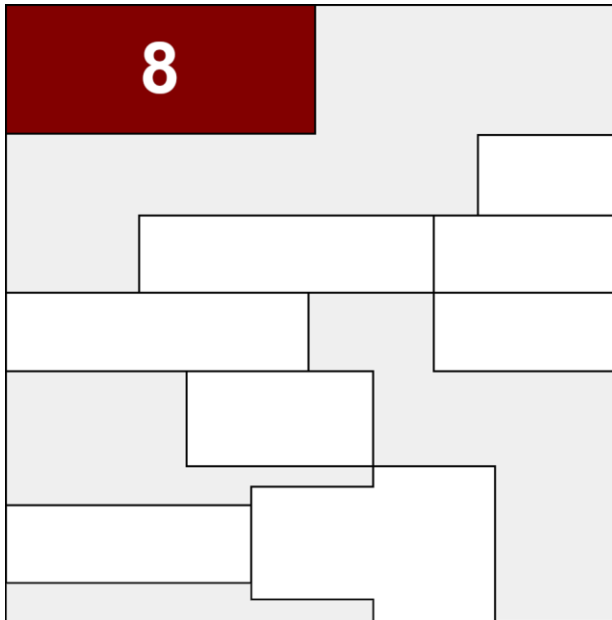


# Segment 8: Retail warehouses

Segmentation of demand in the retail property market

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## 8.1 Retail warehouses: Introduction

Around 0.5 % of all Swiss businesses operating in the retail property market are retail warehouses accounting for 7 % of those employed in the sector. This segment comprises retail stores and warehouses selling furniture and furnishings, sports equipment, DIY and garden materials and consumer electronics. Typically these businesses choose to locate in retail parks in commercial and special zones or on radial and arterial roads on the outskirts of cities. This segment is aimed at shoppers coming by car and the products it stocks are not those found in central shopping areas.



As anchor tenants and primary magnets retail warehouses pull in customers and create their own catchment areas. Warehouses have surface areas in excess of 1,800 m<sup>2</sup>. The requirements of the micro-location are secondary, important is the macro-location, easy access with individualised transport and the purchasing power of the wider customer pool. The products stocked are primarily purchased in a planned way and are designed to last, meaning that customers are more willing to travel a distances. These businesses – generally branches of chains – often own stand-alone one floor or multi-floor buildings. Smaller businesses are sometimes also located in shopping centres. Their standard of fittings is generally basic and functional. Additional rooms are needed and access and deliveries may be complicated. Their price structure ranges from low to high. As the surface area requirement is large and the sales area productivity is rather low, peripheral locations are preferred.

## 8.2 Who are the Retail warehouses?

| Characteristic   | Typical features   |
|--|--|
| Profitability per unit area (gross profit per m2 in CHF) | <div style="display: flex; justify-content: space-between; align-items: center;"> <span>Low</span>  <span>High</span> </div> |
| Typical businesses                                       | Furniture warehouse, electronics warehouse, DIY superstore, sporting goods store   |
| Business type  | Furniture store, retail warehouse  |
| New relevant formats / concepts                          |  |

Which types of goods are mainly sold by Retail warehouses ?

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

| Characteristic | Typical features |
|----------------|------------------|
|----------------|------------------|

Average number of employees per business (2017) 39.2 Full-time equivalents



Required surface area 1'800 - 30'000 m<sup>2</sup>

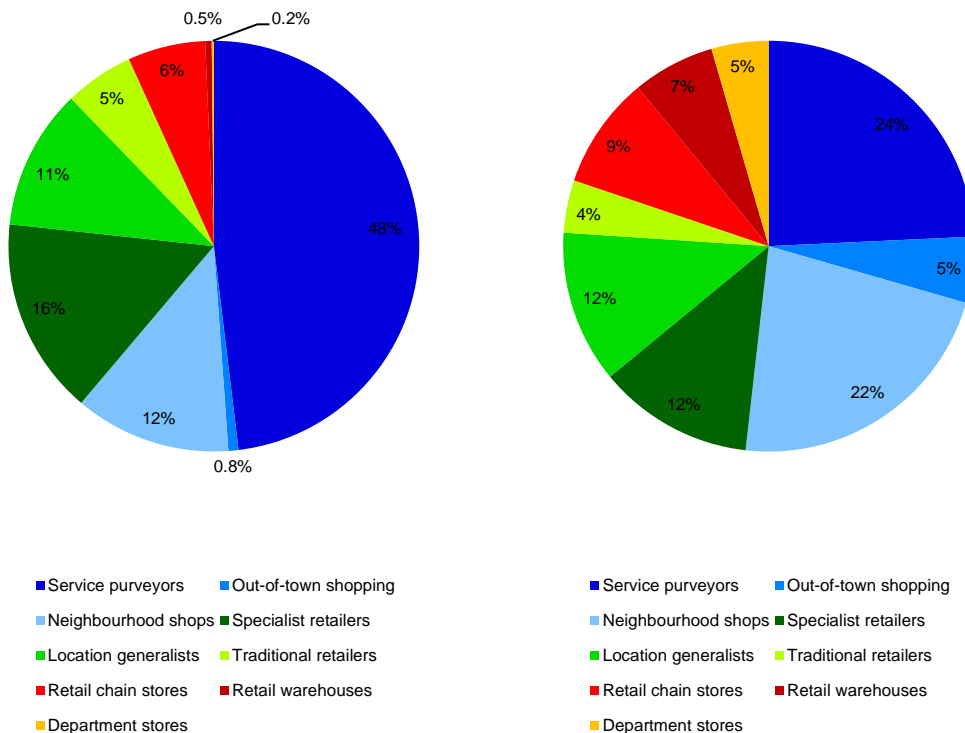
Catchment area Large

Concentration of chain stores (2017) 75.4%

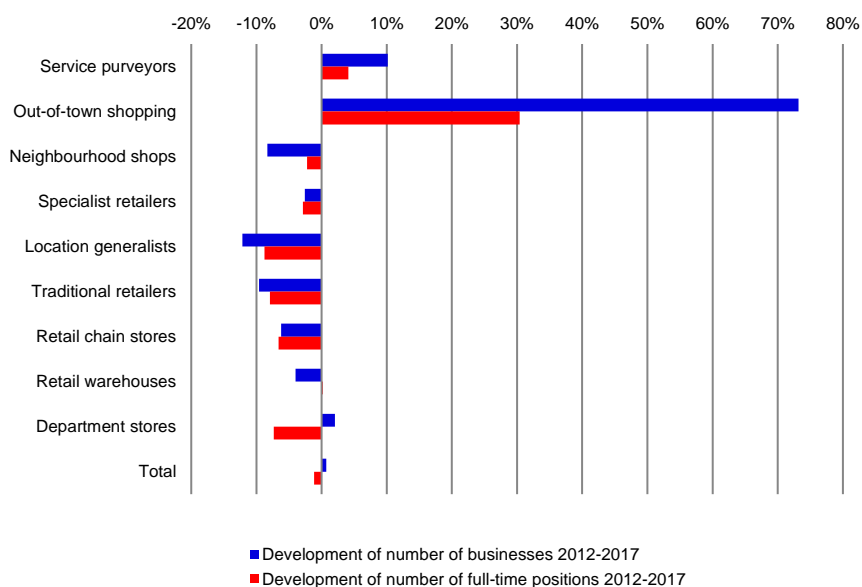


### 8.3 Retail warehouses: Distribution

Distribution of Swiss businesses (left) and full-time positions (right) in the retail property market (2017)



Development of number of businesses and of full-time positions 2012-2017 (Switzerland)



## 8.4 How do the Retail warehouses sell?

| Characteristic                    | Typical features  |               |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
|-----------------------------------|---|---------------|-----------------------|-----------|--------------|-----|-----|---------------------|-----|-----|--------------|-----|-----|-------------------|-----|-----|----------------------|----|----|--------------------|----|-----|--------------|----|----|------------------------------|----|-----|-------------------------|----|----|--------------------------|----|----|
| Retail location                   | Car-orientated, commercial or special zones, retail parks, arterial roads   |               |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
|                                   | <table border="1"> <caption>Percentage of Retail Warehouses and Total Properties by Location Type</caption> <thead> <tr> <th>Location Type</th> <th>Retail warehouses (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td>Large centre</td> <td>~12</td> <td>~18</td> </tr> <tr> <td>Medium-sized centre</td> <td>~15</td> <td>~18</td> </tr> <tr> <td>Small centre</td> <td>~10</td> <td>~12</td> </tr> <tr> <td>Suburban communes</td> <td>~45</td> <td>~25</td> </tr> <tr> <td>High-income communes</td> <td>~2</td> <td>~5</td> </tr> <tr> <td>Periurban communes</td> <td>~8</td> <td>~10</td> </tr> <tr> <td>Tourist area</td> <td>~5</td> <td>~8</td> </tr> <tr> <td>Industrial-tertiary communes</td> <td>~8</td> <td>~12</td> </tr> <tr> <td>Rural commuter communes</td> <td>~2</td> <td>~5</td> </tr> <tr> <td>Agro-industrial communes</td> <td>~2</td> <td>~5</td> </tr> </tbody> </table> | Location Type | Retail warehouses (%) | Total (%) | Large centre | ~12 | ~18 | Medium-sized centre | ~15 | ~18 | Small centre | ~10 | ~12 | Suburban communes | ~45 | ~25 | High-income communes | ~2 | ~5 | Periurban communes | ~8 | ~10 | Tourist area | ~5 | ~8 | Industrial-tertiary communes | ~8 | ~12 | Rural commuter communes | ~2 | ~5 | Agro-industrial communes | ~2 | ~5 |
| Location Type                     | Retail warehouses (%)   | Total (%)     |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Large centre                      | ~12   | ~18           |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Medium-sized centre               | ~15   | ~18           |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Small centre                      | ~10   | ~12           |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Suburban communes                 | ~45   | ~25           |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| High-income communes              | ~2  | ~5            |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Periurban communes                | ~8  | ~10           |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Tourist area                      | ~5  | ~8            |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Industrial-tertiary communes      | ~8  | ~12           |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Rural commuter communes           | ~2  | ~5            |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Agro-industrial communes          | ~2  | ~5            |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Surface area layout               | Grid layout, large surface area   |               |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Building/plot                     | Own plot  |               |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Type of property                  | Stand-alone retail business or shopping centre  |               |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Number of storeys                 | Occupying one or several floors   |               |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Architecture                      | Functional, modern  |               |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Access/connections                | Access and deliveries important and complicated (loading ramp)  |               |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Retail space flexibility          | Important   |               |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Standard of fittings              | Mainly basic and functional   |               |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |
| Requirements of property for sale | Deliveries are important, storage rooms needed  |               |                       |           |              |     |     |                     |     |     |              |     |     |                   |     |     |                      |    |    |                    |    |     |              |    |    |                              |    |     |                         |    |    |                          |    |    |

## 8.5 Characteristics of goods and services

| Characteristic                        | Typical features                  |  |
|---------------------------------------|-----------------------------------|--|
| Type of goods                         | Basic and non-essentials          |  |
| Spontaneous purchase/planned purchase | Planned                           | <p>Planned <span style="float: right;">Spontaneous</span></p>  |
| Product selection (width)             | Fairly wide                       | <p>Narrow <span style="float: right;">Wide</span></p>          |
| Product range (breadth)               | Deep                              | <p>Flat <span style="float: right;">Deep</span></p>            |
| Potential for linked purchases        | Fairly low                        | <p>Low <span style="float: right;">High</span></p>             |
| Duration of consumption               | Generally long-term               | <p>Short-term <span style="float: right;">Long-term</span></p> |
| Pricing                               | Low to high price, more low price |  |

## 8.6 Retail warehouses: 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) | Very important           | Less important <span style="float: right;">Important</span>   |                      |                   |  |  |  |  |
|   |                          | <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> </tr> </table>   |                      |                   |  |  |  |  |
|   |                          |   |                      |                   |  |  |  |  |
| Accessibility by public transport (incl. parking)     | Secondary                | Less important <span style="float: right;">Important</span>   |                      |                   |  |  |  |  |
|   |                          | <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 25%; background-color: #800000;"></td> <td style="width: 25%; background-color: #800000;"></td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> </tr> </table> |                      |                   |  |  |  |  |
|   |                          |   |                      |                   |  |  |  |  |
| Agglomeration benefit                                 | Fairly unimportant       | Less important <span style="float: right;">Important</span>   |                      |                   |  |  |  |  |
|   |                          | <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 25%;"></td> <td style="width: 25%; background-color: #800000;"></td> <td style="width: 25%; background-color: #800000;"></td> <td style="width: 25%;"></td> </tr> </table> |                      |                   |  |  |  |  |
|   |                          |   |                      |                   |  |  |  |  |
| Passing trade   | Secondary                | Less important <span style="float: right;">Important</span>   |                      |                   |  |  |  |  |
|   |                          | <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 25%; background-color: #800000;"></td> <td style="width: 25%; background-color: #800000;"></td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> </tr> </table> |                      |                   |  |  |  |  |
|   |                          |   |                      |                   |  |  |  |  |
| Visibility  | Fairly unimportant       | Less important <span style="float: right;">Important</span>   |                      |                   |  |  |  |  |
|   |                          | <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 25%;"></td> <td style="width: 25%; background-color: #800000;"></td> <td style="width: 25%; background-color: #800000;"></td> <td style="width: 25%;"></td> </tr> </table> |                      |                   |  |  |  |  |
|   |                          |   |                      |                   |  |  |  |  |
| Image of sales location                               | Secondary                | Less important <span style="float: right;">Important</span>   |                      |                   |  |  |  |  |
|   |                          | <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 25%; background-color: #800000;"></td> <td style="width: 25%; background-color: #800000;"></td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> </tr> </table> |                      |                   |  |  |  |  |
|   |                          |   |                      |                   |  |  |  |  |