

## Cold Storage REITs

## Cold storage employment tracker

## Industry Overview

**BLS data provides a proxy for COLD's labor expenses**

We track Bureau of Labor Statistics cold storage employment data. In particular, employment growth, hourly earnings & weekly payrolls across the US cold storage chain. We view these data points as an important proxy for Americold's (ticker: COLD) labor expenses. An improving labor environment is as a key positive catalyst for COLD.

**Labor churn is a key drag on margins**

Employment trends suggest wage growth for COLD's warehouse workers is roughly in line with historical norms. The latest data suggest that costs should moderate. The key issue for COLD which is not captured here is that labor churn across their portfolio remains elevated, but COLD flagged that during 4Q they achieved a 75:25 perm to temp ratio. Higher churn results in a less efficient labor force and depressed service margins.

**BLS data is highly correlated with SS labor**

On an annual basis, we find that COLD's SS labor expense has a 0.83 correlation with the BLS's aggregate weekly payroll data for cold storage workers. On a quarterly basis, the correlation is 0.60. Agency labor is not captured in this data. BLS data is a proxy for COLD's labor expense. The mix between full time and agency labor within COLD's warehouses is a key variable not captured here.

**Wage rate growth now in line with historical norms**

Quarter to date, average hourly earnings increased 4.4% vs last quarter (prior quarter: 4.3%). In January, average hourly earnings for cold storage workers increased 1.1% M/M (prior month: decreased 0.6%). Hourly earnings are up 4.4% Y/Y. Quarter to date, average weekly payroll is up 2.0% vs last quarter (prior quarter: 11.5%). In January, average weekly payrolls for cold storage workers decreased 1.1% M/M (prior month: 0.0%). Weekly payrolls are up 2.0% Y/Y.

**Employment levels are not the issue; industry fully staffed**

In January, total US cold storage workers decreased by 0.3k employees M/M (prior month: decreased by 0.3k). Quarter to date, cold storage employment decreased by 0.3k (prior quarter: decreased by 0.6k employees).

**What you will find inside the report**

We visualize key BLS employment data for the cold storage sector including the total number of employees, hourly earnings and weekly payroll. We provide a quarterly and annual correlation analysis between the BLS cold storage employment data and COLD's SS labor expense.

Link to the data: [BofA's cold storage employment file](#)

11 March 2024

Equity  
United States  
REITs

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BofAS

[See Team Page for List of Analysts](#)

## Key terms:

BLS: Bureau of Labor Statistics

SS: Same Store

C.S.: Cold Storage

Note: The detailed data that we utilize in this report is lagged one month relative to the monthly employment report data.

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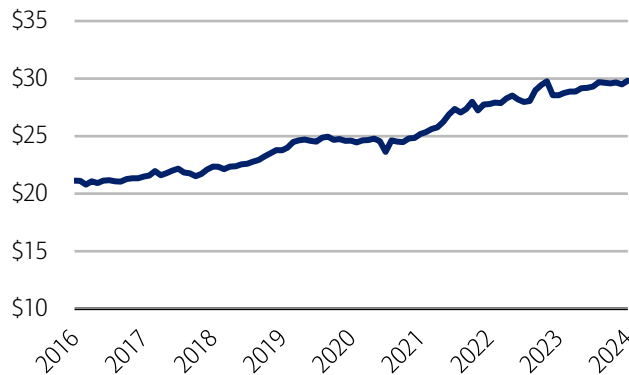
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Timestamp: 11 March 2024 12:01AM EDT

# BLS employment data for cold storage

## Exhibit 1: Average hourly earnings for cold storage workers (\$/hr)

Wage growth accelerated for cold storage workers starting in late 2020

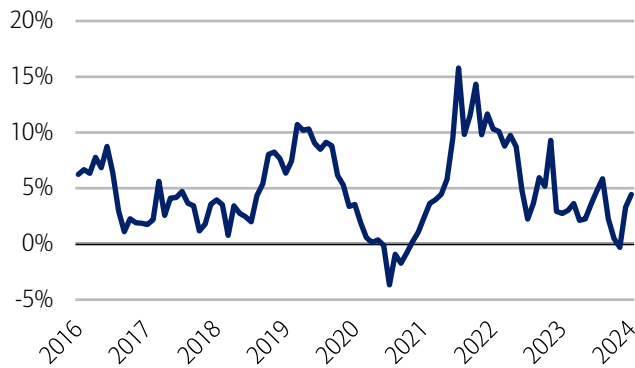


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics

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## Exhibit 2: Y/Y change in average hourly earnings

Hourly earnings growth is trending roughly at the historical average

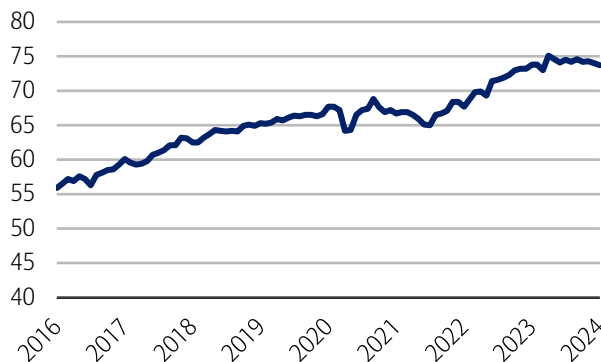


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics

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## Exhibit 3: Number of employees working in cold storage (thous.)

Significant recovery in cold storage workers since summer of 2021

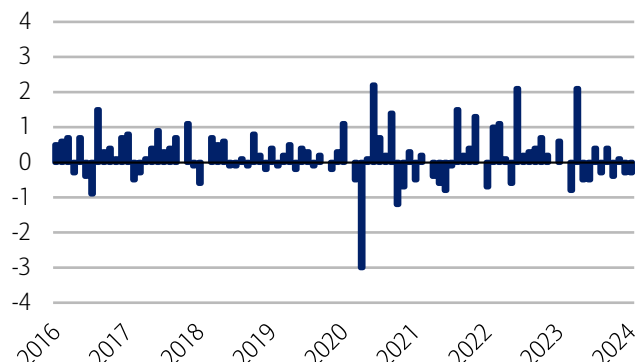


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics

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## Exhibit 4: M/M change in number of cold storage workers (thous.)

Cold storage payrolls change is volatile M/M

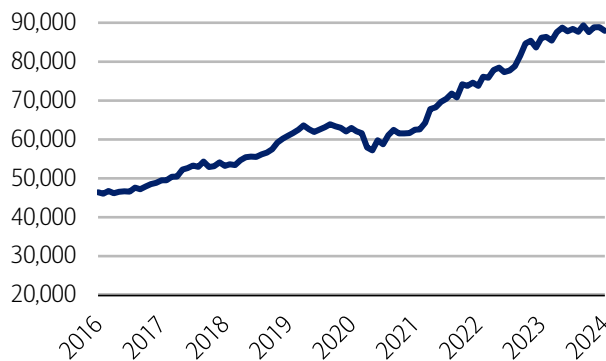


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics

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## Exhibit 5: Aggregate weekly payroll for cold storage workers (\$)

Payroll growth accelerated for cold storage starting in early 2021

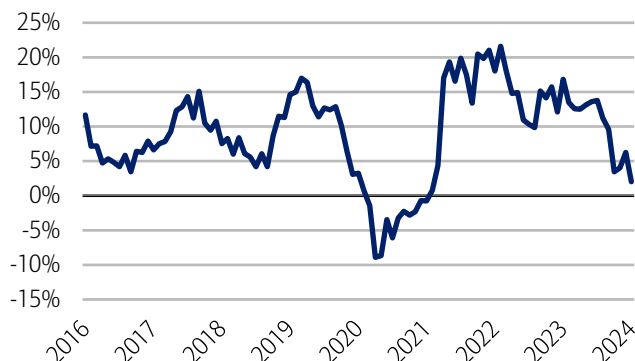


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics

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## Exhibit 6: Y/Y change in cold storage weekly payrolls

Weekly payrolls growth is trending roughly at the historical average



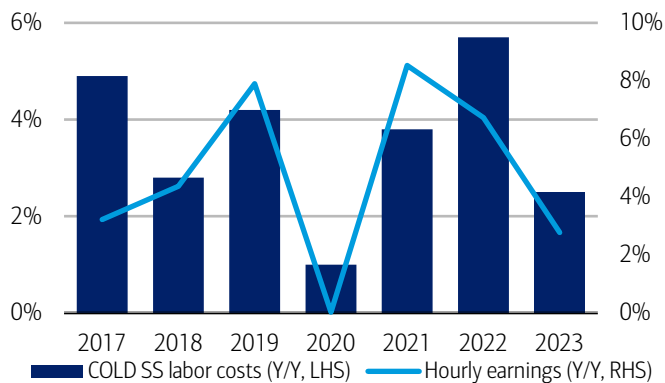
Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics

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# Annual correlations: BLS vs COLD

## Exhibit 7: COLD SS labor costs vs BLS hourly earnings

COLD's labor expenses track the BLS hourly earnings data

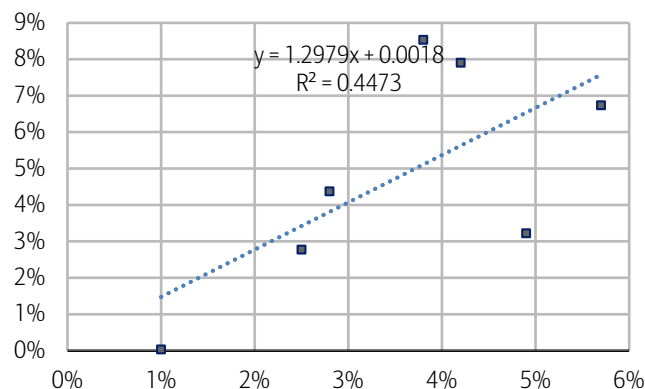


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Company filings

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## Exhibit 8: Correlation: COLD SS labor costs vs BLS hourly earnings

On an annual basis, the correlation is 0.67 & r-squared is 0.45

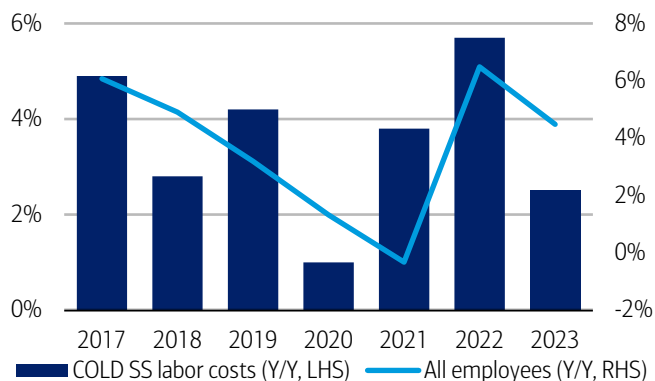


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Company filings

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## Exhibit 9: COLD SS labor costs vs total # of cold storage workers

Lower correlation between COLD's labor costs and total cold storage workers

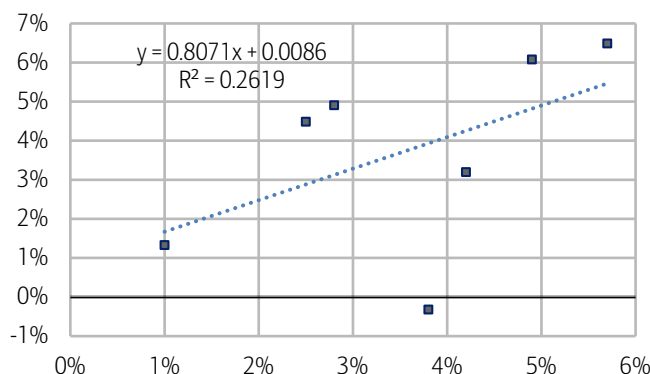


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Company filings

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## Exhibit 10: Correlation: COLD SS labor costs vs total C.S. workers

On an annual basis, the correlation is 0.51 & r-squared is 0.26

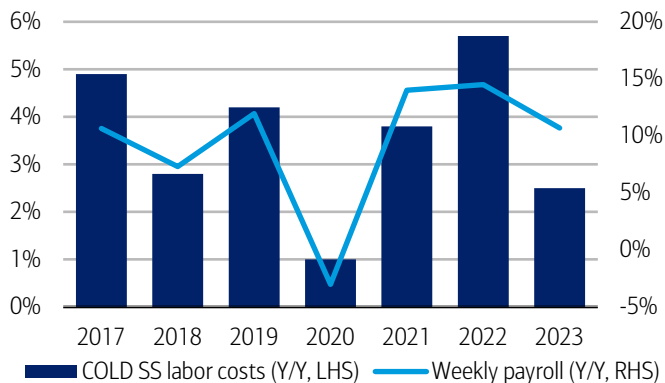


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Company filings

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## Exhibit 11: COLD SS labor costs vs total cold storage weekly payroll

COLD's labor expenses track the BLS weekly payroll data

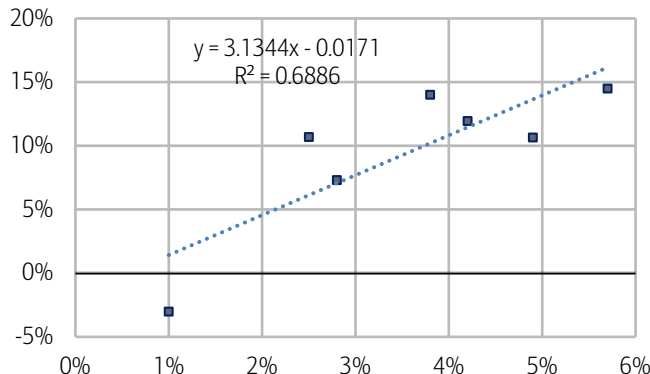


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Company filings

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## Exhibit 12: Correlation: COLD SS labor costs vs C.S. weekly payroll

On an annual basis, the correlation is 0.86 & r-squared is 0.74



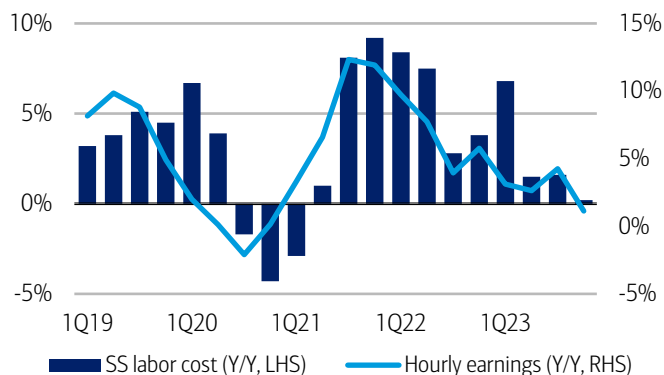
Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Company filings

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# Quarterly correlations: BLS vs COLD

## Exhibit 13: COLD SS labor costs vs BLS hourly earnings

COLD's labor expenses track the BLS hourly earnings data

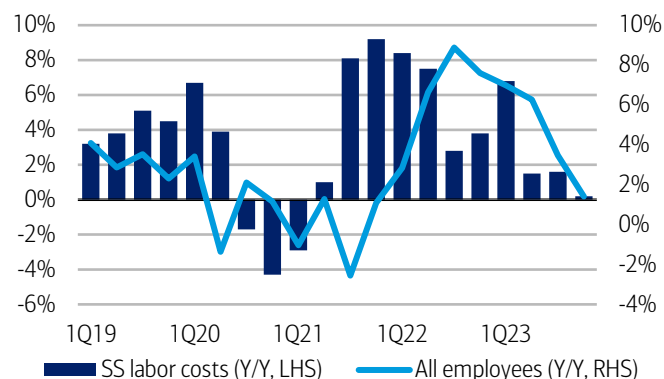


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Company filings

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## Exhibit 15: COLD SS labor costs vs total # of cold storage workers

Lower correlation between COLD's labor costs and total cold storage workers

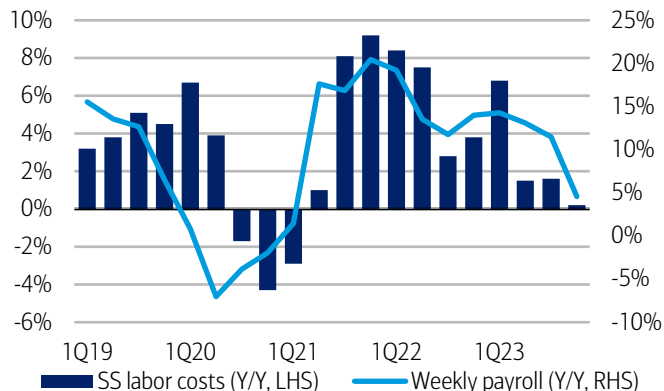


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Company filings

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## Exhibit 17: COLD SS labor costs vs total cold storage weekly payroll

COLD's labor expenses track the BLS weekly payroll data

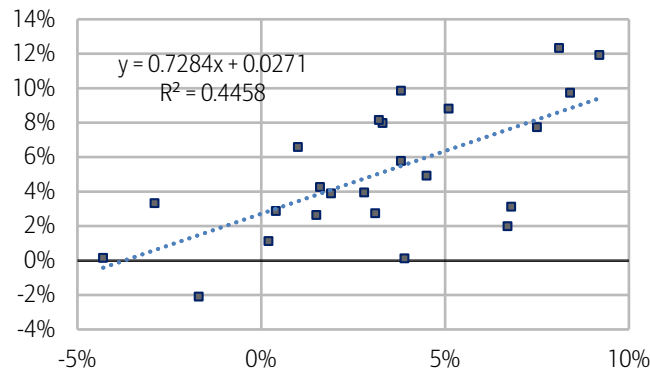


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Company filings

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## Exhibit 14: Correlation: COLD SS labor costs vs BLS hourly earnings

On a quarterly basis, the correlation is 0.66 & r-squared is 0.44

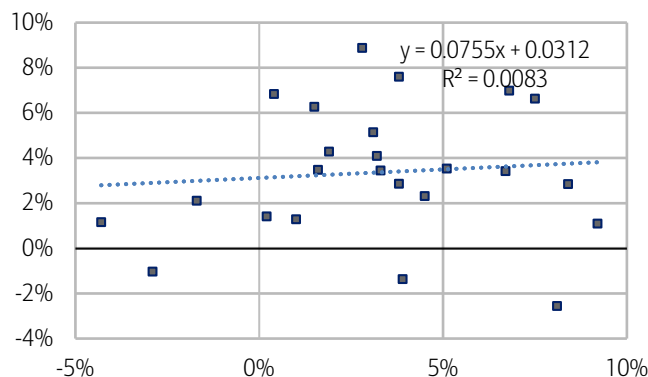


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Company filings

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## Exhibit 16: Correlation: COLD SS labor costs vs total C.S. workers

On a quarterly basis, the correlation is 0.13 & r-squared is 0.02

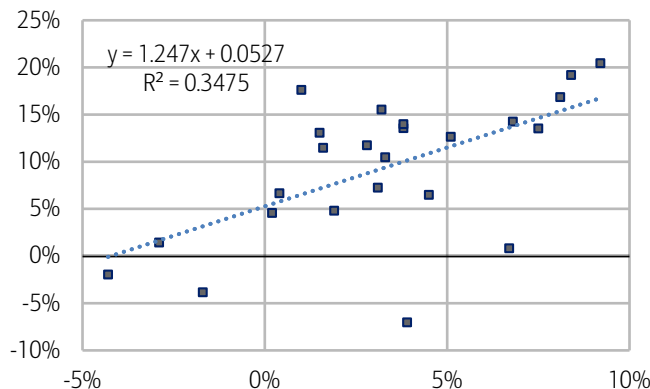


Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Company filings

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## Exhibit 18: Correlation: COLD SS labor costs vs C.S. weekly payroll

On a quarterly basis, the correlation is 0.59 & r-squared is 0.35



Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, Company filings

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**Exhibit 19: Stocks mentioned**

Prices and ratings for stocks mentioned in this report

| BofA Ticker | Bloomberg ticker | Company name        | Price      | Rating |
|-------------|------------------|---------------------|------------|--------|
| COLD        | COLD US          | Americold Realty Tr | US\$ 26.28 | B-1-7  |

Source: BofA Global Research

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**Price objective basis & risk**

**Americold Realty Trust (COLD)**

Our \$31 price objective is derived using a forward EV/EBITDA multiple method. We believe this is the simplest method for valuing COLD but recognize there are several methods to determine valuation. Our PO is based on a forward EV/EBITDA multiple of 19.0x applied to our forward EBITDA forecast of \$618mn.

Downside risks to our PO are: increasing supply, development spending on large automated facilities, operational risks, and cold storage customers bringing more of their inventory to in-house cold storage networks.

**Analyst Certification**

I, Joshua Dennerlein, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.



## US - REITs Coverage Cluster

| Investment rating   | Company                                 | BofA Ticker | Bloomberg symbol | Analyst           |
|---------------------|---|-------------|------------------|-------------------|
| <b>BUY</b>          |   |             |                  |                   |
|                     | Agree Realty Corp                       | ADC         | ADC US           | Joshua Dennerlein |
|                     | Alexandria Real Estate Equities         | ARE         | ARE US           | Joshua Dennerlein |
|                     | American Healthcare REIT Inc.           | AHR         | AHR US           | Joshua Dennerlein |
|                     | American Homes 4 Rent                   | AMH         | AMH US           | Jeffrey Spector   |
|                     | Americold Realty Trust                  | COLD        | COLD US          | Joshua Dennerlein |
|                     | AvalonBay Communities Inc               | AVB         | AVB US           | Joshua Dennerlein |
|                     | Boston Properties                       | BXP         | BXP US           | Jeffrey Spector   |
|                     | Brixmor Property Group                  | BRX         | BRX US           | Jeffrey Spector   |
|                     | COPT Defense Properties                 | CDP         | CDP US           | Camille Bonnel    |
|                     | Cousins Properties Inc.                 | CUZ         | CUZ US           | Camille Bonnel    |
|                     | EastGroup Properties                    | EGP         | EGP US           | Jeffrey Spector   |
|                     | Empire State Realty Trust               | ESRT        | ESRT US          | Camille Bonnel    |
|                     | Equity Residential                      | EQR         | EQR US           | Jeffrey Spector   |
|                     | Essential Properties                    | EPRT        | EPRT US          | Joshua Dennerlein |
|                     | Federal Realty                          | FRT         | FRT US           | Jeffrey Spector   |
|                     | Invitation Homes Inc                    | INVH        | INVH US          | Joshua Dennerlein |
|                     | Kimco Realty                            | KIM         | KIM US           | Jeffrey Spector   |
|                     | Kite Realty Group                       | KRG         | KRG US           | Jeffrey Spector   |
|                     | Phillips Edison & Company               | PECO        | PECO US          | Jeffrey Spector   |
|                     | Prologis, Inc.                          | PLD         | PLD US           | Camille Bonnel    |
|                     | Public Storage, Inc.                    | PSA         | PSA US           | Jeffrey Spector   |
|                     | Regency                                 | REG         | REG US           | Jeffrey Spector   |
|                     | Rexford Industrial Realty               | REXR        | REXR US          | Camille Bonnel    |
|                     | Sabra Health Care                       | SBRA        | SBRA US          | Joshua Dennerlein |
|                     | Simon Property                          | SPG         | SPG US           | Jeffrey Spector   |
|                     | Ventas, Inc.                            | VTR         | VTR US           | Jeffrey Spector   |
|                     | Welltower                               | WELL        | WELL US          | Joshua Dennerlein |
| <b>NEUTRAL</b>      |   |             |                  |                   |
|                     | Acadia Realty Trust                     | AKR         | AKR US           | Jeffrey Spector   |
|                     | CubeSmart                               | CUBE        | CUBE US          | Jeffrey Spector   |
|                     | EPR Properties                          | EPR         | EPR US           | Joshua Dennerlein |
|                     | Equity LifeStyle Properties             | ELS         | ELS US           | Jeffrey Spector   |
|                     | Essex Property Trust, Inc.              | ESS         | ESS US           | Joshua Dennerlein |
|                     | Extra Space Storage, Inc.               | EXR         | EXR US           | Jeffrey Spector   |
|                     | Getty Realty Corp.                      | GTY         | GTY US           | Joshua Dennerlein |
|                     | Highwoods Properties                    | HIW         | HIW US           | Camille Bonnel    |
|                     | InvenTrust Properties                   | IVT         | IVT US           | Jeffrey Spector   |
|                     | Kilroy Realty Corporation               | KRC         | KRC US           | Camille Bonnel    |
|                     | Macerich                                | MAC         | MAC US           | Jeffrey Spector   |
|                     | OMEGA Healthcare                        | OHI         | OHI US           | Joshua Dennerlein |
|                     | Realty Income                           | O           | O US             | Jeffrey Spector   |
|                     | Retail Opportunity Investments Corp.    | ROIC        | ROIC US          | Jeffrey Spector   |
|                     | SL Green Realty                         | SLG         | SLG US           | Camille Bonnel    |
|                     | Sun Communities                         | SUI         | SUI US           | Joshua Dennerlein |
|                     | UDR, Inc.                               | UDR         | UDR US           | Joshua Dennerlein |
|                     | Veris Residential Inc                   | VRE         | VRE US           | Joshua Dennerlein |
|                     | Vornado Realty                          | VNO         | VNO US           | Camille Bonnel    |
| <b>UNDERPERFORM</b> |   |             |                  |                   |
|                     | American Assets Trust                   | AAT         | AAT US           | Camille Bonnel    |
|                     | Armada Hoffer Properties                | AHH         | AHH US           | Camille Bonnel    |
|                     | Camden Property Trust                   | CPT         | CPT US           | Joshua Dennerlein |
|                     | Douglas Emmett                          | DEI         | DEI US           | Camille Bonnel    |
|                     | Healthpeak Properties, Inc.             | DOC         | DOC US           | Joshua Dennerlein |
|                     | Hudson Pacific Properties, Inc.         | HPP         | HPP US           | Camille Bonnel    |
|                     | Kennedy Wilson                          | KW          | KW US            | Joshua Dennerlein |
|                     | LXP Industrial Trust                    | LXP         | LXP US           | Camille Bonnel    |
|                     | Medical Properties Trust, Inc.          | MPW         | MPW US           | Joshua Dennerlein |
|                     | Mid-America Apartment Communities, Inc. | MAA         | MAA US           | Joshua Dennerlein |
|                     | National Storage Affiliates Trust       | NSA         | NSA US           | Jeffrey Spector   |
|                     | NetSTREIT                               | NTST        | NTST US          | Joshua Dennerlein |
|                     | NNN REIT Inc                            | NNN         | NNN US           | Joshua Dennerlein |
|                     | Paramount Group                         | PGRE        | PGRE US          | Camille Bonnel    |
|                     | Peakstone Realty Trust                  | PKST        | PKST US          | Joshua Dennerlein |

## US - REITs Coverage Cluster

| Investment rating | Company         | BofA Ticker | Bloomberg symbol | Analyst           |
|-------------------|-----------------|-------------|------------------|-------------------|
|                   | STAG Industrial | STAG        | STAG US          | Camille Bonnel    |
|                   | Tanger Inc      | SKT         | SKT US           | Jeffrey Spector   |
|                   | WP Carey        | WPC         | WPC US           | Joshua Dennerlein |

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## Important Disclosures

## Americold Realty Tr (COLD) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

## Equity Investment Rating Distribution: REITs (Real Estate Investment Trusts) Group (as of 31 Dec 2023)

| Coverage Universe | Count | Percent | Inv. Banking Relationships <sup>R1</sup> | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
| Buy               | 40    | 46.51%  | Buy                                      | 33    | 82.50%  |
| Hold              | 27    | 31.40%  | Hold                                     | 21    | 77.78%  |
| Sell              | 19    | 22.09%  | Sell                                     | 16    | 84.21%  |

## Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

| Coverage Universe | Count | Percent | Inv. Banking Relationships <sup>R1</sup> | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
| Buy               | 1895  | 53.62%  | Buy                                      | 1083  | 57.15%  |
| Hold              | 832   | 23.54%  | Hold                                     | 454   | 54.57%  |
| Sell              | 807   | 22.84%  | Sell                                     | 383   | 47.46%  |

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster <sup>R2</sup> |
|-------------------|---|--|
| Buy               | ≥ 10%   | ≤ 70%  |
| Neutral           | ≥ 0%  | ≤ 30%  |
| Underperform      | N/A   | ≥ 20%  |

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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