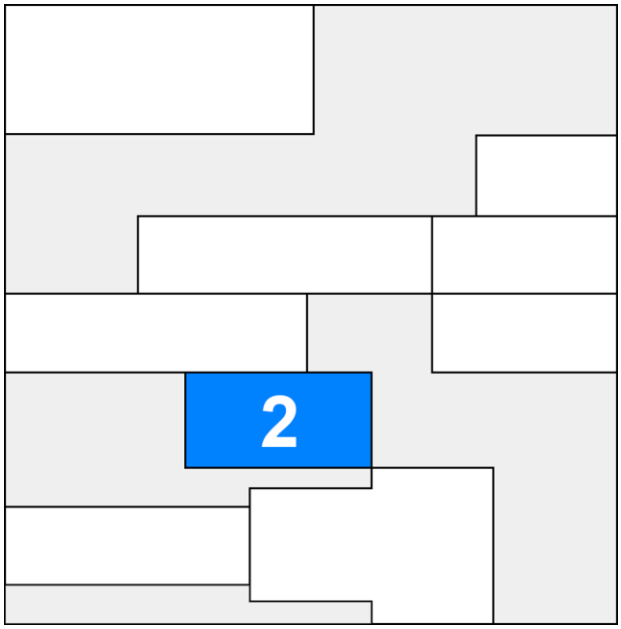
# Segment 2:
# Out-of-town shopping

**Segmentation of demand in the retail property market**

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## 2.1 Out-of-town shopping: Introduction

Around 1 % of all Swiss businesses operating in the retail property market are out-of-town shops accounting for 7 % of those employed in the sector. This segment includes primarily branches of hypermarket and discounter chains that offer a wide selection of foodstuffs as well as a narrow non-food range. Typical examples of out-of-town shops are food discount stores and food hypermarkets. As providers of basic goods to those shopping by car they are located at busy transport axes, on the outskirts of cities, in commercial districts and increasingly in retail parks, but not in town centres.

Out-of-town shops are key tenants in the sites they occupy and attract customers from a wide radius. As they sell their goods in a targeted way and in large quantities accessibility by individualised transport and plenty of parking space are the most important requirements. They occupy self-contained premises, usually covering one floor, with a sales area of over 2,500 m2, or in the case of discounters with an area of around 1,000 m2. Their standard of fittings is predominantly basic and space flexibility tends to be important. Easy delivery of goods and additional rooms, such as cool rooms, are also significant factors. The level of sales area productivity is fairly low and this results in an unwillingness to pay higher rents. The price structure ranges from low to greatly discounted.

Source: Fahrländer Partner & CSL Immobilien.

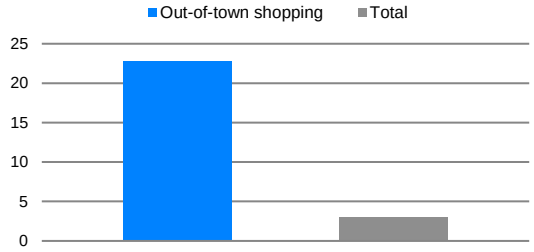
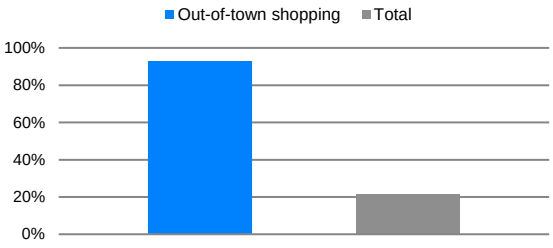
## 2.2 Who are the Out-of-town shopping?

| Characteristic | Typical features |
|---|---|
| Profitability per unit area (gross profit per m2 in CHF) | Low ☐ ■ ■ ■ ☐ ☐ ☐ ☐ ☐ High |
| Typical businesses | Food hypermarket, food discounter |
| Business type | Hypermarket, discounter |
| New relevant formats / concepts | |

Which types of goods are mainly sold by Out-of-town shopping ?

| | |
|---|---|
| Food and beverages | ■ |
| Health and body care | ■ |
| Clothing/shoes | ☐ |
| Department stores/non-specialised stores | ■ |
| Optics/photography | ☐ |
| Watches/jewellery | ☐ |
| Books/stationery | ☐ |
| Sport | ☐ |
| Toys | ☐ |
| Consumer electronics | ☐ |
| DIY and garden supplies | ☐ |
| Furniture and furnishings | ☐ |
| Other goods and services | ☐ |

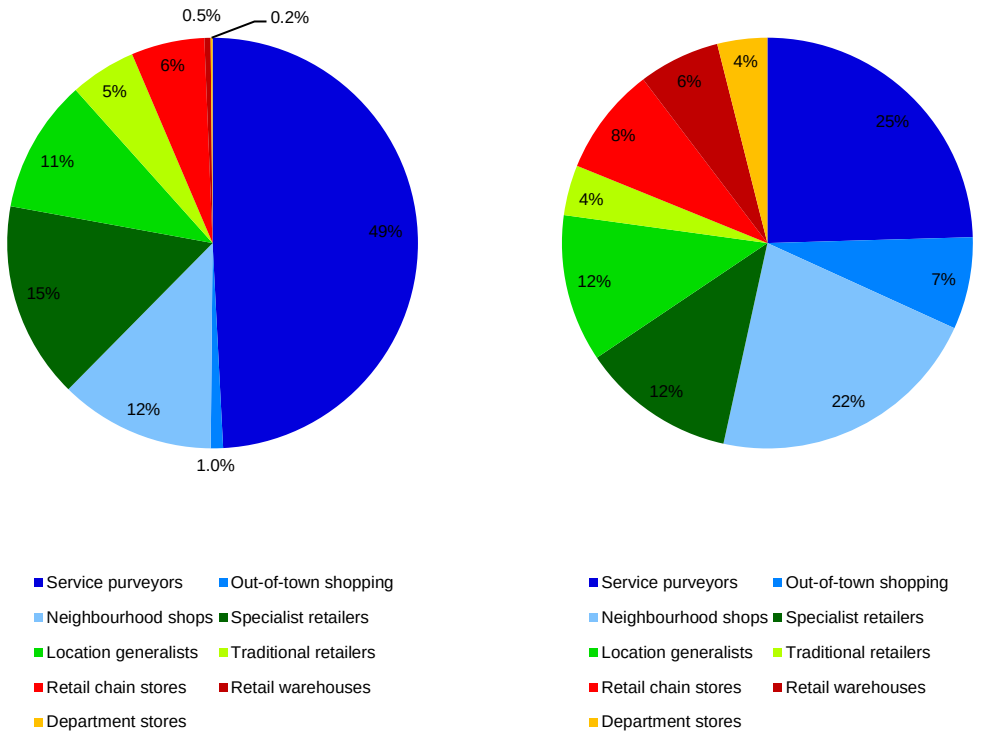
Source: Fahrländer Partner & CSL Immobilien.

| Characteristic | Typical features |
|---|---|
| Average number of employees per business (2019) | 22.8 Full-time equivalents   |
| Required surface area | 2'500 - 8'000 m2 or around 1'000 m2 (discounter) |
| Catchment area | Medium-sized |
| Concentration of chain stores (2019) | 92.9%   |

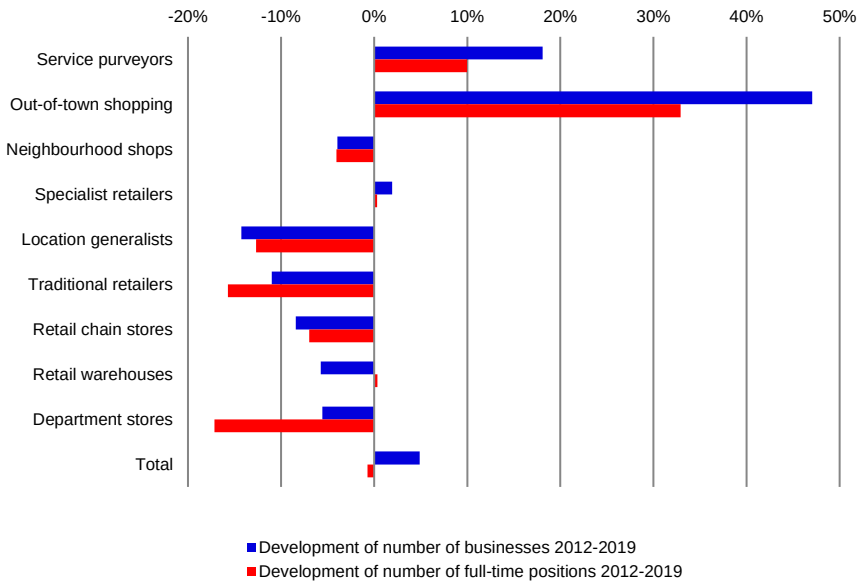
Source: Fahrländer Partner & CSL Immobilien.

## 2.3 Out-of-town shopping: Distribution

Distribution of Swiss businesses (left) and full-time positions (right) in the retail property market (2019)



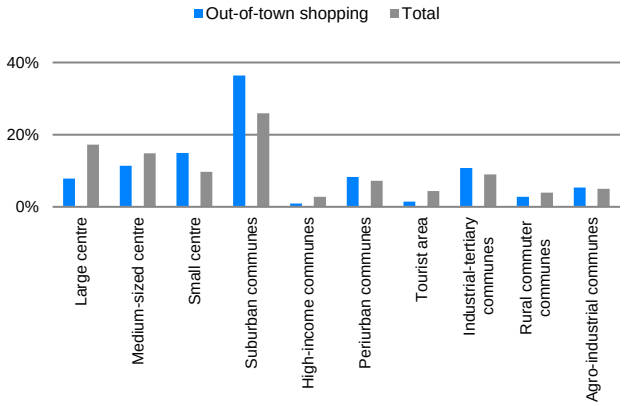

Development of number of businesses and of full-time positions 2012-2019 (Switzerland)




Source: Fahrländer Partner.

### 2.4 How do the Out-of-town shopping sell?

| Characteristic | Typical features |
|---|---|
| Retail location | Orientated towards cars, busy transport axes, city districts, edge of town, retail parks, commercial districts of larger cities |

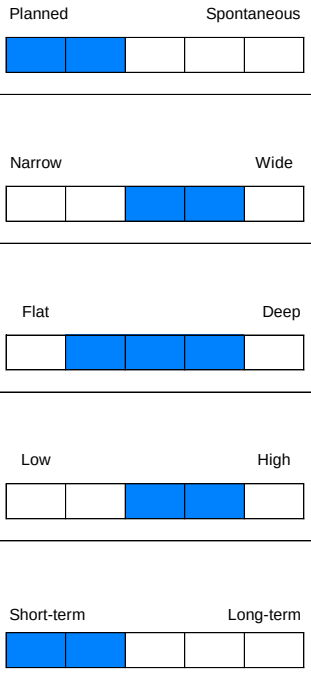



| | |
|---|---|
| Surface area layout | Rectangular, functional |
| Building/plot | Generally with own plot |
| Type of property | Stand-alone medium-sized retail business |
| Number of storeys | Generally single-floor |
| Architecture | Funcional, modern, single-floor |
| Access/connections | Access and deliveries important and complicated (loading ramp) |
| Retail space flexibility | Important |
| Standard of fittings | Predominantly basic |
| Requirements of property for sale | Deliveries must be possible (loading ramp), extra rooms and cool storage rooms needed |

Source: Fahrländer Partner & CSL Immobilien.

## 2.5 Characteristics of goods and services

| Characteristic | Typical features |
|---|---|
| Type of goods | Basic |
| Spontaneous purchase/planned purchase | Planned |
| Product selection (width) | Fairly wide |
| Product range (breadth) | Average |
| Potential for linked purchases | Fairly high |
| Duration of consumption | Short-term |
| Pricing | Generally lower price ranging to extreme discount |




Source: Fahrländer Partner & CSL Immobilien.

## 2.6 Out-of-town shopping: 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 | Not relevant for centres / Appropriate for neighbourhood / Relevant for centres / Centre generating |
| Accessibility by individual transport (incl. by foot) | Fairly important (Less important – Important) |
| Accessibility by public transport (incl. parking) | Fairly unimportant (Less important – Important) |
| Agglomeration benefit | Fairly unimportant (Less important – Important) |
| Passing trade | Average (Less important – Important) |
| Visibility | Fairly unimportant (Less important – Important) |
| Image of sales location | Secondary (Less important – Important) |

Source: Fahrländer Partner & CSL Immobilien.