



OFFICE of the STATE COMPTROLLER

CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller

MAY 1, 2026

In this month's edition

Outlook: Despite the continued disruption to global energy markets, the U.S. economy is looking resilient so far—with Q1 real GDP growth of 2.0% SAAR (preliminary) supported by strong business investment (especially related to AI). Connecticut's economy was among the fastest growing in 2025, despite little job growth and rising unemployment. High gas prices (\$4.33 CT average on 4/30, up 41% YoY) are projected to slow growth, as consumers have less money left over for other spending—economists call this “demand destruction.” U.S. retail sales data shows consumer spending is holding up for now, likely cushioned by larger tax refunds this year.

Long-term interest rates have risen on war-related inflation fears, with the yield on 10-year U.S. Treasury securities at 4.42% as of 4/29. Kevin Warsh is expected to be confirmed as the next Federal Reserve Chair, taking over for Jerome Powell who said he will remain on the Board of Governors until certain unprecedented legal actions are fully resolved.

Connecticut's unemployment rate was 4.7% in February, up from 3.7% in February 2025, showing that conditions have notably loosened. The “low fire, low hire” job market mean it's taking graduates and other entrants longer to find payroll jobs. Preliminary 2026 data shows no net change to positions through February, and continuing claims for unemployment insurance—a count of laid off workers continuing to receive benefits—remains low through mid-April.

As of 2024, 52.4% of Connecticut renters are cost-burdened, meaning they spend more than 30% of their household income on housing. This month we dive into Connecticut's rental housing market to consider how we got here, what role private equity and other corporate landlords may be playing, and what policies state lawmakers are now considering for improving rental housing affordability.

The Consumer Price Index rose 3.3% in the 12 months through March, up dramatically from 2.4% in February thanks to a 22.1% monthly increase in gas prices. The Consumer Sentiment Index hit a new all-time low.

Connecticut exports totaled \$17.7 billion in 2025, up 1.9% from 2024 (not adjusted for inflation). The nominal export value of Transportation Equipment (e.g., aerospace, -0.4%) and Computer & Electronic Products (-4.2%) fell compared to 2024 but rose for Chemicals (+8.4%) and Machinery Except Electrical (+5.4%).

March continued the 2026 trend of fewer Connecticut home sales and the inventory of homes for sale remains very limited. A policy change by the government sponsored mortgage-purchasers, Fannie Mae and Freddie Mac, could soon help more residents qualify for a mortgage.

Benchmark revisions reversed Connecticut's previously reported 2025 net job loss to a small net gain of 1,200 positions (0.1%), measured from December. Revisions also show less labor force growth and a higher unemployment rate in most months since July 2025.

Connecticut was among the fastest growing state economies in 2025. Annual real GDP growth of 2.4% ranked 12th, likely as a result of solid productivity growth.

KEY DATES THIS MONTH

5/5 – March CT jobs report
5/6 –CT legislative session adjourns
5/7 – April U.S. jobs report
5/12 –April CPI inflation report
5/21 –April CT jobs report
5/28 – U.S. 2026 Q1 GDP 2nd estimate: April
U.S. personal income

Did you know?

Three times per year the budget offices of the Governor and state legislature agree on state revenue forecasts. The latest estimates for the fiscal year ending June 30th show taxes heavily linked to Wall Street performance up nearly \$1.4 billion compared to the original budget plan, while the Corporation Tax is expected to generate \$422.8 million less—partially due to last summer's federal tax changes like 100% immediate expensing of R&D. Total revenues available to the General Fund were revised down \$81.7 million this month, while next year's revenues were revised up by \$59.3 million.

About OSC

Sean Scanlon, State Comptroller
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The mission of OSC is to provide accounting and financial services, to administer employee and retiree benefits, to develop accounting policy and exercise accounting oversight, and to prepare financial reports for state, federal and municipal governments and the public.

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DESPITE MORE BUILDING, RENT AFFORDABILITY REMAINS A KEY CONNECTICUT CHALLENGE

It's been a wild ride for both renters and landlords in Connecticut since the COVID-19 pandemic six years ago. Demand for housing is up, median rents have risen 33.2%, and 52.4% of Connecticut renters today are "cost-burdened," which means they spend more than 30% of their income on housing costs. Homeownership feels like an unreachable dream for many renters, with the annual household income needed to buy the typical Hartford metro home at \$109,000 in 2026, up nearly 84% from \$60,000 in 2020, according to Zillow.

A fundamental imbalance between supply and demand has become one of Connecticut's most pressing economic challenges. There is not enough housing available that is affordable for families and individuals at every income and life stage.

Connecticut's population (especially in terms of households) has grown faster than housing supply, despite more building of apartments (called "multi-family housing") in recent years.

Several Connecticut metros also have among the highest rate of 25-34 year-olds living with parents, according to an analysis by the [Pew Research Center](#), with 26% of these young adults living at home in the Waterbury-Shelton metro area in 2023. When young adults can't afford to move out on



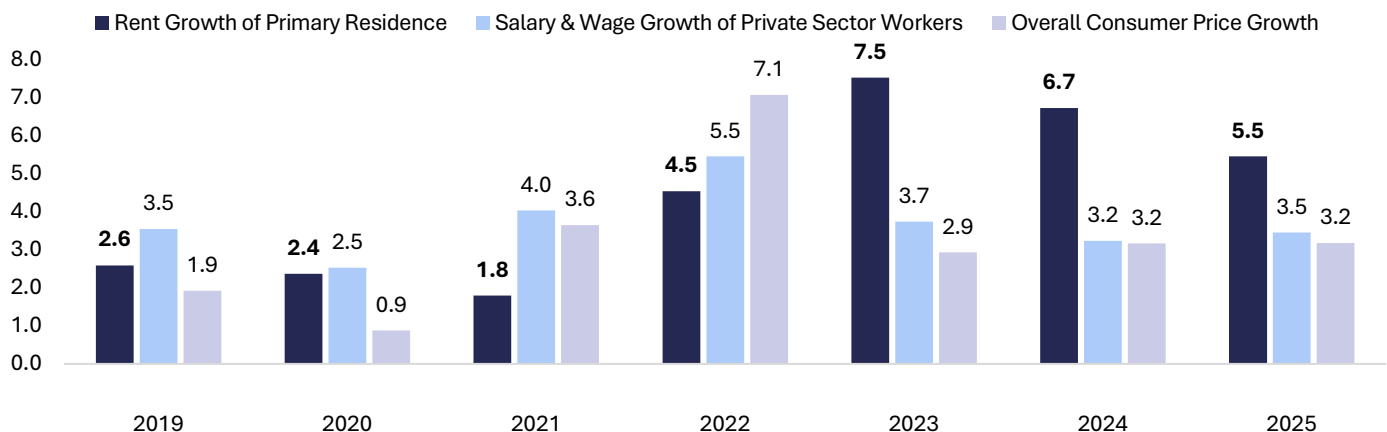
their own in Connecticut, they're more likely to leave the state—reducing a labor force that is already shrinking due to an aging population and less immigration.

As economic theory predicts, rents have risen rapidly in response to demand exceeding housing supply. Additionally, there has been a growing "financialization" of housing in Connecticut and across the country, where large corporate landlords and private equity-backed enterprises have seized opportunities to dramatically increase rents in an extractive way that has left many tenants worse off or displaced.

Policymakers are grappling with which policies are best to balance protections for renters against the right incentives for developers to continue creating more housing.

NEW ENGLAND RENT GROWTH HAS FAR OUTPACED WAGE GROWTH IN RECENT YEARS

Annual % change in New England Consumer Price Indices & New England Employment Cost Index (%)



Percentage growth calculated from annual averages in each index, CPI's for urban consumers.

Source: Bureau of Labor Statistics, OSC Calculations



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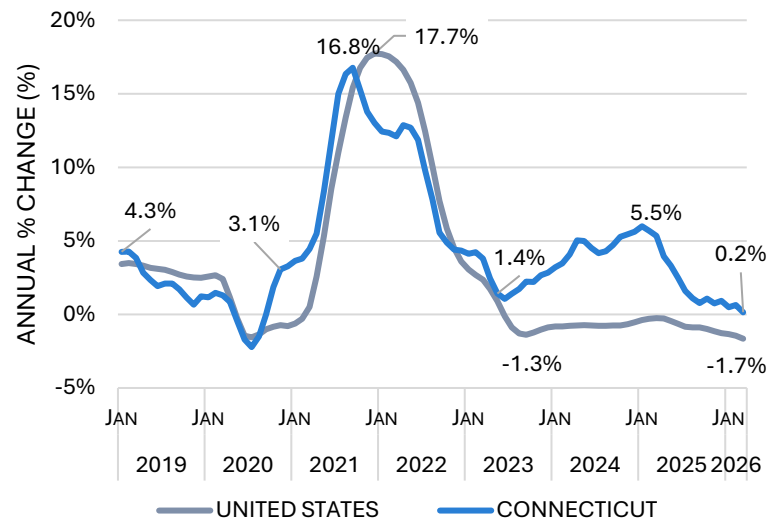
How much have rents grown?

In New England from 2022 to 2025, the cost to rent a primary residence grew 21.0% while private sector wages and salaries grew just 10.8%, using annual figures. As shown in the graph on the previous page, **annual rent growth for the New England region exceeded the rate of private sector wage and salary growth in 2023, 2024 and 2025**, with overall rent growth of primary residences reaching 7.5% in 2023 according to the New England Consumer Price Index (CPI). The wage growth is from the regional Employment Cost Index for New England.

New lease rents spiked sooner, in 2021, according to rent data from Apartment List, but that took time to filter through to existing leases. We reference New England figures above because data for Connecticut alone is not available for the comprehensive indices that control for composition effects and reflect the experience of renters renewing existing leases in addition to those signing new ones.

While wages advanced as quickly as rents in 2022, tenants that pay their own utilities had to confront a 29.3% spike in New England prices for housing fuels and utilities that year. Senior citizens dependent on Social Security income received a large 8.7% cost-of-living-adjustment (COLA) for 2023 based on overall CPI growth the prior year but increases since then have ranged from 2.5% to 3.2%, making it difficult for those on fixed incomes to absorb larger average increases in rent since 2023.

MONTHLY YEAR-OVER-YEAR PERCENTAGE CHANGE IN MEDIAN NEW LEASE RENTS



Source: Apartment List

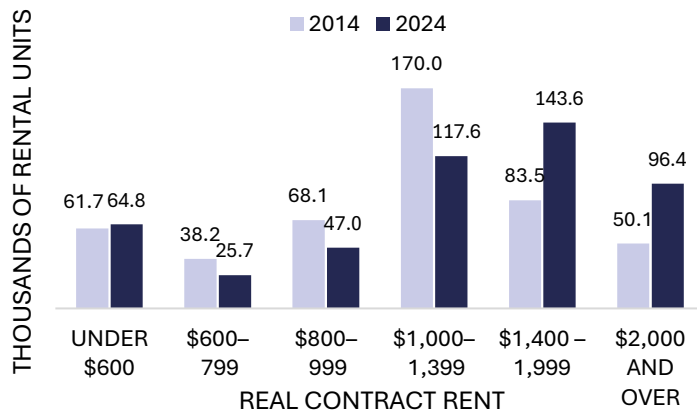
Private sector estimates of annual increases in asking rents (i.e., for new leases) vary, with [Apartment List](#) estimating that the 12-month percentage growth for the *median* Connecticut new lease peaked at 16.8% in September 2021. [CoStar Group data](#) shows that *average* Connecticut asking rent increases maxed out at 5.7% year-over-year in Q2 2022. They estimate a statewide average asking rent of \$1,979 for Q1 2026.

Together these series suggest that percentage rent increases were larger for lower-priced units, hurting affordability for those less able to adjust. Both series also show that Connecticut's rent spike was less intense than the U.S. average, but that **rent growth here remained elevated much longer**. Apartment List shows median rents have been declining for the U.S. overall, due to a surge of new apartments coming to the market in 2023-2025.

Asking rent growth has varied by region, with the Norwich metro area seeing a 39.3% increase in average asking rents between Q1 2020 and Q1 2026, versus 21.0% in the New Haven metro area and 23.0% in Connecticut overall, according to CoStar Group estimates.

Looking at units by rent level in 2014 and 2024 (with 2014 rents adjusted for non-shelter inflation over that time), the [Harvard Joint Center for Housing Studies' \(JCHS\) 2026 report](#) shows that Connecticut gained a net 106,400 rental units over that decade with rents of \$1,400 per month and above, but lost a net 85,900 units with rents comparable to \$600 to \$1,399 per month in 2024 dollars. A 3.1% increase in the

NUMBER OF CONNECTICUT UNITS BY INFLATION-ADJUSTED RENT LEVEL



Rents are adjusted for inflation using the CPI-U for All Items Less Shelter.
Source: Harvard Joint Center for Housing Studies tabulations of U.S. Census Bureau, American Community Survey 1-Year Estimates



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most affordable apartments (<\$600/month), however, suggests that State policies subsidizing and encouraging deeply affordable housing development are having an impact. The U.S. as a whole saw a nearly 30% drop in the under \$600 per month units.

More Supply and Much More Demand

At the foundation of Connecticut's surge in housing costs is an imbalance between supply and demand. **While the stock of rental housing has slowly been expanding (mainly from 5+ unit apartments), demand has increased faster, especially during the pandemic.** That drove down vacancy rates and made it very difficult for renters to find affordable places to live. Increasing use of properties for **short-term rentals** has also removed supply from the long-term market. Lower vacancies mean landlords can demand more in rent, which has pushed up asking rents dramatically.

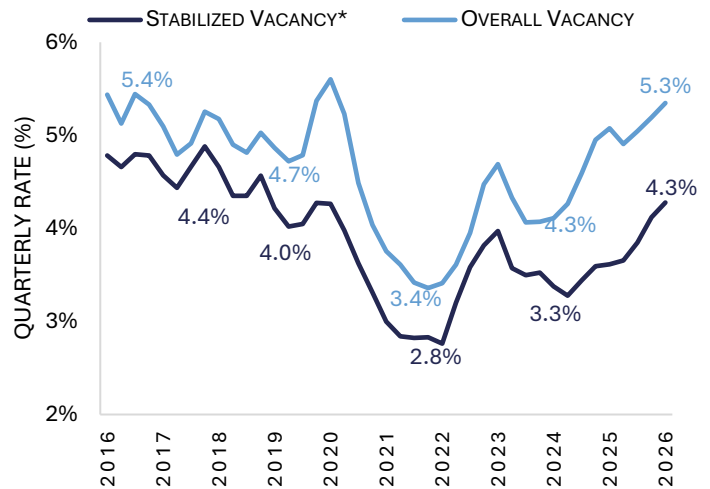
Housing demand is driven by population change and household dynamics, which are themselves the result of demographic changes, employment opportunities, and cost-of-living factors such as relative housing costs. Supply is driven by construction and demolitions as well as mismatches between households and the units they occupy.

Some of the supply shortfalls are related to **insufficient single-family home construction** since the housing bubble burst in 2006-2007, keeping more people renting rather than moving into a starter home. Now seniors looking to downsize, new graduates, and young families all struggle to find the right size housing at a price they can afford.

Connecticut was issuing building permits for about 8,000 to 12,000 housing units per year in the late 1990's and early 2000's. After the Great Financial Crisis in 2008, foreclosures surged and Connecticut home prices fell. That caused single-family builders to pull back sharply on new home construction, and many never resumed.

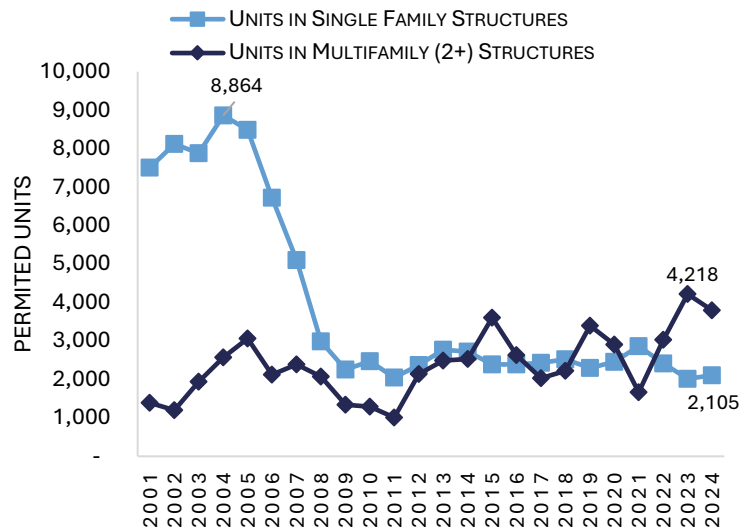
While single-family building contracted, Connecticut continued to see growth in multi-family building to help accommodate an increase in renters. Between 2010 and 2020, **the number of Connecticut housing units occupied by renters increased 13.8%** while owner-occupied units declined by 1.6%, according to the U.S. Census Bureau's decennial censuses. As of 2020, 35.8% of Connecticut households were renters, up from 32.5% in 2010. In the years 2012 through 2024, units in duplexes, three-family homes,

CONNECTICUT RENTAL VACANCY RATES



Source: CoStar Group via CHFA; *Vacancy rate that includes multifamily properties that have reached 90% occupancy following delivery or are older than 18 months from initial delivery of property.

CONNECTICUT HOUSING PERMITS



Source: HUD's SOCDs Building Permits Database

apartment buildings, and all other multi-family structures accounted for 53.6% of new housing permits issued.

The Census Bureau preliminarily reported that Connecticut issued permits for 4,927 new units of multi-family housing in 2025—which would be a new high and an annual increase around 30%. That permit figure typically sees large revisions before finalization, but it suggests solid continued growth in multifamily construction despite higher interest rates.

Low interest rates in 2020-2021 and falling vacancy rates set off a wave of additional apartment construction around the

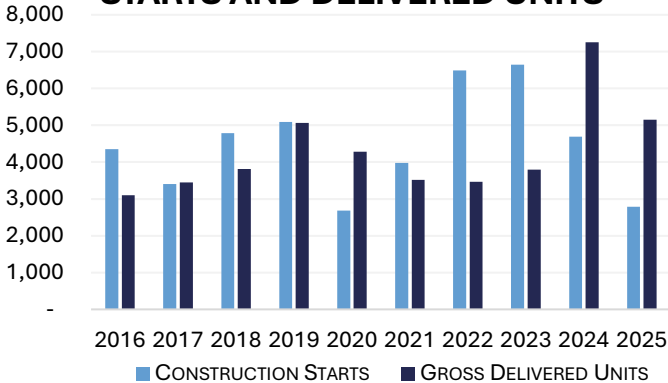


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CONNECTICUT MULTIFAMILY STARTS AND DELIVERED UNITS



Source: Connecticut Housing Finance Authority (CHFA) Housing Needs Assessment Dashboard

country. Builders delivered over 7,200 multifamily units to the Connecticut rental market in 2024 alone, nearly doubling the 2023 deliveries. That additional supply, along with 5,147 gross units delivered in 2025, **appear to be contributing to rising rental vacancies since 2024 and cooling rent growth in recent months.**

Demand for rental housing has been growing for a while, despite annual population growth being slow or negative between 2012 and 2020. **Average household size has been shrinking over time**, which results in growing demand for units even if population remains flat. Average household size fell from 2.55 people in 2010 to 2.45 in 2024.

Since 2020, **the Connecticut population has grown by 109,000 people (3.0%)** through July 1, 2025, sending housing demand up much further.

While excess demand has encouraged new construction, developing new housing in Connecticut can be very

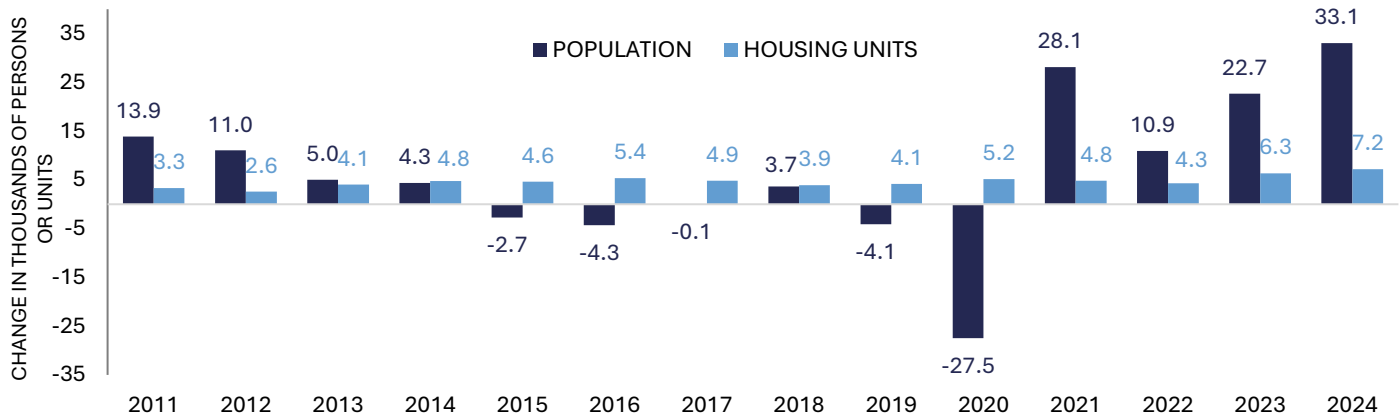
A tight home-buying market often goes hand-in-hand with rising rents. Many existing homeowners locked in ultra-low mortgage rates in 2020-2021, making them reluctant to move from their current homes. Connecticut's supply of houses and condos available for purchase is down more than 75% compared to 2019.

expensive. There is limited developable land near job centers, and labor costs are high. Additionally, building material costs for new residential construction surged 42% between January 2020 and December 2025, according to the [JCHS report](#). The regulatory process can be slow and uncertain, local property taxes on both single and multifamily housing have spiked dramatically through revaluations, and property insurance costs have also surged.

Building "affordable" rental units in Connecticut can be nearly as expensive as building luxury rentals, which is why most new construction is high-end apartments unless government subsidies are involved. The State uses General Obligation Bonding, allocates tax credits, and provides ongoing rental assistance for some very low-income tenants to encourage private developers to build the new units of affordable and workforce housing the state needs.

One relatively new public-private partnership is called [Build4CT](#). Through it, the State has invested over \$100 million (of \$300 million total funding available) to support the construction of 3,257 new rental units, including 920 middle-income units.

CONNECTICUT ANNUAL CHANGE IN POPULATION AND HOUSING



Source: U.S. Census Bureau, Population Estimates Program, OSC Calculations



Despite continued multifamily building, the state faces a large housing supply deficit accumulated over years of underbuilding and new population growth. The [Connecticut Fair Share Housing Study](#) that was commissioned by the legislature and completed in 2025, found that Connecticut is short 120,000 to 380,000 units of housing (including both rentals and owner-occupied). For context those figures represent 7.7%-24.5% of Connecticut's estimated 2024 housing units, based on data from the U.S. Census Bureau Population Division.

Some of the undersupply arises from a housing mismatch where a housing unit is no longer suited for the size of the occupying household (e.g., empty nesters, large families squeezing into smaller apartments). A [bill](#) considered by the Connecticut General Assembly this session would help address that, by allowing homeowners to rent out up to three individual bedrooms in their home for long-term use. Such arrangements can provide extra income for homeowners not wanting to move and a lower-cost housing option for renters.

Corporate Landlords and the Financialization of Housing

One concerning trend, in Connecticut and around the country, is private equity firms, real estate investment trusts (REIT), and other corporate landlords buying existing apartment buildings or rental homes with the intent to dramatically increase rents to return a quick profit through a higher asset value.

It's not clear to what extent these practices are impacting statewide rent growth, but tenants in specific developments have faced unreasonable rent increases (e.g. +\$800 a month), lost their housing by receiving notices to quit (the first step in the eviction process) when their leases ended (which is known as a "no fault" or lapse of time eviction), and endured poor living conditions under such ownership at a notable rate. Advocates say corporate landlord acquisitions have increased since the pandemic.

Most of these properties are held by limited liability companies (LLCs), which make it difficult to identify how widespread this ownership model is in Connecticut. [The Private Equity Stakeholder Project](#), an advocacy group, estimated in 2025 that 5.2% of Connecticut's apartment units are owned by private equity firms. The share held by corporate and institutional landlords is also unknown but thought to be considerable, especially in specific locations.



Bay Point Apartments (formerly Winwood Village), Niantic, Connecticut
Photo credit: Apartments.com

2020 Flashback: Pandemic Turmoil for Renters & Landlords

Think back to May 2020, just after the start of the COVID-19 pandemic. Connecticut **unemployment had surged to 11.9%**, the highest rate on record going back to 1976, as much of the economy shut down. In-person, often lower-wage jobs saw more disruption, putting many families in economic peril and unable to make rent or mortgage payments. School went online and childcare was interrupted, keeping many caregivers from working. Families with mortgages were generally able to access forbearance to remain in their homes, and later federal funding was provided to prevent foreclosures.

To keep renters in their homes, Governor Ned Lamont instituted an eviction moratorium (later reinforced by the CDC's federal one). Executive orders allowed tenants to apply security deposits over one month's rent towards their owed rent.

It was a tough time for both renters and housing providers. Small "mom and pop" landlords that stopped receiving rent payments couldn't make their mortgage payments or get different tenants, causing serious financial hardship. Renters struggling to find work fell farther behind.

Congress appropriated \$47 billion (with more than \$450 million for Connecticut) for emergency rental assistance in 2021. Connecticut's program, called "UniteCT," funded arrearages in rent and utilities, as well as some prospective rental payments, to help families avoid eviction, and landlords had to participate prior to starting an eviction in the summer of 2021.



While property owners have always had profit incentives to maximize cashflow over expenses, researchers at the [Climate & Community Institute](#) describe **the growing trend as the “financialized landlord model.”** Under this style of ownership, “increasing net operating income from buildings enables landlords to indicate to investors that the property has an increased value, which in turn allows them to negotiate for more lucrative financing terms, generating profits that far exceed those actual changes in net operating income” (pg. 7).

Net operating income (NOI) is a building’s annual income from rents and other fees minus operating expenses, and it is a key lever owners can use to influence property valuation and new loan amounts. Cash-out refinancing, converting to condos, or selling the asset within a few years allows the owner to quickly realize equity gains from a higher valuation.

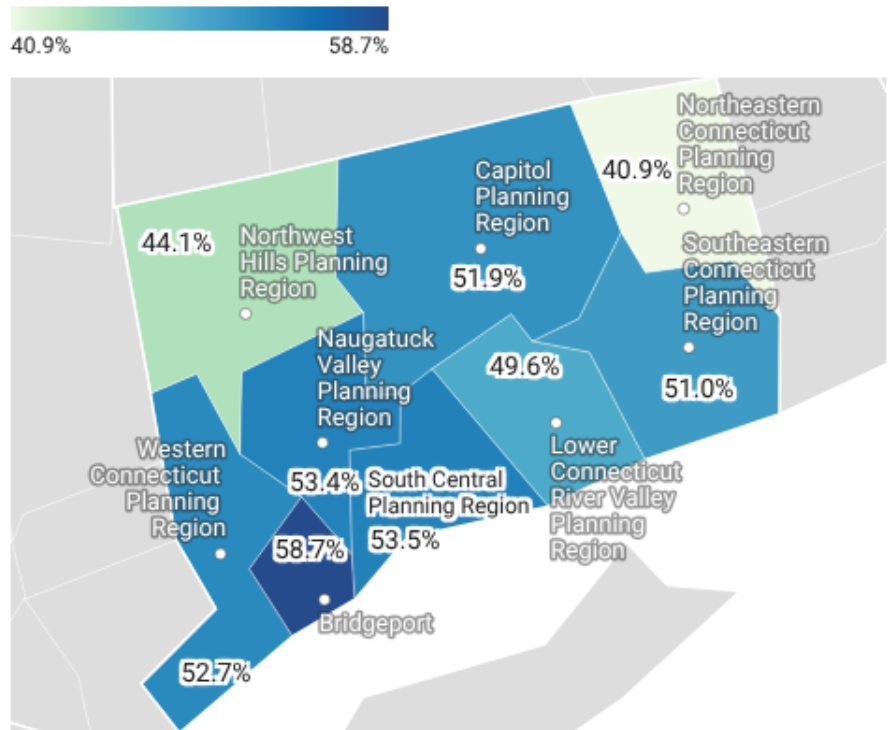
While such financialization is not inherently bad, tenant advocates argue that an industry providing basic housing should not be allowed to earn gross and excessive profits at their tenants’ expense. Rising homelessness also creates costs for communities.

The landlords often justify huge initial rent increases by making some renovations, but serious issues can remain unremedied. In one Connecticut example, the landlord spruced up the units but left standing water in the basement, which led to snakes coming up into the apartments.

Aside from quickly raising rents for existing tenants to whatever the current market can support, the ownership strategy incentivizes the imposition of **junk fees** (e.g., parking, convenience fees), the aggressive use of **“no fault” evictions** to clear existing tenants, and unresponsive property management that minimizes expenses and **defers maintenance**.

Share of Renters Paying 30% or More of Household Income on Rent

2024 Share of Cost-Burdened Renters by Planning Region



Based on 2024 5-Year American Community Survey Data
 Source: U.S. Census Bureau, OSC calculations • Created with Datawrapper

One company that has received a lot of media coverage is Alpha Capital, a Connecticut-based firm that has purchased apartments in Hartford, East Lyme and New London in recent years.

In 2024 in East Lyme, the company purchased Winwood Village, a 60-unit apartment complex that was primarily home to elderly and disabled tenants living on fixed-incomes. Shortly after purchase, one resident who had lived at the property for over 20 years was told her monthly rent would increase from \$1,400 to \$2,200 per month, a 57% increase. Another elderly gentleman faced a 90% increase.

As East Lyme had no fair rent commission at the time, residents had little recourse and some were displaced. Displacement often forces children to switch schools mid-year. Alpha Capital also put the tenants on month-to-month leases when their longer leases ended, creating housing insecurity.

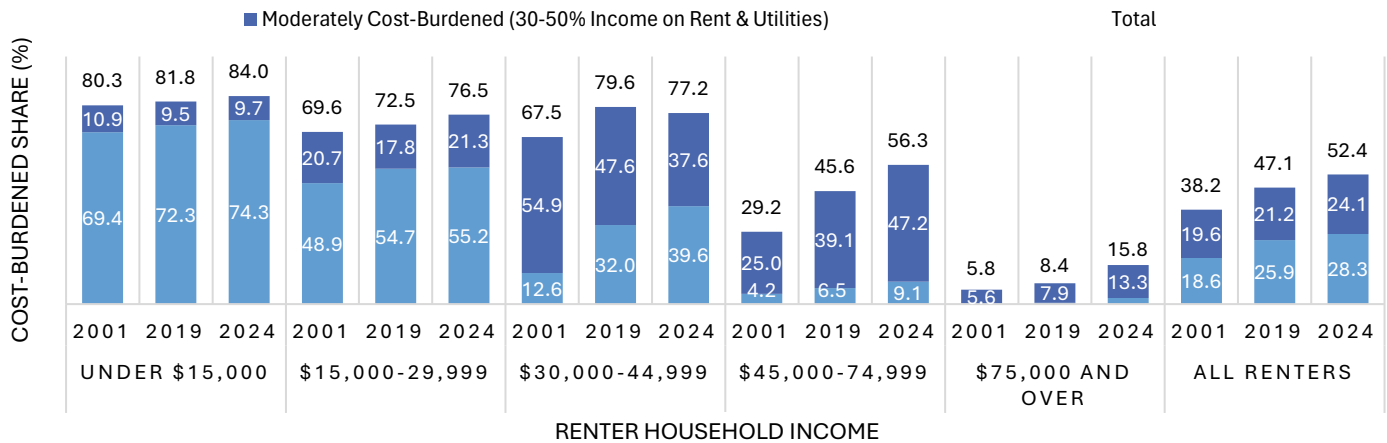
In response, tenants’ unions have sprung up, municipalities are pushing back against repeated health and safety code violations, and more tenants can appeal to local fair rent commissions (required for all Connecticut communities with at least 15,000 residents by January 1, 2028) that a specific rent or rental increase is excessive.



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CONNECTICUT RENTER HOUSEHOLDS PAYING 30% OR MORE OF HOUSEHOLD INCOME ON HOUSING, 2001 TO 2024



Household incomes are adjusted for inflation by CPI. Source: Harvard Joint Center for Housing Studies tabulation of American Community Survey 1-year estimates

Affordability is Down

After years of elevated rent growth, the [latest data](#) shows that **52.4% of Connecticut renter households spent at least 30% of their household income on rent and utilities** in 2024, up from 47.1% in 2019. More than a quarter (28.3% in 2024) spend over half of their income on such housing costs. Connecticut has the 5th highest share of income spent by the median renter household (32.2%) among states.

Spending 30% or more of household income on housing costs is the definition of unaffordable housing, known as being “cost-burdened,” used by the government and researchers in this field. In Connecticut, American Community Survey data shows that **58.7% of renters in the Greater Bridgeport Planning Area are cost burdened**. Renters with the lowest incomes are the most likely to be cost-burdened, but even **9.1% of Connecticut households with incomes between \$45,000 and \$75,000 per year paid over 50% of their incomes on rent and utilities** in 2024. At the same time, many low-income renters are losing SNAP food assistance due to federal policy changes.

Unless income rises faster than rents in the coming years, rental housing will remain unaffordable for these Connecticut families. Affordability has implications for job growth and the state’s attractiveness to businesses. Companies want to grow where good housing is available for their workers. Connecticut has been focused on encouraging affordable rental housing development for a long time, and that appears to be paying off. Nevertheless, the scale of the issue means it remains a pressing challenge.

Just Cause Evictions and Limited Rent Control Debated this Year

Given the growing overall rent burdens, displacements of tenants by corporate landlords, and a rise in Connecticut homelessness, the Governor and lawmakers proposed several potential policy solutions in the 2026 legislative session (ending May 6th). Lawmakers are balancing protections for tenants against how those policies may impact developers’ incentives to construct sorely needed additional housing in the state.

Ending No Fault Evictions. State law already protects tenants that are aged 62 or older or disabled and who live in 5+ unit apartment complexes or mobile home parks from “no fault” lapse of time evictions (i.e., because a lease ended). Landlords can only bring eviction cases against those tenants based on an allowable reason (i.e., “a just cause”), such as non-payment of rent or refusal to agree to a fair and equitable rent increase.

[Senate Bill 257](#) would **extend that protection to all tenants** that live in 5+ unit multi-family housing and have already lived there for at least 12 months. The change would provide renters that are “doing everything right” with long-term housing security and is current policy in states like New Jersey, California, Colorado, Oregon, and Washington.

Proponents argue that this change is necessary to prevent arbitrary displacement or retribution from landlords if a tenant complains about a code violation or joins a tenant union. Currently just the threat of a lapse of time eviction is enough for many renters to vacate, since having an eviction



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filed against you can make it harder to obtain future housing. **The law would protect communities against a frequent tactic of corporate landlords**, where they replace existing tenants upon acquisition of an occupied building.

On the other side, housing providers say they often use lapse of time evictions to remove nuisance tenants that cause issues for other residents, and that the option to end a rental arrangement after the agreed-upon contract allows them to offer housing to individuals that are seen as riskier tenants (e.g. with worse credit or criminal histories).

In terms of potential economic impacts, the inability to easily remove tenants could preclude faster rent growth at a property (since it is easier to raise rents and do renovations between separate tenancies), potentially impacting developments' valuations. On that basis, such tenant protections could be viewed as discouraging new rental housing development, if would-be property owners are discouraged from investing in Connecticut due to having less control over future income than in less regulated states.

On that point, there is some empirical evidence that ending "no fault" evictions does not discourage development. A [recent study](#) from the University of Minnesota found no evidence that passage of just cause eviction legislation in Oregon, California and New Hampshire resulted in a statistically significant decrease in housing permitting, when compared to the surrounding counties in adjacent states.

Post-transfer Rent Cap. In recent years, Connecticut has expanded the requirement for communities to have [Fair Rent Commissions](#), which are municipal boards with the ability to prevent rental charges in residential housing that are "so excessive, with due regard to all the circumstances, as to be harsh and unconscionable" and to reset such charges to an amount that is "fair and equitable." They consider landlord expenses and only rule when there is a complaint.

Towns with populations over 25,000 people were required to establish them by July 1, 2023, if a fair rent commission was not already in place. That threshold was reduced to a population of 15,000 by the major housing bill enacted in November 2025 to include more towns, with those smaller

towns needing to create commissions or join joint or regional commissions by January 1, 2028.

[House Bill 5092](#) would modify the factors a local fair rent commission must consider when determining whether a proposed rent increase is excessive in the first year following a transfer of ownership. Specifically, a rent increase would be considered excessive if it is larger than 5% (or the average annual inflation rate, if higher), if the landlord did not carry out renovations worth at least \$50,000 to the accommodation.

The legislation seeks to protect tenants from large rent increases after a property is sold, which has been a common occurrence for renters in such a constrained housing market that is being increasingly shaped by large, out-of-state landlords, corporations, and private equity firms. Those tenants would benefit from the capped rent increase in that first year, helping them stay in their homes and communities.

On the flip side, rent caps can discourage investment in existing properties and the development of new housing, by reducing future rental income to offset those costs. [Economists](#) have identified several hidden costs of broad rent control policies that can make rental affordability worse in the long run. The policy in HB 5092 is smaller in scale and only applies when a tenant brings a complaint to a fair rent commission in limited circumstances.

In Conclusion

Connecticut's rental market is finally seeing year-over-year rent growth for new leases return to modest levels, with Apartment List estimating such growth at just 0.2% in March. Renewal rent growth is still growing much faster, based on the New England CPI for rent of a primary residence being up 4.4% in March 2026, suggesting that existing leases in the region are still catching up to the steeper increases for asking rents experienced earlier.

The financialization of housing has made the essential service of providing shelter into a more short-term, extractive exchange, often at tenants' expense. Yet there are still many great landlords in Connecticut that care about their tenants and want to invest here. Policymakers must find a delicate balance to improve affordability now and in the future.





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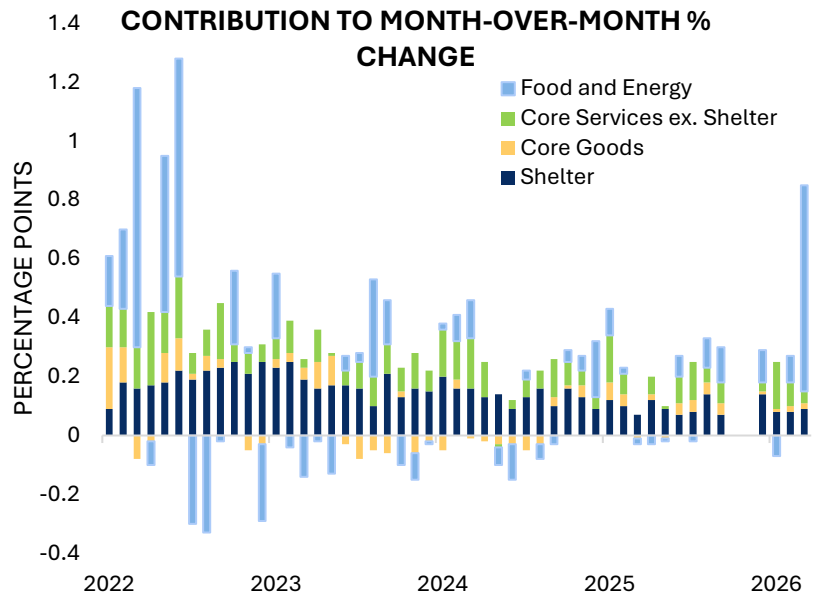
INFLATION SPIKES AND SENTIMENT SOURS

Consumer prices surged 0.9% from February to March—the largest one-month increase to inflation since 2022, thanks largely to higher gasoline prices related to the war in Iran. U.S. gas prices surged 22.1% for the month (seasonally adjusted) in March, which accounted for nearly three quarters of the monthly increase in the Consumer Price Index. Likely relatedly, the University of Michigan’s [Consumer Sentiment Index](#) shows consumers are concerned, with that index falling 10.7% for the month and hitting an all-time low of 47.6 in April.

On an annual basis, the **U.S. Consumer Price Index rose 3.3% in March**, up dramatically from 2.4% in February. The puts headline U.S. inflation at the highest since May 2024. New England had seen inflation slow down to an annual rate below 2% in 2026, but that jumped to 2.9% in March. Core CPI, which excludes volatile food and energy prices, rose to 2.3% in New England and 2.6% in the U.S. for March, showing that even aside from gasoline prices, prices were moving up, not down. The PCE price index for March grew 3.5%.

The key question for the Federal Reserve is if the war-related supply shock will function like a short-term tax on consumers that effectively reduces demand in other sectors of the economy (eventually lowering inflation), or if the higher costs to businesses and consumers will ripple out and cause secondary inflation (such as for wages), as happened in 2022. While the weaker labor market now favors the former outcome, uncertainty on that is expected to keep the Federal Reserve in a holding pattern for the rest of 2026 if unemployment remains

CONSUMER PRICE INDEX



Source: Federal Reserve Bank of San Francisco, Bureau of Labor Statistics

steady. The result is likely **interest rates that are higher than anticipated before the war**. On April 29th, the Federal Reserve announced they will keep the federal funds rate at 3.5-3.75%.

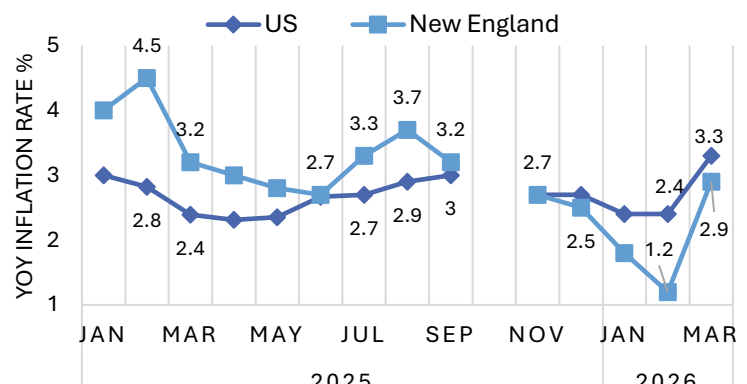
For consumers, the question is if wages are outpacing inflation. Connecticut average hourly earnings rising 2.5% year-over-year in February (vs. inflation around 2%), **suggests the average Connecticut worker was experiencing real wage gains before the war began**. The Employment Cost Index shows annual wage and salary growth in New England was 4.2% in Q1, the most in any region. Real wage growth supports consumer spending, which accounts for roughly two-thirds of the economy. Higher inflation in March and April is likely to reduce real wage gains going forward, putting downward pressure on Connecticut’s economic growth.

CONSUMER SENTIMENT INDEX



Source: University of Michigan

CONSUMER PRICE INDEX ANNUAL % GROWTH



Source: Bureau of Labor Statistics



OFFICE of the STATE COMPTROLLER CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller

MAY 1, 2026

Connecticut Housing Market Trends March 2026

-10.6%

3,299

New Listings YoY
SmartMLS

-5.9%

Home Sales YoY
SmartMLS

+3.8%

\$410,000

Median Sales Price YoY
SmartMLS

+5 days

40

Median Days on Market YoY
Realtor.com

-0.58 ppts

6.23%

Freddie Mac 30-Year Fixed Rate
Mortgage Average for the week
ending 4/23

+0.1%

1,694

Median New Lease Rent YoY
Apartment List

SmartMLS is the primary multiple listing service for Connecticut but does not include all listings in Greenwich, CT.

CONNECTICUT HOUSING MARKET

Continuing the 2026 trend of slower housing activity than last year, March sales were down 5.9% and the inventory of homes for sale was down 11%, both compared to March 2025. Homes also remained on the market about 5 days longer. Very cold temperatures and winter storms in early 2026 may have contributed to fewer listings and lower sales, as well as higher unemployment and geopolitical uncertainty.

Despite mortgage rates rising from February levels related to the war in Iran, the average 30-year fixed mortgage rate was more than half a percentage point lower than last year as of the week of April 23rd. The median sales price for a Connecticut home in March, \$410,000, is up 3.8% from 2025. That's similar to the U.S. median existing home sales price for the same month, \$408,800, which is up just \$1.4% from one year ago according to the [National Association of Realtors](#). With lower price growth and mortgage rates than last year, housing affordability for buyers is slightly improved, but remains a major challenge. Rising unemployment (4.7% in Connecticut in February) and poor consumer sentiment remain headwinds for the 2026 spring homebuying season.



New Credit Score Policy Could Help Some Buyers

Those with limited credit histories such as first-time buyers, younger households, and some lower-income borrowers may find it easier to obtain a mortgage in the future.

On April 22, Fannie Mae and Freddie Mac [announced](#) that they will begin buying mortgages from lenders that use new credit scores (VantageScore® 4.0 now and eventually FICO® Score 10T) to assess creditworthiness. These new credit score models

incorporate new information, such as on-time rent and utility payment history, as well as trended credit data, which can demonstrate the creditworthiness of millions more Americans than the Classic FICO® scores always used to date.

The new policy is being rolled out in stages, with only certain lenders participating in this first stage. The full implementation of the policy is expected to expand access to mortgages to many more responsible payers who previously did not qualify. That's because Fannie Mae and Freddie Mac acquire a huge share of residential mortgages made by banks and other lenders, allowing those institutions to issue more loans. Together Fannie Mae and Freddie Mac account for [about half](#) of the U.S. residential mortgage market, so this policy change is likely to have a wide impact.



RISKS AND EVENTS WE'RE WATCHING

Traffic through the Strait of Hormuz remains sparse, keeping oil prices elevated and having far-reaching impacts on supply chains. While major fighting has paused, it's unclear how the U.S.-Iran conflict will be resolved.

Tariff refunds. Many importers that paid tariffs struck down earlier this year by the Supreme Court could begin claiming refunds as of April 20th. The U.S. Customs and Border Protection agency, which oversees trade duties, [indicates](#) that importers could receive refunds within 60 to 90 days of their claim being accepted, for those unfinalized tariffs eligible to be recalculated in this first phase of the refund process. As of early March, over 330,000 importers had paid approximately \$166 billion under the now-illegal tariffs, though not all those payments fall under Phase 1.

The legislature is set to vote on next fiscal year's budget by May 6th. It is expected to include one-time municipal funding of \$100 million and a \$170 million on-going increase to school funding that should alleviate some town budget strains and property tax increases later this year.

The Senate Banking committee cleared the way for **Kevin Warsh to become Fed Chair** after Jerome Powell's term ends this month.

The first full casino, Resorts World, has opened in New York City, which adds new competition to Connecticut's Mohegan Sun and Foxwoods casinos.

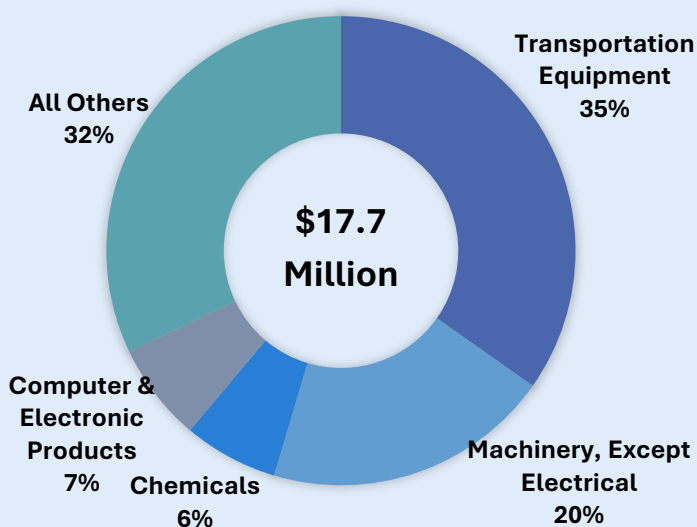
Residential Electricity Rates Set to Decline about 14%

The Public Utilities Regulatory Authority (PURA) [announced](#) that, beginning May 1st, Eversource residential customers will see electric rates decrease by 4.3 cents per kilowatt-hour and UI residential customers will see rates decline by 4.9 cents per kilowatt-hour, for an average monthly decrease of \$30 to \$34 based on typical usage.

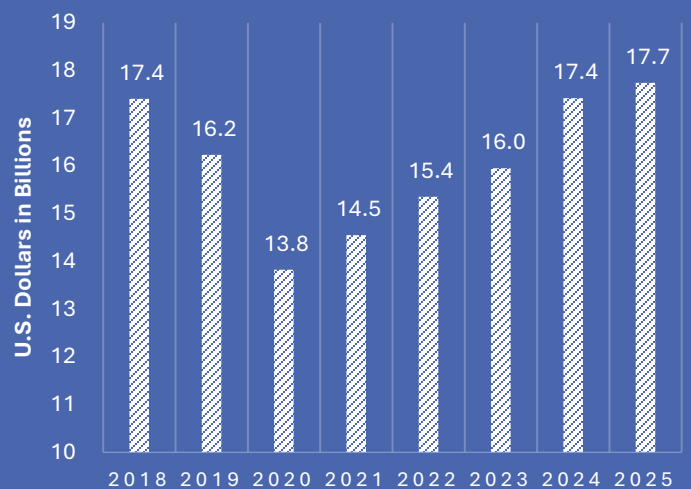
[The declines](#) are largely the result of a decrease in the Public Benefits Charge, which will now appear on bills as a small credit at least through September 1st. The biggest driver of that has been the State's fixed-price contracts with nuclear power providers (Millstone and Seabrook) that saved ratepayers \$250 million in 2025 and \$200 million so far in 2026 due to fossil fuel price volatility. Legislative changes made last year are also contributing to lower costs.

Connecticut exports reached \$17.7 billion in 2025

CONNECTICUT 2025 EXPORT VALUE BY NAICS INDUSTRY



CONNECTICUT TOTAL EXPORTS VALUE (BILLIONS OF U.S. DOLLARS)



Source: U.S. Census Bureau [USA Trade Online](#); not adjusted for inflation



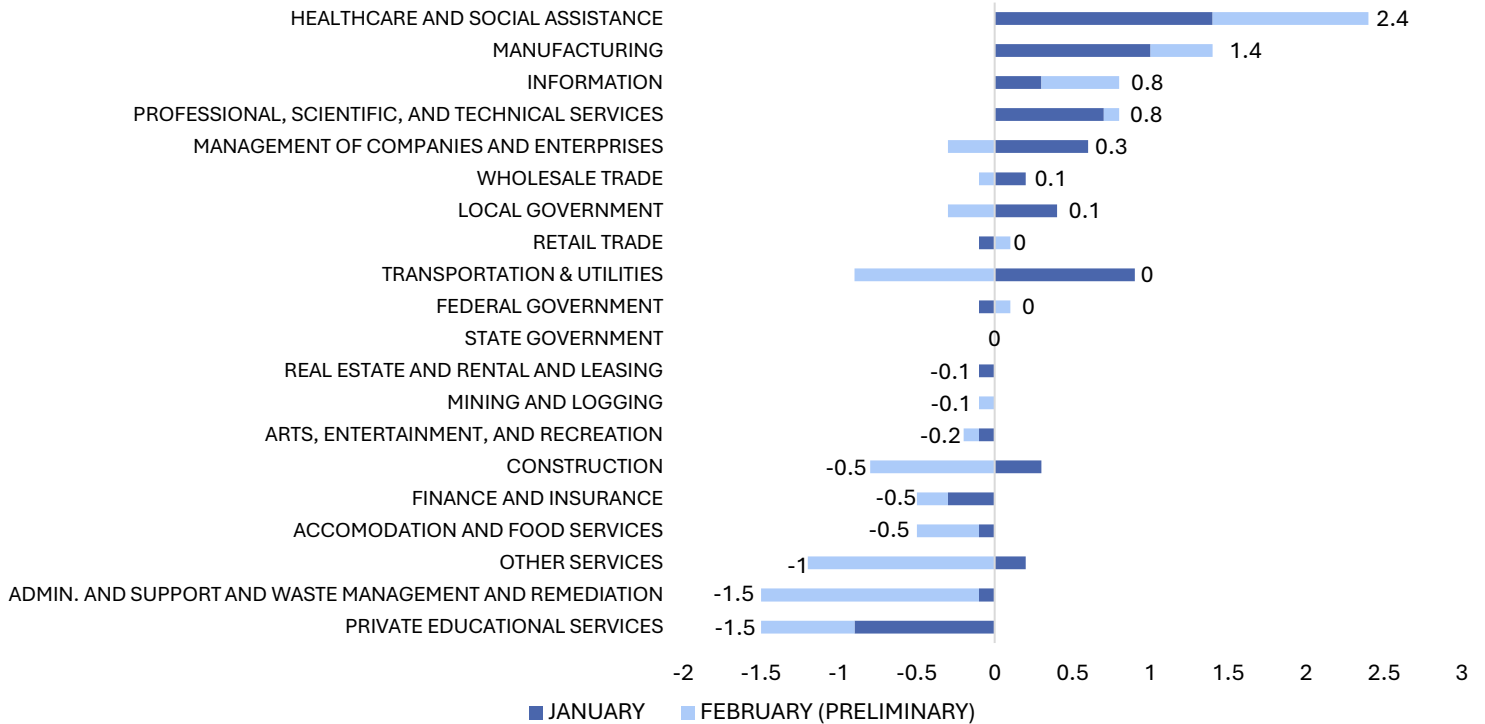
OFFICE of the STATE COMPTROLLER

CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller

MAY 1, 2026

CONNECTICUT MONTHLY CHANGE IN JOBS (IN THOUSANDS) JANUARY & FEBRUARY (NET)

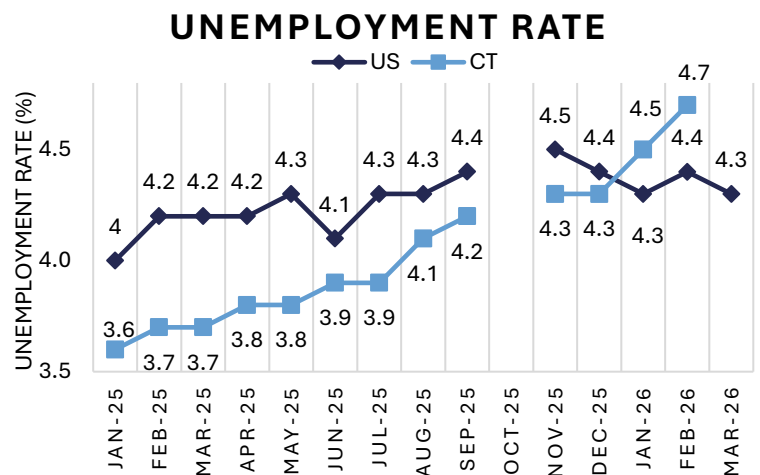


LABOR MARKET UPDATE

After a small net job gain of 1,200 positions (0.1%) in 2025, Connecticut employers added 4,200 jobs (0.2%) in January but shed 4,200 jobs in February (based on preliminary figures), all seasonally adjusted, yielding **no total change in jobs over the first two months of the year**. The graph above shows that the Healthcare and Social Assistance sector added net 2,400 jobs, followed by gains in Manufacturing (+1,400), Information (+800), and Professional, Scientific and Technical Services (+800) in January and February. Private Educational Services, which includes employers from daycares to universities, lost 1,500 jobs over the first two months of 2026, but some of that may be related to the timing of school vacations.

Connecticut's unemployment rate was 4.7% in February, up from 3.7% in February 2025, showing that conditions have notably loosened over the past year. The "low fire, low hire" job market mean it's taking graduates and previously self-employed workers now looking for payroll jobs longer to them. The U.S. unemployment rate has been steadier over that time.

Based on this data, Connecticut triggered the Sahm rule back in April 2025. That statistic, created by economist Claudia Sahm, has typically indicated when the U.S. economy is in a recession, though it had a false positive in July 2024. It's a reason for caution but not alarm. State-level data is inherently more volatile and strong GDP growth in the past year has been despite limited employment growth. See the appendix for further labor market details.



Source: Bureau of Labor Statistics



OFFICE of the STATE COMPTROLLER CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller

MAY 1, 2026

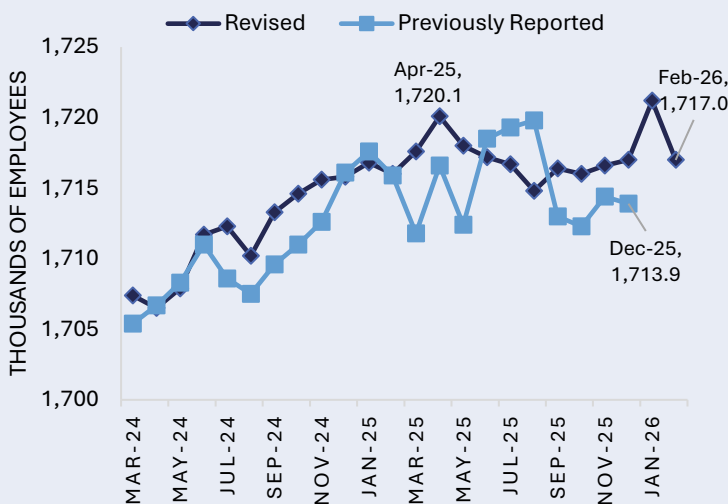
BENCHMARK REVISIONS RETELL WHAT HAPPENED IN 2025

Most monthly labor market data is based on two surveys: one of households (Current Population Survey) and one of employers (Current Employment Statistics survey). Each year, the Bureau of Labor Statistics revises that data against more authoritative data sources and updates their modeling (e.g., seasonal adjustment). For Connecticut, those revisions released in April change some details but do not dramatically change the story of what happened in 2025.

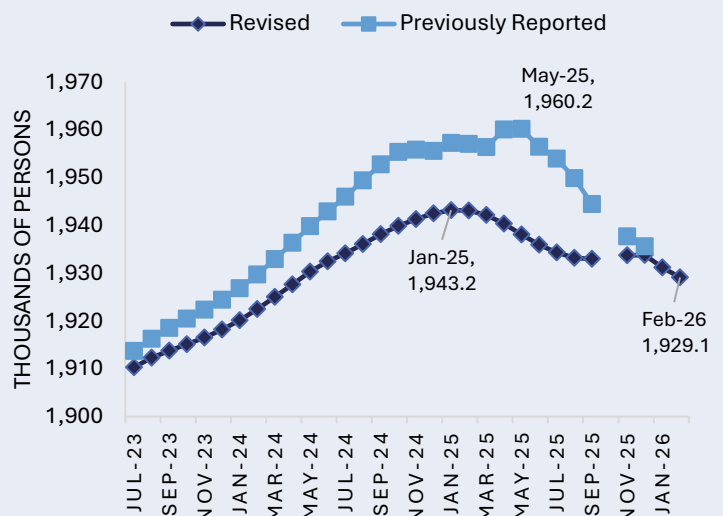
Prior to benchmarking, Connecticut was estimated to have lost 2,200 nonfarm payroll jobs (-0.2%) over the 12 months ending in December 2025, but the **revised data shows a small gain instead (+1,200 jobs, 0.1%)**. That puts Connecticut on par (in percentage terms) with the very small U.S. job gain of 116,000 (0.1%) over 2025. The jobs data also shows that April 2025, when President Trump announced the “Liberation Day” tariffs, was the high-water mark for jobs prior to February 2026.

Other revisions show that Connecticut’s labor force, the number of those working or looking for work, peaked in January 2025 at about 17,000 fewer people than the previously reported peak, for a less steep decline since May. **The unemployment rate rose more gradually and was somewhat higher** than previously reported, as the number of unemployed has steadily risen.

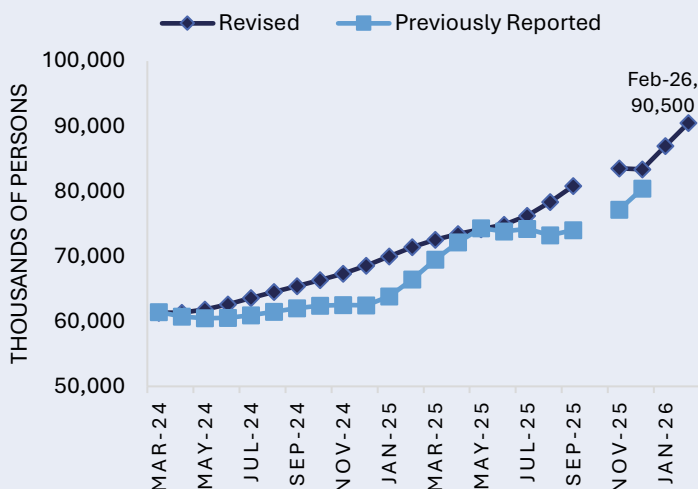
CONNECTICUT NONFARM PAYROLL EMPLOYMENT



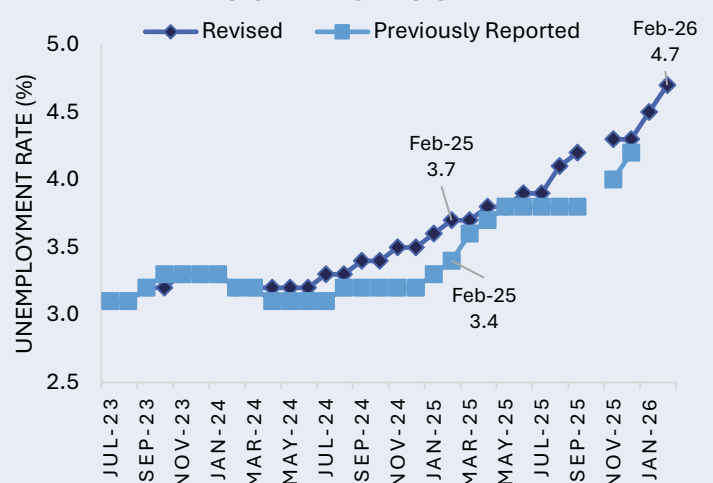
CIVILIAN LABOR FORCE IN CONNECTICUT



UNEMPLOYED PERSONS IN CONNECTICUT



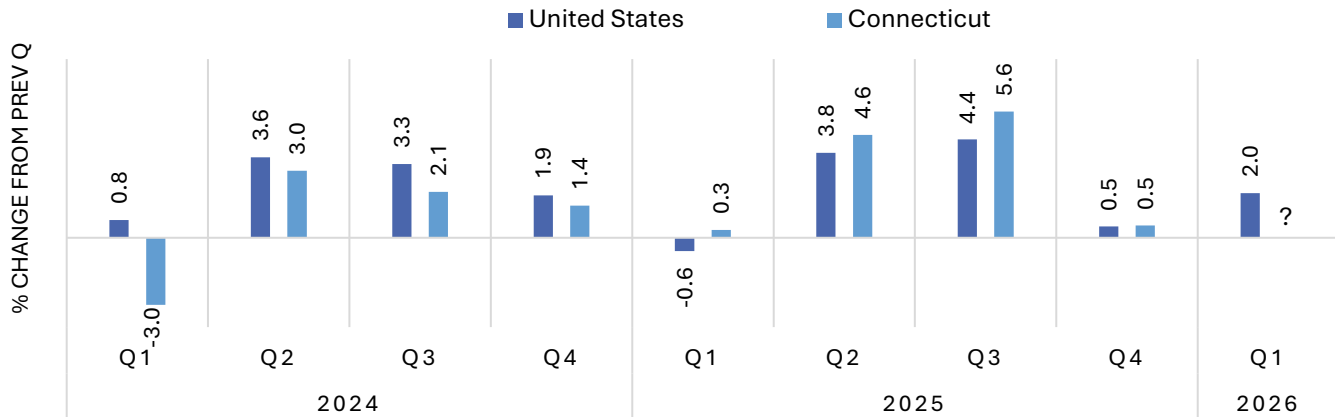
UNEMPLOYMENT RATE IN CONNECTICUT



Source: Bureau of Labor Statistics via FRED



REAL GDP GROWTH



Seasonally Adjusted Annual Rates, Source: Bureau of Economic Analysis

CONNECTICUT AMONG FASTEST GROWING STATES IN 2025

Gross Domestic Product (GDP) is a measure of total output (in goods and services) an economy produced in a year that doesn't double-count intermediate production. "Real GDP" strips out increases in growth due solely to rising prices.

According to the Bureau of Economic Analysis (BEA), **real GDP growth in Connecticut and the U.S. slowed in Q4 2025**, with both economies growing at a seasonally adjusted annual rate (SAAR) of just 0.5%. That follows Q3 2025 SAAR growth of 5.6% in Connecticut and 4.4% in the U.S. Reduced federal government activity (from the shutdown) reduced Connecticut real GDP growth by 0.41 percentage points in Q4. The U.S. economy grew at a 2.0% SAAR in Q1 2026 (preliminary), led by **strong business investment in computer equipment and software**—likely related to AI and data center investments, while a surge of imports reduced growth despite strong growth in exports. Real final sales to private domestic purchasers, a measure of domestic consumer spending and private investment, grew a solid 2.5% (SAAR), though consumer spending grew the slowest in a year.

BEA reports that Connecticut's annual average GDP was \$376.46 billion in 2025. In chained 2017 dollars (which adjust for inflation), the economy grew 2.4% from its average level in 2024, putting Connecticut's annual real GDP growth 12th fastest among states.

The Federal Reserve prefers to calculate real GDP growth from fourth quarter to fourth quarter. **By that measure, Connecticut's real GDP grew 2.8% for the year ending Q4 2025, ranking 5th among all states.** That's a big improvement from 2024 when Connecticut's 1.6% real GDP growth ranked 34th, and shows that despite little employment growth, Connecticut's economy performed well in 2025.

Strong Q1 for Connecticut Lodging Industry

The occupancy rate for Connecticut hotels increased by 3.2 percentage points for January to March 2026 versus the same period last year, and revenue per available room rose by a region-leading 10.8% in the same period. Large increases in the number of February nights sold in Eastern Connecticut and Fairfield County contributed to the strong quarterly performance.

Source: Connecticut Office of Statewide Marketing & Tourism



OFFICE of the STATE COMPTROLLER

CONNECTICUT ECONOMIC UPDATE

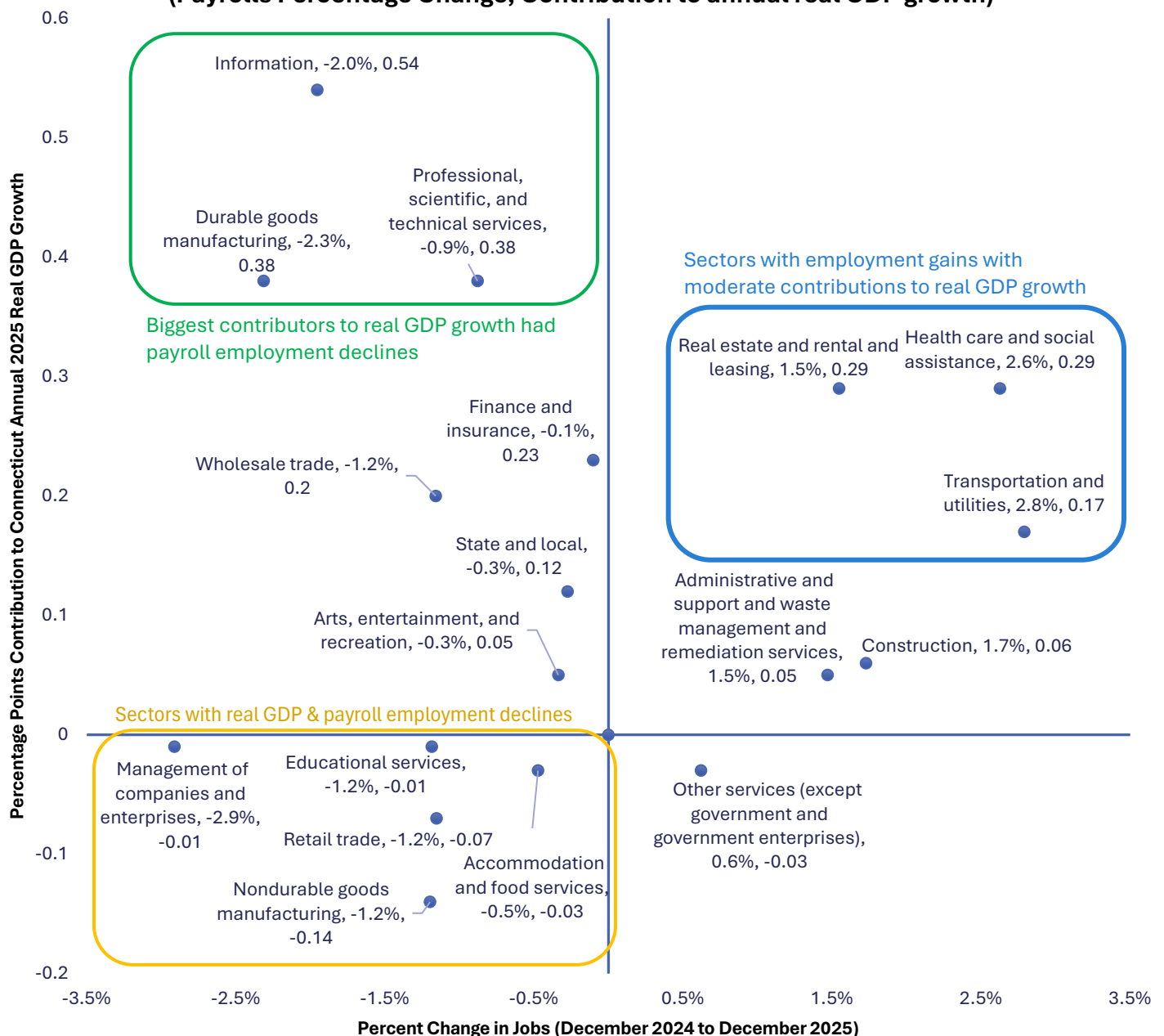
Sean Scanlon
State Comptroller

MAY 1, 2026

It can be difficult to reconcile Connecticut's above-average, inflation-adjusted output growth in 2025 with just 1,200 jobs added (payroll growth of 0.1%, measured from Dec. 2024 to December 2025). The graph below plots Connecticut industry performance on both job growth (horizontal axis) and percentage point contribution to Connecticut's 2.4% annual real GDP growth in 2025 (vertical axis). It shows that the three industries contributing the most to growth last year had employment reductions: Information (which includes publishing, broadcasting, telecommunications, and data processing), Durable Goods Manufacturing (which includes aerospace, submarines, machinery, etc.) and Professional, Scientific and Technical services (like law, accounting, consulting). However, each of those sectors has seen job growth so far in 2026.

That underscores that **Connecticut's 2025 growth was largely based on productivity improvements** that allowed organizations to do more with the same number of (or fewer) workers.

GROWTH WITHOUT MANY NEW JOBS IN 2025 (Payrolls Percentage Change, Contribution to annual real GDP growth)



Source: Bureau of Economic Analysis, Bureau of Labor Statistics, OSC calculations



OFFICE of the STATE COMPTROLLER CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller

MAY 1, 2026

APPENDIX

Connecticut Housing Market	Mar-26	Mar-25	% Change or Change
Home Sales (SmartMLS)	2,068	2,198	-5.9%
Median Sales Price (SmartMLS)	\$410,000	\$394,900	3.8%
Inventory of Homes for Sale (SmartMLS)	4,930	5,540	-11.0%
New Listings (SmartMLS)	3,299	3,691	-10.6%
Freddie Mac U.S. 30-Year Fixed Rate Mortgage Average (%) (Week ending 4/23/26 and 4/24/25)	6.23	6.81	-0.58
Median Days on Market (from listing to close, Realtor.com)	40	35	5.0
Percent of List Price Received (SmartMLS)	101.7%	102.3%	-0.6%
Median Rent for New Leases (Apartment List)	\$1,694	\$1,692	0.1%
Single-family Housing Permits Jan. only (U.S. Census Bureau)	129	129	0.0%
2+ Unit Structures Housing Permits Jan. only (U.S. Census Bureau)	305	161	89.4%

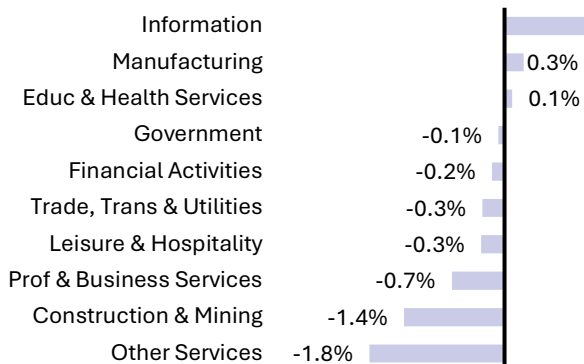
Realtor.com & Freddie Mac data Retrieved from FRED; Data derived from SmartMLS for the period of March 1 – March 31, 2026. Information is deemed reliable but not guaranteed. Statistics are provided for informational purposes only, may not reflect all real estate activity, and are subject to change.

Connecticut Labor Market	Feb-26	Jan-26	Feb-25
Unemployment Rate	4.7%	4.5%	3.7%
Total Unemployed	90,500	86,900	71,400
Total Nonfarm Employment	1,713,900	1,714,400	1,716,100
Job Growth	-4,200	4,200	-800
Average Monthly Initial Unemployment Claims	3,464	4,744	3,167
Labor Force Participation Rate	63.7%	63.8%	64.5%
Average Hourly Wage (Total Private Employees)	\$40.26	\$40.25	\$39.29
Average Hourly Wage, 3-month average, Year-over-Year Percent Change	2.8%	3.2%	5.0%

Note that BLS is no longer publishing monthly state-level JOLTs data; Data Source: Bureau of Labor Statistics & CT Department of Labor

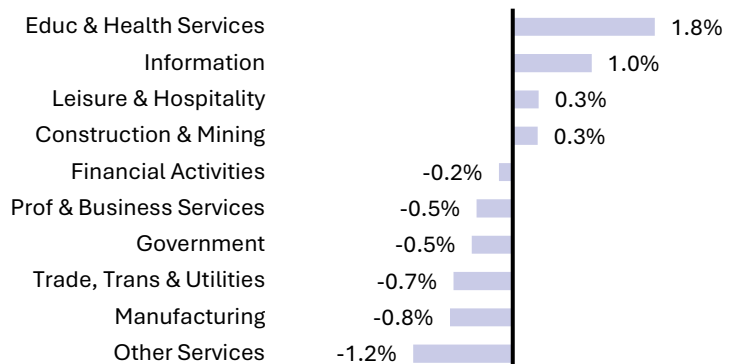
Connecticut Industry Sector Nonfarm Payroll Employment – February 2026

Month-over-Month Percent Change



Source: CT Department of Labor

Year-over-Year Percent Change



Source: CT Department of Labor