

## **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 U.S. 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.

### **Technology Industry Cluster**

- In 2013 New Jersey's technology cluster accounted for 354,640 jobs or 11.0 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 \$110,952 in 2013 or 188 percent of the statewide average (\$59,026) for all industries. Employers in the industry paid over \$39 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 (48.6%), manufacturing (19.6%), wholesale trade (15.8%), and information (13.9%).
- The technology cluster is supported by the strength of New Jersey's highly educated workforce as over 93 percent of New Jerseyans within the cluster have achieved some level of college education or higher. Almost 77 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.*

### **Biopharmaceutical Life Sciences Industry Cluster**

- New Jersey's biopharma life sciences cluster employment totaled over 115,000 in 2013, or 3.6 percent of the state's private sector workers. Nationally, the proportion was just 1.9 percent.
- New Jersey's biopharmaceutical and life sciences cluster employment is comprised of three primary components: pharmaceutical sector (43.5%), biotechnology (35.4%) and medical device manufacturing (21.1%). In 2013, the state's pharmaceuticals employment accounted for 8.8 percent of pharmaceuticals jobholding in the U.S.
- Establishments totaled over 3,000 in 2013. Despite recent reorganizations by pharmaceutical firms, the drug and pharmaceutical component's establishment count increased between 2008 and 2013 by 9.4 percent, outpacing growth nationally (+7.1%) over the same period.
- New Jersey biopharma life science employers paid over \$15 billion in wages during 2013, or 7.9 percent of the state's total wages.
- The state's highly educated workforce is seen in this cluster as more than three-fifths (62.2%) of its workers statewide hold a Bachelor's degree or higher: Bachelor's (29.2%), Master's/Professional (24.7%), Doctoral (8.3%) degree.

### **Advanced Manufacturing Industry Cluster**

- The advanced manufacturing cluster contributed over \$20.7 billion to New Jersey's Real Gross Domestic Product in 2012, or about 4.8 percent of all state output (latest available from the U.S. Bureau of Economic Analysis).
- Advanced manufacturing employment is primarily comprised of four industry groups: chemical manufacturing (36%), computer and electronic product manufacturing (18%), fabricated metal manufacturing (16%) and machinery manufacturing (11%). The remaining 19 percent is made up of selected detailed industries.
- In 2013, there were 133,700 people employed in industries classified as advanced manufacturing in New Jersey, or about 55 percent of manufacturing employment statewide.

- Chemical manufacturing industries, the cluster's largest segment, employed roughly 49,000 in 2013, or 20.2 percent of all manufacturing workers in the state. The state's jobholding in chemical manufacturing represents 6.1 percent of U.S. chemical manufacturing employment.
- The state's advanced manufacturing industry establishments paid a total of more than \$12.6 billion in wages in 2013, or roughly 6.6 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*

### **Transportation, Logistics, Distribution Industry Cluster**

- In 2013, transportation, logistics and distribution (TLD) employed 364,756 workers in New Jersey. The cluster employed 11.3 percent of the state's private sector workers, a higher percentage than for the nation (8.8%).
- TLD contributed more than \$54.4 billion to the state's Real Gross Domestic Product (GDP) in 2013.
- In 2013, employers in the state's TLD industry cluster paid a total of \$25.2 billion in wages.
- Located between New York City and Philadelphia, New Jersey is within a day's drive of 40 percent of the U.S. population.
- 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 seaports and a large international airport.
- According to 2012 figures (latest available) from the U.S. Army Corps of Engineers, Waterborne Commerce Statistics Center, New Jersey's shipping activity accounts for 6.6 percent of the nation's tonnage of total cargo volume.

*Note: The definition of the TLD cluster was expanded in 2014 to reflect new methodology used by LWD.*

### **Financial Services Industry Cluster**

- Despite a relatively small employment base (5.6% of private sector employment in 2013) finance and insurance contributed almost \$35 billion or roughly eight percent to the state's Real Gross Domestic Product in 2013.
- 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 40 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 2013, almost \$20.3 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 (17.6%).

### **Health Care Industry Cluster**

- The health care cluster contributed over \$30 billion to New Jersey's Real Gross Domestic Product (GDP) in 2012, or roughly 7 percent of all state output (latest available from the U.S. Bureau of Economic Analysis).
- Health care cluster employment is comprised of three industry groups: ambulatory health care services (47%), hospitals (32%) and nursing and residential care facilities (21%).
- From 1990 through 2013, the health care sector in New Jersey has added 186,300 new jobs, while all other industries combined had a net gain of only 113,400.
- Health care is the only industry that has added jobs in the state every year from 1990 through 2013 while increasing its share of jobholding from 7.5 percent in 1990 to 11.6 percent in 2013.
- The outlook for New Jersey's health care employment is bright. From 2012 through 2022, it is projected that more than 88,600 jobs will be added, an annual increase of 2.0 percent.
- Health care establishment employers paid more than \$23.3 billion in total wages in 2013, or about 12.2 percent of all wages paid statewide.

### **Leisure, Hospitality and Retail Industry Cluster**

- Leisure, hospitality and retail (LHR) is comprised of four components: retail trade (56.0% of employment), food services/drinking places (29.7%), accommodation (7.2%) and arts/entertainment/recreation (7.1%).
- Many of the businesses within LHR are intertwined with the state's tourism industry, which directly supported 320,238 jobs in 2013. According to the NJ Division of Travel and Tourism the state generated more than \$40 billion in tourism demand in 2013.
- LHR contributed \$44.7 billion (or 9.8%) to the state's Real Gross Domestic Product in 2013.
- LHR jobholding totaled 796,788 in 2013, or 24.6 percent of the state's private sector workers.
- New Jersey LHR employers paid nearly \$22 billion in wages during 2013, or 11.5 percent of the state total. The average annual wage for the LHR cluster in 2013 was \$27,516.
- Over one-quarter (28.3%) 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 (56.1%) and Cape May (54.6%) counties is concentrated in the LHR cluster.

### **Construction Industry**

- The construction industry is divided into 3 components:
  - Specialty Trade Contractors
  - Construction of Buildings
  - Heavy and Civil Engineering
- In 2013 New Jersey's Construction industry averaged 136,500 jobs. An increase of 6,100 (+4.7%) jobs from 2012's average.
- More than 100,000 people were employed in occupations classified as construction and extraction across all industries in 2013
- Average construction occupation salary was \$55,940 in 2013