

London Logistics Plan 2026: progress update



Key information

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This update provides an overview of how we intend to address the following problem statement and sets out our progress so far: A framework to futureproof London's long-term logistics needs, to support housing growth, improve productivity and deliver good growth, including how the GLA and TfL will support this sector.

1. Introduction

London's Growth Plan sets out a clear vision for how our city's economy will thrive in the years to come and deliver on ambitious targets to build the homes that Londoners need.

The Growth Plan sets out four bold ambitions:

- **Productivity** – Raise productivity rates to 2 per cent average per year over 2025 to 2035
- **Inclusion** – Raise the real household weekly income (after housing costs) of the lowest earning 20 per cent of Londoners by 20 per cent by 2035.
- **Green growth** – Accelerate progress towards achieving London's net zero target for 2030.
- **A global capital** – Grow London's services exports by an average of 6 per cent per year

A world class, robust and resilient logistics sector is needed to support the industries that will deliver this vision, meet the four ambitions, deliver growth and housing and support decarbonisation in the face of climate change.

With the publication of the Growth Plan, now is the time to work across private and public sectors to understand the long-term logistics needs of London's economy and identify opportunities for innovation. Areas of focus include productivity improvement and emissions reduction through cutting-edge technology to support London's target to be net zero by 2030, ensure associated pressures from growth are managed sustainably, and underpin planning policy in London and TfL's work related to the sector.

Noting the specific focus of the Logistics Plan on productivity and growth, the Logistics Plan will not replace the 2019 Freight and Servicing Action Plan but will complement it.

This early overview shares our intended direction of travel for the 2026 Logistics Plan.

2. Baseline

The baseline for the Logistics Plan will establish our understanding of current trends affecting the freight and logistics sector in London and the UK.

The terms "freight" and "logistics" are generally used interchangeably. For the purposes of the Logistics Plan, the term "logistics" will be used. This covers all delivery and servicing activities undertaken by goods vehicles. This includes the collection and delivery of goods, but also the movement of construction materials, waste collection, and other servicing activities such as building and maintenance trades.

2.1 Economic indicators and drivers

Logistics is a key driver of London's economy. In 2023, nearly 5 per cent of London's workforce was employed in the logistics sector, and there were over 37,000 logistics firms.

Nationally, logistics businesses generated £1.2 trillion in revenues in 2023, employed 2.7 million people and contributed £79.8 billion in Gross Value Added. The number of logistics jobs has grown by 26 per cent between 2010 and 2022, nearly double the rate of the wider economy.

London is a major hub for goods moved by road, rail, water and air, serving both domestic and international markets. Developments such as the planned expansion of the Thames Freeport, at both London Gateway and the Port of Tilbury, and the proposed expansion of Heathrow, Gatwick and Luton airports are likely to increase the role London's logistics sector plays in UK supply chains, which are a key enabler of national productivity. The sector is highly innovative and adaptable to change.

London is home to several clusters of logistics firms, where businesses focused on goods distribution operate alongside companies driving innovation and efficiency across the sector. These firms not only deliver improved efficiency for UK logistics, but also export their products and expertise internationally.

Growth in the logistics industry has increased demand for logistics floorspace, but between 2001 and 2020 London lost 9 per cent of land for warehousing and 18 per cent of all industrial land, to other land uses. Over the same period in Inner London, 39 per cent of warehousing and 37 per cent of all industrial land was lost. This trend has pushed logistics and distribution activity further out of London, resulting in more and longer freight trips, at least over the shorter term. Meanwhile competition for and costs of inner London logistics space have increased.

Line graph shows internet sales as a percentage of total retail sales from 0 to 35% between 2010 and 2025.

Figure 2.1 - Internet sales as percentage of total retail sales (ONS, 2025)

Bar chart shows volume of parcels in millions from 0 to 4500 million between 2020-21 and 2024-25.

Figure 2.2 - Volume of parcels (millions) (Ofcom, 2025)

Demand for domestic deliveries and returns has increased in recent decades, reflecting the rise in e-commerce and convenience shopping, particularly via food delivery apps, resulting in increased last-mile movements, with consequent impacts on congestion and emissions. In 2010, internet sales represented less than 10 per cent of total retail sales, while today this figure stands at 27 per cent. In 2024-25, 4.2 billion parcels were delivered, 4 per cent more than during the pandemic in 2020-21.

Since 2010, the number of vehicle kilometres travelled by vans in London has risen, although vehicle kilometres for heavy goods vehicles (HGVs) and cars have fallen compared to 2010 levels. The number of logistics vehicles entering the Congestion Charge Zone has fallen by 20 per cent below 2016 levels, which exceeds the Mayor's Transport Strategy (MTS) target to reduce entries into the zone in the AM peak by 10 per cent by 2026.

Line graph shows the percentage change, ranging from 75% and 100%, for freight vehicles enter

Figure 2.3 -

The change (from 2016) in freight vehicles entering the Congestion Charge Zone in the weekday morning peak (TfL, 2025)

Given the increasing demand for logistics movements and rising vehicle kilometres, it will be imperative to shift goods towards alternatives including rail and river freight. The use of the river to transport waste and aggregates is well established, and there have been several recent trials of its use for light freight. On rail, there is ongoing investment in new freight railway infrastructure. However, there remains a challenge in enabling the use of river and rail for the movements of goods in the capital.

2.2 Road safety

Advancements have been made to safety in recent years, notably the introduction of the Direct Vision Standard (DVS) for HGVs and investment in road safety improvements. Over the last three years (2022 to 2024 average) there has been a 38 per cent reduction in the number of people walking, cycling and motorcycling killed or seriously injured in collisions with HGVs against a 2017 to 2019 baseline.

The growth in the numbers of delivery drivers and riders on London's roads who use light goods vehicles (LGVs), but also motorcycle and e-bike couriers, raises concerns around work-related road risk. We estimate that work-related journeys may account for approximately half of all vehicle mileage in London. While just under half (around 45 per cent) of all people killed or seriously injured on London's roads – approximately 1,700 each year – are harmed in collisions involving a working driver or rider. The second Vision Zero action plan will have a new focus on work-related road risk.

2.3 Clean freight

On greenhouse gases (GHG), the progress has been mixed. Nationally between 1990 and 2023 GHG emissions from domestic road transport have fallen 15 per cent for HGVs but increased by 60 per cent for LGVs.

The latest London Atmospheric Emissions Inventory has shown that air pollutants have fallen between 2019 and 2022, nitrous oxide emissions have fallen by 22 per cent, particulate matter (PM) 2.5 emissions have fallen by 5 per cent and road transport based PM10 emissions have fallen by 13 per cent. Modelling for the Inventory has shown that emissions are expected to fall further towards 2030.

Line graph shows domestic road transport greenhouse gas emissions by mode, for heavy goods

Figure 2.4 - Domestic road transport greenhouse gas emissions by mode (DfT, 2025)

3. Vision and objectives

While the MTS target to reduce the number of logistics vehicles entering the Congestion Charge Zone by 10 per cent in the morning peak by 2026 has already been met, the need

to slow the trend in LGV growth across the whole of London remains. There is a need to make logistics cleaner, safer and more efficient to enable the sustainable growth of the sector, which will in turn deliver wider good growth and support housing growth.

The draft objectives of the Logistics Plan align with the London Growth Plan ambitions, and are as follows:

- **Productivity** – To improve the efficiency and reliability of London's logistics system by optimising freight networks, improving kerbside loading and delivery space management, capturing the benefits of new technology, data tools, and innovative operational practices.
- **Inclusion** – To reduce work-related road risk for delivery drivers and riders, and support fair, safe, and improved working conditions across the logistics workforce.
- **Green growth** – To enable faster uptake of zero emission vehicles (ZEV) within the sector, and support a transition to alternative, more sustainable, logistics modes, including rail, water, cargo bike and deliveries on foot.
- **A global capital** – To strengthen London's position as a world-leading logistics hub by supporting continued investment, innovation, and sector development, contributing to national productivity and export growth.

The Logistics Plan will develop these objectives further and include a suite of key performance indicators (KPIs) to allow us to monitor progress against these objectives.

4. Challenges and opportunities

A data collection methodology was developed to gather knowledge of the current situation, and define the problems. This enabled us to benchmark these issues in a national and international context.

This data collection involved:

- Collection of secondary data on trends including demand, economic contribution, decarbonisation and employment within the logistics sector.
- A review of relevant London and national government policy as well as trade association, academic and think tank reports. This literature review identified several challenges and opportunities for the logistics sector, as well as recommendations to improve the situation.
- Ongoing stakeholder engagement sessions, with over ten trade associations and logistics operators to date. In which, they were asked to identify their perceived challenges in the logistics sector and supply relevant data and reports they hold. These discussions were structured under the themes of transport, economy and spatial.
- A search for similar Logistics Plans in other world cities including New York, Paris and Amsterdam to identify the extent to which the challenges facing the logistics sector in London are unique. Follow up meetings were held with officials in New York, Paris, Flanders, and further meetings are being arranged via C40 cities.

Throughout this process, a number of common themes emerged on the challenges and opportunities within the sector. These are presented below.

4.1 Transport

Clean: Decarbonisation

The challenge

- Around 80 per cent of vehicle emissions in logistics originate from HGVs, but there's limited progress on zero-emission transition. Most significant contributory factors:
 - Financial barriers
 - Grid connection
- Limited progress on switch to cleaner modes for logistics (rail, water, cargo bike).

The opportunity

- Significant unmet demand for ZEVs if conditions are right, for example, more certainty for operators to invest, better management of grid upgrades, more space for ZEV charging.
 - Significant capacity to uplift levels of logistics on the Thames and by cargo bike and reduce costs for firms, as last mile accounts for 40 to 55 per cent of supply chain costs.
 - Up to 17 per cent of van kilometres in central London could be replaced by cargo bikes by 2030.
 - Exploring the opportunity to increase light and heavy freight movements into London by rail.
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Efficient: Retiming and reducing movements

The challenge

- Barriers to off-peak and overnight deliveries increase peak time logistics trips.
- Limited data available to policymakers.
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The opportunity

- Reduce hours of control to allow more logistics movements to be retimed to the off-peak and overnight.
- Strengthened data sharing between the logistics sector and policymakers.
- Strengthened policies to reduce duplicated routes and missed deliveries.
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Safe

The challenge

- High representation of logistics vehicles in collisions.
- Significant underestimation of road collisions, injuries, and risk involving working drivers and riders, exacerbated by cultural and institutional factors which contribute to the under-recognition and under-management of work-related road harm.
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- Vehicle standards like DVS require increased investment by logistics firms.

The opportunity

- Contribute to Vision Zero.
 - Alignment with Vision Zero Action Plan 2 (VZAP2) and DfT's Road Safety Strategy on work-related road risk, through better management of, and accountability for, work-related road risk.
 - Improved goods vehicle safety record – also better outcomes for driver and rider welfare, and logistics firms.
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4.2 Economic

Workforce and skills

The challenge

- Staff shortages, 24 per cent logistics firms reported driver vacancies at the end of 2024.
- Poor perception of the industry as a career option, with a need to attract new staff as nearly 50 per cent of HGV drivers are over 50.

The opportunity

- Improve working conditions.
 - Improve the image of logistics as a career option to attract a larger and more diverse pool of potential employees.
 - New skilled career pathways: re-training, upskilling of staff, and an opportunity for progression. Two thirds of logistics managers do not have a degree.
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Investment and innovation

The challenge

- Narrow profit margins, generally 1 to 3 per cent, meaning sensitivity to cost increases or large capital investments.
- Falling levels of investment: UK investment in the transport and storage sector fell from 1 per cent of GDP in 2010 to 0.4 per cent of GDP in 2022.

The opportunity

- Small profit margins but dealing with huge volumes, some large companies are experiencing rapid growth.
- Logistics operators are generally adaptable and looking to improve efficiency and productivity, open to innovation, for example, use of AI to optimise systems.

- 30 per cent of firms were expecting to increase their investment in sustainability in 2025 compared to 2024.

London as an exporter of logistics services, for example, logistics as a service.

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4.3 Spatial

Land use and planning

The challenge

- Growing demand for land for logistics to support increasing housing and economic growth across London.
- Shortage of suitable land - between 2001 and 2020 London lost 9 per cent of land for warehousing to other land uses, and increasing rents with large variations across London.
- Competition from other uses for industrial land which have higher employment densities and generate fewer vehicle movements than logistics.
- Lack of spatial and operational efficiencies and collaboration between operators.
- Lack of data/information about appropriate level of strategic need for logistics land in London.

The opportunity

- Scope to improve the understanding of longer-term space requirements and gaps in the strategic freight networks across London.
- Scope to inform strategic policy approaches at different levels.
- Scope for more efficient use of logistics land and operations and related innovation and collaboration.
- Low supply and high demand can make logistics an attractive land use for landowners, resulting in increased investment and innovation in the sector.
- TfL and GLA have a large portfolio of land: scope to use more of this for logistics uses.
- Scope to promote better integration of last mile logistics into existing urban environments and new development areas.
- Scope to specifically support facilities for sustainable freight.

London's roads: Kerbside and congestion

The challenge

- Insufficient loading space to meet needs of operators.
- Congestion and road works causing delay and increased costs, the average driver lost 156 hours due to excess traffic in 2022 .

The opportunity

- More flexible, optimised use of the kerbside to facilitate more efficient last mile solutions.

- Opportunity to retime movements to off-peak or overnight.
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5. Key considerations

As outlined in section 3, the logistics sector faces many transport, economic and spatial challenges; both to its daily operations and to its evolution to an industry that is fit for purpose for the future needs of London and the wider UK.

However, with many of these challenges come opportunities, and the Logistics Plan will set out key actions to tackle the challenges identified to help enable good growth.

In considering the actions that can be included in the Logistics Plan, a structured optioneering analysis will be undertaken, which will assess and score the options against several criteria, such as cost and deliverability. The actions will also need to be considered in the context of the current policy, regulatory, economic and political environment.

The criteria to be taken into account in considering the possible actions will include:

5.1 Policy context

- The London Growth Plan and London Infrastructure Framework: The Logistics Plan will deliver on the vision of the 2025 London Growth Plan, and will align with London Infrastructure Framework, due to be published in early 2026.
- The next London Plan: The Logistics Plan will align with the development of the draft London Plan, due for consultation in Summer 2026.

- Other local, regional and national policy, plans, strategies, commitments: The Logistics Plan will consider how a "golden thread" that links other plans and strategies produced by different organisations can be established.

5.2 Stakeholder context

- Input from internal and external stakeholders: Including trade associations, logistics operators, customers, London Councils and the Department for Transport (DfT).
- Consideration of the current wider political landscape, including priorities and legislative frameworks that may enable or constrain proposed actions.
- Awareness of political sensitivities and reputational implications.

5.3 Responsibility

- Where actions fall within the remit of TfL and the GLA there is greater scope to directly influence change.
- Where actions are managed by other organisations, consideration of the scope to influence change through engagement and lobbying.

5.4 Resource

- Financial constraints: Including consideration of value for money, the availability of funding within existing budgets, and any external sources of funding.
- Organisational resource capacity: Including the availability of staff resource within TfL, the GLA and delivery partners to implement and monitor actions.

5.5 Lessons learnt

- A consideration of lessons learned from the most successful policy interventions made at a local, regional and national level.
- Identification of less successful initiatives, common barriers and unintended consequences, and how these can be avoided in future actions.

Applying these criteria will ensure that the Logistics Plan includes actions that are meaningful, impactful and deliverable actions, and that effectively support economic growth.

6. Conclusions and next steps

Logistics is an enabler of growth, and London is ready to grow. A strong and sustainable logistics sector will be a vital enabler of this growth and the delivery of world-class infrastructure for Londoners. By developing the Logistics Plan, the GLA and TfL will affirm their support for the sector, to enable housing growth, improve productivity and deliver good growth.

Over the coming months, the GLA and TfL will continue to work on the delivery of the Logistics Plan, working first to complete the engagement and issue definition, followed by proposal development and testing. It is expected that the publication date will be in late 2026.

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