

Institutional Research Group



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EMERGING TECH RESEARCH

Consolidation in Trucking

Economic forces building to drive a consolidation trend in the US trucking industry

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Key takeaways

- **Multiple structural forces are accelerating consolidation in the US trucking industry:** Technology requirements, rising equipment and regulatory costs, volatile freight patterns from tariffs and trade shifts, and tightening driver availability are putting pressure on smaller carriers while strengthening the competitive position of large, well-capitalized fleets.
- **Trucking remains deeply fragmented but increasingly scale dependent:** With more than 90% of carriers operating 10 or fewer trucks,¹ the industry's structure magnifies the impact of cyclical swings and cost inflation. Scaling advantages in purchasing, technology adoption, and compliance are becoming more decisive, creating fertile ground for PE roll-ups and strategic acquisitions.
- **Technology and AI are driving margin gains for major public players:** Q3 2025 earnings from J.B. Hunt, XPO, and C.H. Robinson Worldwide show that digital tools, automation, and network optimization are boosting profitability even amid muted freight demand—highlighting a widening performance gap between tech-enabled carriers and smaller competitors.
- **Labor and immigration policy are reshaping capacity and pricing dynamics:** New immigration enforcement and licensing restrictions have disrupted the driver workforce, contributing to regional trucking rate volatility and raising staffing challenges for small fleets. These constraints heighten the strategic value of scaling and further intensify consolidation pressures across the sector.

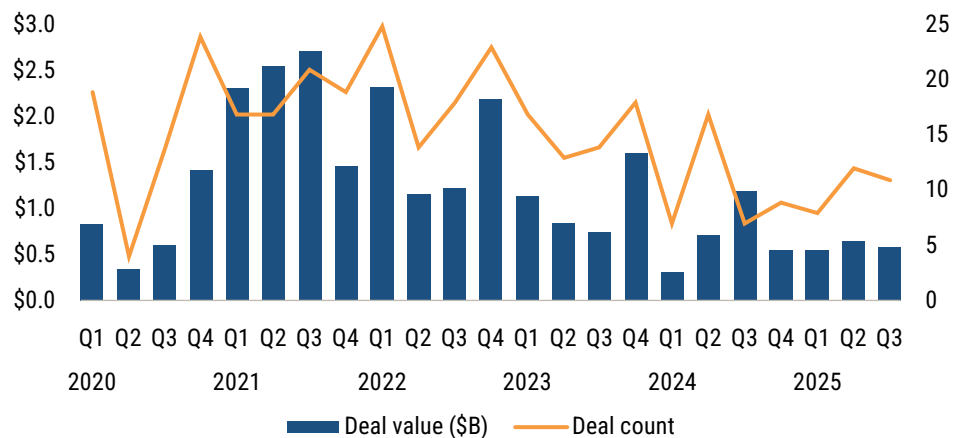
¹: "Economics and Industry Data," American Trucking Association, n.d., accessed December 17, 2025.



Confluence of factors should spur deal activity in trucking

Global PE deal activity in trucking has been relatively flat for the past couple of years, but a number of developments should spur consolidation in the industry by increasing pressure on smaller firms with limited capital and resources. There were 40 deals in 2024 and 31 for the first three quarters of 2025. Deal value for 2024 was \$2.8 billion and \$1.8 billion through September 2025. In the US, the trucking market is highly fragmented and notoriously volatile, but a confluence of factors, including technology, shifts in tariffs and trade, and changing labor market dynamics look to alter the structure of the industry over the next few years, resulting in heightened dealmaking opportunities.

Trucking PE deal activity by quarter



Source: PitchBook • Geography: Global • As of September 30, 2025

Trucking market fundamentals

Market dynamics

The US trucking market is defined by its structural fragmentation, cyclical demand patterns, and sensitivity to macroeconomic conditions. More than 90% of US trucking carriers operate 10 or fewer trucks,² creating a highly decentralized competitive landscape in which pricing power is limited for small operators and concentrated among a relatively small set of national carriers. This fragmentation contributes to recurring capacity imbalances: During economic expansion, demand and price rates rise quickly due to limited surge capacity, while downturns lead to rapid carrier exits as small operators struggle with high fixed costs and thin margins. This dynamic is central to understanding both the volatility and long-run consolidation trajectory of the trucking sector.

²: "Economics and Industry Data," American Trucking Association, n.d., accessed December 17, 2025.



Cost structure fundamentals further shape investment performance. Fuel prices, labor availability, insurance costs, and equipment pricing are the dominant inputs, each with meaningful variability and limited short-term pass-through ability for many carriers. Driver availability in particular remains a structural constraint, often affecting utilization and wage growth more than broader economic cycles. Meanwhile, the capital intensity of maintaining modern fleets—especially as equipment costs rise with emissions regulations and technological requirements—creates scaling advantages for larger carriers with better purchasing power, lower cost of capital, and greater access to freight contracts. These advantages influence operational leverage and free cash flow durability, making scaling a key theme for investors evaluating competitive positioning.

Finally, long-term fundamentals are increasingly influenced by technology adoption and modal competition. Telematics, routing software, and digital freight platforms have improved asset utilization, transparency, and network efficiency, favoring carriers capable of integrating these tools into operations. At the same time, shippers continue shifting freight between truckload, less than truckload (LTL), intermodal, and parcel shipping based on cost and service trade-offs, requiring carriers to strategically adapt to changing margin profiles across modes. For investors, the most attractive opportunities often lie with companies demonstrating pricing discipline, technological sophistication, and diversified exposure across freight cycles—traits that mitigate volatility and position carriers to disproportionately benefit from industry consolidation and evolving supply chain demands.

Size, structure, and growth

The US trucking market is the largest segment of the domestic freight industry, accounting for roughly 70% to 80% of all freight spending and representing more than \$800 to \$900 billion in annual revenue, depending on the freight cycle.^{3,4} Its scale is supported by the essential role trucks play in short-haul distribution, long-haul freight, and first- and last-mile logistics across nearly every sector of the economy. Structurally, the market is anchored by thousands of small carriers and a handful of large national operators, with demand driven primarily by consumer spending, industrial production, housing activity, and broader GDP growth. According to the American Trucking Association (ATA), there are nearly 580,000 active US motor carriers that own or lease at least one tractor.⁵ Of those, 99.3% operate 100 or fewer trucks and 91.5% operate 10 or fewer trucks. The ATA also reports there were 3.6 million truck drivers in the US in 2024, with a total of 8.4 million employed in jobs related to trucking. Because trucking touches nearly all movements of physical goods in the US, its market size tends to expand alongside economic growth over time, even if year-to-year performance is cyclical.

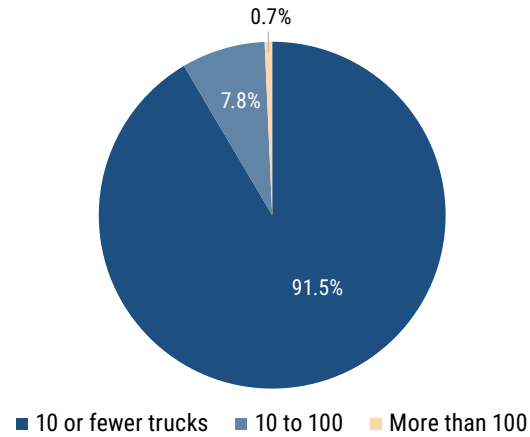
3: "ATA U.S. Freight Transportation Forecast to 2035," American Trucking Association, January 16, 2025.

4: "New Forecast Projects Continued Growth of Truck Freight," American Trucking Association, November 8, 2023.

5: Ibid.



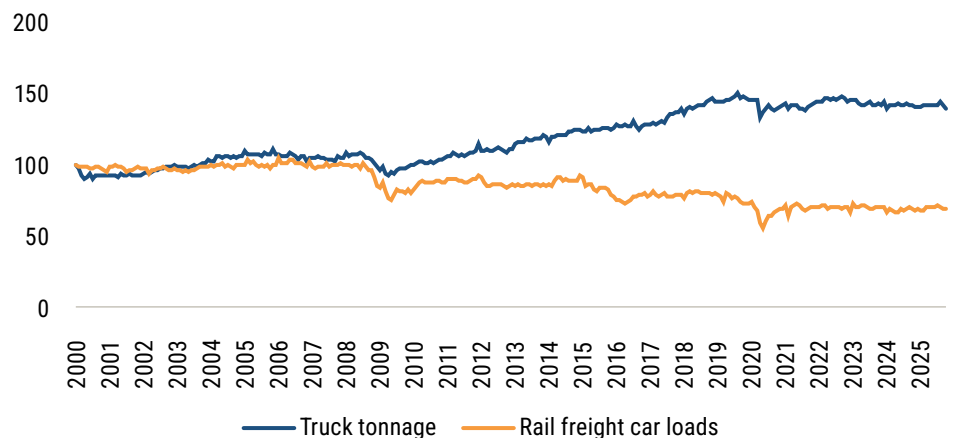
Share of motor carriers by number of trucks operated



Source: [American Trucking Association](#) • Geography: US • As of June 2025

Growth in the trucking market has historically been moderate—tracking close to nominal GDP—but several emerging factors are gradually expanding the industry’s revenue base. E-commerce continues to reshape freight patterns, increasing the volume and frequency of shorter, denser shipments and boosting demand for both regional truckload and last-mile capacity. Technology adoption across routing, telematics, and digital freight platforms is also enhancing asset utilization and expanding carriers’ ability to serve more freight without proportional increases in fleet size. Over the long term, freight demand is expected to grow in the low single digits annually, with periodic surges or contractions tied to inventory cycles, energy prices, and macroeconomic conditions.⁶ Since the beginning of the 21st century, US trucking freight has grown while rail freight has stagnated, though the latter is more focused on bulk commodities. While cyclical volatility remains a defining feature, the secular need for trucking capacity will ensure that the industry maintains a stable upward trajectory in aggregate revenue and tonnage over time.

Truck tonnage versus rail freight carloads (indexed to 2000)



Source: [US Bureau of Transportation Statistics via the Federal Reserve Bank of St. Louis](#) • Geography: US • As of October 1, 2025

⁶ "Freight Activity in the U.S. Expected to Grow Fifty Percent by 2050," Bureau of Transportation Statistics, November 22, 2021.

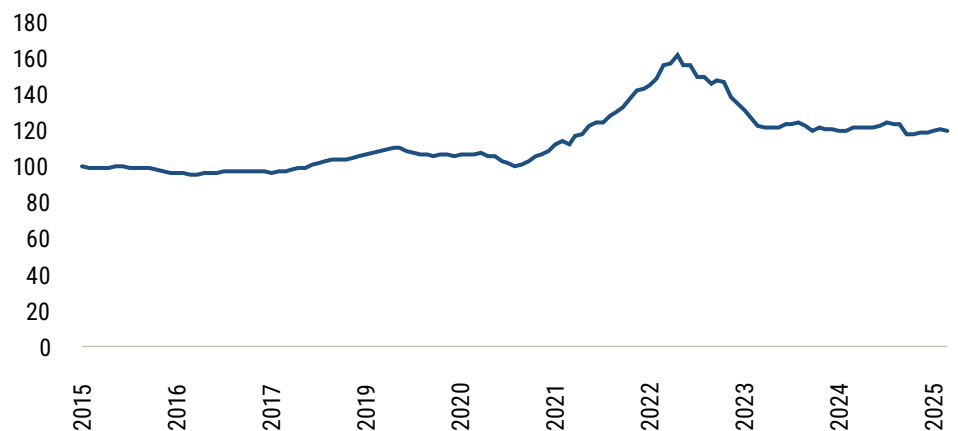


Trucking trends since the COVID-19 pandemic

Since the COVID-19 pandemic, pricing dynamics in US trucking have been defined by an extreme boom-bust cycle driven by rapid swings in freight demand and capacity. In 2020 and 2021, stimulus-fueled consumer spending, tight supply chains, and severe driver and equipment shortages created one of the strongest price rate environments in industry history. Truckload spot rates surged to record highs, contract rates followed with a lag, and carriers enjoyed exceptional margins as shippers competed for scarce capacity. Elevated input costs—especially for fuel, equipment, and labor—were largely overshadowed by the strength of demand and pricing power. This period also saw a surge in new carrier registrations, as small operators and owner-operators entered the market to capitalize on unusually high rates.

Beginning in mid-2022, the market reversed sharply as consumer spending rotated from goods to services, inventory levels normalized, and the influx of new carriers contributed to significant overcapacity. Spot rates declined by more than 30% to 40% from peak levels, contract rates reset downward, and many small carriers exited under pressure from higher operating costs and falling revenue per mile. By 2023 and 2024, the market settled into a prolonged trough marked by weak freight volumes, excess capacity, and highly competitive pricing. At the beginning of 2025, there were early signs of tightening, with carrier exits accelerating, equipment orders slowing, and inventories stabilizing, but pricing recovery has remained gradual. Overall, the pandemic introduced the most dramatic price rate volatility in decades, underscoring the trucking industry's exposure to macroeconomic cycles, supply chain distortions, and structural capacity shifts.

Producer Price Index for general freight trucking and long-distance truckload



Source: [US Bureau of Transportation Statistics via the Federal Reserve Bank of St. Louis](#) • Geography: US • As of September 1, 2025



Tariffs and trade dynamics

New US tariffs—particularly those targeting imported vehicles, industrial goods, and key manufacturing inputs—have reshaped freight patterns in ways that directly affect trucking demand and carrier economics. Higher tariffs on goods from major trading partners have reduced import volumes through certain US ports, softening demand for drayage and port-to-warehouse trucking while increasing volatility in freight flows. At the same time, retaliatory tariffs on the US have disrupted exports in sectors such as agriculture and heavy equipment, reducing backhaul opportunities and worsening lane imbalances. These shifts tend to compress margins for smaller carriers that rely heavily on spot freight near major ports or agricultural regions, while larger carriers with diversified networks can better absorb the volatility. Tariffs on truck parts, steel, and aluminum also raise equipment and maintenance costs, increasing the capital burden on fleets and amplifying the competitive advantages of well-capitalized operators.

Changing trade flows are creating opportunities and challenges. Reshoring and nearshoring trends—particularly increased manufacturing investment in Mexico—are boosting cross-border freight demand, elevating the importance of south-central US corridors and Laredo, Texas, as a major trucking hub. Carriers positioned in these lanes have seen stronger structural demand, while operators tied to West Coast Asian-import centers face more volatile volumes as shippers diversify supply chains across Mexico, Southeast Asia, and alternative US ports. Ultimately, these evolving trade patterns increase the strategic value of scaling, network flexibility, and modal integration. Carriers capable of adapting to shifting origin-destination flows, leveraging intermodal alternatives, and managing tariff-driven cost pressures are best positioned to capture market share, while less diversified fleets face heightened consolidation pressures in an increasingly complex global trade environment.

Tariff impacts on trucking consolidation

Tariff-driven effect	Consolidation impact
Higher equipment and input costs	Accelerates mergers as small carriers struggle financially
Freight volume shifts and lane disruptions	Encourages network optimization through acquisitions
Greater demand volatility	Larger, diversified carriers gain market share
Increased capital intensity	Smaller carriers seek scale or exits
Active strategic buyers	Enhanced roll-up activity from PE/strategic acquirers

Source: PitchBook • Geography: US • As of September 30, 2025

In sum, tariff policies in 2025 will likely accelerate consolidation in the trucking industry by increasing costs, destabilizing freight demand, and pressuring smaller carriers while favoring larger, capital-rich operators or merged entities. Tariff-induced volatility makes scaling and diversification more valuable—exactly the conditions under which consolidation typically intensifies.



Impact of technology on trucking consolidation

Technology is reshaping the trucking industry by improving efficiency, visibility, and asset utilization—ultimately altering competitive dynamics. Digital freight platforms, real-time telematics, predictive maintenance, and advanced routing algorithms give carriers unprecedented control over their networks. These tools reduce empty miles, improve driver productivity, and deepen integration with shippers' supply chains. However, the costs of implementing and maintaining these systems are significant, creating a widening performance gap between carriers that can invest in them and those that cannot. As shippers increasingly demand real-time data, guaranteed service levels, and transparent pricing, technology has shifted from a competitive differentiator to a baseline requirement.

This technological divide is directly accelerating consolidation. Larger carriers and tech-forward logistics providers are better positioned to leverage data analytics, automation, and integrated transportation management systems to drive down their cost per mile and offer more resilient capacity. Smaller carriers, operating on thinner margins and relying on manual processes, often struggle to justify the capital outlay required to remain competitive. As a result, they face three paths: Specialize in niche, relationship-driven freight; partner with digital intermediaries that increasingly control pricing power; or exit the market entirely. The rising complexity of shipper expectations and compliance requirements further pressures smaller fleets, making acquisition by larger networks a more attractive—or necessary—option.

At the same time, technology enables scalable business models that naturally favor consolidation. National carriers can integrate newly acquired fleets more seamlessly, using unified data systems to optimize routing, harmonize pricing, and monitor performance across thousands of assets. PE buyers are also drawn to the roll-up potential created by digital tools that make multifleet integration faster and more predictable. Meanwhile, digital freight platforms aggregate fragmented truckload capacity, centralizing demand and eroding the traditional advantages of small carriers. In aggregate, technology not only raises the performance bar across the industry but also creates structural incentives for scaling, making consolidation a self-reinforcing trend in the trucking sector.

In the long term, autonomous driving has the potential to reshape the trucking industry by fundamentally altering its cost structure, capacity dynamics, and labor requirements. While full autonomy remains a long-term prospect, near-term applications such as autonomous highway piloting, platooning, and advanced driver-assist systems promise to reduce fuel consumption, improve safety, and increase asset utilization by enabling longer operating hours. These technologies could alleviate persistent driver shortages by shifting the role of drivers from long-haul operators to supervisory or first-/last-mile specialists, potentially lowering labor intensity over time. For large carriers, the ability to invest early in autonomous systems enhances their competitive advantage, as the capital and infrastructure needed to deploy and maintain autonomous fleets may be out of reach for smaller operators. This creates the possibility of a more concentrated industry structure in which scaling, technology partnerships, and network density determine who benefits most from autonomy-related efficiency gains.



Drivers increasingly affected by immigration regulations

Drivers play a central role in the economics of trucking, and their availability meaningfully influences consolidation trends. Labor represents one of the largest cost components for carriers—often 35% to 45% of operating expenses—and persistent driver shortages have historically constrained capacity and raised operating costs.⁷ Larger carriers tend to have structural advantages in recruiting, training, and retention, including stronger brand recognition, better benefits, dedicated lanes, and more predictable home time. As regulatory, safety, and insurance requirements become more complex, the administrative burden associated with managing drivers will rise, favoring fleets with scale. Smaller carriers, which rely heavily on owner-operators and have fewer resources to absorb competitive wage pressures, often find it harder to maintain stable driver pools during tight markets, making them more vulnerable to acquisitions or exits.

New US immigration rules and evolving federal enforcement have added another layer of pressure to driver availability. Immigrant workers—especially from Latin America and Southeast Asia—represent a growing share of new entrants into the long-haul trucking labor force, helping offset attrition as older drivers retire. Stricter visa rules, heightened documentation requirements, and tighter enforcement can constrict this pipeline, reducing the number of potential drivers and reinforcing capacity constraints. In September, the US Department of Transportation (DOT) issued a directive to limit commercial driver's licenses for non-US-born applicants. A federal court paused the directive, but hundreds of truck drivers have been detained in Immigration and Customs Enforcement raids in recent months.⁸ DOT has also empowered law enforcement to place drivers out of service if they cannot pass a roadside English test.⁹ Driver availability and regional shipping rates have been distorted as a result, with the CEO of logistics firm J.B. Hunt recently stating that as many as 400,000 drivers could leave the business because of the enforcement actions.¹⁰ DOT has further crimped the supply of drivers with a recent action to remove 3,000 commercial driver's license providers from the federal Training Provider Registry, with another 4,500 placed on notice for noncompliance.¹¹ Conversely, policies that expand work authorization or streamline credentialing for non-US-born workers can ease labor shortages and moderate wage inflation. The uncertainty around immigration policy creates planning challenges for carriers and investors alike, as fluctuations in labor supply can materially affect fleet utilization and cost structures over relatively short periods.

These dynamics collectively shape consolidation incentives across the industry. When driver availability tightens due to restrictive immigration policies or broader demographic trends, small carriers face disproportionate stress: They lack the wage flexibility, training infrastructure, and recruiting reach of larger firms. This can

⁷: "An Analysis of the Operational Costs of Trucking: 2025 Update," American Transportation Research Institute, July 2025.

⁸: "Truckers Who Fail English Tests Get Pulled Off Roads in Trump Crackdown," Bloomberg, Cailley LaPara, Miguel Ambriz, and Tanaz Meghjani, December 10, 2025.

⁹: Ibid.

¹⁰: Ibid.

¹¹: "FMCSA Cleans House: 3,000 CDL Schools Removed from the Training Provider Registry," Trucksafe, Brandon Wiseman and Jerad Childress, December 3, 2025.



accelerate consolidation as local and regional fleets are acquired by national carriers seeking drivers as much as freight. On the other hand, if immigration policies liberalize and expand the available labor pool, the urgency for consolidation may lessen as smaller carriers find it easier to staff equipment and operate independently. Ultimately, the intersection of labor economics and immigration regulation plays a crucial role in determining not just operational performance but also the long-term structure and consolidation trajectory of the trucking industry.

Q3 2025 earnings trends among public trucking & logistics firms

Q3 2025 revenues were generally flat to down for most firms, with several making major margin improvements from cost-cutting and productivity boosts related to technology investments. Large carriers with diversified operations and cost-management focus—like J.B. Hunt—delivered relatively resilient earnings, with margins holding up better amid soft freight demand. LTL specialists such as Old Dominion Freight Line faced volume declines but maintained pricing discipline and strong service metrics, resulting in moderate profitability compression. Smaller yet significant players such as Werner Enterprises saw mixed results, with revenue growth offset by margin pressures and operating losses in certain segments, illustrating the uneven recovery across carrier types. XPO's results were better than expected in the context of a soft freight market, with adjusted earnings per share and EBITDA exceeding consensus forecasts. The company's management highlighted continued focus on operational improvements, AI-driven productivity, and yield growth, positioning XPO for further margin expansion and long-term earnings growth even if broader freight demand remains muted. C.H. Robinson Worldwide delivered Q3 2025 results that outpaced profitability expectations despite continued weakness in freight demand. Revenue for the quarter was down 10.9% YoY and slightly below consensus estimates. On the profitability side, the company achieved significant margin and earnings growth. Income from operations increased roughly 22% to 23%, while adjusted operating margin expanded to 31.3%, up around 680 basis points. Diluted earnings per share rose approximately 67% to 68%, exceeding analysts' forecasts. C.H. Robinson Worldwide's management raised 2026 operating income targets and highlighted that these performance gains reflect strategic execution of its "Lean AI" and productivity initiatives, enabling market share growth in a soft freight environment—such as nearly 3% YoY volume growth in its North American Surface Transportation segment despite broader market declines—and expanded gross margins across segments. Results across the larger public players underscore the broader market themes outlined above. Key technology investments are driving margin and market share gains in a churning demand environment at the expense of smaller, less well-capitalized competitors. These trends look to persist through 2026, dialing up consolidation pressure across the industry.



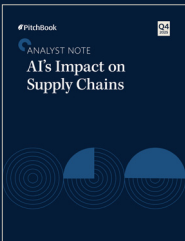
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