

Economic growth seen for region in next year

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An expanding workload at submarine maker Electric Boat combined with stability among local manufacturers and pharmaceutical giant Pfizer Inc. means the eastern Connecticut economy is poised for growth in 2015, according to a statewide economist.

Don Klepper-Smith, former chairman of the Governor's Council of Economic Advisors and director of research for New Haven-based DataCore Partners, said Wednesday that he hasn't been this bullish on the region's economy since it began slipping more than five years ago.

"I think there's some encouraging signs here that it's starting to move in the right direction," he said in a phone interview.

Most encouraging, he said in remarks initially prepared for a meeting this week in Groton with the Eastern Connecticut Association of Realtors, is the fact that jobs are making a comeback. The Norwich-New London area, for years one of the hardest-hit areas in the country in terms of job recoveries after the Great Recession, has 1,300 more people employed than at the labor low point - an 11 percent improvement.

This compares unfavorably, however, to job recoveries statewide of more than 70 percent and to the full recovery seen nationally.

Nevertheless, as noted by John Beauregard, executive director of the Eastern Connecticut Workforce Investment Board, a recovery

has to start somewhere, and a jump of 1,100 jobs in Norwich-New London in the latest September labor figures is an encouraging sign.

"If we can just get into the mode of sustaining the momentum that we seem to be getting, that would be a good start," he said in a phone interview Wednesday.

Southeastern Connecticut has been fighting a tide of bad economic news over the past few years, including the closure of Pfizer's research-and-development headquarters in New London and manufacturing facility in Groton, resulting in about 3,000 layoffs. The region's casinos also have been bleeding jobs, about 10,000 over the past few years.

Beauregard said that those two major downsizing trends, when combined with multiplier effects that affected other businesses, probably accounted for pretty much all of the region's job woes since the Great Recession.

But Klepper-Smith said he expects a turning point is close at hand. Among the positive signs: home-sale statistics in New London County are among the most positive statewide, ranking third among the eight major regions. The other top areas for housing are Windham and Tolland counties, which are also fully or partially within eastern Connecticut.

He also cited positive signs at EB, which between 2017 and 2029 "will be encountering the greatest growth in its workload in 40 years" thanks to expanded submarine construction and design.

"The increased workload may even result in spot labor shortages within southeastern Connecticut," Klepper-Smith said in his PowerPoint presentation. "Retention of critical skill sets and 'institutional knowledge' will be key as senior workers reach retirement age."

Klepper-Smith said he believes the direct and indirect impacts from Pfizer's layoffs already have been "baked in" to the current economic conditions, meaning he doesn't believe the job losses will continue to have an effect on the local economy. He added that the local workforce board is helping lead local development of science-and-technology skills while serving as a catalyst for advanced-manufacturing growth.

Klepper-Smith likened the region over the past few years to "a kid with his nose pressed against the window waiting to get into the party" when it comes to economic recovery. But now, he said, despite continued weakness at the local casinos thanks to greater competition in the Northeast, eastern Connecticut is ready to be let in.

"We have seen the tipping point," he said, "and are now seeing modest signs of growth."

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