

Press release

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Every third market hall in Germany has significant functional problems

A new study from GfK GeoMarketing examines the most important factors governing the success of market halls. Of the 18 market halls examined, one-third exhibit significant functional deficiencies.

GfK GeoMarketing analyzed 18 market halls in Germany with respect to location-related factors. The analysis revealed that six of the 18 market halls are plagued by notable functional problems. These inadequacies include turnover problems, a lack of customer frequency and poor integration with the surrounding area.

"GfK GeoMarketing's study shows that the market halls in A- and B-locations in city centers exhibit the fewest functional deficiencies," explains Wilfried Weisenberger, the study's project leader. "As location quality declines, so too do the positive attributes of the market halls in the corresponding areas."

According to GfK GeoMarketing's analysis, the functional deficiencies are less due to management mistakes than to the consequences of unsuitable locations. "Market halls rarely boost pedestrian frequency, but they depend upon it for their survival," explains retail and location expert Weisenberger. "Even so, it's a common misperception that market halls increase pedestrian frequency and make a substantial contribution to the liveliness of a given location. The results of the study reveal that this usually isn't true".

A good location is thus especially essential for market halls. Key location-related factors that promote success include:

- Prime city-center shopping location
- High pedestrian frequency
- Uninhibited visibility
- Very good public transport links
- Good accessibility by car and parking possibilities (the more decentralized the location, the greater the importance of sufficient and, where necessary, free parking places)

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- Synergy with surrounding infrastructure (retail, gastronomy, public facilities, workplace density)

"Assuming ideal macro-, intermediate- and micro-locational factors, market halls can still be successful and even enhance the attractiveness of a good location", Weisenberger emphasizes.

Choosing the right location is therefore crucial to the success of a market hall. The range of product offerings must then be adjusted to the broader location-related factors as well as the physical site and competitive environment.

Modern market halls: Mix of basic goods, specialty foods and atmosphere

Market halls in Germany have long since ceased to function as providers of basic goods. Market halls emerged toward the end of the nineteenth century as a more hygienic form of marketplace that could meet the basic needs of the population. Today supermarkets and discount merchants serve this function. Some of the traditional market halls in Germany are still sites of brisk trade, such as in Stuttgart. The only market halls that can successfully compete as local suppliers are those that are located in a large city with a high population density and low competitor density and that feature a grocery store merchant as an anchor tenant. An example here is the Dresden-based Neustädter market hall, which is anchored by the supermarket Konsum.

Market halls traditionally encompass a sales area of over 3,000 m² and predominantly offer convenience items. Gastronomic offerings encourage customers to linger. In contrast to the monotony of conventional grocery store chains, Germany's preeminent market halls are exquisite shopping venues. Customers are tempted by specialties and delikatessen from many countries, or, in the case of Kassel, products from the surrounding region. There's a particularly strong emphasis on fresh items, and the historic architecture provides a certain flair.

Innovations on the traditional market hall have emerged in recent years. These emphasize gastronomic offerings (Schweinfurt, Reutlingen and Freiburg im Breisgau) or events (Fürth). These new forms of market halls range in size from 500 to 2,500 m², which is significantly smaller than traditional market halls. Instead of specialty foods, this new form of market hall offers wine booths, cafes and diverse snack-bar stands that are heavily frequented during lunchtime and events.

"Market halls in Germany do not have any clear product-line orientation", explains Weisenberger.

For poorly faring market halls: A new concept or a new location?

Among the large cities evaluated by the study, traditional market halls were primarily established in the urban areas with the greatest population density. By contrast, the new market halls tend to be located in prime retail locations in city centers.

According to Weisenberger, this indicates that the fundamental problem – the lacking drawing power – was correctly recognized by the decision-makers. The newer market halls were consequently opened in those locations where consumers are looking for a particular type of ambience or experience.

However, there's no one-size-fits-all answer for old market halls that no longer function as retail real estate objects due to their unsuitable locations: "In some cases, an innovative concept may allow a municipality to come up with a successful new use for these market halls, such as a museum, theater or concert hall."

The question of whether it's worth it for a municipality, external project developer or investor to restructure an existing market hall is something that can ultimately only be answered by a thorough evaluation of the relevant location- and real estate factors.

There are options for architecturally appealing market halls whose current use is not successful. "Architecturally attractive market halls can usually be brought to life again - it's simply a matter of finding the right idea for the given object at the given location", explains Weisenberger.

Additional information can be obtained from Cornelia Lichtner, GfK GeoMarketing, Public Relations: c.lichtner@gfk-geomarketing.com or +49 (0)7251 9295270.

About Wilfried Weisenberger





Wilfried Weisenberger is an economist and social scientist employed since 1991 by GfK GeoMarketing, where he heads the public authority and retail consultancy division.

Illustrations and photos

Print-quality illustrations and a photo of Wilfried Weisenberger can be found at www.gfk-geomarketing.com/market_halls.

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.

GfK GeoMarketing is a subsidiary of the globally active GfK Group. 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.