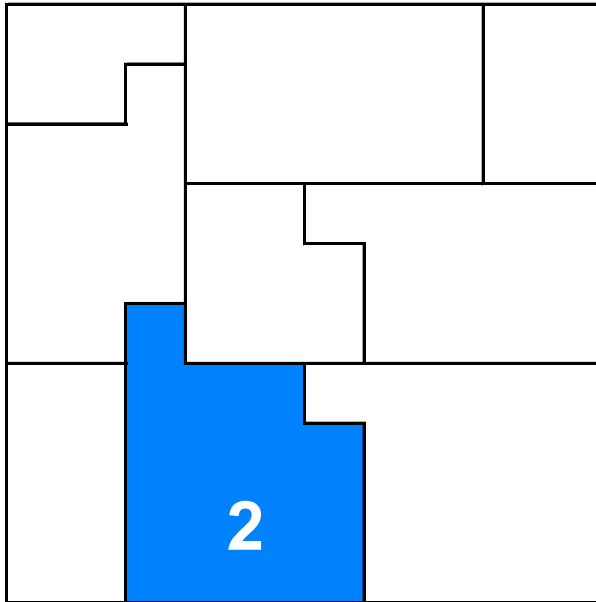


Segment 2: Local service providers

Segmentation of demand in office market



2.1 Local service providers: Introduction

Local service providers are found in central locations in all parts of Switzerland. Most businesses are micro enterprises with fewer than 10 employees. Structured like small businesses local service providers include firms in the IT, sports services, health and social services branches, offering general and professional training and other services for companies and private individuals. This segment is characterised by the need for proximity to customers, who are either received at the company or visited by it. The former work mainly from low-cost pedestrian locations whereas the latter are found in all locations.



This segment is relatively low in added value and price sensitive. Many start-ups belong to this segment, meaning that the tendency to relocate is quite high and the length of rental agreements tends to be short. The working environment and architecture are secondary; offices with a basic finish are preferred. Cost issues are key. The form of office organisation is often branch-specific, the standard of fitting fairly simple and space efficiency is low. The interior finish is determined by cost. Accessibility and parking places are important. Small rooms are often rented in multi-tenant buildings – including in buildings with mixed use. The location is usually decided by the manager or owner, often one and the same person. The key criteria are low costs and proximity to customers.

2.2 Local service providers: Examples of fictional businesses

The following examples provide an indication of the segments of demand. They are often exaggerated and may reflect clichés. They do not have a scientific foundation.

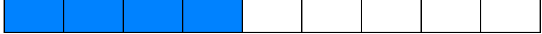
Education school Expert

The education school Expert has its teaching facilities at a central location served by a good public transport link. The school rents around 1,000 m² of office space in a building constructed in 2007. In looking for appropriate premises, good transport connections for course participants/students was the top priority. To use all the available space, the school also offers evening courses. The rooms are big enough for classes of 10 to 30 students. In addition to the school rooms, there is a secretary's office with three work places and the manager's office. The fittings and finishings are basic and comfort has been sacrificed to reduce costs.

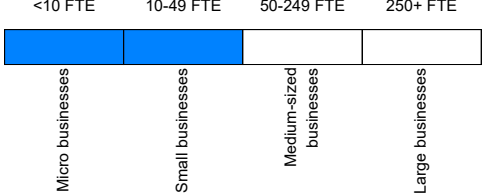
Hans Muster GmbH, tax advice

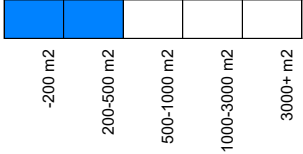
Hans Muster GmbH is owned by its founder and employs 8 workers, with two women sharing a job and desk. The firm provides tax advice for juristic and natural persons in the locality, manages a small property portfolio for private individuals and does the accounts for SMEs. The firm rents 120 m² of office space in the ground floor of an apartment block in a street off the main street in the town. The firm's owner has his own office. Apart from the meeting room, which has space for 4 people, the usable space has no dividing walls. The work spaces are separated by raised filing cabinets.

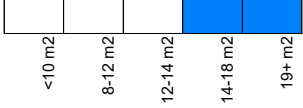
2.3 Who are the Local service providers?

Characteristic	Typical features
Strength of value added (labour productivity)	Low productivity <div style="text-align: center;"> Low High  </div>





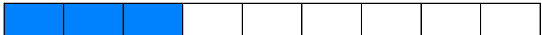


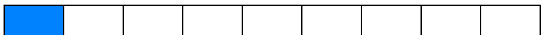

Typical businesses	IT support /programming, fitness centre, physiotherapist, private further educational establishment, interpreters, security firm
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Size of business	Micro-business to medium-sized enterprise <div style="text-align: center;">  </div>
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Required surface area	Small to average <div style="text-align: center;">  </div>
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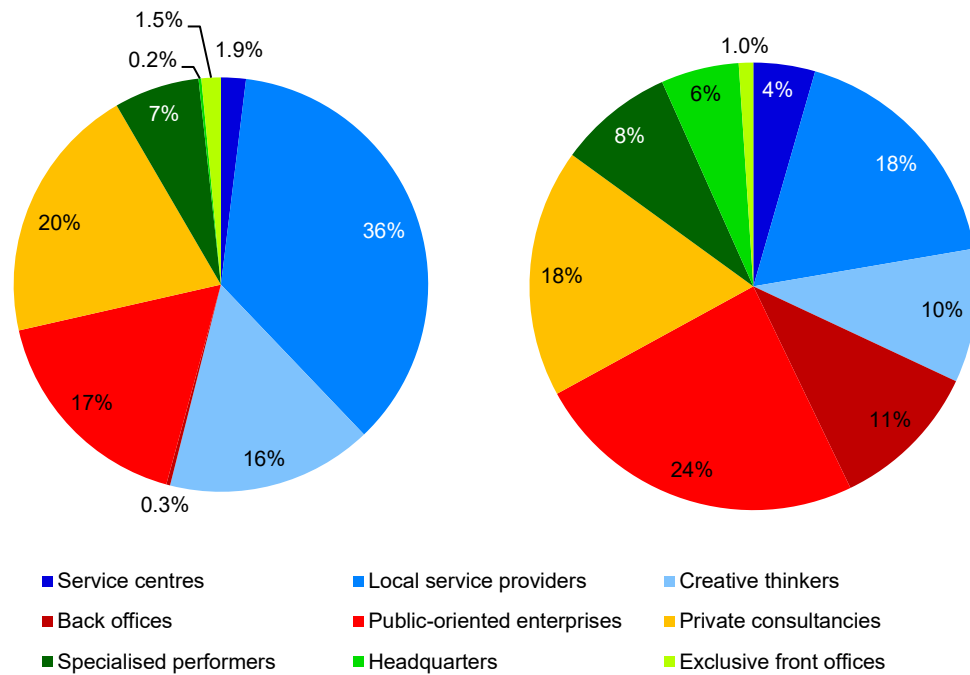
Required surface area per employee (m2)	High <div style="text-align: center;">  </div>
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Which demand segments in the housing market work in the Local service providers?

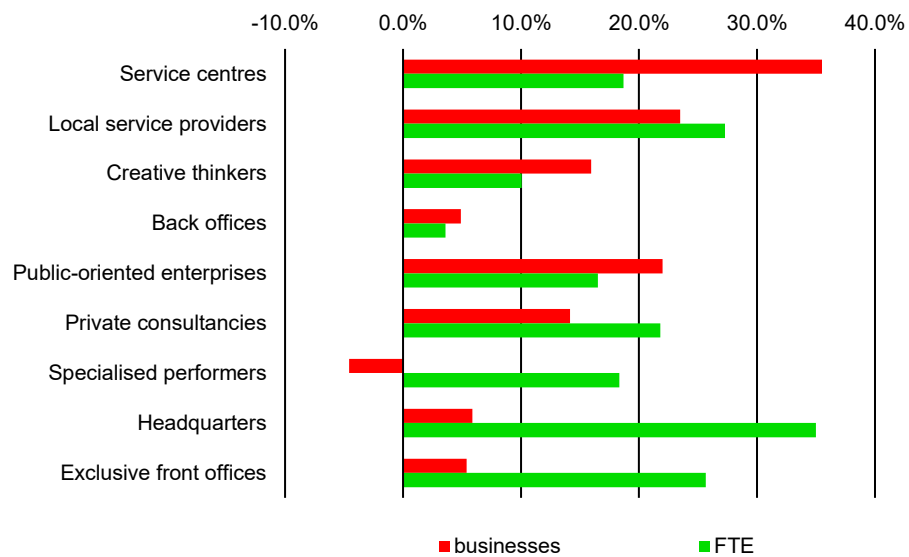
	Some	Many
Rural-traditional		
Modern worker		
Transitional-alternative		
Traditional middle class		
Liberal middle class		
Established-alternative		
Upper middle class		
Professional elite		
Urban elite		

2.4 Local service providers: Distribution and development

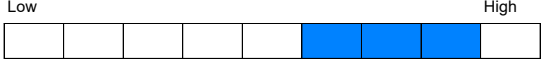

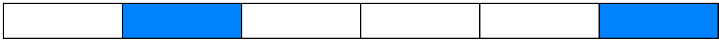
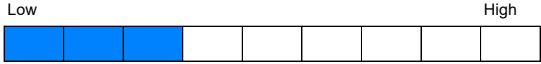


Distribution of Swiss businesses (left) and full-time positions (right) in office market (2023)



Development of the number of businesses and FTE in the segments of demand 2015-2023



2.5 How do the Local service providers work?

Characteristic	Typical features						
Office location	Pedestrian zone, all locations in all communes						
Working environment	Residential area, mixed use area, busy						
Desire to relocate	Fairly high 						
Price sensitivity	Average to high 						
Architecture	No particular requirements						
Form of office organisation	<table border="0" style="width: 100%; text-align: center;"> <tr> <td>Group office</td> <td>Cellular office</td> <td>Combi office</td> <td>Open-plan office</td> <td>Business club</td> <td>Branch-specific</td> </tr> </table>	Group office	Cellular office	Combi office	Open-plan office	Business club	Branch-specific
Group office	Cellular office	Combi office	Open-plan office	Business club	Branch-specific		
Propensity							
Standard of fittings	Simple 						
Technical requirements	Low to average 						
Willingness to pay for high environmental standards	Low to average 						
Requirements of the office building	Inexpensive finishing, preference for basic fittings, own access secondary, tendency to prefer multi-tenant building						

2.6 Local service providers: Working environment

The search for office premises is influenced by the preferences and restrictions affecting demand. The following details relate to the final results of the process.

Characteristic	Typical features	
Urban location preferred	Average	
Central location preferred		<div style="display: flex; justify-content: space-around; font-size: small;"> Periphery Town centre Agglo./town outskirts Town 1B situation Town 1A situation </div> <div style="display: flex; align-items: center; margin-top: 5px;"> Low  High </div>
Intercommunal accessibility		
with relation to road network	Important	<div style="display: flex; justify-content: space-between; font-size: x-small;"> Less important Very important </div> 
with relation to public transport	Fairly important	
Parking spaces	Fairly important	<div style="display: flex; justify-content: space-between; font-size: x-small;"> Less important Very important </div> 
Shops and eating establishments within walking distance	Average	<div style="display: flex; justify-content: space-between; font-size: x-small;"> Less important Very important </div> 
Proximity to customers	Fairly important	<div style="display: flex; justify-content: space-between; font-size: x-small;"> Less important Very important </div> 
Proximity to service providers	Average	<div style="display: flex; justify-content: space-between; font-size: x-small;"> Less important Very important </div> 
Reputation of the district	Fairly unimportant	<div style="display: flex; justify-content: space-between; font-size: x-small;"> Less important Very important </div> 