

The CuT: Connecticut's Quarterly Economic News

July 2025

ADVANCECT
CONNECTICUT



ABOUT US

Part of Team Connecticut, Connecticut's economic development partnership, AdvanceCT is the leading business attraction entity for the state.

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.



NAVIGATING UNCERTAINTY

Connecticut's economic performance was strong in late 2024 and early 2025, after multiple years of improved GDP growth and new all-time high levels of employment in early 2025.

While unpredictability in the global macroeconomic environment has led to some economic hesitation and preliminary data show a softening in the Q1 GDP numbers nationwide (Connecticut was one of 39 states that saw a slight decrease), there are still bright spots in the economic news.

- Connecticut's improved economic performance in recent years is starting to show in the data: U.S. News and World report ranked Connecticut #8 in the Economy category of its 2025 Best States ranking, an upward move of 9 slots. Connecticut was also ranked #5 for Business Environment and #15 overall, one of the largest increases in the country. CNBC's Top States for Business also moved Connecticut up by 4 slots overall, with a #5 rank for both Education and Quality of Life and #8 for Workforce.
- The state continues to have a strong labor force. While unemployment is low, the total labor force has reached a new all-time high in May 2025, and participation rates in Connecticut continue to grow even while the US has seen a flattening.
- Connecticut's key industries continue to innovate and excel, attracting new investment to the state.

While economic uncertainty can be unnerving, transitions open up new opportunities—and Connecticut's legacy of innovation and pragmatism is one of its greatest assets in this environment.

STATE RANKINGS

BENCHMARKING PERFORMANCE



Connecticut's Big Leap: U.S. News Best States Ranking 2025



2025 Best States Ranking

#15

- ✓ Connecticut **moved up 5 places** from 20th to 15th place
- ✓ Among the 4 states with the **largest increase in rank**
- ✓ Increase driven by the **Economy** and **Environment** categories

Most Improved Categories

- ✓ Economy: 17th → **8th**
- ✓ Environment: 21st → **15th**
- ✓ Opportunity: 47th → **43rd**
- ✓ Infrastructure: 28th → **27th**

Notable Sub-Categories

#2

Health Care Access

#3

Pre-K-12 Education

#5

Business Environment

Broad Improvement: CNBC's 2025 Top States for Business Ranking



- ✓ Connecticut moved up in **6 of the 10 categories**, 5 of these by **more than 4 spots**
- ✓ The state's overall rank **moved up 4 places** to 28th
- ✓ Connecticut ranked **#5 for Education; #5 for Quality of Life; and #8 for Workforce**

Most Improved Categories

- ✓ Workforce: 20th → **8th**
- ✓ Tech & Innovation: 25th → **19th**
- ✓ Access to Capital: 22nd → **16th**
- ✓ Quality of Life: 9th → **5th**
- ✓ Business Friendliness: 39th → **35th**
- ✓ Economy: 39th → **38th**

CNBC Methodology Changes for 2025

- Due to **recession fears**, economy is 2025's most heavily weighted category
- **Inflation fears** have increased the importance of the cost of doing business and cost of living categories
- New metrics evaluate the states' risks from a **trade war** and **shrinking federal budget**
- Infrastructure metrics reflect the increasing importance of power and data stemming from **growth in quantum and AI**

LABOR FORCE

POWERING BUSINESSES



Connecticut's Labor Force Has Reached an All-Time High

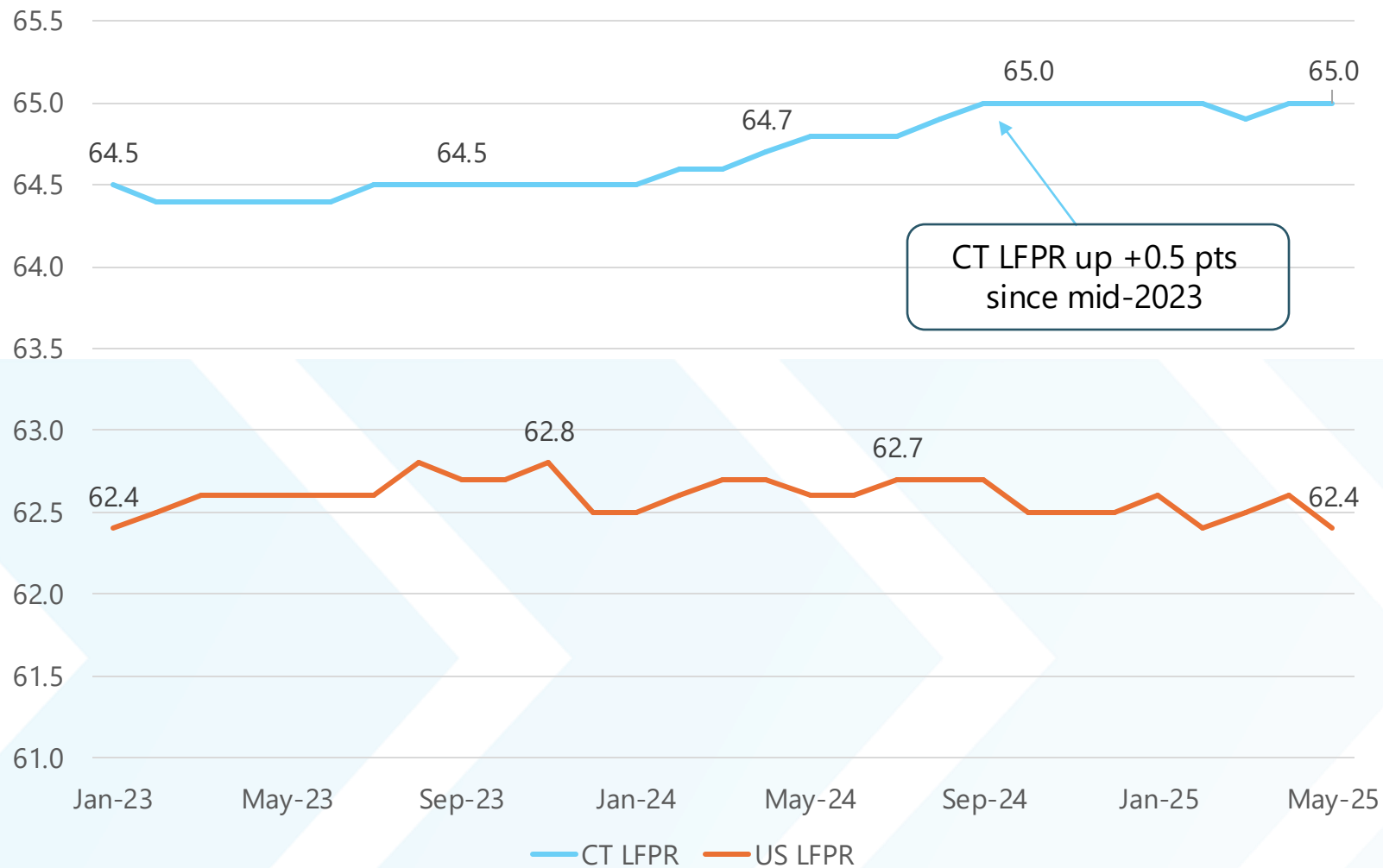
Connecticut Labor Force



- ✓ Rebounding from a pandemic-era dip, Connecticut has reached new all-time highs for both labor force and employment in recent months.¹
- ✓ Looking at population group shifts since pre-pandemic:
 - ✓ Labor force participation has declined slightly among white residents, from 65.8% to 63.9%, resulting in a decrease of 22,000 workers.
 - ✓ Black or African American residents have similar labor force participation rates to 2019, but growth in the civilian, non-institutional population led to an increase of 27,000 workers.
 - ✓ Hispanic or Latino residents have seen increasing labor force participation (from 65.8% to 69.2%) as well as growth in the civilian, non-institutional population, resulting in an increase of 45,000 workers.²

Connecticut's Workforce Participation Continues to Grow

Labor Force Participation Rate CT vs US¹



- ✓ Labor Force Participation Rate (LFPR) measures the portion of people working or seeking work, as a share of the working-age population (16+).
- ✓ Higher LFPR supports GDP growth, since more people are contributing to the output of goods and services. A higher LFPR also expands the tax base, as more individuals are likely to have taxable income.²
- ✓ Since mid-2023, CT's LFPR has increased while the US's has tapered off slightly. CT's LFPR remains slightly below pre-pandemic levels.
- ✓ Connecticut has lower labor force participation among young adults (20-24) than the U.S., consistent with high levels of postsecondary education. This is more than offset by higher-than-average labor force participation among older adults (45+) in the state.³

A person's hands are shown using a calculator on a desk. The background is a blurred office setting with a window and a plant. A large blue arrow graphic points to the right, containing the text.

INDUSTRIES DRIVING GROWTH

ECONOMIC ENGINES

Connecticut's Competitive Edge Across Sectors



Advanced Manufacturing

Connecticut produces **23% of all U.S. aircraft engine and engine parts¹**, a testament to its **world-class manufacturing ecosystem** built on **precision, advanced capabilities, and highly skilled and concentrated talent**.



Life Sciences

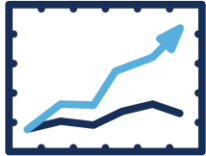
Connecticut's life sciences ecosystem is fueled by **top-tier talent, research, and industry presence**—ranking **#3 nationally for bioscience patents per capita²** and offering a **lower-cost, less saturated** alternative to Boston and NYC.



Cleantech

With over **46,000 clean energy jobs³** and a strong foundation in **engineering and advanced manufacturing**, Connecticut is a **launchpad for cleantech innovation** backed by public support and a **legacy of environmental leadership**.

Connecticut's Competitive Edge Across Sectors



Insurance

Connecticut **leads the nation** as the **#1 state for both insurance workforce concentration** and **productivity¹**, pairing **top-tier talent** with **pro-growth regulation** and one of the most **cost-effective** industry hubs in Hartford.



Financial Services

As the **#2 state for finance workforce productivity** and **#5 for concentration of talent²**, Connecticut offers firms a **high-performing talent pool, competitive wages³**, and **lower real estate costs⁴** than major financial centers.



Technology

With over **57,000 tech workers** contributing **\$13 billion to the state's GDP⁵**, Connecticut combines **deep talent, cross-industry innovation**, and a **legacy of breakthroughs**—from fintech to the **birthplace of superconducting** in quantum computing.

#8 State for Venture Capital Investment Per Capita

VC Invested in Connecticut-based companies, 2022-2024: **\$5.1B**
 Total Deals: **456**



Financial Services

Total Invested: **\$135M**
 Total Deals: **42**

Life Sciences

Total Invested: **\$835M**
 Total Deals: **80**



Insurance

Total Invested: **\$27M**
 Total Deals: **8**

Clean Tech

Total Invested: **\$84M**
 Total Deals: **27**





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CHOOSE Connecticut

ADVANCECT
CONNECTICUT

Engage. Retain. Recruit.

AdvanceCT is a private nonprofit economic development organization that drives job creation and new capital investment in Connecticut through business attraction, retention, and expansion, in close cooperation with state, regional, and local partners.



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