OECD
URBAN LOGISTICS HUBS ROUNDTABLE

Session 2: Drivers of Innovation

Paris, June 26th – 27th, 2023.

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Associação Brasileira de Logística

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**

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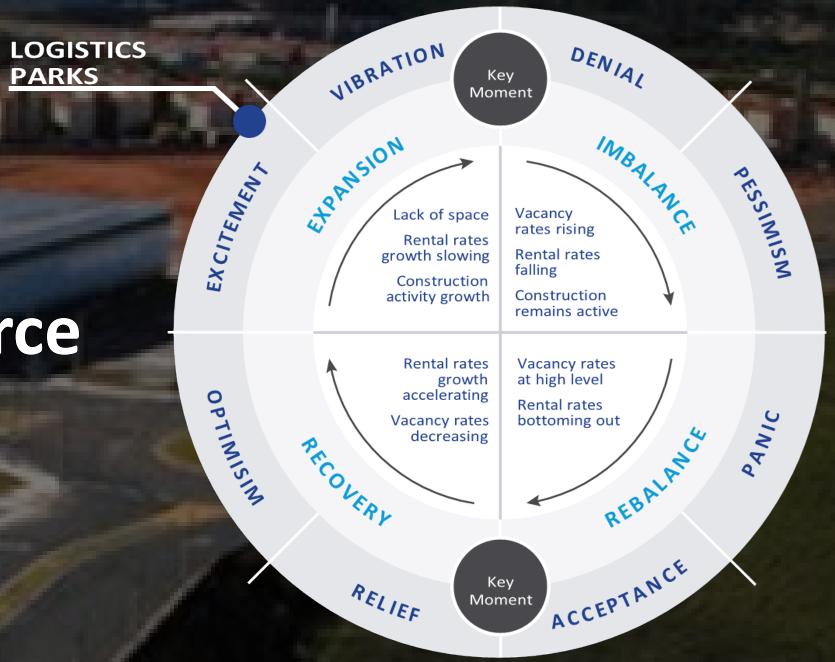
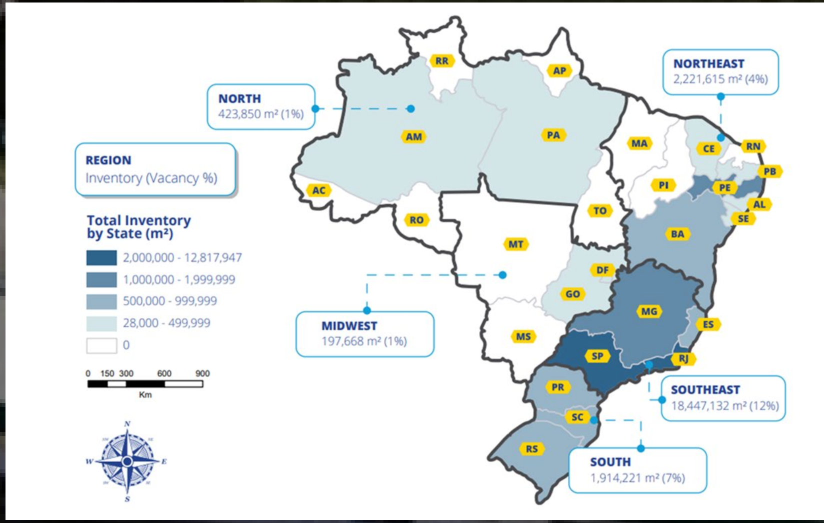
Logistics Real Estate: Brazil

- **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**





Source/Photo: GLP, Colliers and Abralog Real Estate Committee

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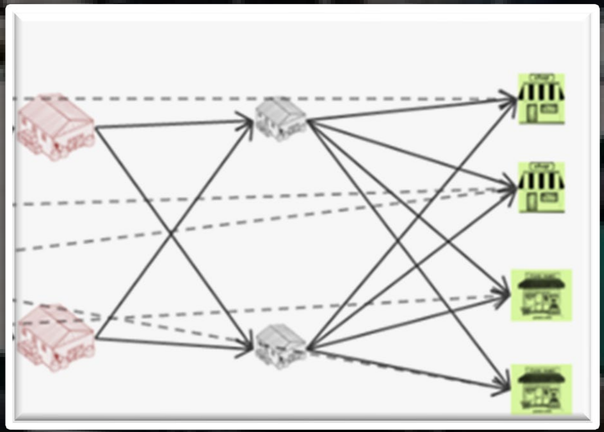
Logistics Real Estate: Brazil

- **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**

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Survey-Investigation: Abralog & Afilog (June 2022)

Dealing with Crises – The new normal for Logistics Real Estate in Brazil and France

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

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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**

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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.

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