IN FRANCE AND SOUTHERN EUROPE

RAILWAY RETAIL

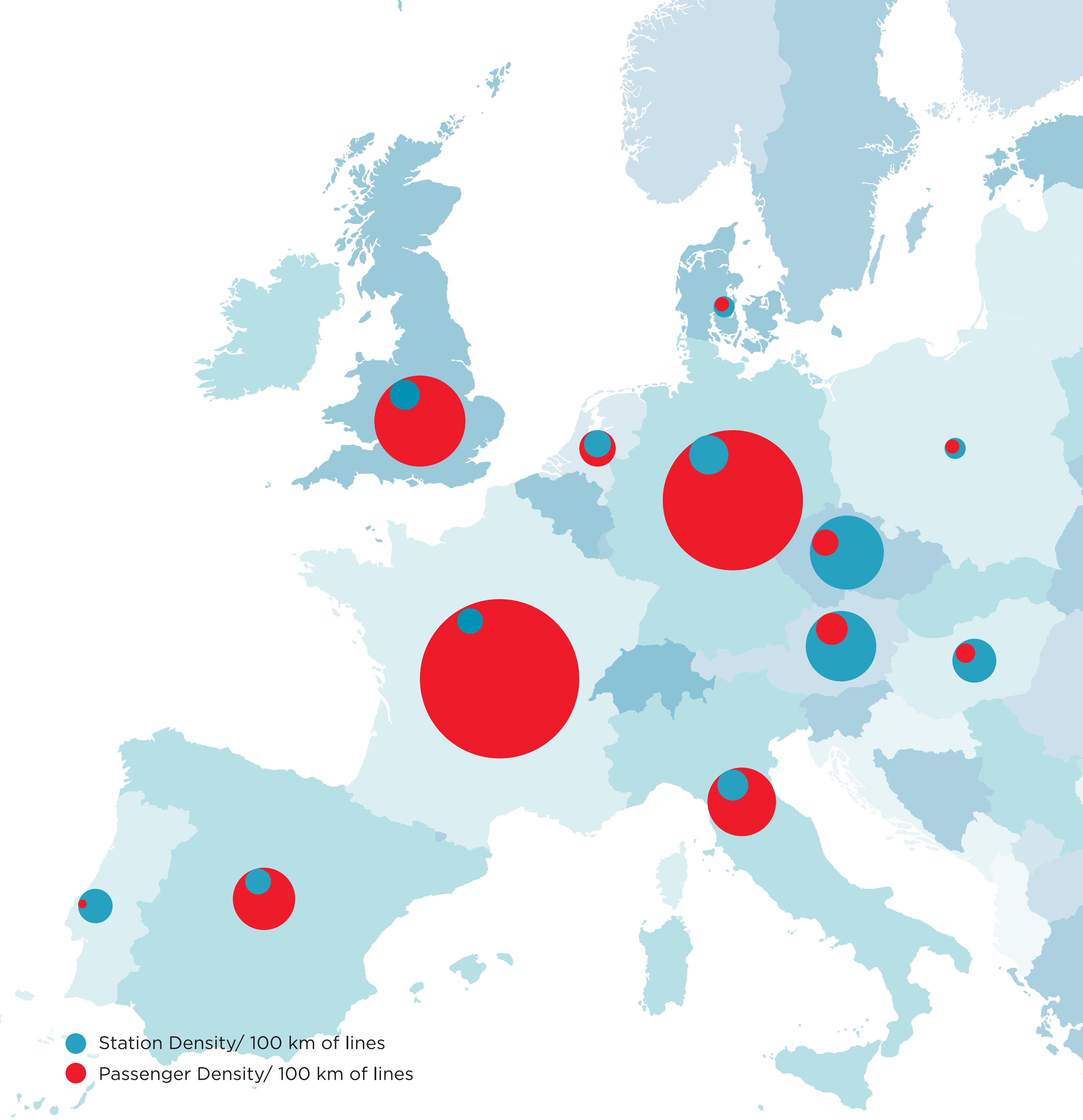
TRAVEL RETAIL

CUSHMAN & WAKEFIELD

July 2018

CONTENTS

RAILWAY RETAIL
IN FRANCE AND EUROPE



Source: UIC 2016 / Rail Market Monitoring (RMMS) - European Commission – 5th report 2016

MAJOR STATIONS IN FRANCE AND SOUTHERN EUROPE

Gare du Nord

206.7 million
passengers (2016)

Roma Termini

150 million
passengers (2016)

Milano Centrale

148 million
passengers (2016)

Madrid Atocha

111.2 million
passengers (2016)

Gare Saint-Lazare

107.8 million
passengers (2016)

INTRODUCTION

The first retail outlets in railway stations were bookstalls introduced by WH Smith in England and Hachette in France, back in the 19th century. The concept of 'travel retail' was further developed by duty-free shops in post-war airports when an Irish businessman decided to create stores selling travel essentials to passengers in transit between Europe and America. With the introduction of international routes and the exponential increase in air traffic, these opportunistic shops have been transformed into organised stores that have become an essential calling point for passengers. Having always been linked to changes in the tourism industry, retail in transit areas has evolved alongside changes in the transport infrastructure by adapting to new developments in mobility. After airports, it was up to railway and underground stations, as well as motorway service stations, to build and establish their retail offer. In France, increases in rail traffic linked to the arrival of high-speed rail services (TGV), have encouraged the development of this in-station retail offer and blurred the boundaries with the traditional shopping-centre format.

Railway stations are traditionally situated in highly central locations and play a role in driving activity in city centres. Acting as hubs for multi-modal transport, they represent a considerable challenge in terms of physical diversity and social cohesion for local authorities and are therefore performing a key role in major urban regeneration projects. Finally, they constitute an essential driver of growth for retailers who benefit from a steady daily footfall which can be up to five times higher than in the best-performing shopping centres.

Turnover by retailers in railway stations now accounts for a third of travel retail sales (airports, railway stations, motorway and underground stations). The market has grown year on year and sales growth is estimated to be close to 10% by 2020. Although there may be some disparities across the various European markets, the railway retail sector does offer considerable potential and will continue to for many years to come.

From travelling to shopping, smart connections...

STOCK AND FOOTFALL

FRENCH AND EUROPEAN NETWORKS

Dense European network

The European Union rail network spans over 210,000 km, connecting a 4.5 million km² area. Europe (including Turkey) has the largest rail network in the world in terms of line length. In Europe, rail accounts for 7% of passengers' ground transportation and comes in second place after personal vehicle use, which is the main mode of transport (83%). France is one of the countries with the highest rail use rates (9.1% of ground transportation), ahead of Germany (8.3%), Spain and Italy, although the modal share of rail is starting to decrease in favour of coaches and individual vehicles.

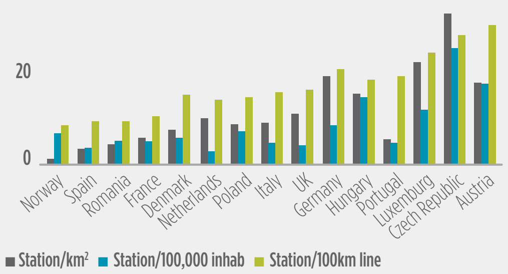
Europe has a network of 28,000 stations distributed across the region, but only 1% of these stations have more than 25,000 passengers per day[1]. Germany, which is known for its policies in support of public transport, has the highest number of stations in Europe (around 6,500). With almost 3,000 passenger stations, France is ranked in second place, followed by Poland, the Czech Republic, Italy and the United Kingdom.

In terms of density, European distribution is relatively varied. Three countries located in the centre of Europe (Austria, the Czech Republic and Luxembourg) stand out in the rankings with over 20 stations for every 100 km of railway line. This high density is due to the small country size and a historically high concentration of connections between Eastern and Western Europe. France has almost ten stations for every 100 km of line; this is below the European average (13 stations) and is lower than in Italy (15), but is higher than Spain (9 stations) where the network is still poorly structured and faces strong competition from coach services. When we consider the rail network related to the population and country size, the same trend can be seen with the Czech Republic ranked in first place.

Footfall-generating stations

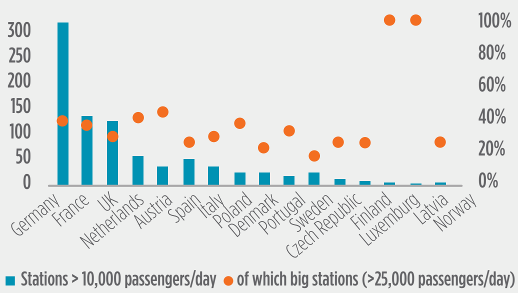
According to the International Union of Railways, over 5 billion passengers used the rail network in the European Union in 2016; this equates to around 400 billion passenger-kilometres[2]. France remained in first place with over 84 billion passenger-kilometres in 2016, ahead of Germany (80 billion), the United Kingdom (67 billion), Italy (45 billion) and Spain (26 billion). Germany has the highest number of high-footfall stations (over 10,000 passengers per day) with 314 stations, followed by France (131 stations) and the United Kingdom (123 stations). Of these examples, between 25% and 35% of stations can be considered as key for retail with footfalls of over 25,000 passengers per day. The busiest station in Europe is the Gare du Nord in Paris which had 207 million visitors in 2016, followed by German stations in Hamburg and Frankfurt and Italian stations in Rome and Milan (150 million passengers and over). The Gare du Nord is the first non-Japanese station to appear in the top-30 busiest stations in the world.

Railway station density in europe by country, by number, 2016



Source: UIC 2016 / Rail Market Monitoring (RMMS) - European Commission – 5th report 2016

High-footfall stations in Europe, by number and %



Source: Rail Market Monitoring (RMMS) / European Commission / 5th report 2016

European stations with over 100 million passengers per year

Station	Passengers (million/year)	City	Country	Year
Gare du Nord	207	Paris	France	2016
Hamburg Hauptbahnhof	193	Hamburg	Allemagne	2016
Frankfurt (Main) Hauptbahnhof	168	Francfort	Allemagne	2016
Roma Termini	150	Rome	Italie	2016
Milano Centrale	148	Milan	Italie	2016
München Hauptbahnhof	146	Munich	Allemagne	2016
Zurich Hauptbahnhof	145	Zurich	Suisse	2014
Köln Hauptbahnhof	113	Cologne	Allemagne	2016
Berlin Hauptbahnhof	110	Berlin	Allemagne	2016
Madrid Atocha	111	Madrid	Espagne	2016
Paris Saint-Lazare	108	Paris	France	2016
Gare de Lyon	100	Paris	France	2016

Sources: SNCF, Adif, Grandi Stazioni, Statista, Sbb

[1] "Major Stations" based on European Union classifications
[2] See definitions

PASSENGER **FLOWS**

Life at the speed of a train

Stations of national importance are used by passengers with a variety of reasons and frequencies for travel:

- short distance and frequent, mainly work related, where a short amount of time is spent in the station, carried out by **commuters** (workers and students),
- longer distance and less frequent journeys carried out by either **business** or **tourist** clientele, subject to longer waiting times (workers and families).

In addition to these passengers there is a considerable number of "**non-passengers**", an external clientele that, according to SNCF surveys, accounts for 10% to 30% of the footfall, depending on the type of station.

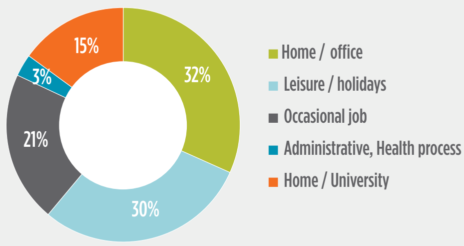
Daily train journeys are critical for French stations as, according to the Rail and Road Regulatory Body (Arafer), they accounted for approximately 90% of passengers in 2016. This proportion does however vary depending on the time of year: lower numbers of commuter journeys during the school holidays are partly offset by an increase in tourist passengers who also turn to other forms of transport (air, car). There is also a substantial number of international passengers (business-related and tourists) with specific needs, particularly in the Greater Paris Region, where several stations have direct connections to England, Belgium, the Netherlands and Germany.

Footfall as a source of revenue

Retail benefits from the primary activity of stations, the transport of passengers and goods, and generates revenue that can be reinvested in station modernisation and maintenance. This creates a virtuous circle between these two types of activity, one driving footfall and the other bringing financial resources which can partly be reinvested in infrastructures.

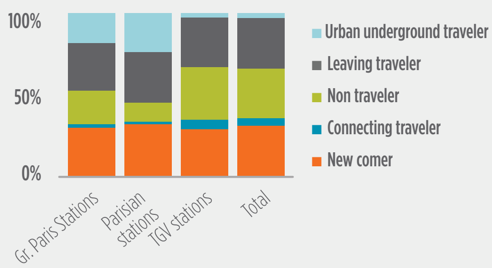
Demand for retail space and the layout of retail areas in stations therefore relies heavily on one key factor: passenger footfall. The stations of national importance therefore have genuine potential for the development of retail spaces in a shopping centre format, whereas regional or more local stations may be limited to local shops and services. The scale of the retail offer potential is defined by several criteria: the traffic density, main journey type, station location and whether or not there is a catchment area as well as whether there are any existing or planned retail schemes within the area. Stations of national importance with high levels of traffic generate a captive audience that is much larger than seen in the best shopping centres. As an example, the 4Temps shopping centre in La Défense, which is at the top of French rankings, attracts just over 40 million visitors per year, whereas the Gare du Nord has over 200 million - five times higher!

Type of station visit for passengers and non-passengers in France



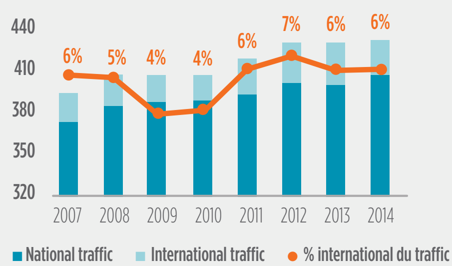
Source: Opendata SNCF – 2010/2017 surveys

Station visitors by type, %



Source: Opendata SNCF – 2010/2017 surveys

Passenger flows in Europe billions of passengers/km



Sources: Source: Rail Market Monitoring (RMMS) / European Commission / 5th report 2016

SERVICES

Stations: multifunctional spaces

For several years, stations have been developing a range of commercial and non-commercial services to complement the retail offer for passengers, with the aim of optimising waiting and transit times.

Commercial services

- Service points: provided by Kipoint in Italy: deliveries, registered mail, printing.
- Fresh produce: Market & Station
- Nurseries: Baby & Station
- Co-working spaces: Work & Station
- VOD systems available for download onto interactive stations (available in seven French stations)
- Sports clubs (e.g. L'usine which is due to open at Saint-Lazarre station at the end of 2018)
- Toilet facilities
- Automated luggage lockers

Non-commercial services

- In-station goods collection spaces : in France Collect & Station has around 250 automatic lockers for the collection of parcels, operated by Pickup (La Poste), and Amazon is going to open about 1 000 lockers
- Power and Station points in 30 stations which allow users to recharge their phones by pedalling
- Free WiFi in almost 200 stations in France.
- Exhibition and cultural promotion spaces (Adif stations in Spain)
- Lost property retrieval
- Pianos for public use

These services support the retail units, help to retain clients on site and keep circulation moving. They also enable flows to be directed to less frequented or smaller areas which are harder-to-manage in terms of retail.

KEY FIGURES

From +50% to +100%

Difference in prime rent

In stations vs shopping centres (excl. take aways[1])

Source: Cushman & Wakefield

Nearly 30%

Of travel retail turnover in France is generated in stations.

50% in airports

Source: Gares & Connexions

37%

of food & beverage stores in Europe

61% in the Netherlands
23% in Portugal

Source: Codata

Prime rent 4 times higher in stations

vs shopping centres

Takeaway [1]

Source: Cushman & Wakefield

6.5%

Average weighted vacancy rate for stations (7 European countries)

23% Spain

0.5% Switzerland

Source: Codata

From +80% to +140%

Difference in average sales/sq m

In stations vs shopping centres

Source: Cushman & Wakefield

[1] See definitions

RETAIL ACTIVITY

SPACE OCCUPANCY AND TIME MANAGEMENT

Variety of needs and outcomes

Station merchandising is tailored to the type of traveller and the amount of time each passenger spends in transit. Unlike in shopping centres, the objective in stations is not to attract and retain clients on site, but rather to optimise the time that an already-captive client spends on site and convert that into turnover.

There is an established connection between retail and potential consumers in train stations, with the notion of convenience giving rise to the name 'convenience store'[1]. As such, commuters look to make local, small scale purchases (services, takeaway meals) but also impulsive or planned purchases: they optimize their time.

Long-distance travellers, who have a higher purchasing power than commuters, tend to favour seated restaurants, personal goods, culture/leisure, etc. as well as travel-related or impulse purchases.

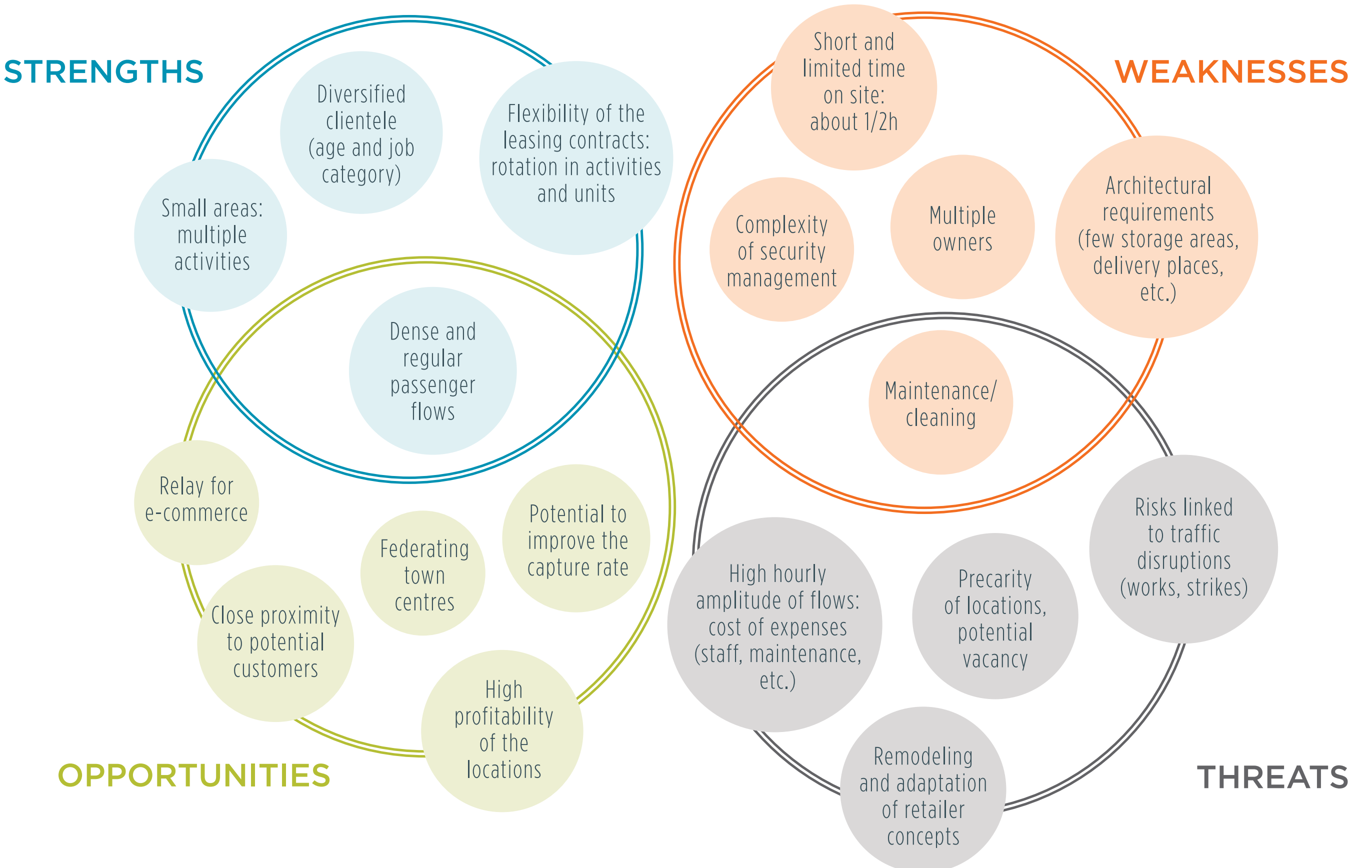
Finally, external clients visit station retail, just like a supermarket or a shopping centre, for planned purchases of regular consumer goods or exceptional items. This clientele is much more varied in terms of age and socio-professional categories, and is therefore highly complementary in terms of needs; the differentiating factor is mainly related to the waiting time.

[1] See definitions

The challenges retailers face in meeting demand from time-limited consumers are numerous, meaning that store concepts require new approaches.
This mainly involves:

- Maintaining links between the retailer and increasingly mobile consumers,
- Adapting the retail offer and changing the store concept (style, fit-out, clarity of products and sections, stronger signage, tailored furniture, simple showcase displays),
- Encouraging faster payment methods so as not to slow passengers down,
- Train staff handling all kinds of complaints more quickly,
- Questioning the legitimacy of creating a new brand (e.g. Monop Station).

FOR LANDLORDS AND CONTRACTORS



SPACE OCCUPANCY AND TIME MANAGEMENT

Potential of development

Railway retail developments projects, a genuine source of revenue for asset managers and turnover for retailers, are improving. Existing stock, which is relatively unstructured, is becoming increasingly organised alongside the modernisation of the transport infrastructure. In France, almost 100,000 sq m of additional retail space is expected to be completed over the next five years, representing a 100% increase in the retail stock. According to Gares & Connexions, the completion of these projects should take the overall turnover for railway retail in France to over €2 billion within five years. These are mainly refurbishment projects involving the expansion of retail spaces. Following Gare Saint-Lazare and Gare de l'Est, the next sites in Paris to develop their retail offering will be the Paris Austerlitz, Montparnasse and Gare du Nord stations.

In Italy, in addition to the transformation of Roma Termini in Rome (around 200 retailers), expansion and renovation work is underway at Milano Centrale station.

Small means productive

Railway stations are mainly located in city centres and therefore have a limited land footprint. Unlike out-of-town shopping centres where all store formats can be considered, station developer merchandising plans need to be inventive in order to take advantage of the available space, accessibility and retail activity. With equal or higher footfall, the average retail space in a railway station is in fact smaller than in a traditional shopping centre: 26,500 sq m GLA on average in France, compared with 5,500 sq m for stations at present and over 10,000 sq m after the extension projects have been completed by 2023. Medium sized units are virtually non-existent in French railway retail merchandising and retailers are often forced to adapt their concepts into a 'mini' version in order to meet the space requirements of stations (e.g. Fnac-Darty, Décathlon, Hema and Monoprix in France). There are also further structural and architectural limitations relating to deliveries and storage areas, which are far more restrictive than in shopping centres (lack of loading docks and access, often in busy city centres, etc.). As a result, the average unit size in French stations stands at 140 sq m, around half the average size seen in shopping centres.

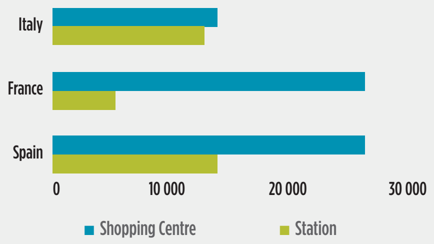
These small-format units do offer a greater degree of flexibility for temporary or pop-up stores which can also benefit from the footfall in these transit spaces. However, the criterion of size becomes less important as soon as the site reaches a certain critical mass and the offer becomes similar to a shopping-centre format. For example, the sites being developed at Montparnasse and the Gare du Nord include 1,000 sq m spaces in their merchandising plans.

Main refurbishment and extension projects at french stations – future retail areas estimates

Station	Existing area in sq.m.	Future estimated area in sq.m.	Year of delivery
Paris			
Paris - Montparnasse	8,000	19,000	2020
Paris - Austerlitz	2,000	18,000	2021
Paris - Nord	4,300	30,000	2024
Province			
Marseille Saint-Charles	6,100	12,500	2023
Lyon Part-Dieu	4,100	9,000	2023
Bordeaux Saint-Jean	2,500	4,830	2020
Nantes	1,800	3,400	2020
Rennes	1,430	3,100	2018

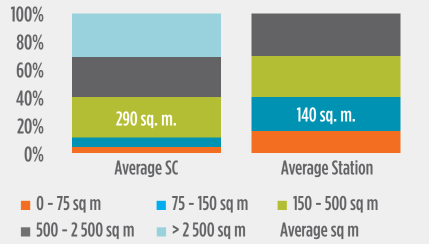
Sources: Sites Commerciaux, Altarea Cogedim, Klépierre, Gares et Connexions, Codata, Cuhsman & Wakefield

Average retail space in stations vs shopping centres, in sq m



Sources: Codata, Panorama, Urbistat, Cushman & Wakefield

Distribution of space by type in stations vs shopping centres and average space in France



Source: Cushman & Wakefield

RETAIL SUPPLY
AND CHARACTERISTICS

A windfall for operators

In France, the development and management of retail spaces in railway stations is carried out by the retail branch of Gares & Connexions, a subsidiary of SNCF Mobilités. Retail activity accounts for between 11% and 15% of turnover for Gares & Connexions, which is also responsible for the transport of passengers and goods (around 70% of turnover) as well as station management. The latter accounts for a quarter of the turnover generated by travel retail in France. In Spain, railway retail is managed by the state via Adif alongside the wider rail infrastructure. In Italy, the state is gradually withdrawing from retail real estate activity in Italian stations. Following Grandi Stazioni (14 largest stations in the country) in 2016, Centostazioni is now positioning its assets on the market. These entities also play a role in managing advertising, communications and media (posters, social media, internet). This differs from the rest of Europe where owners or contractors need to mandate third-party suppliers to manage media (Mediagares in over 800 stations in France, Mediatravel Plus in Spain).

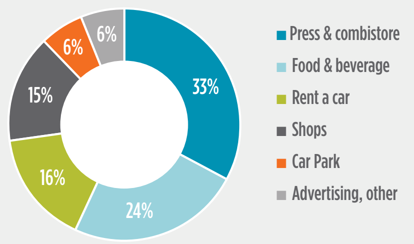
Operators and contractors work with specialist groups with international coverage, such as Elior/Areas (working in 84 stations in Europe), Lagardère Travel Retail (Relay, Ubiz) and SSP (stations in Paris) to manage their retail and restaurant spaces. These groups, that operate independently or via concessions, are present across all travel retail segments with a particular focus on airports and stations.

Developers ALTAREA COGEDIM and KLÉPIERRE have begun working in railway retail under long-term concession contracts for the management of retail spaces in the largest Parisian stations (40-year term for Klépierre at Saint-Lazare, 30 years for Altarea Cogedim at Montparnasse. etc.). Other companies are lining up for other projects that are currently underway, in partnerships with developers like Ceetrus which has just been selected for the Gare du Nord project. In Italy, a consortium between Antin Infrastructure Partners / Icamap / Borletti Group acquired the retail subsidiary of Grandi Stazioni in 2016. These partnerships allow for resources and experience of retail and transport professionals to be combined in order to develop station potential.

Capturing footfall

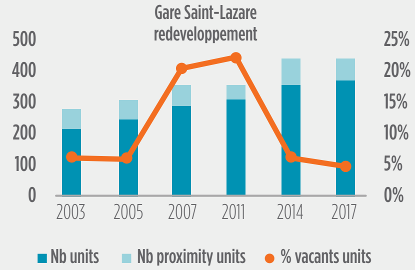
The capture rate in stations has a high potential for improvement; only 33% of travellers visit stores in the best stations in France, whereas the rate stands at 100% for shopping centres. This rate does vary depending on station layout and the interactivity between transit and retail areas, but remains low. At 67%, the transformation rate is quite close to that seen in shopping centres.

Distribution of in-station retail revenue by type in france in 2016



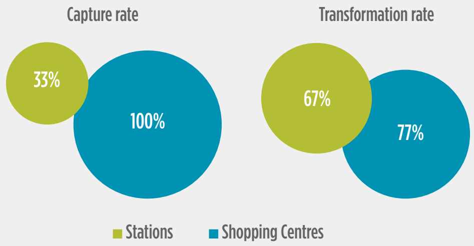
Source: Gares & Connexions

Change in retail units in paris railway station, by number



Source : APUR 2017

Attractiveness of retail in stations vs shopping centres in France



Source: Gares & Connexions

RETAIL SUPPLY AND CHARACTERISTICS

Good position for food & beverage

Across the European countries considered, the retail offer in stations differs greatly to the retail offer of shopping centres, in terms of retail categories. In stations where transit footfall is high, the food and beverage sector is generally the best represented in terms of the number of stores and accounts for 37% of shops, compared with only 19% in a shopping centre. The over-representation of this sector is due to the type of clientele (travellers with varying schedules) as well as a high proportion of food units in stations (takeaways, excluding restaurants) which are easy to operate from smaller spaces. These units therefore account for 20% of stores in stations, compared with just 8% in shopping centres. The same trend is observed when we look at the distribution of activity by space: the food and beverage sector accounts for 32% of space in stations in France and 10% in shopping centres.

Conversely, the personal goods sector is less represented in stations where the smaller unit size prevents some fashion retailers from opening stores, particularly those who tend to operate from medium-sized units. The household goods offering, with the exception of decoration, is currently fairly poor in stations as this sector is traditionally a high consumer of space (DIY, furniture) and is still poorly suited to this format.

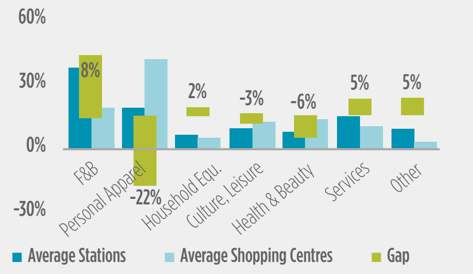
Finally, in line with the main vocation of stations and in demand from the commuter clientele, services (telephony, dry cleaning, hairdressing, banks. etc.) still constitute a leading sector with over 10% of the units in our sample of European stations. For stations of national importance, the traditional offering (newsagents and sweetshops) is giving way to a wider variety of goods (clothing, beauty and culture).

Rotation and retail vacancy

Across the sample of European stations considered, the vacancy rate is broadly under 10%, except for Spanish stations where the average is influenced by rates in some stations in secondary cities which face strong competition from large shopping centres.

As a general rule, the vacancy rate for stations is relatively low, mainly due to sustained demand from retailers. The footfall density and the visibility of stations offer retailers sales opportunities that are far greater than those present in shopping centres. The type of contracts, which are more flexible than traditional retail leases, also play a role in encouraging a shorter rotation cycle. Finally, the smaller unit size allows for the majority of retailers using a 'boutique' format under 300 sq m to be targeted.

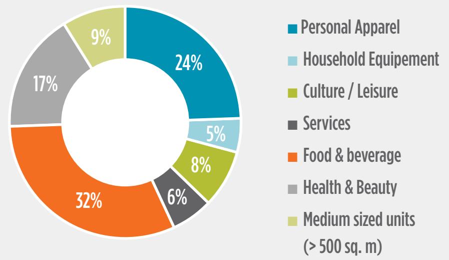
Distribution of merchandising type by activity in stations vs shopping centres in Europe*, no of units



* Germany, Belgium, Spain, France, Italy, Netherlands, Portugal, Switzerland

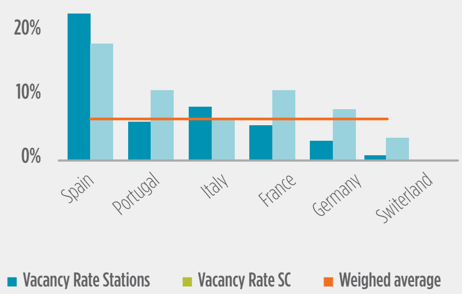
Sources: Codata, Cushman & Wakefield

Distribution of station retail space by activity in France, %



Source: Cushman & Wakefield

Average weighted vacancy rate for railway retail vs shopping centres, % of units



Sources: Codata, Cushman & Wakefield

RETAIL SUPPLY AND CHARACTERISTICS

In terms of qualitative measures, there are several change factors in the retail offering in stations:

- > The food and beverage offering has multiplied and diversified: fast food, themed brands, café lounges, groceries and gastronomic goods
- > The newsagent sector with traditional RELAY type stores is no longer an exclusive offering and is now incorporated into convenience stores, leaving more space for atypical consumer goods.
- > City-centre retailers are gradually opening in stations (clothing, decoration, cosmetics, jewellery, sports shoes).
- > Major supermarkets have also made the move with brands such as Carrefour Express, Monop' and Casino Shop.
- > Retailers with local specialities are also opening in stations, often with kiosk formats, such as canelés Baillardran (small regional cakes) in Bordeaux and Montparnasse.
- > The restaurant offering is starting to improve in quality with the introduction of the "bistronomie" concept backed by famous chefs: Thierry Marx in the Gare du Nord, Eric Fréchon in Saint-Lazare, Alain Ducasse in Montparnasse, Michel Roth in Metz, etc.

Low average basket

In France, as in Italy, over half of the turnover generated by railway retail is driven by stations situated in major cities. Apart from the passenger volume, there is also a disparity in the level of in-station expenditure.

In Paris, the average basket (€19) is almost twice the level recorded for regional stations (€7). This level of spending is more or less identical to the average basket recorded for airports in the Greater Paris Region (excluding luxury items). In stations, the average basket can reach €25 for personal goods (fashion, accessories and cosmetics) whereas it is under €10 for journey-related purchases (newspapers, food). There is however considerable room for improvement for retail in transit areas when we consider the average spending for e-commerce and in shopping centres, which ranges from €60 to €100.

New restaurant trends developed by the Elior group in france since 2016

Regionally and internationally inspired restaurant brands:

America	Factory and Co,
England	Costa Coffee,
Holland	La Place,
Italy	Big Mamma
Belgium	Exki,
France	PAUL, monop'daily, Carrefour City
	Columbus Café, Eclair de Génie
Regions	Le Bara, Traiteur Bigot

Sources: Gares & Connexions, Areas

Average basket in France, €

Major regional stations	ADP Airports	Major Parisian stations	Luxury zone Roissy CDG	E-commerce transaction
7€	18€	19€	25€	66€

Sources: Gares & Connexions, Fevad

PERFORMANCES AND RENTAL VALUES

Turnover

Benefiting from a very high footfall density, railway retail achieves turnover per sq m figures that far exceed those seen for the same type of activity in shopping centres. Shopping centre sales account for an average of 50% to 80% of the turnover generated in railway stations.

The highest sales/sq m are seen for takeaway sales with ratios that can be greater than €50,000 per sq m. Next in line are health and beauty followed by culture/gifts/leisure which achieve an average of €20,000 per sq m in French railway stations - twice the level recorded in shopping centres. In some cases, performance can exceed €40,000 per sq m; this is partly linked to the small size of the stores which alters the sales/space relationship compared to more traditional formats.

In terms of activity type, turnover for retail areas in stations is mainly generated by the food and beverage sector, including restaurants, food and takeaway sales (between 24% and 27% of the overall turnover) as well as personal goods (from 19% to 26%). These two sectors therefore account for half of the overall sales in railway stations, whereas they only account for a third of sales in shopping centres. The household goods sector, still not very well represented in stations (apart from decoration stores), accounts for less than 8% of total sales in railway stations.

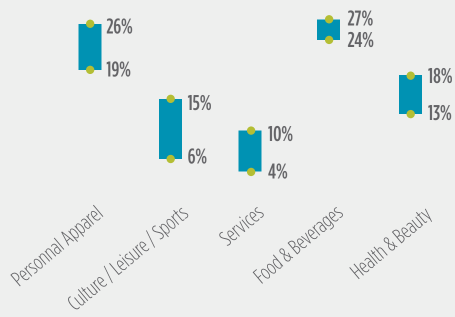
Rents

As rents are partly determined by turnover, it is logical that rental levels are relatively high in these transit areas. For the same activities, rents in stations are always higher than in shopping centres, with a differential ranging from 50% to 100% of prime rents (excluding takeaways). It is worth noting that the range of rents is higher for stations where they are systematically contractually linked to the retailer's turnover. The highest rents in stations are mainly for takeaways, cultural and leisure activities and personal goods. The health and beauty sector, which generates a high proportion of station turnover (from 13% to 18%) has rent levels that are far more consistent in stations than in shopping centres.

The generally accepted effort rates are higher in stations than in shopping centres. For an equal level of activity, the effort rates can be almost twice the levels seen in shopping centres. The average effort rate seen in railway stations ranges from 15% to 20%, across all activities combined.

*sample of 20 shopping centres and stations in France and Italy

Share of average turnover by activity in railway stations

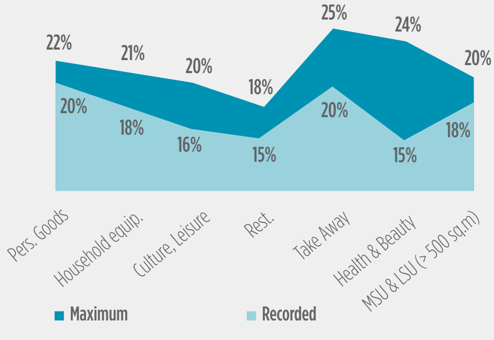


Source: Cushman & Wakefield

Average rents in stations vs shopping centres €/sq.m/year

Source : Cushman & Wakefield

Effort rate bands seen in stations, % (recorded and maximum)



Source: Cushman & Wakefield

STATIONS AND NEW TECHNOLOGY

The role of new technology: digital assimilation

Digital elements have become an indispensable tool for facilitating the fluid movement of passengers through a station. They are used both as a function for transport as well as for other activities, particularly retail, in order to combine image and performance.

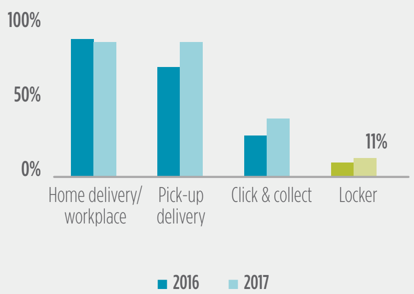
Apart from information and display use (interactive, touch screens, NFC[1]), digital solutions also support **e-commerce**, particularly by addressing the last-mile delivery issue with the provision of lockers for click-and-collect services (350 Pickup locker points in Europe). This form of delivery is only used by 11% of e-commerce consumers and still has considerable room for improvement. Amazon has just partnered with Gare & Connexions to install about 1 000 lockers in French stations by 2021.

Digital elements also encourage collaborative consumption channels via innovative services such as **collaborative marketplaces** or digital user communities. The objective is to create direct connections between travellers/consumers on the one hand and on-site retailers on the other.

As we can see from shopping centres, smartphones are becoming personal shopping assistants for consumers. These can be used as a means of compiling **retail intelligence** data and information for future fit-outs and development strategies (client profiling and targeting).

In France, the "en gare" apps support on-site retailers by collating information on offered services, timetables and retailer promotions, waiting times, pre-ordering meals and filing lost-property forms.

Main means of e-commerce delivery in France



Source: Baromètre Fevad/CSA - January 2017

Contrats Several similarities can be seen in rental leases used across Europe for these types of spaces. Variable-term contracts, often short-term (1-5 years), are determined by the level of investment a retailer needs to recover. Unlike traditional French leases, with these temporary occupancy agreements, there is no notion of property ownership or key money. The rent is applied as a fee determined as a percentage of turnover, sometimes with a minimum guaranteed amount. As these are mainly public spaces, the marketing process normally involves a request for application.
These types of contract allow for greater flexibility, for both retailers and landlords, and encourage shop rotation in transit areas.

[1] See definitions

OUTLOOK

Growth outlook:
- Rising traffic and captive footfall
- Increase in spaces dedicated to retail

Changing supply:
- Introduction of medium sized areas, particularly in major stations in Paris and future re-marketing opportunities in Italy
- Gradual shift to higher-end supply
- Development of high-street retailers
- Rising proportion of e-commerce and the digitalisation of retail services

More services:
- Increasingly diverse services (doctors' surgeries, lost property, event ticketing, administrative support, changing rooms, etc.)
- Introduction of third-places (exhibitions and cultural displays)
- Options for extending opening hours
- Greater role for digital (widespread WiFi availability, smartphone payments)

Overall strategy:
- for retailers: omni-channel
- for public partners and local authorities: incorporation of stations into the urban landscape and including them in city-centre redevelopment projects
- stations as a staging point for alternative form of trade (partnerships with collaborative or independent distribution networks)

DEFINITIONS

- **Commuter**: person undertaking daily journeys between home and work.
- **Convenience store**: a small, local store selling everyday items (food, cleaning, personal hygiene and newspapers).
- **CNCC**: The Conseil National des Centres Commerciaux (National Council of Shopping Centres), the professional body grouping those involved in the promotion or development of shopping centres: developers, landlords, centre managers, retailers, service providers and shopkeeper groups.
- **Click & Collect:** purchase of goods or services online, and pick-up in physical shop.
- **Floor area**: replace the SHON since March 2012. Sum of closed and covered floor areas with a ceiling height above 1.80 meters. It is calculated from the interior part of the facades.
- **GLA**: Total space leased to shopkeepers including the whole of the space (sales + storeroom) with no deduction for shafts or pillars and calculated from measured from the centre of joint partitions to outside wall surfaces (Usage for shopping centres).
- **Large shopping centres**: Shopping centres with a GLA over 20,000 sq. m and/or at least 40 shops and services.
- **Mobile to store**: marketing and advertising techniques that aim to encourage smartphone users into physical stores.
- **NFC**: Near Field Communication. A short-distance wireless communication system which allows for a reader to be connected to a terminal (e.g. contactless payment).
- **Out-of-town retail**: Group of stores sited in suburban locations. These may be shopping centres, themed centres, retail parks, specialised stand-alone medium spaces or medium-sized food stores. Out-of-town retail competes with city-centre retail.
- **Passenger-kilometre**: a unit of measure that represents the transport of a passenger via a specific means of transport (rail, road, air, sea, navigable water courses) over one kilometre.
- **Regional shopping centres**: Shopping centres with a GLA over 40,000 sq. m and/or at least 80 shops and services
- **Shopping centre**: Defined as a grouping of at least 20 shops and services with a minimum GLA of 5,000 sq. m, conceived, built and managed as one entity.
- **Super-regional shopping centres**: Shopping centres with a GLA over 80,000 sq. m and/or at least 150 shops and services.
- **Small shopping centres**: Shopping centres with a GLA of over 5,000 sq m and/or at least 20 shops and services.
- **Takeaways**: Generally refers to food and restaurants.


NOODLES
0,9$

CONTACTS

Marc Guillaume
Director, Valuation & Advisory
+33 (0) 1 41 02 71 45
marc.guillaume@cushwake.com

Jean-Philippe Carmarans
Head of Valuation & Advisory
+33 (0)1 41 02 71 11
jean-philippe.carmarans@cushwake.com

Christian Dubois
Head of Retail Services France
+33 (0)1 53 76 92 96
christian.dubois@cushwake.com

AUTHORS

Typhaine Gaillard
Senior Research Analyst
+33 (0)1 86 46 10 94
typhaine.gaillard@cushwake.com

Magali Marton
Head of Research
+33 (0)1 86 46 10 95
magali.marton@cushwake.com

CUSHMAN & WAKEFIELD FRANCE
21 rue Balzac
75008 Paris

01 53 76 92 92

cushmanwakefield.fr