

EASTERN PA INDUSTRIAL RESEARCH BRIEF

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Luring Labor? Best Bets for Warehouse Occupiers in the I-81/78 Corridor Industrial Market

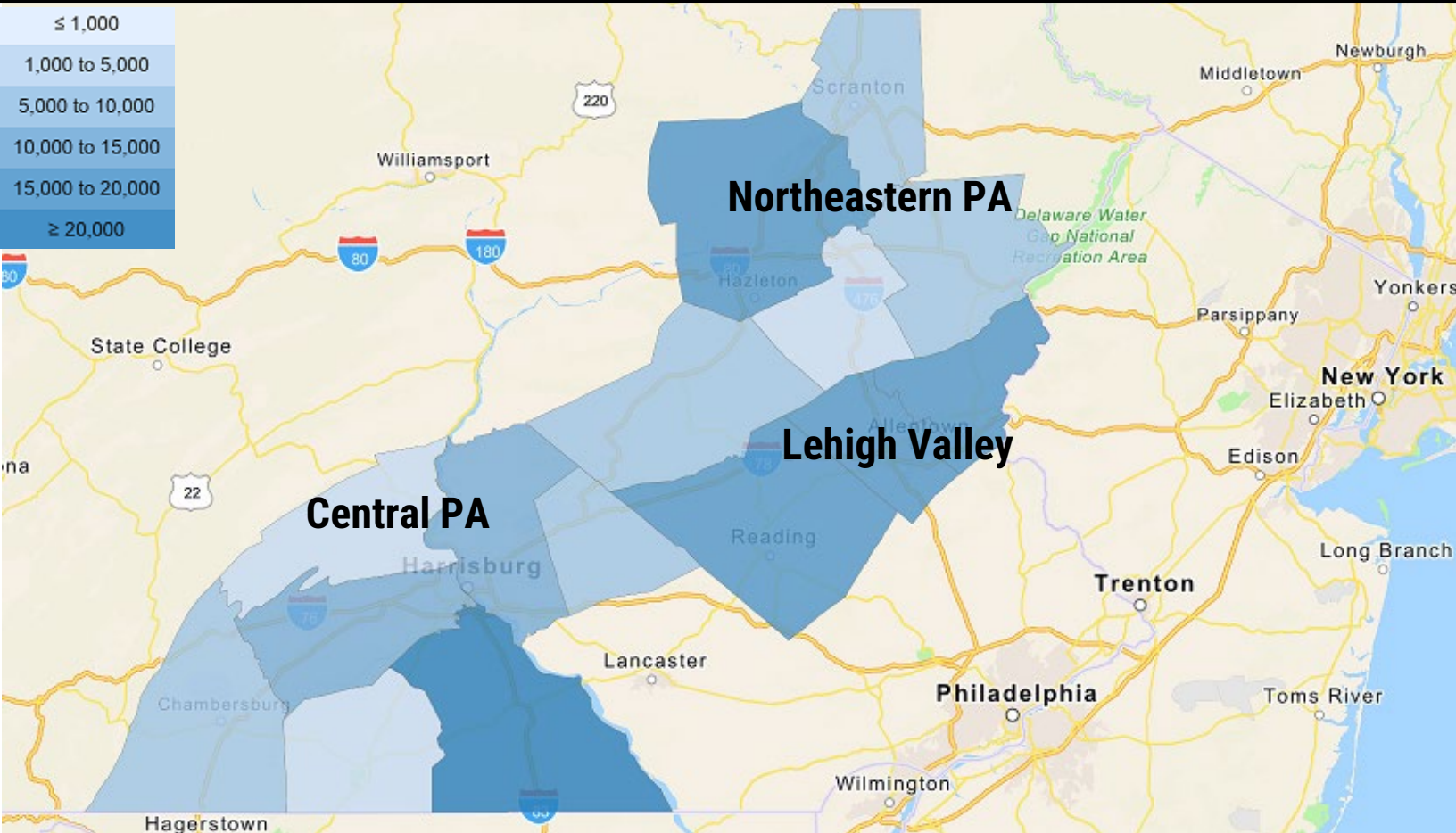
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In this new era of sophisticated supply chain strategy, Eastern Pennsylvania’s I-81/78 Corridor industrial market has evolved to become a globally significant logistics hub due in large part to the combination of unmatched highway infrastructure, that provides access to half the U.S. population within a day’s truck drive, and an abundant supply of institutional-grade warehouses. A whopping 61 MSF of new industrial space delivered since 2015 - 16.0% of the current inventory! - and yet market vacancy remains in the single digits. A humming economy and rapid e-commerce growth will continue to drive warehouse demand in the Corridor in 2020, keeping construction levels elevated: currently, 17.6 MSF is in development across the market.

As the warehouse inventory grows, so do occupier concerns over where to find workers. Transportation/warehousing employment in the Corridor skyrocketed with the construction boom starting in 2014, peaking at 9.0% year-over-year (YOY) gains in 2016, but growth has decelerated since (although remarkably, is still robust at 3.1% YOY as of 3Q 2019 – stronger than total job growth locally or nationally).

An analysis of labor and demographic metrics in the Corridor’s three submarkets, Northeastern PA, Central PA, and the Lehigh Valley, reveals each has considerable talent pockets for current and future warehouse occupiers. The second figure below measures transportation/warehousing workers by where they live on a county level (i.e., the existing labor pool), and examines concentrations of currently unemployed former transportation/warehousing workers, as well as population growth (both signifiers of a potential labor pool). These measures indicate that the Lehigh Valley is the best bet for labor in the market, although Central PA’s York County has the single largest volume of transportation/warehousing-employed residents and is a very strong contender. Certainly, with high volumes of space under construction across the Corridor, there will be elevated competition for labor – but key parts of the market are still well-poised to provide workers needed to fill warehouses.

Transportation/Warehousing Occupation Concentration in the Corridor



Source: JobsEQ, 3Q19. Specific occupational employment category measured is ‘Transportation and Material Moving Occupations’, by worker place of residence.

Corridor Transportation/Warehousing Talent Pool Breakdowns by County

County	T/W Employment	5-year Population Growth	Unemployed Former T/W Workers
York	21,173	2.13%	1,060
Lehigh	18,142	3.58%	1,221
Berks	17,423	1.50%	1,011
Luzerne	16,314	-0.62%	1,260
Northampton	16,217	1.96%	974
Cumberland	14,988	4.29%	692
Dauphin	12,152	2.08%	704
Franklin	8,458	1.91%	396
Lackawanna	8,164	-1.38%	545
Schuylkill	8,091	-3.14%	599
Lebanon	7,626	4.07%	377
Monroe	6,747	1.28%	437
Adams	4,922	1.66%	197
Perry	3,118	1.06%	133
Carbon	2,986	-0.50%	195

Central PA

Northeastern PA

Lehigh Valley

Source: JobsEQ, US Census. Specific occupational employment category measured is ‘Transportation and Material Moving Occupations’, by worker place of residence. Population growth measured from 2013-2018