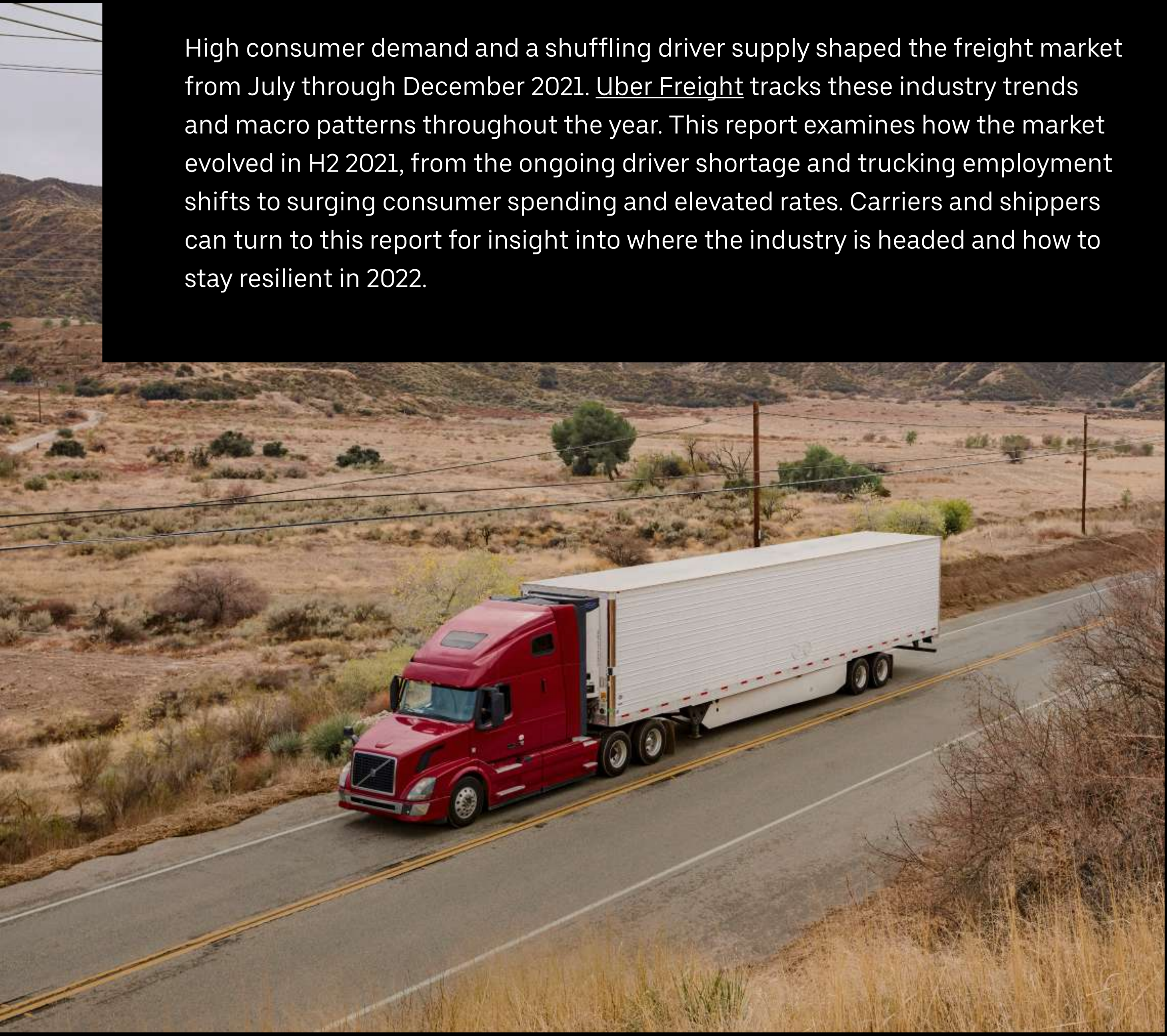
Uber Freight

Market Insights Report

Top trends for 2022 planning and beyond

High consumer demand and a shuffling driver supply shaped the freight market from July through December 2021. Uber Freight tracks these industry trends and macro patterns throughout the year. This report examines how the market evolved in H2 2021, from the ongoing driver shortage and trucking employment shifts to surging consumer spending and elevated rates. Carriers and shippers can turn to this report for insight into where the industry is headed and how to stay resilient in 2022.



I. Macro overview: rising demand and trucking employment shifts

Persisting high consumer demand

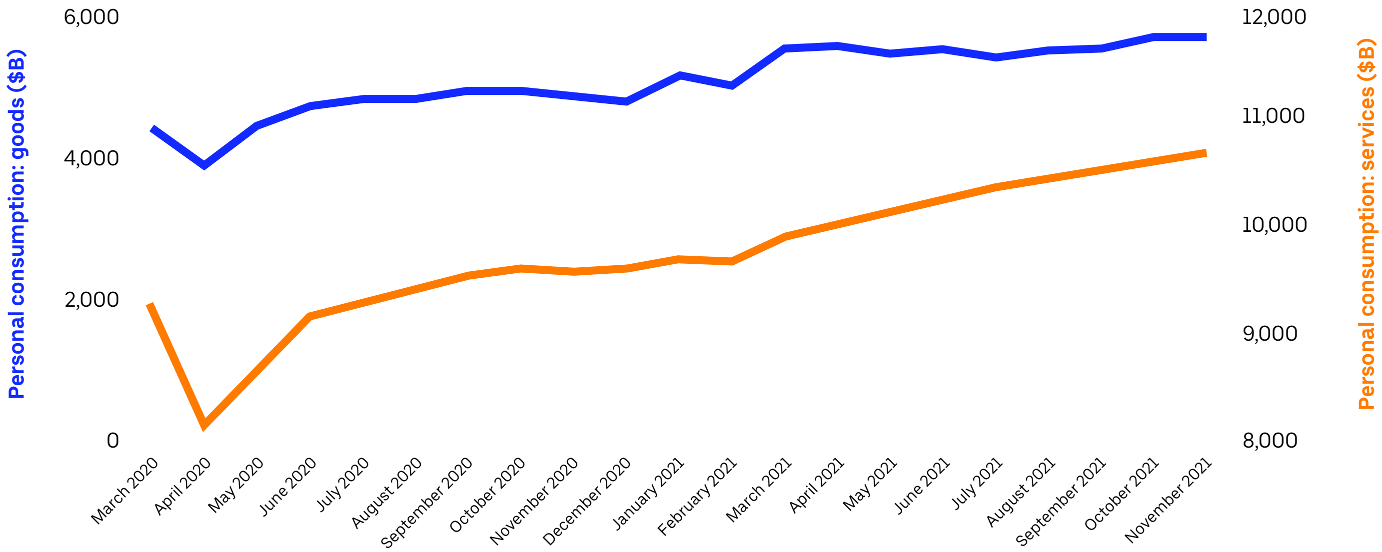
Along with the supply chain crunch, strong consumer balance sheets and high spending kept the freight market tight in 2021. From the pandemic's first lockdowns in March 2020 to H2 2021, consumers saved $2.5 trillion in excess of the average savings in 2019, worth 24 months of pure savings. Before quickly dwindling at the end of 2021, monthly savings were on average 2 times higher than pre-pandemic levels, despite high inflation.

With all this excess saved money amid COVID restrictions and rising variants, people continued to focus more on consuming goods than on services, snapping a services-over-goods trend that lasted several decades before the COVID-19 pandemic. Personal consumption expenditures hit new record highs in 2021, reaching $16 trillion (seasonally adjusted annual rate) in August and continuing to rise for the rest of the year. Retail sales were more than 20% above pre-COVID levels and steadily increased through Q3 2021, surpassing $565 billion in October to beat the all-time high set in April—compared with $493 billion the previous year and $455 billion in 2019.

Personal consumption expenditures

Credit: US Bureau of Economic Analysis

Spending hit new record highs in 2021, and consumers continued their shift from services to goods.



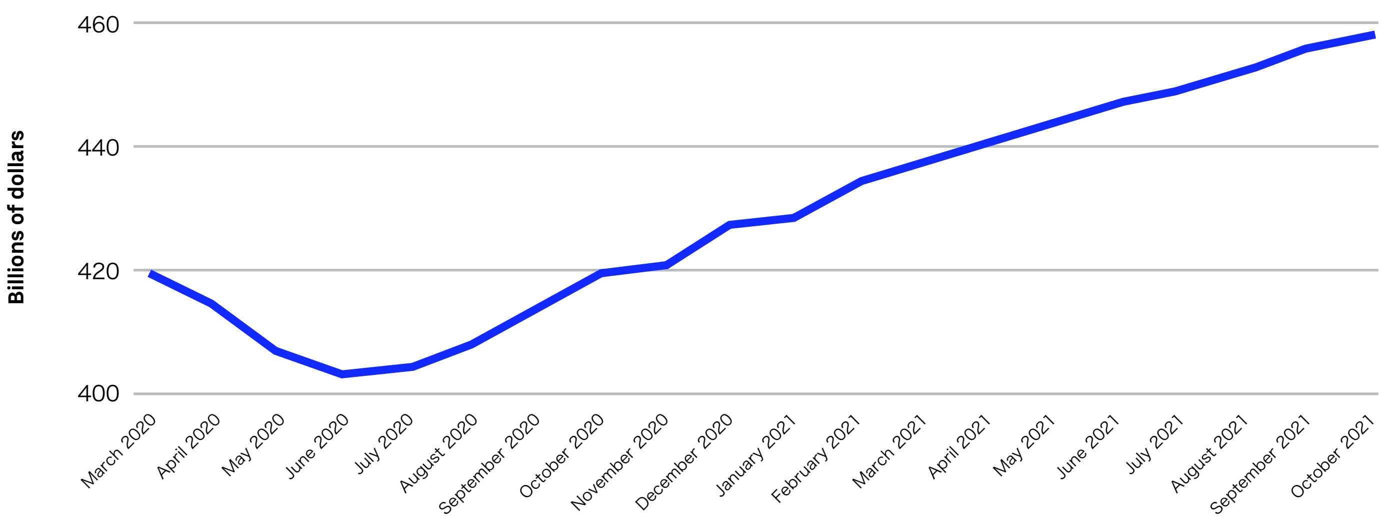
Steep prices for retailers

Retail inventories (excluding auto) have [steadily increased](#) since the early months of the pandemic to keep up with sales, staying above pre-COVID levels throughout all of 2021, nearing $450 billion in July and rising to $465 billion in November.

Retail inventories

Credit: Federal Reserve Bank of St. Louis

Despite steadily increasing inventories throughout the pandemic, inventory-to-sales ratios remained low.



In December, manufacturing expanded for the [19th month in a row](#) since the beginning of the pandemic. Despite these signs of growth, inventories still did not increase enough to satisfy demand and maintain pre-pandemic inventory-to-sales ratios. Retailers [warned shoppers](#) to buy their holiday gifts earlier than usual and spending surged at a faster rate than inventories, forcing retailers to pay more just to fill their shelves.

Many imported goods were stuck at ports, further raising retailers' willingness to pay to get their gifts out before the holidays—the sunk cost of international shipping and importing was already higher than any inflated trucking rates. Congestion became so tight that in November, the Biden-Harris administration announced an [unprecedented $17 billion investment](#) to improve port infrastructure and ease the backlog.

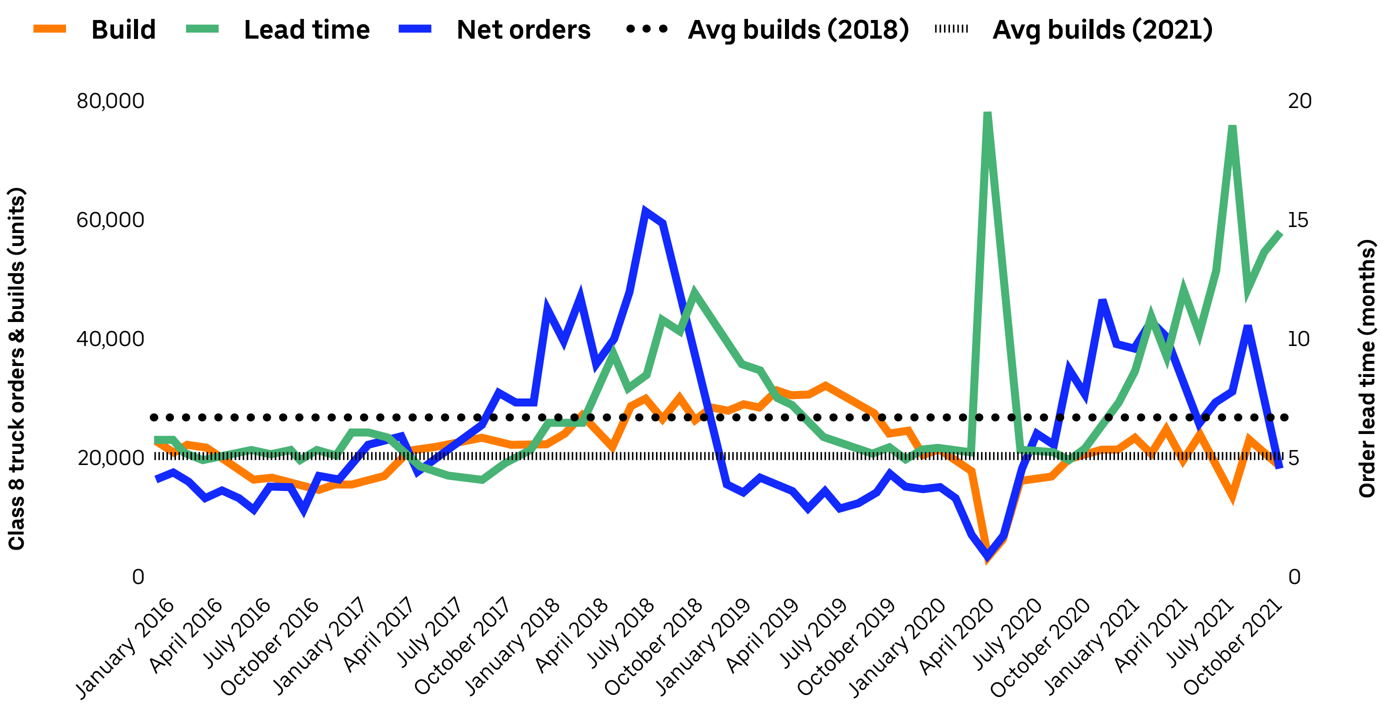
Long-distance trucking employment struggles

Transportation capacity indices remained historically low in October at 34.1, indicating continued downward pressure as elevated demand misaligned with supply throughout the year. The ongoing global semiconductor shortage also constrained capital supply. Class 8 truck builds were 25% lower than the previous tight market in 2018, the average truck order lead time reached as high as 19 months in July, and truck inventories were the lowest since 2011. The heavy backlog forced some OEMs to cancel truck orders by the end of 2021.

Class 8 truck builds

Credit: ACT Research

Builds of Class 8 trucks remained low as the ongoing global semiconductor shortage constrained capital supply.



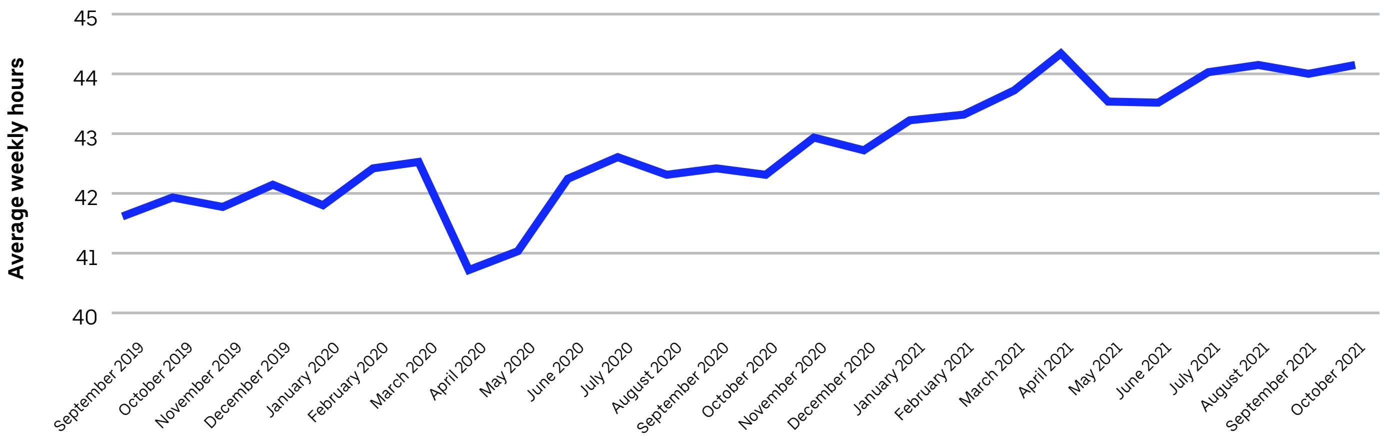
BLS data shows drivers are mostly turning away from long-distance hauls. Long-distance truckload is the largest share of trucking employment (34%), yet it has seen the most dramatic job loss since the beginning of the pandemic at nearly 3%. Truckload long-haul's 0.5% employment growth over the past decade is the slowest of all trucking categories.

Quality of life is a key factor in deterring truckers from long-haul loads. Many drivers leave the market because they prefer to stay closer to home, while others seek better working hours. These drivers work 44 hours/week, compared with 41-42 hours/week pre-pandemic. Further, many non-working hours aren't even spent in their homes, but in their trucks' sleeper cabs. Other contributing factors include changing preferences and demographics of the driver population, and the increasing availability of alternative jobs that do not require as much time away from home (such as local delivery and warehousing).

Trucker working hours

Credit: US Bureau of Labor Statistics

In 2021, truckers worked longer hours than before the pandemic.



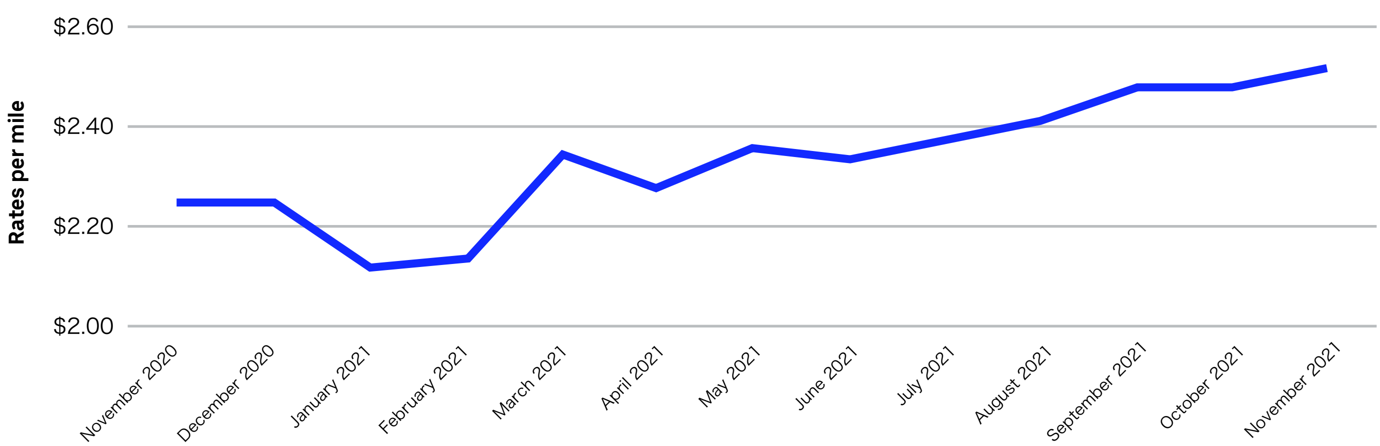
Ongoing surge in new authority

While trucking employment has been recovering to near-pre-pandemic levels, the job market remains unbalanced and is a symptom of a reshuffling driver supply, rather than added carrier capacity. As seen earlier in 2021, drivers continued to take advantage of high spot rates—the national van rate set a record $2.38/mile (excluding fuel) in July and hit new records each subsequent month—by leaving their large fleet jobs (50+ trucks) and getting their own authority. This income boost from rising spot rates, independence, and schedule and route flexibility were the top priorities for drivers transitioning to new authority.

National van rates (subtracting fuel)

Credit: DAT

Drivers continued starting their own trucking companies to take advantage of record-high spot rates.

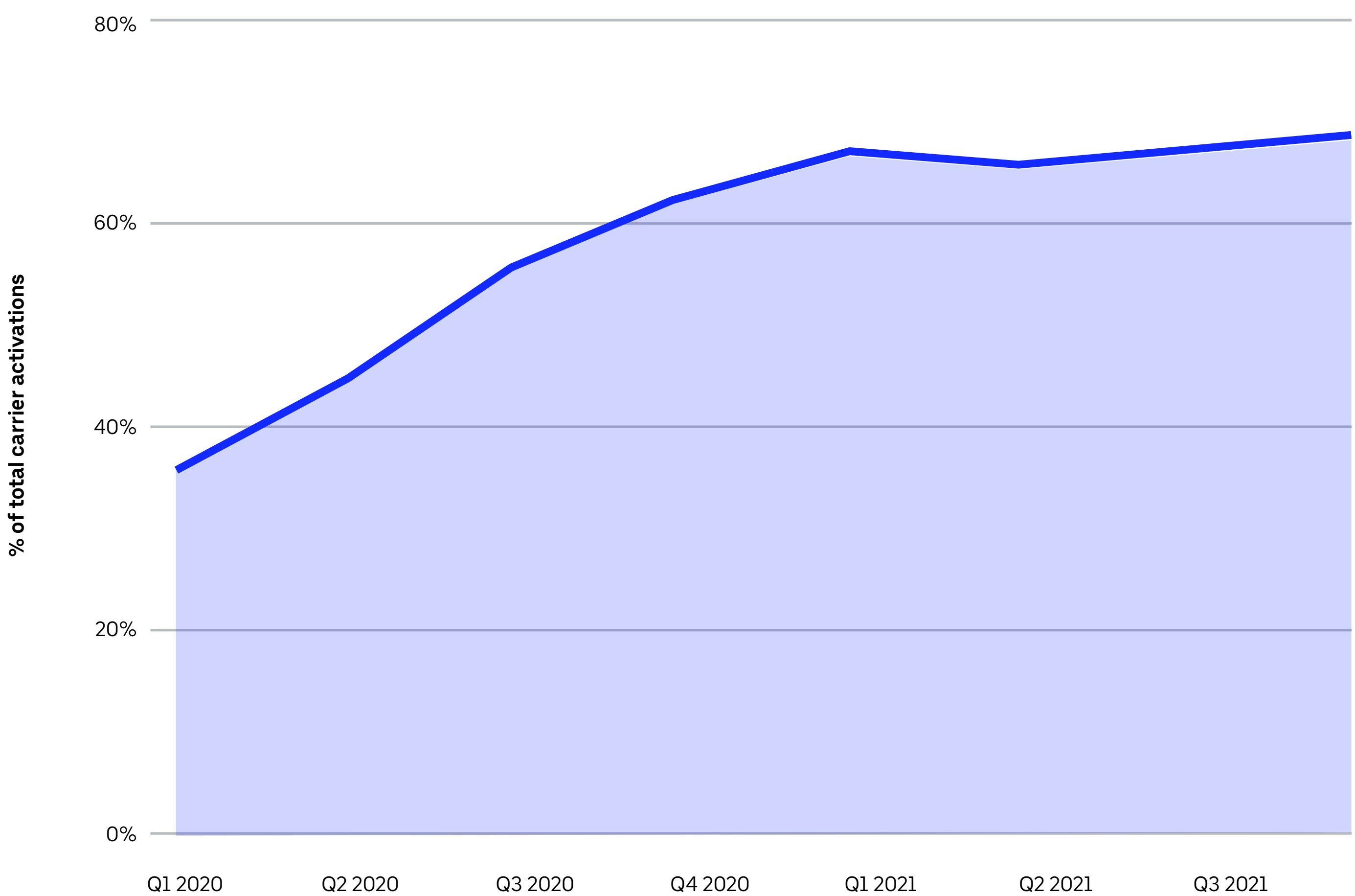


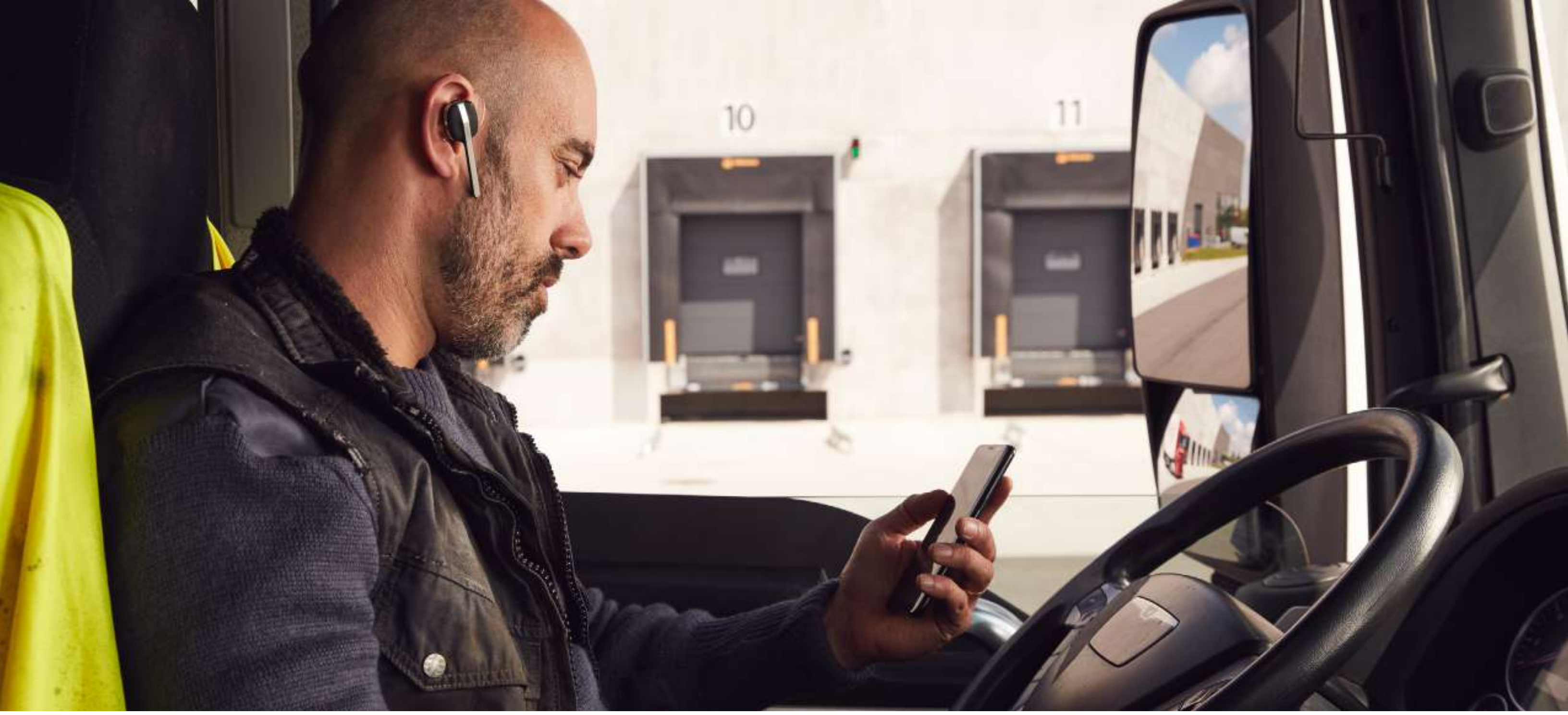
Total new carrier registrations with FMCSA rose by approximately 10,000 each month from August to October, reaching 92,000 for the year—more than 1.5 times the new trucking companies in 2020 and twice as many as any prior year on record. FMCSA authorized nearly 110,000 new for-hire trucking companies in 2021, an 85% increase from the previous record holder, 2020.

New authority growth plateaued in H2 2021 as the market loosened and Class 8 truck shortages limited many entrants' access to trucking equipment. However, new authority carriers were still approaching 70% of Uber Freight's total activations in Q3 2021, compared with 41% at the beginning of the pandemic in March 2020.

New authority carriers on Uber Freight (QoQ change)

New authority carriers constituted nearly 70% of the Uber Freight platform's total activations by the end of 2021, compared with 41% at the beginning of the pandemic.

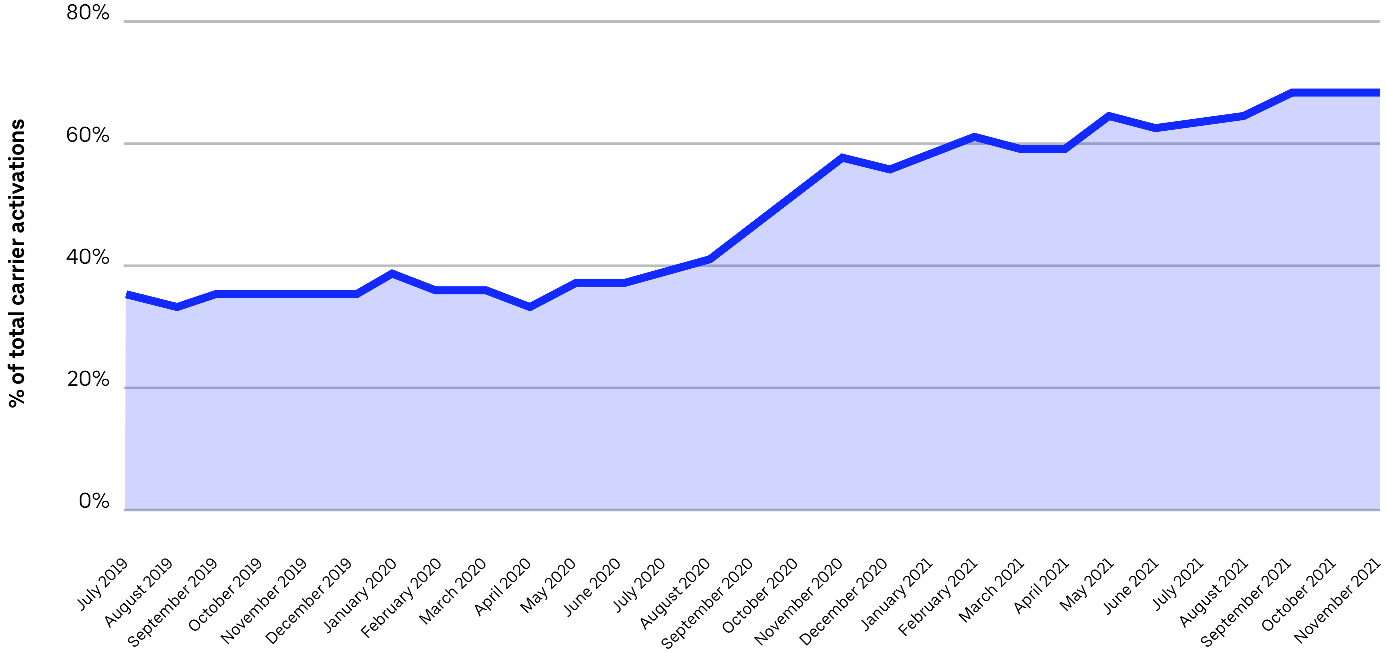




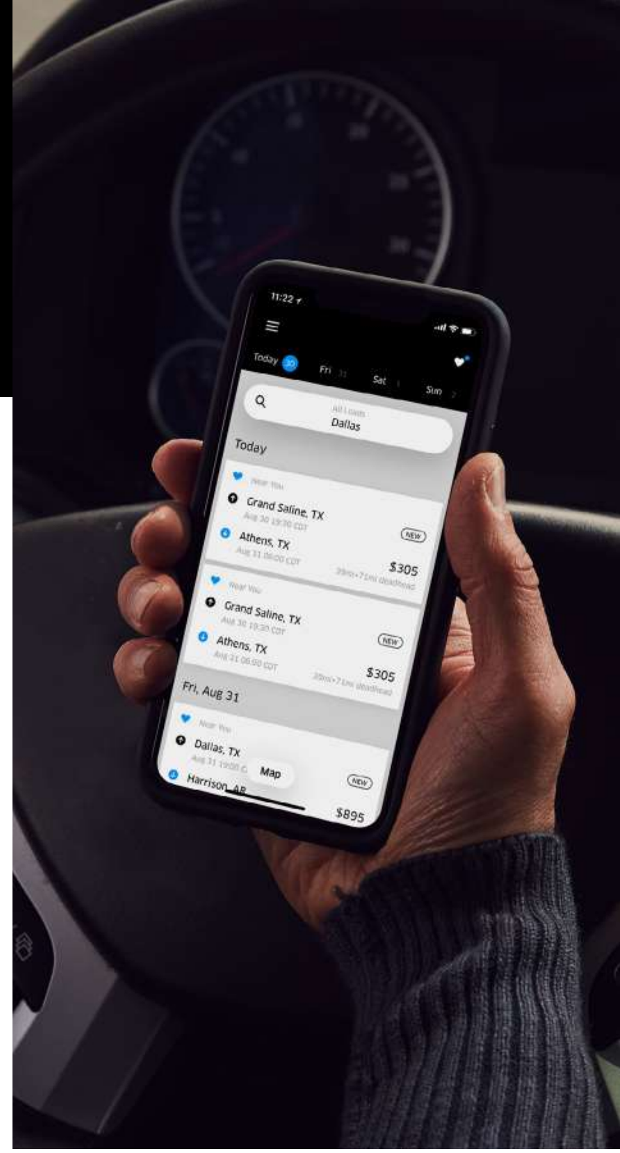
Of the new authority activations in Uber Freight's network last year, 73% were owner-operators—comparable to the approximately 70% across the entire industry. These entrepreneurial trucking business owners comprised 63% of our total activations in July 2021, then rose over the subsequent 6 months to 68% by year-end.

Uber Freight's owner-operator activations (MoM change)

Uber Freight has seen owner-operator activations increase since the beginning of the pandemic, as elevated rates continue driving carriers to new authority.



II. Uber Freight's digital solutions: one-stop shop for a resilient industry



Improving the driving experience for small carriers

Owner-operators and other small carriers are essential to our economy, but their driving experiences often fall behind those of larger fleets. Overhead costs, added pressure during the past year's e-commerce boom, and subpar payment offerings can make it difficult for independent trucking shops to run their businesses—which is why Uber Freight remains committed to innovating for and investing in them.

In early 2021, we introduced new platform features to help carriers maximize their time on the road: bundle cancellation protection and optimized one-day local trips. As carrier demand soared throughout the year, Uber Freight continued to meet drivers' needs with additional innovations and benefits. In October, we announced our partnership with Marqeta and Branch to provide faster payments, financial services, and fuel rewards to help small carriers grow and thrive.

Supporting shippers' procurement needs

For years, shippers have traditionally relied on manual RFPs to source long-term capacity. This makes it easier to negotiate, but at the expense of speed, cost transparency, and overall reliability. When primary and backup providers' routing guides fail, the shipper turns to the spot market. Customers that turn to Uber Freight's digital procurement channels can decrease touchpoints and may reduce their overall cost of transportation.

Shippers have been rapidly integrating our dynamic pricing API into their routing guides as a real-time backup rate, with 100% tender acceptance. Uber Freight saw 57% growth in new logos adopting our API in 2021, with a 70% increase in total volume moved, demonstrating heightened engagement from existing shipper cohorts. This rapid growth throughout 2021 indicates that the tech, real-time pricing, and execution of our API saves costs instantly without disrupting day-to-day operations.

Uber Freight continued helping shippers move loads as driver supply reshuffled throughout the pandemic. Our strategic procurement solution, Market Access, enables shippers to seamlessly source capacity on the Uber Freight marketplace. Market Access remained an exclusive procurement solution for many shippers in H2 2021, including 3 notable long-standing enterprise customers who shifted from overflow volume to a primary contract position with a dynamic rate. Overall adoption grew more than 50% by November (versus a comparable period in H1 2021).

Breaking new ground

The pandemic exacerbated facility bottlenecks in 2021 as driver shortages and safety precautions put pressure on shippers to ditch live loads. In August, our affiliate drop and hook trailer pool company, Powerloop, expanded into Georgia to build off its momentum in California and Texas and meet the surging demand for drop and hook freight. The program quickly launched with 3 large enterprise partners in the Peach State and opened the door to new RFP networks for further growth with existing customers.

Powerloop lowers the barrier to entry to trailer pools for carriers of all sizes and provides shippers with a more used and fluid network than traditional closed-asset pools. Our carrier capacity on Powerloop assets has grown fivefold since the program launched in the shipping capital of the Southeast. We also saw trailer utilization improve by 36% and loads increase nationwide, showing active engagement and an ongoing demand for effective drop and hook freight.

Uber Freight will continue tracking brokerage technology trends within our own network, macro changes across the industry, and other key market patterns to help carriers and shippers stay informed.

III. Market trends and data highlights from H2 2021

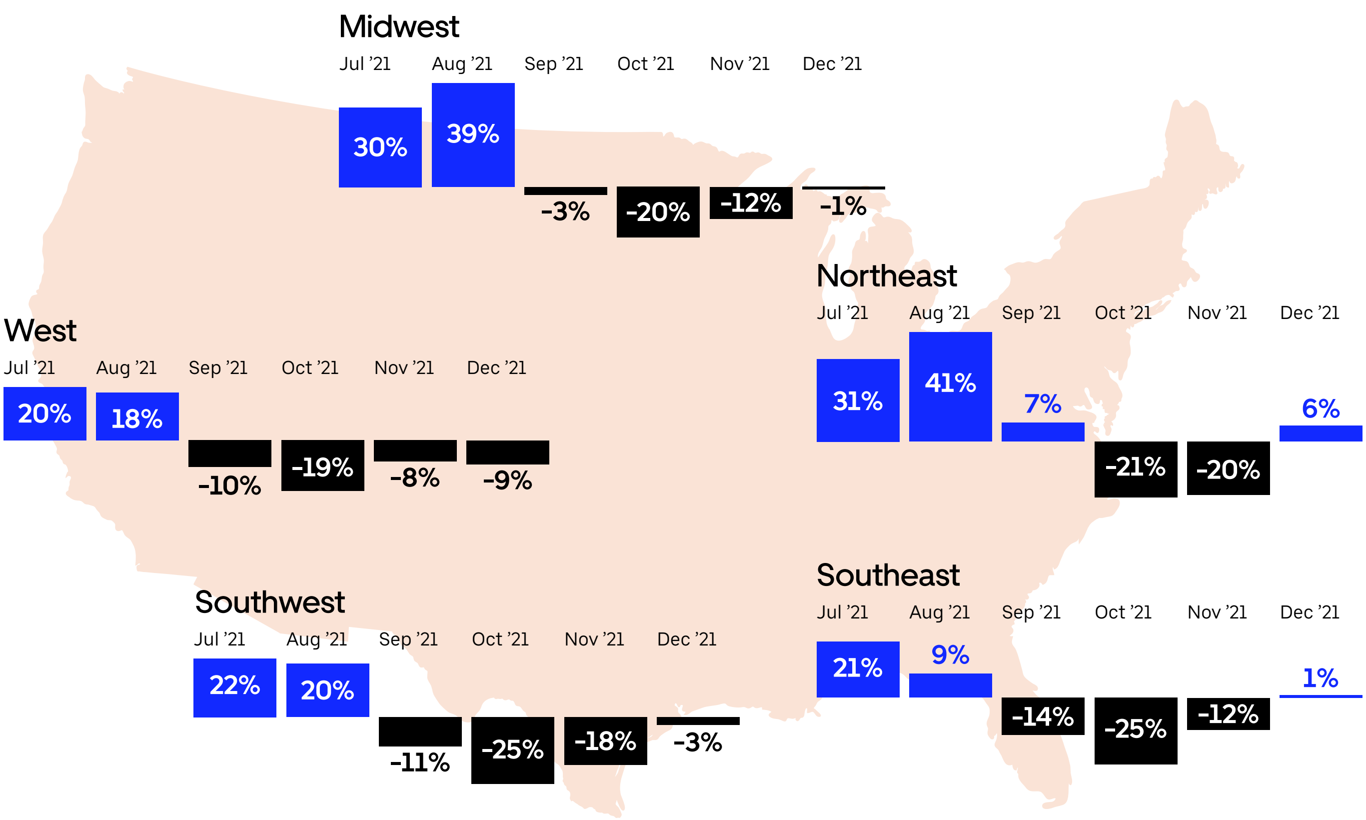
Here are the most notable trends we saw across spot loads, facilities, and Market Access adoption within our network.

Spot volume remained above pre-pandemic levels

Uber Freight observed a surge in spot volume growth at the end of the summer. Nationwide, reefer truck and van opportunities rose 34% and 25%, respectively, month-over-month (MoM) in August—the largest monthly increase for either modality since Q1. Spot volume growth was most dramatic in the Northeast, where reefer truck and van opportunities increased 60% and 41% MoM, respectively.

Dry van spot volume by region (MoM change)

Spot volume dropped around the US but remained well above pre-pandemic levels.

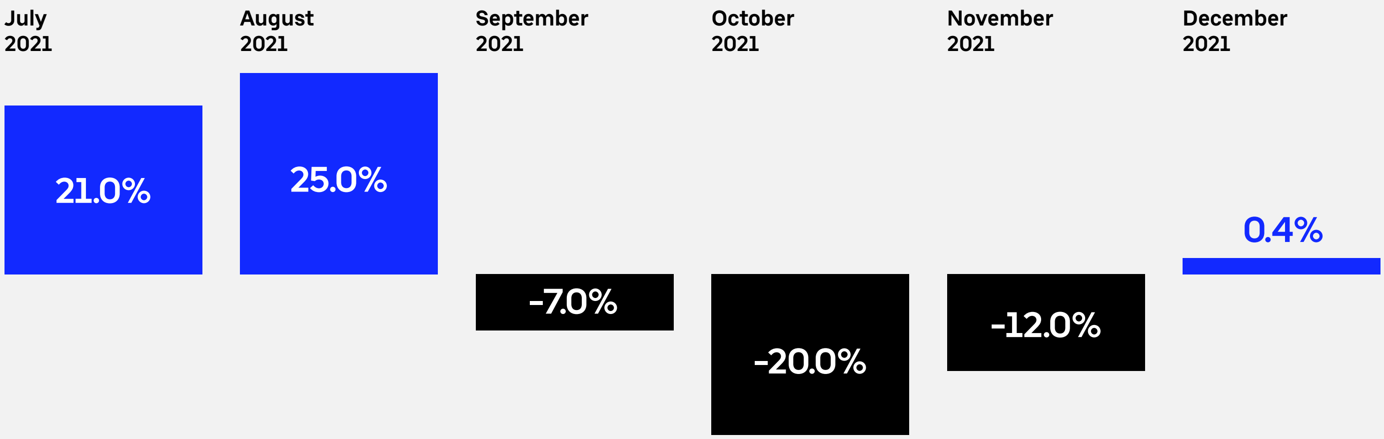


The spot market slightly softened in September, with volume dropping 6% MoM for vans and 7% across all modalities. In October, volume decreased 20% MoM overall and was particularly muted in the Southwest: opportunities decreased 37% MoM for flatbed, 23% for reefer trucks, and 25% for vans in that month. Despite these volume dips, overall market tightness remained well above pre-pandemic levels.

Leading up to the holiday season, opportunities fell 12% MoM overall in November, with flatbed spot volume dropping as much as 34% in the Southeast—coinciding with retailers urging customers to complete their holiday shopping earlier than usual. By the end of 2021, spot volume was still high compared with previous years, indicating a tight market continuing into 2022.

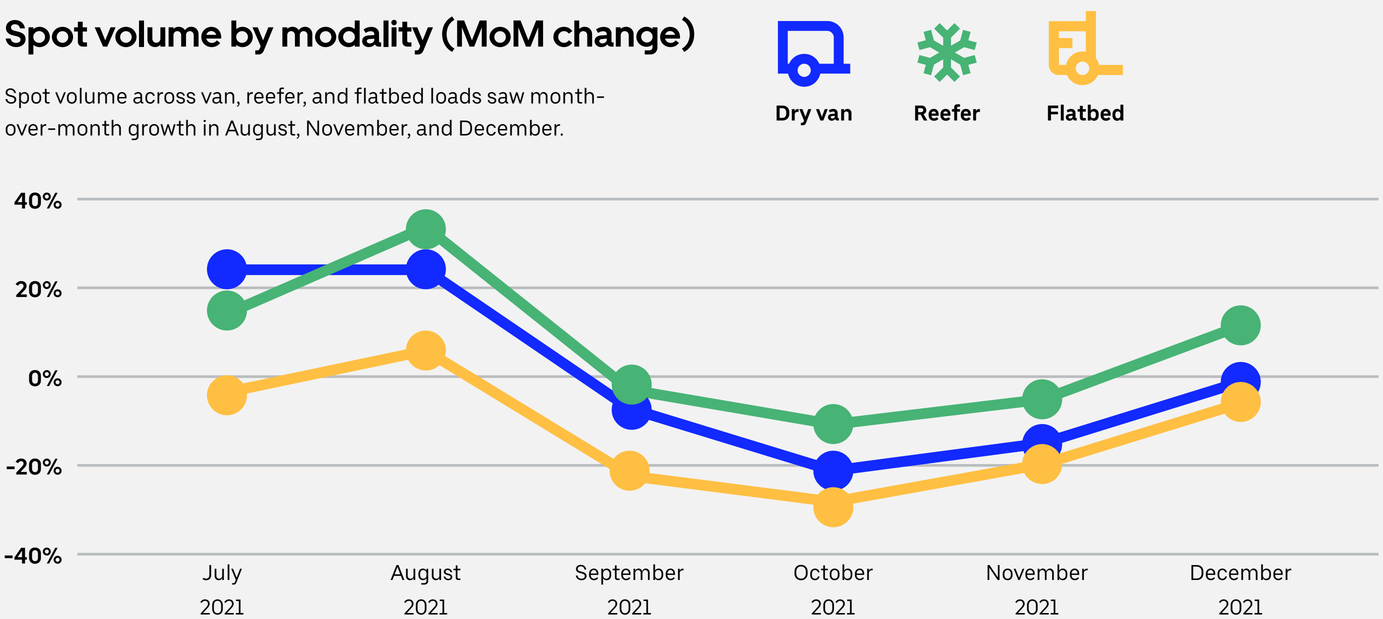
Spot volume (MoM change)

In August, spot opportunities saw the largest monthly increase since early 2021.



Spot volume by modality (MoM change)

Spot volume across van, reefer, and flatbed loads saw month-over-month growth in August, November, and December.

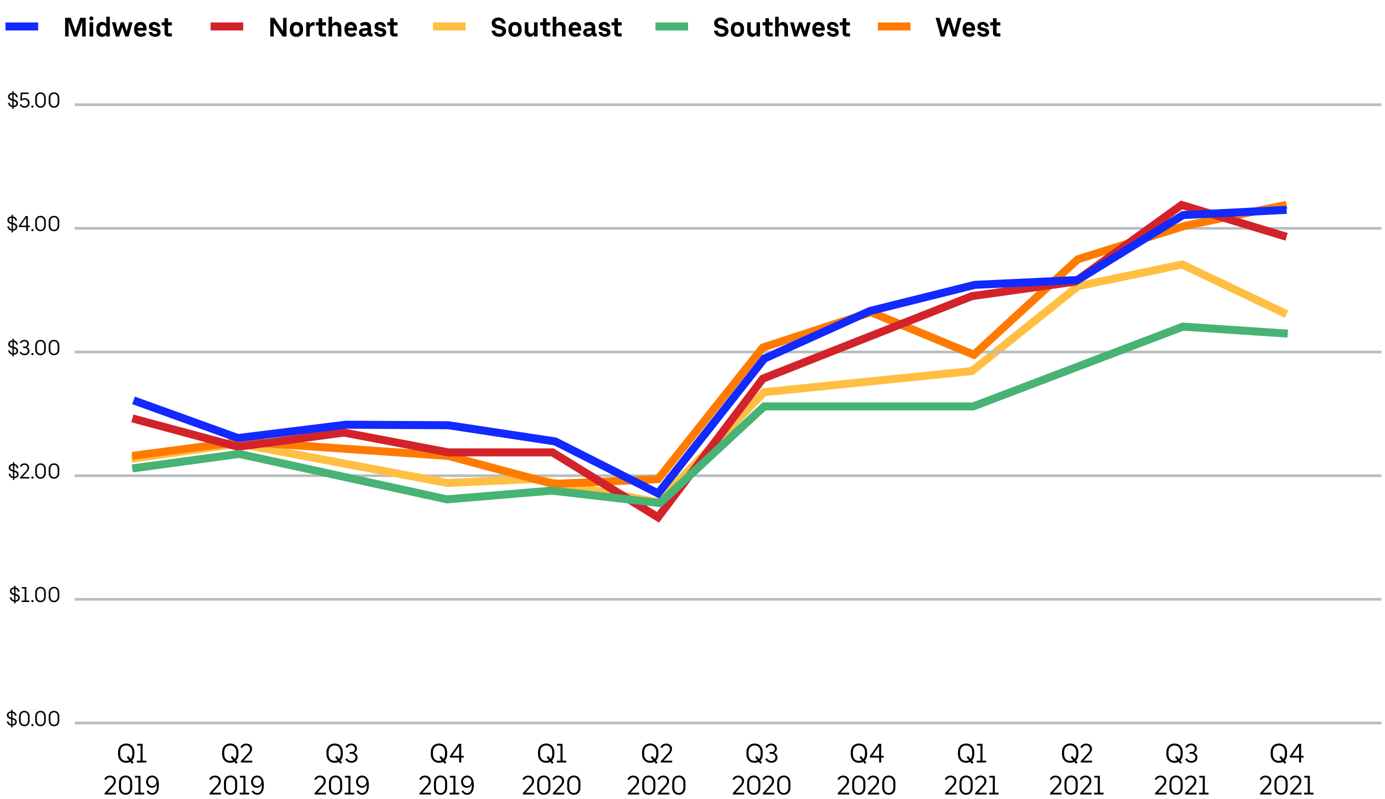


Market tightness continued to keep spot rates elevated

In July, the national van spot rate reached a record $2.38/mile (excluding fuel), and Uber Freight saw overall rates increase 9% MoM across its network—the second-largest margin all year. Van rates steadily rose 2% and 1% MoM in August and September, respectively, as the national rate continued to climb. Reefer truck rates rose more dramatically in September: 13% MoM in the Northeast, 11% MoM in the West, and 5% MoM nationwide.

$ Dry van spot rates by region

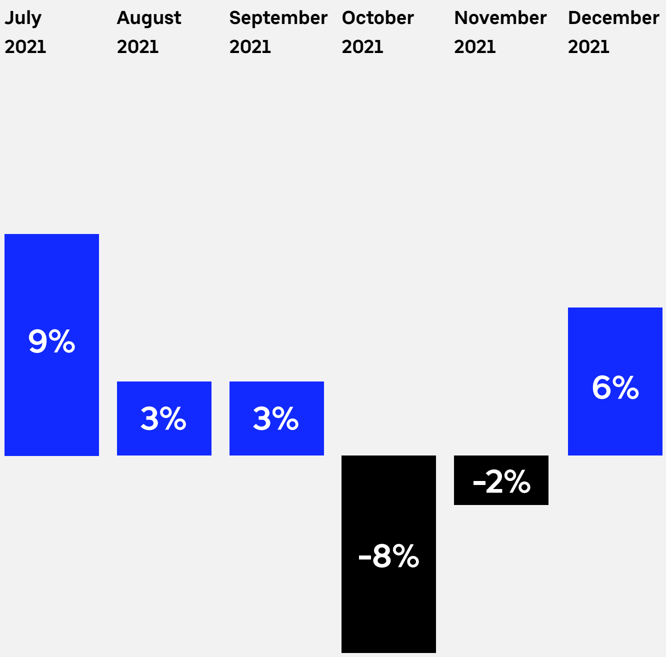
Van rates dropped slightly in some regions to end the year but overall remained well above pre-pandemic levels.



Mild spot volume dips in October coincided with an 8% MoM decrease in van rates across Uber Freight's network, including 10% MoM drops in both the Northeast and Southeast. When the national van spot rate set a new record of $2.52/mile (excluding fuel) in November, Uber Freight observed only a mild 2% MoM decrease across its network as the overall market tightness persisted, followed by a 6% MoM increase in December.

Spot rates (MoM change)

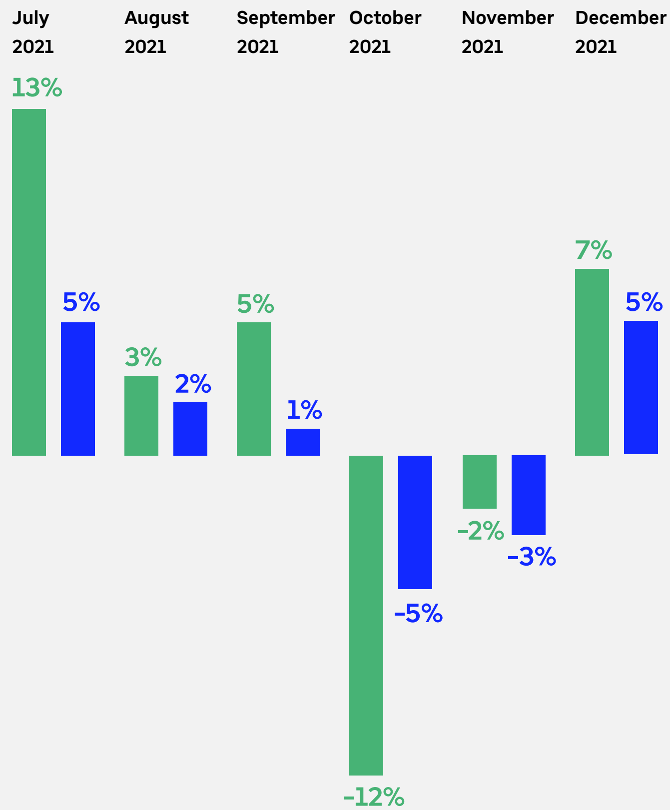
Sustained market tightness kept spot rates higher than previous years, despite mild MoM dips.



Spot rates by modality (MoM change)

Reefer
Dry van

Uber Freight saw minimal change in spot rates across modalities as the market remained tight.



Facility experiences steadily improved through the end of the year

Despite the sustained market tightness, facility operations across Uber Freight's network saw little volatility in the back half of 2021. After an initial 3% MoM bump to 142.8 minutes in July, the average dwell time dropped to 142.0 minutes in August. Although dwell times remained above 135 minutes since Q1 2021, the year ended trending toward smoother facility operations: dwell times decreased by at least 1.3% MoM in September, October, November, and December.

Ratings steadily increased as facilities became less congested at the end of 2021. Following a 0.6% MoM increase in July and a mild 0.7% MoM dip in August, Uber Freight saw consistent monthly ratings improvements throughout H2 2021. Ratings increased 0.4% MoM in September and continued to rise each month, reaching 4.34 by November and December, the highest since the beginning of the pandemic.

135.2

Minutes of nationwide dwell time in November 2021

4.34

Average nationwide facility rating in November and December 2021

Drivers’ time is a scarce resource

Uber Freight’s facility ratings data also reveals key lessons to help shippers navigate the tight market. Facility wait time was a top priority for drivers in 2021. Uber Freight calculated that a driver completing 4 hauls every week experiences approximately 0.6 detentions per week, which can amount to about 3% of the driver’s time. Saving this time is equivalent to adding 45,000 trucking jobs to the labor force, or about 15,000 long-distance truckload jobs. Helping drivers work more efficiently can help end the shortage, and shippers can do their part by staying cognizant of drivers’ valuable time, flexible toward scheduling, and respectful in all interactions.

Conclusion

Uber Freight is committed to helping the freight industry adapt to COVID-era consumer behaviors, volatile rates, capacity shortages, and a changing driver employment landscape. Heading into 2022, shippers and carriers have an immense opportunity to meet these unprecedented challenges head-on by embracing digital transformation and real-time procurement solutions.

Learn how Uber Freight can help move your business forward.

Join us

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