

MARKETING

INSIDER BRIEFS

Job Openings Inch Up as Layoffs, Hirings Soar

CONSTRUCTION DIVE

Construction sectors powered by federal funds have high demands for labor, but private segments face slower growth, according to an Associated Builders and Contractors. The construction industry had 441,000 unfilled jobs in February, 3.8% more than in January. The construction industry had 441,000 unfilled jobs in February, 16,000 more — or 3.8% higher — than in January, according to the Bureau of Labor Statistics job openings survey released Tuesday. The BLS report counts the number of positions for which employers were actively hiring. February's number was 7.8% higher than at the same time last year. The growth came as the industry counted 403,000 new hires, the second highest rate on record, according to Associated Builders and Contractors. At the same time, BLS measured 375,000 total separations, counting layoffs, firings and quits.

AUTOMOTIVE NEWS

GM Sales Slip in Q1; Toyota, Honda Rack Up Double-Digit Gains

AUTOMOTIVE NEWS

U.S. light-vehicle sales are projected to rise 4.7% to 12% in March, and 4.5% to 6% in Q1, based on estimates from forecasters. Toyota's biggest sellers posted big gains in March: Prius, up 83 percent; Corolla, up 65 percent; Camry, up 21 percent; and RAV4, up 45 percent. General Motors' U.S. sales slipped in the first quarter, with only Buick posting a gain, while Toyota Motor Corp. and Honda Motor Co., benefiting from increasing stockpiles and hybrid demand, posted double-digit increases in March and the first quarter, with car demand outpacing light-truck growth at both companies. GM said its results last quarter reflected lower fleet shipments, while retail volume rose 6 percent during the period. Volume dropped at GM's two biggest brands — 2.2 percent at Chevrolet and 4.8 percent at GMC — and at Cadillac. Buick deliveries surged 16 percent. Toyota said volume rose 22 percent to 214,894 last month, with the Toyota Division

up 23 percent and Lexus gaining 17 percent. Toyota Motor North America's total car sales in March advanced 36 percent while light-truck deliveries rose 16 percent. The automaker ended the quarter with 221,048 cars and light trucks in U.S. inventory, or a 28-day supply, compared to 142,958 cars and light trucks in stock a year earlier. GM topped Toyota by nearly 25,000 sales in the first quarter. In the first quarter of 2023, Toyota slipped to No. 3 behind GM and Ford.

Ford Delays EV Pickup, Utilities as it Expands Hybrid Options

AUTOMOTIVE NEWS

Ford said it plans to offer hybrid variants on each gas-powered vehicle in its lineup by the end of the decade. Ford said it would begin transforming its Oakville Assembly Plant in Canada into an EV complex, starting this quarter. Ford Motor Co. said it is delaying plans for a new electric pickup and three-row electric utilities amid slowing demand for EVs. Meanwhile, it aims to offer hybrid variants on each gasoline-powered vehicle in its lineup by the end of the decade. The automaker said it is postponing production at its under-construction Blue Oval City plant in Tennessee from late 2025 to 2026. It is also delaying production of three-row EV utilities at a facility in Canada from 2025 to 2027. However, Ford plans to begin transforming its Oakville Assembly Plant into an EV complex on time, starting this quarter. Ford said its Ohio Assembly Plant will still build a new commercial EV, with tooling instal-

lation set to begin in 2025. The company previously said the vehicle would come "mid-decade." capacity — will be attracting or training the needed educated or skilled workforce. "Sourcing talent globally will also be critical in relation to attracting labor with specialty skill sets (as in certain semiconductor production processes). Immigrants account for about 40 percent of highly skilled workers in America's semiconductor industry," the report noted.



UPS to Consolidate 200 US Sorting Hubs by Automating

ALM GLOBEST

Shipping giant aims to save \$3B a year with \$9B automation push by 2028.

UPS has disclosed that it plans to close 200 sorting facilities in the U.S. by the end of 2028 as part of a \$9B push to automate its shipping hubs, which the company is calling its "Network of the Future." The automation push aims to save UPS an estimated \$3B a year by the end of 2028, mainly by reducing reliance on manual labor. The logistics giant said it is aiming to triple the number of automated facilities in its network, bringing the total to 400. Only 10 of the highly automated facilities will be newly built; the rest will involve the conversion of existing shipping facilities, including an investment in 63 automation projects throughout the country. UPS said it wants to adjust its "volume-per-resource" ratio, a ratio that is calculated by dividing average daily volume by the number of U.S. employees. UPS wants to increase the ratio, which measured 51 in 2023, to about 59 in 2026. UPS' Network of the Future involves end-to-end automation at sortation facilities, including robotic systems to help unload trailers and pick-and-place robots that move packages onto conveyor belts. UPS announced earlier this month it has landed a deal with the U.S. Postal Service to become

the agency's primary provider of air cargo transportation, usurping FedEx Express. UPS said it will ramp up its activity with the USPS after a transition period, eventually moving the majority of the agency's air cargo in the U.S.

MOB CAP Rates Rise

ALM GLOBEST

Average medical outpatient building (MOB) cap rates have increased for five consecutive quarters, ending Q4 at 6.9%, according to CBRE's Q4 report on the asset class. The average cap rates steadily declined between 2020 and most of 2022 before increasing by 80 basis points between Q3, 2022 and Q4 2023. "From a general occupancy perspective, medical office is relatively stable," Joe Euphrat, Managing Principal, GreenRock, tells GlobeSt.com. "Healthcare needs continue during any market environments. Medical offices, though, are not immune to the affects in the market. Price impacts have occurred due to increases in cap rates, close to 7.0% today. MOB asking rent growth has far outpaced that of traditional office buildings since 2020, mostly the result of heightened patient demand for healthcare services. Its annual compound growth rate since Q4 2019 is 2.7%. Average MOB triple net asking rent increased by 0.4% year-over-year to \$23.66 per square foot. Additionally, medical outpatient building investment continues to increase. Volume was up by 15% quarter over quarter in Q4 2023 by \$2 billion bringing the full-year total to \$7.1 billion. MOB's traded at an average of \$287 per square foot in Q4, marking the sixth consecutive quarter it declined after it peaked at \$356 in Q2 2022. Such declines follow the trend of the broader office market, according to CBRE.

U.S. Manufacturing Activity Breaks Losing Streak; Expands for First Time in 16 Months

COLLIERS

U.S. manufacturing activity expanded for the first time in more than a year, according to the latest survey of purchasing executives conducted by the Institute for Supply Management released April 1st. Following straight sixteen months of contraction, activity in the U.S. manufacturing sector rebounded into expansion, advancing 2.5% to a reading of 50.3%. Led by an increase in demand and output, this is the first time the sector has signaled expansion since September of 2022. Timothy R. Fiore, CPSM, C.P.M., Chair of the Institute for Supply Management® Manufacturing Business Survey Committee, said that the manufacturing sector is showing signs of recovery, with demand and production increasing, although

suppliers are facing challenges due to their raw material supply chains. "The U.S. manufacturing sector moved into expansion for the first time since September 2022. Demand was positive, output strengthened and inputs remained accommodative," Fiore said. "Demand remains at the early stages of recovery, with clear signs of improving conditions. Production execution surged compared to January and February, as panelists' companies reenter expansion. Suppliers continue to have capacity but are showing signs of struggling, due in large part to their raw material supply chains." Meanwhile, a rise in demand for some sectors is putting pressure on manufacturers to ramp up production, as seen in this comment from a respondent in the transportation equipment sector: "Expecting to see orders and production pick up for the second quarter. Suppliers are working with us to help drive costs down, which will help improve the margin for the rest of the year and deliver growth in 2025."

Design Build Institute of America

DBIA

Design-build construction spending in the assessed segments and geographies is anticipated to yield a compound annual growth rate (CAGR) of 5.2% over the 2022-2026 forecast period and reach over \$405 billion in 2026. The South Atlantic, West South Central and Pacific regions are anticipated to account for the largest volume of design-build spending over the 2022-2026 forecast period. Overall, design-build is anticipated to represent up to 47% of construction spending in the assessed segments and geographies in 2026. Across the assessed segments, highway/street (18%), educational (13%), and manufacturing (14%) are anticipated to represent the greatest percentage of design-build construction spending by segment over the 2022-2026 forecast period.

