noatum logistics

Market Report

October 2025 | Europe

Market Report

Contents

noatum logistics

Executive Summary

Global economic signals in September highlight diverging regional trajectories.

The UK's private sector contracted, with its Composite PMI slipping to 49.7, a five-month low, as manufacturing activity declined for a twelfth consecutive month. Weaker employment and softer new orders point to a near-stalling economy, although easing price growth suggests consumer inflation may cool from its current 3.8% headline and 3.6% core readings.

In the United States, manufacturing remains in contraction, yet inflation pressures linked to tariffs appear to be easing, with CPI projected to edge up slightly to 3.1%.

China's economy continues to moderate, with GDP growth forecast to slow from 5.2% in Q2 to 4.7% in Q3 amid weaker retail and industrial output.

Key Market Trends

Ocean freight

After seventeen weeks of cuts, carriers raised rates, but oversupply may limit gains before November's planned GRI.

Air freight

European imports stay firm as Asia's Golden Week slows global volumes; pricing remains stable on key lanes.

Road freight

Manufacturing recovery strengthens European road demand while capacity tightens amid falling truck registrations and rising labour costs.

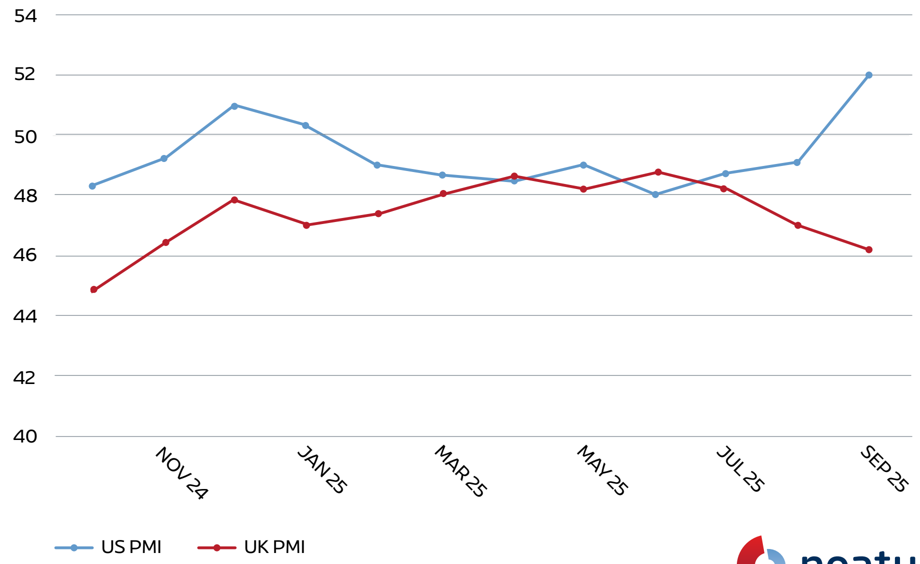
Contract logistics

Automation and eCommerce growth sustain throughput, though energy and labour inflation continue to pressure operator profitability.

Warehousing

Warehouse occupancy remains high; automation, sustainability, and energy-efficient designs dominate new European logistics developments.

US v UK Manufacturing PMI - Oct 24 - Sep 25



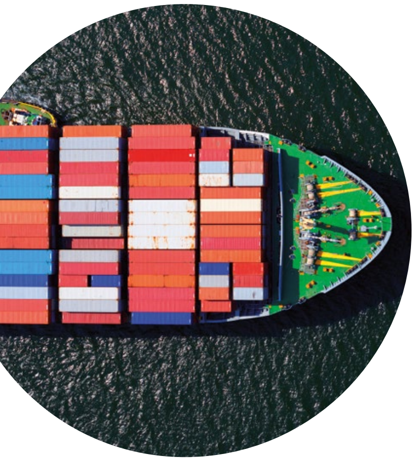
noatum logistics

Market Summaries

OCEAN FREIGHT

Container shipping markets steadied in mid-October as carriers applied new Freight All Kinds (FAK) rates and general rate increases after seventeen weeks of decline. The short-term rebound follows Golden Week disruptions, but the underlying supply-demand imbalance persists, with continued vessel deliveries and moderate cargo growth likely to soften prices again later this quarter.

- The global index increased 2%, recording its first rise since early summer.
- Asia–Europe spot rates advanced 6% to Rotterdam and 2% to Genoa.
- Transpacific pricing gained 1%, driven by resumed Asian exports.
- Further GRIs are scheduled for 1 and 15 November, though their impact is expected to be temporary.



AIR FREIGHT

European airfreight entered Q4 with stable inbound volumes despite a temporary slowdown in Asia caused by Golden Week holidays. Imports to the UK and continent remain stronger than last year, supported by technology and retail restocking. Transatlantic trade is balanced, and pricing remains steady, with Europe outperforming global averages for both demand and yield stability.

- Global airfreight volumes fell 3% week on week, yet remained 4% higher year on year.
- Inbound traffic to Europe rose 4%, confirming resilient import demand.
- Asia–Pacific tonnages declined 9% during holidays before recovering.
- Average global rates were 4% lower year on year, while Europe recorded a modest 2% decline.

OVERLAND

Europe's road-freight market continues to stabilise, supported by gradual manufacturing recovery and cautious consumer sentiment. Industrial restocking and regional trade flows are strengthening, while retail volumes remain subdued. Capacity is tightening unevenly, constrained by reduced truck registrations and an ongoing driver shortage, while rates are rising as spot and contract indices converge.

- The European road-freight index increased from 131 to 134 points between June and July.
- EU truck registrations fell 15%, limiting fleet expansion across major markets.
- Diesel prices dropped 6% quarter on quarter before a late rebound.
- Labour costs are up 4% annually, sustaining margin pressure for hauliers.

Market Summaries

CONTRACT LOGISTICS

Contract logistics activity across Europe is improving as manufacturers rebuild inventories and e-commerce growth sustains warehousing and fulfilment demand. Operators are investing heavily in automation, digital visibility, and low-carbon energy solutions to enhance efficiency and mitigate rising labour and utility costs.

- Manufacturing and omnichannel clients driving short-term throughput gains.
- Automation and robotics deployments increasing across large fulfilment centres.
- Rising energy and wage costs remain the primary profitability challenge.
- Growing preference for flexible, scalable multi-client contract solutions.

WAREHOUSING

European warehouse utilisation remains high as demand from manufacturing, e-commerce, and retail replenishment offsets weaker consumer spending. Developers continue to prioritise modern, sustainable facilities with advanced automation and renewable-energy integration. Space availability is slowly improving in secondary markets, moderating rental growth.

- Occupancy levels steady above 85% in core logistics corridors.
- Automation and digital control systems expanding in high-volume sites.
- Sustainability and energy-efficiency investments driving new development.
- Rents levelling as new capacity enters emerging regional hubs.

noatum logistics

Ocean Freight

Introduction

Container shipping markets steadied in mid-October as carriers introduced new Freight All Kinds (FAK) rates and general rate increases (GRIs) to stem 17 consecutive weeks of decline. Drewry's composite World Container Index rose 2%, signalling a brief though unsustainable recovery across major east–west trades following Golden Week disruptions.

Situation

After months of continuous rate erosion, carriers' mid-October GRI measures have prompted the first uptick in global pricing since early summer. Asia–Europe and transpacific trades both registered modest week-on-week gains as exporters resumed post-holiday bookings.

Port congestion is easing in most regions, though lingering delays that persist at key North European gateways have been exacerbated by recent and now resolved strikes at Rotterdam and Antwerp. However, the backlog remains, and delays are expected for some time.

Capacity remains ample, yet utilisation on headhaul routes into Europe and the United States is improving slightly as seasonal demand returns. With new tonnage continuing to enter service and order-books still large, fleet oversupply remains a defining feature, restraining carriers' ability to sustain rate momentum beyond the near term.

noatum logistics

Market

Asia–Europe Trade Gains 6% as FAK Rates Take Hold

The global capacity-demand balance remains fragile, with analysts forecasting renewed weakness in the coming quarters. Asia–Europe trade volumes improved modestly after the post-Golden Week lull, supported by inventory replenishment across European retail and manufacturing sectors.

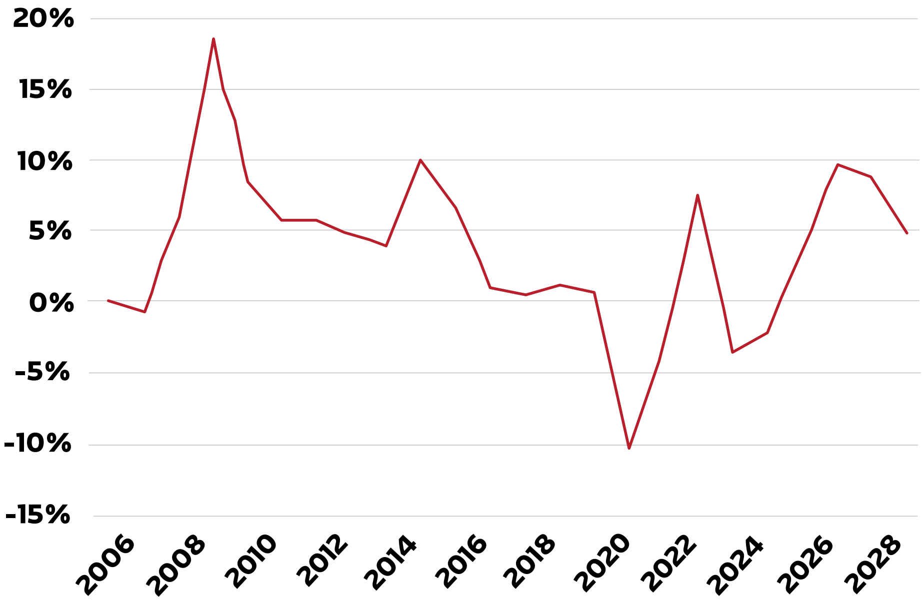
The rate from Shanghai to Rotterdam increased 6% and to Genoa 2%, reflecting the FAK adjustments introduced mid-month. Transatlantic performance was more stable, with steady volumes on westbound services to North America and balanced eastbound exports from the United States to Europe.

Asian carriers continue to manage supply through void sailings, yet further new-build deliveries scheduled for Q4 threaten to outpace demand, maintaining downward pressure on spot pricing once the short-lived GRI effects fade.

“Post-holiday uplift and new mid-October FAK levels helped carriers briefly stabilise east–west markets.”

Excess Capacity Projection

Corrected for Vessel Slowdown, Congestion, Red Sea Crisis, and Scrapping



+2%
GLOBAL CONTAINER INDEX AFTER 17 CONSECUTIVE WEEKLY DECLINES

noatum logistics

Rates

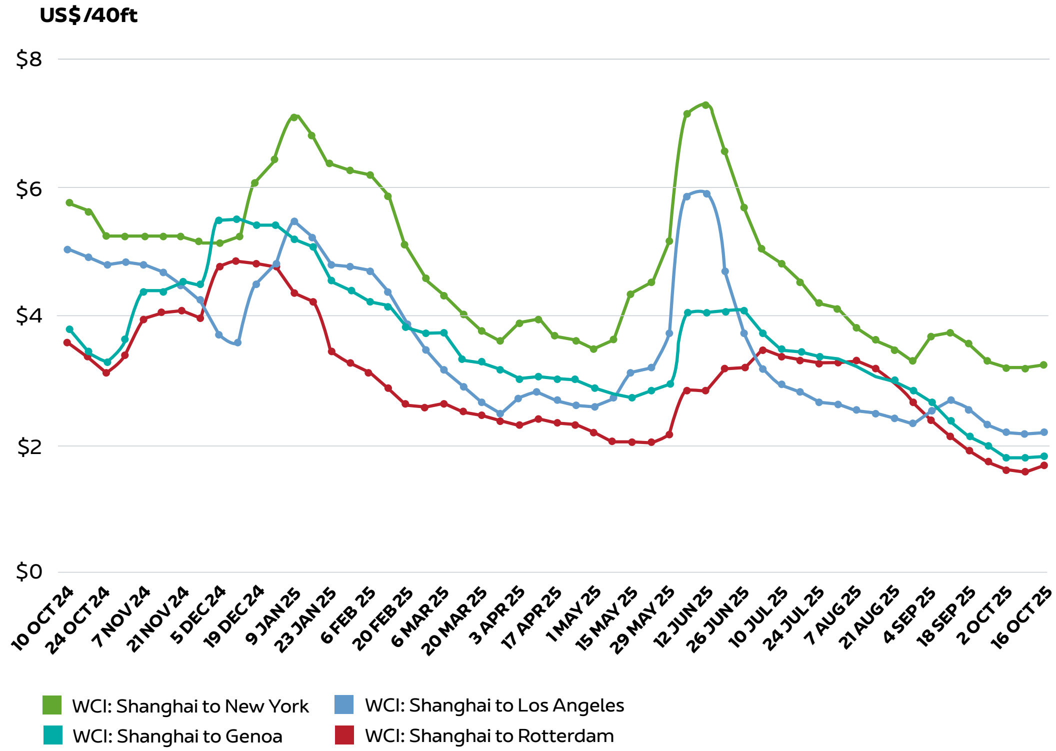
Short-Term Rate Gains Expected to Fade as Capacity Builds

"October's increases mark a pause in the decline, but supply growth is set to outpace demand in the months ahead."

The seasonal demand uptick for Chinese Golden Week and year-end holidays has been less pronounced than expected. Drewry's World Container Index rose 2% in the week ending 16 October, its first increase after 17 weeks of decline. Spot rates from Shanghai to Los Angeles and to New York each improved by 1% as the latest GRIs took effect. Asia–Europe lanes showed stronger gains, with Shanghai to Rotterdam up 6% and Shanghai to Genoa 2%.

These adjustments follow coordinated carrier action to halt the post-holiday rate slide, with further GRI attempts expected on 1 and 15 November, although the current momentum is likely to prove short-lived as the supply-demand balance weakens. Overall, rates are expected to stabilise temporarily before softening again through late Q4.

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



noatum logistics

Air Freight

Introduction

European airfreight markets entered mid-October on solid footing, with tonnages into the UK and continent around 4% higher year on year. Despite holiday-related slowdowns in Asia, inbound volumes to Europe and transatlantic trade remain resilient. Capacity and pricing are broadly stable, supported by balanced demand and disciplined carrier management.

Situation

Global air cargo volumes eased 3% in early October as Golden Week closures in Asia temporarily reduced uplift into Europe. Nevertheless, year-on-year tonnages for the opening weeks of Q4 were up 4%, with Europe among the best-performing regions. Inbound European volumes rose 4% year on year, while outbound shipments grew 3%, confirming a stable trade environment.

Reliability continues to improve, helped by steady passenger belly capacity and limited freighter redeployment. North Atlantic flows remain balanced, with eastbound and westbound volumes close to parity. Economic indicators for the UK and eurozone show modest recovery, with manufacturing and retail inventories strengthening ahead of the seasonal peak.

noatum logistics

Market

European Imports Steady as Asia's Holidays Temper Growth

"Europe remains one of the best-performing airfreight regions."

Europe's import demand remains firm, supported by retail replenishment, fashion and technology traffic.

Asia–Europe uplift held comparatively steady during the Golden Week period, outperforming transpacific lanes where demand weakened more sharply. Europe recorded flat tonnage growth on a two-week basis and remains 3% higher year on year, with outbound traffic to North America stable.

Transatlantic capacity utilisation improved slightly, aided by increased wide-body passenger services. India–Europe tonnage expanded 6% as exporters redirected cargo from the US following tariff increases. Freighter supply remains limited after months of contraction, but global capacity rose 2% year on year as additional belly-hold space entered service on key European routes.

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%	+9%		-2%	-0%		+1%	+4%
Asia Pacific		-3%	+1%		-3%	+5%		+3%	-7%
C & S America		+0%	+4%		+2%	+1%		+2%	-2%
Europe		-1%	+3%		+0%	-0%		+2%	+2%
M East & S Asia		-0%	+4%		-0%	-2%		+1%	-22%
North America		-2%	-2%		-2%	+2%		+1%	-1%
Worldwide		**-2%**	**+3%**		**-1%**	**+2%**		**+2%**	**-5%**

Source WORLD ACD

noatum logistics

Rates

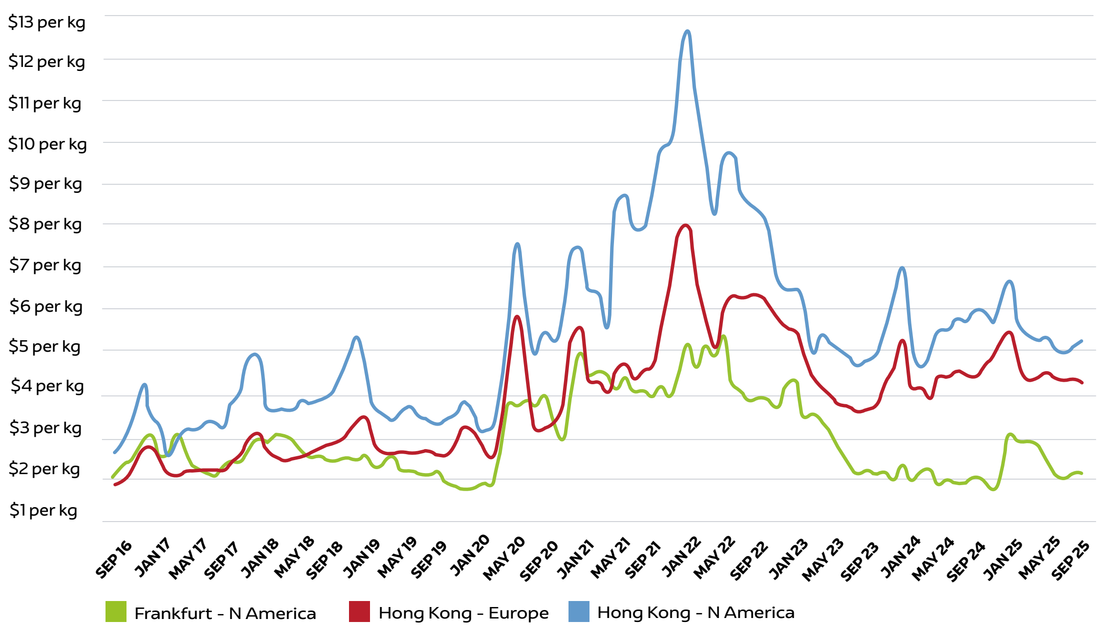
Airfreight Pricing Holds Firm on European Lanes

Airfreight pricing into Europe has stabilised following earlier seasonal fluctuations. Average worldwide rates are around 4% lower year on year, but European lanes have seen milder declines of roughly 2%. Transatlantic pricing remains steady, supported by balanced capacity and consistent trade flows in both directions.

Asia–Europe rates held firm during early October, while Asia–US spot levels fell 7% and India–US softened further. India–Europe pricing strengthened in line with higher uplift, reflecting robust export activity in pharmaceuticals and perishables.

Fuel prices remain steady, with crude and jet benchmarks easing slightly through Q4, helping carriers maintain stable surcharges. Overall, rate levels into Europe are expected to remain broadly unchanged through November, with only limited upward pressure on high-demand lanes.

Baltic Exchange Air Freight Index



-4% YoY

AVERAGE WORLDWIDE RATES LOWER

noatum logistics

Overland

Introduction

Europe's road freight market is edging toward recovery, with early signs of stabilisation across manufacturing and industrial sectors. Demand is improving slowly, capacity remains tight, and rate indices are trending upward. Spot and contract markets are now closely aligned, reflecting a more balanced environment after months of volatility.

Situation

European road freight conditions in October show cautious improvement as manufacturing restocking offsets weaker consumer demand. Freight activity is strengthening in industrial corridors, though retail and FMCG volumes remain below pre-2023 levels.

EU truck registrations have fallen around 15% this year, led by steep declines in Germany, France, Spain, and Italy. Meanwhile, the driver shortage, estimated above 400,000 vacancies, continues to restrict available haulage capacity.

Industrial confidence is stabilising, with the eurozone manufacturing PMI rising to almost fifty points, its highest level since mid-2022. Economic sentiment remains mixed, as consumer confidence stays low across major economies despite modest improvement in energy costs and supply chain reliability.

noatum logistics

Market

Manufacturing Demand Lifts Europe's Road Freight Volumes

The European overland market is steadying but remains shaped by diverging regional trends. Manufacturing-led volumes are gradually improving, while retail flows lag. Spain's economy expanded around 1% in Q2, yet consumer sentiment there and in France, where confidence has dropped to minus nineteen, remains subdued. Italy's GDP slipped marginally, while Germany's industrial output continues to stabilise.

Across the EU, heavy truck registrations have decreased roughly 15%, signalling limited future capacity expansion. Road freight operators are investing in technology and digital platforms to improve utilisation and reduce empty mileage.

Diesel costs were about 6% lower in Q2 before rebounding slightly, offering partial relief to operators. Labour expenses remain high, with wage growth around 4% annually. Overall, overland demand is gradually improving, led by manufacturing and cross-border restocking activity.

"Industrial restocking is driving moderate growth, while retail traffic remains below pre-2023 levels."

-15%
DROP IN EU TRUCK REGISTRATIONS

noatum logistics

Rates

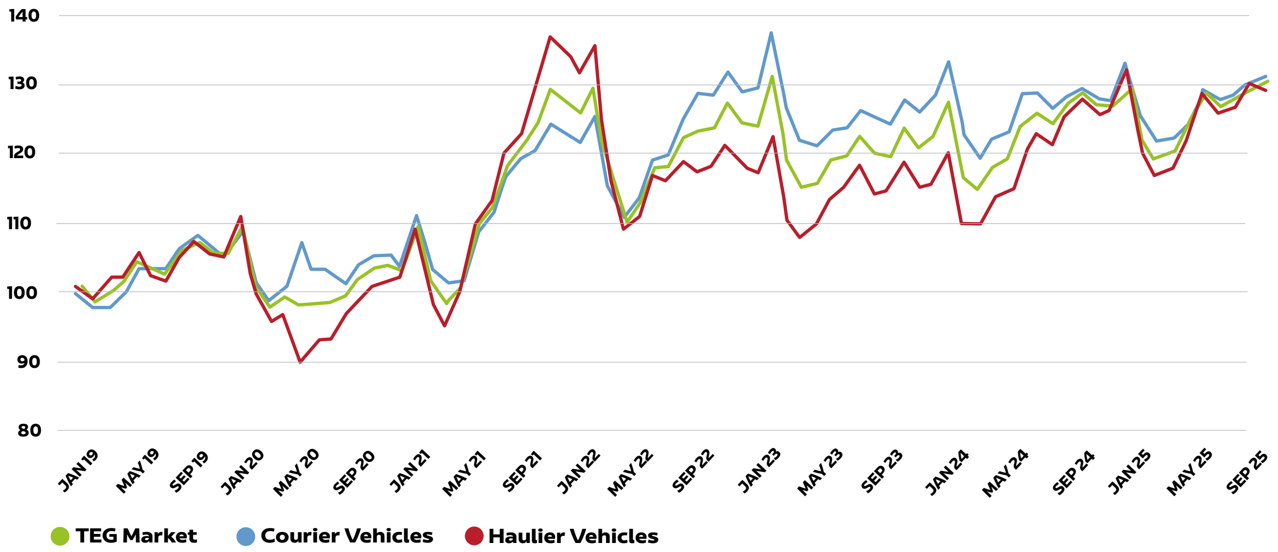
Road Freight Indices Converge as Costs Begin to Level

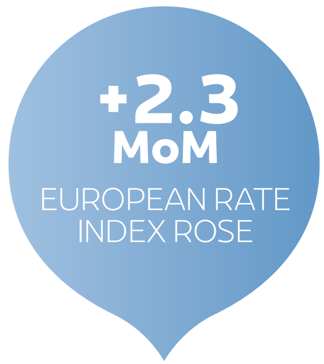
European road freight rates have edged higher, reflecting a shift toward tighter capacity and firmer demand. The continental benchmark climbed from 131 to 134 points, while spot and contract indices have converged near 132 points, showing equilibrium between short-term and contractual pricing.

Spot rates were around 2% lower year on year, while contract rates gained about 1%. Diesel prices declined by 6% earlier in the year but rose modestly again in the third quarter, while labour costs are up roughly 4% across most EU markets. These mixed cost dynamics are keeping carrier margins under pressure.

With demand expected to strengthen through year-end, rate levels are projected to remain stable for the remainder of the quarter, followed by mild upward pressure in early 2026 as volumes and input costs rise further.

TEG Road Transport Index





noatum logistics

Contract Logistics

Introduction

Contract logistics in the UK continues to evolve rapidly, shaped by automation, digital transformation, and the rising complexity of client supply chains. Providers are having to invest heavily in technology, efficiency and end-to-end transparency, as customers demand more integrated, value-added solutions. Long-term partnerships and sector specialisation are becoming central features of the market's development.

Situation

Persistent labour shortages, particularly for drivers and specialised warehouse workers, continue to challenge operational capacity. In response, providers are accelerating automation, investing in robotics and advanced warehouse management systems to offset human resource gaps.

Economic pressures, coupled with Brexit-related customs complexity, are driving demand for 3PLs offering digital visibility, compliance expertise, and resilient infrastructure. The sector's resilience is further underpinned by long-term contracts, which now account for the majority of commercial relationships and support ongoing capital expenditure in automation and sustainability.

Increasingly, clients are seeking not just logistics execution but consultative support, including supply chain optimisation, ESG reporting assistance, and customised value-added services.

noatum logistics

Market

Contract Logistics Adapts with Automation and Long-term Partnerships

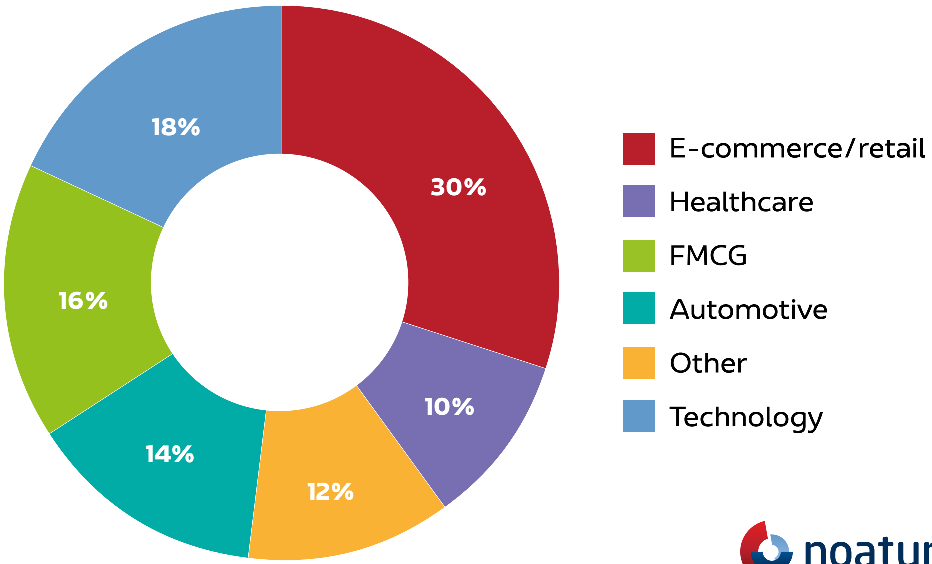
Market dynamics are defined by the growing dominance of eCommerce and retail logistics, which collectively represent almost a third of contract logistics revenues. Healthcare is emerging as a vital and fast-growing vertical, fuelled by increased public sector investment and expansion in biotech and temperature-controlled supply chains.

62% OF ALL NEW BUSINESS ON LONG-TERM CONTRACTS

Infrastructure investment by leading logistics providers is reshaping market capacity, with major hub developments and network upgrades targeted at addressing capacity bottlenecks and sustainability objectives.

Digitalisation is a strong competitive differentiator, as AI-powered compliance tools, digital twins, and sophisticated tracking platforms become standard within leading 3PL offerings.

UK Contract Logistics Market 2025



The move to longer contract terms aligns provider and client objectives, fostering innovation and continuous improvement in operational performance. Regulatory drivers, including ESG requirements and evolving customs policy, are supporting a shift towards more collaborative, consultative logistics outsourcing models.

Rates

Rates Resilient Across UK Contract Logistics as Costs Rise

Contract logistics rates in the UK are maintaining firmness through late 2025, reflecting cost inflation and tight capacity across the sector. Labour, insurance, and energy prices remain key upward pressures, prompting mid-single-digit annual uplifts during contract renewals and tenders.

Value-added services, such as custom packing, labelling, and late-stage assembly, command additional premiums, growing at rates of 3-4% CAGR as customers seek both agility and compliance with sustainability goals.

The complexity of cross-border trade and customs post-Brexit continues to be a pricing factor, with digital integration and compliance support increasingly baked into contract structures.

Providers are using contract length, service bundling, and shared-user models to deliver value and mitigate cost exposure. While rate increases have moderated from earlier peaks, continued competition for skilled staff and infrastructure means pricing is likely to remain resilient, especially in high-demand segments and for specialist services.

"Labour and energy costs are driving contract uplifts, with premiums for value-added services."

3-4%
CAGR FOR VALUE-ADDED SERVICES, AS CUSTOMERS SEEK AGILITY

noatum logistics

Warehousing

Introduction

The UK warehousing sector continues to be shaped by shifting economic conditions, supply chain digitalisation, and pressures on cost and sustainability. Demand for modern, flexible storage solutions remains robust. Persistent supply constraints and the adoption of new technologies are influencing operational models across the market.

Situation

Q4 2025 sees the UK warehousing sector experiencing elevated demand amid pronounced challenges driven by labour market constraints, persistent cost inflation, and increasing regulatory expectations.

Warehouse operators and occupiers are under pressure to manage higher wage bills stemming from the National Living Wage increase, while continuing to battle a well-documented shortage of skilled staff.

The need for strategic flexibility is pushing providers to re-think footprint consolidation and network optimisation, prioritising larger, multi-client facilities near key transport corridors and ports. Meanwhile, occupiers are looking for solutions that blend cost-effectiveness, scalability, and environmental stewardship, driving ongoing investment in next-generation UK warehousing assets.

noatum logistics

Market

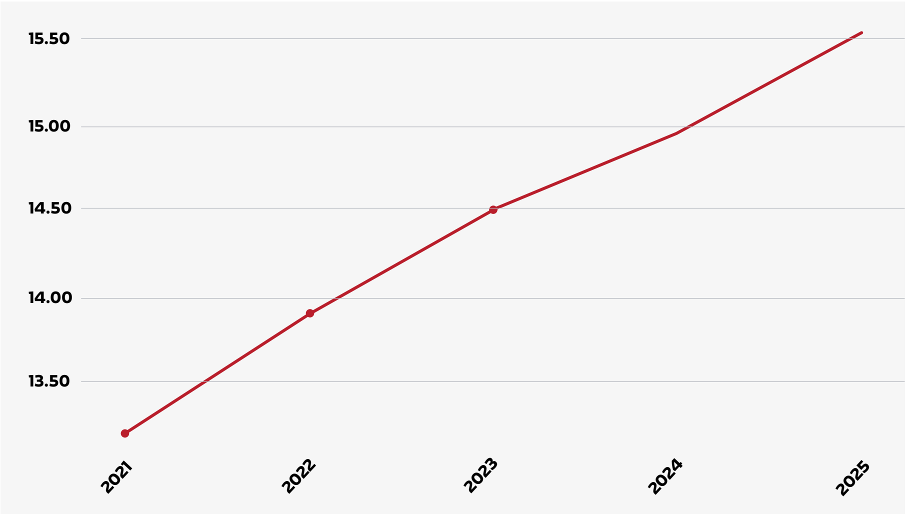
Automation and ESG Drive Evolution

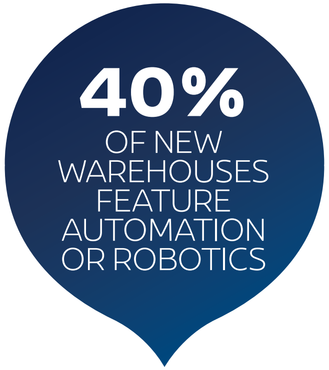
The market for UK warehousing is characterised by continued competition for prime logistics locations, especially in regions like the Midlands logistics triangle and key port-adjacent clusters. Demand is particularly strong for advanced, automated facilities capable of efficiently handling growing online order volumes and returns. Speculative builds have increased, with developers identifying long-term structural demand despite a potential softening of short-term economic growth.

The adoption of robotics, AI-powered management systems, and real-time inventory tracking is spreading rapidly, optimising both labour utilisation and energy efficiency. Large, multi-user sites are increasingly favoured, allowing tenants to share resources, reduce per-unit costs, and align with the sector's sustainability agenda. External shocks, such as changes in global shipping flows or trade disruptions, are being met with renewed focus on network resilience and cloud-based platform integration, enabling occupiers to pivot operations more quickly in response to market volatility.

"Occupiers are investing in scalable, sustainable facilities as demand for modern logistics space grows."

UK Prime Multi-Let Warehouse Rents - Rent £/sq.ft





noatum logistics

Rates

Warehousing Rental Inflation Moderates as New Supply Enters Market

Warehousing rental rates in the UK continued to see upward pressure into late 2025, albeit at a slower pace compared to previous years of double-digit inflation. Prime multi-let industrial units average rents are exceeding £15 per square foot, with large distribution hubs exceeding £12 per square foot, reflecting still-strong demand for modern, high-specification space.

However, growth is showing signs of moderation, as high operating costs and a steady pipeline of new developments ease some of the pressure.

Ancillary service charges are rising, particularly where operators are investing in renewable energy, advanced security, and digital systems to stay competitive. Lease negotiations increasingly include flexibility clauses and ESG-linked incentives, while power availability and access to skilled labour have become key differentiators influencing pricing. Premiums are most pronounced for locations offering robust infrastructure, proximity to major motorways, and sustainability certifications.

"Prime warehouse rents remain elevated, but growth is slowing."

+4% YoY

AVERAGE PRIME MULTI-LET RENTS

Lee Ward
General Manager Retail and Consumer-UK
Noatum Logistics UK
lee.ward@noatumlogistics.com

UK HEAD OFFICE
Noatum Logistics UK Limited
Unit 1, Alpha Way, Thorpe Industrial Park Egham, Surrey
TW20 8RZ
T +44 (0) 1784 480100

noatumlogistics.com/uk

SOURCES
Baltic Air Freight Index | CBRE | Drewry | JoC | Knight Frank | PMI | Sea Intelligence | S&P | TAC Index | TEG | Trans.Info | Transport Intelligence Worl-dACD | Xeneta