

London Business School & MIPIIM 2022

Driving Urban Change

Logistics Afternoon Report



LBS & MIPIM



Educational Partner

The London Business School Career Centre is proud to be MIPIM's educational partner.

MIPIM invited a select group of LBS students, across all programmes, to participate in what is the world's leading real estate event, which took place in Cannes on 15-18 March 2022.

MIPIM gathers the most influential players from all sectors of the international property industry for four days of networking, learning and doing business, including a full programme of events and conferences. This year, 20,000 professionals attended MIPIM from over 80 countries.



DRIVING URBAN CHANGE

Transforming the spaces in which we live, work and play to enable a more sustainable and prosperous future for all.

The COVID-19 pandemic has forced us to rethink the way we live. It is transforming our industries and how we do business. It is intensifying social and environmental crises in our communities. And it is challenging fundamental assumptions and global trends, such as urbanization, to build the smartest city for tomorrow.

As the world prepares to build back stronger and better, the whole real estate industry has to drive the change all together and work on essential values: livability, sustainability, resilience and affordability.

These are strictly necessary to drive a transition of the real estate ecosystem and the built environment. Thanks to technological innovation and progress, we have new tools available to support this effort and to reimagine and transform physical spaces—our homes, offices, factories, farms, healthcare facilities and public spaces—to be more adaptive, customized and even anticipate new needs before they arise. New models for public-private cooperation and shared community services are also changing the way in which cities provide services to residents and business, blurring the lines between government and the private sector with more and more initiatives arriving from all sides, to move forward in the right way.

For this 2022 Mipim edition, the conferences programme will rely on 6 different highlights:

- Cities for Citizens – The big debate
- Housing First – Back to essentiality
- Green is the new black – The new deal
- The office uprising: Innovating to bounce back
- Real Estate: much more than an asset – A jump in a financial market
- Real Estate Tech – Future is now!

Student Participation

Students are invited to apply to attend MIPIM towards the beginning of the academic year. Those selected have demonstrated a strong understanding of the real estate sector either through professional experience or education. The students are also there representing London Business School and so those successful in their applications are trusted to maintain the respected reputation of the School.

“Logistics is a significant pillar of the real estate industry, and a critical catalyst for the future green transition. I found it highly interesting and relevant to listen to the talk among professionals from around the globe. The current macroeconomic turbulence has presented challenges and opportunities for logistics, and I am excited to follow the future of the sector.”

Susse Schaumann, Masters in Management 2022

“MIPIM was an amazing and highly rewarding experience and I left Cannes with lasting impressions and a lot of food for thought.

Attending the sessions allowed me to sit alongside the most senior decision makers. Listening to their discussions is the ultimate way of having a finger on the pulse of the industry and it was a hugely inspiring experience for me as a young real estate professional.

I am thankful that London Business School and MIPIM provided me with this extraordinary opportunity.”

Jorden Korte, Masters in Finance 2022

Student Attendees



Carrie Cheung

MiF 2022

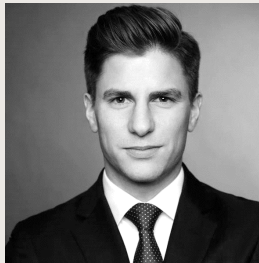
Carrie is a part-time MiF student at LBS. She is an Associate Director in the Deal Advisory team at KPMG UK, advising on buy and sell-side real estate transactions across Europe. Carrie is passionate about supporting diversity in real estate and serves as the Senior Vice President of Fundraising at the LBS Women in Business Club. Carrie is a Chartered Professional Accountant and a graduate from McGill University in Montreal, Canada, with a Bachelor of Commerce.



Cristian Suarez Alvarado

MiF 2022

Cristian is a part-time MiF student at LBS. Alongside his studies, he works as a Director at Castllake. Prior to Castllake, Cristian developed a significant part of his career at ActivumSG and Arcano Partners. Early in his professional life, Cristian studied for a Masters in Real Estate & Town Planning at the CEU San Pablo University in Madrid. He graduated from the University of Las Palmas de Gran Canaria with a BSc in Economics (Bachelor's Degree Extraordinary Award), which included studying for a year at the University of Hertfordshire in the UK.



Jorden Korte

MiF 2022

Jorden is a real estate private equity professional with broad expertise in developing pan-European investment solutions. He is responsible for expanding the global product portfolio of PATRIZIA AG, the global real assets investment manager. At LBS, he is a part-time Masters in Finance student and a member of the LBS Real Estate Club's Executive Committee.

Passionate about shaping his industry, Jorden is an active member of ULI and INREV, where he is co-chair of the INREV Young Professionals Committee as well as member of the Fund Manager Advisory Council. Jorden graduated from the University of Hamburg with a Bachelor's in Socioeconomics and is a CAIA Charterholder.



Kasia Cios

MBA 2022

Kasia is a full-time MBA student at LBS. Prior to joining the programme, Kasia worked as a Manager in the Deal Advisory team at Deloitte's New York office, advising on buy and sell-side transactions across North America and Europe and covering multiple industries. She is an active member of the Real Estate and PE&VC Clubs at LBS, and a participant in the Urban Land Institute's 2021-22 Mentorship Programme. Kasia graduated from DePaul University in Chicago with a Bachelor's in Commerce and is a Certified Public Accountant.

Student Attendees



Karina Sukhanenya

MBA 2022

Karina is a real estate investment professional with broad expertise in acquiring and managing assets across Asia. Prior to her MBA, Karina spent four years at real estate private equity firm Pacific Star Group in Singapore as an Assistant Vice President of investment and development, and three years at a real estate developer building new projects across emerging countries in Southeast Asia. Karina graduated from Chulalongkorn University with a Bachelor's in Economics and has her CFA Level II.



Patrice Noujaim

MBA 2023

Patrice is the Vice President – Finance of the LBS Real Estate Club. Prior to starting his MBA at LBS, Patrice worked as an Investment Associate at SFO Capital Partners, where he spent three years acquiring and managing assets across Europe (UK, France, Germany and Ireland). Before that, Patrice worked in the Assurance Services line at EY, mainly working with clients in the real estate and telecoms sectors. He is a graduate from the Saint-Joseph University of Beirut with a Bachelor's in Economics.



Susse Schaumann

MiM 2022

Susse is a full-time student at LBS on the Masters in Management programme and is a Vice President in the LBS Real Estate Club. Before joining LBS, Susse worked as a Junior Consultant at the Danish Pension Fund PFA Pension, where she worked with the real estate team to optimise the customer experience on PFA's residential platform. Susse graduated from Copenhagen Business School with a Bachelor's in European Business in 2020. Next year, Susse will join NREP's London office as an Investment Analyst.

Vinay works in the London Business School Career Centre and looks after the real estate sector.

Through the incredible LBS community in real estate, Vinay is responsible for managing the partnership with MIPIIM to ensure LBS involvement with numerous invite-only and open-access MIPIIM events.

Vinay works with MIPIIM to cement the LBS partnership.




Vinay Mistry
MIPIIM Lead
Career Centre



Reports

As part of the partnership between LBS and MIPIM, students are invited to roundtable and panel discussions where they meet leading figures in real estate. During the sessions, discussions take place about key trends and areas of note in real estate.

Here we feature the students' reports from the MIPIM Logistics Afternoon, held on 17 March at MIPIM 2022 in Cannes.



“Attending MIPIM was such a rewarding experience: I gained valuable insights into the real estate industry and connected with global real estate leaders. The opportunity to participate in the roundtable discussions was one of the highlights for me during the event, and also my real estate career.

Thank you London Business School Career Centre and MIPIM for offering this unique opportunity that I strongly believe will benefit my real estate career going forward.”

Karina Sukhanenya, MBA 2022

Logistics Afternoon

Resilience, Reindustrialisation, Renewables, Replenishment, Resources, Revitalisation – these are the 6Rs for the future of warehouses. This session explored how the stock had become more important compared with previous decades, how demand chain aspects ruled over former supply chain focusses, and how the Green Deal had implications to the energy and transport side of warehouses.

Speakers



Vincent Sadé
Head of Leasing & Capital Deployment
(Investment/Development)
PROLOGIS



Damien SOLER
Group Key Account Director
BMI GROUP



Joseph CHAZAL
Managing Director, Chief Investment Officer, Europe
PROLOGIS



Natali COOPER
Head of Portfolio & Asset Management & ESG - Europe
GLP UK MANAGEMENT



Salvi CALS
Managing Director
PANATTONI FRANCE DEVELOPMENT



Guy GUEIRARD
EMEA Logistics Lead & Global Lead Logistics Occupier
Services
JLL



James Fisher
Global Key Account Manager Real Estate
BRE GROUP



Raimund PAETZMANN
VP Corporate Real Estate
ZALANDO SE



Thomas STEINMÜLLER
Representative for DACH, PL & neighbours
CAPTEN AG



Alexandre GALLO
CEO
DB CARGO FRANCE



Christian Tretiak
Head of Development
P3 LOGISTIC PARKS

Introduction

Keynote Address, Alexandre Gallo, CEO, DB Cargo France

The session started with a keynote speech on rail freight, which highlighted how society had become increasingly optimistic about the sector and its growth as a solution to current economic and environmental challenges. Earlier this year, in February, over 30 European railway entities signed a pact calling for massive investment in the sector and commitment to reducing greenhouse gas emissions, indicating awareness and actions being taken to address these challenges.

Rail is expected to develop as the transport mode most suited for the climate challenges ahead, and for society, for many reasons. Compared with trucks, rail results in 3.5x lower costs, 9x lower CO₂ emissions and increased capacity, with the capacity of one train being equal to that of 40 trucks. Compared with air freight, rail is cheaper and twice as fast, in addition to having access to urban areas and centres of activity. And rail track can be built to connect warehouses to national and international networks, providing warehouse users with cheaper access to rail freight.



Logistics Afternoon

Rail freight will play a significant role in the 6Rs for the future of warehouses, as follows:

1. **Resilience** – During the COVID crisis, rail freight was able to continue operations while other sectors suffered more severe obstacles.
2. **Reindustrialisation/reshoring** – In supplying plants and procuring goods from mid to long distance, rail freight provides the best solution.
3. **Renewables** – Being the greenest transportation mode, rail can help countries reach environmental goals.
4. **Replenishment** – Rail freight's large capacity means higher volumes of goods can be transported.
5. **Resources** – Rail can be used to connect warehouses to national and international networks.
6. **Revitalisation** – Rail freight is a provider of local employment due to its connectivity to local networks.

Panel Discussion: The 6Rs for the Future of Warehouses

The Logistics Afternoon then moved to a panel discussion, with:

- **James Fisher**, Global Key Account Manager Real Estate, BRE Group
- **Joseph Ghazal**, Managing Director, Chief Investment Officer Europe, Prologis
- **Raimund Paetzmann**, VP Logistics Network Expansion and Real Estate, Zalando SE
- Moderator: **Dr Thomas Steinmüller**, representative for Germany, Austria, Switzerland, Poland & neighbouring areas for Afilog c/o CapTen AG

The topic was the 6Rs for the future of warehouses – Resilience, Reindustrialisation, Renewables, Replenishment, Resources, and Revitalisation. It was mentioned that logistics was a strong opportunity in terms of functionality and sustainability. One trend in warehouses is the move by investors and operators towards offering customers a complete solution, removing all pain points for the customer. Another trend is the issuing of green bonds for green buildings.

For warehouse users, important considerations include location, labour and local support. From an environmental perspective, it is crucial that durable and sustainable properties are built. It's also key to understand the sector or industry being serviced. For example, fashion retailers acknowledge their industry isn't the most sustainable, but they try to be sustainable in their supply chain, which can present opportunities for the logistics sector. The Logistics Afternoon then moved on to the roundtable discussions.



Logistics Afternoon

Roundtable Topics

Renewables – Table moderator: Damien Soler, Group Key Account Director, BMI Group – Reported by Carrie Cheung.



Reindustrialization/Reshoring – Table moderator: Salvi Cals, Managing Director, Panattoni – Reported by Jorden Korte.



Resources – Table moderator: Vincent Sadé Head of Leasing & Capital Deployment, Prologis – Reported by Karina Sukhanenya



The Social Side of ESG – Table moderator: Natali Cooper, Managing Director, Head of Portfolio & Asset Management & ESG - Europe, GLP – Reported by Susse Schaumann.



Resilience – Table moderator: Guy Gueirard, EMEA Logistics Lead & Global Lead Logistics Occupier Services, JLL – Reported by Kasia Cios.



Revitalisation – Christian Tretiak, Head of Development and Letting Germany, P3 Logistic Parks – Reported by Vinay Mistry.



Logistics Afternoon

Roundtable Topic

Renewables

Participants kicked off the discussion on Renewables by noting that there were many different players in the renewables market (especially in solar) and many different technologies available. The challenge therefore lies in fitting all the technology into one building/place.

The discussion then shifted to how to create value through the use of **proper roofing solutions**. To do this, it is important to incorporate roofing in the planning phase of a development. An engineer at the roundtable suggested that retro-fitting existing buildings with new roofing solutions was a challenge and needed to be considered on a case by case basis.

Participants also discussed how the war in Ukraine was expected to have a significant impact on energy prices. Given this, and the continued increase in demand for energy, all participants agreed that the **ability to generate electricity on site, or even to sell it to neighbours or to the grid, could increase the value of real estate**. One example was a retail park in the UK, which utilises solar panels as a canopy in the parking lot, with customers able to charge their electric cars while they are shopping.

The moderator, Damien Soler of BMI Group, highlighted that 30% of flat roofs in Europe were for logistics assets; presenting opportunities to increase values.

The roundtable concluded that **investing in a photovoltaic plant required a long-term investment horizon**, as the value from electricity production was likely to be most apparent in 30 to 40 years' time.

Carrie Cheung
MiF 2022



Logistics Afternoon

Roundtable Topic

Reindustrialisation/Reshoring

The participants discussed the trends in reindustrialisation, i.e., the relocation of production capacities to Europe and the associated need for feasible logistics capacity.

While the US was seen as an early adopter of this trend, **the supply chain crisis in relation to COVID recently accelerated the trend for reindustrialisation** in Europe as well. France was quoted as an example of a country creating new production capacity on a national level. Participants felt that other than the US, European countries were less focused on transferring/substituting production capacity from countries like China, but rather that they were creating additional capacity to deal with potential supply chain constraints. This was justified by the fact that the current supply chain was built over several decades and therefore not easy to replace overnight.

Speaking further about China, it was said that **Chinese producers were intensifying their aspiration to occupy production and logistics facilities in Europe** in order to increase control over the entire supply chain. Participants also stressed that the supply chain worked both ways, and that many Chinese customers relied on a functioning supply chain between Europe and Asia in order to obtain European goods.

As a result, participants agreed on a clear demand overhang for European logistics facilities, intensified by the **lack of suitable land available for development**. Different regulations across jurisdictions, leading to higher permission risks for development projects, were seen as a key challenge, especially for large, pan-European organisations. The attitude of local authorities, and of local communities, towards new developments was also described as a crucial factor, as the support of both stakeholders often required time for the acquisition of urgently needed building land. In addition to land constraining real estate supply, shortage of suitable labour was seen as a major factor limiting the expansion of production capacity.

Agreeing that a scarcity of land was a constraint for many other real estate assets, and not just logistics, participants concluded that a **holistic view of development and the integration of logistics facilities, especially last mile, into a wider mixed-use development plan**, was of the essence in order to use land most effectively and to create attractive spaces for commercial use as well as for people.

Jorden Korte
MIF 2022



Logistics Afternoon

Roundtable Topic

Resources

Following the panel discussion that logistics now was about location, labour and local support, participants discussed that the biggest pain point right now in the industry is the **shortage of labour**. Previously it was important for a logistic hub to have direct access to highways. However, the labour shortage is now a more prominent issue, especially following the pandemic, with participants seeing more logistic hubs locating near areas where the workforce lives. To address the labour shortages, many logistics parks in the US have training centres inside the park – a move that the participants said that they had not yet seen in Europe.

Karina Sukhanenya
MBA 2022



Roundtable Topic

The Social Side of ESG

The moderator, Natali Cooper of GLP, kicked off the discussion by introducing her company's ESG focus, and how engaging in a sustainable focus early on had significantly benefited the company. Participants said that logistic buildings had been doing very well in general, but recently there had been an **increased demand for environmentally and socially sustainable logistics buildings**. One participant questioned the importance of the E and S for logistic buildings. However, other participants shared how they had seen demand increase for energy-efficient assets, especially with the current macroeconomic turbulence. In conclusion, participants acknowledged the need for, and the benefit of, making logistic assets more sustainable.



Susse Schaumann
MIF 2022

Logistics Afternoon

Roundtable Topic

Resilience

The discussion started by naming key elements of resilience in the logistics sector, listing as important considerations inventory, operations and energy, in addition to costs related to infrastructure and upgrades.

Participants then discussed the **impact of the development of rail logistics sites**, as businesses look to be closer to their customers. Due to the pandemic, there has been a greater need to have products in stock, and port congestion is becoming an issue. In the UK, for example, companies are holding about 15% more stock across all product lines.

From a risk mitigation perspective, rail is a great alternative to trucking, where costs have gone up drastically due to driver shortages, government regulation with regard to working hours, and environmental challenges. Currently more than half of truckers in Europe are over the age of 50, indicating an ageing workforce. Poor working conditions make the trucking industry unappealing, with higher salaries required to attract younger people. Weather and natural disasters such as hurricanes and blizzards are also a concern, especially in the US.

Participants agreed that there was **room for improvement in the working environment** in warehouses. Adding amenities commonly found in white-collar workplaces, such as fitness facilities and day care, might not improve the satisfaction of employees in warehouses, where jobs are viewed as more blue collar. Rather than spending time enjoying amenities at the workplace, employees would prefer to have the time back to spend as they please, it was thought. More effective measures for improving warehouse conditions would be those that promote a healthy working environment and that made employees feel cared for by the company. This could mean providing space with natural light and reliable connectivity in addition to creating a company culture, which is especially important for millennials.

Participants then discussed the **effect of automation** on the logistics sector, which brings resilience to buildings by reducing dependency on labour. Automation speeds up processes and increases accuracy. However it can be very costly, especially for smaller businesses. As technology improves and costs decrease, automation will become accessible for companies of all sizes, it was said.



Logistics Afternoon

The conversation then shifted to autonomous trucks and their future in transportation. The consensus was that it would be another five to ten years before autonomous trucks become a mainstream mode of transportation for freight, and it might take even longer for them to be adopted in cities. The liability around ethical choices is a massive issue and poses a high risk due to safety concerns, and understandably so.

The roundtable concluded that as logistics as an asset class transitioned from being a secondary to a primary asset class, **understanding the risks was very important**, and that this would play an increasingly important role in the decision-making strategy of investors.



Kasia Cios
MBA 2022



Logistics Afternoon

Roundtable Topic

Revitalisation

With the future of warehouses front of mind, the roundtable discussion focused on the opportunities, drivers and challenges associated with brownfield revitalisation i.e., the cleaning up and redevelopment of old industrial sites.

The moderator, **Christian Tretiak**, kicked off the discussion with an introduction to his company, P3 Logistic Parks. He highlighted that the firm had engaged in extensive brownfield activity. P3 is a long-term logistics real estate investor and developer in Europe with more than 6.4 million m² of assets under management. It currently has operations in nine of the 11 countries in which it is invested. Germany is P3's single largest market, with over €2bn of assets and where over the last six years around 80% of developments have been on brownfield sites.

The **revitalization of brownfield sites presents several environmental, community and economic benefits**, including the cleaning up of contaminated sites, job creation and revival of communities. Despite these benefits, participants highlighted that there were several complexities and high costs associated with the acquisition of brownfield sites that had discouraged prospective developers. As a result, it is **imperative for them to take greater care in the overall due diligence process** during acquisitions, by carrying out rigorous technical investigations to ensure the brownfield in question is economically viable. Participants highlighted that **contamination** is a significant issue associated with brownfield sites and as a result it is essential for developers to mitigate potentially high financial costs by dealing with the issue prior to signing purchase agreements rather than after.

Debate over greenfield verses brownfield development for logistics investors and developers has increased due to the **growing scarcity of land supply**. Cities, for example, across several markets worldwide are tightening restrictions on land consumption of their green belt. Germany for example is making efforts to reduce green land consumption. Newer zoning rights in Germany comprise stricter restrictions than ever before, which has increased the difficulty of purchasing greenfield sites. Such push factors have led P3 and similar logistics businesses to commit to a path that will see brownfields sites playing a bigger role in their activities.

Participants ultimately concluded that the decision to redevelop/revitalise a site, was a highly complex decision that largely depended on the asset in question and that decision-making required a holistic approach.

Vinay Mistry,
Relationship Manager



Participating Companies

MIPIM is the largest gathering of the real estate industry in the world.

The most influential players from all international property sectors – offices, residential, retail, healthcare, hospitality, logistics and industrial – take part. Offering unrivalled access to the greatest number of development projects and sources of capital worldwide, MIPIM gathers all players from the commercial property value chain for a year's worth of business in four intensive days.

MIPIM in a nutshell

360

Speakers

1/4

Participants are investors

20,000

Delegates

18,500

M²

2,400

Exhibiting Companies

80

Countries

“MIPIM was a unique opportunity to connect with global real estate thought leaders, and a platform to discover the latest market trends, insights, and overall investor sentiment. It was particularly revealing to see how the various actors bounced back from the pandemic, and how there was an accelerated focus on creating a greener – and more resilient – built environment.

Being part of the closed-door events was a highly enriching experience. Participants, leaders from across the investment community, gathered to discuss top-of-mind issues focused on the need to build greener cities, and addressing the various supply/demand imbalances across asset classes and across geographies.

I am grateful that London Business School and MIPIM gave me this lifetime opportunity to attend these sessions and I am confident that the takeaways from the sessions will prove materially useful for my career.”

Patrice Noujaim, MBA 2023

End of Book
