

# Malaysia Freight Logistics Market Trends in 2025: Sustainable Practices and Emerging Opportunities | MRFR

*The growing e-commerce sector, tech-savvy middle-class consumers, & advancing infrastructure are key drivers expected to boost Malaysia freight logistics market*

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The [Malaysia freight logistics market](#) is a dynamic and rapidly evolving sector integral to the country's economic

growth. The sector facilitates the movement of goods across both domestic and international boundaries, significantly influencing the country's global trade position. Malaysia's strategic location in Southeast Asia, coupled with its well-established infrastructure and trade-friendly policies, positions the country as a hub for logistics services in the region.



Malaysia Freight Logistics Market

The Malaysia freight logistics market was valued at USD 27.5 billion in 2022 and is expected to grow steadily. It is projected to reach USD 28.93 billion in 2023 and USD 43.39 billion by 2032, reflecting a compound annual growth rate (CAGR) of 5.20% during the forecast period (2024–2032).

## Key Drivers of Growth

The Malaysia freight [logistics industry](#) is fueled by several key factors, including its geographical location, trade policies, technological advancements, and infrastructure developments. Malaysia's proximity to key global shipping routes in the South China Sea makes it a vital logistics hub in Southeast Asia. The Port of Klang, for instance, is one of the busiest ports in the region, serving as a central node in international shipping networks.

Another factor contributing to the growth of the logistics market is Malaysia's free trade agreements (FTAs) and membership in ASEAN. These agreements enable smoother cross-border trade, attracting foreign investment and enhancing the country's position as a logistics gateway. The Malaysia–Singapore bilateral agreement, in particular, supports cross-border supply chain

management and the seamless movement of goods between the two countries.

Technological advancements have also played a significant role in transforming the logistics industry. The integration of automation, artificial intelligence (AI), data analytics, and the Internet of Things (IoT) into logistics operations has improved efficiency, reduced costs, and enhanced the accuracy of deliveries. Companies that embrace digital transformation are better equipped to meet customer demands for faster and more cost-effective solutions, thus strengthening their competitive position in the market.

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## Infrastructure Development

Malaysia has made substantial investments in infrastructure development to support the growing logistics industry. The country's transport infrastructure comprises extensive road networks, rail systems, airports, and ports, all of which are essential for smooth logistics operations. The government has also invested heavily in the development of logistics parks and distribution hubs, especially along the major transport corridors.

The Port of Klang, Malaysia's largest and busiest port, plays a pivotal role in international trade, handling millions of containers each year. Other ports like Penang Port and Port of Tanjung Pelepas also serve as key entry and exit points for global trade. These ports are continually expanding to meet increasing demand for freight services, with the addition of larger container terminals and more efficient cargo handling systems.

On the land side, Malaysia's road infrastructure is among the most extensive in the region, enabling efficient overland transport. Major highways like the North-South Expressway connect the northern and southern parts of the country, reducing transportation time and costs. The country's rail network is also undergoing modernization to improve the movement of goods, particularly for bulk commodities and heavy machinery.

Additionally, Malaysia's airports, including Kuala Lumpur International Airport (KLIA), have emerged as key hubs for air cargo, contributing to the growth of the airfreight segment. The development of dedicated cargo terminals and the expansion of airfreight services have increased Malaysia's attractiveness as a regional air cargo hub.

## Types of Freight and Logistics Services

The Malaysian freight logistics market comprises various transportation modes, including road, rail, air, and sea. Each mode has its advantages and is used for different types of goods, depending on factors such as cost, time, and nature of the products.

**Road Freight:** Road transport remains the dominant mode of logistics in Malaysia due to its flexibility, wide coverage, and relatively low cost. Malaysia's road network allows efficient movement of goods both domestically and across borders. The growth of e-commerce has further driven demand for road-based delivery services, with last-mile delivery playing an increasingly important role in the logistics supply chain.

**Sea Freight:** Sea freight is another critical segment in Malaysia's logistics industry, as the country is a major player in maritime trade. Ports such as the Port of Klang, Tanjung Pelepas, and Penang Port handle a significant portion of the country's freight. Malaysia's role as a key transshipment hub in Southeast Asia ensures that the country remains a major player in international container shipping.

**Air Freight:** The airfreight segment in Malaysia has grown in response to the increasing demand for fast, high-value, and time-sensitive deliveries. The presence of major cargo hubs such as KLIA and Penang International Airport has further strengthened Malaysia's air cargo capabilities. Additionally, Malaysia's participation in regional air cargo alliances allows for better connectivity and improved airfreight services.

**Rail Freight:** Although rail freight in Malaysia is less developed than road and sea freight, the sector is growing steadily. Rail transport is ideal for bulk goods and long-distance transportation, particularly for industries such as mining and agriculture. The government is also making efforts to enhance the rail network and expand rail freight services to meet future demand.

Key Companies in the Freight Logistics market include

CEVA Logistics

City-Link Express (M) Sdn Bhd

CJ Century Logistics Holdings Berhad

Complete Logistic Services Bhd

Deutsche Post DHL Group

GD Express Carrier Berhad

Kerry Logistics Network Limited

KTM Berhad

MMC Corporation Berhad

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## Challenges in the Malaysian Freight Logistics Market

Despite the growth and development of the freight logistics sector, Malaysia faces several challenges that could hinder its progress. One of the main issues is the reliance on manual labor and limited automation in certain areas of logistics. While technological advancements are helping improve efficiency, there is still a need for greater investment in automation and digitalization.

The industry also faces congestion issues at major ports and airports, especially during peak seasons. Delays in port operations and customs clearance can disrupt the timely delivery of goods, negatively impacting customer satisfaction. Additionally, the lack of coordination among logistics players, both local and international, creates inefficiencies in the supply chain, leading to delays and increased costs.

Another challenge facing the sector is environmental sustainability. As the logistics industry grows, the environmental impact of increased transportation emissions becomes a concern. The government has begun to address these issues by promoting greener logistics solutions, including the use of electric vehicles (EVs) for last-mile delivery and implementing energy-efficient technologies in warehouses and distribution centers.

## Future Outlook

The future of the Malaysian freight logistics market looks promising, with continued investments in infrastructure, technology, and industry talent. The increasing focus on digital transformation and sustainable practices will help companies remain competitive in an increasingly globalized market. Malaysia's strategic location, combined with its growing connectivity to global supply chains, positions it as a leading logistics hub in Southeast Asia.

Additionally, the continued development of Free Trade Agreements (FTAs) and the expansion of regional trade initiatives, such as the Regional Comprehensive Economic Partnership (RCEP), will further enhance Malaysia's position as a key player in global logistics.

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