Where Are We Now?

New Hampshire's Economy in 2009

State of New Hampshire
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Executive Summary

Review of the Economy

Through the end of 2008 and heading into 2009, the New Hampshire economy could not stay detached from the national recession, or ignore its dependence on the global economy. Some of the indicators are the following:

- The state's unemployment rate (seasonally adjusted) for May 2009 was 6.5 percent, a 2.8 percentage point increase from a year earlier. However, in comparison to the nation's unemployment rate at 9.4 percent New Hampshire is faring relatively well. New Hampshire's unemployment rate is the lowest in New England.
- Initial claims for unemployment spiked in December 2008 to 13,189, a level not reached in the state since January 1975. Since then the volume of both initial and continued claims have remained at an elevated level not experienced in New Hampshire since spring of 1975.

Nonfarm Employment by Industry

Employment losses have become more widespread. Overall, both Goods producing and Service providing industries experienced declines in employment over-the-year.

- Nonfarm employment in May 2009 dropped 16,000 jobs over-the-year, and totaled 634,100.
- *Manufacturing* and *Construction* were the two sectors hit the hardest. *Manufacturing* lost 7,900 jobs over-the-year and *Construction* lost 4,300 over-the-year (May to May).
- *Manufacturing* lost 500 jobs from April to May. However, that loss was about half the losses the state experienced in each month during the second half of 2008 and in the first three months of 2009.
- *Retail trade* employment did not increase as much as usual in December 2008, and in turn did not shed as many jobs as usual in January 2009.
- Despite the downturn in the economy, the *Education and health services* supersector added 2,600 jobs over-the-year.

Exports to the World

The level of New Hampshire's exports remained strong through fourth quarter 2008.

- The trend dramatically changed as the effects of the global recession took hold during first quarter 2009. New Hampshire's exports to the world dropped by 28.3 percent from fourth quarter 2008 to first quarter 2009.

Housing Market

The current recession period continues to have a negative impact on the New Hampshire housing market. Housing values have continued to decline. New residential building permits are at historically low levels and the number of foreclosures are at a historically high level.

- In May 2009, the median sale price was down 15.79 percent over-the-year.
- In first quarter 2009, the total number of sales on existing homes (single-family, apartment condos, and co-ops) was down 10.6 percent over-the-year, and down 8.7 percent from the previous quarter.
- The total number of foreclosures during the first four months of 2009 was very close to the same number as during the first four months of 2008.

Population

Over the last two periods, from 2006 to 2007 and from 2007 to 2008, New Hampshire's population has grown by approximately 3,500 people annually. With the exception of the early 1990's, the state has not experienced such a slow growth in more than 50 years.

- When examining the components of the population growth for New Hampshire from 2007 to 2008, it becomes clear that the population growth was driven by the natural increase of 4,279 persons statewide.
- From 2000 to 2008, the state gained close to 32,000 residents from domestic migration – a stark difference from the net migration loss of 912, which included 2,473 domestic out-migrants from 2007 to 2008.
- New Hampshire's median age was 40.2 in 2008; in comparison the median age for the nation was 36.8.
- The population of Coös and Carroll counties decreased from 2007 to 2008.

With the combination of slow growth from a lack of new residents moving into the state and an aging population, the state is concerned about maintaining an educated workforce. The 55% Initiative is an important strategy encouraging students attending colleges and universities in New Hampshire to live and work in the state after graduation.

Measuring Unemployment in New Hampshire

Even with seasonal fluctuations, New Hampshire typically maintains one of the lowest unemployment rates in the nation.

- The biggest recent jump of the not seasonally adjusted unemployment rate was from December 2008 to January 2009 when the rate spiked 1.4 percentage points, reaching 5.7 percent.
- Alternative measures for labor underutilization for states have been developed because the federal definition of unemployment is a narrow measure that does not communicate the wide range of people's attachment to the labor market.
- During 2008, the largest share of claimants in New Hampshire, 14.8 percent, were from *Construction* industries.
  - *Construction* makes up less than four percent of the state's total covered employment.
- The youngest age group of claimants, age 16 to 24, made up the largest share of the total unemployed population, almost 36 percent, but they make up barely seven percent of the claimants.
- As of May 2009, one of every three active claimants had collected 15 weeks or more of unemployment compensation benefits. This was an increase from one of every four claimants in 2006.

Comprehensive Fourth Quarter 2007 to Fourth Quarter 2008 Covered Employment Analysis

From June 2007 to June 2008, New Hampshire realized its first monthly over-the-year decline in employment since 2003.

- From June through December 2008, employment in each month fell below corresponding 2007 levels.
- Among the bright spots, *Health care and social assistance* experienced the largest net gain over-the-year. The industries with the next largest net employment increases were *Management of companies and enterprises* and *Educational services*.

Business Employment Dynamics

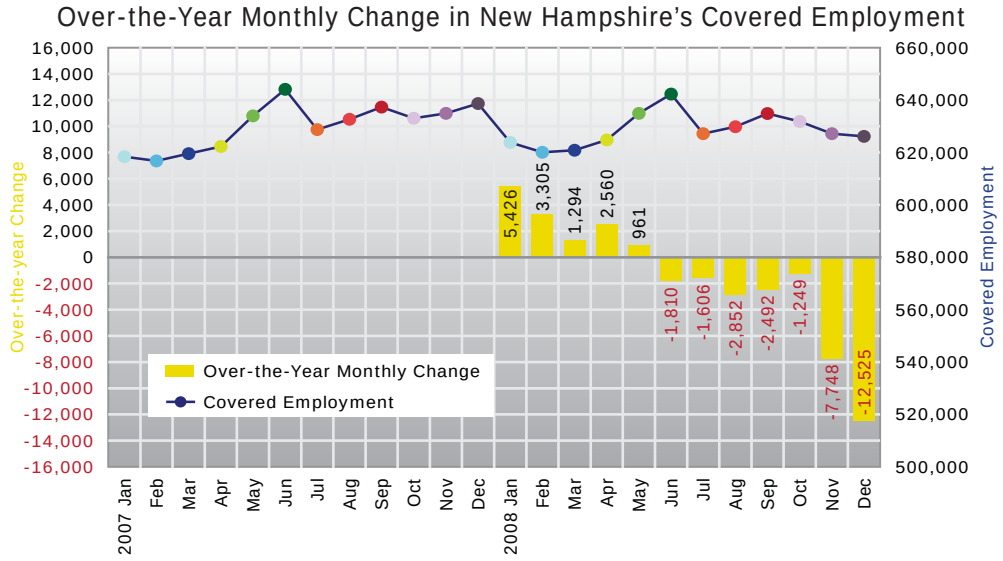
Micro employment shifts of gross job gains and gross job losses from quarter-to-quarter reveal more dynamics than the net effect of those movements.

- Typical seasonal swings that are normally present from third to fourth quarter were significantly muted in *Retail trade*, as the change over-the-quarter in 2008 did not reach corresponding employment levels of other years.

Review of the New Hampshire Economy

In the Economic Analysis Report for 2008 New Hampshire's economic situation was described as "steady in light of the highly publicized economic difficulties facing the nation." But that situation changed significantly, as New Hampshire was not able to withstand the external pressures from a global recession. Late in 2008, after the financial crisis hit Wall Street, the forces of globalization caused much of the world to become victim of a recession as well. The current economic downturn has shown that demand for goods and services are interconnected worldwide.

New Hampshire's seasonally adjusted unemployment rate started to increase slightly in the beginning of 2008 from January's rate of 3.5 percent to February's rate of 3.7 percent and stayed unchanged until July. Then the rate started to climb, reaching 4.3 percent by December 2008. The effects of the recession struck the state in January 2009, when the rate jumped dramatically to 5.2 percent, a 0.9 percentage point increase over the prior month. The number of initial unemployment claims for the month of December 2008 vaulted to 13,189, an 84 percent increase over-the-month and an increase over-the-year of 75 percent. In December 2007 the number of initial claims was 7,536. Since December 2008, the volume of claims has stayed high, reaching a level not experienced in New Hampshire since the winter and spring of 1975. The spike in claims was a clear indication that New Hampshire was not immune from the economic downturn in the region, the nation and the rest of the world.



Covered employment data show that from June 2007 to June 2008 the state lost employment over-the-year for the first time since May 2002 to May 2003. Through the summer job losses increased slightly, but there was no clear indication that New Hampshire was heading for a deepening recession. In large part, the New Hampshire story can be told by the employment change in the fourth quarter of 2008. Monthly employment for October 2008 was 1,249 lower than October 2007 and November 2008 was 7,748 lower than November 2007. From December 2007 to December 2008, New Hampshire lost 12,525 jobs.

The most telling over-the-month decline in the New Hampshire labor market occurred in December 2008 as the number of total jobs slipped from 627,188 in November 2008 to 626,143 in December 2008, a net job loss of 1,045. A November to December drop in covered employment in New Hampshire had not occurred since at least 1975 (the earliest available monthly data). Over the last decade, the state added on average more than 5,000 jobs from November to December. The abrupt decline in employment at the end of 2008 propelled by a lack of usual seasonal increases upset the state's expected seasonal employment pattern.

The American Recovery and Reinvestment Act - ARRA

When the stark economic conditions finally hit New Hampshire, other parts of the nation had been struggling for months. Congress and the incoming president had for a couple of months been working on a stimulus package intended to mitigate the economic crisis. As a result, the American Recovery and Reinvestment Act (ARRA) was signed into law on February 17, 2009. Nationally, ARRA authorized a $787 billion recovery package, intended to turn the economy around. Shortly after the ARRA legislation was signed New Hampshire announced that the state was taking bids for transportation improvement projects, financed through ARRA.

As a considerable share of the ARRA funds will be awarded through competitive grants, it is difficult to estimate the full amount New Hampshire will be receiving. According to the state's Office of Economic Stimulus, the state has to date expended $233.8 million of ARRA funding.[1]

As of June 16, 2009, $106 million of ARRA Highway and Bridge projects have been advertised. The direct impact of this expenditure is starting to be seen as the

1. Perry, Manuela (<nhoes@nh.gov>). Legal Secretary at State of New Hampshire, Office of the Governor, Office of Economic Stimulus. *ARRA Information*. E-mail sent on Wednesday, June 24, 2009 at 8:40AM EST.

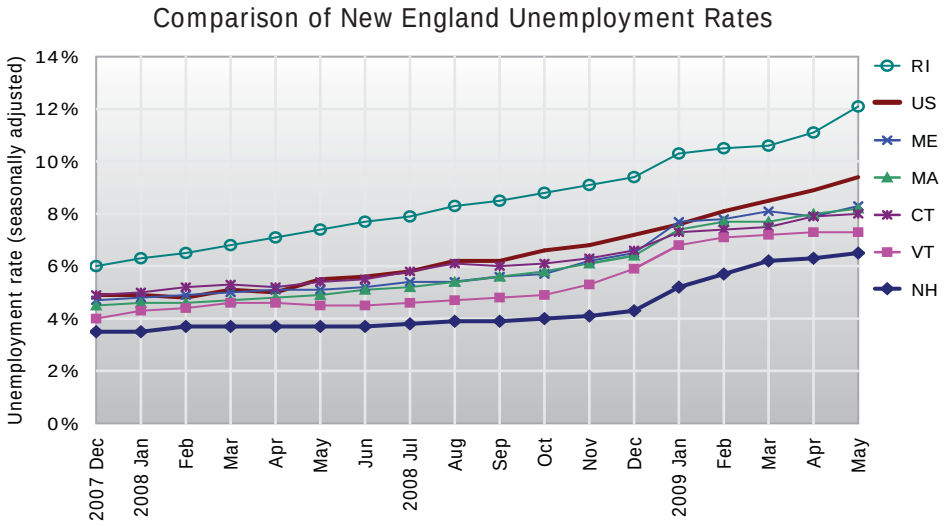
New Hampshire Department of Transportation has broken ground on highway and bridge infrastructure projects and road construction signs go up on the state's highways.

Current Labor Market Conditions

The seasonally adjusted unemployment rate for New Hampshire was 6.5 percent in May 2009, an over-the-month increase of 0.2 percentage point. Despite the relatively small change over-the-month, the unemployment rate for New Hampshire was 3.0 percentage points higher than in December 2007. An unemployment rate of 6.5 percent for New Hampshire had not been seen since April 1993. The number of unemployed persons in New Hampshire in May 2009 was 48,150, an increase of 20,860 from a year earlier.

New Hampshire is faring better than the country as a whole. The national unemployment rate for May 2009 was 9.4 percent, 2.9 percentage points higher than the rate for New Hampshire.

In comparison to the region, New Hampshire's unemployment rate is lower than any other state. The May 2009 seasonally adjusted unemployment rate for Rhode Island was 12.1 percent. The seasonally adjusted unemployment rates in all other states in New England were lower than the national average. Vermont's unemployment rate for May was 7.3 percent, Connecticut's rate was 8.0 percent, Massachusetts' rate was 8.2 percent and the rate for Maine was 8.3 percent.



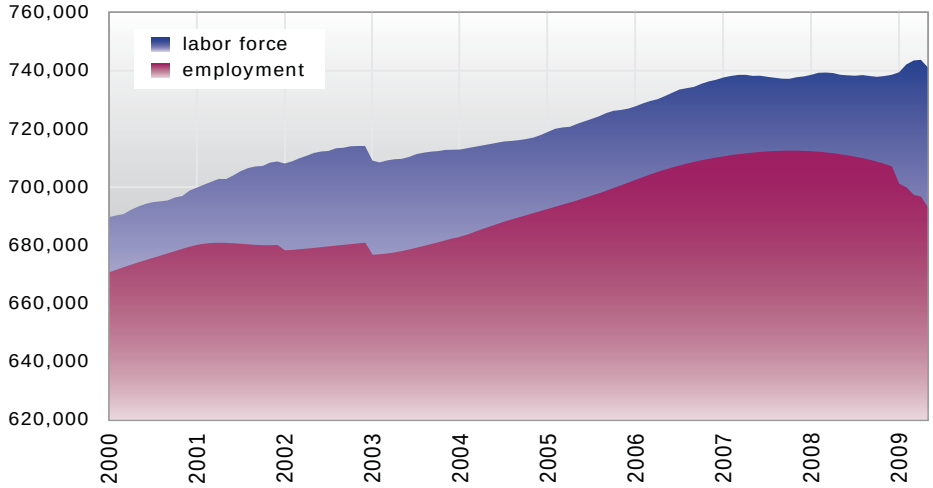
The dynamics between the three components of labor force statistics have shifted dramatically since December 2008. Seasonally adjusted, more than 5,100 persons were added to the labor force from December 2008 to April 2009. Over the same timeframe, employment dropped by about 10,400, so an additional 15,500 people were out of work. It might seem counter-intuitive that as jobs became scarcer in New Hampshire, additional people joined the labor force. This increase in the labor force in the current economic times might indicate that retirees and previously non-working spouses were re-entering the labor force as retirement portfolios were devalued and as some primary breadwinners lost their jobs (still in the labor force and looking for work, but unemployed).

Despite the fact that the economic situation in New Hampshire fell more in line with regional and national trends at the end of 2008, the state is still comparatively better off. But for a state that historically has had a very low unemployment rate, the current situation creates substantial pressure on the state's public and private social service organizations.

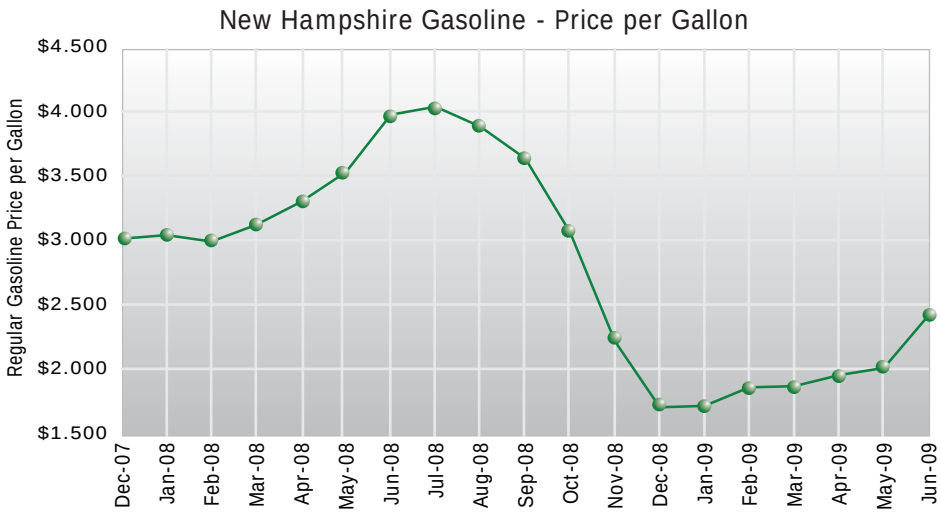
Outlook for Seasonal Businesses

Current data cannot indicate how well the state will fare during the 2009 tourist season. According to the "New Hampshire Division of Travel and Tourism Visitor Barometer,"[2] the attendance at participating alpine ski areas decreased by 7.3 percent in winter 2007-2008 in comparison to the prior winter and direct spending was down 7.4 percent. Early on in the

New Hampshire Seasonally Adjusted Labor Force and Employment



2. "New Hampshire Division of Travel and Tourism Visitor Barometer, Winter 2008-09." Travel Barometers Archive. University System of New Hampshire, Plymouth State University, Institute for New Hampshire Studies. Accessed June 25, 2009. <oz.plymouth.edu/inhs/Barometers/4_NH_Visitor_Barometer_Winter_2008-09.doc>.



Prices surveyed all Mondays, October through March; and first Mondays, April -September. NH Office of Energy and Planning. Accesssed on June 17, 2009, <www.nh.gov/oep/programs/energy/documents/NewHampshireEighteenMonthPriceTrend.pdf>

winter season, ski areas were relatively optimistic as many skiers purchased season passes in advance. The fact that gas prices came down to a more normal level should have helped the winter recreation tourist season as well. But the deepening recession and the ice storm in December 2008 contributed in a negative fashion.

Since January 2009 gas prices started to go up again and by the end of June gas prices were at $2.60 per gallon. In 2008 the average price in New Hampshire for a gallon of regular retail gas peaked in early July at $4.03.[3]

Recently, the term "Staycation" has become more commonplace, meaning families are staying at home and making day trips. But the weather in June 2009 has not encouraged the notion of going to the beach or making a day trip to the lakes. According to the National Weather Service, June 2009 was on track to be the sixth wettest June ever recorded, with approximately three times as many inches of rain than average.[4] Summer has just begun so it is too early to predict how well the remaining summer will fare. Depending on the weather, the tourists will definitely come to New Hampshire and local residents will enjoy the local attractions as well, but it is likely that spending will be down compared to other years, as consumers seem to be more cautious.

3. NewHampshireGasPrices.com. June 16, 2009. Accessed July 2, 2009. <www.newhampshiregasprices.com>.

4. LaFay, Ali. "NH on track for very soggy month". The Eagle Tribune. June 23, 2009. Accessed June 29, 2009. <www.eagletribune.com/archivesearch/local_story_173214924.html>.

Employment by Industry

The current recession originated in the burst of the housing bubble and the crisis in the financial sector. Currently the economic downturn is taking its toll on the automotive industry, as a decline in consumer spending and consumer loans have put a damper on sales of new vehicles.

New Hampshire has a mix of large commercial and small community banks and credit unions. Most of these institutions were not involved in sophisticated credit-default swaps and other complex derivatives. Early on in the recession New Hampshire banks claimed to be healthy and had few problems lending money to businesses. Six New Hampshire banks opted to accept federal money from the Capital Purchase Program under the Troubled Asset Relief Program (TARP).[5] The purpose of the money under the Capital Purchase Program was not so much to bail out the banks as to increase bank capital in smaller financial institutions to support new lending.

The perception of the New Hampshire economy being much healthier than the region and the nation changed as the recession spread and began to affect more industries. Consumer and business spending decreased significantly, both locally and worldwide. As time went on, New Hampshire lost its immunity from the national recession. Demand for goods and services in general weakened, causing the *Manufacturing* sector to further deteriorate. The housing market continued to decline, holding back new construction.

On the national level, in the first quarter of 2009 gross domestic product (GDP) contracted at an annual rate of 5.5 percent. That was actually an improvement over the 6.3 percent annualized drop in the fourth quarter of 2008 – the biggest in a quarter-century. Over those two quarters the majority of the decline in GDP came from lack of business and residential investment as well as large declines in exported goods. These declines translated into employment losses in *Manufacturing*, *Construction*, and *Professional and business services*, nationally as well as in New Hampshire.

5. Sanders, Bob. "The TARP dilemma: N.H. banks weigh the wisdom of taking Treasury funds." Allbusiness.com. January 16, 2009. Accessed July 2, 2009. <www.allbusiness.com/banking-finance/banking-institutions-systems-savings/11775602-1.html>.

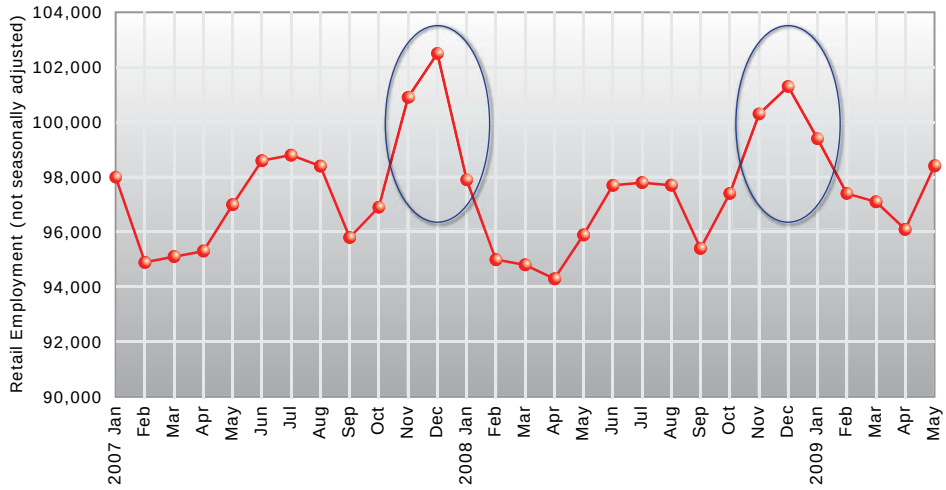
The Troubled Assets Relief Program (TARP) is a program of the United States treasury to purchase assets and equity from financial institutions in order to strengthen its financial sector. The Capital Purchase Program (CPP), which is part of the pool of money under TARP, was originally set up for nine larger financial institutions, some of which were indeed in trouble because of their exposure to subprime mortgages. Of the nine, only Bank of America — which had recently acquired Merrill Lynch — has branches in New Hampshire.

Retail Trade Sector Impacted by the Lack of Consumer Confidence

As the recession hit New Hampshire late in 2008, in the midst of gearing up for the holiday shopping season, many retailers did not hire the usual numbers of seasonal workers. From November to December 2008, only 1,000 additional workers were hired, which is low in comparison to other year-end holiday seasons in New Hampshire. Over the last decade, on average 2,400 jobs were added to *Retail trade* from November to December. Interestingly, the employment decrease in *Retail trade* from December 2008 to January 2009 was 1,900. This was a far smaller amount than the average December to January drop over the last ten years of more than 5,000 workers.[6]

With the weak job market and declining housing values, consumers have been spending much more cautiously. The national personal savings rate, annualized, rose from 5.6 percent in April to 6.9 percent for May, a savings rate not experienced since December 1993.[7]

Employment in Retail trade did not add many jobs in December 2008 but did not shed many jobs in January 2009, either.



6. *Based on not seasonally adjusted nonfarm data.*

7. "Personal Income and Outlays, May 2009." News Releases. June 26, 2009. Bureau of Economic Analysis, U.S. Department of Commerce. Accessed June 26, 2009. <www.bea.gov/newsreleases/national/pi/pinewsrelease.htm>.

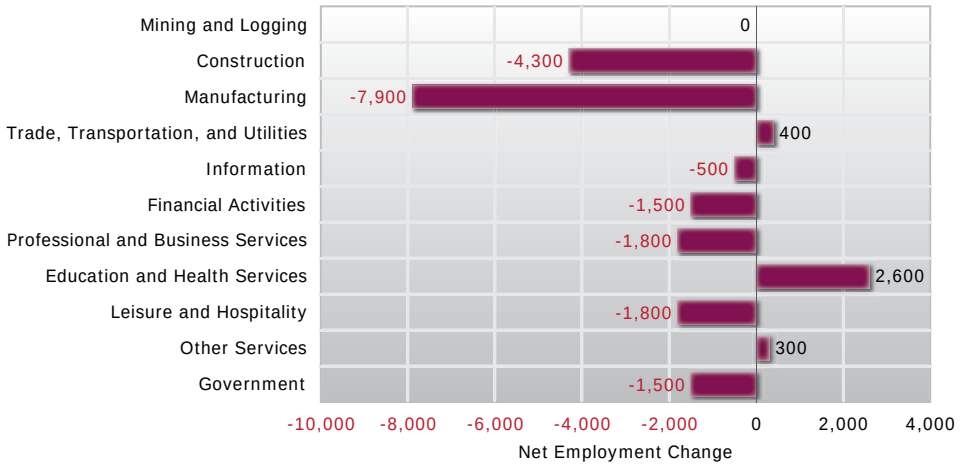
Employment Losses Are More Widespread

Nonfarm employment, not seasonally adjusted, for May 2009 showed an increase of 7,500 jobs over-the-month. However, the state still lost 16,000 jobs over-the-year, a 2.5 percent decline in nonfarm employment. In light of the current recession, the over-the-month growth in employment could be assessed as a positive sign, although a typical seasonal increase for the month of May was to be expected. (Seasonally adjusted nonfarm employment even showed an increase of 600 jobs.)

Supersectors most severely affected over the last year were *Manufacturing* and *Construction*. *Construction* lost 4,300 jobs over-the-year, while *Manufacturing* lost 7,900 jobs, the most of any of the supersectors. Most recently *Construction* has seen over-the-month gains, although *Manufacturing* lost another 500 jobs over the month (April-to-May). Still, this was only about half the *Manufacturing* losses the state experienced in each month during the second half of 2008 and the first three months in 2009.

In spite of the overall decline in *Manufacturing*, it is worthwhile to point out that out that *Navigational, measuring, electromedical and control instruments* gained 300 jobs over the year. This gain might be a glimmer of hope that some of the highly advanced manufacturing industries will come out of this recession even stronger. Another glimmer of hope is that none of the individual published industries in durable goods manufacturing showed change over the month. Under current economic conditions, no employment drop in *Manufacturing* is good news.

Nonfarm Employment Change from May 2008 to May 2009



Both *Leisure and hospitality* and *Professional and business services* lost 1,800 jobs since May 2008. Employment losses in *Leisure and hospitality* were driven by a loss of 1,500 jobs in *Arts, entertainment and recreation*. Within *Leisure and hospitality*, *Accommodation* declined by 300 jobs, whereas employment in *Food services and drinking places* did not change over-the-year. This might indicate that consumers are still going out to eat, but have decided to reduce the amount of money spent on overnight getaways. The majority of the employment losses in *Professional and business services* from May 2008 to May 2009 were in *Administrative and support and waste management and remediation services*. This private industry sector includes *Employment services*, which encompasses *Temporary employment services*.

Over-the-year, *Trade, transportation and utilities* and *Other services* had job gains of 400 and 300, respectively. The employment levels in all the remaining supersectors, except for *Education and health services*, were lower in May 2009 than May 2008.

Despite the downturn in the economy, *Education and health services* added 2,600 jobs over-the-year. With the shrinking value of private university endowments, private *Colleges, universities and professional schools* started to show signs of retrenchment as employment over-the-year declined by 400 jobs. The health care sector which has experienced strong employment growth over the last couple of years is under increasing pressure to cut costs. It is therefore questionable whether this sector will continue to expand as much as in the past. Health insurance premiums have been growing at up to double digit rates and many businesses find it very hard to afford health insurance premiums for their employees. With more people depending on Medicare, government spending on health care has increased as well. In New Hampshire the number of persons enrolled in Medicare (Hospital Insurance and/or Supplementary Medical Insurance) increased by 12.5 percent between 2004 and 2007.[8]

8. Medicare Enrollment Reports. U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Accessed June 26, 2009. <www.cms.hhs.gov/MedicareEnrpts/>.

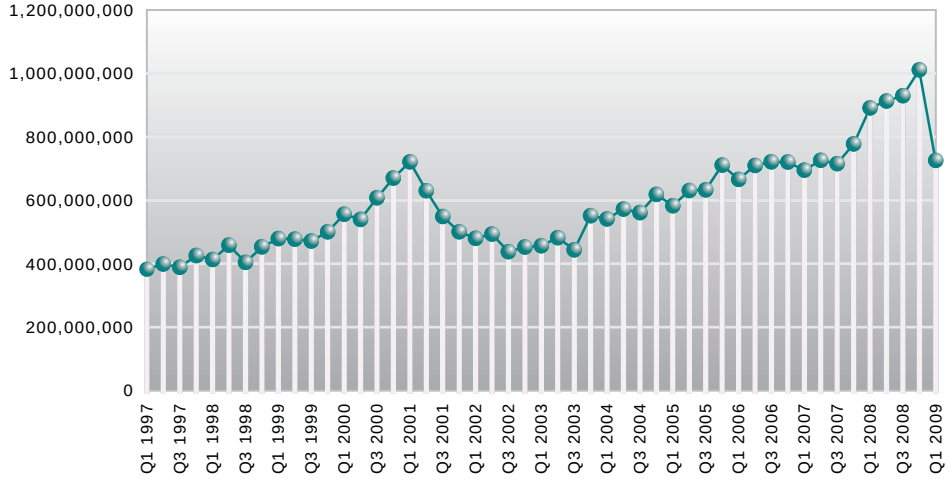
New Hampshire's Exports to the World

In the middle of all the news stories of how the economy was deteriorating in the fall of 2008, the announcement that third quarter export trade data for New Hampshire still showed an increase was in contrast to a slowdown in national exports. Export trade data from the World Institute of Strategic Economic Research (WISERTrade) showed that the total dollar value of exports from New Hampshire to other countries increased in fourth quarter 2008 by 8.8 percent, reaching a historic high of more than one billion dollars (measured in current dollars, unadjusted for inflation). Total exports to the world from all states combined declined 12.2 percent from third to fourth quarter of 2008.

The good news didn't last as the trend was dramatically reversed from fourth quarter 2008 to first quarter 2009, when exports from New Hampshire to the world dropped by 28.3 percent. This quarterly drop of more than a quarter billion in dollar value of exports is similar to the drop in exports over six quarters from first quarter 2001 to third quarter 2002, when New Hampshire exports bottomed out in response to the 2001 economic downturn. The fact that this current economic recession turned global is evident with the large over-the-quarter decline. It is also a major reason why New Hampshire was not exempt from the economic crisis.

The three main contributors to New Hampshire's exports by industry are *Computer and electronic products*, *Machinery (except electrical)*, and *Electrical equipment, appliances and*

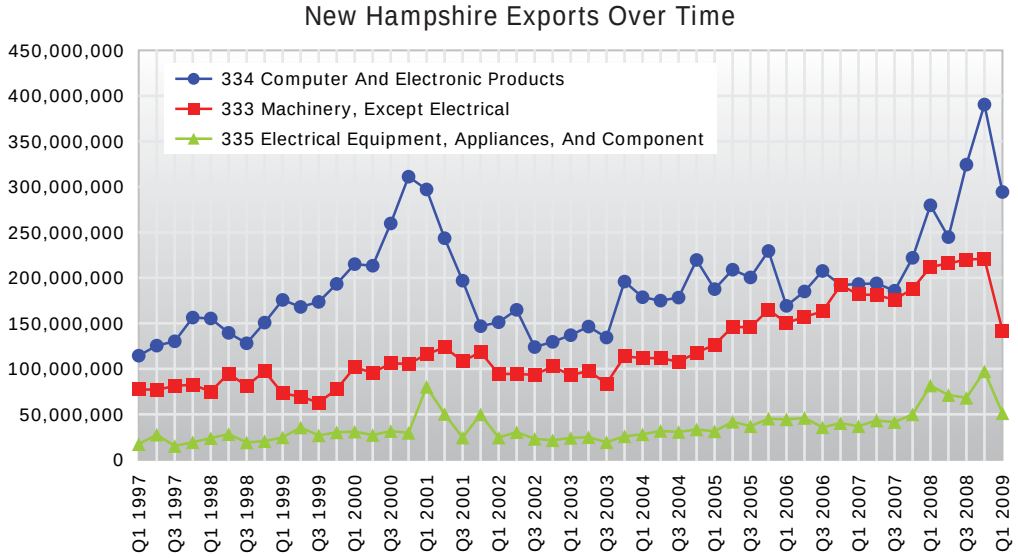
Total Value of Exports from New Hampshire to the World



Data provided by World Institute for Strategic Economic Research (WISER). <www.wisertrade.org>. From US Census Bureau, Foreign Trade Division.

components. In 2008, the value of exports from *Computer and electronic products* accounted for a third of total exports from New Hampshire. Combined, the three largest exporting industries made up two-thirds of the state's exports. These three industries experienced large growth in the value of exports from 2007 to 2008 and all three industries reversed the trend in first quarter of 2009. The value of exports in first quarter 2009 from *Machinery* and from *Electrical equipment, appliances and components* fell below their level of exports in first quarter 2008, although the value of exports in *Computer and electronic products* increased over-the-year by 5.2 percent. Another large exporting industry, *Plastic and rubber products*, increased by 10.1 percent over-the-year but decreased in the value of exports from fourth quarter 2008 by 7.8 percent.

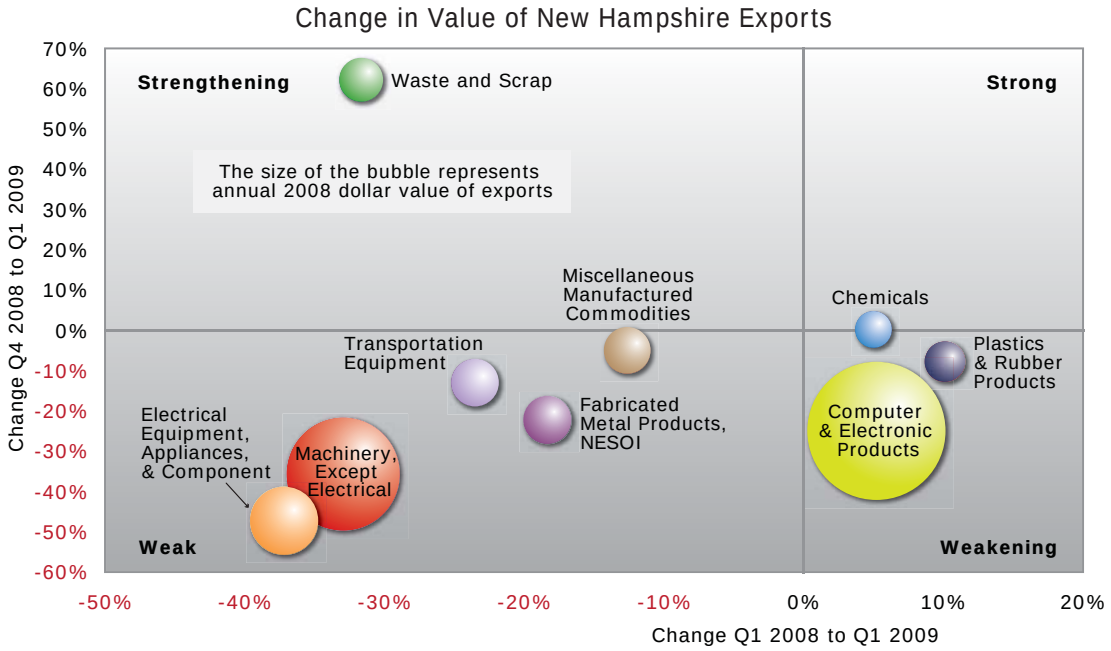
It is too early to depict which exporting industries are going to help lead the state out of the recession. Because the total value of exports from New Hampshire to the world in first quarter 2009 was well below the level of exports a year earlier, it is no surprise that most of the export industries are on the decline. Industries showing a decline in exports both over-the-year and over-the-quarter are defined as ***weak***. If exports declined over-the-quarter, but the value of exports increased over-the-year, the industry is defined as ***weakening***. If exports increased over-the-quarter, but declined over-the-year, the industry is defined as ***strengthening***. Finally, if the value of exports increased both over-the-quarter and over-the-year, the industry is defined as ***strong***.



Data provided by World Institute for Strategic Economic Research (WISER). <www.wisertrade.org>.
From US Census Bureau, Foreign Trade Division.

Among the top New Hampshire exporting industries, only *Chemicals* (which includes pharmaceutical products) can be barely included in the ***strong*** export industry category at this time. This industry experienced a five percent growth over-the-year and a slight increase from fourth quarter 2008 to first quarter 2009. Given that the dollar value of exports from *Chemicals* only accounted for 2.4 percent of the value of total exports from New Hampshire, its ability to help lead the economy out of recession is limited.

Computer and electronic products, the largest exporting industry in New Hampshire, is in the ***weakening*** category. The second and third largest exporting industries in New Hampshire, *Machinery (except electrical)* and *Electrical equipment, appliances and components*, are included in the ***weak*** category. However, these two industries are lagging due to the size of the drop in exports in first quarter 2009. Their substantial drops brought the current levels of exports down to those of the previous year or even earlier.



NESOI = Not Elsewhere Specified Or Included

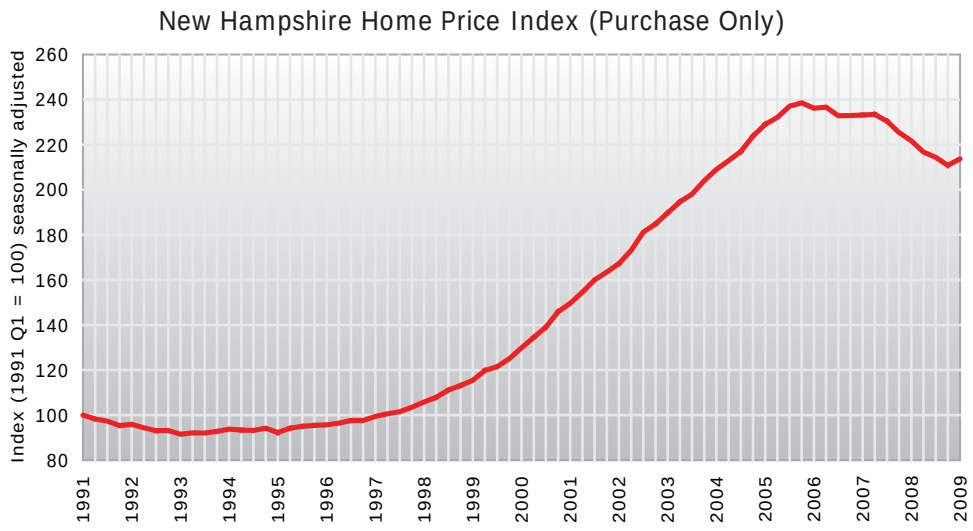
Data provided by World Institute for Strategic Economic Research (WISER). <www.wisertrade.org>.
From US Census Bureau, Foreign Trade Division.

Housing Market

Monthly data for May 2009 from the Northern New England Real Estate Network showed year-to-date "sold listings" down 6.44 percent from a year earlier and median sale price down 15.79 percent. Median sales price in New Hampshire for May 2009 was $210,000, an over-the-month increase of 3.45 percent.[9]

Data from the Federal Housing Finance Agency, referred to as the Home Price Index (Purchase-only)[10] showed that the value of homes in New Hampshire with conventional mortgages purchased or securitized by Fannie Mae or Freddie Mac in first quarter 2009 decreased by 3.5 percent from first quarter 2008.

Home sales in New Hampshire are still suffering greatly, both in terms of number of sales as well as in value. Data from the National Association of Realtors for first quarter 2009 showed that the total number of existing home sales for single-family, apartment condos and co-ops

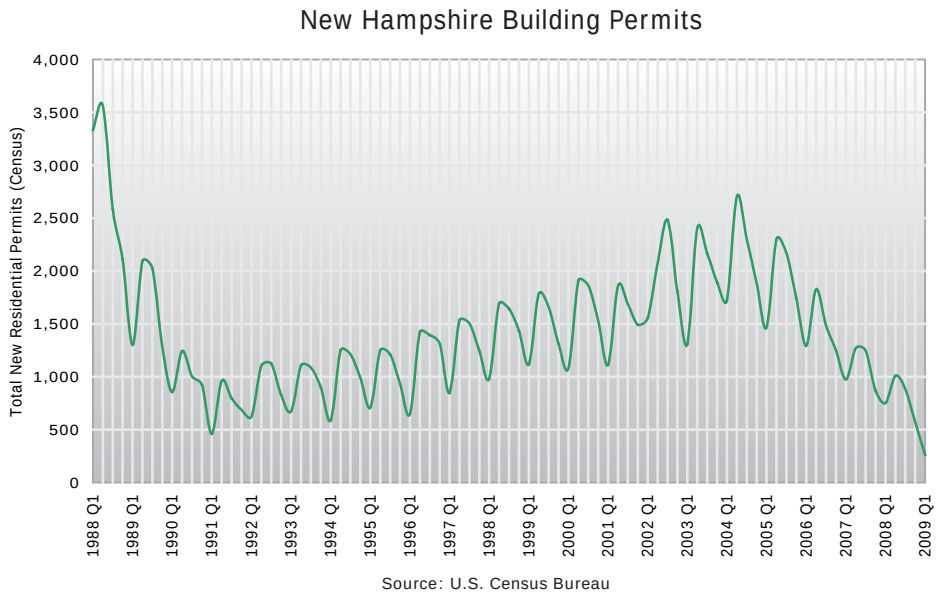


9. "Monthly Statistics Report - May 2009 for New Hampshire." NNEREN Statistics. June 8, 2009. Northern New England Real Estate Network. Accessed June 29, 2009. <www.nneren.com/UserFiles/File/May09%20NH%20Web.pdf>.

Copyright 2009 Northern New England Real Estate Network, Inc. The reproduction of these statistics is done with the permission of NNEREN. The statistics referenced herein are based solely upon listings submitted to the multiple listing service database of NNEREN and do not include all properties sold and marketed for sale. All information deemed reliable but not guaranteed. Any analysis or commentary related to these statistics is that of the commentator, and not that of NNEREN.

10. "Four-Quarter Price Change by State: Purchase-Only Index (Seasonally-Adjusted)." News Releases. May 27, 2009. Federal Housing Finance Agency. Accessed July 2, 2009. <www.fhfa.gov/webfiles/2406/1q09hpi.pdf>.

The home price index (purchase only) is based on transactions involving conforming, conventional mortgages purchased or securitized by Fannie Mae or Freddie Mac. Only mortgage transactions on single-family properties are included. It measures repeat sales only.



was 18,400, down 8.7 percent from the previous quarter and down 10.6 percent from first quarter 2008. The median sales price of existing single family homes for metropolitan areas showed a decline in first quarter 2009 of 15.9 percent over-the-year for the Northeast, which is a larger decline than the nation at 13.8 percent. Median sales price in Manchester–Nashua, the only metropolitan area in New Hampshire listed separately, was $215,700 in first quarter 2009, down 12 percent over-the-year. Most of the decline in the sales value for the Manchester–Nashua area happened from fourth quarter 2008 to first quarter 2009.

Total new building permits for the first four months of 2009 are at an all time low (for as far back as data exist - January 1969).[11] The number of residential permits for April 2009 was about half of the number in April 2008. On an annual basis, building permits in New Hampshire peaked in the years 2002 to 2004. New residential housing permits are at a historic low, partly due to the lack of financing opportunities, partly due to a high number of existing houses for sale, and partly due to the price devaluation of existing homes. New residential building permits are often used as an indicator of how strong the housing market is. Housing permits will have to be monitored over the summer in order to determine if there are any signs of recovery in the New Hampshire housing market.

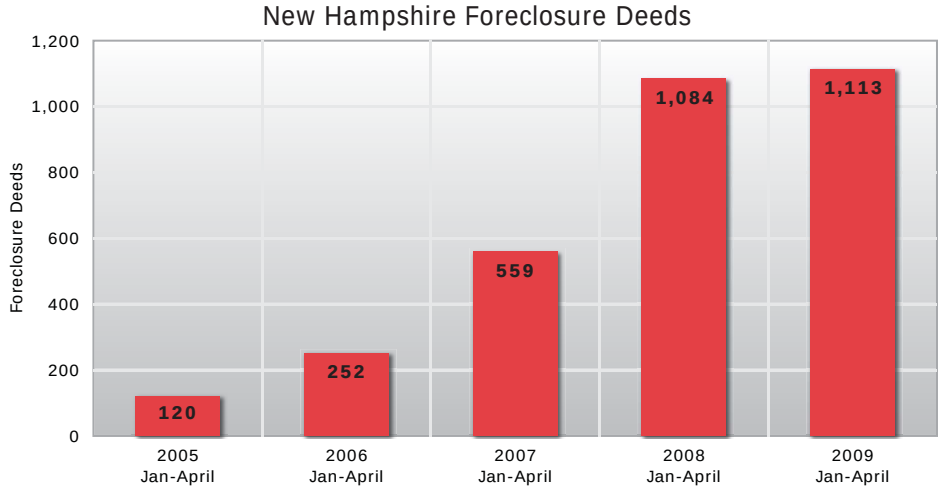
11. "Housing Units Authorized by Building Permits, Table 2 - United States, Region, Division and State." Manufacturing, Mining, and Construction Statistics. May 2009. U.S. Census Bureau. Accessed July 2, 2009. <www.census.gov/const/www/C40/table2.html#monthly>.

Foreclosure Data

The number of foreclosures in the first four months of 2009 rose modestly compared to the first four months of 2008 (1,113 for January to April 2009, up slightly from 1,084 during the same four months in 2008).

Since 2005, on an annual basis the number of foreclosures in New Hampshire has increased sharply. In 2005, the total number of foreclosures was only 462, compared to 3,563 foreclosures in 2008. According to the Mortgage Bankers Association's National Delinquency Survey, the foreclosure initiation rate in New Hampshire in the first quarter 2009 increased to 1.0 percent. This rate is very close to the rate for New England but still 0.37 percentage point below the nation. The increase in the number of foreclosures in New Hampshire is in line with the regional trend for New England.

Over the last two quarters, there has been a shift in the share of foreclosures for prime loans versus subprime loans. Until fourth quarter 2006 the subprime loan share of foreclosure initiations was rising. The share of foreclosures from subprime loans peaked at about 70 percent in fourth quarter 2006. In contrast, for the two most recent quarters, subprime loans made up less than 50 percent of foreclosures. Though subprime loans only comprise about 10 percent of mortgages in New Hampshire, the shift indicates that subprime loans are no longer the leading cause behind the foreclosures. At this point, the rise in the number of unemployed, a decrease in income and wealth, and the inability to sell real estate at the appraised value are the main drivers behind the increase in foreclosures. These factors affect a wide range of homeowners – well beyond primarily those with subprime mortgages.



Source: Real Data Corp. Compiled by New Hampshire Housing

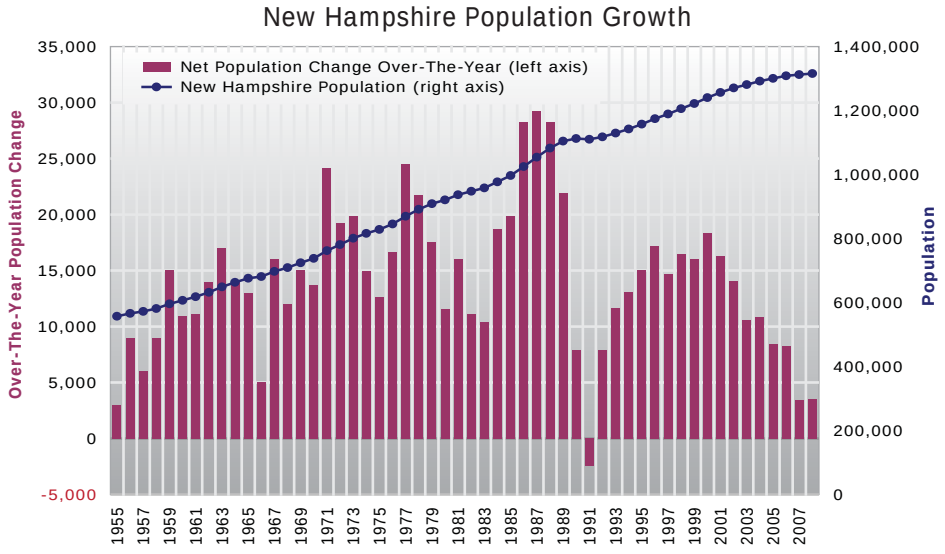
Population

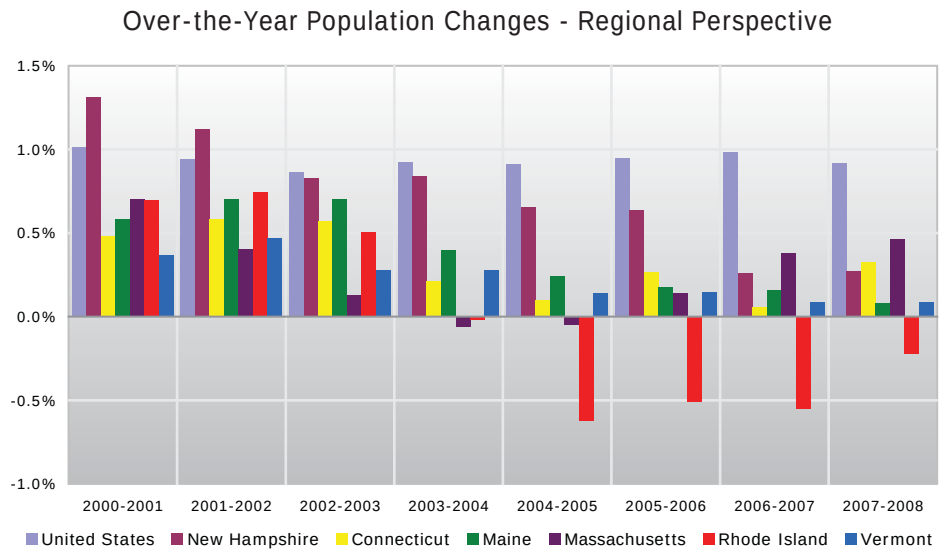
Over the last two periods, from 2006 to 2007 and from 2007 to 2008, New Hampshire's population has grown by approximately 3,500 people annually. With the exception of 1990 to 1991, when the state's population contracted, New Hampshire's population has not expanded by such a small amount for over 50 years. In comparison, the state experienced its largest expansion between 1985 to 1988, averaging a gain of more than 28,000 annually over that three-year period.

From 2002 to 2003 New Hampshire's population growth rate fell below one percent and continued to trend downward to 0.3 percent for both the 2006 to 2007 and the 2007 to 2008 time periods. Whether this recent slowing of the state's population growth is related to the lack of economic opportunities or whether it is related to the state getting closer to its potential population density threshold, only time will tell.

New Hampshire's Population Growth in a Regional Perspective

In the beginning of the current decade, New Hampshire's population grew at the fastest rate in New England and the state grew at a faster rate than the nation. From 2002 to 2006, even though the state's population grew at a slower rate than the nation, the state was still the fastest growing in New England. This regional picture started to change over the last two years. New Hampshire's growth has slowed down significantly and the population growth rates for the other New England states have slowed down as well. But New Hampshire is no longer the fastest





growing state in the region. The Commonwealth of Massachusetts was the fastest growing state in the region from 2006 to 2008, in spite of a population decline from 2003 to 2005.

Components of Population Change

Estimates of the components of resident population change for counties provide details on the underlying dynamic of population change. Changes to state and county resident population are the sum of two major components: natural increase and net migration. Natural increase is the net difference between births and deaths, and net migration is the sum of international migration and domestic migration. When examining the components of the population growth for New Hampshire from 2007 to 2008, it becomes clear that the population growth was driven by the natural increase of 4,279 persons statewide. The state, surprisingly, experienced a total net migration decrease of 912 residents. This overall drop consisted of 1,561 international net in-migrants added to 2,473 domestic net out-migrants. The fact that more people moved out of New Hampshire than moved into the state is a bit concerning, especially because it is the

New Hampshire	Total Population Change[a]	Natural Increase	Vital Events		Net Migration		
			Births	Deaths	Total	International[b]	Domestic
2007-2008 Population Change	3,553	4,279	14,447	10,168	-912	1,561	-2,473
2000-2008 Population Change	80,024	39,684	121,931	82,247	46,235	14,241	31,994

[a] Total population change includes a residual. This residual represents the change in population that cannot be attributed to any specific demographic component.

[b] Net international migration includes the international migration of both native and foreign-born populations. Specifically, it includes: (a) the net international migration of the foreign born, (b) the net migration between the United States and Puerto Rico, (c) the net migration of natives to and from the United States, and (d) the net movement of the Armed Forces population between the United States and overseas.

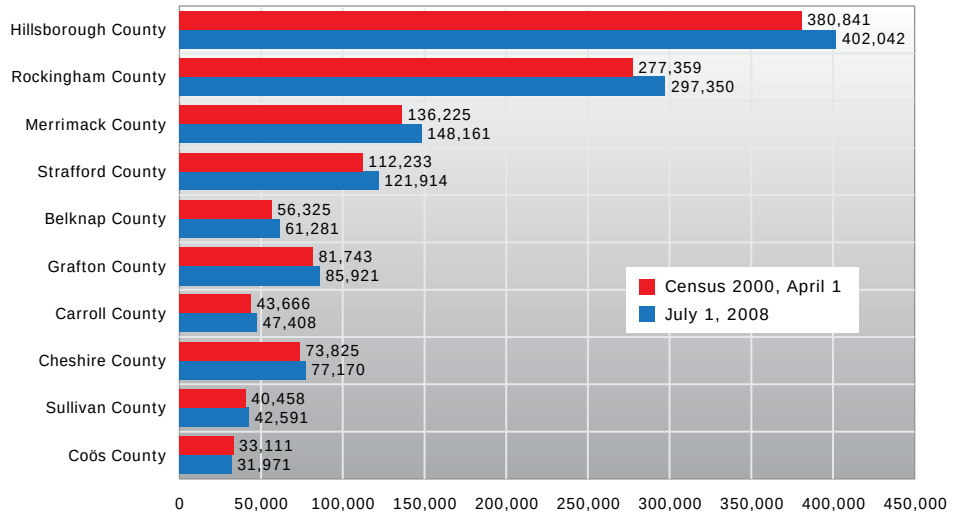
Source: Population Division, U.S. Census Bureau

second year in a row that the state lost population due to net out-migration. In comparison, the cumulative population change from 2000 Census to 2008 shows a different picture. Of the 80,024 residents New Hampshire gained over the eight-year period, more than half were attributable to net migration. A majority (close to 70 percent) of the gain from net migration came from domestic migration – the state gained close to 32,000 residents from domestic migration from 2000 to 2008.

Population by County

Two of New Hampshire's counties lost population over-the-year from 2007 to 2008. In Coös County, there were 374 fewer residents in 2008 than in 2007 and in Cheshire County, the resident count declined by 134 over-the-year. The population loss for Coös County was due to both domestic out-migration, and a natural decrease (meaning there were more deaths than births). In Cheshire County, the decline in population over-the-year was due to a larger domestic out-migration than the natural increase. Carroll County was the only other county to experience a natural decrease in population, but a larger number of domestic migrants resulted in population growth. Two factors driving the decline in Coös County's population are deteriorating economic conditions and a significantly older-than-average population. According to the 2005-2007 American Community Survey the median age for Coös County is 43.2. In comparison, the median age for Cheshire County was 38.9.

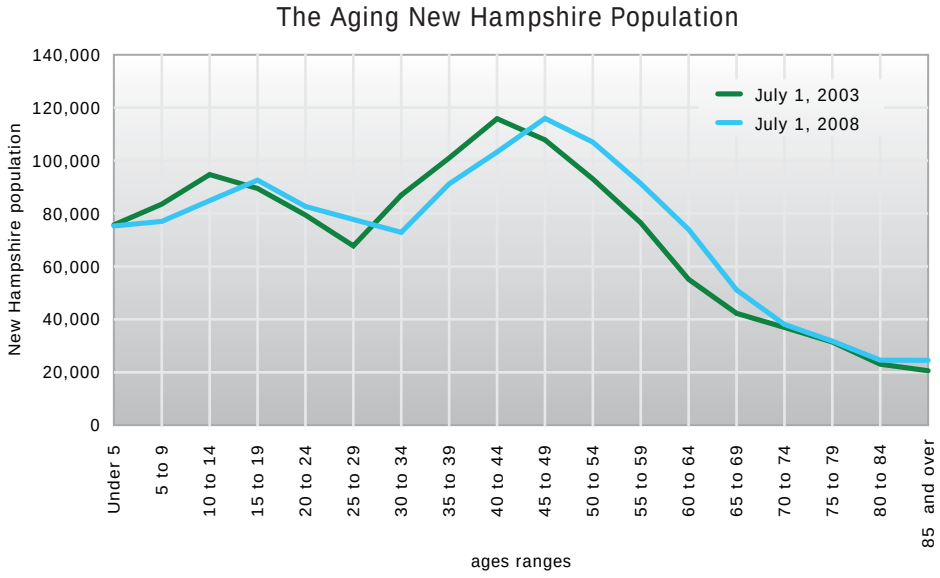
Population estimates from 2000 Census and July 1, 2008, sorted by the counties gaining the most population over the time frame



The slowing natural population increase in the northern third of the state has affected the availability of maternity services. Recently, Huggins Hospital in Wolfeboro announced that the maternity ward would close as of September 30, 2009 due to a decline in births. Huggins is the third hospital in the state closing its maternity unit within the last couple of years. The Upper Connecticut Valley Hospital in Colebrook stopped delivering babies a couple of years ago and Weeks Medical Center in Lancaster closed its maternity unit in April 2008. This left only one hospital in Coös County with a full maternity unit. For a hospital, a low frequency of births makes it economically unfeasible to operate a separate unit with specialized staff and equipment. The fact that hospitals are closing maternity wards in reaction to a declining need for obstetrical services presents an additional challenge to economic development in the North Country.

Population by Age

Statewide, the age groups 30-35 and 35-39 decreased over the last couple of years. That has raised some concern about the available labor force. However, the nation saw a decline in these age groups as well. Those who were 30 to 40 years old in 2008 belong to the group referred to as Generation X. This generation is smaller in size than both the older group ahead of them, referred to as baby boomers, and the younger generation following them, referred to as echo boomers. And when in-migration is close to no change, the changes over time in a specific age group are due to the dynamic of aging, meaning that over a five-year time frame, the population of any given age group has moved up into the next age cohort.



Population and the Labor Force

There is certainly a relationship between a state's population and its labor force but whether lack of opportunities for the labor force leads to less in-migration and more out-migration, or whether a more-slowly growing labor force discourages new business growth, is unclear. Indirectly, the slowing population growth in New Hampshire is likely to have been a factor behind the 55% Initiative, a collaborative effort launched in 2007. The 55% Initiative, which is an effort to encourage more New Hampshire college students to live and work in New Hampshire after they graduate. The coalition behind the 55% Initiative points to the fact that New Hampshire has the fifth oldest population among all states, creating a need to replace soon-to-retire baby boomers in the work force. According to U.S. Census' 2008 annual population estimates the median age for New Hampshire was 40.2. In comparison, the median age for the nation was 36.8.

The state of the economy, nationally as well as for New Hampshire, has changed considerably since the 55% Initiative was launched in 2007. Today, many of the workers close to retirement have seen their retirement funds dwindle, so their decision to retire any time soon might be postponed. Additionally, some retirees may have decided to re-join the labor force. The concern of the 55% Initiative, however is still valid, as the state has to focus on how to attract "new blood." In the past, the out-migration of the younger population did not impact the state greatly, as experienced workers with high educational attainment tended to migrate into the state from some of the more densely populated areas to the south (mainly from Massachusetts). As in-migration has slowed, the state has to rely more heavily on those graduating from educational institutions in the state to become the educated workforce of the future. Remember also that the slow down in New Hampshire's population growth occurred prior to the state experiencing any significant deterioration of the labor market.[12]

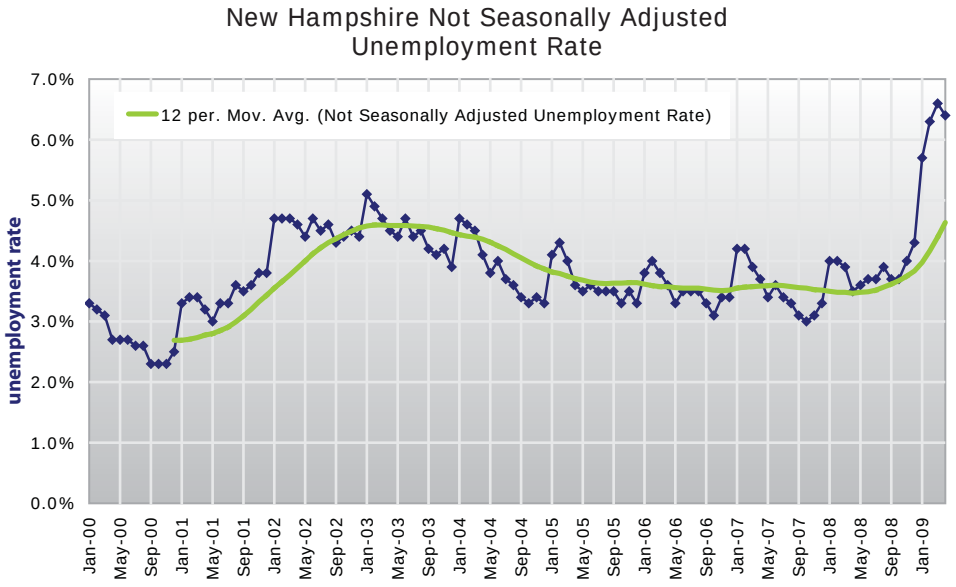
12. *Annual population estimates are based on July 1 of any given year. The impact of the current economic downturn on the in- and out-migration will not be available before population estimates from July 1, 2009 are tabulated and released in March 2010.*

Measuring Unemployment in New Hampshire

Not Seasonally Adjusted Unemployment Rate

Even with seasonal fluctuations, New Hampshire typically has one of the lowest unemployment rates in the nation. The annual average not seasonally adjusted unemployment rate in New Hampshire varied by only 0.3 percentage point between 2005 (3.6%), 2006 and 2007 (3.5%) and 2008 (3.8%). Although these rates had not recovered to the pre-2001 recession low of less than 3 percent, they were relatively stable. The biggest jump in the not seasonally adjusted unemployment rate was from December 2008 to January 2009 when the rate spiked 1.4 percentage points, reaching 5.7 percent.

As a point of reference for first quarter 2009 data, during first quarter 2006 the not seasonally adjusted unemployment rate was 3.9 percent. The average labor force during that quarter was 725,230, employment averaged just shy of 697,000, and unemployment averaged 28,000. The unemployment rate changed little until first quarter 2009 when the not seasonally adjusted unemployment rate averaged 6.2 percent. Although the first quarter 2009 average labor force grew by 13,000 compared to first quarter 2006, employment shrank by an average of 4,100 and unemployment grew by an average of 18,000. During first quarter 2009 the labor force stood at 738,810, employment at 692,860, and unemployment at 45,950 (all not seasonally adjusted).



Alternative Measures of Labor Underutilization for States

The definition of unemployment used by the U.S. Bureau of Labor Statistics has very specific qualifications for persons to be counted as unemployed. Some observers, however, think that this method has limitations. For example, a person is counted as employed no matter how many hours a week they work. Someone who works as little as an hour per week for pay is considered just as employed as someone who works sixty hours in a week. On the other hand, someone who has been unsuccessfully looking for a job could become so discouraged by the experience that they stop looking. If this happens, and they are no longer actively looking for a job, they would no longer be counted as unemployed.

Recognizing situations like this, the Bureau of Labor Statistics has prepared five alternative ways to measure how labor resources — people — are being utilized in the United States in addition to the official unemployment rate. These measures have now been prepared for all states, including New Hampshire. Each measure shows a different aspect of unemployment or underemployment.

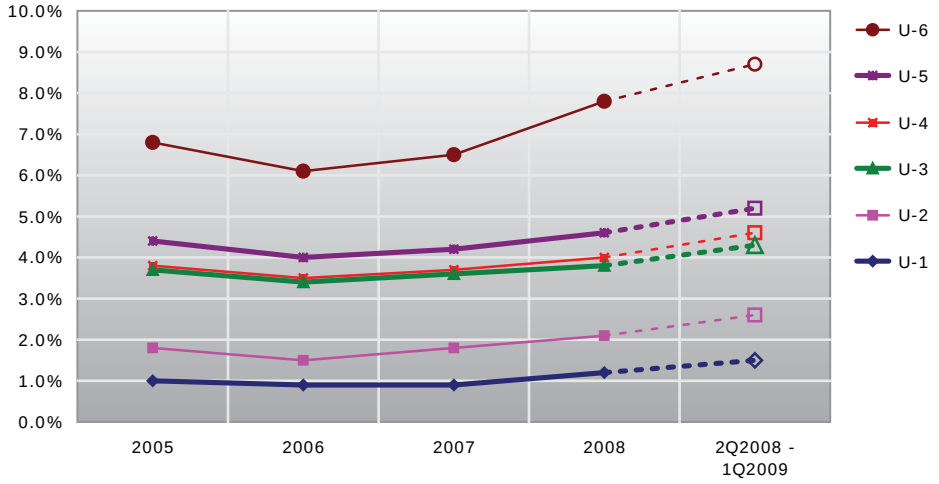
From narrow to broader measures of labor underutilization, these are:

U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force;

U-2 Job losers and persons who completed temporary jobs as a percent of the civilian labor force;

U-3 Total unemployed as a percent of the civilian labor force (this is the definition used for the official unemployment rate);

Alternative Measures of Labor Underutilization for New Hampshire



U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers;

U-5 Total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers; and

U-6 Total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.[13]

Unemployment Compensation Benefits

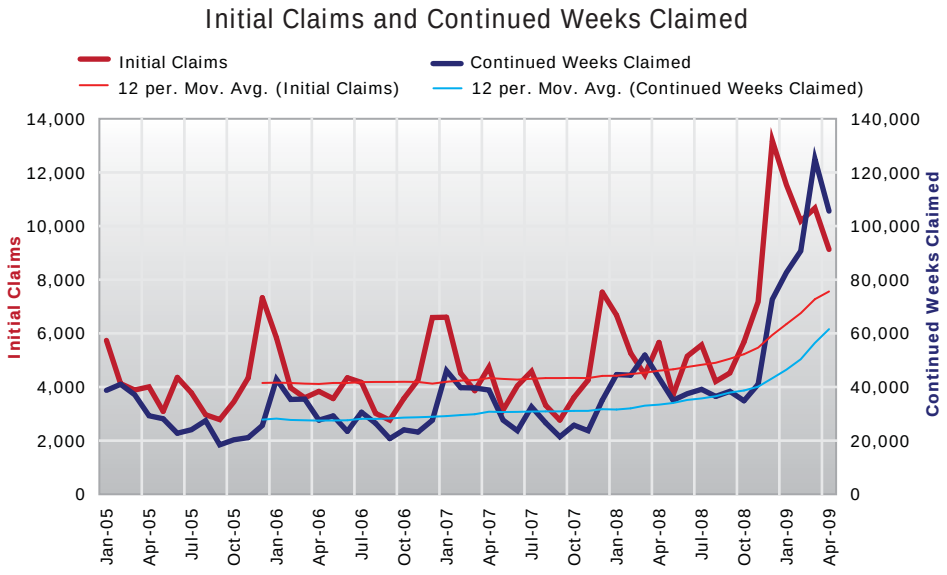
Not all unemployed persons are eligible for unemployment compensation, and not all of those eligible for benefits file claims for payment. Nonetheless, claims for unemployment benefits can tell us a great deal about where workers are unemployed, and who is unemployed by industry, occupational group, age, and gender.

New Hampshire was temporarily insulated from outside economic contractions through most of the summer of 2008. Both initial and continued claims for unemployment benefits were higher than during corresponding months of 2007, but they followed typical seasonal flows. Statewide employment was following seasonal trends, continuing to grow into the summer months. Heading into fall 2008 employers started seriously scaling back their workforce. In December 2008, initial claims to determine eligibility for unemployment compensation almost doubled the previous month, to more than 13,000. Continued weeks claimed (a claim for compensation for a week of unemployment) followed suit in December, also almost doubling to more than 72,600. During the first four months of 2009, both initial and continued weeks claimed remained at unprecedented highs. In New Hampshire during the first quarter of 2009, the average weekly unemployment benefit payment amount was $272. The unemployment compensation trust fund paid out almost $110 million in benefits from January through April 2009.

Claimant Data

The patterns of claims for unemployment compensation benefits typically follow definite seasonal trends. New Hampshire's economy is seasonal, with employment rising during the summer months, largely driven by tourism and construction, then receding during the colder months. There are also seasonal *Retail* increases before the beginning of the academic year and year-end holiday seasons.

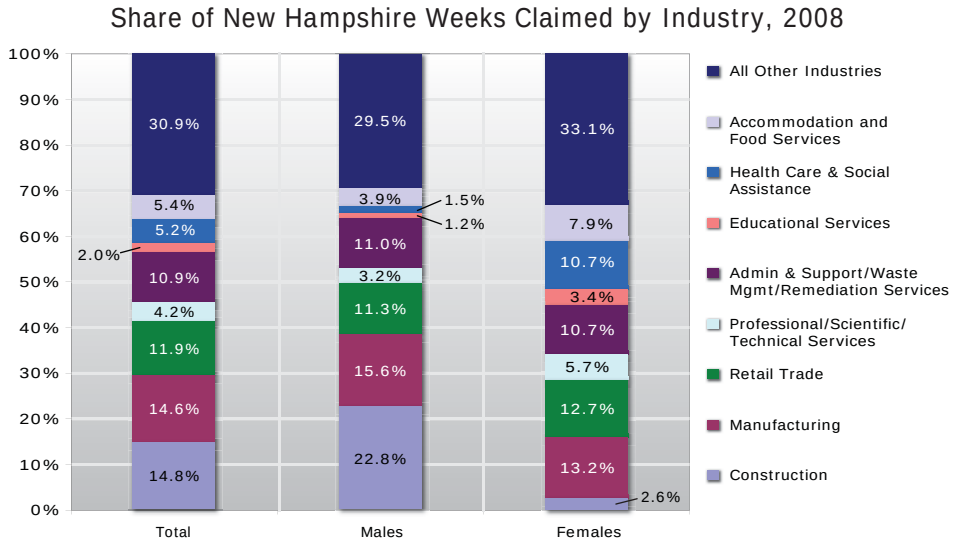
13. "Alternative Measures of Labor Underutilization - Descriptions." Local Area Unemployment Statistics. May 2009. New Hampshire Employment Security, Economic and Labor Market Information Bureau. Accessed July 2, 2009. <www.nh.gov/nhes/elmi/pdfzip/econanalys/articles/Underutilization.pdf>.



These seasonal characteristics influence the flow of claims through the unemployment compensation system. Generally speaking, industries that are heavily influenced by weather, such as *Construction* and *Accommodations and food services*, demonstrate higher claims levels during the colder months.

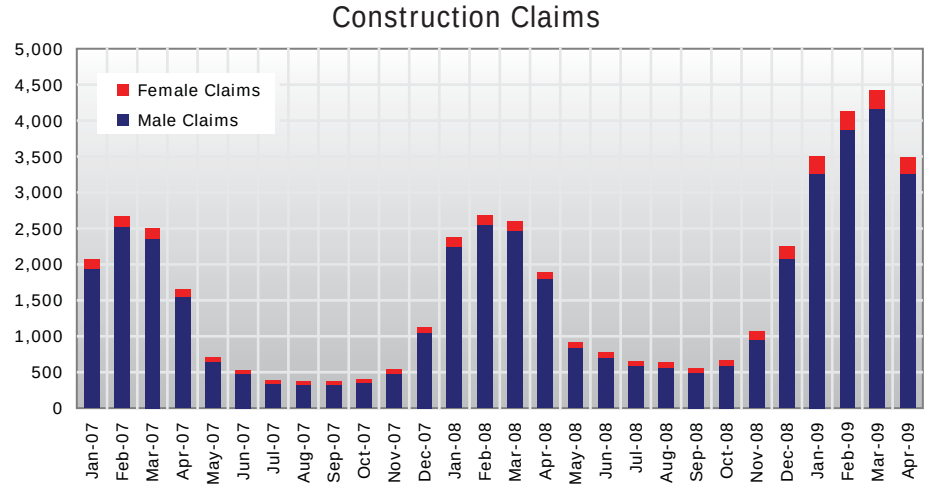
Annual average claims summed by industry provide more details about the continued claims from those industries. A count of unemployment compensation claims[14] from 2008 shows that the largest share of continued weeks claimed during 2008 were from *Construction* industries, with 14.8 percent of total weeks claimed. It is interesting that *Construction* employment makes up barely four percent of total covered employment in the state. The industry as a whole is very dependent on the weather which is one reason for the higher share of weeks claimed. The next largest share of claims for unemployment benefits was 14.6 percent from the *Manufacturing* sector.

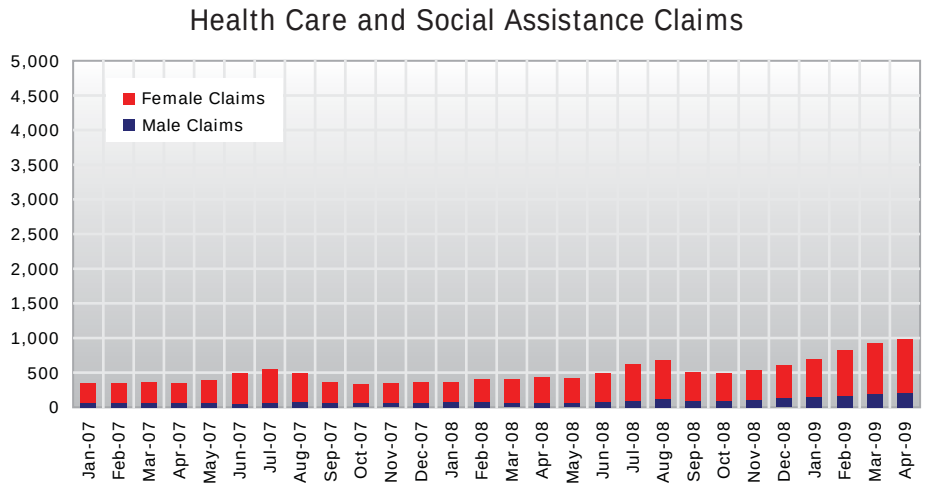
14. United States Department of Labor, Employment and Training Administration, ETA 203 — Distribution of Characteristics of the Insured Unemployed, New Hampshire (Data compiled by New Hampshire Employment Security and reported on the ETA 203)



Males account for a relatively large share of claims in *Construction*, and these claims exhibit a distinct seasonal pattern. This is primarily due to work in construction that has traditionally been performed by males.

Counts of female claims show a less definitive seasonal pattern as larger shares of weeks claimed for females are from less seasonally affected industries such as *Health care*. The seasonal changes in the number of female claims can be attributed to female employment in the *Manufacturing* and *Education* sectors.

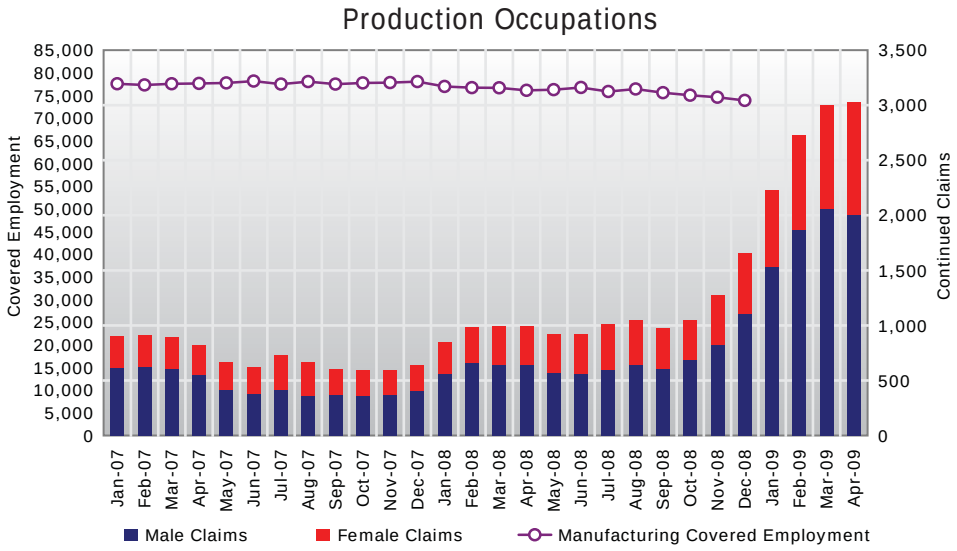


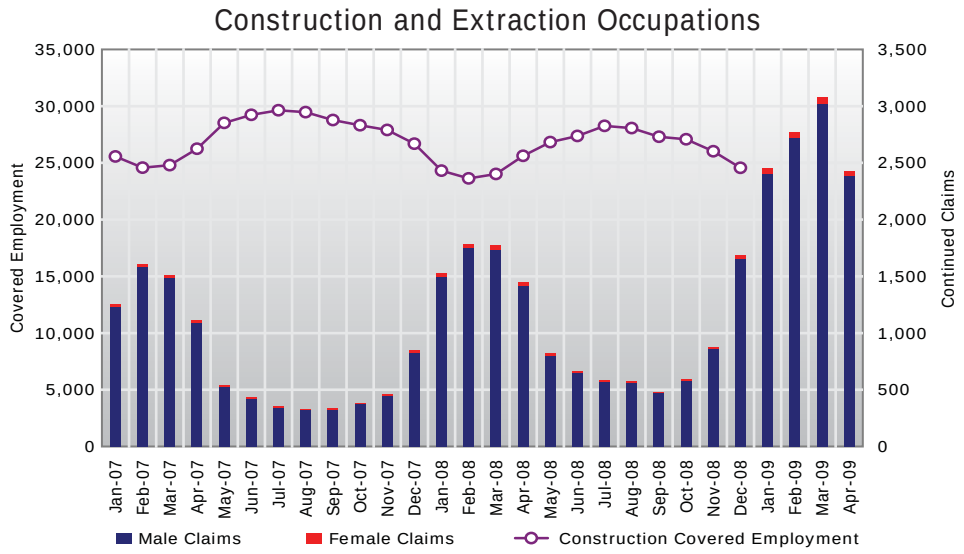


Occupations

Seasonal patterns in continued claims sorted by occupational groups largely follow seasonal trends of specific industries.

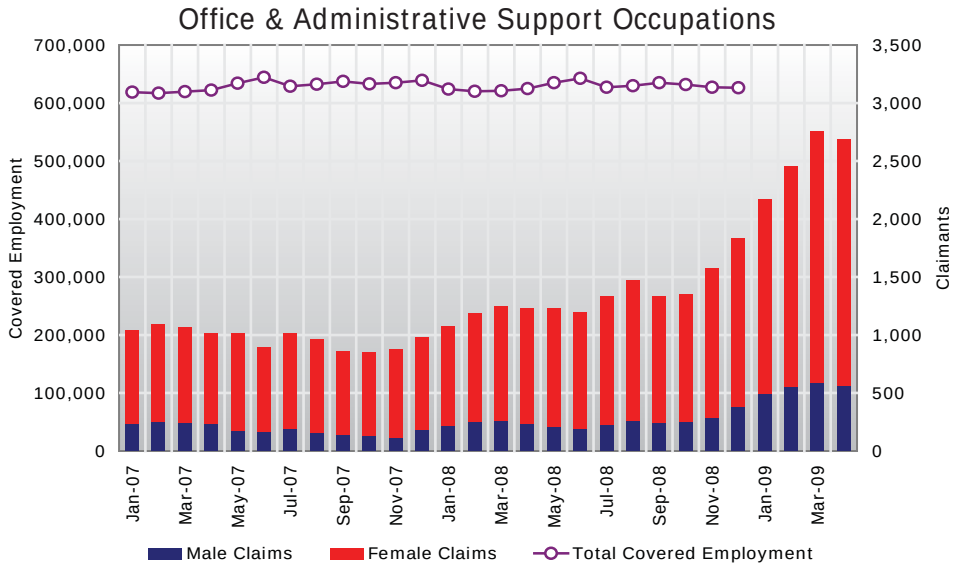
For example, most Production occupations are found in the *Manufacturing* sector. Therefore, claims from Production occupations increase when the industry has lay-offs. But the *Manufacturing* sector also employs workers in other more broadly dispersed occupations, such as Transportation and material moving, and Office and administrative support occupations. Claims in those occupations are less likely to exhibit the *Manufacturing* industry's pattern.





Construction and extraction occupations are concentrated in one industry and the trend of continued weeks claimed runs inversely to the seasonal patterns of covered employment in the *Construction* sector.

On the other hand, claims from Office and administrative support occupations demonstrate little seasonal fluctuation throughout the year because these occupations can be found in virtually any industry and are less concentrated in just seasonal industries.

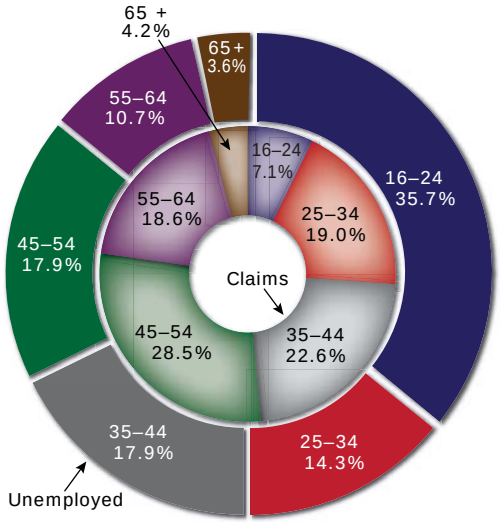


Age

There is a notable difference between the age distribution of the unemployed population compared to claimants for unemployment benefits. Not everyone who is unemployed files a claim for unemployment benefits. Many unemployed persons may not be eligible for unemployment benefits, because they have just entered or reentered the labor market, lack qualifying wages or other eligibility requirements, or may chose not to file a claim.

The youngest group of claimants offers the best example of these differences. The 16 to 24 year old group had the largest share of the total unemployed population, with over one-third of all unemployed residents in the state. However, this age group made up barely seven percent of claims. There are several contributing factors. First, 16 to 19 year-olds are more likely to be new entrants into the workforce, looking for their first job, so they would not be eligible for benefits. Also, because of other commitments, such as school, they tend to be less attached to the workforce and are more likely to voluntarily quit their jobs. That would usually result in ineligibility for unemployment benefits. Even if they lost their job through no fault of their own, short work history could result in insufficient wage credits to qualify for benefits. In addition, young workers tend to have lower earnings which would qualify them for smaller unemployment benefit payments so they may not bother to apply for benefits.

2008 distribution of claims by age (inner ring) compared to 2008 unemployed population* by age (outer ring)



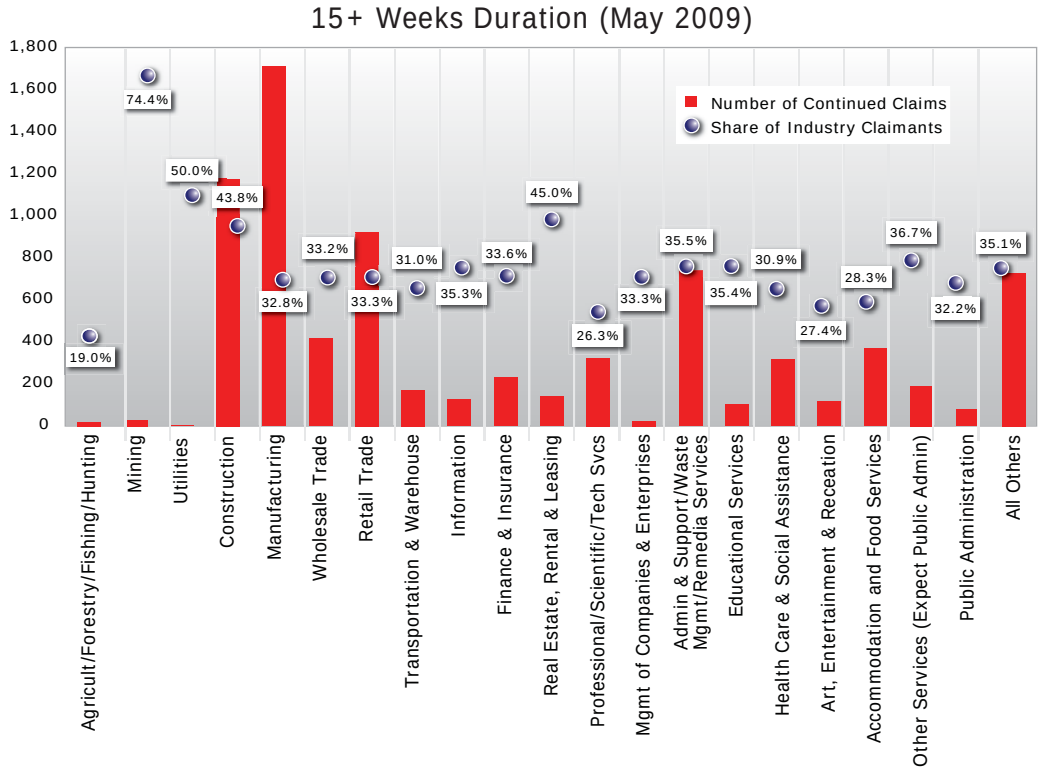
Age Group	Claims	Unemployed (rounded)
16 – 24	686	10,000
25 – 34	1,820	4,000
35 – 44	2,170	5,000
45 – 54	2,739	5,000
55 – 64	1,781	3,000
65 +	402	1,000
	9,597	**28,000**

* from 2008 Geographic Profile of Employment and Unemployment, US Dept. of Labor, Bureau of Labor Statistics

Duration of Claims

In May 2009, about 26 percent of claimants had received unemployment benefits for one to five weeks. This was a significantly smaller share than in second quarter 2006 when over 40 percent of claimants had received benefits for one to five weeks.

During second quarter 2006, it was reported that 25.1 percent of claimants for unemployment compensation in New Hampshire had received benefits for over 15 weeks.[15] In May 2009 an average of 34.1 percent of unemployment claimants had collected benefits for over 15 weeks. Some industries have larger shares of their claimants with 15 weeks or more duration. This provides some insight as to which industries were affected earliest by the current recession. For example, 45 percent of continued claims in *Real estate, rental and leasing* were 15 weeks or more in duration, and *Construction* was close with almost 44 percent. These can be tied in directly with the early downturn in the housing market. That most other industries have about a third of continued claims that have lasted 15 weeks or longer shows how the recession has reached almost all industry sectors.



15. "Age of Claimants." Looking Forward - Preparing for the future New Hampshire economy. November 2006. P16. New Hampshire Employment Security, Economic and Labor Market Information Bureau. Accessed June 2, 2009. <www.nh.gov/nhes/elmi/lookarch.htm>.

In first quarter 2009, the average duration of unemployment benefits in New Hampshire for the most recent twelve months was 12.9 weeks. This was still two weeks shorter duration than the national average of 14.9 weeks. During just first quarter 2009, 2,681 claimants exhausted the 26 weeks of regular state unemployment benefits. This equaled a 26.7 percent exhaustion rate, which ranked as 50th lowest among the states, DC, Virgin Islands and Puerto Rico. In comparison, the national rate of exhaustions was 45.6 percent. This is another measure of the time lag it took for New Hampshire to be affected by the recession.

Emergency Unemployment Compensation

New Hampshire state unemployment compensation provides up to 26 weeks of benefits to claimants. Many individuals during the current recession are exhausting that period of benefits before securing new employment. The Emergency Unemployment Compensation program (EUC08) enacted by Congress made additional weeks of benefits available to exhaustees. At the time of this writing, claimants are eligible for up to an additional 20 weeks of benefit payments from the first tier of the program. An additional 13 weeks of benefits can be available in a second tier because New Hampshire's insured unemployment rate[16] reached 4.0 percent. This means that claimants might currently be eligible for up to 59 weeks of benefits.

The American Recovery and Reinvestment Act of 2009 provided an infusion of federal funds for a multitude of programs. The Federal Additional Compensation program created an additional compensation through the Assistance for Unemployed Workers and Struggling Families Act which provides a $25 supplement to weekly unemployment benefit payments. The additional payment is 100 percent federally funded and is added to all types of unemployment, both regular and extended benefit program payments.

16. "What do the unemployment insurance (UI) figures measure?" Frequently Asked Questions, Labor Force Statistics from the Current Population Survey. February 17, 2009. Bureau of Labor Statistics, U.S. Department of Labor. Accessed June 8, 2009. <www.bls.gov/cps/faq.htm>.

The UI figures are not produced by the Bureau of Labor Statistics. Statistics on insured unemployment in the United States are collected as a by-product of UI programs. Workers who lose their jobs and are covered by these programs typically file claims ("initial claims") that serve as notice that they are beginning a period of unemployment. Claimants who qualify for benefits are counted in the insured unemployment figures (as "continued claims"). Data on UI claims are maintained by the Employment and Training Administration, an agency of the U.S. Department of Labor, and are available on the Internet at: http://workforcesecurity.doleta.gov/unemploy/claims.asp.

These data are not used to measure total unemployment because they exclude several important groups. To begin with, not all workers are covered by UI programs. For example, self-employed workers, unpaid family workers, workers in certain not-for-profit organizations, and several other small (primarily seasonal) worker categories are not covered. In addition, the insured unemployed exclude the following:

- *Unemployed workers who have exhausted their benefits*
- *Unemployed workers who have not yet earned benefit rights (such as new entrants or reentrants to the labor force)*
- *Disqualified workers whose unemployment is considered to have resulted from their own actions rather than from economic conditions; for example, a worker discharged for misconduct on the job*
- *Otherwise eligible unemployed persons who do not file for benefits*

The insured unemployment rate is computed by dividing the insured unemployed for the current quarter by the latest available 4-quarter average covered employment.

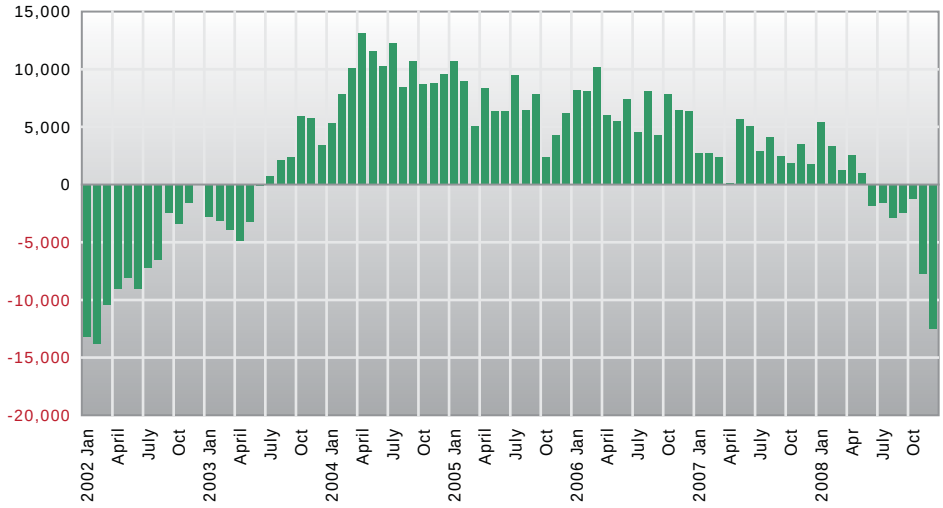
Comprehensive Fourth Quarter 2007 to Fourth Quarter 2008 Covered Employment Analysis

Three quarters after the current recession began, as defined by the National Bureau of Economic Research, New Hampshire's average quarterly employment began to drop. From June 2007 to June 2008, New Hampshire experienced its first monthly over-the-year decline since 2003. From June through December 2008, each month fell below corresponding 2007 employment levels. Employment decreased by 1,249 from October to October; by 7,748 from November to November; and by 12,525 from December to December. Comparing total average quarterly employment from fourth quarter 2007 to fourth quarter 2008, the state suffered a net loss of 7,174 jobs, representing a 1.1 percent decline in total employment.

The change in average private employment from fourth quarter 2007 to fourth quarter 2008 depicts differences between industries. *Health care and social assistance* experienced the largest net gain over-the-year, increasing by 2,301 jobs. *Management of companies and enterprises* gained 420 jobs and *Educational services* added 366 from fourth quarter 2007 to fourth quarter 2008.

On the other end of the scale, *Manufacturing* lost the most jobs from fourth quarter 2007 to fourth quarter 2008, dropping 3,355 jobs over-the-year. Additionally, *Construction* lost 1,765 jobs over-the-year. Employment losses in these two sectors also occurred between fourth quarters of 2006 and 2007.

Over-the-Year Monthly Changes in
Total Covered Employment (Private plus government)

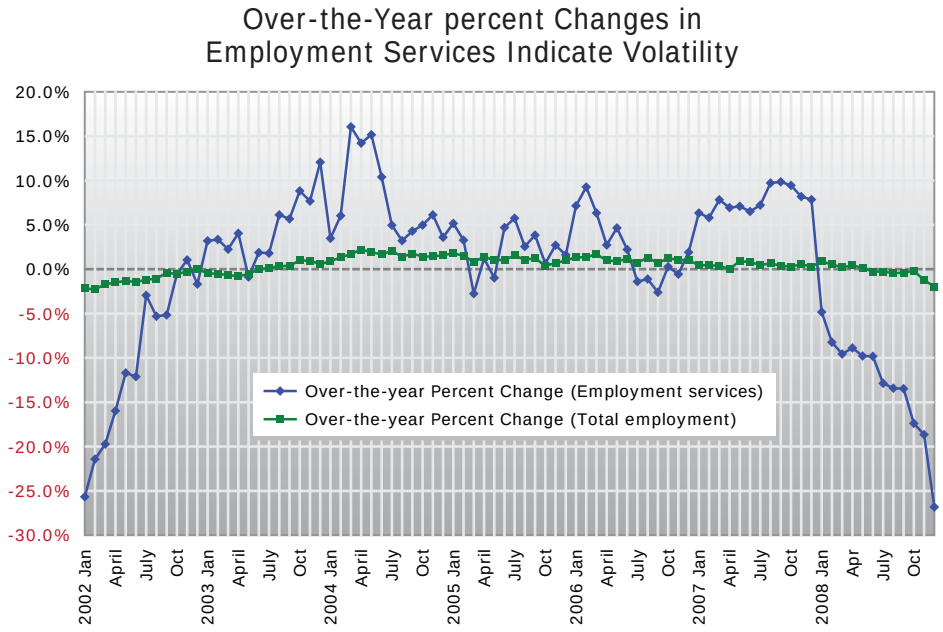


Administrative and waste management services experienced a huge swing. After adding almost 2,300 jobs from fourth quarter 2006 to fourth quarter 2007, this sector shed 1,737 jobs over-the-year from fourth quarter 2007 to 2008. Much of this swing can be attributed to *Employment services* (temp agencies and employment placement firms), an industry group within *Administrative and waste management services*, which declined by 2,336. This is in stark contrast to the employment gain of 872 jobs from fourth quarter 2006 to fourth quarter 2007. While the count of jobs in *Employment services* can vary seasonally, a larger than normal seasonal decline can indicate a weakening labor market and a cyclical trend.

The combined job gains in *Health care and social assistance* and *Management of companies and enterprises* were still more than 250 jobs shy of the losses in just *Manufacturing*. Moreover, *Construction* and other sectors had started to significantly shed jobs by fourth quarter 2008. *Wholesale trade* and *Utilities* lost 356 and 310 jobs over-the-year, respectively. Both sectors had experienced gains from fourth quarter 2006 to fourth quarter 2007.

Losses and Gains in Manufacturing

Although *Manufacturing* as a whole continued to decline, employment changes at the subsector level within *Manufacturing* demonstrated that some *Manufacturing* firms were still adding jobs. In other words, the declines in some subsectors masked gains made in others.

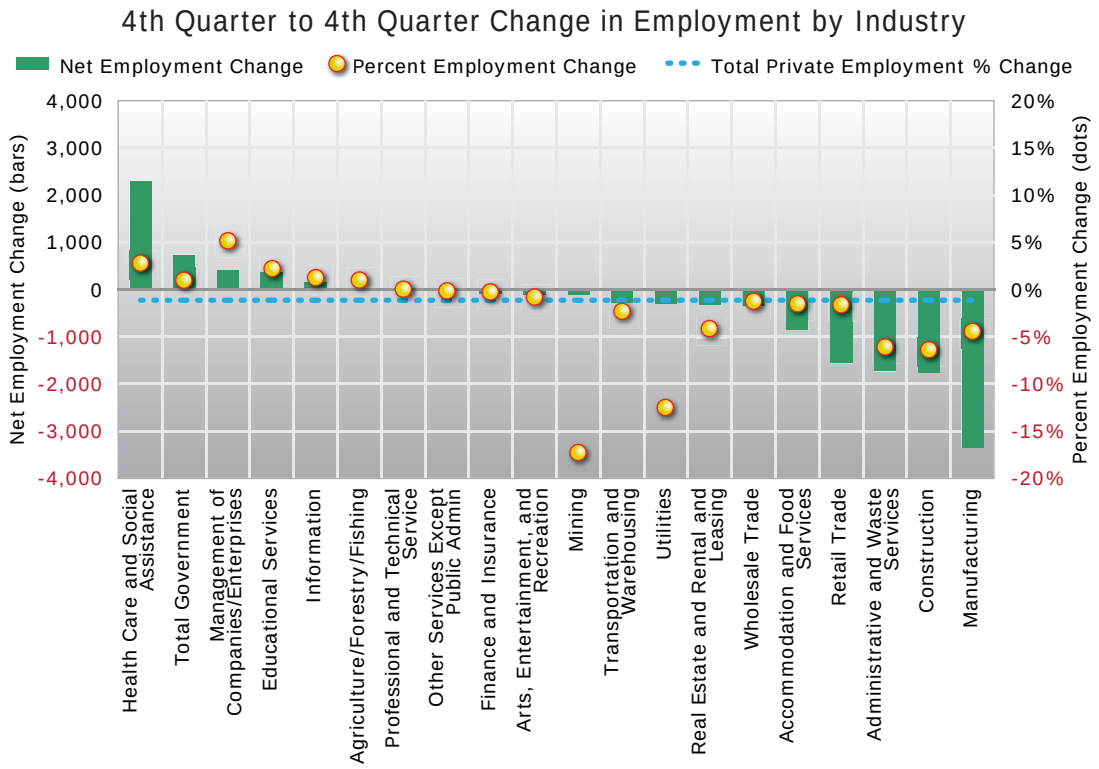


Machinery manufacturing and *Transportation equipment manufacturing*, both durable goods manufacturers, gained employment from fourth quarter 2007 to fourth quarter 2008. *Machinery manufacturing* gained the most employment over-the-year, adding 305 jobs.

Computer and electronic product manufacturing, the largest manufacturing sub-sector in New Hampshire, lost 1,087 jobs over-the-year. Average quarterly employment in *Computer and electronic product manufacturing* was 17,207 in fourth quarter 2008. Employment in *Miscellaneous manufacturing*, *Paper manufacturing* and *Wood product manufacturing* all decreased as well (by more than 300 jobs in each of the subsectors). *Paper manufacturing* lost close to a fifth of its employment from fourth quarter 2007 to fourth quarter 2008, when it averaged 1,543 .

Retail Trade Subsectors

Retail trade is usually a strong sector in New Hampshire due to the lack of sales tax and the state's reputation as a tourist destination. *Retail trade* employment decreased by 1.0 percent from fourth quarter 2006 to fourth quarter 2007, and the trend continued to fourth quarter 2008, dropping by another 1.6 percent. This was probably related to consumer confidence



dropping the last two months of the quarter and continuing to slide in January and February 2009.[17] Looking at subsector level data, it becomes evident that regardless of a weakening in consumer confidence, people still need to purchase basic goods such as food. Employment in *Food and beverage stores* increased by 839 jobs over-the-year, a 4.1 percent increase. The other growing subsector was *General merchandise stores*, adding 223 jobs over-the-year. All other subsectors decreased employment from fourth quarter 2007 to fourth quarter 2008[18], with *Health and personal care stores* losing the largest share, dropping 8.1 percent. Numerically, *Motor vehicle and parts dealers* lost the most jobs over the year, shedding 829 jobs.

High Tech Employment

High tech employment in the state followed the overall loss in employment from fourth quarter 2007 to fourth quarter 2008, dropping 831 jobs to 53,349. High tech employment figures are based on the industry definition established by the Office of Technology Policy, U.S. Department of Commerce. In rough terms, industries considered high tech are in one of the following three sectors: *Manufacturing*, *Information* and *Professional and technical services*. In 2008 about three out of five high tech jobs were in *Manufacturing*, so any gain in high tech employment is important. The relatively strong high tech manufacturing sector in New Hampshire points to a high demand for advanced manufacturing skills.

The *Cyberstates 2009 report*[19] concluded that New Hampshire is ranked the ninth highest state by employment concentration in high tech industries nationwide. High-tech firms employed 71 of every 1,000 private sector workers in 2007. The average annual wage of $81,300 ranked 13th nationally and was 83 percent more than New Hampshire's average private wage.

17. "The Conference Board Consumer Confidence Index™ Retreats ." Consumer Confidence Survey™ Press Release. June 30, 2009. The Conference Board. Accessed June 30, 2009. <www.conference-board.org/economics/consumerConfidence.cfm>.

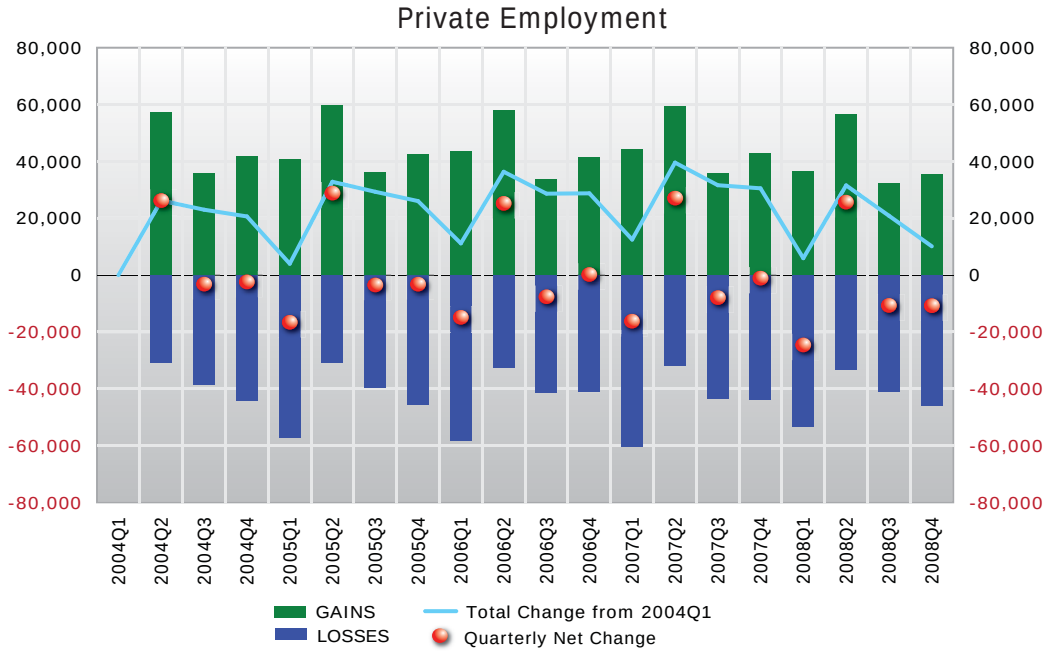
18. *With the exception of Nonstore Retailers that did gain 30 jobs third quarter 2007 to third quarter 2008.*

19. "Tech Industry Remains Vital to New Hampshire Economy." TechAmerica.org. March 31, 2009. TechAmerica. Accessed June 26, 2009 <www.techamerica.org/cyberstates-2009-new-hampshire>.

Business Employment Dynamics

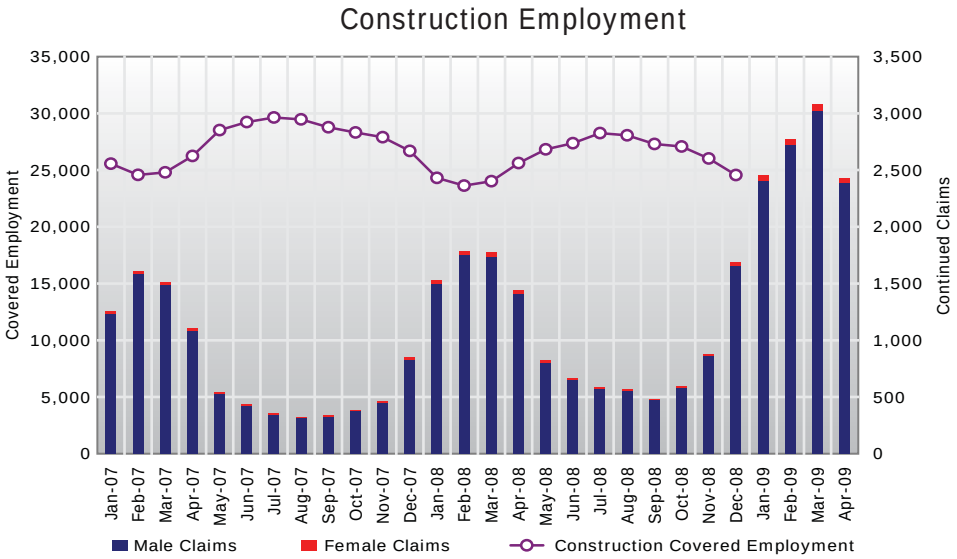
Even in difficult economic times when overall employment counts decline, there are employment shifts of gross job gains and gross job losses. These micro changes are called Business Employment Dynamics and can help explain changes in employment levels. This added dimension to employment change provides data about firms adding employment compared to those reducing employment from quarter-to-quarter, revealing the underlying gains and losses that to some degree always net each other out.

In 2008 seasonal peak employment was in the second quarter, but that peak was at a lower employment level than corresponding quarters of other years. New Hampshire's first year of positive employment growth after the 2001 recession was in 2004. Using 2004 as a benchmark for comparison, the total change from 2004 indicates that peak employment periods (generally in the second quarter each year) continued to grow during 2005, 2006 and 2007. Second quarter 2008 again showed peak employment for the year, but employment levels (not seasonally adjusted) were no longer growing from year-to-year.



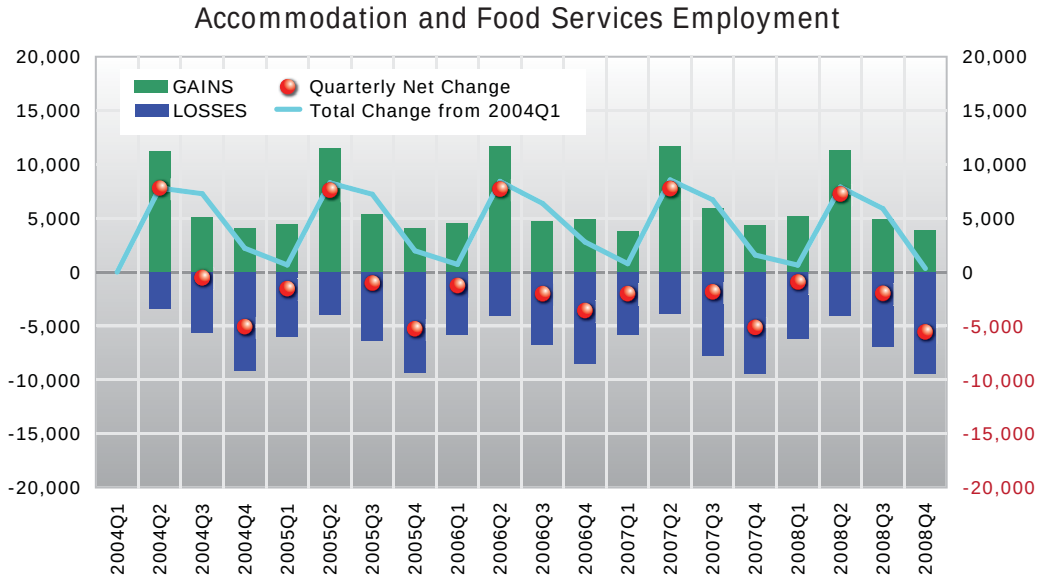
Construction

Part of New Hampshire's character depends on cold winters and snow. Those same elements play an important role in the timing of seasonal hiring in the *Construction* sector. That is why employment gains usually outnumber job losses during the second quarter in this industry. The overall employment level in *Construction* didn't show any significant change until job gains started to slow in fourth quarter 2006, while job losses continued to follow similar seasonal levels as prior years. *Construction* job net gains exhibited noticeably smaller seasonal increases during second quarter 2008 as the struggling housing market continued to slow, and *Construction* employment battled to remain above 2004 levels.



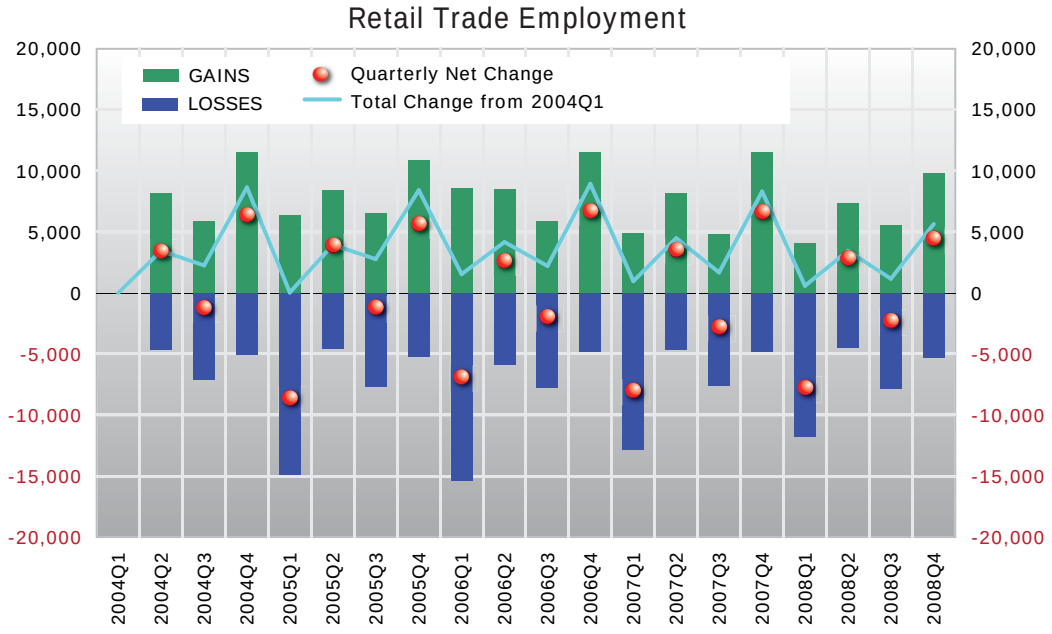
Accommodation and Food Services

Accommodation and food services sector is another industry that relies on New Hampshire's seasonal character. Similar to job patterns in the *Construction* sector, seasonal hiring usually peaks in the second quarter of each year as summer resorts open for the season. The *Accommodation and food services* sector is different from *Construction* in that job losses in fourth quarter are usually the largest for this sector. This is related to a hiring slow down between the summer vacation season and the winter recreation season.



Retail Trade

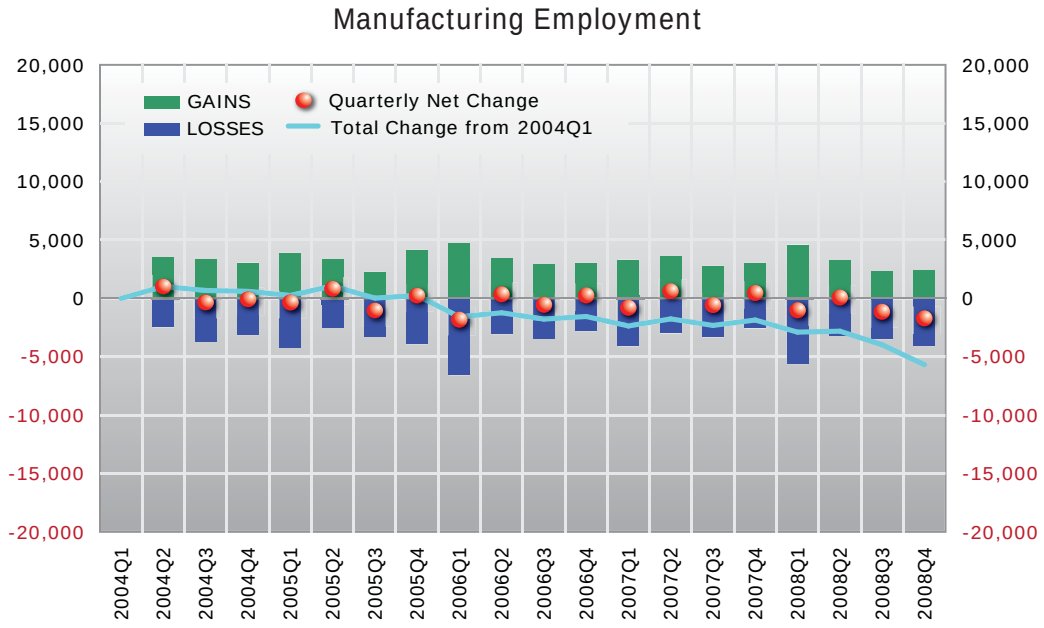
The holiday season fourth quarter 2008 did not have the employment build up typically seen in fourth quarter. *Retail trade* employment is very important to New Hampshire, making up 18 percent of the state's private employment in the fourth quarter of 2008. Seasonal peaks for job gains in the industry revolve around the summer tourist season, during second quarter,



and the end-of-year holidays, during fourth quarter. Typically job losses are largest in the first quarter each year as employers who had added temporary holiday staff then release those workers. From the third quarter to fourth quarter of 2008, the seasonal increases were smaller than corresponding months of previous years.

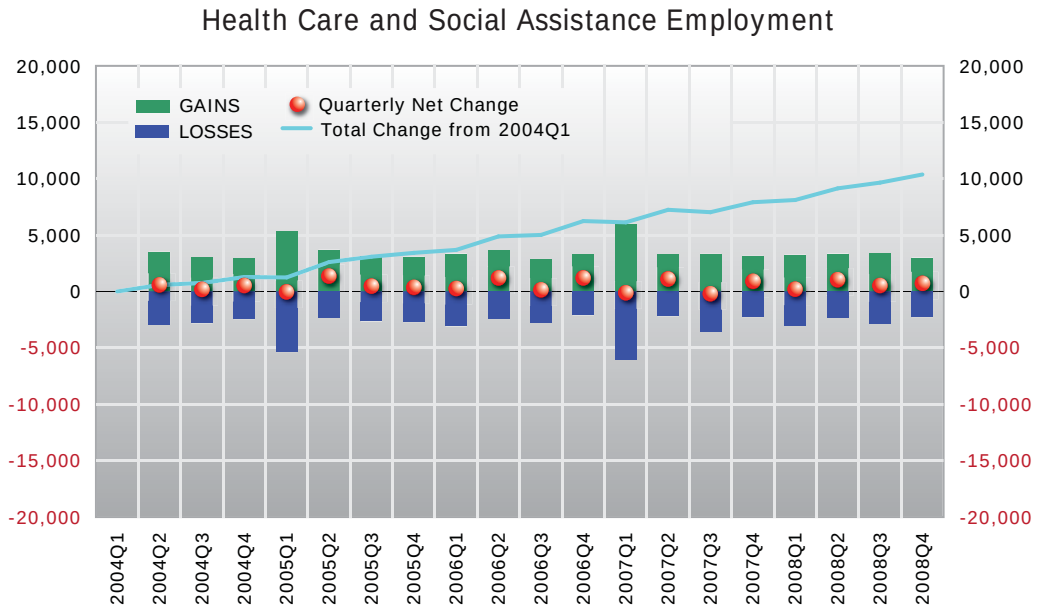
Manufacturing

Manufacturing gross job gains in the fourth quarter 2008 were outpaced by gross job losses, resulting in an overall drop in *Manufacturing* employment from third-to-fourth quarter 2008. This is the first fourth quarter drop in Manufacturing employment since 2004. At present *Manufacturing* has the third largest employment level among all private industries in the state. From the first quarter of 2004, the first year that New Hampshire experienced job increases following the 2001 recession, until the first quarter of 2006, *Manufacturing* employment was quite stable. After that point, however, gross job losses from companies started to outweigh the gross job gains, resulting in a downward trend through the fourth quarter 2008.



Health Care and Social Assistance

Net changes from quarter to quarter in 2008 continued to add jobs in the *Health care and social assistance* sector. However, the net employment increase over-the-quarter between the third and fourth quarters of 2008 was the smallest for a comparable period since 2005. Since first quarter 2004, the *Health care and social assistance* sector has added over 10,000 jobs in New Hampshire, so this sector is critical to continued economic growth.



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