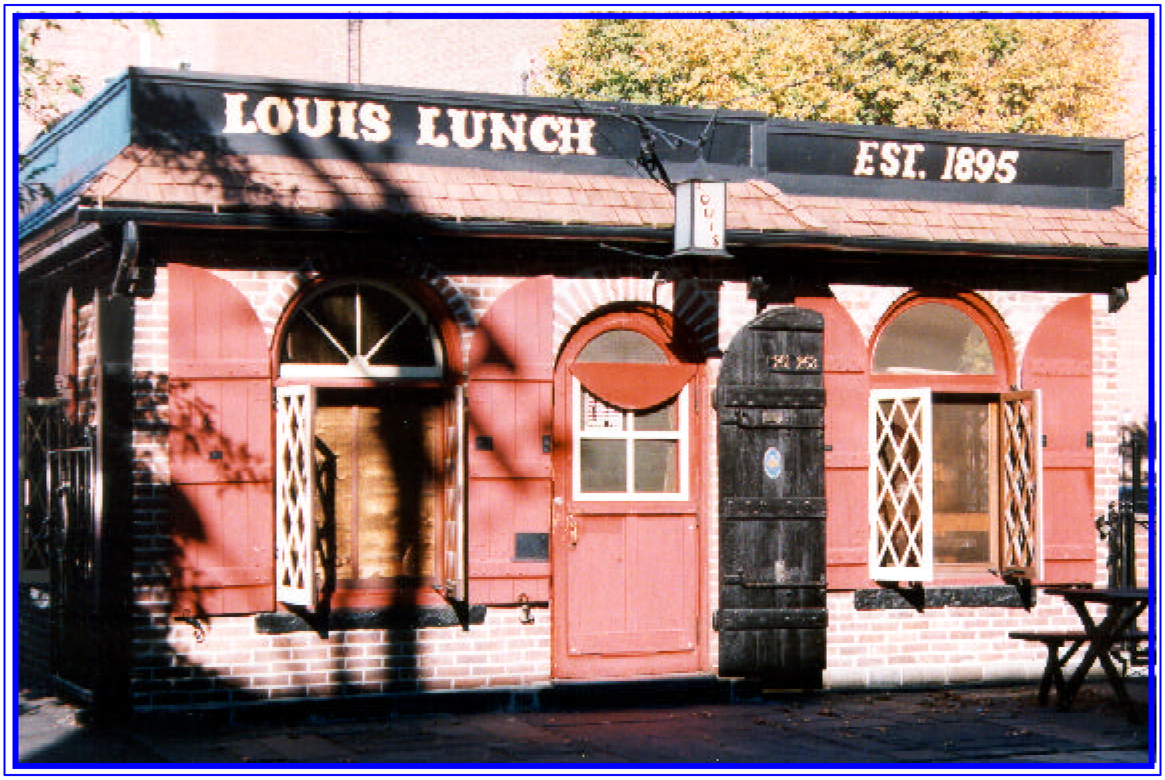
ECONOMY & BUSINESS DEVELOPMENT



New Haven Innovations. Louis' Lunch, origin of America's first "hamburger". Over 120 patents were issued to New Haven residents, institutions and businesses in 2001.

City of New Haven
John DeStefano, Jr., Mayor

EMPLOYMENT

Employment in New Haven, 1975 – 2000

In the latter half of the 20th century, the New Haven employment base has changed dramatically, with shifts in aggregate numbers, in types of industries and in the location of major job centers. In the city proper, employment reached 92,000 in 1990 at the tail end of a long-term economic expansion. The recession of the early 1990s heavily impacted the city's employment base, with total employment at a decade-low 72,000 in 1997. Since then, employment has rebounded significantly. The 2000 employment base of 77,890 represents an 8% increase from 1997.

Non-Farm Employment in New Haven 1975 - 2000

Year	Total
1975	86,010
1980	86,490
1985	85,600
1990	91,870
1991	80,160
1992	75,770
1993	74,920
1994	75,830
1995	76,150
1996	73,450
1997	72,040
1998	75,510
1999	74,670
2000	77,890

Source: Connecticut Department of Labor

Unemployment in Selected Areas, 1990 – 2000

Recent unemployment figures further illustrate a more stable economic picture in New Haven. In 1990, in spite of a high number of jobs in the city (91,870), the unemployment rate among city residents was 6.4%. This compared to a statewide unemployment rate in 1990 of 5.1%. Since then, the "spread" between the statewide unemployment rate and the city's unemployment rate has narrowed. With the exception of 1996-1997, the city's unemployment rate is at or above one percentage point of the state average.

Unemployment in Selected Areas, 1990 - 2000

Year	Connecticut	New Haven Labor Market Area	New Haven	Bridgeport	Hartford
1990	5.1	-	6.4	8.9	9.1
1991	6.7	-	7.2	10.7	11.0
1992	7.5	-	8.3	11.8	12.3
1993	6.2	-	6.7	9.5	10.4
1994	5.6	-	6.6	9.1	10.3
1995	5.5	5.5	6.4	9.3	11.1
1996	5.7	5.8	7.1	10.0	11.3
1997	5.1	5.2	6.4	8.7	10.0
1998	3.4	3.3	4.1	6.0	6.7
1999	3.2	3.1	3.9	6.1	6.2
2000	2.3	2.3	3.3	4.3	4.8

Sources: Connecticut Department of Labor, Connecticut Data Service

Employment by Sector

Employment by Sector

In keeping with the larger industrial cities of the Northeast, New Haven's mid-century economy was characterized by a diverse set of goods-producing industries, including heavier industries (metal works, armaments, etc.) and non-durable goods (textiles, food products, etc.). Over time, the economy has further diversified and spread geographically across the New Haven Labor Market Area.

Manufacturing continues to be an important component to the city's employment base, but with far greater specialization, fewer employees and advanced technology manufacturing processes. Meanwhile, service industries (in particular health services and education services) have led a rebound in total employment. As a percent of the total 17-town Labor Market Area, New Haven remains the central employment destination. Approximately 30% of the LMA's employment base is in New Haven, including 44% of all jobs in services; and in transportation, communications and utilities. By comparison, the next largest employment bases are in Meriden (26,710), Wallingford (24,380) and North Haven (21,490).

Number of Nonfarm Employees in New Haven and the New Haven Labor Market Area

Sector	City of New Haven				Labor Market Area		
	1985	1990	1995	2000	1990	1995	2000
Manufacturing	10,350	7,770	6,130	5,330	45,000	39,700	38,400
Construction	2,300	1,790	1,170	1,210	10,400	8,000	11,300
Transportation, Communications and Utilities	10,220	9,110	8,000	7,050	16,900	16,200	16,100
Wholesale and Retail Trade	12,570	11,820	7,960	7,690	55,600	49,700	54,900
Finance, Insurance and Real Estate	5,470	6,000	3,810	3,180	16,900	13,800	12,500
Services	33,700	43,970	38,480	42,060	77,800	82,700	96,500
Government	10,990	11,410	10,600	11,370	32,200	30,900	36,100
Total	**85,600**	**91,870**	**76,150**	**77,890**	**254,800**	**241,000**	**265,800**

Source: Connecticut Department of Labor

With increased growth in suburban areas, the economic base has regionalized. New office and industrial parks, coupled with retail power centers and shopping malls, have expanded and diversified the economy across the Labor Market Area. In the past five years, employment in the LMA has expanded 10.3%, while employment in the central city has expanded 2.3%. Of note, New Haven's employment base has expanded in three sectors, covering larger percent declines in manufacturing; transportation, communications and utilities; and finance, insurance and real estate.

Percent Change in the Number of Employees by Sector, 1995 - 2000

Sector	New Haven	LMA
Manufacturing	-13.1%	-3.3%
Construction	3.4%	41.3%
Transportation, Communications and Utilities	-11.9%	-0.6%
Wholesale and Retail Trade	-3.4%	10.5%
Finance, Insurance and Real Estate	-16.5%	-9.4%
Services	9.3%	16.7%
Government	7.3%	16.8%
Total	**2.3%**	**10.3%**

Source: Connecticut Depatment of Labor

EMPLOYMENT AND WAGE DATA

Employment and Wage Data by Industry

In 1999, there were approximately 12,800 establishments in the New Haven Workforce Investment Area (WIA), of which 40% were in service-related activities, 20% were engaged in retail trade, and 10% in construction. These sectors are followed by wholesale trade; finance, insurance and real estate; and manufacturing. Likewise, total aggregate employment (77,882) and aggregate wages ($2.7 billion) are highest in the service sector.

Although the number of manufacturing establishments is small relative to all sectors, its impact is significant. Manufacturing establishments pay the highest average annual wage ($52,350) and the highest average weekly wage ($1,007).

Retail trades account for 15.8% of all employment and 8.2% of all wages. However, retail trades have the lowest average annual wage and the lowest average weekly wage among the major economic sectors. Agriculture, forestry and fishing, as well as service and government employment also falls below the average weekly wage of $751.

Covered Employment & Wages by Industries in the New Haven Workforce Investment Area

Sector	Units	Annual Employment	Total Annual Wages	Average Annual Wage	Average Weekly Wage
Agriculture, Forestry & Fishing	280	1,517	$34,989,344	$23,065	$444
Mining	*	*	*	*	*
Construction	1,222	8,126	$358,130,961	$44,072	$848
Manufacturing	757	32,290	$1,690,373,359	$52,350	$1,007
Transportation, Communications & Utilities	419	12,104	$585,654,142	$48,385	$930
Wholesale Trade	1,062	10,661	$548,655,048	$51,464	$990
Retail Trade	2,519	33,701	$664,397,646	$19,714	$379
Finance, Insurance & Real Estate	1,042	10,845	$516,922,595	$47,665	$917
Services	5,055	77,882	$2,739,873,320	$35,180	$677
Government	359	26,456	$984,876,648	$37,227	$716
Workforce Investment Area - Total	**12,747**	**213,652**	**$8,126,215,964**	**$38,035**	**$731**

Source: Connecticut Department of Labor, ES-202 Program Data, 1999.

*Disclosure provisions of Connecticut's Unemployment Insurance Law prohibit the release of figures which tend to reveal data reported by individual firms.

Note: Covered employment under unemployment insurance laws includes all civilian workers with the following general exceptions: (1) Railroad employees who are covered under a special railroad unemployment insurance act; (2) religious organizations and some private elementary and secondary schools run by parish churches; (3) certain agricultural and private household workers whose employers do not meet the size or payroll or time criteria established by the laws; (4) the self-employed; (5) student workers under certain conditions; (6) elected officials; and (7) miscellaneous other exceptions.

Note on Department of Labor Data: The Connecticut Department of Labor organizes employment and wage data by Workforce Investment Area (also known as the Service Delivery Area). The New Haven WIA/SDA is comprised of 14 towns in south central Connecticut. Meriden, Cheshire and Killingworth, three towns included in the New Haven Labor Market Area (LMA), are not included in the WIA/SDA.

Economic Base Analysis

As is commonly held, the economic base of the New Haven regional economy lies with those establishments and industries which export goods and services beyond South Central Connecticut. Accordingly, the region's export industries are its economic foundation and are, therefore, "basic" elements to sustainability. Basic industries within the New Haven region are identified based on proportional employment modeling. Although this approach fails to account for some high value, low employment industries, it does provide a time-tested overview of the region's economic strengths. The following location quotients, all greater than 1.0, indicate significant concentrations of employment and economic activity in the New Haven region.

With the largest overall basic employment (13,180) and location quotient (4.295), educational services is a core element to the region's economy. The strength of this industry includes the higher education cluster – Yale University, Southern Connecticut State University, etc.

The second highest location quotient is for chemical and allied products, which includes the biotechnology sector. As evidence of this emerging cluster, 4,010 of the 5,372 jobs in chemical and allied products are basic jobs. Given the shear size of health care across the country, the health services sector is highest in total employment (23,370) and second highest in basic employment (10,543) but just 12th highest in location quotient (1.711).

Estimated Basic Industrial Employment in the New Haven WIA, 2000

Employment by Sector	United States	New Haven Region		
	Total	Total	Location Quotient	Estimated basic employment
Total employment	**167,511,300**	**216,114**	-	**50,913**
Educational services	3,100,000	17,179	4.295	13,180
Chemicals and allied products	1,055,700	5,372	3.944	4,010
Communications, electric, gas and sanitary services	1,760,700	6,842	3.012	4,570
Instruments and related products	845,900	3,055	2.799	1,964
Primary metal industries	707,500	2,402	2.632	1,489
Other transportation equipment	844,600	2,661	2.442	1,571
Fabricated metal products	1,596,400	3,876	1.882	1,816
Printing and publishing	1,656,000	3,856	1.805	1,720
Insurance carriers	1,587,000	3,652	1.784	1,605
Water transportation	204,000	464	1.763	201
Local and interurban passenger transit	649,100	1,469	1.754	632
Health services	11,492,700	25,370	1.711	10,543
Electronic and other electric equipment	1,742,700	3,693	1.643	1,445
Building materials and garden equipment	1,113,500	2,240	1.559	803
Social services	2,992,000	6,014	1.558	2,154
Food stores	3,720,400	6,895	1.437	2,095
Wholesale trade	7,588,900	10,624	1.085	833
Legal services	1,603,500	2,238	1.082	169
Apparel and accessory stores	1,343,700	1,812	1.045	78
Heavy construction contractors	989,400	1,312	1.028	36
Total Basic Employment				**50,913**
Total Non-Basic Employment				**165,201**

Sources: US Bureau of Economic Analysis and the Connecticut Department of Labor.

Location quotients and estimated employment prepared by the City Plan Department.

Trends in Economic Activity

Since 1990, the basic employment base has expanded 7.2%, well ahead of overall employment growth. This shift suggests an increase in basic economic activity, which is evident in the large percent gains in printing and publishing (+37.9%); health services (+33.7%); primary metals (+24.2%); and chemicals and allied products (+22.6%).

Of note, the region's share of insurance carriers, local/interurban transit and transportation equipment is down significantly.

Change in Basic Employment in the New Haven WIA, 1990 - 2000

1990			
Employment by Sector	**Total**	**LQ**	**Est. Basic Employment**
Total employment	**213,899**		**47,485**
Educational services	15,836	4.629	12,415
Chemicals and allied products	4,956	2.941	3,271
Local and interurban passenger transit	1,654	2.459	981
Insurance carriers	5,675	2.456	3,365
Other transportation equipment	4,366	2.404	2,550
Instruments and related products	3,564	2.343	2,043
Fabricated metal products	5,143	2.321	2,928
Communications, electric, gas & sanitary services	7,834	2.173	4,229
Primary metal industries	2,363	2.030	1,199
Health services	21,638	1.573	7,886
Electronic and other electric equipment	3,994	1.532	1,387
Printing and publishing	3,856	1.478	1,247
Building materials and garden equipment	1,888	1.432	569
Social services	3,806	1.342	969
Food stores	6,484	1.198	1,072
Apparel and accessory stores	2,385	1.160	329
Legal services	2,317	1.102	214
Wholesale trade	11,080	1.076	784
Water transportation	294	1.009	3
Eating and drinking places	10,863	1.004	46
Total Basic Employment			**47,485**
Total Non-Basic Employment			**166,414**

2000				
Employment by Sector	**Total**	**LQ**	**Est. Basic Employment**	**% change in basic employment, 1990 - 2000**
Total employment	**216,114**		**50,913**	**7.2%**
Educational services	17,179	4.295	13,180	6.2%
Chemicals and allied products	5,372	3.944	4,010	22.6%
Communications, electric, gas & sanitary services	6,842	3.012	4,570	8.1%
Instruments and related products	3,055	2.799	1,964	-3.9%
Primary metal industries	2,402	2.632	1,489	24.2%
Other transportation equipment	2,661	2.442	1,571	-38.4%
Fabricated metal products	3,876	1.882	1,816	-38.0%
Printing and publishing	3,856	1.805	1,720	37.9%
Insurance carriers	3,652	1.784	1,605	-52.3%
Water transportation	464	1.763	201	7883.6%
Local and interurban passenger transit	1,469	1.754	632	-35.6%
Health services	25,370	1.711	10,543	33.7%
Electronic and other electric equipment	3,693	1.643	1,445	4.2%
Building materials and garden equipment	2,240	1.559	803	41.1%
Social services	6,014	1.558	2,154	122.2%
Food stores	6,895	1.437	2,095	95.5%
Wholesale trade	10,624	1.085	833	6.3%
Legal services	2,238	1.082	169	-20.9%
Apparel and accessory stores	1,812	1.045	78	-76.2%
Heavy construction contractors	1,312	1.028	36	-
Total Basic Employment			**50,913**	
Total Non-Basic Employment			**165,201**	

Sources: US Bureau of Economic Analysis and the Connecticut Department of Labor. Location Quotients ("LQ") and estimated employment prepared by the City Plan Department.

New Haven Inner City Business Strategy

The New Haven Inner City Business Strategy was developed in 1999 in response to Governor Rowland's statewide Industry Clusters Initiative. In New Haven, an Advisory Board, consisting of community, business and political leaders, is advancing a comprehensive strategy of market-based opportunities for inner-city business growth, focused on jobs, income and wealth for local residents.

The Inner City Business Strategy's findings, based on detailed economic research and extensive personal interviews, are organized in action plans for five key economic clusters: (a) knowledge-based businesses; (b) arts, entertainment and tourism; (c) manufacturing; (d) commercial services; and (e) retail/distribution. The arts cluster is active at the local level, while the "biotech" (knowledge-based cluster) is active at the state level. The strategy identifies a number of cross-cutting issues, including workforce development; site development; security; business services and capital; cluster leadership; and the overall cost of business in the region. Improving these conditions will help the city to capture a number of cluster-specific opportunities, as shown in the table below:

New Haven Inner City Business Strategy

Cluster	Composition	Opportunities
Knowledge-Based Industries	Educational services, information technology, biotechnology and health services	Cluster is driven by the presence of major hospitals and higher education facilities and independent research. Yale is the third highest recipient of NIH funding, Information technologies are central to the future economy.
Arts, Entertainment and Tourism	Arts institutions, arts schools, for-profit entertainment, architectural services, eating and drinking, hotels and professional services.	Major investments are planned at leading institutions. The estimated impact of arts institutions alone is over $140 million.
Commercial Services	Business services, including printing and publishing, equipment leasing / maintenance, commodity inventory management, facilities and waste management.	Cluster allows for cost-efficient support of entrepreneurs and is directly related to growth of other clusters. Inner city locations often have additional value due to fiber optic, transportation and other infrastructure assets.
Manufacturing	Metal manufacturing, machine shops and related industries.	Stable industrial cluster with some growth. The industry matches workforce, with 35% of Regional Growth Connection placements in manufacturing. Site development is key.
Construction	Construction contractors, construction services, suppliers, training entities and design services.	Over $1 billion in planned investments (45 separate projects) in this cluster. Opportunity to link other clusters with infrastructure and to promote entrepreneurs and workforce development.
Retail and Distribution	Department stores, restaurants, shopping centers, regional distribution, neighborhood-based commercial, marketing and related services.	Cluster builds on neighborhood commercial district programs, regional distribution systems and the Empower New Haven commercial corridors program.

Source: Inner City Business Strategy, 1999

Manufacturing Sector

The manufacturing sector accounts for over 5,000 jobs in New Haven and over 31,000 in the New Haven Workforce Investment Area. Geographically, the manufacturing sector is concentrated along a narrow band of commercial / industrial space at Long Wharf and on both sides of the Mill River.

The largest emerging basic industry in the region is chemical and allied products, which includes biotechnology. The estimated change in basic employment (1990 – 2000) is over 22%. In New Haven, there are approximately 10 biotech companies, including two large employers: Alexion and Gennaissance Pharmaceuticals. Science Park, located in the Newhallville neighborhood, has a number of biotechnology and high technology manufacturing companies. For example, Jet Process Corporation, at 24 Science Park, manufacturers advanced film coatings. Cyclone Microsystems, Inc., at 25 Science Park, designs and manufactures intelligent communications controllers.

Although not considered a basic industry to the region, New Haven's food and allied product sector is growing significantly. According to US Census Data, the number of New Haven County firms engaged in food and allied products increased from 52 to 88 between 1992 and 1997. A large concentration of producers and distributors is located in the Fair Haven and Mill River areas. Palmieri Foods, Onofrio's Prepared Foods and the Pasta Warehouse are all located here. Chabaso Bakery, which makes specialized breads for the Atticus Bookstore and for larger supermarkets, recently moved to larger quarters at 360 James Street.

Manufacturing Companies in New Haven County

Sectors showing an increase in the number of firms, 1992 - 1997

Sector	Firms	% Change from 1992
Food and Allied Products	88	69.2%
Fabricated Metals	441	49.5%
Computers and Electronic Equipment	129	8.4%
Transportation Equipment	49	28.9%
Medical Instruments	50	56.3%
All Manufacturing Companies	**1,592**	**-5.3%**

Source: United States Economic Census

Retail Sector

Retail Establishments and Sales

From 1992 to 1997, the number of establishments in New Haven engaged in retail trade decreased from 719 to 622. The change in retail trade has not declined across-the-board. Building material shops have increased from 15 to 21 establishments and eating and drinking establishments have increased from 248 to 249.

There are noticeable declines in food stores (87 to 81), apparel shops (80 to 67) and furniture shops (39 to 24). These trends in many ways are consistent with national trends away from small, locally-owned establishments and toward larger, multi-store establishments. Some recent gains in the retail base are consistent with the trend, including the new Dwight Plaza (Shaw's, Hollywood Video, etc.) and the emerging commercial strip on Foxon Boulevard (Loew's Home Improvement, K-Mart, etc.).

Retail Establishments in New Haven

Establishment	1992	1997
Building Materials	15	21
General Merchandise	9	6
Food	87	81
Auto	24	33
Gasoline	35	35
Apparel	80	67
Furniture	39	24
Eating & Drinking	248	249
Health & Personal Care	26	31
Misc	156	75
Total	**719**	**622**

Source: US Census of Retail Trade, 1992, US Economic Census, 1997

While the overall number of establishments has declined, aggregate sales volume has increased. Over the same period (1992 – 1997), retail sales rose from $571 million 1992 to $593 million, a 4% increase. Much of the gain can be attributed to three sectors: building materials (including home improvement centers) increased 637%, health and personal care products (+25.6%) and eating and drinking (+7.8%).

Retail Sales in New Haven

Establishment / Sales ($,000)	1992	1997
Building Materials	$5,656	$41,684
General Merchandise	n/a	$52,397
Food	$83,047	$61,967
Auto	$92,449	$77,063
Gasoline	$40,382	$59,659
Apparel	$41,893	$38,930
Furniture	$33,112	$19,643
Eating & Drinking	$110,328	$118,926
Health & Personal Care	$43,910	$55,132
Miscellaneous	n/a	$67,739
Total	**$571,947**	**$593,140**

Source: US Census of Retail Trade, 1992, US Economic Census, 1997