

October 2026

The CuT: Connecticut's Quarterly Economic News





Connecticut's Key Industries



Advanced Manufacturing



Aerospace & Defense



Life Sciences



Technology



Insurance



Financial Services



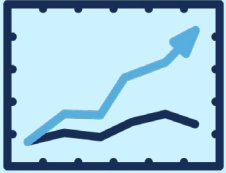
Cleantech

OUR MISSION

AdvanceCT, in close collaboration with the Connecticut Department of Economic and Community Development (DECD) and partners statewide, provides business support services to companies looking to locate and grow in Connecticut.

ECONOMIC DEVELOPMENT

Economic development seeks to improve the state's economic well-being and quality of life through job creation and business investment.



Growth Picks Up Across Connecticut

Connecticut's economy grew faster than the nation in Q2 2026, backed by record fiscal reserves, a housing boom, and 19,900 new private-sector jobs. The state's key companies are focused on AI and cybersecurity.

Connecticut's economy **grew 3% annualized in Q2 2026**, 7th fastest in the nation and ahead of the U.S. (2.2%). The state closed FY26 with its 8th straight operating surplus and a record \$4.48B reserve fund.

Housing permits hit a 20-year high in 2025, up 44% from 2024 and the fastest growth of any state. Tourism is strong too: hotel room revenue is up 10.8% year to date, led by eastern CT and the Mystic area.

Private employers added 19,900 jobs from August 2025 to August 2026, including **3,100 in durable goods manufacturing** (which includes aerospace and defense) and 3,000 in construction. Education and health was the fastest-growing industry, up 3.1%.

Key employers are **focused on AI and cybersecurity**: insurers and manufacturers are building AI into operations and products, and firms like Accenture and AXA XL are expanding cyber services.

Record Fiscal Strength



Record Reserves, Rising Credit Ratings

All 4 credit agencies have upgraded Connecticut's bond ratings since 2021, and S&P raised its outlook to "positive" in Sept 2026. Higher ratings lower borrowing costs and signal investor confidence.⁶

State pension funds returned 15.1% in FY26, outpacing the 6.9% assumed return for the 4th year in a row.⁷

Foundation for Economic Stability

FY26 ACTUAL

- Connecticut closed FY26 with its **8th straight year of operating surplus**¹
- **Budget Reserve Fund** at a record **\$4.48B**²
 - Positions Connecticut to weather economic uncertainty
- **\$11B+** in additional pension payments since 2020 will **save taxpayers roughly \$1B** per year³

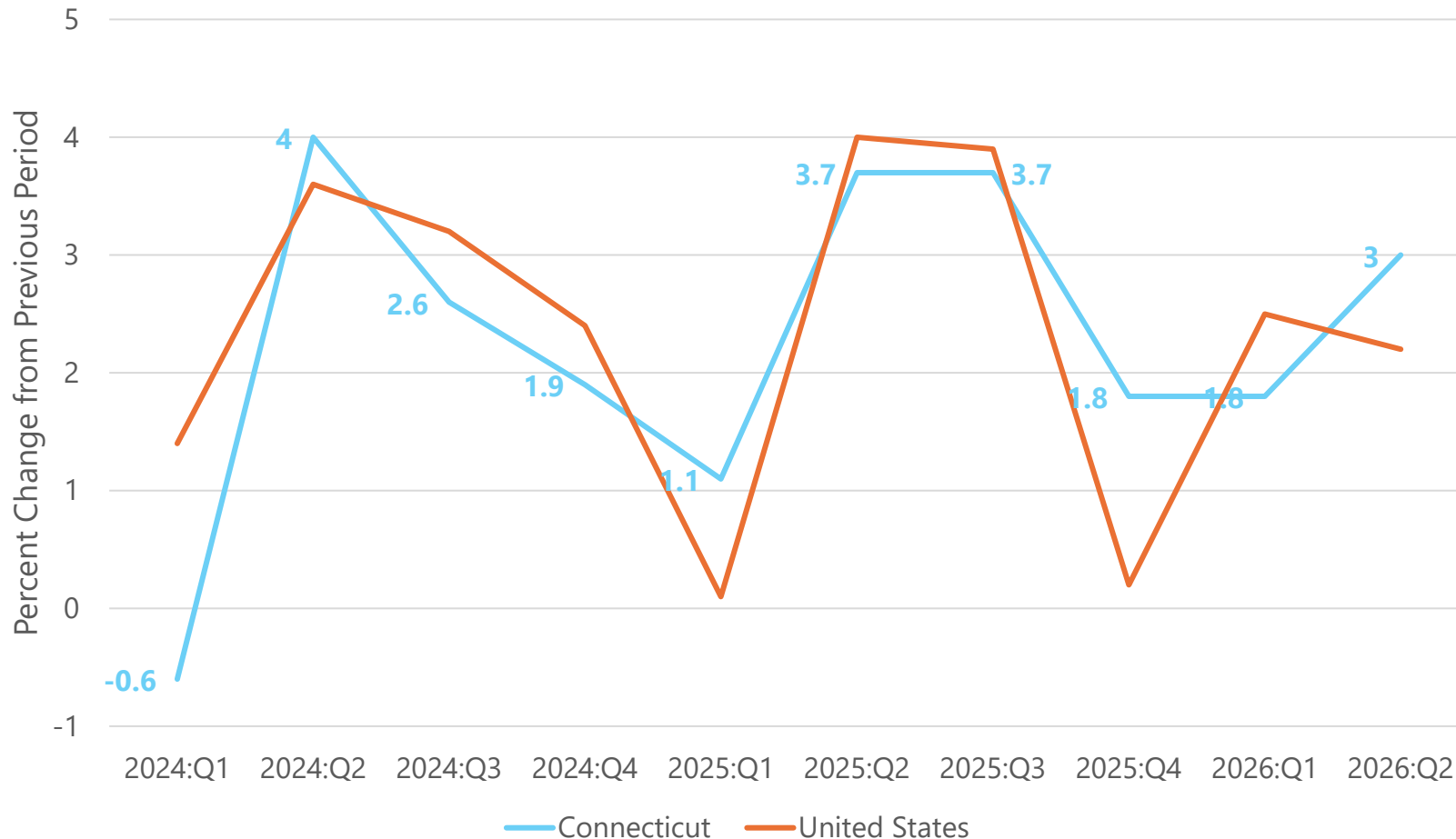
FY27 PROJECTIONS

- Projected **\$380M surplus**, all directed to the **Early Childhood Education Endowment**⁴
- Another **\$1.53B projected** to go toward **pension debt**⁵

Top-Tier GDP Growth

Connecticut GDP Grew 3% Annualized in Q2, Above U.S. Average

Percent real GDP Growth from Previous Period, annualized



- Connecticut's economy bounced back strong in Q2 of 2026, **growing 3%** at an annualized rate, **7th fastest in the nation**
- Connecticut's growth also **outpaced all of New England and the U.S**, which grew at 2.2%
- The state saw big growth in the **manufacturing** and **finance & insurance sectors** (10.6% and 4.9% respectively)

Labor Market Resilience

Connecticut's Resilient Labor Market

Connecticut unemployment data shows mixed signals:

August BLS unemployment rate rose from **4.1% to 5.1%** YoY³, while monthly claims reported by CT DOL fell **24%**⁵.

A possible contributing factor is that recent grads can't find work, but without a work history they can't file claims.

+19,900¹

total private jobs growth from
Aug 2025 to 2026

+3,900²

manufacturing jobs growth
from Aug 2025 to 2026

Key industries still adding workers (Aug 2025 to Aug 2026)⁴



+3,100

durable goods
manufacturing jobs



+3,000

construction jobs



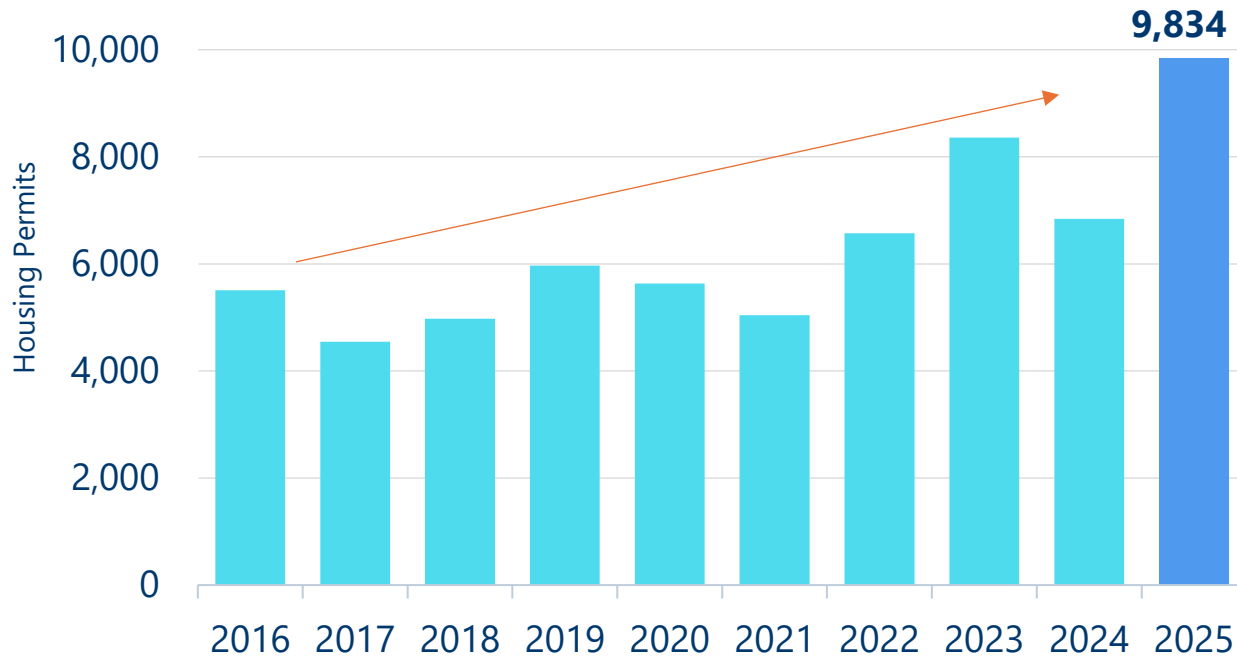
+3.1%

education and health, the
fastest-growing industry

Housing Permit Growth

Connecticut Housing Permits Hit a 20-year High

New Housing Units Authorized in Connecticut¹



2025 by the numbers, directly from town records¹

- Up **44% from 2024** and 79% from 2016
- **Nearly double** the 2021 total (+95%)

Stamford and New Haven led growth¹

- Together drove **58% of the 2025 increase**, with Stamford alone accounting for nearly half

Hartford County permits reached their highest level since 2006¹

- Driven by **broad suburban growth** and record years in West Hartford and Enfield.

National rankings, from U.S. Census data²

- **#1 state** for annual housing permit growth in 2025
- 2026 started strong: January permits up **50% year over year** (434 vs. 290)
 - **3rd-fastest growth** of any state that month; one of only two New England states to grow

Tourism Growth

CT's Tourism Industry is Thriving

2026 has been a strong year for Connecticut's hotels, motels, inn, and B&Bs. Growth is coming from higher room rates and fuller rooms, with eastern CT, including the Mystic area, leading the way.

Year-to-date 2026

+10.8%

room revenue growth

+3.6%

rise in occupancy levels

Hotels filled more rooms and earned more revenue, while room supply stayed flat since 2025.



"Connecticut's lodging industry has rebounded significantly since the pandemic, with leisure travel remaining strong and business and group travel continuing to recover. That growth is creating a need for more lodging capacity across the state, which can help support and drive broader economic growth."

Suzanne Cahill, *Executive Director of the Connecticut Lodging Association*

Connecticut Business Trends

Defense Awards Fill Order Books

Navy and Army awards in Q3 give Connecticut's submarine and helicopter makers work into the 2030s.



Electric Boat won its largest award

- **\$29.5B** for five additional Columbia-class and **\$42.1B** for nine additional Virginia-class submarines
- A **\$255M** Navy modification funds engineering and planning support for the fleet
- EB plans to **hire 8,000 people** this year, growing its Connecticut workforce by 50%



Sikorsky and Pratt & Whitney add work

- The Army ordered **16 Black Hawks** from **Sikorsky** for \$234M, built through mid-2028
- A **\$50M** Army award funds fitting the **Improved Turbine Engine** to the Black Hawk
- **Pratt & Whitney** engines and aftermarket add **steady work**

AI Spreads Across Industries

Connecticut's insurers, manufacturers and tech firms are putting AI into core operations and building it into what they sell.



AI is moving into core operations

- **Travelers** linked AI underwriting and claims tools to **better underwriting results**
- **The Hartford** underwrites faster, freeing staff for clients; **Aetna** uses AI to speed claims
- **LATICRETE**'s AI supply-chain planning carries adoption into **manufacturing**



Firms are building AI into what they sell

- **FactSet** opens its data to AI apps with **subscription-plus-consumption pricing**
- **SS&C** builds rails for **digital investments**; **Deloitte** and **KPMG** launch AI services
- **Amphenol**, **ASML** and **FuelCell Energy** are expanding for **AI and data-center demand**

Firms Expand Cyber Services

Advisers Accenture and Deloitte are adding security technology, while insurers AXA XL and HSB are buying cyber service firms to pair prevention with coverage.



Accenture bought into OT security

- Majority stake in **Dragos**, which acquired **NetRise** and **runZero**
- Covers **industrial systems, device firmware** and connected assets



AXA XL is buying S-RM

- Owned about **49%**; agreed to buy the rest
- Adds **cyber assessment and incident response** to Risk Advisory



HSB will oversee At-Bay

- **Munich Re** agreed to buy **At-Bay**, a cyber insurer for SMBs
- Pairs coverage with **managed detection and response**



Deloitte grows through alliances

- Partners with **CrowdStrike** and **Akamai**, not an acquisition
- Akamai adds **network, website and API** protection



Jessica Jackson

VP, Research

860-571-7138

jjackson@advancect.org



CHOOSE Connecticut



advancect.org