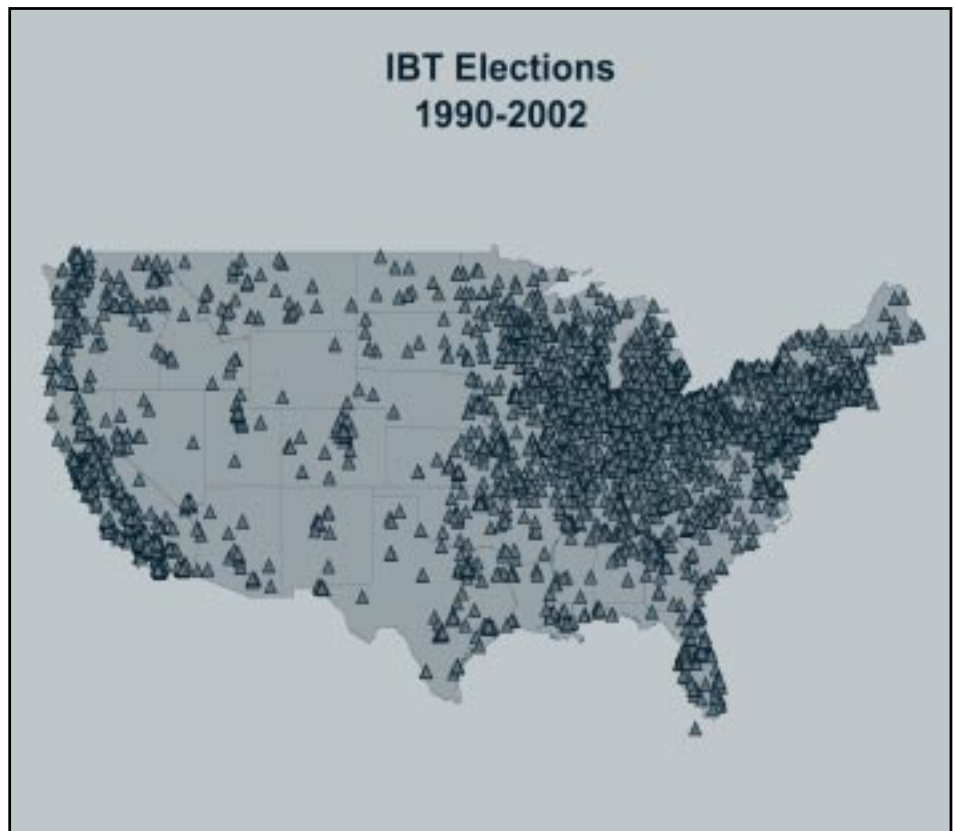


## Union Election Activity: Teamsters are Top Dog

The Walker Companies are pleased to announce an upgrade to our proprietary site selection optimization model, WISER<sup>sm</sup>. The improvement includes an expansion in our union election data to encompass all union elections from 1990-2002 to date.

An analysis of the International Brotherhood of Teamsters (IBT) union elections over this period displays the value of this database. Over the past 13 years, there have been over 35,000 union certification elections in the continental United States. Of these elections, more than 11,000, nearly one-third of the total, have been to certify the IBT as a representative for collective bargaining. The map displays where IBT election activity has been the heaviest in volume over this period.

*Continued on page 6*



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## Industrial Market Bottoming Out

According to a recent report from Grubb & Ellis, industrial vacancy rates are close to peaking. Research shows that in the second quarter of 2002 industrial vacancy grew only 9 basis points, or less than one-tenth of a percentage point, to 8.98 percent. (See graph on page 7) This is significantly lower than the average 59 basis points the market has been rising each quarter since the beginning of 2001. If this forecast

holds true and rates top out around 9.0 percent, it will be much lower than the 13.7 percent rate reached in the last recession a decade ago.

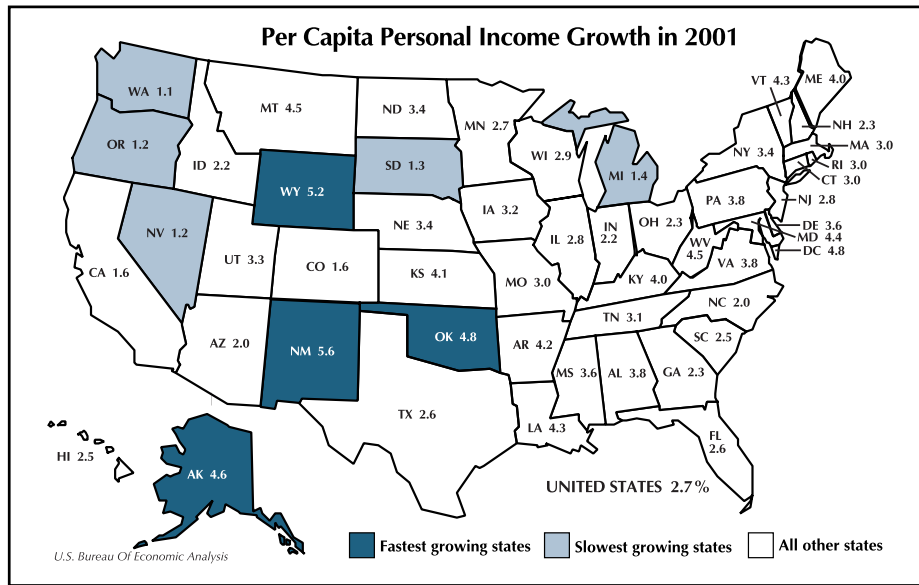
The slow down is attributable to the fact new construction has been cut in half. New space completion in the second quarter totaled only 15 million square feet, well off the average of 31 million square feet completed per quarter from 1999

*Continued on page 7*

## Income Growth Balloon Deflating

U.S. per capita income growth hit its lowest point in the last ten years in 2001. During the recession-burdened year, the nation's per

New Mexico (5.6 percent). In all four states, the BEA said an increase in net earnings, including double-digit pay gains in the mining industry, were



capita income grew only 2.7 percent, to \$30,271, less than half the 5.8 percent growth enjoyed in 2000. This represents the smallest annual increase in per capita income since 1990-91, according to the Commerce Department's Bureau of Economic Analysis (BEA).

The BEA attributed the slower growth in per capita income in 2001 to a substantial deceleration in personal income growth. Personal income growth in 2001 slowed to 3.7 percent from 7.0 percent in 2000.

There were exceptions to the generalized retardation of U.S. per capita income growth. According to the BEA, four states with a relatively heavy concentration of energy-producing industries bucked the trend, posting the highest gains in 2001. The states were Alaska (4.6 percent gain), Oklahoma (4.8 percent), Wyoming (5.2 percent), and

the foremost contributor to personal income growth.

On the other hand, the slowest growing states were Washington (1.1 percent), Nevada (1.2 percent), Oregon (1.2 percent), South Dakota (1.3 percent), and Michigan (1.4 percent).

The BEA continued to report that personal income declined in 34 states between the third and fourth quarter of 2001. The nation did experience 0.3 percent personal income growth in the third quarter, but lost 0.2 percent in the fourth. A big decrease in earnings for farms, wholesale trade, and manufacturing were the main negative variables in the fourth quarter. □

## Early Childhood: Learning to Love the 800 lb. Gorilla

Union commitment begins in the home, says professor Ron Fuller of Louisiana Tech University. Professor Fuller, along with Kim Hester, a professor at Arkansas State University, recently reported on how parental attitudes influence a child's acceptance or rejection of labor unions.

Kids, they found, are not persuaded to be pro or anti-union based on their parent's involvement in the union. It is how the children assimilate what their parents feel about the labor union that is a predictor of the child's opinion about the labor organization.

According to the researchers, a union member that comes home frustrated with their union's failures imprints a negative message on the child. Years later the child will likely connect with these negative emotions when faced with the option to join a union. Under this scenario, the union has little chance of gaining a new member.

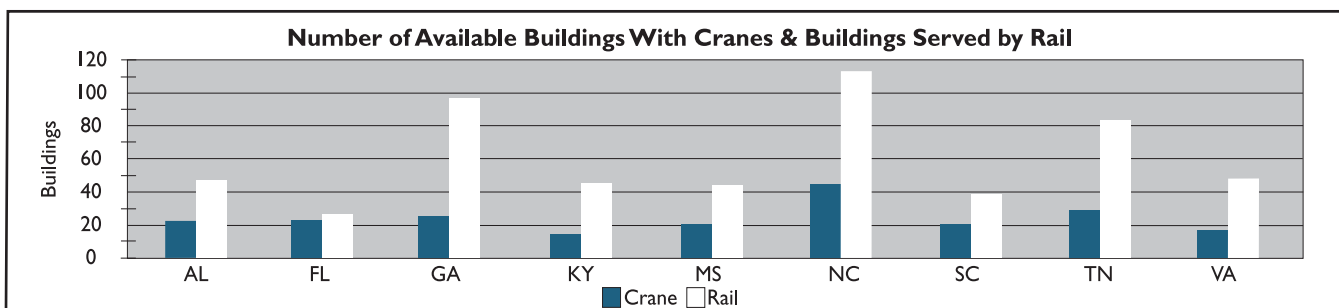
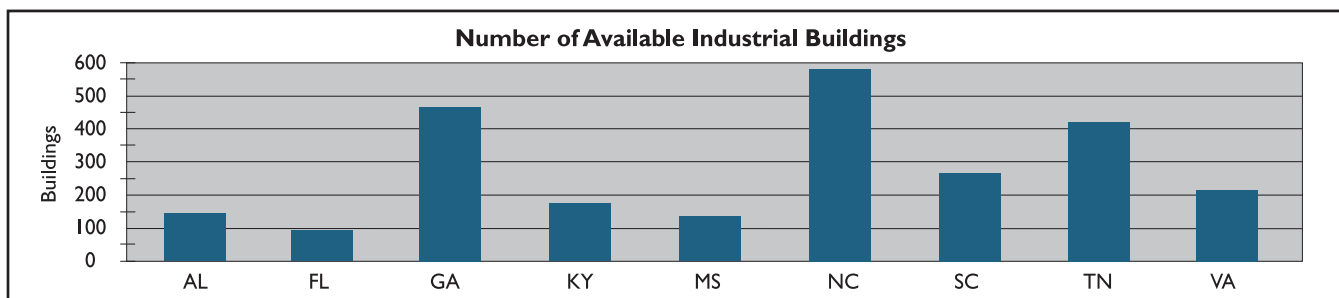
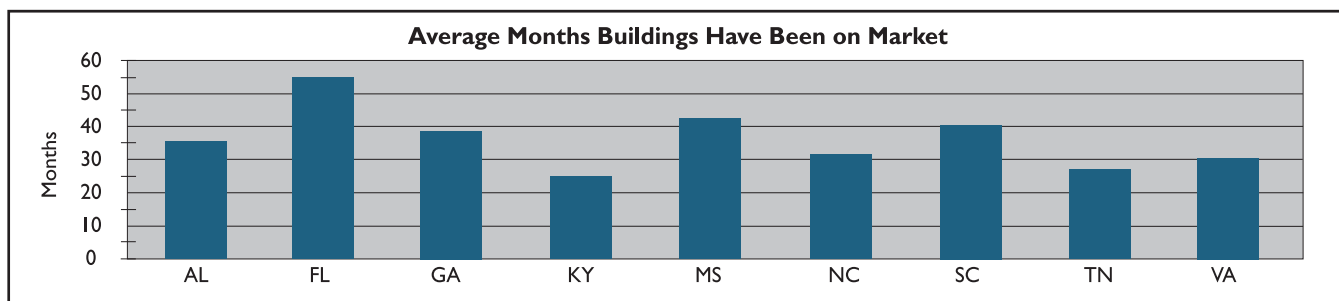
The report supports the perception that the process of unionization begins long before the individual reaches the workforce. Unions that wait to push their message across when the individual is faced with the option to join may have waited too long. However, union locals that include children in their activities lay a foundation for positive attitudes later in life.

Youth Days, an event held twice a year by the AFL-CIO in Maryland, Virginia and District of Columbia, is for union member's children. The "camp" educates the children about unions and allows them to participate in union issues in a low-key environment. Some of these kids may be the leaders of tomorrow, so the AFL-CIO is promoting its message, today. □

## The Southeastern Industrial Real Estate Market

The Southeastern Industrial Market is defined as functional and available manufacturing and distribution facilities, 50,000 sq. ft. and larger, typically located in non-metropolitan/secondary markets. There are currently 2,496 available buildings totaling 397,431,342 square feet. The average building is 159,227 square feet and has been on the market for a little over 35 months. Rail Service is in place or available for 21% of the buildings and 8% have at least one overhead crane. The following graphs are state-by-state summaries highlighting various building attributes. □

State	# of Buildings	Available SF	Avg Building SF	% of Market
AL	143	20,221,332	141,408	5.09%
FL	95	21,005,140	221,107	5.29%
GA	467	81,384,169	174,270	20.48%
KY	181	37,165,257	205,333	9.35%
MS	131	21,145,552	161,416	5.32%
NC	583	79,175,124	135,806	19.92%
SC	262	32,862,446	125,429	8.27%
TN	422	70,752,280	167,659	17.80%
VA	212	33,720,042	159,057	8.48%
<b>TOTAL</b>	<b>2,469</b>	<b>397,431,342</b>	<b>159,227</b>	<b>100%</b>



## Right to Work States Leading the Way

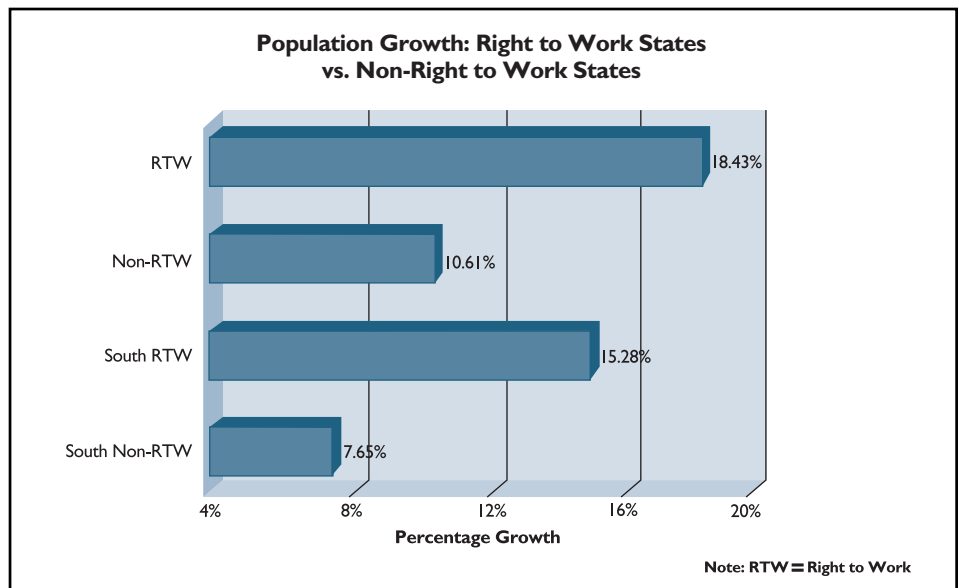
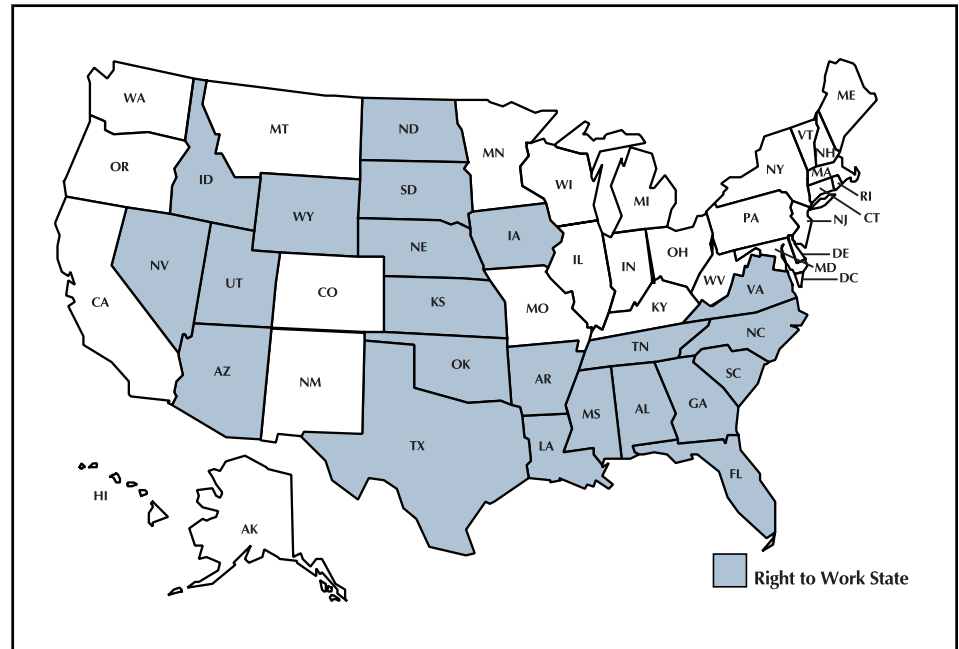
In September 2001, Oklahoma became the newest state to enact right-to-work legislation. Right to Work legislation essentially means that no person can be denied the right to work because of membership or non-membership in a labor union. In addition, it means that workers cannot be forced to pay union dues, collective bargaining fees or any other “in lieu” fees as a condition of employment. Union membership is not prohibited in Right to Work states, but it allows workers to choose if they want to join a union or not.

Of 17 southern U.S. states, 13 now have enacted Right to Work legislation. Only Kentucky, Maryland, Missouri, and West Virginia are southern, non-Right to Work states. (See map)

The pros and cons of Right to Work are constantly debated by Big Labor and its main opponent, the National Right to Work committee. However, there is an issue that cannot be disputed: Right to Work states are dominating non-Right to Work states economically.

The U.S. Census Bureau has found that since 1990, population growth in non-Right to Work states was 10.6 percent, while Right to Work states grew 18.4 percent. The growth gap is even wider in the south, where the four non-Right to Work states grew 7.7 percent while the 13 Right to Work states nearly doubled this rate, at 15.3 percent. (See graph)

Since 1985, the 13 southern Right to Work states have created as many jobs as the other 37 states combined. Collectively, Texas, Florida, Georgia, and Virginia have created more jobs since 1990 than 28 of the 37 states combined.



Here are some other interesting statistics:

- Right to Work states, which account for only 35 percent of the US population, have created over 50 percent of all non-farm jobs since 1991.
- Of the ten states with the largest manufacturing employment

growth from 1993-1998, nine were Right to Work.

- The 22 Right to Work states have had lower unemployment than non-Right to Work in 19 of the past 23 years.

A recent study from Dr. James Bennett of George Mason University

*Continued next page*

**Right to Work** – *continued from page 4*

indicates that median spendable household income in Right to Work states is \$2,333 higher than non-Right to Work states. Since 1977, personal income in Right to Work states has grown nearly 25 percent faster than non-Right to Work.

The preceding statistics are impressive, but the reason many corporations choose Right to Work states for their businesses is to avoid a work stoppage. Possibly the most damaging aspect of unionism is a strike, and a close second is the threat of strikes. Strikes can cause manufacturers to not only lose business, but also long time customers.

U.S. automakers know the wrath of a labor stoppage all too well. Maybe that is why over the past 10 years every foreign automaker that has constructed a major car or truck plant in the United States has chosen a Right to Work state: Nissan (TN & MS), Mercedes-Benz (AL), BMW (SC), Honda (AL), Hyundai (AL) and the recently announced Mercedes-Benz (GA) plant. □

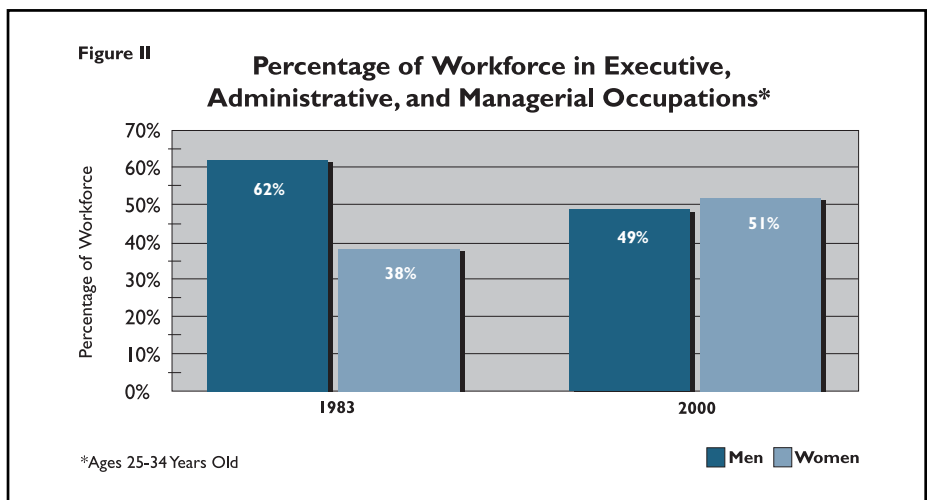
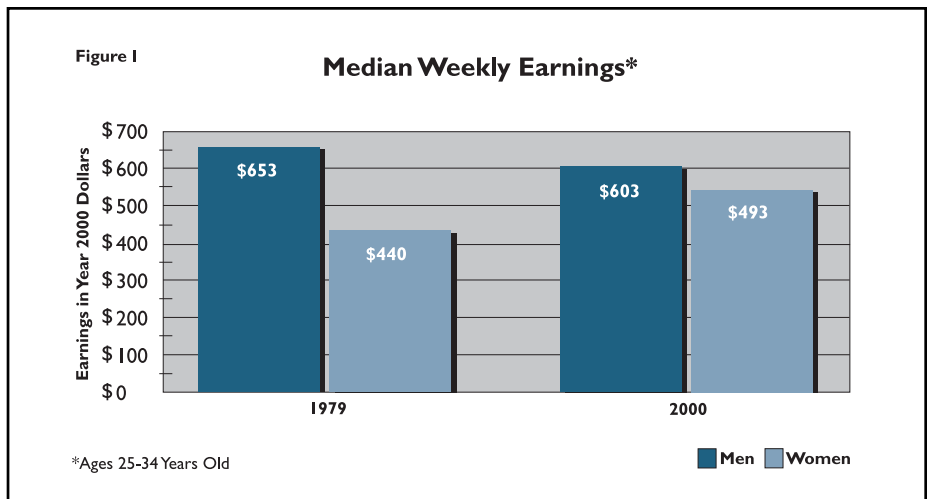
**The Lady said, “Show Me the Money!”**

Women ages 25 to 34 are more likely to be working or looking for work today than the same age group in the mid-1970s. A recent publication from the Bureau of Labor Statistics (BLS) shows that 75 percent of women in this age bracket were in the labor force in 2000, compared to about 50 percent in 1975.

Females not only account for a growing share of the labor force, they are also inching closer to equal pay. As Figure I shows, women today earn 82 percent of what men in the same age group are earning, up from 67 percent in 1979. One

big reason for the jump is women hold more higher-paying jobs than anytime in history. According to Figure II, the female work force, ages 25 –34, occupied 51 out every 100 executive, administrative, and managerial jobs in 2000.

While there was growth for women in executive, administrative, and managerial occupations, the share of clerical and administrative support jobs held by females declined from 30 percent in 1983 to 23 percent in 2000. Manufacturing-related jobs also took a hit, falling from 12 percent to 8 percent over the same period. □



**Teamsters** – continued from page 1

Using WISER<sup>sm</sup>, an analysis was completed on union election activity in companies engaged in transportation, warehousing, and wholesaling. (These three industries were selected because they are some of the most relevant when siting distribution facilities.) The graph below depicts the number of elections held by the most active unions, documenting the number of elections held over the past 13 years, as well as the number of elections won by each union. It is clear that the IBT dwarfs all other unions in sheer election volume in the three industries evaluated.

Furthermore, the IBT is achieving some success. Its election win ratio is 43.5%, almost identical to the IBT's national average of 43.1% in all elections held over the period. However, the IBT is 6 points lower than the national average union win ratio of 49% for all elections involving all unions, across all industries. □

**The Godfather and the Teamsters**

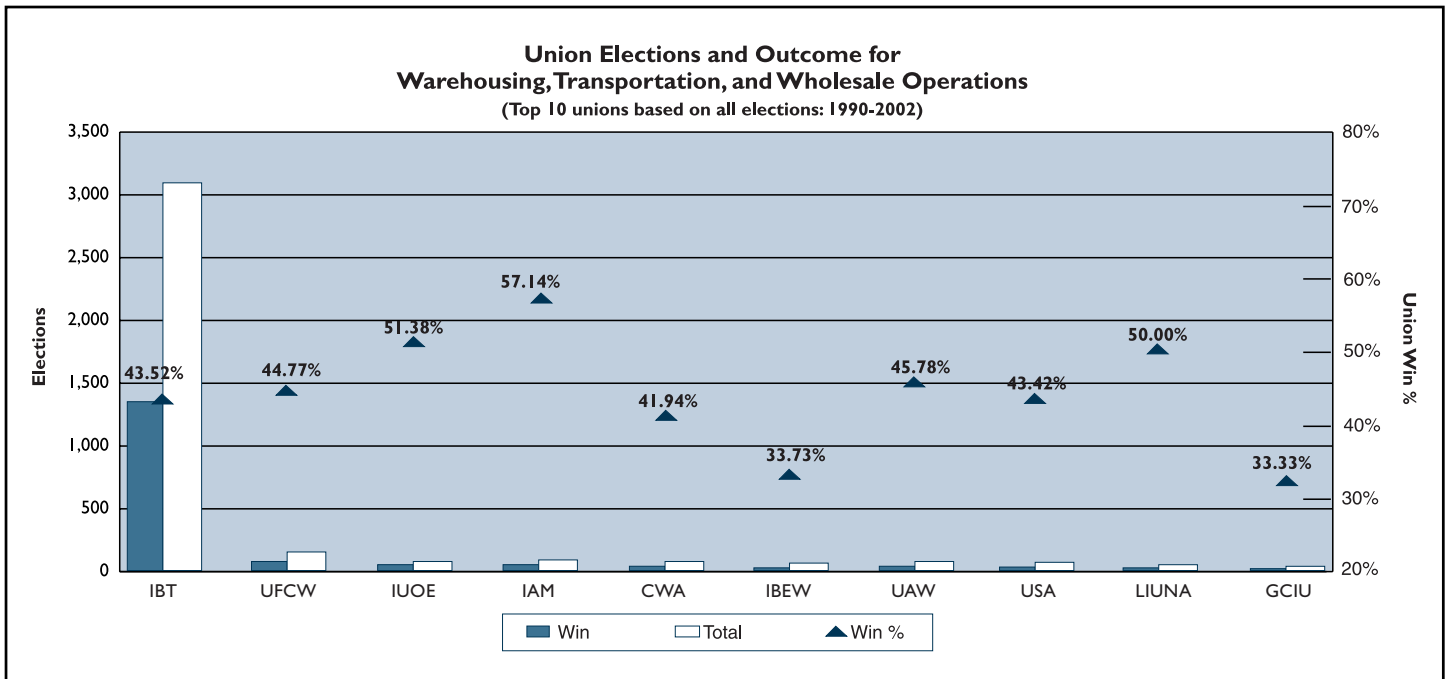
The International Brotherhood of Teamsters released a report on October 3, 2002 concluding that while “vestiges” of organized crime influence on the union remain, “they are no longer symptoms of fundamental defects in the union’s culture.”

The 526-page, \$2 million, commissioned investigation and report is entitled “The Teamsters: Perception and Reality”. It chronicles the union’s history dating back to 1903 and documents how criminal elements began to exert their influence in the early 20th century. The report details the findings of an investigation of 80 IBT locals between March 2000 and May 2001 by a team of law enforcement officials and prosecutors hired by the union to ascertain whether the Teamster’s are finally rid of mob manipulation.

Federal monitoring of the union, begun in 1989 as a result of the US government’s RICO (Racketeer Influenced and Corrupt Organizations) lawsuit, has enabled the union

to clean itself up. With the government to lean on, the union has achieved success in purging those elements of organized crime that existed in the past, according to the report. The study concluded there was “vast improvement,” even in the most mob-dominated locals. When instances of organized crime ties or corruption have been uncovered, “they are no longer symptoms of fundamental defects in the union’s culture.”

Given these accomplishments, the union now believes it deserves relief from the federal scrutiny it has been under for over a decade. The report concludes, “the ultimate objective of the 1988 RICO lawsuit will not be achieved until the goal articulated by then U.S. Attorney Rudolph W. Giuliani- ‘to return control of the Teamsters to the many honest men and women of the union’ has been met”. The International Brotherhood of Teamster’s thinks they have control over their crime problem. Now they want the U.S. government to loosen its grip. □



## Safety in the Workplace: Perception vs. Reality

The 2002 Liberty Mutual Workplace Safety Index ranks the leading causes of workplace injuries

based on the direct cost (payments to injured employees and the medical providers) associated with each injury

type. The results, shown in the Table I, illustrate that the top 10 causes of injury were responsible for 86 percent or \$34.6 billion of the total \$40.1 billion dispersed in the form of wages and medical payments in 1999.

Rank	Injury Cause per Safety Index	% of Total Costs per Safety Index	Estimated Direct Costs Nationwide per Safety Index
1	Overexertion	25.5%	\$10.3 billion
2	Fall on same level	11.5%	\$4.6 billion
3	Bodily reaction	9.4%	\$3.8 billion
4	Fall to lower level	9.2%	\$3.7 billion
5	Struck by object	8.5%	\$3.4 billion
6	Repetitive motion	6.7%	\$2.7 billion
7	Highway accidents	5.9%	\$2.4 billion
8	Struck against objects	4.3%	\$1.7 billion
9	Caught in or compressed by equipment	4.1%	\$1.6 billion
10	Contact with temperature extremes	1.0%	\$0.4 billion
<b>Top 10 Causes from the Safety Index</b>		<b>86.1%</b>	<b>\$34.6 billion</b>
<b>All Injuries</b>		<b>100%</b>	<b>\$40.1 billion</b>

A comparison of results from the 2002 Safety Index to those of the 2001 Liberty Mutual Executive Survey of Workplace Safety (Table II) helps highlight an interesting phenomenon. In the business world, executive perception of the main causes of injury in the workplace, shown in Table II, and reality, the Safety Index, are not the same.

According to the 2001 Liberty Mutual study, executives surveyed

## Industrial Market –

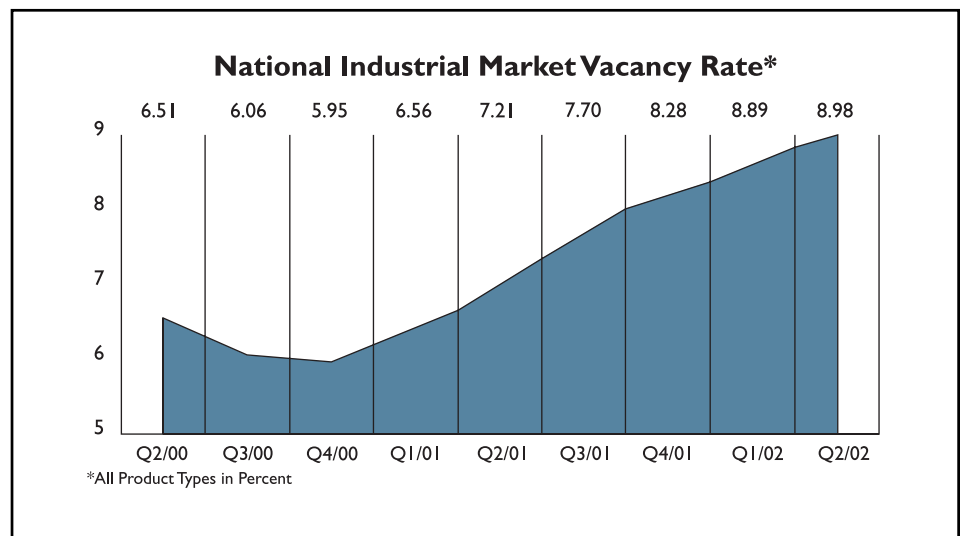
through 2001. The amount of space still under construction is 51 million square feet, less than half the 122 million square feet that was under construction at mid-year 2000.

The manufacturing sector is posting signs that demand for space may be on the upswing as well. The most recent edition of the Institute of Supply Management's Purchasing Managers Index (PMI) inched ahead to 50.5 percent in August. (A PMI measure above 50 percent indicates that the manufacturing economy is generally expanding, below 50 percent indicates that it is generally contracting.) Furthermore, durable goods orders increased 8.5 percent from June to July; raising optimism that business capital spending may be breaking out of its slump. These factors will help lead to an increase in the volume of raw materials and finished goods

flowing through supply chains, which should, in turn, create greater demand for all kinds of industrial space.

The outlook for the industrial market still rests on how the economy continues to bounce back. Developers and lenders have thinned the supply;

now demand must continue to increase for rental rates to go back up and vacancy to fall. The latest forecasts indicate the industrial vacancy recovery, while sluggish, may be underway. For the near term, however, it is still a tenant's market. □



**Safety** – continued from page 7

perceive “repetitive motion” as the most significant cause of injury in the workplace. While costly, it is far less expensive than other injuries that do not get as much publicity. Repetitive motion injuries resulted in \$2.7 billion in cost, but this is only a little over one-fourth of the price tag of the number one injury, overexertion, at \$10.3 billion. The Safety Index places five other causes of injury above repetitive motion in direct costs: overexertion, falls on same level, bodily reaction, falls to lower level, and struck by object.

Perception also differs significantly from reality in two other injury causes: falls on same level and highway accidents. Falls on same level’s estimated direct cost in the U.S. was \$4.6 billion, making it the second most expensive in the Liberty Mutual Safety Index. However, executives underestimate this cause’s direct cost, dropping it in their rankings to a lowly seventh. On the other hand, executives surveyed overestimated highway accident’s portion in total direct cost. The total estimated cost of highway accidents was \$2.4 billion, ranking it seventh

**Table II: Perception – 2001 Liberty Mutual Executive Survey of Workplace Safety**

Rank	Injury Cause per Executive Survey	Safety Index Ranking	Estimated Direct Costs Nationwide per Safety Index
1	Repetitive motion	6	\$2.7 billion
2	Overexertion	1	\$10.3 billion
3	Highway accidents	7	\$2.4 billion
4	Bodily reaction	3	\$3.8 billion
5	Fall to lower level	4	\$3.7 billion
6	Caught in or compressed by equipment	9	\$1.6 billion
7	Fall on same level	2	\$4.6 billion
8	Struck by object	5	\$3.4 billion
9	Contact with temperature extremes	10	\$0.4 billion
10	Struck against objects	8	\$1.7 billion

overall in the Safety Index. In contrast, the executive survey graded it as the third most expensive.

There is a considerable gap between the main causes of injury and what executive’s perceive as reality. In light of these findings, Liberty Mutual reports that many leaders of industry may be unintentionally focusing their resources on the incorrect causes of workplace injury. □

**THE WALKER COMPANIES**

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