

Kearney's perspective on logistics in Europe

Market analysis

Q4 2025 data, with outlook toward Q1 26

KEARNEY

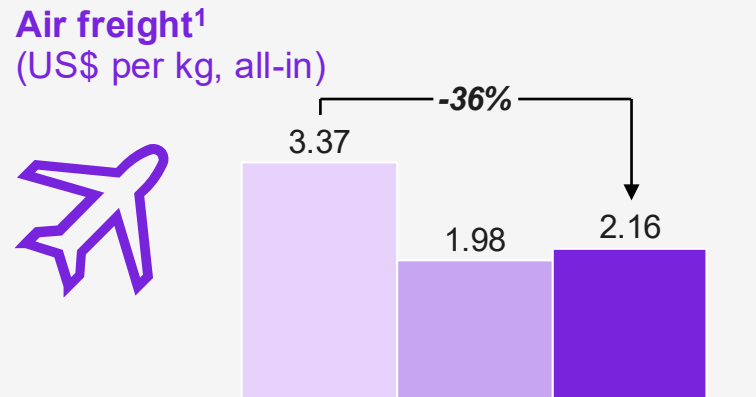
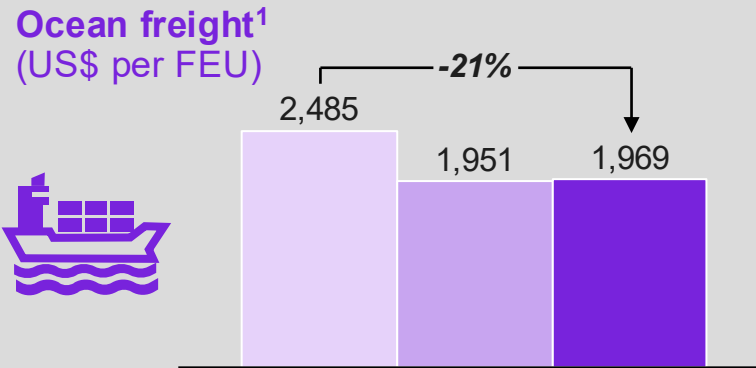
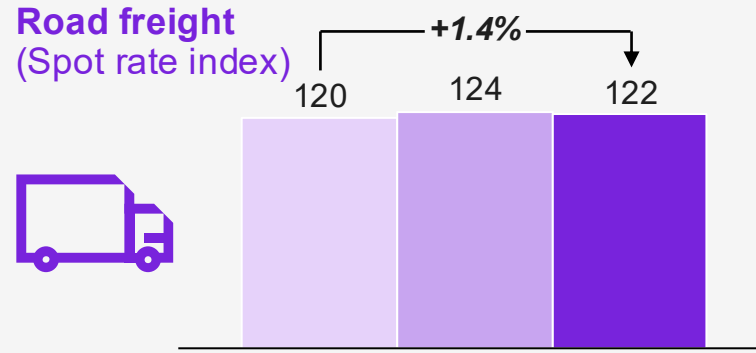


In Q4 2025, Europe's logistics markets saw modest gains in road transport (a few pockets), in air freight, while ocean freight continued to face challenges.

Q4 2025

- Dec'24
- Nov'25
- Dec'25

Summary



¹ Simple average of ocean and air freight across key EU corridors
Sources: Drewry, Upfly; Kearney analysis

- The European road freight industry is experiencing a tentative recovery, with modest regional growth in volumes.
- However, demand remains fragile due to subdued retail activity and industrial output. Ongoing driver shortages, rising toll costs, and stricter EU environmental regulations continue to weigh on operating margins.

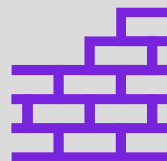
- Ocean freight rates saw a modest rise in Q4 25, yet they remain considerably low compared to the previous year.
- While European import demand remains below pre-pandemic levels, constrained vessel availability and port congestion have driven temporary pricing power for carriers.

- Air freight demand across Europe showed slight improvement in Q4 2025, driven by end-of-year e-commerce peaks and rising transatlantic volumes.
- Capacity remained tight due to lower bellyhold availability in winter schedules and cautious freighter deployment.

Shipper actions for Q1 2026

What the market is telling you

- ✓ **Demand is recovering slowly and unevenly.** Some routes are improving; others are not.
- ✓ **Capacity is still structurally tight** (drivers, regulation, fewer operators), even in a weak market.
- ✓ **Prices are not collapsing;** they are moving up and down within a narrow range.
- ✓ **Ocean freight is relatively cheap,** but carriers are actively managing capacity.
- ✓ The biggest risk has shifted from cost inflation to service reliability.



What shippers should do now

- ✓ **Focus first on critical products and routes**—do not manage all shipments the same way.
- ✓ **Secure reliable access to transport** where business impact is high, not just the lowest rate.
- ✓ **Lock in prices selectively** where budget stability matters; stay flexible elsewhere.
- ✓ **Align procurement, planning, and operations around reliability and responsiveness,** not just cost savings.



Bottom line for Q1 2026

- ✓ This is not a “**buy cheap transport**” market; instead, it is a **risk-management and prioritization market.**
- ✓ **Companies that only chase the lowest rates will face service issues** and higher hidden costs.
- ✓ **Winners will protect critical flows,** limit cost surprises, and stay flexible.



Source: Kearney analysis

Road



Rates remain under pressure in Q4 2025 as weak demand offsets capacity constraints

Q4 2025



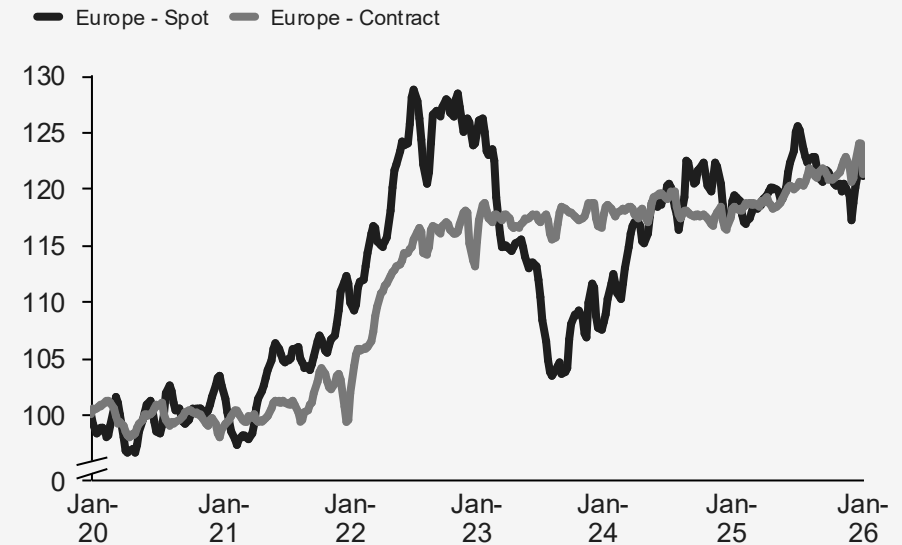
Market overview: road

Recent developments

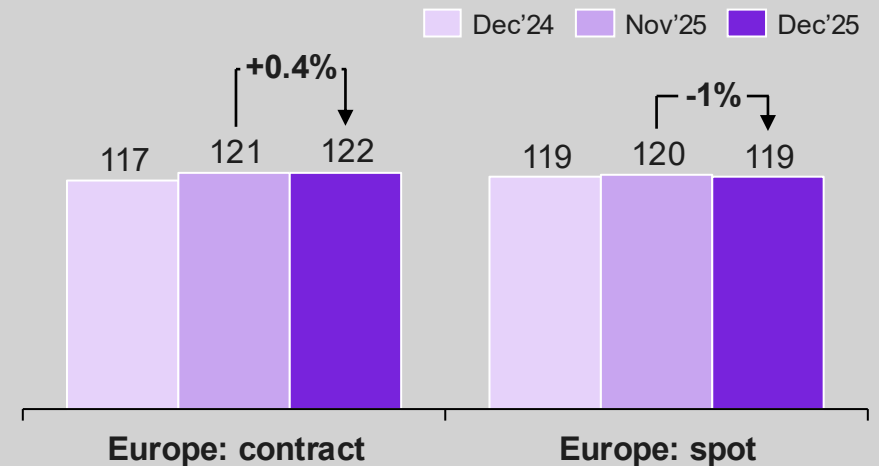
- **Continued pressure on rates from weak demand:** spot rates remained under pressure through Q4 2025, while contract rates showed only marginal increases. Muted consumer demand continues to limit carriers' ability to push through rate increases, despite some stabilization in manufacturing-linked volumes
- **Worsening driver shortage:** Driver shortages remain acute heading into 2026, with retirements continuing to outpace new hires. HGV vacancies remain elevated, reinforcing structural labor constraints across European road freight
- **Increasing operational expenses:** European carriers continue to face elevated operating costs, including fuel, tolls, and labor. While surcharges are being applied on select routes, weak and uneven demand is constraining full cost pass-through to customers
- **Regulatory limits reducing capacity:** Tightened weekend and public-holiday driving restrictions for HGVs (>7.5t), particularly on tourist-heavy corridors, continue to limit effective capacity during peak periods.

Sources: Upfly, press articles; Kearney analysis

Road freight rates on selected routes (Index, base=01-2020)



Road freight rates on major regions (Index, base=01-2020)



Most European markets experienced a decline in spot rates during Q4 2025, despite capacity remaining stable or increasing.

EU road spot rate overview Q4 2025



Change in rates and capacity (Y-o-Y)



Increase



Stable



Decline

EU main markets	Spot rates	Capacity
Europe	↘	↗
UK	↘	↗
France	↘	↔
Spain	↗	↔
Germany	↘	↔
Italy	↘	↘
Poland	↗	↗

Pricing momentum is fading across Europe as capacity adjustments lag demand normalization, except in Spain where tightness persists.

Q4 2025

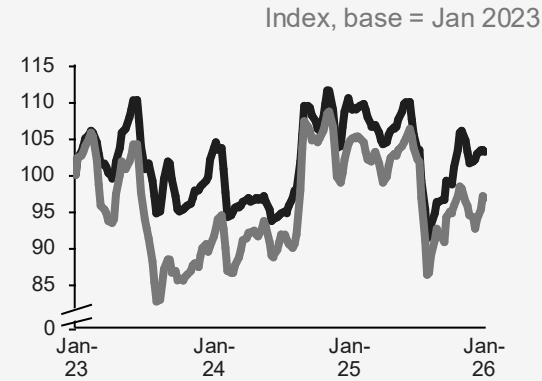
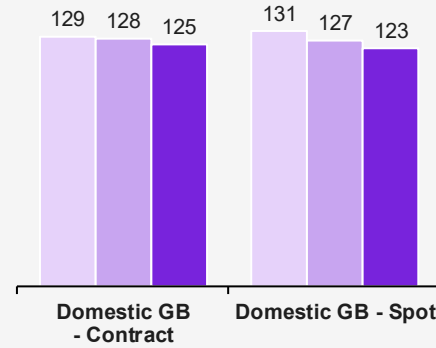


Market overview: road

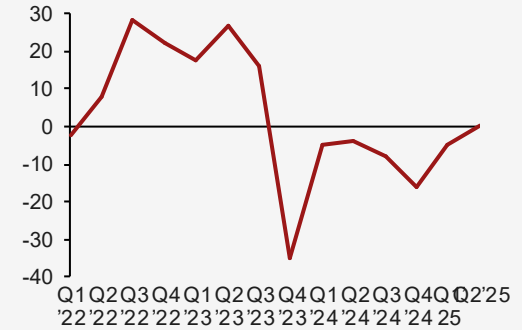
Rates development



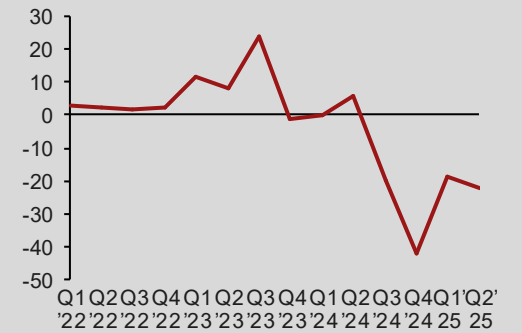
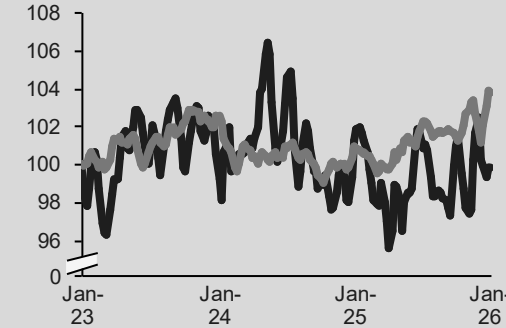
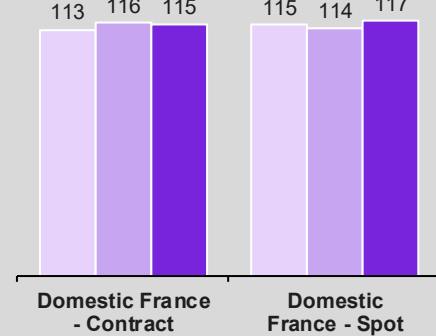
UK pricing has softened from recent highs, while capacity recovery remains uneven.



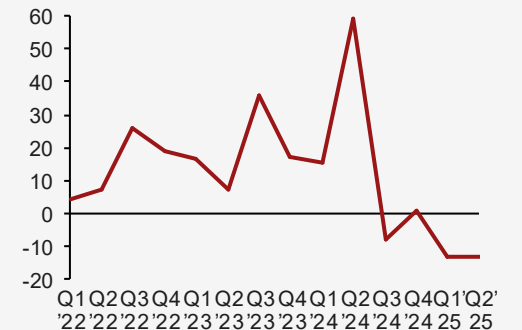
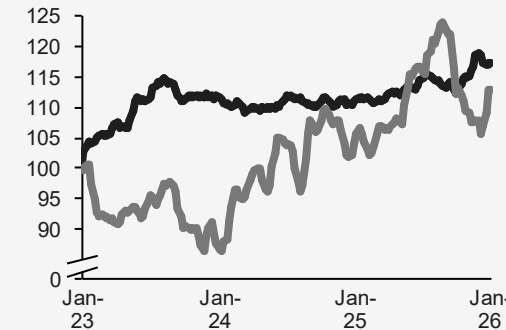
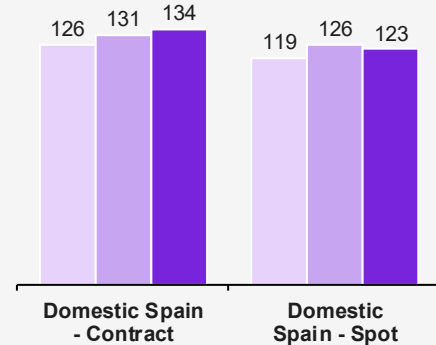
Capacity development



French rates have flattened, while capacity continues to deteriorate.



Tight capacity and resilient demand continue to underpin higher spot rates in Spain.



Dec'24 Nov'25 Dec'25

Contract Spot

HGV registrations change % YoY

Rates continue to soften across Germany and Italy amid declining capacity, while Poland remains comparatively more stable on contract pricing

Q4 2025

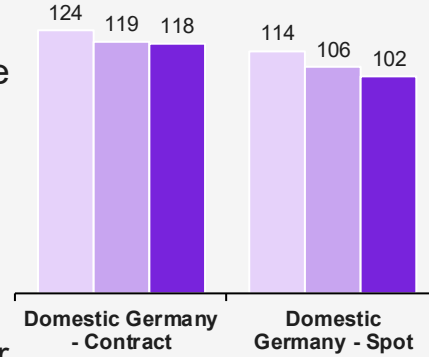


Market overview: road

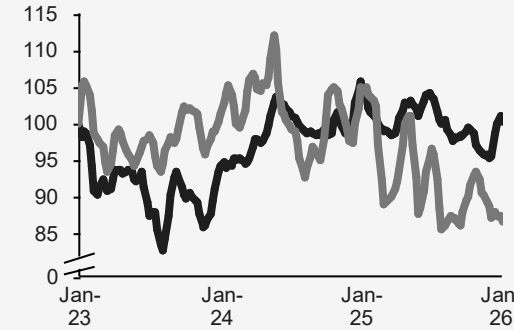
Rates development



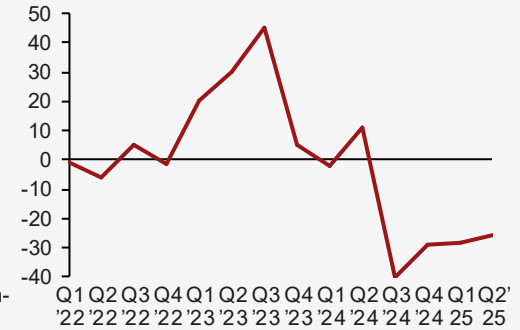
German prices are easing due to reduced capacity, but with recovery and further capacity cuts, a notable rate reversal may occur.



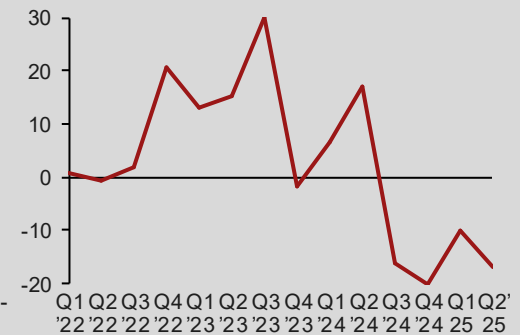
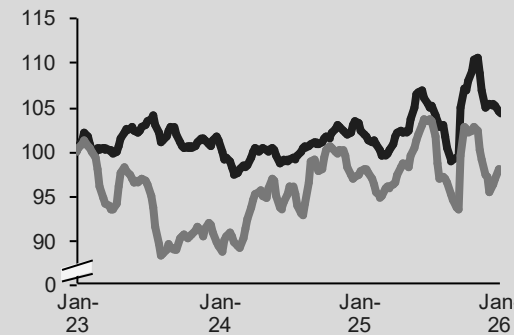
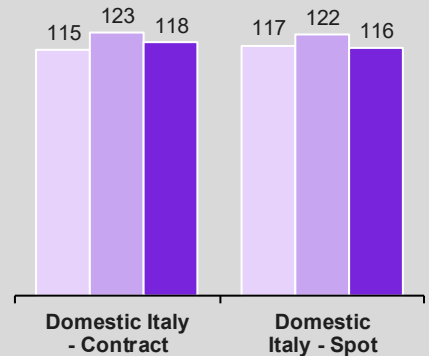
Index, base = Jan 2023



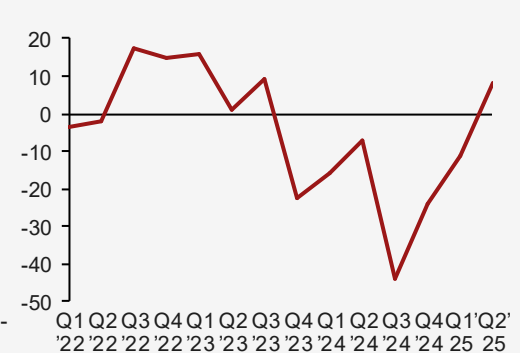
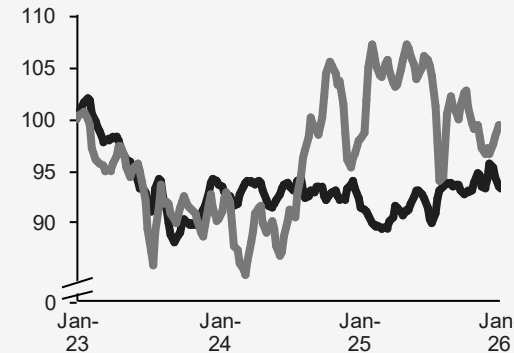
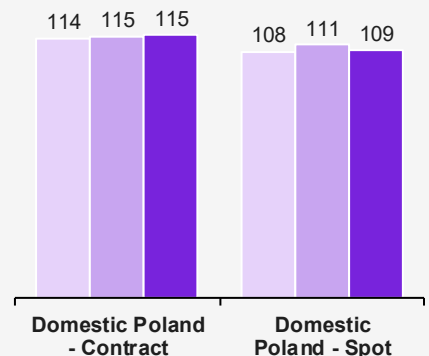
Capacity development



Italian pricing is trending downward, with capacity declining after a period of expansion.



Poland shows resilient contract pricing, but weaker spot rates and unstable capacity trends.



Dec'24 Nov'25 Dec'25

Contract Spot

HGV registrations change % YoY

Capacity is being structurally constrained by consolidation and fleet retirements, as demand recovery remains fragile and uneven

Q4 2025



Market overview: road

Recent developments

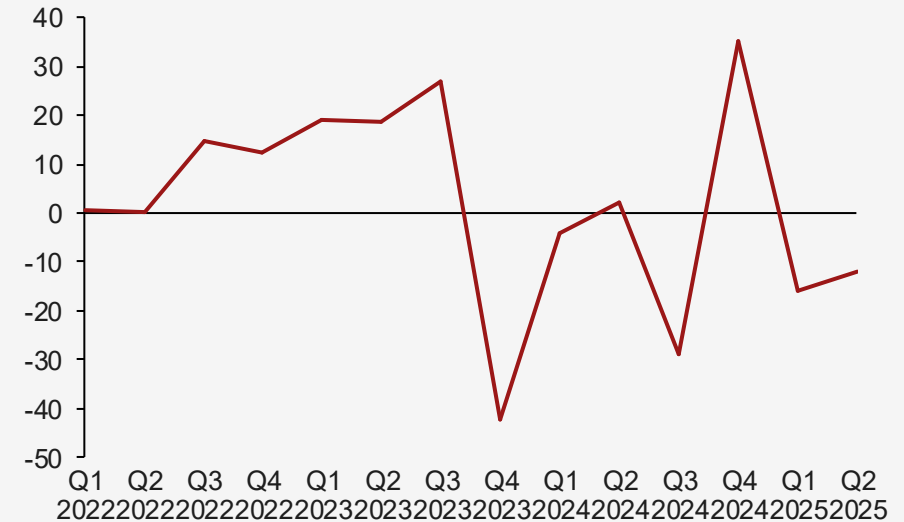
Capacity scenario

- **Fleet renewal, retirements and limited new additions:** Stricter emissions and vehicle standards, combined with high capital requirements, are accelerating fleet retirements without full replacement, particularly among small and mid-sized operators.
- **Consolidation affecting capacity availability:** The sector is consolidating, with larger players better positioned to leverage scale, optimize networks, and absorb regulatory and cost pressures, drawing capacity away from smaller operators.

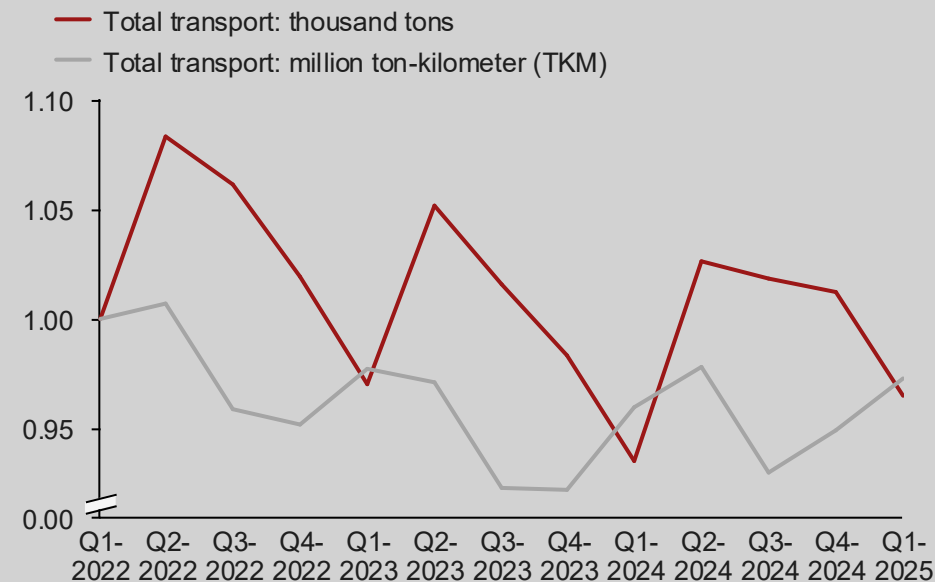
Demand scenario

- **Tentative and volatile demand stabilization:** European road freight demand shows intermittent improvement into Q1 2025, but momentum remains uneven, with volumes still fluctuating below a sustained recovery trend, particularly outside core industrial flows.
- **Uneven corridor-level performance persists:** While select cross-border and manufacturing-linked routes show signs of resilience, demand across discretionary and lower-margin corridors remains weak, leading carriers to stay selective in network coverage.

Capacity: EU 27 new HGV registrations growth (% change vs previous year)



Demand: total transport EU27



In Q4 2025, weak demand and margin pressure continue to weigh on European road freight amid rising regulatory ambitions



Technology adoption accelerates as carriers pursue efficiency overgrowth

- In response to margin pressure and labor shortages, carriers are increasingly deploying **AI-enabled route optimization, transport management systems (TMS), telematics, and digital documentation** to reduce empty miles, improve asset utilization, and stabilize operations, particularly in last-mile and urban logistics.



Driver shortages remain a long-term constraint despite temporary easing

- While weaker volumes have slightly reduced short-term recruitment pressure in some countries, Europe faces a structural driver shortage driven by an aging workforce and insufficient inflow of new drivers, with Poland, Germany, Spain, and the UK all affected.



Decarbonization is slowing as carriers prioritize short-term survival over investment

- Although regulatory pressure remains high, fleet electrification and zero-emission truck adoption remain limited (3.6% of new registrations in 2025), constrained by high costs, infrastructure gaps, and shrinking margins.



Regulatory complexity increases with mobility package and smart tachographs

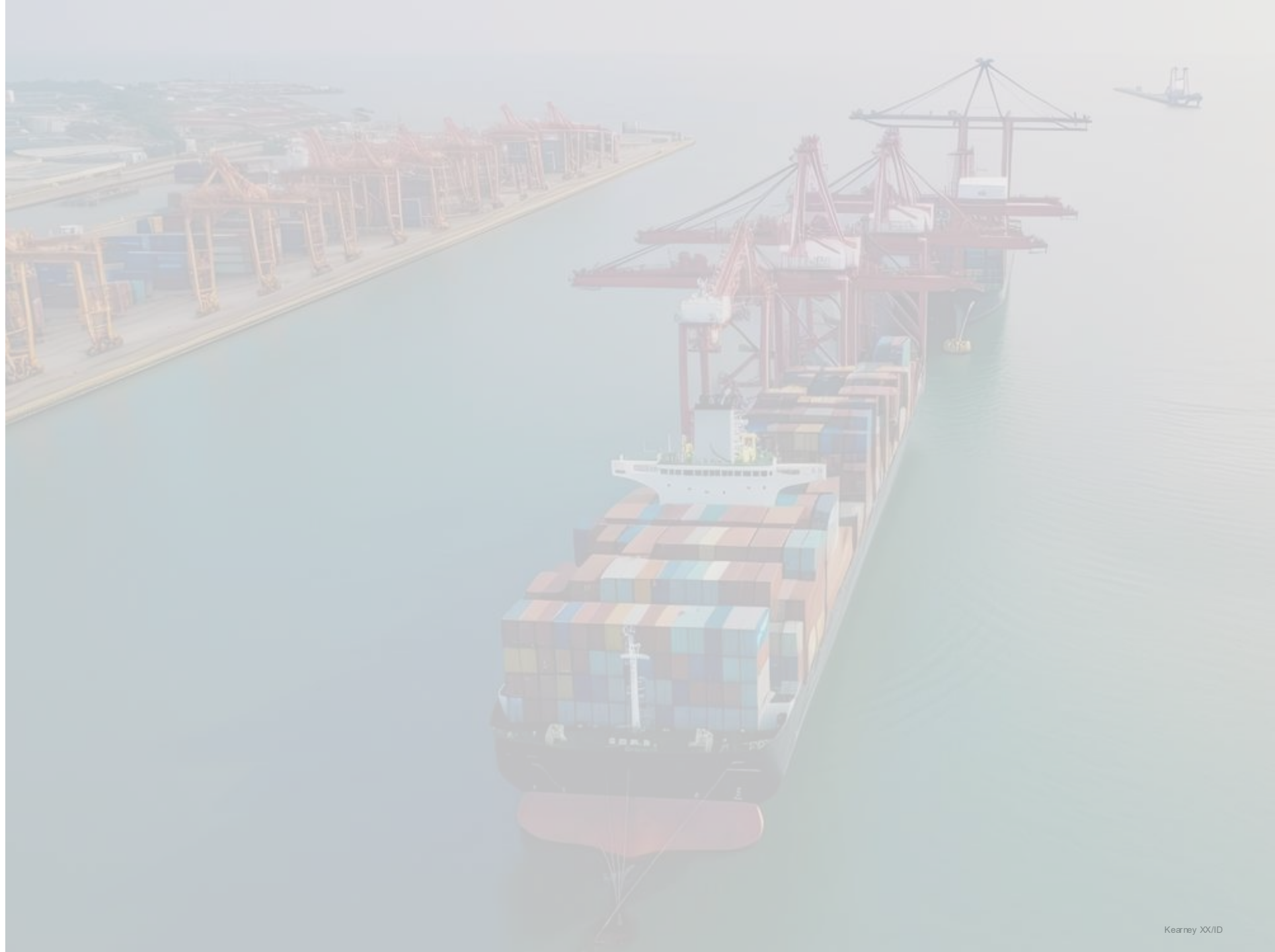
- The rollout of second-generation smart tachographs under the EU Mobility Package is raising compliance requirements and operational scrutiny, particularly for cross-border carriers.

Q4 2025



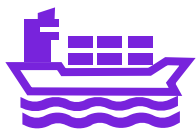
Market overview: road

Ocean



In 2025, ocean freight rates softened across major lanes as capacity outpaced demand, with Asia–Europe seeing the sharpest correction

Q4 2025



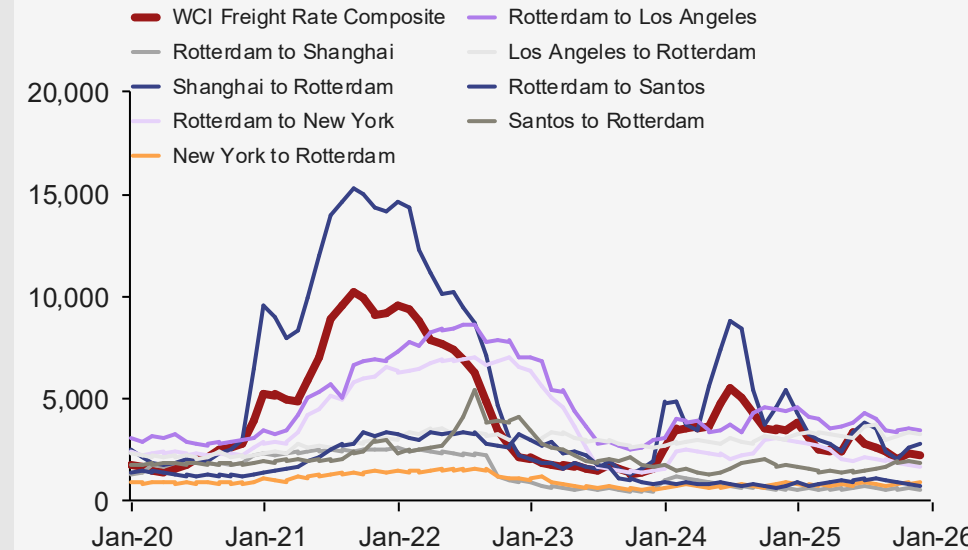
Market overview: ocean

Recent developments

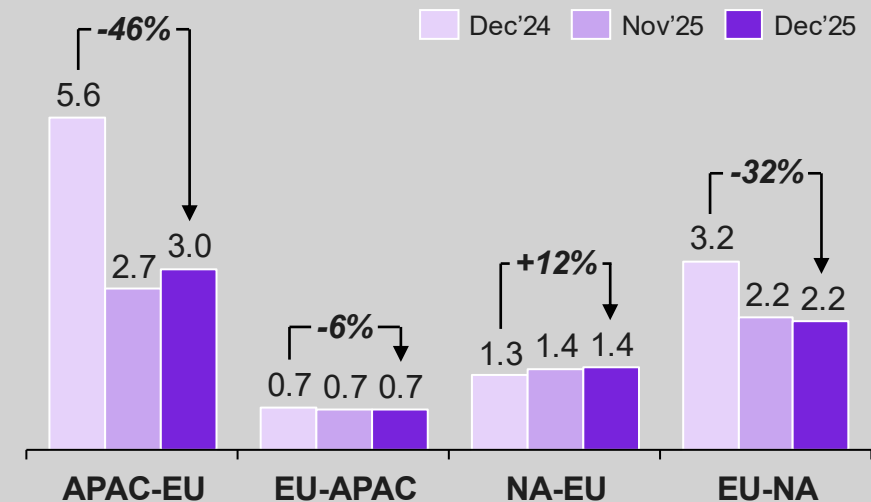
- **Asia–Europe Spot Rates Drop Sharply, Then Stabilize:** APAC to EU rates fell about 51% YoY, from \$5,595/FEU in Dec '24 to \$2,709 in Nov '25, before a slight rise to \$3,048 in Dec '25. This reflects capacity normalization after Red Sea disruptions and softer European demand, with early signs of rate stabilization.
- **Europe–Asia Backhaul Remains Weak:** EU to APAC rates stayed low and mostly flat, dropping slightly from \$728/FEU (Dec '24) to \$687 (Dec '25), down around 6%. Persistent trade imbalances limit pricing power as carriers focus on utilization.
- **Transatlantic Westbound Shows Stability:** North America to Europe rates rose about 12% YoY, from \$1,250/FEU (Dec '24) to \$1,398 (Dec '25). This reflects balanced trade, disciplined capacity, and steady export demand.
- **Moderate Demand Outlook Caps Near-Term Upside:** Front-loaded shipments earlier in 2025 have tapered off, and macro headwinds— inflation, higher interest rates, and subdued consumer demand—are constraining volume growth. Absent a major supply shock, spot rates are likely to remain range-bound into early 2026, with only tactical peak-season upside.

Sources: Drewry, press articles; Kearney analysis

Container rates on selected routes (US\$ per FEU)

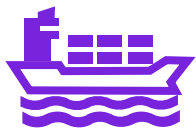


Container rates on major corridors (kUS\$ per FEU, all-in rates)



In Q4 2025, Asia–Europe demand cooled as transatlantic westbound utilization stayed resilient

Q4 2025



Market overview: ocean

Recent developments

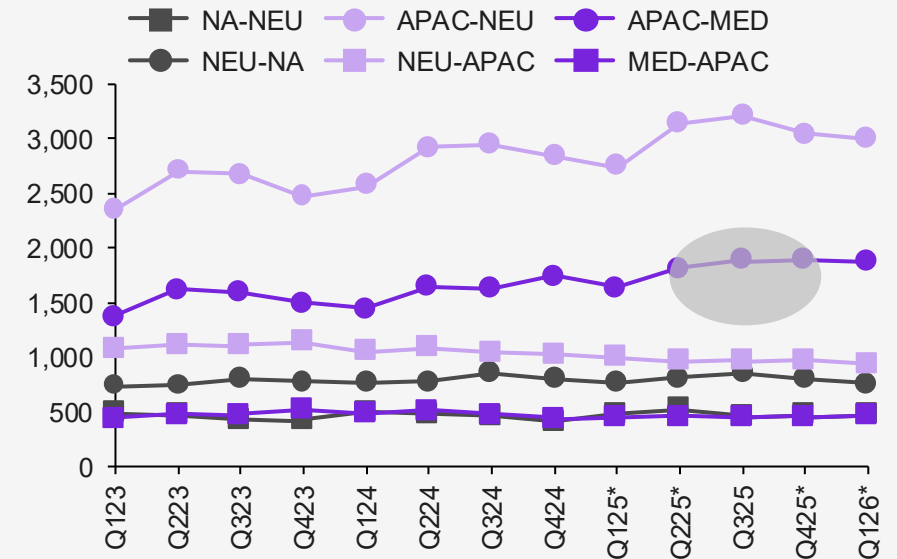
Demand scenario:

- **Asia–Europe westbound demand cools after H1 strength:** Asia–North Europe westbound demand (APAC–NEU) declined sequentially in Q3 2025, indicating that front-loaded shipments earlier in 2025 have largely unwound.
- **Softening on transatlantic westbound routes:** Transatlantic westbound demand softened modestly in Q3 2025, reflecting U.S. inventory normalization, easing import intensity after earlier restocking cycles, and continued pressure on discretionary consumption, keeping demand growth muted.

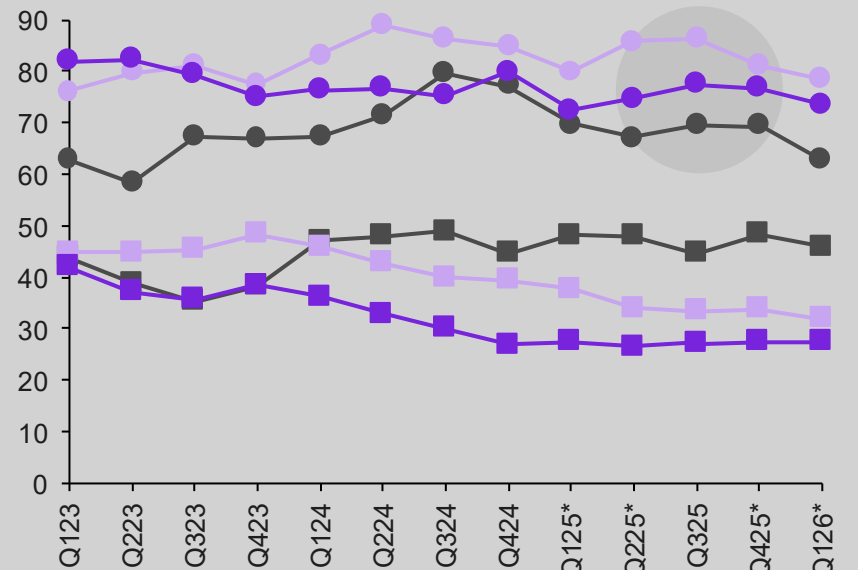
Supply Scenario:

- **Headhaul utilization remains firm across Asia–Europe and Asia–Med:** Headhaul corridors continue to operate at healthy utilization levels, despite modest softening. APAC–NEU utilization held at ~86% in Q3 2025, remaining one of the tightest major corridors globally.
- **Backhaul utilization weakens further on Asia–Europe and Asia–Med:** Backhaul routes continue to deteriorate structurally, highlighting sustained trade imbalance and weak European export flows into Asia.

Europe cargo demand by corridor (kTEU, 2024-25)



Net corridor utilization (% , 2023-2025)



* Based on estimation; NEU = North Europe; MED = Mediterranean
Sources: Drewry, press articles; Kearney analysis

In Q1 2026, the Global and European Ocean Freight Faces Structural Pressure from Oversupply and Tariff Uncertainty



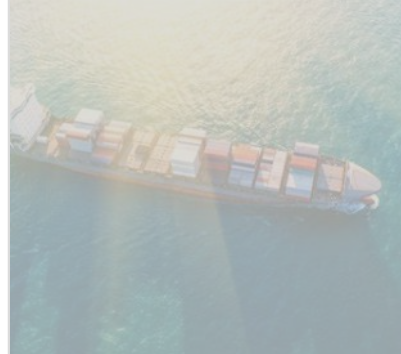
Late-December spot firming reflected seasonal dynamics, not a structural upturn

- Drewry’s WCI reached around \$2,213 per 40ft container on December 25, marking its fourth weekly rise. Asia–Europe routes like Shanghai–Genoa and Shanghai–Rotterdam also saw week-on-week gains. View the December increase as short-term; base 2026 negotiations on overall supply and demand.



Geopolitical and trade policy dynamics reconfigure flows

- Tariff changes and trade policy uncertainty (e.g., U.S. tariff measures) have subtly shifted trade patterns, with some cargoes rerouted or postponed, and supply chains adjusting sourcing strategies away from tariff-affected origins. These shifts have blurred typical seasonality and demand patterns in ocean freight.



Carrier capacity management and strategic alliances emerge

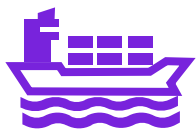
- Liner carriers are increasingly leveraging operational tactics—blanked sailings, vessel redeployments, and strategic alliances—to regain pricing discipline and improve schedule reliability without outright capacity cuts. This reflects a shift from pure volume growth to more balanced service offerings.



Opportunities for contract negotiation amid spot weakness

- With spot rates historically low and demand mixed, Q4 2025 presents a strategic window for shippers to lock in long-term contracts at favorable rates ahead of any 2026 rate normalization. Shippers with high volume visibility can leverage this environment to secure predictable cost structures and service levels.

Q4 2025



Market overview: ocean

Air



Rates:

Seasonality and e-commerce drive Q4 2025 air freight recovery

Asia–Europe tightens; other lanes lag

Q4 2025



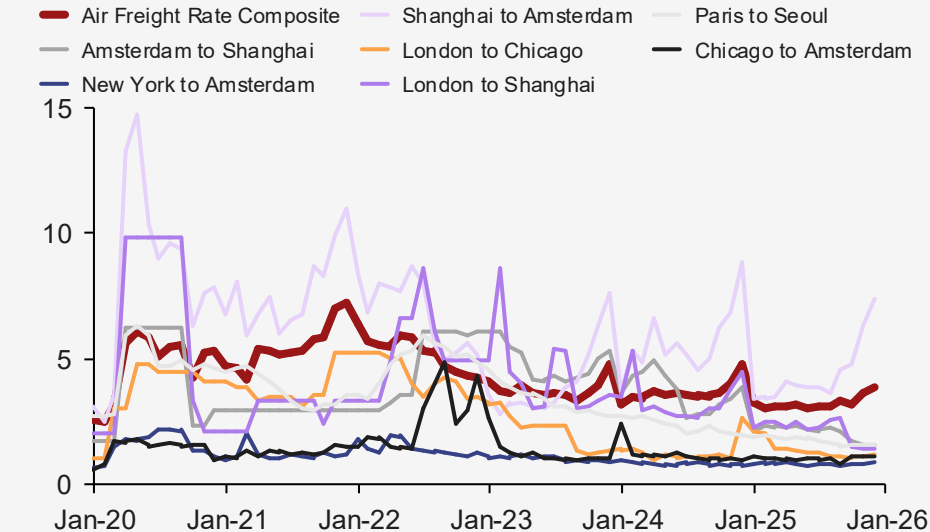
Market overview: air

Recent developments

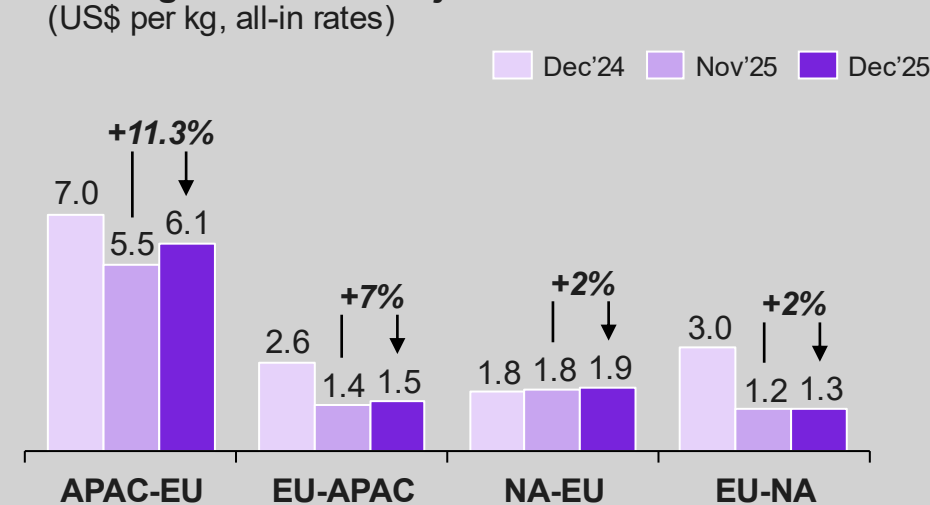
- **Freight rates recovery in Q4 2025:** Despite the YoY decline, global air freight rates **firm up from Sep–Dec’25**, with a **~10% MoM increase in Dec’25**, driven by seasonal demand.
- **Rates rebound on Asia to Europe routes:** Major lanes like Shanghai to Amsterdam spiked sharply in Q4’25 (up to \$7.4/kg in Dec’25), reflecting strong seasonal outbound demand from Asia.
- **Rates remain weak on Europe to Asia routes:** Lanes like Amsterdam to Shanghai saw sharp structural decline (~-60% YoY & 26% Q-o-Q), implying weaker export demand into China.
- **E-commerce pivot toward Europe is reshaping flows and network choices:** China Customs data showing low-value/e-commerce sales to Europe up ~62% YoY in September, far outpacing overall e-commerce growth. This supports a stronger Asia-Europe lift and encourages capacity redeployment from other corridors.
- **Rates from Europe to North America saw a slight increase in Dec 25:** Lanes like London to Chicago saw 2% increase in Dec 25 despite falling 55% on an annual basis.

Sources: IATA, Drewry, press articles; Kearney analysis

Airfreight rates on selected routes (US\$ per kg, all-in rates)



Airfreight rates on major corridors (US\$ per kg, all-in rates)



Supply and demand: air cargo constraints intensify. demand driven by Asia exceeds capacity, while transatlantic recovery remains slow

Q4 2025



Market overview: air

Recent developments

Demand acenario:

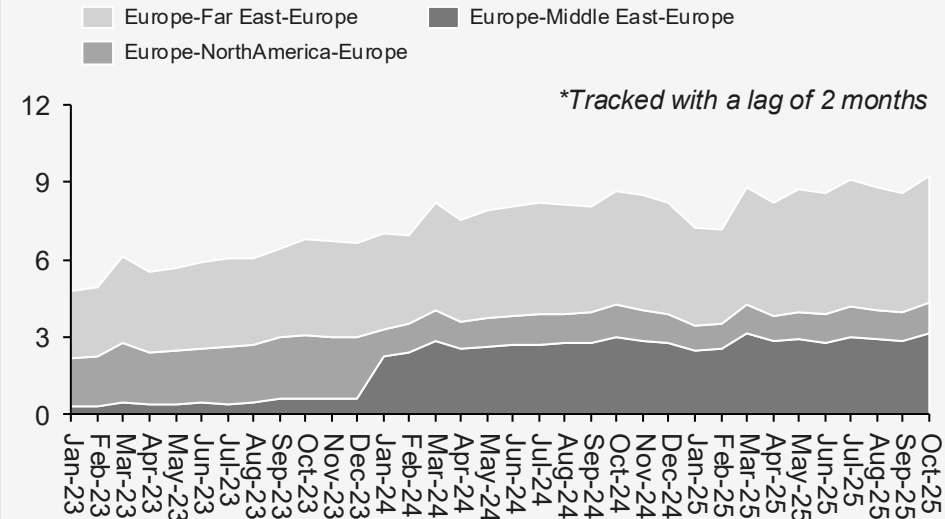
- **Sustained but uneven global air cargo demand:** Global air cargo demand reached a record high in Nov-25, growing +5.5% YoY, marking the second-strongest monthly expansion of 2025. Growth remains Asia-led, with Asia-Pacific CTKs up ~10–11% YoY, driven by e-commerce and intra-regional trade.
- **Asia–Europe demand is structurally stronger:** Airport throughput data continues to grow. Key airports such HongKong and Singapore saw 2% YoY and 4% YoY growth in 2025.
- **Transatlantic demand improving but remains fragile:** Europe–North America corridor pricing edged up in Oct-25 (index ~3.1). Also, Europe–North America CTKs up ~5% YoY in Nov-25, but demand remains below Asia-linked corridors.

Supply scenario:

- **Capacity growth lags demand, supporting tightening:** Global air cargo capacity increased ~4.7% YoY in Nov-25, trailing demand growth and lifting cargo load factors to ~49% (+0.4ppt YoY), reflecting incremental tightening.

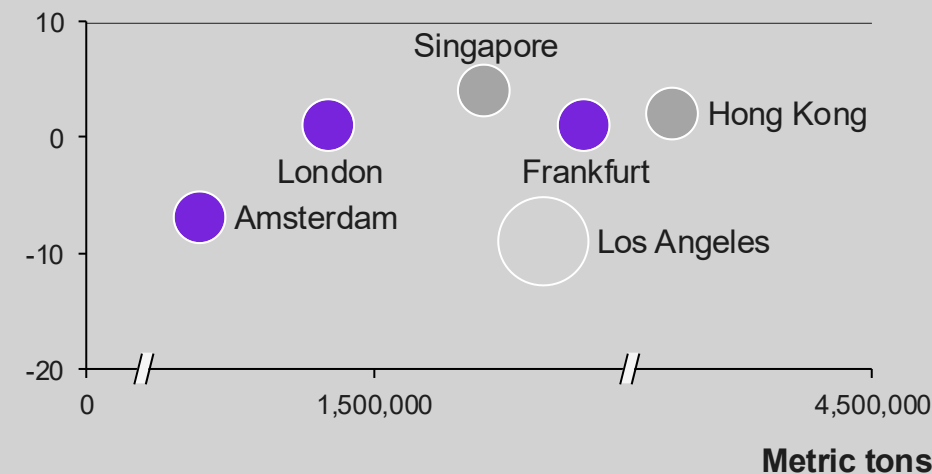
Sources: IATA, Drewry, press articles; Kearney analysis

Airfreight traffic* by the selected route (Cargo tons kilometers (CTK), bn, Jan 23-Jul25)



Airfreight traffic at selected EU and global airports (Metric tons per month, YoY comparison, 2025 YTD)

YoY change %



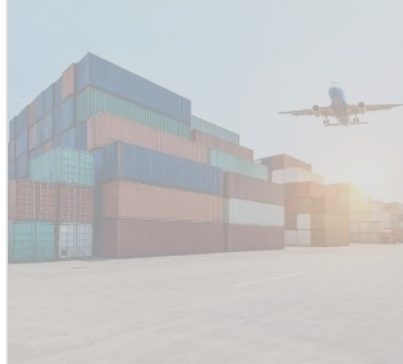
Metric tons

Asia-led demand, network reconfiguration, and digitalization reshape Europe's air cargo landscape



E-commerce and Asia-led demand continue to anchor growth

- Europe-bound air cargo demand remains resilient, driven by cross-border e-commerce and tech hardware exports from Asia (China+1 origins including Vietnam, Thailand, Malaysia, India).



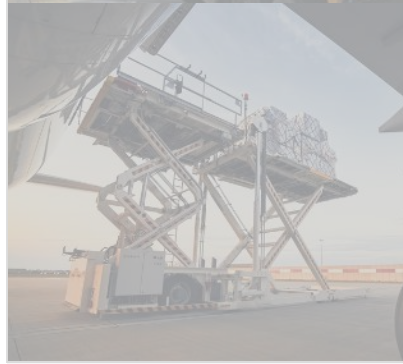
Hub realignment and the rising role of secondary European airports

- E-commerce flows are increasingly bypassing congested primary hubs, shifting toward secondary and regional airports to improve speed, clearance times, and cost efficiency.
- Eastern and Central European gateways (e.g., Belgium, Hungary, Austria) have emerged as key entry points.



Ground handling and skilled labor shortages persist

- Labor scarcity remains acute at major European cargo hubs, particularly in ground handling, warehousing, and MRO support roles. Peak-season pressure in Q4'25 led to operational bottlenecks, longer dwell times, and rising handling costs.



Digital adoption is becoming a key enabler

- Carriers and forwarders in Europe are increasingly adopting data sharing, real-time tracking, and digital documentation (e-AWB) platforms to improve efficiency and predictability.
- Post-pandemic integrations with blockchain-enabled tracking and API data exchange have accelerated, reducing dwell time at origin and enhancing supply-chain visibility.

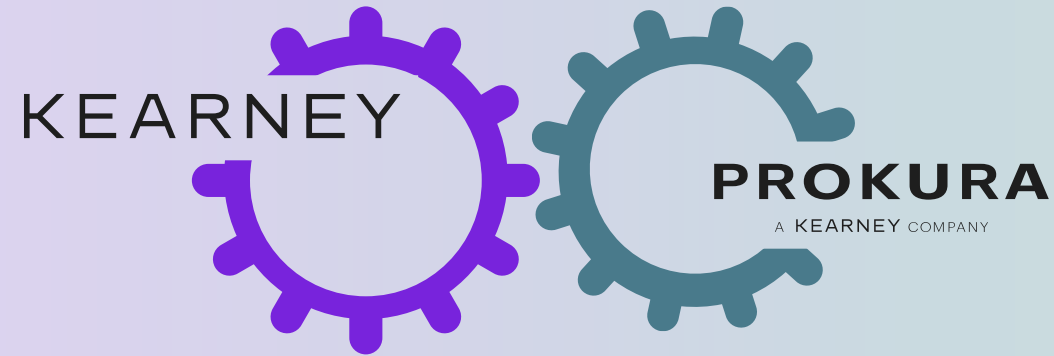
Q4 2025



Market overview: air

We work hands-on with our clients, delivering sustainable change from large transformations, to targeted quick wins and capability building

We operate as one team



Kearney is your **strategic transformation partner**, driving strategy creation and transformation:

- Deep expertise in **supply chain and logistics**
- **Senior experts** with strong supply chain leadership expertise and a holistic strategic perspective
- **Broad knowledge across industries** and a proven track record of driving change

Prokura is your **execution partner**, hands-on delivering sustainable change:

- **Logistics and network optimization** with hands-on approach
- Focus on **tangible results** by driving impact through **highly specialized teams**
- **On-the-ground support** focused on capability building and sustainable support for your teams

What we can bring to your business



Strategic guidance

Our senior experts challenge strategically, and coach your (senior) stakeholders.

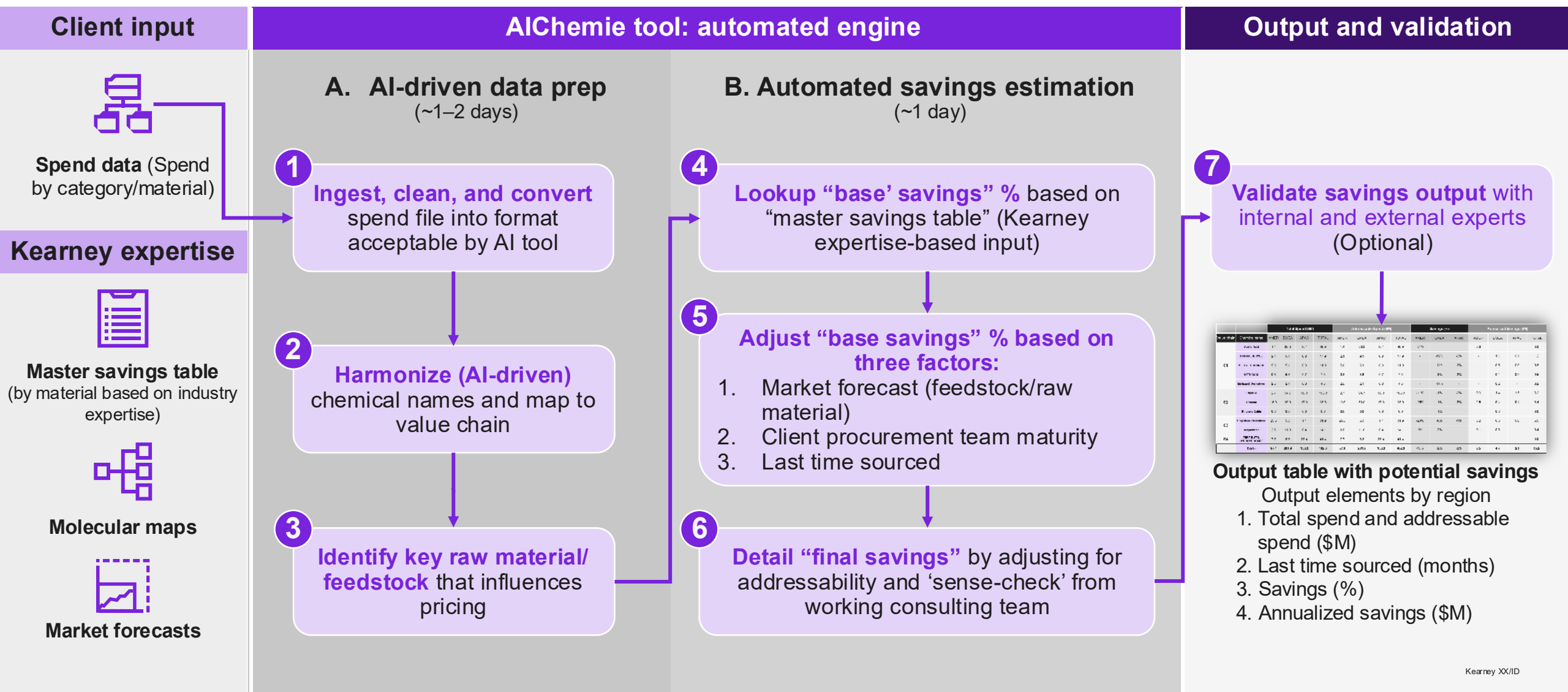
Implementation experts

Prokura complements your team with implementation practitioners in logistics and supply chain.

Commercially favorable

Jointly value is maximized by blending strategy and implementation teams within the team.

We provide AI-powered solutions like the AIChemie tool, which is built on two main AI and automation-driven steps: GenAI-powered data preparation and an automated savings estimator that integrates market insights with Kearney's market intelligence



Thank you

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