



# ECONOMIC STRUCTURE AND TRENDS

## THE JERSEY CITY ECONOMY: BRIEF HISTORY AND OVERVIEW

From the mid-nineteenth century through the end of World War II, Jersey City was a center of economic activity in the northern New Jersey-New York City region. It had bustling railyards, an active waterfront and a thriving manufacturing sector. However, in the decades following World War II, the City's economy went into a tailspin that was led by the decline in manufacturing and the demise of the independent railroads.

In 1950, there were 74,790 private sector jobs in Jersey City; in 1970, there were 71,600 private sector jobs. By 1975, private sector employment had decreased by more than 20% to 59,506 jobs (See Figure 1). Employment continued to fall between 1975 and the early 1980s, with manufacturing leading the decline. In 1982, there were 54,057 private sector jobs in the City, down almost 30% from 1950. But in the mid-1980s positive things began to happen, especially along the Hudson River-front that would bring new life to the City's economy. For example, when Newport Centre and its Mall opened in 1986, it brought thousands of jobs to Jersey City, as did the other new buildings rising along the Hudson Riverfront.

Jersey City's economic renewal that began during the 1980s continued until the recession of the early 1990s. Once the recession ended, the City added jobs in every year from 1992 to 2000, with the exception of 1999 when there was a slight job decline. When the country went into a recession in 2001, job growth in Jersey City continued, but at a slower pace than during the 1990s. In 2002, there were 81,372 private sector jobs in Jersey City, an all time employment peak (See Figure 1).

A significant portion of the employment growth in 2001 was due to the relocation of several companies who moved part or all of their jobs from lower Manhattan to Jersey City after the September 11, 2001 attack on the World Trade Center. No official job data are published for Jersey City since 2002, but anecdotal evidence suggests that some of these jobs have remained in Jersey City while others have returned to New York.

Over the 1980 to 2002 period, Jersey City's private sector job growth of 41% significantly outpaced the 33% employment increase in the state and came close to the 44% increase in the nation. During this period, employment in the rest of Hudson County actually fell by 2% (See Figure 2).

Most of Jersey City's job growth from 1980 to 2002 was in financial services, now the City's primary economic engine. Financial services are at the heart of the City's "financial services cluster" that includes business and professional services, information services, and printing. In 2002, more than half of all private sector jobs in Jersey City were in the financial services cluster (See Figure 3).

FIGURE 1: Private Employment in Jersey City, 1970 to 2002

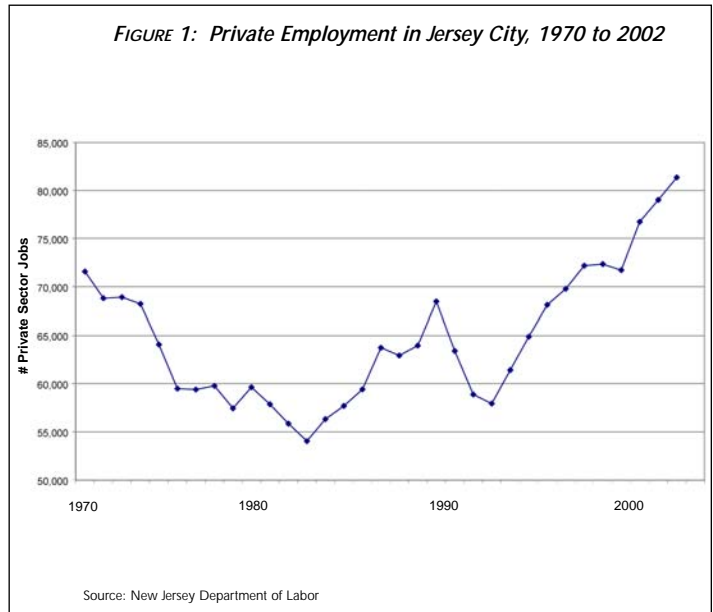


FIGURE 2: Growth in Private Employment, Selected Areas, 1980 to 2002

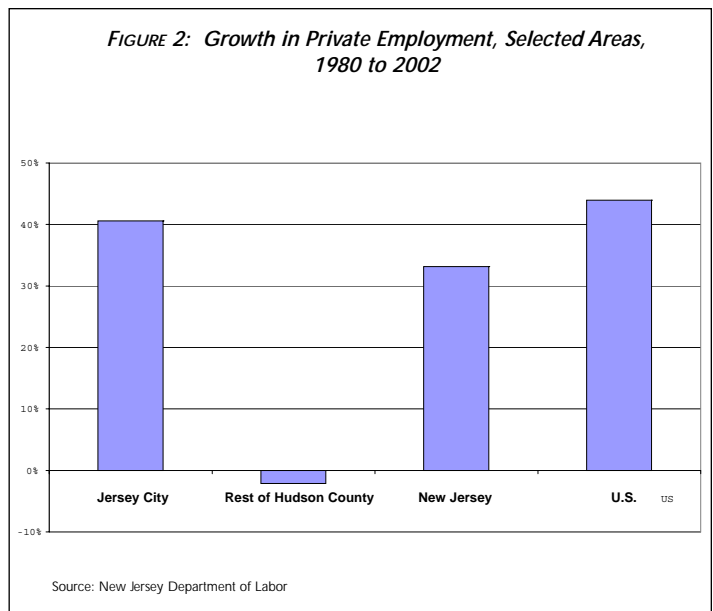
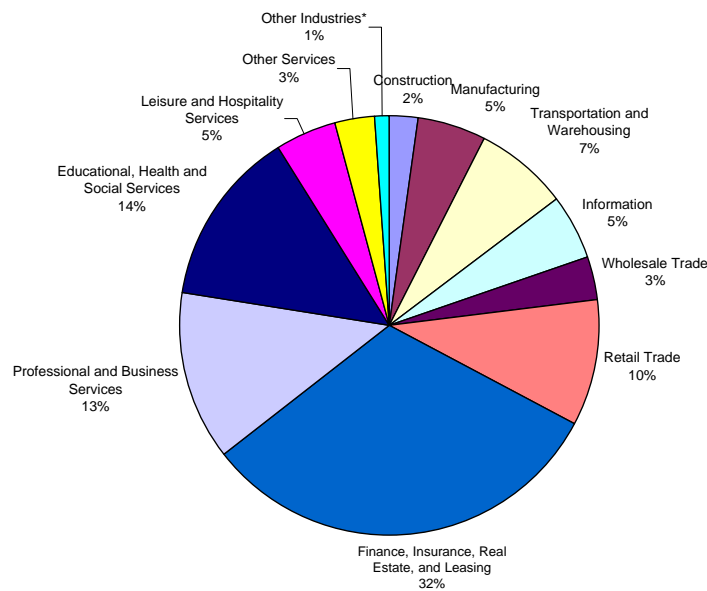


FIGURE 3: Jersey City Private Employment Distribution, 2002 (81,372 jobs)



\*Note: Other industries include agriculture, forestry, fishing, mining, utilities, and unclassified.

Source: New Jersey Department of Labor

Other key sectors in the City's private economy are education and health services, retail trade, and transportation (See Figure 3). Data for public sector jobs, an important component of the City's economy, are not available. This exclusion will affect the "slices of the pie" shown in Figure 3 to the extent that government jobs are a significant portion of specific sectors such as education.

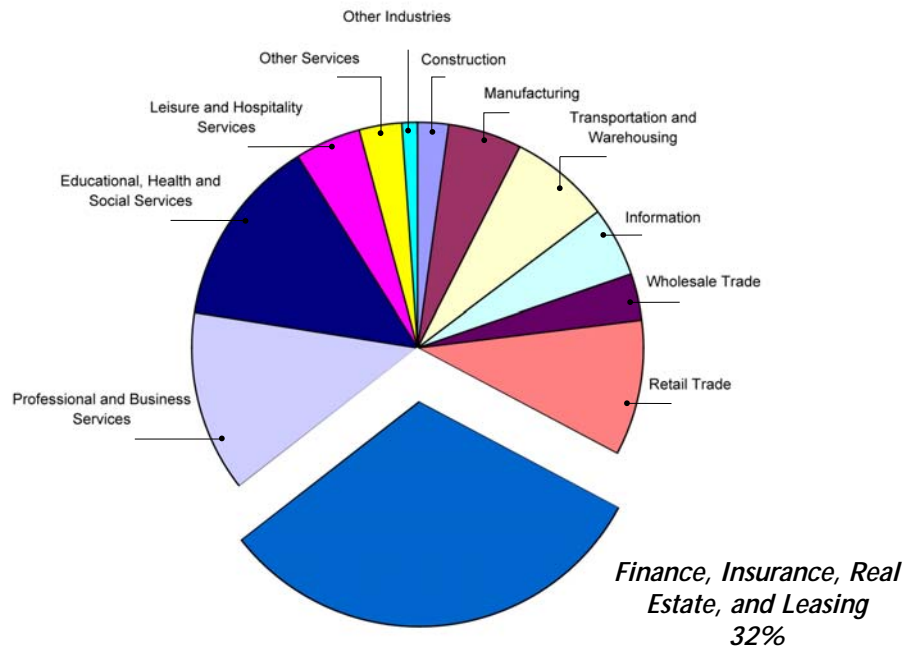
The following sections of this report look at Jersey City's economy on a sector-by-sector basis in order of their contribution to the City's private sector job base. For 2001 and 2002, the sectors are described using the North American Industry Classification (NAICS) system for classifying employment; the Standard Industrial Classification (SIC) system is used for earlier periods.

The SIC system, with some modifications, was used by the U.S. Department of Labor (the agency responsible for selecting the system used to classify industries) and the New Jersey Department of Labor from the 1930s to 1997 to classify and report employment by industry and for other purposes. Since 1997, the U.S. Department of Labor (DOL) and other agencies have been phasing in the North American Industry Classification System (NAICS) as a replacement for the SIC system. New Jersey has been phasing in NAICS since 2001.

For some sectors, such as construction, there are relatively minor changes in moving from the SIC system to the NAICS system. For other sectors, such as retail trade, there are more significant changes in the way employment is classified and reported. These changes are discussed in this report as they relate to employment in specific sectors and industries.

## FINANCE, INSURANCE, REAL ESTATE AND LEASING

FIGURE 4: Jersey City Private Employment Distribution, 2002



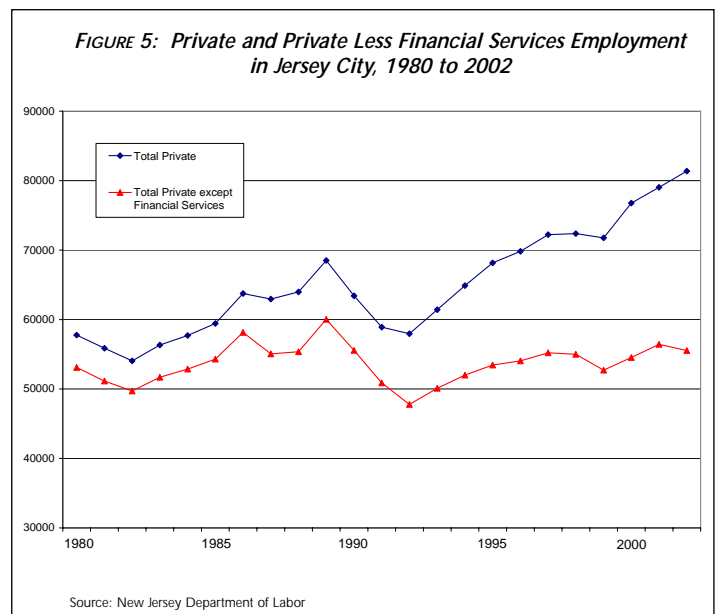
In 2002, financial services accounted for 25,807 jobs or 32% of all private sector jobs in Jersey City (See Figure 4). As stated above, almost all of the City's private sector employment growth from 1980 to 2002 resulted from job increases in financial services. In the absence of these new jobs, overall private employment growth in Jersey City from 1980 through 2002 would have been far below where is actually was, with the difference greatest at the end of the period (See Figure 5).

Financial services jobs are much more predominant in Jersey City's economy than they are elsewhere. In 2002, they accounted for 32% of the City's private sector job base; in the rest of Hudson County, they accounted for 7%, in New Jersey for 8% and in the U.S. for 7% of all jobs (See Figure 8). In Manhattan, financial services jobs accounted for 20% of all private sector jobs in 2002.

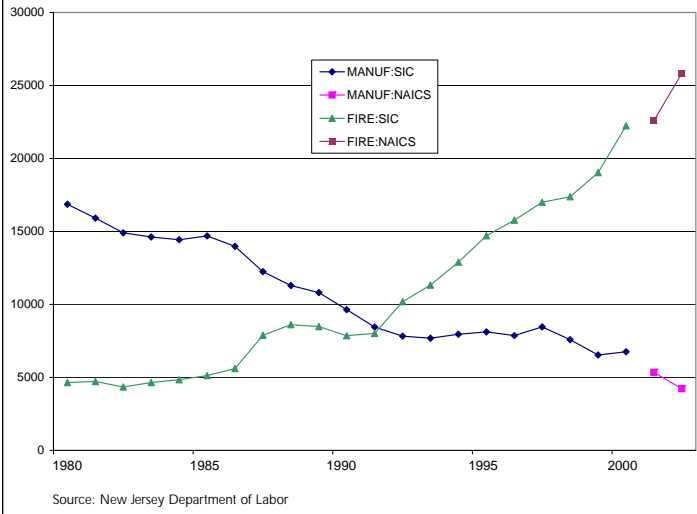
Financial services are the major component of the new Finance, Insurance, Real Estate and Leasing Sector in NAICS. The sector encompasses the activities that were formerly in the finance, insurance and real estate (FIRE) sector in the SIC system (19,030 jobs in 1999) as well as leasing activities that were in auto services (61 jobs in 1999) and business services (about 500 jobs in 1999). While Jersey City was adding financial services jobs, manufacturing employment continued to fall. In 1992, financial services surpassed manufacturing as the major economic engine in the City (See Figure 6).

Financial services employment in Jersey City jumped from less than 5,000 jobs in 1980 to nearly 26,000 jobs in 2002 for an increase of 455%. This is far greater than the job increases of 78% in New Jersey and 52% in the U.S. and contrasts with the decline of 6% in Manhattan (See Figure 7). The U.S. Bureau of Labor Statistics projects that nationwide, financial services employment will increase 12.3% from 2002 to 2012, somewhat less than the 14.8% growth projected for all industries over the 10-year period.<sup>3</sup>

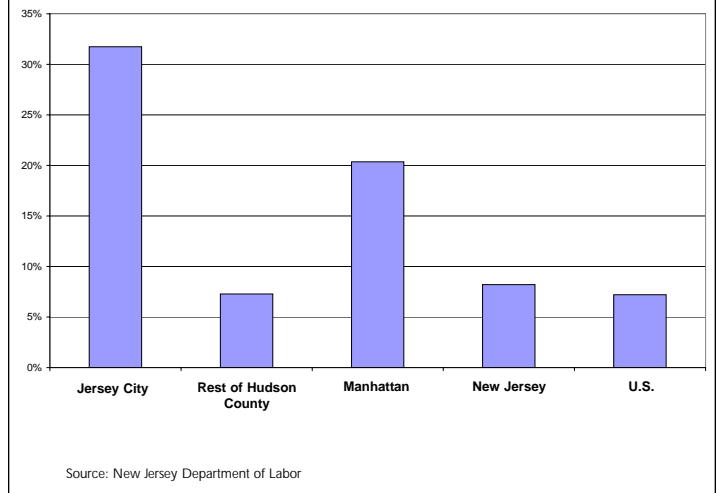
FIGURE 5: Private and Private Less Financial Services Employment in Jersey City, 1980 to 2002



**FIGURE 6: Manufacturing and Financial Services Jobs in Jersey City, 1980 to 2002**



**FIGURE 8: Financial Services Jobs as a Proportion of Total Private Sector Jobs, Selected Areas, 2002**



**FINANCIAL SERVICES INDUSTRIES**

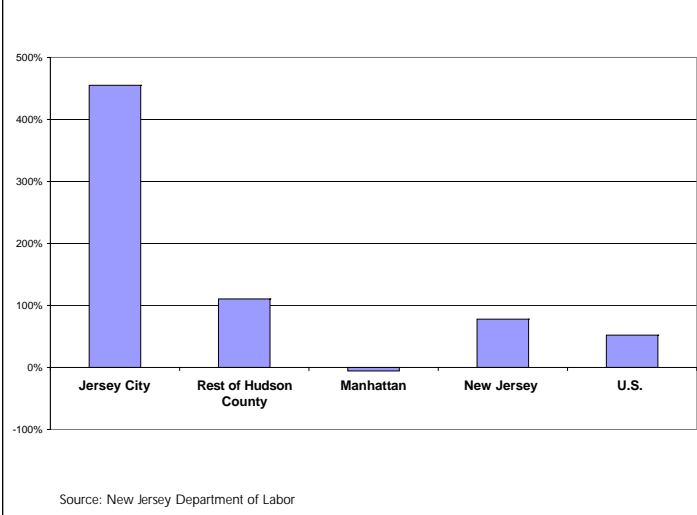
In 2002, of all financial service jobs in Jersey City, 62% were in the securities industry, 23% in banking, and 15% in insurance, real estate and leasing activities. This distribution differs from that in the state and nation where most financial sector employment is in banking, insurance and real estate (See Figure 9).

The strong job growth in financial services jobs in Jersey City from 1980 to 1992 was primarily in the securities industry. From 1995 to 2002 alone, employment grew from 5,500 jobs to 15,500 jobs. However, from 2001 to 2002, Jersey City's security employment declined while banking, insurance, real

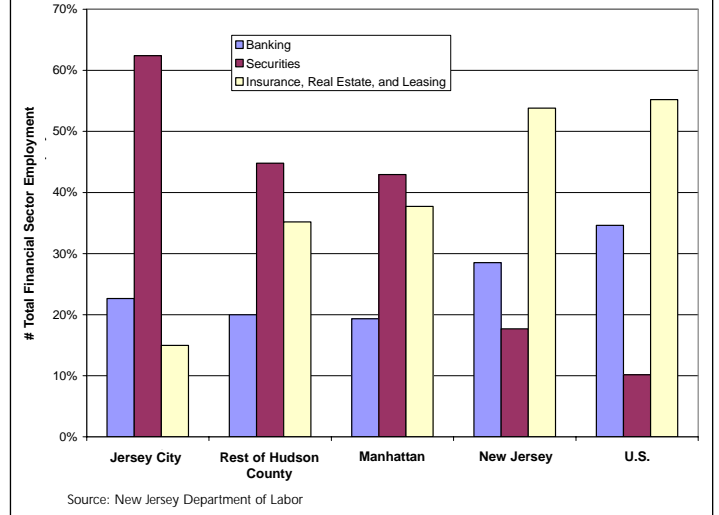
estate and leasing gained jobs. Some security industry jobs were lost in 2002 when companies that had relocated from Manhattan to Jersey City after September 11, 2001 returned to New York City. Other jobs were lost in the wake of a declining stock market.

The securities industry is important to Jersey City not only because of the large number of jobs that it generates but also because of the high wages that it pays. In Hudson County in 2002, the average \$133,600 annual salary in the securities industry was more than 2.5 times the overall County average salary of \$49,700. The average securities industry wage in Hudson County was, however, substantially below the \$229,700 average paid in Manhattan's security industry. Current wage data for Jersey City are not available.

**FIGURE 7: Growth in Financial Services Employment, Selected Areas, 1980 to 2002**



**FIGURE 9: Distribution of Employment in Financial Services, Selected Areas, 2002**



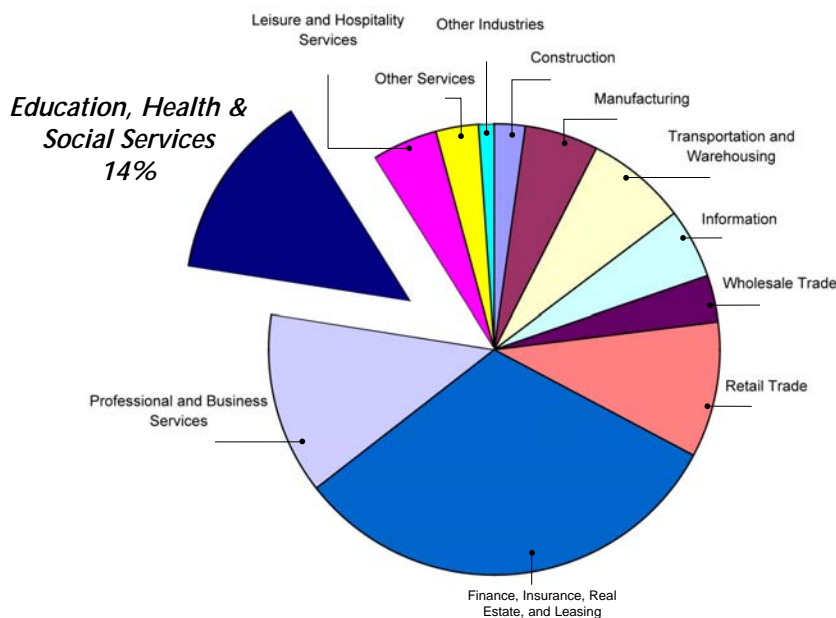
*Issues*

Recent high vacancy rates in buildings along the Hudson River waterfront have primarily resulted from uncertainties in the securities industry nationwide as well as from increased competition from New York City to retain financial services jobs. There is a need for more amenities including restaurants and retail and service establishments to service the Waterfront area that houses most of Jersey City's financial services companies and for infrastructure repairs to roads and sidewalks in the area. Although the Waterfront area is accessible by various modes of mass transportation, additional parking is needed. There is also concern that Jersey City residents are not getting jobs in the financial services industry. In 2000, residents held only 14% of all financial services jobs in Jersey City.



## EDUCATION, HEALTH AND SOCIAL SERVICES

FIGURE 10: Jersey City Private Employment Distribution, 2002



The education, health and social services sector is the second largest private sector job generator in Jersey City after financial services. In 2002, the sector employed 11,224 persons and accounted for 14% of all private sector jobs in the City (See Figure 10). In contrast to financial services firms that employ relatively few Jersey City residents, 85% of all employees in the education, health and social services sector in the year 2000 were City residents.

New to NAICS, the sector combines the education, health, and social services industries that were individual industries in the SIC services sector. The U.S. Bureau of Labor Statistics projects that employment in education and health services nationwide will grow 31.8% over the 2002-2012 period, more than twice the 14.8% growth projected for all industries and the strongest projected employment growth of any sector.<sup>4</sup>

### EDUCATION

In 2002, private sector education employment in Jersey City stood at 895 jobs. This number, however, masques the full importance of education services in the City since it excludes the close to 7,500 jobs in the public school system and in the City's two public institutions of higher education - Hudson County Community College and New Jersey City University.

Jersey City's two public higher education institutions together with St. Peter's College, a private institution, have been in the forefront of the City's economic revival. Taken together, the three institutions have close to 23,000 students and more

than 2,000 full and part-time employees.

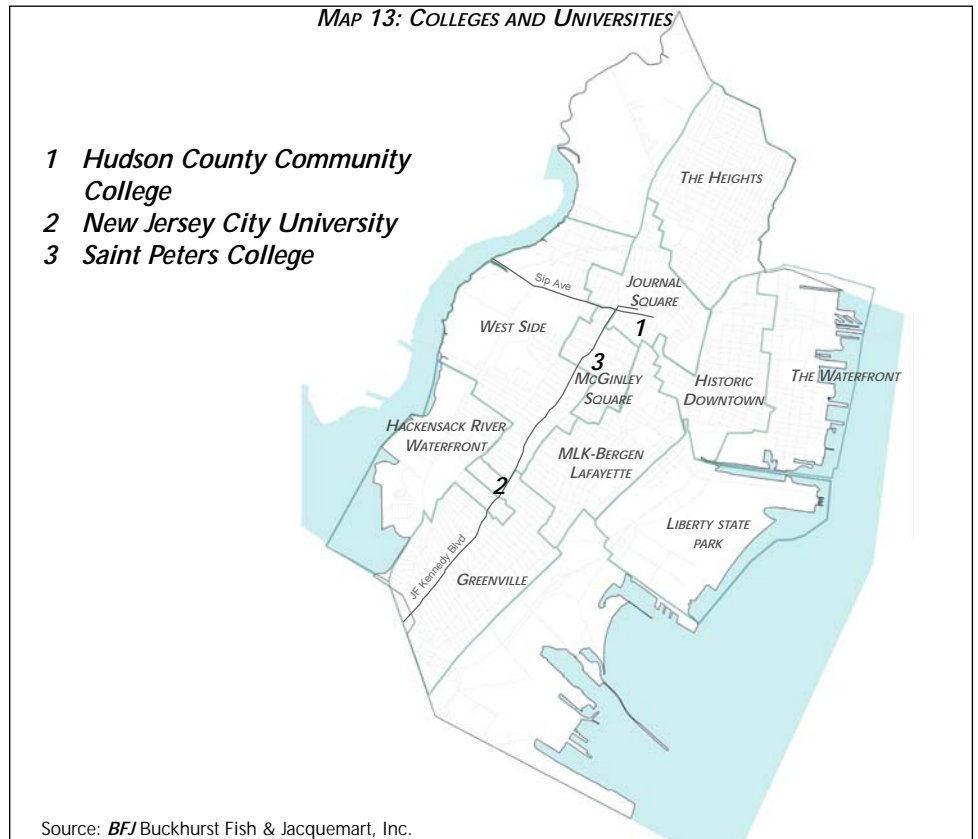
New Jersey City University (NJCU), located on Kennedy Boulevard, has been one of the leading drivers for cultural and economic development in the area around the campus. (See Map 13). NJCU has 9,000 full and part-time students and 1,000 employees including 250 full time faculty as well as 350 part time faculty members. NJCU occupies about 900,000 square feet of space in 10 major buildings. It also has three residential buildings housing about 300 students. The University is currently constructing a new academic building of 80,000 square feet and renovating the student union building. It is also redeveloping the surrounding area and has purchased properties in the vicinity of the University for mixed-use development including student housing. NJCU is planning \$75 million of construction projects in the next ten years.

St. Peter's College is located on an 18-acre campus along Kennedy Boulevard in Jersey City's McGinley Square neighborhood (See Map 13). Its Jersey City campus, one of three in New Jersey, has seven residence halls that house about 700 of its 3,050 students. The College employs 346 full-time workers, including 101 faculty members and 221 part-time workers including 158 faculty members. St. Peter's is renovating several campus buildings and has worked with the City to complete the construction of a pedestrian overpass connecting College buildings on both sides of Kennedy Boulevard. The College's facilities master plan calls for a new parking structure, a new student center, a new academic building and another residence hall.

Hudson County Community College (HCCC) is housed in several buildings in Journal Square encompassing 210,000 square feet of space. The College also has a campus in West New York. Currently, there are about 4,900 students attending classes for academic credit and 6,000 continuing education students at the Journal Square campus. HCCC employs close to 300 full-time persons, including 83 full-time faculty members, as well as 350 part-time faculty members. The College is constructing a new 73,000 square foot building on Newkirk Street to house a business conference center, culinary arts institute and classrooms and is planning to add an additional 420,000 square feet of space over the next ten years. HCCC's ongoing expansion continues to be a major contributing factor to the economic revitalization of Journal Square.

**Issues**

Additional amenities such as restaurants and retail and service establishments are needed to meet the demand of the rapidly growing academic community. More parking is also needed for students and college employees, as is a more responsive bus schedule to transport students and others leaving the colleges outside of regular business hours, especially in the evenings. All of Jersey City's institutions of higher education should be encouraged to continue their work with the City's public school system and with Jersey City's economic development officials and private sector employers to prepare City residents for jobs in growing sectors of the City and regional economies.



### HEALTH AND SOCIAL SERVICES

In 2002, employment in the private health and social services industries in Jersey City stood at 10,329 jobs. Of this total, close to 8,900 or 87% were in health service. Health and social services, taken together, are generally classified in NAICS as they were under the SIC system although residential care facilities have been reclassified from social services in the SIC system to health services in NAICS. The 13% proportion of health care and social services employment in social services in Jersey City is less than the 17% in the rest of the county and the 15% in the U.S. and comparable to the 13% in New Jersey. Most of the social services jobs in Jersey City and elsewhere are generated by non-profit organizations.

### HEALTH SERVICES INDUSTRIES

Hospital employment is a more predominant part of Jersey City's health services job base than it is elsewhere. In 2002, hospital workers accounted for 50% of all private sector health services jobs in the City compared with 41% in the rest of Hudson County, and the U.S. and 38% in New Jersey (See Figure 12). Of the seven hospitals in Hudson County, three are in Jersey City: The Jersey City Medical Center, Greenville Hospital (both part of the Liberty Health System) and Christ Hospital.

The Medical Center's new facility, located on 15 acres in the Historic Downtown neighborhood (See Map 14), currently employs about 1,800 persons, of whom 100 are full-time paid physicians. Another 250 physicians have privileges at the hospital. The Medical Center houses Hudson County's only trauma center and children's hospital and will soon open the County's only open-heart surgery center. The Jersey City Medical Center, a teaching affiliate of the Mount Sinai School

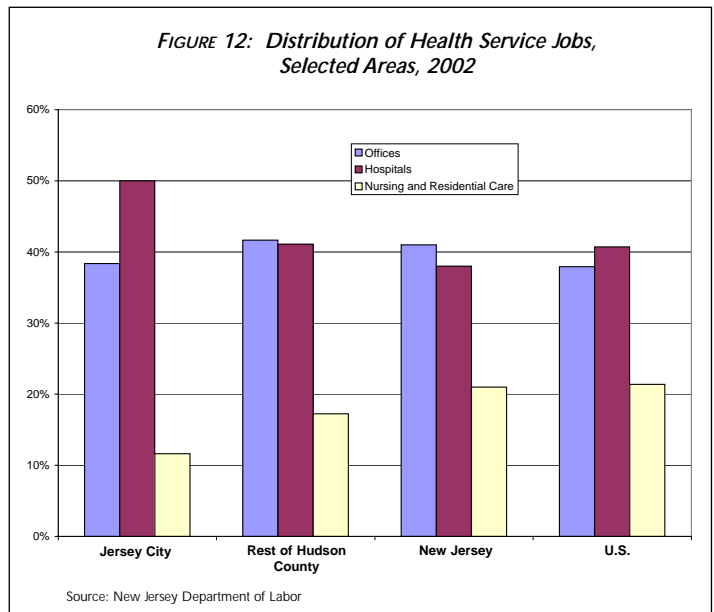
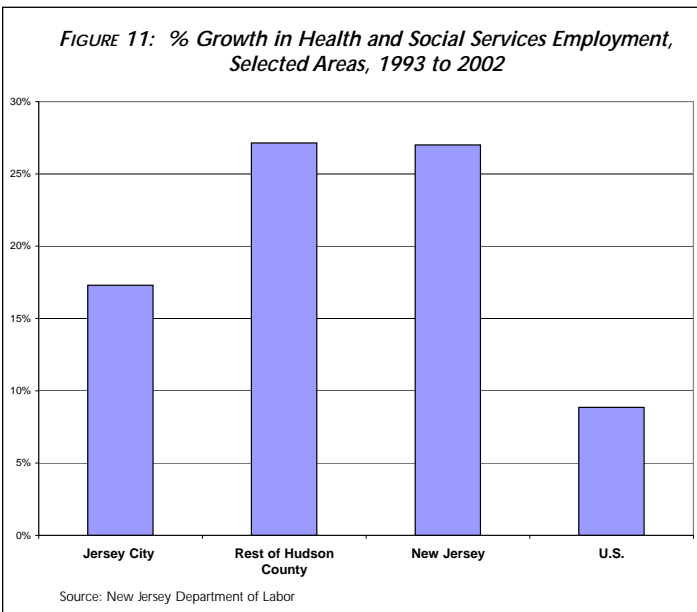
of Medicine in New York City, will be adding a new building in 2005 to house doctors' offices.

Greenville Hospital, located on Kennedy Boulevard in Greenville (See Map 14) has been fully renovated with a new emergency room, main lobby, patient units and diagnostic and treatment areas. It currently employs 300 persons. Most of its physicians have privileges at the hospital but are not full-time paid employees.

Christ Hospital has had a presence in Hudson County for more than 125 years. It provides a wide range of services and houses a state-of-art oncology center and the Harwood Heart Center. The Hospital currently employs 1,633 persons. Its 600 physicians have privileges at the hospital but are not paid employees. The Christ Hospital School of Nursing, with over a century of history, has about 100 students who attend the school on a part or full time basis. Located on the eastern edge of the Heights neighborhood (See Map 14), Christ Hospital has expanded to encompass most of the southern portion of Palisades Avenue.

The 38% of health services jobs in Jersey City accounted for by offices of health professionals (e.g., doctors, dentists, optometrists) is somewhat below that in the rest of Hudson County (42%) and New Jersey (41%) and the same as the 38% in the U.S. The 12% of health care jobs accounted for by jobs in residential and nursing home care in Jersey City is low compared to the 17% in the rest of Hudson County and the 21% in New Jersey and the U.S. (See Figure 12).

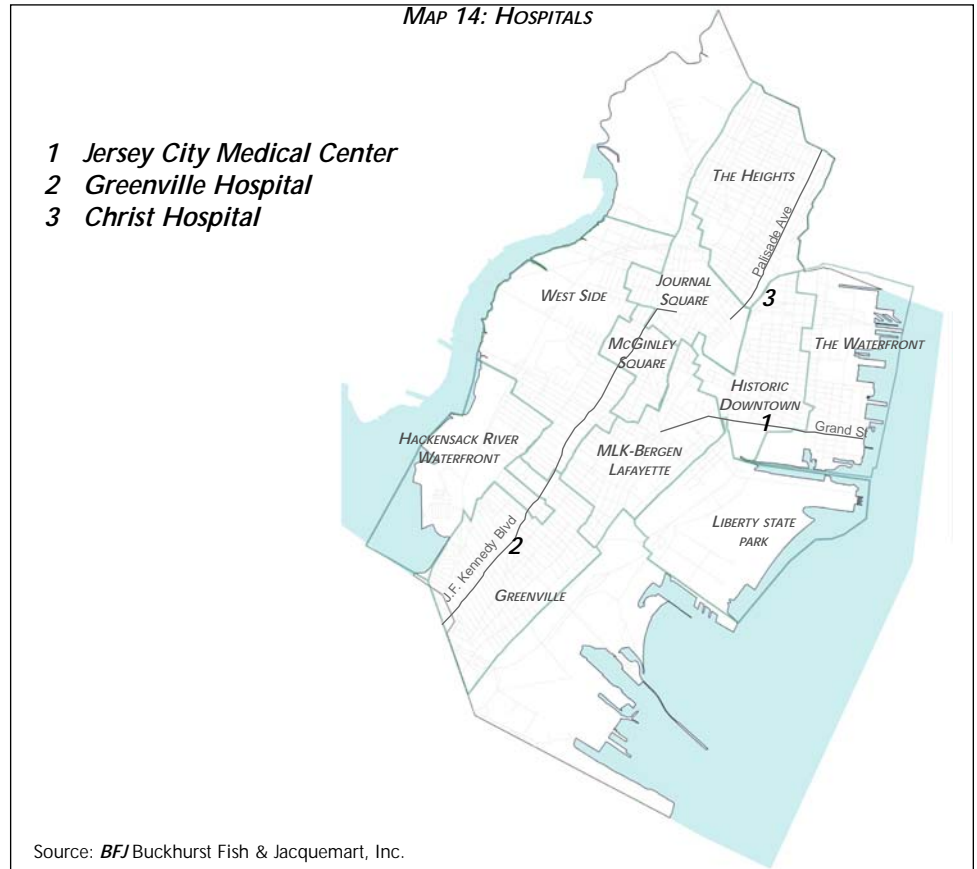
The health services industry in Jersey City pays relatively low wages. In 1999, the latest year for which wage data for Jersey City are available, the average annual wage rate in health services was \$37,400 compared to \$52,800 in the City's private



sector as a whole. In 2002 in Hudson County, average annual earnings in health services were \$36,500 compared to the average overall private sector earnings of \$49,700.

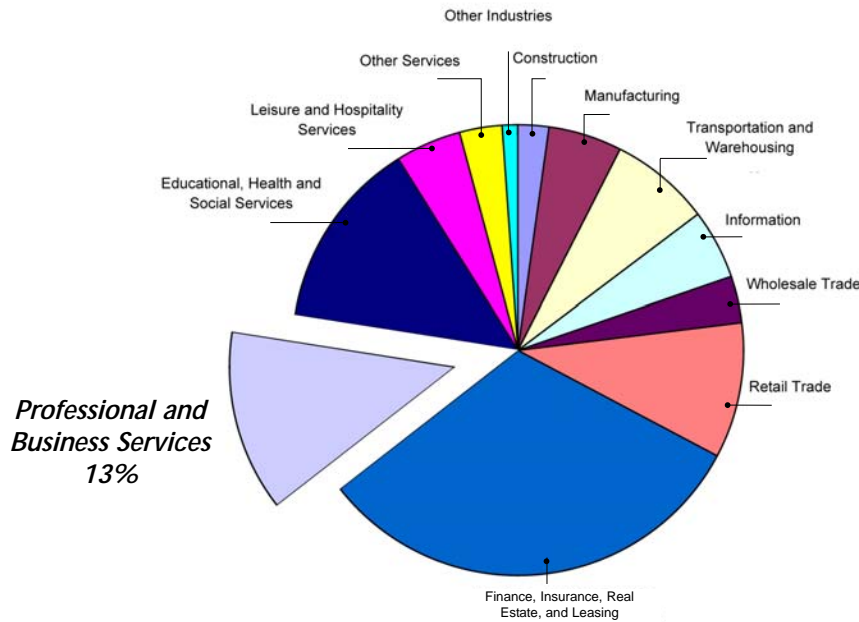
**ISSUES**

The health services industry in Jersey City is confronted by the same issues that the industry faces nationwide. Its hospitals are facing financial pressures related to reduced government funding for uncompensated care and reduced and delayed payments on reimbursement for managed care. The increased number of persons with no insurance coverage is putting a strain on all parts of the health care industry. In 2000, Jersey City residents held 85% of all jobs in the City's education, health and social services sector. There is concern that much of the growth in the health care industry is occurring in the lower paying parts of the industry in which many Jersey City residents are employed.



## PROFESSIONAL AND BUSINESS SERVICES

FIGURE 13: Jersey City Private Employment Distribution, 2002



The professional and business services sector accounted for 10,590 jobs or 13% of all Jersey City private sector jobs in 2002 (See Figure 13). The U.S. Bureau of Labor Statistics projects that nationwide employment in professional and business services will grow by 30.4% over the 2002-2012 period, more than twice the 14.8% growth projected for all industries and the second largest increase behind the education, health and social service sector.<sup>5</sup>

A new sector in NAICS, professional and business services encompasses three newly defined NAICS industries: (1)

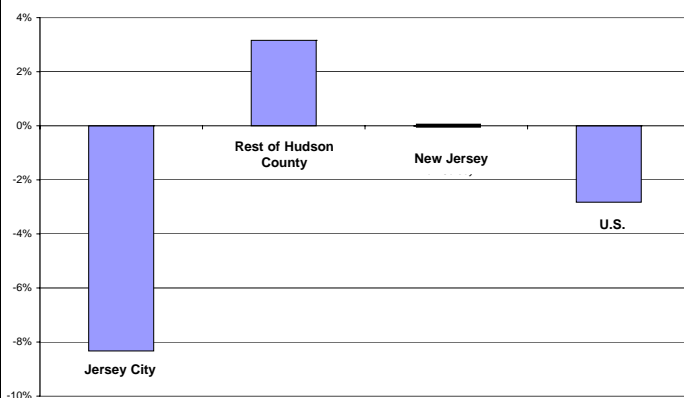
professional and technical services, (2) management of enterprises, and (3) administrative and waste services.

Professional and technical services include establishments that provide professional, scientific, and technical activities. In NAICS, it includes several industries that were part of the SIC service sector: legal services, professional and technical services and testing laboratories. It also encompasses parts of several other industries including research and development facilities most of which were classified in the SIC system as part of the manufacturing sector.

Management of enterprises includes (1) establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest in influencing management decisions or (2) establishments that administer, oversee, and manage organizational planning and decision-making. In NAICS, it includes management activities that were classified in the SIC system as part of the industry in which they were housed. For example, management jobs associated with the production of chemicals were classified as chemicals manufacturing jobs under the SIC system.

Administrative and waste services include establishments that perform routine support activities for the operations of other organizations. Activities performed include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services. In NAICS, it includes much of what

FIGURE 14: Change in Employment in Professional and Business Services, Selected Areas, 2001 to 2002



Source: New Jersey Department of Labor

was in the SIC business services industry as well as waste services most of which were in the utilities sector in the SIC system.

In 2001, there were 11,552 jobs in professional and business services in Jersey City. Employment dropped by 8% to 10,590 in 2002 with losses in all three components of the sector. In the rest of Hudson County employment in the sector rose by 3% from 2001 to 2002, but declined in the U.S. and remained stable in New Jersey (See Figure 14).

In 2002, professional and business services accounted for 13% of all private sector jobs in Jersey City. This was less than the 17% in the rest of the county and New Jersey and the 15% in the U.S. (See Figure 15).

**PROFESSIONAL AND BUSINESS SERVICES INDUSTRIES**

In 2002, in Jersey City 51% of all jobs in professional and business services were in professional and technical services, a higher proportion than the 27% in the rest of the county, the 44% in New Jersey and the 37% in the U.S. The City's proportion of jobs in management (11%) was similar to that in New Jersey and the U.S. and higher than that in the rest of Hudson County. Jersey City had a lower proportion of jobs in administration and waste management (38%) than did the rest of the county, the state and the U.S. (See Figure 16).

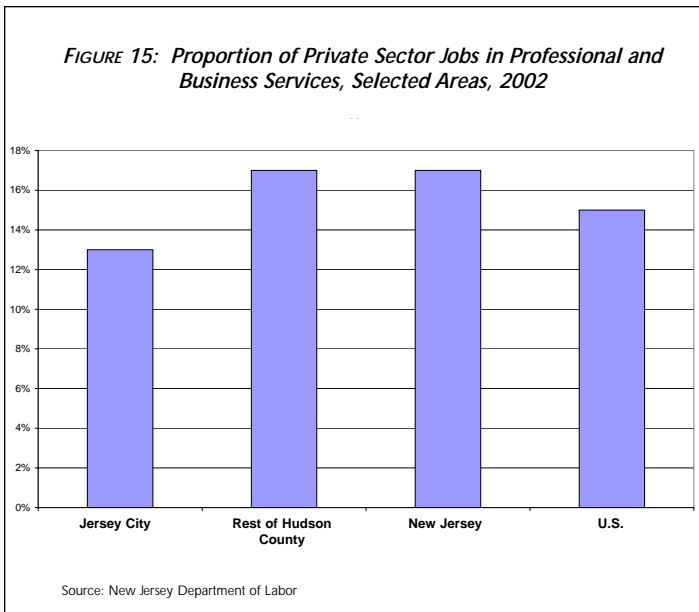
Wages vary widely among industries in the professional and business services sector. In Hudson County in 2002 the average annual wage of \$70,000 in professional and technical services was 40% above the county's overall private sector average wage of \$49,700. The average wage of \$62,500 in the management of enterprises was 25% higher

than the county's overall average wage. The average \$24,000 annual wages in administrative and waste management was less than half the county's average annual private sector wage. Current wage data for Jersey City are not available.

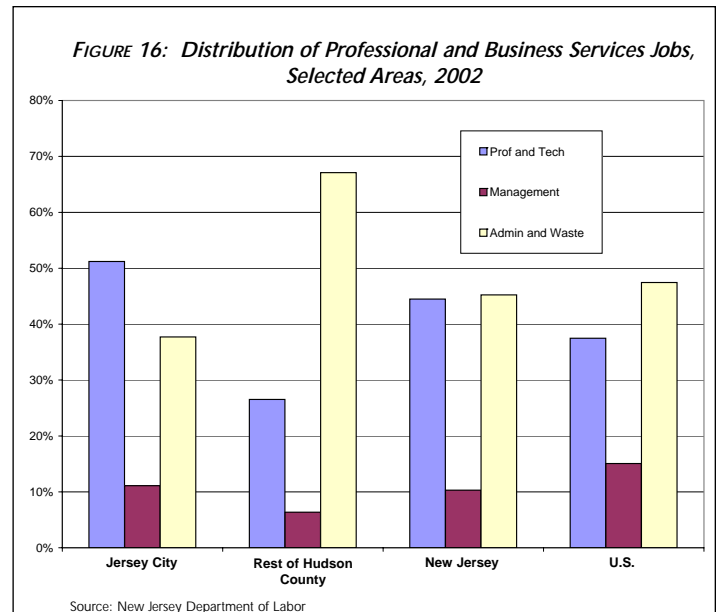
**Issues**

Much of the growth of professional and business services in Jersey City is closely linked to growth in the financial services sector. For example, a number of technical services companies have located in the waterfront neighborhood to service financial services firms. Any slowdown in the growth of financial services will thus affect growth in professional and business services. There is concern that Jersey City residents are not getting jobs in professional and business services. In 2000, City residents held only 22% of all professional and business services jobs in Jersey City.

**FIGURE 15: Proportion of Private Sector Jobs in Professional and Business Services, Selected Areas, 2002**

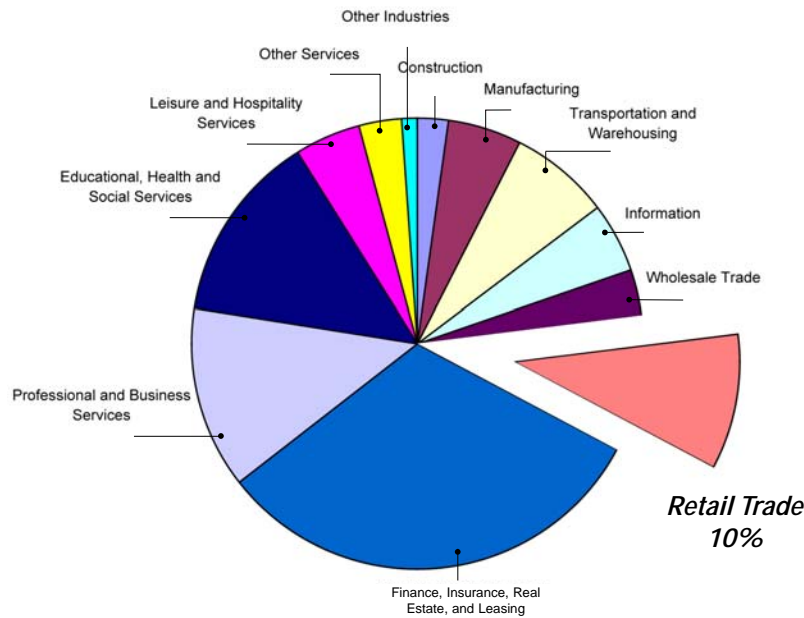


**FIGURE 16: Distribution of Professional and Business Services Jobs, Selected Areas, 2002**



# RETAIL TRADE

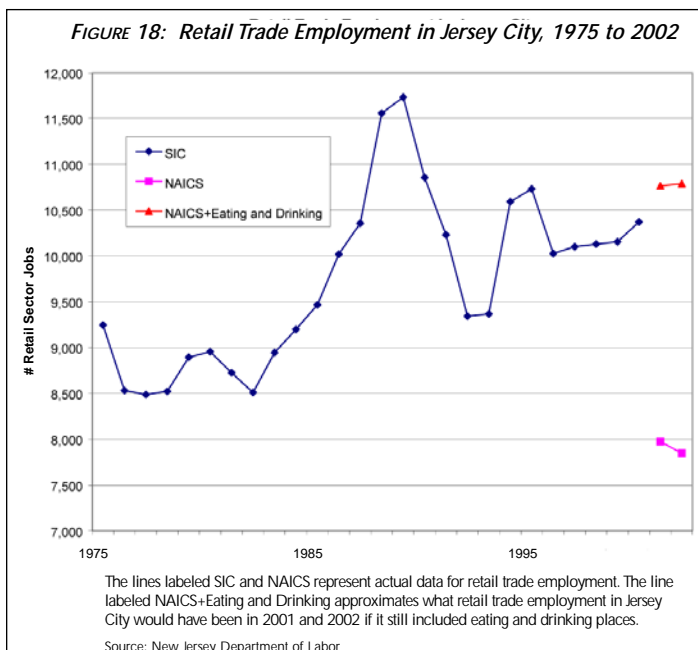
FIGURE 17: Jersey City Private Employment Distribution, 2002



The retail trade sector in Jersey City accounted for 7,845 jobs or 10% of total private sector employment in the City in 2002 (See Figure 17). Retail trade has undergone extensive definitional changes in NAICS. In the SIC system, eating and drinking establishments were classified as retail trade. In NAICS, they have been reclassified in a new service sector: accommodation and food services. In 1999 (the last year for which detailed data are available for Jersey City), eating and drinking establishments accounted for 2,400 jobs or 24% of all retail jobs in Jersey City.

In 1975, retail trade employment in Jersey City stood at 9,246. Between 1975 and 2000, the number of jobs in the retail sector grew by 12% to 10,373. The apparent drop in employment after the year 2000 is due to the NAICS reclassification of eating and drinking establishments. If these establishments were still in the retail trade sector, it would have shown continuing growth (See Figure 18).

The employment growth in retail trade in Jersey City from 1975 to 2000 was far below the 30% growth in the rest of Hudson County, the 41% rise in New Jersey and the 83% increase in the U.S. (See Figure 19). The U.S. Bureau of Labor Statistics projects that retail trade employment nationwide will increase 13.8% from 2002-2012, somewhat less than the 14.8% projected job growth for all industries.<sup>5</sup>



Retail trade has somewhat less of a presence in Jersey City than elsewhere. In 2002, retail trade jobs accounted for 10% of all private sector jobs in Jersey City, compared with 12% in the rest of Hudson County, and 14% in New Jersey and the U.S. (See Figure 20). The number of retail jobs per capita in Jersey City is lower than it is elsewhere, at 30 jobs per 1,000 persons in Jersey City compared to 40 jobs per 1,000 persons in the rest of the county and 50 jobs per 1,000 persons in New Jersey and the U.S.

## RETAIL TRADE INDUSTRIES

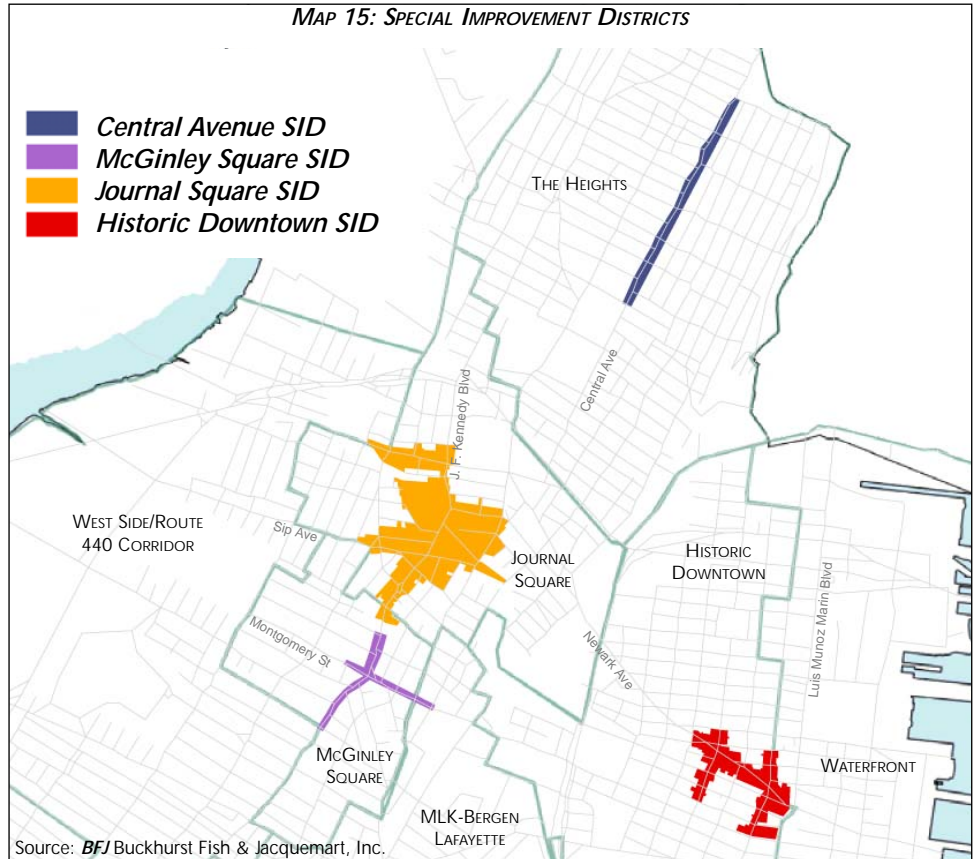
In 2002, of the 7,845 retail jobs in Jersey City, the largest proportion (22%) were at general merchandise stores, followed closely by apparel stores (20%) and food stores

(17%). The distribution was approximately the same in the rest of Hudson County and in the state and nation.

Wages in the retail trade sector are among the lowest of all sectors in Jersey City and elsewhere. In 2002, annual retail trade wages in Hudson County averaged \$26,800, about half of the average private sector wage in the county of \$49,700. However, there is wide variation among types of retailers. For example, wages in electronics stores and auto dealerships in the County were more than \$40,000 a year while gas stations and general merchandise store wages were \$20,000. Many retail trade jobs are part-time which may be a partial explanation for the low wage rates in the sector.

**Issues**

Jersey City is, and has always been, a place of multiple retail-shopping districts with small and medium-sized establishments primarily serving local residents. It was not until the mid-1980s, when Macy's opened its doors in the Newport Centre Mall, that a major multi-level department store would locate in Jersey City. Newport Mall continues to draw regional shoppers. Most of the City's other retail areas that primarily service local residents are undergoing revitalization. Special Improvement Districts (SIDs) are providing the impetus for growth in

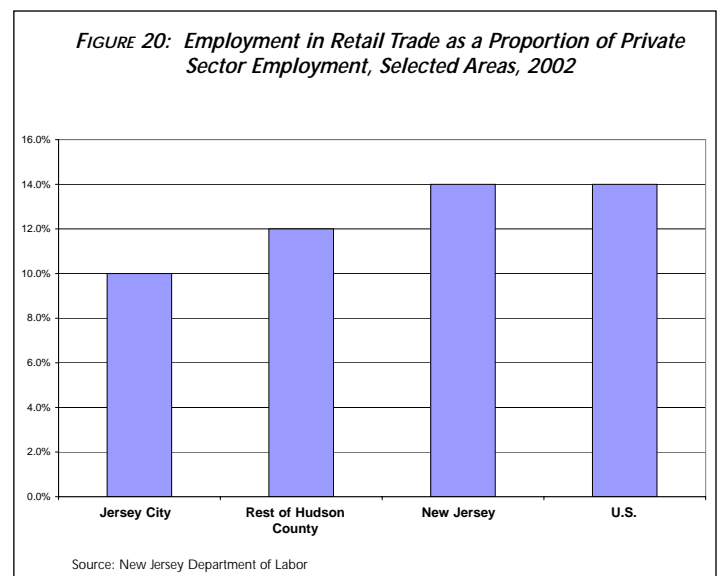


Journal Square, McGinley Square, Historic Downtown and Central Avenue (See Map 15). All of the SIDs are working to bring better quality stores into Jersey City and to improve the infrastructure in retail areas. The lack of sufficient parking is seen as a major challenge in most retail districts in Jersey City as is the need for street cleaning and maintenance. The need to better market the City as a whole and its many retail areas is also seen as a challenge.

FIGURE 19: % Change in Retail Trade Jobs, Selected Areas, 1975 to 2000

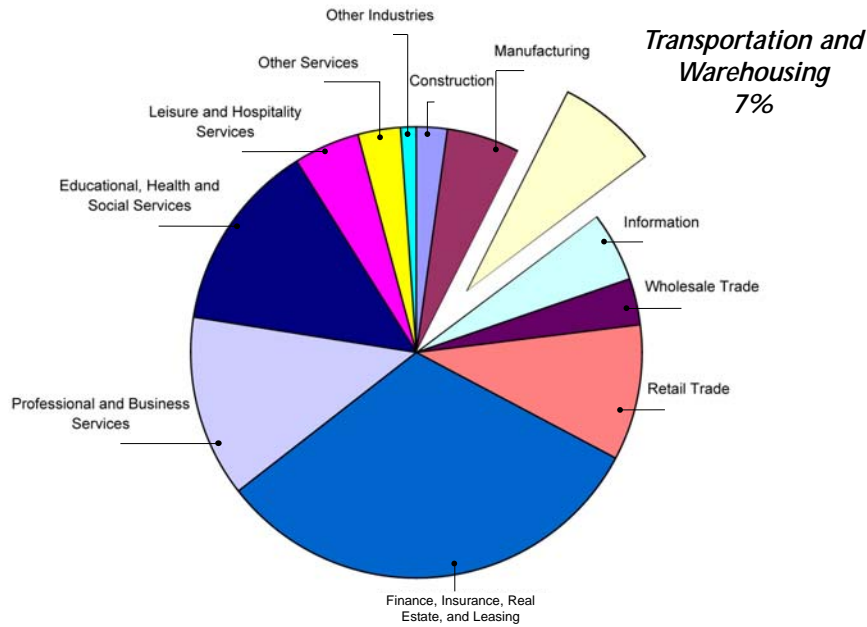


FIGURE 20: Employment in Retail Trade as a Proportion of Private Sector Employment, Selected Areas, 2002



# TRANSPORTATION AND WAREHOUSING

FIGURE 21: Jersey City Private Employment Distribution, 2002



The transportation and warehousing sector in Jersey City accounted for 5,989 or 7% of all private sector jobs in the City in 2002 (See Figure 21). This total does not include transportation jobs in the public sector such as those generated by PATH and the Hudson-Bergen Light Rail System.

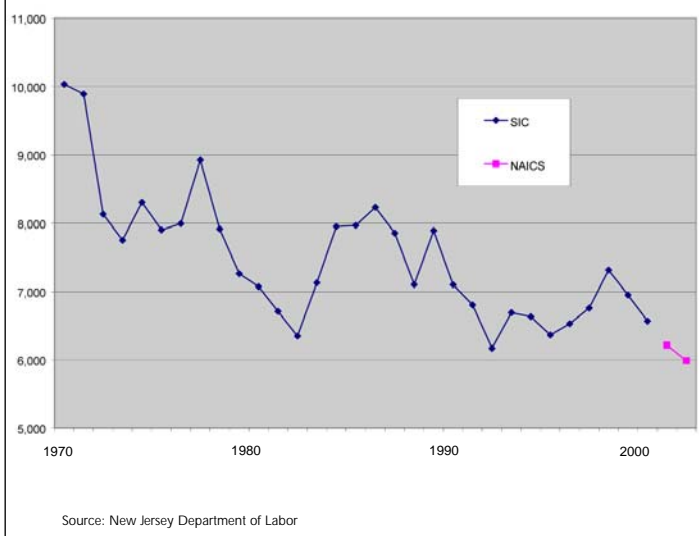
Transportation is the major component of the new NAICS transportation and warehousing sector accounting for 78% of jobs in the sector in 2002. The sector includes all modes of transportation for passengers and freight as well as warehousing, sightseeing and transportation support

activities. It excludes a few industries that were included in the SIC transportation industry. Travel agencies are now in the NAICS administrative and support services sector (fewer than 800 jobs in 1999) and rental and leasing of transportation equipment are in the Real Estate, Rental and Leasing Sector (fewer than 100 jobs in 1999).

The importance of the transportation industry as a job generator in the City has declined significantly over time. In 1970, the City's private sector transportation industry employed 10,000 people. By 1975, the transportation job base had declined by 20% to 8,000 jobs. Between 1975 and 2002, another 2,000 jobs were lost, leaving employment in the transportation industry in 2002 about 24% below its 1975 level (See Figure 22). In contrast to the transportation job decline in Jersey City from 1975 through 2002, there was a 15% job gain in the rest of Hudson County, a 51% increase in New Jersey and a 19% rise in the U.S. during this period (See Figure 23). The U.S. Bureau of Labor Statistics projects that employment in transportation and warehousing will increase 21.7% over the 2002-12 period, substantially above the 14.8% increase projected for all industries.<sup>6</sup>

While transportation and warehousing jobs accounted for 7% of the City's job base in 2002, in the rest of Hudson County, they accounted for 15%, in New Jersey for 5% and in the U.S. for 4% of all jobs (See Figure 24).

FIGURE 22: Transportation Employment in Jersey City, 1970 to 2002



Source: New Jersey Department of Labor

**TRANSPORTATION INDUSTRIES**

In 2002, of all reported private sector transportation jobs in Jersey City, 28% were in trucking, 27% in support services for transportation activities, and 21% were in local transit and in warehousing and storage. Warehousing and storage and trucking are particularly important in the rest of Hudson County, which has major distribution facilities located in Secaucus (See Figure 25).

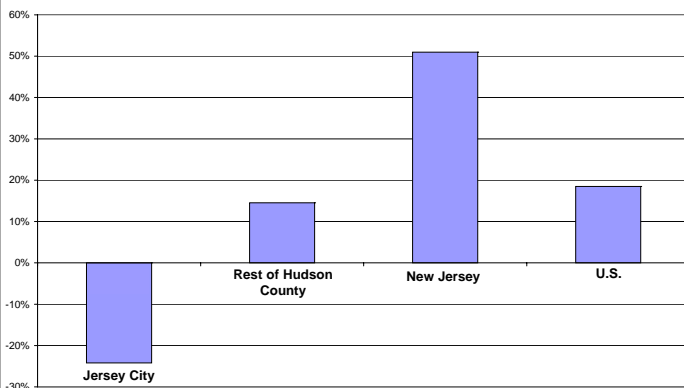
In Hudson County, the average annual transportation wage in 2002 was \$35,400, about 70% of the County's private sector average of \$49,700. Hudson County wages are similar to the national wage in transportation and 10% lower than the state

wage. Current wage data are not available for Jersey City transportation industries.

**ISSUES**

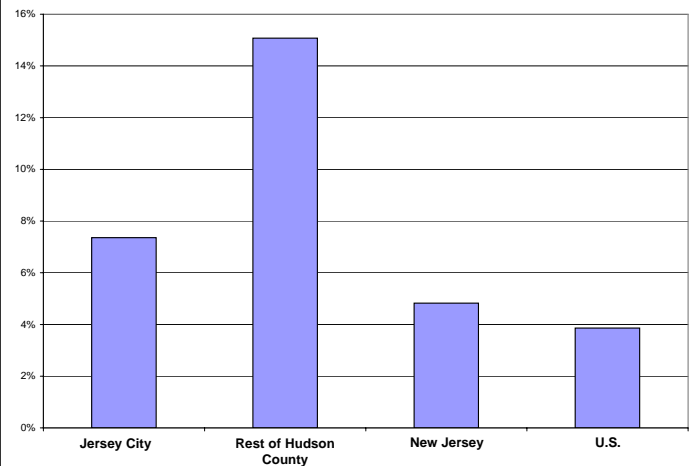
Trucking companies that have recently located to Jersey City have expressed difficulties in obtaining certified truck drivers. Jersey City's access to highways is seen as an advantage for the trucking industry.

**FIGURE 23: % Change in Transportation Jobs, Selected Areas, 1975 to 2002**



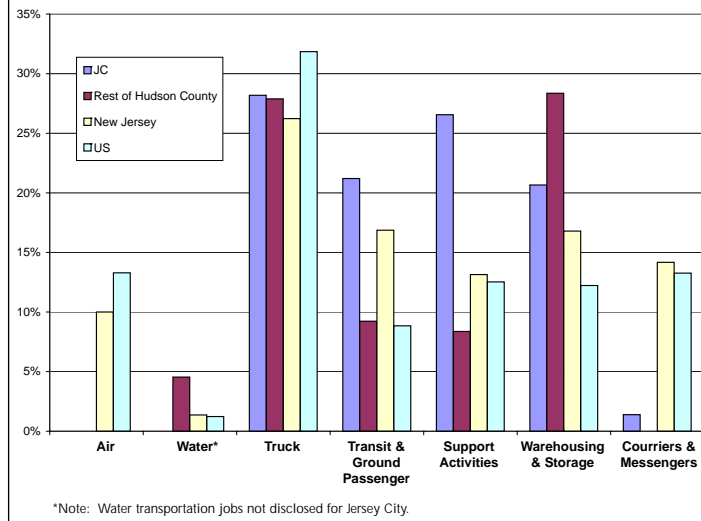
Source: New Jersey Department of Labor

**FIGURE 24: % of Private Employment in Transportation and Warehousing, Selected Areas, 2002**



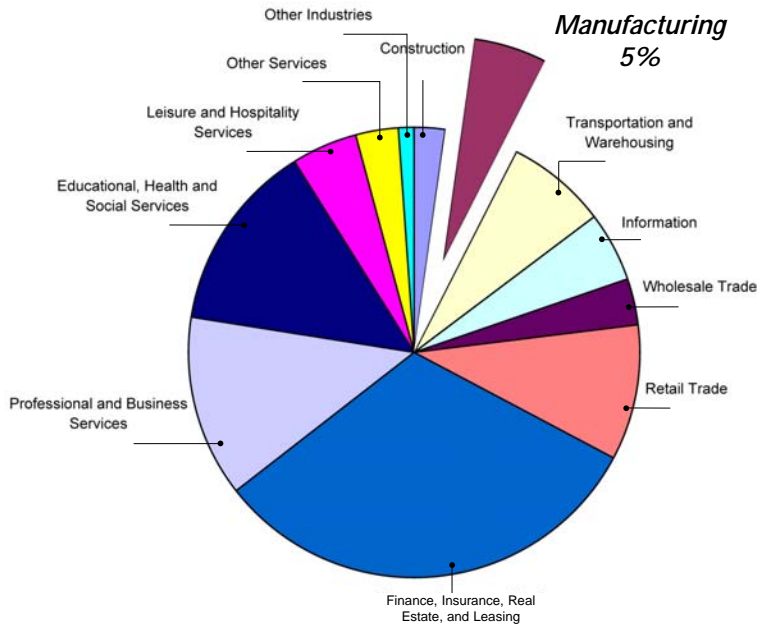
Source: New Jersey Department of Labor

**FIGURE 25: Distribution of Transportation Sector Jobs, Selected Areas, 2002**



# MANUFACTURING

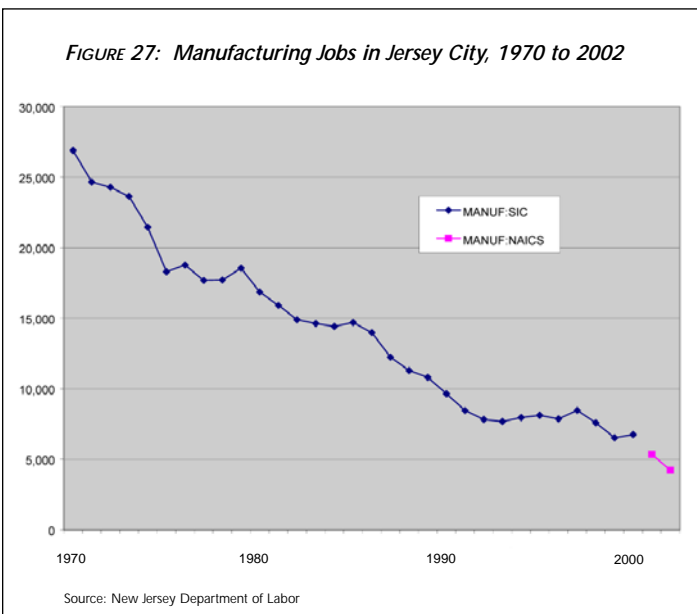
FIGURE 26: Jersey City Private Employment Distribution, 2002



The manufacturing sector accounted for 4,227 jobs or 5% of all private sector jobs in Jersey City in 2002 (See Figure 26). This is a very different picture of the Jersey City economy than would have been presented in the mid-19th through the mid-20th centuries when manufacturing was the engine driving the economy and many products made in the City's factories were household names, e.g., Emerson Radio, Colgate soaps and toothpaste, American Can and Dixon Ticonderoga pencils.

In 1950, there were 39,546 manufacturing jobs in Jersey City. By 1970, the number had dropped to 26,904 and by 1990 to 9,643. The City's manufacturing job base declined to just under 6,800 by 2000 and continued to fall in 2001 and 2002. In 2002, there were 4,227 manufacturing jobs left in Jersey City, 89% below the close to 40,000 jobs in 1950 (See Figure 27). Some of the decrease after 2000 may be attributable to the NAICS reclassification that, for example, moved management of enterprises and research and development activities out of manufacturing, where they had been in the SIC system, and into services.

FIGURE 27: Manufacturing Jobs in Jersey City, 1970 to 2002



While the decline in Jersey City's manufacturing sector mirrors the downward trend in manufacturing employment in the rest of the county, state and nation, the downward trend in the City was much faster and steeper than in the state or nation (See Figure 28). The U.S. Bureau of Labor Statistics projects a decrease of 1.0% over the 2002-12 period compared with a 14.8% increase in overall employment.<sup>7</sup>

Manufacturing jobs are much less predominant in Jersey City than elsewhere. In 2002, they accounted for 5% of all private sector jobs in the City. In the rest of the county they represented 10% of the private sector job base; in the state 11% and in the U.S., 14% (See Figure 29).

**MANUFACTURING INDUSTRIES**

Although nearly all manufacturing industries are represented in Jersey City, in 2002, apparel and printing were the only two employing more than 500 people; the chemical industry employed just under 500. Taken together, these three industries accounted for more than half of all Jersey City's manufacturing jobs in 2002.

**Printing.** Printing is a new industry in NAICS. Under the SIC system, it was part of the printing and publishing industry. From 1970 to 1999, the printing industry in Jersey City employed 1,500 to 1,600 people, with more than 50% of all its jobs in commercial printing.

In 2001, there were about 1,400 printing jobs in Jersey City; in 2002, there were just over 1,000. Part of the decline may be attributable to weaknesses in the financial sector, a major user of commercial printers in Jersey City. In the rest of Hudson County, printing jobs increased from 1,191 to 1,225 between 2001 and 2002. In New Jersey, printing jobs declined by 7% in 2002 after falling by 11% in 2001. In the U.S., printing employment dropped by 8% in 2002 after falling by 5% in 2001. In New York City, there was a drop of 6% in printing employment in 2002, following a decline of 10% in 2001.

**Apparel.** In 2002, apparel was Jersey City's second largest manufacturing industry, employing about 700 persons. This was a decline of 81% from 1979, the year in which apparel became Jersey City's largest manufacturing industry. At that time, the City was home to 3,700 apparel jobs. There are only minor differences in the definition of the industry in the SIC and NAICS systems so the decline is real and not attributable to definitional changes. The fall-off in apparel employment in

Jersey City is similar to declines elsewhere and is primarily attributable to competition from lower-wage foreign labor markets. In the rest of Hudson County, apparel jobs dropped by 78% from 1979 to 2002; in New Jersey by 83%, and in the U.S. by 75%.

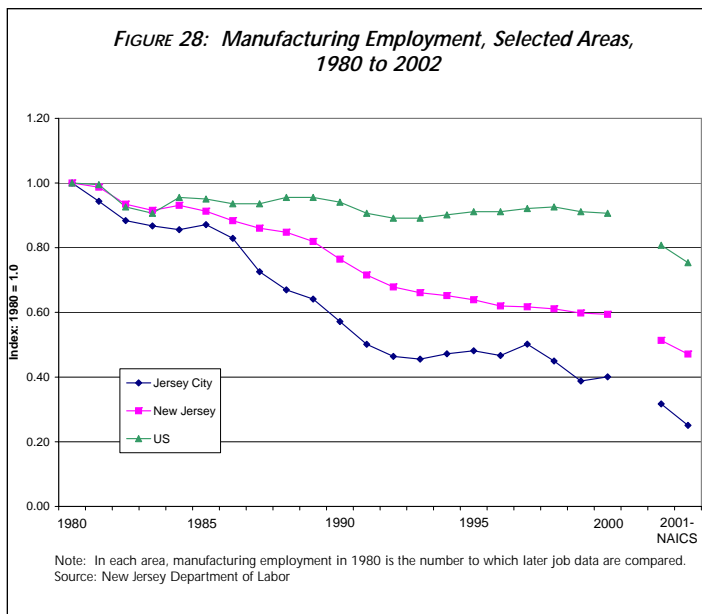
**Chemicals.** At one time, the chemical industry was a major employer in Jersey City. In 1970, it employed more than 4,600 people. By 1999, the job total had dropped to 1,200. In 2002, Jersey City's chemical industry employed close to 500 people. Part of the recent decline may be the result of the reclassification of jobs in research and development in the chemicals industry from manufacturing to the professional and technical services sector.

In the rest of Hudson County, employment in the chemicals industry stood at 1,000 in 1999 and remained at that level in 2002. In New Jersey, chemicals have historically been an important manufacturing industry, accounting for 21% of manufacturing jobs and 3% of the State's private sector employment in 2002.

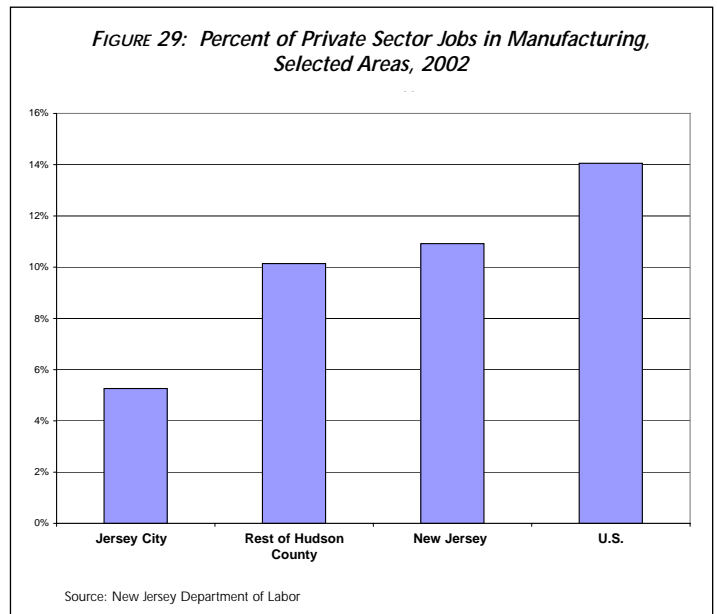
Most of Jersey City's manufacturing companies are located in Greenville Yards, in the Montgomery Street Industrial Park and in the area around Liberty State Park (See Map 16).

In 1999, the last year for which wage data are available for Jersey City, the average annual wage rate in manufacturing was \$40,277 compared to \$50,836 for all private sector jobs. Excluding wages in the financial sector, private sector wages in Jersey City were \$36,612, below the average manufacturing wage.

**FIGURE 28: Manufacturing Employment, Selected Areas, 1980 to 2002**

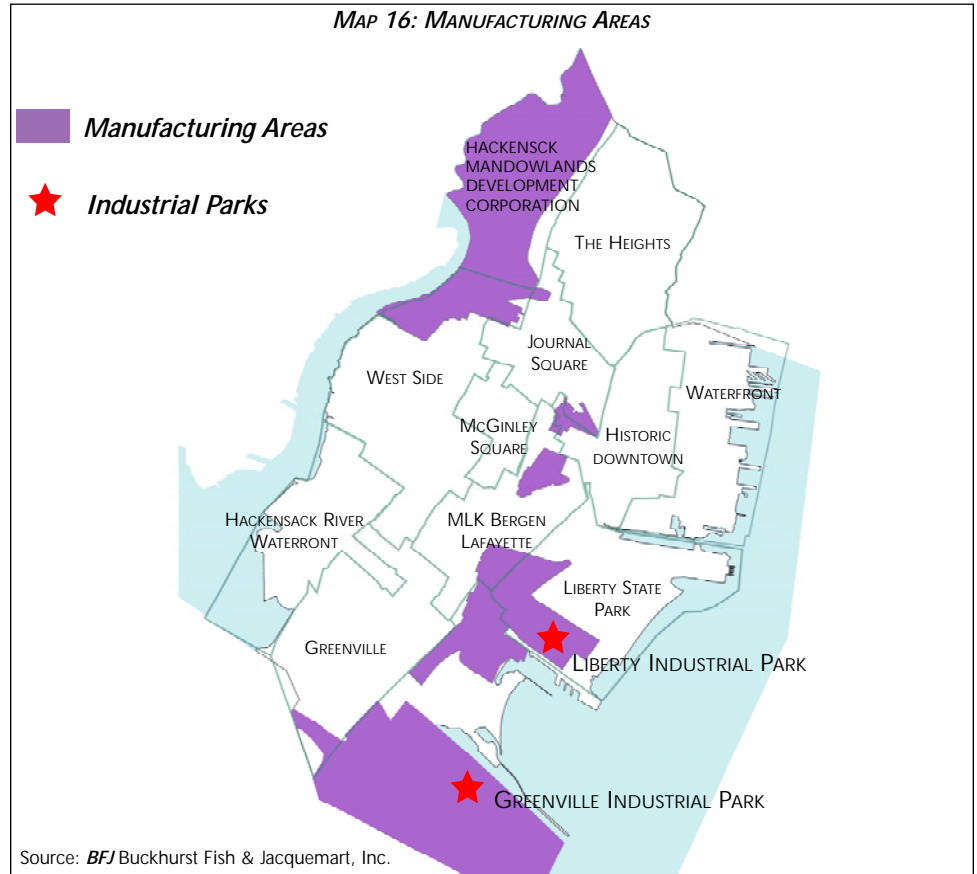


**FIGURE 29: Percent of Private Sector Jobs in Manufacturing, Selected Areas, 2002**



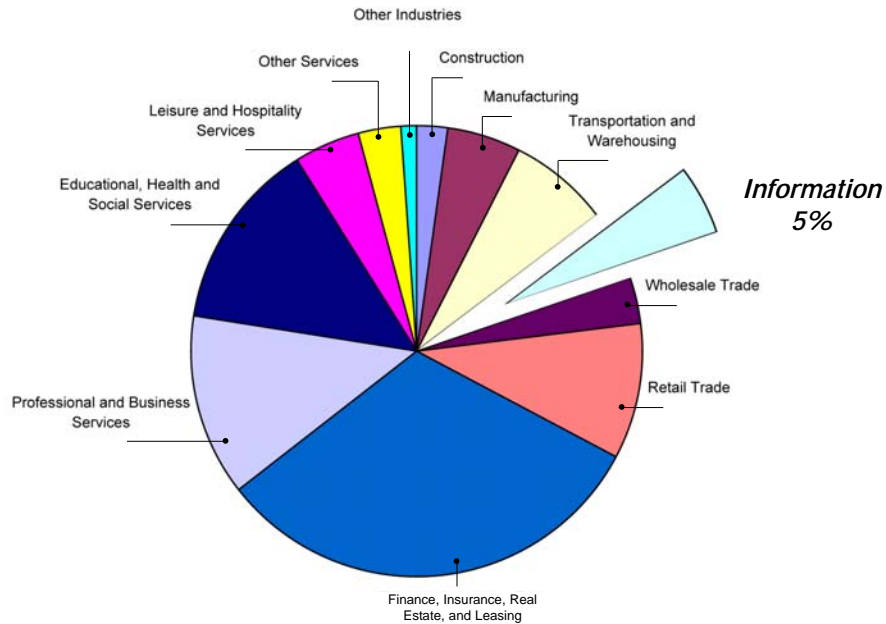
**Issues**

Manufacturers in Jersey City are facing competition from other industries for space as many sites previously used for manufacturing are being converted to other uses. Zoning is also a concern as are environmental issues. Losses in manufacturing are particularly critical since close to half of all workers in the sector are Jersey City residents.



**INFORMATION**

**FIGURE 30: Jersey City Private Employment Distribution, 2002**

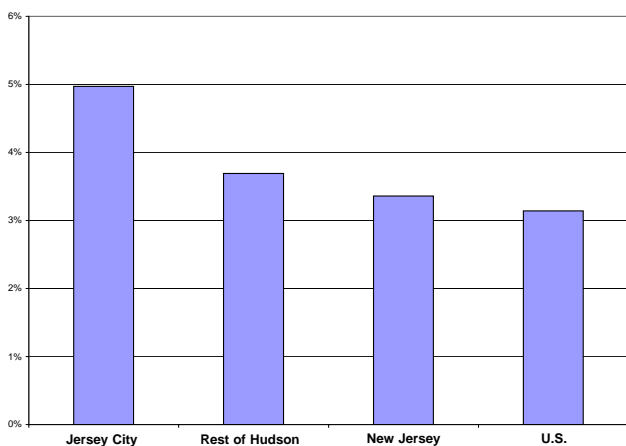


In 2002, the information sector accounted for 3,928 jobs or 5% of all private sector jobs in Jersey City. The information sector is new to NAICS. It includes publishing (part of printing and publishing in the SIC system); software publishing, Internet publishing and Internet service providers (part of business services in the SIC system); movies (part of the motion picture service industry in the SIC system), broadcasting and telecommunications (part of communications in the SIC system), and other information services including libraries (part of education services in the SIC system). The Jersey City Free Library System has been providing services since 1889.

The Library system consists of a main library located in the Historic Downtown Neighborhood as well as four large regional branches and seven smaller neighborhood branches. In August 2004, Jersey City's first new library branch in 42 years opened in the MLK-Bergen/Lafayette neighborhood.

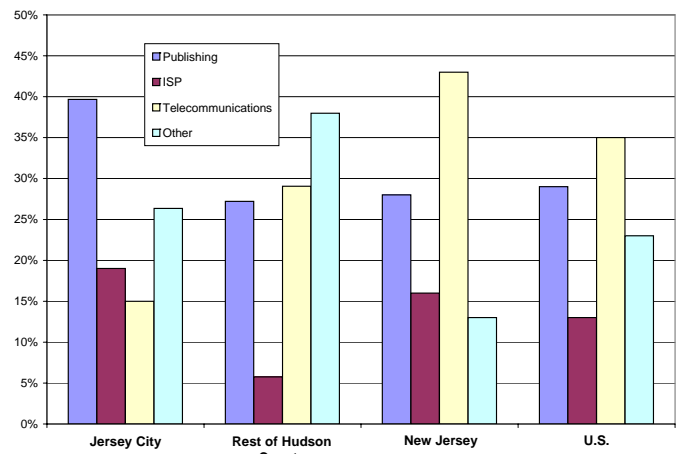
The 3,928 jobs in Jersey City's information sector in 2002 represent a slight increase over the 3,892 jobs in 2001. In the rest of Hudson County and in New Jersey, employment in the sector declined between 2001 and 2002, primarily at wired communication providers. Job losses continued into 2003 and

**FIGURE 31: Proportion of Private Sector Employment in Information, Selected Areas, 2002**



Source: New Jersey Department of Labor

**FIGURE 32: Distribution of Information Employment, Selected Areas, 2002**



Source: New Jersey Department of Labor

2004 in the State and County. Post 2002 data are not published for Jersey City. The U.S. Bureau of Labor Statistics projects an employment increase of 18.5% nationwide over the 2002-12 period for the information sector, somewhat above the 14.8% projection for overall job growth.<sup>8</sup>

Information services account for a higher proportion of private sector jobs in Jersey City than they do in the rest of the County, State and the U.S. (See Figure 31). This predominance is linked to the concentration of financial services in Jersey City. Financial services are highly dependent on modern, high-speed communications and information systems.

### ***INFORMATION INDUSTRIES***

In 2002, publishing was the largest component of Jersey City's information sector, accounting for about 1,600 jobs or 40% of the sector's total employment. The other information sector components in Jersey City with more than 500 jobs were Internet service providers (ISPs) and telecommunications. The City's distribution of information-related jobs is somewhat different from that in the state and the nation. Jersey City has a larger proportion of jobs in publishing, ISPs, and "other" information industries, and a smaller proportion in conventional telecommunications (See Figure 32).

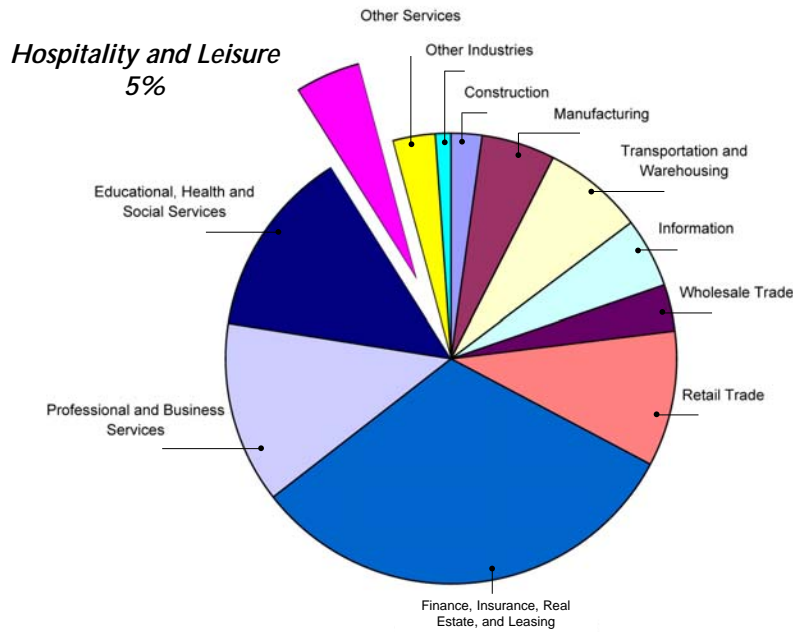
In 2002, annual wages in the information industry in Hudson County were among the highest of any industry at \$61,000, nearly 25% higher than the county average wage of \$49,700. The wage rate in Hudson County was 10% higher than in the U.S. and 8% lower than in the State. Current wage data for the information sector are not available for Jersey City.

### ***ISSUES***

The information sector is highly diverse and has the potential to be a significant part of Jersey City's economic revitalization. The City has a well-developed information technology (IT) infrastructure that should be marketed to bring in more companies that rely on high-speed communications and information services. There is also a need to improve the skills of Jersey City residents to prepare them for jobs in this sector. In 2000, City residents filled only one out of every four jobs in the information sector.

# LEISURE AND HOSPITALITY

FIGURE 33: Jersey City Private Employment Distribution, 2002



In 2002, the leisure and hospitality sector accounted for 3,828 jobs or 5% of private sector jobs in Jersey City. The leisure and hospitality sector is new to NAICS. It includes two industries: the arts and entertainment industry and the accommodations and food services industry. In the SIC system, parts of the arts and entertainment industry were classified in the amusement and recreation industry and the museum and gardens industry. The accommodations industry in NAICS is identical to the hotel and motel industry that was part of the service sector in the SIC system. The food services industry under NAICS is virtually the same as the eating and

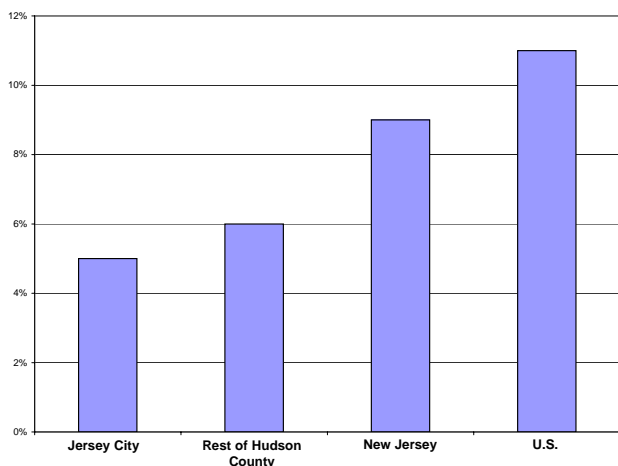
drinking places industry that was part of the retail trade sector in the SIC system.

Even with the recent job growth in Jersey City, the 5% of total private sector employment in the sector is below the 6% in the rest of the county, the 9% in New Jersey, and the 11% in the U.S. (See Figure 34).

## LEISURE AND HOSPITALITY INDUSTRIES

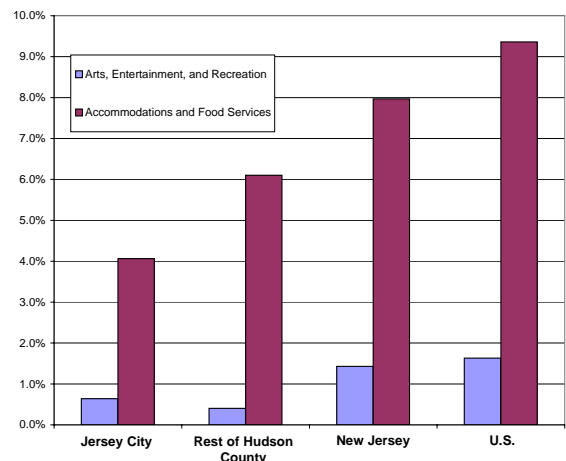
**Arts and Entertainment.** In 2002, official government statistics reported that there were 521 jobs in arts and entertainment in

FIGURE 34: Proportion of Private Sector Jobs in Leisure & Hospitality Services, Selected Areas, 2002



Source: New Jersey Department of Labor

FIGURE 35: Distribution of Leisure and Hospitality Jobs, Selected Areas, 2002



Source: New Jersey Department of Labor

Jersey City. These data include jobs in the City's museums including the Jersey City Museum in Historic Downtown, the Liberty Science Center in Liberty State Park and the African American Museum in Greenville (See Map 17). However, the data do not include most jobs in artists' studios and art galleries. In recent years, there has been significant growth in the artistic community in what is being referred to as the "Powerhouse Arts District" in the Historic Downtown area (See Map 17). The heart of the Arts District is the former "Powerhouse" electrical plant on Washington Boulevard that still contains part of the electrical system for the PATH trains. The building has been hailed as a masterpiece of brickwork. The Powerhouse district encompasses several blocks of historical warehouses that are being reused as galleries and artists' studios.

**Accommodations and Food Services.** The accommodations and food services industry accounted for 3,307 jobs in 2002 up from 2,944 in 2001. In the accommodations component of the industry, there were just over 200 hotel and motel jobs in Jersey City in 1999, the same number as in 1993. This job total more than doubled between 1999 and 2002 to nearly 500, with all the growth coming between 2001 and 2002. Other hotels have opened since then, greatly improving the ability of Jersey City businesses to host meetings and conferences and to house visitors to the area.

The food services industry has been one of the fastest growing industries in New Jersey, with employment increasing at an average rate of 2.4% a year between 1993 and 2002. In Jersey City, food services employment has grown even faster increasing at a rate of about 3% a year, and growing from 2,300 workers in 1993 to over 2,900 in 2002.

According to official government statistics, employment in the arts and entertainment industry, accounted for 0.6% of all private sector jobs in Jersey City in 2002, significantly below the 1.4% in the state and 1.6% in the nation, but higher than the 0.4% the rest of Hudson County (Figure 35). However, as discussed above, these statistics do not include artists working in their own studios and other categories of artistic workers.

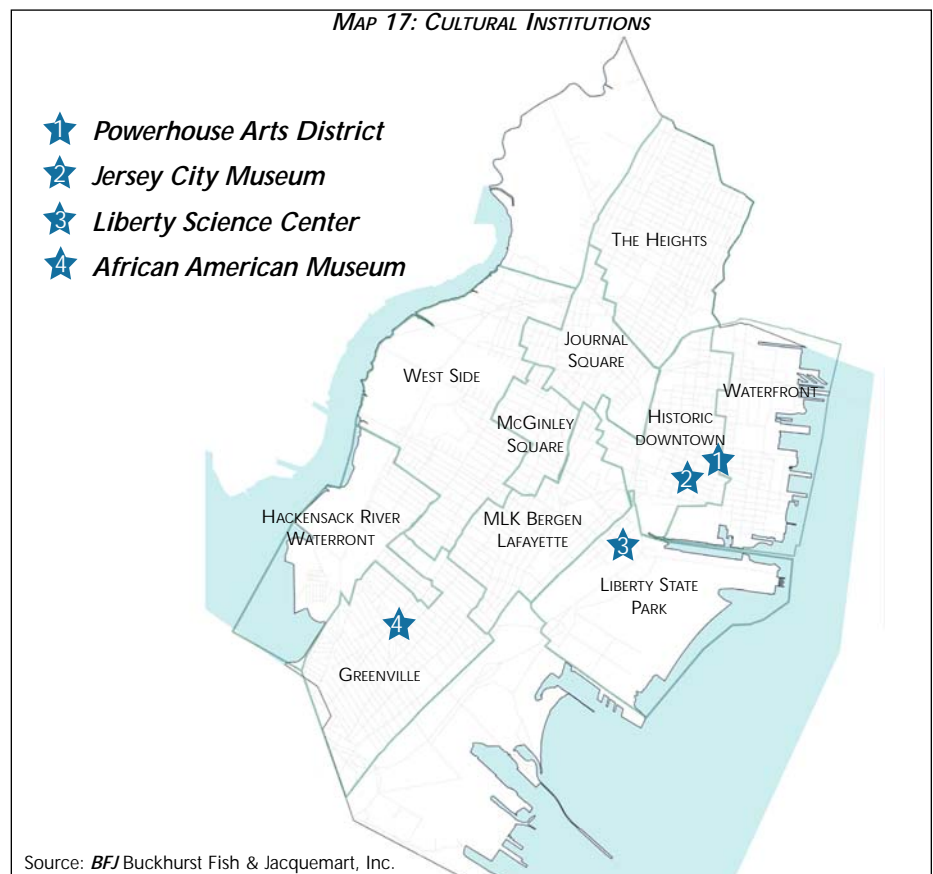
Accommodations and food services jobs are also relatively less predominant in Jersey City than elsewhere, accounting for only 4% of the City's private sector jobs, compared to 6% in the rest of the county, 8% in New Jersey, and more than 9% in

the U.S.

Wages in the arts and entertainment industry in 2002 in Hudson County stood at \$33,700 per year, well below the average county wage rate of \$49,700. Wages in accommodations and food service were \$16,100, the lowest of all industries in the county and only a third of the average County wage rate in the private sector.

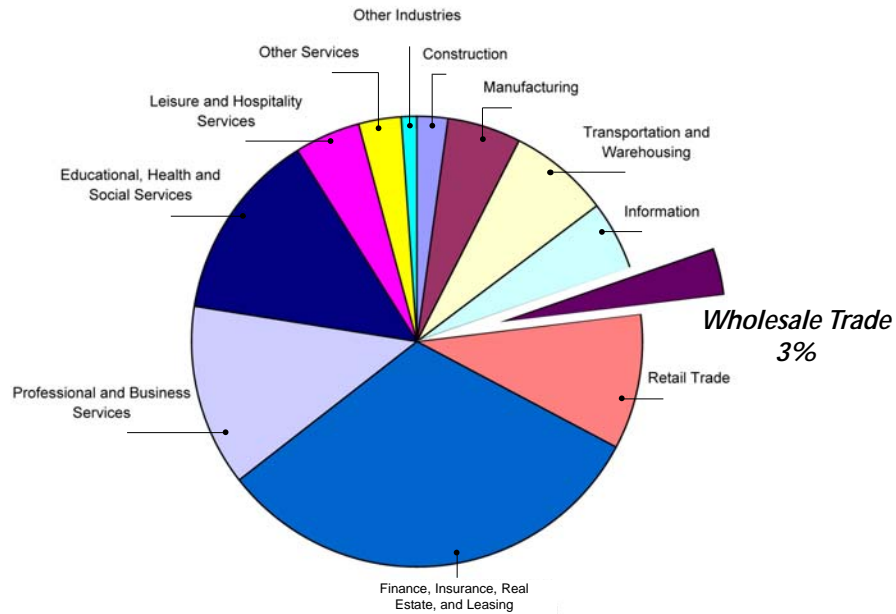
### Issues

The leisure and hospitality sector has the potential to be a driving force in Jersey City's ongoing economic revitalization, with tourism as a key contributor to the growing visibility and status of the City. Its historic sites, ethnic diversity, museums, parks and recreational facilities represent an untapped economic development opportunity and should be marketed, especially on the Internet. According to the Travel Industry Association of America (TIA), between 1997 and 2002, the number of people nationwide planning travel on the Internet increased from 12 million to 64 million.<sup>9</sup> The "Destination Jersey City" initiative can be a vital force in the development of tourism in Jersey City. There is a concern, however, that many of the jobs in this sector pay low wages. In the year 2000, seven out of every ten workers in Jersey City's leisure and hospitality sector were City residents.



# WHOLESALE TRADE

FIGURE 36: Jersey City Private Employment Distribution, 2002



In 2002, employment in the Jersey City wholesale trade sector accounted for 2,813 jobs or 3% of all private sector jobs in the City (See Figure 36). This is less than half of its 7% contribution to the City's private sector job base in 1988, the sector's peak employment year in Jersey City.

Employment losses in wholesale trade after 2000 are primarily the result of the NAICS reclassification that moved parts of what had been classified as wholesale trade in the SIC system into the NAICS retail trade sector and other parts into manufacturing (See Figure 37). In NAICS wholesalers are

defined as businesses that sell or arrange the purchase or sale of (a) goods for resale (i.e., goods sold to other wholesalers or retailers), (b) capital or durable non-consumer goods, and (c) raw and intermediate materials and supplies used in production. Wholesalers sell merchandise to other businesses and generally operate from a warehouse or office.

Between 1980 and 2002, employment in Jersey City's wholesale trade industry declined by 23%, in contrast to growth elsewhere. Employment in the industry increased by 1% in the rest of the County, by 17% in New Jersey, and by

FIGURE 37: Wholesale Trade Employment in Jersey City, 1980 to 2002

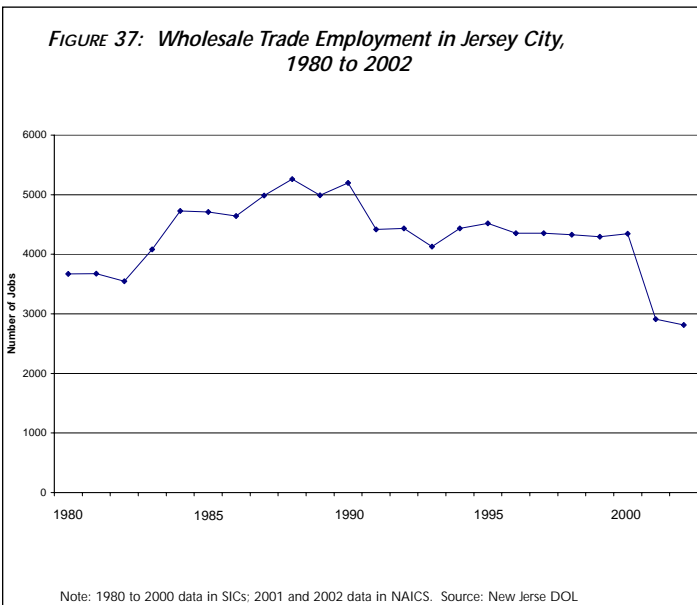
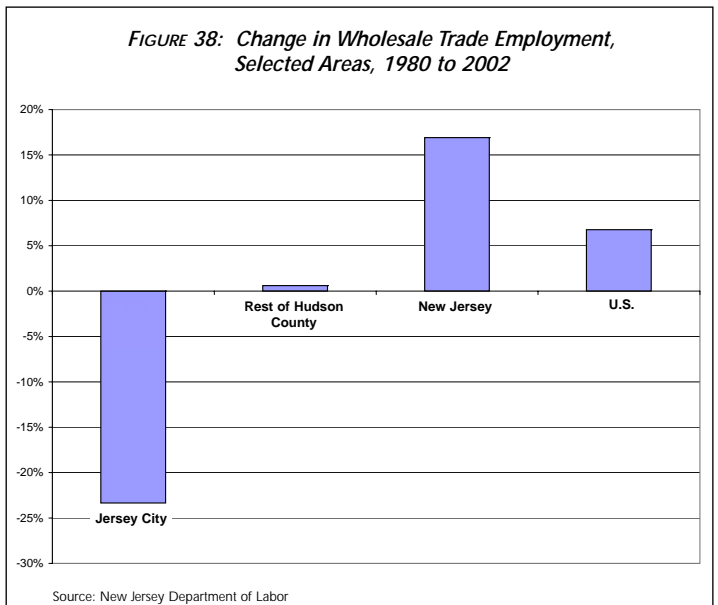


FIGURE 38: Change in Wholesale Trade Employment, Selected Areas, 1980 to 2002



7% in the U.S. (See Figure 38). The 3% of jobs accounted for by wholesale trade jobs in Jersey City in 2002 was considerably less than the 10% they represented in the rest of the county, the 7% in New Jersey, and the 5% in the U.S.

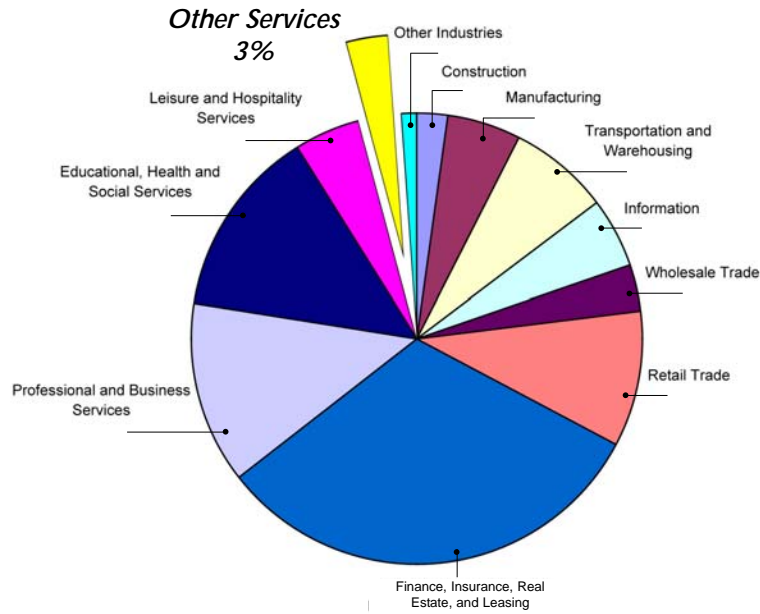
In 2002 in Hudson County, wages in the wholesale trade sector stood at \$50,600, about 2% higher than the county \$49,7000 average salary across sectors. Current wage data for the wholesale trade sector are not available for Jersey City

### ***Issues***

In 1994, the New York Daily News moved its distribution center from New York City to Liberty State Park, beginning an influx from New York City of distribution facilities of other companies. Wholesale distribution centers are currently an important industry in and near Secaucus in Hudson County, and outside of the county particularly near Exit 8A of the New Jersey Turnpike. Given the access of Jersey City to major highways, efforts should be undertaken to encourage other wholesalers to locate in the City.

**OTHER SERVICES**

FIGURE 39: Jersey City Private Employment Distribution, 2002

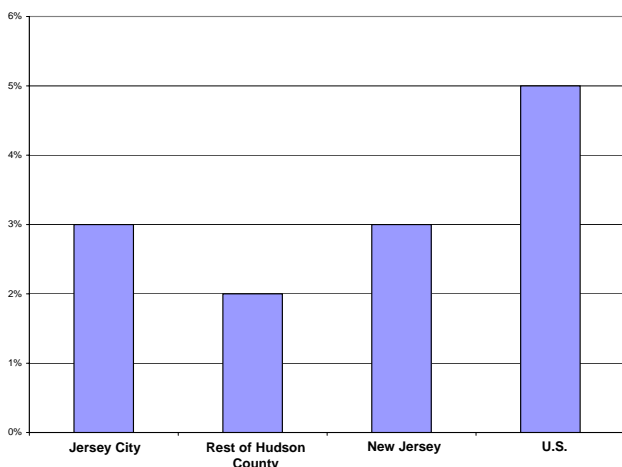


In 2002, employment in the "other services" sector in Jersey City stood at 2,482, accounting for 3% of total private sector employment in the City (See Figure 39). The "other services" sector includes repair and maintenance services, personal and laundry services, and religious, civic, grant making, and similar organizations. This sector tends to be a small proportion of total private employment in all places. In 2002, it accounted for 2% of all private sector jobs in the rest of Hudson County, 3% in New Jersey, and 5% in the U.S. (See Figure 40).

**Issues**

There is a need for additional repair and maintenance services as well as personal and laundry services in many parts of Jersey City, especially in those areas that are adding white-collar workers and students.

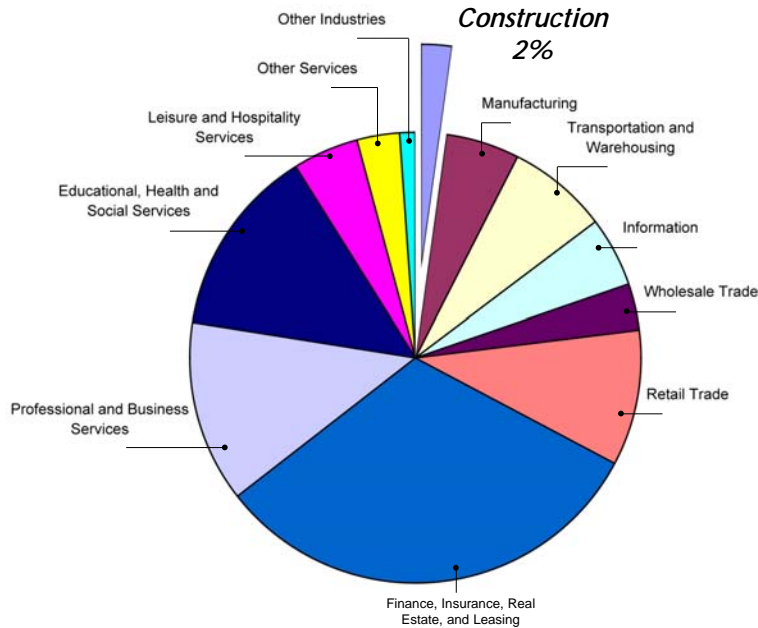
FIGURE 40: Other Services as a Proportion of Private Employment, Selected Areas, 2002



Source: New Jersey Department of Labor

**CONSTRUCTION**

**FIGURE 41: Jersey City Private Employment Distribution, 2002**



In 2002, the construction sector had 1,826 workers in firms based in Jersey City, accounting for 2.2% of all private sector jobs (See Figure 41). This total, however, is misleading since it understates the actual number of construction workers at construction sites in the City. Companies located outside of Jersey City employ many of these workers. In official employment statistics, jobs attributable to "outside" companies are counted as employment in the jurisdiction in which the company is located rather than as Jersey City employment.

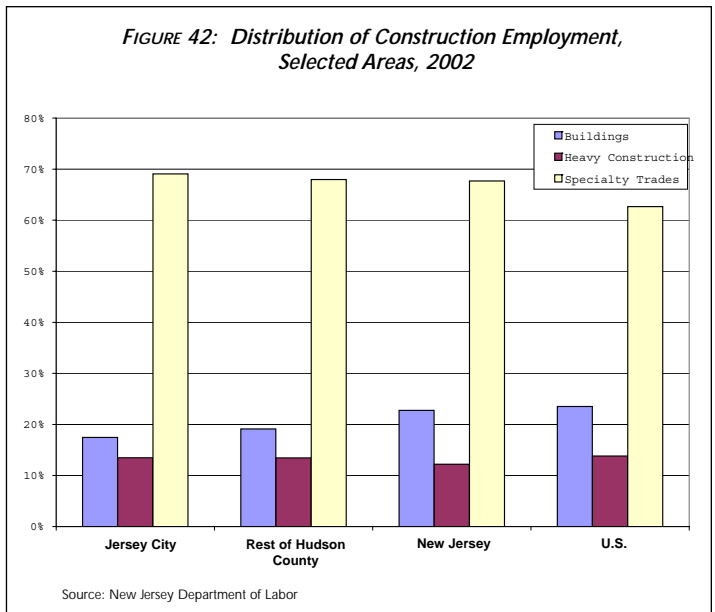
**ISSUES**

With all of the new construction and renovations taking place in Jersey City, it is important to insure that training programs are in place for City residents to insure that they have the skills to fill jobs in this sector.

**CONSTRUCTION INDUSTRIES**

In 2002, of the 1,825 construction jobs accounted for by firms based in Jersey City, the largest proportion (69%) were in specialty trades, with 18% in buildings and 13% in heavy construction (See Figure 42). These proportions are very similar to those in the rest of the County, the State and the U.S. In 1999, the latest year for which wage data are available for Jersey City, the wage rate in the construction industry was \$46,700 compared to \$50,836 for all private sector jobs. However, as with manufacturing, excluding wages in the financial sector, private sector wages in Jersey City were \$36,612, below the average construction sector wage.

**FIGURE 42: Distribution of Construction Employment, Selected Areas, 2002**



## ***THE JERSEY CITY ECONOMY: CONCLUSIONS AND A LOOK INTO THE FUTURE***

Jersey City's job base is now at an all-time peak although the rapid employment growth experienced during most of the 1990s has slowed. Future economic growth depends on several factors including decisions by financial services firms to continue relocating to, and expanding in, Jersey City and ongoing growth in its institutions of higher education that currently enroll almost 23,000 students and employ more than 2,000 persons. All have plans for significant expansion. Several planned mixed-use developments in all parts of the City are expected to add new retail and commercial jobs.

The City's economic future also depends on the economic health of its key sectors in the region, state and nation. Forecasts by the U.S. Bureau of Labor Statistics (BLS) predict that the most rapid job growth nationwide over the next ten years will be in education and health services, followed by professional and business services, leisure and hospitality services, information, and other services. Construction, retail trade and financial services are projected to grow, but not as fast as the service sectors or information. Manufacturing employment is expected to continue its long-term decline.

Looking specifically at New Jersey, the New Jersey Department of Labor (NJDOLE) has projected that between 2002 and 2012, the most rapid job growth will be in professional and business, education, health, and arts and entertainment services industries. Slower growth is forecast for financial services and the information sector. Manufacturing is forecast to continue its downward trend.<sup>11</sup> A more recent forecast by the Rutgers Economic Advisory Service for the State of New Jersey, projected that the fastest growth will be in transportation and the four service sectors: professional and business services, education and health services, leisure and hospitality services, and other services.<sup>12</sup>

In the most recent NJDOLE projections for Hudson County,<sup>13</sup> private sector employment is forecast to grow at an average annual rate of 1.1% between 2000 and 2010. The four services sectors are projected to have the fastest annual growth rate (2.5%), followed closely by finance, insurance and real estate (2.1). NJDOLE expected all other industries in Hudson County to add jobs at less than 1% a year, with the exception of manufacturing and wholesale trade that are forecast to lose jobs.

The national, state and county forecasts imply that the most important job generators in Jersey City - financial services and the education, health and social services sector- will continue to grow as will its other service sectors. However, increasing competition from other parts of the region, especially for financial services and related companies, requires a proactive economic development strategy to encourage companies to locate and expand in New Jersey. A case in point is the recent decision by Citigroup, a financial institution located in

Manhattan, to relocate some of its workforce into Long Island City in Queens and some to Morris County.