

Economic models for urban logistics real estate

Master 2 research thesis by Loïck Ulliac, September 2021, under the supervision of Matthieu Schorung and Heleen Buldeo Rai (Logistics City Chair)

Subject of study

The purpose of this thesis is to research the economic models of urban logistics real estate. The urban logistics real estate market is first and foremost an economic object, but this research treats it as a geographical object in its own right for several reasons. First, the plurality and diversity of the actors involved require a perspective and a global view of the general state of the market. Secondly, economic data are particularly sensitive elements to collect. As this market is subject to fierce competition, the various players are much more inclined to describe their way of operating in a very general way without giving precise figures. For example, it is easier to collect the location of a logistics platform and a description of how it operates rather than a complete - or even partial - summary of its business model (break-even points, activity levels, incoming and outgoing flows, etc.).

Research questions

This research, which focuses on the economic models of urban logistics real estate, aims to provide answers to two main questions. The first concerns the **role of the various players in this market**. How are the traditional players adapting to competition from new entrants, identified by companies specializing in corporate real estate consulting and real estate investment management? The second concerns the **investment strategies of all the players in this market**. What are the elements of stabilization or vulnerability of these business models?

Plan of the thesis

After introducing our subject, we will present our methodological approach to this thesis. We will then carry out an **inventory of the logistics real estate market** in order to better understand all the elements that structure this market before **focusing on urban logistics real estate**. The next chapter will be devoted to the role of the different players in urban logistics real estate and their specificities through **specific case studies**. In the last chapter, we will focus on the **recent arrival of new entrants in the urban logistics real estate market and emerging models**, while questioning the future prospects of the market.

Methodology

The **scientific literature, professional literature and study reports** constitute the main research materials. Previous work by researchers on the subject of urban logistics real estate allows for a precise framing of the various developments in this market.

Semi-structured interviews are the main source of first-hand information for this thesis. The objective is to guide the discourse of the actors we met without constraining their answers. In total, 8 interviews were conducted from May to July 2021.

These interviews were complemented by **fieldwork**, starting with a visit to a future Poste Immo warehouse and a Chronopost urban agency in the 15th arrondissement of Paris. Then, a visit to an urban warehouse operated by a logistics service provider was made near Lyon.

Main results

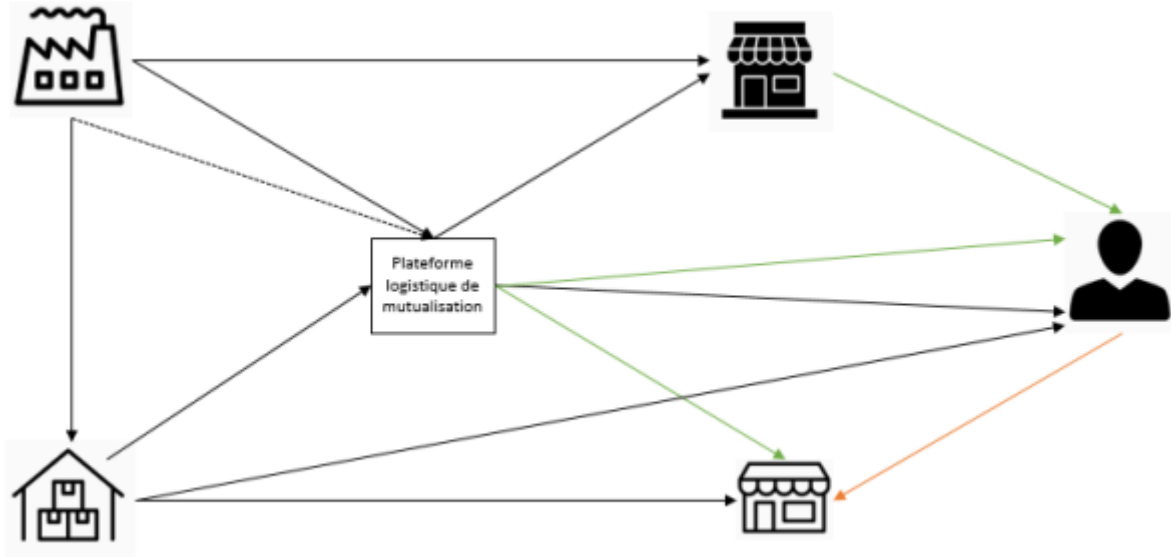
Our results tend to demonstrate **a certain speculative logic in an emerging market in full growth** with the presence of investors whose aim is to diversify their activity portfolio. As a result, land is becoming increasingly scarce and expensive.

In parallel to these results, we also note that a large majority of express delivery companies do not own the urban warehouses they use in order to limit the economic risks of investment. Indeed, they prefer to use traditional 3/6/9 leases.

The sharing of warehouses between different users appears today as one of the main answers to limit the externalities linked to urban logistics (pollution, congestion etc.). The scientific literature reports several difficulties between actors in terms of coordination. Although our study does not allow us to determine whether pooling is currently a minority practice or not, the intervention of the public authorities may encourage the use of this type of initiative.

Finally, we are currently witnessing **a shift in logistics real estate, with delivery costs predominating over urban logistics real estate costs**. Delivery is focused on short timeframes, in contrast to urban logistics real estate.

Summary of the different models of urban logistics real estate.



Légende



Usine



Entrepôt



Plateforme logistique de mutualisation



Commerce



Client (particulier)



Dark stores



Livraison diesel



Livraison « douce »



Déplacement du client (particulier) vers un point relais



Livraison ferroviaire

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