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RETAIL MARKET REPORT

ZURICH 2009

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ZURICH'S BAHNHOFSTRASSE WITH NEW RECORD RENT PRICES

With rent prices exceeding CHF 8,350 (EUR 5,600) per square metre per year, which represents an increase of over 11 percent compared to the previous year, Bahnhofstrasse again achieves new record values for ground-floor space. Thus, rent prices for retail businesses are more expensive than Munich and are now just as expensive as London's New Bond Street. In Switzerland, Bahnhofstrasse is still the undisputed price leader ahead of Rue du Rhône in Geneva, which is followed by Geneva's Rue du Marché and Rue de Rive. More than 12,000 people pass between the main railway station and Pestalozziwiese every hour, with more than 320,000 people frequenting the main railway station per day.

Based on sales revenue per square meter, Zurich equals New York and Hong Kong and boasts the highest purchasing-power worldwide, as well as the highest per capita income along with the world's highest quality of life, even outperforming London and Paris.

Swiss retail rent comparison*, 2008

Town	Location	CHF/m ² year	€/m ² month
Zurich	Bahnhofstrasse	8'350	467
Geneva	Rue du Rhône	7'400	414
Geneva	Rue du Marché/Rue de Rive	6'850	383
Berne	Marktgassee/Spitalgassee	6'200	347
Basle	Freie Strasse	5'000	280
Lucerne	Hertensteinstr./Weggisgasse	4'650	260
Winterthur	Untertor/Marktgassee	4'300	240
Zurich	Rennweg	4'100	229
St. Gallen	Multergasse	4'050	227
Lausanne	Rue du Bourg	3'500	196

*Top rents, net (ground floor/100sqm/6m frontage)

Opening their boutiques on **Bahnhofstrasse** in the summer of 2008 were Blancpain (formerly Pelz Paradies am Paradeplatz) and Loro Piana (formerly the Mäder leather shop), each on 75 square metres. Bäregasse was enriched with accessory retailer Lovers Lane by Daniela Karagi, who also operates the neighbouring Agent Provocateur lingerie store. After 66 years of business, Pelz AG will be replaced by mobile services provider Sunrise in the spring of 2009. Next door, Benetton opened a new store on approximately 300 square metres in the former site of the Mode Madame boutique. In the former Benetton premises, next door to Manor, Apple will open its third store in Switzerland with approximately 500 square metres. On the consumer-oriented part of Bahnhofstrasse, American accessory retailer Fossil closed its store, which had been situated in the space previously occupied by Accessorize, after just over a year of operation because neighbouring H&M was given approval by the owner to expand the flagship store. With annual sales of over CHF 24,000 per square metre (EUR 16,100 per square metre), the Globus department store is one of the most productive in the world. Candrian Catering opened a Blueberry Bakery in Zurich's main railway station in addition to the first Burger King in the city centre.

Rennweg was made even more attractive in September of 2008 through street greening and, with more than 2,500 people per hour, shows a continued increase in foot traffic. The pedestrian zone was rejuvenated through the addition of cult brand American Apparel, which offers young, trendy fashion on more than 500 square metres. Now located next door to Geox is a Mephisto shoe store. The tradition-rich GK Ledershop gave way to the German silver jewellery company Thomas Sabo in the fall of 2008, which opened a store on 55 square metres. The Winiker Damenmode store also closed its doors in Zurich. Now located here is Madame, a women's fashion store with a Basler shop-in-shop on just under 400 square metres.

Storchengasse was enriched at Münsterhof with a Tom Ford Boutique, operated by Trudie Götz. With another Trois Pommes Boutique, she opened her eighth store on Storchengasse at the former location of the Stäheli bookstore. New to the arcades of **In Gassen** are a Missoni Boutique, which is situated next to Issey Miyake, and the Pure Seven shoe store.

On **Limmatquai**, Tchibo closed another store in the fall of 2008 and passed the lease agreement on to hearing aid audiologist Amplifon. Next door, Passo per Passo opened a shoe store as well as a Passolino designer outlet. Instead of the Arab Bank, one now finds the sixth Companys store in Zurich. Opening its doors in February of 2009 in the former Esprit store was Och Sport, the world's first all-sports shop. Together, the Bianchi and Bindella families opened a fish restaurant in the recently renovated building of the Affolter watch boutique. Gran Café, owned by Autogrill, has not yet been renovated. On **Niederdorfstrasse**, Orange won the fight for the location of the former Quanta Inter-ent cafe against McDonald's. At **Hirschenplatz**, hairstylist G-Vision, which is part of the Gidor Group, celebrated its premiere in Niederdorf. Across the street, jeans label Lee Cooper closed its shop and now uses the space as a showroom.

With the opening of the Felix Café am **Bellevue** by Felix Daetwyler, who, together with Dölf Teuscher, operated Café Schober for 32 years in Niederdorf, the Bellevue area registers a noteworthy gain. Also opening there in late summer 2008, on 150 square metres, was fashion chain Marc Cain with franchisee Modekeller, as well as the Kuoni flagship travel agency. The NZZ building was completed in October and is now also home to the restaurants Goethe and Schiller, which are part of the Candrian Group. The remaining space is used by Max Mara, Navyboot and the Vollenweider confectionery. Present on **Seefeldstrasse** since May of 2008 is the first House of Gerry Weber, operated by the German fashion designer of the same name in cooperation with Modekeller.

On **Sihlstrasse**, Athleticum opened the largest sporting goods store in Zurich at the former site of Sotheby's on more than 2,000 square metres. Kitty corner from this, The North Face, together with retail partner Hajk, celebrated its Zurich premiere in the former Stocker Haus. On Löwenstrasse, the former Aroma Café, owned by McDonald's, is now used by a Le Pain Quotidien bakery and café. With Patagonia and Outdoor by SportXX, owned by Migros, two further sporting concepts have found a place on **Löwenstrasse**. Next to the well-known Bambus-Haus, the former GameStop store, which was briefly occupied by Madal Bal (gift articles), is now used by the fashion store Gianni & Armando. There was not enough space for two hair salons at Löwenstrasse 19, leading to the closure of the Wiederkehr hairdresser following the opening of the trendy hair stylist Ghel.

Zurich retail rent comparison*, 2008

Location	CHF/m ² year	€/m ² month
Bahnhofstrasse	8'350	467
Rennweg	4'100	229
Storchengasse	3'000	168
Limmatquai	3'000	168
Löwenstrasse	3'000	168
Niederdorfstrasse	2'700	151
Strehlgasse	2'500	140
Bellevue	2'000	112

*Top rents, net (ground floor/100sqm/6m frontage)

In the **Glattzentrum**, Apple and Sunrise opened new shops in mid-2008. Sales grew by 2.1 percent in the shopping centre, totalling CHF 661.3 million (EUR 445 million). Some 8.15 million visitors were recorded. With sales of CHF 15,242 per square metre, the Glattzentrum is among the most successful shopping centres in Europe. The urban entertainment centre **Sihlcity** achieved total sales of CHF 325 million (EUR 218 million) with 6 million visitors.