Connecticut's Economic Outlook

Connecticut Power & Energy Society Annual Conference
October 24, 2018

Connecticut Economic Resource Center
Collaboration at Work

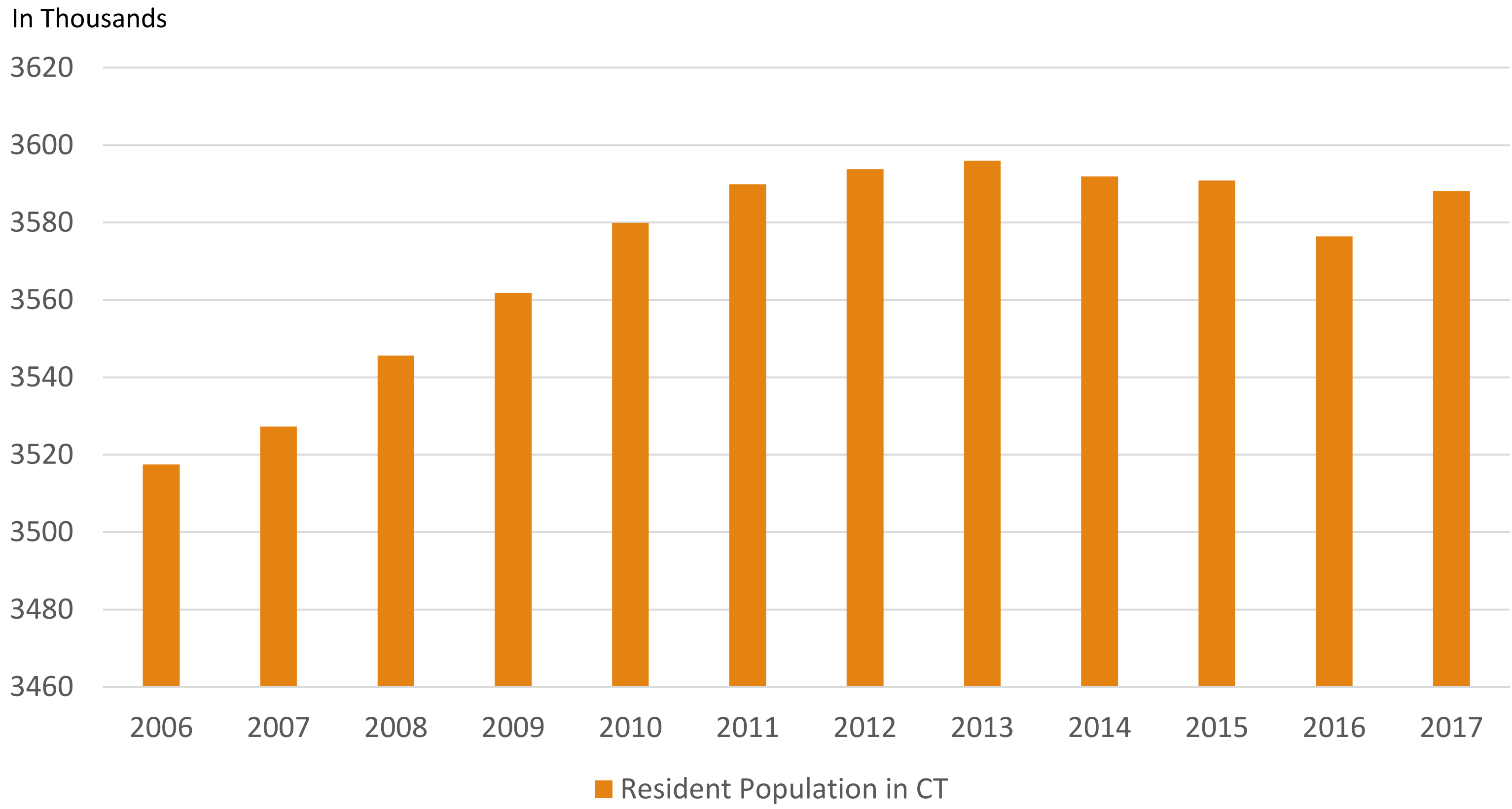
About CERC

- 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

Overview

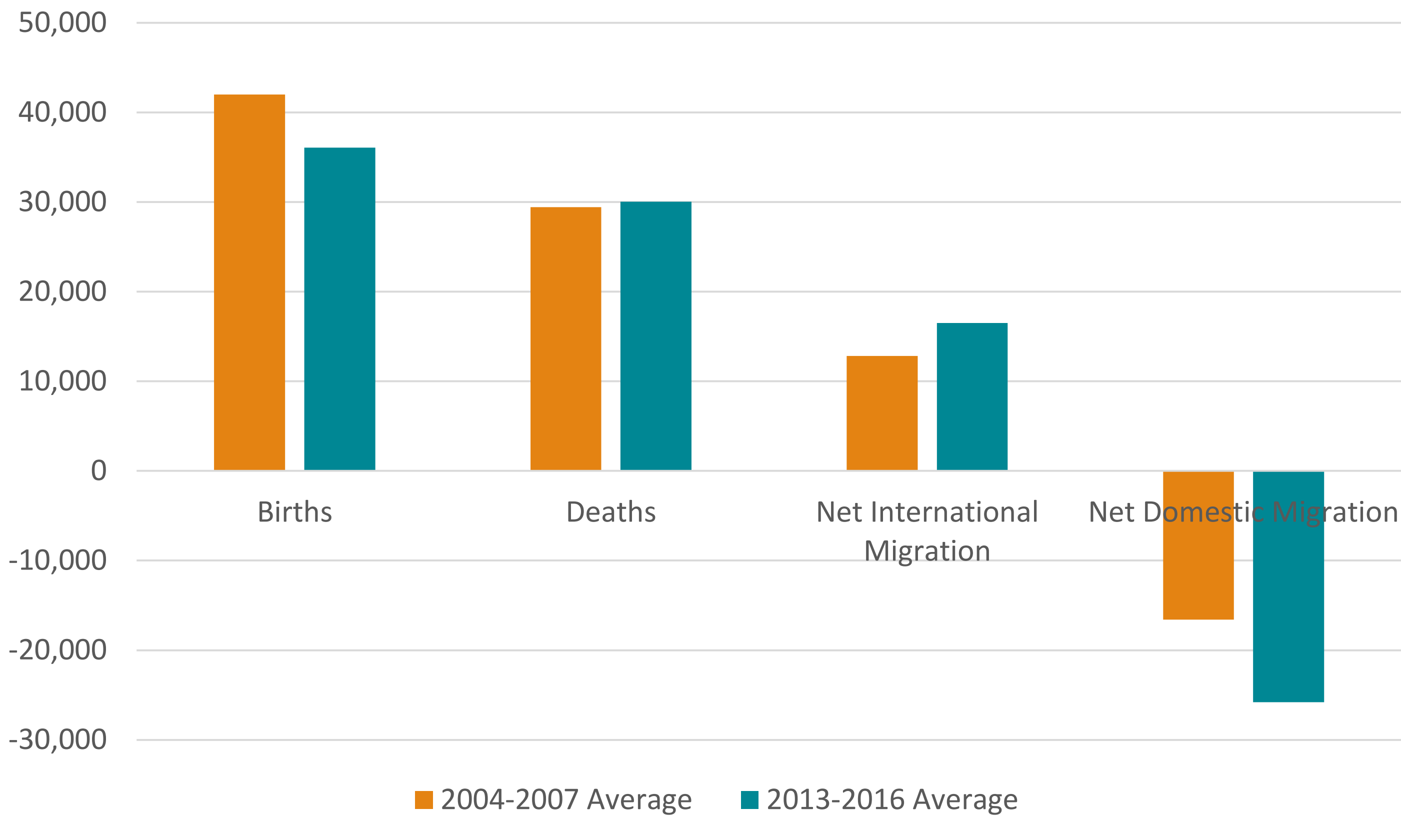
- Connecticut's Economic Trends
- Industry Changes Affecting Connecticut Businesses
- Energy Sector Considerations

CT Resident Population



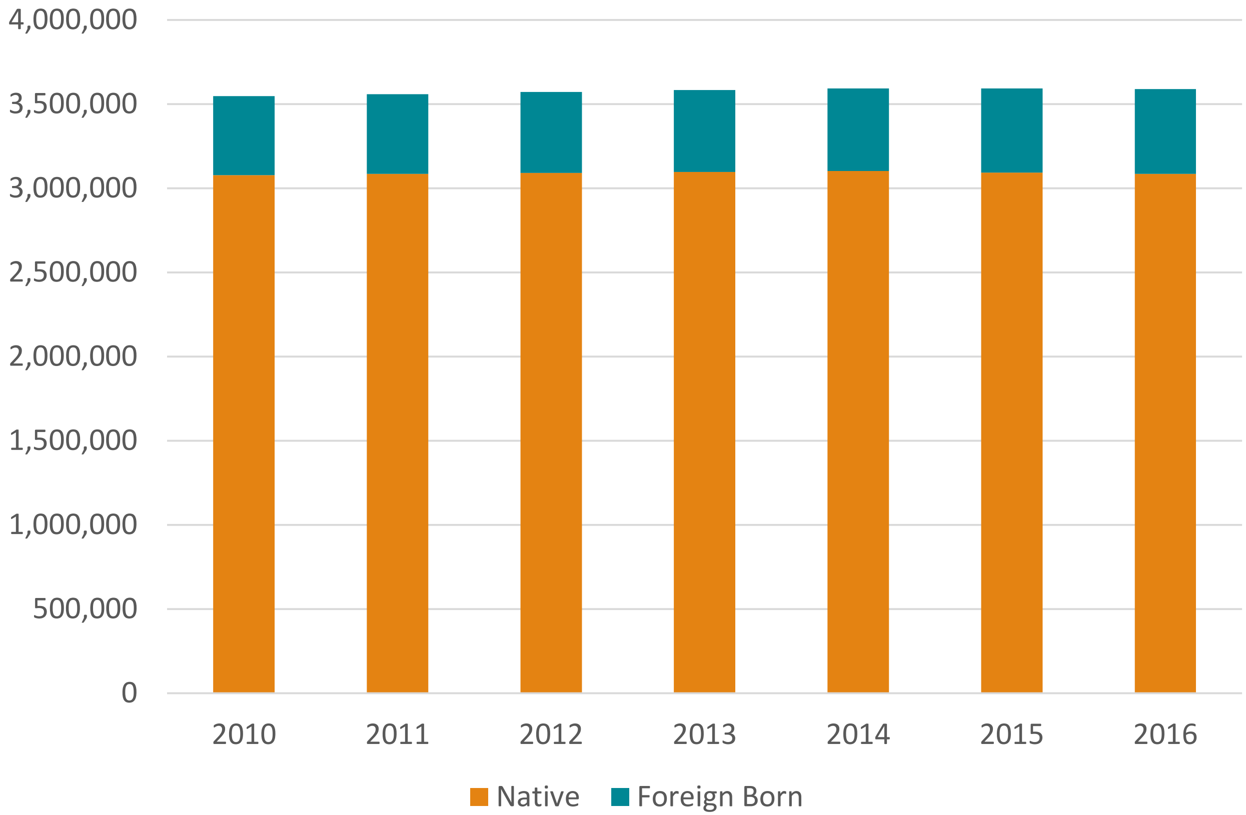
Source: U.S Census Bureau

Components of Population Change Pre- and Post-recession



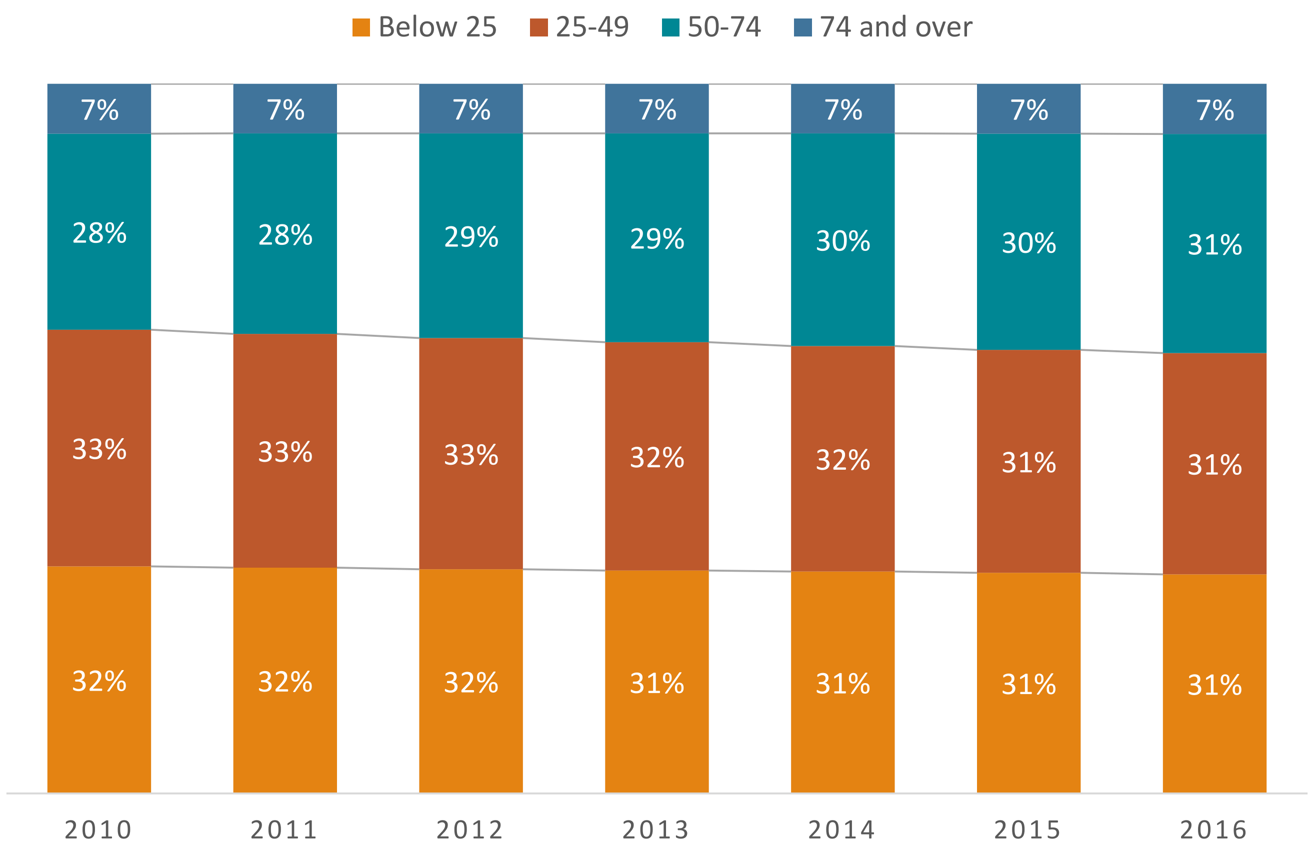
Source: Connecticut's Population and Migration Trends: A Multi-Data Source Dive, CT Office of Policy and Management, 2016

CT Native and Foreign Born



Source: U.S Census Bureau

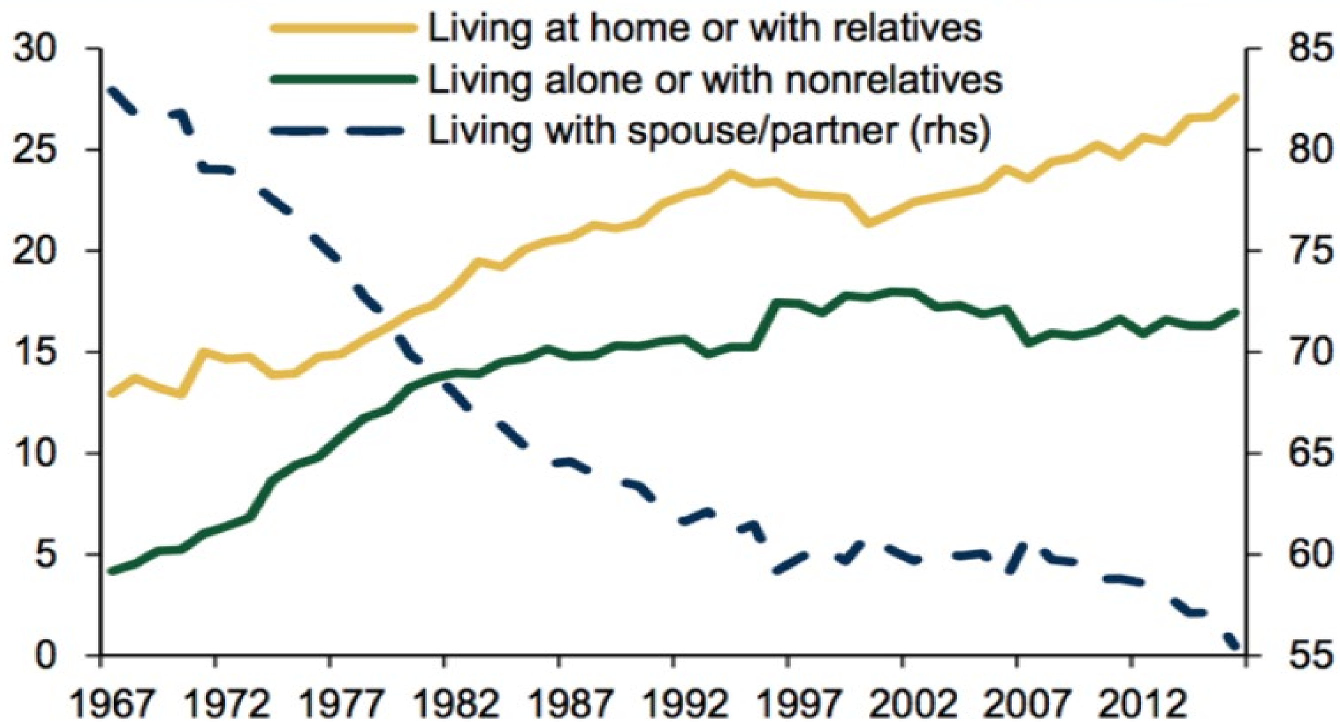
CT Population by Age



Source: U.S Census Bureau

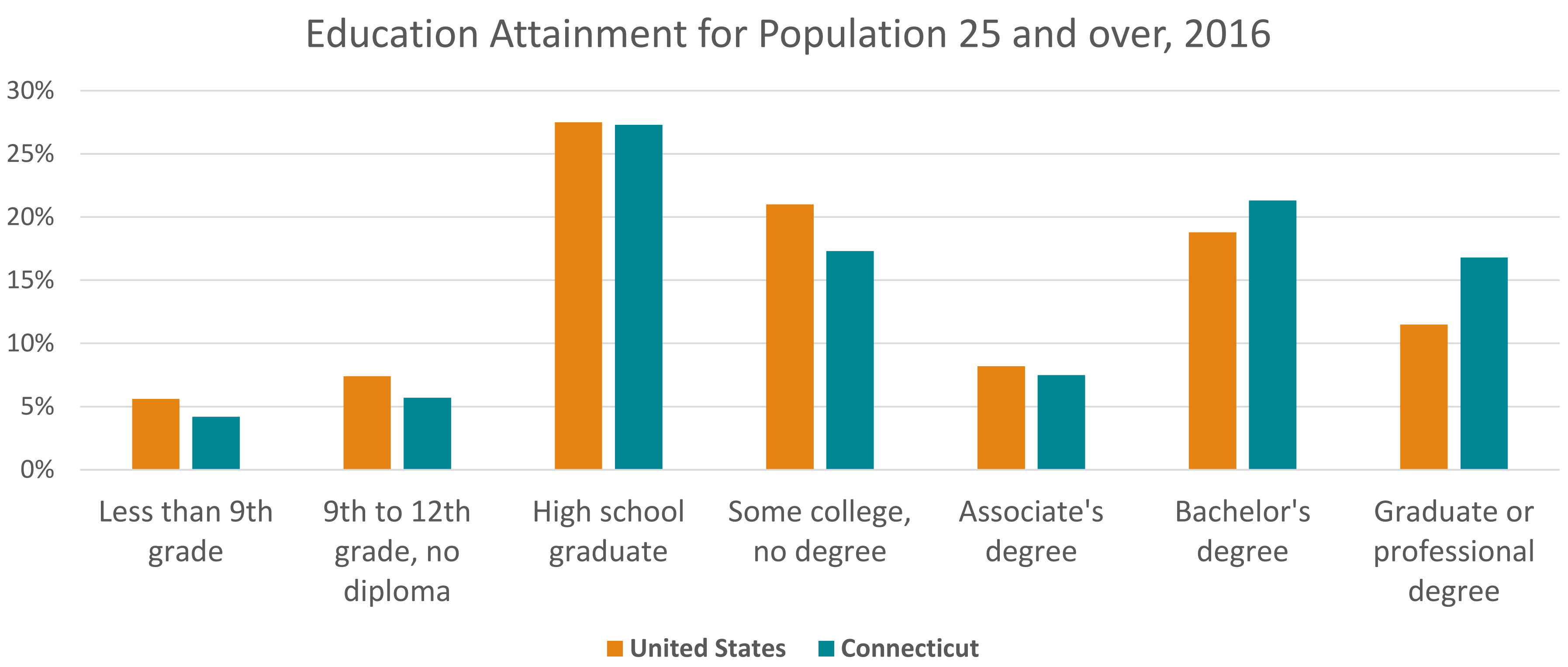
Millennials are more likely to live with their parents

Chart 4: Living situation of young adults (% of 25-34 year olds)



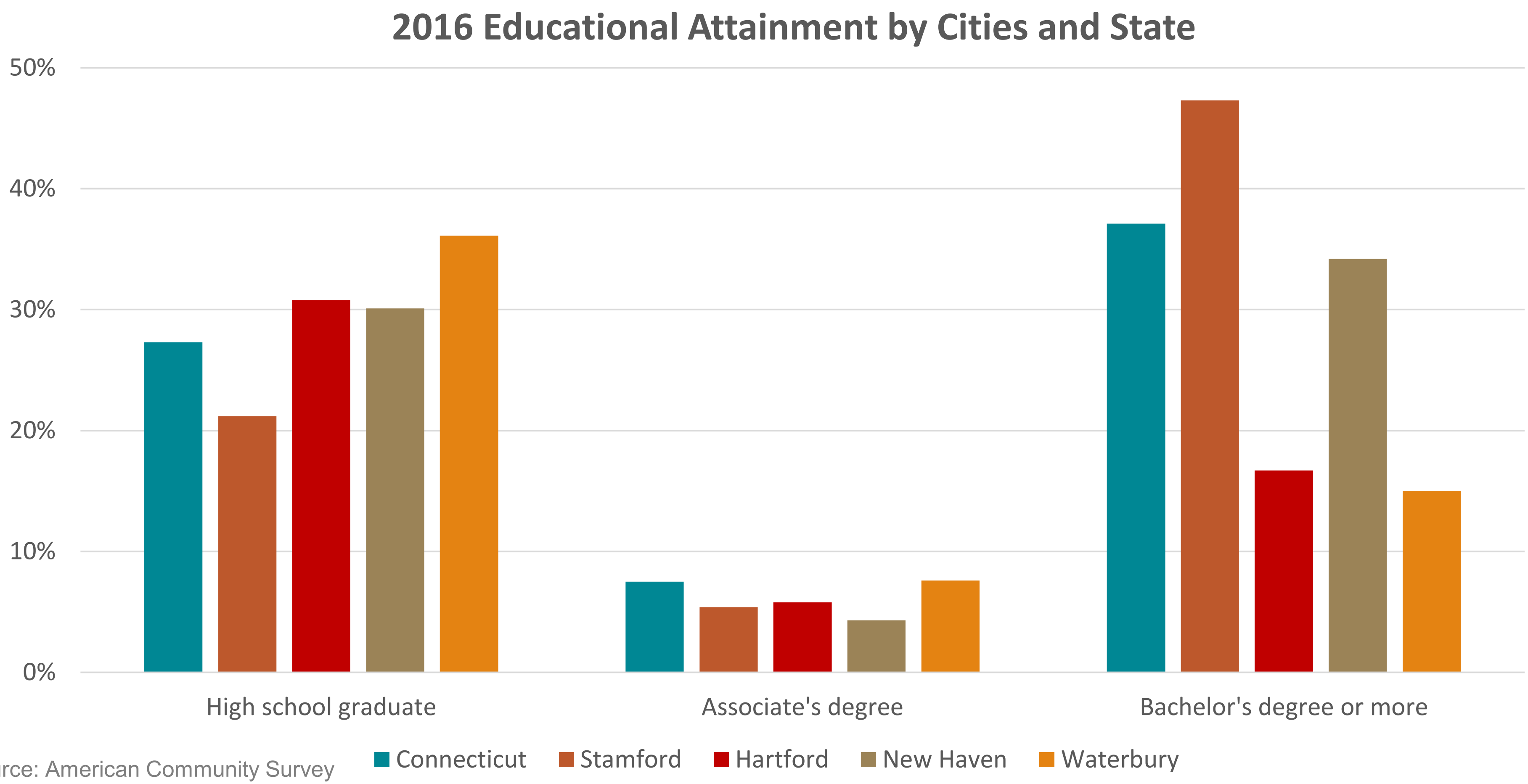
Source: BofA Merrill Lynch Global Research, Census Bureau

Education Attainment: CT and U.S.



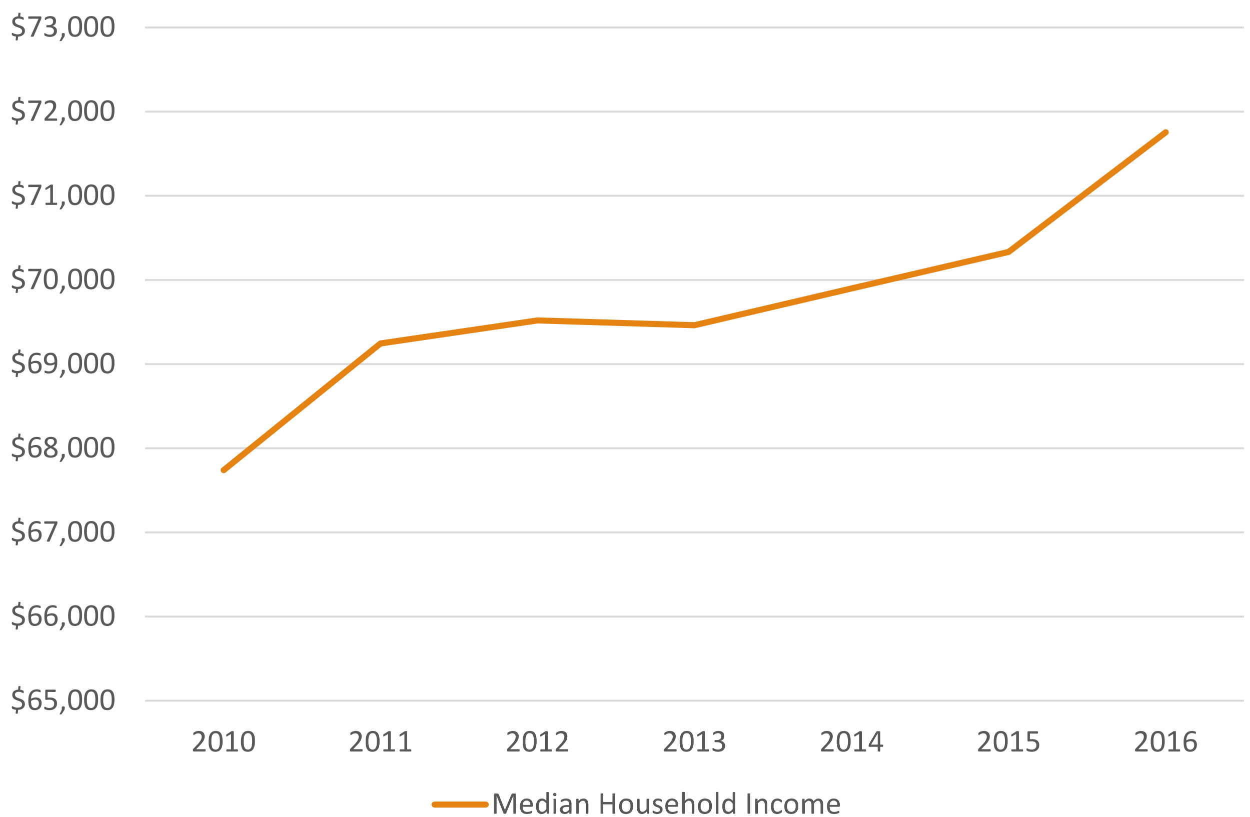
Source: U.S. Census American Community Survey

Education Attainment: CT and Cities



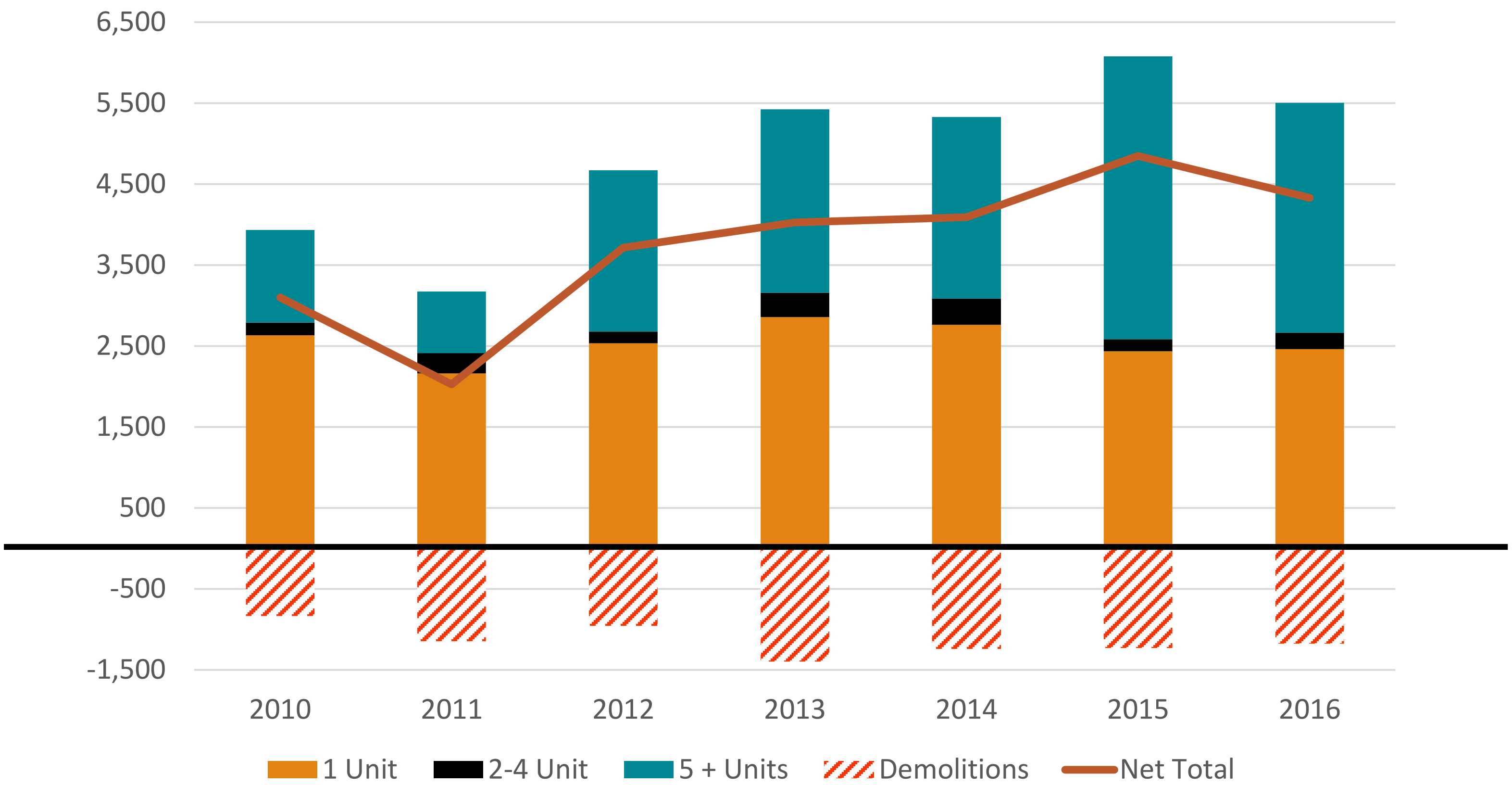
Source: American Community Survey

CT Median Household Income



Source: U.S Census Bureau

CT Housing Permits



Source: U.S Census Bureau

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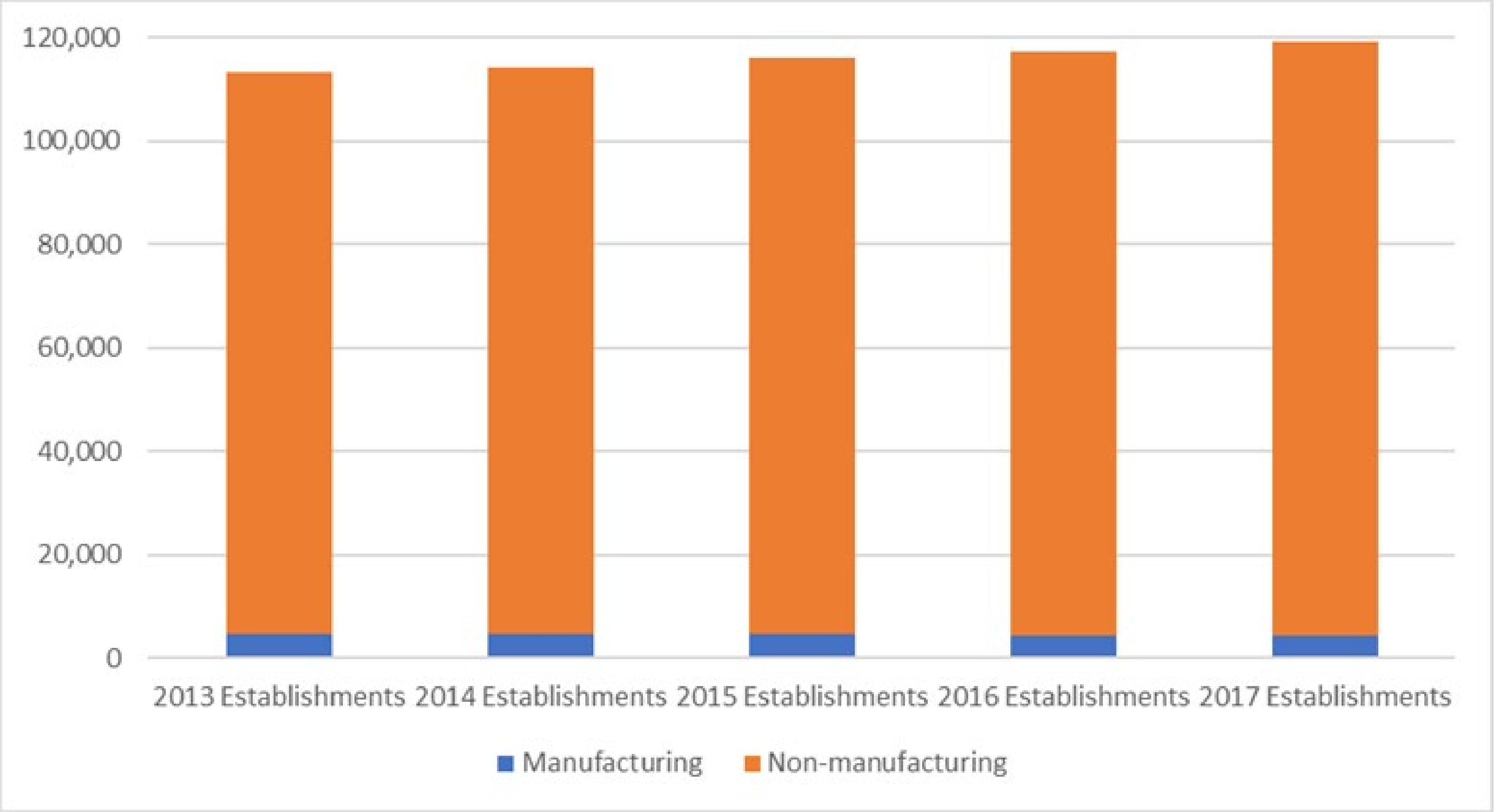
CT Establishments



Source: CT Department of Labor

Industry Trends Affect Business Competitiveness

- Construction: higher commodity costs; increased technical processes change demands for workers
- Financial services: user-friendly online interface, fewer/no local bankers, international expansion
- Manufacturing: automation processes change demands for workers
- Retail: importance of user experience, 25% of U.S. malls projected to close by 2022
- Warehousing: rapid delivery of smaller packages to many users instead of pallets of same goods to businesses

Sources: Credit Suisse, World Economic Forum

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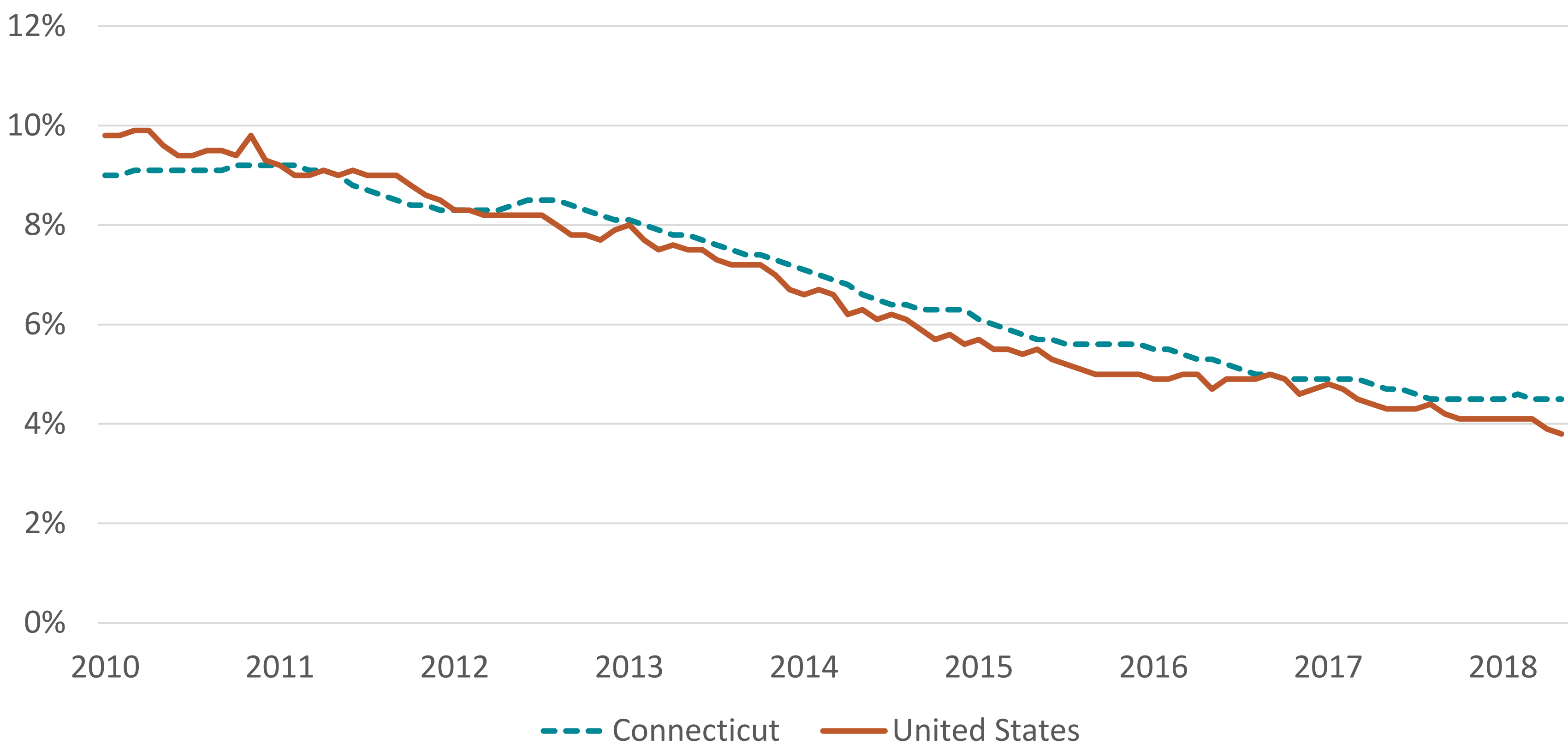
CT Employment Changes by Major Industry

Industry	2017 Employment	12-14	14-17
Health care and social assistance	267,590	↑	↑
Total Government	227,238	↓	↓
Retail trade	183,501	↑	↓
Manufacturing	158,810	↓	↓
Accommodation and food services	128,235	↑	↑
Finance and insurance	106,207	↓	↓
Professional and technical services	96,354	↑	↑
Administrative and waste management	89,707	↑	↑
Other services, except public administration	64,284	↑	↑
Wholesale trade	62,553	↓	↓
Construction	58,311	↑	↑
Educational services	57,860	↑	↑

Source: CT DOL

Unemployment Rate: CT and U.S.



Source: US BLS

Energy Industry Outlook

- Residential/small businesses: more energy choices, can choose less expensive or express environmental preferences
- Large commercial (corporate/university): sustainability, resiliency, grid independence
- Installers: growing market to install solar and microgrids
- Power generation: new opportunities using different technologies to put power on the grid, changing fuel mix
  - Generation in U.S. from non-hydro renewable (largely wind and solar) has nearly doubled from 5% in 2012 to almost 10% in 2017
- Utilities: how to incorporate changing fuel mix and keep stability, may need energy storage to manage increased renewables

Emerging Technologies and Stakeholders

EMERGING/IMPROVING TECHNOLOGIES / STAKEHOLDERS	Residential	Corporate, University	Power generation	Utility Distribution	Installers
Energy Efficiency	x	x			
Rooftop Solar	x	x			x
Energy Storage			x	x	
Micro Grids		x			x
Offshore Wind			x	x	

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Key Findings

- Connecticut's economy remains sluggish despite growth at the national level
- Industry trends affect business competitiveness, space needs, worker demands
- Growing energy-related industry in Connecticut: installers (solar, micro grids)
- Potential energy industries for Connecticut: energy storage to manage increased renewables, power generation via renewables

Thank You

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