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Market Report

September 2025 | Europe

Market Report

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Executive Summary

Global trade remained under pressure in September 2025, with export orders contracting for a fifth month, though at a slower pace. Manufacturing output returned to growth, aided by tariff-driven front-loading, but stockpiling in the US raises risks later this year.

Developed markets saw the sharpest downturn, while emerging markets showed easing declines. India was the only top-10 economy to record export growth, while the UK registered the steepest fall, despite stronger GDP and PMI data at home.

Across freight modes, oversupply in ocean, resilient Asia-linked air, cautious road recovery, and cost-driven warehousing and contract logistics define current conditions.

Key Market Trends

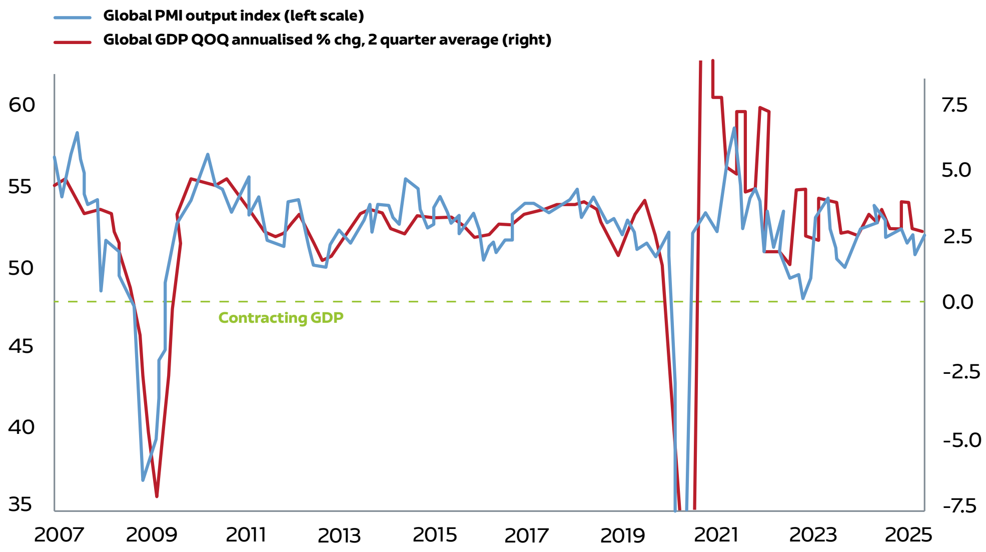
Ocean freight
Capacity oversupply and tariffs weigh on Asia–Europe, while transpacific shows resilience despite wider market weakness.

Air freight
Air freight volumes rise on Asia-linked lanes, while North America softens and rates remain volatile.

Road freight
European road freight steadies with manufacturing gains, but spot rates weaken as consumer sentiment remains fragile.

Contract logistics
Contract logistics expands with eCommerce and digital transformation, as costs rise and technology reshapes service delivery.

Warehousing
Warehousing costs climb in Europe, while consolidation, automation, and ESG investments reshape global sector performance.



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

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Market Summaries

OCEAN FREIGHT

The container shipping market remains under pressure as persistent oversupply collides with uneven demand. Asia–Europe trades are struggling under the weight of new capacity, with double-digit price declines despite carrier attempts at blank sailings.

In contrast, transpacific lanes show some stability, supported by general rate increases. Global demand growth earlier in 2025 has flattened, with Asia–North America volumes down but exports to the Middle East, Africa, and Latin America expanding strongly. Reliability has dipped for the first time since January, while tariffs and new capacity deliveries add further uncertainty. Carrier profitability is eroding, underscoring fragile fundamentals.

- Asia–Europe rates fell 10–12% in recent weeks under oversupply pressure
- Transpacific trades show resilience, with rates up 6% on the West Coast, 2% on East Coast
- Global indices down for thirteen consecutive weeks, 51% lower year on year
- Carrier EBIT dropped more than 50% quarter on quarter, reflecting weaker fundamentals

AIR FREIGHT

Air cargo continues to perform resiliently in 2025 despite tariffs, shifting flows, and uneven regional performance. Global volumes grew steadily year to date, with Asia Pacific leading growth on the back of eCommerce and technology exports. Europe has also held firm, particularly in pharmaceuticals and semiconductors, while India-Europe demand remains elevated. North America, by contrast, has softened as volumes from China and Hong Kong declined.

Rates remain volatile: declines on Asia-Europe are offset by stronger India-Europe pricing and stable transatlantic lanes. Looking to Q4, seasonality could lift activity, though front-loaded inventories are likely to flatten peak effects.

- Global demand up 3.5% year to date, led by Asia Pacific at +7.2% in July
- China/Hong Kong–USA volumes fell 5% YoY, while China/Hong Kong–Europe rose 11% YoY
- Global spot rates fell 3% YoY in August, fourth consecutive monthly decline
- India–Europe lanes remain resilient, supported by pharma, apparel, and surcharges

OVERLAND

European road freight markets are showing early signs of stabilisation as manufacturing improves, though consumer sentiment and retail demand remain subdued. The Eurozone PMI reached its highest point since 2022, edging closer to expansion, while inflation has steadied and lower borrowing costs may support recovery.

Contract activity is holding up, but spot demand is restrained, reflecting the fragile balance in the sector. Capacity pressures remain, with truck registrations falling sharply, signalling reduced investment in fleet renewal. Regulatory updates, including ADR rules and tachograph upgrades, are adding complexity, particularly for smaller operators navigating already tight margins.

- EU truck registrations declined 15.4% year on year, limiting future capacity growth
- Eurozone PMI climbed to 49.8 in July, strongest since August 2022
- Spot index fell 2.0 points YoY, lowest since Q4 2023
- Contract index edged up 0.7 points YoY, showing more resilience

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Market Summaries

CONTRACT LOGISTICS

The UK contract logistics sector continues to grow strongly, underpinned by eCommerce, automation, and integrated supply chain models. Facility acquisition rose sharply in H1 2025, reflecting sustained demand for large-scale, Grade A space.

Providers are increasingly offering bundled solutions across warehousing, transport, and fulfilment, supported by digital platforms that enhance visibility and efficiency. Costs remain elevated, with rents, wages, and energy exerting upward pressure, but investment in robotics, predictive analytics, and sustainability initiatives is helping to offset these challenges. As multichannel distribution expands rapidly, technology-enabled providers are becoming essential partners for retailers, manufacturers, and eCommerce brands.

- Facility take-up rose 33% in H1 2025 compared with late 2024
- UK contract logistics market expected to grow at 3.2% CAGR to 2034
- Prime logistics rents up 26% since 2022 baseline
- Asset investment increased 27% year on year in H1 2025

WAREHOUSING

Warehousing markets remain resilient in 2025, supported by consolidation and digital investment, even as cost pressures persist. Europe faces the sharpest increases, with operating and labour indices more than 25% above 2022 baselines and prime rents climbing by over a quarter. North America has stabilised following earlier corrections, while Asia Pacific remains the most predictable region, showing controlled growth and steady rents.

Consolidation is reshaping strategies, with investors targeting automation, real-time visibility, and ESG-compliant facilities. Shippers are increasingly paying premiums for resilient, technology-enabled networks, making warehousing a key differentiator in supply chain competitiveness.

- Europe Prime Rents Index up 26% vs 2022 baseline
- North America Prime Rents Index up 23% vs 2022 baseline
- Europe Labour Cost Index up 26% vs 2022 baseline
- Europe Energy Cost Index up 10% vs 2022 baseline

Ocean Freight

Introduction

The container shipping market remains volatile, shaped by tariffs, oversupply, and capacity management. While demand has softened, new vessel deliveries continue at scale, intensifying imbalances on key Asia–Europe trades. Regional performance diverges, with transpacific resilience contrasting with double-digit declines in Europe, as carriers turn to blank sailings to protect rates.

Situation

Global indices have declined for thirteen consecutive weeks, underscoring weak fundamentals. Asia–Europe demand slowed well before the traditional October peak, as front-loading ahead of tariff deadlines left carriers reliant on blank sailings around Golden Week.

U.S. import tariffs now average 18%, with surcharges of 40% to deter circumvention, and unresolved China duties of 30% extended into November.

Nominal fleet growth is 7% year on year, but effective supply is reduced by around 20% due to diversions and port congestion. With two-thirds of new deliveries over 15,000 TEU, most being deployed on saturated Asia–Europe routes, pressure on utilisation remains intense.

Market

Diverging global trade patterns

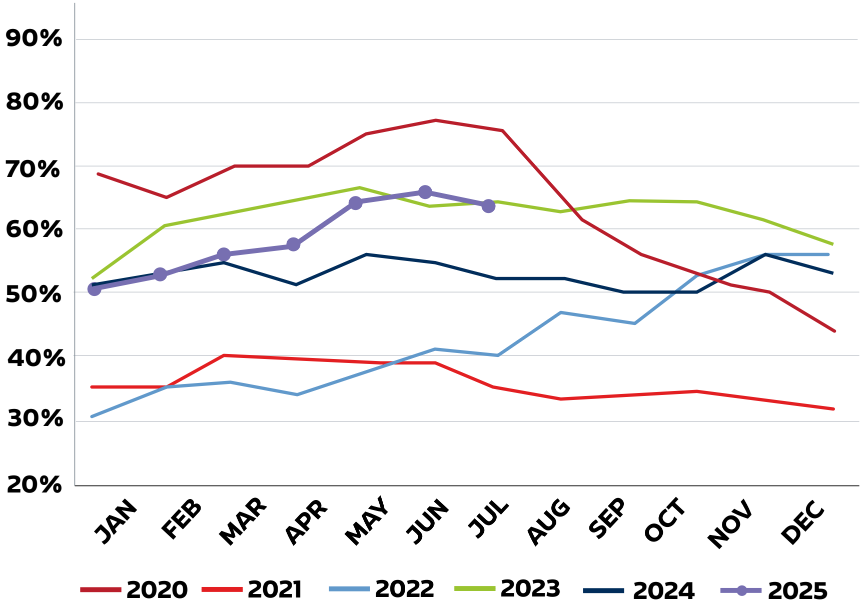
Strength on transpacific contrasts with weakness in Asia–Europe.

Transpacific trades show resilience, with spot rates rising 6% into the U.S. West Coast and 2% into the East Coast, supported by general rate increases. By contrast, Asia–Europe pricing has dropped sharply, with declines of 10% on Shanghai–Rotterdam and 12% on the Shanghai–Genoa route, as additional capacity collides with softening volumes.

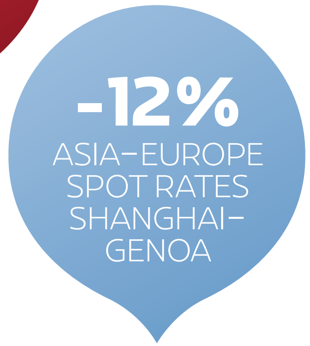
Global container demand had grown 7% year on year and 9% year to date by May, but this momentum has flattened under tariff uncertainty. Asia–North America volumes are down 7% year on year, while exports from Asia to the Middle East, Africa, and Latin America continue to grow at double-digit rates.

Schedule reliability slipped 2.2 percentage points month on month in July, the first decline since January, though still 13 percentage points higher than a year ago, underscoring the fragility of service -improvements.

Global Schedule Reliability



Source: Sea-Intelligence, GLP report



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Rates

Spot rates under pressure

"Sharp declines on Asia–Europe overshadow stability on transpacific routes."

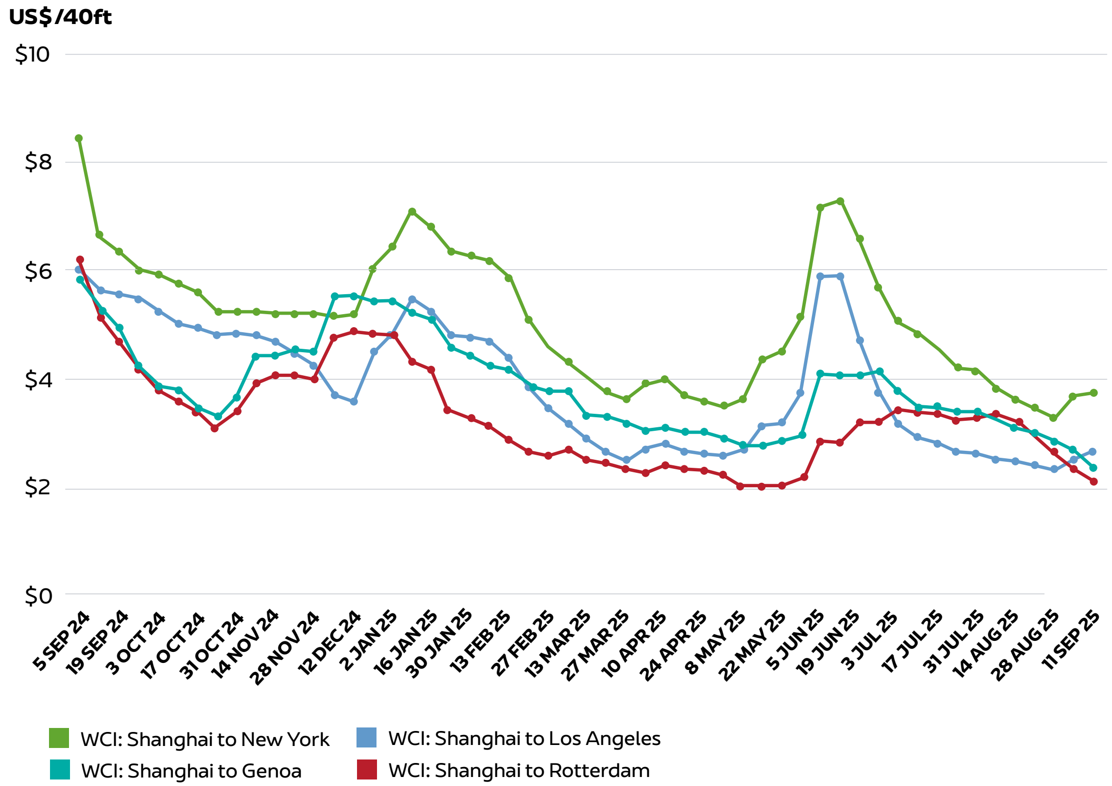
Regional divergence and weak fundamentals drive volatility.

Spot rates diverge by trade. On the transpacific, prices climbed 6% into Los Angeles and 2% into New York, but Asia–Europe trades weakened significantly, with Shanghai–Europe lanes falling by 10–12% in recent weeks. Average Asia–North Europe spot rates are down almost 50% from July and over 60% year on year, while Asia–Mediterranean short-term pricing has dropped more than 50% since June.

Globally, benchmark indices are 51% lower than last year, now back at 2023 levels.

Carrier profitability reflects these declines, with Q2 EBIT falling more than 50% compared with Q1. A modest rebound is possible in Q4 from peak season volumes, but without deeper blank sailings, the longer-term trajectory points to continued rate contraction as supply growth outweighs demand.

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



Air Freight

Introduction

Air cargo continues to navigate a complex environment of tariffs, shifting trade flows, and seasonal demand patterns. While global volumes remain resilient, capacity growth and policy changes are reshaping flows. Regional divergence is clear, with Asia–Europe holding strong, North America softening, and India–Europe lanes maintaining elevated demand and pricing.

Situation

Global demand has remained positive through mid-2025, with volumes up 3% year on year in August, supported by Asia Pacific and European exports. Capacity has grown nearly in step, up 4% year on year, leaving the dynamic load factor slightly lower at 56%.

Structural trade flows are shifting, with China/Hong Kong–USA volumes falling 5% year on year, while flows to Europe rose 11%. Passenger belly capacity has largely recovered, though freighter availability remains tight. Tariffs are reshaping sourcing, with the U.S. imposing 50% duties on India and removing de minimis exemptions for all countries, keeping supply chains under volatility.

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Market

Divergent regional performance

"Despite tariffs and uncertainty, air freight continues to surprise on the upside, with strong resilience across Asia-linked corridors."

Asia–Europe demand steadies, India–Europe expands, North America softens.

Global air cargo tonnage grew 3.5% year to date through July, including a 6% year-on-year gain in July, the strongest monthly rise since April.

Asia Pacific drove growth with a 7% year-on-year increase in July, fuelled by eCommerce and technology exports. Europe followed with strong demand for pharmaceuticals, semiconductors, and machinery. India–Europe exports remain robust, up across sectors such as pharmaceuticals, auto parts, and apparel, while ocean freight disruptions are diverting additional volumes into air. By contrast, North America weakened, with inbound volumes from China and Hong Kong down, partly offset by gains from Vietnam and Thailand.

Overall global demand remains 3% higher year on year, though August tonnages dipped 3% month on month, highlighting the uneven impact of tariffs and shifting trade strategies.

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%	+11%		+5%	+0%		+1%	+9%
Asia Pacific		+1%	+7%		+5%	+8%		-1%	-4%
C & S America		-1%	+0%		+1%	+2%		+1%	-3%
Europe		+1%	+5%		-5%	+1%		-1%	+1%
M East & S Asia		-1%	+3%		+3%	+0%		+1%	-16%
North America		-2%	-2		+0%	-0%		+2%	-1%
Worldwide		**-0%**	**+3%**		**+1%**	**+4%**		**+1%**	**-3%**

Source WORLD ACD

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Rates

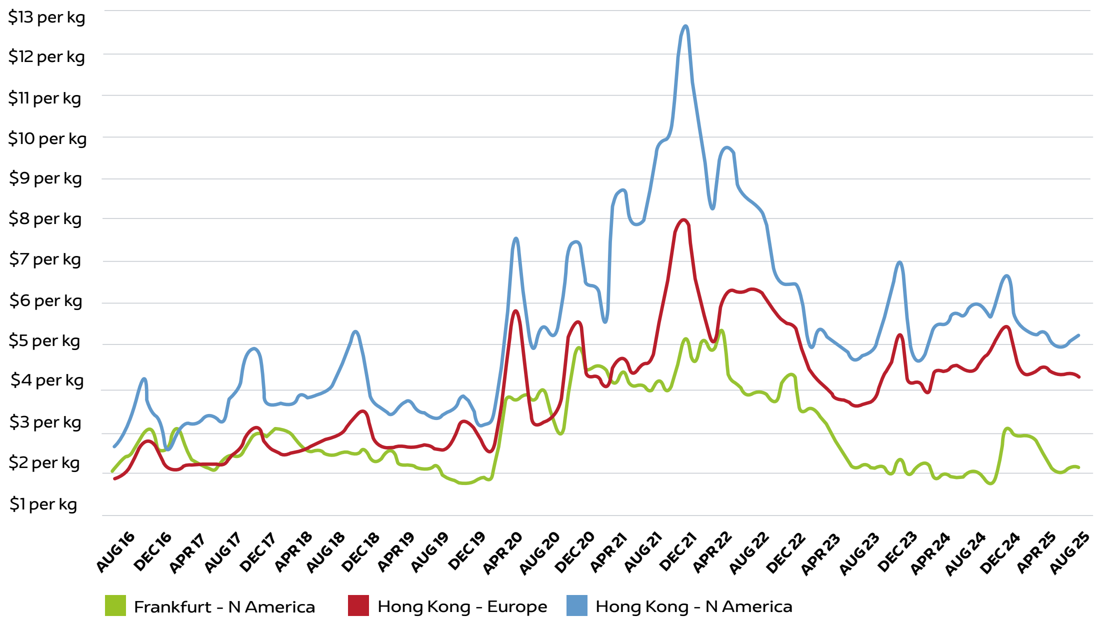
Rates stable but volatile

Regional divergence persists with resilience in India and softness in Asia–Europe.

Global spot rates declined 3% year on year in August, marking a fourth straight monthly fall, though year-to-date averages remain slightly higher than in 2024. Asia–Europe pricing softened, with Japan–Europe down 10% and China–Europe down 3%, though other origins offset declines with Korea up 5% and Vietnam up 4%. India–Europe rates remain higher than global averages, sustained by strong pharma and apparel demand, alongside surcharges.

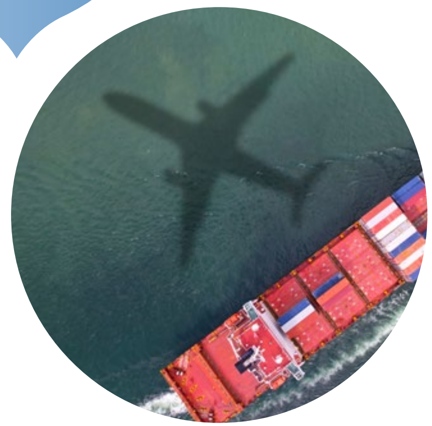
On the transatlantic, demand rose 5% year on year in July, but with capacity up 7%, rates remain flat to slightly lower. Q4 seasonality may bring modest increases, but front-loaded inventories are likely to temper sharp peaks.

Baltic Exchange Air Freight Index



Rates are based on spot and contract prices and are provided by freight forwarders

-3%
YoY
GLOBAL SPOT RATES AUGUST



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Overland

Introduction

European road freight markets continue to face mixed conditions, shaped by weak consumer confidence, cautious industrial recovery, and ongoing regulatory changes. While costs are stabilising after earlier surges, investment capacity remains constrained. Seasonal demand in Q4 may bring some relief, but the near-term environment remains fragile and demand-driven.

Situation

The road freight sector is operating under uneven demand dynamics and rising regulatory pressures. EU trade flows between Germany, France, Poland, Italy, and Spain have recovered from late-2024 lows, but remain weaker than a year ago.

Fleet renewal is slowing, with truck registrations down more than 15% year on year, signalling tighter future capacity.

Diesel costs fell 6.4% early in Q2 but rose again on geopolitical tensions, while maintenance costs edged up 2.3% and wages increased 4.5% year on year.

New rules on dangerous goods and tachograph upgrades add compliance complexity, particularly for smaller operators, within an uncertain macro backdrop.

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-15.4%
YoY
EU TRUCK REGISTRATIONS

Market

Fragile demand balance

With manufacturing indicators improving, the European road freight market is beginning to show clearer signs of recovery. The Eurozone PMI climbed to 49.8 in July, the strongest reading since August 2022 and moving closer to expansion territory. Consumer sentiment, while still negative at -14.5, has edged higher, and with inflation stabilised around 2% and ECB rate cuts lowering borrowing costs, the foundations for stronger demand are gradually being laid.

Contract activity is showing resilience, supported by manufacturing, but retail and industrial demand remain restrained, keeping spot activity subdued. Longer-term, household purchasing power, trade agreements, and manufacturing growth are expected to support demand, though restocking remains soft. Seasonal Q4 demand should lift volumes, with 2025 potentially marking a turning point.

"Short-term demand pressures have eased, but the road freight market remains cautious and uneven."

49.8
EUROZONE PMI (HIGHEST SINCE AUG 2022

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Rates

Spot rates under pressure

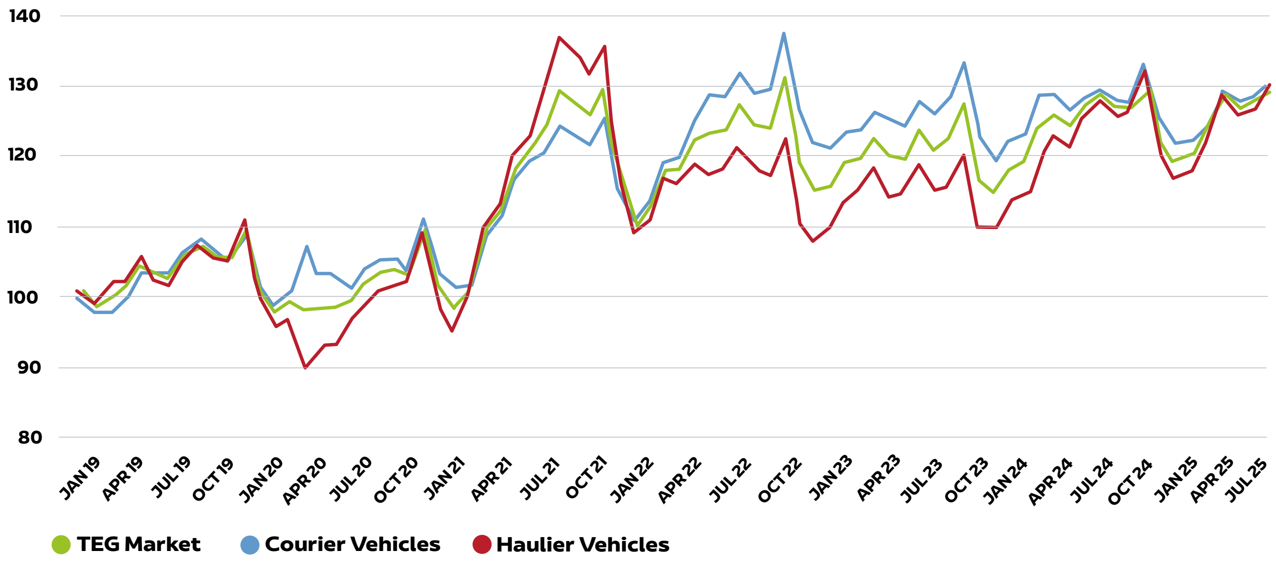
Contract stability offsets weaker short-term demand.

The European road freight rate environment remains fragile. The Upply spot index fell 2.2 points quarter on quarter and 2.0 points year on year in Q2, marking the second consecutive quarterly decline and pushing rates to their lowest since Q4 2023.

Additional indicators underline the mixed picture. The TEG Price Index climbed 2.3 points (1.81%) in August to 129.7, sitting 3 points (2.37%) higher year on year. The Haulage Price Index rose over 2.5% in August, 3.6% above last year, driven by demand growth of more than 6%. Articulated movements saw demand jump 13% and supply rise 14%, with prices still up 3.2% in a month. Increased supply helped restrain upward momentum but could not fully offset the pressure from stronger demand.

Costs remain elevated, with labour and maintenance increases outweighing lower diesel prices. Looking ahead, spot rates are expected to stay under downward pressure through H2 2025, while contract pricing should remain steady but unlikely to climb without stronger demand.

TEG Road Transport Index



Contract Logistics

Introduction

The UK contract logistics market continues to expand in 2025, driven by eCommerce, supply chain optimisation, and digital transformation. Covering warehousing, fulfilment, value-added services, and transport management, the sector is evolving rapidly as technology adoption and sustainability commitments become integral to operations, while real estate, labour, and energy costs shape business models.

Situation

Demand for contract logistics remains strong across eCommerce, retail, manufacturing, and OEM’s.

Warehousing real estate, labour, and energy remain major cost components, with prime rents climbing and wages elevated compared with pre-pandemic benchmarks. Operators are offsetting these pressures by investing in automation, robotics, and digital platforms that streamline inventory management and fulfilment.

Sustainability expectations are also redefining contracts, with decarbonisation and traceability now embedded into long-term agreements. Together, these forces sustain momentum in an increasingly complex landscape.

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Market

Digital transformation powers contract logistics

Technology and eCommerce continue to reshape market growth.

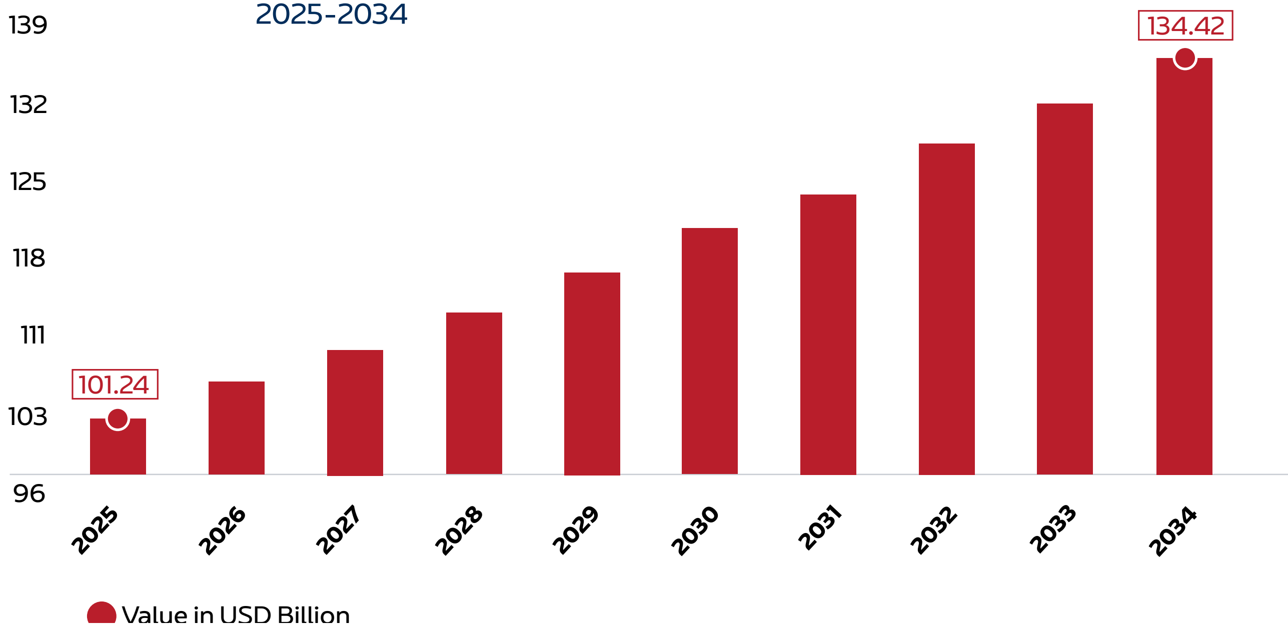
The UK market, valued at USD 98.1bn in 2024, is forecast to reach USD 134.4bn by 2034 at a 3.2% CAGR. Activity remains strong, with 12.7m sq.ft. of occupier take-up in H1 2025, a one-third increase on late 2024, driven by big-box demand exceeding 200,000 sq.ft.

Users are investing in fulfilment strategies that combine automation, data visibility, and urban logistics solutions to support same-day and multichannel delivery.

Strategic contracts increasingly bundle warehousing, inventory, transport, and customer service under one framework, supported by digital platforms. As multi channel distribution grows ~7% annually to exceed USD 840bn globally in 2025, the role of contract logistics providers as technology partners is becoming as critical as their physical infrastructure.

> "Contract logistics is no longer just warehousing and distribution – it is an integrated, technology-enabled service."

Compound Annual Growth Rate 3.2%
2025-2034



+33%
OCCUPIER TAKE-UP IN H1 2025

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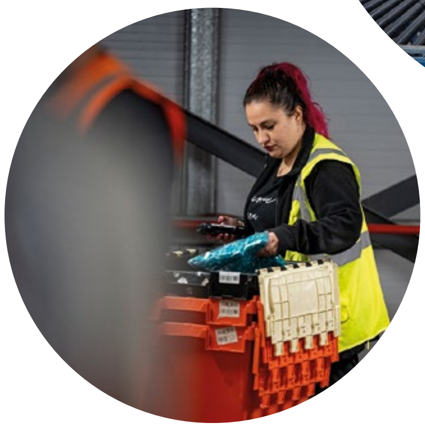
Rates

Costs shape contract pricing



Rents, labour, and energy remain dominant drivers.

Costs across UK contract logistics continue to rise, reflecting persistent upward pressure from prime rents, wages, and energy. Prime logistics rents rose 2% in H1 2025, standing more than 26% above 2022 levels, as demand for ESG-compliant Grade A facilities intensifies. Labour costs also remain elevated, with wage growth well above historic norms, while energy volatility adds further strain to operating budgets.

Providers are mitigating these pressures by deploying automation, robotics, and predictive analytics, allowing efficiency gains that protect service quality. However, customers may face higher base pricing for integrated, technology-driven solutions, especially in high-demand urban and regional hubs.

Contract structures remain stable, but rising costs and sustained investment in digital transformation mean future tenders are increasingly priced around both real estate pressures and technology capabilities.

"Premium space and advanced fulfilment capabilities now command premium pricing."

+26%

RISE IN PRIME LOGISTICS RENTS IN 3 YEARS

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Warehousing

Introduction

Warehousing markets remain resilient in 2025 despite rising costs, labour constraints, and supply chain complexity. Strategic consolidation and investment in automation, digital platforms, and ESG-compliant facilities are defining trends. Cost pressures are most acute in Europe, while North America and Asia Pacific show more stable, predictable trajectories for operators and occupiers.

Situation

Consolidation continues to reshape the warehousing sector, with cross-border and technology-enabled activity rising in Q2 2025. Operators are pursuing scale, automation, and sustainability to manage higher costs and complex supply chains.

The Ti Warehouse Tracker indices, benchmarked to a 2022 baseline, highlight regional divergence. Europe's operating cost index eased slightly to 119.5 in Q1 but remains structurally high. North America fell to 110.9, its third consecutive decline, while Asia Pacific edged up to 111.0, underlining its stability.

Labour is the dominant driver: Europe's labour index stands at 126 (over 25% above 2022), while North America shows restrained growth at 103.6.

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Market

Consolidation and cost pressures

Strategic investment and technology adoption define sector performance.

Investment in logistics and supply chain platforms accelerated in Q2, with consolidation focused on enhancing scale, digital capability, and geographic reach. Strategic buyers are driving activity, favouring automation, cloud-based systems, and real-time visibility tools.

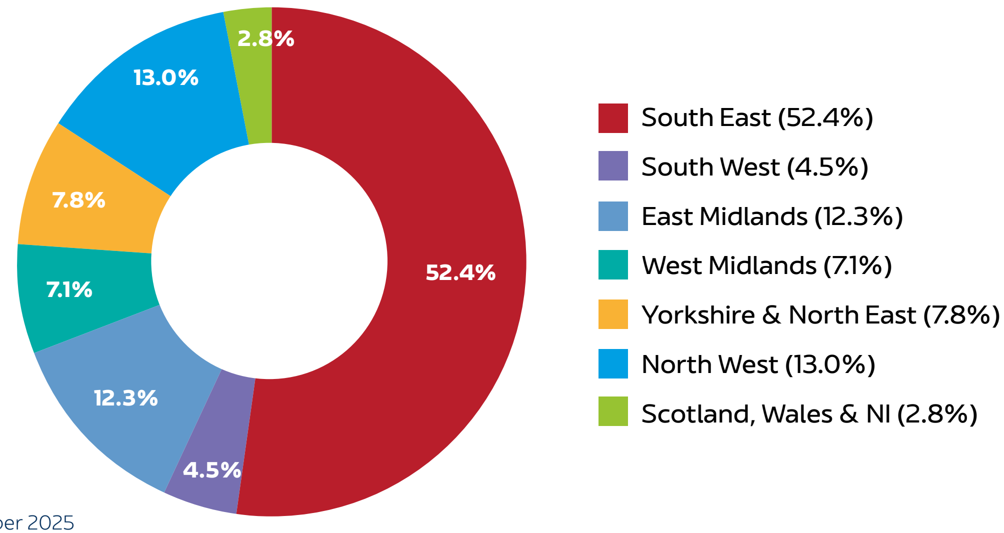
Europe's Prime Rents Index rose to 126.3 in Q1, more than 26% above the 2022 baseline, reflecting tight supply in key hubs such as the Netherlands, Germany, and the UK.

Demand for ESG-compliant space and high land costs reinforce this upward trend. North America showed recovery, with rents up to 123.1, while North East Asia remained flat at around 104.7, signalling oversupply or weaker demand. The divergence underlines Europe's sustained inflationary pressures, compared with more balanced North American and Asian markets.

"Warehousing is no longer just about space – it is increasingly about technology, resilience, and ESG compliance."

+26%
EUROPE PRIME RENT INDEX VS 2022

UK Logistics investmwent by region - 12 months to end of Q1 2025



Rates

Rents and costs diverge by region

Europe remains the most expensive, Asia the most predictable.

Warehousing rates remain elevated compared with 2022 baselines, with Europe facing the steepest increases. Labour and rents are both more than 25% above 2022 levels, while energy costs have returned as a volatile input. North America's rates have stabilised following earlier correction, though tariffs and softer demand keep volatility in play.

Asia Pacific remains the most predictable region, with controlled cost growth and steady rental development. Forward-looking, Europe's costs are likely to remain under upward pressure due to structural supply constraints and continued competition for Grade A space.

Consolidation is also influencing pricing: shippers are paying premiums for resilient, digitally enabled, and ESG-compliant facilities. This shift signals that warehousing rates are not only rising with inflation, but also reflecting the added value of technology and sustainable operations.

"Rental and operating costs are at their highest in Europe, while North America and Asia show steadier trajectories."

+26%
LABOUR COST INDEX VS 2022

+10%
EUROPE ENERGY COST INDEX VS 2022

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SOURCES
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