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Building Newark's Post-Pandemic Economy:

*Seven Principles for a More Innovative,
Inclusive and Resilient Future*



Prepared by the Creative Class Group

Building Newark's Post-Pandemic Economy

Newark, New Jersey, like all of New York and New Jersey, was hit hard by Covid-19. But the longer-term fall-out from the pandemic offers the city an unprecedented opportunity. The rise of work from home, fear of commuting, quarantined families' needs for space, and companies' needs for regional hubs combine to make Newark a potential location for both new talent and new business investment. With intentional and strategic efforts, Newark can transform itself into the creative, innovative and commercial center of New Jersey.

Battered by white flight, deindustrialization, disinvestment, municipal corruption, and civic unrest in the 1960s and 1970s, Newark is nearly a third smaller than it was in its heyday. While it has come a long way since then, it has not shared its much larger neighbor's turn of fortune. Just nine miles away, New York City has experienced a massive surge of growth, adding more than a million residents since 1990. New York's overall median household income of \$60,762 is 42 percent higher than Newark's (\$35,181), and the borough of Manhattan's is more than twice as high. New York is now the third largest startup center in the U.S., capturing more than [\\$11.3 billion venture capital](#) annually.ⁱ

But as the events of this past year have made clear, Newark has turned a corner. When the Covid-19 pandemic began, Newark's leaders locked down early and [built](#) an aggressive test and trace operation that rapidly brought the outbreak under control.ⁱⁱ When protestors in cities across the nation clashed with police in the wake of the George Floyd murder in late May, Newark's demonstrations were [notably peaceful](#).ⁱⁱⁱ If Newark is still economically challenged, its government is far from dysfunctional. And thanks to the economic and demographic realignments that the pandemic is causing, it has a window in which it can reimagine and rebuild itself in an equitable and sustainable way.


The Opportunity

What Newark was...

As readers of the novels of Philip Roth well know, Newark wasn't always a poster-child for urban decay. For most of the last century, it was the commercial heart of Northern New Jersey, an industrial nexus of nearly half a million people, with links to rail, sea, and air. With its countless quality-of-place amenities, including multiple news dailies and department stores, museums, theaters, libraries, concert halls, private and public educational institutions, and green spaces, it was a gateway to the middle class for generations of hard-working immigrants.

What Newark is today...

A much smaller city of 282,000 residents in a metro of more than 20 million, three quarters of Newark's residents are minorities and/or immigrants of modest means; some 28 percent of them live below the poverty line. The Port of Newark, Newark Liberty Airport, and Anheuser Busch are among Newark's major blue-collar employers. The city is also home to many white-collar jobs, in law and government, logistics,



healthcare, education, professional services, and insurance. Several major corporations, including Prudential, Audible.com, Manischewitz, and Panasonic US, are headquartered there. From 2015 to 2019, Newark has attracted more than \$125 million in venture capital in scalable enterprises developing mobile technology, wearables, educational technology, and food science. In 2019, Aerofarms, a Newark-based ag-tech company, attracted the largest venture capital deal in the history of the city and the second largest for the state of New Jersey.

The city has finally reversed its decades of population decline, adding some 6,500 residents in the last ten years. However, it is a city of commuters, traveling in both directions. For the 75 percent of the city's residents who are employed, it is a bedroom community, as they must commute outside the city to work in blue-collar or service jobs—ten percent to New York City, and the rest to neighboring cities like Jersey City, Elizabeth, and East Orange. This underlines the need to create greater economic opportunity for Newark residents. For 115,000 of its white-collar workers, who account for more than 80 percent of its jobs, it is a daily destination, as they live (and pay their taxes) in neighboring cities and suburbs.

What Newark can become...

Newark has the potential to become the commercial/innovation hub for central and north New Jersey. Our detailed analysis shows that the city can add jobs in skill/industrial clusters such as advanced manufacturing, e-commerce, transportation, logistics, and food tech for its existing blue collar and service worker residents, and knowledge sector jobs in software, design, and finance for white-collar workers. More important still, it can entice many more of those white-collar employees to live in its neighborhoods, transforming it into a truly diverse and equitable live/work/play community.

Much of this opportunity will be driven by the vast expansion of remote work.

Though pundits wrongly predicted the rise of the Internet would lead to the demise of the traditional office and even cities decades ago, the overwhelming trend was in the opposite direction, towards more rather than less concentration. A relative handful of superstar cities like New York, San Francisco, and London became magnets for both high-skilled talent and the knowledge-sector companies that employed them. A number of Fortune 500 companies moved their headquarters from smaller cities and suburbs to the CBDs of those super star cities, and tech startups and giants built their enterprises in urban communities, where their most sought-after talent increasingly preferred to live. Outlying deindustrialized cities like Newark and Bridgeport, Connecticut in the northeast, and Oakland, California in the Bay Area found themselves at a disadvantage, and their recoveries stalled.

The pandemic has changed that equation. In January 2020, just 10 to 12 percent of the nation's workforce worked remotely. By April, the percentage had [rocketed](#) up to 66 percent.^{iv} Given their lingering fears of public transit and crowded elevators, many of those newly-remote workers will loath returning to their offices, even after a vaccine is deployed or the pandemic burns itself out—and many companies will embrace the opportunity to reduce their fixed costs for office space.

Four in ten businesses now say they have [no plan to reopen](#) their offices any time soon.^v Seven in ten CEOs say that they will [shrink their physical footprints](#) at the very least.^{vi} A [recent survey](#) suggests that at least

20 percent of the workforce will continue to work remotely on a full-time basis, with another 30 percent working from home several days a week. And that is a conservative estimate.^{vii}

As Central Business Districts become less-concentrated, suburban, and outlying cities will become more dense.

While the media narrative about the widescale abandonment of cities is vastly overstated, there will be some noticeable shifts in both the demography and the built environment of cities, large and small, including Newark. Commercial rents in the high-priced central business districts of major cities will likely fall, and many under-used office buildings will likely shift to residential uses. This will attract an inflow of younger renters and home-buyers into those neighborhoods, and at the same time, make them more affordable for smaller companies and entrepreneurial startups. At the same time, there will be regional balancing, as older workers who fear urban congestion and remote workers with families opt to relocate from central cities to suburbs and smaller outlying cities, where they can obtain more space. Companies will likely meet them half-way by building regional facilities where they can either work full-time, a few days a week, or appear for regular meetings.

This shift creates an opportunity for Newark to re-establish itself as the hub for north and central New Jersey, which in turn will spur the growth of its residential population. Newark doesn't have to be a bedroom/destination that people either leave to go to work or leave to go home. It has density, infrastructure, building stock, and neighborhoods that can be transformed into a series of 15-minute neighborhoods or complete communities in which people can work, shop, attend school, and entertain themselves within a few minutes of where they live.

For this next phase in Newark's evolution to be sustainable, it requires a strategic and intentional action plan that leverages the city's strengths and directly addresses its challenges. To build a more resilient, inclusive Newark built around a complete community approach, we've outlined these seven key principles:

Seven Principles for a Better Future for Newark

Principle 1: Reimagine Newark's commercial districts and neighborhoods.

Newark's central business district is deserted at night when its white-collar workers leave, while its residential neighborhoods are empty during the day, as their inhabitants mostly work outside the city. As Jane Jacobs explained a long time ago, the liveliest, most productive urban neighborhoods are populated and active 24 hours a day, as they are places where people live, work, play, shop, and go to school.^{viii} Ideally, they contain a mix of incomes, educations, and ethnicities.

How to do this?

- Rebalance Newark's commercial districts and neighborhoods into multi-purpose activity centers. Via zoning and intentional development, ensure that there is a balance of uses.
- Utilize districts to foster cluster diversification; make Newark's neighborhoods into platforms for equitable innovation. If Newark's revival will be enabled by a broader movement towards less concentration, industrial clusters will still be important drivers of its economy. But it's important that there be a diversity of them—a neighborhood that contains a startup cluster, an advanced manufacturing cluster, and a food cluster will have more life than one that has just one.

- Rethink underutilized commercial space to foster economic development goals (think affordability; integrated live/work; use of technology to support mixing of uses). Flexible zoning and permitting will be needed.

Principle 2: Support Newark’s existing companies to foster inclusion and resiliency, from its small businesses to its export enterprises and anchor institutions.

Newark is already home to thousands of enterprises, ranging from law firms, universities, teaching hospitals, and insurance companies, to high-tech companies like Audible.com, now an affiliate of Amazon. Liberty Airport is a huge employer, as is the port. Newark must support its existing businesses, especially its smaller ones, but also look to expand its most promising industrial clusters. As a logistics center with connections to sea, air, and highways, Newark has always been a leader in transportation; that creates tremendous opportunities in the age of e-commerce. Newark can also become a center of advanced manufacturing, tech, and, as noted above, regional headquarters.

How to do this?

- Implement a robust business visitation plan.
- Ensure that its existing small businesses have all the support they need, both material and consultative, to recover from the COVID-19 pandemic.
- Newark’s anchors, meaning its hospitals, universities, and major corporations, can be engaged to set and achieve shared economic development goals.
- The city and private partners can work together to mobilize investments in underserved Newark businesses.

Principle 3: Foster a startup ecosystem for all kinds of entrepreneurs.


Newark has an active and growing startup economy, with \$125 million in venture capital investment in the last five years, supported by organizations like Newark Venture Partners, Invest Newark, the Newark Alliance and others. To build on it, Newark needs to market itself as something more than simply a city that is close to New York but with much more affordable rents (though that is no small thing). It must celebrate its diversity, its creativity, and rich cultural legacy. Whitney Houston, Shaquille O’Neal, and Queen Latifah were born there, as was Paul Simon, Frankie Valli, and Allen Ginsberg. Philip Roth set many of his novels in the city. Its mayor, Ras J. Baraka, is the son of the renowned poet Amiri Baraka. Newark has a story that needs to be told. Potential taglines are “Inclusive Entrepreneurship: It’s in Newark’s DNA.” Once Newark attracts entrepreneurs, it needs to serve them.

How to do this?

- Pinpoint the needs of Newark’s diverse entrepreneurs and connect them with the appropriate resources
- Identify key export clusters that offer the opportunity for greatest firm formation – fueling an expanded startup initiative.

Principle 4: Position Newark as a global logistics hub and center of commerce and distribution.

Airports and ports are key economic development drivers. Both have been hard hit by the Pandemic, especially the airport. Their substantial economic role requires that that be prioritized in the economic recovery effort. Ranked among the world’s 50 busiest airports, Newark International Airport directly employs more than 21,000 workers. This employment base coupled with the City’s e-commerce and



distribution and broader transportation sectors represents a competitive advantage that is more than 12 times the U.S. average. In addition, Newark's logistical sector alone is 6 times the national average. While the Newark International Airport is essential for connecting Newark and the greater New York region to other global hubs, the Port of New York and New Jersey is a critical hub (and perhaps underutilized) for the city's growing industries of metals, advanced manufacturing, and food production. With a more comprehensive economic development positioned around Newark's airport and port, the City can build upon a sector that offers a career pathway for household-supporting opportunities.

In addition to the airport and port, Newark's transit lines – PATH trains and NJ rail lines – provide Newark with an opportunity to reposition itself as a regional center – outside of Manhattan. As the economy reopens more, New York City may be perceived to be as higher risk or safety hazard for those having to commute to work, creating a substantial opportunity for Newark to attract businesses, talent, and investment. This is why reimagining Newark's commercial districts and neighborhoods (as noted in goal 1), as well as promoting them, will be essential to the City's recovery.

How to do this?

- Align the business development and economic development goals of the City of Newark, Newark International Airport and Port of New York and New Jersey, creating shared value among all parties.
- Partner and collaborate across city departments and state agencies to maintain and enhance site and real estate readiness.
- Commit to a skills-base program for Newark residents that prepares them for careers in logistics and transportation management.
- Promote Newark's as a safe transit and commercial hub with accessible access from New Jersey suburbs and to New York City's Manhattan.

Principle 5: Invest in the skills of all Newark residents.

The goal is not to gentrify Newark, but to grow it inclusively. To be a sustainable regional commercial hub and innovation center, it needs to do more than attract skilled talent from outside; it must invest in the skills of its own people and raise its living standards across the board. Less than 20 percent of Newark's residents have college degrees and close to a third of them live below the poverty line. Its existing workers need training and upskilling, and their children need onramps to opportunities. Talent drives economic development.

How to do this?

- Align Newark's economic development and workforce development priorities.
- Deploy technology to triage, safely deliver, and scale workforce support services.
- Ensure that wrap-around services (coaching/mentoring, childcare, etc.) are in place.
- Scale K-12 work-based learning initiatives.

Principle 6: Support essential workers to address inequities.

It's not enough to create pathways to better jobs; existing service jobs must be upgraded, and the city's safety nets repaired. 63,000 Newark residents perform essential services and they earn 40 percent less than Newark's white-collar sector on average. That must change.

How to do this?

- Ensure appropriate safety nets, including paid sick leave, are in place.
- Evaluate childcare support in Newark, essential for economic development.
- Partner with major Newark employers to advance a “Good Jobs” strategy. As MIT’s Zeynep Ton has shown, the more service workers are incentivized, the more productive and profitable the companies that do so. ^{ix}

Principle 7: Invest in equitable AND INCLUSIVE placemaking.

Rebuilding Newark’s neighborhoods and commercial corridors is key, but it must be done with an eye towards affordability and inclusion. Newark has an opportunity to lead in the experimentation around community building. Investments in placemaking that strengthen or, if necessary, create communities will be crucial. Newark’s Community Development Corporations can play a critical role in this.

How to do this?

- Adopt state-of-the-art “health/wellness” technology for public spaces.
- Fund placemaking that spurs community conversation and bridges differences.
- Be bold in reimagining spaces (commercial real estate, parking, retail).
- Go all in on permanent “healthy” open and active streets.
- Be affordability-focused and leverage community land trusts/banks, building on the work of Invest Newark’s land bank initiative.

Economic development has changed in a matter of months. With an intentional and focused effort, Newark can transform itself into the creative, innovative and commercial center of New Jersey, enjoying an inclusive prosperity that is shaped by business, civic, and anchor communities that are committed to ensuring that every Newark resident and enterprise has the opportunity to thrive and scale.

ⁱ Richard Florida and Ian Hathaway, [“Rise of the Global Startup City,”](#) Center for American Entrepreneurship, October 2018.

ⁱⁱ Joseph De Avila, [“Newark Fights Coronavirus Spread with Nearly 400 Contact-Tracing Volunteers,”](#) *The Wall Street Journal*, May 20, 2020.

ⁱⁱⁱ Tracy Tully and Kevin Armstrong, [“How a City Once Consumed by Civil Unrest has Kept Protests Peaceful,”](#) *The New York Times*, June 1, 2020.

^{iv} [U.S. Census American Community Survey, 2019.](#)

^v Lance Lambert, [“From Superstar Cities to Ghost Towns: Two-Thirds of Workplaces in Major Hubs Have Yet to Reopen,”](#) *Fortune*, September 3, 2020.

^{vi} Akiko Matsuda, [“Nearly 70% of CEOs Expect to Downsize Offices,”](#) *The Real Deal*, September 3, 2020.

^{vii} Adam Ozimek, [“The Future of Remote Work,”](#) April 27, 2020.

^{viii} Jane Jacobs *The Death and Life of Great American Cities* (Random House, 1961).

^{ix} Zeynep Ton, *The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits*, (Houghton Mifflin, 2004).