

Press release

Date
February 1, 2010

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Germany's hip cities: Prosperity in the shadows of larger cities

German cities such as Fürth, Leverkusen, Offenbach, Mülheim an der Ruhr and Neuss that are located on the "hip", so to speak, of larger neighboring cities have impressively robust drawing power. A study of the development prospects of these cities by the Germany-based company GfK GeoMarketing reveals their potential as attractive retail locations.

A handful of German cities with more than 500,000 inhabitants are located in the immediate vicinity of another large city (with more than 100,000 inhabitants). The transitions between these neighboring cities are often seamless, with only the occasional signs marking the municipal boundaries. These cities are usually connected on various regional levels through long-standing rivalries. Often the smaller of the two cities is considered the inconspicuous underdog to its more prominently established neighbor.

"These cities have some noteworthy retail characteristics," observes Wilfried Weisenberger, head of GfK GeoMarketing's public authority and retail consultancy division. "They don't simply possess the charm of the underappreciated. Rather, the facts show that these cities often have attractive location characteristics, significant untapped potential and deserve a better image in the eye of the public."

Hip city characteristics:

- City center retail space exceeding 50,000 m² and a total retail space of more than 100,000 m²
- Above-average purchasing power, with substantial outflow to the neighboring city
- Frequently a higher share of shopping center space than in neighboring city
- Readily available retail space for large, retail park-oriented retail that relies on business from the greater metropolitan area
- A substantially less developed city center as a result of significant competition posed by the neighboring city; consequently, lower rents that promote economic activity and retailers' entry into the market

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Using these criteria as guidelines, GfK GeoMarketing analyzed the hip cities of Fürth, Leverkusen, Offenbach, Mülheim an der Ruhr and Neuss. The larger neighboring cities of these municipalities are Nuremberg, Cologne, Frankfurt, Essen and Düsseldorf, respectively.

Unconventional location attributes attract purchasing power

Hip cities tend to be more affluent than other cities of a similar size. As such, almost all of the hip cities fall among the top ten with regard to retail purchasing power rankings for cities with 100,000-160,000 inhabitants. Only Offenbach narrowly misses inclusion in the top ten. "Hip cities not only contribute purchasing power to the larger neighboring cities, but they also possess their own potential that retail can creatively tap," comments Weisenberger.

Hip cities boast more available retail space and less costly rents

The city centers of hip cities command only around a fourth of the total retail space enjoyed by their larger neighbors. Also, the sheer size of their larger neighbors often relegates hip cities to the status of de facto satellite locations, a fact often lamented by hip city residents. But these aspects of hip cities actually position them quite favorably with regard to retail opportunities, Weisenberger notes. For example, retailers must often pay three times as much for rent in the larger cities that border hip cities. Also, hip cities offer more available retail space, making them ideal testing grounds for well-conceived, market-driven retail concepts. Large-area retail parks have already realized the advantages offered by hip cities. These retail developments target the potential offered by the populous neighboring cities and their drawing power in the broader region.

Hip cities = hipper living

Weisenberger also emphasizes that hip cities don't just harbor surprises for retail trade: "Thanks to their greater concentration of older buildings, hip cities also provide more affordable housing than their larger neighbors. In addition, hip cities play host to some truly unique cultural offerings."

Creative urban development promotes retail prosperity

Hip cities perform differently with regard to retail space allocation, city center development and the degree of renovation. A comparison of these cities can yield some interesting insights. "This comparison isn't about establishing rigid benchmarks," explains Weisenberger. Rather, the point is to take note of how a particular hip city is creatively implementing an idea and then draw inspiration from this. "Far from being locations disadvantaged in some way, hip cities provide significant opportunities. Hip cities should embrace their strengths and strive to communicate with one another more effectively. The reality is that hip cities offer attractive commercial and cultural conditions that can offer prosperity amidst the shadows of their larger neighbors."

Additional information on GfK GeoMarketing's hip city study can be obtained from Cornelia Lichtner, GfK GeoMarketing, Public Relations:

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About Wilfried Weisenberger





Wilfried Weisenberger is an economist and social scientist employed by GfK GeoMarketing since 1991. He heads the company's public authority and retail consultancy division.

Illustrations and photo

A photo of Wilfried Weisenberger can be found at www.gfk-geomarketing.com/illustrations_hipcities.

About GfK GeoMarketing

GfK GeoMarketing is one of the largest providers of geomarketing services in Europe for customers and users from all branches of trade. Key business areas include:

-  Consultancy and reports
-  Market data
-  Digital maps
-  Geomarketing software RegioGraph

GfK GeoMarketing is one of the leading independent providers of consultancy services in the area of real estate and location research. The company produces studies and reports for customers from the retail, public authority, investment, banking and project development sectors.

The company is a subsidiary of the international GfK network. Ranked fourth among the world's market research institutes, the GfK is represented in 100 countries with over 115 subsidiaries and approximately 10,000 employees.