Prioritizing the Development of Commercial Spaces (Retail Development) in Iranian Railway Stations

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Railway & Station Expert
What do we expect from a Railway Station?

<table>
<thead>
<tr>
<th>Movement</th>
<th>Cleanliness</th>
<th>Services</th>
<th>Comfort</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passengers Information</td>
<td>Security &amp; Safety</td>
<td>Services</td>
<td>Comfort</td>
</tr>
</tbody>
</table>
Why Retail Development???

From +50% to +100%
Difference in prime rent in stations vs shopping centres (excl. take aways)
Source: Cutman & Wakefield

Nearly 30%
Of travel retail turnover in France is generated in stations
50% in airports
Source: Gares & Connexions

Prime rent 4 times higher in stations vs shopping centres
Takeaway
Source: Cutman & Wakefield

From +80% to +140%
Difference in average sales/sq.m in stations vs shopping centres
Source: Cutman & Wakefield

37% of food & beverage stores in Europe
61% in the Netherlands
23% in Portugal
Source: Codata

6.5% Average weighted vacancy rate for stations (7 European countries)
23% Spain
0.5% Switzerland
Source: Codata

Distribution of in-station retail revenue by type in France in 2016
Source: Gares & Connexions
Retail Study in Railway Stations

Information gathering and initial assessment
- Analyze of the urban, rail and commercial context
- Customers and passengers profile study

Retail development strategy for the station
- Analyze of transporter data
- Marketing segmentation
- Merchandizing proposal

Development and implementation
- Providing of Station manager training sessions
- Assistance with retail operators and call for tender
- Negotiation with retail partners and operators
The propose was to propose a short term optimization of the commercial offer for the station.

<table>
<thead>
<tr>
<th>ACTUAL ACTIVITIES</th>
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<tbody>
<tr>
<td>PRE BOARDING ZONE</td>
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<tr>
<td>WAITING ZONE</td>
</tr>
<tr>
<td>SHOPPING ZONE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUTURE ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXTENDED PRE BOARDING ZONE WITH COMMERCIAL OFFER</td>
</tr>
<tr>
<td>WAITING &amp; COMMERCIAL ZONE</td>
</tr>
<tr>
<td>COMMERCIAL ZONE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACTUAL SITUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMERS ANALYSIS (TYPOLOGIES, Consumption &amp; PATH ANALYSIS)</td>
</tr>
<tr>
<td>Passenger FLOW ANALYSIS</td>
</tr>
<tr>
<td>CAPACITY OF THE BUILDING</td>
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<tr>
<td>CATCHMENT AREA</td>
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<tr>
<td>COMMERCIAL REAL ESTATE</td>
</tr>
<tr>
<td>DESIGN Criteria</td>
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<tr>
<td>COMMERCIAL POTENTIAL</td>
</tr>
<tr>
<td>DEVELOPMENT CONCEPTS</td>
</tr>
<tr>
<td>Proposals</td>
</tr>
<tr>
<td>OTHER ACTIVITIES</td>
</tr>
</tbody>
</table>
88% OF THE STATION USERS are TRAVELERS

72% OF THE TRAVELERS are traveling FOR LEISURE VISITING OR ADMINISTRATIVE PROCEDURE

50% OF THE TRAVELERS come at least ONE HOUR BEFORE THEIR TRAIN

38 % OF THE STATION USERS are BUYERS

AVERAGE BASKET 144 200IRR per BUYER

1,6 CATEGORIES per BUYER
Retail Study in Tehran Railway Station- Results

**ACTUAL**
- **COMERCIAL SURFACE:** 1046 SQM
- **GENERATED INCOME BY RETAIL RENTS:** 23.7 BILLIONS IRR
- **NUMBER OF SEATS:** 895 SEATS

**FUTURE**
- **DEVELOPABLE SURFACE between** 1450-2724 SQM
- **Generated Income by Retail Rents:** 45.9-62.03 BILLIONS IRR
- **Number of Seats:** 530-870 Seats

**THEORETICAL MARKET (Expected retailers turnover)**
between 329-412 BILLIONS OF IRR *per year*
Railways of Iran

19 Railway local Regions

More than 42 million Passengers in 2018

Nearly 13000km railway lines

More than 150 Passenger Stations

30 important stations

Retail Development in Iran Railway Stations:

Where? When? How?
Classification Methodology:

- We assumed the stations with more than 1 million Passengers in a year.
- For Crowded stations, Other criteria play key role in the prioritizing.
- For categorizing the second stations, future developments shall be considered.
- Integrated retail plan is essential in order to extend the retail development throughout the network.
Classification Criteria: Number of Passengers (between March 2018-March 2019)

1. Mashhad: 14 Million
2. Tehran: 11 Million
3. Qom: 2 Million
4. Tabriz: 1.4 Million
5. Ahvaz: 1.2 Million
6. Esfahan: 1.17 Million
7. Yazd: 1.08 Million
8. Bandar Abbas: 1.08 Million
9. Kerman: 1 Million
Classification Criteria

1- The Station in the City
(This factor is calculated based on the distance between the station and the city center and the situation of the station in the neighborhood.)

2- Available Spaces
(including commercial and rental spaces)

3- Station’s Current Income
(In year 2017)

4- Future Developments

5- Average income
(city dwellers-2017)

6- Other Features
(Commuter, Touristic, Holly Places, Border, … )
## Prioritization

<table>
<thead>
<tr>
<th>Station</th>
<th>Number of Passengers</th>
<th>The Station in the City</th>
<th>Available Spaces</th>
<th>Station’s Current Income</th>
<th>Future Developments</th>
<th>Average Income</th>
<th>Other Features</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mashhad</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>14</td>
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<tr>
<td>Qom</td>
<td>2</td>
<td>1</td>
<td>8</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>21</td>
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<tr>
<td>Tabriz</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>34</td>
</tr>
<tr>
<td>Ahvaz</td>
<td>4</td>
<td>2</td>
<td>7</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>25</td>
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<tr>
<td>Esfahan</td>
<td>5</td>
<td>6</td>
<td>2</td>
<td>5</td>
<td>7</td>
<td>1</td>
<td>3</td>
<td>29</td>
</tr>
<tr>
<td>Yazd</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>4</td>
<td>40</td>
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<tr>
<td>Bandar Abbas</td>
<td>7</td>
<td>8</td>
<td>5</td>
<td>7</td>
<td>8</td>
<td>7</td>
<td>7</td>
<td>47</td>
</tr>
<tr>
<td>Kerman</td>
<td>8</td>
<td>7</td>
<td>4</td>
<td>8</td>
<td>4</td>
<td>3</td>
<td>8</td>
<td>42</td>
</tr>
</tbody>
</table>

![Retail Study Prioritization in Iran Railway Stations](chart.png)

- **The Station in the City**
- **Available Spaces**
- **Station’s Current Income**
- **Future Developments**
- **Average income**
- **Other Features**
Final Prioritization

First Phase:
1. Mashhad
2. Qom
3. Ahvaz
4. Esfahan

Second Phase:
1. Tabriz
2. Yazd
3. Kerman
4. Bandar Abbas
Thank you for your kind attention

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