
Southern New Jersey Freight and Logistics Industry Context and Economic Growth Visioning Plan

Volume 1



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Executive Summary

This report presents a visioning plan for advancing the freight and logistics industry in New Jersey, with particular emphasis on the southern portion of the State. The freight and logistics industry is defined as any activity needed for cargo movement and includes warehousing/distribution centers, maritime/port activities, trucking, rail freight, air cargo, and support services. New Jersey's freight and logistics industry is enormous, employing more than 500,000 workers to move a wide spectrum of domestic and international products. By creating a stronger freight and logistics industry in southern New Jersey, the State can enhance its overall economic competitiveness, as well as generate enhanced opportunities for the State's residents and businesses.

The visioning plan integrates:

- An understanding of the context – existing conditions in the Southern New Jersey region, including the population, economy, unique industries and transportation infrastructure.
- An assessment of the strengths and weaknesses, with a particular focus on the freight industry.
- A series of dialogues with key executives and industry groups that obtained informed opinions, sharpened the understanding of the area, and identified a common set of potential strategies for moving forward.

Unique Strengths

The strengths of the Southern New Jersey Region include:

- **“The Supply Chain Corridor”** – a considerable amount of acreage devoted to distribution and manufacturing operations along the New Jersey Turnpike and Interstate 295 Corridor. This includes the Pureland Industrial Complex (the largest industrial park east of the Mississippi River) and the Haines Industrial Center (which contains several multi-state distribution centers).
- **Available Land and Labor** – while some regions in the US are experiencing shortages of land and labor for industrial and distribution operations, the Southern New Jersey Region has an ample cost effective supply. Participants in the executive dialogue estimated that at least 1,000 acres of available land exists for additional industrial and distribution center development in the Corridor.
- **Export and Unique Industries** – the region has several unique industries, including significant agricultural and seafood production, along with the mining of sand and silica.
- **Maritime Assets** – Maritime terminals along the Delaware River have shown specialized strengths in handling bulk and breakbulk movements. These include cocoa beans, fresh produce, frozen meats, steel and



lumber products. The Southern New Jersey Region also contains several large tracts of waterfront property that could be redeveloped for maritime and industrial purposes.

Visioning Plan

Building on these strengths and understanding the challenges of the area, the Visioning Plan elements include:

- **Fully integrate the Supply Chain Corridor with the northern and southern port complexes** – The executive dialogues revealed that distribution centers in the Corridor are already linked to international movements through the Port of New York and New Jersey. The close proximity of port facilities in the southern region of the State also offers the potential for developing related import and export opportunities. Marketing efforts can increase the awareness of the availability of large scale industrial properties in the Southern New Jersey region which have easy multi-state access, lower rental rates (comparable with eastern Pennsylvania locations), and an available labor force.
- **Enhance the unique export opportunities of the Region** – The Southern New Jersey region’s agricultural, food production, and seafood exports are a unique strength. This initiative is two-fold: Building the overseas market awareness of and demand for these products and ensuring that international movements are made through New Jersey’s freight transportation assets.
- **Enhance the marketing of the maritime terminals in the Southern New Jersey region as a hub for the movement of food, lumber and steel products** – Increased marketing of the maritime assets of southern New Jersey as a specialized hub port could increase maritime movements through the region but will require that effective and efficient inland transportation options be in place. A “One State, One Port” initiative can build awareness of New Jersey’s role as an international gateway, with a variety of options to serve customers needing containerized, breakbulk, bulk, auto and other maritime movements. As competition increases among East Coast ports, such campaigns could improve New Jersey’s position to capture new business and economic growth.
- **Address the road and rail connectivity issues** – Without efficient and effective connections, the Southern New Jersey region cannot reach its potential. Improvements identified during the executive dialogues included the Interstate 295/Route 42 Interchange, the Delair Bridge, improving north-south rail connectivity, and obtaining enhanced carload and new intermodal rail freight service to the Southern New Jersey region.
- **Preserve transportation assets and access** – The Southern New Jersey region has freight transportation assets that may not be needed immediately but could become essential in the future. These include large



tracts of waterfront property and rail freight rights of way. Experience has shown that once these properties shift to other uses, it is virtually impossible to regain them for freight purposes. This initiative advocates a proactive program to identify and preserve these assets for potential future use.

- **Address industry concerns regarding the costs and timelines associated with developing properties in New Jersey** – Concerns voiced regarding fees and permits should be further investigated and resolved.
- **Ensure the continued availability of labor** – While labor availability is currently a key strength of the Southern New Jersey region, distribution centers in other areas of the State are experiencing labor shortages. This initiative advocates a proactive program of labor training and recruitment in support of both the distribution center complexes in the Southern New Jersey region, as well as the entire state.
- **Encourage the preservation of properties for future industrial development** – Similar to the preservation of freight transportation assets, this initiative involves the retention of industrial properties that may not be needed immediately but could become important assets in the future.

The Visioning Plan serves as an informational foundation on the Southern New Jersey region and provides a roadmap for proceeding to enhance the economic competitiveness and growth of both this area and the entire State.

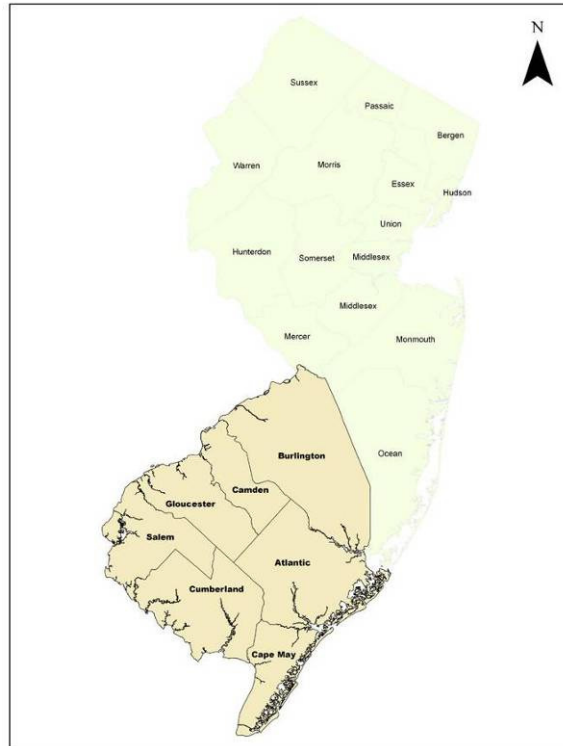


I. Introduction

This report presents a visioning plan for advancing the freight and logistics industry in New Jersey, with particular emphasis on the southern portion of the State. The freight and logistics industry is defined as any activity needed for cargo movement and includes warehousing/distribution centers, maritime/port activities, trucking, rail freight, air cargo, and support services. New Jersey's freight and logistics industry is enormous, employing more than 500,000 workers to move a wide spectrum of domestic and international products.

Recent public sector efforts and investments to support and advance the industry have primarily focused on the northern and central portions of New Jersey. It has been recognized, however, that by creating a stronger freight and logistics industry in Southern New Jersey, the State can enhance its overall economic competitiveness, as well as generate enhanced opportunities for the State's residents and businesses.

Figure I-1: The South New Jersey Region



A. *The Southern New Jersey Region*

The Southern New Jersey region is defined for this study as including Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem Counties (Figure I-1). These counties were selected because they contain the major maritime and distribution facilities of the area; unique concentrations of such activities as agricultural production, seafood processing, and sand quarrying; and major construction and consumer activity (such as Atlantic City).

B. *Visioning Plan and Report Components*

A visioning plan integrates:

- An understanding of existing conditions;
- An assessment of the strengths and weaknesses; and
- A series of dialogues with key executives and industry groups that obtains informed opinions, sharpens the understanding of the area, identifies a



common set of potential strategies for moving forward, and helps build support for advancing the resulting plan.

Accordingly, the first chapter in the report provides the Context or existing conditions. The Context includes a profile of the region – its population, businesses and transportation system.

The next chapter identifies the strengths and areas of improvement for the Southern New Jersey region, based on a review of the profile by team members, along with information and the informed opinions obtained during a series of executive dialogues and meetings held over the course of the project.

The team held an initial executive dialogue with members of the freight transportation community, including senior representatives from Whitesell (a major industrial park developer in Southern New Jersey), SMS Railway (a shortline railroad operator from the area), the South Jersey Port Corporation, and Holt Logistics, along with a former staff member from the Port Authority of New York and New Jersey. The team also met with executives of and toured the Pureland Industrial Complex, the largest industrial park in New Jersey and east of the Mississippi River, which is located in Gloucester County. The team held additional executive dialogues with key businesses in the Southern New Jersey food and sand/gravel industries – two major export industries and users of the freight system. Appendix A to this report contains the summaries of these meetings.

The final chapter focuses on the Visioning Plan. The chapter begins with a set of guiding principles followed by specific elements for the Visioning Plan. These elements focus on further developing the logistics industry, with immediate, short-term and long-term development actions for New Jersey, with particular emphasis on the southern portion of the State, including the potential for enhancing maritime facilities in southern New Jersey.

As a Visioning Plan, this report serves as both an informational foundation on the Southern New Jersey region and its role in the freight and logistics industry of the State, as well as a roadmap for proceeding to enhance the economic competitiveness and growth of New Jersey.



II. The Southern New Jersey Regional Context

This chapter provides an overview of the Southern New Jersey Region and establishes the context for the Visioning Plan. The chapter profiles:

- The region's population and industry;
- The current movement of goods; and
- The key freight transportation system elements in the region.

A. Population and Industry

Over 1.8 million people reside in the Southern New Jersey Region, representing about 21 percent of the State's population. As shown in Figure II-1, the majority of these individuals reside in the western portion of the region in Burlington, Camden, and Gloucester Counties. To the east, Atlantic County, which includes Atlantic City, has over a quarter of a million residents. Atlantic City and Camden are the leading urban areas.

**Figure II-1:
2000 and Estimated Current Population in the Southern New Jersey Region**

	2000 Census	2006 Pop Estimate
Atlantic County	252,552	271,620
Burlington County	423,394	450,627
Camden County	508,932	517,001
Cape May County	102,326	97,724
Cumberland County	146,438	154,823
Gloucester County	254,673	282,031
Salem County	64,285	66,595
Total South Jersey	1,752,600	1,840,421
Total NJ	8,414,350	8,724,560
% of Total NJ	21%	21%

Source: New Jersey Department of Labor and Workforce Development

The region has a very diverse economy, including leading agricultural and seafood production, mining, manufacturing, wholesale and service businesses. Businesses in Southern New Jersey employ over 812,000 workers, primarily in the provision of services (Figure II-2). Note that this employment data source does not include agricultural and self-employed workers.



According to New Jersey Department of Labor and Workforce Development projections, growth areas include construction, wholesale and retail trade, transportation and public warehousing, finance, professional and technical services, health care, arts and entertainment, and accommodations and food services. Manufacturing activities are anticipated to continue to decline, following the State and national trend.

**Figure II-2:
Employment in the Southern New Jersey Region for 2004 and Projected for 2014**

	Employment 2004	Employment 2014
Goods-Producing	104,750	98,800
Mining	400	450
Construction	38,950	42,700
Manufacturing	65,350	55,800
Services-Providing	707,250	800,050
Wholesale Trade	38,800	45,750
Retail Trade	104,750	116,600
Transportation and Warehousing	23,750	25,700
Utilities	4,700	4,650
Information	10,650	9,850
Finance and Insurance	33,550	37,200
Real Estate and Rental and Leasing	11,450	12,400
Professional, Scientific, and Technical Services	37,050	41,700
Management of Companies and Enterprises	6,400	7,000
Administrative Sup. & Waste Mgmt and Remediation	43,700	56,200
Educational Services	11,650	13,300
Health Care and Social Assistance	98,100	124,600
Arts, Entertainment, and Recreation	10,500	13,350
Accommodation and Food Services	102,250	112,800
Other Services (Except Government)	30,200	35,600
Government	139,800	143,200
Federal Government	14,500	13,200
State Government	26,650	27,200
Local Government	98,650	102,750
Total Employment, All Jobs	812,000	898,850

Notes: **Does not include self-employed individuals, farms, etc.**
Employment data are rounded to the nearest fifty. Percentages and percent changes are based on unrounded data

Source: NJ Department of Labor and Workforce Development, Labor Market and Demographic Research and Occupational and Demographic Research, February 2007

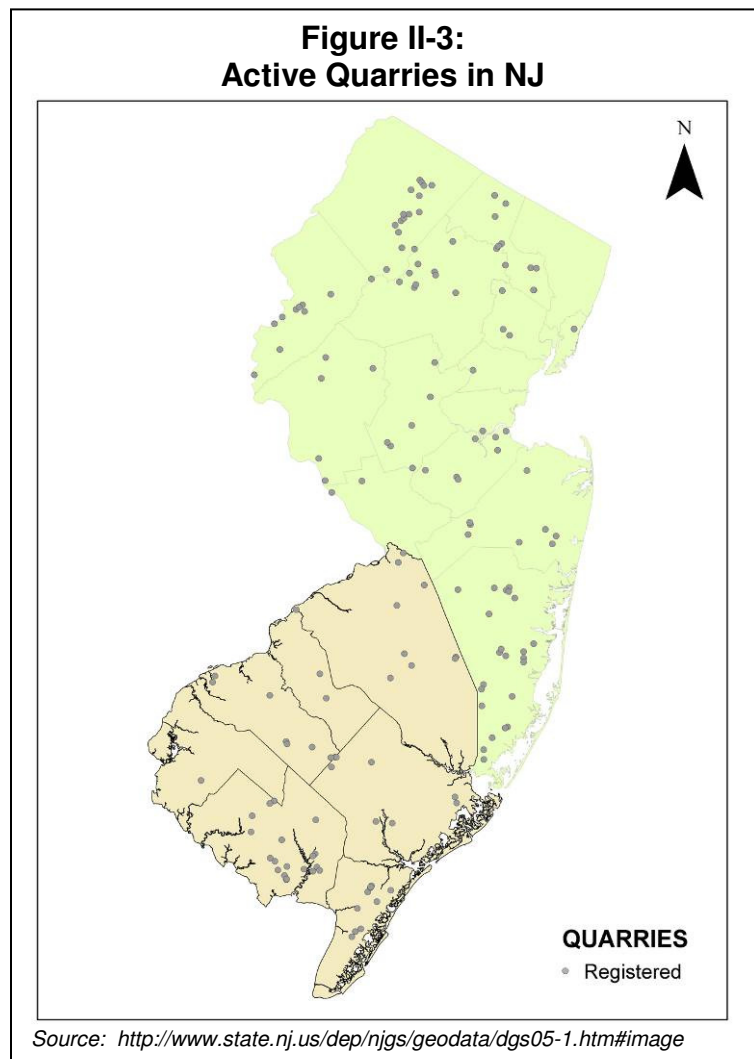


Unique industries in the Southern New Jersey Region include mining, agriculture and seafood.

Agriculture: With public and business interest in the local sourcing of agricultural products increasing, the considerable presence of this activity in southern New Jersey is important to note. Although New Jersey has the highest population density in the US, the State still has over 800,000 acres of farmland.¹ Four of the five leading New Jersey counties in terms of agricultural sales are located in southern New Jersey – Atlantic, Burlington, Cumberland and Salem Counties.² New Jersey ranks second in the nation in the production of blueberries, third in the nation in the cranberry and bell pepper production, and fourth in peach production.³

Seafood: The Southern New Jersey region also has an active seafood industry. In 2006, Cape May, NJ (in Cape May County) was ranked as the third largest commercial fishing port on the East Coast in terms of volume, bringing in 89 million pounds of seafood valued at \$46.3 million.⁴ The executive dialogue held with industry representatives identified that seafood processed in New Jersey is distributed throughout the US and exported overseas.

Mining: The New Jersey Department of Environmental Protection indicates that sand, gravel and rock mining is a significant industry in the State, with an annual production of up to 20 million tons valued at \$100 million.⁵ Cumberland Cape May Counties, as shown in Figure II-3, have sizeable concentration of



¹ United States Department of Agriculture (USDA), Economic Research Service

² *Ibid.*

³ *A Look at New Jersey Agriculture*, USDA Agriculture in the Classroom program

⁴ <http://www.jerseyseafood.nj.gov/harvest.html>

⁵ <http://www.state.nj.us/dep/njgs/geodata/dgs05-1.htm#image>



active quarries. Additional mining operations exist throughout the region. About 400 workers are employed in the industry in Southern New Jersey, with the number anticipated to increase. An executive dialogue with members of the industry indicated that sand and silica from the region is high quality and highly desired by a range of customers.

B. Current Movement of Goods

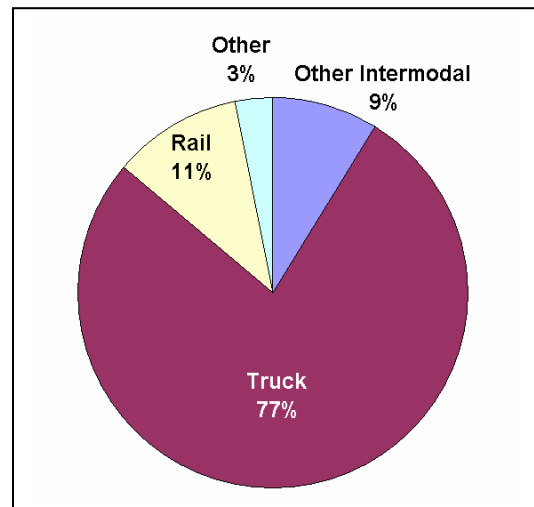
The economic diversity of the Southern New Jersey Region, combined with a residential population of over 1.8 million, means that a variety of freight transportation options are needed and used. The freight transportation requirements vary considerably, ranging from heavy bulk commodities, such as sand, to time sensitive products, such as fresh seafood and produce.

The Delaware Valley Regional Planning Commission’s (DVRPC) analysis of the federal Freight Analysis Framework data illustrates how the goods are moved. While the DVRPC analysis did not include Atlantic and Cape May Counties, a total of over 26 million tons of freight moved into the five other counties in the region in 2002 (the latest available information). In terms of tonnage, trucks handled over three-quarters of the inbound tonnage (Figure II-4). The railroads handled about 11 percent of the goods moving them to end users. About 10 percent of the goods moved intermodal, most likely involving rail and truck movements to reach the end users in the Southern New Jersey Region. Very little tonnage moved in terms of air cargo.

Figure II-4: Distribution of Inbound Movements

**How Goods Moved into Southern NJ
(on a tonnage basis)**

Air & Truck	0%
Other Intermodal	9%
Pipeline & Unknown	1%
Rail	11%
Truck	77%
Truck & Rail	1%
Water	1%
Total	100%



Note: Atlantic and Cape May Counties not included.

Source: DVRPC analysis of the 2002 federal Freight Analysis Framework

Outbound, trucks carry an even great share of the goods – nearly 85 percent of the outbound tonnage moves via truck (Figure II-5). Only three percent moved by rail.



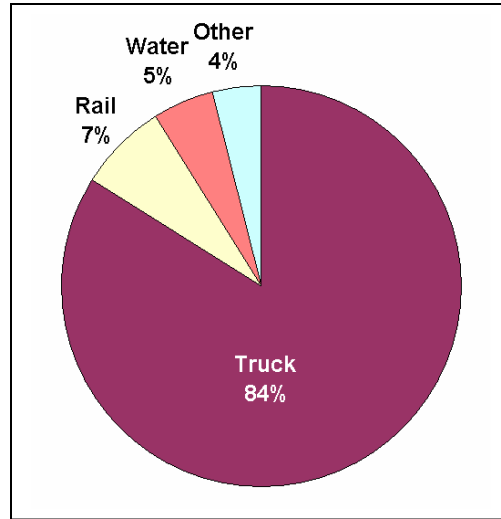
Figure II-5: Distribution of Outbound Movements

**How Goods Moved into Southern NJ
(on a tonnage basis)**

Air & Truck	0%
Other Intermodal	1%
Pipeline & Unknown	3%
Rail	7%
Truck	84%
Truck and Rail	0%
Water	5%
Total	100%

Note: Atlantic and Cape May Counties not included.

Source: DVRPC analysis of the 2002 federal Freight Analysis Framework



**C. Key Freight
Transportation System
Elements**

The key elements of the freight transportation system in the Southern New Jersey Region include extensive road and rail systems, along with maritime terminal and several significant distribution center complexes. Without a major airport in the region, air cargo is provided by Philadelphia International Airport (which has a UPS hub), Newark Liberty International Airport, and John F. Kennedy International Airport (primarily for international shipments). A map depicting elements of the logistics system in the region is provided in Figure II-6

1. Roadways

As shown in Figure II-7, the major north-south roadways in the region are the New Jersey Turnpike and Interstate 295.

Figure II-7: Major Roadways and Bridges in Southern New Jersey

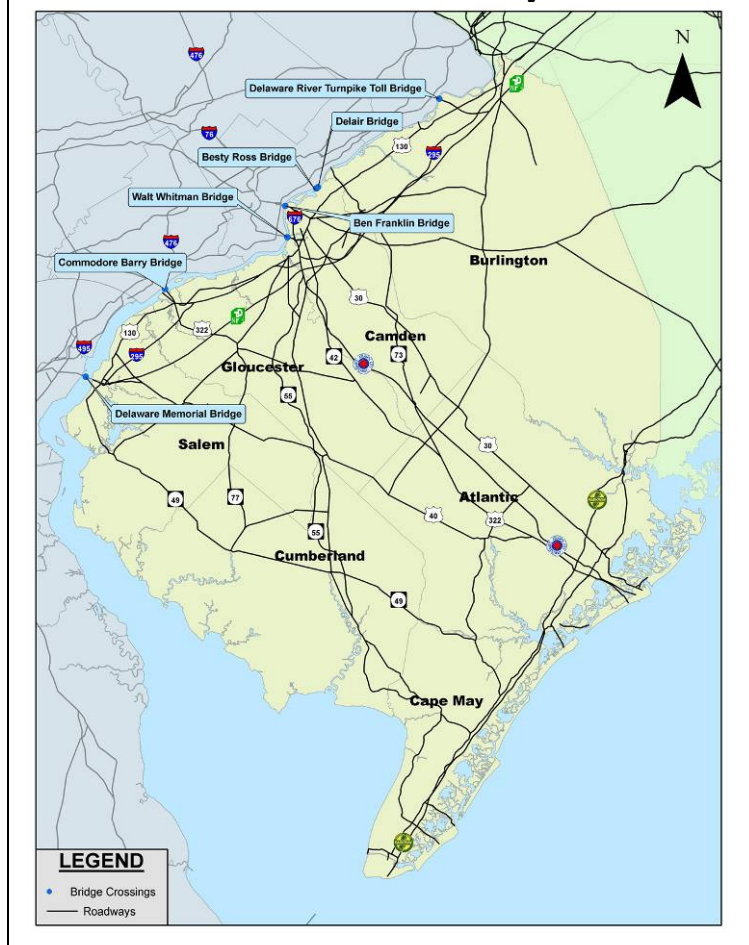




Figure II-6: Key Elements of the Southern New Jersey Region's Logistics System





These roads provide crucial north-south connectivity to the rest of North America. Interstate 676 and the Atlantic City Expressway provide major east-west connectivity. Major crossing of the Delaware River into Pennsylvania and Delaware are provided by the Betsy Ross Bridge, the Ben Franklin Bridge, the Walt Whitman Bridge, the Commodore Barry Bridge, and the Delaware Memorial Bridge, which provide linkages to I-95, I-495, I-76, and I-476.

Other key state roads, which both connect the region to locations outside of it and provide for movements within the area include Route 130, Route 322, Route 42, Route 40, and Route 30.

2. Rail Freight

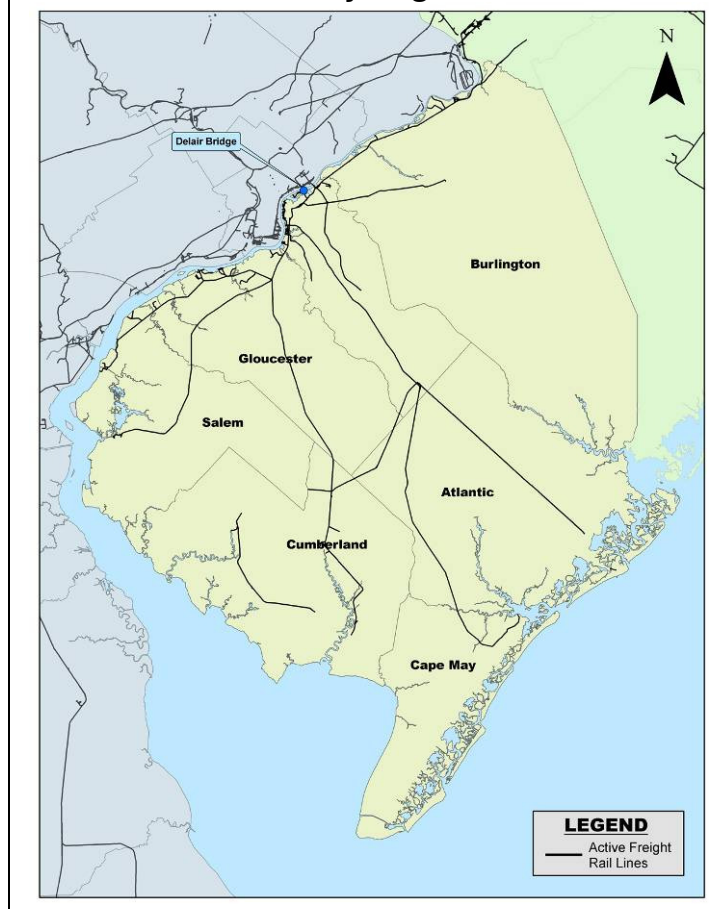
The Southern New Jersey Region is in the Philadelphia-South Jersey Shared Assets Area. The Shared Asset Area was one of three set up to provide equal access to both CSX and Norfolk Southern Railroad (NS) when Conrail was acquired by these two national railroads (the other two shared asset areas are located in northern New Jersey and in Detroit). As a result of the acquisition, Conrail became the terminal and switching agent for CSX and NS in these three areas.

Pavonia Yard is the hub of Conrail's operations in Southern New Jersey. ⁶ As noted on Conrail's website, the railroad provides local freight service on virtually all rail lines south of Trenton and provides connections with the short lines serving the remainder of the region. The Delair Lift Bridge is a critical connection for Conrail's service to and from the region (Figure II-8). Through Conrail, a Canadian Pacific Railroad (CP), third national or Class I railroad can also be accessed.

The shortline railroads in Southern New Jersey include:

- Cape May Seashore Lines (Cape May County)
- SMS Railway (Gloucester County)

**Figure II-8:
Rail Freight Lines in the Southern New Jersey Region**



⁶ <http://www.conrail.com/freight.htm>



- Southern Railroad Company of New Jersey (Atlantic, Cumberland, Gloucester and Salem Counties)
- Winchester and Western Railroad (Cumberland County)

Perhaps unique to the Southern New Jersey Region, all of the rail freight service provided is *carload service*. Carload service refers to the movement of products in boxcars, hopper cars, tank cars, and special lumber cars over a long distance by rail and then either transported directly by rail or shifted to truck for delivery to customers (See Figure II-9 for examples). The characteristics of these commodities (e.g., bulk, heavy or over-dimensional) make rail the preferred option for long distance movement.

**Figure II-9:
Examples of Carload Rail Traffic in Southern New Jersey
SMS Railway Operations at the Pureland Industrial Complex**



No *intermodal rail service* is currently provided or available in the region. Intermodal rail service consists of containers or truck trailers moved on rail cars. Intermodal rail traffic is considered one of the fastest growing rail freight markets.

3. Maritime Terminals

This section summarizes the maritime terminal assets of the Southern New Jersey Region, which are generally located along the Delaware River in the western portion of the area. These facilities handle the international and domestic movement of waterborne products. As previously noted, the region also has several commercial fishing ports, including Cape May, which is the third largest on the East Coast.

The maritime terminals along the Delaware River include facilities operated by the South Jersey Port Corporation (SJPC), Holt Logistics and private terminals (for example, the Sunoco and Valero petroleum facilities). The maritime terminals are shown in Figure II-10.

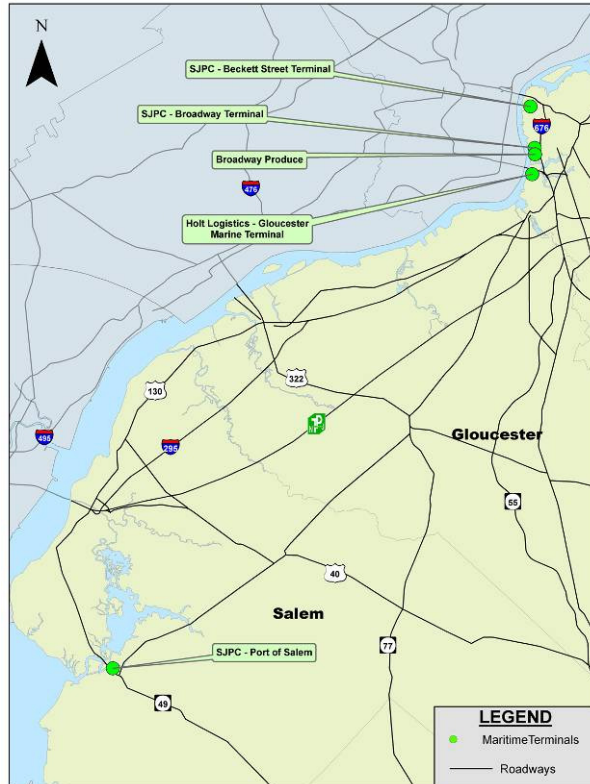
The SJPC facilities primarily focus on the movement of *breakbulk* and *bulk* commodities, such as lumber, steel and cocoa beans through four terminals:⁷

⁷ Information from the South Jersey Port Corporation website.



- Beckett Street, which handles wood product, steel products, cocoa beans, containers, iron ore, furnace slag, scrap metal, project/over-dimensional cargo movements. The terminal encompasses 125 acres in Camden.
- Broadway, which handles petroleum coke, furnace slag, dolomite, other dry bulks, steel products, wood products, minerals, cocoa beans, and fresh fruit on 180 acres in Camden. The facility can also handle containerized cargo.
- Broadway Produce, operated exclusively by and for Del Monte, handles bananas, pineapples and other perishables on 26 acres in Camden.
- Port of Salem includes both SJPC and private terminal related operations. The Port of Salem currently handles aggregate (e.g., sand), wearing apparel, fishing apparel, motor vehicles, food products, and consumer goods on 22 acres.

Figure II-10: Maritime Terminals in the Southern New Jersey Region



Tonnage through the SJPC terminals has grown 80 percent since 2000, particularly in terms of bulk movements (such as cocoa beans) and exports (Figure II-11). Containerized cargo tonnage has doubled.

Holt Logistics operates the Gloucester Marine Terminal, which containerized cargo, steel, perishables (such as fresh fruit and frozen meat), forest products, and project/heavy lift shipments on 150 acres in Gloucester City.

All of these terminals have truck access and rail access via Conrail. SMS Railway also provides terminal services at the Valero refinery.



**Figure II-11: Trends in Cargo Movements through South Jersey Port Corporation Terminals
(in tons)**

<i>Year</i>	<i>Imports</i>	<i>Exports</i>	<i>Total</i>	<i>Container Tonnage</i>	<i>Breakbulk Tonnage</i>	<i>Bulk Tonnage</i>
2000	1,916,783	37,241	1,954,024	146,030	1,581,947	226,047
2001	1,960,691	387,890	2,348,581	162,752	1,285,127	900,701
2002	1,835,775	543,197	2,378,971	138,717	1,341,128	899,126
2003	2,238,682	850,262	3,088,944	122,780	1,415,284	1,550,880
2004	2,664,678	768,358	3,433,036	145,206	1,657,103	1,630,727
2005	2,560,647	994,905	3,555,552	305,337	1,367,878	1,882,337
2006	2,857,040	1,024,266	3,881,306	298,209	1,682,860	1,900,237
2007	2,295,459	1,206,665	3,505,124	313,865	1,237,544	1,953,715

Source: South Jersey Port Corporation Annual Reports

The field trips and executive dialogues also indicated that businesses in the Southern New Jersey Region extensively use the Port of New York and New Jersey (PONYNJ). The PONYNJ, according to the executive dialogues, is used because of the extensive number of overseas locations that can be accessed and the frequency of vessel calls. The PONYNJ is the largest port on the East Coast and continues to grow (Figure II-12)

**Figure II-12: Cargo Volume Trends at the Port of New York and New Jersey
(in metric tons)**

<i>Year</i>	<i>Imports</i>	<i>Exports</i>	<i>Total</i>	<i>TEUs</i>
2000	58,290,713	6,506,561	64,797,274	3,080,746
2001	65,276,313	8,273,516	73,549,829	3,316,276
2002	59,933,907	10,180,216	70,114,123	3,749,014
2003	68,879,750	9,585,791	78,465,541	4,067,811
2004	70,340,708	10,303,283	80,643,991	4,478,480
2005	73,686,157	11,067,866	84,754,023	4,785,318
2006	71,294,314	14,868,248	86,162,562	5,092,806
2007	69,161,000	18,070,000	87,231,000	5,299,105

TEUs are twenty foot equivalent unit containers. A 40 foot container would be two TEUs.

Source: Port Authority of New York and New Jersey

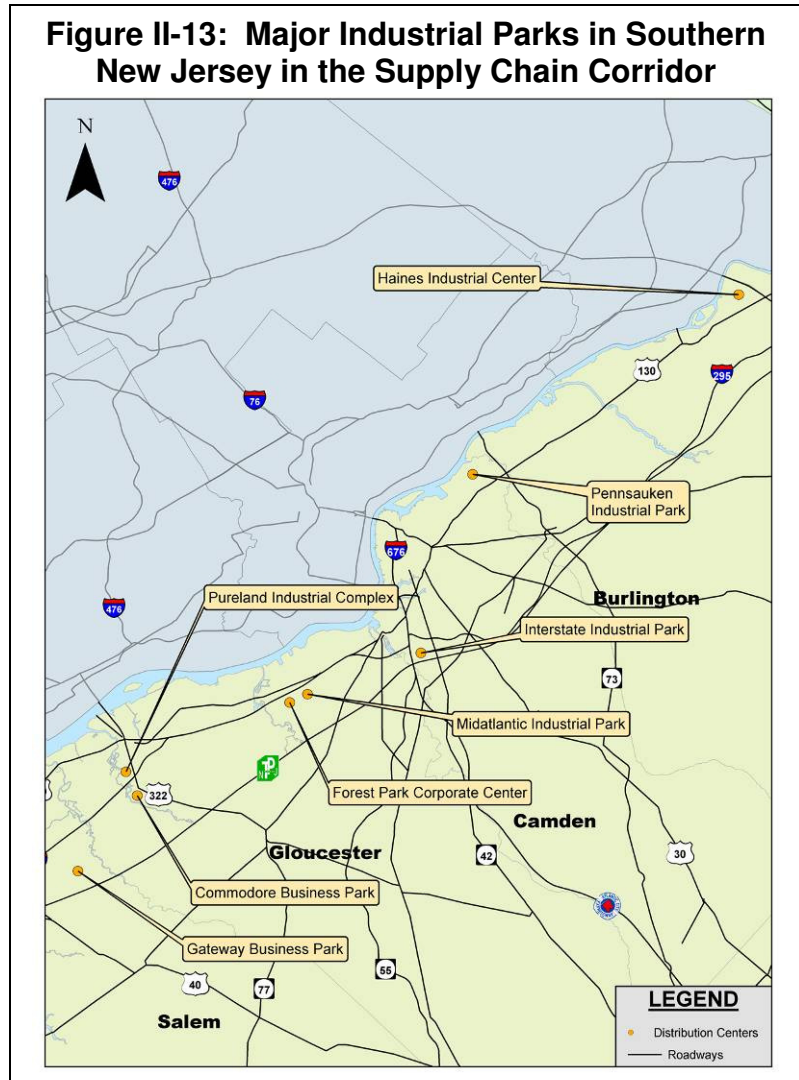


4. **Distribution Centers**

Distribution centers (DCs) and warehouses are defined as structures that are primarily used for the receipt, temporary storage, possible modification/customization and distribution of goods that are enroute from production sites to locations where they will be consumed.

Warehouses and DCs are often sites where value is added to the products moving through them. Examples of value added activities include final assembly and customization of products and preparing products for the sales floor (including packaging and tagging). Warehousing and DC operations vary considerably in size, ranging from just a few thousand square feet to buildings that are over one million square feet. These facilities may also contain temperature-controlled space, which is essential for maintaining perishable food. DCs and warehouses may handle local distribution to an area, distribute to a multi-state area, distribute goods throughout North America and/or export products. These facilities may receive products from domestic and overseas sources.

Figure II-13: Major Industrial Parks in Southern New Jersey in the Supply Chain Corridor



DCs and warehouses may handle local distribution to an area, distribute to a multi-state area, distribute goods throughout North America and/or export products. These facilities may receive products from domestic and overseas sources.

A significant amount of DC and warehouse operations exist in the Southern New Jersey Region, primarily along the New Jersey Turnpike/Interstate 295 and Route 130 Corridor, within the area’s “Supply Chain Corridor” (Figure II-13)

While older industrial buildings have either been torn down or converted to other uses, over 49 million square feet of industrial space currently exist in Burlington, Camden, and Gloucester Counties alone (Figure II-14). In addition, Matrix, a leading industrial developer, is advancing its 284 acre Gateway Business Park in Salem, which can accommodate up to 3.6 million square feet of industrial



buildings.⁸ The park is located by Exit 7 of Interstate 295. Current tenants include National Freight Systems in a building exceeding one million square feet and Garden State Freezer in a 276,000 square foot building.

**Figure II-14: Industrial Space Trends in Southern New Jersey
(in square feet)**

	<i>Burlington County</i>	<i>Camden County</i>	<i>Gloucester County</i>	<i>Total</i>
4Q05	19,370,464	17,428,956	14,885,390	51,684,810
4Q06	20,130,464	17,694,156	14,845,390	52,670,010
4Q07	19,761,838	15,192,176	14,454,831	49,408,845

Source: CB Richard Ellis

The substantial and active industrial parks in the region include the Pureland Industrial Complex in Gloucester County and the Haines Industrial Center in Burlington County. The Pureland Industrial Complex covers about 3,000 acres, making the complex the largest industrial park east of the Mississippi River. Pureland has 15.5 million square feet of industrial space. The Complex has over 150 tenants including Home Depot, Becton & Dickenson, Produce Junction, US Foods, Albert’s Organics, and Mitsubishi Motors. SMS Railway provides rail freight service within the complex. The rail-served Home Depot DC distributes to 70 stores in a multi-state area. Several food companies in the complex export their products overseas.

The Haines Industrial Center covers 700 acres and is within one mile of the Route 130 interchange with the New Jersey/Pennsylvania Turnpike connector. The Center is rail served via Conrail’s River Line and also is situated on New Jersey Transit’s River Line light rail system. Current tenants at the Center include Bed, Bath and Beyond’s 720,000



⁸ www.matrixcompanies.com



square foot DC for its Christmas Tree Shops chain, Sports Authority with 400,000 square feet, BJ's Wholesale Club with 600,000 square feet, National Freight Systems with 500,000 square feet, International Paper (which is rail served), and Ocean Spray.

Asking lease rates for industrial buildings in the Southern New Jersey region tend to be lower than in the northern and central areas of the State (Figure II-15). The asking lease rates are also competitive with the rates asked in the Lehigh Valley area of Pennsylvania.

**Figure II-15: Asking Lease Rate Comparisons
(Asking Lease Rate Per Square Foot)**

Burlington County	\$	4.25
Camden County	\$	3.88
Gloucester County	\$	4.24
NJ NJT Exit 8A Area	\$	5.11
I-287/NJT Exit 10 Area	\$	4.68
NJ Meadowlands	\$	6.28
Lehigh/Northampton, PA	\$	4.29

Source: CB Richard Ellis



III. Strengths and Characteristics Requiring Improvement

This chapter summarizes the strengths and characteristics requiring improvement for the Southern New Jersey Region. These were identified based on the assessments, field visits and executive dialogues conducted during this project. The Visioning Plan process is broad by design; more detailed analyses can be carried out as a next step to the Plan.

A. *Southern New Jersey Strengths*

The strengths of the Southern New Jersey Region include:

- “The Supply Chain Corridor”
- Available Land and Labor
- Export and Unique Industries
- Maritime Assets

1. “The Supply Chain Corridor”

The Southern New Jersey Region has thousands of acres of industrial/distribution center complexes along the New Jersey Turnpike/Interstate 295/Route 130 corridor. In addition to serving customers in New Jersey, these complexes contain numerous national and international companies that do multi-state distribution, including:

- Mitsubishi Motors
- Home Depot
- BJ’s Wholesale Clubs
- Sports Authority
- Bed Bath and Beyond’s Christmas Tree Shops chain
- Becton Dickinson
- Albert’s Organics

The executive dialogues indicated that tenants in at least some of these complexes import and export through maritime terminals in New Jersey, particularly the Port of New York and New Jersey. Many of the buildings are of recent construction, have lease rates generally below those found in northern and central New Jersey and are located with immediate access to these major roadways. Rail service is also available at some of the complexes. The Supply Chain Corridor is a valuable source of local employment for local residents, as well as tax generation for local communities.

At least two of the major complexes – Pureland and Haines – have tenants focused on food production/distribution. This focus is synergistic with the



agricultural strengths of the region and the import of fresh produce through the southern New Jersey maritime terminals.

2. Available Land and Labor

The Supply Chain Corridor, moreover, has an abundant supply of available land and local labor. The executive dialogues indicated that as many as 1,000 acres are available at the Pureland Industrial Complex alone. Several hundred additional acres, including green- and brownfield properties are also available in this corridor. The availability of industrial property in the Corridor with easy access to a multi-state service area is particularly important with international traffic anticipated to grow and as industrial properties elsewhere in the State reach full-build out.

The executive dialogues further revealed that distribution centers in the Corridor have abundant access to local labor in contrast to other parts of the US and some areas of New Jersey, where labor shortages are being reported. Housing costs are lower in the region than in other areas of the State and can be found in the immediate vicinity of many of the industrial complexes.

Transit options are also available at some of the complexes. For example, the Haines Industrial Center has a station on New Jersey Transit's River Line light rail system and has bus service. Similarly, the Pureland Complex has New Jersey Transit bus service.

3. Export and Unique Industries

The Southern New Jersey region has several industries that export products to overseas customers, as well as several unique operations. Companies involved with produce, food production and seafood processing export their products using maritime and air cargo options. Examples of exporting companies, based on the executive dialogues include:

- US Food Service
- Rastelli Fine Food/Global
- Lund's Fisheries
- Sheppard Farmers
- Nardelli Brothers Inc.

The export business provides a balance for the significant importing of goods through the New Jersey ports, as well as contributes to the strength of the State's economy.

Agricultural and seafood products are also an industry unique to the Southern New Jersey region. The region contains a majority of the agricultural production of the State, has a number of food production and distribution operations (particularly in the Supply Chain Corridor), and handles food imports through its maritime terminals.



Sand and silica operations are also concentrated in the Southern New Jersey region. These products are particularly valued for construction and are transported out of the region via truck, rail and barges/vessels. Companies in this industry would like to expand their customer base to serve the significant number of large scale building projects planned in the near future for the New York City and Atlantic City markets.

4. Maritime Assets

Maritime terminals along the Delaware River have shown specialized strengths in handling bulk and breakbulk movements. These include cocoa beans, fresh produce, frozen meats, steel and lumber products.

The Southern New Jersey Region also contains several large tracts of waterfront property that could be redeveloped for maritime and industrial purposes. These properties include:

- DuPont Greenwich/Repauno Chemical Company site (Gloucester County) – the overall site has 1,700 acres of which 300 acres were used by Repauno.⁹
- BP/DOW Corning Paulsboro site (Gloucester County) – about 190 acres are available for redevelopment.¹⁰ The Borough of Paulsboro and the South Jersey Port Corporation plan to jointly development a maritime/ industrial and distribution complex on the site.
- DuPont Carney's Point site (Salem County) – located across from the Port of Wilmington, the Borough of Carney's Point has identified a deep water maritime terminal/distribution complex as a development option.¹¹ The contemplated maritime terminal would be on 100 acres and could be configured for containerized, auto, breakbulk and/or bulk maritime movements.

In addition to remediation and development, these sites also require roadway and rail access improvements. Nevertheless, available waterfront properties for industrial and maritime uses are rare.

B. Southern New Jersey Region Improvements from the Executive Dialogues

The executive dialogues identified a number of freight-related improvements needed for Southern New Jersey and State to realize the region's potential. Similar to the identification of the region's strengths, the Visioning Plan process is broad by design; more detailed analyses can be carried out as a next step to the Plan. The improvements involve road and rail access, maritime, and industrial development.

⁹ *Southern New Jersey Waterfront Master Plan*, p. 11.

¹⁰ *Ibid*, p. 14.

¹¹ *Ibid*, pp. 6-7.



1. Road Improvements

While the Supply Chain Corridor's dual north-south access via the New Jersey Turnpike and Interstate 295 is considered a key asset, several improvements to roadway access and connections were considered vital by participants in the executive dialogues.

The locations for improvement include:

- The Route 42/Interstate 295 Interchange
- Completion of Route 55
- Improved east-west connectivity, both within the region and connecting to locations outside of the region.
- Local "last mile" connections between the major roadway network and the current maritime terminals. Similar improvements would be needed for the additional maritime sites in the region. In addition to improving accessibility, these connector roads would separate maritime/ freight traffic from communities, an important "good neighbor" consideration.
- The New Jersey Turnpike widening project, which is anticipated to improve the access times between northern New Jersey and the distribution center complexes in the Supply Chain Corridor.
- Expediting the replacement of the Cape May County bridge on Shoreline Drive over the Intercoastal Waterway (connecting Cape May to Wildwood Crest) to permit larger fishing vessels to call on the processing facility in that area.

2. Rail Freight Improvements

Significant improvements are needed in the region's rail freight system. The areas of improvement include:

- Obtaining intermodal rail freight service. Currently, rail service to the Southern New Jersey region is limited to carload operations; no intermodal service is available. Intermodal service includes the ability to ship domestic and international containers, as well as truck trailers, on rail cars. Intermodal service would require capital improvements, such as development of intermodal rail terminals and ensuring doublestack clearance on the routes, as well as commitments by the Class I and shortline railroads to provide the service. Such service is essential for the development of maritime terminals for handling containerized cargo in the region, access to the growing US network for domestic container and trailer movements via rail, and the potential development of rail shuttle services linking New Jersey maritime terminals with distribution center concentrations.
- Improving "north-south" connectivity – currently, rail freight connectivity is severely limited between the northern and southern portions of the State, with the main option being to move trains via the Delair Bridge into



Pennsylvania and then back into New Jersey. The lack of an efficient connection limits movements and options, such as the movement of sand and silica from the region to customers in the northern portion of the State and the potential development of rail shuttle service between the northern port complex and distribution center complexes in the Supply Chain Corridor.

- Improving the Delair Bridge – as the vital rail freight link, the continued operation of this crossing, as well as enhancements to permit industry standard weights and doublestack trains is essential for the region.
- Improving rail freight service and options – this includes addressing customer concerns, particularly with regard to the service, line and yard capacity and equipment offered by the Class I railroads; examining options for improving local rail freight movement to enable better servicing of the anticipated Atlantic City construction projects; and improving the service offerings to encourage more use of the rail freight option. Participants in the executive dialogues noted the need for additional rail yard and car storage capacity south of the existing Pavonia Yard.

3. Maritime

Improvement areas included:

- Advancing navigational improvements to enhance the competitiveness of the region's maritime terminals.
- Enhancing the road and rail connections to the region's maritime terminals. Inland connections are a vital consideration in port selection.

4. Industrial Development

Most of the concerns voiced regarding industrial development are common throughout New Jersey. These include:

- Protracted procedures and expensive and complex regulatory requirements to obtain approval to develop industrial sites.
- Protracted and expensive local and State fees and approval processes that contrast with expedited, lower cost development in neighboring states. The New Jersey Department of Community Affairs (DCA) Council on Affordable Housing (COAH) fees are one example – municipalities can charge non-residential developers a fee to assist in building affordable housing in their areas.



IV. Visioning Plan

As previously noted, a visioning plan integrates:

- An understanding of existing conditions;
- An assessment of the strengths and weaknesses; and
- A series of dialogues with key executives and industry groups that obtains informed opinions, sharpens the understanding of the area, identifies a common set of potential strategies for moving forward, and helps build support for advancing the resulting plan.

With this foundation, the Visioning Plan was shaped by a set of guiding principles and designed be a high-altitude road map to accommodate, support and grow the freight and logistics Industry in the Southern New Jersey region and enhance the relationship with and connectivity to the northern New Jersey port complex.

These guiding principles are presented, followed by specific elements for the Visioning Plan. The Visioning Plan elements focus on further developing the logistics industry, with immediate, short-term and long-term development actions.

A. *Guiding Principles*

The elements of the Visioning Plan were guided for five principles:

- **Build on the Strengths of the Southern New Jersey Region** – The region has unique strengths in its Supply Chain Corridor, availability of land and labor, export and unique industry clusters, and maritime facilities for the movement of key food, lumber and steel products.
- **Tackle the Improvement Areas** – Several significant road, rail, maritime and industrial development impediments need to be addressed.
- **Create Economic Growth and Value** – The ultimate success of public sector investments is generally judged by the economic value and improvements in the quality of life generated.
- **Invest Prudently** – In a fiscally constrained environment and changing economic conditions, the goal is to undertake targeted investments that maximize value and return. This includes considering the timing of investments to better match supply of and demand for freight services, as well as considering promising future opportunities.
- **Build Sustainably and with Consideration of Community Goals and Concerns** – Environmental concerns and awareness have grown, along with the need to balance freight operations with community considerations.



B. Visioning Plan Elements

The guiding principles were applied to the context and information and ideas from the executive dialogues. The resulting Visioning Plan elements are:

- **Fully integrate the Supply Chain Corridor with the northern and southern port complexes** – The executive dialogues revealed that distribution centers in the Corridor are already linked to international movements through the Port of New York and New Jersey. . The close proximity of port facilities in the southern region of the State also offers the potential for developing related import and export opportunities. Marketing efforts by the Port Authority and the State can increase the awareness of the availability of large scale industrial properties in the Southern New Jersey region which have easy multi-state access, lower rental rates (comparable with eastern Pennsylvania locations), and an available labor force.

This initiative can be undertaken immediately.

- **Explore and capture the business opportunities associated with major construction projects in the New York and Atlantic City areas** – Both of these metropolitan areas are anticipated to have large-scale construction projects that will last more than a decade. The Southern New Jersey region has high quality sand that can be used for these projects. Areas in northern and central New Jersey similarly have high quality gravel supplies. Rather than purchasing and transporting these commodities from locations outside of New Jersey, enhanced north-south freight transportation connectivity can generate both local economic value and reduced transportation mileage. Further, this initiative has the potential to create new balanced freight movements (defined as revenue movements in both directions and a minimum of empty movements), which are greatly valued by freight transportation companies.

This initiative requires additional analyses of the construction opportunities and best means for encouraging the use of locally available products. This initiative also requires enhancements in north-south freight connectivity to enable the cost effective movement of these bulk commodities. Movements can be made by barge (as one company is doing now) or rail.

- **Enhance the unique export opportunities of the Region** – The Southern New Jersey region’s agricultural, food production, and seafood exports are a unique strength. This initiative is two-fold: Building the overseas market awareness of and demand for these products and ensuring that international movements are made through New Jersey’s freight transportation assets.

This initiative can be undertaken immediately.



- **Enhance the marketing of the maritime terminals in the Southern New Jersey region as a hub for the movement of food, lumber and steel products** – This initiative recognizes that New Jersey has maritime assets in both the northern and southern regions, each with its own strengths, as well as strong distribution facilities along the entire length of the State between the two port areas. The strength of the northern port complex focuses on containerized and auto movements, while the focus in the southern maritime terminals is currently on bulk and breakbulk movements, such as food lumber and steel. Increased marketing of the maritime assets of southern New Jersey as a specialized hub port could increase maritime movements through the region but will require that effective and efficient inland transportation options be in place. A “One State, One Port” initiative can additionally build awareness of New Jersey’s role as an international gateway, with a variety of options to serve customers needing containerized, breakbulk, bulk, auto and other maritime movements. As competition increases among East Coast ports, such campaigns could improve New Jersey’s position to capture new business and economic growth.

This initiative can be explored immediately. However, the timing of the marketing would be linked to anticipated improvements in the southern New Jersey maritime terminals and improvements to the terminals’ road and rail inland options.

Specific transportation initiatives are:

- **Address the road and rail connectivity issues** – Without efficient and effective connections, the Southern New Jersey region cannot reach its potential. This initiative includes:
 - Target improvements that can be made immediately, particularly road and rail – this report notes a number of improvements identified during the executive dialogues including the Interstate 295/Route 42 Interchange, the Delair Bridge, and obtaining enhanced carload and new intermodal rail freight service to the Southern New Jersey region.
 - Improve north-south rail connectivity – potential routes can be explored, including a connection via the CSX Trenton Subdivision line and the Delair Bridge (this route is anticipated to be have doublestack clearance by 2009) and the “Blue Comet” route. Improved north-south rail connectivity is required to explore and undertake bulk movement of gravel and sand and potential rail shuttle service between the northern port complex and the Southern New Jersey region.
 - Improve the road and rail infrastructure needed for current and future maritime operations in Southern New Jersey – the maritime terminals in the Southern New Jersey region cannot reach their full potential without efficient and effective inland movement options.



“Last mile” connections between the maritime terminals and the State’s major roadways are needed. Attention to rail freight service, line and yard capacity and equipment availability in the Southern New Jersey region are also needed.

This initiative can be further refined by the New Jersey Department of Transportation to define more specific improvements, priorities and time lines.

- **Preserve transportation assets and access** – The Southern New Jersey region has freight transportation assets that may not be needed immediately but could become essential in the future. These include large tracts of waterfront property and rail freight rights of way. Experience has shown that once these properties shift to other uses, it is virtually impossible to regain them for freight purposes. Accordingly, this initiative advocates a proactive program to identify and preserve these assets for potential future use.

This initiative can be further refined by the New Jersey Department of Transportation (NJDOT), the Office of Economic Growth (OEG) and the New Jersey Economic Development Authority (NJEDA) to identify, prioritize and selectively invest in the retention of such assets.

Additional economic development initiatives are:

- **Address industry concerns regarding permitting** – Concerns regarding regulation of industrial property development were raised throughout the project and in other forums. This initiative can include working with regulatory agencies to develop an area-wide plan for the Southern New Jersey region, as well as more specific initiatives to address the concerns in an environmentally sensitive manner.

This initiative can be advanced immediately by OEG and NJEDA.

- **Address industry concerns regarding the costs associated with developing properties in New Jersey** – Similar to the concerns voiced regarding permitting, concerns associated with the fees and other costs with advancing property development can be further studied, along with options for addressing the concerns and needs of all parties.

This initiative can be advanced immediately by OEG and NJEDA.

- **Ensure the continued availability of labor** – While labor availability is currently a key strength of the Southern New Jersey region, distribution centers in other areas of the State are experiencing labor shortages. This initiative advocates a proactive program of labor training and recruitment in support of both the distribution center complexes in the Southern New Jersey region, as well as the entire state. This includes building awareness of employment opportunities in the freight industry, job training (both to obtain the skills needed and to encourage retention of staff – for example, some distribution centers offer English as a Second Language



courses as an incentive to retain their workers), and ensuring transportation options between worker residential areas and job locations.

This initiative can be studied further by OEG, NJEDA and the New Jersey Department of Labor.

- **Encourage the preservation of properties for future industrial development** – Similar to the preservation of freight transportation assets, this initiative involves the retention of industrial properties that may not be needed immediately but could become important assets in the future. Accordingly, this initiative advocates a proactive program to identify and preserve these assets for potential future use.

This initiative can be further refined by OEG and NJEDA to identify, prioritize and encourage the retention of such assets by either the private or public sectors.

- **Encourage green building practices** – This initiative would build on the many efforts and programs within the State to encourage the use of green building practices, including LEED construction, along with the use of solar panels and energy conservation techniques. Corporate clients are increasingly seeking such properties.

This initiative can be further refined by OEG and NJEDA, along New Jersey's utility providers.

The Visioning Plan serves as an informational foundation on the Southern New Jersey region and provides a roadmap for proceeding to enhance the economic competitiveness and growth of both this area and the entire State. Steps are already being taken to move forward – the New Jersey Department of Transportation is undertaking the *South Jersey Port Region Intermodal Freight Transportation & Economic Development Assessment*, which will build on the Visioning Plan and further articulate the transportation enhancements needed in the area.