

**APPENDIX D
CYBERPROFILE:**

**MARKET OVERVIEW OF HUDSON COUNTY
SOCIO-ECONOMIC CHARACTERISTICS
WORKFORCE DEVELOPMENT**

I. MARKET OVERVIEW OF HUDSON COUNTY

OVERVIEW

HUDSON COUNTY AND THE NORTHERN NEW JERSEY MARKET

HUDSON COUNTY AND THE NEW YORK AND WESTCHESTER COUNTIES MARKET

2001: MID-YEAR VERSUS YEAR-END

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1.0 Overview

The greater New York office market showed tremendous resilience in 2001. A national recession started in the first quarter of 2001, ending roughly ten years of unprecedented economic growth in the country, as well as this region. This resulted in more companies downsizing, resulting in more office space available to the market. This in turn was exacerbated by the catastrophic events of September 11. The economic result of the terrorist acts which demolished the World Trade Center and negatively impacted the whole city, has been estimated at \$83 billion in losses. In addition, the State of New York may experience revenue losses (direct and indirect) of \$6.8 billion over the next two years, while the City of New York may suffer a loss of \$3 billion. An estimated 17,965 businesses in New York City were dislocated or disrupted, affecting 563,097 employees. As a result, 19,000 jobs from Wall Street left the City, and many are reportedly “at risk” of not returning.¹

Roughly 13.4 million square feet (m SF) of office space was eliminated from the New York City office market, which represented 2.8% of the overall supply. By year end 2001, the New York City office market experienced *negative* absorption of 22.6m SF, including 14.3m SF of Class A space. In spite of this reduction in the supply, the vacancy rate in Manhattan at year end increased to 9.4%. Hudson County, on the other hand, was the only county in the five county region to experience positive absorption during 2001, reported at nearly 1.1m SF. This was due primarily to the availability of space, its convenient location to Manhattan, as well as a more “affordable” rental and cost structure. However, as identified below, the Hudson County office market is relatively small in size, and in fact it represents only 3.8% of the 600.7m SF supply in the five-county region. Despite the positive absorption in Hudson County, 3.7m SF was available at year-end 2001, or 20% of its supply. In addition, the statistics indicate that office demand in

¹ Source: *New York State Action Plan; Empire State Development in Cooperation with New York City Economic Development Corporation, World Trade Center Disaster Final Action Plan for New York Business Recovery and Economic Revitalization*, January 30, 2002

Hudson County declined in the latter half of 2001, which is surprising given the reported local need after 9/11.

In any event, Hudson County, and more specifically its waterfront, has transitioned over the last twenty years, into one of New Jersey's premiere office locations, as well as a competitive and convenient alternative to the Manhattan market. Roughly 8.9m square feet (m SF) of office space has been built in Hudson County since 1985, increasing the total amount of office space from 7.9m SF to 16.8m SF. At the same time office vacancy has declined from a high of 41% in 1985 to 8.4% at the end of 2001. In addition, nearly 6.8m SF is presently under construction, representing another 40.2% of the supply, or 76.4% of the supply built since 1985. From an occupancy perspective, 72.8% of this new construction is reportedly pre-leased indicating that the available supply will increase by 49.9%, as it comes on line over the next three years, assuming a static market. By 2004, available office space in Hudson County would increase to roughly 5.1m SF, which would represent a 5 to 10 year supply based on historic indicators. In addition, another 28m SF of office space is proposed for Hudson County indicating a potential of a long term supply that would likely take 50 years or more to be absorbed. Other residential and commercial projects are also proposed that complement the transition of Hudson County throughout this new millennium.

This section identifies office market conditions in Hudson County in comparison with competing areas in the region. The competitive region for Hudson County in this analysis includes four surrounding counties, two in Northern New Jersey, Bergen and Essex Counties; and two in New York, New York and Westchester Counties. This analysis is presented in two parts, the first part analyzes the office characteristics in each of the regions, including a discussion of supply characteristics, price levels, and construction activity, as well as vacancy and absorption trends. The second section reviews the major projects that are under consideration in Hudson County as well as some of the major economic incentives offered in each of the regions to entice potential companies to locate within their environs. This analysis will assist in formulating a long term strategy to maintain Hudson County's competitive edge, while enhancing its current and planned investments.²

² Sources utilized in this section include: *Hudson County, Urban Complex, Strategic Revitalization Plan- Hudson County, New Jersey*, prepared by Heyer, Gruel & Talley, PA; and endorsed by the State Planning Commission on January 27, 1999. *The CoStar Office Reports – Year-End 2001* for Northern New Jersey, New York City and Westchester County/Southern Connecticut; *Mid-Year 2001* for Northern New Jersey and New York City; and various local and regional economic development Internet web sites

2.0 Hudson County and the Northern New Jersey Office Market

Total Office Supply: The Northern New Jersey office market has over 255.5m SF of office space in 5,375 buildings, according to CoStar Market Report, and roughly 89.8m SF, or 35.1%, is contained in the tri-county region of Bergen, Essex and Hudson Counties, as shown in Table 1. Bergen County has the largest office supply totaling 42.1m SF, divided into four submarkets. Essex County has nearly 30.9m SF including 19.8m SF in the Newark submarket. Hudson County has 16.8m SF, 6.6% of the Northern New Jersey market, or 18.7% of the Tri-County Region.

Class A Supply: More than 57.3% of the Northern New Jersey office supply is considered Class A space. This representation is lower than the 60.8% representation of Class A office space in the Tri-County region, and 74.4% representation of Class A space in Hudson County, suggesting that the local Hudson County submarket has a much higher concentration of Class A space than the other regions.

Vacant and Available Space: There is more than 46.1m SF of available space in Northern New Jersey, including 35.6m that is vacant. These figures represent 18.0% and 13.9% of the total supply, respectively.³ These conditions are higher than indicated for the Tri-County Region where 14.6% of the office space is available, while 11.9% is vacant.

Bergen County has the highest amount of available space, as evidenced by the 5.24m SF, as exhibited in the Table. This equates to roughly 12.5% of its supply. Essex County has 4.5m SF, or 12.6% of its supply available, while Hudson County has 20% of its supply available, as evidenced by the 3.4m SF available. The amount of space available in Hudson County represents nearly 25.8% of the available supply in the Tri-County Region.

Class A Availabilities: There are 7.47m SF of available Class A office space in the Tri-County Region, representing 57.1% of all availabilities. Bergen County has the highest amount of available Class A space, as evidenced by 3.2m on market, indicating a 12.2% rate for this product type. The Meadowlands submarket has the highest availability rate in this County at 14.7%. More than 79.8% of the available supply in Hudson County is Class A space (2.7m), where the availability rate is 21.5%. This is the highest rate in the Tri-County region, and higher than the rate indicated for the Northern NJ office market as a whole. In other words, the Northern New Jersey office market has a fairly healthy supply of product, including Class A space, which makes for a competitive market.

³ Vacant space is defined in the CoStar Report as space (either available or not available) that is not occupied by a tenant at the time of the survey regardless of lease obligations. Available space is defined as the total amount of space that is currently being marketed as available for lease at the time of the survey. It includes any space regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Table 1: Northern New Jersey Office Market Conditions (2001)

Total Office Market						
Region	#	Bldg SF	Vacant	% Vacant	Available	% Available
Hudson County [1]	181	16.80	1.41	8.4%	3.37	20.0%
Bergen Central	257	10.90	1.24	11.4%	1.21	11.1%
Bergen East	395	12.42	1.45	11.7%	1.45	11.7%
Bergen North	270	11.68	1.02	8.8%	1.37	11.7%
Meadowland	117	7.10	1.21	17.1%	1.21	17.0%
Bergen County	1,039	42.09	4.93	11.7%	5.24	12.5%
Newark/Urban Essex	219	19.76	3.13	15.8%	3.07	15.5%
West Essex	221	11.13	1.17	10.5%	1.41	12.6%
Essex County	440	30.89	4.30	13.9%	4.47	14.5%
Tri-County Region	1,660	89.78	10.64	11.9%	13.08	14.6%
Northern New Jersey	5,375	255.53	35.61	13.9%	46.11	18.0%
Class A Office						
Region	#	Bldg SF	Vacant	% Vacant	Available	% Available
Hudson County [1]	35	12.51	0.78	6.2%	2.69	21.5%
Bergen Central	45	6.50	0.78	12.1%	0.81	12.4%
Bergen East	42	6.46	0.90	13.9%	0.82	12.7%
Bergen North	69	7.60	0.51	6.7%	0.73	9.6%
Meadowland	30	5.56	0.85	15.3%	0.82	14.7%
Bergen County	186	26.12	3.04	11.6%	3.18	12.2%
Newark/Urban Essex	19	8.27	0.58	7.0%	0.62	7.5%
West Essex	54	7.64	0.83	10.8%	0.98	12.8%
Essex County	73	15.92	1.40	8.8%	1.60	10.0%
Tri-County Region	294	54.55	5.23	9.6%	7.47	13.7%
Northern New Jersey	944	146.47	20.99	14.3%	30.10	20.5%

NOTE: All building square feet (SF) are represented in millions

[1] Referenced as Hudson Waterfront in the CoStar Report

Source: CoStar Market Report (Year-End 2001)

Absorption

In 2001, absorption of office space in the Northern New Jersey office market was relatively flat, as evidenced by a nominal *loss* of -0.2m SF. Hudson County was one of the most active market, as 1.1m SF was absorbed. In comparison, Bergen and Essex Counties experienced *negative* absorption of -0.5m and -0.6m SF, respectively, as shown in Table 2. ⁴

Class A absorption: Despite negative absorption in the overall office market, Class A properties fared better in Northern New Jersey, as evidence by the absorption of 2.7m SF, and Class A in the Tri-County Region accounted for nearly 40.4% of this activity. As shown in Table 2, approximately 1.1m SF of Class A office was absorbed in the Tri-County region and nearly all of this activity occurred in Hudson County, where 1.0m SF were occupied, while 0.3m SF were absorbed in Essex County, with most of this occurring in the more suburban West Essex submarket.

Table 2: Northern New Jersey Office Absorption

Total Office Market				
Region	Bldg SF	Absorption	Under	Deliveries
Hudson County [1]	16.80	1.10	6.76	1.20
Bergen Central	10.90	0.31	0.01	0.27
Bergen East	12.42	(0.59)	0.50	0.00
Bergen North	11.68	(0.17)	0.11	0.03
Meadowland	7.10	(0.02)	0.04	0.00
Bergen County	42.09	(0.47)	0.67	0.30
Newark/Urban Essex	19.76	(0.00)	0.00	0.06
West Essex	11.13	0.36	0.14	0.04
Essex County	30.89	(0.58)	1.47	0.70
Tri-County Region	89.78	0.05	8.90	2.20
Northern New Jersey	255.53	(0.19)	12.16	6.23
Class A Office				
Region	Bldg SF	Absorption	Under	Deliveries
Hudson County [1]	12.51	0.96	6.76	1.20
Bergen Central	6.50	0.25	0.01	0.25
Bergen East	6.46	(0.47)	0.50	0.00
Bergen North	7.60	0.05	0.11	0.03
Meadowland	5.56	(0.02)	0.00	0.00
Bergen County	26.12	(0.18)	0.62	0.29
Newark/Urban Essex	8.27	0.03	0.24	0.02
West Essex	7.64	0.28	0.12	0.00
Essex County	15.92	0.31	0.36	0.02
Tri-County Region	54.55	1.08	7.75	1.51
Northern New Jersey	146.47	2.67	11.51	5.36

NOTE: All building square feet (SF) are represented in millions

⁴ Absorption for Hudson County at mid-year 2001 was reported at 1.5m SF, indicating that all the growth occurred in Hudson County prior to the events of 9/11, since year-end absorption is 0.4m SF lower.

Under Construction and New Deliveries

Northern New Jersey had about 12.2m SF of new building area under construction at the end of 2001, and roughly 73.0% of this activity was in the Tri-County Region, and 55.6% in Hudson County alone, as evidenced by the 6.8 m SF reported under construction. In addition, Northern New Jersey had 6.2m SF delivered to the market during 2001, representing 2.4% of its total supply, and roughly half the amount under construction. In comparison, Hudson County had 1.2m SF brought on-line during 2001, representing 7.1% of its total office supply, but only 17.8% of the amount under construction. Newport Office Center IV and 70 Hudson Street in Jersey City represent the new product added to the Hudson County supply. In addition, nearly 77.6% of these buildings were pre-leased/occupied as they came on-line, or conversely 22.4% were vacant. Table 3 itemizes the major office properties in Hudson County that were brought on-line in 2001, as well as those major properties that are under construction and their proposed year of completion.

As shown in the Table, two-thirds of the supply under construction in Hudson County is slated to be finished in 2002, and 71.5% of that space is already pre-leased. Another 0.55m SF is slated to be finished in 2003, and the remaining 1.5m SF is scheduled for 2004. In total, nearly 6.2m SF is scheduled to come on-line over the next three years, which would increase the existing supply to 22.9m SF. The amount of vacant space would increase by 1.7m SF from its current level of 1.4m SF to 3.1m SF at year end 2004. This effectively would increase the vacancy rate from 8.4% to 13.5%, assuming a static market.

Table 3: Hudson County Office

<u>Delivered in 2001</u>	Bldg SF		Vacant[1]	%
Newport Office Center	0.79	0.27		34.0%
70 Hudson Street	0.41	0.00		0.0%
Total	1.20	0.27		22.4%
2002 Delivery				
Newport Office Center	0.80	0.00		0.0%
Plaza 5	1.10	0.54		49.0%
Plaza 10	0.59	0.59		100.0%
111 River St	0.55	0.05		9.0%
480 Washington Blvd	1.10	0.00		0.0%
Total	4.14	1.18		28.5%
2003 Delivery				
121 River St	0.55	0.50		91.0%
2004 Delivery				
30 Hudson St	1.50	0.00		0.0%
2002-2004 Delivery	6.19	1.68		27.2%

NOTE: All building square feet (SF) are represented in millions
[1] Amount NOT pre-leased

Rental Pricing

The current asking rents for Class A office in Hudson County is reported at over \$37/SF which is the highest rate quoted in Northern New Jersey for this product type, as shown in Table 4. The average Class A rent in the Northern New Jersey market is \$28.60/SF which is below that for the Tri-County region (\$31.40/SF). The Meadowlands and Bergen East submarket have Class A rents in excess of \$31/SF, while the average rents for Class A space in the other submarket ranges from \$25.65/SF to \$29.99/SF. Average rent for Class A space in the Newark submarket \$26.50/SF is toward the low end of the range, which is more than \$10/SF less than Hudson County, making this submarket more competitive from a price point perspective.

Table 4: Northern New Jersey Office Rental Pricing (2001)

Region	Total Office	Class A	Class B	Class C
Hudson County [1]	\$29.92	\$37.11	\$20.55	\$20.59
Bergen Central	\$22.67	\$25.65	\$18.50	\$19.79
Bergen East	\$26.72	\$31.09	\$24.77	\$20.64
Bergen North	\$25.32	\$29.99	\$20.64	\$17.40
Meadowland	\$28.85	\$31.11	\$19.56	\$21.08
Bergen Co.	\$25.89	\$29.46	\$20.87	\$19.73
Newark/Urban Essex	\$22.57	\$26.47	\$22.57	\$21.06
West Essex	\$25.36	\$28.99	\$19.37	\$23.64
Essex Co.	\$23.97	\$27.73	\$20.97	\$22.35
Tri-County Region	\$26.59	\$31.43	\$20.80	\$20.89
Northern New Jersey	\$25.35	\$28.57	\$21.66	\$19.67

[1] Referenced as Hudson Waterfront in the CoStar Report
Source: CoStar Market Report (Year-End 2001)

Average rent for lesser quality space (Class B and C) in Hudson County is around the \$20.60/SF market, which is within the range of rents for similar space in Bergen and Essex County (\$19.70 to \$22.35), suggesting that only Hudson County’s Class A market is at a premium. This is likely attributed to a greater amount of newer product in Hudson County, and the higher cost associated with new development, which in turn is reflected in the rental structure.

3.0 Hudson County and the New York and Westchester Counties Office Markets

Total Office Supply: The New York and Westchester Counties office market has over 510.9m SF of office space in 3,449 buildings, according to CoStar Market Report, and roughly 484.8m SF, or 94.9%, is contained in the four submarkets of New York City, as shown in Table 5. The Midtown New York submarket has the largest office supply totaling 280.3m SF, or 54.9% of the two New York markets. Westchester County has 26.1m SF, or the remaining 5.1% of the New York supply. The East I-287 corridor is the largest submarket in Westchester County, with 12.3m SF, followed by the White Plains CBD (7.3m SF) and West I-287 corridor (6.5m SF). In comparison, Hudson County has 16.8m SF, which is less than 3.3% of the total supply in the two New York markets.

Class A Supply: Almost 56.8% of the combined New York and Westchester office supply is considered Class A space. This representation is lower than the 70.1% representation of Class A office space in Westchester County, but slightly higher than the 56.1% representation in New York City. Class A space represents 74.4% of the office market in Hudson County, suggesting that local Hudson County market has a higher concentration of Class A than these two markets.

Vacant and Available Space: There is 61.7m SF of available space in the two markets in New York, including 49.3m SF that is vacant. These figures represent 12.1% and 9.6% of the total supply, respectively. These conditions differ from what's indicated for Hudson County, where 20.0% of the office space is available, but only 8.4% is actually vacant.

Midtown Manhattan has the highest amount of available space, 30.7m SF, as shown in Table 5. This equates to roughly 10.9% of its supply, and more than 49.8% of the available space in these two markets. The Downtown submarket, which includes the financial district, has 14.0m SF of available space representing 13.2% of its supply. The availabilities in this single submarket are roughly four times more than the amount available in Hudson County.

Westchester County has 4.6m SF available, including 3.8m SF that is vacant. This represents 17.5% and 14.7% of its office supply, respectively, which is higher than the 11.8% and 9.4% figures indicated for the Manhattan market. The East I-287 Corridor submarket has the highest amount of available product in the Westchester market. The amount of space available in Hudson County (3.4m SF) is equivalent to 74.4% of the available supply in Westchester County, and only 5.9% in the Manhattan market.

Class A Availabilities: There are 33.0m SF of available Class A office space in the two markets in New York, representing 53.4% of their availabilities. New York County has the highest amount of available Class A space, as evidenced by 29.7m SF on market, indicating a 10.9% availability rate for this product type. The Downtown submarket has the highest availability rate at 12.8%, as evidenced by the 8.8m SF available. In comparison, Hudson County has 2.7m SF of Class A space available, and the availability rate is 21.5%. This is the highest rate of these markets, but not significantly higher than the 17.9% availability rate indicated for Westchester County.

Table 5: Hudson County, NJ, and New York & Westchester Counties, NY

Total Office Market						
Region	#	Bldg SF	Vacant	% Vacant	Available	% Avail.
Hudson County	181	16.80	1.41	8.4%	3.37	20.0%
Downtown	433	106.25	10.55	9.9%	14.00	13.2%
Midtown	1,471	280.32	24.56	8.8%	30.65	10.9%
Midtown South	1,015	90.91	9.86	10.8%	11.79	13.0%
Uptown	180	7.35	0.46	6.3%	0.69	9.4%
New York County	3,099	484.83	45.43	9.4%	57.13	11.8%
East I-287 Corridor	157	12.33	1.47	11.9%	2.25	18.3%
West I-287 Corridor	110	6.48	1.08	16.6%	1.02	15.8%
White Plains CBD	83	7.32	1.28	17.6%	1.29	17.7%
Westchester County	350	26.12	3.83	14.7%	4.57	17.5%
New York & Westchester	3,449	510.95	49.26	9.6%	61.70	12.1%
Class A Office						
Hudson Co.	35	12.51	0.78	6.2%	2.69	21.5%
Downtown	80	68.55	6.09	8.9%	8.76	12.8%
Midtown	347	192.47	16.04	8.3%	20.43	10.6%
Midtown South	17	9.85	0.47	4.8%	0.45	4.6%
Uptown	6	1.13	0.00	0.0%	0.00	0.0%
New York Co.	450	272.01	22.60	8.3%	29.65	10.9%
East I-287 Corridor	60	8.72	0.57	6.6%	1.42	16.3%
West I-287 Corridor	38	4.84	0.95	19.5%	0.92	19.1%
White Plains CBD	19	4.93	0.90	18.2%	0.97	19.7%
Westchester County	117	18.49	2.42	13.1%	3.32	17.9%
New York & Westchester	567	290.50	25.02	8.6%	32.96	11.3%

NOTE: All building square feet (SF) are represented in millions

Absorption

In 2001, absorption of office space in Hudson County was estimated at 1.1m SF, according to the CoStar Market Report, indicating that this market was the only region to experience any major gains throughout the year. As show in Table 6, absorption in New York County was *negative* 22.7m SF throughout the City, or 4.7% of its supply. The Downtown submarket experienced a loss of nearly 16.0m SF, which can be directly attributed to the destruction of roughly 13.4m SF on September 11 at the World Trade Center. Westchester County also experience *negative* absorption of nearly 0.5m SF during 2001, such that these two markets lost 23.2m SF in occupied office space, or 4.5% of its supply.

Class A absorption: More than 66.2% of the negative absorption in the two New York office markets resulted at Class A properties, as evidenced by the loss of 15.3m SF during 2001. In Westchester County, roughly 117% of the negative absorption occurred in Class A properties, suggesting some positive gains resulted in the lesser quality space, while in New York less than 65% of negative absorption occurred in Class A properties. The Downtown Manhattan submarket lost 14.4m SF of Class A space, which is 97.1% of the negative absorption in Class A product in the City. These statistics clearly indicate that Hudson County experienced positive absorption, and captured some of the major internal movement within these regions.

**Table 6: Hudson County, NJ and
Total Office Market**

Region	Bldg SF	Absorption	Under	Deliveries
Hudson County	16.80	1.10	6.76	1.20
Downtown	106.25	(15.99)	0.00	0.00
Midtown	280.32	(3.55)	7.44	2.81
Midtown South	90.91	(3.29)	0.21	0.00
Uptown	7.35	0.15	0.00	0.00
New York County	484.83	(22.68)	7.65	2.81
East I-287 Corridor	12.33	(0.10)	0.00	0.00
West I-287 Corridor	6.48	(0.26)	0.00	0.00
White Plains CBD	7.32	(0.12)	0.00	0.00
Westchester County	26.12	(0.48)	0.00	0.00
New York & Westchester	510.95	(23.17)	7.65	2.81
Class A Office				
Hudson County	12.51	0.96	6.76	1.20
Downtown	68.55	(14.35)	0.00	0.00
Midtown	192.47	(0.74)	7.44	2.81
Midtown South	9.85	0.32	0.12	0.00
Uptown	1.13	0.00	0.00	0.00
New York County	272.01	(14.78)	7.56	2.81
East I-287 Corridor	8.72	(0.10)	0.00	0.00
West I-287 Corridor	4.84	(0.32)	0.00	0.00
White Plains CBD	4.93	(0.14)	0.00	0.00
Westchester County	18.49	(0.56)	0.00	0.00
New York & Westchester	290.50	(15.34)	7.56	2.81

NOTE: All building square feet (SF) are represented in millions

Under Construction and New Deliveries

Manhattan had about 7.6m SF of new building area under construction at the end of 2001, and roughly 97.3% of this activity was in the Midtown submarket, as evidenced by the 7.4m SF reported under construction (see Table 6). In addition, New York had 2.8m SF delivered to the market during 2001, representing 0.6% of the total supply, and roughly one-third of the amount under construction. Reportedly, nearly 52.9% of these properties were occupied/pre-leased as they came on-line, or conversely 47.1% were vacant. Table 7 itemizes the major office properties in New York City that were brought on-line in 2001, as well as those major properties that are under construction and their proposed year of completion.

Hudson County had about 6.8m SF under construction at the end of 2001, or 40.2% of its total office supply. There was 7.7m SF under construction in New York City, and nearly all of it was in the Midtown submarket, where the activity represented only 2.7% of its supply. In addition, 2.8m SF of new product was delivered over the course of 2001 in Manhattan, all of it in the Midtown submarket. Westchester County reported no office deliveries in 2001, as well as no major buildings under construction.

Table 7: New York City Construction Activity

Delivered in 2001	Bldg SF	Vacant	% Vacant
Park Avenue Place	1.20	100.0%	1.20
The Reuters Bldg.	0.86	8.0%	0.07
1745 Broadway	0.70	4.0%	0.03
Total	2.75	47.1%	1.30
2002 Delivery			
222 E41st St.	0.37	38.0%	0.14
745 Seventh Ave	1.04	0.0%	0.00
5 Times Square	1.10	4.0%	0.04
Total	2.51	7.4%	0.19
2003 Delivery			
Times Square Tower	1.25	44.0%	0.55
AOL Time Warner Center	1.63	17.0%	0.28
Total	2.88	28.7%	0.83
2004 Delivery			
300 Madison Ave	1.20	0.0%	0.00
2002-2004 Delivery	6.59	15.4%	1.01

NOTE: All building square feet (SF) are represented in millions
Source: CoStar Market Report (Year-End 2001)

As shown in Table 7, 2.5m SF under construction in New York City is slated to be finished in 2002, and 92.6% of that space is already pre-leased. Another 2.9m SF is slated to be finished in 2003, and the remaining 1.2m SF is scheduled for 2004. In total, nearly 6.6m SF is scheduled to come on-line over the next three years, which would increase Manhattan's supply to 491.4m SF, and the amount of vacant space will increase by 1.0m SF from its current level of 45.4m SF to 46.4m SF at year end 2004. This effectively would increase the vacancy rate from 9.3% to 9.4%, assuming a static market. As discussed earlier, 6.2m SF is under construction in Hudson County and scheduled to be completed by 2004, which is slightly less than the amount reported in New York City. However, 1.7m SF in Hudson County has not been pre-leased in comparison to the 1.0m in Manhattan.

Rental Pricing

The current asking rents for Class A office in Hudson County is over \$37/SF which is 40% lower than average quoted rate of \$62/SF in the New York City office market for this product type, as shown in Table 8. The average Class A rent in the Midtown submarket at \$68.30/SF is the highest in the City, while Class A rents in the Downtown submarket at \$42.25/SF are the lowest. Even the latter rate is 14% higher than the average in Hudson County.

In comparison, Class A rates in Westchester County average around \$28.50/SF, with rates of roughly \$29.30/SF in the White Plains CBD and the East I-287 Corridor submarkets, and rates of \$27/SF in the West I-287 Corridor.

Average rents for lesser quality space (Class B and C) in Hudson County are around \$20.60/SF, which is at the lower end of the range of rents for similar space in Westchester County (\$17.90 to \$28.30). However, the rate in Hudson County is below the range indicated in Manhattan of between \$28.90/SF to \$42.70/SF. In fact, Manhattan’s Class B rates are similar, if not higher, than the Class A rate in Hudson County, depending on submarket.

Table 8: Hudson County, NJ & New York and Westchester Counties, NY

Region	Total	Class A	Class B	Class C
Hudson County	\$29.92	\$37.11	\$20.55	\$20.59
Downtown	\$38.90	\$42.25	\$36.98	\$36.02
Midtown	\$52.52	\$68.32	\$42.70	\$28.95
Midtown South	\$38.57	\$53.51	\$38.14	\$37.50
Uptown	\$30.95	N/A	\$37.45	\$28.93
New York County	\$45.42	\$62.07	\$39.59	\$33.83
East I-287 Corridor	\$28.50	\$29.29	\$28.32	\$19.79
West I-287 Corridor	\$25.99	\$26.86	\$23.04	\$18.32
White Plains CBD	\$26.84	\$29.26	\$22.25	\$17.89
Westchester County	\$27.11	\$28.47	\$24.54	\$18.67
New York & Westchester	\$36.27	\$45.27	\$32.06	\$26.25

Source: CoStar Market Report (Year-end 2001)

4.0 2001 - Mid-Year versus Year-End

In Hudson County the amount of vacant office space increased by year-end 2001 over what was reported at the mid-year point. As shown in Table 9, the percent of vacant office space in Hudson County increased from 5.5% at mid-year to 8.4% by year-end. This resulted in a net gain of more than 0.5m SF of vacant office space. A similar finding occurred in all other reporting markets, except Essex County, where the amount of vacant space actually declined at year-end by nearly 1.0m SF, as evidenced by a decline in the availability rate from 17.1% to 13.9%.

As shown in Table 9, the net absorption of office space in Hudson County at year-end was nearly 0.4m SF lower than reported at mid-year, suggesting that a decrease in demand resulted in the latter part of 2001. This finding is somewhat surprising given the reported need for office space in proximity to New York City after the September 11th terrorist attacks. The New York City market had an increase of 12.5m SF in vacant space by year-end of 2001, which is evidenced by the increase in the vacancy rate from 6.7% to 9.4%. This increase in vacancy is also exhibited in the 17.7m SF increase in negative absorption between the mid-point of 2001 and year-end.

Table 9:

Region	Mid-Year (2001)		Year End (2001)		Net Absorption		Quoted Rent	
	Bldg SF	% Vacant	Bldg SF	% Vacant	Mid-Year	Year-end	Mid-Year	Year-end
All Office								
Hudson Co.	16.52	5.5%	16.80	8.4%	1.51	1.10	\$32.10	\$29.92
Bergen Co.	41.18	9.2%	42.09	11.7%	(0.42)	(0.47)	\$24.78	\$25.89
Essex Co.	30.84	17.1%	30.89	13.9%	(0.95)	(0.58)	\$27.59	\$23.97
Westchester Co.	26.12	13.3%	26.12	14.7%	(1.20)	(0.48)	\$25.74	\$27.11
New York Co.	493.92	6.7%	484.83	9.4%	(4.95)	(22.68)	\$48.09	\$45.42
Total	608.59	7.6%	600.73	10.0%	(6.01)	(23.11)	\$31.66	\$30.16
Class A								
Hudson Co.	12.48	2.5%	12.51	6.2%	1.32	0.96	\$34.00	\$37.11
Bergen Co.	25.57	8.2%	26.12	11.6%	(0.31)	(0.18)	\$28.51	\$29.46
Essex Co.	16.25	12.7%	15.92	8.8%	(0.71)	0.31	\$32.20	\$27.73
Westchester Co.	NA		18.52	22.0%	NA	(0.59)	NA	\$24.85
New York Co.	281.65	5.3%	272.01	8.3%	(0.78)	(14.78)	\$63.14	\$62.07
Total	335.96	5.8%	345.08	9.2%	(0.48)	(14.28)	\$31.57	\$36.24

NOTE: All building square feet (SF) are represented in millions

Rental pricing experienced an increase only in Bergen and Westchester Counties, while it declined in the other reporting counties. Asking rent in Bergen County increased by 4.5%, and in Westchester County it increased by 5.3%. In comparison, rents declined in Hudson County by 6.8%, by 13.1% in Essex County, and by 5.6% in New York City.

Class A The amount of vacant Class A space increased in Hudson County in the latter part of 2001, as evidenced by the increase in the vacancy rate from 2.5% to 6.2% at year end. This finding, however, was the reverse for Class A properties in Essex Counties, since Class A vacancy went from 12.7% at mid-year to 8.8% by year end, and vacant space declined by 0.66m SF. Class A properties in this submarket also reported a higher absorption figure at year end than at mid-year, which was actually negative.

Rental pricing for Class A space declined in two markets over the two period (Essex and New York Counties), but increased in Hudson and Bergen Counties. Class A rents in Hudson County increased by 9.1%, and 3.3% in Bergen County, but declined by 13.9% in Essex County, and 1.7% in Manhattan.

5.0 Vacancy and Absorption Trends

Although vacancy increased in nearly all markets during 2001, the year-end figure remains below the vacancy rates of the late 1990s as shown in the graph. Office vacancy in New York City has steadily declined from nearly 22% in 1995 to less than 7% in 2000. The year end rate of 9.4% remains below the 11% figure in 1999. The vacancy rate in Hudson County was nearly 21% in 1998 and has subsequently declined to 8.4% in 2000, and has remained at that level through 2001. The vacancy rate in the Newark submarket was similarly around 20% in 1998 but only recovered to 15% in 2000, and has since increased to about 16%. The vacancy rate in the Bergen East submarket was around 17% in 1998 and improved to 7% in 2000, but subsequently retreated to nearly 12% in 2001.

With the decline in vacancy, absorption was positive in most markets prior to 2001. As exhibited in Table 10, absorption in Hudson County totaled 3.9m SF between 1998 and 2001, indicating an average of around 1.0m SF per year. In comparison, absorption in New York City totaled 74.7m SF between 1995 and 2000. This indicates an average of 12.5m per year, prior to the loss of 22.7m in 2001, which is slightly higher than this market gained in 2000 (20.3m SF). When accounting for 2001 absorption in New York has totaled 52.1m SF during the 7 year period, indicating an average of 6.6m SF per year, which is significantly higher than experienced in the other markets. The Westchester County office market averaged 0.6m SF between 1998 and 2001, and 2000 was its best year with more than 2m SF absorbed. The Newark and Bergen East submarkets (data for the other submarkets in these counties was not available) experienced the lowest amount of absorption between 1998 and 2001 in relation to the other markets as shown in the following Table.

Table 10 : Trends in Annual Net Absorption for Select Office Markets

Region	1995	1996	1997	1998	1999	2000	2001	Total	AVG
Hudson County				0.04	1.68	1.12	1.10	3.94	0.99
Newark/Urban				(0.38)	(0.11)	1.30	(0.13)	0.67	0.17
Bergen East				0.45	0.77	0.52	(0.59)	1.15	0.29
Westchester Co.				0.61	(0.10)	2.06	(0.17)	2.40	0.60
New York City	5.65	7.95	12.05	16.26	12.57	20.27	(22.70)	52.05	6.60
Total	5.65	7.95	12.05	16.98	14.80	25.28	(22.49)	60.22	8.64

NOTE: All building square feet (SF) are represented in millions
Source: CoStar Market Report (Year-End 2001)

6.0 Development Activity

As discussed earlier, over 6.7m SF of office buildings are under construction in Hudson County, and nearly all of these are located on the waterfront in Jersey City. This is an area that has seen significant redevelopment and investment over the last decade and a multitude of projects remain in the planning stage. According the *Strategic Revitalization Plan* there are more than 125 projects in Hudson County that are in some stage of development activity. As shown in Table 11 below, there are 30 projects that are primarily office related that, when improved, would contain 38.9m SF of office space. Twelve of these projects have been developed or are currently under construction and contain roughly 10.5m SF, indicating that another 28m SF has not yet been built/redeveloped. This figure equates to 167% of the existing office supply in Hudson County. Assuming a conservative absorption figure of 0.5m SF per year, this proposed addition equates to a 50 year or more supply. Utilizing a more aggressive figure of 1m SF per year, this proposed supply equates to a 25 to 30 year supply, suggesting that strong long term potential exists within this proposed inventory. As shown in Table 12, more than 20m SF is planned for Jersey City, 5.1m SF in Secaucus, and 3.5m in Hoboken.

Table 11: Hudson County, NJ Short and Long Term Development Activity Summary

	<u>Office</u>		<u>Comm. Other</u>		<u>Industrial</u>		<u>Hotel</u>		<u>Residential</u>	
	#	Size [1]	#	Size [1]	#	Size [1]	#	Size [1]	#	Size [1]
Built/UC	12	10.51	6	1.61	3	0.76	4	1,152	12	6,648
Approved	6	3.14	7	2.52	1	0.25	2	600	8	9,435
Planned	11	24.86	6	2.28	14	9.52	3	1,550	14	11,481
Potential	1	0.44	1	0.10	15	6.39	0	0	0	0
Subtotal	30	38.94	20	6.51	33	16.92	9	3,302	34	27,564

[1] Building Square Feet in millions for commercial; # of Rooms for Hotel; # of units for Residential
Source: Hudson County Urban Complex-Strategic Revitalization Plan

There are also 20 retail or other commercial related projects planned totaling 6.5m SF, and 1.6m SF has already been developed. The other approved or planned projects are scattered throughout the County as shown in Table 12, including five projects having 1.95m SF planned for Jersey City. Another 33 projects are planned for industrial uses containing 16.9m SF. More than 5.0m SF is contained in 8 projects in Kearny, while the other projects appear fairly evenly divided between Bayonne, Jersey City, North Bergen and Secaucus.

Nine hotel projects were listed containing more than 3,300 rooms, with 4 recently built. The remaining projects are primarily in Jersey City or Hoboken. There are also 34 residential projects having nearly 27,600 units and nearly 24.2% have been constructed. Most of the remaining development is scattered throughout the County, as shown in Table 12.

	Bay.	Gutt.	Harn.	Hob.	J.C.	Ky.	N.B.	Sec.	Wee.	W.N.Y.	Hudson
	# Size	# Size	# Size	# Size	# Size	# Size	# Size	# Size	# Size	# Size	# Size
Comm.											
Built/UC				1 1.50	11 9.01						12 10.5
Approved				2 1.85	3 0.85			1 0.44			6 3.14
Planned	1 0.07			1 0.10	8 19.9			1 4.70			11 24.8
Potential							1 0.44				1 0.44
Subtotal	1 0.07			4 3.45	22 29.8		1 0.44	2 5.14			30 38.9
% of Total	0.2%			8.9%	76.7		1.1%	13.2			100.
Comm.											
Built/UC	1 0.10			1 0.06	4 1.45						6 1.61
Approved	2 0.46			2 0.18	1 0.48				1 1.3	1 0.1	7 2.52
Planned					5 1.95			1 0.33			6 2.28
Potential				1 0.10							1 0.10
Subtotal	3 0.56			4 0.34	10 3.88			1 0.33	1 1.3	1 0.1	20 6.51
% of Total	8.7%			5.2%	59.6			5.0%	20.0%	1.5%	100.
Industrial											
Built/UC					3 0.76						3 0.76
Approved					1 0.25						1 0.25
Planned	3 2.85				3 1.66	5 4.25	2 0.69	1 0.06			14 9.52
Potential			2 0.45		1 0.39	3 0.79	4 2.72	5 2.04			15 6.39
Subtotal	3 2.85		2 0.45		8 3.07	8 5.04	6 3.41	6 2.10			33 16.9
% of Total	16.8		2.7%		18.1	29.8	20.1%	12.4			100.
Hotel											
Built/UC				1 225	3 927						4 1,15
Approved				1 100	1 500						2 600
Planned				1 300	2 1,25						3 1,55
Potential											0 0
Subtotal				3 625	6 2,67						9 3,30
% of Total				18.9	81.1						100.
Residential											
Built/UC				1 1,16	8 4,51				1 516	2 459	12 6,64
Approved				1 900	5 2,03				1 2200	1 4300	8 9,43
Planned		1 133		1 98	9 10,6		1 442	1 101		1 54	14 11,4
Potential											0 0
Subtotal		1 133		3 2,15	22 17,2		1 442	1 101	2 2,716	4 4,81	34 27,5
% of Total		0.5%		7.8%	62.4		1.6%	0.4%	9.9%	17.5	100.

[1] Building Square Feet in millions for commercial; # of Rooms for Hotel; # of units for Residential

7.0 Economic Development Incentives

Over the last ten years, both New Jersey and New York have strived to become more “business friendly” as a means of expanding their economies. Economic development incentives to retain and/or attract businesses in the New Jersey/New York area are varied, depending on location, and available to a variety of industries based on need. In some instances, the “incentive” package offered by the state, county, and local community can make the difference in retaining a business. In other instances, a potential relocating user will take an “incentive” package offered from another state and attempt to get a “better” package from the host state. In other words, finding the right incentive package can make or break a deal, and the market for these incentives between states is very competitive.

A case in point is a recent story about Garban Intercapital North America, which had previously been located at the World Trade Center, and recently signed a lease for 111,450 SF in Jersey City for its 600 employee company. Reportedly, an incentive package of \$8 million was offered by the State of New Jersey to entice the company to relocate, equating to an offering of \$13,330 per job. Apparently, in 1997, the predecessor company to Garban had moved to Manhattan from Jersey City with a New York State grant of \$1.5 million. That company in turn was acquired by Intercapital, which later merged with Garban to form the current company. Reportedly, the original company never met the job creation requirement for the grant, and the State of New York wants the money returned in light of the latter company moving out of state. As a result, New York is reportedly preparing a lawsuit to reclaim its money.

The following table presents some of the major programs available. It begins with programs that are available at the state level, followed by providers and services at the county level. There are a variety of incentives and assistance are available to those who qualify, but it remains uncertain during the current economic climate with budget shortfalls, whether these incentives will be as plentiful in the future as in the past. It should be noted that the State of New York has recently finalized *the World Trade Center Disaster Action Plan and Business Recovery Program* in its efforts to stabilize and restore the New York economy. The program is being funded with \$700 million from HUD, including \$495 million allocated to small business assistance, in order to help small business that were affected by World Trade Center disaster, or to attract/relocate businesses back to Lower Manhattan. According to a brokerage firm in New York City, the market slowdown in this submarket had been due in part to the timing of this incentive package.⁶ How these incentives affect a market that is in the midst of downsizing will remain to be seen.

⁵ Source: “Garban International Leases 111,451 SF at Mack-Cali’s Harborside” by Eric Peterson, Globe St.com 01/02/2002

⁶ “With the lack of transactions it seems that tenants are awaiting the incentive plans to be finalized before committing to any space in the downtown” *Trends, New York City*, Grubb & Ellis Research, 4th Quarter, 2001, page 5

Select Economic Development Incentives

State of New Jersey

Tax Incentive
 Business Employment Incentive Program
 Manufacturing Equip. & Empl. Investment Tax Credit
 Neighborhood & Bus.Child Care Incentive Program Tax Credit
 New Jobs Investment Tax Credit
 R & D Tax Credit et al
 Smart Moves for Business Program Tax Credit
Financial Assistance
 NJ Technology Fund
 Business Relocation Assistance Grant
 On-the-Job Training Programs
 Transportation
 Early Stage Enterprise Seed Investment Fund
Financing Methods
 Loans or Grants
 Bond Financing
 Statewide Loan Pool for Business

State of New York

Empire State Development Corp.
Tax Incentives
 Investment Tax Credit
 R & D Tax Credit
 Sales Tax Incentive
 No Personal Property Tax
 Empire Zone Tax Credits
Financial Assistance
 Acquisition-New or Rehab
 Working Capital
 Employment Training
 Expanding Export Opportunities.
 Productivity enhancement
Financing Methods
 Loans or Grants
 Interest Rate subsidies
 Infrastructure Assistance

Hudson County

Hudson County EDC
 Hackensack Meadowlands
 Development Corp.
 Jersey City Economic
 Development
 PSE&G utility incentive
 Urban Enterprise Zone
 Site Finder

Essex County

Newark EDC
 PSE&G utility incentive
 Urban Enterprise Zone

Bergen County

Bergen Co. EDC
 Hackensack
 Meadowlands DC

New York County

New York City
 EDC
 WTC Disaster
 Fund

Westchester County.

West. Co. OED
 West. Co. IDA
 Power for Jobs (NY
 Power Auth)

II. SOCIO-ECONOMIC CHARACTERISTICS

OVERVIEW

DEMOGRAPHIC TRENDS AND CHARACTERISTICS

LABOR FORCE, UNEMPLOYMENT AND EDUCATIONAL CHARACTERISTICS

EMPLOYMENT GROWTH

DEVELOPMENT IMPLICATIONS

1.0 Overview

Hudson County benefited from an increase of nearly 56,000 persons during the 1990s, which countered the lack of growth that occurred during the 1980s. In addition, roughly 30,000 jobs were added to Hudson County's employment base between 1992 and 2001. However, current employment levels have barely recovered to the previous high levels established in the late 1980s. The services and financial sectors accounted for much of the employment growth during this period, replacing jobs lost in the old line industries of manufacturing and wholesale trade. Employment growth is anticipated for the future, as well as population increases. An opportunity does exist to increase the training and educational attainment of the local residents, since prior statistics indicate that the local population was below the benchmarks of competing counties as well as the state. This latter finding is supported by the lower average wage structure in Hudson County as compared to other counties in northern New Jersey and the state as a whole.

The following section discusses demographic and employment characteristics and trends for Hudson County and the State of New Jersey. The purpose of the section is to provide an economic baseline and short term forecast to assist in the planning of a "cyber district". The data source utilized in this report include the U.S. Census, the New Jersey Department of Labor, and Claritas, Inc., a private provider of demographic data and forecasts.⁷

⁷ Population forecasts to 2006 were obtained from Claritas, Inc., since prior population projections for Hudson County (586,300 in 2005; 605,700 in 2010; 624,300 in 2105) from the NJ Department of Labor web page, for the most part, understated the Census 2000 figure of 608,975.

2.0 Demographic Trends and Characteristics

Population

Hudson County experienced an increase of nearly 55,900 persons, or 10.1%, between 1990 and 2000, while it lost nearly 3,900 persons during the 1980s, as shown in Table 1. In comparison, the State of New Jersey benefited from an 8.9% increase in its population base during the 1990s. This is a slightly lower percentage than indicated for Hudson County. Statewide population also increased by 5.0% during the 1980s, in contrast to local declines in Hudson County.

Population forecasts to 2006 suggest that additional growth is projected for Hudson County by another 24,540 persons, or a 3.9% gain. This equates to an average annual growth rate of 0.8%, which is slightly lower than the 1.0% indicated in the 1990s. The growth rate for Hudson County by 2006, as shown in Table 1, is slightly higher than projected growth for the state.

Age Distribution

The percentage of persons between the age of 18 and 64 increased during the 1990s in Hudson County, in comparison to a drop at the state level. In fact, 75.2% of the population growth in the 1990s occurred in persons at this age level. By 2006, this age group is forecasted to increase by about 3,800 persons, representing only 15.4% of the forecasted growth (24,500), such that by 2006 the concentration of persons between 18 and 64 will decline to 64.1%. A reverse trend was experienced with persons 65 years and older, as this cohort declined in number and concentration between 1990 and 2000. However, by 2006, this cohort will increase by 17,500 persons, accounting for 71.3% of the projected population growth in Hudson County.

The percentage of persons between the age of 18 and 64 at the state level declined between 1990 and 2000, which is opposite to what occurred in Hudson County. This concentration of persons is forecasted to recover somewhat by 2006, as the data in Table 1 indicates. Roughly 90.5% of the forecasted population growth will result within this age cohort, while growth is also forecast for those 65 years and older.

Table 1: Selected Demographic Indicators-Hudson County and New Jersey

Hudson County				
	1980	1990	2000	2006 (f)
Population	556,973	553,099	608,975	633,517
% change	----	-0.7%	10.1%	3.9%
18 to 64	----	360,215	402,206	405,989
% of Total	----	65.1%	66.0%	64.1%
65 and over	----	70,401	69,271	86,770
% of Total	----	12.7%	11.4%	13.7%
Households	207,856	208,739	230,546	237,462
% change	----	0.4%	10.4%	3.0%
Household Size	2.65	2.62	2.60	2.59
% change	----	-1.1%	-0.8%	-0.4%
Median Hhold \$ [1]	\$14,387	\$30,996	\$47,653	\$54,197
% change	----	115.4%	53.7%	13.7%
% of NJ Hhold \$	72.6%	75.6%	78.2%	78.2%
State of New Jersey				
	1980	1990	2000	2006 (f)
Population	7,364,833	7,730,188	8,414,350	8,719,558
% change	----	5.0%	8.9%	3.6%
18 to 64	----	4,898,701	5,213,656	5,489,949
% of Total	----	63.4%	62.0%	63.0%
65 and over	----	1,032,025	1,113,136	1,240,368
% of Total	----	13.4%	13.2%	14.2%
Households	2,548,590	2,794,711	3,064,645	3,242,372
% change	----	9.7%	9.7%	5.8%
Household Size	2.84	2.70	2.68	2.65
% change	----	-4.9%	-0.7%	-1.1%
Median Hhold \$ [1]	\$19,804	\$40,982	\$60,906	\$69,303
% change	----	106.9%	48.6%	13.8%

[1] Median Household Income is for 2001

Households

Hudson County experienced a nominal increase (0.4%) in households during the 1980s, despite a loss in population. This growth, however, paled the increase experienced throughout the state (9.7%). In the 1990s, Hudson County benefited from a 10.4% increase in households which was slightly greater than the 9.7% indicated for the state. Forecasts indicate additional increases in Hudson County and the state through 2006, although the percentage increase for the state (5.8%) is nearly twice that for the county (3.0%), as shown in Table 1 above.

Households Income

Median household income in Hudson County increased from \$30,650 in 1990 to \$47,653 in 2001 indicating a 53.7% gain. This increase is greater than the change in the consumer price index (36.7%) indicating real growth in income occurred. As shown in Table 1, median household income in Hudson County has gone from 72.6% of New Jersey's median household income in 1980, to 78.2% in 2000, suggesting that the disparity in income levels has lessened. Continued increases in median income is forecasted through 2006, although the rate of change for the state (13.8%) is slightly more than for the county (13.7%).

Income Distribution of Households

In Hudson County, the number of households with incomes below \$50,000 decreased during the 1990s, while those at the higher income levels increased, suggesting a gentrification of the households. Despite this affluent transition, roughly 51.8% of households had incomes below \$50,000 in 2000, and only 15.7% earned \$100,000 or more. Additional growth is forecasted at the upper income levels, such that households with incomes of \$100,000 or more in 2006 are projected to be 21.9% of total households. At the same time households with incomes below \$50,000 will decline to 46.6% of total households.

A similar, if not greater, trend in more affluent households occurred throughout the state between 1990 and 2000. As illustrated, the number of households with incomes below \$50,000 declined, such that these cohorts, which represented 60.7% of total households in 1990, reflected only 40.8% in 2000. At the same time households with incomes of \$100,000 or more increased from an 8.9% representation in 1990, to 24.5% in 2000. Households at this income level are forecasted to experience the greatest increase through 2006. Minor declines are projected in all cohorts with incomes below \$75,000.

Age Distribution of Households

Between 1990 and 2000, households headed by a person less than 35 years of age was the only cohort to experience a decline in Hudson County. Households aged between 45 and 54, experienced the largest gain during the 1990s, followed by the 35 to 44 cohort. By 2006, households in those cohorts over the age of 45 are projected to grow, while declines are forecast in the two younger cohorts. It is projected that by 2006, elderly households (65 and up) will make up 22.3% of total households in Hudson County, while the youngest households (34 years and below) will be 18.3%. The former is roughly the same representation as in 1990 (22.2%) while the latter reflects a much larger decline in concentration since 1990, when the younger households represented 27.6% of total households.

The trends and projections in the age distribution of households in Hudson County are similar to those in the state. During the 1990s households at all age cohorts experienced an increase, except those at the youngest age level (less than 35). Likewise, households in the two cohorts having an age under 45 years are projected to decline by 2006, while gains in the older cohorts are projected. Most of the gains are anticipated in the middle-aged (45 to 54) and near-elderly (55 to 64) age group.

Conclusions

Hudson County benefited from population and household growth during the 1990s, as well as a transition to more affluent households. Additional growth is anticipated for the county, although most of this growth is in the middle-aged and near-elderly households, while declines are forecasted in the younger cohorts. This projected loss in younger households may impact local labor force characteristics in the future.

3.0 Labor Force, Unemployment and Educational Characteristics

Between 1990 and 2000 the resident labor force in Hudson County declined by -2.3%, from 287,600 persons in 1990 to about 281,000 persons in 2000, according to data from the NJ Department of Labor. This occurred despite a 10.1% increase in population identified from Census data. As illustrated, the 2001 labor force in Hudson County experienced an increase of roughly 9,900 persons to 290,900 participants. This was the first year the labor force recovered and surpassed the previous high set in 1990. In comparison, the labor force figures in 2001 for Bergen and Essex Counties remained below the prior high figures of 1990 in these two counties. On a statewide basis, the labor force in 1996 surpassed the previous high set in 1990, and has subsequently increased to a new benchmark of 4.25 million participants in 2001.

The State of New Jersey enjoyed an 4.5% increase in its labor force between 1990 and 2001. As illustrated above most of this increase occurred in the latter part of the 1990s and the early 2000s. Also, more persons are employed in New Jersey in 2001 than in 1990, as evidenced by the 5.4% increase in employed New Jersey residents. At the same time, Hudson County experienced a 2.3% increase in its employed residents, and nearly all the gain occurring in 2001. Bergen County experienced the largest decline in the number of employed residents between 1990 and 2001, as indicated by a 6.9% decline as shown in Table 2. Essex County experienced a 5.0% decline in employed residents, from 371,800 persons in 1990 to 352,500 in 2001. In other words, Hudson County was the only county of these three in northern New Jersey to experience any increase in the number of local employed residents, based on data from the New Jersey Department of Labor, as shown below.

Table 2: Labor Force & Employment Trends

Area	1990		2001		Percent Change	
	Labor Force	Employed	Labor Force	Employed	Labor Force	Employed
Hudson Co.	287.6	266.6	290.9	272.8	1.1%	2.3%
Bergen Co.	445.6	428.4	437.7	398.8	-1.8%	-6.9%
Essex Co.	395.8	371.0	372.6	352.5	-5.9%	-5.0%
New Jersey	4,066.5	3,860.7	4,249.9	4,068.3	4.5%	5.4%

NOTE: Figures are in 000s
Source: NJ Dept. of Labor

Unemployment Rates

The average unemployment rate for the State of New Jersey declined to a low of 3.8% in 2000, the lowest rate reported during the 12-year time period. This rate increased to 4.3% in 2001, when it was still below all the unemployment rates of the 1990s. Similarly, the unemployment rate in Hudson County declined to its lowest point at 5.7% in 2000, and subsequently increased to 6.2% in 2001. As illustrated, the unemployment rate in Hudson County is traditionally higher than the state, as well as the average rate indicated for the competing counties in northern New Jersey. Bergen County reported the lowest unemployment rate of the three markets and it is historical around 1% lower than that for the state. On the other hand, the unemployment rate for Essex County is traditionally higher than that for the state, but below that for Hudson County. This disparity between market areas can be partially attributed in part to a lack of training or educational attainment of the local populace.

Educational Attainment

In 1990, according to U.S. Census, 24.9% of New Jersey's population, aged twenty-five years and older, had a bachelor (16.0%) or graduate (8.9%) degree. In comparison, only 19.8% of persons 25 years and older in Hudson County had a bachelor (13.4%) or graduate (6.4%) degree. Bergen County had the highest percentage of attainment at 31.7%, as 19.9% had bachelor degrees while 11.8% had graduate degrees. The percentage in Essex County at 24.0% for both bachelor and graduate degrees was slightly lower than indicated for the state, but higher than Hudson County.

In spite of the lower percentage of bachelor or graduate degrees in Hudson County, its percentage of high school graduates (28.3%) was between that of Bergen County (29.1%) and Essex County (27.8%). However, all were below the state indicator (31.1%) at this level. At the other end, Hudson County reported the highest percentage of persons 25 years and older, that either did not finish 9th grade (17.2%), or did not graduate high school (18.7%). The latter figure is fairly similar to that indicated in Essex County (17.8%), but above the State figure (13.9%). Although Census 2000 figures are not available, the Census did report in 1999 that the percentage of persons in New Jersey with a bachelor degree or more increased to 30.5% from 24.9%. This increase likely trickled down to the county levels. The higher percentage of lower educated persons in Hudson County could provide an opportunity for increased training and educational offerings.

Conclusion

The labor force in Hudson County did not experience much growth during the 1990s, in spite of the increase in population. Most of the growth occurred over the last few years, offsetting losses experienced in the early part of the 1990s. Although there has been limited increases in the labor force, the amount of employed residents has increased, and the unemployment rate in 2001 at 6.2% was almost half that in 1992 (11.0%) the highest rate since 1990. However, the unemployment rate in Hudson County is traditionally the highest in northern New Jersey, and likely attributed to lower educational attainment levels of the local population in Hudson County.

4.0 Employment Growth

Private sector employment⁸ in the State of New Jersey increased from 2.25 million jobs in 1975 to a peak of 3.1 million jobs in 1989. Then employment dropped to a low of about 2.8 million jobs in 1993, whereupon it started to recover, and by 2001 rose to 3.4 million jobs, surpassing the previous high level in New Jersey by 231,200 jobs. A similar pattern occurred in Hudson and Bergen Counties, although 2001 levels remain slightly below the previous peak in 1989 in both markets, as illustrated. In Essex County, private employment increased marginally by almost 12,000 jobs between 1975 and 1989, which was the high-point in private sector employment in this market. Subsequent figures including those for 2001 indicate that employment in Essex County has not recovered. In other words, employment in private sector businesses has not really experienced significant growth in the three local counties of northern New Jersey beyond the previous high level established in the late 1980s. In comparison, employment throughout the State of New Jersey has recovered and surpassed the previous high levels of the late 1980s. As illustrated, private sector employment in Hudson County for 2001 is the smallest of the three northern New Jersey Counties, and roughly 70% the size of the employment base in Essex County, and 50% of that in Bergen County.

Employment forecasts, prepared by the New Jersey Department of Labor, project additional employment growth in these three counties through 2008.⁹ As illustrated, employment in Bergen County is anticipated to increase by 44,600 jobs in 2008, reflecting a gain of 11.1% from 2001. In Hudson County, employment is projected to increase by 22,500 jobs from 206,550 in 2001 to nearly 229,060 in 2008, reflecting a 10.9% gain. Similarly, private employment in Essex County is forecasted to increase by 7,640 jobs, from nearly 296,260 in 2001 to 324,100 in 2008.

In all instances, employment is forecasted to be higher than the previous high levels established in the late 1980s. Employment in Hudson County is projected to be 20,900 jobs higher than in 1989, or 10.1%. While employment in Bergen County is forecasted to be 37,850 jobs higher than its prior peak, or a 9.3% gain, and in Essex County employment will be 7,640 jobs higher than its previous peak in 1989, reflecting a possible 2.4% gain over nearly 20 years.

Between 1992 and 2001, employment in the services sector in Hudson County, experienced the highest increase in jobs, rising from 46,800 in 1992 to 67,700 in 2001. Continued growth of roughly 8,550 jobs is forecasted for this sector by 2008. Employment in the financial, insurance, and real estate sector (FIRE), experienced a 17,800 job increase between 1992 and 2001, such that this sector in 2001 became the second highest employment sector in Hudson County. Employment in FIRE is projected to increase to 36,750 jobs by 2008, although nearly 95% of this forecasted growth resulted between 1998 and 2001, suggesting only a marginal increase of about 600 jobs will occur in this sector by 2008. During the period, employment in the transportation, communications and public utilities (TCPU), experienced a gain of 4,000 jobs, while jobs in manufacturing (MFG) and wholesale trade (WHS) experienced a decline of 10,600 jobs and 5,200 jobs, respectively. A modest gain in TCPU is forecasted (400 jobs), while a decline in MFG employment (-1,100 jobs) is projected. This may be offset by increased employment in WHS, which is forecasted to recover to

⁸ Jobs subject to unemployment insurance by the employer, and excludes government jobs.

⁹ Ten-year employment forecasts were prepared for different industry types by the New Jersey Department of Labor using 1998 as the base year. Actual employment figures are exhibited with the forecasts for comparison purposes. The following section presents actual employment figures for selected industry sectors as well as the forecasted figures to illustrate the transition occurring within the employment base of these competing areas.

a similar level as reported in 1992. Retail employment has also enjoyed increases between 1992 and 2001, however, all the gain occurred between 1992 and 1998, since 2001 figures are slightly lower than those in 1998.

In Bergen County, employment in the services industry experienced the most gain in jobs between 1992 and 2001 (48,400), and this sector retained the highest concentration of jobs. At the same time, the retail sector experienced a gain of 8,300 jobs, such that in 2001 this sector had the second highest concentration of jobs, replacing manufacturing for this distinction, since that sector lost 11,400 jobs between 1992 and 2001. The TCPU sector experienced a gain of 8,800 jobs between 1992 and 2001, including a modest gain in the latter part of the 1990s. The FIRE sector also had employment gains between 1992 and 2001, although all of the gain occurred between 1992 and 1998, since the 2001 figure is below that reported for 1998. All industry sectors (except retail) are forecasted to experience a gain in employment of more than 42,000 jobs between 2001 and 2008, including a projected increase of nearly 26,000 jobs in the services sector.

The services sector also provided the highest number of jobs in the Newark Labor Market Area (LMA).¹⁰ Employment in this sector increased by 72,600 jobs between 1992 and 2001, and an additional 36,300 jobs are forecasted by 2008, or a 10.7% increase. Retail employment increased by 22,100 jobs between 1992 and 2001, while manufacturing employment declined by 18,700 jobs, such that in 2001 the retail sector had the second highest concentration of jobs, and manufacturing dropped to the third highest. In fact, retail employment in 2001 surpassed the 2008 forecasts by 100 jobs, so no additional growth is anticipated for this sector. On the other hand, continued losses in manufacturing jobs is forecasted for the Newark LMA. Employment in FIRE, WHS and TCPU sectors experienced growth between 1992 and 2001 by 9,400, 4,400 and 9,700 jobs, respectively. Future gains are projected in the TCPU and WHS sectors for 2008, but 2001 employment figures in the FIRE sector surpassed those figures forecasted in 2008 by 900 jobs.

Conclusions

Employment levels in the three counties of northern New Jersey have barely recovered to the previous high levels established in the late 1980s. Future employment growth is anticipated for all areas, and the employment base in Hudson County is forecasted to grow at a rate of about 1% per year to 2008. The services and financial sectors have been the primary industries to benefit from increased employment between 1992 and 2001. In fact, Hudson County has captured nearly 59.5% of the growth in financial sector employment of northern New Jersey since 1992. In 2001, the financial sector accounted for the second highest amount of the Hudson County employment base, surpassing retail trade for this distinction. This is likely attributed to the proximity of Hudson County to New York City, one of the major financial centers in the world. However, no major employment gains are forecasted for this industry, especially in light of the some recent layoffs that have been announced by a few major companies in this sector. The services sector in Hudson County experienced the most growth in employment between 1992 and 2001, expanding by 44.7% during this period. Additional growth is forecasted for this sector at an average rate of roughly 2% per year. These employment trends bode well for the expansion of the local office market and creation of a “cyber district” in Hudson County.

¹⁰ The Newark LMA, which includes Essex, Morris, Sussex, Union and Warren Counties, was used since comparable data was not available for Essex County.

5.0 Development Implications

An indication of potential building needs can be estimated from the employment forecasts previously identified, by utilizing employment factors per SF of building area, which differ depending on industry type.

¹¹ As tabulated below, the forecasted employment gain of 17,100 jobs between 2001 and 2008 in Hudson County would equate to roughly 5.4 million square feet (m SF) of potential building demand, occupancy and/or better utilization of existing space. Based on the employment forecasts, jobs gains in the wholesale trade sector would be utilized slightly more than 3m SF of warehouse type space, while projected gains in retail trade could yield about 1m SF. Forecasted gains in the services and FIRE sectors in Hudson County would need more than 1.8m SF to support. In addition, the forecasted loss of nearly 1,100 jobs in the manufacturing sector would suggest about 0.6m SF of potential building area would go vacant or underutilized.

In Bergen County, more than 12.2m SF of building area would be needed to support the forecasted employment gains of more than 42,000 jobs. As shown in the Table, gains in services sector employment would support about 5.2m SF, followed by gains in wholesale trade and manufacturing that support 2.8m SF, each. Nearly 10.9m SF is needed in the Newark LMA to support the forecasted employment growth, and the services sector supporting 7.3m SF of new, re-occupied or re-utilized building area.

Table 3

	Hudson Co.		Bergen Co		Newark LMA	
	Emp.Chg.	Potential	Emp.Chg.	Potential	Emp.Chg.	Potential
MFG	(1,100)	-0.55	5,650	2.82	(3,900)	(1.95)
TCPU	400	0.12	3,200	0.96	6,200	1.86
WHS	5,050	3.03	4,700	2.82	6,600	3.96
Retail	3,300	0.99	(1,000)	(0.30)	(300)	(0.09)
FIRE	550	0.11	3,550	0.71	(900)	(0.18)
Services	8,550	1.71	25,950	5.19	36,300	7.26
Total	17,100	5.41	42,050	12.20	44,000	10.86

Bldg MSF-Building area in millions of square feet
Source: NJ Dept. of Labor and RKG Associates, Inc.

¹¹ For this analysis a factor of one employee per 200 SF of building area was used in services and FIRE sectors, one employee per 300 SF in the retail and TCPU sectors, 500SF for manufacturing and 600 SF for wholesale trade. These factors are within the ranges established by the Urban Land Institute.

III. WORKFORCE DEVELOPMENT

INTRODUCTION

SUPPLY

LABOR MARKET

COMMUTING PATTERNS

COMPETITIVE ANALYSIS

DEMAND

INTERVIEWS

PRELIMINARY RECOMMENDATIONS

1.0 Introduction

This chapter addresses the issues surrounding labor force preparedness in Hudson County, and how it relates to the creation of the Cyberdistrict. In short, the firms locating within the Cyberdistrict will place a demand for labor on the local and regional labor markets. This analysis assesses whether the County labor supply is capable of handling the additional demand, and how the local workforce development community can assist in improving the County labor force in areas where the current supply will not satisfy the demand.

In addition, the consulting team conducted several interviews with local workforce agencies, institutions of higher learning, public officials, and private corporations to identify the perceptions and realities surrounding the local labor force. The people interviewed from these organizations addressed issues such as labor availability, the strengths and weaknesses of the labor force, and opportunities to better serve and prepare the labor force in Hudson County.

The chapter concludes with institutional and programmatic recommendations, along with their corresponding cost estimates, which address the potential needs of the Cyberdistrict and the programs required to properly prepare the labor force.

2.0 Supply

The first step in analyzing worker training and availability for the Cyberdistrict is to quantify the current labor supply in the County. To do this, the consulting team analyzed the size and quality of the labor force.

Availability

Hudson County

According to the New Jersey Department of Labor, Hudson County had 286,800 laborers in its workforce in 1998, representing 6.9% of the state's labor supply. Since 1990, the labor force in the County has declined by 7,979 people, or 2.7%. In contrast, the state experienced a growth of 1.8% over the same time period. In fact, Hudson County represents the third highest percentage decline in labor supply. However, the County is projected to exceed its 1990 labor force level by 2005, rising to over 302,000. According to the Department of Labor, the Hudson County labor supply will reach 333,100 by the year 2015, a 16.1% (46,300 new laborers) increase from the 1998 figure. This indicates that the County labor force will be able to accommodate the employment needs of future commercial and industrial development.

Study Region

For the purposes of this portion of the chapter, the consultants included the counties of Bergen, Union, and Essex as the region study area. While the absence of Manhattan and the surrounding counties in New York State severely understates the total labor force strength in the immediate area, the consultants believe that the New Jersey counties selected offer the most relevant and accurate basis for comparison.

The region (*excluding* Hudson County) experienced similar overall labor force trends, in terms of growth, compared to Hudson County. These three counties experienced a decline (3.4%) in the total labor supply between 1990 and 1998, but are projected to grow substantially (11.6%) by 2015, according to the New Jersey Department of Labor. The 1998 region labor supply totaled 1,087,400, and is expected to increase to 1,213,900 by the year 2015. However, Hudson County experienced less labor force decline, in terms of percentage change, between 1990 and 1998, and is expected to experience a stronger percentage growth into the future. This indicates that residential growth in and around Hudson County should continue to provide an adequate labor pool for the expanding regional economy.

3.0 Labor Market

In total, the labor market (study region *including* Hudson County) had a total labor force of 1,374,200 workers in 1998. By 2015, that total is expected to exceed 1.5 million. When considering the impacts of Manhattan and the surrounding boroughs of New York City, the 1998 total labor supply reaches well above 4.8 million. Furthermore, the secondary labor supply, or the area surrounding this immediate area, brings the 1998 total to over 8.2 million laborers that are within reasonable commuting distance to Hudson County. Overall, this indicates that there is an ample labor force within the vicinity of Hudson County to adequately supply any new business development in Hudson County. However, it is important to remember that the goal of this effort is to assess the relative position of the Hudson County labor supply for any new employment created through the Cyberdistrict initiative.

Unemployment Rates

It is important to analyze the amount of unemployed labor supply in addition to studying the total supply count in order to gauge the amount of labor immediately available for a newly-located company. Therefore, the consultants reviewed unemployment data, supplied by the New Jersey Department of Labor.

Historically, Hudson County has had a higher unemployment rate than the surrounding Counties and the State as a whole. Since 1991, Hudson County has maintained an unemployment rate over 1.5 percentage points higher than the State and at least 1 percentage point higher than the study region. According to the Department of Labor, Hudson County had an unemployment rate of 5.7% in 2000, totaling 16,000 unemployed residents. In comparison, the study region and the State had unemployment rates at 3.8%. The study region has 41,000 unemployed laborers. In total, there are 57,000 unemployed residents in the immediate vicinity of Hudson County. While most of these people will likely be under-qualified for many jobs attracted to the Cyberdistrict, there is an opportunity to train the more educated members of this untapped labor supply, making them attractive to employers with lower-skilled and entry-level positions. In any case, there is a substantial labor force available for immediate employment.

4.0 Commuting Patterns

The labor force supply is also influenced by resident commuting patterns. Despite the size and immediate availability of the labor supply, it is also important to gauge the mobility of the local and regional labor supply. This study will indicate the amount of labor that is drawn into Hudson County from the surrounding region, as well as the number of Hudson County residents that work outside the County. The consultant used 1970 to 1990 Census figures for this analysis due to the unavailability of Census 2000 data. However, it is believed that trends in general commuting patterns have not changed dramatically from 1990 to the present

Commuting In

In 1990, Hudson County 238,518 reported workers, marking a 13.9% increase from 1970. Of this total, County residents filled 59.2% of the positions. Non-County residents filled the remaining 97,349 jobs. Bergen, Essex, and Middlesex counties accounted for most of the in-commuters, totaling 49,441 jobs, or 20.7% of the 1990 total. Of the five boroughs of New York City, only Kings (Brooklyn), New York (Manhattan), and Queens (Queens) counties ranked in the top ten of employee-providing counties. In total, 99.3% of the workers in Hudson County come from New York or New Jersey. Not surprisingly, Connecticut and Pennsylvania have the largest representation of the remaining states, totaling 1,460 workers.

Hudson County Commuting Patterns
Top Ranking Counties for In- and Out- Commuting
1990 Data (with 1960-1980 comparison data)

Residence Location		Work Location		Total Commuters			
County	State	County	State	1960	1970	1980	1990
HUDSON	NJ	HUDSON	NJ	161,556	140,444	141,862	141,169
IN-COMMUTING							
BERGEN	NJ	HUDSON	NJ	23,208	21,054	22,892	24,385
ESSEX	NJ	HUDSON	NJ	15,300	15,080	13,714	17,012
MIDDLESEX	NJ	HUDSON	NJ	3,516	4,684	5,947	8,044
UNION	NJ	HUDSON	NJ	5,865	6,207	4,955	6,591
PASSAIC	NJ	HUDSON	NJ	2,581	2,773	3,737	6,038
KINGS	NY	HUDSON	NJ	5,020	3,860	5,210	4,843
MONMOUTH	NJ	HUDSON	NJ	2,268	2,493	3,781	4,492
NEW YORK	NY	HUDSON	NJ	3,473	2,457	3,525	3,644
QUEENS	NY	HUDSON	NJ	3,291	2,019	3,560	3,541
MORRIS	NJ	HUDSON	NJ	1,555	2,040	2,450	3,443
OUT-COMMUTING							
HUDSON	NJ	NEW YORK	NY	32,192	32,781	33,737	52,292
HUDSON	NJ	BERGEN	NJ	10,605	14,156	19,429	22,176
HUDSON	NJ	ESSEX	NJ	15,789	15,281	16,486	17,216
HUDSON	NJ	UNION	NJ	3,234	4,240	5,391	5,129
HUDSON	NJ	PASSAIC	NJ	2,028	2,271	2,641	4,259
HUDSON	NJ	MIDDLESEX	NJ	670	1,388	2,638	3,776
HUDSON	NJ	MORRIS	NJ	457	462	1,202	3,155
HUDSON	NJ	KINGS	NY	1,958	1,500	2,701	3,026
HUDSON	NJ	QUEENS	NY	1,274	1,405	1,523	1,774
HUDSON	NJ	BRONX	NY	1,065	1,378	925	1,628

In terms of commuting trends, the number of in-commuters into Hudson County has been growing at a faster rate than County residents becoming employed within the borders. In 1970, there were 69,024 workers in Hudson County that lived elsewhere, composing 32.9% of the total job count. By 1990, that total has risen to 97,349 in-commuters. In addition, the in-commuters not account for 40.8% of all reported jobs in Hudson County. This trend indicates as people become employed in the County, they have been choosing to live elsewhere in the region, most notably Bergen and Essex counties.

Commuting Out

In comparison, Hudson County had a total employed labor count of 262,745 people. This indicates that the County is a net exporter of labor. Almost 54% of the employed residents in Hudson County work in the County. The remaining 121,576 laborers commute outside Hudson County for employment. New York County (Manhattan) ranks the highest, in terms of out-commuting residents, with 52,292 people, or 19.9% of the 1990 total. Bergen, Essex, and Union Counties follow Manhattan, totaling 44,521 workers collectively. In total, 99.6% of the employed County residents work in either New York or New Jersey. However, there are residents commuting to Connecticut, Pennsylvania, Massachusetts, and Rhode Island.

The percentage of Hudson County residents commuting to other locations for work has steadily increased. In 1980, only 39% of the employed County residents commuted to work elsewhere in the region. In 1990, that total had increased to 46.3%. It is reasonable to conclude that this trend continues today, with a larger number and percentage of employed residents commuting out of the County. However, since the September 11th tragedy, it is possible that this trend temporarily reversed. A portion of Hudson residents working for Manhattan firms, affected by the events, are believed to have been relocated into the County or have left those positions to work elsewhere perceived to be more safe.

Impact of Commuting Patterns

Hudson County attracts almost 100,000 workers from other portions of the region, while having over 121,600 leaving the County for employment. Both of these findings provide benefits and challenges to the County. In terms of the out-commuting residents, there are opportunities to target these residents to new positions with firms locating into the Cyberdistrict. In other words, any new companies could attract local employment without impacting other County businesses. On the other hand, having this large supply of currently working residents makes it more difficult for underemployed or unemployed residents to compete, even with adequate training. The large number of in-commuting workers indicates that Hudson County is a viable employment option for most of the region, increasing the potential labor supply for new businesses. However, adding the surrounding counties and New York City to the labor competition dilutes the opportunities for County residents.

5.0 Competitive Analysis

In addition to measuring the supply and demand of the Hudson County labor force, it is important to analyze the quality and affordability of the labor supply. These factors provide a strong indication of the level of workforce investment the County will need to provide to raise the local labor supply to the levels needed to accommodate the employment demand from the Cyberdistrict.

Educational Attainment

The educational attainment data is a strong proxy for labor force skill level. While there is not a direct relationship for an individual between formal education and skill level, there is a strong correlation between the two on an aggregate level. To this end, analyzing the educational make-up of the County's labor supply will provide a clearer picture of the general preparedness of the labor force. It is important to note that the consultants used 1990 U.S. Census Bureau data for this analysis due to the unavailability of more recent data, as the Census 2000 data have not been released as yet.

Educational Attainment Data Residents Over the Age of 25 1990 Census Data

Attainment Level	Total Residents			% of Total		
	Hudson County	Study Region	New Jersey	Hudson County	Study Region	New Jersey
Less than 9th grade	64,096	144,045	486,210	17.2%	10.1%	9.4%
9th to 12th grade, no diploma	69,652	199,209	718,996	18.7%	13.9%	13.9%
High school graduate	105,339	416,370	1,606,555	28.3%	29.1%	31.1%
Some college, no degree	45,646	211,940	801,791	12.3%	14.8%	15.5%
Associate degree	13,977	66,555	268,664	3.8%	4.7%	5.2%
Bachelor's degree	49,687	243,478	826,887	13.4%	17.0%	16.0%
Graduate or professional degree	23,709	147,880	457,130	6.4%	10.3%	8.8%

Hudson County has an overall lower educational attainment, when compared to the study region and the State. The largest differences can be seen in the highest-achievement and lowest-achievement figures. Almost 36% of the County residents had less than a high school education in 1990. This number is significantly higher than the study region (24.0%) and State (23.3%) totals. Conversely, Hudson County only had 23.6% of its residents obtain an associates degree or better, with a mere 6.4% having a graduate or professional degree. In contrast, 32.0% of the study region residents obtained a post-secondary degree, with 10.3% having graduate or professional degrees. In fact, all three Counties in the study region have higher education levels. The State averages also were above the Hudson County averages, with 30.0% of the residents having associates degrees or better.

In addition to the general educational attainment, Hudson County also has an issue with language barriers. According to the 1990 Census, 47.5% of the County population (over the age of 5) considered English as a second language, with over 24% of the County population, or almost 125,000 people, claiming to not speak English “very well”. While the study region and State maintain higher concentrations of non-English speaking residents (24.1% and 19.5% respectively), compared to national averages, they still do not approach the Hudson County level. Of the total non-English speaking population in Hudson County, over two-thirds (66%) use a Spanish dialect.

While these numbers detail the educational attainment and language proficiency in 1990, it is reasonable to assume that this situation has not dramatically changed over the past 10 years. This is due to the continual influx of immigrants into Hudson County. As reported by several local workforce and education professionals, Hudson County continues to be a “jumping off point” for recent immigrants into the U.S. (see interview section in this chapter). As a result, the County population’s education level has likely remained low, while communication barriers remain high.

There is potential that a disparity in the data may exist between 1990 and today. This is due to the success of the County in attracting executive-level residents to the Hudson River shoreline. However, the overall relative low educational attainment indicates that the Hudson County labor force will need a more rigorous training program to fill the type of positions attracted to the Cyberdistrict. In short, the County will have to continue to provide a full range of skills training, from language and basic skills classes to more advanced technical training.

Occupational Skill Levels

Occupational information is measured by the function of a job, regardless of what industry it is in. This differs from an employment analysis, which is a break down of employment by industry. For example, a receptionist position for a manufacturing firm would be classified as manufacturing in the industry-based system, while that same position at a law firm would be considered a professional service job. However, these two positions are considered the same under the occupational data presented below. To this end, 1998 occupational employment data were analyzed to determine the job skills of residents in the County.

In order to simplify the analysis, the consultants grouped these occupational categories into six broad skill categories. The occupational grouping was subjective, based upon the consultant’s knowledge of typical occupational skill and educational requirements. The regrouped categories and their descriptions are as follows:

Highly-Skilled White-Collar (HSWC) - a professional position requiring a college degree, with supervisory/management responsibility or specialized training while working within a white-collar work environment;

Highly-Skilled Blue-Collar (HSBC) - a trade or nonprofessional position requiring supervisory/management responsibility, and a specialized school degree, certification, or other formal training while working within a blue-collar environment;

Semi-Skilled White-Collar (SSWC) - a professional position requiring less than an advanced degree, but some post secondary education, a certificate, or specialized training or skill while working within a white-collar work environment;

Semi-Skilled Blue-Collar (SSBC) - a trade position requiring less than an advanced or trade school degree but requiring some specialized training or skill, while working within a blue-collar environment;

Lesser-Skilled White-Collar (LSWC) - a position within a white-collar work environment requiring no degree or formal schooling beyond high school, but requiring some on-the-job training; and

Lesser-Skilled Blue-Collar (LSBC) - a position within a trade profession requiring no advanced degree or formal schooling, but requiring some on-the-job training.

Although it is difficult to group occupational categories in this manner with great precision, the results provide some indication of the distribution and diversity of skills available within the labor force. According to the NJ DOL, Hudson County had an occupational employment level of 255,900 workers in 1998.

The County's occupational base was concentrated in white-collar jobs, with these job types accounting for almost 75% of the total job base in the County. Of this total, lesser-skilled white-collar workers comprise the largest share, totaling 93,700 workers, or 36.7% of the labor supply. General office & secretarial workers (25,250 workers) and sales occupations (20,050 workers) account for most of the lesser-skilled white-collar positions. Material recording, scheduling, & distribution jobs (11,550 workers) and food & beverage preparation workers (10,050) had smaller, but significant representation as well.

Lesser-skilled blue-collar workers make up the second largest skill group with more than 17% of the workforce. Motor vehicle operators (11,700 workers) and helpers, laborers & movers (8,150 workers) are included in this category. Over 16% of the workforce is classified as semi-skilled white-collar workers, which includes protective service occupations, marketing & sales service providers, and non-licensed health service occupations. Approximately 42,000 workers were employed in this skill group in 1998. These are typically clean jobs that require people with moderate training and relevant work experience.

It is important to note that all blue-collar occupations total only 25.4% of the County's labor occupations, which is inconsistent with the education-level data. In addition, only 21,100 of these jobs, or 8.2% of the County total, require moderate or extensive training. This indicates that graduates of training programs geared solely towards blue-collar professions may have a difficult time finding adequate work with the County.

Wages

Another indication of a County’s competitiveness is the affordability of the labor supply. Wage data indicate the relative cost of labor within the same industry sector. This analysis evaluates the relative cost effectiveness of Hudson County compared to the three counties that make-up the study region, and the State of New Jersey as a whole. The data represent year 2000 wage estimates, by major industry sector.

According to the NJ Department of Labor, Hudson County had the highest overall average weekly wage of the areas studied in 2000. In fact, the County’s average weekly income for all industries was 10% higher than the State average. This is solely due to the much higher average wage rate in the Financial, Insurance, and Real Estate (FIRE) sector. Hudson County had an average weekly wage rate of \$2,141 for FIRE sector jobs, primarily due to the heavy influence of the high average salaries of security & commodity brokers (SIC 62). In comparison, the average FIRE wage in the three counties from the study region ranged from \$1,089 (Union County) to \$1,465 (Essex County). The State had an average FIRE sector wage rate of \$1,329. This finding is not surprising, since Hudson County has become a financial center over the past 10 years, with firms leaving Manhattan and moving across the Hudson River into the County.

**Average Weekly Wage Data
New Jersey and Northern Counties
Year 2000 Data**

Industry Sector	Hudson	Bergen	Essex	Union	New Jersey
TOTALS	\$923	\$896	\$845	\$869	\$839
Agriculture	\$496	\$545	\$547	\$549	\$485
Mining	-	-	-	-	\$998
Construction	\$896	\$911	\$967	\$1,001	\$892
Manufacturing	\$747	\$1,075	\$897	\$1,151	\$1,138
Transportation	\$655	\$859	\$828	\$836	\$727
Communications & Utilities	\$1,240	\$1,293	\$1,307	\$1,151	\$1,457
Wholesale Trade	\$925	\$1,135	\$927	\$1,141	\$1,109
Retail Trade	\$424	\$487	\$422	\$449	\$418
Finance, Insurance, & Real Estate	\$2,141	\$1,196	\$1,465	\$1,089	\$1,329
Services	\$713	\$865	\$775	\$752	\$757

It is important to note that all four counties had higher average overall incomes than the State. This finding is consistent with the national trend that the areas closest to the urban core (in this case, Manhattan) generally have the highest prices and cost of living. As a result, the residents of these areas tend to have higher compensatory incomes.

However, Hudson County is very competitive, in terms of wage rates, in many of the major industry sectors. Only the Financial, Insurance, and Real Estate (FIRE) sector has an average wage rate over 2.5% higher than the State averages. In fact, most of the Hudson County market sector wage rates are below the State average. Furthermore, Hudson County has a more competitive wage rate in all market sectors, except the FIRE sector when compared to the three counties in the study region.

The data indicate that Hudson County is a relatively affordable county, in terms of wage levels. This should help attract businesses looking to capitalize on the convenience of Hudson County's proximity to Manhattan, while maintaining comparatively affordable wage rates. Ironically, the FIRE market sector is the only market sector that is not cost effective in Hudson County despite being the most prolific industry presence in the County and the largest growth sector during the 1990s.

6.0 Demand

Once the overall supply and quality of the existing labor force is known, the next step in analyzing workforce availability is determining labor demand. This task will determine the readiness of the labor force for the employment needs of Cyberdistrict companies, as well as indicate training needs required to prepare local residents for the jobs created as a result of the Cyberdistrict project.

Industry Demand

**Hudson County
Estimated and Projected Employment
By Major Industry Group, 1998-2008**

Industry Title	1998		2008		Change	
	Number	Percent	Number	Percent	Number	
Total Nonfarm Payroll Employment	243,200	100.0	275,250	100.0	32,050	13.2
Goods-Producing	32,450	13.3	28,450	10.3	-4,050	-12.4
Mining	-	-	-	-	-	-
Construction	5,100	2.1	5,800	2.1	750	14.5
Manufacturing	27,350	11.3	22,600	8.2	-4,750	-17.4
Service-Producing	210,750	86.7	246,850	89.7	36,100	17.1
Transportation, Comm., Utilities	29,650	12.2	32,100	11.7	2,450	8.3
Wholesale Trade	23,600	9.7	25,350	9.2	1,750	7.5
Retail Trade	33,950	14.0	36,900	13.4	2,950	8.7
Finance, Insurance, And Real Estate	25,800	10.6	36,750	13.3	10,950	42.4
Services	59,550	24.5	76,500	27.8	16,950	28.4
Public Sector, With Public Education	38,250	15.7	39,250	14.3	1,000	2.6

* Data for industries with less than three units or for industries having fewer than 100 employees or for industries where one unit makes up 80 percent or more of the total industry employment have been suppressed.

According to the NJ Department of Labor, Hudson County had approximately 243,200 reported jobs in 1998. It is important to note that this figure differs from the occupational total (255,900 jobs) because occupational studies include self-employed and non-salary workers, while industry analyses typically do not. Only 13.3%, or 32,450 jobs, of this total is considered to be in “goods-producing” market sectors¹². In fact, the retail trade (33,950 jobs), services (59,550 jobs), and public (38,250 jobs) sectors each have more employment than the entire goods-producing market. A detailed look at total employment by 2-digit industry reveals that there is only one goods-producing industry (apparel & other textile products manufacturing) in the top ten. The business and health service industries rank the highest, followed by wholesale-durable goods, security & commodity brokers, and trucking & warehousing. Retail sales industries have a strong presence as well, with three industries in the top ten.

In terms of potential demand, the DOL projects the “service-producing” market¹³ will experience all of the employment growth between 1998 and 2008, adding 36,100 new jobs. “Goods-producing” industries are

¹² Goods-producing industries include the agriculture, mining, construction, and manufacturing market sectors.

¹³ Service-producing industries include the transportation, communication, and utilities (TCU); wholesale trade; retail trade; finance, insurance & real estate (FIRE); and services market sectors.

projected to experience a 4,050-job decline in employment over the same 10-year period. The majority of employment growth is projected to occur in the services (16,950 new jobs) and FIRE (10,950 new jobs) market sectors. Security & commodity brokers top the list of industry-level growth, adding 10,350 new positions by 2008, followed by four service industries, two retail sales industries, and two transportation, communication & utility (TCU) industries. In contrast, eight of the top 10 industries projected to lose employment are from the manufacturing industry, lead by the apparel & other textile products industry. This finding is significant, since the apparel & other textile products industry ranks as the one of the 10 largest industries in the County. Depository institutions (FIRE) and miscellaneous repair services (services) are the non-manufacturing industries among the top industries projected to experience employment loss.

This finding indicates that future job needs will most likely be in white-collar industries, with strong demands for trained labor in financial and analytical fields, indicating a disparity between the education levels of the local labor supply and the background demands from local companies. The decline in the goods-producing market, particularly the manufacturing market sector, will leave more low- to moderate-skilled blue-collar workers unemployed looking for new careers. This transition of manufacturing to office jobs is common throughout the U.S., particularly in the Northeastern portion of the country, where union labor is the strongest and wages are the highest. As a result, the County will likely have to help prepare these displaced workers for new careers.

Occupational Demand

As mentioned earlier, white-collar occupations account for almost 75% of the total occupations in Hudson County. Of that total, almost 100,000 jobs are considered to be semi- or high-skilled positions. In comparison with the educational attainment of the labor supply, there is a large disparity between the formal training levels of the County residents and the type of jobs currently existing in the County.

To exacerbate the situation, it is projected that high-skilled and semi-skilled white-collar workers will drive Hudson County's economic future. According to the NJ Department of Labor, the number of white-collar jobs will increase by 32,810, or 17.3%, by the year 2008. In contrast, blue-collar jobs are projected to only increase by 1,600 jobs, or 2.5% over the same time frame. The occupations projected to grow the most by 2008 are mostly semi- and high-skilled white-collar positions in the financial and computer technology fields. The largest growth occupations include systems analysts (HSWC), brokerage clerks (SSWC), financial specialists (HSWC), computer support specialists (HSWC), and security/commodity/financial services sales agents (HSWC). In comparison, the occupations expected to decline in job count are low-skilled occupations, primarily in blue-collar fields, such as sewing machine operators (LSBC), word processors & typists (LSWC), shipping/receiving/traffic clerks (LSBC), pressing machine operators (LSBC), and textile machine operators (LSBC).

This shift in occupational employment is consistent with industry growth trends, since the largest employment growth sectors are services and FIRE, while manufacturing employment is projected to decline. The data also indicate a stronger growth rate and higher concentration of semi- and high-skilled occupational employment. The demand for more qualified and capable labor is projected to increase, placing higher demand on educational facilities and training programs to effectively upgrade the labor force. Finding ways to attract, train, and keep these types of workers is an important issue to be addressed by the local workforce training and education providers.

Education and Training Requirements

According to the New Jersey Department of Labor, Hudson County projected employment demand by education and training requirements using two methods. First, they measured the net change in employment demand between 1998 and 2008. This total accounted for job growth and job decline only, and does not account for job replacements. The second method measured the gross annual change for the County. This figure was derived by adding the total number of new jobs opened each year with the total job replacements needed for existing positions. It is important to note that job closings were not included in this total, since it is a measure of demand, not net change. Therefore the annual data does not reflect net growth, but rather gross skills demand

**Hudson County
Estimated and Projected Employment
By Education and Training Requirements, 1998-2008**

Occupational Category	1998	2008	Change	% Annual Average Job Openings			
				Change	Total	Growth	Replace
TOTAL, ALL OCCUPATIONS	255,900	290,050	34,200	13.4	9,840	4,030	5,810
Total High Requirements	61,250	79,800	18,550	30.3	3,030	1,880	1,150
First Professional degree	2,750	3,200	450	15.9	90	50	50
Doctor's degree	750	1,000	250	31.3	40	20	20
Master's degree	3,100	4,050	950	30.9	180	100	80
Work experience plus degree	12,850	15,850	3,000	23.4	530	300	220
Bachelor's degree	33,700	45,150	11,400	33.9	1,820	1,160	660
Associate degree	8,100	10,600	2,500	31.0	370	250	120
Total Moderate Requirements	44,400	48,150	3,750	8.4	1,450	450	1,000
Postsecondary vocational training	6,050	6,500	450	7.1	200	60	140
Work experience in a related field	22,150	24,200	2,100	9.5	700	230	470
Long-term on-the-job training	16,200	17,400	1,200	7.5	560	170	390
Total Low Requirements	150,250	162,150	11,900	7.9	5,360	1,700	3,660
Moderate-term on-the-job training	44,000	45,650	1,650	3.8	1,360	510	850
Short-term on-the-job training	106,250	116,500	10,250	9.6	4,000	1,190	2,810

For "Total All Occupations" the Average Annual New Jobs will not equal annualized "Employment Change" since, for declining occupations, new jobs are tabulated as zero since no net job growth is projected, while the employment change is based solely on the difference between 1998 and 2008 employment totals. Note that occupational data include estimates of self-employed and unpaid family workers and are not directly comparable to the industry employment total.

According to this research, the County will experience a net increase in employment demand of 34,200 by the year 2008. Of this total, approximately 54% of these new positions will require an associate's degree or higher education level. In contrast, only 30% will only require short-term training with minimal educational requirements. This demand contrasts the existing labor supply in the County, where only 23.6% of the labor force has an associate's degree or more.

Furthermore, the County is expected to have a gross annual demand of nearly 10,000 workers. According to the DOL, over 4,000 of these annual openings will come from new job growth, while approximately 5,800 will be replacements for workers leaving their current position. There is a disparity the type of skills needed for these two groups. New job growth is projected to require a higher skill set than opening jobs. Over 50% of the gross new-job demand will require an associates degree or higher. In comparison, only 20% will require similar education and training levels.

This finding further indicates the Hudson County labor demand will slowly, but consistently, replace the loss of low-skilled jobs with little education demand with positions that require formal post-secondary education. As a result, the County will need to continue to enhance labor force training if local residents are going to be competitive in acquiring jobs in the County.

Potential Cyberdistrict Demand

In addition to the demand patterns discussed above, the potential impact of a new Cyberdistrict will exacerbate the disparity between the current labor force supply and skills demand. Based on the results of the target industry analysis, most of the job opportunities created by a Cyberdistrict will be concentrated in the semi- and high-skilled white-collar occupations. While there are some industries on the target list that will potentially employ lower-skilled workers, the overall labor demand from the Cyberdistrict will not reflect the current skill level of the Hudson County labor supply.

7.0 Interviews

In conjunction with this analysis, the consultants interviewed several local workforce professionals, educators, and private companies in Hudson County in order to gain insight on local labor market conditions. This section highlights the most significant findings and observations obtained from these interviews.

It is important to note that these interviews were conducted with assurances of confidentiality. The consultants asked the respondents to be “as frank and honest” as they felt comfortable. The comments contained in this section represent the ideas and opinions of those people interviewed and may or may not reflect actual conditions or circumstances. However, it is the consultant’s opinion that the findings presented below reflect either perceived or real conditions affecting the Hudson County labor force. To the extent that perceptions shape the actions and decisions of key development players in the community, their inclusion in this report is considered important.

Any negative observations or comments contained in this section are included for informative or constructive purposes only, and are not included to discredit or disparage any persons, company, agency or its staff.

Labor Market Climate

There is a popular opinion that the Hudson County labor market is polarized between high-skilled, high-income white-collar executive types who dwell along the riverfront, and poorly prepared, undereducated immigrant workers that inhabit the majority of the County. Most respondents feel there is a limited supply of middle-class, semi-skilled residents in the County. However, some believe that the Hoboken area is a stronger mixture of high- middle- and low-skilled residence due to access to Manhattan and the labor demands of local businesses and institutions.

In terms of low-skilled labor, it was reported that Hudson County has historically been the “jumping off point” for recent immigrants into the United States. In other words, the County has historically been one of the most popular locations in the New York/New Jersey/Connecticut Tri-State metropolitan area for immigrants to inhabit after arriving in this country. These immigrants locate off of the riverfront, in the urban neighborhoods of the County. Those interviewed indicate that immigrants move into Hudson County to establish their personal and professional lives, taking advantage of the relative low cost of housing, compared to the surrounding areas, as well as established networks of immigrants in the same situation with similar ethnicities.

However, Hudson County is believed to only be a starting point for these families to achieve the “American Dream”. As these families become more established and their children achieve greater levels of success, many move out of the County, within one or two generations into the surrounding suburban neighborhoods outside Hudson County. At that time, the cycle begins again with a new immigrant family taking the vacated space.

On the other hand, the high-skilled executive labor is primarily located along the Hudson River shoreline that faces Manhattan. Dubbed the “Gold Coast”, the riverfront has recently exploded with commercial and residential development and has seen widespread gentrification, including the construction of millions of square feet of Class ‘A’ office space, a half-dozen hotels, and several high-rise luxury condominium and apartment complexes. These condominium complexes are reported to sell residential condominiums from \$250,000 to over \$1 million per unit. It is reported that the commercial space has been filling up primarily

with relocated firms from Manhattan, typically financial firms, which are taking advantage of the excellent transit access to New York City and the relatively lower costs of doing business outside of Manhattan

According to those interviewed, the “middle-class” residents are not well represented in Hudson County. This group includes young professionals just starting out, semi- and high-skilled blue-collar workers, technical and administrative workers, and middle management workers, among others. With the exception of the young professionals, it is reported that most of the households in this category are predominantly locating outside Hudson County, in the more suburban neighborhoods in the area. These locations include Bergen, Essex, and Morris counties in New Jersey as well as Westchester, Richmond, Kings, and Queens counties in New York. The respondents indicated there is a small concentration of young professionals in the Hoboken area, who take advantage of the strong access and proximity to Manhattan with a relative lower cost of living than New York City.

The following section will discuss the major strengths and weaknesses, as noted by the respondents. It is important to note that this is not an exhaustive list, it is a highlight of the issues that were addressed most frequently in these interviews. A more detailed review of the County’s labor force was done in the study, “A Competitive Assessment, Hudson County, NJ.”

Based on the interviews, Hudson County has a unique labor force situation. It is believed that many of the labor force issues surrounding the County can be classified as both strengths and weaknesses. To this end, each major issue classified as both a strength and a weakness will be addressed in both respective categories. However, this seeming contradiction does not indicate the particular issue cancels itself out when being reviewed by a company. Rather, the contradiction indicates that each company will weigh the issue, and will determine the issues net value, using the unique labor requirements it has. While one company may view a particular issue of the labor force as detrimental to their business, another might not.

Strengths

< **Population** – Many of the respondents noted that Hudson County has a large employment base. According to the Census 2000 figures, the County has 608,975 residents, of which 77.4%, or 471,477 of these people, are 18-years old or older. In short, the County has a large labor supply. This can be attractive to new firms that have large labor demands, or need a wide variety of workers from many different skill sets. Furthermore, Hudson County has traditionally had higher unemployment than the surrounding counties. This indicates there are a large number of employable residents ready for work immediately.

In addition, Hudson County has access to the neighboring Counties as well. The strong transit and highway systems in the County make it easily accessible. Hudson County’s location, adjacent to the island of Manhattan, literally adds millions of people to the potential workforce within reasonable commuting distance. While this benefit to new businesses does not help Hudson County residents find employment, it was mentioned often during the interviews as a strong selling point for the County.

< **Geography** – Hudson County has several geographic advantages, in terms of labor force issues. The most frequently mentioned is the County’s size. Hudson County is only 46.6 square miles in size. This puts all County residents within approximately 10 miles of all jobs in the County. Having a labor market this concentrated alleviates some distance issues associated with getting people to and from work,

particularly if they rely on public transit. Furthermore, Hudson County is directly across the Hudson River from Manhattan Island. Many laborers have found it more convenient and cost effective to live just outside of Manhattan while working there. This has bolstered the local labor pool by adding significant numbers of highly skilled, highly educated residents in Hudson County. It is believed that these residents are particularly valuable, since a new company in Hudson County can employ them without negatively impacting other Hudson County businesses.

- < **Immigrant Residents** – As previously mentioned, the County has a large immigrant population. To this end, the respondents noted several benefits associated with these residents, in terms of labor supply. First, immigrant workers are typically hardworking. It is believed that this group realizes its current situation and is looking to improve the quality of life for their families. A few of the interviewees expressed the opinion that the County’s immigrant labor is often more reliable than the generational, low-skilled labor available. Several interviewees corroborated the belief that immigrant workers often have better work ethics than their native-born counterparts. Second, the immigrant labor supply is typically more affordable. According to some accounts, the immigrant laborers are often willing to work for more competitive wages than established residents. These attributes make an immigrant labor force attractive to industries dedicating a large share of their operating expenses to human capital, with a strong need for low-skilled labor. It is also beneficial for personal service, maintenance, and cleaning industries that capitalize on low-cost labor.

Weaknesses

- < **Education** – There is a general consensus that the public school system in Hudson County suffers from a poor reputation. Past events, including poor standardized test scores, have discredited the image of the local school systems. In addition, many of the respondents indicated that many students being taught in these school districts are not being adequately prepared for the labor force. The most discussed issue on education was that students are not taught the connection between education and work skills. There is a concern that students are not provided the necessary guidance and edification on working and what skill sets provided in the classroom are important for successful, long-term employment. As a result, this new labor supply is being turned out into the workforce improperly trained for full time employment. The reported effect of this situation is an increase in time and money expenditures for the new company in Hudson County to update the labor to reach desired minimal proficiency and efficiency levels.
- < **Immigrant Residents** – The immigrant population provides many unique qualities to the County labor supply. Most notably, the heavy influence of immigrant labor provides a language barrier for employment. Almost all companies operating in New Jersey, and the U.S., use English for oral and written communication. Most of the immigrant laborers are from countries that do not use English as a primary language, creating a barrier for potential employees. It was also reported that most immigrant laborers have little or no formal education. These people often possess limited or no marketable skills, including the ability to read or write in English. Additionally, it was noted that immigrant labor tends to be poor. As mentioned earlier in this chapter, this labor supply often has little or no resources to contribute to transportation. As a result, they often cannot travel long distances to work. Furthermore, the lack of strong connectivity with public transit further limits their ability to commute, even if they have the means to do so.
- < **Transportation** – Despite the relative small size of the County and strong transportation connections

between Hudson County and the surrounding areas in New York and New Jersey, there is some concern about the accessibility and availability of transportation for moving within the County. As mentioned, there is good access and plenty of transit options to go from one employment center to the next or from a large residential Park and Ride to the employment centers, but there is an apparent deficiency in the transit system in terms of connecting the local neighborhoods in Hudson County to these employment centers. Several respondents addressed the problem that local residents are often forced to use two or three different modes of transit to get from their home to their workplace, taking them approximately 30 to 45 minutes to go five miles.

In addition, there is the issue of financial burden of transportation. Parking spaces are expensive, reportedly costing up to \$30 a day to park a vehicle. This inhibits the lower- and middle-income wage earners. In terms of transit use, a majority of the respondents acknowledged that the cost of commuting, especially if someone needs to use multiple modes of transportation, is prohibitive to many County residents. While there are programs to assist modest income residents with this cost, the assistance is typically only for one form of transit service, and does not cover the others.

Opportunities

In light of the labor climate strengths and weaknesses brought forward by the respondents, they had useful insight into efforts that could positively impact the perception of the labor force and improve the readiness of the laborers. Here is a brief list of the areas where local intervention could significantly improve the labor quality.

- < There is strong support for bringing the private sector and the training providers together to discuss labor needs and training programs. Almost everyone interviewed acknowledged that there is very little communication between businesses and labor force educators. The most common complaint from the workforce education community is the lack of direction the companies give to effectively prepare workers for available jobs. It is believed that bringing the business interests together with the workforce groups would create more accurate and effective training programs, placing residents in a position to improve their employment status.
- < Others continued on the concept of communication and addressed the potential of bringing the workforce investment agencies and the local colleges. Included in this group are the Hudson County Workforce Investment Board, the Hudson County Career Development Center, the Jersey City Office of Employment Services, the Jersey City One-Stop, Stevens Institute of Technology, Saint Peters College, New Jersey City University and Hudson County Community College. These respondents believe that coordinating training and continuing education efforts between the agencies and colleges could promote an atmosphere of cooperation and support for (and from) each entity in the areas of work force training and continuing education.
- < There is interest in creating an outreach program to educate the County residents about the services and resources available to them through the various work force development agencies and local colleges. Some of the respondents are concerned that local citizens are not aware of the assistance available to them. It was noted that there has been some effort to reach the public, but the lack of coordination and budgetary constraints have made this effort more piece-meal than comprehensive. To this end, these respondents see the benefit of a thorough, cooperative outreach effort to attract

more residents that could benefit from job training.

- < Many of the respondents acknowledge that there are several good opportunities for residents to get job training and skills enhancement. However, many recognize that there are few resources available to get “soft skill” training, such as resume writing, interview decorum, workplace ethics, team participation and professional responsibility. These skills are seen equally important to the private sector, but are often neglected in training programs. To this end, it was suggested that there is an opportunity to create non-occupational training programs that address the non-technical skills that make long-term, stable employment possible and career advancement more likely.

8.0 Preliminary Recommendations

There are several aspects of the current workforce development system that are extremely effective and provide adequate preparation for Hudson County residents. Most notably, the depth and breadth of program available through the various training sources cover almost every aspect of skills development needed for a County resident to become competitive in the marketplace. However, there are some actions that the County can undertake to better position itself, and its residents, in job recruitment and local employment.

Specifically, there are three main aspects of workforce development that can be improved in Hudson County, in reference to the Cyberdistrict concept. They are coordination, communication, and collaboration. These efforts should be made concurrently, but will have very different time-line focuses.

It is important to note that the suggestions given below are not meant to be exhaustive lists. Rather, they are short lists of suggestions and ideas to promote the thinking process. Hopefully, the training providers will create a program that best suits their respective strengths and weaknesses. In short, each workforce agency and college will have to customize their efforts to best fit their objectives and their budgets.

Coordination (short-term)

All of the workforce training providers interviewed acknowledged that there is little or no communication amongst the group. As a result, no single organization knows what the other organizations provide, in terms of programs, or what efforts these other providers are undertaking to improve their services to local residents.

Therefore, the Consultants suggest that the workforce investment community open and/or improve their lines of communication with other providers. Here are a few suggestions that address this issue:

- < Include other training providers on any mailing lists involving announcements and/or program updates;
- < Have a quarterly meeting of top-level representatives from each office/school to discuss issues relating to community workforce development and to announce any new programs/offerings;
- < Produce a joint marketing brochure highlighting each program and its offerings for release at local libraries, high schools, and businesses in the County.

As mentioned earlier, these suggestions are not the only methods to improving coordination between the different offices. However, they do provide strong, but simple ways to improve the dialogue between the public agencies and the colleges. Ultimately, this coordination effort needs to fit the goals and limitations of each entity. However, this effort will allow for more in-depth efforts and collaborative projects, as detailed later in this section, if done properly.

Overall, this effort incurs minimal expense. At its very basic level, improving communication between the different training providers will cost no more than the time it takes for their representatives to meet.

Communication (intermediate-term)

Both the Workforce Investment Board and the Career Development Center indicated that there is little interaction between the public agencies and private industry in Hudson County. As a result, there is an apparent disconnect between the needs of the businesses and the usefulness of the workforce training centers. By bringing these two entities together, the training programs can better serve county residents by preparing them for positions that are in demand locally. This effort does not involve only asking for a list of openings, rather it is an in-depth relationship where the agencies and businesses share information to improve the relevance of training efforts, as well as the trust between the business and the workforce boards. Here are a few suggestions for the County agencies to accomplish this task:

- < Schedule semi-annual meetings with major employers in the County to discuss current employment needs and ways to address these needs;
- < Provide informational seminars that detail the available programs at the agency that might be relevant to the attending businesses;
- < Create a semi-annual or annual mailing to local businesses that introduces different programs and reminds the businesses of the resources at the agency;
- < Develop and implement pre-screening services to reduce sending unqualified applicants to interviews, minimizing the workload of the business and the potential distrust in the agency's judgment.

The relationship, and trust, created through these efforts will open opportunities to the training agencies, allowing them to better serve their clients while improving their placement rates. In addition, local residents will be more likely to use their services as stories of successful placements filter out through previous clients. Conversely, the business community will benefit by using free resources to find qualified, capable employees without having to worry about sifting through unqualified applicants to find them.

This effort will also have a minimal financial cost to the workforce agencies and the local business community. However, it will most likely take more time to cultivate the relationships needed to see the full benefits of these efforts.

Collaboration (long-term)

Once the lines of communication are open between the training providers and the business community, more in-depth efforts can be undertaken. In terms of the Cyberdistrict concept, the County has a unique opportunity to pull the private sector, public workforce boards, and institutions of higher learning to create a joint-effort Cyberdistrict training program. This program would provide training assistance to County residents to fulfill the needs of businesses that utilize the Cyberdistrict.

In theory, this program would use private and public funding, along with physical and human capital from the various colleges, to create a County-run training program to help County residents gain more stable, higher-paying employment with Cyberdistrict companies. The program would provide companies participating in the Cyberdistrict program "first-shot" at hiring graduates from the program. While there can be no guarantee that a graduate of the program will find full-time employment in a Cyberdistrict company,

anyone not hired through the program can use the training to secure employment elsewhere.

Residents who do not qualify for this program (with minimum educational standards) can work up to admission using the existing training and educational programs offered in the County. Once they become qualified, they can enter the program.

There are several ways to create a program like this, and there is no way to accurately predict how a program like this will take form without input and assistance from the local ‘players’ including businesses, the schools, the workforce agencies, and the state and local government. Therefore, it will be up to the County and the local training providers to pursue this effort.

However, similar concepts have been implemented in other communities, producing promising results. An example is the UPS work-study program currently underway in Louisville, Kentucky (see attached excerpt from *Strategies for Success: Reinventing Cities for the 21st Century*). While the Consultant is not suggesting an exact copy of this program, the program does exemplify how local business, colleges, and government can create a joint program to provide workforce training.