

Industry trends

Transportation and logistics

Industrial production and consumer demand support sector performance



Global overview

Solid sector growth continues in 2024 and 2025.

In 2024 we expect global transportation and logistics output to grow by 3.8%, followed by a 4.0% increase in 2025. The sector should benefit from higher worldwide industrial production and consumer demand. In particular, the economic recovery in Europe this year and next should support transportation and logistics demand.

Oil and fuel prices have decreased again after a brief surge in early 2024, which should ease cost pressures for transport and logistic businesses in the coming months.

Prices for international shipping along key routes have substantially increased (about 60% higher in Q1 of 2024 compared to 2023). The de facto closure of the Suez Canal route due to the Red Sea Crisis has led to lower capacity, as rerouting around Africa adds at least a week or two for journeys from Asia to Europe and America. While freight

rates will remain elevated in the coming months, price pressures should decrease somewhat due to added capacity in the form of new ships.

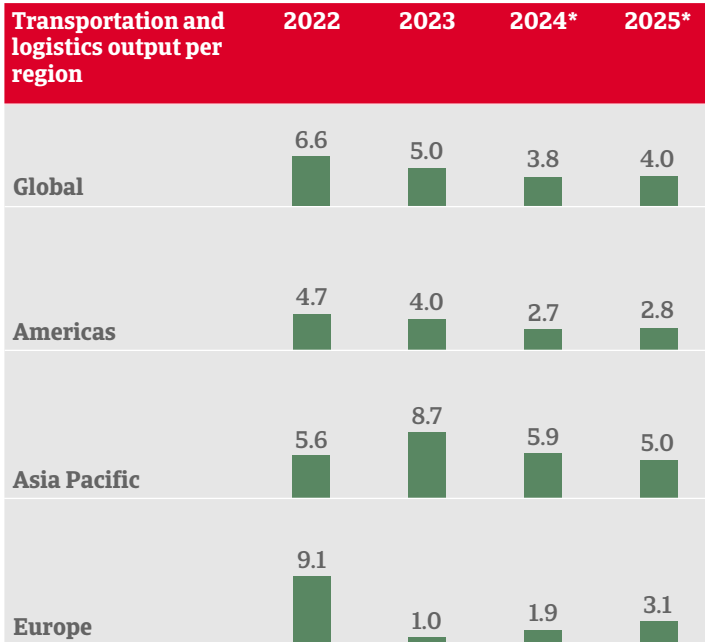
In order to improve their resilience, many businesses that once focused on just-in-time production have started to keep greater levels of inventory as a safety buffer. This should lead to increasing demand for warehouse storage facilities in order to store inventory and to avoid delays.

Industry performance forecast

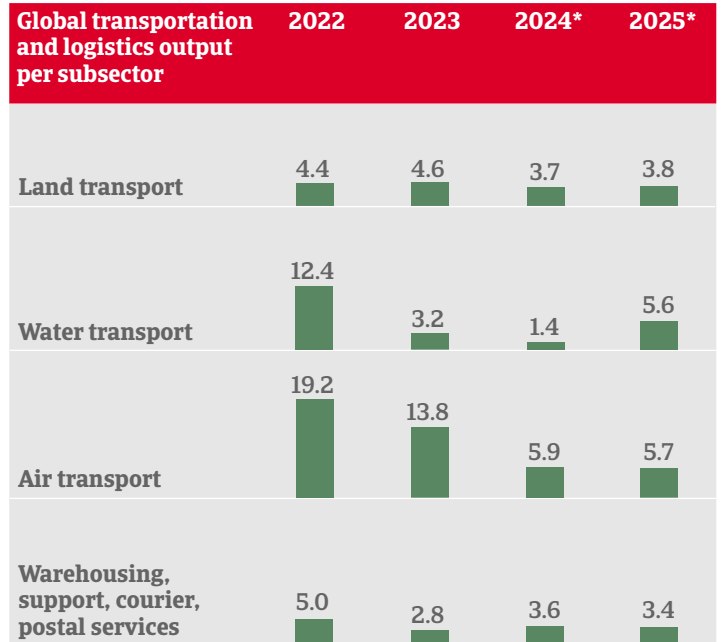
Europe		Asia and Oceania		Americas		
Austria	Netherlands	Australia	Philippines	Brazil	Excellent	The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.
Belgium	Poland	China	Singapore	Canada	Good	
Czech Republic	Portugal	Hong Kong	South Korea	Mexico	Good	The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend.
Denmark	Slovakia	India	Taiwan	USA	Fair	
France	Spain	Indonesia	Thailand		Fair	The credit risk situation in the sector is average / business performance in the sector is stable.
Germany	Sweden	Japan	UAE		Poor	
Hungary	Switzerland	Malaysia	Vietnam		Poor	The credit risk in the sector is relatively high / business performance in the sector is below its long-term trend.
Ireland	Turkey	New Zealand			Bleak	
Italy	UK				Bleak	The credit risk in the sector is poor / business performance in the sector is weak compared to its long-term trend.

Industry trends

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Year-on-year, % change /*forecast – Source: Oxford Economics



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Strengths and growth drivers

Growth in global trade. Despite some reshoring, global trade is projected to continue growing, supporting demand for both freight and passenger transport in both the mid-term and long-term.

Supply chain resilience. Industries focusing on just-in-time production may keep greater levels of inventory as a safety buffer. This will create demand for warehouse storage facilities.

New technologies. Increasing investment in warehouse digitalisation, robotics, and data is expected to increase supply chain efficiency and reduce costs. Investment in smart tech will help transport businesses improve transparency and flexibility.

Growth in ecommerce and digitalisation. This will support demand for courier services and warehousing facilities.

Constraints and downside risks

Oil price volatility. High fuel prices negatively affect margins of transport and logistics businesses across all segments.

Sustainability. Growing demand for green transport will require significant investment in both the mid-term and long-term. This will create opportunities, but also pose a risk for companies unable or unwilling to adapt. If passed on to consumers, increased costs in the form of new regulations or carbon taxes are likely to negatively impact sector demand.

Geopolitical risks. The maritime subsector relies heavily on freedom of navigation. Disruptions could be caused by rising tensions or armed conflicts like those currently happening in the Red Sea and potentially in the Taiwan Strait and South China Sea.

Staff shortages and labour disputes. In some segments like road transport this could impact activity and growth, adding upwards pressure on labour costs.



Transportation and logistics outlook Americas

Transportation and logistics output	2022	2023	2024*	2025*
Brazil	8.0	2.6	1.4	2.2
Canada	13.0	6.1	3.5	7.3
Mexico	12.2	3.4	3.5	3.1
United States	2.0	4.4	2.7	2.0

Year-on-year, % change /*forecast – Source: Oxford Economics

USA

Robust private consumption drives transport growth









We expect the US transportation and logistics industry to grow by 2.7% in 2024 and by 2.0% in 2025. This sector growth is lower than the 4.4% increase last year, but still higher than annual GDP growth over the same period. While transportation and logistics businesses benefit from decreasing energy costs, labour costs have increased.

Private consumption in the US remains robust, growing by 2.4% in 2024 and 2.0% in 2025. This supports demand for shipping of durable and non-durable consumer goods. Containers heading to US ports are increasing after a rather disappointing 2023. Air and train freight data are also showing an uptick in volumes.

Trucks are the key transport mode for goods in the US. There are currently signs of a potential bottoming out in trucking, setting the scene for recovery in the coming months amidst stronger consumer demand for goods and ongoing retail sales growth.

Compared to Europe, overseas trade with the US is less vulnerable to shipping disruptions in the Red Sea. That said, prices for container freight shipping from Asia to the US have substantially increased in spring 2024, as longer ocean transits have resulted in container capacity issues. However, the impact on consumption and US transport performance should not be substantial.

In the mid-term, government investment in infrastructure improvement will benefit the sector by promoting greater supply chain efficiency, reducing costs, and stimulating demand for transportation and logistics services.

Industry performance forecast	
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	Bleak The credit risk in the sector is poor / business performance in the sector is weak compared to its long-term trend.



Transportation and logistics outlook

Asia Pacific

Transportation and logistics output	2022	2023	2024*	2025*
China	0.7	7.8	4.8	5.4
India	8.5	5.5	12.0	7.4
Japan	14.2	10.6	5.9	2.3
Australia	15.1	7.5	2.3	3.4

Year-on-year, % change /*forecast – Source: Oxford Economics

China

Healthy growth outlook over the coming years

Chinese transportation and logistics output is forecast to grow by 4.8% in 2024 and by 5.4% in 2025. After a weak 2023, imports and exports of goods are trending upwards. Despite the risks associated with rising tariffs, external demand for Chinese products is increasing, supporting freight cargo transportation.

We expect the sector will benefit from government support for businesses and investment in infrastructure in the coming years. Those investments show China’s ambition to ensure that it remains a major hub in global supply chains and logistics. The ongoing expansion of ecommerce is likely lead to increasing demand for courier and storage facilities. Increasing GDP per capita and rising household incomes will sustain demand for domestic transport services.

Japan

Export growth supports all main transport segments

We expect Japan’s transportation and logistics output to grow by 5.9% in 2024 and by 2.3% in 2025. Industrial production is set to recover after a major slump in Q1 of 2024, and export growth will continue in the coming 18 months. This will support freight transport demand on land, water and in the air. The passenger transport segment has benefited from strong tourism inflow and a resurgence in domestic air travel.

India

Growing household spending supports strong sector growth

Indian transportation and logistics output is forecast to grow by 12% in 2024 and by 7.4% in 2025. One major growth driver is increasing demand from key export destinations, such as the US.

India’s growing middle class is also spurring demand for consumer goods, supporting land, sea and air transport. In the coming years households are expected to increase spending for travel and leisure, which should benefit the passenger transport segment.

The ‘Make in India’ campaign promotes the country as a manufacturing hub for both domestic and international companies. This should support higher freight volumes in the mid-term. However, more investment in transport infrastructure is required to overcome existing inefficiencies and bottlenecks.



Industry performance forecast

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 Malaysia

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 Philippines

 Singapore


 South Korea


 Taiwan


 Thailand


 UAE


 Vietnam

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Transportation and logistics outlook Europe

Transportation and logistics output	2022	2023	2024*	2025*
France	4.9	-2.0	0.2	4.2
Germany	6.1	2.2	-1.3	1.1
Italy	17.5	2.4	0.3	1.1
United Kingdom	13.7	-1.3	4.4	2.7

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Eurozone

A rebound on the horizon

We expect transportation and logistics output in the Eurozone to grow by just 0.6% in 2024, followed by an acceleration of 2.7% in 2025. The economic recovery in the Eurozone should gain momentum in the coming months, with private consumption and retail sales recovering, as a more benign inflationary environment supports consumers' purchasing power. The currently ongoing normalisation of export growth is expected to continue (1.4% increase in 2024 and 3.4% in 2025).

Germany

Only a modest recovery expected in 2025

In Germany, the largest Eurozone market, we expect transport and logistics output to contract by 1.3% in 2024. This subdued performance is in line with stagnating economic growth (0.9%) a 1.4% industrial production decline.

However, we expect the German economy to start to rebound towards the end of the year. This should help growth in manufacturing and the consumption of domestic goods, which should lead to a transport and logistics sector rebound, albeit modest at 1.1%.

Additionally, the German transport and logistics sector will continue to struggle with staff shortages and fierce competition from Central and Eastern Europe. This mainly affects the road freight transport subsector.

United Kingdom

Business sentiment is still weak

After a 1.5% contraction in 2023, we expect UK transport and logistics output to grow by more than 4% in 2024, mainly due to a robust sector performance in H1 of 2024. The economy grew stronger than expected in this period, with consumer spending acting as the main driver.

However, the economic recovery is forecast to be weaker in the coming months, as headwinds from tight fiscal policy and past interest rate hikes weigh on demand. This corresponds with a weak business sentiment among British transport and logistics businesses, both in the freight and passenger segments.

Transport and logistics output growth is expected to slow down in the coming months. The sector has to cope with ongoing staff shortages and loss of cabotage rights in the EU, which are both likely to limit sector activity.



Industry performance forecast

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