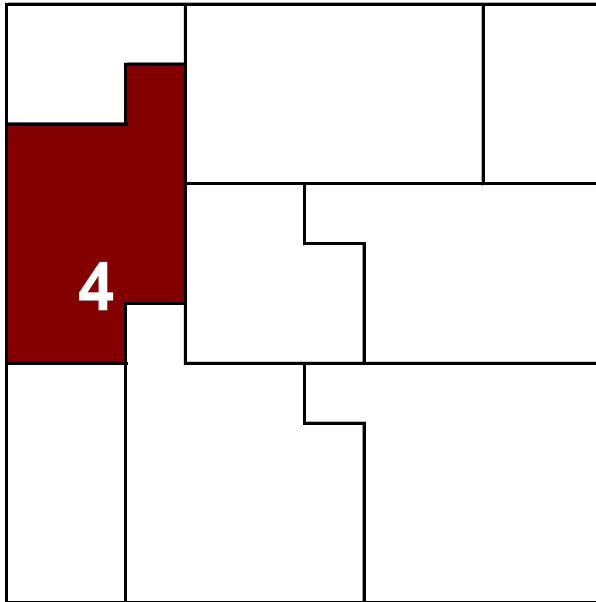


Segment 4: Back offices

Segmentation of demand in office market



4.1 Back offices: Introduction

The back offices segment comprises the back-office businesses of large companies in the financial services, insurance and telecommunications branches and some company administrative headquarters that do not require less prestigious premises. Large companies physically separate their internal support services through front and back offices. Large companies, that mainly have above-average value added, place their back office employees in well-connected locations in the first and second agglomeration rings around large centres. The (increasing) concentration of work places demands modern office spaces fitted with technical equipment.



The interior layout of the office spaces must be flexible and the finishing functional. Security in the building is important. Various benefits including private restaurants, nurseries and fitness rooms are designed to keep staff happy and increase productivity. Offices are usually organised in a space-efficient open-space environment or, increasingly, in business clubs. These companies are prepared to pay more for higher environmental standards. Accessibility and proximity to city services are important for the employees but the location does not need to be prestigious as there is little customer contact. Visibility and the micro-location in general are secondary. The macro-location is more important. Back offices rent offices in single tenant buildings with long leases or are themselves the owner of the property. Location decisions are often prepared by an internal property division and then approved by the management. Important criteria are internal processes, costs and flexibility to make later adaptations.

4.2 Back offices: 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.


Back office of a large Swiss bank

The back office of a large Swiss bank is situated on the edge of a city where transport connections are excellent. It covers over 5,000 m². The office spaces are equipped to a high technical standard. On cost grounds and to promote internal communication the company implements an open space work concept. Employees benefit from numerous perks including a fitness room and canteen. The building has its own multi-story car park.

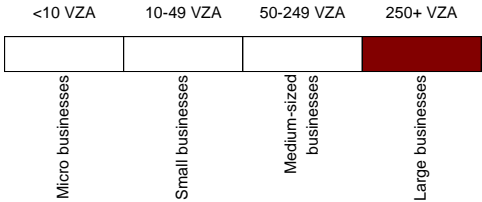
Telecommunications provider Connect

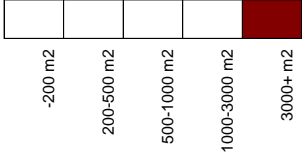
The administrative services of the Connect telecommunications provider are the single occupier of a commercial building and cover 8,000 m². The property is 15 minutes from the city centre. The district is very busy during the day and particularly at peak hours but is quiet at the evening and weekend. With the exception of internally sensitive areas (including HR), which have their own, separate rooms, the surface area is open. Fittings and finishing are above-average. Employees access the building through a main entrance, which is large but rather bare. They use a badge to pass through the turnstiles.

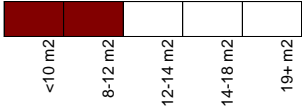
4.3 Who are the Back offices?

Characteristic	Typical features
Strength of value added (labour productivity)	Generally high productivity 

Typical businesses	Back office of a bank, insurance company, telecommunications firm or travel service provider
--------------------	--

Size of business	Large company 
------------------	---

Required surface area	Large 
-----------------------	--

Required surface area per employee (m2)	Low 
---	---

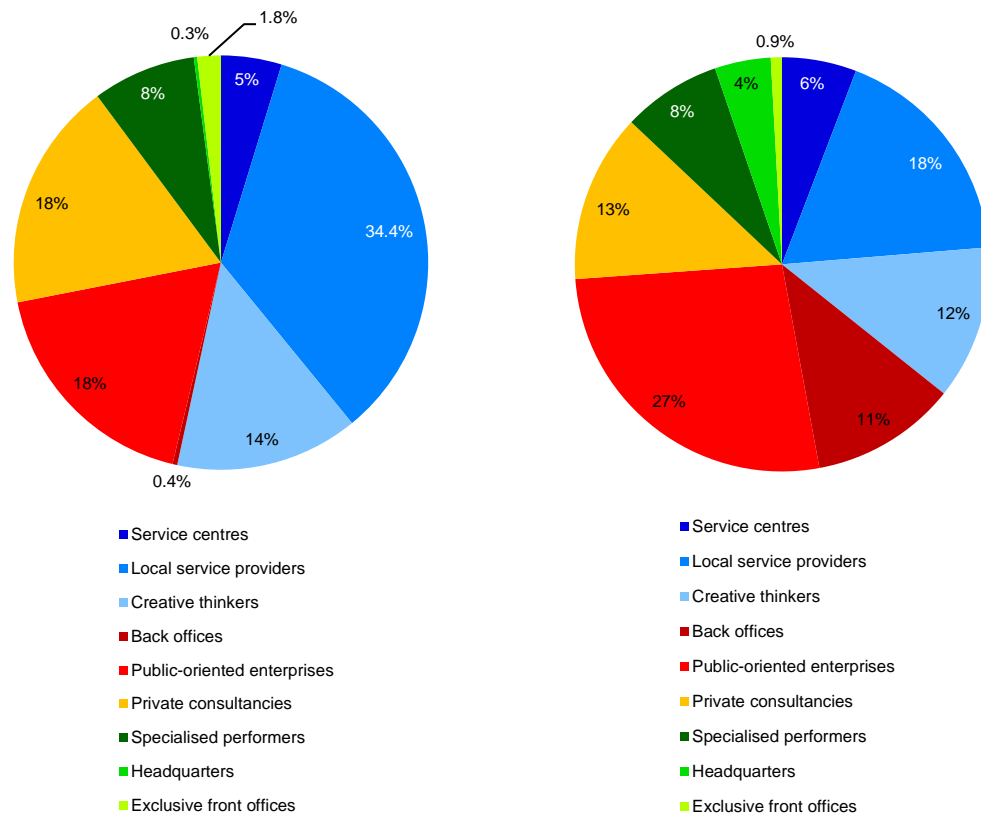
Which demand segments in the housing market work in the Back offices?

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

Source: Fahrländer Partner & CSL Immobilien.

4.4 Back offices :Distribution

Distribution of Swiss businesses (left) and full-time positions (right) in office market (2015)



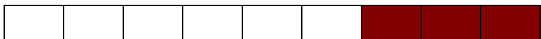
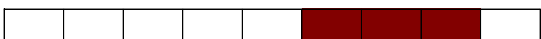

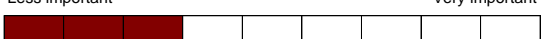
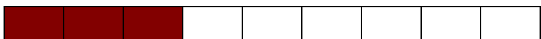



4.4 How do the Back offices work?

Characteristic	Typical features
Office location	Periphery, agglomeration, suburb
Working environment	Compact, decentral but urban, busy during the day but quiet in the evening
Desire to relocate	Average
	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div>
Price sensitivity	Fairly low
	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div>
Architecture	Modern
Form of office organisation	<div style="display: flex; justify-content: space-around; text-align: center; font-size: small;"> Group office Cellular office Combi office Open-plan office Business club Branch-specific </div>
Propensity	
Standard of fittings	High
	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div>
Technical requirements	High
	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div>
Willingness to pay for high environmental standards	Lairly high
	<div style="display: flex; justify-content: space-between; width: 100%;"> Low High </div>
Requirements of the office building	High space efficiency, high surface productivity, security, flexible interior layout is important, functional finishing, additional space for extra services, single tenant building

4.5 Back offices: 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		Periphery Town centre Agglo./town outskirts Town 1B situation Town 1A situation
		Low  High
Intercommunal accessibility		
with relation to road network	Average	Less important  Very important
with relation to public transport	Important	
Parking spaces	Fairly important	Less important  Very important
Shops and eating establishments within walking distance	Average	Less important  Very important
Proximity to customers	Secondary	Less important  Very important
Proximity to service providers	Secondary	Less important  Very important
Reputation of the district	Fairly unimportant	Less important  Very important