

Industry trends

Transportation and logistics

Subdued global economy slows industry growth outlook in the near term



Global overview

Industry growth decelerating this year

The main factor affecting the industry's growth levels is a slowdown of the global economy in H2 of 2023. Supply chain pressures in transportation have receded, and prices for international shipping along several major routes have returned to pre-pandemic levels.

In 2022, global transportation and logistics output had increased by 6.4%, slowing to 5.2% this year. Despite a robust performance in emerging markets in 2023,

global transportation and logistics output growth is predicted to decelerate to 3.8% in 2024. This is due to a subdued US economic performance, a slowdown in China, and the effects of worldwide monetary policy tightening.

Weaker goods trade and consumption will weigh on freight transport segments in the coming months. Households are reluctant to purchase durable goods, prioritising their spending on services, while businesses hold off inventory restocking in the face of weaker demand.

Growth expected to accelerate in 2025

Looking ahead, growth in all major regions is forecast to bounce back in 2025 (up 4.7%), as the effects of monetary tightening and the energy price shock should fade. In coming years, the expansion of ecommerce, logistics and warehousing should provide additional growth. Emerging markets in Asia Pacific, Africa, and South America are forecast to drive sectoral expansion. This is particularly true for China and India. Both are the world's most populous countries and invest heavily in infrastructure and transport networks.

Industry performance forecast

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

Industry trends

Transportation and logistics

Transportation and logistics output per region	2022	2023*	2024*	2025*
Global	6.4	5.2	3.8	4.7
Americas	4.8	3.3	1.3	4.2
Asia Pacific	5.2	10.1	5.7	6.2
Europe	8.5	0.3	3.1	3.0

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

Global transportation and logistics output per subsector	2022	2023*	2024*	2025*
Land transport	4.4	5.7	3.7	4.7
Water transport	12.4	3.9	4.1	5.3
Air transport	19.2	11.2	6.2	5.3
Warehousing, support, courier, postal services	5.0	2.9	3.1	4.5

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

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.

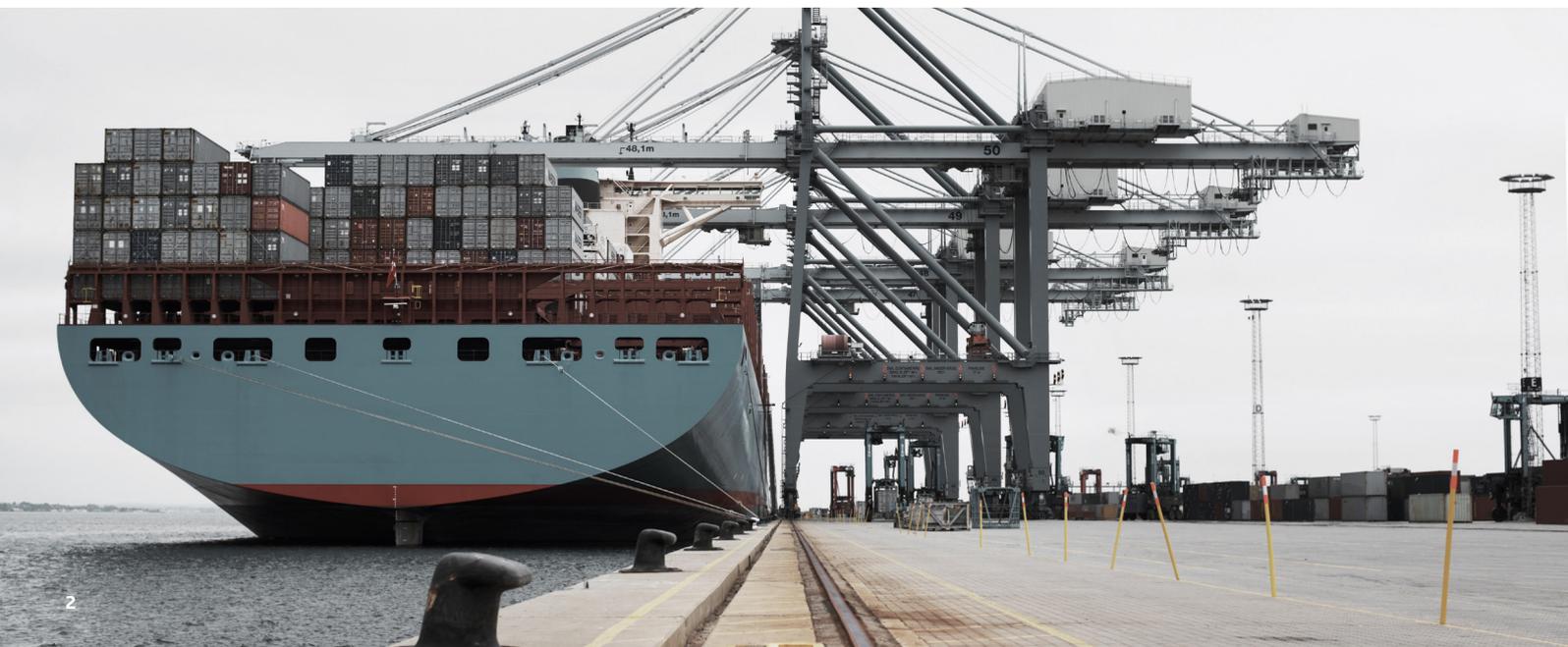
Constraints and downside risks

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 (e.g., in the Taiwan strait or in the 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	8.4	1.7	1.0	2.0
Canada	9.5	4.8	2.8	7.6
Mexico	11.6	2.5	3.1	5.6
United States	2.3	3.7	0.7	3.8

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

USA

Sluggish economy putting brakes on transportation growth

A slowdown can be seen in the current overall output growth trends for transportation and logistics, which are 3.7% in 2023 and just 0.7% in 2024. After increasing 4.6% in 2023, land transport's output is forecast to slow down to 0.1% in 2024. Water transport will contract slightly by 0.3% next year, while air transport will grow 1.3% after a 10.5% increase in 2023.

Spending on goods has remained strong so far, but much of this is reliant on durable goods, in particular cars. However, the US economy is set to slow significantly in 2024 (with a GDP growth forecast of only 1%), due to restrictive monetary and fiscal policies. Businesses unwinding large inventories and slowing demand for physical goods will put freight transport under pressure,

in particular truck freight. A shift in consumer spending from goods to services has increased demand for travel services, but weighs on short-term demand for courier and warehouses.

Land transport and warehousing continue to see revenues decline from their recent peaks, while water and air transport recorded increases. With price growth slowing or reversing into contraction, the rapid growth of revenues seen in the post-pandemic is about to end. While transportation and logistics businesses benefit from decreasing energy costs, labour costs have increased.

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

Industry performance forecast	
	Brazil
	Canada
	Mexico
	USA
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Transportation and logistics outlook

Asia and Oceania

Transportation and logistics output	2022	2023*	2024*	2025*
Australia	12.2	4.3	0.9	2.6
China	-0.8	7.9	5.8	7.0
India	18.8	13.5	6.7	8.0
Japan	12.3	15.4	4.6	2.1

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

China

Demand cooling and lower growth expected in 2024

After a 0.8% contraction in 2022, we expect Chinese transportation and logistics output to grow by 7.9% in 2023 and by 5.8% in 2024. However, the 2023 surge in expansion is mainly due to a strong performance in H1, triggered by the end of the zero-Covid policy. Over the past couple of months demand for transport and logistics has cooled, as the consumption and spending boost resulting from the end of lockdowns has faded faster than expected. At the same time overseas demand for Chinese goods has decreased, which weighs on freight cargo transportation.

However, we expect the sector will benefit from government support for businesses and investment in infrastructure in the coming years. The ongoing expansion of e-commerce is likely lead to increasing demand for courier and storage facilities. Additionally, China's economic rebalancing away from heavy industries towards more private consumption should increase demand for passenger transport services.



Japan

Initial growth slowing as demand weakens in H2 of 2023

Japan's transportation and logistics industry has enjoyed a mini boom. Unlike many of its advanced economy peers, Japan's industrial production and exports sharply increased in early 2023, supported by the regional recovery from lockdowns and re-opening of borders. This has boosted freight transport demand, with output expected to increase 15.4% this year.

However, demand has started to weaken in H2 of 2023 amidst a weaker external environment. We expect Japanese transportation and logistics output to grow by 4.6% in 2024.



Industry performance forecast

	Australia
	China
	Hong Kong
	India
	Indonesia
	Japan
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	Phillippines
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Transportation and logistics outlook Europe

Transportation and logistics output	2022	2023*	2024*	2025*
France	4.9	-0.5	1.6	3.4
Germany	7.0	1.4	-0.1	1.8
Italy	13.0	-4.0	5.3	1.4
United Kingdom	12.2	-2.0	1.0	1.8

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

Eurozone and UK

Growth not expected to get beyond first gear amid wider economic challenges

Transport and logistics output is forecast to contract by 1.3% in the eurozone and by 2.0% in the UK during 2023.

Household and business sentiment remains subdued due to higher energy costs, ongoing inflationary pressure in some countries, and monetary tightening. Consequently, demand for transport and logistics has decreased.

Segments specialising in freight and goods, such as land transport and warehousing, are performing the most poorly, while the ongoing post-Covid-19 recovery in air transport provides a certain growth impulse.

Due to reduced global trade volumes, businesses face greater competition in transporting goods across the Schengen area.

We expect a recovery of the industry’s output growth in the course of 2024, in line with an economic rebound. For the eurozone and the UK we expect increases of 2.8% and 1% respectively. Loss of cabotage rights in the EU for British companies to make internal journeys within the EU may act as a barrier for sector growth.

Germany: rebound unlikely before H2 2024

In Germany, the largest eurozone market, transport and logistics is expected to contract slightly by 0.1% in 2024. The land transport segment decreased 5.8% in 2023, with another 2.2% forecast for next year, and we expect no real rebound before H2 of 2024. Next to domestic economic woes, the German transport and logistics sector is struggling with staff shortages and fierce competition from Central and Eastern Europe.



Industry performance forecast

	Austria
	Belgium
	Czech Republic
	Denmark
	France
	Germany
	Hungary
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	Poland
	Portugal
	Slovakia
	Spain
	Sweden
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