



Attracting FDI: European distribution activities
and the Rhine-Scheldt Delta

Antwerp School of Management

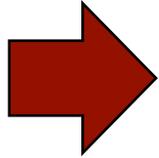
November 13th 2015



Partner in
acquisitie

www.arcusplus.com

Agenda



1. Introduction
2. Attracting business/FDI
3. Logistics market
4. Site selection
5. Wrap-up

Introduction



- Established in 2005 in the Netherlands
- Offices in The Hague (NL) and Austin, TX (USA)
- Experts regarding marketing, investment promotion & acquisition (FDI), as well as location search
- Clients in both private and public sectors in Europe and the USA
- Corporations, ministries, states/provinces, investment promotion agencies, municipalities, campuses and business parks

Clear strategy and powerful tools

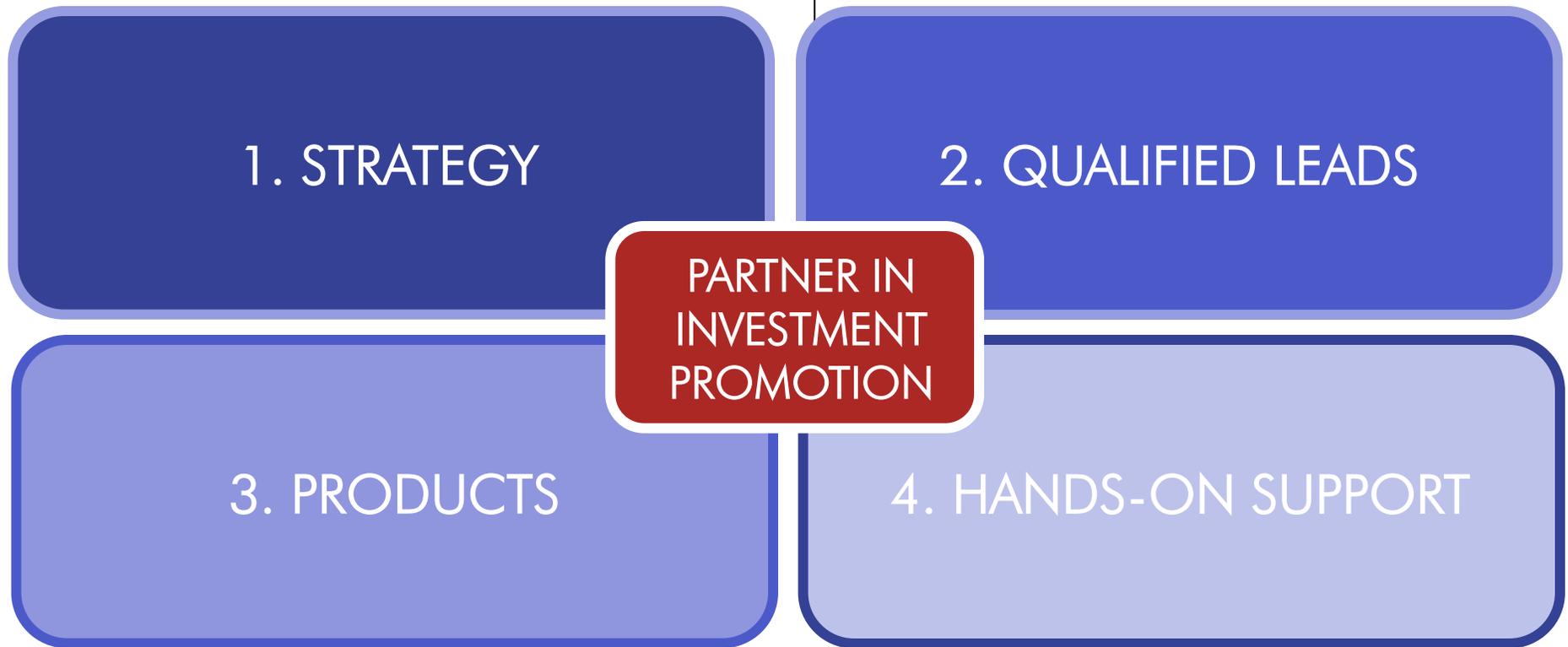
ARCUS*plus* supports its clients with a clear strategy and powerful tools, readily available to attract new businesses, retain current investors or find the right location for future operations.



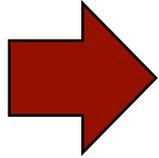
Investment promotion – our services



"One-stop shop"



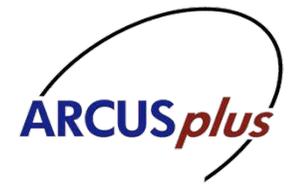
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FDI?

FDI: an example



FDI: an example



Why FDI?

FDI motivators

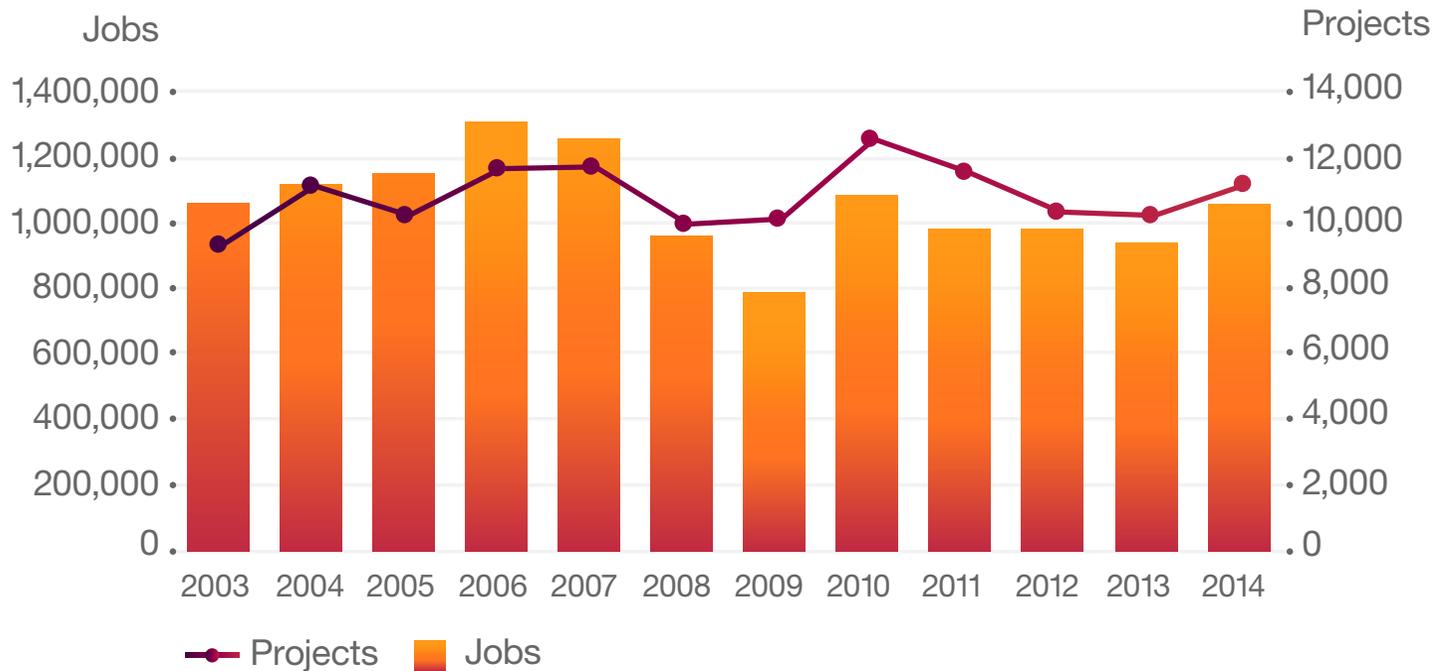
- Attract new jobs & investment(s)
- Spin-off
- New knowledge & technology
- Size of start-ups
- Industrial clusters
- Image and branding
- Competition between regions
- Companies 'need' help
-

FDI motivators



FDI activity

Figure 1: New foreign investment activity in 2003-2014: number of projects and job creation

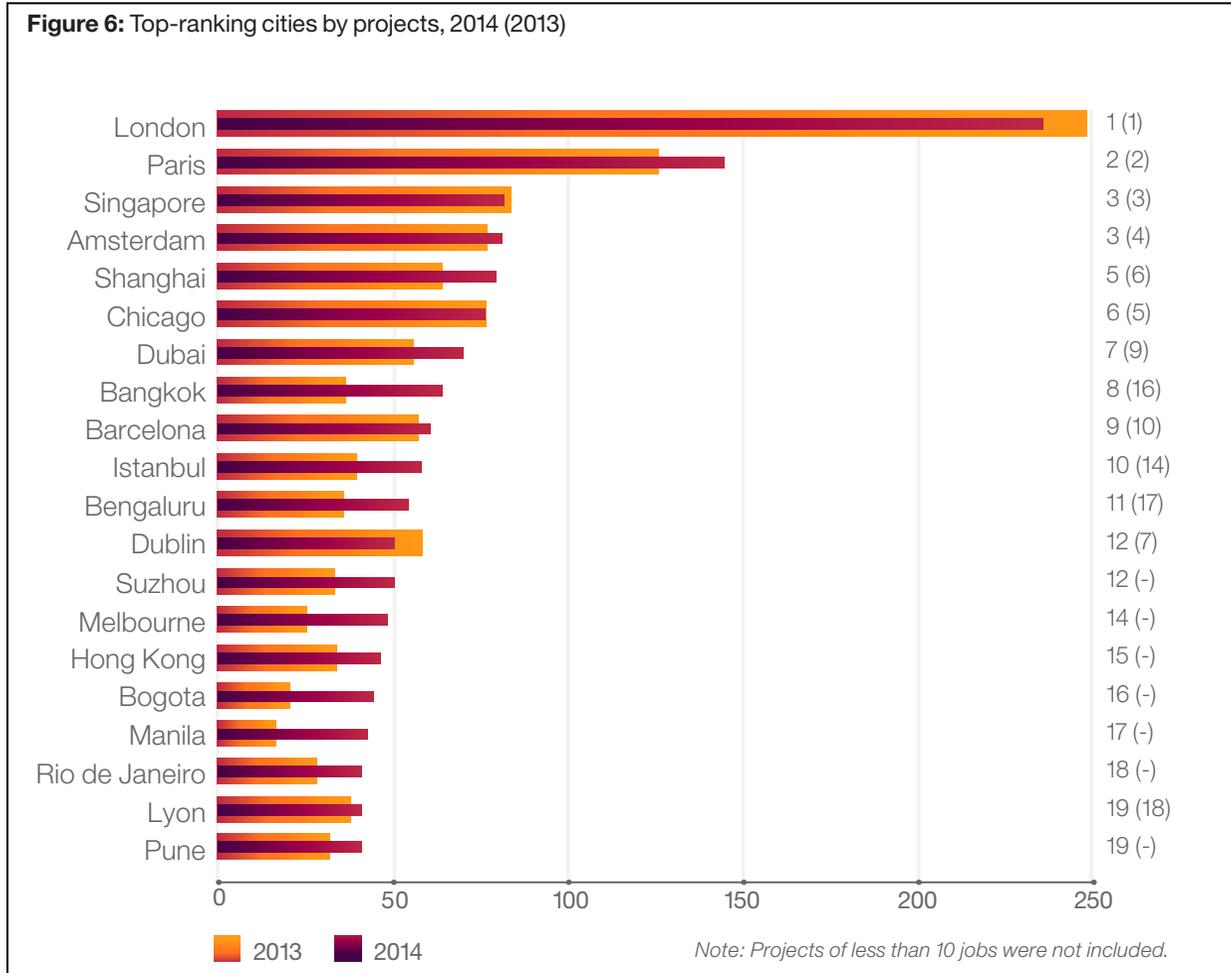


Job creation around the world through foreign investment **increased 6 percent.**

The **United States ranks first**, and repeats its record job creation performance from 2013.

Ireland continues to lead the world in attracting high-value projects.

FDI cities



FDI who is involved?



GERMANY
TRADE & INVEST



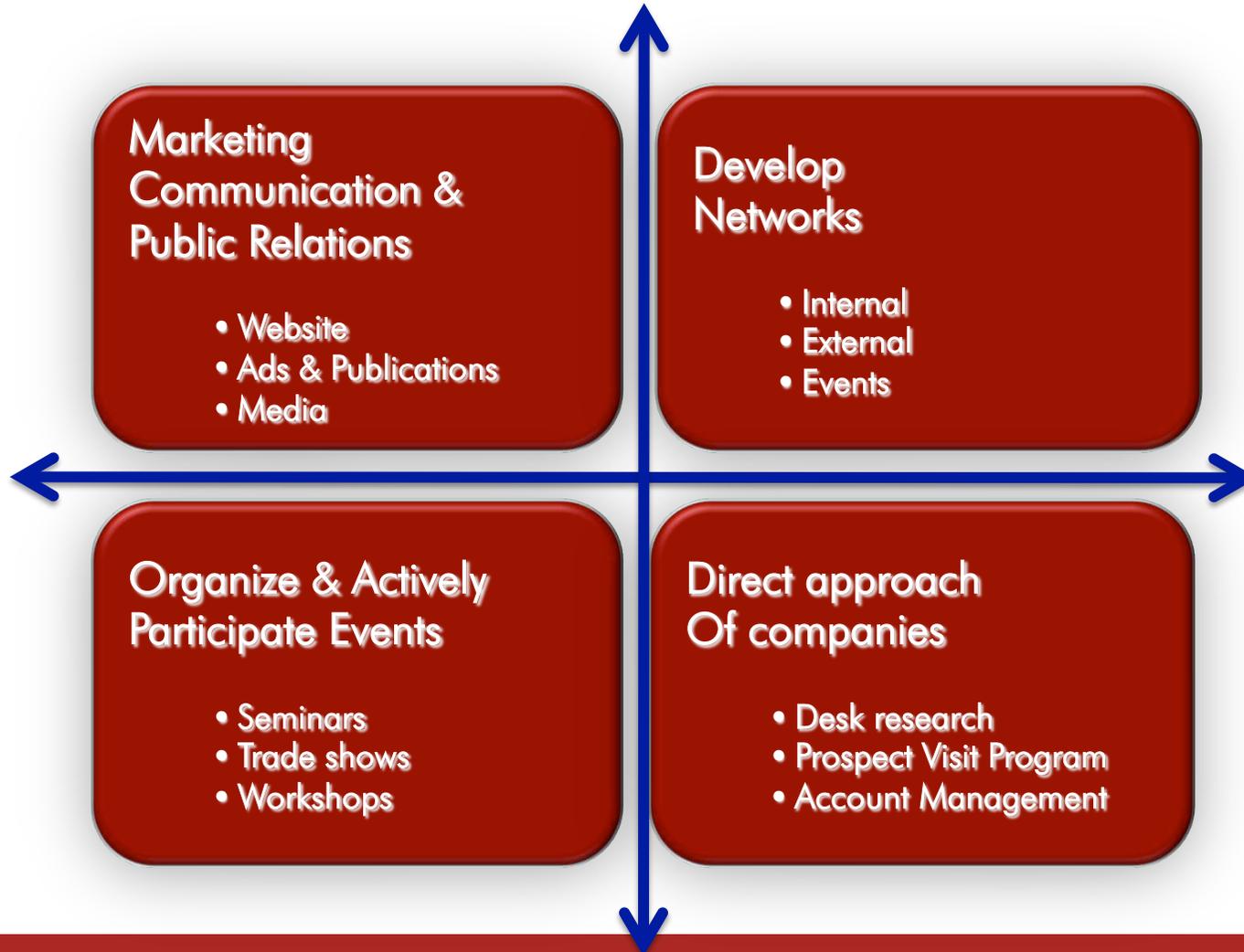
amsterdam
business

FDI 'it's the activity stupid'

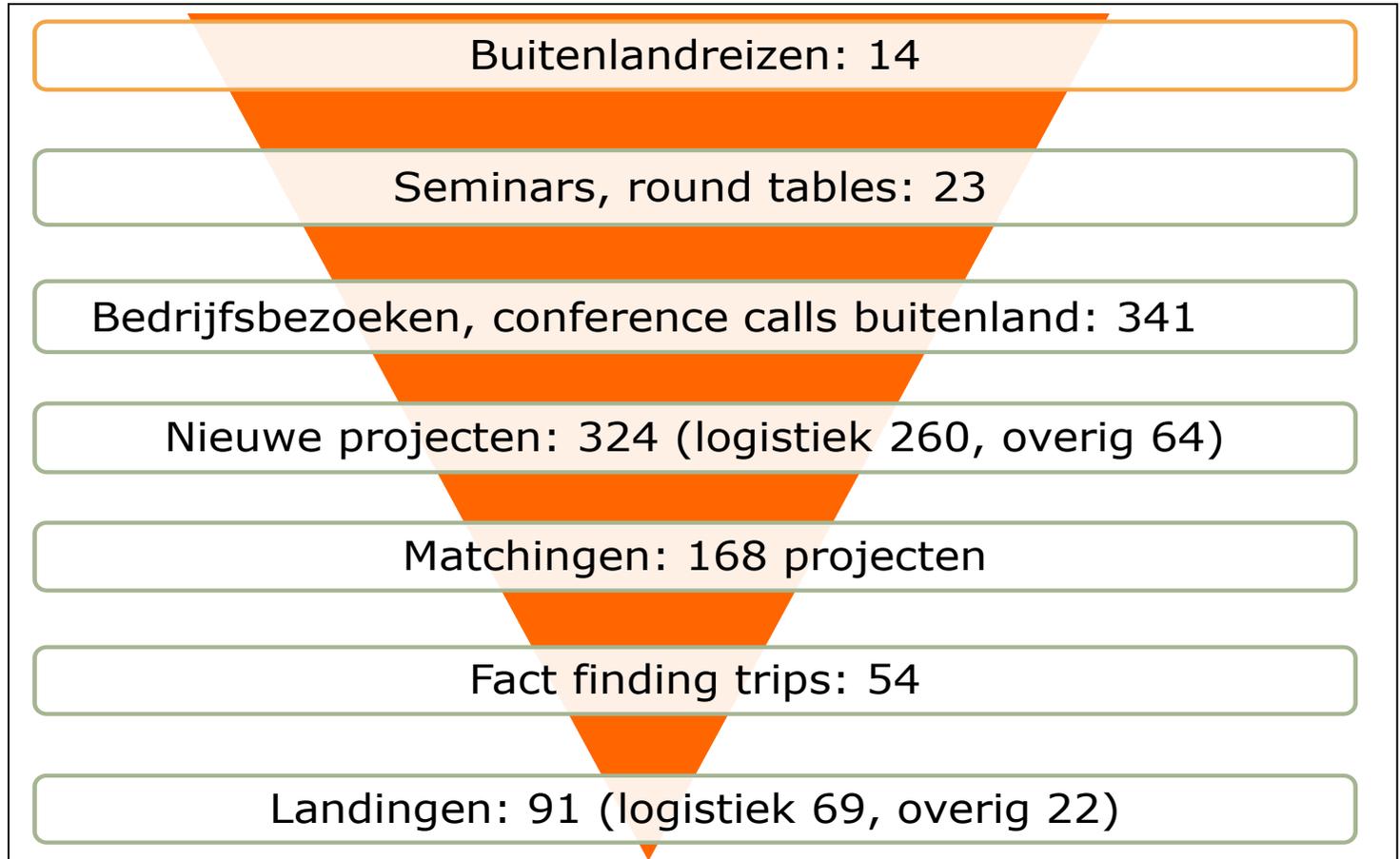
- R&D
- Manufacturing
- Distribution centers
- Headquarters
- Marketing & Sales
- Service centers



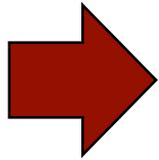
FDI tools



FDI tools



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How do you rate the logistic position of the Rhine-Scheldt Delta within Europe?

Benelux: a strategic location?



**DISTRIBUTION SCENARIO
TOP 20 MARKETS**

1	Antwerp
2	Rotterdam
3	Dusseldorf
4	Brussels
5	Hamburg
6	Amsterdam
7	Liege
8	Venlo
9	Lille
10	Frankfurt
11	Paris
12	Munich
13	Lyon
14	Prague
15	Milan
16	Le Havre
17	Bratislava
18	Rijeka/Koper
19	Bologna
20	Istanbul

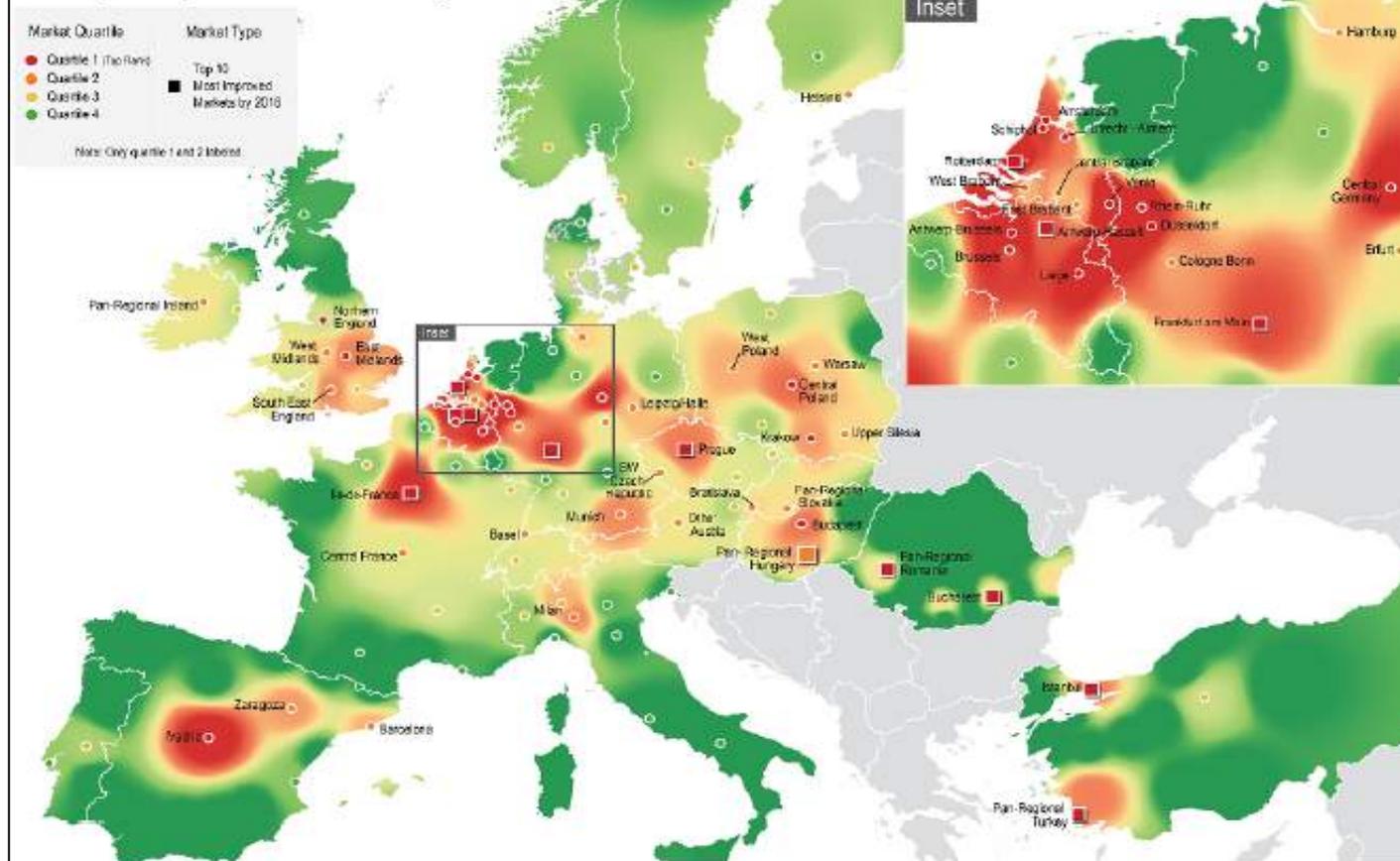
Source: Collins International

BLUE BANANA



‘Blue banana’ hubs remain the ideal platform for pan-European distribution activities for the majority of the European consumer market’.

Heatmap: Europe's most desirable logistics locations

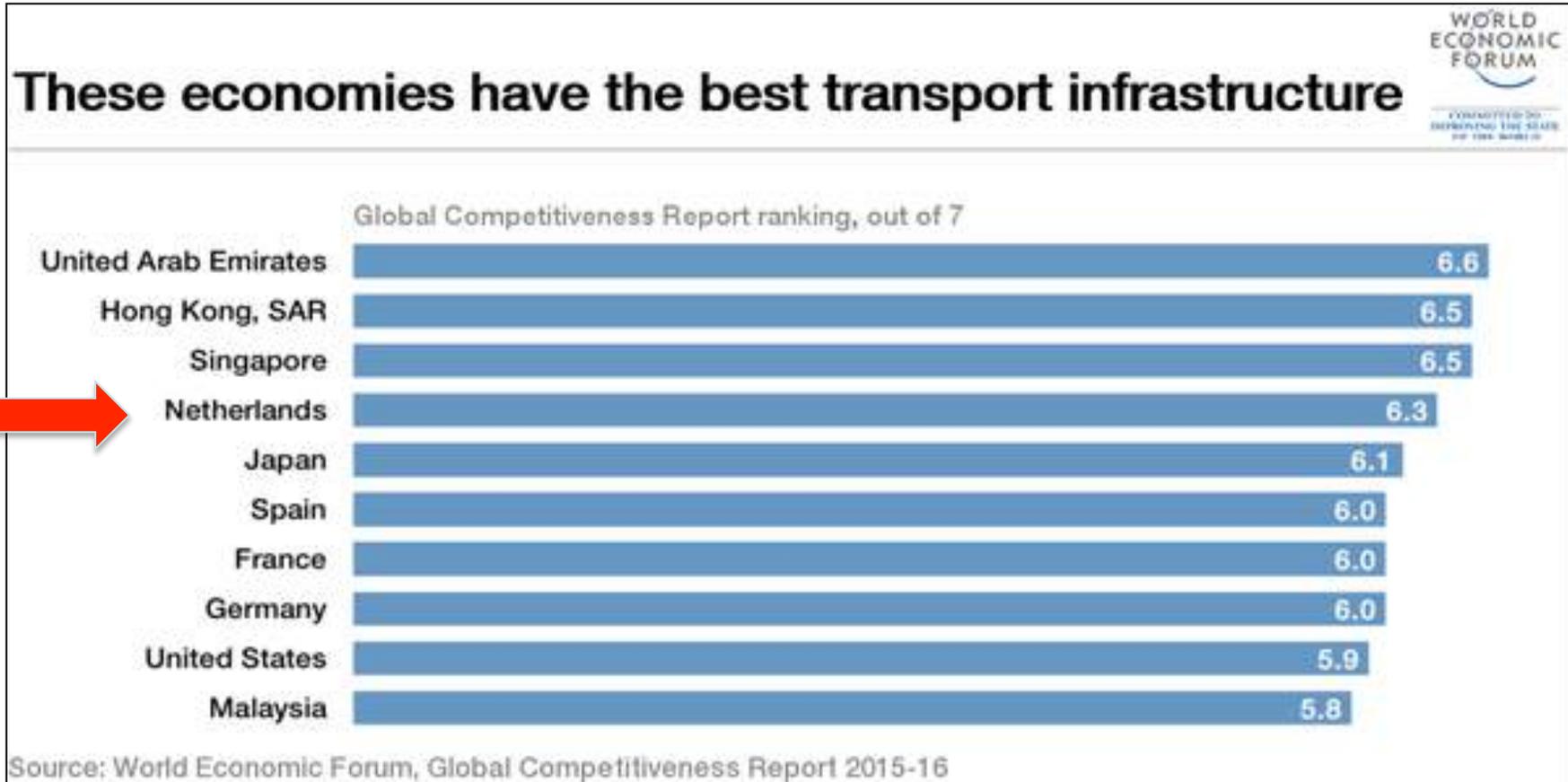


Top 10 locations in Europe 2013

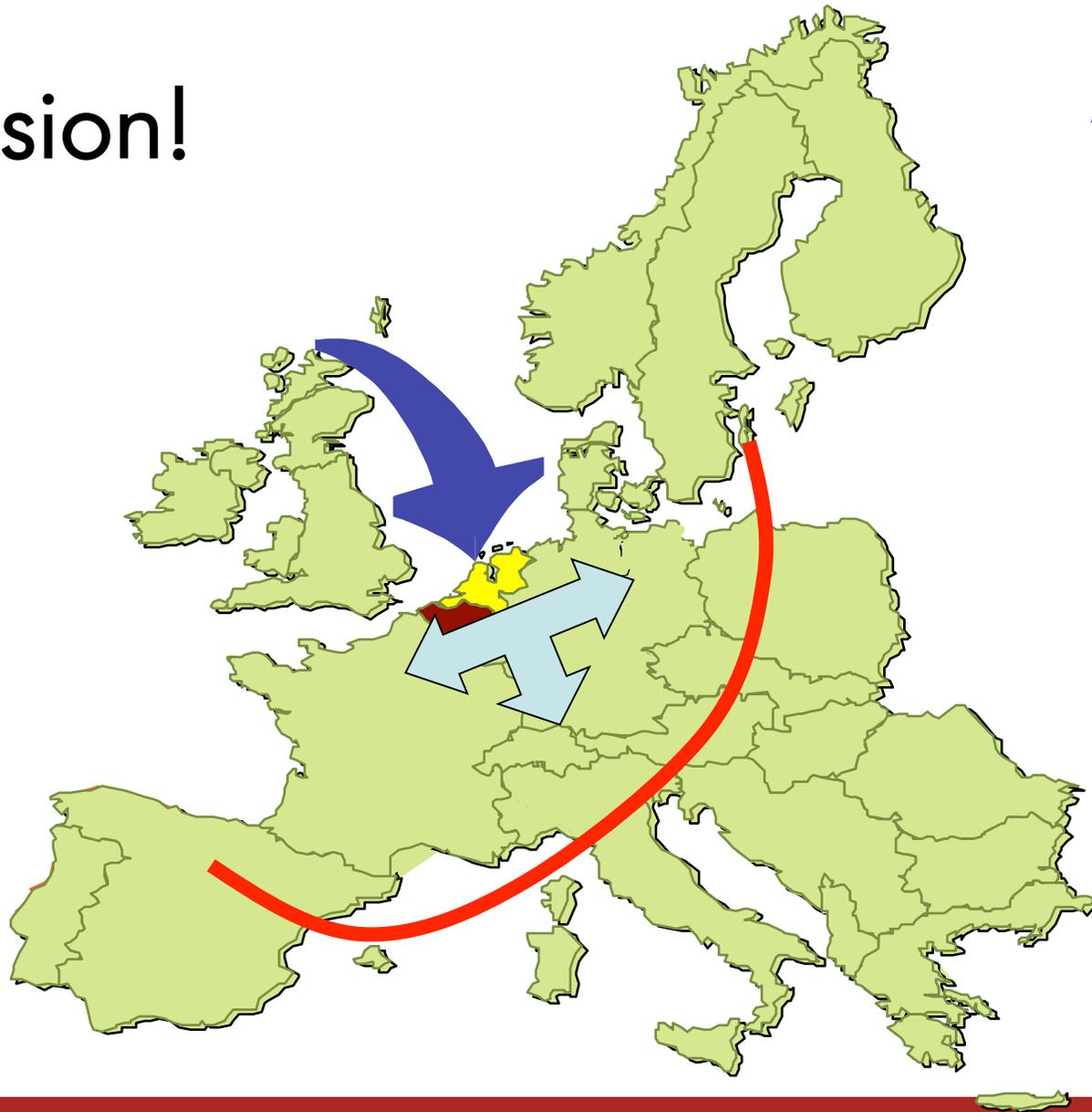
1. Venlo
2. Antwerp-Brussels
3. Rotterdam
4. Rhein-Ruhr
5. Madrid
6. Liège
7. Central Germany
8. Pan Regional Romania
9. Ile-de-France
10. Düsseldorf

LPI ranking and scores, 2014			% of highest performer
Economy	Rank	Score	
Germany	1	4.12	100.0
Netherlands	2	4.05	97.6
Belgium	3	4.04	97.5
United Kingdom	4	4.01	96.6

Benelux: a strategic location

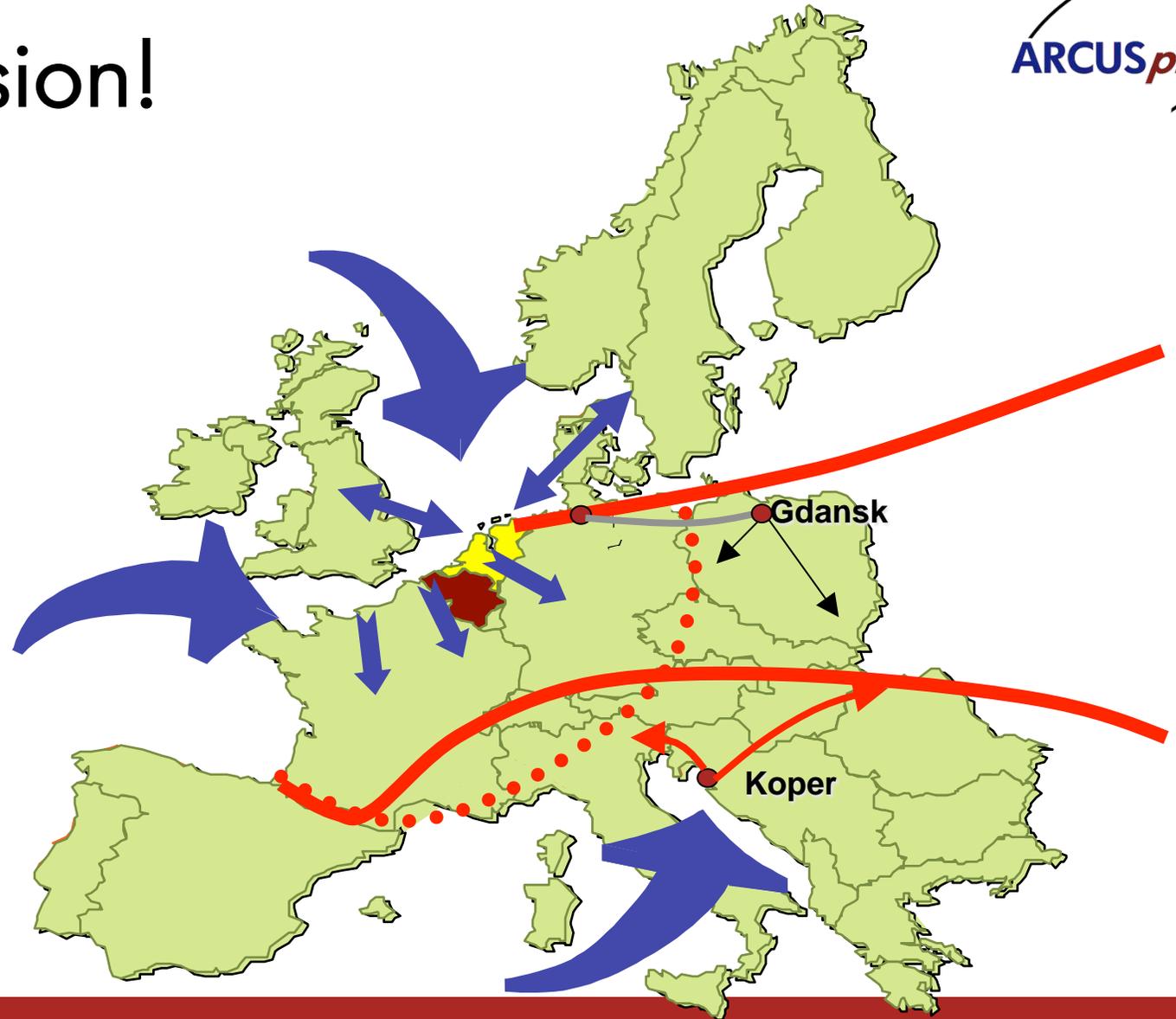


EU expansion!



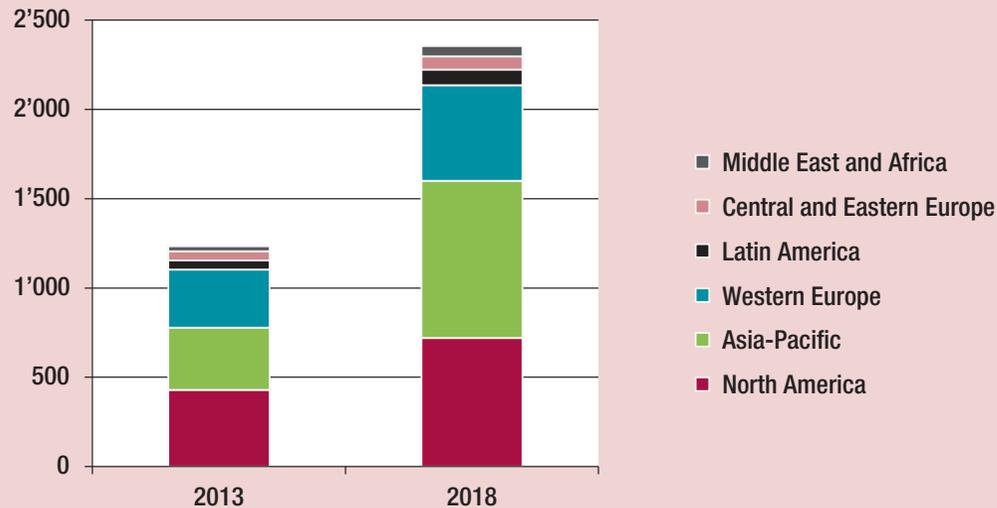
EU expansion!

WE & CEE



E-commerce

Figure II.2. B2C e-commerce sales worldwide, by region, 2013 and 2018 (\$ billions)



Our vision on consumers in 2020

- Online consumer spending in Europe will increase to **30% of all consumer spending**
- Each consumer has a **top 5 of retailers** where they buy 80% of their goods
- There is **no product category** that the consumer is not willing to buy online
- Consumers **pick up 30%** of their orders, the other orders are delivered at home

Source: eMarketer.com, July 2014.

Note: Estimates are based on the analysis of data from other research firms and government agencies, historical trends, reported and estimated revenues from major online retailers, consumer online buying trends, and macro-level economic conditions. Data include products and services ordered and leisure and unmanaged business travel sales booked using the Internet via any device, regardless of the method of payment or fulfilment.

Northern European B2C e-commerce turnover grows over 13%

E-commerce

- The growth in online retail sales will drive significant new demand for logistics real estate.
- This demand will require a variety of different types of logistics facilities, including fulfilment centres, sortation centres, cross-dock facilities and processing centres for returned items. There will also be growing demand for collection points, including lockers, to service click-and-collect.



E-commerce

Partij	Locatie	Metrage/omvang pand
Bol.com/Docdata	Waalwijk	200.000
Leeyen	Born	145.000
Groep Heylen	Venlo	140.000
Prologis	Tilburg	100.000 (waarvan 25.000 m2 voor Coolblue)
Michael Kors	Venlo	92.900
Action	Echt	80.000
Wehkamp	Zwolle	35.000
Primark	Roosendaal	160.000 (kavel)
Forever 21	Bergen op Zoom	Tenminste 20.000

Bron: internet, vastgoedpers



E-commerce



Analysis European market e-fulfilment (Prologis, 2015)

- 200,000 new jobs in next five years in new e-fulfilment facilities
- Industry will need 15 million square meters of logistics space
- Current hotspots: UK, Germany, France as well as Poland, Czech Republic and the Netherlands

Competition = getting stronger



'Best locations for e-commerce logistics/distribution centers' (PWC)



Tabel 2: Top 10 locaties en minst interessante locaties (score op 10)

 TOP 10 locaties			 Minst interessante locaties		
1	DE - Rheinland-Pfalz	7,74	35	DE - Brandenburg	5,18
2	DE - Saarland	7,61	36	DE - Berlin	5,01
3	BE - Wallonië	7,54	37	DE - Mecklenburg-Vorpommern	4,99
4	NL - Zuid-Nederland	7,36	38	UK - Northern Ireland	4,89
5	NL - West-Nederland	7,10	39	UK - Scotland	4,74
6	BE - Vlaanderen	7,04	40	FR - Bassin Parisien	4,6
7	UK - East of England	7,00	41	FR - Centre-Est	4,25
8	LU - Luxemburg	6,98	42	FR - Ouest	4,19
9	BE - Brussel	6,95	43	FR - Sud-Ouest	4,12
10	FR - Est	6,95	44	FR - Méditerranée	4,02

© Vlaams Instituut voor de Logistiek

Multimodal transportation



People, governments and companies are becoming more aware of their impact on the environment, and their own responsibility in this. Governments are imposing measures to reduce CO₂-emissions, and to use cleaner modes of transport. At the same time, companies are becoming more socially responsible, and more aware of their own carbon footprint and ways of reducing this.



Challenges...



Product variety

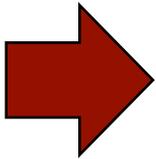
'Flexibility of labor'



'Speed to market'

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What are companies looking for?

Criteria

1. Infrastructure & accessibility
2. Market access
3. Operational base costs
4. Labour market capacity
5. Logistics competence
6. Business environment

Criteria

Cost factors

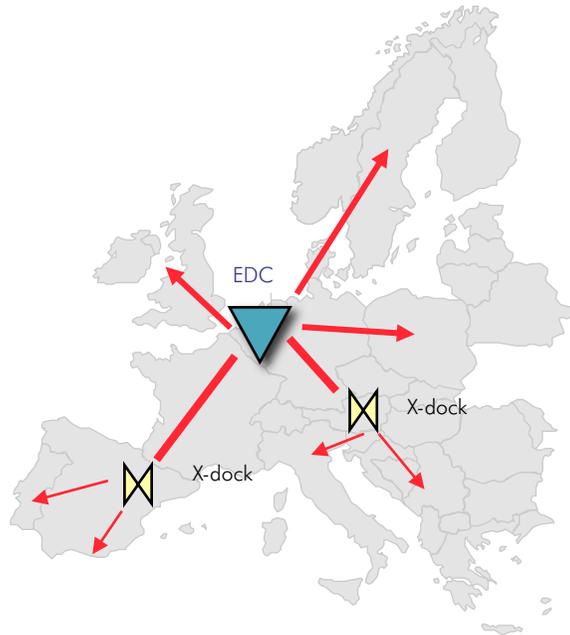
- Labor costs
- Rental costs
- Transport costs
 - inbound
 - outbound
- Inventory costs
- Customs (VAT)
- Taxation

Qualitative factors

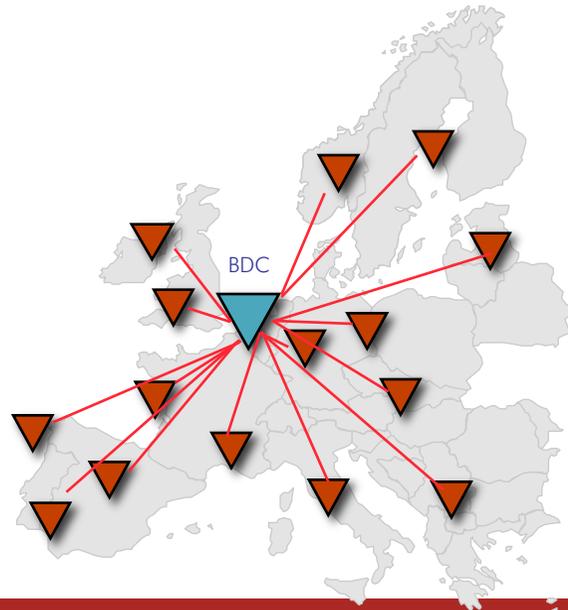
- Accessibility
- Quality of labor
- Labor regulations
- Transport solutions (3PLs)
- Quality of facilities and sites
- Customs & fiscal

Types of DC

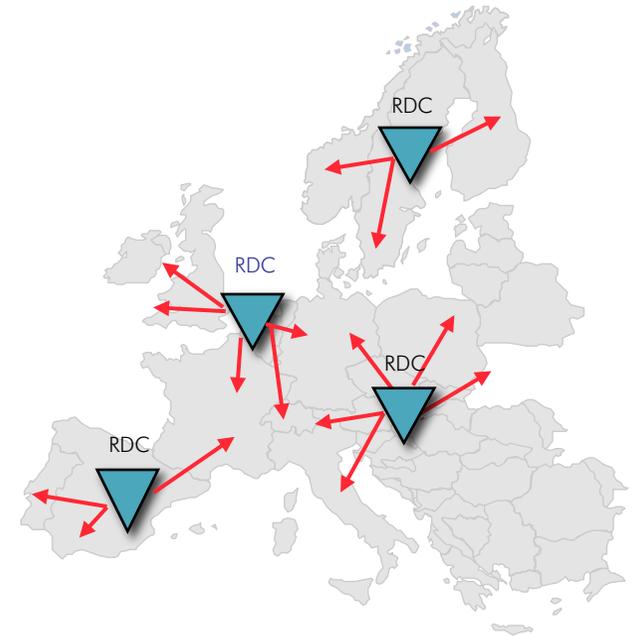
Traditional EDC



BDC + Satellites



RDC's





NDL/HIDC

Europe is not an easy place to do business: 48 countries, 24 languages, 15 currencies



Various differences exist between European countries (even within the EU)

Economics

- Market size
- Buying power
- Growth/outlook
- Innovation
- Etc.

Finance

- Corporate taxation
- Currencies
- Subsidies/incentives
- Etc.

Legislation

- Labor laws
- Intellectual property
- Patents
- Export/import
- Etc.

Culture

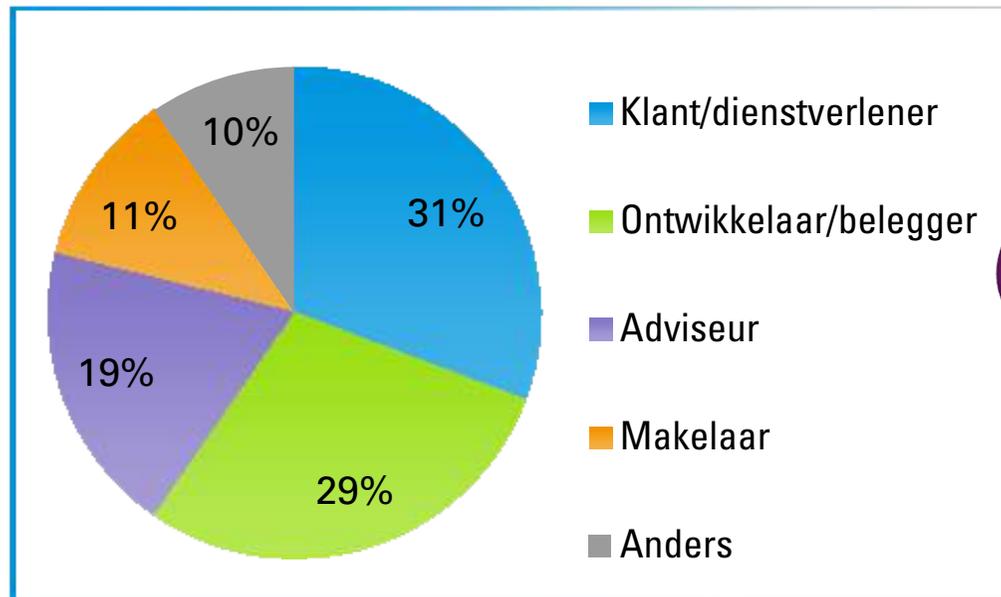
- Language
- International orientation
- Business practices
- Etc.

From international companies this requires:

- Awareness and taking into account implications of national differences
- Willingness to commit resources to obtain local market expertise
- A differentiated European market strategy and a dedicated business plan

Who decides?

Figuur 7: Partijen mede bepalend bij locatie- en regiokeuze (meerdere antwoorden mogelijk)



LSP, client, real estate developer,
Consultants, real estate agents

Action: search area



Action: RDC requirements



Available facilities:

- > 50.000 m² warehouse
- ± 2.000 m² hazardous goods storage space
- ± 500m² office space
- Free height: 12m
- 1 loading dock / 1.000m²
- Fire and safety controls
- Space for growth

Available land:

- > 80.000 m² building
- Right zoning
- Clean soil certificate
- Ready for construction
- ...

Staff:

- Appr. 650
- 20% flex

Action: process

1. Identify potential locations / real estate
2. Draft "long list" (50)
3. Review "long list" locations /real estate
4. Draft "short list" -> general criteria (27)
5. Design Benchmark:
 - a. Identify location factors (qualitative)
 - b. Weigh location factors
 - c. Identify cost factors
 - d. Set up business parameters
6. Score each location (qualitative / quantitative)
7. Rank locations



Tesla (Tilburg, NL)



Tesla Motors opens assembly plant in Tilburg

Having begun the first European deliveries of Model S, Tesla Motors opened its Tilburg Assembly Plant in the presence of the Vice Governor Economic and International Affairs of the Province of Brabant and Alderman Economic Affairs of the Municipality of Tilburg. The Tilburg facility will serve as the final assembly and distribution point for Model S vehicles sold in Europe as well as Tesla's European service and parts headquarters. Some of the very first Dutch, Belgian, French and German Model S customers received their cars today at the brand new facility.

With a size of 18,900 square meters, this new state-of-the-art facility is well prepared to receive the brand new Model S which is shipped over from the US. Having crossed the ocean and reached Europe, Model S arrives at the Tilburg plant for final assembly before being delivered across the continent.

Tilburg an ideal location

Being centrally located in Tilburg enables efficient, timely and cost effective operations throughout Europe. Parts can be distributed to anywhere across the continent within 12 hours. Tilburg is an ideal location considering its proximity to the port of Rotterdam and the high quality and availability of transportation infrastructure. An excellent rail and motorway network connects Tilburg to all major markets.

Alderman Erik de Ridder (Economic Affairs): "Tesla coming to Tilburg makes me proud. Thanks to the efforts of many organisations, not least BOM Foreign Investments, one of the most innovative companies in the world is coming to our city. Tesla chose Tilburg because of the central location in Europe and the excellent infrastructure. The arrival of the US electric car manufacturer creates dozens of high quality jobs."

Amazon (Lille, FR)



Cities offering a particularly good compromise between cost and market access include, from the highest to the least expensive, Venlo, Lille, Liege, Prague, Bratislava, Upper Silesia (Katowice) and Poznan. Examples of recent lettings testify the appeal of these cities from a distribution point of view: giant e-retailer Amazon for instance has recently announced it will open a new 90,000 sq m distribution centre in Lille's region, Nord-pas-de-Calais, its fourth in France. Compared to other French logistics areas, Nord-pas-de-Calais boasts cheaper warehousing costs and a relatively abundant supply of land relative to denser urban areas. It also has an advantage of being situated at the crossroads of freight routes connecting Northern Europe, Southern Europe and the British Isles, due to its location near the Channel Tunnel.

Source: Colliers

Venlo: hotspot

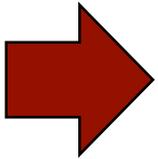


<http://www.tradeportnoordvenlo.nl/home>

<https://www.youtube.com/watch?v=ystaQsPBm98>

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Summary

1. Game of attracting business activities is changing
2. Logistics remains a very interesting activity to attract
3. Market demands drive changes in European SC Structures
4. Competition between logistics hot spots will increase
5. Companies are better informed
6. Regions must have clear & tailored value propositions

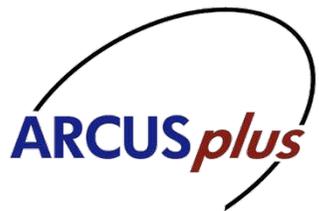
Implications for policymakers

Policymakers and public-sector leaders seeking to facilitate economic growth and job creation must prepare for a challenging economic environment with the shift toward more complex global value chains. Foreign investment will flow to locations that add value to companies going through persistent disruption and radical transformation. We may see more volatile investment levels within and among countries, as the underlying factors of competitive advantage change and value creation shifts within sectors. Agile economies of the future will be characterized by their ability to adapt to these constant changes and respond to shifts in global value chains.

Q&A







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