



# Urban logistics, an opportunity to reclassify military rights-of-way to be given up

military-Earth thinking notebook

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**Based on an analysis of the prospects for the development of urban logistics, the FRANCE Squadron Leader proposes solutions for the sustainable development of the military rights-of-way to be given up.**

The Grenelle de l'environnement forum acted as a real accelerator for sustainable logistics. The congestion of large conurbations, the scarcity of urban space, the cost of logistics land and the development of e-commerce are all reasons to rethink urban logistics. The latter includes all operations that contribute to the optimised management of goods flows in urban areas.

Within the framework of the strategic orientations defined by the White Paper on Defence and National Security, as well as the work of the General Review of Public Policies (RGPP), the Ministry of Defence has released a certain number of military rights-of-way in peri-urban and urban areas. These sites have spaces and infrastructures that are perfectly suited to the characteristics of urban logistics. The possibilities of multifunctionality, multimodal connections and acquisition costs are undeniable assets for the reconversion of these sites.

Thus, first, we will present the characteristics of this revolution in urban logistics, and then we will discuss the development opportunities presented by the military rights-of-way to be given up.

## The revolution in urban logistics

- Context and issues

Urban logistics concerns the routing of goods in the heart of conurbations, their processing in this area, their delivery to the final recipient and the management of returns. Representing more than 20% of the total cost of the logistics chain, this last link or last kilometre is incompressible. While this market is particularly interesting for logistics service providers, the constraints of agglomeration (congestion, urban density), regulatory difficulties (urban travel plans and municipal by-laws) and the directives of the Grenelle de l'environnement (French Environment Round Table) weigh heavily on its profitability.

Since the 1970s, logistics activities have been crowding out the heart of urban areas. This is the result of land prices that are too high to obtain a central position and land investment that offers no guarantee of profitability. The strong nuisances generated by logistics activities have pushed the operating areas out of the cities, especially since it was necessary to optimise the locations near the new infrastructures (bypasses, motorway nodes, airport areas and ports). Finally, as logistics activities generate relatively low margins, it is difficult for professionals in the sector to locate in the heart of conurbations where land costs are very high.

Little taken into account in public policies until the last few years, urban logistics is now of growing concern to local decision-makers. Local authorities encourage alternative modes to road transport to penetrate the heart of conurbations. Thus, the delivery of the last kilometre has become a major challenge for all metropolises. Professionals in the sector and public players want to bring logistics platforms closer to the centres of consumption basins.

Projects are multiplying to set up local distribution centres in the heart of cities to group together flows. Also, the multifunctionality of urban logistics sites is a means of reintroducing logistics into cities. Urban logistics space (ULS) projects are being developed in order to make the most of existing urban areas such as car parks and industrial wastelands. The development of these sites will transform them into multifunctional delivery areas, peri-urban logistics spaces and multimodal cross-docking centres (platforms where goods flows intersect).

### • Environmental constraints

The Grenelle de l'environnement forum has generated the development of sustainable logistics. We can speak of a real revolution with objectives of modal shift in transport, the development of a HGV tax, environmental labelling of products and corporate social and environmental responsibility. At the same time, the strengthening of regulations in the heart of urban areas imposes constraints on traffic, distribution, the use of clean vehicles to limit greenhouse gas (GHG) emissions, the limitation of pollution and the use of clean energies (natural gas vehicles, NGVs). The introduction before the end of 2012 of an eco-charging system for heavy goods vehicles should encourage professionals to move closer to city centres to limit the tax burden.

The construction of buildings and logistics centres must now be integrated into the urban space and obtain HQE (high environmental quality) certification in order to be authorised. The ICPE (installations classified for environmental protection) are also a brake on development in urban areas because of the environmental dangers and nuisances they represent. These constructions are significant investments for logistics players and their profitability is not certain.

- **Prospects for the sector**

The most studied solutions currently available to operate this revolution in urban logistics are river transport and railways. The return in force of these two modes of transport, which were under-exploited or even disused, can be explained by their sustainable characteristics and low carbon footprint. They make it possible to massify urban exchanges, to densify the flow of goods and to offer opportunities for pooling.

The river port is connected to the sea port, as for example the ports of Seine with that of Le Havre, which offers an end-to-end distribution chain. The mass distribution sector is thinking about it in order to massify its deliveries to the heart of the cities, all the more so as container traffic has benefited from the explosion of intercontinental exchanges. Inland waterway transport is an essential part of the environmental change in logistics. However, the infrastructures of urban ports are not sufficient and little optimised.

For companies wishing to generate significant flows of goods, rail transport offers solutions in the heart of conurbations. Thus, urban logistics platforms branching off to rail offer new opportunities for development. The maintenance of rail infrastructure is not uniform and requires exorbitant costs. However, modal shift to rail is a sustainable solution. These rights-of-way are generally multimodal and allow the transport of combined freight (road/railway - waterway/railway). Tram/freight projects are also being studied, and experiments to use public transport by rail are under way (RER in the Paris region).

It is therefore clear that multimodal activity sites, and more particularly urban ports and railway activity zones, represent long-term strategic orientations for logistics service providers, but also for local authorities.

### **The appropriateness of Ministry of Defence rights-of-way**

Within the framework of the White Paper on National Defence and the RGPP, the Ministry of Defence has embarked on a major modernisation reform. Restructuring has resulted in the transfer of many rights of way in peri-urban and urban areas. The characteristics of these rights-of-way are perfectly in line with changes in urban logistics.

- **The Ministry of Defence's real estate policy**

The objective of the building policy is to rationalise the Defence building stock by grouping services on fewer sites. Buildings declared useless for the needs of the Armed Forces are then handed over to the France Domaine service for amicable disposal. Under the control of the Directorate of Memory, Heritage and Archives of the Ministry of Defence (DMPA), property right-of-way disposals make it **possible to dispose of property** deemed unnecessary or surplus.

This is the mission's role in the **realization of the Department's realty assets (IAMR)**. It carries out studies in conjunction with town planners and economists to help potential

buyers, most often local authorities, to formalize conversion projects. When the project is approved by the local authority, the property is evaluated and possibly cleaned up according to the buyer's project (pyrotechnical, chemical and industrial pollution control).

- **Collaboration between public and private players**

The involvement of prefectures and local authorities in the development and conversion of military sites is an asset for the development of urban logistics. Mayors are the main stakeholders in urban logistics development policies (ELU) and must be guided. Their regulatory power, which is based on the general code of local and regional authorities and the highway code, must be able to be exercised in the economic basins and not only in their areas of responsibility. Indeed, this is the guarantee of benefiting from regulatory governance and initiating ELU projects in urban areas.

- **Development projects**

The military sites to be divested represent large areas (greater than five hectares) and in most cases connected to railways, waterways and road nodes. Clean-up is fully integrated into the divestiture process and is guaranteed by the State in terms of environmental quality.

In relation to market trends, it is possible to envisage three types of development for these sites:

- **The urban logistics platform**The logistics basin: on the scale of the logistics basin, it acts as a gateway for the entire conurbation and promotes the link between long-distance goods flows and urban flows. This could involve many districts and air bases in peri-urban areas, which would provide distribution platforms for large retailers and messengers/expressers.
- **The urban distribution space**At the neighbourhood level, it promotes the distribution of goods using clean distribution vehicles (electric motorization). The small military rights-of-way in the city centre (surface area of two or three hectares) would make it possible to develop cross-docking warehouses or e-commerce platforms.
- **The logistics hotel**In the heart of densely populated areas of cities, these buildings offer a mix of logistical, craft and tertiary actions to pool investment costs and reintroduce logistics in the heart of conurbations. Isolated military buildings could be developed in this way.

When military infrastructure is disposed of, the sites are returned in perfect condition and with a restoration that is close to new. The decontamination process is fully completed and certified. Technical facilities, such as maintenance areas and warehouses, administrative buildings, including catering facilities, are in perfect working order. Many installations have been brought up to standard in recent years to meet legal requirements.

These assets of the military sites to be disposed of represent a tremendous potential for conversion on the urban logistics market. Adaptation work and investments are less burdensome for the new owners, as acquisition costs are very competitive. The locations of the sites are favoured, as many were built at the beginning of the century and therefore

before the intensive development of conurbations. Connections to waterways and railways are an opportunity for public actors to invest in sustainable urban logistics that cannot be overlooked.

Thus, this process of reconversion of military sites is a source of performance and economic profitability for investors. Logistical and operational performance is provided by the technical characteristics and excellent operating condition of military sites, while economic profitability is measured by the acquisition and conversion costs and above all by the profit margins that the new owners can generate. This potential can also provide food for thought on the operation of the technical installations on the retained rights-of-way, in terms of logistical subcontracting.

Winner of the 2009 DT competition, from 2010 the Squadron Leader of FRANCE attended a Master 2 in Supply Chain at the École supérieure de la logistique de Paris. During his training, he also held the position of project manager in a pharmaceutical group and was in charge of optimising physical flows following the merger of two production sites. Before joining the EMAT support office in September 2012, he was sent on a mission to Afghanistan by EMA as part of the disengagement of French forces.

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