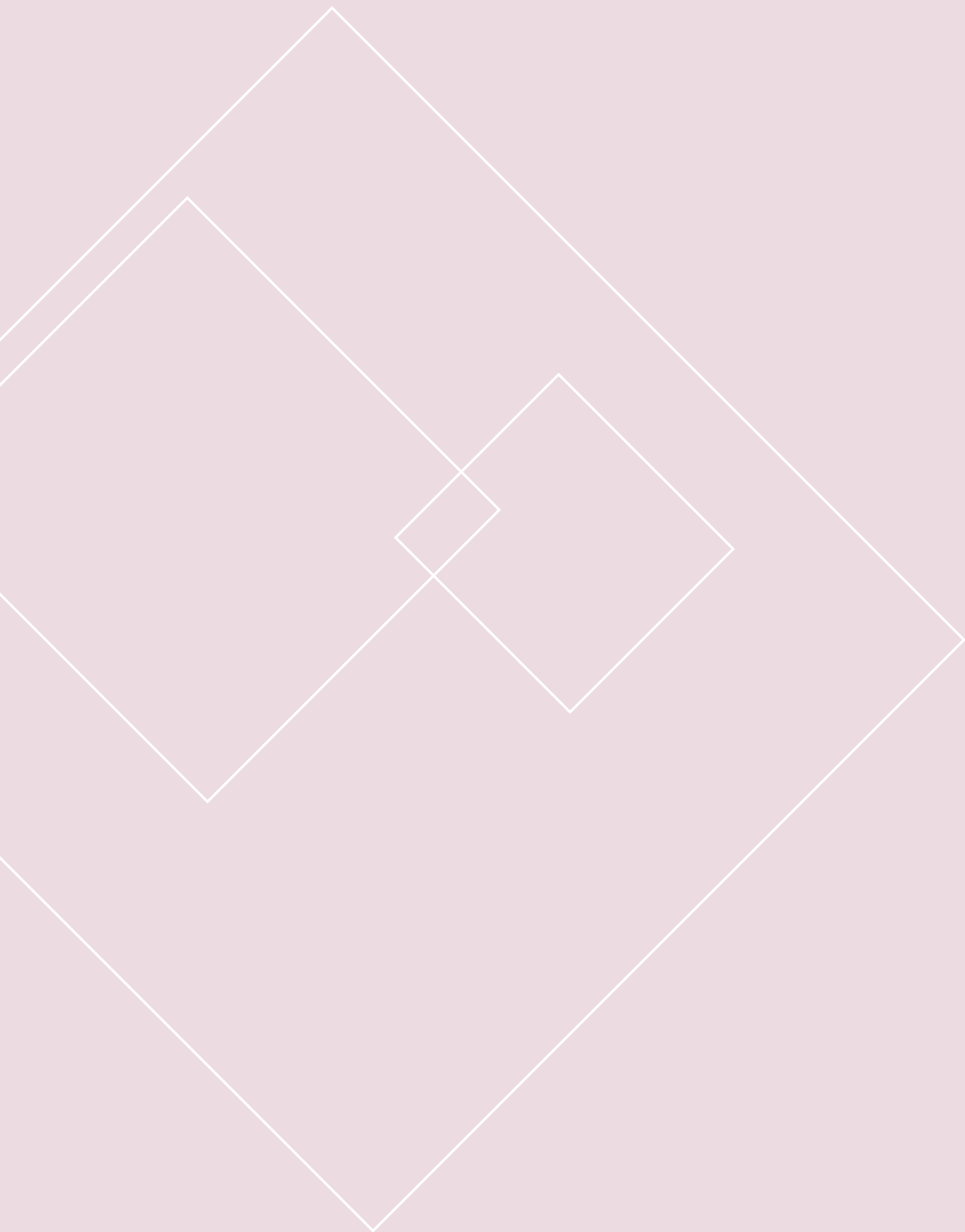


RETAIL  
SWITZERLAND  
2018/19

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High Streets





# FOREWORD

Zurich, 1st of December 2018

Dear reader,

Stationary retail is dying, but only as we once knew it.

Around the world, stationary retail is undergoing a deep structural transformation – including in Switzerland. It is all the more crucial for occupiers and owners of retail spaces to make investment decisions carefully and to be able to form judgements about locations with respect to their future development.

With our Retail Switzerland Report 2018/19 – High Streets, we would like to make a contribution by providing an overview of the most important shopping streets. We have therefore extended last year's report on Zurich, Geneva and Lucerne to include the cities of Bern, Basel and Lausanne in this year's edition.

Where does retail trade in Switzerland stand at the end of 2018 and where is it going? Whenever I read reports in the newspapers this year about the retail trade in Switzerland, I almost had the impression that it was only going in one direction, that is, downwards. Reports about the disastrous failure of OVS's entry into the market (see page 8), Ex Libris bookshops losing their majority, or the disappearance of fashion house Schild, do not really inspire any optimism.

In our daily work with retailers and owners of retail spaces, I fortunately also see an entirely different side to this, namely very committed and motivated retail allies who are vigorously shaking up the retail trade and making it fit to meet any new challenges.

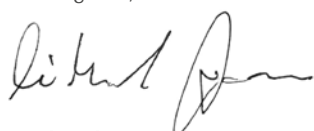
The fact that the retail market in Switzerland is anything but hopeless and is faring better than it did with OVS is demonstrated by numerous successful new openings in recent months, such as those by international brands like Decathlon, Blue Tomato, Flying Tiger, Joe & The Juice, KFC, COS, Maisons du Monde, ALDI, Lidl, Hunkemöller and many more, or even the expansion of home-grown Swiss retailers like eyewear manufacturer VIU. The dominant Swiss players Coop and Migros and many other well-known local players have, of course, not been idle either, but are developing new store formats and online channels, opening new locations and restructuring existing brands.

International fashion chains are about to enter the market in Switzerland in 2019, armed with new concepts. Online concepts such as home24 are opening showrooms in the best locations (see page 28) and for the first time in Switzerland, we will see a new retail segment in a prime location in 2019 (see page 31/32).

Good news is also coming out of the tourism sector (see page 16). Following a few very difficult years, to some extent as a result of the terrorist attacks in Europe and the expensive Swiss franc, after 10 years the number of overnight stays in Switzerland in 2017 – at 37.4 million – is almost back to the record numbers seen in 2008. The trend for overnight stays in the first half of 2018 continues to be positive, which is especially good news for luxury retailers who make a significant proportion of their sales from tourists.

The world of retail properties has seldom been more exciting than it is now and I am happy and proud that we, along with our Retail Agency Team, have been able to support our clients with the transformation. We look forward to working with you again or perhaps for the first time.

Best regards,



**Michael Dressen, MRICS**  
**Director, Head of Retail Agency**



# OVERVIEW

01

## Local Retail Real Estate Market Practices

The key topics for businesses involved in retail real estate lease negotiations

03

## Macro Economic Conditions

Infographics of the economic framework for retail trade in Switzerland

07

## The Swiss Retail Market in a Nutshell

An introduction into the latest developments on the high streets in Switzerland

13

## General framework of the Swiss Retail Market

What influences the retail market in Switzerland

113

## High Street Market Monitor Q3 2018





## ZURICH

Switzerland's biggest city with the famous Bahnhofstrasse is the economic centre of the country.

19-58



## GENEVA

Despite its small size, Geneva is a highly popular destination with a global reputation. It is known for its many watch manufacturers as well as the famous Rue du Rhone.

59-72



## BASEL

The city of Basel is located in the so called "Dreiländereck", the triangle where three countries, Switzerland, France and Germany meet. The city has its exceptional location to thank for its openness to the world, cultural diversity and strong competitive edge.

73-80



## LAUSANNE

Lausanne is the second largest city in the country's French speaking region after Geneva and a major student destination thanks to its many renowned universities.

81-90



## BERN

The City of Bern lies in the heart of Switzerland and is the fifth-largest city in Switzerland but also the federal capital.

91-100



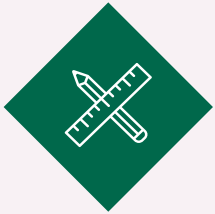
## LUCERNE

Pretty as a picture, Lucerne is one of the most popular tourist attractions in Switzerland.

101-112

# LOCAL RETAIL REAL ESTATE MARKET PRACTICES

The key topics for businesses involved in retail real estate lease negotiations



## BASIS OF MEASUREMENT/ VALUATION METHOD

Areas are measured in square metres. There is no zoning system but floors are allocated to different rates, with the ground floor commanding the highest rates and rates for other levels are based on percentages of the ground floor rate.



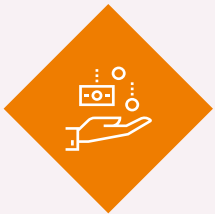
## MARKET TRANSPARENCY/ RENT PAYMENT

In respect of lease transactions, there is little or no market transparency. Transaction prices are not publicly available and parties often agree not to divulge them. Property transactions are registered by notaries, but cannot be accessed by the public. Rents are typically not made public. The property community is relatively well informed through private contacts, valuations and knowledge of their own transactions. Rent is quoted in CHF per square metre per year, exclusive of service charges and paid monthly or quarterly.



## RENT ESCALATION/RENT REVIEW

Rent can be either stepped or indexed according to the Swiss Consumer Price Index on an annual basis. Indexation can only apply if the lease length is five years or more. Rent increases are negotiable but cannot be both stepped and indexed. Rent is negotiable at lease renewal to market value.



## AGENTS' FEES

Agent fees from the landlord are usually included in the real estate managing contract between the landlord and the real estate agent. There is no fee split between the landlord and the tenant. Each party is responsible for its own expenses. The fee is generally between 15%-20% of the annual rental income and key money is calculated without negotiated incentives. Often agents require a provision from the new tenant, when this is the only way for retailers to get provided with opportunities at AAA location such as Zurich or Geneva.



## INCENTIVES

Tenants are generally granted either a rent free period (average two or three months) and/or capital contribution (in principle for major works such as lifts, escalators, and ventilation). However, incentives are always negotiable. In prime locations, the tenant cannot expect any incentives due to limited supply and excessive demand, even in the current market environment.



## LEASE LENGTH AND TERMS

Leases are usually for five years with an option to renew for a further term of five years. For new or refurbished buildings, landlords often require an initial fixed lease period of 10 years. The option to terminate or to renew is available on negotiation. The law does not secure a new lease at expiry. All disputes regarding the lease can be resolved by a court of arbitration or the court of justice. The arbitration procedure is confidential. Subleasing and lease assignment are allowed with the landlord's prior consent.



**TENANTS' COVENANT**

The tenant has to provide a six-month bank guarantee as standard, and although the law does not fix a maximum amount, the minimum usually is three months. The tenant has to write to the landlord for the release of the guarantee at the end of the lease. If there is no dispute, the bank guarantee is released within a two-or three-month period.



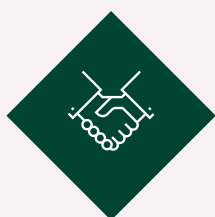
**SERVICE CHARGE**

Service charge is payable both on the high street and in shopping centres. The average annual amount is 25 to 50 CHF per square metre per year at high-streets and 50-100 CHF per square meter per year in shopping centres, depending on the provided service.



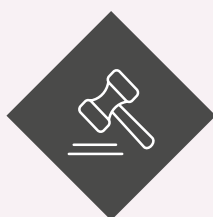
**PROPERTY TAXES AND OTHER COSTS**

Tenants do not pay property taxes. If property tax applies, it is paid by the landlord. Beyond rent, tenants will pay a service charge and in some shopping centres a proportion of the marketing costs. Rent is only subject to VAT (sales tax) if the landlord has nominated the building for VAT. Tenants can fully recover VAT. There is no specific tax on granting or transferring a lease.



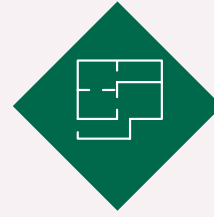
**SELLING A LEASE**

The tenant can transfer a lease or sublet the premises with the landlord's consent. The landlord can only refuse under specific circumstances, which are defined by the courts. Tenants can negotiate key money with a new tenant. Landlords are not involved in key money negotiations and landlord consent is not required.



**REPAIRING LIABILITY**

Landlords are responsible for the shell (roof, façades, and structure of the building). Tenants are responsible for the internal space.

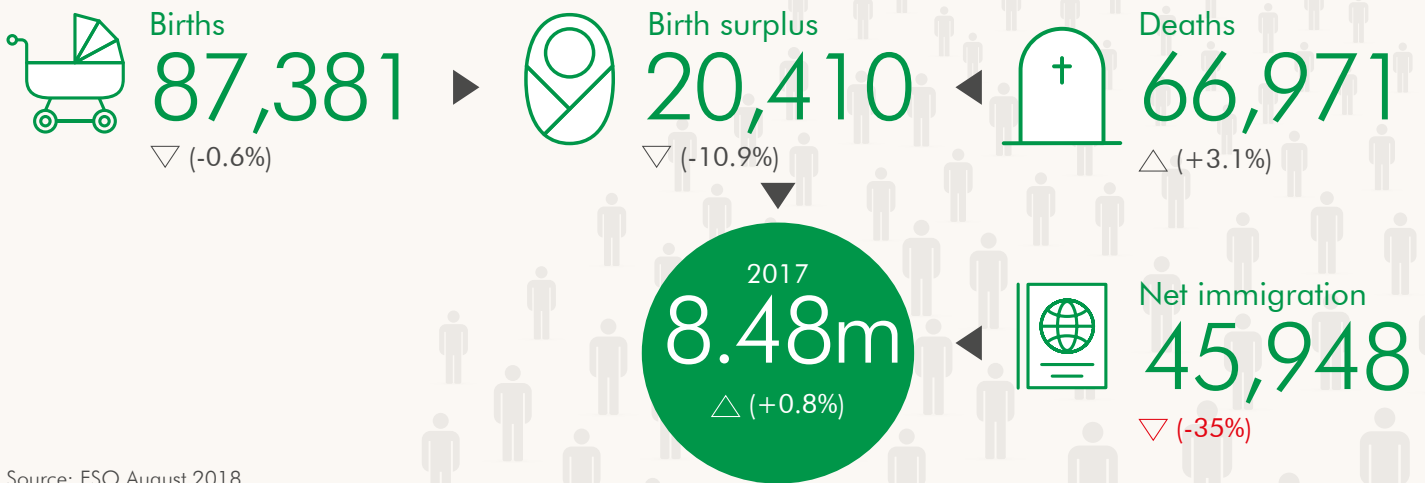


**ALTERATIONS AND EXTERIOR**

For all alterations, interior and exterior, the landlord's consent is required. For exterior alterations, the local authorities have to be consulted for permission.

# MACRO ECONOMIC CONDITIONS IN SWITZERLAND

## POPULATION GROWTH 2017 (COMPARED WITH 2016)

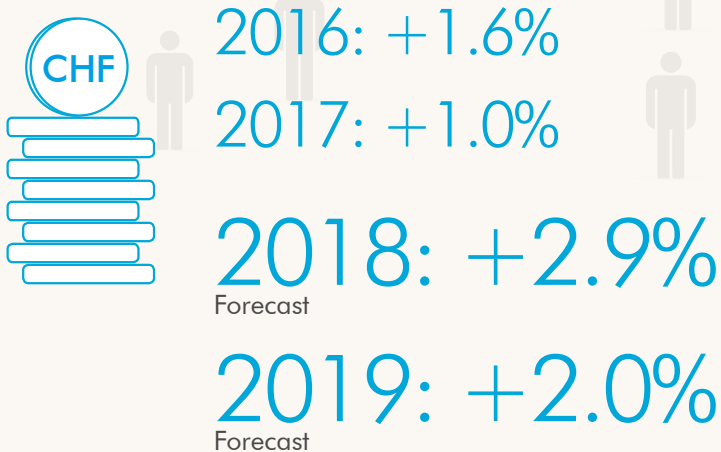


Source: FSO August 2018

## FORECAST GROWTH



## ECONOMIC GROWTH (GDP)



## UNEMPLOYMENT



Source: SECO September 2018



**PURCHASING POWER 2017**

Swiss consumer with one of the highest purchasing power in Europe  
 Top 10 highest purchasing power in Europe



Source: GfK 2018

**PRICES AND EARNINGS**

Working time required to earn an Iphone X



Source: UBS 2018

# TOURISM IN SWITZERLAND

## TOP 10 HOME COUNTRIES OF GUEST OVERNIGHT STAYS

2016 - 2017 y-o-y | H1 2017 - H1 2018

Total overnight stays  
2017: 37.4m

△ (+5.2%)

△ (+3.8%)



Switzerland

16.9m

△ (+4.2%)

△ (+2.8%)



Germany

3.7m

△ (+1.1%)

△ (+3.9%)



United States

2.0m

△ (+11.6%)

△ (+5.3%)



United Kingdom

1.6m

▽ (-1.1%)

△ (+3.3%)



China  
excl. Hong Kong

1.3m

△ (+13.1%)

△ (+5.5%)



France

1.2m

= (+-0%)

△ (+4.0%)



Italy

0.93m

△ (+0.82%)

▽ (-0.25%)



India

0.74m

△ (+23.4%)

△ (+10.0%)



Netherlands

0.61m

△ (+3.7%)

△ (+2.44%)



Belgium

0.59m

△ (+9.1%)

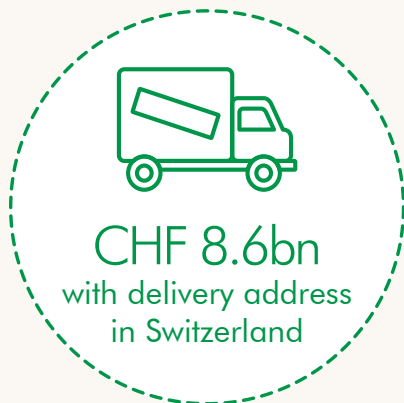
△ (+0.1%)

Other

7.7m

In 2017, the Swiss hospitality industry recorded 37.4 million overnight stays. That is almost as many as in the record years of 1990 and 2008, and represents growth of 5.2% (+1.9 million) compared to 2016. 2018 could be a new all-time record. The figures for the first half of the year look very good.

# ONLINE RETAIL IN SWITZERLAND



**Total retail turnover 2017 = 91.9bn**  
**(online retail share = 9.6%)**

Source: VSK, GfK 2018

# THE SWISS RETAIL MARKET 2018 IN A NUTSHELL

After the first signs of recovery were seen last year, the Swiss retail trade achieved growth of +1.1 per cent in the first half of 2018 compared to the prior-year period, according to GfK Swiss market monitor. The KOF economic barometer of the KOF Swiss Economic Institute at ETH Zurich also confirms the positive trend in the retail trade. According to the Business Situation Survey of July 2018, the economic situation has improved and is significantly better than it was, for instance, in summer last year. The decline in visitor traffic halted and sales volumes rose. Earnings even grew slightly. According to the survey, Swiss retailers are anticipating another upturn in sales in the near future.



Zurich Strehlgasse in summer 2018

### Clothing sector under pressure – OVS vanishes again after just one year

Is this the change in the Swiss stationary retail trade that we have been eagerly awaiting since the 2015 Swiss franc shock? As usual, the situation needs to be examined in greater detail. Despite the slightly positive trends in the general retail trade, non-food retail had to accept a decrease of -0.3 per cent in the first half year compared to the prior-year period (GfK 2018). In Switzerland, the global structural change in the retail sector is particularly affecting the clothing sector, which has for a long time traditionally had to battle the overcapacities that became evident following Zalando's entry into the market in 2011 (see page 17).

In this somewhat complicated market environment, it was a bold step by the Italian fashion house OVS to force its way into the market in the autumn of 2016 by taking over the ailing Swiss traditional fashion house Charles Vögele and its more than 140 large retail spaces across Switzerland. In the summer of 2018 and only about one year after the reflagging of the former Charles Vögele stores to OVS, including expensive store refurbishments and a complete reorientation of its products, the Italian fashion house's parent company pulled the plug. Bankruptcy proceedings were opened in the summer of 2018 by the Swiss company Sempione Fashion, which was conducting the OVS business in Switzerland. All stores have been closed since July 2018. About 1,200 employees in Switzerland, who were largely former Charles Vögele staff, had their contracts formally terminated at the end of July 2018. Sales were nowhere near expected targets. There was much speculation about the reasons for this in the media. It is certain that Swiss customers did not know the brand OVS, which is a successful market leader even ahead of H&M in its native country Italy. Also, OVS did not succeed in replacing the regular Charles Vögele customers it had lost with a new clientele. No one expected from OVS to pull out so quickly, however, and to fail to give the brand the opportunity to establish itself in the Swiss market as it needed to do.

This was not good news for the retail trade in Switzerland, nor consequently for the retail property sector either. The former Charles Vögele/OVS stores, which frequently comprise more than 1,000 sq m over several floors, are on the market and cannot be absorbed quickly in all instances. In particular, in the shopping centres in which many of the branches were found, shopping centre managers are finding it a challenge to let such large retail spaces quickly and without adequate advance warning. Within the OVS portfolio, in addition to rather difficult retail spaces there are also some rather coveted locations, such as the former OVS flagship store in the Zurich city centre directly opposite the department store Jelmoli at the famous Bahnhofstrasse.

Another large player in the fashion sector, the mid-range multi-label fashion house Schild will soon also vanish from the retail scene. The owner Migros gave up the Schild brand in spring 2018. Many of the Schild and even the Globus branches similarly owned by Migros have either already been let in a different way since then or are still being advertised for lease.



*What is the outlook for the fashion sector?*

## Experience-based brands and F&B are taking advantage and expanding

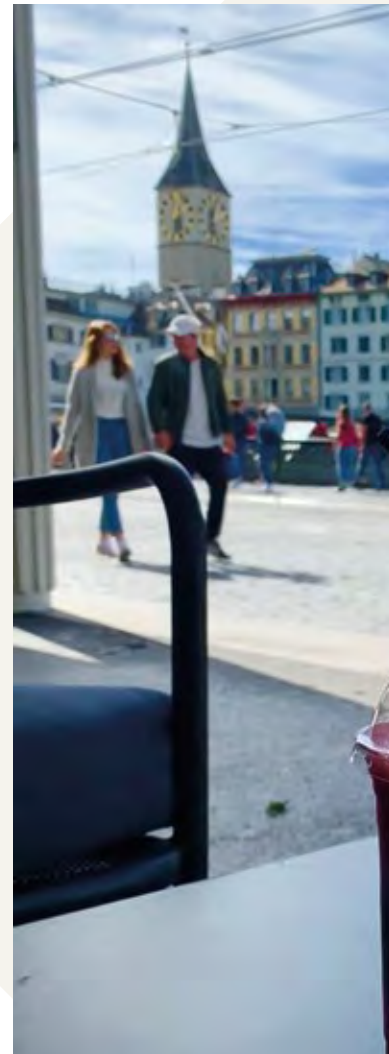
In contrast to the fashion industry, which is trying like never before to find new formulas to entice into its stores customers who find it more convenient to have goods sent home to try on, other sectors are in the process of transforming their retail spaces into a customer experience or are even opening a physical retail space for the first time.

Cosmetics and beauty products, for example, can offer a good experience and be showcased and combined with treatments and advice so that women and increasing numbers of men enjoy coming into the store. In this era of Instagram and selfies, body shaping and beauty are generally on trend. It is the same in Switzerland too where international beauty concepts such as Rituals or Sephora are gaining momentum and opening new branches or shop-in-shop stores.

Likewise, new brands are constantly appearing in the skin treatment sector and these offer treatments in their boutiques as well as the products.

In Switzerland, a lot is changing in the sports and leisure sector too. French sports brand Decathlon entered the market with the opening of its online stores in December 2016 and its first two Swiss stores in Marin-Centre (Neuchâtel) in August 2017 and Meyrin (Geneva) in April 2018. It took over Swiss company Athleticum in 2018 including all of its 455 staff and 23 stores, which it intends to convert into Decathlon branches by 2019.

Various sneaker stores like German chain Snipes or the US Foot Locker have expanded enormously in Switzerland in recent years. Other international brands in the sports clothing sector are similarly looking for their first site in the larger cities. Various fitness chains are also advancing and are now also on the look-out for 'expensive' locations in city centres.





*Joe & The Juice from Denmark and other international F&B concepts are opening their first stores in Switzerland, here the Joe & The Juice boulevard area at the beautiful Limmatquai in Zurich*

Internationally renowned F&B concepts like Joe & The Juice, Five Guys, Dunkin' Donuts and KFC are looking for suitable locations in Switzerland and are finding them more and more often because shoe or fashion chains are giving up their sites. The landlords and their new tenants often share the investment costs of the building infrastructure upgrades needed to install ventilation systems, etc.

Luxury brands are equally optimistic again after several difficult years and are opening retail stores, like Moncler on Grendelstrasse in Lucerne and Harry Winston or Saint Laurent in Zurich on Bahnhofstrasse. The background to this is the significantly increasing number of tourists and the general shopping enthusiasm of millennials, whose consumer buying habits luxury brands have meanwhile adjusted to. Haute couture, in particular, has discovered this consumer segment for itself with the cooperation of streetwear labels. The cooperation between the fashionable streetwear label Supreme and one of the most influential luxury brand in the world, Louis Vuitton, caused a particular stir.

Retail formats that were originally pure online players are either looking for physical retail spaces in Switzerland or have already opened them, like the rapidly expanding Swiss eyewear brand VIU. Originally founded 5 years ago as an online store, VIU is now no longer expanding just in Switzerland, but also in Germany and other European countries too. Other online traders are in the starting blocks in Switzerland and will soon open their first stores. In this way, the online furniture firm home24 opened a showroom in Zurich in a central location in the autumn of 2018 (see page 28).

Co-working concepts are establishing themselves worldwide – also in Switzerland – and are opening cafes and meeting areas on ground floors even in traditional retail locations. This includes the combination of co-working and retail too.

Completely new retail formats are also coming from another as yet atypical sector for the city centre retail trade: The best-kept secret in Switzerland's high streets, finally revealed by the building's owner Swiss Life, is the global automotive company Hyundai going to move into the 62 Bahnhofstrasse building in Zurich with a long-term tenancy contract to establish the luxury car brand Genesis in Europe (see page 31/32).

### Retail means change – as always. Innovation cycles are getting shorter though

To summarise, we do not see the retail trade in Switzerland as being in crisis – nor is it in crisis worldwide either – and it is certainly not in a time of ‘retail apocalypse’, as is often quoted. On the contrary, it is in a very exciting time of re-invention. Existing retailers are changing sales channels, store fittings and ways of addressing customers, and are developing experiences for their guests, or starting and developing completely new brands, such as H&M with ARKET or Afound. New high-street stores are being opened directly by manufacturers like Hyundai which previously used other sales channels.

This exciting time in retail naturally leads to uncertainty too, because a lot is changing in an increasingly short period of time. Landlords, by comparison, must traditionally make long-term plans due to their very large initial investments and the longevity of property. Where 10-year lease contracts were previously the norm on high streets, now 5-year lease terms with international fashion companies are already at the upper end. Frequently, retailers are demanding ever shorter lease terms or break options and often are even able to get these agreed, at least in B and C locations. This discrepancy between the many shorter innovation cycles and trends of retailers and the necessary stability for landlords needs to be resolved since it stops city centres from being vibrant and exciting places and results in vacant premises. In future, landlords must take on more risk and provide opportunities for shorter lease terms and turnover rent rates. Retailers, on the other hand, should not be allowed to exploit the uncertain climate to force through one-sided and unnecessary demands that are out-of-touch with the market.

Good locations and retail spaces will always find a new tenant should the previous tenant’s usage cycle already be at an end after a short lease term. Lease contracts that run for many years by contrast often lead to a trading down process since concepts that are no longer trendy are preserved, leading to a slow death. The courage of landlords to be more flexible can, by contrast, be rewarded and may have a stimulating effect on shopping streets, keeping locations attractive and rents stable. In the end, the market will settle again now after a few turbulent years.

Retail property valuation experts are challenged too. Simply updating existing rental terms into the future will be of no further help. After the expiry of a long lease term, a location that was once easily let can now bring quite different challenges, especially in the retail sector and especially with large retail spaces. On the other hand, potential can still be discovered in many old lease contracts if owners know how to adapt their retail spaces to the challenges that retailers are facing today.

Combining stationary retail and online trading will drive forward the future growth of the sector. We describe the positive impact that a physical store can have on the retail landscape as a halo effect – whether it is the sales in this store or the increase in online sales by people living and working in the vicinity. That is why it is essential for the retailer to maximise and optimise the impact that each channel has on the other. The store’s role is simply to develop further so that the retailer can profit from the omni-channel landscape. However, the interaction between online and offline sales makes it more difficult for a landlord to understand the true value of a physical retail store. In order for retailers and landlords to work together as partners, it will also be necessary in future for the retailer to be more transparent with the landlord regarding the online sales that are achieved directly or indirectly in a retail store. Perhaps new approaches to calculating the rent rate can also be found, e.g. by measuring footfall traffic. Owners should therefore invest in state-of-the-art counting methods and technology to acquire leverage which can be used when negotiating rent rates (see next page).



*Has the Swiss retail trade finally got something to celebrate again in 2019? In the photo, the famous Zurich Bahnhofstrasse*



# CALIBRATE

Retail Analytics from CBRE

New technologies help owners and occupiers of retail stores to better understand customer behaviour and potential. CBRE's own tool Calibrate uses proprietary technology to analyse the purchasing behaviour and movements of more than 100 million consumers in Europe, the Middle East and Africa.

The data generated by Calibrate based on mobile phone app user profiles is anonymised and is subject to strict compliance with the requirements of European data protection rules.

Data analysis provides CBRE and its clients with detailed information about:

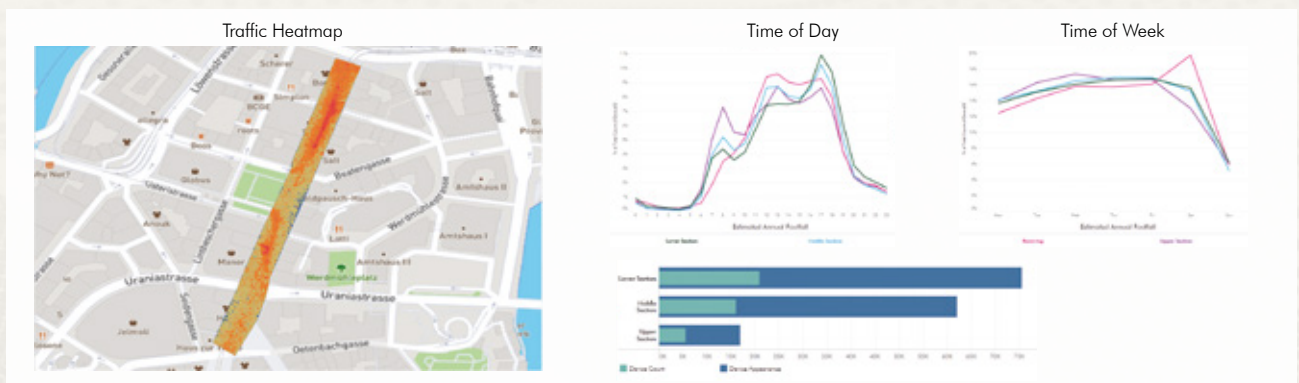
- consumer demographics.
- consumers' digital footprints, enabled by the identification of hotspots in properties, streets and cities.
- consumer behaviour when and how often consumers visit a site.
- the size and scale of tourism at a site.
- consumers' workplaces.
- other stores in which consumers shop.



Calibrate analyses samples of consumers' retail digital footprints and provides occupiers of retail and leisure spaces as well as property investors with unique information. When combined with analysis based on CBRE's comprehensive sector expertise, this generates a significant competitive advantage for the user.

Whereas before, footfall traffic could only be measured in quantitative terms, now its quality can also be seen and verified using data.

Further information on CBRE's Calibrate can be found here: <https://www.cbre.co.uk/about-cbre/calibrate>



Example of a heat map from CBRE's Calibrate system for the lower section of Bahnhofstrasse for the whole of 2017 (map used [www.openstreetmap.org](http://www.openstreetmap.org) 2018)

# GENERAL FRAMEWORK OF THE SWISS RETAIL MARKET

## Population growth

At the end of 2017, the permanent Swiss resident population stood at 8,484,130 according to the Federal Statistical Office (FSO). This represents an increase of 64,580 people (+0.8%) compared with the end of 2016, which is primarily the result of net migration. However, the birth surplus also contributed to the growth of the Swiss population. Switzerland differs in this respect from many countries in Europe which often record more deaths than births.

Compared with the previous year, net immigration fell significantly in 2017 and was down 35 per cent. According to the State Secretary for Migration, the positive migration balance equated to 45,948 people. Certainly the strong economy in neighbouring countries, especially Germany, had a part to play in this decrease, making it less attractive to emigrate to Switzerland in search of a job. In the meantime, unemployment in Germany has fallen to broadly the same low level as that in Switzerland.

According to the FSO, the permanent resident population in Switzerland will continue to grow over the next 30 years in accordance with the so-called central reference scenario – from 8.48 million people at the end of 2017 to 10.2 million people by the year 2045, equating to an average annual growth of 0.7 per cent. Immigration is primarily responsible for this growth in the population.

## Economic growth and unemployment

Compared to the previous year, GDP growth in spring 2018 was 3.4 per cent - the largest increase in eight years. The Federal Government's Expert Group had expected growth of 2.4 per cent for the whole year. Due to the strong economic momentum at the beginning of the year, the Federal Expert Group anticipates strong GDP growth of 2.9 per cent for 2018 in their latest forecast from autumn 2018. Thanks to the continued positive expectations for the global economy,

however, growth is likely to remain above average also in the course of 2019 with an estimated average of 2 per cent (State Secretariat for Economic Affairs SECO).

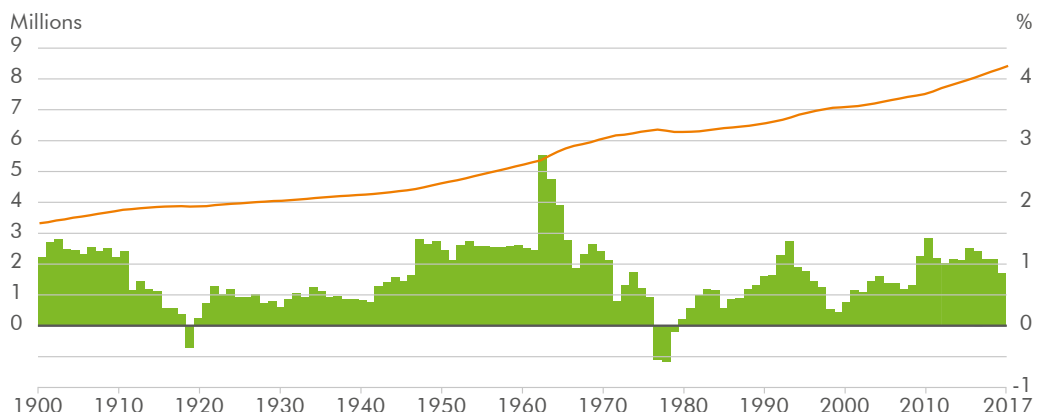
In retail, the economic recovery is making progress. After a difficult economic situation in 2016 and at the start of 2017, real value added could be increased for the fourth time in a row according to SECO. Above-average growth of 0.8 per cent has resulted mainly from an increase in wholesale trade. Only retail trade was unable to catch up with very dynamic growth overall, but for the first time since the Swiss franc shock of 2015 it has been showing a significant trend reversal. After the first signs of recovery were seen last year, the Swiss retail trade achieved growth of 1.1 per cent in the first half of 2018 compared to the prior-year period, according to Swiss market monitor GfK. The Economic Forecast of the KOF Swiss Economic Institute also confirms the positive trend in the retail trade. According to the Business Situation Survey of July 2018, the economic situation has improved and is significantly better than it was, for instance, in summer last year. The decline in visitor traffic halted and sales volumes rose. Earnings even grew slightly. According to the survey, Swiss retailers are anticipating another upturn in sales in the near future.

Unemployment figures from the first quarter of 2018 show that the upturn in the Swiss economy has now reached the labour market too. Employment growth has accelerated significantly since the middle of 2017. In the first quarter of 2018, seasonally adjusted full-time equivalent employment increased by around 36,100 jobs or 0.9 per cent compared to the previous quarter. A sharp drop in unemployment was seen between March and May 2018. In these three months alone, Swiss unemployment as a whole fell from 2.91 per cent to 2.55 per cent (SECO 2018).

## Population Growth

- Growth rate
- Population

Sources: FSO – Population census, ESPOP, STATPOP 2018



**Consumer confidence**

According to SECO, consumer sentiment in Switzerland in July 2018 almost dropped back to the long-term average. Although consumers are continuing to expect a positive economic trend, they are less optimistic than in previous quarters. Crucially, as a result they expect an imminent increase in inflation and limited expectations for their own budget. The inclination to make large purchases accordingly remains cautious. The outlook for the positive performance of the world economy and a good labour market remains sound, but would be assessed as less dynamic than in past surveys. In the light of increasing global economic risks, such as the uncertainties surrounding the USA's trade war with other important economic areas, they still probably expect growth to diminish however.

**Inflation rates**

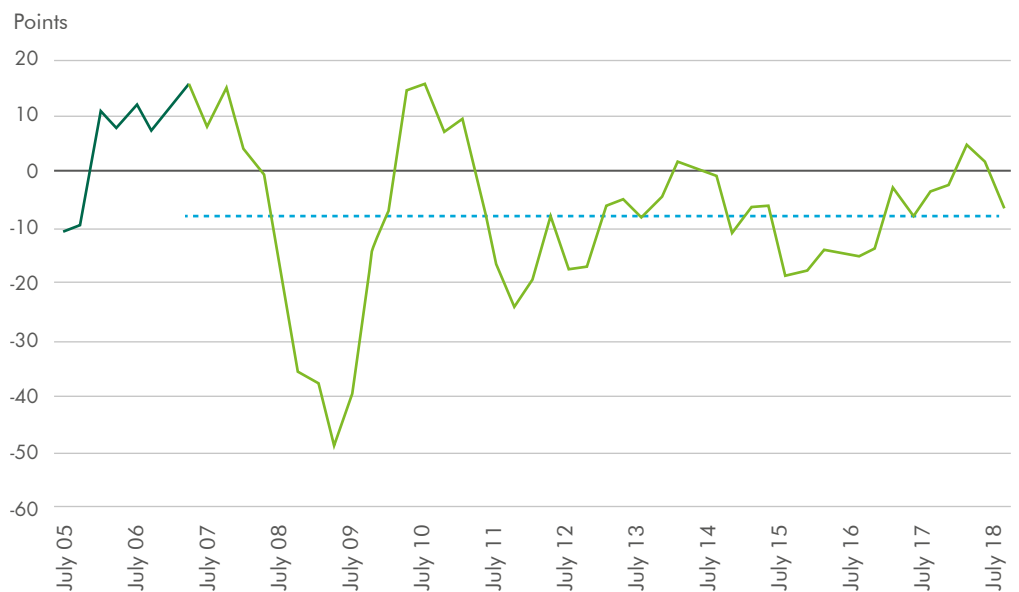
Inflation rose slightly up to autumn 2018, reaching 1 per cent in September. In September SECO released a new inflation forecast for 2018 with 1 per cent and 2019 with 0.8 per cent.

According to SECO, inflationary pressure will continue to remain moderate overall. The rise in inflation in summer 2018 is due above all to the marked rise in oil prices.

**Consumer Confidence Survey**

- Retropolated values
- Consumer confidence index
- Mean since April 2007

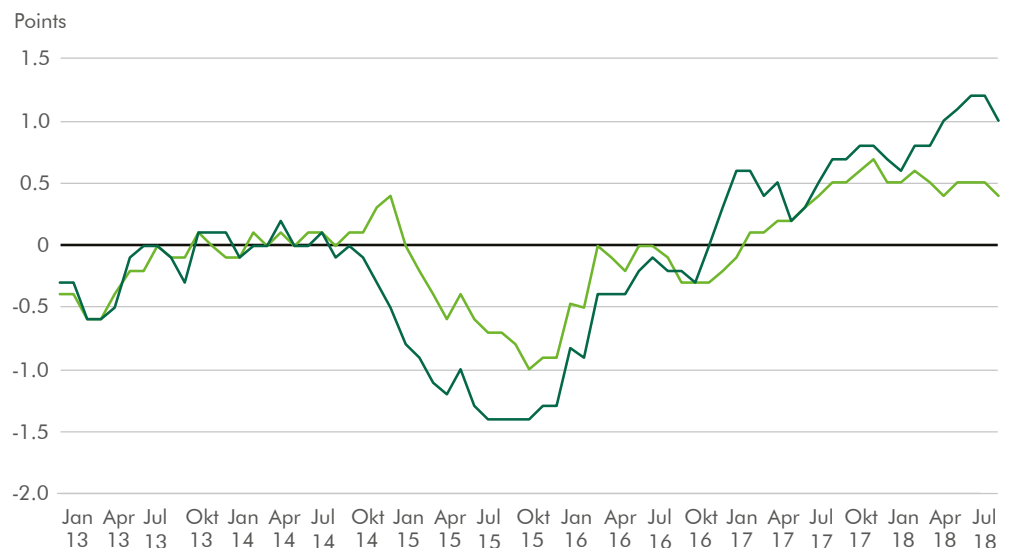
Source: SECO 2018



**Swiss Consumer Price Index (LIK), rate of change compared to same month of previous year (%)**

- Total
- Core inflation (excluding fresh and seasonal food and energy and fuel)

Source: FSO 2018



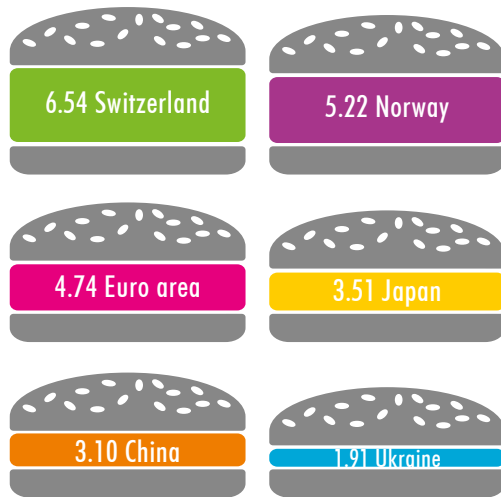
**Purchasing power**

Even if consumer sentiment is rather average, the Swiss possess considerable purchasing power. In 2018, GfK forecasts a purchasing power\* of 40,456 euros per capita for Switzerland. That puts Switzerland in clear first position in terms of purchasing power compared with Germany (22,992 euros) and Austria (23,282 euros). Total purchasing power in Switzerland in 2018 is around 340.6 billion euros. This varies greatly between regions though. As last year, the Swiss cantons of Zug, Schwyz and Nidwalden exhibit the highest purchasing power per capita. Due to their relatively small population size, the purchasing power of these three cantons together equates to around five per cent of the purchasing power of the whole of Switzerland, however. The most populous canton of Zurich – where around 18 per cent of the entire Swiss population lives – possesses just over 20 per cent of total Swiss purchasing power, or over € 68 bn by comparison. (GfK March 2018).

Also in the Economist’s famous ‘Big Mac Index’, Switzerland always comes out on top, that is to say that the price of the McDonald’s Big Mac, which can easily be compared worldwide in US dollars, is calculated to be the most expensive in Switzerland. Salaries are also correspondingly high in Switzerland, however. UBS has therefore also calculated how long people in various global cities have to work on average to earn an iPhone X, which is also a good reference product like the Big Mac to compare wealth. Worldwide, the shortest time in the given cities is Zurich where they only have to work for 4.7 days. In Munich, it is around two times longer, while

people living in Nairobi have to work around 72 days for an iPhone X, the longest anywhere in the world (see page 6) (UBS Prices and Earnings 2018).

Big Mac Index (\$)

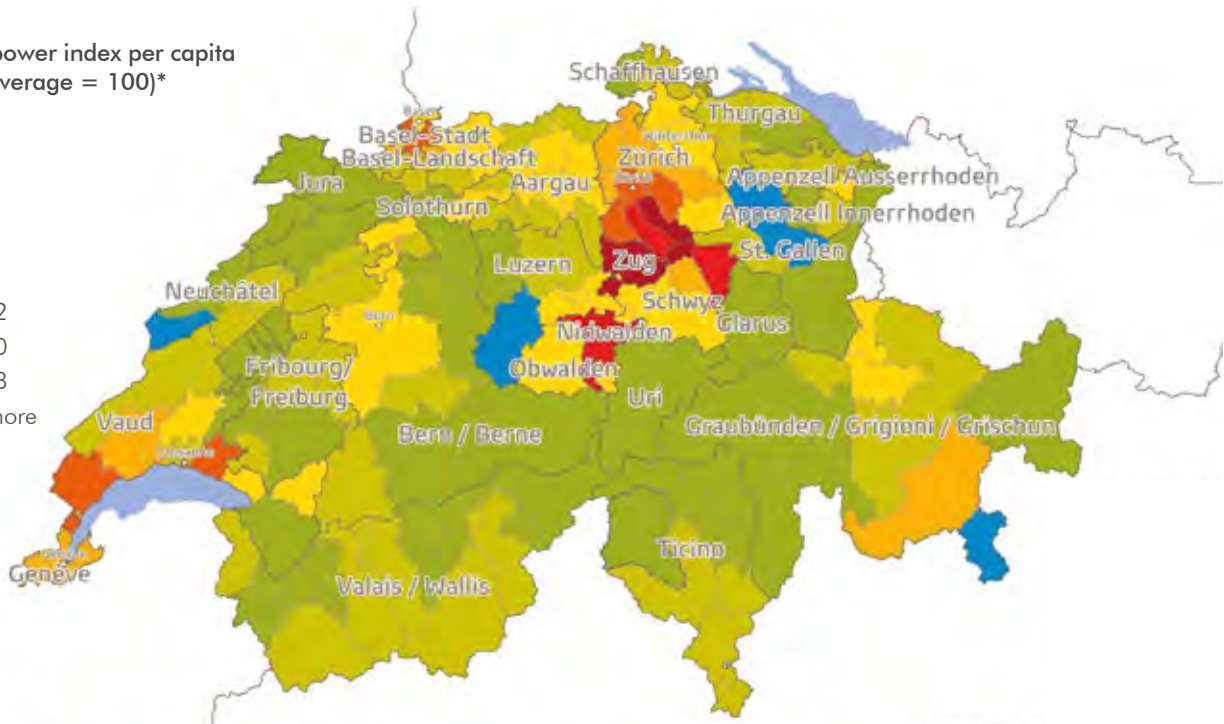


Source: Economist July 2018

The purchase power in Switzerland differs between the cantons and regions as it can be seen in the map below:

Purchasing power index per capita in regions (average = 100)\*

- Below 72
- 72 to 80
- 80 to 89
- 88 to 96
- 96 to 104
- 104 to 112
- 112 to 120
- 120 to 128
- 128 and more



Source: GfK 2018, map created with RegioGraph, www.gfk-geomarketing.de

\*GfK purchasing power is defined as the total of all the net income of the population in relation to place of residence. In addition to net income from employment and self-employment, investment income and government payments such as unemployment benefits, child benefits and pensions are similarly included in purchasing power. Expenditure on living costs, insurance and rent, as well as additional costs such as gas or electricity, clothing or savings, have not been deducted from this disposable income, however.

### Tourism in Switzerland (see page 5)

In international rankings, Switzerland frequently comes out on top as one of the most popular holiday destinations. The Swiss themselves often spend their holidays in their own country. With its beautiful mountain scenery and historic city centres, this is not surprising. In particular, tourists from India, East Asia and the Gulf States include Switzerland in their trip to Europe and often to take back home significant luxury items, such as watches.

The last 10 years were difficult years for European tourism because of terrorist attacks and the financial crisis. Switzerland did not escape the effects of this either, with the strong Swiss franc making things even more difficult here. Despite this adverse climate, tourism in Switzerland has proved to be amazingly stable. The difficult years now finally appear to be over, and Switzerland is recovering from the dip in overnight stays. In 2017, the Swiss hospitality industry recorded 37.4 million overnight stays. According to the Federal Statistical Office (FSO 2018) that is almost as many as in the record years of 1990 and 2008, and represents growth of 5.2 per cent (+1.9 million) compared to 2016.

International guests generated 20.5 million of these overnight stays, an increase of 6.1 per cent (+1.2 million). The number of overnight stays by Swiss guests increased by 4.2 per cent (+675,000) to 16.9 million, the highest level yet.

After declining numbers in 2016, Asian demand in particular rose again in 2017 (+588,000 overnight stays / +12.8%). The biggest increase from the Asian continent was with guests from China (excluding Hong Kong), up by 148,000 overnight stays (+13.1%).

With almost 1.28 million overnight stays, guests from China make up 3.5 per cent of all overnight stays in Switzerland, putting them into 4th spot behind international guests from Germany, the USA and the UK (see page 5). The trend for visitors from China continues to rise. Overall, the number of overnight stays by Chinese visitors has increased six-fold since 2008.

A similar upward trend was also recorded for demand from India (+140,000 / +23.4%), South Korea (+118,000 / +34.7%), and Japan (+47,000 / +13.1%) compared to the previous year.

The upward trend recorded in demand from the Americas since 2012 continued (+307,000 overnight stays / +12.3%). With 212,000 additional overnight stays (+11.6%), the United States notched up the strongest absolute growth of all foreign countries, achieving its highest level since 2000. Other European countries provided an additional 255,000 overnight stays (+2.2%).

This impressive trend in the increase in numbers of overnight stays from most regions is continuing in 2018. In all months of the first half of 2018, overnight stays increased compared to the previous year. Growth ranged from +2.6 per cent (in May) to +5.2 per cent (in January).

This positive news should especially please luxury retailers who traditionally gain a significant percentage of their sales from tourists.

The three most visited tourist regions based on the number of overnight stays in 2017 included the Zurich region with almost 6 million overnight stays, the Bern region with about 5 million, and Graubünden with about 4.85 million overnight stays.



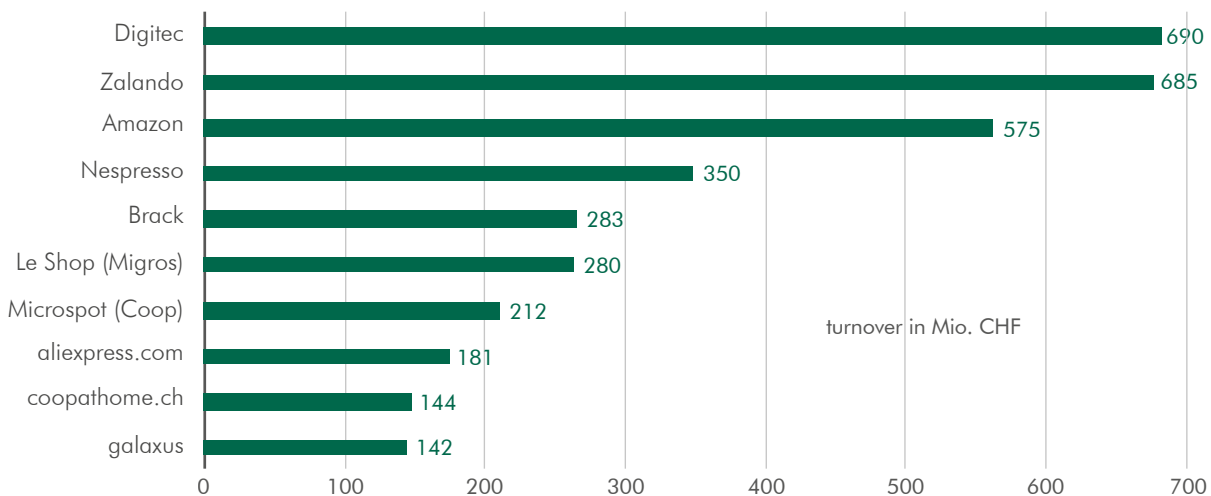
**Online retail**

The Swiss Distance Selling Association (VSV) and GfK Switzerland estimate the value of goods ordered online in 2017 with a delivery address in Switzerland at CHF 8.6 billion. Online orders placed by Swiss residents with suppliers abroad that are delivered to collection points near the border and then brought into Switzerland, account for a further CHF 250 million. The total value of CHF 8.85 billion is 10 per cent higher than the value calculated for 2016. Online trade is therefore picking up speed and matching the growth rates seen in other European countries. With regard to the total retail market volume in Switzerland estimated by GfK as CHF 91.9 billion for 2017, the share of online orders is 9.6 per cent. This varies between 2 per cent and around 30 per cent, depending on the sector. (source: University of Applied Sciences and Arts North-western Switzerland (FHNW), E-Commerce Report Switzerland, 2018)

A special feature of the Swiss online market is the heavy presence of domestic suppliers. With approximately CHF 690 million in sales for 2017, digitec is Switzerland’s largest online retailer, putting pressure on physical retail stores in the home electronics market. In 2014, Saturn had to pull out of the Swiss market after trading there for just four years. The online fashion store Zalando has been trading in Switzerland since 2011, and with estimated sales of CHF 685 million it has quickly evolved into the country’s second largest online retailer and has in 2018 for the first time, in Switzerland more turnover than the former market leader in fashion, H&M. The sales numbers of Zalando have risen from 2016 to 2017 at a rate of almost 30 per cent. Amazon generates sales in Switzerland of around CHF 575 million (growth of approx. 20 per cent compared to 2016) even without a local presence or specific platform, and Nespresso occupies fourth place with almost CHF 350 million thanks to Nespresso capsules (source: Carpathia AG 2018).



**The 10 largest online shops in Switzerland 2017**



Source: Carpathia AG 2018, own illustration



The world famous flower clock in Geneva is not only pretty, it also tells the time with Swiss precision

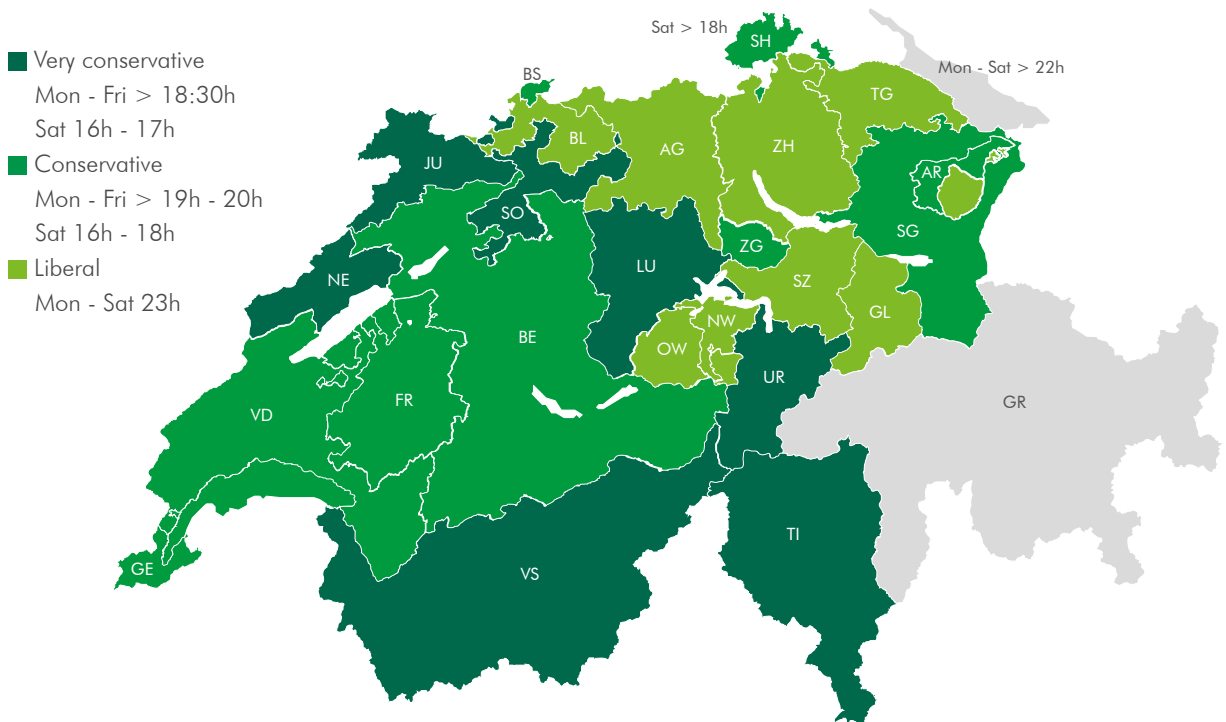
### Opening hours

Shop opening hours in Switzerland are determined independently by the 26 cantons, which do however observe the provisions of the employment law for the protection of sales staff. A total of 16 cantons have passed their own laws on shop opening hours, whereby the regulations in the canton of Zurich are the most liberal, with no restrictions from Monday to Friday. Ten cantons do not have their own laws, therefore only the provisions of the employment law apply and regulation is left up to the local authorities. There are exceptions for kiosks and service station shops, as well as shops in train stations, airports and tourist regions.

Efforts are being made on a national level to pass a federal law on shop opening hours that would apply to the whole of Switzerland. According to this law, retail businesses would be able to open at least from 6 am to 8 pm Monday to Friday and from 6am to 6pm on Saturdays, with the exception of cantonal public holidays. An appropriate draft law was approved by the National Council in February 2016. The cantons would then be left to provide for longer opening hours. The supporters saw this as a means of combating shopping tourism. Employers such as the Swiss Retail Federation, support longer opening hours, particularly on Saturdays, due to competition abroad in regions close to the border.

With the exception of Ticino, all of the cantons spoke in favour of a nationwide solution. In June 2016, the Council of States surprisingly clearly rejected the draft law for the second time since 2015, meaning that attempts to achieve standard regulation have initially failed. For the time being, the federal self-governance of the cantons regarding opening hours remains as follows:

### Shop opening hours in Switzerland



Source: comparis.ch

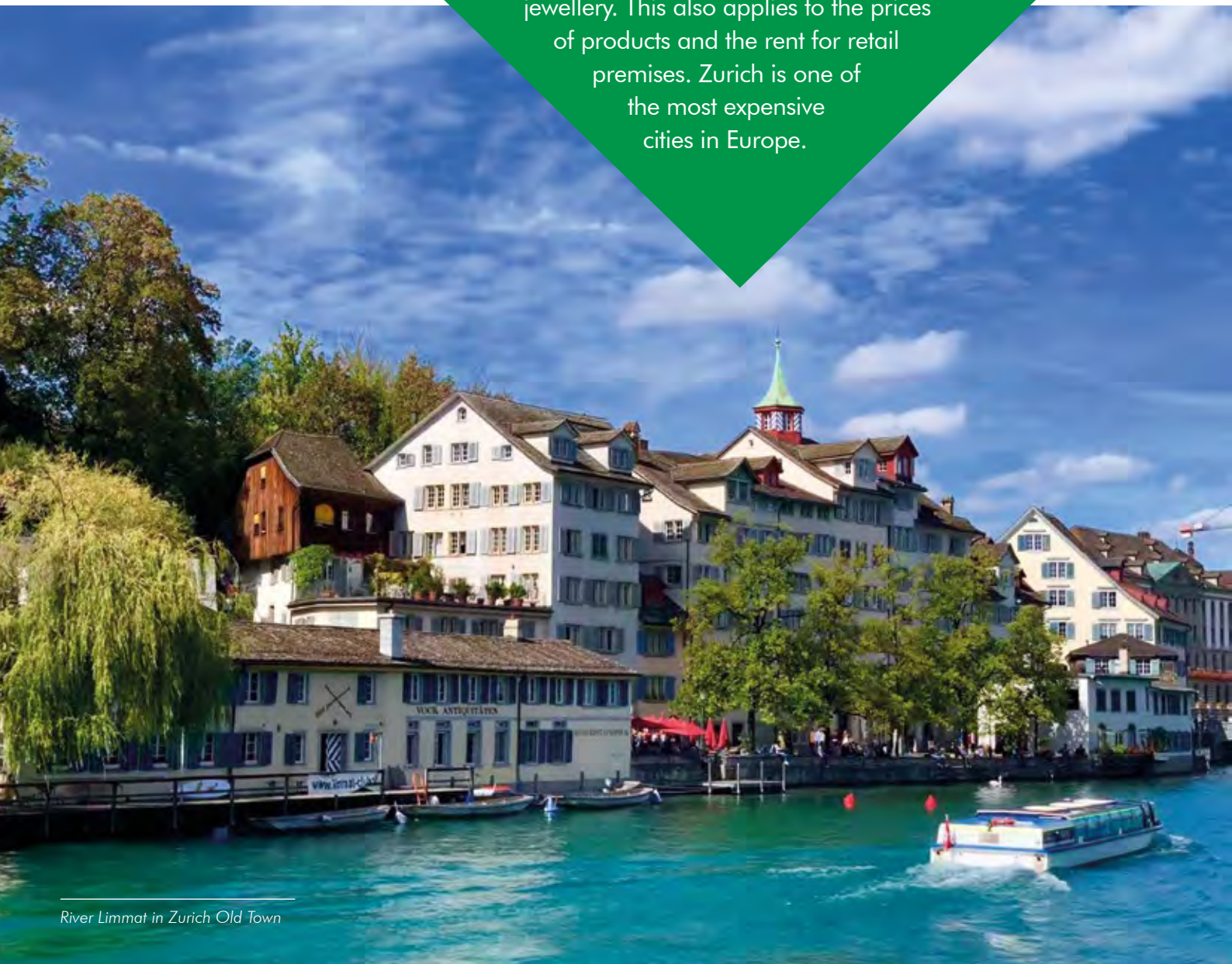
In Basel and Berne, shop opening hours are likely to be relaxed. In future, shops in Basel will be allowed to be open two hours longer on Saturdays. In the city of Berne, shops in the Lower Old Town will also be allowed to open on public holidays.

# ZURICH

A small city with the glamour and prices of a metropolis

Zurich's city centre is small compared with other European shopping destinations, and all the main shopping streets can be explored comfortably on foot in one Saturday afternoon.

While exploring, visitors notice how beautiful the centre of Zurich is, especially the old town, and the diverse offerings of the retailers. With its 409,000 inhabitants, Zurich is the largest city in Switzerland, although by European standards it is still quite small. However, Zurich can keep pace with the retail offerings in cities such as Paris or London, in particular in terms of luxury goods and of course watches and jewellery. This also applies to the prices of products and the rent for retail premises. Zurich is one of the most expensive cities in Europe.



River Limmat in Zurich Old Town



**The population's high purchasing power**

At the same time, the residents also enjoy one of the best qualities of life in the world and have purchasing power that is way above average thanks to high income and low tax and social contribution rates, despite the high cost of living. This is also documented by the latest Prices and Earnings 2018 study by UBS, which calculates for a defined list of goods how long an average employee must work in each city in order to be able to purchase one of the goods. In a global comparison of cities, to purchase the iPhone X, an employee in Zurich must work the least number of days (4.7 days) in order to be able to afford it (see page 4).

**Tourist hub**

In addition to the purchasing power of the domestic population, the high number of national and international tourists benefits the local retailers. The city of Zurich is among the most attractive cities in Europe and attracts a large number of visitors every year. In 2017, according to the Zurich 2017 Annual Tourism Report

**Tourists per day in Zurich**



(Zürich Tourismus 2018), the tourist region of Zurich had more than 5.96 million overnight hotel stays, of which 5.39 million were in the Canton of Zurich with almost 3.2 million of those in the city of Zurich, more than ever before. For the tourist region of Zurich, this meant an increase in overnight stays of 6% in 2017 compared to the previous year. If we also take into account overnight stays in other types of accommodation

(camping sites, youth hostels, holiday apartments, etc.) and day visitors, we come to a good 37 million in tourist footfall in the Canton of Zurich in total, and 22 million in the City of Zurich. With these figures, Zurich remains the strongest tourist region in Switzerland.

According to the Zürich Tourismus annual report, overnight stays by guests from Asian countries rose particularly steeply in 2017. The number of guests from China now stands at 210,423 (+16.5%), from India at 211,983 (+30.8%), and from South-East Asian countries at 201,748 (+13.3%), whereas the numbers from European countries are mixed (Italy +1.1%, France -6.9%, Spain +12.8%, Germany +0.9%, and the UK -5.3%). For the first time, visitors from North America (569,957 visitors) overtook those from Germany (502,915 visitors) as the largest foreign market. The largest group was Swiss guests travelling within their own country, amounting to well over a million overnight hotel stays (+6.8%).

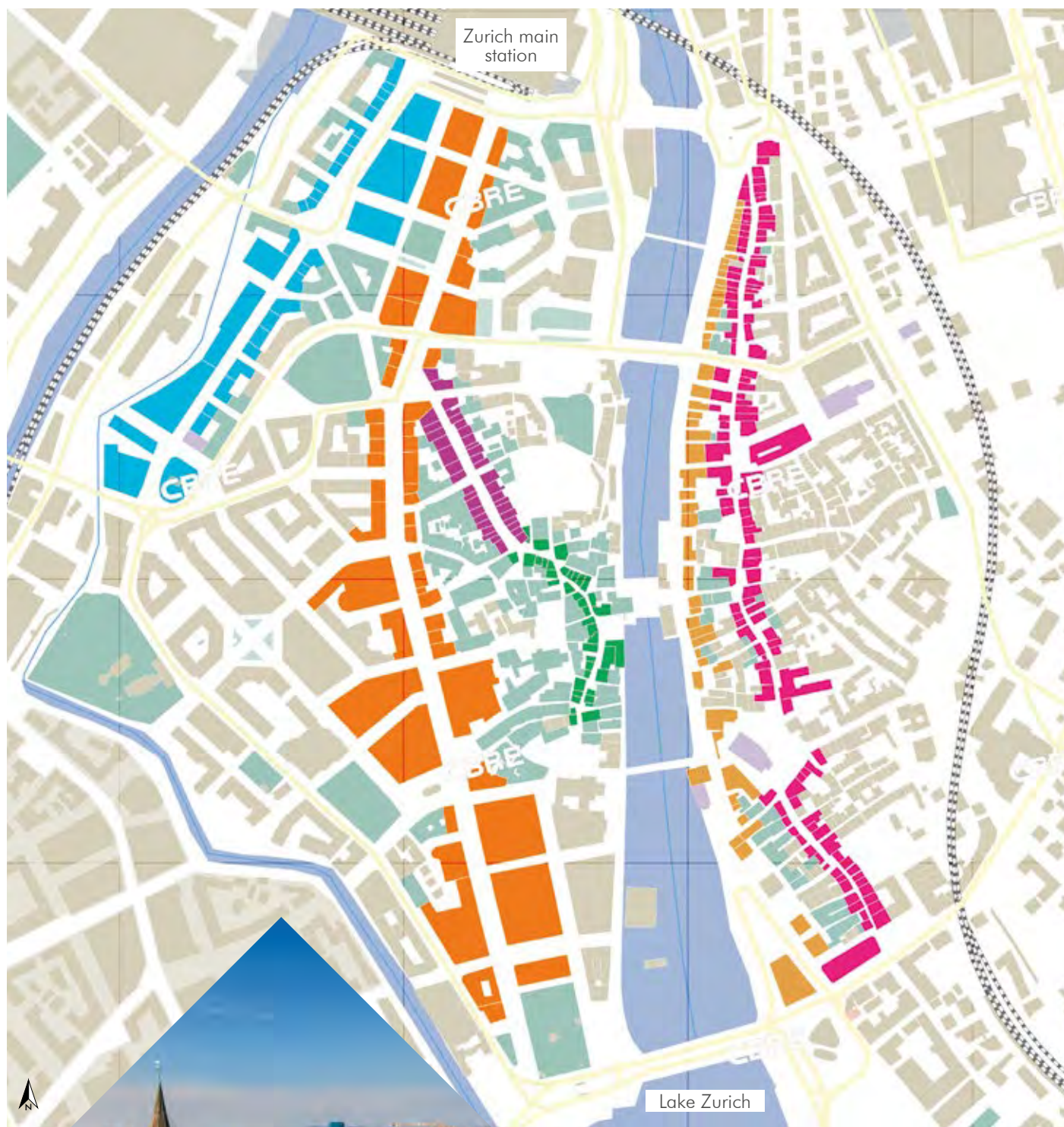
Tourists from China and the Gulf States proved to be happy spending money in the stores, especially in luxury boutiques in Bahnhofstrasse or in the old town around Weinplatz. According to Zürich Tourismus, tourists from the Gulf States spend more than CHF 500 per person per day on their holiday, and stay in 4 and 5-star hotels. For many of these visitors, shopping while travelling in Europe is regarded as an experience and boosts the prestige value of foreign travel at home.

**ZURICH KEY FACTS**

City	Canton / Region
<b>Population 31.12.2017</b>	
409,241	1.5m
Source: FSO 2018	
<b>Purchase power index</b>	
	113.8*
Source: GfK, 2018 / *national average = 100	
<b>Unemployment rate September 2018</b>	
2.5%	2.3%
Source: City of Zurich, 2018 / SECO 2018	
<b>Overnight stays in tourist accommodation in 2017</b>	<b>Tourism region Zurich</b>
3.2m	6.0m
Source: STF Schweizer Tourismus-Verband 2018	



Switzerland is a popular travel destination and shopping is part of the itinerary for city breaks in Zurich



**Overview of Zurich**

- Bahnhofstrasse p23
- Rennweg p35
- Old Town left of the river Limmat p39
- Old town right of the river Limmat p43
- Oberdorfstrasse p51
- Löwenstrasse p53

### Expensive rents, scarce spaces, but problems with large retail spaces

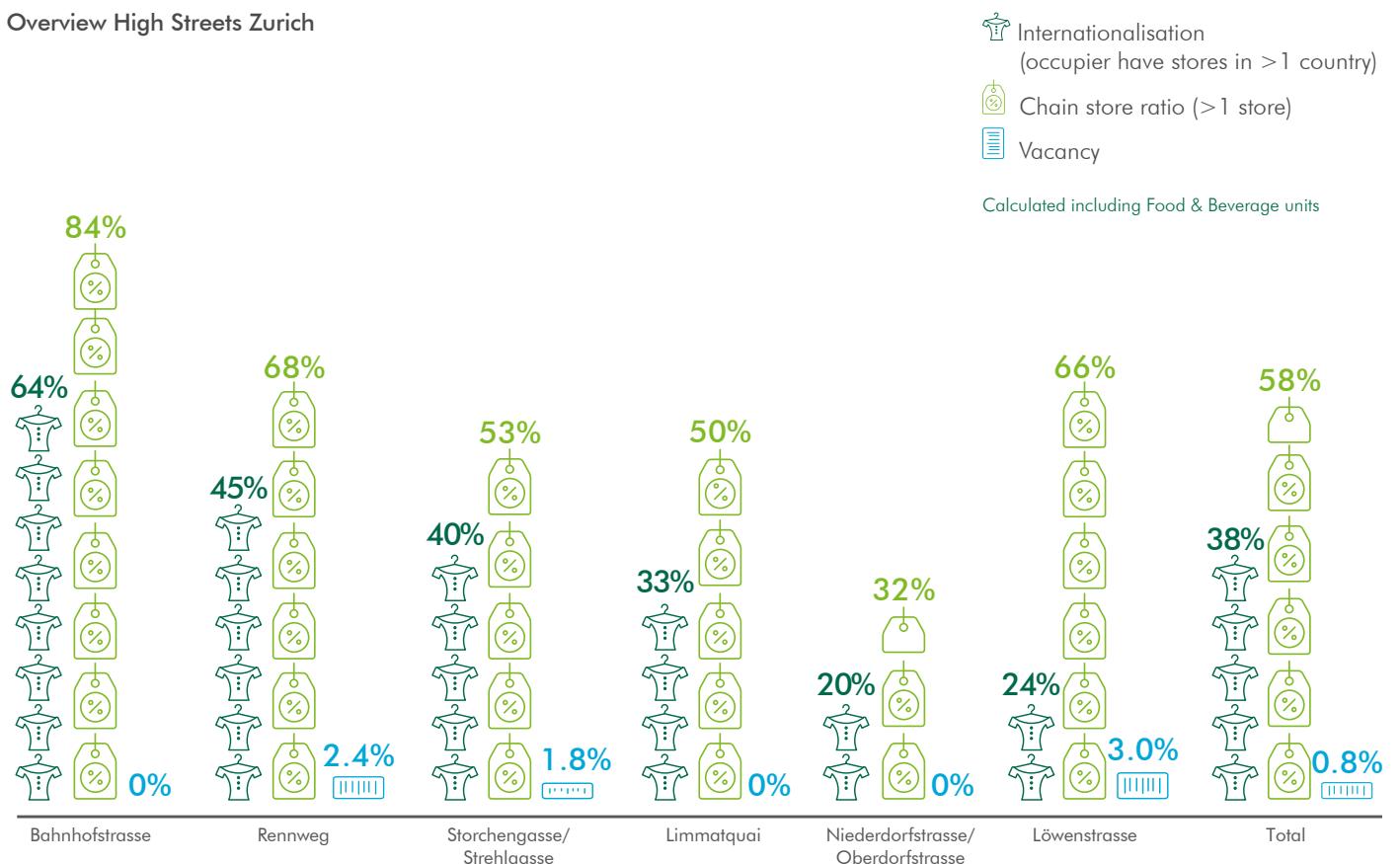
Many international and local retailers wish to profit from both local purchasing power and the higher willingness of tourists to spend their money, meaning that there were often battles to secure the retail premises at the best locations across the city. There are virtually no empty stores in the city centre, and companies that left willingly before the end of their rental agreement often smoothed their departure with key money. Local non-chain retailers could often no longer pay the high rents and ended up giving up their stores, meaning that the proportion of international brands on Bahnhofstrasse in particular is very high.

It is evident, nevertheless, that in the meantime rents have reached a level many retailers are no longer prepared to pay and this applies in particular to the subject of key money. In secondary locations, and even on the Bahnhofstrasse, some international chains have concluded rental contracts for stores in the past five years which were not profitable for them for a variety of reasons. For example, the Italian luxury outdoor brand Peuterey closed its beautiful stores in Strehlgasse again after just a few years, making way for another premium brand from Italy, PINKO, which moved

in during autumn 2017. In the exclusive Storchengasse there are also some rental contracts that were concluded at too high a rate from today's standpoint. Elsewhere in Europe, it can already be seen that key money is no longer being paid by incoming tenants, but instead by outgoing tenants to prematurely escape from tenancy contracts fixed above market rate, a practice known internationally as a 'reverse premium'.

We believe this is a temporary issue for Zurich though, if it is one at all, since tourist numbers from overseas will continue to rise and there is a shortage of possible locations for exclusive boutiques in the old town or at Bahnhofstrasse. We maintain that there is very good demand for retail spaces up to about 300/400 sq m of ground floor retail space. We see significant weaknesses, however, with very large, multi-storey retail spaces in Zurich, because international labels that would be capable of working with such store premises currently have larger countries in their expansion sights and little Switzerland, which only really has two large cities, is left behind by international formats. Hence, brands like Uniqlo, Primark, Tk Maxx, Urban Outfitters, Topshop, Reversed, Muji, and many more, do not have a physical presence in Switzerland, and until further notice the people of Zurich will only be able to buy these brands during their trips abroad.

### Overview High Streets Zurich



# BAHNHOFSTRASSE

Magnificent boulevard in the illustrious company of the shopping streets of the world

Bahnhofstrasse is a global player, and the many tourists who visit Zurich play a huge role in the continually changing face of the street and how it adapts to global trends.



*The Christmas season on Bahnhofstrasse is magical for young and old alike*

The boulevard stretching approximately 1,200 m with 114 properties and approximately 135 businesses is not just a shopping street in Zurich. It stands in the same illustrious company as 5th Avenue in New York, Oxford Street or New Bond Street in London, Via Monte Napoleone in Milan, or the Champs-Élysées in Paris. This is also true when comparing the exclusive boutiques and shop rental prices on these streets. Bahnhofstrasse is a global player, and the many tourists who visit Zurich play a huge role in the continually changing face of the street and how it adapts to global trends.

Bahnhofstrasse ends north at Zurich’s main train station, which – since the extension of the railway building on Löwenstrasse – is now frequented on a daily basis by up to 500,000 people, making it one of the most frequented train stations in the whole world. The number of passers-by on the nearby lower Bahnhofstrasse is accordingly high, and during rush hour it is often extremely difficult to move. At the southern end of upper Bahnhofstrasse, however, it is more tranquil. When visibility is good, visitors here can enjoy a view over Lake Zurich and the Swiss mountains. Between these two ends, visitors can find everything their hearts desire at stores from H&M and Zara, to Dolce & Gabbana and Louis Vuitton. Food can also still be purchased at the Coop supermarket on the expensive Bahnhofstrasse at standard Swiss prices.

The majority of buildings on Bahnhofstrasse were built in the 19th century. Between Paradeplatz and Uraniastrasse there are just two buildings which are not listed buildings or are not on the inventory of potential protected buildings. One is at 42 Bahnhofstrasse (formerly Burger fashion, now Prada) while the other is at 50 Bahnhofstrasse, occupied by jewellery and watch store Bucherer. Along the whole length of Bahnhofstrasse, there are only a dozen buildings which are not architecturally significant (Tagesanzeiger newspaper of 24 August 2016).



Bahnhofstrasse upper section

## BAHNHOFSTRASSE KEY FACTS

### Positioning

One of the most known luxurious shopping streets worldwide with a mix of national and international retail and luxury brands. The street is lined with trees and in the upper and central section filled with high fashion designer boutiques, Swiss luxury watch- and jewellery brands.

### Customer

Diverse Mix of locals, tourists and business people who take advantage of the many shopping possibilities around Paradeplatz and the Main Station.

### Anchor Tenants

H&M, PKZ, Mango, Apple, department stores Globus, Manor and Jelmoli, Modissa, Zara, Coop, Prada, Louis Vuitton, Grieder and Dolce & Gabbana.

### New Entrants

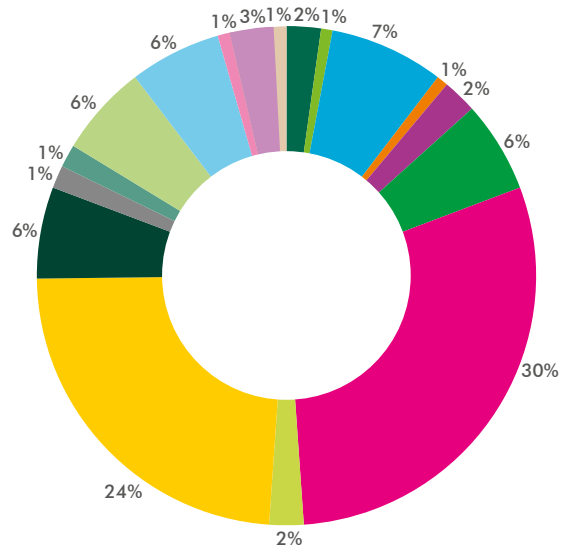
Vicafé, Beldona, Sunrise, Brandy Melville, Essentiel Antwerp, COS, Harry Winston, Saint Laurent

Street length (in m)	Number of stores	Chain store ratio	Internationalisation ratio
1,174	136	84%	64%
Prime rents (in CHF/sq m/year)	Letting activity last 12 months	Trend	
10,000	moderate		

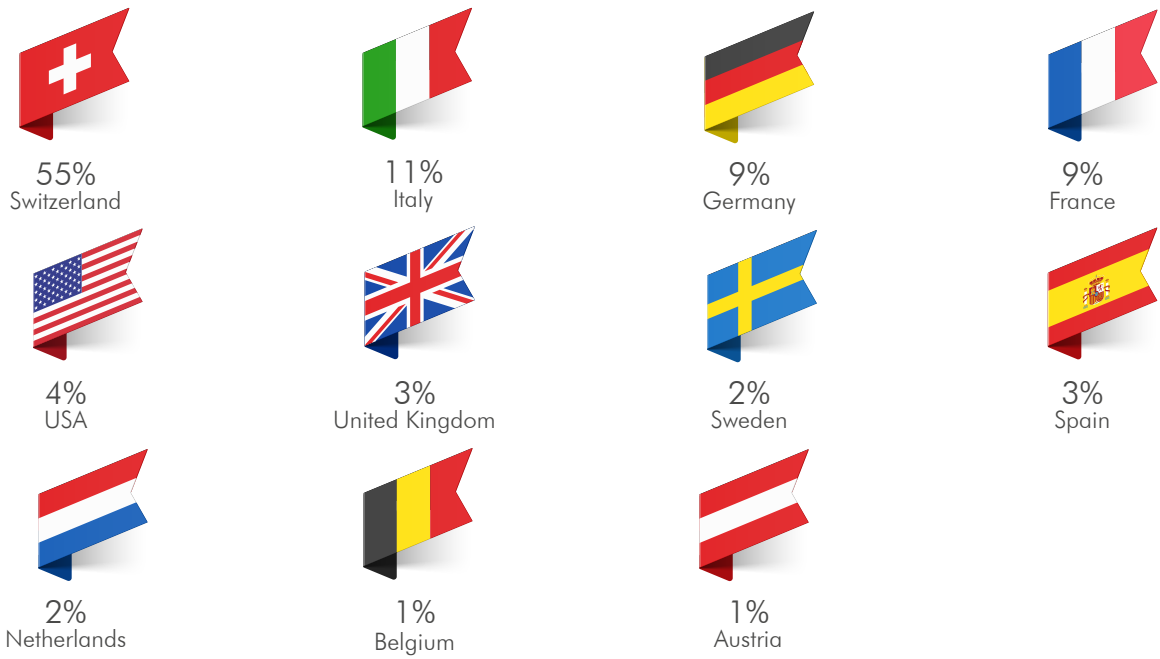
Generally, when referring to Bahnhofstrasse we say it consists of three parts: lower Bahnhofstrasse between the railway station and Rennweg, middle Bahnhofstrasse from Rennweg to Paradeplatz, and upper Bahnhofstrasse between Paradeplatz and the lake. The three sections differ in terms of pedestrian traffic, retail mix and sometimes also in terms of rental prices.

**Bahnhofstrasse Retail Mix (sector)**

- Accessories
- Art & Antiques
- Beauty / Health / Fitness
- Books / Toys / Office / Music
- Department store
- Electronics / Foto / Optik
- Fashion
- Food / Fine Food
- Jewellery / Watches
- Leatherwear / Footwear
- Living / Home Accessories
- Other
- Restaurant / Café
- Services / Bank
- Sportswear
- Under refurbishment
- Under construction



**Origin of retailers**





Situated in the very heart of Bahnhofstrasse next to Paradeplatz, the prominent Leuenhof building with its prestigious tenants like Louis Vuitton, Tod's, Audemars Piguet and Jaeger LeCoultre is a class on its own. The historical former counterhall on the groundfloor is currently under refurbishment. CBRE is exclusively marketing this unique luxury opportunity of around 1,000 sq m.

## LOWER BAHNHOFSTRASSE

The so-called lower Bahnhofstrasse stretches roughly from the main train station to the junction with Rennweg and has the highest amount of pedestrian traffic along the entire street.



*Besides many international fashion chains, one of the few family-run businesses on Lower Bahnhofstrasse is the owner-managed optician's store Götte which has existed since 1922 and is steeped in tradition.*

The lower part of Bahnhofstrasse is characterised mainly by a mix of tenants from the mass-market retail sector, aimed at a young, fashion-conscious and primarily female-oriented target audience with fashion brands such as H&M, Tally Weijl, PKZ Women, Mango or Brandy Melville. In recent times, Swiss mobile phone providers like Salt or Sunrise, and cosmetic brands such as Rituals or Yves Rocher, have secured retail spaces here.

### Numerous small changes in 2018 – larger ones expected in 2019

In recent times, there have been many changes at the lowest end of the street in the direction of the main station. Trendy Swiss coffee label Vicafé moved into the very small 45 sq m ground floor formerly occupied by the Kuoni travel company at 93 Bahnhofstrasse in the spring of 2018. The young firm is already known primarily for its coffee bar on Zurich's Bellevue Square, where queues of coffee lovers often stand. Situated just before the escalators in the main station, Vicafé is aimed at commuters wanting to grab a quick espresso on the way to work or to take home.

Between February and May 2018, Swiss online retailer Brack.ch operated a pop-up store on three floors in the best corner location at 89 Bahnhofstrasse.

An IKEA pop-up store had previously been there for a few months after the long-term tenant, Swiss fashion brand Yendi, went into liquidation in 2017. In autumn 2018 the store is standing empty and the shutters are down – a rather unusual sight on Bahnhofstrasse. According to newspaper reports, Lucerne confectioner Bachmann should already have moved in here in the early summer of 2018. With this site, Bachmann surely also had the steady stream of commuters in its sights for a lucrative sandwich and coffee business.

On the same side and only a few meters further down at 87 Bahnhofstrasse, mobile phone provider Sunrise opened a flagship store over 2 storeys at the end of 2017. H&M has given up this site and modernised the second store in its chain on Lower Bahnhofstrasse, which had similarly already existed there for a long time on the opposite of the street and has also integrated H&M Home there. In the neighbouring store, also at 87 Bahnhofstrasse, jewellery chain Goldhaus had to surrender its store to underwear label Beldona, which offered to pay a higher rent. The Swiss label opened in the spring of 2018.





At 73 Bahnhofstrasse, in the store formerly occupied by the Swiss young fashion label Big Selective, fashion label Essentiel Antwerp opened in February 2018. In Switzerland, it is managed as a partner of fashion house Modissa located diagonally opposite. Essentiel Antwerp was already present in Zurich with a boutique on Limmatquai, which was instead then leased to Danish juice and coffee chain Joe & The Juice, which is growing in Zurich and elsewhere in Switzerland.

In the near future, besides this conspicuously large number of relocations there will be even more significant large changes on Lower Bahnhofstrasse if two large market participants remain unable to reach a last-minute agreement. Otherwise, department store Manor will have to leave its large retail space at 75 Bahnhofstrasse – a good 10,000 sq m – in the foreseeable future as the institutional landlord and Manor’s owner, the Maus Frères Group, have so far been unable to come to an agreement about the new rent rate. Instead, the two companies have been engaged in a year-long legal dispute. The building’s owner plans to refurbish the building to provide more room for boutiques and office spaces. A refurbishment on this scale would surely require 2 years or longer.

According to its own figures, Lower Bahnhofstrasse near the main station possesses the highest visitor traffic of all sections of Bahnhofstrasse. Many of the passers-by, especially in the lowest section between Pestalozzianlage park in front of the Globus department store and the main station, are indeed commuters coming from or on the way to the main station and few of them are on a shopping trip, so this part is scarcely considered by premium or even luxury brands. On the other hand, this section is ideal for impulse-buy concepts.

**OVS debacle offers opportunities for a concept needing a large space in Zurich city centre**

The flagship store of the Italian fashion label OVS at 3 Sihlstrasse directly opposite the Jelmoli department store had not even been open one year. Opened in September 2017 with great fanfare and numerous guests, the large store of about 3,500 sq m has already had to close again as part of the insolvency of the Swiss company Sempione Fashion AG, which managed the brand OVS in Switzerland, along with 140 other branches which Sempione Fashion had taken over from Charles Vögele 2 years ago. Before the opening, OVS had modernised the retail spaces at vast expense. Currently, the international online furniture retailer home24 is using the ground floor as a showroom while pop-up restaurants and cultural events happen on other floors. It is not clear at this point who the next long-term tenant will be. The building is marketed by CBRE on behalf of the private owner.



On the left in the photo: the OVS flagship shortly before it closed in the summer of 2018. On the right: Jelmoli, the largest city centre department store in Switzerland.

## MIDDLE BAHNHOFSTRASSE

The middle section of Bahnhofstrasse stretches between Zara on the corner of Rennweg and the famous Paradeplatz. In this part of Bahnhofstrasse, many watch and jewellery brands in particular secured their own boutiques between the years 2010-2015, among the long-established watch and jewellery stores of Bucherer, Gübelin, Meister, Beyer and Les Ambassadeurs.

As a result, today we find prestigious names like IWC, Van Cleef & Arpels, Breguet, Montblanc, Hublot, Chopard, Vacheron Constantin, Piaget, Audemars Piguet, Jaeger-LeCoultre and Harry Winston. Of the 55 stores in the middle section of Bahnhofstrasse, 20 are now watch or jewellery shops. This development is complete for the time being despite the lack of availability of other suitable retail spaces of the right size. Yet something quite different is happening and this has to do with the general global transformation of the retail trade, which will be reflected in this part of Bahnhofstrasse in 2019. A car manufacturer is moving into the former Franz Carl Weber store at 62 Bahnhofstrasse and this shows that manufacturers' sales channels are changing significantly at present. See our special report about this on page 31/32.



*In the photo, a very exciting section in the middle section of Bahnhofstrasse. Global changes in retail trade will become visible here locally in 2019*



*Leuenhof at 32 Bahnhofstrasse in summer 2018*



## THE MANUFACTURERS ARE COMING – SECRET SURROUNDING THE NEW TENANT AT 62 BAHNHOFSTRASSE FINALLY OUT

At the end of November 2018, Swiss Life AG, the new owner of 62 Bahnhofstrasse, finally revealed the carefully guarded secret of who will be the new long-term tenant of that flagship store in the middle section of Bahnhofstrasse. After toy retailer Franz Carl Weber moved out at the end of 2016, the store was renovated and modernised and was subsequently used as a pop-up store by luxury winter sports brand Kjus and Swiss eyewear label VIU. Even before the pop-up stores, the retail spaces had been re-leased on a long-term basis. The new tenant was not known though. Now it is clear. It is South Korean car manufacturer Hyundai which will market and sell the independent luxury brand Genesis in the 3-storey retail space. The Genesis brand, whose cars are winning awards at international trade fairs worldwide, is still virtually unknown in Europe and can only be obtained as a direct import. Also in the pipeline, according to the Global Head of Genesis, Manfred Fitzgerald, are purely electric cars. The spectacular-looking purely electric Genesis Essential concept car was also unveiled at the New York Auto Show in spring 2018.

This example shows clearly that in future we will see new market participants in stationary retail, especially on shopping streets. Until now, manufacturers of cars and other goods too have marketed and sold their products either wholesale or through distribution partners, such as car dealerships. At a time when customers are increasingly moving online it is becoming more important to let consumers experience the brand, the philosophy behind the brand, and the product, so they can be differentiated. This works better in a flagship store, which is showcased in line with the brand philosophy and provided with its own staff, than it would be in a distribution partner's premises, which sells other brands and where the manufacturer has no direct control over the design of the environment and the showcasing of the products so that it runs the risk that its own products remain lost in the crowd.



*The toy store Franz Carl Weber at 62 Bahnhofstrasse in summer 2016 – 6 months before moving out.*

According to newspaper reports, Genesis also signed a tenancy contract at the end of 2017 for a 3,700 sq m store in the trendy meatpacking district of New York, from which it can be assumed that the new store on Zurich's Bahnhofstrasse is part of a global strategy to open flagship stores simultaneously if possible. Presumably, the retail space on Bahnhofstrasse will either remain empty until the official European launch or will continue to be used by pop-up stores. According to press releases issued by Swiss Life, the store on Bahnhofstrasse is due to open at the end of 2019 or beginning of 2020.



"At a time when customers are increasingly moving online it is becoming more important to let consumers experience the brand, the philosophy behind the brand, and the products, so they can be differentiated."

**Michael Dressen MRICS,  
Director, Head of Retail Agency CBRE**

Another example of an equivalent strategy is Dyson. The technology company originally became known for its innovative vacuum cleaner. Today, the company founded by James Dyson in 1993 employs more than 7,000 staff and has a turnover of billions. Products are sold online or still primarily wholesale in warehouses and electrical stores, such as Fust in Switzerland. For a long time now, the company, which is still family-owned, no longer just makes vacuum cleaners, but also other products including hand dryers, hair dryers, humidifiers, and fans. In September 2017, James Dyson announced in an email to all staff that the company would like to bring electric cars to the market in 2020. Capital expenditure of around 2 billion pounds sterling is planned for this. Since 2015, Dyson has also opened its own flagship stores in top locations, the majority of which are initially in Asia. In Europe, Dyson opened its first store on London's famous Oxford Street in the summer of 2016. Products are not only showcased in a stylish designer store, but are also fully explained, including the technology behind them. On the upper floor is a hair stylist offering complementary hairstyling, using Dyson hair dryers, of course. At the end of 2017, Dyson opened a flagship store on Fifth Avenue in New York and announced further stores.

Other technology companies, such as Samsung, Google and Microsoft, and even market participants coming from online retail such as Amazon and Zalando, have a similar strategy and are likewise opening showrooms worldwide, not forgetting Apple, which was a model for many of today's new store concepts. Recently, Apple rolled out its new 'town square' store concept in Milan on the Piazza del Liberty, opening its spectacular, large-scale store located under the square in July 2018.

Consumers increasingly buy direct from brands, which develop suitable online and offline strategies for this. This is a challenge for department stores or specialist stores and it will bring about further changes to our shopping streets, as well as changing Zurich's Bahnhofstrasse. For landlords of available retail spaces, this means that they will no longer only find traditional potential tenants from the retail sector, but must soon also speak to companies that perhaps still do not have any store of their own, but are poised to roll out an offline strategy to other distribution channels too. Such new market participants cannot always be found directly in the established local property or retail sector networks. Here, new contacts must first be made on both sides – often at international level – with both the landlords of retail spaces and the new market participants from the manufacturing sector, before they can roll out any new projects in the high street or shopping centre together.

## UPPER BAHNHOFSTRASSE

Between two 5-star hotels and close to the Lake Zurich pedestrian traffic is dwindling and high-end brands such as Loro Piana, Graff Diamonds, Dolce & Gabbana, Saint Laurent, Tiffany and Rolex have created a luxury environment.



*High-class Jewellers and high-end fashion in upper Bahnhofstrasse for well-heeled people*

Pedestrian traffic is dwindling considerably in the section between Paradeplatz and Lake Zurich. Brands such as Loro Piana, Jimmy Choo, Bally, Graff Diamonds, Tiffany and Rolex have created a luxury location between the five-star hotels Savoy and Baur au Lac, which was rounded off with the opening of the Dolce & Gabbana flagship store at 10 Bahnhofstrasse in spring 2016 and the latest opening which was by Saint Laurent at Bahnhofstrasse 13 in the former Weinberg Men store in spring 2018.

Upper Bahnhofstrasse is clearly positioned in the high-end luxury segment, meaning we will continue to see exclusive brands here in future, which place less emphasis on large visitor traffic. It is more important to them to be able to receive discrete visits from their exclusive clientele from nearby 5-star hotels or prosperous lakeside communities in the surrounding area. It is crucial that parking spaces which are just a short walk away from the high-class boutiques should be available in the side streets of Upper Bahnhofstrasse so that their well-heeled clientele can be chauffeured there too.



## RENNWEG

A historical street with modern brands inviting people to shop. Where horse races once took place in the Middle Ages, today different national and international retailers compete for the best shop space.



*Rennweg – gate to the old town and popular with tourists and locals alike*





International labels such as Maje, Sandro, Falke, Snipes, Victorinox, Zara Home, Benetton, Gant, Dune London, Sostrene Grene, Starbucks and many more, harmonise perfectly with the suppliers of local brands and the craftsmanship of Swiss jewellers. They provide an inviting shopping atmosphere supported by cosy cafés, renowned restaurants and the exclusive five-star Widder Hotel.

Rennweg has been a car-free zone since 2004. As one of the city's oldest streets, Rennweg runs approx. 250 metres from where it crosses Strehlgasse. As the entrance to the old town and the high-lying tourist hotspot Lindenhof an Münsterhof, Rennweg is the natural route for tourists to take into the historical centre.

**Fashion boutiques want to be on Rennweg**

Considering its mix of tenants, Rennweg projects an image of traditional, long-established stores such as Honold Bäckerei, Metzgerei Bär and Foto Ganz, a variety of premium fashion stores such as Tara Jarmon, Gerard Darel, Mephisto and GANT, as well as home accessories and beauty and lifestyle stores like Zara Home, Sostrene Grene, Depot, Crabtree & Evelyn and Kiehl's. One of the highlights is the five-star Widder Hotel and its restaurant AuGust.

The interesting mix of traditional Swiss businesses and international chains makes Rennweg popular with tourists and locals alike, and the shopping street with the second highest footfall in Zurich after Bahnhofstrasse. Rennweg is therefore on the wish list of many international retailers, especially fashion concepts from France that are looking to be near stores of the SMCP group (Sandro, Maje). Suitable premises are rare, because Rennweg only has 40 retail shops and not all of them have the correct size of retail area and floor plan to be a fashion boutique. Premium brand GANT struck lucky in 2017 and was able to take over a 2-storey retail space from Sträuli.



"After many years without great changes, a lot is happening at Rennweg at the moment. In 2019 we will see more moves that will make the Rennweg even more attractive for retailers, shoppers and tourists."

**Bastian Caspers,**  
Senior Consultant, Retail Agency CBRE

**RENNWEG KEY FACTS**

**Positioning**

Pedestrian Shopping Street next to Bahnhofstrasse at the entry of the Old town, second-highest footfall with a tenant mix of national and international brands.

**Customer**

Many tourists but also very popular amongst local shoppers, highly frequented especially on Saturdays. The 5-star Hotel Widder attracts wealthy tourists.

**Anchor Tenants**

Zara Home, Victorinox, Snipes, Confiserie Honold, Starbucks, Depot, maje, Sandro, Hotel Widder, Zumstein Papeterie

**New Entrants**

Sostrene Grene, GANT, Oris, Walder Schuhe, Binder-Moerisch, Geox, Esthème Cachemire, Swiss Design Markt (pop-up)

Street length (in m)	Number of stores	Chain store ratio	Internationalisation ratio
209	42	68%	45%
<b>Prime rents</b> (in CHF/sq m/year)	<b>Letting activity</b> last 12 months	<b>Trend</b>	
3,500	high	→	

On the corner of Kuttelgasse, at 27 Rennweg, there was another changeover in the summer of 2018. Long-term tenant Thomas Sabo vacated the small retail store for Swiss watch brand Oris. Thomas Sabo opened a few years ago a larger flagship a short distance away at Bahnhofstrasse, which explains its move.

On Upper Rennweg between Kuttelgasse and Strehlgasse, there are several changes currently taking place: At 10 Rennweg, Swiss shoe retailer Walder Schuhe recently moved into the store formerly occupied by Fogal in the summer of 2018. At 14 Rennweg, an expensive total refurbishment of a historic building is taking place. Premium shoe brand Geox used to be the ground floor tenant

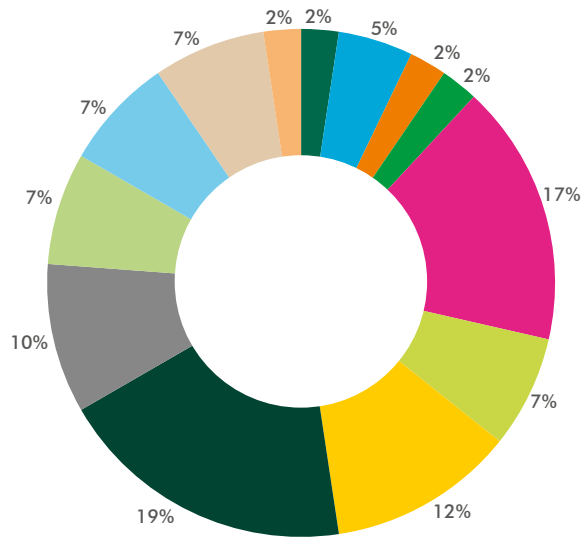
before work began. At the end of 2018, Geox will instead move into premises formerly occupied by the French children’s fashion label Du Pareil au même at 9 Rennweg.

At 11 Rennweg, the building formerly occupied by fashion boutique Madame is waiting for a new long-term tenant. At present, a home accessories pop-up concept is occupying this store.

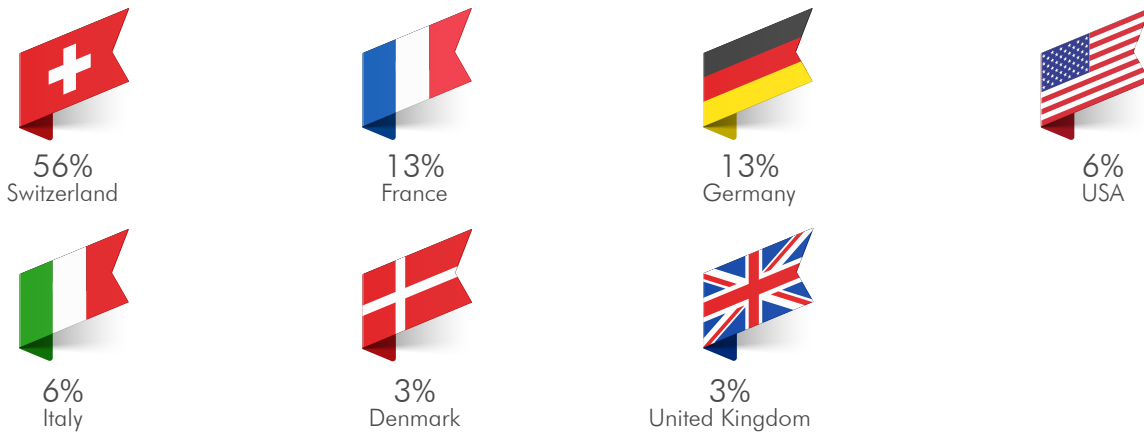
At 12 Rennweg, there was a change in the summer of 2018 involving two traditional Zurich jewellery stores. Goldsmith John R Wullschleger surrendered his store to goldsmiths Paul Binder and Walde Moerisch who previously had a smaller boutique with a workshop on Marktgasse.

**Rennweg Retail Mix (sector)**

- Accessories
- Beauty / Health / Fitness
- Books / Toys / Office / Music
- Electronics / Foto / Optik
- Fashion
- Food / Fine Food
- Jewellery / Watches
- Leatherwear / Footwear
- Living / Home Accessories
- Restaurant / Café
- Services / Bank
- Under construction
- Vacant



**Origin of retailers**





# THE OLD TOWN LEFT OF THE RIVER LIMMAT

Strehlgasse – Storchengasse – Weinplatz – Münsterhof



Tourist highlight in Zurich, the redesigned car-free Münsterhof



Little gems can be found in the narrow alleyways of the old town along the left bank of the River Limmat. In the photo, Dieter Meier's chocolate boutique.

Aside from the flair valued by tourists in particular, the old town to the left of the River Limmat offers a large number of retail spaces with good store sizes for premium and luxury boutiques.

A number of high-class brands have therefore clustered around Weinplatz, which borders the River Limmat, providing competition for Bahnhofstrasse. It is unsurprising that in recent years several names from the who's who of high fashion have now migrated, for example, to the exclusive Storchengasse: Celine, Valentino and Jil Sander.

New entries on Weinplatz in recent years were IWC, Pomellato and Vilebrequin, and luxury fashion house Gassmann.

At the redesigned Münsterhof, which along with the Fraumünsterkirche is one of the must-see spots for tourists, the

new retail space next to MCM became home to Issey Miyake in spring 2017, as the arcade in which this Japanese brand formerly resided has been renovated by the owner. Paris fashion label Zadig & Voltaire moved in there in the spring of 2018. Until then, it had occupied a boutique in Bäregasse.

Other exclusive stores can be found in the small side streets around Storchengasse, Weinplatz and Strehlgasse. Christian Louboutin, for example, has been selling its famous designer shoes with their red soles for many years at 7 Wühre.

Dieter Meier, who became internationally famous as singer of the electro-pop duo Yello, opened his fine chocolate boutique ORO DE CACAO at the end of 2017 at 15 Wühre.

## STREHLGASSE – WEINPLATZ – STORCHENGASSE KEY FACTS

### Positioning

Narrow pedestrian streets and public squares in the historic center. Area around Weinplatz profited from one of the highest amount of transactions within the luxury segment which led to a positive cluster of international, luxury brands. Diverse mix of jewellers, fashion, lingerie and international high-end designer boutiques are to be found.

### Customer

Equally local as well as international wealthy customers and tourists. The 5\* hotels Widder at Rennweg and Storchen at Weinplatz act as anchor for international oriented clients with a high purchasing power.

### Anchor Tenants

Max Mara, Hotel Storchen, Maison Gassmann, Jil Sander, Valentino, Céline, Trois Pommes, La Perla, Moncler, Sibling

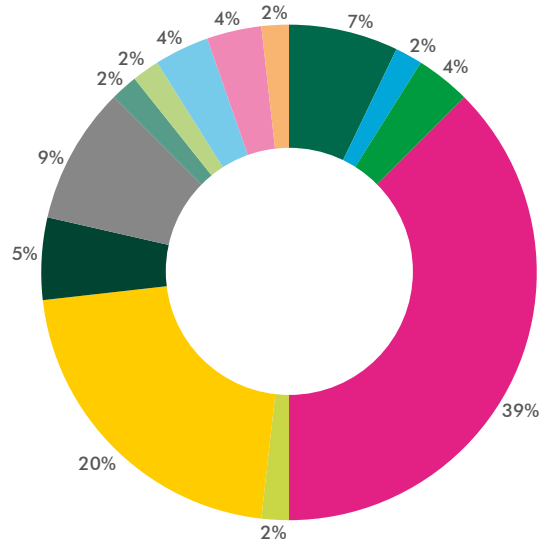
### New Entrants

Pinko, Vilebrequin, Gassmann, Zadig & Voltaire, HIGH

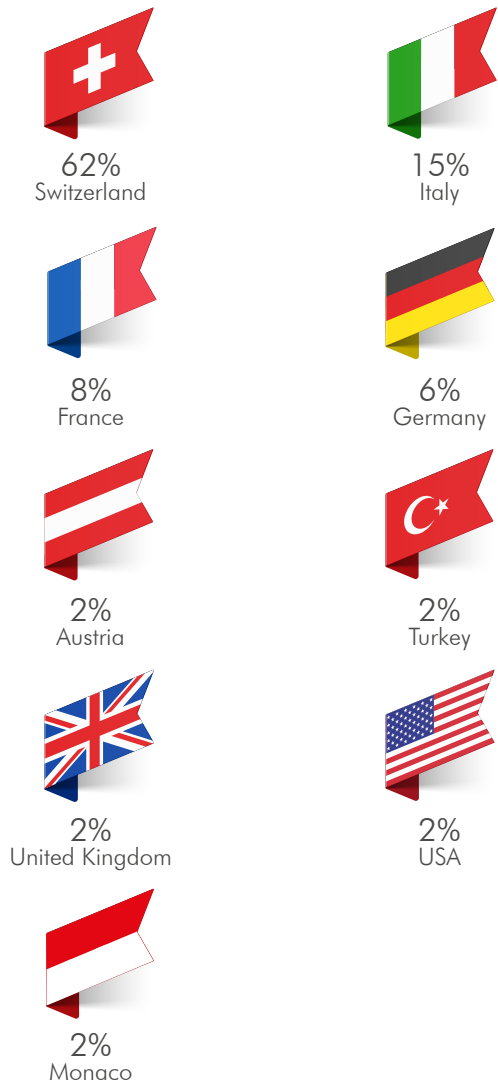
Street length (in m)	Number of stores	Chain store ratio	Internationalisation ratio
250	56	53%	40%
Prime rents (in CHF/sq m/year)	Letting activity last 12 months	Trend	
2,500	high	→	

**Strehlgasse Storchengasse Retail Mix (sector)**

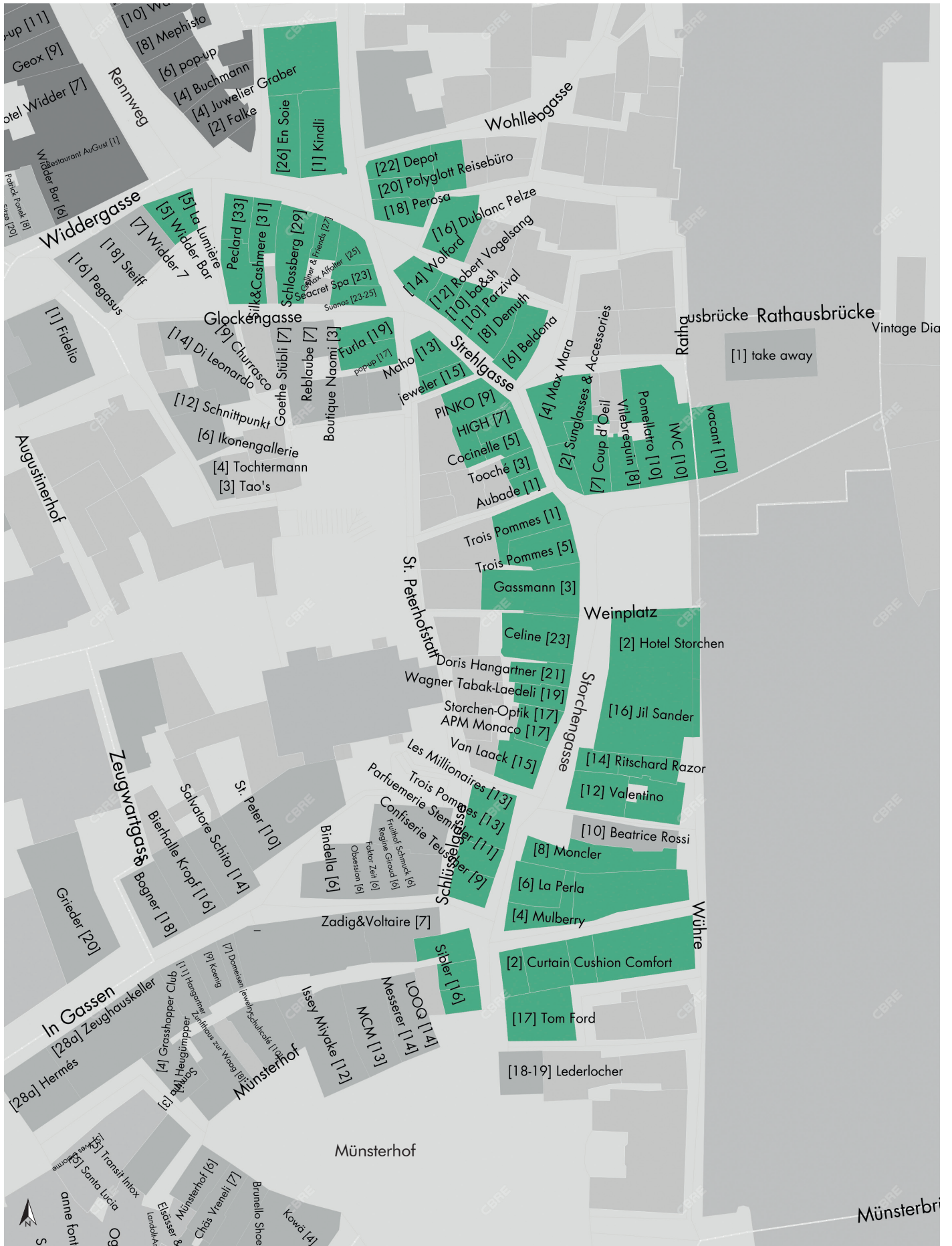
- Accessories
- Beauty / Health / Fitness
- Electronics / Foto / Optik
- Fashion
- Food / Fine Food
- Jewellery / Watches
- Leatherwear / Footwear
- Living / Home Accessories
- Other
- Restaurant / Café
- Services / Bank
- Sportswear
- Vacant



**Origin of retailers**



Strehlgasse with lingerie and premium fashion brands



## THE OLD TOWN RIGHT OF THE RIVER LIMMAT

The old town on the right of the River Limmat, compared with the left side, features no luxury boutiques, but is just as loved by visitors from around the world, and the small winding alleys with their many restaurants, bars, cosy squares and historical atmosphere are a highlight for tourists. Niederdorf, how one part is named, is also a popular district for weekend nightlife. There are many young people in the district due to its proximity to the university and the central university library.



*On the left the former Compagnys store at 92  
Limmatquai, which is available for a longterm lease*



## LIMMATQUAI

Many of the guild houses of historical artisanry associations are located on Limmatquai. The habits, customs and festivals of Zurich are still upheld here. The highlight of the work of all the guilds is the organisation and staging of the Sechseläuten festival, where the old town on both sides of the Limmat plays an important role, particularly on Limmatquai.

Limmatquai is a car-free zone with lots of cafés and restaurants. It is a popular spot for locals and tourists. Numerous local and international shops invite passers-by to browse their wares, such as Jack & Jones, Vero Moda, Foot Locker, Bodum, H&M, and Esprit, to name just a few. At the end of October 2016, the Austrian board-sports equipment and sportswear brand Blue Tomato opened its first physical store in Switzerland at 122 Limmatquai. Through its online trade, the brand was already well known in Switzerland by surfers, skaters and snowboarders. At 70 Limmatquai, Danish juice and coffee chain Joe & The Juice opened their fourth branch in Zurich in the former premises of Essentiel Antwerp in the summer of 2018. This opening shows that this location on the right of the River Limmat has potential in the F&B area, because Joe & The Juice has another branch just a few hundred metres further on, on Schiffplätzli. Joe & The Juice is planning additional openings in Zurich across the whole city.

At 92 Limmatquai, Swiss fashion chain Companys, which had to declare bankruptcy, closed its store in the spring of 2018. The wonderful historic free-standing building with its impressive arcades is currently being used as a pop-up shop showroom by a Swiss design furniture store. A long-term lease will be exclusively transacted through CBRE.



*Traditional guild houses and international fashion brands in the old town to the right of the River Limmat*

## LIMMATQUAI KEY FACTS

### Positioning

Beautiful promenade scenery at the river with historic buildings, traditional guild houses and arcades, brands can be found predominantly within the Young-Fashion area with streetwear and a high density of restaurants.

### Customer

Many domestic and international tourists, mainly a younger crowd. Less business people than on the left side of the river. Footfall is drawn from the Bellevue and Central.

### Anchor Tenants

Blue Tomato, Burton, Café Motta, Esprit, H&M, Musik Hug, Brandy & Melville, Jack & Jones

### New Entrants

Burton, Joe & The Juice, Daniel Wellington, VIU, Whistles

### Street length (in m)

1,400

### Number of stores

82

### Chain store ratio

50%

### Internationalisation ratio

33%

### Prime rents

(in CHF/sq m/year)

2,000

### Letting activity last 12 months

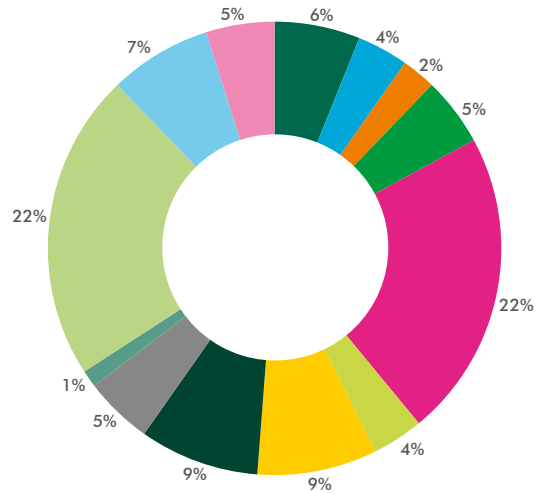
moderate

### Trend



### Limmatquai Retail Mix (sector)

- Accessories
- Beauty / Health / Fitness
- Books / Toys / Office / Music
- Electronics / Foto / Optik
- Fashion
- Food / Fine Food
- Jewellery / Watches
- Leatherwear / Footwear
- Living / Home Accessories
- Other
- Restaurant / Café
- Services / Bank
- Sportswear



### Origin of retailers



62%  
Switzerland



10%  
Denmark



8%  
Germany



5%  
United Kingdom



3%  
France



2%  
Italy



2%  
Belgium



2%  
Netherlands



2%  
Austria



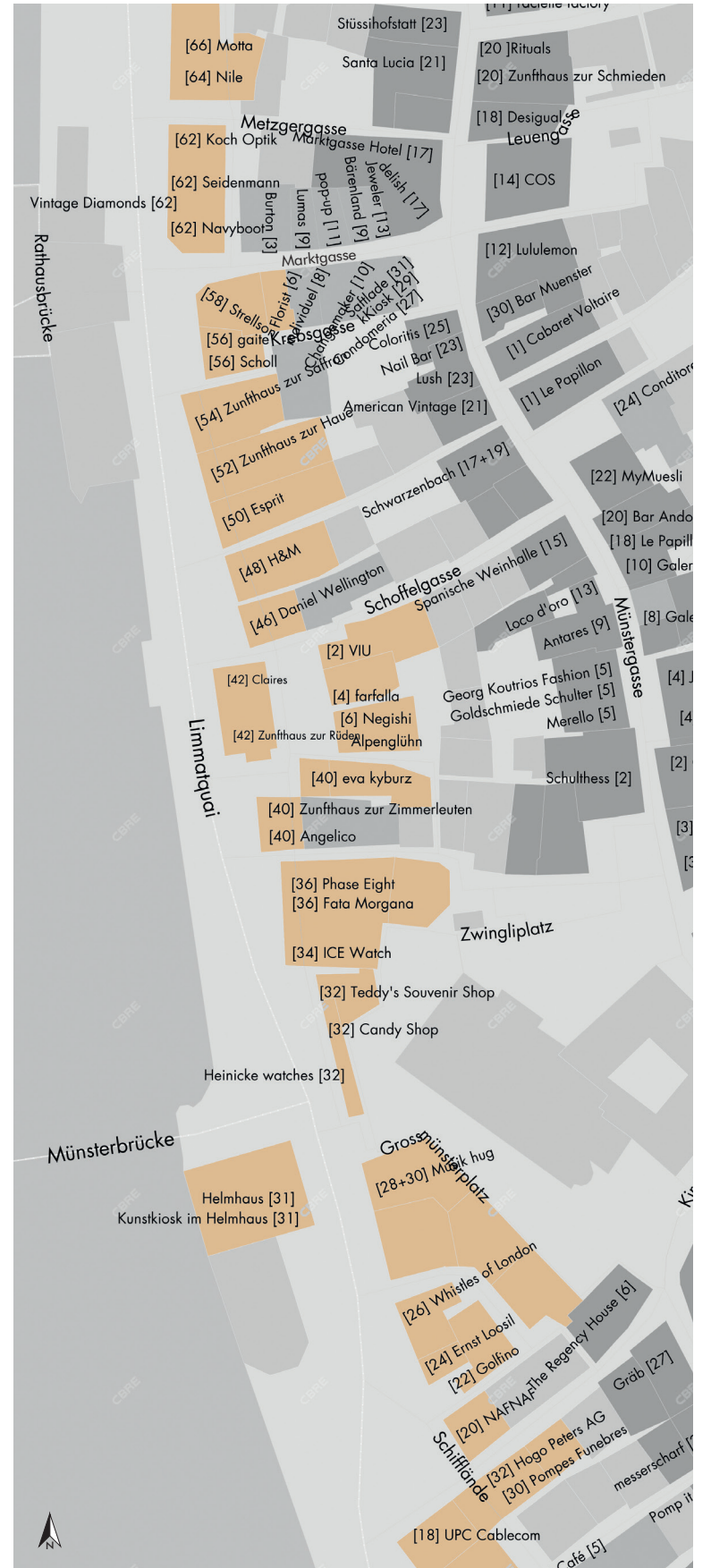
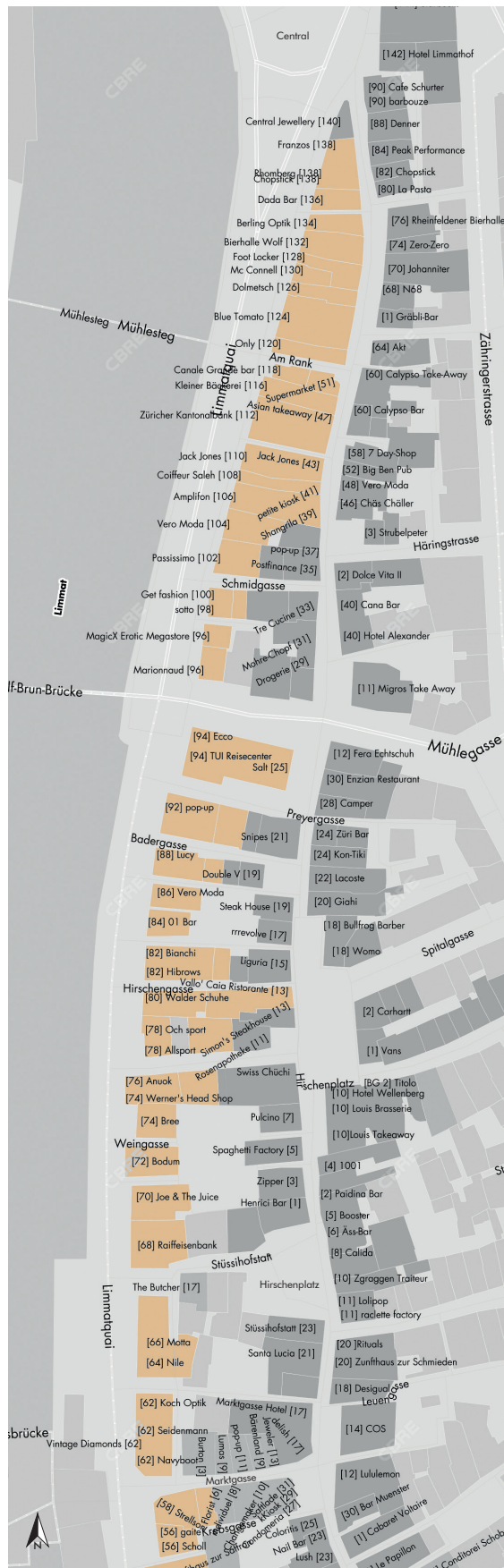
2%  
Sweden



1%  
USA

**NIEDERDORF / LIMMATQUAI NORTH**

**OBERDORF / LIMMATQUAI SOUTH**



## NIEDERDORF-/OBERDORFSTRASSE KEY FACTS

### Positioning

Urban Retail environment in the Old town with younger customer profil and many tourists, brands can be found predominantly within the young-fashion sector with streetwear, sportswear, sneaker stores and a very high density of restaurants and F&B. Many local brands which only exist in Zurich. Generally lower rental prices compared with the rest of the inner city with the exception of Marktgasse. Oberdorfstrasse has also offers for older customers with bookshops, homeware, antiques and galleries.

### Customer

Many domestic and international tourists, mainly a younger crowd. Less business people than on the left side of the river. Footfall is drawn from the Bellevue and Central.

### Anchor Tenants

Blue Tomato, Carhartt, Vans, Titolo, Snipes, COS, Lululemon, Jack & Jones and many large traditional restaurants

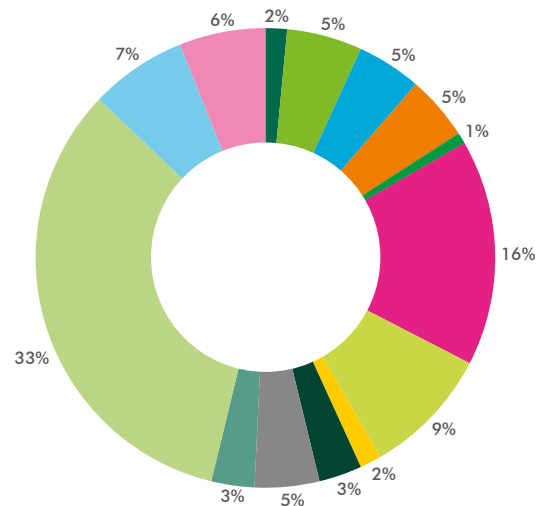
### New Entrants

Barbouze, nook, Le Creuset, les100ciels

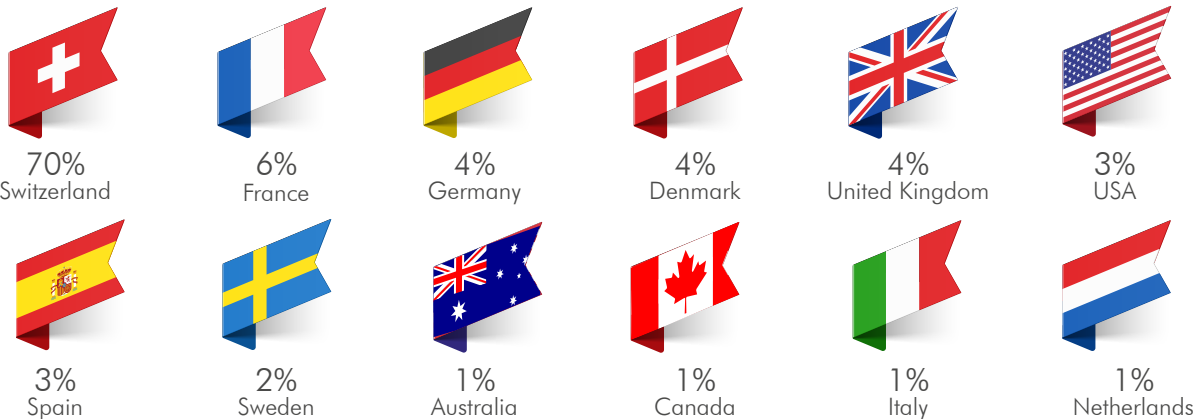
Street length (in m)	Number of stores	Chain store ratio	Internationalisation ratio
1,050	132	32%	20%
Prime rents (in CHF/sq m/year)	Letting activity last 12 months	Trend	
1,600	low	→	

### Niederdorf-/Oberdorfstrasse Retail Mix (sector)

- Accessories
- Art & Antiques
- Beauty / Health / Fitness
- Books / Toys / Office / Music
- Electronics / Foto / Optik
- Fashion
- Food / Fine Food
- Jewellery / Watches
- Leatherwear / Footwear
- Living / Home Accessories
- Other
- Restaurant / Café
- Services / Bank
- Sportswear



### Origin of retailers



## HIRSCHENPLATZ

Hirschenplatz in the centre of the Niederdorf area has changed as much as Marktgasse over the last few years, and many new brands have opened their stores, with the Swiss brand Titolo leading the way, providing a true paradise for sneakerheads. Often when limited editions go on sale, there are queues outside the store. They are in good company on Hirschenplatz, joined by VANS and Carhartt. With Blue Tomato, Burton, Foot Locker, Snipes and Lululemon nearby, Niederdorf is a real hot spot for streetwear and athleisure.



*Hirschenplatz – the place to be for streetwear*



## MARKTGASSE

Marktgasse is the gateway into the old town on the right of the River Limmat for passers-by and tourists coming from the direction of Weinplatz crossing the River Limmat over the Rathausbrücke. Of all the areas in the old town on the right of the Limmat, Marktgasse is the one which has shown the most positive development in recent years.

The renovation of the buildings at 14 and 17 Marktgasse by investors Hans Jecklin and Beat Curti in 2014 was the initial spark for upgrading this small, narrow alley. Fashion label COS, of the H&M group, moved into 14 Marktgasse, while a boutique hotel and

restaurant opened in the building opposite at 17 Marktgasse. In 2016, Canadian yoga fashion label Lululemon Athletica opened a two-storey flagship store at 12 Marktgasse. After Hamburg, this was only the second flagship store for the trendy global brand in Continental Europe.

Board sport label Burton moved into 3 Marktgasse in autumn 2017.

Other known brand names in Marktgasse include Lumas, Desigual, and Rituals.



*Marktgasse - entry door for international labels such as COS, Lululemon or Burton to the old town right of the river Limmat*



## MÜNSTERGASSE

This small, atmospheric, historic alleyway connects to Marktgasse and surprises tourists snaking along it in droves in the summer towards the Grossmünster church with its gems, such as the grocery shop Schwarzenbach, one of the most beautiful and traditional shops in Zurich. This shop has been run by the Schwarzenbach family – now in the fifth generation – since it opened in 1864. Here you can find teas and coffees, spices and fruits from all over the world.

Opposite the Schwarzenbach store at 4 Napfgasse is the equally famous Cafe Schober, which is listed in every travel guidebook. This cake shop began life as a confectionery shop in 1842. Unfortunately, the current tenant has announced that he no longer wishes to continue the Cafe Schober. The future of this traditional house is therefore uncertain.

Cabaret Voltaire is also in Münstergasse. The building on the corner of 1 Spiegelgasse and Münstergasse was the birthplace of Dadaism. Hugo Ball and Emmy Hennings opened Cabaret Voltaire on 5 February 1916. Just metres from Lenin's former house at 14 Spiegelgasse, nightly events took place, including music manifestos, sound poetry, dance and dramatic scenes. Cabaret Voltaire sees itself as a centre of cultural expertise and cultural heritage, important for philosophical and artistic engagement with Dadaism. There is a small cafe and shop on the ground floor.

The number of tourists in Münstergasse may have played a role in the two most recent entrants' choices of location in Münstergasse. In 2016, German muesli chain Mymuesli opened at 31 Münstergasse, with fashion label American Vintage opening in spring 2017, replacing Liebeskind.

*Münstergasse in Zurich's Oberdorf. Traditional grocery shop Schwarzenbach, flanked by newcomers Mymuesli and American Vintage (the red store in the background)*



## SCHIFFLÄNDEPLATZ

There have been many changes afoot over the last few years on Schiffländerplatz in Oberdorf, how the other part of the old town right of the river Limmat is named. Starting with the arrival in 2013 of the one-size-fits-all teen girl fashion chain Brandy Melville and followed by the arrival of British shoe brand Dune of London and French women's fashion brand Caroll, all of these brands have turned the small square into one of Zurich's alternative shopping destinations.

Subdued, another international brand for teen girl's fashion, opened in December 2017 at the 22 Schiffländer address. The reason why brands, that teens love, are being attracted to Schiffländerplatz might be due to the fact, that there are many secondary schools in close proximity.



*Schiffländerplatz has attracted on-trend brands such as Caroll, Subdued, Brandy & Melville, Joe & The Juice and Dune*

## OBERDORFSTRASSE

The stores on the street between Grossmünster and Rämistrasse make use of the beautiful old town setting to offer their products to passing tourists and locals. The street is home to bookshops, small galleries, restaurants, and fashion stores. One of the most recent changes was the arrival of the French premium cookware manufacturer Le Creuset, best known for its colourful enameled cast-iron cookware "casseroles".



Old town setting at Oberdorfstrasse





## LÖWENSTRASSE

Löwenstrasse stretches over 562 metres and runs parallel to Bahnhofstrasse, with the lower end finishing at the main train station. Approximately 70 stores and restaurants create the lively atmosphere and attract passers-by. The mix of tenants is extremely diverse and restaurants account for 15% of the properties. The service sector is also well represented, at 13%, made up primarily of hairdressing salons.



*The new Foot Locker store on Löwenplatz*

## LÖWENSTRASSE KEY FACTS

### Positioning

Löwenstrasse profits from a good footfall due to the proximity to Bahnhofstrasse and the main station. The department stores Jelmoli, Migros City and Globus also attract shoppers to Löwenstrasse. At the lower section close to the main station new restaurants such as McDonalds, Holy Cow and SPIGA have opened. In the middle section a very positive development can be observed with new entries in the last two years as such as Foot Locker, The Gallery or Clarins.

### Customer

Mostly local shoppers and business people/commuters working in the CBD who take advantage of the proximity to the main station for spontaneous shopping activities or lunch.

### Anchor Tenants

The Gallery, Globus, Foot Locker, Migros City, Interdiscount, Holy Cow, McDonalds and Franz Carl Weber

### New Entrants

Swissquote, Boca Grande, Shoepassion, Migrolino, Zapote

Street length (in m)	Number of stores	Chain store ratio	Internationalisation ratio
560	66	66%	24%
Prime rents (in CHF/sq m/year)	Letting activity last 12 months	Trend	
2,000	moderate	→	

### Department stores bring footfall

The two large department stores, Globus and Migros City, sit side by side on Löwenstrasse. Manor and Jelmoli, the other two inner-city department stores, are just a minute’s walk away around the corner, accessed conveniently via Seidengasse or Gerbergasse.

### Good connections

The parking situation is very good compared with some other parts of the city centre. The City Parking car park on Gessnerallee that runs parallel is bright and spacious, providing Löwenstrasse with 620 parking bays. There is further parking available in the Globus car park. With the main train station and the main tram and bus stop on Löwenplatz close by, Löwenstrasse is also ideally situated for local and long-distance public transport links.

### New businesses

Several new tenants have taken over retail premises that have become vacant, taking advantage of this excellent starting point. The first and undoubtedly the most prominent example is Franz Carl Weber. The toy store opened successfully at the end of 2016 at the entrance to Löwenstrasse at Bahnhofplatz 9, leaving behind its traditional location at Bahnhofstrasse 62. Another toy store opened only a little later at 17 Löwenstrasse at the other end of the street from Swiss toy retailer Spielkiste.

The former store of Bernie’s fashion chain, which went into liquidation in 2015, in the “Glasshouse” on Löwenplatz, was taken over by the American sport and streetwear company Foot Locker and the two-storey store reopened in summer 2016.

### Gastronomic diversity

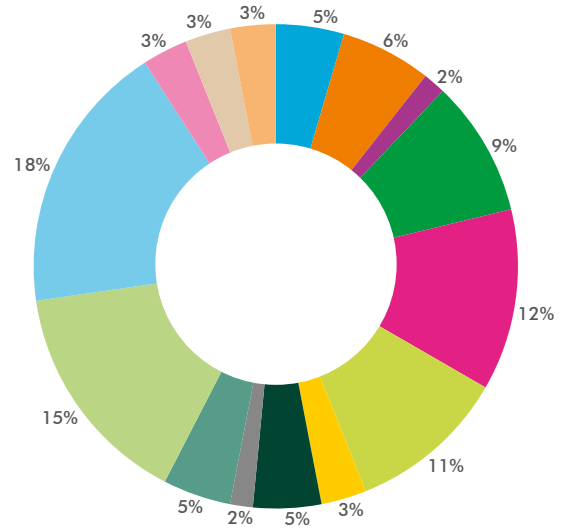
Löwenstrasse also stands out thanks to its gastronomy establishments. The Italian fast-casual restaurant Spiga at Löwenstrasse 61, operated by the SV Group, has become a popular place for many employees from the surrounding offices to eat lunch since it opened in spring 2014. A McDonald’s restaurant opened 2016 nearby at Löwenstrasse 51. The burger chain Holy Cow opened next door at the end of 2016.

However, Löwenstrasse does not only attract fast food brands. It is also home to other types of food, such as at the Takano City Japanese restaurant at Löwenstrasse 29 or, on the opposite side of the road, the Löweneck restaurant, which was renovated in 2016 and offers Catalan-inspired cuisine. Babu’s Bakery & Coffeeshouse at Löwenstrasse 1 is the venue for long, relaxed brunches at the weekend.

At 11 Löwenstrasse, Californian burritos and salads are being served in ZAPOTE’s restaurant since 2017.

Löwenstrasse Retail Mix (sector)

- Beauty / Health / Fitness
- Books / Toys / Office / Music
- Department store
- Electronics / Foto / Optik
- Fashion
- Food / Fine Food
- Jewellery / Watches
- Leatherwear / Footwear
- Living / Home Accessories
- Other
- Restaurant / Café
- Services / Bank
- Sportswear
- Under construction
- Vacant



Origin of retailers



83 %  
Switzerland



10%  
Germany



5%  
France



2%  
USA



Today "Herren Globus" is only named "Globus". Street Life on the vivid Löwenstrasse.



## SEIDENGASSE/GERBERGASSE/LÖWENSTRASSE TRIANGLE – A NEW PREMIUM LOCATION IN ZURICH

The little triangle consisting of the section of Löwenstrasse in front of the Migros City department store, and Gerbergasse and Seidengasse has seen a very positive trend in the last two years. Almost unnoticed, it has become a real cluster of premium/luxury stores. The key reason for this, among other things, is that this section of the street is located between the premium department stores of Jelmoli and Globus, enabling stores to make the most of their customer footfall.

At the corner Gerbergasse / 40 Löwenstrasse, the concept store 'The Gallery' opened its doors in summer 2016, offering different worlds of fashion and brands for women such as Guess, Liu Jo, and Marina Yachting in the 500 sq m premises.

Across the street at 7 Gerbergasse, it has been possible to buy Swiss alpine herbs as teas and seasonings since July 2018 in the Swiss Alpine Herbs store.

At 16 Gerbergasse, the French luxury cosmetics chain Clarins opened a three-storey store in June 2016, incorporating treatment rooms and a training centre. The store, which was formerly home to a Russian gallery, has a vast elevated shop window front.

On the corner of Gerbergasse and 13 Seidengasse, international luxury skincare and cosmetics chain ÉLÉVATIONE opened a high-end boutique in the autumn of 2018. The brand already had boutiques in London, Singapore, Hong Kong, the Philippines, Taiwan and the USA.

The exclusive tableware brand Villeroy & Boch has already been present for a long time right next door at 4 Gerbergasse.

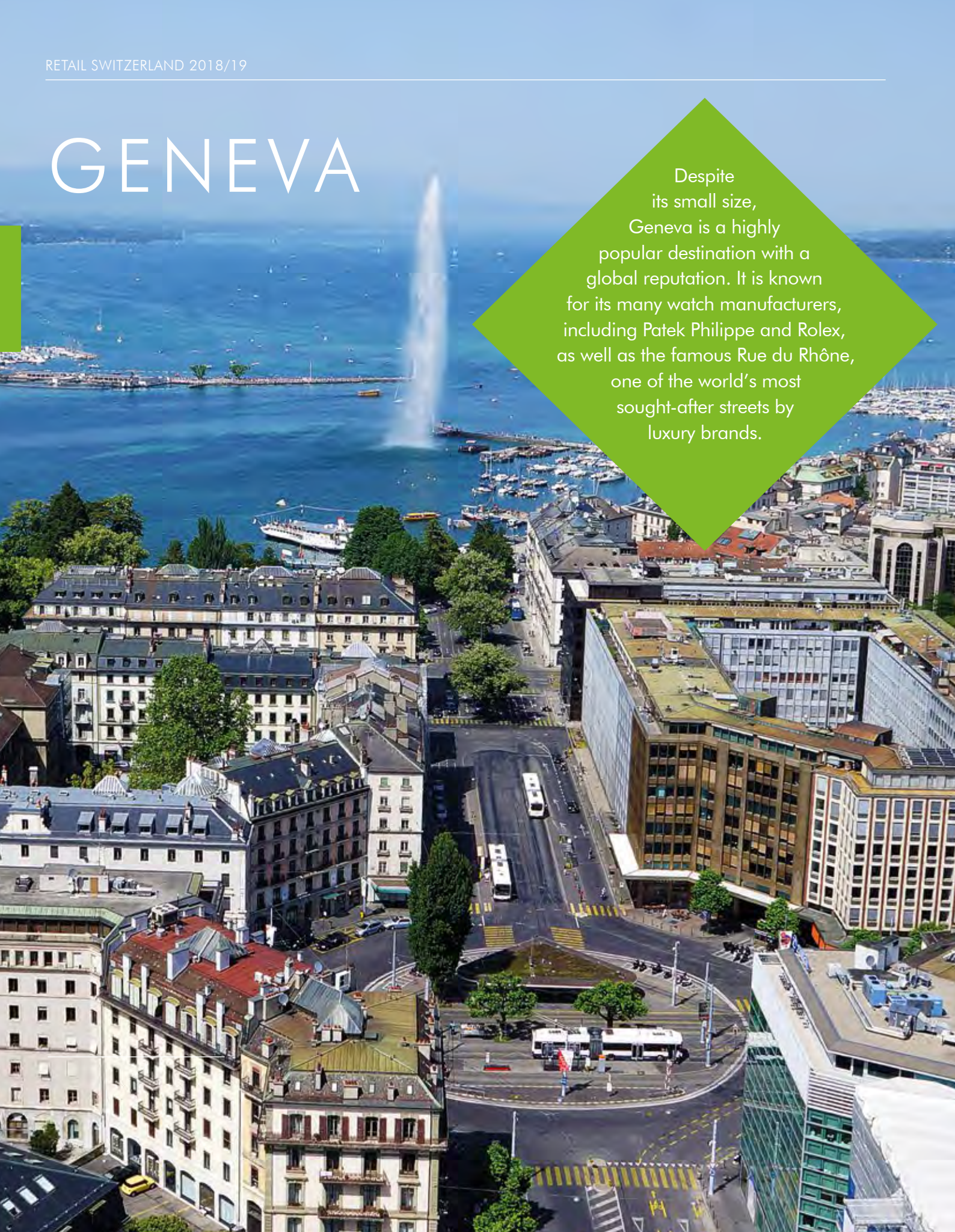




The Gallery concept store at the corner Gerbergasse/Löwenstrasse

# GENEVA

Despite its small size, Geneva is a highly popular destination with a global reputation. It is known for its many watch manufacturers, including Patek Philippe and Rolex, as well as the famous Rue du Rhône, one of the world's most sought-after streets by luxury brands.



*In the foreground Cours de Rive, in the background Geneva's landmark, the famous Jet d'Eau.*



## Overview: the retail market

Greater Geneva (including Geneva and the border areas of Ain and Haute-Savoie) is destined to see a large increase in population in the coming years. This Genevan cross-border area will house between 1,263,000 and 1,363,000 inhabitants, i.e. 25% to 35% more than in 2015 by 2040, respectively, although the demographic dynamic has so far been polarised around Geneva. The presence of shopping centres across the border is a significant factor (the expansion of Val Thoiry in Ain, the opening of the Espace Candide in Ferney-Voltaire, and the new Open shopping centre, which will open its doors in Saint-Genis-Pouilly in 2020). Modes of transport in this rapidly growing area are also evolving as the existing motorway connections struggle to contain this much trade. The CEVA (the future rail link between Geneva and Haute-Savoie) will give rise to new railway stations at the end of 2018 (Pont-Rouge, Champel, Eaux-Vives, Chêne-Bourg), which will also house new retail spaces.

Geneva's retail market is following the same trend as the rest of Switzerland. We saw some major changes in tenants' behaviour in the recent months. New international brands are entering into the Geneva's market as Brandy Melville, Rituals, Snipes, Black Tap, American Vintage.

## Proximity to the French border makes the city's retail business more competitive

Given Geneva's proximity to France and the cost of the Swiss franc for foreigners, retailers in Geneva have had to adjust their prices and reduce their margins in order to compete with the French market.

In light of this, Geneva's city-centre trade, long considered a 'home marketplace', has evolved in recent years. Indeed, the tense economic situation, the change in consumption patterns as a result of the power of the internet, and the ultra-competitive environment have all changed the situation. Many retailers have left their 'prime' locations and new brands have been able to establish themselves in this area, energising a city centre that had become stagnant. International brands have moved in, taking advantage of these opportunities and the more accessible rents.

As a result, there are fewer opportunities in the city centre for local offerings given the bargaining power of these major international brands. In the very centre vacant spaces are rather rare or are to be found in the streets outside of the main city centre routes. On the outskirts and in the shopping centres, tenants enjoy strong bargaining positions, even though the two major shopping centres in the region, Balaxert and La Praille, are still highly sought-after consumer premises where vacant spaces remain scarce.

## GENEVA KEY FACTS

### City

### Canton / Region

#### Population 31.12.2017

200,548      495,249

Source: FSO 2018

#### Purchase power index

108.1\*

Source: GfK, 2018 / \*national average = 100

#### Unemployment rate September 2018

4.3%

Source: SECO 2018

#### Overnight stays in tourist accommodation in 2017

#### Tourism Region Geneva

2.1m      3.1m

Source: STF Schweizer Tourismus-Verband 2018



"Restaurants have gradually been returning to the city centre. Over the last three years, we have seen premises intended for the retail sector or offices converted into restaurants, fast food or other catering concepts."

Horace De Saint Pierre,  
Associate Director, Retail Agency CBRE

### Restaurants return to the city centre

Since the difficulties experienced by the retail sector, due in part to the advent of the digital age, restaurant owners have gradually been returning to the city centre. Over the last three years, we have seen sites intended for the retail sector or offices converted into restaurants, fast food outlets or other catering concepts. The restaurant and bar Le Baroque, Chez Philippe in the Passage des Lions, and Les Aviateurs in Rue du Rhône are examples of restaurants returning to the heart of the city.




Concepts targeting young people, such as Nero's Pizza in Rue du Marché, Three Kids Bagel in Rue du Vieux Collège and Chez Henri on Boulevard Helvétique have also emerged and brought new life to the Rues Basses. Café Bach in the Eaux-Vives and Black Tap in Rive are further examples of restaurants that have replaced retail businesses.

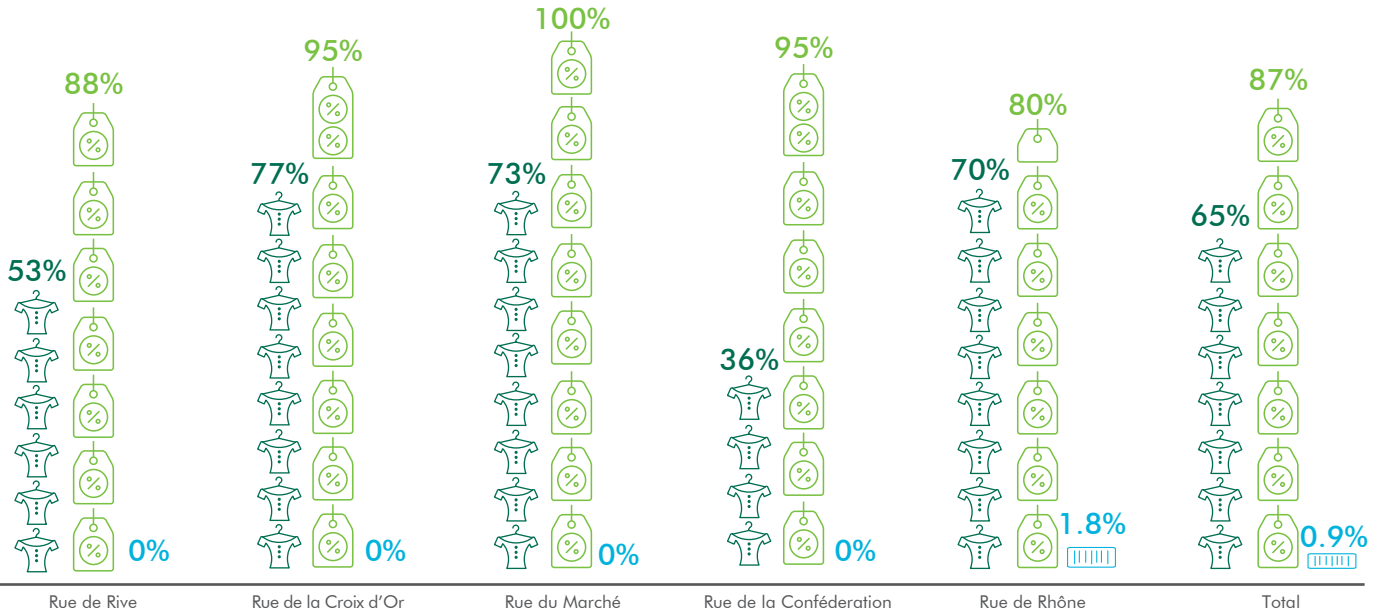


Riverside Café



Overview High Streets Geneva

-  Internationalisation (occupier have stores in > 1 country)
  -  Chain store ratio (> 1 store)
  -  Vacancy
- Calculated including Food & Beverage units



# RUES BASSES

Rue De Rive / Rue De La Croix D'or / Rue Du Marché / Rue De La Confédération

## RUE DE RIVE

The first part of the street is known as "Rue de Rive". The annual price for a premium property is CHF 3,000/sq m for retail areas described as prime or premium.

The street is witnessing a transformation of the city centre, with the appearance of brands such as Kusmi Tea (the former site of the Tommy Hilfiger brand), Kiko, Minelli (replacing Kookai), as well as the arrival of Brandy Melville and Snipes. Also worthy of note is the arrival straight from the United States of the restaurant chain Black Tap Craft Burgers & Beer, right next to international brands Brandy Melville and Starbucks. Le Caveau de Bacchus is enlarging its surface area and will offer a new food concept. This area has focused on mass-market brands, with a young target audience, quality products and a very innovative environment. The area also offers electronic brands to this audience: Fnac, Fust, Swisscom and Apple. The properties are unusual in that they tend not to be very large, with the exception of Fnac and the new Snipes store (formerly Desigual), which has a surface area of more than 500 sq m.

The teen clothing label Brandy Melville has chosen the Rive area to open its first store in Geneva. The area is undergoing a transformation, with the arrival of brands aimed at a young target audience (the Collège Calvin is nearby), offering trendy products and a very innovative environment.

These four streets, known collectively as the "Rues Basses", together form Geneva's longest shopping street, one that is unlike any other in the world. The four streets lead on to one another and, though similar in appearance, are home to very different kinds of retailers. Big international brands sit alongside Swiss retailers in an environment dedicated to the mass market. Luxury brands can be found in Rue du Rhône, which runs parallel to these four streets. The Rues Basses are famous for attracting the highest number of pedestrians in Geneva.



The impressive Snipes frontage before opening in Summer 2018

## RUE DE RIVE - RUE DE LA CROIX D'OR - RUE DU MARCHÉ - RUE DE LA CONFÉDÉRATION KEY FACTS

### Positioning

The largest shopping avenue of Geneva and the second largest in Switzerland. The avenue is made up of 4 streets. It is situated in the centre of Geneva and has a very diverse pool of retailers.

### Customer

Due to Geneva's status as international city, the customer pool is a very diverse mix of commuting and destination locals, business people, and national and international tourists.

### Anchor Tenants

Bongénie-Grieder, H&M, Franz Carl Weber, Globus, Fnac, Bershka, PKZ, Zara, Apple, Coop, Massimo Dutti, Mango, Esprit, Hugo Boss, Globus

### New Entrants

Rituals, Nespresso, couturissimo, Snipes, Nero's Pizza

Street length (in m)	Number of stores	Chain store ratio	Internationalisation ratio
737	108	94%	60%

**Prime rents**  
(in CHF/sq m/year)

4,500

**Letting activity**  
last 12 months

low

**Trend**



## RUE DE LA CROIX-D'OR

The second part of the street is called 'Rue de la Croix-D'or'. In architectural terms, this is the historical symbol of Geneva's heritage with its old and listed buildings descending down to Rue de la Corratierie. Retail giants such as H&M and Inditex have chosen to set up their flagship stores here. For example, H&M's flagship store has 3,000 sq m spread over five floors. Many clothing brands have set up shop here: Diesel, Lacoste, Weston, Esprit, C&A or Tommy Hilfiger. The rent for a "premium" unit is CHF 3,800/sq m. The fluctuation rate is low; little change has been seen in this part of the street.

## RUE DU MARCHÉ

The next part of the street, known as "Rue du Marché", is also geared towards the massmarket, but has a higher number of upmarket brands, including Longchamp, Hugo Boss, Massimo Dutti and the historic and very chic shop Bongénie-Grieder (Brunschwig group).

The Inditex group has also set up in this area, with its latest arrival, the Oysho store. Nespresso has moved its Rue du Rhône boutique to Rue du Marché, taking over the site previously occupied by Promod. Victorinox has reduced its surface area, allowing Rituals to open its boutique.

Cos, part of the H&M group, is moving to 3 Rue du Marché (formerly H&M). The area is also gradually opening up to food spaces, including in particular the opening of the Spanish frozen yoghurt concept Llaollao (which has 150 stores in 10 countries) a little more than a year ago, and just recently the opening of Nero's pizza at the entrance to Globus.

The hotel group CitizenM will also open here in late 2019. One of the characteristics of this street has, until now, been the stability of its brands, but it is gradually becoming more dynamic and sought-after. The rent for a "premium" unit is CHF 4,500/sq m.

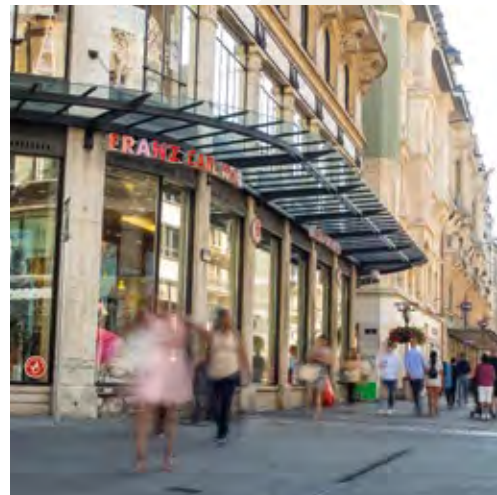
## RUE DE LA CONFÉDÉRATION

The last part of the street is called 'Rue de la Confédération' and is characterised by the presence of the only shopping centre in the city centre, 'Confédération Centre', which is set to undergo a complete makeover and major renovation.

## CONFÉDÉRATION CENTRE

After two years of a complete refurbishment, from 2020 the centre will be a must for fans of shopping, innovative and friendly restaurant concepts and culture. Its goal is to be an exciting place that everyone will be keen to visit.

The new four-storey centre will have about 20 stores and almost as many spaces dedicated to restaurants, bars and entertainment. With a façade measuring 100m wide by 6m high, it will feature modern architecture and warm materials to help create a contemporary and welcoming atmosphere.



*Franz Carl Weber toy store  
at Rue de la Croix-D'or*



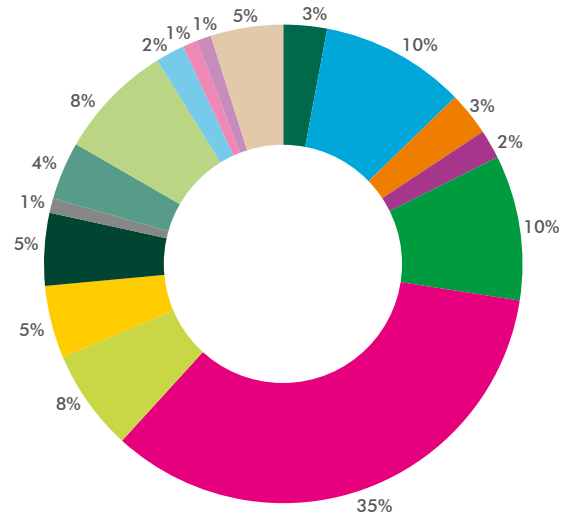
*The new Nespresso boutique at  
Rue du Marché*



*Visualisation of the new Confédération  
Centre, ready for occupation in 2020*

Rue Basses Retail Mix (sector)

- Accessories
- Beauty / Health / Fitness
- Books / Toys / Office / Music
- Department store
- Electronics / Foto / Optik
- Fashion
- Food / Fine Food
- Jewellery / Watches
- Leatherwear / Footwear
- Living / Home Accessories
- Other
- Restaurant / Café
- Services / Bank
- Sportswear
- Under refurbishment
- Under construction



Origin of retailers



42%  
Switzerland



19%  
France



9%  
Germany



8%  
USA



5%  
Spain



5%  
Italy



4%  
Denmark



3%  
Netherlands



2%  
Sweden



1%  
Austria



1%  
Belgium



1%  
United Kingdom



Rue de la Croix-d'or



*On the right side 40 Rue du Marché - a building currently under refurbishment.*

# RUE DU RHÔNE

Rue du Rhône is one of the world's best-known shopping streets. Famed for its local and international jewellers, watch manufacturers, luxury ready-to-wear brands, shoe boutiques, chocolate shops, banks and renowned law firms, it is a street unlike any other. With more than 100 boutiques, it is a leading destination for those with an interest in luxury goods. Rue du Rhône is the second-most expensive street in Switzerland after Bahnhofstrasse in Zurich. Premium units in this area are let for CHF 6,500.-/sq m a year. The stretch of Rue du Rhône described in this paragraph ends where it meets Rue Pierre Fatio, after which units become cheaper and are occupied by less upmarket retailers such as pharmacies and local jewellers.

The beginning of Rue du Rhône has undergone significant development in recent years, thanks in large part to the renovation of Passage des Lions and numbers 8 and, most recently, 2.

The rejuvenation of Place Bel Air is expected to continue along with Zurich Assurance's project, which includes the renovation of several buildings at the start of Rue du Rhône. Visilab and Pharmacie Principale have opened at 2, Rue du Rhône/Place Bel-Air.

From there, Rue du Rhône continues its roll call of the biggest luxury names, from Audemars Piguet to Patek Philippe, Rolex, Hermès, Chanel, Dior, Prada, Versace, Van Cleef & Arpels, Tiffany & Co,

Jahan, Cartier, Louis Vuitton, and many more. Interestingly, several brands have chosen to buy the buildings they occupy, with Chanel, Hermès and Patek Philippe all owning buildings at the heart of Rue du Rhône.

One surprising trend since 2017 has been the opening of medium-to-high-end fitness centres. In fact, the Activ Fitness group (Migros group) has taken on a space of over 1,000 sq m at 42, Rue du Rhône, while Indigo Fitness has opened its Geneva branch at 14, Rue du Rhône. These two new arrivals will energise the fitness centre market, which has, until now, been monopolised by Holmes Place, at number 50.

In the e-commerce age, luxury brands are taking more care than ever over their stores. Shops have been completely renovated to offer pre-digital marketing. In 2018, it is no longer enough to offer customers a simple showcase of products, but rather an "experience" in the world of the brand and its lifestyle.

With this in mind, the Fendi boutique opted for a complete renovation and reopened in April 2018. The Bulgari boutique completely renovated its store to present its latest collections to its clients in a brand-new setting. The Montblanc boutique is also following this trend; the store has moved temporarily to Place Florentin in order to renovate its boutique on Quai Général-Guisan.

## RUE DU RHÔNE KEY FACTS

### Positioning

Parallel to the river Rhône this street is one of the most luxurious streets in the world. The particularity of the rue du Rhône is that it is in great majority only composed of luxury retailers.

### Customer

Wealthy locals, business people of nearby offices, wealthy national and international shopping tourists.

### Anchor Tenants

Tiffany's & Co, Dior, Cartier, Patek Philippe, Louis Vuitton, Prada, Hermes, Chanel, Rolex, Jahan, Hermes, Chanel, Van Cleef & Arpels, Graff, Richard Mille, Louboutin, De Gorski, Mouawad

### New Entrants

Visilab, Pharmacie Principale, Activ Fitness, Indigo Fitness, Aviateurs

### Street length (in m)

1,005

### Number of stores

110

### Chain store ratio

80%

### Internationalisation ratio

70%

### Prime rents

(in CHF/sq m/year)

6,500

### Letting activity last 12 months

low

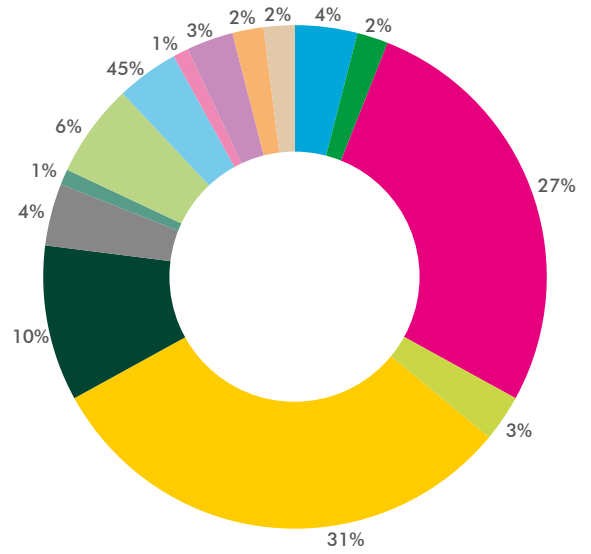
### Trend





Rue du Rhône Retail Mix (sector)

- Beauty / Health / Fitness
- Electronics / Foto / Optik
- Fashion
- Food / Fine Food
- Jewellery / Watches
- Leatherwear / Footwear
- Living / Home Accessories
- Other
- Restaurant / Café
- Services / Bank
- Sportswear
- Under Refurbishment
- Vacant
- Under construction



Origin of retailers



43%  
Switzerland



25%  
France



18%  
Italy



5%  
United Kingdom



3%  
Lebanon



2%  
USA



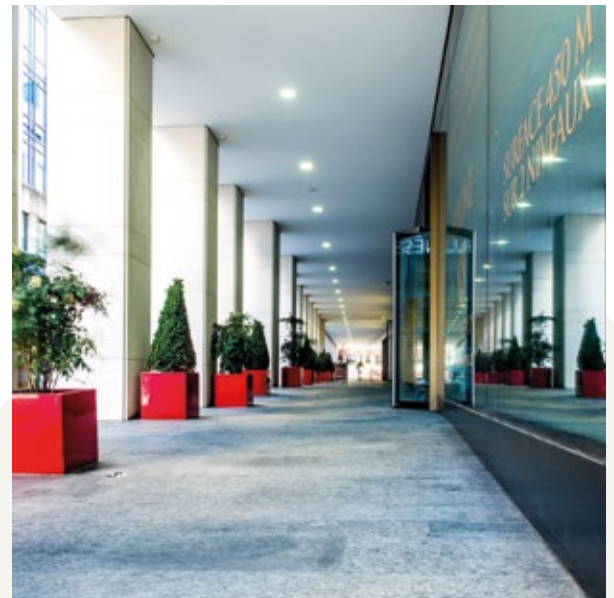
1%  
Germany



1%  
Turkey



1%  
Sweden



The new Rhone 8 passage links Rue de la Confédération with Rue du Rhône



The renovated Fendi boutique at 62 Rue du Rhône

# RIVE GAUCHE (Left Bank)

## Streets parallel or perpendicular to the Rues Basses (mostly pedestrianised)

Due to the high rents and lack of vacant units in the Rues Basses, the roads that run perpendicular or parallel to these streets are highly sought after by retailers. Rue du Port, Rue du Prince, Rue de la Tour-Maîtresse, Rue Neuve-du-Molard and Rue Robert-Céard are the main parallel and perpendicular streets that link the Rues Basses to Rue du Rhône. Burberry, Dinh Van, Hackett, Hublot, Berluti and Hervé Léger are examples of the kinds of shops found in these streets.

While rents here are high, they are nonetheless lower than those charged for Rue du Rhône and Rue du Marché. It is worth noting that Rue Robert-Céard, now pedestrianised, is struggling a little to find its niche. Plenty of movement was seen in 2017, with the opening of Baby Dior and the renovation of the Burberry store, for example, but this trend has petered out a little this year, with some vacant spaces now in the street. The Elie Saab Boutique has still not opened.

The building at 9, Rue de la Tour-Maîtresse has a new arrival, with the recent opening of American Vintage.

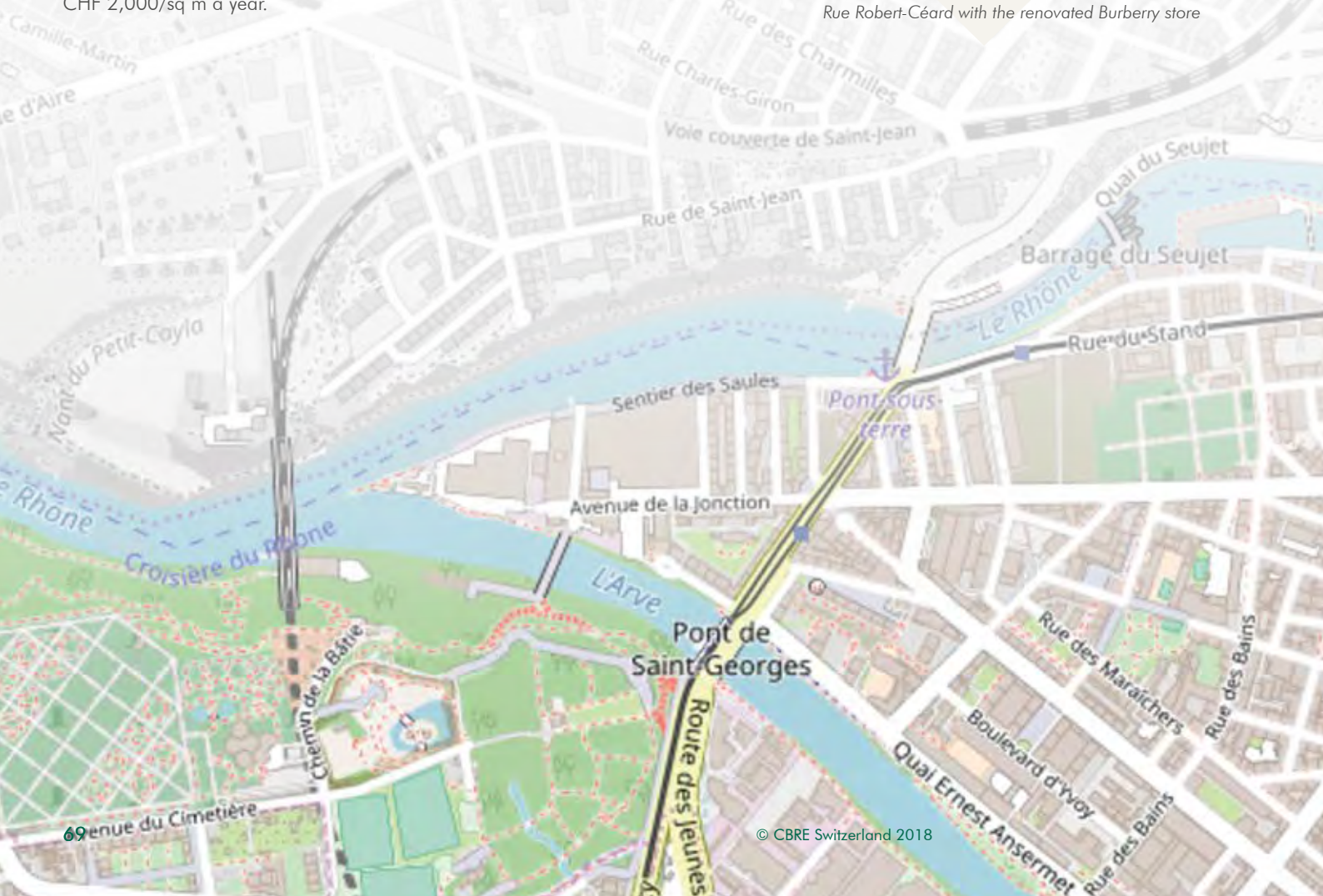
On the other side are Rue de la Madeleine and Rue du Perron, which are parallel to the 'Rues Basses', but lead to the old town. Rents are more affordable here and the shops are still very local. You will also find some international brands, however, such as The Kooples or Zadig & Voltaire. Premium units in this area are let for up to CHF 2,000/sq m a year.

## PLACE DU MOLARD

Place du Molard in central Geneva links Rue du Rhône to the Rues Basses. Very well known for its restaurants and shops, Place du Molard is, above all, a meeting place for Geneva's residents and tourists. Brands such as Globus, Zara, Longchamp and Michael Kors sit alongside French and Italian restaurants and bars. Premium units in this area are let for up to CHF 2,800/sq m a year.



Rue Robert-Céard with the renovated Burberry store



## PLACE DE LA FUSTERIE

Place de la Fusterie is more or less a smaller version of Place du Molard. It is very coveted by retailers and houses brands such as Morgan, H&M, Audemars Piguet, Bulgari, Roger Dubuis, PKZ, Caviar House, COOP, and Migros. It is a square of two halves, with luxury brands located on the Rue du Rhône side and other mass-market retailers on the Rues Basses side. Rents here are slightly lower than those charged in Place du Molard.

## PLACE LONGEMALLE

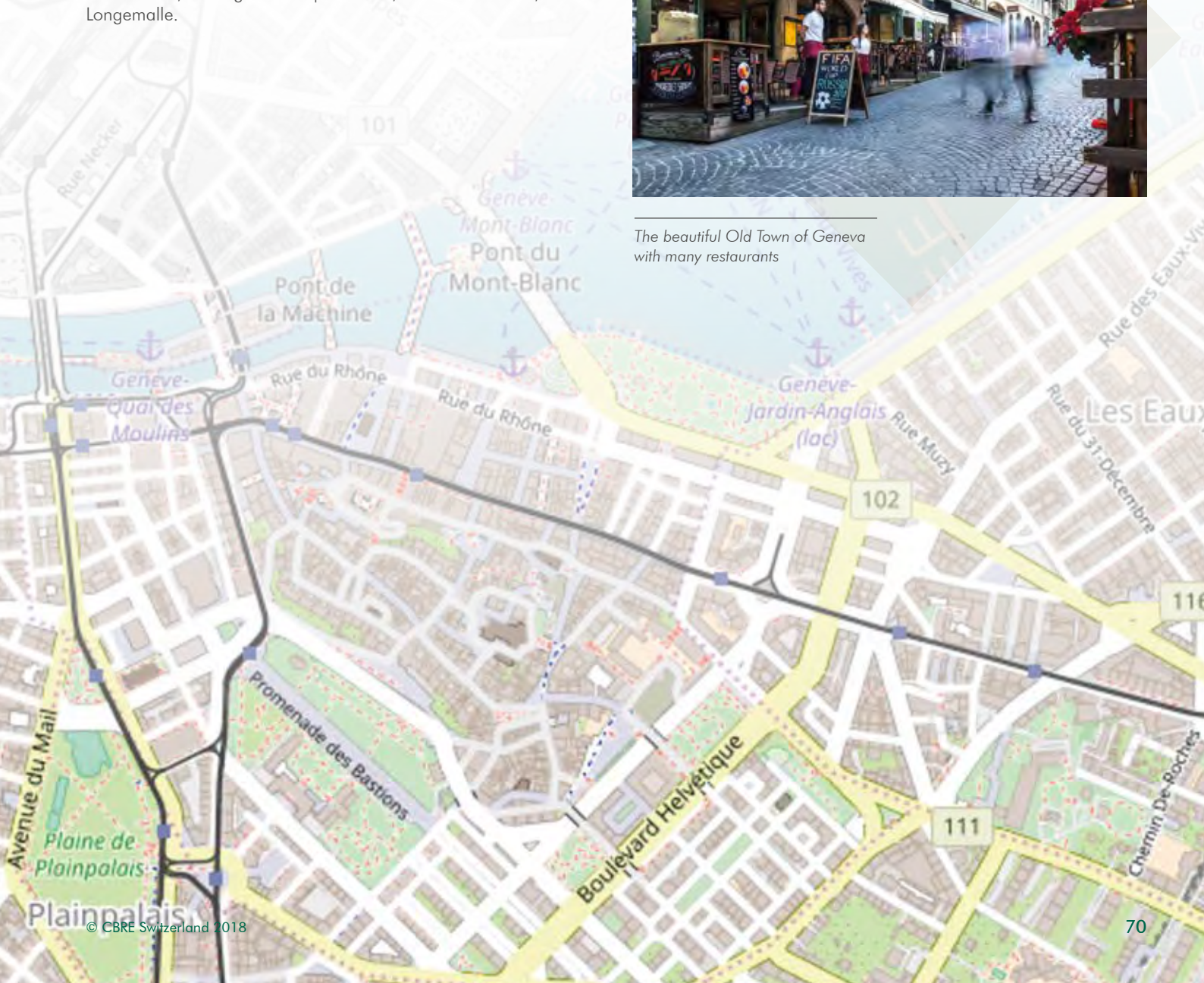
Place Longemalle is similar to the two other squares that lie between the Rues Basses and Rue du Rhône, but is also known for its two hotels: Hôtel de la Cigogne and Hôtel Longemalle. Several international brands can also be found here, including Hervé Leger, Iskender, John Lobb, and Starbucks. Rents here are similar to those charged in Place du Molard. Vacheron Constantin has chosen this location, moving its boutique from 7, Quai de l'Île to 1, Place Longemalle.

## THE OLD TOWN

Geneva's old town is a highlight of the city's culture and history. It is also a tourist attraction in its own right, with its cathedral, museums and medieval charm. Genevans often come here to eat in the many restaurants, cafés and bars, or simply to take a stroll. The Old Town also offers a range of shops, from galleries to antique dealers and jewellers, as well as big names such as Zadig & Voltaire, Bang & Olufsen, Caran d'Ache, and Harley Davidson.



The beautiful Old Town of Geneva with many restaurants





## RIVE DROITE (Right Bank)

The area around the train station is very diverse. It's a vibrant area with many bars, restaurants and small vintage boutiques. There are new food concepts, such as El salad, Lemoncha (a bubble tea shop), Mikado, Together (burgers), to name a few. One of Geneva's largest department stores can also be found here: Manor. It comprises its own brands, a Manor Food supermarket, and a restaurant.

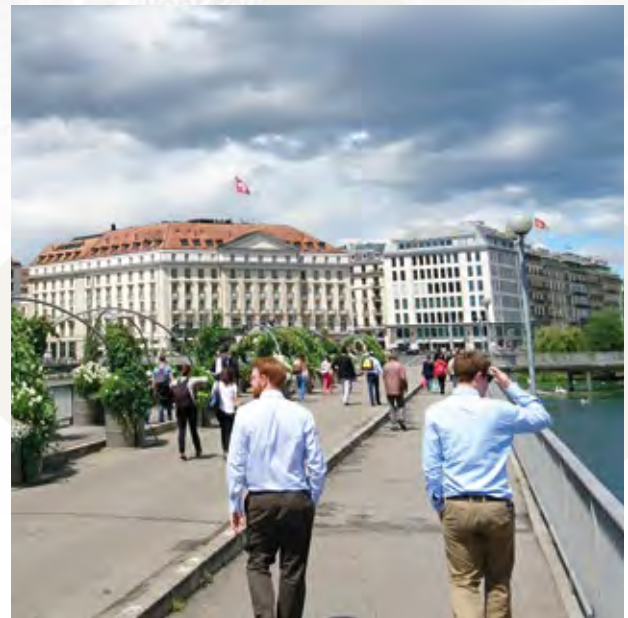
Gare Cornavin is a very popular location with retailers due to the high footfall in and around the station. Pâquis, known as Geneva's red-light district, is a very vibrant area with a variety of different businesses. Annual rents here range from CHF 450/sq m in Pâquis to CHF 2,500/sq m for premium locations inside the station or in Rue du Mont-Blanc.

## QUAI DES BERGUES

Quai des Bergues borders the right bank of the bay, parallel to Rue du Rhône, but on the other side of the river, and joins Rue du Mont-Blanc.

Work has been carried out on the quayside to ensure it is safe for residents and to offer a new development that gives priority to pedestrians. The quay has several luxury boutiques, such as Breitling, Berence (ready to wear), Scabal (suits), Brogue (shoes). This area has also been energised by the arrival of administrative headquarters, such as HSBC or SYZ bank.

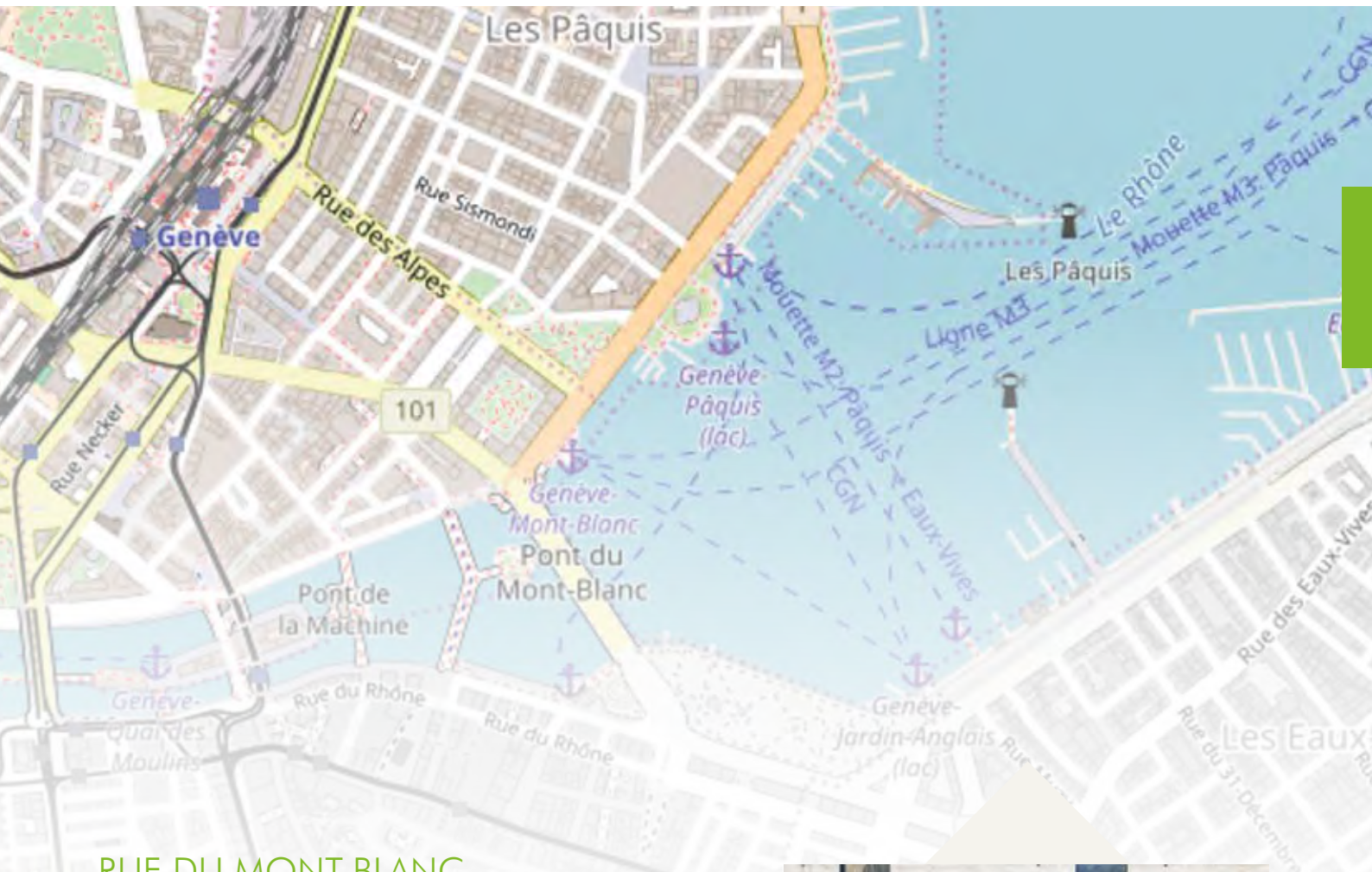
Ladurée – a must for connoisseurs of good food – opened its doors on Quai des Bergues on the ground floor of the Four Seasons hotel,



*Is Geneva's retail trade on it's way to Rive Droite?*

on the corner of Rue du Mont-Blanc. The 300 sq m space is divided into a dedicated patisserie area and two tearooms.

The famous Swiss brand Movenpick Vins is opening in Rue Kléberg.



## RUE DU MONT-BLANC

On Rue du Mont-Blanc, leading to the station, the majority of shops are watchmakers and fashion brands, but the street also has a lot of restaurants. Shops such as Espace-temps, Frank Namani and H&M can be found on Rue du Mont-Blanc. Prompted by the lack of vacant units and very high rents in the Rues Basses and Rue du Rhône, retailers now see Geneva's right bank as an alternative location, something that would have been unthinkable just a few years ago.

Aveda and the Nous pop up store – a shop selling a wide range of street culture, art, design, fashion and luxury products – opened at 4, Rue du Mont-Blanc at the start of 2018.

In March 2018, PACE Gallery opened in a 330 sq m-unit on the Quai des Bergues. The aim of this American gallery specialising in modern and contemporary art is to “create a platform to strengthen its commitment to cultural institutions, collectors and the public,” according to Marc Glimcher, Pace Gallery President and CEO. This new branch, the group's ninth gallery, is a testament to Geneva's growing involvement in the contemporary art scene.



Manor department store at Rive Droite

# BASEL

The canton of Basel-City (Kanton Basel-Stadt), measuring 37 km<sup>2</sup>, is the smallest canton in Switzerland and covers just three municipalities with Basel being the canton's capital city. Basel is the third largest city in Switzerland in terms of number of inhabitants.

The City of Basel lies in the famous 'Dreiländereck', the triangle where three countries, Switzerland, Germany and France, meet. The city has its exceptional location to thank for its openness to the world, cultural diversity and strong competitive edge. Its bi-national EuroAirport can be reached within a short time, although it is on French soil. The Rhine ports are among the most important inland ports.



*The Basler Münster (Cathedral) is one of the most famous landmarks in Basel*

The City of Basel is very well known around the world because of its chemicals and pharmaceuticals industry, with companies like Novartis, Roche and Lonza. Companies like these, as well as those in the life sciences, attract international staff. The Basel exhibition centre is popular with exhibitors and visitors alike, because of the internationally renowned Art Basel and Baselworld fairs. The city has the largest density of museums in Switzerland, with around 40 museums. A few of these have an international profile, such as the Fondation Beyeler in Riehen or the Tinguely Museum in Basel (source: MySwitzerland.com).



Freie Strasse  
middle section

**Retail sector**

The city’s shopping focus is the old town of Gross- und Kleinbasel, in which a wide range of shopping facilities offered by regional, national and international brands can be found. ‘Shopping tourism’ has an impact on Basel's retail sector. Germany and France have their borders right close to Basel, which regularly brings shoppers from Basel across to France or Germany where the same products are available for lower Euro prices. For the first time in more than 50 years, a tram began running from Basel direct to Weil am Rhein in Germany in December 2014.

**Changes**

Car-free high street Freie Strasse is Basel’s most important shopping mile. Among other things, it links the two important squares Barfüsserplatz and Marktplatz. Changes in consumer sentiment are even leaving their mark on this prime high streets. Well-known companies steeped in tradition like Musik Hug, Mode Kohler or sports store Kost have all closed their doors in recent years. This radical change in the retail trade provides others with new opportunities.

**BASEL KEY FACTS**

City	Canton / Region
<b>Population 31.12.2017</b>	
<b>171,513</b>	<b>193,908</b>

Source: FSO 2018

**Purchase power index**

**103.8\***

Source: GfK, 2018 / \*national average = 100

**Unemployment rate September 2018**

**3.2%**                      **3.2%**

Source: SECO 2018

**Overnight stays in tourist accommodation in 2017**

**Tourism Region Basel**

**1.3m**                      **1.6m**


Source: STF Schweizer Tourismus-Verband 2018



"As a shopping city, Basel has suffered greatly in recent years from shopping tourism to Germany and France. Now, however, after rents have fallen significantly, it is clear that the crisis has brought new concepts into the city centre that have revitalised the city. "

**Patricia Kunz,**  
Senior Consultant, Retail Agency CBRE

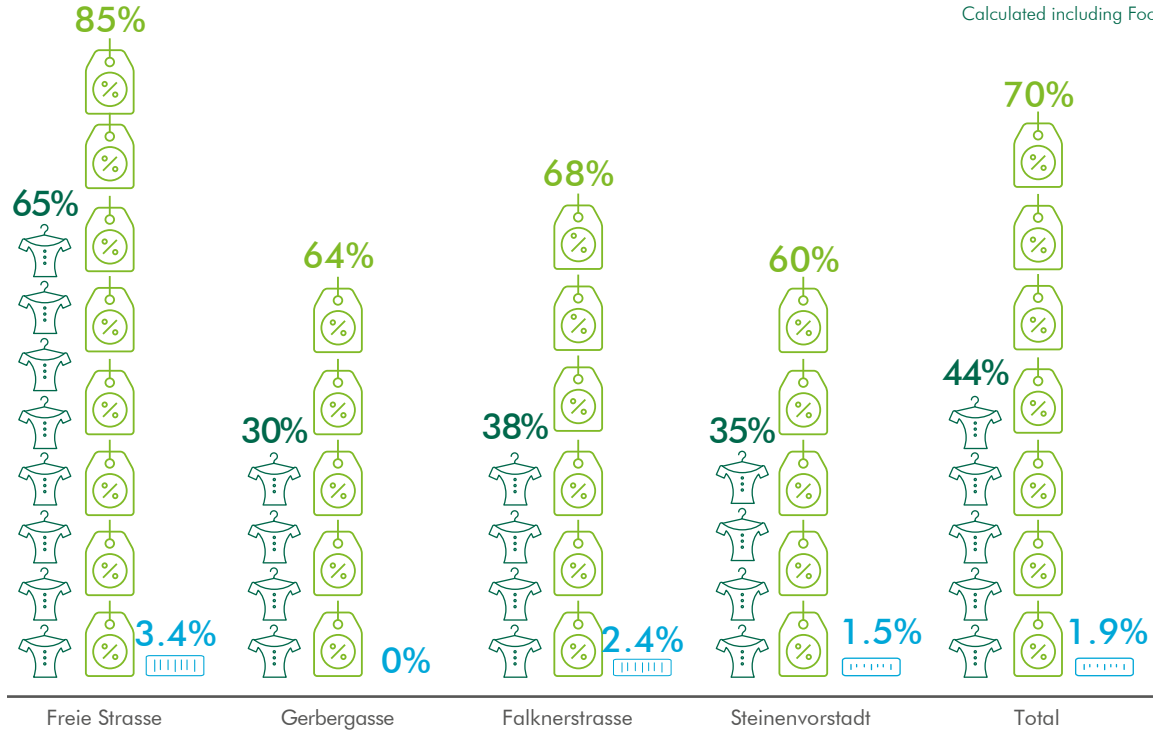
Overview High Streets Basel

 Internationalisation  
(occupier have stores in >1 country)

 Chain store ratio (>1 store)

 Vacancy

Calculated including Food & Beverage units



The traditional Schwarz Modes at 23 Spalenberg in the Old Town of Basel recently celebrated its 100-year anniversary





# FREIE STRASSE

Freie Strasse is the best-known high street in Basel. Customers can find higher price bracket stores between the Pfauen department store at 75 Freie Strasse and the southern end of the street. The London shoe label Dune opened its first Basel site at 81 Freie Strasse in 2016, right next door to Swiss lingerie label Zimmerli. Customers who prefer trendy labels will not miss out with COS or Zadig & Voltaire. Big-name designers like Hermes, Louis Vuitton and

Max Mara are also on this street, along with Repeat and Bally. In spring 2015, Michael Kors took the retail space formerly occupied by Mode Kohler at 84 Freie Strasse, but the American fashion label left Basel after a short time already in 2018. Their shop in turn was taken over by Boggi Milano. One of the F&B brands that moved into upper Freie Strasse is Danish juice company Joe & The Juice, which is delighting its customers at 93 Freie Strasse.

Upper Freie Strasse achieves top rents in the City of Basel retail sector, at approx. CHF 3,500 per sq m per year. The part of the street from Barfüsserplatz in the direction of Marktplatz records the largest visitor traffic in the entire street, and therefore in the whole city too. In recent years, Massimo Dutti and Zara Home, which both belong to the Inditex Group, have been among those to open their first Basel branches in this area. Dutch cosmetics company Rituals opened its doors in 2017 in the former Naf Naf premises. The label Tezenis, belonging to the Calzedonia Group, is equally new to its Freie Strasse home. Bayard Co. Ltd. had already taken over part of the main post office in 2015 and opened a Gerry Weber store. Likewise in 2015, the Benetton brand left its site at 59 Freie Strasse. This retail space was taken over by Spanish fashion company Mango. Cosmetics company Yves Rocher moved from Gerbergasse to Freie Strasse in Q1 2018. Stationary book retailer Orell Füssli, renowned throughout Switzerland, had recorded declining sales for many years. It decided to downsize to a smaller branch, moving at the start of 2018 from 32 Freie Strasse to 17 Freie Strasse.



Freie Strasse

## FREIE STRASSE KEY FACTS

### Positioning

The most important shopping street in Basel is in the lower section primarily home to mass market retailers. The luxury labels are located in the upper part of the street. The section between Barfüsserplatz and Marktplatz has the highest footfall in Basel.

### Customer

A mix of locals, day tourists from Germany and France as well as cultural tourists from all over the world use the traffic-calmed Freie Strasse for an extensive shopping spree.

### Anchor Tenants

Coop Pfauen, Zara, H&M, COS, Orell Füssli, Bayard & Co., Ochsner Sport, PKZ, Globus, Max Mara, Longchamp, Louis Vuitton, Hermes, Bally

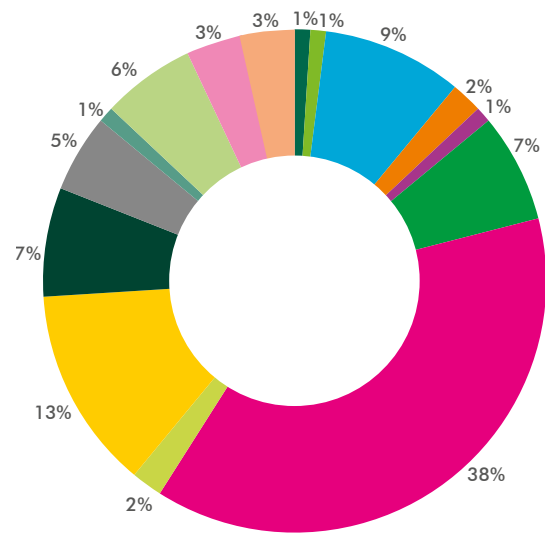
### New Entrants

Yves Rocher, Tezenis, Rituals, Zara Home, Dune London, COS, Boggi Milano, Joe & The Juice

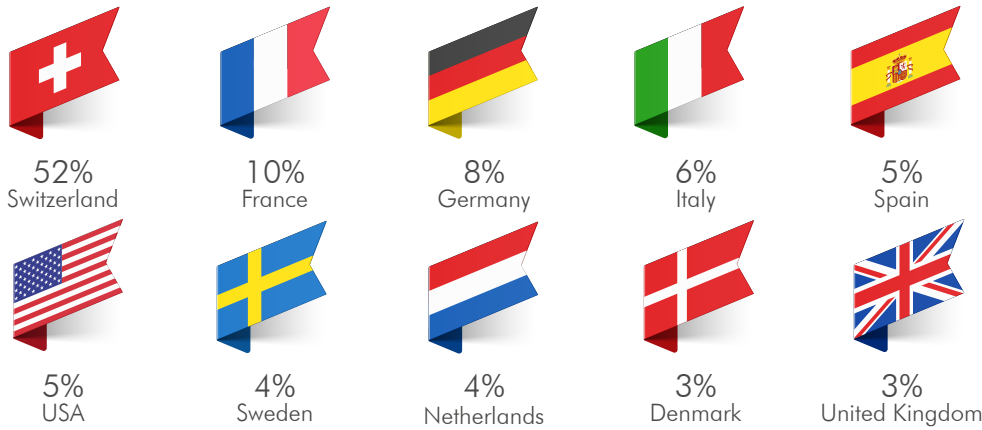
Street length (in m)	Number of stores	Chain store ratio	Internationalisation ratio
510	88	85%	65%
<b>Prime rents</b> (in CHF/sq m/year)	<b>Letting activity</b> last 12 months	<b>Trend</b>	
3,500	high	→	

Freie Strasse Retail Mix (sector)

- Accessories
- Art & Antiques
- Beauty / Health / Fitness
- Books / Toys / Office / Music
- Department store
- Electronics / Foto / Optik
- Fashion
- Food / Fine Food
- Jewellery / Watches
- Leatherwear / Footwear
- Living / Home Accessories
- Other
- Restaurant / Café
- Services / Bank
- Sportswear
- Vacant



Origin of retailers



Luxury brands on the upper Freie Strasse

## OTHER HIGH STREETS

### BARFÜSSERPLATZ

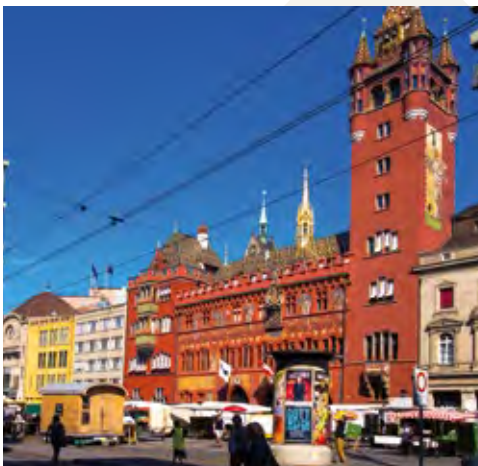
Barfässerplatz is one of the most popular squares in Basel. For around eight decades, Grand Café Huguenin has been a meeting place for young and old alike. Directly opposite is the building in which Charles Vögele served his customers many decades and where OVS opened its doors for a short time, although they are already shut again now.



Barfässerplatz  
with the vacant  
OVS store

### FROM MARKTPLATZ TO THE RIVER RHINE

Marktplatz is dominated by the red sandstone Rathaus (town hall). There are inviting restaurants around the square for a coffee or something to eat. In spring 2018, telecommunications provider Swisscom opened the first House of Swisscom. Through its new store concept, the store became an experience. It is not intended that customers just come to test, purchase and repair their devices, but also that they discuss things and linger over a drink or something to eat. Reaching the end of Marktplatz, the people of Basel who enjoy shopping stroll into the Globus department store or down the short Eisengasse past Bongénie Grieder and the Franz Carl Weber toy store and on to the River Rhine.



Marktplatz and  
town hall



Gerbergasse

### GERBERGASSE

The mostly pedestrianised Gerbergasse captivates passers-by because of its culinary and varied shopping facilities. In the upper third of Gerbergasse are small stores and many restaurants and cafes. The pedestrian zone enables restaurants to set up tables outside in fine weather. After a long shopping trip, visitors like to relax, in the Manger & Boire restaurant, a coffee shop, or at one of the many other places to eat. In recent years, new concepts have also moved into Gerbergasse. In December 2016, Maison Oris opened its first Basel branch on Barfässerplatz. At the other end of Gerbergasse, Danish company Flying Tigers opened its doors in March 2017 in the former premises of shoe store Deiss.

For lovers of sweet things, Gerbergasse is always worth a visit. The world-famous Basel Lækkerli spiced biscuits have obtained their own store with their Basel Lækkerli Huus. The Basel Confiserie Brändli tempts its customers with the finest handmade chocolates and almost 80 years of tradition. The Confiserie is new to 59 Gerbergasse and will run a cafe. In an unusual twist, their retail space is shared with fashion and furniture store Fabiola Mode & Möbel. This collaboration shows that many retailers are aware of new consumer needs and are entering into various collaborations so they can offer customers new shopping experiences.

### FALKNERSTRASSE

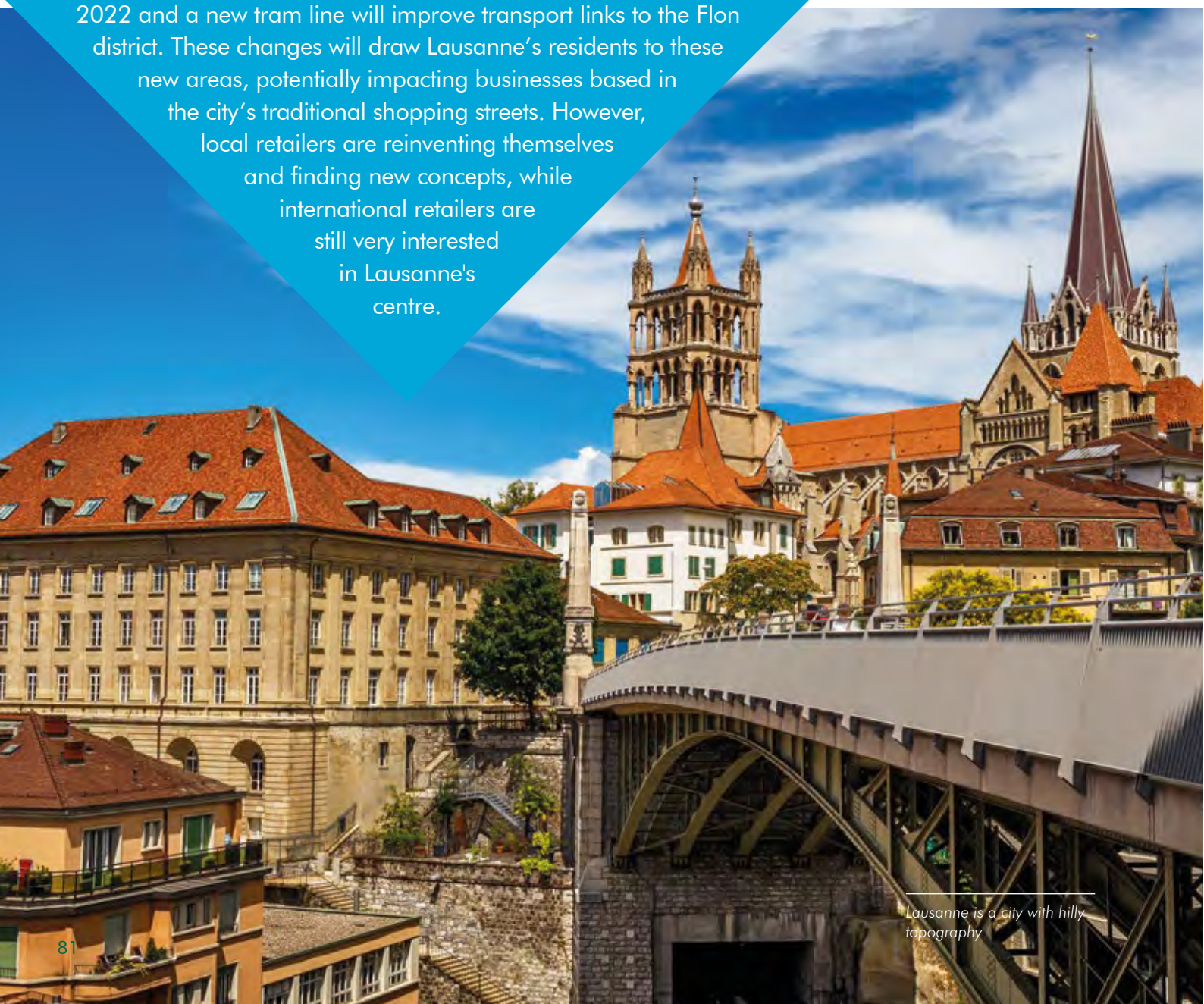
Falknerstrasse is also an important shopping street in Basel. Various tram lines run from Barfässerplatz to Marktplatz via Falknerstrasse. Young streetwear companies like Seven Sneaker Store or zooloose have recently opened their stores. Leading retailers like PKZ or the skateboard and snowboard store doodah also operate their Basel branches here.



# LAUSANNE

The city is known for its steep hills that are home to the majority of its stores, which sometimes makes it difficult for locals to reach them or for tourists to find them. However, new shopping districts like the Flon and Tour de Bel-Air have been built on flat land, making it easier for shoppers to wander around. Rue des Terreaux will be pedestrianised between 2021-2022 and a new tram line will improve transport links to the Flon district. These changes will draw Lausanne's residents to these new areas, potentially impacting businesses based in the city's traditional shopping streets. However, local retailers are reinventing themselves and finding new concepts, while international retailers are still very interested in Lausanne's centre.

Lausanne, Switzerland's fourth biggest city, is the capital of the Canton of Vaud. It is the second largest city in the country's French-speaking region, with a population of 403,110 in the greater Lausanne area. Known as the "Olympic Capital" due to the fact that the International Olympic Committee and 55 sports federations all have their headquarters here, it is also a major student destination thanks to its many renowned universities. Compared to Geneva, Lausanne has a higher density of shopping streets.



*Lausanne is a city with hilly topography*

**Tourism in Lausanne**

With 1.23 million overnight stays recorded between November 2017 and April 2018, winter figures for Vaud’s hoteliers have risen for the third consecutive year. Compared to the previous winter, overnight stays in Vaud rose by 1.7% in 2018. At regional level, the Vaud Alps and Lausanne were the key beneficiaries of this rise in visitor numbers. More Swiss tourists stayed in the canton during the winter of 2018 (+2.5%; + 15,000 overnight stays), as did foreign guests (+0.9% +6,000). Among the foreign visitors, it was mainly non-European tourists who contributed to the rise in overnight stays, in particular those from the Gulf States and China. By contrast, the number of visitors from the Eurozone fell last winter (-1.4%; -5,000 overnight stays). However, Europeans remain the majority of foreign tourists. Compared with the previous winter, the share of Swiss overnight stays remained stable, amounting to 47% of total visits.

Source: Lausanne Cantonal Statistics Office, January 2018 and Canton of Vaud, December 2017

**Lausanne’s retail market**

Lausanne has had a difficult year with the closure of a number of stores in the city centre, for example Confo Deco (Place Saint-François), which was one of the last large furniture stores in the city, and the Escape Shop store, which had been in Rue Pépinet for 15 years. Competition from online shopping and the decline in interest in winter sports among young people resulted in the closure of this iconic independent snowboard shop in Lausanne.

However, the closure of a number of these shops has allowed other brands to set up in their stead (see "New arrivals" info box on this page).

For example Stefanel, open for 20 years in Rue Centrale, has closed and been replaced with a children's clothing store. The vinyl store Foetisch (Rue de Bourg), known for giving great musical advice, has been replaced by Pandora (jewellery).

**Retail Rents**

While annual rents for premium units in Rue de Bourg can be as much as CHF 2,500/sq m, the rest of Lausanne is more affordable, with annual rents ranging from CHF 500 to CHF 1,500 depending on the location and nature of the unit.

**LAUSANNE KEY FACTS**

City	Canton / Region
<b>Population 31.12.2017</b>	
<b>1 388,905</b>	<b>793,129</b>

Source: FSO 2018

**Purchase power index**

**98.6\***

Source: GfK, 2018 / \*national average = 100

**Unemployment rate August 2018**

**5.0%**                      **3.6%**

Source: City of Lausanne, SECO 2018

**Overnight stays in tourist accommodation in 2017**

**922,000**

**Tourism Region Lake Geneva / Vaud**

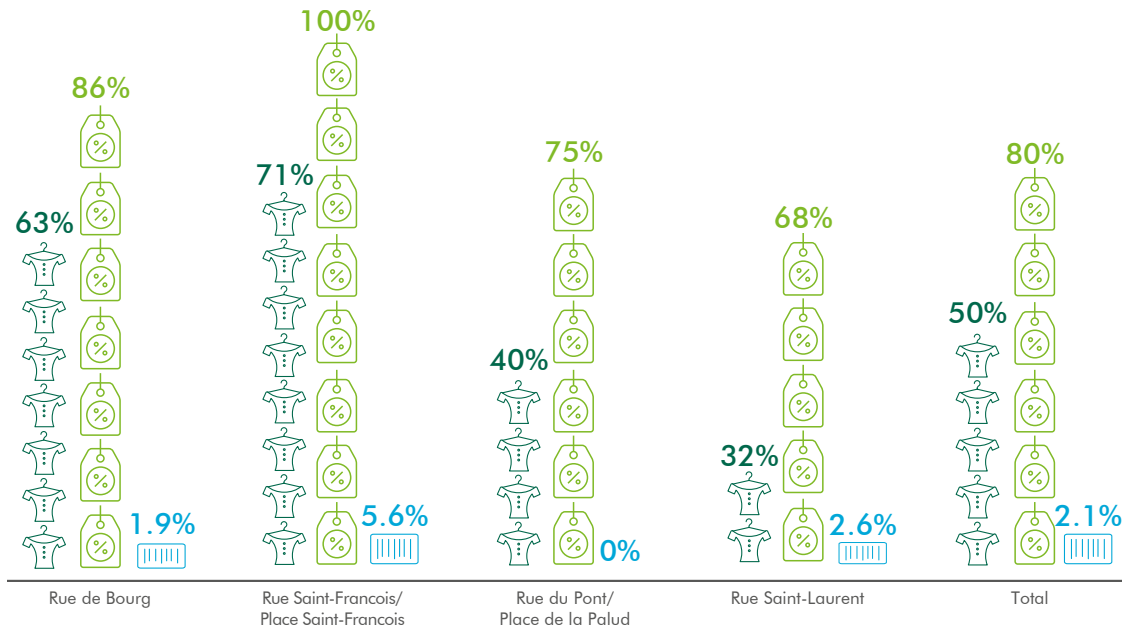
**2.9m**

Source: STF Schweizer Tourismus-Verband 2018

**New arrivals**

- KFC to be opened soon at the entrance of the Flon. It will be KFC’s largest restaurant in Switzerland.
- Tesla: The American electric car manufacturer has chosen to open retail stores in city centre locations. Tesla is currently in a pop-up shop on Rue de Genève but will soon move to the heart of the Flon with a prominent new store.
- COS: The famous more upscale H&M brand has chosen a 630 sq m location on the classic Rue de Bourg.
- Blue Tomato, an online snowboard, freeski, surf and skate store will open in Rue Saint-Laurent.
- VIU Eyewear will open in Rue du Pont.
- Alja, a specialist haberdashery brand, is opening in Rue St-Laurent.
- Flying Tiger, the low-cost Danish accessories chain, has chosen Lausanne and the Tour Bel-Air for its first store in French-speaking Switzerland.
- Intimissimi opened in Rue St-François.
- Extension of the jewellery shop À l’Émeraude in Place Saint-François. The multi-brand retailer from Lausanne, owned by the Cremers family, has increased its sales area from 60 to 260 sq m and is partnering with Rolex, the world’s leading watch brand.
- Pandora opened at Rue de Bourg
- Babycoeur opened at Rue Centrale

Overview High Streets Lausanne



Internationalisation (occupier have stores in >1 country)

Chain store ratio (>1 store)

Vacancy

Calculated including Food & Beverage units

RUE DE BOURG KEY FACTS

Positioning

In the past, rue de Bourg was more oriented towards luxury stores and positioned itself as the most upscale shopping street in Lausanne. There are still some brands that bear witness to this past, such as Hermes, Bucherer, Louis Vuitton and Bon Génie. Nowadays, consumer brands are replacing some luxury brands. The majority of the stores are oriented towards textiles and accessories.

Customer

diverse mix of locals and tourists

Anchor Tenants

COS, Drake Store, Louis Vuitton and brands from SMCP (Sandro, Maje)

New Entrants

Pandora

Street length (in m)	Number of stores	Chain store ratio	Internationalisation ratio
220	52	86%	63%

Prime rents  
(in CHF/sq m/year)

2,500

Letting activity  
last 12 months

low

Trend







"Lausanne is increasingly popular with international retailers. The city has a large catchment area, a beautiful old town with many shops, and trendy districts such as Le Flon."

Vincent Leroux,  
Head of CBRE Lausanne



Rue de Bourg



Place Saint-François



Rue Saint-François



Rue du Pont



Rue Saint-Laurent





# LAUSANNE'S HIGH STREETS

## RUE DE BOURG

The oldest and best known of Lausanne's shopping streets is Rue de Bourg, which is home to several prestigious luxury brands, including Louis Vuitton, Hermes and Bongénie, as well as more mass-market retailers, such as Mango and Massimo Dutti. There are also niche stores, such as the local chocolatier Blondel, which is famous for its delicacies. The Swedish brand Cos is the latest to arrive. Rue de Bourg is still Lausanne's most premium/luxury shopping street, although some less upmarket brands have also moved in in recent years.

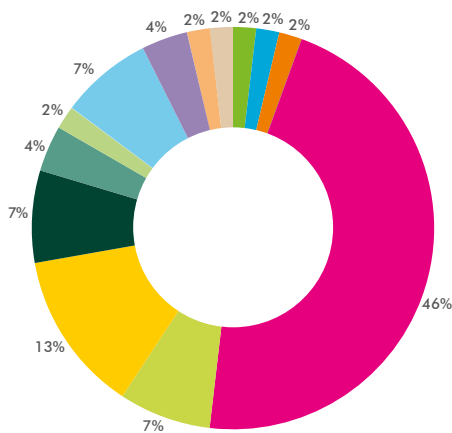
## RUE SAINT-FRANÇOIS

A very busy street that links Place St-François and Rue Centrale. The stores – including Pull & Bear, Tezenis and C&A – benefit from this flow of people and are targeted at mainstream shoppers.

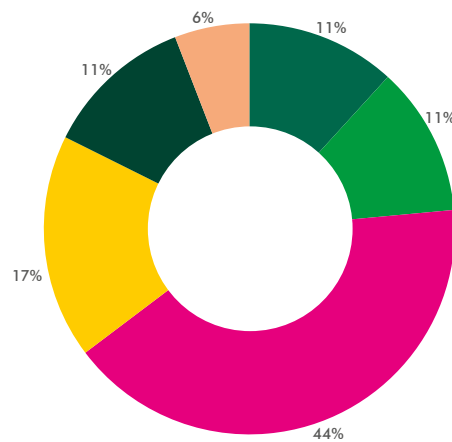
## PLACE SAINT-FRANÇOIS

This square has always focused on catering outlets with its cafés and restaurants, and on retail with Bally, Ausoni, Bongénie and jewellery stores.

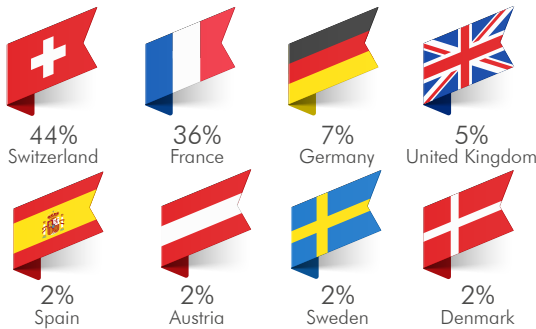
Rue de Bourg Retail Mix (sector)



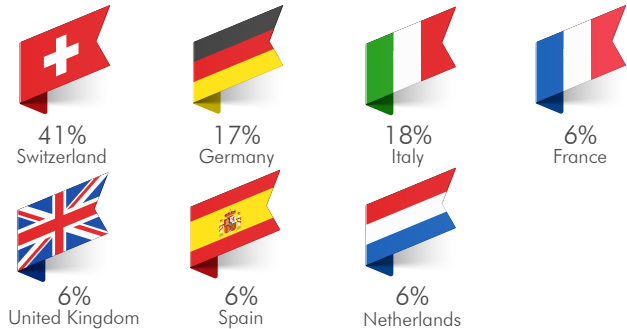
Rue Saint-Francois / Place Saint-Francois Retail Mix (sector)



Origin of retailers



Origin of retailers



- Accessories
- Beauty / Health / Fitness
- Books / Toys / Office / Music
- Fashion
- Art & Antiques
- Department store
- Electronics / Foto / Optik
- Food / Fine Food

## PLACE DE LA PALUD / RUE DU PONT

This section links Chauderon, Saint-François and Rue de Bourg. It is a busy street with powerful players such as H&M, Zara and Globus.

## RUE DE LA PAIX

A street that runs parallel with Rue de Bourg but is less busy.

## RUE DE L'ALE AND ST-LAURENT

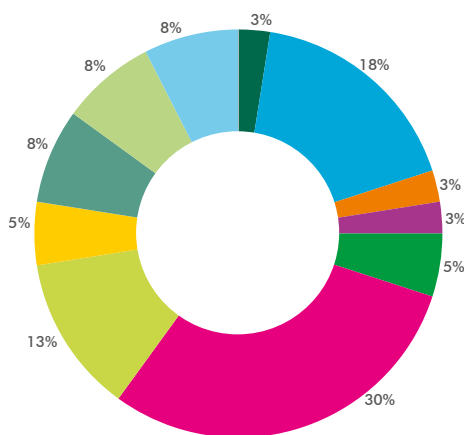
More focused on the mass market; some shops are closing, including Zebra, H&M and OVS.



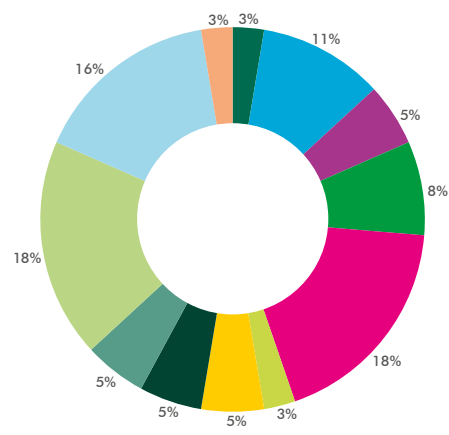
"With its hilly shopping streets in the historic old town, Lausanne offers a very special shopping experience that locals and tourists appreciate very much."

**Horace De Saint Pierre,**  
Associate Director, Retail Agency CBRE

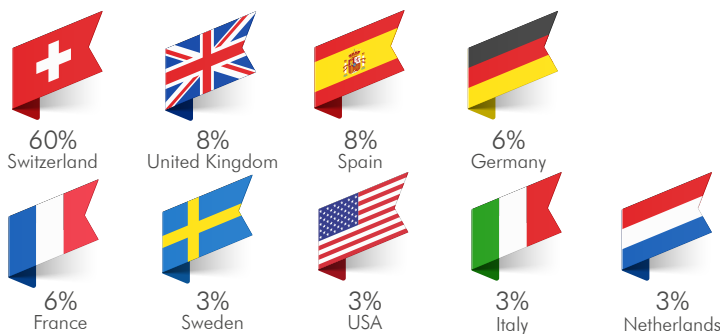
Place de la Palud / Rue du Pont Retail Mix (sector)



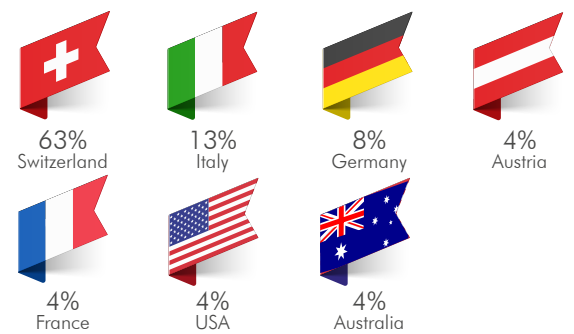
Rue Saint Laurent Retail Mix (sector)



Origin of retailers



Origin of retailers



- Jewellery / Watches
- Living / Home Accessories
- Restaurant / Café
- Under refurbishment
- Leatherwear / Footwear
- Other
- Services / Bank
- Vacant
- Under construction

# QUARTIER DU FLON

The Flon district is a privately owned 55'000 sqm district in the middle of Lausanne, very known for its entertainment and shopping offers. This lively and vibrant area has its own manager (see p.90)



Les Terrasses de l'Esplanade



Les Garages Ateliers, Boutiques et Galeries d'art

## FACTS AND FIGURES

### Landlord

Mobimo Group

### Surface area

55,000 sq m

### Retail/F&B/Leisure units

90

### Annual visitors

7.5 million

### Daily passenger traffic through nearby public transport hubs

80,000

### Services on offer

Hotel, co-working space (Gotham), crèche / nursery, car park, cinema, bowling, fitness, Ecole Club Migros.

## Interview on August 13, 2018 with Jan Tanner, Head of Real Estate Western Switzerland for Mobimo



Jan Tanner (50) Head of Real Estate Western Switzerland of the real estate company Mobimo and in charge of their Quartier's Management in Lausanne.

### What makes the Flon so special?

The Quartier du Flon is a private property of 55,000 sq m in the heart of Lausanne. Formerly an industrial warehouse district, it has evolved significantly since 1998 to become what it is today, a must-visit destination where people come together to enjoy the wide range of leisure activities on offer. The Flon has managed to hold on to its uniqueness; older buildings coexist harmoniously with more modern ones, and the long-standing artistic spirit of the place continues to bring a special atmosphere to the area.

### Are any new brands coming to the area? Do you have any new projects planned?

The area boasts a wide range of brands. As owners of an area right at the heart of the public transport network, we're lucky that we can adapt our offer to meet the changing needs of the public. Our food outlets, for example, target a wide range of people: from fast food to a Japanese restaurant, Italian food and a Turkish creperie. Les Garages – a group of small modular spaces recently set up in Rue de Côtes de Montbenon – are used by boutiques as well as art galleries and other innovative and different businesses. L'Esplanade – the large square in the centre of the area that has just been redesigned to offer both locals and visitors a quality public space – is home to the Tesla store that is just about to open. Also on L'Esplanade, the MAD Café is currently under construction, hot on the heels of MAD House, the brand's hotel, which was inaugurated in early summer on Place de l'Europe. The west of the Quartier is currently experiencing a period of great change and we're delighted with this new dynamic. Among other things, it will include the new Gotham co-working space, the construction of the future Hotel Moxo and the arrival of Lidl. The east is also undergoing a transformation: Migros is moving into the basement of the Les Mercier building with its new "Daily" concept, which will directly be accessible from Place de l'Europe. This will also allow Let's Go to set up an ambitious new fitness project, with a direct entrance from Place Les Mercier, to better meet the needs of its customers.

### What makes the Flon so successful?

The success of the Quartier du Flon is based first and foremost on its history, traces of which are very much still present in terms of its morphology, architecture and unique atmosphere. The exceptional location of this pedestrian zone right in the middle of Lausanne is also one of the important building blocks of its success. But there's no doubt that the success of our area is derived above all from its wide variety of commercial, catering, cultural and leisure resources. We're very lucky that we've been able to preserve arts and craft activities, schools of art and music, a concert hall, a cinema, a bowling alley and nightlife venues alongside shops, banks, fitness options, an emergency centre, administrative buildings, offices and housing, etc.



Nightlife Flon district

# BERN

The City of Bern lies in the heart of Switzerland on a loop of the River Aare and, with its 134,000 inhabitants, is the fifth-largest city in Switzerland.

With its landmass of 5,959 km<sup>2</sup> and population of approx. 1 Million, that makes Bern the second largest canton in Switzerland on both accounts. Located at the intersection of two cultures, the Canton of Bern acts as a real bridge between the German and French-speaking parts of the country. This is one of the reasons why the City of Bern, as the federal capital, is also the country's political centre.





**Bern's old town with its arcades...**

The origins of the City of Bern go back to the 12th century and its old town is a UNESCO world heritage site. The arcades in the old town of Bern, called Lauben, extend more than six kilometres. Bern therefore possesses one of the longest covered shopping promenades in Europe, providing a special sort of shopping experience.



*Under the arcades at Spitalgasse*

**... and vaulted cellars**

Bern's cellar shops are another characteristic of the shopping experience. In the Middle Ages, a storage cellar was built under every house with access from the street. Steep stone steps leading into the spacious vaulted cellars are hidden under the massive cellar doors. Today, these cellars serve not only as shop premises for fashion boutiques, art galleries or wine merchants, but also as theatres, jazz clubs, bars or nightclubs.



*Perfume fragrance upstairs, flower scent downstairs*



*Parisian chic upstairs, Weed shop downstairs. Only possible in Bern*



*Jewellery on the ground floor, hair cutting in the cellar*

**BERN KEY FACTS**

City	Canton / Region
<b>Population 31.12.2017</b>	
133,798	1.03m
Source: FSO 2018	
<b>Purchase power index</b>	
	92.1*
Source: GfK, 2018 / *national average = 100	
<b>Unemployment rate September 2018</b>	
2.5%	1.7%
Source: Canton Bern, SECO 2018	
<b>Overnight stays in tourist accommodation in 2017</b>	<b>Tourism Region Bern</b>
754,000	5.1m
Source: STF Schweizer Tourismus-Verband 2018	

**... requires some store layout compromises**

This architectural basic structure of many of the houses in the old town along the important shopping streets makes it very difficult for international retailers to implement their standard store layout. If they want to open a store in the old town, they usually have to make big compromises in this respect. In return, they get a place in a beautiful shopping city with many international tourists and a large catchment area that is often underestimated.

### Record number of overnight hotel stays in the City of Bern in 2017

According to accommodation statistics published by the Federal Statistical Office, the City of Bern recorded an increase in hotel overnight stays of 5.1% (+3.1% from within Switzerland, +7.0% from abroad). The annual total number of overnight hotel stays reached new heights with approx. 754,000.

Visitors from Germany top the rankings of visitors from abroad, followed by those from the USA, China and the UK. In percentage terms, visitors from Taiwan (+32%) represented the greatest increase in 2017, followed by those from Japan (+30.8%), the USA (+24.4%) and South Korea (+13.8%).






"Bern's old town is a UNESCO World Heritage Site and, with 6 kilometres of arcades, the so-called Lauben, has one of the longest weather-protected shopping promenades in Europe."

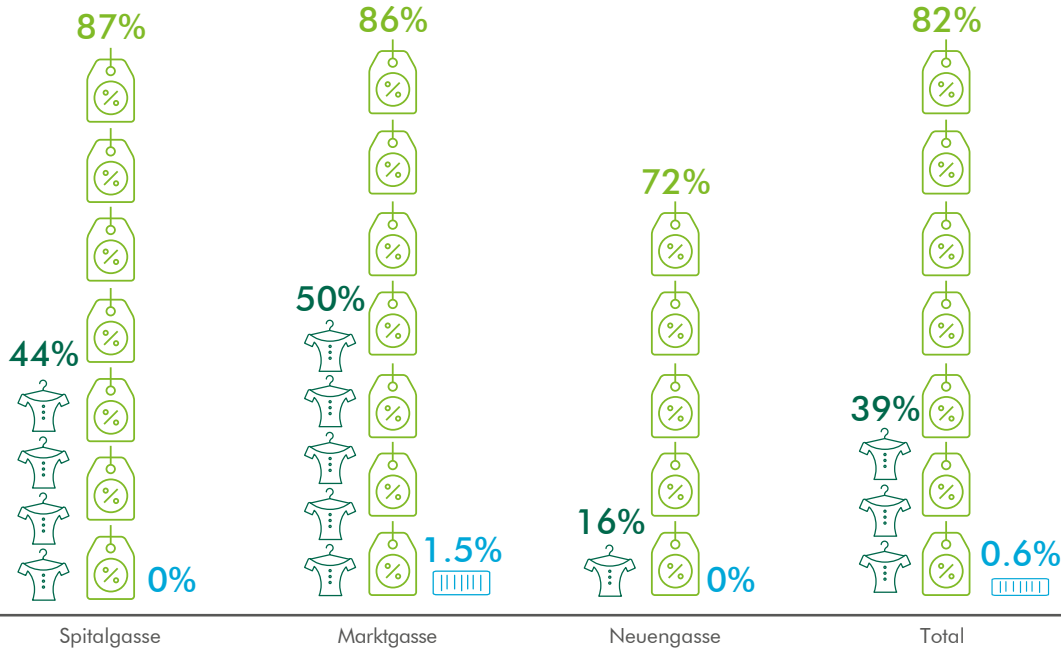
Patricia Kunz,  
Senior Consultant, Retail Agency CBRE



*The city of Bern is a tourist highlight in Switzerland and high up on the to-do list of international visitors*

Overview High Streets Bern

-  Internationalisation (occupier have stores in > 1 country)
  -  Chain store ratio (> 1 store)
  -  Vacancy
- Calculated including Food & Beverage units



SPITALGASSE - MARKTGASSE KEY FACTS

Positioning

Spitalgasse: The most frequented shopping street in Bern is dominated by national and international retailers and jewellers. However, one of the most important stores is still local, the traditional department store Loeb. At "Loebegge", the city has the highest footfall.

Marktgasse: The street shows the 2nd highest footfall after the Spitalgasse. Similar to Spitalgasse, Marktgasse has a high density of national and international retailers. As on Spitalgasse, there are exciting and partly local formats in the basements.

Customer

The two streets are popular with locals and tourists alike.

Anchor Tenants

Spitalgasse: Loeb, Globus, Coop, PKZ, H&M, Zara Home, Drogerie Müller, Douglas, Diesel, Gerry Weber, Calzedonia, Falconeri, Juwelier Kurz,

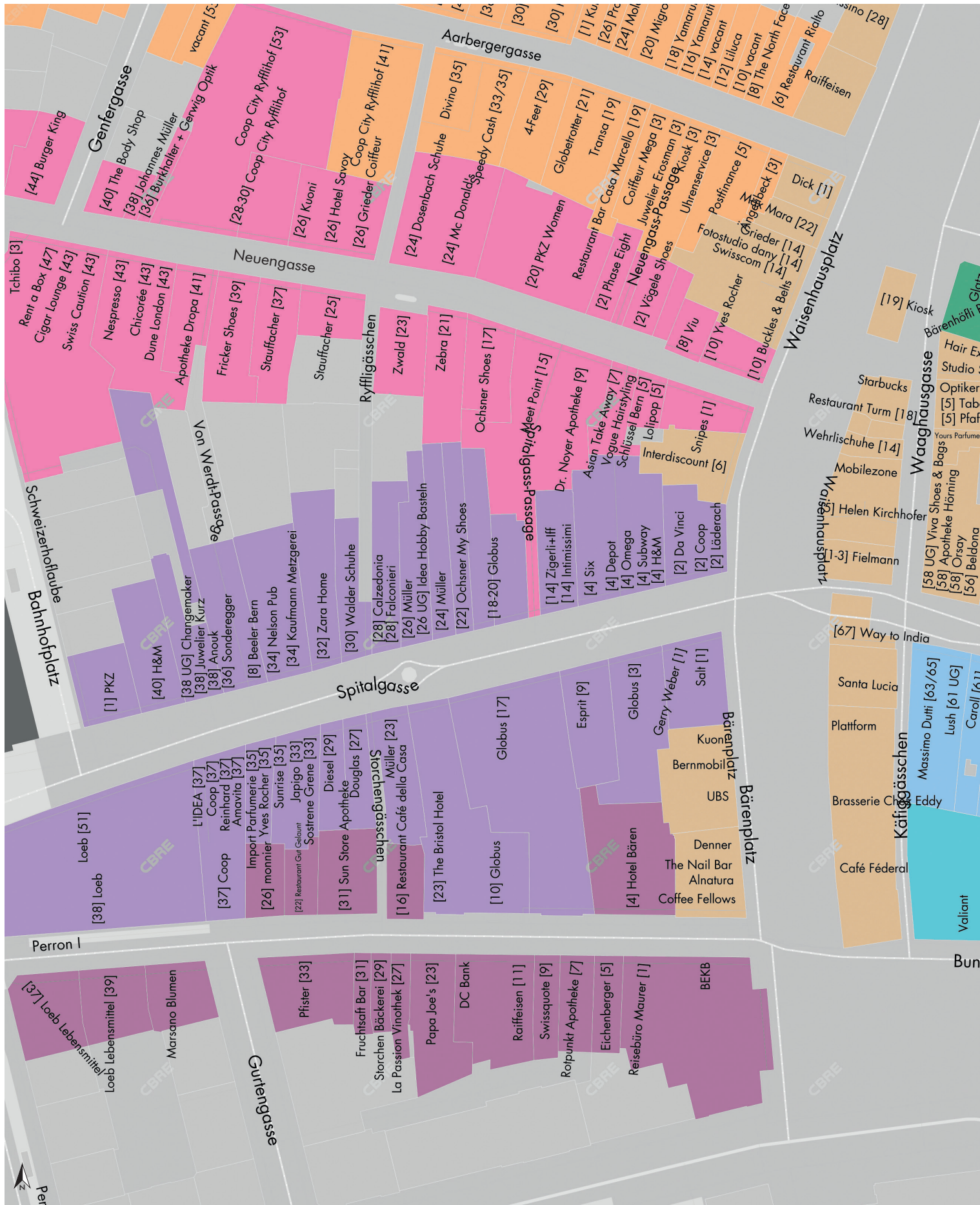
Marktgasse: Ciolina, Bijoux le Boutiques, Mode Bayard & Co., Navyboot, Blue Tomato, Massimo Dutti, C&A, Dosenbach, Franz Carl Weber, Migros, Coop City, Adriano's Bar & Café

New Entrants

Spitalgasse: Falconeri, Zara Home, Drogerie Müller, Søstrene Grene

Marktgasse: Blue Tomato

Street length (in m)	Number of stores	Chain store ratio	Internationalisation ratio
515	113	86%	48%
Prime rents (in CHF/sq m/year)	Letting activity last 12 months	Trend	
2,500	moderate	→	





# BERN'S HIGH STREETS

The most important high streets in the City of Bern are Spitalgasse, Marktgasse and Neuengasse, along with Waisenhausplatz and Bärenplatz, and the upper part of Kramgasse with Theaterplatz, Casinoplatz and Kornhausplatz. For the retail trade, this area has the largest visitor traffic and the biggest sales potential.

## SPITALGASSE

PKZ, Globus and the department store Loeb are in Spitalgasse. The covered corner entrance ('Loebegge') outside Loeb directly opposite the station exit from the Christoffel pedestrian subway is the most popular meeting place in the City of Bern. At 28 Spitalgasse, the Falconeri label from the Calzedonia Group welcomed its first customers in Switzerland at the start of May 2017. Falconeri took over premises there which were once occupied by the traditional store Krompholz, then Orell Füssli and finally Companys. Another newcomer at 32 Spitalgasse is furnishings concept store Zara Home, part of the Inditex textile group. Zara Home officially opened another branch in Bern last year after Pasito-Fricker had to surrender that site after 13 years. Its Bern branch follows on from others in Geneva, Zurich and Basel. Last year, the Müller Drogerie chemist's shop moved into what was formerly the Charles Vögele store at 23 Spitalgasse, just on the other side of the road from its existing store. Since the start of 2018, lovers of Scandinavian interior design can shop at Sostrene Grene in the former Yendi branch at 33 Spitalgasse.

## MARKTGASSE

Between Spitalgasse and Marktgasse lies the city gate and Käfigturm tower, part of the old city fortifications. Over the centuries, the building served various purposes ranging from a defensive tower to a prison through to housing the national archives. Today, various exhibitions and events take place in the Käfigturm. At 63-65 Marktgasse, right next to the Käfigturm, textiles group Inditex entered the market in Bern's old town for the first time in 2015 with its brand Massimo Dutti, after an intensive period renovating the premises of Bern's cult pizzeria La Vigna. Next door at 61 Marktgasse, the label Caroll opened in the following year with its latest store concept which is currently being rolled out in other European countries. Another branch of boardsport and lifestyle specialist Blue Tomato has opened at 55 Marktgasse in the former S. Oliver store in autumn 2017.

### Kaiserhaus renovation

The Kaiserhaus, which belongs to the Swiss National Bank, has been renovated since the end of 2017. The re-opening is planned for 2021 with the commercial areas intended to be used in the art and architecture segments, supplemented by a range of restaurants and retail offerings.

### Migros renovation

Migros Aare is also planning a complete renovation of its branch in Marktgasse in Bern's old town. In future, it is intended to serve as a shopping experience and meeting place, inviting visitors to linger over the services, restaurants and cafes it offers. Renovation work is set to start in Q1 2020.

## NEUENGASSE

From the station you use the Neuengasse pedestrian subway to reach Neuengasse. Neuengasse runs parallel to Spitalgasse and extends as far as Waisenhausplatz. About half-way along this street, Neuengasse crosses Ryffligässchen, a little lane linking Spitalgasse to Neuengasse and Aarberggasse which is much loved by pedestrians as a short cut. Ryfflihof department store (26-28 Neuengasse) was built in 1928 and was one of the first large department stores in the City of Bern. Neuengasse is primarily popular with shoe retailers, which is confirmed by the recent arrival of branches of the shoe labels Snipes and Dune London. Retailers from other sectors have also sought out Neuengasse though. Swiss eyewear label VIU from Zurich opened its second branch in the City of Bern last year at 8 Neuengasse, for example.

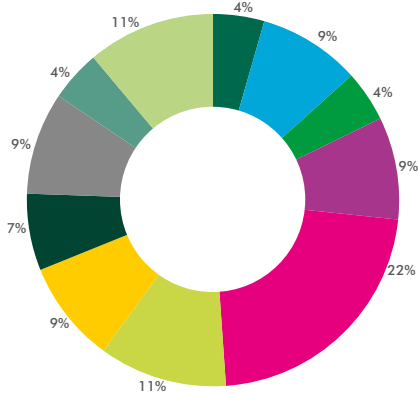


Marktgasse

## WAISENHAUSPLATZ AND BÄRENPLATZ

There are numerous restaurants and cafes on Waisenhausplatz and Bärenplatz. These squares are regularly used for fresh produce markets and for various seasonal occasions, such as Christmas- and handicraft markets. Various opticians, as well as labels such as Max Mara and fashion house Bongénie Grieder, are represented on Waisenhausplatz.

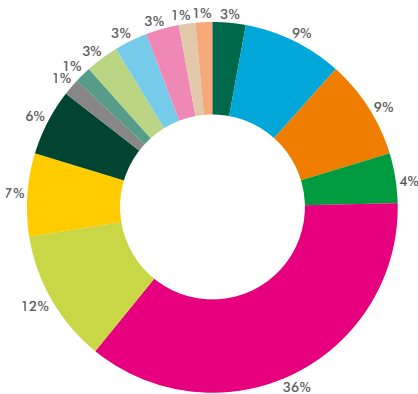
Spitalgasse Retail Mix (sector)



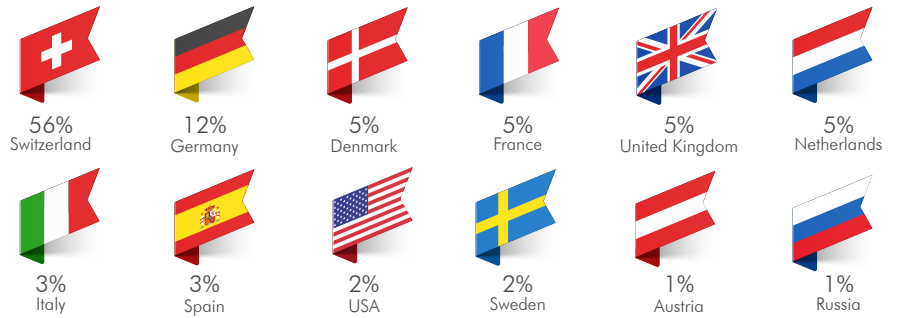
Origin of retailers



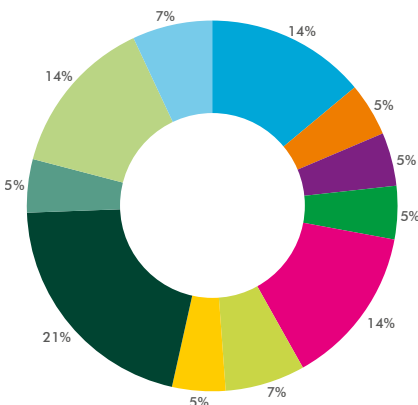
Marktgasse Retail Mix (sector)



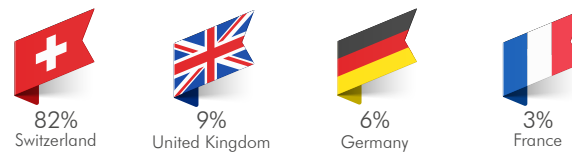
Origin of retailers



Neuengasse Retail Mix (sector)



Origin of retailers



- Accessories
- Fashion
- Other
- Beauty / Health / Fitness
- Food / Fine Food
- Restaurant / Café
- Books / Toys / Office / Music
- Jewellery / Watches
- Services / Bank
- Electronics / Foto / Optik
- Leatherwear / Footwear
- Sportswear
- Department store
- Living / Home Accessories
- Under construction
- Vacant

## LUXURY IN BERN –

upper part of Kramgasse with Theaterplatz, Casinoplatz and Kornhausplatz

Bern does not have a real luxury area in the city like Upper Bahnhofstrasse in Zurich, Grendelstrasse in Lucerne or the Rue du Rhône in Geneva. Luxury labels, such as in Ciolina and Bongénie Grieder are sold in various stores in Spitalgasse and Marktgasse or on Waisenhausplatz. The best-known watch and jewellery stores can be found in those city streets. The label Hermes is represented on Theaterplatz right next to the Hotel Bellevue Palace, which is sought after as a guesthouse by the Swiss government. Probably the oldest and best-known menswear store, Fueter also has its

site on Theaterplatz. The Zytgloggeturm clock tower can be found between Theaterplatz and Kramgasse. With its astronomical clock and world-famous moving figures, it is one of the oldest tower clocks in Switzerland and a sight that tourists are keen to find. As a result, numerous souvenir and clock stores can be found in Upper Kramgasse, but also labels like Bally and Lacoste. Kornhausplatz primarily consists of a range of eating places, the biggest highlight being Restaurant Kornhauskeller which is housed in the former granary of the City of Bern.



Bucherer jewellery  
at Marktgasse 2



# PROJECTS IN BERN

## Redevelopment and extension of the main station

Bern station has 270,000 passengers daily, making it the second-largest station in Switzerland after Zurich's main station. The number of passengers is expected to rise to 375,000 per day by 2030. To cope with this increase, the green light was given for station redevelopment work last year, which has already been 10 years in the planning.



Main station Bern

Only time will tell how the flow of passengers will be distributed to stores in and around the station and how retail sales will finally be influenced by the renovation. Until now, Bern station has the highest average sales revenue per square meter of all Swiss stations at approx. CHF 30,000.

## Controversial Markthalle

Much has happened since the closure of the lively covered market – with its restaurants, cafes and local gourmet stores that once operated on Bern's Bubenbergplatz – and the opening of the Media Markt store: from the protests against Media Markt moving in and the announcement of the possible closure of their branch because of changes in consumer sentiment in the electronics sector through to efforts by Migros to restore the covered market. For various reasons, no consensus between the parties involved has yet been found as we write, which is why the return of the covered market in Bern in the near future continues to remain uncertain.



Markthalle

## The opening of Welle7

Since the summer of 2016, the City of Bern has enjoyed a new and varied offering. Welle7, operated by Migros Aare, opened its doors in PostParc West to the south of the station exit, and offers a mix of restaurants, businesses, education and shopping over eight floors.



The shopping centre "Welle7" ist directly adjacent to the tracks of the mainstation

# LUCERNE

Pretty as a picture and nestled between Lake Lucerne and the mountains, Lucerne has around 80,000 inhabitants.

The change in the retail trade which can be felt throughout Switzerland is also being reflected in Lucerne. As a result, many traditional companies such as Pasito Fricker or Ex Libris gave up their sites in 2018. Brands in the shoe and book/electronics segment are particularly affected by the rapidly growing online trend. Even traditional fashion retailers like Globus have decided to slim down their market presence and reduce their range consisting of Herren Globus, Globus and Schild to one concept, Globus. Similarly, OVS closed its doors on Hertensteinstrasse, like those of its other 141 branches across Switzerland.

Nonetheless, Lucerne also continues to attract leading brands. Demand in the top luxury segment continues to be high, and tourism is playing a crucial role in this.

*View of the River Reuss and the Spreuerbrücke*

Lucerne is one of the most popular tourist attractions in Switzerland. The City of Lucerne was able to attract a record number of tourists in 2018, thanks in part to an excellent weather during the most important season for the city, which is summer. After difficult years in recent times, partly due to the terrorist attacks in Europe and more difficult visa conditions for the Chinese in 2016, the cafes in Lucerne's old town are now full again. Retailers also benefit from this, especially those able to take advantage of longer Sunday opening times, like souvenir stores and jewellers. According to Luzern Tourismus (Lucerne Tourism), Lucerne hotels have been operating at 90% capacity during the summer 2018 months. As a result, Tourism in the Vierwaldstättersee region is greatly dependent on tour groups. When you examine tourists' country of origin in more detail, it becomes clear that Lucerne is very popular with Asian visitors, and with Chinese tourists specifically.



Asian tourists in Lucerne

Asian tourists alone occupied approx. 905,000 hotel rooms in 2017, which represents about a quarter of all tourists to Central Switzerland. Of the visitors from Asian countries, approx. 50% came from China. However, tourists from other regions of the world are increasingly enjoying Central Switzerland too, and Lucerne in particular. According to Luzern Tourismus, Americans occupied around 10% of all hotel beds booked in 2017. Another reason for the increased number of tourists might certainly also be the newly built Bürgenstock Resort, which attracts many Arab visitors. Nevertheless, peak growth appears to have been achieved slowly. Lucerne tourism is reckoning on maximum growth of 1-2% otherwise capacities will be exhausted – which is not down to the tourists, but rather in the majority of cases down to unavailable hotel capacities.

## LUCERNE KEY FACTS

City	Canton / Region
<b>Population 31.12.2017</b>	
81,401	406,506
Source: FSO 2018	
<b>Purchase power index</b>	
	94.6*
Source: GfK, 2018 / *national average = 100	
<b>Unemployment rate September 2018</b>	
2.0%	1.6%
Source: Canton Lucerne, SECO 2018	
<b>Overnight stays in tourist accommodation in 2017</b>	<b>Tourism Region Lucerne</b>
1.3m	3.6m
Source: STF Schweizer Tourismus-Verband 2018	



A picture from summer 2018: The store at 2 Kramgasse of the fashion house Schild, which was founded in 1922 in Lucerne



View of Lucerne looking towards the famous Kappelbrücke, the old town and the Schwanenplatz





## GRENDELSTRASSE

Grendelstrasse continues to be the most important address in Lucerne for retailers in the top luxury segment. The demand for retail spaces is currently outstripping the supply, which can be seen around Schwanenplatz. For example, luxury brand Moncler took over the premises formerly occupied by fashion house Next By Kofler. By doing so, this Italian-owned brand is underlining its global expansion policy and, with its first store in Lucerne, is already opening its 9th store in Switzerland following successful store openings in Crans-sur-Sierre, Geneva, Gstaad, Lugano, St Moritz, Verbier, Zermatt and Zurich.

Ochsner Shoes will leave its site in the immediate vicinity at 19 Grendelstrasse as from October 2018, because the owners have not extended the tenancy contract. Souvenir store Casagrande will take over the retail space in November 2018 with a souvenir and watch and clock store. After many decades of renting premises on Falkenplatz, the lease of traditional store Falken Apotheke also failed to be extended. The reason for this is the sale of the property, which is linked to the amount of rent demanded by the new owner, a rent which Falken Apotheke was both unable and unwilling to manage. It may be assumed that the search for the next tenant is focussed on a tenant from the premium or luxury segment based on the proximity to Grendelstrasse.

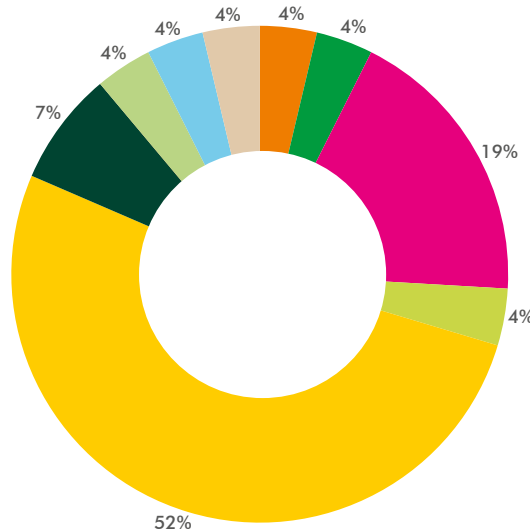


"Along with Bahnhofstrasse in Zurich and Rue du Rhône in Geneva, Grendel is one of the most important destinations for luxury brands in Switzerland. In the future, an increasing number of brands that are not jewellers or watchmakers will show interest in a location on the Grendel in order to benefit from the growing tourist numbers, especially from Asia. The arrival of Moncler is a good example of this."

**Bastian Caspers**  
Senior Consultant, Retail Agency CBRE

### Grendel Retail Mix (sector)

- Books / Toys / Office / Music
- Electronics / Foto / Optik
- Fashion
- Food / Fine Food
- Jewellery / Watches
- Leatherwear / Footwear
- Restaurant / Café
- Services / Bank
- Under construction



### Origin of retailers



88%  
Switzerland



4%  
Austria



4%  
China



4%  
Italy

## GRENDELSTRASSE KEY FACTS

### Positioning

Schwanenplatz / Grendel is dominated by Swiss luxury watch and jewellery brands and is the most luxurious shopping street in central Switzerland.

### Customer

Asian shoppers, predominantly Chinese taking advantage of the shopping opportunities for watches, fashion and souvenirs around Schwanenplatz.

### Anchor Tenants

Bucherer, Embassy, Patek Philippe, Gübelin, Omega, IWC, Tissot, Casagrande, Bally, Carl F. Bucherer, Chopard, Hublot

### New Entrants

Moncler

### Street length (in m)

160

### Number of stores

27

### Chain store ratio

89%

### Internationalisation ratio

77%

### Prime rents

(in CHF/sq m/year)

5,000

### Letting activity last 12 months

low

### Trend



Moncler –  
Opening soon

## WEGGISASSE

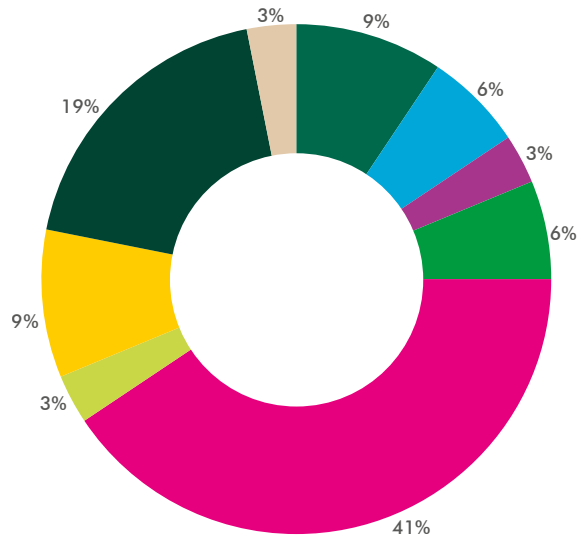
If you follow Grendel in the direction of the cafe Heini, you will find yourself on Falkenplatz right at the end of Hertensteinstrasse and the start of Weggisgasse. Together, they form a 550m shopping street with around 85 retail shops. Compared with Grendel, rents on Weggisgasse and Hertensteinstrasse are lower, enabling new tenants to also achieve the limit of CHF 3,000 sq m with very small retail spaces.

Weggisgasse is still the street with the most visitor traffic and the most popular too with Swiss and international retailers which are not from the luxury segment.

In autumn 2017 Hunkemöller has still not opened its store after a persistently long renovation phase in the retail space formerly occupied by fashion house Kofler. Originally arranged over several floors, the store is still only used as a retail space on the ground floor. That makes it the second store for Hunkemöller in Central Switzerland besides the one in the Mall of Switzerland. Other stores can be found in the Shopping Arena in St Gallen, in Shoppi Tivoli Spreitenbach, in the Métropole shopping centre in Lausanne and in the Landquart Outlet Centre.

The brand is continuing to expand after its successful entry into the Swiss market, and is planning approximately 50 store openings throughout Switzerland.

Weggisgasse Retail Mix (sector)



### Origin of retailers at Weggisgasse



32%  
Switzerland



16%  
Germany



13%  
USA



10%  
Italy



10%  
Netherlands



6%  
France



6%  
United Kingdom



3%  
Sweden



3%  
Denmark



## WEGGISGASSE / HIRSCHENPLATZ KEY FACTS

### Positioning

Together with Hertensteinstrasse, Weggisgasse is the street with the highest footfall holding a diverse mix of national and international Retail chains.

### Customer

Mix of local, young shoppers and tourists walking from the Schwanenplatz towards the Weinmarkt.

### Anchor Tenants

Manor, Benetton, Orsay, Tommy Hilfiger, PKZ Women, WE Fashion, Foot Locker, H&M, Monsoon Accessorize etc.

### New Entrants

Hunkemöller, day, upc cablecom

Street length (in m)	Number of stores	Chain store ratio	Internationalisation ratio
200	32	97%	77%

### Prime rents

(in CHF/sq m/year)

3,000

### Letting activity

last 12 months

moderate

### Trend



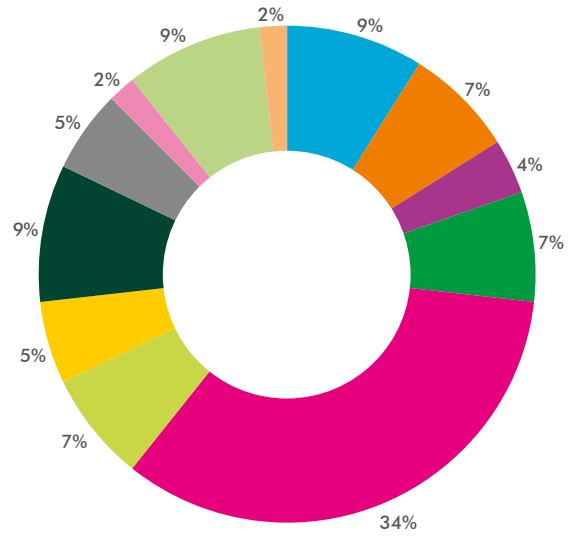
Manor department store at Weggisgasse



# HERTENSTEINSTRASSE

## Hertensteinstrasse Retail Mix (sector)

- Beauty / Health / Fitness
- Books / Toys / Office / Music
- Department store
- Electronics / Foto / Optik
- Fashion
- Food / Fine Food
- Jewellery / Watches
- Leatherwear / Footwear
- Living / Home accessories
- Sportswear
- Restaurant / Café
- Vacant



## HERTENSTEINSTRASSE KEY FACTS

### Positioning

Longest shopping street in Lucerne with a diverse mass-market offer in the fashion, beauty, book or jewellery segment. The interception between Hertensteinstrasse and Weggisgasse (Falkenplatz) is considered to have the highest footfall in Lucerne. No luxury environment with a strong focus on local store chains.

### Customer

Mix of local shoppers and tourists on their way to the Löwendenkmal

### Anchor Tenants

Guess, Lacoste, L'Occitane, Migros, Esprit, Yves Rocher, Ochsner Sport, Tally Weijl, C&A, Globus

### New Entrants

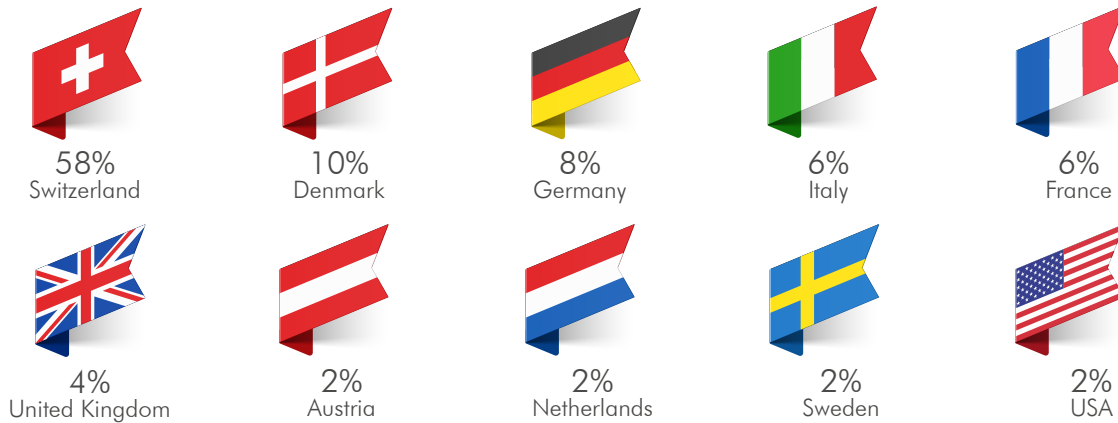
Ochsner Shoes, Schlossberg, Boggi Milano

Street length (in m)	Number of stores	Chain store ratio	Internationalisation ratio
350	56	76%	49%
Prime rents (in CHF/sq m/year)	Letting activity last 12 months	Trend	
2,500	moderate		

Hertensteinstrasse, together with Weggisgasse and Falkenplatz, makes up the main shopping mile in Lucerne. Hertensteinstrasse is very popular with both tourists and the Swiss as it still houses small, old-established stores such as local book retailers on the one hand, while on the other, it is on the route to the Lion Monument. Sadly however, several traditional companies have also said goodbye in Hertensteinstrasse just recently. At 17 Hertensteinstrasse, bed linen manufacturer Schlossberg decided to take over the store formerly occupied by jeweller Juwelier Moser. Juwelier Moser left the site reluctantly though after the owner decided to raise the rent, and so Lucerne's old town has lost another family company steeped in tradition. In the meantime, Schlossberg is moving its site from Weinmarkt to Hertensteinstrasse, adding to the current increasing

number of vacant premises in Weinmarkt. In contrast to Schlossberg, Bodum decided to move into another location on Weinmarkt. Pasito-Fricker gave up its branch at 23 Hertensteinstrasse at the end of March 2018. The retail space was temporarily taken over as a pop-up store by Swiss design store Fidea. Even in Lucerne's city centre, pop-up formats are gaining in popularity, because on the one hand they can bridge any temporary building vacancies, while on the other, they allow a brand to test the market for a limited period. It's a win-win situation for tenants – and owners. With the closure of this branch, Pasito-Fricker left the Lucerne market completely. Those premises with their approx. 227 sq m were taken over by premium Italian menswear label Boggi Milano.

Origin of retailers on Hertensteinstrasse



Ochsner Shoes follows Ex Libris

With its upcoming move out of Grendelstrasse in October 2018, Ochsner Shoes – a brand belonging to the Dosenbach Group – had been forced to search for an alternative site. It found one in the former Ex Libris branch at 29 Hertensteinstrasse. With the branch in Hertensteinstrasse, Ex Libris has now closed a total of 43 branches in Switzerland. The main reasons for this are the massive drop in sales attributed in particular to the digitisation of the music industry in general. As a consequence, Ex Libris – a subsidiary of Migros – radically shrank its branch network from 57 to just 14 branches. At the same time, the company is now focussing on online channels, in which Ex Libris managed to record a large increase in sales of 8% in 2017.



Ochsner Shoes – 29 Hertensteinstrasse

OVS debacle also affected Lucerne

On Saturday 21 July, the OVS branch at 50 Hertensteinstrasse also closed its doors. After only a year or so following the re-opening of the former Charles Vögele store, Italian fashion company Sempione Fashion failed miserably in Switzerland. In all, 141 branches were closed and 1,180 staff lost their jobs. The owner of 50 Hertensteinstrasse must now look for a new tenant which, with a rent in the low to middle single-digit million bracket, they may not find easy. According to rumours, the Inditex Group with the Zara and Massimo Dutti brands is interested in renting, as well as LIDL.



Boggi Milano 23 Hertensteinstrasse – Opening soon

### How is Kapellgasse developing?

Kapellgasse is a popular high street in Lucerne, but is not one of the favoured Lucerne retail destinations, especially for international retailers. This is partly due to the fact that the footfall on Weggisgasse and Hertensteinstrasse is significantly higher, but also that Kapellgasse is very narrow and the visibility of shop fronts is limited by this. Rents on Kapellgasse are also significantly lower compared to the top rents obtained on Weggisgasse and Hertensteinstrasse.

Nevertheless, Kapellgasse has its – perhaps as yet unrecognised – strengths, because there are different sections which are not all the same, but which are certainly attractive to particular retailers. Near Bongénie-Grieder or Les Ambassadeurs is an area which contains premium or luxury brands. Besides those two fashion houses, there are brands like Thomas Sabo, Panerai, and Vacheron Constantin too. A small watch cluster has also formed which can definitely be expanded, since not all watch brands have their own boutiques in Lucerne yet by any means. If you follow Kapellgasse in the direction of Weinmarkt, you form a very different impression. Instead of luxury brands, you find brands from the premium segment, such as Le Creuset, PKZ or Calida alongside mass market brands, such as Claire's or Mobilezone. Unfortunately, Herren Globus moving away, combined with the decision by H&M to surrender their site at 15 Kapellgasse, has weakened this specific area of Kapellgasse, since both brands attracted significant visitor traffic. Mass-market as well as premium brands would work as a successor for both sites, or possibly even a brand from the luxury segment to replace the former Herren Globus.

A very positive development, by contrast, is premium fashion brand GANT's move into Kornmarkt, replacing the former Postfinance retail space. Together with Levis, G-Star and PKZ Men, GANT adds to the premium landscape from the fashion segment, thereby clearly increasing the value of the whole of Kapellgasse. Further in the direction of Weinmarkt, brands like Max Mara or Caroll likewise contribute to an enhancement of the overall landscape.

Nevertheless, Kapellgasse is battling with problems. Aside from Herren Globus moving away and the upcoming move by H&M, this is mainly a problem attributable to the vacancies of several small retail premises around the middle of Kapellgasse. In our view, however, this is also a challenge connected to the upcoming new construction on the site of the former C&A building at 4 Kapellgasse. The two-year building phase and uncertainties in the market regarding the next tenant are significantly affecting retail stores in this location. Access is enormously difficult from the right River Reuss side for both Swiss pedestrians and tourists, because the building work combined with the narrowness of Kapellgasse limit the accessibility to Kapellgasse and hence its attractiveness.

*The vacant former Herren Globus store at 8 Kapellgasse*





"In the long term, the new building on the site of the former C&A retail space should have a positive impact on the development of Kapellgasse."

**Bastian Caspers**  
Senior Consultant, Retail Agency CBRE



Building work at 4 Kapellgasse

Nonetheless, this begs the exciting question of what happens after the building has been rebuilt. Will it be a single retail tenant solution over three floors alongside the planned apartments on the upper floors? Will the brand(s) come from the premium or even the luxury segment? On the basis of the proximity to the above luxury landscape it would be entirely conceivable that luxury brands would be interested in this site. Unfortunately, the retail space available in the building does not match the ideal 50-100 sq m demanded by a luxury watch brand, which is why we can virtually rule out a single tenant solution from the luxury watch segment. Is there still the option for a 'house of brands' similar to Bucherer on Schwanenplatz? One of the five dominant players, that is Bucherer, Gübelin, Les Ambassadeurs, Embassy or Casagrande, could run this.

On the other hand, a large tenant from the luxury fashion segment is worth considering. These are only beginning to slowly discover the Lucerne market, however, and when they do, they are clearly focussed on Grendelstrasse. Moncler moving in is the best example of this. Together with Bally, Moncler is practically the only brand besides Casagrande to be represented on Grendelstrasse that does not come from the jewellery segment. Furthermore, there are alternatives on Grendelstrasse, but rare ones. Ochsner Shoes moving out illustrates this clearly.

The retail space is too large for a single tenant solution for brands from the premium segment. A solution which could contain 1-2 brands from the premium or possibly the luxury segment would offer one conceivable solution, although this poses the problem that the entire retail space could hardly be utilised by both parties. Another solution would be a single tenant solution from the mass market segment, such as Zara. A third approach includes new, compelling retail concepts in the city centre, such as supermarket chains, fitness studios, or even furniture stores. Overall and in the long term, the new building on the site of the former C&A retail space should have a positive impact on the development of Kapellgasse, and help the current short-term vacancies to disappear again.

## SWITZERLAND HIGH STREET RETAIL MARKET MONITOR Q3 2018

CITY	STREET	INTERNATIONALISATION RATIO*	CHAIN STORE RATIO**	VACANCY ***
Zurich	Bahnhofstrasse	64%	84%	0,0%
Zurich	Rennweg	45%	68%	2,4%
Zurich	Strehlgasse / Storchengasse / Weinplatz	40%	53%	1,8%
Zurich	Limmatquai	33%	50%	0,0%
Zurich	Niederdorfstrasse / Oberdorfstrasse	20%	32%	0,0%
Zurich	Löwenstrasse	24%	66%	3,0%
<b>Zurich</b>	<b>TOTAL</b>	<b>38%</b>	<b>58%</b>	<b>0,8%</b>

CITY	STREET	INTERNATIONALISATION RATIO*	CHAIN STORE RATIO**	VACANCY ***
Geneva	Rue du Marché	73%	100%	0,0%
Geneva	Rue de la Croix d'Or	77%	95%	0,0%
Geneva	Rue de Rive	53%	88%	0,0%
Geneva	Rue de la Confédération	36%	95%	0,0%
Geneva	Rue du Rhône	70%	80%	1,8%
<b>Geneva</b>	<b>TOTAL</b>	<b>65%</b>	<b>87%</b>	<b>0,9%</b>

CITY	STREET	INTERNATIONALISATION RATIO*	CHAIN STORE RATIO**	VACANCY ***
Basel	Freie Strasse	65%	85%	3,4%
Basel	Falknerstrasse	38%	68%	2,4%
Basel	Gerbergasse	30%	64%	0,0%
Basel	Steinenvorstadt	35%	60%	1,5%
<b>Basel</b>	<b>TOTAL</b>	<b>44%</b>	<b>70%</b>	<b>1,9%</b>

CITY	STREET	INTERNATIONALISATION RATIO*	CHAIN STORE RATIO**	VACANCY ***
Lausanne	Rue de Bourg	63%	86%	1,9%
Lausanne	Place de la Palud / Rue du Pont	40%	75%	0,0%
Lausanne	Rue Saint-Laurent	32%	68%	2,6%
Lausanne	Rue Saint-Francois / Place Saint-Francois	71%	100%	5,6%
<b>Lausanne</b>	<b>TOTAL</b>	<b>50%</b>	<b>80%</b>	<b>2,1%</b>

CITY	STREET	INTERNATIONALISATION RATIO*	CHAIN STORE RATIO**	VACANCY ***
Bern	Spitalgasse	44%	87%	0,0%
Bern	Marktgasse	50%	86%	1,5%
Bern	Neuengasse	16%	72%	0,0%
<b>Bern</b>	<b>TOTAL</b>	<b>39%</b>	<b>82%</b>	<b>0,6%</b>

CITY	STREET	INTERNATIONALISATION RATIO*	CHAIN STORE RATIO**	VACANCY ***
Lucerne	Grendel / Schwanenplatz	77%	89%	0,0%
Lucerne	Hertensteinstrasse	49%	76%	1,8%
Lucerne	Weggisgasse / Hirschenplatz	77%	97%	0,0%
<b>Lucerne</b>	<b>TOTAL</b>	<b>63%</b>	<b>86%</b>	<b>0,9%</b>

ALL		INTERNATIONALISATION RATIO*	CHAIN STORE RATIO**	VACANCY ***
		47%	72%	1,1%

\* the percentage of occupiers who have stores in at least one additional country apart from Switzerland

\*\* the percentage of occupiers who have at least 2 stores in Switzerland and/or other countries

\*\*\* the percentage of all stores, that are vacant or unoccupied at a particular time and not under construction or under refurbishment

\*\*\*\* represents the top open-market tier of rent that could be expected for a store of standard size 100 m2 on the ground floor, of highest quality and specification and in the best location in a market at the survey date



PRIME RENT**** CHF/M <sup>2</sup> /Y	NEW ENTRIES last 12 months (not complete)
10,000	Vicafé, Beldona, Sunrise, Brandy Melville, Essentiel Antwerp, COS, Harry Winston, Saint Laurent
3,500	Søstre Grene, GANT, Oris, Walder Schuhe, Binder-Moerisch, Geox, Esthème Cachemire, Swiss Design Markt
2,500	Pinko, Vilebrequin, Gassmann, Zadig & Voltaire, HIGH
2,000	Burton, Joe & The Juice, Daniel Wellington, VIU, Whistles
1,600	Barbouze, nook, Le Creuset, les100ciels
2,000	Swissquote, Boca Grande, Shoepassion, Migrolino, Zapote

PRIME RENT**** CHF/M <sup>2</sup> /Y	
4,500	Rituals, Nespresso, couturissimo
3,800	
3,000	Snipes
3,000	Nero's Pizza
6,500	Visilab, Pharmacie Principale, Activ Fitness, Indigo Fitness, Aviateurs

PRIME RENT**** CHF/M <sup>2</sup> /Y	
3,500	Dune London, COS, Boggi Milano, Joe & The Juice, Tezenis, Yves Rocher
N/A	Blue Tomato, zooloose
N/A	
N/A	GIAHI

PRIME RENT**** CHF/M <sup>2</sup> /Y	
2,500	Pandora
N/A	
N/A	Aesop
N/A	Intimissimi, Iannalfo & Scariglia, Blue Tomato, Moon's, Naturaline

PRIME RENT**** CHF/M <sup>2</sup> /Y	
2,500	Falconeri, Zara Home, Drogerie Müller, Søstre Grene
2,500	Blue Tomato
N/A	

PRIME RENT**** CHF/M <sup>2</sup> /Y	
5,000	Moncler
2,500	Aurora Prestige, Ochsner Shoes, Schlossberg, Boggi Milano
3,000	day, upc cablecom, Hunkemöller

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### ABOUT CBRE RETAIL AGENCY SWITZERLAND:

The Swiss CBRE team for retail real estate consists of 8 dedicated specialists, who advise occupiers and owners of retail space and rent retail spaces on clients' behalf. The team is led by Michael Dressen, a proven real estate expert with a focus on retail. He studied urban planning and real estate economics and has more than 15 years of professional experience in the real estate industry. In Switzerland, he has been responsible for establishing the high street retail services within CBRE since 2015. Prior to this, he worked at CBRE as a consultant for various out-of-town and high street retailers in the structuring of their branch networks in Germany and Switzerland.

Michael Dressen is a Professional Member (MRICS) of the Royal Institution of Chartered Surveyors, a globally active professional association of real estate experts that advocates high professional and ethical standards.

### ABOUT CBRE:

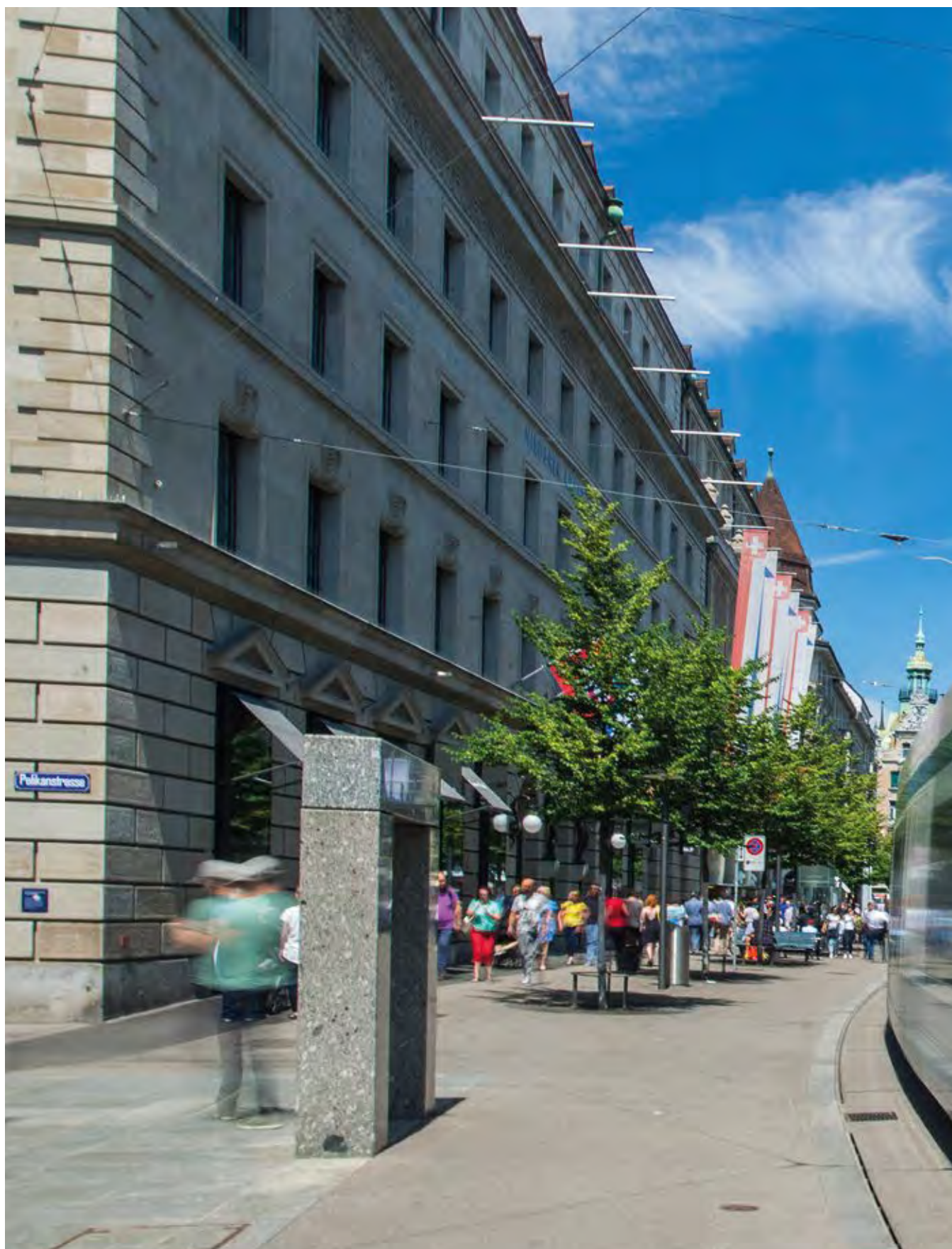
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*The retail market is changing rapidly both globally and in Switzerland. Where will it go in 2019? Hopefully, our market report has given you some support for your decisions.*



