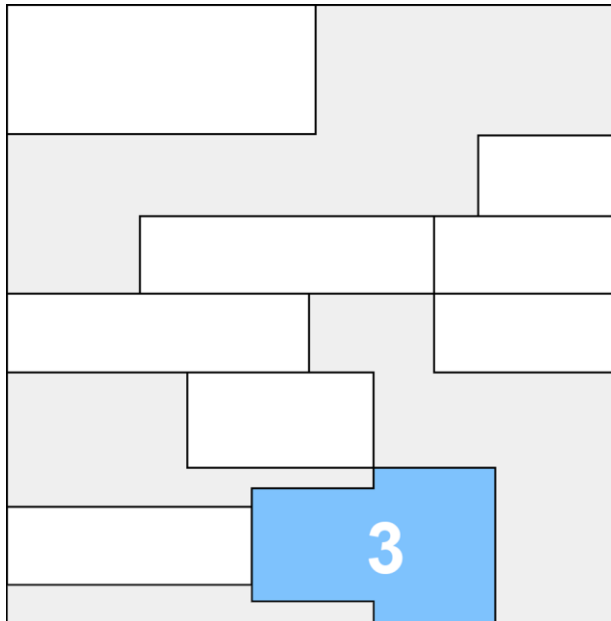


Segment 3: Neighbourhood shops

Segmentation of demand in the retail property market



3.1 Neighbourhood shops: Introduction

Around 12 % of all Swiss businesses operating in the retail property market are neighbourhood shops accounting for 23 % of those employed in the sector. This segment comprises small shops, convenience stores, foodshops and small to large supermarkets that primarily sell groceries. Typical examples are neighbourhood convenience stores, bakeries and medium-sized supermarkets. As local providers of basic goods they help form a centre and may trigger impulse buying and raise the quality of the visit. As such they are not just important neighbourhood shops, they are also a component of all shopping locations in every type of centre – residential areas, railway stations, shopping centres and inner city.



The goods provided by neighbourhood shops are bought in both planned and spontaneous purchases. A degree of visibility for passers-by is required of the site. Typically they are located in mixed-use buildings, railway stations, shopping centres and stand-alone shop buildings. Sales areas are one-floor, small to medium-large and to some extent separate premises. The standard of fittings is basic and larger stores require some space flexibility. Depending on the size of the business there is a need for ease of delivery and possibly additional rooms, including cool storage rooms. The sales productivity ranges from average to high, which is reflected in a greater willingness to pay more in rent. Price structure ranges from fairly low to fairly expensive. This segment is generally aimed at pedestrian shoppers, which means that accessibility by public transport and on foot is significantly more important than individualised transport access and dedicated parking.

3.2 Who are the Neighbourhood shops?

Characteristic	Typical features
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Profitability per unit area (gross profit per m2 in CHF)	<div style="display: flex; justify-content: space-between; align-items: center;"> Low High </div>
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Typical businesses	Convenience grocery store, small supermarket, baker
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Business type	Small and large supermarket, shop/business, small grocer, convenience store
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New relevant formats / concepts	Convenience store, hybrid format, pop-up-store, kiosk format, self-service-store
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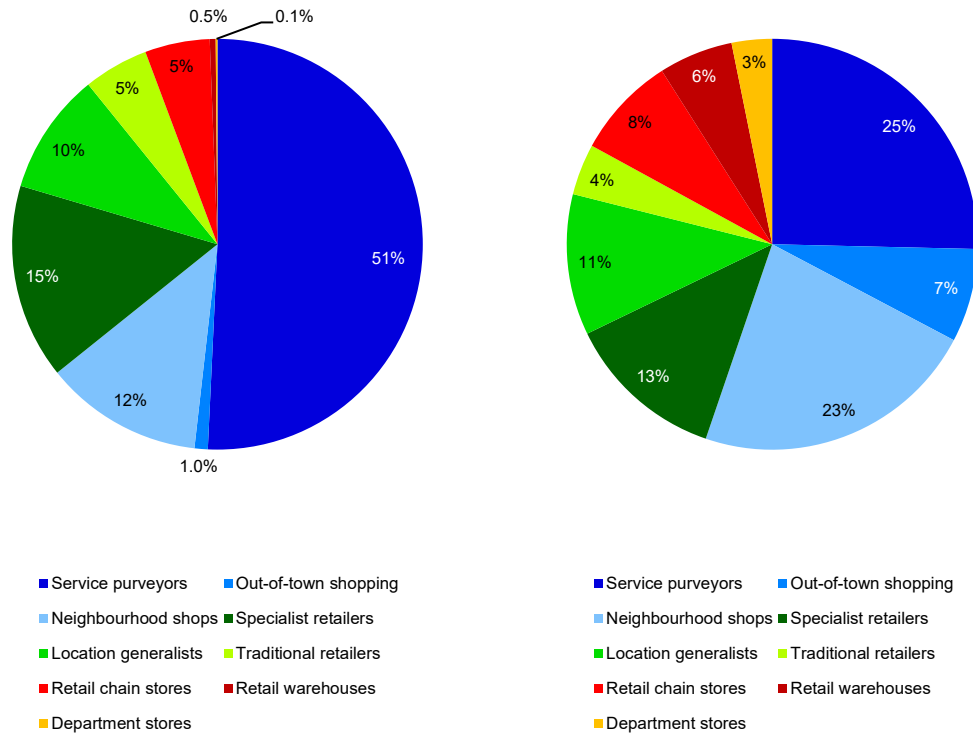
Which types of goods are mainly sold by Neighbourhood shops ?

Food and beverages	<input checked="" type="checkbox"/>
Health and body care	<input checked="" type="checkbox"/>
Clothing/shoes	<input type="checkbox"/>
Department stores/non-specialised stores	<input checked="" type="checkbox"/>
Optics/photography	<input type="checkbox"/>
Watches/jewellery	<input type="checkbox"/>
Books/stationery	<input type="checkbox"/>
Sport	<input type="checkbox"/>
Toys	<input type="checkbox"/>
Consumer electronics	<input type="checkbox"/>
DIY and garden supplies	<input type="checkbox"/>
Furniture and furnishings	<input type="checkbox"/>
Other goods and services	<input type="checkbox"/>

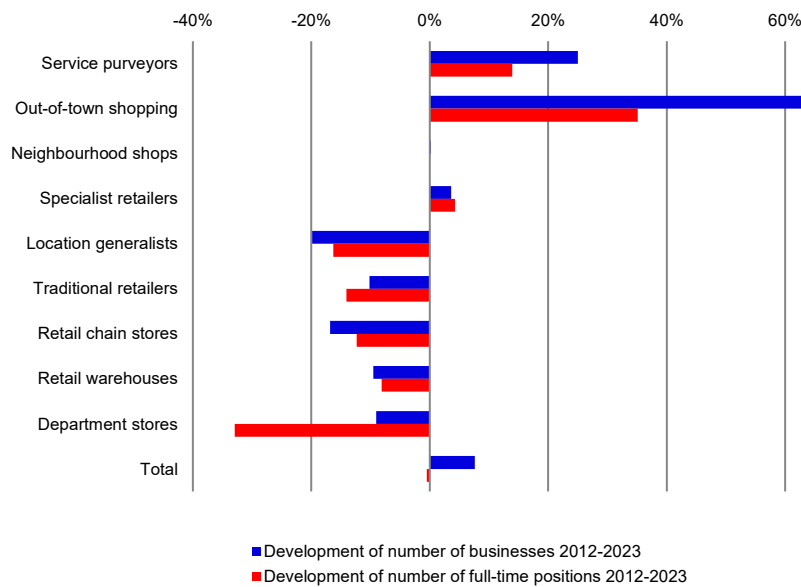
Characteristic	Typical features						
Average number of employees per business (2023)	5.3 Full-time equivalents <div data-bbox="845 291 1372 560" data-label="Figure"> <p>A bar chart comparing the average number of employees per business for 'Neighbourhood shops' and 'Total'. The y-axis ranges from 0 to 6. The 'Neighbourhood shops' bar is blue and reaches 5.3. The 'Total' bar is grey and reaches 3.0.</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Average number of employees</th> </tr> </thead> <tbody> <tr> <td>Neighbourhood shops</td> <td>5.3</td> </tr> <tr> <td>Total</td> <td>3.0</td> </tr> </tbody> </table> </div>	Category	Average number of employees	Neighbourhood shops	5.3	Total	3.0
Category	Average number of employees						
Neighbourhood shops	5.3						
Total	3.0						
Required surface area	50 - 2'500 m ²						
Catchment area	Small, local						
Concentration of chain stores (2023)	45.3% <div data-bbox="829 996 1380 1254" data-label="Figure"> <p>A bar chart comparing the concentration of chain stores for 'Neighbourhood shops' and 'Total'. The y-axis ranges from 0% to 100%. The 'Neighbourhood shops' bar is blue and reaches 45.3%. The 'Total' bar is grey and reaches 20%.</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Concentration of chain stores</th> </tr> </thead> <tbody> <tr> <td>Neighbourhood shops</td> <td>45.3%</td> </tr> <tr> <td>Total</td> <td>20%</td> </tr> </tbody> </table> </div>	Category	Concentration of chain stores	Neighbourhood shops	45.3%	Total	20%
Category	Concentration of chain stores						
Neighbourhood shops	45.3%						
Total	20%						

3.3 Neighbourhood shops: Distribution

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



Development of number of businesses and of full-time positions 2012-2023 (Switzerland)



3.4 How do the Neighbourhood shops sell?

Characteristic	Typical features																																	
Retail location	Junctions, railway stations, well frequented pedestrian zones, also residential areas and shopping centres																																	
	<table border="1"> <caption>Approximate data from the bar chart</caption> <thead> <tr> <th>Commune Type</th> <th>Neighbourhood shops (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td>Large centre</td> <td>15</td> <td>18</td> </tr> <tr> <td>Medium-sized centre</td> <td>12</td> <td>15</td> </tr> <tr> <td>Small centre</td> <td>8</td> <td>10</td> </tr> <tr> <td>Suburban communes</td> <td>25</td> <td>28</td> </tr> <tr> <td>High-income communes</td> <td>2</td> <td>3</td> </tr> <tr> <td>Periurban communes</td> <td>8</td> <td>10</td> </tr> <tr> <td>Tourist area</td> <td>5</td> <td>6</td> </tr> <tr> <td>Industrial-tertiary communes</td> <td>10</td> <td>12</td> </tr> <tr> <td>Rural commuter communes</td> <td>5</td> <td>6</td> </tr> <tr> <td>Agro-industrial communes</td> <td>8</td> <td>10</td> </tr> </tbody> </table>	Commune Type	Neighbourhood shops (%)	Total (%)	Large centre	15	18	Medium-sized centre	12	15	Small centre	8	10	Suburban communes	25	28	High-income communes	2	3	Periurban communes	8	10	Tourist area	5	6	Industrial-tertiary communes	10	12	Rural commuter communes	5	6	Agro-industrial communes	8	10
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Surface area layout	Functional																																	
Building/plot	Generally without own plot																																	
Type of property	Mixed-use building, medium-sized single retail business, shopping centre																																	
Number of storeys	Single-floor																																	
Architecture	Modern, classic, historical building, single-floor																																	
Access/connections	Complicated access and deliveries depending on size (loading ramp)																																	
Retail space flexibility	Fairly important																																	
Standard of fittings	Rather basic																																	
Requirements of property for sale	Depending on size deliveries must be possible (loading ramp), extra rooms and cool storage rooms needed																																	

3.6 Neighbourhood shops: Point of sale

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

Characteristic	Typical features	
Retail trade function		<div style="display: flex; justify-content: space-around; font-size: small;"> Not relevant for centres Appropriate for neighbourhood Relevant for centres Centre generating </div>
Accessibility by individual transport (incl. by foot)	Average	<div style="display: flex; justify-content: space-between; font-size: small;"> Less important Important </div>
Accessibility by public transport (incl. parking)	Important	<div style="display: flex; justify-content: space-between; font-size: small;"> Less important Important </div>
Agglomeration benefit	Average	<div style="display: flex; justify-content: space-between; font-size: small;"> Less important Important </div>
Passing trade	Average to important	<div style="display: flex; justify-content: space-between; font-size: small;"> Less important Important </div>
Visibility	Fairly important	<div style="display: flex; justify-content: space-between; font-size: small;"> Less important Important </div>
Image of sales location	Fairly unimportant	<div style="display: flex; justify-content: space-between; font-size: small;"> Less important Important </div>