

# Uber Freight

## Quarterly Market Insights Report Q2 2021

[Uber Freight](#) is tracking the freight industry's changes throughout the year, identifying macro trends and market patterns to help carriers and shippers adapt. Elevated spot rates, pre-produce equilibrium, and an ongoing nationwide shift to new authority carriers characterized the Q2 2021 market. This report examines what transpired in that quarter's freight market, unpacks the surge in owner-operators, and highlights the digital procurement solutions that shippers are relying on to reliably source capacity.



# I. Macro overview: owner-operator influx accents a tight market

The freight industry was quiet in early 2021 as [high consumer spending](#) helped the US economy recover from its COVID recession. Stabilization ended when a polar vortex shocked supply chains, limited carriers' operation capacity, and created volatility that would [persist for weeks](#). Nationwide backups finally eased as weather normalized in March, a familiar sign of softness going into Q2.

The stimulus boosts that had pumped the economy in Q1 began to [fade by April](#), an already typically soft month. Demand plateaued and consumer spending marginally rose by [less than 1%](#) month over month (MoM). [Uber Freight](#) saw facility dwell times remain stable and spot opportunities increase only 2% MoM, breaking a 2-month streak of double-digit MoM increases. Nationwide, rates dropped 2% MoM, which was to be expected, considering they dipped by the same average margin in April from 2014 to 2019.

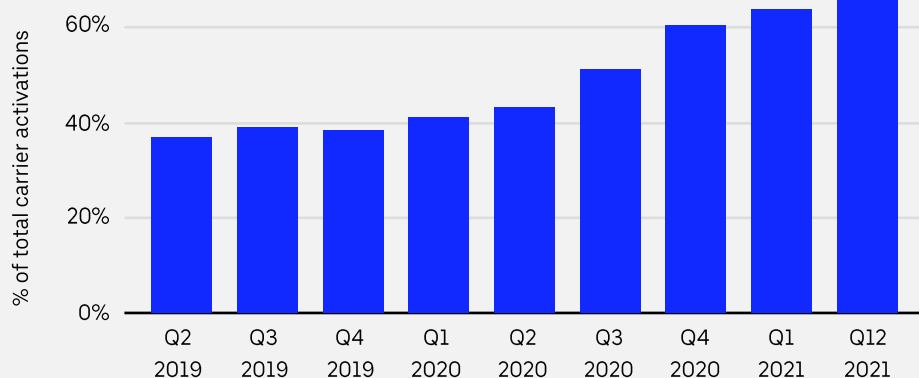
Though April was relatively soft following a volatile Q1, market tightness never failed to stay well above prepandemic levels. Even when the national spot rate dipped 8 cents to \$2.59/mile in April, this was still the [second-highest rate on record](#). In fact, Q2 2021 marked a full year of elevated rates since bouncing back above \$2/mile following the initial shock of COVID.

New carrier registrations with FMCSA have increased [more than 2 times](#) since spot prices started rising in 2020. [Uber Freight](#) saw firsthand that the majority were leased and company drivers shifting from large fleets to getting their own authority. Owner-operators constituted around 40% of our total carrier activations in H2 2019 and H1 2020. That number jumped to 46% in Q2 2020 and continued to grow through the pandemic, surpassing 60% by the new year and 65% in Q2 2021. Our owner-operator activations nearly doubled over a 6-month period ending April 2021 and surpassed targets by 11%. New authority carriers overall more than tripled year over year (YoY) by May.



## [Uber Freight's](#) owner-operator activations (QoQ change)

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



This reshuffling of an already volatile driver supply kept the industry vulnerable to external market changes. Semiconductor shortages continued to [constrain Class 8 production](#), and the [Colonial Pipeline attack](#) in early May tightened the inflow of drivers to the Southeast. Fatigued by the pandemic, many long-haul carriers have also [transitioned away](#) to last-mile delivery or construction jobs closer to family. Transportation capacity indices remained [historically low](#) in May at 32.7, as elevated demand continued to be misaligned with supply, which has maintained inflated prices.



**The new authority influx also highlights labor shifts beyond the attractive elevated rates. As hourly wages increased [more than 22%](#) from 2019 to 2020, large carriers found hiring new drivers increasingly difficult but were hesitant to lock in higher wages to attract hard-to-find quality labor. Further, in May 2021, many fleets offloaded contract workers when the federal government [tightened its definition of independent contractors versus employees](#).**

Spot rates rose 3% MoM in May, while holiday-time uncertainty around load fulfillment kept tenders low over Memorial Day weekend. Tender volume bounced back from Memorial Day lows but was still muted compared with prior years, an early indicator that the market no longer needed bursting rates in the beginning of summer to approach equilibrium.

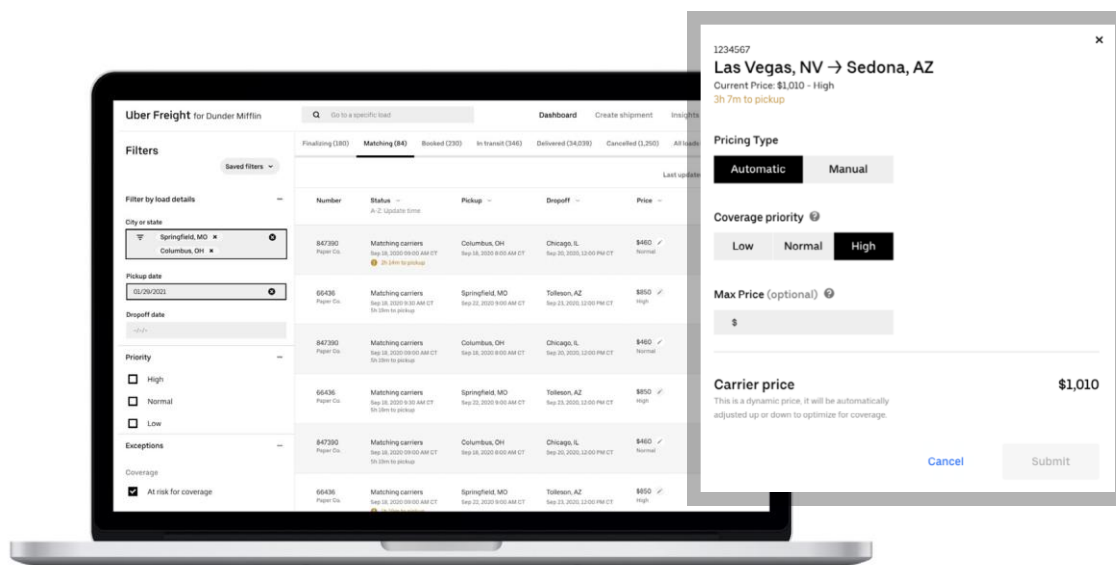
May's unseasonal tightness had set up a pre-produce rate environment that seemed to shift 2021's produce season a full month earlier and mute typical June spikes. Rates dipped nearly 1% MoM in June, and rejections trended downward to kick off the month, which was not common in prior years. However, the market began to normalize in the second half of June when rejections jumped in anticipation of the July 4th holiday.

[Uber Freight](#) has been a steady force of digital transformation through all the driver supply shifts and volatile rate changes. The following insights provide a closer look at how we've seen procurement channel mixes evolving across our customer base and the broader logistics landscape in Q2 2021.

## II. Procurement channel mix: transparency and control are key

Owner-operators have more options than ever before, with vendors like [Uber Freight](#) providing unprecedented access to freight and the ability to find loads [at the click of a button](#). At the same time, shippers need digital procurement solutions to seamlessly source capacity as drivers migrate from large fleets to new authority. [Uber Freight](#) was ready to meet the volatile carrier pool in Q2 2021 and shippers' growing need for flexible, real-time procurement channels.

At the end of Q1 2021, we introduced [Market Access](#), a strategic procurement solution giving shippers the ability to seamlessly source capacity on the [Uber Freight](#) marketplace, with complete transparency and control over prices. Adoption grew 34% QoQ by the end of Q2 as 11 more shippers began using Market Access and existing shippers increased their usage, in many instances trusting Market Access as their exclusive procurement solution for unplanned or volatile lanes.



Following conversations with our customers, we were thrilled to see Market Access deliver cost savings in excess of 10% on individual lanes and operational savings in excess of \$50/load compared with traditional procurement channels. The solution has also been a popular pairing with our [Powerloop](#) program to source on-demand drop delivery capacity. Together, these solutions help customers flexibly scale their drop operations while avoiding typical sourcing costs in a record-high spot market.

Our goal with Market Access is to provide shippers with control over transportation costs and help create a more resilient freight market. [Uber Freight](#) will continue tracking macro changes across the industry, brokerage technology trends within our own network, and other key market patterns to help carriers and shippers stay informed. The following section highlights our standout findings and data points in Q2 2021.

# III. Market trends and month-by-month data highlights from Q2 2021

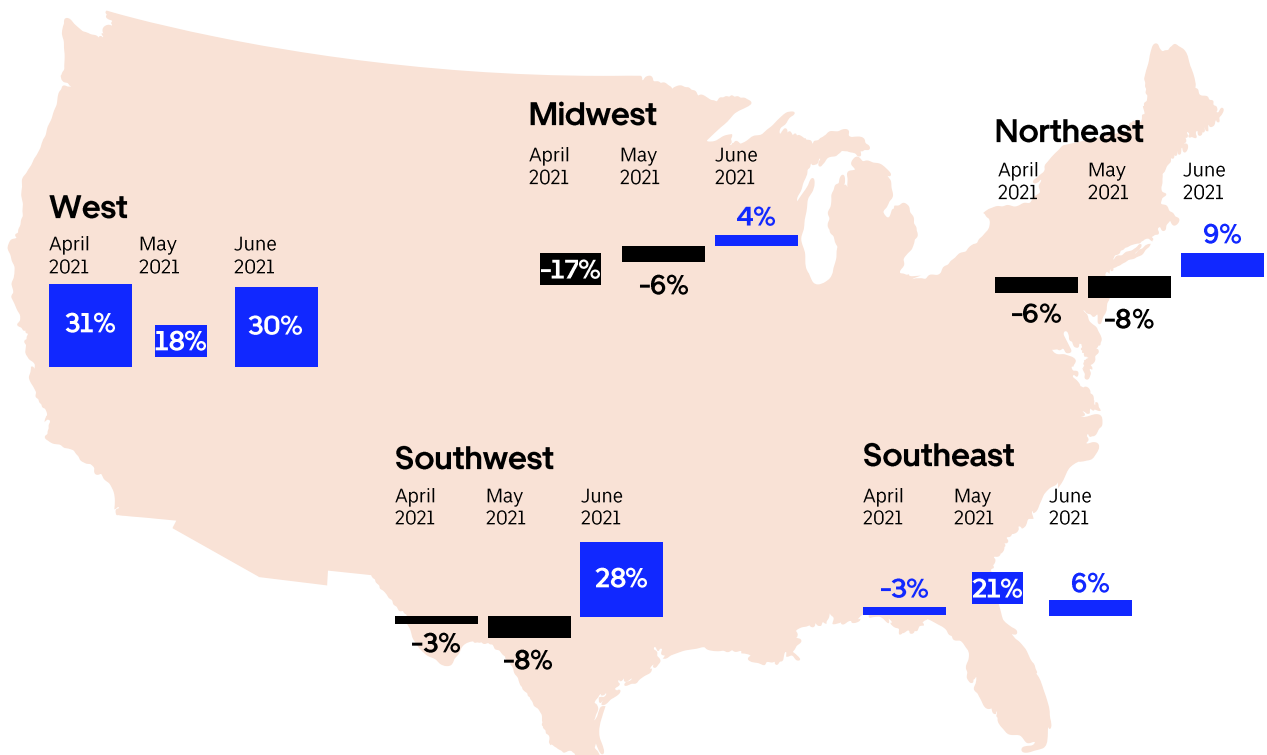
Here are the most notable month-by-month trends we saw across spot loads, facilities, and Market Access adoption within our network.

## Muted spot volume picked up in time for summer

[Uber Freight](#) saw muted spot opportunity growth in the soft month of April. Reefer truck and van opportunities dropped 15% and 2% MoM, respectively, and total opportunities only rose a mild 2% nationwide.

### Dry van spot volume by region (MoM change)

Capacity shortages in the Southeast tightened the market and drove an early regional produce spike in May.

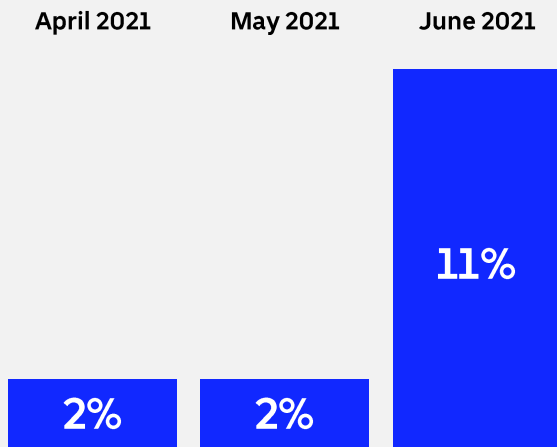


In May, spot volume remained muted in all regions except the Southeast, where capacity shortages tightened the market and drove an early produce spike. [Uber Freight](#) saw this trend across modalities: reefer volume rose 10% MoM in the Southeast compared with a 3% drop nationwide, and van volume similarly went up 21% regionally but only 4% nationwide.

The spot market stayed quiet after Memorial Day weekend compared with prior years. Nationwide spot opportunities were trending toward an 18% MoM decrease in the first half of June, but volume began to rebound as the market prepared for Independence Day and a busy summer. By the end of June, total opportunities increased 11% MoM nationwide, including significant growth in the West: 24% for reefer trucks and 30% for vans.

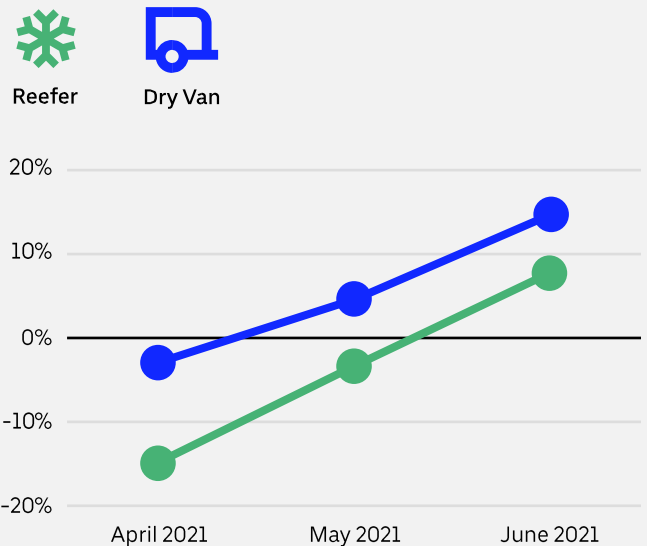
### Spot volume (MoM change)

Spot volume remained muted until mid-June, when the market began to prepare for Independence Day and a busy summer.



### Spot volume by modality (MoM change)

Spot opportunities across reefer and van loads saw significant MoM growth in June.



## Elevated spot rates continued driving new authority influxes

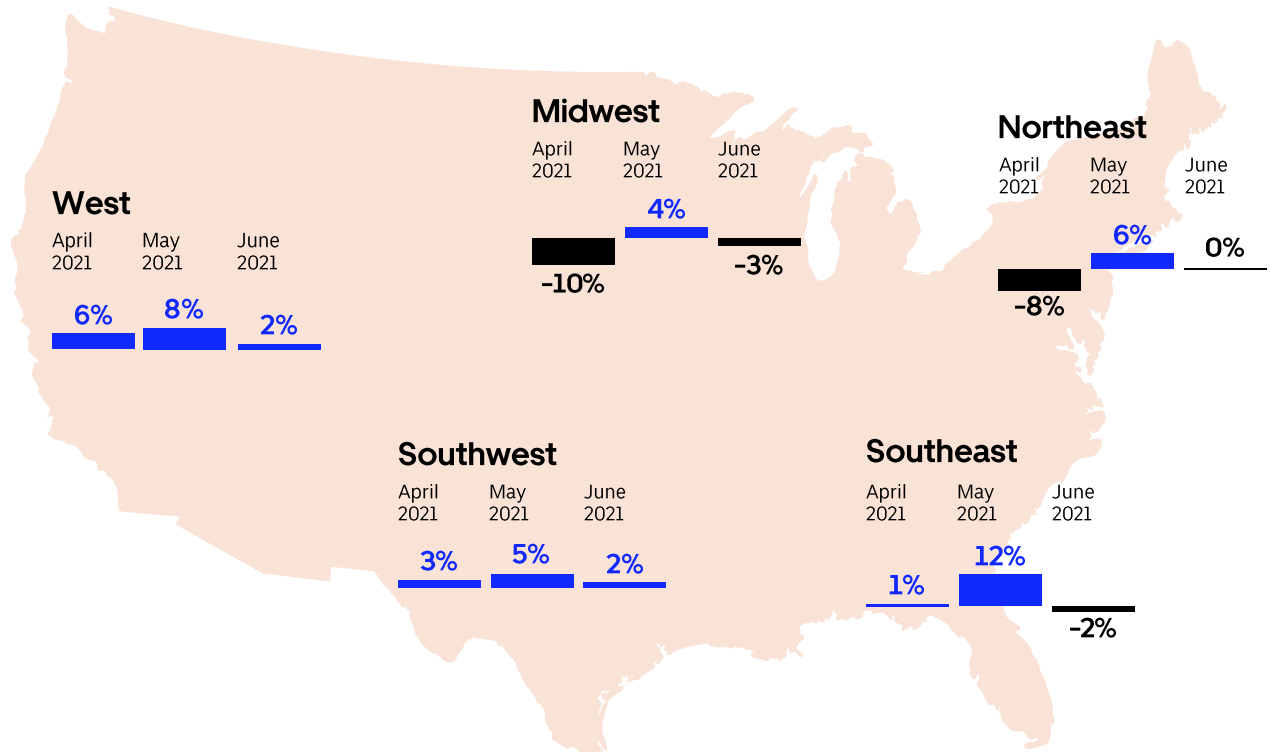
In April, rates across [Uber Freight's](#) network dipped 2% MoM nationwide and 10% for vans in the Midwest, the region's biggest drop in a full year. In spite of these MoM drops, we saw rates sustain record highs at \$3.47/mile—just \$0.02 below the previous month yet an entire \$0.35 above the next-highest rate in any month from 2019 to 2020.

Owner-operators grew to two-thirds of our total carrier activations in May 2021, which coincided with a 6% MoM rise in rates nationwide. Capacity and gas shortages made drivers wary of delivering produce in the Southeast, where reefer and van rates both jumped higher than in any other region (11% and 12% MoM, respectively).

These produce spikes reached an early peak, as June's 2% MoM increase was mild relative to years past: 17% in 2020 and 6% in 2019. Despite the muted increase, June 2021 was the first month on record with nationwide rates across [Uber Freight's](#) network surpassing \$4.00/mile. H1 2021 ended with market tightness still well above pre-pandemic levels and elevated rates that continued to pull driver supply from large fleets to owner-operator businesses.

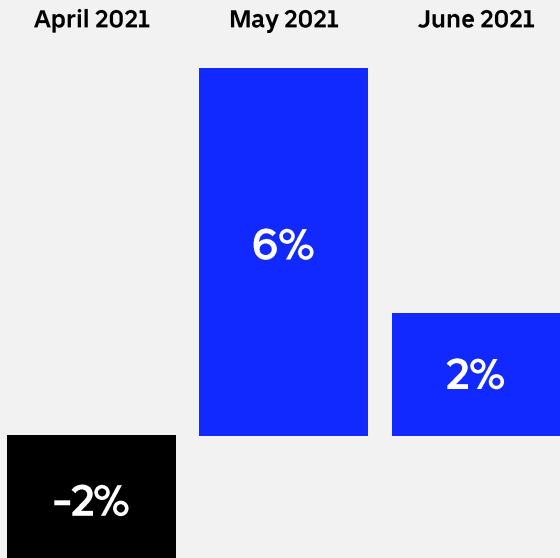
### \$ Dry van spot rates by region (MoM change)

Drivers were wary of delivering produce in May in the Southeast, where tightened capacity shot rates higher than in any other region.



## Spot rates (MoM change)

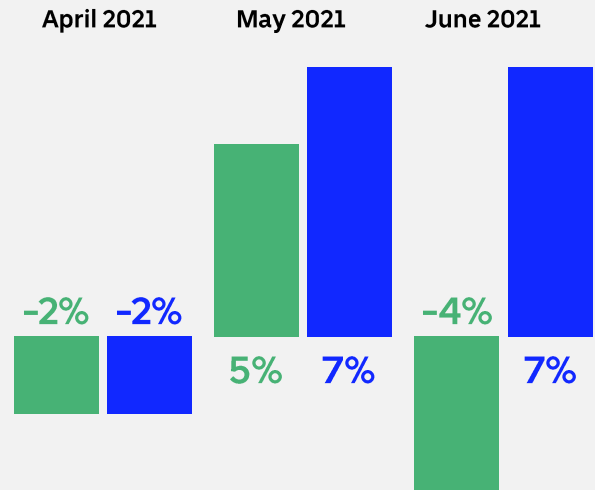
June rates were mild after an early produce spike, yet still reached record highs well above pre-pandemic levels.



## Spot rates by modality (MoM change)



In spite of slight drops in April, spot rates remained elevated and sustained record highs through Q2.



## Facility experiences remained steady in a tight market

Similar to the beginning of Q1 2021, April's soft freight market kicked off Q2 with carrier facilities running smoothly nationwide. The average dwell time of 135.2 minutes was a slight drop from 135.8 minutes in March. Dwell times reached as low as 130.1 minutes in the Northeast, the region's lowest in 3 months.

Operations remained steady in May. Nationwide dwell times dropped slightly, to 135.1 minutes, reaching only as high as 137.9 minutes in the Southwest, still 6-plus minutes shorter than 2 months earlier. Facility ratings also jumped to a record 4.34 in May, marking the fifth consecutive month above 4.30.

Facilities became more congested as the market relatively softened in June, after the early produce spikes. Nationwide dwell times rose to 137.8, the longest in nearly a year. Ratings dipped to 4.28, the lowest since fall 2020.

### May 2021

**135.1**

Minutes of nationwide dwell time

**4.34**

Average nationwide facility rating



# The need for price transparency accelerated Market Access adoption

When capacity becomes constrained and demand is unpredictable, shippers can turn to flexible procurement solutions for transparency, control, and immediate access to carriers. As the freight market experienced unprecedented volatility during the COVID-19 pandemic, many shippers turned to [Uber Freight's](#) Market Access to reliably source capacity.

Nationwide, Market Access adoption rose steadily through Q2 2021: over 34% QoQ and over 4x YoY. The solution enabled shippers to take advantage of favorable pricing, while automating execution.

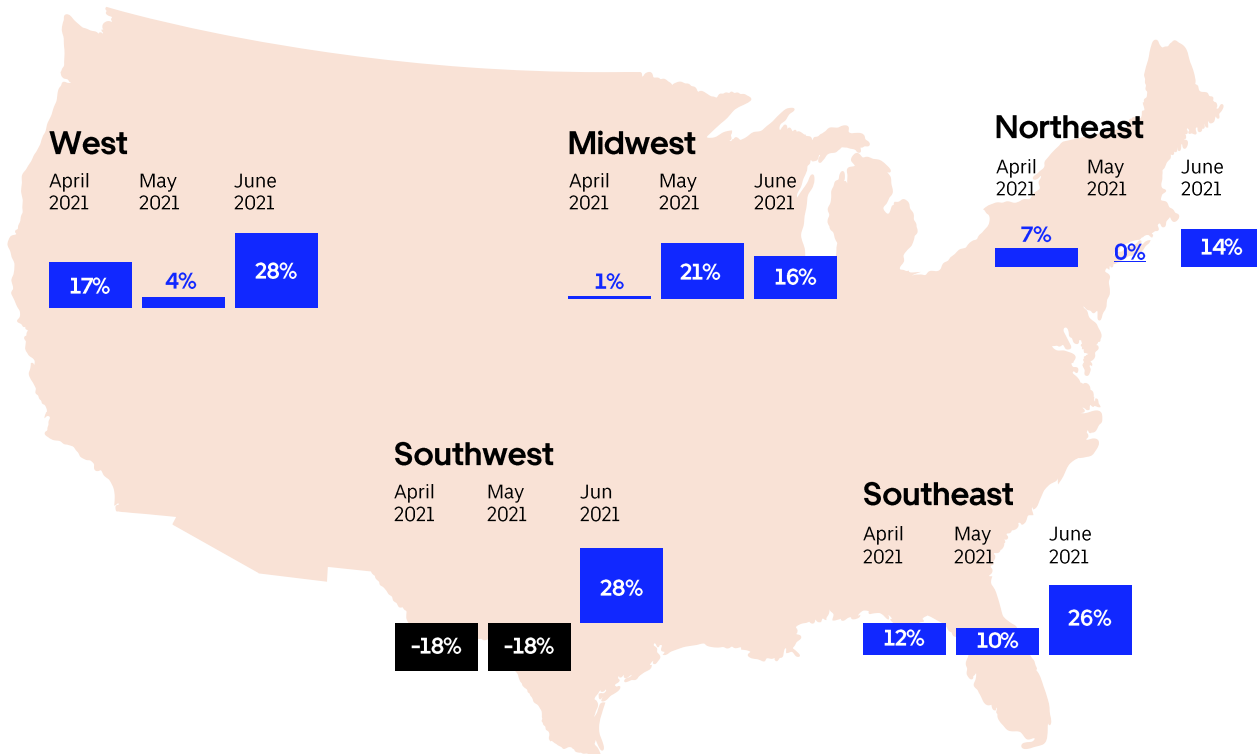
Rising adoption also occurred at a regional level. The West and Southwest both saw Market Access adoption jump 28% MoM in June. The solution was particularly useful for sourcing capacity in regions most affected by tight driver inflows and pre-produce spikes, such as the Southeast, where loads moved with Market Access increased 80% QoQ.



Nationwide Market Access adoption in June 2021

## ↔ Market Access volume by region (MoM change)

Uber Freight saw Market Access adoption soar in June, as shippers took advantage of favorable pricing in an unseasonally muted market.





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