

Transportation and Logistics

Q3 2025 Snapshot

Highlights

- Policy-driven airfreight changes:** Networks rebalanced post-de minimis shift, redirecting e-commerce flows. Demand is on the rise and growth is expected to continue.
- Ocean rates reset, options expand:** A sharp FAK pullback opens a buying window – favor blended contracts, mini-bids, and reliability triggers.
- Warehouse normalization:** Utilization eased, signaling healthier flow; run for speed over storage with flexible labor/space models.
- Detoured demand:** Geopolitics and new port fees rerouted capacity and lengthened lead times – diversify ports/carriers and hold targeted buffers.
- Deal volume in overdrive:** M&A tilted toward capability and geography plays, rewarding ready lists, fast diligence and pragmatic integration.
- Freight stabilization takes hold:** Dry van rates edged higher, signaling a firming truckload market. Tightening capacity and seasonal demand point to gradual rate pressure into Q4 – secure term contracts and rebalance spot exposure early.

Key Metrics Snapshot

KPI	Current	Prior Quarter	YoY Trend
Baltic Airfreight Index (BAI)	2.32	2.26	(7%)
Warehouse Utilization	50.5% (Aug. 2025)	47.8%	N/A
Freightos Baltic Index	\$1,871.4	\$2,893.6	(59)%
T&L M&A Deal Volume (\$M Capital Invested)	\$144,610	\$68,845	709%
Global Trade Volumes (TEUs)	3,204,000 (Aug. 2025)	4,336,000	(32)%
FTL Contract Rates (\$/mi)	\$2.41	\$2.42	0.4%
FTL Spot Rates (\$/mi)	\$2.07	\$2.05	2.5%

Headwinds to Headway: Reframing Advantage in T&L

The transportation and logistics (T&L) sector faces no shortage of well-documented challenges – cost pressures, labor shortages, and digital transformation demands. Yet, the real opportunity lies not in reacting to these trends but in fundamentally rethinking the strategic assumptions that underpin them. Our team at FTI Consulting, drawing on deep market intelligence and real-world engagements, suggest that forward-looking organizations are moving beyond traditional levers and unlocking new pathways to resilience, efficiency and value creation.

This quarterly update explores how market leaders are exploiting overlooked opportunities within these macro trends, providing a provocative lens on how to redefine competitive advantage in today's volatile environment.

Trends To Monitor

1 Policy-Driven Airfreight Rebalancing

Amid rising geopolitical friction and shifting trade ties, air cargo pricing stayed orderly: the Freightos Air Index rose 2.9% q/q in 3Q25.¹ The stabilizer was not demand slack – it was policy-aware network rebalancing. After the U.S. de minimis exemption ended in August, cross-border e-commerce pivoted off Transpacific lanes toward Europe, absorbing capacity and smoothing spot volatility.²

So what: The advantage now lies in using policy shifts – not market noise – as the first signal for optimizing networks. By steering lane mix, inventory positioning and aircraft utilization around regulatory changes, carriers can stabilize rates and protect margins even when demand and trade flows remain unpredictable.

2 Rates Reset. Options Rise

Container rates reset hard: the Freightos Baltic Index fell 35% q/q and 59% y/y to \$1,871 in 3Q25, reflecting market normalization primarily due to unwound congestion plus a wave of newbuild capacity.³ For global procurement and sourcing teams, the drop offers short-term cost relief.

So what: Lock in relief without losing agility – blend index-linked base contracts + quarterly mini-bids, seek to diversify carriers/lanes and hardwire triggers (reliability, dwell, roll rates) to auto-reallocate. Pair this with scenario planning (alliance changes, port disruptions, fuel swings) to pre-wire playbooks and budgets before volatility returns.

3 Warehouse Reset: Run Fast, Not Full

Warehouse utilization has eased from 56.9 (4Q24) to 50.5 (Aug. '25), unwinding 2024's strain. The shift reflects healthier inventory balance and cleaner throughput – **fewer choke points, but softer inbound** – as networks aim to reduce inventory after prior elevated demand.⁴

So what: Keep capacity flexible (use temp labor/short-term space), run warehouses for speed not storage (quicker turns, simple slotting), and match inbound to real demand to avoid pileups—protecting on-time service and margins as volumes settle.

4 Deal Volume in Overdrive

M&A in T&L surged to \$144.6B in 3Q25 from \$68.8B in 2Q25 (+110% q/q, +709% y/y), extending a consolidation wave built on capability and geographic plays. Challenging trucking markets make for a ripe environment for roll ups across FTL and LTL. Recent headline deals show the pattern: TIG PDM (Midwest food-grade packaging/warehousing/transport, deeper vertical integration), Radiant-Weport (80% stake, Mexico cross-border and customs expansion) and Pasha (PNW transload fleets, terminal/intermodal reach).^{5,6,7}

So what: Expect more roll-ups—keep a ready target list and financing prepped, prioritize niche capabilities (food-grade, cross-border, terminal assets) and go in with a practical integration plan; speed and fit beat price chasing.

5 Detoured Demand

Global container trade fell sharply in 3Q25: 3.24M TEUs (Aug.) vs. 4.34M (2Q25) and 4.75M (3Q24). The drop reflects conflict-driven lane disruptions in the Strait of Hormuz and Red Sea, plus mid-2025 U.S. – China port fees and policy shifts that rerouted ships, lifted costs and softened demand.^{8,9}

So what: Plan for longer lead times – diversify ports and carriers, pre-book space/alternate lanes, hold targeted safety stock for must-have SKUs, use rail/air for critical orders and reset customer ETAs and pricing to reflect surcharges and transit variability.

6 FTL Rate Analysis

FTL dry van rates inched up in 3Q25: contract rates at \$2.41 (+0.4%) and spot rates at \$2.07 (+2.5%) vs. 2Q25. The modest rise in both metrics signals a stabilizing market as carrier capacity tightens and seasonal freight demand firms after months of softness.¹⁰

So what: Expect gradual upward rate pressure into Q4. Secure longer-term contracts where possible, rebalance spot exposure and lock in carrier partnerships before peak-season surges to manage cost volatility and ensure coverage.

Endnotes:

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