Connecticut Economic Outlook
About CERC

• CERC drives economic development in Connecticut by providing research-based data, planning and implementation strategies to foster business formation, recruitment and growth.

• Private, nonprofit organization; founded in 1992

• Funded by utility and telecommunication companies, state contracts, and fee-based services

• Provides research, municipal, business, real estate, and marketing services
Global Economic Slowdown

<table>
<thead>
<tr>
<th>Country</th>
<th>World Output</th>
<th>United States</th>
<th>Germany</th>
<th>France</th>
<th>Italy</th>
<th>Spain</th>
<th>Japan</th>
<th>United Kingdom</th>
<th>Canada</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3.6</td>
<td>2.9</td>
<td>1.5</td>
<td>1.7</td>
<td>0.9</td>
<td>2.6</td>
<td>0.8</td>
<td>1.4</td>
<td>1.9</td>
<td>6.6</td>
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<tr>
<td>2019 Projection</td>
<td>3.0</td>
<td>2.4</td>
<td>1.2</td>
<td>1.2</td>
<td>0.0</td>
<td>2.2</td>
<td>0.9</td>
<td>1.2</td>
<td>1.5</td>
<td>6.1</td>
</tr>
<tr>
<td>2020 Projection</td>
<td>3.4</td>
<td>2.1</td>
<td>1.3</td>
<td>1.3</td>
<td>0.5</td>
<td>1.8</td>
<td>0.5</td>
<td>1.4</td>
<td>1.8</td>
<td>5.8</td>
</tr>
</tbody>
</table>

World Economic Outlook, International Monetary Fund, Oct. 2019
Part of the slowdown is due to the end of the temporary boost from the 2017 Tax Cuts and Jobs Act, but 2020 growth is also expected to be weaker due to prolonged uncertainty regarding trade and higher tariffs, which has led to decreased investment.
U.S. Employment

In thousands

12-Jan 13-Jan 14-Jan 15-Jan 16-Jan 17-Jan 18-Jan
U.S. Median Household Income

2012: $53,000
2013: $54,000
2014: $55,000
2015: $56,000
2016: $57,000
2017: $58,000
Historic S&P 500

S&P 500

2009-11-09 to 2018-11-09

St. Louis FED
The largest contributor to CT’s GDP is the finance, insurance and real estate industry, which is more than twice the size of the second largest industry.

Professional and business services; manufacturing; and educational services, healthcare, and social assistance also comprise large portions of CT’s GDP.

CT Employment by Industry

- The largest number of employees are in the educational services, healthcare, and social assistance; professional and business services; and retail trade sectors.
- The top 10 industries (shown) account for 97% of statewide private sector employment.

Source: State of Connecticut Department of Labor, Average Annual Employment, 2018; CERC calculations.
Healthcare

- More ways to receive care
- Mergers among providers
- Consolidation affects prices
Professional and Business Services

- Faster computing
- Data storage and security
- Next-generation scientific developments
Physical stores: Experiences that make the customer feel relaxed and comfortable lead to increases in sales and a clear differentiation from the online experience.

Online Stores: In addition to offering faster delivery times, online businesses have formed partnerships with stores for pick-up and return options.
• Automation and robotic technology becomes more widespread
• Will cause disruption or displacement of jobs but will also create approximately 15 million new jobs in the U.S. over the next decade
Construction

- Technology supplementing, not replacing, human workers
- Design-build's popularity growing
- Building lean cutting waste in all forms
- More drones taking flight
Energy

- Residential/small businesses: more choices; can lower cost or express environmental preferences
- Large commercial: sustainability, resiliency, grid independence
- Installers: growing market to install solar and microgrids
- Distributors: need to smooth out renewables at higher penetration levels
## GDP per Capita

### Connecticut and U.S. GDP per Capita

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. Real GDP per Capita</th>
<th>CT Real GDP per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$50,428</td>
<td>$69,140</td>
</tr>
<tr>
<td>2011</td>
<td>$50,840</td>
<td>$67,452</td>
</tr>
<tr>
<td>2012</td>
<td>$51,603</td>
<td>$67,828</td>
</tr>
<tr>
<td>2013</td>
<td>$52,191</td>
<td>$67,062</td>
</tr>
<tr>
<td>2014</td>
<td>$53,118</td>
<td>$66,147</td>
</tr>
<tr>
<td>2015</td>
<td>$54,261</td>
<td>$67,710</td>
</tr>
<tr>
<td>2016</td>
<td>$54,752</td>
<td>$67,845</td>
</tr>
<tr>
<td>2017</td>
<td>$55,692</td>
<td>$68,184</td>
</tr>
<tr>
<td>2018</td>
<td>$56,968</td>
<td>$68,555</td>
</tr>
</tbody>
</table>

Bureau of Economic Analysis
CT Resident Population

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3,580,171</td>
</tr>
<tr>
<td>2011</td>
<td>3,591,927</td>
</tr>
<tr>
<td>2012</td>
<td>3,597,705</td>
</tr>
<tr>
<td>2013</td>
<td>3,602,470</td>
</tr>
<tr>
<td>2014</td>
<td>3,600,188</td>
</tr>
<tr>
<td>2015</td>
<td>3,593,862</td>
</tr>
<tr>
<td>2016</td>
<td>3,587,685</td>
</tr>
<tr>
<td>2017</td>
<td>3,588,184</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau
Components of Population Change Pre- and Post-recession in CT

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Births</td>
<td>42,003</td>
<td>35,969</td>
</tr>
<tr>
<td>Deaths</td>
<td>29,431</td>
<td>29,912</td>
</tr>
<tr>
<td>Net International Migration</td>
<td>12,820</td>
<td>17,652</td>
</tr>
<tr>
<td>Net Domestic Migration</td>
<td>-16,606</td>
<td>-26,496</td>
</tr>
</tbody>
</table>

Source: CT Office of Policy and Management, 2016; U.S. Census Bureau, Calculated by CERC
Net Migration

- Migration patterns are somewhat offsetting CT’s aging trend, as more children (age 17 and under) and working-age residents are moving to CT than are leaving. However, more college-age and retirement-age residents are leaving than are moving to CT.

Connecticut’s real private-sector GDP declined from 2008 to 2011, and has experienced ups and downs but no significant, sustained growth since.

Real private-sector GDP in the US hit a low in 2009, but has increased each year since.

CT Real GDP by Industry

**Growth Industries**
- Information
- Professional and business services
- Education and healthcare
- Wholesale trade

**Lagging Industries**
- Finance, insurance and real estate
- Manufacturing
- Utilities

Source: U.S. Bureau of Economic Analysis; CERC calculations.
Conclusions

• Projection for global economic growth is slowing
• Projection for national economic growth is similarly softening
• Overall industry trends affecting the competitiveness of businesses globally will also affect how companies do business in Connecticut
• While Connecticut’s economy has underperformed other states in recent years, industry transitions present new opportunities
Definition of Economic Development

- Business retention
- Business expansion
- Business recruitment
- Business creation
- Character of your community
Increasing Value in Your Community

- Physically
- Socially
- Economically

*Great downtowns don’t just happen – they are created!*
Physical Value
$1.3 million in State Grant Funds (and counting...)
Social Value
I want

- Trader Joe's
- Wegman's
- Christmas tree shops
- National Park reservations
- Affordable housing
- Develop the waterfront
- A train stop
- Brewery
- High street paved
- Community partnership meetings
- Ticket and phone drives
- Staff
- Leotd collection
- More on the green wave bags
- To live
- To work
- To shop
- To play
- To eat
- To visit
- To eat

in Enfield.
Business Engagement

Desired Attractions:
43% - Microbrewery
43% - Coffee Shop/Cafe
34% - Interior Design
28% - General Store
Economic Value
30% Increase in Value based on Downtown Investments
# Economic Value

<table>
<thead>
<tr>
<th></th>
<th>Costco</th>
<th>Downtown Cornerstone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Consumed (acres)</td>
<td>19.0</td>
<td>.18</td>
</tr>
<tr>
<td>Total Prop. Taxes /Year</td>
<td>$366,477</td>
<td>$71,680</td>
</tr>
<tr>
<td>Total Prop. Taxes /Acre</td>
<td>$19,288</td>
<td>$398,222</td>
</tr>
<tr>
<td>Residents/Acre</td>
<td>0</td>
<td>44</td>
</tr>
<tr>
<td>Jobs /Acre</td>
<td>5.2</td>
<td>22</td>
</tr>
</tbody>
</table>
What is Your Reputation in the Economic Development Marketplace?

• What is the Marketplace?
• What is the Product?
• Who is the Customer?
• In the absence of a clear brand, who is determining your Reputation?
Regulatory Process Needs to Be...

- Predictable
- Clear
- Reliable
- Consistent
- Effective (Does the right thing)
- Efficient (Does things right)

One of the best business incentives is a streamlined regulatory process.
About Permitting

• Critical mission for local governments
• Key source of complaints to elected officials
• Sets the tone for citizen-government and business-government relationships
• Better experience increases participation
• Key players
  ◦ Elected officials
  ◦ Town employees
  ◦ Land use board and commission members
  ◦ Business owners
  ◦ Citizens
Barriers to Improving Permitting

“We’ve always done it this way”

No one responsible for entire process

Process not examined from applicant’s perspective
How Towns are Doing It Right

- Accessing and using data
- Pro-active economic development
- Maintaining a dialogue
- Self-assessment to understand what towns and cities are looking for and what they are capable of
Transit-oriented Development
Supporting Entrepreneurs & Home-based Biz
Partnering
Sustainable CT
Economic Development Strategy

- Riverfront Recapture
- Neighborhood Revitalization
- Village Center
- Retention, Expansion & Recruitment
- Industry Growth
- Leading the Way
Thank You!

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