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Logistics Hotels and Rail Freight
Logistics in French Cities

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IFSTTAR, UPEM (University Gustave Eiffel) and Sogaris
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
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)
‘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
• An area well connected to Paris-Nord rail corridor and yards
Four levels

• 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
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 18,000 m²
- 45,000 m² 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!

- 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
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.metrans.org/metrofreight
• 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/chaires/logistics-city-sogaris/