

Australia Freight and Logistics Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Australia freight and logistics market is anticipated to register a CAGR of more than 6% during the period (2022-2027).

Key Highlights

In early 2021, the Australian economy rebounded from the impact of restrictive measures during the COVID-19 pandemic that hit domestic demand in 2020. Despite several outbreaks of COVID-19 cases in various states in 2021, Australia managed to contain the pandemic to relatively low levels of cases, allowing the reopening of the domestic economy to more normal operating conditions. Except for a travel bubble that emerged between Australia and New Zealand in April 2021, international borders were largely closed, and there were severe restrictions on international travel.

The total volume of the Australian freight task as of June 2021 was 800 billion metric ton-kilometers. With 453.1 billion metric ton-km, rail freight accounts for a significant portion of all freight, while goods transported by road totaled 235 billion metric ton-km.

The Australian government plays a central role in the long-term planning, provision, and management of transport networks that service Australia's growing freight task. It is committed to developing a national freight and supply chain strategy to increase the productivity and efficiency of Australia's freight and supply chains.

The love of online entertainment, e-commerce, and payments among Australians has produced one of the world's most attractive markets for digital platforms. In 2020, engagement, spending, and profitability increased. As a result, Australia has established itself as a key market for e-commerce expansion.

E-commerce growth in the Oceanic region had previously been sluggish. Still, the special circumstances of 2020 have spurred online retail adoption even in economically flourishing areas like China and Southeast Asia. In the second quarter of 2020, Australia saw a 108% increase, followed by a 107% increase in the third quarter. Despite a minor drop in web traffic from Q2 to Q3, the figures are still staggering compared to the previous year's period.

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In 2021 Amazon invested a sum of USD 500 million on a project spanning 200,000 square meters in western Sydney's Kemps Creek. This will double the e-commerce giant's warehouse space and create more than 1500 local jobs for people to work alongside advanced robots.

In Mid 2021, Cardinal Global Logistics made a 'strategic investment' in Australian freight forwarder Seabridge as it continues on the path of international expansion. The Manchester-based logistics business, which has ten regional and 12 overseas offices, will help Seabridge expand its presence in Australia and New Zealand and bolster trade links with Asia.

Australia Freight & Logistics Market Trends

Demand for Rail Freight growing in the country

In 2020-21, Australia's freight workload is expected to reach 800 billion net tonne-km (ntk), up 2.4% from the previous year. Rail freight is the main cause of this recent increase, contributing 56% of the overall increase. Rail freight is anticipated to increase by 41% between 2016 and 2030. This translates to a 2.5% annual growth rate, compared to 2.0% and -0.1% for road and coastal shipping, respectively.

Rail freight is predicted to account for 72% of freight growth over the next five years, with bulk rail being the main driver. The vitally important mining industry has continued to be supported by the rail freight sector, which has expanded its capacity to meet the increased demand for natural resources. The freight industry will play a more significant role in the upcoming years due to the growing national freight task.

The mining industry, which spends AUD 1.5 billion (USD 1.07 billion) on rail transportation, remains the most significant consumer of freight rail. The metal production sectors paid a total of AUD 500 million, whereas the wholesale and retail trade businesses spent AUD 570 million (USD 334 million). A total of AUD 87 million (USD 58 million) was spent on freight rail by agricultural sectors. The Australasian Railway Association (ARA) launched its Rail Freight Action Plan in 2021, laying out a plan to encourage rail investment and enhance rail freight's modal share.

Rail is expected to handle over three-quarters of the increase in demand for Australia's freight challenge by 2030 and is a critical component of ensuring sustainable and efficient supply networks. The Rail Freight Action Plan confirms a solid agenda to support greater use of rail to meet current, and future freight needs.

Ecommerce driving the market

During the last few years, Australia's e-commerce market has experienced rapid expansion. The COVID-19 epidemic is expected to boost e-commerce sales in the country even more. According to the Australian Bureau of Statistics, online sales in Australia increased by 55% in December 2020 compared to the same month previous year. According to Australia Post's Online Shopping Report, over 5.6 million Australian households shopped online in December 2020, a 21.3% increase over the 2019 average.

As Australian consumers continue to embrace online shopping, the use of electronic payments will increase as consumers move away from cash. Payment solutions such as PayPal, POLi, Apple Pay, and Google Pay are benefitting from this trend. Buy now pay later solutions are also becoming popular in Australia, particularly among millennials, who use this as a budgeting tool to spread payments. Almost 5.8 million Australians have a buy now pay later account with brands including Afterpay, Zip, Openpay, Humm, and Klarna.

Companies are investing in logistics to meet the increased demand in to capitalize on this opportunity. Woolworths announced that it plans to build an automated warehouse in Western Sydney to fulfill up to 50,000 online deliveries a week and compete with Amazon's expanding footprint in Australia. Located in Western Sydney, the company said construction began in 2021, with a launch projected for 2024. The announcement comes as the company reported online sales growth of 92% in the last six months

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of 2020, with online sales accounting for 8% of total sales.

In November 2021, Global-e, the world's leading platform for enabling and accelerating global, direct-to-consumer cross-border e-commerce, announced a new partnership with Australia Post (AusPost) to help Australian merchants increase direct-to-consumer online sales and grow their businesses through cross-border e-commerce. AusPost has committed an additional AUD 400 million (USD 300 million) in new parcel facilities, fleet, and technology by the end of 2022 to help service the growing demand for services.

Australia Freight & Logistics Market Competitor Analysis

The Australia freight and logistics market is fragmented in nature, with a mix of global and regional players. The market is expected to grow during the forecast period due to several factors, such as e-commerce, technology integration, and developing economies.

The major companies in the country have adopted various modern technologies, such as warehousing management systems, automation, drone delivery, and the transportation management system, enabling better planning and tracking facilities, resulting in increased productivity and increased value proposition. Some significant players include Deutsche Post DHL Group, Yusen Logistics Co. Ltd, DB Schenker, CEVA Logistics, Agility Logistics Pvt. Ltd etc.,

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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