

2013-2014 NEW JERSEY ECONOMIC OUTLOOK

Presented by Sun National Bank





FOREWORD

Although New Jerseyans are still confronted by high taxes, healthcare costs, storm recovery and a stagnant job market, some key indicators have emerged that are moving the economic needle in the right direction. As employers create jobs and people get back to work for the long term, we hope to see a re-energizing of our local economies and the strengthening of the State's favorable economic momentum.

There's also a growing belief among New Jersey businesses that the State's political climate has improved as effective measures are being implemented to make the State a better place for business investment and expansion by, for example:

- ▶ Implementing business tax cuts that help create jobs.
- ▶ Ensuring funds are available for critical services in the face of sequestration.
- ▶ Providing financial assistance and other services to help affected businesses recover from the damage caused by Superstorm Sandy.

Sun National Bank has a unique understanding of the business landscape. And, as a thought leader, has developed a deeper understanding of the specific forces shaping commerce throughout our region. You'll find that perspective embedded on every page of the *2013-2014 New Jersey Economic Outlook*.

This annual publication has been created to deliver strategic insight and timely intelligence on economic performance, conditions and trends to help business leaders like you plan for future growth regardless of whether your operation is regional, national or global in scale.

THE STATE OF THE ECONOMY

Pulse and Performance

Confidence in New Jersey as a place for business expansion rose among business leaders to its highest level in the last five years according to the [2013 Business Outlook Survey](#) published by the New Jersey Business & Industry Association. Survey results showed a favorable view in areas where New Jersey once underperformed:

- ▶ Attitude toward business
- ▶ Controlling government spending
- ▶ Ability to attract new business

In addition, the performance of three key economic indicators at businesses across the region – sales, profits and spending – showed brisk signs of upward movement for a third consecutive year in 2012.



Summary of New Jersey Economic Forecast

Employment (Thousands) Annual Percentage Change	2012	2013	2014	2014 – 2023
Nonagricultural Employment	1.3%	1.5%	1.1%	0.9%
Real Gross State Product	1.3%	2.2%	2.2%	2.2%
Personal Income	2.8%	4.8%	4.2%	4.3%
Population	0.3%	0.4%	0.7%	0.7%
Consumer Prices	1.9%	1.3%	1.6%	2.1%
Percentage Unemployment Rate (average)	9.4%	8.8%	7.8%	5.7%

Source: R/ECON™, July 2013.

Spearheading these economic improvements has been the steady drop in private sector unemployment at a pace not seen since the 1970s. New Jersey businesses added 15,400 jobs in May as the State's jobless rate fell to 8.6 percent, the fourth successive monthly contraction.

“In May, for the second time in the last three months, we have seen noticeably faster job growth than the nation as a whole,”¹ according to Dr. Charles Steindel, Chief Economist for the New Jersey Department of the Treasury. Dr. Steindel implied that upward movement in construction employment could be linked to Superstorm Sandy rebuilding and the general recovery in the housing sector.

From an overall employment perspective, New Jersey's economy slowly but steadily began to recover after January 2011, the recessionary low point. In its July 2013 forecast, the Rutgers Economic Advisory Service (R/ECON™) indicated that the State gained 85,700 jobs between January 2012 and May 2013. This followed an increase of 42,000 jobs between January 2011 and January 2012. While this progress is certainly most welcome, the country, as of May 2013, had recouped about 72 percent of the 8.75 million jobs lost during the recession. By comparison New Jersey had replaced only 49 percent of the 259,300 jobs it lost.

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THE STATE OF THE ECONOMY – CONTINUED

The Fiscal Outlook At-A-Glance

- ▶ **Revenue forecast:** Estimates from the Department of the Treasury, Office of Revenue and Economic Analysis, show New Jersey's total revenues for FY 2014 at \$32.8 billion.
- ▶ **Corporate business tax:** The forecast of \$2.388 billion in corporate business tax collections for FY 2014 represents an increase of \$156 million, or 7 percent above the revised FY 2013 level. Achieving that projection is predicated on the underlying strength in total corporate earnings and their translation through to collections.
- ▶ **Sales tax:** The forecasted \$8.606 billion in Sales and Use Tax revenue is an increase of \$390 million over the revised fiscal year 2013 level. This gain is the result of:
 - Continuing growth in consumer spending as employment and incomes recover.
 - Revenues generated from purchases of products connected to the ongoing recovery from Sandy and home-building rebound.
 - Anticipated collection of sales and use taxes by Amazon.com on residents' purchases starting July 1, 2013.
- ▶ **Personal income:** A new high of \$473.8 billion (at an annual rate) was reached in Q3 2012 – the seventh straight quarter of ascent. Coincident indexes compiled by the Federal Reserve Banks of New York and Philadelphia also rose, and the Philadelphia index of leading indicators suggests that growth will continue.
- ▶ **Housing market revival:** Permits increased almost 39 percent to their highest point since 2008 and the New Jersey Association of Realtors reported that sales of existing homes in the first three quarters of 2012 were 11 percent higher than the same time frame in 2011. The National Association of Realtors also announced that home transaction prices in most New Jersey markets rose more than in the Northeast as a whole.
- ▶ **Sector job growth:** New job creation was most notable in education and healthcare as well as professional and business services, but almost all regions of the State saw at least modest gains in employment.



Initiatives From the State House

The Christie administration is implementing a comprehensive fiscal plan that holds spending below FY 2008 levels as promised, builds on the fiscal progress of 2012, and continues to pilot New Jersey's economy forward.

The budget of \$32.9 billion for fiscal year 2014 has been engineered to address a wide range of key commerce initiatives – from fostering economic growth to ensuring a climate of competitiveness to delivering a broad range of recovery assistance services to help New Jersey businesses in the aftermath of Sandy. Budget highlights include:

- ▶ **Job-creating business tax cuts.** An additional \$213.5 million in business tax relief has been proposed for a total of \$540 million in the third year of bipartisan tax cuts to create more jobs and help businesses stay and grow here.
- ▶ **Maintaining mission-critical programs in the face of sequester.** With uncertainty and partisan politics dominating sequester issues in Washington, the budget calls for \$3 million in funding to ensure that any potential budget sequestration impacts do not impair the State's ability to provide critical services.
- ▶ **Major funding for capital projects.** Over \$10 million has been allocated to make life-safety improvements and repairs at State-owned offices and facilities throughout New Jersey.
- ▶ **Sandy relief.** To support the direct recovery of New Jersey businesses and protect the State's overall economic interests, a series of business assistance services have been created for those affected by the storm that include:
 - Up to \$500,000 for commercial lines of credit to businesses that need access to cash to improve damaged property while awaiting insurance proceeds, with all related New Jersey Economic Development Authority (EDA) fees waived.
 - Grant awards for businesses to assist with on-the-job training costs for new workers hired specifically to assist in disaster-related activities.

In addition, an aggressive and popular marketing campaign launched in April 2013 promoted impacted companies and shore communities, built awareness both nationally and internationally that New Jersey had recovered and was open for business, and encouraged State residents and tourists to shop local and boost the economies of affected communities.

ADVANCED MANUFACTURING SECTOR

Industry Overview

The advanced manufacturing industry cluster – whose primary segments include chemical, machinery and computer and electronic products – makes up nearly 80 percent of the advanced manufacturing workforce in the State.

According to a March 2013 report from the New Jersey Department of Labor and Workforce Development (NJLWD), the cluster contributed over \$17.2 billion to the State's Gross Domestic Product (GDP) in 2010, or about 4 percent of all output.

In 2012, there were 49,100 people employed in chemical manufacturing, New Jersey's largest advanced manufacturing segment, ranking us third behind only California and Texas. Employment is highly concentrated in New Jersey's most populous counties and along the Interstate 95 corridor. The cluster has seen a decline in employment between 2006 and 2011 in both the State and the nation, but at a slower rate than its non-advanced manufacturing counterpart.

From a compensation perspective, the average wages paid by many advanced manufacturing segments were well above the statewide average wage of \$56,900 recorded in 2011. Total wages paid by employers across the sector was nearly \$11.6 billion, or about 6.5 percent of all wages paid in 2011.



Sector Highlights

An aggressive strategy of new business development, retention and relocation continues to be pursued under the leadership of Lt. Governor Kim Guadagno. Using an array of grants, tax credits and other financial tools, the initiative continues to bear fruit:

- ▶ Avionics Services Worldwide, a provider of avionics and support services to the civil aerospace market, opened its new, 61,000-square-foot headquarters in Piscataway, which will create and retain about 225 jobs.
- ▶ Honeywell abandoned its original plans to relocate out of State and instead will be moving more than 1,000 employees from its current Morris Township site to a 475,000-square-foot facility in Morris Plains.
- ▶ Ashland Specialty Ingredients – developers and manufacturers of chemicals for consumer and commercial products – is relocating its operations and its 300 employees from Wayne to 200,000 square feet of new laboratory and office space in Bridgewater.

Outlook Moving Forward

New Jersey is developing strategies that will integrate existing talent and infrastructure with innovation sectors and industry clusters – such as the Military and Avionics – with the goal of capturing a bigger share of their business amidst military budget cuts and sequestration.

The State currently has more scientists and engineers per square mile than anywhere else in the world with avionics skill sets that lead the field. It is also the home of:

- ▶ Joint Base McGuire – Dix – Lakehurst, the premier military installation in the U.S. and number two employer in the State.
- ▶ The William J. Hughes Technical Center – the Federal Aviation Administration's only facility for developing and testing new technologies.
- ▶ Aviation defense contractor Lockheed Martin that maintains two of its primary systems centers in Burlington and Camden counties.

Advanced Manufacturing Sector Metrics

Employment (Thousands)	2012	2013	2018	2023
Total sector	73.8	72.3	71.7	72.3
Total NJ (non-agricultural)	1.9%	1.8%	1.7%	1.7%
GDP (\$Billions)				
Total sector	\$16.0	\$15.8	\$16.8	\$19.3
Total NJ	3.7%	3.5%	3.4%	3.5%
Wages (\$Billions)				
Total sector	\$8.2	\$8.3	\$9.3	10.8%
Total NJ	3.6%	3.5%	3.3%	3.2%

Source: R/ECON™, July 2013.

HEALTHCARE SECTOR

Industry Overview

The healthcare industry is made up of three core components:

- ▶ **Hospitals:** General medical, surgical, psychiatric and substance abuse facilities.
- ▶ **Ambulatory and Healthcare Services:** Physicians, specialists and dentists, plus:
 - Family Planning Centers
 - Outpatient Mental Health Centers
 - HMO Medical Centers
 - Kidney Dialysis Centers
 - Freestanding Emergency Medical Centers
 - Medical Laboratories
 - Diagnostic Imaging Centers
 - Home Healthcare Services
 - Ambulance Services
 - Urgent Care Centers
- ▶ **Nursing and Residential Care Services:** Comprised of nursing care facilities, residential mental health and substance abuse care, continuing care retirement communities and homes for the elderly.

The healthcare industry continues to face a range of daunting challenges – from meeting the growing needs of an aging population to complying with the regulatory provisions of the Affordable Care Act – many of which begin going into effect on January 1, 2014.

The sector has been driving State employment over the last two decades. During this period, 180,600 new jobs were added, while the total for all other industries combined achieved a net gain of 79,800.

There are roughly 21,520 healthcare establishments employing about 456,200 people of all ages, genders, races and educational backgrounds in the State according to the [NJLWD Healthcare Cluster March 2013 Report](#). The majority are smaller offices of healthcare professionals; however, nearly one-third of all employment is found in hospitals.

Ambulatory Healthcare Services surpassed Hospitals in 2003 as the top employer in the healthcare sector and has seen the gap widen every year since. Nursing and Residential Care Facilities, the smallest component, has grown at three times the rate of Hospitals since 1990.

As a cluster, the three Healthcare components have grown by 2.3 percent annually since 1990, compared to only 0.1 percent for all other total non-farm employment.



Performance Highlights

Despite the longer-than-expected economic recovery, employment in the healthcare cluster experienced robust national growth of 2.2 percent from 2006 through 2011 while New Jersey saw an increase of 1.7 percent over the same timeframe. In addition, the industry:

- ▶ Contributed about \$30 billion to the State’s GDP in 2010, roughly 7 percent of all output.
- ▶ Accounted for almost 12 percent of all State employment in 2012, up from 7.5 percent in 1990.
- ▶ Projects the addition of 62,000 new State jobs, an annual increase of 1.3 percent.
- ▶ Paid out more than \$21.9 billion in total wages in 2011, or about 12.2 percent of all wages in the State.

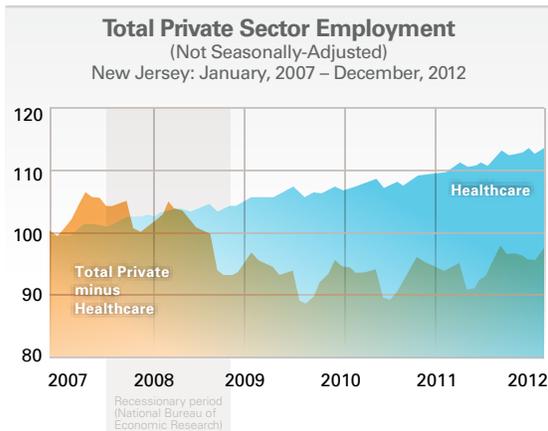
Healthcare Sector Metrics				
Employment (Thousands)	2012	2013	2018	2023
Total sector*	\$463.9	\$470.9	\$497.3	\$551.4
Total NJ (non-agricultural)	11.9%	11.9%	11.9%	12.7%
GDP (\$Billions)				
Total sector**	\$30.2	\$30.3	\$33.5	\$39.9
Total NJ	6.9%	6.8%	6.7%	7.2%
Wages (\$Billions)				
Total sector†	\$23.3	\$24.0	\$27.6	\$33.5
Total NJ	10.2%	10.1%	9.7%	9.8%

* Forecast estimated from regression of sectoral jobs on total healthcare jobs.
 ** Forecast estimated from regression of sectoral GDP on total healthcare GDP.
 † Forecast estimated from regression of sectoral wages on total service sector wages.

Source: R/ECON™, July 2013.

Forces Driving Market Growth

An Aging Population. The percentage of residents aged 65 or over is projected to reach 20 percent by 2030 as the Baby Boomer generation continues to age. The demands of this demographic shift will increase pressure on the healthcare system and infrastructure and drive new job growth in response. This should lead to large increases in employment in the gerontology, physical therapy and residential and nursing home care fields.



Source: NJLWD, Current Employment Statistics, Monthly Estimates, Not Seasonally Adjusted. Prepared by: New Jersey Department of Labor and Workforce Development May 2013.

Outlook Moving Forward

Employment in the healthcare sector continues to grow, but the rate of growth is projected to slow. After experiencing 3 percent growth per year during the 1990s and a growth rate of 2 percent per year during the 2000s, the sector is projected to grow at a slightly reduced pace of 1.3 percent from 2010-2020.

The healthcare cluster is projected to add nearly 62,000 jobs and account for more than 19 percent of net job growth in the State from 2010-2020. As the industry works hard to increase its workforce to meet growing demand and concurrently replaces experienced workers who will be retiring, employment opportunities should abound. Meanwhile, activity is brisk:

- ▶ Rowan University and The Cooper Health System partnered to create a 200,000-square-foot, four-year allopathic medical school in Camden – the first new medical school in New Jersey in 35 years.
- ▶ Construction work is underway for a new medical facility at Raritan Bay Medical Center in Old Bridge. Consisting of 95,000 square feet of space, the building will feature an imaging center including women’s imaging on the first floor, a five-room operating room suite on the second floor, physician practice offices and an ambulatory surgery center.
- ▶ The Lourdes Health System is transforming a 54,000-square-foot lot in Cherry Hill into their new ambulatory care facility.
- ▶ Palisades Medical Center in North Bergen has announced plans to build a new on-campus outpatient center. The 56,000-square-foot facility will provide state-of-the-art ambulatory care services, including day surgery and office space for medical staff.
- ▶ In Paramus, plans are underway to convert an existing building into Valley Hospital’s new, 28,000-square-foot medical research and outpatient services center with a targeted completion date of December 2014.
- ▶ Construction is underway in Clark on a four-building, 329-unit senior housing development. The project is the culmination of 14 years of work by local stakeholders and elected officials.



BIO-PHARMACEUTICAL AND LIFE SCIENCES SECTOR

Industry Overview

Pharmaceuticals are as important to New Jersey as oil and gas are to Texas. The biotechnology, life sciences and pharmaceutical cluster is a significant component of the State's economy. So what are some of the forces at work that have been so successful in helping to attract and retain companies in this sector?

Bayer HealthCare offers a representative case study. The company recently consolidated its East Coast operations in Morris County because management felt New Jersey offered the intellectual, social and physical infrastructure that could support a multi-national organization like theirs. Plus, as the "hub" of industry innovation, they valued the State's:

- ▶ Highly educated and skilled workforce.
- ▶ Diverse population that reflected their employee base and the customers they serve.
- ▶ 63 colleges and universities that annually graduate 22,000 life science students.
- ▶ Robust network of businesses able to support their global trade and distribution needs.
- ▶ Supportive government dedicated to job creation and business development.
- ▶ Actively engaged pharmaceutical trade association.

A snapshot of the sector's three core components follows:

- ▶ **Pharmaceuticals:** Represented by over 970 companies employing in excess of over 54,000 people, this segment produces and distributes a vast array of proprietary and generic drug-related products.
- ▶ **Biotechnology:** Almost 1,400 organizations with more than 43,000 employees are engaged in research, development and diagnostic processes.
- ▶ **Life Sciences:** Approximately 800 businesses and their over 26,000 employees are involved in the development, manufacture and distribution of medical devices, equipment and supplies.

Keeping these companies on the cutting edge of global competitiveness is New Jersey's superior network of major highways, seaports, rail hubs and airports. These logistical assets provide the advantage of speed to market and help expedite shipping and distribution to regional, national and international customers.



Performance Highlights

The bio-pharmaceutical and life sciences industry employs approximately 123,000 people and makes up 3.9 percent of all private sector workers. In addition:

- ▶ Recent wage data indicate that employers paid their workforce over \$14.5 billion in annual payroll. This translates to 8.1 percent of New Jersey's total private sector wages.
- ▶ This cluster's annual average wage in 2011 was \$119,432, or 109.9 percent higher than the State's total private sector's average wages of \$56,888 according to the [NJLWD, Quarterly Census of Employment and Wages, Annual Averages](#).
- ▶ Since the industry is so dependent on research and development, employers rely heavily on New Jersey's large concentration of highly educated workers. Nearly two-thirds of all sector employees hold at least a bachelor's degree with advanced degrees well represented across the talent pool.
- ▶ Pharmaceutical is one of two New Jersey industries (healthcare is the other) that have attracted a lot of interest from private equity firms according to *NorthJersey.com*, the digital arm of *The Record*. 2012 saw New Jersey ranked eighth nationally in terms of private equity investment with \$14.8 billion, up from 16th in the prior year.

Forces Driving Market Growth

As an integral component of the State's economic DNA, the pharmaceutical, biotech and life sciences sector is being propelled forward by powerful tailwinds represented by the administration's willingness to invest in innovation, international partnerships, incubators and a potential resurgence of merger and acquisition activity.

- ▶ In support of the State's commitment to nurture the growth of emerging technology and biotechnology businesses, the NJEDA recently approved 65 companies to share the \$60 million allocation available through the State's Technology Business Tax Certificate Transfer Program in FY 2013. The program enables biotechnology companies to sell New Jersey tax losses and/or research and development tax credits to raise cash to finance their growth and operations.
- ▶ Summit-based Celgene has secured worldwide rights to an antibody currently in phase 1 testing for the treatment of multiple myeloma and certain leukemias. Through a strategic alliance with German firm MorphoSys, the companies will jointly develop the drug globally.
- ▶ Start-up life-science businesses are thriving at the Commercialization Center for Innovative Technologies, which runs through North Brunswick along the Route 1 research and development corridor. The center – the State's leading life-sciences incubator – has helped support the creation of an estimated 1,000 new jobs over the last few years.
- ▶ Pharmaceutical companies including Pfizer and Bristol-Myers Squibb have spent the last several years digesting earlier acquisitions, refocusing their product development and setting aside cash in anticipation of expiring patents.² Five of the largest U.S. drug makers – including Whitehouse Station-based Merck & Co. – were sitting on more than \$70 billion in cash and short-term investments at the end of Q3 2012 anticipating the return of big pharma deals north of \$10 billion.

Outlook Moving Forward

BioNJ, the trade association for New Jersey's biotechnology community, has scheduled its first ever CEO Summit for October 4, 2013 in Bridgewater. The event will bring together chief executive officers and leaders from major biotech and pharmaceutical firms from New Jersey and beyond to share their knowledge, experiences and views on the future with attendees. In addition, sector activity continues at a brisk pace:

- ▶ Novo Nordisk – a global healthcare innovator and leader in diabetes care – officially opened its new \$225 million, 731,000-square-foot U.S. headquarters in Plainsboro. The project created over 500 construction jobs and will house 1,100 company workers.
- ▶ Zoetis, Pfizer Inc.'s animal-health company with 2011 revenues of over \$4 billion, is moving its global headquarters from Madison to a 100,000-square-foot facility in Florham Park. The company, which develops and sells vaccines and medicines for pets and farm animals, was awarded an NJEDA grant worth about \$14.2 million over 10 years that was linked to the creation of 385 new jobs.
- ▶ French contract-research firm Biotrial is building its new U.S. headquarters at the University Heights Science Park in Newark. The 70,000-square-foot facility – targeted for completion by Spring 2014 – will house business offices, a laboratory, a pharmacy, volunteer recruitment offices and a 100-bed unit to conduct clinical research trials.
- ▶ Coriell Life Sciences, a new, for-profit spin-off of the Coriell Institute for Medical Research in Camden, received a working capital loan to support its growth. The company is expected to create a total of 26 new jobs and is considering leasing space at the NJEDA's Camden Waterfront Technology Center.
- ▶ Nutley-based Roche acquired Boston-based Constitution Medical Investors Inc. for about \$220 million.



LEISURE, HOSPITALITY AND RETAIL SECTOR

Industry Overview

The Retail Trade, Arts, Entertainment and Recreation, and Accommodations and Food Services are the three mainstays of the Leisure, Hospitality and Retail (LHR) industry. It covers a wide range of commerce ranging from food, furniture and clothing stores to amusements, museums and spectator sports to accommodations, food services and drinking venues.

Many of the businesses within LHR directly and indirectly support the State's tourism industry, its third largest according to the Division of Travel and Tourism. LHR and tourism are inextricably linked as each feeds off the other and contributes to their mutual success. This symbiosis is reflected in:

- ▶ The rise in tourism expenditures in 2012 to \$40 billion, up 2.6 percent over 2011 and the first improvement since the industry's pre-recession high of \$39.5 billion in 2007.
- ▶ The \$34.7 billion added to New Jersey's GDP in 2012.
- ▶ Direct support of 318,560 jobs – a 2 percent increase over 2011 and the largest single year percentage increase in six years.

However, the devastation caused by Sandy hit New Jersey hard, with the most acute damage inflicted on the towns that line the Jersey Shore – the heart and soul of the tourism business. Moving quickly in the storm's aftermath, a statewide restoration, recovery and rebuilding plan was put in motion that offered a number of financial assistance programs that include:

- ▶ **Loans for Superstorm Sandy Impacted Businesses.** The NJEDA will provide access to capital by offering credit-worthy businesses no-cost loans for documented physical damage not covered by other sources of funds. Eligible businesses may qualify for no-cost loans ranging from \$10,000 up to \$5 million.
- ▶ **Micro Business Grants.** Financial assistance will be provided to businesses and nonprofit organizations located in traditional business districts that suffered Sandy-related damage to their facilities, including machinery and equipment.
- ▶ **Grants to Small Business.** Grants will be offered to small businesses through the NJEDA in communities that suffered physical damage. The grants will be predicated on the remaining need of insured and uninsured damages after the subtraction of other benefits, such as insurance proceeds, SBA loans or other federal funds.

New Jersey's Leisure, Hospitality and Retail Trade Cluster (2011)

Industry Components	Employment	Establishments	Avg. Annual Wage (\$)
LHR Cluster	772,680	55,478	\$26,869
– Retail Trade	438,865	32,339	\$30,372
– Arts/Entertainment/Recreation	53,038	3,701	\$32,332
– Accommodations	57,069	1,388	\$31,946
– Food Services and Drinking Places	223,708	18,059	\$17,408
Private Sector Employment, NJ Total	3,155,405	259,007	\$56,888

Source: NJ Department of Labor and Workforce Development, Quarterly Census of Employment and Wages, 2011. Annual Average.

Performance Highlights

The latest data from the NJLWD reveals and reinforces the impact of the LHR sector on the economic health and well being of the State:

- ▶ Cluster employment totaled 772,680 in 2011, or nearly one-quarter (24.5 percent) of all private sector workers.
- ▶ LHR represented \$46.5 billion or 9.5 percent of total GDP in 2011.
- ▶ New Jersey LHR employers paid more than \$20 billion in wages during 2011, or 11.6 percent of the State total. In addition, LHR businesses accounted for 21.4 percent of all units in the statewide private sector in 2011.
- ▶ In an effort to re-energize, Atlantic City's Resorts Casino Hotel recently held a grand opening for Margaritaville, the Jimmy Buffett-themed \$35 million restaurant, bar and gaming complex that's part of a \$70 million expansion and renovation.

LHS Sector Metrics

Employment (Thousands)	2012	2013	2018	2023
Total sector	\$790.5	\$804.8	\$868.9	\$885.4
Total NJ (non-agricultural)	20.3%	20.3%	20.9%	20.4%
GDP (\$Billions)				
Total sector	\$42.9	\$44.0	\$47.8	\$50.4
Total NJ	9.8%	9.8%	9.5%	9.1%
Wages (\$Billions)				
Total sector	\$22.8	\$24.1	\$29.0	\$32.7
Total NJ	10.0%	10.1%	10.2%	9.5%

Source: R/ECON™, July 2013.

- ▶ Southern New Jersey hotels and motels in 2012 saw their highest inflation-adjusted revenues in five years, bolstering a recession-pummeled industry regionally and statewide.³ They also collected almost \$87 million in State occupancy tax – a 10 percent lift over 2011.

Forces Driving Market Growth

- ▶ The convergence of mobile technology and social media promises to be a reset moment for the LHR cluster as the barriers between physical and digital retail channels crumble. Tech-savvy consumers expect their shopping experience to be seamless – fast, hassle free and secure – and their merchants to be technology enabled.

As smart devices continue to proliferate, and transaction settlement shifts towards a more electronic-based ecosystem, merchants of all sizes should be prepared to handle more requests for mobile and wireless payments at the point of sale. Failure to adapt to change could mean losing opportunities to more nimble competitors as shoppers in increasing numbers go online using their smartphones and tablets to access the Internet and comparison shop in plain sight.

- ▶ The sports events component has raised its profile with all eyes focused on the upcoming Super Bowl scheduled for February 2, 2014 at MetLife Stadium in East Rutherford. With the festivities spread between New York and New Jersey, it's being estimated that the game could generate \$550 million to \$600 million in economic activity on both sides of the Hudson River with New Jersey reaping a major part of the economic benefit.

In addition WrestleMania 29, held on April 7, 2013, broke the record for MetLife Stadium's highest grossing entertainment event. This annual pop-culture extravaganza grossed \$12.3 million with 80,676 fans from all 50 states and 34 countries in attendance.

Plus, a pair of world-class soccer matches featuring four of soccer's best known franchises were played at MetLife Stadium on Aug. 4 as part of the first International Champions Cup tournament.

Outlook Moving Forward

- ▶ The Food Services/Drinking Places component is projected to generate the greatest number of new jobs (21,400) between 2010 and 2020. At 9.6 percent, this increase is more than the projected rate (7.7 percent) for all of New Jersey over the same time frame.
- ▶ The lodging/accommodation segment is projected to add in excess of 2,600 jobs for a growth rate of 4.4 percent through 2020.
- ▶ Retail Trade, the cluster's largest sector with 56 percent of employment, is expected to grow by 7.5 percent – the equivalent of 32,600 jobs through to 2020 – while the Arts, Entertainment and Recreation component is forecasted to add 5,100 new jobs equaling 9.7 percent growth.
- ▶ Parsippany-based B&G Foods – owners of brands such as Cream of Wheat, Mrs. Dash and Emeril's – announced it was buying Robert's American Gourmet Food, makers of the Pirate's Booty and other snack brands in a cash deal worth \$195 million.
- ▶ Bass Pro Shops, the megastore for fishing, hunting and camping enthusiasts, has become the first retailer to announce its tenancy in a 1.2-million-square-foot mall planned for the 453-acre brownfield in Sayreville. The company's new, 200,000-square-foot store is planned to open in 2015 as part of Luxury Point, a \$2 billion mixed-use project along the Raritan River waterfront.
- ▶ With online gambling looking quite lucrative, Atlantic City's 12 casinos plan to partner with existing Internet wagering companies to offer digital gaming. New Jersey is the third State to legalize Internet gaming and has much riding on how quickly it will be implemented as the casinos face stiff competition in neighboring states. The State budget that took effect on July 1 projects "\$160 million in tax dollars from online gambling, suggesting more than \$1 billion in total revenue by the end of next June."⁴



FINANCIAL SERVICES SECTOR

Industry Overview

Banking, Insurance and Investments are inherently vital to New Jersey's economy and to the national and global economies as well. This sector is the economic engine that drives growth, stimulates investment and trade, creates jobs, sustains performance and innovation, and helps manage risk.

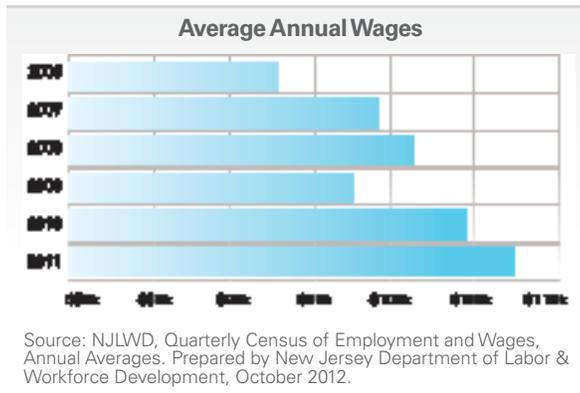
New Jersey offers numerous features and benefits to financial services organizations that choose to do business here, giving them a clear competitive advantage through:

- ▶ One of the most extensive fiber optic networks in the world to support the sector's high-speed communications needs.
- ▶ Competitive corporate real estate options for headquarters operations/support locations.
- ▶ A highly educated workforce.
- ▶ Lower utility costs, corporate taxes and cost of living relative to some other nearby states.

According to the U.S. Bureau of Economic Analysis, New Jersey's financial services organizations generated transactions that totaled in excess of \$1.13 trillion – or 8.6 percent of the country's total 2011 GDP. In New Jersey alone, even with a relatively small share of total employment, the sector contributed almost \$37 billion (9 percent) to GDP.

Over 45 percent of financial services sector employment is located in four northern counties – Hudson, Essex, Morris and Bergen. And while Hudson County might have the smallest geographic footprint, it is home to a financial services workforce almost 34,000 strong – over 18 percent of sector employment – far more than any other county.

In 2011, financial services sector employers paid almost \$19.7 billion in total wages. With an annual average wage of \$107,144, sector employees were paid on average 21.4 percent higher than those of the rest of the nation, 88.3 percent higher than the State average for total employment, and more than twice the nation's average annual wage for all industries according to the March 2013 NJLWD [Quarterly Census of Employment and Wages, Annual Averages](#) report.



Performance Highlights

- ▶ Fidelity Investments expanded its Jersey City location, adding 600 workers, most of whom were relocated from New York; 240 new jobs are said to be included in the number of workers brought in.
- ▶ Bank of Tokyo-Mitsubishi has also expanded operations along Jersey City's waterfront, adding over 100,000 square feet of new space to its offices at Harborside Financial Center. The firm will be adding between 400 and 500 employees to the location, many of them coming from Japan.
- ▶ The Depository Trust and Clearing Corporation moved a large part of its nearly 2,000-person workforce from lower Manhattan to the Newport Office Center in Jersey City.
- ▶ Chubb Corp., the Warren-based insurer, reported first-quarter 2013 profits rose about 30 percent as a result of better underwriting margins. The company's net income increased to \$656 million, or \$2.48 a share, up from \$506 million, or \$1.83 over the previous year.

Forces Driving Market Growth

- ▶ Firms operating in this sector realize that their product solution set is no longer the point of differentiation for competitive advantage. Retail banks, for example, face a growing threat from non-bank challengers like Google, PayPal and Simple in the payments space. In addition, products such as mobile wallets and digital payment advisor (DPA) software apps for smartphones and mobile devices are helping to shift control away from banks and credit card issuers and over to customers.

According to the report [Future of Money: Digital Payment Advisors Will Transform the Payment Landscape](#) recently published by Gartner, Inc., DPA apps that influence the use of alternate currencies (loyalty points and social currencies) for purchasing goods and services could very well impact the way customers chose their payment solutions,

e.g., cash or credit vs. alternative currency. Banks cannot ignore the emergence of DPAs and should calibrate their strategies accordingly to counter the effects these apps and other digital payment products will have on their ability to deliver enhanced payment utility.

- ▶ The pressure to comply across the many layers of the regulatory landscape will ratchet up as a result of oversight from the Consumer Financial Protection Bureau. The Bureau, created to police financial firms and products, joins a crowd of state, federal and international regulators that oversee a wide array of rules, requests and audits. Expect Compliance and Risk Management to exert more influence in operations moving forward.

Finance Sector Metrics

Employment (Thousands)	2012	2013	2018	2023
Total sector	\$279.5	\$282.2	\$306.5	\$321.5
Total NJ (non-agricultural)	72%	71%	74%	74%
GDP (\$Billions)				
Total sector	\$112.7	\$115.7	\$131.6	\$145.7
Total NJ	25.7%	25.8%	26.3%	26.2%
Wages (\$Billions)				
Total sector	\$23.1	\$26.1	\$32.7	\$40.7
Total NJ	10.1%	11.0%	11.6%	11.9%

Source: R/ECON™, July 2013.

- ▶ The increase of cyber-breaches and concerns over data security and privacy have forced sector firms to ramp up efforts to protect their information technology infrastructure. It's become a business imperative as the skill sets of threat actors have grown more sophisticated and attacks expanded.
- ▶ Exchange Traded Funds (ETFs) are drawing more attention as the Securities and Exchange Commission recently removed some regulatory bumps enabling money managers to bring product to market. While there are currently only a limited number of ETFs, this year should see an expansion of choices as the funds gain share of mind and owners of mutual funds give more consideration to ETFs based on the potential for lowering transaction cost.

Outlook Moving Forward

Industry projections call for a 6.9 percent increase in sector employment over the long term up to over 211,000 workers by 2020 from its 2010 level (or 0.7 percent annually). It should be noted that the current financial health of the European Union and potential market corrections could impede achieving these targets. In addition:

- ▶ Forecasts indicate that the top 10 financial services cluster occupations (by employment) are expected to see an increase of 5.9 percent from 2010 to 2020 for a total of 16,000 jobs added.
- ▶ Financial analyst jobs are forecast to grow at the fastest rate (19.5 percent) through 2020, followed by a growth rate of 11.5 percent for Securities, Commodities and Financial Services Sales Agents.
- ▶ While Sandy ranks as one of the costliest storms in our history, its aftermath is not forcing a rapid hardening of the overall insurance market according to the Marsh-published [U.S. Insurance Market Report 2013](#). While insurers' capital positions were strong enough to weather the storm, Sandy influenced underwriters to seek clarification of certain definitions and language in property policies. In regions that were not seen as catastrophe-exposed, property insurers are reconsidering their underwriting strategies and pursuing higher rates and tighter terms and conditions.

While employment projections remain positive, sector growth could evolve at a slower pace than originally anticipated until economic indicators, including loan activity, corporate and venture capital investment, exports and housing starts, become bullish and economic sustainability can be fully demonstrated.



INFORMATION AND COMMUNICATION TECHNOLOGY SECTOR



Industry Overview

In 2011 New Jersey's technology sector accounted for almost 312,000 jobs, or about 10 percent of the statewide total. The State continues to capitalize on its highly educated talent pipeline and technology infrastructure as evidenced by its 12th-place ranking for STEM (science, technology, engineering, and mathematics) job concentration and its 8th-place position for high-tech establishments according to the [2013 Enterprising States Report](#) published by the U.S. Chamber of Commerce Foundation.

In its [Cyberstates 2013: The Definitive State-by-State Analysis of the U.S. Tech Industry](#), the TechAmerica Foundation indicated that New Jersey had significant employment in a number of sub-sectors. This analysis – which takes a comprehensive look at tech employment, wages, and other economic factors on a national and state-by-state basis – assigned New Jersey the following rankings⁵:

- 6th** in space and defense manufacturing with 7,100 jobs.
- 7th** in Internet and telecommunication services with 43,200 jobs.
- 7th** in R&D and testing labs with 33,400 jobs.
- 8th** in computer systems design and related services with 65,100 jobs.

The concentration of private sector technology workers in 2012 was at 6.2 percent for New Jersey compared to the national average of 5.4 percent according to the [Cyberstates 2013](#) report. From an overall wage perspective, the tech sector accounted for 11.4 percent of the overall private sector payroll totaling \$20.6 billion last year. Plus the workforce is well paid. The annual average wage in 2011 exceeded \$103,200 and represented 181 percent of the average statewide wage of \$56,888 for all industries.⁶

To help incubate the growth of partnerships and ensure New Jersey's role in the country's innovation economy, the Edison Innovation R&D Fund of the New Jersey Commission on Science and Technology continues to provide funding of \$100,000–\$500,000 to technology companies based here. This capital infusion is intended to drive the development of partnerships with a New Jersey research university for proof-of-concept research and development activities needed for commercialization of an identified technology.

Performance Highlights

- ▶ Earlier this year, Governor Christie signed legislation creating a \$25 million angel investor tax credit program to fuel job creation and encourage early investment in New Jersey's current and next generation of high-skill, high-wage emerging technology industries.
- ▶ While not yet as robust as the tech scene across the Hudson, it is growing. Co-working locations such as Juice Tank Innovation Lab, Coworks, Mission Fifty, C3 Workplace and The Co-Working Space appear throughout the landscape. Accelerator programs such as Montclair-based TechLaunch and Princeton's Tigerlabs are also fueling sector growth.
- ▶ TechLaunch, funded by the NJEDA and other private sources, was created in 2012 to help lift tech start-up companies up to the next level. Selected organizations take a 16-week course to receive mentoring and business training. They are also able to make connections with potential investors. Of the 95 businesses that applied in 2012, 10 were selected – all of which completed the program and went on to raise working capital.
- ▶ Pearson's – one of the world's leading learning companies – recently signed a lease for more than 200,000 square feet of space at the Waterfront Corporate Center III in Hoboken and will be relocating approximately 900 employees from its current offices in Upper Saddle River and Old Tappan.
- ▶ CoreSite, a provider of network dense data center campuses throughout the U.S., has contracted to acquire a 280,000-square-foot facility in Secaucus. This new center will directly link network, cloud and IT service providers with their enterprise and financial services customers.
- ▶ Holmdel-based telecommunications provider Vonage Holdings Corp. agreed to form a joint venture with Datora Telecom from Brazil to expand its service delivery throughout Latin America.

Forces Driving Market Growth

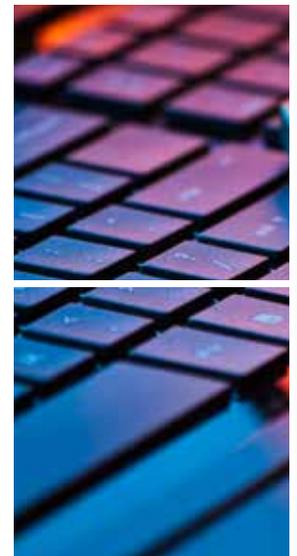
- ▶ Smartphone and tablet advertising will grow significantly according to the [Technology, Media & Telecommunications Predictions 2013](#) published by Deloitte. Ad revenues from both devices are projected in the billions through 2013. With the 2014 global smartphone base expected to reach 2.3 billion (up about 20 percent from 2013) and the tablet base poised to hit 370 million (an increase of 40 percent over 2013), revenues are expected to grow exponentially.
- ▶ As technology-based industries and occupations continue to evolve, New Jersey will remain in a strong position both regionally and nationally. The State's highly educated workforce is well documented and includes nearly 240,000 residents in the science, technology, engineering and mathematics occupations according to the [U.S. Census Bureau, 2010 American Community Survey](#). In addition, the State's nationally recognized universities such as Stevens Institute of Technology, New Jersey Institute of Technology, and Rutgers continue to feed the sector with qualified applicants.

Information Sector Metrics				
Employment (Thousands)	2012	2013	2018	2023
Total sector	\$77.5	\$74.5	\$70.6	\$66.1
Total NJ (non-agricultural)	2.0%	1.9%	1.7%	1.5%
GDP (\$Billions)				
Total sector	\$23.4	\$24.3	\$27.1	\$31.0
Total NJ	5.3%	5.4%	5.4%	5.6%
Wages (\$Billions)				
Total sector	\$72	\$72	\$76	\$8.5
Total NJ	3.2%	3.0%	2.7%	2.5%

Source: R/ECON™, July 2013.

Outlook Moving Forward

- ▶ The growth of "Bring Your Own Device" (BYOD) programs among small- and medium-sized businesses (SMBs) will help reduce operating costs and improve management of the personal smart devices employees bring to the workplace. Close to 59 percent of SMBs already support a BYOD policy in some form according to a Spiceworks, Inc. biannual survey of nearly 1,400 IT professionals at companies with fewer than 1,000 employees. BYOD rules vary by organization as some companies will cut back on corporate-issued PCs and laptops and instead give employees an allowance to purchase and maintain equipment of their choice. In some cases, organizations will agree to support both personal smart devices and corporate-issued equipment.
- ▶ The devastation caused by Sandy has raised the bar for disaster recovery planning so organizations can protect the integrity and safety of their proprietary data. Expect to see upward trending in disaster recovery investment to options like cloud storage applications and infrastructure that move data reliance away from headquarters locations and mitigate down time.
- ▶ The *Star-Ledger* reports that New Jersey Transit is partnering with Cablevision to offer commuters Wi-Fi at train stations – similar to the project that Cablevision has already initiated across New York City's regional commuter zones. Commuters will be able to browse the Internet, send and receive email, and use other Internet-based applications with the service free to paying Cablevision customers and at a cost for non-customers still to be determined. The networks should be up and running by the end of 2013 and ultimately will be extended onto trains as well.
- ▶ Using \$1.3 billion in public funding, state-of-the-art science buildings and laboratories will be built at Rutgers, Montclair State and William Paterson universities to help recruit top students and faculty and continue the top-flight education and training of future leaders in New Jersey's technology sector. The New Jersey Institute of Technology is also scheduled to receive \$86 million to create an education and research hub in the science, technology, engineering and math disciplines.



TRANSPORTATION, LOGISTICS AND DISTRIBUTION SECTOR

Industry Overview

New Jersey's geographic footprint enables it to support a vibrant and efficient transportation, logistics and distribution (TLD) sector. Blessed with a network of airports, rail lines, seaports and interstate highways, the State is well positioned to serve as the transportation hub of the mid-Atlantic states. In 2011, TLD:

- ▶ Employed 355,349 workers – 11.3 percent of the State's workforce.
- ▶ Paid an annual average private sector wage of \$66,797.
- ▶ Contributed 45.8 billion current dollars to the State's GDP – the sixth highest nationwide.

Located between New York City and Philadelphia, New Jersey is within reach of 40 million people who purchase \$2 trillion in merchandise each year.

Performance Highlights

- ▶ **Road and Rail:** New Jersey has an excellent land transportation network, including 36,000 miles of highways, which carry 500,000 truckloads of freight each day while its passenger rail network carries over 830,000 passengers each weekday. The State also offers access to the nationwide freight rail network. According 2010 data from the Association of American Railroads, the top commodity by weight terminating by rail shipment was chemicals while intermodal shipments were the leading rail shipments originating here.
- ▶ **Seaports:** The Port of New York and New Jersey supports 279,000 jobs and \$11.6 billion in personal income according to an economic impact study conducted for the New York Shipping Association. In addition, the Army Corps of Engineers Waterborne Statistics Center estimated that in 2010, the Port ranked third among the top 50 U.S. water ports by tonnage at 139.2 million short tons and 25th worldwide for container volume by the World Shipping Council.
- ▶ **Airports:** In 2011, Newark Liberty International served 33.3 million total passengers while the number of international passengers reached an all-time high of 11.6 million. Atlantic City International passenger volume reached 1.4 million, and as home to the Federal Aviation Administration's William J. Hughes Technical Center, it has become a vital part of the nation's air transit system.

TLD Sector Metrics				
Employment (Thousands)	2012	2013	2018	2023
Total sector	\$155.2	\$156.5	\$162.5	\$163.6
Total NJ (non-agricultural)	4.0%	4.0%	3.9%	3.8%
GDP (\$Billions)				
Total sector	\$14.3	\$14.3	\$173	\$19.1
Total NJ	3.3%	3.2%	3.4%	3.4%
Wages (\$Billions)				
Total sector	\$78	\$79	\$9.2	\$10.4
Total NJ	3.4%	3.3%	3.3%	3.0%

Source: R/ECON™, July 2013.

Forces Driving Market Growth

- ▶ The New Jersey Turnpike is being widened to 12 lanes between Interchange 6 in Mansfield and Interchange 9 in East Brunswick. When completed in 2014, traffic bottlenecks will be eliminated and the flow of motor freight expedited.
- ▶ The raising of the Bayonne Bridge to accommodate bigger ships will help increase the amount of cargo moving through the ports of Newark and Elizabeth.
- ▶ Norfolk Southern Railroad's "Crescent Corridor" is a 2,500-mile freight rail network that will run through 13 states connecting Memphis and New Orleans to New Jersey. Scheduled for completion in 2013, it will enhance freight transportation and distribution services in the Southeast, Gulf Coast, and mid-Atlantic markets.

Outlook Moving Forward

- ▶ Prologis broke ground for a new warehouse and distribution center in Jersey City that will lead to the creation and retention of 810 jobs.
- ▶ New Jersey Transit has plans for a new, 1,000-foot-long train station in North Brunswick. The platform will handle 12-car trains and improve on-time performance and commuting choices.
- ▶ Frontier Airlines has extended its lease at Trenton-Mercer Airport through 2018 as Mercer County plans to expand and improve both the terminal and baggage facilities.
- ▶ **NJBIZ** reported an increase in transaction activity for warehouse space in Q2 2013 based on research supplied by commercial real estate services firm Jones Lang Sallie. Deals included Duke Realty Corp's purchase of two warehouses in Cranbury totaling nearly 1 million square feet for \$75.3 million and the acquisition of a 287,000-square-foot warehousing facility in Little Ferry by the Sitex Group.

CONSTRUCTION SECTOR



Industry Overview

New Jersey's construction industry appears on a recovery course in 2013. According to March 2013 data from [The New Jersey Construction Reporter](#), all major indicators except for new office space are up in Q1 2013.

- ▶ New Jersey home construction is running 45 percent ahead of last year's rate, according to the U.S. Census Bureau. "In the first five months of this year, building permits were issued for 8,912 housing units in the State, up from 6,117 in the same period in 2012."⁷
- ▶ Over half of the permits were for multifamily construction, which has grown as demand for rentals has increased. The busiest counties are Bergen and Hudson, which are seeing a spillover from New York.
- ▶ The estimated dollar amount of work from building permits totaled \$2.785 billion between January and March 2013. This is 12.8 percent more than this time last year, and the best first-quarter performance in four years.
- ▶ Building officials issued permits for 1.3 million square feet of new office space in Q1 2013 – 36.7 percent below the amount authorized between January and March 2012.
- ▶ While the pace at which the State is adding or expanding retail space is modest compared with four or five years ago, the amount of new space more than doubled between January-March 2013 compared to the same timeframe in 2012.

Performance Highlights

- ▶ An aggressive post-Sandy rebuilding effort up and down the coast gave many shore communities and businesses a good chance of economic recovery in time for Summer.
- ▶ Personal care products manufacturer Church & Dwight began moving into its new headquarters in Ewing, a 250,000-square-foot building constructed especially for them.
- ▶ Subaru of America was nearing completion of a new, 526,050-square-foot parts distribution center and training facility in Florence.
- ▶ Burlington Coat Factory recently broke ground for its new 215,100-square-foot corporate headquarters building in Burlington that will create 120 new full-time jobs while keeping 626 existing jobs.
- ▶ China Construction America Inc., a unit of a Beijing-based developer, recently purchased a 320,000-square-foot office building in Morris Township for \$71 million in order to expand its U.S. real estate investment and development operations.

Forces Driving Market Growth

- ▶ Improving employment in the State has led to the addition of 4,000 jobs over the first five months of 2013 according to the U.S. Bureau of Labor Statistics. Nationally, the sector unemployment rate was down from 13.7 percent in October 2011 to 11.4 percent in October 2012 as reported by [REED Construction Data](#).
- ▶ Mortgage rates have been below 4 percent for most of this year, and while they have recently ticked upward, they remain well below historic norms, making builders feel more optimistic. The National Association of Home Builders/Wells Fargo Housing Market Index rose from 29 in June 2012 to 52 in June 2013. Readings over 50 are a signal that more builders view sales conditions as good.
- ▶ The green building movement is being embraced by a growing number of contractors, suppliers and design professionals, providing an opportunity for builders to incorporate green building practices.

Outlook Moving Forward

- ▶ The opening of the Courtyard by Marriott Hotel in Newark last year broke the dry spell of hotel construction in the city and ignited a hospitality revival. As the pulse of business, leisure and tourism quickens, developers are eyeballing several new projects including gutting, renovating and converting the 80-year-old Carlton Hotel into a new facility under the TRYP Wyndham hotel brand.
- ▶ The development of Rowan Boulevard in Glassboro – a \$300 million mixed-use project – is the cornerstone of a more ambitious expansion plan for Rowan University. The school has plans to expand its physical footprint and double its student body to 25,000 over the next 10 years, creating a built-in consumption engine for retail and service businesses.

AGRICULTURE SECTOR

Industry Overview

Agriculture is a cornerstone of New Jersey's economy and ranks third in importance behind pharmaceuticals and tourism. The State's geography, land and water resources – along with the proximity to major urban markets – means we are well positioned to remain a valuable agricultural engine for the country.

The sector supports almost 62,000 jobs across the State (24,161 on-farm and 37,695 off-farm).

Ornamental horticulture, the State's largest agricultural sector, supplies the plants, flowers, sod and turf grasses that beautify residential, commercial and recreational areas. And our seafood – from scallops and clams to finfish – is on par with any in the world.

The equine sector contributes to the economy through breeding championship-caliber racehorses, riding facilities, tack shops and other suppliers to the pleasure-horse industry.

Performance Highlights

▶ These six leading agricultural sectors generated cash receipts of \$1.1 billion in 2012:	Nursery/Greenhouse/Sod \$453.6 million
	Fruits and Vegetables \$428.8 million
	Field Crops \$112.2 million
	Equine \$46 million
	Poultry and Eggs \$30.7 million
	Dairy \$27.5 million

Source: State of New Jersey Department of Agriculture. Farm Statistics – jerseyfresh.nj.gov/agriculture/jerseyfresh/facts/

- ▶ The **Jersey Fresh** branding campaign has become the benchmark for other states to initiate their own state-grown agricultural marketing programs. Through advertising and promotion, it continues to help farmers inform consumers about the availability and variety of fruits and vegetables grown here. The Department of Agriculture also works with restaurants, schools, big box stores, local communities, hotels, hospitals and others to bring Jersey Fresh produce to all who want it.
- ▶ The State's wine industry – a \$30-million-a-year business – has received countless awards locally, nationally and internationally, and adds diversification to the agricultural sector.

Forces Driving Market Growth

- ▶ Fruit and vegetable production quality and quantity helps the "Garden State" appropriately maintain its national ranking among all states for cranberries (3rd), bell peppers (3rd), spinach (3rd), peaches (4th) and blueberries (5th).
- ▶ Wines from New Jersey's approximately 50 wineries are becoming more sophisticated and the results are showing in their award-winning products. To increase demand and support the industry's efforts, the Department of Agriculture has taken steps to increase sales by highlighting the "Jersey Wines from Jersey Vines" brand and promoting products from the State's American Viticulture Areas – the

New Jersey Agriculture Statistics

Number of Farms	10,300
Acres in Farming	730,000
Preserved Farmland (1/31/13)	201,327
Cash Receipts	\$1.12 billion

Source: State of New Jersey Department of Agriculture.

"Outer Coastal Plain," "Warren Hills" and the "Central Delaware Valley." Grape production continues to expand, but is not keeping pace with increased wine production, as New Jersey's wine industry continues to grow and now ranks seventh in the nation.

- ▶ The \$6 million aquaculture business – the farming of oysters and clams along the Jersey Shore – is poised to grow. Currently in the pipeline are a mix of tax incentives, private investment opportunities, and a loosening of regulatory guidelines. These initiatives are intended to open up more underwater areas off the coast and in the Delaware and Barnegat Bays to expand shellfish cultivation.

Outlook Moving Forward

According to a recent issue of The Produce News, New Jersey growers are looking to satisfy the State's growing ethnic population and their demand for Asian and other ethnic specialty produce, particularly melons, squashes, peppers and eggplants. This area of production is thought to have great growth potential and there are numerous field trials of these ethnic varieties being grown by farmers and agricultural agents.

The State's commercial fishing industry – and the 54,000 jobs it supports – did not escape the wrath of Sandy. A recent report from the National Oceanic and Atmospheric Administration addressed the economic and socio-economic effects of the storm on the fishing industry and fishing-related businesses and infrastructure. It appears that the impact on the industry that contributed \$2.4 billion to New Jersey's gross State product in 2011 is estimated to be \$14 million, making recovery a challenge.

Sun National Bank Provides The Financial Fuel That Powers Progress Throughout Our Region

As partners with the business community in the economic future of the region, Sun National Bank is deeply vested in helping you succeed. At Sun, it's strictly about building momentum to move your business forward, driven by a banking relationship built on:

- ▶ A strong service commitment. Our 360° focus enables all of our resources to revolve around you.
- ▶ Solutions-oriented Relationship Managers who lead a team of skilled product specialists.
- ▶ Leadership in harnessing trends like healthcare and asset-based financing to help your organization chart new territory while improving operating efficiency.
- ▶ A sophisticated and diversified product set, from cash management and commercial and asset-based lending to investments and advisory services, to meet your strategic growth and revenue goals. These include:
 - Commercial lending solutions for access to credit and capital
 - Cash management tools for maximum liquidity
 - Commercial card payment solutions for spend control, reporting and analysis
 - Daily money management expertise for flexibility, savings and control
 - Healthcare sector financing to meet the needs of medical practices
 - Asset-based lending that optimizes the ability to borrow
 - Commercial real estate solutions for purchase, refinance and expansion
 - Personal wealth management for life

It's this commitment to helping clients grow and prosper that's encouraging more decision makers from organizations across the region to move their banking relationships to Sun National Bank. Why not join them?

There's a growing belief among New Jersey businesses that the State's political climate has improved as effective measures are being implemented to make the State a better place for business investment and expansion.



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