



# New Jersey Highlands Economic Sustainability Plan

March 2022





## State of New Jersey

OFFICE OF THE GOVERNOR

P.O. Box 001

TRENTON, NJ 08625-0001

PHILIP D. MURPHY  
*Governor*

March 11, 2022

Dear Friends,

The Highlands Region of New Jersey is not only home to incredible natural resources, but also provides a beautiful and desirable place to live, work, and visit.

Economic sustainability ensures that the future of the Highlands includes employment opportunities, innovative technologies, adaptive climate resiliency, adequate housing, necessary services, and quality education.

This Economic Sustainability Plan for the Highlands Region is a very important step in advancing these goals. It provides a roadmap for a thriving economic future for the Highlands, which is compatible with the goals of protecting its natural and cultural resources.

I understand this has been a collaborative process, guided by economic development professionals from Highlands counties, along with a diverse group of planning, environmental, real estate, business, and tourism professionals as well as local elected officials. Thank you for your hard work.

The Highlands Region is one of New Jersey's most treasured areas and it is our responsibility to support its sustainable development while protecting its valuable natural resources.

My very best,

A handwritten signature in blue ink that reads "Phil Murphy".

Philip D. Murphy  
Governor



## State of New Jersey

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**LISA J. PLEVIN**  
*Executive Director*

March 2022

Dear Friends of the New Jersey Highlands,

We are very excited to share this Economic Sustainability Plan for the Highlands Region. This comprehensive Plan provides a roadmap for ensuring the economic future of the Highlands is strengthened and bolstered by its natural beauty and environmental resources.

This Plan was developed with guidance and input from economic development, business, conservation, and planning experts from across the Highlands Region and beyond. It provides municipalities and counties with critical insights about which industries demonstrate the greatest economic potential, where industry growth is best suited, and outlines an implementation plan that will help secure a sustainable future for the Highlands. This plan is intended to be used as a tool by economic development and conservation partners throughout the region to help inform their decision-making for creating strong, economically vibrant communities.

As the planning and environmental goals of the Highlands Act and Regional Master Plan continue to be realized, the economic health of the Region should also be supported. This Plan demonstrates how maintaining a strong economic base ensures continued support for protection of Highlands resources.

Those of us who live, work, and play in the New Jersey Highlands already know what a treasure it is and how important it is to protect the region. It is incumbent upon us all to work together to ensure its future by doing all we can to support the goals of this plan.

Carl J. Richko, Chairman  
Highlands Water Protection and Planning  
Council

Lisa J. Plevin, Executive Director  
Highlands Water Protection and Planning  
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# ACKNOWLEDGEMENTS

**THIS REPORT WAS COMMISSIONED BY THE NEW JERSEY HIGHLANDS WATER PROTECTION AND PLANNING COUNCIL**

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The Highlands Water Protection and Planning Council (also, the Highlands Council) is a regional planning agency that works in partnership with municipalities and counties in the Highlands Region to encourage a comprehensive approach to implementation of the 2004 Highlands Water Protection and Planning Act. The Highlands Council is advised in its actions by its Executive Director and a professional staff of planners, science experts, geographic information specialists and administrative personnel. It is based in Chester, NJ.



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Thank you to the diligent work of the New Jersey Highlands Council staff, especially:

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Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has served EDOs and local and state governments from Maine to California; corporations and organizations that include Amazon, Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to over 1,000 projects in 43 states and US Territories, and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal.



Colliers Engineering & Design is a trusted provider of multi-discipline engineering, design and consulting services delivering customized solutions to public and private clients. Established in 1984 as Maser Consulting, Colliers Engineering & Design maintains its same dedicated leadership, systems, and services to clients. Today, the firm employs over 1,000 professionals nationwide. Over its history, the company has consistently been recognized nationally by Engineering News Record as a Top 500 Design Firm and ranked on The Zweig Group Hot Firm List of fastest growing companies.



The Center for Community Planning provides low to no cost strategic community planning services to community-based organizations throughout New Jersey. These programs include the City Planning Academy, which supports hands on educational experience in community planning for K-12 students in urban areas.



# ACKNOWLEDGEMENTS

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*\*Indicates TAC member also participated in individual interview*

### **Additional Interviewees**

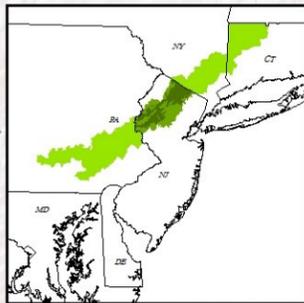
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Melanie Thiel, Executive Director, Washington Borough Business Improvement District

**LEGEND**

- NJ Highlands Preservation Area
- NJ Highlands Region
- NJ Counties
- NJ Municipalities



## Highlands Municipalities

- |                            |                                    |
|----------------------------|------------------------------------|
| Alexandria Township, 7B    | Liberty Township, 4B               |
| Allamuchy Township, 4C     | Lopatcong Township, 6A             |
| Alpha Borough, 6A          | Mahwah Township, 2H                |
| Bedminster Township, 6D    | Mansfield Township, 5C             |
| Belvidere, 5A              | Mendham Borough, 5E                |
| Bernards Township, 6E      | Mendham Township, 5E               |
| Bernardsville Borough, 6E  | Milford Borough, 7A                |
| Bethlehem Township, 6B     | Mine Hill Township, 4E             |
| Bloomington Borough, 3G    | Montville Township, 4F             |
| Bloomsbury Borough, 6A     | Morris Plains Borough, 5F          |
| Boonton, 4F                | Morris Township, 5E                |
| Boonton Township, 4F       | Morristown, 5F                     |
| Butler Borough, 3F         | Mount Arlington Borough, 4E        |
| Byram Township, 4D         | Mount Olive Township, 4D           |
| Califon Borough, 6C        | Mountain Lakes Borough, 4F         |
| Chester Borough, 5D        | Netcong Borough, 4D                |
| Chester Township, 5D       | Oakland Borough, 3G                |
| Clinton, 6C                | Ogdensburg Borough, 3E             |
| Clinton Township, 7C       | Oxford Township, 5B                |
| Denville Township, 4E      | Parsippany-Troy Hills Township, 4F |
| Dover, 4E                  | Peapack-Gladstone Borough, 6D      |
| Far Hills Borough, 6E      | Pequannock Township, 4G            |
| Franklin Borough, 2E       | Phillipsburg, 6A                   |
| Franklin Township, 6B      | Pohatcong Township, 6A             |
| Frelinghuysen Township, 4C | Pompton Lakes Borough, 3G          |
| Glen Gardner Borough, 6B   | Randolph Township, 5E              |
| Green Township, 3C         | Ringwood Borough, 2G               |
| Greenwich Township, 6A     | Riverdale Borough, 3G              |
| Hackettstown, 5C           | Rockaway Borough, 4E               |
| Hamburg Borough, 2E        | Rockaway Township, 4E              |
| Hampton Borough, 6B        | Roxbury Township, 4D               |
| Hanover Township, 5F       | Sparta Township, 3E                |
| Harding Township, 6E       | Stanhope Borough, 4D               |
| Hardyston Township, 2E     | Tewksbury Township, 6C             |
| Harmony Township, 5A       | Union Township, 7B                 |
| High Bridge Borough, 6C    | Vernon Township, 1E                |
| Holland Township, 7A       | Victory Gardens Borough, 4E        |
| Hopatcong Borough, 4D      | Washington Borough, 5B             |
| Hope Township, 4B          | Washington Township (Warren), 5B   |
| Independence Township, 4C  | Washington Township (Morris), 5C   |
| Jefferson Township, 3E     | West Milford Township, 2F          |
| Kinnelon Borough, 3F       | Wharton Borough, 4E                |
| Lebanon Borough, 6C        | White Township, 5B                 |
| Lebanon Township, 6C       |                                    |





# INTRODUCTION

# The Future of the New Jersey Highlands

## SUSTAINABILITY DEFINITION

This plan connects sustainability to the concept of business longevity. This plan seeks to build *economic sustainability* so that a business will be able to:

- ✓ Expand employment for high quality, good paying jobs in locations with a diverse housing stock
- ✓ Innovate to the latest in technology uptake
- ✓ Adapt to climate change as needed for their sector
- ✓ Attract appropriate workforce for its operations
- ✓ Remain competitive in their sector
- ✓ Localize or regionalize their supply chains



Creating a sustainable, resilient, and prosperous economy for the people and businesses in the New Jersey Highlands Region (the Region) has never been more important. The goal of the Economic Sustainability Plan (the Plan) is to provide the framework by which to secure the economic future of the Highlands Region, and to do so by means that are compatible with and complementary to the work of the Highlands Council and its partners in protecting and enhancing the natural resources of the Region.

The geography of the New Jersey Highlands Region is vast. It spans portions of seven counties, 88 municipalities, 1,323 square miles, and over 2.6 million people. The Region is home to watersheds that provide drinking water to more than 300 municipalities and 70% of New Jersey's population. While the New Jersey Highlands Council is known for its role in maintaining and enhancing water quality, its work is less prominent in the sector of economic development. Yet, in 2021 it is more striking than ever that the business environment and natural environment are inextricably linked.

Sustainable business practices are no longer a "nice to have" quality – they are imperative to prolong and expand economic opportunity. As values shift in the field of economic development to be more inclusive of environmental considerations, the Council is in a unique position as a regional planning agency to show that natural resource protection and a vibrant economy are not mutually exclusive goals.

This Plan recognizes that each corner of the Highlands Region contributes to the economy in ways that support local businesses and communities. While the economic output and contributions of businesses are often documented, the economic value of the natural assets in the Highlands Region also provide numerous economic benefits beyond their enhancement of the natural environment. The outbreak of the COVID-19 pandemic and resulting strains on economic and public health demonstrated how essential regional collaboration is to the resiliency of a region.

While the future is uncertain, the tactics in the plan will revolve around establishing processes and structures that will allow the Highlands Council and its stakeholders to capitalize on future opportunities. The plan focuses on the tools and levers with the greatest potential to benefit the 88 municipalities within the Region. The future of our businesses depends on the quality of our environment – positioning the New Jersey Highlands Council and their partners to lead the charge in this mission.

# How this Plan was Developed

## Engagement and Outreach

In 2019, the Highlands Council put out a Request for Proposals to develop a “forward-looking and creative” Economic Sustainability Plan. Engagement and outreach were an integral part of the development of the Economic Sustainability Plan. The Highlands Region has a far-reaching geographical range, covering diverse land uses and interests, which were important to represent. Over the course of several months different tactics were enlisted to reach appropriate audiences to gather feedback, gauge reactions to strategy ideas, and ultimately build a coalition of support across these partners. Groups that were established or engaged include:

- **Steering Committee** comprised of experts in the field of economic development and representing the seven Highlands counties and a member of the Highlands Council, which guided the process and development of the Economic Sustainability Plan.
- **Regional Stakeholders** that represented a cross section of industries, geographies, perspectives, and ages.
- **A Technical Advisory Committee (TAC)** that was comprised of multiple industry interests, the environmental sectors, infrastructure specialists, and other facets of economic development throughout the region.
- **Digital Engagement** through a public Facebook page.
- **Business Survey** that asked the region’s businesses to comment on the impacts of COVID-19, the outlook for the future, and their appetite for investing in clean technologies.
- **Direct Business Outreach** to establishments within the target industries to gauge the outlook in the sectors that are critical to the economic stability of the Region.
- **Youth Collaboration** in a partnership with the Center for Community Planning that sought out the leadership and input of high school aged students about the type of communities they can picture themselves living in in the future.

These efforts were complemented by comprehensive economic and industry analyses that are described in more detail in the chapters that follow.



*While the Highlands Region might be well-known for its rural heritage, water resources, and agricultural legacy, there are many main street corridors that support a range of small businesses, entrepreneurs, and welcome visitors each day.  
Pictured: Main Street Chester, Morris County  
Source: New Jersey Highlands Council*

# How to Use this Plan

This plan sets the framework for regional economic opportunity. It is a tool for every economic development partner in the region to use to steer their decision-making process. This plan is also a framework for operations of the Highlands Council, as it assists local communities in planning and execution of economic development.

This plan is a complement to the work of local economic development committees and community leaders who work with their businesses day in and day out. With the variety of geographies, environments, business clusters and other unique factors in the region, not every strategy will apply to the entire region. However, the plan will help guide local communities to identify where and how development is best suited and amplify where the Highlands Council can advocate or support their work through technical assistance or other means.

This question of *where* development is best suited goes beyond traditional factors like infrastructure and land availability to include aspects of housing diversity, quality of life, health of natural resources, air quality, and transportation connections, among others.

The plan provides a snapshot of market data and highlights where economic opportunities are best suited based on current and expected future conditions. When unexpected events, such as economic or natural disasters hit, like in the case of COVID-19, it is important to continue to work towards long term goals, even while the immediate response will be crisis management. This is a constant process of adaptive planning. As new factors are introduced, there is an ongoing imperative to analyze these factors, strategize how they may impact existing recommendations, implement those changes, and finally assess the process of implementation.

## Adaptive Planning Cycle



Source: Camoin Associates



# EXECUTIVE SUMMARY

# Implications of Economic Trends

The New Jersey Highlands Region is facing demographic and industry trends that are seen throughout the country, yet these trends have localized economic implications for the seven counties touched by the Highlands Region. The data collected for this effort reflects the time prior to COVID-19, however additional data and on the ground work helped capture the impacts and outlook of changes due to the pandemic.

**DEMOGRAPHIC TRENDS:** Relatively slow population growth, an aging population, and a gap in 20–39-year-olds.

**ECONOMIC IMPLICATIONS:** The dearth of 20–39-year-olds is a challenge for employers. The Region could position itself as an attractive place to move to for this age group as lifestyles shift based on the ability of working from home. While attraction of new residents could support some degree of economic growth, retaining young professionals in the region and supporting their career development will also be a strong component of an economic strategy that builds on its assets.

**WORKFORCE/EDUCATION TRENDS:** The Region is a net exporter of employment. 17% of population has a graduate degree, while only 4% of jobs in the Region require an advanced degree. The region’s talent pool is being pulled outside the area for jobs in business operations, educational instruction, and professional office work. Manufacturing jobs are being filled by in-commuters.

**ECONOMIC IMPLICATIONS:** There are limited job opportunities for high skill workers in the Region, leading talent to leave the Highlands every day.

**INDUSTRY TRENDS:** Manufacturing; Professional Scientific and Technical (PST); and Wholesale Trade are the biggest contributors to the region’s Gross Regional Product. Manufacturing and PST also have relatively high earnings, job growth and high concentrations in the Region.

**ECONOMIC IMPLICATIONS:** These three industries demonstrate historic and current data trends that indicate there is job and business expansion potential.

**YOUTH OUTREACH:** A survey developed by the region’s students and distributed to their peers revealed that young adults are prioritizing the following elements for their future: innovative types of transportation that are environmentally conscious, walkable neighborhoods, technology-based jobs, and a mix of recreational activities.

**ECONOMIC IMPLICATIONS:** The next generation of the Highlands Region feels strongly about the environment, while also looking for a range of activities in their personal time. These priorities are critical elements to work towards through this Plan, as retaining talent and young adults in a factor for economic prosperity in the Region.

## TARGET INDUSTRIES

The target industries exhibit the greatest potential for growth within the Highlands Region. Recommendations for growing marketing within these industries, workforce considerations, technology uptake and other factors contribute to the strategies in the Plan.

- ✓ Specialized Manufacturing
- ✓ Biotechnology and Life Sciences
- ✓ Tourism and Recreation
- ✓ Finance and Insurance
- ✓ Food Production
- ✓ Corporate Offices



# Locating Economic Opportunity

The economic diversity, competitive advantages, and range of opportunities, within the Highlands Counties are vast. Each target industry has its own transportation, workforce, and site needs, which are available in varying degrees across the Highlands. There is opportunity for each industry in distinct parts of the region. Identifying the appropriate locations and potential for growth helps ensure that development occurs at a scale that is appropriate for the surrounding location. Strategically using or adapting existing infrastructure capacity and building on what already exists helps preserve natural resources and protect water sources for the future.

Recognizing that on-the-ground information is critical to ensuring a complete picture of redevelopment opportunities, Colliers Engineering & Design prepared an online survey to obtain input from the 88 municipalities in the Highlands Region to self-identify properties in their community that are primed for future redevelopment. Colliers then determined a scale based on various factors to rank the suitability of redevelopment parcels according to the region’s target industries. A full description of this methodology is available in Chapter II of this report.

This survey provides a snapshot in time of where certain types of development are concentrated and therefore opens the conversation about future land use decisions, allocation of resources, and business attraction efforts that align with the existing competitive advantages of the different segments of the region.

*The table to the right includes land that is suitable for target industries like Specialized Manufacturing, Biotechnology & Life Sciences, and Food Production.*

*The table to the right includes land that is suitable for target industries like Finance & Insurance and Corporate Offices.*

## Industrial Manufacturing Redevelopment Land by County

County	% of Total	Total Acres
Morris	42%	9,943.27
Warren	33%	7,712.65
Hunterdon	16%	3,856.81
Sussex	6%	1,491.39
Somerset	1%	259.95
Bergen	1%	212.36
Passaic	1%	172.37
<b>TOTAL</b>	<b>100%</b>	<b>23,648.80</b>

## Office Development Redevelopment Land by County

County	% of Total	Total Acres
Morris	41%	10,237.87
Warren	34%	8,478.01
Hunterdon	16%	3,876.21
Sussex	6%	1,584.31
Somerset	1%	331.79
Bergen	1%	202.87
Passaic	1%	168.20
<b>TOTAL</b>	<b>100%</b>	<b>24,879.26</b>

# What This Plan Will Achieve

## PLAN ORGANIZATION

The Plan is organized around 5 Goal Statements that showcase the themes brought forth in the planning process. Within each of these 5 Goal Statements there are strategies to advance the established goals. Where appropriate, actions have also been listed to catalyze next steps in certain strategies. This hierarchy is illustrated to the right.

## DEFINING SUCCESS

At the outset of the planning process, both the Steering Committee and the Technical Advisory Committee participated in a survey that helped to direct the goals of the Plan. Each group was asked "How will success be defined a decade after the plan's completion?" The responses from both groups reflected a close relationship between the need to support the environment in tandem with protecting and enhancing the Region's water resources. Together, the Goal Statements on the following page will drive strategies that build on the region's existing assets.

## PARTNERS

In the Action Plan Matrix (pgs.20-23), the leading partners in each strategy are identified. It should be noted that municipalities will be partners moving forward in all strategies as they apply to certain geographies. This is not meant to be an exhaustive partners list, instead it is anticipated to grow as strategies advance.

## 1. GOAL STATEMENT

### I. STRATEGY

#### ACTION

### How will success be defined a decade after the plan's completion?

1. A diversified economy
2. An increase in total number of jobs
3. Maintained and enhanced water quality

*As of the 2017 Census of Agriculture publication, there were 288,250 acres of farmland across 4,563 farms in the counties. The industry is growing, gaining competitiveness and is important to rural preservation and regional character.*

*Pictured: Farm, Bedminster, Somerset County*

*Source: New Jersey Highlands Council*



# 1. Reinforce the Highlands Region as a center of natural resource protection, innovation and technology

As natural resource protection and green technologies become a greater part of the public awareness, the Highlands Region can be an effective testing ground for new and innovative technologies that could lead the way in other parts of the U.S.

# 2. Communicate the value of quality of life in the Highlands Region and evaluate how current assets meet, miss, or exceed market demand

The Highlands Region has many advantageous features that contribute to desirable quality of life for many people. Continuing to advocate for and maintain those assets, as well as addressing where gaps or challenges exist, will strengthen the region's ability to retain and attract top talent.

# 3. Expand awareness and understanding of the New Jersey Highlands Council's purpose and impact on the business community

While the Highlands Council is well known for resource protection and land preservation, the implications of this work on the business environment needs to be explicit in all the Council's material. The Highland Council's value proposition must show a positive correlation between the protection of natural resources and a healthy *economic* environment.

# 4. Strengthen the role of the New Jersey Highlands Council as leader in regional planning assistance

The Highlands Council offers a suite of planning tools and expertise to municipalities and awareness about these tools should be more prominent throughout the Region.

# 5. Support the Highlands Region's existing target industries and small businesses in their efforts to thrive and adapt in response to the new economy

Each target industry meets a set of criteria that indicates the strong propensity of that sector to grow based on the assets and resources in the Highlands Region. However, other regions in the U.S. and around the globe are organizing workforce, sites, and incentives to attract companies within the Highland's historically significant industries. Retaining these companies will sustain a stable and healthy economy, support small business and entrepreneurship, and fuel vibrant community centers throughout the region.

## GOAL 1 - Reinforce the Highlands Region as a center of natural resource protection, innovation, and technology

- A. Investigate the potential to establish a center of excellence for water resources protection within the Highlands Region.
  - i. **ACTION** Communicate with existing higher education institutions in NJ about work already occurring in this field and how the Highlands Council can support or lead additional efforts.
  - ii. **ACTION** Research other centers of excellence and what has made them successful. Identify a champion(s), suitable physical location, and any existing resources.
- B. Adapt grant sources or technical assistance to encourage existing businesses to pursue new technologies and research related to green products or adaptations to climate change.
  - i. **ACTION** Survey businesses to understand what systems, tools or infrastructure is most in demand.
  - ii. **ACTION** Connect municipalities with existing incentives for both businesses and the public relevant to upgrading or uptake of green technologies – for example EV Charging stations.
  - iii. **ACTION** Use in house technical expertise to research the future viability of crops in the Highlands Region based on impacts of climate change.
  - iv. **ACTION** Connect incentives to specific regional goals.
- C. Create or build off a coalition of businesses that are addressing similar issues and help them market their products and innovation to other locations that have similar water-based challenges.
  - i. **ACTION** Categorize specific challenges related to water resource protection and share the policy and/or technological solutions within categories.
- D. Partner with other leaders in the fields of green technology, infrastructure, and business development to make the business case for innovation and entrepreneurship within this sector.
- E. Collaborate with eco-tourism and heritage tourism efforts to promote value of natural and cultural resources in these sectors.

### TIME TO GO GREEN

*State and federal agencies have been adopting clean technology policies in a range of industries. The Highlands Council is well-positioned to capitalize on these market shifts and advance state and regional level initiatives in clean and green technologies. Some examples of recent investments across the state include:*

- Three major state initiatives related to clean energy – transitioning to 100% clean energy by 2050, investment in offshore wind, and the proposed creation of an Office of Clean Energy and Equity.
- In 2019, the NJ Board of Public Utilities allocated \$4.25 million to the strengthening of clean tech innovation in the state.
- NJ Economic Development Authority (NJEDA) is working on the development of a clean tech innovation ecosystem.
- The New Jersey Commission on Science, Innovation and Technology (CSIT) launched a Clean Tech Seed Grant Program to help accelerate development and innovation of clean technologies by furthering research and development within NJ's clean technology startup community. The program was developed in coordination with the New Jersey Board of Public Utilities and the New Jersey Economic Development Authority.

## GOAL 2 - Communicate the value of quality of life in the Highlands Region and evaluate how current assets meet, miss, or exceed market demand

- A. Promote and market livability and job opportunities to demographics that are lacking in the region (ages 20-39).
  - i. **ACTION** Use market segmentation data to determine the characteristics and typical media usage of these cohorts.
- B. Draw on existing or ongoing housing needs assessment to quantify changing housing demand based on post-pandemic lifestyle shifts.
  - i. **ACTION** Use data and visuals to demonstrate how center-based housing and mixed-used development has economic, environmental, and social benefits.
  - ii. **ACTION** Use GIS to identify and score where sites are well suited, considering employment centers, transportation, and recreation availability.
  - iii. **ACTION** Demonstrate how municipalities can influence housing stock through enacting zoning and policy regulations.
- C. Engage development and real estate community as part of the solution to developing residential options.
- D. Identify land assembly opportunities in community centers to qualify sites as developable properties.
- E. As housing development is pursued, leverage opportunities to adapt/upgrade/advance infrastructure with aid of developments.
  - i. **ACTION** Continue to follow and implement the findings of the Fair Housing Act.
- F. Use common themes and unique identifiers to integrate elements of placemaking into (re)development throughout the region.
- G. Focus development and redevelopment in designated centers and aging real estate assets like strip malls where infrastructure already exists.
- H. Incorporate environmental justice as criteria or priority for redevelopment opportunities.



*The housing market is feeling pressure from both the supply and demand side. Determining the appropriate land use regulations that will support creative housing solutions will be key to retaining and attracting residents.*

### GOAL 3 – Expand awareness and understanding of the New Jersey Highlands Council’s purpose and impact on the business community

- A. Increase awareness and improve relationships with public officials/municipal liaisons to ensure close coordination and strong working partnerships.
  - i. **ACTION:** Review role of municipal liaison and current relationship with municipalities. Revamp communication surrounding the Highlands Council’s approach to business development in conjunction with natural resource protection
- B. Partner with established leaders in the realm of business development including County and Municipal Economic Development Corporations/Partnerships to improve standing in business community.
  - i. **ACTION:** Use social media and other established channels to promote revamped business connections to the Highlands Council.
  - ii. **ACTION:** Engage in joint marketing campaign that emphasizes the interconnectedness of business, water protection, and quality of life.
- C. Quantify how programs that are initiated and operated by the Highlands Council lead to job creation and business retention.
  - i. **ACTION:** Conduct economic analysis to quantify the value of natural resource protection on quality of life and business environment throughout the region. This could include bodies of water, soil, trails, or other natural resources.
  - ii. **ACTION:** Incorporate this analysis into annual report and promote via media partners to increase profile of the Highlands Council.
- D. Continue to seek opportunities where the Highlands Council can join/advise/contribute to regional and state economic development initiatives.
- E. Establish a collaborative relationship between the Highlands Council and the New Jersey Economic Development Authority and Division of Travel and Tourism to develop a distinct brand for the Highlands Region.
  - i. **ACTION:** Reach out to counterparts to discuss initial partnership opportunities, including County and Municipal Economic Development Corporations/Partnerships and the New Jersey Destination Market Organization.
  - ii. **ACTION:** Formalize the roles of each organization and their role in advancing mutual goals.
  - iii. **ACTION:** Pursue an exclusive Highlands Region brand for business development and tourism that celebrates the breadth of assets and geographies in the area.



*Quantifying the role that natural resources play in the broader economy can help reframe how agritourism, heritage tourism and outdoor recreation contribute to the economy*

*Pictured: Infographic, Camoin Associates*

## GOAL 4 - Strengthen the role of the New Jersey Highlands Council as leader in regional planning

- A. Formalize a quarterly meeting among the County Coalition to discuss shared issues and regional approach to economic development topics.
- B. Aggregate technical assistance materials into digital file that is part of a welcome presentation to new municipal administrations.
- C. Establish a resource guide of “wish list” investments for municipalities that the Highlands Council technical assistance can catalyze.
- D. Use internal GIS capabilities to target redevelopment areas, infill opportunities, and other smart growth development opportunities.
  - i. **ACTION:** Use the scale ranking from the Economic Growth Inventory to prioritize and lead conversations about appropriate development opportunities.
  - ii. **ACTION:** Provide mapping results from Economic Growth Inventory to economic development partners in the County Coalition.
  - iii. **ACTION:** Support County marketing efforts related to identified sites.
  - iv. **ACTION:** Work with Counties to vet additional site readiness characteristics like infrastructure, utilities, and more.
- E. Promote tools and resources to municipalities to advance local conversations about zoning, land use, smart growth, and green infrastructure.
  - i. **ACTION:** Provide talking points and/or key statistics to municipalities about smart growth and connections between land use planning/economic development.
  - ii. **ACTION:** Put together sharable materials that highlight success stories of innovative models of investment in green infrastructure or technologies and publish in Annual Report.
- F. Promote the ability of the Highlands Council to act as resource for counties and municipalities who will be developing plans for how to expend American Rescue Plan Funds.
  - i. **ACTION:** Create summary of tools that will align with guidelines of American Rescue Funds allowed uses.
  - ii. **ACTION:** Emphasize the Council’s ability to fund soft costs for infrastructure projects.
- G. Work with municipalities and state planning counterparts to identify, update and promote greyfield and brownfield redevelopment.

### WHAT IS THE COUNTY COALITION?

The County Coalition is the group of county representatives that comprised the Steering Committee for the planning process. They represent economic development and planning interests throughout the seven-county region. This group will remain intact in a new iteration throughout the implementation period.

## GOAL 5 - Support the Highlands Region's existing target industries and small businesses in their efforts to thrive and adapt in response to the new economy

- A. Make Business Retention and Expansion (BRE) a top economic development priority.
  - i. **ACTION:** Work with County Coalition to measure meaningful metrics that accurately depict the state of the business climate. Publish status of these metrics in the Annual Report.
- B. Partner with local organizations to support small businesses.
  - i. **ACTION:** Prioritize digital inclusion and education. Assist with technical assistance for businesses to update or start online marketing or sales. Include associated education, materials, or training in partnership with efforts to expand broadband.
  - ii. **ACTION:** Adapt technical assistance efforts to changing workforce and demographics: succession planning, financial literacy, regional marketing.
  - iii. **ACTION:** Continue to advocate value of digital marketing for small business.
- C. Target Industries
  - i. The target industries listed to the right were established as part of research and data analysis for the Highlands Region. Labor market data can be used to inform decision making by each county or municipality.

### A Successful Approach to Business Retention and Expansion

- Collect strategic information from businesses to identify red flags, opportunities, and/or support areas that can be filled by the Highlands Council or their public sector counterparts.
- Ensure data that are collected are entered, stored internally, and reported out to relevant parties.
- Create regional business roundtables within the target sectors to identify and act on common issues and opportunities.
- Support efforts of existing or emerging municipal BRE programs.
  - Share information and resources that could address common issues regionally. Topics could include workforce, housing options, transportation connectors, supply chain
- Identify and brand a "business navigator" – an individual with the Highlands Council that can work with municipalities, counties, and the private sector to navigate regulations pertaining to the Highlands Region.
- Focus attraction efforts on target industries and use digital tools or other tactics that allow counties to collect feedback from prospective leads.

### Target Industries

- Specialized Manufacturing
- Biotechnology and Life Sciences
- Tourism and Recreation
- Finance and Insurance
- Food Production
- Corporate Offices

# ACTION PLAN MATRIX

## Priority level



## Timeframe



## Partner Legend

- NJHC New Jersey Highlands Council
- DEP Department of Environmental Protection
- USDA United States Department of Agriculture
- NJ OPA New Jersey Office of Planning Advocacy
- NJTPA New Jersey Transportation Planning Authority
- DMO Destination Marketing Organization
- NJDOT New Jersey Department of Transportation
- NJEDA New Jersey Economic Development Authority
- NJBIA New Jersey Business & Industry Association
- NJMEP New Jersey Manufacturing Extension Partnership
- EDC Economic Development Committee

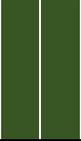
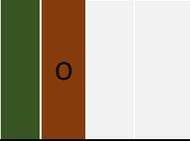
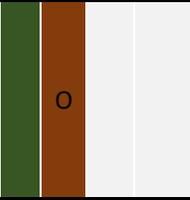
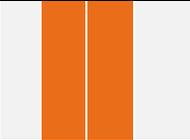
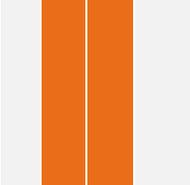
\*\* Indicates budgetary considerations for FY '22

Goal 1: Reinforce the Highlands Region as a center of natural resource protection, innovation and technology.						
Strategy	Priority	Timeframe	Resources	Partners		
<b>1.A</b> Investigate the potential to establish a center of excellence for water resources protection within the Highlands Region.	High	Long-term	\$\$\$	NJHC, NJ Sustainable Business Council, DEP		
<b>1.B</b> Adapt grant sources or technical assistance to encourage existing businesses to pursue new technologies and research related to green products or adaptations to climate change	Highest	Mid-term	\$\$	NJHC, NJ Sustainable Business Council, USDA Rural Development grants		
<b>1.C</b> Create or build off a coalition of businesses that are addressing similar issues and help them market their products and innovation to other locations that have similar water-based challenges.	Highest	Short-term	\$	NJHC, NJ Sustainable Business Council		
<b>1.D</b> Partner with other leaders in the fields of green technology, infrastructure, and business development to make the business case for innovation and entrepreneurship within this sector.	High	Long-term	\$	NJHC, NJDEP, NJ Sustainable Business Council		
<b>1.E</b> Collaborate with eco-tourism and heritage tourism efforts to promote value of natural resources in these sectors.	High	Short-term	\$	NJHC, DMOs, Division of Travel and Tourism		

**Goal 2 : Communicate the value of quality of life in the Highlands Region and evaluate how current assets meet, miss, or exceed market demand.**

Strategy		Priority	Timeframe	Resources	Partners
2.A	Promote and market livability and job opportunities to demographics that are lacking in the region (ages 20-39).			\$\$**	NJHC, Association of Realtors, OPA, Municipalities, Preservation NJ
2.B	Draw on existing or ongoing housing needs assessment to quantify changing housing demand based on post-pandemic lifestyle shifts.			\$	NJHC, County Coalition, NJEDA, Choose New Jersey
2.C	Engage development and real estate community as part of the solution to developing residential options.			\$	NJHC, Association of Realtors, Municipalities
2.D	Identify land assembly opportunities in community centers to qualify sites as developable properties.			\$\$\$	NJHC, Association of Realtors, Municipalities
2.E	As housing development is pursued, leverage opportunities to adapt/upgrade/advance infrastructure with aid of developments.			\$	NJHC, Municipalities, OPA
2.F	Use common themes and unique identifiers to integrate elements of placemaking into (re)development throughout the region.			\$	NJHC, Association of Realtors, Preservation NJ
2.G	Focus development and redevelopment in designated centers and aging real estate assets like strip malls where infrastructure already exists.			\$	NJHC, OPA, Association of Realtors, NJTPA, Rutgers University, municipalities
2.H	Incorporate environmental justice as criteria or priority for redevelopment opportunities.			\$	NJHC, NJDEP, OPA

**Goal 3: Expand awareness and understanding of the Highlands Council’s purpose and impact on the business community.**

Strategy	Priority	Timeframe	Resources	Partners
<b>3.A</b> Increase awareness and improve relationships with public officials/municipal liaisons to ensure close coordination and strong working partnerships.			\$**	NJHC
<b>3.B</b> Partner with established leaders in the realm of business development including County and Municipal Economic Development Corporations/Partnerships to improve standing in business community.			\$**	NJHC, Chambers of Commerce, OPA, County EDCs
<b>3.C</b> Quantify how programs that are initiated and operated by the Highlands Council lead to job creation.			\$\$	NJHC
<b>3.D</b> Continue to seek opportunities where the Highlands Council can join/advise/contribute to regional and state economic development initiatives.			\$	NJHC, County Coalition
<b>3.E</b> Establish a collaborative relationship between the Highlands Council and the New Jersey Economic Development Authority and Division of Travel and Tourism to develop a distinct brand for the Highlands Region.			\$	NJHC, NJEDA, County Coalition, DMOs

#### Goal 4: Strengthen the role of the Highlands Council as leader in regional planning.

Strategy	Priority	Timeframe	Resources	Partners
4.A Formalize a quarterly meeting among the County Coalition to discuss shared issues and regional approach to economic development topics.		O	\$	NJHC, County Coalition
4.B Aggregate technical assistance materials into digital file that is part of a welcome presentation to new municipal administrations.			\$\$	NJHC, OPA, NJDOT
4.C Establish a resource guide of “wish list” investments for municipalities that the Highlands Council technical assistance can catalyze.			\$\$	NJHC, County Coalition
4.D Use internal GIS capabilities to target redevelopment areas, infill opportunities and other smart growth development opportunities.			\$	NJHC
4.E Promote tools and resources to municipalities to advance local conversations about zoning, land use, smart growth and green infrastructure.			\$	NJHC, County Coalition
4.F Promote ability of Highlands Council to act as resource for counties and municipalities who will be developing plans for how to expend American Rescue funds.			\$**	NJHC, Local Planning Offices, Local EDCs
4.G Work with municipalities and state planning counterparts to identify, update and promote greyfield and brownfield redevelopment.			\$	NJHC, Local Planning Offices, DEP

#### Goal 5: Support the Highlands Region’s existing target industries and small businesses in their efforts to thrive and adapt in response to the new economy.

Strategy	Priority	Timeframe	Resources	Partners
5.A Make Business Retention and Expansion (BRE) a top economic development priority.		O O	\$\$\$	NJHC, County Coalition, NJEDA, Choose New Jersey, NJBIA, NJMEP
5.B Partner with local organizations to support small businesses.		O O	\$	NJHC, County Coalition, Chambers of Commerce, NJBIA
5.C Pursue market opportunities identified for target industries (see Chapter II).		O O	\$-\$\$\$	NJHC, County Coalition, NJEDA, Choose New Jersey, NJBIA, NJMEP



# CHAPTER I – ECONOMIC PROFILE

# KEY FINDINGS

Camoin 310 conducted a data analysis on the 7-county region that makes up the Highlands Region in New Jersey (“Highlands Counties”). Findings from this analysis are outlined below. This work is a precursor to defining target industries and delving into economic growth strategies for the region. The work in this analysis relies on data sources like the U.S. Census, American Community Survey and U.S. Agricultural Census. Interviews and other primary research will help supplement these findings and provide on-the-ground confirmation or clarity on data findings.

## DATA TRENDS

### DEMOGRAPHIC AND SOCIOECONOMIC SNAPSHOT

- ◆ **The Highlands Counties are growing at a slower rate than the state and nation.** The population has increased by 2.9% since 2010. Population is concentrated in the northeastern portion of the counties, largely in Bergen, Morris, and Passaic counties.
- ◆ **Household incomes in the Highlands Counties are significantly higher than the state and nation.** 2020 median household income is nearly \$101,000, which is approximately \$17,000 higher than the median in New Jersey and \$39,000 higher than the nation. Over 50% of households in the Highlands Counties have incomes of \$100,000 or greater.
- ◆ **Unemployment is low and labor force participation is high, relative to the state and the nation.** In 2019, the Highlands Counties had an unemployment rate of 3.2% and a labor force participation rate of 62.9%.
- ◆ **Individuals with advanced degrees are commuting out of the region to find employment.** 17% of adults in the Highlands Counties have a graduate degree or higher, while approximately 4% of the jobs in the counties require that level of education.

### BUSINESS AND CONSUMER DEMAND ANALYSIS

- ◆ **As of 2020, there are over 1.3 million jobs in the Highlands Counties.** Bergen County accounts for 37% of these jobs, followed by Morris County with 24%, Somerset County with 15%, and Passaic County with 14%.
- ◆ **The Health Care and Social Assistance Sector accounts for the most jobs in the counties.** This industry totals 14.6% of total jobs. Other top contributors include Retail Trade (10.8%), Government (10.8%), and Professional, Scientific, and Technical Services (9.1%).
- ◆ **The Highlands Counties’ economy has added nearly 84,000 jobs in the last decade, yet lost overall competitiveness in this industry, meaning more jobs would have been added to the economy if the Region kept on pace with national trends.** Health Care and Social Assistance added the most jobs with 28,699. This is followed by Professional, Scientific, and Technical Services with 16,574. Government and Manufacturing have lost the most jobs over this time period, losing 10,593 and 5,657 jobs, respectively.
- ◆ **Conserved land within the Highlands Counties has steadily increased.** Between 2010 and 2018, the amount of conserved land increased from 178,844 to 192,335 acres.
- ◆ **Manufacturing; Professional, Scientific, and Technical Services; and Wholesale Trade are the biggest contributors to the counties’ Gross Regional Product (GRP).** These account for 11.9%, 11.7%, and 11.0% of GRP, respectively. Manufacturing’s GRP is driven by

Pharmaceutical and Medicine Manufacturing; Medical Equipment and Supplies Manufacturing; Communications, Electronic, Instrument and other Electrical Component Manufacturing.

- ◆ **Agriculture is important to the region's legacy and history.** As of the 2017 Census of Agriculture publication, there were 288,250 acres of farmland across 4,563 farms in the counties. The number of farms has increased across all counties, with the greatest gain, 23%, in Bergen County. The industry is growing, gaining competitiveness and is important to rural preservation and regional character.

## TALENT AND WORKFORCE EVALUATION

- ◆ **Office and Administrative Support occupations are prevalent in the counties.** These occupations account for 13% of 2020 jobs. The number of these jobs in the counties, however, has decreased by nearly 20,000 in the last ten years.
- ◆ **Production Occupations are filled by in-commuters.** These occupations have the highest positive net commuter number and are filled by more in-commuters than the other occupations. The most common jobs that people commute out of the counties for include Office and Administrative Support occupations and Business and Financial Operations occupations.
- ◆ **Heavy and Tractor-Trailer Truck Drivers is the occupation with the most job postings.** This comports with national trends. Other occupations that are hiring include Registered Nurses, Software Developers, and Retail Salespersons.
- ◆ **Most open roles require a Bachelor's degree.** Where specified, a Bachelor's degree is the most common education credential specified by job postings, occurring in 24% of postings. This is followed by a high school diploma/GED in 13% of postings.

## REAL ESTATE SNAPSHOT

- ◆ **53% of retail demand in the Highlands Counties is met within the counties.** A significant portion of retail demand for clothing is met locally (69%), while less than half of the demand for Gasoline Stations, General Merchandise Stores, and Sporting Goods/Hobby/Musical Instrument/Book Stores is being met within the counties.
- ◆ **There has been minimal movement in the regional retail real estate market since 2010.** The amount of vacant space, net absorption, and deliveries per square foot have remained relatively flat.
- ◆ **There is continued demand for industrial real estate in the counties.** The demand is driven by firms involved in distribution, supported by warehousing as well. Manufacturing is a smaller subset of demand for industrial real estate in the Highlands Counties.

## REGIONAL SUBGROUPS

While the seven counties have unique characteristics that define themselves individually, similarities between certain counties have emerged. The matrix below was compiled to summarize key demographic and industry data and illustrate patterns between counties. Within the matrix, green indicates that the county overperforms the indicator, red indicates that the county underperforms the indicator, and yellow indicates that the county is flat.

Using this matrix, three distinct regional subgroups emerged:

- ◆ Warren County and Hunterdon County;
- ◆ Sussex County and Passaic County; and
- ◆ Somerset County, Morris County, and Bergen County.

Key findings for the regional subgroups are summarized below.

Highlands Region Subgroup Findings Matrix

	Positive Population Growth	Median Household Income Higher than Region Average	50% of Adults Have Bachelor's Degree or Higher	Unemployment Rate Lower than US Average	Labor Force Participation Rate Higher than Regional Average	Manufacturing >7% of Jobs	Manufacturing >10% GRP	Retail Demand Met in Region >45%	% of State Agricultural Sales >5%	Market Value of Agricultural Products Sold >\$90m
Warren County	Yellow	Red	Red	Yellow	Green	Green	Green	Red	Green	Green
Hunterdon County	Yellow	Green	Green	Green	Red	Red	Red	Red	Green	Green
Sussex County	Red	Red	Red	Red	Yellow	Red	Red	Red	Red	Red
Passaic County	Green	Red	Red	Red	Red	Green	Green	Green	Red	Red
Somerset County	Green	Green	Green	Green	Green	Green	Green	Yellow	Red	Red
Morris County	Green	Green	Green	Green	Green	Red	Green	Green	Red	Red
Bergen County	Green	Green	Green	Green	Green	Yellow	Yellow	Green	Red	Red

**SUBGROUP I: WARREN COUNTY AND HUNTERDON COUNTY**

- ◆ **Population growth has been flat.** Since 2010, Warren County’s population has decreased slightly by -0.1% while Hunterdon County has increased by 0.4%.
- ◆ **Residents make most retail purchases outside of the county.** Only 33% of retail demand by county residents is met within Warren County and 36% in Hunterdon County.
- ◆ **Agriculture is a strength.** Both Warren and Hunterdon counties are each responsible for 8% of New Jersey’s agricultural sales. In 2017, \$93.2 million in agricultural products were sold from Warren County farms while \$92.2 million were sold from Hunterdon County farms.

**SUBGROUP II: SUSSEX COUNTY AND PASSAIC COUNTY**

- ◆ **Household incomes are below the regional average.** Median household income is \$76,626 in Passaic County and \$94,078 in Sussex County.
- ◆ **Less than 50% of adults have Bachelor’s degrees.** 31% of the population in Passaic County has at least a Bachelor’s degree while 38% of the population in Sussex County have this level of educational attainment.
- ◆ **Unemployment rates are higher than US average.** The 2019 unemployment rate was 4.3% in Passaic County and 3.6% in Sussex County.

- ◆ **Labor force participation rates are low relative to the other regional counties.** The 2019 labor force participation rate was 61.3% in Passaic County and 62.9% in Sussex County.

### SUBGROUP III: SOMERSET COUNTY, MORRIS COUNTY, AND BERGEN COUNTY

- ◆ **County populations are growing.** Since 2010, Somerset County's population has increased by nearly 5%, Morris County by 3%, and Bergen County by over 4%.
- ◆ **Household incomes are high.** Median household incomes are above \$100,000 and are higher than the regional average.
- ◆ **County residents are well educated.** Over half of the residents in these counties hold at least a Bachelor's degree, with many also obtaining a graduate/professional degree.
- ◆ **Unemployment rates are below the national and regional averages.** The 2019 unemployment rate was 3.0% in Somerset County, 2.8% in Morris County, and 2.8% in Bergen County.
- ◆ **Labor force participation is above the regional average.** 2019 labor force participation rates were 63.5% in Somerset County, 63.2% in Morris County, and 63.5% in Bergen County.

## REGIONAL FINDINGS

- ◆ **Strategies must be tailored to leverage the assets specific to each county and subgroup economy, while supporting overall economic prosperity.** It is clear from the data analysis that each county supports its own distinct economy and industry mix. Individual strategies may not apply to every municipality in the region; however, the goal is to improve the local business environment within each county based on its specific assets, thereby strengthening the overall economic prosperity of the region. Indicators like industry mix, workforce availability and physical assets also play into how each county experienced the impacts of COVID-19. While unemployment was low across the entire region in 2019, the way COVID-19 has shut down specific parts of the economy has hit some counties harder than others. Unemployment as of July 2020 remains higher in Passaic and Bergen Counties compared to the rest of the region. The COVID-19 recovery process is not likely to be linear; therefore, building in thresholds and tactics to respond to multiple situations will prepare the Highlands Region to anticipate and respond based on the evolving conditions within the economic and public health environment.
- ◆ **Supporting business growth will require a holistic view of economic development, including workforce, housing, quality of life, and environment.** Overall slower population growth, an aging population, higher income levels, and higher education present unique challenges for traditional economic and workforce development initiatives. Addressing existing industries' challenges associated with workforce development will require a holistic approach that considers non-traditional economic development factors, such as housing, transportation, and education systems. These factors enable opportunities to diversify, and therefore strengthen and make a more resilient local workforce.
- ◆ **The region's talent pool is being pulled outside the area for jobs in business operations, educational instruction, and professional office work.** The occupations that residents out-commute for are relatively high paying compared to the jobs that individuals are in-

commuting for. This suggests a mismatch in housing availability and lack of diversity in residential stock to meet varying needs and income levels. Additionally, as remote work becomes a more permanent fixture in the American lifestyle, there could be opportunities to foster businesses and entrepreneurs from the cohort that was out-commuting. The skills and type of work that people were out-commuting for are well-suited to remote work and could help grow the local economy with strategic support.

- ◆ **The rapidly changing consumer environment driven by COVID-19 will continue to have implications on the real estate market in the Highlands Region.** Changing real estate trends, consumer spending, and work patterns will play a role in the future development pressure on the Highlands Region. Precise data on movement out of major urban metros is based on short-term data or anecdotes, but developers in Connecticut, Upstate New York, and New Jersey have seen upticks in occupancy in mixed-use rental developments. The change in space usage by office users, retailers, and industrial firms could play a dramatic role in which industries are best suited to grow and adapt in the region. The industrial market shows the most movement compared to retail or office, and demonstrates a strong market into 2020 despite COVID-19. This aligns with findings from the industry analysis that manufacturing subsectors are large contributors to the Gross Regional Product, have relatively high wages, are increasing jobs, and are highly concentrated in the region.
- ◆ **While agriculture is a hallmark of the Highlands Region, professional services, research and development, and manufacturing play an important role in the region's economy.** These industries also show propensity for growth based on historic performance and current status in the region. Identifying where these industries are best clustered to grow based on existing assets and re-developable land will be critical to not just supporting growth opportunities but retaining these industries in the region. Anticipating the developing needs of these industries as markets evolve will be key in order for the region to be competitive.
- ◆ **The Highlands Region's proliferation of farms in the last five years goes against national trends.** Nationally, the number of farms and number of acres farmed decreased, while the number of farms in the Highlands Region increased across all 7 counties. The size of farms in the region in 2017 was generally smaller compared to the 2012 Agriculture Census. Warren County and Hunterdon County account for the greatest portions of agriculture sales among the region, and the other five counties demonstrate relatively low contributions to state agriculture sales. Cumulatively, the Highlands Region makes up about 1/5<sup>th</sup> of the state's agricultural sales. In addition to the economic contribution of the agriculture sector, these industries make up a defining feature of the lifestyles and culture of a portion of the Highlands. Agritourism also plays a role in visitor attraction and is an industry that has generally grown across the country.
- ◆ **The impact of COVID-19 is unknown, ever changing, and will be disruptive.** As of this writing, COVID-19 continues to disrupt the regional, national, and global economy. Writing an economic sustainability plan during a time like this will require all participants to address the immediate needs of the community in the attempt to come back from this historic downturn, while still holding space for future opportunities. Creating a sustainable, resilient, and prosperous economy for the people and businesses in the Highlands Region has never been more important. While the future is uncertain, the tactics in the plan will revolve around establishing processes and structures that will allow the Highlands Council and their stakeholders to capitalize on future opportunities.

# METHODOLOGY

## STUDY AREA

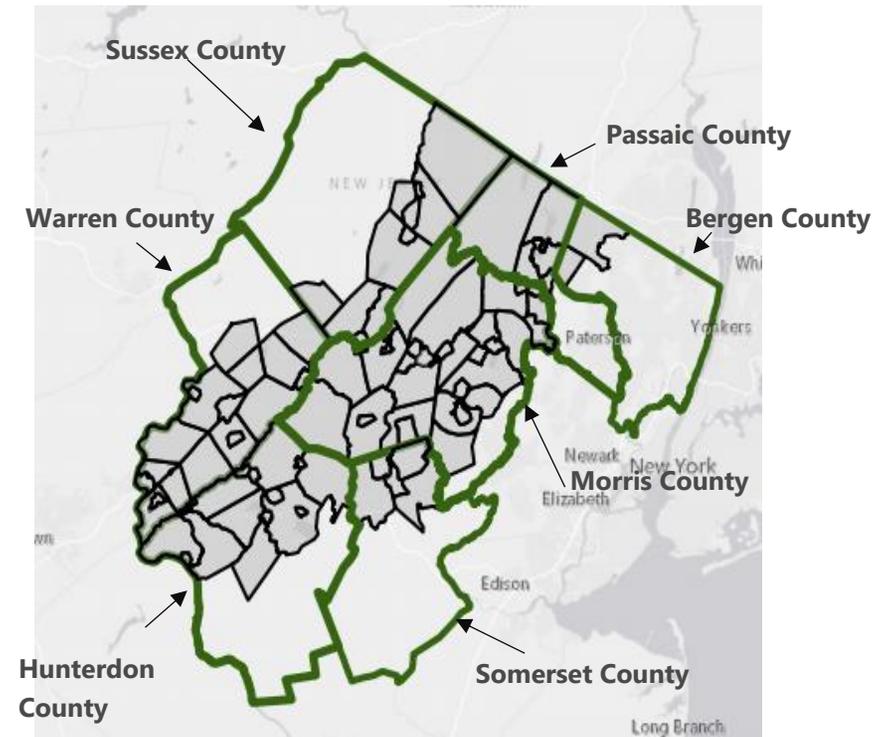
The goal of the Economic Sustainability Plan is to provide a road map to secure the economic future of the Highlands Region. The strategies it ultimately recommends will focus on the tools and levers with the greatest potential to positively impact the 88 municipalities within the Region. To begin, it is important to establish a baseline understanding of the Region and the area in which it is located. Economic conditions within the Region are determined by a variety of factors that interrelate with conditions in the wider area, including the New York metro-region, the State, and even national level trends. This report provides the results of a data analysis conducted to identify demographic, socioeconomic, and business and industry trends in the seven-county area that contains the Highlands Region ("Highlands Counties"). The study area thus includes the New Jersey counties of Warren, Sussex, Somerset, Passaic, Morris, Hunterdon, and Bergen (see Figure 1). The Highlands Region is shown gray shading. In addition to data specific to the study area, data was collected and analyzed for the State of New Jersey and the nation. While Highlands Act mandates apply only to certain portions of the study area counties, it should be noted that this analysis seeks a global perspective on industry and sociodemographic trends that will guide policy for Highlands municipalities.

## DATA SOURCES

Much of the data in this report was acquired from Esri Business Analyst Online (Esri) and Economic Modeling Specialists International (Emsi). Esri uses the 2000 and 2010 Census as its base data. It uses proprietary statistical models and data from the US Census Bureau, the US Postal Service, and other sources to project current statistics and future trends. Esri data are often used for economic development, marketing, site selection, and strategic decision making. Emsi uses data compiled from several sources, including the US Census Bureau and US Departments of Health and Labor. Using specialized proprietary processes and models, it provides estimates on current statistics and predicts future trends. The data used are from Emsi's Complete Employment data set, which includes both jobs covered and uncovered by unemployment insurance. In other words, it includes both traditional employment and non-traditional employment such as the self-employed. As traditional jobs have been replaced or augmented by

**Figure 1: Map of Study Area**

- County outline
- 88 Highlands Municipalities



# DEMOGRAPHIC AND SOCIOECONOMIC PROFILE



*Harmony Township, Warren County; Source: New Jersey Highlands Council*

## DEMOGRAPHIC SUMMARY

- ◆ The Highlands Counties are growing at a slower rate than the state and nation. The region’s population has increased by 2.9% since 2010.
- ◆ With a median age of 41.8 in 2020, Highlands Counties residents are slightly older than the state and nation.
- ◆ Household incomes in the Highlands Counties are significantly higher than the state and nation. 2020 median household income in the region is nearly \$101,000, or approximately \$17,000 higher than the median in New Jersey and \$39,000 than that in the nation.

Table 1  
**Demographic Summary**

	2010	2020	2025	2010-2020 % Change	2020-2025 % Change
<b>Highlands Counties</b>					
Population	2,608,368	2,683,334	2,712,868	2.9%	1.1%
Median Age	40.4	41.8	42.6	3.5%	1.9%
Households	944,209	968,175	977,716	2.5%	1.0%
Average Household Size	2.7	2.7	2.7	0.4%	0.0%
Median Household Income		\$100,943	\$107,121		6.1%
<b>New Jersey</b>					
Population	8,791,894	9,100,978	9,233,247	3.5%	1.5%
Median Age	38.9	40.3	41.2	3.6%	2.2%
Households	3,214,360	3,322,041	3,367,942	3.3%	1.4%
Average Household Size	2.7	2.7	2.7	0.0%	0.4%
Median Household Income		\$83,602	\$89,735		7.3%
<b>United States</b>					
Population	308,745,538	333,793,107	346,021,282	8.1%	3.7%
Median Age	37.1	38.5	39.3	3.8%	2.1%
Households	116,716,292	126,083,849	130,658,485	8.0%	3.6%
Average Household Size	2.6	2.6	2.6	0.0%	0.4%
Median Household Income		\$62,203	\$67,325		8.2%

Source: Esri

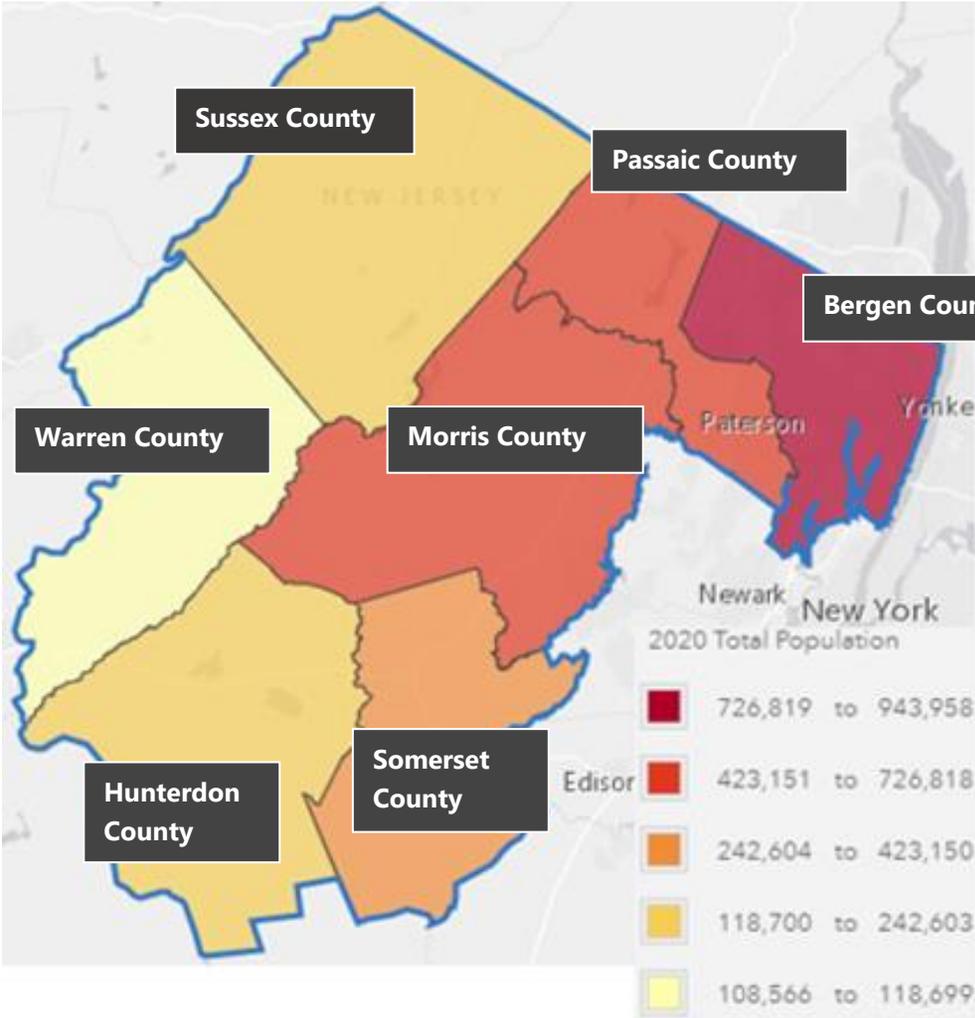
## DEMOGRAPHIC SUMMARY – COUNTY DETAIL

Table 2

Demographic Summary - Highlands Region County Detail											
	2010-2020					2020-2025					
	2010	2020	2025	% Change	% Change	2010	2020	2025	% Change	% Change	
<b>Bergen County</b>						<b>Somerset County</b>					
Population	905,116	943,958	962,409	4.3%	2.0%	Population	323,444	339,211	345,210	4.9%	1.8%
Median Age	41.1	42.8	43.4	4.1%	1.4%	Median Age	40.2	41.8	42.6	4.0%	1.9%
Households	335,730	347,008	352,830	3.4%	1.7%	Households	117,759	122,238	124,166	3.8%	1.6%
Average Household Size	2.7	2.7	2.7	1.1%	0.4%	Average Household Size	2.7	2.7	2.7	0.7%	0.4%
Median Household Income		\$102,880	\$109,654		6.6%	Median Household Income		\$118,639	\$127,173		7.2%
<b>Hunterdon County</b>						<b>Sussex County</b>					
Population	128,349	128,834	128,292	0.4%	-0.4%	Population	149,265	145,996	142,341	-2.2%	-2.5%
Median Age	43.4	46.0	46.5	6.0%	1.1%	Median Age	41.7	44.2	44.8	6.0%	1.4%
Households	47,169	48,113	48,036	2.0%	-0.2%	Households	54,752	54,080	52,870	-1.2%	-2.2%
Average Household Size	2.6	2.6	2.6	-0.8%	-0.4%	Average Household Size	2.7	2.7	2.7	-0.7%	-0.4%
Median Household Income		\$113,984	\$122,442		7.4%	Median Household Income		\$94,078	\$99,670		5.9%
<b>Morris County</b>						<b>Warren County</b>					
Population	492,276	507,090	514,196	3.0%	1.4%	Population	108,692	108,566	107,424	-0.1%	-1.1%
Median Age	41.2	43.0	43.6	4.4%	1.4%	Median Age	41.5	43.6	43.9	5.1%	0.7%
Households	180,534	186,225	188,895	3.2%	1.4%	Households	41,480	41,824	41,498	0.8%	-0.8%
Average Household Size	2.7	2.7	2.7	0.0%	0.0%	Average Household Size	2.6	2.6	2.5	-0.8%	-0.4%
Median Household Income		\$113,817	\$122,379		7.5%	Median Household Income		\$80,168	\$84,586		5.5%
<b>Passaic County</b>											
Population	501,226	509,679	512,996	1.7%	0.7%						
Median Age	36.1	37.1	38.2	2.8%	3.0%						
Households	166,785	168,687	169,421	1.1%	0.4%						
Average Household Size	2.9	3.0	3.0	0.7%	0.3%						
Median Household Income		\$76,626	\$80,856		5.5%						

Source: Esri

Figure 2: Population Density of Highlands Counties

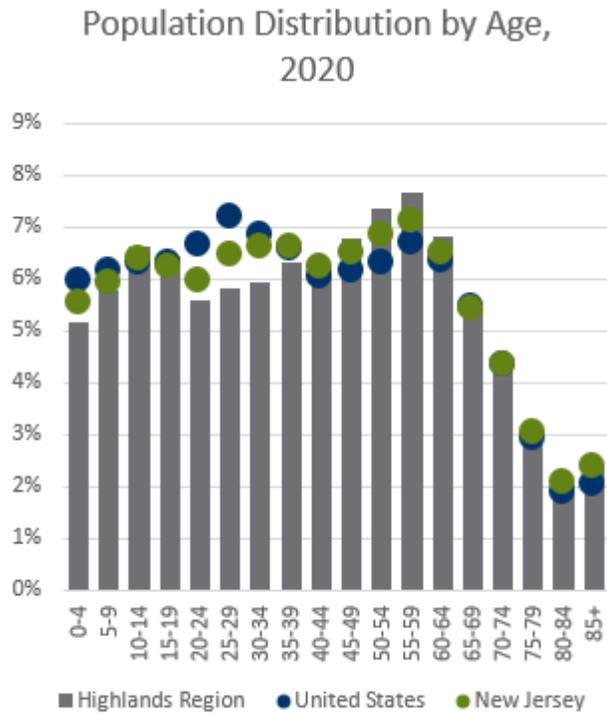


- ◆ Population is concentrated in the northeastern portion of the region, in Bergen, Morris, and Passaic counties.
- ◆ Median household incomes in Bergen, Hunterdon, Morris, and Somerset counties are all greater than \$100,000. Although Passaic, Sussex, and Warren counties are on the lower end of household incomes for the counties, median household incomes in these counties are still higher than the median household income for the overall state.

## POPULATION CHARACTERISTICS

- ◆ A smaller portion of the Highlands Counties' population is in the 20-39 age cohort compared to the state and the region.
- ◆ The distribution of population by age across the seven counties is similar. Passaic County has the smallest percentage of its population age 18+ (76.8%) while Hunterdon County has the largest (79.9%).

Figure 3



Source: Esri

Table 3

Population by Age Cohort, 2020

Age	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County
0-4	5.0%	4.7%	5.2%	6.3%	4.9%	4.2%	5.0%
5-9	5.6%	5.4%	6.0%	6.4%	5.8%	5.1%	5.6%
10-14	6.3%	6.3%	7.1%	6.7%	6.8%	6.6%	6.4%
15-19	6.3%	6.1%	6.6%	6.8%	6.6%	6.6%	6.2%
20-24	5.4%	4.8%	5.1%	7.0%	5.2%	5.4%	5.4%
25-29	5.9%	5.8%	5.6%	7.2%	5.2%	5.0%	5.6%
30-34	5.8%	6.1%	5.6%	6.9%	5.6%	4.8%	5.9%
35-39	5.8%	5.8%	6.3%	6.7%	6.3%	5.2%	6.4%
40-44	5.7%	5.9%	6.7%	6.1%	6.3%	5.6%	6.3%
45-49	6.7%	6.7%	7.3%	6.1%	7.0%	7.2%	6.8%
50-54	7.6%	7.9%	7.6%	6.4%	7.7%	8.6%	7.3%
55-59	8.2%	8.7%	7.9%	6.6%	8.0%	9.4%	7.6%
60-64	7.3%	7.9%	6.8%	5.9%	6.8%	8.3%	6.9%
65-69	6.0%	6.5%	5.3%	4.8%	5.6%	6.5%	5.7%
70-74	4.8%	4.8%	4.1%	3.9%	4.5%	4.8%	4.7%
75-79	3.3%	3.1%	2.8%	2.6%	3.2%	3.1%	3.3%
80-84	2.1%	1.8%	1.9%	1.7%	2.2%	1.8%	2.3%
85+	2.5%	1.8%	2.2%	2.0%	2.6%	1.9%	2.8%
<b>Total Age 18+</b>	<b>79.4%</b>	<b>79.7%</b>	<b>77.3%</b>	<b>76.8%</b>	<b>78.4%</b>	<b>79.9%</b>	<b>79.3%</b>

Source: Esri

- ◆ The Highlands Counties have a slightly smaller than average proportion of Millennials, which aligns with the population data seen on the previous page.
- ◆ The proportion of the population that is 55+, and within the range of retirement, is on par with the national average. Racial diversity also mirrors the national average.
- ◆ Violent crime and property crimes are well below national average.

Figure 4



Millennials

Your area has 471,682 millennials (ages 25-39). The national average for an area this size is 542,068.



Retiring Soon

Retirement risk is about average in your area. The national average for an area this size is 763,230 people 55 or older, while there are 818,154 here.



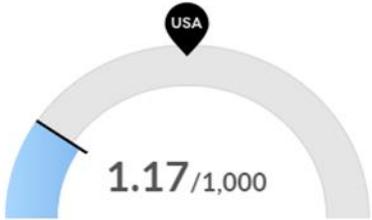
Racial Diversity

Racial diversity is about average in your area. The national average for an area this size is 1,044,632 racially diverse people, while there are 1,063,922 here.



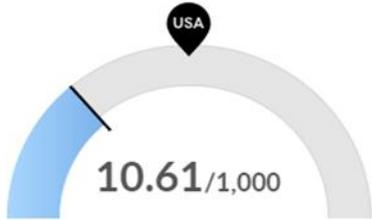
Veterans

Your area has 88,633 veterans. The national average for an area this size is 149,992.



Violent Crime

Your area has 1.17 violent crimes per 1,000 people. The national rate is 3.87 per 1,000 people.



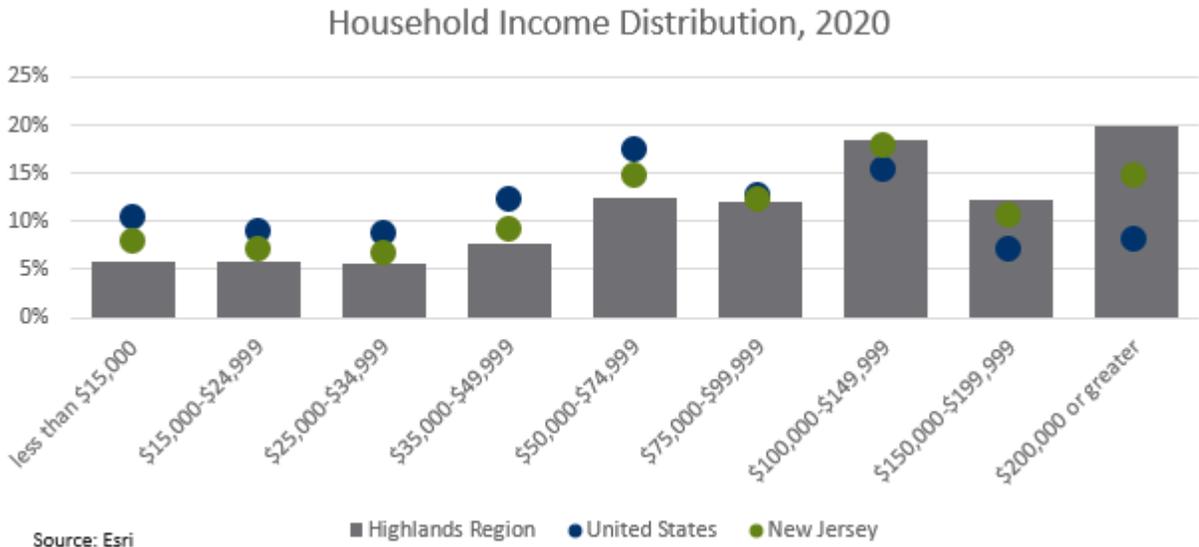
Property Crime

Your area has 10.61 property crimes per 1,000 people. The national rate is 22.98 per 1,000 people.

**HOUSEHOLD INCOME**

- ◆ Household incomes are higher in the Highlands Counties than the state and nation.
- ◆ The greatest range in MHI between counties is Somerset (\$118,639) and Warren County (\$80,168), a difference of \$38,471.
- ◆ Over 50% of households in the region have incomes of \$100,000 or greater. Within Somerset (59%), Morris (57%), Hunterdon (57%), and Bergen (52%) counties, this percent is even higher.

Figure 5



Source: Esri

Table 4  
Household Income Distribution, 2020

Income Range	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County
less than \$15,000	6.87%	4.92%	4.82%	8.73%	4.21%	3.80%	6.10%
\$15,000-\$24,999	8.50%	4.57%	3.96%	9.06%	4.22%	4.00%	6.05%
\$25,000-\$34,999	5.99%	4.47%	4.98%	6.95%	3.98%	5.61%	5.93%
\$35,000-\$49,999	10.89%	8.59%	5.74%	9.59%	6.72%	6.96%	7.63%
\$50,000-\$74,999	13.98%	13.82%	10.45%	14.48%	11.96%	11.82%	12.30%
\$75,000-\$99,999	14.47%	16.76%	10.61%	13.82%	12.28%	10.95%	10.44%
\$100,000-\$149,999	19.15%	20.22%	20.01%	17.24%	18.31%	18.67%	18.31%
\$150,000-\$199,999	10.01%	12.36%	13.74%	8.83%	13.91%	15.14%	12.19%
\$200,000 or greater	10.14%	14.28%	25.70%	11.29%	24.42%	23.04%	21.06%
<b>Median Household Income</b>	<b>\$80,168</b>	<b>\$94,078</b>	<b>\$118,639</b>	<b>\$76,626</b>	<b>\$113,817</b>	<b>\$113,984</b>	<b>\$102,880</b>

Source: Esri

## LABOR FORCE

- ◆ In 2019, the Highlands Counties had an unemployment rate of 3.2%, lower than both the state and the nation.
- ◆ The region's labor force participation rate of 62.9% is higher than both the state and the nation.
- ◆ Unemployment is highest in Passaic County (4.3%) and lowest in Hunterdon County (2.7%).
- ◆ Warren County has the highest labor force participation rate at 63.8% while Passaic County has the lowest at 61.3%.

Table 5

### Labor Force, 2019

	Unemployment Rate	Labor Force Participation Rate
Warren County	3.4%	63.8%
Sussex County	3.6%	62.9%
Somerset County	3.0%	63.5%
Passaic County	4.3%	61.3%
Morris County	2.8%	63.2%
Hunterdon County	2.7%	61.4%
Bergen County	2.8%	63.5%
<b>Highlands Counties</b>	<b>3.2%</b>	<b>62.9%</b>
New Jersey	3.6%	62.4%
United States	3.4%	61.1%

Source: Emsi

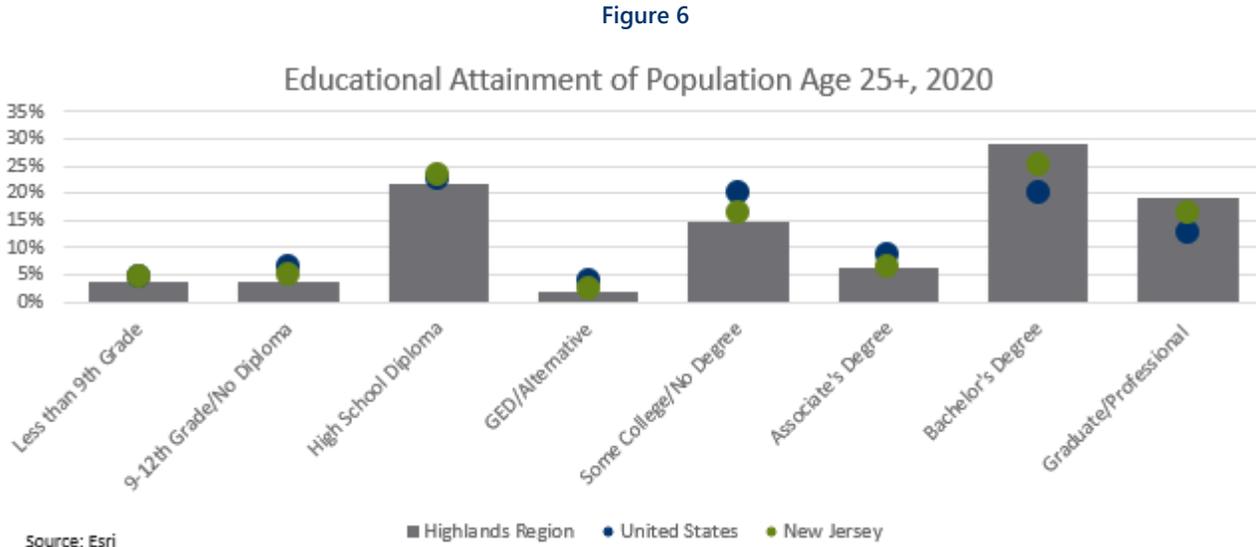
The **unemployment rate** is the percent of the labor force that is jobless.

The **labor force participation rate** is the proportion of the working-age population that is either working or actively looking for work. This represents the relative amount of labor resources available for the production of goods and services.

Data included here are annual figures for 2019. Due to COVID-19, as of June 2020 the unemployment rate for the Highlands Region had jumped to 15.71%. This is lower than the state (16.36%) but higher than the nation (11.23%).

**EDUCATIONAL ATTAINMENT**

- ◆ Approximately 48% of the population hold at least a Bachelor’s degree.
- ◆ Educational attainment is highest in Somerset County where over 57% of residents possess at least a Bachelor’s degree.
- ◆ A higher portion of residents in Passaic County have completed at most their high school education compared to the other six counties.



**Table 6**  
Educational Attainment of Population age 25+, 2020

Education	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County	Highlands Region	New Jersey	United States
Less than 9th Grade	3%	1%	2%	9%	3%	2%	4%	4%	5%	5%
9-12th Grade/No Diploma	5%	3%	2%	7%	3%	3%	3%	4%	5%	7%
High School Diploma	27%	27%	17%	30%	17%	18%	20%	22%	23%	23%
GED/Alternative Credential	3%	3%	1%	2%	1%	1%	1%	2%	2%	4%
Some College/No Degree	19%	20%	14%	16%	13%	15%	14%	15%	16%	20%
Associate's Degree	9%	9%	6%	5%	7%	6%	6%	6%	7%	9%
Bachelor's Degree	23%	25%	31%	20%	32%	32%	32%	29%	25%	20%
Graduate/Professional Degree	12%	12%	27%	10%	24%	23%	20%	19%	16%	13%

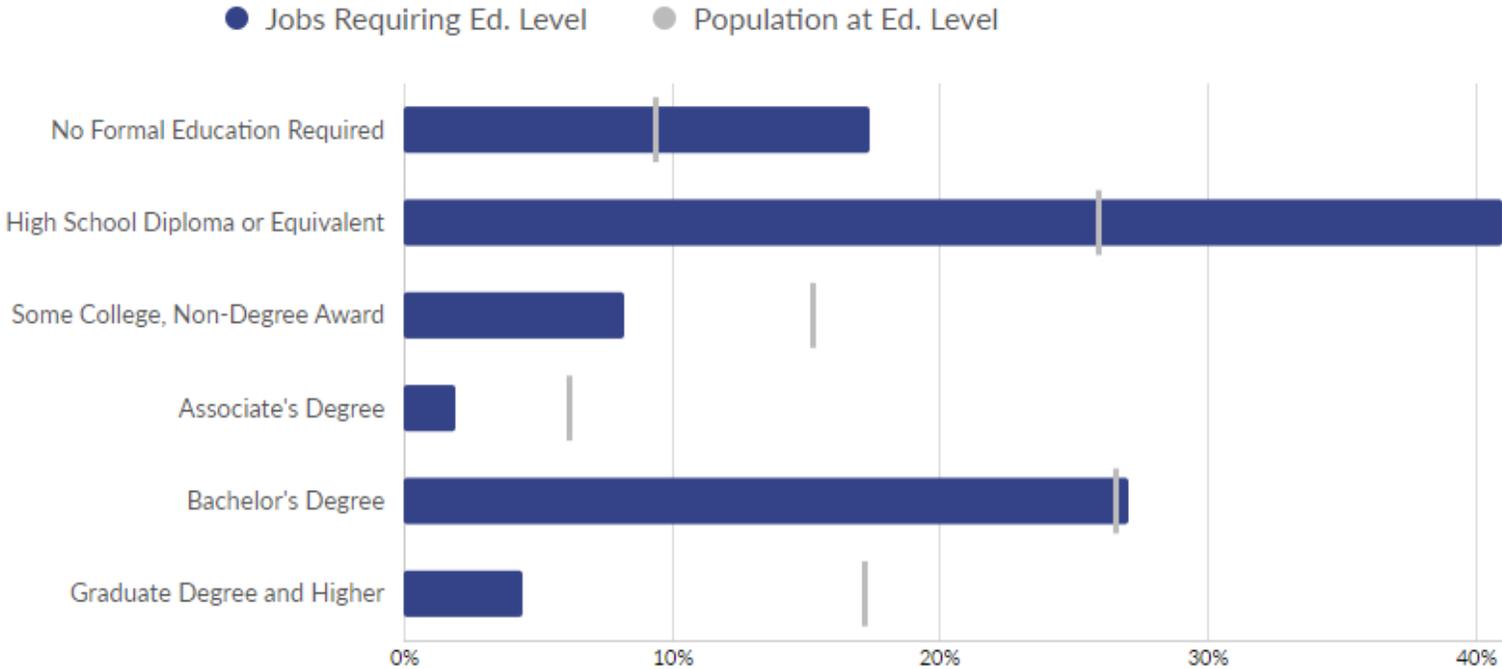
Source: Esri

## EDUCATIONAL ATTAINMENT – UNDEREMPLOYMENT

◆ 17% of residents of the Highlands Counties have a graduate degree or higher, while only 4% of the jobs in the region require that level of education. This disparity could demonstrate that a proportion of the population is underemployed in the counties *and* that the individuals that have graduate degrees are commuting out of the counties for work.

Figure 8

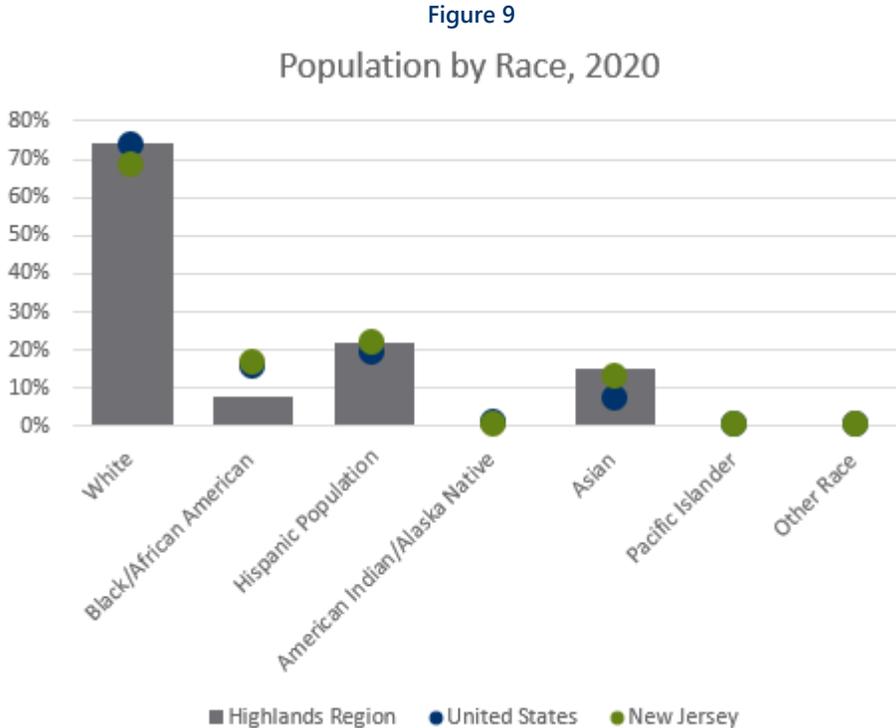
Education Level Required for Jobs in Highlands Region vs. Educational Attainment of the Counties



Source: Emsi

**RACE AND ETHNICITY**

- ◆ A majority of the Highlands Counties' population is white. Compared to the state and nation, the Highlands Counties' population has a larger proportion of Asians and a smaller proportion of Black/African Americans.
- ◆ Somerset, Passaic, and Bergen counties are the most racially diverse of the region.



Source: Esri

Table 7

**Population by Race, 2020**

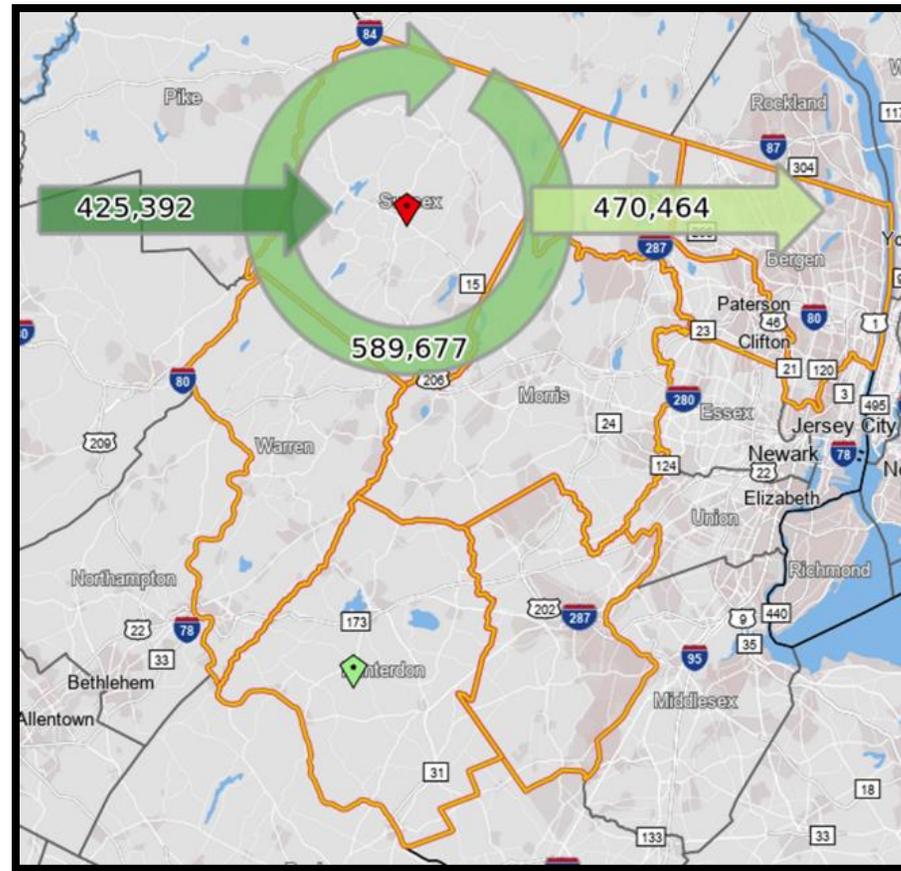
Race	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County
White	88.93%	93.47%	63.42%	69.78%	81.05%	90.40%	68.65%
Black/African American	5.77%	2.44%	11.24%	17.54%	3.85%	3.23%	7.05%
Hispanic Population	10.55%	9.35%	15.56%	43.80%	14.42%	7.39%	21.82%
American Indian/Alaska Native	0.14%	0.15%	0.14%	0.24%	0.10%	0.09%	0.11%
Asian	3.20%	2.12%	22.53%	9.49%	12.65%	4.58%	21.58%
Pacific Islander	0.03%	0.03%	0.04%	0.02%	0.02%	0.02%	0.03%
Other Race	0.14%	0.12%	0.28%	0.42%	0.18%	0.14%	0.33%

Source: Esri

## COMMUTE PATTERNS

- ◆ 425,392 individuals commute into the Highlands Counties, another 589,677 work/live in the Highlands Counties and 470,464 commute out of the counties for work.
- ◆ Over half of the Highlands Counties' resident workers work within the region.
- ◆ Somerset County has the highest portion of in-commuters. 76.1% of workers live outside of the county.
- ◆ Warren County has the highest portion of out-commuters. 79.7% of resident workers work outside of the county.

Figure 10



Source: US Census OnTheMap

Note: Arrows represent overall regional commuter inflows and outflows and do not indicate commute direction.

Table 9

**Highlands County Commuter Trends, 2017**

	<u>Count</u>	<u>Percent</u>
Employees		
In-Commuters	425,392	41.9%
Employed and Live in Region	589,677	58.1%
<b>Total</b>	<b>1,015,069</b>	<b>100.0%</b>
Resident Workers		
Out-Commuters	470,464	44.4%
Employed and Live in Region	589,677	55.6%
<b>Total</b>	<b>1,060,141</b>	<b>100.0%</b>

Source: U.S. Census OnTheMap

Table 9

**Commuter Trends, County Detail, 2017**

	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County
In-Commuters	64.3%	48.7%	76.1%	64.7%	68.6%	65.6%	61.9%
Out-Commuters	79.7%	76.3%	72.2%	74.8%	61.8%	75.6%	61.3%
Employed and Live in County	20.3%	23.7%	27.8%	25.2%	38.2%	24.4%	38.7%

Source: U.S. Census OnTheMap

**LABOR SHED**

- ◆ Most of the Highlands Counties' residents have short commutes of less than 10 miles to work (44.0%). This is followed by 35.1% of residents who commute 10 to 24 miles to work.
- ◆ Outside of the Counties, New York County, Essex County, Middlesex County, Hudson County, and Union County are the most common places of employment for residents.

Table 10

**Where Highlands Counties' Residents Work, 2017**

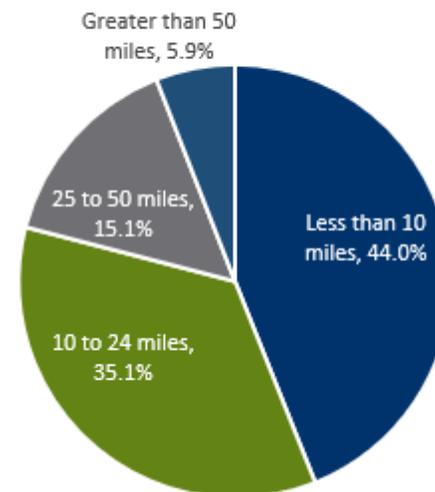
	<u>Count</u>	<u>Share</u>
<i>Bergen County, NJ</i>	219,554	21%
<i>Morris County, NJ</i>	152,905	14%
New York County, NY	106,578	10%
<i>Passaic County, NJ</i>	85,819	8%
<i>Somerset County, NJ</i>	73,924	7%
Essex County, NJ	71,578	7%
Middlesex County, NJ	63,381	6%
Hudson County, NJ	45,300	4%
Union County, NJ	39,749	4%
<i>Hunterdon County, NJ</i>	22,807	2%
All Other Locations	178,546	17%

Source: U.S. Census OnTheMap

Italicized counties are in the Highlands Region.

Figure 11

**Commute Distance of Highlands Counties' Residents, 2017**



Source: U.S. Census OnTheMap

# BUSINESS AND CONSUMER DEMAND ANALYSIS



*Downtown Dover, Morris County; Source: New Jersey Highlands Council*

## EMPLOYMENT BY SECTOR, 2-DIGIT NAICS

- ◆ As of 2020, there are over 1.3 million jobs in the Highlands Counties.
- ◆ Bergen County accounts for 37% of these jobs, followed by Morris County with 24%, Somerset County with 15%, and Passaic County with 14%.
- ◆ Hunterdon County accounts for 4% of the region's jobs, while Warren and Sussex counties each account for 3%.
- ◆ Please note that agricultural employment is often difficult to measure; therefore, it is supplemented by findings from the U.S. Census of Agriculture later in this report.

Table 11

Highlands Counties 2020 Employment by Sector, 2-Digit NAICS

NAICS Description	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County	Highlands Region
11 Agriculture, Forestry, Fishing and Hunting	512	207	201	133	590	849	399	2,891
21 Mining, Quarrying, and Oil and Gas Extraction	86	133	387	129	<10	50	30	815
22 Utilities	200	185	708	728	525	81	1,410	3,836
23 Construction	1,766	2,957	8,565	10,953	14,187	3,822	21,437	63,685
31 Manufacturing	3,728	2,790	16,138	18,068	19,638	3,112	33,424	96,897
42 Wholesale Trade	826	961	13,416	9,832	14,518	2,191	32,920	74,664
44 Retail Trade	5,763	5,932	19,985	24,787	29,321	6,657	51,947	144,391
48 Transportation and Warehousing	1,133	989	4,073	5,781	8,442	621	18,762	39,801
51 Information	289	230	6,201	1,206	4,411	785	9,032	22,153
52 Finance and Insurance	494	854	8,952	4,199	17,952	3,724	16,356	52,531
53 Real Estate and Rental and Leasing	332	530	3,796	2,672	5,808	642	10,705	24,484
54 Professional, Scientific, and Technical Services	1,604	2,184	25,209	8,378	43,745	5,017	36,322	122,459
55 Management of Companies and Enterprises	1,356	990	11,405	1,201	13,738	727	13,825	43,243
56 Administrative and Support and Waste Management and Remediation Services	1,243	1,717	16,097	11,231	25,227	2,029	29,497	87,041
61 Educational Services	1,434	862	4,420	4,148	9,116	851	13,857	34,688
62 Health Care and Social Assistance	5,582	6,386	23,645	30,092	40,781	7,004	81,690	195,181
71 Arts, Entertainment, and Recreation	716	1,749	3,256	2,147	5,708	1,800	10,481	25,856
72 Accommodation and Food Services	2,748	3,879	12,696	11,468	21,674	4,115	33,866	90,445
81 Other Services (except Public Administration)	1,818	2,321	8,767	10,003	15,417	2,739	24,307	65,372
90 Government	5,232	7,544	17,913	28,317	30,148	6,945	48,160	144,259
99 Unclassified Industry	140	257	615	1,012	670	234	2,503	5,432
<b>Total</b>	<b>37,002</b>	<b>43,657</b>	<b>206,447</b>	<b>186,484</b>	<b>321,618</b>	<b>53,995</b>	<b>490,927</b>	<b>1,340,130</b>
<b>Percent of Total Highlands Region Jobs</b>	<b>3%</b>	<b>3%</b>	<b>15%</b>	<b>14%</b>	<b>24%</b>	<b>4%</b>	<b>37%</b>	<b>100%</b>

Source: Emsi

## EMPLOYMENT DISTRIBUTION BY SECTOR, 2-DIGIT NAICS

- ◆ The Health Care and Social Assistance Sector accounts for the most jobs in the counties - 14.6% of total jobs. Other top contributors include Retail Trade (10.8%), Government (10.8%), and Professional, Scientific, and Technical Services (9.1%).
- ◆ Health Care and Social Assistance, Government, and Retail Trade are prevalent across all counties.
- ◆ Professional, Scientific, and Technical Services is particularly prevalent in Somerset and Morris counties.
- ◆ Manufacturing is one of the top job contributors in Warren County.
- ◆ Agriculture, Forestry, Fishing and Hunting accounts for a nominal proportion of jobs in each county. The highest percentage of employment is in Hunterdon and Warren County, 1.6% and 1.4%. Additional information about the agricultural economy begins on pg. 38.

Table 12

Highlands Counties 2020 Employment Distribution by Sector, 2-Digit NAICS

NAICS Description	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County	Highlands Region
11 Agriculture, Forestry, Fishing and Hunting	1.4%	0.5%	0.1%	0.1%	0.2%	1.6%	0.1%	0.2%
21 Mining, Quarrying, and Oil and Gas Extraction	0.2%	0.3%	0.2%	0.1%	0.0%	0.1%	0.0%	0.1%
22 Utilities	0.5%	0.4%	0.3%	0.4%	0.2%	0.2%	0.3%	0.3%
23 Construction	4.8%	6.8%	4.1%	5.9%	4.4%	7.1%	4.4%	4.8%
31 Manufacturing	10.1%	6.4%	7.8%	9.7%	6.1%	5.8%	6.8%	7.2%
42 Wholesale Trade	2.2%	2.2%	6.5%	5.3%	4.5%	4.1%	6.7%	5.6%
44 Retail Trade	15.6%	13.6%	9.7%	13.3%	9.1%	12.3%	10.6%	10.8%
48 Transportation and Warehousing	3.1%	2.3%	2.0%	3.1%	2.6%	1.2%	3.8%	3.0%
51 Information	0.8%	0.5%	3.0%	0.6%	1.4%	1.5%	1.8%	1.7%
52 Finance and Insurance	1.3%	2.0%	4.3%	2.3%	5.6%	6.9%	3.3%	3.9%
53 Real Estate and Rental and Leasing	0.9%	1.2%	1.8%	1.4%	1.8%	1.2%	2.2%	1.8%
54 Professional, Scientific, and Technical Services	4.3%	5.0%	12.2%	4.5%	13.6%	9.3%	7.4%	9.1%
55 Management of Companies and Enterprises	3.7%	2.3%	5.5%	0.6%	4.3%	1.3%	2.8%	3.2%
56 Administrative and Support and Waste Management and Remediation Services	3.4%	3.9%	7.8%	6.0%	7.8%	3.8%	6.0%	6.5%
61 Educational Services	3.9%	2.0%	2.1%	2.2%	2.8%	1.6%	2.8%	2.6%
62 Health Care and Social Assistance	15.1%	14.6%	11.5%	16.1%	12.7%	13.0%	16.6%	14.6%
71 Arts, Entertainment, and Recreation	1.9%	4.0%	1.6%	1.2%	1.8%	3.3%	2.1%	1.9%
72 Accommodation and Food Services	7.4%	8.9%	6.1%	6.1%	6.7%	7.6%	6.9%	6.7%
81 Other Services (except Public Administration)	4.9%	5.3%	4.2%	5.4%	4.8%	5.1%	5.0%	4.9%
90 Government	14.1%	17.3%	8.7%	15.2%	9.4%	12.9%	9.8%	10.8%
99 Unclassified Industry	0.4%	0.6%	0.3%	0.5%	0.2%	0.4%	0.5%	0.4%

Source: Emsi

\*Darker green indicates higher percentages.

## JOB TRENDS BY SECTOR, 2-DIGIT NAICS

- ◆ Since 2010, the Highlands Counties' economy has added nearly 84,000 jobs (7% growth over that time).
- ◆ Health Care and Social Assistance has added the most jobs with 28,699. This is followed by Professional, Scientific, and Technical Services with 16,574 jobs.
- ◆ Government and Manufacturing have lost the most jobs over this time period, losing 10,593 and 5,657 jobs, respectively. The Finance and Insurance, Real Estate and Rental and Leasing, and Retail Trade sectors also experienced job losses over this period.
- ◆ Average earnings per job in the region is \$84,275. This is higher than the average earnings per job of \$79,210 in the state.

Table 13

Highlands Counties Jobs Trends by Sector, 2-Digit NAICS						
NAICS	Description	2010 Jobs	2020 Jobs	2010 - 2020 Change	2010 - 2020 % Change	Avg. Earnings Per Job
11	Agriculture, Forestry, Fishing and Hunting	2,433	2,891	458	19%	\$44,636
21	Mining, Quarrying, and Oil and Gas Extrac	704	820	116	16%	\$113,165
22	Utilities	3,233	3,836	603	19%	\$165,274
23	Construction	54,562	63,685	9,123	17%	\$81,099
31	Manufacturing	102,554	96,897	(5,657)	(6%)	\$108,876
42	Wholesale Trade	74,252	74,664	412	1%	\$110,208
44	Retail Trade	145,110	144,391	(719)	(0%)	\$45,680
48	Transportation and Warehousing	33,425	39,801	6,376	19%	\$60,424
51	Information	26,253	22,153	(4,100)	(16%)	\$154,117
52	Finance and Insurance	57,183	52,531	(4,652)	(8%)	\$150,707
53	Real Estate and Rental and Leasing	23,205	24,484	1,279	6%	\$85,522
54	Professional, Scientific, and Technical Serv	105,885	122,459	16,574	16%	\$131,373
55	Management of Companies and Enterpris	39,491	43,243	3,752	10%	\$214,656
56	Administrative and Support and Waste Management and Remediation Services	77,202	87,041	9,839	13%	\$59,540
61	Educational Services	28,721	34,688	5,967	21%	\$45,387
62	Health Care and Social Assistance	166,482	195,181	28,699	17%	\$72,126
71	Arts, Entertainment, and Recreation	19,201	25,856	6,655	35%	\$52,425
72	Accommodation and Food Services	77,366	90,445	13,079	17%	\$27,818
81	Other Services (except Public Administratic	59,259	65,372	6,113	10%	\$34,843
90	Government	154,852	144,259	(10,593)	(7%)	\$89,463
99	Unclassified Industry	4,977	5,432	455	9%	\$52,059
<b>Total</b>		<b>1,256,347</b>	<b>1,340,130</b>	<b>83,783</b>	<b>7%</b>	<b>\$84,275</b>

Source: Emsi

\*NAICS 90, Government, includes federal, state, and local government (including military and postal service), as well as public schools and hospitals.

## JOB GROWTH AND LAND CONSERVATION

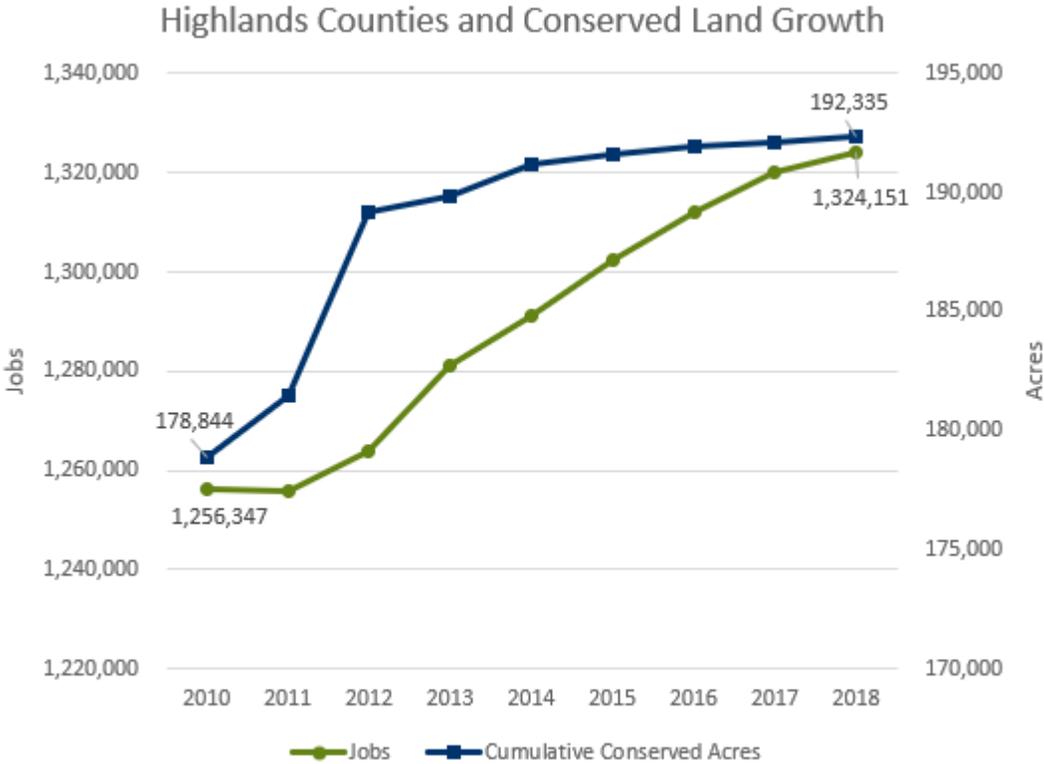
- ◆ Since 1998, over 192,000 acres of land has been conserved by various local, state, and federal entities in the Highlands Counties.
- ◆ Over the period from 2010 to 2018, the most recent year for which data is available, the amount of conserved land increased from 178,844 to 192,335 acres. At the same time, the number of jobs grew steadily, adding approximately 67,804 jobs to the region.

Table 14

Highlands Counties Conservation Land Acres								
Year	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County	Highlands Region
1998	3,834	165	177	-	9,180	26,779	-	<b>40,135</b>
1999	1,151	380	532	-	1,081	10,859	15	<b>14,018</b>
2000	3,143	1,392	2,393	785	492	2,871	665	<b>11,741</b>
2001	7,714	702	863	4	837	11,083	9	<b>21,212</b>
2002	2,815	513	82	79	357	679	235	<b>4,760</b>
2003	1,365	105	907	8	350	678	3	<b>3,416</b>
2004	1,557	402	530	8	9,117	394	291	<b>12,299</b>
2005	676	146	1,190	5,673	3,777	2,633	116	<b>14,211</b>
2006	907	2,187	344	5	1,135	982	27	<b>5,587</b>
2007	432	101	138	17	315	423	50	<b>1,476</b>
2008	16,417	516	202	-	532	383	3	<b>18,053</b>
2009	1,003	763	567	25	254	565	1	<b>3,178</b>
2010	599	24,958	862	16	1,426	886	11	<b>28,758</b>
2011	1,728	221	85	11	162	418	-	<b>2,625</b>
2012	421	232	6,286	14	407	371	10	<b>7,741</b>
2013	24	60	33	-	175	323	1	<b>616</b>
2014	382	219	104	257	292	68	2	<b>1,324</b>
2015	216	127	-	23	62	62	-	<b>490</b>
2016	-	289	-	-	-	-	-	<b>289</b>
2017	60	140	-	-	-	-	-	<b>200</b>
2018	-	206	-	-	-	-	-	<b>206</b>
<b>Total</b>	<b>44,444</b>	<b>33,824</b>	<b>15,295</b>	<b>6,925</b>	<b>29,951</b>	<b>60,457</b>	<b>1,439</b>	<b>192,335</b>

Source: The Trust for Public Land Conservation Almanac

Figure 12



Source: The Trust for Public Land Conservation Almanac

## AVERAGE EARNINGS BY SECTOR

- ◆ Average earnings per job are highest in Somerset County, where they exceed \$100,000. This is followed by Morris County, with average earnings per job of \$99,943. Both counties exceed the average earnings per job for the region.

Table 15

Highlands Counties Average Earnings by Sector, 2-Digit NAICS

NAICS	Description	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County
11	Agriculture, Forestry, Fishing and Hunting	\$48,771	\$35,420	\$45,314	\$50,802	\$43,464	\$45,890	\$40,547
21	Mining, Quarrying, and Oil and Gas Extractor	\$81,389	\$91,782	\$109,474	\$151,353	Insf. Data	\$187,918	\$52,123
22	Utilities	\$163,436	\$149,838	\$159,168	\$165,051	\$179,635	\$182,775	\$164,064
23	Construction	\$62,295	\$68,548	\$90,070	\$77,028	\$85,663	\$84,393	\$79,382
31	Manufacturing	\$88,790	\$79,683	\$152,679	\$83,766	\$125,808	\$80,634	\$98,336
42	Wholesale Trade	\$90,569	\$85,944	\$130,932	\$78,370	\$128,163	\$139,923	\$102,613
44	Retail Trade	\$37,512	\$38,165	\$53,378	\$41,575	\$47,617	\$44,848	\$45,460
48	Transportation and Warehousing	\$74,559	\$51,767	\$57,213	\$45,488	\$73,440	\$59,578	\$59,234
51	Information	\$65,690	\$103,934	\$226,931	\$77,445	\$120,470	\$127,403	\$137,852
52	Finance and Insurance	\$66,897	\$91,590	\$167,609	\$105,412	\$173,513	\$153,785	\$133,640
53	Real Estate and Rental and Leasing	\$60,132	\$56,892	\$98,987	\$66,352	\$103,360	\$62,447	\$79,563
54	Professional, Scientific, and Technical Services	\$122,574	\$75,557	\$141,477	\$90,108	\$156,780	\$115,245	\$110,350
55	Management of Companies and Enterprises	\$122,400	\$151,772	\$244,335	\$158,858	\$249,188	\$206,422	\$178,385
56	Administrative and Support and Waste Management and Remediation Services	\$46,780	\$42,649	\$70,039	\$39,820	\$65,272	\$53,351	\$58,522
61	Educational Services	\$34,906	\$33,808	\$50,682	\$42,283	\$44,307	\$29,048	\$48,135
62	Health Care and Social Assistance	\$57,055	\$55,779	\$63,580	\$61,567	\$81,047	\$68,566	\$76,705
71	Arts, Entertainment, and Recreation	\$22,954	\$24,910	\$34,870	\$31,219	\$83,114	\$27,666	\$56,010
72	Accommodation and Food Services	\$21,524	\$24,077	\$28,374	\$25,214	\$29,131	\$23,463	\$29,121
81	Other Services (except Public Administration)	\$32,991	\$31,604	\$36,018	\$34,695	\$35,998	\$30,843	\$34,661
90	Government	\$77,828	\$75,761	\$87,481	\$90,238	\$97,589	\$85,351	\$88,676
99	Unclassified Industry	\$34,429	\$39,663	\$65,929	\$41,163	\$55,397	\$58,125	\$53,874
<b>Total</b>		<b>\$61,631</b>	<b>\$58,057</b>	<b>\$103,501</b>	<b>\$64,588</b>	<b>\$99,943</b>	<b>\$77,516</b>	<b>\$78,326</b>

Source: Emsi

## SECTOR CONCENTRATION

- ◆ Green boxes in the table below demonstrate that there is a high concentration of businesses in that sector in a region.
- ◆ The Highlands Counties are most concentrated in Management of Companies and Enterprises.
- ◆ Sussex and Hunterdon counties exhibit a concentration of Arts, Entertainment, and Recreation.

Table 16  
Highlands Counties Sector Concentration, 2-Digit NAICS

NAICS Description	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County	Highlands Region
11 Agriculture, Forestry, Fishing and Hunting	1.15	0.38	0.08	0.06	0.15	1.31	0.07	0.18
21 Mining, Quarrying, and Oil and Gas Extraction	0.55	0.68	0.45	0.17	0.00	0.21	0.01	0.14
22 Utilities	1.54	1.25	0.92	1.13	0.48	0.45	0.83	0.82
23 Construction	0.85	1.20	0.72	1.02	0.78	1.25	0.76	0.83
31 Manufacturing	1.23	0.78	1.00	1.23	0.79	0.71	0.87	0.92
42 Wholesale Trade	0.60	0.61	1.77	1.43	1.29	1.11	1.89	1.55
44 Retail Trade	1.61	1.39	1.00	1.36	0.94	1.27	1.09	1.11
48 Transportation and Warehousing	0.83	0.59	0.53	0.81	0.71	0.31	0.98	0.78
51 Information	0.43	0.30	1.70	0.37	0.80	0.79	1.03	0.94
52 Finance and Insurance	0.35	0.50	1.10	0.58	1.41	1.68	0.84	0.99
53 Real Estate and Rental and Leasing	0.52	0.70	1.04	0.85	1.07	0.69	1.26	1.06
54 Professional, Scientific, and Technical Services	0.64	0.76	1.82	0.68	2.02	1.41	1.13	1.37
55 Management of Companies and Enterprises	2.43	1.60	3.81	0.53	2.82	1.06	2.00	2.23
56 Administrative and Support and Waste Management and Remediation Services	0.55	0.62	1.27	1.00	1.28	0.60	0.97	1.05
61 Educational Services	1.50	0.77	0.83	0.85	1.08	0.59	1.08	0.99
62 Health Care and Social Assistance	1.18	1.15	0.89	1.23	0.97	1.00	1.29	1.12
71 Arts, Entertainment, and Recreation	1.09	2.25	0.90	0.63	1.02	1.84	1.18	1.08
72 Accommodation and Food Services	0.86	1.02	0.71	0.70	0.78	0.87	0.79	0.78
81 Other Services (except Public Administration)	1.05	1.13	0.90	1.13	1.01	1.08	1.04	1.03
90 Government	0.96	1.17	0.59	1.03	0.64	0.89	0.66	0.73

Source: Emsi

\*Green indicates higher industry concentration while red indicates lower industry concentration.

### Location Quotient

Location Quotient (LQ) is a measure of industry concentration, indicating how concentrated a certain sector is in a given area of study, relative to the nation. It can reveal what makes a region “unique” in comparison with the national average. A location quotient greater than 1 indicates that sector employment in the study area is more concentrated than it is at the national level.

## SECTOR OUTPUT

- ◆ Manufacturing; Professional, Scientific, and Technical Services; and Wholesale Trade are the biggest contributors to the region's GRP.
- ◆ Manufacturing is particularly important to the economies of Warren, Somerset, and Passaic Counties while Morris County's GRP is boosted by Professional, Scientific, and Technical Services.

Table 17

Highlands Counties Sector Contribution to GRP, 2-Digit NAICS									
NAICS	Description	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County	Highlands Region
11	Agriculture, Forestry, Fishing and Hunting	1.4%	0.8%	0.1%	0.1%	0.1%	1.1%	0.0%	0.1%
21	Mining, Quarrying, and Oil and Gas Extraction	0.5%	0.8%	0.3%	0.3%	0.0%	0.4%	0.1%	0.2%
22	Utilities	3.4%	2.7%	0.8%	2.3%	0.7%	0.8%	1.0%	1.1%
23	Construction	5.1%	8.0%	2.8%	6.1%	3.1%	6.3%	3.7%	3.8%
31	Manufacturing	16.0%	8.4%	15.3%	15.3%	11.1%	6.5%	10.1%	11.9%
42	Wholesale Trade	4.8%	5.4%	11.9%	8.9%	9.6%	11.9%	13.0%	11.0%
44	Retail Trade	11.3%	10.5%	5.0%	9.5%	4.7%	7.8%	6.8%	6.3%
48	Transportation and Warehousing	3.9%	2.5%	1.0%	2.4%	1.6%	1.2%	2.6%	2.0%
51	Information	1.7%	2.3%	11.5%	1.6%	2.9%	2.9%	5.6%	5.3%
52	Finance and Insurance	3.5%	5.3%	9.3%	6.0%	11.9%	19.3%	8.1%	9.5%
53	Real Estate and Rental and Leasing	4.1%	6.8%	3.2%	5.8%	8.9%	4.5%	5.9%	6.2%
54	Professional, Scientific, and Technical Services	7.8%	6.7%	12.8%	5.8%	16.3%	11.1%	9.5%	11.7%
55	Management of Companies and Enterprises	4.8%	4.2%	8.4%	1.4%	6.8%	2.8%	4.5%	5.5%
56	Administrative and Support and Waste Management and Remediation Services	2.4%	2.7%	4.3%	3.4%	4.2%	2.1%	3.8%	3.8%
61	Educational Services	1.7%	0.9%	0.7%	1.1%	0.9%	0.4%	1.2%	1.0%
62	Health Care and Social Assistance	10.0%	10.1%	4.9%	10.8%	6.8%	7.5%	11.4%	8.6%
71	Arts, Entertainment, and Recreation	0.7%	1.6%	0.5%	0.7%	1.3%	1.0%	1.5%	1.1%
72	Accommodation and Food Services	2.7%	3.6%	1.5%	2.4%	1.9%	2.0%	2.5%	2.1%
81	Other Services (except Public Administration)	2.5%	2.8%	1.1%	2.6%	1.4%	1.8%	1.9%	1.7%
90	Government	11.5%	13.9%	4.4%	13.5%	6.0%	8.4%	6.7%	7.1%

Source: Emsi

\*Darker green indicates higher percentages.

- ◆ Manufacturing’s contribution to GRP outweighs its jobs contribution across all counties in the counties. Products that are manufactured in the region are high-value goods. The top three contributors to manufacturing’s regional GRP include Pharmaceutical and Medicine Manufacturing; Medical Equipment and Supplies Manufacturing; and Soap, Cleaning Compound, and Toilet Preparation Manufacturing.

**Table 18**  
**Highlands Counties Sector Contribution to GRP and Jobs, 2-Digit NAICS**

NAICS	Description	Warren County		Sussex County		Somerset County		Passaic County		Morris County		Hunterdon County		Bergen County		Highlands Region	
		GRP	Jobs	GRP	Jobs	GRP	Jobs	GRP	Jobs	GRP	Jobs	GRP	Jobs	GRP	Jobs	GRP	Jobs
11	Agriculture, Forestry, Fishing and Hunting	1.4%	1.4%	0.8%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	1.1%	1.6%	0.0%	0.1%	0.1%	0.2%
21	Mining, Quarrying, and Oil and Gas Extracti	0.5%	0.2%	0.8%	0.3%	0.3%	0.2%	0.3%	0.1%	0.0%	0.0%	0.4%	0.1%	0.1%	0.0%	0.2%	0.1%
22	Utilities	3.4%	0.5%	2.7%	0.4%	0.8%	0.3%	2.3%	0.4%	0.7%	0.2%	0.8%	0.2%	1.0%	0.3%	1.1%	0.3%
23	Construction	5.1%	4.8%	8.0%	6.8%	2.8%	4.1%	6.1%	5.9%	3.1%	4.4%	6.3%	7.1%	3.7%	4.4%	3.8%	4.8%
31	Manufacturing	16.0%	10.1%	8.4%	6.4%	15.3%	7.8%	15.3%	9.7%	11.1%	6.1%	6.5%	5.8%	10.1%	6.8%	11.9%	7.2%
42	Wholesale Trade	4.8%	2.2%	5.4%	2.2%	11.9%	6.5%	8.9%	5.3%	9.6%	4.5%	11.9%	4.1%	13.0%	6.7%	11.0%	5.6%
44	Retail Trade	11.3%	15.6%	10.5%	13.6%	5.0%	9.7%	9.5%	13.3%	4.7%	9.1%	7.8%	12.3%	6.8%	10.6%	6.3%	10.8%
48	Transportation and Warehousing	3.9%	3.1%	2.5%	2.3%	1.0%	2.0%	2.4%	3.1%	1.6%	2.6%	1.2%	1.2%	2.6%	3.8%	2.0%	3.0%
51	Information	1.7%	0.8%	2.3%	0.5%	11.5%	3.0%	1.6%	0.6%	2.9%	1.4%	2.9%	1.5%	5.6%	1.8%	5.3%	1.7%
52	Finance and Insurance	3.5%	1.3%	5.3%	2.0%	9.3%	4.3%	6.0%	2.3%	11.9%	5.6%	19.3%	6.9%	8.1%	3.3%	9.5%	3.9%
53	Real Estate and Rental and Leasing	4.1%	0.9%	6.8%	1.2%	3.2%	1.8%	5.8%	1.4%	8.9%	1.8%	4.5%	1.2%	5.9%	2.2%	6.2%	1.8%
54	Professional, Scientific, and Technical Servic	7.8%	4.3%	6.7%	5.0%	12.8%	12.2%	5.8%	4.5%	16.3%	13.6%	11.1%	9.3%	9.5%	7.4%	11.7%	9.1%
55	Management of Companies and Enterprised	4.8%	3.7%	4.2%	2.3%	8.4%	5.5%	1.4%	0.6%	6.8%	4.3%	2.8%	1.3%	4.5%	2.8%	5.5%	3.2%
56	Administrative and Support and Waste Management and Remediation Services	2.4%	3.4%	2.7%	3.9%	4.3%	7.8%	3.4%	6.0%	4.2%	7.8%	2.1%	3.8%	3.8%	6.0%	3.8%	6.5%
61	Educational Services	1.7%	3.9%	0.9%	2.0%	0.7%	2.1%	1.1%	2.2%	0.9%	2.8%	0.4%	1.6%	1.2%	2.8%	1.0%	2.6%
62	Health Care and Social Assistance	10.0%	15.1%	10.1%	14.6%	4.9%	11.5%	10.8%	16.1%	6.8%	12.7%	7.5%	13.0%	11.4%	16.6%	8.6%	14.6%
71	Arts, Entertainment, and Recreation	0.7%	1.9%	1.6%	4.0%	0.5%	1.6%	0.7%	1.2%	1.3%	1.8%	1.0%	3.3%	1.5%	2.1%	1.1%	1.9%
72	Accommodation and Food Services	2.7%	7.4%	3.6%	8.9%	1.5%	6.1%	2.4%	6.1%	1.9%	6.7%	2.0%	7.6%	2.5%	6.9%	2.1%	6.7%
81	Other Services (except Public Administrati	2.5%	4.9%	2.8%	5.3%	1.1%	4.2%	2.6%	5.4%	1.4%	4.8%	1.8%	5.1%	1.9%	5.0%	1.7%	4.9%
90	Government	11.5%	14.1%	13.9%	17.3%	4.4%	8.7%	13.5%	15.2%	6.0%	9.4%	8.4%	12.9%	6.7%	9.8%	7.1%	10.8%

Source: Emsi

## REGIONAL UNEMPLOYMENT BY SECTOR – JUNE 2020

- ◆ In the Highlands Counties, Retail Trade and Accommodation and Food Services accounted for the largest portion of regional unemployment, each accounting for 15% of the total. This matches the current economic environment around COVID-19 where many in-person activities are reduced for health and safety purposes.
- ◆ Unemployment levels in the Highlands Counties are similar to national levels except for Manufacturing. Manufacturing accounts for 5% of regional unemployment, while it contributes to 10% of national unemployment.

Table 19  
Highlands Counties Unemployment by Industry

NAICS	Industry	Unemployed (6/2020)	% of Regional Unemployment	% of National Unemployment
11	Agriculture, Forestry, Fishing and Hunting	179	0%	1%
21	Mining, Quarrying, and Oil and Gas Extraction	111	0%	1%
22	Utilities	95	0%	0%
23	Construction	11,948	6%	5%
31	Manufacturing	11,604	5%	10%
42	Wholesale Trade	10,891	5%	3%
44	Retail Trade	31,842	15%	12%
48	Transportation and Warehousing	6,185	3%	4%
51	Information	1,787	1%	2%
52	Finance and Insurance	1,834	1%	1%
53	Real Estate and Rental and Leasing	3,190	1%	1%
54	Professional, Scientific, and Technical Services	8,199	4%	3%
55	Management of Companies and Enterprises	2,917	1%	1%
56	Administrative and Support and Waste Management and Remediation Services	18,808	9%	7%
61	Educational Services	5,848	3%	3%
62	Health Care and Social Assistance	30,279	14%	11%
71	Arts, Entertainment, and Recreation	6,260	3%	3%
72	Accommodation and Food Services	31,243	15%	16%
81	Other Services (except Public Administration)	15,856	7%	5%
90	Government	1,742	1%	1%
99	No Previous Work Experience/Unspecified	13,589	6%	11%

Source: Emsi

**COVID-19 IMPLICATIONS BY COUNTY**

- ◆ The outbreak of COVID-19 led to significant economic implications across the country and throughout the Highlands Counties. The unemployment rate jumped between 7% and 13% across the 7-county region.
- ◆ The largest increase in unemployment rate occurred in the more urban counties. Unemployment jumped by 13% between July 2019 and July 2020 in Passaic County, and 11% in Bergen County.

Table 20

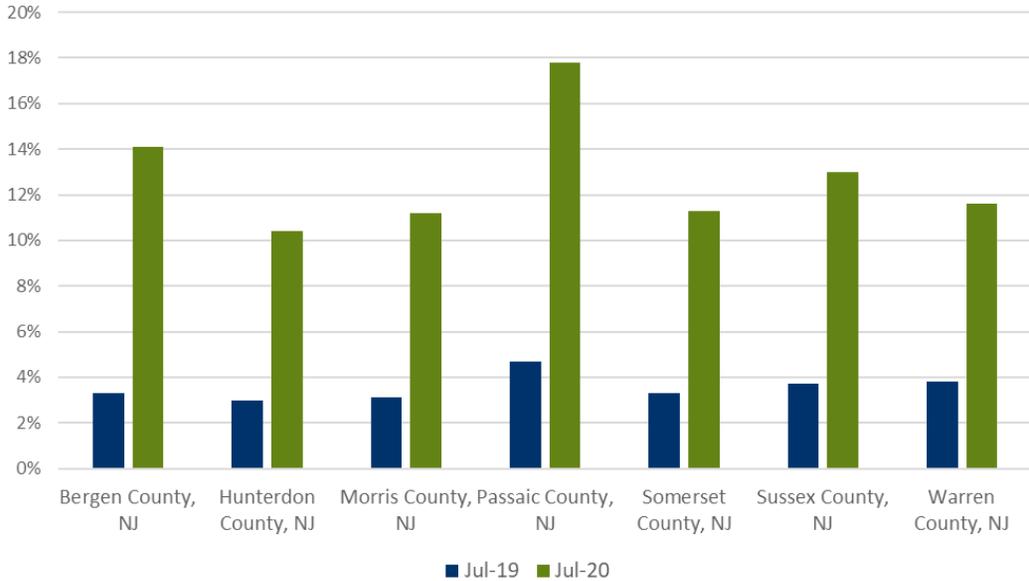
**Unemployment Comparison by County**

County	Jul-19	Jul-20	Difference
Bergen County, NJ	3%	14%	11%
Hunterdon County, NJ	3%	10%	7%
Morris County, NJ	3%	11%	8%
Passaic County, NJ	5%	18%	13%
Somerset County, NJ	3%	11%	8%
Sussex County, NJ	4%	13%	9%
Warren County, NJ	4%	12%	8%

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

Table 21

Unemployment Rate by County: 2019-2020 Comparison



## COVID-19 ECONOMIC VULNERABILITY INDEX

- ◆ The Vulnerability Index is a measurement of the negative impact that COVID-19 can have on employment based on a region's mix of industries. The model is based on potential job losses due to COVID-19 with expected employment losses updated by primary research and expertise. The average Vulnerability Index is 100, indicating the average job loss expected due to COVID-19 across the U.S. The Index accounts for the potential impact to the region based on industry mix and does not measure real-time infection rate or public health related factors.
- ◆ Overall, the industry mix in the Highlands Counties has a level of diversity that will lessen the potential job losses from COVID-19. Sussex County displays the highest risk based on the Vulnerability Index, slightly above the U.S. Somerset County presents the lowest risk based on its industry mix.
- ◆ In the regional subgroup's summarized in the Key Findings, Sussex County indicates below average or declining figures compared to the other counties, potentially indicating why it presents the great vulnerability in the region.

Table 22

### Vulnerability Index by County

County	Index	National Ranking
Bergen County, New Jersey	97.27	924
Hunterdon County, New Jersey	98.78	845
Morris County, New Jersey	86.39	1,539
Passaic County, New Jersey	93.18	1,166
Somerset County, New Jersey	85.02	1,615
Sussex County, New Jersey	107.61	474
Warren County, New Jersey	93.4	1,150

Source: Chmura

## INDUSTRY EMPLOYMENT – 4-DIGIT NAICS

- ◆ The largest industry by employment at the 4-digit NAICS level is Education and Hospitals (78,173 jobs). This is followed by Restaurants and Other Eating Places (67,324 jobs).
- ◆ Of the top 20 industries, only Local Government (excluding Education and Hospitals) and Department Stores lost jobs over the last ten years.

Table 23

### Highlands Counties Top 20 Industries by 2020 Jobs, 4-Digit NAICS

NAICS	Description	2010 Jobs	2020 Jobs	2010 - 2020 Change	2010 - 2020 % Change	Avg. Earnings Per Job
9036	Education and Hospitals (Local Government)	76,398	78,173	1,775	2%	\$87,612
7225	Restaurants and Other Eating Places	55,933	67,324	11,391	20%	\$25,577
6221	General Medical and Surgical Hospitals	40,160	43,939	3,779	9%	\$91,727
5511	Management of Companies and Enterprises	39,491	43,243	3,752	10%	\$214,656
9039	Local Government, Excluding Education and Hospitals	43,600	40,370	(3,230)	(7%)	\$88,655
5617	Services to Buildings and Dwellings	25,497	31,353	5,856	23%	\$39,563
4451	Grocery Stores	29,823	30,339	516	2%	\$36,476
6211	Offices of Physicians	24,112	28,119	4,007	17%	\$134,093
5613	Employment Services	22,528	25,809	3,281	15%	\$48,465
5416	Management, Scientific, and Technical Consulting Services	16,610	25,073	8,463	51%	\$125,247
5415	Computer Systems Design and Related Services	22,454	23,387	933	4%	\$145,803
2382	Building Equipment Contractors	16,051	20,158	4,107	26%	\$86,003
7139	Other Amusement and Recreation Industries	13,715	18,200	4,485	33%	\$27,981
5412	Accounting, Tax Preparation, Bookkeeping, and Payroll Services	14,922	17,534	2,612	18%	\$124,267
6216	Home Health Care Services	14,213	16,258	2,045	14%	\$41,629
8121	Personal Care Services	11,980	15,731	3,751	31%	\$28,697
4522	Department Stores	15,827	14,987	(840)	(5%)	\$30,998
6241	Individual and Family Services	8,246	14,773	6,527	79%	\$33,642
4411	Automobile Dealers	11,624	14,654	3,030	26%	\$80,062
5413	Architectural, Engineering, and Related Services	13,135	14,189	1,054	8%	\$110,444

Source: Emsi

## INDUSTRY EMPLOYMENT – 6-DIGIT NAICS

- ◆ Employment in the top 4-digit industries is driven by the following subindustries: Elementary and Secondary Schools; General Medical and Surgical Hospitals; Corporate, Subsidiary, and Regional Managing Offices; Local Government; and Full-Service Restaurants.
- ◆ Average earnings per job are highest in the Corporate, Regional, and Managing Offices industry at over \$214,000.

Table 24

### Highlands Counties Top 10 Industries by 2020 Jobs, 6-Digit NAICS

NAICS	Description	2010 Jobs	2020 Jobs	2010 - 2020 Change	2010 - 2020 % Change	Avg. Earnings Per Job
903611	Elementary and Secondary Schools (Local Government)	68,541	69,417	876	1%	\$94,245
622110	General Medical and Surgical Hospitals	40,160	43,939	3,779	9%	\$91,727
551114	Corporate, Subsidiary, and Regional Managing Offices	38,380	42,593	4,213	11%	\$214,111
903999	Local Government, Excluding Education and Hospitals	43,600	40,370	(3,230)	(7%)	\$88,655
722511	Full-Service Restaurants	30,245	36,991	6,746	22%	\$28,459
445110	Supermarkets and Other Grocery (except Convenience) Stores	27,789	27,751	(38)	(0%)	\$37,262
621111	Offices of Physicians (except Mental Health Specialists)	23,316	27,290	3,974	17%	\$134,643
722513	Limited-Service Restaurants	18,959	22,470	3,511	19%	\$22,150
561320	Temporary Help Services	16,776	20,734	3,958	24%	\$43,906
621610	Home Health Care Services	14,213	16,258	2,045	14%	\$41,629

Source: Emsi

## INDUSTRY CONCENTRATION

- ◆ Soap, Cleaning Compound, and Toilet Preparation Manufacturing is the most concentrated industry, with an LQ of 4.23 (though the industry is losing jobs).
- ◆ Of the 12 industries with LQs greater than or equal to 2.5, four have experienced job losses over the last ten years.

Table 25

### Highlands Counties Top Concentrated Industries, 4-Digit NAICS

NAICS Description	Location Quotient	2010-	
		2020 Jobs	2020 Job Change
3256 Soap, Cleaning Compound, and Toilet Preparation Manufacturing	4.23	3,879	(212)
4852 Interurban and Rural Bus Transportation	3.81	590	50
3254 Pharmaceutical and Medicine Manufacturing	3.46	8,303	(5,987)
6215 Medical and Diagnostic Laboratories	3.44	8,401	1,167
4242 Drugs and Druggists' Sundries Merchant Wholesalers	3.32	6,355	(106)
3351 Electric Lighting Equipment Manufacturing	3.06	1,145	448
6112 Junior Colleges	2.81	870	44
3391 Medical Equipment and Supplies Manufacturing	2.78	7,554	394
5331 Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	2.60	470	(209)
3159 Apparel Accessories and Other Apparel Manufacturing	2.57	332	201
2213 Water, Sewage and Other Systems	2.51	1,186	180
4232 Furniture and Home Furnishing Merchant Wholesalers	2.50	2,385	205

Source: Emsi

## INDUSTRY JOB CHANGE

- ◆ Since 2010, Restaurants and Other Eating Places has added the most jobs, adding 11,391. This is followed by Management, Scientific, and Technical Consulting Services (8,463).
- ◆ Pharmaceutical and Medicine Manufacturing and State Government have shed the most jobs over this period, losing 5,987 and 5,686 respectively.

Table 26

Highlands Counties Top Growing and Shrinking Industries, 4-Digit NAICS						
NAICS	Description	2010	2010 -	2010 -	Avg.	Earnings
		Jobs	2020	2020 %		
<b>Growing</b>						
7225	Restaurants and Other Eating Places	55,933	67,324	11,391	20%	\$25,577
5416	Management, Scientific, and Technical Consulting Service	16,610	25,073	8,463	51%	\$125,247
6241	Individual and Family Services	8,246	14,773	6,527	79%	\$33,642
5617	Services to Buildings and Dwellings	25,497	31,353	5,856	23%	\$39,563
7139	Other Amusement and Recreation Industries	13,715	18,200	4,485	33%	\$27,981
2382	Building Equipment Contractors	16,051	20,158	4,107	26%	\$86,003
6211	Offices of Physicians	24,112	28,119	4,007	17%	\$134,093
6221	General Medical and Surgical Hospitals	40,160	43,939	3,779	9%	\$91,727
5511	Management of Companies and Enterprises	39,491	43,243	3,752	10%	\$214,656
8121	Personal Care Services	11,980	15,731	3,751	31%	\$28,697
<b>Shrinking</b>						
3254	Pharmaceutical and Medicine Manufacturing	14,290	8,303	(5,987)	(42%)	\$199,866
9029	State Government, Excluding Education and Hospitals	10,976	5,290	(5,686)	(52%)	\$113,910
4481	Clothing Stores	15,958	10,799	(5,159)	(32%)	\$40,609
5173	Wired and Wireless Telecommunications Carriers	8,645	4,817	(3,828)	(44%)	\$235,563
5111	Newspaper, Periodical, Book, and Directory Publishers	6,255	2,503	(3,752)	(60%)	\$104,299
4251	Wholesale Electronic Markets and Agents and Brokers	7,390	3,680	(3,710)	(50%)	\$99,400
9039	Local Government, Excluding Education and Hospitals	43,600	40,370	(3,230)	(7%)	\$88,655
5241	Insurance Carriers	14,884	11,691	(3,193)	(21%)	\$172,139
3231	Printing and Related Support Activities	7,594	5,569	(2,025)	(27%)	\$73,231
9011	Federal Government, Civilian	13,285	11,439	(1,846)	(14%)	\$120,988

Source: Emsi

## GROWING AND CONCENTRATED INDUSTRIES, 6-DIGIT NAICS

- ◆ Industries that already have a job presence in the counties, have added jobs over the last ten years, and have a LQ over 2.0 include Surgical Appliance and Supplies Manufacturing; Medical Laboratories; Research and Development in Biotechnology; Corporate, Subsidiary, and Regional Managing Offices; and Offices of Certified Public Accountants.

Table 27

### Growing and Concentrated Industries in the Highlands Counties

NAICS	Description	2010	2020	2010-	2010-	Avg.	Location
		Jobs	Jobs	Change	Change	Per Job	
339113	Surgical Appliance and Supplies Manufacturing	5,036	5,306	270	5%	\$187,613	6.24
621511	Medical Laboratories	6,287	7,244	957	15%	\$80,522	4.11
541714	Research and Development in Biotechnology (except Nanobiotechnology)	3,852	6,703	2,851	74%	\$265,316	3.64
551114	Corporate, Subsidiary, and Regional Managing Offices	38,380	42,593	4,213	11%	\$214,111	2.27
541211	Offices of Certified Public Accountants	7,181	9,434	2,253	31%	\$143,669	2.26

Source: Emsi

Industries listed above are those that have more than 5,000 jobs in the region, have added jobs over the last ten years, and have location quotients greater than 2.0.

# AGRICULTURAL SNAPSHOT



*Bedminster Township, Somerset County; Source: New Jersey Highlands*

## REGIONAL AGRICULTURE OVERVIEW

- ◆ As of 2017, there were 288,250 acres of farmland across 4,563 farms in the counties. Warren County and Hunterdon Counties make up the highest percentage of state agricultural sales for counties in the region.
- ◆ Since 2012, the number of individual farms has increased in each of the seven counties. The total farm acreage, however, has decreased in Bergen and Sussex counties.
- ◆ Farms are getting smaller. Over the 2012-2017 period, the average acreage of farms has decreased in all seven counties.
- ◆ Hunterdon County has experienced the biggest positive change in the market value of products sold since 2012, increasing by 37%. Warren County is the only other county to experience a positive increase over this period in the value of products sold, increasing by 2%.

Table 28

**Highlands Counties Agriculture Overview, 2017**

	Number of Farms		Land in Farms (Acres)		Average Size of Farm (acres)		Market Value of Products Sold		Percent of State Ag Sales	
	% Change		% Change		% Change		% Change			
	#	Since 2012	#	Since 2012	#	Since 2012	#	Since 2012		%
Warren County	918	17%	73,874	2%	80	-13%	\$93,217,000	2%		8%
Sussex County	1,008	14%	59,766	-2%	59	-14%	\$18,226,000	-2%		2%
Somerset County	452	13%	35,862	3%	79	-9%	\$20,118,000	-13%		2%
Passaic County	89	14%	1,893	30%	21	14%	\$2,863,000	-17%		<.5%
Morris County	418	14%	14,514	NA	35	-12%	\$24,824,000	-13%		2%
Hunterdon County	1,604	11%	101,290	5%	63	-5%	\$92,246,000	37%		8%
Bergen County	74	23%	1,051	-27%	14	-40%	NA	NA		NA
<b>Total</b>	<b>4,563</b>		<b>288,250</b>							

Source: USDA 2017 National Agriculture Census

## REGIONAL FARM PRODUCTS

- ◆ Most farmland across the counties is used as cropland, the exception being in Passaic County where 50% of the farmland is woodland.
- ◆ The majority of agricultural sales in each of the seven counties are crop sales.
- ◆ Sussex County has the highest percentage of livestock, poultry, and products sales (41%).

Table 29

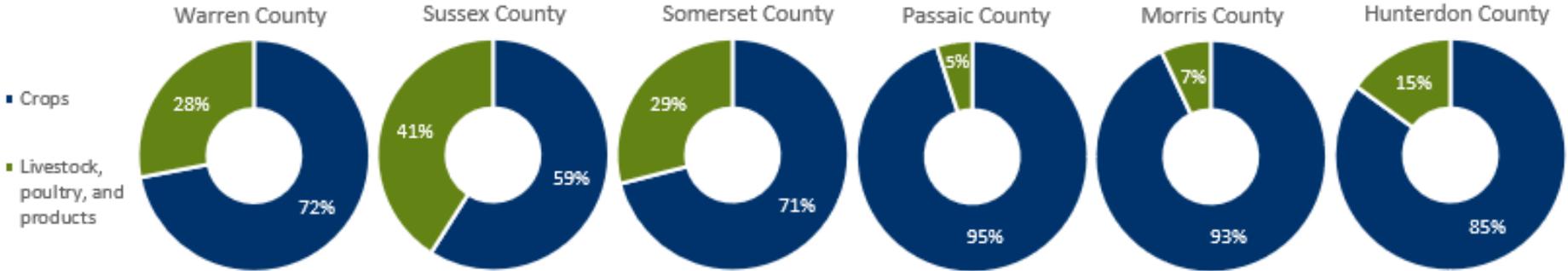
**Highlands Counties Land in Farms by Use, 2017**

	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County
Cropland	63%	43%	55%	16%	46%	65%	31%
Pastureland	9%	15%	17%	10%	14%	12%	NA
Woodland	23%	34%	20%	50%	30%	18%	30%
Other	5%	8%	8%	24%	10%	6%	NA

Source: USDA 2017 National Agriculture Census

Figure 13

**Share of Agricultural Sales by Type, 2017**

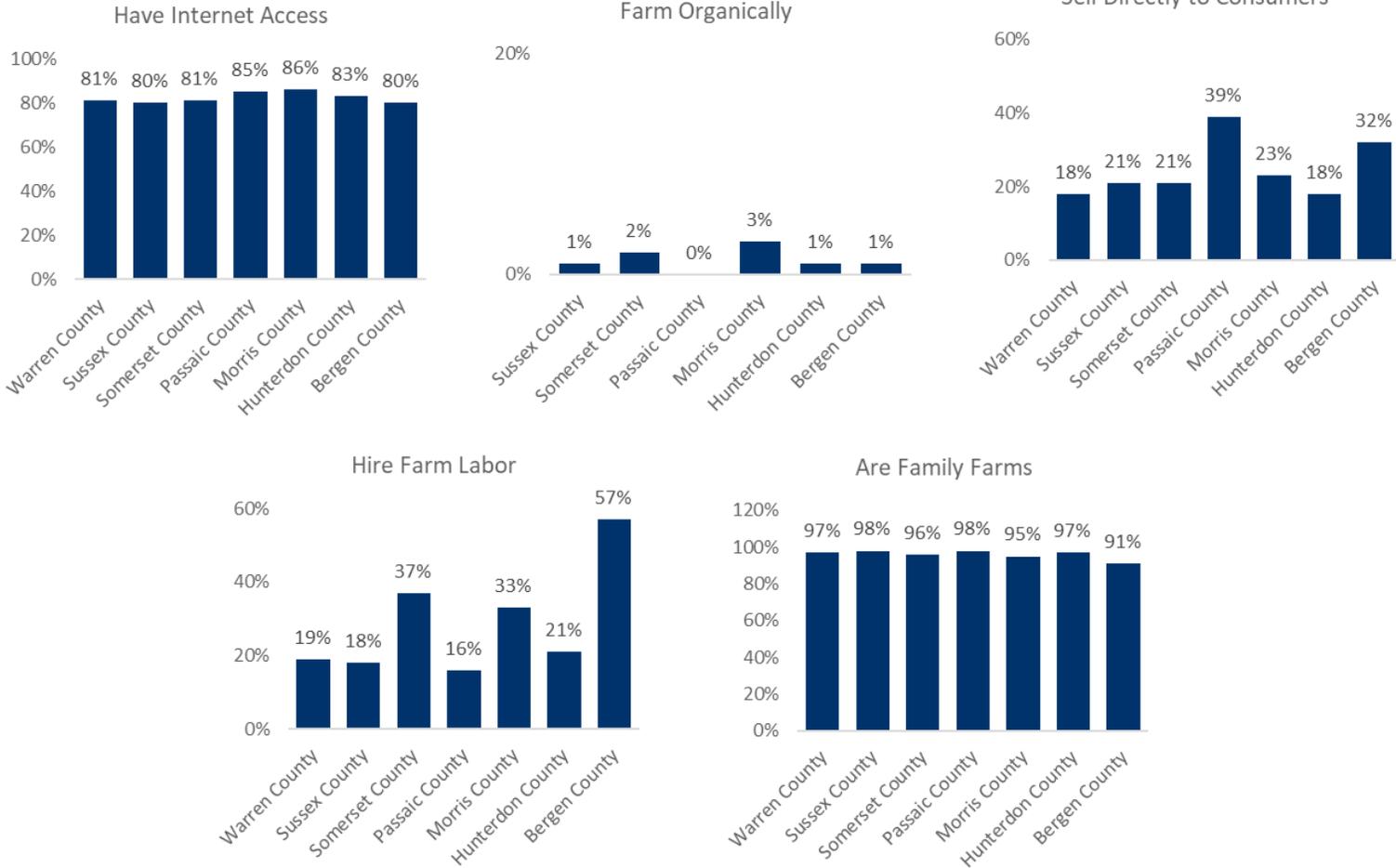


Source: USDA 2017 National Agriculture Census  
 \*Note that data for Bergen County is N/A.

# REGIONAL FARM CHARACTERISTICS

Figure 14

The Percentage of Farms That:



Source: USDA 2017 National Agriculture Census; Data is as of 2017.  
\*Organic farming data is not available for Warren County.

- ◆ The USDA considers “Producers” as an individual who is involved in making decisions about farm operations. Young producers are those that are 35 years or younger. Farms with Young Producers make up anywhere from 8%-12% of total farms across the 7-county region.
- ◆ The future of farming in the region is dependent on Young producers remaining active in the industry, as well as recruiting others to carry on agricultural production.

### Farms With a Young Producers

	Farms		Young Producers
	#	% of Total	#
Bergen County	7	9%	10
Hunterdon County	124	8%	170
Morris County	52	12%	64
Passaic County	9	10%	10
Somerset County	36	8%	46
Sussex County	84	8%	116
Warren County	73	8%	99
New Jersey	895	9%	1,149

Source: USDA 2017 National Agriculture Census

# RECREATION AND TOURISM OVERVIEW



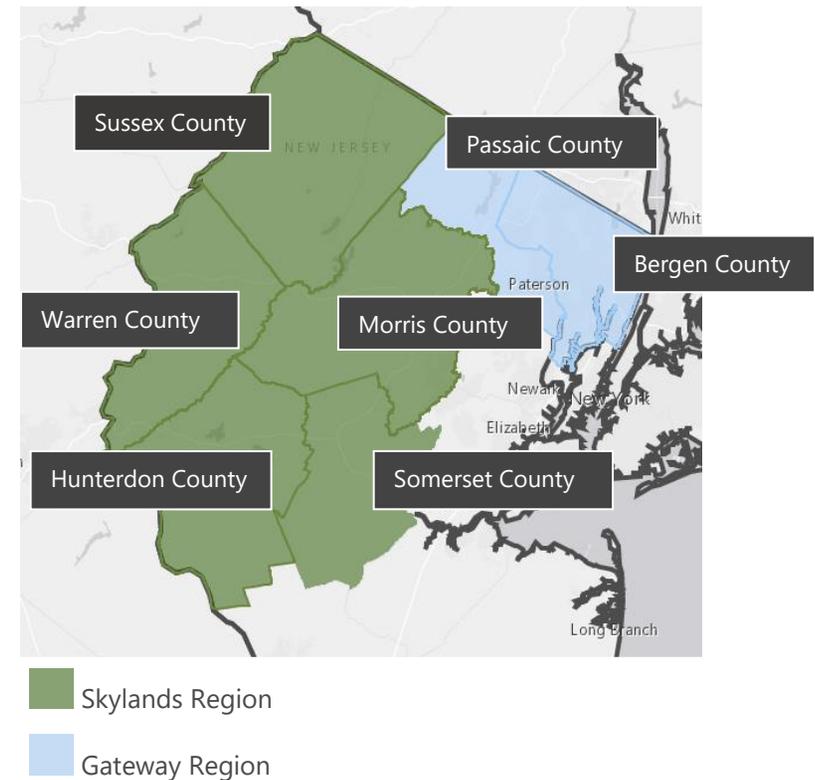
*Morristown equestrian statue of George Washington (Courtesy of NPS via wheretraveler.com )*

## TOURISM AND RECREATION OVERVIEW

The State of New Jersey is divided into six tourism regions by New Jersey Tourism. The Highlands Region spans two, including the Skylands Region and the Gateway Region. The Skyland Region includes Sussex, Warren, Hunterdon, Morris and Somerset Counties, while the Gateway Region includes Passaic and Bergen Counties. The Skyland Region is renowned for its 4-season outdoor recreation activities, which range from hiking, fishing, camping, cross country skiing, snowboarding and ice fishing. The Skylands also includes historical landmarks and attractions that date back to the founding of the United States in the 18<sup>th</sup> century. The Gateway Region promotes its proximity to New York City's sites but also includes outdoor recreation destinations like Campgaw Mountain in Bergen County or Passaic County's Park System, among other offerings.

The New Jersey Tourism's website highlights the Highlands Region for its offerings in ecotourism and agritourism. The site notes the region's award winning wineries and pick-your-own farms as notable locations to visit. Agritourism as a concept and industry has become a significant subset of the visitation and recreation markets across the country, all while helping farmers bring in additional revenue to support their agricultural products as markets continue to shift based on consumer preferences. This sector has also shown expanded potential throughout the COVID-19 crisis, as people seek out activities that are outside, socially distanced, and still feel like an escape from their everyday life. The USDA defines agritourism as "farms that contain a recreational or educational enterprise component, such as tours of a working farm and pick-your-own-fruits." The USDA reports that farm agritourism revenue grew from \$704 million in 2012 to almost \$950 million in 2017.<sup>1</sup> Research has shown that multiple iterations of farm education and engagement leads to more visitors and therefore more revenue generation potential for farms.

Figure 15: Map of Tourism Regions



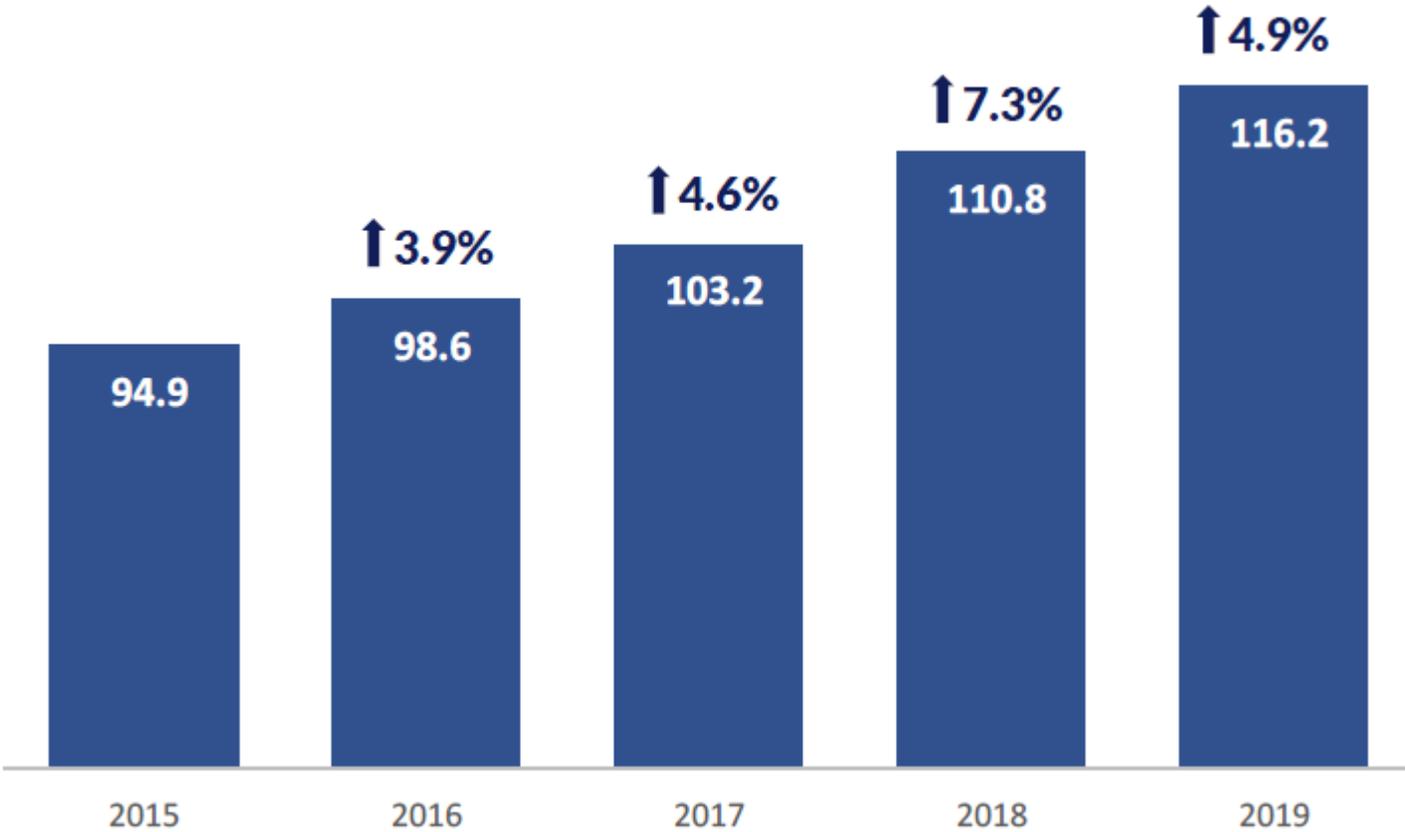
<sup>1</sup> Whitt, Christine; Low, Sarah; Van Sandt Anders. *Agritourism Allows Farms To Diversify And Has Potential Benefits For Rural Communities*. November 4, 2019. USDA.

**NEW JERSEY VISITATION**

- ◆ Visitation to New Jersey has increased steadily over the five-year period from 2015 to 2019. As of 2019, there were 116.2 million visitors to the state, an increase of 4.9% from the previous year.

Figure 16

**New Jersey visitation levels (millions)**

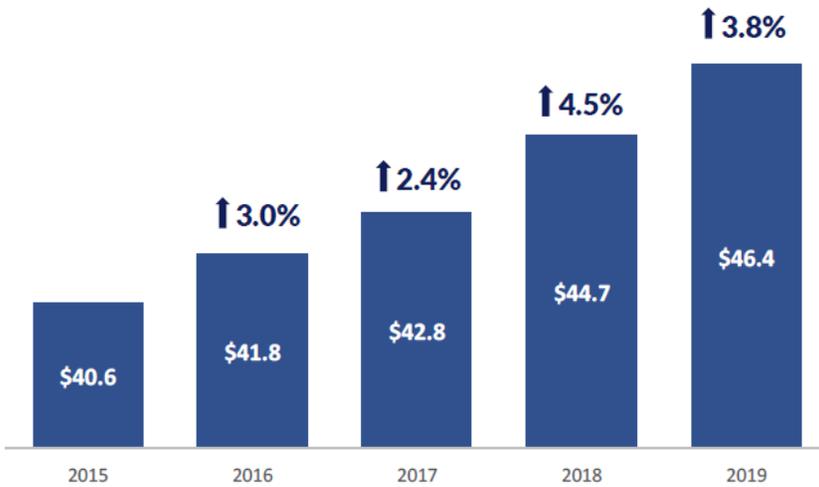


Source: *Economic Impact of Tourism in New Jersey, 2019*. Tourism Economics.

## NEW JERSEY VISITOR SPENDING

Figure 18

New Jersey visitor spending (\$ billions)



Source: Economic Impact of Tourism in New Jersey, 2019. Tourism Economics.

Figure 18

Visitor Spending in New Jersey, 2015-2019

Amounts in billions of dollars

	2015	2016	2017	2018	2019	2019 Growth
<b>Total visitor spending</b>	<b>\$40.6</b>	<b>\$41.8</b>	<b>\$42.8</b>	<b>\$44.7</b>	<b>\$46.4</b>	<b>3.8%</b>
Lodging*	\$11.0	\$11.3	\$11.6	\$12.1	\$12.4	2.7%
Food & beverages	\$10.1	\$10.5	\$10.8	\$11.6	\$12.3	6.1%
Retail	\$7.7	\$7.8	\$7.9	\$8.0	\$8.3	3.3%
Recreation	\$5.0	\$5.2	\$5.2	\$5.4	\$5.6	3.5%
Transportation**	\$6.8	\$7.0	\$7.3	\$7.6	\$7.8	3.2%

\* Lodging includes 2nd home spending

\*\* Transportation includes both ground and air transportation

Source: Economic Impact of Tourism in New Jersey, 2019. Tourism Economics.

- ◆ Visitors bring approximately over \$40.0 billion of spending into New Jersey’s economy, annually. In 2019, visitor spending equaled \$46.4 billion in the state, a 3.8% increase from 2018.
- ◆ Lodging accounts for the highest portion of visitor spending, followed by food and beverage and retail.
- ◆ Food & beverage spending by visitors experienced the biggest increase in spending between 2018 and 2019 (6.1%).

## HIGHLANDS COUNTIES TOURISM ECONOMY

- ◆ Within the Highlands Counties, Hotels and Motels are the biggest driver of jobs, with over 7,000 jobs in 2020.
- ◆ Employment in the region's tourism industry grew by 6% in the last decade.
- ◆ With a location quotient of 2.46, Skiing Facilities is the most concentrated tourism and recreation industry within the Highlands region.
- ◆ Entertainment related industries experienced the largest employment growth, including Racetracks and Amusement Arcades.

Table 30

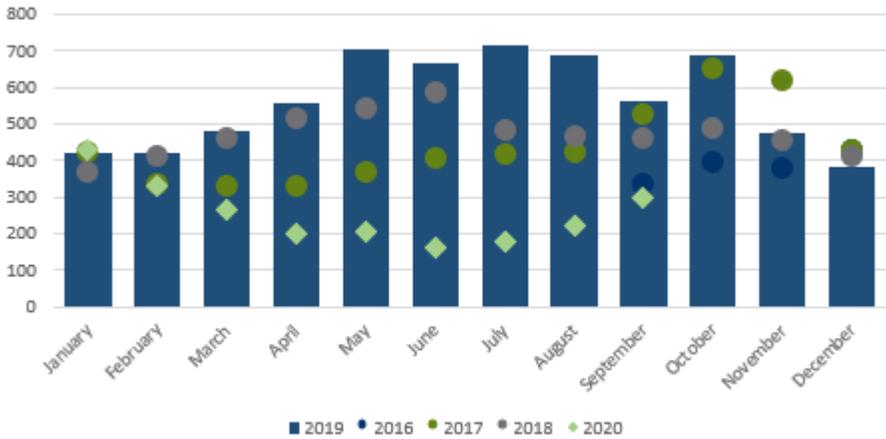
### Highlands Counties Tourism Industry

NAICS	Description	2010 Jobs	2020 Jobs	2010 - 2020 Change	2010 - 2020 % Change	Avg. Earnings Per Job	Location Quotient
721110	Hotels (except Casino Hotels) and Motels	7,225	7,079	(146)	(2%)	\$40,784	0.54
713990	All Other Amusement and Recreation Industries	1,614	2,518	904	56%	\$24,993	1.21
561510	Travel Agencies	1,564	1,253	(311)	(20%)	\$80,176	1.49
711211	Sports Teams and Clubs	740	1,131	391	53%	\$546,088	1.27
713920	Skiing Facilities	596	856	260	44%	\$22,507	2.46
561599	All Other Travel Arrangement and Reservation Services	1,075	529	(546)	(51%)	\$129,546	0.81
711212	Racetracks	52	493	441	848%	\$40,720	1.57
713120	Amusement Arcades	62	471	409	660%	\$24,671	1.63
721214	Recreational and Vacation Camps (except Campgrounds)	419	382	(37)	(9%)	\$29,515	1.31
711219	Other Spectator Sports	404	284	(120)	(30%)	\$45,519	0.58
561520	Tour Operators	185	190	5	3%	\$82,086	0.69
712110	Museums	190	182	(8)	(4%)	\$25,362	0.22
561591	Convention and Visitors Bureaus	188	158	(30)	(16%)	\$53,789	1.77
713930	Marinas	89	135	46	52%	\$42,624	0.37
712130	Zoos and Botanical Gardens	64	103	39	61%	\$62,677	0.28
453920	Art Dealers	162	99	(63)	(39%)	\$48,301	0.53
721211	RV (Recreational Vehicle) Parks and Campgrounds	123	96	(27)	(22%)	\$28,615	0.36
713110	Amusement and Theme Parks	223	90	(133)	(60%)	\$19,145	0.06
713290	Other Gambling Industries	38	87	49	129%	\$40,875	0.21
721191	Bed-and-Breakfast Inns	19	54	35	184%	\$28,716	0.37
712190	Nature Parks and Other Similar Institutions	48	28	(20)	(42%)	\$31,253	0.29
721199	All Other Traveler Accommodation	152	17	(135)	(89%)	\$102,202	0.10
721310	Rooming and Boarding Houses, Dormitories, and Workers' C	61	16	(45)	(74%)	\$20,234	0.12
712120	Historical Sites	23	<10	Insf.	Data	Insf.	Data
713210	Casinos (except Casino Hotels)	11	<10	Insf.	Data	Insf.	Data
487990	Scenic and Sightseeing Transportation, Other	<10	<10	Insf.	Data	Insf.	Data
114210	Hunting and Trapping	19	<10	Insf.	Data	Insf.	Data
721120	Casino Hotels	25	0	(25)	(100%)	\$0	0.00
<b>Total</b>		<b>15,372</b>	<b>16,280</b>	<b>908</b>	<b>6%</b>	<b>\$77,516</b>	

Source: Emsi

## HIGHLANDS COUNTIES TOURISM INDUSTRY JOB POSTINGS

Figure 19  
Highlands Counties Tourism Job Postings by Month



Source: Emsi

Table 31

Highlands Counties Tourism Job Postings,  
September 2016-September 2020

	2016	2017	2018	2019	2020
January		424	371	420	427
February		337	411	424	333
March		333	464	480	266
April		331	516	555	202
May		371	544	707	207
June		410	586	665	163
July		420	486	717	178
August		426	468	687	222
September	337	528	462	564	298
October	397	651	491	689	
November	378	620	456	477	
December	429	427	411	383	

Source: Emsi

- ◆ COVID-19 is impacting the region’s tourism and recreation industry. Monthly jobs postings within the industry are down significantly compared to the last four years.
- ◆ Year-to-date, tourism related job postings are down -127% compared to 2019.

## HIGHLANDS COUNTIES RECREATION EXPENDITURES

- ◆ Measuring recreation expenditures in the Highlands Counties, households spend the most (43%) on the TV/Video/Audio category, which includes cable and satellite television services.
- ◆ The second largest spending category is Entertainment and Recreation. Within this category, the greatest proportion of spending includes fees for recreational lessons, participant sports and membership fees for health clubs.
- ◆ Highlands Counties' resident households spend more on Entertainment and Recreation than the national average. Camp fees, fees for recreational lessons, tickets to theatre/operas/concerts, and winter sports equipment have the highest spending potential.

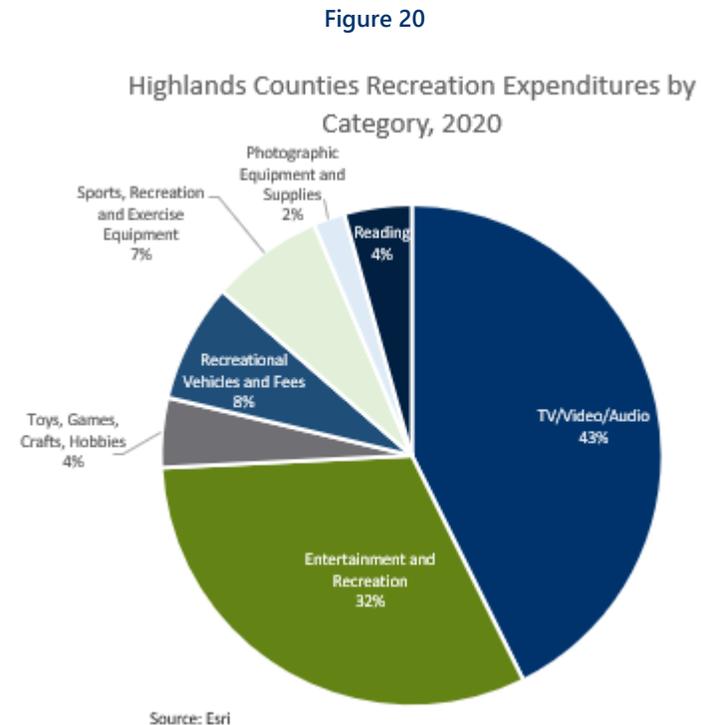


Figure 21

## Highlands Counties Recreation Expenditures

Category	Spending Potential Index	Average Amount Spent	Total
<b>Entertainment and Recreation</b>			
Tickets to Theatre/Operas/Concerts	178	\$143.53	\$138,962,101
Tickets to Movies	152	\$87.06	\$84,289,142
Tickets to Parks or Museums	158	\$51.93	\$50,275,268
Admissin to Sporting Events, excl. Trips	161	\$100.77	\$97,566,194
Fees for Participant Sports, excl. Trips	155	\$152.43	\$147,577,794
Fees for Recreational Lessons	185	\$267.72	\$259,200,251
Membership Fees for Social/Recreation/Health Clut	170	\$407.50	\$394,528,556
<b>Recreational Vehicles and Fees</b>			
Docking and Landing Fees for Boats and Planes	173	\$17.61	\$17,054,291
Camp Fees	258	\$160.13	\$155,030,562
Payments on Boats/Trailers/Campers/RVs	129	\$76.87	\$74,421,223
Rental of Boats/Trailers/Campers/RVs	164	\$39.59	\$38,325,404
<b>Sports, Recreation and Exercise Equipment</b>			
Exercise Equipment and Gear	143	\$93.82	\$90,830,000
Bicycles	155	\$47.99	\$46,461,252
Camping Equipment	131	\$29.00	\$28,079,178
Hunting and Fishing Equipment	119	\$74.43	\$72,056,701
Winter Sports Equipment	178	\$8.96	\$8,672,505
Water Sports Equipment	155	\$10.02	\$9,701,650
Other Sports Equipment	143	\$10.19	\$9,865,973
Rental/Repair of Sports/Recreation/Exercise Equipn	158	\$4.42	\$4,276,407

Source: Esri

The **Spending Potential Index (SPI)** provides a comparison of the spending patterns of residents compared with the nation overall. An SPI over 100 indicates a category where residents spend more than their national counterparts.

# TALENT AND WORKFORCE EVALUATION



*Pinwheel Vista, Appalachian Trail, Vernon Township, Sussex County; Source: New Jersey*

## OCCUPATIONS BY 2-DIGIT SOC

- ◆ Office and Administrative Support occupations are prevalent in the counties, accounting for 13% of 2020 jobs. The number of these jobs in the region, however, have decreased by nearly 20,000 in the last ten years.
- ◆ Production Occupations have the highest positive net commuter number, meaning that these occupations are filled by the most in-commuters than the other occupations.

Table 32

Highlands Counties Occupations by 2-Digit SOC

SOC	Description	2010 Jobs	2020 Jobs	% of 2020 Jobs	2010-2020 Change	2010-2020 % Change	Median Annual Earnings	Net Commuters
11-0000	Management Occupations	65,033	80,512	6%	15,479	24%	\$137,676	(5,523)
13-0000	Business and Financial Operations Occupations	70,789	85,796	6%	15,006	21%	\$83,429	(12,583)
15-0000	Computer and Mathematical Occupations	43,958	49,414	4%	5,456	12%	\$103,614	(3,625)
17-0000	Architecture and Engineering Occupations	18,373	19,203	1%	830	5%	\$89,295	(170)
19-0000	Life, Physical, and Social Science Occupations	14,021	14,527	1%	506	4%	\$88,564	(819)
21-0000	Community and Social Service Occupations	19,830	22,212	2%	2,383	12%	\$49,694	(2,255)
23-0000	Legal Occupations	10,888	11,802	1%	915	8%	\$100,415	(4,217)
25-0000	Educational Instruction and Library Occupations	82,473	87,634	7%	5,161	6%	\$57,683	(9,487)
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	20,568	22,457	2%	1,889	9%	\$58,322	(6,038)
29-0000	Healthcare Practitioners and Technical Occupations	65,666	77,937	6%	12,271	19%	\$86,202	(1,164)
31-0000	Healthcare Support Occupations	46,176	56,302	4%	10,125	22%	\$31,605	(3,323)
33-0000	Protective Service Occupations	28,131	29,326	2%	1,196	4%	\$44,205	(5,380)
35-0000	Food Preparation and Serving Related Occupations	79,949	93,583	7%	13,634	17%	\$26,194	1,242
37-0000	Building and Grounds Cleaning and Maintenance Occupations	48,524	51,177	4%	2,652	5%	\$31,263	359
39-0000	Personal Care and Service Occupations	35,302	42,627	3%	7,325	21%	\$28,765	(686)
41-0000	Sales and Related Occupations	142,841	137,377	10%	(5,463)	-4%	\$33,823	(5,981)
43-0000	Office and Administrative Support Occupations	197,770	177,928	13%	(19,842)	-10%	\$41,455	(17,675)
45-0000	Farming, Fishing, and Forestry Occupations	2,037	2,393	0%	357	18%	\$29,168	458
47-0000	Construction and Extraction Occupations	43,757	47,212	4%	3,455	8%	\$55,552	(1,793)
49-0000	Installation, Maintenance, and Repair Occupations	42,539	44,662	3%	2,123	5%	\$52,930	(501)
51-0000	Production Occupations	64,213	61,962	5%	(2,252)	-4%	\$36,354	3,690
53-0000	Transportation and Material Moving Occupations	110,607	121,352	9%	10,745	10%	\$32,508	1,404
55-0000	Military-only occupations	2,903	2,735	0%	(168)	-6%	\$43,632	(779)
<b>Total</b>		<b>1,256,347</b>	<b>1,340,130</b>	<b>100%</b>	<b>83,783</b>	<b>7%</b>		<b>(74,846)</b>

Source: Emsi

## OCCUPATIONS BY 6-DIGIT SOC

- ◆ Except for Registered Nurses, the top occupations in the region do not require advanced degrees or previous work experience.
- ◆ Other top occupations include Retail Salespersons, Laborers and Freight, and Cashiers.

Table 33  
Top 10 6-Digit SOC Occupations, Highlands Counties

SOC	Description	2020 Jobs	Median Annual Earnings	Typical Entry Level Education	Work Experience Required	Typical On- The-Job Training
41-2031	Retail Salespersons	39,374	\$25,354	No formal educational credential	None	Short-term
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	32,552	\$29,659	No formal educational credential	None	Short-term
41-2011	Cashiers	27,695	\$23,683	No formal educational credential	None	Short-term
29-1141	Registered Nurses	24,129	\$89,775	Bachelor's degree	None	None
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	24,113	\$29,639	No formal educational credential	None	Short-term
35-3023	Fast Food and Counter Workers	23,550	\$23,394	No formal educational credential	None	Short-term
43-9061	Office Clerks, General	22,376	\$36,073	High school diploma or equivalent	None	Short-term
43-4051	Customer Service Representatives	20,954	\$38,825	High school diploma or equivalent	None	Short-term
43-6014	Secretaries and Administrative Assistants, Except Legal, Medical, and Exec	20,535	\$41,894	High school diploma or equivalent	None	Short-term
31-1128	Home Health and Personal Care Aides	20,207	\$25,989	High school diploma or equivalent	None	Short-term

Source: Emsi

## JOB POSTING TRENDS

- ◆ As a result of the COVID-19 pandemic, job postings in July 2020 are down significantly compared to the same time last year.
- ◆ Recent data from the last 30 days shows that while postings are down compared to last year, all counties saw gains in job posting activity from the previous month, a modest sign of economic recovery. Sussex County experienced the greatest decrease in job postings, 57%, and saw the greatest jump in postings in the last 30 days, 13%.

Table 34

<b>Job Postings Over Time, Highlands Counties, July 2019-July 2020</b>					
County Name	Jul 2019 Job Postings	Jul 2020 Job Postings	% Change (Jul '19 - Jul '20)	Latest 30 Days Postings (Active)	Latest 30 Days Postings % Change (Active)
Bergen	41,264	27,705	(33%)	30,493	12.0%
Morris	25,745	14,741	(43%)	15,620	8.2%
Somerset	15,991	8,470	(47%)	9,352	12.0%
Passaic	14,499	9,202	(37%)	9,672	7.2%
Hunterdon	5,750	2,759	(52%)	2,992	8.8%
Sussex	5,250	2,260	(57%)	2,504	13.0%
Warren	4,643	2,978	(36%)	3,226	9.4%

Source: Emsi

2

<sup>2</sup> The 30-day time period referred to in the table above covers July 27, 2020 - August 27, 2020.

## JOB POSTINGS BY INDUSTRY

- ◆ Between July 2019 and July 2020, the Administrative and Support and Waste Management and Remediation Services sector had the most unique job postings in the region. This is a possible indication of frequent turnover in this sector.

Table 35

### Job Postings by Industry, Highlands Counties, July 2019-July 2020

Industry	Unique Postings
Administrative and Support and Waste Management and Remediation Services	73,345
Retail Trade	53,640
Transportation and Warehousing	52,006
Professional, Scientific, and Technical Services	51,162
Health Care and Social Assistance	46,702
Manufacturing	32,259
Finance and Insurance	17,716
Accommodation and Food Services	16,925
Information	14,335
Educational Services	9,317
Construction	8,345
Other Services (except Public Administration)	7,228
Wholesale Trade	7,217
Real Estate and Rental and Leasing	6,510
Public Administration	3,607
Arts, Entertainment, and Recreation	2,004
Management of Companies and Enterprises	1,719
Utilities	559
Agriculture, Forestry, Fishing and Hunting	448
Mining, Quarrying, and Oil and Gas Extraction	308

Source: Emsi

## JOB POSTING COMPARISON 2019-2020

- ◆ Job postings were significantly down, at least 25% and up to 74%, across industries between July 2019 and July 2020. The greatest losses were in Arts, Entertainment, and Recreation (74%) and Management of Companies and Enterprises (74%). Public Administration was the only industry to see gains.

Table 36

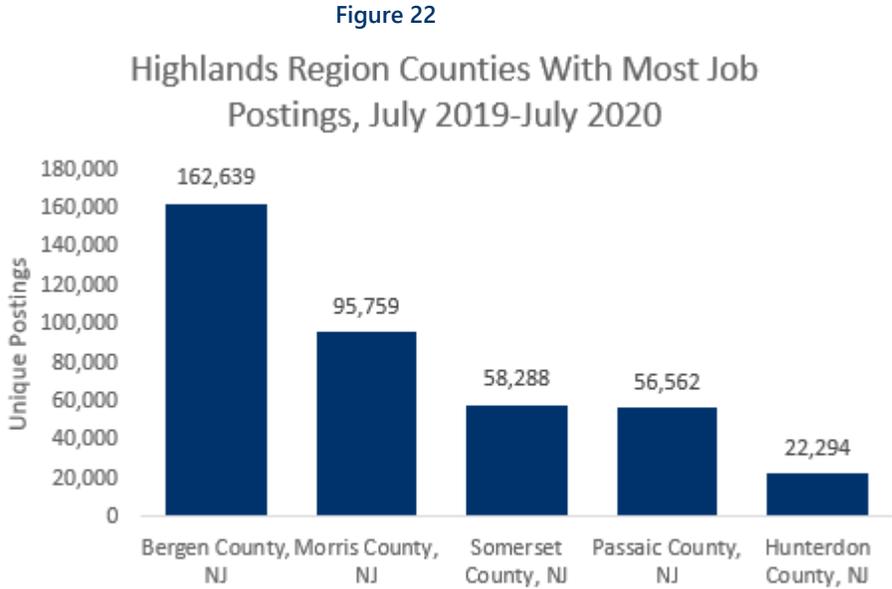
### Unique Industry Posting Comparison in Highlands Counties

Industry	Jul 2019 Job Postings	Jul 2020 Job Postings	# Change	% Change
Accommodation and Food Services	5,951	3,391	(2,560)	(43%)
Administrative and Support and Waste Management and Remediation Services	21,786	10,758	(11,028)	(51%)
Agriculture, Forestry, Fishing and Hunting	149	62	(87)	(58%)
Arts, Entertainment, and Recreation	605	156	(449)	(74%)
Construction	2,521	1,576	(945)	(37%)
Educational Services	2,381	1,417	(964)	(40%)
Finance and Insurance	4,442	2,746	(1,696)	(38%)
Health Care and Social Assistance	14,363	6,861	(7,502)	(52%)
Information	4,325	2,441	(1,884)	(44%)
Management of Companies and Enterprises	608	156	(452)	(74%)
Manufacturing	9,291	4,679	(4,612)	(50%)
Mining, Quarrying, and Oil and Gas Extraction	76	48	(28)	(37%)
Other Services (except Public Administration)	1,991	1,038	(953)	(48%)
Professional, Scientific, and Technical Services	15,474	7,512	(7,962)	(51%)
Public Administration	610	653	43	7%
Real Estate and Rental and Leasing	1,962	1,076	(886)	(45%)
Retail Trade	13,101	9,893	(3,208)	(24%)
Transportation and Warehousing	11,059	7,375	(3,684)	(33%)
Utilities	114	86	(28)	(25%)
Wholesale Trade	1,997	1,288	(709)	(36%)

Source: Emsi

**JOB POSTINGS BY LOCATION**

- ◆ Of the counties in the Highlands Region, Bergen County has the most jobs postings by far, with nearly 163,000 unique postings between July 2019 and July 2020.
- ◆ The cities with the most job postings over this period include Morristown, Hackensack, Paramus, and Wayne.



Source: Emsi

Table 37

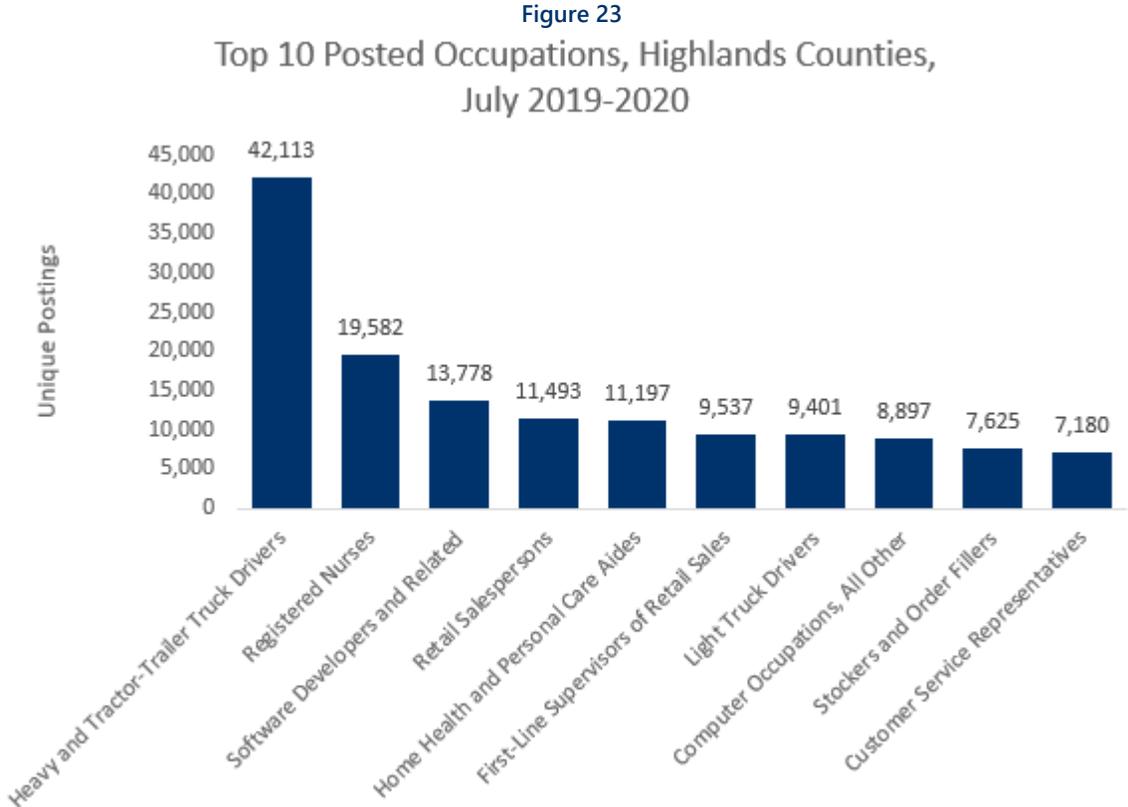
**Highlands Counties' Top Cities (Job Postings), July 2019-July 2020**

City	Unique Postings
Morristown, NJ	16,567
Hackensack, NJ	14,259
Paramus, NJ	13,906
Wayne, NJ	12,549
Paterson, NJ	12,183
Clifton, NJ	10,892
Basking Ridge, NJ	10,511
Florham Park, NJ	10,018
East Hanover, NJ	7,558
Mahwah, NJ	6,829
Teaneck, NJ	6,807
Flemington, NJ	6,545
Somerville, NJ	5,874
Englewood, NJ	5,481
Franklin Lakes, NJ	5,353

Source: Emsi

## TOP POSTED OCCUPATIONS

- ◆ Heavy and Tractor-Trailer Truck Drivers is the occupation with the most unique postings.
- ◆ Other occupations that are hiring include Registered Nurses, Software Developers, and Retail Salespersons.

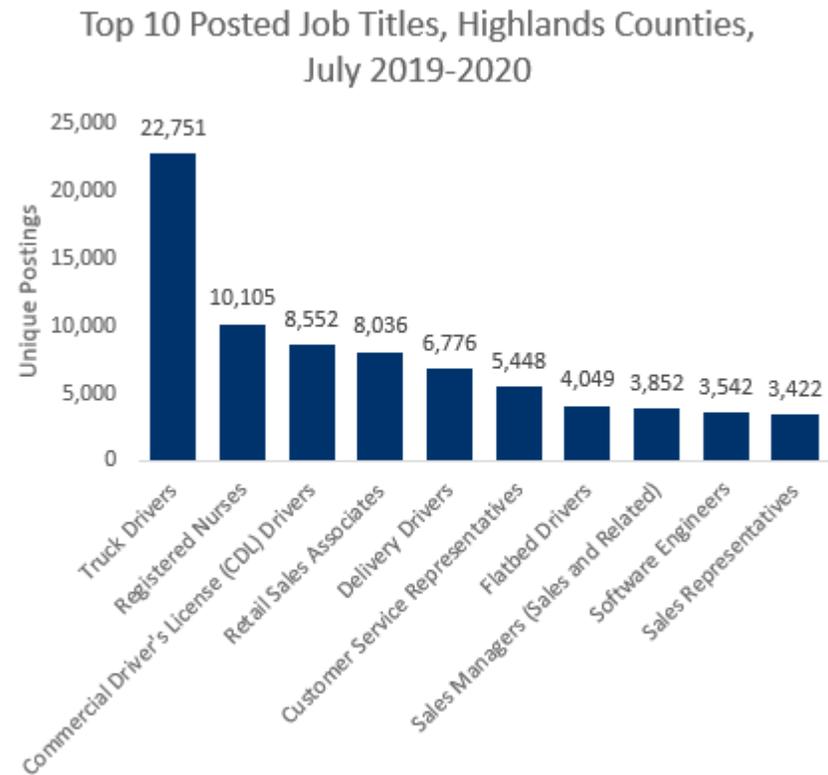


Source: Emsi

## TOP POSTED JOB TITLES

- ◆ Similar to occupations, the top posted job titles for the region include Truck Drivers, Registered Nurses, CDL Drivers, and Retail Sales Associates.

Figure 24

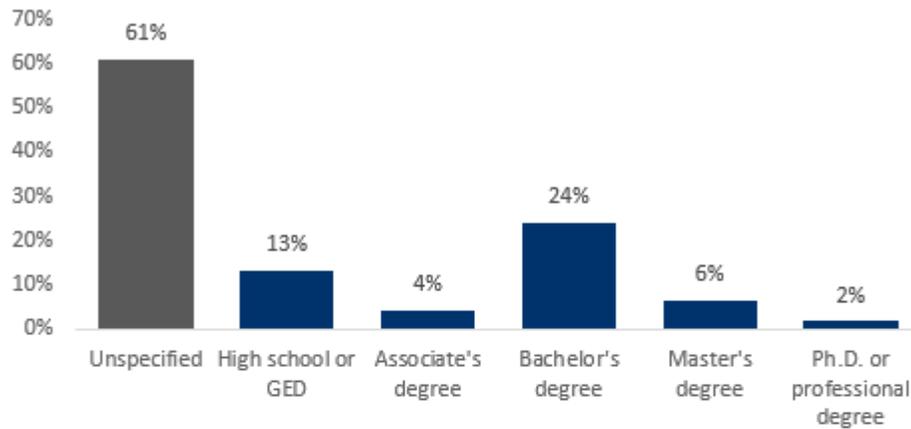


Source: Emsi

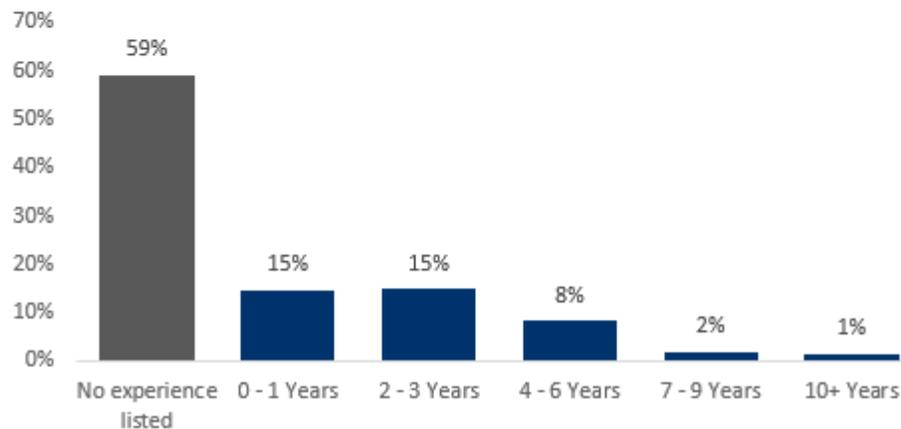
## EDUCATION AND SKILL REQUIREMENTS

Figure 25

Education Requirements in Highlands Counties' Job Postings



Work Experience Requirements in Highlands Counties' Job Postings



Source: Emsi

- ◆ Where specified, a Bachelor's degree is the most common education credential specified by job postings, occurring in 24% of postings.
- ◆ Few job postings require more than three years of work experience.

## IN-DEMAND SKILLS

- ◆ Merchandising and Selling Techniques are the hard skills that appear most frequently in postings for jobs in the Highlands Counties.
- ◆ Common skills appear more frequently in job postings. Communications and Management appear in 26% and 20% of job postings, respectively. Other skills being requested most frequently include Sales (17%), Customer Service (16%), and Leadership (13%).

Table 38

### Top Hard Skills Listed in Highlands Counties' Job Postings, July 2019-July 2020

Skill	Frequency in Postings
Merchandising	6%
Selling Techniques	5%
Auditing	4%
Nursing	4%
Accounting	4%
Warehousing	4%
Pharmaceuticals	4%
Customer Experience	4%

Source: Emsi

### Top Common Skills Listed in Highlands Counties' Job Postings, July 2019-July 2020

Skill	Frequency in Postings
Communications	26%
Management	20%
Sales	17%
Customer Service	16%
Leadership	13%
Operations	12%
Problem Solving	8%
Detail Oriented	8%
Presentations	7%
Valid Driver's License	7%

Source: Emsi

## IN-DEMAND JOB QUALIFICATIONS

- ◆ A Commercial Driver's License (CDL) is the most common qualification that appears in job postings. This appears in more than four times the postings than Master of Business Administration (MBA) and Certified Nursing Assistance, the next most common qualifications.

Table 39

### Top Qualifications Listed in Highlands Counties' Job Postings, July 2019-July 2020

Qualification	Postings with Qualification
Commercial Driver's License (CDL)	29,474
Master Of Business Administration (MBA)	6,563
Certified Nursing Assistant	5,397
Licensed Practical Nurse	3,948
Bachelor of Science in Nursing (BSN)	3,609
Certified Home Health Aide	2,334
Nurse Practitioner	2,304
Critical Care Registered Nurse (CCRN)	2,170
Hazmat Endorsement	2,085
Project Management Professional Certification	2,074

Source: Emsi

# REAL ESTATE SNAPSHOT



*Phillipsburg, Warren County; Source: New Jersey Highlands Council*

## RETAIL

- ◆ 53% of retail demand in the Highlands Counties is met within the counties.
- ◆ Bergen County is the most self-sufficient county; 57% of retail demand is met within the county.
- ◆ Within the counties, a significant portion of retail demand for clothing is met (69%). Somerset County, Passaic County, and Bergen County are particularly strong, with over 70% of demand being met within each of these three counties.
- ◆ A majority of demand for health and personal care goods is being met in the region (68%), as is demand for electronics and appliances (67%).
- ◆ Less than half of the demand for Gasoline Stations, General Merchandise Stores, and Sporting Goods/Hobby/Musical Instrument/Book Stores is being met within the counties, meaning that people are going online or out of the counties to make purchases.

Table 40

### Retail Demand Met In-Region

NAICS	Description	Warren County	Sussex County	Somerset County	Passaic County	Morris County	Hunterdon County	Bergen County	Highlands Region
441	Motor Vehicle and Parts Dealers	36%	37%	39%	52%	48%	42%	54%	52%
442	Furniture and Home Furnishings Stores	13%	18%	46%	59%	43%	19%	55%	53%
443	Electronics and Appliance Stores	20%	10%	78%	64%	76%	19%	55%	67%
444	Building Material and Garden Equipment and Supplies Dealers	47%	35%	41%	47%	46%	38%	49%	50%
445	Food and Beverage Stores	32%	36%	44%	48%	49%	31%	61%	55%
446	Health and Personal Care Stores	46%	31%	70%	71%	76%	31%	64%	68%
447	Gasoline Stations	50%	38%	26%	26%	29%	36%	40%	36%
448	Clothing and Clothing Accessories Stores	19%	13%	75%	77%	49%	44%	79%	69%
451	Sporting Goods, Hobby, Musical Instrument, and Book Stores	25%	23%	42%	42%	46%	28%	52%	48%
452	General Merchandise Stores	27%	21%	44%	45%	38%	38%	38%	41%
453	Miscellaneous Store Retailers	29%	32%	40%	46%	47%	40%	49%	49%
<b>Total</b>		<b>33%</b>	<b>31%</b>	<b>45%</b>	<b>50%</b>	<b>48%</b>	<b>36%</b>	<b>57%</b>	<b>53%</b>

Source: Emsi

\* Miscellaneous Store Retailers includes florists, office supply stores, gift stores, pet stores, art dealers, tobacco stores, and used merchandise stores.

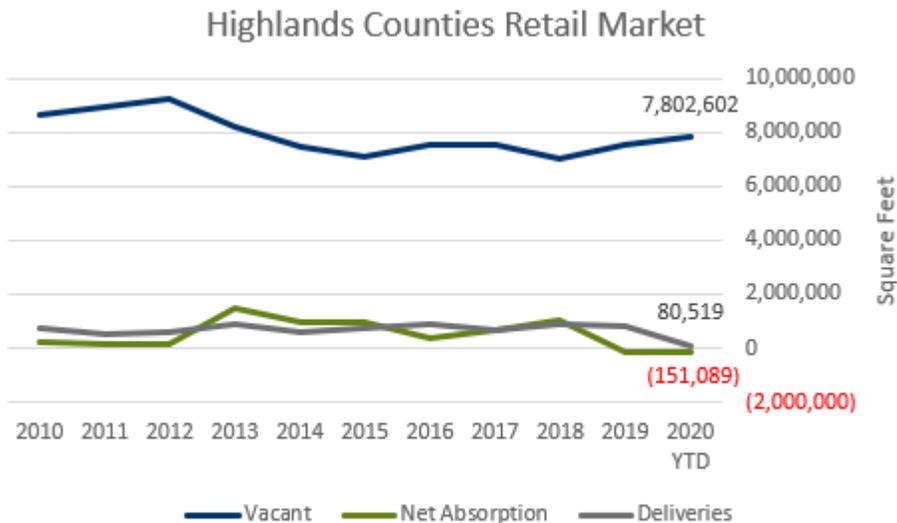
- ◆ There has been minimal movement in the regional retail real estate market since 2010. The amount of vacant square feet, net absorption in square feet, and deliveries in square feet have remained relatively flat.
- ◆ As of August 2020, there is over 7.8 million square feet of vacant retail space within the counties. This is up only slightly from just under 7.6 million square feet in 2019. Net absorption in the market was negative in 2019 and year to date.

Table 41

Highlands Counties Retail Market (SF)			
	Vacant Absorption		Deliveries
2020 YTD	7,802,602	(151,089)	80,519
2019	7,570,994	(168,254)	818,602
2018	6,988,214	1,060,294	865,169
2017	7,554,107	632,029	690,576
2016	7,558,424	335,693	864,078
2015	7,114,220	931,321	734,308
2014	7,480,322	982,374	612,725
2013	8,217,090	1,506,672	880,174
2012	9,215,293	137,384	562,780
2011	8,906,825	173,369	525,076
2010	8,664,934	224,801	706,809

Source: CoStar

Figure 26



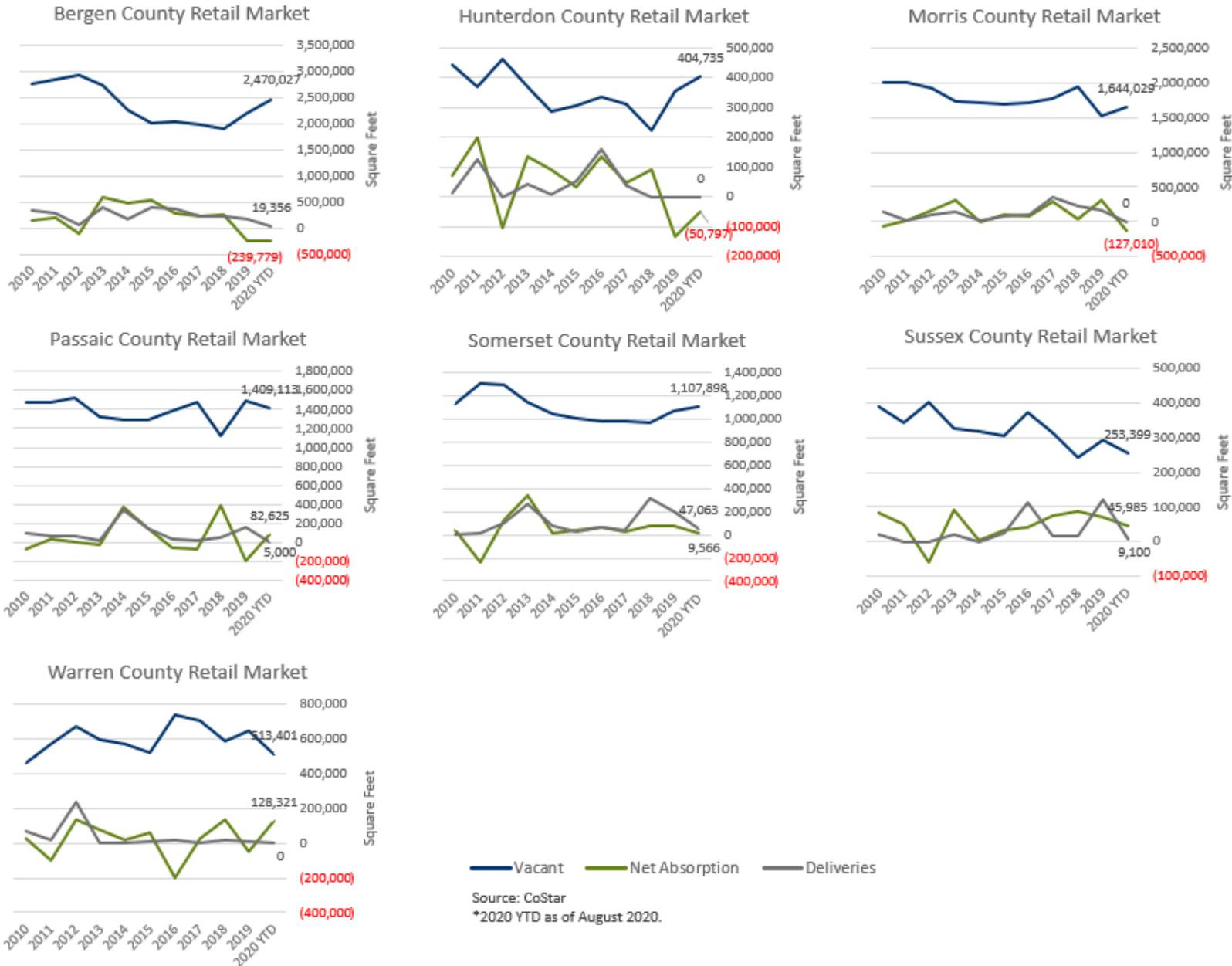
Source: CoStar  
\*2020 YTD as of August 2020.

**Vacant** space is not currently occupied by a tenant.

**Net absorption** is the measure of total square feet occupied less the total space vacated over a given period of time.

A **delivery** refers to the conveyance of a deed and a transfer of property ownership. Here, the total square feet of real estate that has been transferred is represented.

Figure 27



## PROFESSIONAL OFFICE SPACE

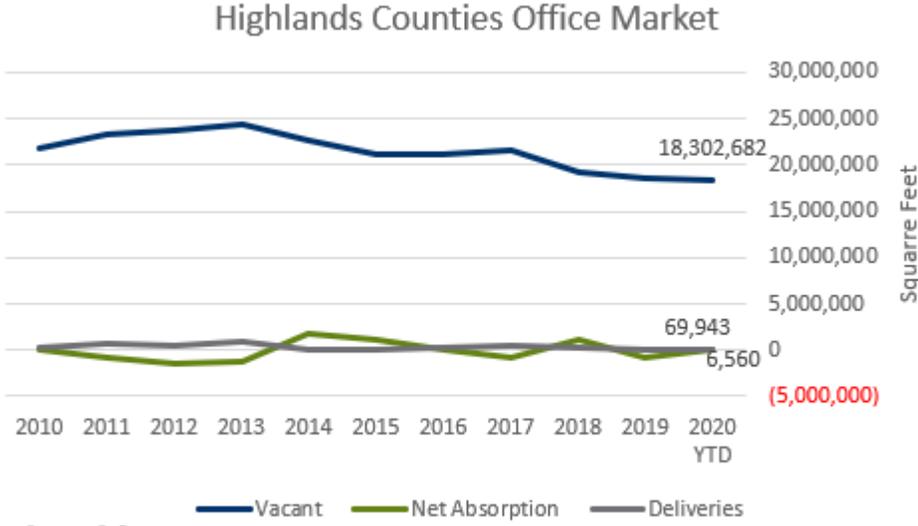
- ◆ The amount of vacant office space has been declining since 2014; a trend that has continued through August 2020.
- ◆ As of August 2020, there is over 18.3 million square feet of vacant office space within the counties. This is down slightly from just nearly 18.5 million square feet in 2019.
- ◆ Apart from Somerset County, the amount of vacant office space has declined across all regional counties since 2010.
- ◆ CBRE notes that historically, one of the most active corridors for office market leases is Route 23/Paterson/Wayne in Passaic County. They note activity in Quarter 2 2020 in the Morristown market and in Wayne in “an otherwise lean quarter of leasing.”
- ◆ Across the state, leasing activity fell 72% from Quarter 1 2020, although renewal activity saw an increase of 15% over Quarter 1 2020.

Table 42

Highlands Counties Office Market (SF)			
	Vacant	Net Absorption	Deliveries
2020 YTD	18,302,682	69,943	6,560
2019	18,489,128	(800,285)	73,992
2018	19,188,105	1,201,187	168,433
2017	21,522,249	(722,465)	534,389
2016	21,091,510	4,538	328,720
2015	21,259,017	1,191,508	148,468
2014	22,567,049	1,739,739	151,222
2013	24,400,023	(1,289,616)	946,494
2012	23,639,637	(1,413,850)	461,227
2011	23,226,086	(740,210)	697,248
2010	21,789,378	458	239,275

Source: CoStar

Figure 28



Source: CoStar  
\*2020 YTD as of August 2020.

Figure 29



# INDUSTRIAL

- ◆ The amount of vacant industrial space has been declining in the Highlands Counties since 2012.
- ◆ Overall, vacant industrial space has declined across all seven counties since 2010. Sussex and Warren counties have experienced an uptick in vacant space since 2018.
- ◆ As of August 2020, net absorption and deliveries in the regional industrial market are up since 2019.

Table 43

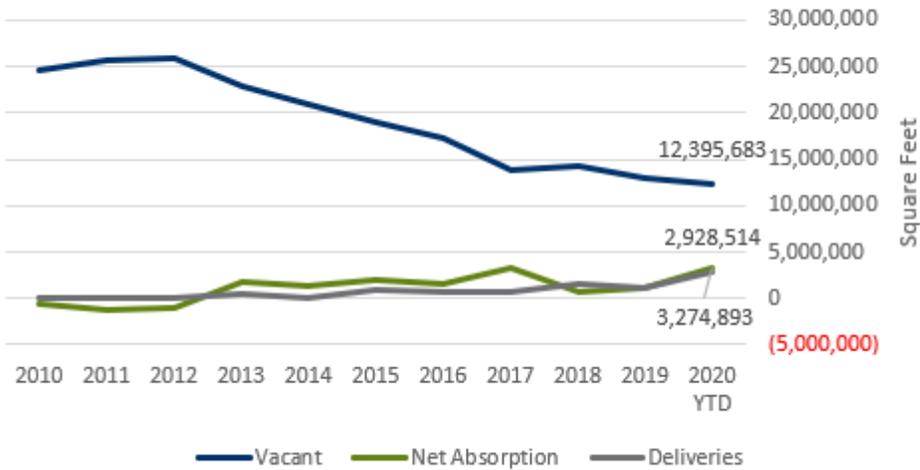
**Highlands Counties Industrial Market (SF)**

	Vacant	Net Absorption	Deliveries
2020 YTD	12,395,683	3,274,893	2,928,514
2019	12,897,585	1,169,919	1,188,478
2018	14,319,663	720,093	1,473,618
2017	13,785,466	3,369,825	777,528
2016	17,300,326	1,519,125	639,751
2015	18,936,799	1,892,855	826,528
2014	21,042,300	1,377,246	124,800
2013	22,920,526	1,724,356	437,701
2012	25,994,757	(1,058,035)	139,890
2011	25,784,729	(1,229,277)	95,359
2010	24,641,093	(510,584)	86,282

Source: CoStar

Figure 30

**Highlands Counties Industrial Market**



Source: CoStar  
 \*2020 YTD as of August 2020.

Table 44

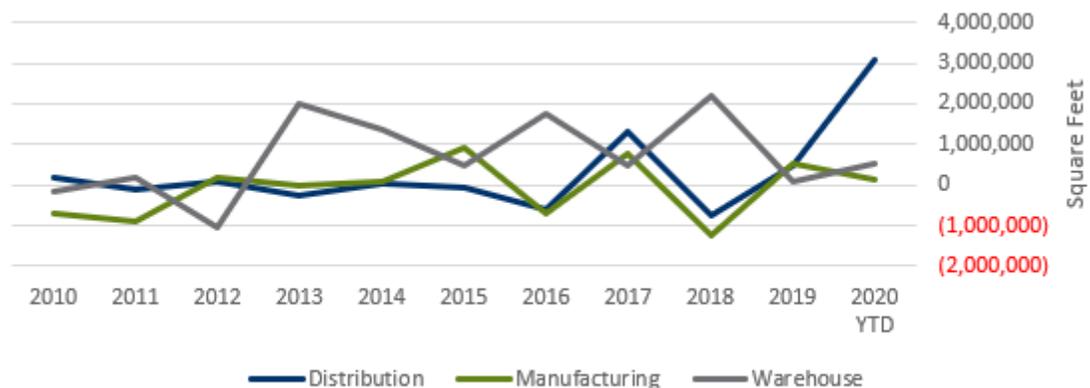
**Net Absorption (SF), Highlands Region Industrial Market**

	Distribution	Food Processing	Industrial Showroom	Data Hosting	Manufacturing	Refrigeration/ Cold Storage	Service	Truck Terminal	Warehouse
2020 YTD	3,068,517	-	(10,400)	-	107,197	(127,055)	(15,197)	-	546,136
2019	454,197	(275)	(10,744)	-	516,847	(7,000)	(10,900)	35,900	77,562
2018	(750,674)	65,000	(24,140)	-	(1,264,926)	244,360	33,323	1,238	2,206,105
2017	1,308,079	25,994	7,738	-	759,836	(196,640)	55,318	(4,512)	458,928
2016	(615,794)	(2,830)	(20,009)	-	(715,393)	(560)	(28,397)	1,500	1,745,331
2015	(87,227)	115,830	39,800	-	929,139	(2,328)	(12,862)	(23,926)	466,496
2014	37,537	3,900	75,074	-	93,761	(44,032)	13,104	(819,000)	1,342,712
2013	(268,501)	2,508	(12,174)	(56,800)	(20,098)	200	25,108	(10,700)	1,979,301
2012	76,119	12,498	13,231	271,800	173,504	(200)	(43,138)	13,740	(1,065,029)
2011	(89,793)	(34,200)	(40,500)	(81,008)	(881,904)	-	26,608	(11,740)	200,827
2010	167,275	-	74,730	(71,188)	(724,459)	74,406	(22,392)	79,120	(151,333)

Source: CoStar

Figure 31

**Net Absorption, Highlands Region Industrial Market**



Source: CoStar

\*2020 YTD as of August 2020.

Figure 32



# ATTACHMENT A: DATA SOURCES

## **ECONOMIC MODELING SPECIALISTS INTERNATIONAL (EMSI)**

To analyze the industrial makeup of a study area, industry data organized by the North American Industrial Classification System (NAICS) is assessed. Camoin 310 subscribes to Economic Modeling Specialists Intl. (Emsi), a proprietary data provider that aggregates economic data from approximately 90 sources. Emsi industry data, in our experience, is more complete than most or perhaps all local data sources (for more information on Emsi, please see [www.economicmodeling.com](http://www.economicmodeling.com)). This is because local data sources typically miss significant employment counts by industry because data on sole proprietorships and contractual employment (i.e. 1099 contractor positions) is not included and because certain employment counts are suppressed from BLS/BEA figures for confidentiality reasons when too few establishments exist within a single NAICS code.

## **ESRI BUSINESS ANALYST ONLINE (BAO)**

Esri is the leading provider of location-driven market insights. It combines demographic, lifestyle, and spending data with map-based analytics to provide market intelligence for strategic decision-making. Esri uses proprietary statistical models and data from the U.S. Census Bureau, the U.S. Postal Service, and various other sources to present current conditions and project future trends. Esri data are used by developers to maximize their portfolio, retailers to understand growth opportunities, and by economic developers to attract business that fit their community. For more information, visit [www.esri.com](http://www.esri.com).

## **COSTAR**

CoStar is the leading source of commercial real estate intelligence in the U.S. It provides a full market inventory of properties and spaces—available as well as fully leased—by market and submarket. Details on vacancy, absorption, lease rates, inventory, and other real estate market data are provided, as well as property-specific information including photos and floor plans. CoStar covers office, retail, industrial, and multifamily markets. CoStar data is researched and verified by the industry's largest professional research team. With 1,200 researchers and 130 field research vehicles, CoStar's team makes calls to property managers; reviews court filings, tax assessor records and deeds; visits construction sites; and scans the web to uncover nearly real-time market changes. More at [www.costar.com](http://www.costar.com).

## **CENSUS OF AGRICULTURE, U.S. DEPARTMENT OF AGRICULTURE (USDA)**

The Census of Agriculture provides a detailed picture of U.S. farms and ranches and the people who operate them. It provides uniform, comprehensive agricultural data for every state and county in the U.S. on topics including agricultural land, animal and crop production, employment, worker demographics, farm business operations, and the environment. and employment. It is conducted by the U.S. Department of Agriculture (USDA) every five years, in years ending in "2" and "7".



# CHAPTER II – ANALYSIS OF GROWTH POTENTIAL

# TARGET INDUSTRY PROFILES

The *Target Industry Profiles* provide a comprehensive overview of the industries that exhibit the greatest potential for growth within the Highlands Counties. Industries were selected for inclusion based on research conducted for the *Economic Profile*, discussions with the steering committee and the technical advisory committee, and industry specific research using proprietary sources such as IBISWorld and Emsi. Target industries:

- ◆ Are within growing and/or emerging markets;
- ◆ Fit within regional talent and skills;
- ◆ Align with regional supply chains;
- ◆ Are highly concentrated and/or competitive;
- ◆ Align with the community's infrastructure and development preferences;
- ◆ Can gain a competitive advantage by locating in the region; and
- ◆ Have capacity and potential for innovation.

**Location Quotient** is a measure of industry concentration. A value greater than 1.0 means that the industry is more concentrated in the region than it is at the national level.

**Competitive Effect** indicates how much of the job change within a given region is the result of some unique competitive advantage of the region. A positive competitive effect indicates that the region is more competitive than the national average.

Note that this Chapter reflects data analysis in the seven-county area ("Highlands Counties") that contains the 88 municipalities in the Highlands Region.



Specialized Manufacturing



Biotechnology and Life Science



Tourism and Recreation



Finance and Insurance



Food Production



Corporate Offices

# LOCATING OPPORTUNITIES FOR TARGET INDUSTRIES

In addition to documenting what the market opportunities for target industries, the geographical location that is best suited for industry build out was also identified. Each county was studied based on a variety of factors and given a score for suitability for opportunities in two categories of development that align with target industry opportunities:

## 1) Industrial manufacturing development

- Specialized Manufacturing
- Biotechnology & Life Sciences
- Food Production

## 2) Office development

- Financial & Insurance
- Corporate Offices

A summary is provided below while additional methodology and findings can be found in the Appendix.

### **Industrial Manufacturing Geographical Opportunities**

There are a wide variety of factors that determine whether a property is suitable for development of a manufacturing use. For the purposes of this study, suitability factors were based on municipal zoning, proximity to suitable transportation, accessibility to utilities, and location within an identified growth area. The inventory of developable and redevelopable parcels is scored based on the following suitability criteria:

- 1 point if located within a municipal zone district that permits industrial manufacturing uses.
- 1 point if scored 3 or higher within the Highlands Transit Score GIS layer.
- 1 point if located within an NJDEP Adopted Sewer Service Area.
- 1 point if located within a Highlands Center.

## IDENTIFYING REDEVELOPMENT AREAS

Recognizing that on-the-ground information is critical to ensuring a complete picture of redevelopment opportunities, Colliers Engineering & Design prepared an online survey to obtain input from the 88 municipalities in the Highlands Region to tell us which properties should be targeted for future redevelopment. Each municipality was requested to identify properties that have already been targeted for redevelopment, or which the municipality believes has potential for redevelopment. The survey allows the participants to enter information to help us identify those properties with redevelopment potential. The results of the survey were tabulated in the GIS parcel database.

It is intended that this survey remain accessible to the Highlands Council staff so that they may collect similar information from municipalities in the future.

Note that this analysis and survey captured distinct data from a snapshot in time. This analysis is intended to be a starting point to identify appropriate locations for certain styles of development. Additional analysis will need to occur on a site by site business prior to development.

As shown in Table 1 below, the analysis indicates that over 23,000 acres of land are suitable for the development of new industrial manufacturing uses within the Highlands Region. Due to the limited amount of lands within Highlands Centers, only about 87 acres scored within the very high suitability ranking. Detailed tables listing the results by municipality are included in the Appendix.

### Scoring of Growth Opportunity

Based on the scoring criteria, each property is given a cumulative score between 0 and 4.

0 = Not Suitable

1 = Low Suitability

2 = Medium Suitability

3 = High Suitability

4 = Very High Suitability

<b>Table 1: Suitability for Industrial Manufacturing Development by County</b>					
	<b>Rank 1 Low</b>	<b>Rank 2 Medium</b>	<b>Rank 3 High</b>	<b>Rank 4 Very High</b>	<b>Total</b>
Bergen County	66.78	68.80	72.10	4.67	212.36
Hunterdon County	3,413.44	416.13	27.24		3,856.81
Morris County	7,483.69	1,788.15	666.67	4.77	9,943.27
Passaic County	159.77	12.60			172.37
Somerset County	110.15	25.10	124.70		259.95
Sussex County	1,413.78	76.50	1.11		1,491.39
Warren County	6,446.31	765.85	422.46	78.03	7,712.65
<b>Total</b>	<b>19,093.91</b>	<b>3,153.13</b>	<b>1,314.28</b>	<b>87.46</b>	<b>23,648.79</b>

### Office Geographical Opportunities

There are a wide variety of factors that determine whether a property is suitable for development of office use. For the purposes of this study, suitability factors are based on municipal zoning, proximity to suitable transportation, accessibility to utilities, and location within an identified growth area. The inventory of developable and redevelopable parcels is scored based on the following suitability criteria:

- 1 point if located within a municipal zone district that permits office uses.
- 1 point if scored 3 or higher within the Highlands Transit Score GIS layer.
- 1 point if located within an NJDEP Adopted Sewer Service Area.
- 1 point if located within a Highlands Center.

As shown in Table 2 below, the analysis indicates that over 24,000 acres of land are suitable for the development of new office uses within the Highlands Region. Due to the limited amount of lands within Highlands Centers, only about 165 acres scored within the very high suitability ranking. Note that many properties are scored within both the office and manufacturing categories since some zone districts permit both types of uses. Detailed tables listing the results by municipality are included in the Appendix.

<b>Table 2: Suitability for Office Development by County</b>					
	<b>Rank 1 Low</b>	<b>Rank 2 Medium</b>	<b>Rank 3 High</b>	<b>Rank 4 Very High</b>	<b>Total</b>
Bergen County	59.15	68.90	4.23	70.59	202.87
Hunterdon County	3,054.41	773.81	47.99		3,876.21
Morris County	7,574.61	1,694.63	962.41	6.22	10,237.87
Passaic County	149.02	9.49	9.70		168.20
Somerset County	124.67	205.38	1.74		331.79
Sussex County	1,352.55	215.07	16.69		1,584.31
Warren County	6,951.20	1,005.65	432.19	88.97	8,478.01
<b>Total</b>	<b>19,265.61</b>	<b>3,972.93</b>	<b>1,474.95</b>	<b>165.78</b>	<b>24,879.26</b>

### **Scoring of Growth Opportunity**

Based on the scoring criteria, each property is given a cumulative score between 0 and 4.

0 = Not Suitable

1 = Low Suitability

2 = Medium Suitability

3 = High Suitability

4 = Very High Suitability



## Targeted Industry Profile

# SPECIALIZED MANUFACTURING

*What is the specialized manufacturing industry?*

*What are the national trends in this industry?*

*What are the opportunities for manufacturing in the region? What is the region's competitive advantage?*

*What connections exist with other industries in the region?*

*Where is specialized manufacturing headed, and how does the region fit into this picture?*

## SPECIALIZED MANUFACTURING SUMMARY



**8,315 jobs in Highlands Counties**



**2,745 jobs added since 2015; +2,345 competitive effect**



**0.7% of Highlands Counties' GRP**



**188 businesses**



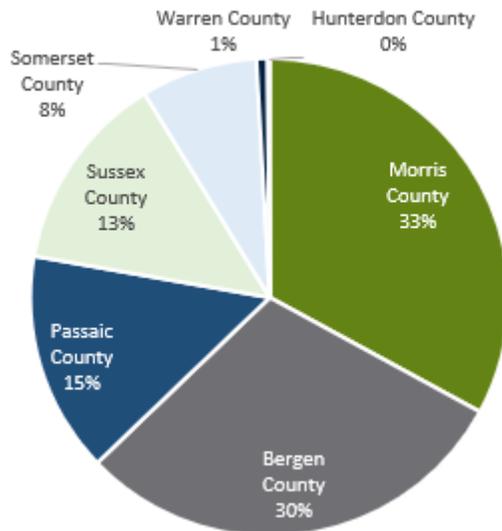
**\$100,507 average earnings per job**

Companies include:

Siemens AG, Thorlabs, Inc. Thermo Fisher Scientific, Inc. and Schneider Electric Buildings, LLC

## REGIONAL INDUSTRY PRESENCE

Specialized Manufacturing Jobs by County



Source: Emsi

## KEY INDUSTRIES AND OCCUPATIONS

### Industries

- ◆ Sheet Metal Work Manufacturing
- ◆ Other Communications Equipment Manufacturing
- ◆ Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing
- ◆ Aircraft Engine and Engine Parts Manufacturing

### Occupations

- ◆ Software Developers and Testers
- ◆ Electric, Electronic, and Electromechanical Assemblers
- ◆ Welders, Cutters, Solderers, and Brazers
- ◆ Inspectors, Testers, Sorters, Samplers, and Weighers

## WORKFORCE



This industry has a high proportion of people that live and work in the Highlands Counties.



There are opportunities for people with a variety of education and experience levels, although Bachelor's degrees are the most common education level required.



There is a need for more experience in new product development, automation, electrical engineering, optics, and supply chain among the workforce.

## SPECIALIZED MANUFACTURING

While manufacturing is a broad sector, this profile focuses on specific manufacturing industries that demonstrate potential in the Highlands Counties. These industries fall into three categories: metal manufacturing, electrical manufacturing, and aerospace manufacturing. Companies in these industries make various products, including metal windows and doors, sheet metal, communications equipment, alarm systems, lighting fixtures, and engine parts.

Within the Highlands Counties, there are 8,315 jobs in this cluster, which includes metal manufacturing, electrical manufacturing, and aerospace manufacturing, which has grown by 2,745 jobs since 2015 (a 49% increase). These manufacturing industries make up 0.7% of the region's GRP.



## NATIONAL INDUSTRY TRENDS AND OUTLOOK

Historical performance within these manufacturing industries has been mixed. Over the last several years, metal manufacturers have benefitted from increased demand from downstream markets, particularly from construction markets. Housing starts and residential renovation activity have boosted demand within this sector, while the industry has at the same time contended with decreased nonresidential construction values. The expansion of urban areas in emerging economies has also been a key driver of demand for industry products. Overall, profit within the metal manufacturing industry has increased over the past five years, despite price volatility in steel and aluminum- key raw inputs.

Electrical manufacturing industries have experienced mixed demand. This subsector is heavily dependent on demand from oil and gas

extraction and private investment in manufacturing structures to generate demand and revenue growth. Alarm systems and control equipment are typically installed as part of the construction process or the renovation of an existing building. The prevalence of automobiles has a similar impact on demand for such products and equipment. Over the past five years, foreign producers have captured a larger share of the industry's products, with domestic operators shifting their focus to the production of custom and higher end alarm systems.

The aerospace manufacturing industry has also experienced fluctuating trends over the last few years. Companies in this industry, which produces aircraft, aircraft subsection, engines and parts, have experienced a slowdown in revenue primarily driven by a decrease in military spending and defense related sales. At the same time, commercial demand for current models has stalled as customers wait for newer aircraft models to be released. Across the industry, operators are merging. In the commercial space, suppliers have increasingly merged to deal with the higher production volume of next-generation aircraft. Defense contractors have also been acquiring commercial aerospace businesses to diversify from a somewhat weak defense market.

Forward looking trends and industry drivers are summarized below. Green arrows highlight positive industry trends and demand drivers while red arrows indicate potential industry threats.



The prices of steel and aluminum, primary raw materials used in metal manufacturing, have been trending lower. This represents an opportunity for manufacturers to stock up on inventory at lower prices and benefit from higher profit margins.



The number of motor vehicle registrations is increasing, which increases demand for and sales of vehicle alarms and traffic control equipment.



As national defense spending increases, demand for industry products increases.



Although spending on home improvement has been a bright spot of 2020's economy, decreased overall construction activity, particularly nonresidential construction, is expected to result in decreased demand for metal manufacturing industry products.



Declining investment in manufacturing and industrial structures, which are typically outfitted with alarms and control equipment, points toward lower demand for these products.



Lower levels of consumer spending are also projected to lead to lower consumption of electronic and other goods, stifling demand in these industries.

### COVID-19 Impact

The COVID-19 pandemic has resulted in decreases in demand for industry products across these manufacturing subindustries. Social distancing measures have reduced production across the board, resulting in declining revenue across industries.

In addition to the general economic headwinds that these industries are facing, significant declines in the value of nonresidential construction have hurt the metal manufacturing industry. At the same time product inventories are increasing due to lack of demand. Manufacturers of electronic products are also being hurt by reduced construction activity as well as volatility in the oil market. The aerospace manufacturing industry in particular is expected to face significant revenue declines due to decrease travel demand throughout the pandemic. Furthermore, a slowdown in international trade is expected to increase costs for inputs across these subindustries.

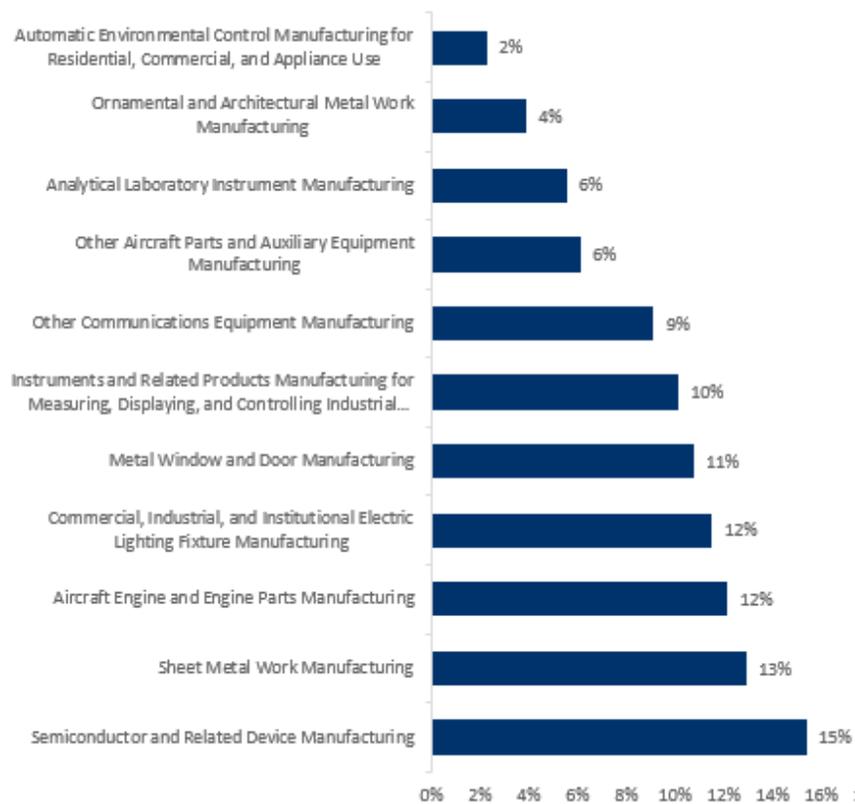
As the world continues to move out of the pandemic however, these industries are expected to rebound and benefit from pent-up demand for industry products.

## REGIONAL SPECIALIZATION

As of 2020, there are 8,315 specialized manufacturing jobs within the Highlands Counties. 15% of these jobs are in semiconductor and related device manufacturing. This is followed by 13% of jobs in sheet metal work manufacturing, and 12% in both aircraft and engine parts manufacturing and commercial, industrial, and institutional electric lighting manufacturing.

Specialized manufacturing jobs in the region earn \$100,507 on average and are distributed across 188 businesses.

### Percent of Specialized Manufacturing Jobs, Highlands Region



Source: Emsi

Specialized manufacturing is growing in the Highlands Counties. Since 2015, 2,745 jobs have been added, with aircraft engine and engine parts manufacturing, other communications equipment manufacturing, and sheet metal work manufacturing adding the most jobs. Overall, the industry is highly competitive with a positive competitive effect of 2,345.

### Specialized Manufacturing, Highlands Region

NAICS	Description	2015 Jobs	2020 Jobs	Change	% Change
332321	Metal Window and Door Manufacturing	880	896	16	2%
332322	Sheet Metal Work Manufacturing	555	1,076	521	94%
332323	Ornamental and Architectural Metal Work Manufacturing	326	325	(1)	(0%)
334290	Other Communications Equipment Manufacturing	204	761	557	273%
334413	Semiconductor and Related Device Manufacturing	855	1,280	425	50%
334512	Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use	108	189	81	75%
334513	Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables	691	844	153	22%
334516	Analytical Laboratory Instrument Manufacturing	359	462	103	29%
335122	Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing	683	959	276	40%
336412	Aircraft Engine and Engine Parts Manufacturing	328	1,012	684	209%
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	582	510	(72)	(12%)
<b>Total Specialized Manufacturing</b>		<b>5,570</b>	<b>8,315</b>	<b>2,745</b>	<b>49%</b>

Source: Emsi

### Highlands Region Companies

- ◆ Siemens AG
- ◆ Thorlabs, Inc.
- ◆ Thermo Fisher Scientific, Inc.
- ◆ Schneider Electric Buildings, LLC
- ◆ Atrium Corporation

Source: Emsi

## REGIONAL OPPORTUNITIES

As discussed, the specialized manufacturing cluster as a whole has exhibited significant growth in the Highlands Counties over the last five years, adding 2,745 jobs- a 49% increase since 2015. Based on existing industry presence, job growth, concentration, and competitiveness, the following industry subsectors show particular potential:

- ◆ **Sheet Metal Work Manufacturing:** Existing regional presence, positive job growth, strong competitive effect.
- ◆ **Other Communications Equipment Manufacturing:** Positive job growth, highly concentrated and competitive.
- ◆ **Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing:** Existing regional presence, highly concentrated, positive job growth and competitive effect.
- ◆ **Aircraft Engine and Engine Parts Manufacturing:** Existing regional presence, strong job growth, and highly competitive.

NAICS	Description	2020 Jobs	5-yr Job Change	LQ	Competitive Effect
332321	Metal Window and Door Manufacturing	896	16	1.69	(113)
332322	Sheet Metal Work Manufacturing	1,076	521	1.16	461
332323	Ornamental and Architectural Metal Work Manufacturing	325	(1)	0.92	(34)
334290	Other Communications Equipment Manufacturing	761	557	5.07	560
334413	Semiconductor and Related Device Manufacturing	1,280	425	0.86	406
334512	Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use	189	81	1.62	107
334513	Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables	844	153	1.65	153
334516	Analytical Laboratory Instrument Manufacturing	462	103	1.45	47
335122	Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing	959	276	5.35	257
336412	Aircraft Engine and Engine Parts Manufacturing	1,012	684	1.38	629
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	510	(72)	0.54	(118)

Source: Emsi

## WORKFORCE

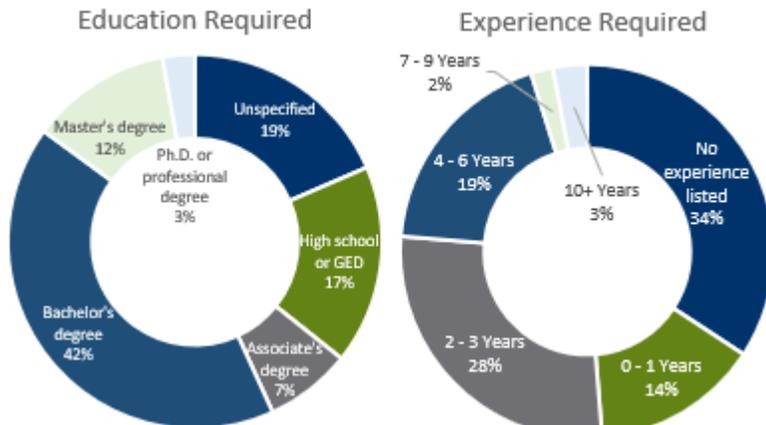
### Occupations

The top occupations in these specialized manufacturing industries include assemblers, software developers, welders, cutters, inspectors, and testers. Except for software related occupations, entry level positions require only a high school diploma. None of the top five occupations require previous work experience.

### Job Requirements

Where specified in regional job postings for roles within this industry, a Bachelor's degree is the most common credential required by employers, appearing as a requirement in 42% of jobs postings. This is followed by a high school diploma or GED, in 17% of postings.

There are a wide range of opportunities in specialized manufacturing for job seekers with varying levels of experience. 28% of job postings for the specialized manufacturing industry require 2-3 years of experience. This is followed by 4-6 years (19%), and 0-1 years (14%).

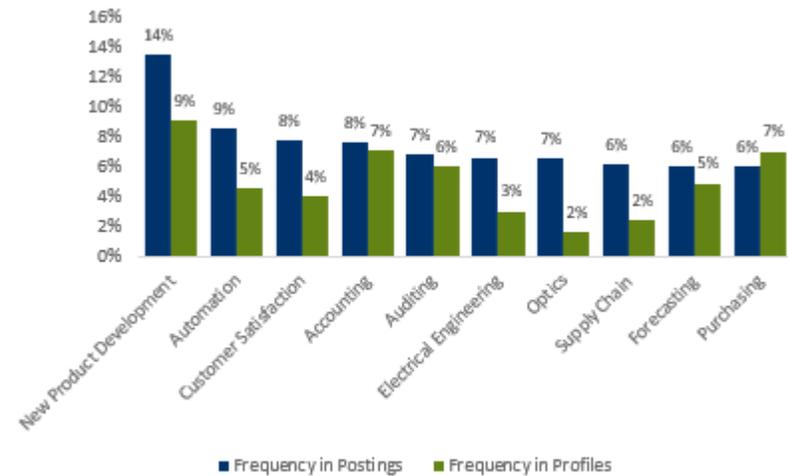


Source: Emsi

There is however a mismatch in the hard skills desired by employers (job postings) and those possessed by job seekers (profiles). Skills such as new product development, automation, electrical

engineering, and supply chain appear more often in job posts than they do in job seeker profiles.

### Specialized Manufacturing: Hard Skills Required



Source: Emsi

	Jobs	Education	Experience
Electrical, electronic, and electromechanical assemblers	519	High school	None
Software developers and software quality assurance analysts and testers	473	Bachelor's degree	None
Misc. assemblers and fabricators	348	High school	None
Welders, cutters, solderers, and brazers	309	High school	None
Inspectors, testers, sorters, samplers, and weighers	250	High school	None

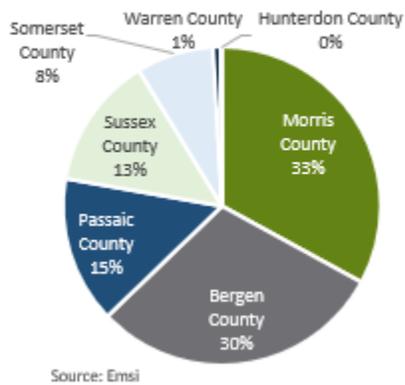
Source: Emsi

### Location

Of the top occupations in specialized manufacturing, there are nearly 31,000 residents in the Highlands Counties who hold these jobs, slightly less than the total number of jobs in these occupations in the aggregate regional economy. This means that a small number of workers must commute into the region to fill these jobs (155). Of the top five occupations, only software related occupations have a negative net commuter number, meaning that a portion of residents must commute out of the region for work.

Most of the specialized manufacturing jobs are located in Morris County (33%). This is followed by Bergen County (30%) and Passaic County (15%).

Specialized Manufacturing Jobs by County

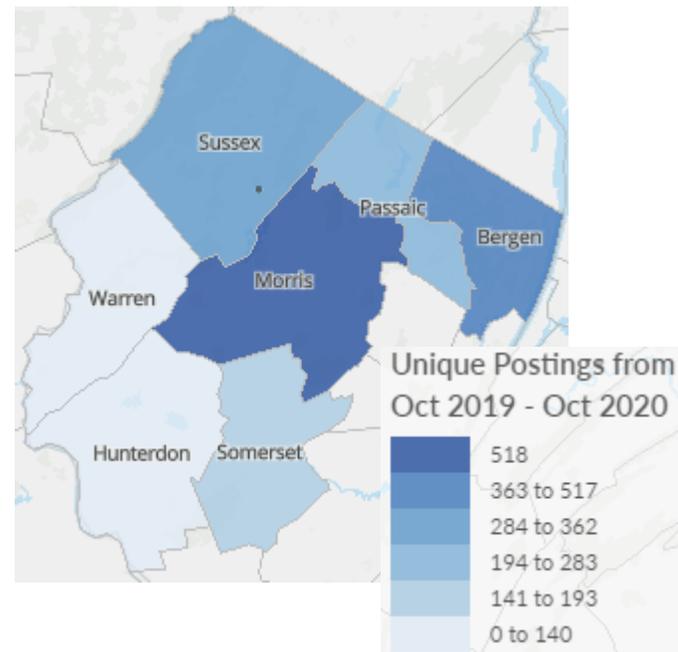


The number of job postings in this industry by county is consistent with the job distribution. Over the last year, most of the job postings for the specialized manufacturing industry were in Morris County, followed by Bergen County. There are very few jobs in this industry cluster in Warren and Hunterdon counties.

Specialized Manufacturing Top Occupations Resident Workers and Commuters

SOC	Description	Total Regional Jobs	Industry Jobs	Resident Workers	Net Commuters
15-1256	Software Developers and Software Quality Assurance Analysts and Testers	17,097	519	17,860	(763)
51-2028	Electrical, Electronic, and Electromechanical Assemblers	2,349	473	1,999	350
51-2098	Miscellaneous Assemblers and Fabricators	5,281	348	5,118	163
51-4121	Welders, Cutters, Solderers, and Brazers	1,815	309	1,700	115
51-9061	Inspectors, Testers, Sorters, Samplers, and Weighers	4,556	250	4,266	290
<b>Total</b>		<b>31,097</b>	<b>1,899</b>	<b>30,943</b>	<b>155</b>

Source: Emsi



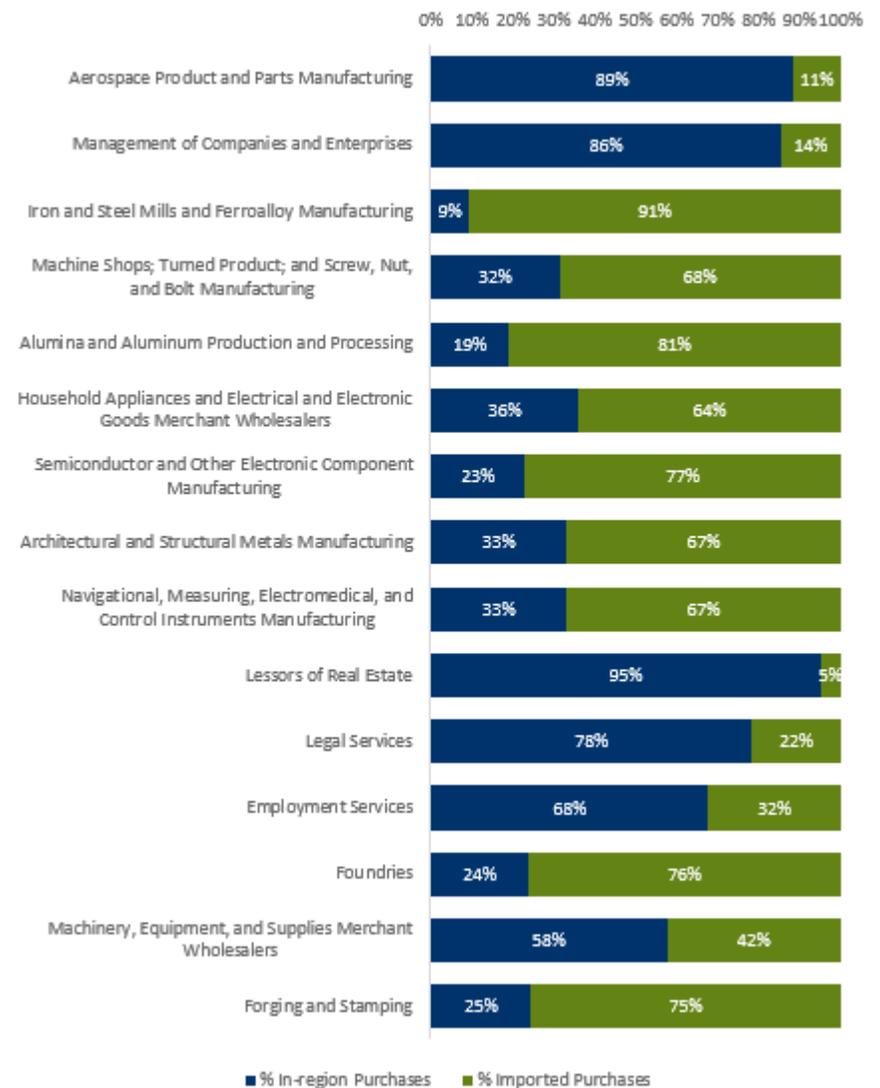
Specialized Manufacturing Job Postings by County; Source: Emsi

## SUPPLY CHAIN

The specialized manufacturing industry makes purchases from a variety of industries, ranging from aerospace products and parts manufacturing, to aluminum products, and to legal and employment services.

Of the top 15 industries that specialized manufacturing purchases from, more than 50% of the products are imported from outside of the Highlands Counties. For example, 91% of purchases from iron and steel mills and ferroalloy manufacturing are from outside of the region. The same is true of alumina and aluminum production and processing (81%), semiconductor and other electronic component manufacturing (77%), and foundries (76%), among others. As the specialized manufacturing industry continues to grow in the Highlands Counties, there may be an opportunity for some of these supplier industries to increase their presence within the region.

### Top 15 Supplier Industries to Specialized Manufacturing





## Targeted Industry Profile

# BIOTECHNOLOGY AND LIFE SCIENCE

*What is the biotech and life science industry?*

*What are the national trends in this industry?*

*What are the opportunities for biotech and life science in the region? What is the region's competitive advantage?*

*What connections exist with other industries in the region?*

*Where is biotech and life science headed, and how does the region fit into this picture?*

## BIOTECH AND LIFE SCIENCE SUMMARY



26,200 jobs in Highlands Counties



664 jobs lost since 2015; -6,183 competitive effect



5.0% of Highlands Counties' GRP



358 businesses



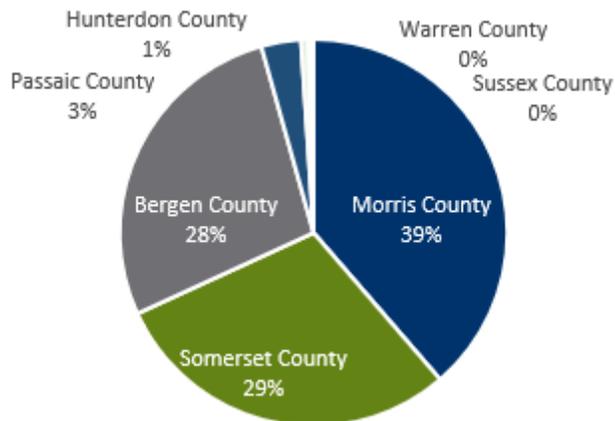
\$215,517 average earnings per job

Companies include:

Becton, Dickinson and Company; Stryker Corporation; Biospace, Inc.; IQVIA; and Covance Inc.

## REGIONAL INDUSTRY PRESENCE

Biotech and Life Science Jobs by County



Source: Emsi

## KEY INDUSTRIES AND OCCUPATIONS

### Industries

- ◆ R&D: Physical, Engineering, and Life Sciences; and Biotechnology
- ◆ Manufacturing: Surgical and Medical Instruments; Surgical Appliance and Supplies; and Medicinal and Botanical

### Occupations

- ◆ Natural Sciences Managers
- ◆ Project Management and Business Operations Specialists
- ◆ Software Developers and related
- ◆ Biochemists and Biophysicists
- ◆ Chemists

## INDUSTRY AND WORKFORCE TRENDS



Several factors have contributed to increased spending on biotechnology and life science related R&D.



Employment in the region is shifting away from manufacturing and towards life science related R&D.



Life science related R&D occupations are filled by individuals with higher education degrees. These occupations are well paying.

## BIOTECHNOLOGY AND LIFE SCIENCE

Biotechnology and life science is a broad industry that encompasses both research and development as well as biotechnology and surgical supply manufacturing.

Within the Highlands Region, the industry has 26,200 jobs and has lost 664 jobs, a 2% decrease, since 2015. Biotechnology and life science make up 5.0% of the region's GRP.



### NATIONAL INDUSTRY TRENDS AND OUTLOOK

The last few years have been strong for the national pharmaceutical and medical device manufacturing industries. Pharmaceutical manufacturers have been responsive to increased price scrutiny, increased competition particularly from generic brands, and rising R&D costs, shifting their focus to more lucrative therapy areas such as rare diseases and oncology. Within the rare diseases market, low prescription volumes can be offset by high per unit costs. Medical device manufacturing has benefitted from strong demand drivers in recent years. This manufacturing industry generates a significant portion of its revenue from sales to wholesalers. In New Jersey, this is particularly important as these wholesalers sell both in New Jersey and in neighboring states. Therefore, the industry benefits when demand for medical devices increases not only in New Jersey, but also in neighboring states like Pennsylvania, New York, and Delaware.

Specific industry trends for both R&D and manufacturing are highlighted below. Green arrows highlight positive industry trends and demand drivers while red arrows indicate potential industry threats.

### Research and Development



Overall, R&D expenditures by private companies and the government have been increasing, leading to more business for R&D companies.



The healthcare sector is most significant source of demand for life science R&D. An aging population, rising obesity, and the resulting increase in chronic illnesses and people with serious health conditions has prompted increased spending on R&D. COVID-19 related research and vaccination efforts further contributed to this trend in 2020.



Increasing government funding for biotechnology related endeavors has increased demand for R&D related to biotechnology.



Lower interest rates on the 10-year Treasury note are expected to encourage investment in R&D. Lower rates prompt investors to move their money out of the bank and into other ventures, and make it less expensive to borrow money for R&D.

### COVID-19 Impact

As a result of the COVID-19 pandemic and the resulting economic conditions, corporate profits are generally expected to decline. This means that companies will have less money available to fund R&D and smaller R&D budgets than they have in the last few years, though demand for R&D has increased.

### Manufacturing



A higher number of adults age 65+ may boost demand for industry products. Older adults rely more heavily on prescription medication and are more likely to contract illnesses and age-related diseases.



Increased federal funding for Medicare and Medicaid means that products will become more affordable for consumers with prescription drug coverage through these programs



The number of people with private health insurance is expected to decrease. This is a potential challenge for the industry as industry products become less affordable for consumers who lack private health coverage.



Global demand for industry exports may decrease. The trade-weighted index is expected to increase, which means that domestically manufactured drugs become relatively more expensive compared to internationally manufactured drugs for global consumers.

#### Highlands Region Companies

- ◆ Becton, Dickinson and Company
- ◆ Stryker Corporation
- ◆ Biospace, Inc.
- ◆ IQVIA
- ◆ Covance Inc.

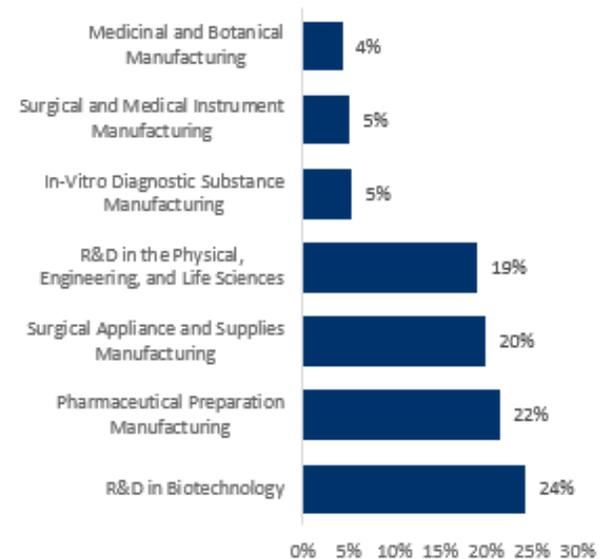
Source: Emsi

#### REGIONAL SPECIALIZATION

As of 2020, there are 26,200 biotech and life science jobs in the Highlands Region. About 56% of these are in manufacturing and 44% are in manufacturing. R&D in biotechnology is the largest jobs contributor, accounting for 24% of this cluster's regional employment.

There are 358 biotech and life science companies in the region, with average earnings per job of \$215,517 (much higher than the regional average of \$84,275).

Percent of Biotech and Life Science Jobs, Highlands Region

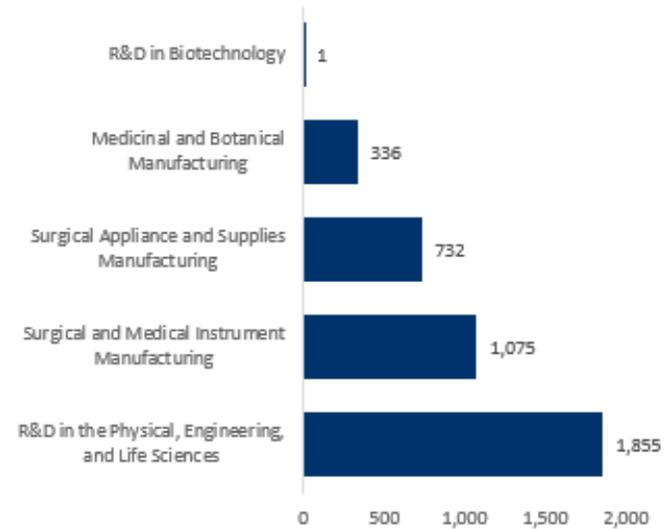


Source: Emsi

Employment in this cluster has decreased slightly in recent years, losing 2% of jobs since 2015. Employment patterns show a regional trend away from manufacturing and towards life science related R&D.

This trend is further evidenced by job postings and hiring patterns. Over the last year (October 2019-October 2020), significantly more jobs were posted in the region in the R&D in the Physical, Engineering, and Life Sciences industry than in the other cluster industries. Hiring is still occurring in manufacturing, but the regional trend is towards life science R&D.

Highlands Region Job Postings by Industry, Oct. 2019-Oct. 2020



Source: Emsi

Biotech and Life Science, Highlands Region

NAICS	Description	2015 Jobs	2020 Jobs	Chg.	% Chg.
325411	Medicinal and Botanical Manufacturing	1,154	1,135	(19)	(2%)
325412	Pharmaceutical Preparation Manufacturing	6,489	5,643	(846)	(13%)
325413	In-Vitro Diagnostic Substance Manufacturing	1,522	1,424	(98)	(6%)
339112	Surgical and Medical Instrument Manufacturing	1,468	1,347	(122)	(8%)
339113	Surgical Appliance and Supplies Manufacturing	5,117	5,245	128	2%
541714	Research and Development in Biotechnology (except Nanobiotechnology)	6,759	6,386	(373)	(6%)
541715	Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)	4,354	5,020	666	15%
<b>Total Biotech and Life Sciences</b>		<b>26,863</b>	<b>26,200</b>	<b>(664)</b>	<b>(2%)</b>

Source: Emsi

## REGIONAL OPPORTUNITIES

In recent years the industry has lost both jobs and competitiveness within the region. The industry's overall competitive effect is highly negative, at -6,183. Industry decline has been driven by changes in the pharmaceutical market. A trend away from brand name drugs to less expensive, generic versions, along with a shift of R&D towards more niche, specialty drugs has resulted in job cuts and consolidation across the pharmaceutical industry.

Given the region's existing life science ecosystem, there is an opportunity to adapt to these market changes. Jobs within the Highlands Region have trended towards R&D and away from manufacturing, but there are still opportunities for both within the region. As illustrated by the industry supply chain, manufacturing industries, such as medicinal and botanical manufacturing and biological product manufacturing are key inputs to the overall biotech and life sciences industry. Given the current distribution of in-region and imported purchases from these industries, there may be an opportunity for the Highlands Counties to capture some of this activity.

Based on trends in the data, the following industries also show particular potential for growth and expansion.

- ◆ **Research and Development in the Physical, Engineering, and Life Sciences:** Existing regional presence, strong job growth, and highly competitive.
- ◆ **Surgical Appliance and Supplies Manufacturing:** Existing regional presence, positive job growth, and highly concentrated.

**Biotech and Life Sciences Opportunity Matrix, Highlands Region**

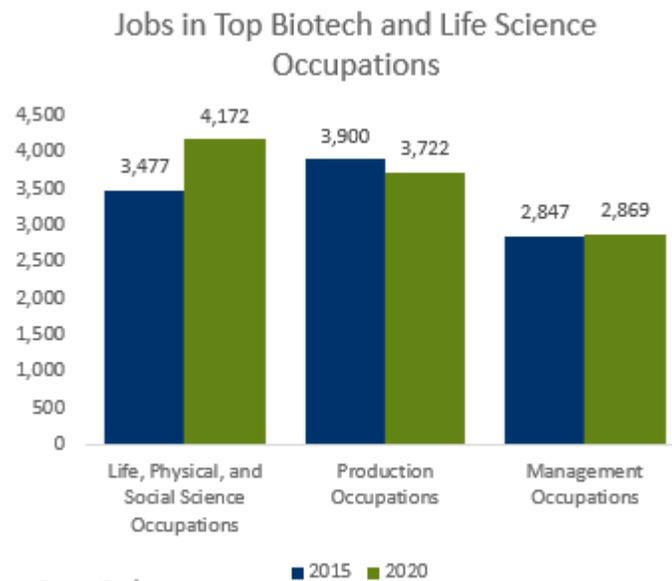
NAICS	Description	2020 Jobs	5-yr Job Change	LQ	Competitive Effect
325411	Medicinal and Botanical Manufacturing	1,135	(19)	4.24	(361)
325413	In-Vitro Diagnostic Substance Manufacturing	1,424	(98)	6.32	(392)
339112	Surgical and Medical Instrument Manufacturing	1,347	(121)	1.25	(311)
339113	Surgical Appliance and Supplies Manufacturing	5,245	128	6.19	(88)
541714	Research and Development in Biotechnology	6,386	(373)	3.60	(2,977)
541715	Research and Development in the Physical, Engineering, and Life Sciences	5,020	666	1.40	460
325412	Pharmaceutical Preparation Manufacturing	5,643	(846)	3.33	(5,683)

Source: Emsi

## WORKFORCE

### Occupations

Within the region, there has also been a shift towards R&D related occupations. Broadly, of the three top occupation categories within biotech and life sciences, life, physical, and social science have added the most jobs since 2015. Production occupations, or those jobs that most closely align with manufacturing, have decreased slightly.



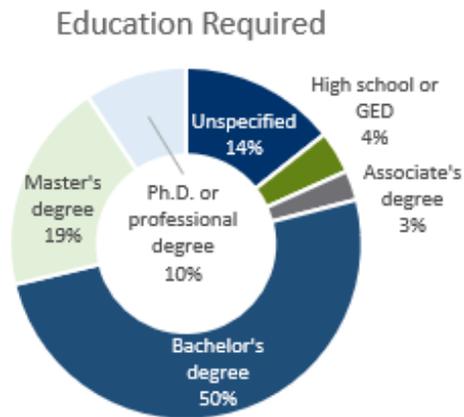
Employees in biotech and life science typically have advanced degrees. The most common occupations within the Highlands Counties' cluster include biochemists and biophysicists, natural sciences managers, software developers, chemists, and project management and business operations specialists- all of which require a higher education degree. Biochemists and biophysicists, the occupations with the most jobs, requires a doctoral or professional degree.

	<b>Jobs</b> 	<b>Education</b> 	<b>Experience</b> 
Biochemists and Biophysicists	1,974	Doctoral or professional degree	None
Natural Sciences Managers	810	Bachelor's degree	5+ years
Software developers and software quality assurance analysts and testers	666	Bachelor's degree	None
Chemists	659	Bachelor's degree	None
Project Management Specialists and Business Operations Specialists	525	Bachelor's degree	None

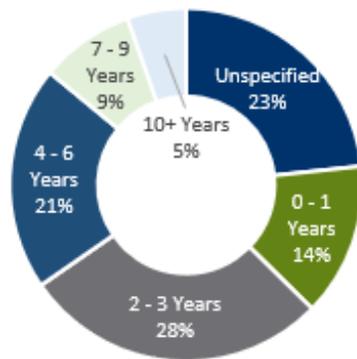
Source: Emsi

## Job Requirements

Opportunities within this industry are geared towards individuals with higher education credentials and some level of experience. Nearly 80% of job postings within biotech and life sciences require at least a Bachelor's degree, with nearly 30% requiring an advanced degree. Where experience requirements are specified in job postings, only 14% require 0-1 years of experience. The rest require at least two years of experience.

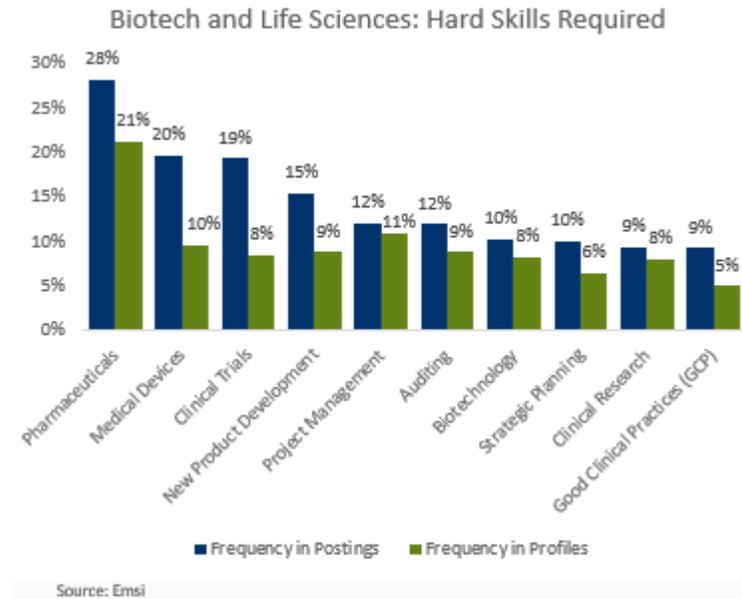


### Experience Required



Source: Emsi

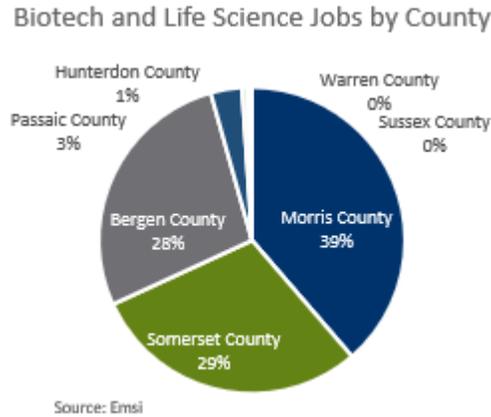
There is a gap between the skills that the workforce possesses and what is sought after by employers. Some of the hard skills that appear more frequently in job postings than in online worker profiles include pharmaceuticals, medical devices, clinical trials, and new product development.



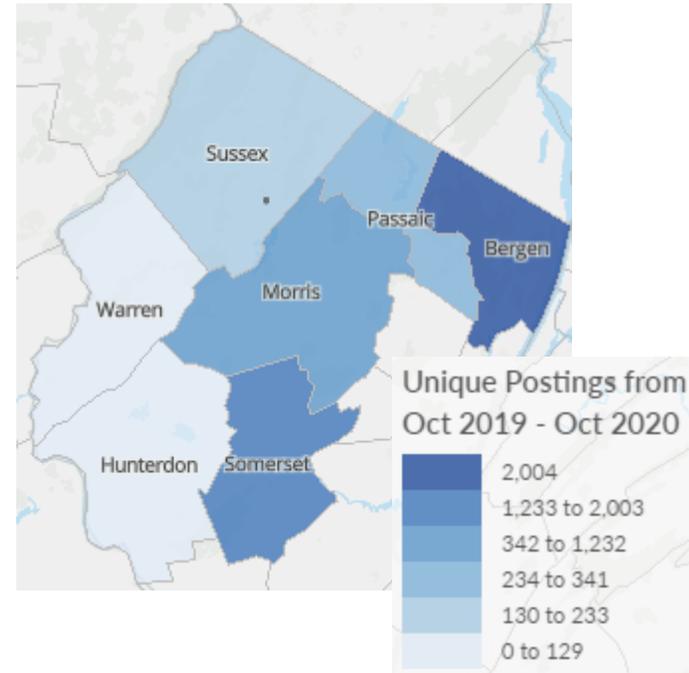
Regional schools that offer 4-year programs that feed this industry, such as biological science, physical sciences, and chemistry programs, include Centenary University, College of Saint Elizabeth, Drew University, Farleigh Dickinson University, Felician University, Ramapo College of New Jersey and William Paterson University of New Jersey. There is a lack of Master's degree programs, post-master's certificate programs, and doctoral degree programs in-region. This indicates that continued growth in this industry, particularly in research and development, will require attracting graduates from schools that are outside of the Highlands Counties.

### Location

Within the Highlands Counties, biotech and life science activity is highly concentrated in three counties- Morris, Somerset, and Bergen counties. 39% of industry jobs are in Morris County, 29% are in Somerset County, and 28% are in Bergen County.



The current job presence aligns with job posting activity across the region. Between October 2019 and October 2020 Bergen County had the most job postings in this industry, followed by Somerset and Morris counties. There is little industry presence in Hunterdon and Warren Counties.



Biotech and Life Science Job Postings by County; Source: Emsi

Of the top occupations in biotech and life science there are slightly more residents that hold these jobs than there are jobs within these occupations in the aggregate regional economy. This is primarily related to the prevalence of general business occupations. The specific science related occupations (natural sciences managers, biochemists and biophysicists, and chemists) all have a positive net commuter number, meaning that there are less residents in these occupations than there are jobs, so a portion of jobs must be filled by workers commuting into the region. Biochemists and biophysicists have the largest deficit of resident workers to total regional jobs.

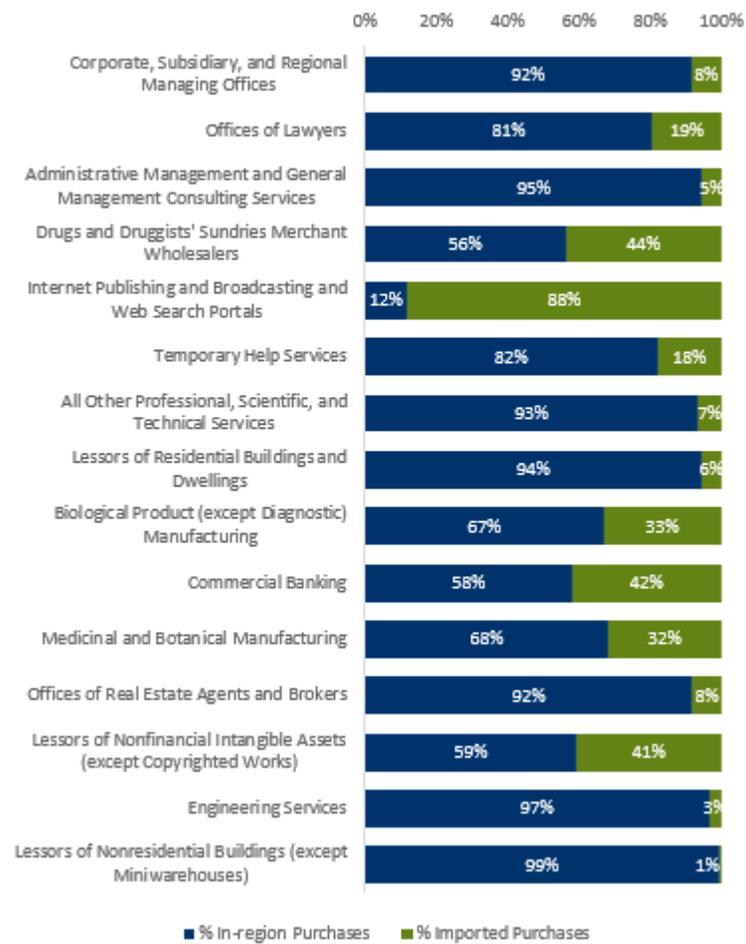
SOC	Description	Total			Net
		Regional Jobs	Industry Jobs	Resident Workers	
11-9121	Natural Sciences Managers	1,881	1,974	1,832	49
13-1198	Project Management Specialists and Business Operations Specialists, All Other	14,463	810	14,719	(257)
15-1256	Software Developers and Software Quality Assurance Analysts and Testers	17,097	666	17,860	(763)
19-1021	Biochemists and Biophysicists	3,057	659	2,800	256
19-2031	Chemists	2,574	525	2,511	63
<b>Total</b>		<b>39,071</b>	<b>4,634</b>	<b>39,723</b>	<b>(651)</b>

Source: Emsi

## SUPPLY CHAIN

The biotech and life science industry is part of a robust supply chain ecosystem. Of the industries from which biotech and life science make the most purchases, over 90% of purchases are made from suppliers within the region.

**Top 15 Supplier Industries to Biotech and Life Science**



Source: Emsi



## Targeted Industry Profile

# TOURISM AND RECREATION

*What is the tourism industry?*

*What are the national trends in this industry?*

*What are the opportunities for tourism in the region? What is the region's competitive advantage?*

*What connections exist with other industries in the region?*

*Where is tourism headed, and how does the region fit into this picture?*

## TOURISM AND RECREATION SUMMARY



**16,370 jobs in Highlands Counties**



**584 jobs lost since 2015; -2,436 competitive effect**



**1.1% of Highlands Counties' GRP**



**834 businesses**



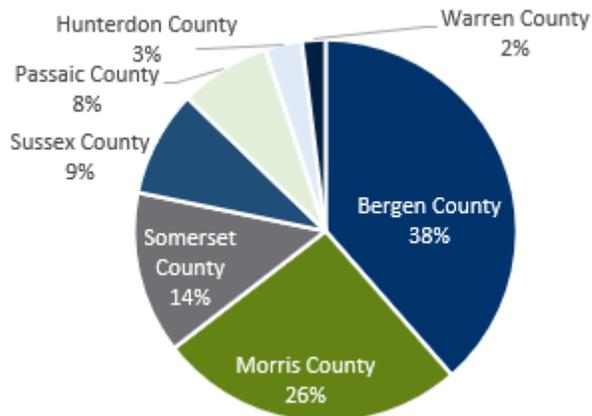
**\$75,168 average earnings per job** (See note at bottom right)

Companies include:

Marriott International, Inc., Sage Hospitality Group, Hyatt Hotels Corporation, and Wyndham Hotel Group, LLC.

## REGIONAL INDUSTRY PRESENCE

Tourism Jobs by County



Source: Emsi

## KEY INDUSTRIES AND OCCUPATIONS

### Industries

- ◆ Hotels and Motels
- ◆ Amusement and Recreation Industries
- ◆ Sports Teams and Clubs
- ◆ Skiing Facilities

### Occupations

- ◆ Maids and Housekeeping Cleaners
- ◆ Travel Agents
- ◆ Waiters and Waitresses
- ◆ Hotel, Motel, and Resort Desk Clerks
- ◆ Amusement and Recreation Attendants

## TOURISM AND RECREATION TRENDS



COVID-19 related travel restrictions and business closures have strained the overall tourism industry.



Demand for outdoor recreation has substantially increased. Since the onset of COVID-19, activities such as running, cycling, and hiking have grown increasingly popular.



Nature focused recreation and agritourism are emerging as key opportunities in the domestic tourism market.

<sup>1</sup>Note that the average wages in this sector are driven up by the subsector containing Professional Sports Teams. Removing this subsector adjusts the average earnings per job to \$43,755.

## TOURISM AND RECREATION

Tourism and recreation offerings across the Highlands Counties are diverse, ranging from hiking, fishing, and camping to skiing and snowboarding. Historical landmarks and attractions, wineries, and farms throughout the region round out the region's ecotourism and agritourism offerings.

Within the Highlands Counties, there are 16,370 tourism related jobs. The industry has shrunk by 3%, or 584 jobs since 2015, and makes up 1.1% of the region's GRP.



### NATIONAL INDUSTRY TRENDS AND OUTLOOK

Prior to the COVID-19 pandemic, the tourism industry experienced slow but steady revenue growth on the national level. Tourism is highly influenced by consumer spending trends, which have shifted positively over the last several years in line with the overall healthy economy and increasing per capita disposable incomes.

The industry, however, has been significantly impacted by the global spread of COVID-19 with industry revenue and profit declining at unprecedented levels. Travel restrictions on nonessential international and domestic travel, business closures, and the prevalence of in-person interaction in industry activities have strained the industry.

Certain subsets of the industry, however, have been able to capitalize on changing trends in consumer behavior. Access to outdoor

recreation benefits not only visitors to a region but also provides a higher quality of life for residents. Throughout the pandemic, demand for outdoor recreation activities has substantially increased. The Outdoor Industry Association reports that the biggest increases in outdoor recreation were running, cycling, and hiking and that participation in outdoor activities has increased since the March 2020 shutdowns.<sup>12</sup>

### Agritourism

Agritourism is a growing subset of the tourism and recreation industry. The USDA reports that farm revenue from agritourism grew from \$704 million in 2012 to almost \$950 million in 2017. The USDA defines agritourism as "farms that contain a recreational or educational enterprise component, such as tours of a working farm and pick-your-own-fruits." Consumer behaviors favoring these activities that have emerged from the COVID-19 pandemic will likely further contribute to growth in this subsector.

Overall, the tourism industry is anticipated to gradually recover from the pandemic-induced setbacks. As consumers begin to return to work, disposable incomes are projected to begin increasing. As a result of better financial security, consumer confidence is anticipated to gradually return and bring increased tourism activity.

Industry trends and demand drivers are summarized below. Green arrows highlight positive industry trends and demand drivers while red arrows indicate potential industry threats.

<sup>1</sup> Increase in Outdoor Activities Due to COVID-19. Outdoor Industry Association. August 13, 2020.

<sup>2</sup> Whitt, Christine; Low, Sarah; Van Sandt, Anders. *Agritourism Allows Farms to Diversity and Has Potential Benefits for Rural Communities*. November 4, 2019. USDA.



Demand for outdoor recreation activities has skyrocketed. As a result of length of the COVID-19 pandemic, people have formed new habits and have new expectations for the recreational experiences they want.



Nature focused recreation and agritourism experiences are increasingly sought after by local residents and nonlocal visitors.



There are increasing opportunities for domestic tourism. As consumers limit travel or are unable to travel internationally, domestic travel may experience a boost.



Trade tensions and the spread of COVID-19 have decreased consumer confidence and spending. Consumer sentiment has a significant influence on travel intentions, demand, and expenditure.



Inbound trips by non-US residents are nearly nonexistent for the time being. Concerns about unnecessary international travel may linger even after a vaccine becomes widely available.

#### Highlands Region Companies

- ◆ Marriott International, Inc.
- ◆ Sage Hospitality Group
- ◆ Hyatt Hotels Corporation
- ◆ Wyndham Hotel Group, LLC
- ◆ Landmark Hospitality, Inc.

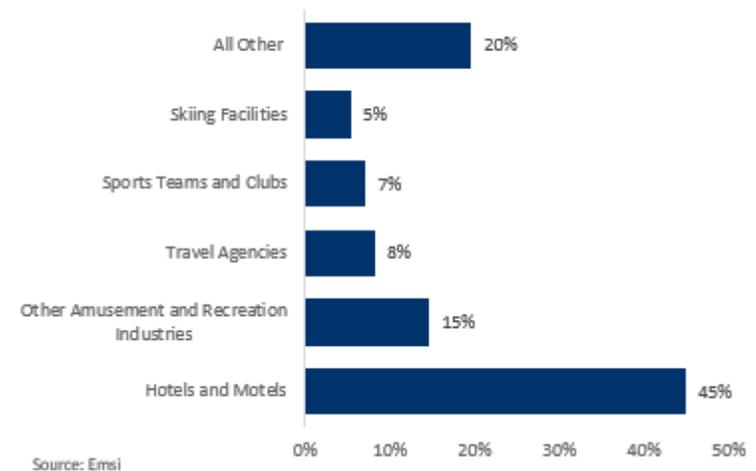
Source: Emsi

#### REGIONAL SPECIALIZATION

Hotels and motels are the biggest jobs contributor to the tourism and recreation industry in the Highlands Counties, accounting for 45% of the industry's 16,370 jobs. Other amusement and recreation industries, travel agencies, sports teams and clubs, and skiing facilities round out the industry's top jobs producers.

Before COVID-19, the industry was losing jobs. The number of jobs in the tourism industry has decreased by 584 over the last five years, with hotels and motels losing the most jobs- a trend that has likely become more pronounced in 2020. Jobs in this industry earn \$75,168 on average and are spread across 834 companies.

Percent of Tourism Jobs, Highlands Region



**Tourism, Highlands Region**

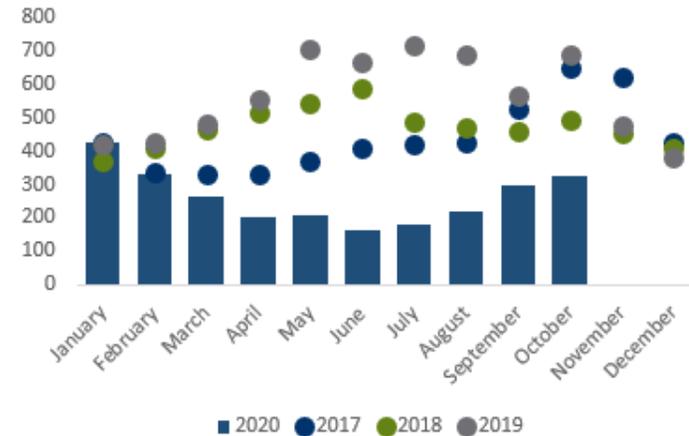
NAICS	Description	2015		2020		% Chg.	
		Jobs	Jobs	Jobs	Jobs	Chg.	Chg.
721110	Hotels (except Casino Hotels) and Motels	7,835	7,358	(477)	(6%)		
713990	All Other Amusement and Recreation Industries	2,108	2,402	294	14%		
561510	Travel Agencies	1,600	1,343	(257)	(16%)		
711211	Sports Teams and Clubs	947	1,166	219	23%		
713920	Skiing Facilities	622	882	260	42%		
561599	All Other Travel Arrangement and Reservation Services	908	528	(380)	(42%)		
711212	Racetracks	398	469	71	18%		
721214	Recreational and Vacation Camps (except Campgrounds)	598	389	(209)	(35%)		
713120	Amusement Arcades	213	370	157	74%		
711219	Other Spectator Sports	394	267	(127)	(32%)		
561520	Tour Operators	141	208	67	48%		
712110	Museums	240	157	(83)	(35%)		
561591	Convention and Visitors Bureaus	190	150	(40)	(21%)		
713930	Marinas	124	118	(6)	(5%)		
713110	Amusement and Theme Parks	69	102	33	48%		
453920	Art Dealers	128	99	(29)	(23%)		
712130	Zoos and Botanical Gardens	83	88	5	6%		
721211	RV (Recreational Vehicle) Parks and Campgrounds	112	74	(38)	(34%)		
713290	Other Gambling Industries	51	64	13	25%		
721191	Bed-and-Breakfast Inns	15	39	24	160%		
712190	Nature Parks and Other Similar Institutions	57	35	(22)	(39%)		
713210	Casinos (except Casino Hotels)	0	19	19	NA		
721310	Rooming and Boarding Houses, Dormitories, and Workers' Camps	31	18	(13)	(42%)		
712120	Historical Sites	<10	<10	NA	NA		
721199	All Other Traveler Accommodation	74	<10	NA	NA		
487990	Scenic and Sightseeing Transportation, Other	<10	<10	NA	NA		
114210	Hunting and Trapping	<10	<10	NA	NA		
<b>Total Tourism</b>		<b>16,954</b>	<b>16,370</b>	<b>(584)</b>	<b>(3%)</b>		

Source: Emsi

**REGIONAL OPPORTUNITIES**

In light of COVID-19 and related travel restrictions the tourism industry has struggled in 2020. As illustrated by the following figure, the number of tourism related job postings are significantly lower in 2020 than they have been in the previous three years.

**Highlands Region: Tourism Job Postings**



Source: Emsi

However, COVID-19 has also accelerated trends in consumer preferences for outdoor recreation and experiences, and more locally based travel and recreation- trends that align well with the region’s existing recreation ecosystem. The farms, nature trails, and opportunities for other outdoor entertainment along with its central location in New Jersey and proximity to larger metropolitan areas present an opportunity for the region to capture consumers who are seeking out nature-based and agritourism-related recreation that is close to home.

Based on trends in the data, specific tourism and recreation industries that show the potential for growth in the region include sports teams and clubs, skiing facilities, racetracks, and amusement

arcades. These industries have exhibited positive job growth, industry concentration, and positive competitive effects.

**Tourism Opportunity Matrix, Highlands Region**

NAICS	Description	2020 Jobs	5-yr Job Change	LQ	Competitive Effect
721110	Hotels (except Casino Hotels) and Motels	7,358	(477)	0.55	(1,054)
713990	All Other Amusement and Recreation Industries	2,402	294	1.19	(325)
561510	Travel Agencies	1,343	(257)	1.47	(388)
711211	Sports Teams and Clubs	1,166	219	1.35	91
713920	Skiing Facilities	882	260	2.64	175
561599	All Other Travel Arrangement and Reservation Services	528	(380)	0.74	(477)
711212	Racetracks	469	71	1.64	124
721214	Recreational and Vacation Camps (except Campgrounds)	389	(209)	1.31	(273)
713120	Amusement Arcades	370	157	1.42	82
711219	Other Spectator Sports	267	(127)	0.54	(93)
561520	Tour Operators	208	67	0.80	57
712110	Museums	157	(83)	0.19	(120)
561591	Convention and Visitors Bureaus	150	(40)	1.64	(74)
713930	Marinas	118	(6)	0.34	(18)
713110	Amusement and Theme Parks	102	33	0.06	27
453920	Art Dealers	99	(29)	0.51	(26)
712130	Zoos and Botanical Gardens	88	5	0.24	(8)
721211	RV (Recreational Vehicle) Parks and Campgrounds	74	(38)	0.27	(54)
713290	Other Gambling Industries	64	13	0.16	14
721191	Bed-and-Breakfast Inns	39	24	0.29	25
712190	Nature Parks and Other Similar Institutions	35	(22)	0.36	(32)
713210	Casinos (except Casino Hotels)	19	19	0.03	19
721310	Rooming and Boarding Houses, Dormitories, and Workers' Camps	18	(13)	0.13	(16)

Source: Emsi

## WORKFORCE

### Occupations

The most common occupations within this industry require little education or work experience. Maids and housekeeping cleaners are the most common occupation, corresponding with the prevalence of hotels and motels within this industry.

Travel agents, waiters and waitresses, desk clerks, and recreation attendants are other top occupations in the tourism and recreation industry in terms of number of jobs.

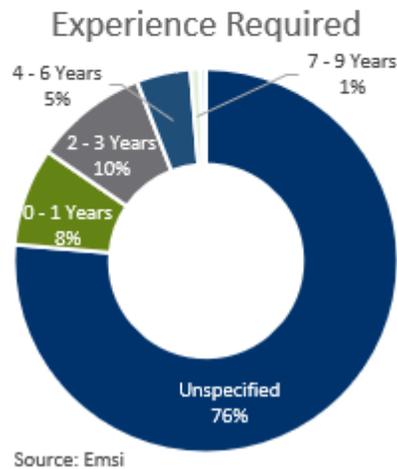
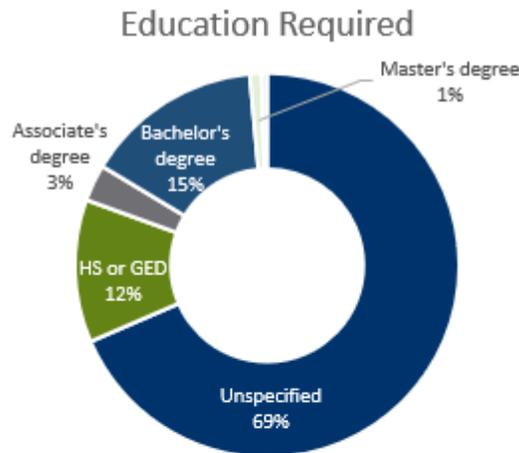
	Jobs	Education	Experience
			
Maids and Housekeeping Cleaners	2,306	None	None
Travel Agents	809	High school	None
Waiters and Waitresses	792	None	None
Hotel, Motel, and Resort Desk Clerks	770	None	None
Amusement and Recreation Attendants	592	None	None

Source: Emsi

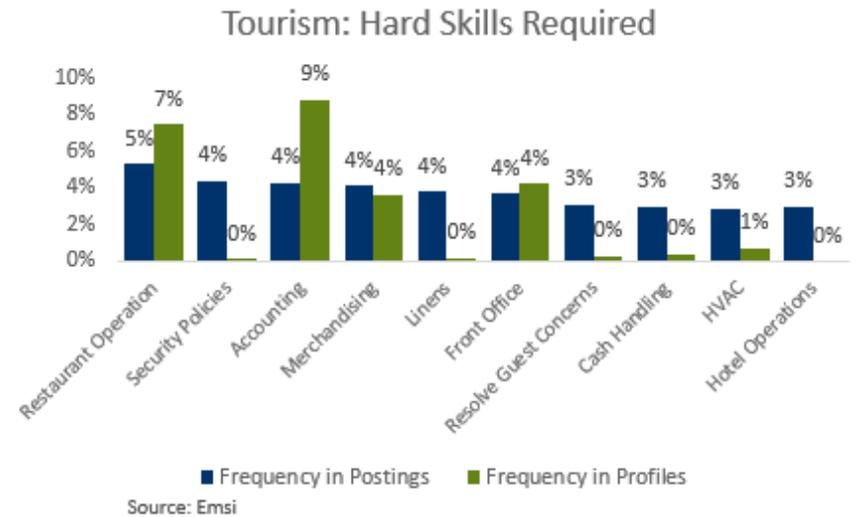
### Job Requirements

Education and experience requirements are not specified in a majority of job postings for this industry, suggesting that such credentials may not be important for jobs that are hiring. Where

specified, however, Bachelor's degrees and 2-3 years of experience are the most commonly required credentials.

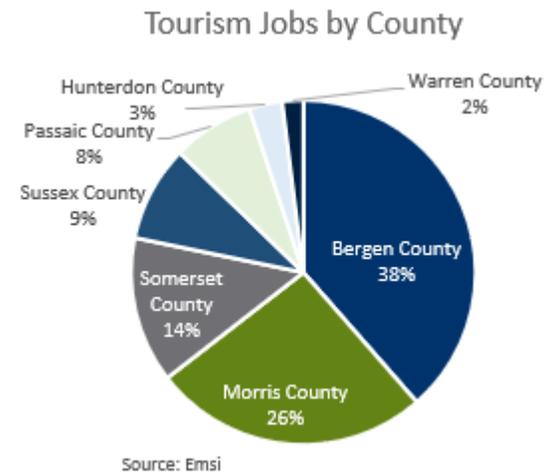


Some of the most common hard skills required for these roles include restaurant operation, security policies, accounting, and merchandising.



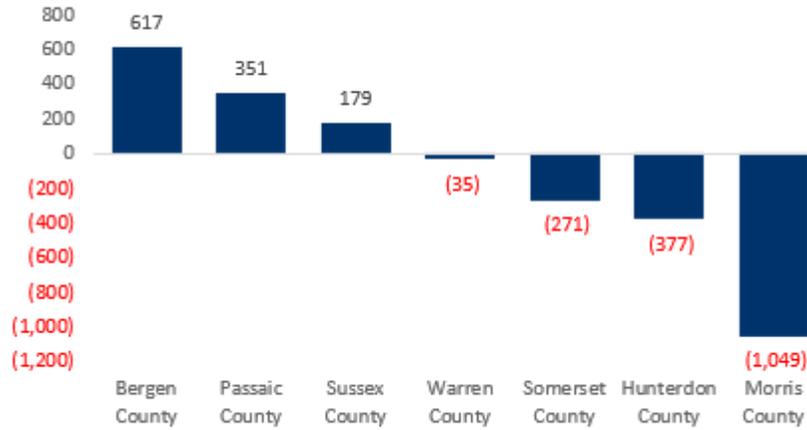
#### Location

38% of tourism and recreation jobs are in Bergen County. This is followed by Morris County (26%) and Somerset County (14%).



Over the last five years, tourism and recreation job growth has occurred in Bergen, Passaic, and Sussex counties. Morris County has lost the most jobs, shedding over 1,000 tourism jobs since 2015.

### Tourism Job Change (2015-2020) by County



Source: Emsi

There is a relatively small negative net commuter number for the top tourism occupations, indicating that the number of regional jobs is relatively well aligned with the number of residents who are in these occupations.

### Tourism Top Occupations Resident Workers and Commuters

SOC	Description	Total Regional Jobs	Industry Jobs	Resident Workers	Net Commuters
35-3031	Waiters and Waitresses	18,206	792	18,156	50
37-2012	Maids and Housekeeping Cleaners	10,596	2,306	10,735	(139)
39-3091	Amusement and Recreation Attendants	2,312	592	2,340	(28)
41-3041	Travel Agents	877	809	866	10
43-4081	Hotel, Motel, and Resort Desk Clerks	866	770	973	(107)
<b>Total</b>		<b>32,857</b>	<b>5,269</b>	<b>33,070</b>	<b>(213)</b>

Source: Emsi

### SUPPLY CHAIN

With the exception of internet publishing, broadcasting and web search portals, the tourism industry sources over half (or nearly half) of purchases from its top supplying industries from within the region. This makes sense since given the nature of the tourism industry, many of the industry's key inputs are service based and would therefore have a high probability of being located nearby.

### Top 15 Supplier Industries to Tourism



Source: Emsi



## Targeted Industry Profile

# FINANCE AND INSURANCE

*What is the finance and insurance industry?*

*What are the national trends in this industry?*

*What are the opportunities for finance and insurance in the region? What is the region's competitive advantage?*

*What connections exist with other industries in the region?*

*Where is finance and insurance headed, and how does the region fit into this picture?*

## FINANCE AND INSURANCE SUMMARY



22,793 jobs in Highlands Counties



1,956 jobs added since 2015



3.5% of Highlands Counties' GRP



1,201 businesses



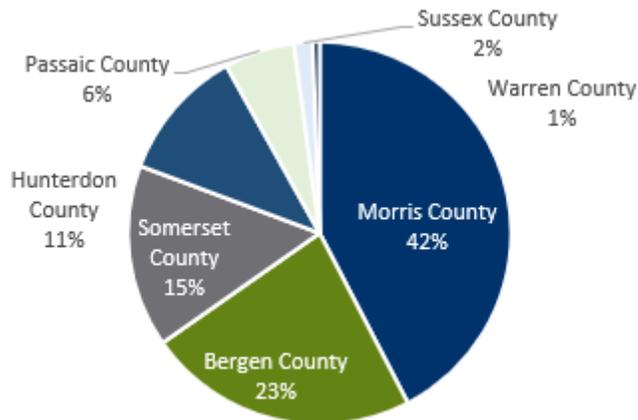
\$152,457 average earnings per job

### Companies include:

Allstate New Jersey; Mutual of Omaha; Berkshire Hathaway Inc.; National Agents Alliance; and Selective Insurance Group, Inc.

## REGIONAL INDUSTRY PRESENCE

Finance and Insurance Jobs by County



Source: Emsi

## KEY INDUSTRIES AND OCCUPATIONS

### Industries

- ◆ Direct Property and Casualty Insurance Carriers
- ◆ Investment Banking and Securities Dealing
- ◆ Real Estate Credit
- ◆ All Other Insurance Related Activities

### Occupations

- ◆ Insurance Sales Agents
- ◆ Claims Adjusters, Examiners, and Investigators
- ◆ Customer Service Representatives
- ◆ Insurance Claims and Policy Processing Clerks
- ◆ Securities, Commodities, and Financial Services Sales Agents

## WORKFORCE



The number of residents that are qualified for positions in this industry outweighs the number of jobs in the region, meaning these individuals are commuting out of the region for work.



Bachelor's degrees are the most common education level required for jobs in this industry. Valuable credentials also include Series 6 licenses and Chartered Property Casualty Underwriters.



There is a need for more experience in annuities, selling techniques, financial services, and insurance sales among the workforce.

## FINANCE AND INSURANCE

Within the Highlands Counties, finance and insurance is characterized by both the banking/credit and insurance industries. In banking, companies provide a range of securities services including investment banking, trading, wealth management services, and securities underwriting. This industry is complemented by non-depository institutions that specialize in primary and secondary market lending. Unlike banks, these companies do not rely on deposits to issue loans and instead securitize and sell loans on the secondary market. The insurance industry includes providers who sell insurance policies and annuities as well as administrators and adjusters who appraise and settle claims and provide administration of insurance and pension funds.

Within the Highlands Counties, there are 22,793 jobs in the finance and insurance cluster. The industry has added nearly 2,000 jobs since 2015 and makes up 3.5% of the region's GRP.



### NATIONAL INDUSTRY TRENDS AND OUTLOOK

Leading up to 2020 the finance industry benefitted from improving macroeconomic conditions and interest rates that were below historical averages. This led to an increased demand for industry services and as a result an increased demand in industry revenue. The finance industry has also benefitted from the volatility caused by the COVID-19 pandemic. Specifically, investment banks and securities dealers have reaped higher trade execution fees as a result of increased trading activity on behalf of their clients. Similarly, a substantial number of businesses across a wide range of industries have turned to lenders within this industry to help raise cash to stabilize their financial security. As the COVID-19 threat begins to

diminish, the industry is expected to also benefit from improved economic conditions that allow asset and interest rates to rise, generating even more equity underwriting and lending activities.

The insurance portion of this industry cluster also benefitted from strong economic conditions leading into 2020. In general, since many types of property, casualty, and direct insurances are required by law (such as to own a car or a home, operate a business, or practice medicine) demand tends to be relatively stable. Over the last several years, insurance premiums rose as a result of several natural disasters, including Hurricanes Sandy, Irma, and Maria that severely damaged several parts of the country and necessitated industry operators to rebuild surpluses and improve profitability. Prior to COVID-19, businesses and consumers benefited from strong macroeconomic conditions, which boosted their ability to afford rising insurance premiums and fueled industry growth.

### Property and Casualty Insurance

Property, casualty and direct insurance carriers underwrite insurance policies that protect individuals, businesses and agencies against losses that occur as a result of property damage, liability or other risks. Operators also protect real estate owners or creditors against losses sustained as a result of any title defect to real property.

Operators underwrite auto, homeowners', title, workers' compensation, and medical malpractice insurance.

Growth in insurance has reversed as a result of the COVID-19 pandemic. Business closures and lower employment levels brought on by the pandemic are expected to significantly reduce demand for industry services. As the economy emerges from the pandemic, it is expected that technological changes, system upgrades, and cloud computing will help the industry decrease expenses while demand for insurance steadily rises.

Industry trends and demand drivers are summarized below. Green arrows highlight positive industry trends and demand drivers while red arrows indicate potential industry threats.



An expected increase in the number of registered motor vehicles and in the rate of homeownership is boosting demand for insurance. Higher homeownership rates are also indicative of higher levels of loan origination.



A relatively stable regulatory environment benefits the property, casualty and direct insurance industry. Regulations typically involve capital adequacy requirements, which affect profitability. Increases to the amount of capital required per premium limits the industry's ability to underwrite new policies.



Investor uncertainty, resulting from the ongoing pandemic, political climate, and other factors, represents an opportunity for the finance industry as uncertainty tends to lead to higher trading volumes and activity.



Declining corporate profit is a potential threat for the banking industry. Lower profit decreases the value of companies, which in turn decreases trading and business activity.

## REGIONAL SPECIALIZATION

As of 2020, there are 22,793 jobs in the finance and insurance cluster in the Highlands Counties. Most are in insurance, with 39% of jobs in insurance agencies and brokerages and 30% in direct property and casualty insurance carriers. Economic activity in this cluster represents 3.5% of the region's GRP.

There are 1,201 finance and insurance companies in the region, with average earnings per job of \$152,457.

### Share of Finance and Insurance Jobs, Highlands Region



Source: Emsi

### Highlands Region Companies

- ◆ Allstate New Jersey
- ◆ Mutual of Omaha
- ◆ Berkshire Hathaway Inc.
- ◆ National Agents Alliance
- ◆ Selective Insurance Group, Inc.

Source: Emsi

Employment in this cluster has grown by 9%, or nearly 2,000 jobs, over the last five years. Insurance agencies and brokerages is the only industry to have lost jobs since 2015.

**Finance and Insurance, Highlands Region**

NAICS	Description	2015 Jobs	2020 Jobs	Chg.	% Chg.
522292	Real Estate Credit	2,163	2,308	145	7%
523110	Investment Banking and Securities Dealing	2,533	2,996	463	18%
524126	Direct Property and Casualty Insurance Carriers	5,967	6,862	895	15%
524210	Insurance Agencies and Brokerag	9,208	8,965	(243)	(3%)
524298	All Other Insurance Related Activi	967	1,662	695	72%
<b>Total Finance and Insurance</b>		<b>20,837</b>	<b>22,793</b>	<b>1,956</b>	<b>9%</b>

Source: Emsi

**REGIONAL OPPORTUNITIES**

Given the region’s proximity to New York City and the residents who are currently commuting out of the region for jobs within this industry, there is an opportunity for the Highlands Counties to expand and grow some of its existing finance and insurance industries. Opportunities may exist within the following industries:

- ◆ **Direct Property and Casualty Insurance Carriers:** Existing industry presence, strong job growth, highly competitive.
- ◆ **Investment Banking and Securities Dealing:** Existing industry presence, strong job growth, highly concentrated, and competitive.
- ◆ **Real Estate Credit:** Positive job growth, concentrated, and competitive.
- ◆ **All Other Insurance Related Activities:** Positive job growth, concentrated, and competitive.

**Finance and Insurance Opportunity Matrix, Highlands Region**

NAICS	Description	2020 Jobs	5-yr Job	LQ	Competitive Effect
522292	Real Estate Credit	2,308	145	1.34	170
523110	Investment Banking and Securities Dealing	2,996	463	2.48	418
524126	Direct Property and Casualty Insurance Carriers	6,862	895	1.59	898
524210	Insurance Agencies and Brokerages	8,965	(243)	0.96	(1,536)
524298	All Other Insurance Related Activities	1,662	695	2.15	509

Source: Emsi

## WORKFORCE

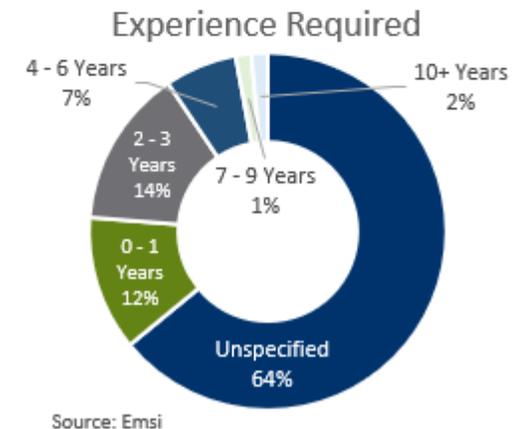
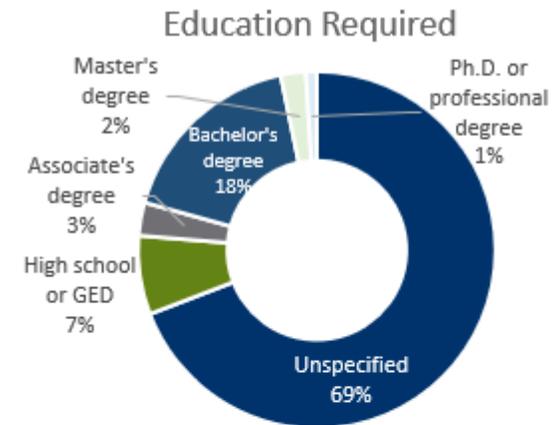
The most common occupation within this cluster is insurance sales agents, accounting for 4,869 of the industry's jobs. Other top occupations include claims adjusters, examiners, and investigators; customer service representatives; insurance claims and policy processing clerks; and securities, commodities, and financial services sales agents. Most of these occupations require a high school diploma, with securities, commodities, and financial services sales agents being the only top occupation to require higher education.

	<b>Jobs</b> 	<b>Education</b> 	<b>Experience</b> 
Insurance Sales Agents	4,869	High school	None
Claims Adjusters, Examiners, and Investigators	1,979	High school	None
Customer Service Representatives	1,603	High school	None
Insurance Claims and Policy Processing Clerks	1,393	High school	None
Securities, Commodities, and Financial Services Sales Agents	866	Bachelor's degree	None

Source: Emsi

## Job Requirements

Bachelor's degrees are the most common education credential desired by employers for roles within the finance and insurance cluster, where education requirements are specified in job postings. Where experience requirements are specified, 2-3 years of experience is the most common requirement for jobs in this industry, followed closely by 0-1 years.

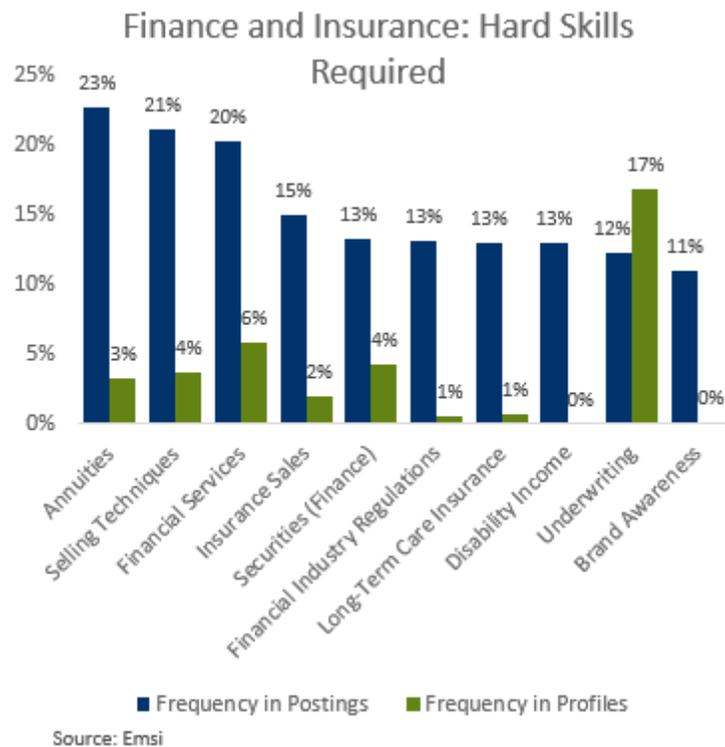


In addition to education and experience, there are other credentials that are valuable for jobs in this industry. Qualifications including the Series 6 Investment Company and Variable Contracts Licenses, Chartered Property Casualty Underwriters, and Certified Public Accountant are some of the top qualifications listed in job postings for this industry.

On the skills side of things, of the top hard skills desired by industry employers, nearly all appear more frequently in job postings than in workforce profiles. For example, annuities appears in 23% of job postings but only 3% of profiles, selling techniques in 21% of postings but only 3% of profiles, financial services in 20% of postings but only 6% of profiles, and financial services in 20% of postings but only 6% of profiles.

Of the occupations that had the most job postings in the finance and insurance industry between October 2019 and October 2020, securities, commodities, and financial services sales agent roles took the longest to fill (67 days). This was followed by insurance underwriter roles, which took 51 days to fill. These occupations are two of the three most frequently posted occupations that require a bachelor’s degree.

In looking at the average annual openings in the regional economy for the top posted occupations in finance and insurance, job openings exceed educational completions for the three occupations that require a bachelor’s degree. This means that there may be a deficit of individuals in the region with the credentials required for these positions.



### Top Posted Occupations

Occupation (SOC)	Finance and Insurance		Regional Economy		
	Postings (Oct 2019 - Oct 2020)	Median Posting Duration	Typical Entry Level Education	Avg. Annual Openings	Regional Education Completions (2019)
Insurance Sales Agents	1,073	35 days	None	761	0
Securities, Commodities, and Financial Services Sales Agents	380	67 days	Bachelor's degree	591	17
Real Estate Sales Agents	318	44 days	High School	416	0
Personal Financial Advisors	152	42 days	Bachelor's degree	188	132
Claims Adjusters, Examiners, and Investigators	94	42 days	None	335	0
Insurance Underwriters	86	51 days	Bachelor's degree	125	0
Customer Service Representatives	84	22 days	None	2,949	0

Source: Emsi

### Location

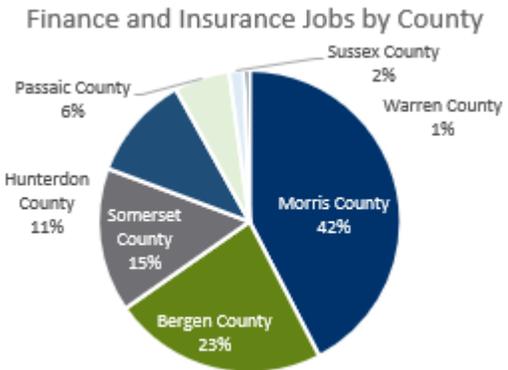
Although educational completions don't necessarily align with job openings in the top posted occupations, there is an excess of residents in the region whose occupations are the top occupations in this cluster. Overall, there is a negative net commuter figure of over 8,000 for finance and insurance's top occupations. This means that there are over 8,000 more residents with these occupations than there are jobs in these occupations within the Highlands Counties' economy (across any industry). The difference is most pronounced among securities, commodities, and financial services sales agents of which nearly 3,500 must commute out of the region, primarily to New York City, for work.

**Finance and Insurance Top Occupations Resident Workers and Commuters**

SOC	Description	Total Regional Jobs	Industry Jobs	Resident Workers	Net Commuters
13-1031	Claims Adjusters, Examiners, and Investigators	3,245	1,979	3,351	(106)
41-3021	Insurance Sales Agents	6,132	4,869	8,629	(2,498)
41-3031	Securities, Commodities, and Financial Services Sales Agents	4,380	866	7,857	(3,478)
43-4051	Customer Service Representatives	20,820	1,603	22,708	(1,888)
43-9041	Insurance Claims and Policy Processing Clerks	2,240	1,393	2,367	(127)
<b>Total</b>		<b>36,816</b>	<b>10,710</b>	<b>44,913</b>	<b>(8,097)</b>

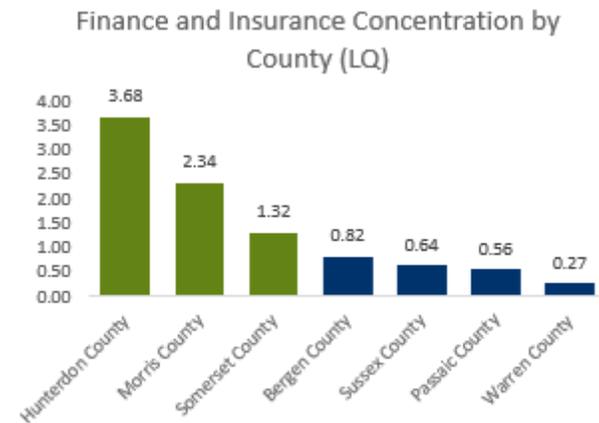
Source: Emsi

Around 42% of cluster jobs are in Morris County, followed by Bergen County (23%) and Somerset County (15%).



Source: Emsi

In terms of industry concentration however, Hunterdon County leads the region with a location quotient (LQ) of 3.68. The finance and insurance cluster is also concentrated in Morris and Somerset counties.

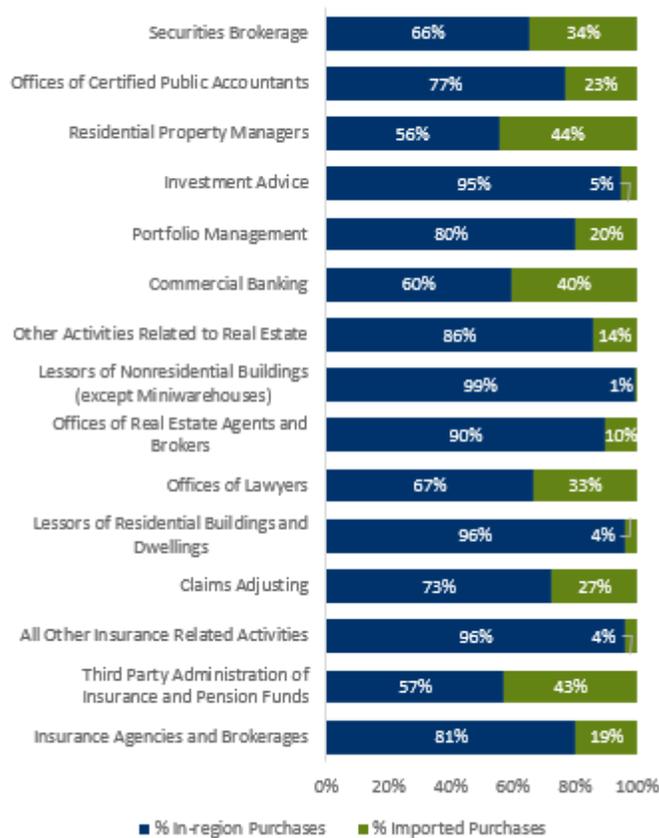


Source: Emsi

## SUPPLY CHAIN

Many of the industry inputs for the finance and insurance industry are largely sourced from within the Highlands Region. Industries with the highest percentage of imported purchases include third party administration of insurance and pension funds, commercial banking, and residential property managers.

**Top 15 Supplier Industries to Finance and Insurance**



Source: Emsi



## Targeted Industry Profile

# FOOD PRODUCTION

*What is the food production industry?*

*What are the national trends in this industry?*

*What are the opportunities for food production in the region? What is the region's competitive advantage?*

*What connections exist with other industries in the region?*

*Where is food production headed, and how does the region fit into this picture?*

## FOOD PRODUCTION SUMMARY



15,149 jobs in Highlands Counties



3,045 jobs added since 2015



1.0% of Highlands Counties' GRP



696 businesses



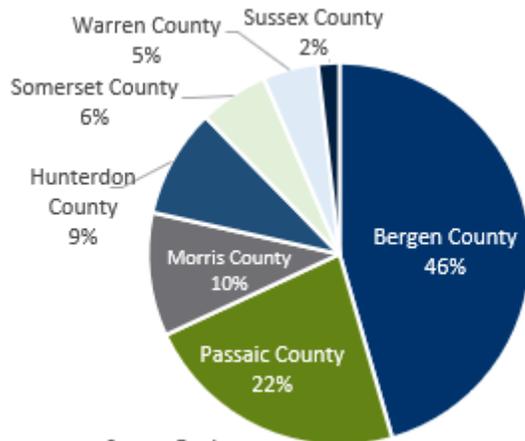
\$64,435 average earnings per job

Companies include:

Mondelez International, Inc.; Mars, Incorporated; Kraft Foods Group, Inc.; Promotion in Motion, Inc.; and Stratas Foods LLC

## REGIONAL INDUSTRY PRESENCE

Food Production Jobs by County



## KEY INDUSTRIES AND OCCUPATIONS

### Industries

- ◆ Frozen Specialty Food Manufacturing
- ◆ Other Snack Food Manufacturing
- ◆ Dry Pasta, Dough, and Flour Mixes Manufacturing
- ◆ Cookie and Cracker Manufacturing

### Occupations

- ◆ Farmworkers and Laborers
- ◆ Bakers
- ◆ Food Batchmakers
- ◆ Packaging and Filling Machine Operators and Tenders
- ◆ Packers and Packagers

## WORKFORCE



Over 1,500 workers commute into the region for jobs; there are less residents in the industry's top occupations than there are total jobs in these occupations.



Education credentials and previous experience are of low importance for jobs within this industry.



There is a need for more experience in supply chain, KPIs, packaging and labeling, food safety, and merchandising.

## FOOD PRODUCTION

Within the Highlands Counties, food production encompasses both agriculture and food processing, including the production of frozen foods, snacks, sweets, and bread, among others. Agricultural products are key inputs in food processing and manufacturing.

Within the Highlands Counties, there are 15,149 jobs in the food production cluster. The industry has added over 3,000 jobs since 2015 and makes up 1.0% of the region's GRP.



## NATIONAL INDUSTRY TRENDS AND OUTLOOK

In addition to food production, agricultural products serve as inputs for a variety of industries. Nationally, the U.S. is a net exporter of agricultural goods. Despite the importance of this industry to the economy, revenue and production volumes have historically been volatile. Industry disruptions, such as droughts and disease outbreaks, are unpredictable. The COVID-19 pandemic itself caused a major shift in the markets for agricultural products and resulted in revenue declines throughout the industry. Agriculture, particularly crop production, is also highly affected by weather patterns and environmental issues. Additionally, input costs are a strong determinant of profitability. Despite these factors and industry volatility, agriculture remains an attractive sector due to its stable position within the overall economy.

## COVID-19 Impact

Agriculture operating costs have increased due to the COVID-19 pandemic. Nationally, restaurant closures have significantly decreased demand for industry goods while demand from grocery stores and other food retailers has significantly increased. Overall, this has resulted in minimal change in demand for agricultural products, but the market shift has presented a challenge for farms. Previously, many farms had only provided products to restaurants or other large buyers. Now, they must invest in new processes and equipment to be able to sell to grocery stores or directly to consumers.

Within food production industries, operators are responding to changing consumer preferences and innovating accordingly. A growing awareness of the long-term health consequences of an unhealthy diet has led consumers to increasingly seek out low-calorie, low-sodium, organic or gluten-free products. In response, manufacturers have added various healthy food options to their product portfolios and have reformulated products to meet consumer demand. Food producers tend to benefit from customer loyalty and the fact that industry performance is not particularly sensitive to economic downturns. Although supply chain disruptions have occurred as a result of COVID-19, the industry is still expected to experience modest growth resulting in more people spending time in and eating at home.

Industry trends and demand drivers are summarized below. Green arrows highlight positive industry trends and demand drivers while red arrows indicate potential industry threats.



The agricultural price index, which measures the prices received for all agricultural products. The agricultural price index is trending upward, which is indicative of strong sector performance.



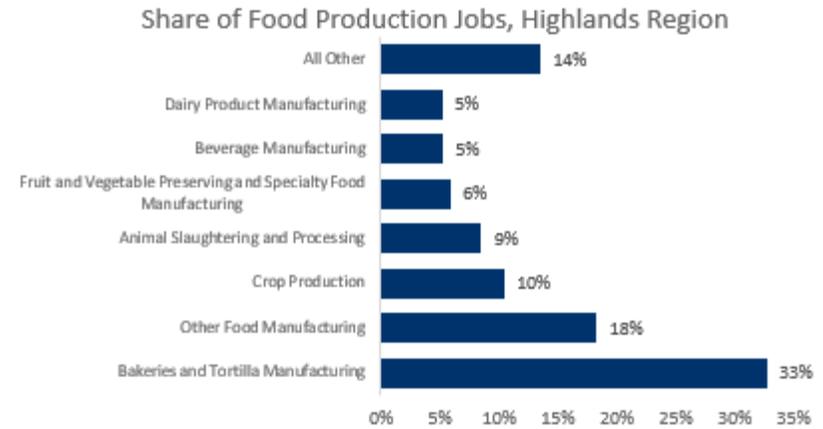
The price of fertilizer, a major input for crop growers, is increasing. These costs are generally passed onto buyers, increasing revenue for farmers.



Demand from food manufacturers for hay and crop related products is projected to increase, representing an opportunity for the agriculture industry.



The price of corn, a key input in snack and other food production, is projected to decrease. This will result in lower production costs for food processors.



Source: Emsi

### REGIONAL SPECIALIZATION

As of 2020, there are 15,149 food production jobs within the Highlands Counties. A third of these jobs are in bakeries and tortilla manufacturing. This is followed by 18% of jobs in other food manufacturing and 10% in crop production. Food production jobs in the region earn \$64,435, on average, and are distributed across 696 businesses.

The food production industry is growing within the region. Since 2015, over 15,000 jobs have been added- growth of 25%. Bakeries and tortilla manufacturing, other food manufacturing, and beverage manufacturing have added the most jobs.

**Food Production, Highlands Region**

NAICS	Description	2015 Jobs	2020 Jobs	Chg.	% Chg.
1110	Crop Production	1,399	1,585	186	13%
1120	Animal Production	267	568	301	113%
1131	Timber Tract Operations	0	<10	NA	NA
1132	Forest Nurseries and Gathering of Forest Prodi	0	14	14	NA
1133	Logging	12	15	3	25%
1141	Fishing	20	21	1	5%
1142	Hunting and Trapping	<10	<10	NA	NA
1151	Support Activities for Crop Production	351	381	30	9%
1152	Support Activities for Animal Production	336	297	(39)	(12%)
1153	Support Activities for Forestry	12	11	(1)	(8%)
3111	Animal Food Manufacturing	133	28	(105)	(79%)
3112	Grain and Oilseed Milling	105	202	97	92%
3113	Sugar and Confectionery Product Manufacturii	405	419	14	3%
3114	Fruit and Vegetable Preserving and Specialty Food Manufacturing	426	894	468	110%
3115	Dairy Product Manufacturing	700	788	88	13%
3116	Animal Slaughtering and Processing	1,203	1,296	93	8%
3117	Seafood Product Preparation and Packaging	28	54	26	93%
3118	Bakeries and Tortilla Manufacturing	4,204	4,959	755	18%
3119	Other Food Manufacturing	2,168	2,779	611	28%
3121	Beverage Manufacturing	323	796	473	146%
3122	Tobacco Manufacturing	<10	35	NA	NA
<b>Total</b>		<b>12,104</b>	<b>15,149</b>	<b>3,045</b>	<b>25%</b>

Source: Emsi

## REGIONAL OPPORTUNITIES

The Highland's Region's agricultural heritage along with the existing presence of food manufacturers provides a solid foundation for expanding the growing the food production industry.

At the 4-digit NAICS level industries that exhibit the greatest potential for growth based on existing presence, job growth, concentration and competitiveness include Fruit and Vegetable Preserving and Specialty Food Manufacturing, Bakeries and Tortilla Manufacturing, and other Food Manufacturing.

**Food Production Opportunity Matrix, Highlands Region**

NAICS	Description	2020 Jobs	5-yr Job Change	LQ	Competitive Effect
1110	Crop Production	1,585	186	0.25	242
1120	Animal Production	568	301	0.16	302
1131	Timber Tract Operations	<10	NA	0.06	2
1132	Forest Nurseries and Gathering of Forest Products	14	14	0.68	14
1133	Logging	15	3	0.03	4
1141	Fishing	21	1	0.09	4
1142	Hunting and Trapping	<10	NA	0.13	(1)
1151	Support Activities for Crop	381	30	0.09	5
1152	Support Activities for Animal Production	297	(39)	0.81	(76)
1153	Support Activities for Forestry	11	(1)	0.07	(2)
3111	Animal Food Manufacturing	28	(105)	0.05	(124)
3112	Grain and Oilseed Milling	202	97	0.40	93
3113	Sugar and Confectionery Product Manufacturing	419	14	0.67	(12)
3114	Fruit and Vegetable Preserving and Specialty Food Manufacturing	894	468	0.64	464
3115	Dairy Product Manufacturing	788	88	0.64	1
3116	Animal Slaughtering and Processing	1,296	93	0.30	(21)
3117	Seafood Product Preparation and Packaging	54	26	0.19	27
3118	Bakeries and Tortilla Manufacturing	4,959	755	1.85	483
3119	Other Food Manufacturing	2,779	611	1.49	224
3121	Beverage Manufacturing	796	473	0.35	365
3122	Tobacco Manufacturing	35	NA	0.39	31

Source: Emsi

Within these industries, specific opportunities exist within the industries that are displayed in the following table. All of these industries have some existing presence within the region, have added jobs over the last five years, are concentrated (LQ>1.0) and are competitive (positive competitive effect). Specific opportunities include:

- ◆ **Frozen Specialty Food Manufacturing:** Strong job growth and highly competitive.
- ◆ **Dry Pasta, Dough, and Flour Mixes Manufacturing:** Highly concentrated and competitive.

**Food Production Opportunity Matrix, 6-digit NAICS, Highlands Region**

NAICS	Description	2020 Jobs	5-yr Job Change	LQ	Competitive Effect
311412	Frozen Specialty Food Manufacturing	610	436	1.24	423
311919	Other Snack Food Manufacturing	649	372	1.88	342
311824	Dry Pasta, Dough, and Flour Mixes Manufacturing from Purchased Flour	862	320	5.00	350
311813	Frozen Cakes, Pies, and Other Pastries Manufacturing	207	191	2.02	191
311821	Cookie and Cracker Manufacturing	758	178	2.72	158
311812	Commercial Bakeries	1,850	128	1.63	26
311999	All Other Miscellaneous Food Manufacturing	521	122	1.80	48

Source: Emsi

## WORKFORCE

### Occupations

The top occupations in food production include packaging and filling machine operators and tenders, packers and packagers, farmworkers and laborers, bakers, and food batchmakers. These occupations require little previous experience or education credentials.

	<b>Jobs</b>	<b>Education</b>	<b>Experience</b>
			
Packaging and Filling Machine Operators and Tenders	1,397	High school	None
Packers and Packagers, Hand	1,187	None	None
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	830	None	None
Bakers	763	None	None
<u>Food Batchmakers</u>	759	High School	None

Source: Emsi

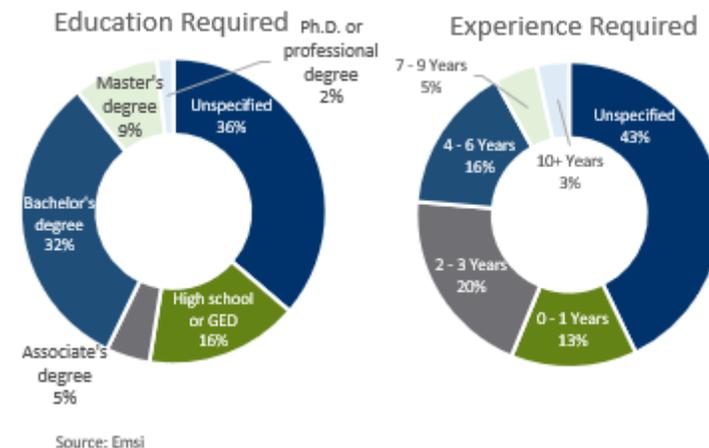
### Highlands Region Companies

- ◆ Mondelez International, Inc.
- ◆ Mars, Incorporated
- ◆ Kraft Foods Group, Inc.
- ◆ Promotion in Motion, Inc.
- ◆ Stratas Foods LLC
- ◆ Johanna Foods, Inc.

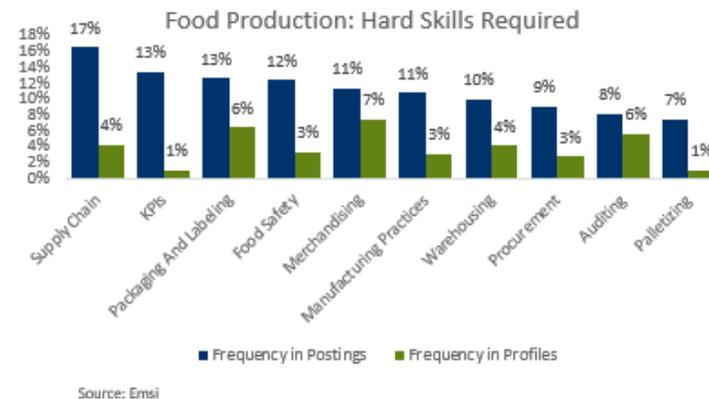
Source: Emsi

### Job Requirements

A large portion of job postings for this industry do not specify what the education and experience requirements for the position are, indicating that these may not be of much importance for jobs within the industry. Where requirements are specified however, a Bachelor's degree and 2-3 years of experience are most desired by employers.



There is however a gap between the hard skills desired by employers and the workforce profiles that contain these skills. Skills such as supply chain, KPIs, and food safety appear much more frequently in job postings than in workforce profiles.



### Location

Of the top occupations in food production, there are less residents that hold these jobs than there are total jobs in these occupations in the regional economy. This means that approximately 1,568 workers must commute into the region to fill these jobs. Bakers and food batchmakers are the occupations for which jobs most closely align with resident workers.

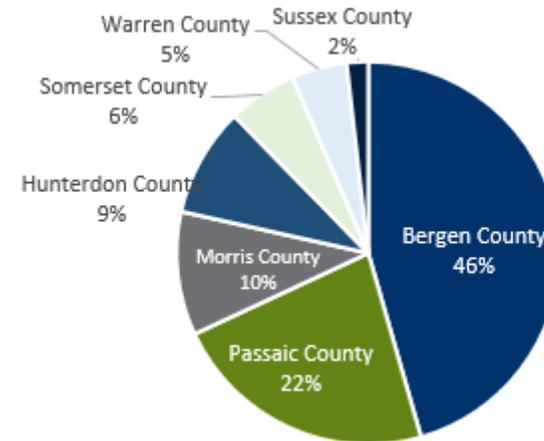
**Food Production Top Occupations Resident Workers and Commuters**

SOC	Description	Total Regional Jobs	Industry Jobs	Resident Workers	Net Commuters
45-2092	Farmworkers and Laborers, Crop, Nursery, and Greenhouse	1,332	830	1,182	150
51-3011	Bakers	1,680	763	1,715	(35)
51-3092	Food Batchmakers	999	759	1,034	(34)
51-9111	Packaging and Filling Machine Operators and Tenders	4,590	1,397	4,269	320
53-7064	Packers and Packagers, Hand	11,619	1,187	10,452	1,167
<b>Total</b>		<b>20,221</b>	<b>4,936</b>	<b>18,653</b>	<b>1,568</b>

Source: Emsi

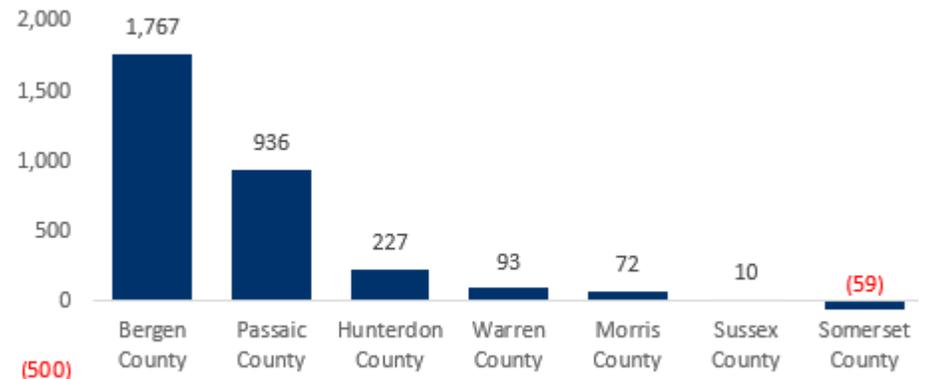
Most of the food production jobs are located in Bergen County (46%). This is followed by Passaic County (22%) and Morris County (10%). In terms of job growth, however, along with Bergen and Passaic counties, Hunterdon County rounds out the top three, adding 227 jobs in the last five years.

**Food Production Jobs by County**



Source: Emsi

**Food Production, 2015-2020 Job Change**

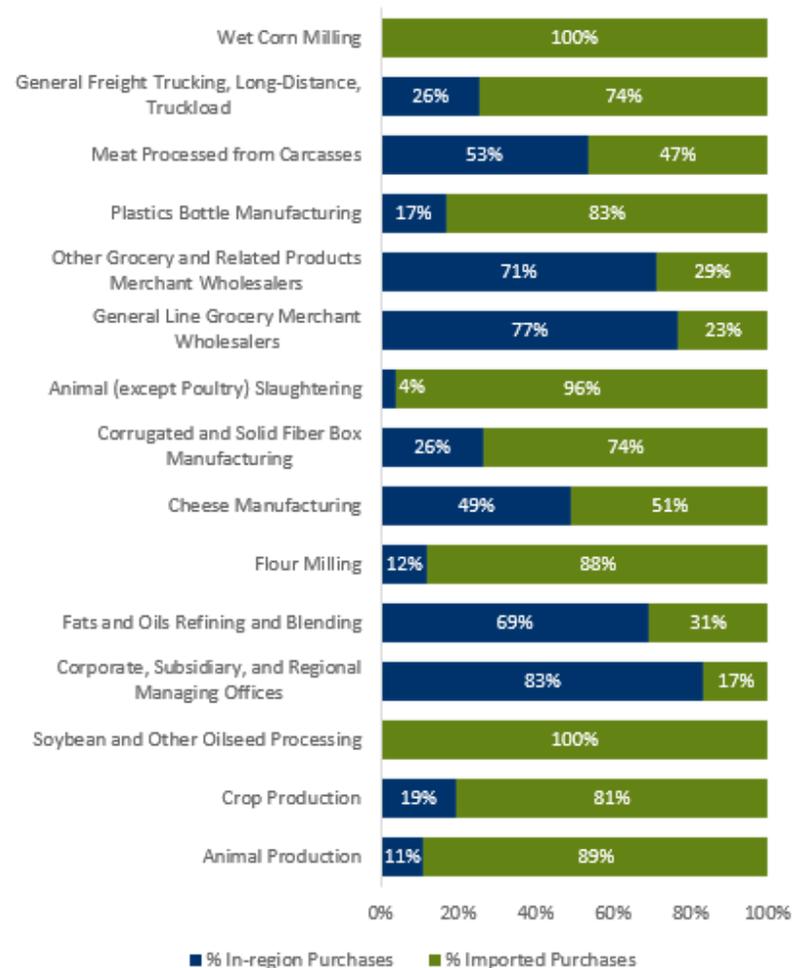


Source: Emsi

## SUPPLY CHAIN

The food production industry relies heavily on imports. Of the top 15 supplier industries, more than 50% of purchases are imported in 10 of these industries. As the food production industry grows, there may be opportunities for the Highlands Counties to expand the in-region activity among some of these industries.

### Top 15 Supplier Industries to Food Production



Source: Emsi

## COMMODITY TOTALS

Warren and Hunterdon Counties claim the highest commodity sales of agricultural products among the seven-county region. Within commodity sales, the top two contributors to sales in 2017 (the most recent figure available from USDA) were crops and grains in both counties. Another subsector of note, sale totals for commodities in “value-added, wholesale, direct to retailers & institutions & food hubs, local or regionally branded products for human consumption” show Warren County’s specialization in this area compared to Hunterdon County. Warren County produced about \$21.5 million in sales in this category, while Hunterdon produced \$1 million in sales. (D) indicates data is withheld to avoid disclosing data for individual farms.

### Market Value of Agricultural Products Sold

County	Commodity Totals, Sales	
<b>Warren</b>	\$	93,217,000
<b>Hunterdon</b>	\$	92,246,000
<b>Morris</b>	\$	24,824,000
<b>Somerset</b>	\$	20,118,000
<b>Sussex</b>	\$	18,226,000
<b>Passaic</b>	\$	2,863,000
<b>Bergen</b>		(D)

Source: United States Depart. Of Agriculture



# Industry Overlay

## CORPORATE OFFICES

*The corporate office cluster is not an industry itself, but rather a component that supports multiple industries within the region. This section explores trends in the office real estate sector, major changes facing the sector since COVID-19 and the region's assets.*

*The Corporate Offices industry overlay provides an overview of how offices support a multitude of industries within the region. Included in this overlay is a discussion of where the office market is headed, and potential opportunities that may arise for the Highlands Counties.*

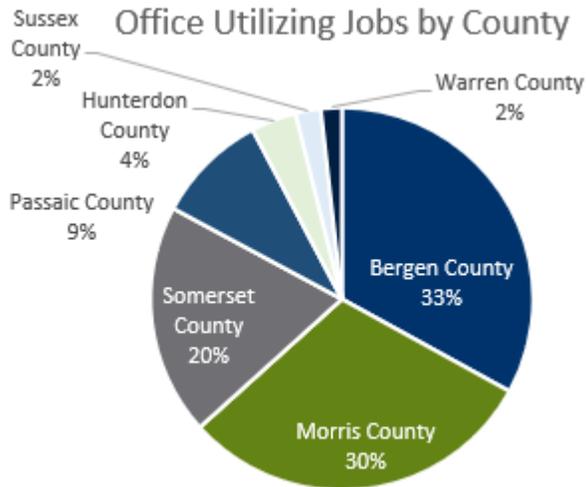
## OFFICE UTILIZING INDUSTRIES SUMMARY

-  **389,860 jobs in Highlands Counties**
-  **3,965 jobs added since 2015**
-  **38% of Highlands Counties' GRP**
-  **28,720 businesses**
-  **\$114,943 average earnings per job**

Companies include:

Verizon Communications, Inc., Robert Half International, Inc., and Oracle Corporation.

## REGIONAL OFFICE USE

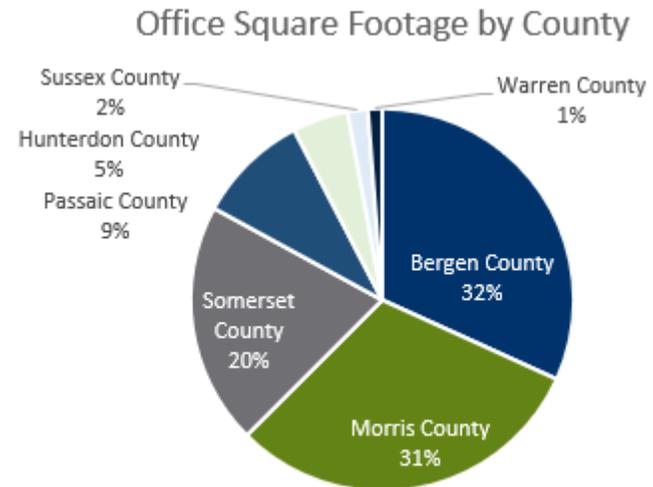


Source: Emsi

## TRENDS IN OFFICE USE

-  The role of offices is changing. Flexible work arrangements are important, as are employee collaboration, a sense of community, and social interaction.
-  People will still need places to come together and build relationships, but the scale and structure of offices is evolving.
-  Smaller, regional neighborhood based offices and workspace networks are becoming a popular solution that supports worker flexibility along with collaboration.

## REGIONAL OFFICE SPACE



Source: CoStar

## CORPORATE OFFICES

The corporate office cluster is unique in that it is not an industry itself, but rather a component that supports multiple industries within the region.

Office utilizing industries make up a substantial portion of the region's economy. As of 2020 there are 389,860 jobs in office utilizing industries. Nearly 4,000 jobs have been added to office utilizing industries since 2015. These industries also contribute 38% to the region's GRP.



## NATIONAL INDUSTRY TRENDS AND OUTLOOK

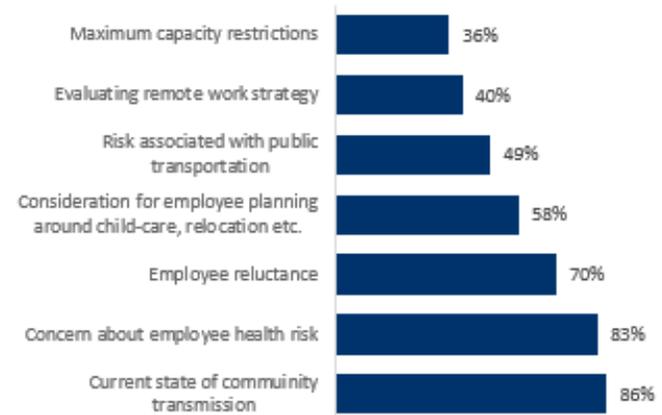
The COVID-19 pandemic has disrupted traditionally accepted workplace norms and accelerated a transition to more flexible work arrangements that had started to become more desirable in recent years. The focus is now less on having people in the office every day and more about having people interacting in different ways, depending on the type of work that they are doing.<sup>3</sup> Digital transformation has created more opportunities for new work arrangements and the implementation of remote work across industries throughout the pandemic has highlighted a desire for increased flexibility.

COVID-19 considerations are expected to continue to limit a return to physical offices into 2021. CBRE has found that employers are most reluctant to return to physical offices over concerns about the

<sup>3</sup> *Workplaces Disrupted: The Office of the Future*. AESC Executive Talent Magazine: Volume Sixteen.

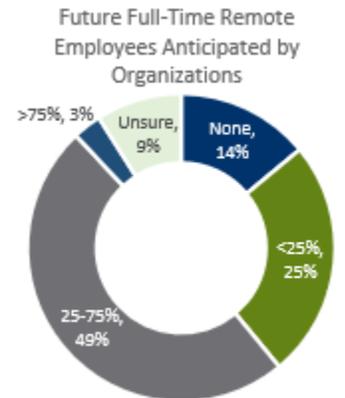
state of community transmission, potential employee health risks, and general reluctance to return to a physical office.<sup>4</sup>

## Factors Preventing Organizations from Returning to Physical Offices



Source: CBRE September 2020 Global Occupier Sentiment Survey

This does not mean, however, that offices will cease to exist but rather, the role of the office will be rethought. Organizations are anticipating more employee choice over when and where they work, but the physical office is still a requirement in the future as organizations are anticipating different levels of remote work. As of September 2020, nearly half of companies anticipate having 25-75% of employees remote full time. A quarter of companies anticipate having less than 25% of employees



Source: CBRE September 2020 Global Occupier Sentiment Survey

<sup>4</sup> CBRE September 2020 Global Occupier Sentiment Survey.

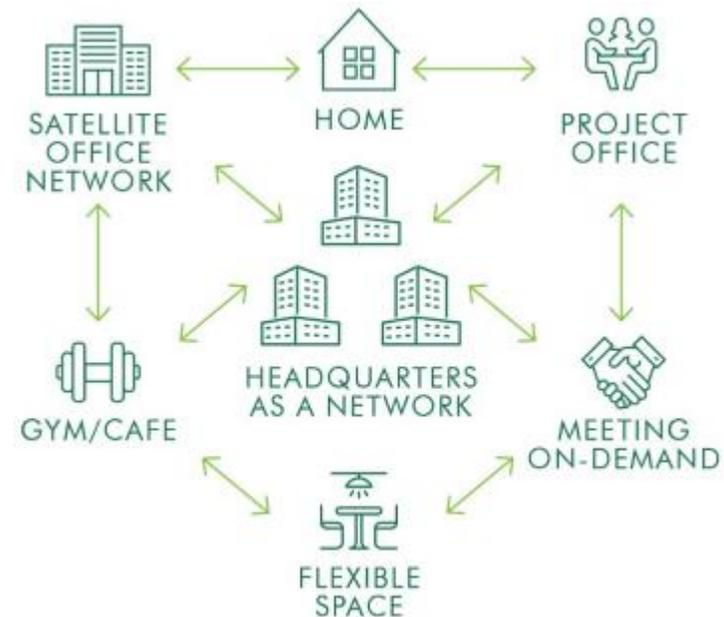
remote full time, and 14% of employers anticipate having no remote workers.

The role of the office is evolving to meet new needs and desires for flexible work arrangements. Organizations see the role of the office as most important in providing a place for employees to collaborate, experience community and social interaction; and in providing a place for the company to reflect its brand and culture. To meet these goals, organizations are anticipating more use of flexible office space, solutions that have also become more attractive as a means of planning for future uncertainty. Ongoing economic uncertainty however is causing many organizations to consolidate and pause and expansion plans that they may have had.<sup>5</sup>

Moving forward, offices will require a fresh, new approach. People will still need places to come together, connect, build relationships, and develop their careers but there is a need to revisit the scale and structure of offices to balance connectivity and distance between ourselves and colleagues. In light of this, removing workers from large offices in urban cores and distributing them throughout a region into smaller workspaces is a potential solution that balances flexibility with collaboration. This will allow employees to collaborate with others who live in close proximity, offer more options where people can work in the event of disruptions, and bring businesses closer to job seekers or other talent pools. Smaller scale, neighborhood-based workspaces have an opportunity to support organizations whose workers may have previously been concentrated in a single building in a large metro area. Mixed-use buildings that serve a diverse selection of workers have the potential to support new connections among individuals, businesses, and industries.<sup>6</sup>

<sup>5</sup> CBRE September 2020 Global Occupier Sentiment Survey.

Home based work is likely to remain an option but will be integrated within networks of other organizational and collaborative spaces.



Workspace Network. Source: CBRE September 2020 Global Occupier Sentiment Survey.

Office trends expected to accelerate in both the short and long term include:

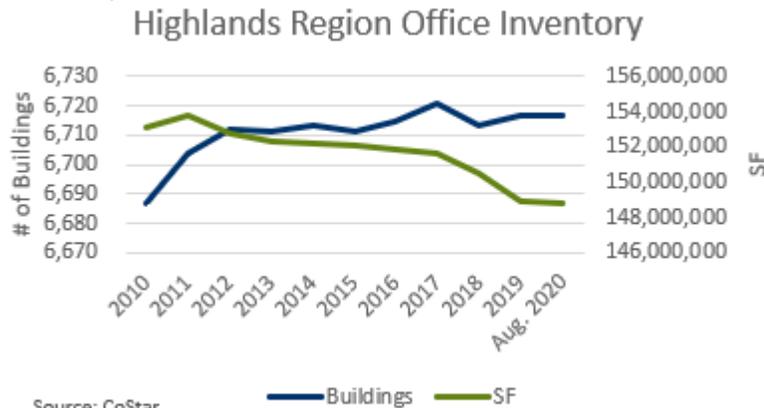
- ◆ More enclosed and modular offices, as opposed to open floor plans;
- ◆ More space required per worker, but fewer people in the office;
- ◆ Increased investment in collaborative technology;

<sup>6</sup> Bacevice, Peter; Mack, John; Tehrani, Pantea; and Triebner, Mat. *Reimagining the Urban Office*. Harvard Business Review, 14 Aug. 2020.

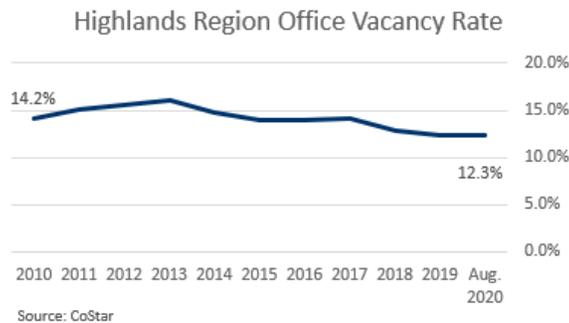
- ◆ Social distancing expectations will mean that while the space per worker in an office had been trending down, this figure may increase to accommodate public health;
- ◆ A prevalence of flexible options and workspace networks; and
- ◆ A sustained reliance on some level of remote work.

### REGIONAL OFFICE SPACE

Since 2010, office buildings in the Highlands Counties have become smaller. The number of office buildings has increased from 6,687 to 6,717 while the square footage of office space in the region has decreased from approximately 153.1 million square feet to 148.8 million square feet.



Source: CoStar  
At the same time, offices have become more occupied. The vacancy rate has decreased from 14.2% in 2010 to 12.3% (as of August 2020).



### REGIONAL OFFICE USE

There are 389,860 jobs in the Highlands Counties in office-utilizing industries. Over the last five years, employment in these industries has remained relatively flat, increasing by only 1%. The table below summarizes the six 2-digit NAICS sectors that are office-utilizing industries.

NAICS Description	2015 Jobs	2020 Jobs	Chg.	% Chg.
51 Information	25,142	23,045	(2,097)	(8%)
52 Finance and Insurance	54,220	52,629	(1,591)	(3%)
54 Professional, Scientific, and Technical Services	118,106	119,996	1,890	2%
55 Management of Companies and Enterprises	42,407	42,817	410	1%
56 Administrative and Support and Waste Management and Remediation Services	84,991	86,846	1,855	2%
81 Other Services (except Public Administration)	61,030	64,527	3,497	6%
<b>Total</b>	<b>385,895</b>	<b>389,860</b>	<b>3,965</b>	<b>1%</b>

Source: Emsi

Of the office utilizing industries, Corporate, Subsidiary, and Regional Managing Offices (NAICS 551114) has a particularly strong presence in the region. The industry's 42,084 jobs accounts for 11% of jobs in office utilizing industries. The industry has added 605 jobs since 2015 and has an average earnings per job of \$225,608 across 347 companies.

### Highlands Region Office Utilizing Companies

- ◆ Verizon Communications, Inc.
- ◆ Robert Half International, Inc.
- ◆ Cognizant Technology Solutions Corporation
- ◆ Oracle Corporation
- ◆ Aerotek, Inc.
- ◆ Cynet Systems, Inc.

Source: Emsi

## WORKFORCE

### Occupations

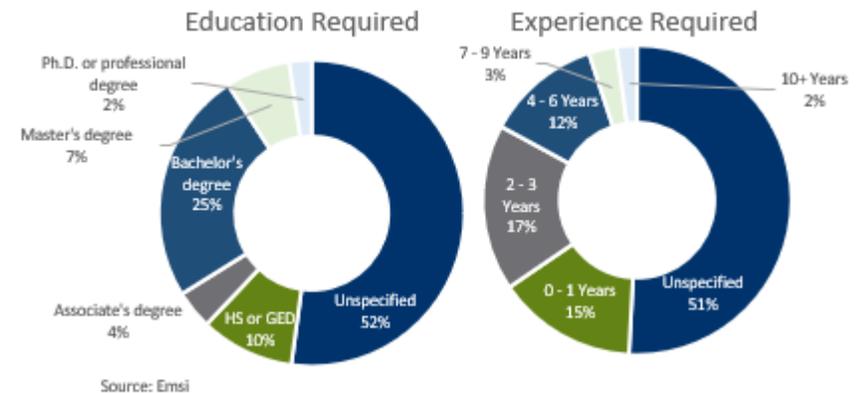
Many of the jobs supported by corporate offices require education or experience credentials. Four of the five top occupations in corporate, subsidiary, and regional managing offices<sup>7</sup> require at least a bachelor's degree. Additionally, one occupation, financial managers, requires at least five years of experience. Project management and business operations specialists is the most common job in this industry.

	<b>Jobs</b> 	<b>Education</b> 	<b>Experience</b> 
Project Management and Business Operations Specialists	1,848	Bachelor's degree	None
Accountants and Auditors	1,594	Bachelor's degree	None
Software Developers and Software Quality Assurance Analysts and Testers	1,539	Bachelor's degree	None
Financial Managers	1,405	Bachelor's degree	5+ years
Customer Service Representatives	1,359	High School	None

Source: Emsi

### Job Requirements

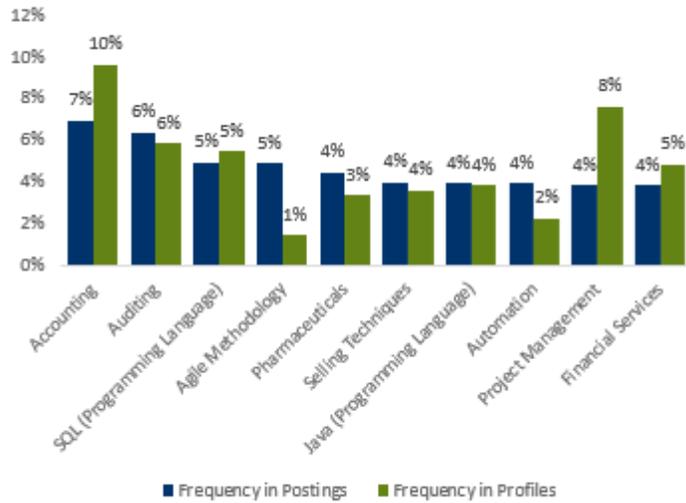
Similar trends apply to all office utilizing industries. Where specified in job postings for all office utilizing industries, bachelor's degrees are the most common education level required. Similarly, experience requirements are distributed among the 0-1 year, 2-3 years, and 4-6 years of experience buckets. Most positions in the region's office utilizing industries are geared towards college graduates who are in the early years of their careers.



The skills desired by employers in office utilizing industries are relatively well matched to those held by the workforce. In a few cases, such as accounting, project management, and financial services there are more workers with these skills than there are jobs with these requirements (based on online worker profiles).

<sup>7</sup> Occupations in corporate, subsidiary, and regional managing offices, rather than all office utilizing industries, are displayed here given the prevalence of this industry in the region.

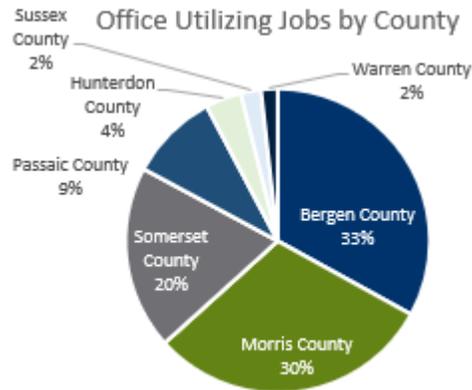
Office Utilizing Occupations: Hard Skills Required



Source: Emsi

Location

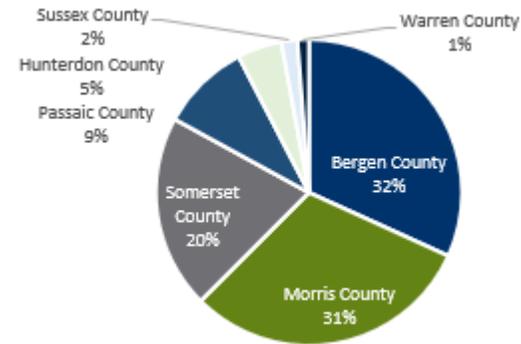
A third of the region’s office utilizing jobs are in Bergen County, followed by 30% in Morris County and 20% in Somerset County.



Source: Emsi

This aligns with the distribution of office space across the region.

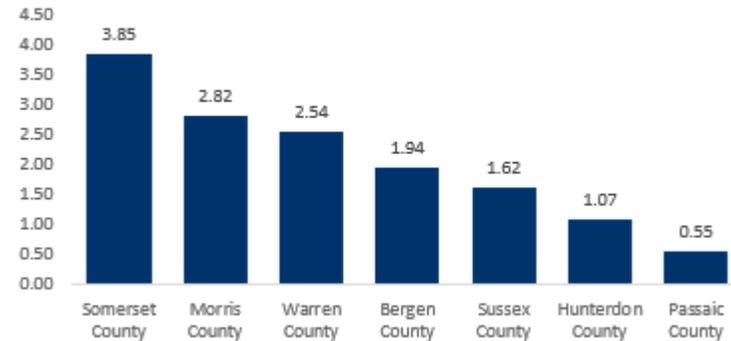
Office Square Footage by County



Source: CoStar

In terms of industry concentration (location quotient), the more specific management of companies and enterprises industry is more concentrated in the region than at the national level in all counties except for Passaic. This industry is most concentrated in Somerset County, followed by Morris and Warren counties.

Management of Companies and Enterprises Concentration (LQ) by County



Source: Emsi

As was suggested by the skill requirements data, there are more residents in the top corporate, subsidiary, and regional managing offices occupations than there are jobs in these occupations in the regional economy. There is a negative net commuter number for all of the top five occupations, with approximately 6,300 overall residents that must commute out of the region to find jobs within their occupations.

**Corporate, Subsidiary, and Regional Managing Offices Top Occupations  
Resident Workers and Commuters**

SOC	Description	Total Regional Jobs	Industry Jobs	Resident Workers	Net Commuters
11-3031	Financial Managers	7,573	1,405	8,611	(1,038)
13-1198	Project Management Specialists and Business Operations Specialists, All Other	14,463	1,848	14,719	(257)
13-2011	Accountants and Auditors Software Developers and	15,022	1,594	17,379	(2,357)
15-1256	Software Quality Assurance Analysts and Testers	17,097	1,539	17,860	(763)
43-4051	Customer Service Representatives	20,820	1,359	22,708	(1,888)
<b>Total</b>		<b>74,975</b>	<b>7,745</b>	<b>81,276</b>	<b>(6,302)</b>

Source: Emsi

**REGIONAL OPPORTUNITIES**

The trend towards more flexible workspace networks and away from centralized offices in urban cores presents an opportunity for the Highlands Counties to recapture some of these commuters. The region’s location near New York City, labor pool, and existing office space makes the region a good option for companies that are looking to diversify their workspace offerings.

To do so, existing offices may need to be adapted to meet the new preferences of office space consumers. Modern, flexible spaces that are close to amenities will be highly sought after by companies

# SUMMARY OF MARKET OPPORTUNITIES IN TARGET INDUSTRIES

## TOURISM/ECOTOURISM/AGRITOURISM/HERITAGE TOURISM

### Market areas for growth based on regional assets -

Demand for outdoor recreation has substantially increased. Since the onset of COVID-19, activities such as running, cycling, and hiking have grown increasingly popular. Nature focused recreation and agritourism are emerging as key opportunities in the domestic tourism market. The following are initiatives that will help the region as a whole leverage this market demand:

- Support funding and action for upgrades to current destinations to be ADA compliant.
- Expansion of cohesive and mapped driving and biking (bicycle and motorcycle) tours between destinations.
- Support for AirBnB and other lodging options throughout the region. See sidebar for making the investor case in the Highlands Region.
- Coordination of technical assistance and support needed by agriculture producers to transition or expand agritourism.

- Develop marketing and branding campaign with state tourism partners that promotes recreational and heritage tourism to NYC, Philadelphia and other NJ markets.
- Work with major traffic generators to support other visitation destinations.
- Coordinate with tourism agencies on visitor segmentation.
- Identify ways to partner with Destination Marketing Organizations to showcase how agritourism in the region is contributing to the environmental health of the region.
- Support the relationship between natural resources and downtowns (i.e. if you go to the area for recreation trails, make downtown a stop too).

### Make the investor case for the Highlands Region – Lodging Sector

Compile a cut sheet of relevant information to promote to investors. This could include:

- Visitor spending per capita (in comparison to other locations),
- Visitor mix,
- Percentage of Second Home-Owners in the region,
- Revenue per available room, Average daily rate,
- # of residents, minimum investment threshold,
- Access to financing,
- Other tourism drivers in the region.

**Workforce** – Occupations within this field tend to be entry-level, part-time and have minimal educational requirements (although this does not apply to all occupations in this field). As the tourism season returns to normal and the public health situation improves, filling these positions has been an extreme challenge for various economic and social reasons. Adjustments to wages, benefits or other perks may be needed to attract workforce to open positions. These positions are often the frontline of a visitor’s experience and appropriate training for this role is critical. Related occupations in the growing subsectors, including outdoor recreation, like guides, maintenance or marketing will also support market opportunities.

## AGRICULTURE AND FOOD PRODUCTION

**Market areas for growth based on regional assets** - Support transition to processing techniques that use less resources (energy and water). Promote the high-tech aspects of the industry - including the implementation of technologies such as wireless sensor irrigation networks, precision farming, etc. Support efforts that help the industry measure and make appropriate adjustments based on the impacts of climate change.

**Workforce** - There is a need for more experience in supply chain, Key Performance Indicators, packaging and labeling, food safety, and merchandising.

## SPECIALIZED MANUFACTURING

**Market areas for growth based on regional assets** - Focus on high value product manufacturing including electronic components, semi-conductor, environmental controls, and laboratory instruments.

**Workforce** - There is a need for more experience in new product development, automation, electrical engineering, optics, and supply chain among the workforce.

## LIFE SCIENCES/PHARMACEUTICALS

**Market areas for growth based on regional assets** - Historically, this manufacturing sector is a direct outgrowth of bio/life sciences research and development. However, northern New Jersey and the Northeast in general has become highly regulatory and costly and its competitiveness in this sector is being tested. While there will continue to be increasing issues, the region’s reputation in this subsector remains strong across the country. Related, the region continues to be a competitive location for highly educated and skilled STEM labor that supports research and development.

Consider branding this cluster, focusing on retention, establishing or strengthening an R&D/University consortium, and ensure the region has shovel-ready sites available for manufacturing.

**Workforce** - There has been a shift towards R&D related occupations in this sector. Production occupations, or those jobs that most closely align with manufacturing, have decreased slightly.

## FINANCIAL SERVICES

**Market areas for growth based on regional assets** – The region is well-suited to pursue FinTech and InsurTech subsectors. Supporting these subsectors will require work with regional colleges and universities to inventory finance and IT programs.

**Workforce** - There is a need for more experience in annuities, selling techniques, financial services, and insurance sales among the workforce.

## OFFICES

This subsector supports multiple target industries within the region. Real estate projections continue to fluctuate as the work-from-home culture remains a prominent part of many businesses' plans for the future. It will be a priority of economic developers, planners, and the real estate development community to manage shifts in market expectations and how that relates to community vibrancy and well-being. The following initiatives begin to address future needs:

- Identify commercial corridors for adaptive reuse of older properties
- Promote integration of green technology into new and existing offices (biosolar leaf, green roofs, smart glass, etc.)
- Identify sites for shared work space models that contain the materials and equipment that support the workers of target industries and small businesses.



# CHAPTER III – IMPLEMENTATION AND ACTION PLAN

# How the Plan will be Implemented

Six options for implementation structure are demonstrated below. These options range in the level of investment and intensity and will ultimately impact how the plan is executed. These options are intended to be scalable and adapted over time. While one option might make sense for the start of the plan, execution could evolve into more nuanced organizational styles in the coming years.

Implementation Structure Options for Economic Sustainability Plan					
1. New Regional Organization	2. Highlands Council Takes Leadership Role	3. County Coalition	4. Individual Counties	5. Consultant Coordinator	6. Public/Private Partnership
<ul style="list-style-type: none"> <li>Regional organization would act as economic development voice or advocate for businesses.</li> <li>A structure and leadership model would need be established.</li> <li>It would help coordinate efforts of county economic development that address common regional issues and opportunities.</li> <li>Charged with strategy implementation oversight of the plan in addition to other regional priorities.</li> </ul>	<ul style="list-style-type: none"> <li>Highlands Council, depending on resources, would coordinate regional approach to ED and economic issues/opportunities across county lines including workforce, university partnerships, tourism marketing.</li> <li>Help coordinate efforts of county economic development that address common regional issues and opportunities.</li> <li>Charged with strategy implementation oversight.</li> </ul>	<ul style="list-style-type: none"> <li>1-2 members of the Steering Committee will lead execution. All counties will be equally represented.</li> <li>Leaders will initiate progress meetings and determine progress on specific initiatives.</li> <li>County leads will delegate work to advance initiatives.</li> <li>Must have designated champion of plan and regional approach with support from Council staff.</li> </ul>	<ul style="list-style-type: none"> <li>Highlands Council will be responsible for items that fall within their purview.</li> <li>Counties will use plan as a guide as it applies to their day-to-day work and work with partners.</li> <li>Highlands Council is designated champion of the plan with limited implementation capability beyond its current staffing.</li> </ul>	<ul style="list-style-type: none"> <li>A consultant will contract with the Council to oversee and advance Economic Sustainability Plan.</li> </ul>	<ul style="list-style-type: none"> <li>Public sector leaders will solicit buy-in from private sector leaders in the region.</li> <li>Private sector leaders will help support execution of the plan with strategic resources + sponsorships.</li> </ul>

# How the Plan will be Implemented

## KEY TO SUCCESS

### A CHAMPION

This plan focuses on the elements that the Highlands Council and their partners have standing over – in other words, things that they have control over and can leverage. The Council will also be the conduit to state entities to champion common issues and challenges for resolution at the state level. Over the course of the horizon of this plan, it is likely that organizations, staff, and roles will shift. Therefore, it is critical that there is ultimately one consistent voice of the plan.

### REGIONAL LEADERSHIP

In addition to a champion(s) of the Economic Sustainability Plan, shared leadership among the 7-counties will also reinforce the benefits of acting as a region. Economic development issues like workforce, housing and business retention are regional in nature and will benefit from broad participation that draws on individual strengths.

### ONGOING FEEDBACK

Engagement with a cross-section of communities, businesses, and leaders in the Highlands Region was an important part of developing this strategy. This same engagement is an equally important part of plan execution. Success for the implementation of this plan will ultimately rely on champions leading the way, communicating the role of every community in this vision, and inviting regular input.

### RECOMMENDED STRUCTURE

Based on the scope and scale of the recommendations in the plan and input that was received from stakeholders, Camoin recommends a structure that combines the functionality of options #2 and #3. The Highlands Council will be the administrative force behind execution of the Plan with strong support from Counties, municipalities, and the private sector. With the help of public sources and real time data from the Counties, the Council will also periodically collect and analyze data to demonstrate the Plan's actions and metrics to show continuous improvement. Municipalities will be the "boots on the ground" executing the actions and publishing local results of the actions to show changes.

### MEASURING PROGRESS

As the structure for implementation is solidified, one of the first steps will be defining key indicators to collectively measure the progress of the strategies. These indicators should summarize the outputs of the strategies and be reported in the Council's Annual Report.



# APPENDICES

[Appendix A – Technical Report: Economic Growth Inventory \(pdf\)](#)

[Appendix B – Engagement Summary \(pdf\)](#)