

Press release

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Knights Frank France presents the second issue of "Inside Out", our series of reports focusing on the latest trends in the retail property market.

Flagships à la carte! (R)evolutions in the star format of retail property

Flagships are opening at a steady pace in Paris and other large cities. The word "flagship" is "derived from naval vocabulary meaning 'the commander's ship'. In other words, the decision-making centre. As applied to retail property, 'flagship' traditionally refers to the store that points the way and defines the brand's chosen strategy", explains Antoine Salmon, Head of Retail Lettings for Knight Frank France.

But not just in Paris. Examples of recent or imminent openings are abundant. In Paris, L'Occitane en Provence and Pierre Hermé have joined forces on the Champs-Élysées. Also to much fanfare, the "Maison" Louis Vuitton at place Vendôme recently reopened after the expansion of the H&M flagship at 1–3 rue Lafayette, now covering 5,000 m². Flagship, however, is not necessarily limited to Paris. Large stores are also sprouting up in regional cities (e.g. Zara in the historic centre of Lille, and Uniqlo and Primark in Toulouse).

Fashion, yes, but not only. Whilst flagships are not systematically linked to the fashion world, the sector continues to play a vital role in the steady expansion in France of large specialised chains, from C&A years ago to H&M, Zara, Uniqlo and finally Primark today. Yet flagships are increasingly from other sectors: DIY, interior decoration, restaurants and sporting goods. "Riding the wave of women's interest in sports and the athleisure boom¹, sporting goods retailers are expanding rapidly and opening new stores in France. Recent deals include Nike and Adidas, which are (re)opening or planning to on the Champs-Élysées. JD Sport has recently taken over the former H&M space at 54 avenue Jean Médecin in Nice and at 62 rue de la République in Lyon", states Antoine Salmon.

Jumbos, flagships: same thing! High streets in city centres no longer have a monopoly on flagships. Retailers now make abundant use of the largest regional shopping centres (Val d'Europe and Carré Sénart in the Paris region, Cap 3000 in the provinces, etc.) for their most beautiful flagships. The obsession with size concerns not only the flagships, but the shopping centres too. Shopping centres now enjoy the status of flagships, as they provide a showcase for the expertise and power of property investment firms, which focus their work and marketing on a limited number of jumbos.

From megastore to dedicated flagship. There is no systematic correlation between flagships and megastores, although the term "flagship", much abused in the world of retail property, is generally associated with the giant format opened by retailers. "But such a definition today is too limiting. The flagship format has been completely transformed by new trends in consumption, the digital revolution and the arrival of new retailers. There is an infinite variety of flagships, which now distinguish themselves less by their large size than by the unique experience they offer consumers", observes Antoine Salmon. Through architectural details and a wide variety of products and services, retailers today are free to design multiple flagships which give customers, regardless of their profiles, unique experiences they can find nowhere else and unlike anything they find at other sales points.

¹Contraction of the words "athletic" and "leisure". Trend promoting a healthier lifestyle that combines style and comfort.

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As consumers become increasingly segmented, a flagship is needed for each category. The arrival of IKEA in Paris' Madeleine neighbourhood should be put into context. This new urban concept, tailor-made to meet the needs of Parisians, will certainly not be the largest of the retailer's stores. However, the announcement of its opening in summer of 2019 has already created more buzz than any of IKEA's store-warehouses in peripheral zones outside Paris!

"Far from being a globalised megastore or a cookie-cutter model found in every city on the planet, the flagship now plays an integral role in increasingly complex strategies. *As a showcase for the retailer's values – its global image as well as its local roots – today's flagship is increasingly connected, responsible and hybrid*", concludes Antoine Salmon. **Using numerous examples and retailer interviews in this second issue of "Inside Out", Knight Frank analyses the changes under way in the flagship format.**
