
2018 Economic Outlook

presented at the North Haven EDC Breakfast
4/12/18



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About CERC

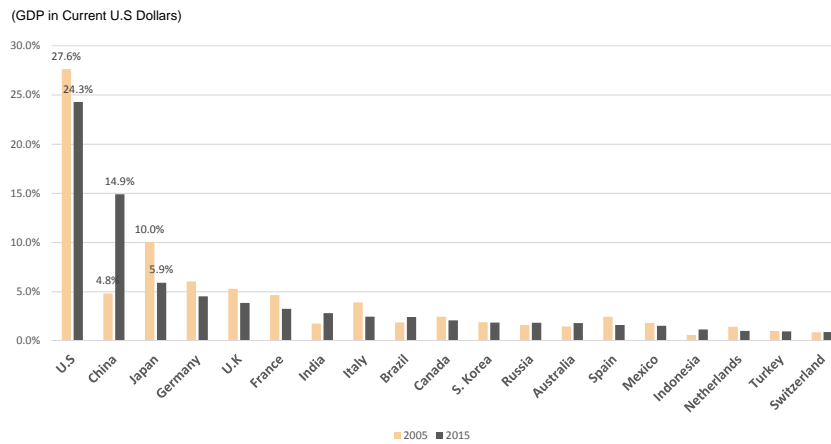
- CERC drives economic development in Connecticut by providing research-based data, planning and implementation strategies to foster business formation, recruitment and growth.
- Private, nonprofit organization; founded in 1992
- Funded by utility and telecommunication companies, state contracts, and fee based services
- Provide research, municipal, business, real estate, and marketing services

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Presentation Outline

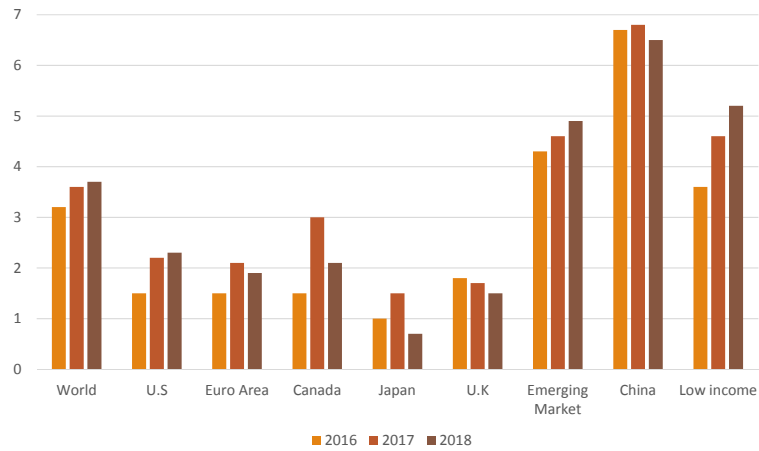
- Global Trends
- National Trends
- Connecticut Effects
- North Haven Changes

Percentage of World GDP



Source: World Development Indicators Database, World Bank, Feb, 2017

World Output Estimates



Source: World Economic Outlook, October 2017

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U.S. Tax Reform Provides Slight Lift to Economic Growth

- Lower rates on corporate and personal income should increase business investment and consumer consumption during 2018.
- Anticipated employment gains and wage growth
- As inflation remains close to 2 percent target and labor situation improves, federal funds rate is projected to rise gradually, perhaps to 1.75 percent by 2018 Q3.
- However, after tax reform boost, business investment is expected to slow, along with labor force growth, which will lower consumption later in the year and into 2019.

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Property & Casualty Insurance: Adapt



Traditional insurance models need to adapt to:

- Fewer insurable workers due to robotic automation of industrial processes
- Sharing economy will shift insurance policies more toward commercial
- Fewer home owners, more renters

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Retail: The Experience

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.

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Warehousing

- ✓ Rapid delivery
- ✓ Smaller packages
- ✓ Variety of goods

VS.

Large number of
same goods on
pallets

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Financial Services

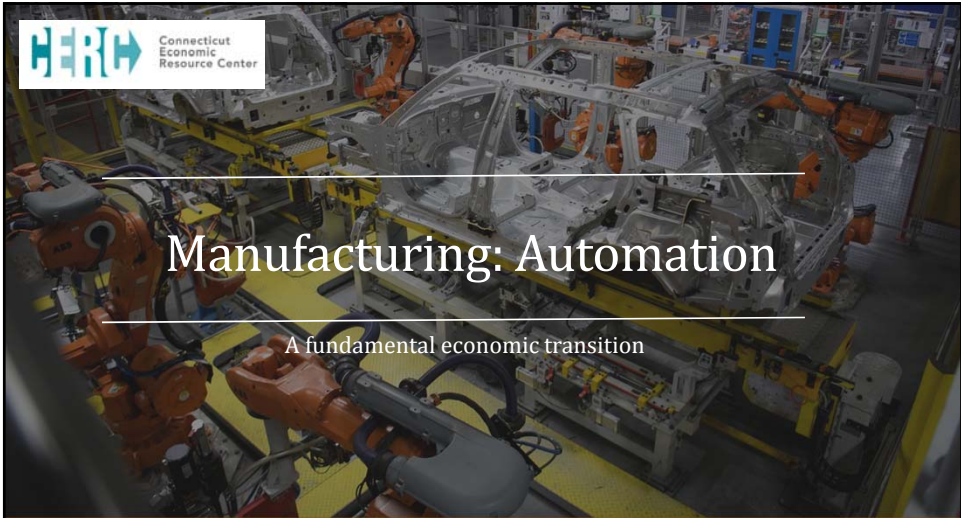
New trends:

- ✓ User friendly online interface
- ✓ Fewer/no local bankers
- ✓ International expansion

Longer-term goals:

- ✓ Enhancing cyber security
- ✓ Responding to breaches in a transparent and customer friendly way

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Manufacturing: Automation

A fundamental economic transition

- Automation and robotic technology becomes more widespread for manufacturing businesses
- Will cause disruption or displacement of jobs but will also will create approximately 15 million new jobs in the U.S. over the next ten years

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Construction – Slow Growth

ADVANTAGES OFFSET BY **CHALLENGES**



Technology advancements:
-Drones, self-driving vehicles, visualization Software and hardware



Increased costs in raw materials and labor

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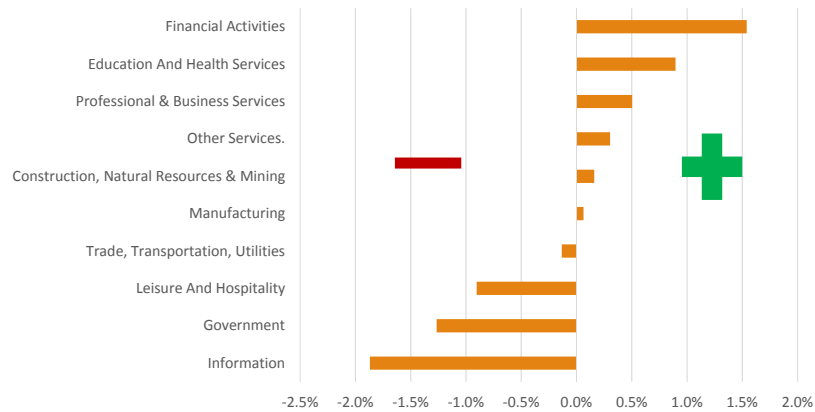
Healthcare



- The cost of health care and medical procedures continues to grow
- Major focus of the industry is figuring out ways to reduce costs without compromising quality of care

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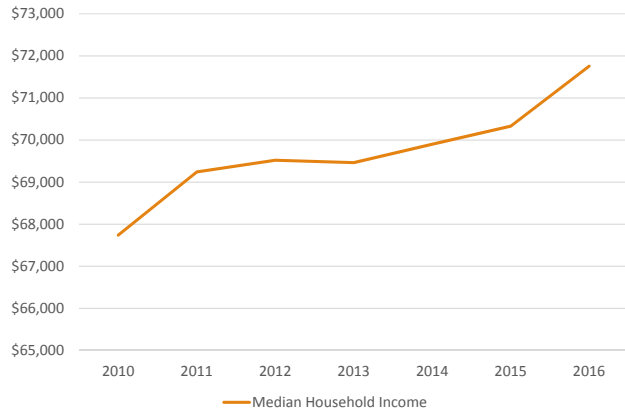
CT 2016-2017 Employment Change



Source: CT Department of Labor

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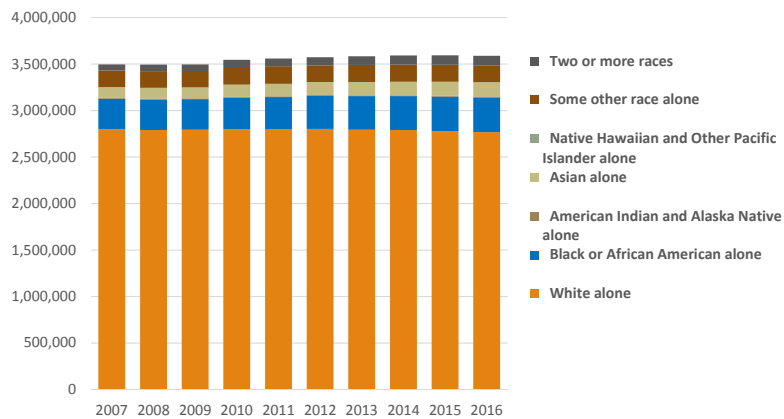
CT Median Household Income



Source: U.S Census Bureau

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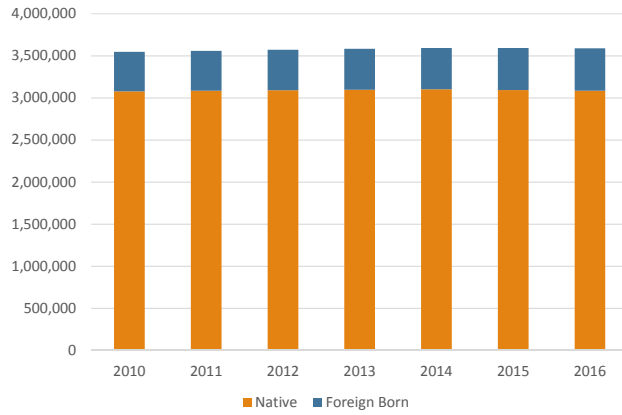
CT Population by Race



Source: U.S Census Bureau

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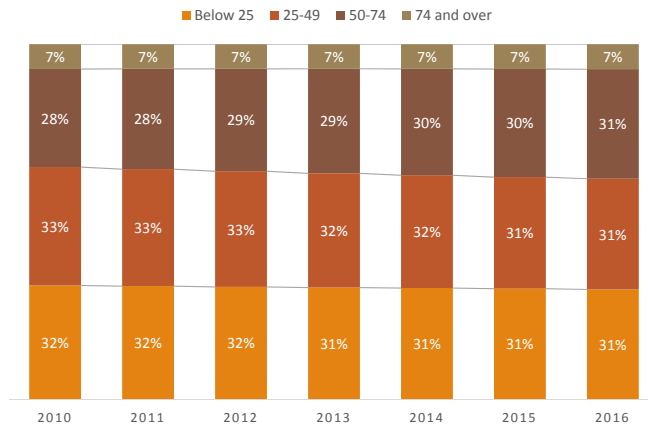
CT Native vs. Foreign Born



Source: U.S Census Bureau

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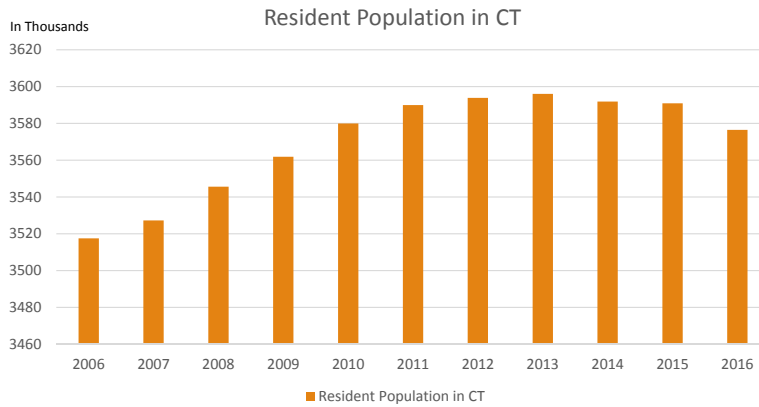
CT Population by Age



Source: U.S Census Bureau

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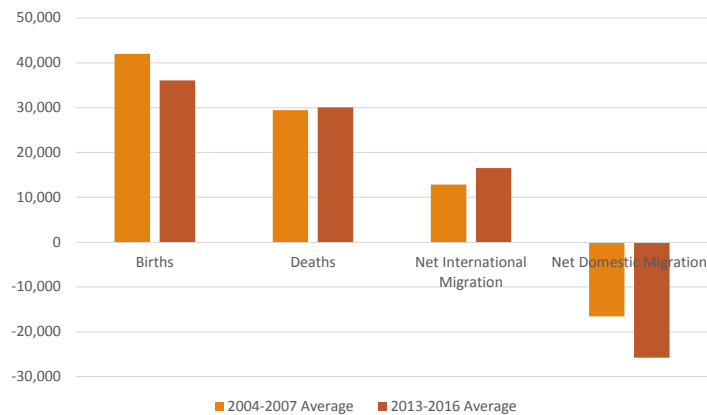
CT Resident Population



Source: Federal Reserve Economic Data

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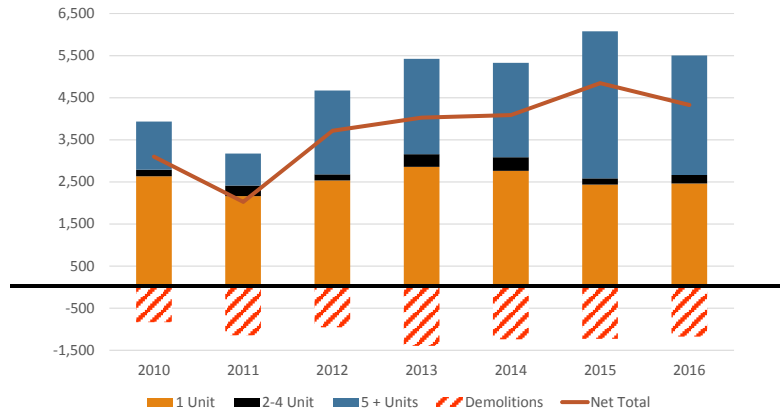
Components of Population Change Pre- and Post-recession



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

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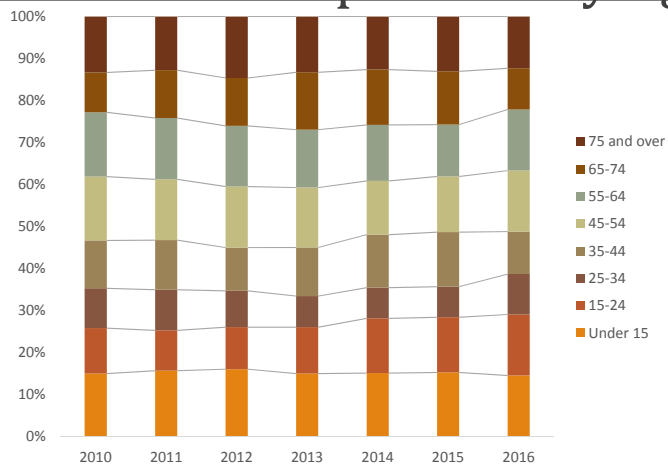
CT Housing Permits 2010-2016



Source: U.S Census Bureau

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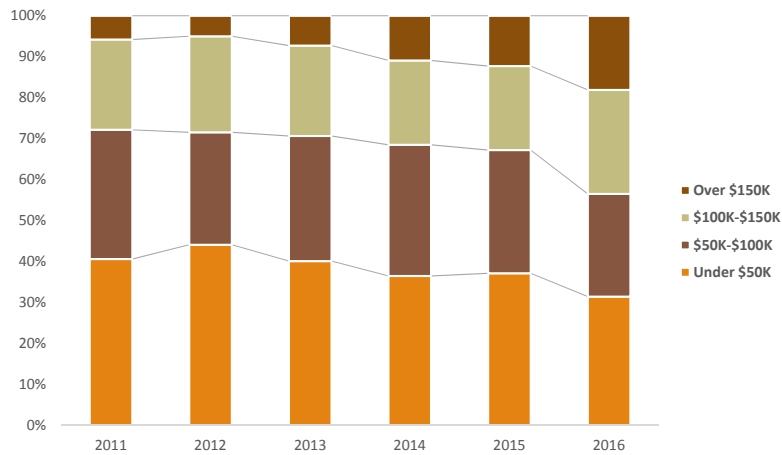
North Haven: Population by Age



Source: U.S Census Bureau, Census Tract 160272

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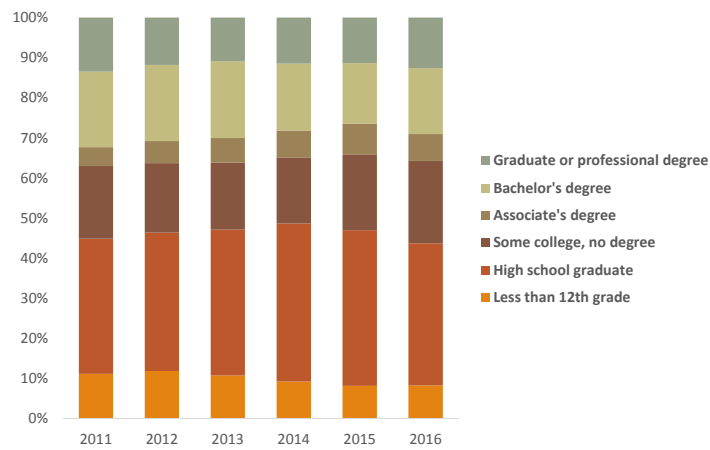
North Haven: Population by Household Income



Source: U.S Census Bureau, Census Tract 160272

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North Haven: Population by Education



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Amazon in North Haven

“...We’re excited to open a new, state-of-the-art fulfillment center in North Haven, creating more than 1,500 full-time jobs that offer wages 30 percent higher than traditional retail roles and include comprehensive benefits on day one, bonuses and stock awards...”

-Akash Chauhan,
Amazon’s vice president of North America operations

Source: ct.gov Press Release

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Conclusions

- Projections for global and national economic growth are positive.
- Estimate for Connecticut’s economic performance in 2018 is modest.
- Overall industry trends affecting the competitiveness of businesses all over the nation and globe will also affect how companies do business in the state.
- Any substantial changes in population or employment will affect Connecticut’s economy.
- North Haven has seen and will continue to see positive effects from business and institution expansions.

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Thank You!

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