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Logistics Hotels and Rail Freight Logistics in French Cities

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Logistics landscape around major cities

Nearly all new
warehouses have no
access to rail



Traditional freight rail is loosing ground in French metropolitan areas

- Last Perpignan – Rungis train for fruits and vegetables abandoned in August 2019
- Maybe replaced by an intermodal service next year

Recherche

LesEchos

À la une Idées Économie Politique Monde Tech-Médias Entreprises Bourse Finance - Marchés Régions Patrimoine

CONNEXION

C3.ai

Le rendez-vous C3.ai à retrouver sur lesechos.fr

ENQUÊTE

Le train des primeurs Perpignan-Rungis, symbole d'un fiasco français



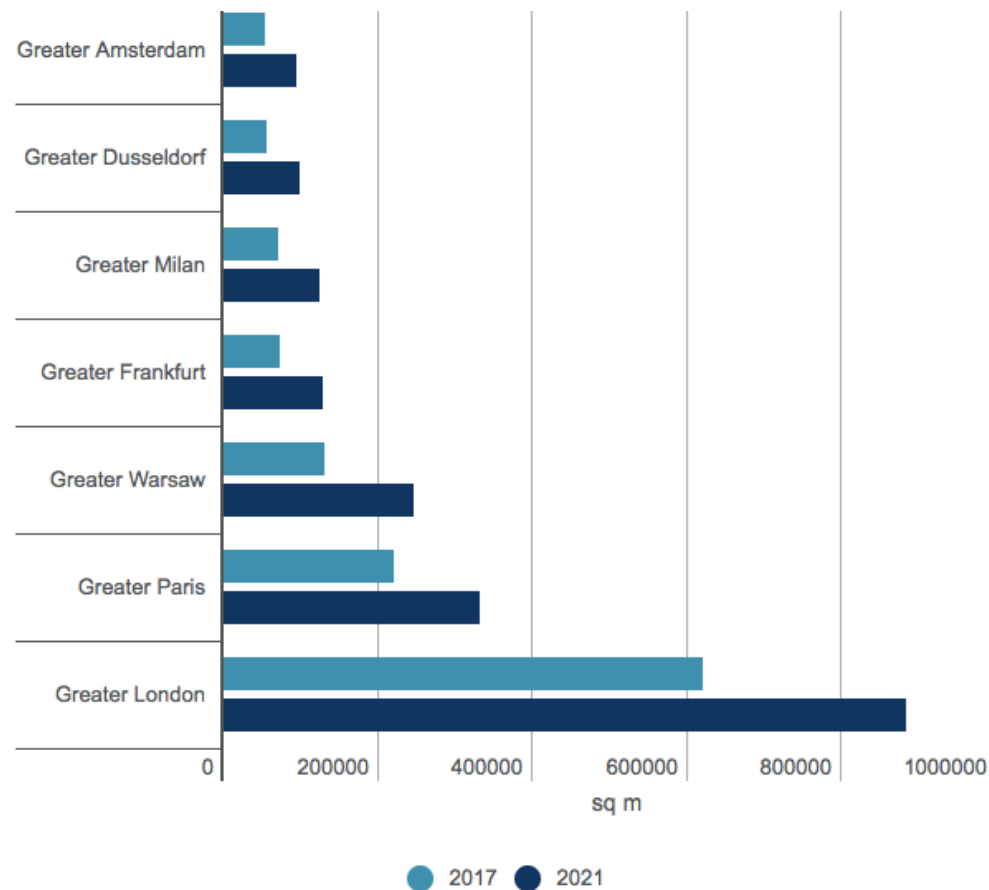
The new logistics real estate frontier: urban warehouses

- Warehouses located in an urban environment
- An 'invisible city' logistics innovation
- Can they be multimodal?

An urban warehouse in Paris: electric vans on roof



Demand for e-commerce urban warehouses in Europe: a niche but growing (Cushman&Wakefield, 2018)



Source: Urban Space Model, Cushman & Wakefield

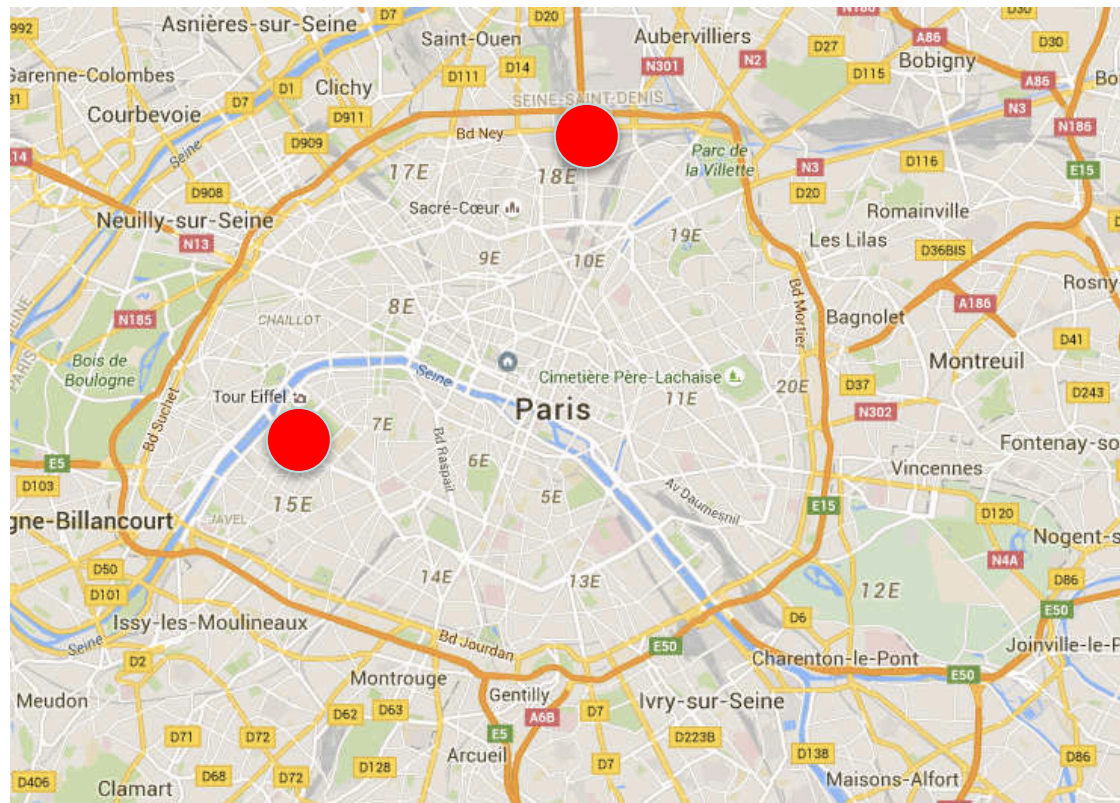
‘Logistics hotels’

- Innovative architecture, often on former industrial/rail areas or former parking buildings, mostly in urban areas
- **Multi-story**
- **Multi-use:** logistics, retail, residential, offices
- Sometimes **multimodal**

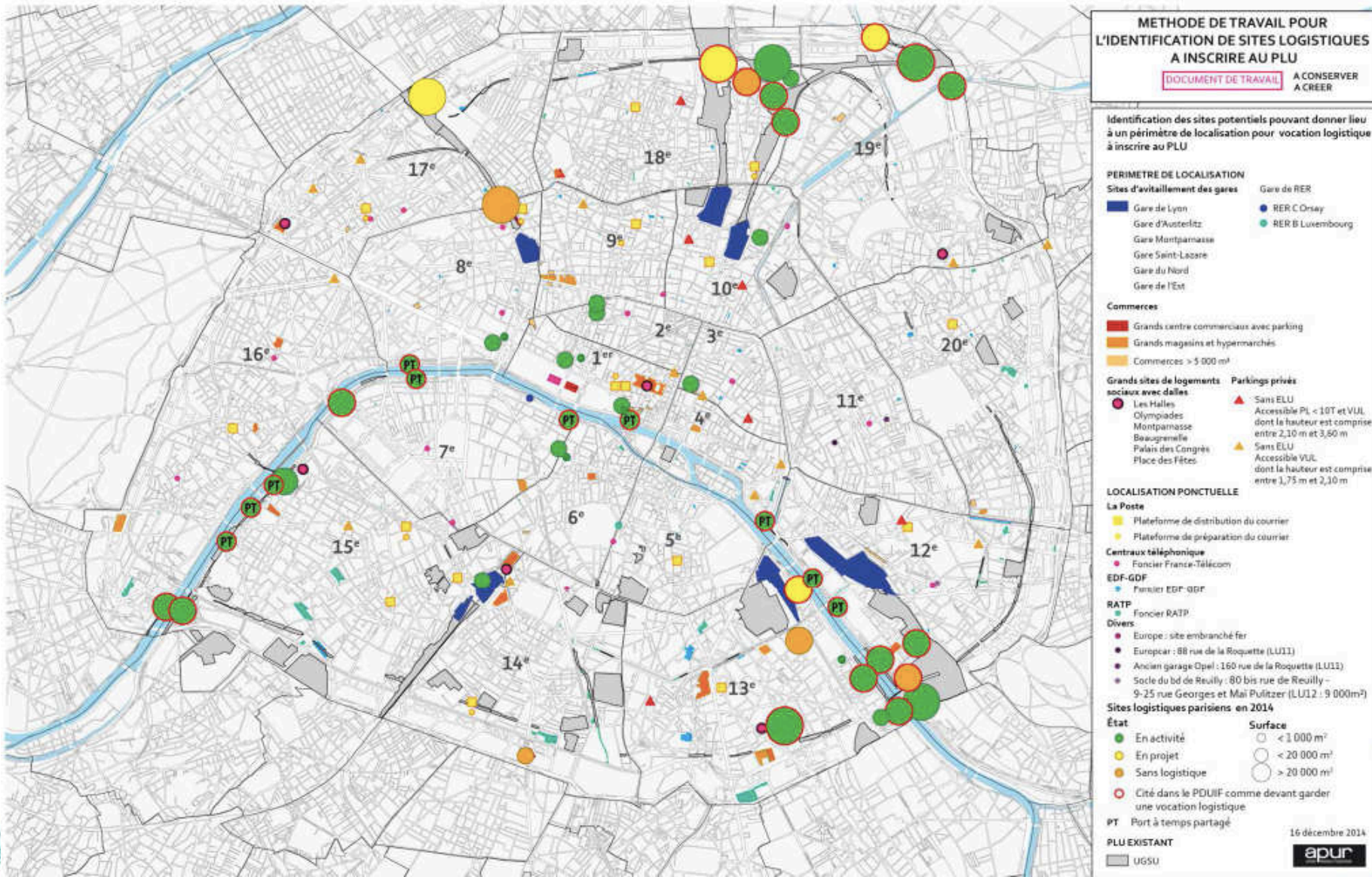
Two operating logistics hotels in Paris, several others planned

Chapelle International: 45,000m² in the North of Paris, opened in 2018

Beaugrenelle: 3000m² in the South West of Paris, 2013



2016 zoning plan of Paris: Promoting urban warehouses and logistics hotels



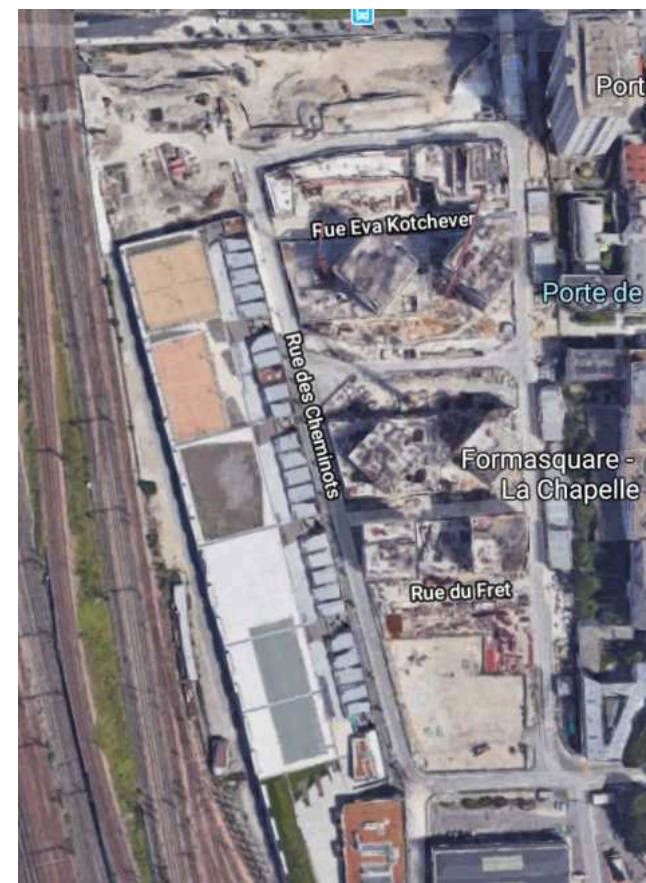
Chapelle International logistics hotel in Paris North



A very urban location surrounded by new residential development



Foncier: 1 ha de toiture
Programme: env. 6 200 m² DEVE et 3 800 m² DJS

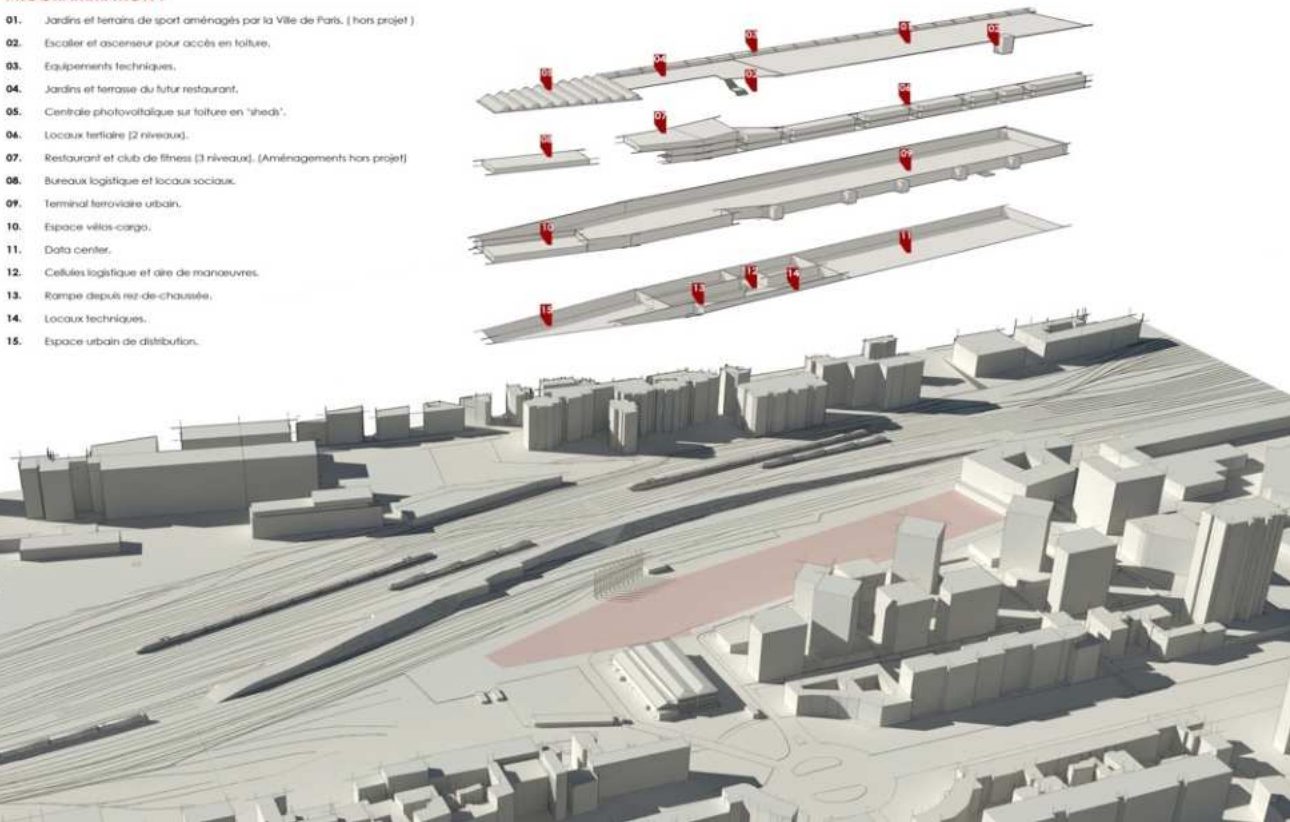


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Four levels

PROGRAMMATION :

01. Jardins et terrains de sport aménagés par la Ville de Paris. (hors projet)
02. Escalier et ascenseur pour accès en toiture.
03. Équipements techniques.
04. Jardins et terrasse du futur restaurant.
05. Centrale photovoltaïque sur toiture en "sheds".
06. Locaux tertiaire (2 niveaux).
07. Restaurant et club de fitness (3 niveaux). (Amenagements hors projet)
08. Bureaux logistique et locaux sociaux.
09. Terminal ferroviaire urbain.
10. Espace villas-cargo.
11. Data center.
12. Cellules logistique et aire de manoeuvres.
13. Rampe depuis rez-de-chaussée.
14. Locaux techniques.
15. Espace urbain de distribution.



- Urban farm and tennis courts
- Offices and data center
- Urban freight rail terminal
- Urban distribution terminal







- Entrance to the rail terminal through the South
- Rail indoor terminal, rented out to a parcel transport operator currently



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05

06

07

08

09

10

SOGARIS

SOGARIS

SOGARIS

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Aesthetics and noise treatment on the outside



Construction: a long administrative process

- 2006: New Paris Land Use Plan with land parcels reserved for logistics
- 2010: SNCF launches a **request for proposals** for a logistics project
 - with rail freight operations (imposed)
 - not above 7 metres from street level (imposed)
- 2011: Sogaris project selected
- 2012 + 19 months: **building permit**
- 2013: **Special agreement** for large industrial buildings
- 2014 Nov-Dec: **Impact Study** and public enquiry
- 2014: **ICPE permit** (hazardous activities)
- 2014: **Specific Notice for Rail Safety permit**
- 2015 Sept: ownership of the site to Sogaris and start of works
- 2015 Dec: agreement signed with rail operator and logistics provider
- 2016 Jan: end of excavation works; agreement signed with wholesaler
- 2016: **'Modifying Building Permit'** solicited and granted
- 2017 Sept: construction finished,
- 2018: Jan-June: train tests and opening

A huge investment

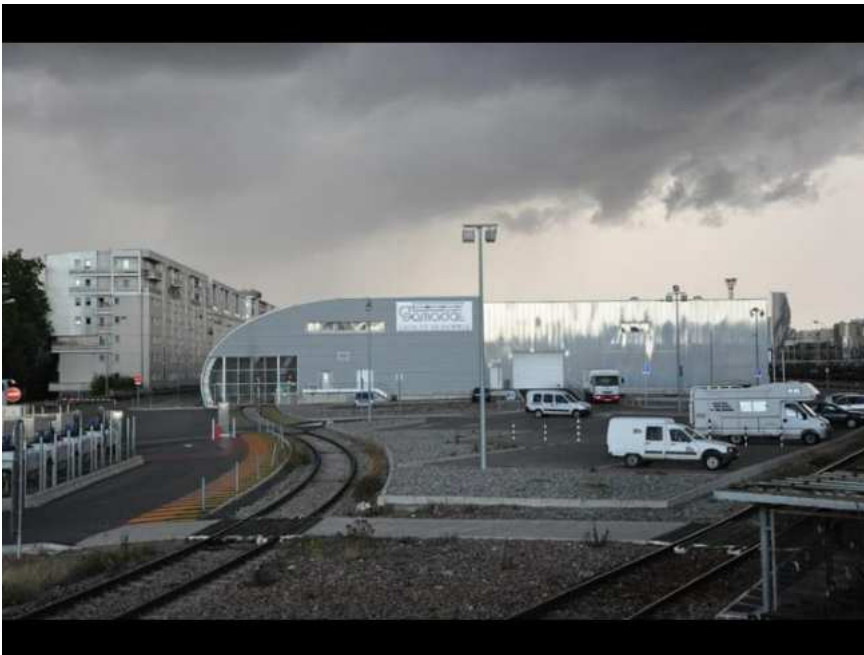
- Total footprint of 18,000m²
- 45,000m² of built floor space
 - including 35,000 for logistics activities and 10,000 for the other activities
 - 'Fifth façade' with urban farm and sport facilities
- Initial expected return on investment in 20-25 years but will come sooner
- An additional investment because of the rail
- The good news: rental prices for logistics in Paris are higher than expected

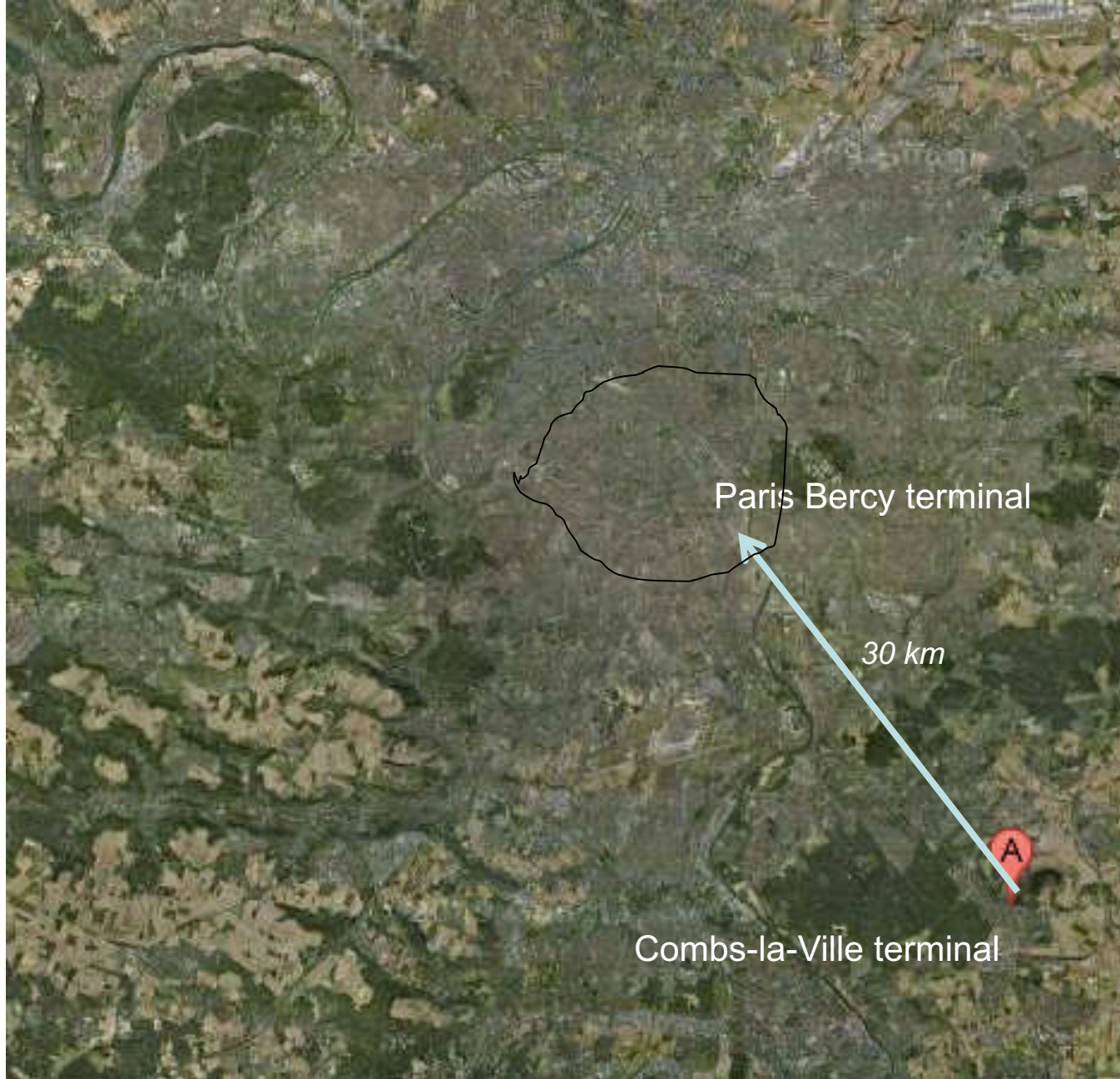
Today's issues with the rail service

- Several prospects, especially in food wholesale
- Too expensive yet for potential clients
- Sogaris (property builder and manager) has changed the service into *open access*, meaning a reduced rent for users on the premises that will use the rail service
- Sogaris is argumenting with the French administration, which taxes the rail terminal because it is indoor, therefore is seen as a warehouse, while it was actually built indoor to prevent noise in the neighborhood!

Monoprix/Casino cargo train (2007-2017)

- 100 stores were supplied
- From the suburban DC: a train to the centre of Paris
- Final delivery by CNG trucks
- + 14% cost per pallet
- Closed in 2017





*LD from
Google Maps*

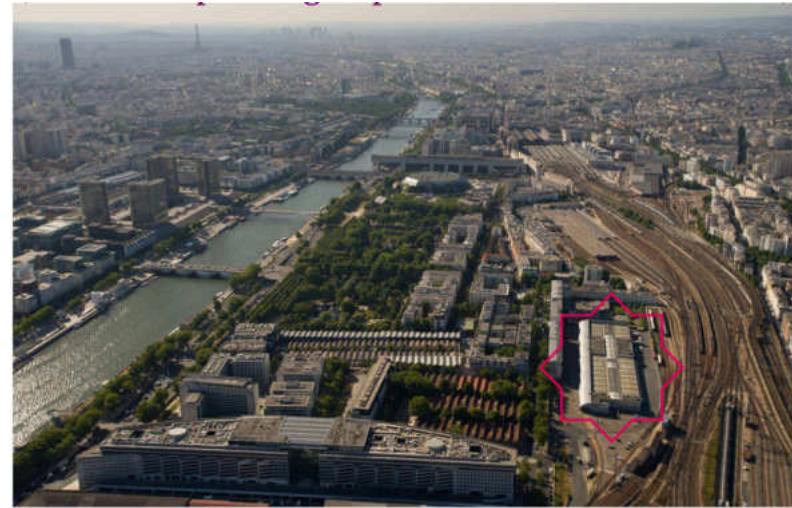
Use of CNG trucks from Geodis

A CNG station was built within the site



A cross-docking operation may have been more relevant

(...)

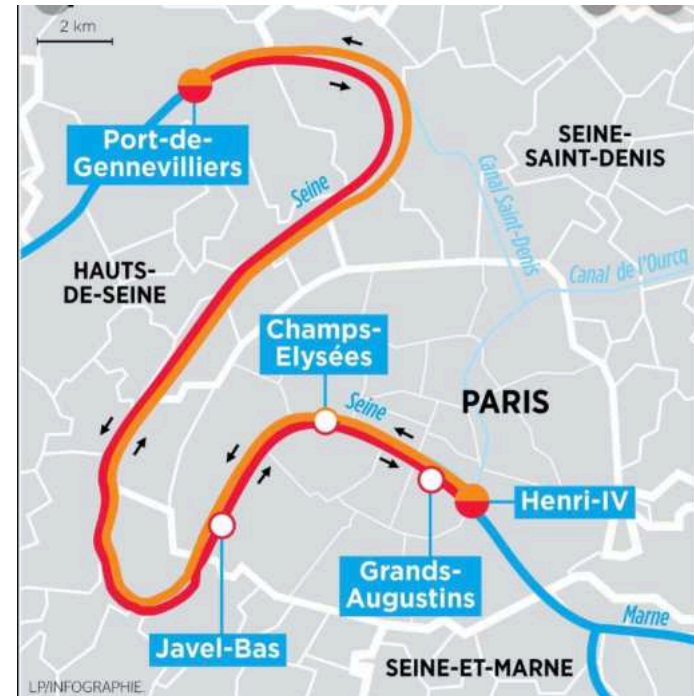


Franprix/Casino supermarkets delivered from the Seine river since 2012 through a cross-docking operation (fast transshipment)



An electric freight barge on the Seine: Fludis

- Since September 2019 new barge from Gennevilliers port (West of Paris) to central Paris
- Barge is electric
- Cargocycles on board
- Delivering parcels and pallets from Lyreco and IKEA on the way in; and Paprec electronic waste on the way back



Conclusion on rail and urban warehouses

- A very active logistics real estate market in suburban areas
- A new “niche” market in central areas
- Most of the new warehouses do not, will not have access to rail
- Operational costs of freight rail still important
- BUT truck access bans and low emission zones may change rail freight business models: the City of Paris has announced a ban on Diesel vehicles by 2024
- Will there be enough slots, as rail passenger traffic is growing quickly?

Resources

- [METROFREIGHT www.metrofreight.org](http://www.metrofreight.org)
- CITYLAB (2018) Observatory of Strategic Developments impact urban logistics
(http://www.citylab-project.eu/deliverables/D2_1.pdf)
- CHAIR LOGISTICS CITY
<http://www.lvmt.fr/chaire/logistics-city-sogaris/>
- Coulombel, N., Dablanc, L., Gardrat, M., Koning, M. (2018) The environmental social cost of urban road freight: Evidence from the Paris region, *Transportation Research Part D*, 63, p.514-532
- Rodrigue, JP, Dablanc, L., Giuliano, G. (2017) The Freight Landscape: Convergence and Divergence in Urban Freight Distribution. *Journal of Transport and Land Use*. Vol 10(1), p.557-572.