CONNECTICUT ECONOMIC UPDATE

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State Comptroller
August 3, 2026

In this month's edition

Outlook: U.S. real gross domestic product (GDP) growth slowed from 2.1% in Q1 of this year to a modest 1.5% in Q2 (seasonally adjusted annual rates from the prior quarter). However, growth in consumer spending and investment strengthened to 3.9% in Q2, the strongest pace in years, suggesting underlying demand in the economy is solid for now. It's being powered by import-heavy business investment in AI as well as consumers who are saving less to continue to spend, as inflation eats away at their earnings. The U.S. labor market appears stable, with 4.2% unemployment and 57,000 net jobs added in June. The "low hire, low fire" trend continues with uncertainty from the Iran war, new tariffs, and immigration restrictions. Connecticut's payroll employment hit a fresh all-time high in June and the pace of job growth has outpaced the nation's, yet the number of unemployed people in Connecticut (97,600) also continues to rise. U.S. CPI inflation cooled to 3.5% in June, thanks largely to falling gas prices during a break in the fighting in Iran, but the relief may be short-lived. The yield on 30-year U.S. treasury securities hit 5.27% on July 31st, as long-term borrowing becomes more expensive.

In July the Federal Reserve voted to keep its key interest rate at 3.5-3.75%, unchanged since December, though three committee members preferred to raise the rate by .25 percentage points now. Chair Kevin Warsh emphasized the Fed's commitment to returning inflation to 2% but declined to provide guidance on future rate moves. Markets are pricing in a .25 percentage point rate hike in September.

Is it gambling? Our spotlight this month looks at prediction markets, which are gaining popularity, but run afoul of Connecticut's legal gambling and sports betting rules. Platforms including Kalshi and Polymarket US provide odds information and new hedging opportunities for businesses, but they also have a dark side, including misleading ad campaigns that target underage young people, insider trading, and a lack of other consumer protections, not to mention that most people are losing their money.

The Hartford and Fairfield County markets for office space strengthened in Q2 2026. Vacancy rates have fallen to 21.3% in Hartford County, led by strong suburban leasing, and 25.4% in Fairfield County, led by strength in Stamford.

Connecticut's labor market continues to show mixed signals in 2026, with positive payroll job growth (+1,500 for June) but a steadily rising unemployment rate (5.2% in June).

The state's labor force participation rate has fallen dramatically from 66.5% in January 2022 to 62.4% in June 2026. National age-cohort data suggests much of the decline is related to demographics, as more of the state's population ages into retirement. However, declines in 2026 across age groups suggest that a tougher job market and other forces are also contributing. A smaller labor force can make it harder for businesses to find talent and constrain the State's tax base.

The Department of Labor's latest 2-year occupational projections forecast the state will add about 20,000 jobs (1.1%) between mid-2025 and mid-2027. Fast growing occupations include healthcare professionals, marine engineers and naval architects. Shrinking fields, like sales and administrative support, continue to see job openings due to turnover.

Connecticut's housing market gained momentum in June, with closed sales up 8.1% and pending sales up 10.9% from a year earlier. Inventory remains tight and homes are selling 4.1% above their list price on average.

KEY DATES THIS MONTH

8/7 – July U.S. jobs report
8/12 –July CPI inflation report
8/20 –July CT jobs report
8/26 – Q2 2026 U.S. GDP 2nd estimate: July U.S. personal income & outlays

Did you know?

In March we spotlighted Connecticut's leadership in the growing quantum technology industry. In July, the U.S. National Science Foundation (NSF) Regional Innovation Engines program awarded Connecticut's QuantumCT Engine with $15 million for an initial two-year award as one of twelve winning applications, with the potential to receive up to $160 million over the next decade. UConn and Yale initially partnered to create QuantumCT, the nonprofit that applied for the funds and is now focused on developing the state into the premier hub for quantum applications in national defense, biotechnology, and financial services. According to UConn, the federal funds will support quantum technology translation, workforce development, and incubator operations.

About OSC

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IS THAT EVEN LEGAL? PREDICTION MARKETS GAINING POPULARITY

If you watched the World Cup on FOX last month, you probably saw an ad featuring Timothée Chalamet receiving dental work saying "Kalshi" repeatedly, his dentist not understanding the word. With big spending on advertising, Kalshi and other popular prediction markets like Polymarket are gaining popularity, seemingly promising easy returns if you put your money on a wide array of events, like the outcome of a sports match or if President Trump will use certain words in a speech. The questions you can bet on range from frivolous ("Who will be eliminated from Love Island USA this week?") to impactful for the wider economy ("Will there be a recession this year?). Experts in diverse fields like politics, economics, meteorology, and pop culture can cash in on their expertise in a big way that wasn't possible before.

Market participants essentially estimate the odds of events with money on the line, creating public information on the perceived probability of often hard-to-predict events with surprising accuracy. That probability information can be valuable to households and businesses. Kalshi famously predicted that Donald Trump would easily win the 2024 presidential election when polling showed a toss-up, and media outlets now regularly report odds using Kalshi and Polymarket trading data.

The World Cup was good for business. Kalshi posted a record-breaking monthly volume of over $9 billion in June 2026, according to one fintech media outlet.

You are probably the "Dumb Money"

But these markets have a dark side. Colleges and universities are reporting a huge increase in **young men with gambling addictions**, and major prediction markets often target their advertising to young people below Connecticut's legal gambling age of 21. While their paid influencers on social media proclaim how easy it is to convert your own predictions into big payouts, the truth is that most people who trade on prediction markets are losing money.

The Wall Street Journal recently reported that Polymarket created a fake version of their website for a major advertising campaign. Their paid influencers used outdated footage or fake headlines to make it appear that they had made $900,000 on a series of trades that would have actually lost them $166,000. Another analysis by the Wall Street Journal found that 67% of profits on Polymarket went to just 0.1% of accounts—sophisticated pros and trading firms, while casual traders are at a large disadvantage.

Unlike traditional gambling, there is another trader on the other side of each prediction market contract—it's a zero-sum game. A 2026 academic study found that roughly 69% of Kalshi users had a loss at the end of their sample and the average pre-fee rate of return on contracts was about -20%. That means two-thirds of participants lost money, with the average contract resulting in a 20% loss of investment even before accounting for the cost of platform commissions on each transaction. Casual traders hearing advertising that they can "pay their rent" through prediction market trading and listening to influencers claiming it is basically "free money," are the ones most likely to lose it.

Is it Legal? Insider Trading & Manipulation

Another aspect of prediction markets that has been particularly troubling is that people with **insider knowledge** have been able to profit from trades that would be illegal in most other settings (like the stock market).

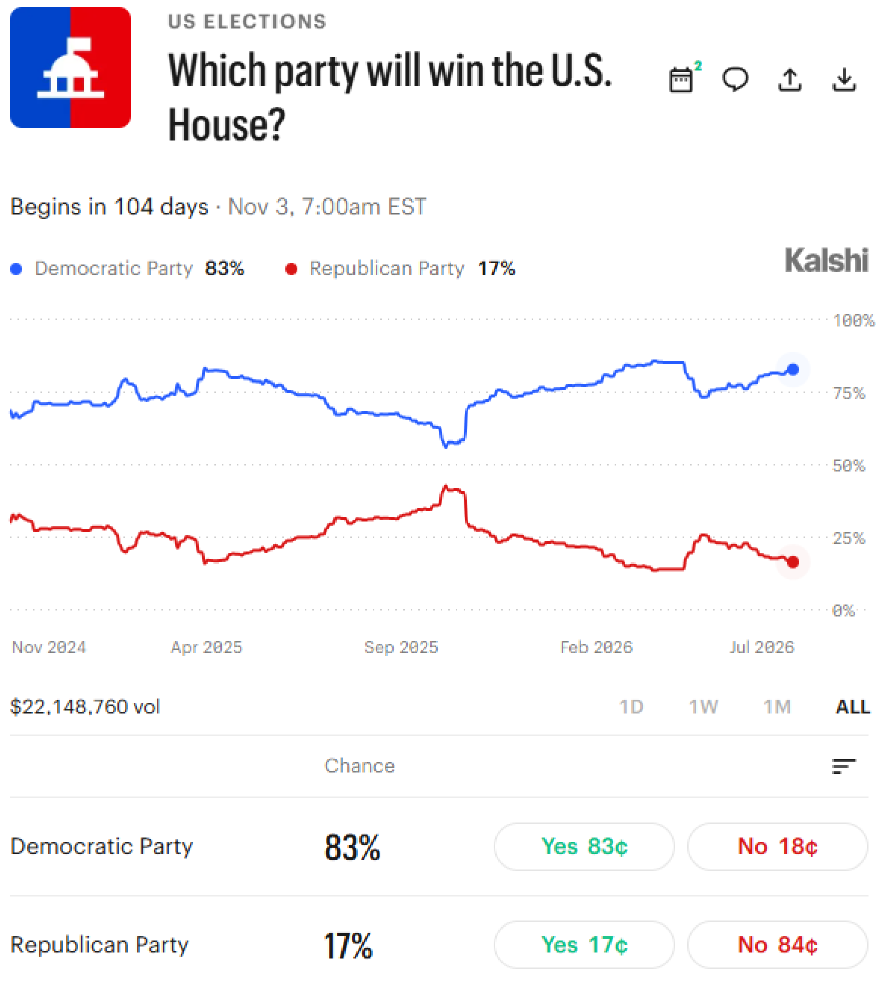
With lax enforcement of insider trading until recent months, a company employee could trade based on insider knowledge about what his company might do (e.g., announce an initial public offering) or other events they themselves could influence.

TV comedian John Oliver called attention to this with a segment about college students taking positions on if certain objects would be thrown onto the court at a university basketball game, and then they themselves went to throw such objects. It's not exactly fair.

Examples of **insider trading** on a grander scale, such as an American military member who made $400,000 off a well-timed bet before Venezuelan President Nicholas Maduro was captured by U.S. forces, or others who appear to have had insider knowledge about U.S. military action in Iran, have led to increased scrutiny and calls for regulation.

Perhaps to get ahead of that, in the past few months Kalshi and Polymarket US (the only legal portion of Polymarket for U.S. users) have instituted restrictions aimed at preventing insider trading, though it's not clear how effective their **enforcement** will be.

The Commodity Futures Trading Commission (CFTC), the federal regulator of U.S. futures markets, has taken action against at least one individual (a Google engineer in Switzerland) for profiting from inside information, and its enforcement director, David Miller, insisted in public comments in March that insider trading is prohibited in prediction markets. The CFTC also recently proposed federal rulemaking clarifying which event contracts are allowed under federal law based on the agency's interpretation of the Commodity Exchange Act under the Trump Administration.



What is a Prediction Market?

For those unfamiliar with these platforms, prediction markets allow people to buy and sell contracts on the outcome of future events. For example, people can choose to buy "yes" or "no" contracts for a question like, "Will Democrats take control of the U.S. House of Representatives in the midterms?"

The market price of the "yes" contract can be viewed roughly as **the probability of the event happening**, based on participants' collective expectations at the current moment. Under the typical market structure of a contract paying $1 if the event happens and $0 if it does not, a "yes" contract trading for $0.83 can be interpreted as the market predicting an 83% chance that event will happen (e.g., an 83% chance that Democrats will take the House). Traders can sell positions before the market resolves to take winnings or cut expected losses. The price for a "yes" or "no" contract can change frequently based on the price others are willing to pay.

Unlike casino gambling where the "house" is on the other side of each bet and sets the odds, there is another prediction market participant on the other side of each trade. The platforms **take a commission on each trade** to make money, being outcome-neutral. They still get their share no matter who wins or loses, so they want to maximize trading volume.

History

Small scale electronic prediction markets have been around for decades, with the first modern version usually cited as the Iowa Electronic Market that began in 1988. It was an academic experiment associated with the University of Iowa that allowed participants to place small bets on elections, and its forecasts were surprisingly good.

The U.S. Defense Department experimented with a prediction market to forecast geopolitical events in the early 2000's, but public outcry about "betting on atrocities" led to its speedy abandonment. Another decade later, Victoria University in New Zealand launched a not-for-profit, election-focused platform in 2014, which evolved into PredictIt, a popular but niche political forecasting market that saw $150 million wagered ahead of the 2020 election. Those markets all had caps that limited how much traders could expect to earn—a major difference with the newest iteration of platforms gaining popularity now.

While **prediction markets got their start focused on political events**, much of the trading volume on prediction markets now relates to sports, such as which World Cup soccer player would win the Golden Boot Award or which men's college basketball team will be next season's champion. For many people, prediction markets are just another venue for sports betting.

Is it gambling?

The question of **whether or not prediction markets constitute sports betting or gambling** is contentious, especially in Connecticut. Connecticut legalized online gaming and sports betting in 2021, requiring that businesses offering them be licensed by the State and adhere to various state laws and regulations. An agreement with Connecticut's two major tribes ensures that only three organizations are licensed to offer online sports betting/gaming in Connecticut: **FanDuel**, which is associated with Mohegan Sun, **Draft Kings**, which is associated with Foxwoods, and **Fanatics**, the Connecticut Lottery's online sports wagering partner.

On December 2, 2025, the Connecticut Department of Consumer Protection (DCP), which regulates sports betting

Gambling Prevalence in Connecticut

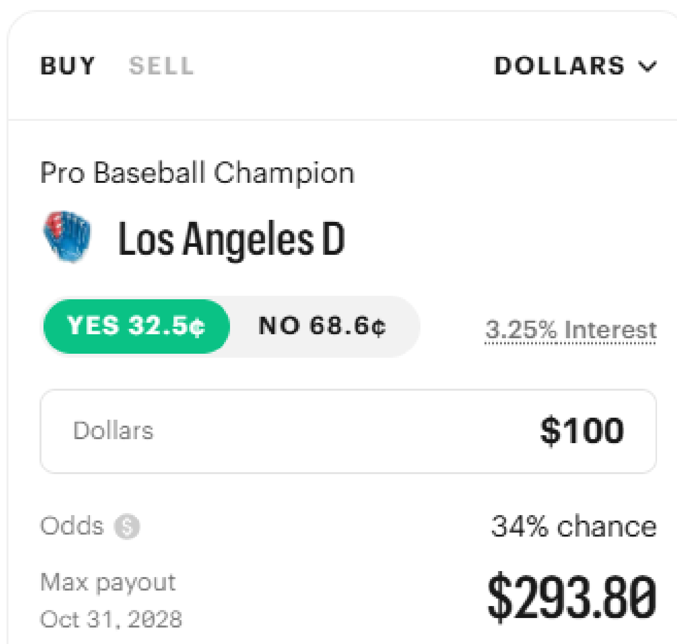
Problem gambling is a serious public health issue, with gambling opportunities now available 24/7.

A 2024 study for the Connecticut Department of Mental Health and Addiction Services that largely pre-dates the popularity of prediction markets found that **1.8% of people in Connecticut could be identified as problem gamblers** (equivalent to roughly 50,000 adults and 150,000 people impacted when including their spouses and children), with another 4.9% as "at-risk gamblers".

It found that the majority of people with gambling problems were "male, ages 18-34, whites and non-immigrants," though non-white race and Hispanic ethnicity groups had higher rates of gambling-related harms. About 69.2% of the Connecticut population had engaged in "any gambling in the past year" in 2023.

A second study focused on Connecticut college students found that 73.8% of those surveyed reported gambling in the past year. Of the students, 8.3% met the traditional definition of "serious problem gambling".

Problem gambling rates could be higher now in 2026, to the extent the increasing popularity of prediction markets is involving more people in problematic behaviors.



Example Kalshi interface for a sports-related futures contract on July 21, 2026.

for the State, issued cease and desist orders to Kalshi, Robinhood Derivatives, and Crypto.com. DCP found that those prediction markets were offering illegal online gambling and sports betting without a Connecticut license, violating Connecticut state law and the Connecticut Unfair Trade Practices Act (CUTPA). Additionally, they were offering wagers to individuals under age 21 and on the Voluntary Self-Exclusion List, as well as with outcomes known by many people (insiders), all of which are illegal under Connecticut's gambling statutes.

Furthermore, Connecticut law prohibits betting on Connecticut collegiate sports games and individual player actions to protect college athletes from harassment that is becoming all too common. The prediction market platforms offer many such bets. They were also illegally advertising on college campuses and to individuals on the self-exclusion list trying to recover from problem gambling habits.

"**Only licensed entities may offer sports wagering** in the state of Connecticut," DCP Commissioner Bryan T. Cafferelli said in a press release. "None of these entities possess a license to offer wagering in our state, and even if they did, their contracts violate numerous other state laws and policies, including offering wagers to individuals under the age of 21." Because young adults' brain systems responsible for judgement, impulse-control and risk assessment are still developing into their early to mid-20s, unfettered access to betting can be particularly damaging for that group.

On December 3rd, Kalshi sued DCP, its commissioner, the head of its gaming division, and state Attorney General William Tong, arguing that "Kalshi is a federally designated derivatives exchange, subject to **the CFTC's exclusive jurisdiction**…[event] contracts are subject to exclusive federal oversight, and—critically—they are lawful under federal law." Kalshi argues that federal law preempts state regulation in this area, therefore the State and its agency have no authority to enforce the state's gambling statutes over its exchange market for futures contracts. A judge temporarily paused Connecticut's enforcement action, but the court case is still ongoing.

In April 2026, the State was also sued by the CFTC itself. The federal agency has taken legal action against at least nine states to block their regulation of prediction markets. The CFTC contends that the federal Commodity Exchange Act (CEA) gives the CFTC exclusive jurisdiction over futures, options, and swaps traded on federally regulated exchanges.

> "Event contracts are derivative instruments that enable parties to trade on their predictions about whether a future event—which may relate to economics, or elections, or climate, or sports, or anything else with a potential financial, economic, or commercial consequence—will occur. When structured as "swaps" or futures contracts as defined by the CEA, and traded on CFTC-regulated exchanges, they are subject to the exclusive jurisdiction of the CFTC." Complaint pg. 2

With many of these legal proceedings ongoing, including both Connecticut cases, the battle over U.S. states' ability to regulate prediction markets is far from decided, and could ultimately end up in the Supreme Court.

Potential Business Upside

Some Connecticut businesses may benefit from the new hedging opportunities and an increased real-time availability of information on event odds. For example, a Connecticut manufacturer that uses imported parts might purchase contracts tied to whether a proposed new tariff takes effect. If the tariff happens and increases the company's production costs, the gain on the prediction market contracts would partially offset those losses.

What are the arguments in favor of prediction markets?

- They **efficiently aggregate information** on the likelihood of future events from many people with diverse perspectives
- Financial stakes encourage **honest forecasts** of important economic and financial outcomes for businesses
- They can provide **opportunities for hedging financial risk** (e.g., an event planner can hedge against bad weather)
- The predictions **update in real-time** as new information becomes available
- They can help to **quantify uncertainty**
- They have a solid, though not perfect, track record of making **accurate predictions** (e.g., they outperformed professional forecasters on the Consumer Price Index)

At least one Connecticut company, the Fortune 500 firm Interactive Brokers of Greenwich, has launched its own prediction market, called ForecastEx. It obtained federal CFTC designation and began operating in 2024. Their website says it provides investors “with a straightforward way to trade their predictions on economic, political and climate outcomes, to either hedge against market uncertainty, or profit from their insights.”

On the other hand, many prediction market contracts offer little, if any, benefit for society outside the thrill of gambling. For example, contracts on which words a famous person will mention in a speech offer questionable utility beyond entertainment and are notoriously difficult to predict according to some prediction market ‘sharps’. They also offer ripe opportunities for insiders with prior knowledge to unfairly benefit at others’ expense. President Trump’s teleprompter operator was recently flagged for making nearly $100,000 on such trades.

Potential Fiscal Downside

While regulators are rightly focused on the possible harms to consumers from gambling activities that lack State-required consumer protections, the rising popularity of prediction markets could also impact the State’s budget. The State could collect less revenue from taxable gambling if betting on prediction markets leads consumers to reduce other gambling activity, though analysts do not see evidence of that yet.

As a state-regulated industry, legal gambling generates more than $600 million in revenue for the State’s main operating budget each year, with about half of that revenue related to lottery tickets. Revenue from online gaming and sports betting is growing but still accounts for a small share of such state revenues, limiting the potential budget disruption.

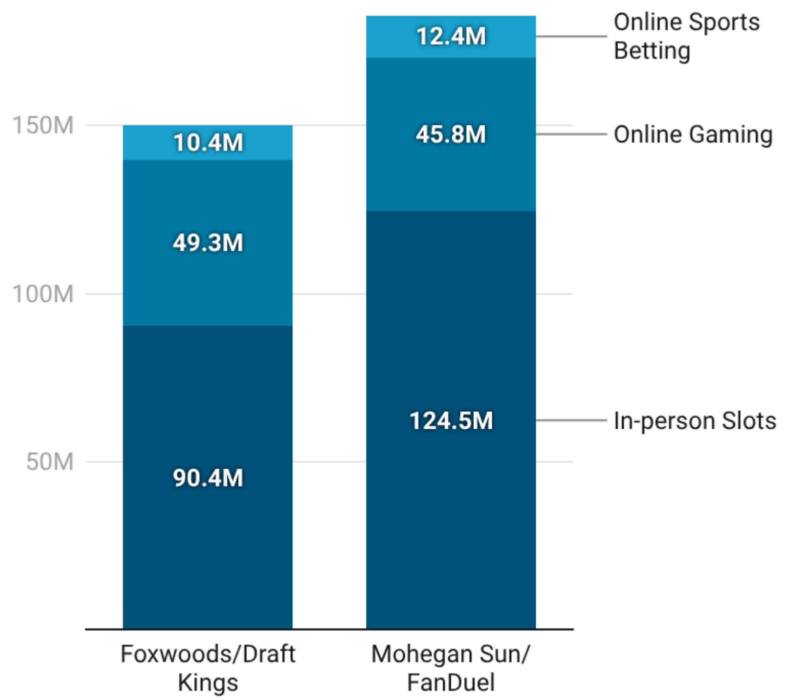
Aside from Connecticut Lottery proceeds, Connecticut’s gambling-related revenue comes from the two tribal casino-resorts—Mohegan Sun and Foxwoods—as well as the tribal nations’ online gaming partnerships with FanDuel and Draft Kings.

The State’s General Fund received $332.8 million in Indian Gaming Payments related to both in-person slot machine activity and online gambling for the state fiscal year ending June 30, 2025, accounting for 1.4% of total General Fund revenues that fiscal year. The tribes pay the State 25% of their gross in-person slot machine revenue, which made up 64.6% of the Indian Gaming Payments in Fiscal Year 2025.

Under agreements from 2021, the tribes also pay an 18% tax on online gambling revenue (which will rise to 20% in October) and a 13.75% tax on online sports betting revenues, both under agreements as licensees. Payments on online activity are based on operators’ gross gaming revenue (i.e., wagers minus patron winnings, applicable federal taxes, and permitted promotional deductions) rather than total wagers. Taxes from licensed online gaming and online sports betting totaled $95.1 million and $22.8 million, respectively in Fiscal Year 2025. Only those aged 21 and over can use the platforms.

While online gambling taxes account for the minority share of the State’s gambling revenues, they have been growing fast (e.g., 28% growth from fiscal years 2024 to 2025). Analysts expect online legal gambling tax revenue to see low double-digit growth next year, with sports wagering revenue growing at approximately 3% per year, as these markets continue to mature. Prediction markets are the wildcard. *See more data on online gambling activity on DCP’s website.*

Fiscal Year 2025 Connecticut Revenue from Indian Gaming Payments



FY 2025 refers to the twelve months from July 1, 2024, to June 30, 2025.

Source: OSC • Created with Datawrapper

RISKS AND EVENTS WE'RE WATCHING

Fighting between the U.S. and Iran has resumed, again curtailing tanker traffic through the Strait of Hormuz. As a result, global oil prices briefly rose above $100 per barrel again in late July. Connecticut consumers and businesses are likely to feel it at the gas pump, after getting some energy price relief in June.

The State budget ended the 2025-2026 fiscal year with a surplus for the 8th year in a row, based on current estimates. As a result, $411.7 million has been invested in a new endowment to improve childcare affordability.

President Trump has announced [new tariffs of 10-12.5% on 80 countries] that replace the 10% time-limited global tariffs that expired on July 24th. The new tariffs are justified based on "unfair trade practices," by not preventing trade in forced-labor products, with other investigations that could result in new tariffs ongoing. He singled out Canada—Connecticut's number one export market—for a new 50% tariff on many products, as well as announcing a 25% tariff on Brazilian exports. These tariffs are expected to be challenged in court but create fresh uncertainty and disruptions for Connecticut businesses. Refunds continue to be processed for the illegal IEEPA tariffs announced on "liberation day" that were previously in place.

The U.S. Navy awarded major employer, Electric Boat, a historic, multiyear $76.6 billion contract for 14 additional submarines and shipyard infrastructure. Electric Boat is about halfway towards its goal of 8,000 new hires this year and this established demand through the 2030s will support hiring among smaller supplier firms as well.

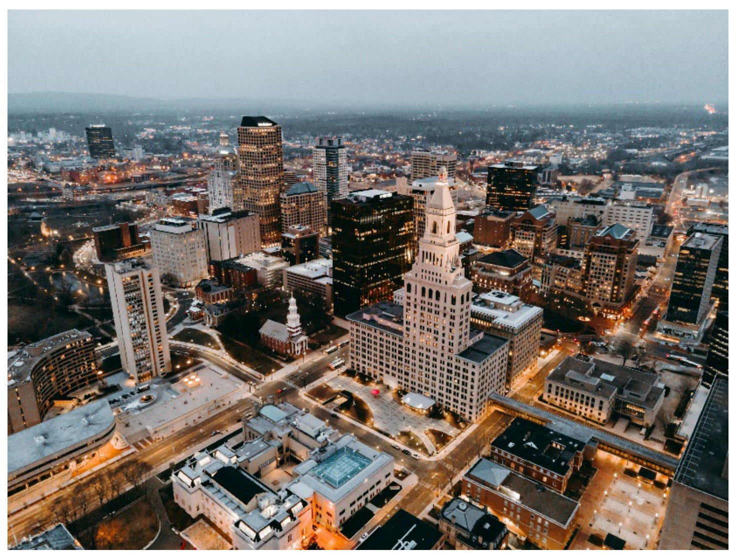
Starting January 1st, states must newly implement federal work requirements for millions of individuals to continue qualifying for Medicaid, the public health insurance program covering over 1 in 5 Connecticut residents. In June, states received federal guidance that contradicted previous communication, requiring a more restrictive definition of "medical frailty," to qualify for an exemption. The result is extra implementation costs for states and more people losing coverage due to red tape, with big implications for the healthcare industry. Half of U.S. states, including Connecticut, have sued, arguing the Trump Administration's rule goes beyond what Congress laid out in 2025's H.R. 1.

COMMERCIAL REAL ESTATE – HARTFORD AND FAIRFIELD COUNTY **OFFICE MARKETS**

Recent reports indicate that the office market in both Hartford and Fairfield counties picked up in the second quarter of 2026. Office markets have been gradually recovering from the major disruption caused by increases in remote and hybrid work since the COVID-19 pandemic.

According to CBRE Research, **demand for office space in Hartford County strengthened in Q2**, with new leasing concentrated in suburban areas, though Hartford's central business district also saw a net increase in occupied space. Tenants signed new leases for about 273,000 square feet of space and renewal volume outperformed the three-year average by 44%. The county recorded a net increase of approximately 698,000 sq. ft. of occupied space in 2026 through June.

The share of Hartford County office space available (i.e. vacant or marketed for occupancy within six months) fell to 21.7%, its lowest level since before the pandemic. Average asking rents were stable at $21.48 per sq. ft.



In Fairfield County, Cushman & Wakefield report that occupied space increased by a net 173,000 sq. ft. in the first six months of the year, year-to-date leasing rose 8.6% from 2025, and the vacancy rate fell to 25.4%—down 2.1 percentage points from the same period last year. The Stamford submarket led in leasing activity, and average asking rents rose 1.2% year-over-year to $35.32 per sq. ft.

LABOR MARKET UPDATE

Connecticut's labor market continues to show **mixed signals in 2026**, with **positive payroll job growth and a steadily rising unemployment rate**, now at 5.2% in June, while the U.S. unemployment rate has been stable.

These trends suggest that, while the Connecticut economy is growing, low turnover and slow hiring are contributing to a tough job market for those looking for work. Both a rising number of unemployed people (+200 to 97,600 in June) and a shrinking labor force (-11,300 workers in June) are pushing up the unemployment rate.

Low unemployment claims suggest the rise in people looking for work is primarily new entrants to the job market (e.g., graduates) or those re-entering (e.g., following self-employment or time away from working). Companies facing uncertainty about tariffs and interest rates may be more cautious in their hiring. When the process takes longer, more people are counted as unemployed each month.

Connecticut's unemployment rate is now a full percentage point higher than the nation's 4.2% and has risen more than any other state's over the past year (up from 3.9% in June 2025).

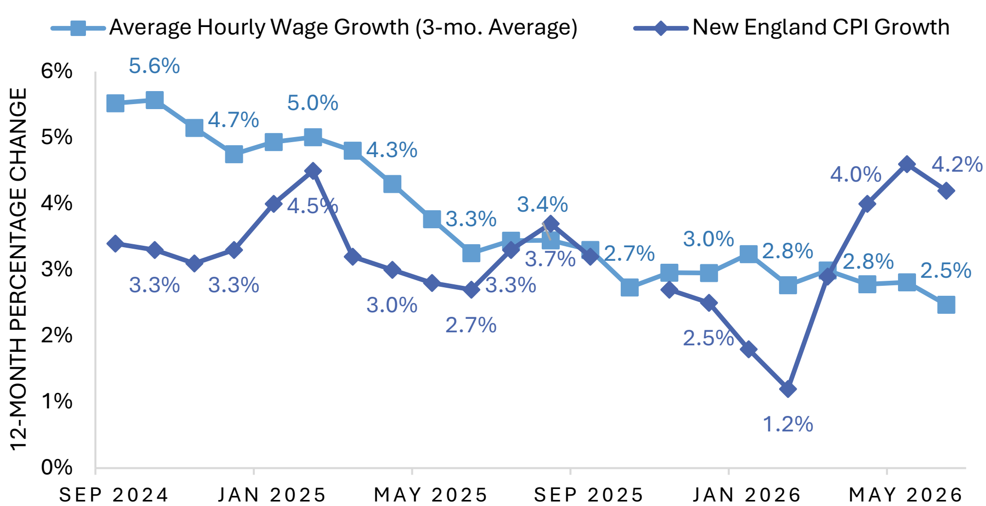
On the positive side, **Connecticut's nonfarm payroll employment increased by 1,500 positions (0.1%) in June** based on seasonally adjusted preliminary data, and May's net job gain was revised up from 500 to 1,100 positions. For the twelve months through June, Connecticut payrolls increased by 9,300 total jobs (0.5%) and 11,200 private sector jobs (0.8%), putting total payrolls at yet another all-time high and 12-month job growth above the national pace.

For the month, the fastest growing industries included Wholesale Trade (+1,000 jobs, +1.7%), Information, which includes tech, telecoms and media (+300 jobs, +1.0%), and Construction (+600, +0.9%). **Construction employment is now at an 18-year high.** The Manufacturing sector also gained positions (+500, +0.3%) over the month and has 2.1% more jobs than in June of last year. The Arts, Entertainment, and Recreation industry lost the most jobs (on a seasonally adjusted basis), shrinking 800 positions (-2.6%) since May, but remains higher by 200 positions year-over-year.

Wage Growth vs. Inflation

Despite consumer price growth remaining above the Federal Reserve's 2% target since 2022, Connecticut's average hourly wage was growing faster than inflation for much of that time. That changed in April as the Iran War's oil crisis sent New England inflation soaring to 4%.

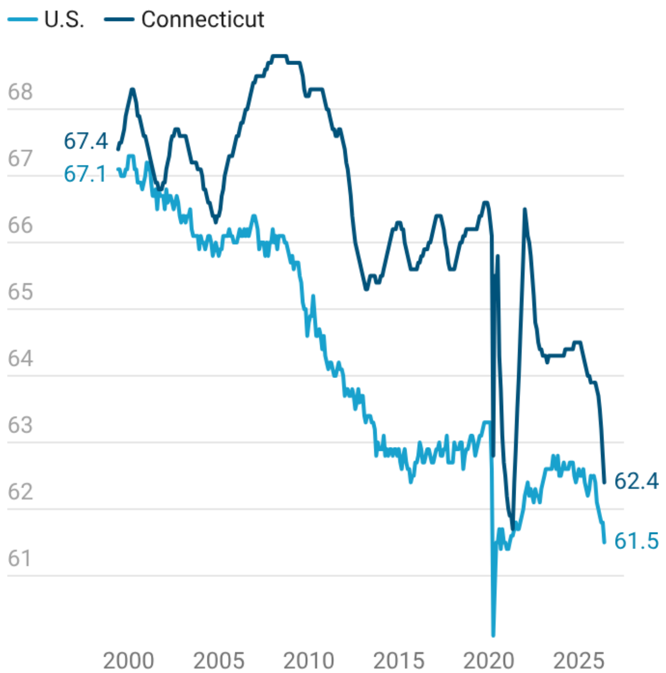
CT AVERAGE HOURLY EARNINGS GROWTH VS. NEW ENGLAND INFLATION



Earnings growth reflects year-over-year percentage change in the 3-month moving average of private sector average hourly earnings for Connecticut. Inflation is the annual percentage change in the New England Consumer Price Index. Source: Bureau of Labor Statistics via FRED

Labor Force Participation

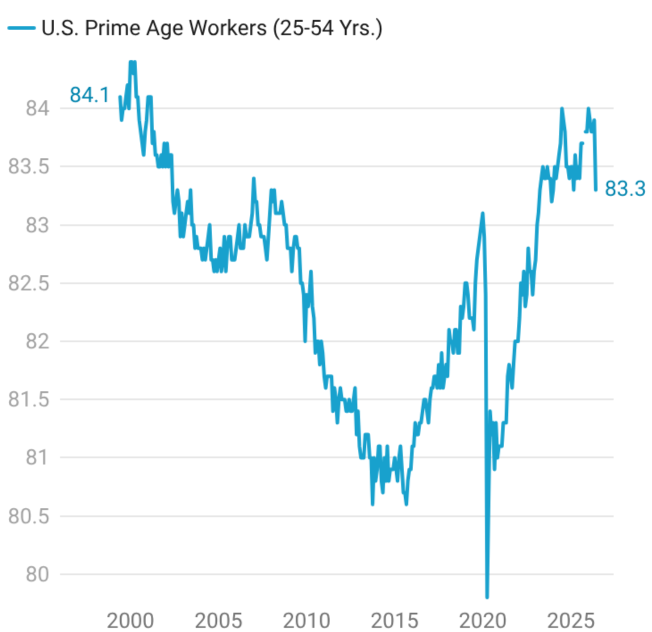
Share of the population age 16+ that is working or looking for work, through June 2026



Source: Bureau of Labor Statistics via FRED • Created with Datawrapper

Participation for Prime Age Workers

Share of the U.S. population age 25 to 54 that is working or looking for work, through June 2026



Source: Bureau of Labor Statistics via FRED • Created with Datawrapper

Annual wage growth has been decelerating in Connecticut and the country for the past several years. The graph on the prior page shows average annual Connecticut hourly wage growth for private sector workers, smoothed using 3-month moving averages to reduce some of the month-to-month volatility.

Since inflation flared this spring, workers have seen their paychecks fail to buy what they could before. As of June, prices had risen 4.2% in the past year, while average hourly earnings grew only 2.5% (using the smoothed series).

Falling Participation

The State's estimated labor force (which includes the employed, self-employed, and unemployed workers) is estimated at 1,889,100 people as of June 2026. That's down 2.4% from one year ago (about -46,900 workers). While **a shrinking labor force** doesn't have to result in economic malaise, it does tend to reduce the economic growth of an economy to the extent it restricts employment, though that may change with advancements in AI.

A shrinking labor force means a smaller pool of workers for businesses to hire from, which may discourage expansion in the state, and means fewer workers are paying employment-related taxes to support a state government that will likely face rising costs from an aging population (e.g., via Medicaid).

The Connecticut **labor force participation rate**, which measures the labor force as a share of the state's civilian population aged 16 and older, has been falling rapidly in tandem. A swell of Baby Boomers now reaching retirement age, immigration changes reducing the pipeline of foreign-born workers, and a tougher job market discouraging jobseekers are likely contributing to Connecticut's falling labor force participation rate.

Abstracting from pandemic-era fluctuations, **Connecticut's labor force participation rate (LFPR) fell from 66.5% in January 2022, to 62.4% in June 2026**, larger than the decline from 2008 to 2013 when many discouraged workers dropped out of the labor force after the Great Financial Crisis. The national rate dropped from 62.2% to 61.5% over the same 2022 to 2026 period.

How much of the drop is due to demographics? It's impossible to say for sure because the Bureau of Labor Statistics does not provide age-specific LFPRs for individual states. But looking at the national series, the LFPR for prime age workers (aged 25 to 54), shows that participation among this group is much higher now than in 2019, reaching 84.0% in July 2024 and January 2026, the highest since 2001. That suggests most of the declines are occurring in either older or younger groups, including retiring Baby Boomers and teenagers/young adults.

On the other hand, sharp declines in 2026 are seen across both age-controlled and total cohorts, suggesting recent changes may be less about aging and more about other forces.

WHICH JOBS ARE SET TO GROW THIS YEAR?

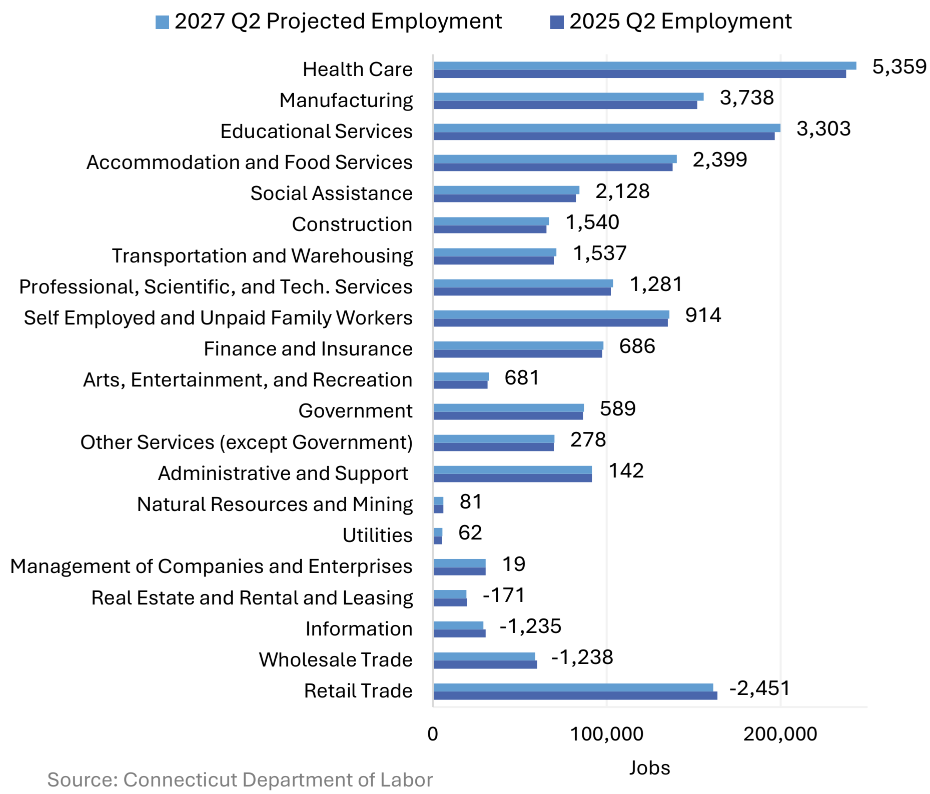
Each year, the Connecticut Department of Labor, in partnership with the federal Bureau of Labor Statistics, produces both short-term and long-term state-specific occupational projections. This month we're taking a look at the results of the latest short-term projections, which cover **mid-2025 to mid-2027**. The projections abstract from business-cycle forces that could shape the number of jobs like a recession.

At the topline, Connecticut is projected to see 416,027 job openings over the period, while net employment is projected to grow by just over 20,000 jobs (or 1.1%).

The much larger magnitude of openings compared to net job growth is a good reminder that the economy is highly dynamic. An average of [roughly](#) 75,000 payroll jobs are gained and lost every quarter, and the monthly employment figures cited in the media and elsewhere in this report are reporting the monthly "net change" between those flows.

CONNECTICUT EMPLOYMENT BY INDUSTRY

Labels denote projected net change in positions



Source: Connecticut Department of Labor

Looking at the projections by industry, health care is set to see the largest increase in jobs (~5,400), followed by manufacturing (~3,700). Social assistance jobs (e.g., home care aides) are projected to grow the fastest (2.6% growth), followed by manufacturing (2.5%) and construction positions (2.4%). Employment in the information sector, which includes media and tech, is projected to decline 4.1%, while retail trade will shed the most positions (~-2,500).

The projections show that most of the projected employment growth will be in occupations categorized as requiring a bachelor's degree (~8,000), followed by those requiring a high school diploma (~5,000), though employment in occupations requiring a master's degree are rising fastest (2.9% projected net job growth).

Connecticut Labor Market Projections by Educational Attainment

Short-term Employment and Job Openings Projections, Q2 2025 - Q2 2027

	Projected Employment Change	Projected % Change	Projected Total Openings
Total All Occupations	20,019	1.1	416,027
Bachelor's degree	8,018	1.6	79,624
High school diploma or equivalent	5,021	0.8	146,488
No formal educational credential	2,117	0.5	126,914
Postsecondary non-degree award	1,446	1.2	27,924
Master's degree	1,435	2.9	8,361
Doctoral or professional degree	1,035	1.6	7,559
Associate's degree	1,034	2.7	7,789
Some college, no degree	-87	-0.2	11,368

Source: CT Department of Labor • Created with Datawrapper

Illustrating the two points that **jobs with lower educational requirements often see higher turnover** and **even shrinking industries like retail continue to hire**, about two-thirds of the job openings in Connecticut over the two year period are projected to be for roles that do not require more than a high school diploma or equivalent. Approximately 80,000 openings are expected for occupations that involve a bachelor's degree, with diverse experience levels.

MOST JOB OPENINGS BY DEGREE TYPE

High School Diploma – Home Health & Personal Care Aides (~8,300 openings)

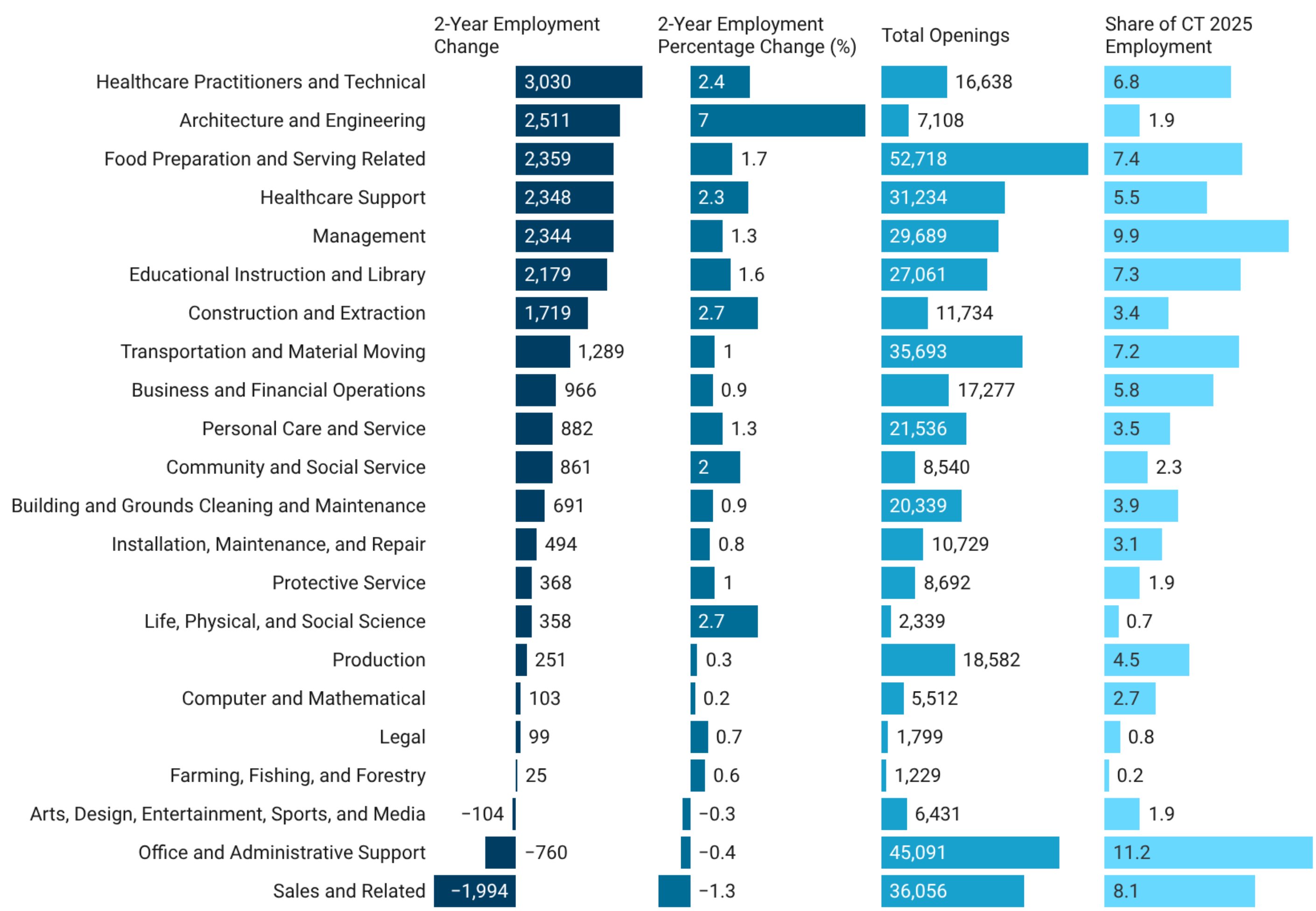
Bachelor's Degree – General and Operations Managers (~3,900 openings)

Looking next at occupations, Connecticut is projected to see the highest total job creation (~3,000 additional jobs) in the "Healthcare practitioners and technical" occupation group, which includes doctors, nurses, pharmacists, and other **healthcare professions** with significant educational requirements. Due to retirements and other turnover, that field is expected to have about 16,600 openings between mid-2025 and mid-2027. The small set of jobs in **architecture and engineering**, just 1.9% of Connecticut jobs in 2025, are expected to grow very quickly (a huge 7.0%), led by 23.8% growth in marine engineers and naval architects.

Sales, as well as office and administrative support roles, are projected to shrink, however, these categories account for over 19% of Connecticut's employment as of mid-2025 and will continue to account for nearly 1 in 5 job openings over these years.

Connecticut Short-term Projections by Occupation Group

CT Department of Labor 2025 to 2027 Employment and Job Opening Projections



The two-year projection period runs from second quarter 2025 to second quarter 2027. Data is sorted by net employment change.

Source: Connecticut Department of Labor • Created with Datawrapper

Connecticut Housing Market Trends
June 2026

+10.9%
3,842
Pending Sales YoY
SmartMLS

+8.1%
3,709
Home Sales YoY
SmartMLS

+5.5%
$480,000
Median Sales Price YoY
SmartMLS

-2 days
32
Median Days on Market YoY
Realtor.com

-0.20 ppts
6.55%
Freddie Mac 30-Year Fixed Rate Mortgage Average for the week ending 7/16

+0.8%
1,728
Median New Lease Rent YoY
Apartment List

10.4%
2,939
Connecticut Building Permits, Units of Housing YTD, YoY
U.S. Census Bureau

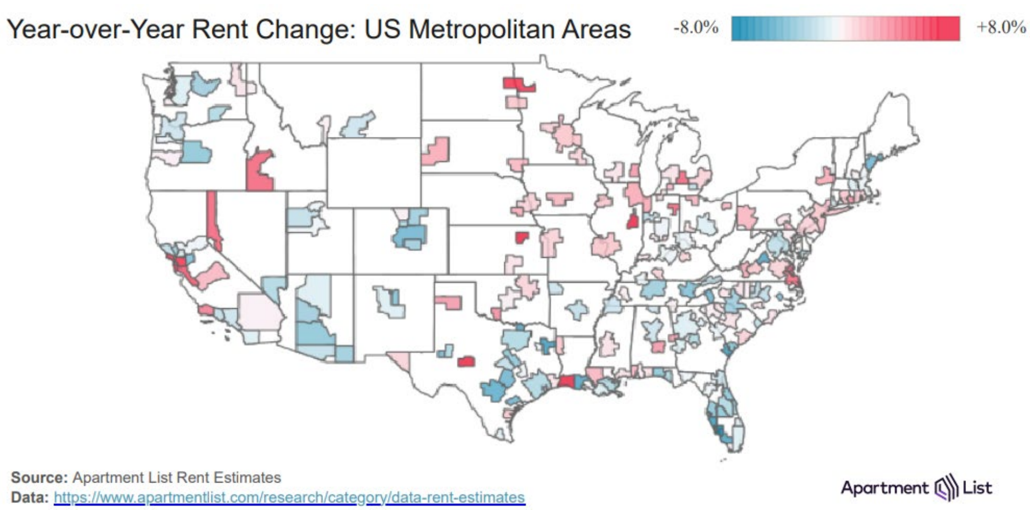
CONNECTICUT HOUSING MARKET

Connecticut's housing market gained momentum in June, with closed **sales up 8.1%** and pending sales up 10.9% from a year earlier. Inventory remains tight and homes are selling at 4.1% above their list price on average. **The median sale price ($480,000) increased 5.5%**, and the average sale price ($682,375) increased 8.6% compared to June 2025. According to Realtor.com, the typical home is spending 32 days on the market, down 2 days from last year as buyers continue to compete for limited options.

Mortgage rates rose in July, reaching the highest in nearly a year as renewed fighting in Iran sparked increased inflation fears, despite a cooler inflation reading for June. Housing affordability remains a major challenge for the state, even as lawmakers at both the state and national levels have recently enacted major housing policy aimed at increasing housing supply to ease prices. It will take time for those changes to be felt. Multifamily housing projects take years to complete and single-family building in Connecticut remains hampered by high costs for borrowing, building supplies and labor.

Nationally, home sales (excluding new builds) were at a seasonally adjusted annual pace of 4.09 million homes in June, according to the National Association of Realtors. That's up 2.8% from June 2025. The typical (median) U.S. sale price is $440,600, up just 1.8% year-over-year, with a 4.6-month supply of unsold inventory at the current pace of sales. Connecticut's market is tighter with just 2.6 months of supply and faster price growth. Looking at the Northeast as a whole, the median home price was $564,800, up 3.9% year-over-year.

Modest Rent Growth for New Leases



According to rental data provider Apartment List, the Connecticut **median cost of rent for a new rental unit was $1,728** in June, up just slightly (0.8%) from $1,715 a year earlier. Nationally, the median rent (all bedroom types) is $1,385, down 1.2% from last year led by rent price declines in Sun Belt states. Apartment List's data shows that Connecticut markets are no longer among the hottest for rental increases. San Francisco (7.4% rent growth) and San Jose (6.1% rent growth) have the fastest growing rents.

*SmartMLS is the primary multiple listing service for Connecticut but does not include all listings in Greenwich, CT. YoY means "year-over-year."

APPENDIX

Connecticut Housing Market	Jun-26	Jun-25	% Change or Change
Home Sales (SmartMLS)	3,709	3,431	8.1%
Median Sales Price (SmartMLS)	$480,000	$455,000	5.5%
Inventory of Homes for Sale (SmartMLS)	7,402	7,339	0.9%
New Listings (SmartMLS)	4,667	4,382	6.5%
Freddie Mac U.S. 30-Year Fixed Rate Mortgage Average (%) (Week ending 7/16/26 and 7/17/25)	6.55	6.75	-0.20
Median Active Days on Market (Realtor.com)	32	34	-2.0
Percent of List Price Received (SmartMLS)	104.1%	104.1%	0.0%
Median Rent for New Leases (Apartment List)	$1,728	$1,715	0.8%
Single-family Housing Permits YTD (U.S. Census Bureau)	1,046	1,016	3.0%
2+ Unit Structures Housing Permits YTD (U.S. Census Bureau)	1,893	1,645	15.1%

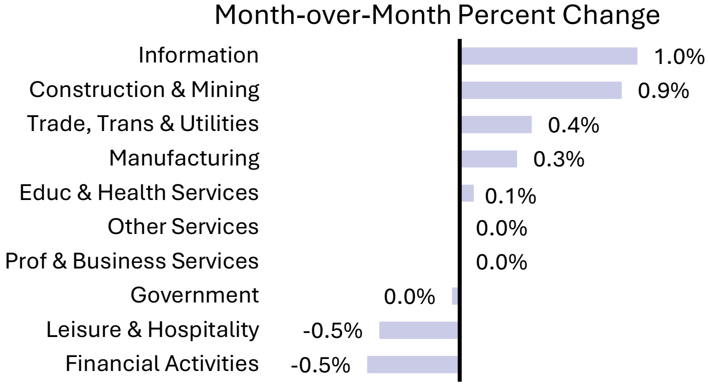
Realtor.com & Freddie Mac data Retrieved from FRED; Data derived from SmartMLS for the period of June 1 –June 30, 2026. Information is deemed reliable but not guaranteed. Statistics are provided for informational purposes only, may not reflect all real estate activity, and are subject to change.

Connecticut Labor Market	Jun-26	May-26	Jun-25
Unemployment Rate	5.2%	5.1%	3.9%
Total Unemployed	97,600	97,400	74,900
Total Nonfarm Employment	1,726,500	1,725,000	1,717,200
Job Growth	1,500	1,100	-800
Average Monthly Initial Unemployment Claims	3,894	2,436	4,454
Labor Force Participation Rate	62.4%	62.8%	64.1%
Average Hourly Wage (Total Private Employees)	$39.78	$39.88	$38.94
Average Hourly Wage, 3-month average, Year-over-Year Percent Change	2.5%	2.8%	3.3%

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

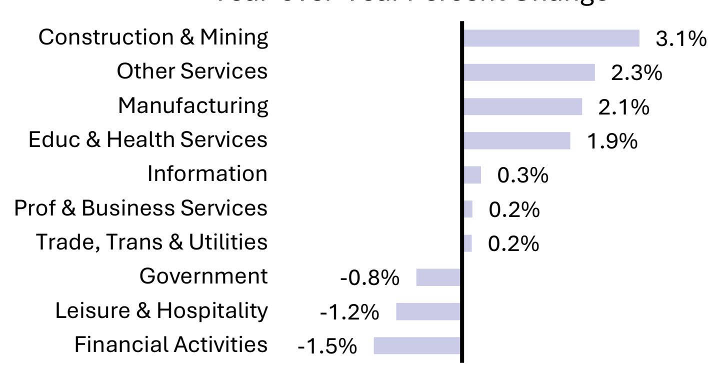
Connecticut Industry Sector Nonfarm Payroll Employment – June 2026

Month-over-Month Percent Change



Source: CT Department of Labor

Year-over-Year Percent Change



Source: CT Department of Labor