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 percent of the U.S. population; a talented, productive and highly educated workforce with a high density of residents who possess advanced degrees and 52 colleges and universities. Here is a brief look at some key industry clusters that drive the state's economy.

Biopharmaceutical & Life Sciences Industry Cluster

- New Jersey's biopharmaceutical & life sciences cluster employment totaled over 117,260 in 2016, or 3.5 percent of the state's private sector workers. Nationally, the proportion was just 1.9 percent.
- New Jersey's biopharmaceutical & life sciences cluster employment is comprised of three primary components: pharmaceutical sector (40.8%), biotechnology (38.5%) and medical device manufacturing (20.7%). In 2016, the state's pharmaceuticals employment accounted for 8.1 percent of pharmaceuticals jobholding in the U.S.
- Establishments totaled over 3,200 in 2016. Despite recent reorganizations by pharmaceutical firms, the drug and pharmaceutical component's establishment count increased between 2011 and 2016 by 10.5 percent, slightly slower than the nation (+15.0%) over the period.
- New Jersey biopharmaceutical & life science employers paid nearly $16.5 billion in wages in 2016, or 7.8 percent of the state's total wages.
- The state's highly educated workforce is seen in this cluster as nearly half (41.3%) of its workers statewide hold a Bachelor's degree or higher: Bachelor's (37%), Master's/Doctoral (4.3%) degree.

Transportation, Logistics, Distribution Industry Cluster

- In 2016, transportation, logistics and distribution (TLD) employed 382,228 workers in New Jersey; or 11.3 percent of the state's private sector workers, a higher percentage than for the nation (8.8%).
- TLD contributed more than $58.4 billion to the state's Real Gross Domestic Product in 2016.
- In 2016, the state's TLD employers paid more than $27.7 billion in total wages.
- New Jersey 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 2015 figures (latest available) from the U.S. Army Corps of Engineers, Waterborne Commerce Statistics Center, New Jersey's shipping activity accounts for approximately 13 percent of the nation's total import/export of domestic and foreign cargo volume (measured in Twenty Foot Equivalent Units).

Financial Services Industry Cluster

- Despite a relatively small employment base (5.3% of New Jersey's total private sector employment in 2016) financial services contributed more than $31 billion, or roughly 6.8 percent, to the state's Real Gross Domestic Product in 2016.
- According to the NJ Business & Industry Association, 18 of the state's top 100 employers are finance and insurance firms whose combined employment represents roughly 42.8 percent of jobholding in the finance and insurance industry sector.
- The financial services sector 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 more than 50 data centers located in the state, almost half are located in Hudson County. (Source: datacentermap.com)
- In 2016, almost $21.8 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 (15.9%).

Advanced Manufacturing Industry Cluster

- The advanced manufacturing industry cluster contributed nearly $30.9 billion to New Jersey's Real Gross Domestic Product in 2015, or about 6.1 percent of all state output (latest available from the U.S. Bureau of Economic Analysis).
- Advanced manufacturing employment is primarily comprised of five industry groups: chemical manufacturing (27%), food manufacturing (21%), computer and electronic product manufacturing (14%), fabricated metal manufacturing (13%) and machinery manufacturing (9%). The remaining 16 percent is made up of selected detailed industries.
- Chemical manufacturing industries, the cluster's largest segment, employed roughly 44,000 in 2016, or 18.2 percent of all manufacturing workers in the state. The state's jobholding in chemical manufacturing represents 5.4 percent of U.S. chemical manufacturing employment.
- The state's advanced manufacturing industry establishments paid a total of more than $14 billion in wages in 2016, or roughly 6.6 percent of New Jersey's total wages.

Health Care Industry Cluster

- The health care cluster contributed nearly $37 billion to New Jersey's Real Gross Domestic Product (GDP) in 2015, or roughly 7.3 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 (33%) and nursing and residential care facilities (20%).
- From 1990 to 2016, NJ's health care cluster added 213,200 jobs, while all other industries combined had a net gain of only 190,100.
- The outlook for New Jersey's health care employment is bright. From 2014 through 2024, it is projected that more than 85,000 jobs will be added, an annual increase of 1.7 percent.
- Health care employers paid more than $26.3 billion in total wages in 2016, or roughly 12.4 percent of all wages paid statewide.

Technology Industry Cluster

- In 2016 New Jersey's technology cluster accounted for 366,330 jobs or 10.8 percent of private sector employment statewide. Nationally the cluster was responsible for 9.5 percent of all private sector employment.
- The annual average wage for the technology cluster was $118,210 in 2016 or 189.3 percent of the statewide average ($62,420) for all industries. Employers in the industry paid more than $43.3 billion in wages, or about 20.5 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 (50.9%), manufacturing (17.5%), wholesale trade (15.8%), and information (13.7%).

Construction and Utilities Industry Cluster

- In 2016, the construction and utilities cluster employed 166,470 or 4.9 percent of New Jersey's total employment.
- After peaking in 2006 and declining thereafter through 2011 (-44,022), construction and utilities employment increased by 23,890 over the past 5 years (2011 to 2016).
- Over 75 percent of employment in construction and utility occupations require only a high school degree or less. However, average wages in this sector ($72,980) exceed the statewide average of $62,420.
- In 2016, employers in the construction and utilities cluster paid over $12.1 billion in total wages, or 5.8 percent of private sector wages paid statewide.

Leisure, Hospitality and Retail Industry Cluster (LHR)

- Many of the businesses within LHR are involved in New Jersey's travel and tourism and directly support 321,231 jobs in 2016. According to the New Jersey Division of Travel and Tourism, New Jersey again set a record in 2016 with the tourism industry accounting for $44.1 billion in economic impact — an increase of more than 2.9 percent over the previous year.
- LHR jobholding totaled 826,776 in 2016, or 24.4 percent of the state's private sector workers.
- New Jersey LHR employers paid over $24.3 billion in wages during 2016, or 11.5 percent of the state total. The average annual wage for the LHR cluster in 2016 was $29,348.
- Over one-quarter (28.4%) of LHR employment is concentrated in three counties: Bergen; Monmouth and Middlesex. Morris and Essex counties ranked fourth and fifth, respectively.