

# The CuT: Connecticut's Quarterly Economic News

January 2025

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CONNECTICUT



## The Case for Data-Driven Optimism

Many observers look at long-term economic trends and continue to conclude that Connecticut is “underperforming.” However, these measures obscure significant shifts that have happened since the pandemic.

- The state’s GDP growth greatly improved post-pandemic, and revisions to 2023 data reveal the GDP was higher than previously estimated.
- Private sector jobs in Connecticut reached an all-time high in July 2024, driven largely by private education and healthcare; even the finance sector, whose employment had been declining for many years pre-pandemic, has seen growth in 2024.
- Wages have been increasing, and this growth is happening fastest in some of the state’s lowest-paid industries.
- The state’s population has seen 5 straight years of growth, with a net influx of young working-age population and families.

While outdated narratives about Connecticut’s slow growth persist in public discourse, when we look at recent economic data, we see much cause for optimism. Read on to see why.

# State GDP

Economic Output



# Revised GDP Numbers Show Connecticut's 2023 Growth Was Better Than Previously Estimated

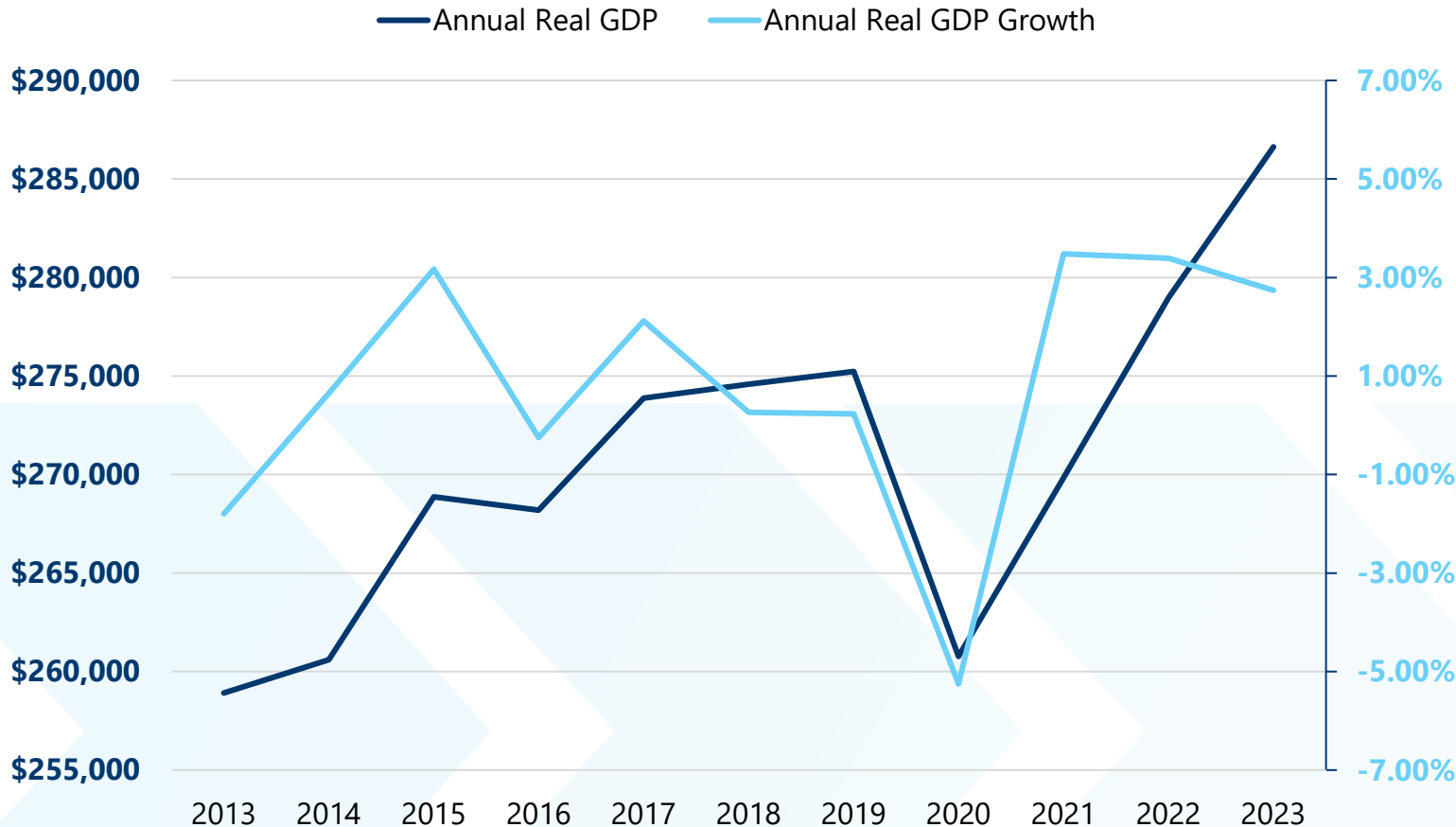
## Percent Change in Annual Real Gross Domestic Product 2022-2023, Preliminary and Revised Estimates

	2023 Preliminary GDP Growth (Rank)	2023 Revised GDP Growth (Rank)
<b>United States</b>	2.5	2.9
<b>New England</b>	1.8	1.8
Maine	1.9 <b>(34)</b>	3.0 <b>(21)</b>
Connecticut	2.1 <b>(31)</b>	2.7 <b>(24)</b>
New Hampshire	1.2 <b>(44)</b>	2.2 <b>(31)</b>
New Jersey*	1.5 <b>(37)</b>	2.1 <b>(33)</b>
Rhode Island	1.6 <b>(36)</b>	1.6 <b>(41)</b>
New York*	0.7 <b>(49)</b>	1.5 <b>(43)</b>
Vermont	1.3 <b>(40)</b>	1.4 <b>(45)</b>
Massachusetts	1.8 <b>(35)</b>	1.2 <b>(47)</b>

- CT's annual GDP growth rate for 2023 was revised up to 2.7% up from 2.1%. This moved CT's 1Y growth rank up to 24<sup>th</sup> nationally (from 31<sup>st</sup>) and 2<sup>nd</sup> in New England.
- Some other Northeast states also improved (i.e., Maine and New Hampshire), while others declined (e.g., Massachusetts).
- The BEA provides an advance estimate of GDP so economic actors have timely data on which to make decisions. These estimates are periodically revised as additional data becomes available. The advance estimate for 2024 state GDP will be available in late March.

# Connecticut's Real GDP Growth Greatly Improved Post-Pandemic

Connecticut Annual Real GDP, In Millions of Chained 2017 Dollars



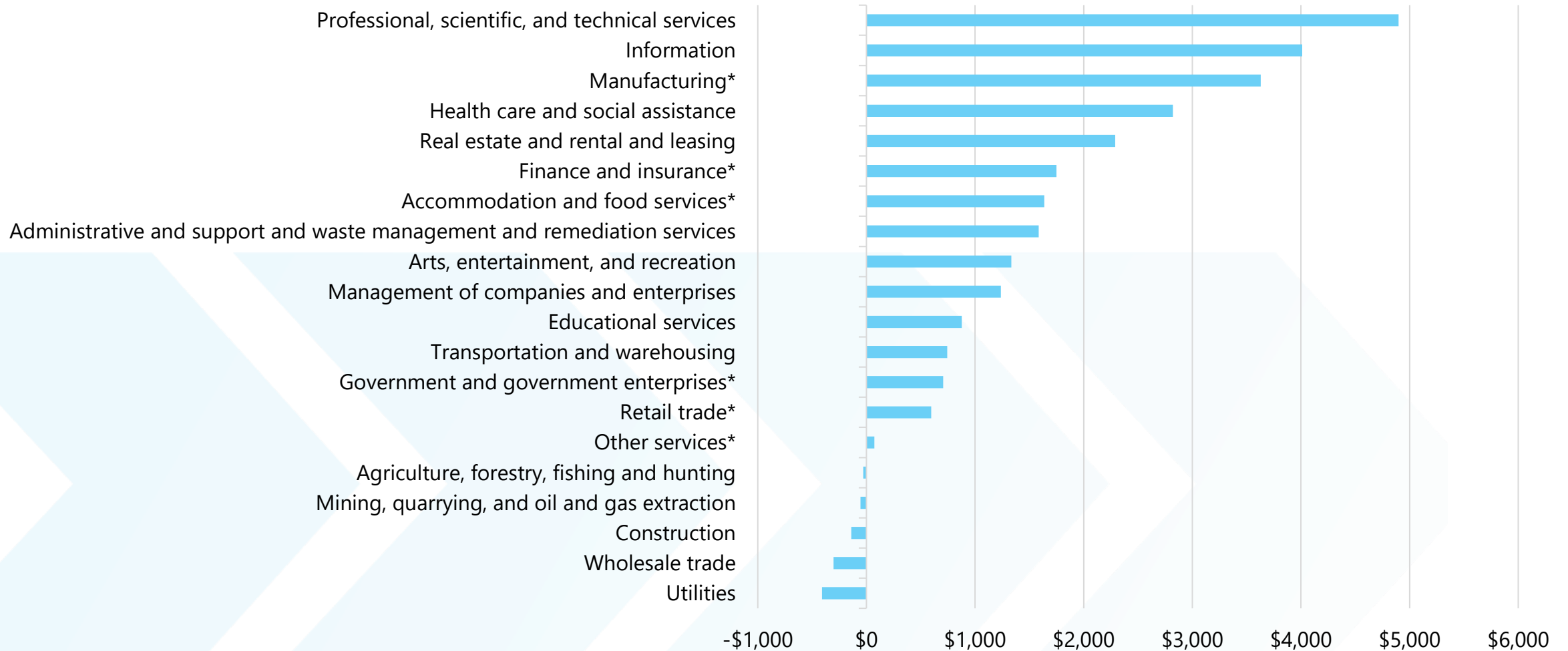
**CT 1Y  
Growth Rank**

48 42 17 42 18 48 45 45 43 10 24

- 2023 was Connecticut's **3<sup>rd</sup> consecutive year of annual growth above 2.7%**. Growth this high was only achieved one other time in the last decade (2015).
- While many states experienced high growth in 2021 as part of the post-pandemic recovery, CT's annual GDP growth stayed close to 3% in 2022 and 2023 while other states saw their growth rates soften, improving CT's rank from bottom 15% to top 50%.
- Connecticut's average annual GDP growth was 1.03% from 2013-2019 and 3.20% from 2020-2023.
- CT's growth through Q3 2024 has continued to be in the mid-range among states.

# Connecticut's Post-Pandemic GDP Growth Driven by Professional Services, Information, Healthcare

Total Change in Real GDP 2020-2023, In Millions of Chained 2017 Dollars



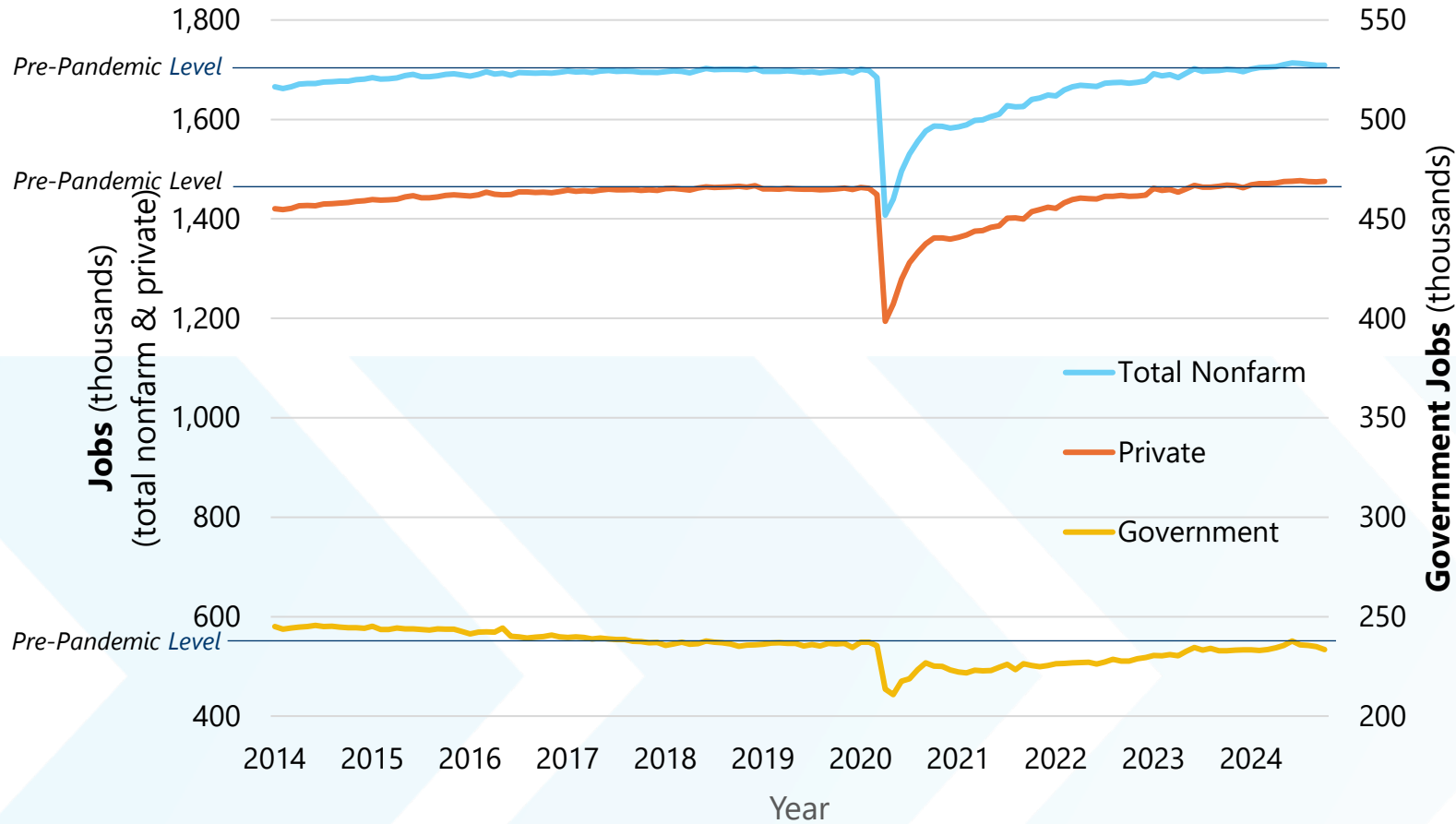
# Jobs Growth

Powering Businesses



# Private Jobs in Connecticut are near an All-Time High

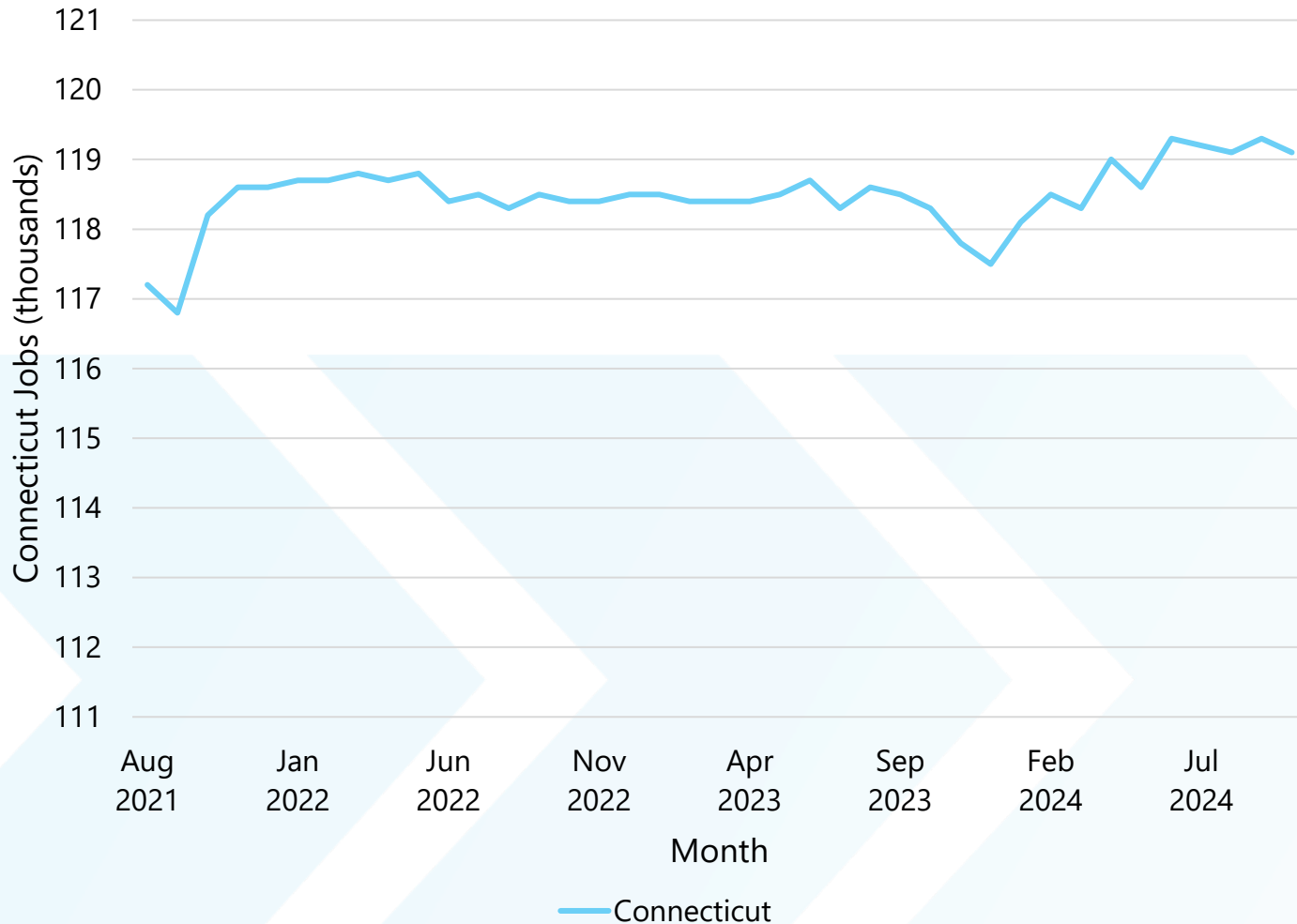
Jobs in Connecticut from 2014 to Present



- ✓ Private sector jobs in CT had fully recovered from pandemic losses by mid-2023 and reached an **all time high** in July 2024.
- ✓ Government jobs were declining pre-pandemic; this sector took longer to recover but is now near pre-pandemic employment levels.
- ✓ Between October 2014 and September 2024, private jobs increased **2.9%**.

# Education & Health Services Driving CT Job Growth; Finance Sector Finally Seeing Job Increases

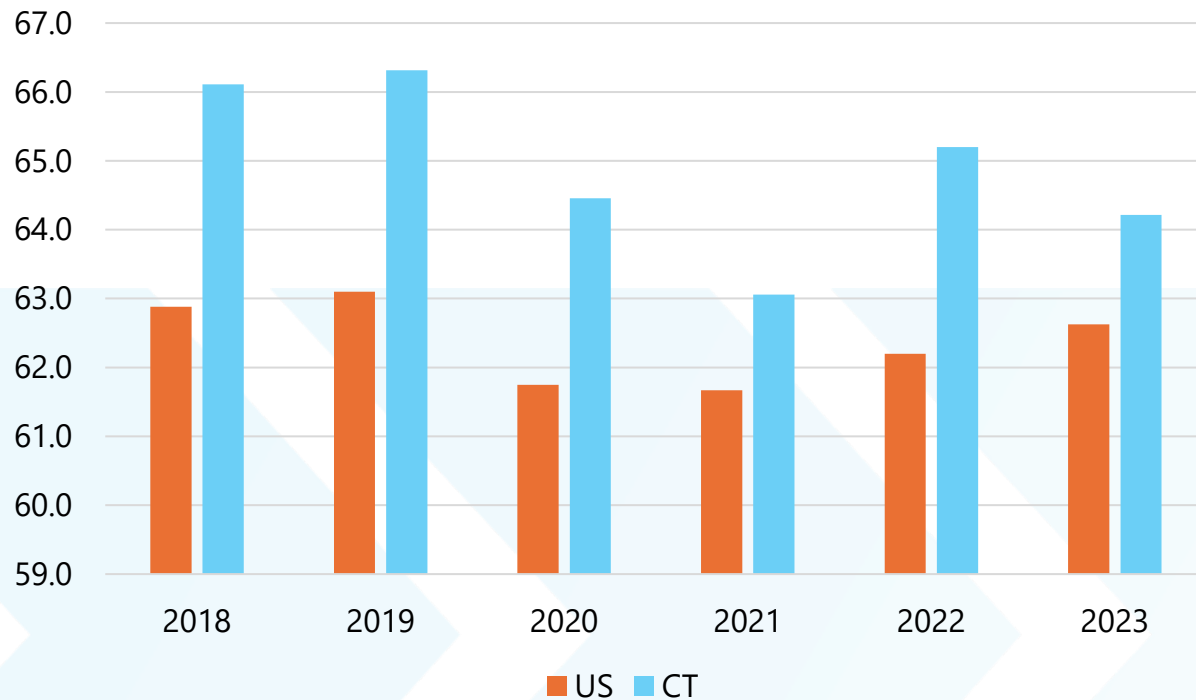
Financial Activities Jobs Aug 2021 – July 2024



- ✓ Finance job growth was flat for most of 2022 and 2023; after a small dip in late 2023, we have seen an increase in 2024. While the growth is small, the change in trend is notable as finance jobs declined fairly steadily from Spring 2016 to Fall 2021 (10.4%). Finance is one of the state’s highest-paying industries.
- ✓ Much of Connecticut’s recent job growth—leading to the all-time high employment—was driven by the private education and health services sector, which increased by **32,500** jobs, **3.1%** annually between August 2021 and July 2024.

# Connecticut Continues to have Higher than Average Labor Force Participation Rates

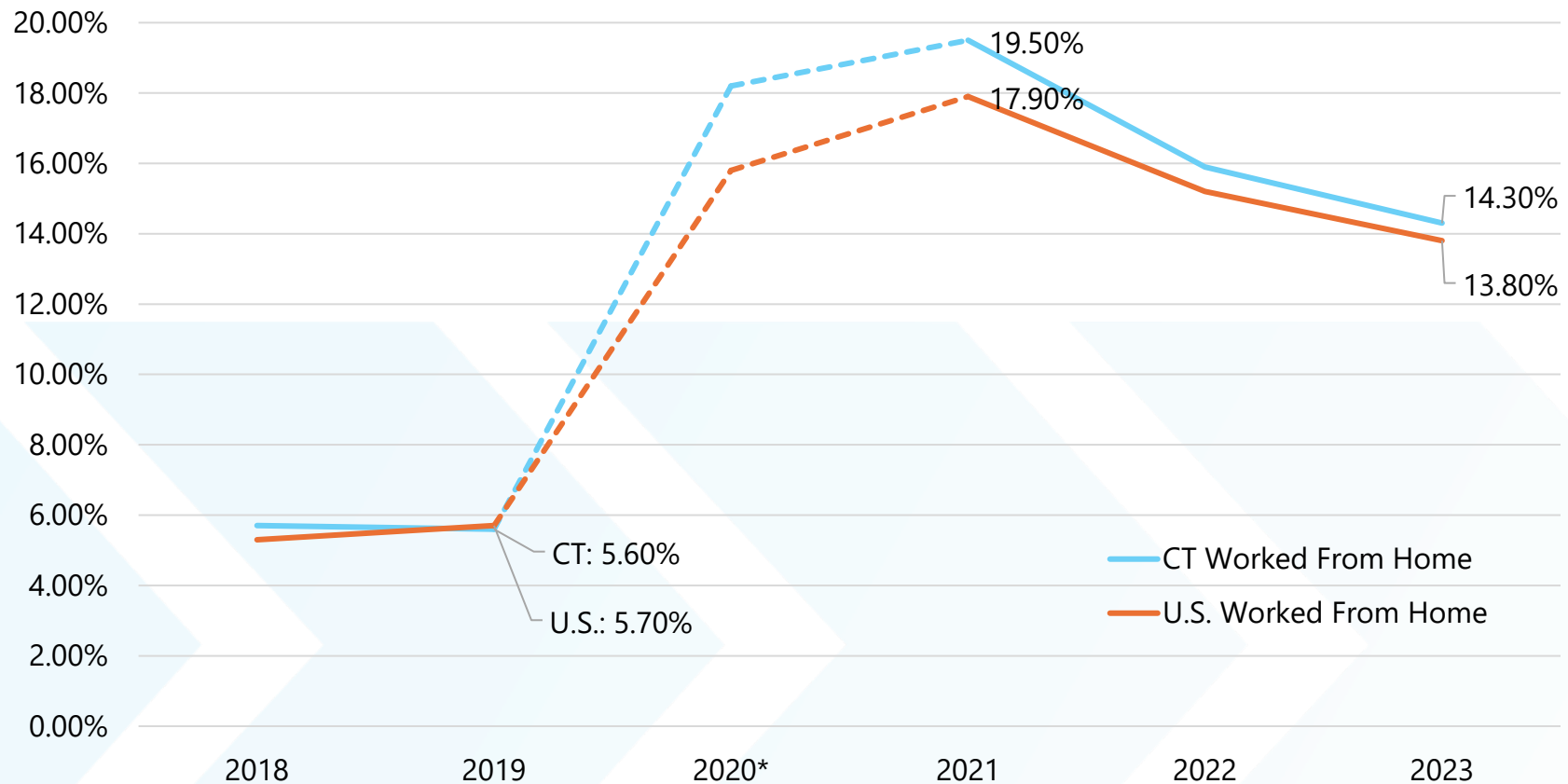
Yearly Average Labor Force Participation Rate



- ✓ Connecticut has consistently had a **higher Labor Force Participation Rate** than the nation, despite the gap having narrowed slightly post-COVID.
- ✓ Since the pandemic, nationally, **women's labor force participation has increased** faster than men's.

# Connecticut Share Working Remotely Still Higher than Pre-Pandemic After Some Tapering Off

% Employed Working Remotely, 2018-2023



Source: U.S. Census Bureau, ACS 1Y, 2018-2023

\*2020 data is from the ACS 1Y Experimental 2020 Tables. Due to challenges with data collected, the sample obtained is not representative of the full population. However, it is the best available estimate for this figure. The trend line is dashed around this point to note the change in methodology.



# Earnings and Wages

Growth for Businesses and Households

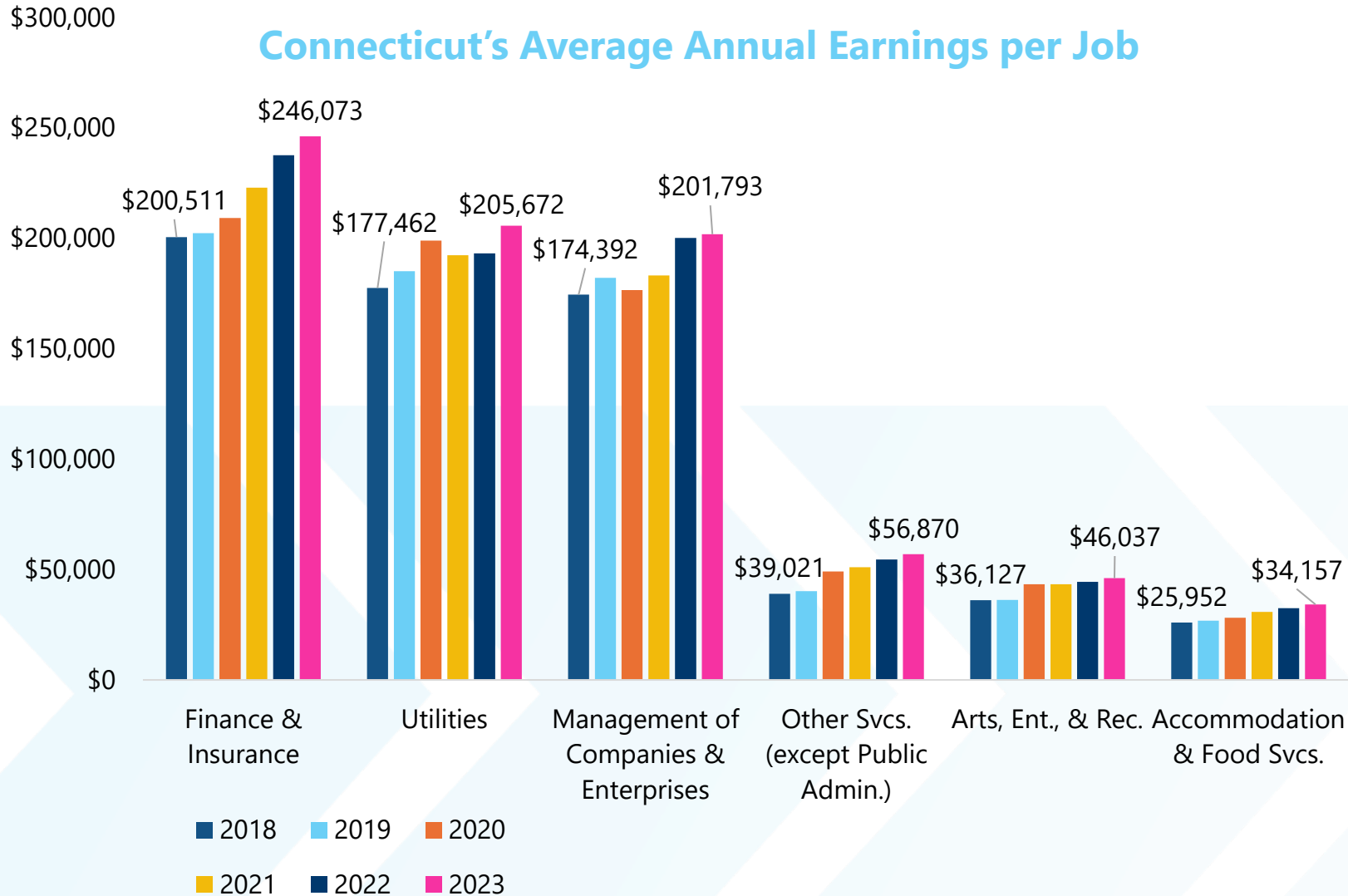
## CT Industries Saw Earnings Growth Across the Board

- A 5-year recap on Connecticut's primary industries show **positive earnings growth** among all industry sectors.
- **44% of the listed industries** have **+20% earnings** increases over the 5-year span.
- Many sectors with the largest **percentage earnings growth** are Connecticut's **lowest-earning industries**.
- "Average earnings per job" is the total annual earnings of an industry (including wages, salaries, profits, benefits, and other compensation) divided by the number of jobs in the industry.

## 5-Year Average Earnings Trends for Connecticut's Primary Industries

Industry	2018	2023	% Changed
Finance & Insurance	\$200,511	\$246,099	↑ 19%
Utilities	\$177,462	\$205,415	↑ 14%
Management of Companies & Enterprises	\$174,392	\$201,816	↑ 14%
Information	\$130,435	\$177,526	↑ 27%
Professional, Scientific, & Tech Services	\$121,718	\$149,345	↑ 18%
Wholesale Trade	\$110,900	\$139,236	↑ 20%
Manufacturing	\$103,736	\$118,163	↑ 12%
Government	\$92,544	\$104,018	↑ 11%
Real Estate, Rental & Leasing	\$81,342	\$102,301	↑ 20%
Construction	\$83,384	\$100,478	↑ 17%
Educational Services	\$80,986	\$98,626	↑ 18%
Health Care & Social Asst.	\$64,669	\$79,203	↑ 18%
Admin & Support, Waste Mgmt & Remediation Services	\$55,419	\$74,104	↑ 25%
Transport & Warehouse	\$58,913	\$70,926	↑ 17%
Other Services (except Public Admin.)	\$39,021	\$56,870	↑ 31%
Retail Trade	\$41,848	\$53,207	↑ 21%
Arts, Ent., & Rec.	\$36,127	\$46,077	↑ 22%
Accommodation & Food Services	\$25,952	\$34,145	↑ 24%

## Finance Dominates Earnings Growth in Absolute Dollars; Other Services (except Public Admin.) Leads in Percentage Gains

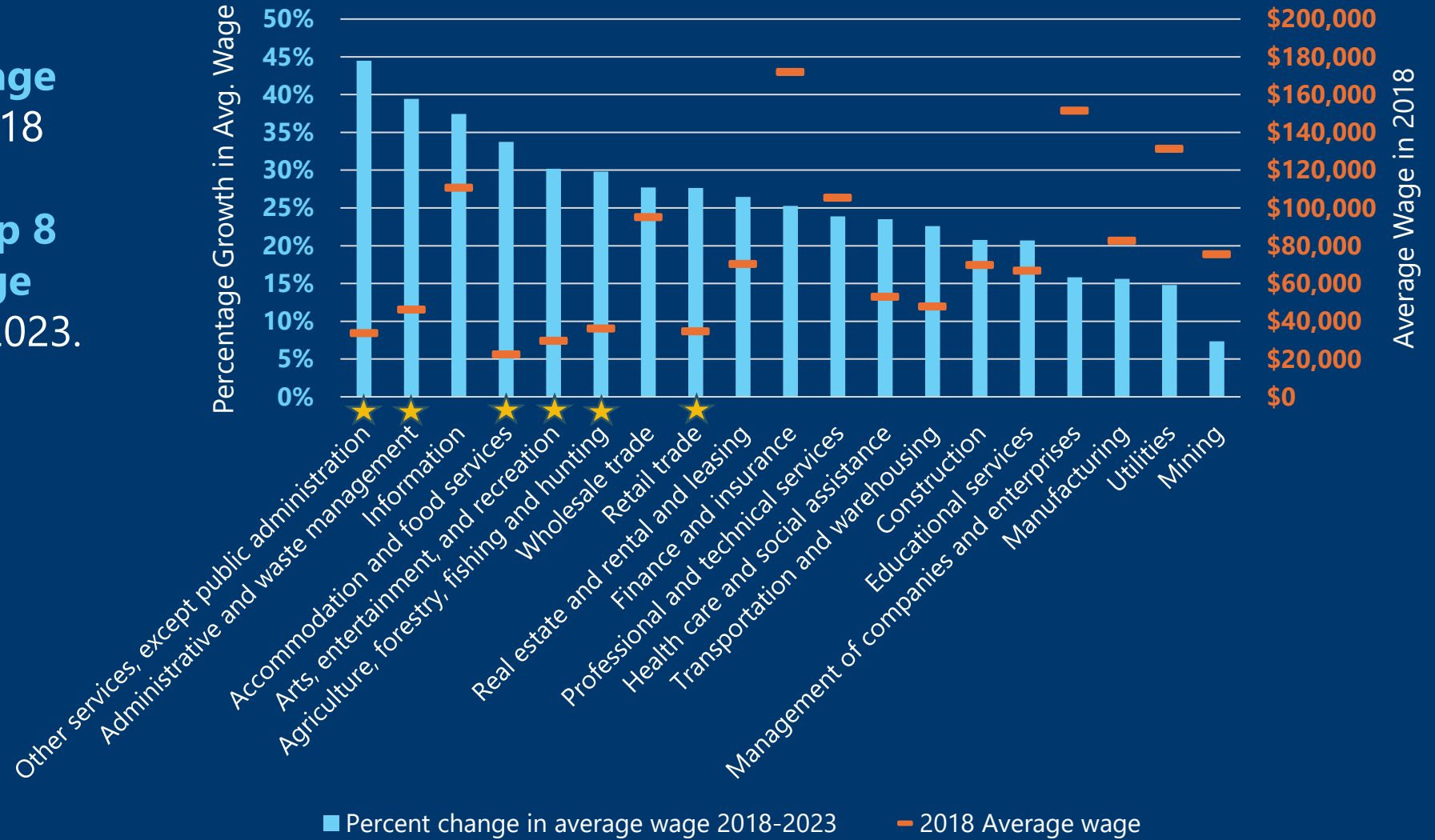


- **Finance & Insurance** has never wavered from the #1 spot for **highest Average Annual Earnings** per job.
- In 2022, **Management surpassed Utilities** for the #2 spot, but Utilities regained the position in 2023, having held it consistently since 2019.
- **Finance & Insurance** received the **largest absolute dollar increase** over the time frame illustrated, at \$45,588. While the earnings gap did not change significantly, the **Other Services (except Public Admin.) industry** saw the **largest percentage growth**, at 31%.

# Higher Wage Growth among Lower Income Workers

The **6 lowest-wage industries** in 2018  
all rank in the **top 8**  
for fastest wage  
growth through 2023.

Connecticut Wage Growth by Industry, 2018-2023





## State for Highest Median Household Income

**\$91,665**  
**CT**

**\$77,719**  
**U.S.**

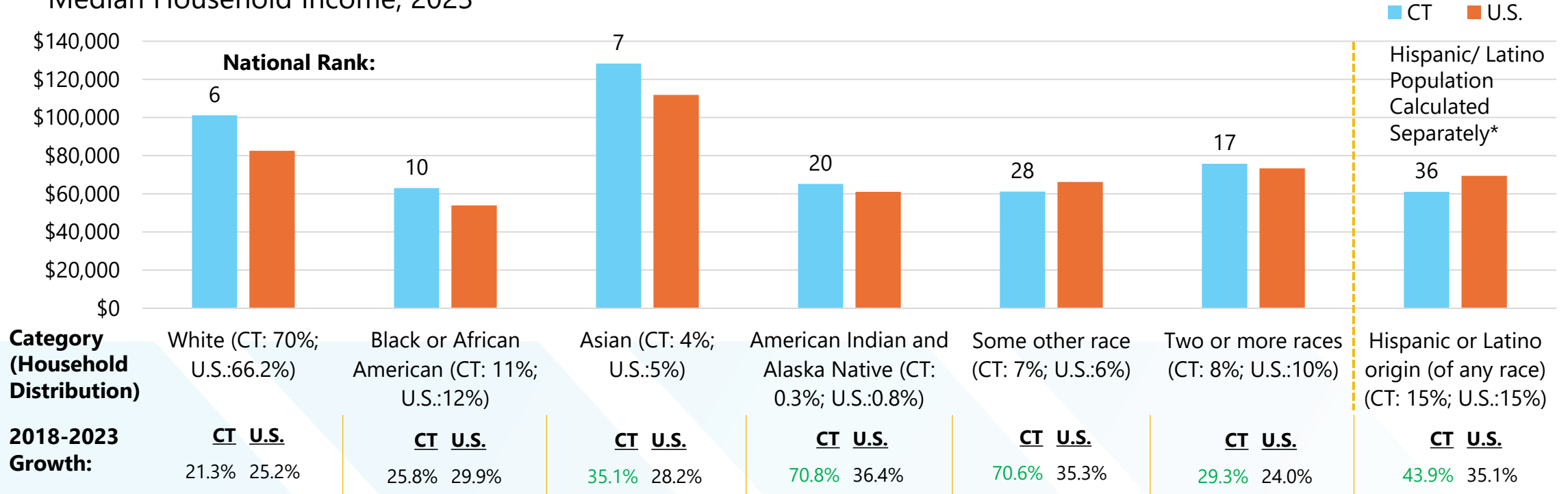
## Median Household Income in Connecticut is 18% Higher than the U.S.

While Connecticut's median household income remains high, its growth has moderated in recent years. A number of factors may be contributing to this outcome:

- Industries that had the largest increase in number of jobs from 2018-2023, including Transportation & Warehousing, Healthcare & Social Assistance, have moderate-paying jobs that would be below the median household income for a single-earner household.
- Certain high-paying industries, including Financial Services and Management of Companies and Enterprises, shed jobs over the 5-year period.
- The largest wage increases over the past 5 years were seen in some of the lowest-paying industries. While this is a significant help to the state's lowest-paid workers, it does not notably impact median household income calculations since many of those workers continue to earn below the median household income (sometimes even in a two-earner household).

# Median Household Income High for Most Groups; Growing in Others

Median Household Income, 2023



➤ Connecticut’s White, Black, and Asian households have consistently higher income than nationally, with median incomes 23%, 16%, and 15%, respectively, above the national median incomes for those households in 2023.

➤ Connecticut’s Hispanic/Latino households earn less than nationally. That said, the 5Y growth rate of median income for Hispanic/Latino households in CT ranks 13th nationally, indicating some improvement. Connecticut’s Hispanic/Latino median income grew 44% from 2018-2023 compared to 35% in the U.S. However, 1Y growth 2022-2023 was lower than the U.S. and most of the 5Y growth came from 2018-2022.

Source: U.S. Census Bureau, ACS 1Y, 2018-2023.

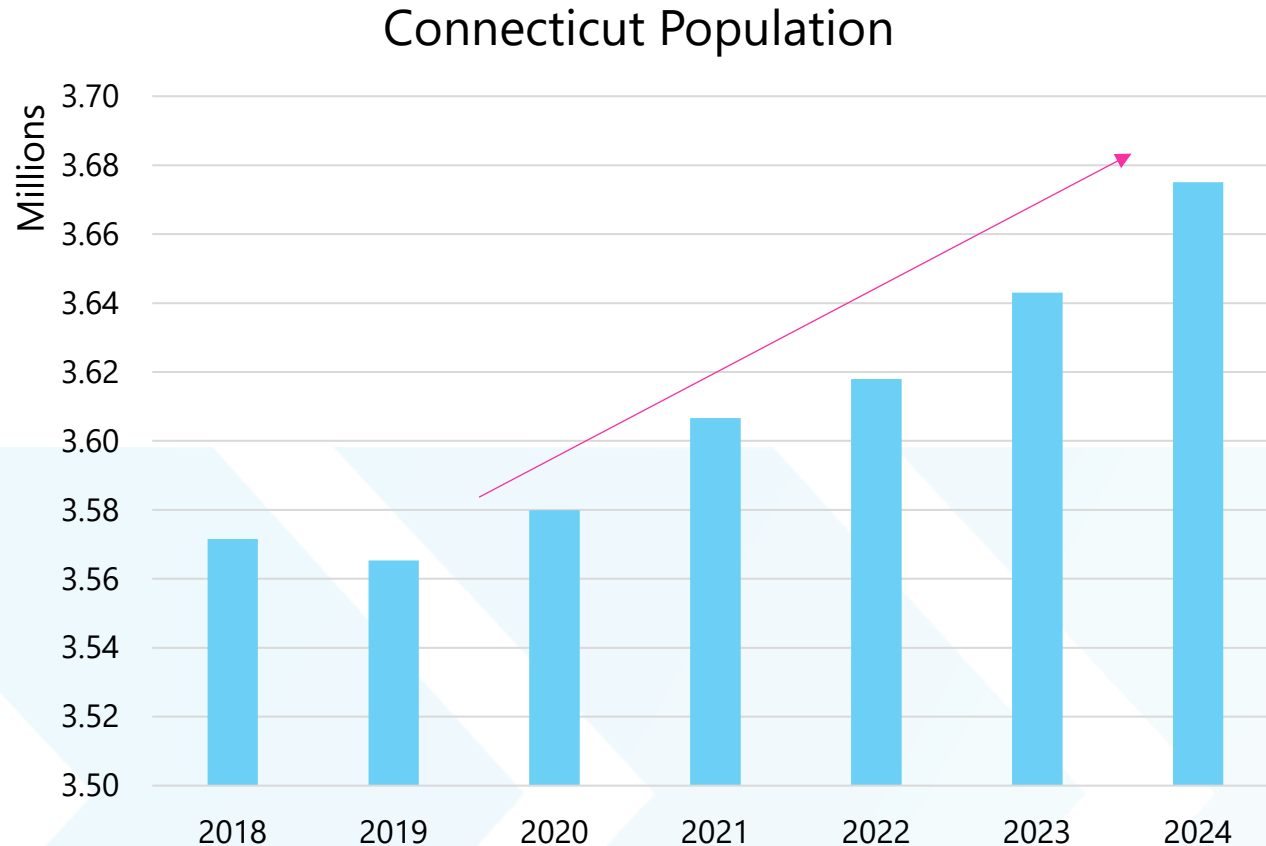
\*Because the Hispanic or Latino origin population is measured separately, people represented on the left side of the dashed line may also be represented on the right side of the dashed line.

# Migration and Population

Attracting Talent



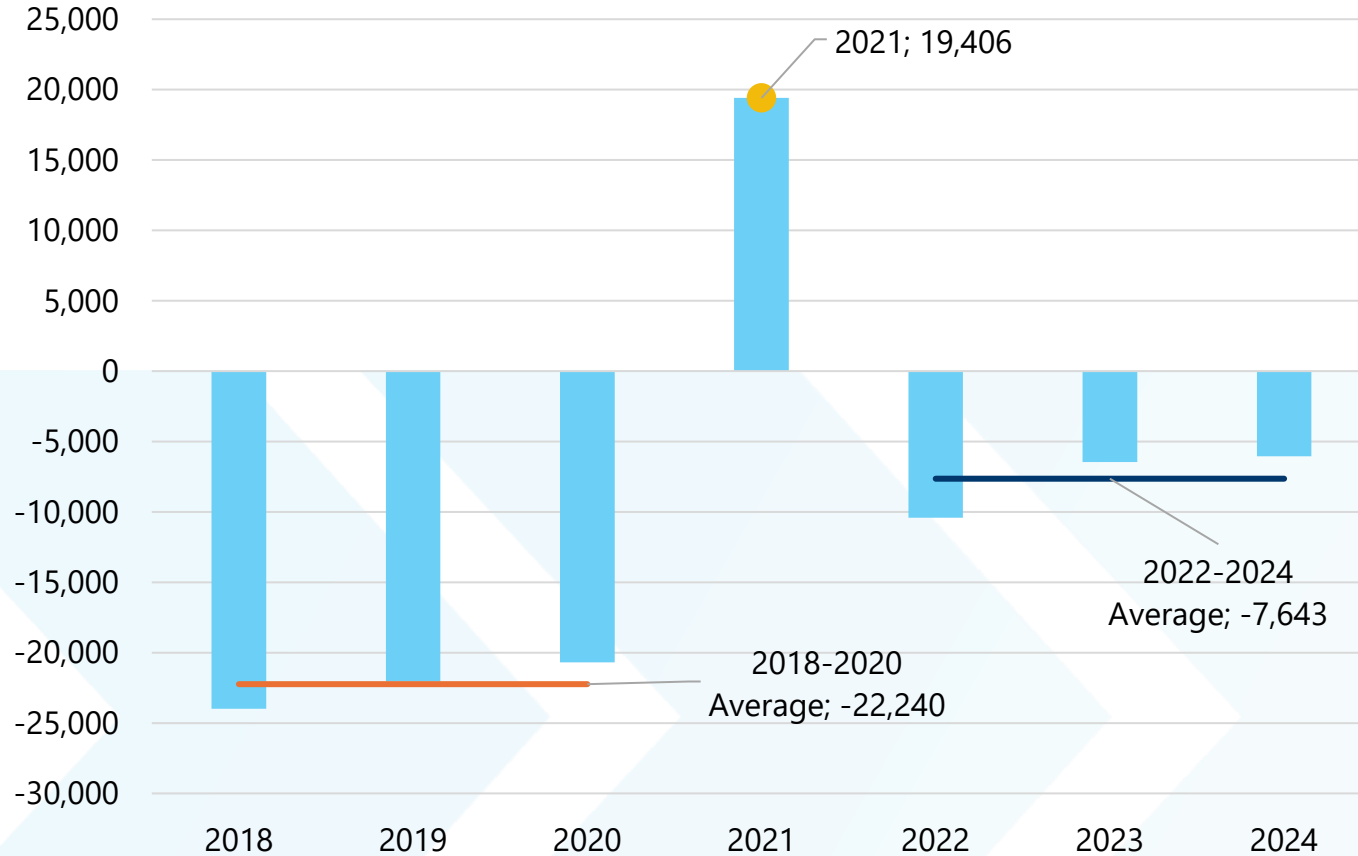
# Connecticut's Population Sees 5 Straight Years of Growth



- Connecticut's population reached an **all-time high in 2023 and again in 2024**. The state's population has been growing since the pandemic following a period of flat (2012-2014) or declining (2015-2019) population for most of the mid 2010s.
- Connecticut is achieving population growth through:
  - Strong and consistent net international migration
  - Modest natural population growth (more births than deaths)
  - Lower levels of net domestic outmigration (as illustrated on next slide)

# Connecticut Domestic Migration Continues to Improve

## Connecticut Net Domestic Migration

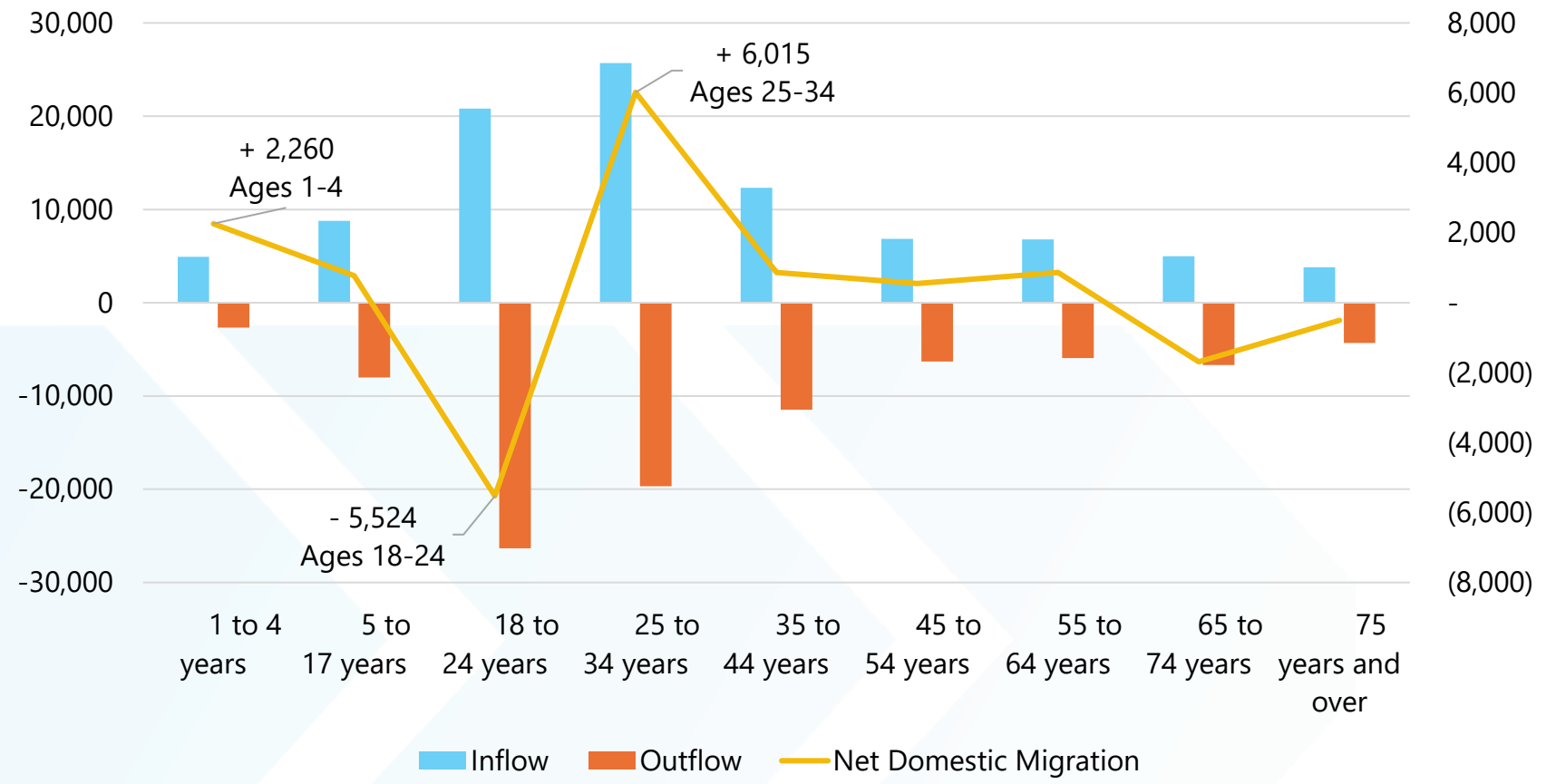


- PEP data shows a surge of positive net domestic migration (19,400 people) in 2020-21.
- In the 3 years since, domestic out-migration has been much less pronounced than pre-pandemic levels.
  - CT lost nearly 24,000 residents to net domestic outmigration in 2018, and only 6,060 in 2024.

# Connecticut Gains Young Families, Loses College-Age People

- Connecticut experienced net in-migration in all prime working age groups (25-64) in 2023\*, *boosting the CT workforce*
- Age groups associated with *young families* accounted for *highest net in-migration*
- *College-age* population experienced the *highest net out-migration*

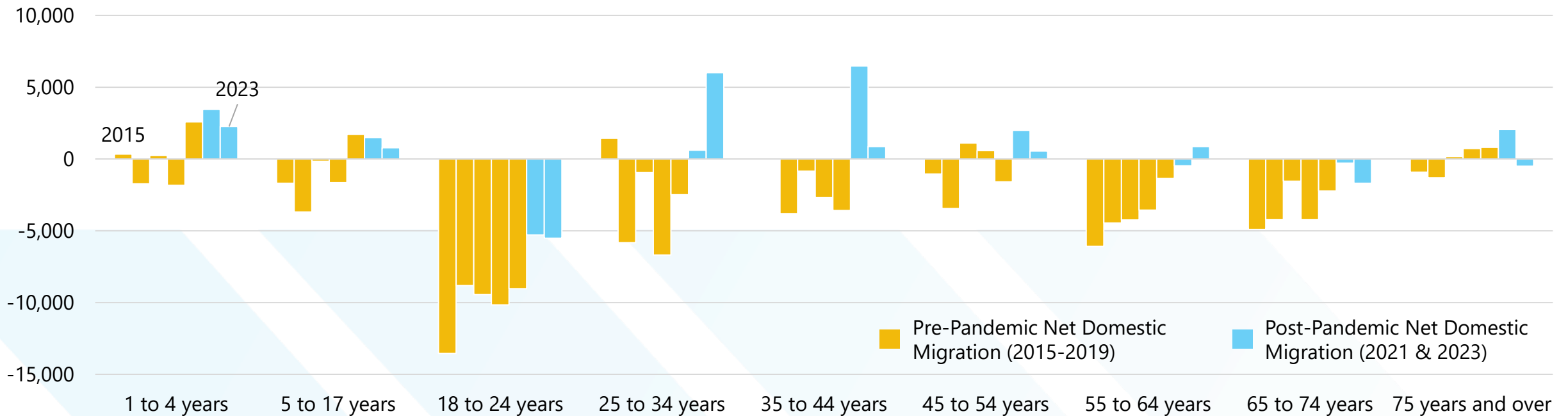
Domestic Migration, 2023



Source: U.S. Census Bureau, ACS 1Y, 2023. \*ACS estimates that CT experienced positive net migration of 3,600 people in 2023. ACS has a significant margin of error that could account for the difference between ACS and PEP domestic migration figures. Additionally, PEP is estimated from July-June, while ACS is estimated from January-December, so shifting immigration patterns over time could account for differing results. While PEP is generally considered more accurate than ACS for population totals, ACS shows a level of demographic detail on movers that PEP does not.

# Connecticut Net Domestic Migration Trends Improving for Most Age Groups

Connecticut Net Domestic Migration, 2015-2019, 2021, 2023\* (left to right)



➤ Connecticut's net outflow of college-age (18-24) young people has lessened post-pandemic

➤ Connecticut has experienced a net influx of prime working age population (25-54) post-pandemic, especially young workers (25-34)

➤ Net migration of those nearing (55-64) and at retirement age (65+) has improved since 2015



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