

South Africa's freight and logistics market booming

South Africa's freight and logistics market is expected to grow rapidly in the coming years, driven by the growth of e-commerce and development in outlying areas. The market is expected to contribute \$21.53bn to the economy in 2023, while online retail sales are expected to contribute more than double that amount at \$46bn within two years. City Logistics CEO Ryan Gaines says that these factors are significant for the country's booming logistics sector.



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"This growth is evident not only in the frequency of truck deliveries, but in warehousing investments required to accommodate the demand. The retail sector in particular is seeing a volume growth of 6% year-on-year," he says.

The April 2022 floods across KwaZulu-Natal meant the province experienced the greatest growth as companies normalised their operations. Cross-border truck loads also rose with Namibia, Lesotho and Botswana showing a 10% increase and Eswatini recording 18%. Gaines says the company has served nearly 1,000 new stores in South Africa during 2023 as existing retailers opened new facilities.

Boosting capacity

He adds that the industry can anticipate further amalgamations as South Africa prepares to service global giants like Amazon and traditional brick-and-mortar retailers expand their e-commerce platforms and offer more door-to-door deliveries. In 2022 City Logistics, in partnership with private equity company Clearwater Capital, for example, purchased the Fastway Couriers franchise in South Africa. The company had acquired the Fastway Cape Town and Durban businesses the previous year.

The move strengthened its last-mile delivery offering, effectively having the option for consumers to have packages conveniently delivered to their door rather than travelling to a store or designated pick-up point.

Last mile logistics partner crucial

"It is the most imperative aspect of the delivery process. This element of the logistics chain is rapidly gaining importance as the retail industry keeps up with the increasing consumer demand for speedy shipping, specifically in e-commerce."

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