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Market Report

June 2026 | United Kingdom

Market Report

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Executive Summary

The global logistics market has entered the second half of 2026 in a more stable position, but renewed geopolitical tensions are once again reshaping supply chain risk. The International Monetary Fund has upgraded UK growth forecasts to 1%, while inflation remains steady at 2.8% and manufacturing continues to expand despite easing from May's four-year high.

At the same time, renewed US-Iran tensions have pushed oil prices higher, increasing the likelihood of fresh fuel surcharges across ocean, air and road freight. Although transport capacity continues to recover, businesses should expect markets to remain trade lane-specific, with resilience, flexibility and forward planning becoming increasingly important competitive advantages.

Key Market Trends

Ocean freight

Ocean freight remains firm despite improving capacity, with resilient demand, recovering schedule reliability and renewed fuel volatility continuing to support carrier pricing. Markets are becoming increasingly trade lane-specific as export conditions improve while Middle East services remain constrained.

Air freight

Air freight has entered a more balanced phase, but premium demand and longer routings continue to support rates. Capacity is recovering steadily, although operational constraints mean effective supply remains tighter than headline figures suggest.

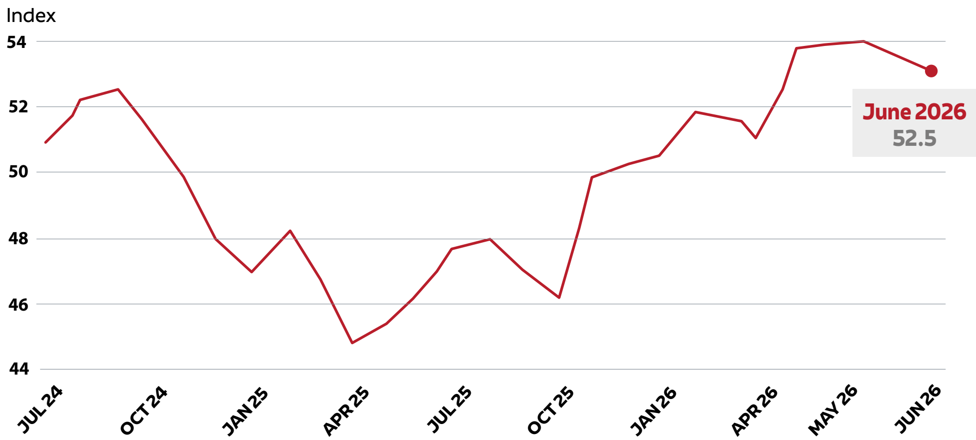
Road freight

Road freight demand continues to strengthen across the UK and Europe as improving manufacturing activity and consumer demand support higher transport volumes. Capacity has recovered, but elevated fuel and operating costs continue to underpin pricing.

Contract logistics

Businesses continue investing in warehousing to improve resilience, increase inventory flexibility and support omnichannel fulfilment. Automation, AI and modern logistics facilities remain key priorities as supply chains adapt to changing demand patterns.

S&P Global UK Manufacturing PMI



Source: S&P Global

Market Summaries

OCEAN FREIGHT

Ocean freight markets remain firm as resilient demand, improving schedule reliability and disciplined carrier capacity management continue to support pricing. While additional vessel capacity is gradually easing pressure on some corridors, renewed US-Iran tensions have shifted market attention towards fuel costs and bunker surcharges. Conditions are becoming increasingly trade lane-specific, creating opportunities for exporters on some routes while others remain constrained by geopolitical disruption.

- WCI up 61% year-on-year despite improving capacity.
- 94% of east-west sailings scheduled to operate (Weeks 29-33).
- Transpacific capacity forecast to increase 7.5% in July .
- Further emergency bunker surcharges remain likely if oil prices continue rising.

AIR FREIGHT

Air freight has entered a more balanced phase, although demand for premium services continues to support pricing.
Capacity is recovering steadily, but longer routings around restricted Middle Eastern airspace continue to constrain effective supply. Fuel costs and resilient demand for high-value cargo are expected to keep rates above historical averages through the third quarter.

- Global air cargo volumes increased 9% year-on-year.
- Spot rates remain around 43% above last year.
- Freighter capacity increased 7%, while bellyhold capacity remains 2% lower.
- EASA airspace guidance extended until the end of August.

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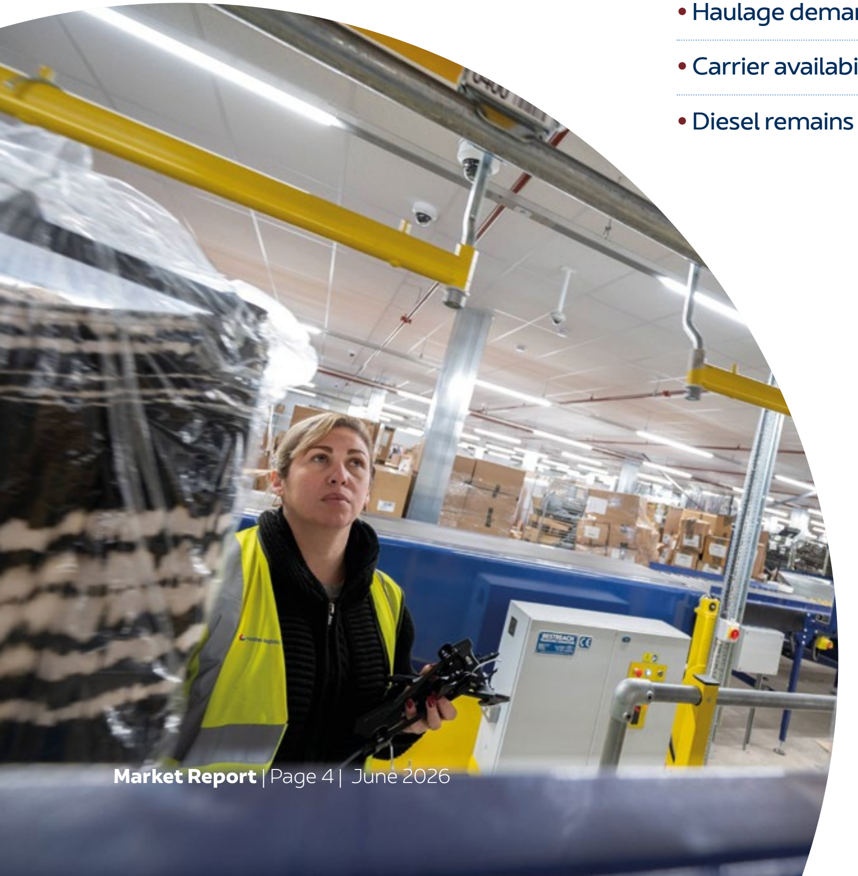
Market Summaries

OVERLAND

Road freight demand strengthened during June as improving manufacturing activity, consumer spending and cross-border trade supported higher transport volumes. Capacity has recovered from seasonal disruption, although elevated fuel, labour and regulatory costs continue to underpin pricing. Cross-border services remain the strongest-performing part of the European road freight market.

- Road Transport Price Index increased 6.4% year-on-year.
- Haulage demand up 7.8%; courier demand up 12.8%.
- Carrier availability increased 16.5% during June.
- Diesel remains 27.4% higher than a year ago.



CONTRACT LOGISTICS

Warehousing continues to evolve into a strategic supply chain asset as businesses invest in resilience, automation and regional fulfilment. Demand remains strongest for modern facilities capable of supporting value-added logistics and omnichannel operations, while higher inventory levels continue to underpin occupier demand despite a more balanced property market

- UK warehouse take-up increased 29% in Q1.
- National vacancy rate tightened to 6.8%.
- Third-party logistics providers accounted for 38% of new occupier demand.
- Prime warehouse rents continue growing at around 3% annually.

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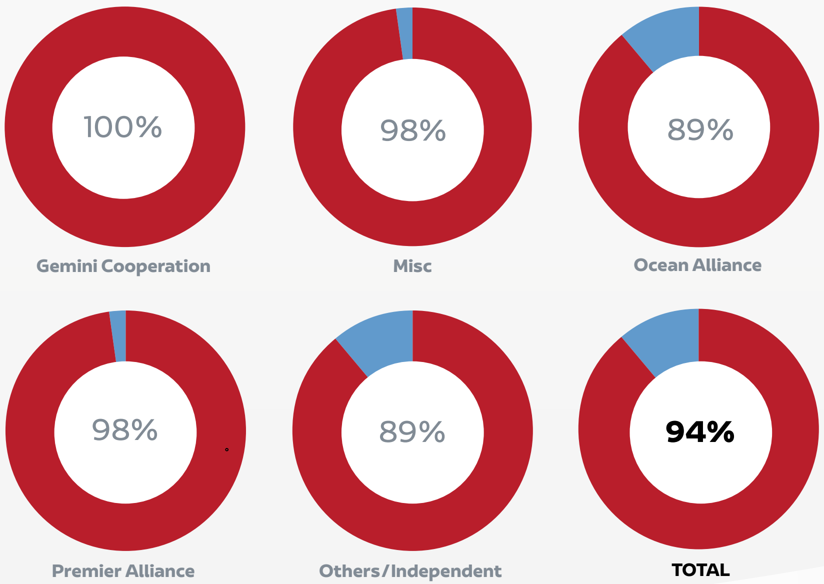
Ocean Freight



Percentage of sailings operating as scheduled
Weeks 29-33

NOTE: A sailing may be counted as "operating as scheduled" even if it arrives days late, is re-routed, or suffers major delays. Global on-time performance was under 40% in Q2 2026 according to Xeneta.

Introduction

Ocean freight markets remain firm entering the third quarter as resilient demand, recovering capacity and renewed geopolitical uncertainty combine to keep supply chains under pressure. While schedule reliability continues to improve, higher fuel costs and regional disruption are creating increasingly different conditions across global trade lanes.

Situation

Peak season demand continues to support high vessel utilisation across the major east-west trades, although capacity is gradually improving as carriers restore services and reduce blank sailings.

Drewry forecasts 94% of scheduled sailings will operate between weeks 29 and 33, demonstrating improving network reliability despite continued congestion on some routes. However, renewed tensions between the United States and Iran have shifted attention from capacity constraints to fuel costs, with Brent crude immediately rising by 6% and bunker prices increasing across all major refuelling hubs. As a result, carriers are expected to introduce further emergency bunker surcharges during July to recover higher operating costs.

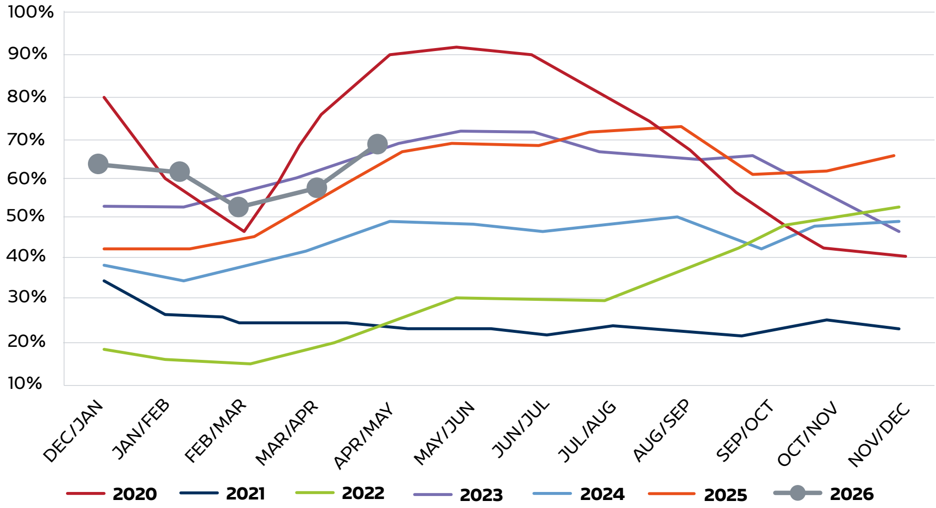
Demand remains resilient as regional markets diverge

Asia-Europe remains the strongest-performing container corridor, with the Drewry World Container Index rising 9% week-on-week and sitting 61% above the same period last year, its highest level since September 2024. Rather than relying on widespread blank sailings, carriers are maintaining pricing discipline through freight all kinds (FAK) increases, peak season surcharges and fuel recovery mechanisms while continuing to restore capacity.

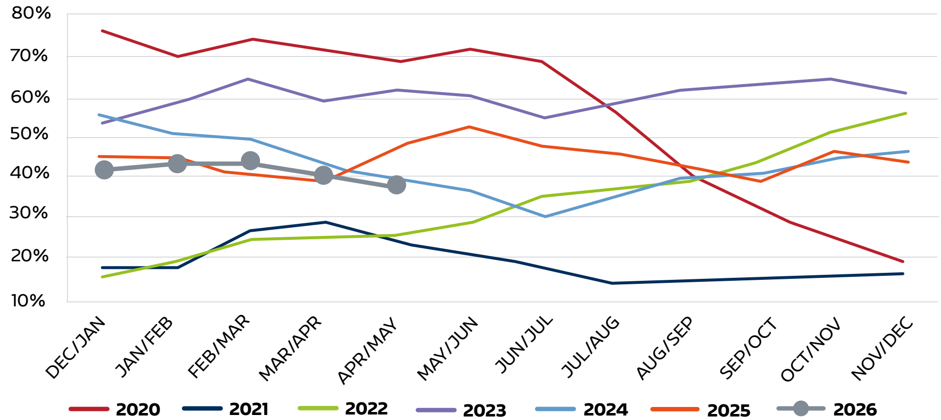
Conditions elsewhere are becoming increasingly trade-lane specific. Transpacific capacity is forecast by eeSea to expand by 7.5% during July and a further 6.5% in August, which should gradually ease pressure on US West Coast services. Export markets to Asia, Oceania and North America are also becoming more competitive as equipment availability improves. In contrast, the Middle East remains heavily overbooked, with elevated freight rates and ongoing network changes, while congestion at India's Nhava Sheva and Mundra ports reflects cargo diversions resulting from continuing regional instability.

Global Schedule Reliability

Asia - North Europe



India Sub. - Europe



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Fuel volatility replaces capacity as the principal pricing driver

Freight markets are expected to remain firm through July, although the pace of rate increases should moderate as additional vessel capacity enters service.

Drewry's World Container Index rose a further 2% WoW, taking the composite benchmark to its highest level since September 2024. Asia–Europe continued to lead the increase, with Shanghai–Rotterdam spot rates up 5% and Shanghai–Genoa up 2%. On the Transpacific, Shanghai–Los Angeles increased 2%, while Shanghai–New York remained stable following earlier gains.

Carriers have filed another round of US general rate increases for 15 July, while higher FAK levels are also being introduced on Asia–Europe and Mediterranean services. However, Transpacific capacity is forecast to expand 7.5% in July and 6.5% in August, potentially limiting how much of these increases is sustained.

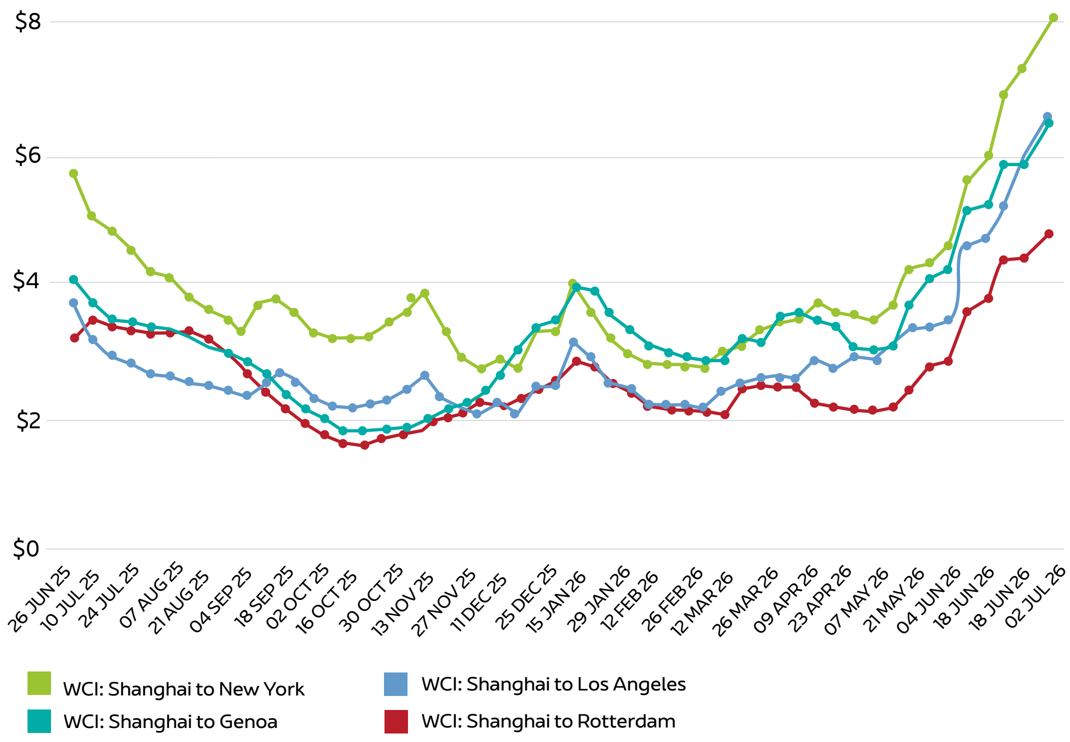
Booming westbound demand from India, Sri Lanka and Bangladesh is colliding with capacity constraints, causing freight rates to triple within a fortnight and prompting carriers to impose peak season surcharges.

“Regional market conditions are now influencing freight rates more than global capacity.”

93%

EAST-WEST SAILINGS OPERATING WEEKS 28-32

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



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Air Freight

Introduction

Air freight markets have become more stable following the disruption seen earlier this year, but rates remain elevated by historical standards. Improving capacity, resilient demand and renewed geopolitical uncertainty are creating a more balanced market, although premium services and time-critical shipments continue to command strong pricing.

Situation

Global demand continues to outperform expectations despite signs of market stabilisation. According to WorldACD, worldwide air cargo tonnage increased 9% year-on-year in June, with Asia Pacific exports rising 10%, underlining the region's continued importance to global supply chains. Capacity is also recovering, with global cargo lift increasing by around 3%, driven by a 7% expansion in freighter capacity.

However, passenger belly-hold capacity remains 2% below last year's level, while airlines continue to deploy aircraft selectively on higher-yield routes. As a result, effective capacity remains tighter than headline figures suggest and rates continue to hold above pre-disruption levels.

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Premium demand continues to support rates

Air freight demand remains strongest in sectors where speed, reliability and inventory resilience outweigh transport costs.
Technology products, AI infrastructure, pharmaceuticals and high-value manufacturing continue to underpin premium cargo volumes, while businesses increasingly use air freight to protect production schedules and respond to supply chain disruption.

Trade lanes are beginning to diverge.
Transpacific services continue to outperform, with Hong Kong-North America rates increasing 4.6% and Shanghai-North America 3.6% during June. European markets have proved more mixed, although export volumes remain resilient. Across the Middle East, many airlines have restored schedules, but operations between Europe and Asia continue to be affected by longer routings after EASA extended its guidance to avoid Iranian, Iraqi and Lebanese airspace until the end of August. These diversions continue to increase operating costs while limiting aircraft utilisation.

"Capacity is recovering, but effective supply remains constrained by longer routings and premium cargo demand."

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		+2%	+5%		-7%	-4%		+1%	+36%
Asia Pacific		+1%	+6%		-2%	+6%		+0%	+35%
C & S America		+1%	+5%		-4%	+4%		-1%	+10%
Europe		+3%	+3%		+1%	+2%		-1%	+29%
M East & S Asia		+5%	+1%		+5%	+11%		+1%	+50%
North America		+4%	+2%		-1%	+5%		-0%	+23%
Worldwide		**+3%**	**+3%**		**-1%**	**+5%**		**-0%**	**+33%**

Source
WORLD ACD

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Fuel costs could limit further rate easing

Air freight pricing has become more stable, although rates remain well above historical levels. According to WorldACD, global spot rates are still approximately 43% higher than a year ago, while the Baltic Air Freight Index edged up a further 0.5% during June, indicating that demand continues to support pricing despite improving capacity.

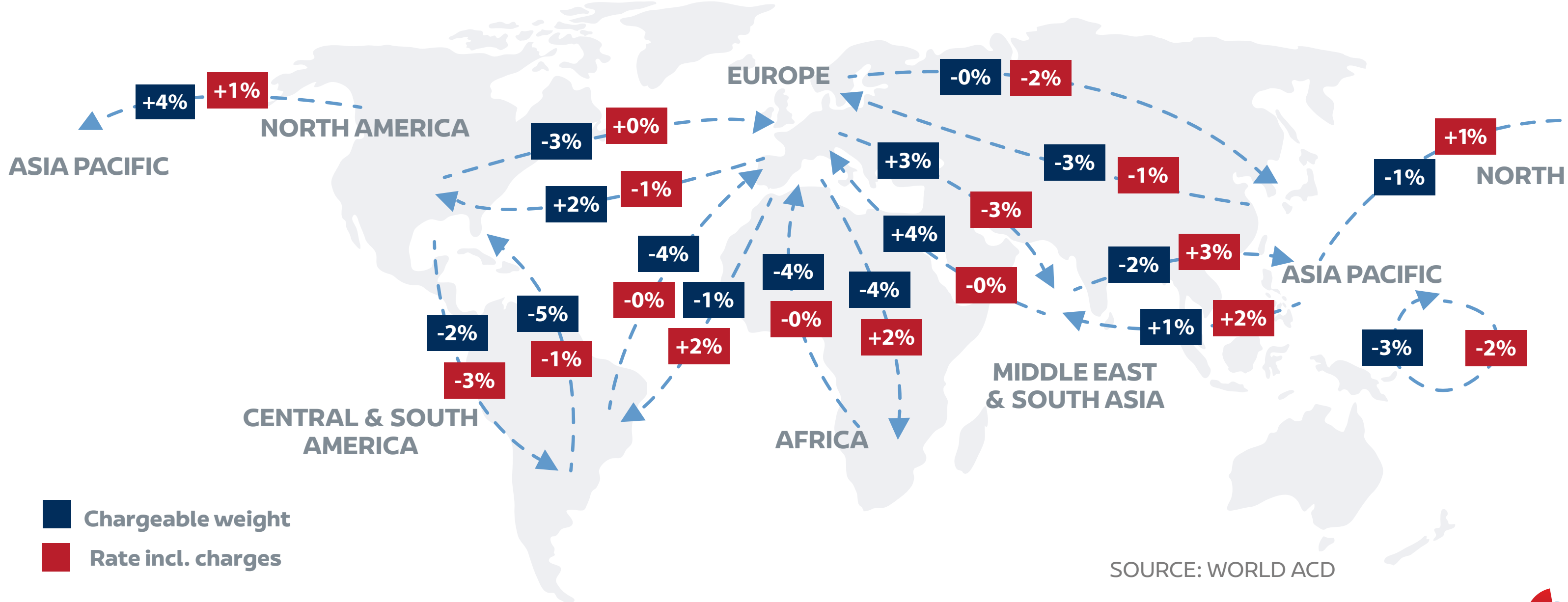
On key trade lanes, rates from Hong Kong to North America increased 4.6%, with Shanghai-North America up 3.6%, reflecting continued demand for high-value and time-critical cargo.

Looking ahead, the pace of further increases is expected to moderate as freighter capacity continues to recover. However, renewed US-Iran tensions have pushed oil prices higher, increasing the likelihood of higher jet fuel costs and fuel surcharge adjustments. Combined with longer routings around restricted Middle Eastern airspace, these factors are expected to keep air freight rates above long-term averages through the third quarter.

43% GLOBAL AIR FREIGHT SPOT RATES UP YoY

Region to region

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



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Overland

Introduction

Road freight markets have strengthened during early summer as improving demand and recovering cross-border trade support higher transport volumes across the UK and Europe. Capacity has largely recovered from the seasonal disruption experienced in May, although fuel costs, labour shortages and environmental regulation continue to underpin pricing.

Situation

Market conditions improved during June, with the TEG Road Transport Price Index increasing 6.4% year-on-year as demand strengthened across both haulage and courier sectors. Haulage demand increased 7.8%, while courier volumes rose 12.8%, reflecting stronger retail activity and improving consumer confidence. Carrier availability also recovered, increasing 16.5% following May's bank holiday disruption, helping restore service reliability across domestic and international networks. Despite improving capacity, operators continue to face elevated operating costs, with diesel prices remaining 27.4% higher than a year ago, even after easing during June.

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Cross-border freight continues to outperform

"Demand has recovered, but structural operating costs continue to support transport pricing."

International road freight continues to benefit from improving European manufacturing activity and stronger intra-European trade. UK-EU corridors remain stable, while near-shoring and supply chain diversification are supporting demand for reliable cross-border transport.
Businesses are increasingly using regional distribution networks to improve resilience and reduce dependence on longer international supply chains.

At the same time, operators continue adapting to structural changes across Europe. Carbon-based tolling schemes are expanding, investment in lower-emission vehicles is accelerating and driver shortages remain a long-term challenge despite recent improvements in capacity. These factors are encouraging greater operational efficiency, increased digitalisation and further consolidation across the sector. Although market conditions have become more balanced than earlier in the year, transport providers remain focused on recovering higher operating costs rather than competing aggressively on price.

Nationwide Average Fuel Price Per Litre (Pence)

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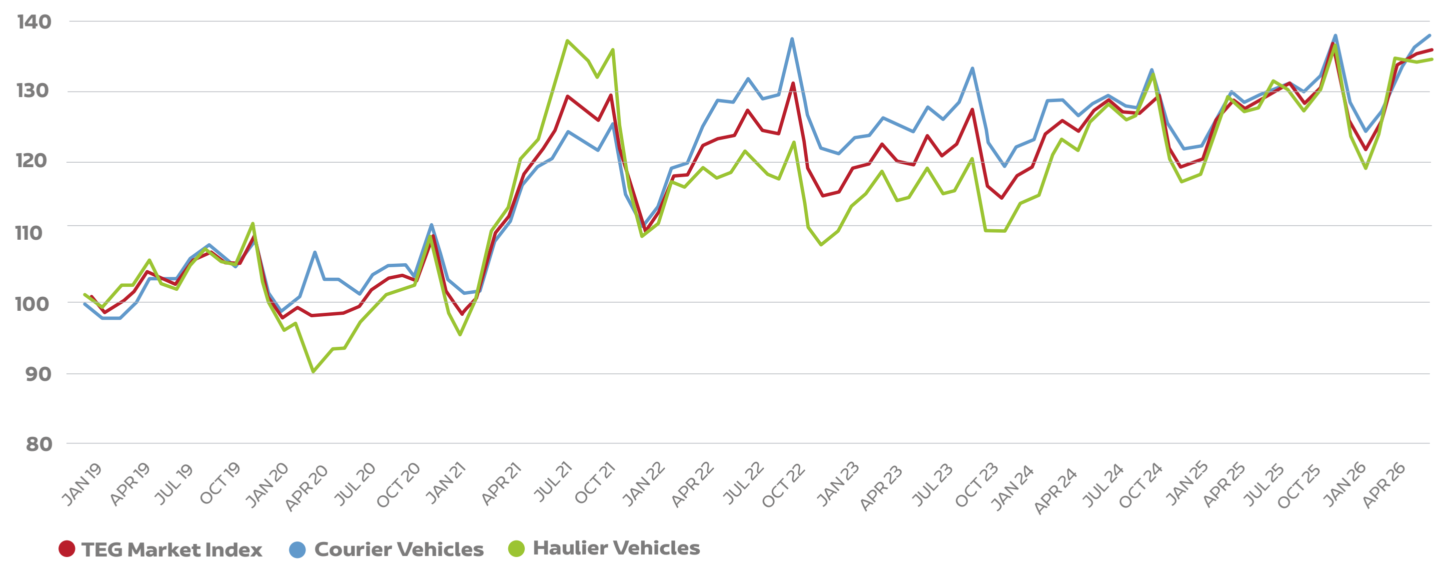
Cost pressures continue to underpin pricing

Road freight pricing is expected to remain relatively firm through the third quarter despite improving fleet availability.
The TEG Road Transport Price Index has now recorded four consecutive monthly increases, while overall pricing remains 6.4% higher than a year ago, indicating that operators continue to recover higher operating costs rather than discounting for volume.

Fuel remains the principal variable.
Although diesel prices fell 5.7% during June, they remain 27.4% above last year's level, and renewed tensions in the Middle East have increased the risk of further upward pressure on oil prices. Combined with expanding carbon-based road charging, labour costs and ongoing investment in cleaner fleets, these factors are expected to keep transport rates above historical averages through the remainder of the summer.

TEG Road Transport Index



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Contract Logistics

Introduction

Warehousing continues to play an increasingly strategic role as businesses strengthen supply chain resilience through higher inventory levels, regional fulfilment and greater operational flexibility. Demand for modern logistics facilities remains healthy, with automation, sustainability and technology investment becoming key differentiators for both occupiers and logistics providers.

Situation

Demand for UK warehouse space remains resilient despite wider economic uncertainty. The national vacancy rate has tightened to nearly 7%, while take-up increased 30% during the first quarter, reflecting continued investment in supply chain resilience.

Third-party logistics providers accounted for around 38% of new occupier demand as businesses sought greater flexibility and scalable fulfilment solutions. At the same time, annual rental growth has moderated to around 3%, suggesting the market is becoming more balanced while demand for modern Grade A facilities remains strong, particularly those offering automation, energy efficiency and excellent transport connectivity.

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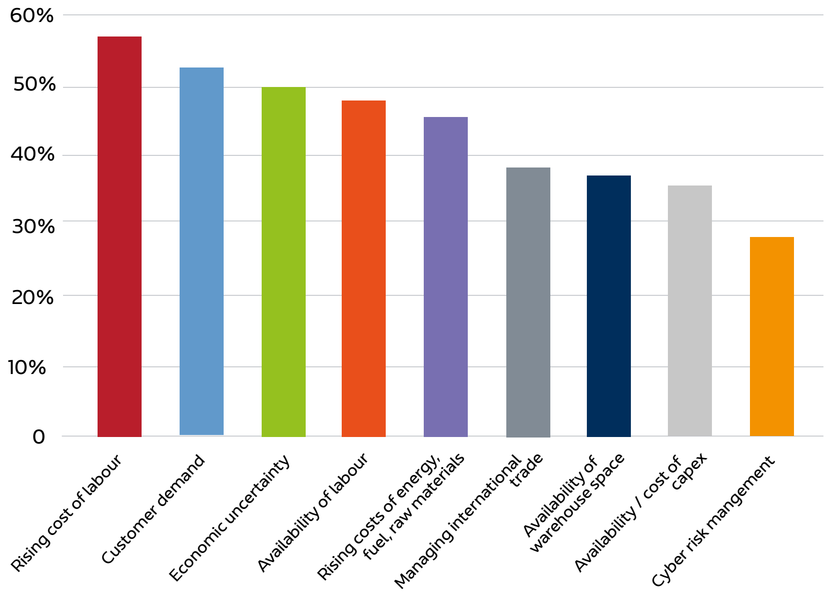
Technology and resilience continue to drive investment

Occupier priorities continue to evolve beyond warehouse capacity alone. Businesses are increasingly seeking facilities that improve inventory visibility, accelerate order fulfilment and support omnichannel distribution while providing the flexibility to respond to changing market conditions.

Automation, robotics, artificial intelligence and warehouse management systems are becoming central to improving productivity and addressing persistent labour shortages.

Supply chain resilience also remains a significant investment driver. Continued geopolitical uncertainty, shifting sourcing strategies and growing near-shoring activity are encouraging businesses to hold inventory closer to customers and diversify distribution networks. As a result, strategically located warehousing is increasingly viewed as a competitive advantage rather than simply a storage requirement, supporting faster response times, greater operational agility and improved customer service across domestic and international supply chains.

Key factors impacting business



Source: Savills & Tritax Big Box Future Space supported by Analytiqa

29%

INCREASE IN UK WAREHOUSE TAKE-UP

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Rental growth moderates as the market rebalances

Warehouse occupancy costs are expected to remain relatively firm, although the pace of rental growth is continuing to normalise.

Prime UK logistics rents are currently increasing at around 3% year-on-year, significantly slower than the double-digit growth seen during the post-pandemic supply chain boom. As additional warehouse developments complete, availability is gradually improving, helping to create a more balanced market.

However, operating costs continue to support pricing. Energy, labour and technology investment remain significant cost drivers, while occupiers increasingly favour modern, energy-efficient Grade A facilities capable of supporting automation and value-added logistics. Older warehouse stock is therefore expected to experience greater pricing pressure, whereas strategically located facilities offering scalable capacity and advanced fulfilment capabilities are likely to maintain premium occupancy costs.

Overall, warehousing pricing is expected to remain stable through the second half of the year, supported by resilient demand and continued investment in supply chain resilience.

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SOURCES
Baltic Air Freight Index | CBRE | Drewry's | Hargreaves Lansdown | JoC | Knight Frank | Lambert Smith Hampton | PMI | Savills | Sea Intelligence
S&P | TAC Index | TEG Trans.Info | Transport Intelligence | WorldACD | Xeneta