

Industry Update

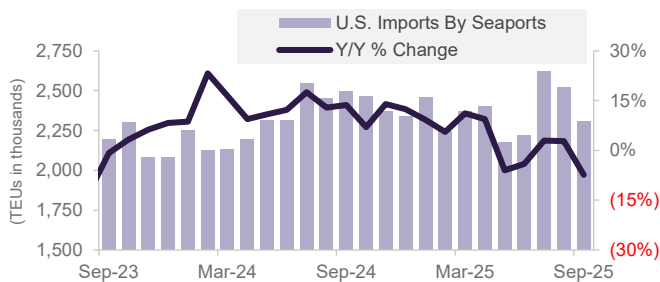
Outlook

- The freight market is slowly stabilizing as participants continue to adapt to persistent uncertainty and evolving supply chain dynamics.
- With new tariff measures in place, the average effective rate now exceeds 18% — the highest level on record since 1933. Additional tariffs on heavy-duty trucks and parts could further strain carriers by increasing operating costs.
- De minimis exemption for all imported goods valued at \$800 or less has been revoked as of August 29, 2025, increasing costs and compliance requirements for shippers.
- Transportation infrastructure investment continues across the U.S. logistics network. Public funding and private investments are supporting modernization and capacity expansion in containerized freight across seaports, rail, and intermodal networks.
- U.S. trade patterns are evolving as companies diversify sourcing and reduce dependence on China, with supply chains shifting toward ASEAN countries and Mexico.
- Ongoing weakness in manufacturing activity has overshadowed relative stability in consumer spending.

U.S. Container Shipping Trends

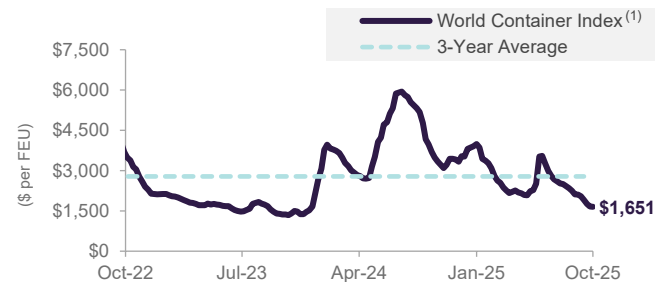
Monthly Seaborne Container Imports

September 2025 U.S. container imports totaled 2.3MM Twenty-Foot Equivalent Units ("TEUs"), down 8.4% sequentially and 8.4% year-over-year. YTD volumes are 1.9% higher than same period in 2024



Ocean Shipping Rates

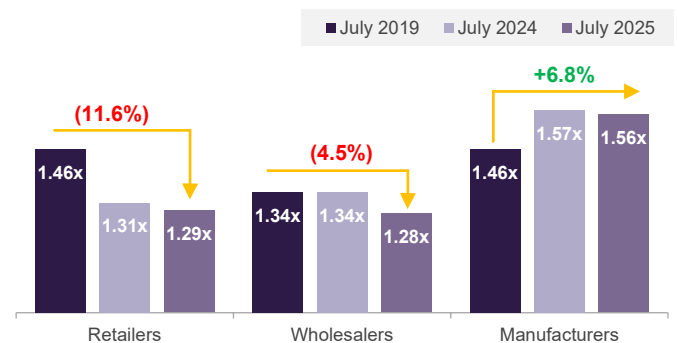
Drewry's World Container Index remains below the 3-year average due to softer demand and persistent overcapacity. Container lines are implementing various service adjustments to manage capacity



U.S. Business Inventories

- Businesses continue to recalibrate inventory strategies amid trade policy shifts and macroeconomic uncertainty, adopting more flexible models to mitigate supply chain risk.
- Retailers and wholesalers are increasingly reverting to leaner, "just-in-time" inventory models as consumer spending remains uneven. However, some sectors (e.g., electronics, household appliances) face potential shortages heading into the holiday season due to cautious restocking.
- Manufacturers have accumulated excess inventories, particularly of critical or higher-risk materials, to hedge against material cost volatility and potential tariff changes. Industries exposed to trade uncertainty, including lumber, industrial machinery, and furniture have increased stockpiling as a precaution.

Inventory-to-Sales Ratios



(1) Drewry's World Container Index is a composite price index for shipping containers on eight major routes between Asia, Europe, and the U.S. Data updated as of 10/14/2025

Sources: Bloomberg, Federal Reserve Economic Data, U.S. Census Bureau, Descartes Datamyne, World Container Index, Department of Transportation, American Trucking Association, Journal of Commerce, Truckstop.com, Cushman & Wakefield, White House Press Releases, Association of American Railroads, Wall Street Journal



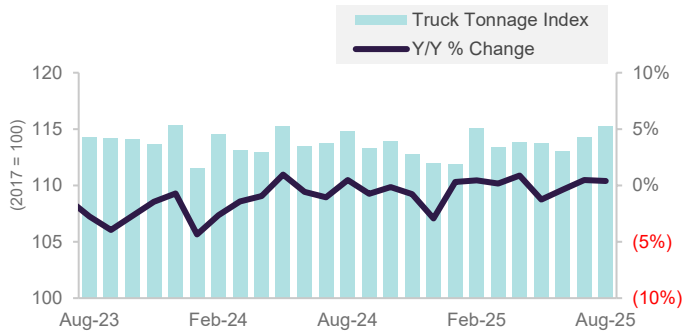
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Freight Market Updates

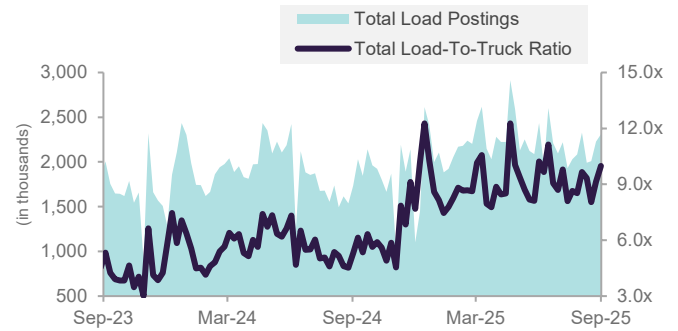
Truck Tonnage

Truck tonnage has been flat YTD compared to the same period in 2024 as volume increases earlier this year have been offset by subsequent declines caused by trade policy and macro uncertainty



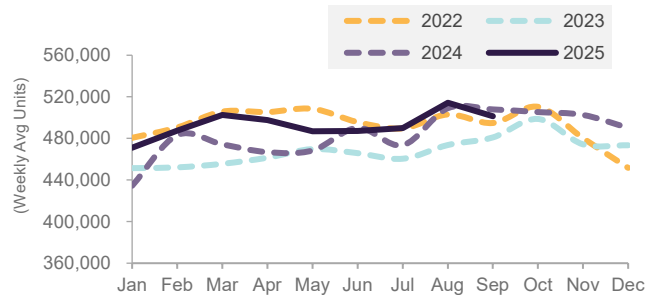
Truckload⁽¹⁾ Shipment Postings

Load postings and the total load-to-truck ratio peaked during the spring season, but trends have leveled off in recent months as capacity contraction has eased



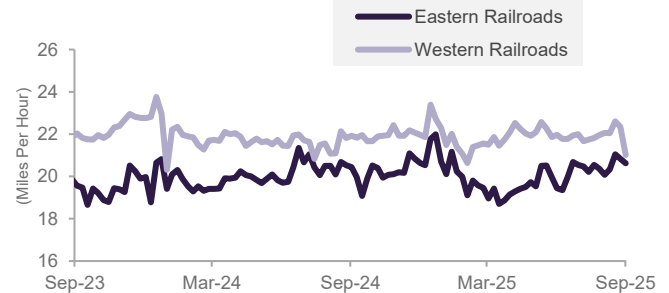
Rail Carloads & Intermodal Units

Year-to-date rail volumes are higher compared to the same period in 2024, primarily driven by intermodal activity that continues to support strong containerized freight trends



Class I Train Velocity

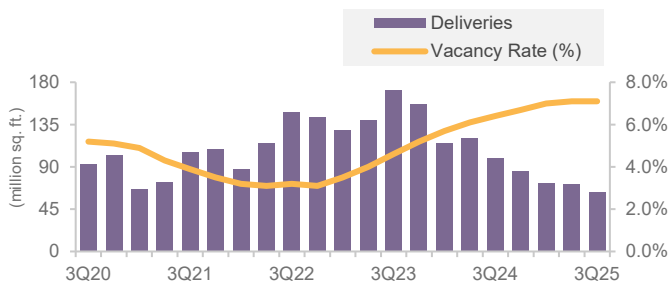
Class I railroads have improved service and maintained network fluidity despite sharp increases in volumes, avoiding any major congestion challenges



Warehousing Market Updates

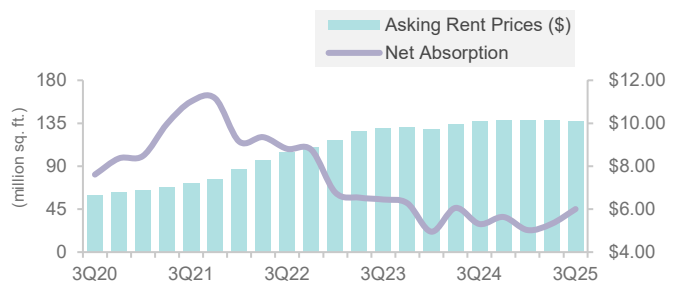
Vacancy Rates and Construction Deliveries

While the national vacancy rate continues to hover around 7%, new industrial warehouse development has slowed and supply continues to recalibrate toward normalized levels



Asking Rent and Net Absorption

Net absorption has increased for a second consecutive quarter driven by steady demand growth despite broader macroeconomic headwinds; asking rent increased 1.7% year-over-year in Q3'2025



(1) Truckload refers to dry van, reefer, and flatbed.

Data updated as of 10/14/2025

Sources: Bloomberg, American Trucking Associations, Association of American Railroads, DAT Freight & Analytics, Cushman & Wakefield