

APRIL
2026

STATE OF THE INDUSTRY

R E P O R T

SUPPLY CHAIN | DEDICATED TRANSPORTATION | FLEET MANAGEMENT SOLUTIONS

SONAR



Of oil and capacity

March 23, 2026 | 1 p.m. ET

Overview

The renewed conflict with Iran dominated the transportation market’s headlines in March. Fuel prices surged more than a dollar a gallon in less than a month, adding to the existing price inflation for trucking. Fuel prices were not the main problem as capacity continued to remain tight throughout most of the U.S. Weather may have started the market flip, but it has had little to do with it sustaining.

Intermodal demand maintained its strength after recovering from the effects of the winter storm, but lost support from international containers as the Lunar New Year reduced imports seasonally. Rates remained steadily low, but started to show signs of expanding in late March.

The maritime space was relatively quiet from a demand and price perspective, benefitting from a lack of seasonal pressure. The conflict in the Middle East appeared to have little influence on inbound flows to the U.S., but could manifest into something more concerning if the conflict continues.

Most of the inflation data was made irrelevant by the war in Iran, though it did show that it was coming under control with a fairly low 2.4% reading. The labor market remains a concern with unemployment rates ticking higher and jobs were net negative in February.

Retail and consumer spending were still fairly good, despite being increasingly uneven from a demographic standpoint. The impact of higher gas prices may erode this to an extent in the future.

Manufacturing continued to be the most positive figures as it does look like there is some level of increasing activity manifesting.

Housing data suggests some improvement, but remains historically subdued.

Macro indicators	(y/y change)
Feb. industrial prod. change	+0.15% (+1.3%)
Jan. retail sales change	-0.02% (+3.2%)
Feb. U.S. Class 8 orders	38,090 (+156%)
Feb. U.S. trailer orders	7,040 (-34%)

Truckload indicators	(y/y change)
Tender rejection rate	14.02% (+918 bps)
Average dry van spot rate ¹	\$2.91/mi (+29%)
LAX to DAL spot rate ²	\$2.54/mi (+22.1%)
CHI to ATL spot rate	\$3.34/mi (+31%)

Tender volumes	(y/y change)
Atlanta	426.85 (+6.3%)
Dallas	333.9 (+9.6%)
Los Angeles	242.6 (+5.4%)
Chicago	234.04 (-2.7%)

Tender rejections	(y/y change)
Atlanta	11.6% (+672 bps)
Dallas	13.12% (+756 bps)
Los Angeles	5.95% (+386 bps)
Chicago	13.66% (+937 bps)

Zach Strickland

Director of Market Intelligence

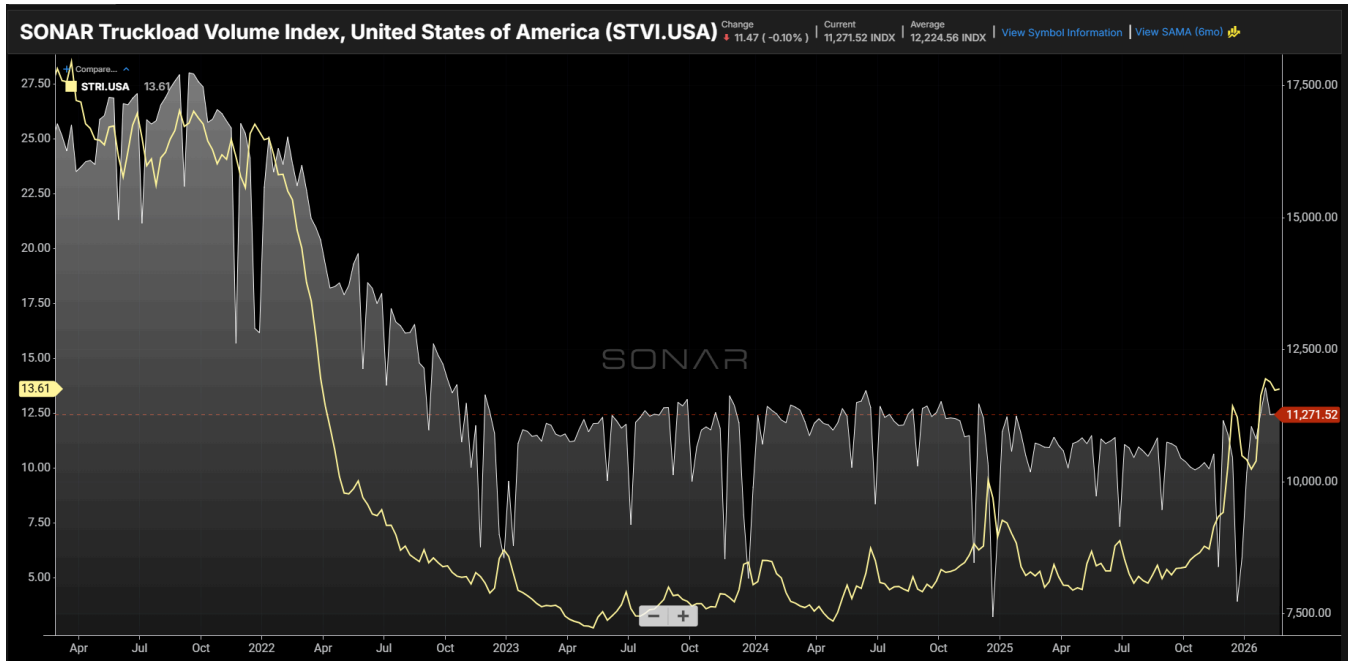
Mike Baudendistel

Head of Intermodal Solutions

¹ FreightWaves National Truckload Index
² FreightWaves TRAC spot rate

Truckload markets

The primary story for trucking over the past month has been the persistence of elevated tender rejection and spot rates well beyond the direct influence of seasonal or weather-related factors. The winter storm that impacted much of the U.S. on January 22 has had a lasting effect, as neither spot rates nor national tender rejection indices have returned to pre-storm levels as of March 17.



Source: SONAR Truckload Volume Index (white, right axis) and SONAR Truckload Rejection Index (green, left axis).

The SONAR Truckload Rejection Index (STRI) declined gradually from a peak of 14.27% on February 6 to 13.49% on February 22 before reversing course and trending higher in the following weeks. While the slow decline after the storm was unexpected, the subsequent reversal was even more surprising.

The National Truckload Index (NTI), which measures aggregated dry van spot rates, followed a similar pattern, though its directional shift can be more directly attributed to rising fuel prices. Higher spot rates—and their ability to more immediately pass through rising diesel costs—may have encouraged carriers to prioritize spot freight over contracted loads, many of which were priced in a much softer market environment.

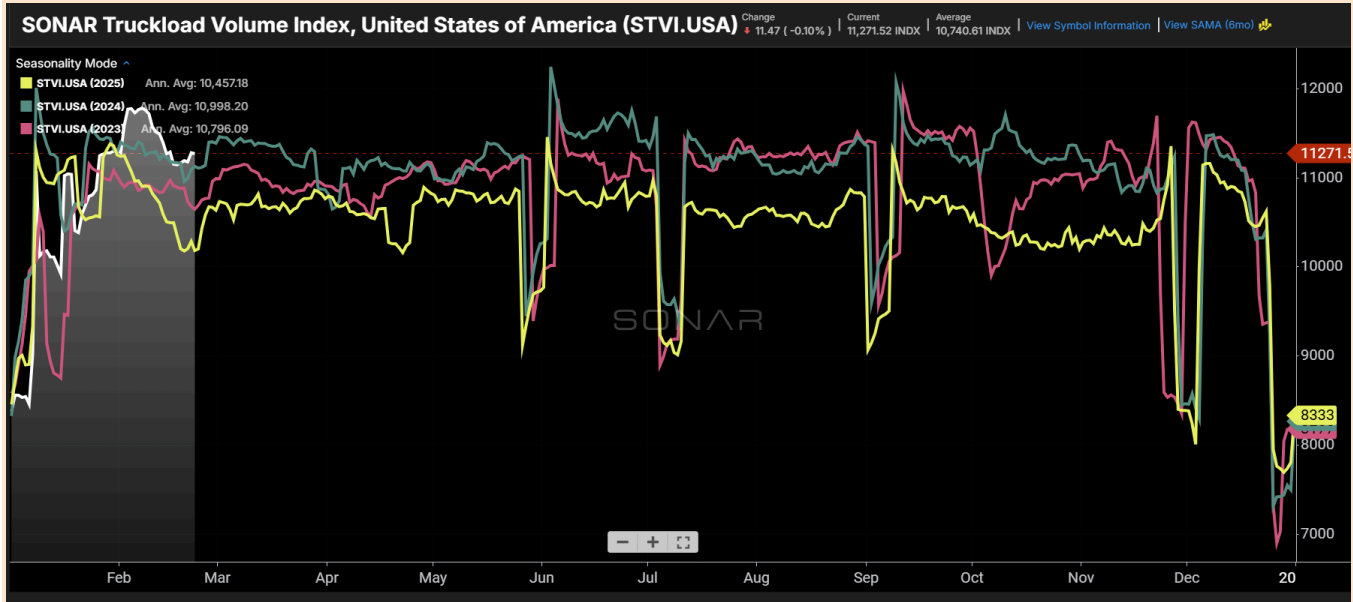
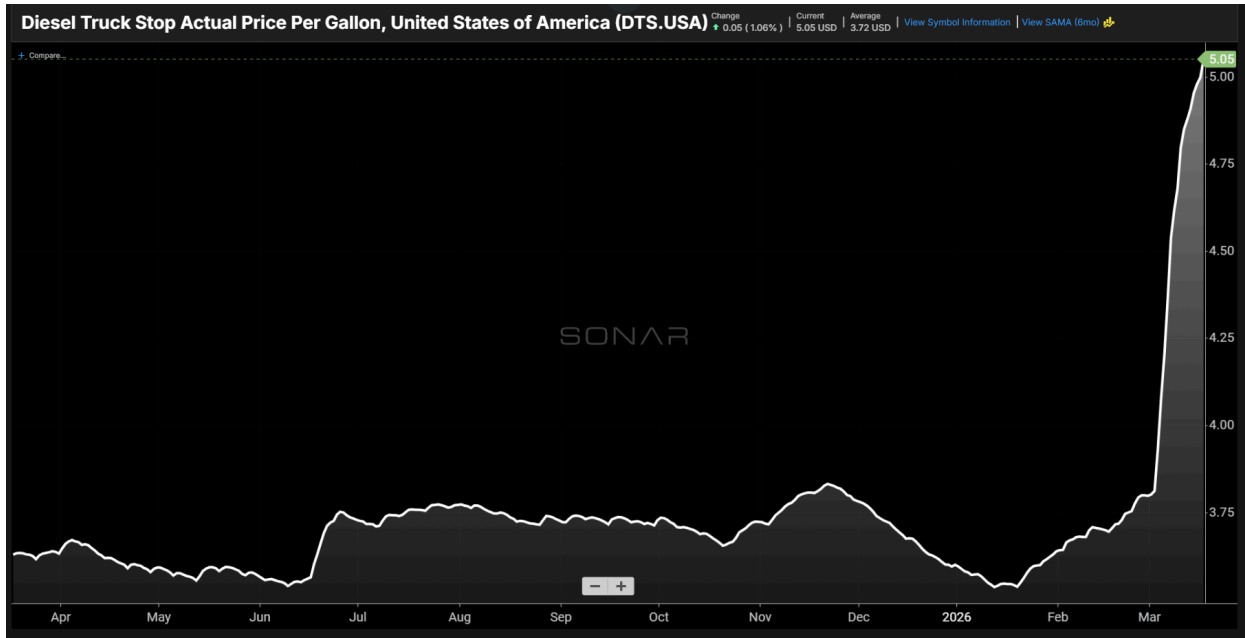


Chart: SONAR Truckload Volume Index: 2026 (white), 2025 (yellow), 2024 (blue) and 2023 (pink).

Tender volumes averaged roughly 9% higher year over year over the past month. However, this period also marked the beginning of demand-side weakening as trade policy uncertainty increased. Comparisons to last year become easier from this point forward, and falling below 2025 SONAR Truckload Volume Index (STVI) levels would be particularly concerning, as 2025 represented the weakest market since 2019.

Tender volumes also averaged nearly 2% above 2024 levels, which was a strong demand year. However, STVI includes rejected tenders, introducing some degree of double counting. With rejection rates averaging around 13% this year versus roughly 4.3% at the same point in 2024, it is unlikely that true demand exceeded 2024 levels. That said, it would also be incorrect to assume that all rejected tenders failed to move outside the tender process.

The takeaway is that demand is stronger than last year, but not indicative of a meaningful breakout.



From March 2 to March 12, the average retail price of diesel (DTS) jumped from \$3.81 per gallon to \$4.87 per gallon—an increase sharper than that seen during the early stages of the Russian invasion of Ukraine in 2022. This rapid rise has negative implications for both carriers and shippers, as wholesale costs increase faster than retail prices.

For spot freight, carriers can adjust rates in near real time, mitigating some of the impact. For contract freight, where fuel costs are passed through via fuel surcharges based on weekly DOE benchmarks, the adjustment is slower. During periods of rapid price increases, carriers often experience margin compression as costs outpace surcharge recovery. While this typically normalizes over time, many carriers are already operating near breakeven, leaving little financial buffer.

One of the most notable aspects of the current market is the widening disparity in regional rejection rates. While some regional variation is normal, the current spread between the Midwest and West Coast is unusually large.

The West Coast—comprising California, Nevada, and Arizona—is typically inbound-heavy outside of major markets like Los Angeles and Ontario, leading to lower rejection rates relative to the rest of the country. However, it has rarely moved so independently. West Coast rejection rates averaged below 5% through most of February and the first half of March, while Midwest rejection rates averaged above 18%.

Starting in the second half of March, West Coast rejection and spot rates started to expand rapidly, indicating that it may have just been a lagged response with carrier networks repositioning to try and cover the eastern half of the U.S. capacity issues.

Moderation in refrigeration

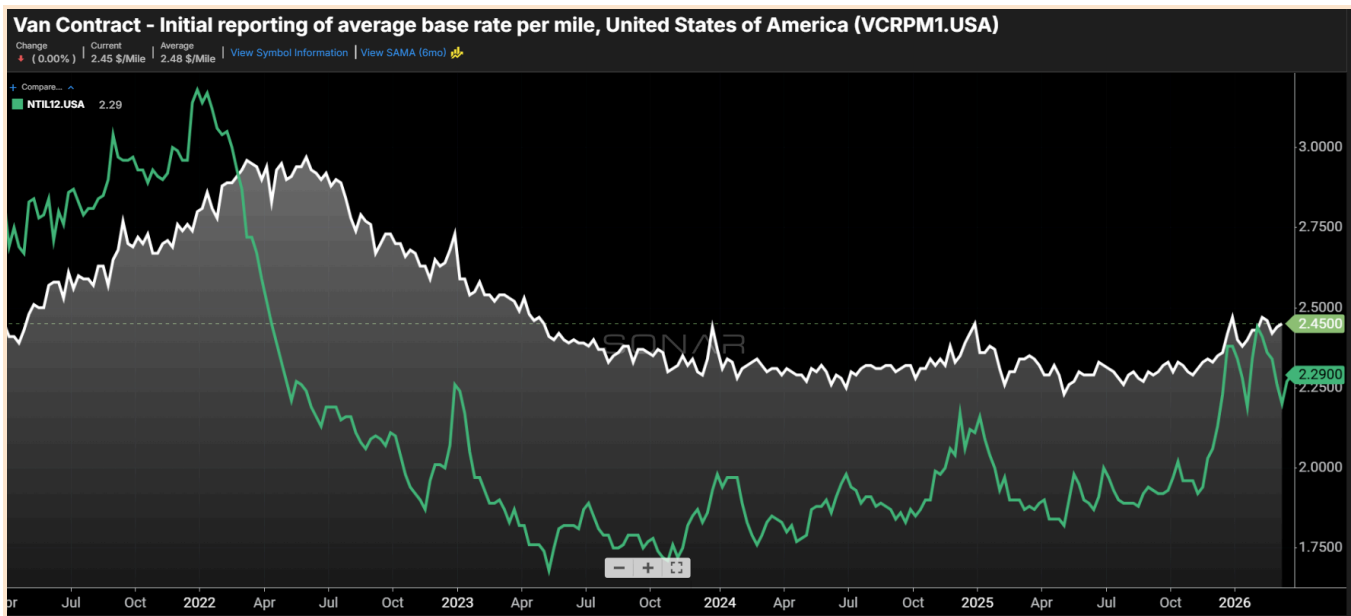
The temperature-controlled freight market has shown modest signs of easing over the past month, though conditions remain tight overall. Tender rejection rates have declined from nearly 20% in early

February to around 17% by mid-March, while the Reefer Truckload Index (RTI) fell from \$3.29 to \$3.13 per mile. Despite this softening, both indicators remain well above prior-year levels, with RTI averaging roughly 22.5% higher year over year and rejection rates more than double 2025 levels. This suggests that capacity constraints, rather than demand alone, continue to drive market conditions.

The alignment across van, reefer, and flatbed markets reinforces the idea that tightness is structural, not isolated to one segment. Regionally, the Midwest continues to experience the highest rejection rates, while the West Coast remains looser by comparison. Although produce season is approaching in California, much of the current demand is concentrated in Arizona and along the U.S.-Mexico border, where rates are already showing strong year-over-year growth.

Contract dynamics are becoming a growing concern. Reefer contract rates were reduced earlier this year, but elevated rejection rates now indicate weak compliance. Given the sector's reliance on spot freight, carriers are more willing to shift away from contract loads during volatile periods, creating challenges for shippers that expected softer market conditions.

Contract rates continue to rise amidst spot rate volatility

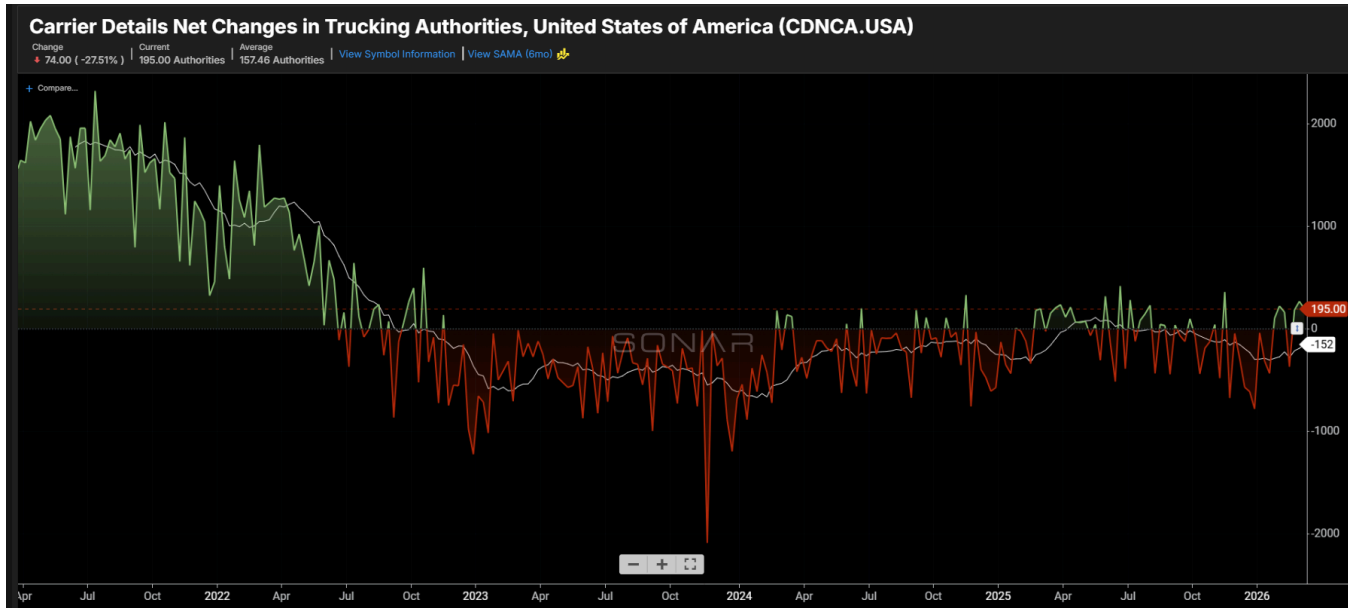


Source: SONAR. National Truckload Index excluding fuel costs above \$1.20/gal (white) and initially reported dry van contract rates (green).

Contract rates have begun to show modest upward pressure in response to persistently elevated rejection and spot rates. While the spread between national indices has generally narrowed, the spot index excluding fuel (NTIL12) has not yet exceeded contract rates. It is worth noting that NTIL12 is an estimated value incorporating daily fuel costs, allowing comparison to contract rates that exclude fuel surcharges.

In periods of extreme fuel volatility, NTIL12 likely moves faster than the underlying market, as fuel costs are not typically passed through this quickly. As a result, the spread between spot and contract rates is likely overstated.

Another key development is that, after remaining flat for nearly two years, the dry van contract rate index (VCRPM1) is showing early signs of sustained increases. While contract rates can rise when route guides fail and freight shifts to higher-cost providers, current trends suggest a more durable upward movement driven by persistently elevated rejection rates.

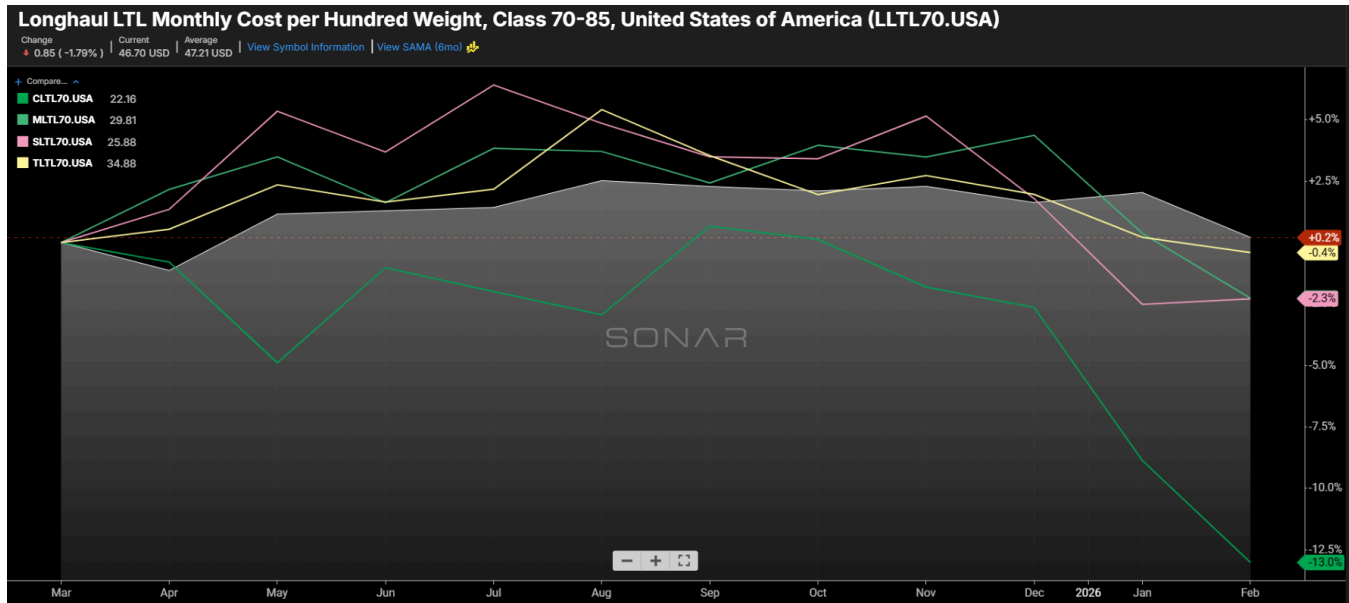


Carrier Details Net Changes in Trucking Authorities (baseline view) - Red indicates net contraction in active authorities, green indicates expansion

Capacity continues to exit the market, though it is questionable at how much of this is being reflected accurately due to the nature of self reporting exits being extremely unreliable and inconsistent. The above data uses activity as an additional filtering layer, removing carriers who show no active miles over a 12-month period in addition to the FMCSA showing a revocation — making it a bit faster than publicly available data.

Increased regulatory pressure on non-domiciled CDLs and new their issuances will not be reflected in this data set, which represents a large portion of the carrier base that is under more scrutiny. Dalilah’s Law, which is moving through congress has an outsized potential to be one of the most extreme removers of capacity in recent history, aside from the past three years of poor economics for carriers.

LTL price drop moderates in Feb



Source: SONAR. Monthly cost per hundred weight by length of haul. Longhaul (white), tweener (yellow), midhaul (light green), shorthaul (pink), local (dark green).

LTL rates continued to show signs of weakness in February, though the decline moderated after a sharp drop in January. Higher freight classes have remained more resilient, while lower classes have faced significant downward pressure over the past two months.

LTL typically lags the truckload market and is more heavily influenced by contract and long-term rate cycles. Contracts implemented at the beginning of the year—based on prior-year activity—may be contributing to lower rates, despite recent strengthening in the truckload market.

Unlike truckload, LTL does not experience a pronounced seasonal peak around the holidays, as it is less driven by retail demand and lacks a traditional spot market. There is often a three- to six-month lag before volatility in the truckload market is reflected in LTL, as shippers shift more volume into LTL networks to secure capacity when truckload compliance becomes less reliable.

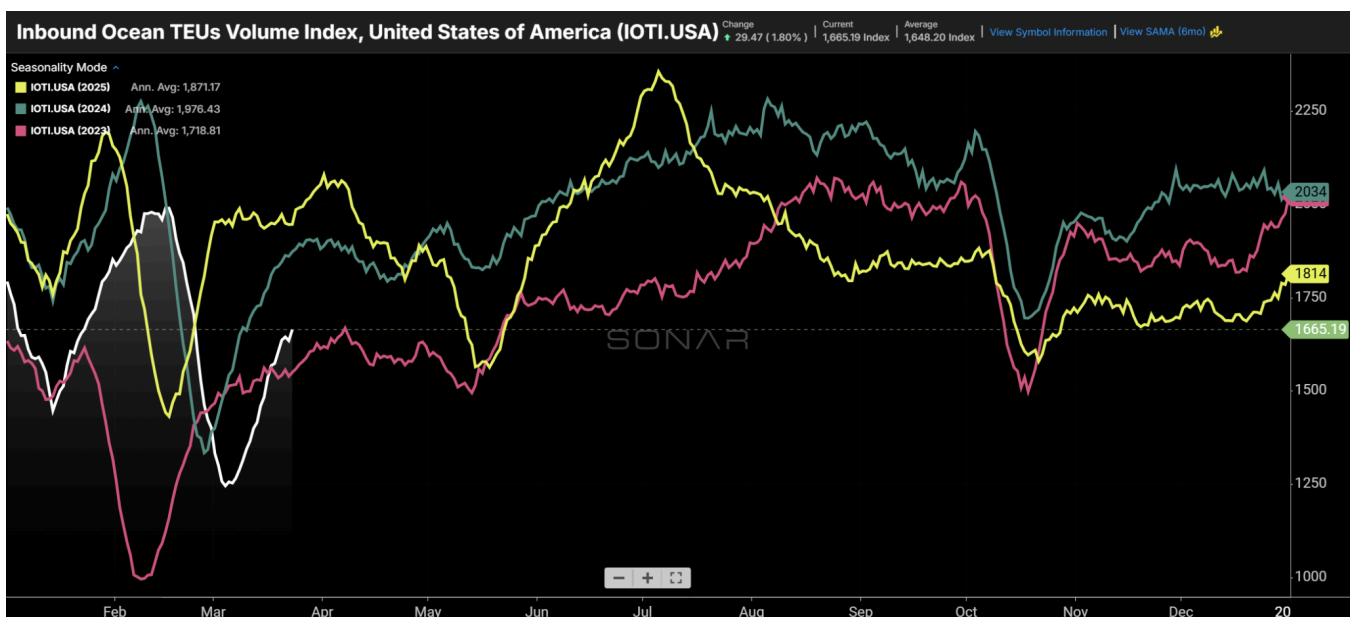
LTL rates are likely to rise once truckload contract rates establish sustained upward momentum—something that appears likely in the coming months, and potentially by mid-year. This relationship is structural, as the backbone of every LTL linehaul network relies on truckload movements between hubs.

Uncertainty abounds in oversupplied container ship market

The container ship market is in flux following the Supreme Court ruling deeming the IEEPA tariffs illegal and the onset of the war in Iran. The Trump Administration replaced The IEEPA tariffs with 10% tariffs (the Administration later said those could be increased to 15%) under Section 122 of the Trade Act of 1974, which are only in effect for 150 days, through July 24th, after which it would need Congressional approval. The Administration has several other legal avenues for imposing tariffs, so it seems like tariffs are likely to continue in some form after July. Meanwhile, the onset of the war with

Iran has not only led to a surge in energy prices, but also caused major container ship lines to alter operations to again alter routings avoid the Red Sea-Suez Canal routes. Taken together, ocean demand appears more uncertain (including whether higher energy prices will reduce discretionary consumer spending), and supply is more limited as longer routings around Africa significantly reduce effective capacity.

Against difficult comps of the past two years, demand for container ship bookings for U.S. imports (chart below) remains below levels of the past two years. The Iran war and questions of whether higher energy prices will crowd out other items call into question Maersk's earlier forecast that global container volume will grow 2%-4% in 2026 (inbound North American trade lanes are not expected to be that strong). Along similar lines, the National Retail Federation (NRF) expects import volume at the major U.S. ports to see an overall decline of 2.5% for the entirety of the first half of this year.

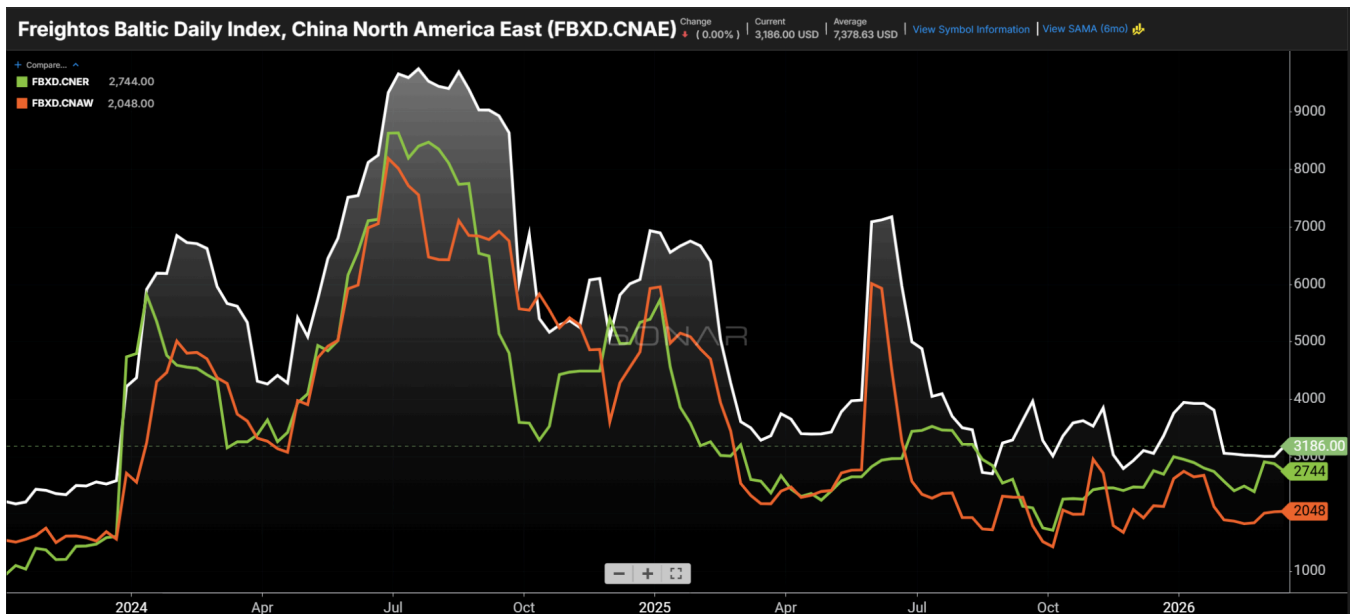


While the timing of the Chinese New Year throws off year-over-year comparisons, import booking volume went into the holiday below the levels of the past two years. Source: SONAR. The Inbound Ocean TEU Volume Index, a measure of ocean demand taken at the point of overseas origin for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

While container ship demand remains in flux, capacity appears as if it should be sufficient to handle a wide range of demand scenarios. Ocean rates have been volatile week to week (chart below) in response to world events, but remain lower than most of the period since the Red Sea attacks started in late 2023. As a result, several major container ship lines posted losses in 2025 as weaker rates more than offset volume growth, calling into question whether the industry can be profitable during an extended period.

Freightos spot rates in the trans-Pacific lanes (white and orange lines below) are well below averages in the past year. Rates in the China to North Europe trade line (green line below) bucked that trend somewhat in response to the need for the major carriers to avoid the Red Sea, but remain below

early 2025 levels. A full return to the Red Sea, which seems unlikely in the near term, could potentially increase effective global containership capacity by 4%-8%, according to analyst estimates.



Source: SONAR. Freightos Baltic Daily Index: China to North American West Coast (white), China to North American East Coast (orange), and China to North Europe (green).

Scheduled shipbuilding could also contribute to an oversupplied market. Flexport [estimates](#) that, based on the current order book, vessel builds could equal 5%, 9.5%, and 10% of total capacity in 2026, 2027, and 2028, respectively. Builds are often delayed, but are difficult to cancel altogether. Meanwhile, the scrapping of old vessels has been minimal. Ocean carriers are likely to manage capacity downward in response to overcapacity by blanking sailings.

Strong domestic intermodal volume in 1Q reflective of strong service levels

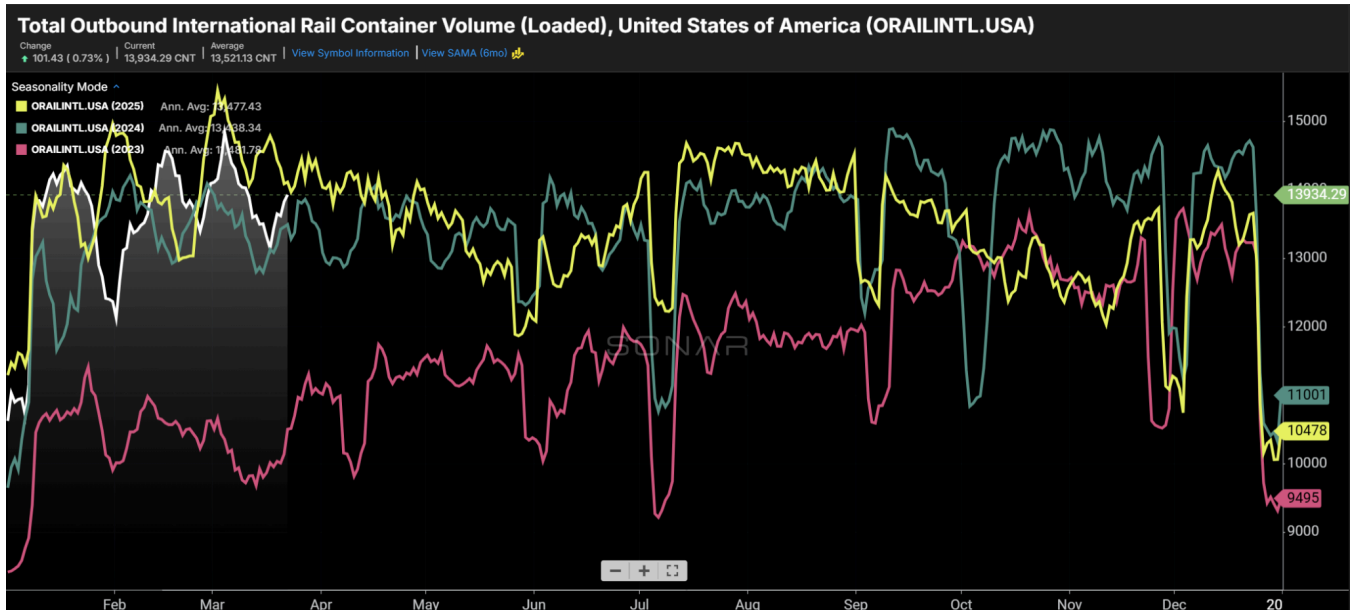


Chart: SONAR. Loaded international intermodal container volumes for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

Overall intermodal volume has gotten off to a strong start to 2026, but much of that strength is concentrated in the domestic segment. International intermodal volume trended slightly below levels of the past two years for most of the first quarter and is down 2.7%, year over year, year to date. That is largely due to difficult comparisons given the import strength in early 2025. For that reason, the Class I railroads had anticipated a year-over-year drop in international intermodal volume on their fourth quarter earnings calls, and the year-to-date decline has not been any worse than their expectations.

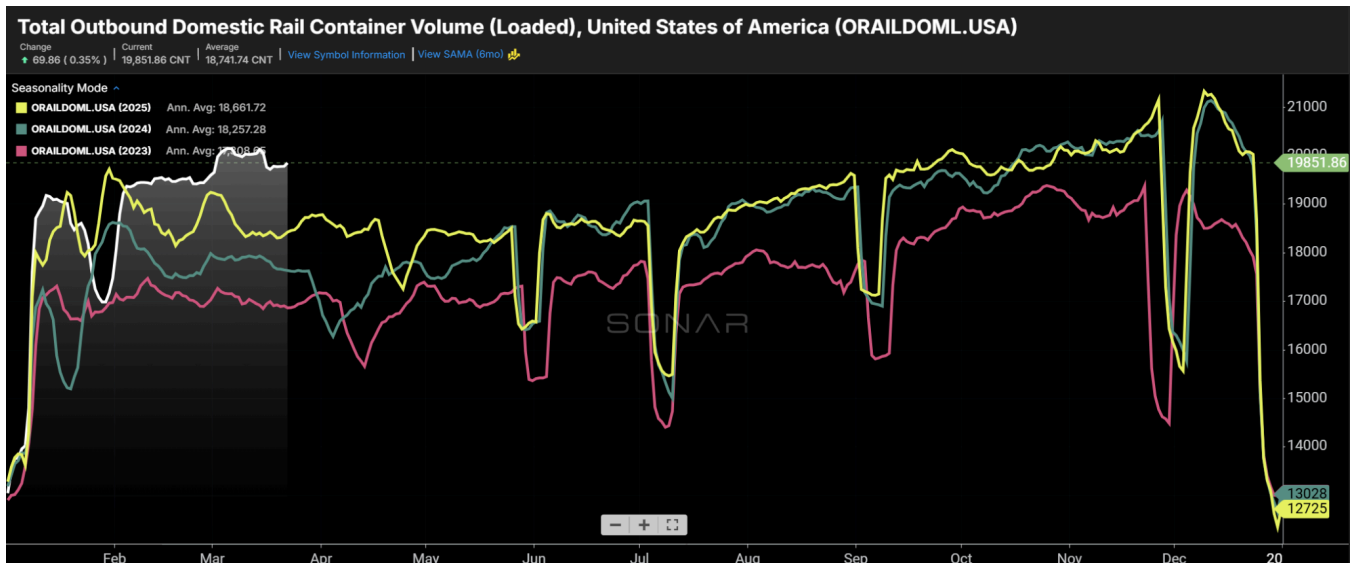


Chart: SONAR. Loaded domestic intermodal container volumes for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

Meanwhile, building upon the fourth quarter peak, domestic intermodal volume posted a strong first quarter and is up 3% year over year, year to date, against a difficult year-ago comp. Rail networks recovered quickly from winter storms and, within a few days, were posting normal operating metrics.

The strong domestic rail intermodal volume reflects numerous factors, including service levels that are the strongest they have ever been, a generally wide spread in rates between intermodal and truckload, ample 53' container availability, and the early stages of the tightening in the truckload market. In addition, domestic intermodal carriers and railroads are expanding service into and out of locations that have historically not been well served by intermodal. The availability of intermodal services has also been enhanced by newly established partnerships between Class I railroads, which include new north-south lanes into and out of Mexico. That has created share shifts, such as CSX taking some domestic intermodal volume that runs on J.B. Hunt from competing eastern Class I railroad Norfolk Southern.

Domestic intermodal carriers highlighted the excess capacity available to shippers in the past few quarters on their respective analyst calls. Multimodal carriers J.B. Hunt, Hub Group, and Schneider have all indicated that they could handle anywhere from 15% to 25% additional intermodal volume, with their current fleet of domestic containers. That includes both putting unutilized containers to work and also improving network balance, which increases the productive use of containers in the field. Carriers are promoting network balance via pricing, taking rates higher in headhaul lanes while being more accommodating to shippers on rates in backhaul lanes (see the difference between headhaul Transcon and Local East pricing indexes below).

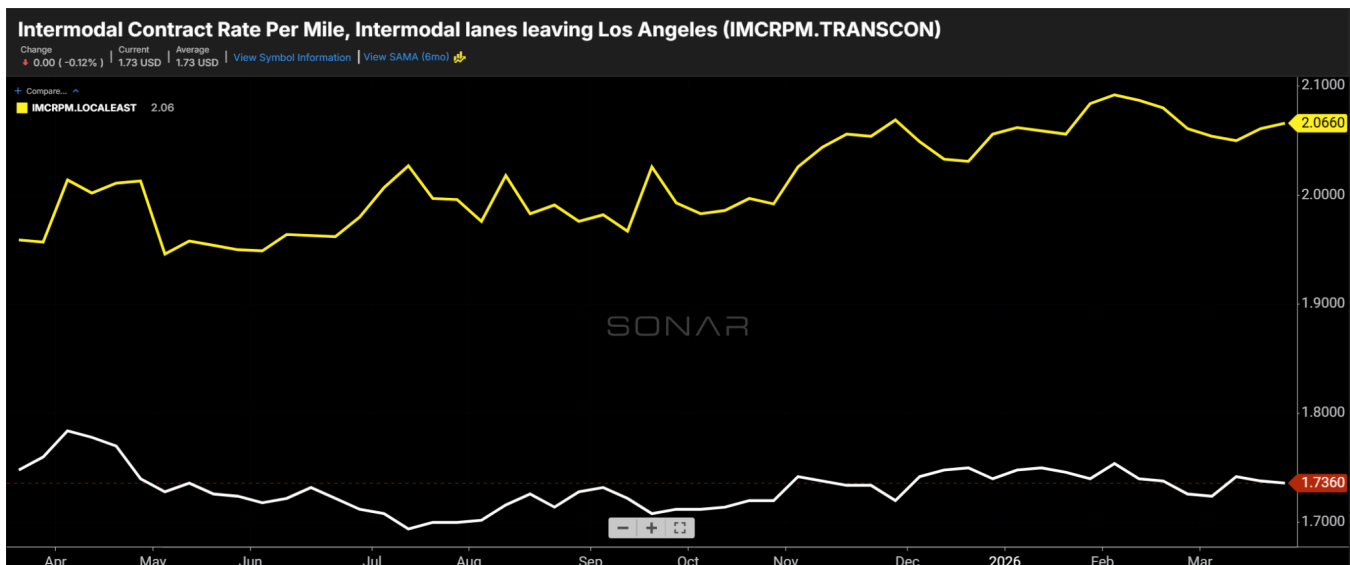


Chart: FreightWaves SONAR. Average domestic intermodal contract rates for an average of five long-haul transcontinental lanes (white) and nine “local east” lanes (yellow).

Intermodal contracts are rolling over, but there is not yet much evidence in SONAR data of rates moving significantly higher. So far, it appears that intermodal contract rates reflect a competitive pricing environment between the domestic intermodal carriers rather than a tightening truckload market. The main factor driving this dynamic is the ample availability of intermodal capacity, as

measured in domestic container availability, as described above. The impact of a tightening truckload market hasn't yet been seen in intermodal rate data, but that should, at some point, be forthcoming. So far, rising truckload rates have been most visible in the spot market, which has led to dry van contract rates that are starting to be negotiated higher. Typically, that dynamic also leads to increases in domestic intermodal contract rates. The average intermodal spot rate, shown in the chart below, rose meaningfully for the first time in nine months; spot rate increases were concentrated in lanes that put networks out of balance, such as Los Angeles to Jacksonville.

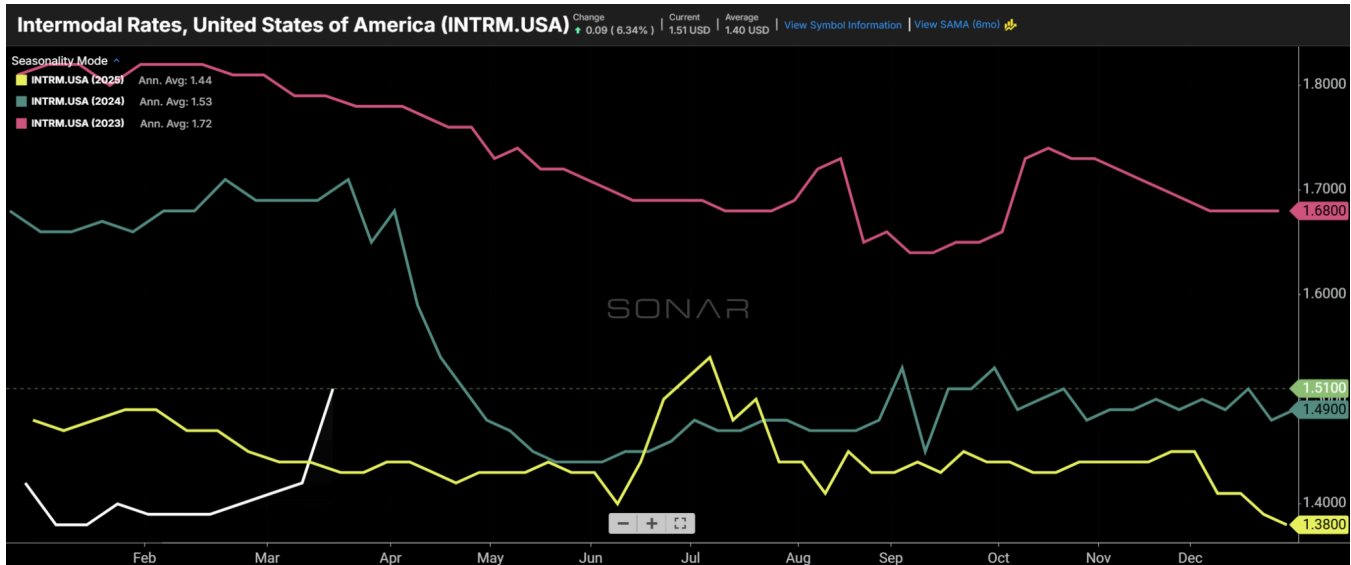
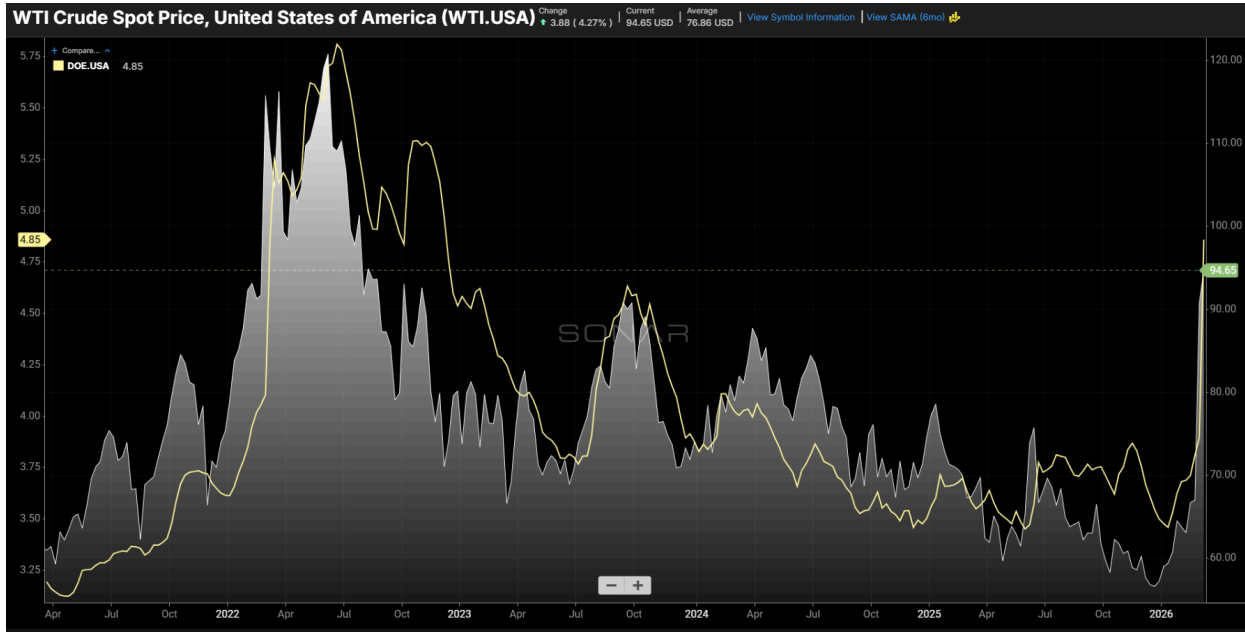


Chart: SONAR. Average intermodal spot rates to move 53-foot containers door to door, including fuel surcharges for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

Macro Trends and Other Events We're Watching

Iranian conflict renews inflation concerns

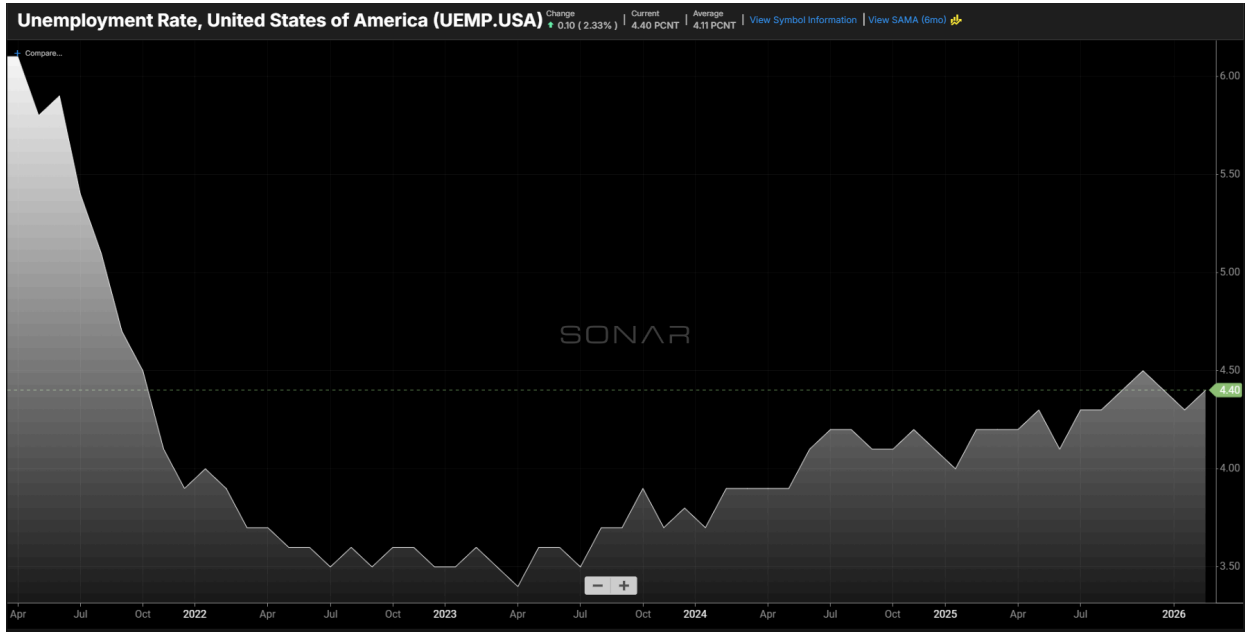
It is a true sign of the times that the February headline CPI print of 2.4%—a fairly positive indication that inflation was moving closer to the Fed's 2% target—was already outdated by the time it was released. The joint U.S.-Israel attack on Iran sent oil prices soaring and is expected to place significant upward pressure on goods and transportation costs.



The surge in oil and energy prices comes at a time when businesses had begun adapting to volatility driven by geopolitical and trade policy swings. Industrial activity was starting to improve, along with capital expenditure. Tax benefits were also beginning to reach consumers, which was expected to support retail spending. Now, much of that positive momentum is in question, depending on how long the oil market remains in a supply shock.

So far, the disruption has not lasted long enough to have a full impact, as many businesses and consumers have yet to fully absorb the recent price increases or assess their persistence. Some of the disinflationary pressure from moderating food (3.1%) and shelter (3%) costs will likely be offset by rising energy prices in the coming months.

The labor market continues to reflect a “low-hire, low-fire” environment. There is still no clear consensus on the extent to which AI is influencing employment trends, but many leaders within AI-focused organizations have pointed to “AI washing”—a phenomenon in which layoffs driven by COVID-era overhiring and corporate inefficiencies are attributed to productivity gains from AI.



The unemployment rate ticked up to 4.4% in February from 4.3% in January. Nonfarm payrolls declined by approximately 92,000—an alarming figure at face value—but the report noted that strike activity in the healthcare sector had a significant, though likely temporary, impact on the monthly total.

Long-term unemployment (those jobless for 27 weeks or longer) was unchanged month over month but is up 26% year over year to 1.9 million. The labor force participation rate fell to 62% in February, continuing a downward trend that began in late 2024 and accelerated in the second half of last year. While still above the pandemic-era low of 61.4%, this trend warrants close attention.

Participation has been declining over the longer term as older baby boomers retire, raising the potential for structural labor shortages—particularly if immigration trends remain negative. At the same time, the long-term impact of AI on job creation and displacement remains uncertain.

The Fed, as expected, decided to hold interest rates steady, citing non-alarming inflation levels and a stable — though sluggish — labor market. Chair Powell described the economy as strong and noted that GDP forecasts were revised upward. While this update may seem unremarkable compared to other meetings, it supports the case for a reasonably healthy economic backdrop, however unsatisfying or uncertain it may appear.

The overarching theme of the past month is renewed economic caution, as geopolitical instability continues to weigh on sentiment and act as a persistent headwind.

Manufacturing

Forward-looking manufacturing data points toward reasons for optimism

The Institute of Supply Management (ISM), Purchasing Managers' Index (ISM.PMI), suggests that manufacturing activity is expanding. The ISM.PMI ticked reading rose from 47.9 in December to 52.6

in January before growth continued at a slightly slower pace at 52.4 in February, which indicates that there was expansion in the manufacturing sector during the past two months following 26 straight months of contraction.

The Institute for Supply Management also provided optimistic readings in the forward-looking New Orders Index, which showed expansion for the second time since August with a reading of 55.8 in February. Aside from the prior month, that was the highest value since February 2022. Meanwhile, inventory metrics showed additional declines, with the Inventory Index of 48.8 (up only slightly from 47.6 in January), which may presage a further pickup in orders and backlog.

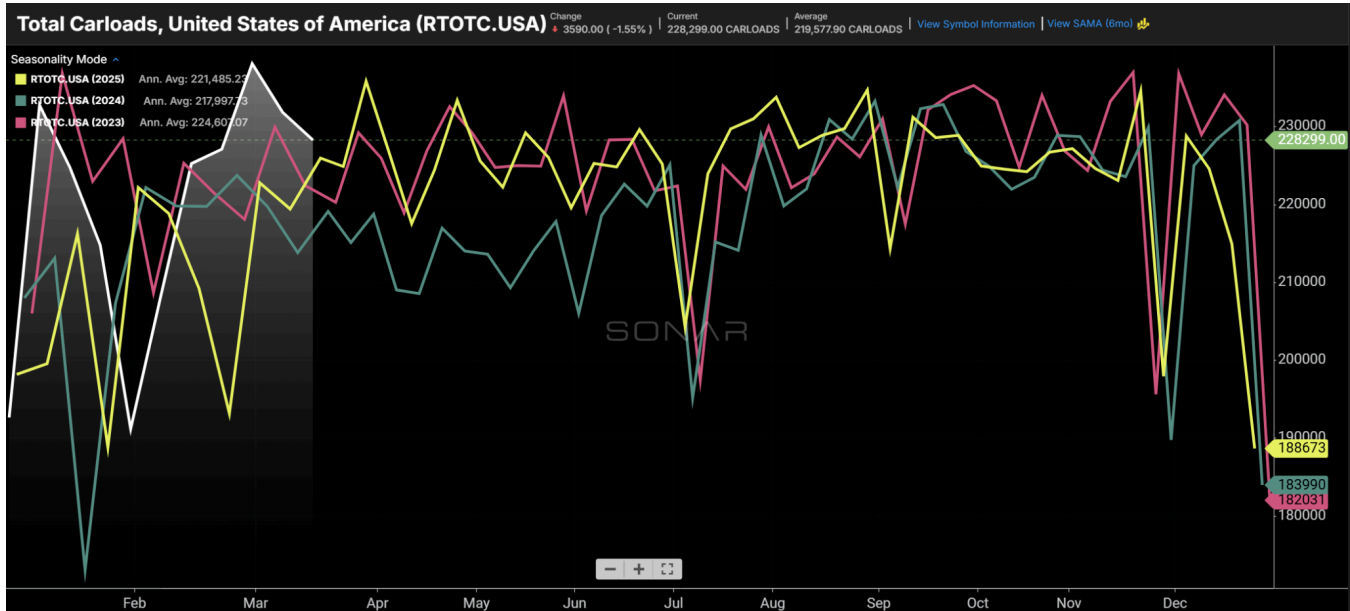
Bulls on the industrial economy cite pickups in not only the overall ISM, but several of the forward-looking components, such as new orders and backlogs, as well as a decline in inventories. Meanwhile, bears would counter that January and February are reorder months after the holidays, purchases may just be getting ahead of tariff-related price increases, and the Supplier Deliveries Index indicated slower deliveries.

Respondents to the ISM survey generally provided [comments](#) that were much more mixed in February than the generally pessimistic responses in the previous several months. Respondents cite improving demand and backlogs, but continue to cite high cost inputs, tariff uncertainty, and also high costs for finished goods, which are making U.S.-produced products less competitive. Inflationary commodities include aluminum and copper, and numerous other metals and minerals. Respondents cited deflation in freight costs, though this is likely short-lived.



The most recent Federal Reserve Board of Governors data on Industrial Production and Capacity Utilization, released March 16th, shows that after growing at an annual rate of 0.7% in the fourth quarter, industrial production grew 0.2% in February after growing 0.7% in January. On a year-over-year basis, February Industrial Production grew 1.4% year over year. Some suggest Industrial Production presents a more representative view of the industrial economy than the ISM PMI since it reflects actual, rather than planned, activity and sentiment.

Ways that the industrial economy translates to freight demand include rail carload traffic, flatbed truckload demand, and LTL demand. Rail carload traffic, which is reported each week by the Association of American Railroads, historically grows when the industrial economy does, as it is industrial-heavy after excluding coal and agriculture.



Total U.S. carload traffic, as reported by the Association of American Railroads, is up 9.2% year over year, in the past four weeks (ending March 14th), and is up 5.0% year over year, year-to-date. In the past three weeks, there has been a surge in traffic tied to commodity prices that have been lifted by the Iran conflict. For instance, grain carloads were up 19% in the week ending March 14th. Despite the increase, some economically sensitive traffic components are still posting declines. The segment that stands out the most is forest products carloads, which are down 6% year over year in 1Q. On their fourth quarter earnings calls, the Class I railroads issued generally cautious statements on the industrial economy, which contributed to guidance for total revenue, with pricing only growing in the mid single-digit range, on average. However, traffic appears to be beating those cautious expectations, and Union Pacific cited 4% volume growth in its industrial segment in 1Q.

Consumer Conditions & Retail

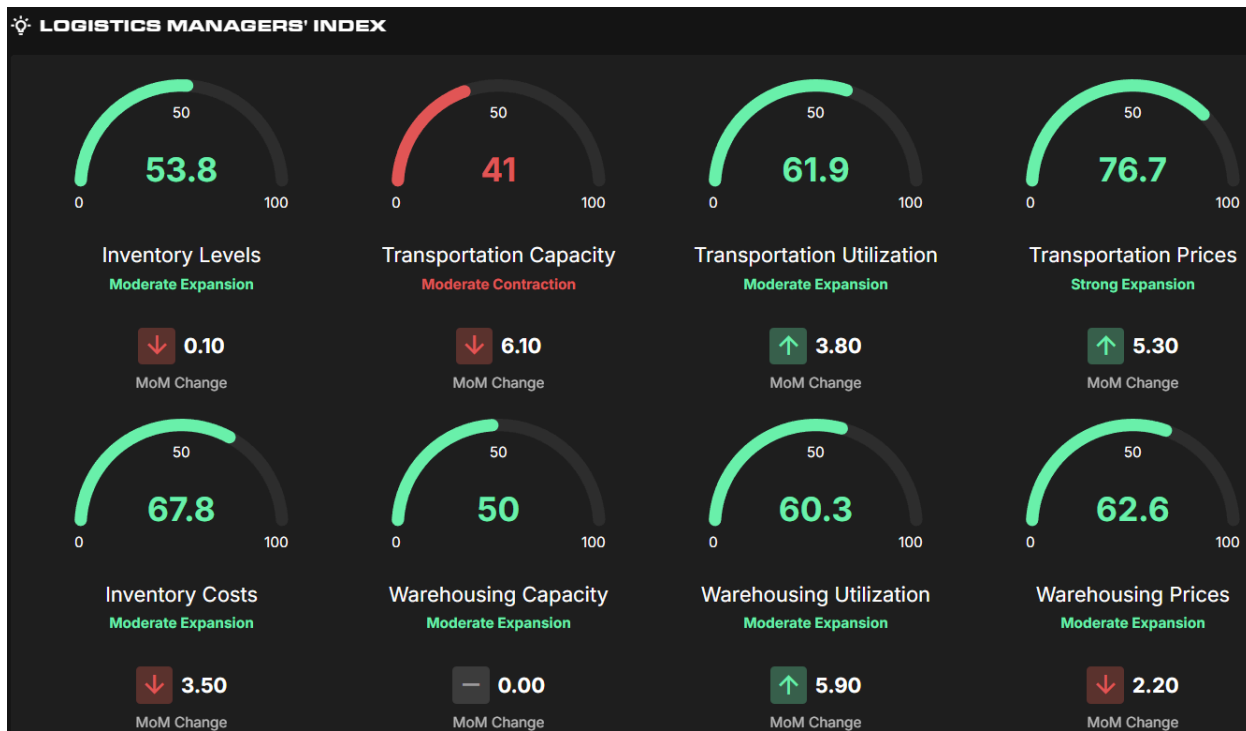
Is gloomy consumer sentiment starting to translate to a drop in retail sales?

Data from the Bureau of Economic Analysis for January (released March 13th) shows that Personal Consumption Expenditures increased 2.3% from January 2025. Given that the latest CPI reading was 2.4% (February), essentially 100% of the growth in expenditures reflects higher price levels. The major areas where consumers are pulling back include areas related to the volume of home sales, such as furniture and home improvement. In addition, consumers are buying fewer vehicles due to higher sticker prices and monthly payments. Still, retail sales continue to exceed our sentiment surveys that suggest most consumers are pessimistic about their own financial position. Following some of the lowest readings in history in recent months, the University of Michigan sentiment survey had actually shown some improvement at the start of March, but those gains were immediately erased upon the onset of the war with Iran. The war has hit sentiment across income groups. Understandably, the war led to an increase in inflation expectations; after six months of consecutive declines, consumers' year-ahead expectations stalled at 3.4%, according to the University of Michigan survey.

Consumer packaged goods (CPG) companies are starting to feel more pressure from changes in consumer behavior since their clientele comprises all income levels, including those that are disproportionately impacted by rising gasoline prices. Looking for value, consumers are shopping more in value and club stores and CPG companies have adjusted pack sizes. Finally admitting that GLP-1 drugs are causing consumers to eat less, CPG companies are introducing products to match diminished cravings. CPG companies are also dealing with volatile ingredient markets, including many that are impacted by the ~30% surge in fertilizer prices.

Companies are keeping inventory levels leaner to hedge against the potential for a more pronounced drop in consumer spending and also to mitigate historically high warehousing costs. A more just-in-time approach may increase the time-sensitivity of many goods, supporting demand for long-haul truckload at the expense of rail intermodal (though intermodal volume is likely to be supported by other factors, such as a significant rate discount to truckload, as described below).

After the Logistics Managers' Index reported one of the biggest declines in inventory in December, it rebounded to expansion in January and February at 53.9 and 53.8, respectively. It is likely that the increase in inventory reflected a correction from December and also seasonal restocking, which is typical in the early months of the year.

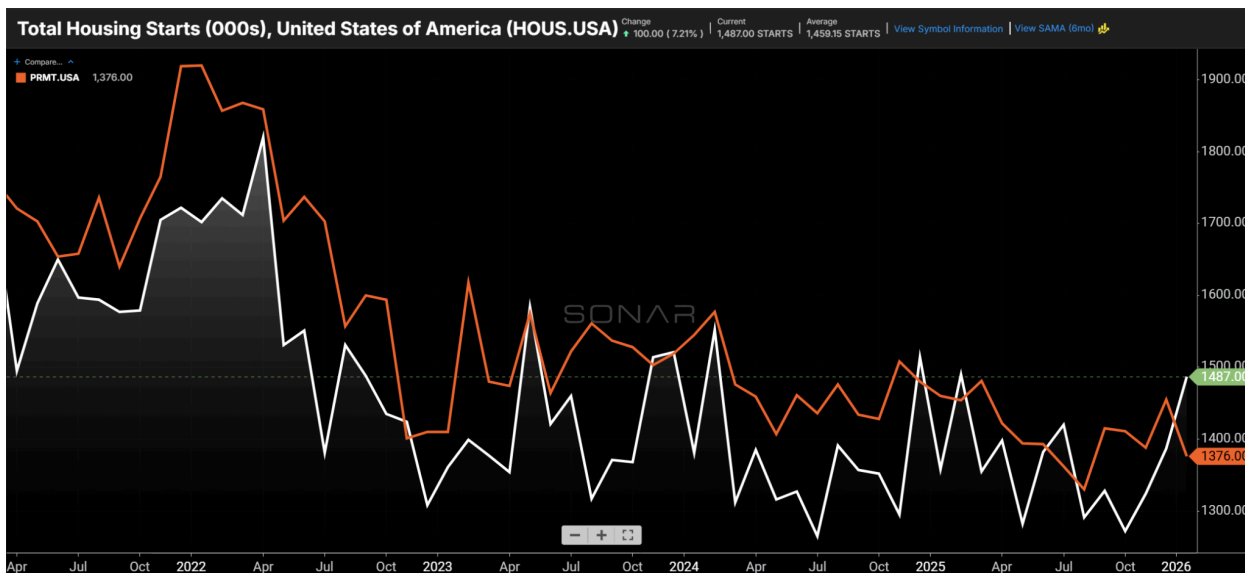


The NRF's latest Retail Monitor [report](#) highlights consumer spending that remained resilient in February despite harsh winter weather. According to the NRF, total retail sales, excluding auto dealers and gas stations, increased 6.2% year over year in January and are up 6.0% year over year in the first two months of the year. The only category that declined on a year-over-year basis, according to the report, is building & garden supplies and furniture. The NRF now expects retail sales to increase 4.4% in 2026, as compared to 2025.

Housing & Construction

Existing home sales have been volatile in recent months, with the general trend of homes sitting on the market for longer and the housing market gradually shifting toward becoming more of a buyers' market. The volume of existing home sales this year declined 4.4% and 1.4% year over year in January and February, respectively. Of course, fewer people househunt in a blizzard.

Housing inventory is rising, up 2.4% in February from January and up 4.9% year over year. That still represents a relatively lean 3.8 months of supply, up from 3.6 months one year ago. Homes are taking longer to sell, averaging 47 days, up from 46 days one month earlier and compared to 42 days one year earlier. As a result, homes are more often being taken off the market, if only to "reset the clock" on the number of days on the market. Taking longer to sell may presage a drop in prices. Mortgage rates are about 6.05% versus 6.84% a year ago, which helps with affordability, but hasn't yet moved the needle much on sales volume.



On a more lagging note, housing starts in January (released March 12) had a 1.487mm SAAR, 5.4 percent below the November rate, and 5.8 percent below the January 2025 rate. This data reflects builder sentiment that remains subdued due to concerns of consumer affordability and homes taking longer to sell, which may keep a lid on housing starts data through much of 2026.

While the housing market is showing early signs that the housing affordability crisis is past its peak, both in terms of home values and interest rates, a huge portion of would-be homeowners remain priced out of the market or "stuck" in their current home. The Class I railroads called out homebuilding headwinds, and their related impacts on freight, on their fourth-quarter earnings calls as one of the reasons why they are not expecting robust carload volume growth this year.

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