

Hong Kong Freight And Logistics - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The Hong Kong Freight And Logistics Market size is estimated at USD 21.40 billion in 2024, and is expected to reach USD 26.71 billion by 2029, growing at a CAGR of 4.53% during the forecast period (2024-2029).

Key Highlights

- To satisfy the demand for their services, third-party logistics (3PL) providers and freight forwarders have been actively looking for solutions. Many businesses have aimed to increase their digital capabilities, lock in longer-term capacity, and move towards omnichannel integration. Additionally, international businesses have been trying to invest more heavily in the area. In August 2022, A.P. Moeller Maersk acquired Hong Kong-based contract logistics services provider LF Logistics for USD 3.6 billion. In the Asia-Pacific area, Maersk can harness LF Logistics' superior capabilities in omnichannel fulfillment services, e-commerce, and inland transportation to the shippers.
- There is an emergence of new technologies, companies, customers, and new business models in the industry. Freight companies are increasingly focusing on digitization to improve efficiency, reshaping the marketplace. Increasing preference for third-party logistics by various industries may promote the growth of the industry in the near to medium-term future.
- To strengthen its position as a major global hub for shipping and logistics, Hong Kong intends to establish a new transport bureau. The anticipated government action was made public this week at the same time as the city's removal from the top five marine cities in the world. Enhancing Hong Kong's capabilities as a logistics, maritime, and aviation freight hub is the new bureau's challenge. For instance, it must ensure that the city keeps up with the latest advances in the Guangdong-HK-Macao Greater Bay Area, RCEP, and BRI's smart logistics and supply chains, diversification of manufacturing bases, and e-commerce booms.
- The limited presence of an integrated IT system, fragmented warehousing, infrastructure handling capacity, and multiple regulations are challenging the growth of the freight sector in Hong Kong. Improving digitization and increasing adoption of the

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Internet of Things by various industries are driving the freight transportation market. The freight transportation sector contributes a significant portion of the overall employment in the country, and with growing government support for the sector, employment in the sector is forecasted to rise exponentially.

Hong Kong Logistics Market Trends

Increase in Trade is Driving the Growth of the Market

A Special Administrative Region of the People's Republic of China now exists in Hong Kong. The "One Country, Two Systems" approach grants the HKSAR a considerable level of autonomy in commerce, finance, and currency subjects.

The Basic Law, which assures that the crucial components that make Hong Kong an international financial center be expanded, guarantees this. The overall value of products exported by Hong Kong fell by 1.4% in May 2022, while the total value of goods imported rose by 1.3%. After increasing by 1.1% year-over-year in April 2022, the value of total exports of products fell by 1.4% in May 2022 to USD 388.1 billion.

Trade is a major growth driver for the logistics industry; for instance, air transport is used as an important mode of transport for Hong Kong's trade. Hong Kong is a major international trading hub, and the country's economy is heavily reliant on trade. In 2022, the total value of domestic exports and re-exports from Hong Kong amounted to around 4.53 trillion Hong Kong dollars (USD 577.98 Billion) and the total value of goods imported to Hong Kong amounted to about 4.93 trillion Hong Kong dollars (USD 629.02 billion) in 2022, according to Census and Statistics Department Hong Kong.

Mainland China is the most important export and import market for items transported by air. With the growing trade, the government is investing in the logistics infrastructure of the country. In 2022, Mainland of China was Hong Kong's largest export market, accounting for USD 328 billion, as reported by the Census and Statistics Department of Hong Kong.

Air Freight is Dominating the Market

As the regional logistics center for Asia Pacific, Hong Kong has an extensive network of connections to key destinations around the world. Hong Kong's connectivity and world-leading aviation and maritime infrastructure make it one of the most efficient transportation hubs in the region. Hong Kong's transport network is second only to Singapore in terms of transport network efficiency, according to the latest Fitch Solutions country risk and industry research. Hong Kong has a rating of 95.1 out of 100, making it the second most efficient transport hub in the region.

Hong Kong's Transport and Housing Bureau and the Civil Aviation Administration of China have agreed to extend its current air services arrangement to allow designated airlines from all GBA cities to enter code-sharing arrangements with all land and sea transport operators. This agreement is expected to make commuting between GBA cities easier and simpler.

The Hong Kong International Airport (HKIA) is the second busiest cargo facility in the region with five air cargo handling facilities. According to a report by Airport Authority, air cargo volumes went up by 12.5 percent in 2021 to 5 million tons, exceeding the 4.8m tons recorded in 2019. This capacity will increase to 8.9 million tons when Hong Kong's third runway is completed by 2024.

Looking forwards, Hong Kong is expected to remain its position as an international airfreight gateway due to its free trade policy, well-developed supporting services, efficient customs procedures, and geographical proximity to mainland China. In addition, the expected completion of three-runway system and of Hong Kong International Airport by 2024 may ensure sufficient freight movement capacity in the following years.

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Hong Kong Logistics Industry Overview

The Hong Kong Freight and Logistics Market is fairly fragmented, with the top five to ten players accounting for a significant market share. The logistics sector in the country is made up of both domestic and international enterprises. International companies initially struggled against local companies; however, the situation is changing. Some prominent players in the market include DHL, DB Schenker, Kerry Logistics, OOCL Logistics, and SF Express. The demand for integrated and specialized logistics solutions is rising. The logistics companies in the country are expected to adopt transport and warehouse management systems, big data, and analytics to remain competitive.

Major players in the market are implementing various strategies, such as strategic alliances, partnerships, mergers and acquisitions, geographical expansion, and product/service launches, to remain competitive in the market. For instance, in July 2022, Scan Global Logistics (SGL), a logistics company with headquarters in Copenhagen, acquired Sea-Air Logistics (SAL), a Hong Kong-based company, to expand its presence in China and Hong Kong and increase penetration in industries like consumer electronics, technology, pharma, and healthcare. Further, SGL will add more than 500 staff in China and expand its market share on the intra-Asia, Far-East Westbound, and Trans-Pacific Eastbound trade lanes.

Additional Benefits:

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

Table of Contents:

1 INTRODUCTION

- 1.1 Study Assumptions and Market Definition
- 1.2 Scope of the Market

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

- 4.1 Current Market Scenario
- 4.2 Market Dynamics
 - 4.2.1 Drivers
 - 4.2.1.1 Growth of E-Commerce Sector
 - 4.2.1.2 Growing Government Investments
 - 4.2.2 Restraints
 - 4.2.2.1 Increasing Fuel Prices and Energy Issues
 - 4.2.2.2 Shortage of Labor
 - 4.2.3 Opportunities
 - 4.2.3.1 Increasing International Trade
 - 4.2.3.2 Technological Developments
- 4.3 Government Initiatives and Regulations
- 4.4 Technology Trends and Automation
- 4.5 Value Chain / Supply Chain Analysis
- 4.6 Industry Attractiveness - Porter's Five Forces Analysis

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- 4.6.1 Threat of New Entrants
- 4.6.2 Bargaining Power of Buyers/Consumers
- 4.6.3 Bargaining Power of Suppliers
- 4.6.4 Threat of Substitute Products
- 4.6.5 Intensity of Competitive Rivalry
- 4.7 Insights into Logistics Infrastructure in Hong Kong
- 4.8 Brief Analysis on Freight Rates
- 4.9 Spotlight - Hong Kong Trade with Chinese Provinces
- 4.10 Impact of Covid-19 on the Market

5 MARKET SEGMENTATION

- 5.1 Function
 - 5.1.1 Freight Transportation
 - 5.1.1.1 Road
 - 5.1.1.2 Shipping
 - 5.1.1.3 Rail
 - 5.1.1.4 Air
 - 5.1.2 Freight Forwarding
 - 5.1.3 Warehousing
 - 5.1.4 Value-added Services
- 5.2 End User
 - 5.2.1 Manufacturing and Automotive
 - 5.2.2 Oil and Gas, Mining, and Quarrying
 - 5.2.3 Agriculture, Fishing, and Forestry
 - 5.2.4 Construction
 - 5.2.5 Distributive Trade (Wholesale and Retail)
 - 5.2.6 Healthcare and Pharmaceuticals
 - 5.2.7 Other End users

6 COMPETITIVE LANDSCAPE

- 6.1 Market Concentration Overview
- 6.2 Company Profiles
 - 6.2.1 DHL Logistics
 - 6.2.2 Kerry Logistics
 - 6.2.3 DB Schenker
 - 6.2.4 OOCL Logistics
 - 6.2.5 SF Express
 - 6.2.6 CTS International Logistics
 - 6.2.7 Ferguson International Freight Forwarders Ltd
 - 6.2.8 Ceva Logistics
 - 6.2.9 United Parcel Services
 - 6.2.10 Sinotrans Limited
 - 6.2.11 Janco Holdings Limited
 - 6.2.12 China Merchants Port Holdings Co. Ltd
 - 6.2.13 OTS Forwarding (HK) Ltd
 - 6.2.14 Trans-Am Group
 - 6.2.15 Sea-Air Logistics (Hong Kong) Ltd*

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7 FUTURE OF THE MARKET

8 APPENDIX

8.1 GDP Distribution, by Activity

8.2 Insights into Capital Flows

8.3 Economic Statistics - Transport and Storage Sector, Contribution to Economy

8.4 External Trade Statistics - Export and Import, by Product

8.5 Insights into Key Export Destinations

8.6 Insights into Key Import Origin Countries

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