RUTGERS
Edward J. Bloustein School
of Planning and Public Policy

SOMERSET COUNTY DEVELOPMENT OPPORTUNITIES

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A Millennial Perspective

Duke Farms Studio - Fall 2014

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Contents

Summary of Findings

This report presents the findings of market studies undertaken during the Fall 2014 Duke Farms Studio class at the Edward J. Bloustein School of Planning and Public Policy. The market studies were undertaken for the studio's clients: the Somerset County Business Partnership, the Somerset County Planning Department and the Somerset County Board of Chosen Freeholders. The studio team set out to understand the potential of Somerset County as a place that appeals to Millennials – from the perspective of Millennials. The report identifies residential and commercial trade areas, interprets trends in downtown and suburban markets, compares these trends with those of adjacent Middlesex and Hunterdon Counties, and develops programming and amenity strategies to optimize future growth.

Somerville serves as the focal point for these analyses due to its central location, it potential as a model for other municipalities in Somerset County, and due to the ongoing efforts of Somerset County and Somerville planners to transform the municipality into a vibrant urban core for the suburban county.

The findings indicate that Somerville and Somerset County is in a good position to serve the needs of current and future Millennial residents, yet it also needs to focus on accommodating its aging Baby Boomer population.

Demographic Trends

Somerset County has the highest median income when compared to neighboring counties in the region such as Middlesex and Hunterdon. It is also highest in median income compared to the state of New Jersey.

Somerset County has been growing in terms of both population and number of households, as have the neighboring counties of Middlesex and Hunterdon. The 20-24 age bracket, part of the Millennial generation, is growing in these three counties. The wider 25-34 age bracket, has strong growth potential in Somerset, moderate growth potential in Middlesex, and a particularly high growth potential in Hunterdon. There continues to be strong growth for the over-55 generation throughout, with the highest growth in the over 65 age-bracket. It should be noted that there are declines in the 35-44 and the 45-54 age brackets. These trends indicate that Somerset County should focus its attention on existing Millennials as well as plan for new Millennials. Still, it must continue to support the needs of the growing senior population.

Transportation

Road networks are the dominant means of transportation in Somerset County. The county's central location between New York City and Philadelphia, as well as its connections to the NJ highway network, ensure ease of access between municipalities and neighboring states. Airports such as Newark and JFK/LGA are also highly accessible.

NJ Transit serves Somerset County via bus and rail, with the rail stations in Raritan and Somerville serving as focal points for initiatives such as direct service to NYC. The rail stations offer the most potential in attracting the Millennial population. Transit-oriented development, encompassing sustainable forms of development in proximity to these transit sites, would also satisfy housing needs for new transit riders.

Residential Trade Area

With the assessment that the Millennial generation prefers to live in denser, urban environments, this report identifies a residential trade area through a density ranking of 12 municipalities, basing the ranking on municipalities which were at least as dense as Somerville. In addition to density-ranked municipalities, several locations which offer unique amenities and are competitively priced were also considered even though they might be located in more suburban zones.

Among the denser municipalities as well as the less-dense ones, single-family homes make up most of the housing inventory, even though Millennials and even Boomers are searching for more flexible options, such as apartment-style housing and rentals. While Millennials are limited in terms of their affordable options, Boomers generally have larger budgets, and can choose from a wider range of housing. In terms of the competition, New Brunswick, Highland Park, Perth Amboy, and Morristown were considered to have a greater number of rental options. Nevertheless, Somerset has a higher proportion of lower-priced rental options than both the trade area and the region as a whole, serving as a potential asset for future Millennials.

Retail Trade Area

The Somerville retail trade area was identified based on a drive time analysis using overlapping census tracts, taking active retail markets into consideration. Within this trade area, retail was categorized as either highway-oriented development or downtown urban center development. Urban sales are much lower than corridor sales in the trade area. Highway corridor sales, such as those in Somerset's popular regional power centers are particularly high in comparison to the neighboring counties of Middlesex and Hunterdon. In terms of sales volume, Motor Vehicle and Parts Retailers will continue to be the largest retail category by sales volume from 2014 to 2020, while the Health and Personal Care category is expected to show the strongest growth and is among the largest categories by sales volume.

Recommendations

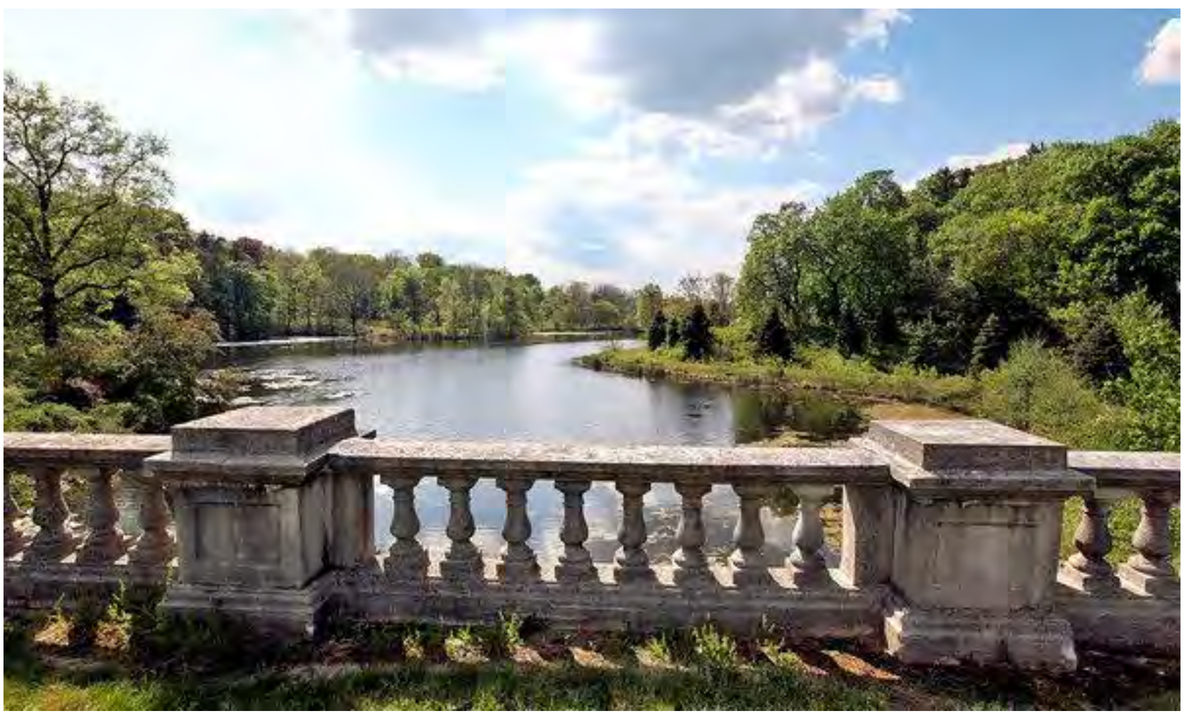
Millennials as well as Boomers tend to prioritize the three A's: Affordability, Amenities, and Access. Millennials are a mobile generation and Boomers would prefer to age in place; nevertheless they share similar values such as affordable housing, access to walkable and bikeable places, and amenities for healthcare, recreation, and entertainment.

This report presents several strategies, based on the studies described above, that would further the goals of attracting and retaining a talented workforce and establishing Somerset County as a healthy and sustainable place to live, work, raise children, and retire:

- Develop housing that is affordable for Millennials and Baby Boomers and accommodates their changing lifestyles

- Enhance multi-modal connections throughout the county and continue pursuing a direct NJ Transit train ride into Manhattan
- Create Health & Wellness Districts, including Health and Personal Care retail, to foster synergies between health and medical institutions, practitioners and firms.
- Foster the agri-tourism industry through Duke Farms and Somerset County. This would correspond with a growing awareness of and interest in local food options that spans generations.
- Convert the Somerville U.S. Post Office into a performing arts center to further bolster the Somerville arts district and boost local commerce
- Foster intergenerational communities bringing together Millennials and Boomers through recreational and cultural activities.

Jointly, these strategies would brand the county as an appealing, healthy, and sustainable place to live for younger and older generations.



Duke Farms in Hillsborough, Somerset County. A leader in sustainability.

Part I: Existing Conditions

1. *Demography and Housing Conditions*
2. *Employment, Transportation, and Natural Amenities*

1. Demography and Housing Conditions

Introduction and Methods

Somerset County, located in central New Jersey, features commercial and residential assets that make it an ideal home for its residents. This report features a residential analysis of the county, including a focus on population and household trends, an inventory of housing stock and affordability, and a quality of life analysis in the county measured by crime rates, quality of the school system, and county tax base, which is expanding in Somerset County. This analysis features a comparative approach, whereby Somerset County is analyzed in relation to the neighboring counties of Middlesex and Hunterdon, as well as the three counties combined, which is referred to as “the region”.

Ultimately, this report seeks to assess the growth potential of the county and whether or not it fosters an attractive environment for the Millennial generation. The Millennial generation is the age cohort born between 1982 and 2002. As of the writing of this report, members of the Millennial generation are aged 12 to 32. The SCBP has indicated its desire to attract more members of this generation to the county to ensure the continued success of its historically robust economy. The SCBP has also emphasized development patterns in the town of Somerville in Somerset County as emblematic of the type of development it wishes to encourage in the county, which will be explored further.

After analyzing demographic and housing conditions across Somerset County and comparing them to the Region and the State, this report will hone on a “residential trade area”, made up of areas in and around the region that are similar to Somerville in density and development patterns. The report analyzes several data sources in order to assess the trade area and make recommendations for residential development and positioning strategies. It should be noted that, in light of Somerset County’s stated desire to attract Millennials, as well as demographic analysis that highlight the growth and importance of the Baby Boomer generation, this report’s residential analysis focuses on these demographic categories.

When researching the county trends and projections this report draws on a variety of data sources. For population data and trends, this report uses Woods and Poole Economics, Inc. county spreadsheets. American Community Survey (ACS) data for the county, region, and state informs the sections on housing patterns and affordability. For the quality of life component, data sources include New Jersey State Police crime records, New Jersey Department of Education school bullying records, and High School Proficiency Assessment (HSPA) scores for an assessment of school performance. The report also draws on comprehensive data from the Somerset County Business Partnership, 4ward Planning, Claritas lifestyle segments from the Nielsen Company, and reports from the American Planning Association on Millennials and baby boomers.

Population and Household Trends

This report uses Woods and Poole data from 1990 to 2013 as well as projections to 2040 to examine population and household trends in the three counties in the Region: Somerset, Middlesex and Hunterdon. Additional tables are located in the Appendix A.

An Overview of Somerset County in 2014

The current 2014 total population for Somerset County is 329,517 people, which is 26% of the Region's total population of 1,288,658. Somerset County has a sizeable youth population, with residents aged 19 and under making up 26% of the population. Residents aged 20-34, an age cohort that roughly corresponds to the Millennial generation, make up only 16% of the population; meanwhile, residents aged 45-64 (roughly corresponding to the baby boomer generation aged 50-70) make up 31% of the population (See Appendix A.1).

Population Change in Somerset County 1990-2020

Current data and projections through 2040 show that Somerset County's population has been growing and will continue to grow, albeit at a slower pace. In 1990, the population was 241,464 people and it is expected to grow to 339,627 by 2020. The Compound Annual Growth Rate (CAGR), which measures the average annual growth rate in population over a particular period of time, reveals that over 10-year periods, the population has continued to grow. However, with each successive decade, this growth has slowed. While the CAGR from 1990-2000 was 2.2%, it dropped to .8% from 2000-2010, and then further dropped to .5% between 2010 and 2020. Additional projections to 2040 (Woods and Poole) show a relatively stable CAGR of .5% into the future (See Table 1).

Table 1: Population Growth in Somerset County (CAGR) 1990-2040

Time Period	1990-2000	2000-2010	2010-2020	2020-2030	2030-2040
CAGR	2.2%	0.8%	0.5%	0.5%	0.5%

Source: Woods and Poole Economics, Inc, 2013.

Population Change in Somerset County by Age Group 1990-2020

When examining changes in population by age group between 1990 and 2020, it appears that there was a significant increase in the under-19 population, as well as a significant increase in population for the age brackets of 45-54, 55-64, and those greater than 65. There was a moderate increase in the 20-24 age bracket, a very slight increase for those in the 35-44 age bracket, and a drop in population for the 25-34 age bracket. The Compound Annual Growth Rates for the four periods in the previous analysis reveal the following patterns: there was strong growth in the under-19 age bracket through 2010 but this has fallen and is expected to decrease through 2020. There has been growth in the 20-24 age bracket since 2000, especially from 2010-2015. There has also been continuous growth for those between 55 and 64, and those over 65. Projecting into the future, it seems that the 35-44 and 45-54 age brackets will continue their trend of decline, the 55-64 and 65+ cohorts will continue their trend of growth, and the 25-34 cohort will reverse its negative growth numbers for a 3% increase between 2015-2020 (see Tables 2 and 3). This is a promising trend for a county that wishes to retain and attract this sector, although the county must recognize that a projection of growth does not guarantee growth. Subsequent sections of this report will explore strategies the county can employ to further its goal of attracting Millennials.

Table 2: Somerset County Population by Age Groups 1990-2020

Somerset County, NJ						
	1990	2000	2010	2014	2015	2020
Total	241,464	298,761	324,078	329,517	331,146	339,627
<19	58,494	81,132	87,259	86,283	85,935	84,856
20-24	15,511	12,607	14,591	17,538	18,529	19,832
25-34	48,172	42,428	36,587	36,240	36,408	42,127
35-44	41,249	58,456	48,849	44,847	44,055	41,616
45-54	28,827	44,326	57,517	56,324	55,787	50,141
55-64	23,230	26,286	39,086	44,202	45,446	50,267
>65	25,981	33,526	40,189	44,083	44,986	50,788

Source: Woods and Poole Economics, Inc., 2010.

Table 3: Somerset County Population Change and CAGR 1990-2020

Age Groups	*1990 - 2000*		*2000 - 2010*		*2010 - 2015*		*2015 - 2020*	
	Number	CAGR	Number	CAGR	Number	CAGR	Number	CAGR
Total	57,297	**2.2%**	25,317	**0.8%**	7,068	**0.4%**	8,481	**0.5%**
<19	22,638	**3.3%**	6,127	**0.7%**	-1,324	**-0.3%**	-1,079	**-0.3%**
20-24	-2,904	**-2.1%**	1,984	**1.5%**	3,938	**4.9%**	1,303	**1.4%**
25-34	-5,744	**-1.3%**	-5,841	**-1.5%**	-179	**-0.1%**	5,719	**3.0%**
35-44	17,207	**3.5%**	-9,607	**-1.8%**	-4,794	**-2.0%**	-2,439	**-1.1%**
45-54	15,499	**4.4%**	13,191	**2.6%**	-1,730	**-0.6%**	-5,646	**-2.1%**
55-64	3,056	**1.2%**	12,800	**4.0%**	6,360	**3.1%**	4,821	**2.0%**
>65	7,545	**2.6%**	6,663	**1.8%**	4,797	**2.3%**	5,802	**2.5%**

Source: Woods and Poole Economics, Inc., 2013.

An Overview of Middlesex County in 2014

In 2014, Middlesex County accounted for 64% of the region's population, with a population of 824,652 people.

Population Change in Middlesex County 1990-2020

Middlesex County's population has also been growing from 1990, and is projected to continue growing through 2020. In a pattern similar to Somerset County, was strong growth between 1990 and 2000, slower growth between 2000 and 2010, and growth is projected to stabilize through 2020.

Population Change in Middlesex County by Age Group 1990-2020

When examining changes in population by age group between 1990 and 2020, it appears that there was an increase of 43,763 in the 19-and-under age cohort from 1990 to the 2020 projection, as well as sizeable increases in the age brackets of 45-54, 55-64, and those over 65. There was a slight increase in population for the brackets of 20-24 and 35-44, and a significant drop in the bracket of 25-34 over this time period. When calculating the CAGR for four periods: 1990-2000, 2000-2010, 2010-2015, and 2015-2020, the rates of growth provide the following assessment. There has been a decrease in growth for the under-19 age bracket since 2000 but there is very slight growth projected through 2020. The age brackets of 20-24, and 25-34 have seen growth pick up very slowly and this is expected to continue through 2020. This is a departure from earlier years, when these populations were declining. The age brackets of 35-44 and 45-54 are projected to continue their decline in growth, while the age brackets of 55-64 and those over 65 are growing. The population over 65 is expected to grow at the greatest rate of any age cohort (see Tables 4 and 5).

Table 4: Middlesex County Population by Age Groups 1990-2020

Middlesex County, NJ	**1990**	**2000**	**2010**	**2015**	**2020**
Total	673,469	752,880	810,747	828,351	847,684
<19	168,037	198,317	209,967	209,959	211,800
20-24	58,898	51,453	57,968	61,838	62,593
25-34	131,687	117,128	111,865	112,674	119,675
35-44	104,510	129,061	117,440	113,736	109,686
45-54	70,507	101,261	121,893	116,996	111,554
55-64	60,977	62,871	91,749	101,680	105,664
>65	78,853	92,789	99,865	111,468	126,712

Source: Woods and Poole Economics, Inc., 2013.

Table 5: Middlesex County Population Change and CAGR 1990-2020

Age Groups	***1990 - 2000***		***2000 - 2010***		***2010 - 2015***		***2015 - 2020***	
	Number	**CAGR**	**Number**	**CAGR**	**Number**	**CAGR**	**Number**	**CAGR**
Total	79,411	**1.1%**	57,867	**0.7%**	17,604	**0.4%**	19,333	**0.5%**
<19	30,280	**1.7%**	11,650	**0.6%**	-8	**0.0%**	1,841	**0.2%**
20-24	-7,445	**-1.3%**	6,515	**1.2%**	3,870	**1.3%**	755	**0.2%**
25-34	-14,559	**-1.2%**	-5,263	**-0.5%**	809	**0.1%**	7,001	**1.2%**
35-44	24,551	**2.1%**	-11,621	**-0.9%**	-3,704	**-0.6%**	-4,050	**-0.7%**
45-54	30,754	**3.7%**	20,632	**1.9%**	-4,897	**-0.8%**	-5,442	**-0.9%**
55-64	1,894	**0.3%**	28,878	**3.9%**	9,931	**2.1%**	3,984	**0.8%**
>65	13,936	**1.6%**	7,076	**0.7%**	11,603	**2.2%**	15,244	**2.6%**

Source: Woods and Poole Economics, Inc., 2013.

An Overview of Hunterdon County in 2014

Hunterdon County is the least populous in the region, with a population of only 134,489 in 2014, or 9% of the region's population. The most populated age group in Hunterdon County also includes those under 19 years of age, while those who are between 20 and 24 years of age are also the least populated group.

Population Change in Hunterdon County 1990-2020

Hunterdon County's population has been growing since 1990 and is expected to continue to grow through 2020. There is movement toward a slight increase in the population with a general decline in the growth rate. Still, growth rates for several age cohorts, presented below, are particularly strong in the projections through 2020.

Population Change in Hunterdon County by Age Group 1990-2020

When examining changes in population by age group between 1990 and 2020, there was a slight increase in the under-19 population, as well as a slight increase in the 20-24 population. There was a moderate increase in the 45-54 age bracket, and strong increases in the 55-64 and over-65 age brackets. There have been decreases in the 25-34 and 35-44 brackets. When calculating the CAGR among four periods: 1990-2000, 2000-2010, 2010-2015, and 2015-2020, the rates of growth reveal the following: A comparison of Compound Annual Growth Rates indicates that the under 19 population peaked in 2000 and has been declining ever since. Despite earlier declines, there have been sizeable increases in growth in the 20-24 and 25-34 age brackets. The 35-44 age bracket has steadily declining, but is projected to grow very slightly through 2020. The 45-54 age bracket has been on the decline, a trend that will likely intensify through 2020. The 55-64 and over 65 age brackets have been growing more rapidly, with the over 65 population growing at the quickest pace (see Tables 6 and 7). The over 65 population in Hunterdon County is expected to grow faster through 2020 than the same cohort in the other two counties.

Table 6: Hunterdon County by Age Groups 1990-2020

Hunterdon County, NJ	1990	2000	2010	2015	2020
Total	108,128	122,579	128,354	136,673	147,732
<19	28,545	33,620	32,777	31,775	30,843
20-24	6,756	5,001	6,223	7,694	8,564
25-34	18,453	13,827	10,617	12,088	14,956
35-44	20,761	24,370	17,861	14,733	14,959
45-54	14,355	21,312	25,787	25,280	21,976
55-64	9,016	12,136	18,601	23,445	27,614
>65	10,242	12,313	16,488	21,658	28,820

Source: Woods and Poole Economics, Inc., 2013.

Table 7: Hunterdon County Population Change and CAGR 1990-2020

Age Groups	*1990 - 2000*		*2000 - 2010*		*2010 - 2015*		*2015 - 2020*	
	Number	CAGR	Number	CAGR	Number	CAGR	Number	CAGR
Total	14,451	**1.3%**	5,775	**0.5%**	8,319	**1.3%**	11,059	**1.6%**
<19	5,075	**1.6%**	-843	**-0.3%**	-1,002	**-0.6%**	-932	**-0.6%**
20-24	-1,755	**-3.0%**	1,222	**2.2%**	1,471	**4.3%**	870	**2.2%**
25-34	-4,626	**-2.8%**	-3,210	**-2.6%**	1,471	**2.6%**	2,868	**4.3%**
35-44	3,609	**1.6%**	-6,509	**-3.1%**	-3,128	**-3.8%**	226	**0.3%**
45-54	6,957	**4.0%**	4,475	**1.9%**	-507	**-0.4%**	-3,304	**-2.8%**
55-64	3,120	**3.0%**	6,465	**4.4%**	4,844	**4.7%**	4,169	**3.3%**
>65	2,071	**1.9%**	4,175	**3.0%**	5,170	**5.6%**	7,162	**5.9%**

Source: Woods and Poole Economics, Inc., 2013.

Household Data

The number of households in Somerset County has increased from 1990-2020, from an initial count of 88,569 in 1990 to a projection of 126,667 households in 2020. While there was a sharp increase from 1990 to 2000, growth in households appears to have leveled off. The number of households in Middlesex County also increased from 1990-2020, from an initial count of 239,538 to 302,045 projected in 2020. Again, there was a significant increase from 1990-2000, and now the number of households appears to be increasing at a slower pace. The number of households in Hunterdon County has increased from 1990-2020, from an initial count of 37,946 to a projected value of 56,523 in 2020. In contrast to Middlesex and Somerset, Hunterdon County has a steadier household growth rate, despite a dip in 2000-2010.

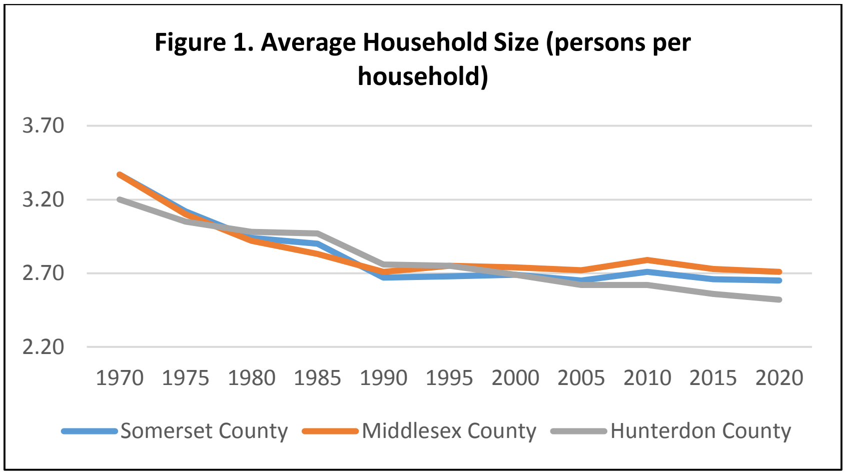
When examining CAGR rates of growth for households, Somerset has been growing but at a slower and declining pace, Middlesex has fluctuated but is relatively stable in growth, and Hunterdon appears to be growing at a faster pace (See Table 8).

Table 8: Region Household Change and CAGR 1990-2020

	1990 - 2000		2000 - 2010		2010 - 2015		2015 - 2020	
	Change	CAGR	Change	CAGR	Change	CAGR	Change	CAGR
Somerset County	20,961	2.1%	9,205	0.8%	4,150	0.7%	3,782	0.6%
Middlesex County	27,215	1.1%	14,762	0.5%	11,806	0.8%	8,724	0.6%
Hunterdon County	5,970	1.5%	3,258	0.7%	4,380	1.8%	4,969	1.9%

Source: Woods and Poole Economics, Inc., 2013.

In addition to household growth, the data also reveal trends in household size, which is important when considering types of housing stock available. All three counties had average household sizes of more than three persons per household in 1970, and all three counties' household sizes have dropped considerably in the intervening years. Somerset County had a household size of 3.37 persons per household in 1970 and 2.71 persons per household in 2010 (interestingly, household size increased in Somerset and Middlesex counties in 2010 but remained the same in Hunterdon). In 2020, Somerset County's average household size is expected to be 2.65, which is smaller than that of Middlesex but larger than that of Hunterdon (see Figure 1).



Source: Woods and Poole Economics, Inc., 2013.

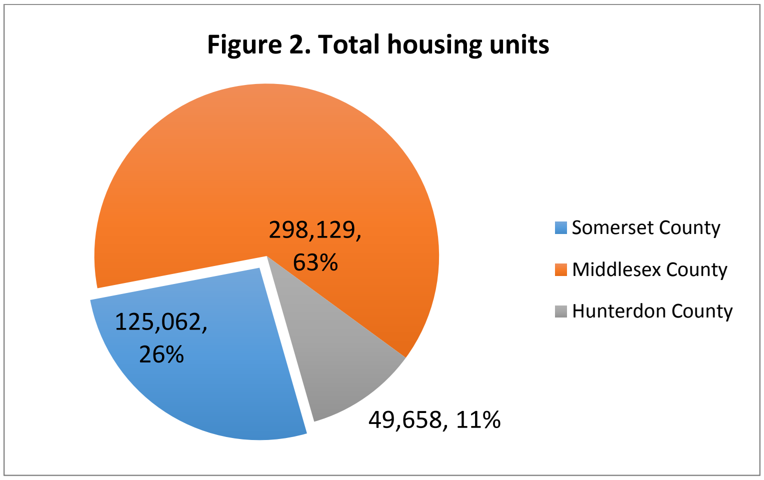
Population and Household Summary

In sum, all three counties have been growing and are forecasted to grow through 2020, but at a relatively slower pace overall in both population and in households. The under-19 age bracket is high in these counties, and, while it is relatively stable in Somerset and Middlesex, it is declining slightly in Hunterdon. The 20-24 age bracket, which is approximately the middle of the Millennial generation, is growing in all three counties. The 25-34 age bracket has strong growth potential in Somerset, moderate growth potential in Middlesex, and a particularly high potential in Hunterdon. Overall, there is clearly a growth potential for Millennials, those in the 20-34 age range. The 35-44 age bracket is declining throughout, while the 45-54 age bracket is also moderately declining. Finally, there is strong growth throughout for those over-55 population, and the age- bracket over 65 seems to be growing the most of all. Given these trends, it is important for Somerset County to consider not just attracting new Millennials, but also retaining Millennials already present in the county and planning for the needs of its aging baby boomer population.

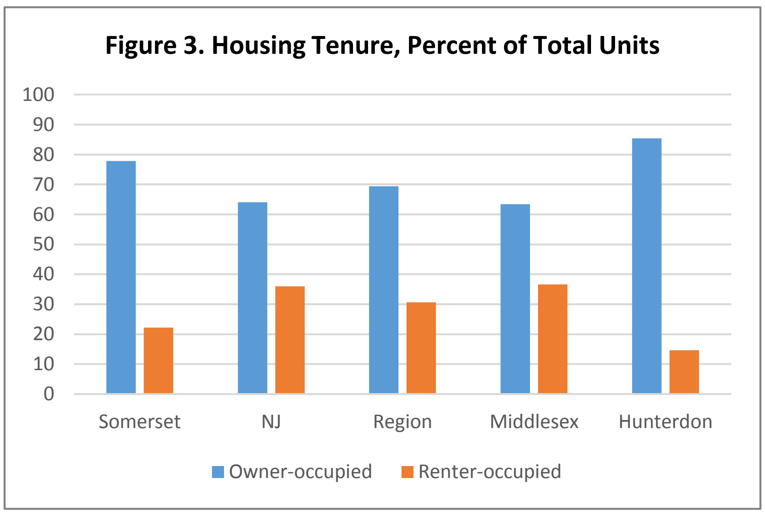
Housing Patterns and Affordability

Housing Stock & Tenure

In order to get a snapshot of housing patterns in the County, this report analyzes American Community Survey data (2013) for the County, Region and State. Somerset County has 125,062 housing units, which represents one quarter of the Region's housing stock (see Figure 2). This share of housing stock makes sense given that Somerset County makes up about a quarter of the region's population, as discussed in this report's analysis on population. The numbers of housing units in Middlesex and Hunterdon also mirror those counties' shares of regional population. Compared to New Jersey as a whole, Somerset County's housing tenure pattern is more heavily oriented towards homeowners than renters (see Figure 3). The state is about 64% owner-occupied and 36% renter-occupied, a pattern that is more closely reflected in Middlesex County. On the other hand, Somerset is 78% owner-occupied and 22% renter-occupied, with renters occupying about 25,000 of the nearly 113,000 occupied housing units. With a smaller proportion of rental units, it may be difficult for younger or lower-income households, without sufficient credit and capital to buy a home, to reside in the County. This report will explore further implications of Somerset County's housing tenure patterns below.



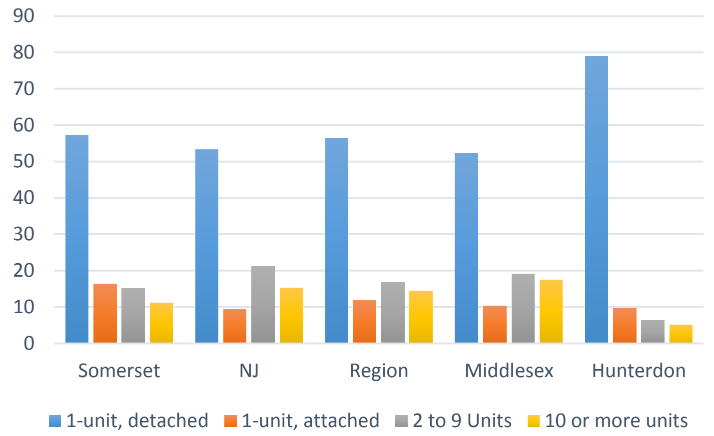
Source: American Community Survey, 2013, 1-year estimates



Source: American Community Survey, 2013, 1-year estimates

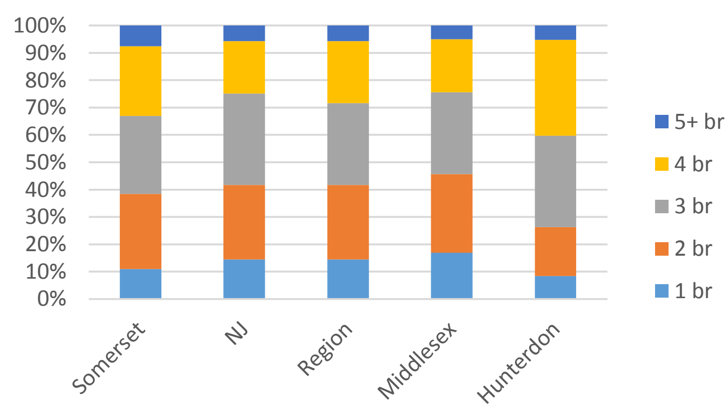
In terms of types of housing, Somerset County is similar to New Jersey in that the majority of its units (60%) are single-unit, detached (see Figure 4). Somerset's proportion is slightly higher than that of New Jersey as a whole. Somerset County has a lower proportion of multifamily housing units (in structures of 2-9 units or 10+ units) than both the state and neighboring Middlesex County, where multifamily housing makes up 37% of its housing stock. Somerset County does, however, have a higher proportion of single-unit, attached structures, indicating the presence of townhome-style units or housing located in mixed-use buildings. It is also worth noting that Somerset County homes are on average larger than homes in New Jersey and in the Region (see Figure 5); one quarter of housing units have 4-bedrooms (this category is surpassed only by Hunterdon) and 7% of homes have 5+ bedrooms. The prevalence of large homes may be of concern, given that Somerset County's average household size is less than 3 persons per household and seems to be declining.

Figure 4. Units in Structure, % of Total Units



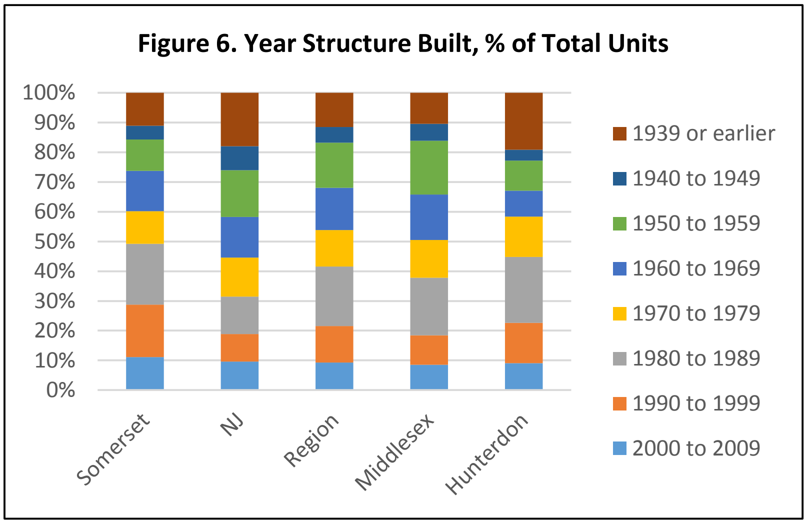
Source: American Community Survey, 2013, 1-year estimates.

Figure 5. Bedrooms Per Unit, % of Total Units



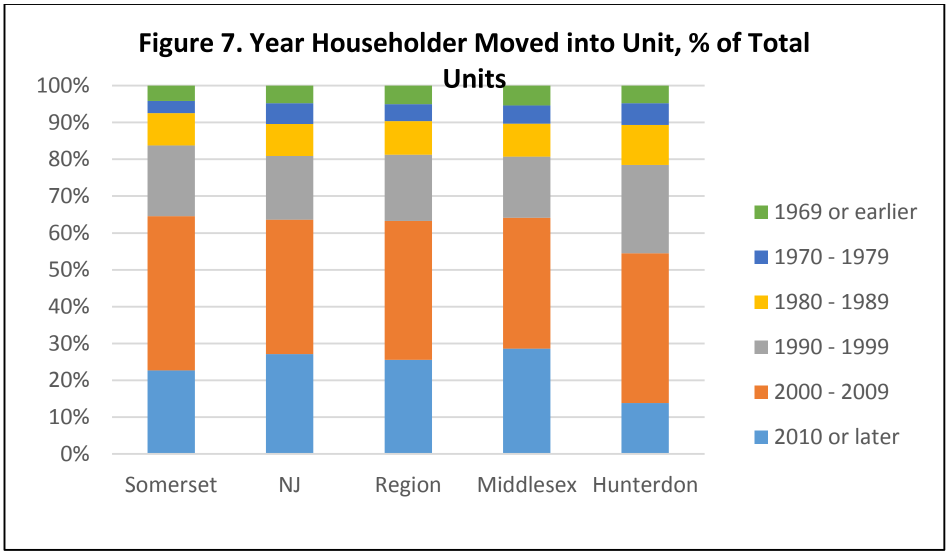
Source: American Community Survey, 2013, 1-year estimates.

It is also useful to consider age of housing stock in obtaining a preliminary snapshot of housing conditions in the county (see Figure 6). Compared to New Jersey as a whole, the region in general saw a building boom in the 1980s. In Somerset, this continued into the 1990s and 2000s to a greater extent than it did in Middlesex and Hunterdon. However, Somerset County has a similar proportion of pre-war housing as the region, and a small proportion of housing from the 1950s and 1960s. To put it another way, suburbanization in Somerset came later than in Middlesex. We can also conclude that Somerset's housing stock is on average larger and newer than that of New Jersey and the region, which has implications for its value and affordability.

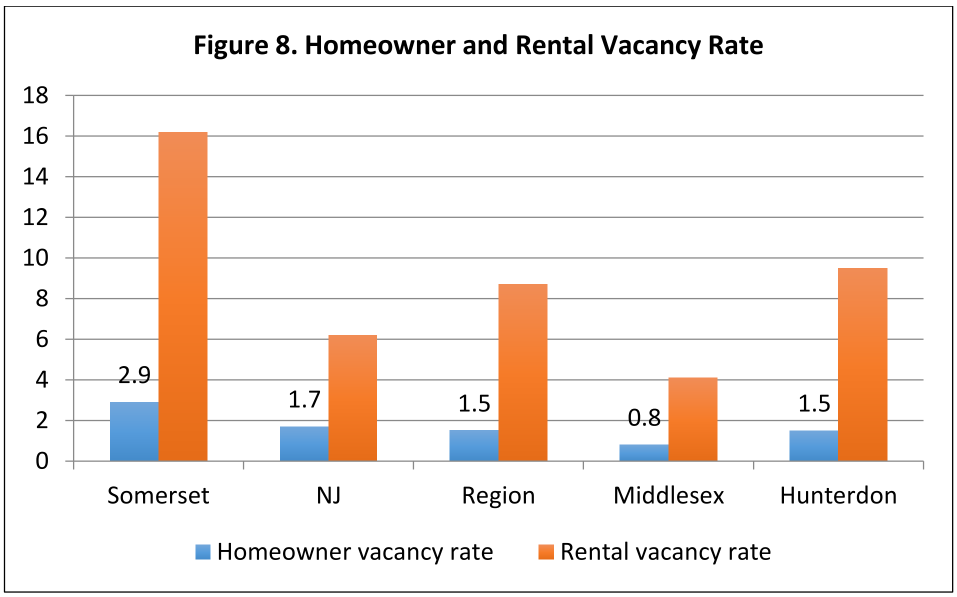


Source: American Community Survey, 2013, 1-year estimates.

Two final and revealing sets of statistics on the housing stock in Somerset County are housing turnover patterns and vacancy rates. First, despite high housing turnover across the region and state between 2000 and 2009, recent housing turnover (since 2010) has been lower in Somerset than in Middlesex or statewide (see Figure 7). Just 23% of Somerset County households moved between 2010 and 2013, compared to 29% in Middlesex. Second, 2013 ACS vacancy rates are significantly higher for both owner-occupied and rental housing in Somerset County than in the state or region (see Figure 8). Owner vacancy rates approach 3% in Somerset, compared with 1.7% in New Jersey and 0.8% in Middlesex. Rental vacancy rates exceed 16% in Somerset, compared with 6.2% in the state and only 4.1% in Middlesex. However, vacancy results from other sources call into question the reliability of the ACS data (see Appendix A.17-29).



Source: American Community Survey, 2013, 1-year estimates.



Source: American Community Survey, 2013, 1-year estimates.

Taken together, the low turnover and high vacancy measures are interesting and bear further investigation. They may imply that Somerset County has a sluggish market, with current owner-occupiers finding it difficult to sell. These measures may also reflect population patterns explored above. For example, these measures combined with the slow and negative growth rates of the 20-24 and 25-34 year old cohorts between 2000 and 2010 potentially signifies an outflow of a younger generation leaving the county for education and jobs, while their parents either move and presumably downsize, leaving large homes vacant, or stay in large homes because they are unable to sell. Additionally, the 55-64 and 65+ cohorts are projected to grow faster than any other cohort between 2010 and 2020. What kind of home will this demographic demand? Presumably, a retiree will not want a 5-bedroom home; however, it is difficult to make assumptions and predictions without further exploring the nature of vacancy and the reason for less housing turnover.

Housing Affordability

Turning now to housing affordability, this report finds that while Somerset County's housing is expensive, it is not necessarily unaffordable to those living in the county already. However, when considering the goal of attracting newcomers to the county, housing costs might present a barrier to entry. Somerset County's median home value in 2013 was $400,900, greater than the median in New Jersey by almost $100,000, and greater than both Hunterdon's and Middlesex's median home values (see Figures 9-12). In terms of home value spread, Middlesex's is relatively narrow—there are fewer low value and high value homes in that county. On the other hand, Somerset and Hunterdon have wider gaps between median and third quartile home values than between first quartile and median, indicating a higher proportion of expensive homes. From 2007 to 2013, the values of Middlesex's 75th percentile homes mimic Somerset's and Hunterdon's median (50th percentile) homes. In other words, 75% of Middlesex's homes are as or less expensive than 50% of Hunterdon and Somerset's homes, indicating that there is a greater proportion of affordable options in this county than in Somerset. Across the time period, which begins around the time of the recent housing crisis, home values across the county, region and state have declined. However, Somerset's median home value seems to have plateaued in 2013, and its 3rd quartile home value has actually increased in value from 2012 to 2013. This is good news for the county in terms of its tax base; however, we turn now to housing affordability measures compared with median incomes to better understand what house values mean for the Somerset County population and for potential migrants into the county.

Fig 9. New Jersey Home Values (by quartile, 2013 dollars)

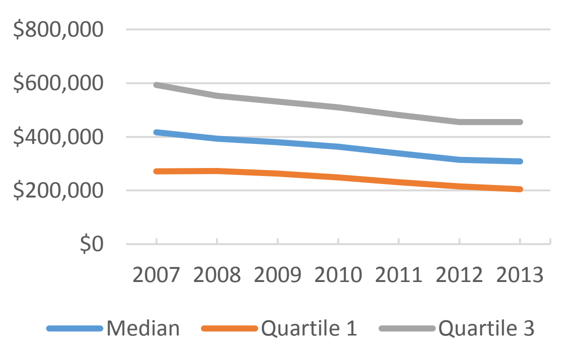
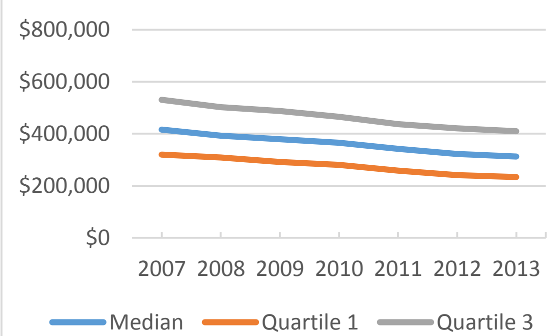
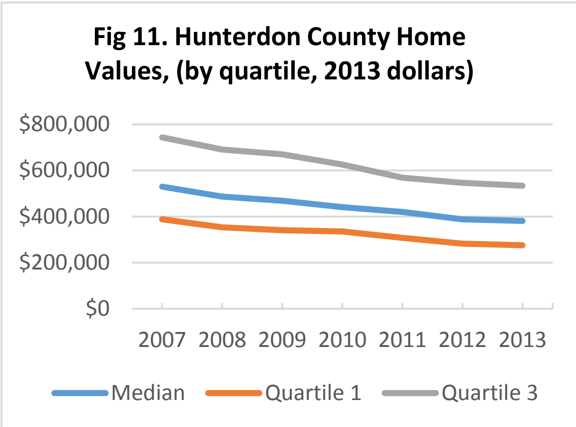
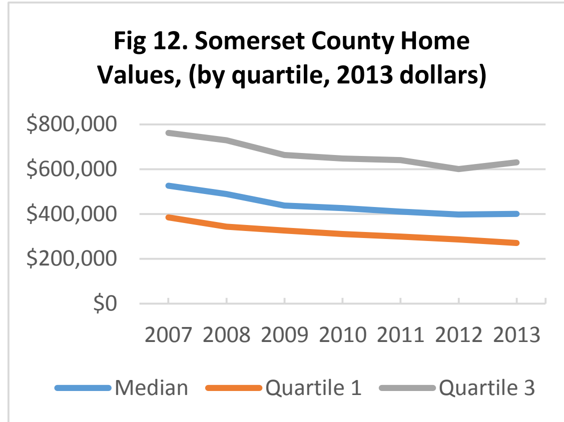


Fig 10. Middlesex County Home Values (by quartile, 2013 dollars)

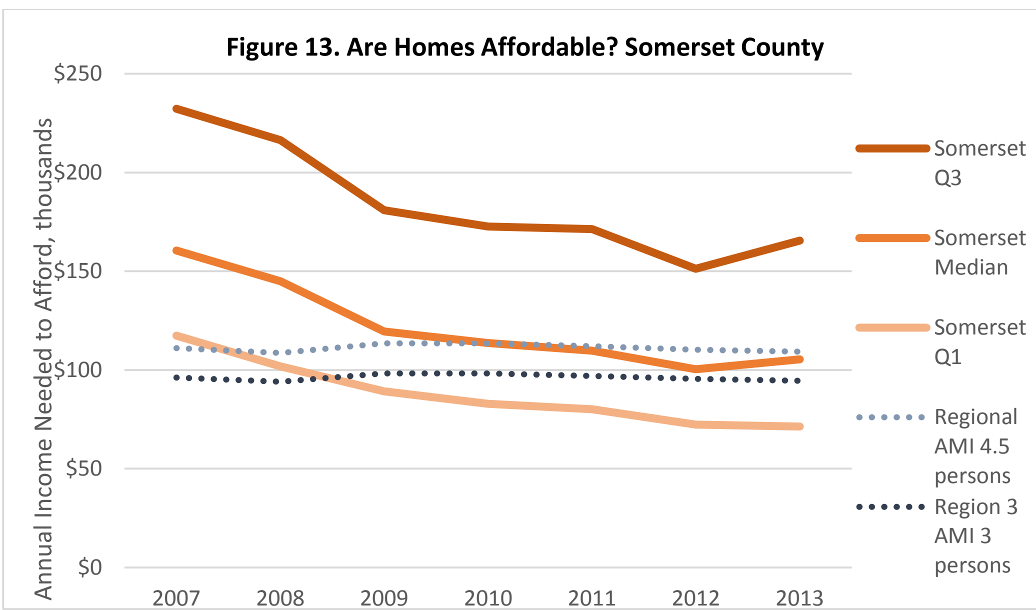






Source (Figs 9-12): American Community Survey.

Figure 13 shows the annual income that would be needed to purchase a home priced at the first, second and third quartiles in Somerset County over time, spending 28% of income on mortgage payments and taxes. The chart also shows the region's area median income for a 4.5-person household and a 3-person household (light and dark dotted lines, respectively). The same charts for Hunterdon County and Middlesex County, as well as a chart with all three counties, appear in Appendix A.17-29.

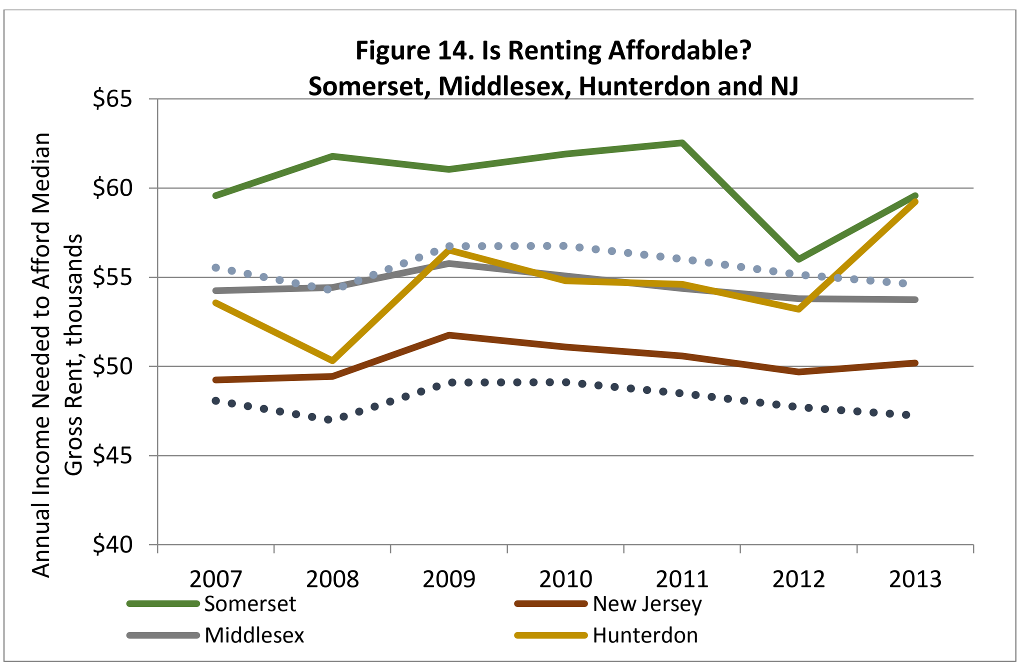


Sources: American Community Survey, 2013, 1-year estimates. Bureau of Labor Statistics, BLS Inflation Calculator. County tax rates, http://www.state.nj.us/treasury/taxation/lpt/taxrate.shtml.

While median incomes have remained stagnant, housing affordability has improved considerably as home values have dropped since the crisis. In 2007, median income households could not affordably purchase homes at the 25th percentile in Somerset and Hunterdon. In 2013, median homes in those counties are affordable to 4.5 person median households and just above affordable for 3 person median households.

Middlesex County has a far greater fraction of affordable homes for median income households than Somerset and Hunterdon, but the differences at the median and low end have narrowed over time. Low-income households (50% of AMI) are not listed on the chart but would fall below the 1st quartile in all counties across the time period (50% of the 4.5 person AMI is about $55,000 across the period). It should be noted that affordability here primarily pertains to first-time homebuyers. During the bubble, existing homebuyers could afford more new housing by cashing in the rising value of their current home. Conversely, since the crisis current homeowners may be saddled with unsupportable underwater mortgages that make sale and new purchase difficult, even with lower prices in the market. This may be a factor in Somerset County's recently low turnover rates.

What about affordability for renters? Although Somerset County has a relatively low proportion of renter-occupied housing, it is important to consider the affordability of rentals, especially if the county wishes to attract Millennials who may not have the credit or capital to afford homeownership at this point. A comparison of gross rent (Figure 14) shows that Somerset County's gross rents are higher than both statewide and regional rents—considerably more units are offered in the $1,500 and above ranges. Applying the same logic used in the homeownership affordability study to the question of rental affordability, Figure 14 shows the annual income needed to afford median gross rents (spending no more than 28% of income on rent) in the region and state, as well as 50% of AMI for 4.5- and 3-person households (incomes of $54,000 and $47,250 for 4.5 and 3 person households respectively). In contrast to home values, rents have not fallen over the time period. It should be noted, however, that the fluctuations in rental pricing may be an artifact of small sample sizes in these counties. Still, Somerset has had the highest median rents throughout the period, and the median Somerset rent is not affordable to a low-income area resident. However, this affordability issue is not unique to the county—a low-income 3-person household would not be able to afford statewide median rent and, alarmingly, that gap seems to be widening.



Source: American Community Survey, 2013, 1-year estimates.

Next Steps in Housing Analysis

From this analysis of housing in Somerset County as compared to the region and the state, we are left with questions that will require further analysis. First, it would be helpful to disaggregate this data to a municipal or neighborhood level, in order to understand where the smaller, older and less costly housing is located in the county. If it is concentrated in particular municipalities or neighborhoods, what are these areas like? And, if there are communities with larger populations of immigrant groups or Millennials as stand-alone households within the county already, what is the housing profile in these areas? Finally, the high vacancy rates in Somerset County bear further investigation. Knowing what types of housing is vacant and why can help develop strategies for attracting new homebuyers and renters to the county.

Quality of Life

Housing availability and affordability are major reasons why people choose to move to and remain in a particular location, but they are not the only reason. Other quality of life measures such as quality of schools and level of crime play a role in residential patterns. First, this report examines general crime rates in Somerset, Hunterdon and Middlesex Counties. Next, the report turns to crime and incidents of bullying in schools. Finally, high school HSPA scores are analyzed to determine how the county high school standardized test scores compare to one another and to the state.

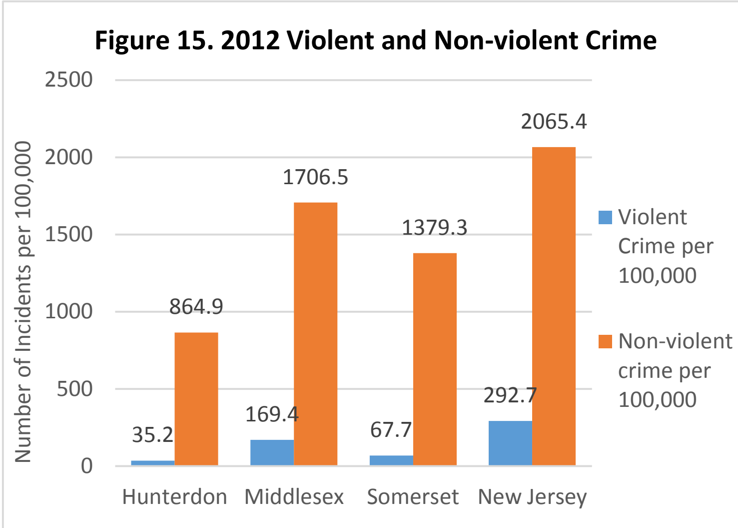
Crime

Crime rates for 2012 are relatively low in Somerset County (Figures 15-17 and Table 9, source: New Jersey State Police). Somerset's normalized rates of violent and nonviolent crimes are slightly higher than Hunterdon's but lower than Middlesex's and New Jersey's. Somerset County has the lowest murder rate of the three counties, and it is much lower than the state. However, these numbers should be interpreted with caution as they only represent one year of data, and they may be skewed by relatively small populations sizes (Hunterdon, for example, has a population of only 127,996, and thus its relatively high murder rate may be an artifact of sampling from a specific point in time).

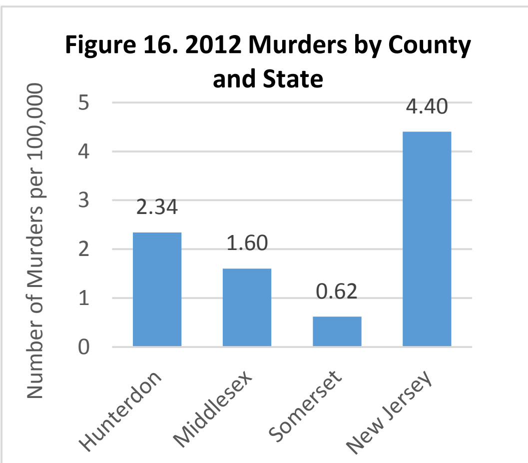
Table 9: Violent Crime as % of All Crime

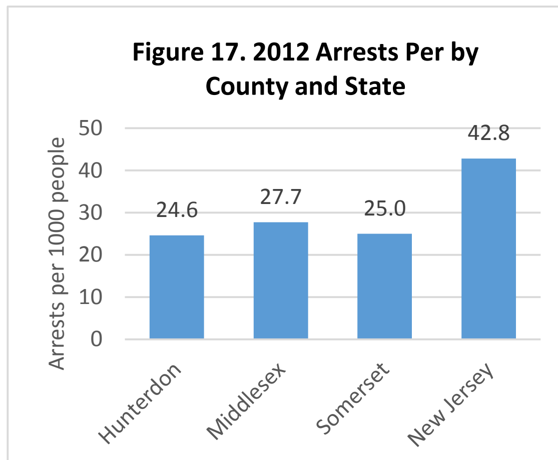
County or State	Violent Crime as % of All Crime
Hunterdon	3.9%
Middlesex	9.0%
Somerset	4.7%
New Jersey	12.4%

Source: NJ State Police 2012 crime data



Source: NJ State Police 2012 crime data

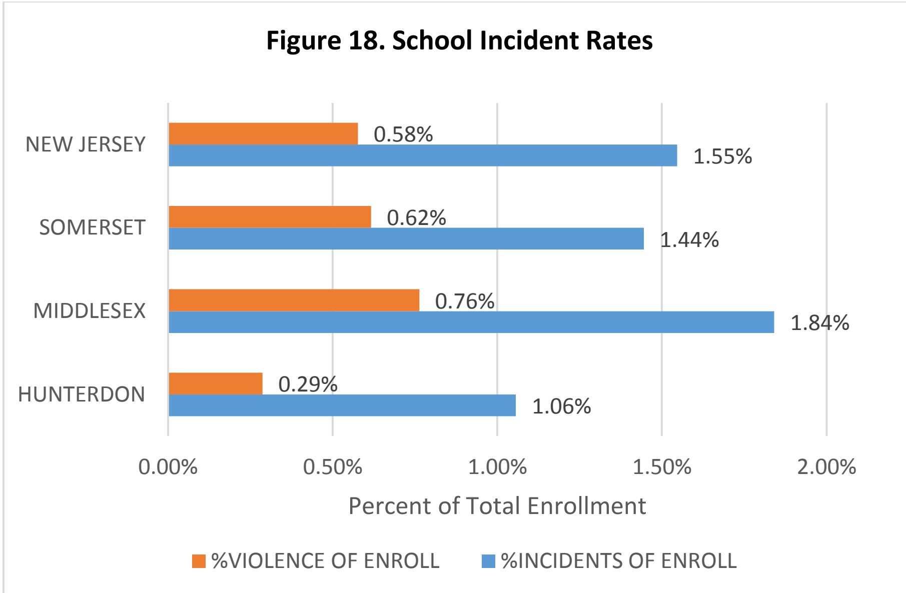




Source: NJ State Police 2012 crime data

School Safety

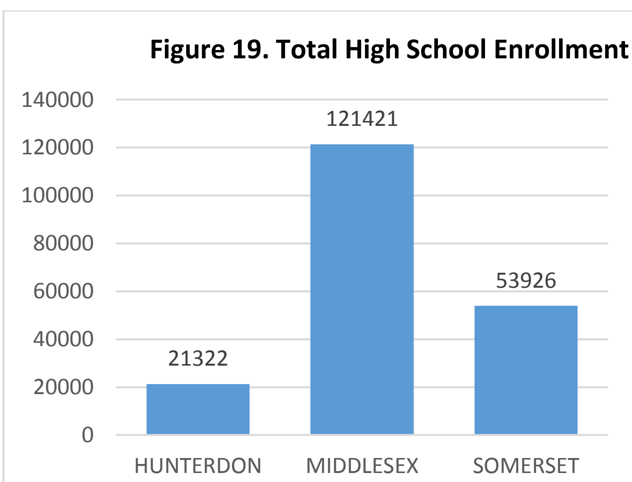
In order to examine safety in schools, the New Jersey Department of Education data were used to measure incidents of violence, vandalism, weapon use, substance use, harassment, intimidation and bullying in schools. Somerset County had a greater incidence of violence and total incidents of crime in schools as a percentage of enrollment than Hunterdon, but a lesser incidence on both counts than Middlesex County. It had slightly higher rates of violence as a percentage of total enrollment than New Jersey, but a lower rate of total incidents of crime in schools (see Figure 18).



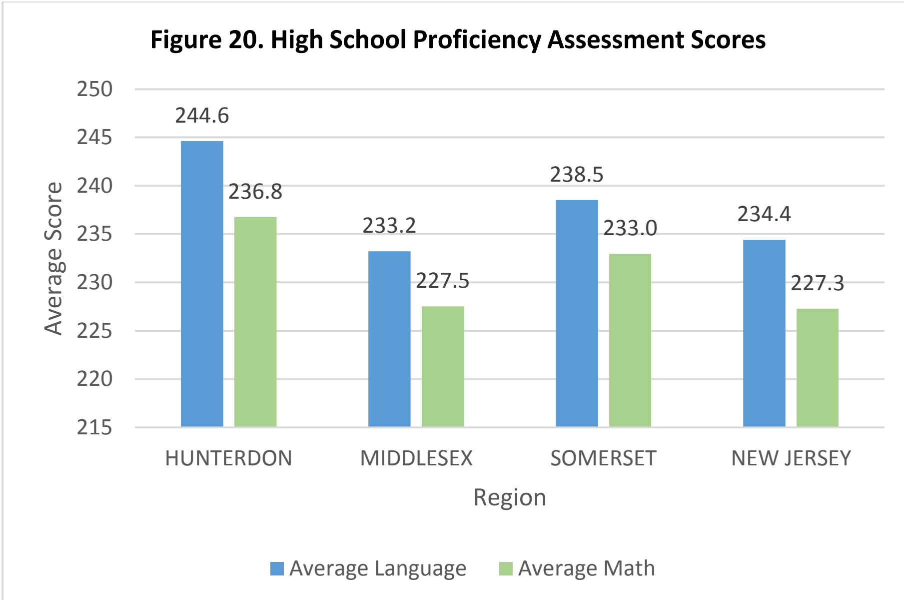
Source: NJ Department of Education

School Performance

School performance and specialties are also factors in assessing a region's desirability and overall quality of life. High schools focusing on vocational or technology skills are useful for students as a way to develop workforce skills for student who do not continue to postsecondary education. Somerset has 1 such school, Hunterdon has 1, and Middlesex has 5. High School Proficiency Assessment (HSPA) scores (Figure 20) to understand Somerset County's performance relative to other counties.



Source: NJ Department of Education, 2013.

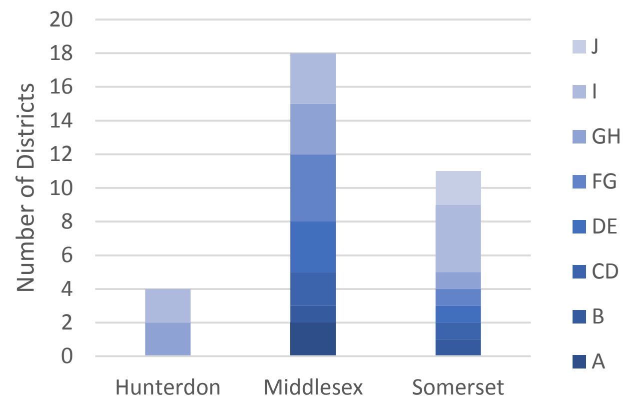


Source: NJ Department of Education, 2013.

The HSPA is a New Jersey state standardized test to determine achievement levels in math, reading and writing during a high school student's junior year, per the Core Curriculum Standards. Tests scores fall into the categories of Partially Proficient (i.e., fail; score of 100-199), Proficient (200-249) and Advanced Proficient (250-300). As of 2013 testing, Somerset County's average math score was 233, which is greater than Middlesex and New Jersey (227.5 and 227.3, respectively) but lower than Hunterdon with 236.8. Two of Somerset's schools received Advanced Proficient average scores in math. Overall, Somerset's HSPA math and language scores are lower than Hunterdon's but higher than Middlesex's and New Jersey's.

Interestingly, in reporting HSPA scores, the State Department of Education also includes a metric on the socioeconomic makeup of each school district, called the District Factor Group. This metric uses demographic variables from the US Census that indicate area residents' education levels, occupational status, employment, and income, to "grade" the district on a scale from A (lowest socioeconomic) to J (highest socioeconomic). While comparing this metric for Somerset County and the region does not reveal school performance, it provides an insight into the socioeconomic conditions of the districts in the comparison area (Figure 21). Certainly, Middlesex has a greater number of school districts than Somerset and Hunterdon overall, but the proportion of "higher" socioeconomic scoring districts (the lighter blue colors in Fig. 16) is greater in the latter two counties.

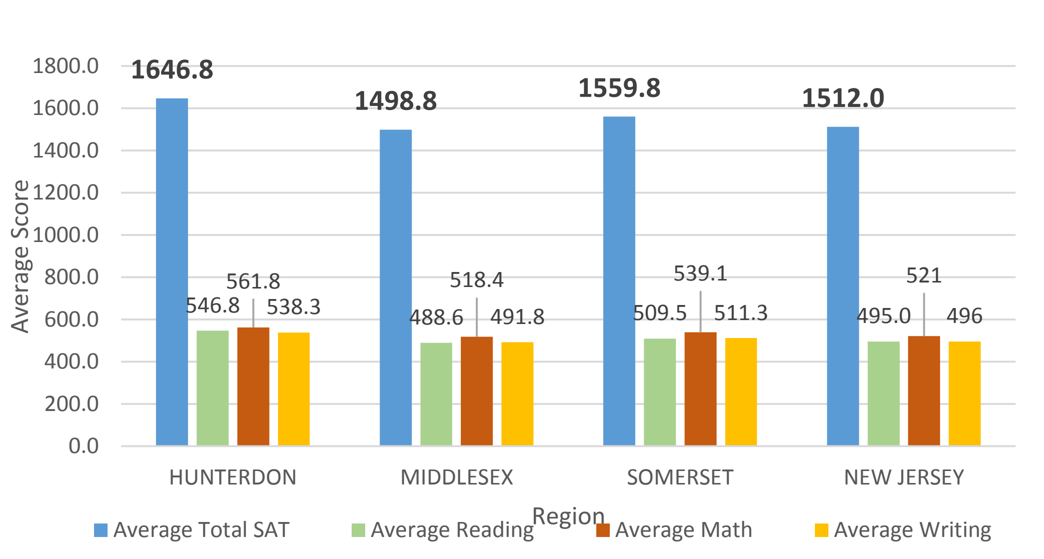
Figure 21. District Factor Group Scores



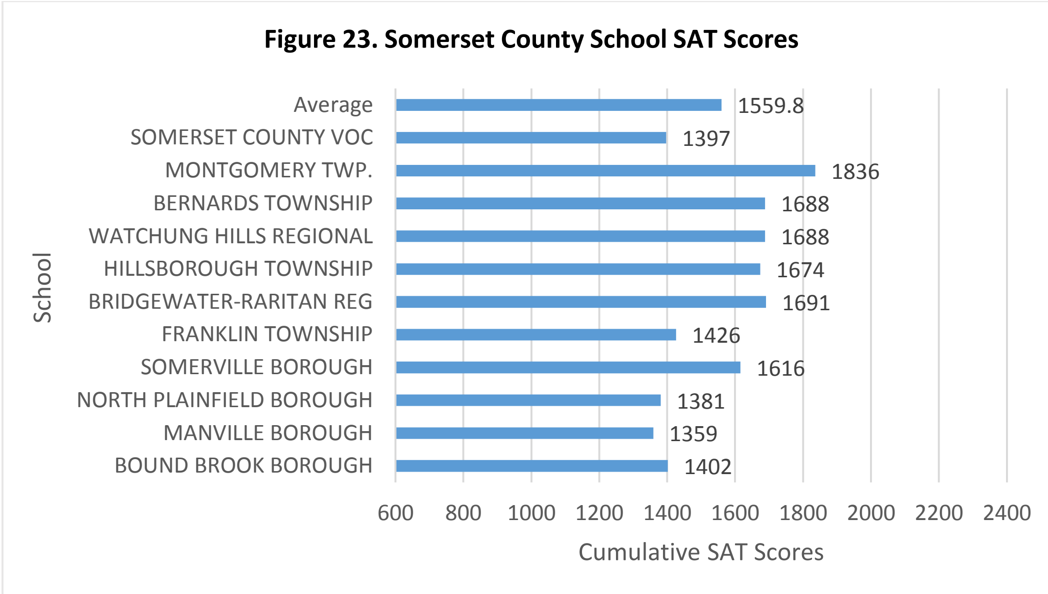
Source: NJ DOE, Cycle I and Cycle II Score Interpretation Manual, 2013.

The SAT is a metric widely used for college admissions, and is therefore useful for gauging the effectiveness of a school for student college acceptance rates. The better the SAT score, the more likely a student is to be accepted to a more selective university. The cumulative statewide average is 1512.0 out of 2400, which ranks around the 49th percentile. Somerset County high schools had a cumulative 2012-2013 SAT score of 1559.8, which is above the statewide average (Figure 22). However there are sizeable discrepancies in average cumulative SAT scores across high schools in the county (Figure 23). Montgomery Township had the highest average at 1836, an impressive school average around the 80th percentile relative to all SAT scores in the nation. Overall the SAT scores reflect a better than average educational environment for all Somerset students.

Figure 22. High School SAT Scores



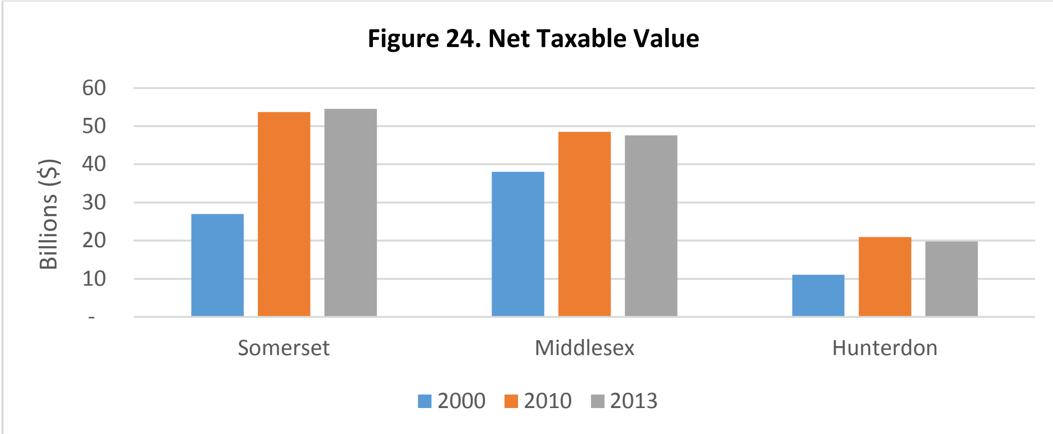
Source: NJ DOE: NJ School Performance Report, 2013.



Source: NJ DOE: NJ School Performance Report, 2013.

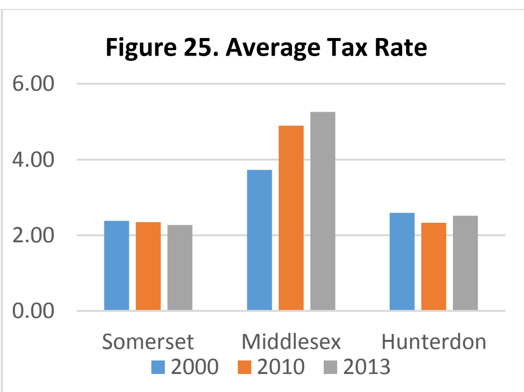
County Ratable Analysis

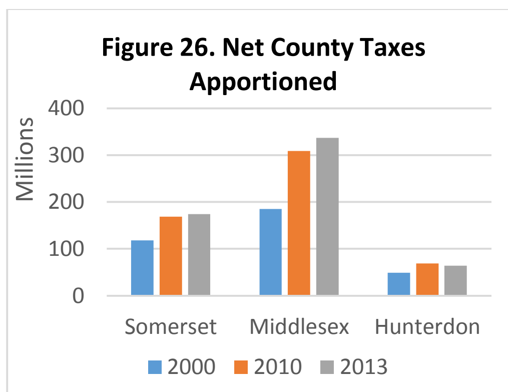
Another way to measure quality of life is to analyze the Abstract of Ratables for the three counties in the region, and to compare the valuations of property by various types (vacant, residential, commercial, industrial and apartment). The Abstracts of Ratables show each county's net taxable value (of land, improvements and equipment), tax rates by municipality, the apportionment of county taxes, and other sources of revenue, among other things. An analysis of Somerset versus Middlesex and Hunterdon Counties show several interesting patterns. First, of the three counties, Somerset has the highest net taxable value of land, improvements and equipment (less exemptions and abatements) versus Hunterdon and Middlesex. Also, from 2000 to 2013, Somerset's net taxable value grew by $27.5 billion, while Middlesex's value grew by only $9.5 billion and Hunterdon grew by $8.7 billion. Between 2010 and 2013, Somerset's net taxable value grew, while that of the other two counties fell. Thus, from 2010 to 2013, Somerset has had an explosive growth of taxable value of its property, and its value is at least holding steady or increasing slightly, while the property values of the other two counties seem to be slightly declining (see Figure 24).



Source: NJ Department of Community Affairs, Division of Local Government Services, 2013.

Average tax rates and net county tax apportionment also impacts quality of life and the ability of counties to meet residents' needs. In Somerset County, a 2010 tax rate of 2.34% is on par with that of Hunterdon and well below Middlesex's rate of 4.90% (see Figure 25). In 2013, Somerset County's tax rate decreased slightly to 2.27%, while both Hunterdon's and Middlesex's rose during this time period. Somerset County apportions less county taxes to its municipalities than Middlesex but more than Hunterdon. Furthermore, Somerset County apportioned more county taxes in 2013 than 2010, while Hunterdon's apportionment fell in this period despite an increase in the general tax rate (see Figure 26). Finally, Somerset has less miscellaneous revenue (including receipts from delinquent taxes) than Middlesex but more than Hunterdon. In all three counties, a decrease in miscellaneous revenue occurred from 2010 to 2013.





Source (Figs 25-26): NJ Department of Community Affairs, Division of Local Government Services, 2000, 2010, 2013.

These patterns indicate that, in terms of taxation and fiscal health as a measure of quality of life, Somerset might be more competitive than Middlesex or Hunterdon counties. Somerset has a greater (and apparently growing) net taxable value, meaning that it has more of a base from which to draw tax revenue, and its capacity to generate revenue has increased from 2010 to 2013. Even though its tax rates declined during this period, it apportioned more county taxes to its municipalities. A declining rate along with an increasing tax apportionment might compel individuals seeking a lower tax rate and a healthy return on tax dollars to move to Somerset over Hunterdon or Middlesex. As this report described saw earlier, Somerset has a comparatively good school system and offers other amenities as well as a safe community. These factors, combined with a seemingly efficient tax system and a growing ratable base are good indicators that Somerset County can offer its residents a relatively high quality of life.

It is also important to assess the valuation of property by property type, to assess the general makeup of a county's tax base. The following tables and chart show changes in property valuation by type for each county from 2000 to 2013.

Somerset's residential growth has been explosive at 109% (compared to 36% in Middlesex and 86% in Hunterdon) between 2000 and 2013. This may explain some of the large increase in net taxable value over this period, described above. Also, Middlesex's lower (though still rather large, compared to other sectors) growth rate in housing likely speaks to the fact that its housing stock developed earlier than either of the other two counties. Somerset has also seen explosive growth in its apartment sector, which is interesting given that the county's overall number of apartment units is quite small. Finally, a review of Figure 27 shows how Somerset's overall growth has been greater than Middlesex's and Hunterdon's, and its two biggest sectors are residential and commercial. While it has a smaller proportional value of industrial and apartment properties than Middlesex, it exceeds both counties in total value, as well as residential value and commercial value.

Table 10: Property Value Change in Somerset County (2000 – 2013)

	2000	2010	2013	% change '00 - '13
Vacant	701,099,140	675,405,950	624,644,850	-11%
Residential	19,843,683,990	40,332,137,660	41,489,711,294	109%
Commercial	4,280,280,607	8,043,472,584	7,816,585,419	83%
Industrial	1,228,826,265	2,494,590,900	2,417,425,980	97%
Apartment	368,941,207	967,022,200	1,045,960,100	184%

Source: Property Value Classification, NJ Division of Local Government Services, 2000, 2010, 2013.

Table 11: Property Value Change in Middlesex County (2000 – 2013)

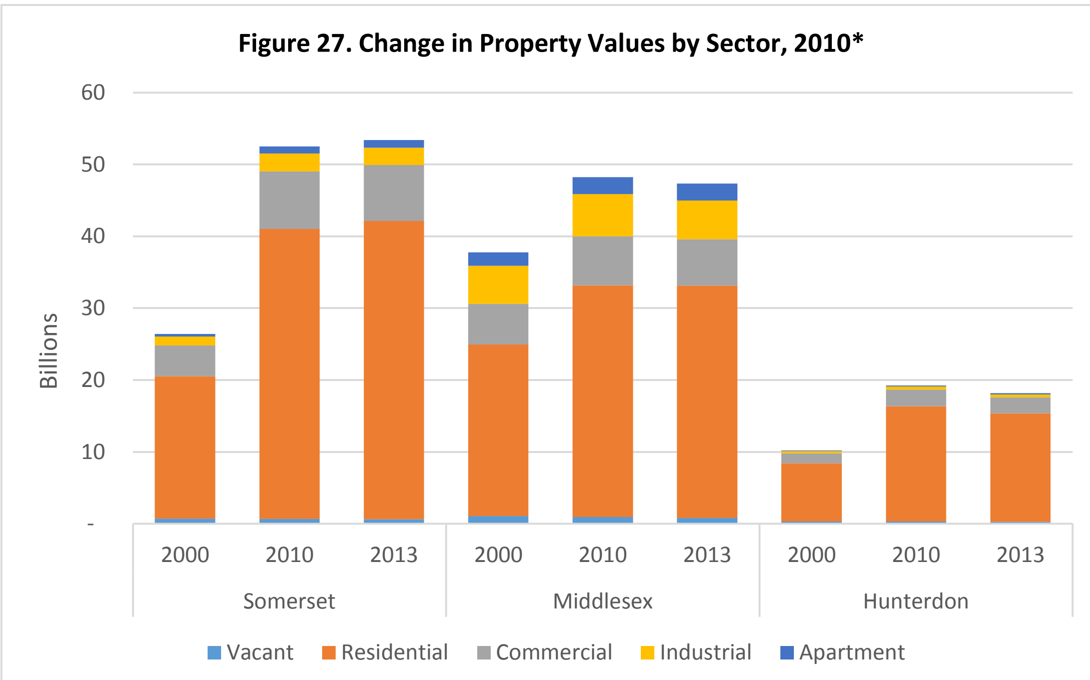
	2000	2010	2013	% change '00 - '13
Vacant	1,063,038,400	923,290,684	792,347,600	-25%
Residential	23,866,269,600	32,241,740,385	32,348,535,590	36%
Commercial	5,690,960,500	6,822,262,730	6,476,763,836	14%
Industrial	5,270,445,200	5,909,522,638	5,380,121,351	2%
Apartment	1,899,884,400	2,324,664,100	2,370,560,300	25%

Source: Property Value Classification, NJ Division of Local Government Services, 2000, 2010, 2013.

Table 12: Property Value Change in Hunterdon County (2000 – 2013)

	2000	2010	2013	% change '00 - '13
Vacant	307,111,079	320,524,586	249,861,034	-19%
Residential	8,118,187,154	16,011,053,685	15,100,410,985	86%
Commercial	1,356,415,684	2,335,157,788	2,240,358,257	65%
Industrial	349,077,584	440,219,646	418,642,526	20%
Apartment	73,629,500	133,065,700	146,582,000	99%

Source: Property Value Classification, NJ Division of Local Government Services, 2000, 2010, 2013.



Source: Property Value Classification, NJ Division of Local Government Services, 2000, 2010, 2013
** Excludes farmland and farm homestead value.*

Is Somerset County Attractive to Millennials?

Desirable Aspects of the County

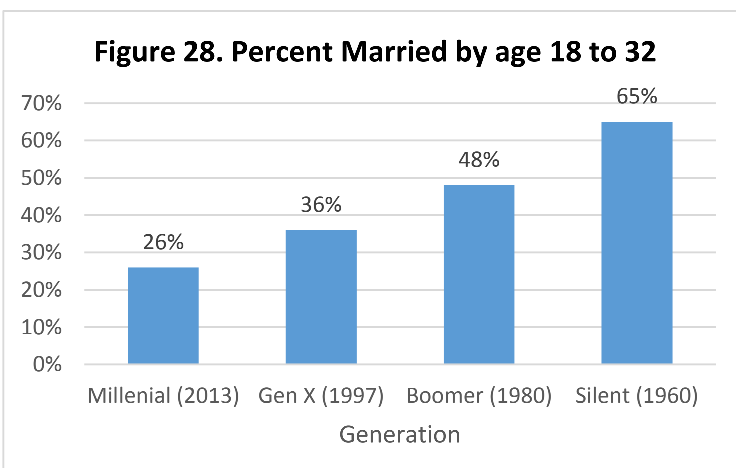
Somerset County offers a wide variety of housing types, with spacious lots and attractive natural surroundings to ensure that its residents can maintain a high standard of living in a suburban setting. There is a fair variety of homes on the market, ranging from basic single family homes to large estates with significant acreage. There is also a nice variety of architectural styles ranging from traditional to contemporary (Weichert 2014).

Open space has been prioritized in the county since the creation of the Open Space Trust Fund in 1989 and the Somerset County Parks, Recreation, and Open Space Master Plan which has repeatedly been updated. As a result, the county has promoted greenways along the Raritan and parks in the northern portion of the county. In total, there are 24 parks amounting to 14,000 acres (Messenger-Gazette 2014). This includes an Environmental Education Center as well as Natirar, one of several historic estates now owned by the county. Perhaps the most recognized green space is Duke Farms, a 2700-acre property open to the public for recreation and festivities, dating back to 1893. It features multiple lakes, hiking trails, and architectural remnants of the estate of J.B. Duke. This sprawling landscape is a focal point of the county (Duke Farms 2014). Future plans for the county include the development of the Raritan River Greenway, which would pass through Duke Farms.

Characteristics of Millennials and what the County Can Offer

Since this study has been compiled with an interest in looking at Millennials and their possible role in Somerset County's growth, it is important to consider some basic characteristics of the Millennial generation (born 1982-2002). First, this report consider whether Millennials will have similar marital tendencies as previous generations. A Pew Research study finds that, while "most unmarried Millennials (69%) say they would like to marry, many, especially those with lower levels of income and education, lack what they deem to be a necessary prerequisite—a solid economic foundation" (Pew Research Social & Demographic Trends, 2014). Indeed, the median age of first marriage of Millennials is higher than ever before—29 for men and 27 for women. Figure 28 shows the proportion of Millennials between ages 18 to 32 that are married, which is lower than for the previous three generations.

Additional figures in the Appendix A depict Millennials' debt levels and attitudes toward having children and marriage. Millennials, relative to older generations, have more debt which may decrease their economic stability. Millennials are also delaying the age at which they marry and have children. However, the majority of Millennials report they do want to eventually marry and have children. The planning implication from these findings is that if Somerset County wants to attract Millennials, it may wish to encourage the development of smaller-sized, affordable housing geared towards smaller households with potentially more debt. The county already had a higher proportion of larger, more expensive housing, which may be undesirable or unrealistic for Millennials given their characteristics.



Source: Pew Research Social & Demographic Trends, 2010

Although Somerset County might offer an attractive suburban lifestyle, it may not be currently positioned to cater to Millennials due to the small proportion of rental properties and the high rate of homeownership. Since there are few apartments, Somerset County could consider emphasizing mixed use development that provide alternative housing as well as commercial opportunities. While the county's ample green space is an attractive amenity, it will not attract new residents if sufficiently affordable and appropriate smaller housing opportunities are not available. Furthermore, the county may also wish to consider inventorying and bolstering other cultural amenities as a way to attract a younger generation.

Conclusion

The total population in Somerset County has been growing and is projected to grow through 2020, with a relatively stable and constant growth rate. Millennials in the age range of 20-34 are generally growing in population size, but there is a decline in population for the middle-aged population, and the strongest growth seems to be occurring for those over 55 years of age. With regard to housing patterns and affordability, Somerset County features relatively large homes which tend to be owned rather than rented. There is a low turnover rate, fairly high vacancy rate, and a relatively high median home value. Additionally, high rents may prove to be a barrier to entry for newcomers or lower-income residents.

It can be said that Somerset County offers a relatively high standard of living and an above-average quality of life, with an emphasis on education through test score proficiency and school safety as well as a relatively low crime rate for the region. Additionally, the county seems to be promoting a sustainable approach in relative to green space and the promotion of Duke Farms. Nevertheless, the county currently caters to an older suburban-oriented population and may want to expand its amenities to attract and sustain the Millennial population.

It seems that it will be critical to plan for both the Millennials and the older population. It remains unclear as to why the middle-aged population in the region seems to be declining. However, the data present a good opportunity for intergenerational community planning, since combined solutions will need to meet the needs of the growing Millennial and retiree populations. Preliminary research suggests that a rethinking of land use and development patterns in the county will be critical to achieving sustainable growth into the future.

2. Employment, Transportation, and Natural Amenities

Somerset County: Assets and Challenges

Somerset County is an important employment center in the New York Metropolitan Area. Somerset County is home to numerous corporate campuses and bedroom communities, as well as several urban centers such as Somerville. The suburban development pattern of Somerset County has led to an extensive road network that serves internal, inter-county, and interstate commuters. The county provides the retail and entertainment amenities typical of an affluent suburban area. In addition, Somerset is interspersed with numerous parks and outdoor recreational amenities such as Duke Farms.

Historically, Somerset County has been a popular place to live and work for well-educated, affluent, white-collar workers. In recent years however, national and regional employment patterns, as well as demographic changes, have presented the county with new challenges that must be addressed. Attracting younger generations to live and work in Somerset County will be critical to the continued economic vibrancy of the county. However, it is equally important to continue to meet the needs of older generations that have established themselves in Somerset County. Balancing the varied needs of different generations will be an integral aspect of Somerset County's success going forward.

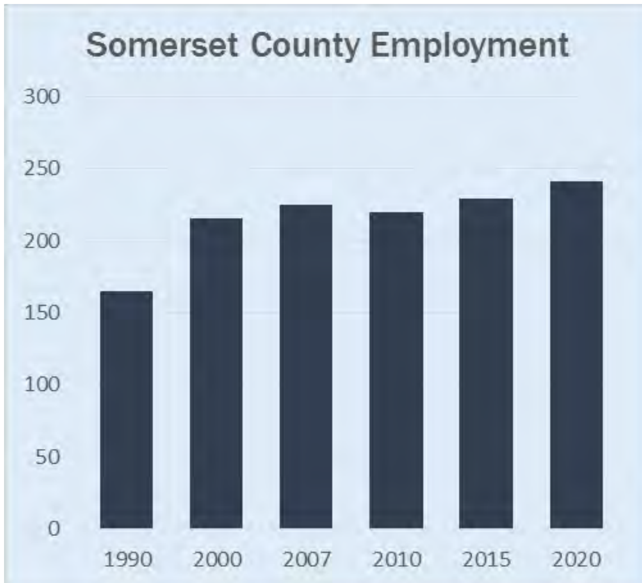
Somerset County Employment Analysis

Total Employment

Somerset County boasts numerous office parks, major research facilities, and a highly educated workforce. It is home to two Fortune 500 companies, Chubb Group of Insurance Companies, and Avaya a global leader in business communication solutions. It also houses numerous globally competitive employers in the areas of insurance, telecommunications, biomedical, pharmaceuticals, and other cutting-edge industries that drive the U.S. economy.[1]

[1] Choose NJ (2012). "Fortune 500 Companies, New Jersey". Retrieved October 6, 2014 from: http://www.choosenj.com/getattachment/Top-Industries/Fortune_500_Companies_New_Jersey.pdf.aspx

Figure 29. Total Employment in Somerset County



Source: Woods and Poole Economics, Inc., 2010

Employment boomed in Somerset County through the 1990s. This trend was driven by large telecommunication company operations within the county as well as strong growth in the fields of healthcare, finance, and insurance. Drug and medical manufacturers, located in the county, allowed Somerset to maintain its manufacturing base during this period.

The fate of the former AT&T headquarters in Basking Ridge is symptomatic of more uncertain economic times. In 2002, Pfizer acquired the former AT&T facility in Basking Ridge Township for $210 million, after AT&T shifted its operations to a more modest facility in Bedminster.[2] However, Pfizer never used the facility. In 2005, Verizon acquired the building from Pfizer, for about $125 million. It was expected at the time that the facility would employ over 3,000 Verizon workers.[3] Verizon has since relocated to a new facility.

Despite tempered growth, and the effects of the 2008-2009 Recession, the county continues to attract new employers. In 2012, California-based pharmaceutical giant, Allergan, opened a new 93,000 square foot R&D facility in Bridgewater.[4] Companies are attracted to the county primarily by the well-educated workforce.

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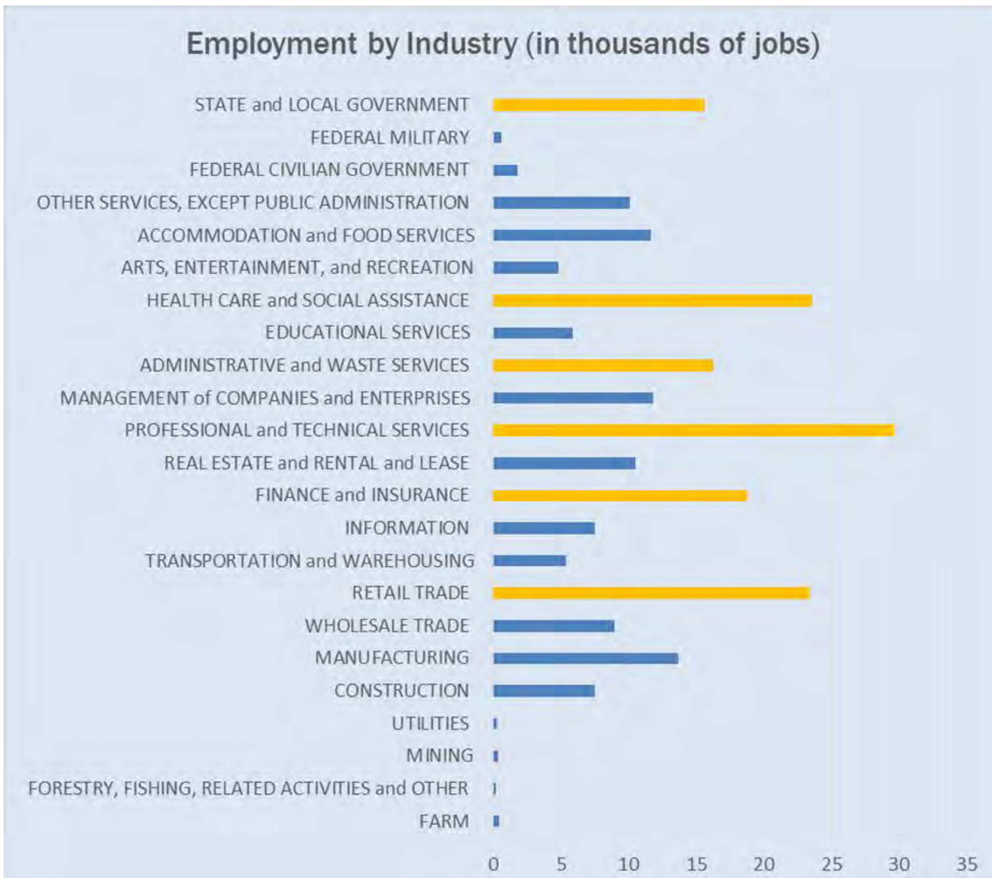
[2] Martin, A. (2001). "In the Region/New Jersey; Seeking a Prince to Take Over a Corporate Palace". *The New York Times*. Retrieved October 6, 2014 from: http://www.nytimes.com/2001/11/11/realestate/in-the-region-new-jersey-seeking-a-prince-to-take-over-a-corporate-palace.html

[3]Golway, T. (2005). "Briefings: Business; Verozon Is Said to Buy in Basking Ridge". *The New York Times*. http://query.nytimes.com/gst/fullpage.html?res=9506E1DE153FF934A15750C0A9639C8B63

[4] Cooper, W. (2012). "$5.3 billion pharmaceutical company opens R&D center in Bredgewater". *NJ.com*. Retrieved October 6, 2014 from: http://www.nj.com/messenger-gazette/index.ssf/2012/09/53_billion_pharmaceutical_company_opens_rd_center_in_bridgewater.html

While Somerset County was not impervious to the 2008-2009 recession, employment in the county has successfully recovered and steady growth is projected for the current decade in key industries. In 2007, there were 224,603 jobs in Somerset County. This number dropped to 220,044 by 2010. However, by mid-2015, total employment is projected to rise to 228,864 jobs, more jobs than before the recession.[5]
The county enjoys a well-diversified economy. The largest industry by employment, Professional and Technical Services (29,711 jobs), which encompasses a wide variety of sectors and occupations, accounts for no more than 13% of the county's employment. Other Industries that are projected to be top employers in the year 2015 are Health Care and Social Assistance (23,594 jobs); Retail Trade (23,423 jobs); Finance and Insurance (18,795 jobs); Administrative and Waste Services (16,273 jobs); State and Local Government (15,626 jobs).[6]

Figure 30. 2015 Projection of Employment by Industry in Thousands of Jobs



Source: Woods and Poole Economics, Inc., 2013

Local quotients (a measure of how well a geographic area does relative to a base – in this case New Jersey base) reveal the key sectors and sub-sectors that drive the top five industries. (See Appendix B.4-9 for local

[5] Based on Woods & Poole data collected from the U.S. Department of Commerce. Figures for all years after 2010 are Woods & Poole projections (Woodes & Poole, 2013).
[6] Employment in number of jobs includes proprietors and part-time jobs.

quotients).[7] Local quotients for Professional and Technical Services sectors demonstrate the strength of Somerset County as a leader in research and development. Overall, Healthcare and Social Assistance is not a locally dominant industry (it has local quotient less than one at 0.78) when compared to a New Jersey base; nor is the industry a locally dominant industry when compared to the U.S, with a local quotient of 0.81.

Table 13: Local Quotients by industry in Somerset County

Industry	Somerset County, NJ
Professional and Technical Services:	1.33
Scientific research and development services	2.53
Physical, engineering, and biological research	2.58
Research and development in biotechnology	2.45
Other physical and biological research	2.65
Other services related to advertising	4.99
Marketing research and public opinion polling	2.39
Other management consulting services	3.13
Health Care and Social Assistance:	0.78
Offices of mental health practitioners	1.55
All other outpatient care centers	1.57
Medical and diagnostic laboratories	1.98
Residential development disability homes	2.8
Continuing care, assisted living facilities	1.54
Continuing care retirement communities	1.67
Other residential care facilities	2.32
Retail Trade:	N/A
Electronic stores	1.56
Lawn and garden equipment and supplies stores	2.22
Nursery, garden, and farm supply stores	2.44
Finance and Insurance:	1.1
Sales financing	2.03
Commodity contracts dealing	3.34
Portfolio management	2.03
Insurance carriers	2.12
Direct life and health insurance carriers	3.11
All other insurance related activities	2.4
Administrative and Waste Services:	1.13
Employment placement and executive search	1.52
Employment placement agencies	1.71
Landscaping services	1.69
Other support services	3.9
All other support services	7.7

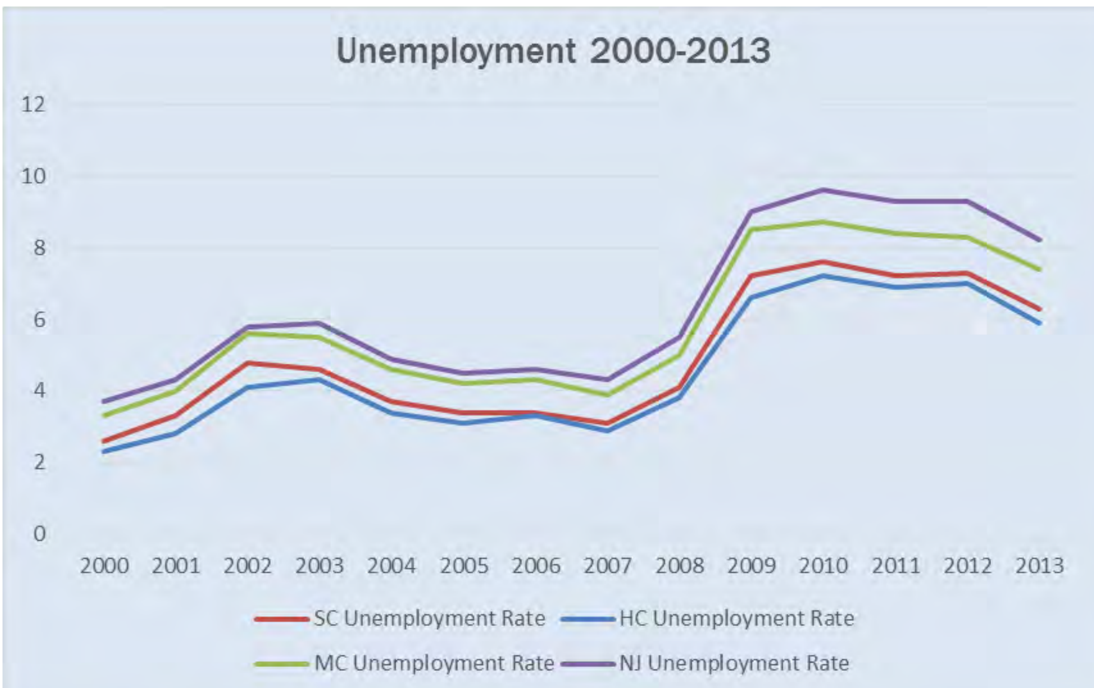
Source: U.S. Bureau of Labor Statistics, 2014

[7] Local quotients obtained from the U.S. Bureau of Labor Statistics Local Quotient calculator, 2014

Unemployment

Unemployment trends in Somerset County largely mirror those of New Jersey as a whole. While the county consistently enjoyed lower unemployment than the state rate in recent decades, the county unemployment rate generally falls and rises with the state unemployment rate, as well as with rates in Hunterdon and Middlesex County. Unemployment in New Jersey and Somerset County reached its peak in 2010 at 9.6% for New Jersey and 7.6% for Somerset County. In 2013, unemployment in Somerset County had dropped to 6.3%, while the state unemployment rate remained above 8%.[8] Hunterdon County has consistently enjoyed slightly lower unemployment rates than Somerset, while Middlesex has consistently shown significantly higher unemployment rates. Thus, while Somerset County is an important economic center in its own right, its economic and employment fortunes are tied to the rest of the region.

Figure 31. Unemployment Comparison in Somerset, Hunterdon, Middlesex County, and New Jersey 2000-2013



Source: Woods and Poole Economics, Inc.

Employment Growth

Somerset County enjoyed robust job growth through the 1990s, driven by the information technology boom. However, this growth slowed dramatically in the 2000s, suffered a significant decline following the 2008-2009 recession, and has been growing at a steady rate since 2010. Several industries (Professional and Technical Services, Retail Trade and Administrative and Waste Services) saw major loss of employment during and after the Great Recession, but most industries have since stabilized or show more modest growth. Health Care and Social Assistance showed strong and consistent growth during this period.

[8] New Jersey Department of Labor and Workforce Development

A major exception is manufacturing, which has been in sharp and continuous decline for the last several decades. In 1990, there were over 21,000 manufacturing jobs in Somerset County, compared to a projected 13,665 in 2015. This mirrors the larger trend of a decline in manufacturing jobs in New Jersey and the country as a whole due to global competition, outsourcing, and replacement of labor with capital. Local quotients reveal that Somerset still has important manufacturing sectors, including frozen desserts, chemicals, pharmaceuticals, medical equipment and supplies, polystyrene foam products, metal, industrial machinery, and electronics.

The decline of manufacturing is worrisome, given that many of Somerset County's largest employers are manufacturers including[9]:

- AlpharmaInc (Laboratories-Pharmaceutical)
- Catalent Pharma Solutions Inc (Drug Millers)
- Ethicon Inc (Drug Millers)
- Fedders Corp (Air Conditioning Room Units)
- Independence Technology (Wheel Chairs)
- Johnson & Johnson Consumer Products (Physician & Surgeons Equipment)
- Ortho Biotech Products LP (Drug Millers)
- Ortho-Clinical Diagnostics Inc (Biological Products)
- Ortho-Mc Neil Pharmaceutical (Biological Products)
- Philips Lighting Co (Physicians & Surgeons Equipment)

Table 14.Total Employment by Major Industry 1990-2020 (actual and projected)

	1990	**2000**	**2007**	**2010**	**2015**	**2020**
Total Employment	165.24	215.616	224.603	220.044	228.864	240.919
Professional & Technical Services Employment	14.791	22.87	27.871	26.704	29.711	32.287
Retail Trade Employment	17.985	21.701	23.589	22.591	23.423	23.621
Health Care & Social Assistance Employment *	9.813	16.763	20.405	21.779	23.594	26.34
Finance & Insurance Employment	12.357	14.088	16.278	18.813	18.795	19.37
Administrative & Waste Services Employment	9.851	17.312	15.622	14.693	16.273	17.663
Manufacturing Employment *	21.023	21.013	18.402	15.874	13.665	12.081
State & Local Government Employment	11.86	13.057	16.006	16.043	15.626	15.876

Source: Woods and Poole Economics, Inc., 2013

Fastest growing industries

From 2007-2010, most of Somerset County's leading industries saw significant declines in employment. Two industries that proved resilient and continued to enjoy growth were Finance and Insurance and Health Care and Social Assistance. The latter has continued to enjoy employment growth of a CAGR of 1.61% while the latter declined slightly from 2010 to 2015 (See B.2 in the Appendix).

[9] Somerset County Business Partnership. *Major Employers Somerset County, New Jersey*

The major industries that show the greatest employment growth from 2010 to 2015 are Professional and Technical Services; Health Care and Social Assistance; and Administrative and Waste Assistance. Health Care and Social Assistance is the sole major industry that has enjoyed continuous upward growth since 1990. Financial and insurance also enjoyed rapid employment growth since 1990, continuing through the recession, but saw a small decline in employment during the period 2010-2015.

There are also key budding industries that currently employ fewer workers but are growing rapidly. The Accommodation and Food Services Industry has shown steady growth in recent years after flat lining following the Great Recession. Since 2007, Management of Companies and Enterprises has seen exceptional growth of 6.5% from 2007 to 2010 and by 5.06% from 2010 to 2015, perhaps due to increased frequency of acquisitions during and after the recession (See B.3 in the Appendix).

In addition to manufacturing, other industries that were once important to Somerset County's economy have declined sharply since 2000. The Information Technology industry was once a major source of employment, but fell from almost 15,000 jobs in 2000 to about half that number in 2015, though the industry has been growing since 2010. The Wholesale Trade industry saw a similar decline (B.3 Appendix).

Table 15. Change in total employment 1990-2020

	1990-2000 Change		**2000-2007 Change**		**2007-2010 Change**		**2010-2015 Change**		**2015-2020 Change**	
	Number	CAGR	Number	CAGR	Number	CAGR	Number	CAGR	Number	CAGR
Total Employment	50.376	2.70%	8.987	0.59%	-4.559	-0.68%	8.82	0.79%	12.055	1.03%
Professional & Technical Service	5.001	4.45%	5.001	2.87%	-1.167	-1.42%	3.007	2.16%	2.576	1.68%
Retail Trade	1.888	1.90%	1.888	1.20%	-0.998	-1.43%	0.832	0.73%	0.198	0.17%
Health Care & Social Assistance	3.642	5.50%	3.642	2.85%	1.374	2.20%	1.815	1.61%	2.746	2.23%
Finance & Insurance	1.731	1.32%	2.19	2.09%	2.535	4.94%	-0.018	-0.02%	0.575	0.60%
Administrative & Waste Services	7.461	5.80%	-1.69	-1.46%	-0.929	-2.02%	1.58	2.06%	1.39	1.65%
Manufacturing	-0.01	0.00%	-2.611	-1.88%	-2.528	-4.81%	-2.209	-2.95%	-1.584	-2.43%
State & Local Government	1.197	0.97%	2.949	2.95%	0.037	0.08%	-0.417	-0.53%	0.25	0.32%

Source: Woods and Poole Economics, Inc., 2013

Projected Future Growth

Major industries that exhibited growth from 2010 to 2015 are projected to continue to grow from 2015 to 2020. Total employment is expected to grow by 12,055 jobs, at a CAGR of 1.03% compared to 0.79% during the period 2010 to 2015. In particular, the key industries of Professional and Technical Services, and Administrative and Waste Services are expected to show strong employment growth through 2020, and Health Care and Social Assistance employment is expected to continue its historical upward growth trend. The decline in manufacturing is also projected to continue.

There are other industries currently exhibiting lower total employment that are expected to grow dramatically from 2015 to 2020. These industries include: Management of Companies and Enterprises; Accommodation and Food Service; and Real Estate and Rental and Lease (B.3 Appendix). Other Services Except Public Administration showed modest growth from 2010 to 2015, but is expected to show accelerated growth through 2020. Industries that have suffered deep decline in recent years are projected to experience dramatic reversals from 2015-2020; major growth is projected for the formerly declining industries of Wholesale Trade; Information; Construction; and Transportation and Warehousing (B.3 Appendix).

Employment Trends County Comparison

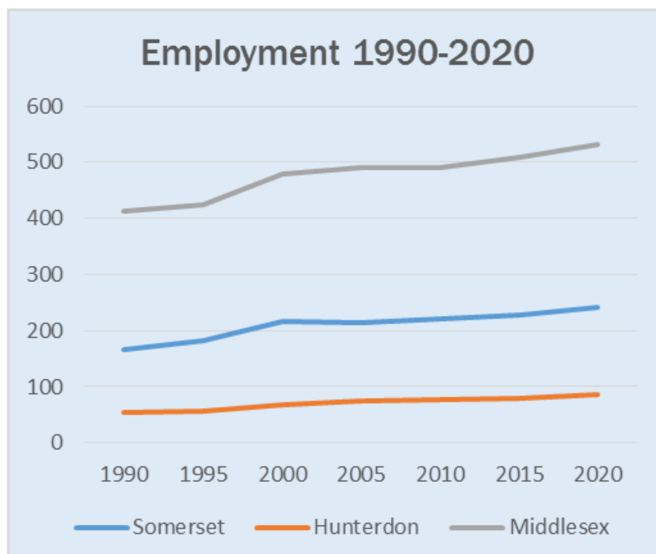
A comparison of Somerset County with the neighboring counties of Hunterdon and Middlesex demonstrates Somerset's position in the regional economy. Hunterdon County is a largely rural county to the west of Somerset, while Middlesex is a relatively more urbanized county to the east. Relative to Somerset, Hunterdon employment growth across industries, with the exception of Finance and Insurance, has remained flat and is projected to continue to do so through 2020 (See B.12-19 in the Appendix).

As a more urban county, Middlesex has a greater number of jobs in total across all major industries. Middlesex County also exhibits employment growth rates that exceed those of Somerset County across Somerset's major industries. Manufacturing is decreasing in both counties, but the rate of decline is greater in Middlesex County.

From 1990-2015, total employment in Middlesex County will grow by only 23% compared to Somerset's 39%. Middlesex was more severely affected by the Great Recession. However from 2010-2015, employment growth in Middlesex will match growth in Somerset County and is expected to overtake Somerset's growth rate through 2020.

In particular a gap is opening in the key industries that Somerset County is looking to foster as part of its economic development strategy (See B.13-19 in the Appendix). Middlesex County currently matches Somerset's growth in the key industry of Professional and Technical Services that includes sectors such as scientific research, which Somerset County hopes will give it a competitive edge. Another industry that Somerset County is looking to for growth, Health Care and Social Assistance, is overshadowed by growth in Middlesex County. The growth gap is projected to increase through 2020.

Figure 32.Total Employment in Somerset, Middlesex, and Hunterdon County 1990-2020



Source: Woods and Poole Economics, Inc.

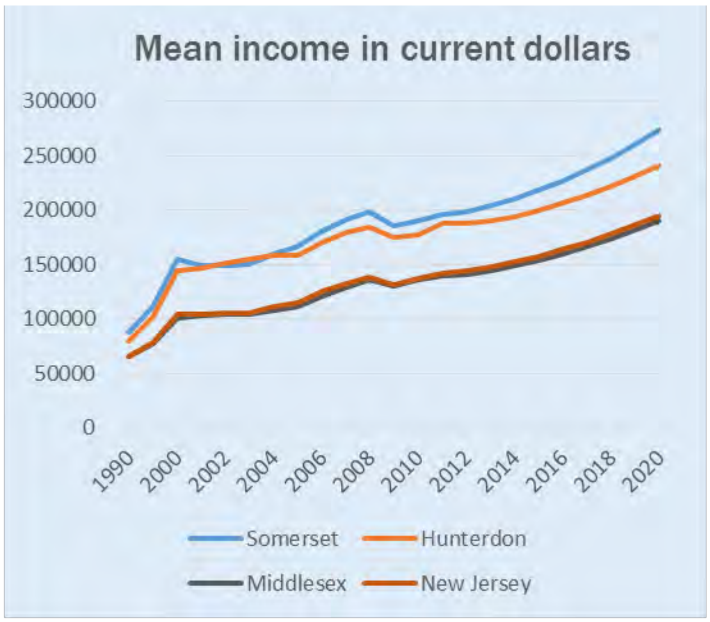
While Hunterdon County shows steady growth in Finance and Insurance, growth in Somerset County has remained relatively flat and is expected to fall behind Middlesex in coming years. Middlesex also leads growth in Administrative and Waste Services, which is in decline in Hunterdon and exhibits modest growth in Somerset. The growth gap between Middlesex and Somerset Counties in this industry has widened since 2010, and is projected to continue to do so through 2020. Retail trade in Middlesex declined from 2000 to

2010, but has since recovered and is expected to grow, while retail in Somerset and Hunterdon Counties will remain flat.

Income

Somerset County households enjoy a higher average income neighboring counties. In 2015, the Somerset County Mean Household Total Personal Income stood at $218,269, compared to $153,926 in Middlesex, $199,833 in Hunterdon, and $157,742 in the state as a whole. The income gap between Somerset and other counties is expected to increase through 2020.

Figure 33. Somerset County mean income in current dollars 1990-2020



Source: Woods and Poole Economics, Inc., 2013.

Projected growth in mean income in Middlesex County (4.3%) and and New Jersey (4.4%) will be similar to that of Somerset County (4.6%) through 2020, but Hunterdon County's household mean income will grow at a considerably lower rate of 3.8%.

The strong growth in Professional and Technical Services, particularly given the sectors in which growth is currently concentrated, is especially significant given the high wages associated with the industry in the private sector. While Healthcare and Social Assistance will aslo experience strong growth, wages associated with this industry are dramatically lower. Finance and Insurance, which is projected to have modest growth, generates high wages in both the private and public sector. The decline in Manufacturing is particularly concerning considering the high wages associated with the industry in Somerset Coutny (See B.19 in the Appendix).

Conclusion

While Somerset County will continue to see steady employment growth in a well-diversified economy, it will not enjoy boom times similar to that experienced during the 1990s. Projections for job growth largely reflect the aspirations of Somerset County as set forth in the *Somerset County, NJ Long Term Economic Development Plan*. There is strong employment growth in scientific research and information technology, which the county is looking to for future growth. Numerous industries have exhibited a robust recovery from the 2008-2009 recession, and are projected to exhibit steady growth through 2020. Industries in decline are projected to make dramatic comebacks.

Significant growth is projected for the education sector in Somerset. The County should seek to understand in which sectors this growth will take place. Educational resources, particularly in STEM (science, technology, engineering, mathematics), will be critical to fostering the science and technology jobs identified by the county's economic development plan. Currently there is only one college/university in the county, Raritan Valley Community College.

Middlesex County is a challenger to Somerset in terms of employment, especially in key industries that Somerset identifies as the cornerstone of economic success in coming decades. Home to Rutgers University in addition to several colleges, Middlesex is also a major education center. While Middlesex presents significant competition for jobs, Somerset County could advance its goal of attracting younger workers and advancing STEM industries by connecting with the educational and healthcare resources in Middlesex County.

The concentration of employment in STEM industries in Somerset County corresponds well to the professional aspirations of the Creative Class associated with the Millennial Generation. High employment in the Arts, Entertainment, and Recreation industry with percentage growth comparable to that in Middlesex County is a possible indicator that Somerset county possesses the artistic, entertainment, and cultural assets that would attract Millennial workers and residents.

Transportation Overview

Somerset County has several transit networks connecting to other municipalities, counties, and states. Its central location within New Jersey keeps it well positioned to roadways and certain public transit lines. However, residents of the county are highly dependent on cars and could greatly benefit from increased accessibility to bicycle/walk routes, buses, and commuter trains.

Public Transportation

New Jersey Transit (NJT) has both bus stations and train stations in Somerset County (See B.24 in the Appendix for a complete map). Raritan Valley Line and Gladstone Branch are the two NJT rail lines that pass through Somerset County, with 6 Raritan Valley Line stations and 5 Gladstone Branch stations throughout the county: [10]

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[10] NJ TRANSIT, http://www.njtransit.com/.

Table 16. NJ Transit Stations in Somerset County

Gladstone Branch		Raritan Valley Line	
Municipality	**Station(s)**	**Municipality**	**Station(s)**
Peapack-Gladstone Borough	Gladstone, Peapack	Bound Brook	Bound Brook
Far Hills	Far Hills	Bridgewater	Bridgewater
Bernardsville	Bernardsville	Somerville	Somerville
Bernards Twp	Lyons, Basking Ridge	Raritan	Raritan
		Branchburg	North Branch

These two NJT lines service the central and northern municipalities within Somerset County. The southern portion of the county is completely unserved, with the exception of residents located near Middlesex County (New Brunswick and Jersey Avenue Stations) and Mercer County (Princeton and Princeton Junction Stations). All trains on the Gladstone Branch must transfer to reach Manhattan, and most rides to NYC are 100+ minutes. Some trains on the Raritan Line go direct to NYC, but can take upwards of 90 minutes.

NJT Bus lines operate within the following Somerset County municipalities:[11]

- Line 884: Bridgewater Twp, Somerville, Branchburg Twp
- Line 822: North Plainfield
- Line 605: Montgomery Twp
- Line 986: North Plainfield
- Line 114: North Plainfield, Watchung, Bridgewater Twp, Somerville, Bound Brook
- Line 117: Watchung, North Plainfield, Green Brook Twp, Bridgewater Twp, Bound Brook, Somerville, North Plainfield
- Line 65: Bridgewater Twp, Somerville, Watchung, North Plainfield, Bound Brook
- Line 66: North Plainfield, Watchung, Somerville, Bridgewater Twp

Out of the aforementioned routes, only Lines 114 and 117 offer bus service to NYC. Line 117 in particular offers 4 buses with express service to NYC on weekdays. Line 114 offers local service from Bridgewater to Port Authority station on weekdays and weekends. Lines 65 and 66 offer service from Somerville to Newark – Broad Street on weekdays and weekends.

Although NJT bus service reaches several municipalities, it is primarily clustered along the Raritan Valley train line through central Somerset County. All of the rail stations offer transfers to at least two of the bus lines listed above. However, there is no bus service available along the Gladstone Branch. Additionally, there is a small grouping of stations in Montgomery Township in the southern part of the county, which leads into Princeton. The vast majority of the county does not provide bus access at all, and the parts that

[11] NJ TRANSIT.

do are already served by NJT rail. This is beneficial for users trying to access Somerset County rail stations from outside the county, but not necessarily for the county residents themselves.

In assessing transit accessibility overall, rail stations are generally considered to be reasonably walkable for users up to a ½ mile distance. For bus users, stations are considered to be reasonably walkable up to a ¼ mile distance. Figure B.25 in the Appendix highlights the ¼-mile distance from each bus stop and the ½-mile distance from each train station within Somerset County and its neighbors. From this map, we can observe that most of the county is not within either of the two buffers. Raritan, Somerville, Bridgewater Township, and Bound Brook are highly accessible to either transit mode, but the rest of the county is not within walking distance. This implies that those residents must drive for at least part of the journey to reach their intended destination.

Despite NJ TRANSIT's bus and rail offerings, Middlesex County has substantially more bus and rail service to NYC. The Northeast Corridor line features more stops and connections than any other rail line, providing extensive coverage from NYC to Trenton. Metropark and New Brunswick, two stations on the Northeast Corridor, feature both Amtrak and NJ TRANSIT service. The proximity to NYC is also much better from these stations versus those in Somerset County, which are farther east. Since Hunterdon County also does not have direct rail service access to NYC, Somerset County has a slightly better transportation advantage given its closer proximity to the city.

Airports

There are 3 public airports within Somerset County: Somerset-George Walker Field Airport, Central Jersey Regional Airport, and Princeton Airport. However, there are only 3 airports in New Jersey that offer commercial flights: Newark Liberty International Airport, Trenton-Mercer Airport, and Atlantic City International Airport.[12] Out of the three, Newark Liberty International Airport features the most comprehensive flights offerings and is accessible both by car (approximately 45 minutes from Duke Farms) and via the NJT Northeast Corridor Line from the adjacent Middlesex County stations. Trenton-Mercer Airport is approximately 45 minutes away from Duke Farms and not easily accessible by NJT rail, while Atlantic City International Airport is approximately 2 hours away and not accessible by NJT rail at all. Philadelphia International Airport is about 1 hour 40 minutes by car, and is not easily accessed from Somerset County via public transportation.

Newark Liberty International Airport is used heavily by both New Jersey and New York residents due to its convenience and large offering of domestic and international commercial flights. Trenton-Mercer, Atlantic City, and Philadelphia airports help expand flight options in the area, but they are more difficult to access due to the lack of direct rail or bus access from Somerset County or other parts of New Jersey. However, Trenton-Mercer completed a major expansion in November 2013, which included a complete renovation of one terminal and more than 1,000 new parking spaces. The expanded facilities have proved to be significant to residents of Somerset County, who have taken advantage of its nearby location and updated services.

[12] "Aviation Overview," State of New Jersey Department of Transportation, accessed October 7, 2014, http://www.state.nj.us/transportation/airwater/aviation/.

Roadways

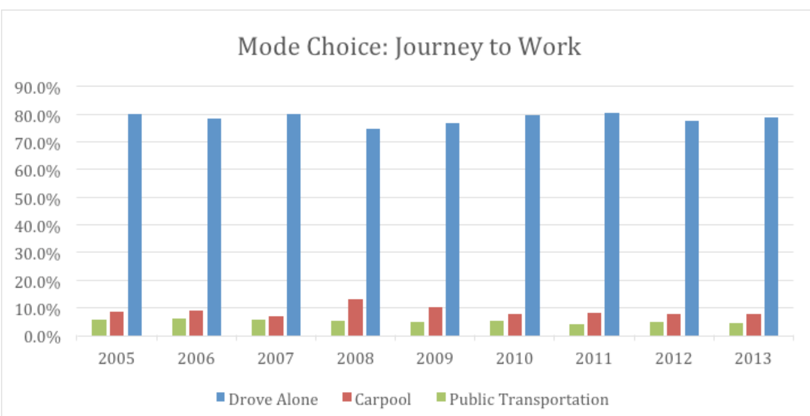
New Jersey features a dense network of roadways, including Interstates, US Highways, and State Highways. Figure B.26 in the Appendix displays an overview of all major roadways in and near Somerset County. U.S. Route 202 runs north-south, and U.S Route 22 runs east-west. I-78 and I-287 intersect both U.S. Routes in Bedminster Township, which is in the northern portion of Somerset County. New Jersey Route 28 also merges from eastern New Jersey into U.S. Route 22 near the Interstate junctions. The southeast and southwest portions of the county are served primarily by local and county roads.

New Jersey is known to have a comprehensive roadway network, and Somerset County is easily accessible by multiple national, state, and interstate highways. It is a convenient location for businesses and residents commuting by car. However, there is concern about future conditions of infrastructure supporting roads (primarily bridges). This is partly due to the fact that infrastructure repairs have been curtailed due to limited state funding.[13] Although roads are easily accessible they are increasingly congested, and it is in New Jersey's best interest to boost public transportation options to alleviate congestion and reduce pressure on an already deteriorating system.

Transportation Mode Choice

For workers 16 years of age and older in Somerset County, the dominant transportation mode to work is driving alone in a personal vehicle. Looking at Figure 34, the mode choice trends have remained relatively consistent from 2005 to 2013.14 The percentage of workers driving alone to work has remained at approximately 80%, with the exception of 2008, 2009, and 2012, when the rate decreased slightly. Residents opting to carpool peaked in 2008 and 2009, possibly due to the national economic downturn, but returned to the previous levels by 2013. Public transit ridership to work has remained constant throughout this period, between 4% and 6% of total commuters. Raw numbers for this chart are available in B.27 in the Appendix.

Figure 34: Mode Choice Percentage for Work Trips in Somerset County, NJ



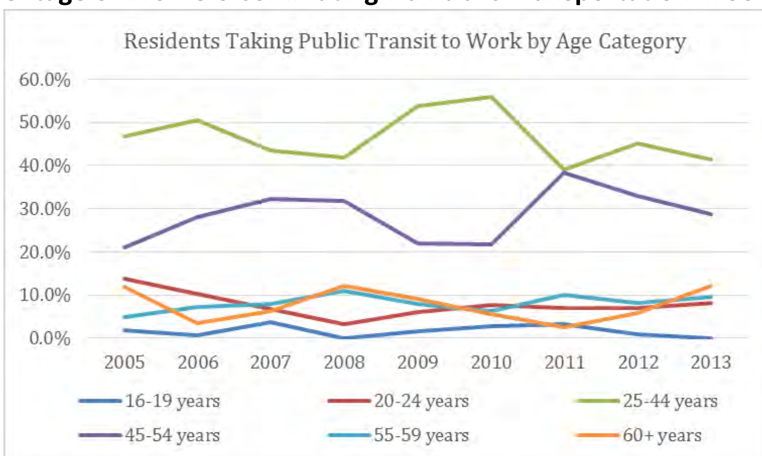
Source: American Factfinder, 2013.

[13] "2013 Report Card for American Infrastructure: New Jersey", accessed November 6, 2014, http://www.infrastructurereportcard.org/new_jersey/new-jersey-overview/

[14] All mode choice data gathered from American Fact Finder, U.S. Census Bureau, accessed October 5, 2014, http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml.

Although the commuting patterns for workers residing in Somerset County are skewed heavily towards driving alone, there are some interesting observations to make about the age demographics for each of the 3 travel modes. Out of those commuters driving alone, the vast majority are aged 25-44 years, although their share of the total has declined since 2005 (See B.29 in the Appendix). This age category is most closely aligned with the ages of the Millennial generation, although it does include part of the preceding generation. The 45-54 years category is the 2nd largest group to drive alone, hovering around 30% since 2005.

Figure 35: Percentage of Workers Commuting via Public Transportation in Somerset County, NJ

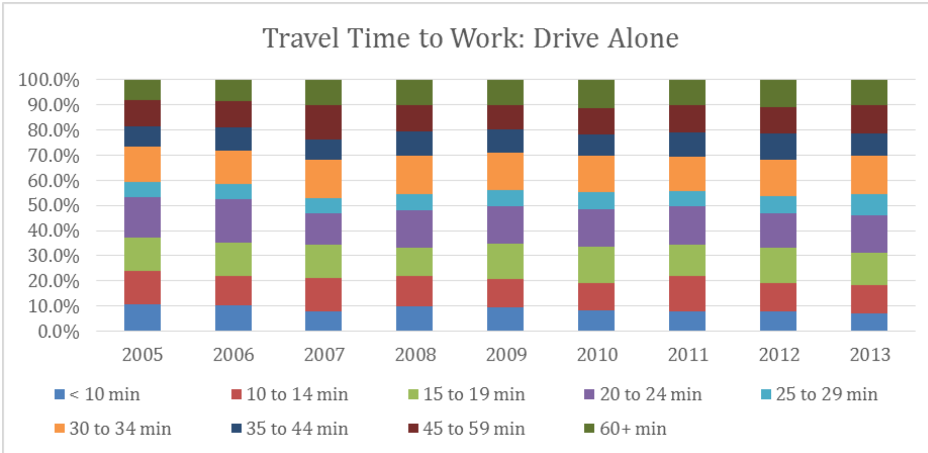


Source: American Factfinder, 2013.

When considering carpooling and public transportation commuters, the trends are similar but slightly more varied. For carpooling, the 25-44 year category comprises the majority of the residents, peaking close to 60% in 2008 and 2011 but dropping below 40% by 2013 (See B.30 in the Appendix). The 20-24 year category, which contains only Millennial workers, peaks in carpooling rates by 2013. Public transportation commuting rates are even more volatile than carpooling, as shown in Figure 35. Again, the predominant age group is 25-44 years of age, with peaked ridership in years 2009 and 2010, only to decrease to just over 40% by 2013. The 2 youngest age categories show very little public transportation ridership during this period, if at all.

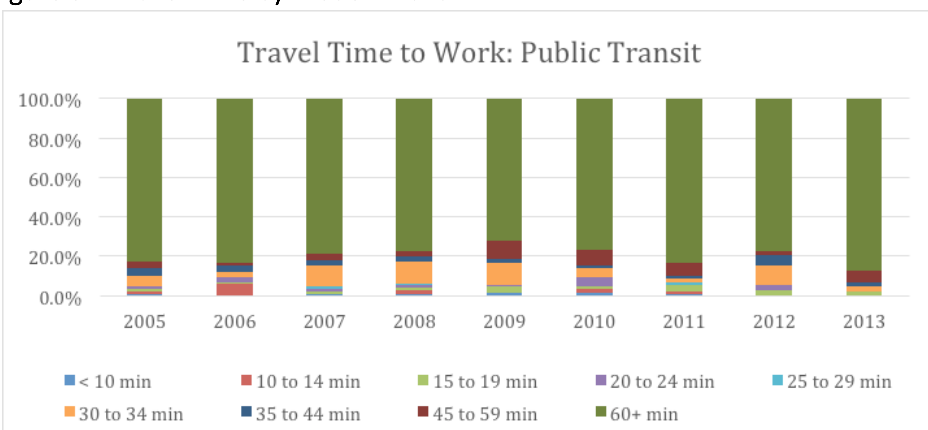
Overall, there are more male Somerset County residents commuting to work than female, which may explain why there are higher percentages of male commuters in each of the three categories. However, males take public transportation significantly more often than women, as shown in B.31 in the Appendix. Raw numbers for this trend are available in B.28 in the Appendix.

Figure 36. Travel Time by Mode - Drive Alone



Source: American Factfinder, 2013.

Figure 37. Travel Time by Mode - Transit



Source: American Factfinder, 2013.

In assessing the convenience of living in Somerset County, it is also important to understand how long commutes typically take on these travel modes. For residents driving alone, the commute time is distributed relatively evenly across each of the 9 time blocks, as show below in Figures 36 and 37. The most common durations were from 20-24 minutes and from 30-34 minutes. Public Transit commutes take dramatically longer on average. The vast majority of these trips take over an hour, which may suggest that most public transportation riders travel to New York City, which is at least an hour journey by NJT rail. By 2013, over 87% of Somerset County public transit riders commuted for over 60 minutes in duration each way.

Transit Villages

Although public transportation rates are low in Somerset County, 2 municipalities – Somerville and Bound Brook – are categorized as Transit Villages by NJT and NJ Department of Transportation (NJDOT). Transit Village status entitles municipalities to priority funding and technical assistance from state agencies as well as NJDOT grants.[15] The goal of this program is to incentivize municipalities to invest in transit-supportive development around train stations, which enhances the convenience and accessibility of using public transportation. To qualify, municipalities must develop transit-oriented development (TOD) projects that feature compact building and site design, provide a high quality walking and biking environment, promote a mix of transit-supportive uses, and pay attention to place-making and pedestrian concerns, among other criteria. Though Somerset County can claim two municipalities with this special status, it is behind several other counties – Essex (five Transit Villages), Middlesex (four Transit Villages), and Union (six Transit Villages) – and could benefit from promoting this type of transit-supportive development. Public transportation mobility is an attractive quality to many urban dwellers, particularly Millennials.

Although Hunterdon County does not have direct rail service to NYC, Annandale is a growing transit-friendly community within the county. Located in Clinton Township at the intersection of Routes 22 and 78, a solar-powered development called the Village Green was recently built to provide a sustainable and convenient residential option. The community serves residents who pass through the nearby NJ TRANSIT station, and offers "green" office space to corporate and retail tenants. This type of transit-friendly, sustainable development is highly attractive to Millennials as a result of its convenience and environmental focus. Somerset County should consider investing in similar TOD projects to provide more modern and eco-friendly lifestyles for commuters.

Park & Rides

Park and Ride lots provide additional parking for drivers to leave their cars on the outskirts of a city and travel to the central city (typically Newark or NYC) on public transportation. Somerset County has two Park and Ride facilities, one in Branchburg and one in Hillsborough. These parking lots provide additional incentives for drivers to reduce their overall vehicle miles traveled by taking public transportation for part of their journey, whether it is for work or pleasure.

However, Somerset County has considerably fewer Park and Ride lots compared to neighboring counties. Hunterdon County has six locations and Middlesex County has 11; location and parking spot availability for each Park and Ride is listed in the below table. Middlesex County provides the vast majority of available spots in the area, nearly 7,000 spots, while Somerset County only has 157 spots. Even Hunterdon County, which has minimal NJ TRANSIT rail access, has nearly 800 spots. It is important that Somerset County consider offering more Park and Ride facilities to increase convenience of public transit and attract more users of the downtown area. Adding more facilities may also help to convince NJ TRANSIT that direct service from Somerset County train stations is worth the investment.

[15] Transit Village Initiative, New Jersey Department of Transportation, accessed October 7, 2014, http://www.state.nj.us/transportation/community/village/.

Table 17. Park & Rides in Hunterdon, Middlesex, and Somerset

Hunterdon County Park & Ride Facilities		**Middlesex County Park & Ride Facilities**		**Somerset County Park & Ride Facilities**	
Annandale Square	129	Applegarth	154	Branchburg	110
Clinton Point	296	Cheesequake Service Area	780	Hillsborough	47
Flemington	196	Chrome	16		
Frenchtown	65	Exit 8A	930		
Hunterdon Hills Playhouse	60	Kendall Park	120		
Oldwick	40	Madison Variety	50		
		Metro Park	3308		
		Neilson Parking Deck	1200		
		Pershing Avenue	80		
		Plainsboro Plaza	42		
		Sayreville	309		
TOTAL	**786**	**TOTAL**	**6,989**	**TOTAL**	**157**

Bikeability and Walkability

New Jersey is car-dominant in general and Somerset County is no exception to this trend. Bicycling and walking are two important transportation modes that are somewhat limited within the county. For recreational activity, the county boasts several trails that are popular with bicyclists, including Colonial Park, Delaware and Raritan Canal State Park, Duke Island Park, Sourland Mountain Preserve, and Washington Valley Park. Local bikers have charted over 30 bike & multi-use paths in the county.[16] However, bicycling and walking is not a feasible transportation mode in this area due to the lower-density suburban development pattern.

In a recent analysis conducted by the Louis Berger Group for Somerset and Hunterdon Counties, a number of recommendations were made to better the bicycle and pedestrian travel options in the area. The demand for bicycling, which takes into account total trips, trip purpose, whether users take public transit, proportion of college students and school children, and related variables, was found to be medium or high along the Route 202 corridor. Additionally, the study found that this region falls within a "travel shed" that exhibits certain characteristics suggesting that bicycle travel demand should be high, and that it is an appropriate mode of transit. In modeling pedestrian demand, it was found to be highest (medium demand level) in the Somerset County portion of the region due to the amenities along Route 202.[17] The study concludes that pedestrian lighting, sidewalk widening, and improved intersections be considered for the area to further promote higher rates of biking and walking.

[16] New Jersey Bike Map, accessed October 5, 2014, http://www.njbikemap.com/njmap/bikepath/somerset.html.

[17] "Corridor Assessment and Multi-Modal Mobility Plan for Route 202, The Louis Berger Group, accessed October 5, 2014, http://www.co.hunterdon.nj.us/pdf/planning/FinalRoute202CoordAssessment/Chapter%206.pdf.

Electric bicycles, or e-bikes, may be a potentially beneficial transportation mode in the county, but they are currently a grey area under NJ State legislation. Motorized bicycles (mopeds) must be registered by New Jersey, but e-bikes do not meet the moped definitions and thus cannot be registered. Effectively, this means that laws prohibit e-bikes from being used on public roads. If the laws were expanded to define and approve of pedal-assist e-bikes and power-demanded e-bikes – which do not solely rely on power and travel slower than other motorized transit modes – bicycle and walking patterns may increase. It is a highly economical and environmentally friendly transportation mode that could improve non-motorized travel throughout the county.

Conclusion

Roadway and airport access is strong in Somerset County. Its central location is within proximity of NYC and Philadelphia, and the extensive NJ highway network offers quick access to other municipalities within NJ. The Newark and JFK/LGA airports are highly accessible, and the recently expanded Trenton-Mercer Airport is even more convenient for Somerset County residents and businesses looking to avoid congestion in and around NYC.

NJ TRANSIT service is notable in Somerset County, but is not as strong as in neighboring counties. The rail stations in Raritan and Somerville are important in attracting Millennial populations in addition to the overall working population, but offering direct service to NYC is crucial for the county to compete with neighboring transit villages and TOD sites, particularly in Middlesex County along the Northeast Corridor. Raritan and Somerville are the most accessible rail stations, and offer the most potential to Millennials. Increased Park & Ride facilities may help support the argument to provide direct service from Somerset County to NYC. Further, the addition of eco-friendly and sustainable residential/retail development sites near transit stations throughout the county would greatly appeal to Millennials looking for convenient housing options within TOD sites in NJ.

Natural Resource Amenities

Nature-based recreation

There are various nature-based recreational opportunities in Somerset County that offer secluded natural settings and environmental education. The Sourland Mountain Preserve is a large county-owned park located in southwest Somerset County. The 4,000-acre Preserve is one of the largest contiguous areas of open space in the County. Due to it undeveloped and secluded nature, it is a haven for local wildlife.[18]

The Somerset County Park Commission Environmental Center is located in Lord Stirling State Park. The Environmental Center has ongoing educational programming, hosts special events, and even contains a gift shop. Just north east of Somerville, Washington Valley State Park provides another opportunity to enjoy nature. Washington Valley State Park contains a 21-acre reservoir and an extensive trail system. It is a

[18] Somerset County Park Commission (2013). *Sourland Mountain Preserve.* Retrieved 10/05/2014 http://www.somersetcountyparks.org/parksfacilities/sourland/SourlandMtPreserve.html

popular destination in the fall to watch the migration of thousands of hawks, eagles, and falcons that fly though the park each year.[19]

State Parks

The Delaware & Raritan Canal State Park (D&R State Park) is a 70-mile recreational corridor in Central New Jersey. Roughly 20 miles of D&R State park are located in south east Somerset County. The Park provides opportunities for bicycling, walking, jogging, camping, fishing, canoeing and horseback riding. The park also contains many historical points of interest such as covered bridges, 18th Century Mills, and cobblestone spillways.[20] The Griggstown Mill, located in Franklin Township, is the quintessential example of the historical structures that can be visited along the canal. Griggstown also provides canoe rentals to enjoy the scenic views from the river. There are several points of access into D&R State Park, including 16 officially recognized parking lots in Somerset County.

Six Mile Run is a 3,037-acre State Park located in Somerset County. Unlike D&R State Park, it is completely within Somerset County. Six Mile Run benefits from being connected to the D&R Canal State Park and offers many of the same recreational opportunities. It contains historic Dutch farm houses and granaries. Detailed hiking and cycling maps are available to the public, as well as the location of three parking lots and points of access. Some of the land is leased to the public for agricultural purposes.

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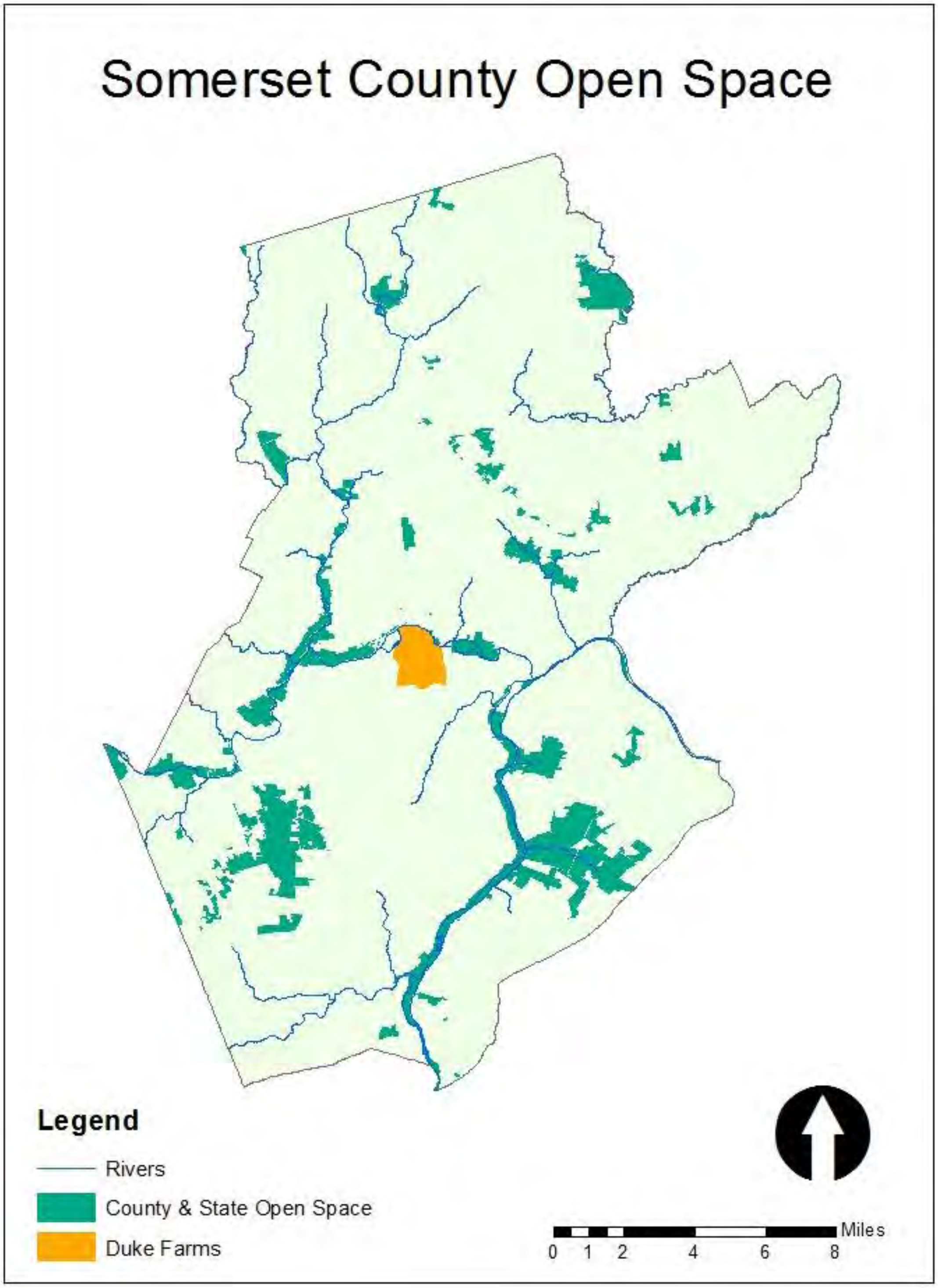
[19] Somerset County Park Commission (2013). *Washington Valley Park.* Retrieved 10/05/2014 http://www.somersetcountyparks.org/parksfacilities/washValley/WashingtonValleyPk.html

[20] Delaware and Raritan Canal State Park. *Points of Interest.* Retrieved 10/03/2014. http://www.dandrcanal.com/interest.html

Figure 38. Map of Somerset County Open Space and Duke Farms



Source: New Jersey Geographic Information Network (NJGIN).

D&R State Park and Six Mile Run State Park can be characterized as regional attractions. The D&R State Park has a farther reach due to the fact that it is a linear park that has connections to relatively large urban areas such as Trenton and Princeton. The linear nature of the park may benefit the county by bringing in individuals from other counties to spend money at local businesses. Similarly, Six Mile Run provides some of the longest hiking trails in the area and may attract people from nearby Middlesex County.

County Parks & Facilities

North Branch Park is a modest-sized park located to the west of Somerville, along the bank of the North Branch of the Raritan River. It is the home of the Somerset County Parks Commission administrative office and the location of several major countywide events such as the 4H Fair and Fourth of July Fireworks. The park contains several athletic fields, two horse show rings, and a dedicated space for model rocket and airplane launching. Additionally, the park offers two picnic areas near the athletic fields that come equipped with covered seating, grills, and a newly constructed playground.[21]

North Branch is mostly a local point of interest due to the fact that many counties have similar-sized parks with similar facilities. However, it is significant among parks within the county because it acts as a hub for major outdoor county events. Located near the center of Somerset, the park is geographically well suited to serve the entire county for these large events.

Colonial Park is a 685-acre county park. Similar to North Branch Park, there are a variety of amenities such as picnic tables, rentable pavilions, and playing fields. Colonial Park also contains Spooky Brook Golf Course, an 18-hole championship golf course. Spooky Brook is one of five golf courses run by Somerset County. What sets Colonial Park apart from other similar parks in Somerset County is the fact that it is located along D&R Canal State Park.[22]

The Leonard J. Buck Garden is a county-owned botanical and rock garden in Northern Somerset County. Leonard J. Buck was a geologist and trustee of the New York Botanical Garden in the 1930's. He worked with well-known landscape architect, Zenon Schreiber, to create an ecologically sound garden full of exotic plants and rock formations. The park was donated to the park commission, and has been open to the public since 1976. The Lenoard J. Buck garden is a unique asset for Somerset County. While it is relatively small in size, it has the potential to be a regional attraction for plant and flower enthusiasts, as well as casual tourists. [23]

[21] Somerset County Park Commission (2013). *North Branch Park.* Retrieved 10/05/2014 http://www.somersetcountyparks.org/parksfacilities/northbranch/NorthBranchPk.html
[22] Somerset County Park Commission (2013). *Colonial Park.* Retrieved 10/07/2014 http://www.somersetcountyparks.org/parksfacilities/colonial/ColonialPark.html
[23] Jacobs, C. (2004). Garden State is Aptly Named Blooming Gem. *Chicago Tribune.* Retrieved 10/05/2014 http://www.chicagotribune.com/lifestyles/travel/bal-tr.jersey02may02-story.html#page=1

Historic and Cultural Attractions

The Somerset County Cultural and Heritage Commission is a very active committee that oversees historic preservation and tourism in the County. Through their efforts, many 17th and 18th Century structures have been preserved and restored for public enjoyment. Support for historic preservation in Somerset County is strong. The Cultural and Heritage Commission applies for competitive national and statewide grant programs. Since 2004, the Somerset County Historic Preservation Program has allocated over $90,000,000 towards historic preservation efforts.[24]

The Jacobus Vanderveer house is an example of the types of historical attractions that can be found throughout Somerset County. It is a national historical site located in and owed by Bedminster Township. The house was built in the 1770's and has the distinction of being the location of America's first military academy. Historic interpreters are on hand to educate the visitors about colonial life and the role that the house played in the Revolutionary War.[25]

Galleries

There are a number of art galleries in Somerset County. J.M Stringer Gallery in Bernardsville, NJ has an ever-changing exhibition of modern and classical art. The Gallery contains paintings as well as antique furniture for sale. Vandermark Meritt Glass Studios is a unique glass studio and gallery that produces and displays a variety of glass-blown features including vases, paperweights, and bowls. VanderMark Meritt Glass Studios is located in Branchburg. In Bound Brook, the Hamilton Street Gallery is a venue for contemporary visual art. The Hamilton Street Gallery houses the artwork both established and developing artists from the region.

Music & Theaters

There is a robust variety of theatres and performing arts centers in Somerset County. There are three traditional movie theatres that screen the latest box-office hits. One of those theatres, AMC Bridgewater Commons, is unique in that it is a dine-in theatre that serves dinner while moviegoers enjoy the movie. The Edward Nash Theater at Raritan Valley Community College is a large auditorium that seats 1,000. It is a great location for local concerts and performing arts. For an especially unique experience, the Brook Arts Center in Bound Brook is one of eight surviving vaudeville houses. It shows silent movies as well as live performances. Other performing arts centers include the Somerset County Vocational & Technical School Theater, Somerset Valley Players, and The Villagers Theatre.

Miscellaneous Attractions

The Raritan Valley Community College offers a variety of programming at their planetarium. Events range from educational shows catered towards adults, to musical laser shows for children. The Johnson Park zoo

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[24] Somerset County Planning Board. *Trends and Indicators 2013.* Retrieved 10/03/2014. https://www.co.somerset.nj.us/planweb/pdf/Trends%20and%20Indicators%20for%20Somerset%20County%20-%202013%20Report.pdf

[25] http://www.jvanderveerhouse.com/

is located just outside of Somerset County in Piscataway, New Jersey. The zoo contains mostly farm animals with a couple of wild animals as well. The zoo is located in a public park, so visits are completely free.

Downtowns & Restaurant Hot Spots

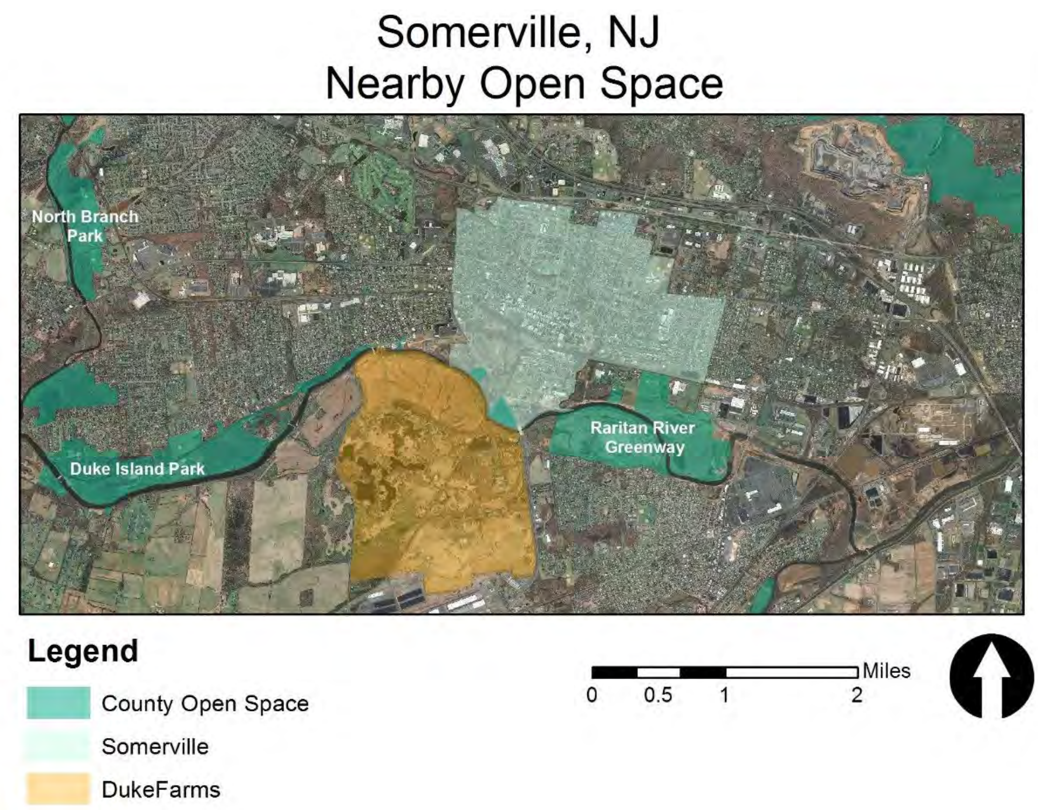
Downtown Somerville has a large selection of restaurants and bars that represent a diverse array of culinary choices. For the most part, the available restaurants on Main Street are not large nationwide chains; rather, they are local establishments that rely on patronage of Somerset County residents. Main Street is attractive and pedestrian-friendly place that even includes a street converted to exclusively pedestrian use.

There is a cluster of restaurants along Route 206 in Hillsboro Township. There is a smattering of national chains such as McDonalds, Burger King, and Subway. However, there are unique dining options such as a hibachi, local sandwich shops, and cafes. Similarly, North Plainfield also contains a cluster of restaurants. There are national chains mixed with smaller local establishments.

Aside from these restaurant clusters, there are many other choices scattered around the region. Some notable and highly rated establishments include Luca's Ristorante (Italian), The Blue Point Grill (Seafood), and Spice Rack (Indian). This small samples size is representative of the variety of restaurant types that can be found in the region.

Competing community centers outside of Somerset County include Princeton, New Brunswick, Flemington. Morristown, and Chester. Of these, Princeton and Morristown are probably the most significant because of their established downtowns. The Blue Point Grill that was mentioned is located in Princeton along with several other restaurants and bars.

Figure 39. Map of Open Space Near Somerville, NJ



Borough of Somerville Area

Somerville Borough and the surrounding area have a unique mix of commercial, residential, and open space. Somerville is one of the most densely populated municipalities in Somerset County, and is located in the geographic center of the county. Additionally, it benefits from being located across the river from Duke Farms. There is a great opportunity for the Borough of Somerville to increase the connectivity between Somerville, Duke Farms, and county-open space.

The Raritan River Greenway is made up of several parcels of land to the south of Somerville, along the Raritan River. The County made it a priority to utilize and improve this open space through the Somerset County Raritan Greenway Initiative. The Raritan Greenway organized the construction the Torpey Athletic Complex. The athletic complex was built in 2010 and contains lighted fields for football, baseball, and a state-of-the-art multipurpose turf field. Additionally, there is ongoing construction of the Raritan River Greenway Bikeway along the Raritan River that will connect Duke Island Park, the Borough of Somerville, and the Torpey Athletic Complex. Across the river, Duke Farms is a great asset for Somerville. It is a regional attraction, and likely has the greatest potential of any county asset to draw visitors from outside of the county. Due to this fact, increasing pedestrian and biking connectivity to Duke Farms should be a priority for Somerville and Somerset County as a whole.

Part II: Market Analysis

1. *Residential Market Analysis*
2. *Retail Market Analysis*

1. Residential Market Analysis

How does Somerset County compare to neighboring competition? Is the County's stock of housing sufficient to meet its resident's needs? Will the County be able to attract new residents and commercial enterprises in order to grow? Does it have unmet retail demand? In the next section, this report will attempt to answer these questions by exploring Somerset County's residential and commercial markets.

Residential Trade Area: Methodology

In defining the residential trade area, this report considers the feasibility of potential customers (new residents) to live in the area and travel a reasonable distance for work, school and other daily needs. Somerset County has a strongly suburban character, but is also well-connected to denser urban and suburban areas by numerous high-speed and high-capacity road networks and highways. Assuming a driving commuter wishes to drive no more than 30 miles to commute (approximately the distance between Somerville and Trenton) 30 miles becomes the "net" with which to establish a broad potential trade area. Using a 30 mile net from downtown Somerville produces a very large potential area (nearly all of Somerset, Hunterdon and Middlesex Counties, as well as Morris and Mercer Counties), which includes a wide variety of different types of municipalities, development patterns and housing options. In order to pare this down to a trade area from which meaningful comparisons can be made and conclusions can be drawn, this report defines the residential trade area based on criteria outlined below. See Maps 42 and 43 for the initial study area.

Since Somerset County hopes to enhance its economic competitiveness and diversity by attracting and retaining members of the Millennial generation, it is important to consider its residential trade area through this lens. Based on a general resurgence in the popularity of "urban living" as well as Millennial characteristics that differentiate this group from other generations, such as delaying marriage and childbearing and being more burdened by debt, the patterns of residential demand among Millennials will be different (and likely more focused on denser and more affordable areas) than the baby-boomer generation before them. At the same time, while baby boomers drove the demand for large-lot single-family homes, at least some of them will seek to downsize within their own communities in the coming years as their needs change and their children move out. Notably, the needs and desires of Millennials and baby boomers are not necessarily at odds. A national report from the American Planning Association found that both groups increasingly favor living in a denser environment with walkable amenities and alternative transportation options.[26]

To examine the assumption about the preference of younger generations for denser environments, this report compares overall household density in the area (Figure 40) with the density of households with younger heads of households aged 25-34 (depicted in Figure 41). A comparison of these two maps shows

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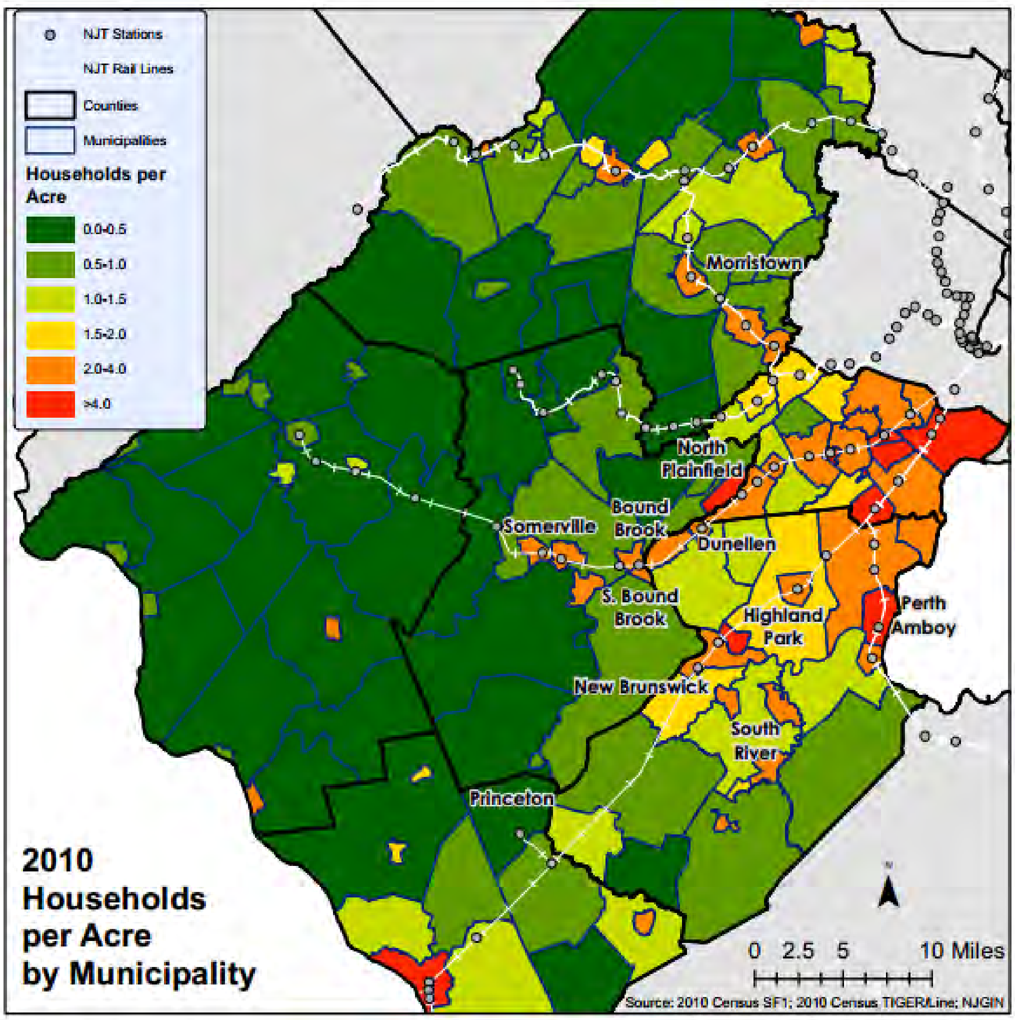
26 American Planning Association, "Investing In Place" 2014. Retrieved from: https://www.planning.org/policy/polls/investing/pdf/pollinvestingreport.pdf

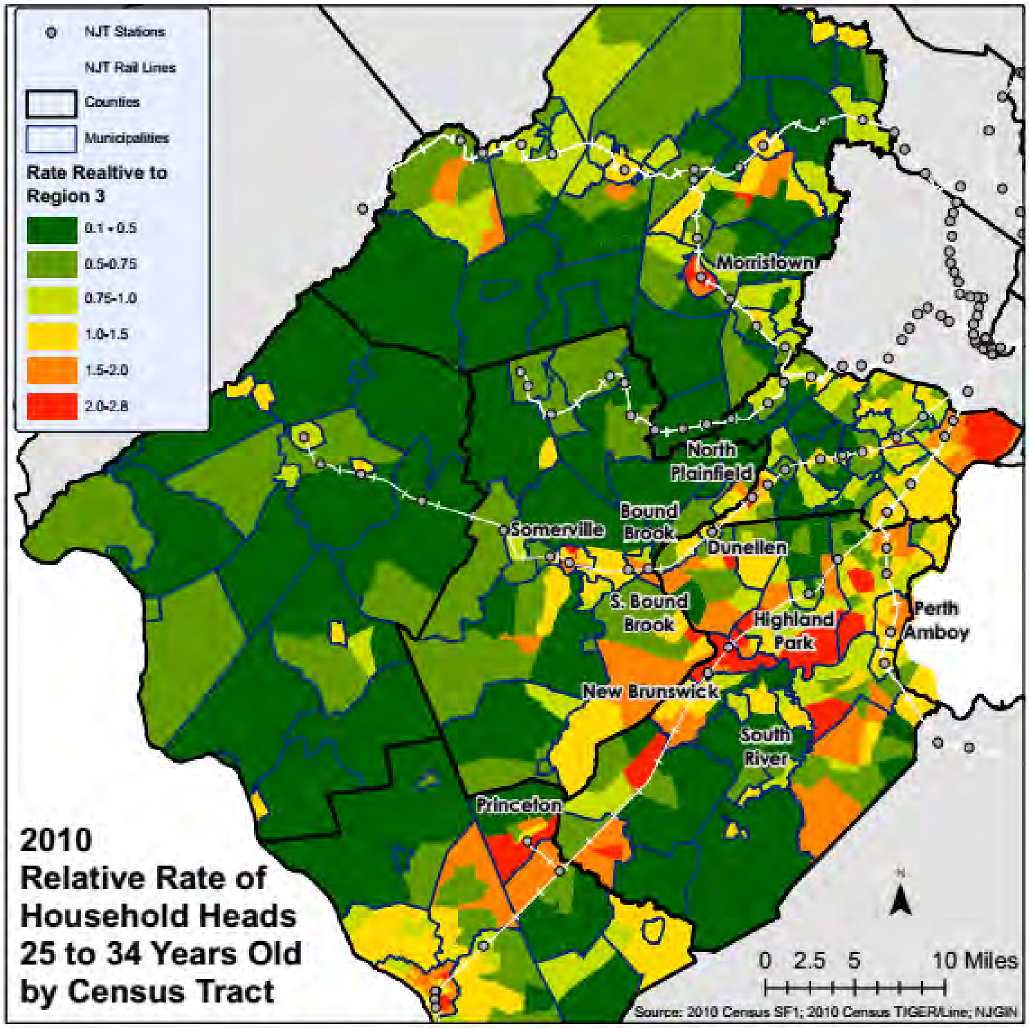
that, indeed, the areas with high household density overall also correspond to areas with relatively high densities of Millennial-headed households. Millennial-headed households are also noticeably clustered along NJ Transit rail lines and in municipalities with train stations. Thus, it appears that within the trade area younger households tend to concentrate in denser areas and along rail lines, which supports the idea that Millennials seek denser environments near alternative transit.

Figure 40. Households per Acre by Municipality



Source: U.S. Census, 2010.

Figure 41. Relative Rate of Household Heads 25-34 Years Old by Census Tract



Source: U.S. Census, 2010.

The authors of this report visited the Borough of Somerville on October 23 to tour the downtown area and train station, as well as a new luxury residential development adjacent to downtown, and a nearby older residential neighborhood just beyond the downtown. Somerville presented the group with an example of a municipality shaped by forward-thinking planning that seeks to capitalize on its relative density, interesting mix of businesses, proximity to transit, and presence of suitable vacant land for redevelopment. Furthermore, the group's impression is that the Somerset County Business Partnership's leadership considers Somerville a point of pride in the County and a development model worth emulating. With this in mind, this report will use the density of the Borough of Somerville as a benchmark to define the residential trade area. Within Somerville and the surrounding counties, the group compiled a list of municipalities that are at least as densely populated as Somerville and used this as a natural cutoff from which to define the area. Thus, 12 municipalities comprise the focused Somerset County residential trade area, as outlined in Table 18, and Figure 42 and 43 locate these municipalities within the broader area of interest.

Figure 42: Study Area Counties in NJ

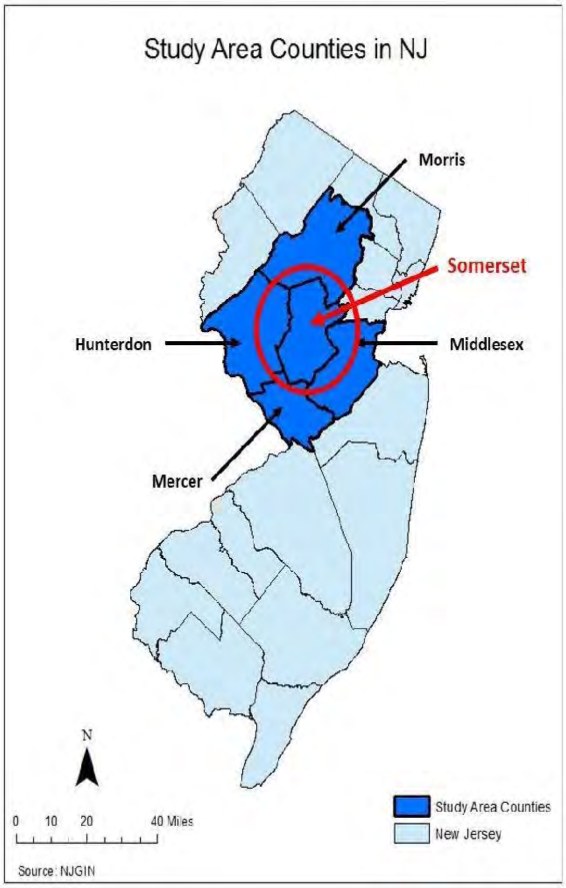
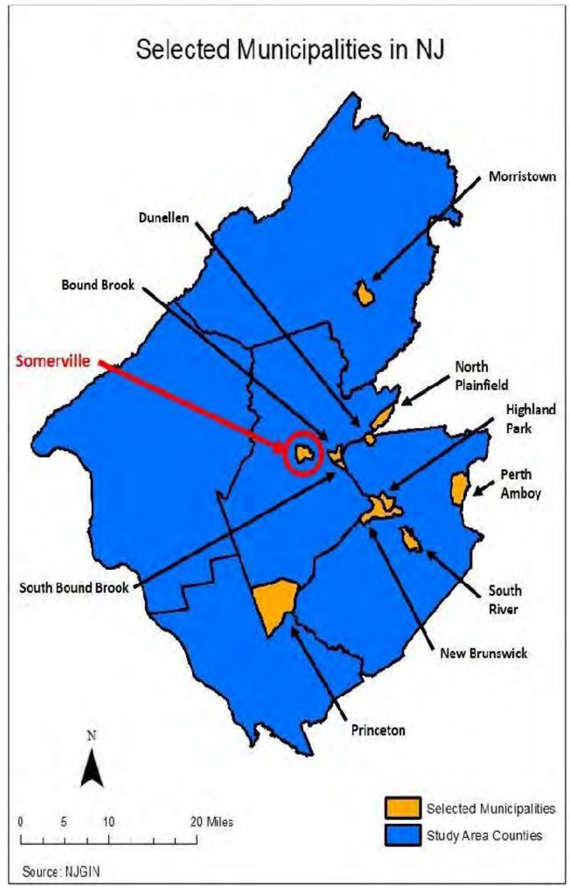


Figure 43: Selected Municipalities, NJ



Source: NJGIN.

Table 18: Municipalities in Residential Trade Area, according to density

NJ Density Rank	Trade Area Density Rank	City	County	Population	Pop Density (per sq. mi)
28	1	New Brunswick	Middlesex	55181	9531.2
32	2	Perth Amboy	MIddlesex	50814	8529.9
37	3	North Plainfield	Somerset	21936	7814.9
39	4	Highland Park	Middlesex	13982	7684.7
51	5	Dunellen	Middlesex	7227	6894.8
56	6	Princeton (Borough)	Mercer	12307	6677.4
61	7	Princeton Meadows	Middlesex	13834	6539.7
68	8	Bound Brook	Somerset	10402	6138.3
69	9	Morristown	Morris	18411	6082.8
70	10	South Bound Brook	Somerset	4563	6045.9
85	13	South River	Middlesex	16008	5486.7
90	14	Somerville	Somerset	12098	5121.3

Source: US Census Bureau 2010; ranked by usa.com.

However, an analysis of only municipalities at least as dense as Somerville will ignore other areas that may present competitive housing options despite a less "urban" profile. Therefore, to supplement the analysis of the defined trade area (Table 18), this report also examines municipalities that offer new and competitively priced housing developments such as the Avalon development in the municipality of Somerset. A list of these additional developments, which were compiled using the internet rental companies Apartment Finder and Zillow, can be found in the Appendix C. For the purposes of this report, the main "residential trade area" is comprised of the 12 municipalities listed in Table 18; a review of housing characteristics in the other less dense areas provides additional context for the trade area.

Next, this report analyzes similarities between the overall residential market area and Somerville to evaluate whether the defined residential trade area is actually comparable to Somerville in terms of age of population, housing characteristics and pricing. Somerville was compared both to the market area and to the Region comprised of Somerset, Middlesex, and Hunterdon, and appears more similar to the defined residential trade area than to the Region. Therefore, using density as a method to pare down the broad trade area produced a focused trade area that adequately resembles Somerville. The only area where Somerville differs markedly from the market area and the region is in its proportion of less expensive rental housing. Somerville actually has a higher proportion of lower-priced rental housing units than both the market area and the region. Given the assumption that Millennials will seek lower-priced rental housing, this is potentially an asset that Somerville should seek to develop further.

Table 19: Comparison of Market Area, Somerville, and Region 3

	Population-Age		Housing-Tenure; Value; Rents						
						% monthly rent			
	% 20-34 years old	% 45-64 year old	% owner occupied	% home value $200K-299K	% renter occupied	$1000-1249	$1250-1500	$1500-1999	$2000+
Region 3*	18.83	28.03	71.09	22.47	28.91	25.68	19.01	21.04	9.78
Market Area **	29.83	20.57	42.34	35.11	57.66	24.93	18.91	18.41	9.34
Somerville	25.59	24.78	48.44	39.31	51.56	31.72	25.14	12.21	3.18

Source: US Census 2010 and ACS 5-year estimates, 2012 *Somerset, Middlesex, Hunterdon Counties
**Municipalities in Table 1

Claritas, Inc. and Lifestyle Demographic Segments in Trade Area

Demographics and household characteristics are an important way to understand potential demand and unmet needs in the residential trade area. This report uses the market segments developed by Claritas, Inc. to identify the most highly represented demographic segments in the residential trade area. The report also compares general findings on demographic segments within the dense trade area municipalities with demographic segments in the less dense, but still potentially competitive areas to see if there are notable differences between the trade area and the competition. Table 20 shows a chart of the findings. Given licensing restrictions on the use of Claritas data, Table 20 presents only a general overview of the demographic segments in each town and lacks information about the size of the segments. For the sake of clarity, the segments have been aggregated based on wealth categories (wealthy, midscale, lower-income) and age brackets (older, middle, younger), and are presented with a graded color scheme to highlight which age and wealth categories are best represented in the trade area.

Table 20. Claritas Lifestyle Segments (most prominent segments in each municipality)

	Wealth Category	Wealthy		Midscale			Lower-income		
	Age Bracket	Older	Mid	Older	Mid	Young	Older	Mid	Young
Trade Area Municipalities	Princeton	1	4						
	Morristown	3	1			1			
	Somerville		2			2		1	
	Dunellen	2	2	1					
	Bound Brook	2	1	1		1			
	Highland Park	1	2	1		1			
	South River	1	2	1		1			
	North Plainfield		2			1	1		1
	Perth Amboy		1	2		1	1		1
	New Brunswick		1			2		1	1
Less-dense municipalities	West Windsor		2	1		1	1		
	Bridgewater		4			1			
	Hillsborough		4			1			
	Watchung	3		1	1				
	Plainsboro		3			2			
	Piscataway	3	1			1			
	Lawrenceville	2		1	2	1			
	Old Bridge	1	2		2				
	Iselin	1		2	2				
	Woodbridge	1		2	1	1			
	Raritan	1	2	1		1			
	Total:	22	36	14	8	19	3	2	3

Source: Claritas, Inc., 2014

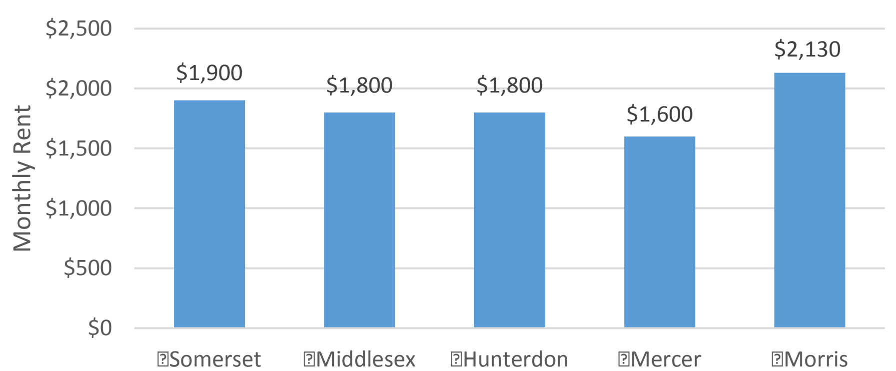
While it is difficult to draw detailed conclusions from Table 20 without more specific information about the relative share of these segments within the zip code, a few generalizations can be made about the residential trade area. Wealthy demographic segments outnumber other segments, both in the trade area and in the comparison municipalities. Notably, the most prominent demographic groups in Somerville seem to be on the younger side (young and middle-aged), and are somewhat spread across the income spectrum. In this sense, Somerville's segments are more diverse than, for example, in Princeton where all of the most prominent segments are considered wealthy, and Somerville may be better able to draw in Millennials seeking more affordable options among their peer group than, a place like Princeton or Morristown. Clearly, the trade areas in competition with Somerville and Somerset County cater to an older and wealthier demographic.

Residential Inventory

This report has created a residential inventory in order to survey and compare housing characteristics within the residential trade area. The residential inventory survey compares county level data (Somerset, Middlesex, Hunterdon, Mercer and Morris Counties) with selected municipalities within those counties (the report does not compare a municipality in Hunterdon due to the fact that no municipalities in that county meet the density threshold criteria described above). The current property inventory used in this section is from Zillow and reflects November 2014 data. Property inventory count charts are included in Appendix C. The median sale price and median rent values reflect September 2014 data.

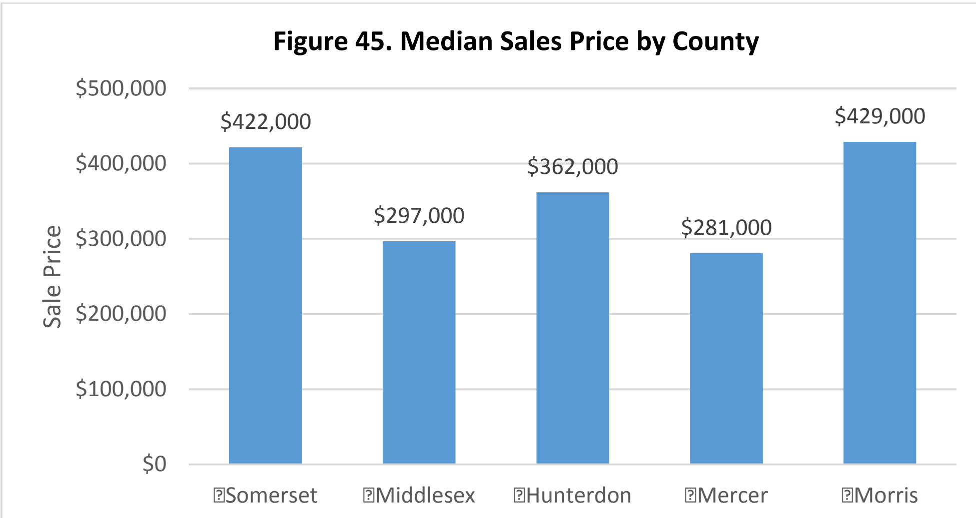
Among the counties indicated above, Middlesex County has the greatest total housing stock with 486 properties for rent and 3,902 properties for sale in November 2014. It is followed by Morris County, with 373 properties for rent and 3,019 for sale, and Mercer County, with 309 properties for rent and 2,088 properties for sale. Hunterdon County has the least amount in both rental housing (90 properties) and housing for sale (1,139). In terms of housing type, number of houses available for rent and sale are greater than the number of apartments or townhouses in all counties. Condos comprise the smallest portion among the other types of housing for rent or sale. In terms of monthly median rents, Morris County has the highest median rent ($2,130) while Mercer County has the lowest median rent at $1600 (See Figure 44).

Figure 44. Median Rent by County



Source: zillow.com (September 2014)

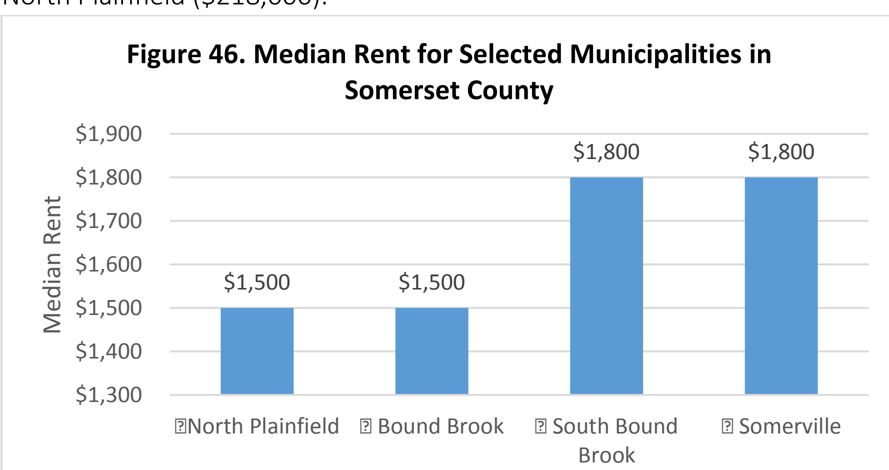
Figure 45 below shows that Morris County also has the greatest median sale price among the others ($429,000) while Mercer and Middlesex Counties have the lowest median sales prices: $281,000 and $297,000 respectively.



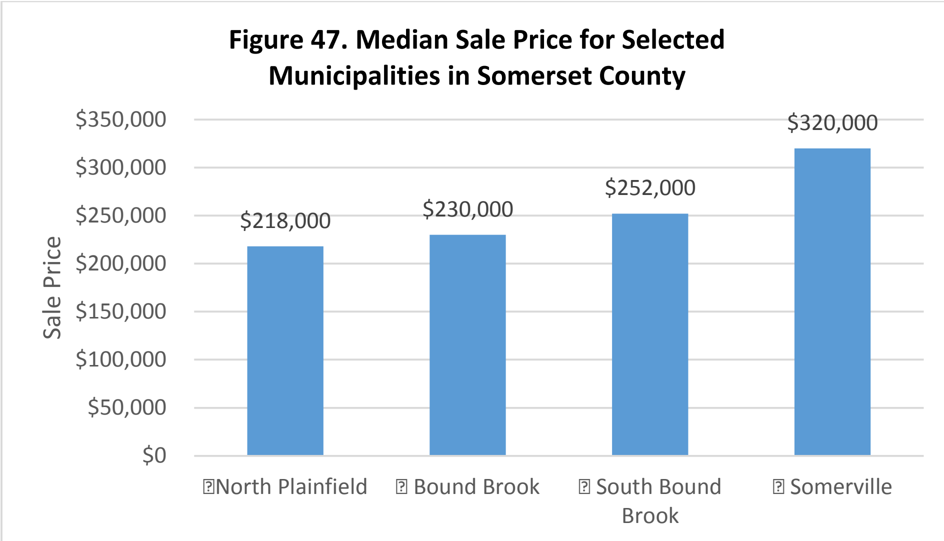
Source: zillow.com (September 2014)

Somerset County

Within Somerset County, this report analyzed Somerville, North Plainfield, Bound Brook, and South Bound Brook. All surveyed municipalities in Somerset County contain a far greater number of properties for sale than for rent, and, North Plainfield makes up the highest portion of available housing units within the group. When looking at the median rent for the selected municipalities in Somerset County, Figure 46 below indicates that the median rent is $1,800 in Somerville and South Bound Brook, while it is $1,500 in North Plainfield and Bound Brook. Median sale price for those municipalities, shown in Figure 47 below, is greatest in Somerville with $320,000, and followed by South Bound Brook ($252,000), Bound Brook ($230,000), and North Plainfield ($218,000).



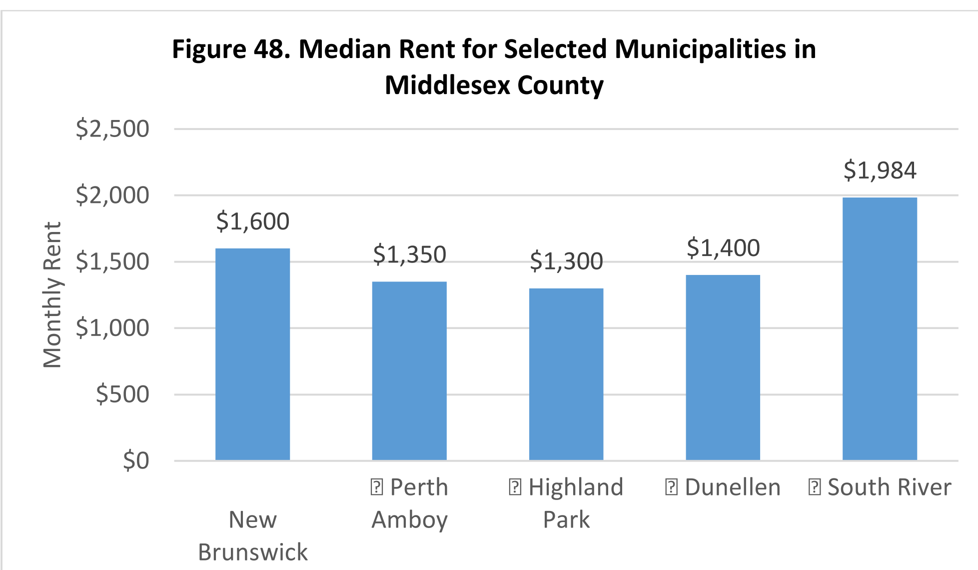
Source: zillow.com (September 2014)



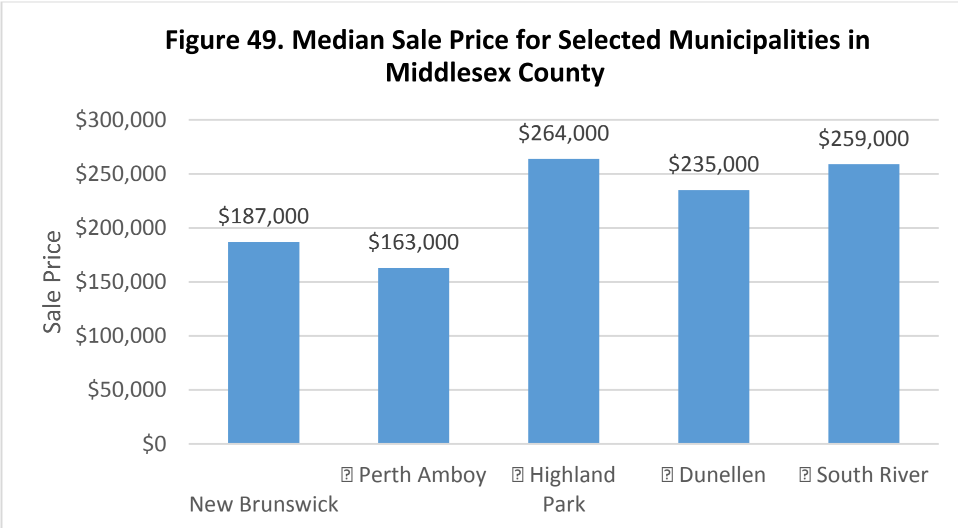
Source: zillow.com (September 2014)

Middlesex County

The municipalities compared in Middlesex County are New Brunswick, Perth Amboy, Highland Park, Dunellen, and South River. The median rent for selected municipalities in Middlesex County ranges between a low of $1,300 in Highland Park and a high of $1,984 in South River (see Figure 48). However, median home sale prices (Figure 49) indicate that houses in Highland Park are the most expensive ($264,000) while the houses in Perth Amboy are the least expensive ($163,000). In New Brunswick and Perth Amboy, apartment type rental housing is relatively more popular than other types. However, in terms of number of properties for sale, Perth Amboy is dominant.



Source: zillow.com (September 2014)



Source: zillow.com (September 2014)

Mercer County

For Mercer County, this report focused on Princeton since it is the only municipality that met the density criteria for the residential trade area and because it is a popular place to live for Millennials as well as older professionals and baby boomers. In terms of residential type, Princeton contains many more houses than apartments, condos, or townhouses as well - both for rent and for sale. The median rent in Princeton is $2,750 which is significantly (50%) higher than Somerville's median rent of $1,800. The median sale price in Princeton is $886,000, which is also remarkably (2.75 times) higher than sale prices in Somerville. Princeton seems to be an anomaly since Mercer County as a whole generally has comparatively low rents and sale prices.

Morris County

Morristown is the only municipality in Morris County that meets the trade area's density criteria. The median rent in Morristown is $2,250, which is quite a bit higher than in Somerville (25%), and the median sale price is $378,000, which is slightly (10%) higher than in Somerville. Houses comprise the great majority of properties for sale in Morristown and this is followed by condos and apartments. However, in terms of rentals, apartments are the most popular type of property in the municipality.

Affordability for Millennials and Baby Boomers: Rentals and Sales

In order to evaluate affordability of housing in the trade area for different sectors of the population, it is necessary to first define what is considered "affordable". According to the US Department of Housing and Urban Development, housing is considered affordable if it costs less than 30% of household income—a family paying above 30% of income on housing is considered cost-burdened by this definition.[27] This is usually determined from gross income (i.e., before other expenses are deducted), however, when

[27] US Department of Housing and Urban Development, www.hud.gov

considering Millennial affordability, this report assumes many Millennials will make a monthly payment on student loans, and, therefore, Millennial income is adjusted accordingly. Since Millennials' debt burdens have increased rapidly in recent years, it is important to account for this when considering housing affordability.

In order to determine how much a typical Millennial household could spend on housing, this report sampled some entry level salaries in fields that appear to be growing in the county (computer science and engineer as a proxy for professional and technical, and health care and social assistance) as well as general entry level salaries for young workers with Bachelor's degrees or Master's degrees and above. Table 21 outlines these salaries (adjusted for inflation) as well as average student loan payment amounts, to determine what would be reasonable for a Millennial household to spend on housing. The last column in Table 21 indicates that based on Somerset median household income, affordable rent would be about $2,500. To account for higher incomes among the older generation, this report estimates that baby boomers could pay between $2,500 and $3,500 monthly in housing costs.

Table 21. Affordable Rent based on Entry-level and Median Incomes

	Entry-level Computer & Info Science	Entry-level Chemical Engineer	Entry-level Health care & social assistance	Bachelor's Degree (age 25-34)	Master's+ Degree (age 25-34)	Somerset County Median Household
Annual Salary*	$ 81,180	$ 81,180	$ 67,281	$ 57,687	$ 73,308	$ 99,020
Monthly Income	$ 6,765	$ 6,765	$ 5,607	$ 4,807	$ 6,109	$ 8,252
Monthly Loan Payment**	$ 323	$ 323	$ 323	$ 323	$ 323	n/a
Net Monthly Income	$ 6,442	$ 6,442	$ 5,284	$ 4,484	$ 5,786	$ 8,252
Affordable Rent (30%)	$ 1,933	$ 1,933	$ 1,585	$ 1,345	$ 1,736	$ 2,476

*Adjusted for cost of living (http://www.census.gov/compendia/statab/2012/tables/12s0728.pdf)

**Calculated based on NJ average student loan amount and interest rate using debt calucluator, (https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action)

Data on average entry level salaries from National Center for Education Statistics (http://nces.ed.gov/programs/coe/pdf/coe_cba.pdf), Michigan Tech (http://www.mtu.edu/engineering/outreach/welcome/salary/), National Association of Colleges and Employers (https://careers.washington.edu/sites/default/files/all/editors/docs/2013-september-salary-survey.pdf), Fortune.com (http://fortune.com/2014/07/08/millennial-employment/). Data on county median income from American Community Survey 2013 estimate.

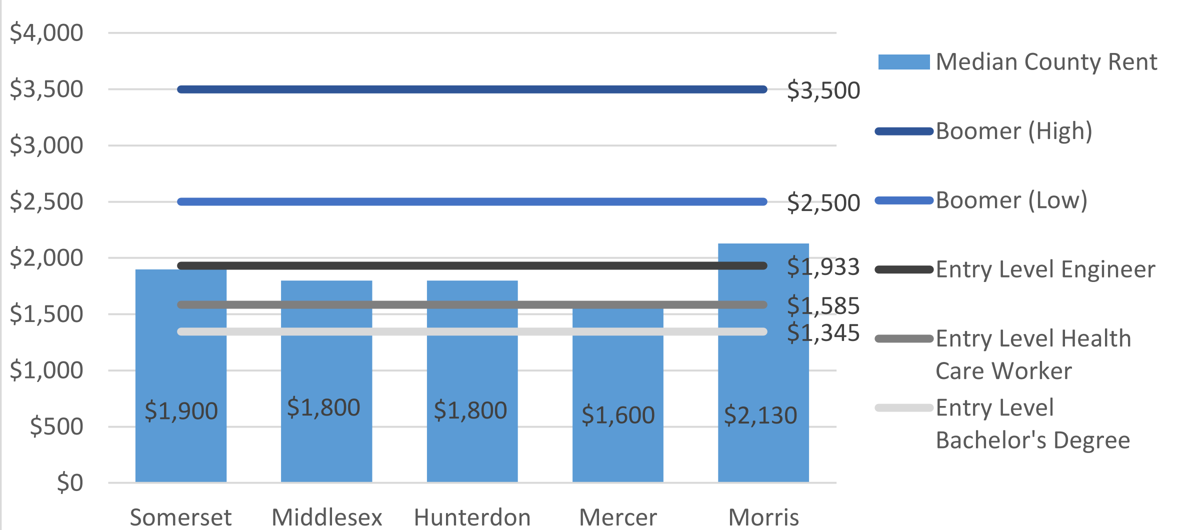
From these salaries this report built a model to determine the maximum value of home that these groups could afford to purchase. This model assumes that Millennials would have a slightly higher interest rate than boomers due to lower incomes and less credit. All mortgages are assumed to amortize over 25 years at a 90% loan to value ratio. An average $64 per month insurance payment and an average property tax rate was averaged across the county for the sake of simplicity. The results of this model appear in Table 22.

Table 22. Income Levels and Maximum Home Values for Purchase

	Millennials			Boomers	
	Entry Level Health Care	Entry Level Engineer	Entry Level Bachelor's	Low	High
Hypothetical Household Income	$67,281	$81,180	$57,687	$100,000	$140,000
Monthly Housing Budget	$1,585	$1,933	$1,345	$2,500	$3,500
Monthly Insurance and Taxes	$492	$590	$424	$801	$1,104
Mortgage Budget after Tax & Ins.	$1,093	$1,343	$921	$1,699	$2,396
Supportable Mortgage	($186,990)	($229,665)	($157,593)	($321,880)	($453,928)
House Price @ 90% Loan-To-Value	$205,689	$252,632	$173,353	$354,068	$499,321

Figure 50 and 51 overlay the selected income categories with median rents and median home values in each county, in order to determine where each income bracket may be able to find affordable housing. When examining the potential for Millennials to afford median rent by county, it may be concluded that an entry-level general bachelor's degree earner would be unable to afford median rent in any county on his/her own. An entry level health care worker would also have trouble finding affordable rental housing without sharing in most counties. At the entry level engineer's salary, median rent would be affordable in all counties except Morris, but hypothetical individual would not be able to afford more expensive housing above the median. Baby Boomers at the higher and lower ends of the model would have no trouble affording rents in any of the counties, and would likely be able to enter higher-end luxury housing markets at their salaries. Somerset County's median rental price of $1,900 presents a barrier to entry for Millennials in sectors that are not as highly paid as engineers.

Figure 50. Rental Affordability by Income Level

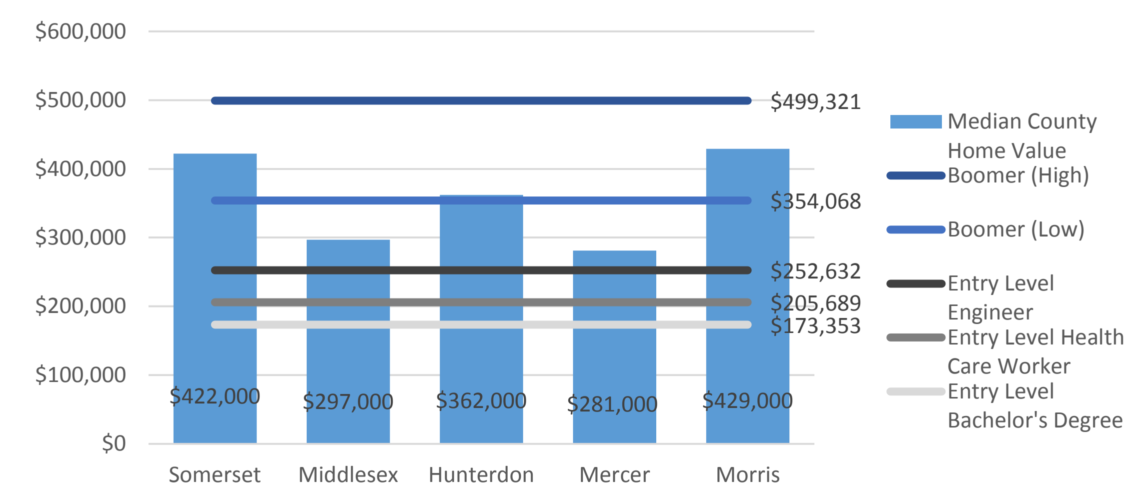


Zillow.com September 2014 data and income data from Table 21.

Source: Zillow.com September 2014 data and income data from Table 21.

Based on what the income groups can afford and sales prices by county in Figure 51, it may be concluded that most Millennials will not be able to afford to buy a median value home in all of the counties, but may have more purchase options in Middlesex or Mercer (although, likely not in Princeton, the area of interest in Mercer County). Furthermore, even a baby boomer at the lower end of the model would have difficulty affording a home for sale in most counties, which may have implications for boomers who wish to move within Somerset County. Given the prevalence of owner-occupied housing in Somerset County, and the difficulty that a Millennial worker would have with purchasing a home at the current prices, Somerset County should focus on expanding its stock of rental housing affordable to these income levels.

Figure 51. Supportable Purchase Price by Income Level



Source: Zillow.com (September 2014) and income data from Table 22.

Table 23. 2014 Q3 Price Change by County

2014 Q3 Price Change by County

Rank		2013 Median Sale Price	2014 Median Sale Price	YR*	Qrtly	Mth	Rank		2013 Median Sale Price	2014 Median Sale Price	YR*	Qrtly	Mth
1	Middlesex	$275,000	$299,000	8.7%	2.2%	0.7%	12	Bergen	$435,000	$440,000	1.1%	0.3%	0.1%
2	Gloucester	$185,000	$195,500	5.7%	1.4%	0.5%	13	Warren	$220,000	$222,250	1.0%	0.3%	0.1%
3	Cape May	$300,000	$315,000	5.0%	1.3%	0.4%	14	Monmouth	$361,587	$365,000	0.9%	0.2%	0.1%
4	Essex	$422,500	$440,000	4.1%	1.0%	0.3%	-	NJ	$315,693	$318,255	0.8%	0.2%	0.1%
5	Somerset	$395,000	$410,500	3.9%	1.0%	0.3%	15	Hunterdon	$375,000	$376,000	0.3%	0.1%	0.0%
6	Mercer	$267,300	$275,000	2.9%	0.7%	0.2%	16	Sussex	$220,000	$220,000	0.0%	0.0%	0.0%
7	Morris	$418,000	$429,375	2.7%	0.7%	0.2%	17	Camden	$174,200	$167,000	-4.1%	-1.0%	-0.3%
8	Union	$353,000	$362,500	2.7%	0.7%	0.2%	18	Hudson	$430,000	$405,000	-5.8%	-1.5%	-0.5%
9	Ocean	$210,000	$215,000	2.4%	0.6%	0.2%	19	Burlington	$225,000	$209,777	-6.8%	-1.7%	-0.6%
10	Passaic	$295,000	$299,900	1.7%	0.4%	0.1%	20	Atlantic	$200,000	$186,000	-7.0%	-1.8%	-0.6%
11	Cumberland	$139,000	$141,250	1.6%	0.4%	0.1%	21	Salem	$165,700	$148,000	-10.7%	-2.7%	-0.9%

Source: Otteau Evaluation Group, 2014.

Table 23, above, from Otteau Evaluation Group indicates that Somerset's property values are not only higher than most other counties in New Jersey, they are also increasing at one of the fastest rates. While this is positive news for the County, it may make the issue of affordability for young workers even more difficult. In order to capture highly skilled Millennials for the growing industries, Somerset County should offer housing options that are more in line with Millennial purchasing power and preferences – smaller less upscale units, at lower prices.

Population Growth and Housing Demand

As established earlier in this report, the residential trade area is defined municipalities in the counties of Hunterdon, Somerset, and Middlesex that are denser than Somerville. Because of their proximity, similar attributes, and attractiveness to Millennials, Princeton and Morristown were also added.
In this trade area, New Brunswick has both the highest overall population and also the highest density. The range of density is fairly wide with 9,531 people per square mile the highest, and Somerville with 5,121 as the lowest. New Brunswick and Perth Amboy have by far the highest populations, while South Bound Brook and Dunellen are smaller with populations of less than 10,000. (See Table 18).

Housing Units Additions

This report calculates the number of housing units added with data obtained from the New Jersey Department of Community Affairs on the number of annual building permits issued. This resource provides the number of permits that authorized construction for new buildings. This report focuses specifically on housing units authorized by building permits. It is important to note that not all projects that obtain permit clearance actually complete construction and become available to the public. Information from the US Census Bureau's manufacturing and construction division provides two useful ratios (see Table 24). The first is the national average ratio of units that receive permits to units that actually begin construction. The second is the ratio of units that begin construction to units that actually complete construction. The two ratios are also broken down by single and multi-family units. Multiplying the permits by these two ratios delivers a fair projection of how many housing units were added to the municipality in each year (see Table 25).

Table 24. Building Ratios

	Starts to Permits	Completion to Starts
Single Family	1.025	0.965
Multi-Family	0.775	0.925

Source: US Census Bureau

Table 25. Building Permits Issued, 2010-2013

	Permits									
Municipality	**2010**		**2011**		**2012**		**2013**		**Total (2010-2013)**	
	Single	Multi	Single	Multi	Single	Multi	Single	Multi	Single	Multi
New Brunswick	31	64	19	91	20	103	15	234	85	492
Perth Amboy	2	175	3	32	2	6	1	31	8	244
North Plainfield	0	0	0	0	0	0	1	0	1	0
Highland Park	17	4	70	0	63	0	69	0	219	4
Dunellen	13	15	9	5	13	10	18	11	53	41
Princeton (Borough)	19	52	16	44	6	2	19	495	60	593
Bound Brook	23	20	16	30	20	40	18	280	77	370
Morristown	4	0	6	0	18	0	7	291	35	291
South Bound Brook	31	20	21	15	27	25	32	50	111	110
South River	0	0	3	0	4	4	5	0	12	4
Somerville	4	0	2	0	2	0	1	1	9	1

Source: US Census Bureau and NJ Department of Community Affairs (2011-2014).

Table 26. Total Residential Units Completed, Using Permits Ratios

	Total Residential Units Completed					
Municipality	Total	Total	Total	Total	Weighted	2010-2014
	2010	2011	2012	2013	2014	Projected
New Brunswick	77	84	94	183	449	887
Perth Amboy	127	26	6	23	2	184
North Plainfield	0	0	0	1	2	3
Highland Park	20	69	62	68	78	297
Dunellen	24	12	20	26	46	128
Princeton	56	47	7	374	102	586
Bound Brook	37	37	48	219	265	606
Morristown	4	6	18	216	277	521
South Bound Brook	45	32	45	67	90	279
South River	0	3	7	5	0	15
Somerville	4	2	2	2	116	126

Source: US Census Bureau and NJ Department of Community Affairs (2011-2014).

Examining the trends of development reveals potential possibilities. New Brunswick added by far the greatest number of housing units from 2010 to 2014. This is to be expected because New Brunswick had the largest population of the trade area, and experienced positive population growth due in large part to Johnson and Johnson, Rutgers, and several hospitals offering a strong employment base. Somerville's housing growth is modest until it experienced a large increase of 116 housing units in 2014. Of the 116 new units, 108 are the result of a large luxury apartment complex constructed in the heart of downtown. Princeton and Morristown, two attractive locations, added 587 and 520 housing units, respectively, over the five-year period. Strong housing unit growth in these desirable municipalities further implies that they may be strong competition to Somerville for attracting Millennials.

Calculating Housing Demand

In order to determine unmet housing demand, this report models growth in population, and households, using a linear projection from two data points (2000 and 2010 census data) to 2020. While not a precise tool for projecting 2020 statistics, the overall model is sufficient to get a plausible estimate. To obtain a more precise projection for Somerville, since it is of central importance to this report, an interim ESRI population estimates for Somerville in 2017 was used to refine the 2020 projection. This population was used for the Somerville housing demand model instead of a linear weighting between 2000 and 2010 census populations. This model projected a population of 12,763 for Somerville in 2020.

Table 27. Somerville Analysis

Somerville Analysis			
Census	Average	*ESRI estimate	Projection
2010	2014	2017*	2020
12,098	12,319	12,539	12,763
Growth Rate 1.055			

Source: US Census Bureau and ESRI, 2013 Projections to 2017 and 2020.

Table 28. Somerville Population and Household Change

Somerville	2000 Census	2010 Census	2020 Projection*
a. Total Population	12,423	12,098	12,763
b. Group Population	630	449	320
c. Household Population	11,793	11,649	12,443
d. Average HH size	2.49	2.54	2.6
e. Number of Households	4,736	4,586	4,802
f. Total Housing Units	4,882	4,951	5,223
g. Occupied Housing	4,743	4,591	4,844
h. Vacant Units	139	360	380
i. Vacancy Rate	2.8%	7.3%	7.3%

Source: US Census Bureau, 2000, 2010, Projections to 2020.

Table 29. Somerville Housing Demand

Housing Demand	
j. Change in the Number of Households 2000-2020	66
k. Change in the Number of Vacant Units 2000-2020	241
l. Units that Must be Replaced 2000-2020	69
m. Units Lost to Disaster 2000-2020	44
n. Units Lost to Conversion 2000-2020	15
o. Units Lost to Demolition 2000-2020	10
p. Total Number of Units Needed 2000-2020	376
q. Housing Completion 2000-2010	69
r. Unmet Housing Demand 2011-2020	**307**

Model Outputs, 2014.

Tables 27-29 outline the methodology to determine unmet housing demand in Somerville. This methodology was applied to all municipalities in the trade area, and the results are summarized in Table 30. Sections a, b, c, and d, in Tables 27-29 were taken directly from the census data, and units lost to disaster, conversion, and demolition were calculated using national averages. By subtracting 2000 total housing units from 2010 housing units, the analysis team calculated how many housing units were completed in that ten-year period. The difference between total number of units needed 2000-2020 and housing completion 2000-2010 yielded the unmet housing demand from 2011-2020. From this number, this analysis subtracts the estimated housing units added between 2010 and 2014 to finally arrive at a value for unmet housing demand for each municipality for the next five years. It is important to note that this is an aggregate of all housing units added. In this model an apartment in a large multi-family complex and a large suburban single family home are treated equally, as a unit of unmet demand. Clearly, in the actual real estate market, these two housing unit examples would serve different customers. Therefore analysts must be aware of the differences represented, and care should be employed in generalizing conclusions from this model.

Table 30. Unmet Housing Demand by Municipalities

Municipality	Unmet Housing Demand 2011-2020	Estimated Added Housing Units 2010-2014	Unmet Housing Unit Demand 2015-2020
New Brunswick	1,454	887	567
Perth Amboy	1,645	184	1,461
North Plainfield	1,243	3	1,240
Highland Park	206	297	-91
Dunellen	194	128	66
Princeton (Borough)	8	586	-578
Bound Brook	89	606	-517
Morristown	651	521	130
South Bound Brook	189	279	-90
South River	2,046	15	2,031
Somerville	307	126	181

Realtor Survey

To gain a ground level view of the residential retail market calls were made to local realtors. They were asked about general market conditions, trends in residential preferences of young workers in terms of location and type of housing, and whether there is any market overlap between young workers and empty nesters looking to downsize housing.

Respondents

Four realtors gave substantive responses. Two operate in Somerset County, one more in the Somerville area and one primarily in Branchburg and Bridgewater (though this office was listed on the web for Somerville). In addition one operates in Mercer County, principally in the Princeton area, and one in Morris

County principally in Morristown. The Somerville realtor does more work on the investor side, but also has some retail clients.

Themes

The realtors contacted were reluctant to comment on market conditions as a whole. They noted that the market in their areas is eclectic with a wide variety in consumer incomes and home values, making generalization difficult.

For young workers, three of the four realtors said the primary determinant is price affordability depending on employment and income. The Branchburg/Bridgewater realtor focused exclusively on price as opposed to locational amenities or type of housing. The Princeton and Morristown realtors noted that access to transit and walkability is a consideration, but that young workers are mostly priced out of the downtown areas in their regions. They are more likely to choose rental and condo townhome and apartment developments at not too great a distance from transit, but not within walkable access. The Somerville realtor, who is more focused on investors, spoke more strongly about the trend toward younger people living in cities with transit access, but in more general terms. Interestingly, he stated that investors looking at real estate in more distant areas of Somerset and Hunterdon Counties that are not transit accessible will demand a lower price as these properties are viewed as carrying greater risk.

Rental prices in Somerville were quoted as $1,200 and up and for the Princeton and Morristown areas as $1,400 and up. Although the Princeton realtor noted that there are "dormitory" communities in Plainsboro that can start at $1,000 with limited amenities. According to two of the realtors, to the extent that young workers are buying homes, prices tend to be in the $200,000 to $300,000 range and are most likely condos or townhomes.

The realtors were divided on whether there is overlap between the younger worker market and downsizing empty nester. Two of the realtors saw very few downsizing homeowners moving to town areas and said the most common destinations are fifty-five and up retirement communities or moving out of state. One said that although those choices are more common, there are some older people downsizing to more walkable areas. And one said that this is a significant trend with many older people looking for cultural and social benefits of living in college towns and other downtown areas with younger populations, along with lower cost housing and therefore lower property taxes.

2. Retail Market Analysis

Somerville, NJ and Retail Real Estate Development Opportunity

The Borough of Somerville offers a vibrant retail market with potential for real estate development. The encouragement of growth by local government presents important opportunities for retail development especially in mixed-use, and transit oriented development. Somerville enjoys a healthy retail real estate market that has seen dropping vacancy rates and major new development and downtown revitalization in recent years.

This report presents the findings of a market study for a retail trade area surrounding the Borough of Somerville. The report first describes current conditions in Somerville and its trade area. The second section discusses current and projected purchasing power, and the final section identifies gaps in retail trade that present opportunities for development. Methodology and data sources are extensively documented throughout the report.

Defining the Trade Area

The trade area of the Borough of Somerville was defined by the time it takes to drive to Main Street in downtown Somerville. Primary trade areas for community centers are typically in the 10 – 15 minute range. This study considers Somerville to be a community center; consequently, a 15 minute driving time threshold was selected to define the trade area. ArcGIS software was used to estimate the area covered by a 15 minute driving time using the following steps:

1. Road network (2013 TIGER/Line® Shapefiles) data for Somerset County and the surrounding counties was acquired from the U.S. Census webpage.

2. The road network files do not inherently include speed limit information, but they do include road classifications. Using the Census Feature Class Code (CFCC) lookup table, the typical speed limits for each road classification was applied to each road.

3. For the purposes of this analysis, a center point was selected at the intersection of W Main Street and Davenport Street in Somerville. This intersection was selected because it is close to the geometrical centroid of the Borough of Somerville. It was also selected because it was qualitatively determined to be in the middle of the "action" in downtown Somerville.

4. Using the Network Analyst extension in ArcGIS, four different areas were created representing the area covered by 5, 10, 15 and 20 minute drive times from the center point. This was done for exploratory purposes to determine if the model reasonably represented driving time and if 15 minutes still seemed like an appropriate threshold. A map of the trade areas can be seen D.1 in the Appendix.

5. 2013 census track shape files were acquired from the U.S. census website and overlaid with the 15 minute drive time boundary. Census tracts that fell within or mostly within the boundary were extracted. The result was a cluster of 72 census tracts that are roughly within a 15 minute drive to downtown Somerville. These census 72 tracts were used as the trade area for this analysis.

There are some inherent margins of error in this method for defining the trade area. The assigned speed limits are not exact, but rather based on generalizations of road classification. Additionally, this method assumes that all vehicles will be traveling the maximum allowable speed on every road. For the purposes of this analysis, these errors are acceptable. Even with the variability in speed limits and driving behavior, this method still provides a reasonable estimate of the trade area defined by a 15 minute drive time.

Somerville Trade Area Market Conditions

Background

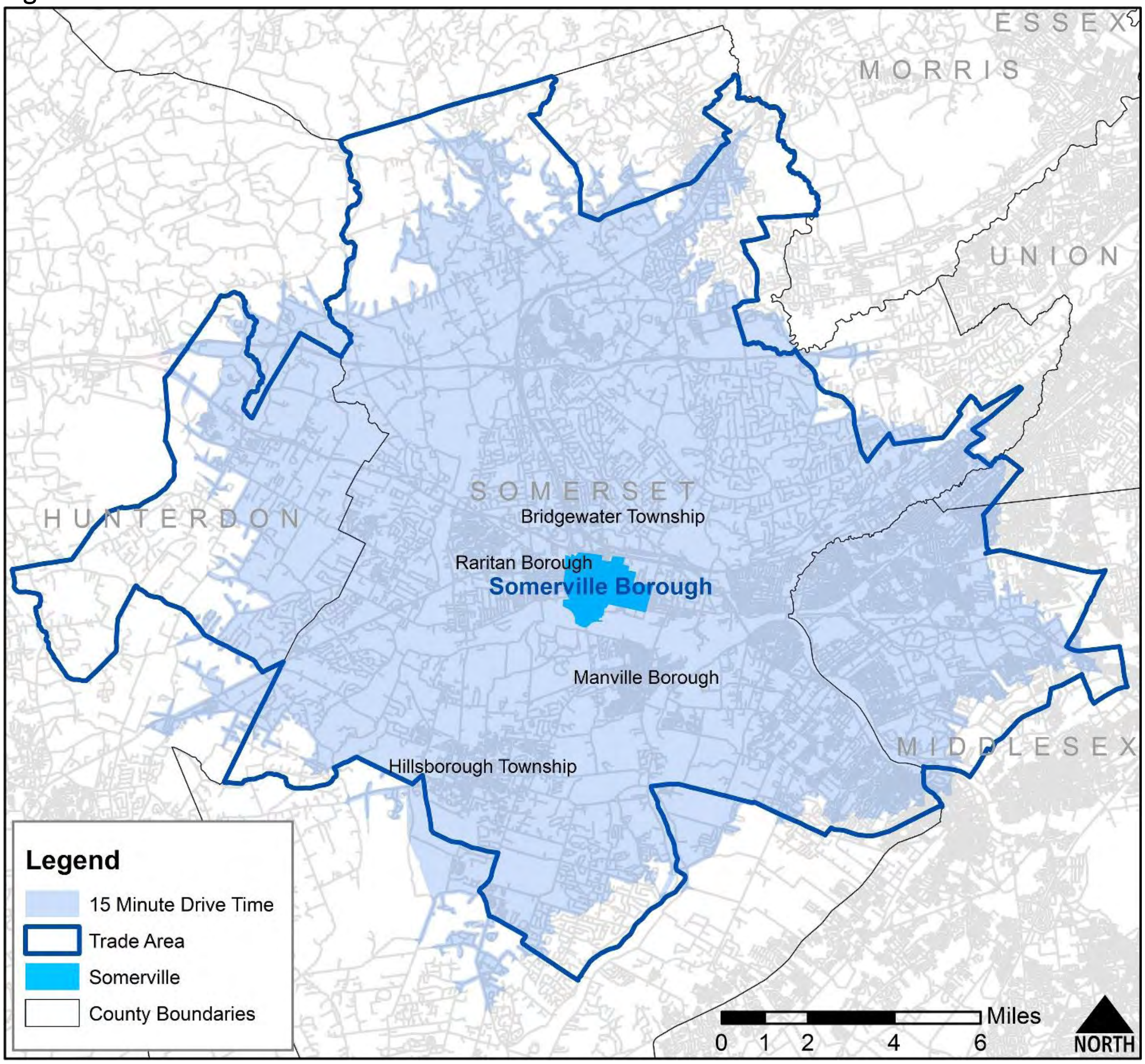
Study Area: Somerville

The Borough of Somerville is a small, 2.36 square mile municipality in central New Jersey. The town is located at the center of Somerset County along the northern banks of the Raritan River. Somerville is the county seat and located at the center of the most urbanized area of the county, between Raritan, Manville, and Bridgewater, and about four miles north of the suburban Hillsborough Township. The downtown area of Somerville has recently undergone significant revitalization, including new public spaces, several major real estate projects, and the renovation of the Somerville NJ Transit Rail Station. New and future residential and commercial mixed-use, a new supermarket, and office development, largely centered on the transit station, build on the mixed-use environment of the historical downtown, while also changing the municipality's traditional urban character with greater densities and new uses. The revitalization effort reflects the desire to attract growth and serve as a vibrant urban center in Somerset County.

The total population of Somerville was 12,171 in 2013, slightly down from 12,192 in 2012. Somerville is a diverse municipality with ethnic populations similar to that of New Jersey, but with a slightly larger white and Hispanic populations. Median household income in Somerville was $72,271 in 2012, compared to $71,637 in New Jersey as a whole, and the Borough had a lower unemployment rate (8.2%) than the US as a whole (9.3%).

Somerville is an important retail center. West and East Main Street in southern Somerville offer a vibrant mix of locally owned shops, restaurants, and bars, many housed in historic buildings. These businesses line a well maintained and streetscaped avenue as well as lively public spaces that attract visitors from around the area.

Figure 52: Somerville Retail Trade Area



Source: US Census Bureau; NJGIN

Trade Area

Geography

The retail trade area for Somerville is composed of census tracts within a 15-minute drive from the center of the Borough. It stretches across much of northern and central Somerset County and extends slightly into Hunterdon County in the west and Middlesex County to the east. The trade area is roughly 263 square miles, and from the northern to southern extremity measures roughly 26 miles and from east to west, roughly 21 miles. The trade area encompasses several small urban centers, such as Somerville, Raritan, and

Manville, numerous older and newer suburban bedroom communities such as South Bound Brook to the East and Hillsborough Township to the South, and as well as several rural areas.

Demographics

The population of the trade area was 352,987 in 2012 divided into 122,335 households. A large portion of households in the area, 30.9%, are composed of married couples living with individuals under the age of 18. The average household size was 2.8. The area's $94,481 median household income is substantially higher than New Jersey's $71,637. Sixty-one percent of households earn an income greater than $75,000. The unemployment rate in the trade area in 2012 stood at 7.8%, substantially lower than the state unemployment rate at the time.

Middle-aged residents make up a large portion of the trade area population. In 2012, 26.8% of residents were below the age of 20; 25% were between ages 20 and 39; 36.3% were between ages 40 and 64, and 12.3% were 65 and older. These figures reflect a population of affluent family households with a strong representation of the Baby Boomer generation.

Table 31: Demographic Comparison in Trade Area, New Jersey, and U.S.

Characteristics	Trade Area	New Jersey	U.S.
2012 Population	352,987	8,793,888	309,138,711
2012 Households	122,335	3,186,878	115,226,802
Persons Per Household 2012	2.82	2.70	2.61
2012 Median Household Income	$94,481	$71,637	$53,046
% Households w. income over $75,000	61.30%	48.00%	34.48%
Median Age of Household Head	38.7	38.9	37.2
Unemployment Rate	7.8%	9.5%	9.3%

Source: Social Explorer, U.S. Census Bureau ACS 2012 5-year estimate.

Access

Somerville is well-connected to the trade area by major roadways that crisscross Somerset County. These major roadways converge in the immediate Somerville area. State Highway 22 runs in an east-west direction and borders Somerville to the north and west. Interstate Highway 78 runs east-west several miles to the north of the borough, and US Highways 202 and 206 converge with Route 22 just to the east of Somerville.

These major roadways and the interchanges between them have created opportunity for retail development throughout the trade area. Several major retail corridors, including those in Bridgewater Township and elsewhere, have developed along these roads.

Somerville also has a train station located in close proximity to the downtown and the Borough's main retail corridor. Although Somerville is not likely to become a retail destination that attracts customers arriving by transit, the presence of the train station, a direct line to Newark, an expected direct line to Manhattan, and increasing transit oriented development, may attract new and affluent residents to the area, which could expand the local retail client base.

Zoning and Retail Development Opportunities in Somerville

There are several intensity of development standards that restrict the size and density of retail development. Retail development is permitted in five zoning districts:

- B-1 Central Business District
- B-2 Central Business District
- B-4 Neighborhood Business - Residential District
- B-5 Highway Business District
- B-6 Shopping Center Business District

There are no maximum Floor Area Ratios (FARs) for the first three of these districts. However, B-1 through B-2 impose height restrictions limiting buildings to less than five stories and a height of less than 75 feet. These restrictions are more severe for properties in close proximity to residential areas. Division Street, a pedestrian walkway off of Main Street, is subject to an arts district overlay that only allows cafes, restaurants, galleries, craft shops, and other retail activity related to the arts. Districts B-4 and B-5 are limited to a FAR of 20% and 25% respectively. B-4 has a maximum building height of 70 feet and allows no more than four stories. B-5 has a maximum building height of 165 feet and allows no more than 15 stories. B-5 is the only district which includes mixed-used development as the primary intended use.
Minimum parking requirements are not strict at 1/250 to 1/300 GFA square feet for most areas of retail trade. Due to limited space for parking in Somerville, the municipality is turning to parking decks as a solution.

The Main Street retail corridor is an SID, in which businesses pay a tax based on a special property assessment. Revenues from this assessment are used to improve the area as a business district through street cleaning services, streetscaping, and other activities. Division Street, a pedestrian walkway off of Main Street, is subject to an arts district overlay that allows only cafes, restaurants, galleries, craft shops, and other retail activity related to the arts.

Despite Somerville's small size, the zoning ordinance permits a variety of development types for retail, including downtown, mixed-use, and highway oriented development. Due to local goals of increasing growth and compact development in the Borough, it is likely that variances can be obtained for projects that align with these goals.

Significant portions of Somerville are zoned for retail, but much of the Borough is already built up and there is dispersed ownership. There are potential opportunities for retrofitting and expanding currently present shopping centers located along Route 22 that merit consideration. More importantly the municipality is pursuing ambitious redevelopment plans on Main Street and near the train station that incorporate retail. A large tract of land to the south of the rail line is designated as a redevelopment area (see zoning map and redevelopment area map, Figures 53 and 54). The area is currently zoned as B-6, which is in keeping with many of the uses proposed by the plan. Another area is zoned for industrial use, but this designation is considered to be superseded by the redevelopment plan as stated in the municipal master plan.

The redevelopment plan seeks to remediate and close the municipal landfill currently located on the tract. The redevelopment area comprises 114 acres and is located along Route 206 in close proximity to the train station, Main Street, and new and planned mixed use development. Among the goals of the Somerville Station Area and Landfill Redevelopment Plan are:

- To provide for a variety of land uses that will enhance the Borough tax base, promote economic development and growth opportunities, and serve the needs of the community.
- To provide for a mixed-use development pattern complimentary with the Borough that should also complement the existing historic character of Somerville.
- To enhance the market base and economic viability of downtown Somerville by placing a significant number of new households within a short walk of downtown commercial uses.
- To create a vibrant gateway to downtown Somerville from Route 206.

Due to the former use of the land as a landfill, there are serious environmental hurdles to redevelopment. The costs involved in preparing the site are expected to be high. While public funds may support remediation of the landfill, the designated redeveloper is expected to assume the bulk of the expenses.

Despite this and other challenges, the redevelopment plans for the landfill and station area present important opportunities for retail development. Already a mixed-use facility including a parking garage is in the pipeline, to be located on the parking lot that serves the NJ Transit station.

Figure 53: Somerville Zoning Map, 2014

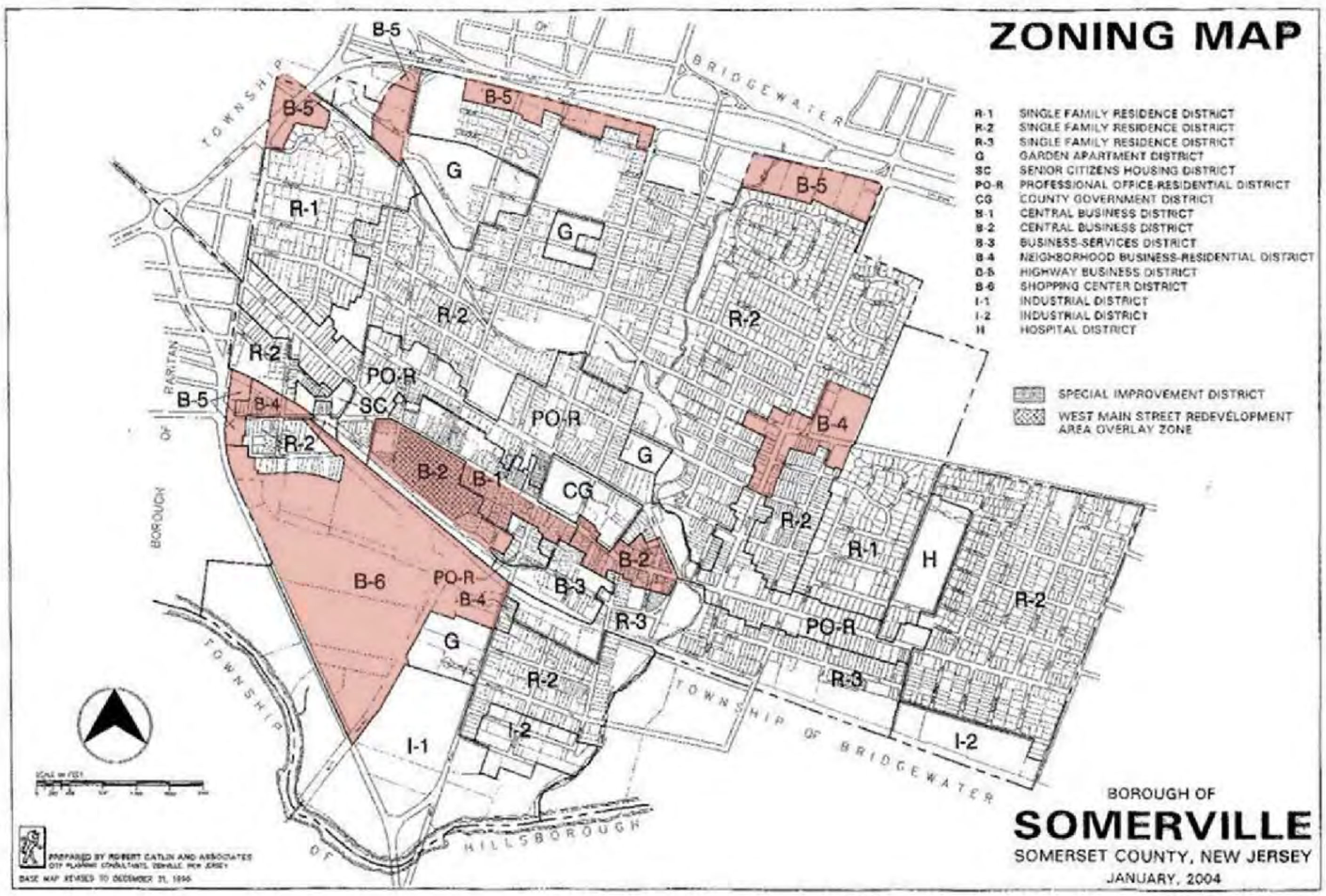


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Figure 54: The Station Area and Landfill Redevelopment Area Boundaries, 2014; Source: Landfill and Station Area Draft Redevelopment Plan

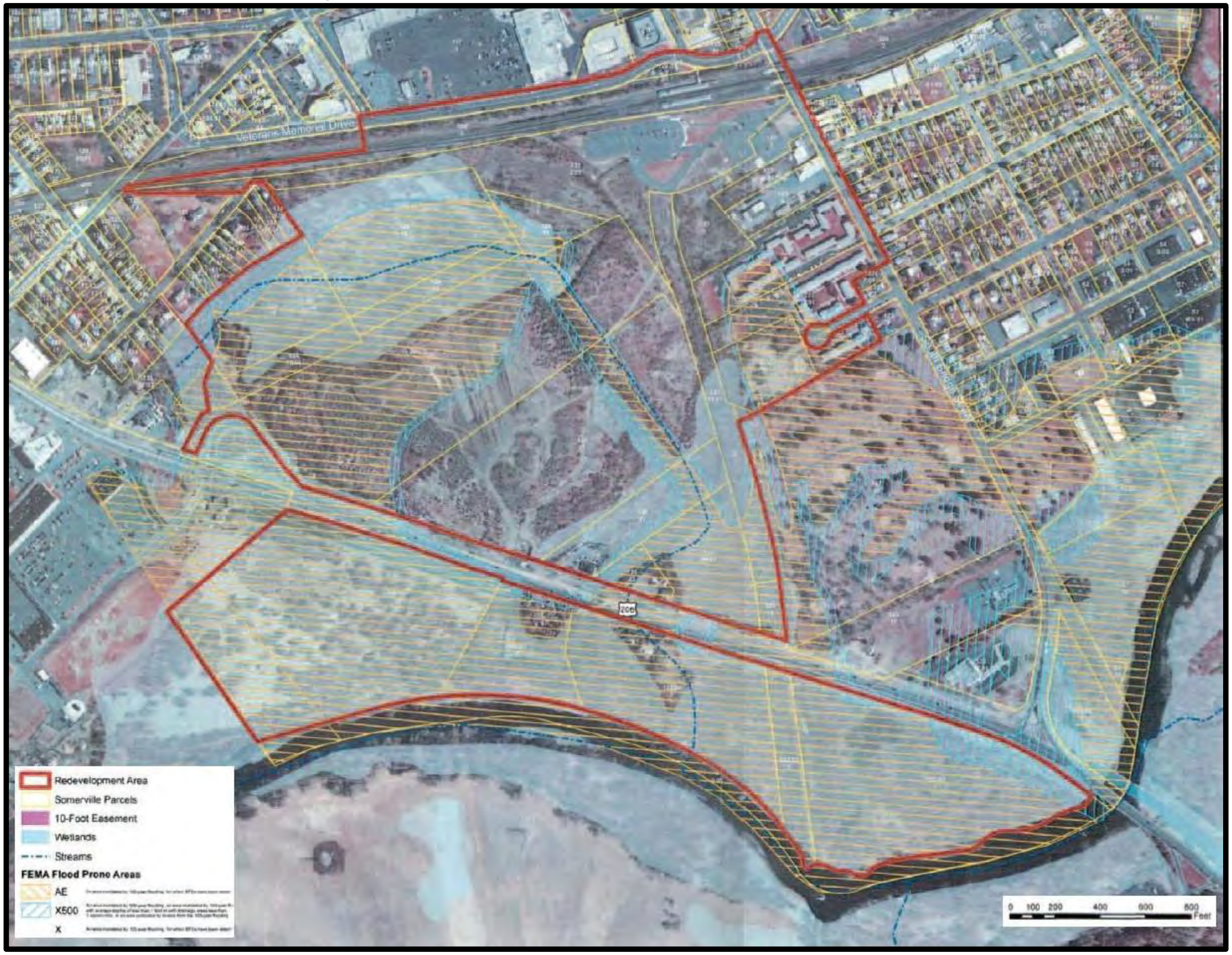


Figure 55: The Station Area and Landfill Redevelopment Area Proposed Design, 2014; Source: Landfill and Station Area Draft Redevelopment Plan

* Note: Location of buildings, parking, and other improvements are illustrative only.

Retail Real Estate Market Trend

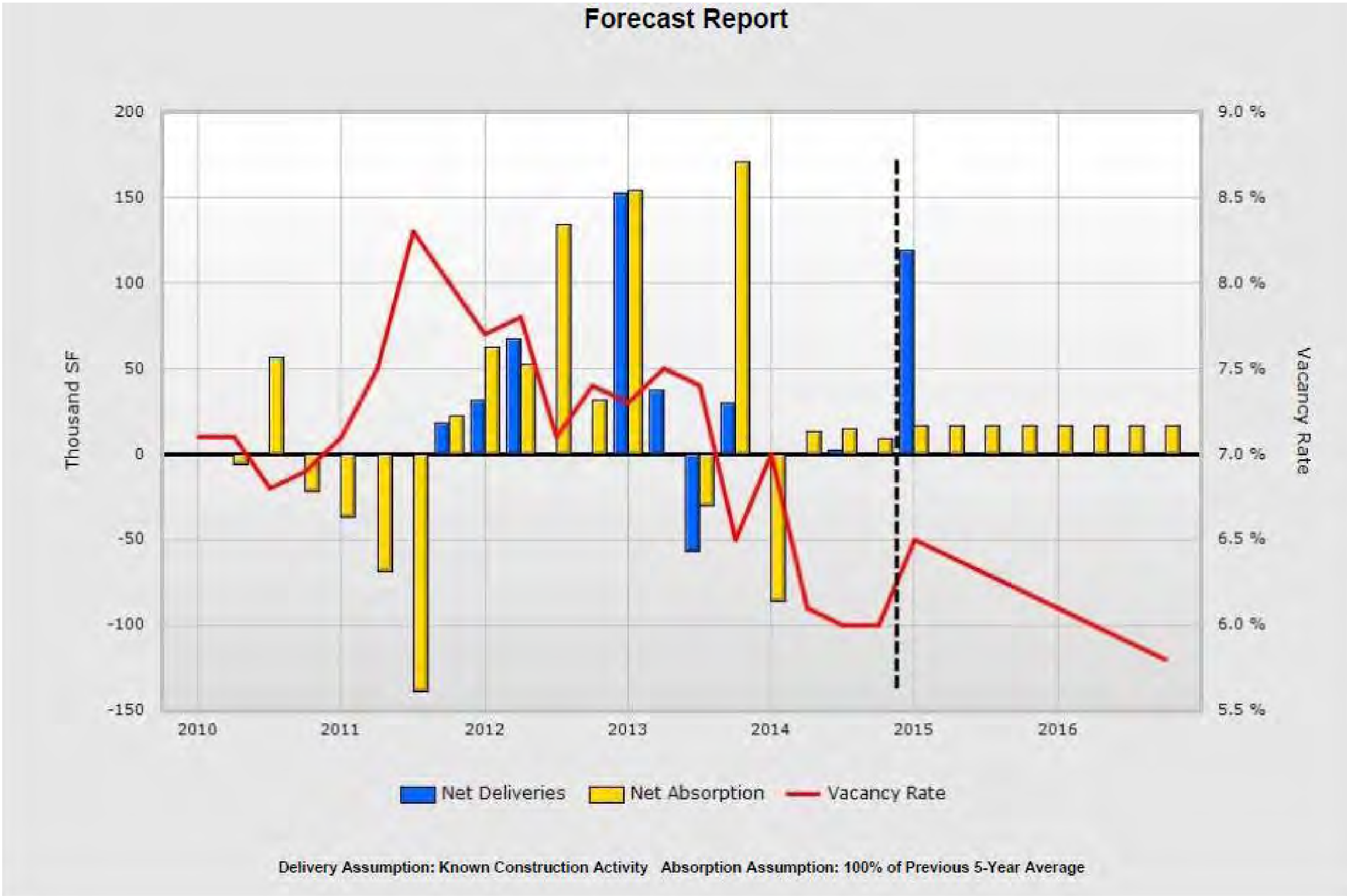
Retail real estate market conditions in Somerset County are an indication of conditions in the defined Somerville trade area. The *Somerset County Year to Date Retail Real Estate Market* report was prepared by the Somerset County Business Partnership based on research from 2009 to 2014. According to the report, the 5-year average NNN rent per square foot is $18.86, while the 5-year average sales price per square foot is $140. The 5-year average cap rate was 8.2%. The 5-year average vacancy rate was 7.2%. The absorption rate has fluctuated during the past several years, with significant positive net absorption rates in 2012 and 2014 and a negative net absorption rate in 2014.

The NNN rent per square foot increased dramatically in 2014 compared to rental rates in 2012 and 2013. At the same time, vacancy rates decreased from 7% to 6% from 2012 to 2014, indicating healthy demand for retail space.

The report forecasts a steadily declining vacancy rate, and a steady positive net absorption rate (see Figure 56).

Figure 56: Retail Real Estate Market, Somerset County, New Jersey, 2014

Figure 57: Retail Real Estate Market, Somerset County, New Jersey, 2014



Retail Centers

Retail mix

Table 32, below, summarizes the retail mix for the trade area by number of establishments based on ReferenceUSA data. Retail mix by sales volume is presented in a later section. Food services and drinking places makes up almost 30% of all retail establishments in the Somerville trade area. Electronics and Appliance Stores, Food and Beverage Stores, Health and Personal Care Stores, Clothing and Clothing Accessories Stores, and Miscellaneous Store Retailers are also well represented.

Table 32: Somerset County Retail Mix

Somerset County Retail Mix		
Retail Category	**Store Count**	**Percent**
Motor vehicle and parts dealers	184	5.88%
Furniture and home furnishing stores	98	3.13%
Electronics and appliance stores	304	9.72%
Building material and garden supply stores	216	6.90%
Food and beverage stores	285	9.11%
Health and personal care stores	237	7.57%
Gasoline stations	107	3.42%
Clothing and clothing accessories stores	243	7.77%
Sports, hobby, music instrument, book stores	130	4.15%
General merchandise stores	72	2.30%
Miscellaneous store retailers	293	9.36%
Nonstore retailers	39	1.25%
Food services and drinking places	921	29.43%
Total retail establishments	**3129**	**100.00%**

Source: ReferenceUSA

Shopping centers

A survey of the trade area using real estate websites and Google Maps was conducted to identify major retail developments and useful examples representing the diverse types of developments. Though far from exhaustive, the survey identified 15 neighborhood and community centers, 3 power centers, and 2 regional and specialty centers. A significant cluster of retail is found in Bridgewater along Route 287 and State Highway 22.

Five of these centers are discussed below in brief detail as examples of the diverse retail spaces available and the clientele the centers serve.

Table 33: Shopping centers in trade area

Neighborhood and Community Centers	Anchor Stores	Location
Lyons Mall	RITE AID/Stop&Shop	Basking Ridge
Dewy Meadow Shopping Center	A&F Food	Basking Ridge
Bedminster Hills Shopping Center	N/A	Bedminster
Somerset Hills Shopping Center	N/A	Bridgewater
Somerset Shopping Center	Barnes&Noble	Bridgewater
Hillsborough Promenade	Kohl's	Hillsborough
Middlesex Shopping Center	N/A	Middlesex
Piscataway Town Center	N/A	Piscataway
Centennial Square	N/A	Piscataway
Raritan Mall	N/A	Raritan
Somerville Circle Shopping Center	Staples	Raritan
Downtown Somerville Shopping Center	N/A	Somerville
Oak Park Commons	N/A	South Plainfield
Golden Acres Shopping Center	N/A	South Plainfield
Middlesex Mall	Macy's/Sears	South Plainfield
Power Centers	**Anchor Stores**	**Location**
Bridgewater Promenade	Costco	Bridgewater
The Marketplace at Manville	Walmart	Manville
Hadley Center	N/A	South Plainfield
Regional and Specialty Centers	**Anchor Stores**	**Location**
Bridgewater Commons	Macy's/Lord & Taylor	Bridgewater
600 Commons Ways	N/A	Bridgewater

Source: Google Map

<u>Lyon Mall</u>
Address: 26 Lyon Mall, Basking Ridge, NJ, 07902

Lyon Mall is a small neighborhood and community center with 65,580 square feet of retail space and ample parking. It serves nearby auto-oriented suburban neighborhoods. Tenants include Rite Aid, a variety of fast food chains including Subway and

Dunkin Donuts, and several clothing and accessory stores.[28]

Hadley Center

Address: 4911 Stelon Rd, South Plainfield, NJ, 07080

Hadley Center is a 56,150 square foot power center. It has several anchors and includes Target, Marshalls, and Kohl's as its anchor stores, as well as several restaurants such as Leo's Barbecue. It lies on the outer edge of the Somerville trade area and serves a wide area that is more urban and densely populated than the Somerville area.

Bridgewater Commons

Address: 400 Commons Way, Bridgewater, NJ, 08807

Bridgewater Commons is a regional and specialty center. It includes two department stores, Bloomingdale and Macy's. In addition, there are numerous hair salons and beauty product stores. The center also includes a variety of dining venues, such as California Pizza Kitchen, and Teavana Tea Store. It is the main component of a retail cluster in Bridgewater with regional pull.

600 Commons Way

Address: 600 Commons Way, Bridgewater NJ. 08807

600 Commons Way is a semi-walkable community center located next to Bridgewater Commons. Tenants include clothing stores such as Banana Republic and eateries such as Maggiono's Little Italy. The center is comprised of several separate buildings on two way streets with crosswalks and lined with wide pedestrian walkways.

[28] Square footage data from LoopNet; pictures from Google Images

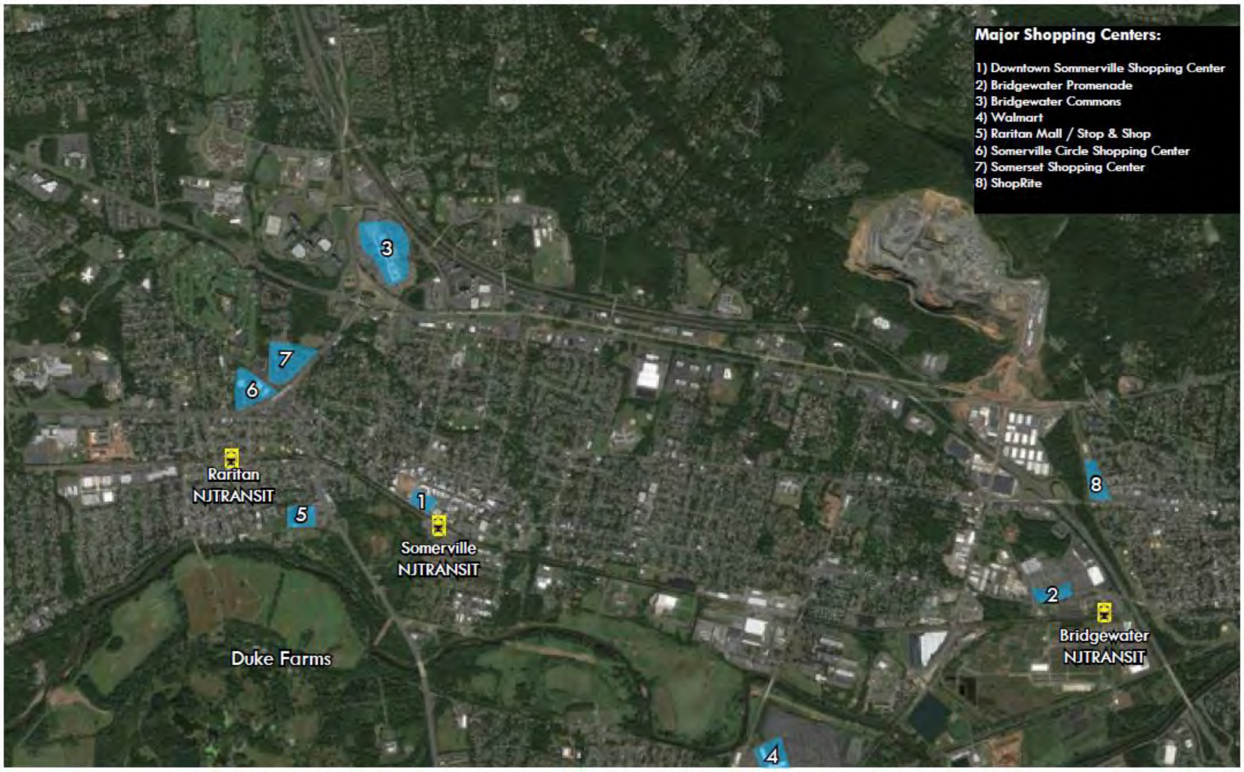
Somerville Circle Shopping Center
Address: 451 New Jersey 28, Raritan, NJ, 08869

Somerville Circle Shopping Center is a neighborhood and community center, containing 157,000 square feet. Its anchor store is Staples. Other tenants include P.C. Richardson & Son, Toysrus, and the Vitamin Shoppe as well as restaurants such as Panera Bread and Burger King.

Main Street in Somerville

While typical suburban malls and shopping centers are the staple of the trade area's existing retail space, Somerville itself offers a unique mix of retail and eating establishments in an urban, historical setting. The main area of retail activity is located in downtown Somerville along East Main Street and West Main Street, starting from the Somerset Courthouse area and extending to South Doughty Street, a distance of a little less than half a mile. Occupancy rates in the area are high. The retail corridor is dominated by locally owned shops and restaurants, offering an eclectic variety of cuisine, general merchandise, and specialty items. Only a few chains operate in the area. Retail activity and pedestrian traffic in the area have been stimulated in recent years by revitalization projects that have created vibrant, active, and well-utilized public spaces. One such space is an alleyway decorated with wooden arcs and landscaping that leads pedestrians to the ample parking space behind the shops on the south side of Main Street. Division Street which runs from Main Street south towards the train station has been converted into a pedestrian walkway that includes outdoor seating and programming such as a farmers market. This revitalization project has raised property values and spurred business activity in the area, according to local planners and officials.

Figure 58: Shopping malls in trade area



Source: Google Maps

New Retail Development and Leasing Activity in Somerville

There were several move-ins in Somerville in 2014, including two new tenants at the Somerville Town Center located at 125 W Main Street. Both tenants, Wolfgang's Steakhouse Grill and Wine Chateau are high-end chain restaurants.

The Somerville Town Center is a major mixed-used development located at the west end of Main Street. The development is comprised of 275 one- and two-bedroom apartments, 70,000 square feet of Class A office space, and roughly 30,000 square feet of retail space on the ground floor in addition to an adjacent Stop&Shop with 78,342 square feet of floor space.

A similar development is proposed for the currently vacant site adjacent to the existing building, which will complete the Town Center and bring total square foot floor space to 150,000. According to local planners, a new similar development is plan for the train station parking area. The new development will include a parking deck.

Tenants that have moved into other properties recently are NEO-Group, Gems and Stems LLC, Daila's Hair Studio, the Central School, and Katili's Chocolates Inc. These are the types of tenants associated with small community or neighborhood centers.

Figure 59: Somerville Town Center Concept Plan

Retail Gap Analysis and Market Segments

While there are opportunities for retail real estate development in Somerville, viable development must be supported by sufficient market demand. The following analysis based on forecasts by Woods & Poole suggests that from 2014 to 2020 sales volume growth in the Somerville trade area will be sufficient to support the development of new retail space for most retail categories.

Retail Gap Analysis

The following data was acquired for the retail gap analysis.

Table 34: Retail Gap Analysis Data Sources

Data Type	Time Period	Source
Retail sales volume, by category	October 2013 – October 2014 (treated as 2014 sales volume)	ReferenceUSA
Projected change in sales volume, by retail category	2014 - 2020	Woods & Poole
National estimate of sales/square feet of retail space, by retail category	2008	Urban Land Institute
Square feet of existing retail in Somerset County	2014	Somerset County Business Partnership - Commercial Real Estate Report
Retail Vacancy rate in Somerset County	2014	Somerset County Business Partnership - Commercial Real Estate Report
Certificates of Occupancy in Somerset County	2000 - 2012	New Jersey Department of Community Affairs

Retail Gap Methodology

1) There are several steps in this methodology that are written out as clearly as possible. Table D.3 will be referenced multiple times and will serve as a helpful reference. Table D.3 can be found in Appendix. Table 35 on page 96 presents an abbreviated version of the data involved in the analysis and resulting projected sales volume and retail space gap. Data for all of the retail establishments within the trade area was compiled from ReferenceUSA. The data includes total sales volume from October 2013 – October 2014. For the purposes of this analysis, the sales volumes for this time

period were treated as sales volumes for the year 2014, and will be referred to as such for the remainder of the report. The sales volume was then aggregated by retail category. (Column A)

2) The aggregated 2014 sales volumes were each multiplied by the national estimate of sales/square feet of retail for each category (column B). This provided an estimate of the amount of retail space that is supported by 2014 sales volume for each retail category. (Column C)

3) The estimated amount of retail space supported by 2014 sales volume was transformed into a ratio for each retail category. This was done by dividing the estimated supported retail space for each retail category by total estimated supported retail space. (Column D)

4) The Ratios calculated in the previous step were multiplied by total existing retail in Somerset County adjusted for a vacancy rate of 6%.This provides the estimated existing square feet of retail in the trade area in 2014 (Column E).

NOTE: Estimating existing square feet by retail category in the trade area proved to be one of the most difficult steps in this process. The ReferenceUSA tables contained data on square footage for each company, but it was in the form of a range (e.g. 0-2,500 square feet or 2,500 – 10,000 square feet). The ranges were too large to be of any use for this study. Assigning an average of the range to each company was attempted, but the result was a total square footage for the trade area that was more than double the size of total square footage in Somerset County. This doesn't make sense because the trade area is smaller than Somerset County. Similarly, simply using the estimated amount of square feet supported by 2014 sales also resulted in a total number that was unreasonably larger than total square footage in Somerset County.

Steps 1-4 represent the most reasonable solution to estimating existing square footage of retail space for the trade area that we could come up with given the lack of data. The existing square footage of retail space in Somerset County was used for several reasons. The trade area is smaller than the total area of Somerset County, so by using Somerset data, a gross over-projection of existing square footage was avoided. Additionally, while the trade area is smaller than Somerset County, it is relatively similar in geographic size when the census tracts that fall in neighboring counties are taken into account. The ratio of square feet supported by 2014 sales volume was used to get a representation of how the total square footage of retail is distributed by retail category in the trade area.

5) The 2014 trade area sales volumes were divided by the estimated existing square feet of retail in the trade area in 2014. This resulted in an estimated sales per square foot of retail space for the trade area. (Column F)

6) The 2014 trade area sales volumes were multiplied by projected 2020 growth rates (provided by Woods & Poole). This resulted in the projected sales volumes for the year 2020 for each retail category. (Column G)

7) The Projected Sales volume in 2020 was divided by the estimated sales per square foot of retail space that was calculated in step 5. This resulted in the projected square footage of total retail space in 2020. (Column H)

8) The final step was to subtract existing retail square footage in 2014 by the projected square footage of retail space in 2020. This was done to identify the "gap" between existing retail space and the projected supportable amount of retail in 2020. This column represents an estimate of the amount of new retail can be added and be supported by 2020 sales volumes for each retail category.

Retail Gap Results

For every retail category, the projected amount of retail supported in 2020 is greater than the estimated amount of existing retail in 2014. This finding is not surprising because the 2020 projections are largely based on sales volume growth rates and all of the growth rates are positive.

Table 35: Retail Sales Volume and Supportable Square Feet, 2014-2020

Retail Category	2014 Sales Volume	2014-2020 Sales Growth	2020 Sales Volume	Projected Sq Ft Retail Space Gap
Building Materials, Garden Equipment, and Supplies Dealers	$846,407,000	9.60%	$927,660,908	99,441
Clothing and Clothing Accessories	$342,568,000	6.64%	$365,304,540	59,130
Eating and Drinking Places	$872,585,000	7.36%	$936,772,428	83,464
Electronics and Appliance Stores	$977,209,000	8.19%	$1,057,232,547	83,245
Food and Beverage Stores	$1,412,494,000	1.53%	$1,434,151,768	28,162
Home Furnishing	$190,237,000	11.00%	$211,156,237	31,088
Gasoline Stations	$298,596,000	1.69%	$303,640,664	6,560
General Merchandise	$798,094,000	7.92%	$861,286,090	131,472
Health and Personal Care	$1,219,708,000	17.39%	$1,431,863,102	232,311
Miscellaneous	$351,972,000	9.33%	$384,812,304	45,550
Motor Vehicles and Parts Dealers	$2,202,253,000	9.05%	$2,401,530,918	518,250
Sporting Goods, Hobby, Book, and Music	$170,796,000	1.14%	$172,738,288	4,041
TOTALS	$9,682,919,000	8.4%	$10,488,149,795	1,322,712

Several assumptions and estimates went into the process of creating this gap analysis; this should always be considered when drawing conclusions. Nonetheless, the results provide several useful metrics for analyzing retail trends in the Somerville trade area.

The total sales volume in the trade area is projected to increase by 8.4% supporting an additional 1,322,712 sq ft of retail space. The two retail categories with the largest retail gaps were Motor Vehicles/Parts Dealers and Health/Personal Care:

1) Motor Vehicles and Parts Dealers (retail gap: 518,250 sq ft)

This retail category had the largest retail gap by far. This is partly due to the fact that it had the largest sales volume in 2014 ($2,202,253,000) and a relatively high projected growth rate for 2020 (9.05). The development patterns and demographic makeup of the trade area lends itself to the motor vehicle usage. The entire county is very suburban and sprawled, with a limited public transportation network. Additionally, the trade area is at the heart of one of the wealthiest counties in the state. Many of the households can afford multiple cars and high end models. The large retail gap corresponds with these factors and confirms that this industry will continue to prosper and support more retail space in 2020.

2) Health and Personal Care (retail gap: 232,311 sq ft)

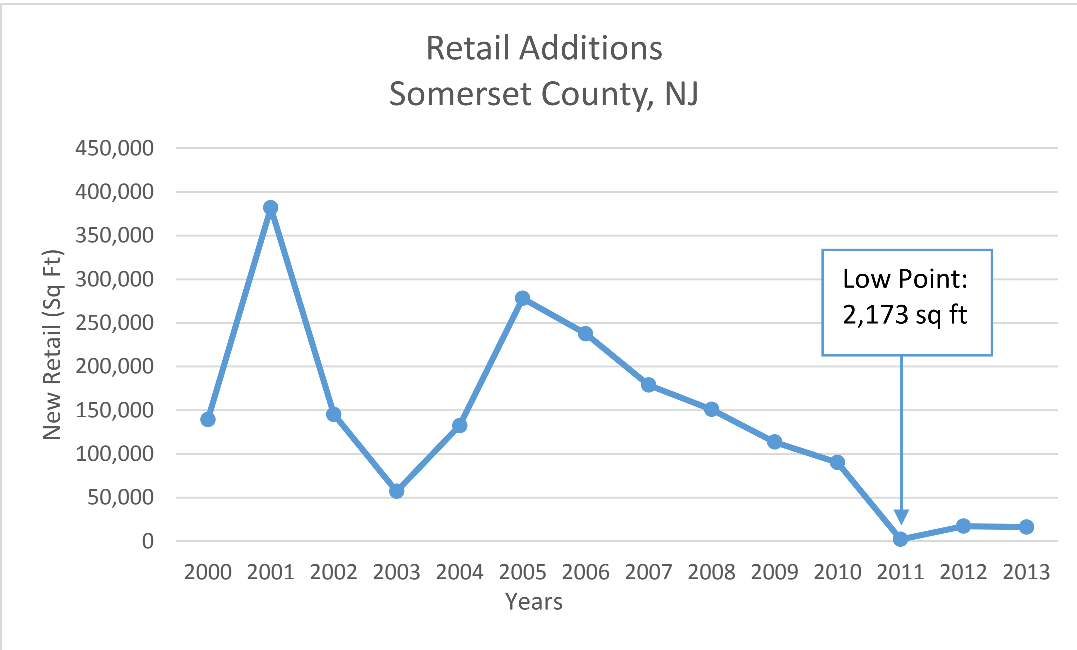
The Health/Personal Care retail gap, the second largest, is almost double the size of the next largest retail gap. Similar to Motor/Vehicles and Parts, Health/Personal Care had a relatively large sales volume in 2014 ($1,219,708,000). It also had the largest projected sales growth rate for 2020 (17.39%). The large projected growth rate reflects an aging population that needs to spend more on medicines and healthcare in the trade area. When reviewing the sales volume data from ReferenceUSA, it was discovered that this retail category may have been slightly skewed by medical wholesale trades that are sold outside of the trade area. ReferenceUSA has a separate category for wholesale, but there still may have been some error here. Nonetheless, even if the potential wholesale sales were removed, the 2014 sales still remained one of the largest of any retail category.

In terms of the projected retail space gap, these two categories are followed by General Merchandise (131,472 sq ft), Building Equipment, Gardening, and Supplies Dealers (99,441 sq ft), and Eating and Drinking Places (83,245 sq ft).

This mixture of retail categories indicates that growing retail demand in the trade area supports both highway oriented development as well as Somerville's goal of further developing a vibrant, walkable, urban environment in the downtown area. Motor Vehicles/Parts Dealers, for example, is suited for highway development. Growth in the Health and Personal Care category could potentially support the development of smaller spaces in downtown Somerville.

The retail gaps for each retail category do not account for historical trends of new retail construction because this data was unavailable by retail category. However, it can be taken into account for the total retail gap. Figure 60 shows the amount of retail added in Somerset County over the past 13 years. This chart was created using certificates of occupancy provided by the New Jersey Department of Community Affairs.

Figure 60: Retail Additions, Somerset County, NJ



The early indications from 2012 and 2013 is that new retail construction is still relatively slow compared to the past decade. The average retail space added in the years 2012 and 2013 is 16,703 square feet. When this is multiplied by 7 to produce an estimate of the amount of retail space that will be added by the year 2020, the result is an estimated 116,921 square feet of new retail space added by the year 2020. When this figure is subtracted from the total retail gap of the trade area, the result is a new total retail gap of 1,205,791 square feet.

Market Segments

Understanding the market segments and consumer expenditure habits is an important aspect of understanding retail trends in the trade area. To get a better understanding of the market segments, online Neilson Segmentation tools were used. Neilson is an information measurement company that develops several useful tools for distinguishing market segments. This analysis used the Neilson P$YCLE® segmentation. P$YCLE® takes uses demographic factors that have the greatest effect on financial behavior.

The Neilson website has a zip code lookup function that will output the top five most common segments in a given zip code. The zip codes that cover the trade area were identified by downloading zip code boundaries from the census website, and overlaying them over the trade area in ArcGIS. It was determined that 19 different zip codes fell within or mostly within the trade area. The top five most common segments for each zip code were acquired. From these top 5 segments, 19 unique segments were identified within the trade area. A weighted sum of the occurrence of each segment was completed to get a better understanding of which segments are the most important. What follows are the resulting top five segments in the trade area, as well as a brief excerpt of their descriptions

1) Business Class (Wealthy Older Mostly without kids)
"Business Class is a segment known for its lavish spending style and country club lifestyle. But many of the fifty-something executive couples that make up this segment have begun to divert their high incomes into building up their long-neglected nest eggs."

2) Family Fortunes (Wealthy Middle Aged With Kids)
"The members of Family Fortunes rank at the top in many financial categories, including owning mutual funds and U.S. Savings Bonds, and investing in futures and options. They also rank near the top for acquiring first mortgages worth over $150,000. They need to--these 35- to 54-year-old suburbanites rank among the top P$YCLE segments for having children."

3) Power couple (Wealthy Older without kids)
"With their six-figure incomes, designer-decorated houses, and large amounts of income-producing assets, the affluent members of the Power Couples segment seem to have it made. As investors, these mostly 45- to 64-year-old couples boast retirement accounts containing a well-diversified mix of options, stocks, and mutual funds. "

4) Middle Highlife (Wealthy Younger Mostly With Kids)
"Big homes, diversified retirement accounts, and high-value life insurance--that's the skinny on Midlife Highlife. This wealthy segment is filled with investment-savvy, 25- to 44-year-old Whites and Asians who own mutual funds, stocks, stock options, and savings bonds at high rates."

5) Fiscal Rookies (Upscale Younger without Kids)
"The young couples and singles of Fiscal Rookies are financially inexperienced. Despite relatively high incomes, these 25- to 44-year-olds are not saving a lot of money and have below-average levels of income-producing assets. Many of these exurban households carry debt from student and auto loans, as well as their first home mortgages."

A common thread in these segments is a high level of income. This is confirmed by the fact that mean household income for the trade area in 2010 was $120,485 (2010 U.S. decennial census). To understand how households with high income spend their money, this analysis consulted the national consumer expenditure survey published by the Bureau of labor statistics. The most recent available survey results are from the year 2013. The survey aggregated respondents by income bracket and the highest annual income bracket was an income of greater than $70,000. This income bracket is the most representative of the trade area. The annual expenditure breakdown of this income bracket can be found in Table 36. This table also includes the national average expenditure breakdown.

Table 36: Percentage of total expenditures by retail category

Category	% of total Expenditures (Annual Income 70,000+)	% of total Expenditures (National Average)	Difference
Food At Home	6.5%	7.8%	-1.3
Food Away From Home	5.2%	5.1%	0.1
Housing	31.4%	33.6%	-2.2
Apparel and Services	3.1%	3.1%	0.0
Transportation	17.4%	17.6%	-0.3
Healthcare	7.3%	7.1%	0.2
Entertainment	5.1%	4.9%	0.3
Cash Contributions	4.0%	3.6%	0.4
Personal Insurance and Pensions	14.6%	10.8%	3.8
Other	5.4%	6.4%	-1.0

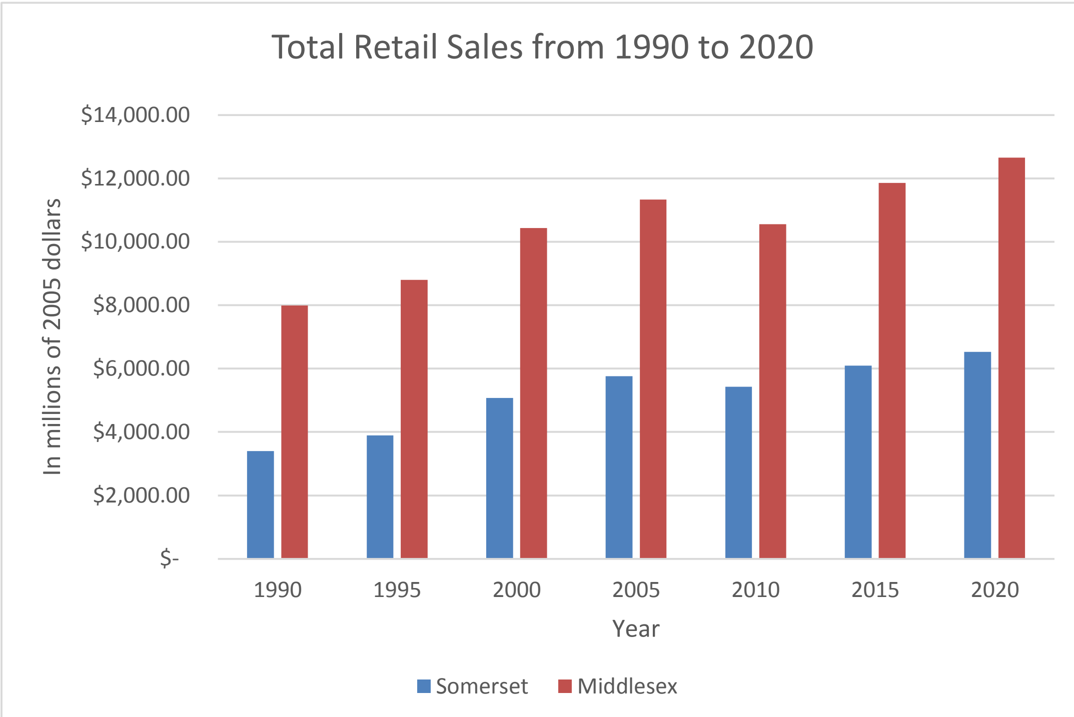
While not all of these expenditures are retail, this chart does highlight some interesting differences in spending habits that have implications for retail in the trade area. The wealthy income bracket spends a greater percentage of expenditures on both Entertainment and Food Away from Home. This is a good indicator for the restaurants, bars, and entertainment establishments within the trade area.

Retail Market Comparison between Somerset County and Middlesex County

Sales

In the retail market, Middlesex County is a competitor for Somerset County. As seen in Figure 61, Middlesex County's has almost double the retail sales volume of Somerset County. In addition, this trend is expected to continue into the year 2020.

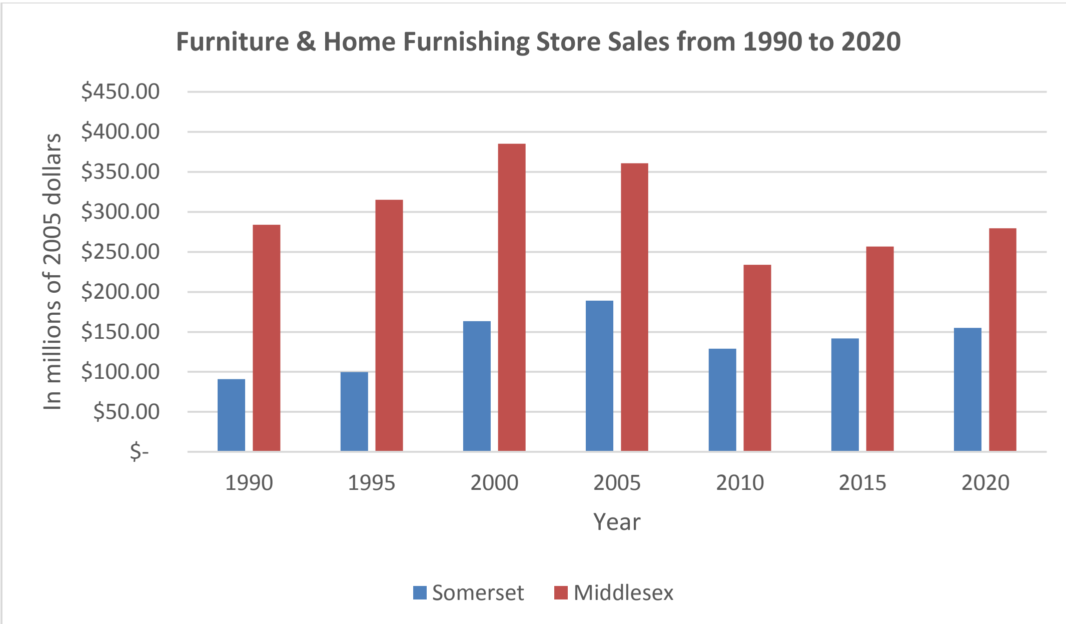
Figure 61: Total Retail Sales Comparison between Somerset and Middlesex County



Source: Woods and Poole

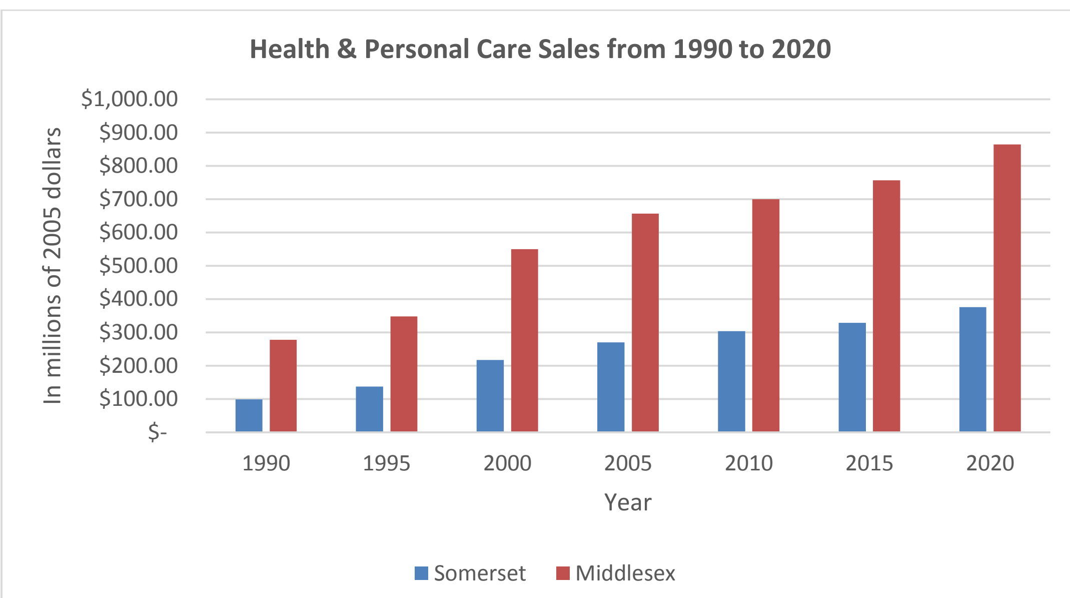
In Somerset County, the main retail types, which were selected through the retail gap analysis, are 'Furniture and Home Furnishing Stores', 'Health and Personal Care', and 'Eating and Drinking Places'. In these retail types, Somerset County's sales volume does not outpace Middlesex County's. However, in the Furniture and Home Furnishing Store category, the gap between Middlesex County and Somerset County is relatively small (see Figure 62). In contrast, Health and Personal Care retail sales in Middlesex County are more than double the sales in Somerset County (see Figure 63). There is a similar difference in sales volume for the Eating and Drinking Places category (see Figure 64).

Figure 62: Furniture and Home Furnishing Store Sales Comparison between Somerset and Middlesex County



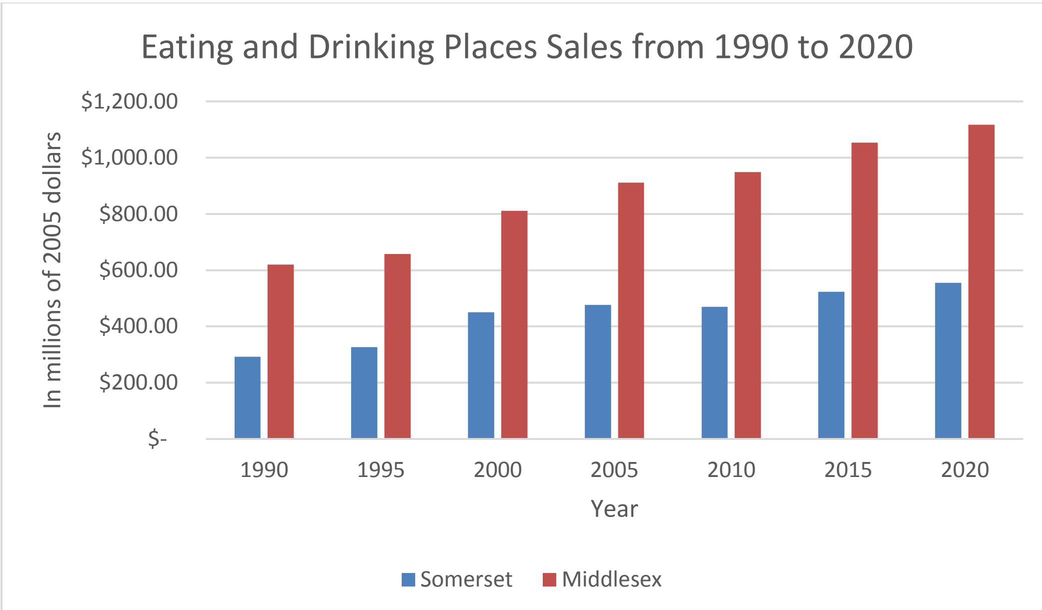
Source: Woods and Poole

Figure 63: Health and Personal Care Retail Sales Comparison between Somerset and Middlesex County



Source: Woods and Poole

Figure 64: Eating and Drinking Places' Sales Comparison between Somerset and Middlesex County



Source: Woods and Poole

Retail Real Estate Market Trend

According to 4ward Planning's analysis[29], Somerset County had a 9.69% retail vacancy rate in 2013. This is lower than the vacancy rate in Middlesex County (17%). In Somerset County the total vacant area was 709,657 square feet. In Middlesex County, on the other hand, total vacant area was 5,258,198 square feet. Net absorption in Somerset County was –53,444. In Middlesex County, net absorption was 556,252. Subsequently, in 2013, Somerset County had more Move-Out leasing activities than Move-In activities. In 2013, Somerset County added 153,000 square feet of new retail development to retail area (See Appendix D.4)

In addition, Somerset County has more Regional Center retail space than Middlesex County. Power Centers are the most common type of retail space in Somerset County. In Middlesex County, Lifestyle/Specialty Centers are the most common type of retail space. (See Appendix D.5)

Shopping Centers: Corridor and Urban Centers

New Leasing Activities in Somerset County

As seen in Table 37, slightly more leasing activity occurred in the urban center than in strip / corridor development. Average leased area is larger in strip / corridor development than in the urban center.

[29] 4ward Planning, *Supporting Priority Investment in Somerset County: Real Estate Supply/Demand Analysis*, Nov 20, 2014, p. 52- 71

Table 37: New Leasing Activities in Somerset Count by Shopping Center Types: Corridor and Urban

Categories	Strip / Corridor	Urban Center
Number of Stores	32	36
Average Leased SF	4304.50	3123.56
Total Leased SF	137744.00	112448.00
Average Rent per SF	18.51	18.54
Median Rent per SF[30]	18.00	19.10

Source: John Maddocks, Somerset County, New Jersey Retail Real Estate Market Transactions Year to Date, Somerset County Business Partnership, October 2014

Retail Stores developed near Somerville: Corridor and Urban Shopping Centers

Within a 5-minute drive from downtown Somerville, there are 402 retail stores in strip / corridor development. Within the same distance, there are 405 retail stores in the urban center. While there are a similar number of stores, total sales volume was 3.5 times higher in strip / corridor than in the urban center. In addition, total employment in strip / corridor development was 2.8 times higher than in the urban center.

Table 38: Retail Stores by types in five minute driving distance from Somerville downtown

Categories	Strip / Corridor	Urban Shopping Center
Number of Stores	402	405
Total Sales Volume	$2,509,129,000	$713,493,000
Total Employment	9779	3401

Source: ReferenceUSA

Clothing retail stores represent the highest proportion or retail category in strip / corridor development. In the urban center, the Food and Drinking retail category is the most common category of retail.

[30] Estimated from rent data, utilities excluded

Table 39: Retail Stores by retail types in five minute driving distance from Somerville downtown

Types of Retail	Corridor Shopping Center		Urban Shopping Center	
Motor vehicle and parts dealers	27	6.7%	25	6.2%
Furniture and home furnishing stores	14	3.5%	13	3.2%
Electronics and appliance stores	34	8.5%	32	7.9%
Building material and garden supply stores	21	5.2%	19	4.7%
Food and beverage stores	23	5.7%	33	8.1%
Health and personal care stores	38	9.5%	27	6.7%
Gasoline stations	11	2.7%	11	2.7%
Clothing and clothing accessories stores	118	29.4%	24	5.9%
Sports, hobby, music instrument, book stores	17	4.2%	20	4.9%
General merchandise stores	11	2.7%	6	1.5%
Miscellaneous store retailers	25	6.2%	53	13.1%
Nonstore retailers	2	0.5%	7	1.7%
Food services and drinking places	61	15.2%	135	33.3%
TOTAL	402		405	

Source: ReferenceUSA

PART III: Recommendations & Strategies

Affordability, Access, and Amenity

Recommended Strategies

The following recommended strategies were developed based on the findings in this report. The strategies are organized within the framework of affordability, access, and amenities.

Affordability Strategy

Having a range of housing types at a price points geared towards different income categories is critical to attracting and retaining a talented, diverse workforce and maintaining a vibrant community. Somerset County has had a strong residential market and is experiencing population growth in key sectors—especially the Baby Boomers and the Millennials. In a national survey, both Millennials and Baby Boomers indicate that living expenses is one of the most important factors informing the decision of where to live.[31] However, affordability means very different things to a Somerset County Baby Boomer and to a recent college graduate with student debt. It is therefore important to quantify what affordability means to different sectors and to focus on filling the gaps in housing affordability.

This report finds that a typical Millennial college graduate can afford to pay between $1500 and $2000 on housing per month after accounting for student loan payments, and assumes that much of this population will choose to rent instead of buy, at least at first. Will this growing demographic have options in Somerset County? Although Somerset County has a much smaller stock of rental housing than owner-occupied housing, Somerville jumps out as having a larger share of rental housing than other municipalities in the county. Furthermore, its rental housing is more affordable than that of, for example, Princeton and Morristown. This provides a competitive edge over other local places in terms of attracting and retaining young college graduates and should be developed and enhanced both in Somerville and elsewhere in the county.

Providing housing options that are affordable will help the County attract talent and vibrancy in the short-term with an eye towards long-term growth and stability. Although Millennials with entry-level salaries and student debt may not be able to afford to buy a spacious suburban home at the moment, if they locate here now they may settle here permanently, buying the homes of baby boomers seeking to downsize. In this respect, Somerset County should seek to enhance affordable housing options for younger working residents while continuing to emphasize existing amenities, such as high quality schools, that have made it one of the best counties in the country in which to live.

As Somerset County continues to develop its residential assets, it should not lose sight of the fact that affordability is a high priority for both Millennials and Baby Boomers. Somerville presents an example of a denser downtown with a somewhat higher concentration of affordable rental housing, but it can do more to diversify this stock. With the recent development of The Edge, Somerville filled a niche for higher-end, downtown-oriented development. While this may attract a new segment of affluent residents (or perhaps downsizing Baby Boomers), this report's affordability analysis suggests that it may be out of reach for a

[31] *Investing in Place*, American Planning Association, 2014.

young Millennial in terms of affordability. To address this, the town should consider developing and rehabilitating apartment stock above retail space downtown. Rehabilitating this older stock can provide the same kind of walkable downtown environment as The Edge, but at a potentially lower price point for Millennials just starting out on their careers. Somerville may also wish to consider facilitating shared single-family options downtown. The presence of single-family homes that have been converted to offices downtown indicates that there may be innovative uses for single-family homes close to downtown.

Access Strategy

The ability of both Boomers and Millennials to access jobs and local amenities is critical to creating successful public spaces and maintain a high quality of life. To maximize access potential, it is important to establish mobility choices. Retail clusters with public transportation connections (either bus or rail) provide opportunities for those without a car or those unable to drive to reach the cluster. This strategy also captures additional retail spending from both residents and non-residents. Ample public transportation options also help to lessen congestion and traffic on the roads leading up to the retail cluster, which helps maintain fluidity and reduces the chance of losing out on retail spending taken to less congested areas. The importance of transportation mobility has not been lost on Americans. According to the American Planning Association (APA), 59% of Millennials and 58% of active Boomers indicated that there are not enough transportation alternatives where they live.[32] Somerset County already benefits from NJ TRANSIT access in several municipalities, and should continue to encourage a diversity of public transportation modes throughout the county.

Access also implies a high level of walkability in a particular area, especially a retail or commercial district. In the same APA report, 56% of Millennials and 46% of active Boomers would prefer to live in a walkable community, whether an urban, suburban, or small town location.[33] This statistic emphasizes the importance of investing in infrastructure to allow for increased walking to local destinations. Wider sidewalks, safe crosswalks, and a complete pedestrian network are all important elements of increasing walkability. Bicycling is another non-motorized transportation mode that promotes active lifestyles and healthy living, and should also be accommodated in downtown areas. Many cities have begun implementing designated bike lanes, share-the-road "sharrows", and bike racks close to retail centers. Both Millennials and active Boomers would benefit from using these non-motorized modes to reach shopping centers or other retail destinations. Higher rates of walkability and bikeability have been shown to improve air quality, personal and environmental health, reduce transportation costs, and expand consumer choices.[34]

In addition to promoting public transportation, walking, and bicycling as viable transportation modes, it is also important to facilitate interconnectivity between all available modes. Having more robust transportation connections creates stronger linkages and moves people more efficiently to major retail destinations. Multi-modal transportation planning approaches also support higher density development patterns by expanding access across a larger geographical area. Direct public transportation routes and

[32] *Investing in Place*, American Planning Association, 2014.
[33] *Investing in Place*, 2014.
[34] "Smart Growth Principles", Smart Growth Online, accessed Dec 9, 2014, *http://www.smartgrowth.org/principles/walkable.php*.

minimal transferring also helps support interconnectivity. Somerset County NJ TRANSIT access would be strengthened by more one-seat rides to Manhattan, as transferring lines reduces convenience and adds stress to daily commuting routes.

In most cases, an urban retail corridor is the most feasible area to promote greater access for locals and commuters. However, in retail centers that are located outside of the downtown core, it is still possible to promote walkability after someone has reached the destination via automobile. Developing shopping centers that allow users to park once and walk between stores helps to promote higher levels of walkability. Legacy Place in Dedham, MA is an example of a shopping center with both street-level and multi-story parking options, bus connections, and a dense network of shops, restaurants, movie theatres, and grocery stores (see Figure 65). While not a substitute for a genuine downtown, this type of suburban shopping development may support high levels of retail spending and activity in Somerset County.

Figure 65: Legacy Place in Dedham, MA

Amenity Strategies

Amenity Strategy 1: *Foster synergies between health and medical institutions, practitioners, and firms*

Somerset County should engage organizations such as the Healthier Somerset Coalition and BioNJ to serve as a link between private firms, foundations, hospitals, research centers, medical schools, and businesses to foster institutional and business relationships.

Fostering synergies in the healthcare industry will help Somerset County pursue both its goal of job growth and retention as well as the goal of developing livable, vibrant, connected, and amenity rich places. A strong healthcare industry provides important services and amenities increasingly demanded by Somerset's aging population; it can also serve as a foundation for development patterns that would bring employees and supporting businesses into the County's urban centers in accordance with the County's PGIA strategy. Combining first class healthcare with the county's many natural and recreational amenities and access to fresh food would cement the County's reputation as an ideal place to live, raise children, and retire.

There are numerous economic and demographic trends that support a focus on the healthcare industry. The Healthcare and Social Assistance Industry is Somerset's second largest industry by employment, has shown consistent growth over the last several decades, and is projected to continue to exhibit growth through 2020. In addition, the Professional and Technical Services Industries is Somerset County's largest industry by employment and is projected to show important growth through 2020. Much of the employment in this industry is found in sectors supporting the healthcare industry, such as biotechnology and pharmaceutical research. The Finance and Insurance Industry is also a large employment industry, although expected to grow at a slower rate.

While the Healthcare and Social Assistance Industry does not exhibit high averages wages, this average contains a wide distribution of salaries, providing opportunities for employees with varying levels of training and skills. Professional and Technical Services and Finance and Insurance are both among the highest paying industries. Manufacturing in Somerset County is also among the highest paid, due to a concentration of employment in medical and pharmaceutical manufacturing. Manufacturing is generally declining, however.

Of Somerset County's largest employers, over half are in a medical related field. These firms comprise a wide spectrum of important and cutting-edge services and products, including pharma-manufacturing, medical equipment manufacturing, research laboratories, group home operations, and medical insurance.

Somerset County is also home to important hospital facilities as well as numerous doctors and dentists' offices. The Robert Wood Johnson University Hospital in Somerville is one of two Robert Wood Johnson Health System flagship hospitals along with the New Brunswick campus. The Robert Wood Johnson Health System is one of the largest in the country with $1.5 billion dollars in revenue, more than 10,100 employees, 3,250 medical staff members and 1,733 beds. The Somerville Campus has more than 50 medical specialties and a 650-member medical and dental staff. Half of these are graduates of the RWJUH Somerset's Family Medicine Residency program. This figure suggests that fostering medical educational opportunities would serve to retain talent within Somerset County.

In addition, Somerset County is located adjacent to Middlesex County, which contains important health and medical resources including a RWJUH flagship campus and New Jersey's premier academic medical center, the RWJ Medical School at Rutgers University, both located in New Brunswick. More than 1,500 students are enrolled in the medical school's undergraduate, graduate, and postgraduate programs. Centers and institutes hosted by the medical school include The Cardiovascular Institute, the Child Health Institute of New Jersey, the Center for Advanced Biotechnology and Medicine, the Environmental and Occupational Health Sciences Institute, and the Stem Cell Institute of New Jersey. In addition to Middlesex County, Princeton University to the south graduates future leaders in the biological and life sciences fields. Rather than being seen as competition, the healthcare hub developing in New Brunswick should be seen as an opportunity for Somerset County. Somerset's location, combined with its health and medical resources lend themselves to effectively promoting the county as a place to continue education and begin a successful career in medical practice or research. The extensive resources of the RWJ Foundation and its concentration in Somerset and Middlesex County make the RWJ foundation a key potential actor for leading Somerset's economy into the future. Connections with Middlesex County are further bolstered by the presence of Johnson & Johnson's international headquarters in New Brunswick, as well as a host of health and medical related firms located throughout Middlesex.

Academic medical facilities in particular have become important partners for life sciences and pharmaceutical firms. In fact, about half of biotechnology firms nationally have been founded by university scientists, and many of these scientists maintain their university affiliations. An increasingly challenging business environment has led life science firms to increase and strengthen partnerships with the public sector, in particular universities and academic medical centers. Private firms have become an important source of grants for university life sciences research. Federal legislation has encouraged these relationships by ensuring that private firms can claim patents for discoveries made in partnership with a public entity. The same legislation also incentivizes academic researchers to develop an application for their discoveries or risk losing patent rights to the federal government.[35]

For these reasons, it has become increasingly common for universities to maintain technology transfer offices in order to commercialize discoveries.[36] For example, the Office of Translational Science at Rutgers University is responsible for fostering research partnerships between biomedical faculty and external partners, including private research firms. These offices present important opportunities for fostering health care synergies in Somerset County.

[35] Milne, C. and Malins, A. "Academic-Industry Partnerships for Biopharmaceutical Research & Development: Advancing Medical Science in the U.S." Boston, MA: Tufts University School of Medicine. Retrieved December 10, 2014 from http://csdd.tufts.edu/files/uploads/tuftscsdd_academic-industry.pdf

[36] Milne, C. and Malins, A.

Amenity Strategy 2: *Build on successful healthcare industry collaborations to center PGIAs on Health & Wellness Districts*

Somerset County should tap into economic trends, generational preferences, and potential healthcare partnerships to create Health & Wellness Districts in existing urban centers and highway corridor development, established through a zoning overlay district.

The confluence of a retiring Baby Boomer generation, steady growth in the Healthcare and Social Assistance industry, and projected growth in the Health and Wellness retail category lend themselves to the emergence of healthcare hubs in Somerset County. Such a district would also have strong appeal for the young, physically active, and health conscious Millennial Generation.

A Health & Wellness District could take many forms, but would ideally include a major healthcare facility, such as Somerville's Robert Wood Johnson University Hospital, at its core. Office space and small laboratory facilities would be provided for private research firms and medical insurance companies. These facilities would be neighbored by a walkable retail area with uses limited to gyms, yoga studios, pharmacies, fitness equipment stores, supermarkets, health food stores, restaurants specializing in healthy or organic food, and other retail businesses related to health and wellness. The district might be completed by a park and greenways with walking and biking paths and programmed with fitness and health activities and farmers markets.

In addition to serving as a job growth strategy, the Health & Wellness District would be an opportunity to create an amenity rich area that corresponds with changing lifestyle preferences. The Baby Boomer generation is entering retirement age fueling demand for medical and care services. According to the recently published American Planning Association (APA) report, 52% of Baby Boomers between the ages of 50 and 65 consider health and nature to be a priority in choosing where to live versus 42% for economic factors, such as jobs and business growth. Over half of Millennials consider health and nature among their priorities. According to the APA report, "Healthy communities may be critical to attracting and retaining workforce talent. Issues of health and nature, including access to parks, healthcare and healthy food, appear just as important as economic factors when considering where to live."[37]

Somerset County has suffered from the downsizing and relocation of life science and drug manufacturing firms in recent years. Several firms have chosen to leave sprawling suburban office parks for better connected locations. However, Somerset County's highly talented workforce and the historical and continued presence of healthcare related firms presents not only opportunity for economic growth but also for redirecting growth and recreating and rebranding Somerset County as a healthy county.
Attempting to retain healthcare related firms in the traditional suburban campus will prove a difficult enterprise. In order to retain these firms, Somerset County must think beyond tax incentive focused job retention and attraction strategies. Rather, the county should consider how urban development patterns affect location decisions and how these firms can fit into and bolster the County's PGIA strategy.

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[37] American Planning Association, (2014). "Investing in Place".

Health & Wellness Districts would serve as a means of redirecting growth to PGIAs. Such districts could be developed in urban centers such as Somerville. Major medical facilities, research centers, private laboratories and offices, and retail stores would transform Somerset's urban areas into important employment centers. Health & Wellness Districts could also be used to recreate the county's corridor oriented development, such as the Hillsborough Town Center. It may also serve as a means of redeveloping the many obsolete office campuses located throughout the county. These campuses could be redeveloped as walkable districts connected to nearby residential areas, offering shuttle services along the corridor, and placing a greater emphasis on natural amenities, such as parks, farms, and forested land with hiking paths. As discussed earlier, healthcare related firms benefit from partnerships with research and academic institutions. In pursuit of these partnerships, proximity is an advantage. This is exemplified by the competitive real estate market in Cambridge, MA centered on Kendall Square. The city's prestigious academic institutions (MIT and Harvard) and large private research institutions, as well as the presence of numerous venture capital firms, are a major draw for the numerous pharma companies that have moved into the city in recent years.[38]

More locally, New Brunswick Development Corporation's (DEVCO) latest planned development in New Brunswick, the 1.7 million square foot The Hub @ New Brunswick Station, contains substantial office space. According to DEVCO staff, the non-profit real estate development company is targeting biomedical firms as potential tenants for the transit oriented development. DEVCO is currently in preliminary discussion with several firms to locate laboratories and offices in The Hub. DEVCO staff say life sciences firms will continue to require large facilities, but may also choose to locate some operations in smaller facilities in more connected areas. Biomedical firms are interested in The Hub due to its proximity to transit and the resources and talent of the major hospitals, medical school, and medical research facilities located in New Brunswick and the grant-making opportunities they present.

The reinforcing dynamics of the different components of the Health & Wellness District extend beyond research firms and the medical and life sciences institutions. For example, a gym in the district could provide discounted memberships to doctors and other hospital employees, and doctors could "prescribe" discounted memberships to their patients. In addition, office development driven by life sciences industry demand would also create opportunities for developing other professional and personal service spaces along side streets.

Somerset County and municipalities may also want to explore the benefits of supplying space and support programs for healthcare related startups within the Health & Wellness Districts.

[38] Jones Lang LaSalle, (2012). "Life Science Cluster Report, Global 2012." Retrieved Decemeber 11, 2014 from: http://www.joneslanglasalle.com/Documents/life_science_report/pdf/Life-Sciences-Cluster-Report-Global-2012.pdf

Amenity Strategy 3: Increase marketing of agri-tourism and expand agri-tourism activities

Agricultural lands are an important economic and place making asset, providing local eateries with fresh ingredients, supplying farmer's markets, and creating opportunities for tourism. Somerset County boasts vast expanses of rural farmland, much of which is preserved through state and county preservation and planning programs. Many of these scenic areas are accessible by and visible from the major roads running through the county. Numerous farmers markets are held in rural, suburban, and urban communities throughout the county.

Given these important assets, Somerset County should support the agricultural sector as an amenity that appeals to Millennials, Baby Boomers, and people of all generations. The County should work to ensure that preservation of farmland is maintained and expanded. In addition, the County should increase investment in marketing of agri-tourism, support farm-to-table initiatives with local eateries and supermarkets, and help establish educational partnerships between farms and schools. The potential of interactive social media marketing campaigns should also be explored.

Numerous marketing studies identify the Millennials as a generation of "foodies". Members of this generation tend to favor ethnic, healthy, fresh, and organic food. They also value food that has authentic ties to a certain region. Millennials have a high propensity for eating out and seeking unique dining experiences and also enjoy cooking at home. They value the experience and setting of eating out and shopping as much as the food itself. They tend to value farm-to-table products and enjoy shopping at farmers markets as an affordable source of healthy, fresh food.[39]

Agri-tourism and fresh, farm-to-table products also interest the aging Baby Boomer generation, especially those members with high levels of education. Agritourism, such as apple picking or horseback riding, provide opportunities for active leisure activities. Farm stores and farmers markets fill the demand for healthy dietary options. These opportunities could be made more accessible to transit dependent Millennials and Baby Boomers (especially elderly Boomers) by providing shuttles on peak days and times along the main agricultural corridors, such as Route 202.

The County should also explore the potential of agri-tourism and the local food movement as a means of reinventing obsolete corridor development through agricultural business partnerships. For example, defunct highway shopping centers could be revamped with daily farmers markets, local farm branded food stores, specialty food stores, farm-to-table restaurants, micro-breweries (which are extremely popular among Millennials), educational activities, and shuttle connections and bike paths between this agri-tourism "gateway" and agri-tourism activities on nearby farms.

Agri-tourism and retail trends

From 2014 to 2020, sales in the retail category Eating and Drinking Places are expected to increase by 7.36%. Food and Beverage Store sales are expected to grow at a much lower rate of 1.53%. Therefore, it is likely that agri-tourism and farm-to-table initiatives would be implemented at the expense of traditional supermarkets, and would be bolstered by growth in the sales of dining establishments.

[39] Brand Amplitude, LLC, (2014). "Exploring Millennial's Passion for Food: Bite-Sized Insights for Marketers".

The County should also explore with Duke Farms the possibility of expanding community gardening activities at the Farm to include more plots and cooking and dietary classes. In addition, the County and Duke Farms should consider the possibility of opening periodical farmer's markets in Somerset County and throughout New Jersey and the New York metropolitan region, selling food grown at Duke Farms and other qualified sources. The markets could be branded and promoted as healthy and sustainable. These farmers markets could potentially raise the profile of Duke Farms from a local to a truly regional and even national attraction.

Amenity Strategy 4: *Pursue the conversion of the Somerville U.S. Post Office into a performing arts center*

Promotion of the creative sector is an increasingly common and successful redevelopment strategy implemented throughout New Jersey and the nation. While fostering the arts should be pursued across Somerset County, the strategy proposed here focuses on Somerville as a model for urban centers in the county and as a potential urban core for the county. Somerville has expressed interest in converting the closed U.S. Post Office located at the southern end of Division Street into a performing arts center. The municipality should aggressively pursue this project despite difficulties in acquiring the property from the federal government.

The Arts District zoning overlay along Division Street has proven a successful enterprise. However, while Division Street has transformed into a reasonably appealing pedestrian area with a wide variety of culinary establishments, the area is not yet a regional arts destination. Making it such a destination requires an anchor institution. The location, visibility, size, and architectural value of the post office makes it ideal for conversion to a performing arts center that will attract creative sector activity.

The further development of the arts district would add greatly to the appeal of Somerville for both Millennials and Baby Boomers, particularly members of the "creative class" that Somerset County wishes to attract. Cultural opportunities are one of the major motivations that have Millennials and Baby Boomers seeking out urban living. The main amenities of Somerville are currently limited to the eating and drinking establishments along Main Street and Division Street. An arts district with a performing arts center at its core would add the necessary diversity and gravity needed to attract residents and visitors. Conversion of the post office should be accompanied by a robust schedule of art and music festivals. Music festivals in particular can be specifically targeted to the musical tastes of Millennials and Baby Boomers.

Art and culture-based development, termed "creative placemaking" has been successfully implemented throughout New Jersey. Red Bank in Monmouth County included the conversion of an old movie house into a performing arts center as part of its nationally acknowledged downtown redevelopment efforts. The downtown revival was also spurred by cultural events such as the successful three-day jazz, blues, and food festival Riverfest. New Brunswick made their theater district a major component of the city's downtown revitalization efforts. Morristown's Mayo Performing Arts Centers was opened in 1984 and currently draws hundreds of thousands of visitors to the city's downtown, generating business for nearby restaurants and bars. The City of Rahway made creative placemaking the focus of its downtown revitalization strategy, establishing two performing arts centers, artist housing, and parks.

Cultural facilities and festivals generate significant business activity for nearby restaurants and shops. Coupled with Somerville's important Main Street retail corridor, this would produce important benefits for both Somerville's economy and attractiveness as a place to live and visit. Currently, Somerville is a weekend destination for residents in the surrounding area. Adding major cultural amenities would help spur activity and an active nightlife throughout the week.

A challenge for Somerville, and other municipalities in Somerset County, will be obtaining funding for creative placemaking. Creative placemaking benefactors traditionally focus their grant-making efforts on projects that spur economic activity and social engagement in disadvantaged communities. Funding opportunities are substantial. In one of three rounds of 2014 grant-making, the Geraldine R. Dodge Foundation distributed $2.75 million in grants to arts and education nonprofits for arts and culture related projects and programming.[40] In the same year, ArtPlace America distributed $14.7 million dollars to projects in 79 communities across the U.S.[41] Somerset County should consider undertaking discussions with grant-making institutions to understand whether there are steps more affluent communities can take or conditions they can meet to receive funding.

Amenity Strategy 5: Foster intergenerational learning opportunities

Intergenerational education is a way for people of all ages to pursue life-long learning, stay engaged in their communities, and transfer knowledge and experiences from one generation to another. As Somerset County seeks to create denser urban centers and attract Millennials, the county will become more diverse in perspectives, values, and lifestyles. While the priorities of Millennials, Baby Boomers, and other age groups may overlap in many instances, Somerset County should work to ensure that all age groups feel integrated, engaged, respected, and that their voice is being heard in community decisions.

Intergenerational education programs are an opportunity to bring together people of different generations and tap into the vast knowledge of a well-educated and highly qualified older generation. Such programs can offer Baby Boomers the opportunity to remain active and avoid isolation by pursuing their interests. Intergenerational education can take many forms. Older residents can act as tutors and teachers to impart their knowledge and experience to children and young adults, whether by offering courses in history, helping with math homework, or instructing on activities such as gardening or musical performance. Older professionals and retirees can impart their professional skills and knowledge to younger, aspiring workers. Millennials would have opportunities to obtain new skills and knowledge in preparation for careers or to advance in their careers. They may also teach older workers about new technologies or methods in their fields.

Duke Farms, with its offering of family, educational, junior, and professional development activities, provides a prime opportunity for intergenerational interaction. Institutions such the Raritan Valley

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[40] grdodge.org, (2014). "Geraldine R. Dodge Foundation Announces $4.4 Million in Grants". The Geraldine R. Dodge Foundation. Retrieved December 13, 2014 from: http://www.grdodge.org/what-we-fund/june-grants-announced/

[41] artplaceamerica.org, (2014). "ArtPlace America Invests an Additional $14.7 Million in the Field of Creative Placemaking". ArtPlace America. Retrieved December 13, 2014 from: http://www.artplaceamerica.org/articles/2014-artplace-america-grant-announcement/

Community College and Somerset public libraries could also host courses, tutoring sessions, and multi-generational cultural activities.

The New Jersey Intergenerational Orchestra

The New Jersey Intergenerational Orchestra (NJIO) was founded in 1994 as an opportunity for musicians of different ages and abilities to study and perform orchestral music together. Members range from young children to senior citizens. The NJIO combines artistic excellence with educational opportunities, allowing musicians of all backgrounds and skill levels to participate. The program includes three orchestras and 100 volunteer musicians from 40 New Jersey communities. The orchestras perform full orchestral concerts, outreach performances, and special events in central New Jersey. NJIO's activities are based on the belief that senior citizens can impart their knowledge and serve as vital resources for children to learn and grow. The orchestral group promotes mutual growth among children and the elderly and fosters understanding between generations.

Strength Weakness Opportunity Threats Assessment

By using a SWOT (Strength, Weakness, Opportunity, and Threats) assessment, we ranked the municipalities used in the residential trade area according to a Millennial's (and in many cases a Baby Boomer's) desire for accessibility, affordability, and amenities. We also considered age, defined in this case as the existing proportion of young households, and rental percentage, defined as the share of rental tenure units based on the 2010 census, for each municipality. A score of 1 was considered the least desirable, while a score of 5 was considered the most desirable. Adding the total scores across a row for each municipality indicated the municipality's relative score in the SWOT assessment. The results of each individual categorical assessment as well as the combined assessment are indicated below in the chart and text.

Accessibility – Ranking and Results

In order to rank accessibility among the selected municipalities in the trade area, a combination of a municipal WalkScore as well as an assessment of public transit options was used. WalkScores provided ranged from 26 to 83. WalkScores from 26 to 35 were ranked a 1 (least walkable), scores between 36 and 50 were ranked a 2, scores between 51 and 70 were ranked a 3, scores between 70 and 80 were ranked a 4, and scores greater than 80 were ranked a 5 (most walkable). The assessment of public transit was more subjective, and examined the extent of transit options (i.e. what types and how many NJ Transit facilities were present), and where in the municipalities they were found. Municipalities with limited or no public transit options received a ranking of 1, several municipalities received a ranking of 2 since the local NJ transit stops were not centrally located, some municipalities received a ranking of 3 since they contained a greater variety of transit options, and one municipality received a ranking of 5 since it also linked to Amtrak. Finally, the two scores were judged subjectively when they were different, so that the higher score took precedent, or in some cases the average was taken, so as to result in a whole number for the final score. Table 40 details the results of the findings.

Table 40: Somerset County and Surrounding Area SWOT Chart

Municipality Comparison Matrix						
Municipality	Access	Affordability	Age	Amenity	Rental %	Total
New Brunswick	5	5	5	4	5	24
Somerville	3	4	3	4	3	17
Perth Amboy	3	5	3	1	4	16
Morristown	3	2	4	3	4	16
Highland Park	4	3	4	0	4	15
Dunellen	4	5	1	3	1	14
Bound Brook	2	5	3	0	3	13
North Plainfield	3	4	2	0	2	11
Princeton	2	1	2	5	1	11
South Bound Brook	1	5	3	0	2	11
South River	1	4	1	0	1	7

The results show New Brunswick having the highest transit score while Dunellen and Highland Park were tied with the highest walkability scores. South Bound Brook and South River had the lowest transit scores, as well as walkability scores.

Somerville faired moderately, with an overall score of 3, while New Brunswick was the accessibility winner, with an access score of 5, suggesting that Somerville should continue with pedestrian-friendly improvements and work toward a 1 –seat commute to New York.

Amenity – Ranking and Results

As with all SWOT chart components, amenity has an ordinal scale from 0-5. The higher the score, the better the municipality faired for that component. The amenity aggregate ranking among the trade area municipalities was created from multiple components. The first component is the presence of 4+ star Google reviewed bars, divided by municipal population. Google reviews were chosen because they were accessible and representative of actual customers. Google reviews are more tangible and representative than other bar scores, such as Zagat. The highest score was divided by 3 to create a grouping of 3 equal ranges. Municipalities with 0 received a 0 grade, municipalities in the first third received a 1, municipalities in the second third received a 2, and the remaining third awarded a 3.

Next, the municipalities were awarded a 0 if their bars were not clustered, and a 1 if the bars were clustered. Clustering was evaluated as having a grouping of 4+ star bars in a half mile area. Clustering is important because it creates a sense of place, a cool and hip happening area. The last component of the amenity score was the presence of an acting theater and/or adult arcade. These two businesses appeal to boomers and Millennials and represent fun and unique amenities. A 0 was awarded if the municipality had neither of these offerings, and a 1 if they had a theater, an arcade, or both. The sum of these and earlier components resulted in each municipality receiving an overall amenity score ranging from 0 to 5.

The 4+ star bars by population gave Princeton the highest score of 3, and Princeton was the only municipality to earn such a grade. New Brunswick and Somerville both received 2's in this category. Notably; South River, South Bound Brook, Highland Park, and North Plainfield had zero 4+ star bars, and thus earned 0's in this category. For clustered bars, New Brunswick, Dunellen, Princeton, Morristown, and Somerville all earned a 1. Coincidentally, all the municipalities that earned a 1 for clustered bars, also received a 1 for meeting the "extra" amenity requirements of a theater and/or adult arcade.

Somerville faired very well, with an overall score of 4. This was tied with New Brunswick, and second only to Princeton which earned a 5. A sensitivity test was run using the amenity model, and it was found that the addition of a single 4+ star bar would sufficiently increase the overall score of Somerville to a 5. Continued emphasis on quality destinations will help Somerville create and maintain a high amenity value.

Affordability

The affordability section of the SWOT considers average median 2014 rent based on Zillow Research. Therefore the two most important factors in local affordability are rents and the availability of rental housing. Princeton has, by far, the highest rent in the market area at over $3,500 and is assigned a 1 as the least affordable. Morristown falls in second place with almost $2,500 in rental costs and each is assigned a 2. Highland Park is the only other municipality with a median rent over $2,000 and is assigned a 3. New Brunswick, Summerville and South River each have rents between $1,900 and $2,000 and each is assigned a 4. Bound Brook, South Bound Brook, Perth Amboy and Dunellen have rents below $1,900 and are assigned a 5 in terms of affordability. **Somerville is in the upper-middle of the rankings, with an affordable score of 4. It is extremely important to note however, that this relative affordability is strictly in comparison to the other municipalities in the trade area.**

Rental Percentage

The rental percentage section of the SWOT considers the proportion of rental tenure units based on the 2010 census, which represents the number of housing units that are rented out of all the housing units in that municipality. The data reveal that the Millennial age group primarily rents. For rental availability, the percent of rental units ranges from 33% to 76%. From 33% to 36% is assigned a 1 for having the least rental availability. From 39% to 43% is assigned a 2. From 50% to 52% is assigned a 3. From 59% to 65% is assigned a 4. And 76% is assigned a 5 for highest rental availability. **Not surprisingly New Brunswick has the highest rental proportion among the trade area. Somerville is in the middle of the pack and is awarded a 3 for rental percentage.**

Age

A final summary indicator is the existing proportion of young households, defined as the percent of total household heads in the two youngest census categories (15 years old to 34 years old) in 2010. The proportion of young people is a measure of success in attracting young people. It is also a positive feature on the assumption that young people prefer to live in places where other young people currently reside.

Within the market area municipalities, the range of this indicator is 17% to 42.5%. A 1 is assigned to the lowest proportion from 17% to 17.5%. A 2 is assigned to 18.6% to 19.6%. A 3 is assigned to 22% to 23.7%, the largest group with 4 municipalities. A 4 is assigned to 28.7% to 30%. And a 5 is assigned to the highest proportion of 42.5%.

New Brunswick has the largest proportion of young households, likely pushed up significantly by the presence of Rutgers University. Highland Park's proportion is also likely increased by the proximity of Rutgers. The lowest proportions are in South River, Dunellen, North Plainfield and Princeton. Princeton's result may be artificially low due to inclusion of the more suburban areas of Princeton Township, however it likely also represents the real unaffordability of Princeton to young workers.

In 2010 Somerville had a similar proportion of young households to other market area municipalities with a concentrated downtown and decent affordability, but has room to grow based on the relative attractiveness of Somerville's main street.

Conclusion

The municipal comparison matrix reveals that New Brunswick, by our criteria and relative to the chosen trade area, is the highest graded municipality at 24. This municipality is a unique attraction for younger Millennials, offering clubs, trendy restaurants, and transit. Somerville scored an overall value of 17, which ranked as the second most attractive municipality in the trade area. However it is worth noting that Perth Amboy and Morristown are right behind Somerville with scores of 16. Therefore it is important for Somerville to stay dedicated to attracting Millennials by increasing their scores in some key areas.

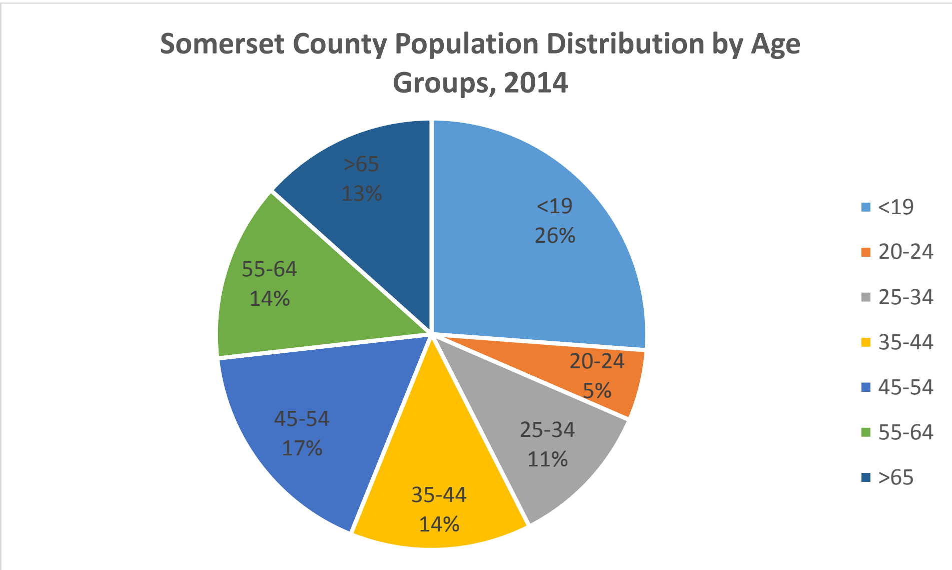
It is also important to interpret these results in the context of our trade area. For example, Somerville earned a 4 in affordability, but this is strictly relative to the very expensive Princeton and Morristown markets. Addressing affordability and creating a more plausible living situation for Millennials and increase the overall attractiveness of Somerville to Millennials.

APPENDIX

Appendix A: Demography and Housing Conditions

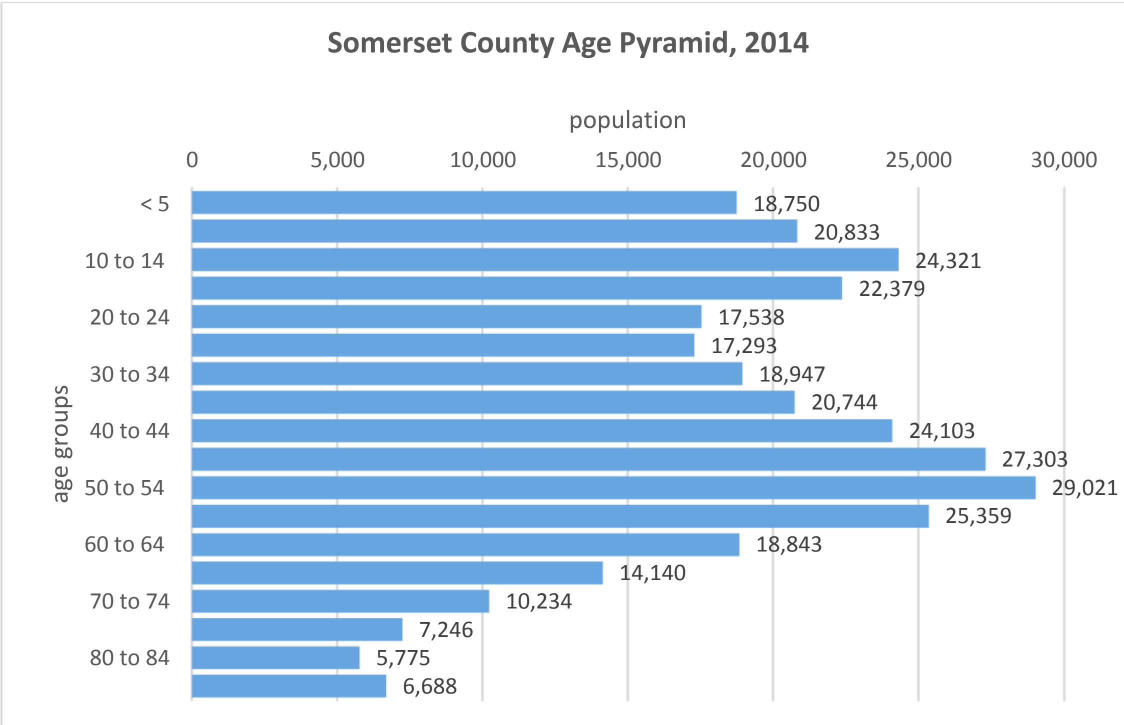
Population and Household Data Charts (A.1-16)

A.1: Somerset County Population Distribution by Age Groups, 2014



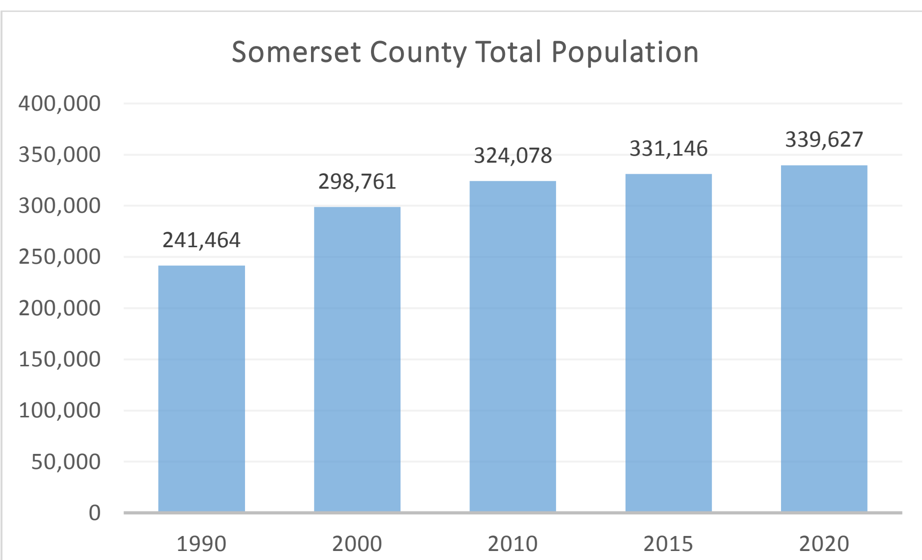
Source: Woods and Poole Economics, Inc., 2013

A.2: Somerset County Age Pyramid, 2014



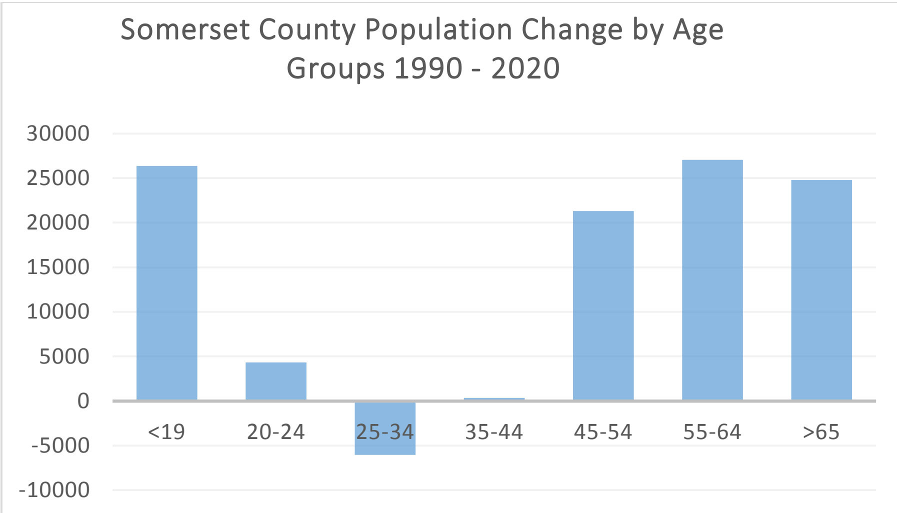
Source: Woods and Poole Economics, Inc., 2013

A.3: Somerset County Total Population



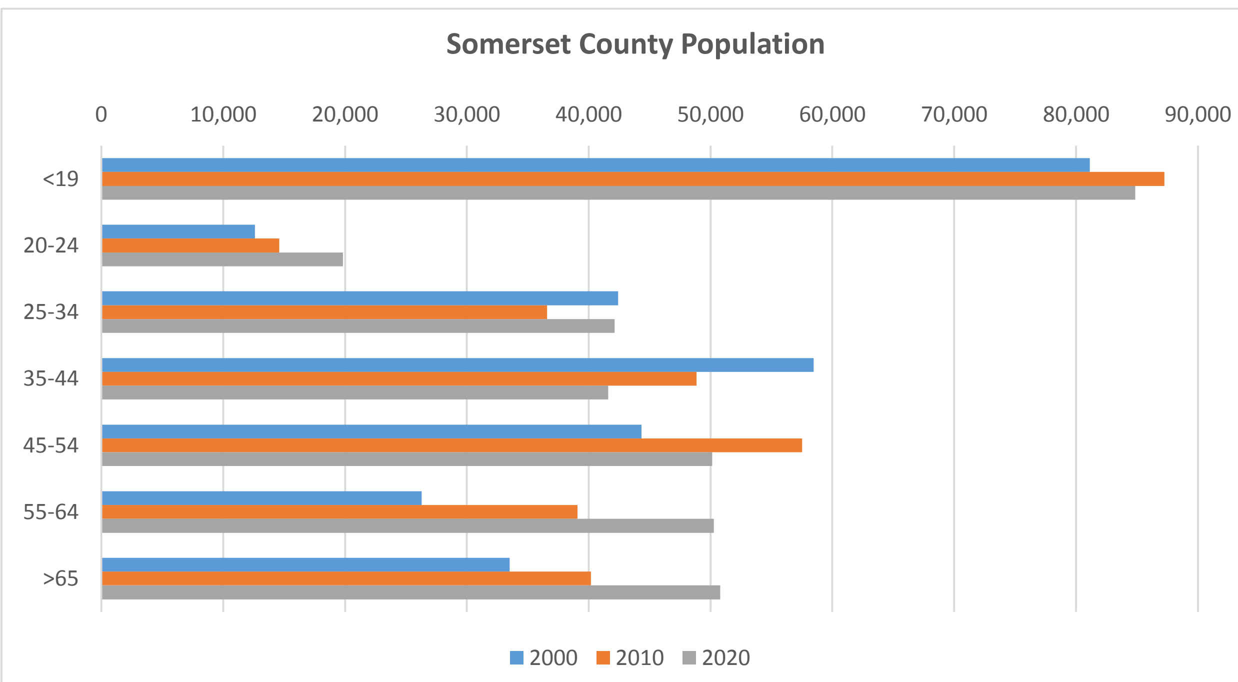
Source: Woods and Poole Economics, Inc., 2013

A.4: Somerset County Population Change by Age Groups 1990-2020



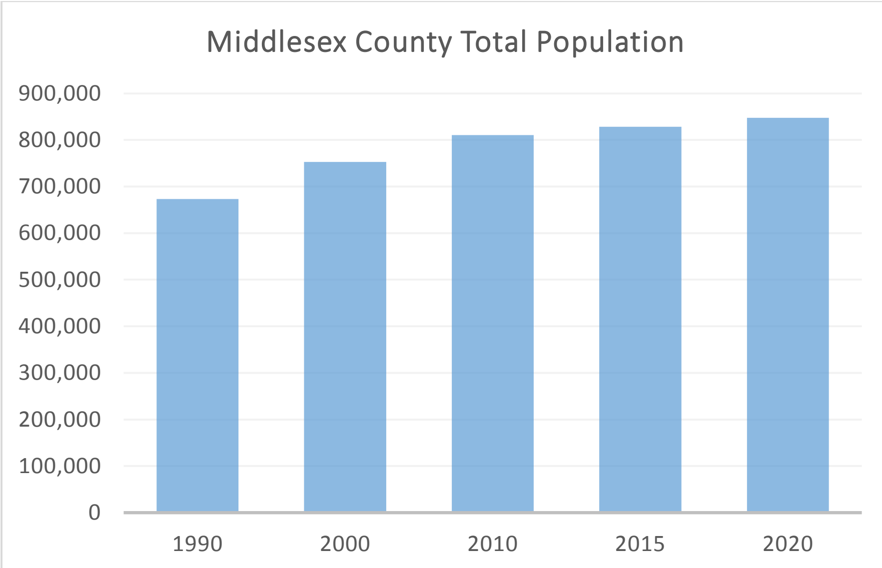
Source: Woods and Poole Economics, Inc., 2013

A.5: Somerset County Population by Age Groups (2000-2010-2020)



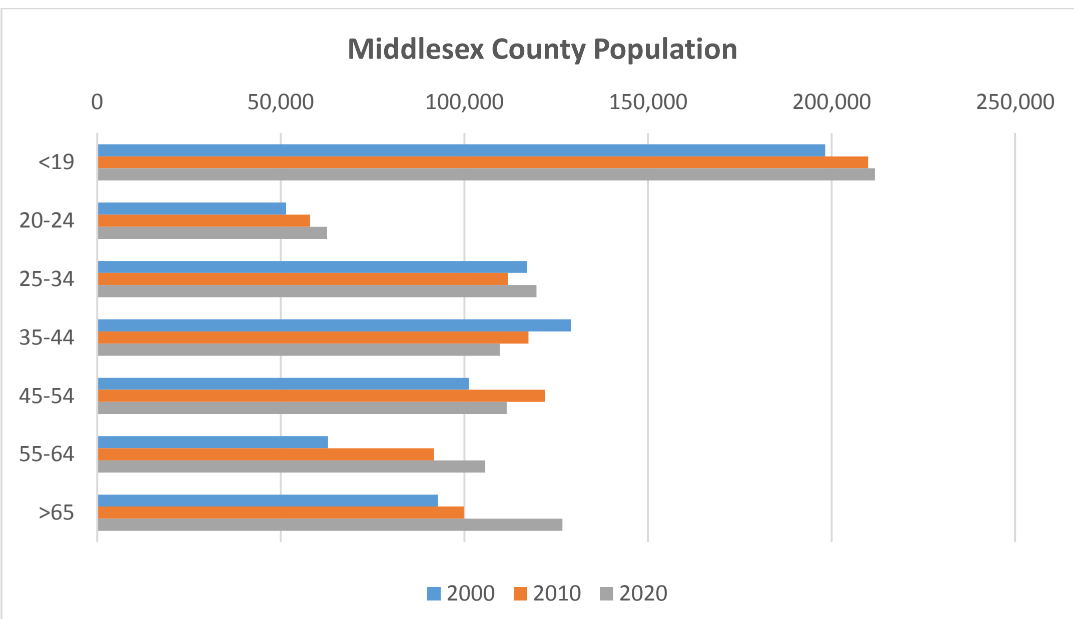
Source: Woods and Poole Economics, Inc., 2013

A.6: Middlesex County Total Population



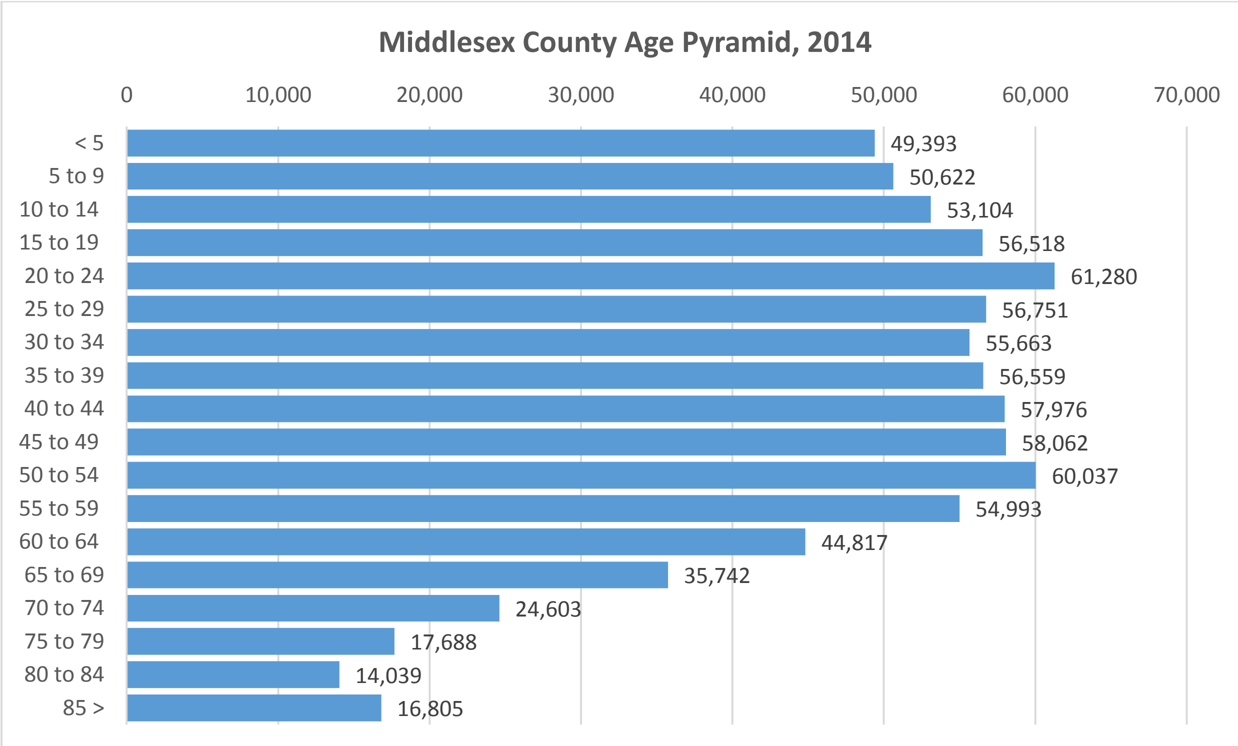
Source: Woods and Poole Economics, Inc., 2013

A.7: Middlesex County Population by Age Groups (2000-2010-2020)



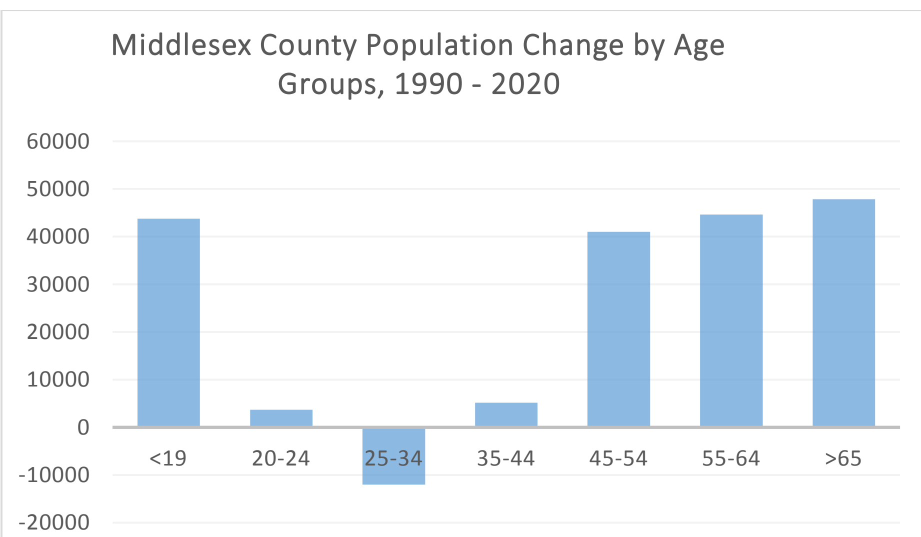
Source: Woods and Poole Economics, Inc., 2013

A.8: Middlesex County Age Pyramid, 2014



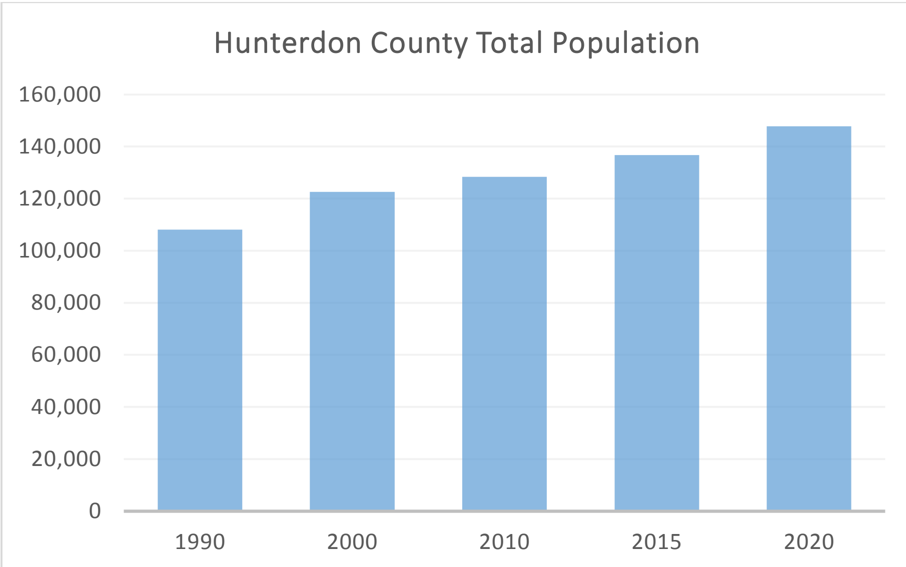
Source: Woods and Poole Economics, Inc., 2013

A.9: Middlesex County Population Change by Age Groups, 1990 - 2020



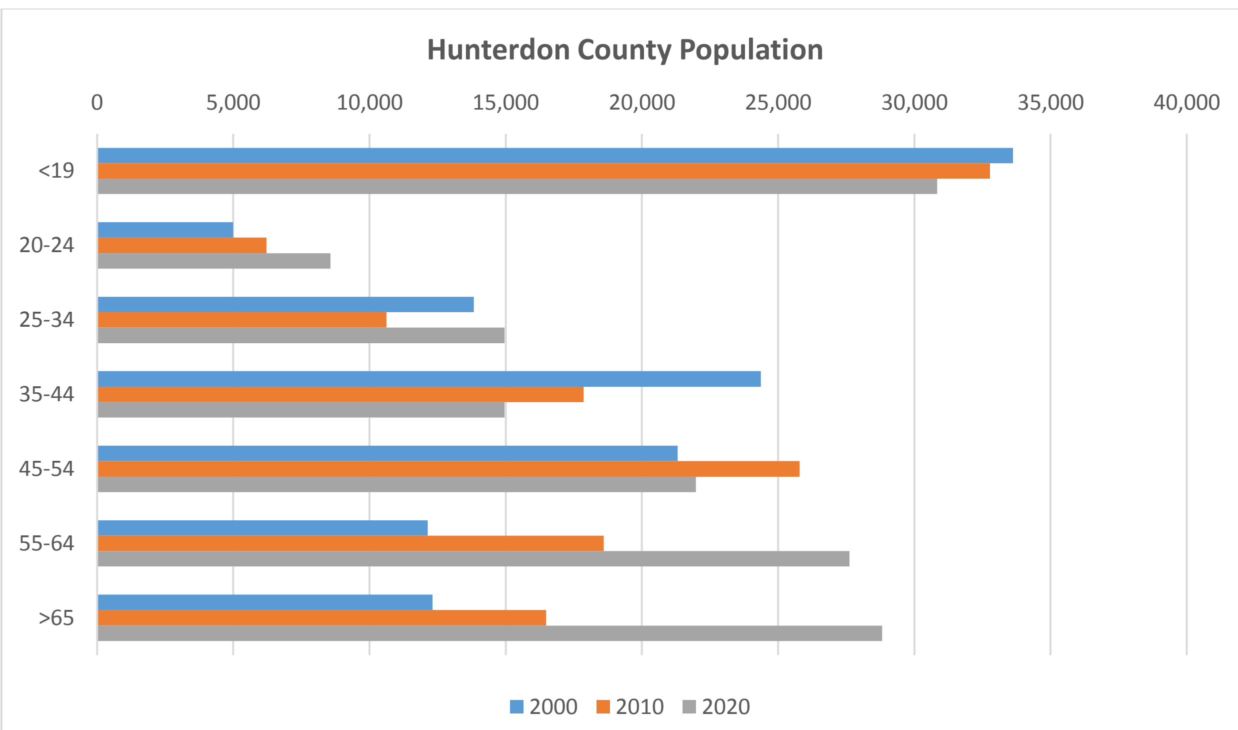
Source: Woods and Poole Economics, Inc., 2013

A.10: Hunterdon County Total Population



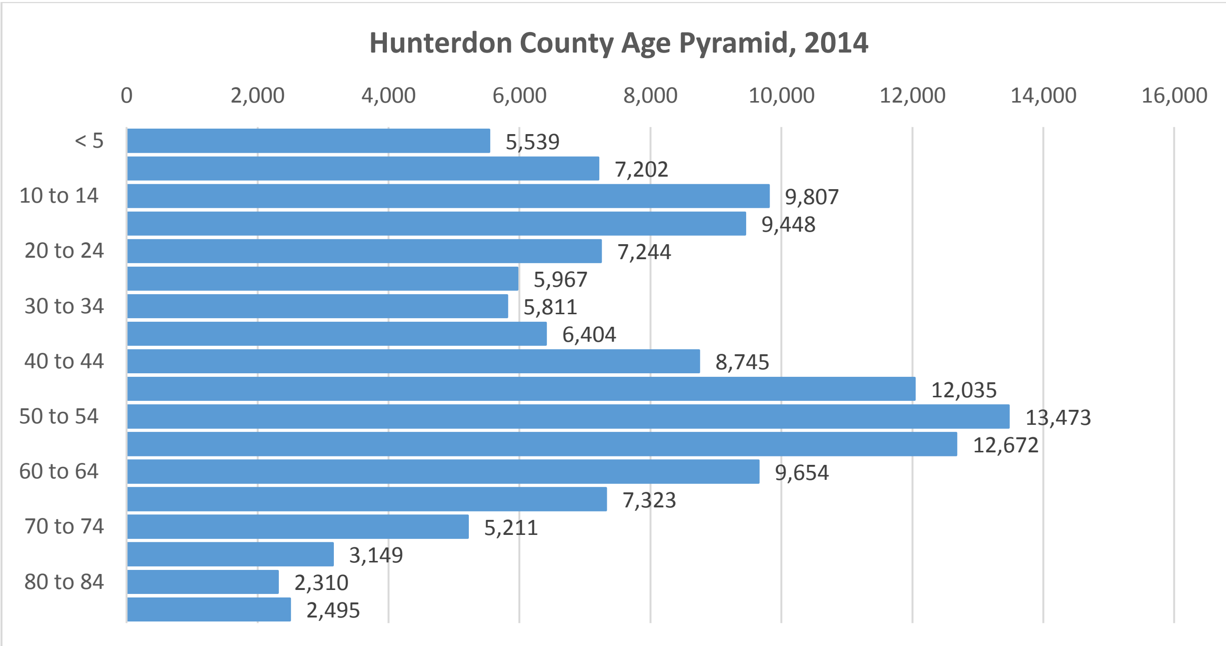
Source: Woods and Poole Economics, Inc., 2013

A.11: Hunterdon County Population Change by Age Groups (2000-2010-2020)



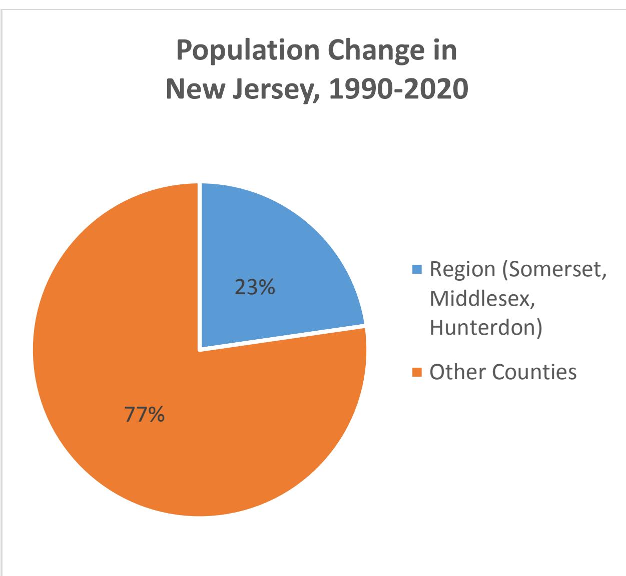
Source: Woods and Poole Economics, Inc., 2013

A.12: Hunterdon County Age Pyramid, 2014



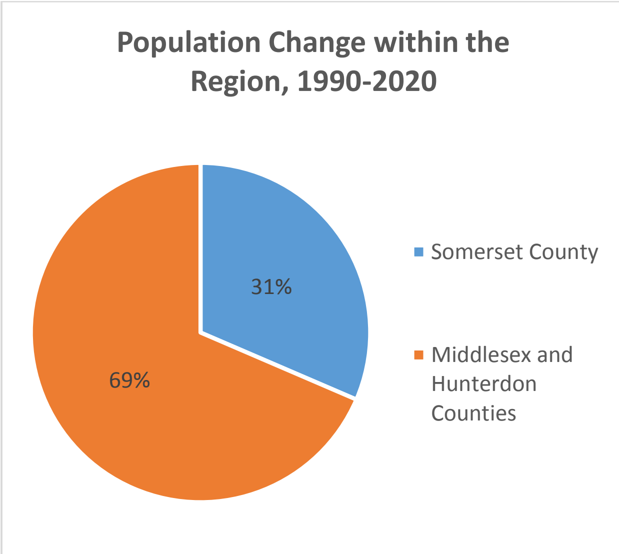
Source: Woods and Poole Economics, Inc., 2013

A.13: Population Change in New Jersey (1990-2020)



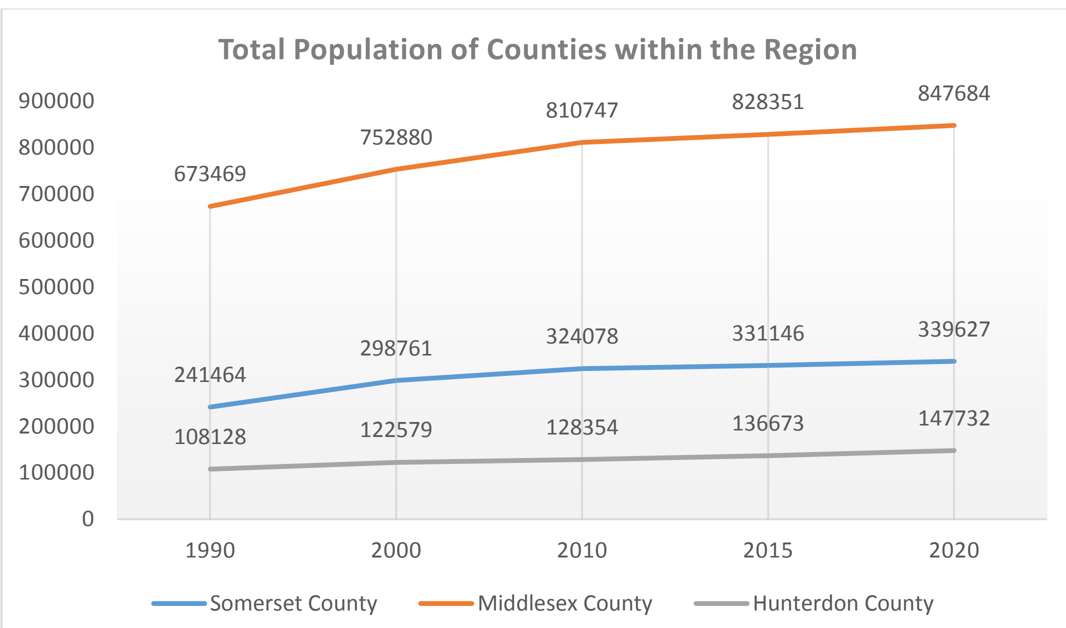
Source: Woods and Poole Economics, Inc., 2013

A.14: Population Change within the Region (1990 – 2020)



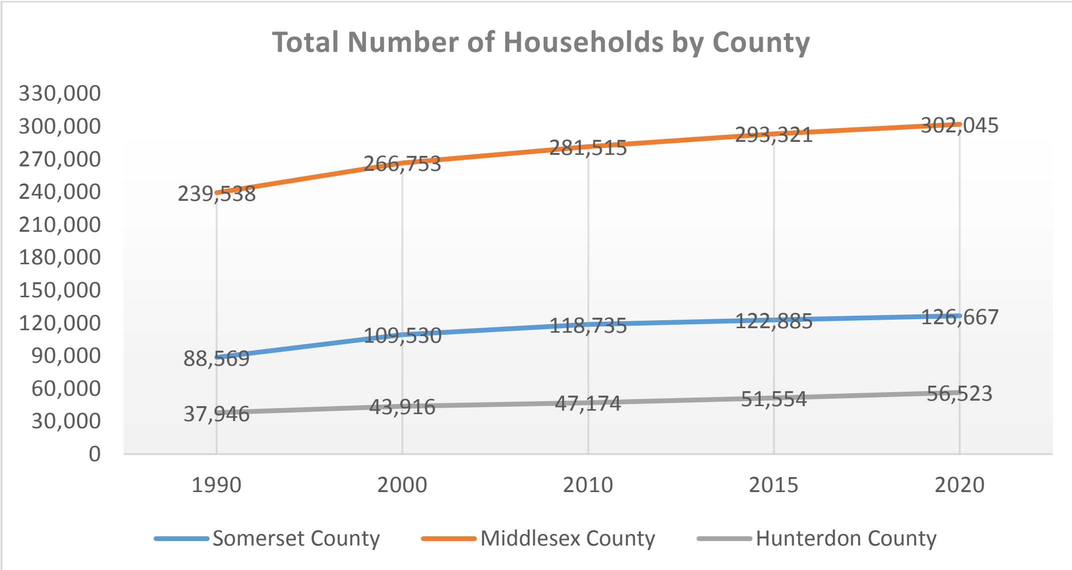
Source: Woods and Poole Economics, Inc., 2013

A.15: Total Population of Counties within the Region



Source: Woods and Poole Economics, Inc., 2013

A.16: Total Number of Households by County

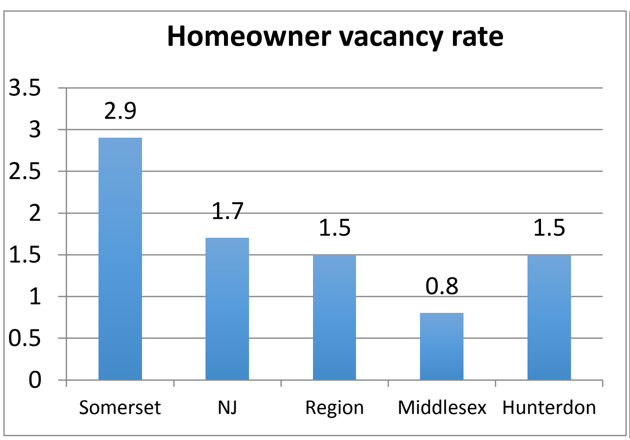


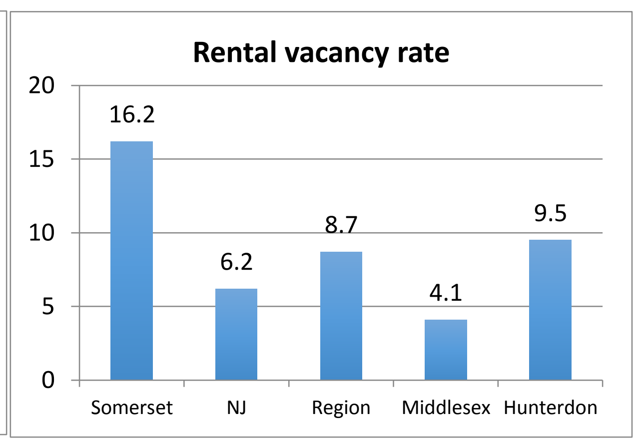
Source: Woods and Poole Economics, Inc., 2013

Additional Housing Charts (A.17-29)

Vacancy Rates (A.17-22)

A.17, 18: 2013 ACS Vacancy Rates





Source: ACS 2013, 1-year estimates

A.19: Comparison of Census and ACS Vacancy Data

	County	Somerset					Hunterdon					Middlesex				
Source	Year	Total	Occupied	Vacancy Rate (all)	Home-owner	Rental	Total	Occupied	Vacancy Rate (all)	Home-owner	Rental	Total	Occupied	Vacancy Rate (all)	Home-owner	Rental
Census	2010	123,127	**117,759**	4.36	1.1	**6.1**	49,487	47,169	4.68	1.2	5.9	294,800	281,186	4.62	1.4	5.3
ACS 1-Year	2010	123,181	**115,913**	5.90	0.3	**10.8**	49,534	47,550	4.01	0.2	5.7	294,936	278,877	5.44	1.9	5.6
	2011	123,515	114,323	7.44	1.6	10.8	49,724	46,741	6.00	2.1	9.2	296,102	278,920	5.80	2.1	5.7
	2012	**124,300**	**116,840**	6.00	0.9	8.7	50,053	47,227	5.65	1.8	6.1	297,516	283,337	4.77	0.7	4.6
	2013	**125,062**	**112,974**	9.67	2.9	16.2	49,658	45,792	7.79	1.5	9.5	298,129	283,211	5.00	0.8	4.1

Sources: ACS 2010-2013, 1-year estimates; 2010 Census SF1

Generally, year to year vacancy data is available only from the American Community Survey sample estimates. Based on this data, the high vacancy reported for Somerset County in 2013 is due to a significant drop in occupied housing units from 2012, not a rise in total units (red shading). However, ACS estimates may have significant error. Note the comparison between occupied housing units and rental vacancy in Somerset County as reported in the 2010 census count and the 2010 ACS 1-year estimate (yellow shading). Both differences are outside of the reported error margins for the ACS estimates. The large discrepancy between the complete census count and the ACS estimate of the same year call into question the ACS occupancy and vacancy numbers for 2013.

A.20-22: HUD – USPS Vacancy Data, Somerset, Hunterdon and Middlesex, 2010-2014

County	Hunterdon						
Date	Total	Occupied	Short-Term Vacant	Long-Term Vacant	No-Stat	Vacancy Rate	No-Stat Rate
2010	49399	47184	178	453	1584	1.28	3.21
Q2	49448	46883	304	426	1835	1.48	3.71
Q3	49488	47020	279	429	1760	1.43	3.56
Q4	49594	47122	255	425	1792	1.37	3.61
2011	49629	47229	168	515	1717	1.38	3.46
Q2	49672	47219	194	573	1686	1.54	3.39
Q3	49721	47340	244	559	1578	1.62	3.17
Q4	53542	47386	248	548	5360	1.49	10.01
2012	53593	47453	204	603	5333	1.51	9.95
Q2	53629	47463	193	636	5337	1.55	9.95
Q3	53659	47385	282	681	5311	1.79	9.90
Q4	53702	47459	272	664	5307	1.74	9.88
2013	53763	47518	296	675	5274	1.81	9.81
Q2	53806	47537	298	699	5272	1.85	9.80
Q3	53800	47593	214	772	5221	1.83	9.70
Q4	53827	47660	176	777	5214	1.77	9.69
2014	53861	47675	158	829	5199	1.83	9.65
Q2	53914	47732	183	836	5163	1.89	9.58

Source: HUD Aggregated USPS Administrative Data On Address Vacancies, 2010-2014

County	Middlesex						
Date	Total	Occupied	Short-Term Vacant	Long-Term Vacant	No-Stat	Vacancy Rate	No-Stat Rate
2010	310218	289720	778	1940	17780	0.88	5.73
Q2	311005	287330	3755	1684	18236	1.75	5.86
Q3	311213	288231	3406	1579	17997	1.60	5.78
Q4	311626	288863	3194	1549	18020	1.52	5.78
2011	312096	289212	2298	2345	18241	1.49	5.84
Q2	312892	289457	894	3709	18832	1.47	6.02
Q3	313307	290344	483	3838	18642	1.38	5.95
Q4	329018	290801	548	3741	33928	1.30	10.31
2012	329294	291162	763	3664	33705	1.34	10.24
Q2	329380	290918	1111	3540	33811	1.41	10.27
Q3	316964	289746	1424	3475	22319	1.55	7.04
Q4	317188	289897	1665	3321	22305	1.57	7.03
2013	328115	291469	1582	3522	31542	1.56	9.61
Q2	328504	291846	1327	3780	31551	1.55	9.60
Q3	333951	291817	1177	4014	36943	1.55	11.06
Q4	333845	292147	951	4022	36725	1.49	11.00
2014	334483	292578	906	3973	37026	1.46	11.07
Q2	334792	293112	845	3885	36950	1.41	11.04

Source: HUD Aggregated USPS Administrative Data On Address Vacancies, 2010-2014

County	Somerset						
Date	Total	Occupied	Short-Term Vacant	Long-Term Vacant	No-Stat	Vacancy Rate	No-Stat Rate
2010	123065	119010	226	1035	2794	1.02	2.27
Q2	123129	118427	898	967	2837	1.51	2.30
Q3	123212	118683	960	804	2765	1.43	2.24
Q4	123332	118964	910	792	2666	1.38	2.16
2011	123504	119121	633	1012	2738	1.33	2.22
Q2	123583	119250	303	1327	2703	1.32	2.19
Q3	124133	119754	187	1392	2800	1.27	2.26
Q4	133317	119888	166	1387	11876	1.16	8.91
2012	133690	119871	303	1352	12164	1.24	9.10
Q2	133768	119915	371	1314	12168	1.26	9.10
Q3	133864	119806	519	1303	12236	1.36	9.14
Q4	133912	119958	498	1271	12185	1.32	9.10
2013	134174	120108	424	1369	12273	1.34	9.15
Q2	134201	120324	318	1455	12104	1.32	9.02
Q3	134765	120680	311	1458	12316	1.31	9.14
Q4	134638	120740	323	1405	12170	1.28	9.04
2014	135027	121171	286	1421	12149	1.26	9.00
Q2	135265	121587	298	1427	11953	1.28	8.84

Source: HUD Aggregated USPS Administrative Data On Address Vacancies, 2010-2014

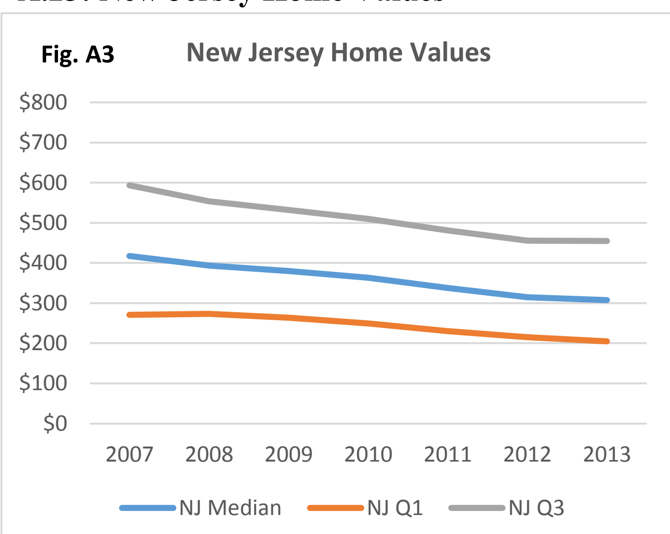
The Department of Housing and Urban Development (HUD) has an agreement with the US Postal Service (USPS) to collect quarterly aggregate data on address identified by letter carriers as vacant. These data are then mapped onto US census tracts. For a variety of reasons, HUD-USPS vacancy data is difficult to compare directly with census and ACS data. However, the trends in occupancy and vacancy should give a reliable picture. In tables 14-16, total addresses, vacant addresses split into short- and long-term (less than and greater than 12 months vacant), and no-stat addresses (may be newly constructed, very long-term vacant, or not counted for some other reason) are derived by summing the tract level data across each county. Occupied addresses is found by subtracting vacant and no stat addresses from the total. The rates are calculated for vacant and no-stat addresses over the total.

There are several obvious unexplained issues with this data. First, while total and occupied units in Hunterdon and Somerset in 2010 match fairly well with the census figures for that year, Middlesex shows about 5% more total units in the HUD-USPS data. Second, in the fourth quarter of 2011 all three counties show a large jump in no-stat addresses with a concomitant jump in total units. The size and abruptness of this change almost certainly indicate a data collection issue, not a change in real housing units. Finally, the fluctuations in both long- and short-term vacant addresses in Middlesex County seem surprisingly large.

Nevertheless, the basic trends in Somerset County for total addresses, occupied addresses and vacancy indicate a slow and steady growth in total housing accompanied by a similar growth in occupied addresses. Vacancy and no-stat rates are relatively stable (excepting the one anomalous jump in no-stat). From this, it seems likely that current Somerset vacancy rates are nearer the 2010 census figures of 1.1 for owner occupied and 6.1 for rental than the very high figures reported in the 2013 1-year ACS.

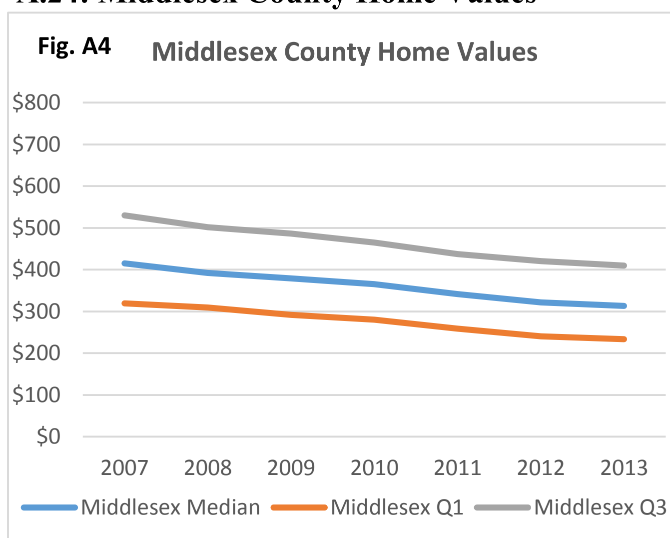
Home Values (Median, 1st and 3rd Quartiles, in 2013 Dollars, thousands. Source: ACS 1-year estimate, 2007-2013, values converted to 2013 dollars using BLS inflation ratios, http://data.bls.gov/cgi-bin/cpicalc.pl.) (A.23-26)

A.23: New Jersey Home Values



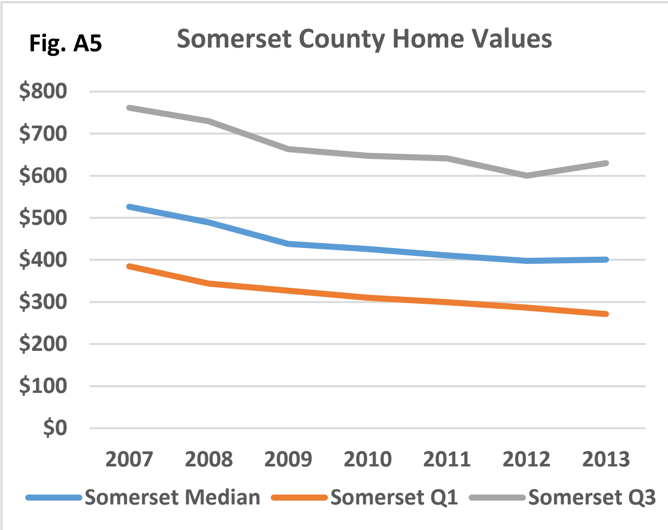
Source: ACS 1-year estimate 2007-2013

A.24: Middlesex County Home Values



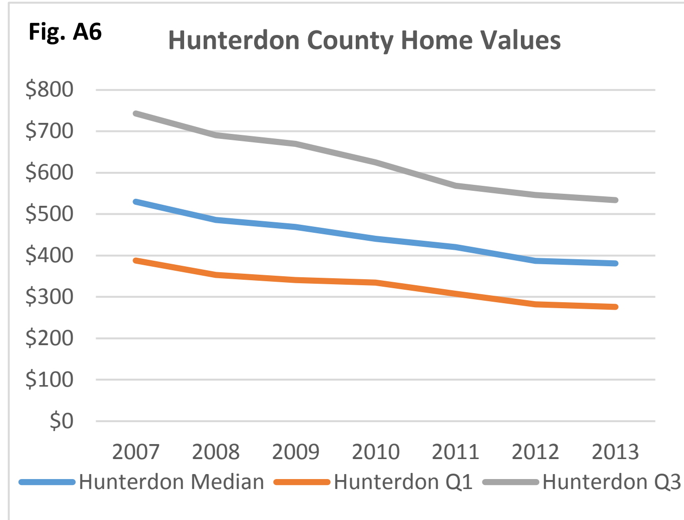
Source: ACS 1-year estimate 2007-2013

A.25 : Somerset County Home Values



Source: ACS 1-year estimate 2007-2013

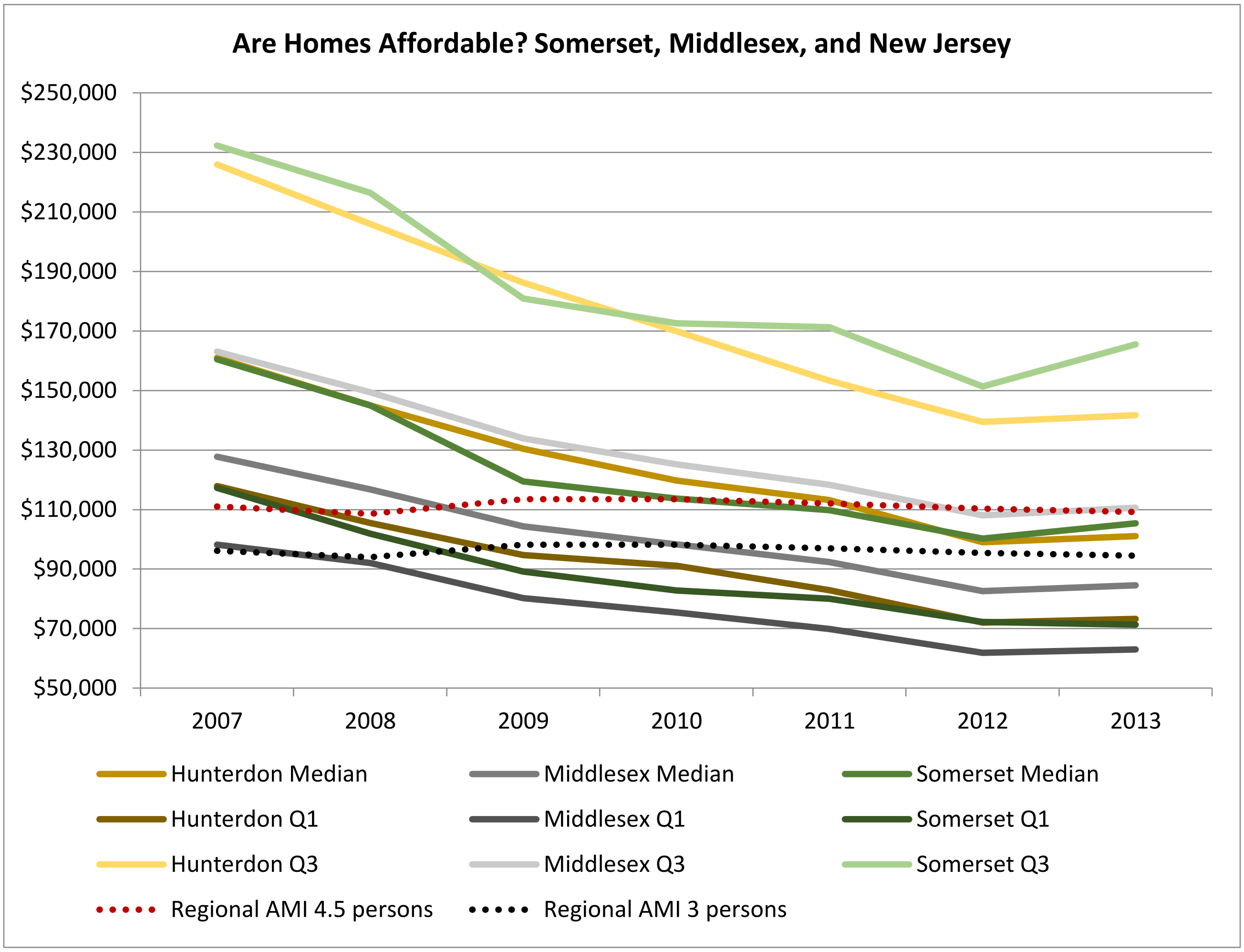
A.26: Hunterdon County HomeValues



Source: ACS 1-year estimate 2007-2013

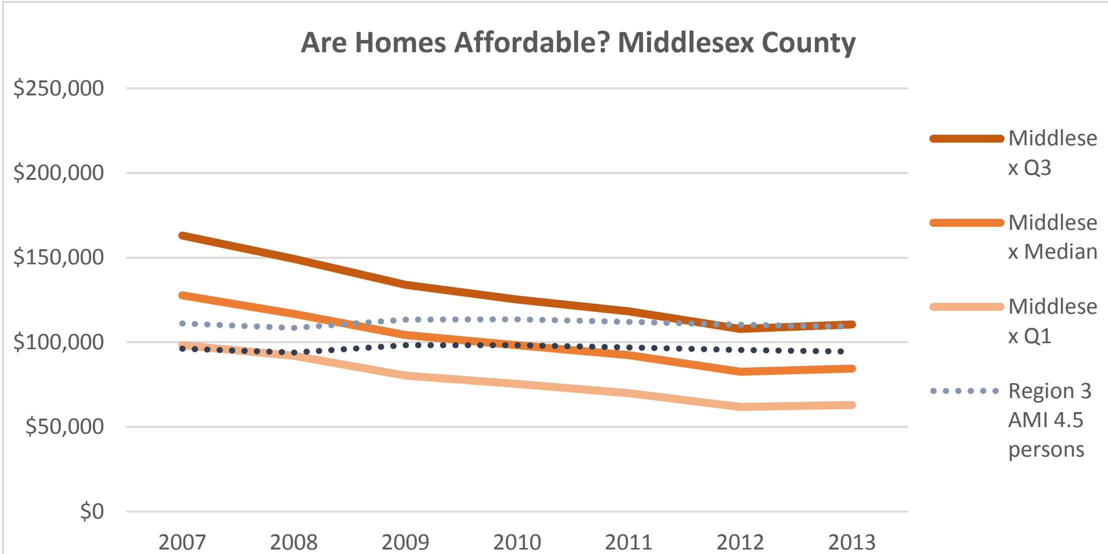
Housing Affordability (sources: ACS 1-year estimate, 2007-2013, BLS inflation calculator, Municipal Tax Tables, http://www.state.nj.us/treasury/taxation/lpt/taxrate.shtml) (A.27-29)

A.27: Are Homes Affordable? Somerset, Middlesex, and New Jersey



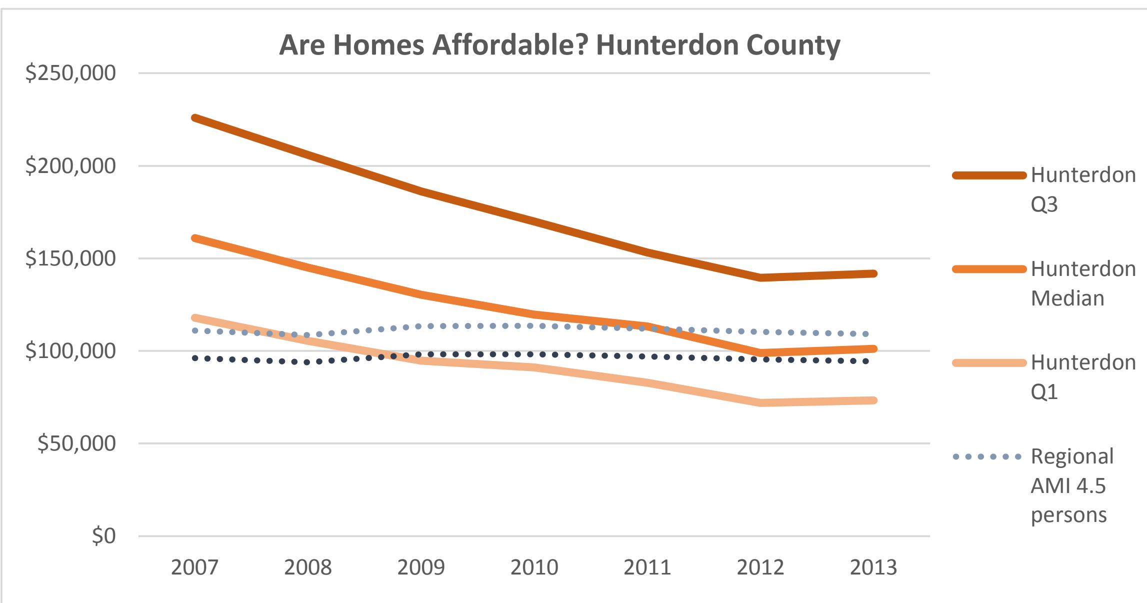
Sources: ACS 1-year estimate, 2007-2013, BLS inflation calculator, Municipal Tax Tables

A.28: Are Homes Affordable? Middlesex County



Sources: ACS 1-year estimate, 2007-2013, BLS inflation calculator, Municipal Tax Tables

A.29: Are Homes Affordable? Hunterdon County



Sources: ACS 1-year estimate, 2007-2013, BLS inflation calculator, Municipal Tax Tables

Appendix B: Employment, Transportation, and Natural Amenities

Employment (B.1-23)

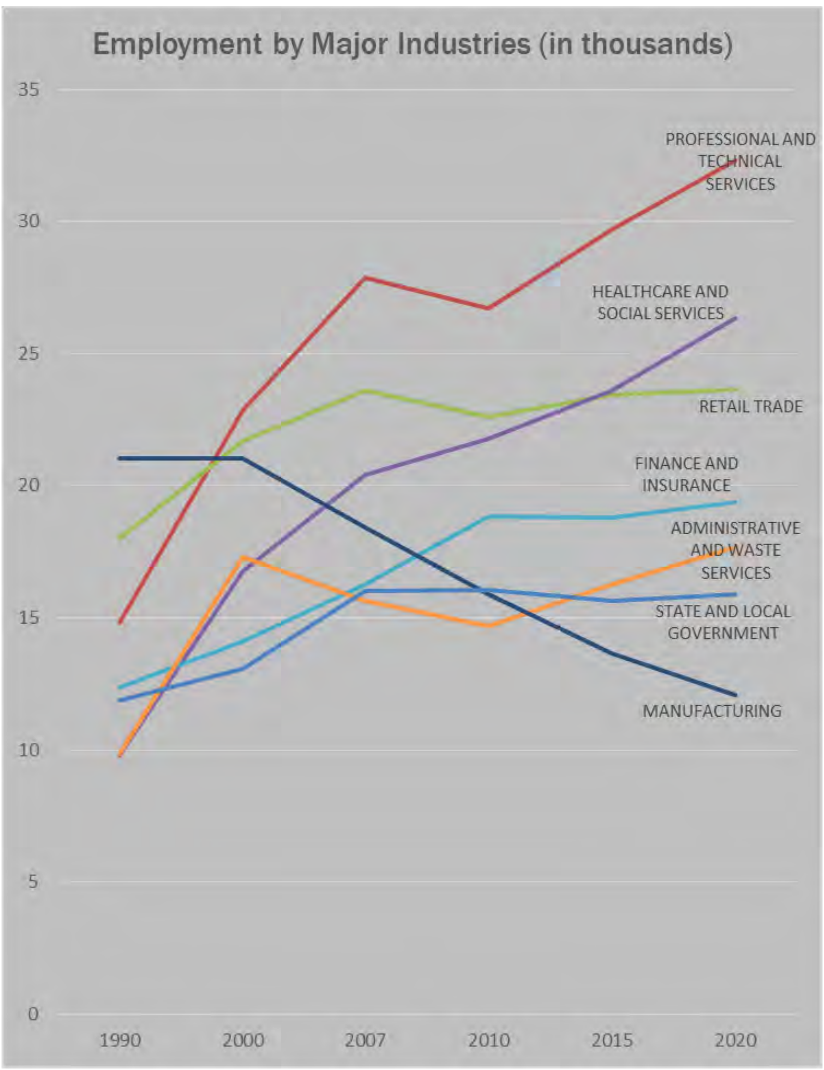
B.1: Largest Employers in Somerset County, NJ

COMPANY NAME	CITY	PRIMARY SIC DESCRIPTION
AT&T	Bridgewater	Telephone Companies
ABC Limousine	Bridgewater	Airport Transportation Service
Alpharma Inc	Bridgewater	Laboratories-Pharmaceutical (Mfrs)
Avaya Inc	Basking Ridge	Telecommunications Services
Bloomberg	Skillman	News Service
Catalent Pharma Solutions Inc	Somerset	Drug Millers (Mfrs)
Cegedim Dendrite	Bedminster	Business Management Consultants
Conva Tec	Princeton	Pharmaceutical Products-Wholesale
Courier News	Bridgewater	Advertising-Newspaper
Coworx Staffing Svc	Watchung	Employment Agencies & Opportunities
Devereux	Skillman	Group Homes
Drug Fair Group Inc	Somerset	Pharmacies
Ethicon Inc	Somerville	Drug Millers (Mfrs)
Fedders Corp	Liberty Corner	Air Conditioning Room Units – Mfrs
Hooper Homes Inc	Basking Ridge	Medical Examinations-Insurance
I3	Basking Ridge	Pharmaceutical Consultants
In Ventiv Health Inc	Somerset	Biotechnology Products & Services
Independence Technology LLC	Warren	Wheel Chairs-Manufacturers
Johnson & Johnson Cnsmr Prods	Skillman	Physicians & Surgeons Equip & Supls-Mfrs
Johnson & Johnson Rsrch & Dev	Raritan	Medical Equipment-Repairing
Life Sciences Research Inc	East Millstone	Pharmaceutical Research Laboratories

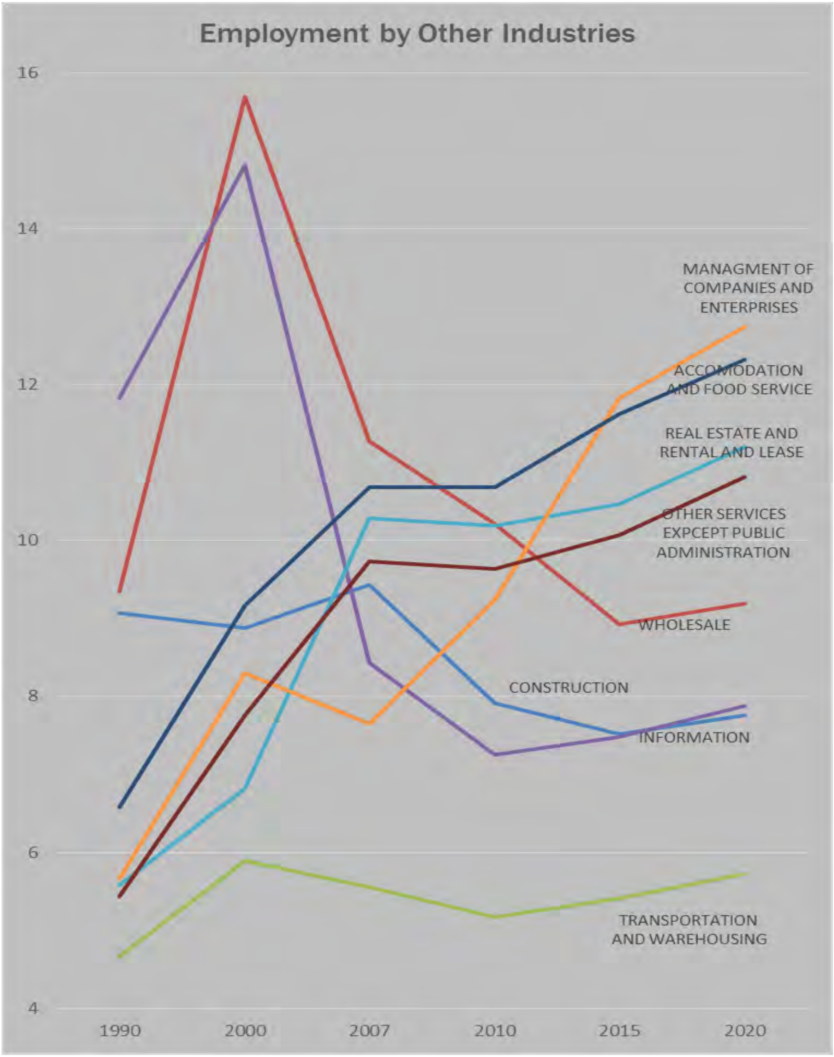
Met Life	Bridgewater	Insurance
Ortho Biotech Products LP	Bridgewater	Drug Millers (Mfrs)
Ortho-Clinical Diagnostics Inc	Raritan	Biological Products (Manufacturers)
Ortho-Mc Neil Pharmaceutical	Raritan	Biological Products (Manufacturers)
Philips Lighting Co	Somerset	Physicians & Surgeons Equip Supls-Mfrs
Tekni-Plex Inc	Branchburg	Packaging Materials-Wholesale
Verizon Wireless	Basking Ridge	Cellular Telephones (Services)

Source: Somerset County Business Partnership

B.2: Employment by Major Industries in Thousands



B.3: Employment by Other Industries



Source: Woods and Poole Economics, Inc., 2013

B.4: Health Care and Social Assistance Local Quotients (New Jersey Base)

Industry	Somerset County, NJ
NAICS 62 Health care and social assistance	0.78
Base Industry: Total, all industries	1
NAICS 6212 Offices of dentists	1
NAICS 62121 Offices of dentists	1

NAICS 621210 Offices of dentists	1
NAICS 62133 Offices of mental health practitioners	1.55
NAICS 621330 Offices of mental health practitioners	1.55
NAICS 621399 Offices of miscellaneous health practitioners	1.47
NAICS 6214 Outpatient care centers	0.67
NAICS 621498 All other outpatient care centers	1.57
NAICS 6215 Medical and diagnostic laboratories	1.98
NAICS 62151 Medical and diagnostic laboratories	1.98
NAICS 623 Nursing and residential care facilities	1.19
NAICS 6232 Residential mental health facilities	2
NAICS 62321 Residential developmental disability homes	2.8
NAICS 623210 Residential developmental disability homes	2.8
NAICS 6233 Continuing care, assisted living facilities	1.54
NAICS 62331 Continuing care, assisted living facilities	1.54
NAICS 623311 Continuing care retirement communities	1.67
NAICS 623312 Assisted living facilities for the elderly	1.18
NAICS 6239 Other residential care facilities	2.32
NAICS 62399 Other residential care facilities	2.32
NAICS 623990 Other residential care facilities	2.32
NAICS 62412 Services for the elderly and disabled	1.29
NAICS 624120 Services for the elderly and disabled	1.29
NAICS 62422 Community housing services	1.11

Source: U.S. Bureau of Labor Statistics, 2013

B.5: Professional and Technical Services Local Quotients (New Jersey base)

Industry	Somerset County, New Jersey
Base Industry: Total, all industries	1
Professional and business services	1.4
NAICS 54 Professional and technical services	1.33

NAICS 541 Professional and technical services	1.33
NAICS 5413 Architectural and engineering services	1.14
NAICS 54131 Architectural services	1.05
NAICS 541310 Architectural services	1.05
NAICS 54132 Landscape architectural services	1.04
NAICS 541320 Landscape architectural services	1.04
NAICS 54133 Engineering services	1.32
NAICS 541330 Engineering services	1.32
NAICS 5415 Computer systems design and related services	1.77
NAICS 54151 Computer systems design and related services	1.77
NAICS 541511 Custom computer programming services	1.98
NAICS 541512 Computer systems design services	1.74
NAICS 5416 Management and technical consulting services	1.38
NAICS 54161 Management consulting services	1.39
NAICS 541612 Human resources consulting services	1.43
NAICS 541613 Marketing consulting services	1.32
NAICS 541614 Process and logistics consulting services	1.45
NAICS 541618 Other management consulting services	3.13
NAICS 54162 Environmental consulting services	1.35
NAICS 541620 Environmental consulting services	1.35
NAICS 54169 Other technical consulting services	1.14
NAICS 541690 Other technical consulting services	1.14
NAICS 5417 Scientific research and development services	2.53
NAICS 54171 Physical, engineering and biological research	2.58
NAICS 541711 Research and development in biotechnology	2.45
NAICS 541712 Other physical and biological research	2.65
NAICS 5418 Advertising, PR, and related services	1.26
NAICS 54181 Advertising agencies	1.22
NAICS 541810 Advertising agencies	1.22

NAICS 54182 Public relations agencies	1.11
NAICS 541820 Public relations agencies	1.11
NAICS 54189 Other services related to advertising	4.99
NAICS 541890 Other services related to advertising	4.99
NAICS 5419 Other professional and technical services	1.39
NAICS 54191 Marketing research and public opinion polling	2.39
NAICS 541910 Marketing research and public opinion polling	2.39
NAICS 54199 All other professional and technical services	1.25
NAICS 541990 All other professional and technical services	1.25

Source: U.S. Bureau of Labor Statistics, 2013

B.6: Manufacturing Local Quotients (New Jersey base)

Industry	Somerset County
Base Industry: Total, all industries	1
NAICS 31152 Ice cream and frozen dessert manufacturing	2.6
NAICS 311520 Ice cream and frozen dessert manufacturing	2.6
NAICS 325 Chemical manufacturing	2.44
NAICS 32541 Pharmaceutical and medicine manufacturing	3.6
NAICS 325412 Pharmaceutical preparation manufacturing	2.96
NAICS 3259 Other chemical product and preparation mfg.	3.04
NAICS 32599 All other chemical preparation manufacturing	4.1
NAICS 325992 Photographic film and chemical manufacturing	9.81
NAICS 326140 Polystyrene foam product manufacturing	10.72
NAICS 3312 Steel product mfg. from purchased steel	5.04
NAICS 33272 Turned product and screw, nut, and bolt mfg.	2.5
NAICS 33299 All other fabricated metal product mfg.	1.98
NAICS 332996 Fabricated pipe and pipe fitting mfg.	6.38
NAICS 3332 Industrial machinery manufacturing	2.51
NAICS 333249 Other industrial machinery manufacturing	4.29

NAICS 3335 Metalworking machinery manufacturing	2.86
NAICS 33422 Broadcast and wireless communications equip.	3.32
NAICS 33441 Semiconductor and electronic component mfg.	1.59
NAICS 339 Miscellaneous manufacturing	2.13
NAICS 3391 Medical equipment and supplies manufacturing	3.05

Source: U.S. Bureau of Labor Statistics, 2013

B.7: Retail Trade Local Quotients (New Jersey base)

Industry	Somerset County, New Jersey
Base Industry: Total, all industries	1
NAICS 4411 Automobile dealers	1.11
NAICS 4422 Home furnishings stores	1.07
NAICS 44229 Other home furnishings stores	1.29
NAICS 443 Electronics and appliance stores	1.47
NAICS 4431 Electronics and appliance stores	1.47
NAICS 44314 Electronics and appliance stores	1.47
NAICS 443142 Electronics stores	1.56
NAICS 4442 Lawn and garden equipment and supplies stores	2.22
NAICS 44421 Outdoor power equipment stores	1.04
NAICS 444210 Outdoor power equipment stores	1.04
NAICS 44422 Nursery, garden, and farm supply stores	2.44
NAICS 444220 Nursery, garden, and farm supply stores	2.44
NAICS 44529 Other specialty food stores	1.46
NAICS 445292 Confectionery and nut stores	2.7
NAICS 445299 All other specialty food stores	1.37
NAICS 44613 Optical goods stores	1.05
NAICS 446130 Optical goods stores	1.05
NAICS 446191 Food, health, supplement stores	1.02
NAICS 44813 Children's and infants' clothing stores	1.26

NAICS 448130 Children's and infants' clothing stores	1.26
NAICS 44814 Family clothing stores	1.45
NAICS 448140 Family clothing stores	1.45
NAICS 4482 Shoe stores	1.1
NAICS 44821 Shoe stores	1.1
NAICS 448210 Shoe stores	1.1
NAICS 451 Sports, hobby, music instrument, book stores	1.08
NAICS 4511 Sporting goods and musical instrument stores	1.18
NAICS 45111 Sporting goods stores	1.18
NAICS 451110 Sporting goods stores	1.18
NAICS 45112 Hobby, toy, and game stores	1.37
NAICS 451120 Hobby, toy, and game stores	1.37
NAICS 452111 Department stores, except discount	1.01
NAICS 4531 Florists	1.12
NAICS 45311 Florists	1.12
NAICS 453110 Florists	1.12
NAICS 45321 Office supplies and stationery stores	1.14
NAICS 453210 Office supplies and stationery stores	1.14
NAICS 45391 Pet and pet supplies stores	1.14
NAICS 453910 Pet and pet supplies stores	1.14
NAICS 45392 Art dealers	1.04
NAICS 453920 Art dealers	1.04
NAICS 4542 Vending machine operators	1.41
NAICS 45421 Vending machine operators	1.41
NAICS 454210 Vending machine operators	1.41

Source: U.S. Bureau of Labor Statistics, 2013

B.8: Finance and Insurance Local Quotients (New Jersey base)

Industry	Somerset County, New Jersey
Base Industry: Total, all industries	1
Financial activities	1.04
NAICS 52 Finance and insurance	1.1
NAICS 52222 Sales financing	2.03
NAICS 522220 Sales financing	2.03
NAICS 52313 Commodity contracts dealing	3.34
NAICS 523130 Commodity contracts dealing	3.34
NAICS 52392 Portfolio management	2.03
NAICS 523920 Portfolio management	2.03
NAICS 524 Insurance carriers and related activities	1.65
NAICS 5241 Insurance carriers	2.12
NAICS 52411 Direct life and health insurance carriers	3.11
NAICS 524126 Direct property and casualty insurers	1.08
NAICS 5242 Insurance agencies and brokerages	1.03
NAICS 52429 Other insurance related activities	1.38
NAICS 524291 Claims adjusting	1.15
NAICS 524298 All other insurance related activities	2.4

Source: U.S. Bureau of Labor Statistics, 2013

B.9: Administrative and Health Services Local Quotients (New Jersey base)

Industry	Somerset County, New Jersey
Base Industry: Total, all industries	1
NAICS 56 Administrative and waste services	1.13
NAICS 561 Administrative and support services	1.18
NAICS 5611 Office administrative services	1.34
NAICS 56111 Office administrative services	1.34
NAICS 561110 Office administrative services	1.34
NAICS 5612 Facilities support services	1.05

NAICS 56121 Facilities support services	1.05
NAICS 561210 Facilities support services	1.05
NAICS 5613 Employment services	1.19
NAICS 56131 Employment placement and executive search	1.52
NAICS 561311 Employment placement agencies	1.71
NAICS 56132 Temporary help services	1.26
NAICS 561320 Temporary help services	1.26
NAICS 5615 Travel arrangement and reservation services	1.31
NAICS 56173 Landscaping services	1.69
NAICS 561730 Landscaping services	1.69
NAICS 56179 Other services to buildings and dwellings	1.4
NAICS 561790 Other services to buildings and dwellings	1.4
NAICS 5619 Other support services	3.9
NAICS 56199 All other support services	7.7
NAICS 561990 All other support services	7.7

Source: U.S. Bureau of Labor Statistics, 2013

B.10: Total Employment in Somerset, Hunterdon, and Middlesex Counties and New Jersey

Employment 1990-2020 in thousands				
Year	Somerset	Hunterdon	Middlesex	New Jersey
1990	165.24	53.826	412.538	4309.708
1995	182.597	56.545	425.332	4296.377
2000	215.616	69.006	479.147	4712.709
2005	215.077	75.672	490.606	4980.35
2010	220.044	76.296	490.313	4962.091
2015	228.864	79.902	507.966	5137.518
2020	240.919	85.316	532.335	5375.727

Source: Woods and Poole Economics, Inc., 2013

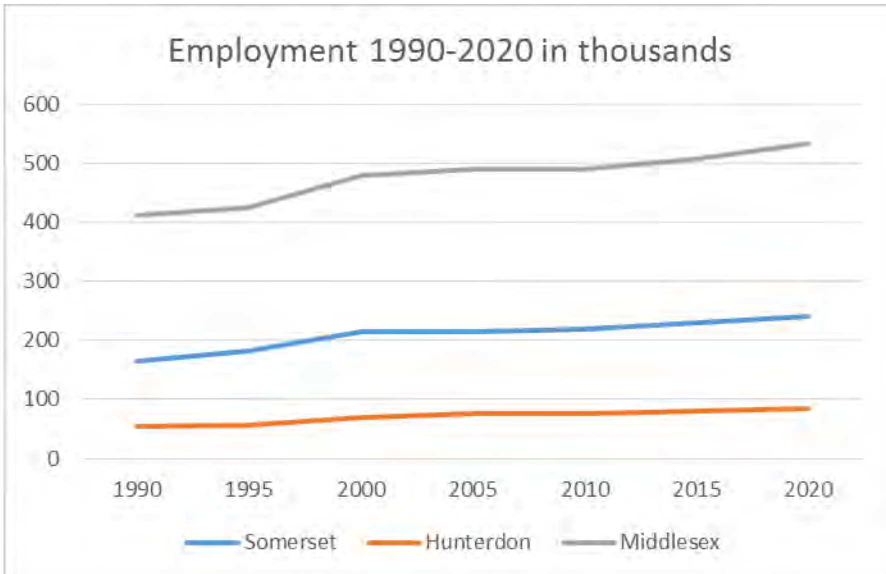
B.11: Total Employment by Industry in Somerset, Hunterdon, and Middlesex Counties and New Jersey

Manufacturing Employment (in thousands of jobs)				
Year	**Somerset**	**Hunterdon**	**Middlesex**	**New Jersey**
2000	21.01	4.4	57.42	428.77
2005	18.34	3.82	44.3	341.39
2010	15.87	3.06	34.08	271.52
2015	13.67	2.73	29.43	243.46
2020	12.081	2.433	25.952	217.119
Professional and Technical Services				
Year	**Somerset**	**Hunterdon**	**Middlesex**	**New Jersey**
2000	22.87	8.368	52.608	379.673
2005	24.496	8.473	47.216	397.159
2010	26.704	8.39	50.756	416.254
2015	29.711	8.254	54.243	449.785
2020	32.287	8.536	58.946	481.741
Retail Trade				
Year	**Somerset**	**Hunterdon**	**Middlesex**	**New Jersey**
2000	21.701	8.4	49.215	526.11
2005	23.942	8.941	47.137	545.063
2010	22.591	8.654	46.234	517.553
2015	23.423	9.029	46.499	534.816
2020	23.621	9.122	48.022	546.383
Healthcare and Social Services				
Year	**Somerset**	**Hunterdon**	**Middlesex**	**New Jersey**
2000	16.763	6.027	34.643	466.071
2005	19.215	6.474	38.838	521.509

2010	21.779	7.569	44.894	575.019
2015	23.594	8.387	49.645	619.23
2020	26.34	9.419	56.553	679.113
Finance and Insurance Employment				
Year	**Somerset**	**Hunterdon**	**Middlesex**	**New Jersey**
2000	14.088	2.97	28.359	272.507
2005	14.629	4.767	25.537	286.515
2010	18.813	6.578	26.375	340.069
2015	18.795	7.631	25.337	343.318
2020	19.37	9.418	26.195	363.531
Administrative and Waste Services				
Year	**Somerset**	**Hunterdon**	**Middlesex**	**New Jersey**
2000	17.312	3.622	41.324	297.71
2005	16.264	3.267	43.37	311.373
2010	14.693	2.678	43.391	303.552
2015	16.273	2.766	48.084	332.893
2020	17.663	2.805	51.315	359.007
State and Local Government				
Year	**Somerset**	**Hunterdon**	**Middlesex**	**New Jersey**
2000	13.057	7.546	50.618	507.254
2005	15.506	9.319	56.963	569.318
2010	16.043	9.098	56.824	561.152
2015	15.626	8.94	56.673	549.928
2020	15.876	9.186	57.678	560.29

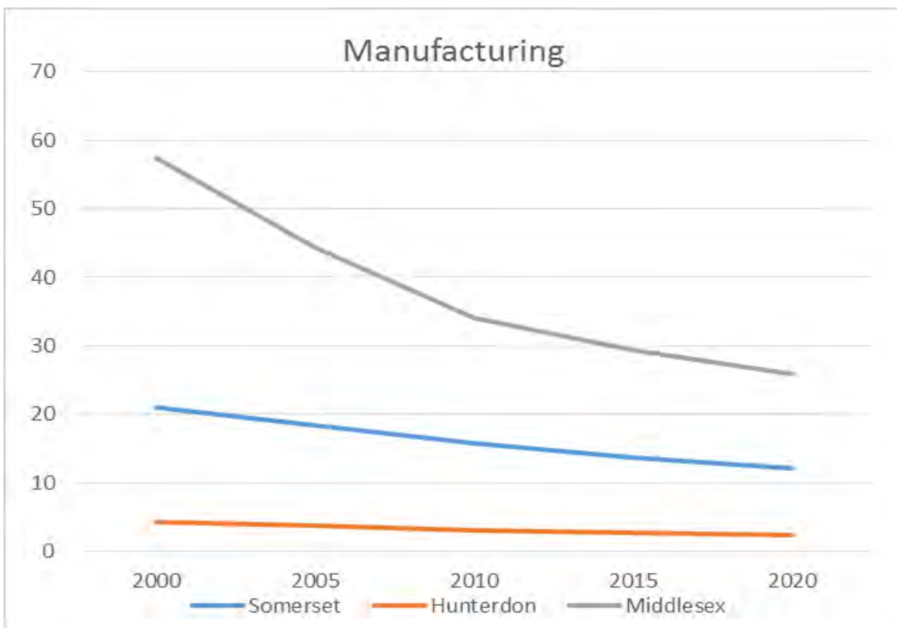
Source: Woods and Poole Economics, Inc., 2013

B.12: Total Employment in Somerset, Hunterdon, and Middlesex Counties



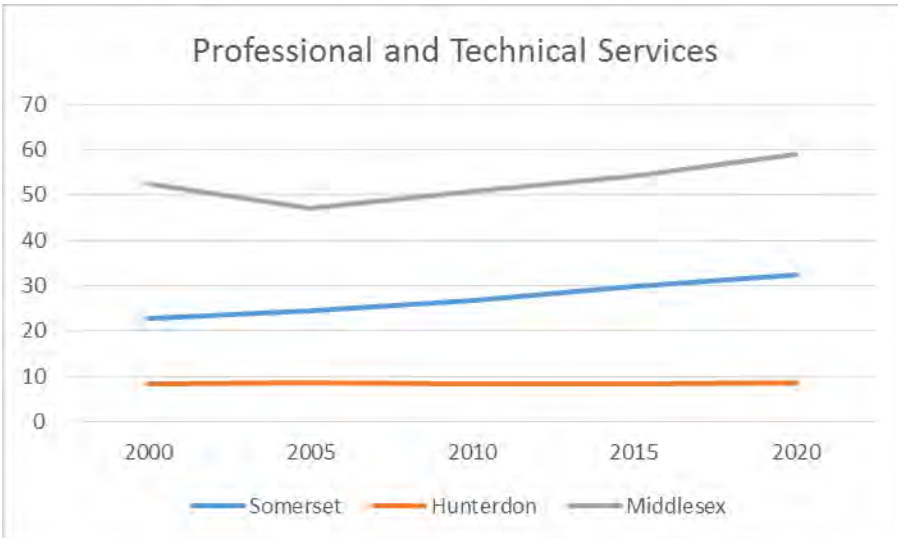
Source: Woods and Poole Economics, Inc., 2013

B.13: Total Manufacturing Employment in Somerset, Hunterdon, and Middlesex Counties



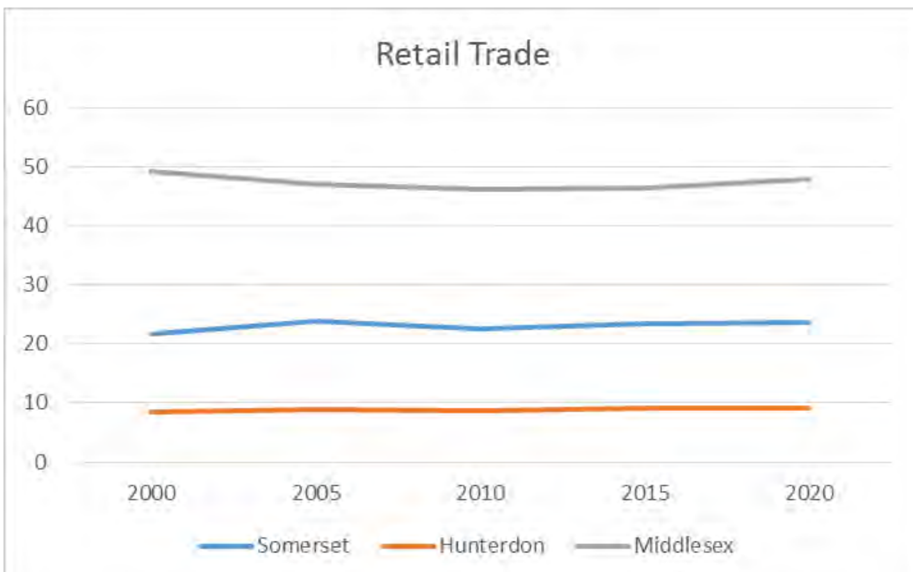
Source: Woods and Poole Economics, Inc., 2013

B.14: Total Professional and Technical Services Employment in Somerset, Hunterdon, and Middlesex Counties



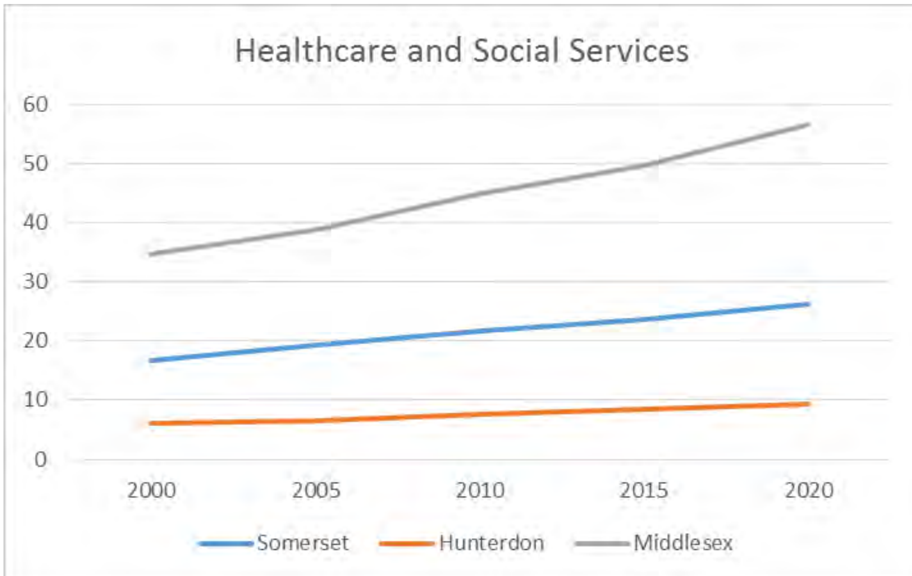
Source: Woods and Poole Economics, Inc., 2013

B.15: Total Retail Trade Employment in Somerset, Hunterdon, and Middlesex Counties



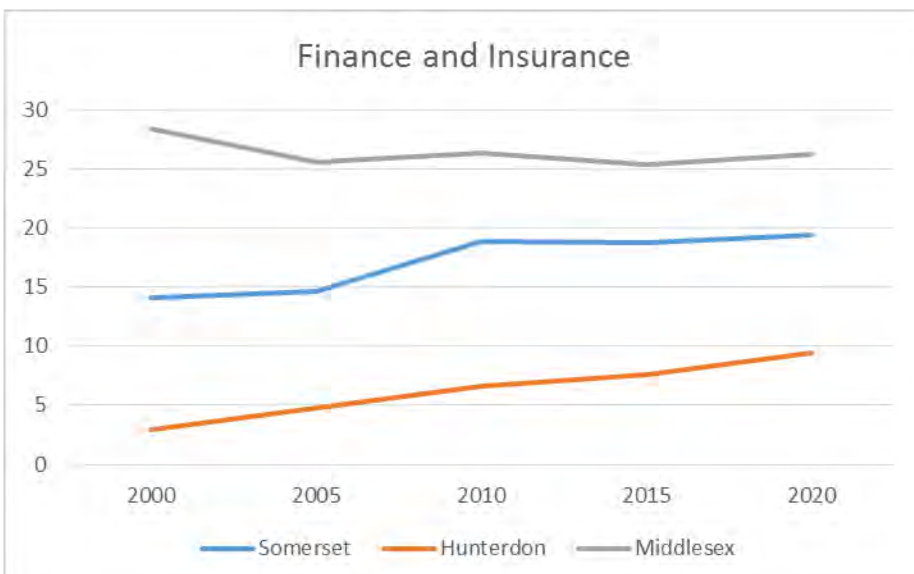
Source: Woods and Poole Economics, Inc., 2013

B.16: Total Healthcare and Social Services Employment in Somerset, Hunterdon, and Middlesex Counties



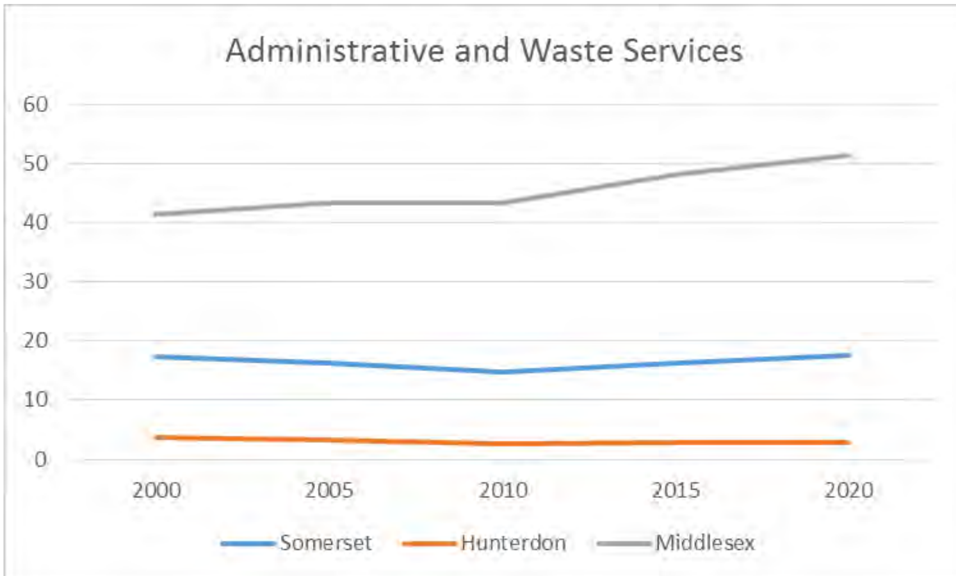
Source: Woods and Poole Economics, Inc., 2013

B.17: Total Finance and Insurance Employment in Somerset, Hunterdon, and Middlesex Counties



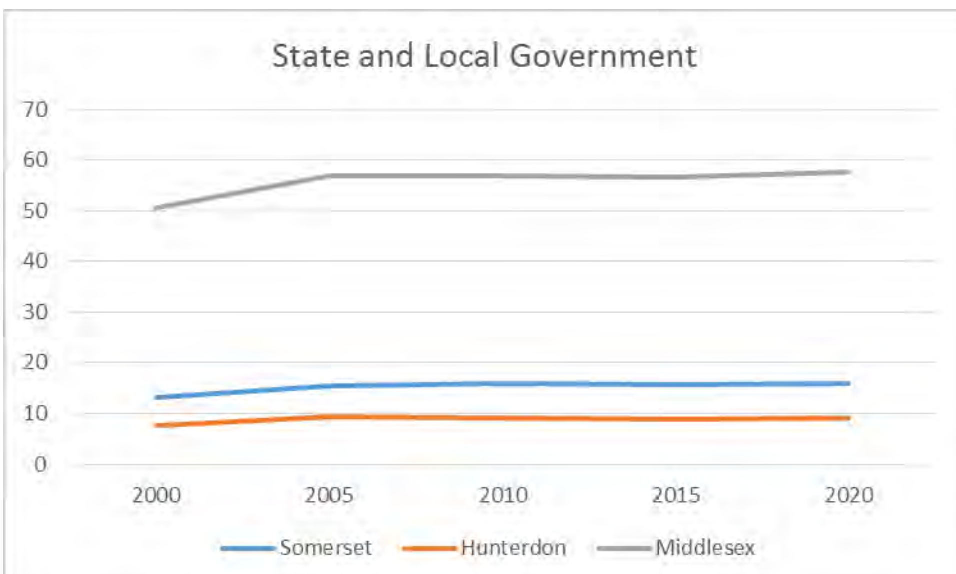
Source: Woods and Poole Economics, Inc., 2013

B.18: Total Administrative and Waste Services Employment in Somerset, Hunterdon, and Middlesex Counties



Source: Woods and Poole Economics, Inc., 2013

B.19: Total State and Local Government employment in Somerset, Hunterdon, and Middlesex Counties



Source: Woods and Poole Economics, Inc., 2013

B.20: Mean Household Total Personal Income Change (CAGR)

CAGR	1990-2000	2000-2007	2007-2010	2010-2015	2015-2020
Somerset	5.8%	3.1%	-0.3%	2.8%	4.6%
Hunterdon	6.2%	3.2%	-0.5%	2.4%	3.8%
Middlesex	4.5%	3.5%	1.7%	2.6%	4.3%

Mean Household Total Personal Income 2015: $218,269

Source: Woods and Poole Economics, Inc., 2013

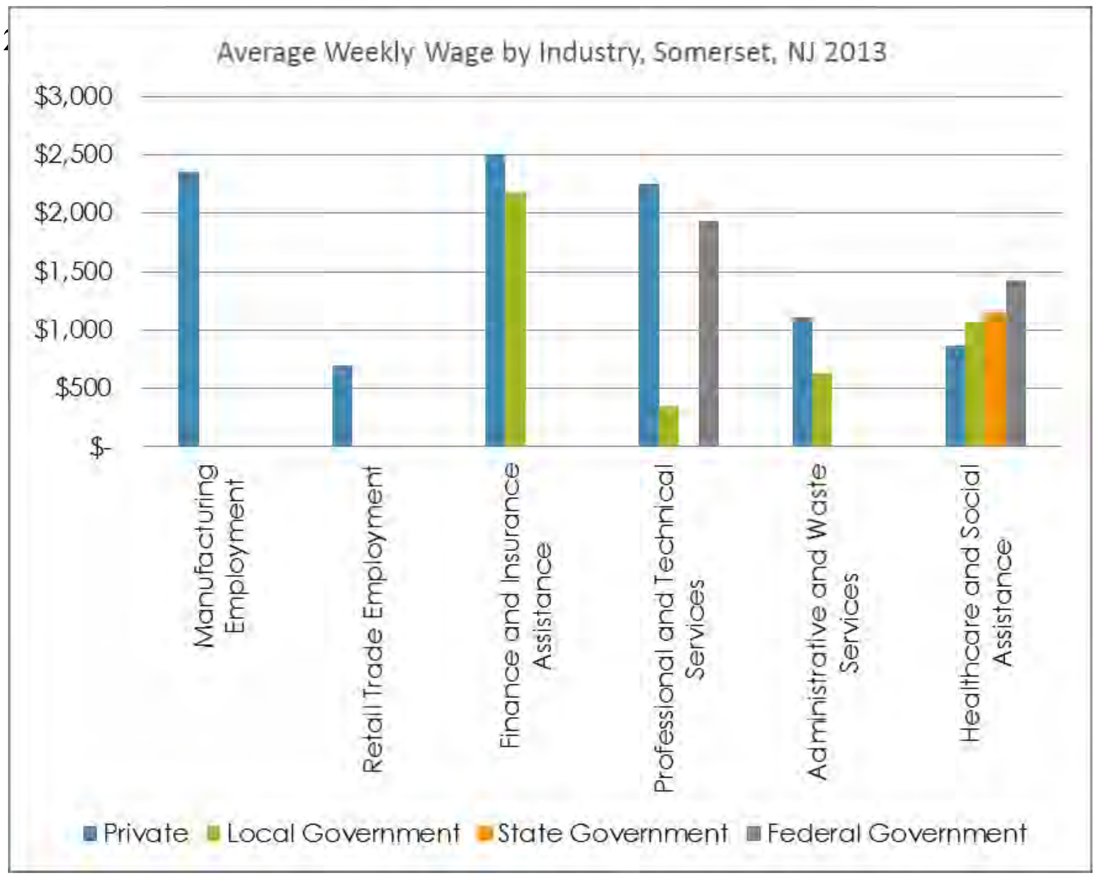
B.21: Mean Household Total Personal Income

(in current dollars)

MEAN HOUSEHOLD TOTAL PERSONAL INCOME	1990	2000	2007	2010	2015	2020
Somerset	88477	155054	191519	190053	218269	273357
Hunterdon	79348	144657	180066	177247	199833	**241116**

Source: Woods and Poole Economics, Inc., 2013

B.22: Average Weekly Wage by Industry, Somerset, NJ,



Source: U.S. Bureau of Labor Statistics, 2013

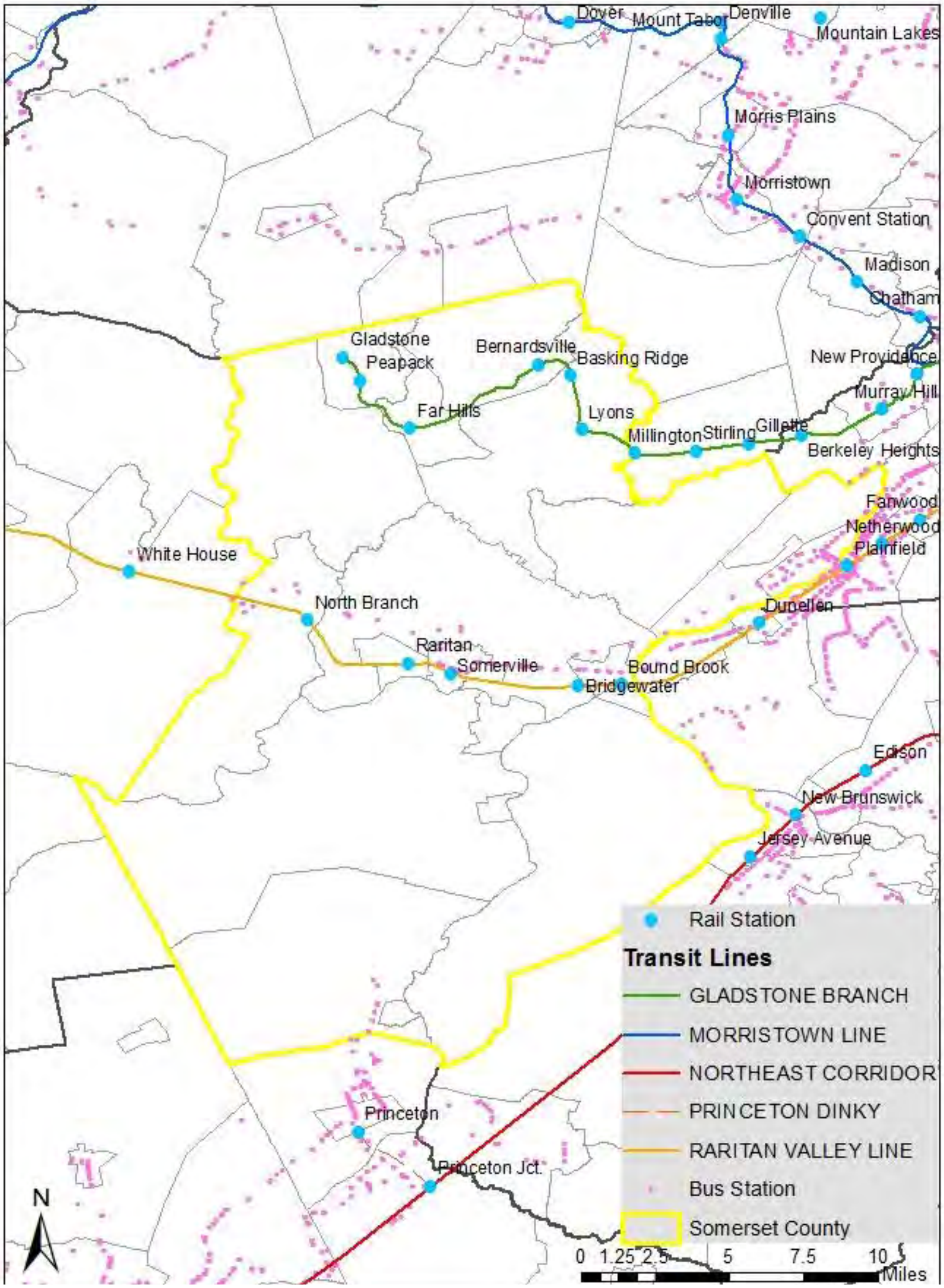
B.23: Average Weekly Wage by Main Industries, Somerset, 2007

Educational Services Employment (in thousands of jobs)				2010-2015 Change		2015-2020 Change	
	2010	2015	2020	Number	CAGR	Number	CAGR
Somerset County	5.133	5.905	7.18	0.772	2.84%	1.275	3.99%
Middlesex County	7.501	8.312	9.259	0.811	2.07%	0.947	2.18%
New Jersey	121.321	137.111	152.372	15.79	2.48%	15.261	2.13%

Source: Woods and Poole Economics, Inc., 2013

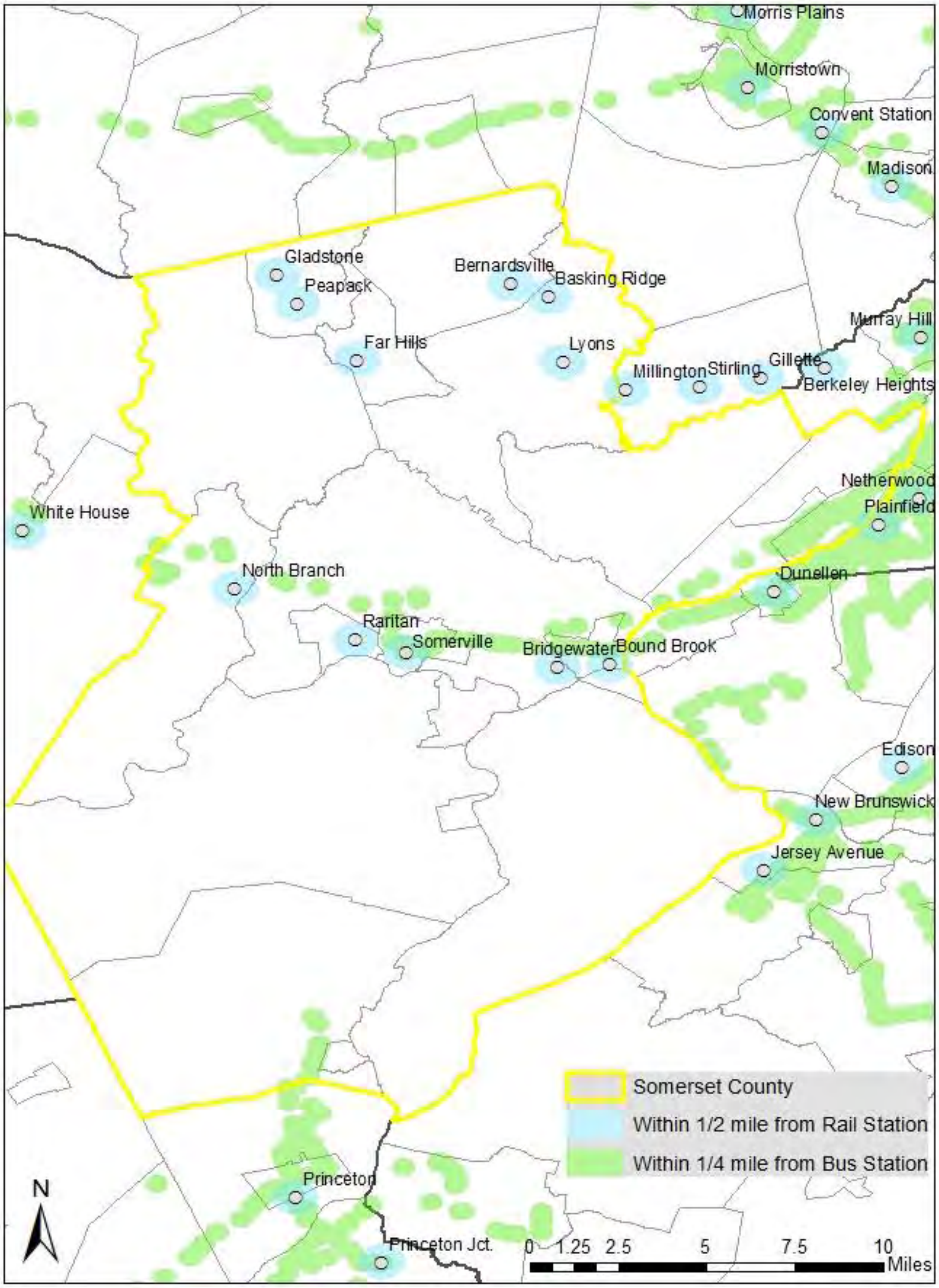
Transportation (B.24-31)

B.24: NJ Transit Bus & Rail



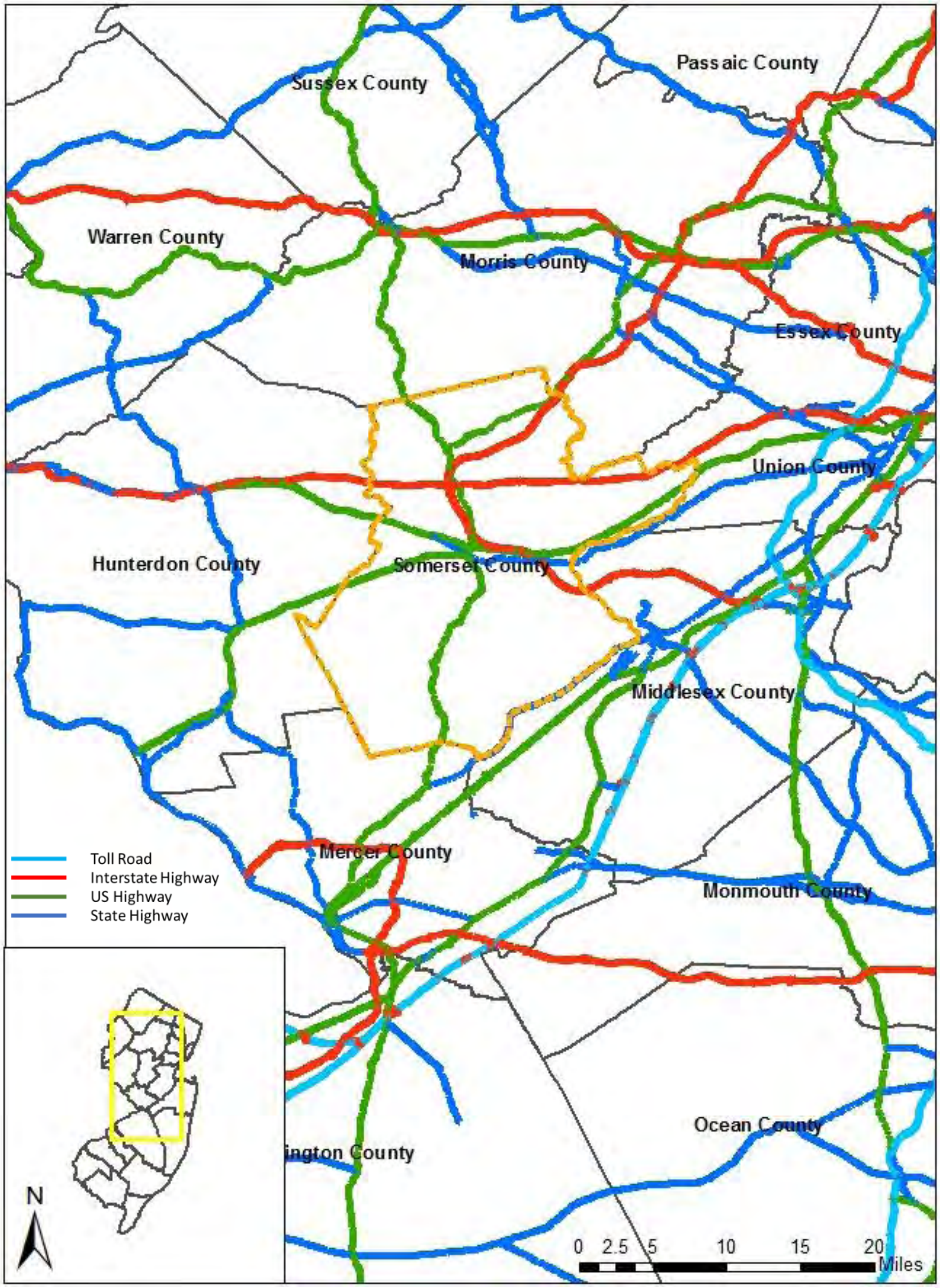
Source: New Jersey Geographical Information Network 2014, NJ TRANSIT 2013

B.25: Distance from NJ Transit Bus & Rail Stations in Somerset County, NJ



Source: New Jersey Geographical Information Network 2014, NJ TRANSIT 2013

B.26: New Jersey State Highway System



Source: New Jersey Geographical Information Network 2014

B.27: Transportation Mode Choice for Workers 16 years and over in Somerset County, NJ

Workers 16 years and over	Drove Alone		Carpooled		Public Transportation	
	Number	**% of Total**	**Number**	**% of Total**	**Number**	**% of Total**
2005	126,169	80.2%	13,098	8.3%	8,785	5.6%
2006	127,233	78.5%	14,502	9.0%	9,424	5.8%
2007	130,726	80.0%	11,336	6.9%	9,282	5.7%
2008	124,258	74.6%	21,620	13.0%	8,584	5.2%
2009	121,470	76.9%	16,062	10.2%	7,582	4.8%
2010	129,505	79.5%	12,703	7.8%	8,696	5.3%
2011	129,864	80.6%	12,944	8.0%	6,288	3.9%
2012	126,732	77.6%	12,727	7.8%	7,933	4.9%
2013	133,341	79.0%	13,243	7.8%	7,223	4.3%

Source: NJ Department of Transportation, 2013

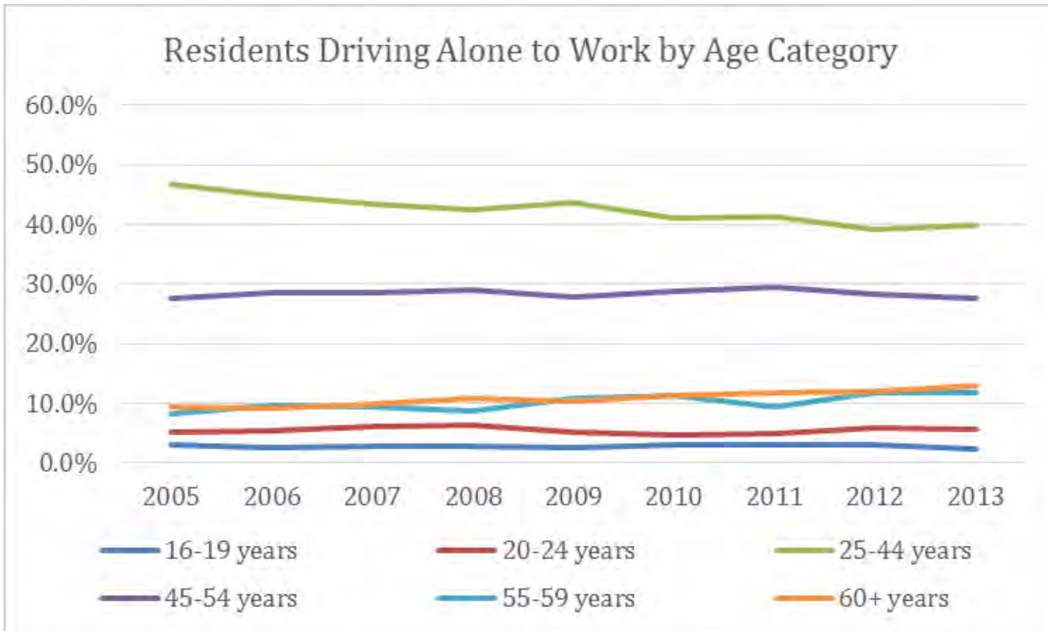
B.28: Transportation Mode Choice by Gender for Workers 16 years and over in Somerset County, NJ

	Male			Female		
	Drove Alone	**Carpooled**	**Public Transportation**	**Drove Alone**	**Carpooled**	**Public Transportation**
2005	54.8%	53.2%	75.8%	45.2%	46.8%	24.2%
2006	52.5%	57.6%	59.7%	47.5%	42.4%	40.3%
2007	54.2%	56.1%	66.7%	45.8%	43.9%	33.3%
2008	53.4%	65.7%	65.6%	46.6%	34.3%	34.4%
2009	51.7%	68.2%	63.4%	48.3%	31.8%	36.6%
2010	51.6%	51.8%	63.6%	48.4%	48.2%	36.4%
2011	54.3%	52.8%	57.8%	45.7%	47.2%	42.2%
2012	53.7%	54.7%	53.5%	46.3%	45.3%	46.5%

2013	53.8%	51.4%	68.0%	46.2%	48.6%	32.0%

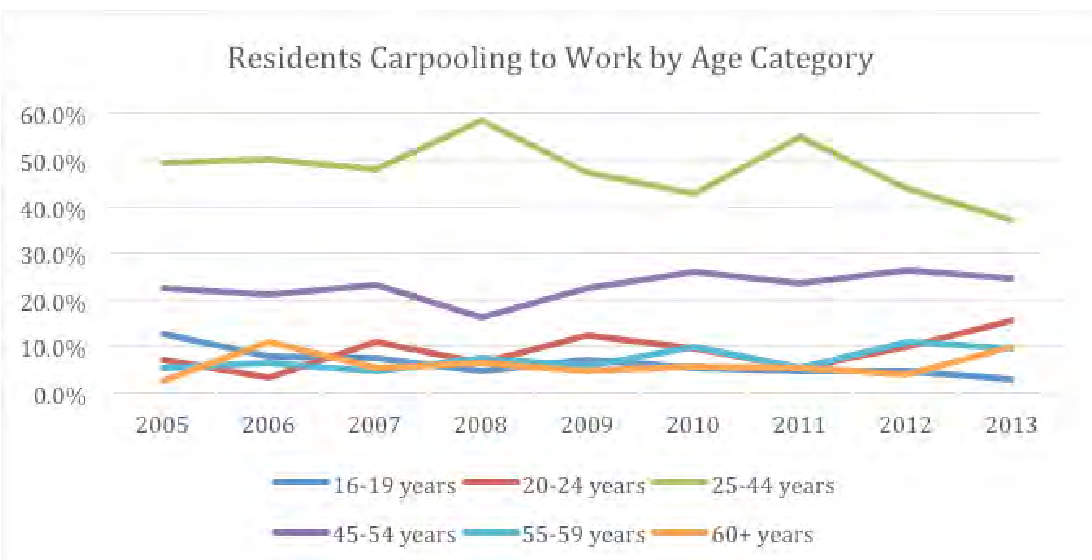
Source: NJ Department of Transportation, 2013

B.29: Residents Driving Alone to Work by Age Category, Somerset County, NJ



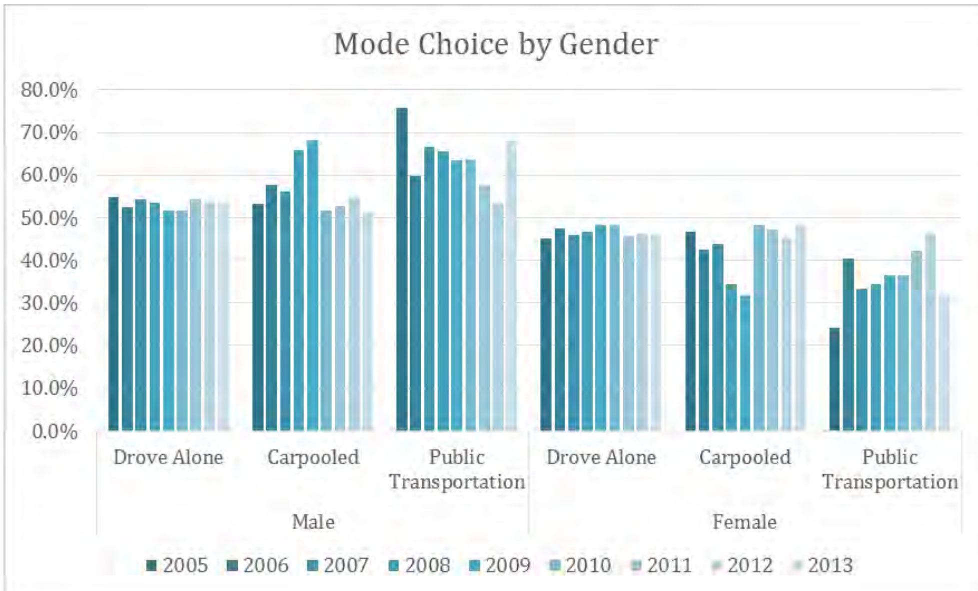
Source: NJ Department of Transportation, 2005-2013

B.30: Residents Carpooling to Work by Age Category, Somerset County, NJ



Source: NJ Department of Transportation, 2005-2013

B.31: Mode Choice by Gender in Somerset County, NJ



Source: NJ Department of Transportation 2005-2013

Appendix C: Residential Market Analysis

C.1: Additional Complexes Used in Residential Trade Area Analysis

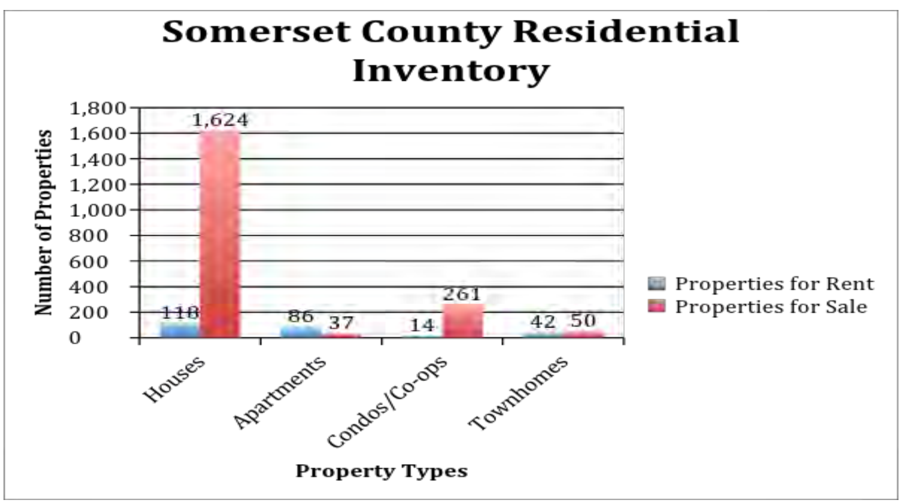
Development	Municip-ality	County	Studio	1 –bd	2-bd	3-bd	Features
Meridia Main Station	Bound Brook	Somerset		$1300-$1600	$1500-$1800		LEED, Luxury Amenities
Queens Gate	Bound Brook	Somerset			$2050-$2760		Luxury
AVE Somerset	Somerset	Somerset		$1745-$2095	$2295-$2535		Luxury
Avalon Somerset	Somerset	Somerset	$1,585	$1670-$2000	$2280-$2815	$2380-$2500	Luxury
Avalon Watchung	Watch-ung	Somerset		$1641-$1854	$1975-$2415		Club House, Pool
Woodmont Square at Bridgewater	Bridge-water	Somerset			$2080-$2250		Luxury
River Park at Raritan	Bridge-water	Somerset		$1725-$1885	$2020-$2500		Luxury, Customization
Sunnymeade Run	Hillsboro ugh	Somerset		$1595-$1645	$1795-$2445		Townhome Apartments
Stone Bridge at Raritan	Raritan	Somerset			$1895-$2245	$2595-$2795	
Princeton Terrace at West Windsor	West Windsor	Mercer			$2275-$2520		Luxury
Avalon Run	Lawrenc eville	Mercer		$1215-$1600	$1505-$1825	$1605-$1800	Energy Star, Pool, Fitness

Avalon at Princeton Junction	West Windsor	Mercer		$1355-$1445	$1695-$2235	$2,135	Energy Star, Pool, Fitness
Steward's Crossing	Lawrenceville	Mercer		$1,309	$1419-$1599	$2,059	Club House, Pool, Fitness Center
Aspen Court	Piscata-way	Middlesex		$1725-$1755	$1915-$2015		Energy Star, Pool
Vision Old Bridge	Old Bridge	Middlesex		$1,500	$1,800		High-end, Mixed-Use
Quail Ridge	Plains-boro	Middlesex	$995	$1040-$1110	$1320-$1550		Pool, Fitness
Woodbridge Hills*	Wood-bridge	Middlesex		$1260-$1550	$1525-$1850		Senior Living
Hyde Park Seniors*	Iselin	Middlesex		$1240-$1440	$1,495		Senior Living

Source: Apartment Finder, www.apartmentfinder.com

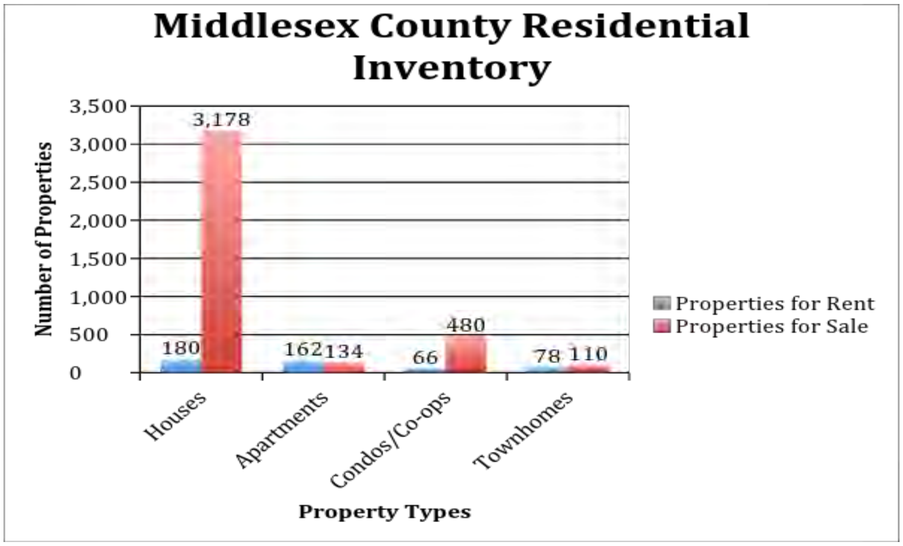
Residential Inventory Charts by County (C.2-6)

C.2: Somerset County Residential Inventory



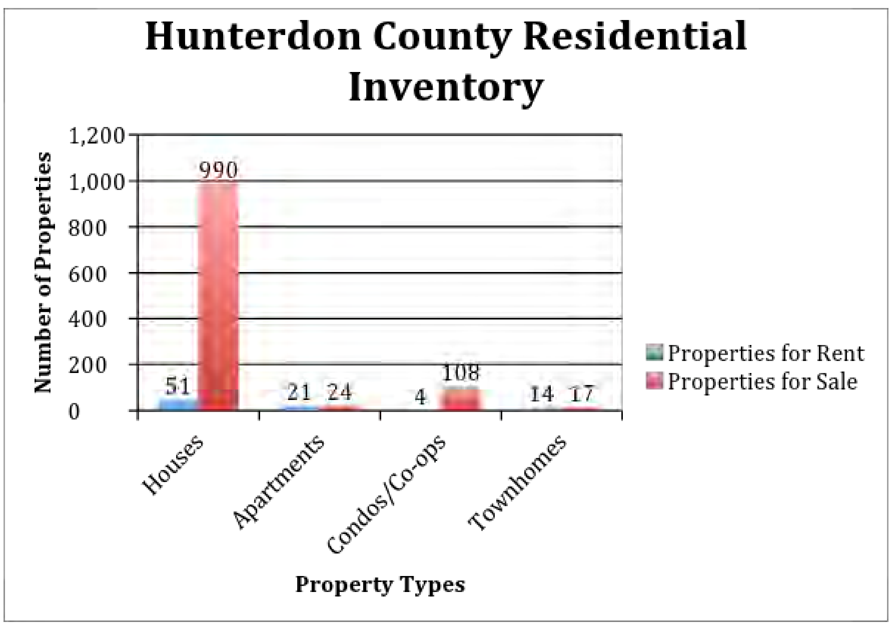
Source: Zillow.com (Sep. 2014 data)

C.3: Middlesex County Residential Inventory



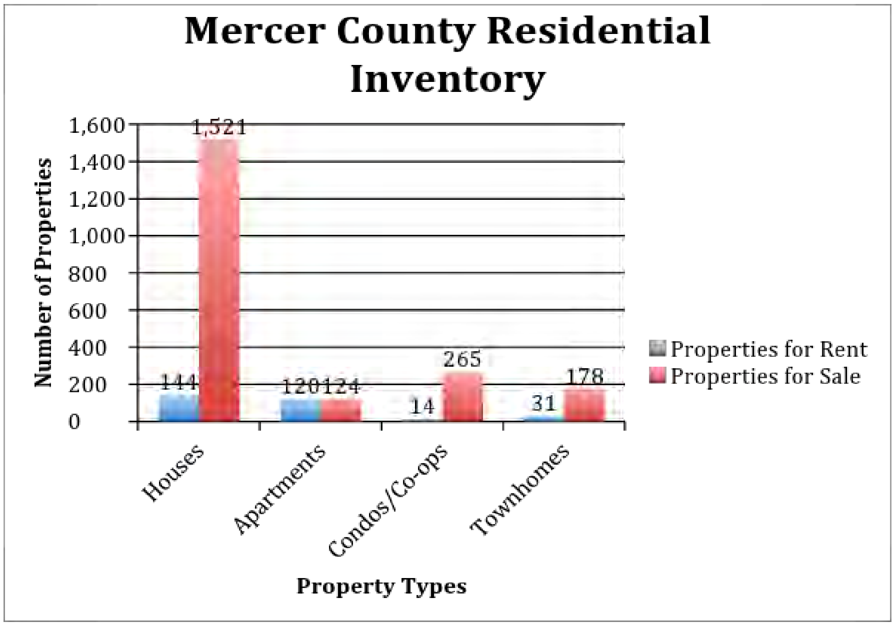
Source: Zillow.com (Sep. 2014 data)

C.4: Hunterdon County Residential Inventory



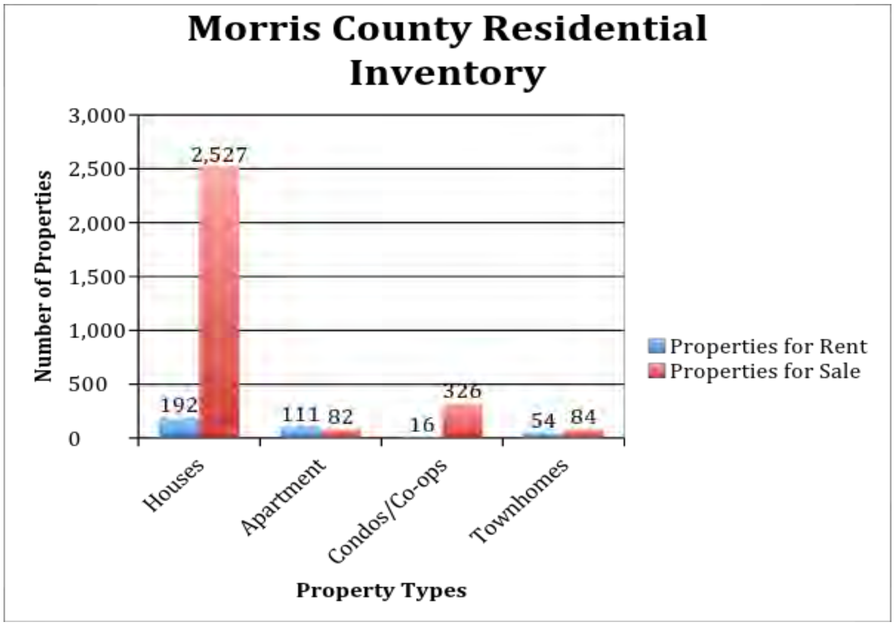
Source: Zillow.com (Sep. 2014 data)

C.5: Mercer County Residential Inventory



Source: Zillow.com (Sep. 2014 data)

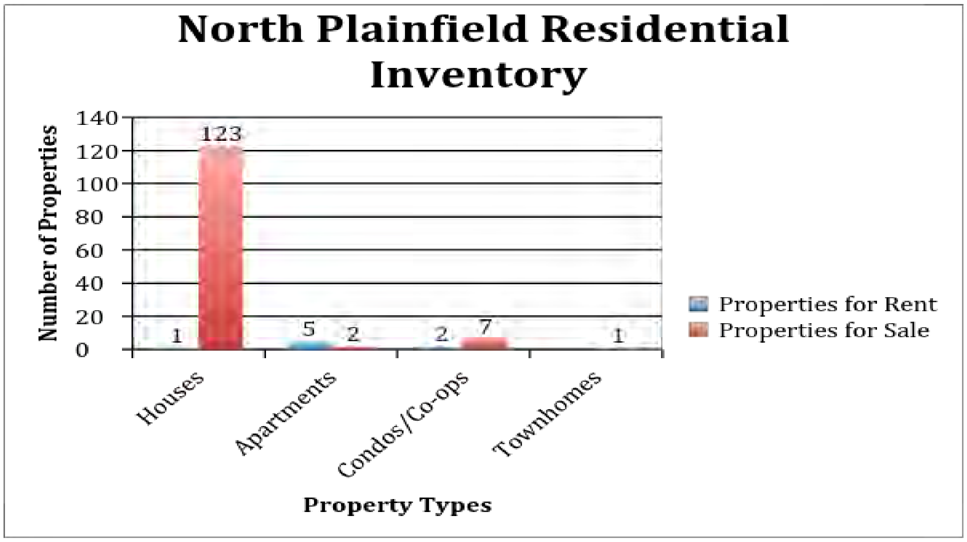
C.6: Morris County Residential Inventory



Source: Zillow.com (Sep. 2014 data)

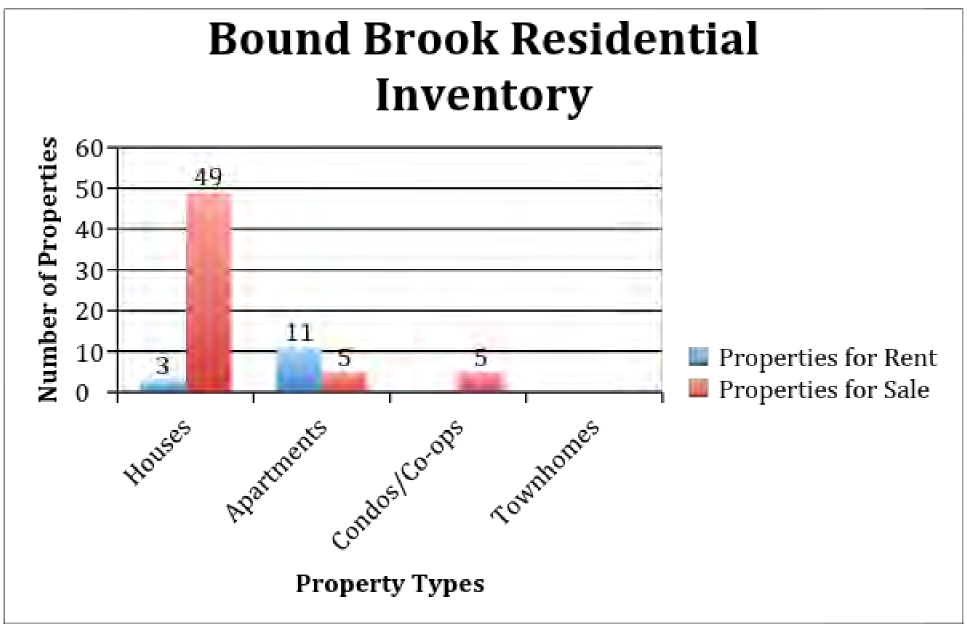
Residential Inventory Charts by Selected Municipalities (C.7-17)

C.7: North Plainfield Residential Inventory



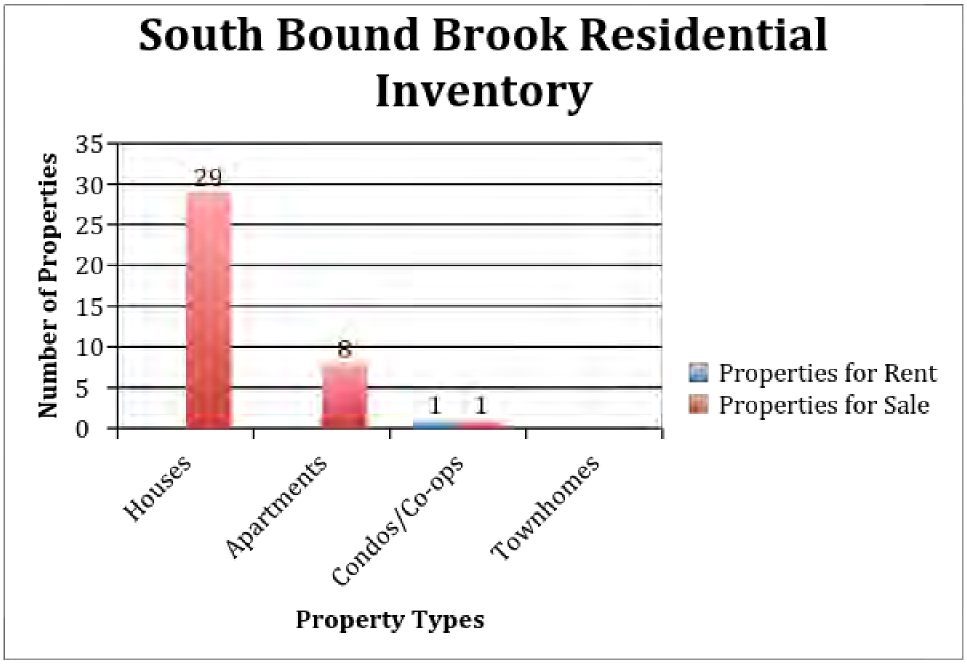
Source: Zillow.com (Sep. 2014 data)

C.8: Bound Brook Residential Inventory



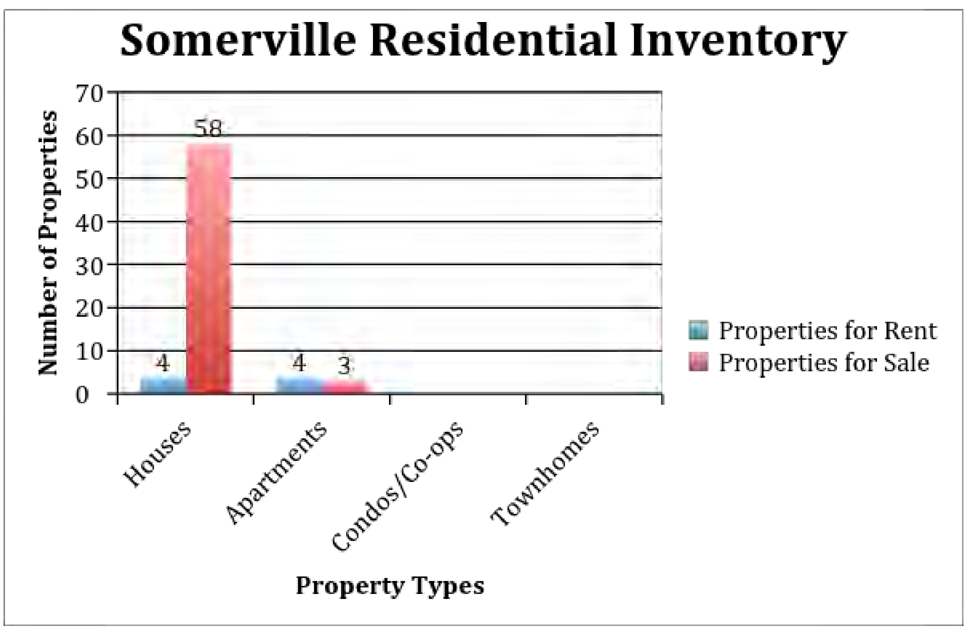
Source: Zillow.com (Sep. 2014 data)

C.9: South Bound Brook Residential Inventory



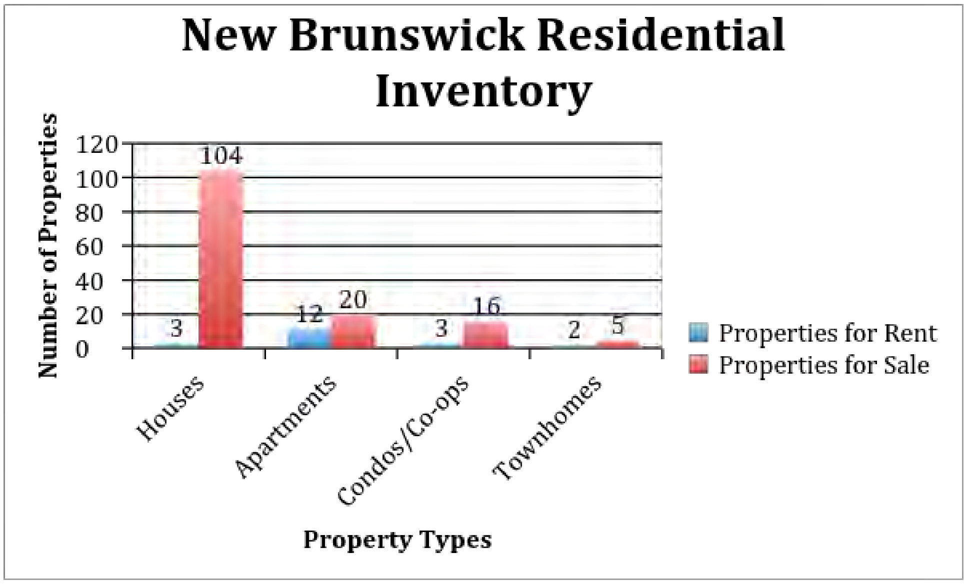
Source: Zillow.com (Sep. 2014 data)

C.10: Somerville Plainfield Residential Inventory



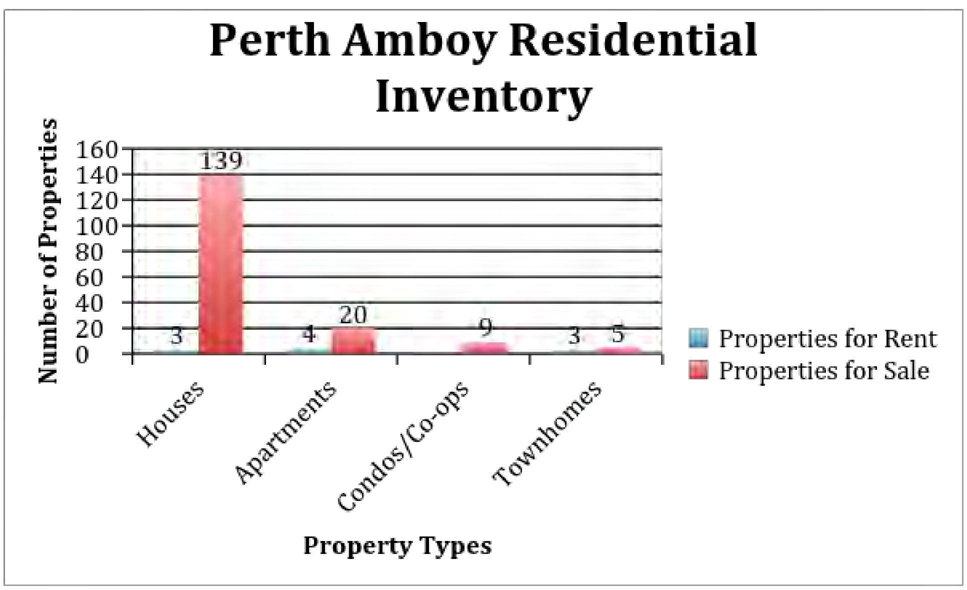
Source: Zillow.com (Sep. 2014 data)

C.11: New Brunswick Residential Inventory



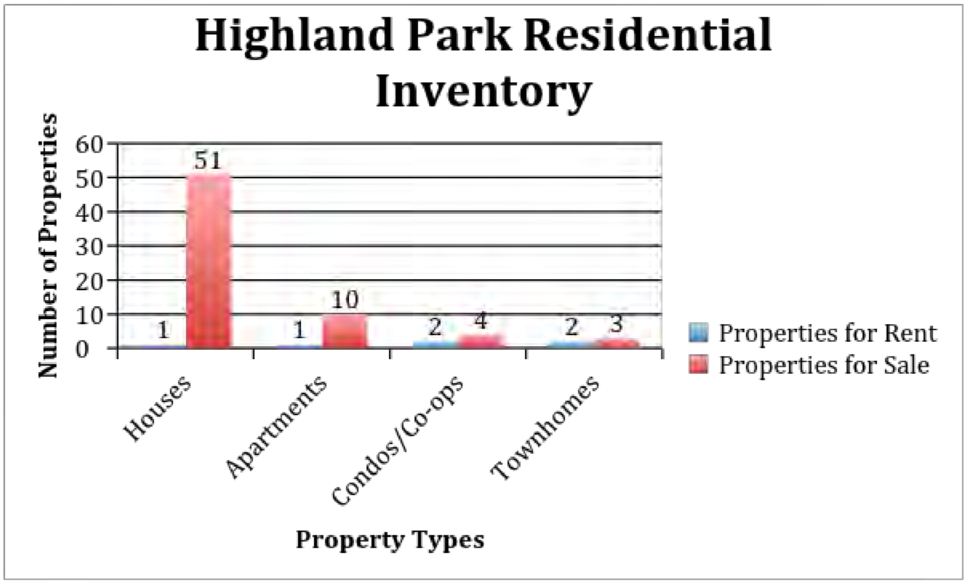
Source: Zillow.com (Sep. 2014 data)

C.12: Perth Amboy Residential Inventory



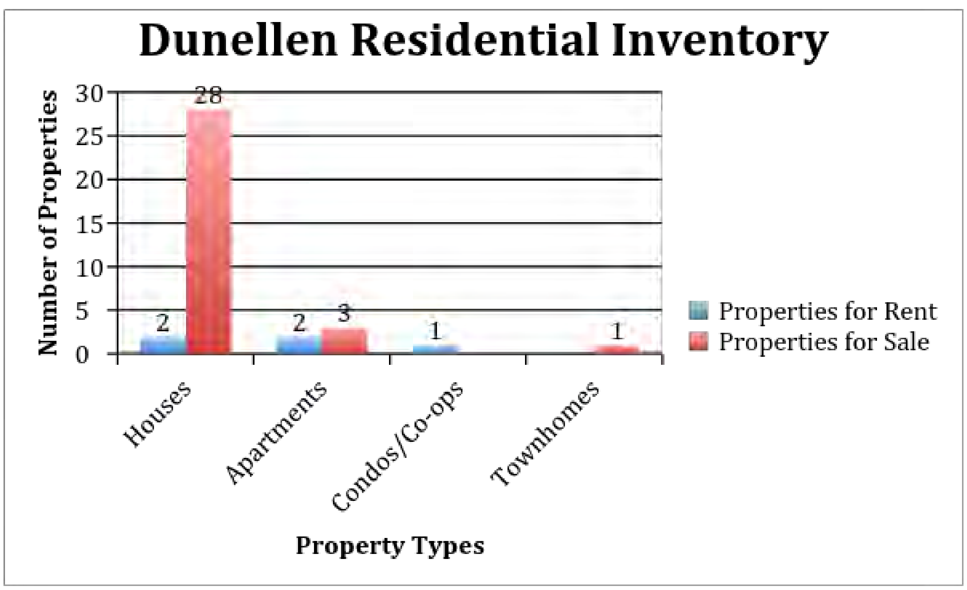
Source: Zillow.com (Sep. 2014 data)

C.13: Highland Park Residential Inventory



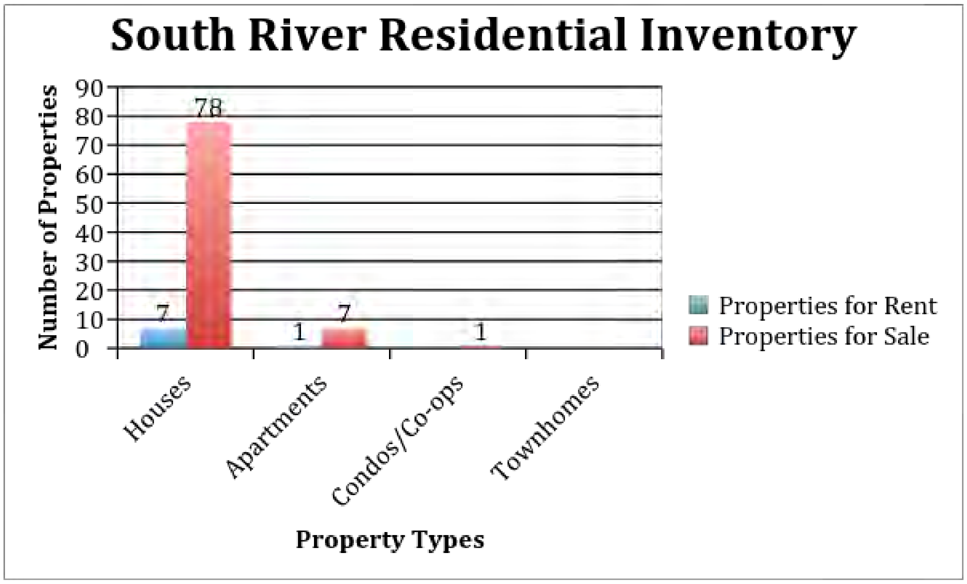
Source: Zillow.com (Sep. 2014 data)

C.14: Dunellen Residential Inventory



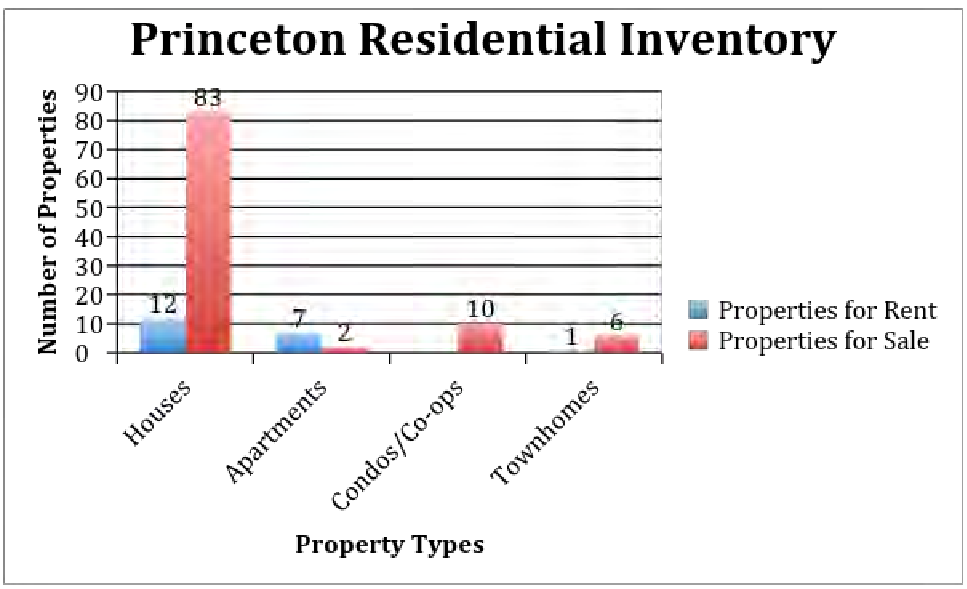
Source: Zillow.com (Sep. 2014 data)

C.15: South River Residential Inventory



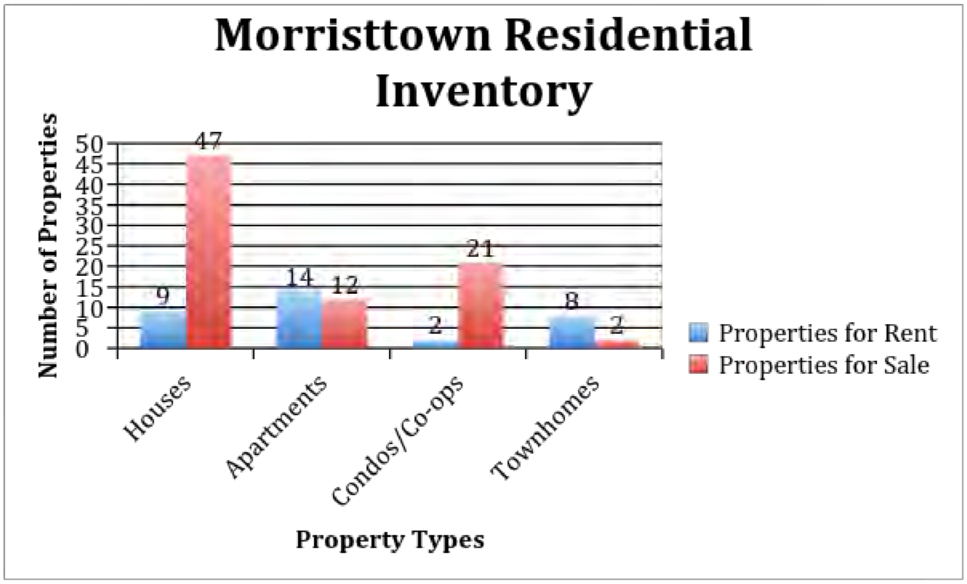
Source: Zillow.com (Sep. 2014 data)

C.16: Princeton Residential Inventory



Source: Zillow.com (Sep. 2014 data)

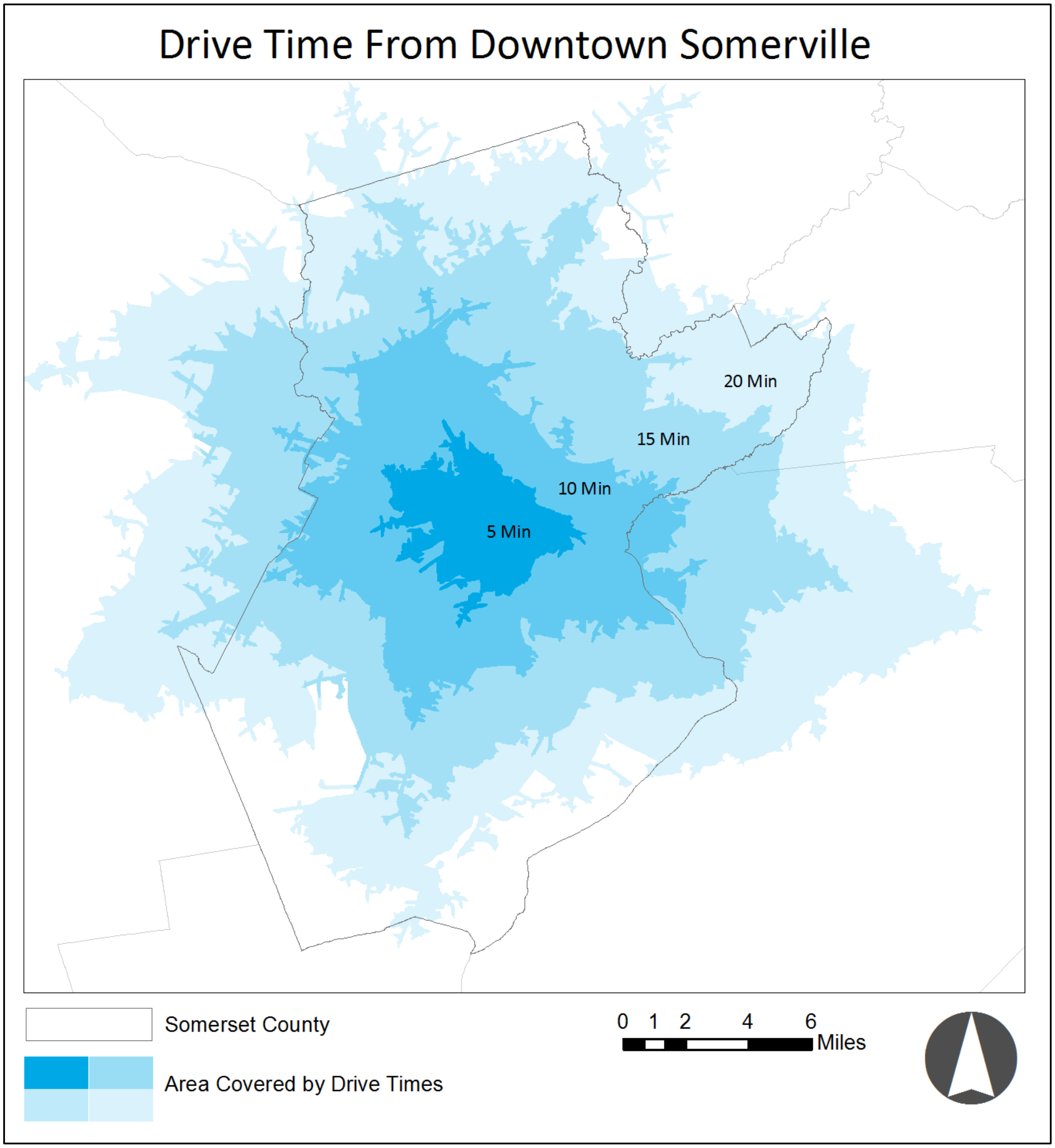
C.17: Morristown Residential Inventory



Source: Zillow.com (Sep. 2014 data)

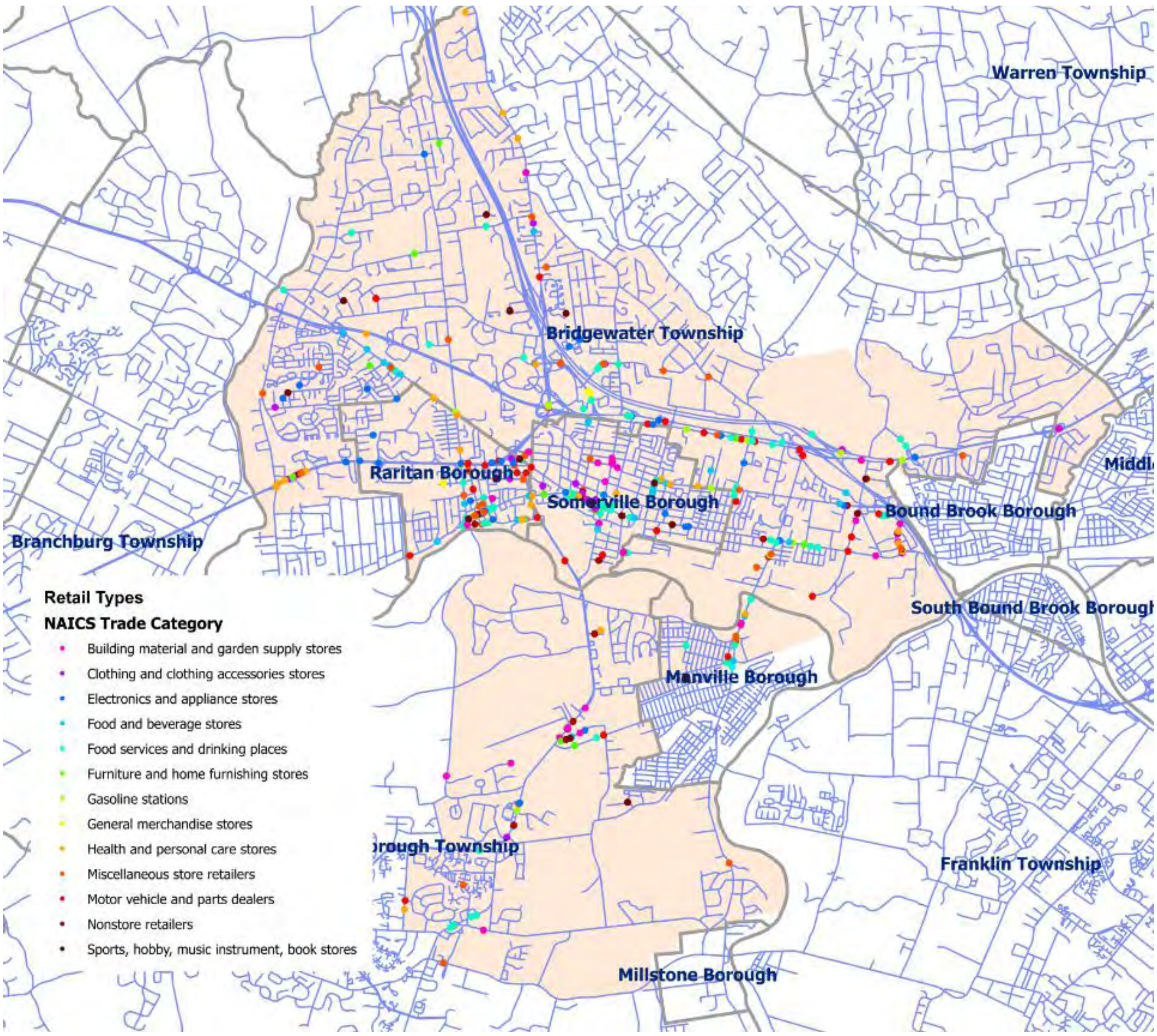
Appendix D: Retail Market Analysis

D.1: Trade Area Map



Sources: New Jersey Geographical Information Network, 2014; U.S. Census Bureau, 2013

D.2: Retail Mix in Somerville



Source: New Jersey Geographical Information System, 2014; ReferenceUSA, 2014

D.3: Retail Gap Analysis Methodology

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
Retail Category	Trade area 2014 sales volume	National estimated sales per square foot of retail space	Estimated square feet of retail supported by 2014 sales volume (A ÷ B)	% of total square feet supported by 2014 sales volume (C ÷ C total)	Trade area estimated existing sq ft in 2014 (Somerset existing sq ft × D)	Trade area estimated sales per square foot (A ÷ E)	Projected 2020 Sales Volume	Projected square footage 2020 (G ÷ F)	2014 to 2020 gap in Retail Space* (H-E)
Building Materials, Garden Equipment, and Supplies Dealers	$846,407,000	$425	1,991,546	6%	1,035,858	$817	$927,660,908	1,135,299	99,441
Clothing and Clothing Accessories	$342,568,000	$200	1,712,840	6%	890,895	$385	$365,304,540	950,025	59,130
Eating and Drinking PLACES	$872,585,000	$400	2,181,463	7%	1,134,639	$769	$936,772,428	1,218,103	83,464
Electronics and Appliance Stores	$977,209,000	$500	1,954,418	6%	1,016,547	$961	$1,057,232,547	1,099,792	83,245
Food and Beverage Stores	$1,412,494,000	$400	3,531,235	11%	1,836,693	$769	$1,434,151,768	1,864,855	28,162
Home Furnishing	$190,237,000	$350	543,534	2%	282,707	$673	$211,156,237	313,795	31,088
Gasoline Stations	$298,596,000	$400	746,490	2%	388,270	$769	$303,640,664	394,830	6,560
General Merchandise	$798,094,000	$250	3,192,376	10%	1,660,443	$481	$861,286,090	1,791,915	131,472
Health and Personal Care	$1,219,708,000	$475	2,567,806	8%	1,335,587	$913	$1,431,863,102	1,567,898	232,311
Miscellaneous	$351,972,000	$375	938,592	3%	488,188	$721	$384,812,304	533,737	45,550

Motor Vehicles and Parts Dealers	$2,202,253,000	$200	11,011,265	35%	5,727,264	$385	$2,401,530,918	6,245,513	518,250
Sporting Goods, Hobby, Book, and Music	$170,796,000	$250	683,184	2%	355,343	$481	$172,738,288	359,384	4,041
TOTALS	$9,682,919,000	-	31,054,749	100%	16,152,434	-	$10,488,149,795	17,475,146	1,322,712

* Does not take into account projected trends for new retail construction

Sources: ReferenceUSA, 2014; Woods and Poole Economics, Inc., 2013; Urban Land Institute

D.4: Retail Inventory, October 2013

	# of Buildings	Total RBA	Total Vacant Available	Total Vacant Avail %	Total Net Absorption	Total SF Leased	# Under Const.	RBA Under Const.
Middlesex County	335	30,918,617	5,258,198	17.0%	556,252	676,249	0	0
Somerset County	176	7,320,168	709,657	9.69%	(53,444)	55,454	1	153,000
Mercer County	159	7,330,381	940,922	12.84%	71,740	149,579	0	0
Hunterdon County	72	2,820,435	203,335	7.21%	18,326	5,200	0	0
Warren County	46	2,636,404	192,880	7.32%	7,485	25,114	0	0

Source: 4ward Planning, Supporting Priority Investment in Somerset County: Real Estate Supply/Demand Analysis, Nov 20, 2014, p. 56; James E. Hanson, Market Report: Northern NJ, 2Q 2013

D.5: Major Shopping Center Space by Type, 2013

	Somerset		Middlesex	
Shopping Center Type	Square Feet	%	Square Feet	%
Value-Retail Center	0	0.00%	0	0.00%
Lifestyle/Specialty Center	480,000	9.80%	5,249,177	30.80%
Power Center	1,826,193	37.27%	3,744,728	21.97%
Super-Regional Center	0	0.00%	2,873,361	16.86%
Regional Center	994,000	20.28%	761,480	4.47%
Community Center	1,599,991	32.65%	4,415,024	25.90%
Total	4,900,184	100.00%	17,043,770	100.00%

Source: 4ward Planning, Supporting Priority Investment in Somerset County: Real Estate Supply/Demand Analysis, Nov 20, 2014, p. 58; 1999- 2013 Directory of Major Malls, Inc., 4ward Planning Inc., 201

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