



Life sciences in New Jersey: Prescription for Sustained Leadership

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Table of contents

<i>Executive summary</i>	3
<i>Introduction</i>	4
<i>The New Jersey life sciences landscape: Strengths and opportunities</i>	6
Corporate biopharma hub with scale and innovation	6
A growing workforce and strong talent pipeline.....	9
A developing startup environment.....	10
Academic research and funding opportunity.....	11
<i>Key macro forces driving change and uncertainty</i>	13
Productivity and onshoring pressures are intensifying	13
Competition is increasing.....	14
An M&A rebound is shifting toward early-stage assets	15
<i>Opportunities and innovation drivers</i>	15
Elevate the State’s profile as a leading life sciences hub.....	15
Support a thriving startup and entrepreneurial ecosystem.....	16
Attract, retain, and reskill premier talent	19
Promote New Jersey as the US-based manufacturing partner of choice	21
Develop strategies to attract and expand into adjacent sectors	21
Summary of recommended actions.....	23
<i>Exhibit sources and notes</i>	25

Executive summary

New Jersey's life sciences industry is at a crucial point for expanding its global leadership. The State is headquarters to eight of the world's top-20 biopharma companies, which in 2024 collectively generated more than \$375 billion in global revenues and advanced hundreds of drug candidates in development.¹ With 5,600 life sciences establishments and a highly skilled workforce of 76,000,² the State is well positioned to secure and expand its global leadership in life sciences. At a time of unprecedented innovation and uncertainty, New Jersey has a unique opportunity to attract new investment, support its startup ecosystem, and strengthen its position as a leading hub. By investing proactively in key initiatives, New Jersey can secure its long-term future and lead the next phase of life sciences growth.

This white paper, which is informed by McKinsey analysis, examines New Jersey's life sciences sector and the key macroeconomic forces at play, and highlights several strategic levers the State may consider as part of its eight-year plan to strengthen New Jersey's life sciences leadership:

1. Elevate the State's profile as a leading life sciences hub:
 - Develop a clear value proposition that highlights the companies, unique incentives, and success stories as well as programs that support the ecosystem.
 - Leverage the success of the economic development organization Choose New Jersey by identifying and recruiting key segments of the industry, such as contract research organizations (CROs) and key companies to accelerate clinical trials, diagnostics, and treatment delivery.
 - Consider structural tax changes, such as lowering the corporate business tax, that will make New Jersey more competitive with neighboring states.
2. Support a thriving startup and entrepreneurial ecosystem:
 - Continue to invest in New Jersey Economic Development Authority (NJEDA) financial initiatives, including the Angel Investor Tax Credit Program, the New Jersey Innovation Evergreen Fund, and the Technology Business Tax Certificate Transfer (NOL) program.
 - Continue to support Strategic Innovation Centers (SICs), such as Edge Works, the Health and Life Science Exchange (HELIX), the Maternal and Infant Health

¹ Kevin Dunleavy, "The top 20 pharma companies by 2024 revenue," Fierce Pharma, April 21, 2025, <https://www.fiercepharma.com/special-reports/top-20-pharma-companies-2024-revenue>.

² "Life Sciences," *Choose New Jersey*, n.d., <https://choosenj.com/key-industries/life-sciences/>; "The Economic Impact of the U.S. Biopharmaceutical Industry: 2022 National and State Estimates," TEconomy Partners and the Pharmaceutical Research and Manufacturers of America, May 2024, <https://cdn.aglty.io/phrma/global/blog/import/pdfs/The-Econ-Impact-of-US-Biopharma-Industry-2024-Report.pdf>.

Innovation Center (MIHIC), the Coriell Institute, and the Rowan Center for Innovation and Entrepreneurship.

- Increase investment in Commission on Science, Innovation, and Technology (CSIT) programs, including Catalyst R&D vouchers, R&D seed grants, and Small Business Innovation Research (SBIR) assistance, which together have delivered a 15-times return on investment.
 - Sustain programs that equip entrepreneurs with resources and guidance on pitching, due diligence, and commercialization.
 - Increase NJ academia and industry R&D collaboration with new initiatives such as grant programs, federal R&D matching dollars, and continued funding to expand the ResearchWithNJ platform to include all NJ academic institutions.
3. Attract, retain, and reskill premier talent throughout the industry by supporting the expansion of workforce training initiatives such as the NJ BioFutures program and the New Jersey Innovation and Research Fellowship Program.
 4. Promote New Jersey as the US-based manufacturing partner of choice, continuing the Next New Jersey Manufacturing Program to spur investment, create new manufacturing jobs, and incentivize the growth of CDMOs. Also, continue the NJEDA manufacturing voucher program and expand the scope to include equipment for R&D.
 5. Develop strategies to attract and expand into adjacent sectors: Promote a dynamic inventory of available lab space to strengthen New Jersey’s position as a center for research and clinical innovation and attract CROs and emerging biopharma firms. Potentially offer turnkey funding in exchange for commitments to job creation.

Introduction

New Jersey is among the top 10 contributors to US GDP, with the eleventh highest population in the US.³ It is ranked seventh among states in terms of population diversity.⁴

The State has a rich history of transformative innovation in biopharma and a reputation as the “medicine chest of the nation.” In recent years, New Jersey has become the second-largest US biopharma hub.⁵ It has a \$121 billion biopharma GDP, which

³ Abigail Tierney, “Gross domestic product of the United States in 2024, by state,” Statista, July 31, 2025, <https://www.statista.com/statistics/248023/us-gross-domestic-product-gdp-by-state/>; Veera Korhonen, “Resident population of the U.S. in 2024, by state (including the District of Columbia),” Statista, January 3, 2025, <https://www.statista.com/statistics/183497/population-in-the-federal-states-of-the-us/>.

⁴ “Racial and Ethnic Diversity Index by State: 2020,” United States Census Bureau, n.d., <https://www.census.gov/content/dam/Census/library/visualizations/2021/dec/diversity-index.pdf>.

⁵ “The Economic Impact of the U.S. Biopharmaceutical Industry.”

accounts for 7.8 percent of its economy—more than twice the US average.⁶ The sector comprises a critical mass of global pharmaceutical headquarters, midcap and emerging biopharma companies, service providers, and a comprehensive infrastructure for research, clinical development, and manufacturing. These strengths are reinforced by leading universities and a highly skilled workforce, including the nation’s largest biopharma manufacturing workforce by contribution to employment.⁷ The State’s strategic location, with proximity to leading biopharma ecosystems, major airports, ports, capital markets, and the FDA, further strengthens its appeal.

New Jersey’s recent progress has also been enabled by the State’s strong collaboration with industry and academia. The State has developed a broad set of programs to support early-stage startups and established biopharma companies, including NJEDA initiatives such as SICs, the Innovation Evergreen Fund, and the Angel Investor Tax Credit, as well as CSIT programs like Catalyst R&D vouchers, R&D seed grants, Maternal-Infant Health R&D grants, and SBIR assistance. Complementing these efforts, the Technology Business Tax Certificate Transfer (NOL) program has been particularly successful, generating \$28 billion in economic impact and supporting nearly 600 companies since its inception.⁸ As one company founder explains, “Tax credits and non-dilutive grants from CSIT have been critical to help get our programs off the ground. For larger companies, \$25,000 is a rounding error. For us, that’s the difference between doing R&D this quarter or not.”

Looking ahead, the State is committed to being an active partner in the life sciences industry and a driver of its long-term growth. The Angel Investor Tax Credit program is expanding, with investment credits in emerging companies rising from 20 to 35 percent by 2026.⁹ In addition, the new \$500 million Next New Jersey Manufacturing Program is expected to greatly benefit the industry.¹⁰

New Jersey is well positioned to capitalize on global trends toward reshoring and pipeline innovation. With global biopharmas facing regulatory pressures to bring operations onshore, the State’s extensive infrastructure, highly skilled manufacturing workforce, and strategic proximity to the FDA position it as the premier US partner for this transition. To harness this potential and establish itself as a hub for next-generation medicine, New Jersey can undertake targeted strategic investments to build on its foundational strengths.

⁶ Based on approximately \$120.9 billion total estimated biopharma economic impact and \$59 billion direct impact in 2022. “The Economic Impact of the U.S. Biopharmaceutical Industry.”

⁷ Ibid.

⁸ “NJEDA’s NOL program generated \$28.1 billion in economic impact and supported nearly 600 companies,” NJEDA, May 20, 2025, <https://www.njeda.gov/njedas-nol-program-generated-28-1-billion-in-economic-impact-and-supported-nearly-600-companies/>.

⁹ “Angel Investor Tax Credit Program,” NJEDA, n.d., <https://www.njeda.gov/angeltaxcredit>.

¹⁰ “Governor Murphy Signs Bipartisan Legislation to Strengthen New Jersey’s Manufacturing Industry,” State of New Jersey Governor Phil Murphy, August 13, 2020, <https://www.nj.gov/governor/news/news/562025/approved/20250813a.shtml>.

The New Jersey life sciences landscape: Strengths and opportunities

New Jersey is a leading biopharmaceutical hub, recognized for its strong biopharma community and talent. With strong foundations already in place, the State is well-positioned to build on this progress and capture even more growth. Exhibit 1 shows how NJ compares with other states with high concentrations of biopharma on a range of business metrics. It compares well, for instance, on education and talent, but not so well on VC or NIH funding or the cost of doing business relative to other biopharma hubs.

Exhibit 1: State rankings using key business metrics

		Rank among states						
		Top third	Middle third					Bottom third
Category	Metric	State ranking (2025) ¹						
		NJ	CA	IL	NY	MA	PA	NC
Overall business environment	Overall GDP ²	10	1	5	3	12	6	11
	VC funding ³	11	1	9	2	3	13	8
	NIH funding	22	1	8	2	3	4	5
	Regulatory environment ⁴	49	48	38	50	42	40	4
Industry environment	Biopharma GDP ⁵	2	1	3	4	5	6	7
	Biopharma contribution to state GDP ⁵	2	10	5	18	3	7	4
	Number of early-stage biopharma startups ⁶	12	1	13	3	2	4	7
Cost of doing business	Labor costs ⁷	45	43	48	34	44	42	38
	Taxes ⁸	50	42	47	30	36	36	3
Quality and quantity of talent	Educational attainment ⁹	7	22	20	11	1	28	17
	Talent availability ¹⁰	7	9	14	15	1	12	18
	Number of universities ¹¹	16	1	7	2	11	4	8
Quality of life	PreK–12 education ¹²	3	24	10	6	7	32	45
	Cost of living ¹³	49	50	33	45	46	31	23
	Property costs ¹⁴	42	49	14	44	48	16	25
	Utility costs ¹⁵	49	50	35	46	47	28	14
	Natural disaster risk ¹⁶	49	50	26	28	45	24	35
Infrastructure	Quality of roads ¹⁷	29	43	31	36	38	42	19

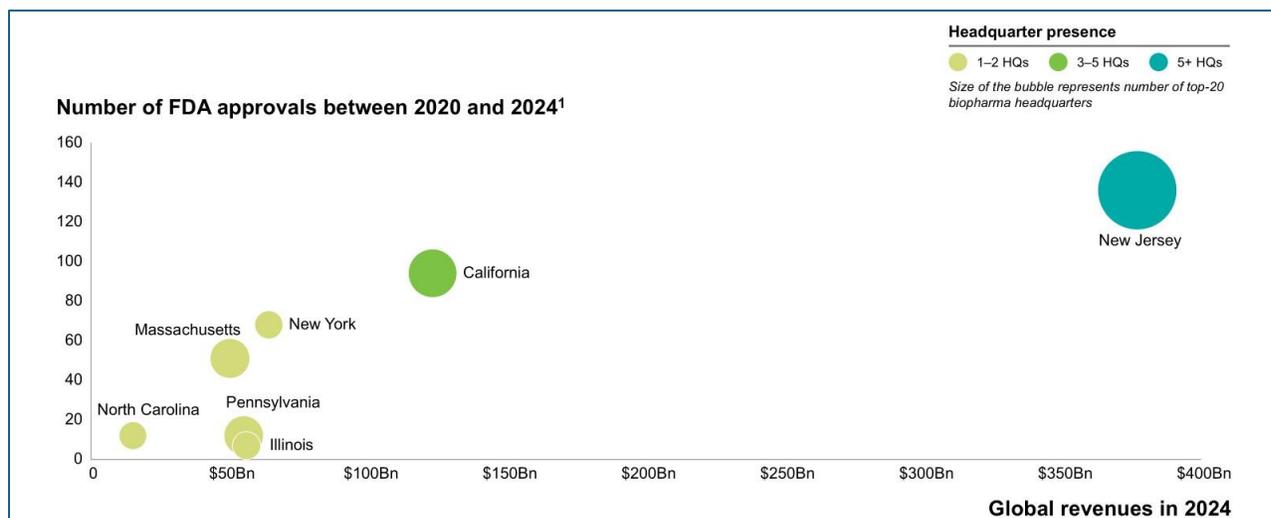
Corporate biopharma hub with scale and innovation

New Jersey is a powerhouse in the biopharma industry, distinguished by the scale and innovation of the companies headquartered here. The State serves as the corporate headquarters for eight of the top-20 biopharmaceutical firms, with a combined global revenue of approximately \$377 billion (Exhibit 2).¹¹ New Jersey–based biopharma companies received the highest number of FDA approvals between 2020 and 2024, with 136 new drug and biologic approvals, which represented about 30 percent of the total in the US.¹²

¹¹ “The top 20 pharma companies by 2024 revenue.”

¹² McKinsey analysis of “Drug and Biologic Approval and IND Activity Reports,” USFDA, <https://www.fda.gov/drugs/how-drugs-are-developed-and-approved/drug-and-biologic-approval-and-ind-activity-reports>

Exhibit 2: Top-20 biopharma revenues and FDA approvals by state



Beyond these global anchors, New Jersey is home to a vibrant biopharma community that also includes startups, midcap companies, a robust and growing CDMO network, medical device and lab supply firms, and a wide range of specialized service providers. This mix sustains a network in which talent and innovation can circulate between firms.

While New Jersey has historically focused on corporations headquartered in the State, its skilled workforce and infrastructure provide a strong platform for attracting additional R&D and manufacturing facilities (Exhibit 3).

However, New Jersey has not captured the same level of investment in recent years as hubs like California, Massachusetts, and North Carolina (Exhibit 4). North Carolina, for instance, has added six new top-20 biopharma facilities.¹³

¹³ “Johnson and Johnson to invest more than \$2 billion in new, advanced technology manufacturing facility in North Carolina to support robust portfolio growth,” Johnson & Johnson, October 1, 2024, <https://www.jnj.com/media-center/press-releases/johnson-johnson-to-invest-more-than-2-billion-in-new-advanced-technology-manufacturing-facility-in-north-carolina-to-support-robust-portfolio-growth>; “Roche’s US subsidiary Genentech breaks ground on state-of-the-art manufacturing facility in North Carolina, USA, Roche, August 24, 2025, <https://www.roche.com/media/releases/med-cor-2025-08-25> ; “Merck Unveils New Facility to Increase Vaccine Production Capacity,” Merck, March 11, 2025, <https://www.merck.com/news/merck-unveils-new-facility-to-increase-vaccine-production-capacity/>; “Eli Lilly’s Parenteral Product and Device Manufacturing Facility, Concord, North Carolina, US,” *Pharmaceutical Technology*, September 12, 2024, <https://www.pharmaceutical-technology.com/projects/eli-lilly-parenteral-products-facility-concord/>; Kevin Dunleavy, “Novo Nordisk reveals plan to build mammoth \$4.1B plant in North Carolina to help produce Ozempic, Wegovy,” *Fierce Pharma*, June 24, 2024, <https://www.fiercepharma.com/manufacturing/41b-novo-nordisk-will-add-second-fill-finish-plant-nc-produce-ozempic-and-wegovy>; “Amgen opens state-of-the-art biomanufacturing site in Central Ohio,” February 26, 2024, Amgen, <https://www.amgen.com/newsroom/press-releases/2024/02/amgen-opens-state-of-the-art-biomanufacturing-site-in-central-ohio>.

Exhibit 3: Top-20 biopharma company facilities by state and facility type

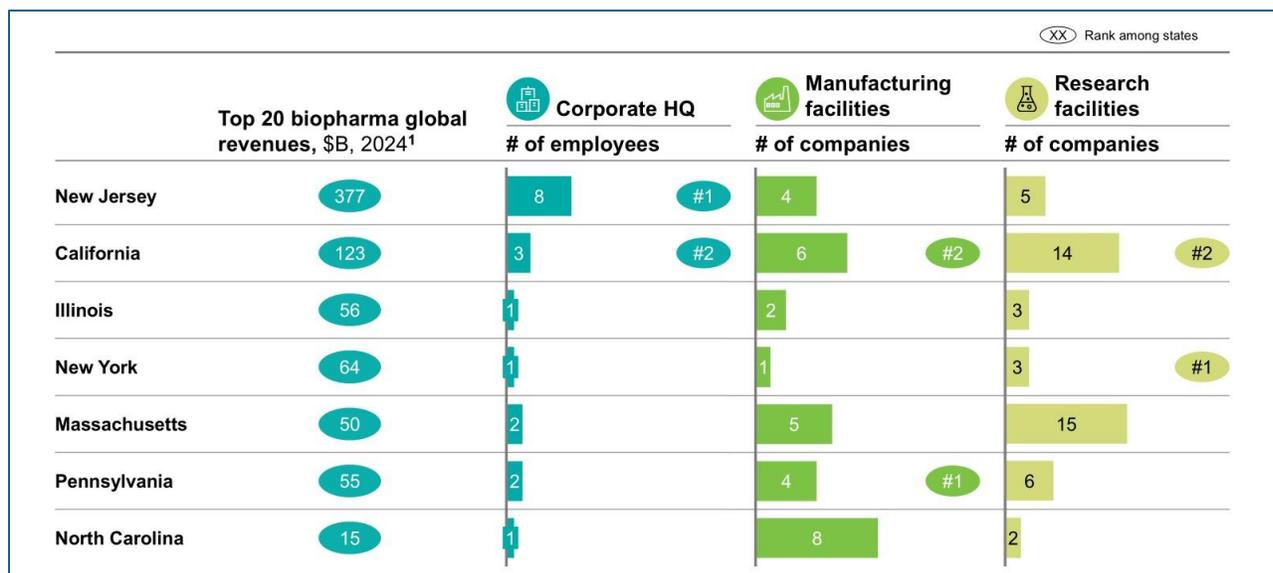
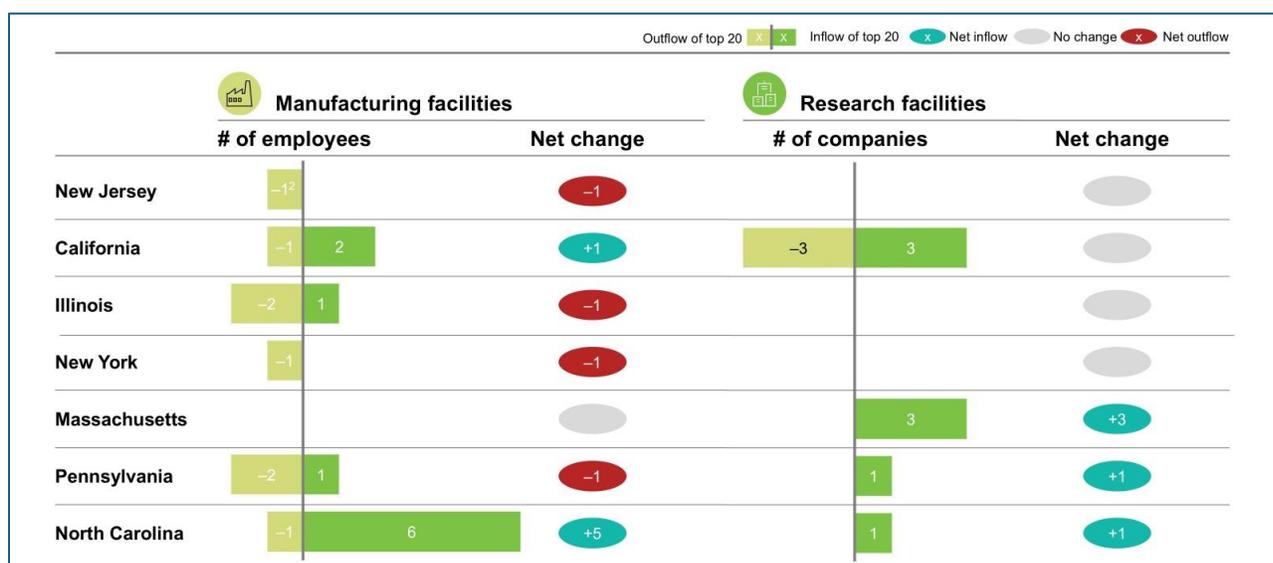


Exhibit 4: Movements in top-20 biopharma facilities by state, 2022–2025¹



New Jersey’s newly launched \$500 million Next NJ Manufacturing tax credit program is designed to catalyze manufacturing investment,¹⁴ and several emerging Massachusetts-based companies have recently moved their headquarters to the State in response to the still-nascent Innovation Evergreen Fund.

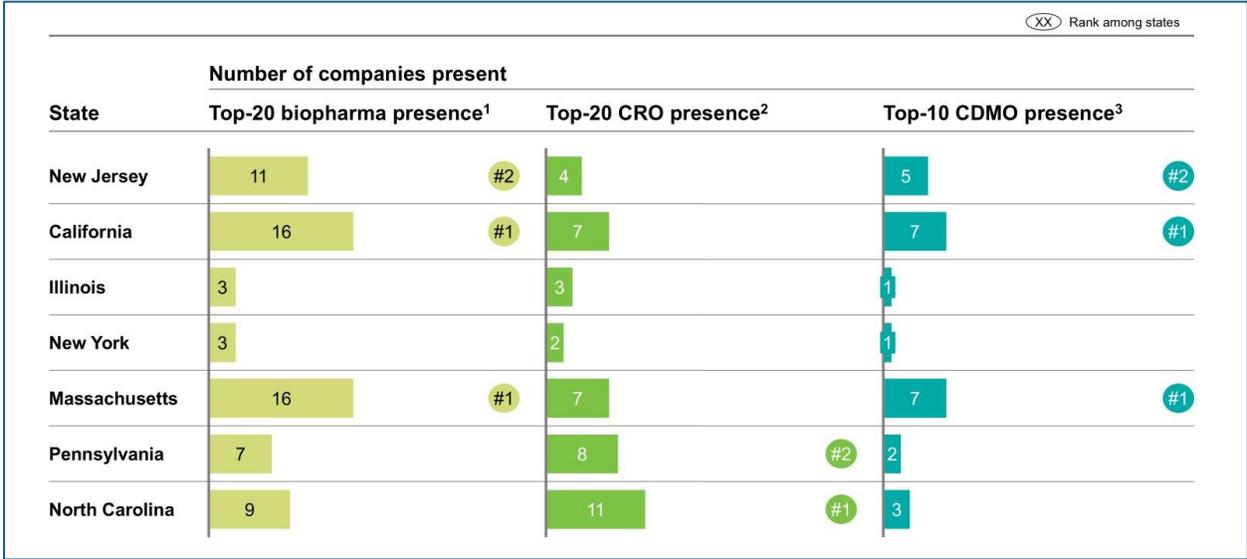
New Jersey has a strong network of CDMOs, with five of the top ten maintaining facilities there.¹⁵ However, the State’s CRO presence is more limited, with only four of

¹⁴ “Governor Murphy Signs Bipartisan Legislation.”

¹⁵ McKinsey analysis of 2024 Pharma Boardroom research.

the top-20 companies located there,¹⁶ leaving opportunities for growth (Exhibit 5). With its deep talent pool, strong corporate anchors, and proximity to world-class academic and clinical centers, New Jersey is well-positioned to attract additional CRO activity. By building on its CDMO strength and expanding into CROs, the State can evolve a more comprehensive life sciences hub, offering services along the entire value chain, including discovery, development, and manufacturing.

Exhibit 5: Top biopharma, CRO, and CDMO presence by state



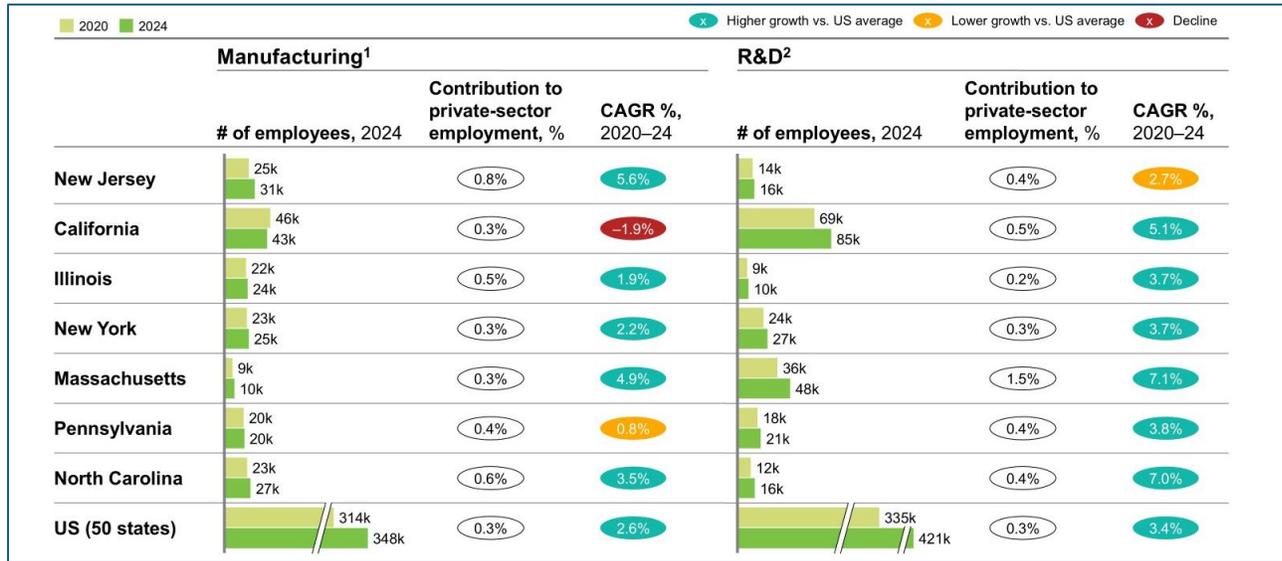
A growing workforce and strong talent pipeline

New Jersey has a solid foundation of human capital. The State ranks in the top third nationally for educational achievement and the availability of science, technology, engineering, and mathematics (STEM) talent. The presence of large biopharma companies also creates a powerful spillover effect, as highly trained and experienced professionals transition into small and midcap firms, fueling their innovation. As the CEO of an NJ-based biotech noted, “New Jersey has access to talent that has been trained and developed by Big Pharma. We were intentional about staying in New Jersey; the talent is here, and we want to be able to tap into that.” Additionally, New Jersey has the nation’s largest biopharma manufacturing workforce by contribution to employment, and this sector is growing at twice the rate of the US overall; 5.6 percent compared to 2.6 percent (Exhibit 6).¹⁷

¹⁶ McKinsey analysis of 2025 Certified Clinical Research Professionals Society data on top-50 CROs; company presence based on press search

¹⁷ McKinsey analysis of US Bureau of Labor Statistics data.

Exhibit 6: Manufacturing and R&D employment by state



A developing startup environment

New Jersey’s startup ecosystem is still in its early stages, with significant room for expansion. Between 2020 and 2024, the State had a base of 185 biopharma startups and attracted \$600 million in venture capital in 29 deals (Exhibit 7). By comparison, Massachusetts and California respectively supported 1,370 and 2,275 startups, raising \$35 billion and \$40 billion in 630 and 880 deals - with deal volume increasing three to four times and annual venture funding rising more than tenfold over the past decade.¹⁸

¹⁸ McKinsey analysis of data from Pitchbook (for number of deals and funding amount) and Crunchbase (for number of startups).

Exhibit 7: Startup funding, deal volume, and number of startups by state

State	Funding, \$B, 2020–24		# of deals, 2020–24		# of startups, ² 2020–25	
	Early stage	Mid–late stage	Early stage	Mid–late stage	Early stage	Mid–late stage
New Jersey	\$0.4B	\$0.2B	21	8	59	126
California	\$12.7B	\$28.6B	573	310	1,070	1,205
Illinois	\$0.3B	\$0.4B	20	6	49	71
New York	\$2.2B	\$2.7B	110	35	229	268
Massachusetts	\$13.1B	\$21.2B	403	223	643	727
Pennsylvania	\$1.1B	\$1.8B	46	29	131	156
North Carolina	\$0.6B	\$0.5B	57	12	90	180

Now, New Jersey is strengthening its life sciences sector by establishing five Strategic Innovation Centers (SICs). These centers have drawn a total public-private investment of \$452 million, with \$60 million from the NJEDA and \$393 million from the private sector. This funding supports the building and operation of 308,500 square feet of office, lab, and meeting space for research and commercialization.

The SICs are designed to accelerate the growth of early-stage and expanding companies in various therapeutic areas, including biomedicine, digital health, and medtech. They leverage intellectual property from six New Jersey-based academic partners—Rutgers, Rowan, Fairleigh Dickinson, the New Jersey Institute of Technology (NJIT), Princeton, and Stevens Institute of Technology—and collaborate with five corporate partners—Cooper Health, Sheba Medical Group, Hackensack Meridian, Robert Wood Johnson, and Liberty Science Center. These efforts aim to enhance the state's innovation ecosystem, reduce the time needed to move from research to market, and establish New Jersey as a national leader in health and life sciences research.

Academic research and funding opportunity

Major research universities such as Princeton and Rutgers provide New Jersey with a strong foundation of academic excellence, generating a steady flow of ideas, talent, and intellectual property that benefits the industry. Between 2019 and 2024, universities in the State produced 35,000 scientific publications and nearly 11,000 bioscience patents, so multiple engines of discovery are available for growing research output to parallel other leading hubs (Exhibits 8 and 9). To foster collaboration between

industry and academia, the ResearchWithNJ platform showcases nearly 7,500 researcher profiles and 378,000 research outputs.

Exhibit 8: NIH funding, publications, and patents by state

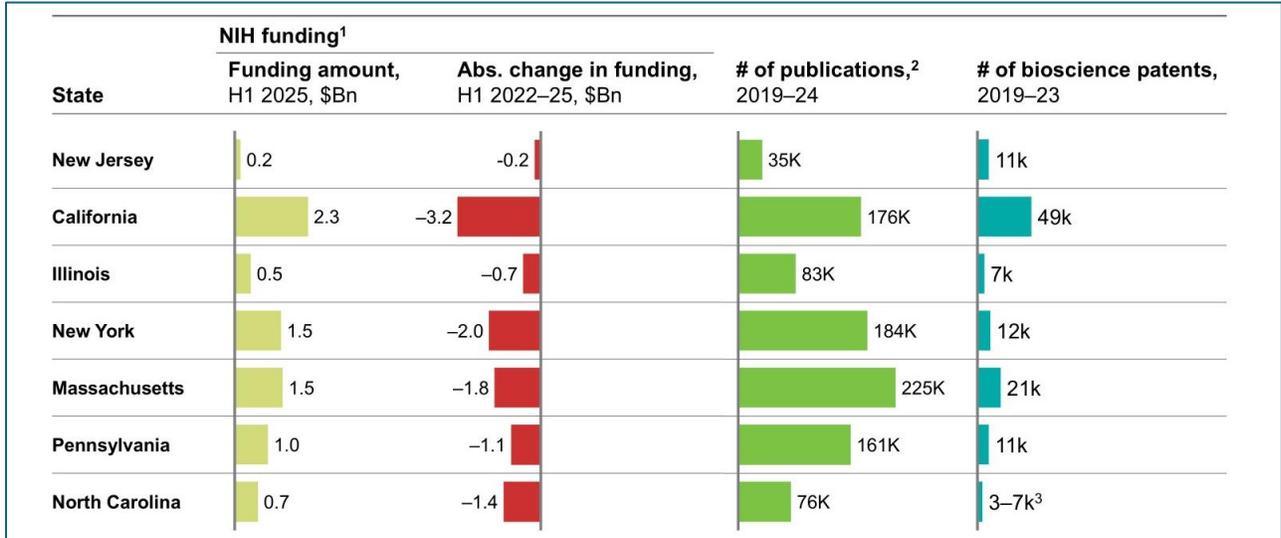
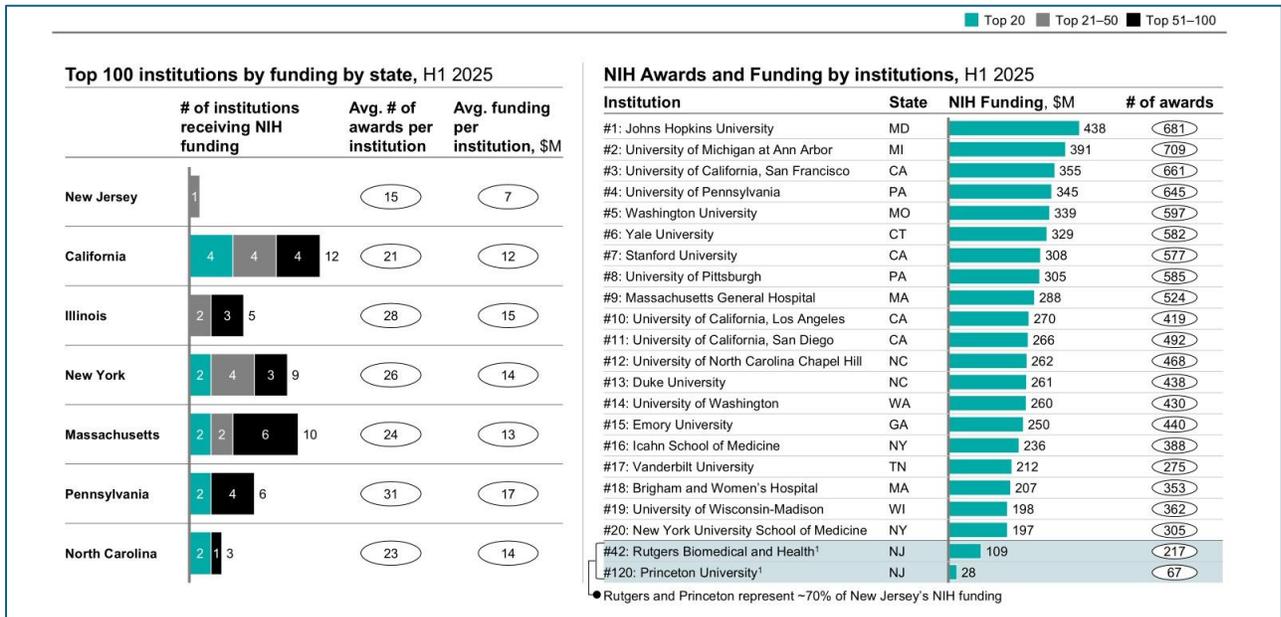


Exhibit 9: Number of NIH awards and funding amount by institution and state



The difference between New Jersey and hubs such as Massachusetts and California is scale. Massachusetts and California respectively produced approximately 225,000 and 176,000 publications and 21,000 and 49,000 bioscience-related patents with more than

ten top-100 institutions.¹⁹ New Jersey produced 35,000 publications and 11,000 patents with one top-100 institution – Rutgers. The scale difference is also reflected in funding. New Jersey received \$137 million in NIH support, compared with the \$1.5 billion to \$2.3 billion that flows to institutions in Massachusetts and California (Exhibit).²⁰ New Jersey has the opportunity to broaden its base of research excellence by promoting and supporting institutions such as the Coriell Institute for Medical Research, the Hackensack University Medical Center, the New Jersey Institute of Technology, Rowan University, and the Stevens Institute of Technology.

New Jersey’s life sciences landscape is a blend of established strengths and significant opportunities for growth. Its strong academic institutions and skilled talent pipeline provide a solid foundation for innovation. However, its ecosystem is still maturing in key areas, notably in its startup and venture capital activity, which lags behind that of Massachusetts and California. Meanwhile, the biopharma industry is navigating a series of macroeconomic forces that are reshaping where and how value is created.

Key macro forces driving change and uncertainty

The life sciences industry is navigating a complex landscape shaped by several powerful external forces that create unique opportunities for New Jersey.

Productivity and onshoring pressures are intensifying

The industry faces significant impacts from geopolitical and policy changes, especially drug pricing reforms.

The 2022 Inflation Reduction Act introduced changes such as allowing Medicare to negotiate drug prices and requiring drug manufacturers to rebate the program if certain drug prices increase faster than inflation. These measures are already influencing long-term investment decisions and company valuations. Meanwhile, upcoming policies, such as the potential implementation of a most-favored-nation pricing model for Medicare and Medicaid, could further sharpen the pressure on margins.

In response to this shifting environment, many firms have launched initiatives to cut costs and boost efficiency in R&D and commercial areas; NJ-based biopharmas have targeted saving \$10.2 billion by 2027.²¹ Foreign trade policies, including tariffs, foreign

¹⁹ McKinsey analysis of data from PubMed examining publications from top universities with at least 50 active NIH projects between 2019 and 2024, as well as “The U.S. Bioscience Economy: Driving Economic Growth and Opportunity in States and Regions,” TEconomy Partners et al., n.d., <https://bio.widen.net/s/hflmb92hwx/the-us-bioscience-economy-driving-economic-growth-and-opportunities-in-states-and-regions>.

²⁰ McKinsey analysis of NIH data.

²¹ McKinsey analysis of S&P Capital IQ, company filings, and analyst reports.

restrictions, and investment limits, are also affecting decisions about footprints and regulatory timelines.

At the same time, these policies can create cost pressures for smaller and midcap companies that may find trials or manufacturing in the United States prohibitively expensive. Federal research funding is under pressure, with NIH support having almost halved since 2022.²² A proposed 40 percent cut to the 2026 budget would further reduce total funding to below \$28 billion, putting significant strain on research nationally.²³ The impact on New Jersey may be less pronounced than other states. However, for early-stage companies, federal Small Business Technology Transfer (STTR) and Small Business Innovation Research (SBIR) funding is critical to validate and de-risk technologies and get them to a place where they are attractive to third-party venture capital and angel investors. With approximately \$200 million in NIH support today, the State already relies far less on federal funding than do hubs such as Massachusetts and California, where NIH support exceeds \$1.5 billion and \$2.3 billion, respectively.²⁴

Together, these shifts are accelerating the push for more US-based manufacturing, enhancing New Jersey's opportunity to solidify its position as a biopharma manufacturing hub.

Competition is increasing

Sustainable revenue growth, often enabled by blockbuster drugs, continues to be the primary driver of value in the biopharma industry.²⁵ However, loss of exclusivity pressures mean that firms face significant challenges in sustaining growth. While the number of compounds in development has more than doubled,²⁶ companies cluster around similar targets, especially in oncology, and face shorter windows to recoup their investments.²⁷ To meet these challenges, companies are increasingly relying on external innovation through partnerships and acquisitions.

These shifts create a major opportunity for New Jersey. The State's diverse patient base and robust clinical infrastructure enable large, representative trials that help companies differentiate in crowded pipelines and compete in large-population diseases. They can also support the next wave of AI-enabled and adaptive trials. With strong corporate anchors and a growing startup base in oncology, neurology, cell and gene therapy, rare diseases, and biologics, New Jersey also offers a rich pipeline of assets for larger biopharma players seeking external innovation.

²² McKinsey analysis of NIH data.

²³ David Shepardson and David Lawder, "Trump slaps steep US tariffs on drugs, heavy trucks and furniture," Reuters, September 26, 2025, <https://www.reuters.com/business/trump-says-us-will-impose-25-tariff-heavy-trucks-imports-october-1-2025-09-25/>.

²⁴ McKinsey analysis of NIH data.

²⁵ McKinsey analysis of Evaluate Pharma data, 2024.

²⁶ McKinsey analysis of PharmaProjects data from September 2024.

²⁷ McKinsey analysis of PharmaProjects Trends data from 1995 to 2024.

An M&A rebound is shifting toward early-stage assets

In 2024 and the first quarter of 2025, global biopharma funding rebounded but remains below historical peaks.²⁸ The top-20 pharma companies are now focused on acquiring early-stage assets, especially in the research and preclinical phases.²⁹ This shift increases the value of early innovation, presenting an opportunity; New Jersey's strong academic base, corporate anchors, and diverse ecosystem position it well to nurture startups that can attract global investors and pharmaceutical partners.

Together, these three forces are reshaping where and how value is created in the life sciences industry. For New Jersey, they open new avenues to build on existing strengths and carve out a differentiated position in the global ecosystem. The next section outlines the key opportunities and innovation drivers that can help the State capture this momentum.

Opportunities and innovation drivers

While the life sciences ecosystem in New Jersey is strong, international competition—as well as competition from peer states with meaningful sector footprints—has made it imperative to implement and sustain policies intended to nurture the full ecosystem.

Over the past eight years, State policies have supported the growth of life sciences innovator companies. This has been critical in combating the comparatively higher costs of doing business in New Jersey. However, over the past year, companies with historic ties to the Garden State have decided to expand their manufacturing operations outside of it.

It's important for a thriving life sciences sector that investments, tax incentives, and workforce development programs diminish the costs of doing business and incentivize investment. Furthermore, ensuring that all these programs are competitive relative to similar initiatives in competitor states will be decisive in determining whether New Jersey remains one of the top centers of biomedical innovation in the world.

To capitalize on evolving opportunities, New Jersey should focus on the following five strategic initiatives:

Elevate the State's profile as a leading life sciences hub

There is a strong opportunity to elevate the perception of New Jersey as a leading life sciences hub—not only as a center of industry strength, but also as a growing engine of innovation. This can be achieved by promoting a clear value proposition, increasing awareness of unique programs, and supporting and celebrating early-stage success stories such as those of Lactiga, Vitruviae, which have attracted significant funding and validation, and Melinta Therapeutics, a valuable commercial-stage company that

²⁸ McKinsey analysis of BCIQ from April 2025.

²⁹ McKinsey analysis of IQVIA Ltd. Pharma Deals from April 2024 and Evaluate Pharma data from 2024 as well as April 2024 interviews with biotech executives and investors.

achieved a successful acquisition. Other success stories include Insmmed, Amicus, Genmab, and PTC Therapeutics, which have all become established, publicly traded pillars of the State’s life sciences sector, and exits such as Intra-Cellular’s \$15 billion acquisition by Johnson and Johnson and Karuna’s \$14 billion acquisition by BMS. A managing partner of a leading venture capital fund notes, “There’s a virtuous cycle here: Successful companies create the next generation of entrepreneurs, whether it is midlevel managers who branch out to start their own ventures or serial founders launching again. That cycle is a real strength of New Jersey’s ecosystem.”

Choose New Jersey is playing a vital role in amplifying that story. In 2024, it assisted 62 companies in relocating or expanding to New Jersey, generating and retaining more than 2,100 jobs and nearly \$987 million in economic impact.³⁰ By continuing to invest in Choose New Jersey’s outreach and aligning State, industry, and innovation messaging, the State can raise awareness of its startup ecosystem, attract new businesses, and more firmly establish itself as a life sciences leader. The State can also leverage the success of Choose New Jersey by identifying and recruiting key segments of the industry, such as CROs, as well as key companies like Exact Sciences, to establish operations in New Jersey to accelerate clinical trials, diagnostics, and treatment delivery.

An effective way to bolster New Jersey’s competitiveness is to address its corporation business tax (CBT) structure. New Jersey’s current top corporate tax rate is effectively 11.5 percent for companies with allocated net income over \$10 million, making it the highest corporate tax rate in the nation. Neighboring states like Delaware and Pennsylvania have lower top rates (8.7 and 7.99 percent, respectively, with Pennsylvania’s rate on a downward trajectory to 4.99 percent by 2031). This high tax burden is a significant headwind to attracting and retaining high-growth businesses.

Support a thriving startup and entrepreneurial ecosystem

New Jersey already has the talent, institutions, and innovative companies to power a thriving entrepreneurial community. It has the opportunity to grow further by making new sources of funding available and continuing to bring players together. Many NJ-based startups look outside the State for private funding because there is not an adequate local capital base. To attract more funding, it will be crucial to enhance the visibility of startups to institutional investors, angel investors, and biopharma partners. It will also be important to develop a compelling investment story that explicitly highlights incentives such as the increased Angel Investor Tax Credit, which rises from 20 to 35 percent in January 2026, Strategic Innovation Center (SIC) investments, and the Innovation Evergreen Fund, as well as success stories and sector strengths in oncology, neurology, CGT, rare disease, and biologics.

For founders, access to life science resources and mentorship is crucial for building successful companies. For early-stage founders in particular, best practices around pitching to investors, navigating due diligence, and avoiding the “valley of death” between preclinical research and early clinical development are especially important.

³⁰ “2024 Annual Report,” Choose New Jersey, n.d., <https://choosenj.com/about-us/2024-annual-report/>.

Mentorship programs, like the one led by the Institute for Life Sciences Entrepreneurship at Kean University, provide this kind of support. The New Jersey Bioscience Center demonstrates the impact of these efforts; since 2002, its tenant and graduate companies have generated more than \$9 billion in output and \$4 billion in labor income, with approximately half continuing to maintain a presence in the State.³¹ Expanding incubators, accelerators, and flexible lab space, particularly near universities, will further strengthen the resources and infrastructure available to help early-stage life science companies commercialize discoveries. To sustain momentum, New Jersey should ensure that these proven programs are preserved and grown over time.

Partnerships will be central to bridging the valley of death. Princeton Innovation Center BioLabs, developed with support from Princeton University, provides state-of-the-art lab and office space, operational support, and access to funding networks, mentorship, and community programming that connect startups with investors and industry partners. New Jersey can encourage more such partnerships, leveraging its corporate anchors as sources of mentorship, capital, and validation for smaller firms. Networking platforms also can bring together startups, investors, universities, and pharma partners to create the connections needed to open doors to funding, collaborations, and market access. One example is the partnership with Portal Innovations, a Chicago-based life sciences venture development firm, as a partner/operator at The HELIX. In partnership with the New Brunswick Development Corporation (DEVCO), 30,000 square feet of R&D and lab incubation space will be made available, combining the space with Portal's national network.

Smaller companies can access the NJ AI Hub via its newly announced discovery platform to find consultants, data scientists, and other resources that can help them embed AI into discovery and development. These capabilities are difficult to build independently. As one CEO observed, "Smaller companies can embed AI into their workflows from day one, but because they have limited resources, they don't necessarily understand all the ways they can use it to scale and innovate." Another expert emphasizes that while nearly all startups see the potential of machine learning, they lack access to talent: "Ninety-nine percent of emerging biotechs would love to integrate AI, but they have no idea who to go to or speak to. A startup biotech most likely can't afford a data scientist. But what if there were grants to build AI into the biotech early on?"

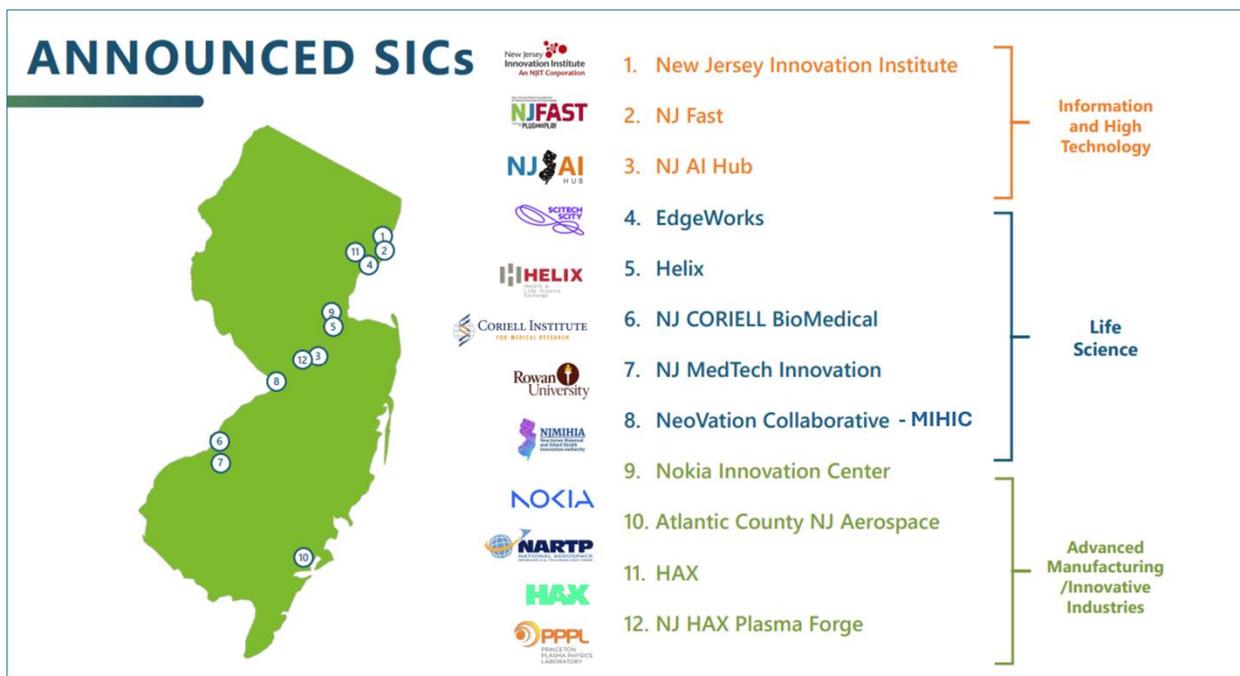
CSIT, which was established in 1985 and reestablished in 2018 following an eight-year hiatus, has proven a highly efficient investment in New Jersey's innovation economy. Since being reestablished, CSIT has awarded 445 grants totaling \$28 million to early-stage innovation companies, most of which have five or fewer employees. 39 percent of the funds have gone to life science companies and 35 percent to life sciences projects. Companies that received grants early in the program have created 900 direct, indirect, and induced new jobs and multiplied CSIT funding 15 times in follow-on third-party grants, equity, and loans. The estimated \$13.2 million in State and local taxes received

³¹ "NJ Bioscience Center Incubator Impact Study," NJEDA, June 2024, https://www.njeda.gov/wp-content/uploads/2024/06/NJEDA_Report_June17.pdf.

from these companies exceeds the \$13.1 million of CSIT-awarded grants those cohorts received.³²

While CSIT’s activity has been sustained since its reestablishment, the Commission’s budget has been significantly diminished in the last two State budgets. Company founders we interviewed consistently identify CSIT as being critical to their success through its R&D voucher grants, seed grants, SBIR and small business technology transfer assistance, and other activities. In addition, under its current leadership, CSIT has rebuilt and expanded the kind of institutional knowledge and awareness of private investors, innovation hubs within the State, and key innovation partners that are essential for success. Finally, 12 strategic innovation centers, which are facilities designed to support R&D, innovation, and entrepreneurship, either have been or will be established across the State. Extending beyond the life sciences, these facilities are intended to accelerate growth through job creation, investments, alliances, and partnerships. Five of them—Edge Works, HELIX, NJ BioMedical in partnership with Coriell Institute for Medical Research, NJ MedTech Innovation Center in partnership with Rowan University, and MIHIC—are focused on the life sciences (Exhibit 10).

Exhibit 10: New Jersey’s strategic innovation centers³³



Some of these facilities have recently opened their doors, and others will do so in the next few years. They will be invaluable resources for founders of emerging biotechnology companies, providing initial capital for R&D and ultimately attracting

³² “Annual Report 2024, New Jersey CSIT, n.d., <https://www.njcsit.gov/wp-content/uploads/2025/06/051925-FINAL-Reduced-optimized-update-version-CSIT-Annual-Report-2024.pdf>.

³³ Graphic courtesy of NJEDA.

further investments to turn novel ideas into medicines and cures. The State should promote awareness of these strategic innovation centers among academic research institutions and internationally, and continue to attract corporate partners, such as law firms with intellectual property expertise, to these centers.

To stimulate funding, which is a vital tool for early innovation, the State could restore and increase CSIT's budget to \$12 million. It might also explore direct non-dilutive funding programs and joint industry and academia R&D initiatives, which could be administered by CSIT, for pilot-scale facilities in targeted emerging biomedical areas such as cell and gene therapy. Finally, while the Antel Investor Tax Credit was recently augmented to increase the incentives available by 15%, the State should continue to ensure that it remains competitive relative to competitor states to attract the private capital needed for growth.

With these initiatives, New Jersey can encourage a vibrant innovation engine that complements its established corporate and manufacturing strengths.

Attract, retain, and reskill premier talent

The State can build its talent foundation by preparing people for emerging fields, reskilling the existing workforce, and ensuring New Jersey is a global magnet for top researchers.

The availability of skilled technical talent in areas such as good manufacturing practice; chemistry, manufacturing, and controls; and quality is a key factor biopharma companies consider when deciding where to locate new manufacturing facilities. New Jersey already has a robust manufacturing workforce, which can be further strengthened through reskilling in advanced biomanufacturing and other high-growth areas. Many such programs exist, and the next step is to consolidate and streamline them so they are easier for workers and employers to navigate. Emulating models like the University of North Carolina,³⁴ which ties vocational training directly to employer needs and produces job-ready candidates, would further expand the State's ability to ensure a steady pipeline of manufacturing technicians, engineers, and operators.

Attracting and retaining top scientific talent is equally important. Flagship research hubs and innovation centers can provide environments where world-class investigators choose to work and stay, while recruitment campaigns and exchange programs can broaden the reach of New Jersey's academic and corporate institutions. Quality of life is an important factor in where researchers decide to build their careers. Offering a competitive professional and personal environment will be critical to ensuring leading scientists choose New Jersey as their destination.

Strengthening the talent pipeline will ensure entrepreneurs and growing companies can access the expertise they need. Workforce development programs, internships, and specialized training in emerging fields such as artificial intelligence can position the State at the forefront of next-generation life sciences innovation. At the same time, it

³⁴ "UNC exploring a North Carolina-based gene therapy biomanufacturing foundry," UNC Institute for Convergent Science, n.d., <https://convergent.unc.edu/projects/biomanufacturing-foundry/>

will be critical to connect students and graduates more directly to in-State opportunities. The Talent Pipeline Program by PTC Therapeutics in Warren, NJ, demonstrates how academic training can be bridged effectively into employment. PTC Therapeutics in Warren, NJ, has spent over \$3.5 million since the COVID-19 pandemic to help recent college graduates, including those with PhDs and PharmDs, gain industry experience. Their program effectively connects academic training to employment and prepares a ready-to-hire pool of candidates. Strengthening transit links among universities, R&D labs, manufacturing facilities, and corporate offices would further enhance collaboration, expand internship opportunities with major employers, and make New Jersey more attractive to top talent.

As a managing partner of a leading venture capital fund noted, “Success is multifactorial. It is not just the entrepreneur, the public sector, or groups like the life sciences trade association BioNJ. It is not just capital or a team or a receptive market. You need all of these to come together.”

Several recently established initiatives and programs would benefit from greater awareness and sustained support from the State. The Pathways to Career Opportunities created and led by the New Jersey Council of County Colleges (NJCCC) is a Statewide effort to expand economic mobility, address equity gaps, and build a skilled workforce. It is a collaboration between industry sectors and the NJCCC to curate training programs that ensure a broader contingent of the emerging workforce has the skills that employers will need.

The New Jersey Department of Labor and Workforce Development (DOL) has administered another initiative, the UPSKILL: NJ Incumbent Worker Training Grant Program. Over the past three years, the DOL has granted more than \$26 million to 264 employers and organizations, resulting in training for nearly 41,000 employees.³⁵ These grants seed occupational skills training, reimbursing the costs of tuition, textbooks, software, and examination and credentialing fees for third-party classroom training, on-the-job training, and company in-house training. UPSKILL grants can cover up to 50 percent of a person’s wages during on-the-job training.³⁶ The DOL’s New Jersey Innovation and Research Fellowship Program has enabled early-stage companies to hire post-docs and retain talent educated at New Jersey institutions in the State. This program has been continually oversubscribed.

Another initiative, administered by the NJEDA, is the New Jersey Innovation Fellows (NJIF) program, which awards a base of \$200,000 and up to an additional \$200,000 in bonuses to support leadership teams of three or more entrepreneurs with unique startup ideas in targeted industries, including life sciences.³⁷ The program provides “income replacement” funding and incorporates mentorship and guidance to facilitate

³⁵ “NJ Department of Labor Announces the Availability of \$7 Million for Incumbent Worker Training,” Department of Labor & Workforce Development, September 19, 2025, https://www.nj.gov/labor/lwdhome/press/2025/20250919_upskill_grant.shtml.

³⁶ Ibid.

³⁷ “New Jersey Innovation Fellows Program,” NJEDA, n.d., <https://www.njeda.gov/new-jersey-innovation-fellows-program/>

success within the State's innovation ecosystem. It targets professionals and recent graduates who are leaving full- or part-time paid positions to focus on their startup in New Jersey and helps bring good ideas to fruition.

Programs like these, devised to support workforce growth, are also critical to ensuring New Jersey remains a competitive hub of biomedical innovation. While many biopharmaceutical jobs do not require a master's degree or PhD, they do require specialized skills. These programs lower the barriers that companies encounter in trying to fill those vacancies. It will be crucial to support and promote these programs among the academic and entrepreneurial communities and to businesses exploring expansion into New Jersey.

Promote New Jersey as the US-based manufacturing partner of choice

New Jersey is well-positioned to consolidate its position as a leading US hub for advanced biomanufacturing and reshoring, especially in high-value areas such as cell, gene, and RNA-based treatments. The State can strengthen its appeal by developing dedicated biomanufacturing corridors with shared logistics that reduce costs and foster collaboration among companies. Marketing NJ's unique advantages, including its proximity to the FDA, major airports, and international ports, can further highlight its strategic value for global players.

One critical component of the innovation ecosystem is secure biorepository facilities that enable researchers to store precious biological samples. New Jersey is home to several of these companies, which serve R&D-based entities Statewide and beyond. To support the growth of biopharma manufacturing, the State should actively maintain the Next New Jersey Manufacturing Program, which provides substantial tax credits to incentivize investment and job creation. This program is a vital tool for attracting new businesses and helping small and midcap companies secure manufacturing partners, many of which are not sure how to find such collaborations or access available incentives. The State should also expand the NJEDA manufacturing voucher program to include equipment for R&D, thereby lowering capital barriers for emerging companies. It could also help biorepositories expand their facilities by incentivizing the conversion of existing warehouse space into biorepository capacity with targeted tax incentives and expedited permitting. This kind of program could benefit from greater visibility.

Develop strategies to attract and expand into adjacent sectors

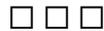
Diversifying New Jersey's life sciences sector beyond traditional biopharma is crucial for the State's long-term growth and resilience. New Jersey already has a significant CDMO footprint, and expanding into adjacent areas such as CROs would allow it to capture a larger share of the growing global outsourcing market. In addition to CRO expansion, New Jersey can position itself as a testing bed for AI-enabled clinical trials. As digital tools increasingly transform drug development, companies are seeking real-world settings where they can apply advanced data analytics and trial-management platforms. New Jersey's mix of talent, institutions, and patient diversity gives it a natural edge to host these next-generation approaches and establish leadership.

While the United States remains a global leader in drug discovery, the clinical-trial environment faces competitive challenges regarding pace and cost, particularly

compared with that of countries with aggressively streamlined regulatory and recruitment timelines. For instance, in some markets, such as China, the patient-enrollment phase can proceed two to three times faster than in Western markets due to concentrated patient pools and regulatory incentives.³⁸ The Princeton-based NJ AI Hub, which unites AI researchers, startups, and collaborators, has consistently identified clinical trials as a major opportunity for emerging technology to provide greater efficiency and reach. A trial-ready hospital network in New Jersey would make it easier for small and midcap companies to conduct studies efficiently within the State. This kind of infrastructure would strengthen New Jersey's competitiveness in the global trial landscape and reinforce its role as a leader in the next generation of therapies. To seize these opportunities, a concerted effort is required. It would include continuing proactive outreach to international CDMO, CMO, and CRO companies to encourage them to establish facilities in the State. A dynamic inventory of available lab space would strengthen New Jersey's position as a center for research and clinical innovation, attracting CROs and emerging biopharma firms. Furthermore, targeted tax incentives for contract manufacturers that serve low-volume contracts with biotechnology companies would reduce cost barriers for emerging innovative life sciences companies.

It is also essential to increase awareness of the existing landscape of CDMO, CMO, and CRO companies in New Jersey among the academic and startup communities, including at SICs. Finally, the State should actively support the work of the NJ AI Hub to ensure the engagement of other New Jersey academic institutions and grow corporate-partner engagement. By taking these steps, New Jersey can leverage the work of entities like NJEDA, CSIT, and Choose New Jersey to attract more of these critical partners to the State.

³⁸ Bruce Liu et al., "China's Trial Advantage: Tracking Nation's Growth in Pharma Innovation and Global Investment," PharmExec.com, June 20, 2025, <https://www.pharmexec.com/view/china-s-trial-advantage-tracking-nation-s-growth-in-pharma-innovation-and-global-investment#:~:text=The%20enrollment%20phase%20in%20China,is%20the%20large%20patient%20population.>



The future of New Jersey’s life sciences sector lies in its ability to blend its well-established legacy with forward-thinking innovation. While its foundation as a corporate and manufacturing hub remains strong, the State’s strategic roadmap should focus on retaining and bolstering existing strengths and cultivating new ones. By expanding its presence in areas like CROs and AI-enabled clinical trials while nurturing its biopharma and entrepreneurial ecosystems, New Jersey can create a more resilient and comprehensive life sciences landscape—one that continues to drive progress and deliver on its promise of transforming global health.

Summary of recommended actions

1. Elevate the profile of New Jersey as a leading life sciences hub:

- Promote a clear value proposition, increase awareness of unique programs, and celebrate success stories.
- Improve the competitiveness of New Jersey’s Corporation Business Tax (CBT) structure.
- Continue to invest in Choose New Jersey’s outreach and align State, industry, and innovation messaging.
- Identify and recruit key segments of the industry, such as Contract Research Organizations (CROs), and key companies like Exact Sciences.

2. Support a thriving startup and entrepreneurial ecosystem:

- Continue to invest in NJEDA initiatives, including the New Jersey Innovation Evergreen Fund, NOL, the Innovation Fellows program, and SICs.
- Ensure the Angel Investor Tax Credit remains competitive by highlighting its increase from 20 to 35 percent, which goes into effect January 1, 2026.
- Restore and increase CSIT’s budget to \$12 million.
- Explore direct non-dilutive funding programs for pilot-scale facilities.
- Increase NJ academia and industry collaboration with new initiatives, including continued funding to expand the ResearchWithNJ platform to include all NJ academic institutions.
- Leverage academic partners and the newly initiated SIC advisory council to promote awareness of strategic innovation centers among academic research institutions and internationally.
- Develop a compelling investment story highlighting incentives, success stories, and sector strengths.
- Enhance the visibility of startups to investors by leveraging the NJEDA’s semi-annual Founders & Funders event, platforms such as Inc NJ, and the 26 approved VC firms with \$6B under management on the Evergreen platform that are actively engaged in NJ looking for NJ investments.
- Provide access to resources and mentorship for founders, especially early-stage, by supporting programs such as the NJ Innovation Fellows, which provides capital and mentorship for first-time entrepreneurs and life sciences Entrepreneur Training Program at Kean University.
- Continue to support new labs launched under SICs to expand incubators, accelerators, and flexible lab space.

- Continue to leverage the NJ AI Hub to give smaller companies access to consultants and data scientists.
 - Attract corporate partners, such as law firms with intellectual property expertise, to these centers.
3. Attract, retain, and reskill premier talent throughout the industry:
- Strengthen the talent pipeline through workforce development programs, internships, and specialized training.
 - Consolidate and streamline existing reskilling programs, emulating models that tie vocational training directly to employer needs.
 - Prepare people for emerging fields and reskill the existing workforce, leveraging resources from the NJ AI Hub.
 - Provide greater awareness and sustained support for initiatives like Pathways to Career Opportunities, UPSKILL: NJ Incumbent Worker Training Grant Program, NJ BioFutures program, the New Jersey DOL Innovation and Research Fellowship Program, and the New Jersey Innovation Fellows (NJIF) program.
 - Attract and retain top scientific talent through flagship research hubs, innovation centers, recruitment campaigns, and exchange programs.
 - Connect students and graduates more directly to in-state opportunities such as The Talent Pipeline Program by PTC Therapeutics in Warren, NJ.
 - Strengthen transit links among universities, R&D labs, manufacturing facilities, and corporate offices.
4. Promote New Jersey as the US-based manufacturing partner of choice:
- Actively maintain the Next New Jersey Manufacturing Program to incentivize investment and job creation.
 - Incentivize the conversion of existing warehouse space into biorepository capacity with targeted tax incentives and expedited permitting.
 - Develop dedicated biomanufacturing corridors with shared logistics.
 - Market NJ's unique advantages, including proximity to the FDA, major airports, and international ports.
 - Expand the NJEDA manufacturing voucher program to enable companies to acquire R&D and manufacturing equipment.
5. Develop strategies to attract and expand into adjacent sectors:
- Diversify the life sciences sector beyond traditional biopharma into areas like CROs.
 - Continue proactive outreach to international CDMO, CMO, and CRO companies.
 - Position New Jersey as a testing bed for AI-enabled clinical trials, highlighting the new Discovery platform at the NJ AI Hub.
 - Create a dynamic inventory of available lab space.

Exhibit sources and notes

Exhibit 1 footnotes: (1) Based on latest data available in all categories. (2) Current-dollar in 2024 GDP according to Bureau of Economic Analysis. (3) Across industries (not limited to biopharma) in 2024 according to PitchBook-NVCA Venture Monitor. (4) Based on CNBC's business friendliness index as of July 2025. (5) Biopharma GDP refers to estimated direct economic output based on analysis of TEconomy Partners data, IMPLAN U.S., and state models for 2022. (6) Number of startups at seed and Series A stages as of July 2024 according to BCIQ. (7) Based on average weekly wages for biopharma manufacturing in 2024 according to US Bureau of Labor Statistics. (8) Corporate income tax rates for highest available bracket as of October 2025 according to Tax Foundation; Massachusetts and Pennsylvania have same rates. (9) Percentage of adults over 25 with bachelor's degree or higher in 2022 according to the US Census Bureau's American Community Survey. (10) Percentage of workers with a bachelor's degree or higher in STEM occupations as of 2021 according to National Center for Science and Engineering Statistics (NCSES). (11) Based on 2022 figures from the NCSES. (12) Percentage of children ages 3 and 4 enrolled in a nursery or preschool program as of 2022 according to NCSES. (13) Regional price parities as of 2023 according to Bureau of Economic Analysis. (14) Median single-family home price as of April 2025 according to Redfin monthly housing data. (15) Median dollar monthly bill per paying household as of April 2025 according to DOXO. (16) Average national risk index score as of March 2023 according to FEMA. (17) Percentage of acceptable miles as of 2023, according to the Bureau of Transportation Statistics.

Exhibit 2 footnote: McKinsey analysis based on company websites, Fierce Pharma, FDA database. Includes new drug application and biologics license applications.

Exhibit 3 footnotes: McKinsey analysis based on company websites, Fierce Pharma.

Exhibit 4 footnotes: (1) McKinsey analysis based on company websites, Fierce Pharma. (2) In July 2025, Sanofi agreed to sell its Bridgewater, NJ manufacturing site to Thermo Fisher Scientific.

Exhibit 5 footnotes: (1) Biopharma ranking based on 2024 revenues according to Fierce Pharma. (2) CRO ranking based on 2025 according to CCRPS research on top 50 CROs; (3) CDMO ranking according to 2024 Pharma Boardroom research. Exhibit 4

Exhibit 6 footnotes: (1) Based on data in the North American Industry Classification System (NAICS) 3254, the "Pharmaceutical and Medicine Manufacturing" sector according to US Bureau of Labor Statistics. (2) Only a portion of the employment under NAICS 5417 ("Scientific Research and Development Services") has been attributed to bioscience-related scientific research and development services, according to TEconomy Partners report; the portion was 43.8 percent in 2020 and 45.4 percent in 2022.

Exhibit 7 footnotes: (1) Pitchbook database has been used for funding and number of deals and Crunchbase database has been used for number of startups. (2) Early-stage

covers seed and Series A rounds; mid-late stage covers Series B and later rounds. (3) Only includes startups that have raised private venture capital funding between January 2020 and September 2025.

Exhibit 8 footnotes: (1) Includes projects filed before June of the respective year according to NIH report. (2) Covers publications from universities with at least 50 active NIH projects according to PubMed. (3) Exact figures are not available for number of bioscience patents in North Carolina, ranges estimated based on data from TEconomy Partners analysis of US Patent & Trademark Office data from Clarivate Analytics' Derwent Innovation patent analysis database report.

Exhibit 9 source: NIH.

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