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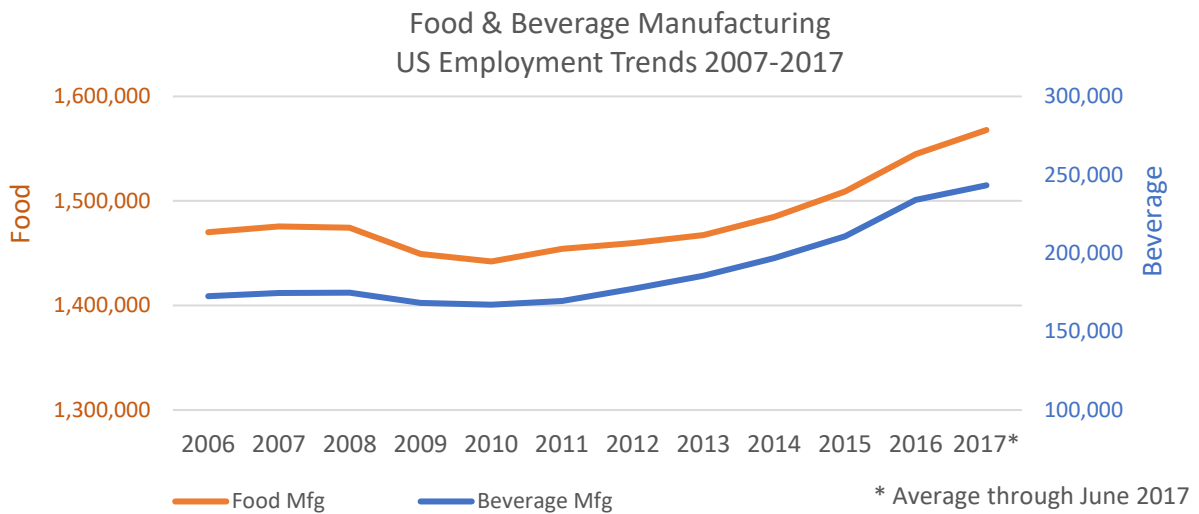
Food, Glorious Food!

By: Cyndi Dancy, director of research, Garner Economics LLC

Top Areas for the Food & Beverage Manufacturing Industry

The food and beverage industry remains a generous slice of the nation’s manufacturing sector with steadily increasing employment. Consumers drive trends on what is being produced, how it is packaged, and the industry continues to adapt and thrive. Metro areas with large populations have a foothold on food productions, while other areas have found their specialties driving employment.

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More than 1.8 million people across the United States work in food and beverage manufacturing sectors as of June 2017, according to the Bureau of Labor Statistics. These two sectors show continual employment growth since 2010 with strong advancement in the past five years.

Although the food processing sector has a much higher employment level, the beverage sector is increasing at a faster rate. Rates of growth over the past five years are at seven percent for food processing and 37 percent for beverage manufacturing based on preliminary figures for the first six months of 2017.

More than half of the employment growth in the beverage manufacturing industry is accounted for in the development of breweries as the craft brew scene expanded greatly across the United States. We'll sip on that and other beverages later in this article.

FOOD MANUFACTURING

The transformation of livestock and agricultural crops into products for consumption can be as simple as washing & packaging or a more complex process involving cooking, baking, etc.

TOP STATES FOR FOOD & BEVERAGE MANUFACTURING

Ranked by Number of Establishments

| RANK 2017 | STATE | NUMBER OF FACILITIES | EMPLOYMENT |
|-----------|--------------|----------------------|------------|
| 1 | California | 6,344 | 218,818 |
| 2 | New York | 2,804 | 65,147 |
| 3 | Texas | 2,765 | 107,855 |
| 4 | Illinois | 2,186 | 83,587 |
| 5 | Florida | 1,905 | 42,023 |
| 6 | Washington | 1,686 | 45,955 |
| 7 | Pennsylvania | 1,652 | 80,208 |
| 8 | Oregon | 1,317 | 29,435 |
| 9 | New Jersey | 1,312 | 34,349 |
| 10 | Michigan | 1,298 | 44,929 |

Source: Bureau of Labor Statistics, Garner Economics

So where are these food and beverage manufacturing sector jobs? California leads the U.S. with the most facilities and employment largely due to the farming output in the Central Valley. The top metro areas for food manufacturing, covering all activity under NAICS code 311 Food Manufacturing, are generally the most populous MSAs across the nation. All of the metro areas on the ranking are within the top 25 MSAs ranked by population.

TOP METROS FOR FOOD MANUFACTURING EMPLOYMENT

Ranked by 12-Month Average Employment Ending June 2017

| METRO AREA | FOOD MANUFACTURING EMPLOYMENT (NAICS 311) | FOOD MANUFACTURING CONCENTRATION ¹ (Location Quotient) | AVERAGE WEEKLY WAGE |
|--|---|---|---------------------|
| 1 New York-Newark-Jersey City, NY-NJ-PA MSA ² | 51,881 | 0.52 | \$915 |
| 2 Chicago-Naperville-Elgin, IL-IN-WI MSA ³ | 50,872 | 1.05 | \$1,130 |
| 3 Los Angeles-Long Beach-Anaheim, CA MSA | 47,595 | 0.73 | \$954 |
| 4 Atlanta-Sandy Springs-Roswell, GA MSA | 26,353 | 0.95 | \$1,577 |
| 5 Dallas-Fort Worth-Arlington, TX MSA | 19,936 | 0.54 | \$1,008 |
| 6 Boston-Cambridge-Newton, MA-NH MSA | 19,796 | 0.68 | \$975 |
| 7 San Francisco-Oakland-Hayward, CA MSA | 16,676 | 0.65 | \$1,033 |
| 8 Minneapolis-St. Paul-Bloomington, MN-WI MSA ² | 15,968 | 0.75 | \$953 |
| 9 Seattle-Tacoma-Bellevue, WA MSA | 14,987 | 0.72 | \$1,028 |
| 10 Portland-Vancouver-Hillsboro, OR-WA MSA | 13,303 | 1.06 | \$828 |

Source: Bureau of Labor Statistics, Garner Economics

Now, if we review the regions based on the concentration, or location quotient (LQ), the ranking becomes a vastly different list. The LQ displays the comparison of regional workers compared to the national rate of employment for that industry. The higher the LQ, the higher the specialization a region has for that particular industry sector. These metros tend to be mid-sized or small in regard to population but have a high concentration of food manufacturing workers.

TOP METROS FOR FOOD MANUFACTURING CONCENTRATION

12-Month Average Employment Ending June 2017 Ranked by LQ

| | METRO AREA | FOOD MANUFACTURING EMPLOYMENT (NAICS 311) | FOOD MANUFACTURING CONCENTRATION ¹ (Location Quotient) | AVERAGE WEEKLY WAGE |
|----|--------------------------|---|---|---------------------|
| 1 | Sioux City, IA-NE-SD MSA | 10,808 | 11.49 | \$1,001 |
| 2 | Gainesville, GA MSA | 10,404 | 11.21 | \$701 |
| 3 | Decatur, IL MSA | 5,736 | 10.69 | \$1,879 |
| 4 | Grand Island, NE MSA | 4,245 | 8.94 | \$805 |
| 5 | Hanford-Corcoran, CA MSA | 4,176 | 8.63 | \$900 |
| 6 | Gettysburg, PA MSA | 2,834 | 7.58 | \$843 |
| 7 | St. Joseph, MO-KS MSA | 4,513 | 7.33 | \$947 |
| 8 | Merced, CA MSA | 6,548 | 7.27 | \$891 |
| 9 | Fort Smith, AR-OK MSA | 8,052 | 6.80 | \$758 |
| 10 | Logan, UT-ID MSA | 4,079 | 6.46 | \$819 |

Source: Bureau of Labor Statistics, Garner Economics

BEVERAGE PRODUCTION

Beverage manufacturing includes:

- soft drinks
- ice manufacturing
- bottling water
- breweries
- wineries
- distilleries

Then there's beverage production. Beverage manufacturing has a strong presence in California with five of the top ten metro areas for this sector located in the state. The Napa region ranks number one on this list with an average of 10,054 employees engaged in primarily wine production. As well-known as the region is for wine, it is no surprise that the LQ of 75.51 shows concentrated employment in the beverage industry. Additional California metros also have strong wine production, while other metros on the list are headquarters for major beer brands.

TOP METROS FOR BEVERAGE MANUFACTURING

Ranked by 12-Month Average Employment Ending June 2017

| | METRO AREA | BEVERAGE MANUFACTURING EMPLOYMENT (NAICS 311) | BEVERAGE MANUFACTURING CONCENTRATION ¹ (Location Quotient) | AVERAGE WEEKLY WAGE |
|----|--|---|---|---------------------|
| 1 | Napa, CA MSA | 10,054 | 75.51 | \$1,288 |
| 2 | Santa Rosa, CA MSA | 8,481 | 25.14 | \$1,034 |
| 3 | St. Louis, MO-IL MSA | 4,558 | 2.05 | \$1,445 |
| 4 | Denver-Aurora-Lakewood, CO MSA | 4,478 | 1.76 | \$1,210 |
| 5 | Dallas-Fort Worth-Arlington, TX MSA | 4,385 | 0.75 | \$1,372 |
| 6 | San Francisco-Oakland-Hayward, CA MSA | 4,154 | 1.04 | \$1,008 |
| 7 | Modesto, CA MSA | 3,962 | 11.94 | \$1,717 |
| 8 | Seattle-Tacoma-Bellevue, WA MSA ⁴ | 3,767 | 1.15 | \$1,055 |
| 9 | Riverside-San Bernardino-Ontario, CA MSA | 3,767 | 1.56 | \$883 |
| 10 | Cincinnati, OH-KY-IN MSA | 3,090 | 1.83 | \$1,137 |

Source: Bureau of Labor Statistics, Garner Economics

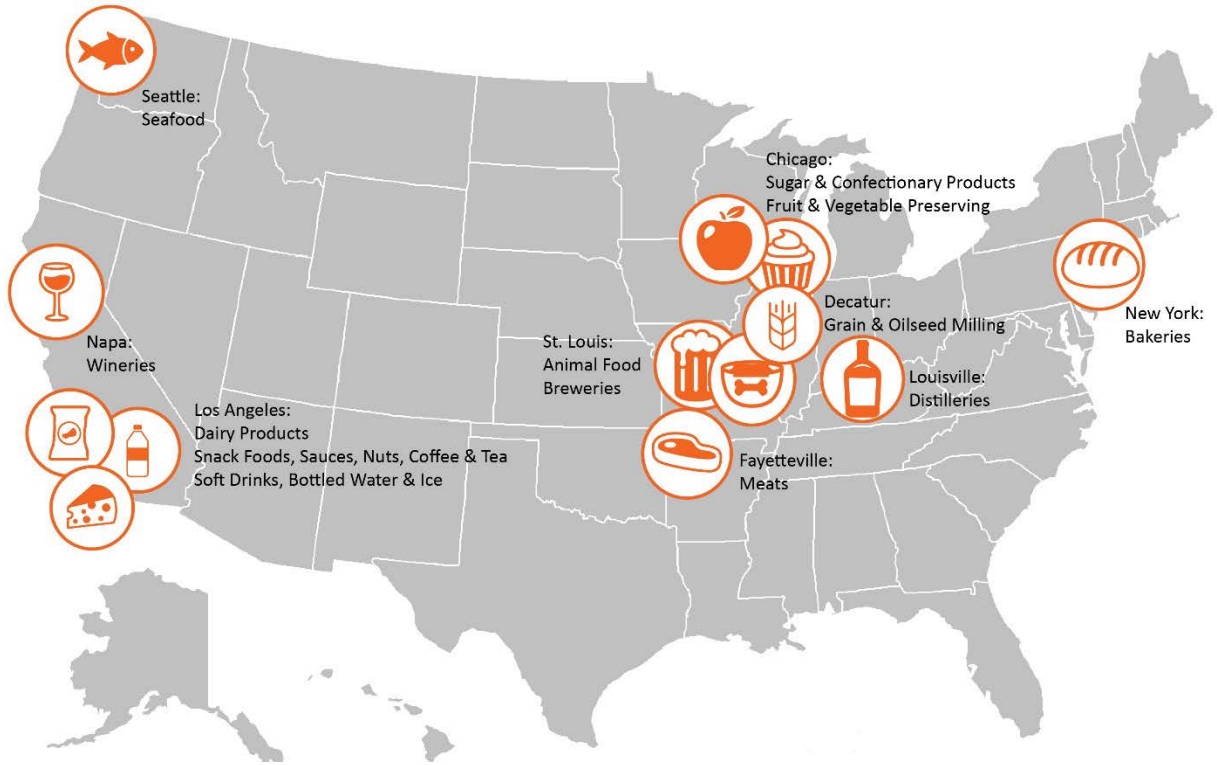
Taking the cue from Napa, CA having a specialization in wine, below are the top metro areas for subsectors of food and beverage production. Napa Valley, when evaluated for just their wine production, had an employment LQ of 290. Decatur, IL also portrayed an extreme concentration (270 LQ) within the Grain & Oilseed Milling category. Louisville, KY had the third highest LQ of 28.28 for distilleries employment reflecting its recognized bourbon heritage.

FOOD & BEVERAGE MANUFACTURING: SUBSECTOR RANKING

Ranked by June 2017 Employment

| INDUSTRY SUBSECTOR | METRO AREA | JUNE 2017 EMPLOYMENT | EMPLOYMENT CONCENTRATION ¹ (Location Quotient) | AVERAGE WEEKLY WAGE ⁵ |
|---|---|----------------------|--|----------------------------------|
| Animal Food | St. Louis, MO-IL MSA | 2,404 | 4.35 | \$2,831 |
| Grain & Oilseed Milling | Decatur, IL MSA | 5,713 | 270.98 | \$1,865 |
| Sugar & Confectionary Products | Chicago-Naperville-Elgin, IL-IN-WI MSA | 6,335 | 2.79 | \$1,195 |
| Fruit & Vegetable Preserving | Chicago-Naperville-Elgin, IL-IN-WI MSA | 4,280 | 0.78 | \$1,250 |
| Dairy Products | Los Angeles-Long Beach-Anaheim, CA MSA | 5,043 | 0.84 | \$1,512 |
| Meats | Fayetteville-Springdale-Rogers, AR-MO MSA | 10,830 | 13.16 | \$661 |
| Seafood | Seattle-Tacoma-Bellevue, WA MSA | 3,624 | 6.7 | \$1,586 |
| Bakeries | New York-Newark-Jersey City, NY-NJ-PA MSA | 28,327 | 1.41 | \$636 |
| Snack Foods, Sauces, Nuts, Coffee & Tea | Los Angeles-Long Beach-Anaheim, CA MSA | 12,000 | 1.34 | \$963 |
| Soft Drinks, Bottled Water & Ice | Los Angeles-Long Beach-Anaheim, CA MSA | 5,180 | 1.16 | \$1,171 |
| Breweries | St. Louis, MO-IL MSA | 2,745 | 4.32 | \$1,479 |
| Wineries | Napa, CA MSA | 10,557 | 290.34 | \$1,194 |
| Distilleries | Louisville-Jefferson County, KY-IN MSA | 1,727 | 28.28 | \$3,901 |

Source: Bureau of Labor Statistics, Garner Economics



The food & beverage processing industry continues to change with consumers increasingly choosing healthy, fresh, organic, and ready to eat alternatives over traditional products. Specialty foods, snack foods, and sauce manufacturing are three subsectors of the food processing industry that have seen a rise and are forecasted to grow. On the beverage manufacturing side, craft breweries and distilleries are undergoing exceptional growth nationally. Look for the future of the industry to quickly adapt and retool as consumer preferences change.

Notes:

¹ Data presented is for June 2017

² LQ Data are 2016 Annual Average due to 12-month data not fully meeting disclosure and data standards

³ Employment and LQ Data are 2016 Annual Average due to 12-month data not fully meeting disclosure and data standards

⁴ Data are 2016-2017 averages from US Census Quarterly Workforce Indicators due to BLS data availability

⁵ Wages reflect quarterly average weekly wage

Food and Beverage Manufacturing Subsectors:

- | | |
|---|--|
| Animal Food (NAICS 3111) | Bakeries (NAICS 3118) |
| Grain & Oilseed Milling (NAICS 3112) | Snack Foods, Sauces, Nuts, Coffee & Tea (NAICS 3119) |
| Sugar & Confectionary Products (NAICS 3113) | Soft Drinks, Bottled Water & Ice (NAICS 31211) |
| Fruit & Vegetable Preserving/Specialty Foods (NAICS 3114) | Breweries (NAICS 31212) |
| Dairy Products (NAICS 3115) | Wineries (NAICS 31213) |
| Meats (NAICS 3116) | Distilleries (NAICS 31214) |
| Seafood (NAICS 3117) | |



About Cyndi Dancy: Cyndi Dancy is Director of Research for Garner Economics, and economic development and site location consulting firm headquartered in Atlanta, GA. Cyndi has more than 20 years of economic development experience including specialties of research, geospatial analytics, marketing and business development. She serves as the director of research at Garner Economics.

About Garner Economics: We are data driven strategists helping companies, communities and organizations, large and small, urban and rural, achieve success.

We offer location advisory services, analytical research, industry targeting, strategic planning, and organizational assessments with a wealth of expertise to companies, communities, and organizations globally.

Garner Economics and Primus Builders have partnered to create one of the most extensive site certification initiatives in the economic development and food/beverage industry. Their goal is to help communities prepare for the location of food and beverage projects, which also helps companies in that industry sector understand that a communities' site or building has met rigorous review requirements. See more at <https://garnereconomics.com/services/food-processing-site-certification>.

We are based in Atlanta, GA with representative offices in Europe (Berlin), Asia (Seoul), and North Carolina.



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