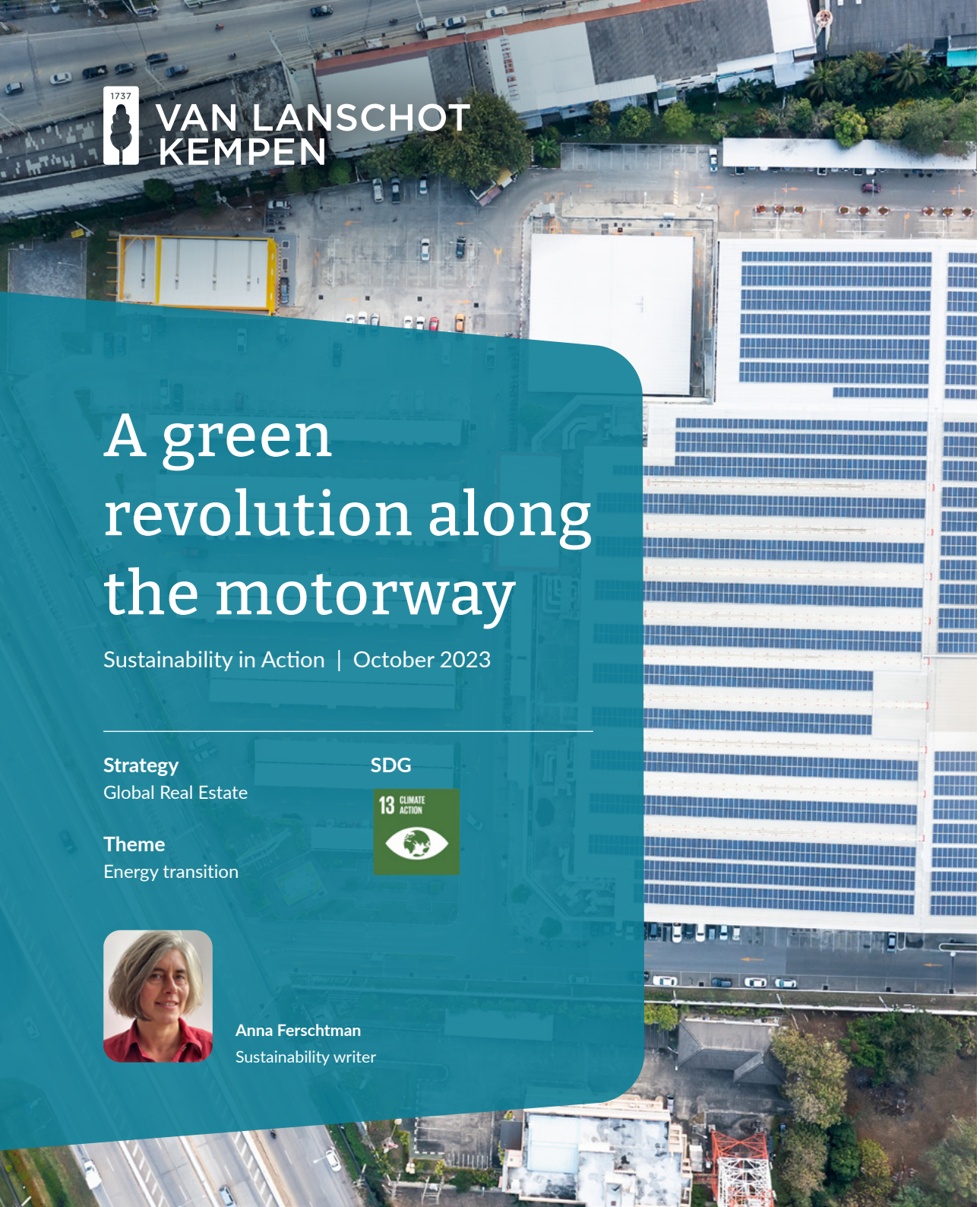

VAN LANSCHOT KEMPEN

A green revolution along the motorway

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Electric trucks that can charge their batteries with locally-generated solar energy next to the warehouses where they load their cargo. Green warehouses and a circular logistics chain: is this a utopian dream, or (almost) reality?

As yet, logistics real estate has a boring, unsustainable image: vast, blocky boxes along motorways with trucks driving in and out. However, even in this sector too, there are exciting developments that can contribute to the energy transition in a meaningful way. Belgian logistics real estate specialist WDP - one of the portfolio companies of the Kempen Global Real Estate strategy - decided about two years ago to significantly accelerate its sustainable ambitions. This autumn, the company set a record by constructing the largest interconnected solar roof in Europe at one of its warehouse. And WDP certainly isn't finished yet.

A more sustainable supply chain

Logistics real estate often means owning and maintaining logistics infra-structure; often, this consists of operating large warehouses that themselves consume relatively little energy. It is therefore quite feasible for a logistics property company to reduce its own CO_2 emissions (the so-called 'Scope I' emissions) and its emissions from purchased energy ('Scope II'). That said, to actually achieve this, the ambition needs to be there, of course. For instance, WDP aims to bring emissions from all its own offices to net zero by 2025 and to fully-electrify its own vehicle fleet by 2030.

A more substantial challenge lies in the so-called 'Scope III' emissions: emissions from supply chains. For WDP, this mostly consists of maintenance and renovations of their warehouses by third parties, as well as customer energy consumption in warehouses. These customers are also encouraged to lower their emissions from the transportation of their goods: i.e. the emissions of the trucks that pick-up and deliver cargo to the warehouses. WDP is eager to assist clients in achieving this on a larger scale.

Electric vistas and energy factories

How to approach this? The answer has become obvious over the last couple of years: electric trucks are the way forward over relatively small distances in the transport sector. Today, e-trucks make up a very small portion of total haulage. Just 42 electric lorries were registered in the Netherlands in 2021, according to available data. Across Europe, there were just 346 e-trucks on the road that year: a very tiny figure, but almost triple the figure from 2020[1]. Early in 2022, Volvo, which positions itself as the industry leader in this category, announced that it had received orders for 1,100 new electric trucks from 20 countries[2].

This is a trend that may accelerate quickly, particularly given the increasing cost of petroleum. According to Volvo, 50% of all newly-delivered trucks will be electrified by 2030. Moreover, the number of smaller electric vans on European roads has already increased significantly.

Therefore, it makes sense that WDP is preparing for this trend with a project that appears to be both straightforward and revolutionary at the same time: the company is mounting sustainable energy facilities on the rooftops of its warehouses not just to power the warehouses, but also for charging stations for electric vehicals. Surplus electricity is either sent to the public grid or stored in batteries. In the future, a portion of the energy produced may potentially be sold directly to other parties.

Warehouses thus will gain a second purpose: that of small, local energy plants. These will offer customers an all-in-one solution: lorries will be able to charge their batteries while loading products; a stop at another charging station will no longer be necessary.

1 Europe: Electric Truck Market Almost Tripled In 2021 (insideevs.com)
2 Volvo Trucks leads the electric truck market in Europe

When is this plan really going to take off? WDP already has a trial programme running in Zelik, Belgium, and is investing in growing these so-called 'Green Mobility hubs' in the near future. For a large-scale roll out, a further liberalisation of the European energy market is required.

A greener view?

WDP has already set records with its sustainability strategy: at its warehouse in Evergem, close to Ghent, WDP boasts a massive, interconnected solar roof – Europe's largest. There, 37,000 solar panels cover an area of 150,000 square meters of roof (the size of roughly 20 football pitches). This generates around 21,000 MWh of energy annually, which is sufficient for about 8,000 households. The warehouse uses a portion of this solar energy, with the remainder being supplied back into the public grid. Setting up direct supply agreements with surrounding firms is next on WDP's agenda.

The company has also started construction of a new warehouse near Breda with a strong focus on biodiversity. Green facades and roofs will be constructed and the design (with rounded corners, a lowered façade, and earthy tones) also counteracts the monotonous, generic warehouse views along the motorway. A win for the climate and a win for the views of the surrounding landscape in one fell swoop.

> "Logistics buildings can play a major role in making transport companies more sustainable.

Egbert Nijmeijer
Co-head Real Assets Van Lanschot Kempen

Positive energy

The sustainable steps WDP is taking make the Belgian family-owned company a leader in the energy transition, argues Egbert Nijmeijer, Van Lanschot Kempen's co-head Real Assets. While most focus has been on aiming for net zero greenhouse gas emissions (i.e. balancing carbon emissions and reabsorption equally), logistics property lends itself to becoming net energy positive.

'That's what WDP wants to achieve,' says Nijmeijer. 'In combination with battery storage, the logistics buildings can play a major role in making transport companies more sustainable, without unduly straining the energy network with massive energy feedbacks. This way, energy is produced locally and consumed locally. Such initiatives really do make a difference to the planet.'

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