

Supporting Document A

Strengths, Assets and Challenges

New Jersey's key strengths and assets include a strong workforce and education system, a diverse and existing industry base, extensive infrastructure, and high quality natural and cultural landscapes. In order to successfully implement a statewide planning effort, New Jersey's strengths and assets must be well defined, leveraged and protected. Highlights of existing assets include:

A Talented and Well Educated Workforce: New Jersey has long been recognized as a state rich in talent and educational opportunities.

- Roughly 4.6 million people in its labor pool, with approximately 1.7 million individuals with college degrees
- 6th in the nation for managerial, professional and technical jobs
- 7th in the nation in the number of Ph.D. scientists and engineers per 1,000 workers
- Among top 10 states for the attainment of bachelor degrees in population ages 25-44
- 6th in the nation for residents with an advanced degree
- 57 universities, colleges and technical schools awarding 75,000 degrees annually

Extensive Physical Infrastructure: New Jersey is supported by a network of physical structures and interrelated systems that provide a strong foundation for economic growth and physical development

- On average, 620 million tons of freight, valued at over \$850 billion, move through ports
- Jurisdiction over 2,300 miles of State roadways, 2,579 State bridges, 45 general aviation airports, one heliport and one seaplane base
- Extensive network of private sector entities providing essential water, wastewater, electric, natural gas utility and broadband telecommunications services
- Port of New York and New Jersey is the nation's 3rd largest with approximately \$190 billion in trade annually, employing roughly 230,000 people
- Existing ports along the Delaware River with tremendous growth potential for industries
- A regional air network accounting for nearly 25 percent of all U.S. international air cargo

Unique Geography and Diverse Landscape: New Jersey's geography is a competitive advantage and our landscape is diverse and aesthetically pleasing. When combined with the State's rich culture and history, this creates a unique sense of place.

- Located along the Northeast Corridor with nearly 40 percent (roughly 125 million people) of the U.S. population within a one-day drive or half-day train ride.
- Equidistant to two global metropolitan hubs; New York City and Philadelphia.
- Nationally recognized landscapes- from Highlands forested ridges and rolling farmland, to Pinelands pine plains and cedar swamps, to Delaware Bayshore's coastal estuaries.
- 127 miles of beautiful Atlantic Ocean beaches and 50 major mountain summits.
- Thriving farming community with roughly 40 percent of farmland permanently protected.

- Significant access to national, state and local parks, and more than 400 publically accessible lakes, ponds and reservoirs.
- Nationally recognized historic resources, including extensive Revolutionary War sites.
- Diverse cultural resources and creative heritage with access to global cultural centers.

Prosperous Industry Clusters: New Jersey is the home to prosperous geographic concentrations of industries that have formed around common needs and the availability of talent, technology, and infrastructure.

- **Pharmaceuticals & Life Science** - New Jersey is “the world’s medicine chest” and is:
 - Home to the world or North American headquarters for 17 of the 20 largest pharmaceutical companies;
 - Ranked 6th nationally for biotech strength, 3rd in bioscience venture capital investments and 4th in the number of bioscience patents, reflecting a spending level of approximately \$1.3 billion;
 - Experiencing growth in biotechnology companies with a greater than 50 percent increase over the past three years, currently hosting over 300 biotech companies.
- **Technology** - New Jersey is a recognized leader in a technology-based economy and is:
 - 4th in the nation for moving toward a global, innovation based economy;
 - 4th fastest growing technology industry in the U.S.;
 - 1st nationally in broadband communications;
 - The most extensive metro optical network in the world including “self-healing” synchronous networks for voice, high speed data and video transmissions to provide reliability, functionality and eliminate downtime;
 - 2nd largest information technology employer in the nation.
- **Financial Services** – New Jersey is a hub for the global market and is:
 - Home to many large financial services firms and operations;
 - In close proximity to the New York financial center;
 - Home to the “back office” operations for many leading Wall Street firms;
 - More competitive in terms of corporate real estate rents than Manhattan and Philadelphia, offering inexpensive options for support to corporate operations with direct access to these global hubs;
 - Home to a strong business services sector and unmatched pool of talent helping financial services companies grow and expand.
- **Advanced Manufacturing** – New Jersey’s production of goods is a core segment of the State’s economy and is:
 - Producing manufactured goods, including food and beverages, worth in excess of \$43.8 billion;
 - One of the nation’s most strategically relevant locations for manufacturing, as well as a gateway for exporting;
 - Well positioned to capitalize on a transportation infrastructure, proximity to the national markets, and extensive warehousing and distribution capabilities.
- **Transportation, Warehousing & Logistics** – New Jersey moves the goods and services for the world and has:

- More than 23,000 establishments involved in transportation, logistics and distribution;
- The highest density of railroads in the nation;
- Proximity to national markets with extensive warehousing/distribution capabilities, with more than 585 million square feet of warehousing space ;
- Major port facilities in Newark and Elizabeth, and on the Delaware River in Camden, Gloucester and Salem; more than 620 million tons of freight, valued at over \$850 billion, moves through State ports annually;
- Two major international airports (Newark-Liberty and Atlantic City);
- Three major interstate highways, more than 38,000 miles of roadways and a highway system that connects ports of entry to intra and inter-state markets.
- **Tourism** – The State’s \$38 billion tourism industry is the State’s third largest industry and is a key driver in the State’s economy and image.
- **Farming** – The State’s agricultural industry is an important economic driver and is essential to the prosperity of areas not desirable or ideal for non-agricultural growth.
- **Military, National Guard, Homeland Security and U.S. Coast Guard** – New Jersey proudly plays a vital role in national and homeland security and is:
 - A leader in joint planning and partnership with military and federal installations with the only tri-service Joint Base in the nation, Joint Base McGuire, Dix and Lakehurst
 - Home to six military bases, three U.S. Coast Guard installations, numerous National Guard facilities, and key Homeland Security functions
 - A center for innovative security for technology and logistics related to the Port of New York and New Jersey, the third largest seaport in North America, and largest maritime cargo center on the East Coast
 - Home to 8,300 dedicated men and women of the New Jersey National Guard

New Jersey's Challenges

Cross acceptance, stakeholder input and further research revealed many shifting trends and challenges that must be considered in the planning process moving forward. These include:

Changing Landscape¹

- Suburban development in New Jersey, the nation's most densely populated state, continued unabated and gained momentum through 2007² before slowing down significantly due to market conditions affecting the region and nation.
- From 2002 – 2007, the per capita consumption of land for each new resident was roughly five times the rate of land consumption than in 1985. During this timeframe, New Jersey consumed 0.76 acres (33,311 sq. ft.) for each person added to the population.
- Land resources impacted most by recent growth were forested, agricultural and wetlands.
- Large-lot rural single family residential units were the largest single land consumer (27.1 percent of physical growth from 2002 to 2007) mostly in areas not served by public water and/or sewer infrastructure and not identified as growth areas by the 2001 State Plan.

Monetary and Statutory Constraints

- The State's rate of physical growth over the past decade resulted in escalating costs for infrastructure maintenance and provision for necessary services, often without the revenue to cover the expenses. This is a major contributing factor to New Jersey's high property tax burden.
- Unfunded maintenance of existing infrastructure means existing communities and utility companies face higher long-term costs, negatively impacting their competitiveness.
- Avoidance of land uses that result in increased public service costs can result in a land use agenda that does not support resources needed for families.
- High rental and housing costs are factors to attracting/retaining talented employees
- Existing statutes can push municipal land use decisions toward prioritizing preferred tax ratables over proper land use decisions.
- New Jersey's property tax and school funding arrangement, which relies heavily on local property taxes to fund local public education, impacts economic growth.

Underperforming Urban Centers

- Many New Jersey urban centers are underperforming despite their infrastructure assets. In contrast, urban centers in other states are economic engines creating a greater share of state tax revenue, economic activity, arts and cultural amenities, and job creation compared to suburban areas. If New Jersey's urban centers continue on this trend, the State will likely underperform on economic productivity and a disproportionate amount of the burden for critical public services will continue to be borne by suburban taxpayers.
- Public safety and public education are of particular concern within major urban centers (and first ring suburbs) as they can be a disincentive to redevelopment and investment.

¹ Data cited from 2010 Rutgers / Rowan report "Changing Landscapes in the Garden State: Urban Growth and Open Space Loss 1986 – 2007" (Hasse / Lathrop). <http://gis.rowan.edu/projects/luc/>

² The 2007 NJDEP Land Use/Land Cover dataset is the most recent data set produced by NJDEP.

Changing Demographics

- The market impact of the “Baby Boomer” Generation, the demographic group described by the U.S. Census Bureau (the Bureau) as those born between January 1st, 1946 and December 31st, 1964, as they leave the workforce and implement retirement plans.
- The market impact of the “Millennial” Generation, the demographic group born between the mid-1970s and early 1990s, as they choose areas where they want to work and live. *According to the Bureau’s most recent American Community Survey, 64 percent of college-educated, 25- to 34-year-olds looked for a job after they chose the city where they wanted to live, assigning preference to more urban, walkable communities with a variety of activities, amenities, and housing options.*
- Companies are now prioritizing urban locations that are safe, convenient and offer “24-7” amenities to meet the desires of “millennials” as well as retirees. These “Smart Growth” neighborhoods are becoming the preferred consumer choice.
 - Research by the National Association of Realtors shows that Americans favor walkable, mixed-use, “smart growth” neighborhoods versus those that require more driving between home, work and recreation.³
 - When considering a home purchase, Americans preference is trending toward neighborhoods with abundant sidewalks and other pedestrian-friendly features, and would like to see improvements to existing public transportation rather than initiatives to build new roads and developments.
 - Stakeholder testimony from the State’s development and environmental communities anticipates this form of development is preferred by the next wave of home buyers.
- The desirability of “Transit Hubs”
 - Transit hubs are driving commercial leasing activity in the State, with the potential to drive new construction of office / commercial space.
 - Market research supports that New Jersey commercial vacancy rates are lower and average asking rents are higher in the nine cities qualifying under the State’s Urban Transit Hub tax credit program, as well as other transit villages (e.g. New Brunswick, Morristown) throughout the State.
 - A higher concentration of jobs, housing, retail, institutions and public open space could be present at each Transit Hub if zoning, investment strategies and market support were in place.

³ NAR Community Preference Survey 2011

