

Appendix D: Technical Reports

Introduction to Technical Reports

4ward Planning Inc. conducted comprehensive analyses of socio-economic, labor and industry, real estate, and infrastructure trends for Hunterdon County and comparison geographies, where appropriate. Additionally, the consultant team analyzed a number of case studies to help inform recommendations. The technical analysis sets the stage for providing the required elements of a CEDS pursuant to USEDA requirements.

To complete such analyses, 4ward Planning evaluated socio-economic, labor and industry, real estate (multi-family residential, office, and retail), transportation, and infrastructure trends in and around Hunterdon County, utilizing a combination of published government data (U.S. Census, Bureau of Labor Statistics, and State of New Jersey Department of Labor and Workforce Development) and proprietary analysis software (Esri Community Analyst). In addition to quantitative analyses, observations and key findings were informed by field tours of Hunterdon County and stakeholder interviews with industry representatives, government officials, and non-profit service providers.



Case Studies



Case Study Methodology

4ward Planning conducted a “promising case” practices examination of economic development and planning initiatives applicable to the Hunterdon County region.

Through a combination of internet research and phone interviews, 4ward Planning summarizes, in this study section, initiative highlights and takeaways for each promising case study.

The *Case Study Communities* section explains the methodology in selection of cases, examines five cases that are similar to Hunterdon County, and provides a summary conclusion of the case study findings.



Lancaster County, Pennsylvania

Initiative Summary

Winning the 2009 National Smart Growth Overall Excellence Award, Lancaster County’s growth management and farmland preservation programs have contributed to economic development while preserving the rural character and unique culture of the county. Guided by collaboration between the Lancaster County Planning Commission and its member municipalities, Envision Lancaster County was created as a comprehensive, multi-staged countywide plan to manage growth and maintain the county’s distinctive sense of place, over a 25 year period. The plan protects over 88,000 acres of open space and historic landscapes by strategically directing development to established towns and cities in the county. Further, the Planning Commission conducted educational workshops, public forums and developed a citizens’ task force to ensure public input.

Key Takeaways

- **Growth Management Framework** – The plan targets development within designated Urban Growth Areas (UGAs), with the objective of increasing density, livability, reinvestment, housing choice, and employment.
- **Land Preservation** – In addition to UGAs, Envision Lancaster utilizes Designated Rural Areas within which “rural resources, rural character, and a rural way-of-life are sustained and incompatible development is precluded.”



Photo Source: Real Choice Real Estate

Overview	
2012 Population	526,823
Community Type	Rural
Key Institutions and Organizations	Lancaster County Agricultural Preserve Board, Lancaster Farmland Trust, Lancaster County Conservancy, National Lands Trust, Lancaster County Planning Commission

Key Points	
Resources	N/A
Funds Leveraged	N/A
Success Factors	County and municipal collaboration, community input
Major Successes	Land preservation, targeted growth and development areas

Lancaster County, Pennsylvania – Lessons for Hunterdon County

In a manner similar to Lancaster County, Hunterdon County prioritizes retaining and fostering its rural character. Keeping in line with smart growth principles, Hunterdon County should concentrate development in town centers to promote economic growth and development while simultaneously preserving land for agriculture. Envision Lancaster County is proof that economic development and vitality do not need to come at the expense of a county's rural character.

Town centers are important economic drivers as well as areas that support critical masses of people, which leads to more efficient use of land and infrastructure. Concentrating development in town centers also helps channel development away from areas outside of the centers, preserving land for open space and agriculture. As in Lancaster County, Hunterdon County can and should continue to use a growth management framework to maintain land for open space and historic landscapes.

Phillips County, Arkansas

Initiative Summary

With a strong focus on active community engagement, Phillips County, Arkansas has organized its economic development agenda through the Delta Bridge Project, a public-private partnership between dozens of local organizations and hundreds of area individuals that is intended to coordinate community and economic development efforts. The project’s implementation is organized into community-led “goal teams” that subsequently report to the Project Steering Committee, focusing on five key categories: *economic development, education, housing, health care, and leadership*. In addition to successfully acquiring significant private sector funding, the project also utilizes SWOT analyses (strengths, weaknesses, opportunities, and threats), through its community-driven goal teams, which have contributed to effective planning prioritization.



Photo Source: Delta Bridge Project; Arkansas.com

Key Takeaways

- **Strategic Planning** – The initiative utilizes long-range goal setting to guide projects and investment, helping the community stay focused on strategic objectives
- **Community Engagement** – Different levels of community participation are offered, ranging from transparent information online to active roles in implementation
- **Partnership Formation** – Coherent and effective partnerships have been formed between funders, community institutions, and community members
- **Measuring Success** – Short- and long-term metrics to identify and track project success, including community indicators relating to employment and education

Overview	
2012 Population	20,784
Community Type	Rural
Key Institutions and Organizations	Southern Bancorp Community Partners (a rural community development bank), The Walton Family Foundation, Project Steering Committee, Local Development Council

Key Points	
Resources	Grants and loans, private investors
Funds Leveraged	\$105,100,000
Success Factors	Driven by local community, prioritized objectives
Major Successes	Housing remediation, Agricultural and industrial facilities, Downtown Loan Fund

Phillips County, Arkansas – Lessons for Hunterdon County

The Delta Bridge Project provides lessons on how to plan for the future and emphasizes the importance of engaging a variety of stakeholders. Hunterdon County should recognize the importance of community support and involvement through methods such as public-private partnerships and community outreach. Doing this will engage a variety of stakeholders and involve residents and local businesses in the community's success.

Planning for the future is also important. Hunterdon County is cognizant of this, as is evidenced by the variety of planning documents for the county and its municipalities as well as the ongoing CEDS effort. Hunterdon County should continue setting both short- and long-term goals as a map for future economic development. Methods for measuring success are also vital so as to keep the plans on track and indicate when adjustments are needed in the future.

Onondaga County, New York

Initiative Summary

Similar to Hunterdon County, Onondaga County contains a variety of development settings, from historic urban neighborhoods to rural areas with deep agricultural heritage, to recently developed suburban communities. In 2001, to encourage the county's municipalities to improve residents' quality of life through a renewed emphasis on traditional neighborhoods, Onondaga County developed the Onondaga County Settlement Plan. Successful outcomes of the plan include the revitalization of urban neighborhoods, the redevelopment of brownfield sites, the retrofit of a village, the reconstruction of a defunct shopping mall into a town center, and the redesign of a strip shopping center, among others. For each municipality within the county, alternatives to traditional zoning are phased in to existing regulations via a Traditional Neighborhood Development code, based on its zone within an urban-to-rural continuum.

Key Takeaways

- **Building Forms and Local Character over Zoned Uses** – The Settlement Plan utilizes a transect, emphasizing the natural transition from urban to rural landscapes, through T-zones (including categories such as Urban Core, Urban Center, General Urban, Suburban, Rural Reserve, and Rural Preserve), designed to offer diverse high quality buildings, streets, and public spaces, while preserving rural landscapes.

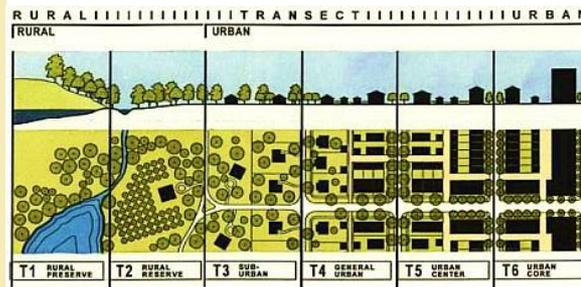


Photo Ongov.net

- **Community Involvement** – Public meetings included over 2,500 participants from the community.

Overview	
2012 Population	466,852
Community Type	Rural, Suburban, Traditional Neighborhoods
Key Institutions and Organizations	Syracuse-Onondaga County Planning Agency

Key Points	
Resources	Designers, planners, community input
Funds Leveraged	N/A
Success Factors	Transect, Traditional Neighborhood Development (TND)
Major Successes	Redevelopment of brownfield and greyfield sites, design- and character-focused codes

Onondaga County, New York – Lessons for Hunterdon County

Like Onondaga County, Hunterdon County is comprised of a variety of land use typologies. Understanding these typologies helps channel growth in a productive and efficient manner. The Onondaga County Settlement Plan recognizes that development should not take a one-size-fits-all approach, and that land use and development planning should be context-sensitive. As noted throughout the report, Hunterdon County is comprised of dense town centers, suburban areas, and rural sections, each of which should be thought of and dealt with in different ways.

Additionally, Hunterdon County should look to Onondaga's examples of repurposing buildings and mediating brownfields. There are a number of vacant properties in Hunterdon County that will need to be reused or repurposed (which will be discussed in further detail later). As for design- and character-based codes, these can help guide the general feel and atmosphere of different places within the county without being overly prescriptive and onerous. This flexibility also allows for greater vibrancy.

Wood County, Wisconsin

Initiative Summary

After devastating employment losses of nearly 40 percent due to the relocation of a dominant paper company, the Community Progress Initiative (CPI) was founded as a way to create an innovative, community-involved, and self-reliant local culture, with a strong focus on entrepreneurialism. The program has won numerous awards and has been hailed as a “*model of institutional collaboration and community capacity building that has restored a sense of local control among citizens in the Greater South Wood County region.*” CPI established seven industry clusters and four technical assistance programs, in addition to entrepreneurial boot camps that provide training for private business enterprises, including new start-ups and existing businesses.

Key Takeaways

- **Entrepreneurial Job Creation** – Throughout the course of the program (April 2004 – December 2008), CPI created and retained over 1,800 jobs
- **Access to Capital** – Using an Entrepreneur Equity Loan Fund of \$248,000 (a start-up fund of \$45,000 from the Wisconsin Chamber of Commerce, and additional private funding sources), CPI was able to provide affordable financing for entrepreneurs with successful business plans, helping to spur investment and job creation.



Photo Sources (l to r): Wood County; CPI; Visit Wisconsin

Overview	
2012 Population	74,424
Community Type	Rural
Key Institutions and Organizations	Heart of Wisconsin Business and Economic Alliance, Community Foundation of South Wood County, Barker Mead Fund, Wisconsin Chamber of Commerce

Key Points	
Resources	Private foundations, federal/state grants
Funds Leveraged	Over \$293,000
Success Factors	Organizational collaboration, community readiness
Major Successes	Employment creation, increase in community pride and participation

Wood County, Wisconsin – Lessons for Hunterdon County

Hunterdon County can learn from Wood County's experience with the loss of a major employer, as Hunterdon County has lost major employers as well, such as the Milford Paper Plant and Merck, who is planning to leave. Focusing on and fostering entrepreneurialism should be prioritized by the County by providing training, technical support, and networking resources.

Encouraging entrepreneurialism will diversify Hunterdon County's economy, keeping it from relying too heavily on any one employer. It may also help provide additional employment within Hunterdon County. Currently, Hunterdon County is considered to be a bedroom community, wherein many people who live within the county do not work there. Fostering more local businesses will provide opportunities for people to work locally, which may also increase the money they spend locally and decrease traffic congestion and commute times.

Harford County, Maryland

Initiative Summary

Considering the impending departure of Merck and the availability of industrial properties in Hunterdon County, Harford County’s relevance is that it has demonstrated considerable success in filling industrial vacancies - leading the greater Baltimore region. As of the summer of 2013, year-to-date absorption was over 1.1 million square feet, representing a 5.8 percent industrial vacancy rate (down from 13.4 percent at the end of 2011), according to real estate firm Colliers. Further, there is continued optimism for industrial developers to prepare pad-ready sites, according to local real estate professionals.



Key Takeaways

- **County Finance Institutions** – Crucial to the county’s success, the recently introduced Economic Development Opportunity Fund distributes loans to businesses that create and retain jobs. The program does not require county board approval and has been able to “move at the speed of business,” according to a county official.
- **Mutual Interests of County and Municipalities** – Municipalities within the county, including Havre de Grace and Aberdeen, offer Enterprise Zone Tax Credits, further contributing to county economic development.



Source: Baltimore Business Journal, Harford County

Overview	
2012 Population	248,622
Community Type	Rural and Suburban
Key Institutions and Organizations	Harford County Office of Economic Development, Neighborhood BusinessWorks, Maryland Department of Housing and Community Development

Key Points	
Resources	Economic Development Opportunity Fund, enterprise zones
Success Factors	Coordination of state, county, and municipal financing and business incentives
Major Successes	Attracting employers, reducing industrial site vacancies

Harford County, Maryland – Lessons for Hunterdon County

Like Harford County, Hunterdon County will also need to reuse and repurpose vacant properties, whether they be industrial, office, commercial, or residential. As corporate models and working styles evolve, properties traditionally used as large office parks will need to be reused creatively in the near future.

A Loopnet search for Hunterdon County shows that as of December 27, 2013, there are 157 properties listed for sale within the office, industrial, and commercial categories, and 148 such properties for lease. A large part of Hunterdon County's future direction will come from who and what fills these vacancies. Taking cues from Harford County, Hunterdon County should consider implementing loans for businesses that locate in these areas. Also important will be having a work force that is prepared and ready to work for these new businesses. In filling vacant space with new businesses, labor force preparedness and education are key.

Case Study Conclusions

A variety of prospective opportunities emerge from these case studies, many of which have application for Hunterdon County's ability to facilitate economic development. From this phase of research, 4ward Planning identified the following possibilities for Hunterdon County:

- Foster and support engaged members of the community at a variety of levels. This may include transparent and easily accessible information online, written and verbal feedback at public meetings, and active involvement during the implementation process. The currently developed CEDS website is a first step towards this goal;
- Create effective public/private financial programs to attract and retain businesses, and encourage entrepreneurship in dense centers such as Flemington Borough, Lambertville, and Clinton Town;
- Leverage the assets of existing communities, including the targeting of development within neighborhoods containing underutilized land and available infrastructure (for example, many properties are for sale in Clinton Town, Flemington Borough, Frenchtown, and Whitehouse Station), while disincentivizing development on the suburban and rural periphery;
- Consider alternatives to traditional Euclidian zoning (with a strong emphasis on uses), such as contextually appropriate form- and design-based codes that consider neighborhood and environmental character throughout the county, and particularly in the Highlands;
- Regionalize and align the county's economic development efforts with those of local municipalities, particularly those having high redevelopment potential such as Flemington Borough

It should be understood that not all economic development policy initiatives and programs, identified here, are appropriate for Hunterdon County. However, Hunterdon may well benefit from a number of the innovative and successful economic policies identified in this promising case study analysis.



Socio-Economic Trends Analysis



Glossary of Terms

Household Population Household population, as compared to total population, excludes persons living in dormitories, penal facilities, hospitals, and other institutional settings.

Family A family is a group of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people are considered as members of one family. The number of families is equal to the number of family households; however, the count of family members differs from the count of family household members because family household members include any non-relatives living in the household.

Non-Family A non-family household consists of a householder living alone (a one-person household) or where the householder shares the home exclusively with people to whom he/she is not related.

Household A household consists of all the people who occupy a housing unit. A house, an apartment, or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters. The count of households excludes group quarters and institutions.

Empty Nester Household A household in which one or more parents live after the children have left home, typically represented by ages 55-74.

Metropolitan Statistical Area (MSA) Metropolitan Statistical Areas (metro areas) are geographic entities defined by the Office of Management and Budget, containing a core urban area of 50,000 or more population. Each metro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core.

Flat and Moderate Growth Flat growth is defined as an annualized rate of change between -0.75 and 0.75 percent. Moderate growth is an annualized rate of change between (-)0.75 and (-)1.5 percent.

Source: US Census Bureau; 4ward Planning Inc.

Methodology

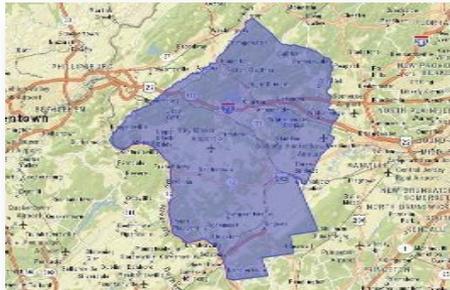
4ward Planning examined historical and forecasted socio-economic trends (for 2010, 2013, and 2018, and in some cases, 1990 and 2000) to comparatively analyze Hunterdon County and the surrounding region. The geographic areas studied include:

- Hunterdon County
- Middlesex-Somerset-Hunterdon Metropolitan Statistical Area (MSA)
- State of New Jersey

The analysis and recommendations that follow are based on a combination of quantitative and qualitative techniques. Quantitative analysis is underpinned by a combination of public and proprietary data sources, including U.S. Census-based data and Esri's Community Analyst software — a socio-economic data analysis tool. Estimated and projected socio-economic trends examined includes population growth and density, formation of family and non-family households, age cohort characteristics, racial composition, household income, unemployment, poverty, residential tenure, and consumer expenditures.

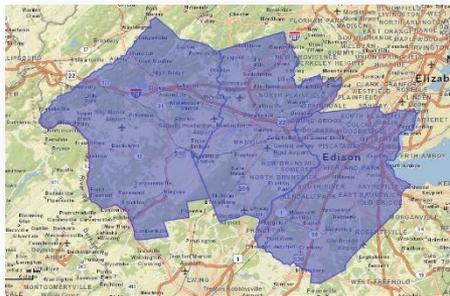
Socio-Economic Trends Analysis Study Areas – 2013 Summary

Hunterdon County



Population: 129,158
 Total Households: 47,593
 Median Age: 45
 Median Household Income: \$103,205
 Percent of Household Incomes >\$75,000: 63%
 Percent Owner-Occupied Housing: 79%

Middlesex-Somerset-Hunterdon MSA



Population: 1,279,921
 Total Households: 451,643
 Median Age: 39
 Median Household Income: \$84,587
 Percent of Household Incomes >\$75,000: 56%
 Percent Owner-Occupied Housing: 66%

New Jersey



Population: 8,840,746
 Total Households: 3,227,503
 Median Age: 40
 Median Household Income: \$68,482
 Percent of Household Incomes >\$75,000: 47%
 Percent Owner-Occupied Housing: 57%

Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

Key Findings: Socio-Economic Analysis

Flat population and household growth

All geographies examined are projected to experience flat population and household growth through 2018, with the MSA likely to undergo the greatest growth at a relatively weak 0.57% a year.



Relative rise in non-family household formation

Consistent with national and regional trends, non-family households are growing faster than family households in all three geographies. Particularly, the rise of solo living and the decline of families are expected to continue for the foreseeable future.



Growth in age cohorts most likely to increase housing demand

The age groups projected to undergo the greatest growth in Hunterdon County over the coming years include Younger Empty Nesters (55-64) and Older Empty Nesters (65-74), and, to a lesser extent, Young Workforce and Grads (25-34), all of whom are key to influencing housing demand, particularly for smaller units.



Notably high median household income

Hunterdon County is characterized by an extraordinarily high median household income, at over \$100,000 in 2013. According to the 2012 American Community Survey, Hunterdon County was the highest income county in New Jersey and 4th highest-income in the entire United States.



Key Findings: Socio-Economic Analysis

Low rate of renter-occupied units

Just under 80 percent of housing units within Hunterdon County are owner-occupied, far exceeding the ownership rates of the Middlesex-Somerset-Hunterdon MSA (66%) and New Jersey (57%). Further, the rate of renter-occupied units is approximately half the rate of the MSA and state at 17 percent.



Relatively low population density

Much of Hunterdon County is characterized by low population density, with most census tracts exhibiting a population density below 600 people per square mile (for comparison, the population density of New Jersey is 1,205 people per square mile). However, locations including Flemington and Lambertville maintain much higher densities, offering potential opportunities for infill redevelopment.



Changing racial and ethnic dynamics

Over the next five years, the white population of Hunterdon County is expected to continue declining while the percentage share of all other racial and ethnic groups is expected to increase by greater than fifteen percent. Latinos are projected to lead with an increase of just under 25 percent. Growth in Latino households portends greater demands for a variety of housing types and service businesses.



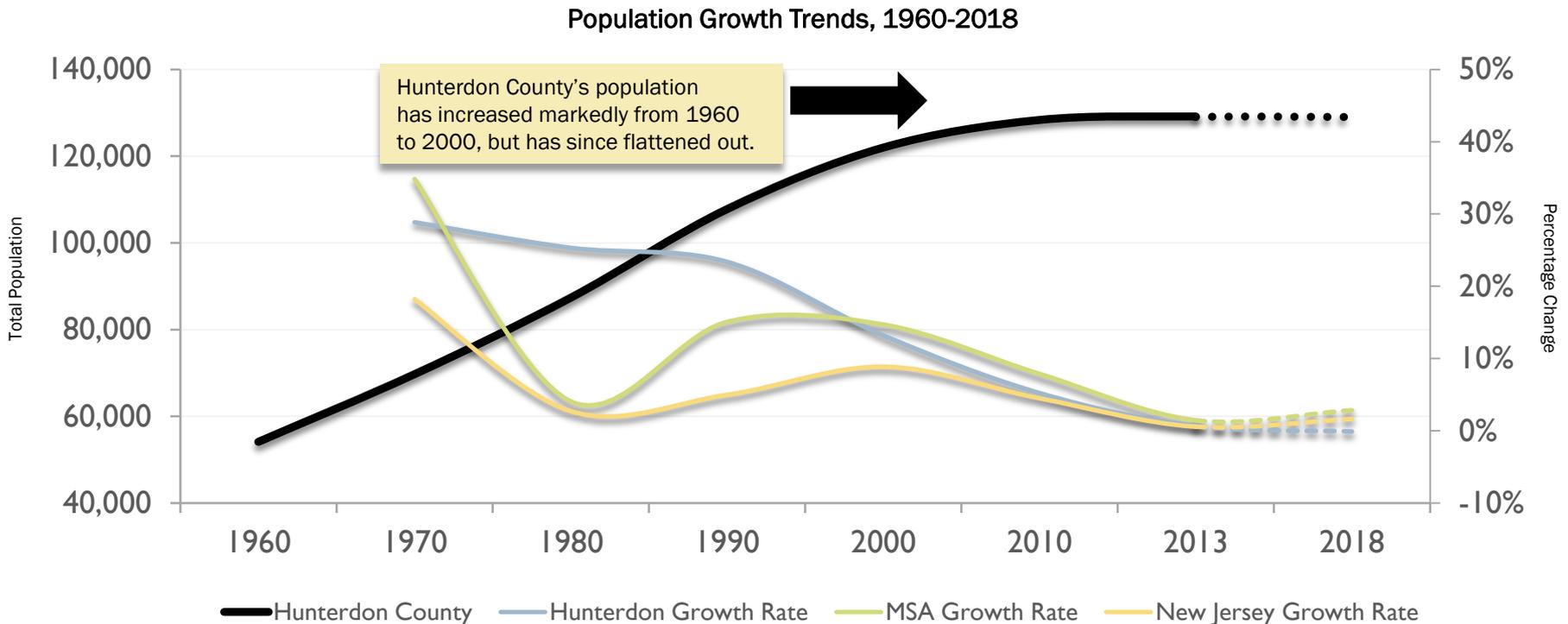
Higher than average consumer spending

Households within Hunterdon County exhibit spending patterns that greatly exceed the national average in most categories, a trend that is likely to bode well for service and retail-related businesses.



Long-Term Population Growth

Between 1960 and 2000, Hunterdon County more than doubled its population, growing at an average of over twenty percent each decade (better than two-percent per annum). However, the rate of growth has been consistently decreasing each decade and Hunterdon County’s population growth, like that of the state, has largely stabilized. Similar to New Jersey and the Middlesex-Somerset-Hunterdon MSA, population growth is expected to remain roughly flat in the near future.

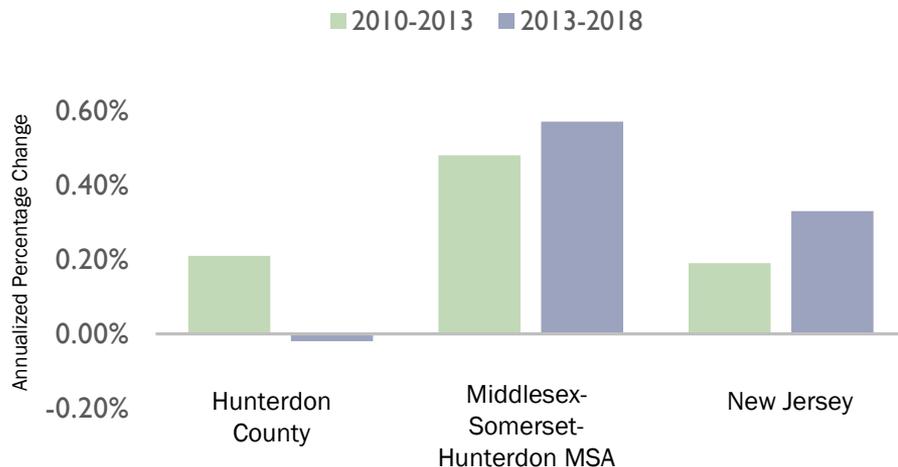


Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

Near-Term Population Growth

The figure below illustrates that population growth within all three geographies studied was, effectively, flat over the 2010 to 2013 time period, with the Middlesex-Somerset-Hunterdon MSA experiencing the greatest relative growth, at just under half a percentage point per year. In addition to maintaining the highest relative annualized population growth through 2018, the tri-county area’s rate of population growth, along with New Jersey, is anticipated to increase over the next five years, albeit insignificantly. By contrast, Hunterdon County is projected to see a deceleration into slightly negative annualized population growth. However, in absolute terms, population of Hunterdon County is likely to remain more or less flat through 2018.

Annualized Percentage Change, Total Population

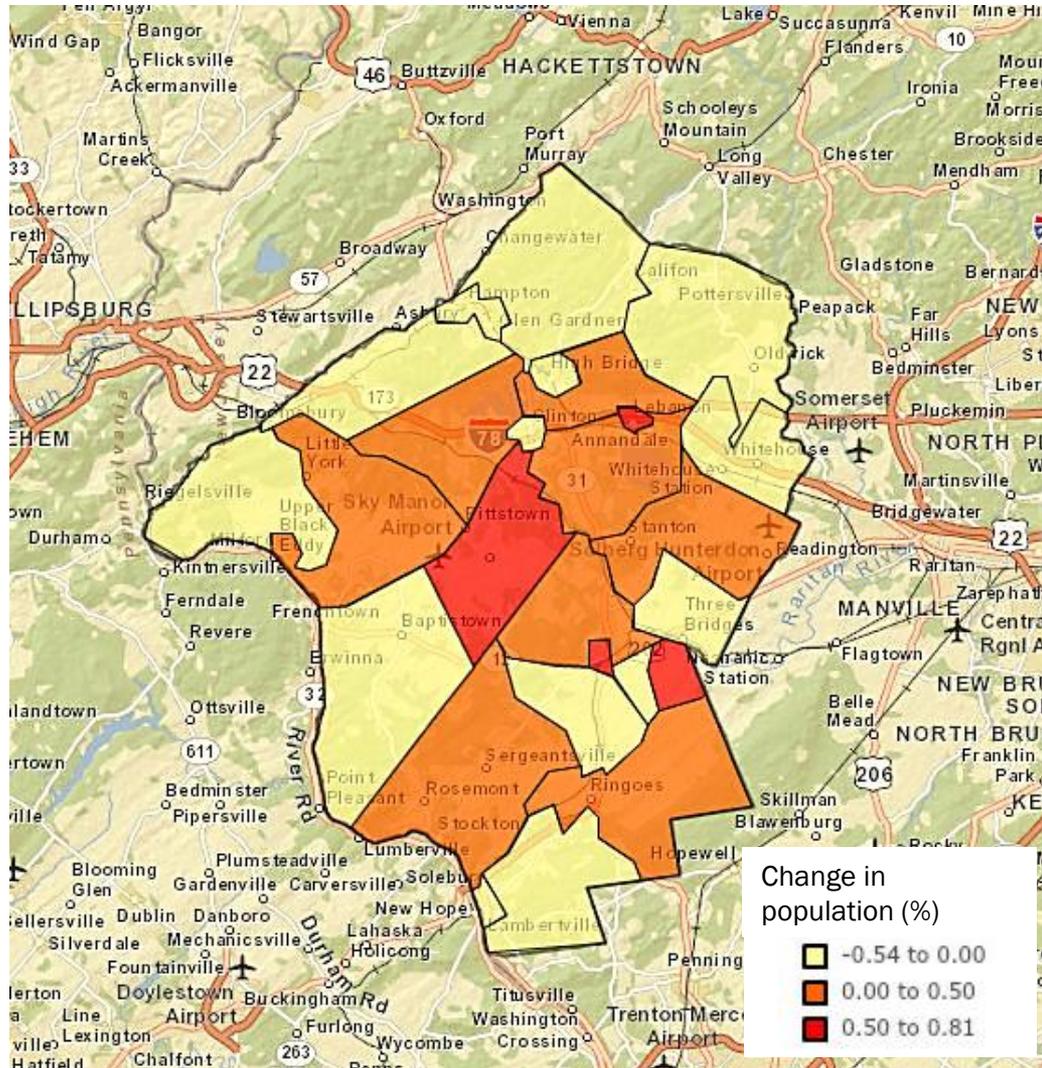


Population by Geography

	2010	2013	2018	Net Change (2013-2018)
Hunterdon County	128,349	129,158	129,025	-133
MSA (000s)	1,262	1,280	1,316	36
New Jersey (000s)	8,792	8,841	8,985	144

Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

Forecasted Population Change through 2013

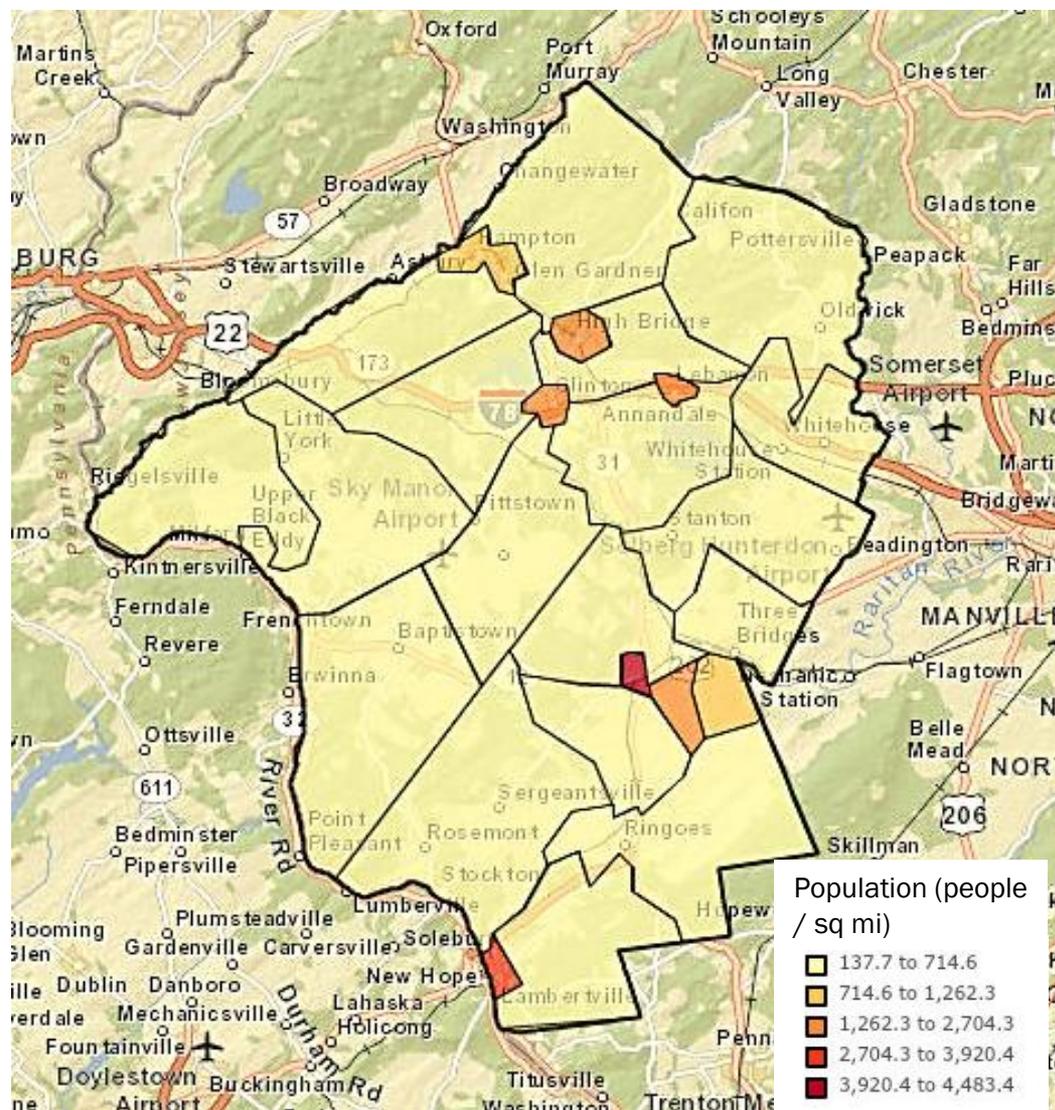


While the aggregate annualized population growth for Hunterdon County through 2018 is slightly negative, some areas within the county are expected to undergo positive population growth (albeit, at a relatively flat rate). Flemington leads the county at 0.81 percent per year, followed by Franklin Township at 0.66 percent. Other areas projected to exhibit annualized population growth greater than half a percent per year are Lebanon Borough and the southeastern section of Raritan Township. By contrast, many of the outermost municipalities are likely to experience negative annualized population growth through 2018. The greatest annualized percentage losses in population are expected for Bethlehem Township at just over a half-percent decline per year.

Source: Esri; 4ward Planning Inc., 2013

Population Density

Illustrated to the right, population density within Hunterdon County is relatively low, with most census tracts exhibiting a population density below 600 people per square mile. However, high density locations include Flemington (at over 4,400 people per square mile), Lambertville (at over 3,300 people per square mile (neighboring New Hope, PA has a population density of 2,025 people per square mile)), and Clinton Town (with a population density of over 2,000 people per square mile). Other notable locations within Hunterdon County, including the river towns of Frenchtown and Stockton, are characterized by respective population densities of 1,093 and 1,035 people per square mile.

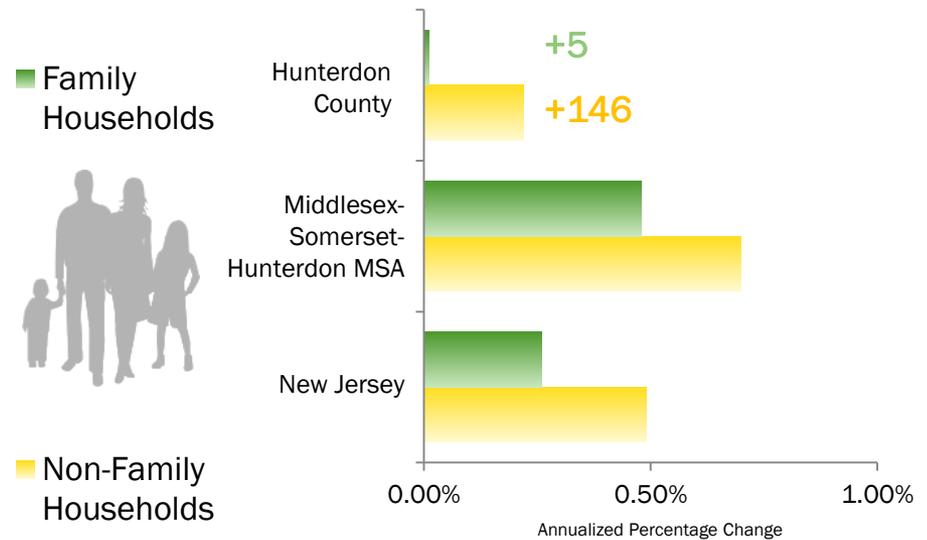


Sources: US Census Bureau; Esri; 4ward Planning Inc., 2013

Household Formation

The figures to the right and below illustrate changes in household formation for all three study areas, including family and non-family households. Consistent with flat population growth, annualized changes in households are relatively weak. However, as a general pattern, family households within the study areas are forming at a considerably lower rate, relative to non-family households, consistent with national and regional trends.

Annualized Percentage Change, 2013-2018

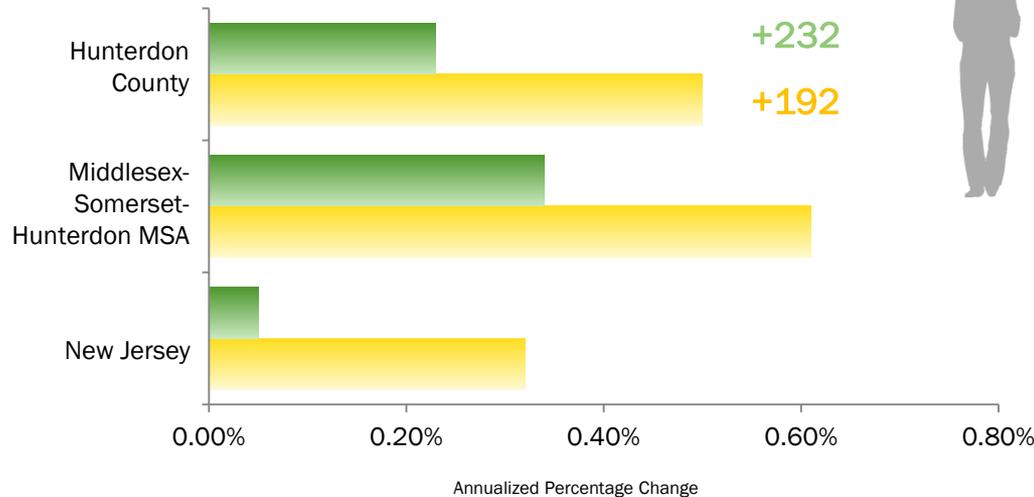


Family Households



Non-Family Households

Annualized Percentage Change, 2010-2013



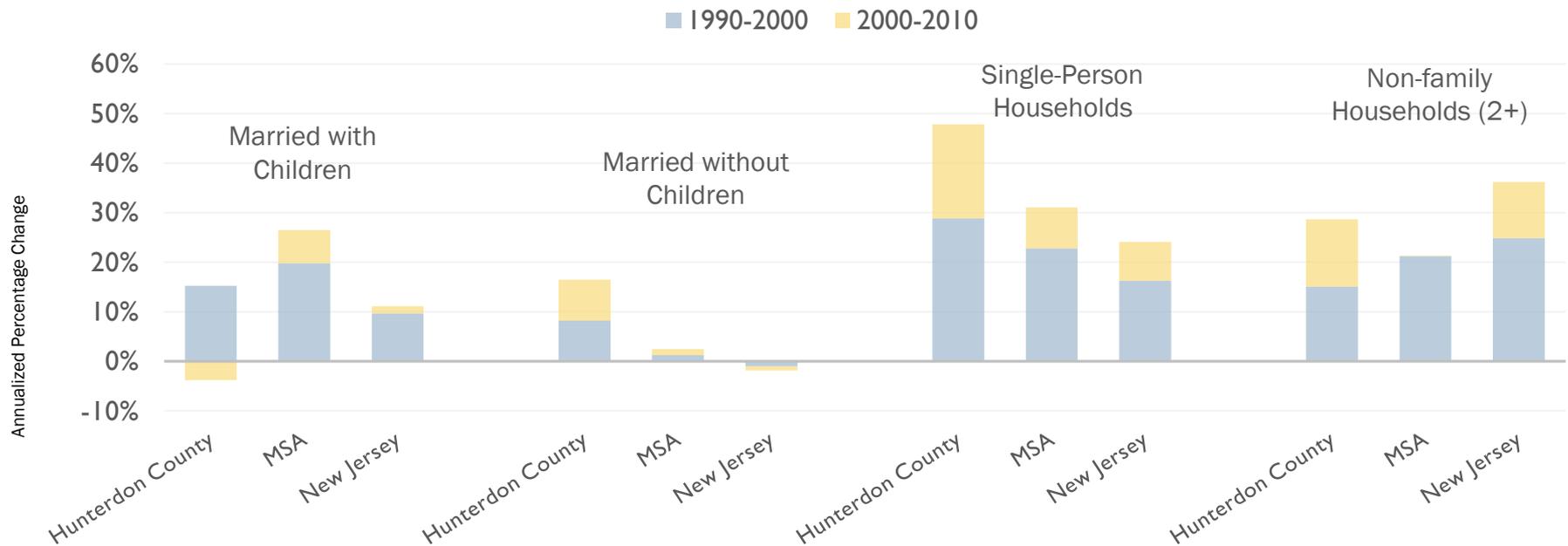
It should be noted that the rate of household formation within Hunterdon County, through 2018, is forecasted to decrease from 2010-2013 levels for both family and non-family households. However, the share of non-family growth as a percentage of total household growth is projected to increase substantially through 2018, from 45 percent to 97 percent.

Sources: US Census Bureau; Esri; 4ward Planning Inc., 2013

Household Trends by Type

Consistent with higher non-family household formation relative to family households, the growth in married households has been notably outpaced by single-person households and non-family households greater than one person. Further, Hunterdon County experienced a decline in married couples with children between 2000 and 2010, while single-person households concurrently grew by nearly twenty percent.

Changes in Household Types, 1990-2010

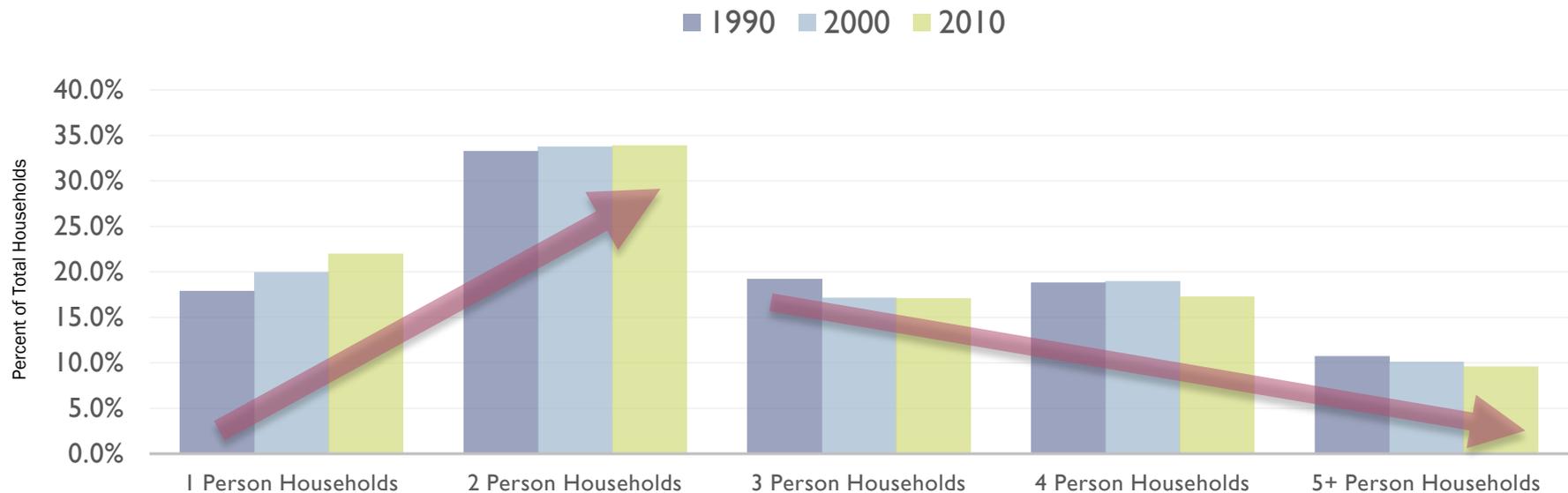


Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

Household Size

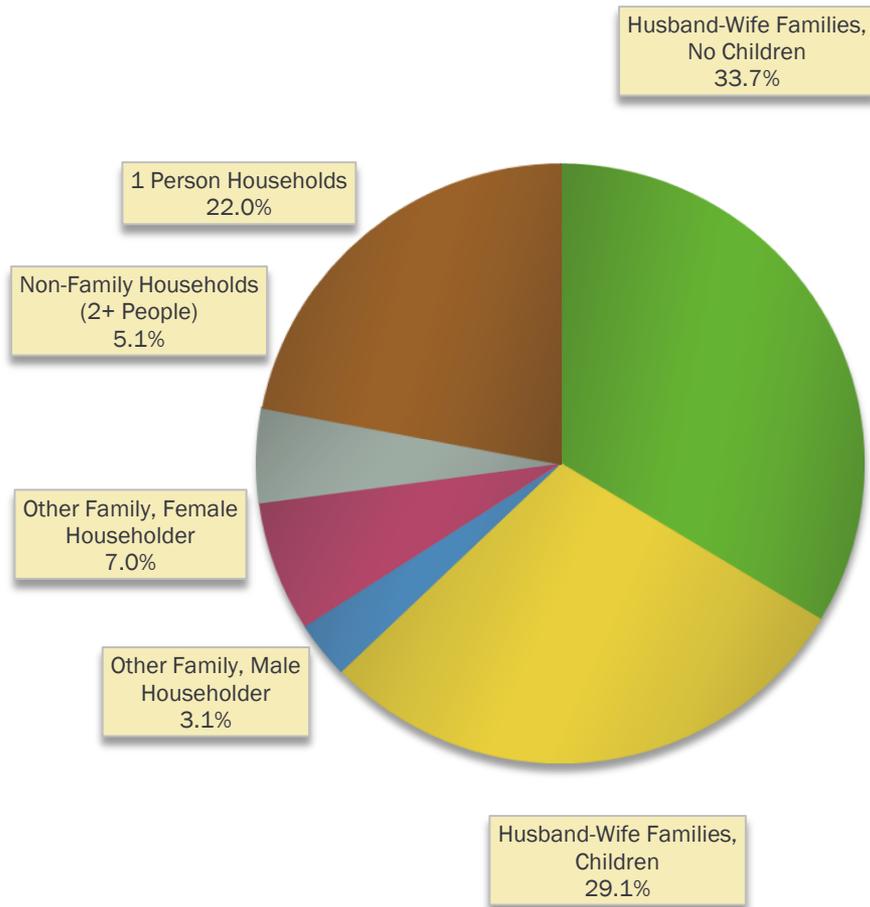
As a percentage of total households, the share of single person households in Hunterdon County has risen considerably over the last two decades, representing over two out of ten households in 2010. Conversely, the share of 3-5 person households has declined (consistent with the contraction in family household formation). The majority of households within Hunterdon County are made up of one or two people, a trend consistent with the rise of solo living and lower fertility and marriage rates.

Growth in Households by Size, Hunterdon County 1990-2010



Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

Household Structure – 2010 Overview



Household Types as a Percentage of Total Households

Household Type	Hunterdon	MSA	New Jersey
Households with Children	34.9%	37.2%	35.0%
Single Parent Households	5.5%	7.9%	10.3%
Single Parent HHS as a % of HHS with Children	15.8%	21.2%	29.4%
Multigenerational Households	2.4%	5.0%	5.0%
Unmarried Partner Households	5.0%	5.0%	5.9%
Male-Female	4.0%	4.3%	5.2%
Same-sex	1.0%	0.7%	0.8%

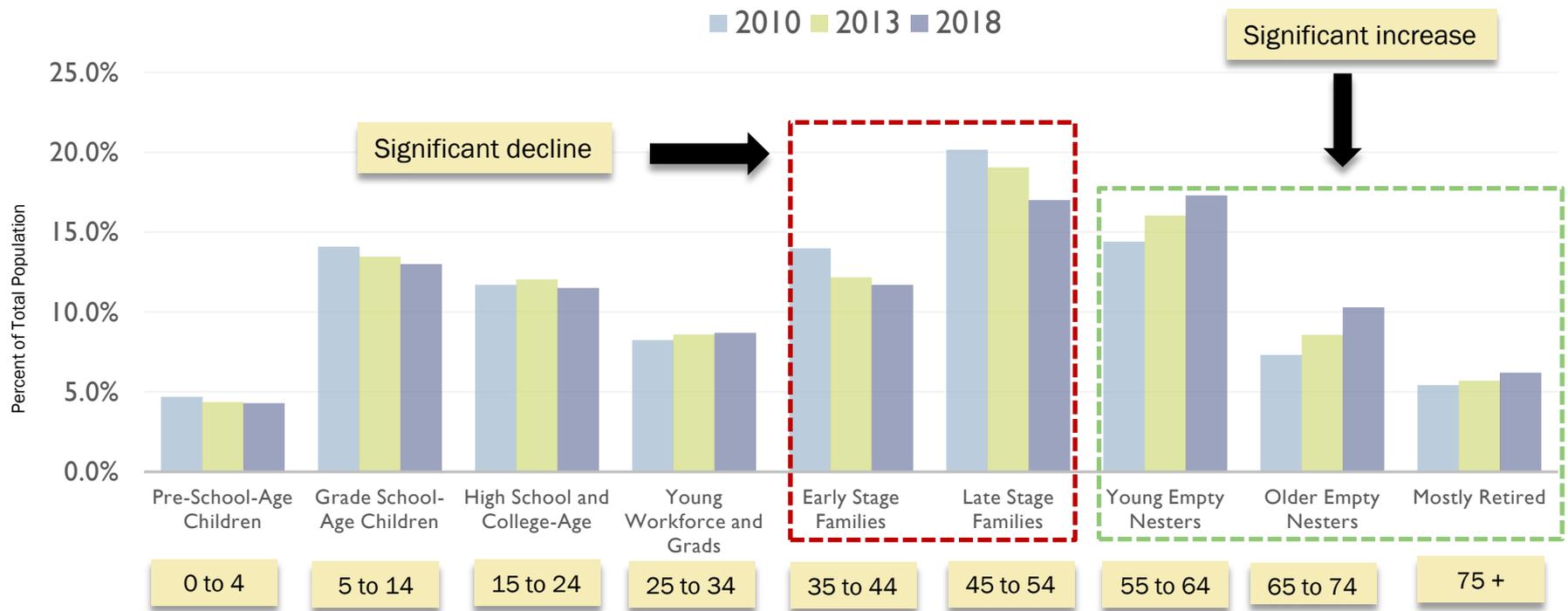
Relative to the other study areas, Hunterdon County demonstrated the lowest percentage of households with children, single parent households, and multigenerational households in 2010. Consistent with growing one- and two-person households, the majority of households in Hunterdon County (just over 65 percent) do not have children.

Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

Age Distribution

In 2010 and 2013, the dominant age cohort in Hunterdon County was 45 to 54 (late stage families), although this group is expected to be surpassed by young empty nesters (55 to 64) by 2018, consistent with an aging baby boomer population. Additionally, the next five years is likely to see a rise in the population aged 55 and older, while the percentage of children and families declines.

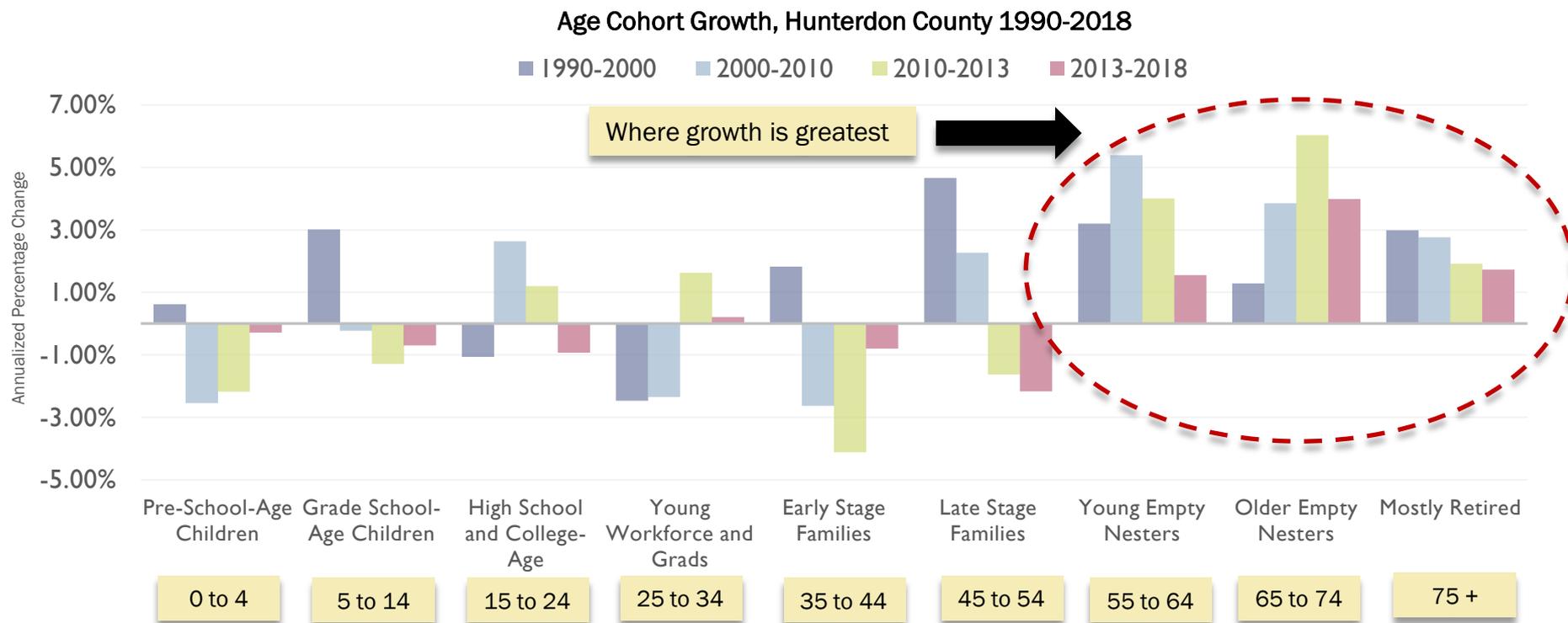
Age Cohorts as a Percentage of Total Population, Hunterdon County



Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

Age Cohort Growth Patterns

At annualized rates, children under 14 and adults between 35 and 44 have been consistently declining in Hunterdon County since 2000. By contrast, all age cohorts 55 years of age and older have been growing since 1990. This trend is expected to continue through 2018, albeit at a lower annualized rate than previous time periods. Over the next five years, persons in Hunterdon County within the 65 to 74 age group (Older Empty Nesters) are projected to increase at approximately four percent per year – strong growth.

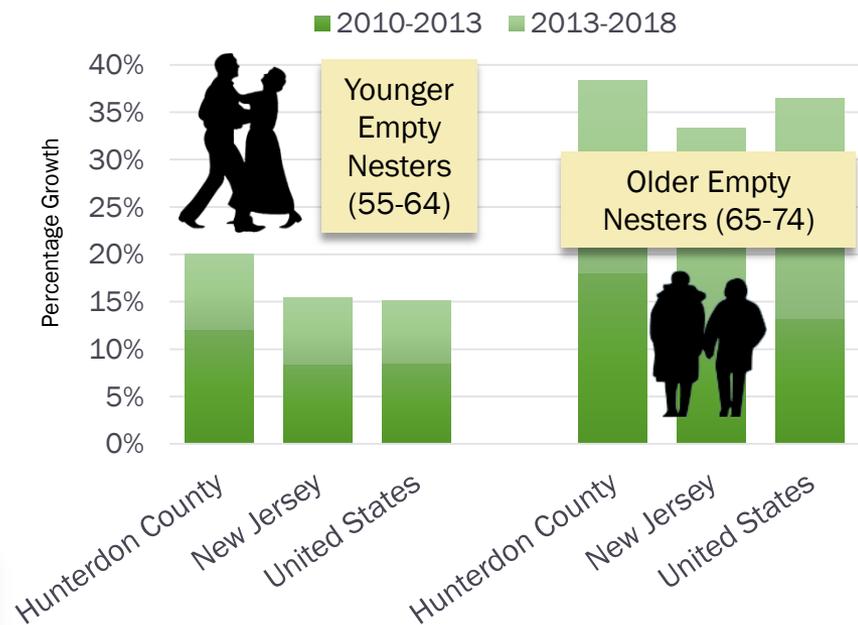
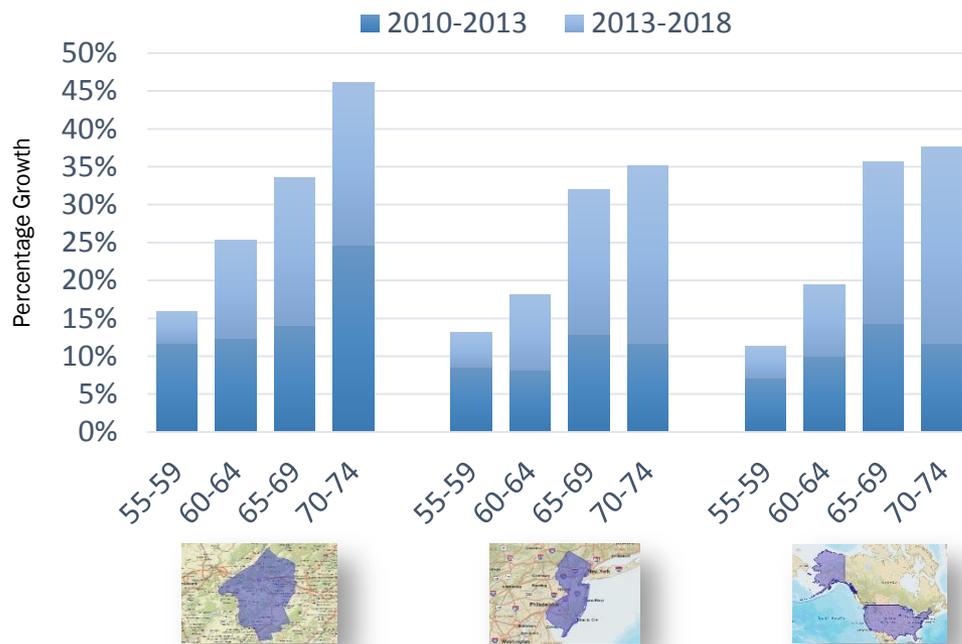


Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

Empty Nester Growth

In every age cohort between 55 and 74, Hunterdon County is forecasted to outpace New Jersey and the United States in total percentage growth between 2010 and 2018, reflecting a growing and ageing baby boomer population. This has implications for housing demand, as empty nesters are a growing market segment that has demonstrated a preference for smaller and more affordable units as they retire and approach fixed incomes.

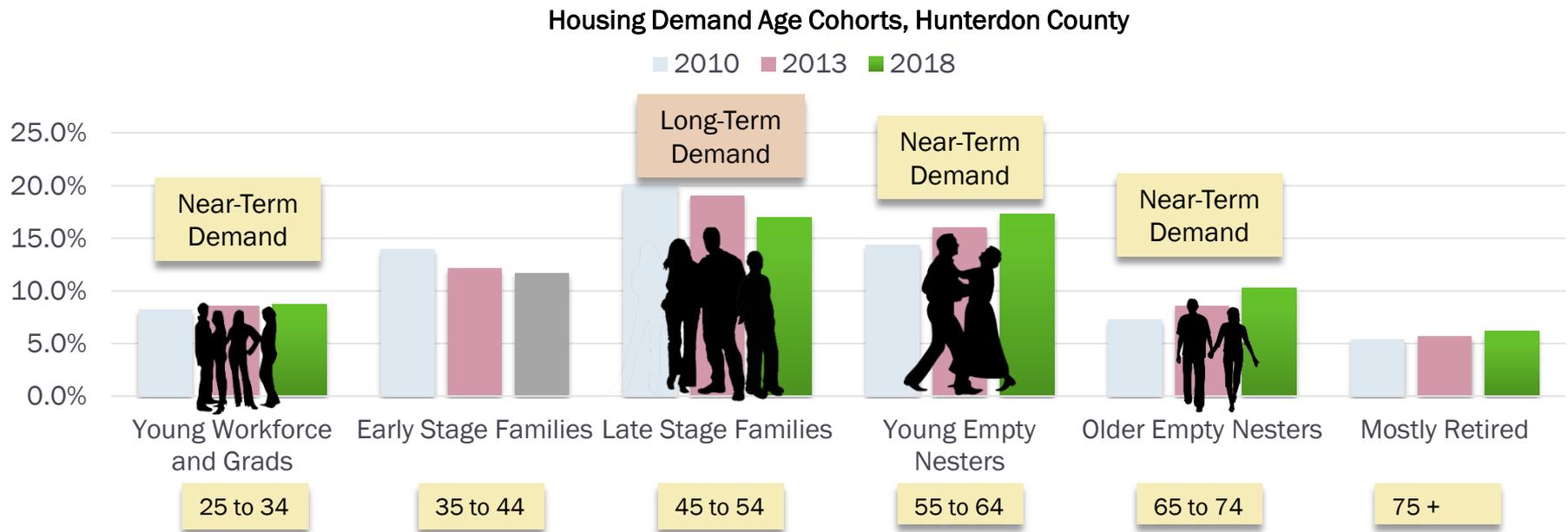
Empty Nester Growth Comparison



Sources: US Census Bureau; Esri; 4ward Planning Inc., 2013

Age and Housing Demand

In the near-term (the next seven years) and long-term (beyond the next seven years), housing demand in Hunterdon County will likely come from within the demographic groups highlighted below. The 55 to 74 age cohort (the empty nesters) will exert considerable influence on the type of housing developed, specifically smaller rental housing units, as they downsize from larger single-family homes. As previously highlighted, they are increasing as a share of the total county population. Young professionals (age 25-34), to a lesser extent, should also influence the housing choice as they seek small, affordable, rental units, with convenient commutes to jobs or school. They are also projected to represent a greater share of total county population.

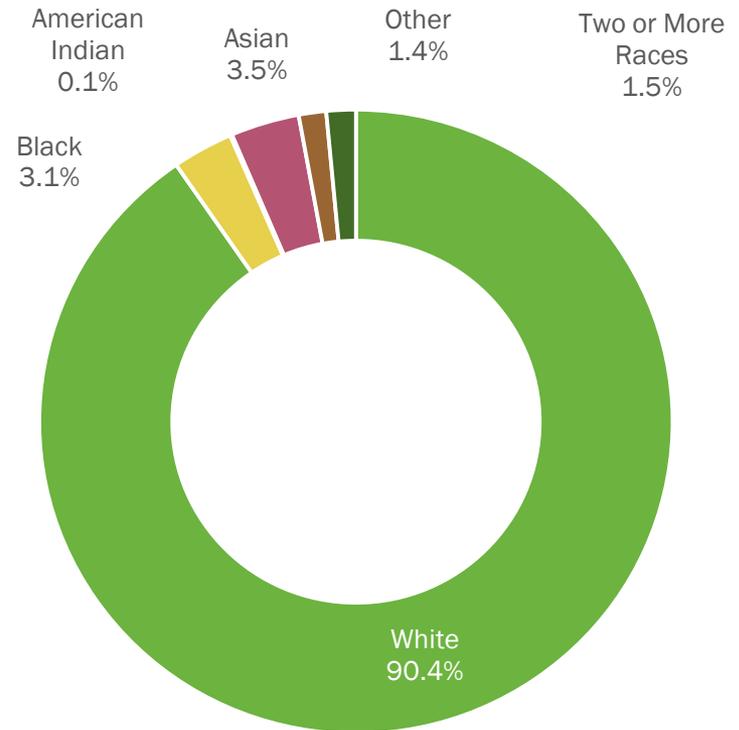


Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

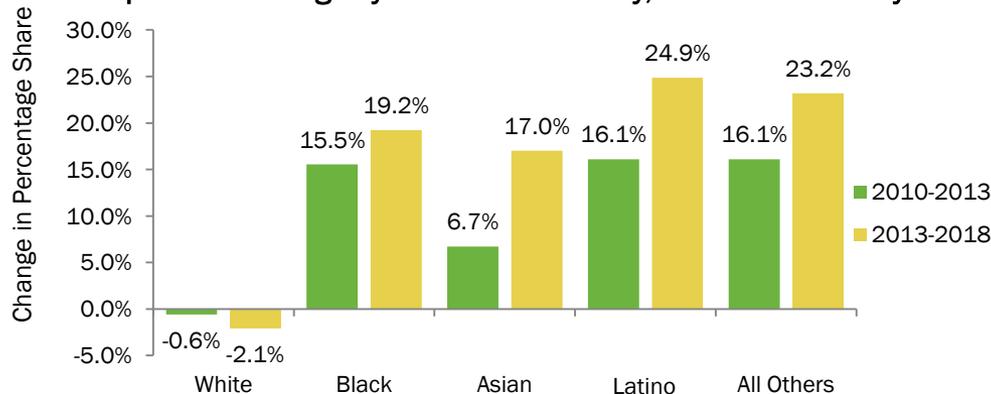
Race and Ethnicity

The racial composition of Hunterdon County, highlighted at right, is just over 90 percent white; Asians make up the second largest racial group at 3.5 percent. While the white population is projected to continue declining at an increasing rate, Asians are expected to increase their rate of growth through 2018. The Latino population (6.0 percent of the population in 2013) is also expected to grow at an increasing rate. As non-white households, particularly Latino households, demonstrate a higher propensity for multi-generational living, these identified trends will likely influence demand for housing types accommodative of such living arrangements – three and four-bedroom units, duplexes, and/or two-family housing units.

Population by Race (2013), Hunterdon County



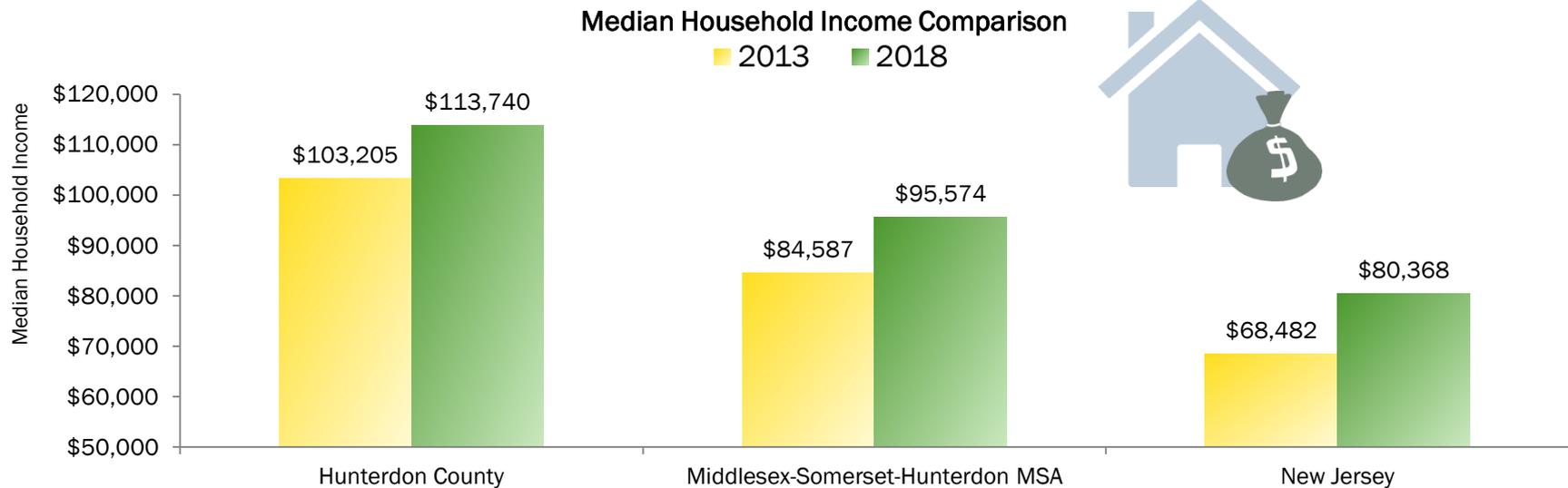
Population Change by Race and Ethnicity, Hunterdon County



Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

Median Household Income

As one of the highest-income counties in the United States, Hunterdon County maintains a considerably high median household income at over \$100,000, exceeding that of the Middlesex-Somerset-Hunterdon MSA and, to a greater extent, New Jersey. Through 2018, Hunterdon County is projected to experience a nominal median household income increase of just over \$10,500, slightly lower than the projected nominal increases of approximately \$11,000 and \$12,000 for the MSA and New Jersey, respectively (note that these figures are not adjusted for inflation). However, assuming an annual inflation rate of two percent, real household income Hunterdon County would decline slightly (-0.18 percent), while the MSA and New Jersey would see respective real increases of 2.3 and 6.3 percent.

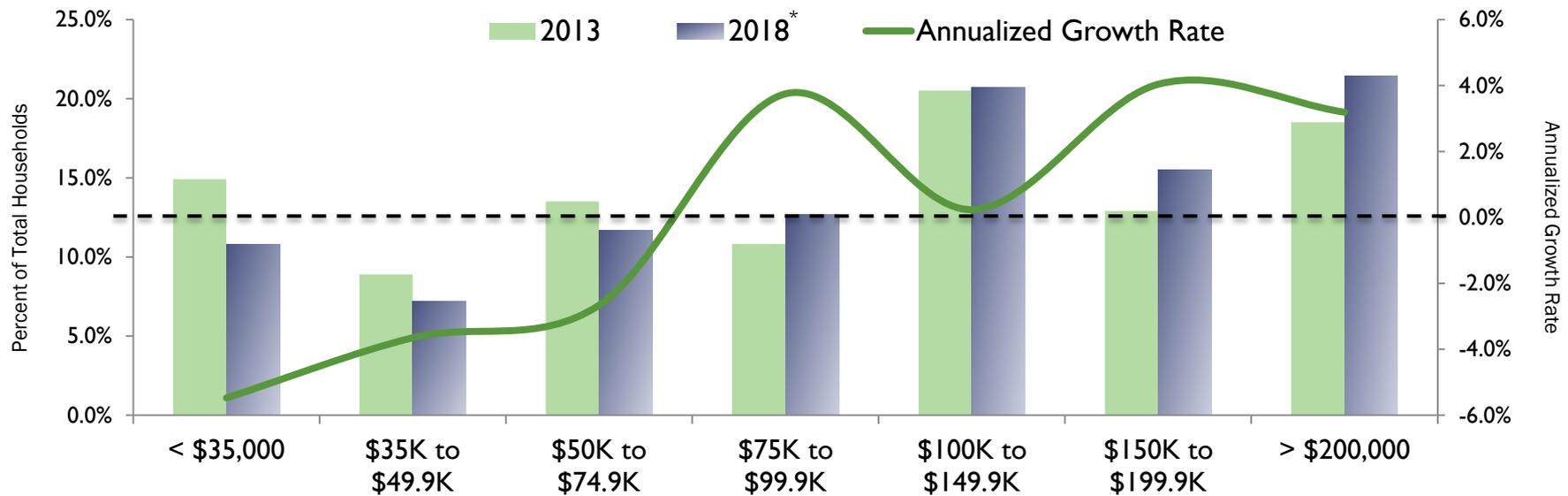


Sources: US Census Bureau; Esri; 4ward Planning Inc., 2013

Income Distribution

As demonstrated below, there is a considerable percentage of upper-income households within Hunterdon County, with over six out of ten households earning more than \$75,000 a year. Through 2018, all income brackets earning greater than \$75,000 are projected to grow, with the strongest growth occurring in the \$150,000 to \$199,999 category, at an annualized growth rate of four percent. Conversely, all income groups earning below \$75,000 are projected to decline, with households earning below \$35,000 declining by 5.5 percent annually. By 2018, over one in five households in Hunterdon County are expected to earn more than \$200,000 a year. (These figures are not adjusted for inflation.)

Household Income Distribution, Hunterdon County



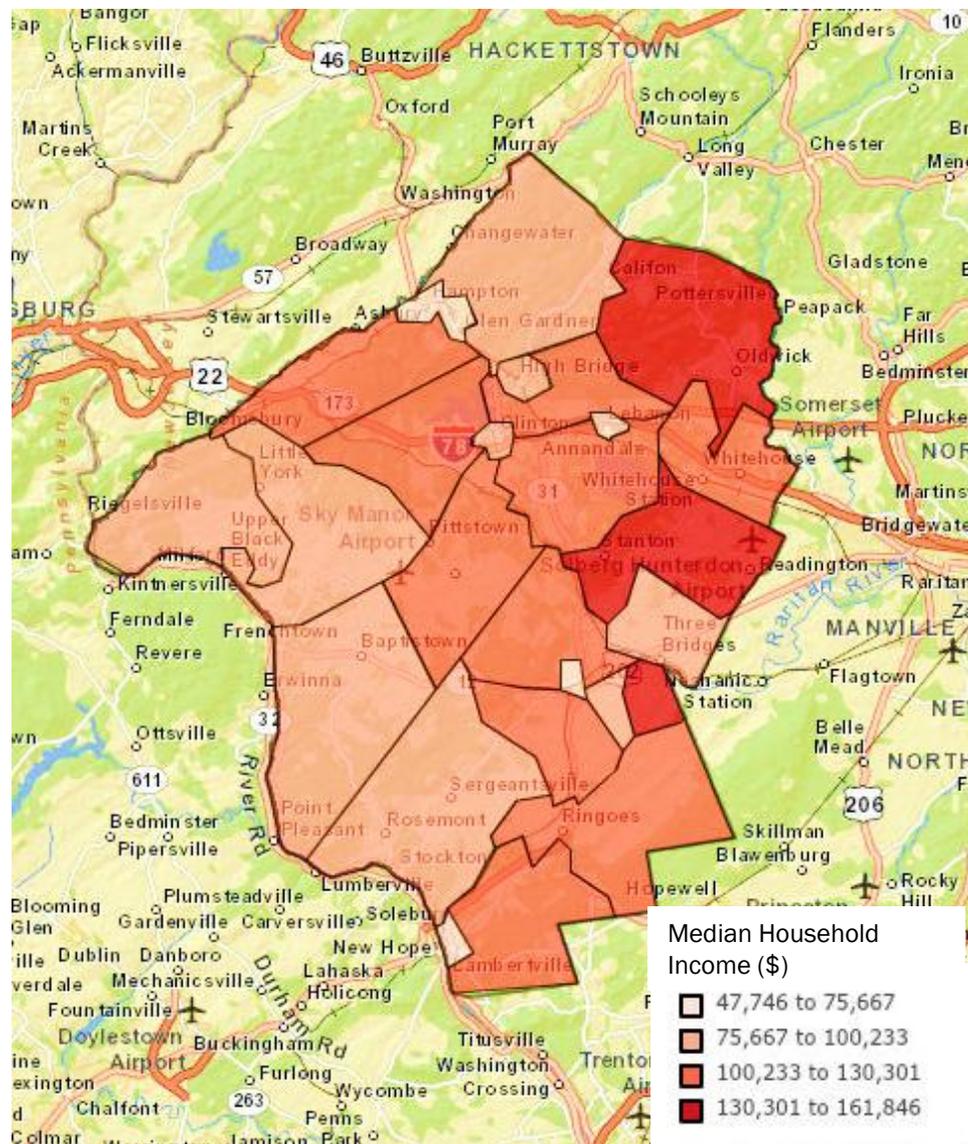
* Indicates nominal values

Sources: US Census Bureau; Esri; 4ward Planning Inc., 2013

Median Household Income

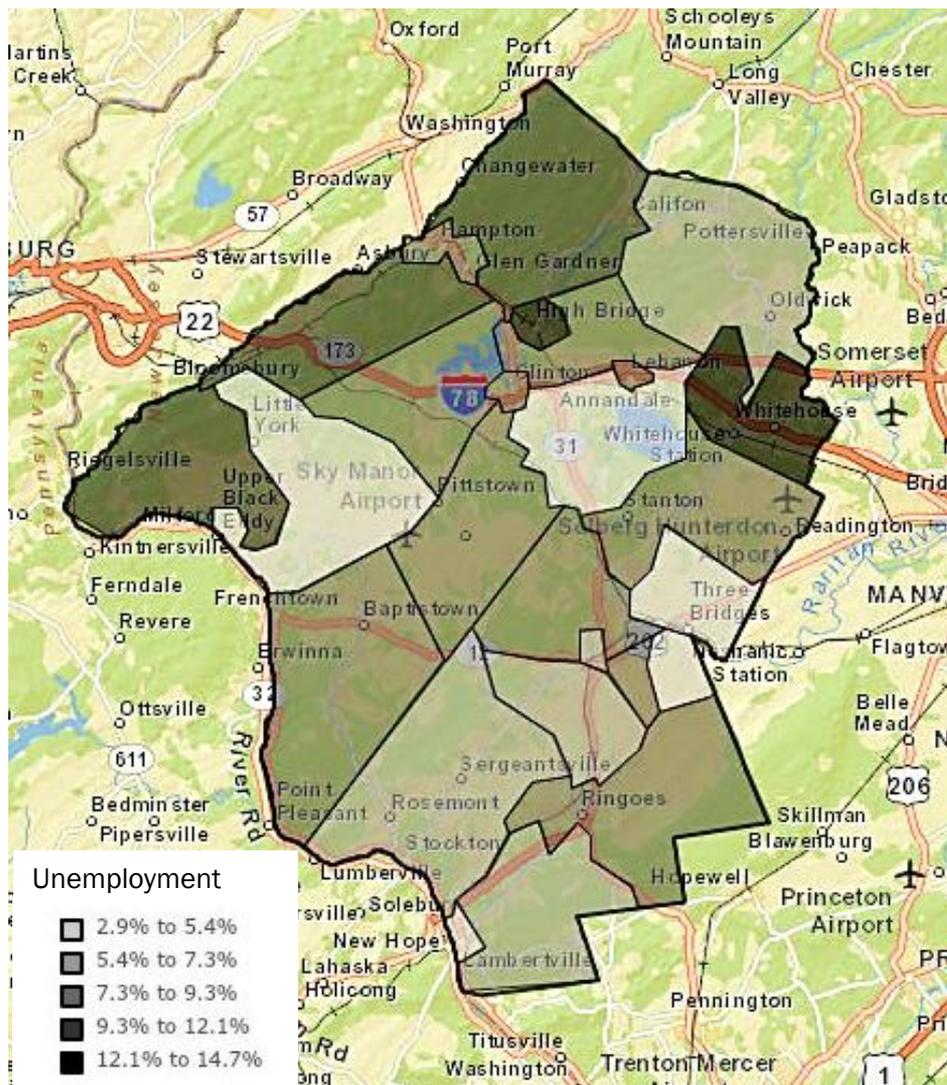
In terms of geographic distribution, the Township of Tewksbury has the greatest median household income, relative to all other census tracts within Hunterdon County, at over \$160,000 in 2013. By contrast, the lowest reported median household income is in Flemington, at a much lower \$47,746.

The above difference in median household income is reflective of the differences in the share of owner-occupied single family homes in Tewksbury (a bedroom community with a large share of owner-occupied units) relative to Flemington (an employment center with a mix of owner- and renter-occupied dwelling units covering a range of affordability).



Sources: US Census Bureau; Esri; 4ward Planning Inc., 2013

Unemployment and Poverty



In 2013, the annual rate of unemployment in Hunterdon County is an estimated 7.8 percent, lower than both the MSA (8.4%) and New Jersey (10.1%). The highest rate of unemployment within Hunterdon County, at approximately double the national average, is the northern section of Readington, at 14.7 percent. Additional areas characterized by an unemployment rate greater than ten percent include High Bridge (12.8%), Bethlehem (11.4%), and Holland (10.6%).

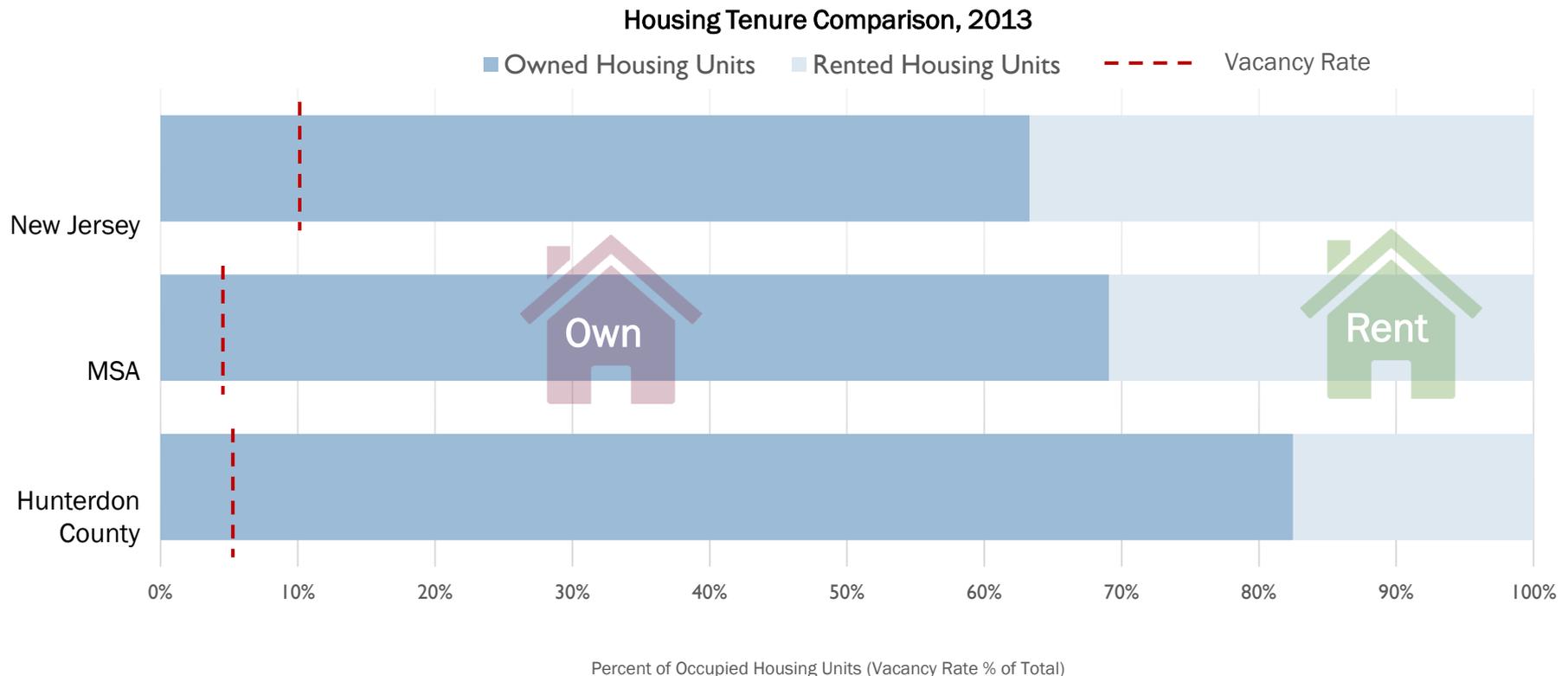
In addition to a higher labor force participation rate, Hunterdon County also performs better on poverty indicators, relative to New Jersey, at less than half of the rate of the entire state.

Percent Below Poverty Line	Hunterdon County	New Jersey
Total Population	4.4%	10.8%
Families	2.7%	8.2%
<18 Years of Age	5.1%	15.4%

Sources: US Census Bureau; Esri; American Community Survey; 4ward Planning Inc., 2013

Housing Tenure Trends

The figure below comparatively illustrates the trends in housing tenure for the three study geographies, indicating that Hunterdon County exhibits a high rate of home ownership, at over 80 percent of occupied housing units. The Middlesex-Somerset-Hunterdon MSA and Hunterdon County also demonstrate relatively low vacancy rates, hovering around four and five percent respectively. The trends highlighted below are likely to remain constant through 2018.

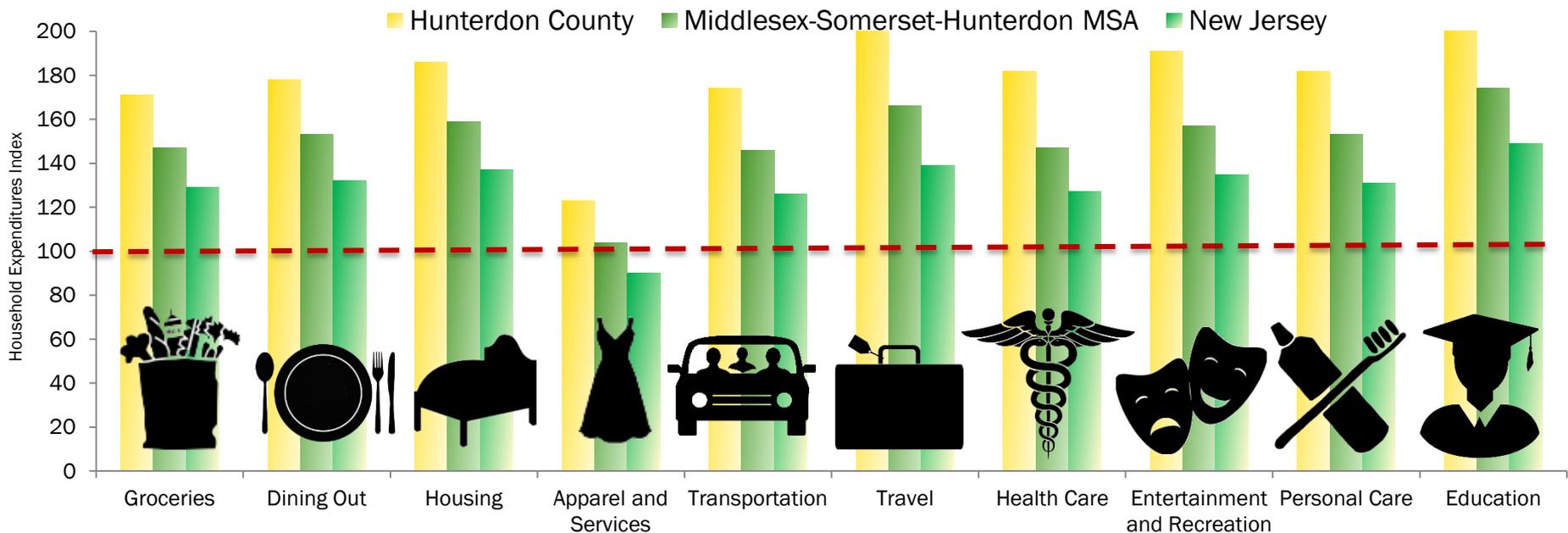


Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

Household Expenditures

The figure below illustrates the spending potential of households in each of the three analysis geographies, on a select set of discretionary spending categories. An index value of 100 represents the national average. In Hunterdon County, spending levels are well above national averages in every category examined. Households in Hunterdon County spend more than double the national average on travel and education, 86 percent more on housing, 91 percent more on entertainment and recreation, 78 percent more on dining out, and around 82 percent more on health care.

Household Expenditures by Geography, 2013



Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

Takeaway: Socio-Economic Trends

The preceding analysis of socio-economic trends for Hunterdon County, the Middlesex-Somerset-Hunterdon MSA, and New Jersey provides insight into the population, housing, and demographic characteristics of the area. While growth in population and household formation has remained relatively flat, and is projected to remain so into the near future, there are a number of indicators which are, generally, favorable to prospective new investment in Hunterdon County:

- Relatively strong growth in non-family households (typically, these are small one- and two-person households which opt to rent, rather than own their homes), suggests a demand for rental housing units, which are relatively few, currently.
- Rising share of upper-income households, particularly among households earning \$75,000 or more per year, contributes to an increase in discretionary spending – which is key for retailers, in general, and specialty retailers and dining establishments, in particular (much of what exists in the river town communities).
- The dramatic rise in persons 55-years of age and older correlates well with heritage and cultural tourism, which is growing in various areas of Hunterdon County.





Labor and Industry Trends Analysis



Glossary of Terms

Primary Job According to the U.S. Census, a primary job refers to the job an individual has which provides the greatest income. If an individual is employed by a single job, this would be considered a primary job. If an individual is employed at multiple jobs, including part-time employment, the job that provides the greatest income would be considered a primary job.

Induced Employment Induced employment occurs as a result of the income expenditures of other workers. In the context of this report, it is used in reference to Hunterdon County's high educational attainment which leads to higher employment rates, higher earnings, higher expenditures, and subsequently higher induced employment resulting from said expenditures.

Metropolitan Statistical Area (MSA) Metropolitan Statistical Areas (metro areas) are geographic entities defined by the Office of Management and Budget, containing a core urban area of 50,000 or more population. Each metro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core.

Flat and Moderate Growth 4ward Planning defines flat growth as an annualized rate of change between -0.75 and 0.75 percent. We further define moderate growth is an annualized rate of change between (-)0.75 and (-)1.5 percent.

Traded Industries Industries which create and sell their goods and/or services to end users located outside of the market area (e.g., outside of Hunterdon County). The manufacturing industry is an example of a traded industry.

Local Serving Industries Industries which, principally, sell their goods and/or services to end users located within the market area (e.g., within Hunterdon County). The retail industry is an example of a local serving industry.

Methodology

4ward Planning Inc. conducted an examination of labor and industry trends in Hunterdon County and surrounding geographies. The following study areas were analyzed:

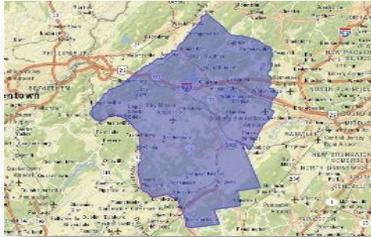
- Hunterdon County
- Middlesex-Somerset-Hunterdon Metropolitan Statistical Area
- New Jersey
- New York-Northern New Jersey-Long Island Metropolitan Statistical Area

Industry and labor data were gathered from the U.S. Census Bureau's *On The Map* data server, as well as from Quarterly Workforce Indicators (QWI) reports. Work area analysis was performed for the most recent available years. Industry and occupational projections from the New Jersey Department of Labor and Workforce Development were also utilized.

Labor characteristics analyzed include primary job employment, commutation and travel shed analysis, unemployment rates, educational attainment, average monthly earnings, and job creation, among others.

Labor and Industry Trends Analysis – 2011 Key Metrics

Hunterdon County



Total Primary Jobs: 47,272

Top Industry by Employment: Health Care and Social Assistance

Middlesex-Somerset-Hunterdon MSA



Total Primary Jobs: 580,169

Percentage Share of Total Primary Jobs Attributable to Hunterdon County: 8.15%

Top Industry by Employment: Health Care and Social Assistance

New Jersey



Total Primary Jobs: 3,459,441

Percentage Share of Total Primary Jobs Attributable to Hunterdon County: 1.37%

Top Industry by Employment: Health Care and Social Assistance

NY-Northern NJ-Long Island, NY-NJ-PA MSA



Total Primary Jobs: 7,677,972

Percentage Share of Total Primary Jobs Attributable to Hunterdon County: 0.62%

Top Industry by Employment: Health Care and Social Assistance

Source: US Census Bureau; New Jersey Department of Labor

Key Findings: Labor and Industry Analysis

Post-recession employment growth

Hunterdon County experienced a total primary job increase of eight percent (equivalent to more than 3,400 jobs) between 2007 and 2011, in contrast to New Jersey (-2.7 percent decline) and the Middlesex-Somerset-Hunterdon MSA (-1.2 percent decline), which shed more jobs than were created over the same period.



Relatively low unemployment, but still above pre-recession levels

In comparison to New Jersey and the New York-Northern New Jersey-Long Island MSA, Hunterdon County has consistently exhibited a lower unemployment rate over the past ten years. However, the Great Recession has left Hunterdon's unemployment rate well above pre-recession levels.



In need of replacements

Hunterdon County employment opportunities, over the next decade, will, principally, come from replacement openings, as opposed to new job creation. Replacement openings will be particularly significant within the food preparation, retail and administrative support occupations.



Growth in health care and social assistance industry

Already the largest industry by employment in Hunterdon County, the MSA and New Jersey, Health Care and Social Assistance is expected to further expand through 2020. Additionally, health care related occupations are among those projected to grow fastest within the County and State by decade's end.



Key Findings: Labor and Industry Analysis

High educational attainment levels

Nearly half of Hunterdon County's population age 25 and over possess a Bachelor's degree or higher, outperforming New Jersey and the MSA. Higher concentrations of well-educated workers serve to attract business investment seeking to leverage that educated talent – either through selling services or employing their labor.



Extremely limited public transit services

A relatively small number of Hunterdon County workers (fewer than two out of every 100 workers, as opposed to nearly 11 out of every 100 workers, statewide) commute via some form of public transit, likely as a result of the limited available transit options within Hunterdon County.



Lower wage occupations growing fastest

Over the next ten years and beyond, Hunterdon County will see significant growth in industry sectors which, principally, rely upon lower wage occupations. This trend will likely create upward pressure on payrolls, in order to recruit and retain quality workers in a county featuring high housing costs and limited public transit.



Clustering in Raritan, Readington and Clinton Townships

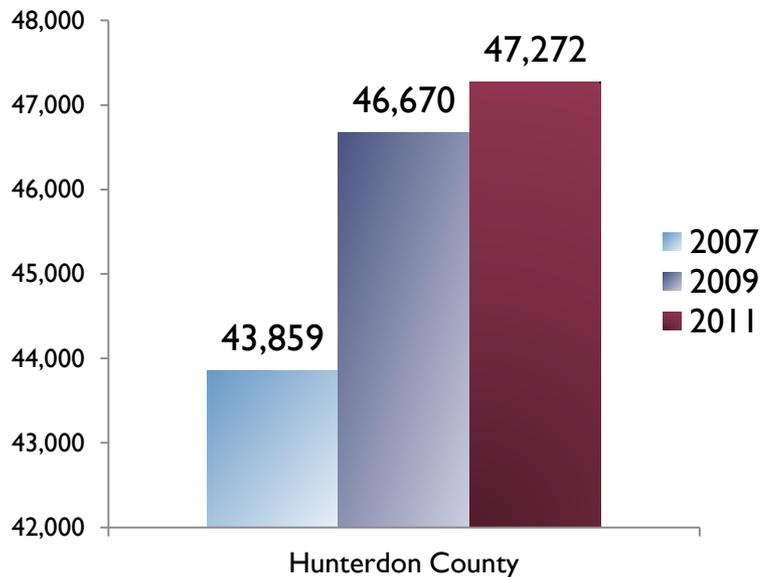
A large percentage of Hunterdon County's employed residents reside within Raritan, Readington or Clinton Townships. These three townships also represent a large share of employed persons who live in one of the three townships.



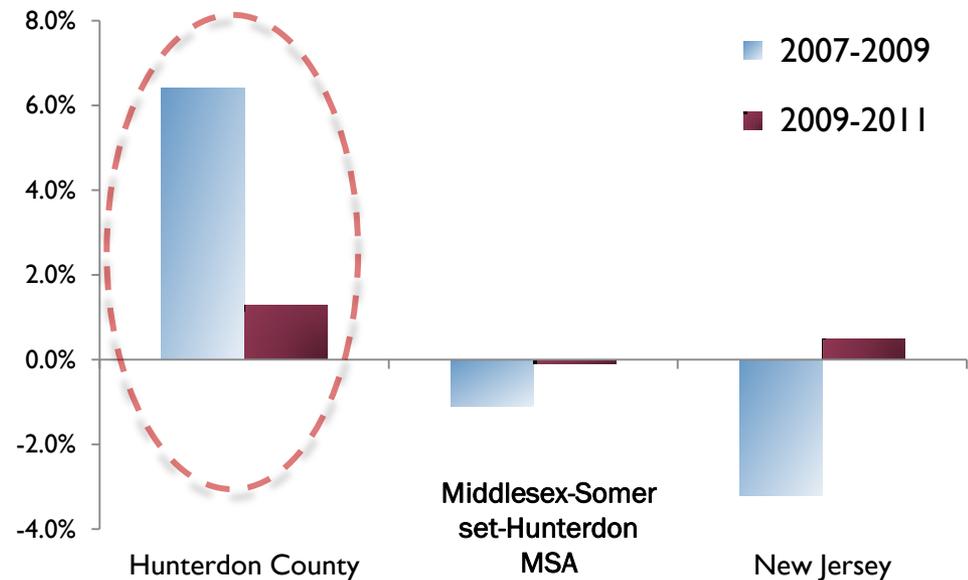
Employment Area Profile: 2007 to 2011

Despite the Great Recession, Hunterdon County performed relatively well in terms of employment creation and retention between 2007 and 2011, with primary job growth of nearly eight percent (equivalent to over 3,400 jobs). Comparatively, employment within the Middlesex-Somerset-Hunterdon MSA and New Jersey declined by 1.2 percent and 2.7 percent, respectively, during the same time period. While the rate of employment growth within the county decelerated between 2009 and 2011, the net increase in total primary jobs was extremely favorable when compared with MSA and State employment trends.

Hunterdon County Total Primary Jobs



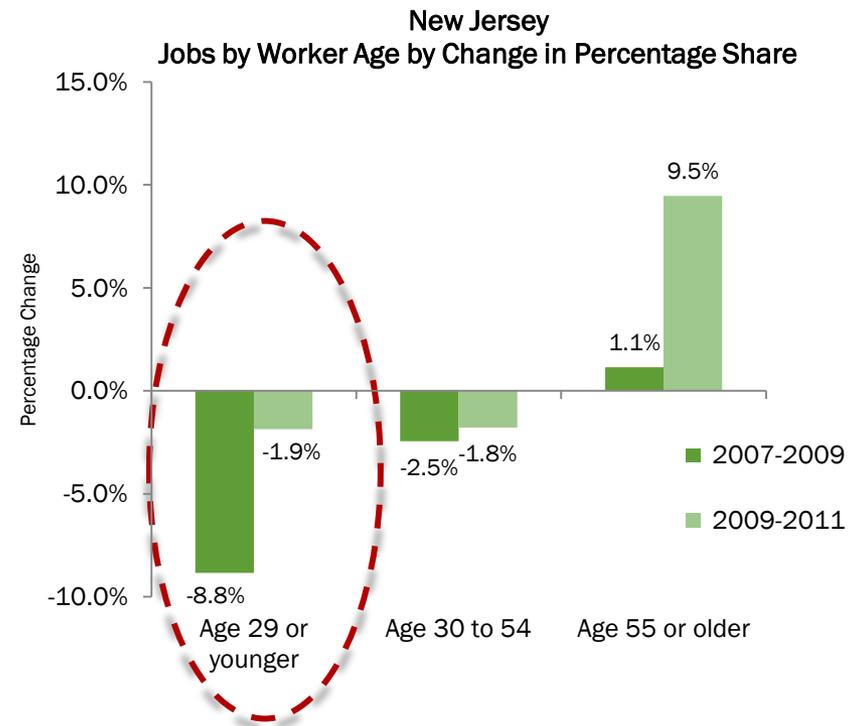
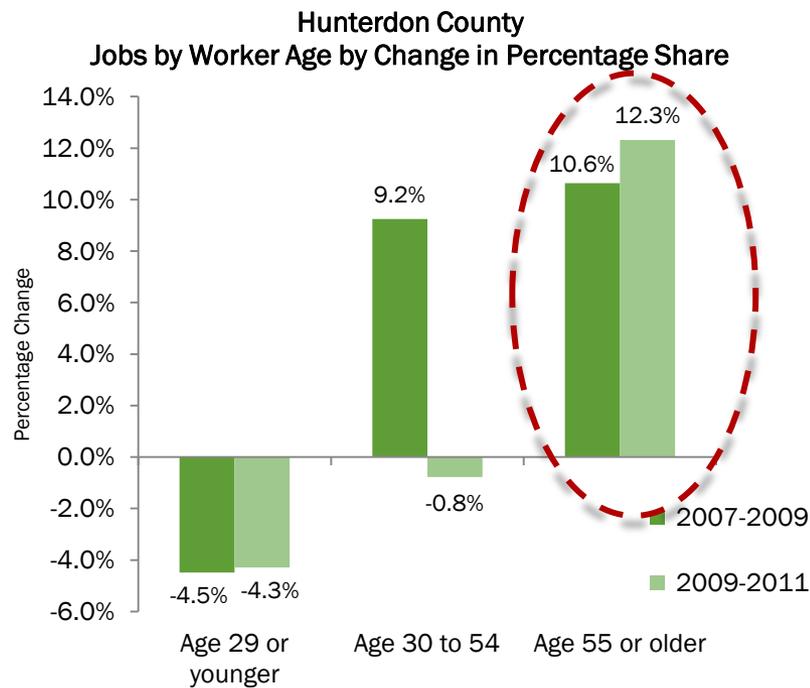
Percentage Change in Total Primary Jobs



Source: US Census Bureau, OnTheMap

Employment Area Profile: Workers by Age Group

As depicted in the charts below, young workers (29 and younger) in both Hunterdon County and New Jersey realized a shrinking share of total jobs between 2007 to 2011, relative to all age groups. By comparison, workers 55 years and older in Hunterdon County, and to a lesser extent, New Jersey, experienced an increase in their share of jobs, relative to all age groups. The relatively strong rise in the share of workers 55 and older in Hunterdon County suggests many companies valued experience and productivity over youth and, generally, lower payroll costs.



Source: US Census Bureau, OnTheMap

Top Six Industries by Employment: Hunterdon County

Between 2007 and 2011, Hunterdon County maintained an average annual primary job base of 45,934. In 2011, the three leading industries, by employment, held an 11- to 14-percent share of total employment – combining for nearly 36 percent of total county employment. These industries are all service oriented and, principally, are considered to be locally serving – that is, the industries tend to serve a customer base within the county and, thus, bring in a relatively small share of dollars from outside of the county. Wholesale Trade and Professional and Technical Services, however, tend to serve markets that go beyond the county’s borders.

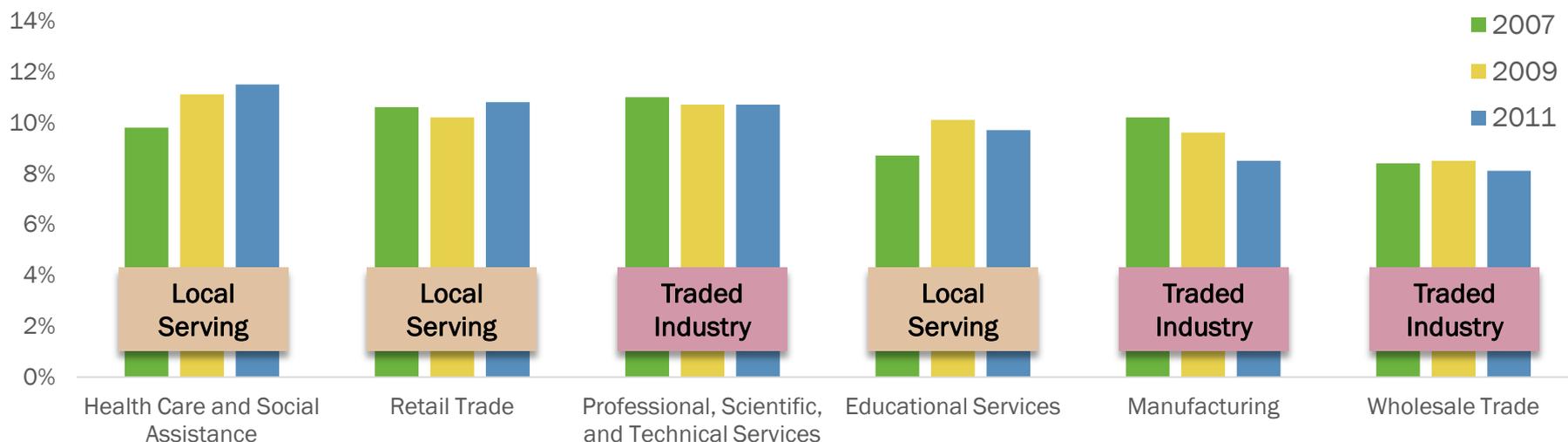


Industry	2007	2009	2011
Health Care and Social Assistance	6,354	5,462	5,168
Retail Trade	4,573	4,272	2,978
Educational Services	268	(5)	121
Wholesale Trade	2,445	(226)	(386)
Professional, Scientific, and Technical Services			
Construction			

Source: US Census Bureau; Esri

Top Six Industries by Employment: MSA

The Middlesex-Somerset-Hunterdon MSA experienced a steady employment increase in the Health Care and Social Assistance sector, rising from 9.8 to 11.5 percent of the MSA’s workforce and growing by over nine thousand jobs. Additionally, Educational Services grew by nearly five thousand jobs and increased its share of total employment by a percentage point. Conversely, the Manufacturing sector shed over ten thousand jobs and saw its share of total employment decline from over ten percent in 2007 to 8.5 percent by the end of 2011.

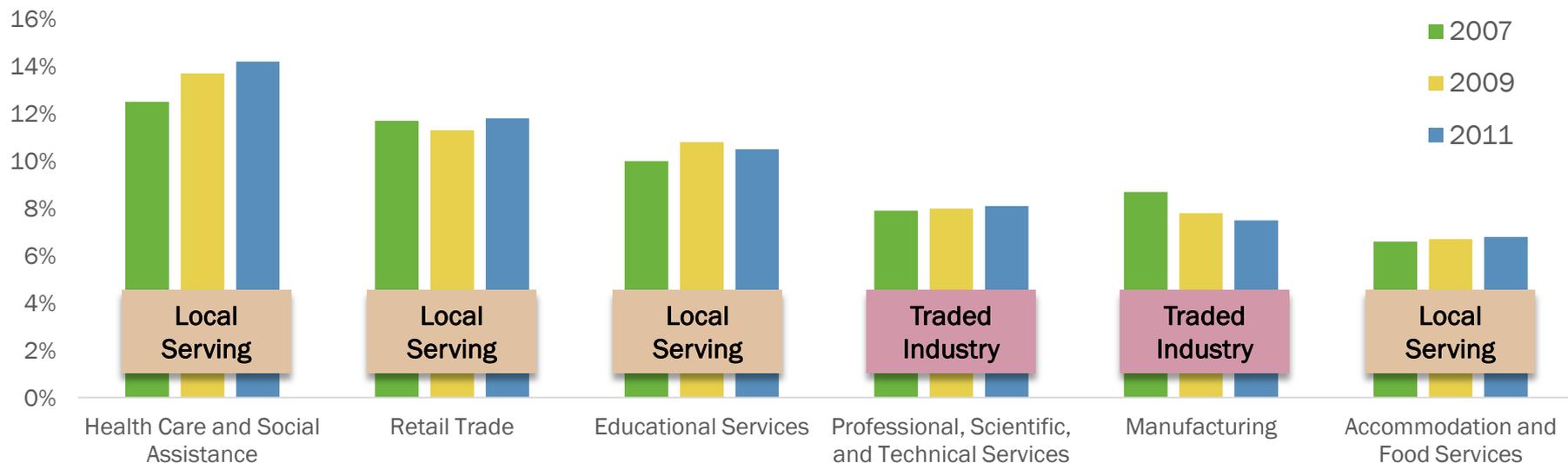


Primary Jobs by Industry, 2011	66,857	62,442	61,888	56,243	49,573	47,264
Net Primary Job Change, 2007-2011	9,204	294	(2,983)	4,977	(10,408)	(1,864)

Source: US Census Bureau; Esri

Top Six Industries by Employment: New Jersey

Similar to Hunterdon County, New Jersey’s top three industries by employment, in absolute and percentage terms, are Health Care and Social Assistance, Retail Trade, and Educational Services. Similar to the MSA, New Jersey has also experienced a steady decline in Manufacturing employment. Like Hunterdon County, New Jersey only features two traded industries among its top six industries, by employment. This finding is further evidence of New Jersey’s decline in manufacturing related jobs over the past two decades.



Primary Jobs by Industry, 2011	492,557	406,820	362,862	278,969	257,788	234,650
Net Primary Job Change, 2007-2011	46,501	(9,643)	5,942	(2,111)	(52,727)	(1,323)

Source: US Census Bureau; Esri

Top 10 Industries by Employment

Traded Industries

Local Serving

The data table to the right demonstrates that New Jersey and Hunterdon County's employment is particularly concentrated within locally serving industries (70 percent, as of 2011), as compared to 56 percent for the MSA. While these locally serving industries have been growing, they also pay, on average, lower wages than traded industries.

Hunterdon County								Percentage Change	
		2007		2009		2011		2007-2009	2009-2011
	Total Primary Jobs	43,859	100.0%	46,670	100.0%	47,272	100.0%	6.4%	1.3%
	Health Care and Social Assistance	6,086	13.9%	6,786	14.5%	6,354	13.4%	11.5%	-6.4%
	Retail Trade	5,467	12.5%	5,612	12.0%	5,462	11.6%	2.7%	-2.7%
	Educational Services	5,047	11.5%	5,296	11.3%	5,168	10.9%	4.9%	-2.4%
	Wholesale Trade	2,128	4.9%	4,820	10.3%	4,573	9.7%	126.5%	-5.1%
	Professional, Scientific, and Technical Services	4,498	10.3%	4,162	8.9%	4,272	9.0%	-7.5%	2.6%
	Construction	3,364	7.7%	3,181	6.8%	2,978	6.3%	-5.4%	-6.4%
	Finance and Insurance	1,939	4.4%	2,033	4.4%	2,881	6.1%	4.8%	41.7%
	Manufacturing	3,082	7.0%	2,725	5.8%	2,808	5.9%	-11.6%	3.0%
	Accommodation and Food Services	2,277	5.2%	2,334	5.0%	2,594	5.5%	2.5%	11.1%
	Public Administration	2,717	6.2%	2,690	5.8%	2,410	5.1%	-1.0%	-10.4%
Middlesex-Somerset-Hunterdon MSA								Percentage Change	
		2007		2009		2011		2007-2009	2009-2011
	Total Primary Jobs	587,212	100.0%	580,775	100.0%	580,169	100.0%	-1.1%	-0.1%
	Health Care and Social Assistance	57,653	9.8%	64,690	11.1%	66,857	11.5%	12.2%	3.3%
	Retail Trade	62,148	10.6%	59,395	10.2%	62,442	10.8%	-4.4%	5.1%
	Professional, Scientific, and Technical Services	64,871	11.0%	62,290	10.7%	61,888	10.7%	-4.0%	-0.6%
	Educational Services	51,266	8.7%	58,782	10.1%	56,243	9.7%	14.7%	-4.3%
	Manufacturing	59,981	10.2%	55,805	9.6%	49,573	8.5%	-7.0%	-11.2%
	Wholesale Trade	49,128	8.4%	49,532	8.5%	47,264	8.1%	0.8%	-4.6%
	Admin & Support, Waste Mgmt and Remediation	46,123	7.9%	38,883	6.7%	42,297	7.3%	-15.7%	8.8%
	Accommodation and Food Services	26,814	4.6%	26,461	4.6%	29,374	5.1%	-1.3%	11.0%
	Finance and Insurance	31,396	5.3%	30,570	5.3%	27,849	4.8%	-2.6%	-8.9%
	Transportation and Warehousing	27,256	4.6%	25,782	4.4%	27,058	4.7%	-5.4%	4.9%
New Jersey								Percentage Change	
		2007		2009		2011		2007-2009	2009-2011
	Total Primary Jobs	3,556,500	100.0%	3,442,610	100.0%	3,459,441	100.0%	-3.2%	0.5%
	Health Care and Social Assistance	446,056	12.5%	471,838	13.7%	492,557	14.2%	5.8%	4.4%
	Retail Trade	416,463	11.7%	389,532	11.3%	406,820	11.8%	-6.5%	4.4%
	Educational Services	356,920	10.0%	371,686	10.8%	362,862	10.5%	4.1%	-2.4%
	Professional, Scientific, and Technical Services	281,080	7.9%	276,158	8.0%	278,969	8.1%	-1.8%	1.0%
	Manufacturing	310,515	8.7%	269,362	7.8%	257,788	7.5%	-13.3%	-4.3%
	Accommodation and Food Services	235,973	6.6%	232,031	6.7%	234,650	6.8%	-1.7%	1.1%
	Wholesale Trade	229,489	6.5%	215,617	6.3%	211,230	6.1%	-6.0%	-2.0%
	Admin & Support, Waste Mgmt and Remediation	203,120	5.7%	188,079	5.5%	199,265	5.8%	-7.4%	5.9%
	Public Administration	163,231	4.6%	166,334	4.8%	180,252	5.2%	1.9%	8.4%
	Finance and Insurance	201,637	5.7%	189,980	5.5%	173,171	5.0%	-5.8%	-8.8%

Source: US Census Bureau, OnTheMap

Top Employers in Hunterdon County: 2011

5,000+ Employees



Industry: Pharmaceutical Prep

1,000 – 2,499 Employees



Industries: Healthcare, Engineering Services, Financial/Insurance



500-999 Employees



Industry: Oil and Gas

250-499 Employees



Industries: Computer Programming, Consumer, Retail, Services, Education, Insurance

Source: ChooseNJ, Esri

Industry Growth Projections: Hunterdon County

In Hunterdon County, the Health Care and Social Assistance, Construction, Professional, Scientific, and Technical Services, and Accommodation and Food Services industries are projected to provide the greatest number of new jobs between 2010 and 2020, according to data provided by the New Jersey Department of Labor and Workforce Development. More than half of all major industry sectors are projected to grow through the end of the decade, with Retail and Wholesale Trade remaining stable.

Industry	2010 Estimated Employment	2020 Projected Employment	Numeric Change	Annual Growth Rate (%)	Percent Change	Outlook
Health Care and Social Assistance	6,800	8,100	1,300	1.8	19.4	Growing
Construction	2,600	3,300	700	2.4	26.7	Growing
Professional, Scientific, and Technical Services	4,200	4,600	450	1	10.6	Growing
Accommodation and Food Services	3,150	3,550	400	1.2	12.3	Growing
Retail Trade	6,700	7,050	350	0.5	5	Stable
Finance and Insurance	3,250	3,550	300	0.9	8.9	Growing
Other Services (Except Government)	2,100	2,400	300	1.2	12.9	Growing
Arts, Entertainment, and Recreation	1,400	1,600	200	1.3	14.2	Growing
Transportation and Warehousing	750	850	100	1.4	14.5	Growing
Real Estate and Rental and Leasing	350	400	50	1.5	16.6	Growing
Wholesale Trade	1,850	1,900	50	0.2	1.9	Stable
Utilities	100	100	0	1.5	15.6	Growing
Admin and Support, Waste Mgmt and Remediation	1,300	1,250	-50	-0.5	-4.6	Declining
Educational Services	4,900	4,800	-100	-0.2	-1.8	Declining
Management of Companies and Enterprises	1,100	1,000	-100	-0.7	-7	Declining
Information	850	750	-100	-1	-9.9	Declining
Manufacturing	2,550	2,300	-250	-1	-9.8	Declining
Government	4,650	4,350	-300	-0.7	-6.9	Declining

Source: NJDLWD

Industry Growth Projections: New Jersey

New Jersey, like Hunterdon County, is projected to experience the greatest employment gains in Health Care and Social Assistance and experience losses in the Government and Manufacturing industries. Of the 20 major industry sectors, 16 are projected to grow, while Educational Services remains stable.

Industry	2010 Estimated Employment	2020 Projected Employment	Numeric Change	Annual Growth Rate (%)	Percent Change	Outlook
Health Care and Social Assistance	523,400	599,700	76,300	1.4	14.6	Growing
Professional, Scientific, and Technical Services	271,800	319,000	47,200	1.6	17.4	Growing
Admin and Support, Waste Mgmt and Remediation	238,600	276,400	37,800	1.5	15.8	Growing
Construction	129,500	166,300	36,800	2.5	28.4	Growing
Retail Trade	437,400	470,000	32,600	0.7	7.5	Growing
Accommodation and Food Services	281,400	305,400	24,000	0.8	8.5	Growing
Other Services (Except Government)	160,600	180,100	19,500	1.2	12.1	Growing
Wholesale Trade	209,600	228,100	18,500	0.8	8.8	Growing
Transportation and Warehousing	148,800	166,800	18,000	1.1	12.1	Growing
Finance and Insurance	197,800	211,400	13,600	0.7	6.9	Growing
Real Estate and Rental and Leasing	53,700	59,800	6,100	1.1	11.4	Growing
Management of Companies and Enterprises	75,600	81,300	5,700	0.7	7.5	Growing
Arts, Entertainment, and Recreation	52,800	57,900	5,100	0.9	9.7	Growing
Educational Services	406,800	410,100	3,300	0.1	0.8	Stable
Utilities	14,200	16,000	1,800	1.2	12.7	Growing
Mining	1,400	1,800	400	2.5	28.6	Growing
Information	79,200	72,400	-6,800	-0.9	-8.6	Declining
Government	311,000	300,100	-10,900	-0.4	-3.5	Declining
Manufacturing	257,200	237,500	-19,700	-0.8	-7.7	Declining

Source: NJDLWD

Occupational Growth Projections: Hunterdon County

By major occupational group, Healthcare Support Occupations and Construction and Extraction Occupations are projected to add the most jobs between 2010 and 2020 – both occupational groups are also projected to lead by the percentage change in total employment over the same period. Of particular note, the vast majority of job openings are projected to come through annual worker replacement rather than new job growth, reflecting the greying workforce across industries and cautious hiring practices.

Occupational Category	2010 Estimated Employment	2020 Projected Employment	Numeric Change	Percent Change	Total Annual Openings	Annual Growth Openings	Annual Replacement Openings	Outlook
Healthcare Support Occupations	2,100	2,650	550	26.6	80	60	30	Growing
Construction and Extraction Occupations	2,800	3,300	500	18.2	110	50	60	Growing
Food Preparation and Serving Related	4,250	4,650	400	9.5	170	40	130	Growing
Personal Care and Service Occupations	4,000	4,400	350	9.2	120	40	80	Growing
Computer and Mathematical Occupations	1,650	1,900	250	14.9	60	30	40	Growing
Healthcare Practitioners and Technical	2,450	2,700	250	10.8	80	30	50	Growing
Sales and Related Occupations	5,700	5,950	250	4.4	220	40	180	Stable
Business and Financial Operations	2,700	2,900	200	6.5	80	20	60	Growing
Office and Administrative Support	8,300	8,450	200	2.4	220	40	180	Stable
Installation, Maintenance, and Repair	1,500	1,650	150	9.4	50	20	40	Growing
Transportation and Material Moving	3,000	3,150	150	4.8	90	20	70	Stable
Community and Social Services	750	800	100	11.8	30	10	20	Growing
Education, Training, and Library	4,250	4,300	100	2	110	10	100	Stable
Architecture and Engineering Occupations	750	800	50	6.6	20	10	20	Growing
Arts, Entertainment, Sports, and Media	900	900	50	4.2	30	10	20	Stable
Management Occupations	2,950	2,950	0	0.4	70	10	70	Stable
Life, Physical, and Social Science	700	700	0	0.7	20	0	20	Stable
Legal Occupations	450	400	0	-3	10	0	10	Declining

Source: NJDLWD

Sub-Occupational Growth Projections: Hunterdon County

Sub-occupations projected to grow fastest in Hunterdon County include Nursing, Psychiatric, and Home Health Aides occupations, which is consistent with strong growth in the health care sector. Food and Beverage service occupations and Construction Trades occupations are expected to exhibit the second highest amount of growth. The majority of the occupations projected to grow fastest are categorized as lower wage jobs, representing a cost of living challenge in one of most affluent counties in the country. The pink highlighted rows in the table below are such lower-wage growth occupations.

Occupational Category	2010 Estimated Employment	2020 Projected Employment	Numeric Change	Percent Change	Total Annual Openings	Annual Growth Openings	Annual Replacement Openings	Outlook
Nursing, Psychiatric, and Home Health Aides	1,600	2,150	500	31.6	70	50	20	Growing
Food and Beverage Serving Workers	3,200	3,550	400	11.9	140	40	100	Growing
Construction Trades Workers	2,150	2,500	400	18.6	80	40	40	Growing
Combined Food Preparation and Serving	2,750	3,100	350	12.4	110	30	80	Growing
Computer Specialists	1,450	1,650	200	13.7	40	20	20	Growing
Personal Appearance Workers	2,050	2,200	200	9.1	60	20	40	Growing
Other Personal Care and Service Workers	1,450	1,650	200	12.1	50	20	30	Growing
Retail Sales Workers	3,400	3,600	200	6.2	150	20	130	Growing
Business Operations Specialists	1,750	1,850	150	7.6	50	10	40	Growing
Health Diagnosing & Treating Practitioners	1,600	1,800	150	10.6	50	20	30	Growing
Retail Salespersons	1,350	1,450	150	10.5	50	10	40	Growing
Software Developers, Systems Software	250	300	100	32.2	10	10	0	Growing
Counselors, Social, and Community Workers	700	800	100	11.8	20	10	20	Growing
Health Technologists and Technicians	800	900	100	11.1	30	10	20	Growing

Source: NJDWLD

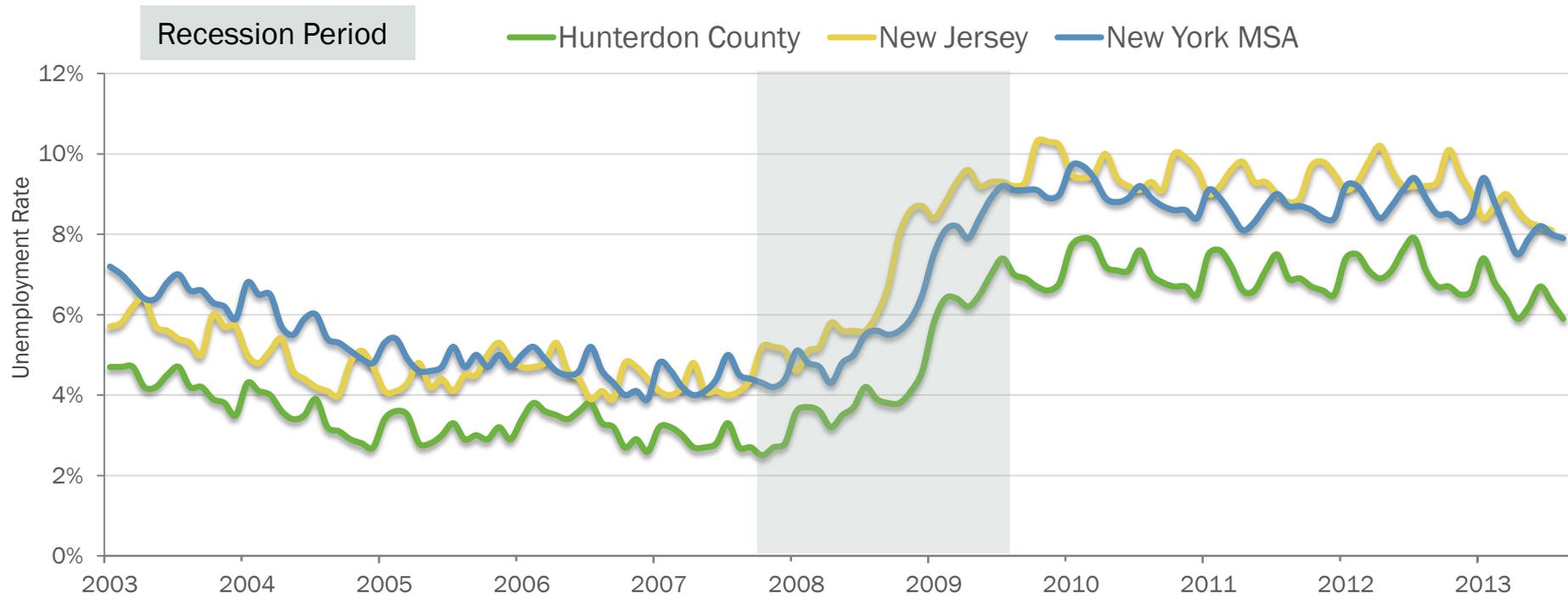


Workforce/Labor Market Trends Analysis



Unemployment Trends

Over the past ten years, Hunterdon County has consistently maintained a lower rate of unemployment, relative to New Jersey and the New York-Northern New Jersey-Long Island MSA. While the recent recession resulted in a significant increase in unemployment, rising from a low of 2.5 percent in October 2007 to a high of 7.9 percent in February 2010, Hunterdon County, nonetheless, has fared comparatively better than the state or New York metro area. Further, as of October 2013, Hunterdon’s unemployment rate was 5.9 percent, compared to 8.4 and 7.9 percent for New Jersey and the New York MSA, respectively.

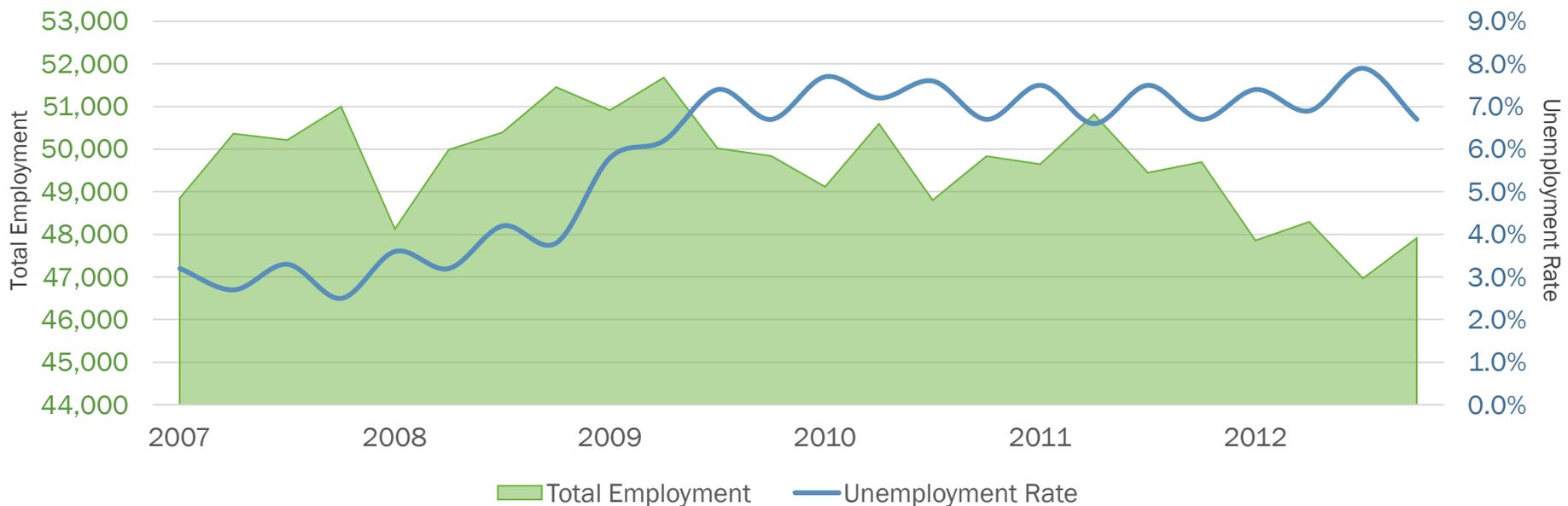


Source: BLS

Total Employment: Hunterdon County

While primary jobs increased between 2007 and 2011, as previously highlighted, total employment (including non-primary jobs) has declined (albeit, in an erratic fashion) from its peak of approximately 51,500 jobs in 2009 to 48,000 jobs in the fourth quarter of 2012. As of the fourth quarter of 2012 (the most recent data available), total employment increased by almost 1,000 from the third quarter 2012, the latter of which (third quarter 2012) was the lowest total employment count since 2007. Further, unemployment fell from its peak of 7.9 percent to 6.7 percent in the fourth quarter 2012, a sign of labor market improvement.

Total Employment and Unemployment Rate by Quarter, Hunterdon County



Source: US Census Bureau, NJLWD

Employment Area Profile: Job Creation by Industry

The top five industries by average number of jobs created between 2007 and 2012, highlighted below, were led by Retail Trade and Educational Services, both of which are locally serving industries. While job creation in Construction significantly increased during 2007 and 2008, the recession pared this industry’s employment by over 87 percent, since 2009. 2012 job creation in Accommodation and Food Services, as well as Professional, Scientific, and Technical Services (both of which are traded industries), surpassed the job creation these industries experienced in 2007.

Job Creation by Top Five Industries, Hunterdon County

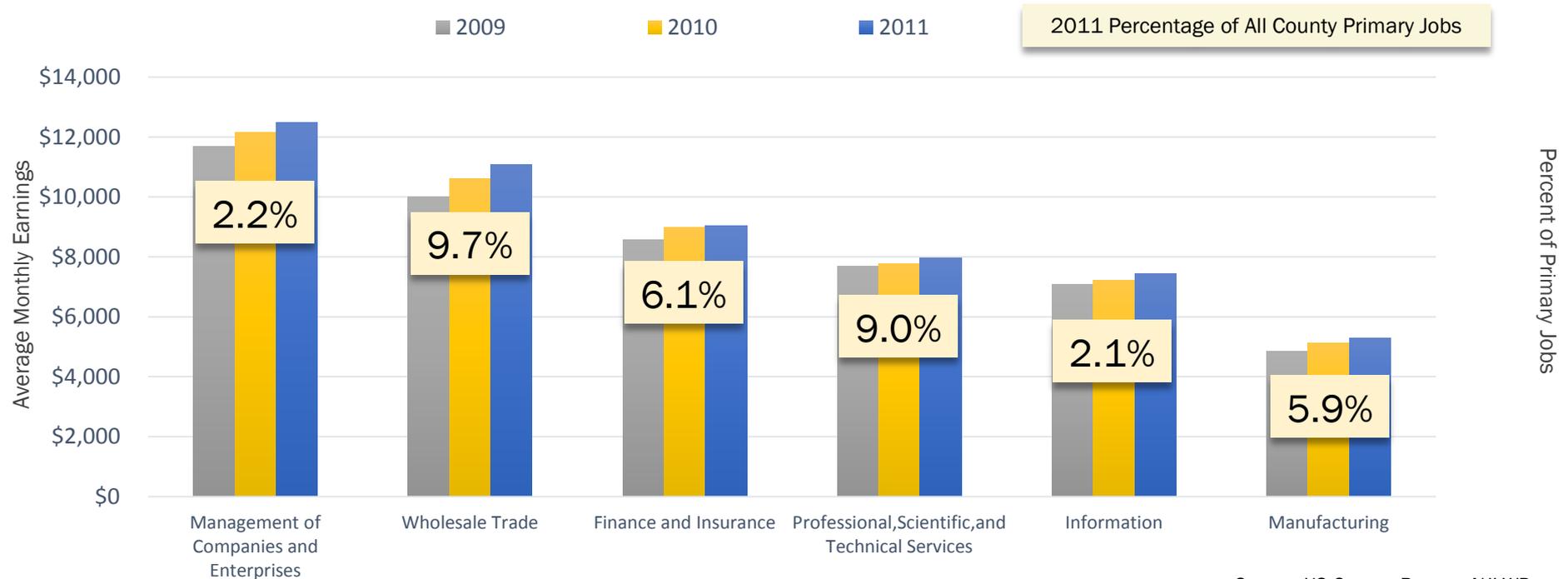


Source: QWI

Annual Average Monthly Earnings by Industry: Hunterdon County

The top two industries by annual average monthly earnings, Management of Companies and Enterprises and Wholesale Trade, also exhibit the greatest occupational earnings growth, in absolute and percentage terms, relative to all other industries. Additionally, average occupational earnings in Professional, Scientific, and Technical Services, as well as Information, have steadily and consistently increased since 2007. Further, the occupations within these high-paying industry sectors, collectively, represent 35 out of every 100 primary jobs in Hunterdon County – a relatively high share relative to the state and MSA.

Top Six Industries by Annual Average Monthly Earnings, Hunterdon County

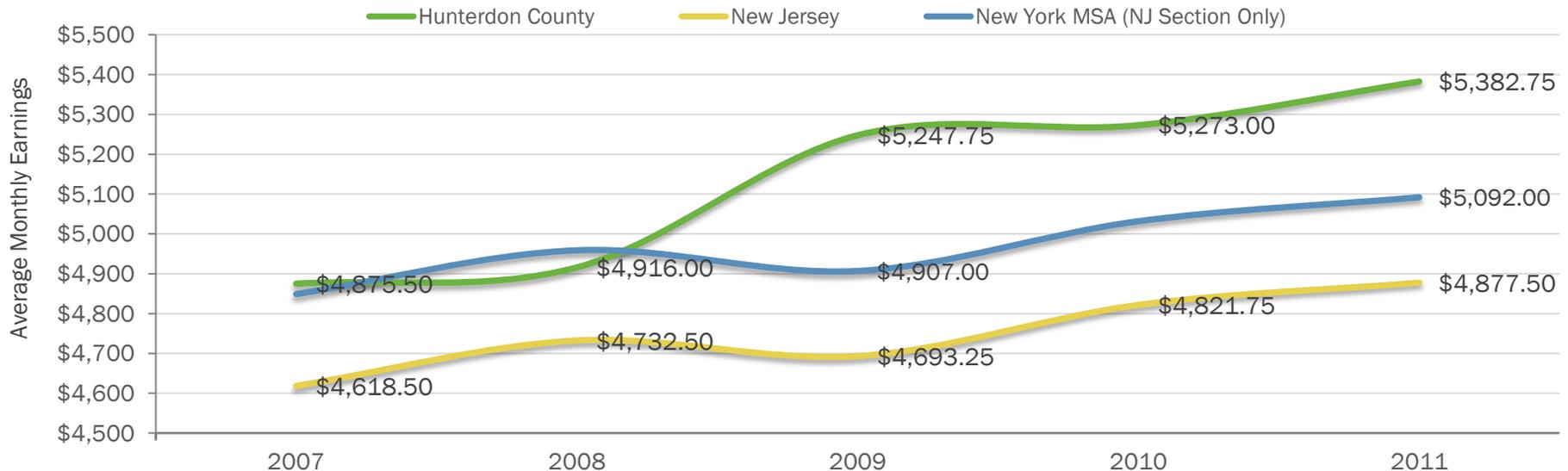


Source: US Census Bureau, NJLWD

Annual Average Monthly Earnings

The annual average monthly earnings graph illustrates Hunterdon County’s relative affluence, as compared against the average monthly earnings of the state and broader New York-New Jersey MSA (utilizing the New Jersey section of the MSA). Just prior to the start of the Great Recession, the average monthly earnings among all jobs in Hunterdon were approximately \$4,900 (roughly equivalent with the New Jersey section of the MSA and approximately \$200 greater than the state average). During and post-recession (through 2011), Hunterdon County’s average monthly earnings climbed nearly 10 percent, reflective of the county’s relatively high concentration of well paying occupations, compared to the state and MSA.

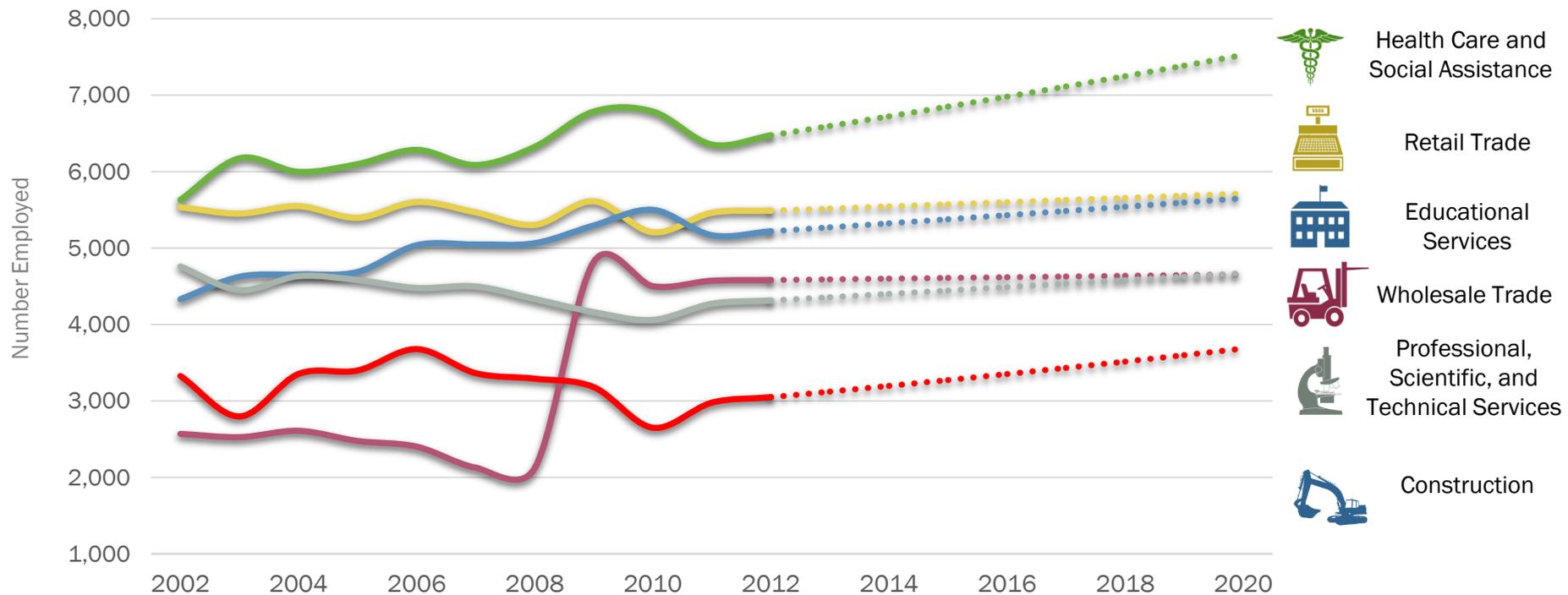
Annual Average Monthly Earnings by Geography



Source: QWI

Long-Term Employment Growth: Hunterdon County

Health Care and Social Assistance, currently the largest industry by employment, is expected to maintain its employment primacy through the end of the decade, according to projections by the New Jersey Department of Labor and Workforce Development. The construction industry, while representing the smallest share of employment among the top six industries shown, is projected to surpass all other large employment industries in annualized employment growth, from 2013 to 2020 (2.6 percent per year).

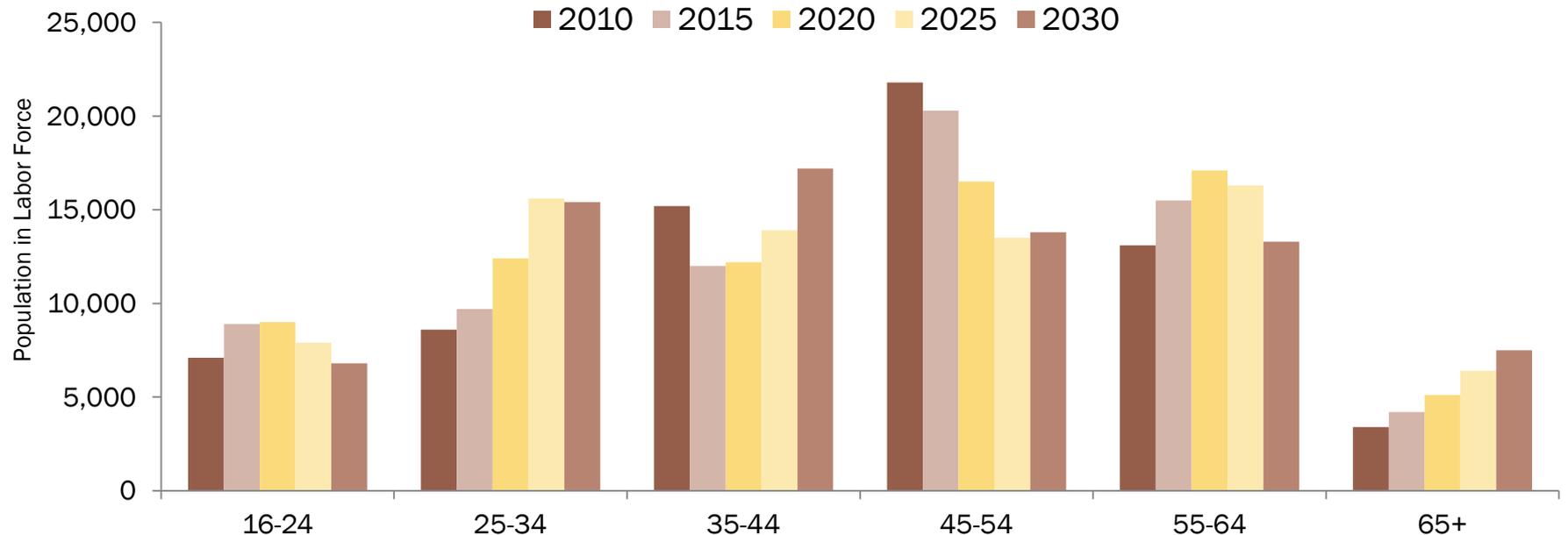


Source: US Census Bureau, NJLWD

Labor Force Projections by Age: Hunterdon County

According to the New Jersey Department of Labor and Workforce Development, Hunterdon County’s labor force will be comprised of more workers who are 45 years of age or older than workers younger than 45, up until 2025, when the ratio reverses (by 2015, 57 percent of all county workers are projected to be 45 years of age or older; by 2030, only 47 percent of all workers are projected to be 45 years of age or older). Accordingly, over the next ten years or longer, local companies may find it difficult to quickly replace workers nearing retirement, placing upward pressure on wage rates to better recruit.

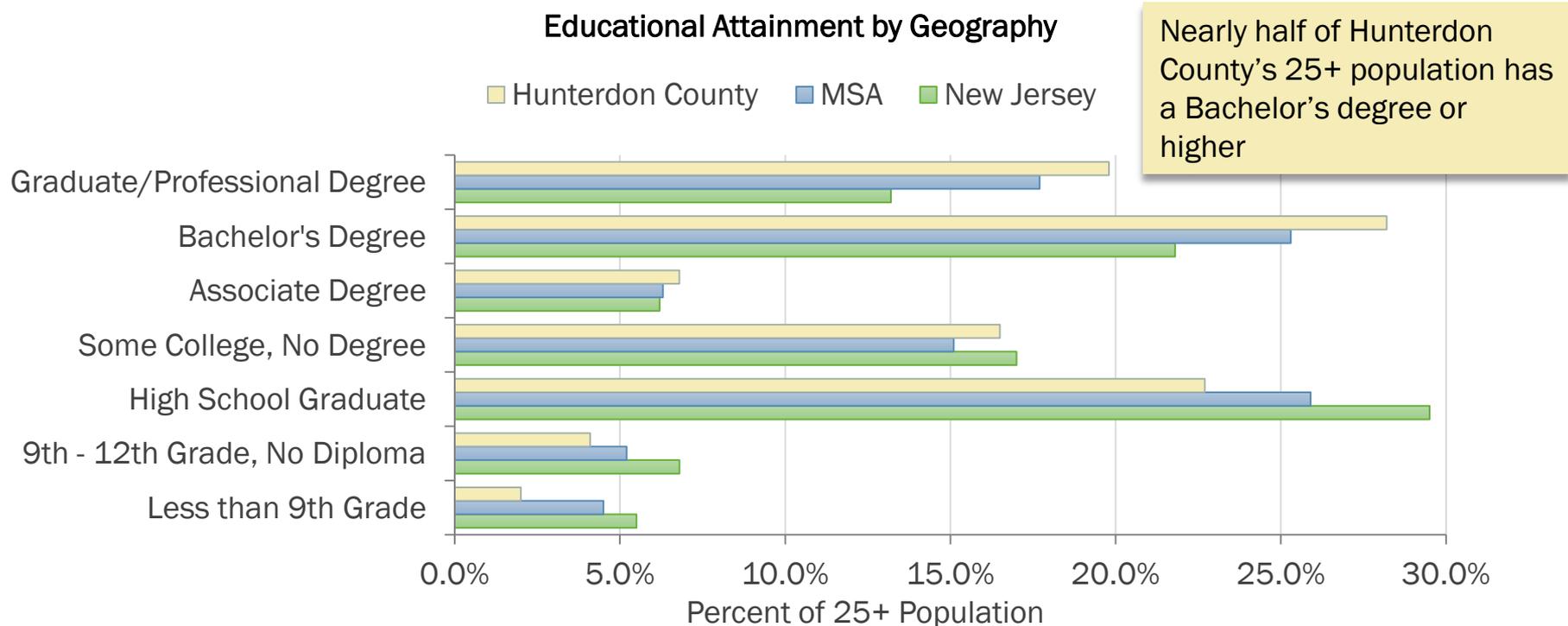
Labor Force Population by Age, Hunterdon County



Source: NJLWD

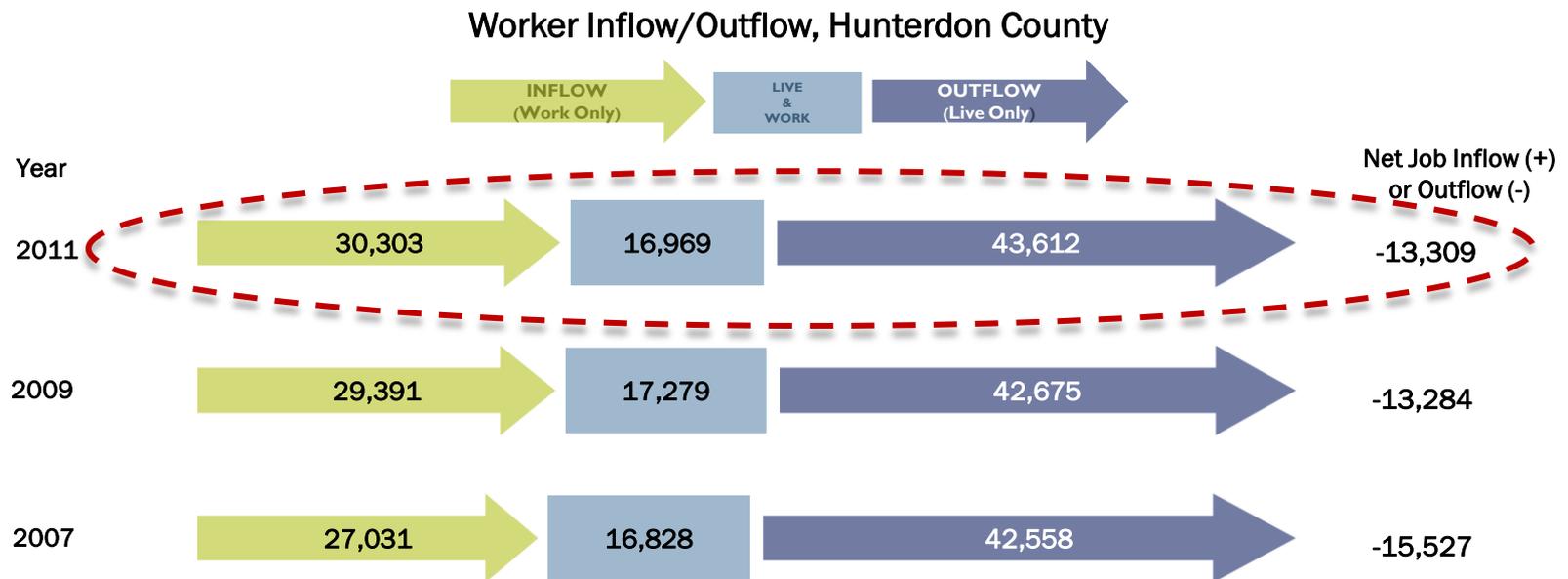
Educational Attainment

Illustrated below, Hunterdon County exhibits higher educational attainment levels than both the tri-county MSA and state – consistent with the earlier identified large share of high wage occupations in Hunterdon County. Further, the relatively high levels of educational attainment within Hunterdon County have created an attractive labor pool for corporations needing highly educated workers, as well as fertile ground for start-up companies, as high educational attainment and entrepreneurialism are linked.



Worker Inflow-Outflow Trends: Hunterdon County

As illustrated in the figure below, the number of workers who commute into Hunterdon County increased between 2007 and 2011, while the number of employed county residents who commute outside of the county also rose, albeit at a smaller rate. Additionally, employment within Hunterdon County rose between 2007 and 2011 while the net job outflow decreased, suggesting an increase in the availability of job opportunities within the county. As of 2011, over one-third of Hunterdon County workers also lived in the County, while over half of all county-based workers commute in from outside of the county.

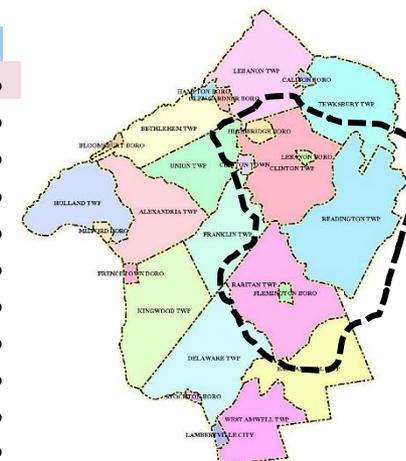


Source: U.S. Census Bureau, OnTheMap

Where County Area Workers Reside by Municipality

Home Destinations for Workers in Hunterdon County (County Subdivisions)

	2007		2009		2011	
Raritan Township	3,215	7.3%	3,333	7.1%	3,293	7.0%
Readington Township	1,536	3.5%	1,612	3.5%	1,635	3.5%
Clinton Township	1,396	3.2%	1,437	3.1%	1,519	3.2%
Holland Township	1,049	2.4%	1,056	2.3%	1,057	2.2%
Lebanon Township	741	1.7%	744	1.6%	830	1.8%
Bridgewater Township	566	1.3%	689	1.5%	827	1.7%
Alexandria Township	801	1.8%	828	1.8%	786	1.7%
Hillsborough Township	579	1.3%	652	1.4%	786	1.7%
Phillipsburg town	858	2.0%	823	1.8%	786	1.7%
Kingwood Township	701	1.6%	701	1.5%	735	1.6%
All Other Locations	32,417	73.9%	34,795	74.6%	35,018	74.1%



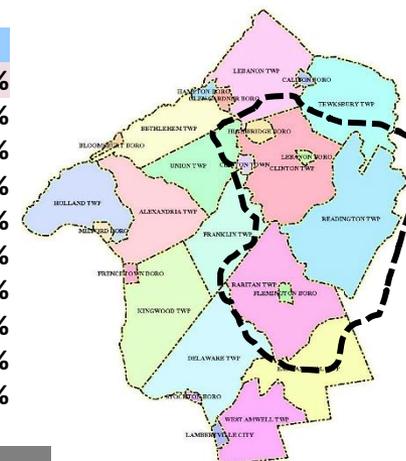
Source: U.S. Census Bureau; OnTheMap

Raritan Township (exclusive of Flemington Borough) has remained the top residential location among all workers employed in Hunterdon County since 2007, according to state and federal statistics. In 2011, 7 out of every 100 employed persons in Hunterdon County resided in Raritan Township, approximately twice as many county area employed workers as Readington Township, the second leading place of residence among county area workers in 2011. While county area workers reside in various municipal jurisdictions throughout Hunterdon County, nearly 14 percent of county area workers reside within the townships of Raritan, Readington and Clinton – relatively close to the share of county area residents working in in those same townships, when factoring out Flemington Borough employment. Noteworthy from the above reported statistics is that there is no municipal jurisdiction which demonstrates a sufficient number of residents, employed within the county, to warrant mass transit commuter service.

Where County Area Residents Work by Municipal Jurisdiction

Work Destinations for Residents of Hunterdon County (County Subdivisions)

	2007		2009		2011	
Flemington-Raritan Twp.*	6,683	11.2%	6,835	11.4%	6,577	10.9%
Readington Township	1,732	2.9%	2,210	3.7%	2,306	3.8%
Bridgewater Township	2,228	3.8%	2,314	3.9%	2,254	3.7%
Manhattan borough	1,353	2.3%	1,397	2.3%	1,515	2.5%
Clinton Township	1,801	3.0%	1,773	3.0%	1,460	2.4%
Branchburg Township	1,474	2.5%	1,411	2.4%	1,186	2.0%
Ewing Township	875	1.5%	951	1.6%	1,035	1.7%
Piscataway Township	1,155	1.9%	1,165	1.9%	1,003	1.7%
Newark city	922	1.6%	876	1.5%	962	1.6%
All Other Locations	41,163	69.3%	41,022	68.4%	42,283	69.8%

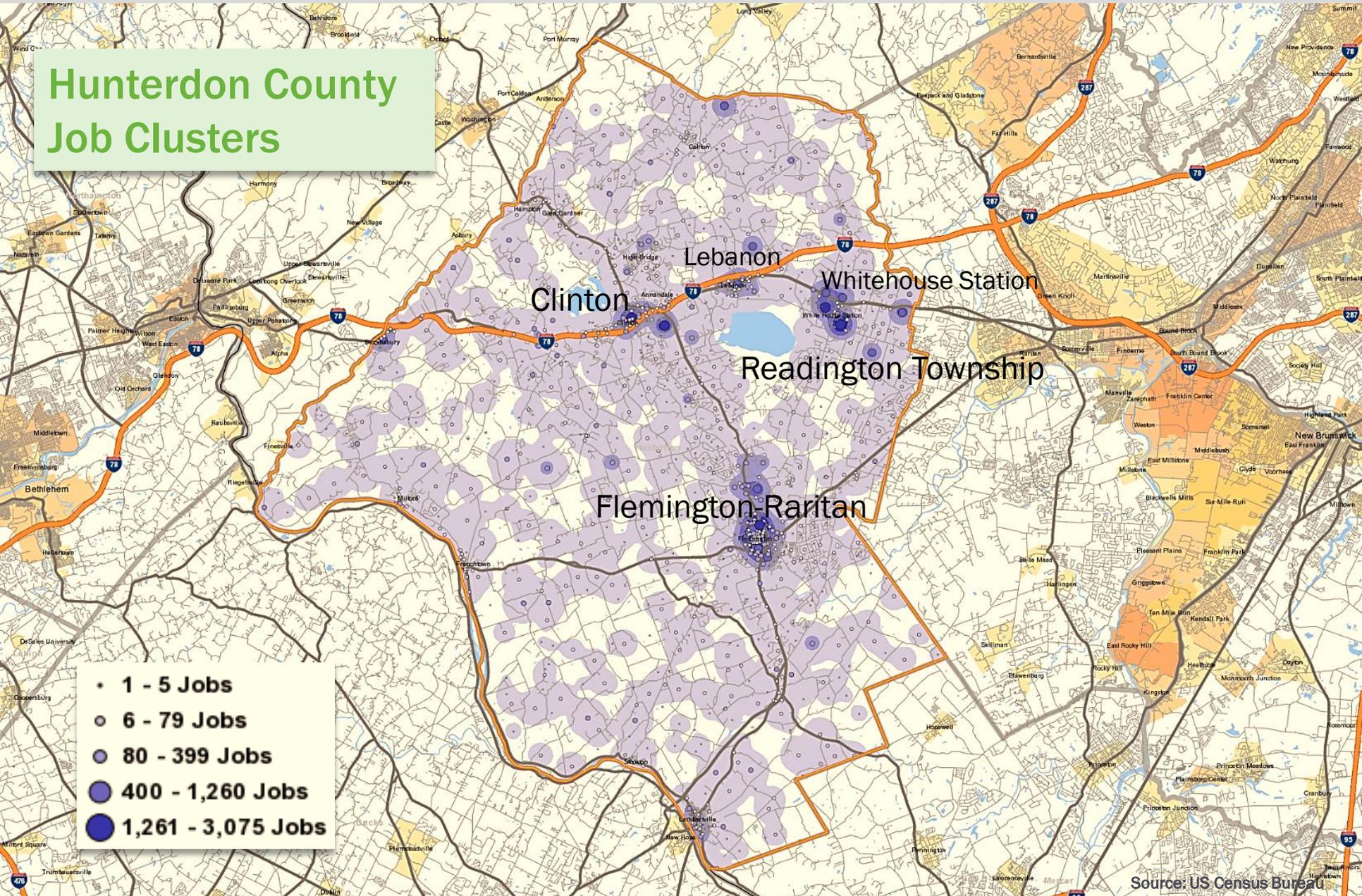


Source: US Census Bureau, OnTheMap

* Employment for Flemington Borough and Raritan Township are combined to overcome employment data reporting challenges at that scale of geography.

Nearly 11 out of every 100 employed Hunterdon County residents (just under 6,600) worked in Flemington Borough or Raritan Township in 2011, the top employment location for all employed Hunterdon County residents since 2007. Readington Township (3.8 percent) and Clinton Township (2.4 percent) were 2nd and 5th, respectively, as top 2011 municipal employment areas for Hunterdon County residents. Somerset County’s Bridgewater Township (3.7 percent) featured the third highest number of employed Hunterdon County residents in 2011, followed by the Borough of Manhattan, New York (2.5 percent). Many of the top employment jurisdictions for Hunterdon County residents, listed in the above table, are home to large pharmaceutical and/or financial corporations, which is consistent with the relatively large share Hunterdon County residents having high wage occupations. Finally, the top Hunterdon employment destinations are geographically clustered to the eastern side of the county.

Hunterdon County Job Clusters



Source: US Census Bureau

Where County Area Workers Reside by County

Home Destinations for Workers in Hunterdon County (U.S. Counties)

	2007		2009		2011	
Hunterdon County, NJ	16,828	38.4%	17,279	37.0%	16,969	35.9%
Somerset County, NJ	3,454	7.9%	3,865	8.3%	4,375	9.3%
Warren County, NJ	4,195	9.6%	4,183	9.0%	4,046	8.6%
Northampton County, PA	3,148	7.2%	3,217	6.9%	3,194	6.8%
Middlesex County, NJ	1,877	4.3%	2,417	5.2%	2,384	5.0%
Bucks County, PA	1,935	4.4%	2,204	4.7%	2,333	4.9%
Morris County, NJ	1,518	3.5%	1,661	3.6%	1,823	3.9%
Mercer County, NJ	1,449	3.3%	1,610	3.4%	1,494	3.2%
Union County, NJ	994	2.3%	1,200	2.6%	1,425	3.0%
Monmouth County, NJ	814	1.9%	962	2.1%	1,039	2.2%
All Other Locations	7,647	17.4%	8,072	17.3%	8,190	17.3%



Source: U.S. Census Bureau; OnTheMap

Hunterdon-Somerset-Middlesex MSA

Nearly 36 out of every 100 Hunterdon County area workers claimed residence within Hunterdon County in 2011, a percentage share decrease from 2007 when 38.4 percent of county area workers resided in Hunterdon County. Approximately 50 percent of all Hunterdon County area workers (23,728 workers) resided within the Hunterdon-Somerset-Middlesex MSA in 2011, reflective of the strong economic relationship between the three counties. While the vast majority of Hunterdon County area workers resided in a New Jersey county in 2011, the eastern Pennsylvania counties of Northampton and Bucks represented home destinations of approximately 12 percent of all Hunterdon County area workers (5,527 workers) in that year. As the majority of resident counties supplying labor for Hunterdon County businesses are mostly suburban and rural in character, workers commuting from these counties, principally, rely upon an automobile to get to work, as opposed to any other form of transportation.

Where County Area Residents Work by County

Work Destinations for Residents of Hunterdon County (Counties)

	2007		2009		2011	
Hunterdon County, NJ	16,828	28.3%	17,279	28.8%	16,969	28.0%
Somerset County, NJ	10,627	17.9%	10,520	17.5%	10,543	17.4%
Middlesex County, NJ	5,792	9.8%	5,781	9.6%	5,753	9.5%
Morris County, NJ	4,027	6.8%	4,315	7.2%	4,380	7.2%
Mercer County, NJ	3,752	6.3%	4,053	6.8%	4,373	7.2%
Union County, NJ	3,511	5.9%	3,015	5.0%	2,907	4.8%
Essex County, NJ	2,255	3.8%	2,251	3.8%	2,214	3.7%
New York County, NY	1,353	2.3%	1,397	2.3%	1,515	2.5%
Bergen County, NJ	1,561	2.6%	1,607	2.7%	1,495	2.5%
Warren County, NJ	1,461	2.5%	1,490	2.5%	1,409	2.3%
All Other Locations	8,219	13.8%	8,246	13.8%	9,023	14.9%



Source: US Census Bureau, OnTheMap

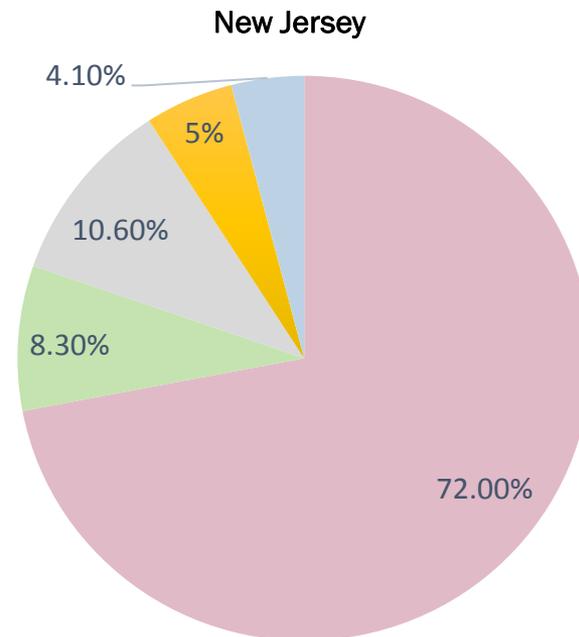
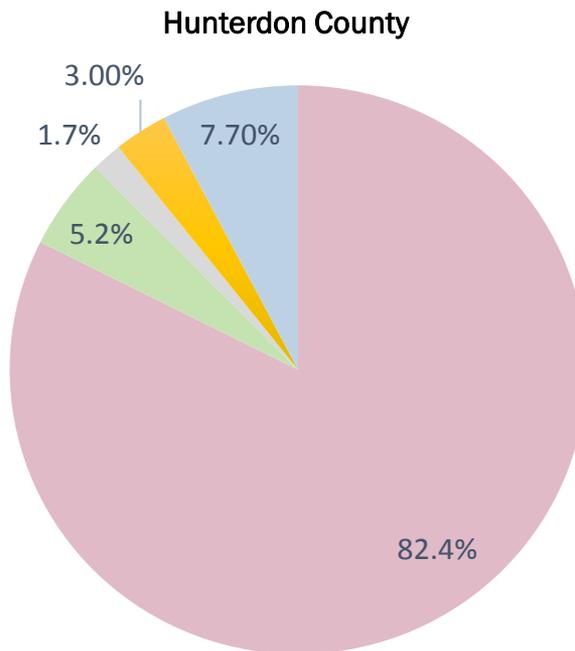
Hunterdon-Somerset-Middlesex MSA

The Hunterdon-Somerset-Middlesex MSA, unsurprisingly, is the focal region for Hunterdon County residents' places of employment. Since 2007, Hunterdon County has maintained the greatest share of employed Hunterdon County residents (28 out of every 100 employed county residents in 2011), followed by the counties of Somerset and Middlesex at 17.4 percent and 9.5 percent of all employed Hunterdon County residents in 2011. In total, 55.4 percent of employed Hunterdon County residents (or 33,265 persons) worked within the MSA in 2011. Another relatively large share of county residents (16.7 percent or 10,162 persons) commuted to the neighboring counties of Morris (4,380), Mercer (4,373) and Warren (1,409) in 2011. New York County (Manhattan) was the only non-New Jersey county represented among the top ten county employment destinations by Hunterdon County. The strong jobs connection within the MSA ties the county's fiscal health to the MSA's overall economic performance.

Means to Work, 2012

Relative to New Jersey, Hunterdon County exhibits a higher dependence on automobile use as the primary means of commuting to work and, subsequently, a significantly lower reliance on commuting via public transportation.

Noteworthy is Hunterdon County's relatively high share of persons working from home, as compared to the same metric for the state. The county's share of persons working from home follows the trend of increased home based employment, as well as a higher share of knowledge workers.



- Drove Alone
- Carooled
- Public Transportation
- Other
- Worked at Home

Source: American Community Survey

Industry Clustering in 2011: Hunterdon County

In 2011, Readington Township accounted for over 60 percent of Hunterdon County’s Wholesale Trade industry jobs, and 56 and 48 percent of the jobs in the Management of Companies and Enterprises, and Finance and Insurance sectors, respectively. Health Care and Social Assistance, the 2011 top industry by employment, was most concentrated in Flemington, representing four out of ten of the sector’s jobs.

County Subdivision	Industries Employing Greater than 25% of Total Industry Primary Jobs in Hunterdon County	Examples of Large Employers	Percent of County Primary Jobs in Industry	Number of Primary Jobs in Industry	County Total in Industry
Readington Township	- Wholesale Trade		62.6%	2,861	4,573
	- Management of Companies and Enterprises		56.0%	581	1,038
	- Finance and Insurance		48.0%	1,382	2,881
	- Construction		26.7%	795	2,978
	- Arts, Entertainment, and Recreation		26.5%	305	1,153
	- Admin & Support, Waste Mgmt and Remediation		26.3%	377	1,435
Flemington/Raritan	Utilities		84.7%	94	111
	Health Care and Social Assistance	Hunterdon Medical Center	57.7%	3,667	6,354
	Retail Trade	Liberty Village Outlets, BJs	52.4%	2,861	5,462
	Public Administration		43.9%	1,057	2,410
	Other Services (excluding Public Administration)		32.7%	471	1,440
	Accommodation and Food Services		31.6%	821	2,594
	Educational Services		30.9%	1,596	5,168
	Real Estate and Rental and Leasing	Coldwell Banker	30.1%	78	259
	Arts, Entertainment, and Recreation		29.2%	337	1,153
	Manufacturing	Johanna Foods	27.8%	782	2,808
Clinton Township	- Professional, Scientific, and Technical Services	Foster Wheeler	26.0%	555	4,272
Tewksbury	- Information		63.3%	621	981
Union Township	- Transportation and Warehousing		34.1%	220	646

Source: US Census Bureau, 2011.

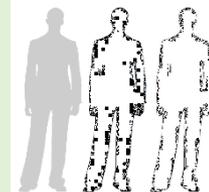
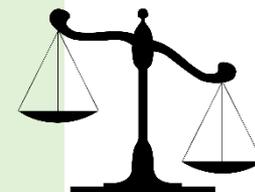
Takeaways: Labor and Workforce Trends

The overall health of Hunterdon County's industries and supporting labor markets during and since the Great Recession (2007 to 2009) has been, generally, good. The county's relatively large share of well-educated, highly paid skilled workers is reflective of the large corporate employers located both within its borders and in adjacent counties to the north and east.

While current economic conditions in Hunterdon County appear fine, there are a number of observed trends which raise concern for the future health of Hunterdon County's economy:

Employment Growth is Concentrated within Lower-Wage Industry Sectors: As depicted in earlier charts and tables, the greatest employment growth is projected to occur within industries which, traditionally, offer relatively lower wages (e.g., Healthcare and Social Assistance, Retail, and Accommodation and Food Services). While many county residents and residents from outside of the county will find greater employment opportunities in these industries, Hunterdon County's relatively high housing costs and near non-existent public transit system will, ultimately, place upward pressure on local wage rates, in order for businesses to recruit and retain a quality talent pool – such cost pressures will challenge area businesses to stay competitive.

A Greying Workforce with Few Replacements in the Near-Term: Many higher wage industries in Hunterdon County, as nationally, are facing an exodus of their most skilled workers, as many baby boomers prepare to retire over the next ten years. This is particularly true of the skilled trades industries, such as construction, manufacturing and wholesale trade.



Takeaways: Labor and Workforce Trends (continued)

As earlier identified, projected labor trends suggest that over the same period of time, there will not be an equivalent number of younger workers to replace those either retiring or those who will be promoted to fill positions vacated by retirements. Complicating this coming labor shortage issue is the county's aforementioned high cost of living, which dissuades a number of workers from entering the local market.

As with the county's high cost of housing, employers will face choices of having to raise wage rates across the board to recruit and retain needed workers, relocate the business to a location outside of Hunterdon County which satisfies the business' labor needs or, in a worse case scenario, close the business. The forthcoming economic development strategies will seek to address the coming labor shortage issue.

Lack of Public Transit will Challenge Employers and Employees, Alike: A notable dearth of public transit in Hunterdon County has only recently become a larger issue, given recent and projected growth of local serving service industries such as healthcare, retail, hospitality and lodging, and food and drinking establishments. These industries mainly rely upon a large and, principally, lower-wage workforce. In many other areas of the state, lower-wage workers in these industries rely upon a well-serviced network of public transit options (whether bus, light rail, or commuter rail). In cases where such transit services are not provided, workers must either rely upon having access to an automobile (difficult to achieve, given the wages these workers can command) or bicycling/walking (a further challenge given the rural and low density character of the county).



Industry Cluster Analysis



Key Findings: Industry Cluster Analysis

7 Industry Clusters within New Jersey

New Jersey has seven industry clusters including Bio/Pharmaceuticals and Life Sciences; Transportation, Logistics, Distribution; Financial Services; Advanced Manufacturing; Health Care; Technology; and Leisure, Hospitality and Retail Industry Cluster, according to 2013 data provided by the New Jersey Department of Labor and Workforce Development.



Local Health Services - Top Local Cluster by Employment in MSA

With just under 1.2 million jobs within the NY-NJ metro area in 2010, local health services is the top local industry cluster by employment. Commercial services, hospitality establishments, real estate, construction and development, and community and civic organizations composed the remaining top five local clusters, serving the metro market and not directly exposed to cross-regional competition.



Insurance Carriers - Top Industry by Total Value Added in Hunterdon

Within Hunterdon County, the insurance carrier sector was the top industry by total output, labor income, and total value added in 2011. The insurance carrier sector alone produced over \$1 billion in goods and services (9.5 percent of total output for the county), \$322 million in total labor income (7.6 percent of total labor income), and \$725 million in total value added (10.7 percent of total value added).



Glossary of Terms

Labor Income: All forms of employment income, including Employee Compensation and Proprietor Income.

- Employee Compensation:** Employee Compensation is the total payroll cost of the employee paid by the employer. This includes, wage and salary, all benefits (e.g. health, retirement, etc) and employer paid payroll taxes (e.g. employer side of social security, unemployment taxes, etc).

- Proprietor Income:** Proprietor income consists of payments received by self-employed individuals and unincorporated business owners.

Value Added: The difference between an industry's or an establishment's total output and the cost of its intermediate inputs. It equals gross output (sales or receipts and other operating income, plus inventory change) minus intermediate inputs (consumption of goods and services purchased from other industries or imported). Value added consists of compensation of employees, taxes on production and imports less subsidies.

Output: Output represents the value of industry production. In IMPLAN these are annual production estimates for the year of the data set and are in producer prices. For manufacturers this would be sales plus/minus change in inventory. For service sectors production = sales. For Retail and wholesale trade, output = gross margin and not gross sales.

Local Purchase Percentage (LPP): The amount (on a scale of 0-1) of the value of impact event (usually "industry sales") specified by the user that will be applied to the regional multipliers. It implies that 1-LPP will be the proportion of the impact event activity that will be imported from outside the economy and have no impact on the local economy.

Industry Clusters: Geographically concentrated groups of interconnected companies and associated institutions in a particular field. Clusters arise because they increase the productivity with which companies can compete. Strong clusters drive regional economic performance resulting in job growth, higher wages, higher patenting rates and greater new business formation, growth and survival. Local Clusters serve the local market and compose the majority of the region's employment, while Traded Clusters serve larger national and international markets and are directly exposed to cross-regional competition.

Methodology: Industry Cluster Analysis

4ward Planning identified industry clusters using 2013 data provided by the New Jersey Department of Labor and Workforce Development. These clusters were compared to the top 15 traded and local industry clusters for the New York-Northern New Jersey-Long Island, NY-NJ-PA Metropolitan Statistical Area (MSA) based on 2010 employment data provided by the Institute for Strategy and Competitiveness (a project funded by the U.S. Department of Commerce, Economic Development Administration).

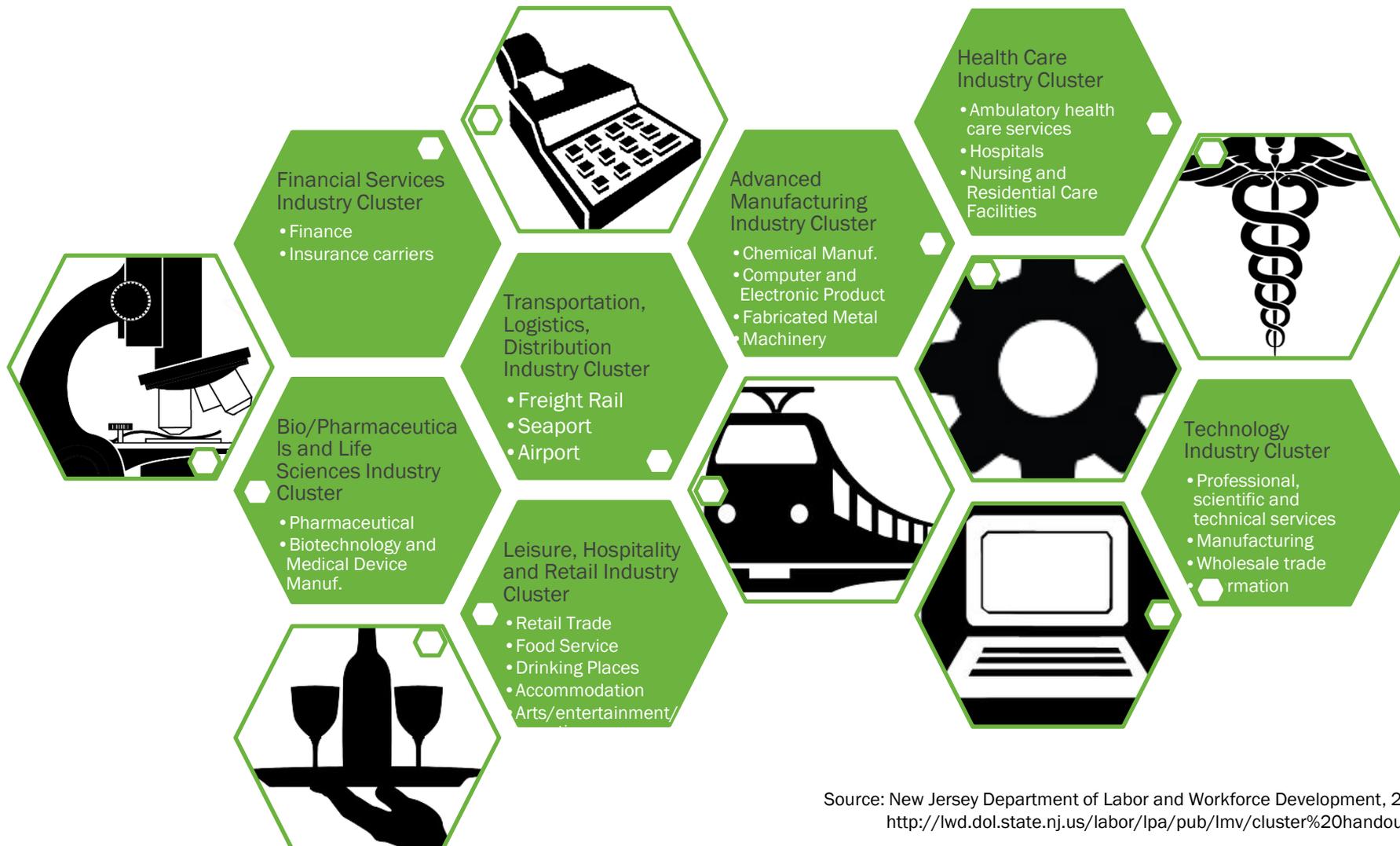
Using IMPLAN Professional 3.0 economic modeling software, 4ward Planning analyzed Bureau of Economic Analysis (BEA) data to identify Hunterdon County's top industries by total Output (goods and services produced), Labor Income (employee compensation and proprietor income), Value Added (compensation of employees, taxes on production and imports less subsidies), and Local Purchase Percentages (LLP).

Interviews with corporate site location professionals were undertaken to gain perspective on the types of industries and businesses most likely to find Hunterdon County attractive for locating/relocating or expanding operations. Key economic data findings were provided in advance of the interviews to allow for thoughtful, robust responses and unsolicited comments/ recommendations concerning the region's competitive advantages for specific industry clusters. Interviewees were queried regarding those input factors (e.g., land, building, trained labor, incentives, service amenities, etc.) deemed most important by industries that would consider Hunterdon County for prospective investment.

Through a combination of data review and key industry business interviews, major industry clusters were identified within the State of New Jersey that serve businesses located within Hunterdon County. Only area businesses that were considered a part of a traded cluster (businesses that principally sell their goods and services outside of the regional market) were examined.

Industry Clusters: New Jersey

According to the New Jersey Department of Labor and Workforce Development, New Jersey has the following industry clusters:



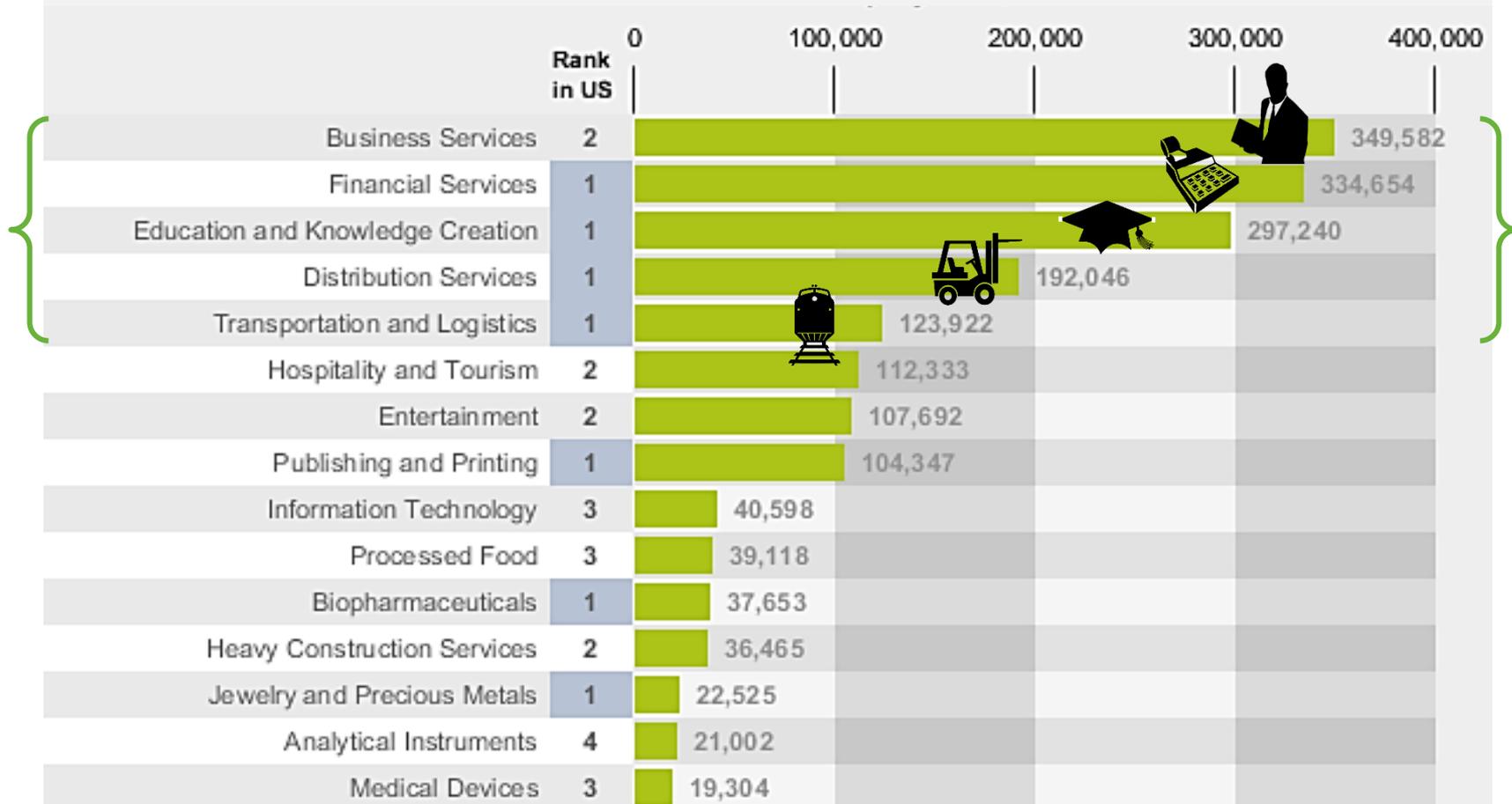
Source: New Jersey Department of Labor and Workforce Development, 2013, <http://lwd.dol.state.nj.us/labor/lpa/pub/lmv/cluster%20handout.pdf>



Traded Clusters: MSA

According to 2010 data provided by the Institute for Strategy and Competitiveness, business services, financial services, education and knowledge creation, distribution services, and transportation and logistics composed the top five industry clusters by employment in the NY-Northern NJ MSA.

Top 15 Traded Clusters by Employment: NY-Northern NJ MSA, 2010



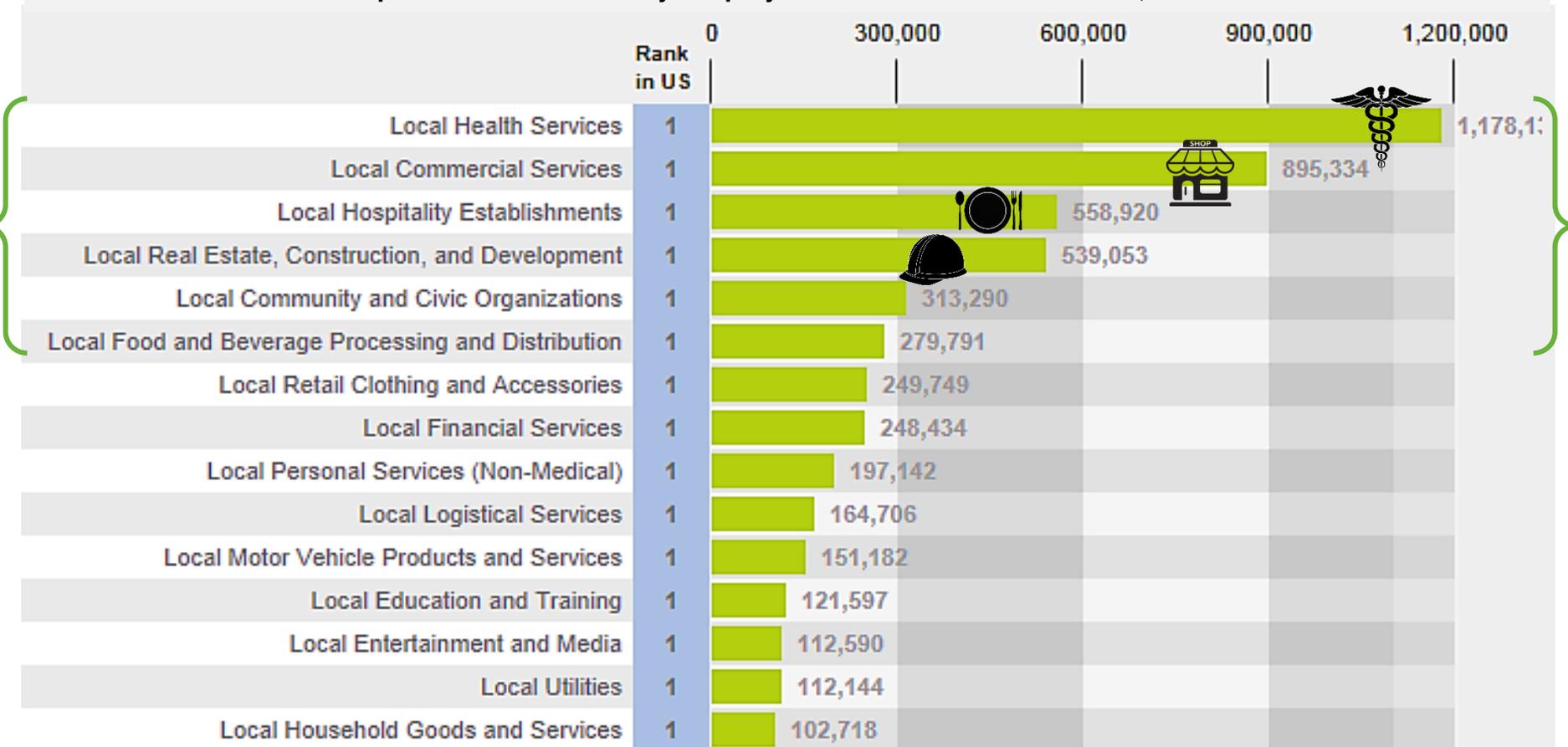
Source: Institute for Strategy and Competitiveness, www.isc.hbs.edu/econ-clusters.htm



Local Clusters: MSA

In 2010, local health services, commercial services, hospitality establishments, real estate, construction and development, and community and civic organizations composed the top five local clusters by employment in the NY-NJ metro area.

Top 15 Local Clusters by Employment: NY-Northern NJ MSA, 2010

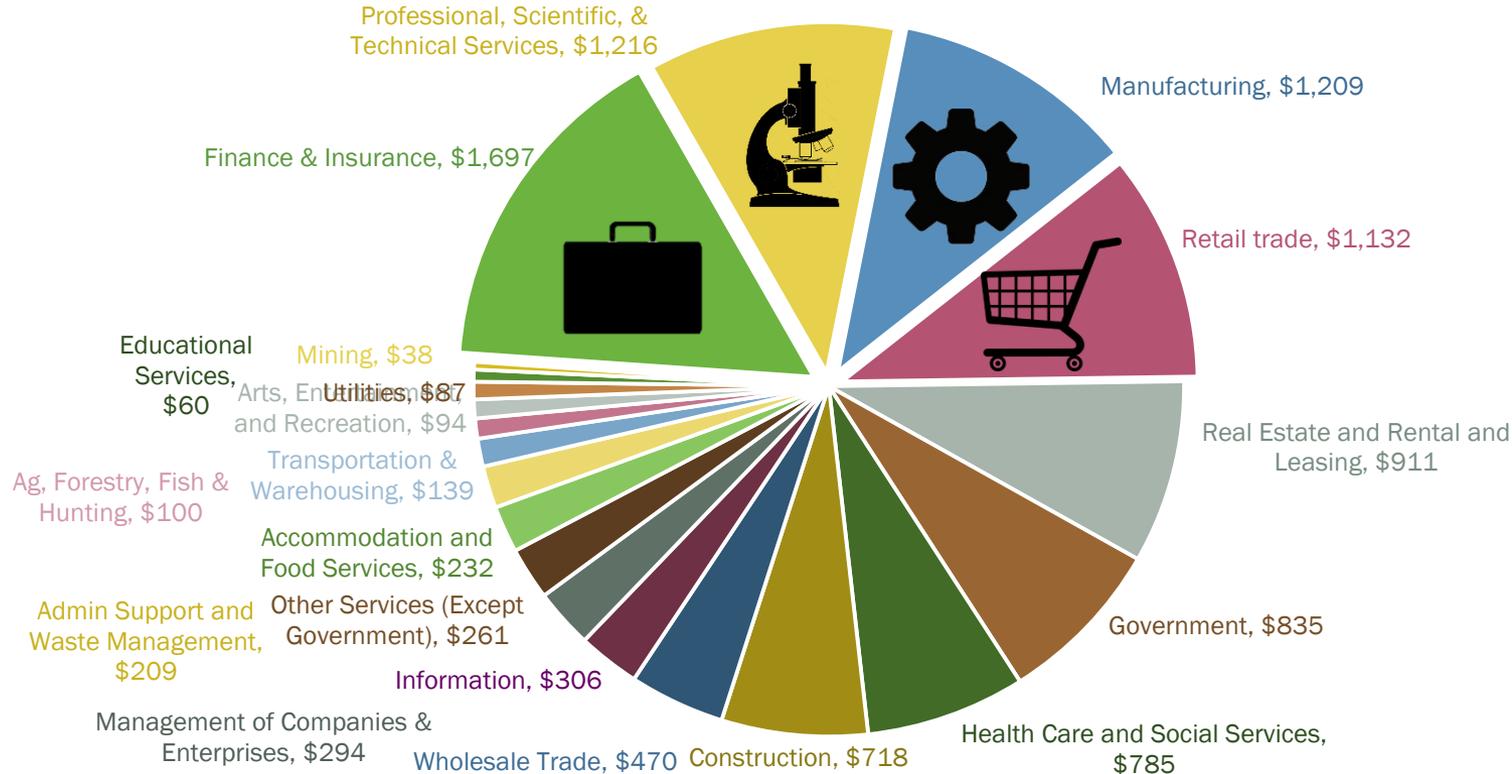


Source: Institute for Strategy and Competitiveness, www.isc.hbs.edu/econ-clusters.htm

Total Industry Output: Hunterdon County

According to 2011 data provided by IMPLAN, Hunterdon County produced approximately \$10.8 billion dollars in goods and services. Nearly half (49 percent) of this output came from the finance and insurance, retail trade, professional, scientific, and technical services, and manufacturing sectors alone.

Hunterdon County Total Industry Output, Millions, 2011



Source: IMPLAN, 2013

Local Purchase Percentages: Hunterdon County

The Local Purchase Percentage (LPP) data provided by IMPLAN indicates the percentage of money that companies in a certain industry spend within the state or county in which they reside.

In Hunterdon County, 100 percent of industry sales within construction, motor vehicle and parts dealers, furniture and home furnishings, building materials and garden dealers, and food and beverage companies were spent within the county in 2011. This high LLP is likely due to the presence of related industries within the county and ability to purchase supporting goods and services locally. In contrast, less 10 percent of sales within many manufacturing, agriculture, and transportation related goods and services are spent locally, suggesting a weak presence within the county.

Note: Income labels under \$10 million omitted from chart.

Hunterdon County Industries by Local Purchase Percentage

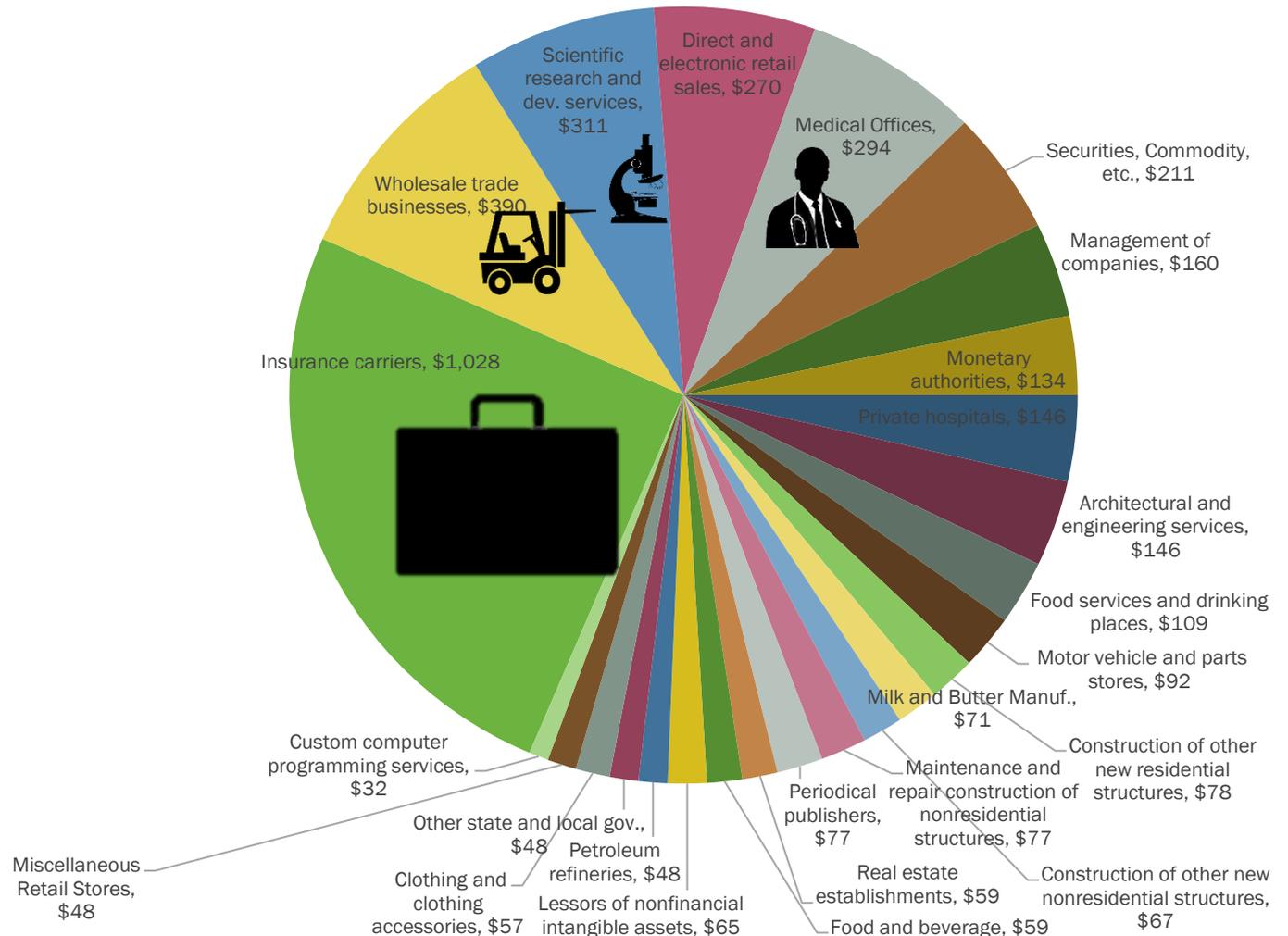


Source: IMPLAN, 2013

Top 25 Industries by Output: Hunterdon County

In 2011, much of Hunterdon County's top producing industries are locally-traded—serving almost exclusively the local market and not directly exposed to cross-regional competition), such as insurance, wholesale trade businesses, and scientific research and development services. Despite a LLP of just over 33 percent, in 2011, the insurance carrier sector produced over \$1 billion in goods and services, alone—equivalent to 9.5 percent of total output for Hunterdon County.

Hunterdon County Top 25 Industries by Output, 2011

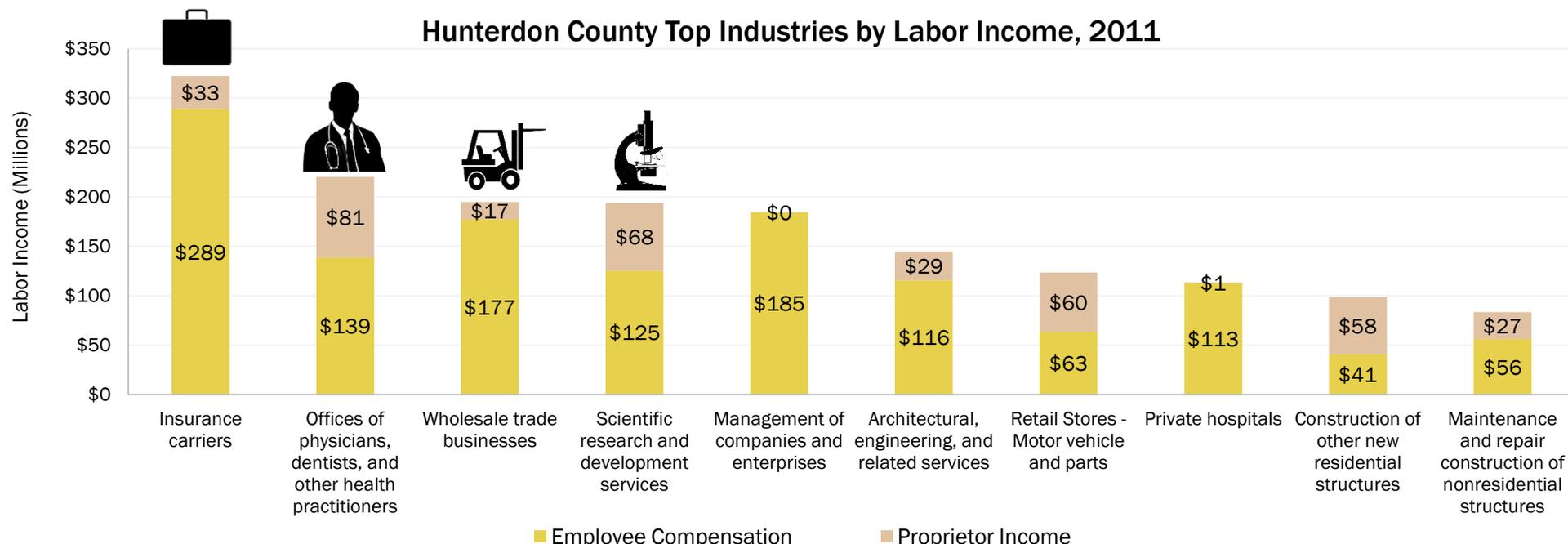


Source: IMPLAN, 2013

Top 10 Industries by Labor Income: Hunterdon County

In 2011, the insurance sector contributed \$322 million in total labor income within Hunterdon County—equivalent to 7.6 percent of total labor income within the county. This income including \$289 million in employee compensation (wage and benefits) and \$33 million in proprietor income (payments received by self-employed individuals and unincorporated business owners). Medical offices (physicians, dentists, and other health practitioners), wholesale trade businesses, scientific research and development services, and management companies represented some of the other top five sectors by labor income.

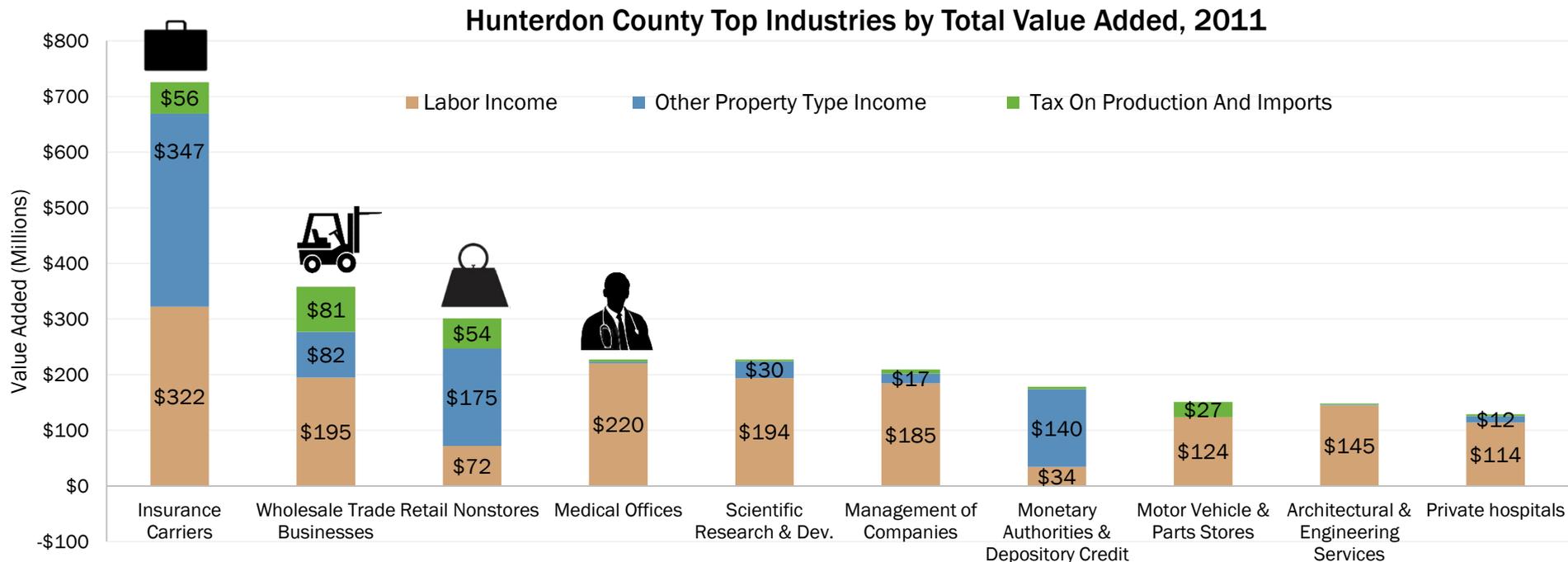
Hunterdon County Top Industries by Labor Income, 2011



Source: IMPLAN, 2013

Top 10 Industries by Total Value Added: Hunterdon County

In 2011, the insurance sector contributed \$725 million in total value added (includes labor income, as well as other property type income and taxes on productions and imports)—equivalent to 10.7 percent of total value added for Hunterdon County. This value added included an additional \$347 in other property income and \$56 million in taxes on production and imports. Wholesale trade businesses and retail non-stores (direct and electronic sales) contributed less than half as much total value added compared to the insurance sector.



Note: Income labels under \$10 million omitted from chart.

Source: IMPLAN, 2013

Takeaways

According to 2011 IMPLAN data for Hunterdon County, nearly half of the total value of goods and services produced in Hunterdon County currently come from service-oriented sectors such as the Finance and Insurance, Retail Trade, Professional, Scientific, & Technical Services and Manufacturing sectors.

Within the Finance and Insurance sector, the insurance carrier subsector alone produced over \$1 billion in goods and services (9.5 percent of total output for the county), \$322 million in total labor income (7.6 percent of total labor income), and \$725 million in total value added (10.7 percent of total value added)—representing Hunterdon County’s strongest existing industry cluster. Wholesale trade businesses and retail non-stores (direct and electronic sales) are the next strongest sectors, although they contributed less than half as much total value added compared to the insurance sector.

Additional local industry clusters such as health services, commercial services, hospitality establishments, real estate, construction and development, and community and civic organizations serve the larger NY-Northern NJ MSA market and are generally less directly exposed to cross-regional competition—representing potential opportunities local industry investment for Hunterdon County.

While agriculture is not one of Hunterdon County’s top industries by employment or value added, it is an industry with unique history in Hunterdon County. Other sections of this report will address the importance of agriculture from an environmental and social standpoint, highlighting the many benefits associated with access to locally-grown and produced food.



Real Estate Trends Analysis



Executive Summary

The following real estate trend findings have relevance for prospective investment in Hunterdon County:

- **Residential:** As a result of relatively strong growth in non-family households (typically, these are small one- and two-person households which opt to rent, rather than own their homes), more people are moving from owning to renting—pushing rental vacancies down and the asking price for available units up. As a result of slow rental inventory growth and extremely low vacancy rates, Reis, the national real estate research company which covers commercial, industrial and multi-family rental markets, predicts the Central New Jersey apartment market (located adjacent to Hunterdon County) will remain tight in the near term. The County's long-term economic health will greatly depend upon the affordability and diversity of housing supply (e.g., rental and for-sale units) available to low- and middle-wage workers – the backbone of Hunterdon County's service economy.
- **Office:** The office submarket that includes Hunterdon County has remained static for several years. Despite projected office growth reported by Reis, the projected office vacancy rate will still hover around 27.4 percent by 2017. New office space development will, by and large, come from medical office space demand, which is experiencing the fastest growth among all office segments nationally, and is attributable to an aging population. Further, much of the County's projected employment growth is within industries not requiring traditional office space (e.g. nursing, psychiatric, and home health aides, food and beverage workers, construction workers). Consequently, a strategy will need to be developed for repurposing the Class B and C office space (space which is physically and/or economically obsolescent) located throughout Hunterdon County.

Executive Summary (continued)

- **Retail:** With retail rents and vacancies lower than those of the metro area and adjacent counties, Hunterdon County's retail market is an attractive "tenants' market" with opportunistic retailers leasing at attractive rental rates and securing strategic locations along roadways and close to population clusters (e.g. Flemington Borough, and Raritan and Clinton townships) by taking advantage of market conditions. As retail stores age and new households form, new demand for additional retail space should materialize, although retail development should consider shifting consumer spending habits. While dollar and discount type stores had been the trend during the downturn, today's health focus has spurred the rapid growth of gyms, spas, and health food stores throughout New Jersey. However, since much of Hunterdon County's growth industry sectors principally rely upon lower wage occupations (e.g. nursing, psychiatric, and home health aides, food and beverage workers), the retail spending patterns of new workers and residents will be limited by the County's high housing costs and limited public transit. While online comparison shopping and e-commerce growth is expected to continue and the demand for local eating establishments and convenience stores is expected to grow, shifting retail spending trends have implications for retail businesses and major shopping spaces within Hunterdon County.
- **Industrial:** According to a second quarter 2013 report provided by Cassidy Turley, a leading commercial real estate services provider, Online Retailers and Logistics companies represented a strong percentage of lease transactions within the Central New Jersey market and are primary drivers of recent market activity. In Hunterdon County, over 83 percent of the available industrial building space for lease is characteristic of warehouse space with the highest asking rents (\$12.40 per square foot per year) among industrial properties. While E-Commerce is expected to be a major driver of warehouse demand within the Central New Jersey market, industrial space in ancillary markets like Hunterdon County (not located along the Turnpike Corridor) will need to remain aggressively priced in order to be attractive to buyers.

Glossary of Terms

Retail Subcategories

- **Nonstore Retailer** – Establishment engaged in the direct sale (i.e., nonstore) of products, such as home heating oil dealers and newspaper delivery.
- **Free-Standing Building** – Stand-alone building, often tucked away in a neighborhood location or right off a busy highway.
- **Street Retail** – Retail space located in the commercial downtown area of a small town.
- **Retail Pad** – Vacant or underutilized land designated for retail use.
- **Vehicle Related** – Auto-oriented retail use.
- **Neighborhood Center** (30,000 to 150,000 sf) – Convenience shopping for consumers in the immediate three-mile trade area or neighborhood. Has at least one anchor tenant (often a supermarket or drugstore).
- **Community Center** (125,000 to 350,000 sf) – General merchandise or convenience-oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers.
- **Power Center** (250,000 to 600,000 sf) – Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants. Generally comprised of three or more Big Box style structures.
- **Regional Center** (400,000 to 800,000 sf) – General merchandise or fashion-oriented offerings. Typically enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.
- **Super-Regional Center** (800,000+ sf) – Similar in concept to regional malls, but offering more variety and assortment.
- **Value-Retail Center** – Centers or discount outlets with off-price focus.
- **Lifestyle/Specialty Center** – Indicates that the center is comprised of upscale national-chain specialty stores with dining and entertainment, usually in an outdoor setting.

Glossary of Terms (cont.)

Asking Rental Rate/Sale Price – As stated by the broker or property owner, the rate per square foot for a particular space being marketed for lease or for sale.

Triple Net Lease (Net-Net-Net or NNN) – A lease agreement on a property where the tenant or lessee agrees to pay all real estate taxes, building insurance, and maintenance (the three “Nets”) on the property in addition to any normal fees that are expected under the agreement (rent, utilities, etc.). In such a lease, the tenant or lessee is responsible for all costs associated with the repair and maintenance of any common area.

Gross leasable area (GLA) – The total floor area designed for tenant occupancy and exclusive use, including basements, mezzanines, and upper floors. It is measured from the center line of joint partitions and from outside wall faces. GLA is that area on which tenants pay rent; it is the area that produces income.

Net Absorption – The net change in occupied space in a given market between the current measurement period and the last measurement period. Net absorption can be either positive or negative and must include decreases as well as increases in inventory levels.

Methodology: Key Steps for Analyzing Real Estate Trends

4ward Planning utilized Reis, a nationally recognized supplier of office, retail, industrial, and multi-family trend data, to identify submarket real estate trends. Real estate data sources such as LoopNet and Zillow were used to identify location and character of currently available properties. Construction permitting data was obtained from the New Jersey Department of Community Affairs. 4ward Planning validated real estate trends with third party reports provided by real estate service providers and brokers active in New Jersey, including Cushman and Wakefield, PNC Financial Services Group, Cassidy Turley, and The Goldstein Group. 4ward Planning focused on the following real estate metrics to analyze real estate trends:

Properties/Land for Sale: The location and character of currently available properties is examined using proprietary data sources.

Development Pipeline: The location and character of proposed development is examined using proprietary data sources.

Change in Unit or Square-foot Inventory: Indicates, in broad terms, whether new real estate construction has been active in the area.

Year-over-Year Vacancy Rates: Combined with absorption as a percent of occupied stock, this metric signals whether new construction is being leased and occupied (signaling demand), or whether it remains vacant (signaling market weakness).

Absorption as a Percent of Occupied Stock: Absorption as a percent of occupied inventory reflects the net square footage which has either become occupied (positive absorption) or vacant (negative absorption) during the time period, expressed as a percentage of aggregate occupied unit inventory at the end of the time period.

Effective Monthly or Annual Rent: A rent measure which factors landlord concessions and other discounts given.

Methodology: Study Area

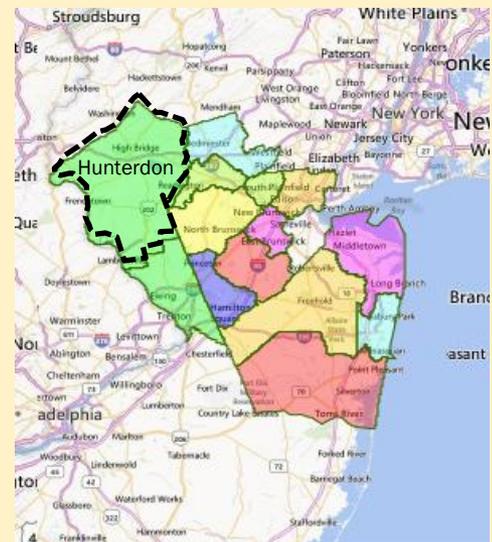
Located along the western edge of New Jersey and bordering Pennsylvania, Hunterdon County's real estate market is sometimes compared to the Central New Jersey metro area, depending on land use type and available market data. According to Reis, the Central New Jersey Residential Submarket includes Ocean County, while the Office Submarket does not.

Central New Jersey Metro ("Metro")

Residential Submarket

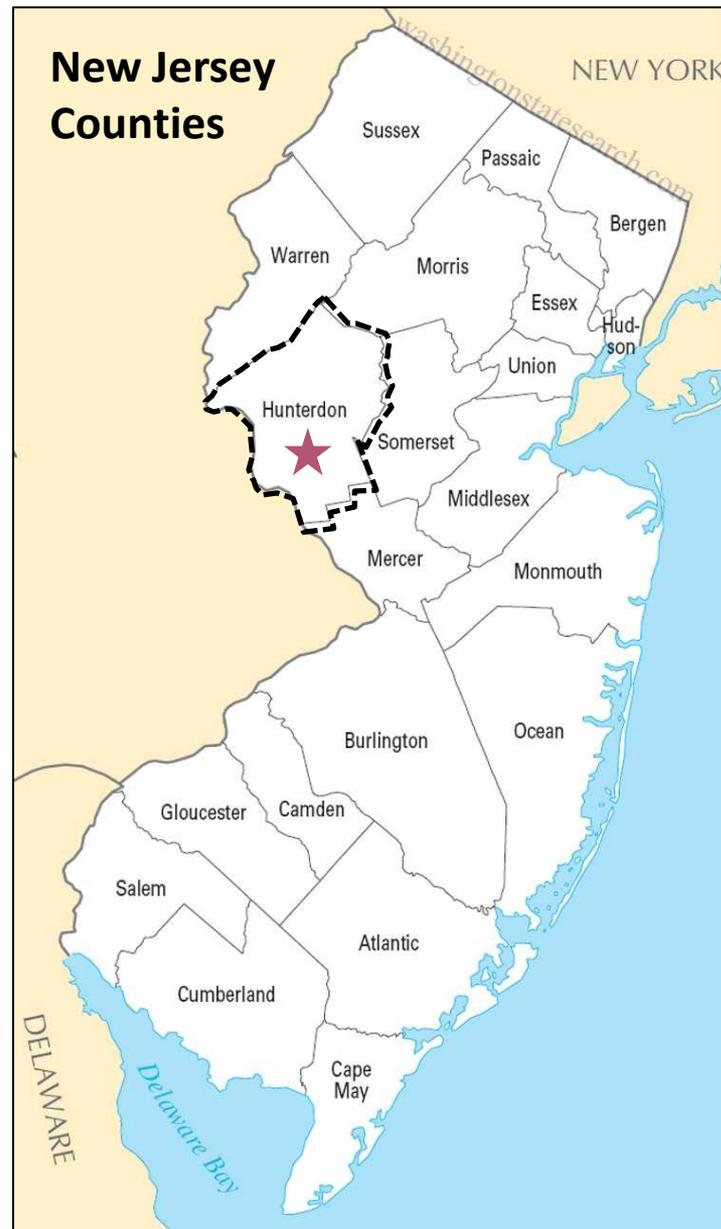


Office Submarket



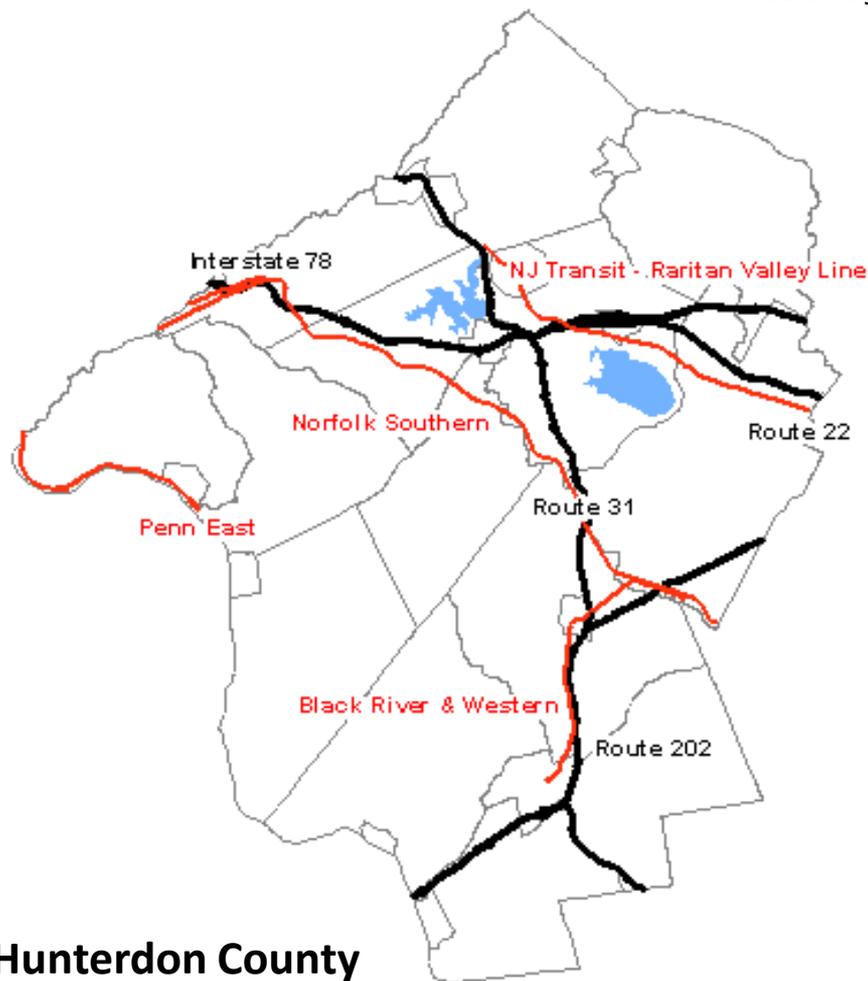
Source: Reis, Bing Maps

New Jersey Counties

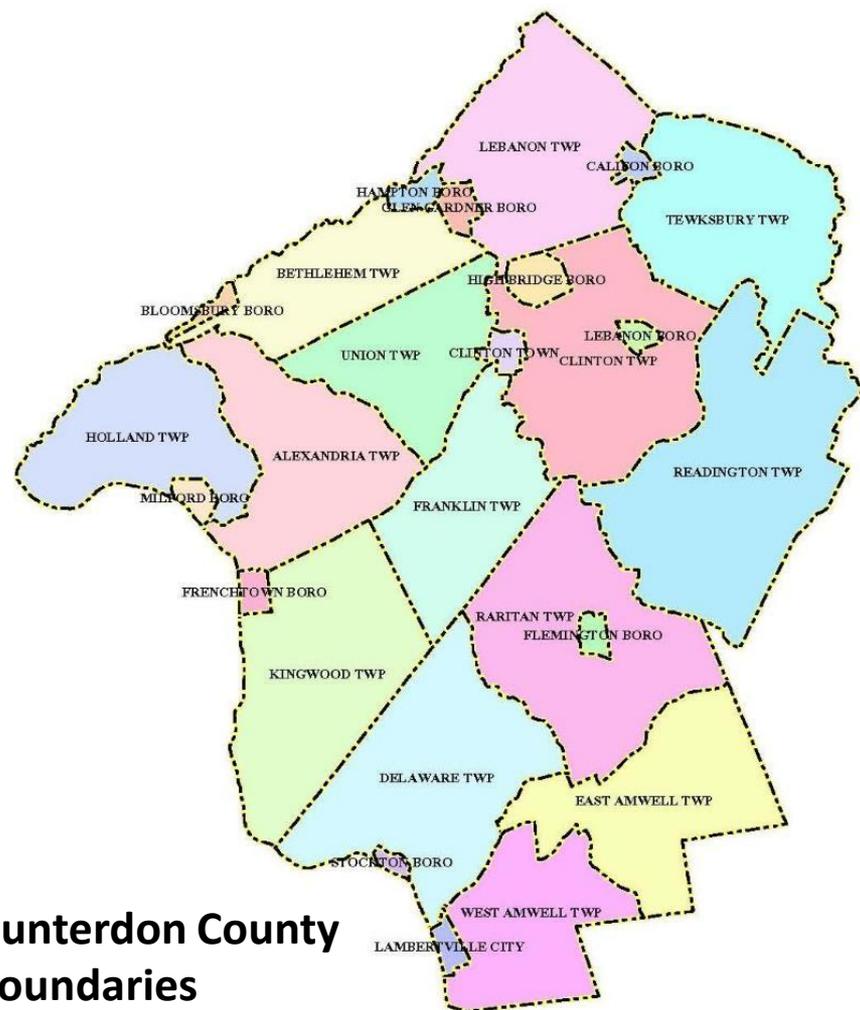


Methodology: Study Area

A large percentage of Hunterdon County's employed residents reside within Raritan, Readington or Clinton Townships. These three townships are located along and at the intersection of major roadways, including Interstate 78 and State Routes 22, 31 and 202.



**Hunterdon County
Major Roadways & Active Rail Lines**



**Hunterdon County
Boundaries**

Residential Trends Analysis

Key Findings: Residential

200 residential units per year

According to Census data prepared by the New Jersey Department of Labor and Workforce Development, approximately 200 residential units were authorized to be built within Hunterdon County in 2013, with the majority (55 percent) characteristic of single family homes. By 2014, the number of multifamily permits is expected to decrease by 0.3 percent, while the number of single family permits is expected to increase by 15.4 percent within the larger Central New Jersey metro area, according to PNC Financial Services Group.

Rebound for sale and rental markets

Overall, Hunterdon County's for sale and rental residential markets appear to be rebounding from the lows experienced after the bursting of the housing bubble during the Great Recession, which officially lasted from December 2007 to June 2009.

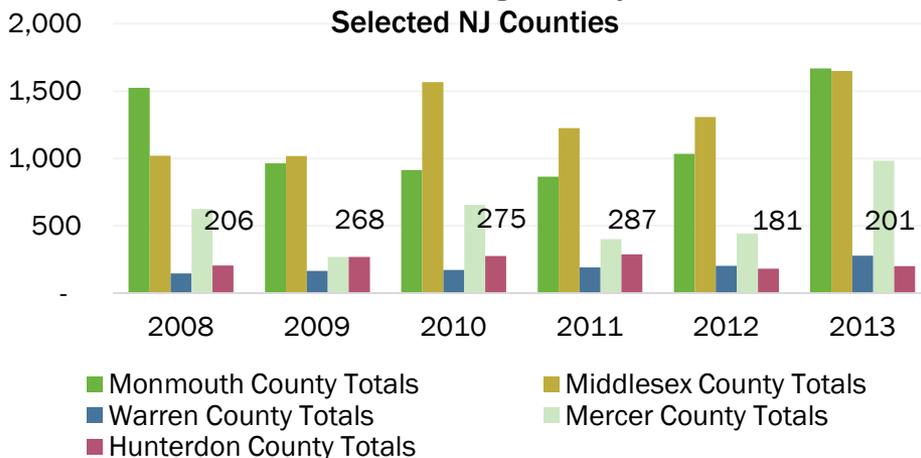
Apartment rents will continue increasing, indicating continued demand

Reis projects that both asked and effective rents within the Central New Jersey apartment market (located adjacent to Hunterdon County) will continue to grow, by 11.6 and 10.4 percent respectively, over the next four years—a continued sign of a strong apartment market and subsequent demand for new inventory.

Residential Pipeline

According to Census data prepared by the New Jersey Department of Labor and Workforce Development, in 2013, approximately 200 residential units were authorized to be built within Hunterdon County, with the majority (55 percent) characteristic of single family homes. The majority of authorized multifamily units (83 units) were authorized within Flemington Borough. From 2008 to 2013, an average of 236 residential units have been authorized to be built each year within Hunterdon County.

**Authorized Housing Units By Year:
Selected NJ Counties**



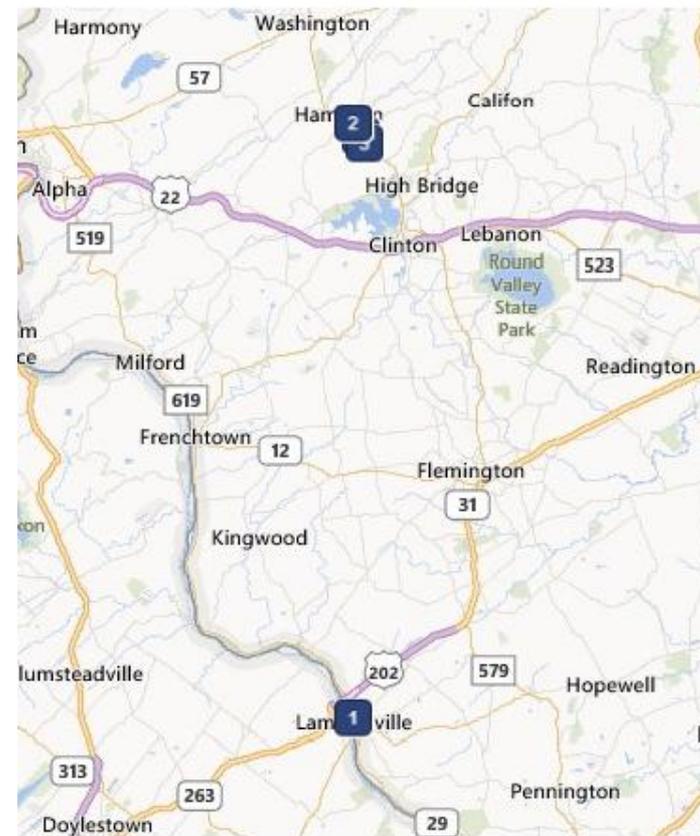
New Residential Privately-Owned Housing Units Authorized To Be Built: Hunterdon County, 2013

	Single Family	2-units	3-or-4 Units	5+ Units	Total Units	Percent
Flemington borough	8	-	-	83	91	45%
Raritan township	30	-	-	-	30	15%
Kingwood township	13	-	-	-	13	6%
Lebanon borough	6	-	-	5	11	5%
Readington township	11	-	-	-	11	5%
Delaware township	9	-	-	-	9	4%
East Amwell township	9	-	-	-	9	4%
Tewksbury township	5	-	-	-	5	2%
Alexandria township	4	-	-	-	4	2%
Lebanon township	4	-	-	-	4	2%
Clinton township	3	-	-	-	3	1%
West Amwell township	3	-	-	-	3	1%
Clinton town	-	2	-	-	2	1%
Franklin township	2	-	-	-	2	1%
Hampton borough	1	-	-	-	1	0%
Holland township	1	-	-	-	1	0%
Lambertville	1	-	-	-	1	0%
Union township	1	-	-	-	1	0%
Bethlehem township	-	-	-	-	-	0%
Bloomsbury borough	-	-	-	-	-	0%
Califon borough	-	-	-	-	-	0%
Frenchtown borough	-	-	-	-	-	0%
Glen Gardner borough	-	-	-	-	-	0%
High Bridge borough	-	-	-	-	-	0%
Milford borough	-	-	-	-	-	0%
Stockton borough	-	-	-	-	-	0%
County Total	111	2	-	88	201	100%
Percent of County	55%	1%	0%	44%	100%	

Source: U.S. Bureau of the Census, Manufacturing and Construction Division. Prepared by: New Jersey Department of Labor and Workforce Development, January 2014.

Apartments for Sale: Hunterdon County

As of March 2014, there were only four apartment properties for sale within Hunterdon County, according to data provided by Loopnet. The one garden/low-rise property was asking \$174,520 per unit, while asking prices for higher density multifamily properties ranged from approximately \$87,260 to \$174,500 per unit.



Multifamily Properties for Sale: Hunterdon County, March 2014

Map No.	Address	Town	Property Subtype	Building Size	Lot Size	Asking Price	Price Per
1	48 N. Main Street	Lambertville	Garden/Low-Rise	14,000 SF Bldg	0.40 AC	\$349,039	\$174,520/Unit
2	163 Main Street	Glen Gardner	Mid/High-Rise	3,600 SF Bldg	0.86 AC	\$349,024	\$129,500/Unit
3	24 Main Street	Glen Gardner	Duplex/Triplex/Fourplex	3,600 SF Bldg	25,000 SF	\$1,600,000	\$87,259/Unit
4	39 Main Street	Glen Gardner	Duplex/Triplex/Fourplex	NA	NA	\$259,000	\$174,512/Unit

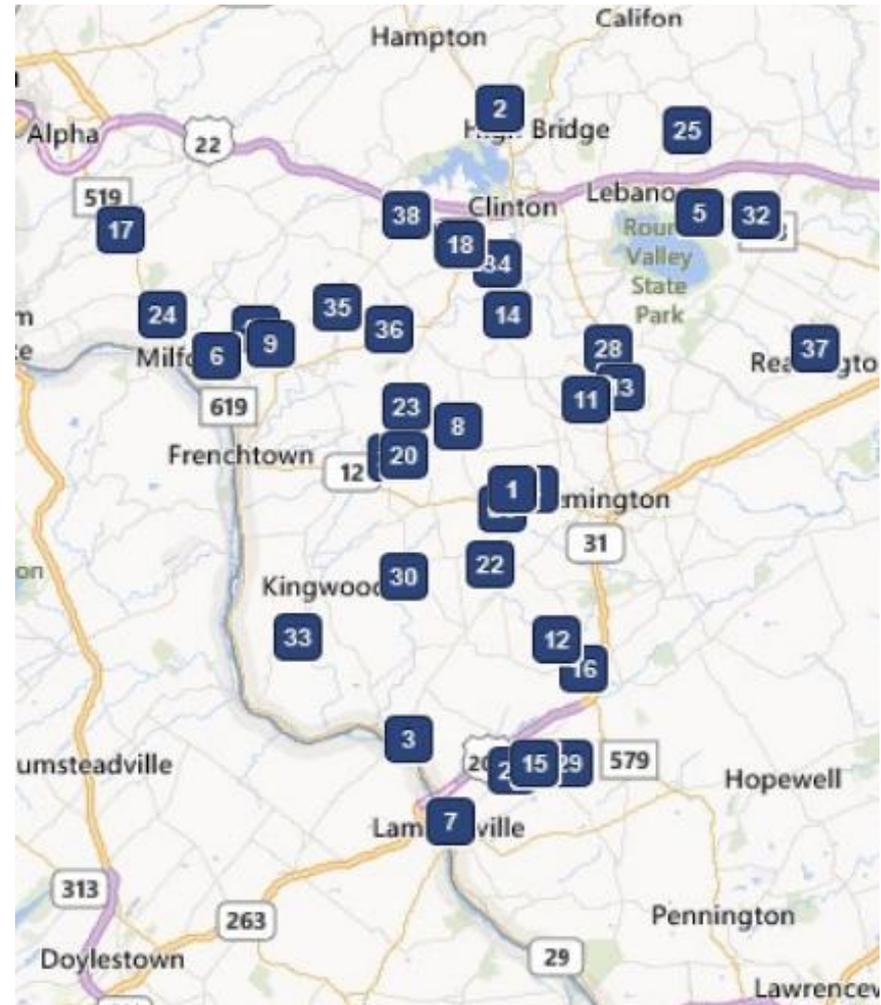
Source: Loopnet

Residential Land for Sale: Hunterdon County

According to data provided by Loopnet, as of March 2014, there were 774 acres of residential land for sale within Hunterdon County. These 39 properties had an average lot size of 20 acres and average asking price of \$89,749 per acre.

Residential Land for Sale: Hunterdon County, March 2014

Type	Properties	Total Acres	Average Lot Size (Acres)	Average Price per Acre
Residential	39	774	20	\$89,749



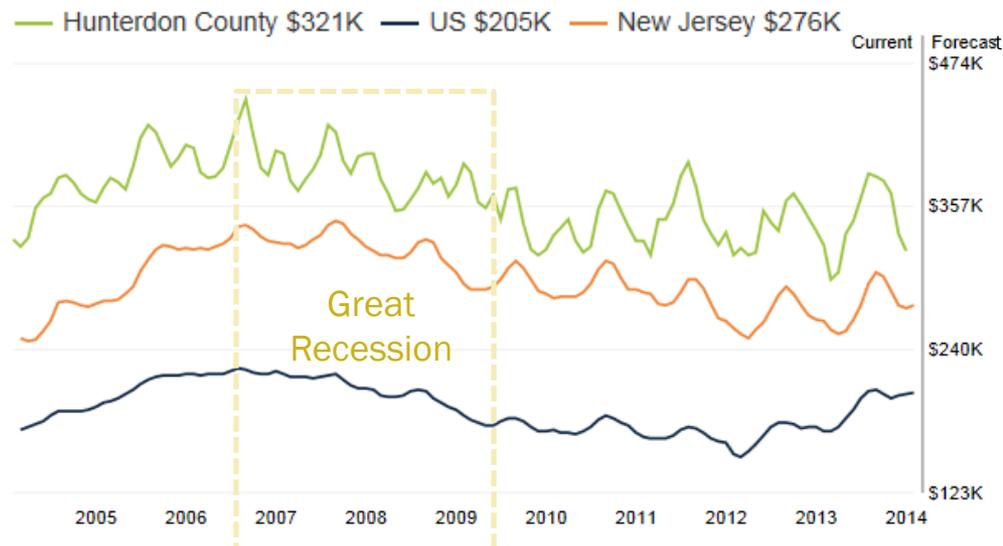
Source: Loopnet

Residential Sale Trends

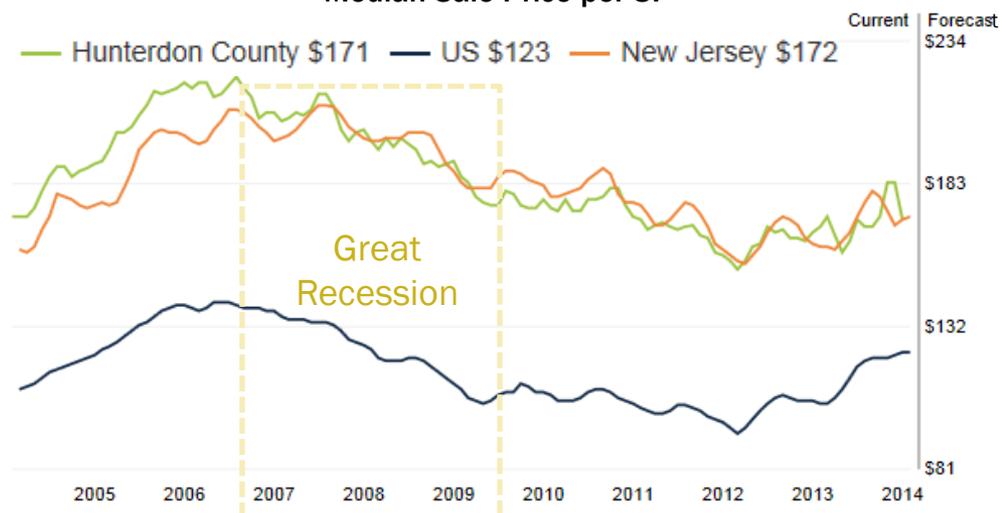
According to trend data provided by Zillow, while the median sale price in Hunterdon County has remained consistently higher than that in the state in recent years, the median sale price per square foot has been relatively comparable with the state, overall. For example, as of December 2013, while the median sale price for homes within Hunterdon County (\$321k) was higher than the state (\$205k), the median sale price per square foot within the County (\$171) was relatively comparable to the state (\$172).

Overall, Hunterdon County's for-sale residential housing market appears to be rebounding from the lows experienced after the bursting of the housing bubble during the Great Recession, which officially lasted from December 2007 to June 2009. The decline in the median sale price could be attributed to the increase in households that either could not qualify for a mortgage or preferred to rent, rather than own – a trend observed nationally after the recession.

Median Sale Price per Home



Median Sale Price per SF



Source: Zillow

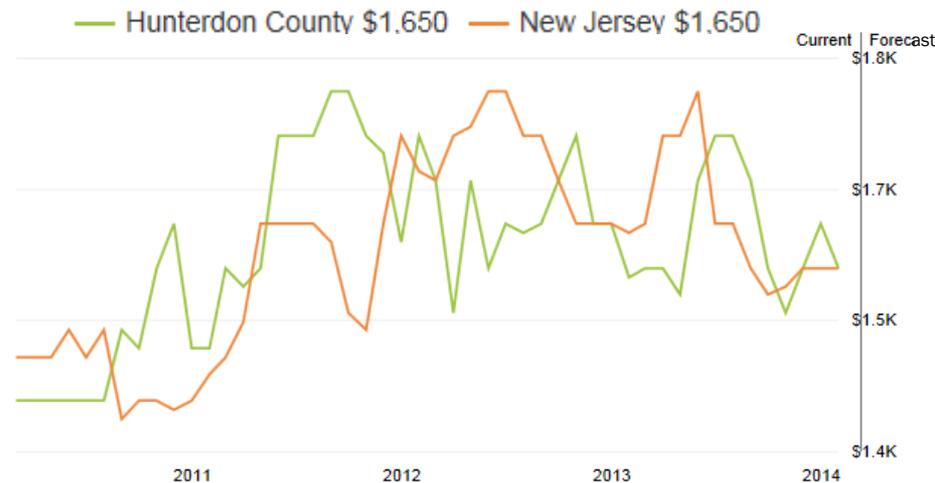
Residential Rental Trends

Similar to the residential for-sale market, the residential rental market within Hunterdon County has seen overall growth since 2011, according to median asking price trend data provided by Zillow. However, the median asking rent per square foot in Hunterdon County has remained consistently lower than the state overall—indicating a less strong, albeit strengthening, rental market. As of January 2014, the average asking rent per square foot within Hunterdon County was \$1.22, compared to \$1.46 within the state, overall.

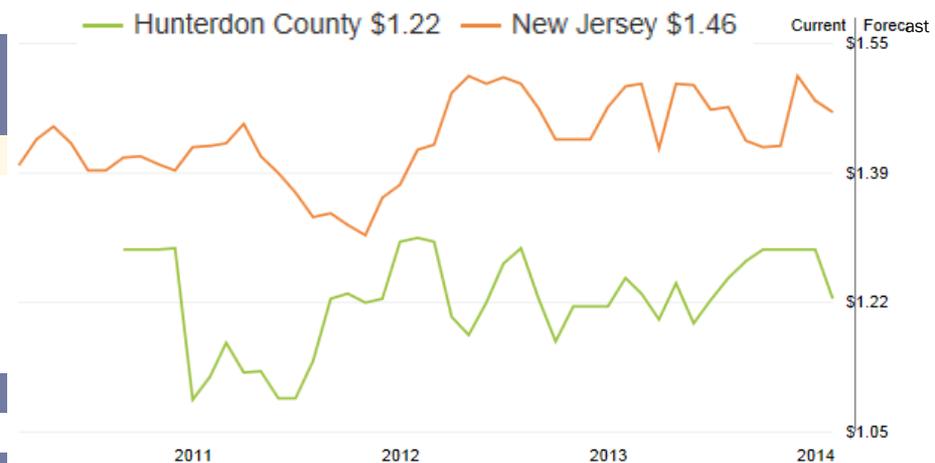
Residential Sale and Rental Price Trends

County	Sale per SF		Asking Rent per SF	
	Y-o-Y	Value	Y-o-Y	Value
Hunterdon County	3%	\$171	-2%	\$1.22
Mercer County	8%	\$160	-7%	\$1.22
Morris County	3%	\$206	0%	\$1.52
Ocean County	14%	\$141	-3%	\$1.13
Somerset County	8%	\$207	0%	\$1.42
Warren County	NA	\$124	-2%	\$1.04
State	Y-o-Y	Value	Y-o-Y	Value
New Jersey	7%	\$172	-2%	\$1.46
Period End	Dec 2013		Jan 2014	

Median Asking Rent per Unit

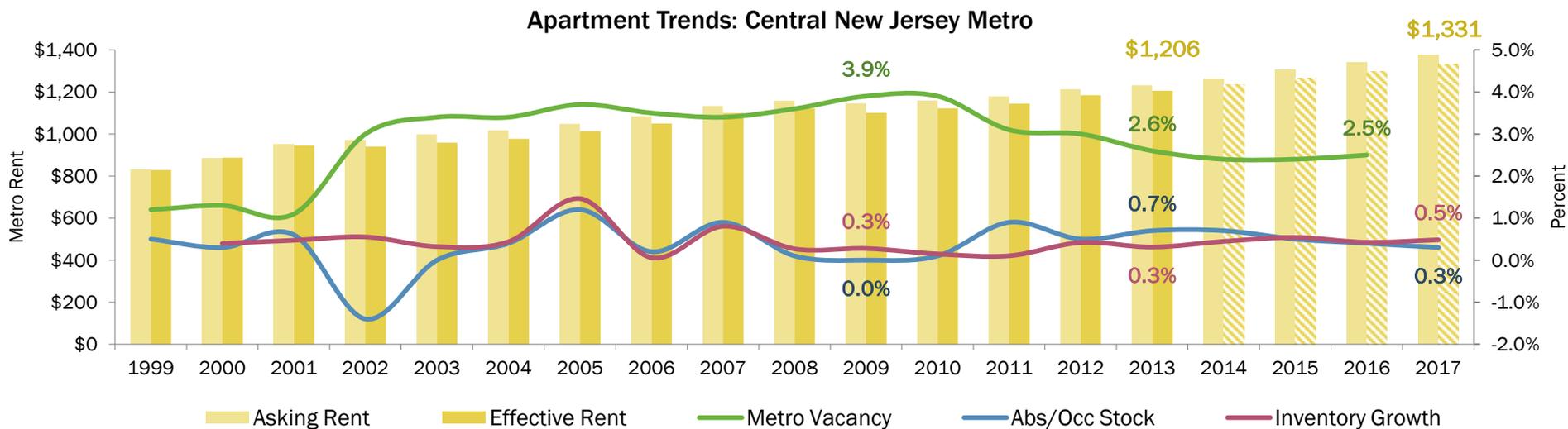


Median Asking Rent Price per SF



Multi-Family Trends & Projections: Central NJ

According to data provided by Reis, the apartment market within the Central New Jersey metro area (Reis does not provide separate apartment data for Hunterdon County) has tightened in recent years, as characterized by relatively flat inventory growth and a declining vacancy rate (from 3.9 percent in 2009 to 2.6 percent in 2013). Reis projects the apartment market within the metro area will remain tight, with a projected vacancy rate of 2.5 percent by 2016. As a result of little inventory growth and extremely low vacancy rates, Reis projects that both asked and effective rents will continue to grow, by 11.6 and 10.4 percent, respectively, over the next four years—a continued sign of a strong apartment market and subsequent demand for new inventory.



Source: Reis

Residential Outlook: Central NJ

According to a 3Q 2013 market outlook report published by PNC Financial Services Group, home prices within the Central New Jersey market area (the nearest metropolitan, located adjacent to Hunterdon County) are set to rise due to low mortgage rates and employment growth. However, they are expected to rise at a slower pace than the national average, due to a large inventory of available homes for sale.

From 2013 to 2014, PNC estimates that the number of multifamily permits will decrease by 0.3 percent, compared to single family permits, which are expected to increase by 15.4 percent.

Central New Jersey Metro ("Metro")



Note: colors represent Central NJ submarkets, as defined by Reis
Source: Reis, Bing Maps

Market Outlook Summary: Central New Jersey, 3Q 2013

	U.S.			Central NJ		
	2012	2013 (F)	2014 (F)	2012	2013 (F)	2014 (F)
Employment Growth, (% change)	1.7	1.6	1.5	1.9	2.0	1.4
Unemployment Rate, (%)	8.1	7.5	6.8	8.7	7.9	7.0
Personal Income Growth, (% change)	3.7	2.7	4.0	2.6	1.8	4.7
Median Household Income, (Thous. \$)	\$52.5	\$53.8	\$55.1	\$77.0	\$78.8	\$80.9
House Prices,** (% change)	2.8	9.5	3.6	-1.7	3.2	2.7
Single-Family Permits,* (% change)	23.5	20.4	5.7	11.5	33.3	15.4
Multifamily Permits,* (% change)	38.7	36.8	12.3	54.9	4.1	-0.3

*U.S. starts, F = PNC forecast, **Case-Shiller House Price Index

Source: PNC Financial Services Group, 2013.

Takeaway: Residential

Hunterdon County's single family residential market appears to be rebounding from the recent economic downturn, as reflected in rising median home sale and rental prices. With permitting still relatively low, excess supply is being absorbed and is setting the stage for a continued recovery. Although demand for housing will be supported by low mortgage rates and projected job growth, the large inventory of existing single family homes will work to subdue price increases over the next couple of years. Low mortgage rates, population growth (e.g. rising share of upper-income households, empty nesters, etc.) and employment growth (e.g. retail trade, healthcare and social assistance, and food and beverage industries, in particular) will contribute to a rebounding single-family ownership housing market in Hunterdon County, in the near term.

As a result of the downturn and relatively strong growth in non-family households (typically, these are small one- and two-person households which opt to rent, rather than own their homes), a growing share of adults are choosing to rent rather than own their homes and, as a consequence, driving rental vacancies lower and rents higher. Indeed, Reis predicts that the neighboring Central New Jersey apartment market will remain tight in the years ahead. Given the projected growth in lower wage industry employment (e.g. retail trade, healthcare and social assistance, and food and beverage industries, in particular), Hunterdon County has the potential to capture a large portion of the existing pent up and future demand for workforce rental housing – one- and two-bedroom units, in particular. Further, the health of the County's economy will greatly depend upon the affordability, quality and supply of workforce rental housing stock.

Office Trends Analysis

Key Findings: Office

1.25 million square feet

According to Reis, the Hunterdon Submarket had approximately 1.25 million square feet of office space as of third quarter 2013 and is expected to have an additional 93,000 square feet by 2017. Approximately 57,900 square feet of office space is already under construction or in some stage of permitting in Hunterdon County.

A decline in vacancy from 48 to 27 percent

In 2009, the vacancy rate for all office properties in the Hunterdon Submarket was just over 48 percent. By 2013, the office vacancy rate within the Submarket declined to 40 percent. By 2017, Reis projects that office vacancy rates within the Submarket (27.4 percent) will be just over eight points higher than average vacancy rates within the Metro area (19.0 percent)—indicating a strengthening office market within Hunterdon County.

\$24.44 per square foot by 2017

According to Reis, the median asking rent for office space in Hunterdon County in 2013 was just over \$22 per square foot. From 2013 to 2017, Reis projects that effective rents in the Submarket will increase at a rate of 13.1 percent, a rate slightly higher than the metro area (12.2 percent). By 2017, Reis also projects that office asking rents in Hunterdon County will increase to \$24.44 per square foot.

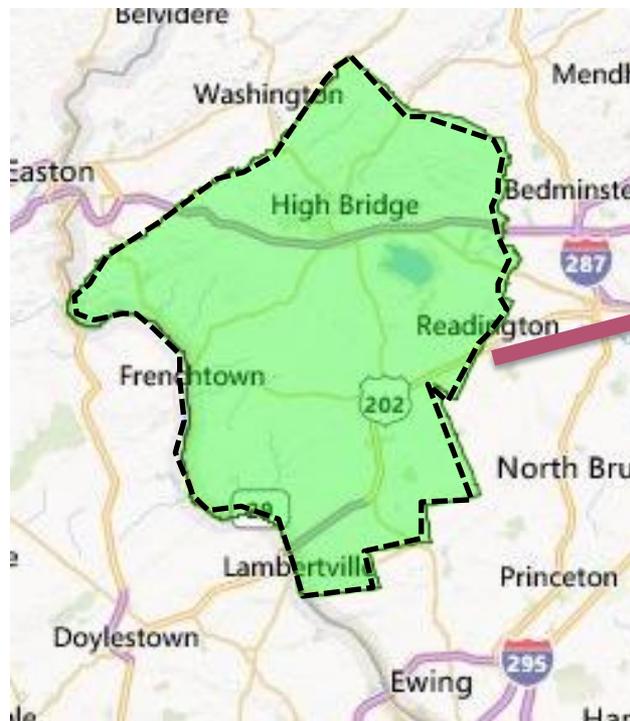
An absorption rate greater than the Metro

Both Hunterdon County and the Metro area will continue to absorb office space at an increasing rate through 2017, although the rate of absorption as a percentage of occupied office space is expected to be greater within Hunterdon County.

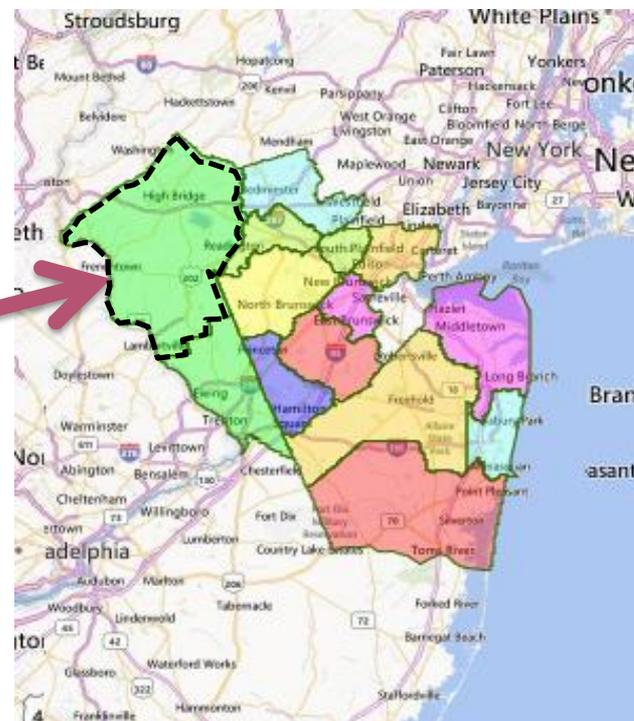
Office Submarket

For the purposes of this analysis, we compared the Hunterdon Office Submarket to the nearest metropolitan area (Central New Jersey), the larger region (Northeast), and the nation. The Central New Jersey Metro Market (hereinafter “Metro”), shown below, consists of six submarkets including the Hunterdon Submarket. The Hunterdon Submarket (hereinafter “Submarket”) is the subject of this analysis and is identified by Reis according to its county boundaries.

Hunterdon County Submarket (“Submarket”)



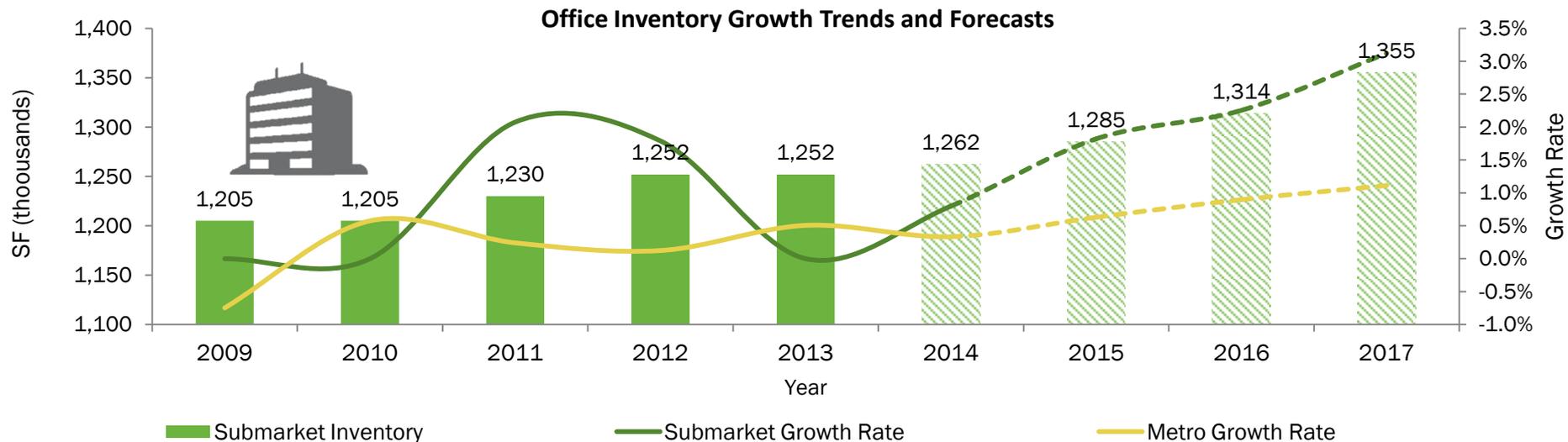
Central New Jersey Metro (“Metro”)



Source: Reis, Bing Maps

Office Inventory

As of third quarter 2013, the Hunterdon County Office Submarket had approximately 1.25 million square feet of office space (comprising less than 2 percent of the Central New Jersey Metro Office Market inventory). Over the last two years, while inventory growth within the Metro Office Market remained relatively flat, the Hunterdon Office Submarket grew by approximately two percent per year. Although the Submarket did not experience any growth in the past year, Reis predicts that inventory within the Office Submarket will expand by a modest 1.6 per year over the next four years, relative to the 0.7 percent inventory expansion projected for the larger Metro Office Market over the same timeframe. Approximately 103,000 square feet of office space (approximately 8.2 percent of the current total inventory) is expected to be delivered within the Submarket through the end of 2017, according to Reis.



Source: REIS

Office Pipeline

According to data provided by the New Jersey Department of Community Affairs, between January and August 2013, there was approximately 57,900 square feet of office space authorized to be built within Hunterdon County. Over 82 percent of this proposed square footage represents newly built office buildings, with the remainder representing additions to existing office buildings.

Over 71 percent of the proposed office space is to be located within Raritan Township, and 14 percent is to be located within Lebanon Borough.



Authorized Office Space : Hunterdon County, January-August 2013

Municipality	New Construction (SF)	Additions (SF)	Total (SF)
Alexandria Township	-	-	-
Bethlehem Township	-	-	-
Bloomsbury Borough	-	-	-
Califon Borough	-	-	-
Clinton Town	-	-	-
Clinton Township	1,708	-	1,708
Delaware Township	-	-	-
East Amwell Township	-	-	-
Flemington Borough	4,860	-	4,860
Franklin Township	-	-	-
Frenchtown Borough	-	-	-
Glen Gardner Borough	-	-	-
Hampton Borough	-	-	-
High Bridge Borough	-	-	-
Holland Township	-	-	-
Kingwood Township	-	-	-
Lambertville City	-	-	-
Lebanon Borough	-	8,219	8,219
Lebanon Township	-	-	-
Milford Borough	-	-	-
Raritan Township	41,180	-	41,180
Readington Township	-	1,845	1,845
Stockton Borough	-	-	-
Tewksbury Township	-	-	-
Union Township	-	48	48
West Amwell Township	-	-	-
Grand Total	47,748	10,112	57,860

Source: New Jersey Department of Community Affairs, January-August 2013.

Office Supply Availability: Characteristics

According to October 2013 data provided by Loopnet.com, there was approximately 429,900 square feet of office space for lease (34.3 percent of total inventory) and 10,067 square feet for sale (0.8 percent of total inventory) within Hunterdon County. Asking rents for office space range from \$12.32 per square foot to \$32.33 per square foot, according to Reis. The tables below exhibit asking lease rates and for-sale prices for office buildings in Hunterdon County as of October 2013, according to data compiled by LoopNet.com. As summarized below, conventional office building space makes up the vast majority of space within the lists of properties for sale and lease.

Office Properties for Lease: Hunterdon County, October 2013

Property Type	Properties	Building SF	Average Price per SF
Creative/Loft	2	9,881	\$20.87
Medical Office	7	71,130	\$16.40
Office Building	64	338,786	\$14.26
Office-R&D	1	10,100	\$8.00
Total/Average	74	429,897	\$14.57

Office Properties for Sale: Hunterdon County, October 2013

Property Type	Properties	Building SF	Average Price	Price per SF
Medical Office	3	14,554	\$649,950	\$168
Office Building	25	7,418	\$584,429	\$146
Office-Business Park	2	53,815	\$995,000	\$72
Office Condo	8	5,447	\$219,000	\$510
Office-Warehouse	1	5,000	\$499,000	\$100
Total/Average	39	10,067	\$591,992	\$221

Office Land for Sale: Hunterdon County, October 2013

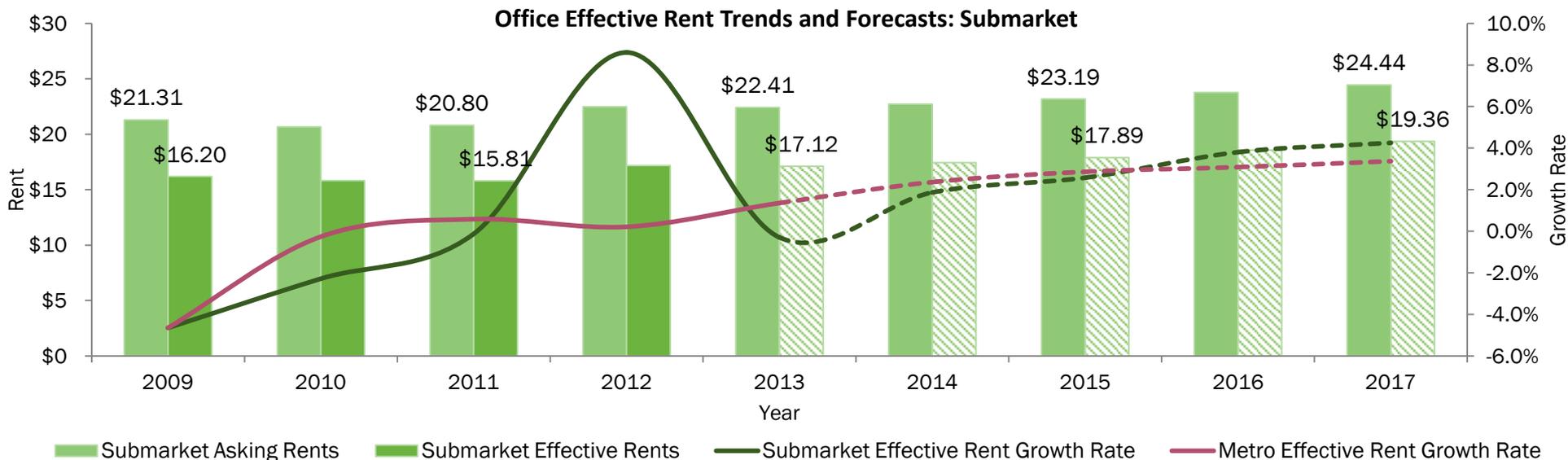
Property Type	Parcels	Total Acres	Average Asking Price	Price per Acre
Office	4	108	\$1,835,000	\$167,068



Source: Loopnet.com, October 2013.

Office Asking Rent

According to 2013 projection data provided by Reis, the median asking rent for office space in the Submarket is just over \$22 per square foot, although the effective annual rent (which includes incentives such as free rent and discounts) was just over \$17 per square foot. Although effective rents have remained relatively flat (rising less than two percent) within the metro market since 2009, effective rents within the Submarket have increased by more than five percent over the past four years. From 2013 to 2017, Reis projects that effective rents in the Hunterdon County Office Submarket will increase 13.1 percentage points (from an average of \$17.12 per square foot to \$19.36 per square foot) through 2017.

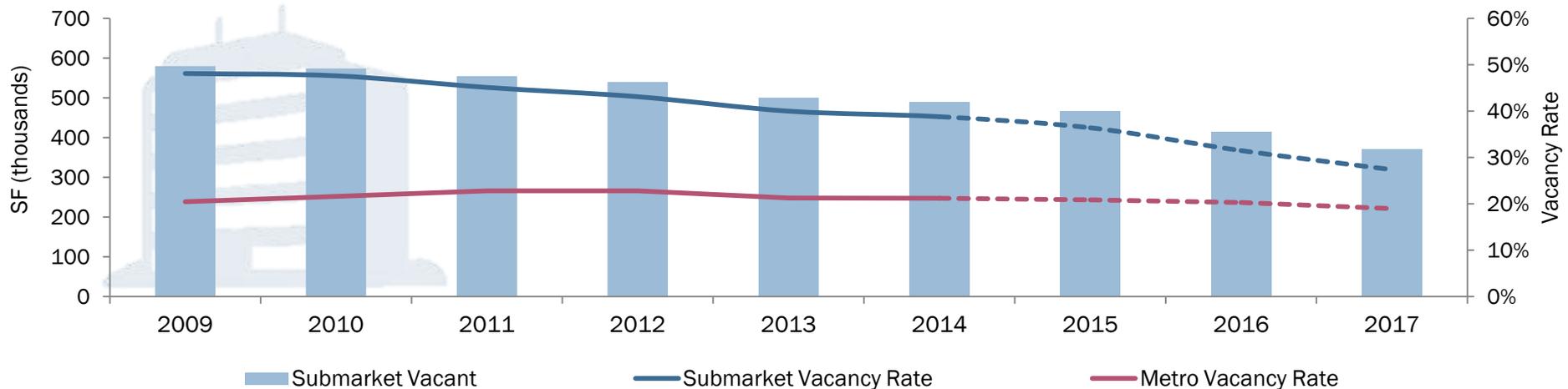


Source: REIS

Office Vacancy Rates

In 2009, the vacancy rate for all office properties in the Hunterdon County Office Submarket was just over 48 percent, according to Reis. By third quarter 2013, the office vacancy rate within Hunterdon County hovered around 40.5 percent. As demonstrated in the below chart, the office vacancy rate within Hunterdon County has consistently remained far above the metro area office vacancy rate for several years. While projections from Reis suggest a narrowing of the vacancy rate gap over the next four years, a projected 2017 vacancy rate of over 27 percent suggests that there will still be far too much office space in Hunterdon County than can be absorbed by the market. This finding, in particular, suggests municipal officials will need to contemplate land-use policies which permit adaptive reuse of office space.

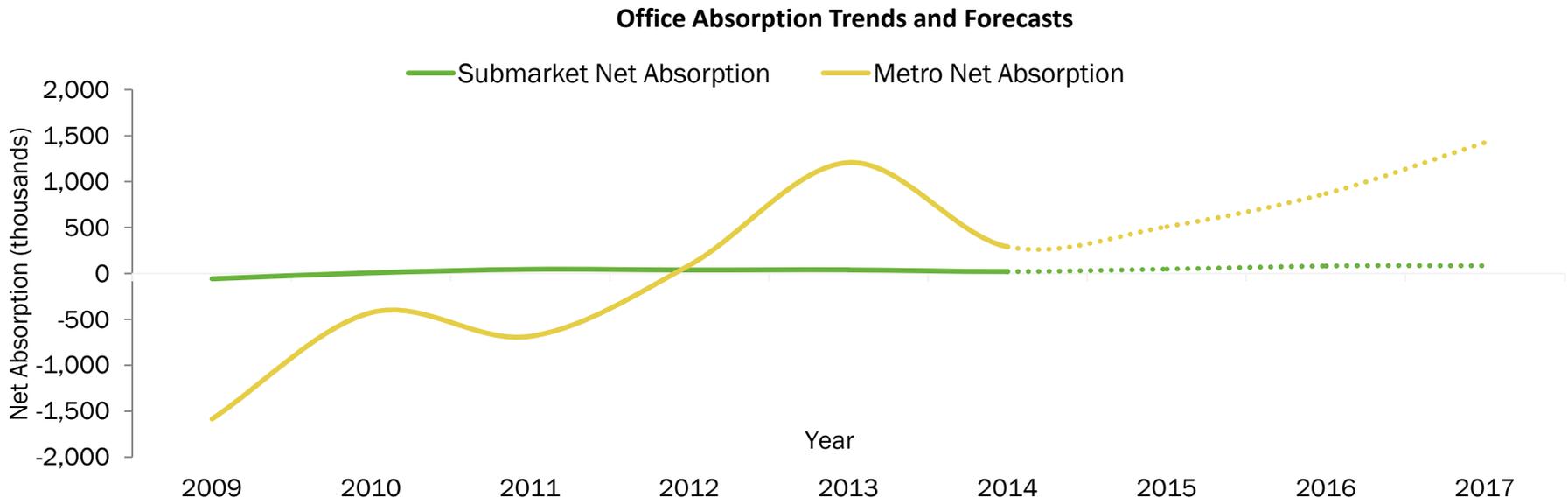
Office Vacancy Rate Trends and Forecasts



Source: REIS

Office Absorption

The lingering effects of the Great Recession can be seen in the Metro Office Market’s negative net absorption, exhibited below. Hunterdon County experienced a relatively modest net negative absorption during the 2009 to 2011 period, realizing a net occupancy decrease of 16,000 square feet. As the below chart illustrates, and based on Reis projections, net absorption within the Hunterdon County office market will remain relatively flat through 2017. Suburban office markets (such as Hunterdon’s) have increasingly fallen out of favor with corporations looking to downsize and attract millennial-aged workers, given that these workers want to work in walking distance to urban amenities and not a corporate campus.



Source: REIS

Takeaway: Office

The preceding data analysis, along with insights gained from industry representatives during focus group and one-on-one interviews (covered in another section of the report), provides strong indication that the over-supply of office space which exists in Hunterdon County is likely to remain for the long term.

While we note that medical office space enjoys reasonably strong demand, based on the expansion of ambulatory medical services tied to an aging population and a community healthcare strategy spawned by the Affordable Care Act (ACA), the vast majority of vacant office space in Hunterdon County is conventional corporate office space (glass and steel buildings, mostly built in the 1980s and 1990s).

The oversupply of office space suggests that there need be little if any new zoning in Hunterdon County to accommodate office space use, except in special cases (such as where a mixed-use development is being contemplated, adjacent to other commercial services).

New zoning should be considered for the repurposing of Class B and C office buildings (buildings which are considered physically or economically obsolescent, by office industry standards (e.g., lacking in modern finishes, building equipment or distant from service amenities)). A common adaptive reuse for obsolescent office buildings is multi-family rental apartments, which also may contain ground floor commercial services (restaurant, dry cleaner, day care, etc.).

County and municipal officials will need to recognize that vacant office buildings will not only cause a drag on property tax revenues as the value of these buildings plummet, absent a rental stream, but they are obvious signs of declining economic fortunes and give pause to private investment which might otherwise occur nearby.

Retail Trends Analysis

Key Findings: Retail

Less than 6 percent of the metro area's GLA

According to the Directory of Major Malls, Hunterdon County's 1.3 million square feet of gross leasable area (GLA) comprising 938 retail businesses represented less than 6 percent of the 22.6 million square feet of major shopping center space within the five-county Central New Jersey metro area. Hunterdon County's existing and prospective retail growth will continue to concentrate along major roadways and intersections (e.g. Flemington Borough, and Raritan and Clinton townships) in order to best compete with regional retailers.

7.1 percent increase in asking rents in metro area

In November 2013, asking rents for retail space in the metro area was \$30 per square foot—representing a 7.1 percent year-over-year increase. For the same period, average rents in the state were \$18 per square foot, a 1.6 percent decrease from the previous year.

Lower retail rents and vacancies than adjacent counties

Although retail rents are increasing in the metro area, average rents and vacancies in Hunterdon County remain lower than the metro area and adjacent counties, suggesting a relatively stable market, currently.

Shifting trends for retail development

While dollar and discount type stores had been the trend during the downturn, today's health focus has spurred the rapid growth of gyms, spas, and health food stores.

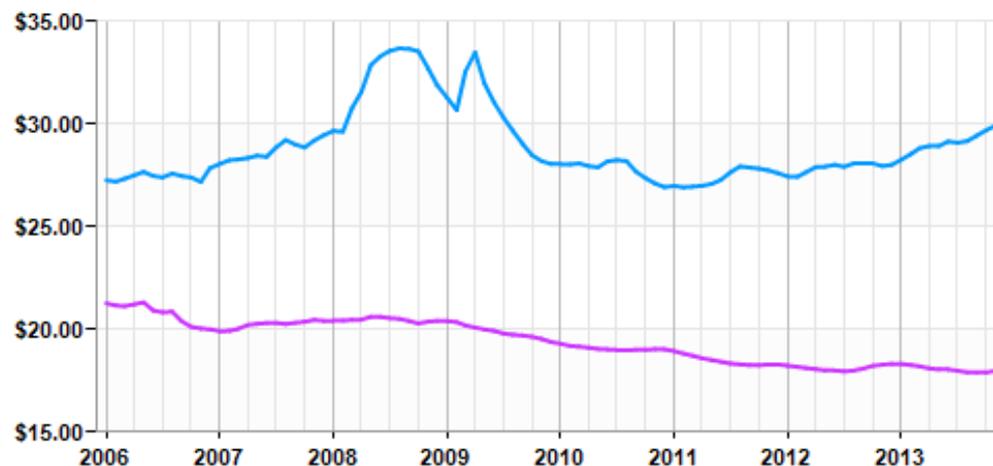
Retail Asking Rents Trends: Central NJ Metro

In general, the Central New Jersey metro retail rental market appears to be recovering from the downturn that hit retailers particularly hard in 2008 and 2009. As of November 2013, the metro area experienced a 7.1 percent year-over-year increase in asking rents, compared to a 1.6 percent decrease in statewide retail asking rents.

Average asking retail rents in the metro area have also been consistently higher than average asking rents statewide. In November 2013, the average asking rent for retail space in the metro area (\$30 per square foot) was \$12 more than the average asking rent within the state (\$18 per square foot).

However, it should be understood that newly built or renovated regional and lifestyle center retail space is skewing the relatively high metro area rents, masking many economically obsolescent smaller and, increasingly, lower rent properties.

Asking Rent Retail Trends: Nov 2013 (\$/SF/Year)



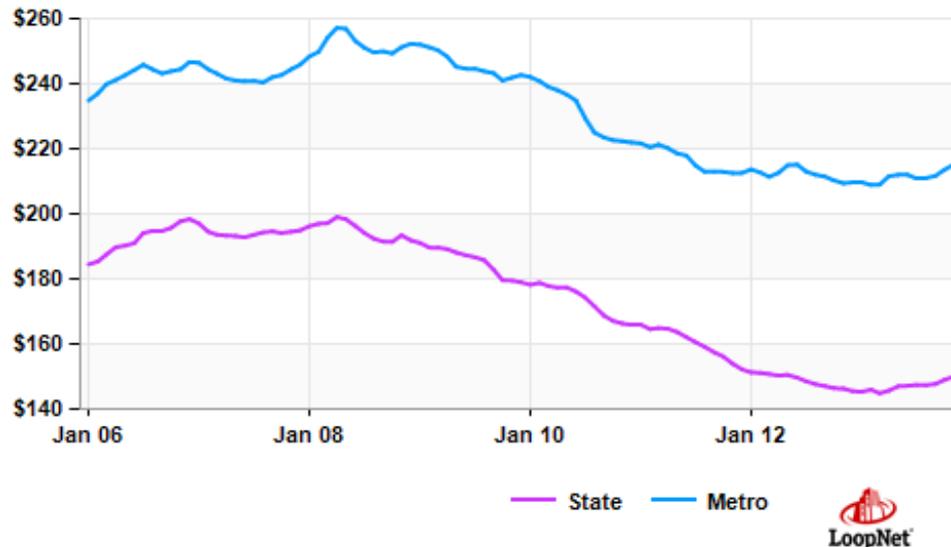
	Nov 13	vs. 3 mo. prior	Y-O-Y
State	\$18	+0.4%	-1.6%
Metro	\$30	+2.6%	+7.1%

Retail Asking Sale Trends: Central NJ Metro

Similar to asking rent data, average asking retail per square foot sale prices in the Central New Jersey metro area have been consistently higher than per square foot sale prices for the state, overall.

According to data provided by Loopnet, in the past year, the metro area’s retail sales market appears to be recovering at a similar rate as the state. In November 2013, the average asking sale price for retail space in the metro area was \$215 per square foot – representing a year-over-year increase of 2.7 percent. In comparison, the average asking sale price for retail space statewide was \$150 per square foot, representing a 2.5 percent year-over-year increase.

Asking Sale Price Retail Trends: Nov 2013 (\$/SF)



	Nov 13	vs. 3 mo. prior Y-O-Y	
State	\$150	+1.8%	+2.5%
Metro	\$215	+2.0%	+2.7%

Source: Loopnet.com

Retail Sales/Lease: Hunterdon County

According to data provided by Loopnet.com for October 2013, there were 957 acres of commercial land for sale. There was also 349,150 square feet of existing commercial space for sale with an average asking price ranging from \$45 per square foot for street anchor retail space to \$615 per square foot for strip center space.

There was also over 563,650 square feet of retail space for lease within Hunterdon County with average asking prices ranging from \$11.48 per square foot per year for restaurant retail space to \$23.34 per square foot per year for vehicle-related retail space.

Retail Land for Sale: Hunterdon County, October 2013

Property Type	Parcels	Total Acres	Average Price	Average Price per Acre
Retail	5	23	\$842,000	\$193,615
Commercial/Other	4	936	\$1,246,652	\$146,933

Retail Properties for Sale: Hunterdon County, October 2013

Property Subtype	# of Properties	Building Size (SF)	Average Asking Price (\$/SF)
Anchor	1	88,000	\$45
Free Standing Bldg	7	40,480	\$145
Neighborhood Center	1	54,600	\$46
Restaurant	5	28,656	\$165
Retail Pad	2	11,750	\$102
Retail (Other)	10	47,371	\$177
Service/Gas Station	1	3,500	NA
Specialty Center	1	20,000	\$275
Street Retail	5	15,875	\$160
Strip Center	3	26,370	\$615
Vehicle Related	2	12,548	\$102
Total/Average	38	349,150	\$181

Retail Properties for Lease: Hunterdon County, October 2013

Property Subtype	# of Properties	Available Space (SF)	Average Asking Rent (SF/Yr)
Community Center	3	33,732	\$15.43
Free Standing Bldg	7	23,840	\$13.15
Neighborhood Center	5	109,090	\$14.00
Restaurant	4	186,200	\$11.48
Retail Pad	1	8,000	\$12.50
Retail (Other)	14	124,902	\$15.05
Street Retail	3	7,500	\$21.62
Strip Center	11	56,089	\$14.75
Vehicle Related	2	14,300	\$23.34
Total/Average	50	563,653	\$14.97

Source: Loopnet.com

Retail Pipeline

Although no new retail development is currently under construction in Hunterdon County, between January and August 2013, there was approximately 55,600 square feet of new retail space authorized to be built within Hunterdon County, according to data provided by the New Jersey Department of Community Affairs.

All of the proposed new retail space is located within three geographies along major roadways. Specifically, nearly 70 percent of this proposed space is within Flemington Borough and Raritan Township, and approximately 30 percent is to be located within Clinton Township.



Authorized Retail Space : Hunterdon County, January-August 2013

Municipality	New Construction (SF)	Additions (SF)	Total (SF)
Alexandria Township	-	-	-
Bethlehem Township	-	-	-
Bloomsbury Borough	-	-	-
Califon Borough	-	-	-
Clinton Town	-	-	-
Clinton Township	16,662	-	16,662
Delaware Township	-	-	-
East Amwell Township	-	-	-
Flemington Borough	21,600	-	21,600
Franklin Township	-	-	-
Frenchtown Borough	-	-	-
Glen Gardner Borough	-	-	-
Hampton Borough	-	-	-
High Bridge Borough	-	-	-
Holland Township	-	-	-
Kingwood Township	-	-	-
Lambertville City	-	-	-
Lebanon Borough	-	-	-
Lebanon Township	-	-	-
Milford Borough	-	-	-
Raritan Township	17,325	-	17,325
Readington Township	-	-	-
Stockton Borough	-	-	-
Tewksbury Township	-	-	-
Union Township	-	-	-
West Amwell Township	-	-	-
Grand Total	55,587	-	55,587

Source: New Jersey Department of Community Affairs, January-August 2013.

Retail Inventory: Hunterdon County

According to a report provided by NAI James E. Hanson, a provider of commercial real estate services in New Jersey, in 2Q 2013, more than 2.8 million square feet of rentable building area (RBA) existed within Hunterdon County, with over 203,335 square feet of vacant space.

Although Hunterdon County had the second lowest average lease rate (\$17.76) than each adjacent county, Hunterdon had the lowest average retail vacancy rate (7.21 percent), suggesting the retail market is in or near balance (the supply of retail space is in line with market demand). However, relatively high vacancy rates (above 12 percent) do linger in various pockets around Hunterdon County and are cause for concern.



Retail Market Statistics, 2Q 2013

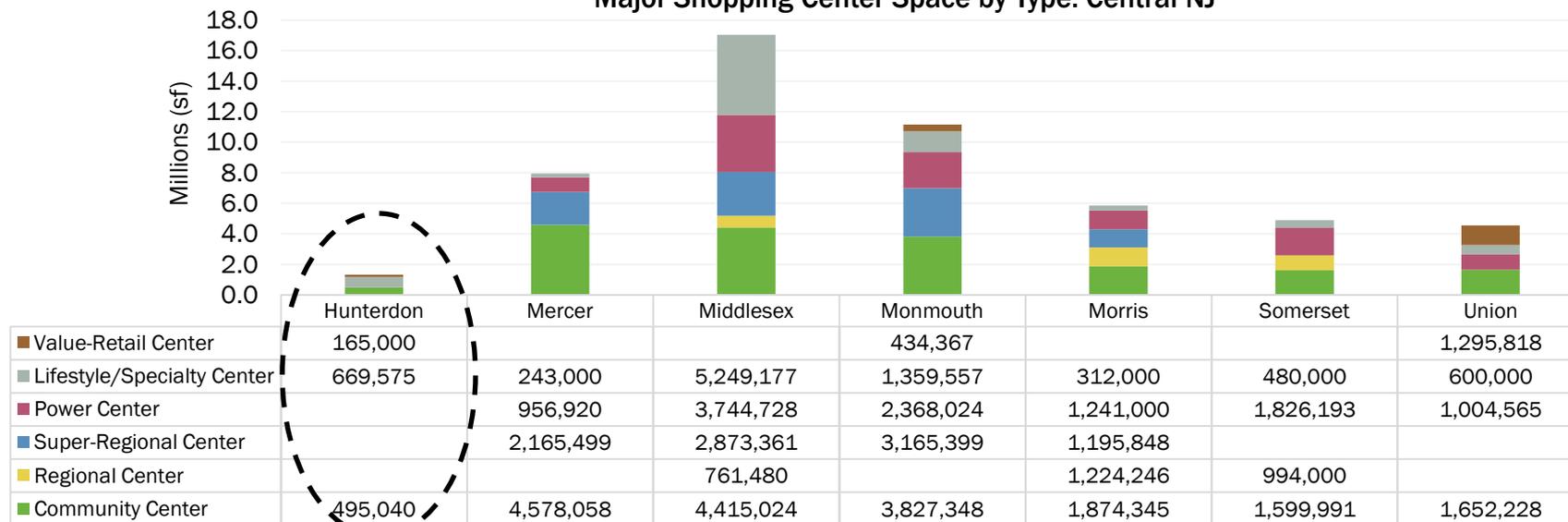
	# Bldgs	Total RBA	Total Vacant Available	Total Vacant Avail %	Total Net Absorption	Total SF Leased	# Under Const	RBA Under Const	Direct Average Rate
Morris County	252	10,506,938	781,862	7.44%	48,520	115,173	0	0	\$22.83
Somerset County	176	7,320,168	709,657	9.69%	(53,444)	55,454	1	153,000	\$18.56
Mercer County	159	7,330,381	940,922	12.84%	71,740	149,579	0	0	\$17.61
Hunterdon County	72	2,820,435	203,335	7.21%	18,326	5,200	0	0	\$17.76
Warren County	46	2,636,404	192,880	7.32%	7,485	25,114	0	0	\$13.63

Source: James E. Hanson, Market Report: Northern NJ, 2Q 2013.

Major Shopping Centers: Central NJ

According to data provided by the Directory of Major Malls, the Central New Jersey metro area (not including Ocean County) has over 52.7 million square feet gross leasable area (GLA) of major retail space. With over 1.3 million GLA, Hunterdon County represents only 2.5 percent of the total inventory of major retail space within the metro area. More than half of Hunterdon County’s major shopping center space is located within lifestyle/specialty centers (consisting of upscale, specialty stores, and a mix of uses); 37 percent is located within community shopping centers (smaller centers between 100,000 and 300,000 square feet) and 12 percent within value retail centers (consisting of outlet or discount stores). The retail outlets in Flemington continue to be the major draw for out of county retail shoppers.

Major Shopping Center Space by Type: Central NJ



Source: 1999-2013 Directory of Major Malls, Inc.

Major Shopping Centers: Hunterdon County

The majority of Hunterdon County’s major retail space is located in the Flemington Borough-Raritan Township area.



Major Shopping Centers within Hunterdon County

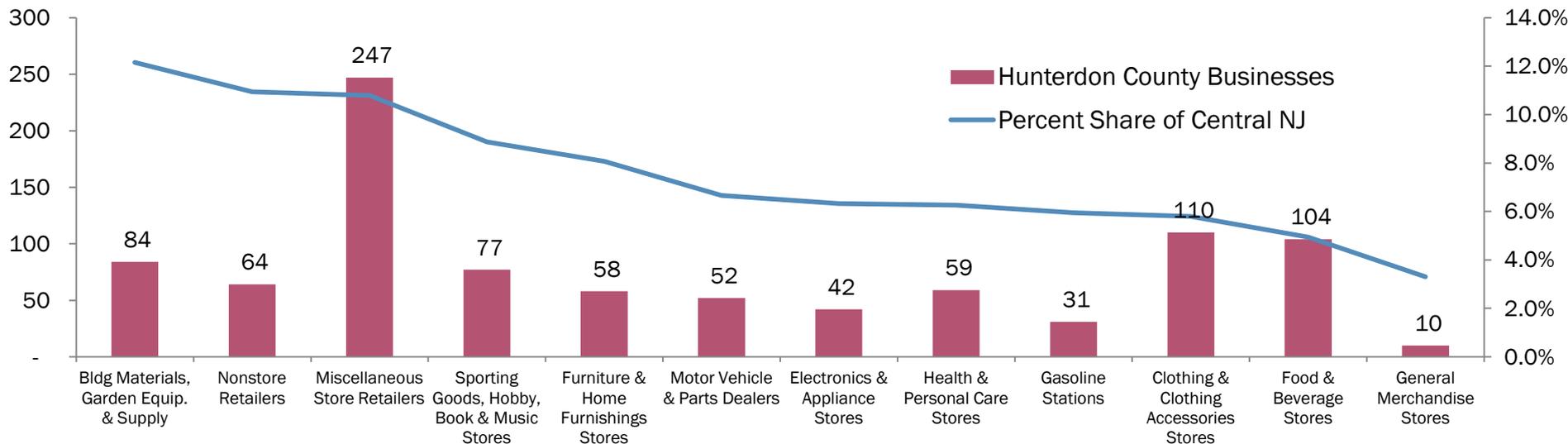
Center Name	City	Year Open/ Renovated	Center Classification	Anchor Stores (Selected)	GLA-sqft	Percent
The Shoppes at Flemington	Raritan Township	2008	Lifestyle/ Specialty Center	Home Goods	149,575	11%
Liberty Village Premium Outlets	Flemington	1981 /2002	Value-Retail Center	Eagle, Ann Taylor, Calvin Klein, Coach	165,000	12%
Flemington Marketplace (Mall)	Flemington	1975/2002	Community Center	Burlington Coat Factory, Kohl's, Michaels	227,000	17%
Wal-Mart Plaza	Clinton	1971/2004	Community Center	ShopRite, T.J. Maxx, Walmart	268,040	20%
Raritan Town Square	Flemington	2008	Lifestyle/ Specialty Center	Lowe's, Walmart	520,000	39%
TOTAL					1,329,615	100%

Source: 1999-2013 Directory of Major Malls, Inc.

Retail Business Mix: Hunterdon County

According to Esri forecast data for 2012, Hunterdon County was home to 938 retail businesses, representing just 7.6 percent of the total number of retail businesses within the five county Central New Jersey metro area. Miscellaneous Store Retailers (e.g. office supply, gift and souvenir stores, boutique retail stores, etc.) represented the largest number of retail businesses (247) within Hunterdon County while Building Material and Garden Equipment and Supplies Dealers (e.g. hardware stores; lawn and garden centers) represented the largest percent share (12.2 percent) of metro area businesses.

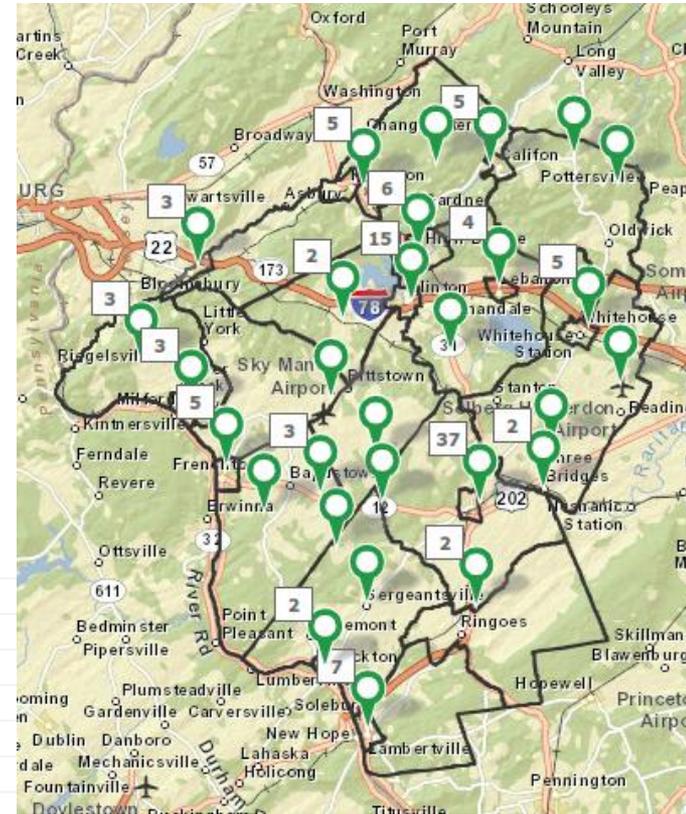
Hunterdon County Retail Business Mix



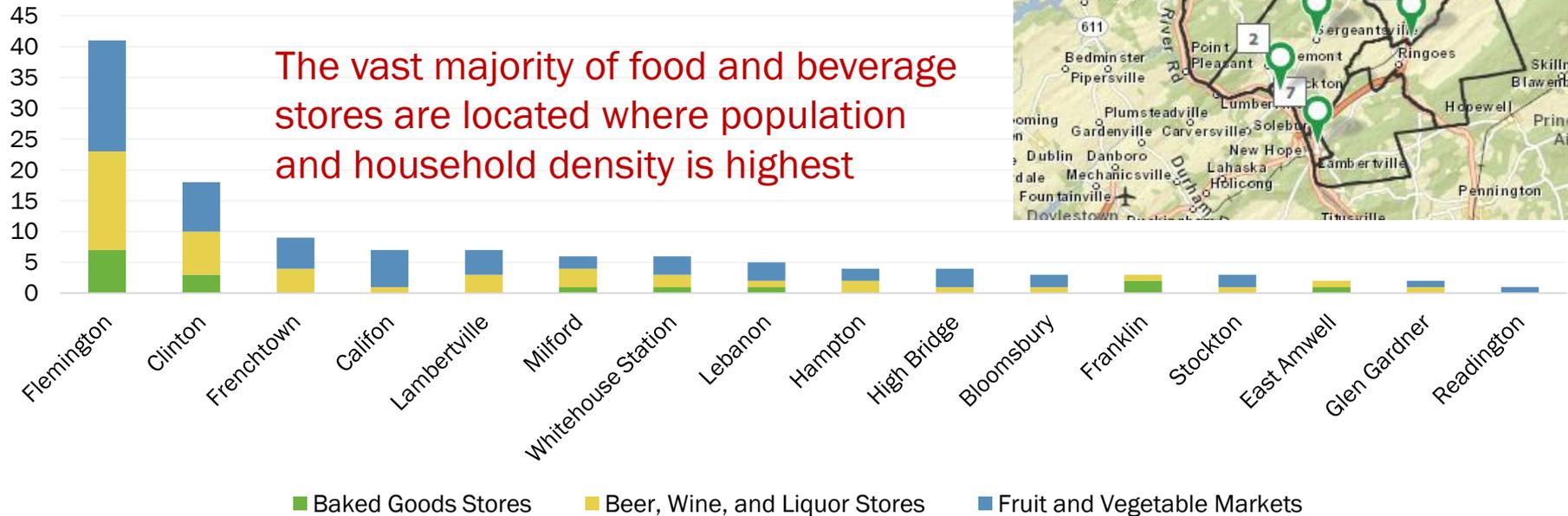
Source: Esri forecast for 2012

Food and Beverage Stores

According to Esri, Hunterdon County food and beverage stores were concentrated in population and employment centers, like Flemington Borough (34 percent) and Clinton Township (15 percent). Fruit and vegetable markets composed 50 percent of all food and beverage stores—while beer, wine, and liquor stores composed 37 percent and baked good stores composed 13 percent.



Hunterdon County Food and Beverage Stores



The vast majority of food and beverage stores are located where population and household density is highest

Source: Esri forecast for 2012

Takeaway: Retail Trends

New Jersey's attractiveness as a retail market has made it more resilient than most major markets in the nation. However, according to The Goldstein Group, a commercial real estate brokerage firm, the Northern and Central New Jersey retail real estate market is still a "tenants' market" with opportunistic retailers leasing at attractive rental rates and strategic locations along roadways and population clusters (e.g. Flemington Borough, and Raritan and Clinton townships) by taking advantage of weak retail market conditions. As the national and regional brick-and-mortar market segment continues to struggle (due both to the lingering effects of the Great Recession, significant demographic shifts and the continued prominence of on-line shopping) more retail centers in Hunterdon County will be challenged.

As the brick-and-mortar landscape will likely continue to evolve with more national chain store closings, Hunterdon County municipalities should begin thinking about how their current retail zoning should evolve as well. For example, there are a number of strip and community shopping center properties will become more economically viable as mixed-use development properties (e.g., housing and office, in addition to retail space). However, it is likely that many local commercial zoning ordinances prohibit such mixed-use development opportunities, as they were developed in a time when land use separation was convention. In order to avoid the large scale blighting influences that empty or half-empty retail centers can become for communities, local planning officials will want to rethink current land use policies with an eye towards mixed-use opportunities.

Commencing an inventory of vacant or underutilized retail centers is highly recommended for all municipal planning departments, in order to be ahead of the curve.

Industry Trends Analysis

Key Findings: Industry

6.2 million square feet

In 2Q 2013, there was just under 6.2 million total square feet of industrial space within Hunterdon County. Although no new industrial space was under construction between January and August 2013, there was approximately 7,650 square feet of industrial space authorized to be built within Lebanon Borough.

28.5 percent vacancy

Compared to adjacent counties, Hunterdon County had the highest vacancy rate (28.5 percent) and lowest average triple net lease rate (\$3.56). According to October 2013 data provided by Loopnet, over half of the available building space for lease was located within Flemington Borough, 22 percent of available land for sale was located within Milford Borough, and over a quarter of available building space for sale was located within Lambertville City.

Sale and lease rates varied widely by type

In October 2013, the average asking sale price for industrial properties within Hunterdon County ranged widely, from \$17 per square foot for manufacturing space to \$188 per square foot for industrial condo space. Over 83 percent of the available industrial building space available for lease was located within warehouse property space. Warehouse space had the highest average asking lease price at \$12.40 per square foot.

An increase of 4.6 percent

From November 2012 to 2013, asking rents for industrial space in Flemington Borough (\$8.94 per square foot) increased by 4.6 percent (compared to a 3.0 percent increase within the state). The average asking sale price for industrial space within Lambertville (\$110 per square foot) increased by only 1.2 percent for the same period (compared to 5.4 percent within the state).

Industrial Inventory and Pipeline: Hunterdon County

According to a report provided by NAI James E. Hanson, a provider of commercial real estate services in New Jersey, in 2Q 2013, there was just under 6.2 million total square feet of industrial space within Hunterdon County—with over 1.7 million square feet of vacant space. Compared to the immediately adjacent New Jersey counties, Hunterdon County had the highest vacancy rate (28.5 percent) and lowest average triple net lease rate (\$3.56) (when the tenant or lessee agrees to pay all real estate taxes, building insurance, and maintenance on the property)—suggesting that there is less demand for industrial space within Hunterdon County than within the surrounding area and within New Jersey overall.



Industrial Market Statistics, 2Q 2013

	Total SF	Total Vacant Available SF	Total Vacant Available %	Total net Absorption	Leasing Activity	SF Under Construction	Total Average Rate (NNN)
Morris County	39,155,321	3,587,641	9.2%	790,552	5,092,463	31,000	\$5.54
Mercer County	29,267,324	3,791,824	13.0%	67,358	763,630	0	\$3.67
Somerset County	27,311,688	1,559,731	5.7%	235,544	279,486	0	\$4.52
Hunterdon County	6,196,365	1,767,038	28.5%	72,815	22,000	0	\$3.56
Warren County	6,122,373	981,022	16.0%	(51,843)	14,400	0	\$3.93
NJ Overall	626,325,798	49,567,346	7.9%	650,996	12,315,343	2,109,808	\$5.15

Source: NAI James E. Hanson, Market Report: Northern NJ, 2Q 2013.

Industrial Inventory and Pipeline: Hunterdon County

According to October 2013 data provided by Loopnet, there was approximately 2,643 acres of industrial land for sale and 334,179 square feet of industrial building space for sale within Hunterdon County. Approximately 22 percent of the available industrial building space was located within Milford Borough (although much of this property is associated with the former paper mill and is currently the subject of a redevelopment effort) and over a quarter of the available building space was located within Lambertville City. Additionally, there was over 2 million square feet of industrial space for lease, with over half of this space located within Flemington Borough.

Industrial Inventory and Pipeline: Hunterdon County

Municipality	Land for Sale (Acres)	Buildings For Sale (SF)	Building for Lease (SF)	Authorized (Jan-Aug 2013)
Alexandria Township	175	-	-	-
Bethlehem Township	-	30,000	-	-
Bloomsbury Borough	160	52,500	41,250	-
Califon Borough	-	-	-	-
Clinton Township	97	5,000	775,800	-
Delaware Township	-	-	-	-
East Amwell Township	9	4,800	5,200	-
Flemington Borough	204	63,222	1,012,920	-
Franklin Township	62	-	-	-
Frenchtown Borough	410	-	111,350	-
Glen Gardner Borough	8	-	2,850	-
Hampton Borough	60	67,477	2,400	-
High Bridge Borough	-	-	-	-
Holland Township	-	-	-	-
Kingwood Township	83	-	-	-
Lambertville City	151	86,780	9,114	-
Lebanon Borough	28	-	-	7,652
Lebanon Township	94	-	-	-
Milford Borough	571	-	-	-
Raritan Township	40	-	-	-
Readington Township	46	-	26,800	-
Stockton Borough	40	-	-	-
Tewksbury Township	26	-	-	-
Union Township	351	-	-	-
West Amwell Township	19	-	-	-
Whitehouse Station	10	24,400	17,200	-
Grand Total	2,643	334,179	2,004,884	7,652

Source: Loopnet, NJ Department of Community Affairs, January-August 2013

Industrial Inventory: Hunterdon County

On average, the asking price for the 683 acres of industrial land for sale was \$115,269 per acre. The average asking sale price for industrial properties ranged from \$17 per square foot for manufacturing space to \$188 per square foot for industrial condo space. Over 83 percent of the available industrial building space for lease was located within warehouse/flex type property space. Average asking prices ranged from \$4.75 to \$12.40 per square foot.



Industrial Land for Sale: Hunterdon County, October 2013

Property Type	Parcels	Total Acres	Average Price	Price per Acre
Industrial	8	683	\$1,053,980	\$115,269

Industrial Properties for Sale: Hunterdon County, October 2013

Property Type*	Properties	Building SF	Average Price	Price per SF
Flex Space	12	163,567	\$919,360	\$118
Industrial-Business Park	5	76,130	\$2,498,000	\$158
Industrial Condo	4	2,682	\$1,193,725	\$188
Manufacturing	2	60,000	\$499,000	\$17
Truck	1	9,600	\$649,000	\$68
Warehouse	4	22,200	\$898,750	\$171
Total/Average	28	334,179	\$1,197,829	\$134

Industrial Properties for Lease: Hunterdon County, October 2013

Property Subtype	Properties	Available Space (SQFT)	Average Price (SF/Yr)
Distribution Warehouse	1	9,938	\$9.46
Flex Space	13	282,127	\$9.92
Warehouse	10	1,664,219	\$12.40
Manufacturing	2	48,600	\$4.75
Total/Average	26	2,004,884	\$12.28

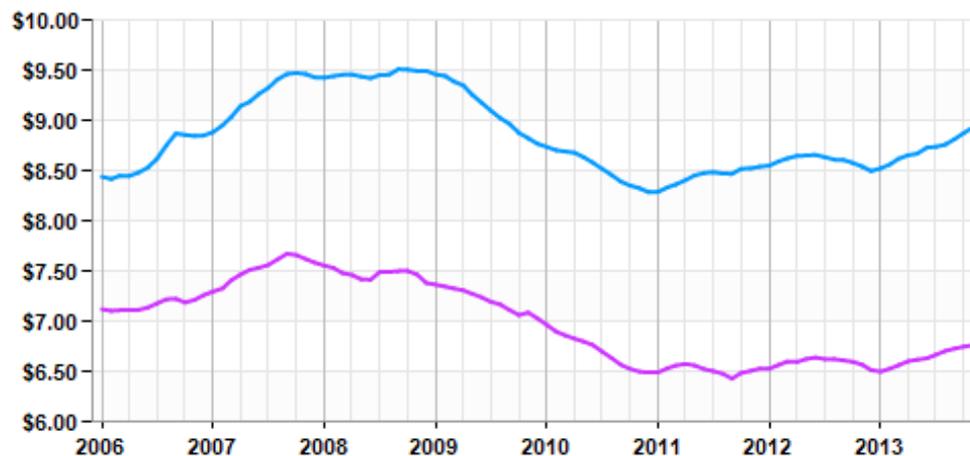
Source: Loopnet.com

Industrial Trends: Flemington and Lambertville

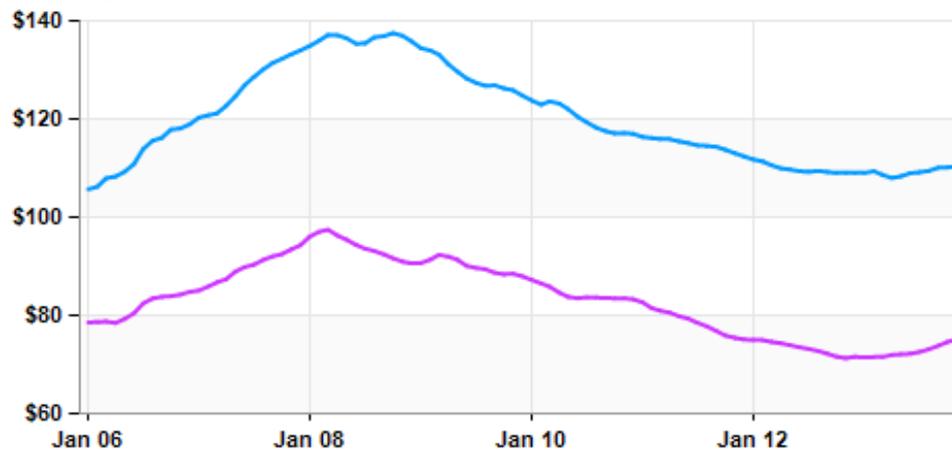
Although average triple net lease rates are lower in Hunterdon County than within the state, industrial sale and lease prices in targeted areas within Hunterdon County have been consistently performing better than the state overall, according to data provided by Loopnet.

- In November 2013, asking rents for industrial space in Flemington Borough was \$8.94 per square foot—representing a 4.6 percent year-over-year increase. For the same period, average rents for the state were \$6.77 per square foot, a 3.0 percent increase from the previous year.
- Asking sale prices for industrial space in the City of Lambertville was \$110 per square foot—representing a 1.2 percent year-over-year increase. For the same period, average rents within the state were \$75 per square foot—a 5.4 percent year-over-year increase.

Asking Rent Industrial Trends Flemington, NJ (\$/SF/Year)



Asking Sale Price Industrial Trends: Lambertville, NJ (\$/SF)



Source: Loopnet.com

State Metro



Takeaway: Industrial

Located adjacent to the Northern and Central New Jersey markets, over 83 percent of the available industrial building space for lease in Hunterdon County is characteristic of warehouse, with average asking prices of \$12.40 per square foot per year (the highest of the industrial property subtypes). While E-Commerce is expected to be a major driver of warehouse demand as well as new development for distribution facilities within the Central New Jersey market, buildings in ancillary markets like Hunterdon County (not located along the Turnpike Corridor) will need to remain aggressively priced in order to be attractive to buyers – that is, to compensate for the fact that the north-south arterial options within the County are inferior to those offered by the New Jersey Turnpike.

However, as there will continue to be a number of small warehouse and flex space users (e.g., small, light assembly companies and remote distribution operations) in Hunterdon County needing access to markets in western New Jersey and the Delaware River Water Gap area of Pennsylvania, Hunterdon County municipalities will want to ensure that a sufficient amount of existing light industrial space remains in place and viable – e.g., that roadway infrastructure and adequate power are maintained and/or upgraded. Further, and just as importantly, local zoning should not permit encroachment of residential uses (irrespective of the zoning densities considered) near industrial uses, as this typically results in long-term land use battles and a resultant loss in a commercial/industrial ratable.

Finally, while Hunterdon County is not likely to see a significant uptick in manufacturing activity over the next five to ten years, there are a number of viable small advanced manufacturing operations which will likely grow. Ensuring that these high value job creators remain in Hunterdon County will require local zoning which is accommodative of this industry's needs (including a permitting process which is certain).



Regional Infrastructure Capacity and Resources



Regional Infrastructure Capacity and Resources

Transportation

Introduction

Hunterdon County, along with the New Jersey Department of Transportation and local municipalities, provides and maintains various transportation facilities for its residents, employers, and interstate travel, including freight movement. This transportation infrastructure evaluation and overview provides a quick snapshot of these facilities and the transportation initiatives within Hunterdon County:

- Roadway Inventory
- Crash Analysis
- Congestion Management
- Bridge / Structure Review
- Passenger Rail Facilities
- Freight Movement
- Transportation Facility Improvements
- Comprehensive / Strategic Plan Review

Methodology

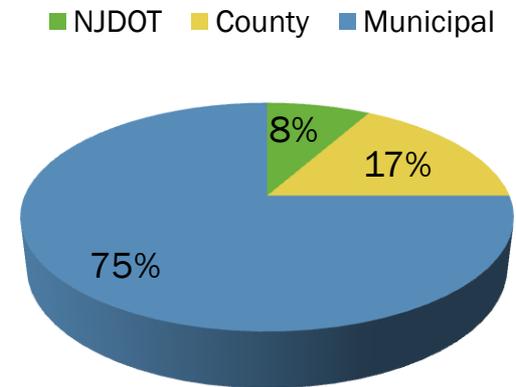
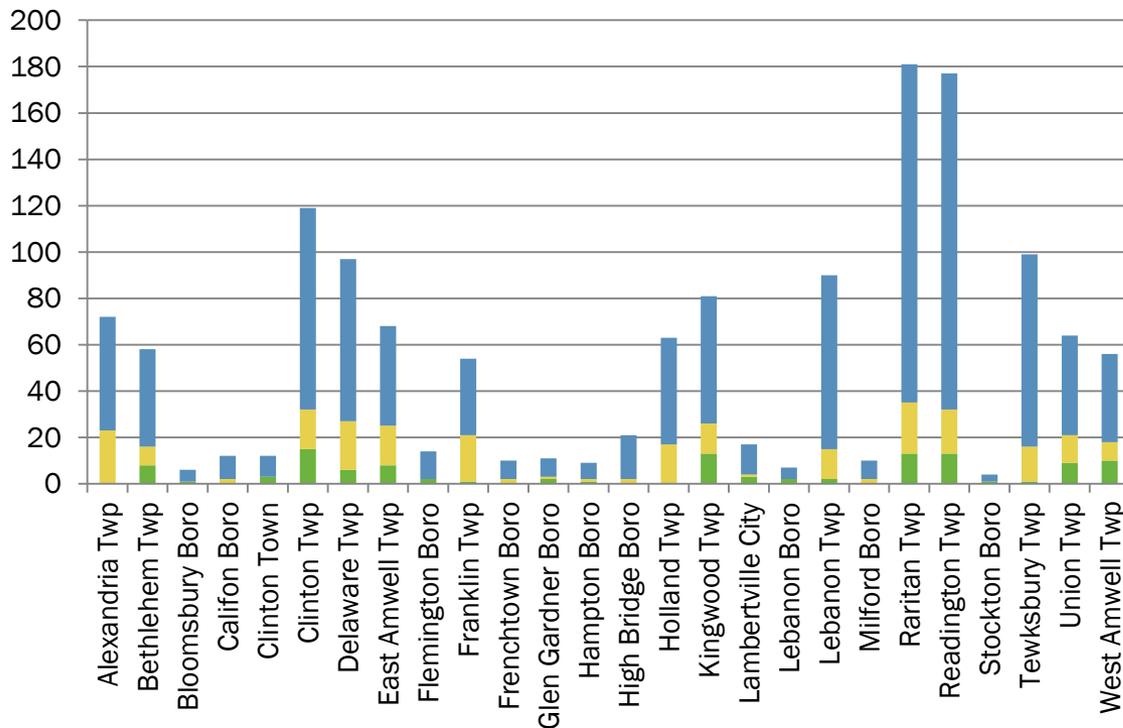
The following planning documents were researched for information pertaining to transportation facilities and initiatives within Hunterdon County. Although not an all-inclusive list of reviewed materials, these were the primary documents used in creating the transportation component of this document.

- *Hunterdon County Transportation Plan, 2008*
- *Coordinated County Human Services Transportation Plan, Hunterdon County, 2007*
- *New Jersey Long Range Transportation Plan (Transportation Choices 2030), NJDOT and NJ Transit, 2008*
- *Draft Statewide Transportation Improvement Program (STIP) 2014-2023*
- *Transportation Improvement Program 2014-2017*
- *I-78 Corridor Transit Study, 2008*
- *Route 31 Land Use and Transportation Plan, 2009*
- *Route 202 Corridor Assessment and Multi-Modal Mobility Plan, 2009*
- *Delaware River Scenic Byway Corridor Management Plan, 2006*
- *Together 202 (Draft) 2013*
- *Highlands Regional Master Plan, 2008* and various Municipal Comprehensive Plans
- *Rail Freight Capacity and Needs Assessment to the Year 2040, NJTPA, 2013*
- *Hunterdon County Freight Profile*
- Transportation Safety Resource Center – Rutgers Center for Advanced Infrastructure and Transportation (website) – Crash Data and statistics
- Various information from FHWA, NJDOT, and NJTPA websites
- Excerpts from the *North Jersey Sustainable Communities Consortium*

Roadway Inventory

Hunterdon County has over 1,400 miles of roadway serving local, regional and interstate vehicular travel. The proper maintenance of these roadways impacts the ability of commuters to get to and from work, as well as allow for the efficient movement of goods and freight. There are three types of jurisdictional roadways within the County, including Municipal, County, and New Jersey Department of Transportation (NJDOT). The breakdown of mileage by jurisdiction for each municipality in Hunterdon County is shown below. Note that while I-78 is part of the interstate system, it is under NJDOT jurisdiction throughout Hunterdon County.

Hunterdon County Roadway Jurisdiction



Roadway Functional Classifications

There are several functional classifications of roadways located in both rural and urban areas throughout Hunterdon County. Below are descriptions of the various functional classes of roadway and the length (in miles) of each facility within the County.

Interstate (20 miles) - All presently designated routes of the Interstate System

Principal Arterial (51 miles) - Principal arterial highways form an inter-connected network of continuous routes serving corridor movements having the highest traffic volumes and the longest trip lengths. In rural areas, travel patterns should be indicative of substantial statewide travel. In urban areas, principal arterials should carry a high proportion of total urban area travel on a minimum of mileage.

Minor Arterial (104 miles) - Minor arterial highways interconnect with and augment the principal highway system. In urban areas, minor arterial highways usually serve trips of moderate length at a somewhat lower level of travel mobility. Access to abutting property should be minimized to facilitate traffic flow and safety. In rural areas, minor arterial highways will usually serve trip lengths and travel densities greater than those served by collector roads. Rural minor arterials should provide relatively high overall travel speeds, with minimum interference to through movements.

Major Collector (155 miles) - Serve important intra-county traffic corridors and provide service to major county traffic generators. Travel speeds and volumes are less than on arterial roadways, but are still high relative to local roads. These roads provide both land access and traffic circulation. In urban areas, these roads connect neighborhoods or other districts with the arterial system.

Roadway Functional Classifications (cont.)

Minor Collector (73 miles) - Serve smaller places and towns and connect locally important traffic generators.

Local Road (1,024 miles) - The local street and road system constitutes all roads not included in the higher classifications. These streets and roads provide direct access to abutting land and permit access to the roads of higher classification. They offer the lowest level of mobility. Service to through traffic movement usually is deliberately discouraged, especially in urban areas.

AADT Volumes

The state-owned and maintained or NJDOT jurisdictional roadways in Hunterdon County are designed to carry traffic between the different regions of New Jersey and interstate travel. The NJDOT roadways and their respective Annual Average Daily Traffic (AADT) volumes through Hunterdon County are shown in the table below.

Hunterdon County roadways are designed to carry traffic between different municipalities as well as to the adjoining counties. There are approximately 43 county routes of varying lengths and usage covering approximately 240 miles. The various routes are comprised of seven Minor Arterials, 21 Major Collectors, ten Minor Collectors, and five Local Roads.

Road	AADT (Vehicles)*	Data year
Interstate 78	82,733 - 111,007	2010-2012
US Route 22	20,272 - 31,030	2010-2012
US Route 202	13,713 - 34,904	2010-2012
State Route 31	20,089 - 34,120	2010-2012
State Route 12	6,025 - 16,927	2010-2012
State Route 29	1,982 - 9,351	2010-2012

*Source: NJDOT Roadway Information and Traffic Monitoring System Program

Crash Analysis

Crash data for Hunterdon County was obtained from the Transportation Safety Resource Center – Rutgers Center for Advanced Infrastructure and Transportation. The crash data from 2007 to 2012 was compiled and the severity and type are summarized in the following tables. As shown in the table below, there were a total of 24,638 crashes over the six-year period with an average of 4,106 crashes per year. During this time period, there were also a total of 49 fatal crashes, averaging approximately eight fatal crashes per year. **Note:** Data includes crashes on all roadways within Hunterdon County, including DOT, County, and local roads.

Year	Crash Severity				Accident Cost (\$ Millions)**
	Property Damage Other	Injury	Fatal	Total	
2007	3,522	812	8	4,342	\$78.3
2008	3,394	774	12	4,180	\$92.4
2009	3,529	804	8	4,341	\$77.9
2010	3,159	703	7	3,869	\$68.4
2011	3,137	729	10	3,876	\$81.6
2012	3,255	771	4	4,030	\$59.4
Total	19,996	4,593	49	24,638	\$458.1
Average	3,333	766	8	4,106	\$76.3

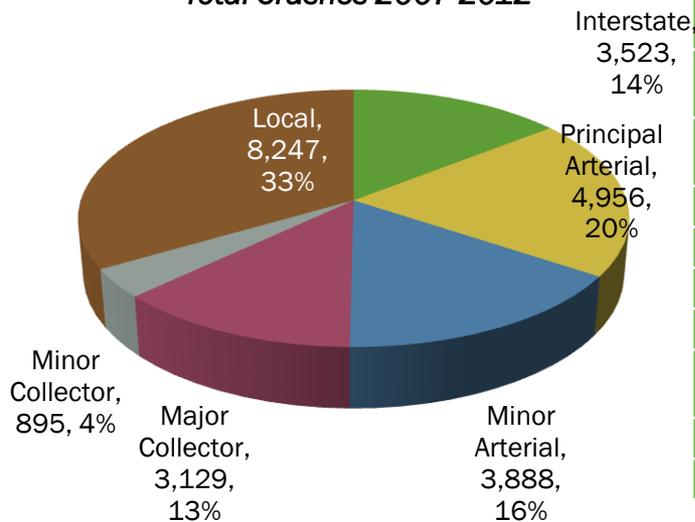
** Cost per crash severity methodology/rates derived from FHWA 1994 “Motor Vehicle Accident Costs” and Rutgers 2010 report “Cost/Benefit Analysis of NJDOT Route 23 Sussex Borough Realignment and Papakating Creek Bridge Replacement Project” converted to 2012 rates.

Crash Analysis (cont.)

As identified in the table at right, the majority of crashes occurred on local roads. Additionally, rear-end and hit fixed object crashes were the majority of crash types with 23% and 20%, respectively. There is also a relatively high share of animal crashes (15%), likely related to Hunterdon County’s rural nature.

Crash Type	Roadway Classification						Totals	
	Interstate	Principal Arterial	Minor Arterial	Major Collector	Minor Collector	Local	Number	%
Rear-End	1,097	2,126	1,040	482	72	777	5,594	23%
Hit Fixed Object	1,077	451	477	764	312	1,857	4,938	20%
Side Swipe (same direction)	629	745	335	104	38	393	2,244	9%
Backing	27	19	64	49	18	1,862	2,039	8%
Right-Angle	20	384	599	337	99	557	1,996	8%
Hit Parked Vehicle	31	40	137	84	4	1,472	1,768	7%
Non-Side Swipe (opposite direction)	2	45	54	61	19	144	325	1%
Side Swipe (opposite direction)	2	29	43	47	14	160	295	1%
Left-Turn / U-Turn	-	118	117	58	17	48	358	1%
Encroachment	1	13	6	8	5	14	47	0.2%
Overtuned	65	31	40	74	34	125	369	1%
Animal	235	851	879	979	239	595	3,778	15%
Pedestrian	3	10	25	6	-	61	105	0.4%
Pedalcyclist	-	6	18	11	7	34	76	0.3%
Non-fixed Object	294	47	27	17	7	65	457	2%
Railcar-vehicle	-	-	-	-	-	3	3	0.0%
Other	40	41	27	48	10	80	246	1%

Total Crashes 2007-2012



Source: Transportation Safety Resource Center – Rutgers Center for Advanced Infrastructure and Transportation

High Crash Intersections and Corridors

The top 20 highest crash intersections and corridors within Hunterdon County for the period of 2007 – 2012 are outlined in the table below and on the next page, respectively. The majority of these crashes took place along Route 202 and Route 31. As identified in the tables, the majority of crashes occur along principal arterials and interstate roadways, where most of the traffic in Hunterdon County exists. These routes also carry the most truck (freight) traffic within Hunterdon County, and therefore directly impact the efficient movement of goods.

High Crash Intersections

Ranking	Street Name		Incidents				
	Major	Minor	Total	Fatal	Moderate	Minor	PDO
1	NJ 31	CR 612	122	0	7	31	84
2	NJ 31	CR 650	120	0	5	26	87
3	NJ 31	CR 523	97	0	2	21	74
4	US 202	CR 650	84	0	2	18	64
5	US 202	Case Boulevard	80	0	2	23	54
6	NJ 31	CR 600	80	0	2	18	60
7	NJ 31	Minneakoning Road	77	0	3	12	62
8	US 202	Reaville Avenue	71	0	3	10	58
9	US 22	CR 523	64	0	3	17	44
10	US 22	CR 639	58	0	7	15	35
11	US 202	CR 613	57	0	3	15	39
12	NJ 31	CR 652	52	0	1	9	42
13	US 202	Summer Road	46	0	2	9	35
14	US 22	Ridge Road	44	0	3	8	33
15	NJ 31	Payne Road	39	0	5	9	25
16	NJ 31	Cregar Road	38	0	4	8	26
17	US 202	CR 611	38	1	1	8	28
18	NJ 12	CR 611	38	0	1	9	28
19	US 202	Dory Dilts Road	36	0	3	11	22
20	Church Street	Main Street	36	0	1	7	27

Source: Transportation Safety Resource Center – Rutgers Center for Advanced Infrastructure and Transportation

High Crash Corridors

Ranking	SRI	Start MP	End MP	Crashes In Segment
1	US 202	10.96	11.46	419
2	NJ 31	23.4	23.9	244
3	I-78	17.5	18	224
4	I-78	16	16.5	184
5	NJ 31	24	24.5	179
6	I-78	7.5	8	174
7	I-78	24.2	24.7	137
8	I-78	11	11.5	135
9	I-78	13	13.5	129
10	I-78	25.5	26	129
11	I-78	18.1	18.6	129
12	I-78	15	15.5	118
13	NJ 31	22.02	22.52	118
14	I-78	9.5	10	115
15	I-78	12	12.5	110
16	I-78	26.1	26.6	100
17	US 202	12.9	13.4	99
18	I-78	18.8	19.3	98
19	I-78	20.3	20.8	96
20	US 202	14.53	15.03	88

Rural Roads

For rural roads in the County that have high crash rates, it is important to note that the NJTPA sponsors a High Risk Rural Roads Program which identifies funding for various projects. Hunterdon County has two upcoming projects identified with funding from the 2005-2014 program years. Both of these projects are awaiting authorization for construction. Little York Road (CR 614) in Union and Alexandria Townships has approximately \$400,000 of funding identified. This project includes providing upgraded signage and pavement markings to better identify a railroad overpass as well as horizontal curvature improvements such as super-elevation and rumble strips.

Byram-Kingwood Road (CR 651) from CR 519 to SR 29 in Kingwood Township has approximately \$380,000 identified to provide skid-resistant treatment, reflective striping, raised pavement markings, and additional signage.

Congestion Management

The major congestion concerns within Hunterdon County are related to recurring commuter peak congestion on the major roadways. Specific problem areas that have been studied extensively include I-78, Route 202, and Route 31. As demand has a direct correlation to congestion, it is important to review the commuting trends for the County and region. Based on commuting trends data from the American Community Survey and US Census data, Hunterdon County had the third highest mean travel time to work for the NJTPA metropolitan region (34.4 minutes). Additionally, the percentage of commuters using public transportation was estimated at 3 percent for Hunterdon County compared to 13 percent for the NJTPA metropolitan region as a whole.

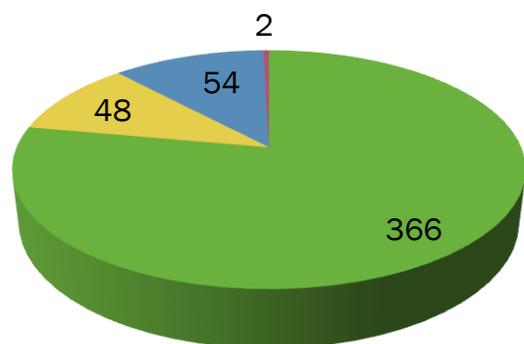
To address congestion within the region, including Hunterdon County, the NJTPA uses a federally mandated Congestion Management Process (CMP) to implement demand reduction and operational management strategies that improve the transportation system's reliability.

Bridge and Structure Review

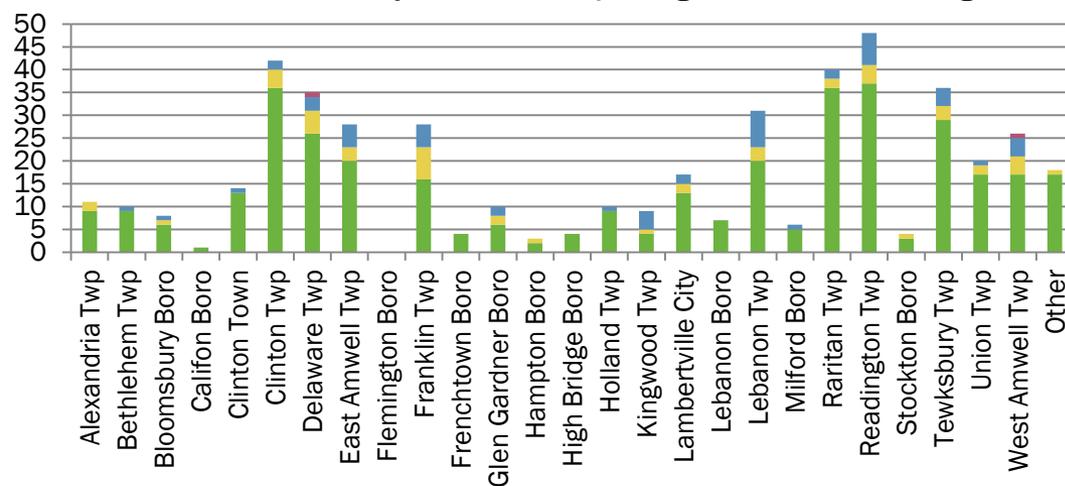
Review and inspection information was obtained for all bridges and structures located within Hunterdon County. This includes facilities owned and maintained by Hunterdon County, NJDOT, NJ Transit, local municipalities, etc. The information was separated into two classifications: structures/bridges over 20 feet in length and structures less than 20 feet in length (mainly culverts).

The number of structures was identified by municipality in addition to the number of structures that are deficient, closed, or have weight restrictions placed on them. As shown below, there are 48 structurally deficient structures in the County accounting for approximately 13 percent of the inventory. This is about 3 percent higher than the current statewide average of approximately 10 percent structurally deficient bridges (data from 2012). According to the FHWA, *“assessments are performed to determine the adequacy of a structure to service the current structural and functional demands; factors considered include load-carrying capacity, deck geometry, clearances, waterway adequacy, and approach roadway alignment. Structural assessments together with ratings of the physical condition of key bridge components determine whether a bridge should be classified as structurally deficient.”*

■ Total Structures ■ Structurally Deficient
■ Weight Restriction ■ Closed



Hunterdon County – Structures/Bridges Over 20’ In Length

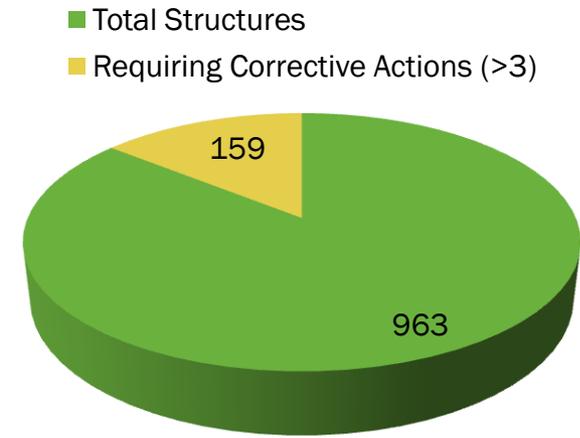
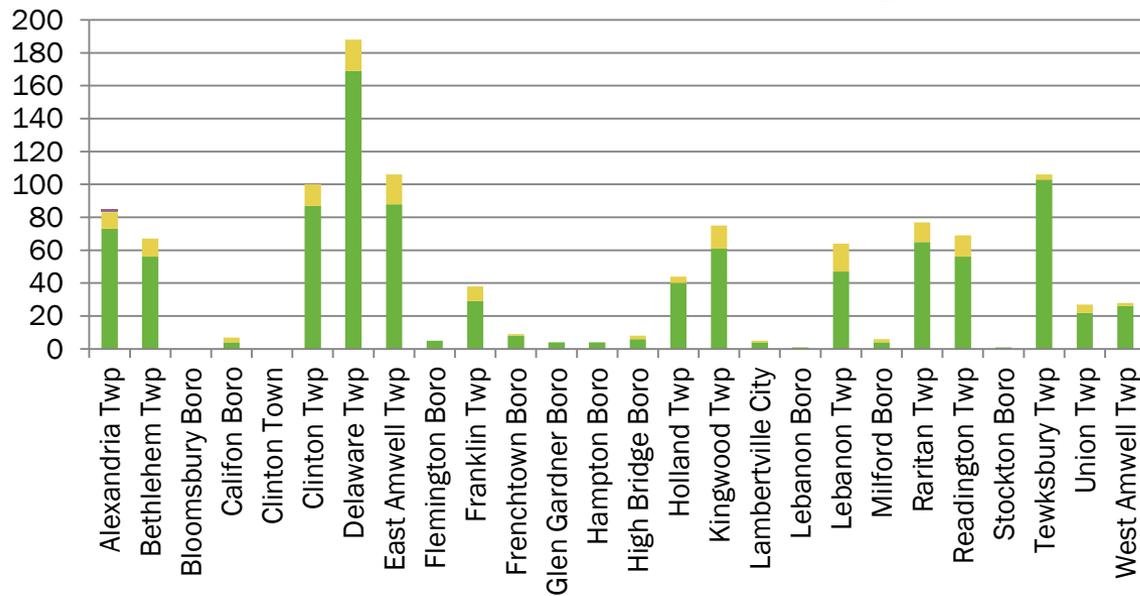


Bridge and Structure Review (cont.)

For structures less than 20 feet in length, data was broken down by municipality and which structures require three or more corrective actions. These structures generally consist of culverts (arch, pipe, slab, etc.) and are found along both County and local roads. This information was obtained from appraisal inspection reports provided by Hunterdon County.

Notes: If a structure was identified as having three or more corrective actions, it does not necessarily result in the structure being deficient. In many cases, the corrective actions are not that significant from a structural perspective. Information and data were obtained from multiple sources including the Federal Highway Administration (FHWA) Bridge Management Systems (2012 data) and Hunterdon County Planning Department with respect to structural deficiency, ownership, restrictions, etc. Therefore, where informational discrepancies occurred, information was taken from the source considered most accurate (i.e. most recent or with respect to ownership).

Hunterdon County – Structures Under 20’ In Length



Passenger Rail Facilities

NJ Transit provides rail service along the Raritan Valley Line that originates in High Bridge. The majority of this service terminates at Newark, with other Hunterdon County stops at Annandale, Lebanon Borough, and Whitehouse. This line provides commuters with cross-county transit between these communities and the ability to connect further into Newark and ultimately New York City. Currently, these stops have the approximate weekday daily boarding as provided by NJ Transit in their 2012 ridership data:

- White House - 110
- Lebanon - 21
- Annandale - 82
- High Bridge - 72

Based on information obtained from NJ Transit, train service to High Bridge has experienced a decline in monthly passes since 2009. As a cost-saving measure, they have implemented several service changes to include reductions of service and conversion of an express service to local, thus increasing ride times.

As of March 2014, a one-seat ride to New York City was initiated on the Raritan Valley Line so that commuters no longer have to transfer in Newark. These trains only run on weekdays during off-peak hours, but present a first step in improved transit service between Hunterdon County and New York City.

Freight Movement

Based on information obtained from the *Rail Freight Capacity and Needs Assessment to the Year 2040*, NJTPA, 2013, and *Hunterdon County Freight Profile (2010)*, NJTPA, a snapshot of freight facilities is provided below.

Freight Moved by Truck

Domestic freight movement by truck accounts for approximately 99 percent of the total tonnage transported. A majority of the freight moves along I-78, equating to approximately 8,600 trucks per day. Approximately 2,000 trucks per day travel along sections of Routes 22, 31, and 202, providing more regional service to customers along those corridors. The *Hunterdon County Freight Profile* estimates that the overall freight moved through the County will increase 23 percent by the year 2040, with a potential increase of 2,000 trucks per day on the road system.

Freight Moved by Rail

The Norfolk Southern Lehigh Line is one of the most heavily-traveled freight rail lines in the State. There are ten at-grade signalized intersections along this line within the County, the track is rated at 286,000 pounds capacity, and the track has a vertical height clearance of 20 feet and 3 inches. This line serves 24 trains per weekday moving a variety of goods and industrial products. Based upon information contained in the NJTPA report, there is an increase in rail usage projected through 2040.

Additionally, there are two smaller railroads located in Hunterdon County that provide service to clients located along its lines. The Black River & Western Railroad is an independently owned and operated Class III common-carrier railroad that serves local industry in the Flemington area with regular freight service between Ringoes and Three Bridges on Sunday and Wednesday with additional service available upon demand. The BR&W connects with the Norfolk Southern (NS) at Three Bridges. The Belvidere & Delaware River Railway serves industrial customers in the Phillipsburg area on former trackage of Conrail's Delaware Secondary. Regular freight service between Milford and Phillipsburg is provided on Sunday, Tuesday, and Thursday. The BR&W connects with the Norfolk Southern (NS) at Phillipsburg.

Transportation Facility Improvements

Several planning documents identify future planning, engineering, and potential funding for transportation projects throughout the State, region, County, and local municipalities. This section discusses the key conclusions and transportation priorities (both committed and uncommitted) of these documents.

Transportation Improvement Program (TIP) 2014-2017 & NJDOT STIP 2014-2023

Based on the information contained in the 2014-2017 TIP as identified on the NJTPA website, the following improvement projects to the current transportation system are already identified as shown in the table on the following page. There are approximately seven projects scheduled for construction in the years 2014 and 2015 totaling over \$50,000,000. Most of these identified projects are located along or near I-78 or Route 31, and enable the movement of freight and commuters throughout the County.

Transportation Facility Improvements (cont.)

TIP (HUNTERDON COUNTY) FISCAL YEARS 2014-2017

Note: The phases for the project consist of **CON** (Under Construction), **ROW** (Right of Way Acquisition), **DES** (Final Design), and **PE** (Preliminary Engineering). The **DBNUM** is the Database Number and projects that have an NS in the database number are County-sponsored projects. All other projects are sponsored by the NJDOT on the TIP.

Hunterdon County Projects	DBNUM	(\$ Millions)							
		FY 2014		FY 2015		FY 2016		FY 2017	
		Phase	Cost	Phase	Cost	Phase	Cost	Phase	Cost
Church Street Bridge, CR 579	NS9806			ROW	0.40	CON	3.80		
Milford-Warren Glen Road, CR 519	NS9703	CON	4.70						
Route 22, I-78 Interchange to West of Peters Brook, Pavement	11409							CON	15.63
Route 29, South of Alexauken Creek Road to Washington Street, Pavement	11413							CON	9.65
Route 31, Church Street to River Road	8327			PE	0.60			DES	0.50
Route 31, Northbound, Minneakoning Road to MP 24.92	08327A	CON	4.80						
Route 31, South of I-78 to North of CR 634	11342	CON	7.38						
Route 31/202, Flemington Circle	403B	CON	6.31						
I-78, Edna Mahan Frontage Road	9137A							DES	1.27
I-78, PA State Line to NJ Turnpike, ITS Improvements	6360					PE	0.50		
I-78, Pittstown Road (Exit 15), Interchange Improvements (CR 513)	NS0309			CON	17.10				
Route 173, I-78 to Fox Hill Lane, Pavement	12338	CON	8.50						
Route 173, Musconetcong River, Culvert Replacement	11353							CON	2.92
Route 173, Strotz Road to I-78	13335			CON	2.01				
Route 179, Route 165 to Route 31/202, Pavement	11419					CON	5.30		

Source: NJTPA Website

Transportation Choices 2030 – NJDOT / NJ Transit

The NJDOT and NJ Transit have prepared a statewide transportation policy document that paves the way for future investment in transportation facilities. Transportation Choices 2030 identifies eight goals and policies in an effort to guide decision-making when it comes to investing in transportation facilities. Based upon a review of these goals and policies, an emphasis on improving mobility, accessibility, reliability and optimizing freight movement is most relevant to the growth of Hunterdon County's economic development. The other goals and priorities identified in Transportation Choices 2030 are also vital to ensuring safe and efficient movement of people and goods throughout the County and State.

Some specific improvements to assist with congestion management included better Intelligent Transportation Systems along congested corridors to include additional cameras and variable messaging. The report also included additional response and emergency service patrols to limit the effects associated with vehicle breakdowns on the mainline affecting travel times. Advanced coordinated signal systems along major corridors were also identified to improve efficiency on regional roadways. There was also discussion of expanding or improving public transit service along key corridors to reduce passenger car volumes.

In Transportation Choices 2030, the NJDOT and NJ Transit used the I-78 travel corridor as an example corridor to identify potential efficiencies if various transportation enhancement projects were implemented. These enhancements included an investment in transit, improved maintenance, smart growth implementation, and increased roadway efficiency. It was estimated that if the sample corridor enhancements were implemented, it may be possible to eliminate 50 percent of freight truck trips to either rail or off-peak travel times.

Comprehensive / Strategic Plan Review

I-78 Corridor Transit Study

As identified in Transportation Choices 2030, the I-78 Corridor Transit Study prepared for the NJTPA in 2008 identifies transit improvements that would relieve congestion along the already crowded corridor. The comprehensive study evaluated current transit services and facilities and provided future strategies to decrease commuters and freight from driving along I-78.

Proposed enhancements to the existing service included the possibility of extending passenger rail service to Phillipsburg and potentially Pennsylvania. There were also several express and shuttle bus services recommended to reduce demand on already congested corridors. Additionally, the report made recommendations for the creation or enhancement of Transit Hubs and Park and Ride facilities. Capacity improvements to the mainline corridor were also recommended along with the implementation of travel demand management activities to reduce peak hour traffic flows.

The I-78 Corridor Transit Study can be accessed at <http://www.njtpa.org/getattachment/2340749b-79a0-496a-b774-4b8bec02a1ef/Final-Report.aspx>

Route 202 Corridor Assessment and Multi-Modal Mobility Plan

The 202 Corridor Assessment and Together 202 are comprehensive planning documents that consider transportation issues and opportunities along the 202 Corridor in both Hunterdon and Somerset Counties. The Corridor Assessment is more in-depth as relates to transportation improvements, whereas Together 202 is a global look at planning along the corridor.

The Route 202 Corridor Assessment focuses on traffic improvements, transit strategies, pedestrian and bicycle facilities, and smart growth along the corridor. The report is informed by public workshops and steering committee meetings as well as surveys of commuters and employers. The following strategies were developed as part of this study to enhance the corridors:

- Traffic Improvements – The Assessment developed a series of concept plans to improve traffic flow along the corridor and eliminate unsignalized median breaks.
- Transit – The overall strategy included a phased approach to improving inter-county transit opportunities. The report also looked at ways to improve continuity along existing systems as well as strategies to reduce passenger car trips (park & ride, bus, travel demand management).
- Pedestrian and bicycle facilities – The Assessment focused on upgrades to pedestrian and bicycle treatments at busy intersections along the corridor.

Lastly, the Assessment looks at smart growth concepts to aid in reducing vehicle trips along the corridor during peak hours. The Plan created an implementation matrix of short-, medium- and long-term recommended improvements.

The Route 202 Corridor Transit Study can be accessed at <http://co.hunterdon.nj.us/planning/transportation/Route202.htm>

Together 202, 2013

The Together 202 report focuses on creating mobility choices and utilizing a corridor approach to planning. Several public and stakeholder meetings were held and a consensus gained on transportation and land use concerns and needs. The report considers land use types including edges, centers, crossroads, rural, and parkway. The portion focusing on “edges” looks at those areas of already developed communities as places that should be more complete through proper land use and transportation planning. Specific transportation recommendations such as bus service and walkable and bikeable connections to more dense areas were identified. The report also looked at improving capacity and congestion at major crossroad intersections, but also indicated that bicycle and pedestrian improvements should be included on these projects.

The Together 202 Report can be accessed at <http://togethernorthjersey.com/?grid-portfolio=pilot-project-route-202-corridor>

Municipal Comprehensive Plans

In addition to the above planning documents, the following municipal documents were reviewed, and pertinent information was included in this section as it pertains to transportation priorities throughout the County:

- Highlands Regional Master Plan, 2008. Covers 16 municipalities including Lebanon Township, Califon Borough, Tewksbury Township, Lebanon Borough, Clinton Township, Clinton Town, High Bridge Borough, Hampton Borough, Glen Gardner Borough, Franklin Township, Union Township, Bethlehem Township, Bloomsbury Borough, Holland Township, Alexandria Township, and Milford Borough
- Readington Township, Whitehouse Corridor Strategic Plan, March 2006
- Stockton Borough, Land Use Plan, 2006
- Delaware Township, 2012 Master Plan Reexamination
- East Amwell Township, 2013 Master Plan Reexamination Report
- Borough of Flemington Master Plan, 2010
- Kingwood Township, Conservation Plan Element, 2008
- Lambertville Master Plan Reexamination Report, 2009
- Report of the Frenchtown Downtown Revitalization & Planning Committee, 2012
- Raritan Township Master Plan, 2008
- West Amwell Township Master Plan, 2012

Municipal Comprehensive Plans (cont.)

Many of the same themes and ideas identified through many of the other planning documents mentioned in this report were prevalent throughout the documents listed on the previous page. An overarching theme among most, if not all, of the comprehensive plans was retaining the rural character of the roadway system. Below are some of the key transportation concepts and themes found in many of the municipal planning documents:

- Reduce congestion on arterial roadways through various means to include improving transit options, providing walkable and bikeable connections, and increasing travel demand management efforts.
- Plan and construct roadway improvements to existing transportation facilities to increase capacity during peak times as well as vehicle, bicycle, and pedestrian safety. Other planning initiatives along the Route 31 corridor and in the Flemington area include the construction of the proposed bypass South Branch Parkway, and also redesigning the Flemington Circle.
- Many municipalities indicated they are in favor of introducing traffic calming on County and local transportation facilities where appropriate.
- Promote circulation improvements/linkages while preserving the rural character.
- Facilitate alternate transportation options through pedestrian improvements, expanded trail connections, and increase transit usage/availability.
- Encourage multi-modal movement of goods and people through the increased use of the freight rail network and regional airport facilities.
- ‘Main Street’ enhancements (including streetscape improvements and parking, circulation, access management) to re-establish the various area downtowns.

Regional Infrastructure Capacity and Resources

Utilities

Electricity

Jersey Central Power & Light serves Hunterdon County, although consumers have the right to choose who provides their electric service as part of their utility bill. As explained on the JCP&L website, “through the New Jersey Energy Choice program [consumers] are able to choose an electric generation supplier...JCP&L will continue to deliver the electricity and maintain the same poles and wires. [Consumers] have the opportunity to choose a third-party supplier based on the pricing or because of other services or programs it offers.”

Current electric rates for various use categories are shown in the table at bottom right, taken from JCP&L’s “price to compare chart” effective 1/1/14 through 5/1/14. Comparisons to other major New Jersey providers as well as alternative providers indicate that JCP&L’s rate is competitive, although some alternative providers may provide slightly cheaper rates.

Provider	Avg. Price (cents/kWh)
PSE&G:	11.44
JCP&L:	10.54
Atlantic City Electric:	10.37

Provider	Avg. Price (cents/kWh)
Gateway	9.69
TriEagle	9.96
Verde Energy USA	10.49
Champion Energy Services	10.50
E Commerce Energy	10.70

Rate Class & Usage Type	Total Price - Summer (cents/kWh)	Total Price - Winter (cents/kWh)
Residential Service - all		10.5395
Residential time of day: on-peak	16.1371	15.2315
Residential time of day: off-peak	6.6706	7.0181
Controlled water heating/off-peak water heating	10.4297	9.8992
General service secondary	10.4572	10.2925
General service secondary time of day on-peak	12.3230	11.5180
General service secondary time of day off-peak	6.6888	6.9175
Outdoor/street lighting	6.8781	7.0153

Sources: Jersey Central Power & Light, compareelectricrates.com

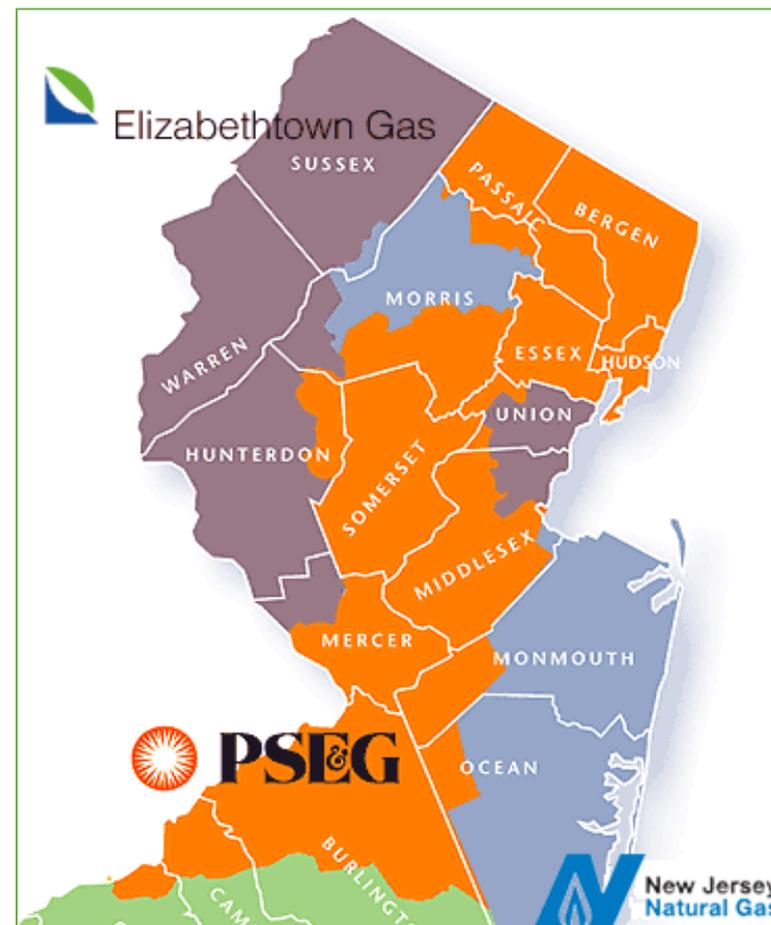
Natural Gas

Elizabethtown Gas provides service to the majority of Hunterdon County, as shown in the map at right. A small area in the northeastern section of the county is covered by Public Service Electric and Gas (PSE&G).

Historic rates for Elizabethtown Gas’s basic gas supply service charge are shown below. While the periodic rate has decreased slightly, the monthly charge has shown a sharp increase over the last month.

Elizabethtown Gas Basic Gas Supply Service Charge

Effective date	BGSS-Monthly per therm	BGSS-Periodic per therm
January 1, 2013	\$0.6009	\$0.6663
February 1, 2013	\$0.5867	\$0.6663
March 1, 2013	\$0.6090	\$0.6663
April 1, 2013	\$0.6705	\$0.6663
May 1, 2013	\$0.6902	\$0.6663
June 1, 2013	\$0.6848	\$0.6663
July 1, 2013	\$0.6357	\$0.6663
August 1, 2013	\$0.6082	\$0.6663
September 1, 2013	\$0.6202	\$0.6663
October 1, 2013	\$0.6126	\$0.6241
November 1, 2013	\$0.6050	\$0.6241
December 1, 2013	\$0.6406	\$0.6241
January 1, 2014	\$0.7062	\$0.6241
February 1, 2014	\$0.8341	\$0.6241

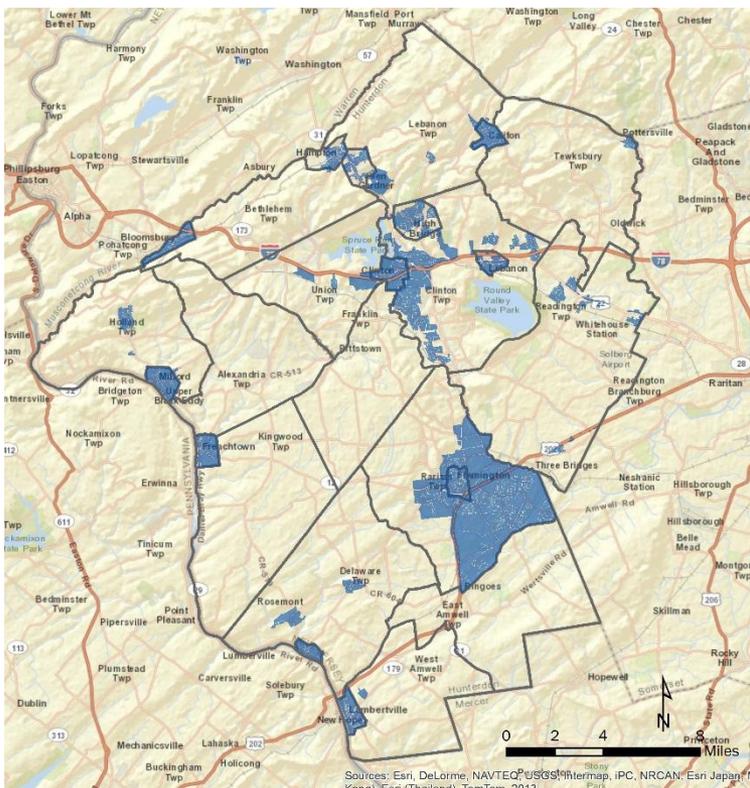


Natural Gas Service Map (from NJCleanEnergy.com)

Sources: Elizabethtown Gas, njcleanenergy.com

Water

According to Hunterdon County’s Growth Management Plan, over 70 percent of Hunterdon County’s households use individual wells to obtain their water. Major water suppliers that provide service in Hunterdon County include Aqua America, New Jersey American Water, and United Water. Public water supply information provided by the New Jersey Department of Environmental Protection is provided in the table at right.



Hunterdon County water service areas shown in blue

Though they supply water mainly to residents of other counties, the Round Valley and Spruce Run reservoirs are important resources located in Hunterdon County, with respective capacities of 55 and 11 billion gallons.

Public Water Supply

Supplier	Coverage
Aqua	Bloomsbury, Califon, Holland, Lebanon Township
Clinton Water Dept.	Clinton Town, Clinton Township, Franklin Township, Lebanon Borough, Union Township
Delaware Township MUA	Delaware
Flemington Water Dept.	Flemington, Raritan Township
Glen Gardner Water Dept.	Glen Gardner
Hampton Borough Water Dept.	Hampton
High Bridge Water Dept.	Clinton Township, High Bridge
Milford Water Dept.	Alexandria, Holland, Milford Frenchtown, Raritan Township, Readington Township,
NJ American Water	Tewksbury
Rosemont Water Dept.	Delaware
Stockton Water Dept.	Stockton
United Water	Lambertville, West Amwell

Sources: 2007 Hunterdon County Growth Management Plan, State of New Jersey Dept. of Environmental Protection

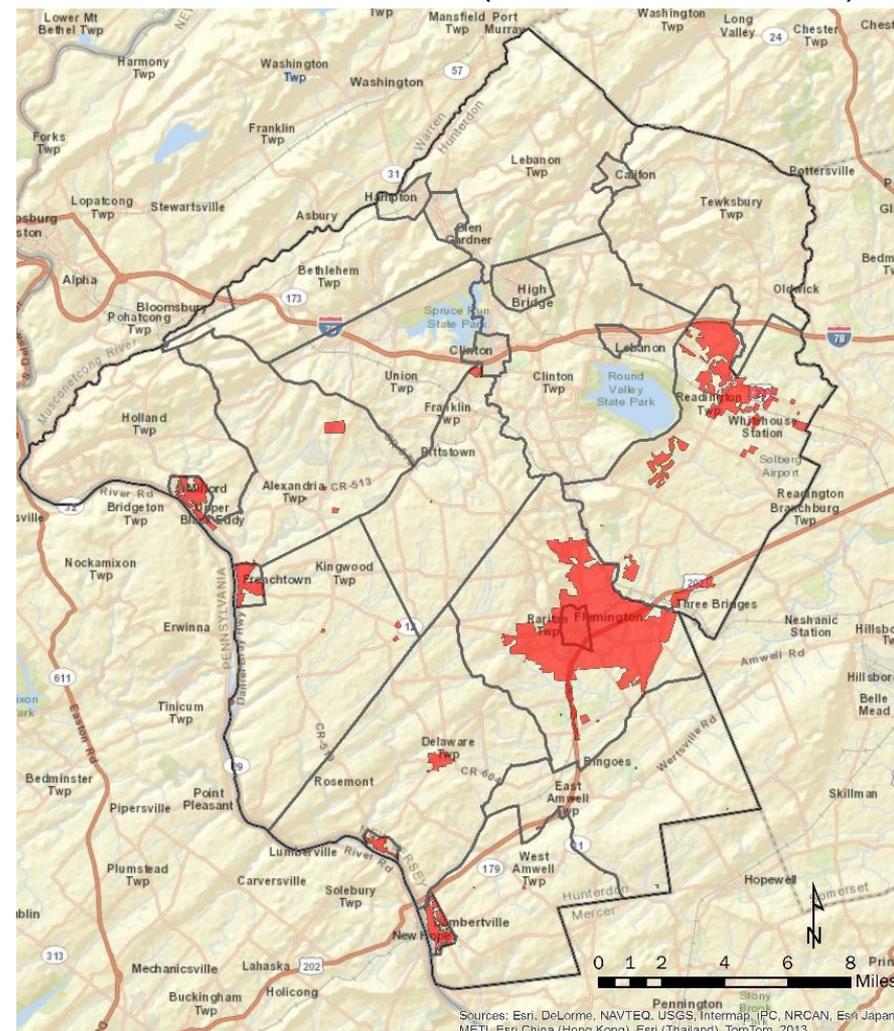
Sewer

Availability of sewer service is a key driver of development: a lack of sewer infrastructure can be used as a method of controlling growth and development, and sewer service is necessary for dense development.

A majority of Hunterdon County residents rely on septic systems. As shown in the map at right, sewer service is sparse in Hunterdon County. A number of municipal officials have noted that the lack of sewer service is a barrier to development. In order to support economic development, this important issue will need to be addressed.

Hunterdon County recently adopted an updated Future Wastewater Service Area map. The updates reflect exclusions of some environmentally-sensitive areas from the sewer service area, as well as removal and inclusion of certain areas from the sewer service area based on local planning objectives. The main sewerage authorities in Hunterdon County are as follows: Clinton Sewer Dept., Delaware Township Municipal Utilities Authority, Flemington Borough, Frenchtown Borough STP, Lambertville Sewerage Authority, Milford Sewer Utility, Raritan Township Municipal Utilities Authority, and Readington/Lebanon Sewerage Authority.

Sewer Service Areas (NON-HIGHLANDS)



Hunterdon County sewer service areas shown in red. Note that this data is incomplete for the Highlands Region, which will be discussed separately

Source: Hunterdon County GIS

Water and Sewer: New Jersey Highlands Region

The majority of municipalities in Hunterdon County fall within the New Jersey Highlands Region. This region is governed by strict environmental rules that recognize the critical environmental and aesthetic value of the area. Hunterdon County municipalities that fall within the Highlands region, as well as acreages within both the Highlands Planning Area and Highlands Preservation Area are given at right.

According to the Highlands Master Plan, the Highlands Water Protection and Planning Act was enacted by the State Legislature of New Jersey to protect, enhance, and restore Highlands natural resources, and in particular, water resources. The Highlands Act “seeks to protect the Region’s public trust resources through a ‘comprehensive approach,’ including the immediate imposition of stringent water and natural resource standards in the Preservation Area [and] a reorganization of land use powers to emphasize regional planning for the entire Highlands Region...” While conformance to the Highlands Act is voluntary for land that falls within the Planning Area, it is mandatory for land falling within the preservation area.

Hunterdon County municipalities that fall within the Highlands Region have adopted Highlands Master Plan Elements. Alexandria’s plan element, characteristic of other municipalities’ plan elements, acknowledges that “it is the overarching policy of this Plan to ensure that development of the Highlands Preservation Area does not exceed the available environmental and infrastructural capacity to support it.”

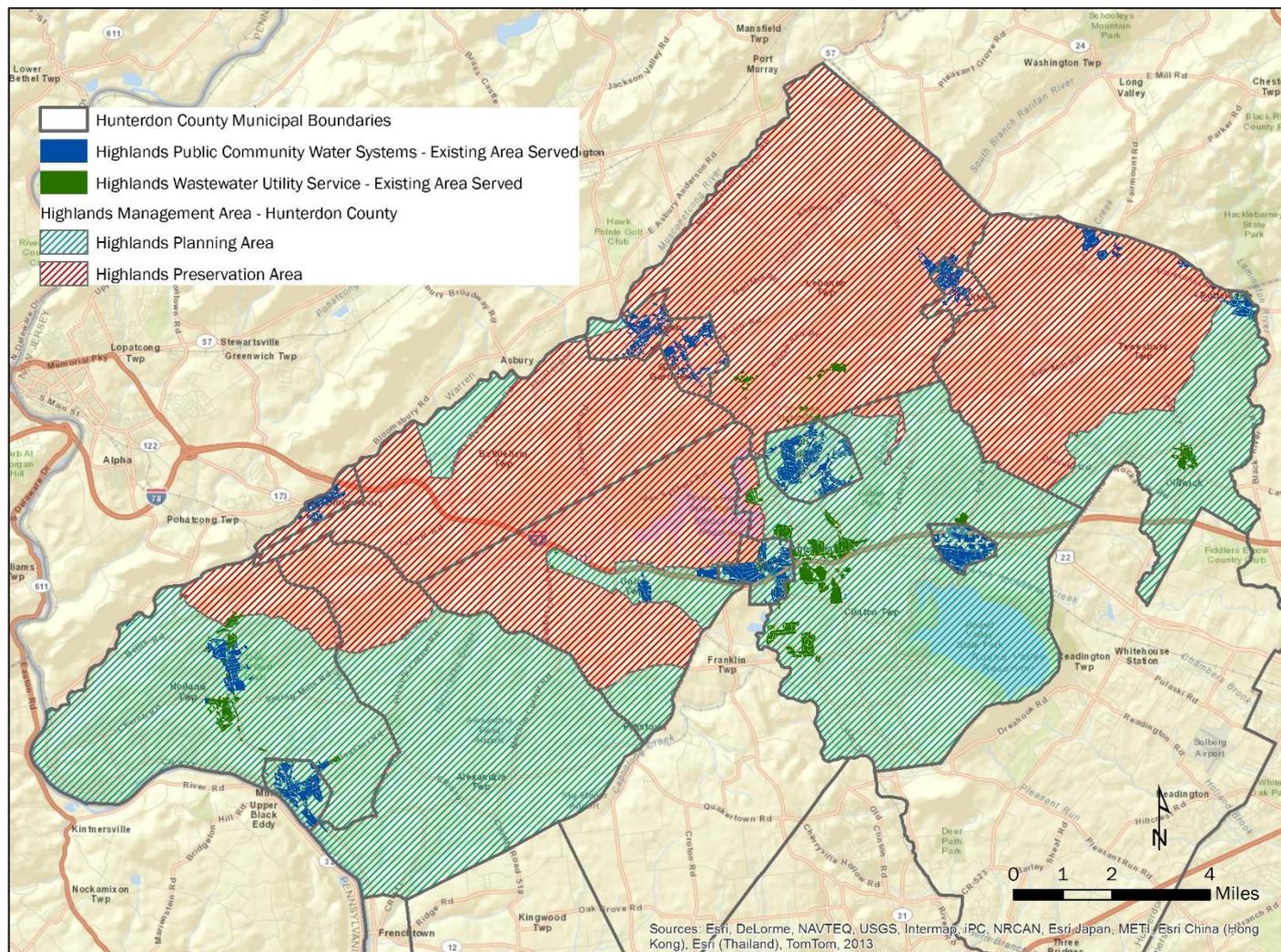
Municipality	Planning Area (acres)	Preservation Area (acres)
Alexandria	15,039	2,719
Bethlehem	1,137	12,173
Bloomsbury	0	625
Califon	0	632
Clinton Town	781	141
Clinton Township	21,054	639
Glen Gardner	0	998
Hampton	134	823
High Bridge	1,558	0
Holland	13,361	1,961
Lebanon Borough	577	0
Lebanon Township	7	20,257
Milford	812	0
Tewksbury	6,860	13,475
Union Township	2,665	10,482

Source: Highlands Region Master Plan

Water and Sewer: New Jersey Highlands Region (cont.)

The map at right shows areas of Hunterdon County that fall with the Highlands Region, as well as existing areas served with both water and sewer service.

Development will necessarily be limited in the Highlands Region. Hunterdon County will have to use creative techniques to nurture economic growth in an environmentally-proactive context in the Highlands Region.

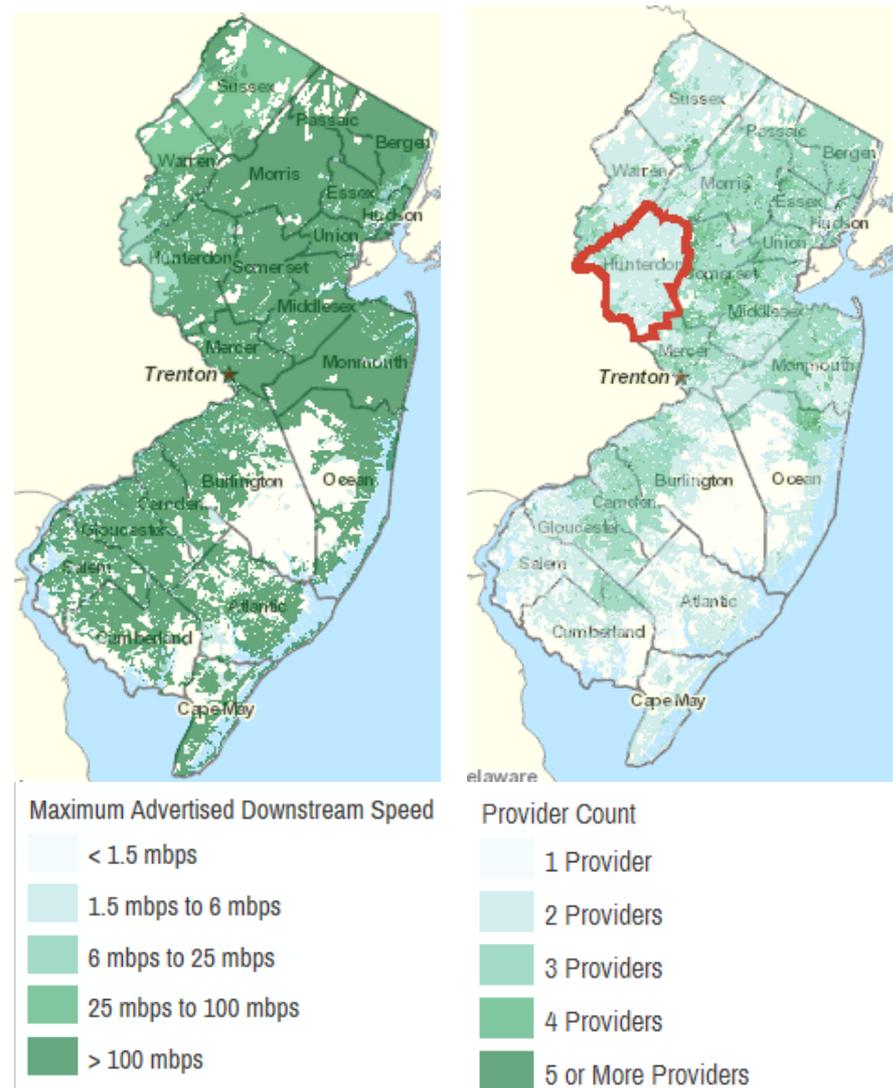


Source: New Jersey Highlands Water Protection and Planning Council (NJ Highlands Council)

High-Speed Internet Access

The availability of high-speed internet service, herein considered to be broadband, is crucial to Hunterdon County’s economic viability. Access to broadband gives businesses increased access to markets and efficiency. Especially for remote parts of the county, high-speed internet access opens these areas to access and communication with a much wider audience. Businesses and workers are able to operate remotely. Broadband access is also important for emergency management and public safety. With a recent federal grant, the New Jersey Office of Information Technology has developed a program, Connecting NJ, which is pioneering a State Broadband Initiative.

As noted in Connecting NJ’s New Jersey’s State Broadband Program presentation, the “broadband availability gap is greatest and most expensive in areas with low population density.” While parts of Hunterdon County are serviced by multiple broadband providers, the statewide map shows that Hunterdon County has fewer broadband providers than denser counties to the east and south.



Source: NJ Office of Information Technology

High-Speed Internet Access (cont.)

The maps on this slide display coverage areas of a variety of types of service. Hunterdon County is fully covered by satellite and fixed wireless service. Copper and fiber are lacking. There is generally good coverage by cable and DXL service.



Cable



Copper



DXL



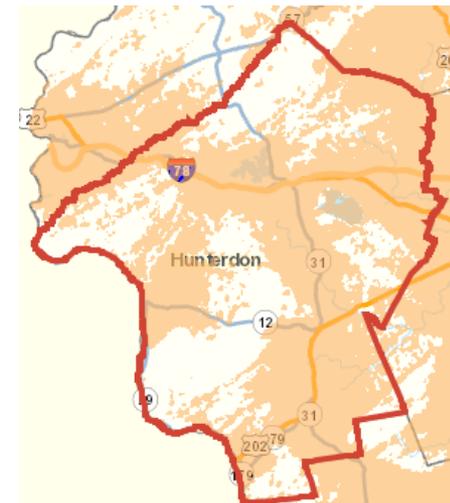
Fiber



Satellite



Terrestrial Fixed Wireless



Terrestrial Mobile Wireless

Infrastructure Takeaway

The importance of infrastructure to a community's ability to develop cannot be overstated. As a county with a majority of rural land as well as lower density development, Hunterdon County has at times faced difficulties in providing the proper infrastructure needed to support business and development. Infrastructure gaps will need to be addressed as parts of the county continue to develop.

- Public transportation and a well-functioning road system will be key in moving goods and workers and encouraging people and businesses to locate in Hunterdon County
- Sewer service is a necessity in areas with dense land uses
- Access to affordable electricity, natural gas, and high-speed internet service are crucial to business success and will encourage businesses to locate in the area
- Special attention must be given to the Highlands Region, which is governed by strict environmental regulations. While density will not be supported in most of this area, economic development can still occur on a smaller-scale

