

HARTFORD BUSINESS JOURNAL

MARCH 27, 2017

EXPERTS CORNER

Look no further than your own backyard for investing



Valerie Dugan

VALERIE DUGAN

Hartford recently was named one of our nation's "up-and-coming places to live" by a ranking of the 100 most heavily-populated metro areas of the country, according to quality of life, affordability and other parameters.

Founded in 1637 (which makes it one of the oldest cities in the U.S.), Connecticut's capitol is gaining popularity from one year to the next — and it is in large measure, says U.S. News, because of employment opportunities.

Jobs for professionals in Hartford tend to pay more than elsewhere, evidenced by residents' earnings of almost \$10,000 more per year than the average American's salary. Such sectors as technology, health care and bioscience, manufacturing and engineering all are represented, along with the city's largest employers: telecommunications, defense and insurance. The growing viability of the city points to the health of these sectors, which in turn points to the possibilities for investment.

Financial advisors often are asked about the best way to select companies for potential investment. I say, look at what you know. Look in your own backyard. It can be a good place to start.

Two benefits come to mind regarding investing locally. One is that you may reap satisfaction from supporting your local economy. Another is that there tends to be increased attention for local companies, with greater detail, than typically is found in national business publications. The more you know about a company, the wiser your investment decision.

If I were a resident of, say, New Jersey, I might want to consider pharmaceuticals, just as I might research high tech if I lived in Silicon Valley. Since Hartford has long been nicknamed the insurance capital of the country, home to a cluster of insurance companies, this might be a reasonable place to begin investigation.

Not all insurance companies offer the same investment possibilities; you must do your homework. The same is true for telecom and aerospace/defense, the other sectors heavily represented in our state.

Nevertheless, if you are employed in one of these industries, you may well know what to look for when you pull up financial data and performance information for the companies you are considering.

Some other questions to ask: Have you been reading the trade publications for the industry? Does one company more than others seem to be at the forefront of introducing new products? Does it have a robust pipeline for doing so? Do you believe in the company's products? What is the company's history of profit growth? Of revenue growth? What are the company leaders doing? Are the CEO and CFO buying or selling their own company's equity?

Another direction for investment research in Connecticut is the local tourism industry, which in our state is thriving, particularly in the southeastern corridor. The hospitality industry is responsible for over 22,000 jobs alone.

Connecticut continues to profit from hospitality business: In fiscal year 2015-2016, the state raked in more than \$61 million from convention, meeting and sporting event attendees. Nearly \$5 million was generated in tax revenue for the state. When an industry is thriving, it may merit consideration by investors.

A third direction for investing in your own backyard is to do so literally. Consider real estate in the town, county, or state in which you live.

Perhaps that might take the form of buying your first home or income property. Or it might be a commercial property. In both cases, buyers should consider not just the purchase price and mortgage, but property taxes, insurance, maintenance, utilities and repairs.

As with any investment, all these possibilities offer potential rewards along with potential risks.

Valerie B. Dugan is a senior vice president and financial advisor with the Global Wealth Management division of Morgan Stanley in Hartford. For more information, please contact Valerie at 860-275-0779.