

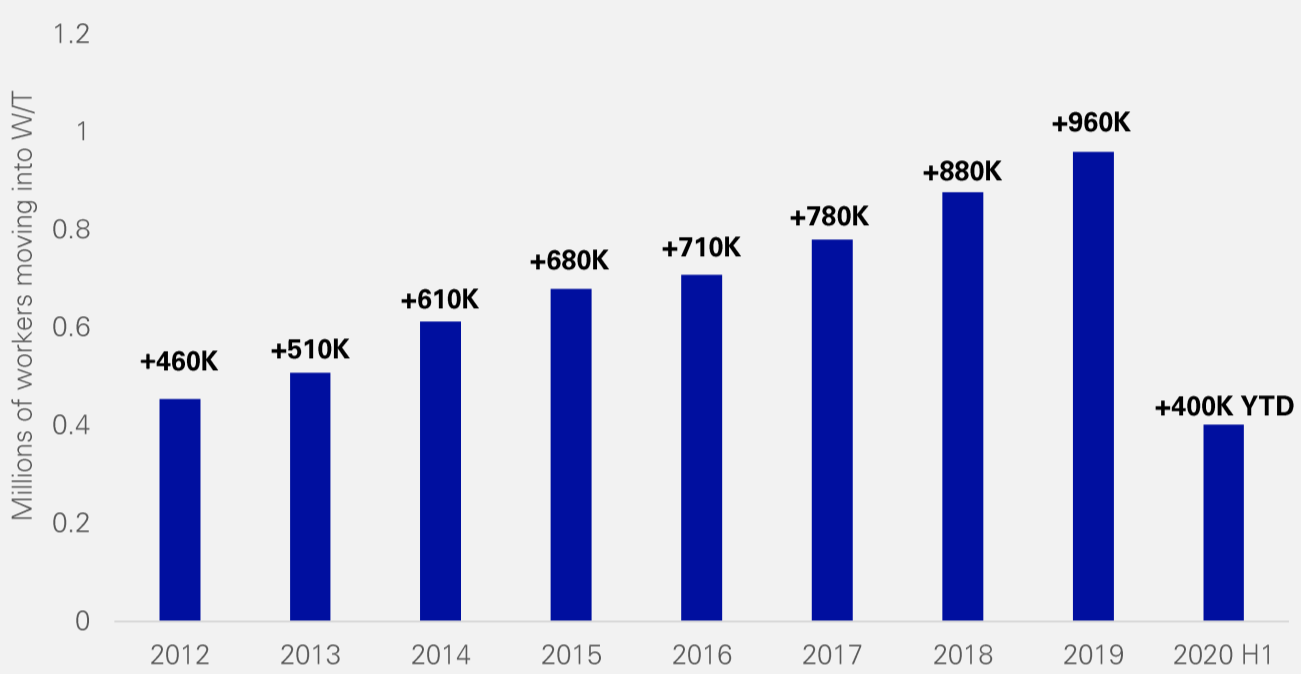
# Industrial Insight

## MAKING MOVES: WAREHOUSES NEED WORKERS AND ARE LURING THEM FROM OTHER INDUSTRIES

Greater demand for warehouse space stemming from a structural shift in supply chain dynamics has led to a highly competitive labor environment in many markets, which COVID-19 has exacerbated. In 2Q 2021, a record 423.7 million square feet of industrial space was under construction across the U.S. As this space is completed and occupied, an estimated 282,470 additional workers could be needed to support activities within these facilities. Increasingly, employees in other industries are switching jobs to work within the warehousing/transportation (W/T) sector. Approximately half of employees making this change previously worked in the retail/wholesale and administrative/support services, and this flow is likely to accelerate: recent national wage growth in those sectors lagged gains in W/T wages, which grew by 4.25% from January to June 2021, a record 6-month gain for the sector. Additionally, COVID-19 has had a significant impact on industry demand shifts and the subsequent reallocation of labor across sectors, illustrated in part by the widespread, temporary closure of non-essential retail while e-commerce activity soared. Retail re-hiring needs are difficult to forecast, but some of this labor reallocation to W/T is likely to remain permanent.

### MORE WORKERS SWITCHING TO THE WAREHOUSING/TRANSPORTATION SECTOR FROM OTHER INDUSTRIES

U.S.<sup>1</sup> Annual Job Flows into Warehousing/Transportation from All Other Industries, 2012-H1 2020



Source: Newmark Research, U.S. Census Bureau, July 2021. <sup>1</sup> Census data does not include reporting from AK, AR, MS, TN.

W/T employment has nearly recovered from pandemic-related losses, but with strong, continuing industrial expansion, labor attraction and retention often requires a combination of strategies and considerations. Exploring concentrations of workers in industries other than W/T with analogous barriers to entry and job contexts is key. Other considerations include W/T unemployment, and re-engaging employees who previously left the sector due to wage and benefit levels, working conditions, or COVID-related health concerns. Often overlooked is the availability of public transit to warehouse districts. The physical separation of worker residences from warehouse districts places real limitations on recruitment. Communities, developers, and businesses all have an opportunity to leverage a shift in employment by partnering on public/mass transit opportunities, which are more environmentally conscious, reduce impact to public infrastructure, and create access to jobs with upward mobility in the wage stack. While investments in automation are shifting the nature of W/T employment by increasing worker productivity, overall demand for labor will continue to grow and be a top concern for stakeholders across the industrial sector.

### TOP INDUSTRIAL DEVELOPMENT MARKETS: KEY LABOR METRICS

Industrial Markets by Total Development, Potential Labor Pool, and W/T Unemployment

	Market	Industrial Space Under Construction, 2021 (MSF)	Potential W/T Labor Pool <sup>2</sup> , MSA-Level, 1Q21	Target Warehousing Occupations: Unemployment Rate, MSA-Level, 1Q21
1	Dallas	41.9	1,111,322	9.0%
2	Atlanta	26.4	837,412	8.6%
3	Inland Empire	22.6	564,665	11.9%
4	Penn. I-81/78 Corridor <sup>3</sup>	21.7	280,138	11.5%
5	New York/No. NJ <sup>4</sup>	17.8	2,176,916	14.2%
6	Chicago	16.8	1,292,377	13.2%
7	Salt Lake City <sup>5</sup>	16.3	335,393	5.7%
8	Phoenix	16.1	633,906	9.5%
9	Seattle	14.6	533,656	10.4%
10	Houston	14.4	855,199	10.7%

Source: Newmark Research, JobsEQ, July 2021. <sup>2</sup> Total employment in the W/T, retail/wholesale, and administrative & support services. <sup>3</sup> This market is measured by Harrisburg, Scranton, and Allentown MSAs. <sup>4</sup> Includes Northern NJ, Long Island and New York City markets. <sup>5</sup> Market data reflective of the Wasatch Front.

Additional Sources: U.S. Energy Information Administration, U.S. Bureau of Labor Statistics, Newmark Global Corporate Services

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