OECD

URBAN LOGISTICS HUBS ROUNDTABLE

Session 2: Drivers of Innovation


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Global Changes

• Dealing with multiple crises: Covid-pandemic, Ukraine war and subsequent impacts (supply chain, economic, energy, labor....)
  • Resilience and Darwinism

• Urbanization: 68% of world population will live in urban areas up to 2050 (United Nations)
  • Brazil: 85% of population, nowadays
  • +50% of the Brazilian population is concentrated in 317 cities vs. 5,568 in total (IBGE)

• E-commerce: Big Star
  • 16% of Brazilian commerce in 2022 vs. 14% in 2021
  • Should represent 25% of Brazilian trade commerce in 5 years
  • has fueled fears of exacerbated competition with traditional retail structure (Dablanc, 2023)

• Omnichannel
Logistics Real Estate: Brazil

- Has been skyrocketing, driven by e-commerce

- 17% growth in 2022: 23.2M m² (triple A)

- 12% growth projection in 2023: 25.9M m²

- Next 5 to 7 years: 50M m², approx.

- Market Potential: +100M m²
Logistics Real Estate: Brazil

• Urban logistics hubs shortage: demand growing
• Shortcut: players employed to increase mini hubs availability:
  • Old properties/factories acquisition and retrofit: co-warehousing, cross docking, last mile

• São Paulo city:
  • 0.34M m² already retrofitted
  • +0.52M m² to be delivered up to the end of 2024

Source/Photo: GLP, Colliers and Abralog Real Estate Committee
### Dealing with Crises – The new normal for Logistics Real Estate in Brazil and France

<table>
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<tr>
<th>Topic</th>
<th>Description</th>
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<tr>
<td>Turnover for the past two years increased</td>
<td>High inflation and interest rates</td>
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<td>Inventory increase and the relevance of better anticipating, improve visibility</td>
<td>Supply chain reorganization: better mix - near and fast shoring</td>
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<td>New sources of energy</td>
<td>Labor shortage: non-qualified and qualified</td>
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<td>Very impacted by war in Ukraine, mainly French developer</td>
<td>Degree of digitization: 50% think it is good (uptake 75% or above)</td>
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<td>Supply chain disruptions: logistics costs, price volatility, sourcing delays</td>
<td>Sustainability integrated in the stakeholder's agenda</td>
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<td>Developers, facility owners, constructors, investors’, specific challenges</td>
<td>Perspectives for next 2 years: stakeholders' express optimism</td>
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Survey Conclusions

• Specific challenges for developers, facility owners and investors of logistics real estate: staff hiring, finding land, rising costs and administrative delays

• Urban land for logistics activities remains a key issue

• Companies start to look at how to specifically address energy and sustainability challenges

• Solar energy with photovoltaic panels on roofs and battery electric lorries are the most identified solutions

• Respondents more inclined towards geothermal and biomass energy (France), hybrid fuels, Bio, CNG and Hydorgen for trucks

• Policy-makers need to address the administrative delays subject

• The issues of land and labor shortages to be included into national-local policy agendas
Drivers: Innovation and City Logistics Improvements

Who?

Collaboration, co-operation: public authorities and private sectors working closer to better understand B2B-B2C dynamics and how to tackle challenges

Academy: the imperative contribution => knowledge is key

Technology & Digitization: available, to be explored => urban hub's locations, size, network optimization, urban freight analytics, routing, etc.

Positive Impacts

Logistics: balanced network (UCC, Hubs), flow optimization, better throughput and costs, alternatives transportation model (cargo bikes, autonomous vehicles, drones), renewable energies. etc.

Social & Environmental: urban mobility improvement, livability, decarbonization, circular economy, sustainability, social inclusion, employability, etc.

Regulation Improvement: zones and traffic restrictions, documentations, approval time reduction, bikers' delivery (working time, wages), etc.

Investment: real estate (developers, facility owners, investors, constructors), operators consortium, Public Private Partnership, etc.