United Kingdom Freight and Logistics - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2017 - 2029

Market Report | 2024-02-17 | 325 pages | Mordor Intelligence

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Report description:

The United Kingdom Freight and Logistics Market size is estimated at USD 115.73 billion in 2024, and is expected to reach USD 137.77 billion by 2029, growing at a CAGR of 3.55% during the forecast period (2024-2029).

Ecommerce, infrastructure development and strategy launches to boost technology adoption leading the market demand

- E-commerce is the main factor leading to the demand for transportation services. E-commerce revenue in the United Kingdom is expected to reach USD 119.1 billion in 2025. In 2020, the revenue from e-commerce sales of fashion products, like apparel and bags, increased by over USD 5 billion to around USD 33.5 billion. It was the third continuous increase in revenue since 2017. This trend is expected to continue, and revenue from e-commerce sales in the fashion market is expected to reach around USD 49.5 billion by 2025.
- Despite the setbacks, the transport industry, including rail, road, air, and waterways, is a significant sector in the country, with a total turnover of over GBP 202.8 billion (USD 266 billion) in 2019. Investment in inland transport infrastructure in the country has been steadily growing, reaching EUR 22.9 billion (USD 25.64 billion) in 2019. Most of this infrastructure spending was generated to meet the growing transportation needs of the population, which is becoming increasingly motorized.
- In June 2022, the UK government launched a campaign to kickstart careers in logistics and create a more environment-friendly and resilient haulage sector. The strategy launched included a GBP 7 million (USD 9.44 million) investment to boost the uptake of innovative new technology, helping decarbonize and digitalize the sector. Funding could go toward initiatives like trialing hydrogen cranes to support decarbonization or even testing low-carbon fuels across the industry.

United Kingdom Freight and Logistics Market Trends

The UK's warehouse count is expected to reach 214,000 by 2027 due to a rise in demand for consumer fulfillment centers for trade distribution

- Russia's invasion of Ukraine in February 2022 suffocated global supply chains, raising inflationary pressures and hastening global discussions about energy security. The UK government increased its investment in new construction and maintenance of national infrastructure for better transportation connectivity and warehousing facilities. In 2022, the government committed GBP 100 billion (USD 120.58 billion) in funding over the next three years, increasing the 'fiscal remit,' which is the funding envelope within which the Commission must budget the recommendations, from 1.1% to 1.3% of the GDP beginning in 2025.
- From 2011 to 2021, road freight transportation within the UK transport and storage sector more than doubled in scale, with a growth of around 30,000 local business units. Similarly, the postal and courier segment experienced swift growth, evolving from a modest 17,000 businesses in operation in 2011 to a robust count of 42,000 ten years later. However, a minor decline was observed in 2022, with the country recording 154,665 business units within these sectors.
- The number of large warehouses in the United Kingdom is rapidly increasing. By 2027, there are expected to be around 214,000 warehouses larger than 50,000 square feet globally, up from 163,000 in 2021. Many of these warehouses are to serve as e-commerce fulfillment centers, and approximately 18% of all warehouses will be for consumer fulfillment by 2027, rising from the 11% recorded in 2021. This increase suggests the global expansion of e-commerce as the proportion of warehouses operating as trade distribution hubs begin to shift in favor of consumer fulfillment centers.

UK government has a major influence on fuel prices, and both fuel duty and VAT (standard 20% rate) make up majority of the petrol and diesel prices

- The UK Government has a major influence on fuel prices as both fuel duty (currently 52.95 pp) and VAT (standard 20% rate) make up the majority of the price of petrol and diesel. The prices of petrol and diesel in Britain hit a new record high in February 2022. Petrol prices had hit an average of USD 2 per liter, while diesel cost was an average of USD 1.53 per liter, both exceeding the previous records set in November 2021. With the rise, Britain's inflation soared to a 30-year high of 5.4% in December 2021. In 2022, the fuel price increased during the post-pandemic economic recovery period when the demand for fuel increased and during the Russia-Ukraine War, which affected the demand and supply of fuel.
- Diesel prices in the United Kingdom reached a record high in November 2021 after petrol prices hit their highest-ever level, in a blow to households and small businesses. The average price across the United Kingdom on October 31, 2021, was 147.94 pence (USD 0.74) a liter, narrowly surpassing the previous high of 147.93 pence (USD 0.74) set on April 12, 2012. In October 2021, diesel prices rose by 30 pence (USD 0.15) a liter over the previous year, driven higher by a sharp rebound in global oil markets.
- In August 2022, the oil price dropped under USD 100 and finished the month at USD 90.63 a barrel. Prices dropped further in 2023, and by May, a barrel of oil was down to USD 72.50. The average cost of petrol at UK forecourts has risen to break 150 p a liter (USD 1.80) for the first time since the start of 2023, and diesel has risen to 152.41 p a liter (USD 1.83). A cold European winter and spring also meant supplies had already been heavily depleted by the summer.

United Kingdom Freight and Logistics Industry Overview

The United Kingdom Freight and Logistics Market is fragmented, with the top five companies occupying 19.53%. The major players in this market are Deutsche Post DHL Group, DSV A/S (De Sammensluttede Vognm�nd af Air and Sea), Kuehne + Nagel, United Parcel Service and Wincanton PLC (sorted alphabetically).

Additional Benefits:

- The market estimate (ME) sheet in Excel format
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