

# Murky outlook for container shipping is no barrier to ship ordering bonanza



*Evergreen may soon finalize a 12-ship order of 24,000-TEU vessels, according to Alphaliner. Photo credit: MartinLueke / Shutterstock.com.*

**Greg Knowler, Senior Editor Europe | Jan 23, 2025, 9:35 AM EST**

The transition to new fuels and an aging fleet continue to drive container ship orders, with no sign of a newbuilding slowdown despite full yards, an uncertain demand outlook and a lack of clarity over green fuel availability.

By the end of 2024, record capacity of 8.3 million TEUs filled the global vessel order book — some 27.7% of the in-service fleet — with a potential series of large new orders waiting for the green light, according to Jan Tiedemann, senior analyst at Alphaliner.

“Currently, there is little sign of an order slowdown, despite sky-high newbuilding prices,” he told the *Journal of Commerce* Wednesday. “One of the reasons for this is quite simple: The carriers are sitting on piles of cash, which they ‘have to’ spend.”

Tiedemann outlined a series of orders that may be finalized soon, including a 12-ship order of 24,000-TEU vessels by Evergreen; 10 or 12 ships of 18,000 TEUs by CMA CGM that could be followed by another order for 10 vessels of the same size; and an order for 10 ships of 11,500 TEUs by Greek shipowner George Economou. Yang Ming was also mulling over a fleet renewal plan and Mediterranean Shipping Co. could also drop a big order at any time, he said.

In a shipbuilding report released Wednesday, global bank HSBC said ocean carriers were heading into a period of fleet renewal and a transition to more energy-efficient vessels. And while new orders would decline over the next four years compared with 2024 levels, they would remain 40% above the annual average during 2016 to 2020, the bank said.

“We believe a long-term newbuild cycle is underway, with tailwinds from the renewal of an aging fleet and over 60,000 fossil-fueled cargo ships to be replaced over the next two decades,” the report noted.

In 2024, 69% of all container ship orders were for ships capable of being powered by alternative fuels, driven by cargo owners responding to consumer demands for more sustainable practices and ocean carriers preparing to replace older tonnage, according to a report by classification society DNV.

Last year, 515 vessels were added to the order book, up 38% year over year, DNV data showed. Of that total, 264 vessels powered by liquefied natural gas (LNG) were ordered, up 103% from 2023, with 166 orders for methanol-capable vessels, up 4%.

## **Record ship deliveries**

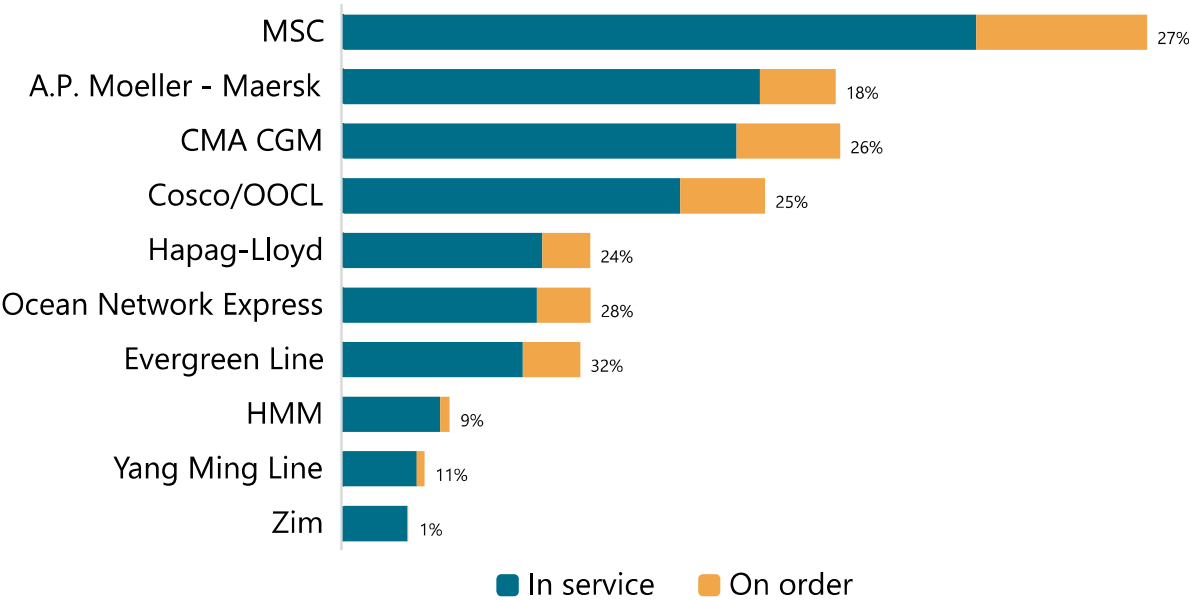
Niels Rasmussen, chief shipping analyst at BIMCO, said even with the record size of the order book at the end of 2024 — and record deliveries during the year of 2.9 million TEUs — orders have continued. Although five ships have already been contracted for delivery in 2030, 99% of the order book will be delivered during 2025–29, he noted.

According to the current delivery schedule, Rasmussen said 700,000 TEUs of capacity will be delivered in 2029 while an average of 1.9 million TEUs will be delivered every year from 2025 to 2028, peaking at 2.2 million TEUs in 2027.

There has been virtually no scrapping over the past few years that has seen the average age of the container shipping fleet increase by 1.4 years since the beginning of 2020 to about 14 years on a per-ship basis, according to BIMCO.

# Container ship order book at record level in early 2025

Top 10 carriers' container ship fleet and newbuild capacity on order, in TEUs, with percentage of capacity on order to existing fleet



Notes: Data as of January 2025

Source: Sea-web, S&P Global

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The number of ships now 20 years old or older comprises 3.4 million TEUs, equal to 11% of the fleet, BIMCO data shows. Rasmussen said if all ships 20 years old or older were recycled during the next five years, the fleet will grow to 35.8 million TEUs by end-2029, assuming no more ships are contracted for delivery before 2030. That is equal to 16% growth, or average annual growth of 3%.

“It would require 680,000 TEUs per year to recycle all ships 20 years old or older during the next five years — the current annual record is 657,000 TEUs — but actual recycling is likely to end lower,” Rasmussen said.

“As long as ships cannot fully return to the Red Sea, recycling will likely continue to be low and at the same time the smaller ship segments tend to be recycled later than average,” he added. “Therefore, average annual fleet growth during the next five years could end higher than 3%.”

The scale of new capacity required to renew the global fleet was explained by Tiedemann.

“Assuming 25 years as the normal asset life of a ship, you would need 4% of fleet capacity every year just as a 1:1 replacement,” he said. “That means in the long run, we would need to see 1.25 million TEUs ordered and delivered year-in year-out just to replace the current fleet on a revolving basis. Add to that a modest 2% year-over-year growth and extra fleet demand from further slow steaming and congestion etc...”

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