those two together partially determine what we can invest'' (Resp-H3, personal communication, May 31, 2022).

Furthermore, the Internal Rate of Return differs per organisation and investment fund. However, according to the respondents, the return is always determined by the risk taken with an investment. All respondents mentioned that the expected return also includes a risk profile. The higher the expected return, the more risk is expected in the investment. According to the respondent, the objective is that the achieved return on an investment needs to meet the minimum predefined Internal Rate of Return, based on the risk profile.

''Yes, we have a return requirement from our investor. It stands at about 5%. Not 5% yield, but 5% IRR'' (Resp-K4, personal communication, June 30, 2022).

''But then you are also talking about returns. Certain returns we want to achieve, but also a certain risk profile that we want in the fund'' (Resp-F22, personal communication, June 10, 2022).

Lastly, although the respondents do have a different purchase vision, the strategy of how a proposition is acquired is similar. The respondents said the first check is whether the proposition fits within the vision. Secondly, the market value is calculated, and determined whether the required Internal Rate of Return can be achieved. Moreover, a risk profile of the investment is made, and various risk factors are identified. However, the follow-up process of how the proposition is acquired differs per organisation. This differs due to the size of, and hierarchical levels within the organisation.

''Then we consult with our acquisition. We do that together with the asset management and sometimes with the account manager there. If there is an offer. Does it fit within our policy? That is the first question'' (Resp-I25, personal communication, June 9, 2022).

''If it's a yes, then we'll just look at that property further. Then we go to the strategy and research department. They will set the parameters for each city and sub-area. They will also look at the specific characteristics of the property'' (Resp-G29, personal communication, June 17, 2022).

''We want to have a fund with a very specific focus. One of which we are convinced we can generate sufficient returns in the long term, at a low risk'' (Resp-B1, personal communication, June 21, 2022).

5.2 – Sub-question 2

The second sub-question that will be answered is:

According to both the literature and the respondents, what macro-, meso- and micro-economic determinants affect the risk premium for a real estate investment organisation?

This sub-question will be answered by comparing the results from the interviews with the results from the literature review. All the results from the literature review are stated in paragraph 2.5 and paragraph 2.6. Table 5.2 till 5.4 will present an overview of all the macro-, meso- and micro-economic determinants that have been found during the field work and also correspond with the literature.

5.2.1 – Macro-economic determinants

Codes	The respondents that have made a statement about the code	Source of the literature
Increase of population	F-I-L-M	(Chuangdumrongsomsuk & Fuerst, 2017)
Inflation	B-C-D-E-F-G-J-K-M	(Ambrose & Nourse, 1993; Chen et al., 1986; Kim, 2004)
Real estate factors, the property related tax	G-J	(Zull Kepili Izati & Masron, 2011)
The availability of funding	D-E-F-G-K-M	(Chervachidze & Wheaton, 2013; Zull Kepili Izati & Masron, 2011)
The broad money supply	A-F-H-I-M	(Matysiak & Tsolacos, 2003)
The free risk rate	G	(Chuangdumrongsomsuk & Fuerst, 2017)
The structure of interest rates of financial institutes	A-B-C-D-E-F-G-H-J-K-L-M	(Chen et al., 1986; Chin, 2003; D'Arcy et al., 1999)
The uncertainty in a market	B-D-F-G-H-J-K-L-M	(Chuangdumrongsomsuk & Fuerst, 2017)
The unemployment rate	M	(Giussani et al., 1993).

Table 5.2 – macro-economic determinants (Author, 2022)

According to the respondents in table 5.2, the structure of interest rates of financial institutions has an influence on the pricing and fundability of high street real estate. Due to an increase in the cost of capital, the possibilities of financing decrease and vis-à-vis. This affects the law of demand and supply of high street real estate. This is supported by the literature. According to the literature, interest rates affect the demand and supply, prices, and the discount rate of high street real estate (Chen et al., 1986; Chin, 2003; D'Arcy et al., 1999).

''The cost of borrowed capital affects the law of supply and demand. The higher the cost of debt, the lower the demand'' (Resp-F62, personal communication, June 10, 2022).

''When interest rates are very low, it has a price-increasing effect'' (Resp-A27, personal communication, June 17, 2022).

In addition, the availability of funding and the broad money supply influence the risk premium of high street real estate. The lower the Loan to Value percentage, the faster real estate prices decrease, as investors of high street real estate are forced to put more equity in an investment when the availability of funding is low. On the other hand, the more money there is in the market, the more it will be invested. This causes an increase in demand.

''Or at such a low LTV of, say, only 40%. They used to be able to do that between 60% and 80%. Which means that the leverage structure is eroding very fast. Which means you have to buy at higher initial yields to achieve certain returns'' (Resp-M40, personal communication, July 18, 2022).

''There is such a thing as investment pressure as well, because there is still a lot of money in the market. Especially at the institutions, of course. They simply have to invest within a certain period of time'' (Resp-A30, personal communication, June 17, 2022).

Moreover, the free risk rate also has an effect on the cost of equity. The higher the free risk rate, the higher the cost of equity. 10-year government interest rates, or 5-year triple B bonds reference what the risk-free rate of return is. These percentages reflect the return on a risk-free investment. As a result, the risk premium on high street real estate investments also increases when the return percentage on the risk-free rate increases as well. According to the literature, the availability of funding and the number of loans to the property sector affect the investment risk and the capitalisation rates (Chervachidze & Wheaton, 2013; Matysiak & Tsolacos, 2003; Zull Kepili Izati & Masron, 2011). According to Chuangdumrongsomsuk and Fuerst (2017), the risk premium increases when the risk-free rate increases as well.

''You also have to look at long-term capital. So, 10-year government interest. Or 5-year triple B bonds. That's roughly what you should look at for your cost of equity. Use that as a start'' (Resp-G68, personal communication, June 17, 2022).

Moreover, inflation can cause an increasing gap between contract and market rents. If retailers and tenants leave, the annual rent will fall back to a market rent. Rising inflation can cause uncertainty in a market and is a parameter in determining whether an investment can eventually generate a sufficient return. The uncertainty of inflation causes not only an increase in rent, but in all economic aspects that are sensitive to inflation. According to the literature, there is a significant relationship between the inflation, the discount rates, and the risk premium (Ambrose & Nourse, 1993; Chen et al., 1986; Kim, 2004).

''What you just mentioned about inflation. That is, of course, a very important input parameters for your final IRR calculation. That will ultimately determine whether something will yield a sufficient return or not'' (Resp-F51, Personal communication, June 10, 2022).

Furthermore, certainty or uncertainty has an influence on the risk of high street real estate investments, according to the respondents. The certainty in a market is always driven by changes that are taking place in market. For instance, political uncertainties, changes in law and regulations, rising unemployment, a growing or shrinking market, or population developments affect the behaviour of consumers and society. As a consequence of uncertainty in a market, market prices decrease, gross or nett initial yields rise, and the investment market dries up. According to the literature, the risk premium increases and the capitalisation rates decrease when real estate investors demand a higher compensation for a bigger uncertainty in the market (Chuangdumrongsomsuk & Fuerst, 2017).

The number of bankruptcies and the unemployment rate have an effect on consumer spendings. In addition, these aspects affect the uncertainty in a market, which has an impact on the risk premium. According to the literature, the unemployment rate has a significant relationship to the prices of real estate (Giussani et al., 1993).

In addition, property related taxes like changes in the taxation system and the change of transfer tax can affect the law of demand and supply. These changes are based on legislative and regulatory adjustments. These changes can cause uncertainty in a market. According to Zull Kepili Izati and Masron (2011), the property-related tax affects the investment risk in a country.

> *''Well, I think the most important thing is the market sentiment. So, that's beyond all quantitative matters''* (Resp-K13, personal communication, June 30, 2022).
>
> *''The sentiment of the market, in the form of the population, consumers and society, that affects the financial market''* (Resp-J31, personal communication, July 18, 2022).
>
> *''There is also more uncertainty in the market, but that, in turn, has to do with what will happen to the number of bankruptcies. What will happen to consumer confidence and spending''* (Resp-M51, personal communication, July 18, 2022).

5.2.2 – Meso-economic determinants

Codes	The respondents that have made a statement about the code	Source of the literature
Occupation of high street real estate	A-B-C-D-I-J-M	(De Magalhães, 2012)
The rating of the location	A-B-C-D-E-F-G-H-I-J-L-M	(Chaney & Hoesli, 2015; Sivitanidou & Sivitanides, 1999)
The walkability	A-B-C-F-G-I-J-L-M	(Clifton & Handy, 2001; Pivo & Fisher, 2011;)
Vacancy, Initial vacancy	A-B-C-E-F-G-H-I-K-M	(Chaney & Hoesli, 2015; De Magalhães, 2012; Sivitanidou & Sivitanides, 1999)
Vacancy, vacancy between a tenant transition	B	(Chaney & Hoesli, 2015; De Magalhães, 2012; Sivitanidou & Sivitanides, 1999)

Table 5.3 – Meso-economic determinants (Author, 2022)

According to the respondents at table 5.3, the rating of the location of an investment has an effect on the risk. The location is an important factor for the risk profile of investors. The more centrally located the investment is, the more passers-by there are, the lower the risk of the investment is estimated to be. The more centrally located the investment is, the more likely it is to rent and avoid vacancy costs. Tenants will more quickly move to central locations at the same market conditions as in declining market conditions. According to the literature, the rating of the location affect the risk premium of the Gross Initial Yield and the capitalisation rate (Chaney & Hoesli, 2015; Sivitanidou & Sivitanides, 1999).

> *''Always, the best place is perhaps a utopia. But you always have a good spot in a city. You can always place another retailer there''* (Resp-F55, personal communication, June 10, 2022).
>
> *''Look at high street real estate. When the neighbouring building is for rent, you always see formulas moving to a different building every few years. This might partly come due to internal reasons. Perhaps because the premises are more suitable, or the location is more appropriate''* (Resp-H14, personal communication, May 31, 2022).

Furthermore, the vacancy rates affect the market rents and the initial yields within an area. The more options to choose a tenant has, the more pressure there is on the annual rents and initial yields. In addition, vacancy is contagious. The more vacant an area becomes, the more tenants will leave. Therefore, the initial vacancy around an investment will always be assessed according to the respondents. De Magalhães (2012) stated the initial vacancy rate and the vacancy rate between a tenant transition are important to assess and improve a commercial area. Furthermore, Chaney and Hoesli (2015) said there is a significant correlation between the risk premium of the Gross Initial Yield and the vacancy rates of high street real estate properties within the municipality. Finally, Sivitanidou and Sivitanides (1999) stated there is a positive relationship between the vacancy rates and the capitalisation rates.

''But just like in the smaller cities, you also have the problem of vacant properties around there. That still presses the yield. Or pressures, increases the yield. And that also lowers the market rent. So, we do suffer in the end, even though we have no vacancy then'' (Resp-I11, personal communication, June 9, 2022).

The vacancy rates are also influenced by the occupation of high street real estate. Currently, there is an excess of high street retail floor space. The respondents mention that the more similar spaces with a similar floor space are within an area, the higher the risk of the investment. The theory of De Magalhães (2012) states that occupation of high street real estate is important to assess and improve a commercial area.

''But we do look at your competitiveness in relation to other properties, not so much in terms of a tenants'' (Resp-I80, personal communication, June 9, 2022).

In addition, the rating of the location and the vacancy rates are affected by the walkability. According to the respondents, the higher the walkability and footfall in front of an investment, the lower the risk of an investment. The walkability is affected by multiple factors. The tenants in the immediate vicinity, developments in the area, and the parking facilities have an impact on the walkability and the footfall. According to the theory of Pivo and Fisher (2011), and Clifton and Handy (2011), there is a negative relationship between the walkability and the Gross Initial Yield.

''I think mainly the number of footfall. Actually, the busiest point is the most attractive '' (Resp-B52, personal communication, June 21, 2022).

''I try to understand the flow of a city. That is actually a very important one. So, will there still be walkability and footfall in a street. I really do try to understand that'' (Resp-L39, personal communication, June 27, 2022).

5.2.3 – Micro-economic determinants

Codes	The respondents that have made a statement about the code	Source of the literature
Possible leasehold construction	A-E	(Chaney & Hoesli, 2015)
Rental potential	C-E-F-G-H-I-J-L-M	(Verhaegh, 2005)
The annual rent	B-C-E-F-G-H-J-M	(De Magalhães, 2012)
The assessment of the lease construction	A-B-C-D-E-F-G-H-I-K	(Verhaegh, 2005)
The contractual rent compared to the market rent	A-B-C-D-E-F-H-I-J-L-M	(Chaney & Hoesli, 2015)
The level of maintenance	G-I-J-K-M	(Verhaegh, 2005)
The rentable floor space	A-B-C-D-E-F-J-L	(Chaney & Hoesli, 2015)

Table 5.4 – Micro-economic determinants (Author, 2022)

According to the respondents in table 5.4, the difference between a contractual rent and a market rent constitutes a risk, and often increases the risk premium. When a tenant leaves a high street real estate property, the annual rent will move to a market level and will lead to a fall in the initial yields. As a consequence, the return on investment will decrease when contract rents fall to market rents. In addition, all investment organisations calculate the Internal Rate of Return based on the annual market rent. Currently, the average annual market rent has decreased according to the respondents. The decline of the annual market rents was, due to the growing uncertainty, already in line with the expectations. However, the COVID-19 pandemic has accelerated this development. The annual market rents have decreased with an average of 15% to 40% since the start of the COVID-19 pandemic. As a consequence, the decreasing market rents will reduce the Internal rates of Returns. Decreasing Internal Rate of Returns will pressure eventually the initial yield and will increase the risk premiums. According to the literature, there is a significant correlation between the risk premium in the Gross Initial Yield, and the differences between the contractual rent and the market rent (Chaney & Hoesli, 2015).

''I think corona has had a very nice effect on that. Rents have really been adjusted downwards. A kind of extreme shock that happened. 20 to 25% down in many places. Some places even 40%'' (Resp-F11, personal communication, June 10, 2022).

''That is indeed a risk-free rate with all kinds of variables to determine your risk premium. That creates a hurdle. And that is the minimum return it must meet. Your IRR just has to meet that. So, the rent level. Contract rent versus market rent is variable in there. And that can lead to the variable being increased'' (Resp-A85, personal communication, June 17, 2022).

Furthermore, the re-rentability of an investment is an important determinant. All respondents said that the investments are long-term investments. Therefore, not only is the current rent situation important, but the future possibility of renting is as well. In addition, the rentable floor space also has an influence on the risk and re-rentability of an investment. The risk of the rentable floor space differs per purchase strategy. However, the rentable floor space until 100 square meter and between 1,000 and 2,000 square meter represents a risk in relation to the re-rentability. The supply of properties until 100 square meter is high, according to the respondents. The supply of properties starting at 1,000 square metres is much smaller. However, the supply of tenants is also much smaller. According to the literature, there is a significant correlation between the risk premium in the Gross Initial Yield and the rentable floor space (Chaney & Hoesli, 2015; Verhaegh, 2005).

''When it comes to retail property. I always look at it from a certain viewpoint of re-rentability. There might be a tenant now, but what will it be like later on?'' (Resp-M110, personal communication, July 18, 2022).

''That sounds logical, but practice proves differently. Too small properties pose a risk'' (Resp-D36, personal communication, June 14, 2022).

''A 2,000-metre-plus shop simply has fewer candidates. So that already carries a higher risk'' (Resp-A45, personal communication, June 17, 2022).

Moreover, the lease construction also represents a risk. Due to the legal grounds for termination, in some cases it is not possible to terminate a tenancy agreement with a tenant. If the annual cashflow is lower than the market rent, the expected return cannot be achieved. However, the properties are long-term investments. The lease construction will always be assessed, but the re-rentability, the market rent and the contractual rent are more important for an investor. In addition to the lease agreements, a leasehold construction represents a risk as well. This risk depends on how long the ground lease has been bought off. According to the literature, there a negative correlation between the risk premium of the Gross Initial Yield and the assessment of the lease construction (Verhaegh, 2005; Chaney & Hoesli, 2015).

''Yes, leasehold. Not an issue. Depends on how long it has been bought off. And in which city we are. But that is also one that comes back in that hurdle provision'' (Resp-A94, personal communication, June 17, 2022).

''We are not looking at one retailer who is in it at that moment of time. But if it is empty, can we rent it out again'' (Resp-I39, personal communication, June 9, 2022).

''You have a contract in which you are on a very low rent, for example. It has been let indefinitely and you cannot terminate it based on the legal grounds for termination. Then, you are actually stuck with it forever. Yes, that will depress your returns'' (Resp-K97, personal communication, June 30, 2022).

Lastly, the level of maintenance affects the Internal Rate of Return. If an investment is poorly maintained, maintenance costs will have to be reserved. However, none of the respondents mentioned that poor maintenance resulted in an increased risk premium. This is not supported by the literature. According to Verhaegh (2005), the level of maintenance has a positive correlation to the Gross Initial Yield.

''And you want to spend as less as possible on maintenance. Because every euro goes at the expense of profitability'' (Resp-J89, personal communication, June 30, 2022).

5.3 – Sub-question 3

The third sub-question that will be answered is:

What macro, meso-, and micro-economic determinants that are not mentioned in the literature affect the risk premium for a real estate investment organisation?

This sub-question will be answered by presenting the results from the interviews that are not mentioned in the second sub-question and the literature review. Table 5.5 till 5.7 presents an overview of all the macro-, meso- and micro-economic determinants that have been found during the field work.

5.3.1 – Macro-economic determinants

Codes	The respondents that have made a statement about the code
E-Commerce	B-F-G-I-J-K-L
Consumer spendings	B-G-I-J-K-M
Economic analysis	A-B-C-D-E-F-G-K
Construction costs	A-B-C-D-E-F-H-J-K-L-M
Risk due to war	A-B-E-F-G-I-K
COVID-19	A-C-E-F-G-H-I-J-K-L-M
The law of supply and demand	A-C-E-F-G-K-L-M
Law and regulation by the government	D-E-G-I-J-K-M
Climate change	F-J

Table 5.5 – Macro-economic determinants (Author, 2022)

According to the respondents at table 5.5, there are multiple macro-economic determinants that influence a market. All respondents have perceptions on each market development. However, the similarity of these perceptions is that it is always translated into uncertainty in a market. The law of supply and demand is influenced by many factors, but always determines whether a market is certain or uncertain. The certainty or uncertainty in a market is always translated into the risk premium for an investment.

''Yes. That uncertainty or certainty influences the law of supply and demand and therefore the bandwidth in which you sit. In that sense, macro is leading for the level at which you talk to each other. That is because of the different kinds of macro trends'' (Resp-M146, personal communication, July 18, 2022).

''So it is a game of supply and demand that causes the prices to decrease'' (Resp-M28, personal communication, July 18, 2022).

''But that is where it all starts. Consumer confidence and the different macro-economic factors. And that works out in all sorts of areas. So in supply and demand'' (Resp-C56, personal communication, June 8, 2022).

Apart from the risk of whether landlords could receive the rental income and meet the financial liability, the COVID-19 pandemic has caused more of a shock effect and uncertainty in the market. Due to the COVID-19 pandemic, the purchase vision of investment organisations has changed towards a smaller amount of cities. In addition, the already expected declination of the market rents has accelerated due to the COVID-19 pandemic. Moreover, consumers spent more online during the pandemic, and the market share of E-Commerce has grown faster.

''Yes, it has certainly made a difference. But you don't always see that in the capitalization rate or in the yield, but market rents have changed a lot. There was quite a lot of shifting going on back then. Because of Covid everything switched to online much faster'' (Resp-C45, personal communication, June 8, 2022).

The E-Commerce market causes an effect on the uncertainty in a market and the choice of location of the retailer. The E-Commerce market has taken over a market share and turnover from the physical shop. However, according to the respondents, the physical shop will always exist.
The shop establishments will focus more on the combination of physical and online aspects.

''Well, E-Commerce was already there, of course. So, I think that was already in the retail market. It did increase through COVID'' (Resp-L17, personal communication, June 27, 2022).

''Well look, the big explanation has simply been the Internet. The Internet has taken a lot of sales out of physical shops and into online'' (Resp-F10, personal communication, June 10, 2022).

In addition, the economy that is based on the business cycle clock has an influence on the consumer spendings, and thus the behaviour and decisions of tenants and investors. The consumer spendings also changed, according to the respondents. Because of the increase in the online market, consumers combine shopping more with other leisure activities. In this respect, high street retail property is occupied by tenants who generally sell luxury products. Spending patterns and the uncertainty of the market may cause consumers to consume less in high street real estate areas.

''Yes, we determine the hurdle rate every quarter on the basis of various analyses. Including an economic analysis of the business cycle clock'' (Resp-B38, personal communication, June 21, 2022).

''Life gets more expensive. Everyday life. Your bread is getting more expensive, everything is getting more expensive. And in the end, research also shows that the thing people spend less money on, is fashion. At least luxury items'' (Resp-J23, personal communication, June 30, 2022).

In addition, wars have indirect effects on market developments. According to the respondents, wars affect, among other things, the increasement of construction cost, energy prices, inflation, and transport costs.

''Well, not the war itself. But the effects of the war are in the supply change. The influence on inflation, on energy prices, yes, of course we notice that. And certainly with retailers'' (Resp-F69, personal communication, June 10, 2022).

The rising construction costs have an influence on maintenance- and developments costs. However, these costs are relatively low, due to the high street locations and rentable floor space of the objects. The respondents mention they take it into account, but that it is calculated as a cost rather than as a risk premium.

''We have a stable economy. Anything that is going to change it and create uncertainty can have a negative impact on it'' (Resp-G79, personal communication, June 17, 2022).

Another important macro-economic determinant that affects the uncertainty in a market is the change of law and regulation by the government. Law and regulation such as mandatory climate changes, changes within lease constructions or other real estate related changes can cause uncertainty in a market and therefore affect the risk premium.

''Yes, I do think that when you talk about those construction costs, it depends on what type of property you want to buy. But you take that into account. But that's something you take into account in your pricing anyway'' (Resp-J32, personal communication, June 30, 2022).

5.3.2 – Meso-economic determinants

Codes no literature	The respondents that have made a statement about the code
The zoning plan	D-J
The parking facilities in the immediate vicinity (bike + car)	C-F-G-L-M
Assessment of the cities	A-C-E-F-G-H-I-J-K-L-M
Anchor tenant	A-B-C-D-F-G-I-J-K-L-M
The tenants in the immediate vicinity	A-F-G-H-I-J-K-L
The accessibility by car and the supply options	A-B-I-J-K
Accessibility by public transport	G-I-J-K-L-M
The municipality	A-D-G-J-K-M
The developments in the immediate vicinity	A-C-D-F-G-I-M
Area management	F-G-H-J-K-M

Table 5.6 – Meso-economic determinant (Author, 2022)

According to the respondents at table 5.6, there are multiple meso-economic determinants that affect the risk premium of an investment. The assessments of the cities are based on multiple meso-economic aspects. According to the respondents, footfall and walkability are the most important criteria for determining the location and the risk premium of an investment.

According to the respondents, walkability and footfall are influenced by multiple aspects. The tenants in the immediate vicinity have an impact on the attractiveness for consumers. The area developments from the municipality, as well as from the tenants and landlords in the immediate vicinity have an impact on the walkability and the footfall as well. In addition, the so-called source points are also important for how consumers move through a high street area. Source points include the accessibility by public transport and parking facilities around a city.

The composition of branches in a city influences the attraction for consumers. If there are retailers in an area that strengthen each other, the risk of an investment will reduce. According to the respondents, the right composition of branching ensures an attractive shopping area. However, if there are too many retailers operating in the same industry, the risk of an investment will increase. This is because the retailer will have to compete more with the surrounding tenants.

''And you have that in attractive shopping areas too. So, we certainly take surrounding retailers into account, because we depend on them'' (Resp-I23, personal communication, June 9, 2022).

''So, if you put eight shoe shops next to each other, it often doesn't work. Often, you will see them sticking together a bit. But that can also be too much. So, in terms of branching, you try to put complementary brands there. Brands that add something extra to an area'' (Resp-F87, personal communication, June 10, 2022).

Hence, area management can also have an impact on the risk of an investment. If the investor owns a certain percentage of the total amount of properties in an area, the composition of tenants can be composed. However, the detrimental risk of an investment increases when an investor owns multiple properties in an area, though the total amount of ownership is not sufficient to be able to influence the composition of branches.

''And if you have a lot of property, you might as well take a gamble. Who might not be the highest bidder in terms of rent, but who is a very nice addition to the street and also does something for the rest of the retailers?'' (Resp-F88, personal communication, June 10, 2022).

''And from that moment on, you really have influence on an area. Because you are such a big shareholder in it. Until that moment, you are mainly letting your exposure increase. And although your influence increases, so does your risk of harm'' (Resp-M102, personal communication, July 18, 2022).

Besides the tenant composition in the immediate area, anchor tenants also have an impact on the walkability and footfall in a high street area. According to the respondents, anchor tenants ensure an increase of a type of consumers. The higher the footfall, the less risk an investment has.

However, according to the respondents, the anchor tenants can cause a risk on an investment as well. Due to the attraction and the increase of the footfall, there is a possibility for a decrease in the passer-by flow when an anchor tenant leaves. Therefore, the respondents stated that it is important to assess the location and revenue numbers of the anchor tenants. If the anchor tenant is located at a location that originally had a high footfall without that anchor tenant, the anchor tenant represents less risk for an investment than when the anchor tenant has a direct impact on the footfall numbers. In addition, according to the respondents, it is important to assess the financial situation of the anchor tenants. Moreover, it is important to both assess where comparable properties are located and the likelihood of an anchor tenant to leave, to evaluate the risk for an investment.

''You bet! We sure are! Definitely! Suppose it's the building next door and I know that ZARA, for example, has until next year to give notice for the agreement. Yes, that is something that is taken into account'' (Resp-K60, personal communication, June 30, 2022).

''That is right. That's why you always look. You do want to be in the neighbourhood, but it also has to be a good piece on its own'' (Resp-L42, personal communication, June 27, 2022).

''What I want to say is, regarding anchor tenants. You have to keep a very close eye on them. Will they stay on or not? What are their alternatives? And is there a new anchor tenant for this location'' (Resp-G103, personal communication, June 17, 2022).

Furthermore, according to the respondents, the developments in the immediate vicinity, as well as from the municipality, can also have an impact on the walkability in an area. Developments such as parking garages, bus lanes or the creation of new high street real estate properties can change the walkability and the footfall. In addition, changes of zoning plans and the use functions of properties could impact the walkability. Source points, such as parking and bike garages and public transport, can also have an impact on the walkability. These source points are starting and ending points of consumers and determine how consumers are walking through an area.

''Incidentally, I do think that a lot of starting points determine how a person goes in. So as a high traffic tenant, it is very important that you are at the right starting point. And in the movement to a central point'' (Resp-M81, personal communication, July 18, 2022).

''Yes, that is true. I do try to respond to developments in a city'' (Resp-D45, personal communication, June 14, 2022).

''In Amsterdam you had the North-South line. YES, that has influence. You really want to know about that as an owner. Because anything can happen there'' (Resp-A74, personal communication, June 17, 2022).

5.3.3 – Micro-economic determinants

Codes no literature	The respondents that have made a statement about the code
Association of owners agreement	E-K
The legal form of the tenant	A-B-D-E-F-G-I-J-K-L-M
The divisibility of the lettable area in accordance with the ITZA method	A-B-C-D-E-F-G-I-J-K-L-M
The front width of a property	A-B-D-E-F-G-I-J-K-L-M
Financial assessment of the tenant	A-B-F-G-I-J-K-M
Development opportunities/alternative uses	B-C-D-E-G-J-L-M
The property-related sustainability aspects	A-B-C-D-F-G-I-J-K-L-M
The visibility and layout	A-C-D-E-F-G-I-K-L-M
Risk in relation to a 7:303 Civil code and 7:304 Civil Code procedure	A-D-E-I-K-M
The type of ownership	A-D-E-F-K-L-M
Relation between tenant and landlord	D-E-F-I-J
Tenant composition	F
Floor loading and the meter cox closure	F
Morality assessment of the tenant	I-M

Table 5.7 – Micro-economic determinants (Author, 2022)

According to the respondents at table 5.7, there are multiple micro-economic determinants that affect the risk-return profile of an investment. The assessment of the risk-return profile is based on physical property related aspects. In addition, a legal risk analysis is also made, in order to determine the risk-return profile of the investment. The legal risk analysis consists of property and owner related aspects, as well as the assessment of the tenant from different perspectives. Lastly, property-related sustainability aspects are assessed in order to determine the risk-return profile.

According to the respondents, the visibility and layout of a property are important for the re-rentability of an investment. The visibility is affected by the length and depth ratio of an object. The front width of a property is important in this aspect. Although none of the respondents had a minimum for the front width, all respondents indicated that four meters is too small. A front width of a minimum of six meters is more sufficient. Moreover, the depth of a high street real estate property is also related to the front width. The larger the rentable floor space, the wider the front width should be. According to the respondents, it is more difficult to re-rent a pipeline property than a straight square property. Therefore, the divisibility of the lettable area in accordance with the ITZA method is important for the re-rentability. In addition to the front width and depth of a high street property, a location on the corner of the street also improves the visibility and attractiveness.

''But it basically comes down to your ITZA meters. The front width and A zone. So, the divisibility with your front width'' (Resp-G127, personal communication, June 17, 2022).

''A corner location is an absolute advantage, if it exists. You often see that if retailers have a choice, they opt for a building with a corner'' (Resp-E46, personal communication, May 30, 2022).

''I very much look at the width of the front. Because I know that retailers find this important. They find it important because it does something for the image they project to the consumer. You actually want to be lured into the shop'' (Resp-F72, personal communication, June 10, 2022).

In addition to the divisibility of the ground floor, the development opportunities and alternative uses on the upper floors affect the risk-return profile of investors as well. The development of residential properties on the upper floors do not have a direct impact on the re-rentability on the ground floor. However, the annual cash flow is divided between the ground floor and upper floors. According to the respondents, the spread of the annual cash flow reduces the risk of the investment, for the investment is not depending on one single cash flow anymore. In addition to the ITZA method, it is important for an investment to have a side or rear entrance present, to provide access to the upper floors. If an entrance has to be made at the front of the property, a part of the front is taken up, which has an impact on the front width. Thus, on the re-rentability.

''It is clear that the interest is in the distribution of rental streams. If the retailer is no longer interested, you still have a cash flow that comes from the residential properties. As an investor, you can also spread things out that way and not keep the risk on just the one retailer'' (Resp-C58, personal communication, June 8, 2022).

''Yes, yes, yes! I think it is customary to leave houses empty upstairs rather than create a front entrance'' (Resp-G130, personal communication, June 17, 2022).

Moreover, the appearance of the façade also affects the re-rentability. The appearance of a property must ensure attractiveness for the footfall. The height of a property also affects the re-rentability. A height over 2.5 metres gives a more spacious feeling than under 2.5 meters. In addition, the re-rentability is also affected by columns, extra walls or corners, the bearing capacity of the floor, or level differences within a property. These factors are important for the divisibility of a property. According to the respondents, the divisibility of a property is an important factor in how a tenant looks at a property, and therefore important for the ease of re-renting the investment.

''But also correct length-width ratios. No columns, no level differences. That is the most beautiful thing'' (Resp-C92, personal communication, June 8, 2022).

''If the layout is right, if the location is right, then the tenant who is in it now does not matter very much. Because then the vision is that you will always rent it out again'' (Resp-L11, personal communication, June 27, 2022).

Furthermore, from multiple perspectives, the tenant also has an impact on the risk-return profile of an investor. Though the re-rentability of an investment is more important than the current tenant and lease agreement, it does affect the risk-return profile. The legal form of a tenant does not affect the risk-return profile, but the underlying business from the tenant does. According to the respondents, the financial security and viability of a chain organisation is more stable than a tenant with only one business. However, the respondents also mentioned that the disappearance of a chain organisation has a bigger impact on the total cash flow than a tenant with one business.

''But I think in terms of risk, it is for financial security. Then you would rather have a chain than a sole proprietorship'' (Resp-K86, personal communication, June 30, 2022).

''Those sole proprietorships do not have as much impact on your portfolio return and risk'' (Resp-A88, personal communication, June 17, 2022).

Despite the fact that the viability of a chain organisation is bigger than a single business, the chain organisations invoke more on the legal rights and possibilities. The probability of rent negotiations or a 7:303 and 7:304 Dutch Civil Code is bigger than with a sole proprietorship. According to the respondents, the chain organisations are more aware of the legal possibilities. The legal possibilities of rent negotiations have become targets for chain organisations. The respondents therefore indicated that the liquidity and morality of a tenant is tested during a due diligence investigation. Besides a liquidity and morality test, a healthy relationship between the landlord and tenant is also important. A good relationship can give insight to how a tenant develops at a location. According to the respondents, this can lessen the risk of an investor wanting to buy a high street investment and the tenant leaving at the end of the lease agreement, resulting in possible vacancy costs.

''Yes, I agree. I totally agree. The probability of a 303 procedure in the case of a sole proprietorship is also smaller'' (Resp-K87, personal communication, June 30, 2022).

''Yes, you are absolutely right. They are steering for it and have a target and can really steer for a 303 procedure'' (Resp-A91, personal communication, June 17, 2022).

In addition of the legal assessment of the tenant, the property-related legal aspects and the type of ownership also affects the risk-return profile of an investment. According to the respondents, there is more risk if the investment is a condominium instead of a full ownership. The shared ownership and rules of the owners-association, which are the result of a condominium, mean that consultation is always required when making changes to the property. According to the respondents, this also depends on the share of the condominium within the total ownership.

''What is very important on a micro level, is that it is the whole property. So, no condominium and no association of owners-agreement'' (Resp-L6, personal communication, June 27, 2022).

''We prefer not to have an association of owners-agreement either. Because it is just a lot of work. That is just a cost component in the operation. And you are not the only one in charge. Ideally, you are the sole owner'' (Resp-A95, personal communication, June 17, 2022).

Lastly, the property-related sustainability aspects are considered by the respondents in different ways. The costs of asbestos removal and soil contamination are included in the capital expenditures. In addition, the respondents endeavour to make investments Paris Proof, and provide all the portfolio with BREAAM certificates and energy labels. Modification costs of the investments are included in the capital expenditures. The respondents also stated there has to be justification of the sustainability aspects within the purchase strategy. According to the respondents, the sustainability aspects are considered this way, rather than representing an increase or decrease within the risk premium. On the other hand, some respondents do not take sustainability aspects into account, or only adapt sustainability changes on application of a tenant.

''But we are going to include architectural quality and sustainability adjustments now. We are already doing that. That's going to be part of the CAPEX, what we're looking at in the TDD is already included'' (Resp-A82, personal communication, June 17, 2022).

''But we do look to see if it contains asbestos, or if there is soil pollution. I don't want to say that we can't buy it then, but we have to have a good story to go with it'' (Resp-I99, personal communication, June 9, 2022).

5.4 – Sub-question 4

The fourth sub-question that will be answered is:

What is the distinction between the collected determinants for the risk premium, according to real estate investment organisations?

This sub-question will be answered by presenting all the results from the interviews about the distinction between the different macro-, meso- and micro-economic determinants. Table 5.8 will present an overview of the respondents that have made a statement about these differences and similarities.

Codes	The respondents that have made a statement about the code
Risk profile of macro-economic factors	A-B-C-D-F-G-H-I-J-K-L-M
Risk profile of meso-economic factors	A-B-C-D-E-F-G-H-I-J
Risk profile of micro-economic factors	A-B-C-D-E-F-G-H-J-K
relationship of macro, meso, micro to each other	C-E-F-G-H-I-J-K-L-M

Table 5.8 – distinction and relationship between the determinants (Author, 2022)

According to the respondents at table 5.8, the macro-economic determinants are factual and cannot be influenced by participants that are operating within a market. These macro-economic determinants determine the law of demand and supply. In addition, the law of demand and supply affects the general market value and risk perception of high street real estate properties. According to the respondents, this ensures a range of prices in which market operators are talking to each other. This bandwidth provides to overall shape of prices and the risk premium that will be paid for high street real estate properties. In addition, according to the respondents at table 5.8, the macro-economic determinants determine whether an investment is profitable and financially feasible enough.

''Yes, I think macro really is the market movements and the supply and demand. That does something in the overall value perception and risk perception of the product'' (Resp-A99, personal communication, June 17, 2022).

''Yes, absolutely. Those macro factors are the basis for your pricing and your yield'' (Resp-B94, personal communication, June 21, 2022).

''But it will be felt in the high street area. So, I think that after inflation and interest rates, economic growth in general is also important'' (Resp-K46, personal communication, June 30, 2022).

According to the respondents, the meso-economic determinants have a large impact on the risk-return profile of a high street real estate investment. The location, as well as the macro-economic

determinants, cannot be influenced. Furthermore, the respondents indicated that the meso-economic determinants are most likely the most important determinants for the risk-return profile. However, these determinants are connected to the micro-economic determinants.
The factors that affect the risk-return profile at a meso level include the location of the investment within the city. In addition, the footfall number, the walkability, the surrounding tenants and rental situations, and the developments in the catchment area also have an important impact on the risk-return profile.

''Because then you look at which city you have in the first place. I think that a city itself is very decisive for your risk profile. Then your location within the city'' (Resp-B89, personal communication, June 21, 2022).

''But of course, you look at the street, the passers-by, other attractions in the area. But also, of course, to new developments in such a city'' (Resp-F115, personal communication, June 10, 2022).

''I think in the purchasing sphere it is very much focused on meso. So, the city, the place. Micro plays a pretty big role as well. Because within a city like that, you want to see which place you should be in'' (Resp-J118, personal communication, June 30, 2022).

According to the respondents, the micro-economic determinants have an impact on the property related aspects. Particularly the re-rentability is assessed. The attractiveness of the property for tenants is the most important aspect in assessing the re-rentability. The attractiveness is influenced particularly by the visibility and layout and is an assessment of whether the market rent can be maintained with a new tenant and lease agreement. Therefore, the difference of the contractual rent and market rent is important, according to the respondents.

Moreover, construction aspects or sustainability aspects are considered as a depreciation of the determination of the purchase price. These aspects can be calculated within the capital expenditures. A legal assessment also has an impact on the risk-return profile, but is not as important as the re-rentability.

A final statement. Even if the re-rentability, the layout and visibility, and the market rent fit in the risk-return profile, the construction aspects, sustainability aspects and the legal analysis could still have such an impact on the risk-return profile that the purchase is abandoned. According to the respondents, the construction costs or sustainability improvements can weigh on the return so heavily, that the risk is outweighed. Legal risk that cannot be avoided might also mean that the risk profile is not profitable enough.

''And then finally, you zoom in on the property. How is the re-rentability of this property? Is it good or is it not good, what are the expectations for the future'' (Resp-C95, personal communication, June 8, 2022).

''If it is really not satisfactory and it is not solvable, then it becomes a kickout. It then becomes binary. Thus, it is not soluble, and we don't think it is good enough anyway. Then we won't do it. If we say it is solvable, but we have no money for it now, we will include it in the calculations'' (Resp-G152, personal communication, June 17, 2022).

''But we are going to include architectural quality and sustainability adjustments now. We are already doing that. That's going to be part of the CAPEX, what we're looking at in the TDD is already included'' (Resp-A83, personal communication, June 17, 2022).

According to the respondents, the relationship between the macro-, meso- and micro-economic determinants is the return on an investment in relation to a risk profile. However, all three different determinant levels should not be seen separately, as these different levels have different results within the purchase process. The macro-economic determinants mainly affect the forming of the price. And if an investment is financially feasible, if this applies for an organisation.

The meso- and micro-economic determinants are in conjunction with each other. The meso- and micro-economic determinants determine the ultimate risk of an investment. Furthermore, the respondents mentioned that it is ultimately a funnel wherein all different determinants at the different levels are peeled off, to create a risk-return profile that is used to determine the risk premium. The price forming and risk premiums are determined by macro-economic determinants. This is translated towards meso- and micro-economic level where the risk profile is compiled.

''Yes, yes, yes. I think that sums it up quite well. Macro does influence the price. And risk is assessed at the meso and micro level'' (Resp-L67, personal communication, June 27, 2022).

''And on that indication or asking price or something. Then you search a bit, and you can find something. But you start there and then you peel it off at a certain point. A kind of funnel. That's what I always call it'' (Resp-C100, personal communication, June 8, 2022).

''No, no, no, and ultimately the connecting factor between the three elements we just mentioned is of course the return you can make on it'' (Resp-F49, personal communication, June 10, 2022).

6 – Conclusion

The conclusion of this research is written by answering the central question. The central question of the study is:

What is the distinction between the different determinants that influence the risk premium of single high street real estate investments, according to real estate investment organisations?

To conclude, the risk premium of single high street real estate investments is influenced by multiple determinants. From a macro-economic perspective, there are multiple determinants that create a bandwidth in which risk premiums fluctuate. The bandwidth determines the pricing and financial feasibility of high street real estate investments. Furthermore, the research established that macro-economic determinants do not always have a direct impact on the risk premiums. Macro-economic determinants can also have an impact on the certainty or uncertainty that prevail in a market.

The risk premium of high street real estate investments is defined by meso- and micro-economic determinants. The study established that meso- and micro-economic determinants are interrelated. From a meso-economic perspective, the assessment of the location impacts the risk premium of high street real estate investments. The research established that the assessment of the location is affected by the walkability and footfall numbers. From a micro-economic perspective, the risk premium of high street real estate investments is determined by legal and physical property related aspects. These determinants have an impact on the re-rentability of an investment.

The connecting factor between these three determinant levels is the risk-return ratio. Firstly, all macro-economic determinants are peeled off to assess the price determination of an investment. After assessing the financial feasibility, the risk is determined by assessing the different determinants on a meso- and micro-economic level. The examination of these three different determinant levels is translated into a risk premium for high street real estate investments by real estate investment organisations. To answer the central question, a visualisation of the theory has been made. Figure 6.1 provides an overview of the distinction between the different determinants that influence the risk premium of high street real estate investments, according to real estate organisations. In addition, with the visualisation, the objective of the research is also performed.

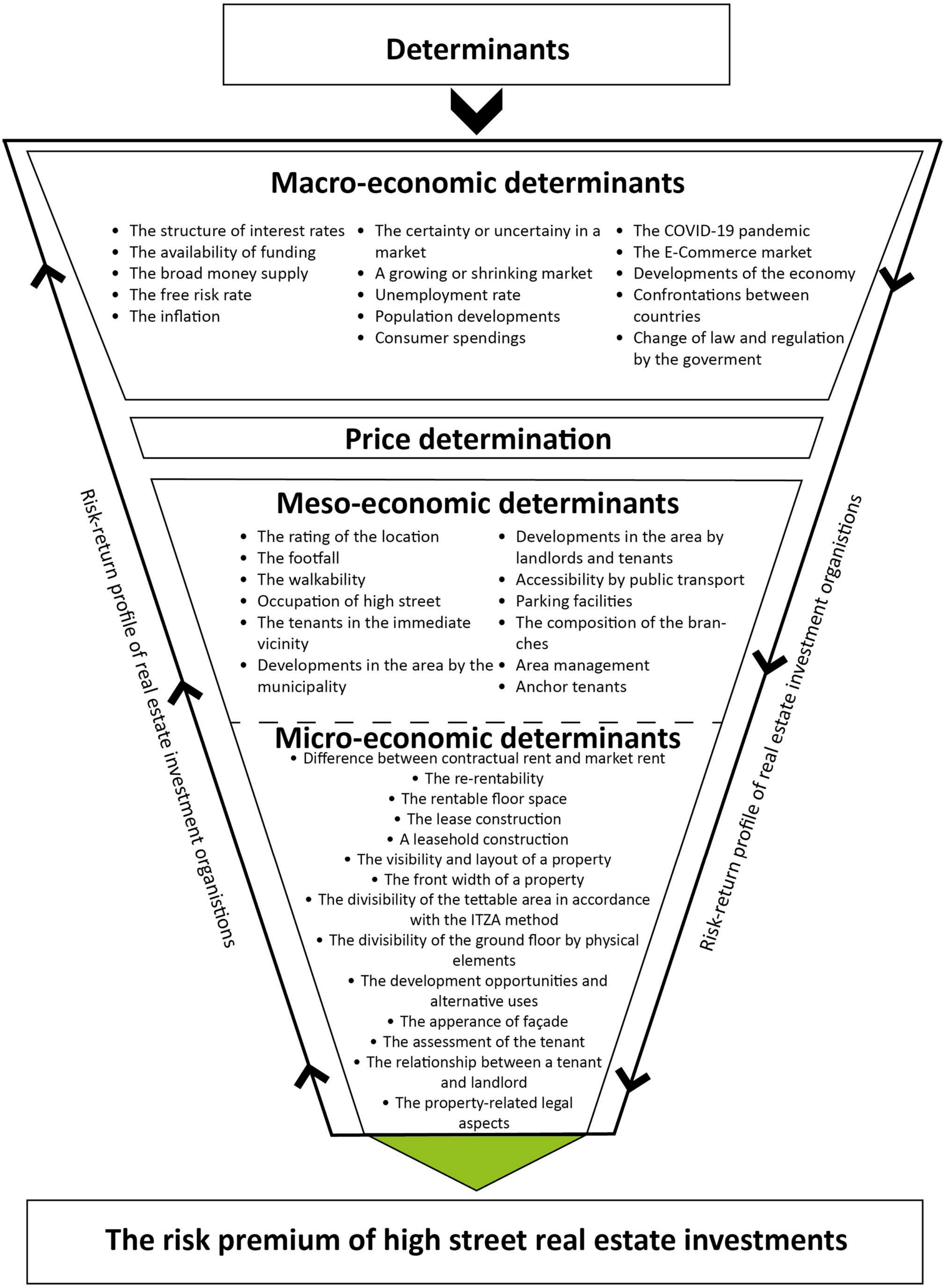

Figure 6.1 – Visual representation (Author, 2022)

7 – Discussion

This chapter contains a discussion of the research methodologies as well as the limitations of the results.

7.1 – Discussion research methodologies

Firstly, the content validity should have been ensured through the operationalisation scheme, the research strategy, and the way of collecting and analysing the data. The operationalisation scheme is stated at appendix 1, and contents multiple dimensions and indicators per definition. In addition, the data is collected with semi-structured and ''non-standardised'' interviews. Furthermore, all respondents and organisations fulfilled the requirements. Therefore, the strategy for non-random and purposive sampling has also been fulfilled. Finally, the data has been analysed by the coding techniques as stated at paragraph 3.4. For that reason, the content validity has been fully performed.

However, the internal validity has not been guaranteed as previously conceived. Although all the results have been discussed with the respondents during the interviews, the presented conclusion has not been checked with all respondents. This is due to the number of respondents and the limited time for the research. It was not possible to check the conclusions with the respondents after drafting these. Therefore, the internal validity has not been fulfilled as exact as previously conceived.

Moreover, the external validity has also not been guaranteed as previously conceived. The research presents a research paradigm, as well as an overview of the additional determinants, with an explanation and clarification. As a result, the philosophical assumptions and background information should be more understandable. However, during the interviews the observed social interaction was not discussed, nor described. The day and time of the interview have not been presented, and it has not been made clear whether the interview was physical or online. It was neither if the interview was conducted at respondents' offices or elsewhere. For these reasons, the external validity has not been fulfilled as exactly as previously conceived.

Furthermore, to avoid biases and errors, the reliability should fulfil multiple requirements. Firstly, appendix II provides an overview of the carried-out research stages. In addition, all respondents and organisations fulfil the six requirements as stated at paragraph 3.5. Lastly, an overview of the actual questions asked during the interviews is stated at appendix III. These measures should provide transparency and avoid the biases and errors. However, during the interviews it was not physically said that the respondents fulfilled the determined requirements, as stated at paragraph 3.5. The reasons for this being the time limit and place of the interviews, and the way the interviews went. In addition, the date and time of the interview were not physically stated during the recordings. It is not possible to provide a legend for these moments. For that reason, the reliability of the research is transparent, but not as exact as previously conceived.

7.2 – Discussion limitations of the results

Firstly, the research has a limit with statistical representation. The found results are not qualitatively tested and there is no follow-up quantitative research that examines how the found determinants are incorporated into the presented investment theories. In addition, the results present and explain multiple determinants that have been found during the field research. However, multiple determinants have an influence on each other. For instance, certain market developments have an impact on the uncertainty in a market, rather than directly on the risk premium. However, this research only focused on the determinants that affect the risk premium of high street real estate. Therefore, a limitation of the research is that it is not specified how certain determinants affect each other, and eventually the risk premium of high street real estate. This is the reason all found results are presented in the theory at figure 6.1. A separation between the found determinants has not been made, as the research did not focus on that aspect.

Secondly, although there was limited time to collect data, the sample size and willingness to participate in the research was sufficient. Nineteen respondents were asked to participate in this research, thirteen respondents were willing to participate. A limitation of the research is that if the remaining six respondents would have been willing to participate, the results and found determinants would have been more specified.

Thirdly, another limitation of this research is the presence of new determinants that are not mentioned within the literature review, as well in the results. Due to the time limitation and period wherein the results were conducted, new determinants could have been created. For instance, a decrease of the value of the euro could have an impact on the risk premium of high street real estate. However, this is neither mentioned within the literature review, nor by the respondents, because it was not yet an indicating determinant before or during the interviews. For that reason, a limitation of this research is that new determinants will not be included in this research.

Fourthly, the organisations and the respondents had to fulfil a total of six requirements. All respondents and organisations fulfilled these requirements. However, a limitation of the research is that the distribution between the type of organisations is not proportionate. Eight respondents work for institutional investment organisations, of which two respondents work for the same organisation. Three respondents work for private investment organisations, and only two respondents worked for a family investment organisation. In addition, some respondents fulfilled the requirements but were, within the work field, mostly focused on the convenience sector instead of the high street real estate sector. If the distribution of the type of organisations and the focus point of some respondents would have been more specific, the results would be from multiple perspectives. For that reason, a limitation of the research is that the distribution of the type of organisations and the angle points of certain respondents is not proportionate.

The last limitation of the research is a limitation within the research scope. Although the research scope is explained during the interviews, examples and determinants outside the research scope were also given. This is particularly because the results established that certain determinants are not focused on the research scope, but do have an influence on the complete risk-return profile. For that reason, a limitation is that the research is not fully focused on the preconceived research scope.

8 – Recommendations

This chapter contains the recommendations to the FREM field as well for follow-up research. Six recommendations are given in total.

8.1 – Recommendations FREM field

The first recommendation is to create a new purchase vision or reconsider the current purchase vision. The found results present all the determinants that have an influence on the risk premium of high street real estate. With this research it is possible, on a strategic level, for FREM organisations to create or reconsider a purchase vision wherein all the presented results are assessed. With all the found results on a macro-economic level, FREM organisations can determine the price of high street real state, while on a meso- and micro-economic level the risk-return profile can be defined. The presented results can give insight into new determinants that FREM organisations have not yet taken into consideration.

The second recommendation is, on a strategic level, for FREM organisations to reconsider the predetermined minimum return requirements of a high street real estate investment. This research has established the determinants that affect a risk-return profile. However, the Internal rate of Return is mostly used to compare the expected return of an investment with the predetermined minimum return requirements. Based on the results of this research, a reconsideration of the predetermined minimum return requirements is recommended. With these determinants, the return requirement can change, due to new determinants that have not been taken in consideration beforehand.

The last recommendation on a strategic level for FREM organisations is to map all the determinants on a meso- and micro-economic level on the cities the purchase strategy is focused on. The research established all the determinants for high street real estate investments. By charting the meso- and micro-economic determinants on the specific cities where the purchase strategy is focused on, it is possible to understand how this related city is structured. With this research, all the determinants that could affect the risk premium can be translated to concrete possible risks and opportunities for a related FREM organisation. This recommendation is feasible within medium term, but it is dependent on the number of cities the purchase strategy is focused on.

Additionally, all recommendations should be feasible within a medium term. It is even advised that the recommendations should be performed within a medium term. This is in order to avoid the possibility of the development of too many new determinants that this research has not been able to take into account.

8.2 – Recommendations follow-up research

The first recommendation for follow-up research is to investigate how the found results are translated into a risk premium percentage. This research established what determinants influence the risk premium. However, it is not clear how the presented determinants translate into a risk premium percentage. For that reason, it is recommended to do a quantitative follow-up research about the relationship between the presented determinants and the risk premium of high street real estate. With this quantitative follow-up research, it will become clear what determinants have a larger impact on the risk premium than others. In addition, with this quantitative follow-up research, it is possible to investigate what determinants FREM organisations should consider more than other determinants. Moreover, with this quantitative follow-up research, it is possible to determine what determinants have a bigger influence on the building portfolio.

The second recommendation is to investigate how the found determinants on a macro-economic level are translated into the certainty or uncertainty in a market. This research established what determinants affect the risk premium of high street real estate. However, during the research certain determinants rather affected the uncertainty in a market than the risk premium directly. Therefore, it is recommended to do follow-up research about what determinants affect the certainty or uncertainty in a market. And in addition, what the quantitative relationship is between the certainty and uncertainty in a market with the risk premium of high street real estate. With this follow-up research it is possible to investigate how market certainties or market uncertainties are translated into the financial consequences for the risk profile of the building portfolio.

The last recommendation is to do a qualitative follow-up research to the determinants and the market rent of high street real estate. This research established what determinants affect the risk premium of high street real estate. However, the determinants not only influence the risk premium, but the market rent of a property as well. Therefore, it is recommended to do a qualitative follow-up research to the found determinants and the market rents of high street real estate properties. With this follow-up research it is possible for FREM organisations to consider the determinants and their consequences for the market rents, and the corresponding consequences for the building portfolio.

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Appendix

Appendix I – Operationalisation scheme

Abstract concepts	Definition	Dimensions	Indicators
Determinant	*''Factors that decisively affects the nature or outcome of something''* (Cambridge Dictionary, 2022a; van Gool & Jager, 2013).	Macro-economic determinants	Loan to Value Percentage (LTV)
	''An element that identifies or determines the nature of something or that fixes or conditions an outcome'' (Webster, n.d.).		Property related taxes
			The number of loans
			The willingness to trade
			The transparency of the real estate market
			The unemployment rate
			The exchange rate
			The long term interest rates
			The short term interest rates
			The money supply at the country of investment
			The money supply at comparable countries
			The stock price index
			The structure of interest payments
			Consumption and oil prices and industrial production in a country
			The risk-free return in a country
			The price/earnings ratios
			The possibility of financing
			The return on shares
			Increase of population
			Uncertainty in a market
			Growth rate in industrial production output
			Growth rate in the gross domestic product
			The unexpected inflation
			Market portfolio
			Private law restrictions
			Public law restrictions
			E-Commerce market
			Construction costs
			COVID-19 pandemic

			Risk due to war
			Law and regulation by the government
			Consumer spendings
			Economic analysis
			The law of supply and demand
			Climate change
		Meso-economic determinants	The passer-by flow
			The width of the streets
			The structure of the city
			The vacancy rate at the city centre of a municipality
			The location rating
			Anchor tenant
			The developments in the immediate vicinity
			The municipality
			The zoning plan
			The tenants in the immediate vicinity
			The parking facilities in the immediate vicinity (bike + car)
			The accessibility by car and the supply options
			Accessibility by public transport
			Area management
			Time-variant features
			Local-fixed variables
			Assessment of the cities
		Micro-economic determinants	The rentable floor space
			The sales procedure (public or private)
			The construction year
			The last year of renovation
			The contractual rent compared to the market rent
			The property-related sustainability aspects
			Other annual property related charges
			Overdue maintenance
			Refurbishment costs
			Association of owners agreement
			The divisibility of the lettable area in

			accordance with the ITZA method
			Development opportunities/alternative uses
			Financial assessment of the tenant
			Rental-related costs
			Risk in relation to a 7:303 Civil Code and 7:304 Civil Code procedure
			The front width of a property
			The type of ownership
			The legal form of the tenant
			The visibility and layout
			The floor loading and the meter cox closure
			Morality assessment of a tenant
			The age of a property
			The size of a property
			Relation between tenant and landlord
Risk premium	*''Risk premium is an analysis of the unforeseen developments of risk factors for both a buyer and owner of an investment''*. Risks can be identified into firstly commercial risks, where asset risks and income risks are a subdivision, and secondly static risks, where tangible and intangible risks are a subdivision (ten have, 2003).		Risk of technical obsolescence
	''Risk premium is the possibility, expressed in probability, that the realisation of the objectives of an organisation will be negatively influenced. Risk is subdivided into reputational risk, operational risk and	Asset risk	Risk of commercial obsolescence
			Risk of government measures
			Risk of the capital market
			Purchasing power risks
			Development risks
			Construction risks
		Revenue risk	Vacancy risk

	institutional risk'' (van Gool and Jager, 2013).		Risks of non-payment by the tenant
			Risks of negative market developments
			Risk of government measures
			Cost risks
			Interest risks
			Service charge risks
		Material risks	Building damages
			Inventory damages
			Tenant damages
		Intangible risks	Damages due to liability risks
			Risks of legal expenses
			Risk of business interruption
			Damages for reconstruction costs
		Generic risks	Risks of wrong strategy
			Matching risks
			Market and currency risks
			Interest risks
			Credit and leverage risks
			Portfolio, style and timing risks
			Investment form risks
		Operational risks	Rental and vacancy risks
			Valuation risks
			Operational implementation risks
			System, reporting and administrative risks
			Information, advice and filing risks
			Outsourcing risks
			Construction risks
		Institutional real estate investors risks	Legal and contractual risks
			Reputation and image risks
			Mandate and procuration risks
			Government, tax and regulatory risks

			Integrity, fraud and compliance risks
			Insurance risks
			Human resource risks
Single high street real estate investments	*''Business premises for the purpose of rental and leasing, including; An immovable property or part thereof which, pursuant to a lease, is intended for the conduct of a retail business, a restaurant or bar business, a take-away or delivery service or a craft business, all this if in the leased space there is a publicly accessible area for the direct delivery of movable property or for the provision of services''* (ten Berge, Bierens de Haan & Gisberts, 2021)	Retail business	The retail sector
			The ambulatory trade sector
			The consumer electronica sector
			The education and leisure sector
			The food retail sector
			The food delivery sector.
			The home and garden sector
			The clothing, shoes and sports sector
			The convenience sector
			The personal care sector
			The interior design sector
		Hospitality business	Category 1; • Lunchroom • Ice-cream shop • Coffee bar • Teahouse
	''Single high street real estate is an immovable property that is wholly or partly open to the public and from which goods and services are sold and provided to individuals, and which is used to generate income or is otherwise used for investment purposes rather than as a principal residence'' (ten Have, 2003).		Category 2; • Restaurant • Bistro • Creperie
			Category 3; • Cafeteria • Snack bar • Grill room • Fast food restaurant • Automatic snack machines • Fast buffet
			Category 4; • Café • Bar
			Category 5; • Hall rental
			Category 6; • Discotheque • Nightclub • Bar-dancing
		Craft business	The clog maker sector

			The basket weaver sector
			The carpenter sector
			The bricklayer sector
			The blacksmith sector
			The bakery sector
			The butchers sector

Table AI.1 – Operationalisation scheme (Author, 2022)

Appendix II – Research stages

Month	Data	Caried out activities
January	**Week 2:** 10th Jan –16th Jan	• Start thesis proposal – Drafting the research questions and introduction.
	Week 3: 17th Jan –23th Jan	• Start thesis proposal – Drafting the research questions, introduction and start with literature review.
	Week 4: 24th Jan –30th Jan	• Drafting the research questions, introduction and start with literature review.
February	**Week 1**: 31th Jan –6th Feb	• Deadline thesis proposal first draft. • Processing the received feedback. • Drafting the introduction, literature review, research methodology.
	Week 2: 07th Feb –6th Feb	• Drafting the introduction, literature review, research methodology.
	Week 3: 21th Feb –27th Feb	• Drafting the introduction, literature review, research methodology.
March	**Week 1:** 28th Feb – 6th Mar	• Deadline thesis proposal second draft.
	Week 2: 7th Mar – 13th Mar	• Processing the received feedback.
	Week 3: 14th Mar – 20th Mar	• Processing the received feedback.
	Week 4: 21th Mar – 27th Mar	• Processing the received feedback.
	Week 5: 28th Mar – 3th Apr	• Processing the received feedback. • Deadline thesis proposal.
April	**Week 1:** 4th Apr – 10th Apr	• Assessment thesis proposal by proposal coach
	Week 2: 11th Apr – 17th Apr	• Assessment thesis proposal by proposal coach
	Week 3: 18th Apr – 24th Apr	• Assessment thesis proposal by proposal coach • Start thesis – adjusting the proposal
	Week 4: 25th Apr – 1th May	• Preparing interview questions • Discussing interview questions with external expert • Adjusting the proposal
May	**Week 1:** 2th May – 8th May	• Fine-tuning interview questions • Adjusting the proposal
	Week 2: 9th May – 15th May	• Adjusting the proposal
	Week 3: 16th May – 22th May	• Scheduling interviews with the respondents • Adjusting the proposal
	Week 4: 23th May – 29th May	• Scheduling interviews with the respondents • Adjusting the proposal
June	**Week 1:** 30th May – 5th Jun	• Interviewing respondents E and H • Return session 1 • Transcribing interview E and H
	Week 2: 6th Jun – 12th Jun	• Interviewing respondents C, I and F • Transcribing interviews C and I
	Week 3: 13th Jun – 19th Jun	• Interviewing respondents D, G and A • Transcribing interviews F, D and G
	Week 4: 20th Jun – 26th Jun	• Return session 2 • Interviewing respondent B

		• Transcribing Interviews A and B
	Week 5: 27th Jun – 03th Jul	• Interviewing respondent L, K and J • Transcribing interviews L and K
July	**Week 1:** 4th Jul – 10th Jul	• Transcribing interview J • Start open coding phase • Start axial coding phase
	Week 2: 11th Jul – 17th Jul	• Open coding phase • Axial coding phase
	Week 3: 18th Jul – 24th Jul	• Interviewing respondent M • Transcribing Interview M • Finish open coding phase • Finish axial coding phase
	Week 4: 25th Jul – 31th Jul	• Writing result chapter
August	**Week 1:** 1th Aug – 7th Aug	• Finish result chapter • Start/finish conclusion • Make visual representation • Rewriting the thesis • Start writing recommendations • Start writing discussion
	Week 2: 8th Aug – 14th Aug	• Writhe/finish recommendations • Writhe/finish discussion
	Week 3: 15th Aug – 21th Aug	• Fine-tunning thesis
	Week 4: 22th Aug – 28th Aug	• Deadline thesis

Table A2.1 – Research stages (Author, 2022)

Appendix III – Interview guide

Interview guide

Introduction

- Ask if it is fine that the interview is recorded.
- Thank the respondent for participating in the research.
- Explain what the objective of the research is.
- Ask if there is anything unclear on forehand.

Purchase strategy

- How does your organisation look to the investing world of high street real estate?
- What are your expectations about the investment world of high street real estate?
- What is your vision regarding to high street real estate?
- How do you finance your investments?
- How do you look to the risk-return ratio of a high street real estate investment?
- How is the process of purchasing an investment within the organisation?

Macro-economic determinants

- What do you asses as macro-economic determinants?
- What macro-economic determinants are you taking into account by assessing the risk of an investment?
- Why are these macro-economic determinants important by assessing the risk?

Meso-economic determinants

- What do you asses as meso-economic determinants?
- What meso-economic determinants are you taking into account by assessing the risk of an investment?
- Why are these meso-economic determinants important by assessing the risk?

Micro-economic determinants

- What do you asses as micro-economic determinants?
- What micro-economic determinants are you taking into account by assessing the risk of an investment?
- Why are these micro-economic determinants important by assessing the risk?

distinction and relationship between the different determinants

- How do you look at the composition of all macro, meso and micro-economic determinants?
- Which determinants have you identified as being particularly important in determining the risk premium?
- What is the difference between the macro, meso and micro-economic determinants according to you?
- What is the relationship between the different macro, meso and micro-economic determinants according to you?

Closing

- Ask if there are questions or notes.
- Thank the respondent for his/her time.

Appendix IV – Model information letter

Dear Sir/madame,

With this information letter I take the liberty of asking you to paricitpate in my research. With this letter I will inform you about the purpose of the research, the execution of the research and the contribution required from the participants, the way in which the collected data is handled, possible risks involved in participating in the research, that participation in the research is entirely voluntary and that the collected data will only be used for this research purpose, unless permission is requested again.

With the following explanation of these topics, I would like to ask you if you would want to participate in the research. If you agree, I would also like to ask you to read the attached statement of consent and return it to me by signing it. If you have any questions about the research you can ask me by telephone or e-mail and I will be happy to answer them;

Introduction
Dear participant, I ask you to participate with the research about the determinants that affect the risk premium of high street real estate. The participation is voluntary and in order to participate, your permission is required. Before you decide if you want to do this, I will explain why I asked you to participate wiht this research. Please read this information carefully. If you have any questions, please contact me. See contact information at the bottom of this information letter.

Title of the research
The study is about the research to the distinction between the different determinants that influence the risk premium of single high street real estate investments according to real estate investment organisations.

Background and purpose of the research
The reason why this research is carried is due to the turbulent real estate investment market. Prices of residential properties are continiously rising while the price developments of high street retail property are rather turbulent and are rising and falling continuously since 2008. Due to the lack of clarity about which determinants influence the risk-return profile for high street retail property investments, the purpose of the research is to identify what the distinction is between the different determinants that influence the risk premium of single high street real estate investments. This research belongs to the module of asset management and is part of the study programme of Saxion University of Applied Sciences.

Execution of the research
I will conduct data by taking interviews with thirteen different respondents. These interviews will be recordered and by coding techniques analysed.

Contribution required from the participant
For each organisation, I would like to interview someone who examines all the determinants and weighs up the various factors and translates them into a risk premium. The interview is expected to last between one hour and one hour and twenty minutes.

Advantages and disadvantages of participating in the survey
To the best of my knowledge, there are no disadvantages asscociated with participation in this study. The pros of participating in this research are to increase the general level of knowledge to the determinants that affect the real estate investment market. Moreover, the results also provides transparency on the high-street property investment market and participating allows interested

parties to better identify their investment risk profile and to anticipate more accurately the turbulent retail property investment market.

Use, storage and reuse of data
Within the research, data about determinants that influence the risk premium of single high street real estate investments will be collected. Therefore, the interviews will be recoreded and stored on my personal and private computer. I will be the only one who has access to the collected data. Furhtermore, the data will remains available for the relevent respondent for at least 12 months after successful completion of the investigation. Due to the General Data Protection Regulation (AVG) personal data such as names will not be collected and mentioned in the research. The rules about the General Data Protection Regulation (AVG) will be stated in the link below.
https://autoriteitpersoonsgegevens.nl/nl/over-privacy/wetten/algemene-verordening-gegevensbescherming-avg

Voluntary participation
If you participate in this research you can always change your mind and still stop. I will use your data until you ask me to stop. Your allowed to ask to remove the collected data if an interview has taken place already. Than, I will remove the collected data.

Costs or fees
There are no costs for you to participate in this research and there is no compensation for participating in this research.

Ethical review or advice
For this research, advice has been requested from the Saxion Ethics Advisory Committee.

Contact
For more information or questions about this study, please contact us:
Name: Bart Müller
E-mail: 510003@student.saxion.nl
Telephone number: + 31 6 20069511
Responsible lecture: Brenda Groen & Gerwin Goorhuis
E-mail lecture: b.h.groen@saxion.nl & gerwin.goorhuis@gmail.com

In case of complaints about data management you can contact Saxion via the Complaint and Dispute Desk: https://www.saxion.nl/over-saxion/organisatie/klachtenloket.

Reference to the statement of consent
In the next page you will receive a statement of consent. If you agree with participating in this research I ask you to sign this statement of consent. If the particpant signs the statement of consent, participant indicates that he or she has read the information letter, agrees to participate in the research and agrees to the use of his or her data in accordance with the conditions of the information letter.

Appendix V – Statement of consent

Consent form determinants that affect the risk premium of high street real estate

I ask you to indicate below whether you consent to participate in this survey. Please read the following points carefully

As a participant in this research:	yes	No
Have I been informed about the nature, method and purpose of this research in a way that is clear to me.		
Got enough time to decide on participation		
Have I had the opportunity to ask questions about this investigation		
Do I know that participation is voluntary		
I know I can stop participating at any time. I don't have to give a reason.		
I consent to the collection, retention and use of my data for the purpose of answering the research question in this study.		
Do I know that the results of this interview can be incorporated in a report or (scientific) publication?		
I consent to the re-use of my data after this research for as yet unknown research that falls within the scope of this research. In doing so, the recognised ethical standards for this form of research will be observed.		
I know that only for the purpose of verifying the scientific integrity of the research, some people can access my collected data.		
I understand that any information I provide in relation to this study will be collected anonymously and will not be traceable to me.		
Do I know that I can inspect the way in which the data is processed and stored.		
Do I know that if I withdraw, my data can be used until then, unless I also ask for the data already collected to be deleted.		
Optional		
Permission to make audio recordings. These can only be listened to by the researcher(s) and to check the scientific integrity.		
Permit me to make video recordings. These can only be viewed by the researcher(s) and to check the scientific integrity.		
Give me permission to take pictures. These can only be viewed by the researcher(s) and to check the scientific integrity.		

Interviewer
As an interviewer, I declare that I have given oral explanations about the nature, method and purpose of the investigation. I declare that I am willing to answer any questions that may arise regarding the research into ability.

Zwolle, .../......./.......

Place, .../......./.........

Bart Müller
Signature

Respondent
Signature

Appendix VI – Coded interview transcript

Interviewer
Let me briefly explain the investigation from my side. I also have a certain image of this interview. That's how I go into all interviews a little bit. The aim of my research is to really try to map out the risk factors of inner-city retail property. And how do large investment organisations look at that inner-city retail property. That's a bit of a development from my background. That's also partly because I used to work for Martijn. I have been studying again for a year now and I also do valuations. I am also training to be a chartered surveyor. And actually within those valuation reports you find out, where is the difference between the initial yields. One time it's 6% and the other time it's 8%. And that ultimately has a great deal of influence on such a value. And if you look at a yield, it's a risk-free yield and a risk premium. And where is the difference in that. That's why I said. I really want to look at the risk profile for inner-city retail property and what the risk premium consists of.

I have made a distinction between three segments. As I call them myself. Macro-economic, meso-economic and micro-economic. And for the image. Macro-economic is something you cannot influence as an investor. Think of Covid, inflation, construction cost increases. Meso is more location-specific. And micro is really linked to premises. And I really try to look at it. How do you as an organisation look at it? And what is your own knowledge and expertise on the property market?

I actually set up the conversation through an open discussion. How do you look at it and I might bring in a few things myself. First of all, I am very curious. Before I go to the macro meso micro factors. How do you currently view the world of inner-city retail property?

Respondent I
Let me first tell you about the structure of our fund. That does determine how we look at it. Because I can also look at it privately, but it is also about how we look at it from our fund's point of view. We have a number of funds. Retail fund, residential fund but also an office fund. We are now concentrating on the retail fund. That is the organisation's Dutch prime retail fund. And Dutch prime retail means that it must also be prime retail. Our investment property is aimed at reasonably priced retail property. In which we have three categories.

Met opmerkingen [BM1]: Statement number: Resp-I1

Open code: Vision on the purchase strategy plan

Axial code: Purchase strategy

We have inner-city real estate. So what your research is about. With high street properties. But we also have supermarkets. We've had those for a long time. They have become very expensive now. But we always thought they were a very good investment. Unfortunately, more people have discovered this. It used to be a factor of 16. Nowadays I think it is a factor of 20. But that is a category in which we invest. Also a bit of spreading. And we have district shopping centres. Not very large centres. But we do have supermarkets with shops in them. We have built up quite a portfolio in those. So although we have a spread in retail, we really focus on prime retail. So we really focus on good neighbourhood shopping centres.

Met opmerkingen [BM2]: Statement number: Resp-I2

Open code: Vision on the purchase strategy plan

Axial code: Purchase strategy

Our shareholders. They are all pension funds. They select prime retail. But they also select a residential fund or retail with more potential. So with a higher risk, but with more development potential. Our shareholders make that choice. Which fund am I going to invest in? Because our fund has a certain risk profile. And other funds have a different risk profile. And our shareholders choose that.

Met opmerkingen [BM3]: Statement number: Resp-I4

Open code: Risk/return ratio

Axial code: Purchase strategy

Met opmerkingen [BM4]: Statement number: Resp-I3

Open code: Fund strategy how to collect investment money

Axial code: Purchase strategy

Interviewer
So they also determine how much financing you have?

Respondent I
Well, no. We as a fund actually almost always invest with money we have from our investors. So we have very little funding. We have a certain risk profile and a certain return. And the people who invest in our fund. They have say 100 million to spend in real estate. Well, they say, we're going to invest 20 million in residential property. 20 million in retail. And some in offices. But if they invest in retail, they can choose our fund. But they can also choose a fund with a higher risk profile. With more funding. There is more risk, but also more return. We do not make that choice. Our shareholders do. But within our fund, we have opted for one policy. And that is prime retail.

Interviewer
Exactly. And then the distribution between those three segments. So high street, supermarkets and district shopping centres.

Respondent I
Yes, and you saw that last year too with Corona. The high street, which used to do very well. Certainly in the big cities. It was all pretty much on the rocks, because nobody went there anymore. Then the neighbourhood shopping centres with the supermarkets did very well.

Interviewer
Is it also a bit when you talk about such a fund? And perhaps very simply thought. One is eliminated. In this case high street. Something happens in the world. In this case Covid. That the supermarkets, as it were, are filling the gap in the high street.

Respondent I
Yes, you do want to be a bit stable. If you have everything in the Kalverstraat, you know that you will experience enormous fluctuations. But by having both high street and covenience, you still have a reasonable spread.

Interviewer
Now that the structure is a bit clear. How do you currently view that world? And then purely in terms of inner-city retail property.

Respondent I
Just from the perspective of the fund. We are focusing more and more on the larger cities. The attractive cities. That used to be 30 or 40 cities, whereas nowadays we only focus on 15. Because we do see that retail is struggling in the inner cities. Certainly in the smaller towns. There is a surplus of retail space nationwide. We are already in the best spots of a city. But just like in the smaller towns, you also have problems with vacancy. That still depresses the yield. Or presses, increases the yield. That also lowers the market rent. So we do end up suffering from it, even though we don't have any vacancy. We do notice that when we re-rent, we find it difficult to get a good rent again. We often have to lower our rent. And we also see in the valuations of the appraisers that the values are dropping in those cities. So for some time now we have had the policy of leaving the places where we used to be. I'm talking about Sneek, Heerenveen, Drachten, Oss. Places like that. We don't want to be there anymore.

Interviewer
So that's just outside the G20, actually.

Met opmerkingen [BM5]: Statement number: Resp-I6
Open code: Risk/return ratio
Axial code: Purchase strategy

Met opmerkingen [BM6]: Statement number: Resp-I5
Open code: Fund strategy how to collect investment money
Axial code: Purchase strategy

Met opmerkingen [BM7]: Statement number: Resp-I7
Open code: Covid-19
Axial code: Macro economic

Met opmerkingen [BM8]: Statement number: Resp-I8
Open code: Vision on the purchase strategy
Axial code: Purchase strategy

Met opmerkingen [BM9]: Statement number: Resp-I9
Open code: Vision on the purchase strategy plan
Axial code: Purchase strategy

Met opmerkingen [BM10]: Statement number: Resp-I10
Open code: OCCUPATION OF HIGH STREET REAL ESTATE
Axial code: Meso economic

Met opmerkingen [BM11]: Statement number: Resp-I11
Open code: VACANCY, INITIAL VACANY
Axial code: Meso economic

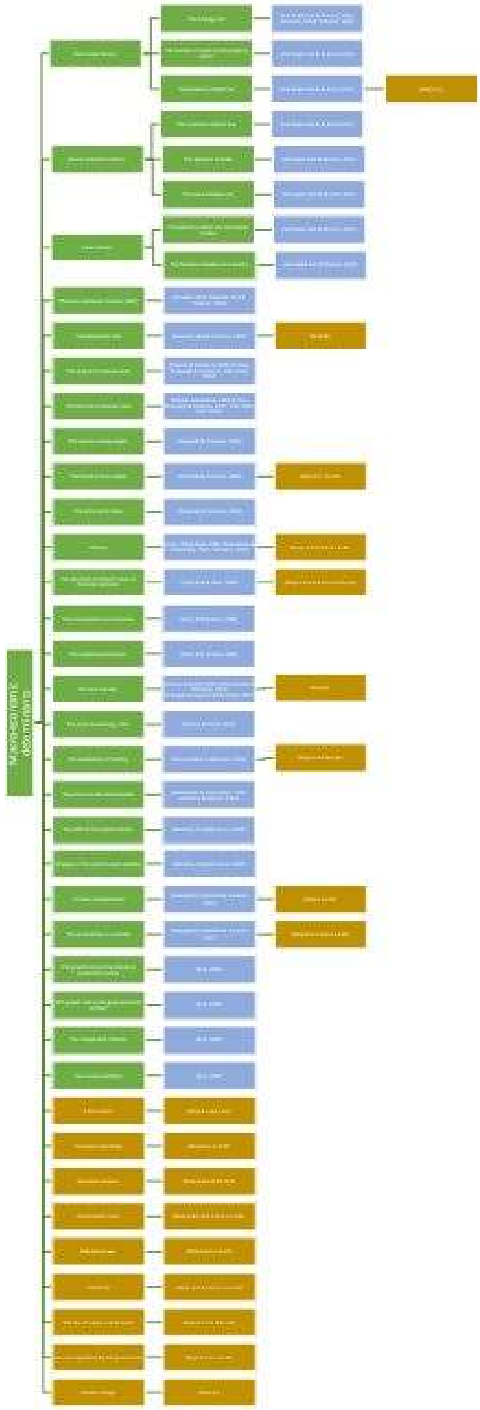
Met opmerkingen [BM12]: Statement number: Resp-I12
Open code: RENTAL POTENTIAL
Axial code: Micro economic

Met opmerkingen [BM13]: Statement number: Resp-I13
Open code: Vision on the purchase strategy plan
Axial code: Purchase strategy

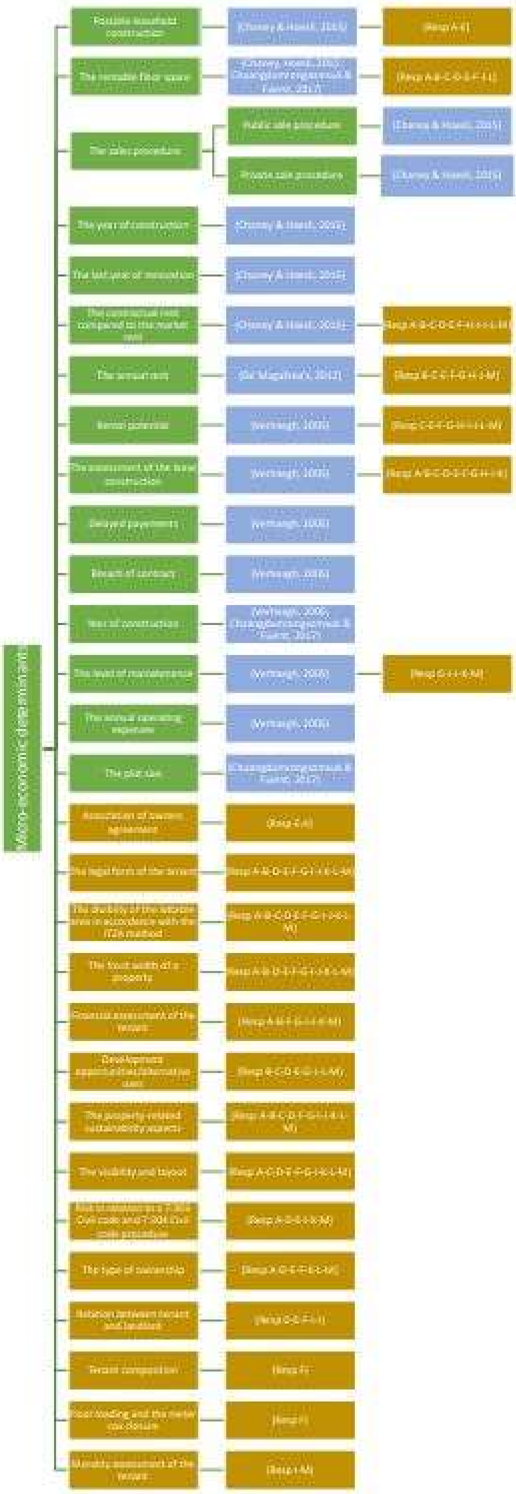
	Respondent	Open code	Open code is already mentioned in the literature/code tree	Axial code	Quote	Colour	Statement number	Page number of transcription
785	Resp-I	Vision on the purchase strategy plan	no	Purchase strategy	Wij hebben een aantal fondsen. Winkelfonds, woonfonds maar ook een kantorenfonds. We concentreren ons nu even op het winkelfonds. Dat is het Dutch Prime retail fund van de organisatie. En Dutch prime retail betekend dat het ook prime retail moet zijn. Wij richten ons met onze vastgoedbeleggingen op redelijk waardevast winkelvastgoed.	Purple	Resp-I1	Page 1
786	Resp-I	Vision on the purchase strategy plan	no	Purchase strategy	We hebben binnenstedelijk vastgoed. Dus waar je onderzoek over gaat. Met high street panden. Maar we hebben ook supermarkten. Die hebben we al heel lang. Die zijn nu heel duur geworden. Maar die vonden we altijd een hele goeie belegging. Daar zijn helaas meer mensen achter gekomen. Vroeger was het factor 16. Tegenwoordig is het al factor 20 geloof ik. Maar dat is een categorie waarin we beleggen. Ook een beetje verspreiden. En we hebben wijkwinkelcentra. Niet hele grote centra. Maar wel supermarkten met winkels erbij. Daar hebben we een behoorlijke portefeuille in opgebouwd. We hebben dus weliswaar een spreiding in het retail, maar we richten ons wel echt op prime retail.	Purple	Resp-I2	Page 1
787	Resp-I	Fund strategy how to collect investment money	no	Purchase strategy	Onze aandeelhouders. Dat zijn allemaal pensioenfondsen. Die selecteren dan weer prime retail. Maar die selecteren dan ook een woningfonds of retail met meer potentie. Dus met een hoger risico, maar met meer ontwikkelpotentie. Die keuze maken onze aandeelhouders. Welk fonds ga ik zitten met m'n geld. Want bij ons fonds hoort een bepaald risicoprofiel. En bij andere fondsen een ander risico profiel. En dat kiezen onze aandeelhouders.	Purple	Resp-I3	Page 1
788	Resp-I	Risk/return ratio	no	Purchase strategy	Onze aandeelhouders. Dat zijn allemaal pensioenfondsen. Die selecteren dan weer prime retail. Maar die selecteren dan ook een woningfonds of retail met meer potentie. Dus met een hoger risico, maar met meer ontwikkelpotentie. Die keuze maken onze aandeelhouders. Welk fonds ga ik zitten met m'n geld. Want bij ons fonds hoort een bepaald risicoprofiel. En bij andere fondsen een ander risico profiel. En dat kiezen onze aandeelhouders.	Purple	Resp-I4	Page 1
789	Resp-I	Fund strategy how to collect investment money	no	Purchase strategy	Nou nee. Wij als fonds investeren eigenlijk bijna altijd met geld wat we van onze beleggers hebben. Dus we hebben heel weinig financiering. Wij hebben een bepaalt risico profiel en een bepaald rendement. En de mensen die in ons fonds beleggen. Die hebben zeg maar 100 miljoen te besteden in vastgoed. Nou die zeggen dan, we doen 20 miljoen in woningen. 20 miljoen in retail. En wat in kantoren. Maar als ze in retail gaan zitten, kunnen ze voor ons fonds kiezen. Maar ze kunnen ook voor een fonds kiezen met een groter risicoprofiel. Met meer financiering. Daar zit meer risico in, maar ook meer rendement. Die keuze maken wij niet. Dat doen onze aandeelhouders. Maar binnen ons fonds hebben wij gekozen voor één beleid. En dat is prime retail.	Purple	Resp-I5	Page 2
790	Resp-I	Risk/return ratio	no	Purchase strategy	Nou nee. Wij als fonds investeren eigenlijk bijna altijd met geld wat we van onze beleggers hebben. Dus we hebben heel weinig financiering. Wij hebben een bepaalt risico profiel en een bepaald rendement. En de mensen die in ons fonds beleggen. Die hebben zeg maar 100 miljoen te besteden in vastgoed. Nou die zeggen dan, we doen 20 miljoen in woningen. 20 miljoen in retail. En wat in kantoren. Maar als ze in retail gaan zitten, kunnen ze voor ons fonds kiezen. Maar ze kunnen ook voor een fonds kiezen met een groter risicoprofiel. Met meer financiering. Daar zit meer risico in, maar ook meer rendement. Die keuze maken wij niet. Dat doen onze aandeelhouders. Maar binnen ons fonds hebben wij gekozen voor één beleid. En dat is prime retail.	Purple	Resp-I6	Page 2
791	Resp-I	Covid-19	no	macro economic	Ja, en dat zag je afgelopen jaar ook met corona. De high street waar het voorheen heel goed ging. Zeker in de grote steden. Dat het allemaal best op zn gat lag, omdat niemand daar meer kwam. Toen deden de wijkwinkelcentra met de supermarkten het heel erg goed.	Red	Resp-I7	Page 2
792	Resp-I	Vision on the purchase strategy plan	no	Purchase strategy	Ja, je wilt wel een beetje stabiel zijn. Als je alles in de Kalverstraat hebt zitten weet je dat je enorme schommelingen hebt. Maar door zowel high street als covenience te hebben, heb je nog wel een redelijke spreiding.	Purple	Resp-I8	Page 2
793	Resp-I	Vision on the purchase strategy plan	no	Purchase strategy	Even vanuit het fonds. Wij richten ons steeds meer op de grotere steden. De aantrekkelijke steden. Vroeger waren dat misschien wel 30 of 40 steden terwijl dat hedendaags misschien maar 15 steden zijn waar we ons echt op richten. Omdat we wel zien dat de retail het moeilijk heeft in de binnensteden. Zeker bij de kleinere plaatsen.	Purple	Resp-I9	Page 2
794	Resp-I	OCCUPATION OF HIGH STREET REAL ESTATE	yes	Meso economic	Omdat we wel zien dat de retail het moeilijk heeft in de binnensteden. Zeker bij de kleinere plaatsen. Daar is een overschot aan winkelruimte landelijk gezien.	Blue	Resp-I10	Page 2
795	Resp-I	VACANCY, INITIAL VACANCY	yes	Meso economic	We zitten al wel zo'n beetje op de beste plekken van een stad. Maar ook net als bij de kleinere steden heb je last van leegstand er om heen. Dat drukt toch de yield. Of drukt, verhoogt de yield. Dat verlaagt ook de markthuur. Dus we hebben uiteindelijk wel last van, ondanks dat we geen leegstand dan.	Blue	Resp-I11	Page 2
796	Resp-I	RENTAL POTENTIAL	yes	Micro economic	Maar ook net als bij de kleinere steden heb je last van leegstand er om heen. Dat drukt toch de yield. Of drukt, verhoogt de yield. Dat verlaagt ook de markthuur. Dus we hebben uiteindelijk wel last van, ondanks dat we geen leegstand dan. Dan merken we wel dat bij wederverhuur dat we moeite hebben om weer een goeie huurprijs te krijgen. Vaak moeten we dan zakken	Yellow	Resp-I12	Page 2
797	Resp-I	Vision on the purchase strategy plan	no	Purchase strategy	Dus we hebben al wat langer het beleid om daar weg te gaan waar we ooit nog zaten. Dan heb ik het over Sneek, Heerenveen, Drachten, Oss. Dat soort plaatsen. Daar willen we eigenlijk niet meer zitten.	Purple	Resp-I13	Page 2

Appendix VII – Code Tree

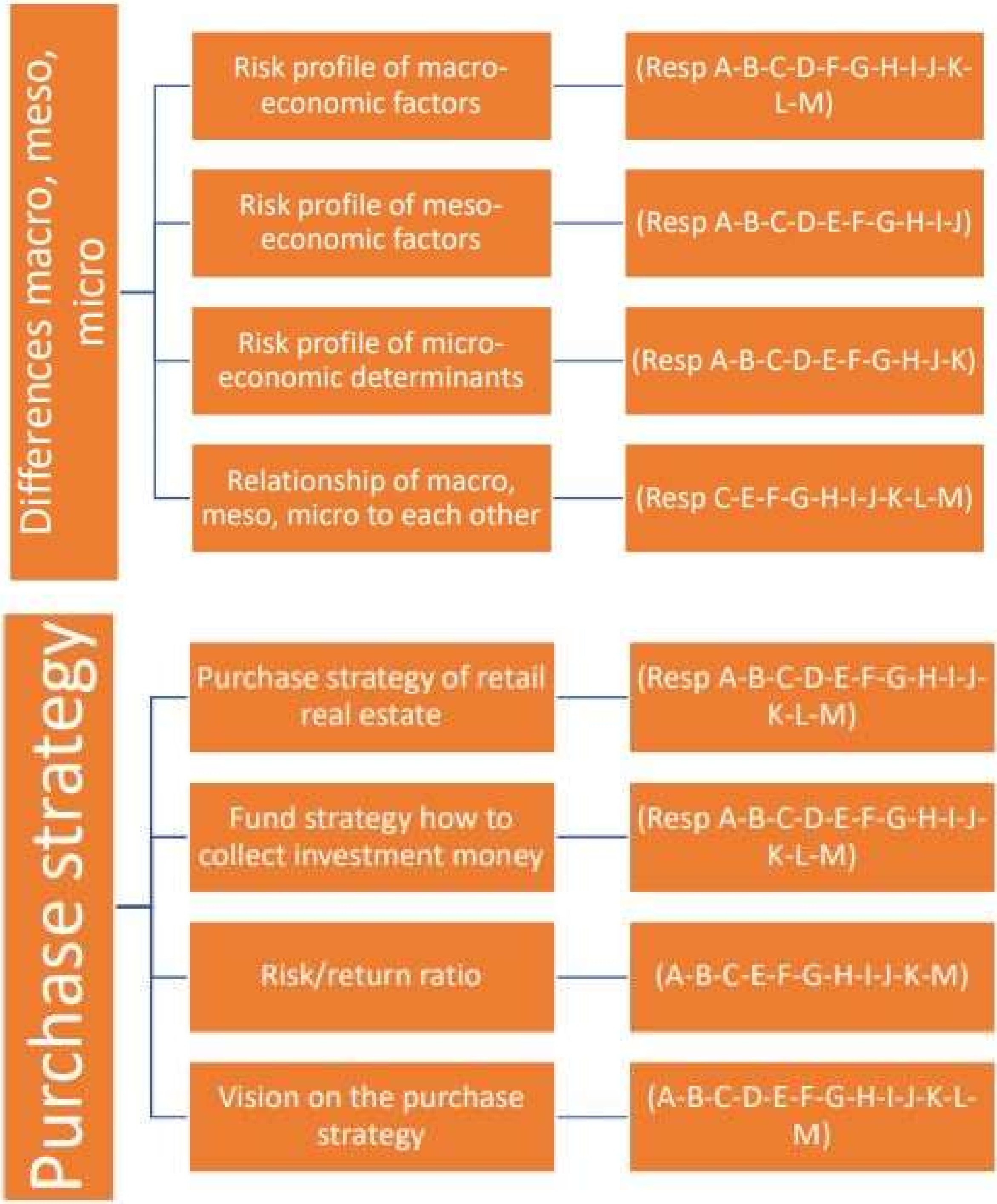
The readability of the code tree is hard due to the size and amount of codes. For that reason, a small explanation has been made. First of all, the code tree has in total five levels, exclusive the sources and statements of respondents. The first layers are the macro, meso and micro-economic levels, the purchase strategy and the differences between macro, meso, micro. In addition, all green surfaces are stated in the literature. The blue surfaces are the sources from the literature. All brown surfaces are the new codes and which respondents have made a statement about these new codes. Lastly, if a respondents has made a statement that also have been found within the literature, a brown surface after the source of the literature has also been placed. Because the code tree is due to the size and amount of codes really hard to read, it is strongly recommended to read the excel file. But even in the excel file, there had to be made five separate tabs to make it possible to describe all existing and new codes.




Meso-economic determinants



Micro-economic determinants
Possible leasehold construction
The rentable floor space
The sales procedure
Public sale procedure
Private sale procedure
The year of construction
The last year of renovation
The contractual rent compared to the market rent
The annual rent
Rental potential
Delayed payments
Breach of contract
Year of construction
The level of maintenance
The annual operating expenses
The plot size
Association of owners agreement
The legal form of the tenant
The front width of a property
Financial assessment of the tenant
The property-related sustainability aspects
The visibility and layout
The type of ownership
Relation between tenant and landlord
Tenant composition


Differences macro, meso, micro
Risk profile of macro-economic factors
(Resp A-B-C-D-F-G-H-I-J-K-L-M)
Risk profile of meso-economic factors
(Resp A-B-C-D-E-F-G-H-I-J)
Risk profile of micro-economic determinants
(Resp A-B-C-D-E-F-G-H-J-K)
Relationship of macro, meso, micro to each other
(Resp C-E-F-G-H-I-J-K-L-M)
Purchase strategy
Purchase strategy of retail real estate
(Resp A-B-C-D-E-F-G-H-I-J-K-L-M)
Fund strategy how to collect investment money
(Resp A-B-C-D-E-F-G-H-I-J-K-L-M)
Risk/return ratio
(A-B-C-E-F-G-H-I-J-K-M)
Vision on the purchase strategy
(A-B-C-D-E-F-G-H-I-J-K-L-M)