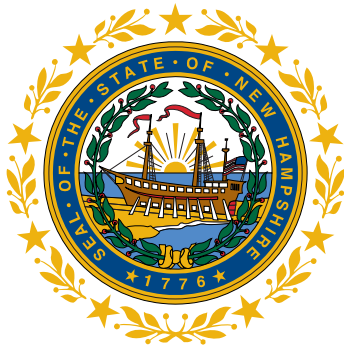


# New Hampshire Economic Analysis Report

## 2008



# New Hampshire Economic Analysis Report 2008



State of New Hampshire  
John H. Lynch, *Governor*

New Hampshire Employment Security  
Richard S. Brothers, *Commissioner*

Economic and Labor Market Information Bureau  
Richard Ricker, *Director*

**June 2008**

## Preface

The *New Hampshire Economic Analysis Report 2008* provides a mid-year look at the New Hampshire economy. It includes the most recent data describing key economic indicators such as gross domestic product, employment, personal income, housing, and exports. In addition, the report looks forward, considering occupational employment projections and recent population trends.

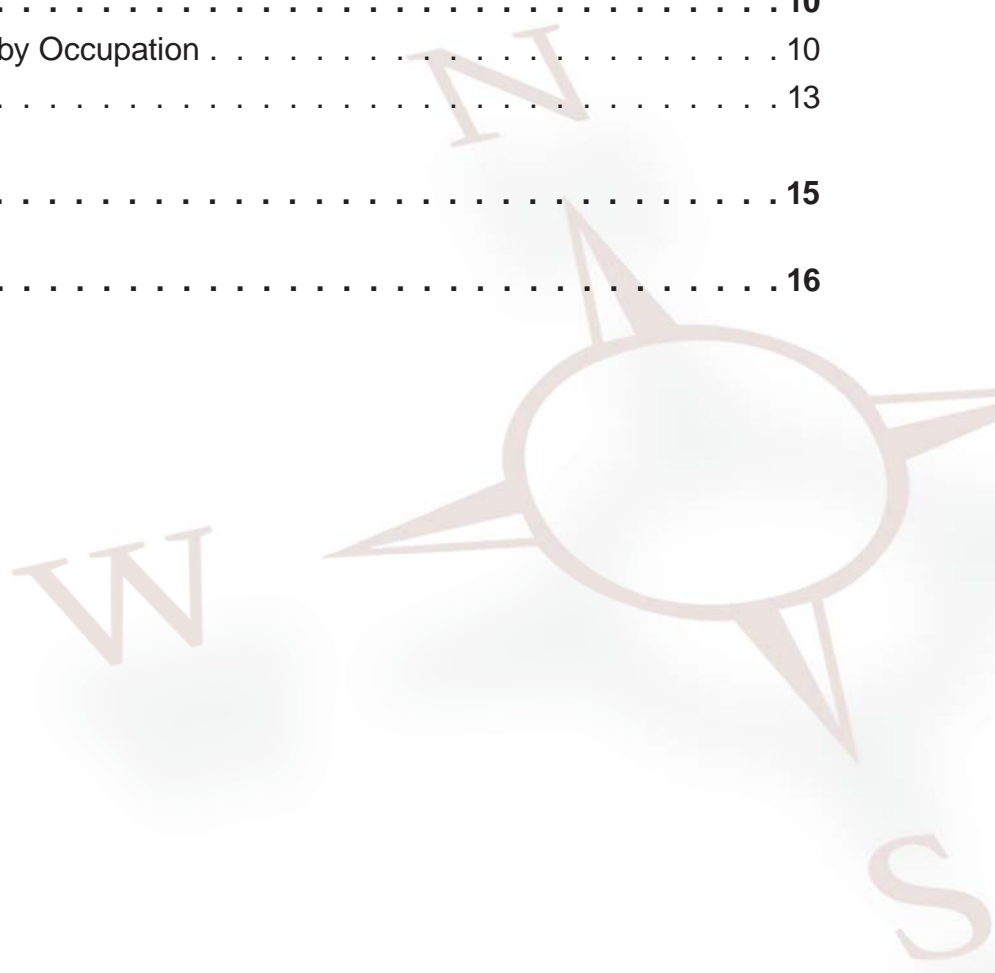
This report is intended to inform workforce development policy and investment decisions by the Governor, the legislature, the New Hampshire state workforce investment board, local workforce investment advisory groups, and additional partners including community colleges, economic development organizations, and other workforce development interest groups. The information contained herein is also useful to anyone who has a stake in the New Hampshire economy, whether they are involved in business, career planning, or general economic research and analysis.

The primary sources of the data contained in the report are the U.S. Bureau of Labor Statistics, the U.S. Census Bureau, and the U.S. Bureau of Economic Analysis. The analysis of this data stems from the body of work produced by the Economic and Labor Market Information Bureau of the New Hampshire Department of Employment Security, either under contract with the Bureau of Labor Statistics of the U.S. Department of Labor or with the support of grant monies from the Employment and Training Administration of the U.S. Department of Labor.



## Table of Contents

<b>Executive Summary . . . . .</b>	<b>ii</b>
The New Hampshire Economy in Review . . . . .	.ii
Looking Ahead. . . . .	iii
<b>The New Hampshire Economy in Review. . . . .</b>	<b>1</b>
Gross Domestic Product by State . . . . .	1
Employment . . . . .	2
Personal Income . . . . .	6
Educational Attainment . . . . .	7
Housing & Real Estate. . . . .	8
Exports . . . . .	9
<b>Looking Ahead . . . . .</b>	<b>10</b>
Employment Projections by Occupation . . . . .	10
Population . . . . .	13
<b>New Hampshire Outlook. . . . .</b>	<b>15</b>
<b>Data Sources . . . . .</b>	<b>16</b>



## Executive Summary

### *The New Hampshire Economy in Review*

Overall, the New Hampshire economy has remained steady in light of the highly publicized economic difficulties facing the nation. Some of the state's economic measures are showing moderate growth, while others reflect moderate decline. When taken as a whole, the figures show neither cause for alarm, nor cause for celebration.

Gross Domestic Product (GDP) is growing, albeit more slowly than in years past. At the end of 2007, the New Hampshire total Gross Domestic Product (GDP) was \$57.3 billion, an increase of 2.3 percent from 2006. At the conclusion of 2006, GDP had grown 4.9 percent from the prior year, and at the end of 2005 it had grown 4.0 percent.

New Hampshire's resident labor force, seasonally adjusted, was 746,047 strong as of April 2008, an increase of just one tenth of one percent from April 2007. The seasonally adjusted unemployment rate, which has been consistently lower than the U.S. rate over the past fifteen years, was 3.8 percent at the end of the first quarter of 2008, and 4.0 percent at the end of May 2008. Recently, the unemployment rate has not fluctuated greatly – April's figure is three tenths higher than January of 2008 and only one tenth higher than April 2007.

Nevertheless, monthly initial claims and continued weeks claimed for unemployment compensation benefits have increased slightly over the past six months. Over the past five years, the number of initial claims has stayed relatively steady while continued weeks claimed has declined by approximately 25 percent.

New Hampshire per capita personal income is increasing. The 4.4 percent increase seen between 2006 and 2007, however, is slightly less than the increases seen in Connecticut (6.6 percent), Massachusetts (6.0 percent), or Vermont (5.1 percent).

The recent difficulties in the national credit market have taken a toll on real estate activity throughout New England. While New Hampshire is not immune, its level of decline in the past year (5.6 percent drop from April of 2007 to April 2008) has been one of the smallest in New England. In summary, much of New Hampshire's economy is dependent upon consumer spending. Therefore, anything that decreases disposable income threatens economic growth. Although the numbers project a tenuous stability in the short term, the continued inflationary increases in the prices of food and fuel could spell trouble ahead.

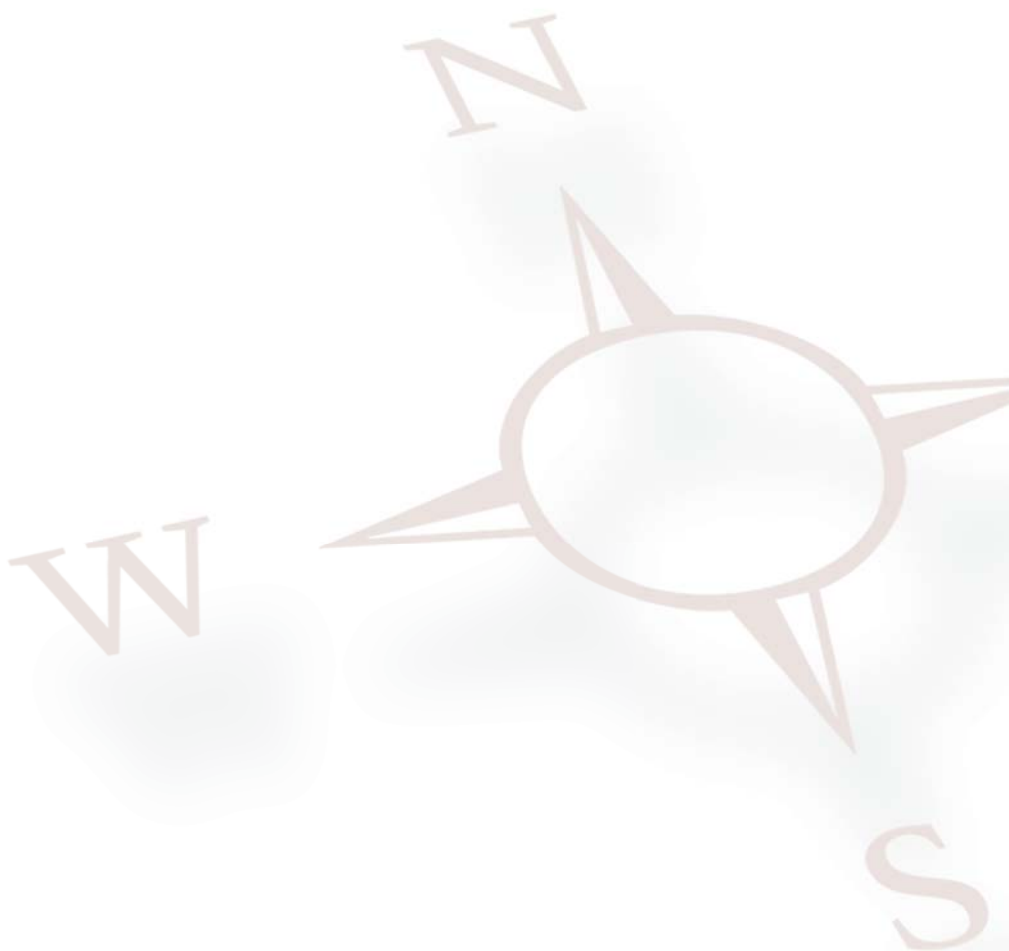
## Looking Ahead

---

Total employment in New Hampshire is projected to increase by 13.9 percent from 2006 to 2016, adding more than 96,400 jobs. Jobs in healthcare, social services, computers and mathematics, and personal services are expected to grow at more than twice the average rate for all occupations. The occupations expected to grow at the fastest rate are in the areas of community and social services (31.6 percent), healthcare support occupations

(30.5 percent), and computer and mathematical occupations (28.1 percent).

New Hampshire has grown faster than any other New England state. This growth, however, is occurring at a decreasing rate, essentially leveling off between 2006 and 2007. The population of New Hampshire, and New England as a whole, is also rapidly aging.

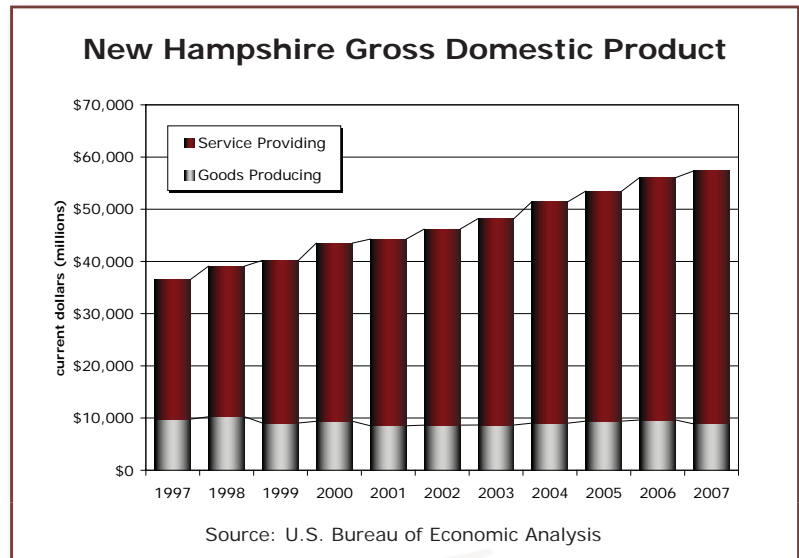




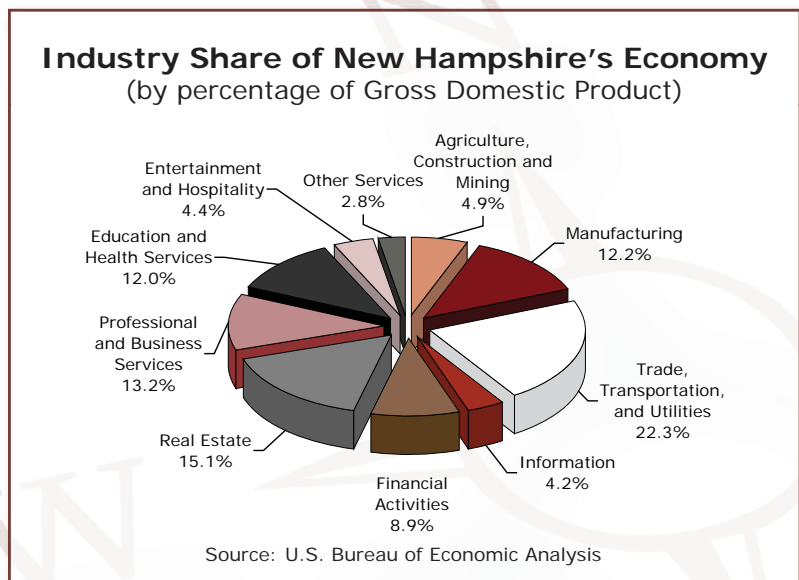
## The New Hampshire Economy in Review

### Gross Domestic Product by State

At the end of 2007, the New Hampshire total Gross Domestic Product (GDP) was \$57.3 billion, an increase of 2.3 percent from 2006 and 56.8 percent from 1997. All of the growth in GDP can be attributed to service-providing industries. This growth, coupled with a percentage decrease in the portion of GDP resulting from the production of goods, reflects how increasing global production has created a shift away from production as a mainstay of New Hampshire's economy.



*Trade, transportation, and utilities* have the largest share of New Hampshire's economy, contributing 22.3 percent to the GDP. These industries are followed by *Real estate* (15.1 percent), *Professional and business services* (13.2 percent), and *Manufacturing* (12.2 percent). Even though *Manufacturing* still boasts the fourth largest share of New Hampshire's GDP, its 22 percent decrease since 1997 is the largest of all industries. *Education* and *Information* are the fastest growing industries over the same ten-year span (116 percent and 169 percent).



The moderate growth in GDP suggests that New Hampshire's economy is, for the time being, somewhat healthy. Nevertheless, there are two reasons why GDP figures should be taken with a grain

of salt. First, the recent national economic downturn, which took hold in late 2007 and early 2008, is only partially reflected in these numbers. Only from the 2008 and 2009 figures will we be able to mark the impact of the national decline on the market value of the goods and services produced in New Hampshire. Second, GDP is not the sole indicator of economic health. Although GDP describes the economic value added to production by a state’s labor and

capital inputs, many economists agree that an accurate portrayal of economic health must contain less tangible measures. These include the quality of produced goods, the environmental damages resulting from growth, the impacts of poverty and social inequality, and the value of unmeasured labor such as volunteering or homemaking. Items such as these all contribute to the overall health of the economy, but cannot always be measured in terms of monetary transaction.

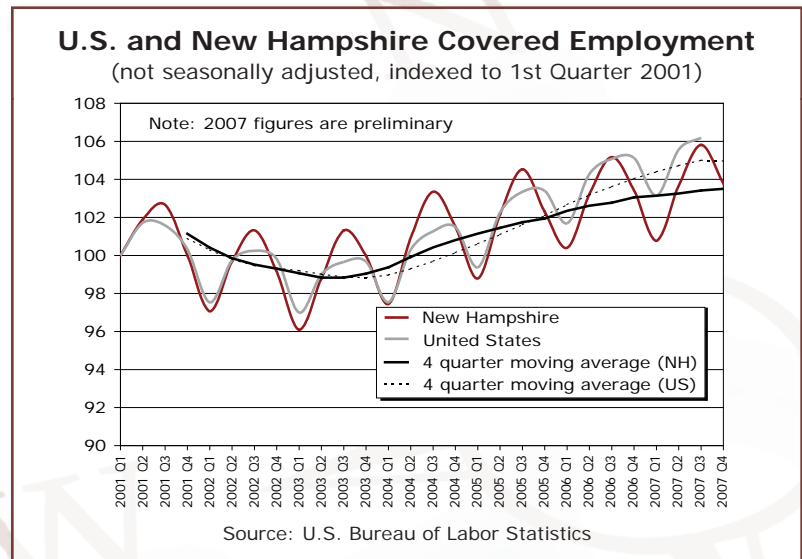
### Employment

When considering covered employment in terms of an index, both New Hampshire and the U.S. share a similar rate of growth. Since the first quarter of 2003 when the U.S. and New Hampshire indices were at their lowest points, covered employment in the U.S. as of the third quarter of 2007 (the most recent data available) has increased 9.5 percent. New Hampshire, as of the fourth quarter of 2007, has increased 7.9 percent. It should be noted that the 2007 figures are preliminary, and 2008 figures are projected to reflect a downward trend in covered employment.

New Hampshire’s resident labor force, seasonally adjusted, was 746,047 strong as of April 2008, an increase of 5.3 percent since November 2001. The nation’s labor force grew 6.7 percent over the same period of time. New England’s

labor force grew by 2.8 percent, pulled down by a decrease in Massachusetts of -0.3 percent.

New Hampshire’s unemployment rate has been consistently lower than the U.S. rate over the past fifteen years. In recent months,



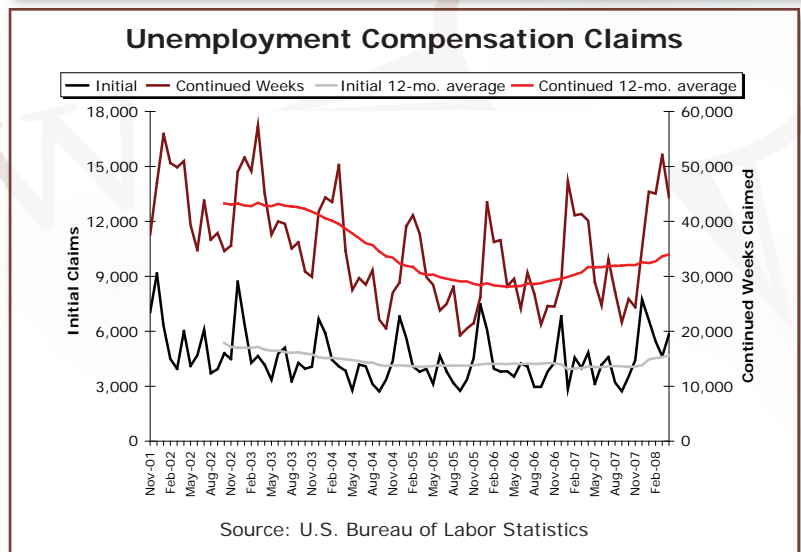
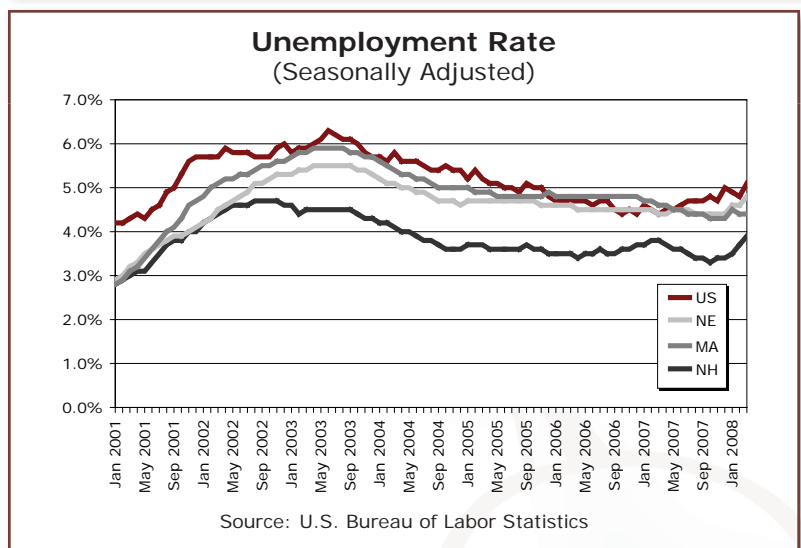
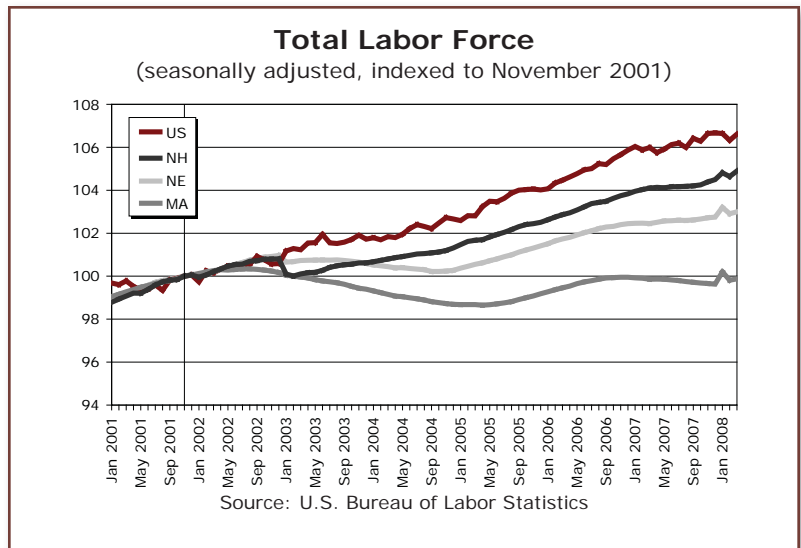


the unemployment rates for New Hampshire, New England, and the United States have risen, although all three rates have a way to go before reaching their most recent peaks in 2002 and 2003.

The gap between unemployment rates for Massachusetts and New Hampshire is narrowing. This is of interest because Massachusetts represents roughly half of the New England economy, and is economically linked to New Hampshire due to the close proximity of the Boston Metropolitan Area to southern New Hampshire.

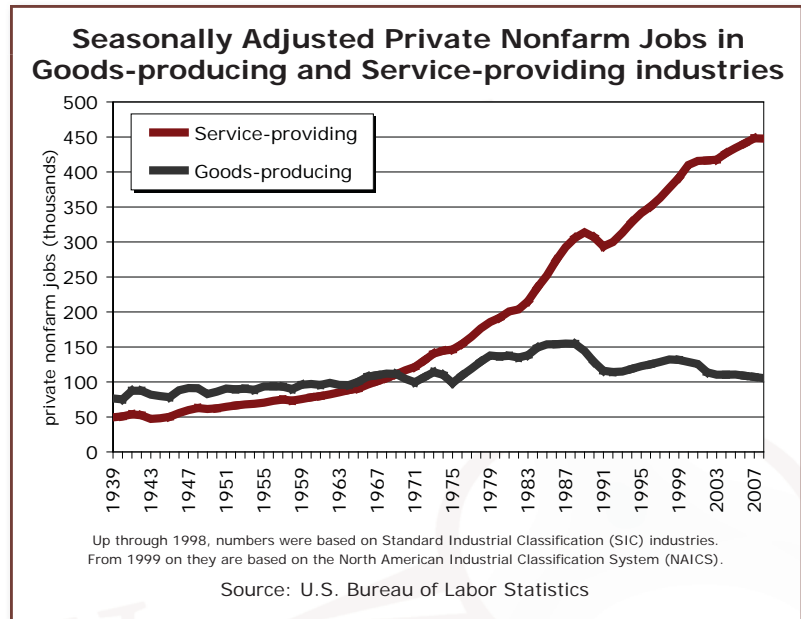
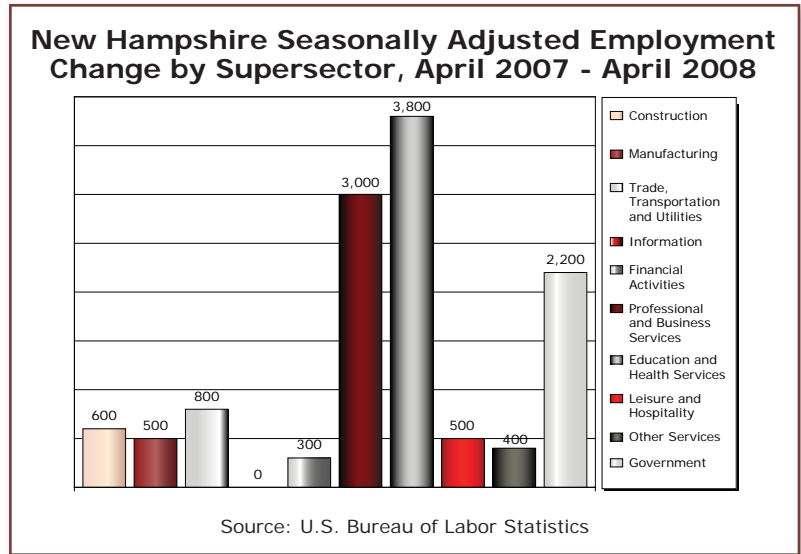
Monthly initial claims and continued weeks claimed for unemployment compensation benefits have increased slightly over the past six months. Over the past five years, the number of initial claims has stayed relatively steady while continued weeks claimed has declined by approximately 25 percent.

The small nature of the uptick in the unemployment rate and the increases in initial and continued weeks claimed, combined with the relatively stable number of civilians employed, suggest that New Hampshire's economy can best be described as "steady as she goes." As was the case with GDP, however, the figures available at this time do not yet reflect the current economic conditions that have grabbed headlines nationwide. Only time will tell if New Hampshire's flat figures portend stability or difficulty.



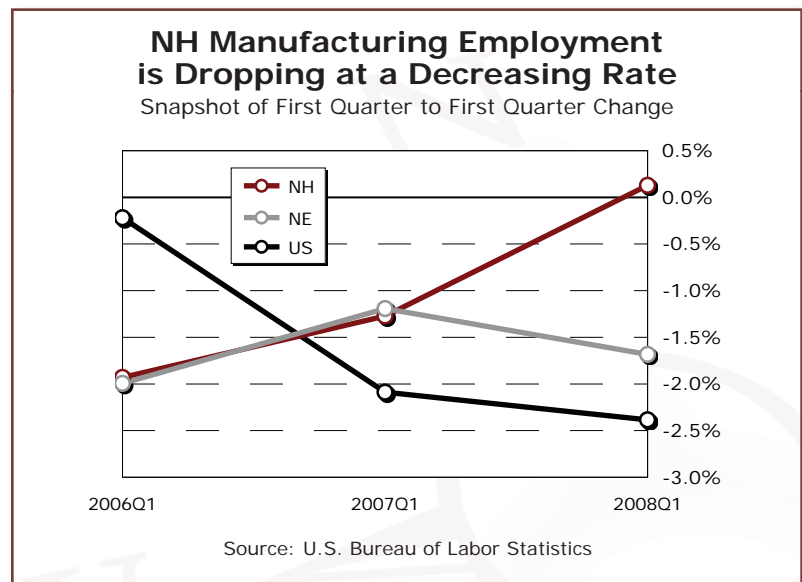
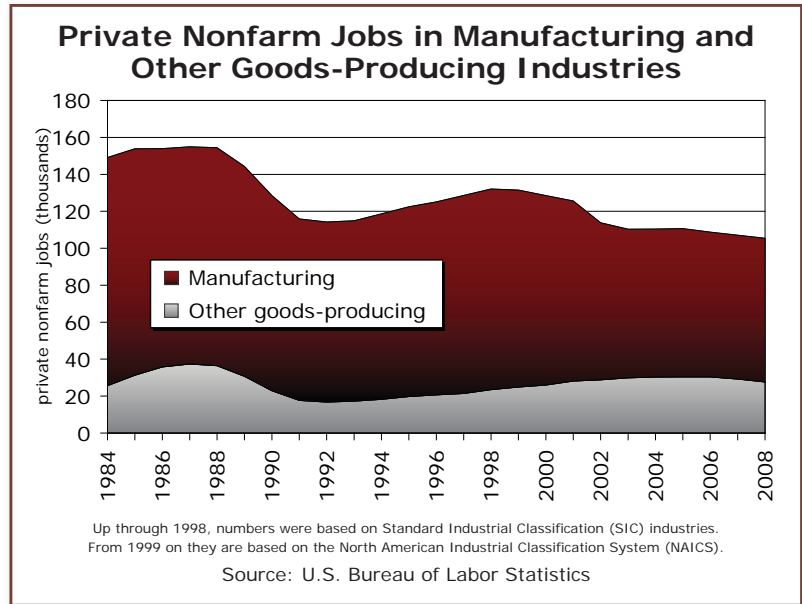
Employment figures at the industry level might provide a glimpse into the proverbial crystal ball. The only industry in New Hampshire that did not experience positive employment change from April 2007 to April 2008 was Information, which stayed at zero. Also of note is the positive change in Leisure and hospitality, which suggests that the highly publicized economic benefits resulting from the recent snowy winter did in fact include newly created jobs. Employment in the Health care and social assistance sector, which makes up 77 percent of the Education and health services supersector, added 3,800 jobs. Government growth was driven by increases at the local level, which added 1,700 jobs in the past year. Each of these figures suggest that the economy may in fact be staying afloat.

Economists, policy-makers, and the media have made much of the fact that employment in goods-producing industries, including Manufacturing, has been in steady decline. In fact, from its most recent employment peak in the late 1990s, goods-producing industries have shed nearly 15 thousand jobs. As mentioned earlier, Manufacturing’s contribution to New Hampshire’s GDP has declined more than 20 percent over that same ten year period. When compared to the continued steady growth in employment in service-providing industries, the decline seems particularly stark. Why has Manufacturing employment failed to match the dramatic employment



increases seen in the service-providing industries? What does this decline mean for New Hampshire?

There are two answers to these questions. First, changes such as automation, the outsourcing of many low-skill jobs to areas where prevailing wages are lower, and steady increases in the price of fuel have ultimately reduced employment levels in Manufacturing and other goods-producing industries. Second, while manufacturing jobs continue to exist, albeit in different forms, the social importance of those jobs has diminished. Manufacturing jobs were once highly valued, and a job in an auto plant or a paper mill was a good job to hold for life. The role of manufacturing in the social fabric was visibly threatened as the final decade of the 20th century brought significant reorganizations such as plant closings and mergers. What had been stable for generations was suddenly unstable, and as a result people began to question the viability of manufacturing. This social change, perhaps more than the economic reasons behind it, explain the perceived demise of manufacturing in New Hampshire.

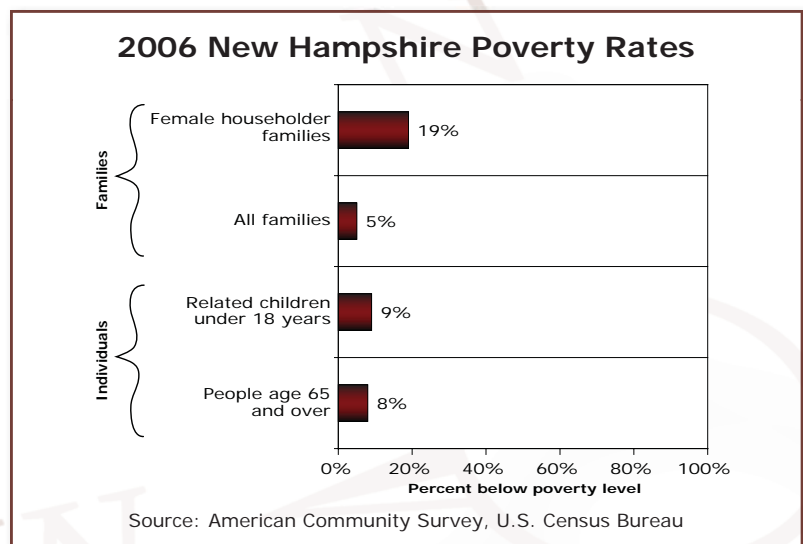
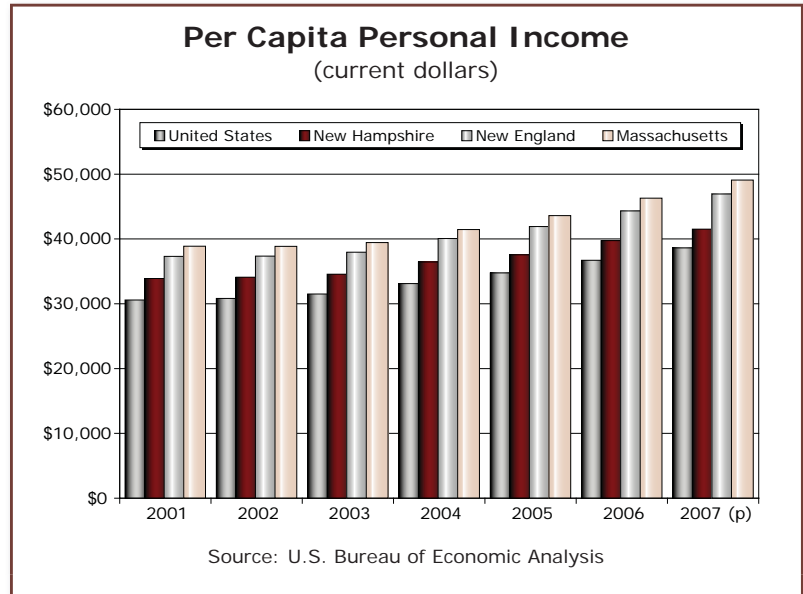


## Personal Income

Although earnings and wages are the largest component, personal income also includes income from dividends, rent, interest, or transfer receipts such as retirement, disability, income maintenance, and unemployment benefits. New Hampshire per capita personal income has increased 22.5 percent since 2001. This is slightly less than the increases seen in Massachusetts (26.3 percent), Vermont (26.5 percent), or Maine (23.4 percent).

Of the six New England states, Connecticut had the highest per capita personal income in 2007 (\$54,117), while Maine had the lowest (\$33,722). Rhode Island had the fastest growing per capita income (28.6 percent since 2001), while New Hampshire had the slowest (22.5 percent).

In 2006, New Hampshire had a poverty rate (individuals below the poverty level) of 8.0 percent of all residents, the lowest in New England and the second lowest in the nation. Of the six New England states, Maine had the highest poverty rate at 12.9 percent, followed by Rhode Island (11.1 percent) and Vermont (10.3 percent). Both Connecticut and Massachusetts reported poverty rates below 10 percent.<sup>1</sup>



<sup>1</sup> American Community Survey. U.S. Census Bureau. Accessed 5/28/08. <http://factfinder.census.gov>.

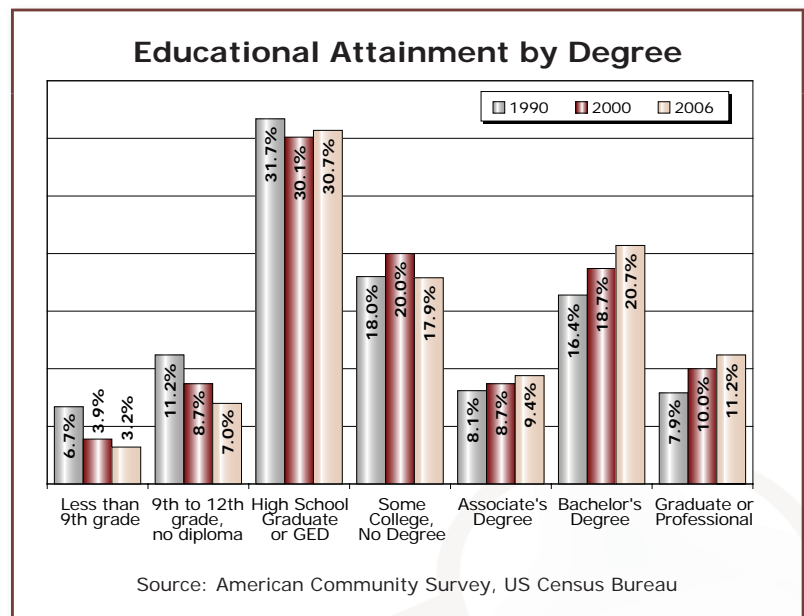
Nine percent of New Hampshire’s children under 18 were below the poverty level, compared with eight percent of New Hampshire residents 65 years old and over. Five percent of New Hampshire’s families and 19 percent of families with a female householder and no husband present had incomes below the poverty level.

New Hampshire’s northern, rural counties reflected poverty levels higher than the state average. In 2004, the poverty rate in Coös County was 10.2 percent for all residents, and 14.8 percent for children under 18. In Grafton County, the poverty rate was 8.2 percent for all residents and 11.2 percent for those under 18.

### Educational Attainment

Trends in higher education are important to economic activity because they describe the ability of the state’s population to fill future job openings. Additionally, they provide economic developers with an additional tool for recruiting new business to the state.

Educational attainment in New Hampshire is on the rise. This is evidenced by declining rates of individuals with less than a high school diploma and increasing rates of college completers. The percentage of New Hampshire residents (aged 25 or older) with a bachelor’s degree or higher has increased from 28.7 percent in 2000 to 31.9 percent in 2006. Despite this increase, New Hampshire ranks 4th out of the six New England states in terms of educational attainment. Massachusetts was the highest ranked with 33.2 percent of residents with a bachelor’s degree or higher, followed by Connecticut with 31.4 percent and Vermont with 29.4 percent.

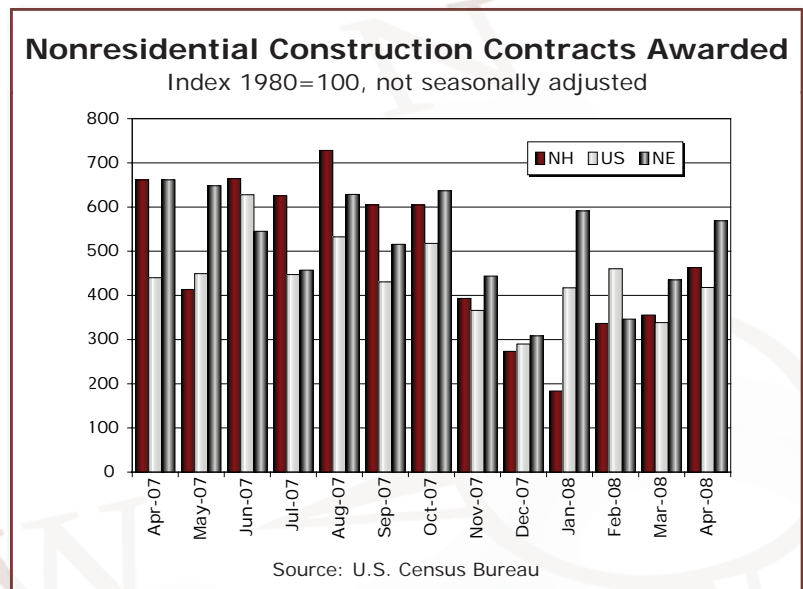
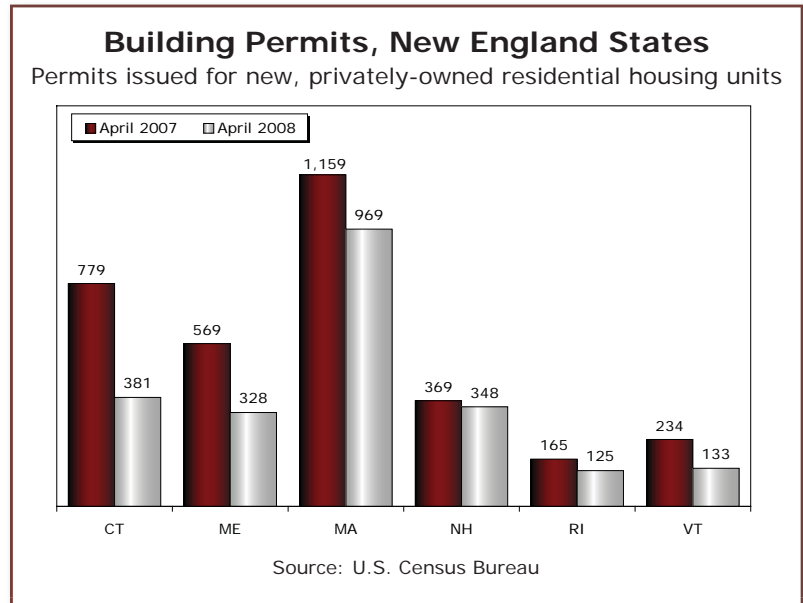


## Housing and Real Estate

New housing impacts New Hampshire's economy in a variety of ways. In addition to the direct impacts within the construction industry, each new home represents a significant amount of consumer spending. Tens of thousands of dollars are spent on building materials, appliances, furniture, and landscaping. Furthermore, payment of real estate commissions, architectural and engineering fees, and taxes all ultimately contribute to the economy.

The highly publicized difficulties in the national credit market have taken a toll on real estate activity throughout New England. While New Hampshire is not immune, its level of decline (5.6 percent) has been one of the smallest in New England. In fact, every other state in the region experienced a double-digit decline in the number of permits issued for new, privately-owned residential housing. Among the hardest hit were Connecticut (51 percent drop in April 2008 from the previous year), Vermont (43 percent drop), and Maine (42 percent drop). Building permits in Massachusetts experienced a 16 percent decline.

Recent evidence suggests that after several years of increase, real estate values in New Hampshire have leveled off. While this news is not as bad as the swift decline in property





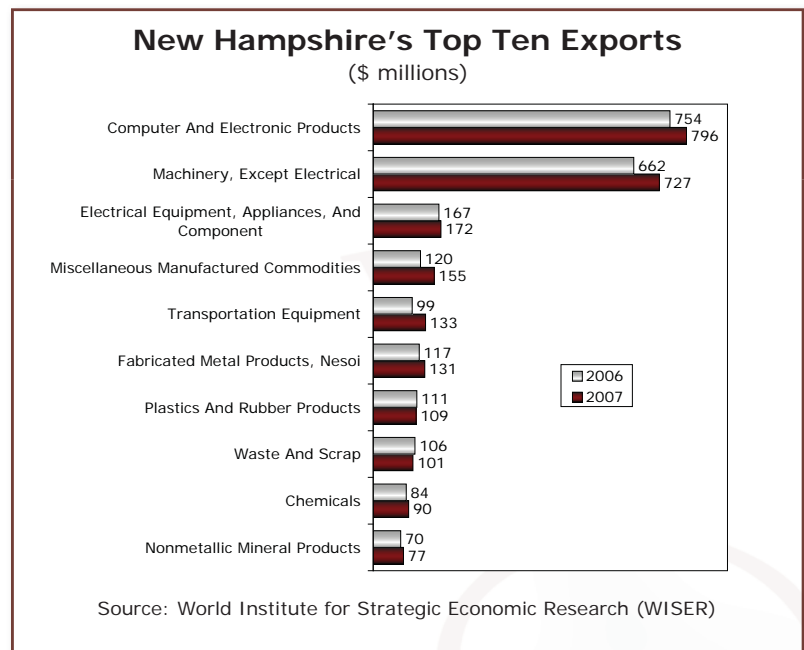
values plaguing other states, slower growth in home values results in less owner equity. In recent years, for better or for worse, home equity has served as a major driver of consumer spending. Therefore,

when homes are worth less, individuals perceive a decline in net worth and financial well-being. This in turn creates a variety of social and political ripples throughout the state.

### Exports

Since 2003, New Hampshire exports have approached \$3 billion, a 51 percent increase. This is the second fastest rate of growth in New England, trailing only Connecticut, whose exports increased 69 percent over the same period. In terms of total dollars, however, New Hampshire and Connecticut both trail Massachusetts, which exported \$13.7 billion worth of goods in 2007.

Although the dollar value of New Hampshire’s exports has grown, the list of countries importing large numbers of state-made products is not long. The countries receiving the bulk of New Hampshire’s exports are Canada (\$153 million in 2007), Germany (\$57 million), and the Netherlands (\$34 million). In total, these three countries are importing 20.7 percent more of New Hampshire’s goods than they did in 2003.



## Looking Ahead

### Employment Projections by Occupation

Total employment in New Hampshire is projected to grow by more than 96,400 jobs, an increase of 13.9 percent from 2006 to 2016. Jobs in healthcare, social services, computers and mathematics, and personal services are expected to grow at more than twice the average rate for all occupations. These occupations will contribute nearly 27,000 new jobs in the state from 2006 to 2016. Most production occupations are projected to lose employment, mostly attributable to a continuing decline in the Manufacturing sector.

The Community and social services occupations group is projected to grow at a rate of 31.6 percent, adding more than 2,800 new jobs by 2016. In New Hampshire, the occupations in this group with the largest employment levels are Social and human service assistants, Educational counselors, and Rehabilitation counselors. Together, these three occupations account for a projected 5,034 jobs. Occupations in the healthcare industry are continuing their well-documented rise. In fact, New Hampshire's aging population will drive growth in

### Occupational Groups Sorted by Percent Change

SOC Code	Occupation Group	2006 Employment	2016 Projected	Net Change	Percent Change
<b>00-0000</b>	<b>Total Employment</b>	<b>694,800</b>	<b>791,245</b>	<b>96,445</b>	<b>13.9%</b>
21-0000	Community and Social Services Occupations	8,998	11,837	2,839	31.6%
31-0000	Healthcare Support Occupations	16,432	21,447	5,015	30.5%
15-0000	Computer and Mathematical Occupations	17,160	21,975	4,815	28.1%
29-0000	Healthcare Practitioners and Technical Occupations	33,852	43,252	9,400	27.8%
39-0000	Personal Care and Service Occupations	19,986	25,245	5,259	26.3%
25-0000	Education, Training, and Library Occupations	45,778	55,981	10,203	22.3%
13-0000	Business and Financial Operations Occupations	29,305	35,087	5,782	19.7%
35-0000	Food Preparation and Serving Related Occupations	54,912	64,871	9,959	18.1%
37-0000	Building and Grounds Cleaning and Maintenance Occupations	24,002	28,336	4,334	18.1%
33-0000	Protective Service Occupations	11,013	12,862	1,849	16.8%
19-0000	Life, Physical, and Social Science Occupations	4,487	5,095	608	13.6%
47-0000	Construction and Extraction Occupations	31,069	35,223	4,154	13.4%
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	8,567	9,553	986	11.5%
41-0000	Sales and Related Occupations	94,101	104,514	10,413	11.1%
23-0000	Legal Occupations	4,060	4,448	388	9.6%
11-0000	Management Occupations	47,272	51,696	4,424	9.4%
49-0000	Installation, Maintenance, and Repair Occupations	28,885	31,568	2,683	9.3%
17-0000	Architecture and Engineering Occupations	12,821	13,974	1,153	9.0%
43-0000	Office and Administrative Support Occupations	111,976	121,915	9,939	8.9%
53-0000	Transportation and Material Moving Occupations	37,613	40,245	2,632	7.0%
45-0000	Farming, Fishing, and Forestry Occupations	2,006	2,123	117	5.8%
51-0000	Production Occupations	50,505	49,998	-507	-1.0%

Source: New Hampshire Economic and Labor Market Information Bureau

two occupational categories which dominate the healthcare industry’s jobs. The first is the Healthcare support occupations group (projected to grow by 30.5 percent), and the second is the Healthcare practitioners and technicians group (projected to grow by 27.8 percent). Combined, these occupational groups are expected to add 14,415 new jobs in the state by 2016.

With projected growth of 28.1 percent from 2006 to 2016, Computer and mathematical occupations are projected to be in demand. Nearly one-third of the occupations in this group are projected to increase at more than double the rate of all occupations. As New Hampshire businesses continue to adopt advanced systems and sophisticated technologies, computer and mathematical occupations will continue to make the top of the projections list.

The Production occupations group is projected to shed 507 jobs from 2006 to 2016, a

decline of 1.0 percent. This is the only occupational group in New Hampshire predicted to lose employment. Nevertheless, the situation is improving, as the last round of projections suggested a steeper loss. Employment in this sector has been drained in recent years by the push to lower production costs in response to foreign competition.

Health-related industries are projected to grow more rapidly than the average for all industries from 2006 to 2016. As a result, 40 percent of the jobs expected to grow at the fastest rate in New Hampshire are health-related. *Home health aides* topped the list with an anticipated growth of 59.0 percent, more than four times faster than all occupations in the state. *Personal and home care aides* were the second fastest growing occupation with a rate of 58.2 percent. The growth of home-based health care resulting from an aging population and shorter in-hospital stays are most likely driving the demand for

**Occupations Projected to Grow the Fastest (minimum employment 500 in base year)**

SOC Code	Occupations	2006 Employment	2016 Projected	Net Change	Percent Change
31-1011	Home Health Aides	2,247	3,573	1,326	59.0%
39-9021	Personal and Home Care Aides	2,691	4,256	1,565	58.2%
15-1081	Network Systems and Data Communications Analysts	964	1,478	514	53.3%
21-1093	Social and Human Service Assistants	1,476	2,198	722	48.9%
15-1031	Computer Software Engineers, Applications	4,534	6,705	2,171	47.9%
29-2056	Veterinary Technologists and Technicians	667	968	301	45.1%
13-2052	Personal Financial Advisors	771	1,099	328	42.5%
31-9092	Medical Assistants	1,168	1,656	488	41.8%
29-2052	Pharmacy Technicians	1,138	1,578	440	38.7%
21-1099	Community and Social Service Spec. All Other	579	791	212	36.6%

Source: New Hampshire Economic and Labor Market Information Bureau

these jobs. Other health-related jobs on the fastest growing list include *Medical assistants* (41.8 percent), and *Pharmacy technicians* (38.7 percent).

*Network systems and data communications analysts* are projected to grow the fastest among the computer-related jobs. The 53.3 percent rate of growth for these jobs reflects the growing importance of the Internet within New Hampshire business, and the technical skills required for companies to be competitive in terms of on-line branding, advertising, and sales.

As businesses continue to increase productivity by analyzing customer needs and implementing software solutions, *Computer software engineers, applications* will also be in demand. By 2016, the state should see an additional 2,171 of these engineers, an increase of 47.9 percent.

When considering the future demand for occupations, projected net growth is just as important as the projected rate of growth. Occupations with lower growth rates but higher employment levels can account for large numbers of added jobs. If an occupation which has ten jobs grows by 100 percent, it adds ten jobs. If an occupation which has 10,000 jobs grows by just one percent, it adds 100 jobs.

The list of the ten occupations expected to add the most new jobs is more diverse than the list of the fastest growing and reflects the broad industry base of New Hampshire's economy. Two of these occupations are in health-related industries, one each in retail trade and computer engineering, two in food preparation and serving, and one in education. The remaining three — *Business operations specialists, all other*, *Customer service representatives*, and *Office clerks, general* — are found in many different industries.

### Occupations Adding the Most New Jobs

SOC Code	Occupations	2006 Employment	2016 Projected	Net Change	Percent Change
29-1111	Registered Nurses	12,849	16,861	4,012	31.2%
41-2031	Retail Salespersons	25,263	29,156	3,893	15.4%
35-3021	Combined Food Prep/Serving Workers, Inc. Fast Food	10,740	13,281	2,541	23.7%
13-1199	Business Operations Specialists, All Other	9,619	12,118	2,499	26.0%
43-4051	Customer Service Representatives	8,765	11,200	2,435	27.8%
15-1031	Computer Software Engineers, Applications	4,534	6,705	2,171	47.9%
43-9061	Office Clerks, General	13,982	16,140	2,158	15.4%
25-2021	Elementary School Teachers, Ex. Special Ed	8,077	10,117	2,040	25.3%
35-3031	Waiters and Waitresses	12,170	14,169	1,999	16.4%
31-1012	Nursing Aides, Orderlies, and Attendants	7,723	9,704	1,981	25.7%

Source: New Hampshire Economic and Labor Market Information Bureau

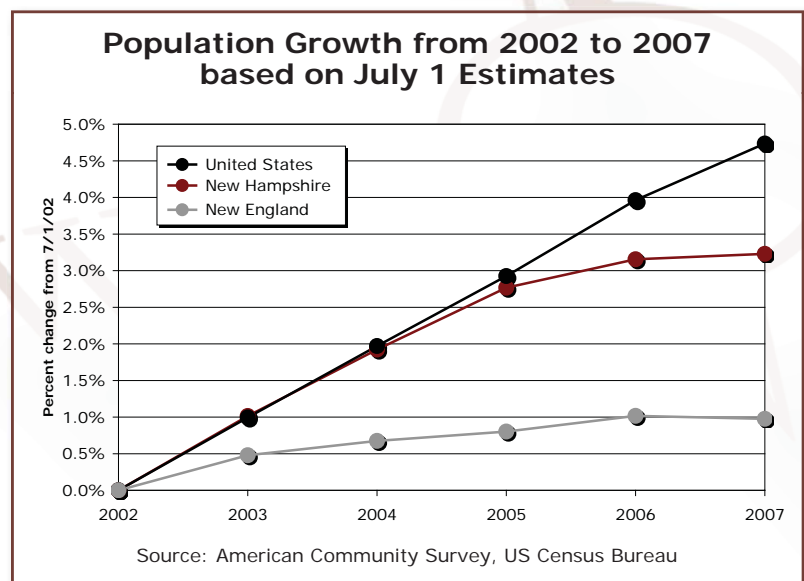
Several of the occupations projected to add the most new jobs are also the ones with the highest employment levels. For instance, in 2006 there were an estimated 25,260 *Retail salespersons* in the state, the most numerous of all occupations. *Office clerks, general* ranked third with 13,982 jobs, while *Registered nurses* ranked fourth with 12,849 jobs.

Because these occupations enjoy such high employment levels, they are also projected to experience large numbers of openings. It is important, however, to consider the actual source of these job openings. Although *Retail salespersons* boasts 1,167 job openings per year, 778 (66.7 percent) of these openings result from the replacement of workers who will leave the

ranks of the occupation. The openings projected for registered nurses, on the other hand, are only 34.6 percent replacements. As the number one projected occupation in terms of new jobs, *Registered nurses* should add approximately 4,012 workers to their ranks, bringing the total to 16,861 by 2016. *Registered nurses, Computer software engineers, applications, and Customer service representatives* all are ranked in the top ten for net jobs added and are expected to grow at nearly twice the average for all New Hampshire occupations. Though *Office clerks, general* and *Waiters and waitresses* will grow more slowly than the average, they will add about 2,000 jobs each over the ten year projection span.

## Population

As has been the trend for several years, New Hampshire has grown faster than any other New England state. In fact, until 2004 the Granite State's growth rate mirrored that of the entire United States. Since that point in time, however, New Hampshire's population has grown at a decreasing rate, essentially leveling off between 2006 and 2007. In fact, each of the New England states have experienced a leveling of population growth, while Rhode Island has seen a two percent decline in population growth since 2004.





Overall, the population of New England represents some of the highest median ages in the nation. In the 2007 American Community Survey estimates released by the U.S. Census Bureau, Maine and Vermont continue to hold the title of the two highest median ages in the nation. Since 2006, New Hampshire has climbed a spot to number five, while Massachusetts moved from 14th place to a tie for ninth place with Rhode Island. Other non-New England states in the top ten include West Virginia (third at 40.4 years), Florida (fourth at 39.9 years), Pennsylvania (sixth at 39.7 years), and Montana (tied for seventh at 39.2 years).

The reasons behind the continuing aging of New England are twofold. First, New Hampshire and other New England states are losing population share to faster-growing states in other regions of the country. Much of this movement has to do with a decline in economic opportunities at home coupled with economic growth in other states. The second reason is demographically driven and not specific to New Hampshire. Young people tend to be the most mobile, and with fewer ties to their communities such as school-aged children or home ownership, they tend to “leave the nest” and spend time in other states. Only time will tell if the recently publicized credit crunch and decline in the housing market will serve to keep young people more rooted.

### Median Age of New England’s Population

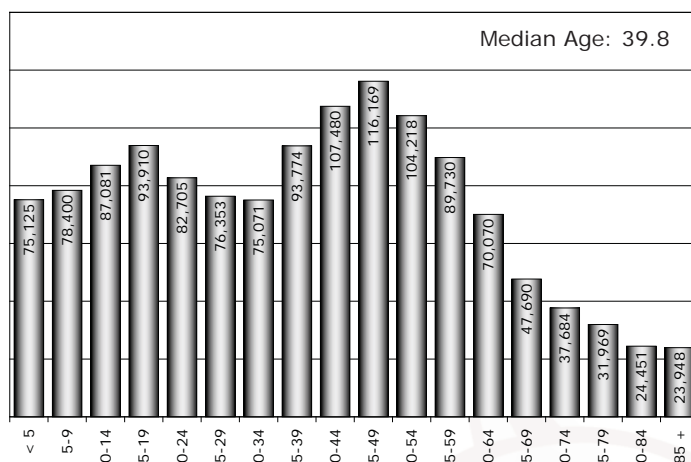
2007 American Community Survey

Rank	State	Median Age
1	Maine	41.6
2	Vermont	40.8
5	New Hampshire	39.8
7 (T)	Connecticut	39.2
9 (T)	Rhode Island	38.5
9 (T)	Massachusetts	38.5
	United States	36.6

Source: American Community Survey, US Census Bureau

### Population by Age in New Hampshire, 2007

Total Population Estimate: 1,315,828



Source: US Census Bureau, Annual Estimates of the Population by Age and Sex



## New Hampshire Outlook

The workers, employers, consumers, and decision-makers who drive New Hampshire's economy do not operate in a vacuum, free from the influence of changing times. Nor do they operate independently of one another. In reality, the residents of New Hampshire face an economy that is a complex and changing system, one that is held to the mercy of local, national and global events. It is difficult to foretell how this system, and its myriad stakeholders, will respond to the highly publicized global and national changes currently captivating both analysts and onlookers.

Number one among these issues is ascending fuel prices. Because so much of New Hampshire's economy is dependent upon consumer spending, anything that decreases disposable income threatens economic growth. Although many economic indicators are holding steady, there is evidence that residents are tightening their belts, preparing for more expensive commutes and rising home heating bills. The pressures caused by this decreased spending are compounded by inflation in the prices of many other everyday goods and services. Most recently, food prices have begun to soar, resulting from shrinking food stocks and drastic increases in the cost of transporting food from farm to market. As the seasons inevitably

shift from the warm months of summer toward the cold, dark, and tenuous winter, it is reasonable to expect that high prices, coupled with a steady if not stagnant job market, could cause significant hardships for many New Hampshire residents.

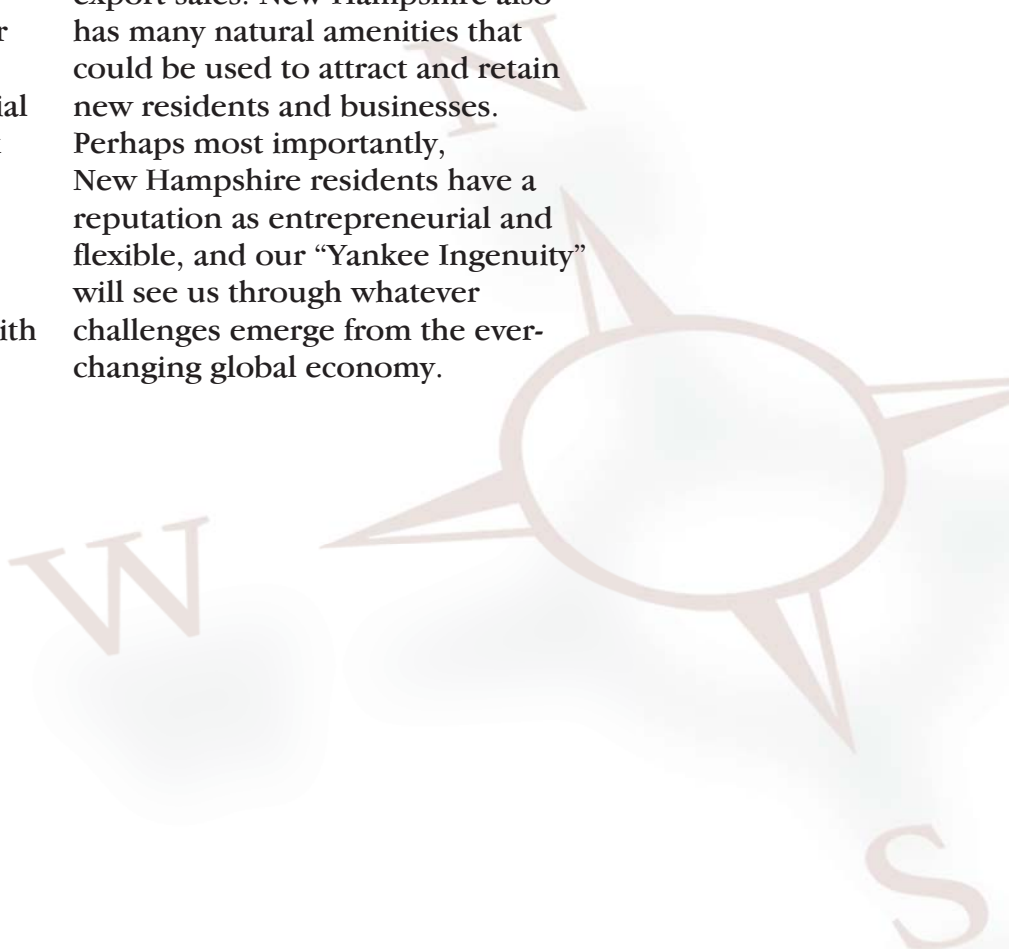
Another issue impacting New Hampshire is the jittery markets in credit and real estate. The real estate bubble of the past five years has, in many states, burst catastrophically, with home values often dropping below what is owed on the property. In addition, many sub-prime, adjustable rate, and interest-only mortgages have reset, leaving many borrowers unable to afford their monthly payments. Although foreclosures in New Hampshire are on the rise, home values in many parts of the state have stayed somewhat stable, meaning that for many residents home equity is only marginally threatened. Nevertheless, the newfound difficulty in acquiring home equity loans means that this equity will no longer be a driver of consumer spending. The high level of media attention dedicated to the "credit crunch" will also continue to erode consumer confidence. International political events are often prime causes of economic jitters. Continued dissatisfaction with events in the Middle East, provocative actions by foreign governments, and the continued specter of terrorism all lead to

consumer uneasiness. Additionally, the uncertainty associated with the changing Presidential administration has led to a sense of “wait and see” among many economic stakeholders.

Closer to home, the continuing decline of rural New Hampshire threatens the economic and social fabric of the state. In 2008, Coös County was projected to lose over 500 jobs and \$72 million in gross regional product as a result of the closing of Groveton’s paper mill. This job loss, coupled with other economic blows such as the closure of the birthing center at Lancaster’s Weeks Medical Center, mean that rural residents are forced to either leave the places to which they are strongly attached or face substantial difficulty finding sustainable work and basic human services.

Even though the dire nature of these issues suggest that the economic road ahead is fraught with peril, the strengths and positive

features of the economy that have guided New Hampshire through previous economic downturns may still serve as beacons of hope. The state is well-positioned in the region as a lower-cost alternative to more expensive metropolitan regions to the south. The state’s workforce is skilled and well-educated. Despite the decline of traditional industries such as paper manufacturing, economic development efforts are focused on innovative economic options designed to provide sustainable opportunities for rural people. Other changes, such as the shifting exchange rate, have brought about new growth in high tech and export sales. New Hampshire also has many natural amenities that could be used to attract and retain new residents and businesses. Perhaps most importantly, New Hampshire residents have a reputation as entrepreneurial and flexible, and our “Yankee Ingenuity” will see us through whatever challenges emerge from the ever-changing global economy.



## Data Sources

Gross Domestic Product (pages 1 and 2)  
U.S. Bureau of Economic Analysis

Employment (pages 2 through 5)  
U.S. Bureau of Labor Statistics

Personal Income (pages 6 and 7)  
Per Capita Personal Income - U.S. Bureau of Economic Analysis  
2006 New Hampshire Poverty Rates – American Community Survey, U.S. Census Bureau

Educational Attainment (page 7)  
American Community Survey, US Census Bureau

Housing and Real Estate (pages 8 and 9)  
U.S. Census Bureau

Exports (pages 9)  
World Institute for Strategic Economic Research (WISER)  
Federal Reserve Bank of Boston

Employment Projections by Occupation (pages 10 and 13)  
New Hampshire Economic and Labor Market Information Bureau

Population (pages 13 and 14)  
American Community Survey, US Census Bureau

