



GLOBAL FREIGHT FORWARDING MARKET FORECASTS FOR 2022 AND 2023

By Marta Chiriatti, Research Analyst, Ti



DECEMBER 2022

TOTAL GLOBAL FREIGHT FORWARDING MARKET SIZE AND GROWTH 2022 (F)

The global freight forwarding market is expected to decrease in real terms by 2.4% in 2022 and reach a market value of €263,133m. A number of factors impacted the air and sea freight market in 2022. The uncertainties of COVID-19 restrictions, the rise of inflation, and the increase in the price of fuels coupled with decreasing consumer demands had an impact on the real growth forecast. Both Air and Sea Freight are forecasted to decrease in 2022 by 2.7% and 2.2%, respectively.

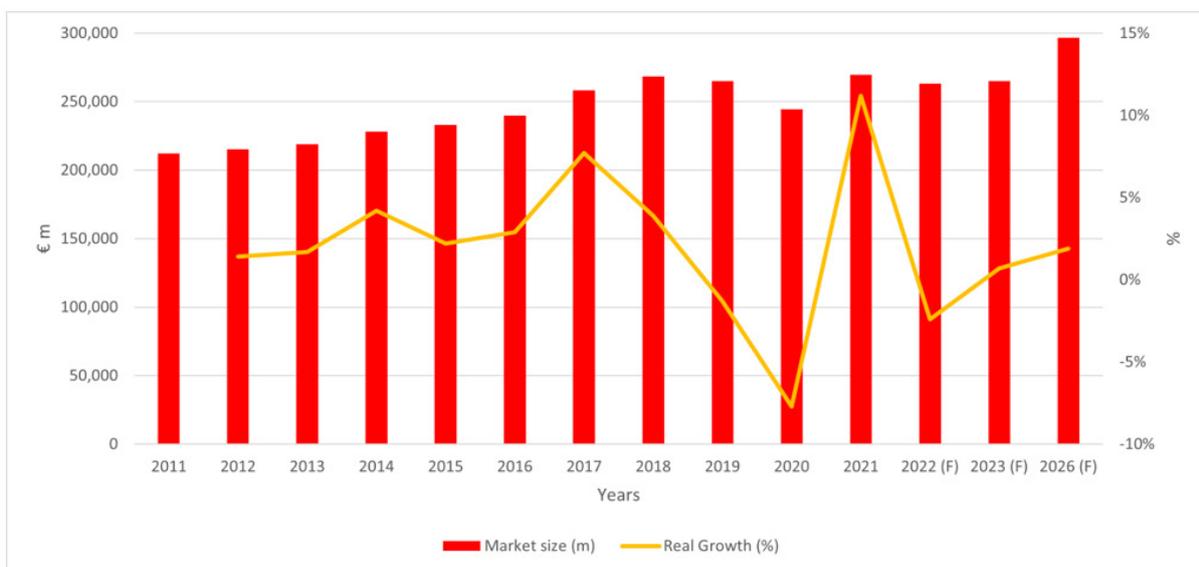
In nominal terms (holding exchange rates constant only), the freight forwarding market will grow by 27.6% in 2022. This trend has been driven by significantly higher freight rates for air and sea compared to last year's period. Furthermore, the higher freight rates have counterbalanced the organic decline in transported volume.

Extreme congestion on the ports of the West Coast of the US and, to a lesser extent, other locations, combined with the occasional shutting of some Chinese ports, led to the disruption of shipping networks, including the sub-optimal positioning of containers. This resulted in a shortage of shipping capacity. In addition, certain shippers became desperate to move their consignments, such as healthcare products. As a result, these shippers began to construct 'unusual' routing structures almost without regard for cost. The result was an extreme increase in freight rates.

Key Figures 2022

-  **- 2.4%**
Total Real Forecast Growth
-  **€263,133m**
Total Real Forecast Market Size
-  **27.6%**
Total Nominal Growth
-  **- 2.7%**
Air Freight Real Forecast Growth
-  **- 2.2%**
Sea Freight Real Forecast Growth

Figure 1. Total Global Freight Forwarding Market Size and Growth 2011 - 2026



Source: Ti

Air Freight Forwarding Market Size and Growth 2022 (F)

As air transport began recovering from the COVID-19 pandemic, other challenges hit the sector, translating into a 2.7% decrease in real terms for the air freight forwarding market in 2022.

Rising consumer and industrial prices are dampening consumption growth, and the United States and the Eurozone are facing inflation close to 9% and 10%, respectively. The rising interest rates in response to inflation are also dissuading investments and expansion in industrial production.

The Asia Pacific is also seeing a slowdown in consumer demand. The result is a much weaker demand environment for air travel, particularly in and around the Pacific region, resulting in less belly cargo capacity. Looking at a country level, China stays in hardship. The country's COVID policies continue to restrain various activities, especially air transport.

At last, the invasion of Ukraine created an initial supply-side shock in the market. Though fuel prices have fallen and carriers have adjusted their operations, opening up new routes and stopovers, the conflict has already exacerbated capacity problems in the market.

According to Ti's analysis, the Air Freight market contracted by -1% in nominal terms in 2022. The decline comes as the air freight market continues to slow after rapid growth in 2021.

As reported by the US Energy Information Administration (EIA) and the Federal Reserve Bank of St Louis (FRED), the price of jet fuel has risen approximately 90% since the start of 2022 and is about 120% higher on average than in 2021. Such price increases pose a significant challenge to airlines, as fuel typically accounts for 15% to 30% of aircraft operating costs. Despite effects of higher fuel prices, air freight rates are below their level against the previous year.

Although the air cargo industry is considered highly dependent on the price of oil and petroleum products, the air cargo market has become less energy dependent over the past decades.

Another factor to consider is the belly freight capacity which also affects rates, especially as large freight forwarders and carriers build and expand their fleets. Yet air freight fares are expected to continue to rise due to labour shortages and airport services.

Sea Freight Forwarding Market Size and Growth 2022 (F)

According to Ti's market sizing, the sea freight market will decrease by 2.2% for the full year 2022 in real terms. While the lack of capacity due to congestion mainly appeared in the United States and China in the first half of 2022, the rising inflation and interest rates, particularly in North America, have started to dampen demand on major European routes. Nevertheless, in the last quarter of 2022, congestion relief increased vessel utilisation and container availability, and the number of new ships entering service has risen steadily.

The fallout from the pandemic and the invasion of Ukraine continue to influence rates. The war has left the world with higher oil and fuel prices, keeping operations costs above their 2021 level, and Sea shipping has also been affected by variations in fuel prices, similar to air freight. As a result, the Sea Freight market will grow 51.4% in nominal terms for 2022.

Although Sea Freight has traditionally used very inexpensive bunker fuel, the cost of that fuel has always

been a significant feature of the market. So much so that a 'Bunker Adjustment Factor characterises billing', or BAF, is attached to any sea freight bill enabling prices to be increased or decreased with the price of oil.

However, fuel is only partially a driver in determining the price of sea freight. Instead, the supply and demand of ships and containers determine the rates.

TOTAL GLOBAL FREIGHT FORWARDING MARKET SIZE AND GROWTH 2023 (F)

The global freight forwarding market will escape contraction in 2023 and expand by only 0.7%.

According to Ti's market sizing, the emerging markets will drive growth, and the outcome of China's COVID-19 policy could have a major impact on when demand will return.

Air Freight Forwarding Market Size and Growth 2023

The real growth forecast for the air freight forwarding market is forecasted to be 0.8%. Over the past two years, the air freight industry has been impacted by declining capacity and growing demand. However, from an air cargo perspective, demand is down, and air freight rates are expected to fall to pre-COVID levels in the first half of 2023.

The market is impacted by the slow recovery of air cargo belly capacity in East Asia, labour shortages, rerouted European flights due to the war in Ukraine, rising jet fuel prices, and high inflation.

As port congestion eases and ocean freight schedule reliability improves, shippers might increase the use of ocean freight and consequently reduce demand for air freight services.

Air freight rates are expected to continue to decline, but much more gradually than ocean freight rates. Yet, the relative cost difference between air and ocean freight will play a minor role, but the focus on reducing the carbon footprint will likely play a more critical role in the air freight market's growth.

Sea Freight Forwarding Market Size and Growth 2023

The general trend is that demand for sea freight services will be lower in developed countries, but developing countries will prevent a collapse in volume growth. Combined with reduced port congestion, overcapacity, a weak base year and a possible early economic recovery in the second half of 2022, real growth in 2023 is expected to be positive at 0.7%.

While trade volumes are declining, the need for new ships from major shipping lines is still rising. Some 319 new vessels are expected to enter service in 2023, according to recent estimates from maritime consultancy Alphaliner. Major shipping companies such as MSC and Maersk will take delivery of new vessels and allow existing charters to expire to compensate for the delivery of new ships.

Key Figures 2023



0.7%
Total Real Forecast Growth



€265,096m
Total Real Forecast Market Size



0.8%
Air Freight Real Forecast Growth

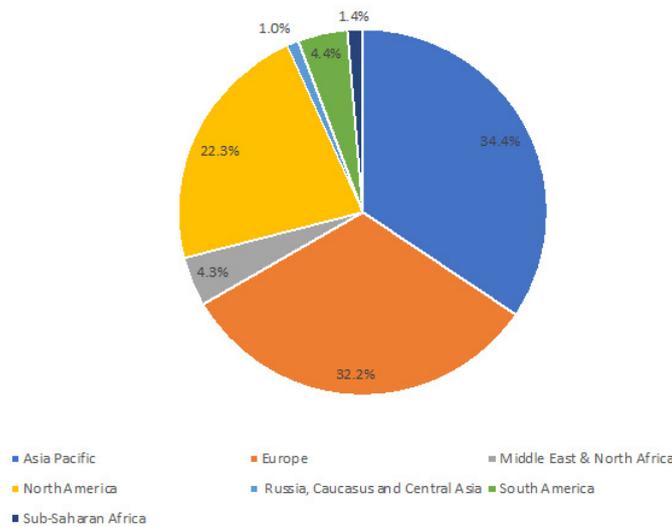


0.7%
Sea Freight Real Forecast Growth

TOTAL GLOBAL FREIGHT FORWARDING MARKET SIZE AND GROWTH BY REGION 2023 (F)

With a real market size of €91,295m, the Asia Pacific will remain the largest region in 2023, accounting for 34.9% of the total forwarding market, followed by Europe with a market share of 32.2% and a real market size of €85,339m. Lastly, North America will have a market share of 22.3% and a €59,106m real forecast market size.

Figure 2. Total Freight Forwarding Market Size by Region 2023



Source: Ti

Figure 3. Total Global Freight Forwarding Market Size and Real Growth by Region 2023 (F)



Source: Ti

Asia Pacific Freight Forwarding Market Size and Growth 2023

The Asia Pacific region will dominate global growth through 2023, supported by regional free trade agreements, efficient supply chains and competitive costs. Asia Pacific will experience a 1.3% growth in real terms in 2023 (Air: 1.3%; Sea: 1.3%). In addition, Southeast Asia and India will benefit from trade diversification away from mainland China.

However, China's pandemic lockdown and power shortage issues are still present, but macroeconomic conditions will likely improve with the expected gradual relaxation of pandemic control measures.

Tensions and geopolitics between the United States and China are expected to continue fuelling volatility in Chinese markets. Recent announcements such as the US CHIPS and Science Act – which will drive significant investment in semiconductor R&D in the US – highlight the real impact that geopolitics can have on the Chinese industry.

Europe Freight Forwarding Market Size and Growth 2023

The Eurozone faces a winter recession as unusually high energy prices weigh on household purchasing power. Rising energy costs pose a long-term threat to the competitiveness of the European industry. As a result, Europe will experience a shy 0.5% growth in real terms in 2023 (Air: 0.6%; Sea: 0.5%).

Inflation and high energy prices will take a toll on the German economy. It will experience what economists call 'stagflation', a combination of negative growth rates and high inflation. The German air and sea freight forwarding markets are expected to expand at a similar rate as France and Italy.

Spain's forwarding market is forecasted to have a slightly higher real growth. The popularity of multimodal transportation is one of the prime factors driving the freight logistics market in Spain.

North America Freight Forwarding Market Size and Growth 2023

The North American region will experience only a 0.1% growth in real terms in 2023 (Air: 0.1%; Sea: 0.0%).

The US economy is expected to experience a mild recession due to inflation and economic disruptions caused by the decrease in consumer demand and the war in Ukraine.

Higher commodity prices, especially food and energy, discourage consumer spending. Furthermore, the impact of the war in Ukraine on the US economy will come in the form of higher oil prices and a slowdown in Europe which the US will feel because the EU is a major trading partner of the US, accounting for over 15% of US exports.

Global Supply Chain intelligence (GSCi)

GSCi
Global Supply Chain Intelligence

Freight Forwarding market data & intelligence to support your supply chain strategy:

- 2021 & 2022 market sizes & growth rates, 2023 projections & forecasts to 2026
- Market segmentation by air & sea freight
- Weekly freight rate benchmarking data for ocean, air & road
- Market share data by revenue and volume for air & sea
- Digital forwarding landscape analysis with market maps & profiles
- Case studies of implementation of software solutions by freight forwarders
- Ti surveys & interviews on future trends



FIND OUT MORE

ABOUT TI

Ti Insight is a leading logistics and supply chain market research and analysis company providing:

- Supply Chain and Logistics Market Research Reports
- Global Supply Chain Intelligence (GSCi) online knowledge platform
- Consulting and Market Research projects
- Training, Conferences and Webinars.

Ti has acted as advisors to the World Economic Forum, World Bank, UN and European Commission as well as providing expert analysis to the world's leading manufacturers, retailers, banks, consultancies, shipping lines and logistics providers.

Expertise includes:

- Analysis of corporate strategies of leading express, freight forwarding and logistics companies.
- Global usage and perception studies of shipper and logistics provider behaviour.
- Micro-economic analysis of key logistics segments: express, freight forwarding, road freight, contract logistics, warehousing, air cargo, shipping and e-commerce logistics.
- Analysis of supply chain strategies employed in industry vertical sectors: pharmaceutical, fashion, high tech, oil and gas, consumer, chemical, cold chain, automotive and retail.
- Market sizing and forecasts of key logistics segments and vertical sectors.
- Intelligence on emerging markets logistics sectors in Asia, Africa, Latin America, Eastern Europe and Middle East.

What Sets Ti apart?

- Led by leading industry experienced experts
- Globally recognised and trusted brand
- Global Associate Network provides a multi-country, multi-disciplinary and multi-lingual extension to Ti's in-house capabilities
- More than fifteen years of knowledge delivery to global manufacturers, retailers, banks, consultancies, shipping lines and logistics providers
- Unique web-based intelligence portals
- On-going and comprehensive programmes of primary and secondary research.

For further information about Ti or any of its products and services, please contact Michael Clover, Head of Commercial Development: [Email: mclover@ti-insight.com](mailto:mclover@ti-insight.com)

LICENCE AND COPYRIGHT

Ti reports contain copyrighted material. The user may not modify, publish, transmit, participate in the transfer or sale, create derivative works or in any way exploit, any of the content, in whole or in part. Except as otherwise expressly permitted under copyright law or these Terms, no copying, redistribution, retransmission, publication or commercial or non-commercial exploitation of downloaded material will be permitted without the express written permission of Company and the copyright owner.

You are permitted to print and download extracts from this report for your own private use on the following basis:

- (a) no documents or related graphics are modified in any way;
- (b) no graphics are used separately from accompanying text; and
- (c) any of our copyright and trade mark notices and this permission notice appear in all copies.

You are permitted to use the documents which we supply to you for your own legitimate purposes. The documents (or access thereto) may not be sold or offered for sale to third parties, whether in whole or in part.