

CRE AND MULTIFAMILY FINANCE

IN THE SPOTLIGHT

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U.S. Employment Changes Reflecting Growth of Industrial CRE

The industrial sector has been performing well in recent years, with a near record-low vacancy rate of 4.0% and rent increases of 11.1% in 2022 and 27.1% since the start of the pandemic.¹ To identify potential areas of future industrial demand, we analyze growth trends in major employment sectors, including Transportation and Warehousing, Manufacturing, and Wholesale Trade.

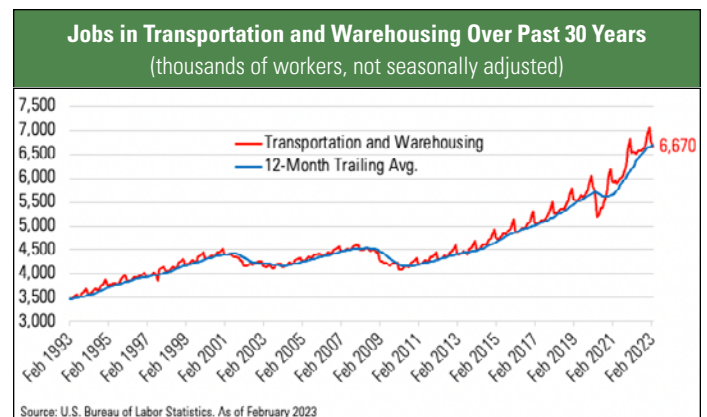
The US job market and economy have undergone significant changes since the Global Financial Crisis (GFC), with additional notable differences between pre- and post-Covid labor markets. Transportation and Warehousing experienced the largest expansion, with a 49.3% increase in workers since 2007 and 16.1% since early 2020. While jobs in Manufacturing declined by 6.9% on an overall basis between 2007 and 2023, non-durable goods manufacturing jobs increased by 2.2% since the pandemic, reflecting the need to on-shore vital manufacturing. Wholesale Trade is closely linked to business cycles and has experienced only moderate growth since before the GFC, but some markets have performed better, driven in part by demographics.

Examining the long-term growth of these job sectors can serve as a guide for potential investment opportunities. This article explores the changes in these sectors.

Transportation and Warehousing

According to the U.S. Bureau of Labor Statistics (BLS), the *Transportation and Warehousing* (TW) sector includes “industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. Establishments in these industries use transportation equipment or transportation related facilities as a productive asset. The type of equipment depends on the mode of transportation. The modes of transportation are air, rail, water, road, and pipeline.”

Over the last three decades, this sector has become an essential driver of economic growth, representing 6.7 million workers and 4.3% of all jobs in 2023, up from 3.8% in early 2020 and 3.3% in 2007. The Covid-19 pandemic led to increased demand for e-commerce goods, resulting in significant growth in TW employment.



Transportation and Warehousing Employment Pre-GFC, Pre-Covid and Now

Rank	Metro Area	Workers (000s)			Growth		% Share of Workers			Location Quotient		
		Feb 2007	Feb 2020	Feb 2023	Feb 2007 - Feb 2023	Feb 2020 - Feb 2023	Feb 2007	Feb 2020	Feb 2023	Feb 2007	Feb 2020	Feb 2023
1	Riverside-San Bernardino-Ontario, CA	62	153	204	231.5%	33.4%	4.8%	9.6%	12.2%	1.46	2.53	2.82
2	Allentown-Bethlehem-Easton, PA-NJ	14	32	39	176.8%	22.8%	4.2%	8.4%	10.2%	1.28	2.22	2.34
3	Fresno, CA	8	15	18	119.0%	22.7%	2.7%	4.1%	4.8%	0.82	1.07	1.10
4	Hartford-West Hartford-East Hartford, CT	12	20	25	113.9%	20.6%	2.0%	3.5%	4.3%	0.62	0.92	1.00
5	Las Vegas-Henderson-Paradise, NV	33	50	67	101.5%	33.4%	3.6%	4.8%	6.0%	1.09	1.25	1.39
6	Columbus, OH	45	70	90	100.0%	29.0%	4.8%	6.3%	8.0%	1.46	1.65	1.84
7	Phoenix-Mesa-Scottsdale, AZ	58	89	111	92.3%	24.4%	3.0%	4.0%	4.7%	0.92	1.05	1.08
8	Cincinnati, OH-KY-IN	38	52	69	80.2%	32.2%	3.8%	4.7%	6.1%	1.14	1.23	1.40
9	Baltimore-Columbia-Towson, MD	40	61	71	80.1%	17.9%	3.1%	4.3%	5.2%	0.93	1.13	1.20
10	Indianapolis-Carmel-Anderson, IN	49	71	88	79.4%	23.7%	5.3%	6.5%	7.7%	1.61	1.72	1.78
11	Charlotte-Concord-Gastonia, NC-SC	41	60	71	74.6%	18.4%	4.0%	4.7%	5.3%	1.22	1.25	1.23
12	Atlanta-Sandy Springs-Roswell, GA	107	164	181	69.6%	10.7%	4.4%	5.7%	6.0%	1.33	1.49	1.38
13	San Diego-Carlsbad, CA	22	30	36	64.2%	20.9%	1.7%	2.0%	2.3%	0.51	0.51	0.53
14	San Jose-Sunnyvale-Santa Clara, CA	11	15	18	60.7%	21.6%	1.2%	1.3%	1.5%	0.37	0.34	0.36
15	Providence-Warwick, RI-MA	11	17	17	59.3%	3.6%	1.9%	2.8%	2.9%	0.57	0.73	0.68
16	Tulsa, OK	12	16	19	58.7%	22.3%	2.8%	3.4%	4.2%	0.86	0.90	0.98
17	Detroit-Warren-Dearborn, MI	58	79	91	56.6%	14.5%	3.0%	3.9%	4.5%	0.90	1.03	1.05
18	Denver-Aurora-Lakewood, CO	47	65	72	55.1%	10.9%	3.8%	4.2%	4.6%	1.17	1.11	1.06
19	Oxnard-Thousand Oaks-Ventura, CA	5	5	8	53.1%	38.9%	1.6%	1.7%	2.4%	0.50	0.45	0.55
20	Birmingham-Hoover, AL	14	20	21	49.6%	0.5%	2.6%	3.7%	3.7%	0.78	0.98	0.85
21	United States	4,466	5,746	6,670	49.3%	16.1%	3.3%	3.8%	4.3%	1.00	1.00	1.00
22	Rochester, NY	9	11	13	47.1%	12.3%	1.7%	2.1%	2.5%	0.52	0.56	0.57
23	Portland-Vancouver-Hillsboro, OR-WA	35	46	49	40.5%	7.9%	3.4%	3.7%	4.0%	1.03	0.97	0.92
24	Albany-Schenectady-Troy, NY	12	13	16	38.5%	29.6%	2.7%	2.7%	3.5%	0.81	0.70	0.80
25	Los Angeles-Long Beach-Anaheim, CA	183	228	248	35.4%	8.9%	3.2%	3.6%	4.0%	0.97	0.95	0.91
26	Dayton, OH	10	12	13	27.2%	7.4%	2.6%	3.1%	3.4%	0.81	0.82	0.78
27	Virginia Beach-Norfolk-Newport News, VA-NC	23	25	28	24.6%	14.5%	3.0%	3.1%	3.6%	0.91	0.82	0.83
28	Minneapolis-St. Paul-Bloomington, MN-WI	59	68	72	21.8%	5.6%	3.3%	3.4%	3.7%	1.00	0.90	0.85
29	Cleveland-Elyria, OH	30	33	34	12.9%	4.6%	2.9%	3.1%	3.3%	0.87	0.80	0.76
30	Pittsburgh, PA	39	41	44	10.7%	7.1%	3.5%	3.5%	3.8%	1.07	0.91	0.88
31	Urban Honolulu, HI	23	25	22	-2.6%	-10.2%	5.0%	5.1%	4.8%	1.53	1.35	1.12
32	Omaha-Council Bluffs, NE-IA	29	25	24	-16.9%	-3.6%	6.4%	5.0%	4.8%	1.94	1.31	1.12

Source: U.S. Bureau of Labor Statistics; New York Life Real Estate Investors Strategy & Research Group analysis. Data not seasonally adjusted. As of February 2023

The Inland Empire and Lehigh Valley, PA, have seen the most considerable growth in TW jobs since 2007, with 232% and 177%,² respectively, and are major logistics hubs on the West and East Coasts. This is also reflected in their TW Location Quotients (LQ)³ which are 2.82 and 2.34, respectively, the highest and second highest in the U.S. In Inland Empire, 12.2% of the total workforce is employed in the TW sector, up from 9.6% in early 2020 and 4.8% in 2007.

Las Vegas is the third fastest-growing TW market since early 2020, with a growth rate of 33.4%. It has emerged as an alternative hub for warehouse and transportation activities, catering to demand from the local area, as well as markets further east from expensive Inland Empire and Los Angeles. The TW LQ in Las Vegas is 1.39, up from 1.09 in 2007. Other markets with high TW LQs include Columbus (1.84), Indianapolis (1.78), Cincinnati (1.40), and Atlanta (1.38). Omaha, NE and Honolulu are the only markets where TW jobs have declined since 2007, down 16.9% and 2.6%, respectively.

Oxford Economics forecasts that Honolulu, Inland Empire, Austin, Orlando, and New Orleans will experience the most significant growth in utilities, transportation, and warehousing jobs over the next three years. However, some municipalities in Southern California have imposed construction moratoriums on logistics development due to concerns about worsening truck traffic and its health impacts, which could impact potential growth in TW jobs. Additionally,

a coalition of over 60 environmental, labor, community, and academic groups is calling for a moratorium of up to two years on new warehouse development, citing concerns about public health emergencies.⁴ Austin and Orlando are expected to remain above-average growth markets. At the same time, Honolulu and New Orleans are forecasted to experience some level of employment recovery, including in TW, which was hit over the past three years.

Durable Goods Manufacturing

According to the BLS, manufacturing employment includes “mechanical, physical, or chemical transformation of materials, substances, or components into new products. Establishments in the manufacturing sector are often described as plants, factories, or mills and characteristically use power-driven machines and materials-handling equipment.”⁵ Durable goods manufacturing would specifically pertain to the manufacturing of goods with a useful life of *three years or more*.

Unlike TW, employment in manufacturing has decreased over the past three decades. After a slow increase in employment in the 1990s, durable goods manufacturing suffered a loss of two million jobs during the 2001 recession and a further two million during the GFC. The hardest hit industries were those involved in fabricated metals, machinery, computer, and electrical products, which experienced competition from overseas.



Since reaching a trough in 2010, however, durable goods manufacturing employment has experienced consistent growth in the decade leading up to the pandemic, up 16.9% from February 2010 to June 2019. During the pandemic, manufacturing was greatly affected by lockdown orders and workplace safety regulations. Still, durable goods manufacturing employment recovered to pre-pandemic levels in December 2022, continuing the upward trend since 2010.

This trend of slow but consistent gains in manufacturing jobs is supported by a general trend toward deglobalization and re-shoring initiatives among some manufacturers interested in developing more resilient supply chains. Importantly, these re-shoring efforts do not represent any wholesale shift in employment, and for certain industries, jobs will likely remain predominately overseas. Nonetheless, these small changes could have significant impacts on US markets where manufacturing jobs are concentrated.

The CHIPS and Science Act of 2022, which directs \$280 billion in spending over the next ten years, incentivizes re-shoring of chip manufacturing to the U.S.⁶ Phoenix, Austin, and Columbus are metros that are benefitting from this type of re-shoring.

Top 20 Markets + U.S.

Markets with the greatest growth in durable goods manufacturing jobs relative to pre-GFC include Reno, NV (103.5%), Charleston, SC (42.2%), San Antonio (31.6%), Louisville, KY (19.2%), Orlando (11.7%), Grand Rapids (11.4%), and Raleigh (10.4%). Over the most recent 3-year period, manufacturing jobs in Reno and Austin have grown an incredible 18.1% and 14.0%, respectively.

Reno has recently benefited from manufacturing employment gains due partly to Tesla's Gigafactory Nevada. This facility began its multi-phase construction in 2014, producing lithium-ion batteries and electric vehicles. The facility is 20 miles east of downtown Reno, occupying over 5 million SF and employing 3,000 workers as of 2018.⁷

The Orlando metro area includes the city of Kissimmee, Florida, which has emerged as a hub for semi-conductor research and manufacturing. *NeoCity*, a 500-acre tech hub located in Kissimmee, recently won a \$51 million federal grant to expand *Neovation*, a lab that manufactures semi-conductors.⁸ Charleston, SC, has been growing its manufacturing status in the southeast U.S., with significant manufacturing presences of Boeing and BMW engaged in aviation and automobile manufacturing.⁹

Markets with the highest durable goods manufacturing job location quotients (LQs) as of February 2023 include Grand Rapids (LQ of 2.70), Detroit (1.95), Milwaukee (1.72), and Louisville (1.66).

Bottom 20 Markets + U.S.

Some of the markets where the number of manufacturing jobs has declined since 2007 can be found in the Midwest and Northeast. Rust Belt markets like Rochester, New Haven, Bridgeport/Stamford, Dayton, and Pittsburgh, whose manufacturing heydays have since passed, have had manufacturing sectors that have lost more than 16% of their workers over the past 16 years. The durable goods manufacturing industry was severely hit by Covid in some markets, worst of them New Orleans and Honolulu, which has yet to recover, down 43.6% and 32.4% from 2020 to 2023, respectively.

Durable Goods Manufacturing Employment Pre-GFC, Pre-Covid and Now												
Rank	Metro Area	Workers (000s)			Growth		% Share of Workers			Location Quotient		
		Feb 2007	Feb 2020	Feb 2023	Feb 2007 - Feb 2023	Feb 2020 - Feb 2023	Feb 2007	Feb 2020	Feb 2023	Feb 2007	Feb 2020	Feb 2023
1	Reno, NV	14	25	29	103.5%	18.1%	6.5%	10.0%	10.9%	0.64	1.18	1.30
2	Charleston-North Charleston, SC	22	30	31	42.2%	4.7%	7.4%	7.9%	7.6%	0.72	0.93	0.91
3	San Antonio-New Braunfels, TX	30	35	40	31.6%	14.0%	3.7%	3.2%	3.5%	0.56	0.61	0.66
4	Louisville/Jefferson County, KY-IN	49	56	59	19.2%	5.0%	8.2%	8.4%	8.7%	1.27	1.58	1.66
5	Orlando-Kissimmee-Sanford, FL	32	34	35	11.7%	3.8%	2.9%	2.5%	2.5%	0.45	0.48	0.47
6	Grand Rapids-Wyoming, MI	73	84	81	11.4%	-2.9%	15.1%	14.7%	14.1%	2.32	2.78	2.70
7	Raleigh, NC	19	20	21	10.4%	9.2%	3.8%	3.0%	3.0%	0.59	0.56	0.57
8	Salt Lake City, UT	38	40	42	10.3%	5.3%	6.2%	5.2%	5.1%	0.96	0.98	0.97
9	Virginia Beach-Norfolk-Newport News, VA-NC	42	47	46	9.5%	-2.1%	5.5%	5.9%	5.8%	0.85	1.12	1.12
10	San Diego-Carlsbad, CA	78	88	85	9.1%	-3.5%	5.9%	5.8%	5.5%	0.92	1.10	1.04
11	Allentown-Bethlehem-Easton, PA-NJ	23	24	24	4.8%	1.3%	6.8%	6.2%	6.2%	1.04	1.18	1.18
12	Atlanta-Sandy Springs-Roswell, GA	94	90	95	1.8%	5.6%	3.8%	3.1%	3.2%	0.59	0.59	0.60
13	Minneapolis-St. Paul-Bloomington, MN-WI	140	137	142	1.1%	3.1%	7.8%	7.0%	7.3%	1.21	1.32	1.39
14	Dallas-Fort Worth-Arlington, TX	212	205	214	1.0%	4.1%	7.2%	5.4%	5.1%	1.10	1.01	0.97
15	Nashville-Davidson--Murfreesboro--Franklin, TN	62	61	61	-1.1%	0.7%	7.9%	5.7%	5.3%	1.22	1.09	1.02
16	Portland-Vancouver-Hillsboro, OR-WA	96	94	95	-1.6%	0.9%	9.3%	7.6%	7.6%	1.43	1.44	1.45
17	Denver-Aurora-Lakewood, CO	45	43	44	-1.6%	2.6%	3.7%	2.8%	2.8%	0.57	0.53	0.53
18	Phoenix-Mesa-Scottsdale, AZ	112	101	109	-2.4%	7.6%	5.8%	4.5%	4.6%	0.90	0.86	0.88
19	Memphis, TN-MS-AR	27	27	26	-2.6%	-2.2%	4.2%	4.1%	3.9%	0.65	0.77	0.75
20	Tampa-St. Petersburg-Clearwater, FL	52	46	50	-3.9%	6.9%	4.2%	3.3%	3.2%	0.64	0.62	0.62
26	United States	8,834	7,978	8,069	-8.7%	1.1%	6.5%	5.3%	5.2%	1.00	1.00	1.00

Source: U.S. Bureau of Labor Statistics; New York Life Real Estate Investors Strategy & Research Group analysis. Data not seasonally adjusted. As of February 2023

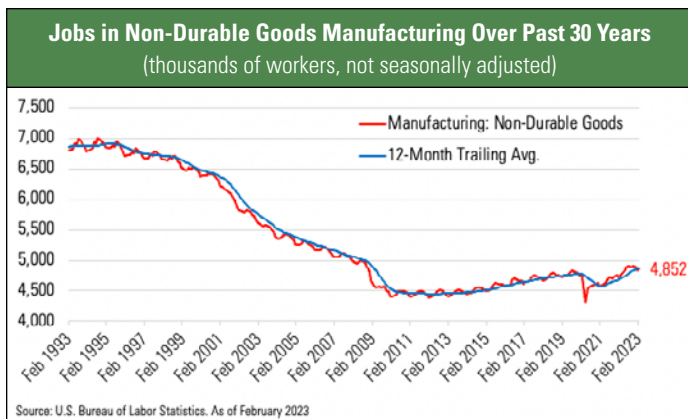
Durable Goods Manufacturing Employment Pre-GFC, Pre-Covid and Now

Rank	Metro Area	Workers (000s)			Growth		% Share of Workers			Location Quotient		
		Feb 2007	Feb 2020	Feb 2023	Feb 2007 - Feb 2023	Feb 2020 - Feb 2023	Feb 2007	Feb 2020	Feb 2023	Feb 2007	Feb 2020	Feb 2023
26	United States	8,834	7,978	8,069	-8.7%	1.1%	6.5%	5.3%	5.2%	1.00	1.00	1.00
37	St. Louis, MO-IL	88	73	73	-16.6%	0.3%	6.6%	5.2%	5.2%	1.01	0.98	0.99
38	Indianapolis-Carmel-Anderson, IN	62	53	51	-16.9%	-2.8%	6.7%	4.9%	4.5%	1.03	0.92	0.86
39	Baltimore-Columbia-Towson, MD	40	33	33	-17.3%	-0.9%	3.1%	2.4%	2.4%	0.47	0.45	0.46
40	Worcester, MA-CT	21	17	17	-17.6%	-2.9%	7.7%	6.0%	5.8%	1.19	1.14	1.11
41	Milwaukee-Waukesha-West Allis, WI	93	79	76	-17.8%	-3.5%	10.9%	9.1%	9.0%	1.68	1.72	1.72
42	Omaha-Council Bluffs, NE-IA	13	11	11	-18.0%	-3.5%	2.9%	2.2%	2.2%	0.45	0.43	0.42
43	Dayton, OH	38	33	31	-18.1%	-7.5%	9.7%	8.6%	8.0%	1.49	1.62	1.52
44	Cleveland-Elyria, OH	104	86	85	-18.6%	-1.6%	9.9%	8.1%	8.2%	1.53	1.53	1.56
45	Boise City, ID	26	21	21	-19.1%	-2.4%	9.3%	6.0%	5.3%	1.44	1.14	1.02
46	Los Angeles-Long Beach-Anaheim, CA	385	320	305	-20.8%	-4.5%	6.7%	5.1%	4.9%	1.03	0.96	0.93
47	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	118	95	93	-21.1%	-1.8%	4.3%	3.2%	3.1%	0.66	0.60	0.59
48	Oxnard-Thousand Oaks-Ventura, CA	24	19	19	-21.8%	-2.1%	8.2%	6.2%	6.1%	1.26	1.17	1.16
49	Bridgeport-Stamford-Norwalk, CT	30	22	23	-22.5%	5.5%	7.4%	5.5%	5.8%	1.13	1.04	1.10
50	Chicago-Naperville-Elgin, IL-IN-WI	288	236	223	-22.8%	-5.5%	6.5%	5.0%	4.8%	1.00	0.95	0.91
51	Rochester, NY	44	35	33	-24.8%	-5.4%	8.7%	6.6%	6.4%	1.33	1.25	1.23
52	New Haven, CT	23	18	17	-26.6%	-4.5%	8.3%	6.0%	5.6%	1.27	1.14	1.07
53	Providence-Warwick, RI-MA	43	32	31	-27.9%	-2.5%	7.5%	5.4%	5.4%	1.16	1.02	1.02
54	Riverside-San Bernardino-Ontario, CA	85	65	60	-29.3%	-7.1%	6.6%	4.1%	3.6%	1.02	0.77	0.69
55	Urban Honolulu, HI	4	3	3	-32.4%	-16.7%	0.8%	0.6%	0.5%	0.13	0.12	0.10
56	New Orleans-Metairie, LA	20	11	12	-43.6%	4.5%	3.9%	1.9%	2.0%	0.60	0.35	0.39

Source: U.S. Bureau of Labor Statistics; New York Life Real Estate Investors Strategy & Research Group analysis. Data not seasonally adjusted. As of February 2023

Non-Durable Goods Manufacturing – Re-shoring is Real

As opposed to durable goods, non-durable goods manufacturing specifically refers to the manufacturing of goods with a useful life of *less than* three years. Like durable goods, employment in the non-durable goods manufacturing sector has declined over the past 30 years. Relative to durable goods, the decline in non-durable goods manufacturing jobs was steadier starting in the 1990s, accelerating only slightly during the Dot Com bust and GFC. Non-durable goods manufacturing jobs that were hardest hit over the past few decades include those in the apparel and textile industries.



Since reaching a trough in 2012, however, non-durable goods manufacturing employment has experienced consistent growth in the decade leading up to the pandemic, up 10.2% from February 2012 to August 2019. During the pandemic, the manufacturing sector was severely impacted by lockdown orders and workplace safety rules affecting density within manufacturing facilities. In May 2022, the non-durable goods manufacturing sector recovered to its pre-pandemic employment level and returned to the upward trend that began in 2012.

Non-durable goods manufacturing has been responsible for most of the manufacturing economic growth since the 1990s, with an increase of \$127 billion or 14.3%, compared to \$31.1 billion or 2.4% from durable goods manufacturing from 1997 to 2019.¹⁰ The pandemic revealed the country's shortage of vital

products, resulting in a realization that some items should be re-shored for national security reasons. This trend has been supported by the general shift towards deglobalization and re-shoring initiatives, accelerated by the pandemic, with over 1,800 companies re-shoring their production in 2021.¹¹

Although this re-shoring effort does not represent a wholesale shift in employment, it has had meaningful impacts on the U.S. markets where manufacturing jobs are concentrated. While most jobs will likely remain overseas, small shifts on the margins can have a significant effect.

Top 20 Markets + U.S.

Markets with the greatest growth in non-durable goods manufacturing jobs relative to pre-GFC include Phoenix (48.1%), Las Vegas (43.0%), Boise, ID (35.9%), Orlando (32.3%), San Diego (30.0%), and Omaha (21.8%). Phoenix has attracted manufacturing due to its lower cost and labor force capable of supporting a growing manufacturing sector.

Over the most recent 3-year period, growth in non-durable goods manufacturing jobs in certain markets have far exceeded the national growth rate of 2.2%, including Las Vegas (16.7%), Salt Lake City (14.9%), Phoenix (14.0%), San Antonio (10.4%), and Raleigh (10.1%).

Markets with the highest non-durable goods manufacturing job LQs as of February 2023 include Greensboro, NC (LQ of 1.90), Grand Rapids (1.86), Omaha (1.53), and Baton Rouge (1.48). Grand Rapids has the one of the highest LQs in the country for both durable and non-durable goods manufacturing jobs. Non-durable goods manufacturing in Grand Rapids comes in the form of agriculture and food and beverage manufacturing, where several sizeable multinational food businesses have operations, including Nestle, Coca-Cola, and the Kellogg Company.¹²

Bottom 20 Markets + U.S.

Non-durable goods manufacturing jobs have fallen 4.0% nationwide since 2007 but have since risen 2.2% relative to pre-Covid. Markets like Los Angeles, Rochester, NY, Greensboro, NC, Baltimore, San Jose, and Memphis have seen the greatest declines of more than 20%. Honolulu have seen the greatest decline from pre-Covid, down more than 12% in the 3-year period 2020 to 2023.

Non-Durable Goods Manufacturing Employment Pre-GFC, Pre-Covid and Now

Rank	Metro Area	Workers (000s)			Growth		% Share of Workers			Location Quotient		
		Feb 2007	Feb 2020	Feb 2023	Feb 2007 - Feb 2023	Feb 2020 - Feb 2023	Feb 2007	Feb 2020	Feb 2023	Feb 2007	Feb 2020	Feb 2023
1	Phoenix-Mesa-Scottsdale, AZ	27	35	40	48.1%	14.0%	1.4%	1.6%	1.7%	0.38	0.50	0.54
2	Las Vegas-Henderson-Paradise, NV	9	11	13	43.0%	16.7%	1.0%	1.1%	1.2%	0.27	0.35	0.38
3	Boise City, ID	6	8	9	35.9%	6.1%	2.3%	2.3%	2.2%	0.63	0.74	0.71
4	Orlando-Kissimmee-Sanford, FL	13	16	17	32.3%	7.5%	1.2%	1.2%	1.2%	0.32	0.38	0.38
5	San Diego-Carlsbad, CA	25	30	33	30.0%	7.3%	1.9%	2.0%	2.1%	0.51	0.64	0.66
6	Omaha-Council Bluffs, NE-IA	20	22	24	21.8%	8.6%	4.3%	4.4%	4.8%	1.17	1.40	1.53
7	Knoxville, TN	10	11	12	20.8%	9.4%	2.6%	2.6%	2.7%	0.71	0.82	0.84
8	Salt Lake City, UT	19	20	22	20.4%	14.9%	3.1%	2.6%	2.7%	0.83	0.82	0.87
9	Grand Rapids-Wyoming, MI	29	34	34	17.4%	-2.0%	5.9%	6.1%	5.9%	1.60	1.93	1.86
10	Baton Rouge, LA	17	19	20	16.1%	3.2%	4.6%	4.6%	4.7%	1.23	1.46	1.48
11	Houston-The Woodlands-Sugar Land, TX	78	85	89	14.2%	4.7%	3.1%	2.7%	2.7%	0.83	0.84	0.85
12	Indianapolis-Carmel-Anderson, IN	39	41	45	13.7%	9.3%	4.3%	3.8%	3.9%	1.14	1.20	1.24
13	Oxnard-Thousand Oaks-Ventura, CA	7	7	8	12.7%	8.1%	2.4%	2.4%	2.6%	0.64	0.75	0.81
14	Detroit-Warren-Dearborn, MI	40	45	44	11.9%	-2.4%	2.0%	2.2%	2.2%	0.55	0.71	0.70
15	Columbus, OH	26	28	29	11.1%	5.1%	2.8%	2.5%	2.6%	0.75	0.79	0.81
16	Fresno, CA	16	17	17	10.1%	4.2%	5.1%	4.5%	4.5%	1.36	1.44	1.43
17	Sacramento-Roseville-Arden-Arcade, CA	13	13	14	9.4%	4.5%	1.4%	1.3%	1.3%	0.38	0.41	0.41
18	Denver-Aurora-Lakewood, CO	26	28	28	8.4%	1.8%	2.2%	1.8%	1.8%	0.58	0.58	0.57
19	Cincinnati, OH-KY-IN	49	50	53	8.2%	5.6%	4.8%	4.5%	4.6%	1.29	1.43	1.47
20	Bakersfield, CA	7	8	8	6.9%	-2.5%	3.0%	2.8%	2.7%	0.81	0.90	0.84
33	United States	5,052	4,749	4,852	-4.0%	2.2%	3.7%	3.1%	3.2%	1.00	1.00	1.00

Source: U.S. Bureau of Labor Statistics; New York Life Real Estate Investors Strategy & Research Group analysis. Data not seasonally adjusted. As of February 2023

Non-Durable Goods Manufacturing Employment Pre-GFC, Pre-Covid and Now

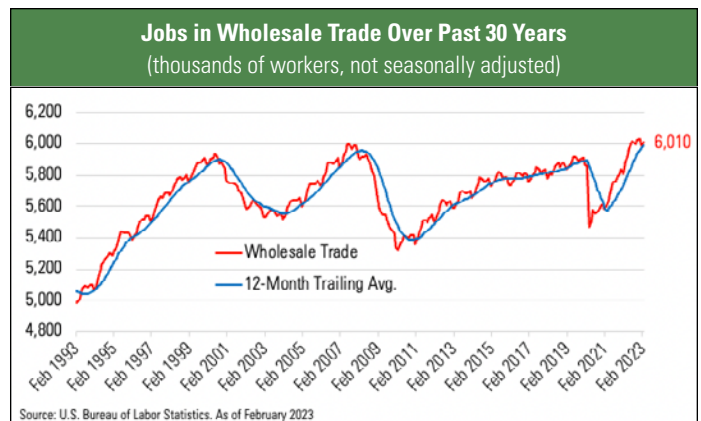
Rank	Metro Area	Workers (000s)			Growth		% Share of Workers			Location Quotient		
		Feb 2007	Feb 2020	Feb 2023	Feb 2007 - Feb 2023	Feb 2020 - Feb 2023	Feb 2007	Feb 2020	Feb 2023	Feb 2007	Feb 2020	Feb 2023
32	Milwaukee-Waukesha-West Allis, WI	40	39	39	-3.2%	-0.8%	4.7%	4.5%	4.6%	1.28	1.44	1.46
33	United States	5,052	4,749	4,852	-4.0%	2.2%	3.7%	3.1%	3.2%	1.00	1.00	1.00
34	San Antonio-New Braunfels, TX	19	16	18	-4.8%	10.4%	2.3%	1.5%	1.6%	0.61	0.48	0.50
35	Buffalo-Cheektowaga-Niagara Falls, NY	23	20	21	-6.2%	4.9%	4.2%	3.6%	3.9%	1.14	1.16	1.24
36	St. Louis, MO-IL	50	45	46	-7.4%	2.7%	3.7%	3.2%	3.3%	1.01	1.02	1.04
37	Birmingham-Hoover, AL	12	11	11	-8.1%	0.9%	2.3%	2.1%	2.1%	0.62	0.65	0.65
38	Hartford-West Hartford-East Hartford, CT	11	10	10	-8.4%	-2.0%	1.9%	1.7%	1.7%	0.51	0.54	0.54
39	Louisville/Jefferson County, KY-IN	28	26	26	-8.6%	-1.5%	4.7%	3.9%	3.8%	1.26	1.23	1.20
40	Cleveland-Elyria, OH	40	36	36	-9.9%	0.0%	3.8%	3.3%	3.4%	1.01	1.06	1.08
41	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	103	88	88	-14.1%	0.3%	3.7%	3.0%	2.9%	1.00	0.94	0.92
42	Pittsburgh, PA	26	23	23	-14.1%	-1.7%	2.3%	1.9%	2.0%	0.63	0.62	0.62
43	Providence-Warwick, RI-MA	23	18	19	-16.3%	3.8%	3.9%	3.1%	3.2%	1.06	0.98	1.03
44	Worcester, MA-CT	13	10	10	-16.8%	0.0%	4.7%	3.6%	3.6%	1.26	1.14	1.13
45	Urban Honolulu, HI	8	8	7	-18.1%	-12.8%	1.8%	1.6%	1.5%	0.49	0.52	0.47
46	Virginia Beach-Norfolk-Newport News, VA-NC	15	12	12	-19.9%	2.5%	2.0%	1.5%	1.5%	0.54	0.47	0.49
47	Memphis, TN-MS-AR	23	18	19	-20.6%	2.2%	3.7%	2.8%	2.8%	0.99	0.88	0.88
48	San Jose-Sunnyvale-Santa Clara, CA	13	10	10	-21.7%	0.0%	1.4%	0.9%	0.9%	0.38	0.28	0.27
49	Baltimore-Columbia-Towson, MD	32	26	25	-22.2%	-4.2%	2.5%	1.9%	1.8%	0.67	0.59	0.58
50	Greensboro-High Point, NC	30	23	22	-27.8%	-5.6%	8.2%	6.3%	6.0%	2.22	2.02	1.90
51	Rochester, NY	31	21	22	-29.0%	4.8%	6.0%	3.9%	4.2%	1.63	1.25	1.34
52	Los Angeles-Long Beach-Anaheim, CA	256	178	169	-34.2%	-5.1%	4.5%	2.8%	2.7%	1.20	0.90	0.85

Source: U.S. Bureau of Labor Statistics; New York Life Real Estate Investors Strategy & Research Group analysis. Data not seasonally adjusted. As of February 2023

Wholesale Trade

The Wholesale Trade sector comprises establishments engaged in wholesaling merchandise. According to the BLS definition, “wholesalers sell merchandise to other businesses and normally operate from a warehouse or office. These warehouses and offices are characterized by having little or no display of merchandise”. Goods involved in Wholesale Trade includes the outputs of agriculture, mining, manufacturing, and certain information industries, such as publishing.

Because employment in this super-sector is so closely tied to business activity, employment is also correlated with the peaks and troughs of business cycles. Wholesale Trade jobs fell by 11% in the wake of the GFC. In the 16-year period from February 2007 to February 2023, the sector is up only 2.5%. From 2020 to 2023, the sector is up 2.6%, indicating it fully recovered and surpassed the pre-pandemic level.



Top 20 Markets + U.S.

Markets that have seen the greatest growth in the Wholesale Trade employment sector include areas with accelerated population growth, including Austin, Boise, McAllen, Grand Rapids, Nashville, and Dallas, with growth between 33% and 68% between February 2007 and February 2023. This growth has accelerated since the pandemic in markets like Boise, which became attractive to remote workers and those fleeing more expensive Pacific Coast markets. From 2020 to 2023, double-digit growth was experienced in Austin, Boise, Sarasota, Charleston, Nashville, Phoenix, Dallas, Savannah, Tampa, Orlando, Knoxville, Fort Myers, and Salt Lake City.

Bottom 20 Markets + U.S.

Markets that have seen the greatest decrease from pre-GFC to 2023 in Wholesale Trade employment include some large urban markets like New York,

the Bay Area (San Francisco and San Jose metro areas), and other small metros in the Midwestern and Northern markets with Rust Belt characteristics. Many of these markets have declining or stagnant populations. Many of these same markets have also performed poorly relative to pre-Covid, early 2020 to 2023, including large urban areas like San Francisco, New York, and Los Angeles.

Although Wholesale Retail and Retail Trade are sometimes combined in data from the BLS, these two sub-sectors pose materially different effects on commercial real estate. Wholesale Trade is conducted primarily out of warehouse and logistics space. This means a higher concentration of these jobs in a particular market could represent greater demand for logistics space. Markets with the highest Wholesale Trade LQs include Grand Rapids (1.57), Greensboro, NC (1.47), Dallas (1.43), Memphis (1.43), and Miami (1.40).

Wholesale Trade Employment Pre-GFC, Pre-Covid and Now												
Rank	Metro Area	Workers (000s)			Growth		% Share of Workers			Location Quotient		
		Feb 2007	Feb 2020	Feb 2023	Feb 2007 - Feb 2023	Feb 2020 - Feb 2023	Feb 2007	Feb 2020	Feb 2023	Feb 2007	Feb 2020	Feb 2023
1	Austin-Round Rock, TX	34	46	58	68.5%	25.1%	4.5%	4.0%	4.5%	1.05	1.04	1.14
2	Boise City, ID	13	16	20	60.0%	25.0%	4.6%	4.5%	5.2%	1.06	1.17	1.32
3	McAllen-Edinburg-Mission, TX	7	9	9	42.4%	9.3%	3.1%	3.1%	3.2%	0.73	0.80	0.81
4	Grand Rapids-Wyoming, MI	26	32	35	34.4%	9.0%	5.4%	5.7%	6.1%	1.26	1.47	1.57
5	Nashville-Davidson--Murfreesboro--Franklin, TN	37	43	49	33.6%	14.9%	4.7%	4.1%	4.3%	1.09	1.04	1.10
6	Dallas-Fort Worth-Arlington, TX	176	207	235	33.5%	13.5%	6.0%	5.4%	5.6%	1.38	1.39	1.43
7	Raleigh, NC	22	28	29	31.1%	2.9%	4.4%	4.3%	4.0%	1.01	1.10	1.03
8	San Antonio-New Braunfels, TX	29	38	39	31.0%	2.4%	3.5%	3.5%	3.3%	0.82	0.89	0.86
9	Charleston-North Charleston, SC	9	10	12	30.4%	15.4%	3.1%	2.8%	3.0%	0.72	0.71	0.76
10	Houston-The Woodlands-Sugar Land, TX	135	170	173	28.6%	1.9%	5.3%	5.3%	5.2%	1.23	1.37	1.34
11	Salt Lake City, UT	29	34	37	26.6%	10.1%	4.9%	4.4%	4.5%	1.12	1.14	1.17
12	Fresno, CA	13	15	16	25.2%	8.2%	4.1%	4.0%	4.1%	0.94	1.03	1.05
13	Riverside-San Bernardino-Ontario, CA	55	69	68	22.2%	-1.6%	4.3%	4.3%	4.1%	1.00	1.11	1.04
14	North Port-Sarasota-Bradenton, FL	9	9	10	18.6%	20.0%	3.1%	2.7%	3.0%	0.72	0.69	0.78
15	Charlotte-Concord-Gastonia, NC-SC	54	59	63	18.5%	7.3%	5.3%	4.7%	4.8%	1.23	1.21	1.22
16	Denver-Aurora-Lakewood, CO	65	76	77	17.5%	1.5%	5.4%	4.9%	4.9%	1.25	1.27	1.25
17	Indianapolis-Carmel-Anderson, IN	48	51	56	14.9%	9.2%	5.2%	4.7%	4.9%	1.21	1.21	1.25
18	Tampa-St. Petersburg-Clearwater, FL	54	56	62	14.7%	10.8%	4.4%	4.0%	4.1%	1.01	1.02	1.04
19	El Paso, TX	11	12	13	14.5%	1.6%	4.1%	3.8%	3.7%	0.94	0.98	0.95
20	Allentown-Bethlehem-Easton, PA-NJ	13	14	15	12.2%	2.1%	3.9%	3.8%	3.8%	0.90	0.98	0.97
41	United States	5,865	5,859	6,010	2.5%	2.6%	4.3%	3.9%	3.9%	1.00	1.00	1.00

Source: U.S. Bureau of Labor Statistics; New York Life Real Estate Investors Strategy & Research Group analysis. Data not seasonally adjusted. As of February 2023

Wholesale Trade Employment Pre-GFC, Pre-Covid and Now												
Rank	Metro Area	Workers (000s)			Growth		% Share of Workers			Location Quotient		
		Feb 2007	Feb 2020	Feb 2023	Feb 2007 - Feb 2023	Feb 2020 - Feb 2023	Feb 2007	Feb 2020	Feb 2023	Feb 2007	Feb 2020	Feb 2023
41	United States	5,865	5,859	6,010	2.5%	2.6%	4.3%	3.9%	3.9%	1.00	1.00	1.00
63	New Orleans-Metairie, LA	24	22	22	-6.7%	0.5%	4.6%	3.8%	3.9%	1.07	0.97	1.01
64	Urban Honolulu, HI	15	14	14	-6.8%	-3.5%	3.3%	3.0%	3.0%	0.76	0.77	0.77
65	Washington-Arlington-Alexandria, DC-VA-MD-WV	70	63	65	-7.8%	2.4%	2.4%	1.9%	2.0%	0.55	0.49	0.50
66	San Diego-Carlsbad, CA	47	44	43	-8.2%	-3.6%	3.5%	2.9%	2.7%	0.82	0.75	0.70
67	Milwaukee-Waukesha-West Allis, WI	43	38	39	-8.4%	2.6%	5.1%	4.4%	4.7%	1.17	1.14	1.19
68	Birmingham-Hoover, AL	32	28	29	-9.2%	3.2%	5.9%	5.0%	5.2%	1.37	1.30	1.32
69	Rochester, NY	18	17	16	-9.7%	-6.0%	3.4%	3.1%	3.0%	0.79	0.81	0.78
70	Los Angeles-Long Beach-Anaheim, CA	310	299	278	-10.3%	-7.1%	5.4%	4.7%	4.4%	1.25	1.22	1.13
71	San Francisco-Oakland-Hayward, CA	75	71	67	-11.0%	-6.1%	3.7%	2.8%	2.7%	0.85	0.73	0.68
72	Columbia, SC	18	15	16	-11.2%	6.7%	4.9%	3.7%	3.8%	1.14	0.95	0.98
73	New York-Newark-Jersey City, NY-NJ-PA	443	404	392	-11.5%	-3.2%	5.1%	4.1%	4.0%	1.18	1.05	1.01
74	Manchester, NH	5	5	5	-11.8%	-2.2%	4.9%	3.9%	3.9%	1.13	1.01	1.01
75	Worcester, MA-CT	11	9	9	-12.1%	2.2%	4.0%	3.2%	3.2%	0.93	0.82	0.83
76	Buffalo-Cheektowaga-Niagara Falls, NY	24	21	21	-12.3%	-3.7%	4.4%	3.8%	3.8%	1.02	0.99	0.97
77	Hartford-West Hartford-East Hartford, CT	20	17	17	-13.3%	-0.6%	3.5%	2.9%	3.0%	0.81	0.75	0.76
78	Pittsburgh, PA	48	42	42	-13.8%	0.0%	4.3%	3.5%	3.6%	1.00	0.91	0.93
79	Albuquerque, NM	14	12	12	-15.4%	-1.7%	3.5%	2.9%	2.8%	0.80	0.75	0.73
80	Virginia Beach-Norfolk-Newport News, VA-NC	24	19	19	-20.1%	1.1%	3.1%	2.4%	2.4%	0.73	0.61	0.62
81	Tucson, AZ	10	7	8	-20.2%	8.2%	2.6%	1.8%	2.0%	0.59	0.47	0.51
82	San Jose-Sunnyvale-Santa Clara, CA	39	31	29	-25.2%	-6.5%	4.2%	2.7%	2.5%	0.98	0.68	0.63

Source: U.S. Bureau of Labor Statistics; New York Life Real Estate Investors Strategy & Research Group analysis. Data not seasonally adjusted. As of February 2023

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Citations

- ¹ CoStar Group data, as of Q4 2022.
- ² Markets for which there is data.
- ³ A location quotient (LQ) is an analytical statistic that measures a region’s industrial specialization relative to a larger geographic unit (usually the nation). A LQ is computed as a) an industry’s share some economic statistic (earnings, GDP by metropolitan area, employment, etc.) at a local level, divided by b) the industry’s share of the same statistic at the national level. For example, a LQ of 1.0 in mining at a regional level means that the region and the nation are equally specialized in mining; while a LQ of 1.8 means that the region has a higher concentration in mining than the nation. Source for this definition is the U.S. Department of Commerce.
- ⁴ <https://www.globest.com/2023/02/01/coalition-wants-two-year-moratorium-on-inland-empire-warehouses/>
- ⁵ Expanded BLS definition of Manufacturing establishments: “However, establishments that transform materials or substances into new products by hand or in the worker’s home and those engaged in selling to the general public products made on the same premises from which they are sold, such as bakeries, candy stores, and custom tailors, may also be included in this sector. Manufacturing establishments may process materials or may contract with other establishments to process their materials for them. Both types of establishments are included in manufacturing.”
- ⁶ <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/the-chips-and-science-act-heres-whats-in-it>
- ⁷ <https://www.tesla.com/blog/continuing-our-investment-nevada>, <https://electrek.co/2018/08/21/tesla-gigafactory-1-3000-workers/>
- ⁸ <https://www.orlandosentinel.com/news/osceola-county/os-ne-oseola-county-wins-50-million-federal-grant-neocity-20220902-ookkm7kl6na4xdgberaxs4s5mq-story.html>
- ⁹ <https://www.greenvillebusinessmag.com/2022/11/03/417036/-a-game-changer-boeing-s-presence-in-south-carolina-has-huge-impact-on-economy-industrial-landscape>
- ¹⁰ <https://usafacts.org/articles/diminishing-role-manufacturing-american-economy/>
- ¹¹ <https://reshorennow.org/blog/reshoring-initiative-2021-data-report/>
- ¹² CoStar Grand Rapids market report, 2023