



An Industry Analysis
of Connecticut's Housatonic
Valley Planning Region

November 2007



Ten Municipalities in Regional Planning Organization

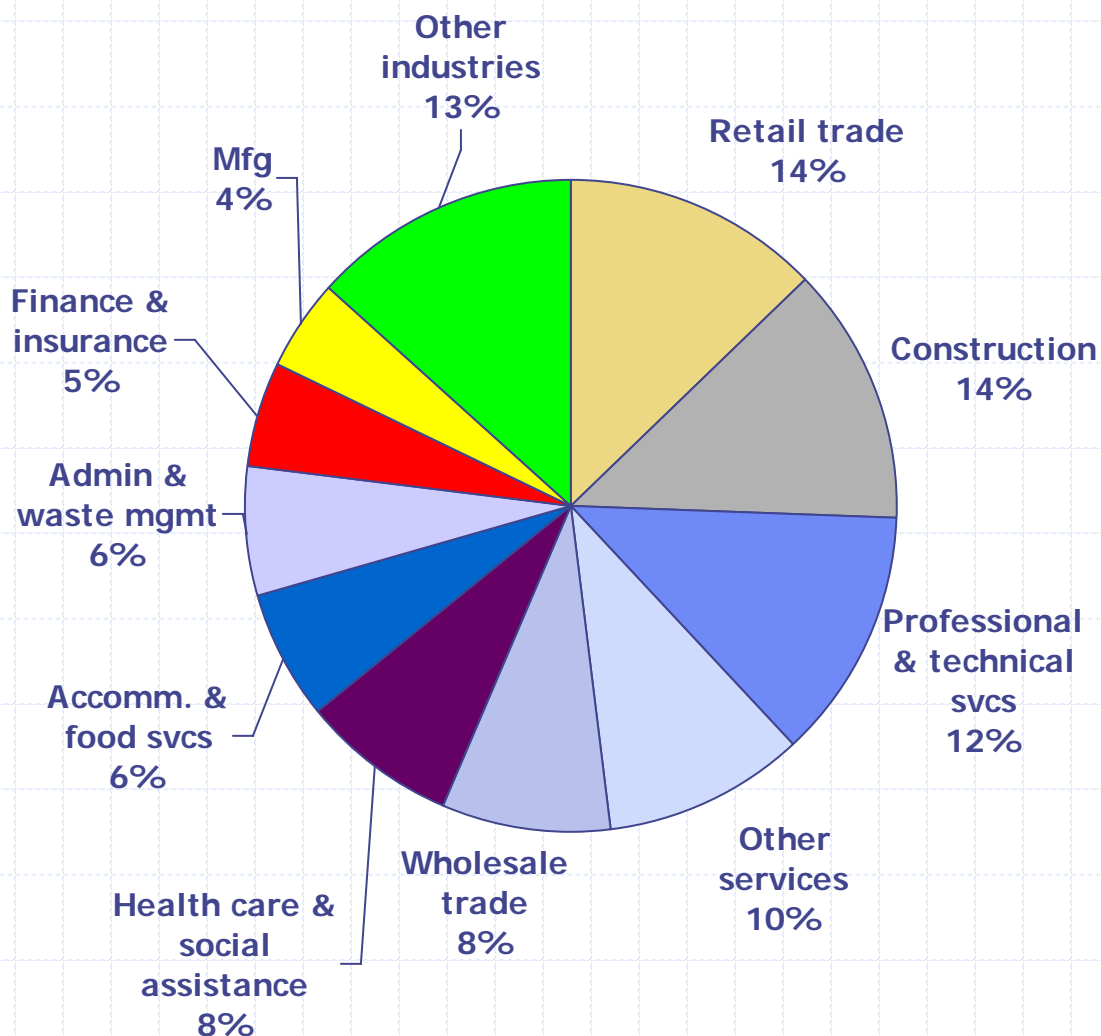
- ◆ The Housatonic Valley Council of Elected Officials (HVCEO) is a regional planning organization for ten municipalities in western Connecticut
 - ◆ Bethel
 - ◆ Bridgewater
 - ◆ Brookfield
 - ◆ Danbury
 - ◆ New Fairfield
 - ◆ New Milford
 - ◆ Newtown
 - ◆ Redding
 - ◆ Ridgefield
 - ◆ Sherman



A Custom Geography Was Created for the Analysis

- ◆ Use employment data from the Connecticut Department of Labor (DOL)
 - ◆ Conduct industry analysis at 2-digit North American Industry Classification System (NAICS) level and 3-digit NAICS level where available
- ◆ DOL has data for Danbury Labor Market Area, includes seven of 10 HVCEO municipalities
 - ◆ For Newtown, Redding and Ridgefield, (remaining three municipalities) DOL data and CERC estimates are used to obtain overall picture of HVCEO region

Retail Trade and Construction comprised almost 30% of the HVCEO Region's 7,065 establishments in 2006.



Note: Admin & waste management activities include office administration, hiring and placing of personnel, document preparation, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

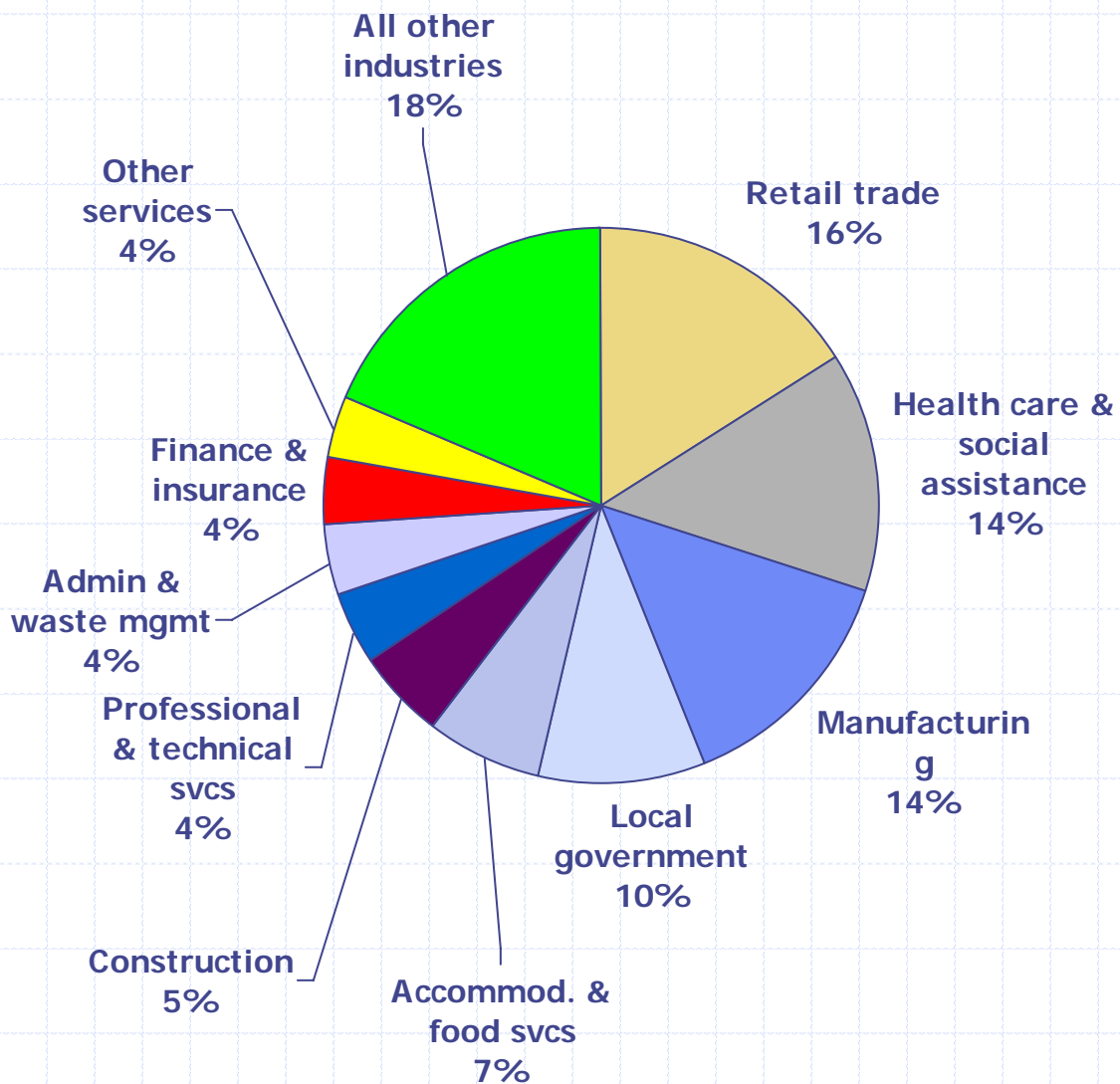
Source: CT DOL with CERC estimates

EMPLOYEES PER ESTABLISHMENT	2000	2006
State government	66	71
Management of companies and enterprises	91	67
Local (includes tribal) government	53	63
Manufacturing	43	38
Federal government	27	27
Utilities	29	24
Health care and social assistance	21	22
Information	26	19
Transportation and warehousing	14	16
Retail trade	14	15
Accommodation and food services	12	13
Total	13	12
Educational services	12	12
Arts, entertainment, and recreation	8	10
Finance and insurance	11	9
Administrative and waste management	10	8
Wholesale trade	5	5
Agriculture, forestry, fishing and hunting	3	5
Construction	5	5
Other services, except public administration	4	5
Professional and technical services	5	4
Real estate and rental and leasing	4	4

The only industry in the HVCEO Region that gained more than 1 or 2 employees per establishment was Local Government. Management of Companies decreased by 24 employees per establishment.

Source: CT DOL with CERC estimates

The 10 largest industries comprised more than 81% of the HVCEO Region's 87,363 jobs in 2006.



Source: CT DOL with CERC estimates

Four of the 10 largest industries saw employment decreases; the other had gains.

	% 2006	2000-06	
	Emp	#	%
Total	100.0%	948	1.1%
Retail trade	16.0%	305	2.2%
Health care & social assistance	14.0%	1,321	12.1%
Manufacturing	13.8%	-2,863	-19.1%
Local government	9.8%	1,171	15.9%
Accommodation & food services	6.7%	971	19.8%
Construction	5.1%	525	13.3%
Professional & technical services	4.3%	-367	-8.9%
Admin & waste management	4.1%	-407	-10.1%
Finance and insurance	3.8%	-27	-0.8%
Other services, except public administration	3.8%	344	11.7%

Source: CT DOL with CERC estimates

The largest absolute employment increase was in Healthcare; the largest decrease was found in Manufacturing.

NAICS #	Top 5 and Bottom 5 Industries: HVCEO Region Employment Change	2000-06	
		#	%
62	Health care and social assistance	1,321	12.10%
GOVL	Local government	1,171	15.90%
72	Accommodation and food services	971	19.80%
42	Wholesale trade	566	22.50%
23	Construction	525	13.30%
48-49	Transportation and warehousing	-163	-8.70%
54	Professional and technical services	-367	-8.90%
56	Administrative and waste management	-407	-10.10%
51	Information	-1,043	-33.70%
31-33	Manufacturing	-2,863	-19.10%

Source: CT DOL with CERC estimates

The HVCEO Region gained more than 900 jobs while the state lost 2,665.

NAICS	Industry	HVCEO Region		Connecticut		HVCEO	CT
		2000	2006	2000	2006	2000-06 Emp Change	
TOT	Total	86,415	87,363	1,674,826	1,672,161	948	-2,665
62	Health care and social assistance	10,899	12,220	202,856	225,049	1,321	22,193
GOVL	Local (includes tribal) government	7,354	8,525	128,856	157,136	1,171	28,280
72	Accommodation and food services	4,907	5,878	97,867	108,732	971	10,865
42	Wholesale trade	2,522	3,088	67,750	67,695	566	-55
23	Construction	3,960	4,486	64,275	67,191	525	2,916
81	Other services, except public admin.	2,946	3,290	54,573	57,747	344	3,174
44-45	Retail trade	13,674	13,979	196,280	191,287	305	-4,993
71	Arts, entertainment, and recreation	862	1,157	39,684	23,851	295	-15,833
55	Management of companies	2,951	3,156	29,283	26,379	205	-2,904
61	Educational services	867	1,068	40,391	47,701	201	7,310
GOVS	State government	1,924	1,998	63,544	69,761	74	6,217
22	Utilities	225	281	9,652	6,669	56	-2,983
53	Real estate and rental and leasing	793	829	21,630	21,058	35	-572
11	Agriculture, forestry, fishing, hunting	31	40	5,198	5,131	9	-67
52	Finance and insurance	3,339	3,312	120,639	123,277	-27	2,638
GOVF	Federal government	798	700	23,467	19,669	-99	-3,798
48-49	Transportation and warehousing	1,859	1,696	40,902	41,716	-163	814
54	Professional and technical services	4,141	3,774	95,159	91,457	-367	-3,702
56	Administrative and waste management	4,015	3,609	90,391	88,202	-407	-2,189
51	Information	3,100	2,056	46,193	37,733	-1,043	-8,460
31-33	Manufacturing	14,958	12,095	234,871	193,727	-2,863	-41,144

Source: CT DOL with CERC estimates

In the five industries with high location quotients (LQ), the LQs are also higher than those in Connecticut.

Industries with Employment Concentrations (Location Quotients) Relative to U.S.		HVCEO Region		Connecticut	
		2000	2006	2000	2006
55	Management of companies	2.51	2.72	1.28	1.19
44-45	Retail trade	1.36	1.42	1.01	1.02
31-33	Manufacturing	1.32	1.33	1.07	1.11
62	Health care & social assistance	1.31	1.28	1.26	1.23
51	Information	1.30	1.05	1.00	1.01

Note: A location quotient (LQ) compares the Housatonic Region's or Connecticut's concentration of employment in a particular industry (top part of fraction) with the concentration of employment of that same industry in the U.S. (bottom part of fraction).

Source: CT DOL with CERC estimates

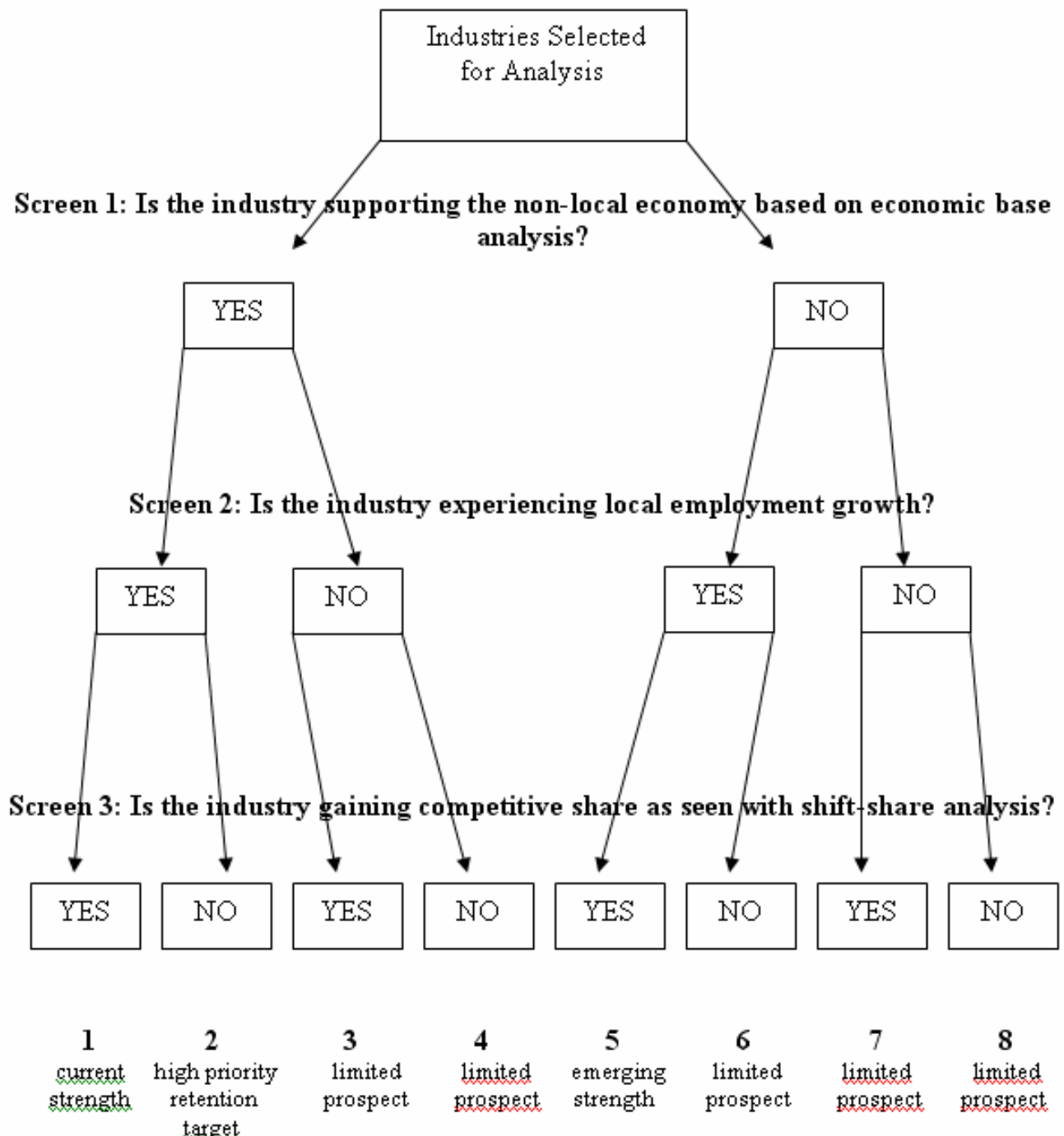
Which sub-industries are driving the high location quotients? Look at the more detailed Danbury LMA data.

- ◆ Manufacturing
 - ◆ Chemicals – manufacturing industry with most employees in Danbury LMA, and major employer in Ridgefield
 - ◆ Fabricated metals, machinery, computer and electronic products – also substantial in Danbury LMA
- ◆ Retail trade - food and beverage stores, general merchandise stores
- ◆ Information - publishing, but has lost a substantial percentage of employment between 2000 and 2006
- ◆ Management - no additional breakdown available
- ◆ Health care and social assistance - health care is the prevalent industry in this group
 - ◆ Ambulatory health care services
 - ◆ Nursing and residential care facilities

Method for Shift-Share Analysis

- ◆ Shift-share model says that employment growth in the Region is a function of three different trends:
 - ◆ The Region's share of national growth (national growth)
 - ◆ The national industry mix change (industry mix)
 - ◆ The shift change of activities toward the Region (competitive share)
- ◆ The shift-share analysis on the next three slides looks at employment changes in the HVCEO Region between 2000 and 2006

Shift-Share Decision Tree



Once the shift-share calculations are complete, this diagram shows how the industries are categorized.

Adapted with permission from [Understanding Your Economy](#), 1992, American Planning Association.

HVCEO Region Shift-Share Results: Strengths and Retention Target

44-45	Retail trade	current strength
55	Management of companies and enterprises	current strength
22	Utilities	emerging strength
42	Wholesale trade	emerging strength
61	Educational services	emerging strength
71	Arts, entertainment, and recreation	emerging strength
72	Accommodation and food services	emerging strength
81	Other services, except public administration	emerging strength
62	Health care and social assistance	high priority retention target

Source: CT DOL with CERC estimates

HVCEO Region Shift-Share Results: Limited Prospects

11	Agriculture, forestry, fishing and hunting	limited prospect
21	Mining	limited prospect
23	Construction	limited prospect
31-33	Manufacturing	limited prospect
48-49	Transportation and warehousing	limited prospect
51	Information	limited prospect
52	Finance and insurance	limited prospect
53	Real estate and rental and leasing	limited prospect
54	Professional and technical services	limited prospect
56	Administrative and waste management	limited prospect

Source: CT DOL with CERC estimates

Notes About the HVCEO Region Strengths and Retention Targets (1 of 3)

- ◆ Retail Trade: establishments engaged in retailing merchandise and rendering services incidental to the sale of merchandise
- ◆ Management of Companies: establishments that hold the securities of (or other equity interests in) companies and enterprises or establishments that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning role
- ◆ Utilities: establishments engaged in the provision of electric power, natural gas, steam supply, water supply and sewage removal

Notes About the HVCEO Region Strengths and Retention Targets (2 of 3)

- ◆ Wholesale Trade: an intermediate step in the distribution of merchandise - organized to sell or arrange the purchase or sale of (a) goods for resale, (b) capital or durable goods, and (c) raw and intermediate materials and supplies used in production
- ◆ Educational Services: establishments that provide instruction and training, may be privately owned and operated for profit or not for profit, or they may be publicly owned and operated
- ◆ Arts, Entertainment and Recreation: establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of visitors

Notes About the HVCEO Region Strengths and Retention Targets (3 of 3)

- ◆ Accommodation and Food Services: establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption
- ◆ Other services: equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, laundry services, personal care services, death care services, pet care services, photofinishing services, parking services, and dating services
- ◆ Health care and social assistance: industries are arranged on a continuum starting with those establishments providing medical care exclusively, continuing with those providing health care and social assistance, and finally finishing with those providing only social assistance