

New Hampshire Economic Conditions

February 2010

What is Venture Capital and are New Hampshire firms benefiting from Venture Capital?

Venture capital can be defined as equity funding provided to fast-growing entrepreneurial companies by professional investors. Funding can be in the form of a direct cash investment or by a private placement of securities.

New Hampshire companies have benefited from venture capital and the infusion of funds. The peak of venture capital investments on record was reached in 2000 with \$655.5 million worth of investments made in 56 businesses.

Computer-related companies received \$379.6 million worth of investments in 2000, with \$223.2 million in *Networking and Equipment* alone. Computer-related investments accounted for 57.9 percent of all investments that

year. After the peak of 2000, venture capital investments in New Hampshire experienced a steep decline. The drop in venture capital investments in New Hampshire followed the "dot.com" bust in combination with the recession of 2001.

Investments in 2001 only reached a total of \$214.4 million, down 67.3 percent from the peak in 2000. Investments in computer-related firms continued to predominate, though, claiming almost two-thirds of the smaller 2001 venture capital investment pie.

Software firms have long been a favorite of investors in New Hampshire, according to records provided by PricewaterhouseCoopers that began tracking venture capital investments

in 1995. Reports from 1995 through 2009 show that the *Software* industry in New Hampshire had received \$513.4 million, a total of 21.5 percent of the entire venture capital investment on record. The same data reveal that *Networking and Equipment* was the recipient with the next largest investment of \$462.2 million, a 19.4 percent share. However, *Networking and Equipment* received nearly half of its \$462.2 million during the computer boom of 2000. The recipient of the third largest amount of funding from venture capitalists is Industrial Energy with a fifteen-year total of \$342.6 million, or 14.4 percent.

The years that followed the recession of 2001 never regained the level of venture capital investment seen dur-

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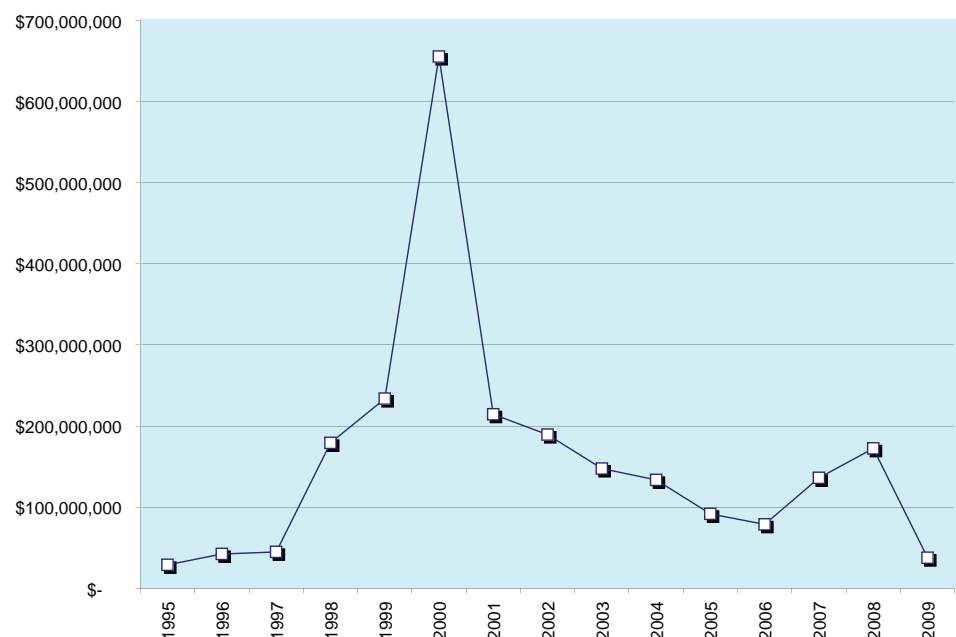
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Venture Capital Investments in New Hampshire



ing the “dot.com” boom of 2000. Since the decline from 2000 to 2001, venture capital investments in New Hampshire firms have averaged \$145.5 million annually.

A total of 12 venture capital investments were made in New Hampshire during 2009, worth a total value of \$37.5 million. Of the 12 investments made, four *Industrial Energy* firms received just over \$17 million, 45.4 percent of the total. For the second straight year, *Industrial Energy* firms have received the largest portion of venture capital funding

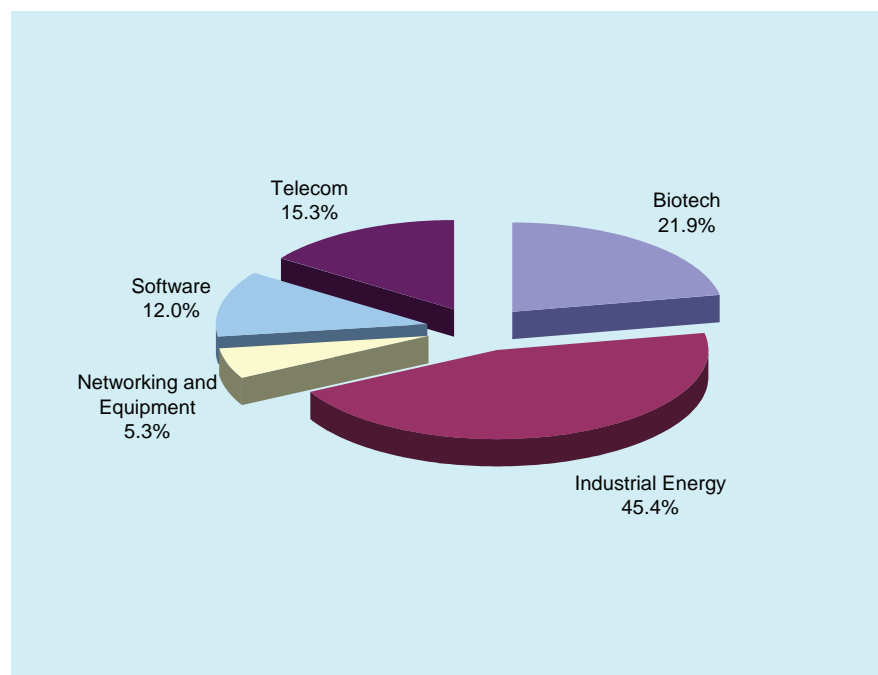
Investments in 2009 dropped well below the 2008 level and the annual average that followed the 2000 to 2001

decline. The total \$37.5 million investment was down 78.3 percent from the \$153 million in 2008.

Considering current economic conditions, it is not surprising to discover that venture capital investments in New Hampshire declined during 2009. The year-to-year decrease from 2008 may be a sign that investors were being cautious as a result of the economic crisis. And even though the annual amount of investments by venture capitalists was low in 2009, the final two quarters of 2009 finished strong with \$34.2 million, representing 91.2 percent of the year’s activity. This increase of investment activity late in 2009 could be a positive sign of what may be expected in 2010.

Jeff Dobe

New Hampshire Venture Capital 2009



Seasonally Adjusted Estimates

Unemployment Estimates by Region

Seasonally Adjusted	Dec-09	Nov-09	Dec-08
United States	10.0%	10.0%	7.4%
Northeast	9.2%	8.7%	6.4%
New England	9.0%	8.5%	6.4%
Connecticut	8.9%	8.2%	6.6%
Maine	8.3%	8.0%	6.5%
Massachusetts	9.4%	8.7%	6.4%
New Hampshire	7.0%	6.7%	4.3%
Rhode Island	12.9%	12.7%	9.4%
Vermont	6.9%	6.4%	5.9%
Mid Atlantic	9.2%	8.8%	6.4%
New Jersey	10.1%	9.7%	6.8%
New York	9.0%	8.6%	6.6%
Pennsylvania	8.9%	8.5%	6.4%

Local Area Unemployment Statistics (LAUS) By Place of Residence

New Hampshire	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unemployment Rate	7.0%	7.2%	6.8%	6.7%	7.0%
Civilian Labor Force	738,450	737,720	737,980	739,170	737,720
Number Employed	686,550	684,400	687,440	689,580	686,090
Number Unemployed	51,900	53,320	50,540	49,590	51,630
United States (in thousands)					
Unemployment Rate	9.7%	9.8%	10.1%	10.0%	10.0%
Civilian Labor Force	154,426	153,927	153,854	153,720	153,059
Number Employed	139,433	138,768	138,242	138,381	137,792
Number Unemployed	14,993	15,159	15,612	15,340	15,267

Current Employment Statistics (CES) By Place of Establishment

Supersector	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Total Nonfarm	628,400	626,000	629,100	627,500	629,500
Construction	20,800	21,300	21,300	20,900	20,900
Manufacturing	67,500	67,200	65,700	65,700	65,700
Durable Goods	51,400	51,200	49,700	49,800	49,700
Non-Durable Goods	16,100	16,000	16,000	15,900	16,000
Trade, Transportation, and Utilities	138,800	138,000	138,800	138,600	138,600
Wholesale Trade	27,400	27,100	27,600	28,300	28,400
Retail Trade	97,200	96,000	96,600	95,600	95,900
Transportation and Utilities	14,200	14,900	14,600	14,700	14,300
Information	12,200	12,200	12,200	12,000	12,000
Financial Activities	37,100	36,600	36,500	36,400	36,200
Real Estate and Rental and Leasing	7,100	7,000	6,900	6,900	6,900
Professional and Business Services	64,700	65,500	64,500	67,000	69,100
Administrative and Support	26,800	27,200	26,700	28,100	29,800
Education and Health Services	107,300	107,100	107,900	107,900	107,700
Educational Services	23,400	23,200	23,800	23,700	23,500
Health Care and Social Assistance	83,900	83,900	84,100	84,200	84,200
Leisure and Hospitality	61,300	62,400	63,600	60,300	61,000
Arts, Entertainment, and Recreation	9,400	9,400	9,600	8,600	8,600
Accommodation and Food Services	51,900	53,000	54,000	51,700	52,400
Other Services	22,400	21,600	22,300	22,100	22,400
Government	95,300	93,100	95,300	95,700	95,000
Federal Government	7,500	7,500	7,500	7,400	7,400
State Government	24,900	23,900	24,800	25,200	24,800
Local Government	62,900	61,700	63,000	63,100	62,800
Manchester NH MetroNECTA	100,200	99,500	100,200	99,800	100,300
Nashua NH-MA NECTA Division	130,000	129,000	129,300	129,200	129,300
Portsmouth NH-ME MetroNECTA	53,600	54,100	54,500	54,600	54,700
Rochester-Dover NH-ME MetroNECTA	57,400	56,700	56,400	56,400	56,500

Current month is Preliminary
Past months are Revised

Please note that not all supersectors meet the statistical criteria for publication in this category. We seasonally adjust the total nonfarm data series and all the published supersectors independently. Therefore, the sum of the published parts will not equal the total.

Not Seasonally Adjusted Estimates

Labor Force Estimates

New Hampshire	Dec-09	Nov-09	Dec-08
Total Civilian Labor Force	734,280	737,340	731,860
Employed	685,210	689,610	700,520
Unemployed	49,070	47,730	31,340
Unemployment Rate	6.7%	6.5%	4.3%
United States (# in thousands)			
Total Civilian Labor Force	152,693	153,539	154,349
Employed	137,953	139,132	143,350
Unemployed	14,740	14,407	10,999
Unemployment Rate	9.7%	9.4%	7.1%

Rates by Area

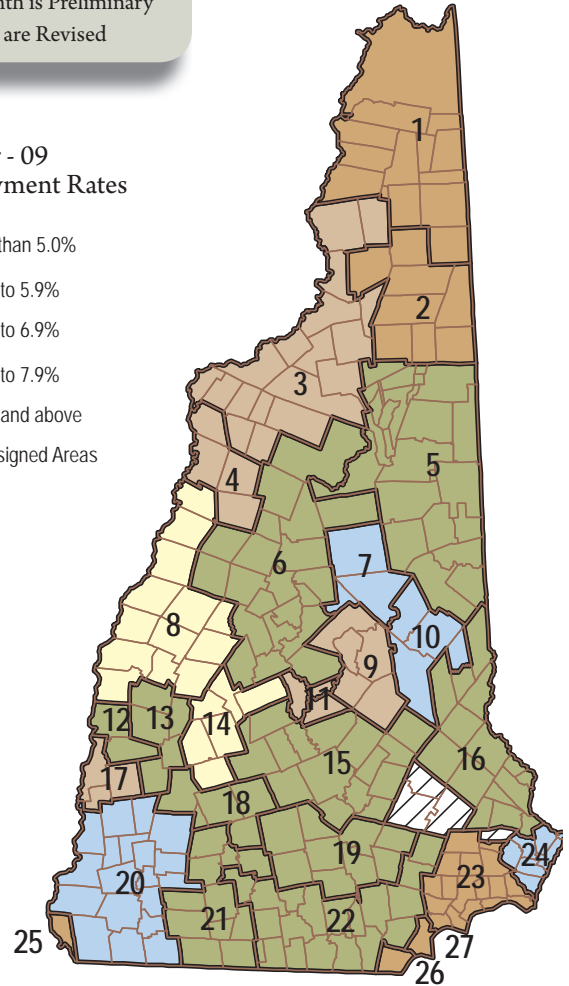
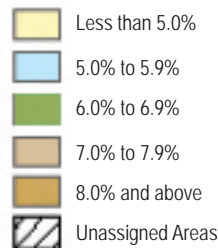
Counties	Dec-09	Nov-09	Dec-08
Belknap	7.5%	7.0%	4.8%
Carroll	6.3%	6.0%	4.2%
Cheshire	6.1%	5.8%	3.9%
Coos	9.4%	8.7%	6.0%
Grafton	5.4%	5.3%	3.3%
Hillsborough	6.9%	6.7%	4.2%
Merrimack	6.0%	5.8%	3.9%
Rockingham	7.1%	6.9%	4.8%
Strafford	6.1%	6.0%	4.1%
Sullivan	6.2%	6.1%	3.5%
Map			
Key Labor Market Areas			
1 Colebrook NH-VT LMA, NH Portion	13.3%	12.5%	5.9%
2 Berlin NH MicroNECTA	8.3%	7.7%	5.8%
3 Littleton NH-VT LMA, NH Portion	7.6%	7.5%	5.2%
4 Haverhill NH LMA	7.0%	6.7%	4.7%
5 Conway NH-ME LMA, NH Portion	6.7%	6.6%	4.2%
6 Plymouth NH LMA	6.7%	6.3%	3.9%
7 Moultonborough NH LMA	5.6%	5.3%	3.5%
8 Lebanon NH-VT MicroNECTA, NH Portion	4.1%	4.0%	2.3%
9 Laconia NH MicroNECTA	7.8%	7.5%	5.0%
10 Wolfeboro NH LMA	5.6%	5.1%	3.9%
11 Franklin NH MicroNECTA	7.4%	7.1%	5.5%
12 Claremont NH MicroNECTA	6.5%	6.5%	3.5%
13 Newport NH LMA	6.8%	6.5%	3.5%
14 New London NH LMA	4.7%	4.8%	2.6%
15 Concord NH MicroNECTA	6.1%	5.7%	3.9%
16 Rochester-Dover NH-ME MetroNECTA, NH Portion	6.1%	6.0%	4.1%
17 Charlestown NH LMA	7.1%	6.8%	4.9%
18 Hillsborough NH LMA	6.2%	6.2%	4.4%
19 Manchester NH MetroNECTA	6.7%	6.5%	4.1%
20 Keene NH MicroNECTA	5.7%	5.5%	3.6%
21 Peterborough NH LMA	6.8%	6.2%	4.4%
22 Nashua NH-MA NECTA Division, NH Portion	6.9%	6.7%	4.2%
23 Exeter Area, NH Portion, Haverhill-N. Andover-Amesbury MA-NH NECTA Division	8.1%	7.8%	6.0%
24 Portsmouth NH-ME MetroNECTA, NH Portion	5.7%	5.6%	3.9%
25 Hinsdale Town, NH Portion, Brattleboro VT-NH LMA	8.3%	8.1%	5.4%
26 Pelham Town, NH Portion, Lowell-Billerica-Chelmsford MA-NH NECTA Division	9.9%	9.6%	6.3%
27 Salem Town, NH Portion, Lawrence-Methuen-Salem MA-NH NECTA Division	9.1%	8.8%	6.2%

Rates by Region

Not Seasonally Adjusted	Dec-09	Nov-09	Dec-08
United States	9.7%	9.4%	7.1%
Northeast	8.9%	8.5%	6.6%
New England	8.7%	8.2%	6.5%
Connecticut	8.5%	8.0%	6.6%
Maine	8.2%	7.9%	6.9%
Massachusetts	9.1%	8.3%	6.5%
New Hampshire	6.7%	6.5%	4.3%
Rhode Island	12.3%	11.9%	9.6%
Vermont	6.6%	6.2%	5.9%
Mid Atlantic	8.9%	8.6%	6.7%
New Jersey	9.8%	9.4%	6.8%
New York	8.8%	8.4%	6.8%
Pennsylvania	8.5%	8.2%	6.4%

Current month is Preliminary
Past months are Revised

December - 09 Unemployment Rates



New Hampshire unemployment and labor force estimates are calculated using a regression model which depends on Current Population Survey (CPS) estimates. Labor Market Area estimates are calculated using the Bureau of Labor Statistics "Handbook Method" and then adjusted to the State levels.

Monthly Analysis of Current Employment Statistics (CES) Data

Seasonally Adjusted: Preliminary seasonally adjusted employment increased by 2,000 jobs from November to December. Professional and business services (supersector 60) contributed to this growth adding 2,100 jobs over-the-month. Within professional and business services, administrative and support and waste management and remediation services (sector 56) accounted for 1,700 jobs from November to December. Leisure and hospitality (supersector 70) and other services (supersector 80) gained 700 jobs and 300 jobs, respectively. Over-the-month, construction (supersector 20), manufacturing (supersector 30), trade, transportation, and utilities (supersector 40), and information (supersector 50) each remained unchanged.

From November to December government (supersector 90) lost 700 jobs. This loss was split between state government and local government, down 400 and 300 jobs, in turn. Financial activities (supersector 55) and private education and health services (supersector 65) each lost 200 jobs, over-the-month.

Over-the-year, preliminary seasonally adjusted employment decreased by 9,300 jobs. From December 2008 to December 2009 employers in manufacturing reduced their workforce by 6,600 jobs. Over eighty percent of this drop was in durable goods, down 5,700 jobs. Construction lost 2,200 jobs, over-the-year. Employment in

financial activities, leisure and hospitality, and government each declined by 1,500 jobs. Employment in trade, transportation, and utilities fell by 400 jobs from December 2008 to December 2009.

On a more positive note, employment in professional and business services increased by 3,200 jobs from December 2008 to December 2009. Over-the-year, other services and private education and health services each added 600 jobs and 500 jobs, in turn.

Seasonally Unadjusted: Preliminary not seasonally adjusted employment increased by 2,700 jobs, over-the-month. Professional and business services (supersector 60) gained 1,900 jobs from November to December. During this same time period, employers in trade, transportation, and utilities (supersector 40) added 1,500 jobs. Retail trade, part of trade, transportation, and utilities rose by 1,700 jobs, over-the-month. From November to December employment in leisure and hospitality (supersector 70) gained 1,400 jobs. Other services (supersector 80) grew by 200 jobs, over-the-month. Employers in manufacturing (supersector 30), information (supersector 50), financial activities (supersector 55), and mining and logging (supersector 10) each kept the same employment levels as they had in November.

Over-the-month, employment in government (supersector 90) lost 1,000

jobs. Employers in construction (supersector 20) reduced their workforce by 700 jobs from November to December. Private education and health services (supersector 65) decreased by 600 jobs, over-the-month.

From December 2008 to December 2009, preliminary not seasonally adjusted employment decreased by 9,500 jobs. Over-the-year, manufacturing lost 6,700 jobs. Employment in durable goods, a component of manufacturing, declined from December 2008 to December 2009, down 5,700 jobs. Over-the-year, employers in construction reduced their workforce by 2,200 jobs. Employment in government fell by 1,600 jobs from December 2008 to December 2009. This loss was predominately due to state government also down 1,600 jobs, over-the-year. Leisure and hospitality and financial activities each cut 1,500 jobs from December 2008 to December 2009.

On a positive note, professional and business services added 3,200 jobs, over-the-year. Three-fourths of this growth can be attributed to administrative and support and waste management and remediation services (sector 56), up 2,400 jobs. Education and health services and other services each added 600 jobs from December 2008 to December 2009.

Gail Clay

Average Earnings and Hours of Production Workers in Manufacturing

Sector	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Dec-09 preliminary	Nov-09 revised	Dec-08	Dec-09 preliminary	Nov-09 revised	Dec-08	Dec-09 preliminary	Nov-09 revised	Dec-08
New Hampshire									
All Manufacturing	\$721.19	\$689.89	\$647.77	41.0	39.4	37.4	\$17.59	\$17.51	\$17.32
Durable Goods	\$765.95	\$724.71	\$657.78	42.6	40.6	37.1	\$17.98	\$17.85	\$17.73
Nondurable Goods	\$599.84	\$595.13	\$618.16	36.8	36.2	38.3	\$16.30	\$16.44	\$16.14

For further analysis please read the Detailed Monthly Analysis of Industry Employment Data on our Web site at www.nh.gov/nhes/elmi/nonfarm.htm

Not Seasonally Adjusted Estimates

Monthly New Hampshire Nonfarm Wage and Salary Employment

Current Employment Statistics Employment by Supersector by place of establishment	Number of Jobs			Change from previous:	
	Dec-09 preliminary	Nov-09 revised	Dec-08	Month	Year
Total All Supersectors	634,100	631,400	643,600	2,700	-9,500
Private Employment Total	536,000	532,300	543,900	3,700	-7,900
Mining and Logging	900	900	900	0	0
Construction	21,000	21,700	23,200	-700	-2,200
Manufacturing	65,700	65,700	72,400	0	-6,700
Durable Goods	49,700	49,800	55,400	-100	-5,700
Non-Durable Goods	16,000	15,900	17,000	100	-1,000
Trade, Transportation and Utilities	143,600	142,100	144,100	1,500	-500
Wholesale Trade	28,400	28,400	27,600	0	800
Retail Trade	100,700	99,000	101,300	1,700	-600
Transportation and Utilities	14,500	14,700	15,200	-200	-700
Information	12,100	12,100	12,000	0	100
Financial Activities	36,300	36,300	37,800	0	-1,500
Professional and Business	68,800	66,900	65,600	1,900	3,200
Education and Health	108,000	108,600	107,400	-600	600
Leisure and Hospitality	57,400	56,000	58,900	1,400	-1,500
Other Services	22,200	22,000	21,600	200	600
Government Total	98,100	99,100	99,700	-1,000	-1,600

Monthly New Hampshire Nonfarm Wage and Salary Employment by Metropolitan Statistical Areas

	Manchester NH MetroNECTA			Nashua NH-MA NECTA Division			Portsmouth NH-ME MetroNECTA			Rochester-Dover NH-ME MetroNECTA		
Employment by Sector number of jobs by place of establishment	preliminary	Change from previous:		preliminary	Change from previous:		preliminary	Change from previous:		preliminary	Change from previous:	
	Dec-09	Month	Year	Dec-09	Month	Year	Dec-09	Month	Year	Dec-09	Month	Year
Total All Sectors	101,500	500	-600	131,200	300	-2,300	54,500	100	-300	57,900	0	-1,100
Private Employment Total	89,800	800	-400	115,500	200	-2,400	44,300	0	-800	44,600	300	-600
Mining and Logging and Construction	4,400	-100	-200	4,500	-200	-100	1,400	0	-100	1,600	0	-100
Manufacturing	8,300	-100	-500	22,200	-100	-2,000	3,800	0	-100	6,400	0	-500
Trade, Transportation and Utilities	20,100	500	-600	31,900	300	0	11,200	100	0	11,300	200	-200
Wholesale Trade	4,500	0	0	6,000	0	100	2,000	0	0	1,200	0	0
Retail Trade	12,500	300	-300	21,900	300	0	8,200	100	0	9,100	200	-200
Transportation, Warehousing and Utilities	Data not available			4,000	0	-100	1,000	0	0	1,000	0	0
Information	3,000	0	0	2,400	0	0	1,800	0	0	1,100	0	0
Financial Activities	7,800	0	-300	8,300	0	-300	4,000	-100	-100	4,200	0	-100
Professional and Business	14,900	300	700	14,200	100	100	9,300	0	200	4,800	100	200
Education and Health	18,500	0	400	17,300	100	100	5,700	0	100	8,200	0	100
Leisure and Hospitality	8,400	100	0	10,100	-100	-300	5,600	0	-800	5,200	0	0
Other Services	4,400	100	100	4,600	100	100	1,500	0	0	1,800	0	0
Government Total	11,700	-300	-200	15,700	100	100	10,200	100	500	13,300	-300	-500

Consumer Price Index

			Change from Previous	
Dec-09	Nov-09	Dec-08	Month	Year
215.949	216.330	210.228	-0.2%	2.7%

United States
All Urban Areas (CPI-U)
(1982-1984=100)

Unemployment Compensation Claims Activity

Claims

Initial Claims	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
All Offices	9,318	7,102	6,779	7,105	8,665	12,261
Continued Claims	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
All Offices	97,257	102,254	79,920	68,872	85,489	81,923

New Hampshire Employment Security Local Offices:

Berlin.....752-5500	Claremont.....543-3111
Concord.....228-4100	Conway.....447-5924
Keene.....352-1904	Laconia.....524-3960
Lebanon.....448-6340	Littleton.....444-2971
Manchester.....627-7841	Nashua.....882-5177
Portsmouth.....436-3702	Salem.....893-9185
Somersworth....742-3600	

Claims calls refer to: 1-800-266-2252 option 3

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Economic and Labor Market
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<www.nh.gov/nhes/elmi/>

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228-4173

Economist
229-4427

Covered Employment & Wages
228-4177

Current Employment Statistics
228-4179

Local Area Unemployment
Statistics
228-4167

Occupational Employment
Statistics
229-4315

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