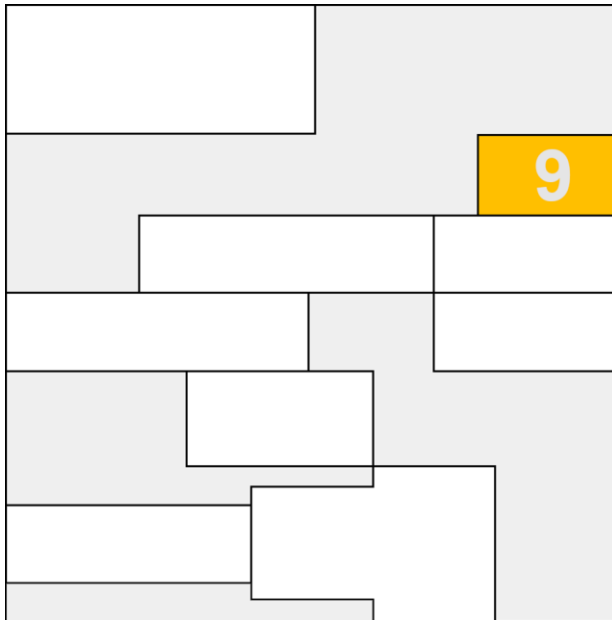


Segment 9: Department stores

Segmentation of demand in the retail property market



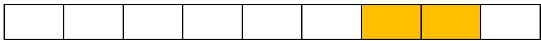
9.1 Department stores: Introduction

Around 0.2 % of all Swiss businesses operating in the retail property market are department stores accounting for 4.5 % of those employed in the sector. This segment employs more workers per business than any other segment. It includes warehouses selling goods of various types as well as large clothing stores situated in prime retail locations in larger centres. As retail anchors they are important for centres, attracting customers from the wider area, increasing the quality of the visit, generating impulse buys and generally characterising the traditional shopping street in large centres.



Swiss warehouses cover an area of at least 4,000 m², with international chains occupying a retail area of at least 800 m². As their products are often bought with other related retail goods, they require not only high visibility and a location with the right image to attract high turnover from passing trade, but also a high concentration of shops in the immediate vicinity. All businesses in this segment have above-average site requirements. They rent or own multi-floor stand-alone retail buildings or occupy space in mixed-use buildings. Their standard of fittings tends to be superior, space flexibility is important, additional rooms are required and access and deliveries can be challenging. Sales area profitability is fairly high with most businesses in the segment generating turnover through rather narrow margins and a high sales volume. Due to their reputation they are very willing to pay more in rent. Accessibility by public transport and on foot is more important than access with individualised transport.

9.2 Who are the Department stores?

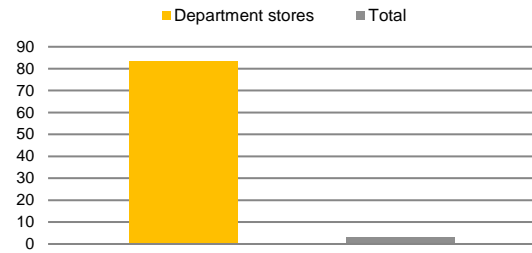
Characteristic	Typical features
Profitability per unit area (gross profit per m2 in CHF)	<div style="display: flex; justify-content: space-between; align-items: center;"> Low  High </div>
Typical businesses	Department store, large clothing retailer
Business type	Department store
New relevant formats / concepts	

Which types of goods are mainly sold by Department stores ?

Food and beverages	<input type="checkbox"/>
Health and body care	<input checked="" type="checkbox"/>
Clothing/shoes	<input checked="" type="checkbox"/>
Department stores/non-specialised stores	<input checked="" type="checkbox"/>
Optics/photography	<input type="checkbox"/>
Watches/jewellery	<input checked="" 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
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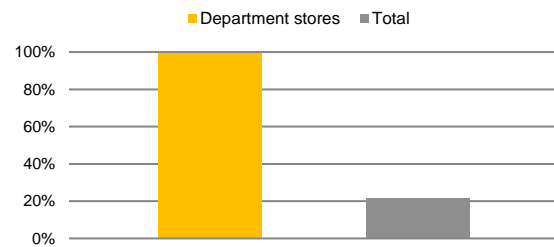
Average number of employees per business (2017) 83.3 Full-time equivalents



Required surface area 800 - 34'000 m²

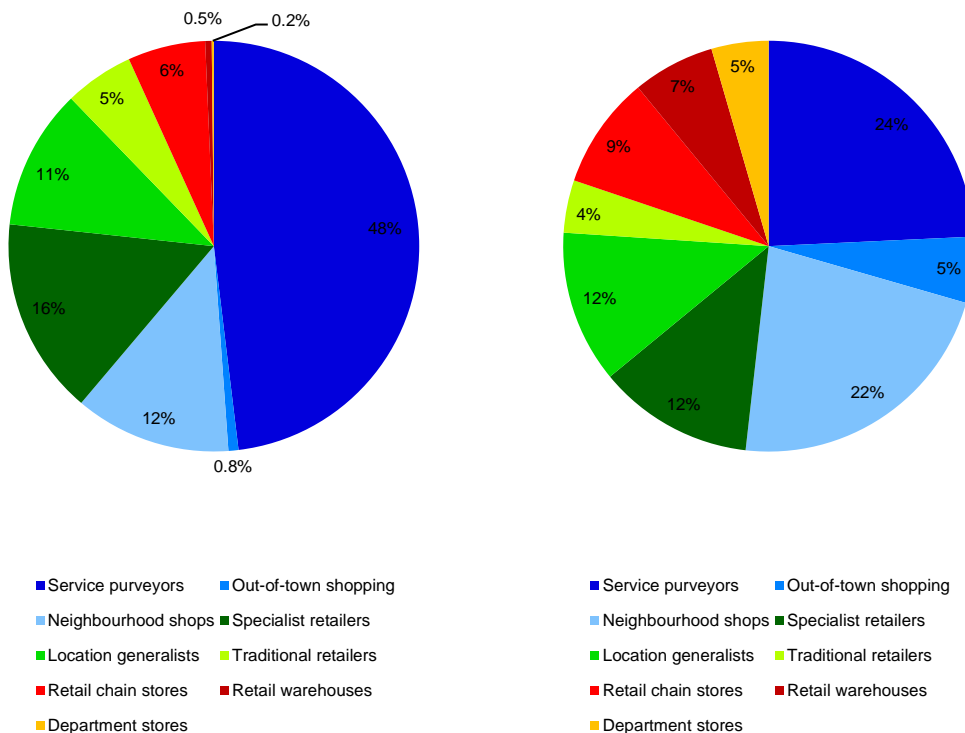
Catchment area Large

Concentration of chain stores (2017) 99.3%

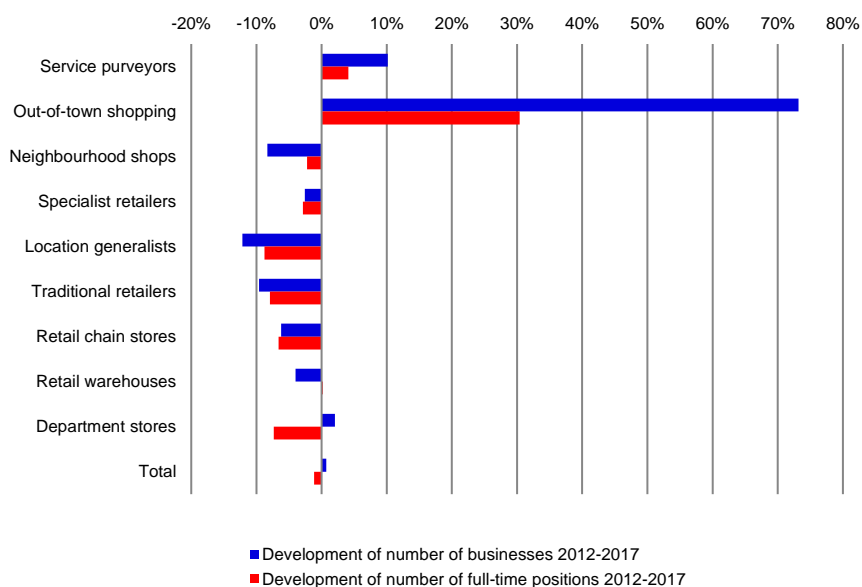


9.3 Department stores: Distribution

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)



9.4 How do the Department stores sell?

Characteristic	Typical features																																	
Retail location	Shopping streets, A1 top locations in cities, shopping centres																																	
	<table border="1"> <caption>Percentage of Department stores and Total across retail locations</caption> <thead> <tr> <th>Retail Location</th> <th>Department stores (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td>Large centre</td> <td>38</td> <td>18</td> </tr> <tr> <td>Medium-sized centre</td> <td>28</td> <td>15</td> </tr> <tr> <td>Small centre</td> <td>12</td> <td>10</td> </tr> <tr> <td>Suburban communes</td> <td>18</td> <td>25</td> </tr> <tr> <td>High-income communes</td> <td>2</td> <td>5</td> </tr> <tr> <td>Periurban communes</td> <td>2</td> <td>8</td> </tr> <tr> <td>Tourist area</td> <td>2</td> <td>5</td> </tr> <tr> <td>Industrial-tertiary communes</td> <td>5</td> <td>10</td> </tr> <tr> <td>Rural commuter communes</td> <td>0</td> <td>5</td> </tr> <tr> <td>Agro-industrial communes</td> <td>0</td> <td>5</td> </tr> </tbody> </table>	Retail Location	Department stores (%)	Total (%)	Large centre	38	18	Medium-sized centre	28	15	Small centre	12	10	Suburban communes	18	25	High-income communes	2	5	Periurban communes	2	8	Tourist area	2	5	Industrial-tertiary communes	5	10	Rural commuter communes	0	5	Agro-industrial communes	0	5
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Surface area layout	Grid layout, large surface area, covers several floors																																	
Building/plot	Partly own plot																																	
Type of property	Stand-alone retail business, shopping centre or mixed-use building																																	
Number of storeys	Occupying several floors																																	
Architecture	Modern, several floors																																	
Access/connections	Access and deliveries important and complicated (loading ramp)																																	
Retail space flexibility	Important																																	
Standard of fittings	Rather superior																																	
Requirements of property for sale	Deliveries are important, storage rooms needed																																	

9.6 Department stores: 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	<p>Not relevant for centres Appropriate for neighbourhood Relevant for centres Centre generating</p>	
Accessibility by individual transport (incl. by foot)	<p>Fairly unimportant</p> <p>Less important Important</p>	
Accessibility by public transport (incl. parking)	<p>Important</p> <p>Less important Important</p>	
Agglomeration benefit	<p>Very important</p> <p>Less important Important</p>	
Passing trade	<p>Very important</p> <p>Less important Important</p>	
Visibility	<p>Very important</p> <p>Less important Important</p>	
Image of sales location	<p>Very important</p> <p>Less important Important</p>	