

New Jersey Key Industry Clusters

New Jersey has a richly diverse population; proximity to major metropolitan areas and a history of invention and innovation; from electronics and pharmaceuticals to biotechnology research; that impressively continues to grow. New Jersey's commitment to investment, collaboration and talent development supports growth in key industry clusters that drive economic expansion. In the Garden State, these key clusters have found an ideal location – within a day's drive of 40.0 percent of the US population; a talented, productive and highly educated workforce with a high density of residents with advanced degrees and 52 colleges and universities. Here is a brief look at some key industry clusters.

Bio/Pharmaceuticals and Life Sciences Industry Cluster

- New Jersey's bio/pharma life sciences employment totaled 116,548 in 2012, or 3.6 percent of the state's private sector workers. Nationally, the proportion was just 1.9 percent.
- New Jersey's bio/pharmaceutical and life sciences cluster employment is comprised of three primary components: pharmaceutical sector (42.8%), biotechnology (35.9%) and medical device manufacturing (21.3%).
- From 2007 to 2012, the number of establishments in this cluster grew by 6.3 percent. Despite recent mergers by firms in the drug and pharmaceutical component, the number of establishments increased by 9.1 percent, outpacing growth nationally (+6.6%) over the period.
- New Jersey bio/pharma and life science employers paid nearly \$14.8 billion in wages during 2012, or 8.0 percent of the state's total wages.
- The state's highly educated workforce is seen in this cluster as nearly two-thirds (65.4%) of its workers in New Jersey hold a Bachelor's degree or higher: Bachelor's (33.8%), Master's/Professional (22.1%), Doctoral (9.6%) degree.



Transportation, Logistics, Distribution Industry Cluster

- In 2012, transportation, logistics and distribution (TLD) employed 357,997 workers in New Jersey. The cluster employed 11.2 percent of the state's private sector workers, a higher percentage than for the nation (8.9%).
- TLD contributed \$47.7 billion to the state's Real Gross Domestic Product (GDP) in 2012.
- In 2012, employers in the state's TLD industry cluster paid a total of \$24.4 billion in wages.
- Located between New York City and Philadelphia, New Jersey is within a day's drive of 40 percent of the US population who purchase \$2 trillion in merchandise yearly.
- The state offers access to the nation's freight rail network and is also home to several key transportation facilities necessary for a strong TLD industry cluster including three major sea-ports and a large international airport.
- According to 2011 figures (latest available) from the U.S. Army Corps of Engineers, Waterborne Commerce Statistics Center, New Jersey's shipping activity accounts for 6.7 percent of the nation's tonnage of total cargo volume.



Financial Services Industry Cluster

- Despite a relatively small employment base (5.7% of total employment in 2012) finance and insurance contributed more than \$35 billion or roughly nine percent to the state's Real Gross Domestic Product in 2012.
- According to the NJ Business & Industry Association, 15 of the state's top 75 employers are finance and insurance firms whose combined employment represents roughly 42 percent of jobholding in finance and insurance.
- Financial services relies heavily on information and technology. New Jersey has remained in the forefront of technological advancement by becoming a national leader in developing data centers to support the industry. Of the more than 40 data centers located in the state, over half are located in Hudson County.
- In 2012, almost \$19.8 billion in total wages were paid by New Jersey's employers in financial services industries.
- The greatest concentration of jobs within the financial services industry cluster is found in Hudson County (17.8%).



Advanced Manufacturing Industry Cluster

- The advanced manufacturing industry contributed over \$20.7 billion to New Jersey's Real Gross Domestic Product in 2012, or about 4.8 percent of all state output.
- Advanced manufacturing employment is primarily comprised of four industry groups: chemical manufacturing (37%), computer and electronic product manufacturing (19%), fabricated metal manufacturing (17%) and machinery manufacturing (10%). The remaining 17 percent is made up of selected detailed industries.
- In 2012, there were 134,624 people employed in industries classified as advanced manufacturing in New Jersey. This represents about 54 percent of all manufacturing employment in New Jersey.
- Chemical manufacturing industries employed roughly 49,000 in 2012, or 20 percent of all manufacturing workers in the state. This represents 6.2 percent of all chemical manufacturing employment in the United States.
- The state's advanced manufacturing industry establishments paid a total of more than \$12.4 billion in wages in 2012, or roughly 6.7 percent of New Jersey's total wages.



Note: The definition of the advanced manufacturing cluster was expanded in 2013 to reflect new methodology used by LWD.

Health Care Industry Cluster

- The health care industry contributed over \$30 billion to New Jersey's Real Gross Domestic Product (GDP) in 2012, or roughly 7 percent of all state output.
- Health care industry employment is found in three industry groups: ambulatory health care services (45%), hospitals (35%) and nursing and residential care facilities (20%).
- From 1990 through 2012, the health care sector in New Jersey has added 180,600 new jobs, while all other industries combined had a net gain of only 79,800.
- Health care is the only industry that has added jobs in the state every year from 1990 through 2012 while increasing its share of jobholding from 7.5 percent in 1990 to 11.6 percent in 2012.
- The outlook for New Jersey's health care employment is bright. From 2010 through 2020, it is projected that more than 61,700 jobs will be added, an annual increase of 1.3 percent.
- Health care establishment employers paid more than \$22.7 billion in total wages in 2011, or about 12.3 percent of all wages paid in New Jersey.



Technology Industry Cluster

- In 2012 New Jersey's technology cluster accounted for 353,356 jobs or 11.1 percent of private sector employment statewide. Nationally the cluster was responsible for 9.6 percent of all private sector employment.
- The annual average wage for the technology cluster was \$108,252 in 2012 or 186 percent of the statewide average (\$58,093) for all industries. Employers in the industry paid over \$38 billion in wages, or about 21 percent of the total wages paid in all industries.
- Employment within the technology cluster can primarily be found within the following sectors: professional, scientific and technical services (47.8%), manufacturing (19.9%), wholesale trade (15.9%), and information (14.2%).
- The technology cluster is supported by the strength of New Jersey's highly educated workforce as over 80 percent of New Jerseyans within the cluster have some college or higher. Almost 63 percent hold a Bachelor's degree or higher.



Note: The definition of the technology cluster was expanded in 2013 to reflect the U.S. Bureau of Labor Statistics definition.

Leisure, Hospitality and Retail Industry Cluster

- Leisure, hospitality and retail (LHR) is comprised of four components: retail trade (56.2% of employment), food services/drinking places (29.3%), accommodation (7.4%) and arts/entertainment/recreation (7.1%).
- Many of the businesses within LHR directly and indirectly support the state's tourism industry, the state's 5th largest industry according to the Division of Travel and Tourism. In 2012 the state generated \$40 billion in tourism demand.
- LHR contributed \$42.9 billion (or 9.8%) to the state's Real Gross Domestic Product in 2011.
- LHR jobholding totaled 785,443 in 2012, or 24.6 percent of the state's private sector workers.
- New Jersey LHR employers paid more than \$21 billion in wages during 2012, or 11.5 percent of the state total. The average annual wage for the LHR cluster in 2012 was \$27,154.
- Over one-quarter (28.0%) of all employment in the LHR cluster is concentrated in three counties: Bergen, Monmouth and Middlesex. Atlantic County ranks fourth for LHR employment due mainly to the presence of its casino hotel industry.
- Due primarily to their tourism-based economies, over half of private sector employment in Atlantic (56.2%) and Cape May (54.8%) counties is concentrated in the LHR cluster.



For more information on New Jersey's key industry clusters, contact the Bureau of Labor Market Information at (609) 292-2582 or visit the Office of Research and Information website at <http://lwd.state.nj.us/labor/lpa>