

NJ Labor Market Views

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New Jersey Well Positioned for Transportation, Logistics and Distribution

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The real estate ideal of, “location, location, location,” aptly describes New Jersey. With airports, seaports, rail lines and easy access to the Interstate Highway system, New Jersey’s proximity to major cities and its central location among the Mid-Atlantic States gives the Garden State an ideal location for a strong transportation, logistics and distribution (TLD) industry cluster. The TLD industry cluster is responsible for the movement of products and people from one location to another. In addition to access to international markets and the nearby cities of New York and Philadelphia:

- New Jersey has 36,000 miles of highways and 500,000 trucks move freight over these roads daily.
- Within a day’s drive of the Garden State, truckers can reach 40 percent of the US population, or 100 million consumers who purchase \$2 trillion in merchandise each year.
- The state also offers access to the nation’s freight rail network and the state’s commuter rail network carries over 830,000 passengers each weekday.
- New Jersey’s TLD industry contributed 48.9 billion to the nation’s gross domestic product (GDP) in 2009. The state was responsible for 4.2 percent of the GDP generated nationally by the industry.



An Ideal Location for Distribution Businesses

The dense population and higher income level of New Jersey and the region surrounding it make the Garden State a prime location from which to distribute goods to consumer outlets. New Jersey remains the nation’s most densely populated state (1,195 people per square mile) and in 2009 its median household income of \$68,342 was well above the national average (\$50,221).

Just beyond the state’s borders are the cities of Philadelphia and New York and their surrounding suburbs, which together also have millions of relatively affluent consumers. In 2008 there were 46.1 million people living within 200 miles of downtown Camden, in

Southern New Jersey with a total annual income of \$1.5 trillion.

One if by Air, Three if by Sea

In addition to its prime location and access to rail lines and Interstate Highways, New Jersey is home to several key transportation facilities necessary for a strong TLD industry cluster. The state has three major seaports and a large international airport. Newark Liberty International Airport and the Port Elizabeth and Port Newark seaports owned by the Port Authority of New York and New Jersey are located in the northern part of

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the state, across from New York City. The South Jersey Port Corporation operates a seaport located on the Delaware River in the City of Camden.

Newark Liberty International Airport handled a total of 12.5 million passengers in 2010 on flights to numerous US destinations as well as a full range of international flights. Federal Express also operates a 2-million-sq.ft. freight terminal at the airport.



Newark and Elizabeth seaports handled 153.5 million tons of freight traffic in 2008 according to the US Census Bureau – the third highest total tonnage in the nation. These ports rank first in the

nation in motor vehicle shipments and third in volume of containerized freight loaded. Imports from other nations account for 95.7 percent of containerized freight traffic at the ports.

While the Port of Camden is smaller than the North Jersey facilities, Camden is an important destination for bulk and break bulk cargo, materials not transported in shipping containers including coffee, cocoa beans, plywood, steel, scrap metal, nuts and fresh fruit.

Industries in the TLD Industry Cluster

TLD is comprised of two main components: transportation and distribution. The transportation component includes businesses responsible for the movement of material or passengers from one location to another. Distribution includes those businesses that store and route goods to their destinations. Since 1990, employment in distribution has declined (-7.9%), while jobholding in transportation registered a small gain (+1.9%) due in large part to technology advances and increased productivity.

New Jersey's Transportation, Logistics and Distribution Cluster (2009)			
Industry Components	Employment	Establishments	Average Annual Wage (\$)
Distribution	242,373	19,920	70,989
Merchant Wholesalers, Durable Goods	105,660	8,259	72,623
Merchant Wholesalers, Nondurable Goods	82,997	4,567	72,619
Electronic Markets, Agents and Brokers	26,628	6,453	84,685
Warehousing and Storage	27,088	641	46,106
Transportation	121,058	6,124	46,727
Air Transportation	17,526	142	57,112
Rail Transportation	39	5	46,957
Water Transportation	1,791	78	72,342
Truck Transportation	32,198	2,893	49,529
Transit and Ground Passenger Transportation	26,870	1,041	25,303
Pipeline Transportation	327	23	85,641
Scenic and Sightseeing Transportation	468	101	28,612
Support Activities for Transportation	20,238	1,413	66,314
Couriers and Messengers	21,601	428	40,100
Private Sector Employment, NJ Total	3,158,235	259,906	54,543
<i>Source: NJ Dept of Labor and Workforce Development, Quarterly Census of Employment and Wages, 2009 Annual Average</i>			

Occupations and Wages

Companies in the TLD industry cluster employ workers in a broad array of occupations from truck drivers and warehouse laborers to managerial, administrative, technical, sales and clerical jobs.

In 2009, jobs in the TLD cluster in New Jersey paid an average annual wage of \$62,736 – about 15.0 percent higher than the average private sector New Jersey wage of \$54,542 and 16.7 percent above the national average for jobs in the TLD sector (\$53,759). Below is a look at a few of the jobs in the cluster.

Sales representatives work for distributors selling products to other

In 2009, jobs in the TLD cluster in New Jersey paid an average annual wage of \$62,736, a rate 15.0 percent higher than the state's annual average private sector wage.

businesses. In 2009, there were about 35,800 sales representatives employed in the state and the average salary varied from \$69,400 for jobs which did not require special knowledge to about \$95,300 per year for jobs where technical or scientific knowledge was needed.

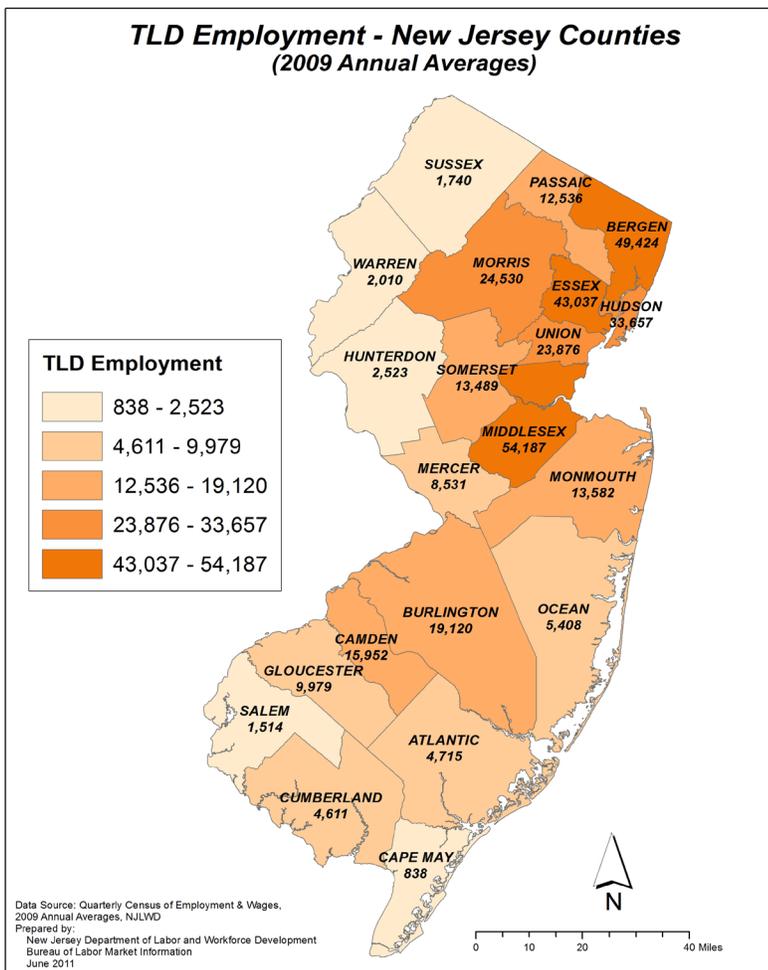
General and operations managers oversee the day-to-day operations of a transportation terminal or distribution center. In 2009, there were about 6,700 general and operations managers employed in the state. The average annual salary for these positions was about \$162,700.

Positions where workers do not need special training or extensive education include the 38,100 workers in the state employed as laborers and material handlers. These workers move freight in warehouses or similar facilities without motorized equipment and earn an average annual salary of about \$27,400.

Tractor-trailer truck driver jobs require a state commercial driver's license (CDL) which usually involves a training course and passing the driving test. There were 28,700 tractor-trailer and heavy truck driving positions in the state in 2009 with average pay of about \$43,000 per year.

A Key Role of TLD

Improving the distribution network and training workers for new technological and business model improvements in the cluster can result in New Jersey businesses both in and outside of the TLD industry cluster becoming more competitive. Faster and less expen-



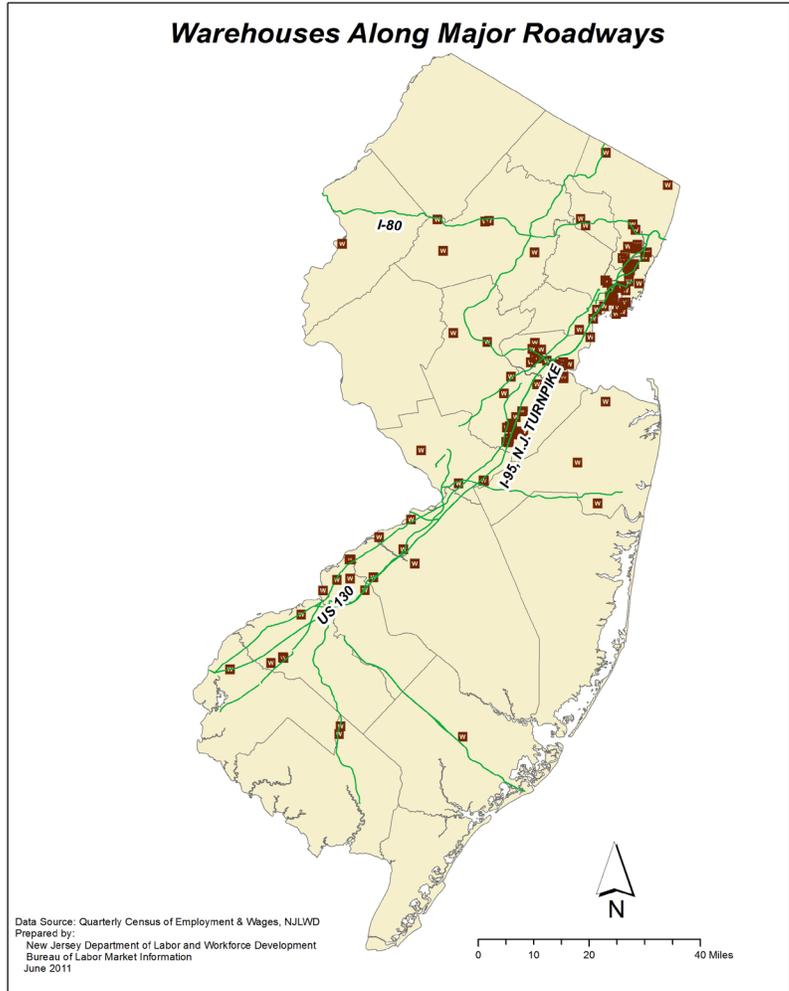
sive shipping means that products can reach the consumer more easily and at lower costs. An efficient logistics system coupled with a highly effective transportation system can allow businesses to operate with lower inventories which leads to needing fewer resources to manage on-site storage, lower overhead costs and fewer losses due to shrinkage.

Outlook

From 2008 to 2018 it is projected that payrolls in TLD will grow more slowly over the 10-year period (+0.7% or 2,750 jobs) than the state's economy as a whole (+2.8%). Although the need for transportation and distribution services will likely continue to increase with the state's population over this time, employment growth will probably lag as further advances allow each worker to become more productive.

Of the 32 occupations that account for 65.7 percent of the industry's employment, five were listed by the New Jersey Department of Labor and Workforce Development as growing, eight were listed as stable, and 19 were identified as declining. In general, occupations projected to decline from 2008-2018 are those where workers are being displaced by automation such as laborers and material handlers, hand packers, and sales representatives and secretaries. Nonetheless, many positions are likely to continue to open up in these occupations because of turnover.

Customer service representative is an example of an occupation that is projected to grow and have a substantial number of annual job openings



(\$2,440). The job requires moderate on-the-job training and salaries average about \$37,700 per year. Positions listed as stable which are projected to generate at least 1,000 job openings per year include stock clerks and order fillers (1,700), general office clerks (1,050), as well as tractor-trailer and other heavy truck drivers (1,050).

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