

Hong Kong Freight And Logistics - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Hong Kong Freight And Logistics Market size is estimated at USD 21.40 billion in 2024, and is expected to reach USD 26.71 billion by 2029, growing at a CAGR of 4.53% during the forecast period (2024-2029).

Key Highlights

To meet the rising demand for their services, third-party logistics (3PL) providers and freight forwarders have been actively seeking solutions. Many businesses aim to increase their digital capabilities, secure longer-term capacity, and transition towards omnichannel integration. Additionally, international businesses are intensifying their investments in the region. For instance, in August 2022, A.P. Moeller Maersk acquired Hong Kong-based contract logistics services provider LF Logistics for USD 3.6 billion. This acquisition allows Maersk to leverage LF Logistics' superior capabilities in omnichannel fulfillment services, e-commerce, and inland transportation for shippers in the Asia-Pacific area.

The industry is experiencing an emergence of new technologies, companies, customers, and business models. Freight companies are increasingly prioritizing digitization to enhance efficiency, thereby reshaping the marketplace. The growing preference for third-party logistics across various industries is expected to drive industry growth in the near to medium-term future.

In order to solidify its position as a major global hub for shipping and logistics, Hong Kong plans to establish a new transport bureau. This anticipated government action was made public this week, coinciding with the city's removal from the top five marine

cities in the world. The new bureau's challenge lies in enhancing Hong Kong's capabilities as a logistics, maritime, and aviation freight hub. It must ensure the city keeps pace with the latest advancements in the Guangdong-HK-Macao Greater Bay Area, RCEP, and BRI's smart logistics and supply chains, as well as the diversification of manufacturing bases and e-commerce booms.

Challenges such as the limited presence of an integrated IT system, fragmented warehousing, handling capacity of infrastructure, and multiple regulations are impeding the growth of the freight sector in Hong Kong. However, the increasing digitization and adoption of the Internet of Things by various industries are driving the freight transportation market. Moreover, the freight transportation sector significantly contributes to overall employment in the country, and with growing government support, employment in the sector is forecasted to rise exponentially.

Hong Kong Logistics Market Trends

Increase in Trade is Driving the Growth of the Market

A Special Administrative Region of the People's Republic of China now exists in Hong Kong. The 'One Country, Two Systems' approach grants the HKSAR a considerable level of autonomy in commerce, finance, and currency. The Basic Law guarantees the expansion of crucial components that make Hong Kong an international financial center. It states that the overall value of products exported by Hong Kong fell by 1.4% in May 2022, while the total value of imported goods rose by 1.3%. Despite a 1.1% increase year-over-year in April 2022, the value of total exports fell by 1.4% in May 2022 to USD 388.1 billion.

Trade serves as a major growth driver for the logistics industry; for example, air transport is a critical mode for Hong Kong's trade. The country functions as a significant international trading hub, heavily reliant on trade. In 2022, Hong Kong saw domestic exports and re-exports totaling around 4.53 trillion Hong Kong dollars (USD 577.98 billion), while goods imported amounted to about 4.93 trillion Hong Kong dollars (USD 629.02 billion), according to the Census and Statistics Department of Hong Kong.

Mainland China stands as the most important market for items transported by air, both in exports and imports. The government is investing in the logistics infrastructure due to growing trade. In 2022, Mainland China remained Hong Kong's largest export market, accounting for USD 328 billion, according to the Census and Statistics Department of Hong Kong.

Air Freight is Dominating the Market

Hong Kong stands tall as the regional logistics center for the Asia Pacific, boasting an extensive network linking to vital global destinations. Its connectivity, coupled with top-tier aviation and maritime infrastructure, positions it as a premier transportation hub in the region. According to the latest Fitch Solutions country risk and industry research, Hong Kong's transport network efficiency ranks second only to Singapore, scoring an impressive 95.1 out of 100.

The Transport and Housing Bureau of Hong Kong, alongside the Civil Aviation Administration of China, has extended the current air services arrangement. This extension permits designated airlines from all GBA cities to engage in code-sharing with land and sea transport operators, simplifying commuting between GBA cities.

The Hong Kong International Airport (HKIA) stands as the region's second busiest cargo facility, equipped with five air cargo handling facilities. A report by the Airport Authority reveals a 12.5% surge in air cargo volumes in 2021, surpassing the pre-pandemic levels recorded in 2019, reaching 5 million tons. By 2024, upon the completion of Hong Kong's third runway, this capacity will expand to 8.9 million tons.

Looking ahead, Hong Kong is poised to maintain its stature as an international airfreight gateway due to its free trade policy, robust supporting services, streamlined customs procedures, and strategic proximity to mainland China. The anticipated completion of the three-runway system at Hong Kong International Airport by 2024 is expected to further bolster the region's capacity for freight movement in the coming years.

Hong Kong Logistics Industry Overview

The Hong Kong freight and logistics market is fairly fragmented, with the top five to ten players accounting for a significant market share. The logistics sector in the country is made up of both domestic and international enterprises. International companies initially struggled against local companies; however, the situation is changing. Some prominent players in the market include DHL, DB Schenker, Kerry Logistics, OOCL Logistics, and SF Express. The demand for integrated and specialized logistics solutions is rising. The

logistics companies in the country are expected to adopt transport and warehouse management systems, big data, and analytics to remain competitive.

Major players in the market are implementing various strategies, such as strategic alliances, partnerships, mergers and acquisitions, geographical expansion, and product/service launches, to remain competitive in the market. For instance, in July 2022, Scan Global Logistics (SGL), a logistics company with headquarters in Copenhagen, acquired Sea-Air Logistics (SAL), a Hong Kong-based company, to expand its presence in China and Hong Kong and increase penetration in industries like consumer electronics, technology, pharma, and healthcare. Further, SGL will add more than 500 staff in China and expand its market share on the intra-Asia, Far-East Westbound, and Trans-Pacific Eastbound trade lanes.

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