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Market Report

April 2026 | United Kingdom

Market Report

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Executive Summary

Global supply chains remain resilient, but growth is slowing. Global GDP is forecast at around 2.6–2.7% in 2026, while trade growth is expected to fall to approximately 1.9%, down from 4.6% in 2025. Geopolitical disruption and energy market instability continue to shape operating conditions.

Freight markets are increasingly driven by inefficiency and fuel dislocation rather than demand alone. Congestion, rerouting and constrained refined fuel supply are sustaining higher costs across modes. With Hormuz constrained, crude remains available but refined products cannot move freely, driving wider crack spreads and regional price divergence.

In response, businesses are holding higher inventory levels and prioritising resilience. Integrated, end-to-end logistics solutions are becoming increasingly important as supply chains adapt to ongoing uncertainty and structural change.

Key Market Trends

Ocean freight

Effective capacity remains constrained despite balanced fleet and demand growth, as disruption, congestion and rerouting absorb supply, supporting rates and creating a fragmented, lane-specific market with continued short-term volatility.

Air freight

Jet fuel shortages and widening crack spreads are driving airfreight costs, as Gulf disruption constrains refined supply, sustaining elevated rates despite softer demand and creating a structurally tighter, fuel-driven market.

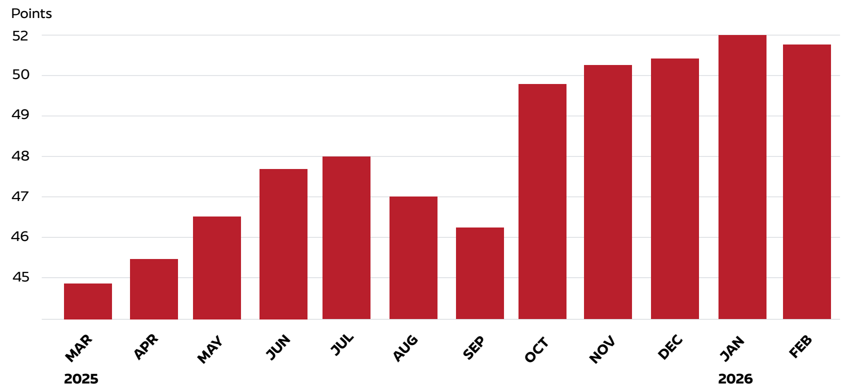
Road freight

Markets remain balanced but under increasing cost pressure, as fuel inflation, labour constraints and geopolitical disruption drive pricing, while demand remains uneven across key European corridors and regional markets.

Contract logistics

Demand for contract logistics remains resilient, driven by e-commerce, disruption and regulatory complexity, with integrated, service-led solutions and higher inventory levels reshaping network design and supporting sustained demand for warehousing and value-added services.

S&P Global UK Manufacturing PMI



Market Summaries

OCEAN FREIGHT

Ocean freight markets remain finely balanced at a headline level, with global fleet capacity and demand both growing at around 3% year-on-year. However, underlying conditions are significantly tighter, as disruption, congestion and extended routings continue to reduce effective capacity across key trade lanes.

This is sustaining a more complex operating environment, where conditions vary by route. Asia–Europe flows remain relatively firm, while transpacific demand has softened, creating a fragmented market.

Rates have entered a more volatile phase following recent gains, but remain structurally supported by cost pressure and capacity discipline.

- Effective capacity reduced by 15–20% despite fleet growth
- Bunker costs up over 70% at peak
- Asia–Europe demand strong; transpacific softer
- Short-term rate corrections within a firm market

AIR FREIGHT

Air freight markets remain structurally tight, driven by fuel dislocation and regional capacity disruption. While global demand continues to track above 2025 levels, short-term volatility persists due to seasonality and uneven recovery across key corridors.

The Middle East remains the critical pressure point, with Gulf capacity significantly reduced and refined jet fuel supply constrained. This is widening crack spreads and creating a higher cost base, particularly across Asia and Europe-bound flows.

Despite softer volumes in recent weeks, elevated fuel costs and rerouting inefficiencies continue to support pricing, reinforcing a market defined more by cost than demand.

- Jet fuel up 64%, crack spreads near $100
- Gulf capacity down 50–70%
- Global rates up 26% year-on-year
- Asia-led demand growth, but uneven momentum

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Market Summaries

OVERLAND

Road freight markets remain broadly stable across Europe, with modest demand growth and sufficient capacity maintaining overall balance. However, underlying conditions are becoming more complex, as cost pressures and geopolitical developments begin to reshape pricing and regional dynamics.

Fuel inflation is the dominant factor, with diesel costs rising sharply and feeding directly into transport rates. At the same time, structural constraints such as driver shortages continue to limit supply flexibility.

Demand remains uneven, with strong activity on key industrial corridors but weaker momentum more broadly. Disruption is also driving increased use of overland solutions in the Middle East.

- Diesel costs up 30–40%, driving pricing
- Driver shortage of c.444,000 across Europe
- Contract rates rising; spot markets softer
- Gulf land bridge supporting regional demand

CONTRACT LOGISTICS

Contract logistics markets remain resilient, supported by structural demand drivers including e-commerce, omni-channel retail and increasing supply chain complexity. Businesses are placing greater emphasis on integrated, end-to-end solutions that combine warehousing, transport and compliance.

Disruption across global supply chains is reinforcing this shift, with higher inventory levels and more flexible network design becoming standard. At the same time, regulatory requirements are increasing demand for integrated service models.

Cost pressures remain elevated, particularly in Europe, although rental growth is beginning to normalise. Demand continues to favour high-quality, well-located facilities and value-added services.

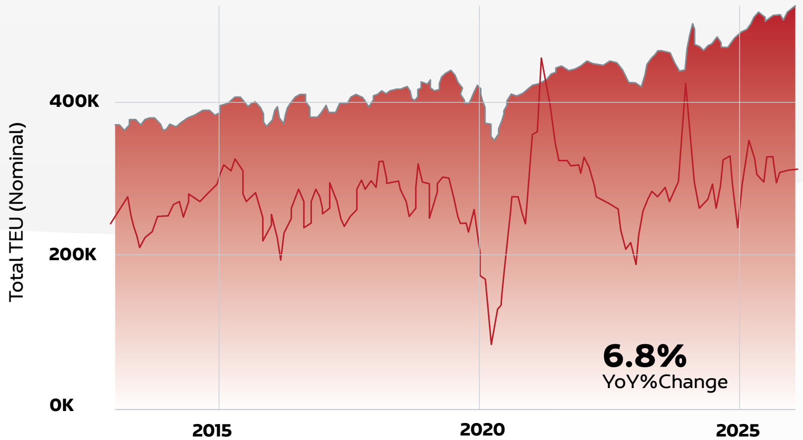
- Transport accounts for c.60% of market revenue
- Rental growth of 5% easing in some regions
- Strong demand for integrated solutions
- Growth in cold chain and healthcare logistics

Ocean Freight

Introduction

Ocean freight markets are being shaped by a combination of cost shocks, disruption and disciplined capacity management. While global fleet growth and demand remain broadly aligned, effective capacity constraints and elevated fuel costs are supporting rates, with conditions varying significantly by trade lane and short-term volatility expected to continue.

Far East - Europe Weekly Capacity (TEU)



Situation

Global container demand and fleet capacity are both expanding at approximately 3% year-on-year, creating a superficially balanced market. However, underlying conditions remain far more complex.

The impact of disruption across the Middle East continues to affect global routing patterns, with vessels avoiding key transit corridors and extending transit times. At the same time, bunker fuel prices have risen sharply, increasing over 70% month-on-month at peak and driving widespread emergency surcharges.

Port congestion remains elevated, with around 3 million TEU tied up globally, while equipment imbalances are emerging as flows through the Gulf are disrupted.

As a result, effective capacity remains constrained despite nominal fleet growth.

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Market

Effective capacity constraints offset balanced supply and demand

Ocean freight markets are being defined by the gap between nominal and effective capacity. While fleet and demand growth remain aligned at around 3%, operational inefficiencies are reducing usable supply by an estimated 15–20%.

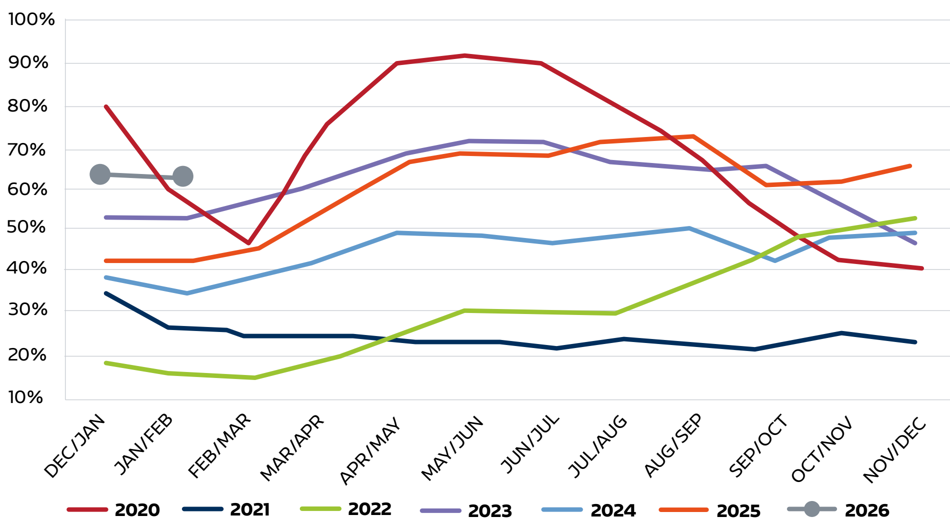
Disruption across the Middle East and continued Suez avoidance are extending transit times and absorbing vessel capacity, particularly on Asia–Europe and Asia–Mediterranean trades. At the same time, port congestion remains near two-year highs, with approximately 3 million TEU tied up across global hubs.

Asian exports continue to be driver for majority of growth to worldwide destinations, with outsized growth on Asia-Europe and other, secondary trades, while Asia-Latin America and Africa trades are also expanding rapidly. In contrast, Asia–North America volumes have softened, declining by around 7% year-on-year.

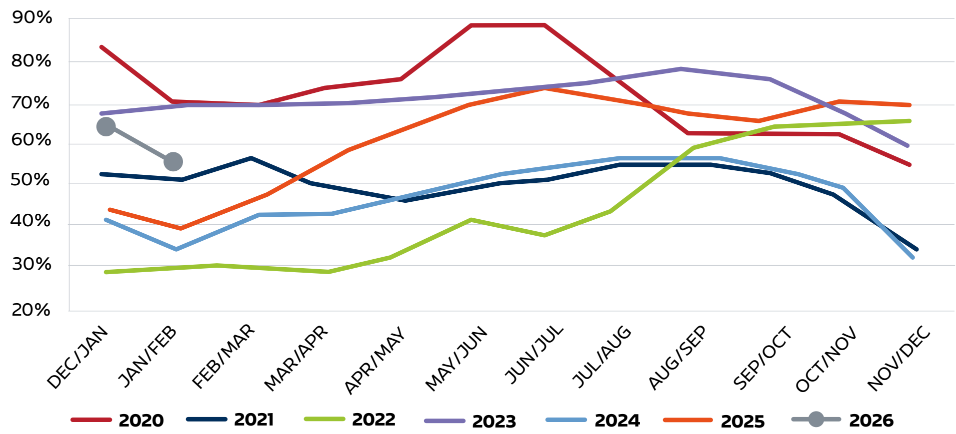
Carriers are responding with targeted capacity management, including blank sailings and selective deployment, creating a fragmented market where conditions vary significantly by route, but overall capacity remains tighter than headline figures suggest.

Global Schedule Reliability

Asia - North Europe



India Sub. - Europe



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Rates

Short-term corrections within a structurally supported market

"Effective capacity remains significantly tighter than headline fleet growth suggests."

70%
SURGE IN BUNKER FUEL PRICES

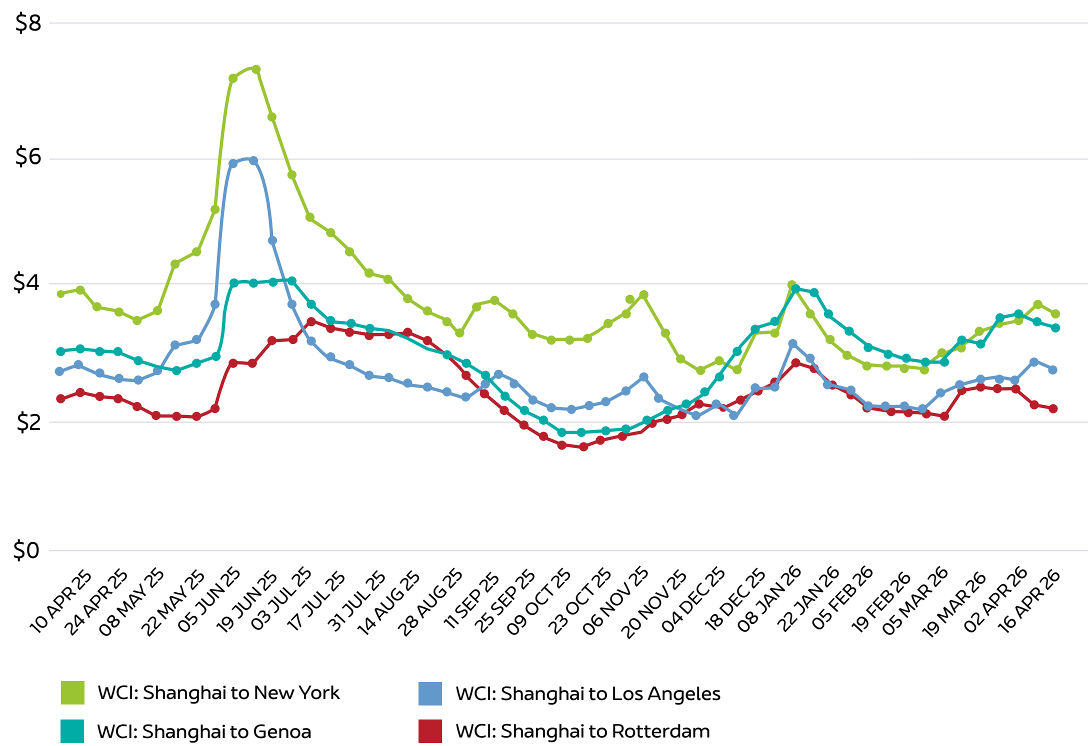
Ocean freight rates have entered a more volatile phase following a sustained rally over the past six weeks. Drewry's World Container Index declined 3% week-on-week, with Asia–Europe rates softening by around 3% and Xeneta data showing 4–6% declines on Far East–Europe lanes in mid-April.

However, this easing reflects a short-term correction rather than a structural shift. Rates remain significantly elevated compared with pre-crisis levels, with Far East–US West Coast and East Coast pricing up approximately 51% and 44% respectively since late February.

Carriers continue to actively manage capacity, reducing sailings on softer routes while maintaining discipline on stronger trades. Planned peak season surcharges and sustained fuel costs are expected to support pricing through Q2.

Overall, despite near-term fluctuations, the underlying rate environment remains firm, supported by cost pressure and constrained effective capacity.

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



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Air Freight

Introduction

Air freight markets are being reshaped by a sharp dislocation in jet fuel pricing, as refined product shortages drive costs significantly above crude benchmarks. With Middle East capacity constrained and fuel surcharges rising, concerns are increasing over flight cancellations, reduced lift and further rate pressure across key global trade lanes.

Situation

Global air cargo demand remains above 2025 levels, with volumes up 8% year-on-year, led by Asia at 14%. However, momentum has softened in recent weeks as Chinese New Year seasonality and Gulf disruption created short-term volatility.

Capacity remains uneven. Global supply is up around 2% year-to-date, but tracked capacity fell 7% month-to-date, with Gulf outbound capacity down between 56% and 72% across major corridors.

At the same time, jet fuel prices have surged from $104 to $170 per barrel in a month, a 64% increase, significantly outpacing crude. This reflects disruption to refined fuel supply chains rather than oil availability alone.

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Market

Fuel dislocation and regional disruption are redefining market dynamics

"Refined fuel shortages, not just reduced capacity, are now driving airfreight pricing."

The air freight market is increasingly shaped by fuel availability rather than capacity alone. While global lift has continued to recover, Gulf disruption has removed key transit capacity and, critically, constrained access to refined jet fuel.

Gulf refineries, which typically supply jet fuel to Europe and Asia, are operating under restricted conditions, creating shortages of refined product even where crude supply remains available. This has driven a sharp widening in the jet fuel crack spread, from around $16 per barrel pre-crisis to approximately $100 in some regions.

The result is a structurally higher cost base, particularly across Asia and Middle East markets, where jet fuel benchmarks now sit above North American levels.

Although Asia–Europe capacity has increased by 29% year-on-year, much of this reflects rerouting and replacement lift. Combined with uneven demand and regional disruption, this is creating a market where fuel, not fleet, is the primary constraint.

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		+9%	+4%		-4%	-9%		+13%	+25%
Asia Pacific		+1%	+1%		+0%	+0%		+13%	+12%
C & S America		-4%	+1%		-3%	+1%		+3%	+3%
Europe		+4%	+1%		-1%	-5%		+4%	+28%
M East & S Asia		+15%	-29%		+3%	-7%		+9%	+64%
North America		+1%	-0%		-6%	-2%		+12%	+17%
Worldwide		**+3%**	**-4%**		**-1%**	**-2%**		**+11%**	**+20%**

Source WORLD ACD

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Rates

Jet fuel shock becomes the primary driver of airfreight pricing

Global air cargo rates continue to hold firm despite a recent decline in tonnages, with average worldwide spot rates increasing 3% week-on-week, now standing 37% higher year-on-year and more than 40% above pre-disruption levels.

The underlying driver is fuel dislocation. Jet fuel prices have risen 64% in a month, significantly outpacing crude, as refined product shortages constrain supply. The widening crack spread, now around $100 per barrel in some regions, reflects the scale of this imbalance.

Regional pricing divergence is increasing, with Asia and Middle East markets facing higher fuel cost bases than North America.

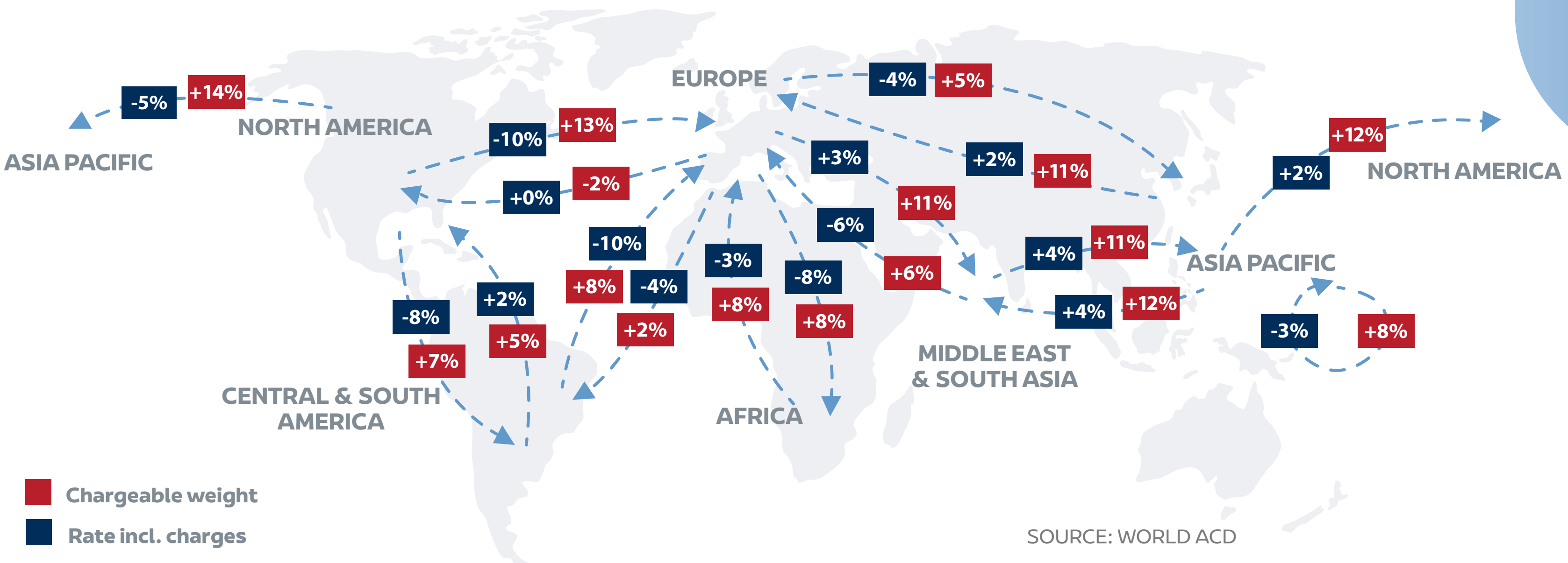
Carriers have responded with fuel surcharge increases, including rises of over 30% on some routes.

Even as volumes decline, capacity constraints, fuel costs up over 60% and rerouting inefficiencies continue to support elevated pricing across key corridors.

64%
JET FUEL INCREASE IN A MONTH

Region to region

Last two weeks compared with the proceeding two weeks (2Wo2W)



SOURCE: WORLD ACD

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Overland

Introduction

Road freight markets are being shaped by rising fuel costs, geopolitical disruption and uneven demand across regions. While underlying European conditions remain relatively stable, external pressures linked to energy markets and Middle East disruption are increasing cost volatility and reinforcing the need for flexible, multimodal transport solutions.

Situation

Road freight demand across Europe has remained broadly stable, with volumes estimated to have grown by around 2% in 2025 and forecast to increase by a further 0.6% in 2026.

However, market conditions remain finely balanced. Consumer demand has softened, with households saving at historically elevated levels, limiting transport demand growth despite rising real wages.

At the same time, cost pressures are increasing. Diesel prices have risen by approximately 30–40% since the start of the Middle East disruption, placing immediate pressure on operator margins.

Capacity remains available overall, but structural constraints persist, including an estimated 444,000 unfilled driver positions across Europe, continuing to limit supply flexibility.

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Market

Cost pressure is reshaping an otherwise balanced market

"Fuel inflation and regional disruption are increasing pressure on road freight pricing and network flexibility."

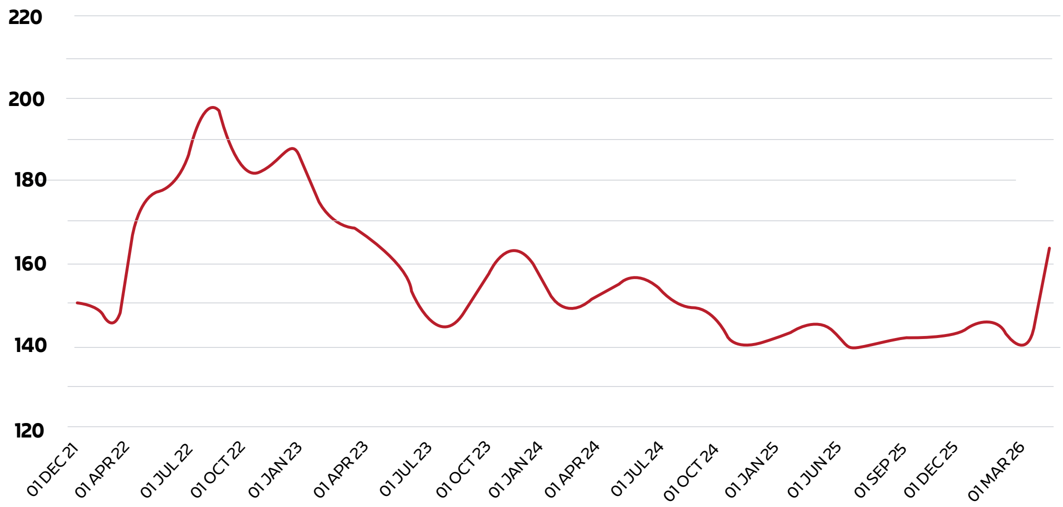
Contracted rates for the largest volume shippers have continued to rise modestly, reaching index levels of 136.9 in late 2025, while spot rates have shown weaker momentum and some year-on-year decline.

Key lanes connecting Germany, France, Benelux and Poland remain the most active, with Poland–Germany and Poland–Benelux routes showing sustained demand linked to manufacturing and export flows.

However, broader industrial output and export activity remain uneven, limiting wider market momentum and keeping upward pressure on spot pricing relatively contained.

Fuel costs remain the dominant driver, with diesel accounting for up to 50% of total road operator costs. Recent price increases have intensified pressure on margins, prompting protests from hauliers across markets including Ireland, the UK, France, Germany and Italy.

Nationwide Average Fuel Price Per Litre (Pence)



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Rates

Fuel-driven cost inflation is supporting pricing levels

Road freight rates remain relatively stable overall, reflecting balanced supply and demand conditions across much of Europe. Contract rates continue to show modest upward movement, supported by cost inflation and forward demand expectations, while spot rates remain more sensitive to short-term demand fluctuations.

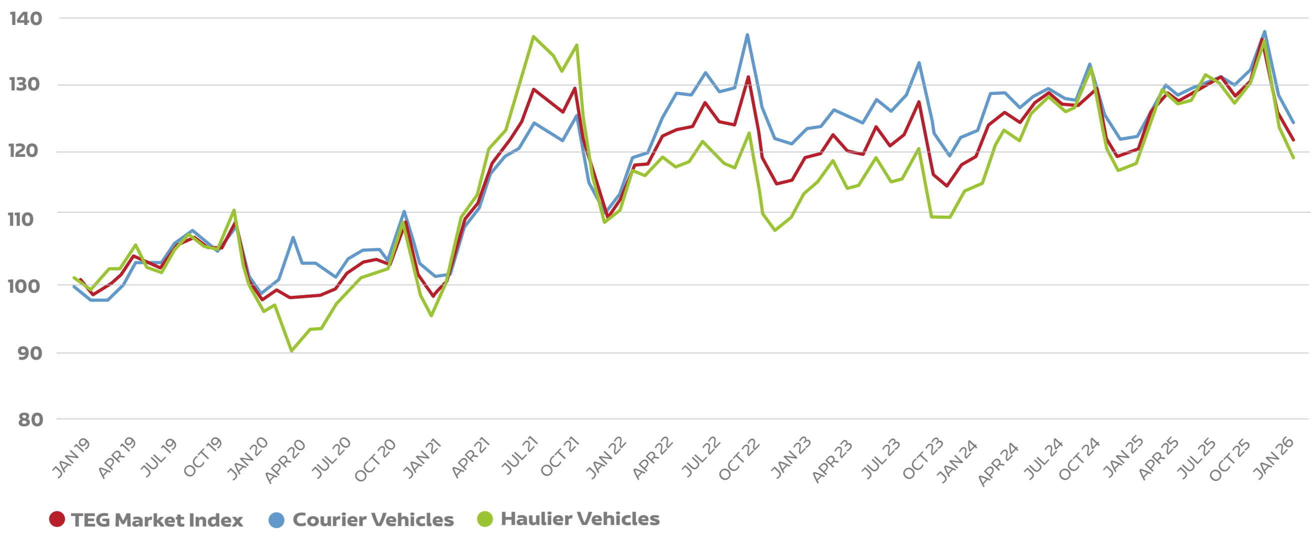
Fuel remains the primary pricing driver. Diesel costs have increased by 30–40% in recent months across Europe, feeding directly into transport pricing given fuel's significant share of operating costs.

In parallel, tolling costs have risen across multiple European markets, with increases of up to 7–14% on some key corridors, adding further cost pressure.

Emergency fuel surcharges are now more widely applied, reinforcing a higher pricing baseline.

Overall, while demand remains relatively stable, sustained cost pressure is expected to support rates in the near term.

TEG Road Transport Index



Contract Logistics

Introduction

Contract logistics markets are evolving as supply chain disruption, e-commerce growth and regulatory complexity reshape demand. While underlying activity remains stable, businesses are placing greater emphasis on integrated, service-led solutions that combine warehousing, distribution, transport and compliance, driving a more strategic and operationally complex logistics environment.

Situation

Demand for contract logistics services remains resilient, supported by e-commerce, omni-channel retail and increasingly complex supply chain requirements. Businesses are placing greater emphasis on flexibility, visibility and service integration, particularly in response to ongoing disruption across global transport networks.

The impact of Middle East and Red Sea disruption is influencing inventory strategies, with many importers holding higher levels of buffer stock to mitigate risk and extended lead times.

At the same time, regulatory complexity continues to increase, particularly post-Brexit, reinforcing demand for integrated solutions combining warehousing, transport, customs and digital visibility.

These factors are sustaining demand despite a more uncertain macroeconomic backdrop.

Market

Integrated solutions and specialist capabilities are driving growth

Contract logistics markets are increasingly defined by the shift towards integrated, service-led solutions. Transportation continues to represent the largest share of revenue, accounting for approximately 60% of the UK market, but growth is increasingly concentrated in warehousing, distribution and value-added services.

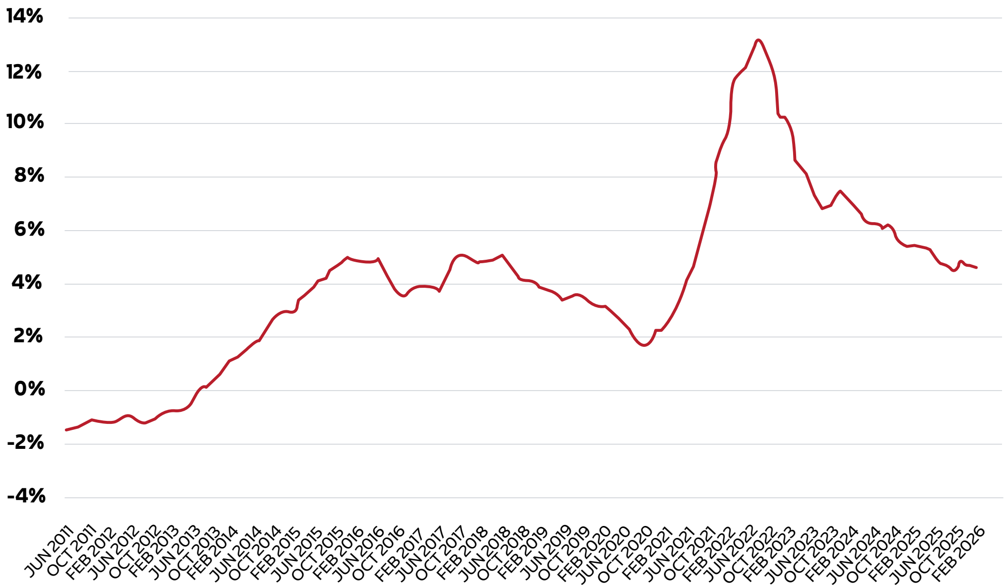
Key demand drivers remain e-commerce and omnichannel retail, with rising parcel volumes and expectations for faster delivery pushing operators to expand fulfilment networks and urban distribution capabilities.

At the same time, disruption across global supply chains is reshaping network design. Higher inventory levels, regionalisation and near-shoring strategies are increasing demand for flexible warehousing and distribution capacity.

Specialist segments are also expanding. Cold chain and healthcare logistics are seeing strong growth, driven by life sciences innovation and the need for tightly controlled handling environments.

Providers offering integrated, technology-enabled solutions are increasingly well positioned to capture this demand and drive long-term customer retention.

Annual Annual Retail Growth %



SOURCE: KINIGHT FRANK INSIGHT, MSCI

60%
OF REVENUE GENERATED BY TRANSPORT SERVICES

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Rates

Costs remain elevated, with selective rental growth continuing

Contract logistics cost structures remain elevated, particularly in Europe, where warehousing operating costs have stabilised at a structurally higher level. The TI Global Warehousing Cost Index shows Europe continuing to anchor the upper end of the cost spectrum, reflecting sustained labour, energy and regulatory pressures.

Rental growth remains positive but is moderating. UK logistics rents increased by approximately 4.6% over the past year, with growth expected to ease to around 2.5% in the near term, reflecting a more balanced supply-demand environment.

Demand for high-quality, well-located facilities continues to support prime rents, while secondary assets face more limited growth.

At the same time, labour remains a key cost driver, with warehousing wage levels continuing to rise across major logistics markets.

Overall, pricing remains stable but elevated, with cost efficiency and productivity increasingly central to occupier decision-making.

"Inventory resilience and integrated fulfilment are becoming central to supply chain strategy."

Greg Lofts
Business Development Director - UK
Noatum Logistics UK
greg.lofts@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
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S&P | TAC Index | TEG Trans.Info | Transport Intelligence | WorldACD | Xeneta