



Labor Outlook Raleigh-Durham

Are there enough workers for now and the future?



Executive summary



As competition for labor becomes increasingly constrained nationwide, Raleigh-Durham's talent pipeline is extensive and multi-faceted.

Current conditions

- North Carolina's workforce was hit hard by pandemic-related restrictions, but women are leading the return to work
- Raleigh-Durham's available jobs now outnumber unemployed persons in a highly-constrained labor market
- Despite a constrained labor market, Raleigh-Durham continues to increase employment monthly
- Employers are increasingly pulling additional talent to the market from adjacent areas and relocating new employees from national markets

Bracing for a downturn

- Raleigh-Durham's job growth rates remain elevated above the country in both recessionary and growth periods
- Unemployment recoveries in North Carolina tend to lead the U.S. by 1-2 years following recessions
- Labor force participation has declined nationwide since 2000, and in North Carolina since 1990, driven mostly by the economic prosperity during the recovery and growth period following the Great Recession

Mitigating long-term risk

- Mitigating the risk associated with continued projected labor shortages requires short-, mid-, and long-term talent pipelines
- Raleigh-Durham's population aging into prime age will increase by 145K over the next decade
- Public universities will continue to attract students from outside the market and retain them for yearly net increases in labor
- As families migrate in, children are likely to remain in-market through young adulthood



Current Conditions

How are current and projected
labor shortages affecting Raleigh-Durham?



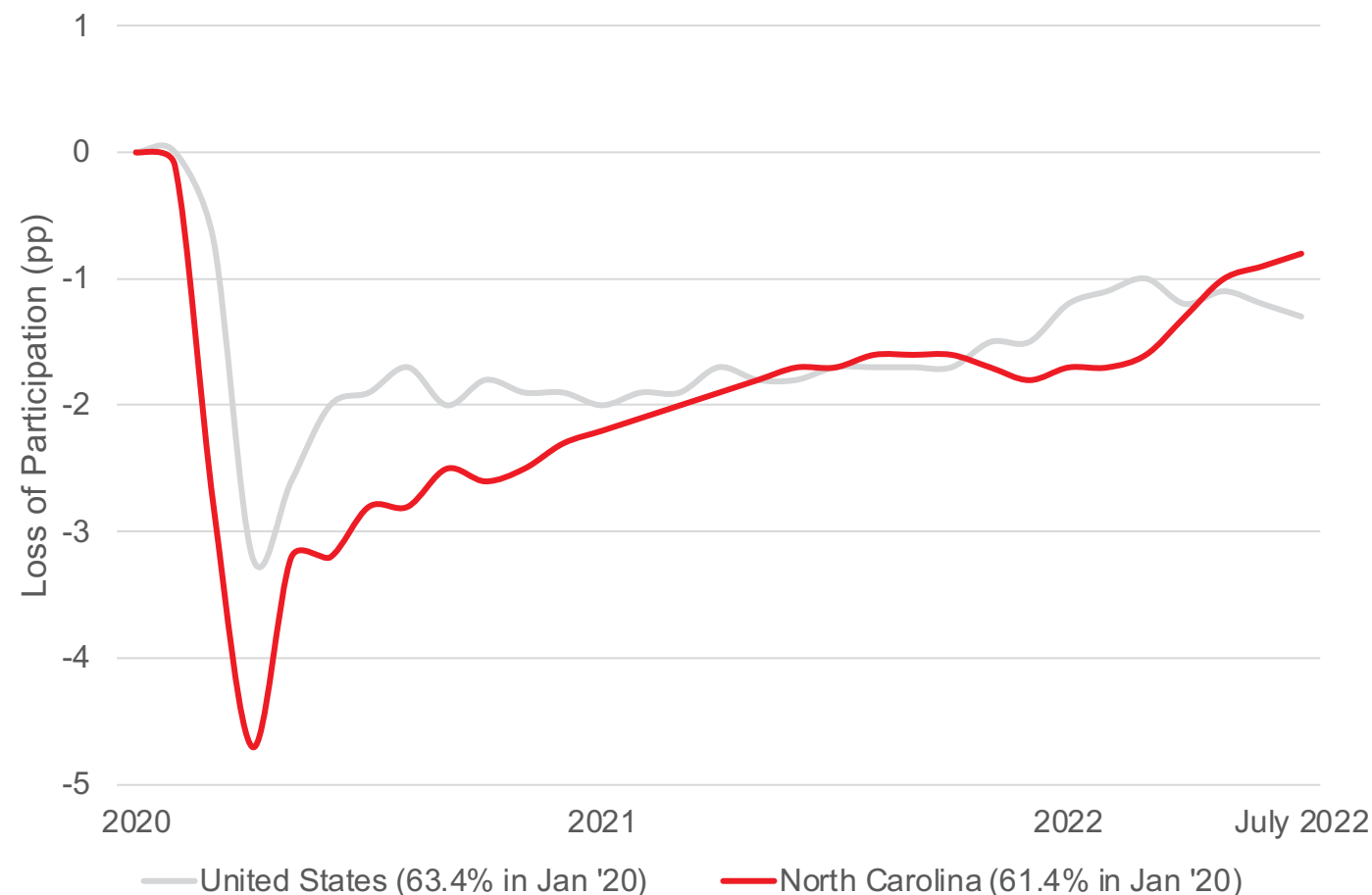
Return to work slowly progressing

3.9 pp

N.C. labor force participation
rate recovery since COVID low.

- North Carolina's workforce was hit worse than the nation during the shutdown period but has now sits closer to its pre-pandemic level
- 50.4% of the labor force in Raleigh-Durham is female, who were more affected by school closures (nation – 49.0%)

Labor Force Participation Rate
(Indexed to January 2020)



Labor supply highly constrained

0.79

Current available workers per
job posting in Raleigh-Durham.

- Economic growth in the market has outpaced the local supply, passing equilibrium in November 2021
- To maintain employment growth trends, workers must be brought into the market via daily commute or relocation



Ratio of Unemployed Persons to Unique Postings in
Raleigh-Durham (3-month rolling average)



Source: JLL Research, Lightcast

Migration finds the missing workers

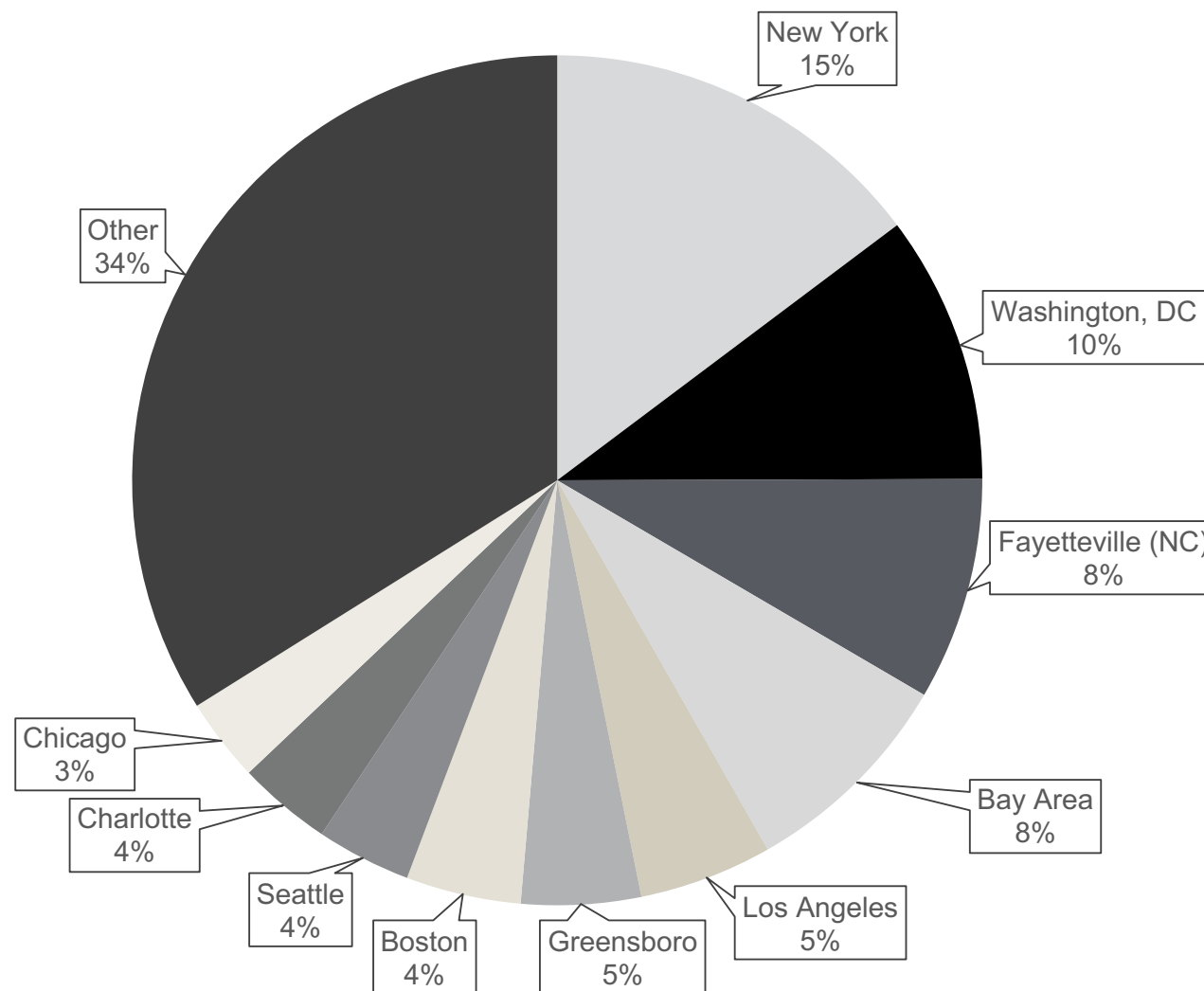
36%

New residents that came from NE and West Coast Markets.

- Continued employment growth is being sustained by inbound migration from out-of-state markets known as innovation clusters
- An average of 113 net new workers moved into the market every day in 2021, increasing the employment base by 42% over the course of the year



Origin of Raleigh-Durham New Residents 2021



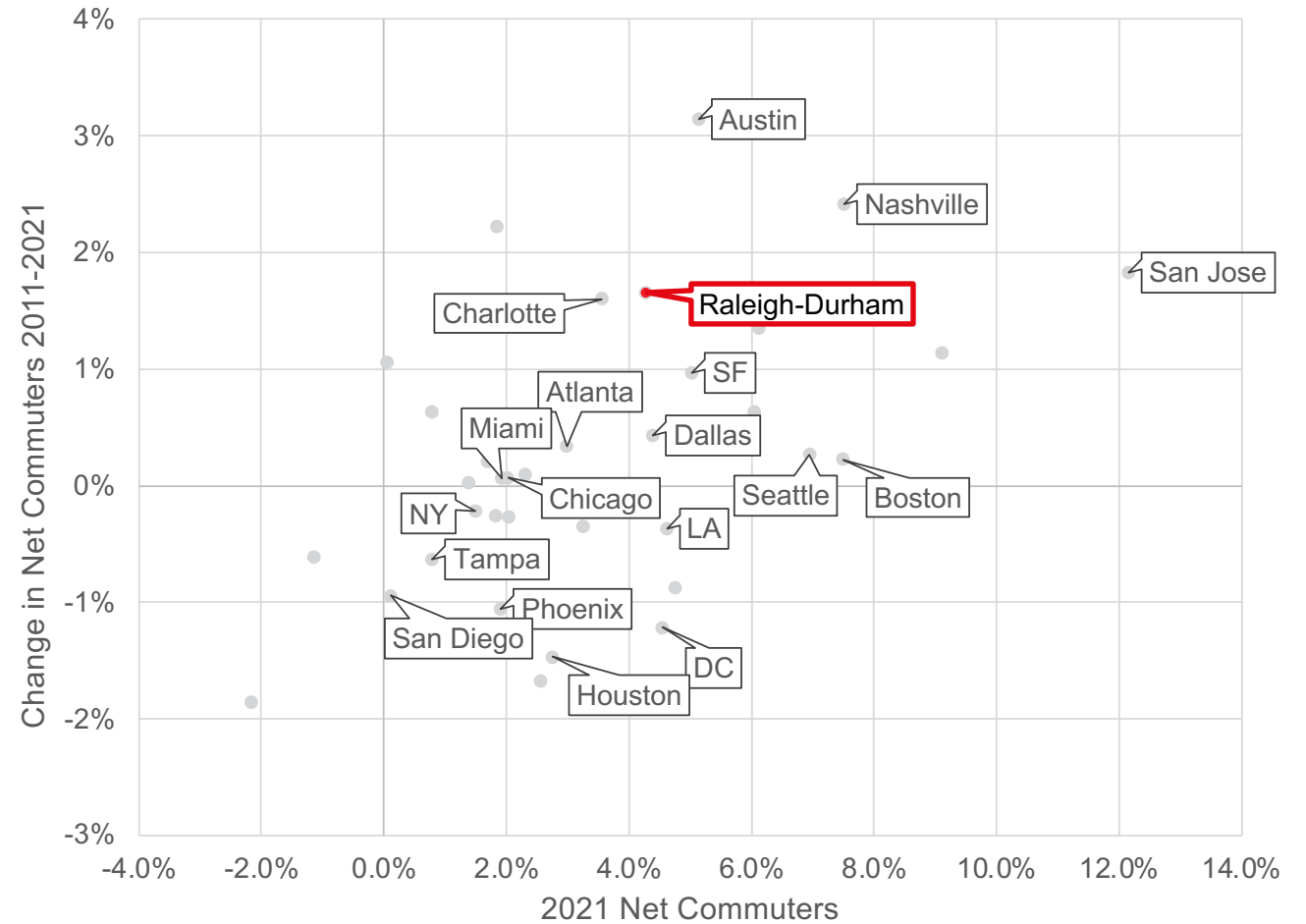
Source: JLL Research, Redfin, Lightcast

Workers increase commuting into growing markets

4.3%

Workers that commute into Raleigh-Durham for work.

- Continually increasing employment has been bolstered by a greater share of workers commuting into Raleigh-Durham – increasing 17% over the past decade
- Many former resident workers have moved to adjacent geographies and commute into the market, opening in-market housing opportunities for new residents moving from out-of-state



Source: JLL Research, Lightcast



Bracing for a Downturn

How have recessions impacted
the Raleigh-Durham labor market in the past?



Jobs rebound at a higher rate than the country

27%

More job growth in the Triangle
than the United States since 2001.

- Jobs decline less during recessionary cycles and grow faster in periods of economic growth
- Job growth has outpaced the U.S. every year since 2004
- A wide variety of industries across a strong economy prepares Raleigh-Durham for softer landings than the country during recessions

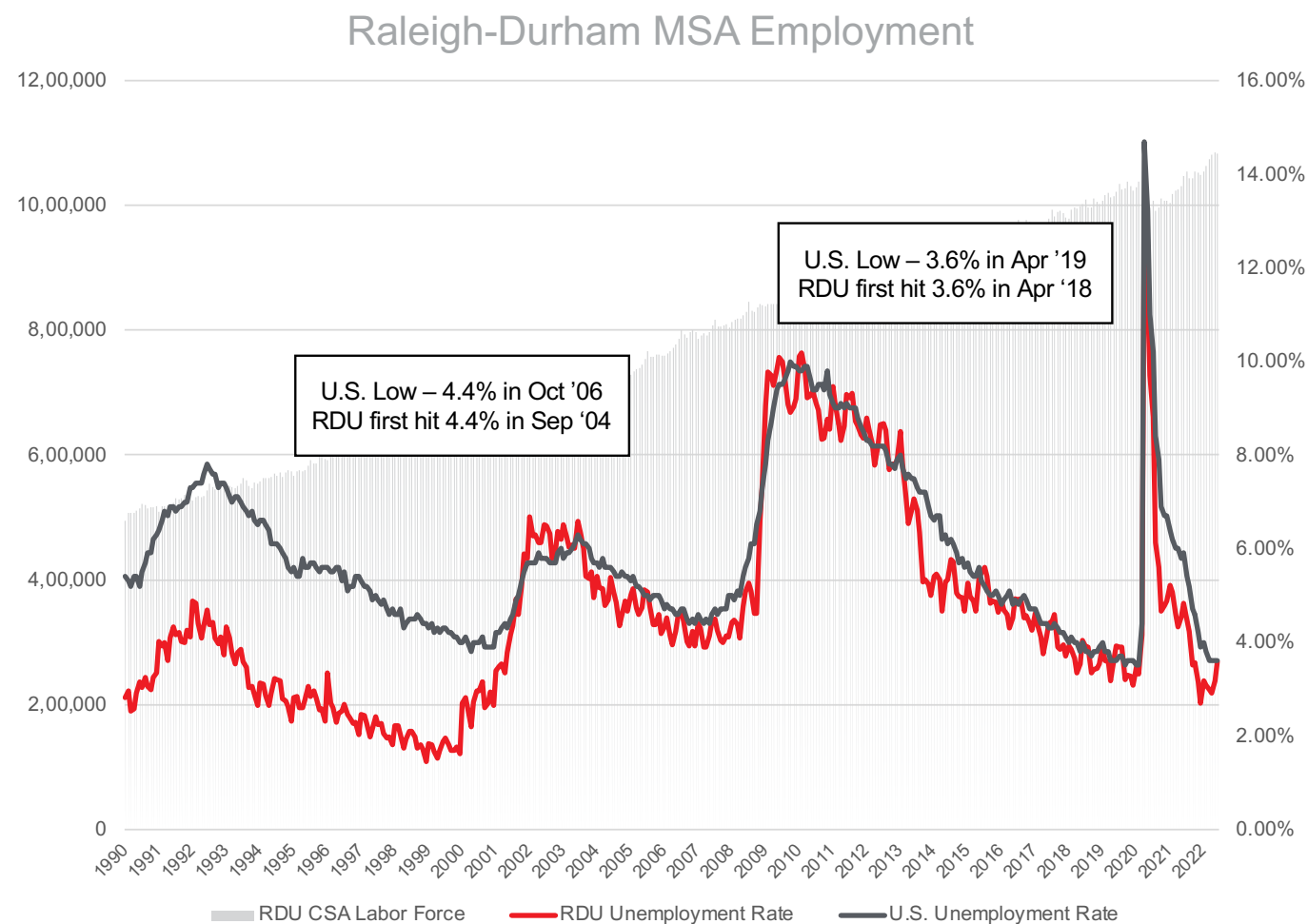


Local economy and labor force prove resiliency

14.7%

Labor force growth from April 2020 to June 2022, locally.

- Raleigh-Durham's labor force growth has outpaced the country by 98% from April 2020 to June 2022
- Unemployment rates fall more quickly during recovery periods in Raleigh-Durham, such as the post-early 2000's recession period



Source: JLL Research, BLS

**NC saw lower
participation rates
last decade**

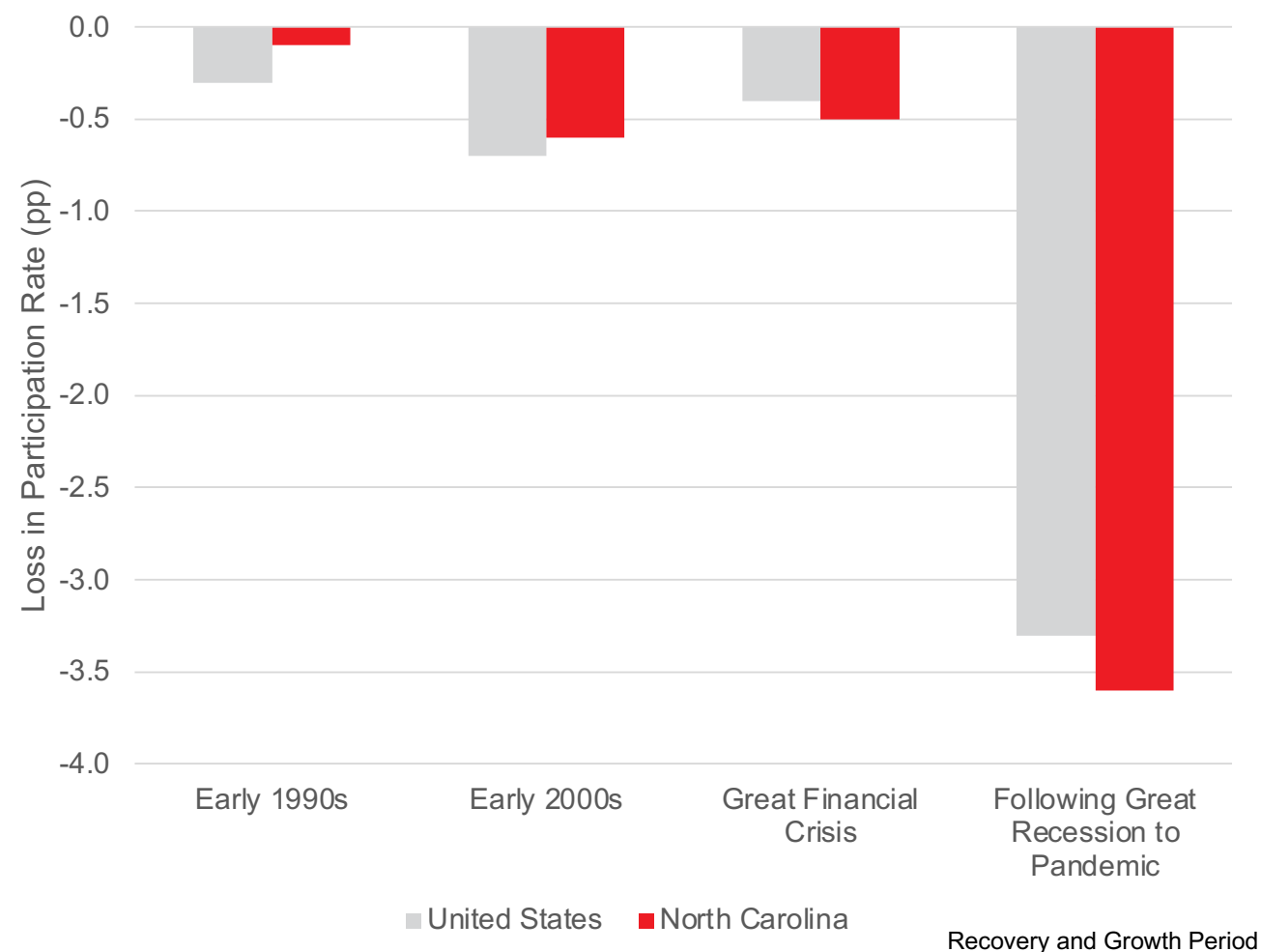
3.6 pp

Loss of N.C. labor force
participation in latest recovery.

- North Carolina has been largely consistent with national trends for labor force participation since 1990
- Recessionary periods since 1990 have proven North Carolina workers more resilient than U.S. workers, on average, retaining a slightly higher share of workers through these periods



Fall in Labor Force Participation Rate by Recession
(Beginning to Lowest Point)



Source: JLL Research, US BLS



Mitigating Long-Term Risk

How and why do prime-age workers enter the market?



Labor pipeline from prime-age migration

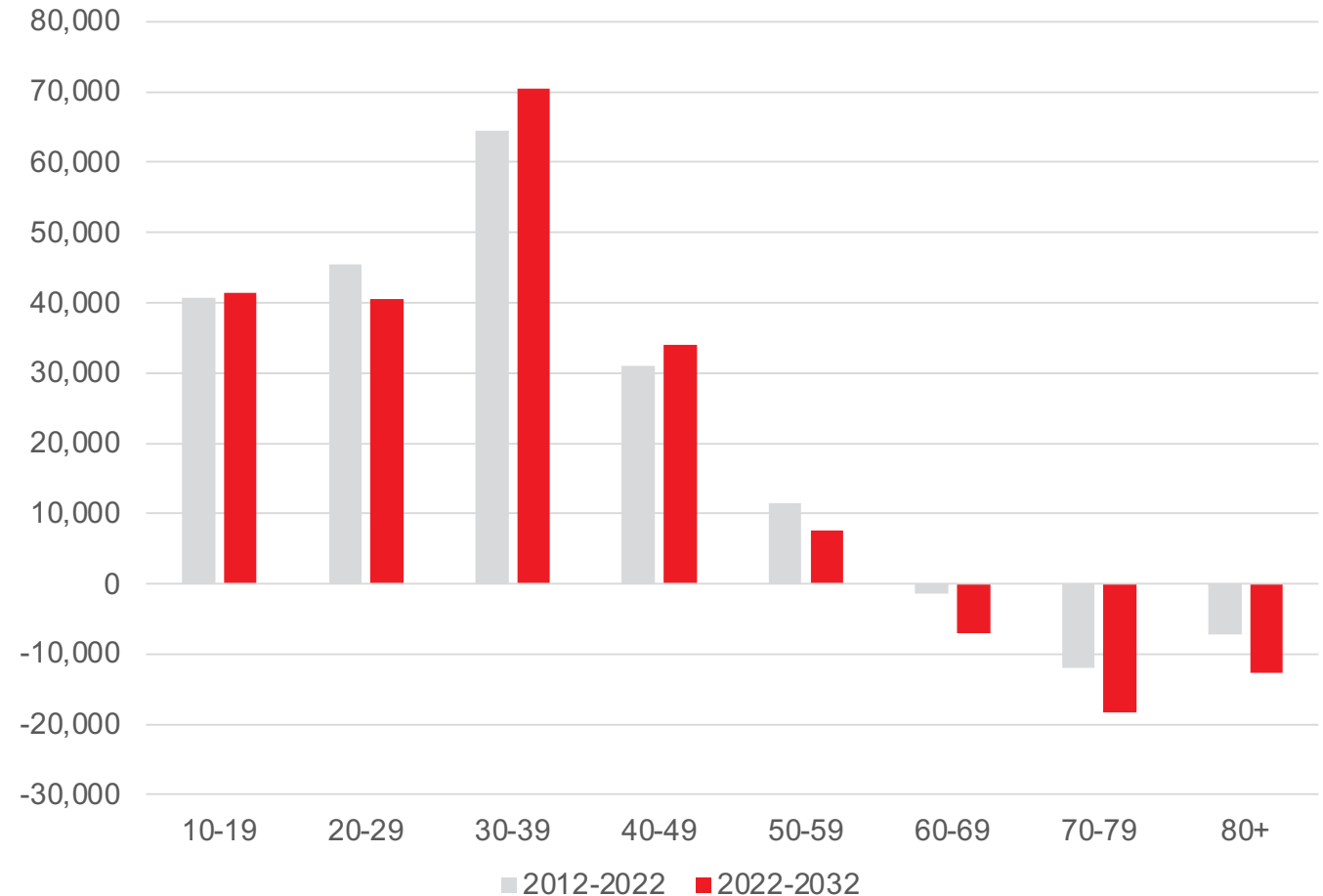
145K

Projected net migration in ages
20-50 over the next decade.

- According to Pew Research, “Family and children” and “Occupation and career” rank as the top two factors for a meaningful life – both of which affect relocation decisions during early- and mid-career phases
- Although overall inbound migration momentum is expected to slow after a breakneck pace in the prior decade, momentum is expected to increase further for mid-career professionals



Net Migration by Age Bracket
Past Decade and Projected



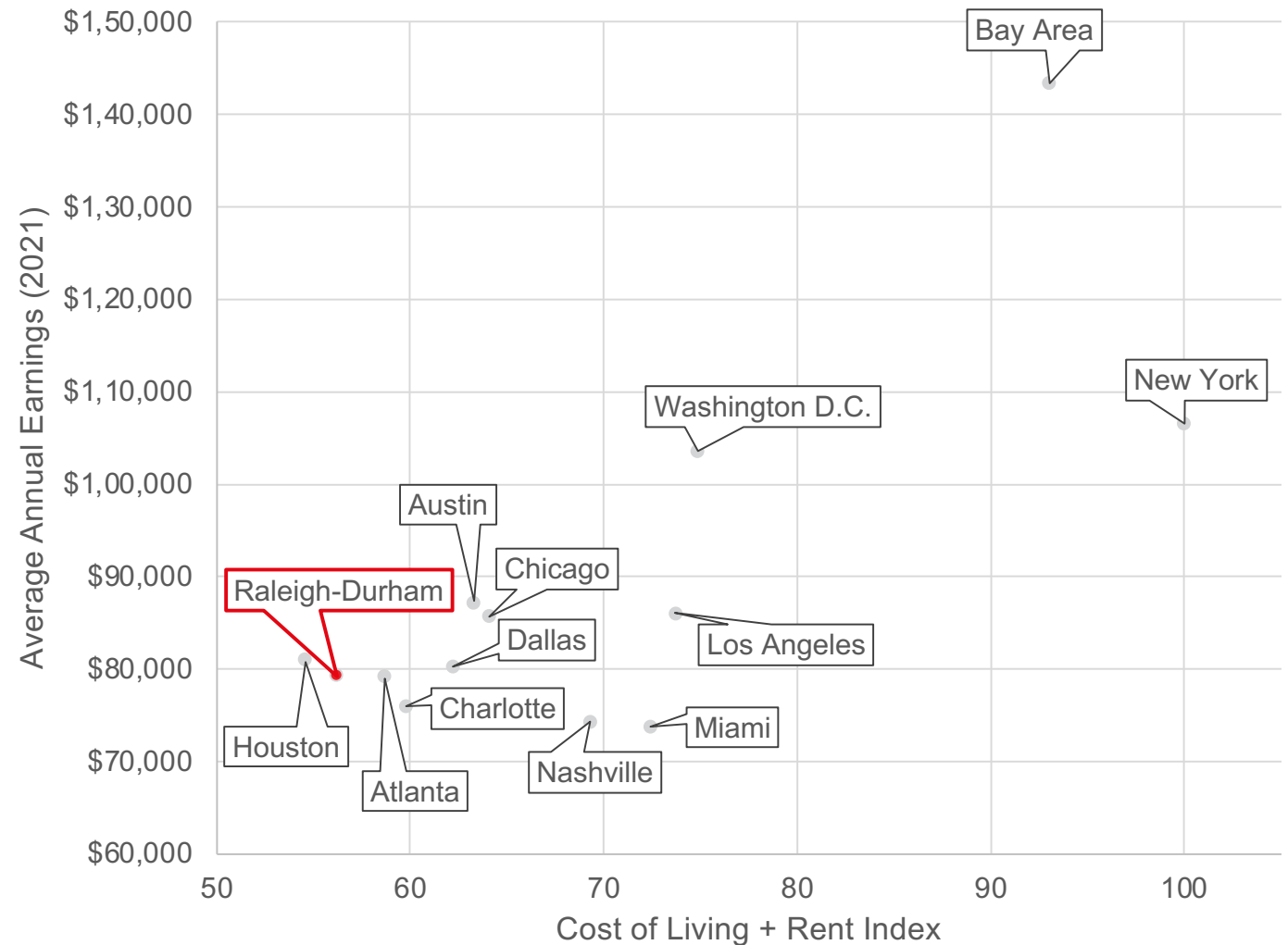
Source: JLL Research, Lightcast, Pew Research

Affordable
living attracts
out-of-state migrants

43%

More affordable to live
in than New York City.

- Ranked as the #6 Best Place to Live by U.S. News & World Report with high scores in value and quality of life indices
- According to Realtor.com and The Wall Street Journal, Raleigh-Durham is the #10 Emerging Market for housing for both private families and investors



Source: JLL Research, Lightcast, Numbeo

Labor pipeline from early career graduates

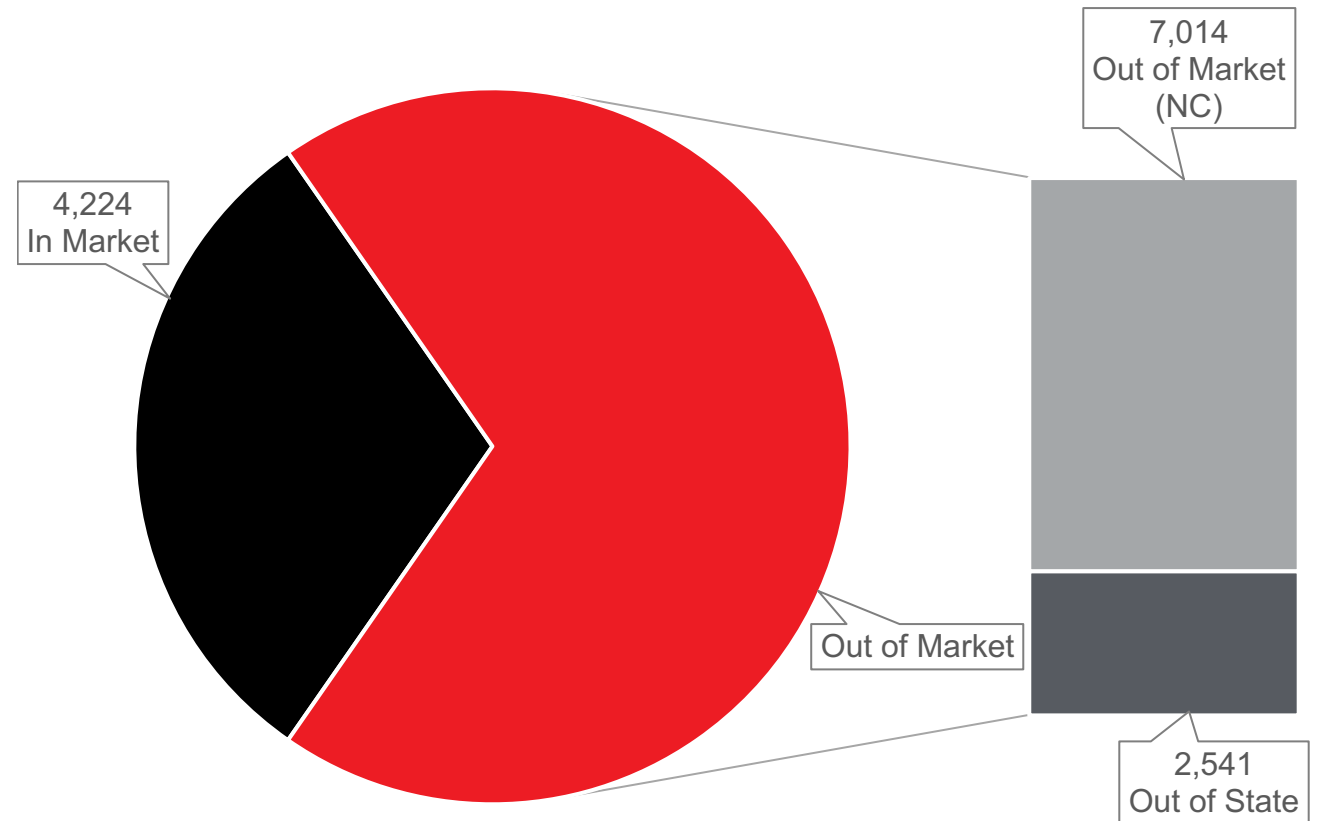
4,732

The projected net gain in talent
upon graduation of the Class of 2025.

- Almost 10,000 students come to local public universities from outside the market each year
- An estimated 65% of graduates from universities in Raleigh-Durham are expected to remain in the market for work
- The labor force increase from these three universities alone is roughly 12% per year



Fall 2021 Incoming Undergraduate Students
(UNC-CH, NCCU, NCSU)



Source: JLL Research, UNC System, Wake County Economic Development

An ecosystem of learning retains the highly-educated

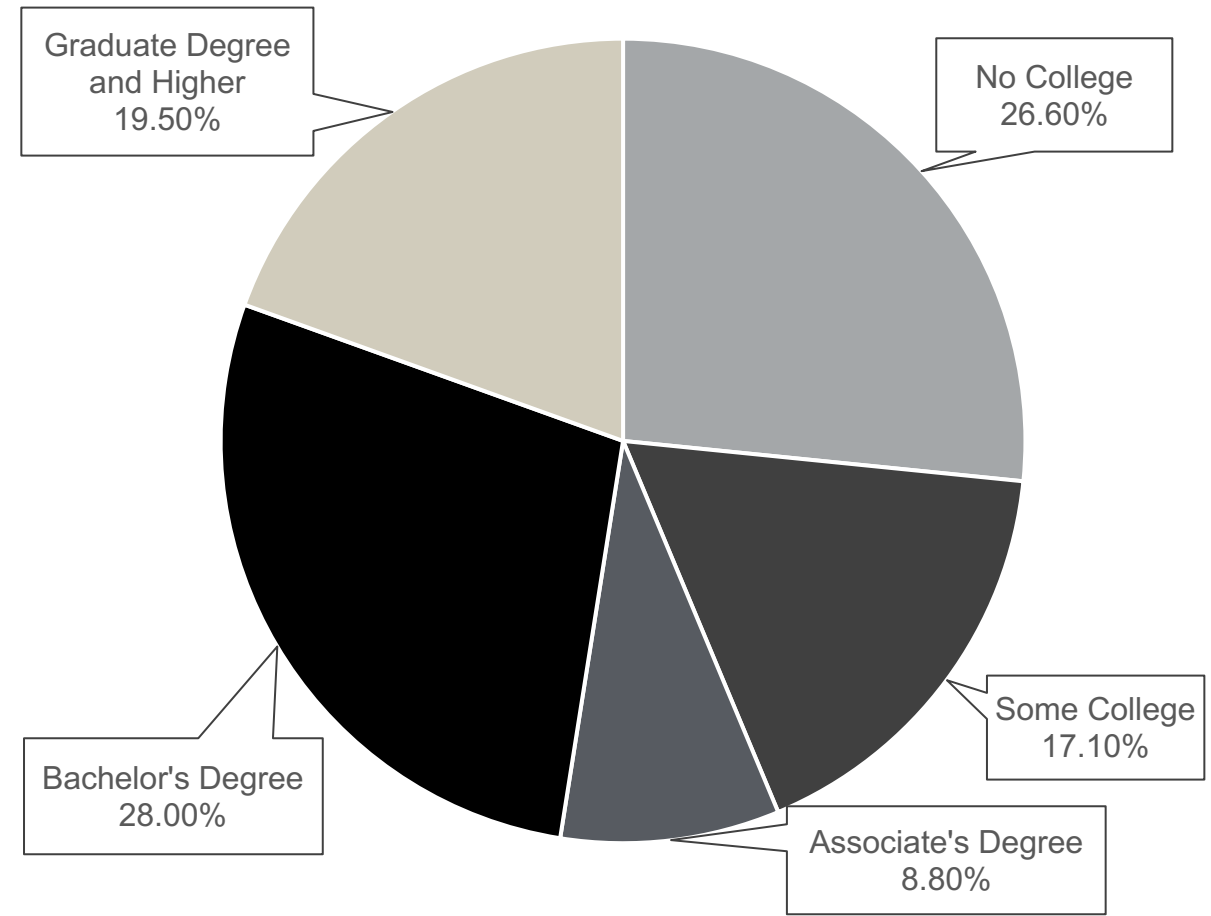
47.5%

of residents in the Triangle have attained a bachelor's degree or higher.

- More than 85k undergraduate and postgraduate students are currently enrolled in the big three Triangle universities of UNC-Chapel Hill, NC State, and Duke
- Raleigh-Durham boasts the highest rate of bachelor's attainment among leading sunbelt markets



Educational Attainment



Source: JLL Research, Lightcast

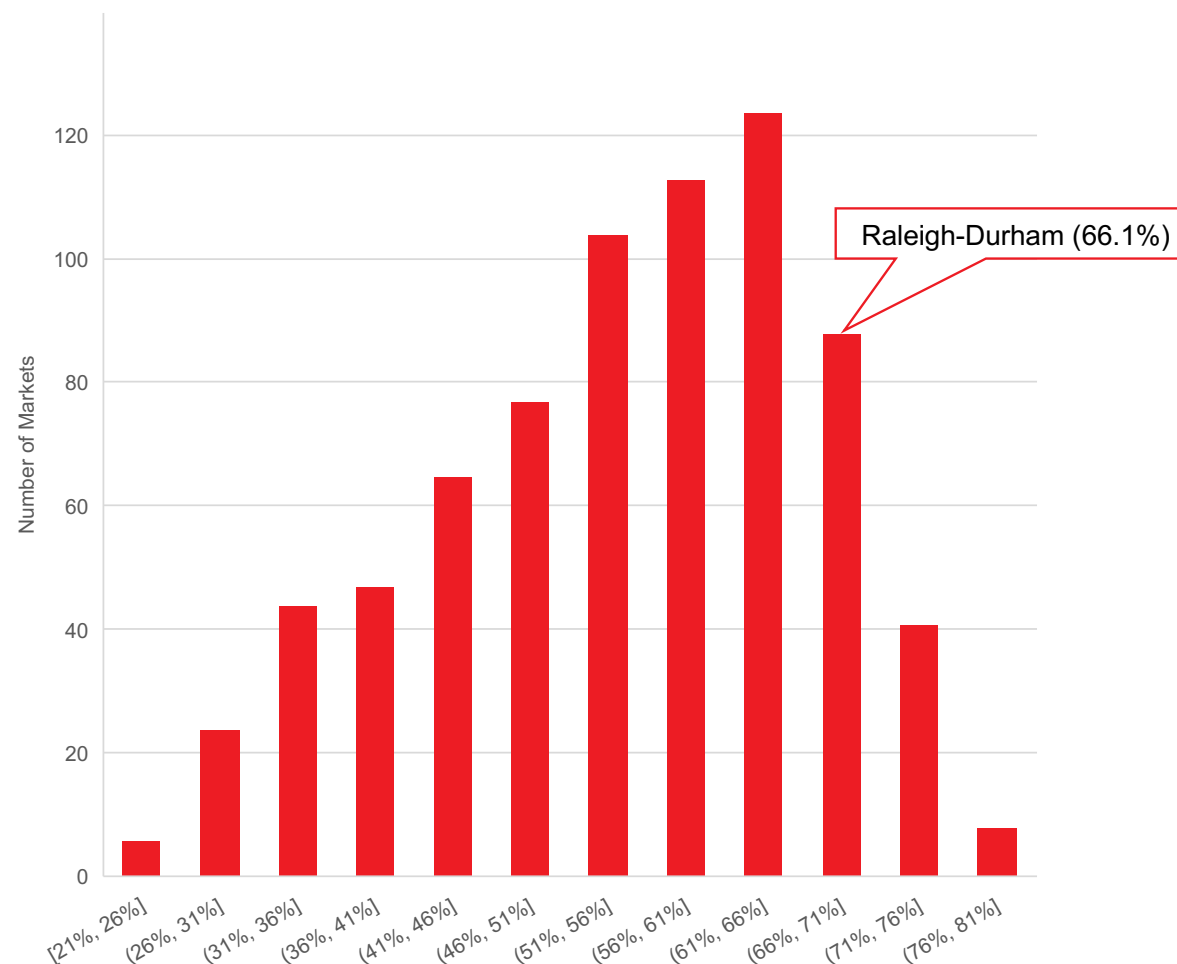
Labor pipeline from families for the future

81 percentile

Among U.S. markets for
retaining young residents.

- 26% of Raleigh-Durham's population is under the age of 20, slightly above the national level
- Retaining an even greater share of young adults in the future is necessary to become a top-tier market

Percentage of Residents Retained from
Age 16 to 26 (741 Markets in the U.S.)



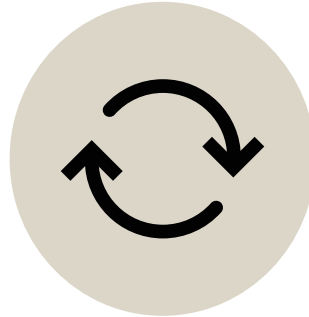
Source: JLL Research, ACS 2020, US Census Bureau, Policy Impacts, Opportunity Insights

Outlook



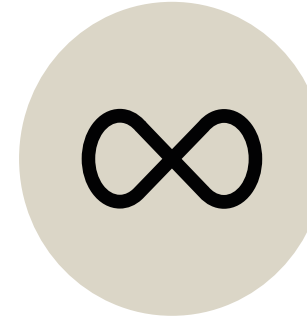
Short-term

Migration will continue to add prime-age workers to the labor pool



Mid-term

Public universities will continue to produce increasing numbers of graduates



Long-term

Children moving into the market will stay in the market into the early career stage



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