









# Industrial Insight

## TRANSIT(ION): TRUCKING SECTOR TRENDS MAY IMPACT WAREHOUSE LOCATION DECISIONS

The domestic trucking industry, which transports nearly 75% of the nation’s freight by tonnage<sup>1</sup>, is grappling with mid- and long-term challenges that have contributed to ongoing supply chain instability. Demographic, regulatory, technological, economic, and environmental forces are converging to reshape the industry and solve some challenges while presenting new ones. This environment of industry change will inform where industrial occupiers place warehousing/distribution operations to optimize the efficient and cost-effective transit of goods. Labor is the predominant longstanding issue facing the trucking industry – particularly in long-haul trucking – for a myriad of reasons illustrated below.

### TRUCKING INDUSTRY CHALLENGES

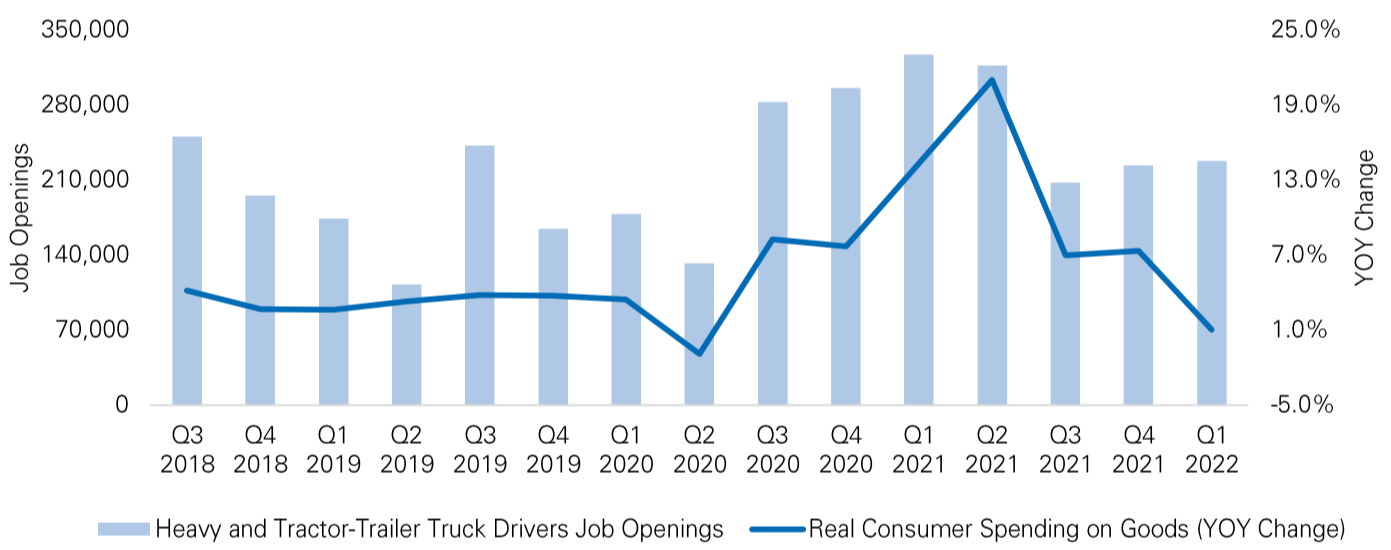
 <p><b>Median Age:</b> 46.6</p> <p>Almost five years older than the median age for all workers (41.9)</p>	 <p><b>Fatalities:</b> 42.6 per 100,000</p> <p>More than 12.5 times more fatalities than the average worker (3.4)</p>
 <p><b>Women in Trucking:</b> 6.9%</p> <p>Compared to 47.5% for all workers</p>	 <p><b>Long Work Weeks Away from Home:</b> 60-70 Hours</p> <p>Often for multiple weeks at a time</p>
 <p><b>High Turnover Rate:</b> 89%</p> <p>Average turnover for large fleets in 2021, two points higher than 2020</p>	 <p><b>Lost Productivity:</b> \$1.1-\$1.3 Billion</p> <p>Estimated annual loss in truckload driver earnings due to wait times at pickup/dropoff</p>
 <p><b>Retention of Drivers:</b> 10.0 Million CDL License Holders, Only 7.8 Million Employed</p> <p>Data as of 2018 per ATA with 7.8 million employed in trucking-related jobs</p>	 <p><b>No Place to Park:</b> 1 Parking Space per 11 Drivers</p> <p>Truck drivers spend close to an hour a day locating parking</p>

Source: Newmark Research, U.S. Census Bureau American Community Survey, U.S. Bureau of Labor Statistics, American Trucking Association, U.S. Department of Transportation’s Office of Inspector General (OIG).

The past two years of elevated consumer spending exacerbated churn in the industry. Turnover dramatically increased as drivers took advantage of increased pay and signing bonuses, or established their own businesses, capitalizing on strong demand. Some relief to the high turnover and labor shortages may come with a correction in consumer spending due to persistently high inflation outstripping increasing wages. New trucking job postings have moderated from the 2021 peak, yet labor demand still well exceeds supply.

### CONSUMER SPENDING ON GOODS DRIVES DEMAND FOR TRUCKING JOBS

New Online Trucking Job Postings and Real Consumption Expenditures on Goods



Source: Newmark Research, JobsEQ, FRED.

Long-term trucking industry labor challenges will persist due to retirements and chronic recruitment/retention problems. Industrial occupiers and fleet operators may solve for this by leveraging a demographic shift, especially among younger drivers, towards a preference for shorter line hauls and more time spent at home. With transportation costs (which account for approximately 50% of total logistics costs) driven relentlessly high by [geopolitical turmoil](#), firms looking to control costs and appeal to a broader-based potential labor pool may expand the number of warehouse/distribution points along the supply chain. Additionally, the next generation of truck drivers is likely to come into an industry more catered to their preferences amid the push to meet ESG and regulatory requirements, particularly in California. Electric trucks hitting the market over the next few years will likely have a real-world average range near 250 miles<sup>2</sup>; charging infrastructure access will be a key factor in wide-scale electric vehicle (EV) adoption. EV mileage and charging limitations will create opportunities for landlords to entice ESG-minded occupiers to warehouses with charging capacity, which in turn could help those occupiers recruit and retain drivers with shorter line hauls. These trends indicate a need for a diverse portfolio of strategic warehouse locations in the coming years, especially in areas serving major seaports in a one-day drive or regional hubs with strong intermodal infrastructure and access to the most end-consumers in the shortest distance.

### INDUSTRIAL MARKET AND CONSUMER ACCESSIBILITY METRICS, TOP MAJOR MARKET BY REGION

	Market Metrics		Population Within:			
			250 Miles		1-Day Drive Time*	
	Inventory (MSF)	1Q22 Vacancy	2021 Population	2021-2026, % Growth	2021 Population	2021-2026, % Growth
<b>NORTHEAST</b> New Jersey North	676.3	2.9%	56.5 M	1.6%	104.2 M	1.8%
<b>MIDWEST</b> Indianapolis	370.7	3.6%	34.3 M	1.2%	149.1 M	2.4%
<b>WEST</b> Inland Empire	660.2	0.6%	28.5 M	2.9%	52.9 M	3.9%
<b>SOUTHEAST</b> Greenville/Spartanburg	209.9	3.7%	27.6 M	5.3%	125.0 M	3.6%
<b>SOUTHWEST</b> Austin	110.0	4.7%	25.0 M	8.7%	53.5 M	5.4%

Source: Newmark Research, ESRI. Top market determined by population within 250 miles of anchor MSA. \*Equals 11 hours per FMCSA regulation.

<sup>1</sup>American Trucking Association

<sup>2</sup>North American Council for Freight Efficiency and Rocky Mountain Institute, High-Potential Regions for Electric Truck Deployments

**Rich Lachowsky**

Director, Salt Lake City and National Industrial Research

t 801-578-5532

rich.lachowsky@nmrk.com

**Lisa DeNight**

Director, National Industrial Research

t 215-246-2725

lisa.denight@nmrk.com

**nmrk.com**

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