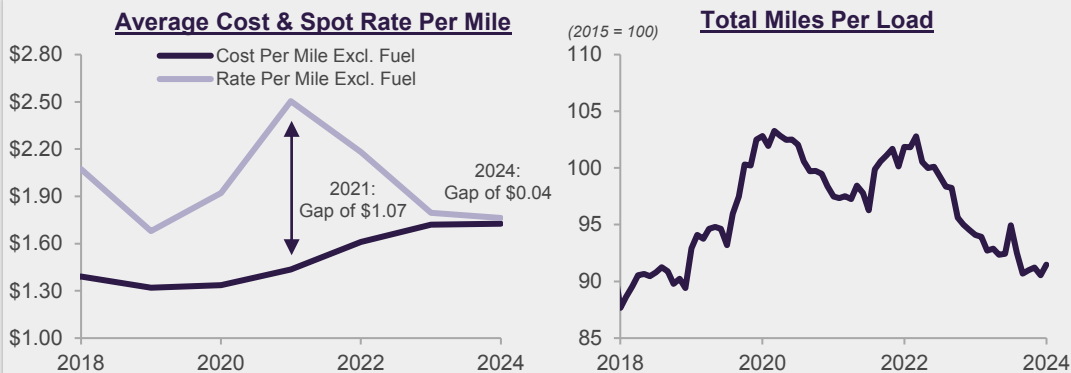


# Transportation & Logistics Opportunities for 2025 and Beyond

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## Truckload Market Dynamics

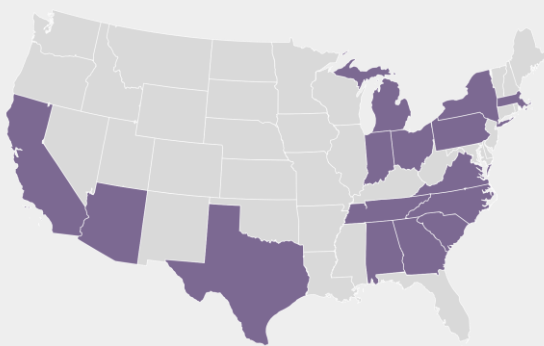


- Spot rates peaked in 2021 during the freight boom, exceeding the avg. cost per mile by more than \$1; the margin has been close to zero since 2023 due to the spot rate compression and cost inflation
- The total miles per load index has reverted to pre-pandemic levels due to a supply-demand imbalance and a potential shift towards regionalized logistics strategies

### Opportunities in Regional Hauling

Reshoring has increased demand for labor, manufacturing construction activity, and freight demand in the Southeast, Midwest, and Southwest. U.S. manufacturing investments are rising, with a key focus on shortening supply chains and bringing them closer to the end customer. This has promoted more regional and super-regional freight networks compared to past trends. Electric vehicle batteries and semiconductor industry investments account for the largest share of job creations. The Southern U.S. continues to lead as the most competitive region for manufacturing, attracting the majority of job announcements and investments. States such as North Carolina, South Carolina, Georgia, and Texas stand out with the highest number of job announcements tied to reshoring projects.

### Top 15 States for Reshoring Initiatives

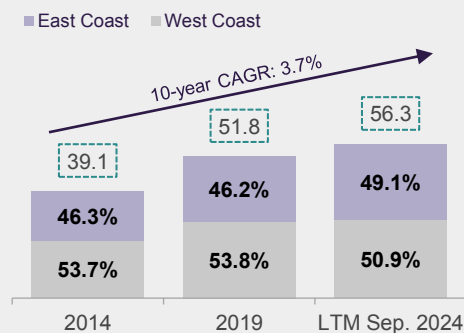


### Industries with Most Reshoring Projects

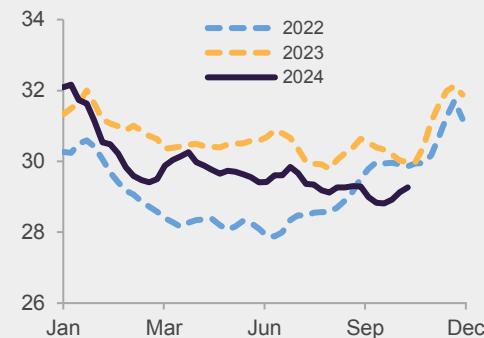
- ✓ Electrical Equipment, Appliances & Components
- ✓ Computer & Electronic Products
- ✓ Chemicals
- ✓ Transportation Equipment
- ✓ Machinery
- ✓ Apparel & Textiles
- ✓ Medical Equipment & Supplies
- ✓ Primary Metal Products

## Future of Containerized Freight

### Seaport Container Volumes (TEUs)<sup>(1)</sup>



### Intermodal Train Speeds (MPH)



### Infrastructure Investments

- The Bipartisan Infrastructure Law is supporting port and waterway projects to strengthen the supply chains, increase efficiencies, and reduce carbon emissions
- Continued plans for port capacity expansions to support container volumes

### Freight Efficiency

- Increased investments in rail service and intermodal networks to handle growing container traffic
- Improvements in intermodal dwell times despite recent drops in train speeds because of demand-driven congestion

## Technology & Sustainability



Investments in automation by logistics companies are projected to exceed 30% of capex by 2028 compared to <20% historically.



Robot shipments will increase by 50% each year through 2030 with warehouse automation growing by more than 10% per year.



Utilizing high-density warehouse designs, companies can reduce their electricity consumption by up to 75%.



The CHIPS Act has accelerated electronics manufacturing construction with spending exceeding \$130BN in 2024, compared to ~\$6BN from 2011-2020



Due to the Inflation Reduction Act, over 25% of clean energy investments in 2Q24 were directed towards manufacturing, compared to 10% in 3Q23.



AI innovations can enhance efficiencies with AI-driven demand forecasting, route optimization, and identifying areas of energy wastage in company facilities.