

New Hampshire ECONOMIC CONDITIONS

February 2023

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The Housing Market in New Hampshire is Slowing Down

Housing prices in New Hampshire surged during the pandemic, with the median home sale price increasing from \$300,000 in 2019 to \$460,000 in May and June 2022. The supply of houses for sale, which has declined since 2010, was a large factor in this price increase. An inadequate supply of housing increased competition for homes and placed upward pressure on home prices. While the supply of homes decreased, increased migration to New Hampshire during the pandemic intensified competition for homes, further increasing the mismatch between supply and demand.

Median sale prices have declined since June 2022, although sale prices are typically lower during the fall and winter. The median sales price in June 2022 had increased 12.6 percent over the previous June, and by November, the over-the-year increase declined to

8.3 percent, an indication that seasonal factors were not the only reason for falling prices.

Two metrics that measure the balance between housing supply and demand, months of supply available and days on the market, both indicate that demand for housing is declining. Days on the market is the average number of days between when a property is listed and when an offer was accepted. Days on the market fell from 56 in 2019 to just 13 in June 2022. Since June, days on the market has increased, reaching 27 days in October 2022. In September, October and November 2022, days on the market increased over-the-year.

Months of supply available is a ratio of available inventory of homes for sale at the end of the month and average monthly pending sales

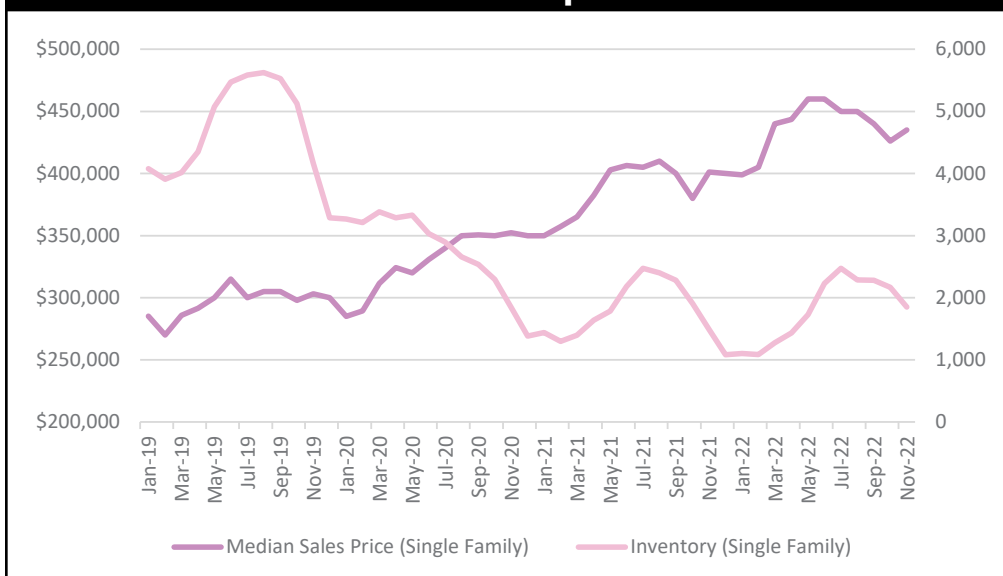
from the previous 12 months. In a balanced housing market, there are approximately six months supply of inventory.¹ Months of supply available for single family homes in New Hampshire has been below this level since 2016, and was 2.3 months when the pandemic began. Months of supply continued to fall during the pandemic, and reached its lowest value in December 2021, with 0.7 months' supply.

Since May 2022, months supply of inventory has grown year-over-year, although supply remained below two months of inventory, indicating that supply remains limited. The increase appears to be the result of declining monthly sales, rather than an increase in the supply of homes for sale.

Mortgage Rates

Increasing mortgage rates have contributed to reduced demand for housing in New Hampshire. After reaching historic lows during the pandemic, mortgage rates increased in early 2022, as the Federal Reserve raised interest rates. 30-year mortgage rates increased from 3.1 percent in December 2021 to 6.9 percent in

Single Family Home Price and Inventory in New Hampshire



Source: New Hampshire Realtors, NH Monthly Indicators

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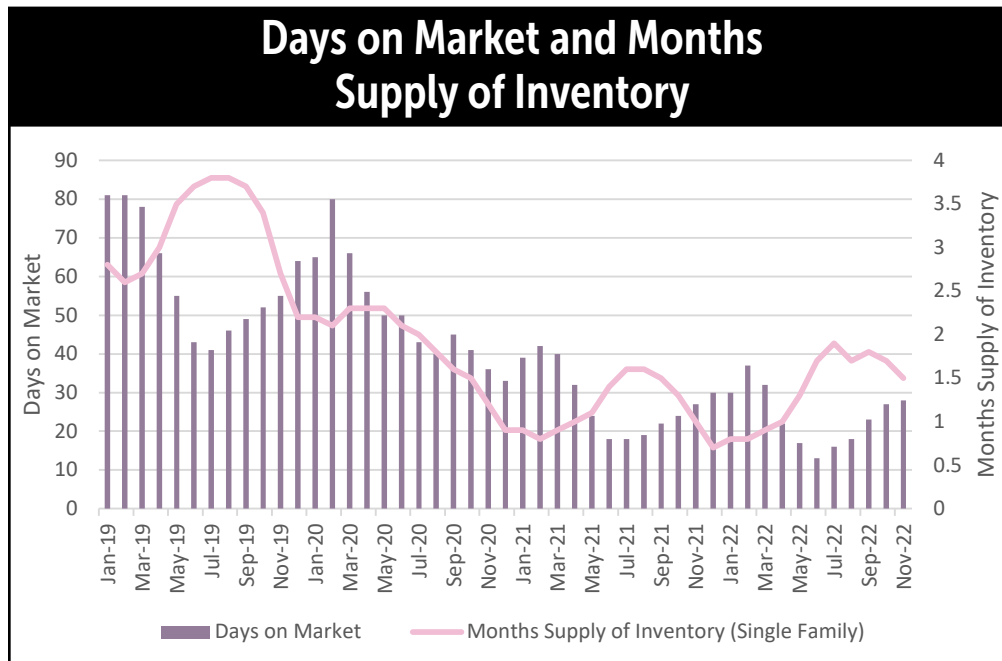
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1 New Hampshire Housing, June 2022 Housing Market Report. <https://www.nhfa.org/wp-content/uploads/2022/06/NH-Housing-Market-Report-06-2022.pdf>.



Source: New Hampshire Realtors, NH Monthly Indicators

October 2022, before falling slightly in November. While the number of homes sold in New Hampshire had started to decline in the second half of 2021, rising mortgage rates accelerated the rate of decline.

Combined with high prices, mortgage rate increases made homes in New Hampshire unaffordable for an increasing percentage of prospective buyers. For a prospective home buyer purchasing a house at the October 2022 median sales price of \$426,000 with a ten percent down payment (\$42,600), monthly mortgage payments with a 3.1 percent interest rate would be \$1,637; with the 6.9 percent mortgage rate available in October 2022, the same house would require a monthly payment of \$2,525, a 54 percent increase. According to the U.S. Department of Housing and Urban Development (HUD), households are considered cost burdened when they spend more than 30 percent of their income on rent or mortgage, and other housing needs.²

A \$2,525 mortgage payment would account for 30 percent of the income of a household with an income under \$101,000. In addition, because the \$2,525 mortgage payment does not include property taxes and other housing-related expenses, the income required to afford the median home purchased in October 2022 without becoming cost burdened would be well above \$100,000. The 2021 median household income in New Hampshire was \$88,465; well over half of New Hampshire households would be cost burdened by the median home sold in October.

Households that are not able to purchase a home using 30 percent of their income must choose to either become cost burdened or continue to rent. Becoming cost burdened impacts households' ability to save, spend on other goods and services, and makes them more vulnerable to economic shocks.³ Renting is also an expensive option, with median rents in New Hampshire reaching \$1,510 per month in 2022.⁴ For median rent to represent 30 percent of income, a household would need to earn roughly \$60,400 annually. Thus, there are fewer housing options for the nearly 30 percent of New Hampshire households with a median annual income of less than \$50,000.⁵ In addition, renters are not able to build equity by owning a home.

County-Level Data

Median home sales prices vary throughout the state, with the highest prices in southeastern New Hampshire. While prices are lower in western and northern regions of the state, these areas also have lower median incomes. To account for income differences, HUD estimates the maximum purchase price a family of four earning 80 percent of median income can afford without becoming cost burdened, based on regional income levels and home prices.

In non-metropolitan areas of the U.S., HUD publishes maximum affordable purchase price at the county level. Among the seven non-metropolitan counties in New Hampshire, only Coös has a median sales price below the maximum affordable purchase price.

² U.S. Department of Housing and Urban Development, Glossary of Terms to Affordable Housing <https://archives.hud.gov/local/nv/goodstories/2006-04-06glos.cfm>.

³ Joint Center for Housing Studies of Harvard University, Affordability Challenges for Low-Income Homeowners Have Intensified During the Pandemic. <https://www.jchs.harvard.edu/blog/affordability-challenges-low-income-homeowners-have-intensified-during-pandemic>.

⁴ New Hampshire Housing, 2022 Residential Rental Cost Survey Report. <https://www.nhhfa.org/wp-content/uploads/2022/08/NHHousing-2022-Rental-Cost-Report.pdf>.

⁵ US Census Bureau, 5-Year American Community Survey, 2017-2021, Table S1902, Income in the Past 12 Months (in 2021 Inflation-Adjusted Dollars). <https://data.census.gov/table?q=median+household+income&g=040000US33&tid=ACST5Y2021.S1901>

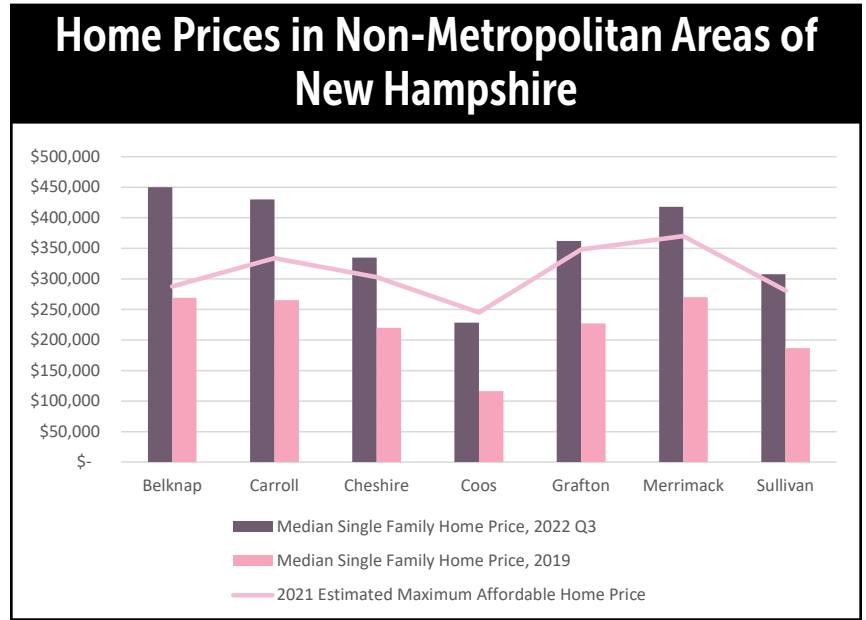
Hillsborough, Rockingham and Strafford Counties, within the Boston metropolitan area, are divided into six HUD Fair Market Rent Areas (HMFAs). Maximum affordable purchase price within these HMFAs ranged between \$285,500 and \$372,500 in 2021. Median home sale prices of \$405,000 in Strafford County, \$464,950 in Hillsborough County, and \$570,000 in Rockingham County are all well above the maximum affordable purchase price.

New Home Building and Policy Changes

The construction of new homes, as estimated by the residential building permits issued, slowed slightly in 2022. After the number of permits issued declined in 2020, 4,892 permits were issued in 2021, more than any year since 2006, the peak of the housing bubble leading into the Great Recession. Through October, 3,747 permits had been issued in 2022, seven percent fewer than had been issued through the first ten months of 2021.

Rising interest rates also affect home builders who rely on loans to finance construction. Although home sale prices increased since the pandemic began, labor and material costs increased as well. Although wage increases in the construction sector have not been as large as in other industries, average wages increased 16 percent between the second quarter of 2019 and the second quarter of 2022.

According to the U.S. Bureau of Labor Statistics' Producer Price Index (PPI), which measures the average change over time in prices received by domestic producers of goods and services, lumber prices more than doubled between March 2019 and March 2022.⁶ The price of copper wire increased 35 percent over that time period, while the price of steel nails, staples, tacks, spikes and brads peaked in July 2022,

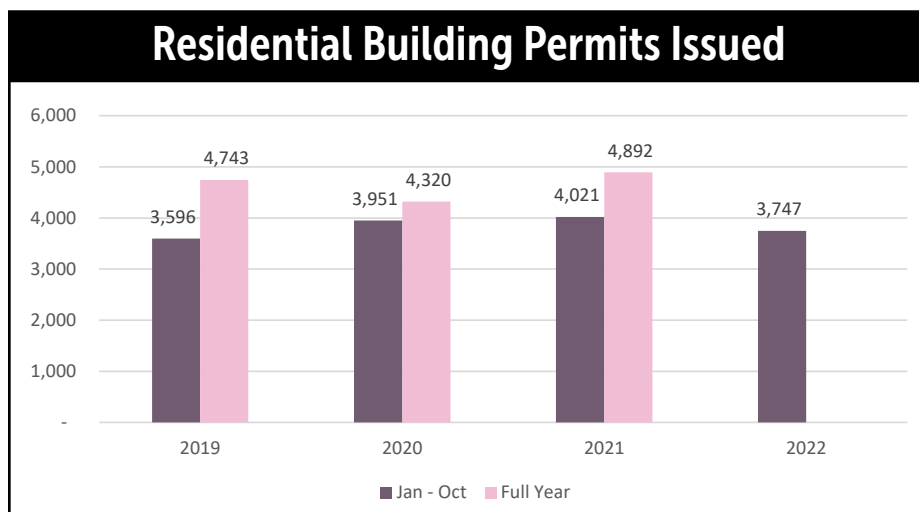


Source: New Hampshire Housing, New Hampshire Realtors

54 percent higher than in July 2019. Although the cost of these materials has trended downwards since the spring of 2022, they remain well above pre-pandemic levels.

With housing both expensive and in short supply, increasing the housing supply and improving the balance between housing supply and demand is a priority for New Hampshire policy makers. New Hampshire state government made several changes to housing policy in recent years to encourage the development of affordable housing. In 2020, the state legislature created the Housing Appeals Board, intended to provide a quicker, cheaper way to appeal local rulings affecting housing developments.⁷ In April 2022, the Governor announced the \$100 million InvestNH Housing Fund, that will incentivize both municipalities and real estate developers to build more housing units.⁸ Municipalities are eligible to receive grants for allowing new housing units to be built, as well as grants to update zoning laws, and demolish vacant or dilapidated buildings. Developers can apply for grants to assist with the cost of building multifamily housing.

– Greg David, Economist

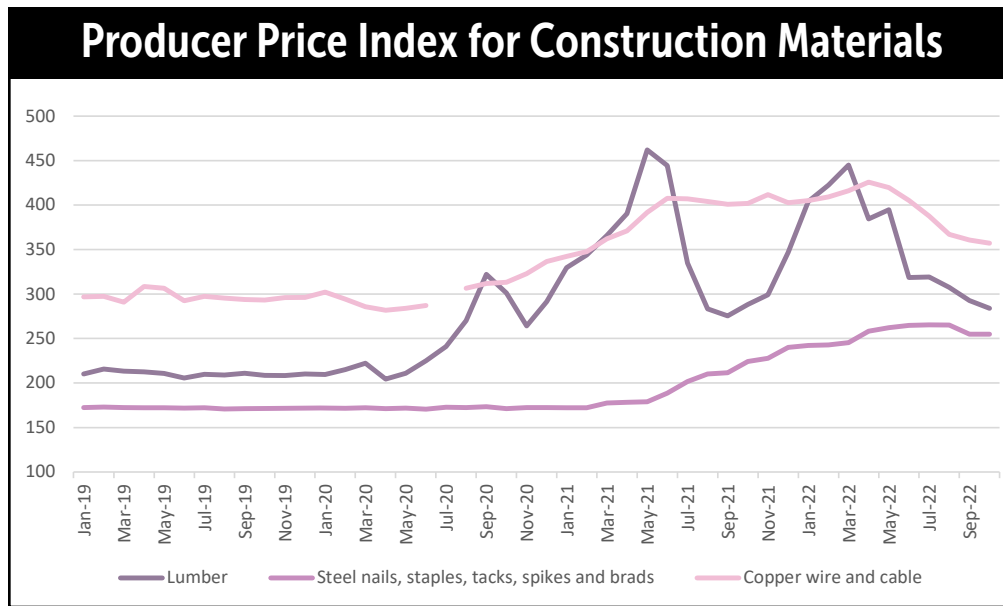


Source: U.S. Census Bureau, Building Permits Survey

⁶ PPI data are not seasonally adjusted and should be compared year-over-year.

⁷ David Brooks, "A look Inside New Hampshire's New Housing Appeals Board," New Hampshire Business Review, April 6, 2022. <https://www.nhbr.com/a-look-inside-new-hampshires-new-housing-appeals-board/>.

⁸ Office of the Governor of New Hampshire, "Governor Chris Sununu's Transformative \$100 Million Housing Fund Approved," <https://www.governor.nh.gov/news-and-media/governor-chris-sununu-transformative-100-million-housing-fund-approved>.



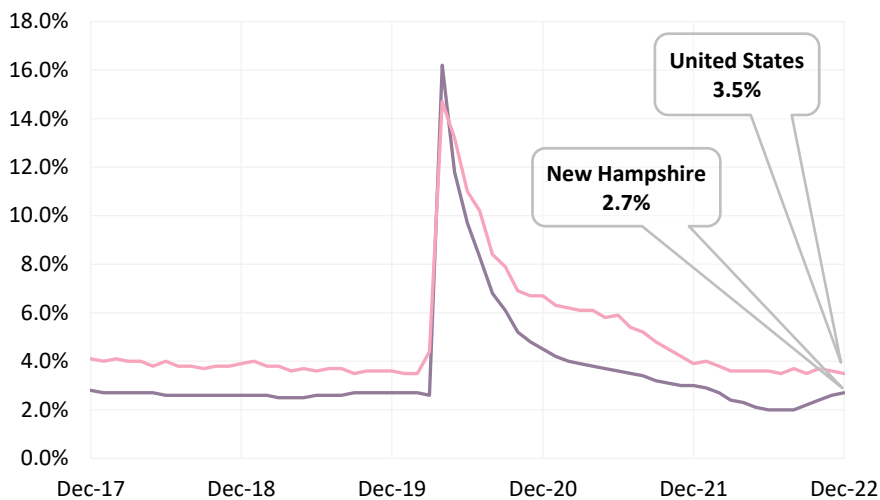
Source: U.S. Bureau of Labor Statistics, Producer Price Index

SEASONALLY ADJUSTED ESTIMATES

Unemployment Estimates by Region

Seasonally Adjusted	Dec-22	Nov-22	Dec-21
United States	3.5%	3.6%	3.9%
Northeast	3.7%	3.8%	5.1%
New England	3.3%	3.4%	4.5%
Connecticut	4.2%	4.2%	5.1%
Maine	3.8%	3.7%	4.1%
Massachusetts	3.3%	3.4%	4.6%
New Hampshire	2.7%	2.6%	3.0%
Rhode Island	3.5%	3.6%	4.5%
Vermont	2.6%	2.5%	3.1%
Mid Atlantic	3.8%	4.0%	5.4%
New Jersey	3.4%	3.4%	5.1%
New York	4.3%	4.3%	5.4%
Pennsylvania	3.9%	4.0%	5.5%

**Local Area Unemployment Statistics (LAUS)
Unemployment Rate, NH and US**



Current Employment Statistics (CES) by Place of Establishment

	Number of Jobs			Change From Previous	
	Dec-22	Nov-22	Dec-21	Month	Year
Total Nonfarm	689,300	689,700	672,400	-400	16,900
Total Private	604,600	604,800	588,700	-200	15,900
Mining and Logging	900	1,000	900	-100	0
Construction	30,700	31,400	30,000	-700	700
Manufacturing	69,900	69,500	68,200	400	1,700
Durable Goods	52,300	52,100	51,100	200	1,200
Non-Durable Goods	17,600	17,400	17,100	200	500
Trade, Transportation, and Utilities	139,100	139,900	139,700	-800	-600
Wholesale Trade	30,400	30,400	30,300	0	100
Retail Trade	91,400	92,000	91,200	-600	200
Transportation, Warehousing, and Utilities	17,300	17,500	18,200	-200	-900
Information	11,500	11,700	11,600	-200	-100
Financial Activities	34,000	34,400	35,000	-400	-1,000
Financial and Insurance	26,700	27,100	28,200	-400	-1,500
Real Estate and Rental and Leasing	7,300	7,300	6,800	0	500
Professional and Business Services	99,000	97,700	92,100	1,300	6,900
Professional, Scientific, and Technical Services	47,500	47,400	44,600	100	2,900
Management of Companies and Enterprises	9,600	9,700	9,600	-100	0
Administrative and Support and Waste Management and Remediation Services	41,900	40,600	37,900	1,300	4,000
Education and Health Services	122,300	122,400	121,200	-100	1,100
Educational Services	30,100	30,500	29,400	-400	700
Health Care and Social Assistance	92,200	91,900	91,800	300	400
Leisure and Hospitality	72,000	71,600	66,800	400	5,200
Arts, Entertainment, and Recreation	12,400	12,200	10,300	200	2,100
Accommodation and Food Services	59,600	59,400	56,500	200	3,100
Other Services	25,200	25,200	23,200	0	2,000
Government	84,700	84,900	83,700	-200	1,000
Federal Government	8,500	8,600	8,300	-100	200
State Government	20,700	20,800	20,700	-100	0
Local Government	55,500	55,500	54,700	0	800

Current month is preliminary; past months are revised

Prior data and area data are available on our website at: www.nhes.nh.gov/elmi/statistics/ces-htm

NOT SEASONALLY ADJUSTED ESTIMATES BY PLACE OF RESIDENCE

Labor Force Estimates

New Hampshire	Dec-22	Nov-22	Dec-21
Total Civilian Labor Force	775,940	769,710	755,050
Employed	756,800	750,320	737,130
Unemployed	19,140	19,390	17,920
Unemployment Rate	2.5%	2.5%	2.4%

United States (# in thousands)	Dec-22	Nov-22	Dec-21
Total Civilian Labor Force	164,224	164,272	161,696
Employed	158,872	158,749	155,732
Unemployed	5,352	5,523	5,964
Unemployment Rate	3.3%	3.4%	3.7%

Unemployment Rates by Area

Counties	Dec-22	Nov-22	Dec-21
Belknap	2.6%	2.6%	2.5%
Carroll	2.7%	2.9%	2.5%
Cheshire	2.6%	2.6%	2.7%
Coös	3.3%	3.3%	3.1%
Grafton	2.2%	2.4%	2.2%
Hillsborough	2.5%	2.5%	2.4%
Merrimack	2.2%	2.3%	2.1%
Rockingham	2.6%	2.6%	2.4%
Strafford	2.2%	2.3%	2.1%
Sullivan	2.4%	2.5%	2.2%

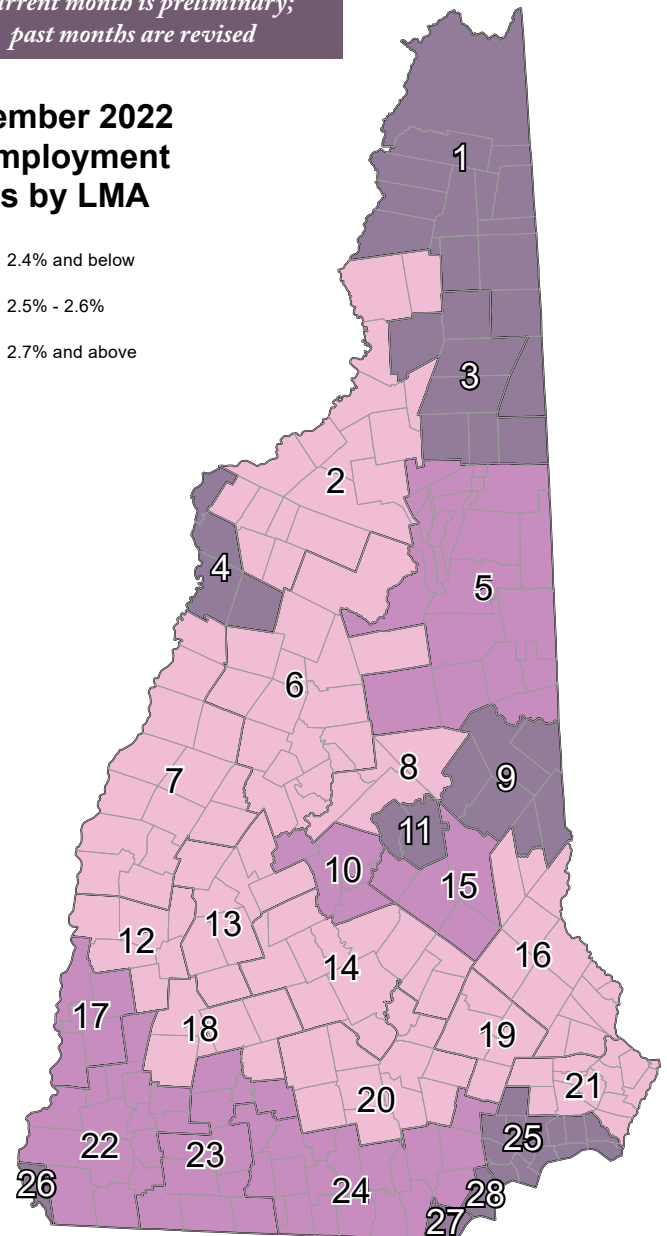
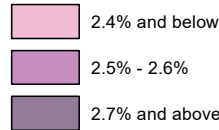
Map Key	Labor Market Areas	Dec-22	Nov-22	Dec-21
1	Colebrook, NH-VT LMA, NH Portion	3.4%	3.6%	2.8%
2	Littleton, NH-VT LMA, NH Portion	2.4%	2.5%	2.5%
3	Berlin NH Micropolitan NECTA	3.8%	3.7%	3.1%
4	Haverhill, NH LMA	2.9%	3.1%	3.4%
5	Conway, NH-ME LMA, NH Portion	2.5%	2.8%	2.4%
6	Plymouth, NH LMA	2.2%	2.3%	2.0%
7	Lebanon, NH-VT Micropolitan NECTA, NH Portion	2.2%	2.3%	2.1%
8	Meredith, NH LMA	2.4%	2.6%	2.2%
9	Wolfeboro, NH LMA	3.1%	3.2%	2.8%
10	Franklin, NH LMA	2.6%	2.6%	2.6%
11	Laconia, NH Micropolitan NECTA	2.8%	2.9%	2.6%
12	Expanded Claremont, NH estimating area	2.4%	2.4%	2.2%
13	New London, NH LMA	2.1%	2.4%	2.1%
14	Concord, NH Micropolitan NECTA	2.2%	2.2%	2.0%
15	Belmont, NH LMA	2.5%	2.4%	2.3%
16	Dover-Durham, NH-ME Metropolitan NECTA, NH Portion	2.2%	2.3%	2.1%
17	Charlestown, NH LMA	2.5%	2.5%	2.8%
18	Hillsborough, NH LMA	2.3%	2.4%	2.2%
19	Raymond, NH LMA	2.3%	2.4%	2.1%
20	Manchester, NH Metropolitan NECTA	2.3%	2.4%	2.3%
21	Portsmouth, NH-ME Metropolitan NECTA, NH Portion	2.3%	2.4%	2.1%
22	Keene, NH Micropolitan NECTA	2.6%	2.6%	2.5%
23	Peterborough, NH LMA	2.5%	2.5%	2.3%
24	Nashua, NH-MA NECTA Division, NH Portion	2.6%	2.6%	2.5%
25	Seabrook-Hampstead Area, NH Portion, Haverhill-Newburyport-Amesbury MA-NH NECTA Division	2.9%	2.8%	2.9%
26	Hinsdale Town, NH Portion, Brattleboro, VT-NH LMA	4.0%	3.7%	5.0%
27	Pelham Town, NH Portion, Lowell-Billerica-Chelmsford, MA-NH NECTA Division	3.2%	3.2%	3.3%
28	Salem Town, NH Portion, Lawrence-Methuen-Salem, MA-NH NECTA Division	3.1%	3.2%	3.0%

Unemployment Rates by Region

Not Seasonally Adjusted	Dec-22	Nov-22	Dec-21
United States	3.3%	3.4%	3.7%
Northeast	3.4%	3.4%	4.2%
New England	3.1%	3.1%	3.8%
Connecticut	3.1%	3.5%	4.1%
Maine	3.4%	3.5%	3.5%
Massachusetts	3.2%	2.9%	4.1%
New Hampshire	2.5%	2.5%	2.4%
Rhode Island	2.3%	3.4%	3.4%
Vermont	2.7%	2.4%	2.5%
Mid Atlantic	3.6%	3.5%	4.4%
New Jersey	3.1%	3.0%	4.3%
New York	3.8%	3.7%	4.5%
Pennsylvania	3.5%	3.4%	4.4%

Current month is preliminary; past months are revised

December 2022 Unemployment Rates by LMA



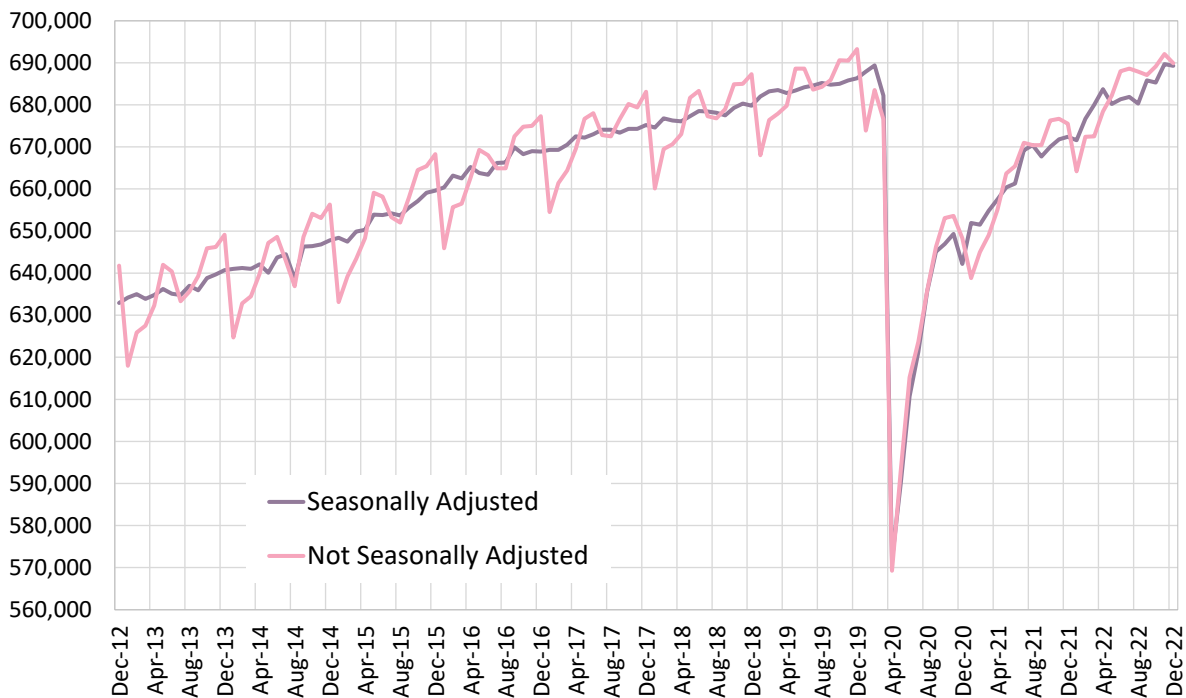
MONTHLY ESTIMATES BY PLACE OF ESTABLISHMENT

**New Hampshire Nonfarm Employment Statewide
Not Seasonally Adjusted**

*Current month
is preliminary;
past months
are revised*

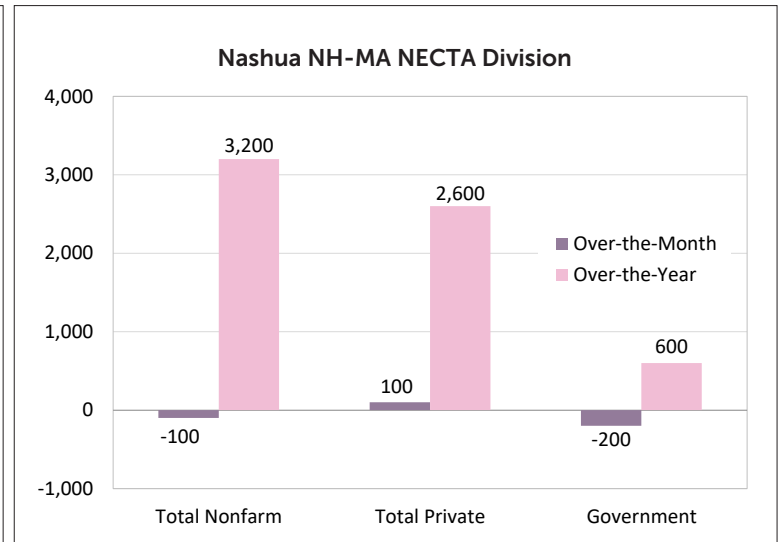
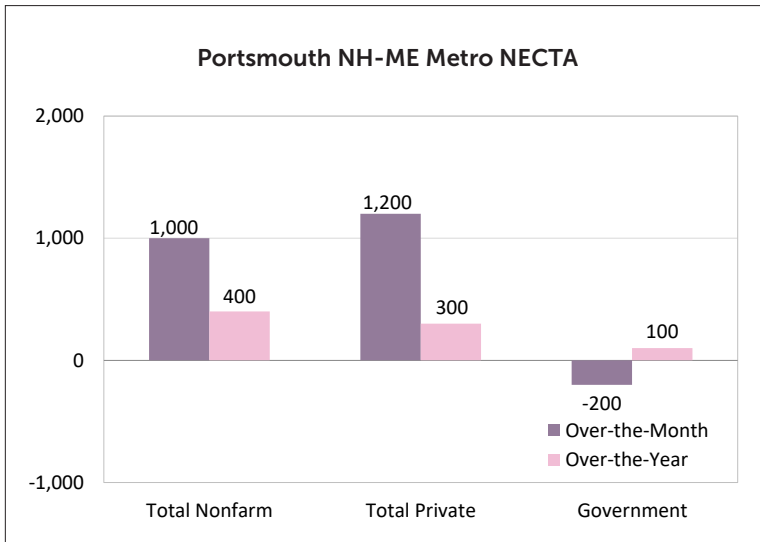
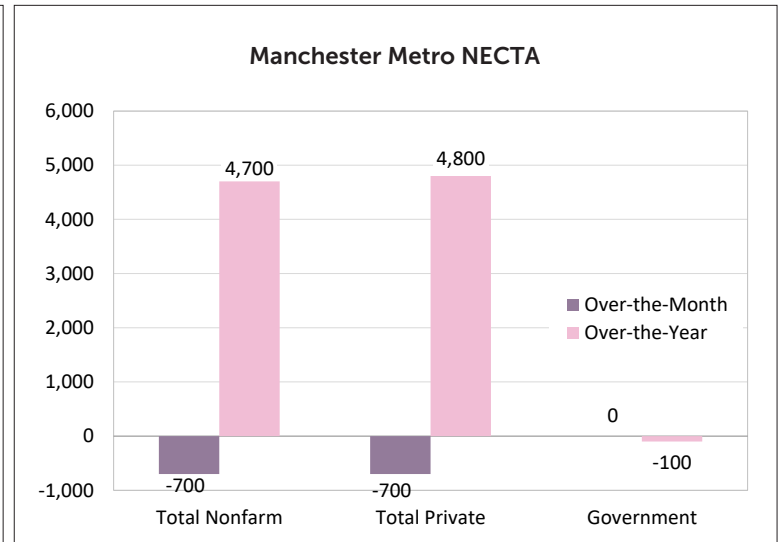
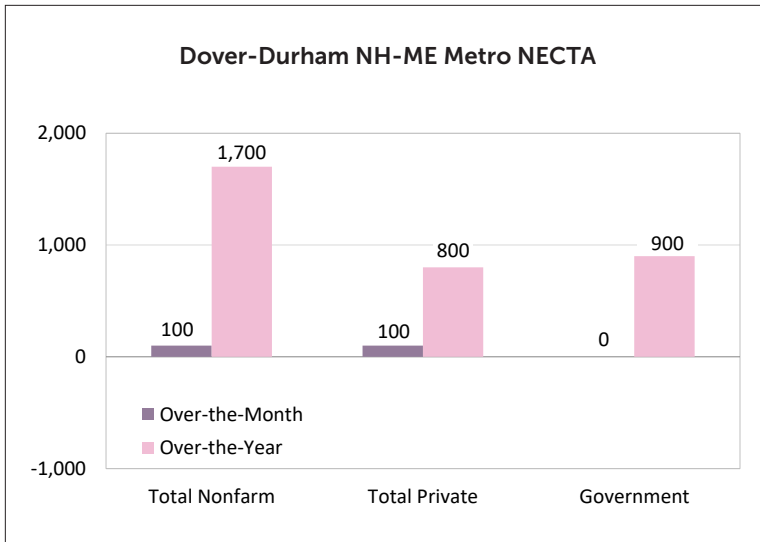
	Number of Jobs			Change From Previous	
	Dec-22	Nov-22	Dec-21	Month	Year
Total Nonfarm	689,900	692,100	675,500	-2,200	14,400
Total Private	601,900	604,000	588,500	-2,100	13,400
Mining and Logging	900	1,000	900	-100	0
Construction	30,600	31,900	30,100	-1,300	500
Manufacturing	69,700	69,200	67,900	500	1,800
Durable Goods	52,100	51,800	50,700	300	1,400
Non-Durable Goods	17,600	17,400	17,200	200	400
Trade, Transportation, and Utilities	141,300	140,700	142,500	600	-1,200
Wholesale Trade	30,400	30,200	30,300	200	100
Retail Trade	92,100	92,300	92,400	-200	-300
Transportation, Warehousing, and Utilities	18,800	18,200	19,800	600	-1,000
Information	11,600	11,700	11,800	-100	-200
Financial Activities	34,000	34,500	35,100	-500	-1,100
Professional and Business Services	99,000	98,000	91,700	1,000	7,300
Education and Health Services	122,300	124,400	121,300	-2,100	1,000
Leisure and Hospitality	67,700	67,500	64,300	200	3,400
Other Services	24,800	25,100	22,900	-300	1,900
Government	88,000	88,100	87,000	-100	1,000
Federal Government	8,600	8,600	8,400	0	200
State Government	21,800	22,000	21,700	-200	100
Local Government	57,600	57,500	56,900	100	700

Total Nonfarm Employment Trend Through December 2022

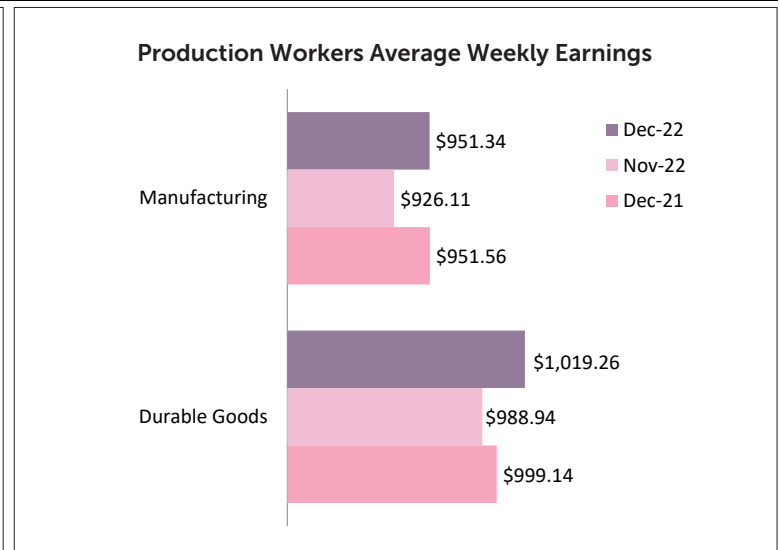
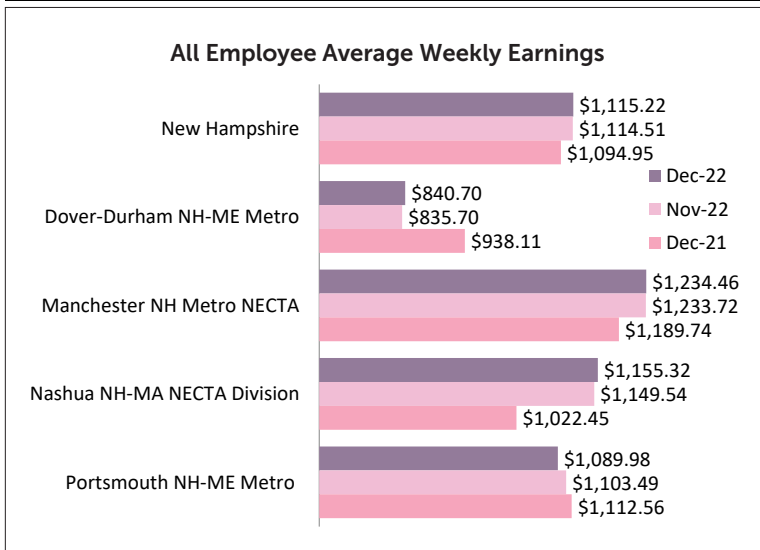


MONTHLY ESTIMATES BY PLACE OF ESTABLISHMENT

Nonfarm Employment by Metropolitan Statistical Areas - December 2022



Total Private Average Weekly Earnings Data



Sector data for the four areas and hours earnings data are available on our website: www.nhes.nh.gov/elmi/statistics/ces-data.htm

MONTHLY ANALYSIS OF CURRENT EMPLOYMENT STATISTICS (CES)

Seasonally Adjusted

Total nonfarm employment decreased to 689,300 jobs in December, based on preliminary seasonally adjusted estimates. This was a decrease of 400 non-farm jobs over the month, as private industry and government employment each decreased by 200. Three private industry supersectors experienced over-the-month employment gains and six supersectors experienced losses. The other services supersector was unchanged from November 2022 to December 2022. Seasonally adjusted over-the-month changes reflect the number of jobs that are not attributable to a regular seasonal pattern of employment variability.

Professional and business services employment increased by 1,300 over the month. The manufacturing and leisure and hospitality supersectors each gained 400 jobs. Trade, transportation, and utilities employment decreased by 800, while construction cut 700 jobs. Financial activities decreased payrolls by 400, while information lost 200 positions. Both private education and health services and mining and logging employment declined by 100 over the month.

Total private employment in December 2022 was 6,300 jobs above the pre-pandemic level in February 2020. Professional and business services was 14,300 jobs above pre-pandemic levels. Private education and health services employment was 4,500 jobs below the February 2020 level.

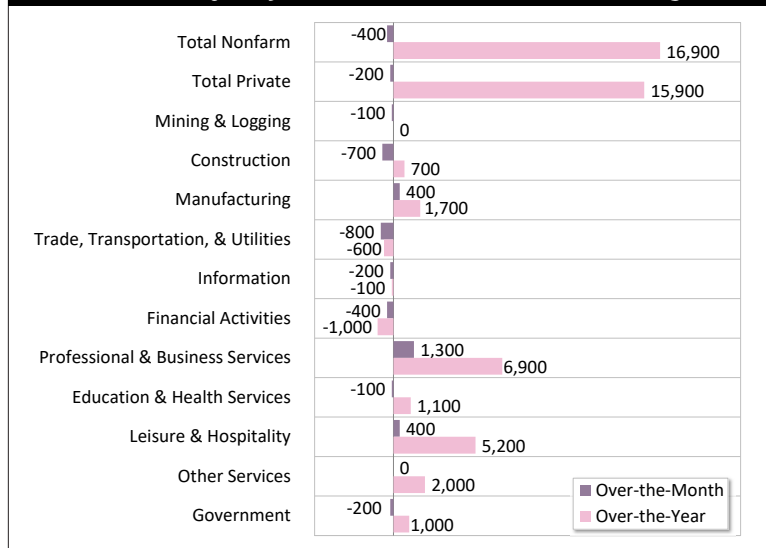
Not Seasonally Adjusted

Preliminary unadjusted estimates for December 2022 indicate that total nonfarm employment increased by 14,400 jobs since December 2021. Six private industry supersectors experienced over the year employment gains and three experienced over-the-year losses. Government employment increased by 1,000, while mining and logging employment was unchanged from December 2021 to December 2022.

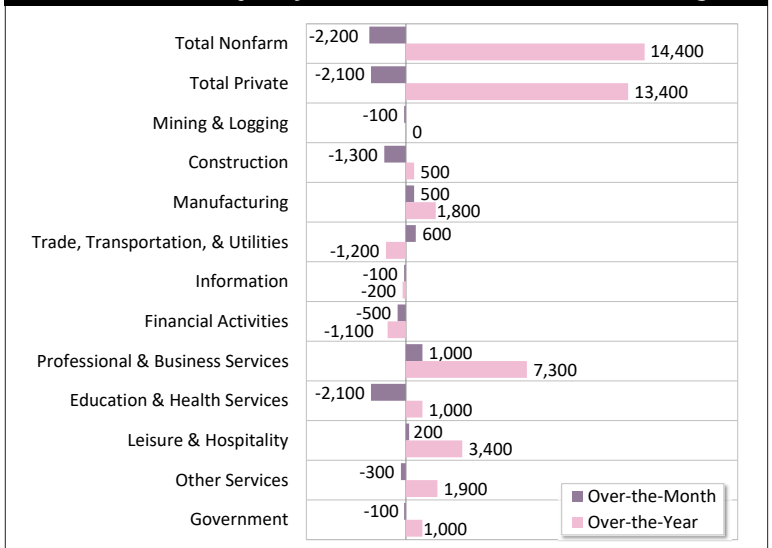
Professional and business services experienced the largest increase, with 7,300 more jobs than in December 2021. The leisure and hospitality supersector increased employment by 3,400, while the other services supersector added 1,900 positions. Manufacturing added 1,800 jobs, while private education and health services expanded payrolls by 1,000. Construction employment increased by 500 over the year. Trade, transportation, and utilities employment decreased by 1,200 over the year, while financial activities lost 1,100 jobs. Information industry employment in December 2022 was 200 fewer than a year earlier.

– Robert Cote, Research Analyst

Seasonally Adjusted December 2022 Change



Not Seasonally Adjusted December 2022 Change

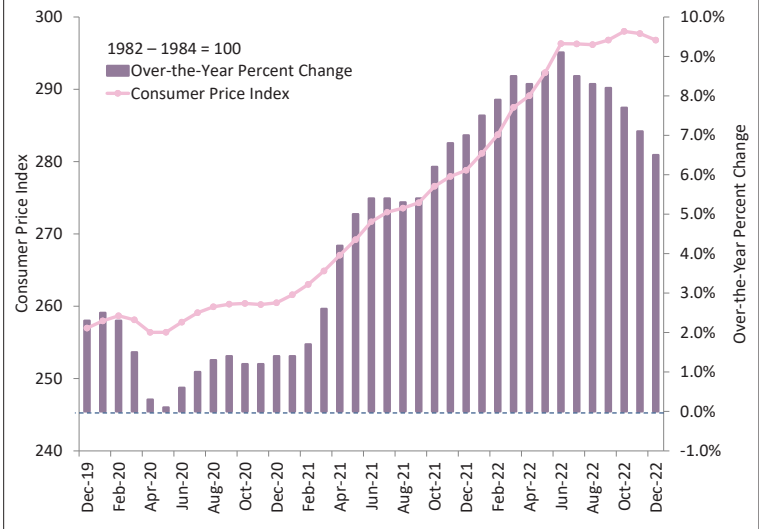


Consumer Price Index

United States, All Urban Consumers Not Seasonally Adjusted (CPI-U) (1982-1984=100)				
			Change From Previous	
Dec-22	Nov-22	Dec-21	Month	Year
296.797	297.711	278.802	-0.3%	6.5%

Northeast, All Urban Consumers Not Seasonally Adjusted (CPI-U) (1982-1984=100)				
			Change From Previous	
Dec-22	Nov-22	Dec-21	Month	Year
308.150	308.394	290.405	-0.1%	6.1%

Consumer Price Index United States, All Urban Consumers



Unemployment Compensation Claims Activity

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Initial Claims	1,583	1,584	1,106	1,368	1,564	2,331
Continued Weeks Claimed	9,113	10,289	7,044	7,422	7,442	8,707
Average payment for a week of unemployment	\$307.82	\$311.40	\$350.44	\$357.49	\$354.17	\$356.19

New Hampshire Economic Conditions is published monthly in coordination with the Bureau of Labor Statistics and the Employment Training Administration of the U.S. Department of Labor.

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