



# EUROPEAN ROAD FREIGHT TRANSPORT MARKET FORECASTS: 2024 & 2025

By Ti Insight



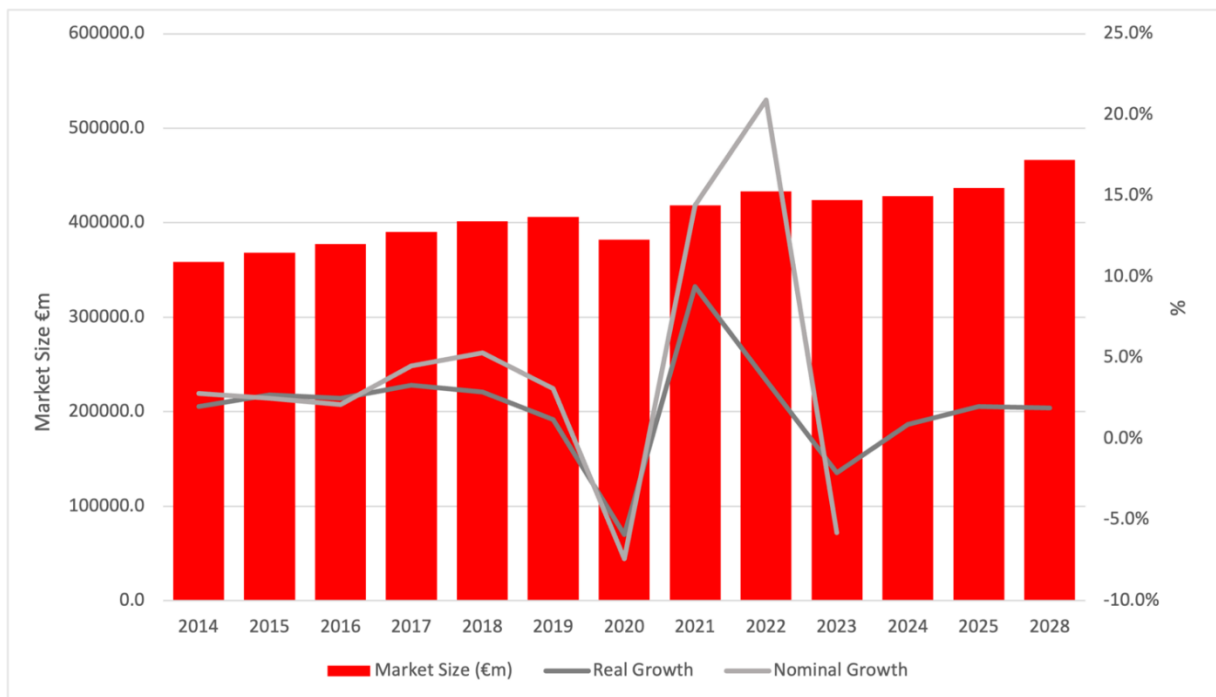
December 2024

## EUROPEAN ROAD FREIGHT TRANSPORT MARKET FORECASTS: 2024 & 2025

### TOTAL EUROPEAN ROAD FREIGHT TRANSPORT MARKET SIZE - 2024 (F)

The European road freight market is projected to increase in the full year of 2024, expanding by 0.9% in real terms (holding prices and exchange rates constant) to reach €428,229m.

*Total European Road Freight Market Real Growth 2014-2028 (F)*



Source: Ti

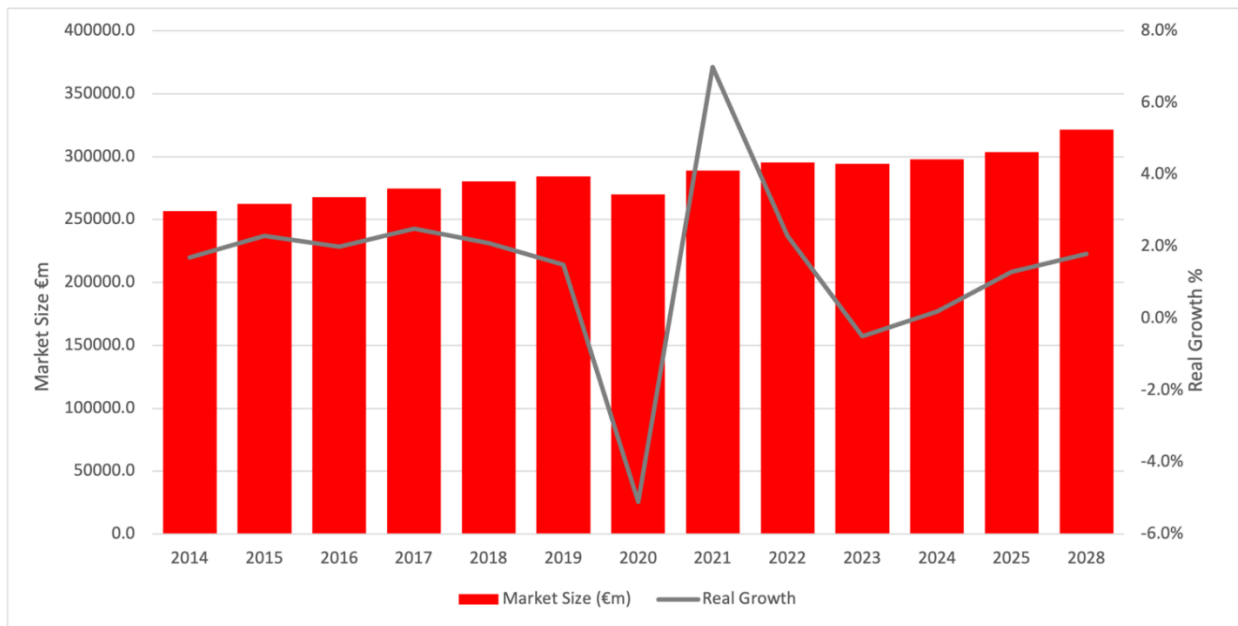
Note: Nominal Growth is not forecasted for 2024, 2025 and 2028

### Summary of market conditions - 2024

In 2024, the European road freight market's growth was supported by real wage growth as inflation decelerated and a stronger labour market supported a recovery in consumption. Key sectors that include e-commerce, manufacturing, and retail fueled this demand as businesses restocked inventories and moved goods across borders. However, while demand has recovered, labour shortages, high operational costs, coupled with ongoing efforts to reduce carbon emissions in line with the EU's Green Deal and emissions regulations, geopolitical uncertainty, and shifting fuel prices have altered the European road freight market dynamics in 2024. According to IMF, European GDP has grown by only 0.9% this year.

The domestic European road freight market is forecasted to reach a market size of €297,906.9m, showing an uptick of 1.3% in real terms.

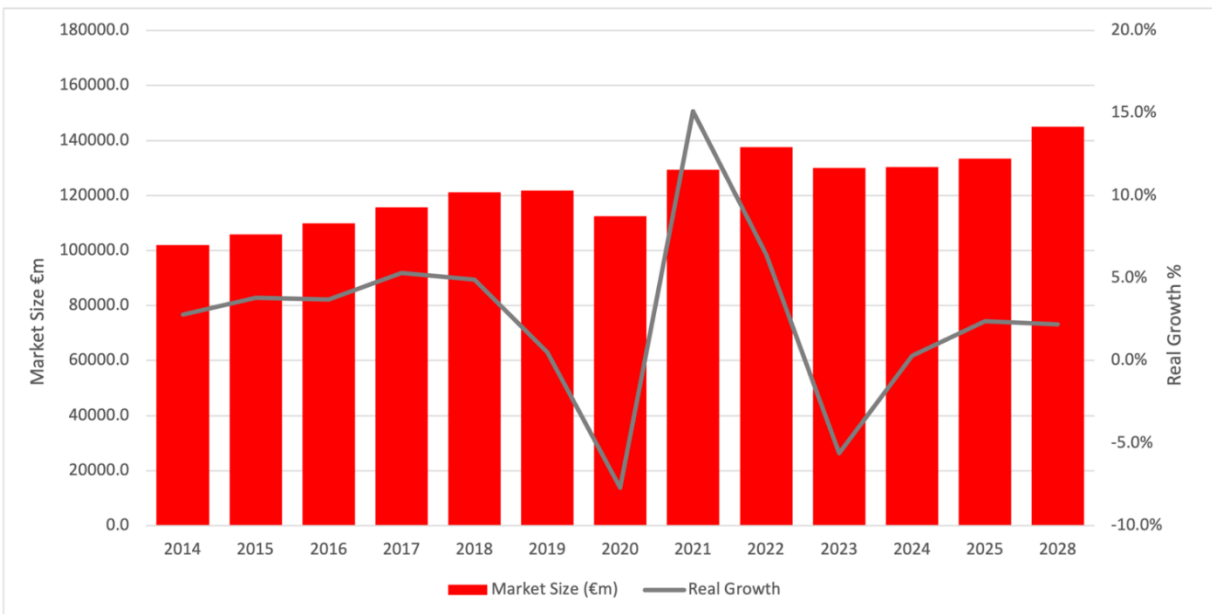
*Domestic European Road Freight Market Real Growth 2014-2028 (F)*



Source: Ti

The international road freight market has grown very slowly in 2024, with growth of 0.3% and its market size is expected to reach €130,322.4m. Ti has revised its growth forecast for international markets in 2024 downward, due to trade volumes falling short of projections.

### International European Road Freight Market Real Growth 2014-2028 (F)



Source: Ti

The road freight market is impacted by rising operating costs, which is influenced by factors such as vehicle maintenance, insurance, and tyre costs. These expenses have increased in comparison to past years, maintaining significant cost pressure on operators. The GDP growth of European countries has exhibited only a slight improvement compared to last year.

According to Eurostat, EU imports of goods increased by 0.5% in the third quarter of 2024, compared to the previous quarter, while exports decreased by 1.0%. The level of exports decreased for the first time since the fourth quarter of 2023, while the level of imports increased for the second time in a row. Consequently, the EU trade balance in goods dropped from €38bn in the second quarter of 2024 to €29bn in the third quarter of 2024, maintaining a surplus since the third quarter of 2023. Increasing imports undoubtedly indicate that more goods need to be transported, thereby positively impacting road freight market volumes. The annual inflation rate fell from a peak of 10.6% in October 2022 through 2.9% a year ago (October 2023) to 2.0% in October 2024 in the euro area; and in the EU, it fell from a peak of 11.5% in October 2022 through 3.6% a year ago (October 2023) to 2.3% in October 2024.

The European road freight market has seen an increase in demand in 2024. In the EU, household real consumption per capita grew by 0.2% in the second quarter of 2024, following a 0.3% rise in the previous quarter. Meanwhile, household real income per capita rose by 0.6% in Q2 2024, after a 1.0% increase in Q1, which helps explain the surge in demand.

The upturn in the European road freight market is also evident in the financial performance of the major road freight players. DSV, one of the major European road freight providers, reported that there has been a steady increase in its road freight revenue over the first nine months of 2024. Increased volumes contributed to a 7.5% growth in revenues. Similarly, the Nordic Transport Group (NTG) delivered strong results in Q3 2024 rising by 6.8% compared to Q3 2023. In addition, the provider signed four acquisitions during the quarter in order to strengthen its European road freight business. Swiss freight forwarder, Kuehne + Nagel saw a 3% increase in road freight revenues, driven primarily by an 8% growth in order volumes compared to the same period in 2023. Similarly, DB Schenker reported a 7.1% rise in road freight volumes in H1 2024, compared to the first half of 2023. DHL also experienced growth, with road freight revenues increasing by 3.7% in Q3 2024 and 0.7% in the first nine months of the year, relative to the same periods in 2023. In addition, Scan Global Logistics posted a remarkable 21.1% jump in road freight revenues in Q3 2024, compared to Q3 2023.

Although a majority of providers experienced revenue growth in 2024, this has been a gradual trend, with the road freight market only beginning to show signs of recovery towards the end of the year. For example, DB Schenker reported a 4.5% decline in road freight revenues in H1 2024 compared to the same period in 2023. The company attributed this drop to lower freight rates and a slight decrease in demand early in the year. Similarly, in Q1 2024, DSV observed a downturn in its road freight activity levels across Europe. These early challenges highlight that the market's recovery has been slow, with growth only becoming more evident in the latter part of the year.

## TOTAL EUROPEAN ROAD FREIGHT TRANSPORT MARKET SIZE – 2025 (F)

The European road freight market is expected to grow in 2025, with a projected real-term increase of 2.0% (assuming constant prices and exchange rates), reaching a value of €436,917.6m.

The domestic European road freight market is forecasted to grow by 1.9% in real terms, reaching €303,516.1m. Meanwhile, the international road freight market is showing signs of recovery, with a 2.4% growth anticipated, bringing its market value to €133,401.5m.

### Summary of Market Conditions – 2025

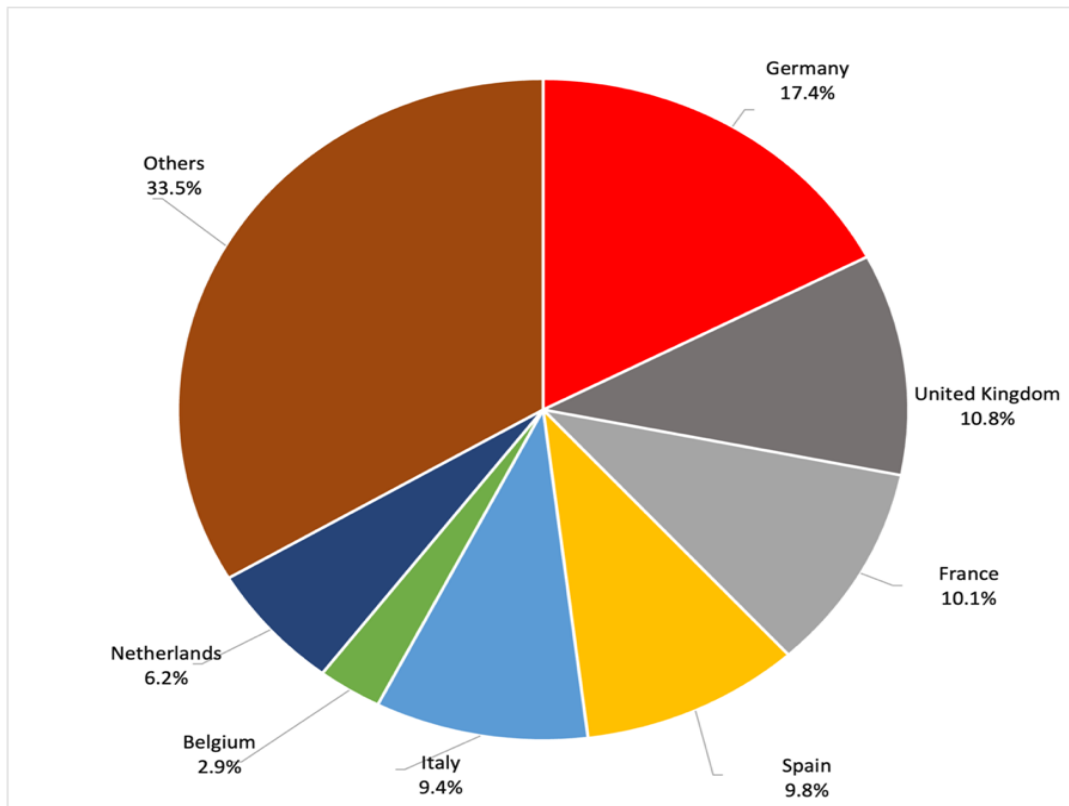
According to IMF, the GDP growth of EU countries is projected to climb by 1.6% in 2025, driven by an increase in consumption growth and a revival in investment, despite the tightening of fiscal policies. The recovery in real incomes is anticipated to eventually result in stronger consumer spending, even if wage growth slows somewhat.

Trade-dependent Germany, which is currently struggling with an industrial slump, is particularly exposed to potential new tariffs from US President-elect Donald Trump, who has vowed at least a 10% tariff on all imports in 2025. Depending on the specifics of these tariff rises, the possibility of a recession may increase, particularly given the country's already precarious economic position. In a similar vein, the Netherlands is extremely vulnerable due to its small open economy.

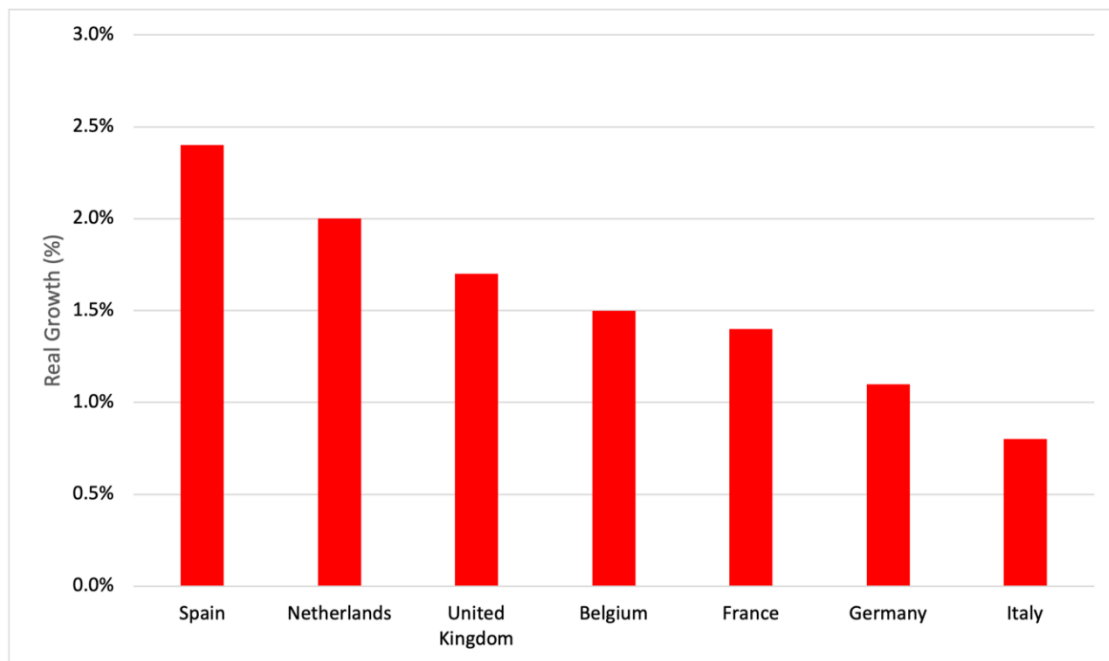
Furthermore, the OECD has lowered its forecast for German economic growth in 2025 due to political uncertainty and tight fiscal policy. The world's third-largest economy is predicted to grow by 0.7% in 2025, down from a previous estimate of 1.1%. For 2026, the OECD forecasts an acceleration of growth to 1.2%.

However, according to the European Commission, following a broadly flat yearly growth of exports of goods in 2024, merchandise exports are projected to pick up speed in 2025, whilst imports are also expected to rebound visibly.

*Total European Road Freight Transport Market Shares by Country - 2025 (F)*



*Source: Ti*

*Real Growth Rates: Major Markets 2025 (F)*

*Source: Ti*

Domestic demand is expected to fuel future growth, with the eurozone projected to achieve a 1.6% uptick in 2026. The European Commission has proposed a €199.7bn annual EU budget for 2025 to help the EU achieve its political priorities, while incorporating the changes agreed upon in the mid-term revision of the Multiannual Financial Framework (MFF) in February 2024.

Leading research institutes anticipate a partial recovery for the manufacturing sector. Factors such as a reduction in inventories, improved consumer purchasing power, and a slight easing of interest rates contribute to an environment that supports a cautious rebound in production across the eurozone.

According to a survey data, the HCOB Eurozone Manufacturing PMI declined to a 2-month low of 45.2 in November 2024 down from 46.0 in October 2024. The HCOB Eurozone Manufacturing PMI Output Index declined to a 2-month low of 45.1 in November down from 45.8 in October 2024, which indicates contraction in the manufacturing sector (larger than 50 manufacturing PMI points indicate expansion in the sector). The manufacturing sector plays an important role for the overall economy of the region, and if that is showing contraction it means that the region will take some year to come back to pre-pandemic level and no sign of relief is expected in the manufacturing sector soon.

In November 2024, the European Central Bank (ECB) reduced its interest rate for the fourth time that year, cutting it by 25 basis points to 3% in an effort to support the struggling Eurozone economy, with additional rate cuts on the horizon in 2025. Higher interest rates typically lead to reduced consumer spending on everyday goods, which is likely to negatively affect the European road freight market.

However, factors such as rising real income and improved purchasing power could serve as positive drivers for growth in private consumption, thereby boosting road freight activities in 2025.

New forecasts from IRU shows driver shortages across Europe are expected to worsen again in 2025, fueled by increased transport demand and an ageing driver population. The widening gap between retiring and new drivers is predicted to triple the rate of unfilled truck driver positions, exceeding 60% by 2026.

In 2025, toll rates across Europe are set to undergo significant changes, driven by shifting environmental policies, regulatory updates, and economic factors. The increases will be substantial enough to render current operating models unsustainable for many operators, leading them to pass on the additional costs to shippers. As a result, freight rates for both domestic and transit shipments through affected countries are expected to rise. These price increases are likely to support higher nominal market growth in 2025.

Another pressing concern is the war in Ukraine, coupled with the escalating conflict in the Middle East, which could intensify geopolitical risks and continue to threaten European energy security. Additionally, a further rise in protectionist measures by trading partners could hinder global trade, negatively affecting the EU's open economy.



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