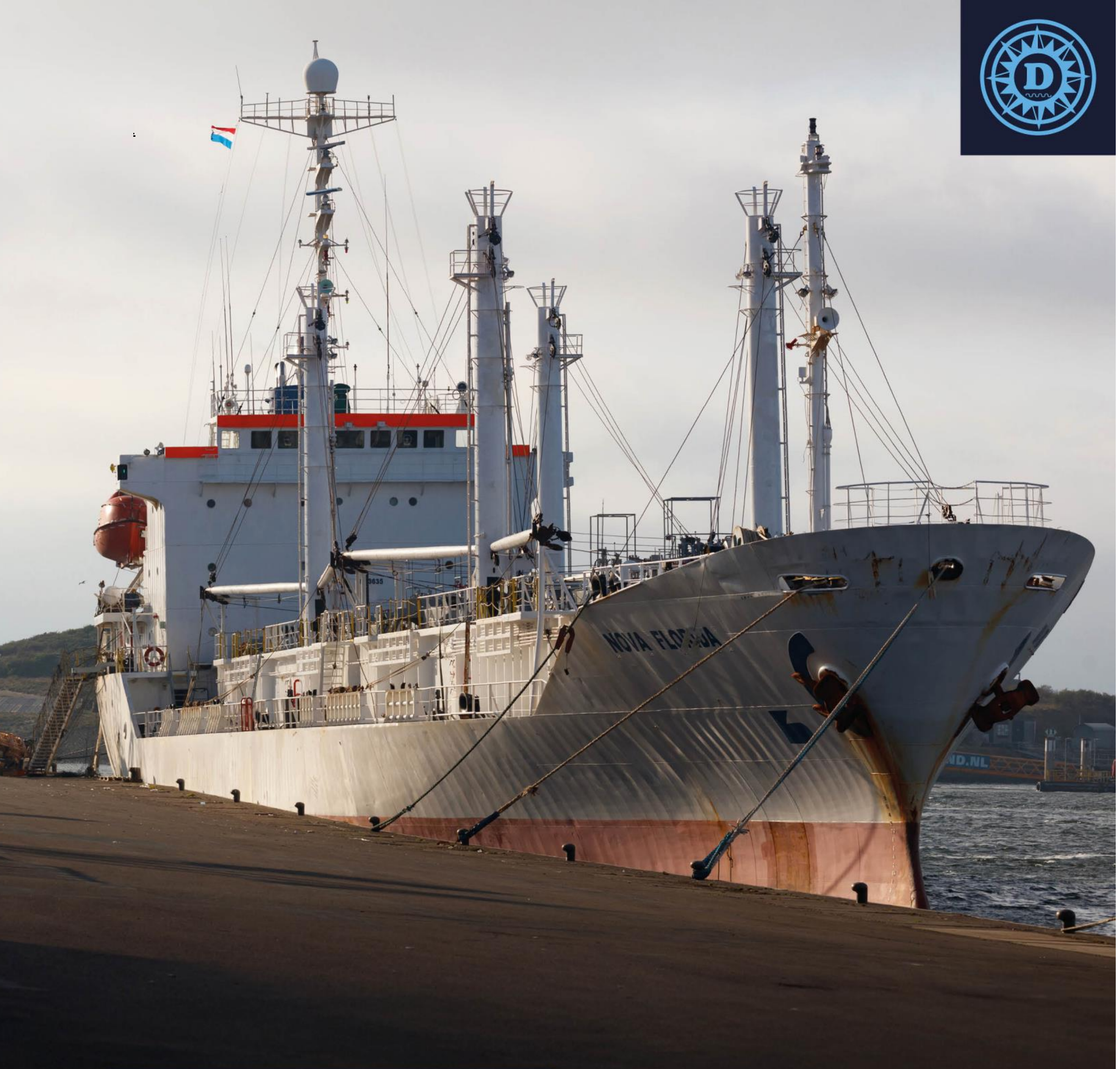

Reefer Analysis 2024

Conventional, Containers, Markets, Fleets

Dynamar

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Conventional,
Containers,
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1 INTRODUCTION

After a hectic 2020-2022, the following year was relatively uneventful. That was until 7 October 2023 which is when Hamas attacked Israel from Gaza to which Israel responded by undertaking a large-scale offensive against the Gaza strip. What was initially a very local conflict proliferated when, on 19 October, Houthis rebels in Yemen sent their first missiles to Israel. Then, on 19 November, they escalated further by hijacking car carrier “Galaxy Leader” in the Red Sea and bringing it to Hodeida, the only relevant Yemini seaport along the Red Sea and the only major one under Houthi control.

Five days later. the containership “CMA CGM Symi” was subject to a missile attack and damaged. This was the start of at least eighty-nine such incidents over the course of the next eleven months or so involving missiles, or airborne or seaborne drones that targeted vessels in the Red Sea/Bab al Mandab Strait. Initially only ships with a (sometimes tenuous) connection to Israel, or on their way from or to an Israeli port, were the targets. This soon spread to any vessel connected with a country perceived to be supportive of Israel.

While there was hope that naval ships - and even airstrikes - would be able to protect ships transiting the Red Sea, continued attacks on (container) ships proved otherwise. Increasingly, shipowners and operators decided to avoid this waterway and chose for the longer route around the Cape of Good Hope. Only some regional operators and vessels from select other countries could continue transiting the Bab al Mandab Strait without fear of molestation.

That all said, this general shipping crisis, particularly affecting container shipping, does not pose such a big problem for the specialised reefer trade as most of this business follows North-South routes and is not dependent on the Red Sea/Suez Canal. However, the indirect effects from the changes made to the container shipping networks, were still substantial.

Whilst North-South rates for specific reefer routes did not rise, and even declined in some cases, charter rates for containerships rose sharply. Unfortunately for conventional reefership owners and operators, they did not benefit from this. In fact, their charter equivalents were the lowest seen since 2019. Where, ultimately, the bigger fruit carriers still performed better than five years earlier, albeit mostly because at that time their rates were rock bottom, the smaller fish carriers performed substantially worse.

As the low rates did not offer incentives to keep old and fuel-hungry conventional reeferships operational, scrapping went up significantly and 2024 might even end up as the year with the highest tonnage broken up since 2021, or even 2019. Even without low rates, the fleet age profile is also a major driver for scrapping. The vessels delivered during the newbuilding peak for conventional reefers in the early years of the 1990s have now reached the end of their technical lifetime. Therefore, scrapping is expected to remain high in the next 2-3 years.

Contrary to previous years, when there was little influx of new tonnage, a substantial number of the vessels to be broken up in the coming years will be replaced by newbuildings. Africa Express Line is in the process of taking delivery of a series of four fruit carriers for the Africa trade. Also, Cool Carriers and Fresh Carriers have a combined fifteen large conventional reefer ships in the pipeline, which will be delivered up to 2028. On the other hand, as these carriers appear to be the only ones looking at a substantial newbuilding programme, further ordering activity in this sector is likely to dry up once all ships have been delivered.

In the fish segment, which deploys the smaller conventional reefer ships, there is less newbuilding activity. Chinese owners are still constructing new vessels, many of which are used to bring the catch from fishing vessels ashore, and are responsible for delivery of a significant number of ships in 2024. Although for the near future there are no ships in the pipeline, new orders are still likely to come. Outside China, however, there have not been many owners investing in new tonnage, and few are likely candidates to so do.

Overall, and despite all that is going on, the trend to shift the transport of perishables from reefers to boxes continues unabated. This is expected to continue until around 2035 when the reefership fleet will offer capacity for just over 100 million cu.ft., compared to just under 160 million cu.ft. now. As more and more trades are being containerised, they will, however, be pushed more and more into niche trades.

Dynamar is proud to present its fifteenth annual, extensive specialist report:

REEFER Analysis 2024 - Market Structure, Conventional, Containers

Dynamar's 2024 edition of 'Reefer Analysis' offers an in-depth study of both the conventional and container reefer sectors. This comprehensive report provides essential insights into the world of perishable cargo shipping, making it a must-have resource for industry professionals navigating the complexities of the reefer market.

- Market Overview: Detailed analysis of the world's perishable trades, transport modes, and main import/export regions.
- Conventional Reefer Shipping: Up-to-date statistics on fleet composition, major operators, and recent sector developments.
- Container Reefer Shipping: Insights into key containerised reefer routes, fleet developments, and carrier profiles.
- Future Projections: Forecasts for perishable trade and fleet growth.
- Competitive Landscape: Analysis of conventional and container shipping, including port handling facilities and trading patterns.

This publication uses the most recent trade statistics (as available in late 2024) on reefer commodities by country and area, supplemented with up-to-date port, vessel, box and carrier fleet statistics and gives a profound insight into the background, characteristics, developments and present status of the worldwide shipping market of perishables and the relevant players.

All information for the report has been collected, researched and processed in the third and fourth quarters of 2024. As sources often differ on the same topics, we have endeavoured to provide the reader with the most accurate estimates. Analyses are based on the best available professional databases and media, complete with data originating from carriers, operators, port authorities and a great many other industry players.