

March 27, 2025

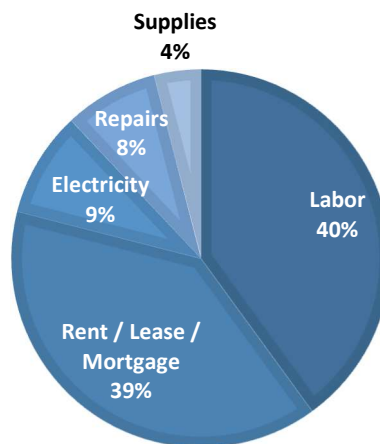
### Cold Chain Index: 2024 Quarter 4

In order to improve the economic information available to industry participants, the Global Cold Chain Alliance has commissioned a Cold Chain Index (CCI), reported since the end of 2018. The CCI tracks the growth rates of costs associated with cold storage using predominantly official sources of economic data. The CCI can be customized to the region, state, and metro area where a warehouse facility operates.

The CCI includes five classes of expenses: labor, electric power, supplies, repairs, and rent; the cost shares typical of a North American refrigerated warehouse are shown in Figure 1. Labor was the largest share of expenses, at 40% of the total. Rent/Lease represented 39% of total expenses. Electric power accounted for 9% of total expenses. The cost shares used in this year’s release of the CCI are based on the 2022 IARW Productivity and Benchmarking Survey results (FY2022). Member companies may enter customized cost shares that reflect the situation of the facility instead of using these cost shares.

In the current release, the CCI reports the growth rate in expenses in the fourth quarter of 2024 compared with the fourth quarter of 2023. Members of the Global Cold Chain Alliance and their customers may access a template to better understand the index and customize cost shares to the experience of their business, and to account for variation across geographic regions.<sup>1</sup>

Figure 1. Cost Shares of North American Refrigerated Warehouses, based on FY2022 IARW Productivity & Benchmarking Survey



<sup>1</sup> The regions in the CCI are from the Bureau of Labor Statistics geographic information: **Mid-Atlantic** = New Jersey, New York, Pennsylvania. **New England** = Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **South** = Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia. **Midwest** = Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin. **Pacific** = Alaska, California, Hawaii, Oregon, Washington. **Mountain** = Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming.

## Results

Q4 2024 marked the ninth consecutive quarter of moderating cost pressures for the industry. Overall expenses for refrigerated warehouses rose by 4.69% in the fourth quarter of 2024 relative to the same period in 2023 (Figure 2). Rental costs for warehouses rose by 5.55%. Labor costs accelerated by 4.59% in Q4 2024 compared with the fourth quarter of 2023. Electricity costs rose by 2.30% on average nationwide.

The national average cost of labor for the transportation and warehousing industry rose by 4.59% in Q4 2024 (Figure 3), driven largely by compensation growth in the Pacific region. Outside of the Pacific region, labor costs grew slower than the nationwide rate of increase. The regional differences in employment costs were based on the employment cost index for all workers, while national trends were specific to the transportation and warehousing industry.

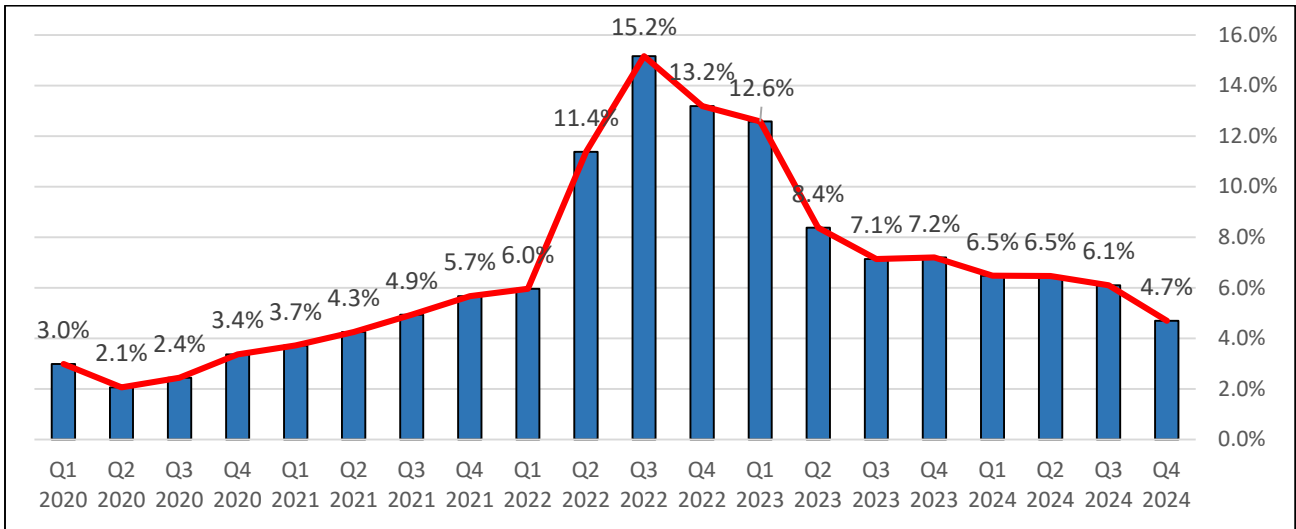
National occupancy costs for warehouses and distribution properties grew by 5.55% in the current quarter. Rental rates fell in 26 different metropolitan markets, including several California markets (San Francisco, Inland Empire, Los Angeles, and Orange County). Rents rose rapidly in other parts of the nation, for example in Tampa, Binghamton, and Hartford. Occupancy cost growth is based on the Cushman & Wakefield report on Quarterly Net Asking Warehouse Rents across 80 different metropolitan markets in the United States.

Electric power expenses grew by 2.3% nationwide during Q4 2024 compared with Q4 2023. On a state-by-state basis, most states had moderate changes in electricity cost. The states with rapidly increasing electricity costs were in the New England and Northeast region, plus Illinois and Oregon.

In the second quarter of 2024, the maintenance and repair cost index for non-residential buildings grew by 4.57%, around the same level seen when overall inflation peaked in 2022.

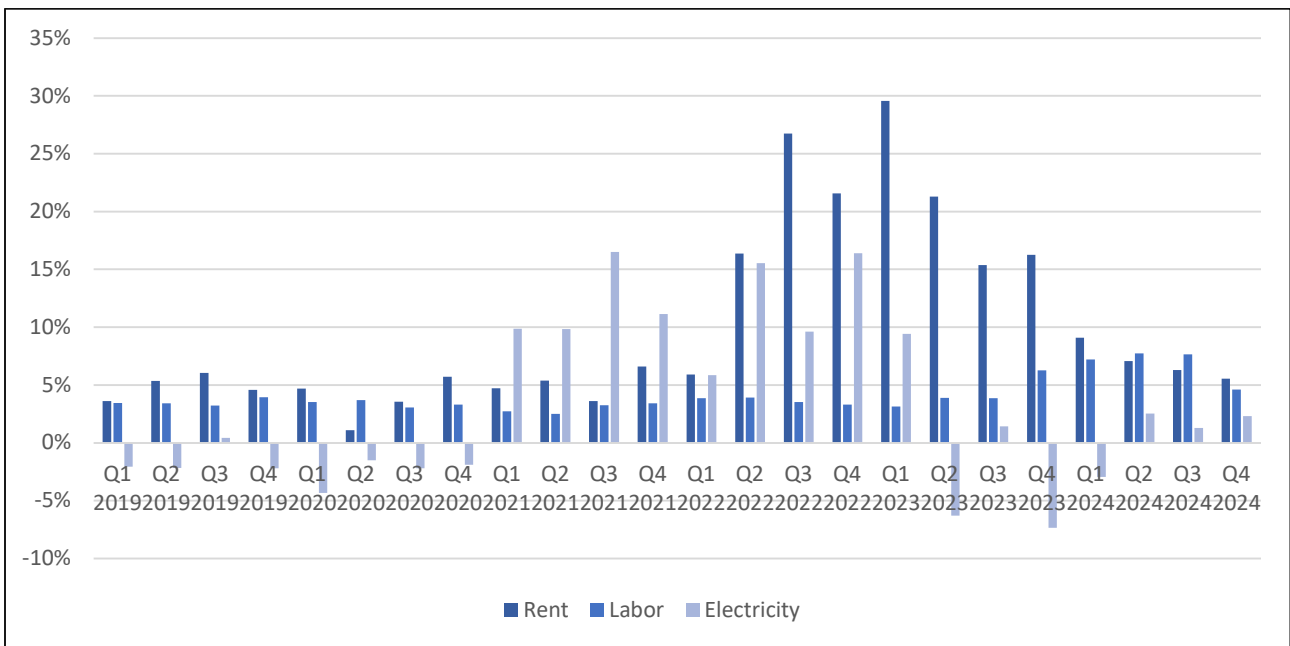
The cost of supplies is proxied by the producer price index (PPI) for final demand finished goods, excluding food and energy. Supplies costs grew by 2.97% in Q4 2024, remaining below 3% for the 5<sup>th</sup> consecutive quarter.

Figure 2. Cold Chain Index, by Quarter during 2020-2024



Note: The percentages in Figure 2 are growth rates in the quarter, relative to the same quarter in the previous year.

Figure 3. Main Drivers of the Cold Chain Index, by Quarter during 2019-2024



Note: The percentages in Figure 3 are growth rates in the quarter, relative to the same quarter in the previous year.

## Data References and Methods

The following data sources were used to track changes in costs:

- National Labor: The U.S. Bureau of Labor Statistics (BLS) Employment Cost Index (ECI) was used; specifically, the ECI for the private industry workers in the “Transportation and Warehousing” industry (Series ID CIU2014300000000I). The labor metric includes all worker classifications and includes both wages and benefits. Accessed at <https://fred.stlouisfed.org/> using Series ID.
- Regional Labor: The U.S. Bureau of Labor Statistics (BLS) Employment Cost Index (ECI) was used; specifically, the ECI for the private industry workers in all industries and occupations (Series IDs CIU2010000000230I, CIU2010000000249I, CIU2010000000220I, CIU2010000000212I, CIU2010000000248I, CIU2010000000211I). The labor metric includes all worker classifications and includes both wages and benefits. Index is used to determine premium for each region relative to national baseline. Accessed at <https://fred.stlouisfed.org/> using Series ID.
- National and State Energy: The U.S. Energy Information Administration Electric Power Prices, by state, were used. The series is the Average Price of Electricity to Ultimate Customers. (Industrial) found in Table 5.6.b. Beginning in 2022, EIA provided a quarterly estimate for each state. Accessed at <https://www.eia.gov/electricity/monthly/>.
- National and Metro Rent/Lease/Mortgage: Cushman & Wakefield Quarterly Warehouse Net Asking Rents, were used. Overall U.S. rent is based on the average asking rents weighted by vacancy by market. In addition, a surcharge for rental rate growth in 80 selected metro markets was based on the same quarterly data provided by Cushman & Wakefield. Warehouse / Distribution category within Industrial Rents. Accessed at <https://www.cushmanwakefield.com/en/united-states/insights/us-marketbeats/us-industrial-marketbeat>
- National Supplies and “Other”: To represent the growth in supplies and also “other” warehouse expenses, the U.S. Bureau of Labor Statistics (BLS) Producer Price Index (PPI) was used; specifically Final Demand: finished goods less foods and energy (Series ID WPUFD4131). Accessed at <https://fred.stlouisfed.org/> using Series ID.
- National Maintenance: To represent the growth in repair and maintenance cost, the U.S. Bureau of Labor Statistics (BLS) Producer Price Index (PPI) by Industry was used; specifically Nonresidential building maintenance and repair (Series ID PCU2381MR2381MR). Accessed at <https://fred.stlouisfed.org/> using Series ID.