



Key takeaways

State of Logistics 2025

CSCMP'S ANNUAL
STATE OF LOGISTICS REPORT[®]

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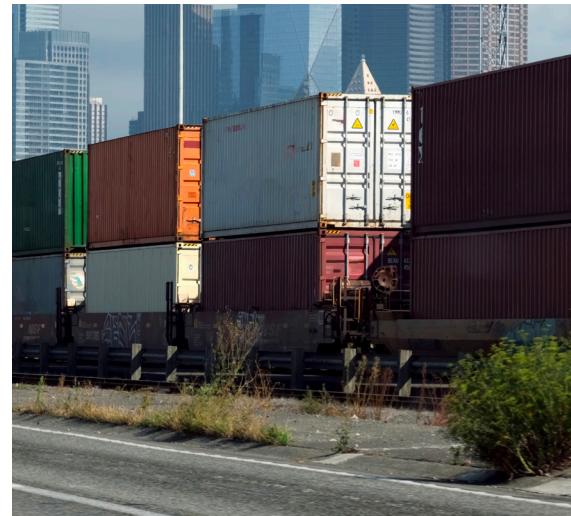
3PL

Third-party logistics providers (3PLs) are being called upon to expand their scope of services and use technology to help shippers navigate an unprecedented mix of challenges while simultaneously improving efficiency and controlling costs. The rise of e-commerce and customer demand for faster, more reliable fulfillment is pushing 3PLs to move beyond intermodal logistics and invest in regional hubs and last-mile delivery networks. Strategic partnerships with local carriers, coupled with cost-efficient automation in warehouses, are becoming key to meeting these expectations.



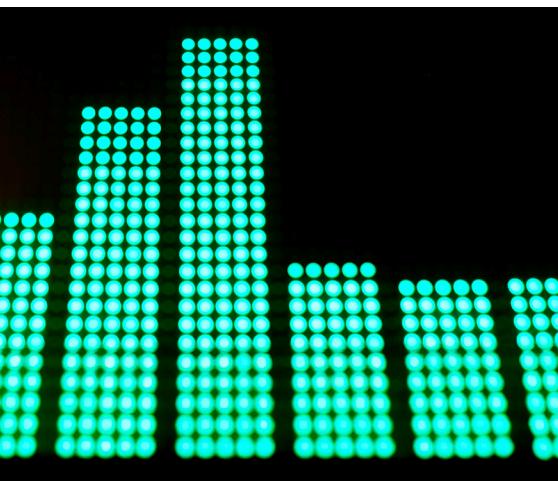
Air

In 2024, the air freight market experienced a banner year, driven by record-breaking demand and notable capacity expansion, propelled by booming e-commerce, growing demand for time-sensitive shipments in sectors like healthcare and electronics, and disruptions in ocean freight. Looking ahead, 2025 is expected to see slower growth. Shippers increasingly want to lock in long-term contracts to manage rate volatility, while air carriers are embracing innovation, such as new drone and sustainable aircraft technologies.



Freight forwarding

The US freight forwarding industry is undergoing a significant transformation driven by four major trends. Industry leaders are leveraging AI technology to automate documentation, optimize logistics, and enhance supply chain responsiveness. Consolidation is broadening service offerings, providing better geographic coverage, and delivering competitive pricing. Nearshoring—especially to Mexico—continues to be an attractive strategy amid rising geopolitical tensions and supply chain disruptions. And environmental regulations and sustainability pressures are intensifying, driving logistics providers to adopt cleaner solutions.

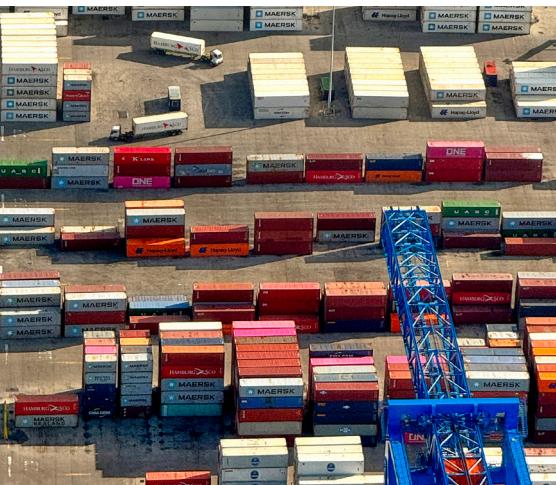


Macroeconomics

The macroeconomic situation across the globe presents a study in contrasts, shaped by distinct policy directions, growth trajectories, and inflationary pressures. In the US, the economy appears to be in a phase of moderating growth, while in Europe, the picture is one of slight acceleration amid structural challenges. In contrast, growth is more robust in emerging and developing Asia, sub-Saharan Africa, and Gulf Cooperation Council (GCC) economies. As we look to the remainder of the year, several key trends will impact growth—including AI as a productivity driver, continued divergence in US and EU policies and performance, migration policy shifts and their impact on labor markets, and unfolding tariff wars.

Motor carriers

In 2024, the motor carrier sector began stabilizing after years of volatility, with freight rates rebounding and market conditions gradually rebalancing. Key challenges included rising fuel and insurance costs, which added financial pressure. Early 2025 indicators suggest a more balanced environment, aided by slowing Class 8 truck orders and modest freight demand growth. Tariffs present a significant wildcard, threatening to raise costs and reduce freight volumes. Higher truck prices could suppress fleet expansion, while cost-sensitive sectors may face disruptions.



Network trends

From 2020 to 2023, the COVID-19 pandemic, inflation, and rising interest rates forced companies to urgently rewire their supply chains to reduce disruptions and control costs. However, as inflation and interest rates have since stabilized, the urgency has waned, and companies are taking a measured approach and shifting focus from short-term cost savings to long-term strategic priorities—resilience, flexibility, and growth. Mergers and acquisitions (M&A) remain an exception, requiring rapid action to capture synergies, reduce redundancies, and avoid “network debt.”

Parcel/last mile

In the parcel and last-mile delivery sector, a “barbell effect” in consumer preferences has emerged—demand split between ultra-fast delivery for essentials and ultra-low-cost, slower shipping for non-essentials. Traditional and non-traditional carriers are battling it out, with the latter focused on providing “lowest-cost, slower delivery” while the former are capitalizing on their strengths to defend their position. Amazon is becoming a major competitor in the parcel shipping service, leveraging its extensive logistics network to provide reliable, fast, and cost-effective delivery solutions to other shippers.



Rail

In 2024, Class I railroads reported modest revenue growth and a stronger increase in operating income. Operating ratios improved slightly, and intermodal volumes rose, although carload volumes declined due to weak demand in key commodities like coal and metals. To unlock carload’s potential, Class I railroads must focus on transloading and shortlines—reevaluating their partnerships with key infrastructure players to offer a more competitive, cost-effective solution that expands market access and reach to convert truck-based carload freight to rail.

Sustainability

The landscape of sustainability in logistics is becoming increasingly complex, influenced by divergent regulatory frameworks and evolving business priorities. While the EU pushes for stricter mandates, US companies are navigating a more fragmented approach that presents challenges, particularly around federal support for green initiatives. Global economic factors are leading to revisions in sustainability targets and timelines as companies increasingly focus on more tangible financial returns on sustainability investments and greater use of data and technology to reduce the supply chain's environmental impacts.



Warehousing

In 2024, the US warehousing market stabilized after a period of rapid growth, with the vacancy rate rising at its slowest pace in two years. Labor in the sector showed mild growth, with softening competition for blue-collar workers. Companies also focused on labor efficiency, with technology helping to manage staffing and enhance productivity. The outlook for 2025 remains cautiously optimistic, driven by steady economic growth and the continued importance of e-commerce, despite uncertainties surrounding tariffs and economic conditions.

Water

In 2024, the ocean freight industry struggled with geopolitical conflicts, port disruptions, and environmental regulations that drove up shipping costs, while carrier market restructuring created uncertainty. In 2025, demand growth is expected to slow, while supply, driven by new vessel deliveries, will outpace demand, leading to reduced rates and increased competition. This shift, coupled with easing disruptions like improved Panama Canal conditions and reduced Red Sea tensions, promises a more stable shipping environment, although sustainability remains a key challenge.



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