Danbury Labor Market Area Profiled

By Matthew Krzyzek, Economist, Matthew.Krzyzek@ct.gov, DOL

A labor market area is defined as an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence. Connecticut has nine labor market areas, named for the major cities that serve as their hubs. The areas are Bridgeport-Stamford, Danbury, Enfield, Hartford, New Haven, Norwich-New London, Torrington, Waterbury and Willimantic-Danielson.

The Danbury Labor Market Area (LMA) consists of the western Connecticut towns of Sherman, New Fairfield, Danbury, Bethel, Brookfield, Bridgewater and New Milford. It has the fourth smallest labor force out of Connecticut’s nine labor market areas. These seven towns hold a combined population of 158,632 residents and the LMA has a labor force of 92,483. The Area encompasses 199 square miles and has an average population of 694 people per square mile. This combined density is slightly less than the 698 per square mile average experienced statewide. This LMA per square mile average is influenced heavily by densely populated towns of Danbury and Bethel, with densities of 1,828 and 1,072, respectively. Many of the smaller Danbury LMA towns are quite rural and have much lower density; Sherman and Bridgewater have populations of 173 and 114 per square mile.

In December...

Nonfarm Employment

- Connecticut: 1,613,400
- Change over month: -0.27%
- Change over year: +0.3%

- United States: 130,712,000
- Change over month: +0.08%
- Change over year: +0.9%

Unemployment Rate

- Connecticut: 9.0%
- United States: 9.4%

Consumer Price Index

- United States: 219.2
- Change over year: 1.5%
Economic Overview

The 1990s was a period of significant population and labor force growth for the Danbury area. Its population rose by 12.3%, well above the 6.4% growth experienced by Connecticut overall. The town of Sherman experienced the largest population increase within the Danbury LMA, rising 34.5% (+968) over the period. Amid this population growth, the Danbury LMA experienced a 7.2% increase in its labor force, in contrast to the 4.3% decline experienced statewide. Favorable Danbury unemployment data maintains this trend, showing a steady decline from its 1992 annual average high of 6.0% down to 2.1% by 1999. During the 1990s Connecticut’s statewide annual average unemployment rate peaked at 7.3% in 1992 and fell to 2.7% in 1999.

This trend of low unemployment continued through the first few years of the 2000s. Danbury recorded its lowest unemployment rate of 1.7% in 2000, immediately prior to the 2001 recession. From 2000 to 2009 the Danbury LMA experienced a population growth of 2.1%, 0.6 percentage points less than state population growth of 2.7% during the period. Brookfield, at 5.1%, had the highest rate of population increase in the region. The overall population of the Danbury LMA grew by 3,328 residents (2.1%) over the past decade and is expected to increase another 1,633 (1.0%) residents by 2014. Connecticut experienced a greater population increase over the period, rising 2.7% (91,833 residents) but is expected to lose 12,276 (-0.4%) residents by 2014. During the significant unemployment rate low of 2000 and 2001, the region’s annual rates of 1.7% and 2.5% were both 0.6 percentage points below Connecticut’s unemployment rates of 2.3% and 3.1%. More recently, the LMA’s unemployment rate was 7.3% in 2009 and 7.6% in 2010.

Industry Analysis and Unemployment Rate

As the country recovers from the worst recession in recent memory, high unemployment remains a key issue for policy makers and the public alike.

Historically, the Danbury LMA has enjoyed unemployment rates significantly below state and national averages. This spread below state levels of unemployment was narrowest by 0.6 percentage points during the 1999-2001 period, and currently is at 2.0 percentage points below the national rate (see Chart 1 on the front page).
Danbury’s unemployment rates relative to U.S. rates are nothing short of stark. In the past ten years its unemployment rates have never been less than 1.1 percentage points below national rates, with its spread as high as 2.4 percentage points below the nation’s in 2002.

Unique characteristics of the Danbury LMA include its unemployment rate being consistently below state and national rates. In November 2007, a month before the National Bureau of Economic Research (NBER) identified the start of the national recession, Danbury had the lowest unemployment rate of all Connecticut LMAs. Three years later, Danbury’s unemployment rate was up from 3.6% to 6.8% in November 2010, still the lowest of Connecticut’s nine LMAs. Some factors that contribute to this include the region’s demographic makeup as well as its allocation of industries.

Danbury’s highly skilled labor force helps account for its relatively low unemployment rate. The area has a high level of education as noted in the August 1997 Connecticut Economic Digest. Current statistics by Connecticut Economic Resource Center (CERC) show that a majority of Danbury LMA towns have advanced education levels above the state as a whole. The three categories for highest education level achieved are high school, some college, and bachelor’s+. In descending order, percentage of town residents with at least a bachelor’s degree are as follows: Sherman (55%), Brookfield (47%), Sherman (46%), New Fairfield (44%), Bethel (41%), Bridgewater (36%) and Danbury (33%). Overall these rates are substantially higher than the state average of 36%.

The low unemployment rate in the Danbury LMA is also driven by Danbury itself. The city’s current unemployment rate is 7.1% in December 2010. Connecticut’s other large LMA’s such as Bridgeport-Stamford, Waterbury and Hartford have core cities with unemployment rates currently above 12.5%. The LMA’s relatively small size and highly educated workforce, as well as its proximity to major metropolitan areas such as New York City are contributing factors. As a result, Danbury has seen higher than average annual growth in total nonfarm jobs as of December 2010, driven primarily by service sector industries.

Chart 2 above illustrates that Danbury LMA experienced a greater percent loss over the recession than Connecticut and the U.S. Employment in the nation and Danbury peaked in 2007, while overall Connecticut employment peaked in 2008. Since their respective employment peaks, Danbury Area has more recently shown the smallest percent decline from 2009 to 2010.

Goods Producing Sector Jobs

The goods producing industry sector of the Connecticut economy currently accounts for 13.5% of the State’s total nonfarm employment, based on November 2010 data. Industries within this sector include durable and nondurable goods manufacturing as well as construction. The goods producing sector accounts for 16.2% (10,900 jobs) of total employment in the Danbury LMA. A year earlier in November 2009 it accounted for 17.2% and 300 more jobs. Prior to the U.S. recession in November 2007 this sector accounted for 261,400 jobs statewide and shed 31,700 Connecticut jobs by July 2009, a loss of 13.2%. During that period Danbury shed 1,700 goods producing jobs, accounting for a 13.1% loss. Since July 2009, a month after the end of the national recession, the Danbury area has lost another 400 jobs in the goods producing sector, falling from 11,300 to 10,900 jobs as of November.

November 2010 marks three years since the start of the national recession. Danbury’s percentage employment loss in the goods producing sector is about average as compared to the five largest LMAs. The largest drop in employment in this sector occurred in Waterbury, with a 25.9% decline. The smallest drop occurred in the New London LMA, which lost 13.1% of its goods producing employment, while Danbury lost 16.2%. Hartford shed the most jobs (-13,900) and New London shed the least,
Service Providing Sector Jobs
The service providing sector encompasses a much broader array of industries within Connecticut and its labor market areas. Statewide this sector represents 86.5% of total nonfarm employment, and 83.7% of Danbury’s. Major industries that contribute to this sector include trade, transportation and utilities, professional and business services, education and health services, leisure and hospitality, other services and government.

Overall, employment in the Danbury area has shown positive gains since the end of the most recent U.S. recession in June 2009. November 2010 data shows the area’s total nonfarm employment has increased by roughly 900 (1.4%) during the post-recession period. Though this gain still leaves the Danbury Area with a 4,000 job-deficit over pre-recession levels, its growth is 1.6% percentage points greater than national job growth rate, which experienced a 0.2% decline over the period.

Hourly Wages
The average hourly wage in Connecticut during the second quarter of 2010 was $24.90. Danbury’s mean was $23.29, ranking the Area fourth behind Bridgeport, Hartford and New Haven, which had averages of $28.02, $25.17 and $24.13, respectively. Waterbury, Norwich-New London, Torrington and Willimantic-Danielson trailed Danbury, having averages of $21.82, $21.26, $21.19 and $20.23, respectively.

Prior to the start of the recession, the Danbury LMA workers worked an average of 34.4 hours per week in November 2007. This is slightly less than the State’s 34.5 hours and the third lowest rate of the six largest LMAs. Waterbury had the most at 36 hours worked per week and New London had the lowest at 32 hours per week. Danbury had the largest average hourly drop by the start of the recession, falling by 1.9 hours to 32.5 in December 2007. By the end of the recession the statewide weekly hours had dropped to 32.9 from pre-recession levels whereas Danbury’s actually increased to 34.0, posting the smallest loss from November 2007 levels.

The Danbury Labor Market Area’s highly skilled dynamic labor force, location and allocation of industry all contribute to its sound economic performance and bright outlook as the economy recovers from this historically significant period in U.S. history.