

Market Report

July 2025 | Europe



Market Report

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Executive Summary

Global economic growth is continuing, with the J.P. Morgan Global PMI rising to 51.7 in June, reflecting the fastest expansion in three months. Manufacturing is rebounding, but services are slowing, and global confidence remains muted.

UK and EU growth is forecast at a subdued 0.9% for 2025, both lagging behind global averages of 2.3%.

In logistics, ocean freight faces diverging rate trends and equipment imbalances, while air cargo shows strength on Asia–US lanes but softness elsewhere. Road freight grapples with falling demand and driver shortages, and warehousing continues to expand, driven by eCommerce, automation, and investor resilience.

Key Market Trends

Ocean freight

Asia–Europe congestion deepens; transpacific rates collapse on oversupply.

Air freight

Asia–US routes shine; Europe–North America under rate pressure.

Road freight

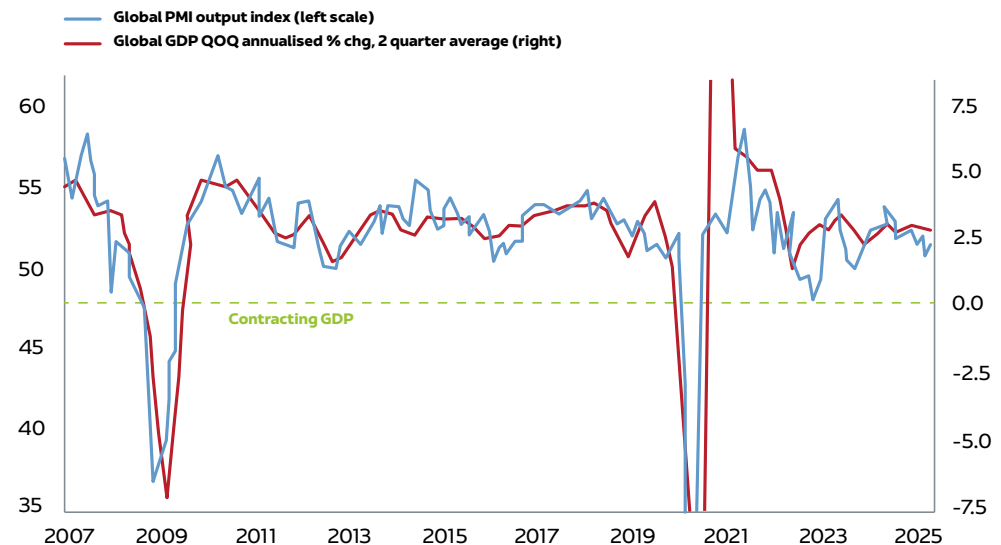
Unexpected summer demand drop unsettles road freight market.

Contract logistics

eCommerce and automation fuel global contract logistics growth.

Warehousing

UK warehouse demand surges; automation and size reshape sector.



Data compiled July 4 including PMI data to June 2025.
PMI (Purchasing Managers' Index) value of 50 = no change on prior month.

Market Summaries

OCEAN FREIGHT

Global ocean freight continues to face volatility, shaped by tariff tensions, alliance realignments, and uneven port congestion. While Asia–Europe trades are holding steady, transpacific lanes are under pressure from oversupply, and South America’s East Coast is straining under capacity shortages. Equipment imbalances and rising bunker costs further complicate flows.

- Shanghai–North Europe spot rates up 18% amid North Europe congestion
- Far East–US West Coast rates down 51% over six weeks due to oversupply
- Global container trade up 11% YoY, led by intra-Asia growth
- Bunker prices rising ~10% month-on-month, adding cost pressure

AIR FREIGHT

Global air cargo shows mixed momentum entering Q3. June volumes were flat year-on-year, with capacity outpacing demand by 1–2%. Asia–US lanes remain strong, driven by tariff-related flows, while Europe–North America faces pricing pressure. Freighter redeployment and tight wide-body supply continue shaping capacity strategies worldwide.

- China–US spot rates up 38% YoY; Singapore–US more than doubled
- Global tonnage +11% YoY in early July despite prior week’s 5% dip
- Vietnam–US rates surged 147% YoY; Japan–US climbed 64%
- 46% of June volume moved on spot market amid contract caution

OVERLAND

European road freight activity remains mixed. While April brought a seasonal demand spike, Q1 rates fell quarter-on-quarter. Courier pricing remains flat, but haulage costs rose sharply, reflecting demand strength and reduced articulated capacity. Diesel prices eased slightly, but inflationary labour costs persist.

- TEG Index fell 1.25% in June; haulage demand down 13%
- 426,000 truck driver vacancies in Europe, nearly double YoY
- Diesel prices down ~9% YoY, easing fuel cost pressures
- HGV registrations up 16.3% as fleet investment continues



Market Summaries

CONTRACT LOGISTICS

The global contract logistics market is expanding steadily, driven by eCommerce, automation, and outsourcing trends. Providers face rising labour costs and infrastructure constraints, particularly in the UK, where Brexit impacts and road challenges continue to add pressure. Balancing cost management with service excellence and scalability is the sector's central challenge.

- Global market projected to grow at 7.1% CAGR to 2030
- 75.9% of UK road freight is inbound, dominated by EU flows
- UK inbound transport rates now over 2x outbound rates
- Heavy truck registrations in the UK fell 8.7% in 2024

WAREHOUSING

UK warehousing continues its growth trajectory, with Q2 take-up jumping 34% quarter-on-quarter to 11.7 million sq ft. Stable prime yields at 6% reflect sustained investor confidence. Regional hotspots in the Midlands, North-West, and London are driving activity, as occupiers seek larger, more automated, and energy-efficient facilities to meet shifting supply chain demands.

- UK take-up +34% QoQ in Q2 2025, totalling 11.7 million sq ft
- Development of 1M+ sq ft warehouses up 345% over a decade
- Prime industrial yields stable at 6% for four consecutive months
- London last-mile assets facing sustained upward rental pressure





Introduction

Global ocean freight is manoeuvring turbulent waters, with unpredictable risks, looming tariffs, and uneven port congestion creating persistent operational challenges.

While some capacity shifts have eased, equipment imbalances, alliance realignments, and weak North–South trade performance

Situation

As the original July 9th U.S. tariff deadline passed, uncertainty continues to hang over global trade, with potential postponements still unclear. A temporary Middle East ceasefire has eased some geopolitical risks, but port congestion remains widespread.

North Asia's backlog has surged, with waiting vessels at Qingdao jumping from 80 to a peak of 113, while Europe's congestion affects 12% of capacity despite slight improvements.

Container equipment imbalances are worsening, with empty repositioning up over 40% compared to pre-pandemic levels, adding costs and complicating operations. Alliance reshuffles, including MSC's move to GEMINI and Maersk's to PREMIER, are shifting competitive dynamics.



Market

Tariff tensions and alliance shifts disrupt balance

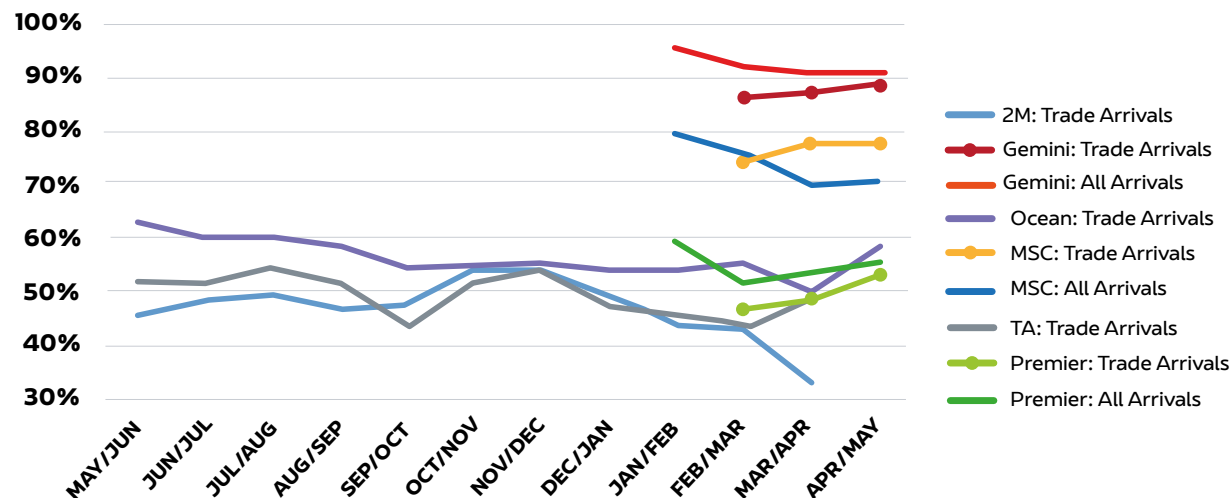
Asia–Europe trade remains resilient, with capacity broadly aligned to demand, even as North Europe ports face worsening congestion. Recent data shows Shanghai–Rotterdam spot rates climbing 18% early July, reflecting pressure from restricted flows and schedule revisions.

Global container trade grew 11% year-on-year in March, with intra-Asia routes such as China–Vietnam driving much of the momentum. However, transpacific trades are facing oversupply, pushing carriers to blank sailings.

Scheduled capacity from China to South America rose sharply, adding 17 million TEU versus last year, but East Coast South America markets remain constrained.

The economic backdrop is cooling, with Europe’s GDP growth forecast at just 1.2% for 2025. While alliance realignments are delivering higher schedule reliability – Gemini Cooperation recorded over 88% on trade arrivals – the highest among alliances. While global averages rose to 66%, their best since November 2023, full rollout effects are only expected in late July.

Sea Intelligence - Alliance East/West Schedule Reliability



Source: Sea-Intelligence, GLP report

+18%

SPOT RATES
SHANGHAI–
NORTH
EUROPE

**+11%
YoY**

GLOBAL
CONTAINER
TRADE



Rates

Diverging rate trends signal market instability

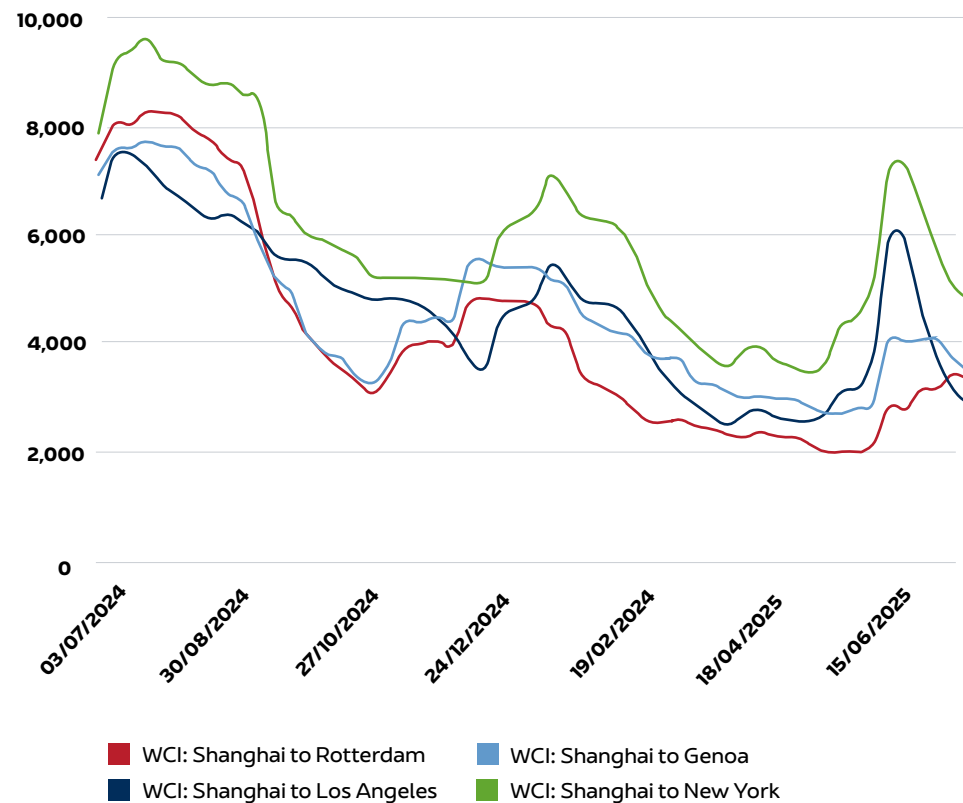
“Average spot rates into the US West Coast have collapsed, with carriers desperate to arrest the decline.”

Rates are under pressure on key lanes. Far East–US West Coast rates have plunged 18% since late June and now sit 51% lower than six weeks ago, as excess capacity floods the market. Far East–US East Coast rates also dropped 27% recently, following a delayed carrier response.

Meanwhile, Europe-bound cargos tell a different story: Shanghai–North Europe rates surged 18% in early July, while Shanghai–Mediterranean declined by 5%, narrowing the spread to its lowest since April. East Coast South America rates skyrocketed 122% over four weeks due to capacity shortages.

Analysts anticipate further softening on transpacific lanes, while Asia–Europe may hold steady if port congestion persists. Bunker fuel prices are trending upward by roughly 10% month-on-month, adding cost pressure. Shippers are strongly advised to secure space early and avoid over-reliance on short-term spot deals in this volatile landscape.

Drewry WCI: Trade Routes from Shanghai (US\$ /40ft)



Air Freight



+38%
YoY

CHINA-US
RATES

Introduction

Global air cargo markets have entered Q3 with mixed signals. June saw flat year-on-year growth, as capacity slightly outpaced demand. Despite strong year-over-year comparisons, recent weeks brought softer tonnage, particularly from the Americas. Tariff uncertainties, shifting sourcing patterns, and tightening freighter supply continue to shape air freight dynamics worldwide.

Situation

Global air cargo volumes plateaued in June, up just 1% year-on-year, while capacity grew 2%, easing supply constraints.

The U.S. Independence Day holiday reduced weekly tonnage by 5%, with North America down 13% and Europe 4%. Asia Pacific softened modestly, but key Asia-US lanes held firm, reflecting tariff-related demand.

The dynamic load factor slipped two percentage points to 56%, showing weaker aircraft utilisation. Spot rate trends varied:

Southeast Asia-Europe routes saw sharp declines, while Shanghai-Europe and Shanghai-US climbed over 3%.

With shippers favouring short-term contracts, nearly half of June's volume moved on the spot market, highlighting caution amid rate uncertainty.



Market

Need a heading here

“Asia–Europe routes showed resilience, while Europe–North America remained muted under rate pressure.”

Asia–North America remains a bright spot, with June rates from China to the US up 38% year-on-year and Singapore to US more than doubling.

Despite a 5% global tonnage drop in early July, year-on-year volumes rose 11% for the last week and 13% across late June–early July.






















Europe–North America remains under pressure; Frankfurt outbound rates fell nearly 6% month-on-month, while London Heathrow surged 25% on mid-month demand spikes.

An analyst notes that while “Asia–Europe routes showed resilience, Europe–North America remained muted under rate pressure.”

Market participants are recalibrating capacity, with freighter redeployment from Asia–US to Latin America and intra-Asia routes. Although freighter lift recovered from May’s low, the global wide-body shortage persists, slowing net expansion. Operators are extending the lifespan of older aircraft like 747-400Fs to maintain flexibility, while OEM delivery delays cap future growth.

Global Origins

Last 2 to 5 weeks

| | Capacity ¹ | | | Chargeable weight ¹ | | | Rate ¹ | | |
|------------------|---|------------|------------|---|------------|------------|---|------------|------------|
| | Last 5 wks | 2Wo2W | YoY | Last 5 wks | 2Wo2W | YoY | Last 5 wks | 2Wo2W | YoY |
| Africa |  | -1% | +6% |  | -2% | +2% |  | +2% | +8% |
| Asia Pacific |  | +2% | +4% |  | +1% | +7% |  | +2% | -2% |
| C & S America |  | -1% | -1% |  | -5% | +2% |  | +0% | -2% |
| Europe |  | +1% | +1% |  | +5% | -0% |  | +2% | +6% |
| M East & S Asia |  | -0% | +1% |  | +9% | +1% |  | +3% | -9% |
| North America |  | -2% | -2% |  | -3% | +0% |  | -0% | +0% |
| Worldwide |  | -0% | +1% |  | +1% | +3% |  | +2% | +0% |

Source
WORLD
ACD

Rates

Spot freight rates remain volatile

Average global spot rates up 2% week-on-week in early July, and 14% year-on-year, and now stand 48% above pre-pandemic levels. On Asia-US routes, Vietnam-US spot rates soared 147% year-on-year, and Japan-US rose 64%.

However, Southeast Asia-Europe rates declined, and Frankfurt-US rates dropped nearly 6% month-on-month. One update

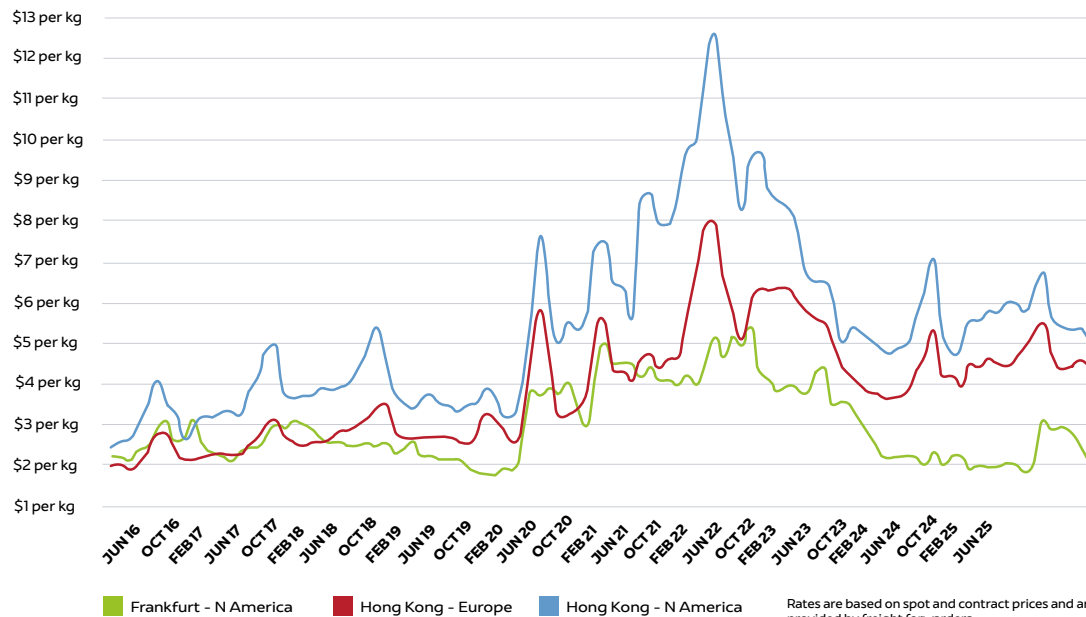
highlights that “the bounce following May’s tariff pause was short-lived, especially on transpacific lanes.”

Despite freighter redeployment, transpacific wide-body capacity remains below March peaks, and long-term capacity growth is constrained by OEM delivery delays and limited aircraft conversions.

The market remains highly spot-driven, with 46% of June volumes booked off-contract.

Analysts expect moderate downward pressure on global rates in July, though select lanes may see surges if shippers frontload ahead of further tariff measures.

Baltic Exchange Air Freight Index



+147%
YoY
VIETNAM-US RATE





Introduction

The European road freight market is navigating mixed signals in July. While economic recovery in key regions like Germany is boosting optimism, driver shortages and uneven demand are creating challenges. Stable diesel prices have eased some cost pressures, but risks from geopolitical tensions and fuel market volatility remain on the horizon.

Situation

European road freight activity shows regional contrasts. Germany is seeing stronger volumes, supported by rising household incomes and foreign demand.

However, capacity constraints persist across Europe, with 426,000 truck driver vacancies reported in 2024 - nearly double the previous year.

The TEG Index dropped unexpectedly by 1.25% in June, as haulage demand fell

sharply, down 13%, while available vehicle supply increased.

Diesel prices remained stable, averaging 138.49p per litre in June, nearly 9% lower year-on-year.

Meanwhile, global tariff uncertainty continues to weigh on trade flows, and summer holiday season demand will test the sector's ability to manage both cost and capacity.



Market

Unexpected demand shifts unsettle the market

June's 1.25% TEG Index drop bucked the usual summer trend, as haulage demand fell 13% and supply outpaced expectations. This surprise aligns with weaker retail sales and tighter household budgets, despite the GfK Consumer Confidence Index rising two points in June.

An industry observer notes that “after years of uncertainty, in 2025 we must expect the unexpected.” Germany's rebound is providing a lift, but Eastern Europe continues to struggle with labour shortfalls, even as HGV registrations rose 16.3%.

European road freight is projected to grow 1.1% this year, recovering from a stagnant 2024, but driver shortages and capacity mismatches threaten to limit gains. The EU's revised Weight and Dimension Directive aims to ease pressure by allowing longer, greener trucks, while efforts to recruit younger and non-EU drivers are underway.

Balancing recovery momentum with structural constraints remains the sector's core challenge.

“After years of uncertainty, in 2025 we must expect the unexpected.”

-13%
JUNE HAULAGE
DEMAND

+16.3%
HGV
REGISTRATIONS



Rates

Stable fuel costs cushion falling rates

Haulage and courier rates declined in June, with the Haulage Price Index down 2.03% and the Courier Index falling 0.39%. The TEG Index settled at 126.6 in June, still 0.80% above a year ago.

Diesel prices averaged 138.49p per litre, down 0.41% month-on-month and nearly

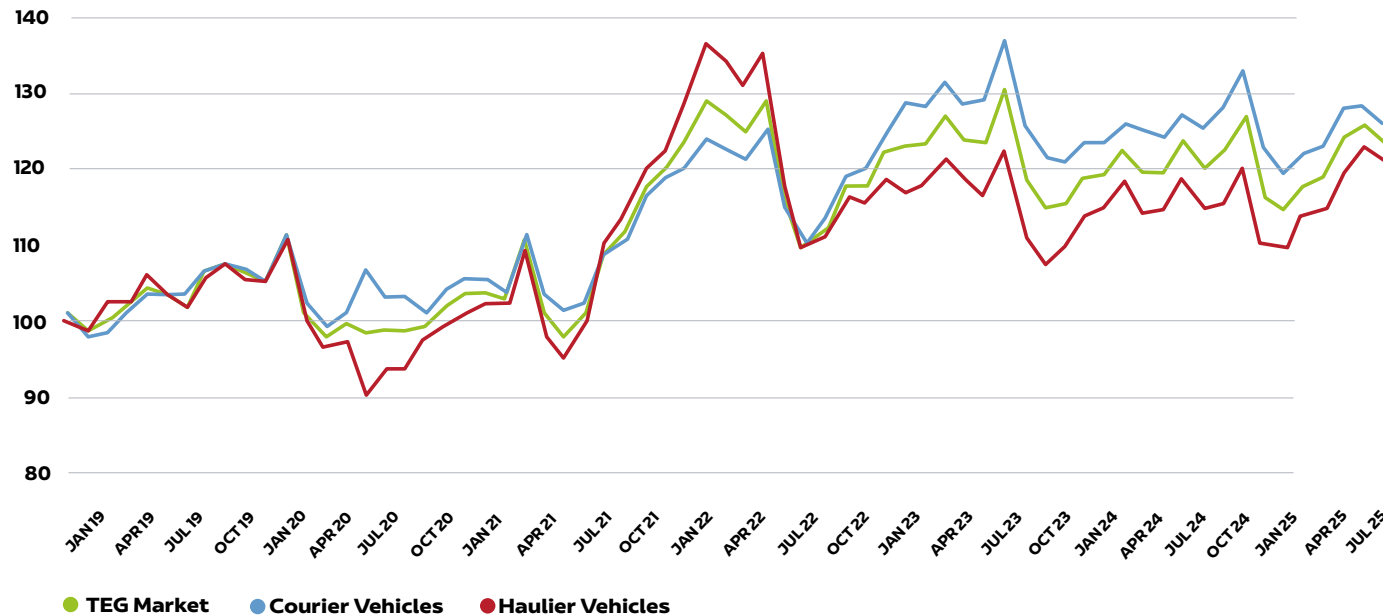
9% year-on-year, providing deflationary relief. However, risks remain: Middle East tensions could push oil prices higher, while the collapse of UK fuel supplier Prax Group triggered temporary supply concerns.

Labour costs continue rising, especially in Eastern Europe, where workforce shortages are acute.

While current rates are relatively stable, industry players are bracing for potential cost pressures if fuel markets tighten or summer demand spikes.

Operational flexibility and collaboration across carriers will be essential in the months ahead.

TEG Road Transport Index



-2.3%
JUNE HAULAGE
PRICE INDEX



Introduction

The global contract logistics market continues to expand, fuelled by eCommerce growth, digital transformation, and increasing outsourcing. Providers face a balancing act: managing rising costs, delivering high service levels, and investing in automation. Meanwhile, in the UK, structural road transport challenges add pressure to domestic distribution networks and cost structures.

Situation

The global contract logistics market, valued at \$451.8 billion in 2024, is forecast to grow at a 7.1% CAGR through 2030, driven by eCommerce, automation, and expanding cross-border trade.

Companies are increasingly outsourcing logistics to improve flexibility and focus on core activities. Technologies like AI, IoT, and robotics are reshaping warehouse and transport operations, improving efficiency and scalability.

However, rising labour costs and fuel price volatility are eroding margins, particularly in developed markets. In the UK, Brexit impacts, road congestion, ageing infrastructure, and falling fleet registrations add domestic strain.

Without investment, capacity and cost challenges will intensify across the logistics landscape.





Market

Digital innovation powers global expansion

The key growth driver remains eCommerce, pushing providers to offer agile, technology-enabled services.

Global contract logistics volumes are rising, with the market expected to reach \$688 billion by 2030, up from \$451.8 billion in 2024.

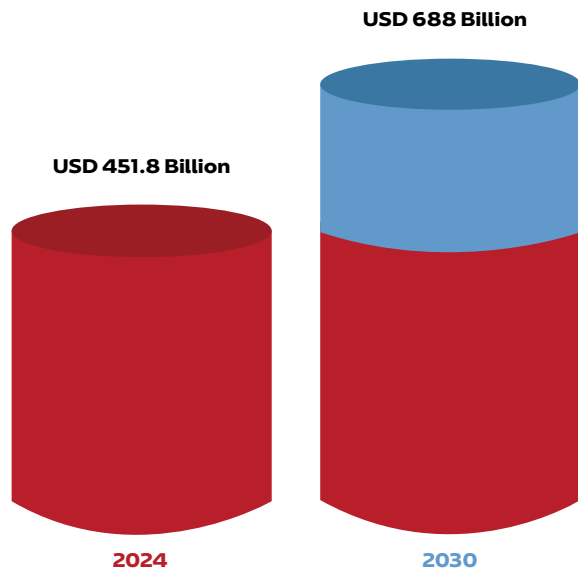
In the UK, the South East leads demand, followed by the North West and Midlands, supported by ferry and Eurotunnel links. An analyst notes, "Online retail demands high-speed fulfilment, precision delivery, and efficient returns management - reshaping contract logistics offerings."

International inbound road freight dominates, accounting for nearly 76% of flows, mainly from Germany, Belgium, and the Netherlands. Digital tools like AI-driven forecasting and IoT tracking enhance scalability, particularly during seasonal peaks. Yet, structural limits including minimal cabotage and infrastructure gaps challenge domestic adaptability.

As businesses embrace outsourcing and automation, providers must align flexibility with resilience to capture market share.

Contract Logistics Market

Market forecast to grow at a CAGR of 7.1%





Rates

Margins tighten under cost pressures

Rising operational costs, led by wage inflation and rate volatility, continue to squeeze margins across the sector. UK inbound road transport rates are now more than double outbound, reflecting post-Brexit trade imbalances and reduced foreign competition. One expert notes, “Escalating wages, labour shortages, and fuel price risks are compressing provider margins.”

While heavy truck registrations in the UK fell by 8.7% in 2024, slightly less than Europe’s average, capacity remains tight due to minimal cabotage and rigid infrastructure.

Automation and intermodal solutions offer potential cost savings, but adoption is uneven due to capital intensity and infrastructure challenges. Globally, contract logistics providers are balancing short-term cost control with long-term investments in sustainability, technology, and workforce development.

Strategic agility, particularly in addressing regional constraints like the UK’s ageing network, will define competitiveness over the coming years.

“Escalating wages, labour shortages, and fuel price risks are compressing provider margins.”

-8.7%

UK HEAVY TRUCK
REGISTRATIONS
(2024)





Warehousing



Introduction

UK warehousing continues to expand, supported by resilient demand, stable investment appetite, and growing occupier needs. As warehouses take on broader roles within the supply chain, the demand for larger, more automated, and flexible facilities rises. Strong regional dynamics and last-mile logistics requirements are shaping the sector's development and leasing patterns.

Situation

UK logistics take-up surged 34% quarter-on-quarter in Q2 2025, bringing year-to-date activity to 11.7 million sq ft.

Availability remained stable, though completions nudged vacancy rates higher as speculative developments progressed. Prime industrial and logistics yields held steady at 6%, reflecting investor confidence.

The Midlands and North-West saw strong rent growth, while London and the South maintained last-mile pressure.

Warehouses are evolving into multifunctional hubs, handling assembly, returns, and recycling alongside storage. Advanced automation, scalable systems, and energy-efficient operations are increasingly vital to meet shifting supply chain needs.

Global disruptions continue to drive businesses to hold inventory closer to consumers.





Market

Footprint expands alongside function

Warehousing has become central to supply chains, taking on tasks once handled by manufacturers and retailers.

Development of warehouses over 1 million sq ft has surged 345% over the past decade, reflecting the scale shift.

Online retailers have driven the largest occupancy increase, with 3PLs remaining top occupiers. One analyst notes, “The role of the warehouse has never been more important, as supply chains demand more space, more people, and more technology.”

The Midlands and North-West are leading regional activity, while London’s last-mile assets face rising rents. Facilities with advanced automation, modular design, and flexible fulfilment processes are essential to handle peak demand and omnichannel complexity.

Notably, manufacturers are increasing inventory holdings near consumer markets to enhance resilience against global disruptions. Advanced fulfilment hubs with

high-density storage, automation, and scalable systems are critical to meeting these shifting demands.

With eCommerce growth and the circular economy reshaping operational needs, demand for larger, more sophisticated warehousing continues to climb.

“The role of the warehouse has never been more important, as supply chains demand more space, more people, and more technology.”

+34%
QoQ

Q1 TAKE-UP
Q2 2025





Rates

Stable growth as quality drives rents and investment returns

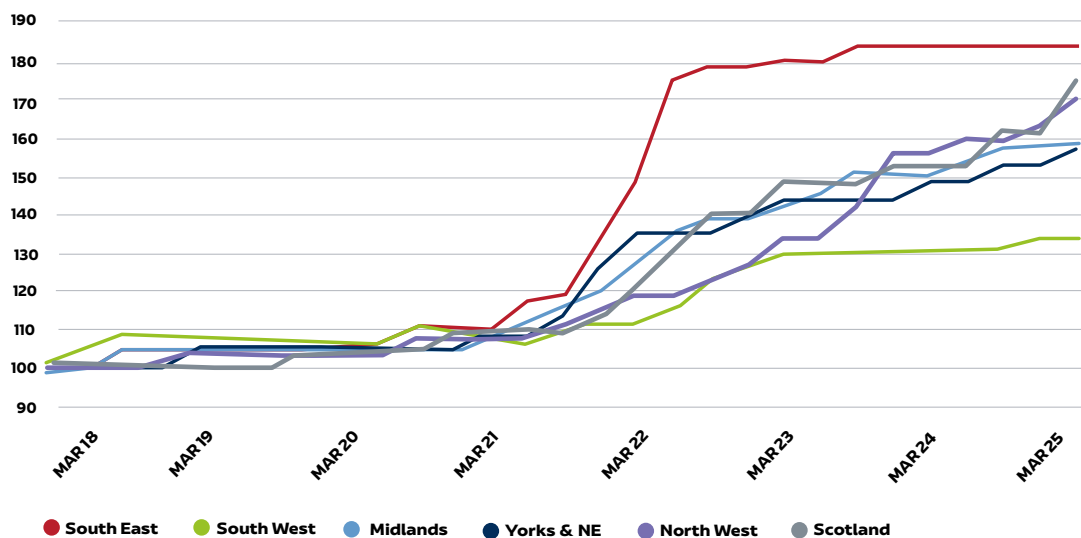
Prime industrial and logistics yields remained at 6% for the fourth month running, with benchmark yields averaging 5.91%, reflecting balanced investor and occupier appetite.

The Midlands and North-West are driving the strongest rent growth, while southern regions, particularly London, see sustained last-mile demand. An expert explains, “Yield stability reflects ongoing capital flow into warehouses, with limited downside in current conditions.”

Vacancy rates have edged up as speculative developments complete, but overall availability remains constrained. Providers offering energy-efficient, modular solutions are well positioned to maintain cost efficiency amid rising environmental and operational pressures.

Compared with more challenged sectors like office and retail, warehousing continues to attract capital thanks to its alignment with eCommerce growth and supply chain resilience.

With no sign of demand softening, energy-efficient and flexibly designed facilities are positioned to meet future market needs without sacrificing operational or environmental performance.



6%
PRIME
INDUSTRIAL
YIELD (JULY
2025)

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SOURCES

Baltic Air Freight Index | CBRE | Drewry's | JoC | Knight Frank | PMI | Sea Intelligence | S&P | TAC Index | TEG | Trans.Info | Transport Intelligence
WorldACD | Xeneta

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