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**High-speed rail and the city: urban dynamics and tourism**

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The case of Saint-Étienne (France)

*« Une gare TGV sinon rien ! ». Quartiers de gare TGV et promotion immobilière dans des villes en décroissance. L'exemple de Saint-Etienne*

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## Introduction: high-speed rail stations as a spur to dynamism in shrinking cities?

- 1 Over the last decade, numerous cities in France and in Europe have engaged in urban regeneration projects in the area around their central station. Regardless their size, those aspirant European-class cities all strove hard to get a high-speed rail (HSR) stop and then implement an ambitious project to facelift the area around the station. The new HSR station area is meant to showcase the dynamism of the whole city. These projects include office and service-oriented buildings, functional mixing, social mix and iconic architecture, which are commonplace features of a consensual urban project. While addressing urban blight, the aim of those cities is twofold: to be more attractive in the competition between European cities, and to curb urban sprawl and thus comply with sustainable development requirements by increasing the population density in the area surrounding a reinforced transportation hub.
- 2 One may argue though that this strategy is certainly relevant for large cities, but that it may be oversized for second- and third-tier cities, whose ability to reach the level of a

global city is less obvious (e.g., Saint-Etienne, France). However, it is in those very cities that this kind of project seems to be the most desirable and to raise hope in a bright future among local authorities. Indeed, local representatives still strongly believe that an infrastructure is a lever for local development (Offner, 2014), even if it has been extensively covered (cf. literature review by Bazin et al., 2011) and debated (*Controverses de l'Espace Géographique*, 2014) that these benefits are far from being proved (Offner, 1993; Plassard, 1997; Joignaux, 1997, etc.). When the arrival of a high-speed train has some effects, it is in combination with other factors and those effects are of various kinds according to the region taken into account (Delaplace, 2012), they are differential (Chen and Hall, 2012) or have to be considered on the long run (Bretagnolle, 2014). Nonetheless, this belief is so deeply rooted that it still appears as a genuine spur for public action (Beaucire, 2014), as suggests the proliferation of urban projects: it contributes to focusing public investment on a deprived area of the city (Delage, 2013) and designing a regional strategy<sup>1</sup> (Frémont, 2014). As a first step to the upgrading of the area, the HSR station is generally turned into a multimodal transportation hub to improve the connection between local and regional mass transit networks (Menerault (dir.), 2006).

- 3 Most of the research works about the relationship between HSR stations and urban development have focused on public actors' strategies in major cities (Troin, 1997; Ollivro, 1999; Menerault, Barre (dir.), 2001; Facchinetti-Mannone, Bavoux, 2010; Bellet et al., 2012; Delage, 2013) and more recently in smaller cities (Facchinetti-Manonne et al., 2013; Roudier, 2015). Most of those research works agree on the HSR station being a "spearhead of a long-term, public, sector-led spatial strategy with deliberate regional planning designed to magnify and spread economic and regeneration benefits" (Brown and al., 2013, p 115), especially in France. But little is said about private stakeholders' point of view. Studies led by the Laboratoire d'Économie des Transports<sup>2</sup> in the mid-1980s to assess the effect of the new French HSR service between Lyons and Paris underlined that for private stakeholders, the HSR was "a bonus" (Bonnafoous, 1987). More recently, research works about Rheims Clairmarais revealed that private companies would choose to come to Clairmarais less because of the presence of the new HSR service than thanks to the actual presence of modern office buildings in the area (Bazin et al., 2009)<sup>3</sup>. In both cases, the private stakeholders covered by the scope of the analysis are private companies, i.e. end-users. More has to be known about real estate developers, the actors who actually build the new HSR area prior to the arrival of end-users. In Rheims, recent research works showed that HSR was an "additional location factor" for developers, combined with other transportation amenities and a strong public-led urban project (Bazin et al., 2016). But the HSR is taken as a whole, and what precisely is attractive to developers remains unaddressed. This paper proposes to bridge this gap by focusing on the real estate developers engaging in a programme near an HSR station, and unfolding the many aspects of an HSR station. It proposes a new approach of the link between real estate and HSR: unlike many quantitative research works that focus on the effect of the HSR on real estate markets (Bazin et al., 2010) and land values (for instance using the hedonic approach, Mayor et al., 2008; Debrezion et al., 2011), this paper aims at qualifying the role played by the HSR in the decision making process of real estate developers.
- 4 Our analytical framework encompasses the challenges of urban regeneration in historic central station areas. It appears that there is a set of constraints that real estate developers have to deal with. As a go-between between banks, public-sector customers and end-users, most of real estate developers have to come to a compromise on

(contradictory) constraints. On the one hand, they have to design a tailored programme to meet the needs of a specific place. When railway station areas are concerned, the cost of the works may be higher because the former presence of industries next to the station generates expensive depolluting processes. On the other hand, real-estate developers are dependent on banks and investors (especially as far as office building is concerned), whose rules of conduct are driven by risk-limiting strategies (Lorrain, 2011): they must meet the requirements for profitability and security that prevail in the financial world – which may lead to some standardized risk-limiting solution. As “anchoring” actors<sup>4</sup> (Theurillat et al., 2014), real estate developers then take part to the increasing role of finance in the building of the city (Renard, 2008; Baraud-Serfaty, 2008, 2009).

- 5 Limiting risk often means investing in so-called “secure” places – namely, in the most desirable (economically, culturally dynamic) cities, and in the most desirable neighbourhoods (especially historic city centres) – hence a fierce competition among cities in a globalized world and a high spatial selectivity to the detriment of less attractive areas. This spatial selectivity has been even higher in the last past years because of the financial crisis. As a consequence, private stakeholders are more and more reluctant to invest in so-called “risky places”. Their action is thus driven to a greater extent by prudential rules of risk-limiting, meaning restricting the choice of potential investment fields and areas to *already* attractive ones.
- 6 This raises the following question: how does real estate development take place in “less-attractive” cities where the market forces are too weak to make the investment as profitable as in a regular place, and where there is no public direct subsidy to appeal to private investors? Our hypothesis is that the high-speed rail station does help to attract real estate developers in those supposedly risky cities. In the same way the HSR station is a spur for public-led ambitious projects; it may influence the way real estate developers take action. Academic economics and regional sciences handbooks tell us that the HSR station is a top-list feature to define a *prime* location<sup>5</sup> in the real estate world, especially for office buildings (MacDonald and MacMillen, 2010, among others). This overall high desirability of the HSR station is confirmed by the recurrence of urban projects based on a new business district next to a new HSR station<sup>6</sup>: is this rule still valid in post-industrial medium-size cities such as Saint-Etienne?
- 7 This paper aims at unfolding what *precisely* in the HSR station is attractive to market-driven stakeholders as real-estate developers: is it the station itself as a transportation hub, or the station area’s urban features (since train station areas traditionally are districts with a specific and ambiguous<sup>7</sup> identity in the city, Kokoreff, 2002)? To which extent does this node-place ambivalence (Bertolini, 1998a et b) help them to offset the risks taken in non-attractive cities?
- 8 To address this issue, our methodology is qualitative and inductive, based upon the case study of Saint-Etienne Châteaureux in France. Saint-Etienne is a former industrial city that is considered as a shrinking city (Wolff et al., 2013; Cunningham-Sabot, Roth, 2014), even a “loser city”<sup>8</sup> (Rousseau, 2008) in a globalized world. The TGV<sup>9</sup> (brand of the French national railway’s high-speed rail) arrived in the city as early as 1981, at the moment when the first high-speed rail system was built between Paris and Lyons, France’s third largest city – the TGV runs then at a regular speed between Lyons and Saint-Etienne though<sup>10</sup>. Hence, this case study helps to single out the effect of the TGV as the significantly faster means of transport and as a brand over three decades in one of the first cities connected to the high-speed rail system. However, if any effect is to be proven,

one will have to question why this effect occurred two decades after the city was being served by the TGV.

- 9 As part of a four-year fieldwork in Saint-Etienne (2008-2012), I interviewed each of the five real estate developers<sup>11</sup> who had a programme being built or about to be built between 2010 and 2012<sup>12</sup>. This fieldwork was completed by a few other semi-structured interviews with professionals having an overview of the real estate industry (including real estate agents)<sup>13</sup>. Most of those real-estate developers' programmes were in the middle of the building process: that should minimize the risk of memory lapses, but cannot prevent the risk of *ex post facto* explanations, as the real estate developers all had won the bid a few months before. I then cross-referenced the interviews and professional reports. This extensive research work was recently updated thanks to a press review, the monitoring of specific websites<sup>14</sup> and a small number of targeted interviews (June 2016).
- 10 To understand how real estate developers decided to engage in a programme in Saint-Etienne Châteaureux despite the overall bad reputation of the city, this paper will first display a few facts and figures about the city, its real estate market and the real estate developers who are building the new buildings in Châteaureux. Then, the analysis of the arguments and motivations of those developers will help to assess the role and importance of the HSR station in their decision.

## Real estate developers in Saint-Etienne Châteaureux, an overview

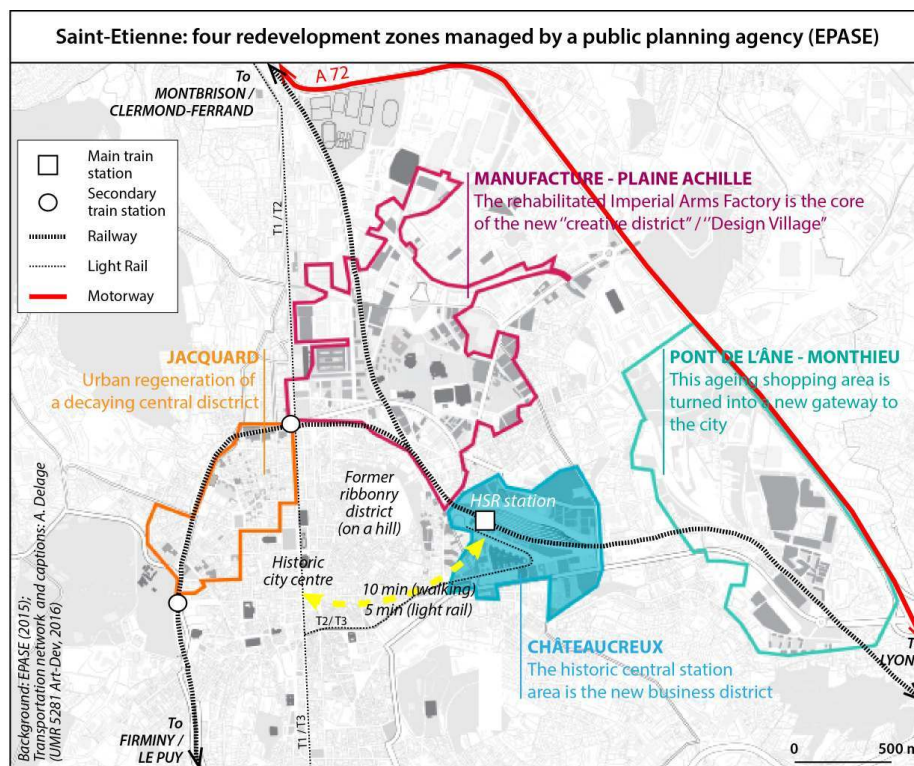
### The Rise and Fall of Saint-Etienne: the making of a specific context

- 11 Saint-Etienne is located in the "Région Rhône-Alpes", the second wealthiest region in France after Île-de-France (where Paris is), only 60 km from its capital city, Lyons. Despite this dynamic regional context, Saint-Etienne epitomises former coal mine and industrial cities that dramatically suffered from deindustrialisation during the last quarter of the 20<sup>th</sup> century. A boom town in the 19<sup>th</sup> century, Saint-Etienne had a flourishing industry based on firearms, guns and bikes. The city hosted a royal manufacture and long had a strong relationship with the French central State that provided orders. Correlatively, local authorities long had few political power and very little interest in urban design (Bayon, 2001). When deindustrialisation hit the region, they went on focusing on economic matters to the detriment of urban planning, and heavily relying on central State subsidies (Verney-Caron, 1999; Béal *et al.* 2010).
- 12 It changed in the late 1990s when the census revealed the city was still losing population (-20 000 inhabitants in the last decade, i.e. almost one inhabitant out of ten<sup>15</sup>), especially young adults and skilled people (Masbouni, de Graveleine, 2005). These figures have to be viewed in the context of a city where households' income was significantly lower than the regional and national averages, and where unemployment was higher than in the rest of the country<sup>16</sup>. The new mayor (M. Thiollière) then decided to put on the agenda urban regeneration as a top-list priority in order to stop the shrinking of the city and regain some attractiveness. Saint-Etienne implemented a new urban marketing strategy to get rid of the sticky pejorative image of a literally "black" city – Saint-Etienne is actually a late-follower of this reimagining strategy many cities had already implemented (Cunningham-Sabot, Roth, 2014). The local authorities chose to build their new image on

design and creative classes (Rousseau, 2008; Sechi, 2016)<sup>17</sup>. They quickly engaged in several urban projects to move forward and upgrade the amenities of the city. For instance, a new show venue ("Zenith") was ordered to Sir Norman Forster, and the Imperial Arms Factory was refurbished as a "Design Village" to host exhibitions such as the International Design Biennale (Zanetti, 2011).

- 13 The decision to facelift the railway station area is part of this new urban planning strategy. Actually, the arrival of the high-speed rail had not been anticipated by local authorities in the early 1980s, maybe because at that time the city was dealing with a severe industrial crisis. It is not until the mid-1980s that the idea of a business district arose. A study for the deputy mayor in charge of urban planning (M. Thiollière) proposed to redesign the station plaza and to add some office buildings in the vicinity of the train station to take advantage of the new TGV service (1986). But the economic crisis of the 1990s was a strong impediment to take any action. The same idea came back in the late 1990s, and was implemented in many steps, thanks to proactive political support and both local and national public investment. A 60-hectare development zone was created in 2007<sup>18</sup>, after a public agency (*Établissement Public d'Aménagement*, EPA<sup>19</sup>) was created to design and implement the masterplan of the area (Figures 1 and 2).

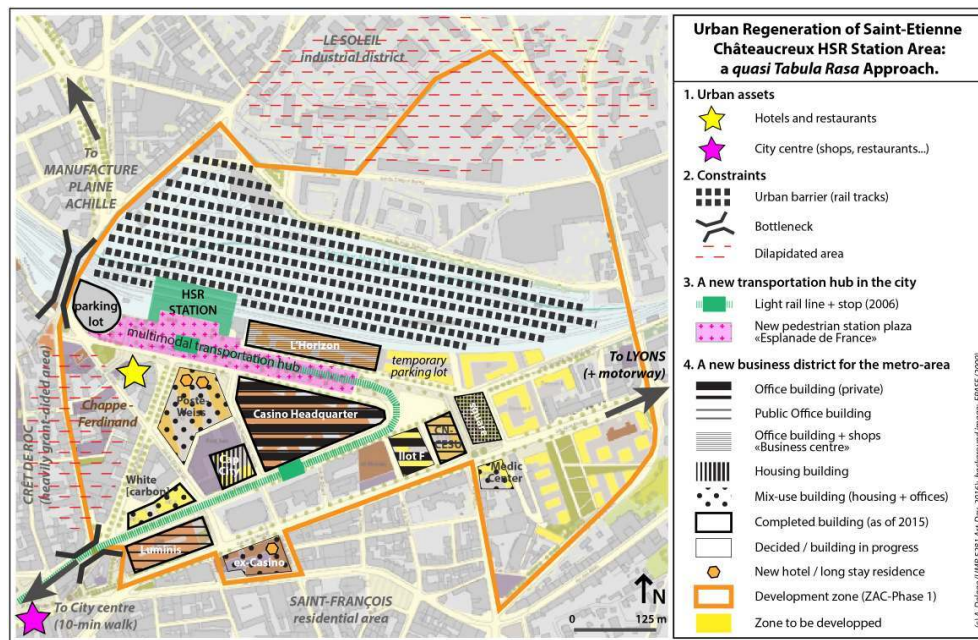
Figure 1. Saint-Etienne Châteaureux in its urban context.



SOURCE: EPASE AND A. DELAGE, 2016



Figure 2. Urban regeneration programme around Saint-Etienne Châteaureux HSR station.



SOURCE: A. DELAGE, 2016

## Facing one of the weakest real estate market in France

- 14 Taking action in Saint-Etienne is especially challenging for both public and private actors since the former cannot rely on abundant funding and the latter cannot rely on a strong land market that would be able to sustain the renewal of the city. When the urban project was engaged (prior to the 2008 crisis), the city actually had one of the France's weakest land markets<sup>20</sup>. The prices in Saint-Etienne were on average significantly lower than in the other major cities of the Rhône-Alpes region (see Table 1).

Table 1: Saint-Etienne, a weak real estate market (2009)<sup>21</sup>.

Average price (€/m <sup>2</sup> )	Saint-Etienne	Lyons	Grenoble	Chambéry
Old-stone flat	1100	2655	2216	2036
Refurbished flat	1600	3010	2470	2477
New flat	2600	3800	3700	2487

- 15 However, these figures should be considered with caution since there is in Saint-Etienne quite a big gap between old-stone and new housing units' prices, and between belt-line districts (less than 700 €/m<sup>2</sup> in 2009) and central districts with some architectural heritage. The residential real estate market is low mainly because of the poverty of the population living in Saint-Etienne. In the 1970s, the middle classes left the city centre to buy a house in the hilly suburbs. Contrary to most of French and European cities, gentrification of the historic core in Saint-Etienne is quite limited (Rousseau, 2008; Cunningham-Sabot, Roth, 2014) and the vacancy rate is rather high (10,4%<sup>22</sup>). As a

consequence, the price of housing units, both to sale and to rent, is lower than in Lyons or Grenoble (another major city of the Rhône-Alpes Region)<sup>23</sup>.

- 16 The commercial real estate market is low as well. The offer was not matching the demand, mainly because available offices were for rent when the demand was actually to buy them<sup>24</sup>. Also, the offices were scattered in the metro area. In the late 2000s, the prices were lower in Saint-Etienne (130-150 €/m<sup>2</sup>) than in Lyons Part-Dieu (230-250 €/m<sup>2</sup>)<sup>25</sup> – this price gap was exactly the argument put forward by real estate agents in Saint-Etienne (see below). In 2014, the price gap between Lyons and Saint-Etienne remains the same: a prime location is priced 180 €/m<sup>2</sup> in Châteaueux, 270 €/m<sup>2</sup> in Lyons Part-Dieu (250 €/m<sup>2</sup> in Marseille, 190 €/m<sup>2</sup> in Nantes, to be compared to 745 €/m<sup>2</sup> in Paris)<sup>26</sup>.
- 17 On top of that, real estate developers and real estate agents were unanimous that the city has a bad reputation as a weak market. As a consequence, some real estate developers even “blacklisted” the city because they considered that engaging in a programme there was too risky to be profitable<sup>27</sup>.

## National real estate developers are rebuilding Châteaueux

- 18 Despite the very poor reputation of Saint-Etienne, some developers accepted to invest in the city mostly thanks to the initiatives taken by public actors (the municipality and then the EPA). Table 2 reviews the real estate developers and investors that have been or are currently leading a property programme in Saint-Etienne Châteaueux. The redevelopment zone is meant to develop 160 000 m<sup>2</sup> of new housing units, and 200 000 m<sup>2</sup> of new office space by 2020.

Table 2. Comparison of the programmes led in the Châteaueux area.

New buildings in Saint-Etienne-Châteaueux (as of 2015)				
Completion	Surface	Programme	Name	Real estate developer
2007	89 000 m <sup>2</sup>	International Firm Headquarter	CASINO**	BNP Paris Real Estate (Meunier)
2010	27 000 m <sup>2</sup> (2500 m <sup>2</sup> available)	Public agencies 1800 employees	LUMINIS / GRÜNER / Cité administrative	Altarea-Cogedim
1/ 2011 2/ 2013	16 000 m <sup>2</sup>	Offices (3/4) Shops (1/4)	L'HORIZON / Centre d'affaires stéphanois	Art de Construire (Lyons)
2012	6000 m <sup>2</sup>	Offices (220 employees)	CN-CESU (Public agency)	Cirmad Grand Sud (branch of Bouygues)
2012	Not available	111 housing units	CAP CITY	BNP Paribas Real Estate
1/ 2013 2/ 2017	6000 + 9000 m <sup>2</sup>	Offices Housing units (35 + 36) Shops	WHITE CARBON	XXL Ateliers (Saint-Etienne)
1/ 2017 2/ 2020	31 000 m <sup>2</sup>	Offices Housing units (75) Shops 2 hotels (2* / 4*)	POSTE-WEISS	Vinci Immobilier Résidentiel + Groupe Cardinal (Lyons)
(2016: work in progress)	5800 m <sup>2</sup>	Medical centre (for 20 to 30 medical staff) + 28 housing units to rent	MEDIC CENTER *	Bouygues Immobilier
(2016: building permit)	9000 m <sup>2</sup>	Offices (small ones)	ILÔT F / AUXILIUM	Linkcity (ex Cirmad Grand Sud, branch of Bouygues)
Unknown	11 000 m <sup>2</sup>	Offices Housing units (116 long stay residence + 80 senior residence) 1 restaurant Parking lot	22/24 RUE DE LA MONTAT (ex Casino Headquarters)	Vinci Immobilier Lyons
Listed on the French or European Stock Exchange				
** Casino is a mass retailer that was created in Saint-Etienne in 1892 and then spread around the world; it is the leading retail company in South American and South-East Asian countries. Even when turning into a transnational company, it has always kept its headquarters in Saint-Etienne (in Châteaueux). It is thus a major economic player in Saint-Etienne and the employment area.				

**SOURCE: EPASE + INTERVIEWS BY THE AUTHOR (2008-2016)**  
**INFORMATION GATHERED BY THE AUTHOR, AS OF JUNE 2016**



- 19 First, unlike in Rheims (Bazin *et al.*, 2009), all of the developers but one are national real estate developers. Four of them are listed on the French Stock Exchange: Bouygues (actually involved in three programmes through two of its branches) and Vinci are global players in construction and services when Altarea is a property group and BNP Paribas Real Estate is a branch of one of the major French banks. Then, Art de Construire and Cardinal Group<sup>28</sup> are nationwide real estate developers with their headquarters in Lyons; they are not listed on the French Stock exchange. Only one developer is local: it is actually an architect who eventually engaged in real estate development for that programme only (thus being quite an exception in this overview). However, this local developer also cooperates with a national developer specialised in social housing. In other words, when using Theurillat and *al*'s categories: four developers belong to the "financialised" real estate capitalism, two belong to the market category and the last one is between self-development and market oriented development (Theurillat *et al.*, 2015).
- 20 As for the investors, the available information shows tighter relationships with the financial sphere when office buildings are concerned: Foncière INEA is a Real Estate Investment Trust specialised in new office buildings outside of Paris, whereas Heeuricap is an investment vehicle partly held by the Bouygues Group (nine-year lease) – surprisingly, the Casino Group does not own its headquarters building when it has two real estate companies (Mercyalis and Immobilière Groupe Casino). But there are some exceptions, especially in the Luminis programme where Saint-Etienne Métropole, the intercommunal body, owns a part of the building: this actually reveals the difficulties Altarea encountered to sell this programme, as the public authorities eventually decided to buy their premises not to jeopardise the building of what was designed as the flagship building of the area.
- 21 The presence of major companies can be explained by the very nature of the programmes implemented around a station. Most of them are rather large office buildings that require some high technical knowledge and some human capacity to complete the large and complex construction work within a reasonable time (once the amount of presold offices or housing units has secured the programme). Hence big companies tend to be more competitive to win tenders. Moreover, in those flagship projects, the client implicitly often demands an iconic and/or striking architecture, preferably designed by a world-class architect<sup>29</sup>. Not only is it supposed to ease the selling of the building, but also it is intended to benefit to the general image of the city. A national company is thus more likely than a local company not only to comply with the ambition of the project but also to have those architects in its address book. For instance, the iconic yellow Luminis was designed by award-winning Manuelle Gautrand, the future Îlot Poste Weiss was first designed by Pritzker Prize awarded Jean Nouvel<sup>30</sup>, and the Îlot F is designed by renowned Nicolas Michelin. As a consequence, this attraction for "starchitects" imposes an extra pressure on local architects and developers – the local architect I interviewed told me that he was not disadvantaged by a supposedly lack of proficiency nor because of the flatness of his proposals but by a lack of notoriety.

## Is a handful of developers routinizing the regeneration of Châteaureux?

- 22 A further analysis of the characteristics of those developers highlights that most of them are not first-timers in Châteaureux nor in Saint-Etienne.

- 23 First, some of them tendered for many projects without winning the bid: they kept tendering with the hope they could eventually win and thus get some investment return – both financial and time investment. This is how Cirmad won the CESU bid, after three unsuccessful attempts<sup>31</sup>.
- 24 Then, when a programme has already been completed in Châteaueux by a developer (Cirmad, BNP Paribas) or in Saint-Etienne (BNP-Paribas<sup>32</sup>), it means that this developer has some knowledge of the characteristics of the market, and found ways to circumvent the weakness of the market – for example by orienting it towards a larger size so that the programme would be large enough to cover the fixed costs (Cap City), or by creating a joint-venture with a social landlord (White Carbon, Medic Centre).
- 25 In the case of BNP-Paribas Real Estate, being a branch of a major bank also helps to sell housing units to investors, thanks to the network of bank advisors in bank agencies throughout the country. Those bank advisors may entice their clients into investing in housing units and thus taking advantage of temporary tax exemption programmes, such as the so-called Scellier Scheme ("Dispositif Scellier") offering people who buy housing units only to rent them to get a tax relief during nine years and to which the Châteaueux area qualified<sup>33</sup>.
- 26 These strategies exposed in 2010-2012 by the real estate developers during the interviews are confirmed by the recent moves within Châteaueux. Over the last two years, three new property programmes have been launched: all of them are led by developers who already completed a programme in Châteaueux in the last past years. The Medic Centre is developed by Bouygues Immobilier – which is arguably linked in some way with the fact that one of the Bouygues branches, Cirmad, completed the CN-CESU in 2012 and comes back to Châteaueux to build the "Îlot F". As for the former Casino Headquarters (22/24 rue de la Montat), the main partner is Vinci, already involved in the "Îlot Poste-Weiss".
- 27 Real estate developers thus seem to follow a sort of routine<sup>34</sup>, coming back to the same places: this may indicate that a relationship of trust and reliability has been built between the developers and the EPA<sup>35</sup>, which helps to offset the initial risk taken when engaging a new programme in Saint-Etienne. As shown in other public agency-led mega-projects, the EPA and the elected officials play an important role to attract and negotiate with real estate developers or investors (Bertoncello, Dubois, 2010; Delage, 2013). The real estate developers I met almost all acknowledged the EPA for being a unique public representative, thus facilitating the process. They clearly highlighted how reassuring this public actor was for them<sup>36</sup>, especially when the EPA was bringing a unique end-user such as the CESU<sup>37</sup> or phasing the launching of programmes not to have too many offers available at the same time.
- 28 This overview thus brings to light the fact that most of the real estate developers at work in Châteaueux are totally embedded in the financial system and have to comply with the risk-limiting rules of global finance. As the mental maps they designed of the area clearly show<sup>38</sup>, they also may have limited knowledge of the local characteristics – their office being in Lyons, they may commute only to visit their construction site. But when they are developing a second programme, they presumably capitalize on their first experience and deepen their knowledge of the area.

- 29 The next section investigates whether, considering their initial weak link with Châteaueux, developers chose this location for the area characteristics, the HSR as a whole, or specific features of the HSR station.

## Real estate developers and the HSR station: from use value to exchange value

- 30 Public authorities designed the new district to be built next to the HSR station as a business/service-oriented district – as some of them implicitly admitted, they copy-pasted what was implemented in larger cities in order Saint-Etienne not to be “left behind”<sup>39</sup>. Their original goal was to compete with Lyons Part-Dieu, France’s second largest CBD after Paris-La Défense. Their argument was to say that a 40-minute train ride would enable companies to afford larger and more up-to-date offices as the prices would be lower in Saint-Etienne than in Lyons. As a matter of fact this argument found some echo among the real estate developers I interviewed. Four out of five agreed that if the Châteaueux station had not been serviced by a high-speed train, they would not have considered a programme in this area as an option at all. They actually rely on their experience in other (larger) cities and build the following equation up: “business district = TGV station district”. However we acknowledge this argument is more a belief than a proven fact, as the following paragraphs show.
- 31 What, precisely, in the station is attractive to real estate developers when deciding to bid on a public call for tenders in Châteaueux? There are two sets of answers, both matching with the node-place model established by Bertolini (1996): factors related to the transportation infrastructure itself, and factors related to its position in the city fabric.

## The transportation-related arguments

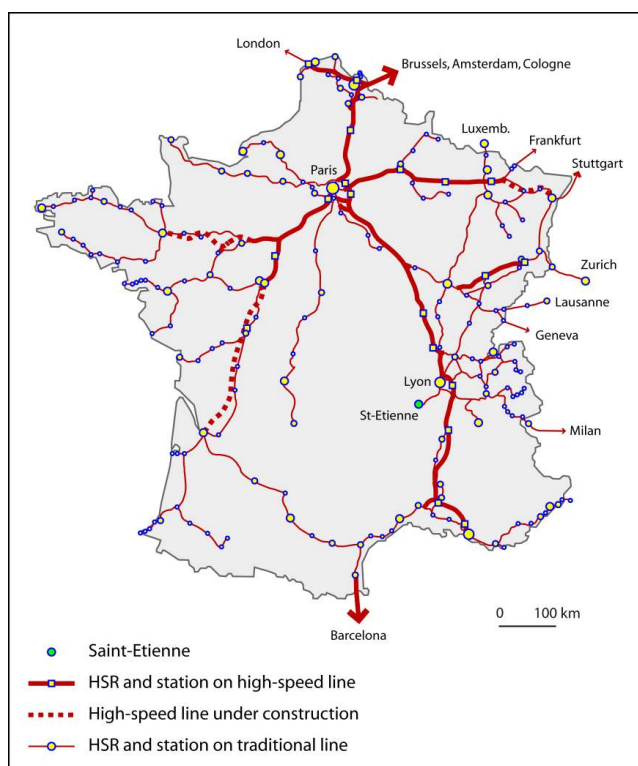
- 32 When asked what precisely in the TGV station was so crucial, the real estate developers all said the accessibility was a prime argument to define the value of a plot of land. Not only the TGV is a direct link to Paris, but also the many TER (regional express trains) are a commuting facility with Lyons. Comparing TGV and TER services highlights that the TER service is the actual major asset of the station (Table 3) thanks the introduction of the fixed-interval timetable (as frequently as every 10 minutes at rush hours). In comparison, the TGV has a limited service: it is not running at a high speed between Lyons and Saint-Etienne, it has only 4 trains (round trip) a day and connects Saint-Etienne to a limited number of destinations, being a dead-end station (Figure 3).

Table 3. Regional and high-speed train service at Châteaureux station, as of September 2015.

Service	Destination (duration)	Number of trains per day	First train leav- ing Châteaureux	Last train leaving Châteaureux
TER (regional express train)	Lyons <sup>40</sup>	55		
	Of which Part-Dieu (47 min)	32	5:20	22:50
	Of which Perrache (1 hour)	23	5:34	19:59
	Firminy (20 min) + Le Puy (1h40m)	37	5:31	21:57
	Roanne (1h15m)	18	5:50	21:55
TGV	Montbrison (40 min) + Clermont-Ferrand (1h40m)	16	6:05	21:57
		4	6:05	17:20
TGV	Paris (via Lyons Part-Dieu) (2h52m)	4	6:13	18:13

DATA COLLECTED BY THE AUTHOR, FROM THE SNCF AND TER WEBSITES

Figure 3. The 2015 France's HSR network.



SOURCE: ADAPTED FROM WIKIPEDIA COMMONS

- 33 However, real estate developers consider the TGV as an asset for business purpose, as it provides a direct service to Paris, the capital city of a still monocentric France. The first train arrives in Paris at 9 am and the last train leaves Paris at 7 pm: it allows a round-trip journey on the same day, which saves the additional cost of a night in a hotel. Conversely, the first train from Paris arrives in Saint-Etienne before 10 am and the last train leaves Châteaureux station after 6 pm, which also enables a round trip journey on a day from Paris. From a business point of view, the high-speed connectivity then makes up for the distance, as it provides a direct and rather fast service between Saint-Etienne and France's major financial centre.
- 34 Besides the train station, the multimodal hub is also appealing to real estate developers, especially from a resident's or a visitor's point of view. They all pay tribute to the

improvement of the overall connectivity of the train station to the rest of the city bus network – they thus appreciate the action taken by public stakeholders a few years before. When the decision was made to regenerate the area, transportation experts put into the light the fact that the central train station was not well connected to the city's major places. The urban bus map actually needed a substantial overhaul to turn the central station into a major local transportation node. As a result, Châteaureux station is now the main hub in the metro area, where a light-train line, major city bus lines, and regional bus lines are all connected (see Figure 2). This is a great asset for both office and residential buildings, as customers or residents are likely to use mass transit to go to work (if their office is in the Châteaureux area) or go back home (if they live in the Châteaureux area).

- 35 However, the real estate developers' discourse about connectivity may be paradoxical, or may vary according to their targets. They typically tend to emphasize the (admittedly poor) TGV service and minimize the genuine transportation asset of the station, i.e. the TER (the TER service between Saint-Etienne and Lyons is close to the standard of the express commuting system in the Greater Paris, namely the RER). Indeed, since high speed is often associated with the myth of modernity (Klein, 2001; Belot, 2015), the symbolic value of the TGV is higher than the TER's: the TGV passenger is often associated with the image of the modern business man when the TER passenger is not. Regarding the investors' rationales, the TGV is also a kind of universal reference. One of the real estate developers explained us how difficult it was to draw international investors' attention over programmes in Saint-Etienne. As he put it, either they do not know Saint-Etienne and they are reluctant to consider it as an option, or they know little about the city (mostly the clichés of a "black city") and they are reluctant to engage action in a city with such a poor reputation. In both cases they refuse to take any risk by investing there. But, in the course of the negotiation, as the real estate developer unfolds the characteristics of the programme he is in charge of, mentioning the TGV will raise the interest of the investor<sup>40</sup>. That is because, even if he is not from the region, nor from France, the investor will certainly know what a TGV is, and most of the time will associate it with a business district. It seems that the branding effect of the TGV – quite obvious in Saint-Etienne in so long as there is no high-speed service until Lyons – must not be minimized when foreign investors are concerned. As another real estate developer put it, the investors know very little about France: they would be able to mention Paris of course, the French Riviera most of the time, perhaps Lyons<sup>41</sup>. Correlatively they are more likely to invest in places they know than in less known – and less prestigious – places such as Saint-Etienne. In other words, the less an investor knows a place, the unlikeliest he is to invest in it. As a consequence, the TGV brings some familiar colour to a city that is not familiar to the investor. Even if representations are not the only driving forces to make a decision, it is quite obvious that the mental images and the mental maps are still crucial in the process. They play a role that is important – hard to measure though. Those mental images are spreading through the real estate world and eventually become a *doxa*, that is to say some statements that are taken for granted by the real estate developers and the investors, no matter they are true ones or misconceptions. As such, these common beliefs potentially play a role in decision making.
- 36 The top-list quality of the HSR station thus lies in its connectivity to Paris, but the TGV (outside a high-speed line) is a two-side asset. The TGV certainly has a prime branding effect on decision making from a real-estate developer's (and investor's) point of view. It



is part of an international standard. But its actual value comes from the connection it provides with places at national (TGV), regional (TER) and local (buses) scales, which is an asset from a user's point of view.

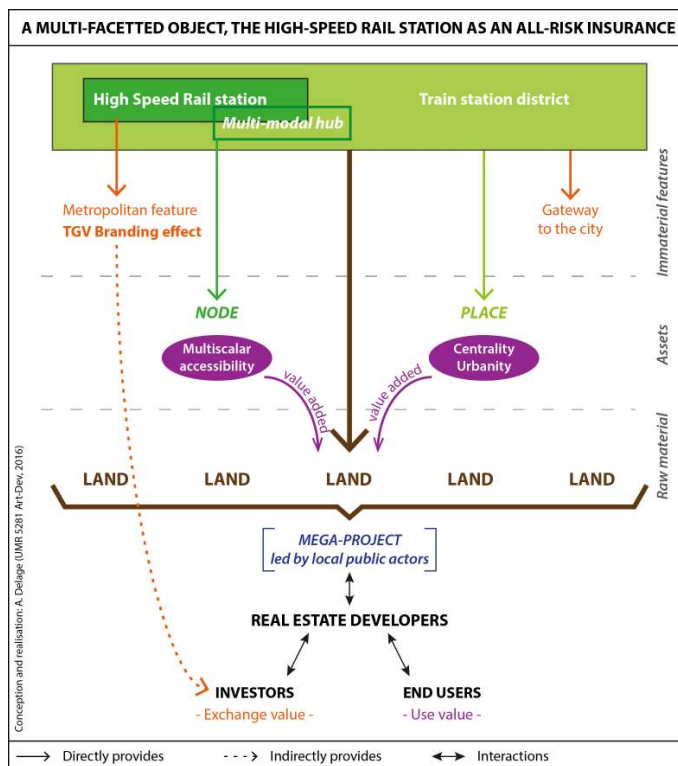
## The urbanity-related arguments

- 37 When asked about other reasons why they came to Châteaureux, real estate developers identify another set of arguments, related to the urban characteristics of the area.
- 38 First, they all put a major emphasis on the address of their building. It is important to them to be immediately highly visible from the station when the business man is exiting the station concourse, which means the building is easy to see, easy to find (which avoids a loss of time). Prime locations are located in the streets with direct access to the station plaza (cf. Figure 2). It is important that the building's address is well known, especially when the street has a name as prestigious as "Esplanade de France", which might refer to the "Esplanade" (large plaza) in the heart of la Défense (Paris' Central Business District).
- 39 Second, they also value the proximity of the city centre and its many shops and restaurants. Office employees might want to go shopping during their lunch time: they will be able to do so within a ten-minute walk or a five-minute ride. Residents might also seek the urban thriving lifestyle within walking distance. Those urban characteristics are a legacy of urban history: when train stations were built in the 19<sup>th</sup> century, they were built on the outskirts of the then urban core. Afterwards, they were embedded in the urban fabric when cities grew at a fast pace. As a consequence, the central stations now take advantage of the historic centre's proximity, all the more since city centres have been desirable again for a few years (Bidou-Zachariasen, 2003).
- 40 Last but not least, as a former industrial district, the central station area provides not only a big amount of available land (former industrial wastelands), but also large tenements, which facilitates large – and possibly more profitable developments.

## A multi-faceted asset: the high-speed rail station as an all-risk insurance

- 41 As the previous sections show, the real estate developers put forward a number of arguments where the HSR station plays direct and indirect roles in the choices they make (those arguments echo the ones put forward by the investors and the bankers, as they said during the interviews). The HSR is thus necessary to engage in a programme in such a weak market as Saint-Etienne. Not only does the station provide excellent connectivity assets, but also some urban assets. It is connecting local, regional and national scale, which increases the value of the land that is available in large tenements close to the city centre (see Figure 4). If accessibility is always put as a top-list argument, real estate developers actually do not need to make a hierarchy of these elements, since those features are inextricably linked in a central HSR station area, by the very nature and history of it.

Figure 4. A multi-faceted object, the high-speed rail station as an all-risk insurance.



MADE BY THE AUTHOR

- 42 This wide array of assets provided by the HSR station and its area is exactly what brings some reassuring arguments to real-estate developers (and investors). In the same way Veltz (1996) showed how the diversity of skilled professionals and of potential activities or outlets provided an all-risk insurance to companies located in global cities, we could say that the centrally-located HSR station provides an all-risk insurance to real-estate developers thanks to its many potential uses. This can be true not only because of the variety of assets the HSR station has, but also because it can be called up at various steps of the property programme decision process.
- 43 First, the more assets the place provides, the likelier the people will consider the place as a profitable investment or a potential place to move in. In the same way the high-speed rail station physically connects many spatial scales, it also connects stakeholders from many decision-making scales (end-users, bankers, foreign investors, etc.). It is then an excellent means to align the action of place-based and place-less (market-driven) stakeholders with whom real estate developers have to deal with<sup>42</sup>. In other words, at least one of the various angles of the HSR station may speak to each stakeholder – either the actual use value of the station, especially for commuters, or the exchange value provided by the branding effect of the TGV for the globalized investors.
- 44 Second, when the HSR station helps to convince the different stakeholders of a property programme, it actually makes easier each step of the implementation of the project. The HSR station first helps to attract real estate developers to consider the area as a possible prospect. Once they have decided to take action or once they have won the bid, the real estate developers need to convince both banks to back their programme, and, most importantly, investors. Those investors may be end users (the owner lives in the housing

unit or works in the office space). They may also be individuals or corporations seeking a safe way to invest their savings – they are looking for a profitable investment. When trying to convince their bank, the real estate developers build their case by presenting the potential of the area, and, more importantly, the percentage of the building that is already sold to end-users or investors. The highest the percentage is, the safest the programme is; but the riskiest the area is, the highest the required percentage of units sold in advance is. According to whom they are negotiating with, real estate developers will put forward different sides of the HSR station and adapt their argumentation to the demands of the person they are speaking to: accessibility and urbanity or centrality of the area when talking to end-users, the TGV brand when trying to convince (foreign) investors. The HSR station is then necessary – but not sufficient – to convince each stakeholder to come and buy a piece of the property programme. More precisely, each aspect of the HSR station (and its area) would not be sufficient alone to convince them: it is the combination in the same place of material and immaterial assets, of connectivity, centrality, urbanity and branding effect that makes the whole property programme possible.

- 45 Last but not least, this wide array of assets is reinforced by the action of public stakeholders: prior to any real estate developer action, the HSR station helps to focus local public action on a deprived area, where elected officials decide to launch an ambitious project, even a mega-project (Figure 4). This public frame adds another layer of security to the property programmes that are proposed in that development zone, especially when public authorities are backed by state agencies providing money and technical assistance, such as the EPA in Saint-Etienne.
- 46 The HSR station is thus crucial to engage private driven action in risky cities by contributing to overcome each sticking point in the process of constructing a building. In other words, it plays a major role thanks to an accumulation of minor successes built upon the HSR station's material and immaterial assets, playing both on short and long terms. To some extent, this efficiency eventually relies on the (good) image spread by opinion leaders in the financial world.

## Conclusion: Real estate development around an HSR station: a "cautious-man principle" or a self-fulfilling prophecy in shrinking cities?

- 47 The key results of this research work highlight the variety of arguments that can attract real-estate developers to engage in a programme next to any HSR station. First, the node-place model (Bertolini, 1996) of the HSR station provides a wide array of assets – national to local accessibility, centrality, urbanity, and large plots of lands. Since those various aspects are inextricably linked to the nature of the central HSR station, the HSR station has more value as a whole than the simple sum of every feature alone. This explains why the HSR station as a whole is a risk-limiting asset in a project, even in a city that has a weak market. Aware of this potential uses, real-estate developers thus consider investing near an HSR station as in accordance with the "cautious-man" principle<sup>43</sup>: it helps to equalize the risk taken when engaging in a programme in a city with a poor reputation as Saint-Etienne.

- 48 Second, if we take seriously the real estate developers unanimous statement according to which "if there is no HSR station, they won't come", we understand that the HSR station literally becomes a trigger point to engage in action in a shrinking city. It helps to reach a key turning point in the public and private efforts to develop a place. As the developer has to convince many stakeholders, he uses the HSR station as a resource to find the most relevant argument to get the person's agreement. As such, the HSR station does a little bit more than just "magnifying existing trends" in terms of local development, as it is often put forward (cf. Offner, 2014): it actually allows to revert the trend thanks to the accumulation of small steps (small trigger points) that contribute to overcoming each sticking point in the process of constructing a new property programme in a supposedly risky place. It eventually allows bringing some cities (or at least some districts) back in the market, provided some snow-ball effect occurs: when a programme has proven to be profitable next to the HSR station, real-estate developers come back and routinize their action. This capacity to break the vicious circle of a bad economic situation – and of a bad reputation – is built upon a voluntarist discourse of the public stakeholders, who not only align with private stakeholders expectations, but also enhance the stability of the place. In a way, this might be read as a shared self-fulfilling prophecy <sup>44</sup> (Merton, 1948): even if there are no proven structuring effects of the HSR station, public and private stakeholders still believe there are some and thus focus their action and investment in that one place.
- 49 But the Châteaueux case study clearly shows that this trigger-point role is still influenced – if not determined – by the general context. The HSR was not sufficient to spur action in the 1980s when the city was facing many difficulties. It became a necessity to use it as an argument two decades later, not the city to be left behind in the context of urban competition, when the HSR became a consensually acclaimed and highly desirable feature, and when other cities were accordingly playing the HSR card.
- 50 Third, the fact that many of the real-estate developers are embedded in the financial world and have to comply with strict risk-limiting rules leads to question the city, or the piece of city that is actually produced. If the HSR station was actually a trigger point to enable new buildings to be built, we can wonder to which extent this offer – somewhat standardised – will meet the local needs in the long run. A deeper analysis of the use of those buildings over time (rate of occupancy, turn over, type of end-user...) would help to assess the relevance of using the HSR as a trigger point in shrinking cities. To which extent is this market-led and seemingly effective in the short term strategy somewhat artificial and short-sighted in the long term?

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## NOTES

1. In French, "un projet de territoire": this phrase describes an urban or a regional development plan, which also aims at strengthening the sense of place.
2. Laboratoire d'Economie des Transports (LET) is a research unit based in Lyons which is specialised in transport economics. Researchers working there monitored the effects of the creation of an HSR service between Lyons and Paris.
3. However, their recent survey reveals that the HSR is still not the number one location factor for private companies, but that it actually climbed up the hierarchy of location factors in only a few years (Bazin et al, 2016).
4. Th. Theurillat refers to the anchoring of the capital in a local context thanks to a twofold negotiation led by the developers: with the global investors on the one hand, with the local society on the other hand (Theurillat, 2011).
5. In the real estate world, a "prime" location is defined by its accessibility (by road, by mass transit) and the quality of the building (new, modern, convenient and up-to-date design).
6. Which reveals a new trend in office buildings' location: historically located in city centres, office buildings moved to peripheral urban areas in the 1990s (Crouzet, 2001). They are now back in city centres, not in the historical core but in new business districts, often in the vicinity of a central train station.
7. Historically, the image of central station areas is twofold: modernity and marginality. At the time stations were built, steel frame and glass walls were fine examples of the most advanced techniques. But train stations soon became the focal point of an underworld (traffics, prostitution), hence a bad reputation attached to most of train station areas in French (and European) major cities.
8. Max Rousseau defines a "loser/losing city" as a city suffering from both objective (high unemployment rate, poverty...) and subjective (bad image spread by opinion leaders and prescribers) difficulties.
9. Train à Grande Vitesse – literally "high-speed train". The first TGV service was inaugurated in 1981; it linked Paris to Lyons in two hours, instead of four hours on a regular train. As it was a great success, the high speed network was expanded to Lille and Brittany in the 1990s, to Marseille in the early 2000s and to the eastern part of France in the late 2000s. But the French "TGV" is also able to run on regular tracks.
10. The TGV service to Châteaureux station was actually a kind of favour to the then French Minister of Transportation who was born and raised in Saint-Etienne. As a consequence, Saint-Etienne differs from many cities that strove hard to get an HSR stop along a new high speed line under construction.
11. Cirmad Grand Sud (Bouygues), Altarea Cogedim, Art de Construire, BNP Paribas Real Estate and XXL-Ateliers. The interviews were conducted between January 2010 and March 2012.
12. Interviewing a real estate developer means getting access to the opinion of the various people he is in touch with. It is then a good way to make up with the difficulty to reach some private stakeholders, such as private investors or the numerous end-users.
13. I interviewed the head of Nexity Villes et Projets (2009); the head of Bouwfonds Marignan Lyons (2011); the former head of the professional organisation of developers and builders ( *Fédération nationale des Promoteurs Constructeurs*) in 2010. I also interviewed four real estate agents in Saint-Etienne, one of them being a specialist of tertiary real estate in the region (GIT-Immobilier).
14. Especially the website of the public agency in charge of the regeneration of the area – Etablissement Public d'Aménagement de Saint-Etienne: <http://www.epase.fr/fr/Projets-urbains/>

Châteaueux/Presentation and the website targeting private investors in office buildings: <http://saint-etienne-chateaueux.fr/>.

15. 199 396 inhabitants in 1990, 180 438 in 1999. There used to be 223 223 inhabitants in Saint-Etienne in 1968. Source: Population Census – INSEE (French Census Bureau).

16. In 2008, the rate of unemployment was as high as 15,7% in Saint-Etienne when it reached 11,6% in France. The households' average income was 19 193 euros in Saint-Etienne when it was 23 242 euros in France. The situation was even worst in the Châteaueux ward (15 285 euros). Source: Population Census, 2008 – INSEE.

17. This might be read as a commonplace strategy implemented in the 2000s by many cities facing deindustrialization (Florida, 2002). But in Saint-Etienne, this turn is also built upon a very broad definition of design (Cunningham-Sabot, Roth, 2014) and a genuine local industrial legacy and tradition in innovation. The City actually tried to turn traditional local skills of industrial design into more up-to-date design industry. For example, the School of Architecture was renamed "School of Architecture and design" to record that move. As a token of this turn, Saint-Etienne was the first French city to belong to the UNESCO Creative Cities Network (2010). But this strategy is problematic given the limited local resources of Saint-Etienne, compared to other "creative cities" that are at least regional capitals (Cunningham-Sabot, Roth, 2014).

18. A « Zone d'Aménagement Concerté » (ZAC) is a comprehensive planning area defined by local public authorities where specific rules and taxes apply. It is thought to be a lever for urban planning.

19. The « Établissement Public d'Aménagement de Saint-Etienne » (EPASE) was created by the Central State in 2007, at the request of the Mayor. This public planning agency brings technical expertise and public money (2007-2014: 120 M €; 2015-2020: 80 M €; half of that money comes from the Central State, half of it comes from local authorities) to carry on the urban regeneration of Saint-Etienne. Five areas were set to focus action in the city, among which Châteaueux. The creation of such an agency is "something exceptional, reserved for spaces with big challenges; it demonstrates the importance the State is giving to Saint-Etienne's evolution." (Cunningham-Sabot, Roth, 2014, p 112).

20. Source: *L'Express* n°3034, 27 août-02 septembre 2009. A French magazine, *L'Express* publishes annual real estate figures based on the PERVAL official database. According to the real estate agent who is interviewed in this article, the 2008 crisis did not lead to a significant price drop (-0,3%) as the prices were already very low compared to other cities. However, the 2008 crisis led to a significant drop in the volume of the housing units being sold (-20%), as the owners would rather not sell than cut an already low price.

21. Source: *Le Nouvel Observateur*, n°2338, 27 août-02 septembre 2009.

22. 10,4% in Saint-Etienne in 2008 (12,7% in the Châteaueux district); 6,3% in Region Rhône-Alpes, 6,7% in France (source: INSEE).

23. This is still true in 2015, cf. the figures regularly updated by this nationwide real estate agency: [http://www.efficity.com/prix-immobiliers/france\\_z111161/#6.00/46.907/1.662](http://www.efficity.com/prix-immobiliers/france_z111161/#6.00/46.907/1.662). Saint-Etienne appears in green, corresponding to the lowest range of prices.

24. Source: GIT Immobilier, a local real estate agency specialized in commercial properties that publishes annual reports on the real estate market of office buildings in the Saint-Etienne region. I also interviewed its sales manager in 2011.

25. Source: Saint-Etienne: GIT; Lyons and Grenoble: CBRE, 2011, available at [http://www.cbre.eu/portal/pls/portal/res\\_rep.show\\_report?report\\_id=542](http://www.cbre.eu/portal/pls/portal/res_rep.show_report?report_id=542).

26. Source: EPASE, based upon CBRE, DTZ and Keops reports (2014). Available at <http://www.epase.fr/sites/default/files/La%20cr%C3%87ativit%C3%87%20au%20service%20des%20entreprises.pdf>

27. Source: interview with the head of the Lyons agency of a major national real estate developer, 21.02.2011.

28. This developer has been particularly involved in the Confluence regeneration project in Lyons, where the Cardinal Group built one of the first buildings (namely its headquarters).
29. This implicit demand was especially strong on the Luminis programme – hence the yellow snake-like building designed by Manuelle Gautrand (source: interviews at Altarea, 17.02.2010 and 18.02.2010).
30. As the first project failed, the EPASE had to organise a new call for tenders, won by another team not including Jean Nouvel.
31. Source: interview 20.01.2010.
32. Cap Design was a 47 housing unit programme led by BNP Paribas in the vicinity of the Imperial Arms Factory.
33. The area also qualifies for another tax exemption programme, since it is in the vicinity of a specific urban renewal perimeter ("Quartier Politique de la Ville"), where the VAT rate is set at 5,5% (instead of 19,6%).
34. My acknowledgments go to the reviewer who highlighted that point.
35. However, since the French public procurement code prohibits any form of favouritism, this routine may apply to the real estate developers' strategy only.
36. The survey led in Rheims in 2014 underlines the same reassuring role of public authorities (Bazin et al., 2016).
37. The CN-CESU (Centre National du Chèque Emploi Service Universel) is a public office building where a specific public policy helping households to employ other people in the caring profession is managed at a national scale.
38. Each stakeholder I interviewed had to design his/her mental map of "the Châteaureux area". Even if the analysis of a mental map is hindered by the technical ability to design, it shows that the most detailed mental maps I got were those of Saint-Etienne native stakeholders.
39. Source: especially two administrative heads of Saint-Etienne Métropole, the intercommunal body (28.08.2008; 19.02.2010).
40. Source: interview of a real-estate developer (18.02.2010).
41. Source: interview of a real-estate developer (02.03.2012).
42. This is quite similar to what has been shown about the importance of words in communication studies: by using the same general word, and giving a different definition to the same word, various stakeholders can circumvent their initial misunderstanding and eventually make a decision (Sfez, 1973).
43. As heard during a semi-structured interview with a real estate developer in Brussels.
44. The self-fulfilling prophecy is, in the beginning, a *false* definition of the situation evoking a new behavior which makes the originally false conception come *true* (Merton, 1948, p. 195).

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## ABSTRACTS

Based upon a case-study in a post-industrial city (Saint-Etienne, France), this paper discusses the relationship between a central high-speed rail (HSR) station and urban regeneration in shrinking cities. Thanks to a qualitative approach, it analyses what precisely in an HSR station is attractive to real estate developers in a reputedly unattractive city. The outcome of this survey is that the HSR station is a multi-faceted asset that helps to convince every private stakeholder the real estate developer has to deal with. The central HSR station is a three-fold asset thanks to its



connectivity, urbanity and centrality qualities, but also thanks to the branding effect of the HSR itself in France. The value of the station as a whole exceeds the sum of the values of its sides. The HSR station is then a necessary – although not sufficient – condition to engage real estate action in cities with a poor reputation as it helps to equalize the risk taken by private stakeholders in places they would not have considered as an option otherwise.

A partir d'une étude de cas menée dans une ville post-industrielle (Saint-Etienne, France), cet article aborde les relations entre une gare TGV de centre-ville et les projets de renouvellement urbain, dans les villes en décroissance. Qu'est-ce qui, précisément, dans la gare TGV, constitue un argument propice à attirer les promoteurs immobiliers dans une ville réputée peu attractive ? Cette enquête qualitative montre que la gare est un objet pluriel dont la multiplicité des atouts permet d'emporter l'adhésion de chacun des acteurs privés avec lesquels les promoteurs doivent négocier. Parmi ces qualités, celles de connexité et de contiguïté (urbanité, centralité) jouent un rôle particulièrement important, ce à quoi s'ajoute l'image de marque positive du TGV en France. La valeur de la gare comme un tout excède la simple somme des atouts cumulés. La gare TGV est donc une condition nécessaire – mais non suffisante – pour engager un projet immobilier dans des villes souffrant d'une mauvaise réputation. Elle permet une péréquation du risque pris par les acteurs privés dans des endroits qu'ils n'auraient autrement pas prospectés.

## INDEX

**Keywords:** central HSR station, real estate developers, urban regeneration, land value, Saint-Etienne

**Mots-clés:** gare TGV de centre-ville, promotion immobilière, renouvellement urbain, création de valeur, Saint-Etienne

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