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

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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Report description:

The New Zealand Freight and Logistics Market are anticipated to register a CAGR of more than 4% over the forecast period.

Key Highlights
Due to the pandemic, most commodity products such as building supplies, infrastructure, and certain FMCG and clothing apparel businesses experienced supply chain disruptions in New Zealand. Some consumers are switching to suppliers from New Zealand to support local businesses and many export businesses relying on the export of agricultural commodities, such as milk products and meat are expected to play a key role in driving the freight and logistics market. However, several forestry operations around the country have shut down, according to the Forest Industry Contractors Association, which estimates that about 30% of the country's logging activities have halted due to supply chain delays.
In New Zealand, road freight is the predominant mode of freight transport and accounts for almost 70% of the total domestic freight movement (in terms of ton-km) and over 90% of the freight (in terms of volume/ton). Rail, although a small player in terms of employment and value-added within the wider transport, logistics, and distribution sector, plays a vital role in connecting Auckland, Tauranga, and Hamilton.
At the height of the COVID-19 epidemic, there was a shortage of containers; however, today, there are too many containers, which is an issue for the world economy. Data reveals that container depots, which are used to store containers after they are unloaded, are now filling up or being at capacity, in addition to declining freight prices which primarily due to decline in global demand and economic slowdown. In its third-quarter results, big shipping company Maersk issued a warning that, due to declining demand and eased supply chain congestion, freight rates have peaked and an expected drop in ocean transport profits.
Both the continued need for capacity from exporters and the robust local demand for goods have been present throughout the previous year. However, because of erratic shipping schedules and congestion at major New Zealand ports, capacity has not kept up. Despite government subsidies keeping capacity at 90% of pre-pandemic levels, air freight capacity is also under pressure due

to high demand. Inconsistent shipping for imports and exports has had an impact on the entire domestic supply chain. To keep up with international schedules, lines are offloading products at ports other than their original destination due to shipping delays and congestion.

New Zealand Freight & Logistics Market Trends

Increase in cross-border trade driving the market

In the four quarters leading up to the end of Q2 2022, the total value of trade in goods and services (imports plus exports) between the UK and New Zealand was GBP 2.4 billion, up 5.0% or GBP 113 million compared to Q2 2021. In the four quarters leading up to the end of Q2 2022, total UK exports to New Zealand totaled GBP 1.4 billion (up 7.4% or GBP 97 million compared to Q2 2021). In the four quarters leading up to the conclusion of Q2 2022, total UK imports from New Zealand totaled GBP 971 million (an increase of 1.7% or Pounds 16 million compared to the four quarters).

In November 2021, exports of goods increased by USD 668 million (13%) as compared to the same period in 2020, reaching USD 5.9 billion. The country's main export commodity group, milk powder, butter, and cheese, contributed the most to the growth of the exports, increasing by USD 258 million (14%), to USD 2.1 billion, as compared to 2020. For this commodity group, November is traditionally one of the best months for exports. The value of this commodity group's shipments in November 2021 was the biggest monthly total ever recorded.

New Zealand's export growth in 2021 was primarily attributed to China, with dairy, beef, and forestry shipments all climbing 21% to China throughout the year. Growth in goods exports has also been aided by the global economic recovery and the relaxation of COVID-19 restrictions in the US and EU. Even if the headline figures for exports are encouraging, this conceals some notable decreases in several industries where labor shortages, supply chain issues, and the inability to travel to markets have restrained the growth of the market.

E-commerce Growth in New Zealand is Driving the Logistics Sector

E-commerce businesses in New Zealand have grown rapidly in 2021, as online retail e-commerce sites generated sales of USD 1.78 billion in Q3 2021, an increase of around USD 200 million over the same period in 2020. Then sales reached higher levels in Q4 2021, as it was the largest three-month period ever for e-commerce sales. In New Zealand, people spent USD 2.5 billion, an increase of 45% as compared to Q4 2020. In light of previous growth, the anticipated increase, and the ongoing pandemic scenario, sales in 2022 are expected to be higher than in 2021.

According to the NZ Post, despite New Zealanders shopping online considerably more frequently, consumers are spending less overall with each transaction. In comparison to the same period in 2020, the average basket size in Q4 2021 was USD 103, compared to USD 96 in Q4 2020. Nevertheless, despite a drop in the average basket price, the average number of purchases increased to 8.2 by the end of 2021 from 6.3 in Q4 2020. The growth in e-commerce sales in various segments has created a demand for logistics infrastructure and e-commerce fulfillment in New Zealand.

New Zealand Freight & Logistics Market Competitor Analysis

The New Zealand freight and logistics market is fragmented, with the presence of both international and local players. The market has a large number of local players like Mainfreight Limited, Carrolls Cartage Limited, First Global Logistics, and TIL Logistics Group Limited (Move Logistics). There are many players catering to the road freight market, which has led to an increase in competition in the market.

Additional Benefits:

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

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