

Regional Focus: North Jersey

Data and analysis for the Bergen-Hudson-Passaic and Newark-Union labor areas

This issue of Regional Focus is based on data through September 2012 and does not reflect any impact on the region or state from Hurricane Sandy which struck New Jersey October 29, 2012, after this issue was completed. Later issues of Regional Focus will reflect the impact of that devastating storm.

North Jersey Employment on the Rise

Total nonfarm employment in the eight-county Northern Region, consisting of the Bergen-Hudson-Passaic and Newark-Union labor areas, increased by 18,900 jobs over the last year from September to September, to reach a not seasonally adjusted level of 1,846,700. This marks the second yearly increase for employment over the September-to-September period. Prior to 2010, employment in the Northern Region faced three consecutive years of decline. The region's 1.0 percent rise in jobholding from September 2011 to September 2012 was slightly less than the statewide employment increase of 1.1 percent.

Regional employment advanced in all sectors except construction (-5,000 or -8.0%), information (-200 or -0.6%), and government (-3,100 or -1.2%). Government has experienced a decline in employment each year since 2008. Professional and business services demonstrated the most significant job growth (+7,900 or +2.6%) during the period followed by leisure and hospitality (+5,900 or +4.4%). Professional, scientific, and technical services accounted for a majority of the gain in the professional and business services sector (+4,900 or +3.6%). On the strength of hiring in retail trade (+5,900 jobs), trade, transportation, and utilities (+5,400) exhibited a significant payroll gain since September 2011. Other industries that experienced job growth during the period were other services (+3,600 jobs), financial activities (+2,700), manufacturing (+900) and education and health services (+800). For the first time since 2005, jobholding within financial activities grew over the September-to-September period in 2012.

**Change in Nonfarm Employment
September 2011 - September 2012
(not seasonally adjusted)**

	Region		State	
	Net	%	Net	%
Total Nonfarm Employment	18,900	1.0	43,100	1.1
Private Sector	22,000	1.4	42,200	1.3
Construction	-5,000	-8.0	-12,500	-9.0
Manufacturing	900	0.7	-6,300	-2.5
Trade, Trans. & Utilities	5,400	1.4	10,000	1.2
Information	-200	-0.6	-1,400	-1.9
Financial Activities	2,700	1.9	-300	-0.1
Prof. & Business Svcs.	7,900	2.6	4,800	0.8
Ed. & Health Svcs.	800	0.3	20,900	3.4
Leisure & Hospitality	5,900	4.4	17,100	5.0
Other Services	3,600	4.8	9,900	6.1
Government	-3,100	-1.2	900	0.1

Source: NJLWD, Current Employment Statistics

Most Private Industry Sectors See Job Growth

Over the year, employment advanced in both of the Northern Region's labor areas. Employment in the Newark-Union Labor Area increased by 8,400 or 0.9 percent to total 972,200 nonfarm jobs in September 2012. Payrolls in the Bergen-Hudson-Passaic (BHP) Labor Area were up by 10,500 jobs or 1.2 percent since September 2011 reaching 874,500 in September 2012. The Northern Region, which is made up of two of the state's largest labor areas, accounts for nearly



Regional Focus is a quarterly publication of the New Jersey Department of Labor Division of Labor Market and Demographic Research. For questions regarding the material in this publication contact Scott Packen at (609)292-2742 or email scott.packen@dol.state.nj.us

To subscribe to this publication email njsdc@dol.state.nj.us with "regional focus" in the subject line.

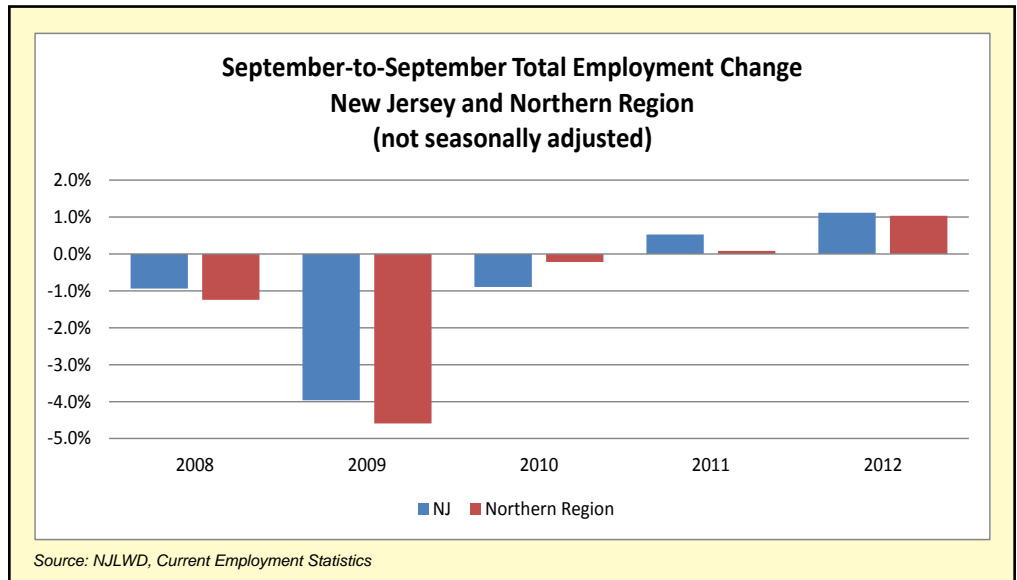


half of all statewide employment (47.3%). The Newark-Union and BHP labor areas rank second and third, respectively, behind only the Edison Labor Area (Central Region, 989,600 jobs in September 2012).

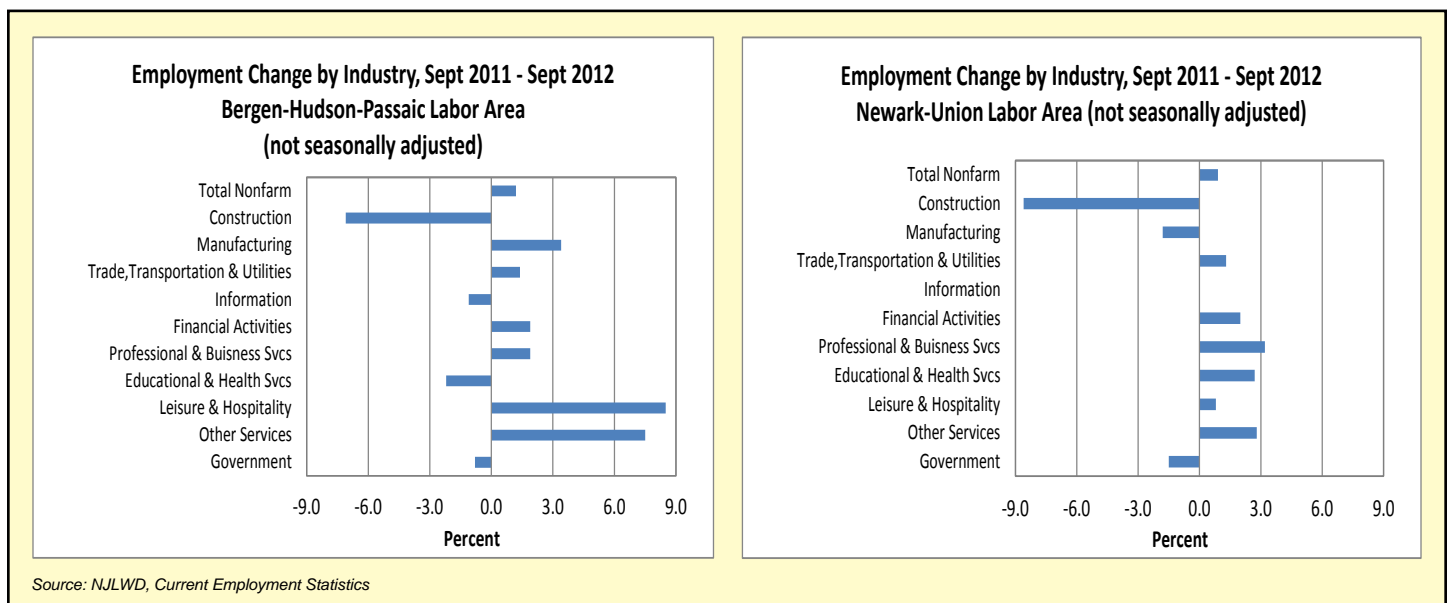
In the BHP Labor Area, leisure and hospitality (+5,300 or 8.5%), trade, transportation and utilities (+2,800 or +1.4%) and professional and business services (+2,600 or +1.9%) experienced the largest job gains. Professional, scientific, and technical services account for nearly 80 percent of the job gains seen in professional and business services (+2,100 or +3.8%). The greatest loss occurred in educational and health services (-3,100 or -2.2%). Construction (-1,900 or -7.1%), government (-800 or -0.8%), and information (-200 or -1.1%) also shed employment from the same month a year ago. Nearly all of the employment loss in the educational and health services industry sector occurred within health care and social assistance (-2,600 or -2.1%).

Total Nonfarm Employment (unadjusted September data, employment in thousands)						
	2007	2008	2009	2010	2011	2012
New Jersey	4,076.5	4,038.3	3,878.3	3,843.7	3,864.0	3,907.1
Northern Region	1,942.5	1,918.4	1,830.3	1,826.3	1,827.8	1,846.7
Bergen-Hudson-Passaic Labor Area (Bergen, Hudson and Passaic counties)	909.1	895.5	859.5	863.6	864.0	874.5
Newark-Union Labor Area (Essex, Hunterdon, Morris, Sussex and Union counties)	1,033.4	1,022.9	970.8	962.7	963.8	972.2

Source: NJLWD, Current Employment Statistics

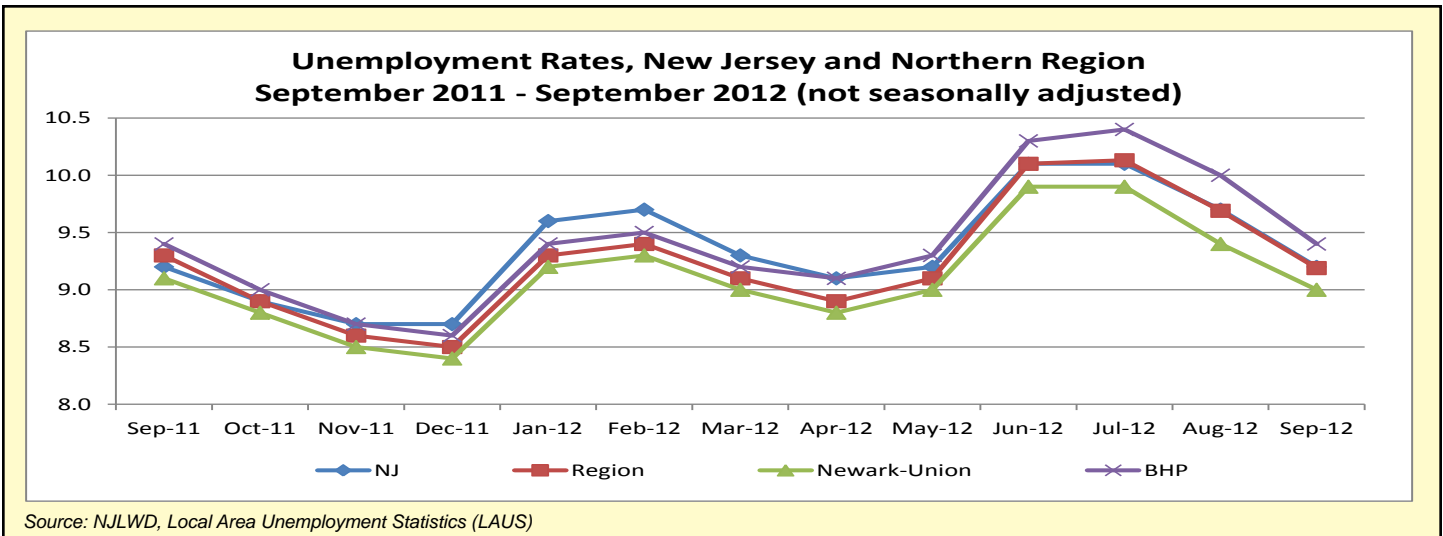


In the Newark-Union Labor Area, which consists of Morris, Essex, Union, Sussex, and Hunterdon counties, the greatest employment growth occurred in professional and business services (+5,300 or +3.2%) and education and health services (+3,900 or +2.7%). Health care and social assistance accounted for nearly 70 percent of the job gain in health services (+2,600 or +2.1%). Construction experienced the greatest loss of jobs (-3,100 or -8.6%) in the labor area followed by government (-2,300 or -1.5%) and manufacturing (-1,200 or -1.8%). From September 2011 to September 2012, jobholding in the information sector remained level at 16,800 jobs.



More detailed data from the Current Employment Statistics (CES) program can be found at: http://lwd.dol.state.nj.us/labor/lpa/employ/ces/ces_index.html

LABOR FORCE DATA



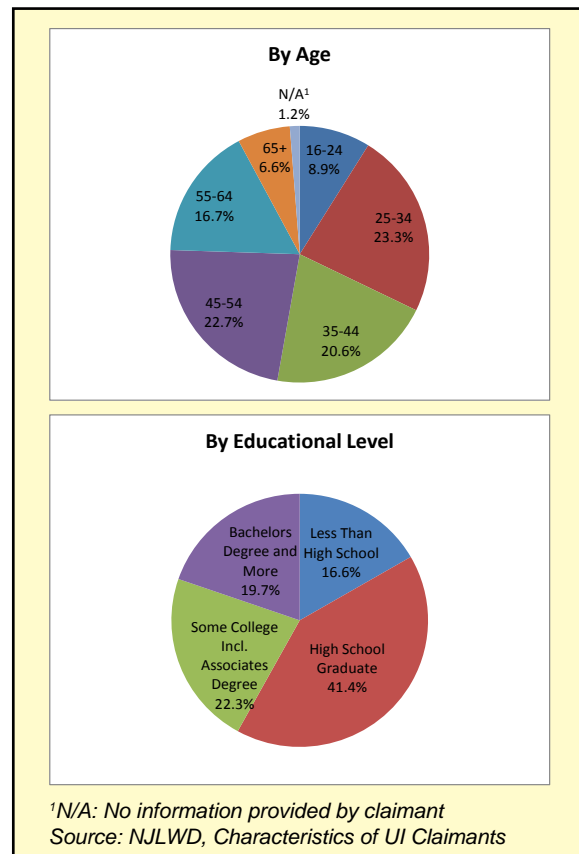
- In September 2012, the not seasonally adjusted unemployment rate for the Northern Region and the state were equal at 9.2 percent. Over the year, the region's unemployment rate ranged from a low of 8.5 percent in December 2011 to a high of 10.1 percent in June and July of 2012.
- The region's labor force accounts for nearly half of the state's labor force (47.3%). Within the region, Newark-Union Labor Area (972,200 or 52.6% of regional labor force) has a larger labor force than the Bergen-Hudson-Passaic Labor Area (874,500 or 47.4% of regional labor force).

More detailed data from the Local Area Unemployment Statistics (LAUS) program can be found at: http://lwd.dol.state.nj.us/labor/lpa/employ/uirate/lfest_index.html

CHARACTERISTICS OF NEW JERSEY'S INSURED UNEMPLOYED NORTHERN REGION THIRD QUARTER 2012

CLAIMANTS BY OCCUPATIONAL GROUP		
	Number	Percent
Management	6,538	7.6
Business and Financial	2,225	2.6
Professional and Related	9,629	11.2
Services	16,948	19.7
Sales and Related	6,853	7.9
Office and Administrative Support	12,731	14.8
Farming, Fishing and Forestry	202	0.2
Construction and Extraction	8,985	10.4
Installation, Maintenance and Repair	3,443	4.0
Production	7,619	8.8
Transportation and Material Moving	10,177	11.8
Military	668	0.8

- The majority of the Northern Region's residents who collected unemployment insurance benefits during the third quarter of 2012 were previously employed in the office and administrative support (17.7%) and services (16.6%) occupational groups.
- More than half (58.0%) of the claimants in the region had no further education beyond high school.



Chemical Manufacturing is a Value Added Ingredient

Chemical manufacturing adds significant value to New Jersey's economy. Among its many notable value-add highlights (in 2011, Quarterly Census of Employment and Wages) was that it employed an average of 52,736 workers statewide (3rd highest in the nation) with a high average annual wage of \$120,404, and total wages amounting to \$6.4 billion. This industry employed 21.0 percent of workers in the manufacturing sector. It accounted for nearly \$12.7 billion (or 2.5%) of the state's 2010 Gross Domestic Product (GDP) (latest available).

The Northern New Jersey (NNJ) region, which includes Bergen, Essex, Hudson, Hunterdon, Morris, Passaic, Sussex, Union, and Warren Counties, gained enormous economic benefits in 2011 from its 431 chemical manufacturing establishments. This subsector's employment in NNJ averaged 28,992 workers, which accounted for 55.0 percent of the chemical manufacturing jobs statewide. In addition, the average annual wage for chemical manufacturing in the region was \$131,996. Total wages for 2011 amounted to \$3.8 billion.

The chemical manufacturing sector takes on added importance by helping to generate jobs in many of the state's key industry groups. This is especially evident in NNJ in the following clusters:

Life Sciences: Two key industry groups within this cluster are chemical manufacturing's pharmaceutical and medicine manufacturing and compounds and toilet preparation manufacturing components. Statewide, these two industries employed an average of 39,094 workers in 2011 with wages averaging \$130,608. Combined, the total wages were \$5.1 billion. Regional employment comprised

54.3 percent of statewide jobholding in these two industry groups. The wages in NNJ, which averaged \$146,821, totaled \$3.1 billion dollars.

Transportation, Logistics, & Distribution (TLD): Many TLD jobs are linked to the chemical manufacturing sector's vast exporting-related activities. In 2011, New Jersey's export shipments totaled \$38.2 billion. The largest export was chemicals, which accounted for \$8.7 billion (22.8%) of the state's total exports. (Source: U.S. Department of Commerce)

Construction: Many recent construction projects can be linked (directly and indirectly) to chemical manufacturing. For example, investments have been taking place throughout the region to upgrade and improve the port's infrastructure to ensure it remains competitive and that imports/exports, such as chemicals, can move efficiently and safely. Examples include investments to expand and upgrade the Port Newark area, widening activities in the Elizabeth-Port Authority Marine Terminal, and the raising of the roadbed of the Bayonne Bridge. As a result of these related investment projects, many new construction jobs continue to be created.

A development that illustrates many of the aforementioned actions is BASF, a German chemical manufacturer, and their choice to relocate within the region. In May 2012, BASF (ranked 62nd on the Global Fortune 500 List) opened its new \$130 million, 325,000-sq.ft. North American headquarters (construction jobs) in Florham Park, NJ. In October 2012, BASF announced plans to relocate its Switzerland-based pharmaceutical supply unit to this location. This unit supplies drug-makers with active and inactive ingredients, and also provides custom synthesis services and laboratory support. (Life Science jobs).

Residential Building Permits: Annual 2010 - 2011				
	Total		Single-Family	
	2010	2011	2010	2011
New Jersey	13,535	12,952	7,378	6,475
Northern Region	5,174	5,985	2,286	1,984
<i>Source: U.S. Census Bureau, Manufacturing & Construction Division</i>				

- A total of 5,985 residential building permits were issued in the Northern Region (Bergen, Hudson, Essex, Union, Morris, Passaic, Hunterdon, Warren, and Sussex counties) in 2011. Within the region, Bergen County ranked first for the highest number of housing units authorized while Sussex County had the lowest number of permits issued (172) units.
- The number of housing units issued in the Northern Region in 2011 was up by 811 from 2010. This increase was due to strong demand for new multi-family

residential units in Hudson and Bergen counties. In Hudson County, the number of multi-family units authorized for construction was up by 78.2 percent while planned multi-family homebuilding increased by 87.4 percent in Bergen county. Compared to the Central and Southern regions in the state, the Northern Region is the only region where permitting activity increased from 2010 to 2011.