



Atlantic Crossing: A Comparative European 3PL Market Analysis

Latest Third-Party Logistics Market Results and Outlook

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**ARMSTRONG &
ASSOCIATES, INC.**

Phone: +1-414-545-3838

Website: www.3PLogistics.com

Email: Armstrong@3PLogistics.com

ABOUT ARMSTRONG & ASSOCIATES, INC.

Armstrong & Associates, Inc. (A&A) was established in 1980 to meet the needs of a newly deregulated domestic transportation market. Since then, through its leading Third-Party Logistics (3PL) market research and history of helping companies outsource logistics functions, A&A has become an internationally recognized key resource for 3PL market information and consulting.

A&A's mission is to have leading proprietary supply chain knowledge and market research not available anywhere else. As proof of our continued work supporting our mission, A&A's 3PL market research is frequently cited in media articles, publications, and securities filings by publicly traded 3PLs. In addition, A&A's email newsletter currently has over 88,000 subscribers globally.

A&A's market research complements its consulting activities by providing continually updated data for analysis. Based upon its unsurpassed knowledge of the 3PL market and the operations of leading 3PLs, A&A has provided strategic planning consulting services to over 50 3PLs, supported 26* closed investment transactions, and advised numerous companies looking to benchmark existing 3PL operations or outsource logistics functions.

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**In its latest transaction, A&A was the buy-side search advisor for Palladium Equity in acquiring Source Logistics on November 2, 2023.*



Introduction

Since 2023, there has been a divergence within the global Third-Party Logistics (3PL) Market. Non-asset-based International Transportation Management (ITM) and Transportation Management (TM) Third-Party Logistics Providers (3PLs) experienced significant downtrends in revenues from the COVID-19 demand surges to the ongoing post-shutdown normalization. In contrast, asset-based transportation management or Dedicated Contract Carriage (DCC) and Value-Added Warehousing and Distribution (VAWD) 3PLs, which, although grew slower during the pandemic, have continued to grow. Logistics costs (spends) and 3PL revenues increased extraordinarily during the 2020-2022 COVID-19 pandemic shutdown and post-shutdown periods. With inventories rebuilt and severe COVID-19 cases waning, demand for 3PL services became more stable and manageable in the second half of 2022. Transportation rates began falling, and carrier capacity/supply normalized. The second half of 2022 was highlighted by tightening monetary policy through central banks' quantitative tightening and increased interest rates to reduce demand and stave off long-term higher structural inflation. The negative impact on logistics costs and 3PL revenues in 2023 was significant when coupled with deflating transportation rates. For the U.S., the Federal Open Market Committee has done a commendable job, and it looks like it has engineered a "soft landing," with most economists taking a recession off the table.

The COVID-19 pandemic and recent years' unprecedented supply chain disruptions in the Red Sea and Panama Canal have accelerated the outsourcing pace of global logistics. 3PL customers realized that supply chains need to be more flexible, and it's more beneficial to source products and components from multiple countries than just one. This has driven more nearshoring to Mexico, Malaysia with semiconductors, for example, and Vietnam. According to the 2024 Savills Nearshoring Index study, Portugal, the Czech Republic, and Poland are the top three nearshoring locations for industrial occupiers looking for 'nearshore' supply chains in Europe. In addition, 3PLs help their customers save costs and offer additional specialized services with expertise in international transportation management, warehousing and distribution, etc.

The European 3PL Market

Figure 1. European 3PL Market 2016-2026E (US\$ Billions)

Figure 2. European 3PL Segment Gross Revenues (US\$ Billions) and CAGRs*

**The Value-Added Warehousing and Distribution (VAWD)/Contract Logistics
3PL Market Segment**

The Warehousing Landscape in Europe

Figure 3. Prime Logistics Rental Rates - Q2 2023 (Rate per Square Meter in Euros)

Table 1. Prime Logistics Rental Rates Growth and Forecasts (2021A - 2027F)

The Transportation Management (TM) 3PL Market Segment

The International Transportation Management (ITM) 3PL Market Segment

Impacts and Disruptions Affecting Europe's Supply Chain

EU Emissions Trading System (ETS)

Carbon Border Adjustment Mechanism (CBAM)

Corporate Sustainability Due Diligence Directive (CSDDD)

EU Corporate Sustainability Reporting Directive (CSRD)

EU-Japan Economic Partnership Agreement (EUJEPA)

War in Ukraine

Tariffs

Global and European 3PL Revenue and Segment Trends

Figure 4. 2016-2026E 3PL Revenue by Key Region & Country (US\$ Billions)

Figure 5. 2016-2026E VAWD Revenue by Key Region & Country (US\$ Billions)

Figure 6. 2016-2026E TM Revenue by Key Region & Country (US\$ Billions)

Figure 7. 2016-2026E ITM Revenue by Key Region & Country (US\$ Billions)

European Ports Trends, Developments, and Initiatives

Figure 8. Top 10 Largest European Ocean Container Ports in 2023 by TEU Throughput vs. 2022

The Port/Rail Connection

Germany Records the Highest Rail Freight Transport Performance in the EU

Figure 9. Rail Freight Transport for Main Undertakings - 2012, 2021 and 2022 (Billion TKM)

Europe's Biggest Rail Freight Companies are facing Major Challenges in 2024

Top 50 Europe-Based 3PLs

Table 2. Top 50 Europe-based 3PLs by Gross Logistics Revenue/Turnover

3PL Merger and Acquisition Activity

Figure 10. 3PL Acquisitions over \$100 Million 2014-June 2024*

Market Research

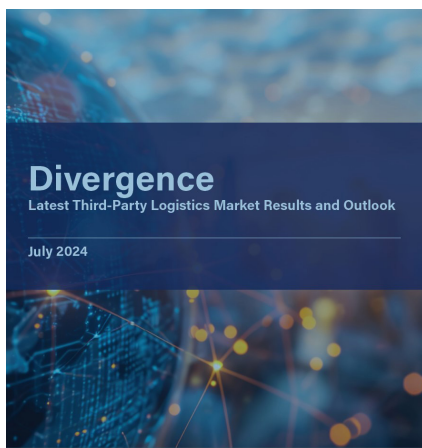
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Phone: +1-414-545-3838
Website: www.3pllogistics.com
Email: Armstrong@3PLlogistics.com

Divergence:

Latest Third-Party Logistics Market Results and Outlook

This definitive analysis explores the latest trends in the third-party logistics industry and its major segments, latest trends and estimates in the U.S. and Global 3PL Markets, including the Top 50 U.S. and Global 3PLs and 3PL M&A activity. The report also contains A&A's lists of the Top 50 Global 3PLs and Top 50 U.S. 3PLs for 2023.

This report is part of A&A's premium market research Expert Information Service (E.I.S.). (Note: This report is downloadable as an Adobe PDF file with a single user license.)



Phone: +1-703-407-0580
Website: www.nationalhomedeliveryassociation.com
Email: blecos@nationalhomedeliveryassociation.org

Phone: +1-800-825-3915
Website: www.3pllogistics.com
Email: Armstrong@3PLlogistics.com

Making it Count:

Big and Bulky Last-Mile Delivery in the United States - 2024

The National Home Delivery Association (NHDA) and A&A partnered for this study covering the U.S. Big and Bulky Last-Mile Delivery Market. This major market research report provides updates on current market size, growth, and outlook, key providers, customers and verticals served, estimated route costs and average stops by geography, as well as employment and other trends.

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Descent:

Global and Regional Logistics Costs and Third-Party Logistics Market Trends Including a Segment Focus on Technological Vertical Industry

The report provides Global Third-Party Logistics Market Gross Revenue in Total and by 3PL Market Segment and Logistics Cost estimates from 2016-2026E, with revenues and growth rates broken down by key regions and countries. This year's report has a special segment focus on the Technological vertical customer growth, providing vertical and subsegment revenue estimates and growth rates by key region and country. The report also covers the top 50 3PLs, those serving the Technology vertical, and the top 3PL customers within the vertical.

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