



Beneath the bustle of shoppers on the Champs-Élysées, a new retail logistics hub is taking shape. *Photographer: Marie Magnin/Bloomberg*

CityLab | Economy

The Retail Storage Hiding Under the Champs-Élysées

As parking lots empty out in Paris's city center, retail logistics hubs are moving in. From there, goods can be transported a short distance by bike.



By Paul Tullis

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Eight stories under the Champs-Élysées – deeper than the bottom of the Seine – the future of logistics is taking shape in a former parking garage.

Commercial real estate firm Mont Thabor Group bought the garage in early 2020 with an eye towards

upgrading it, but Covid crystallized Parisians' desire to reduce car traffic and protect local merchants. Soon, Mayor Anne Hidalgo would announce the “15-minute city,” with a goal that most retail and services, and some employment opportunities, would be within a 15-minute bike or transit ride of every residence. Suddenly the idea of another underground garage seemed out of date.

Given the property's prime location below some of the city's most valuable retail space, the team decided to develop a logistics center instead with the functionality of the big-box warehouses that line the outskirts of cities. The project aims “to rethink not only the real estate but the operating process of logistics,” said Victor Bardon, head of technical asset management for Swiss Life Asset Managers, which joined the project in 2022.



Staff prepare to open the Atelier Logistiques facility. *Photographer: Marie Magnin/Bloomberg*

Atelier Logistiques is one of a number of such facilities opening downtown, in a bid to improve efficiency and potentially reduce their carbon footprint.

“We see an increase in the number of logistics hubs and microhubs in city centers,” says Lorena Axinte, a mobility and logistics planning consultant with Bax Innovation in Barcelona.

By locating facilities where they can cover what’s called the “last mile” to their final destination, delivery companies can reduce the number of larger, more polluting vehicles on the roads. While delivery vehicles make up 15-25% of all vehicle miles traveled, according to a 2022 study in the journal Transportation Research, the share of road space and CO2 emissions for these vehicles make up a notably higher 20-40% of the total.



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Paris is an ideal city to try out an alternative: Demand

for deliveries is high, with a quarter of the region's goods traveling through the city, but as of last year the city provided just 1% of regional logistics space. And Mayor Hidalgo is on a mission to improve mobility in the congested city while reducing emissions. With several urban logistic hubs opening this year or due soon, the city is emerging as a leader in rethinking goods storage and delivery.



Paris Mayor Anne Hidalgo *Photographer: Benjamin Girette/Bloomberg*

A discreet building in the city's Marais district provides another view of what this future might look like. In a street behind the Pompidou Center, an oversized kiosk with a green roof and an elevator gives little hint of what lies beneath. This is the entrance to the “inverted building,” which houses six floors of logistics in a converted parking lot, with services like dry cleaning and bike repair just above it. It's one of several sprawling facilities across inner Paris by the builder Sogaris that mix warehouses with

other functions, such as retail, offices or light industry. At these properties, sharing the space with other services helps to pad the business model.

Atelier Logistiques, while not as big as some of these facilities at 172,000 square feet, will devote the entire property to logistics, meaning it needs to be profitable to work. It's betting on providing a needed alternative where demand is highest, beneath one of the world's most famous shopping streets. But it faces a particularly daunting traffic challenge there, too.

Some 72% of visitors to the Champs-Élysées are tourists, and the many retailers along the avenue are prepared to pay premium monthly average rents of around \$1,400 per square foot. More than half the entire city's retail space is condensed into the surrounding 8th arrondissement.



The logistics hub lies beneath some of the city's most valuable retail space, in the heart of a prime tourist destination. *Photographer: Marie Magnin/Bloomberg*



The Atelier Logistiques facility will be housed in a converted parking lot. *Photographer: Marie Magnin/Bloomberg*



Atelier Logistiques will devote all 172,000 square feet to logistics. *Photographer: Marie Magnin/Bloomberg*

Storage space nearby costs upwards of \$400 per square foot, and with 3,000 cars an hour clogging the avenue and 100,000 pedestrians strolling its sidewalks daily, shipping in and out is a logistical nightmare. Atelier Logistique aims to ease this situation by creating a facility that lies within 20

minutes' ride by cargo bike of 4,400 retail stores.

“For retailers, this can be a market differentiation,” says Evelyn Xiaoyue Gong, assistant professor of operations management at Carnegie Mellon University’s Tepper School of Business. “They can deliver much faster and satisfy demands much faster, which is especially important for tourists who are only in the city for a short time.”

To streamline its service, Atelier Logistique’s plan is for trucks to arrive at night, after stores are closed and when traffic on the avenue is light, to unload. Small vehicular robots take the goods underground to store them until orders come in from the retailers at ground level.

From the Road to the River

In a sign of how committed Paris is to rethinking its road space, one rival company is moving goods traffic to another famous thoroughfare: the River Seine. To keep its trucks out of inner Paris, urban logistics start-up Fludis is trying out a 40-meter-long (131 feet) floating warehouse, stocked early each morning from an 18-wheeler lorry while moored on the quayside by southeastern Paris’ Pont D’Austerlitz. Once loaded, the warehouse boat, powered by an emissions-free two-ton electric battery, travels 3.3 miles downstream to a quayside in front of the Hotel des Invalides, with a cargo of bikes and packages. En route, these cargo bikes are loaded with goods - up to 550 pounds per bike, with an office supplier currently the biggest customer - ready to be picked up once the boat has

docked.



By streamlining deliveries beneath the city, these underground retail logistics hubs are designed to help ease Paris' traffic. *Photographer: Marie Magnin/Bloomberg*

“If the hub of bicycle logistics is in the city center, it’s quite easy for the riders to deliver to the customer – but it’s quite difficult for the trucks,” says Fludis’ Head of Commerce and Development Jules Alonso. The daily ferrying by river also solves another conflict: Peripheral hubs are cheaper to rent but more difficult for biking since they are rarely well-connected to bike lane networks.

This boat and bike delivery is still a startup running just seven boats, but it’s growing: The company is already adding another four boats.

Meanwhile, Axinte expects demands for city-center alternatives will continue to grow as it makes operations more efficient, particularly in vacant real estate in need of a new use. “We’ll probably see more

and more outdated spaces converted,” Axinte said.

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