

2018 Florida Labor Analytics: Warehouse Worker



Labor Costs / Labor Availability

Florida's elevated population and job growth rates support a rising consumer market making it a magnet for expansion by eCommerce companies. Increasingly, the availability and cost of labor are key factors during site selection analysis. The challenge for many firms is trying to determine where workers who can work in their facilities are and what to pay them to make the work attractive.

Their search is not made easier by continued expansion in the overall economy. In February, the Labor Department released data that non-farm payrolls rose by a seasonally adjusted 313,000, well above expectations. While the jobless rate held at 4.1%, the number of people who joined the labor force was a staggering 800,000, the largest one-month increase since 1983. The roaring economy is also pushing up hourly wages for all private sector employees by 2.6%.

Competition for workers at all levels remains extremely competitive. This is especially true in the fast-growing eCommerce sector, which Cushman & Wakefield estimates represented a quarter of all industrial leasing activity in 2017. Looking ahead, Cushman & Wakefield predicts eCommerce will continue to expand and outpace traditional retail and warehouse users.

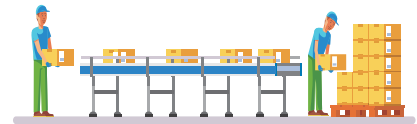
Florida will be in the vanguard of growth in the online marketplace with eCommerce companies creating networks for last mile delivery. The need to create these last mile connections to customers is playing a larger role in determining where companies choose to locate facilities throughout the state.

E-Commerce By the Numbers



\$650 Billion total retail sales by 2022

10.4% growth in warehouse jobs



typically **1,000 workers** in a large e-commerce facility



25% e-commerce share of total leasing activity



2.4% increase in hourly wage for FL warehouse workers



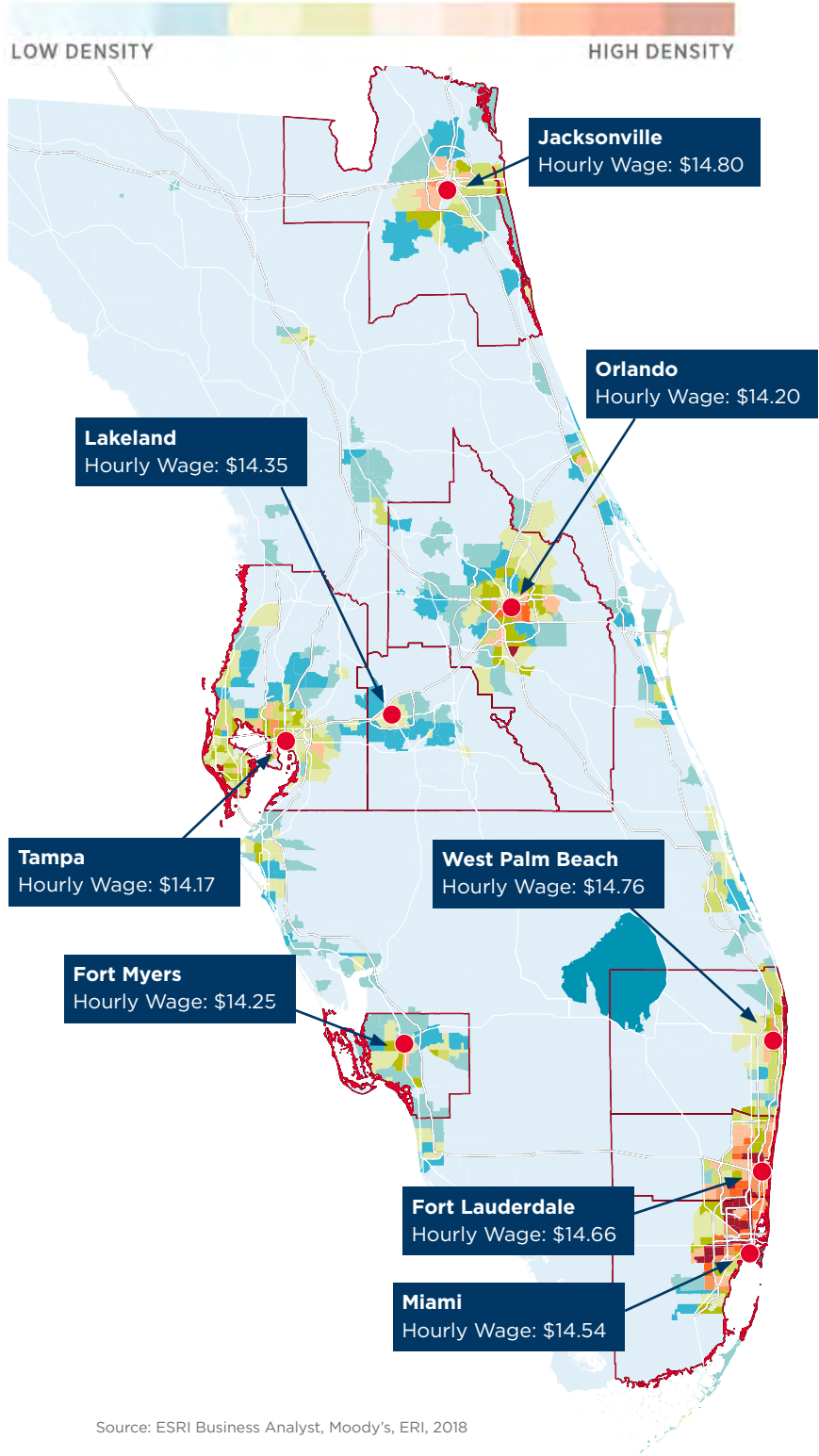
10% of companies see **100% turnover** annually

Source: Moody's, ERI, Cushman & Wakefield, 2018

2018 Florida Labor Analytics: Warehouse Worker

2017 Blue Collar Population Density

JACKSONVILLE		
27,167 People Employed In Warehouse Occupations	\$54,772 Median HH Income	94.8 Cost Of Living (Index)
30.5% College Educated (% Of Population)	23.4% High School Educated (% Of Population)	125,669 Blue Collar Workers
ORLANDO		
34,274 People Employed In Warehouse Occupations	\$51,917 Median HH Income	95.5 Cost Of Living (Index)
30.5% College Educated (% Of Population)	23.3% High School Educated (% Of Population)	140,407 Blue Collar Workers
LAKELAND		
5,144 People Employed In Warehouse Occupations	\$45,704 Median HH Income	96.0 Cost Of Living (Index)
20.4% College Educated (% Of Population)	30.1% High School Educated (% Of Population)	65,518 Blue Collar Workers
TAMPA		
24,190 People Employed In Warehouse Occupations	\$50,147 Median HH Income	94.8 Cost Of Living (Index)
29.3% College Educated (% Of Population)	24.8% High School Educated (% Of Population)	234,592 Blue Collar Workers
FORT MYERS		
5,067 People Employed In Warehouse Occupations	\$52,312 Median HH Income	94.0 Cost Of Living (Index)
27.8% College Educated (% Of Population)	27.1% High School Educated (% Of Population)	51,558 Blue Collar Workers
WEST PALM BEACH		
10,002 People Employed In Warehouse Occupations	\$55,924 Median HH Income	111.0 Cost Of Living (Index)
35.6% College Educated (% Of Population)	22.0% High School Educated (% Of Population)	106,683 Blue Collar Workers
FORT LAUDERDALE		
18,131 People Employed In Warehouse Occupations	\$53,811 Median HH Income	119.5 Cost Of Living (Index)
32.7% College Educated (% Of Population)	23.7% High School Educated (% Of Population)	157,375 Blue Collar Workers
MIAMI		
42,127 People Employed In Warehouse Occupations	\$46,948 Median HH Income	114.6 Cost Of Living (Index)
28.8% College Educated (% Of Population)	25.5% High School Educated (% Of Population)	244,280 Blue Collar Workers



Source: ESRI Business Analyst, Moody's, ERI, 2018



Florida's Labor Market Dynamics

Employment in the warehouse and storage industry in Florida increased by 4.8% over 2017 which was 220 bps higher than the overall job growth rate for the state. Employment growth in warehousing towards the end of the year corresponded with increased demand due to the upcoming holiday season.

In the last five years, the number of warehouse workers in Florida rose by 343,800, or approximately 50%. The U.S. Census Bureau estimates eCommerce will grow to almost \$650 billion in sales by the end of 2022. Its impact is being felt in Florida's employment numbers. Warehouse job growth was 4.8% last year, 220 basis points higher than the state's overall job growth.

Market	Unemployment Rate (Dec 2017)	New Jobs 2017	% of Total New Jobs
Tampa	3.40%	29,100	13.6%
Orlando	3.30%	46,700	21.9%
Lakeland	4.10%	6,400	3.0%
Miami	4.50%	35,000	16.4%
Jacksonville	3.40%	17,500	8.2%
West Palm Beach	3.60%	10,300	4.8%
Fort Lauderdale	3.40%	20,200	9.5%
Fort Myers	3.40%	1,300	0.6%
Florida Average	3.70%	213,500	100.0%

Source: Moody's, 2018


Labor Costs in Florida

According to ERI Economic Research Institute, the average statewide pay in Florida at the end of 2017 for a warehouse worker with five years of experience was \$14.22 an hour. For workers in Florida's eight major markets, the average amount increased to \$14.47 per hour. The difference between the highest and lowest wages in the major markets was only \$0.63 per hour.


From a worker's standpoint, every \$0.50 increase in wage equates to approximately \$20 extra per week

or \$1,040 annually. For employers that hire 1,000 workers at a facility, the costs can be over \$1 million annually. The added costs from the individual to the enterprise level can be significant, especially for larger facilities.


One benefit to the similar wage levels for warehouse workers in Florida is the lack of competition between markets for eCommerce locations. Since labor costs do not vary widely and companies need to locate in areas to service last mile delivery, Florida faces very little competition from out-of-state markets.




\$14.47 Florida's average hourly wage for warehouse workers



4.8% job growth in the warehouse sector



343,800 new warehouse workers in the last 5 years



52% of new jobs for the state in the top 3 markets

Source: Moody's, ERI, Cushman & Wakefield, 2018

2018 Florida Labor Analytics: Warehouse Worker

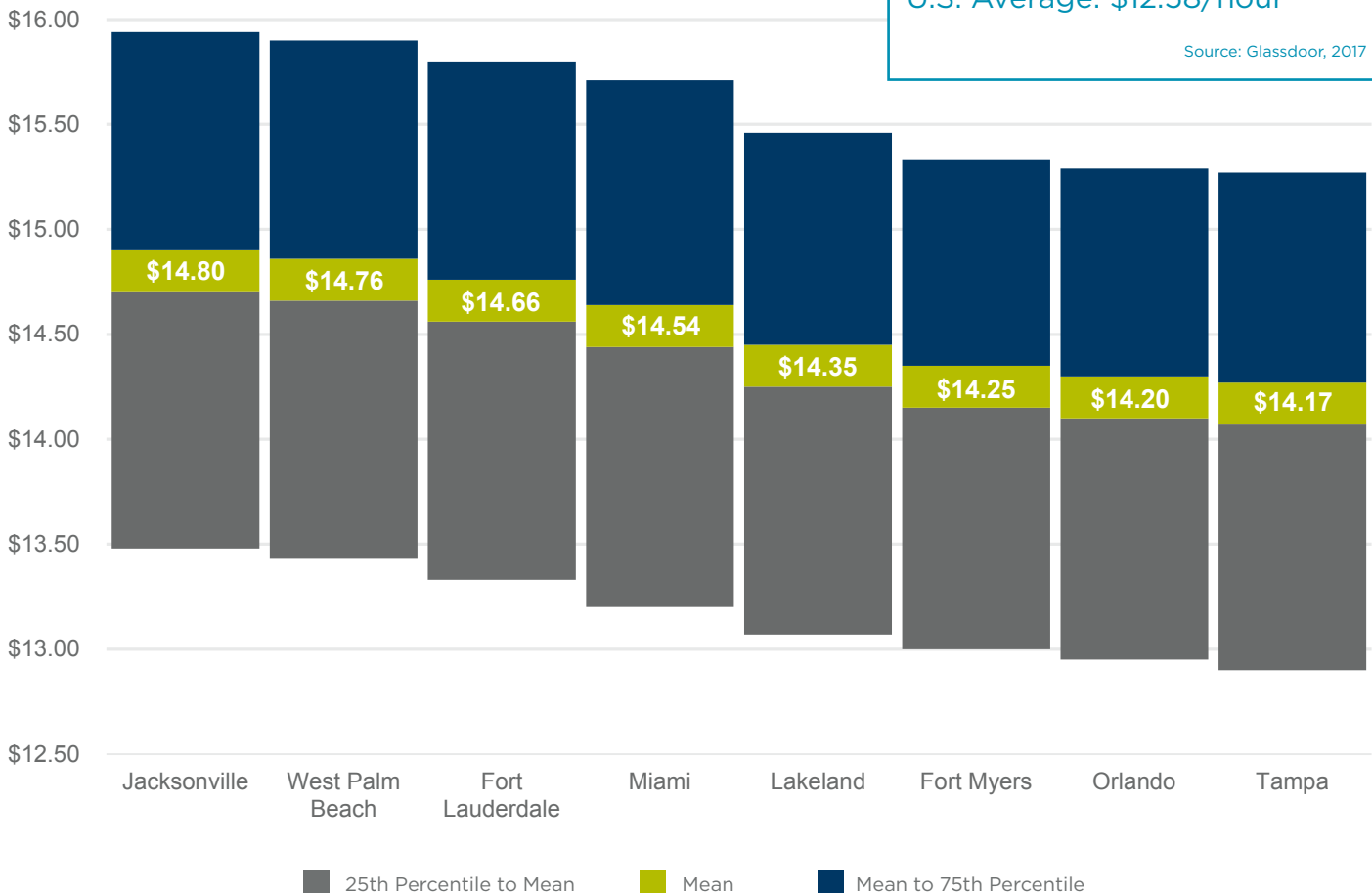
The Cost of Living Factor

One factor that seems to play a lesser role in Florida is how the individual markets track against the national cost of living index. If the national average for the index is 100, markets in South Florida range between 111 to almost 120, while markets to the north all fall below the national average.

Florida's Highest Wage Market

Jacksonville has some of the highest hourly wages for warehouse workers in the state. The higher-than-average pay can be attributed to factors such as the region's strong military presence, young dynamic population, and long term standing as a logistics hub for transportation. Ecommerce companies have also made a significant push into the market, opening several large fulfillment centers, which has increased demand for labor throughout the market.

Warehouse Worker - 5 Years Experience | Salary Range



Florida's Average: \$14.22/hour
 U.S. Average: \$12.58/hour
 Source: Glassdoor, 2017

source: ERI Economic Research Institute, 2018



2018 Florida Labor Analytics: Warehouse Worker

Competitive Edge for Warehouse Workers

Warehouse workers are traditionally not highly paid nor skilled when they begin. Many workers lack loyalty to the company they work for and do not plan to stay in their position long-term. The rise in eCommerce has added additional layers of demand and pushed up wages/benefits for all types of warehouse workers. The fight for employees from an increasingly shrinking pool is further aggravated by competition from complimentary industry sectors, including retail.

According to Glassdoor, the national average wage for a warehouse worker in 2017 was \$12.58/hour. Although this might seem like a fairly good hourly wage, it is not one that is going to lock in an employee. If a company down the street offered a quarter more to do the same type of work, then most workers would move. The additional 25 cents an hour may be an extra tank of gas or a night out on the town.

Employee Turnover and Retention

A survey among warehouse operators in 2017 by DC Velocity and ARC Advisory Group highlighted the challenges in retaining employees. While close to 40% of the respondents had turnover rates of less than 1 in 10 workers annually, 50% had an annual turnover rate between 2 and 10 workers. Ten percent of all respondents indicating that employee turnover was 100% annually. Findings also emphasized that bigger fulfillment centers had a higher turnover rate than smaller operators.

Warehouse companies in Florida are adding incentives to hire workers and improving work environments to keep them engaged. Flexible hours, compressed shifts, and adding performance bonuses are standard practice. Some companies even provide subsidized meals and holiday events to create a sense of community. Higher pay can help reduce employee turnover which saves money on training. It also helps with productivity since experienced workers are usually more efficient.

Rise in Automation

Tight labor markets nationwide are feeding investment in the automation process, both in warehouse and in logistics networks. While some of the work of warehouse workers could be taken over by robots, automation does not necessarily mean humans are superfluous. **Automation works to complement human productivity, not replace it.** Larger eCommerce companies are using automation to increase capacity at existing sites by densifying rack space and organizing inventory more efficiently. Many times, robots are able to navigate different areas of a warehouse better and quicker than humans. The overriding goal with automation is ultimately to increase efficiency and enable faster ship times to customers.

The Future of Work in Florida

Florida will be front and center for the growing eCommerce sector. To maintain momentum, warehouse operators will have to continually hire and source workers. The hunt to find or retain those with experience and skills will become more challenging and will allow workers to command top wages. We are already seeing some warehouse workers coming from other industries, lured by higher wages, lucrative incentives and better benefit packages. Now, they are even pulling people back into the workforce that have sat on the sidelines during the current economic cycle. Will it be enough to meet Florida's insatiable demand for warehouse workers?



2018 Florida Labor Analytics: Warehouse Worker

For more information, contact:

Chris Owen
Florida Research Manager
+1 407 541 4417
chris.owen@cushwake.com

About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 45,000 employees in more than 70 countries help occupiers and investors optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$6 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. 2017 marks the 100-year anniversary of the Cushman & Wakefield brand. 100 years of taking our clients' ideas and putting them into action. To learn more, visit www.cushwakecentennial.com, www.cushmanwakefield.com or follow @CushWake on Twitter.

Copyright © 2018 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.