

New Hampshire Economic Conditions

April 2012

Dynamics of Employment Change In New Hampshire, 1991 to 2010

Over 20 years, from 1991 to 2010, the New Hampshire economy has gone through many changes. During this period the nation endured three economic recessions which affected employment levels in the state. One way of tracking employment changes by industry is through the Quarterly Census of Employment and Wages (QCEW), also known as covered employment, as it measures employment for workers covered by unemployment insurance (the self-employed are not included).

In New Hampshire, *Service-providing* industry sectors represent the largest share of private covered employment. In 1991, *Service-providing* industries

represented 72 percent of total private employment; by 2010, that share had risen to 83 percent.

Since 1991, over-the-year employment change for *Goods-producing* industries had both gains and losses, though since 2006 these sectors have not managed to gain employment over-the-year.* For *Service-providing* industries, over-the-year employment change was all positive, until 2009, when the Great Recession severely affected employment levels. In fact, more than half of the over-the-year total private employment loss from 2008 to 2009 was in *Service-providing* industries.

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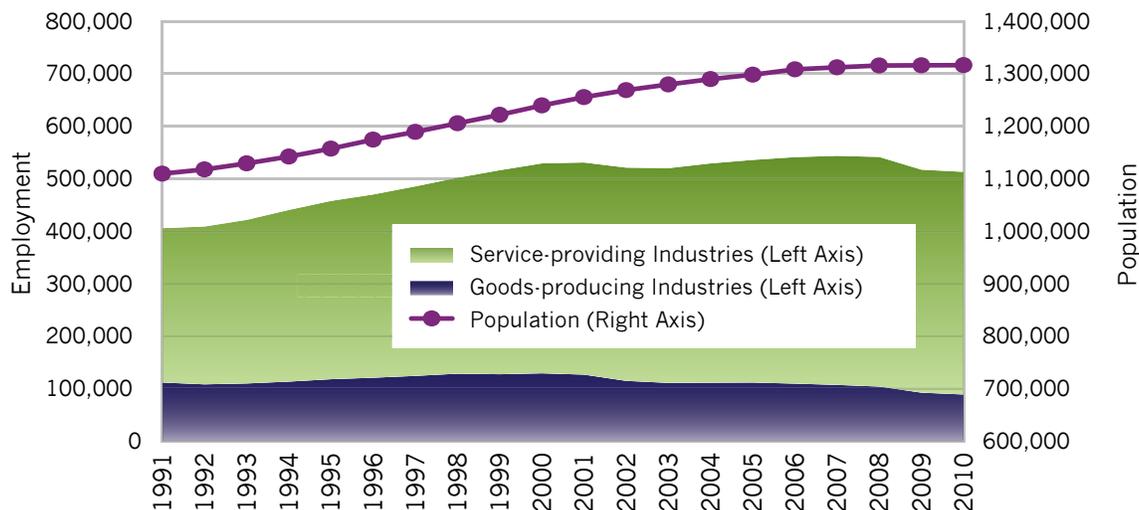
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* This trend may have reversed in 2011. Over-the-year comparisons of the first three quarters of 2011 with the first three quarters of 2010 reveal an increase of about 5,046 workers in service-providing industries, and a gain of 1,715 workers in goods-producing industries.

Employment Share with Population



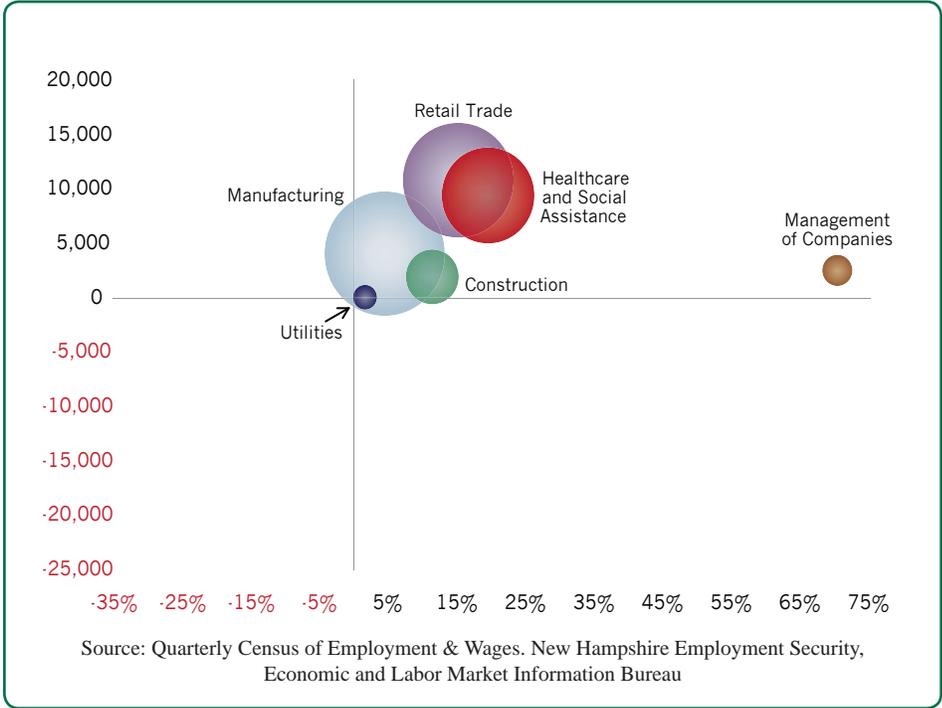
Source: Quarterly Census of Employment & Wages. New Hampshire Employment Security, Economic and Labor Market Information Bureau

To examine short-term and long-term dynamics in growth patterns over the 20-year period, annual average QCEW employment for select industry sectors was charted in five-year increments. The charts use size and position to illustrate comparisons between time spans. Each chart covers a five-year span between 1991 and 2010, showing total employment, net change, and percent change. The diameter of each bubble reflects total employment for the last year in the time span covered by the chart, while the vertical location of the bubble indicates net numeric change and the horizontal location of the bubble indicates net percent change.

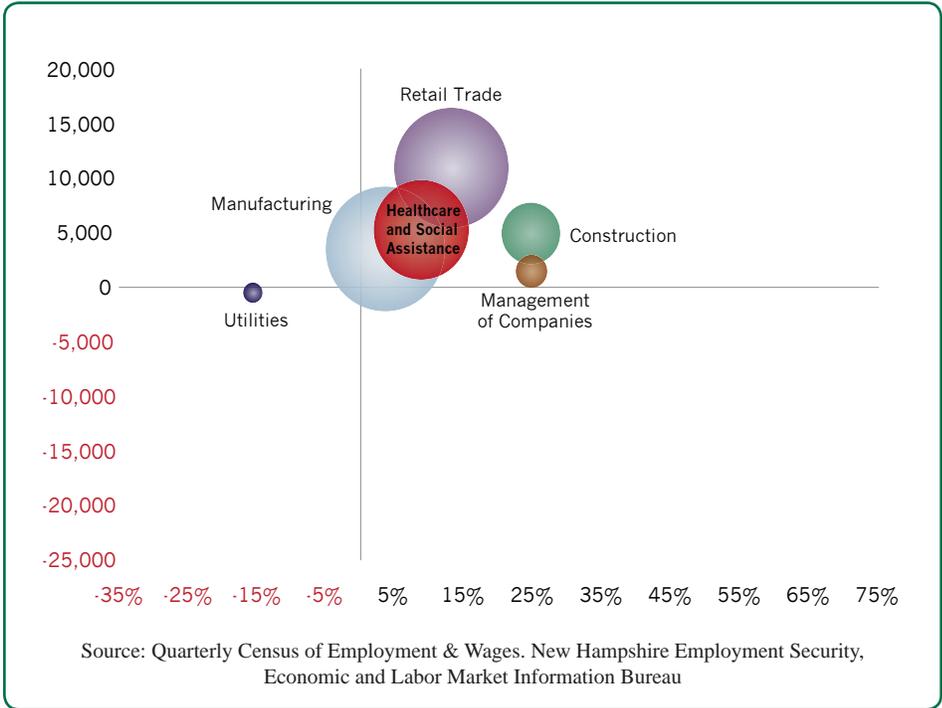
The bubble charts provide an additional dimension to the data that percent change over time lacks. Simply graphing annual percent change for an industry sector over time can be misleading. A sector with lower employment may experience a higher percent increase than another sector with a higher employment level. For example, from 1991 to 1995, employment in *Management of companies* grew by over 70 percent, adding about 2,500 workers. *Healthcare and social assistance* grew by a far smaller percentage, about 20 percent, yet had a net gain of 9,400 workers over the same period.

In 1991, *Manufacturing* was New Hampshire's largest industry sector, with 92,916 workers. Over 20 years, this industry sector lost almost 30 percent of employment, a net loss of 27,150 workers. *Manufacturing* experienced the largest decline of any industry sector over the 1991 to 2010 period. With the exception of *Healthcare and social assistance*, which added 35,157 workers, *Manufacturing* lost more employment than any other

Net and Percent Change, 1991-1995



Net and Percent Change, 1996-2000

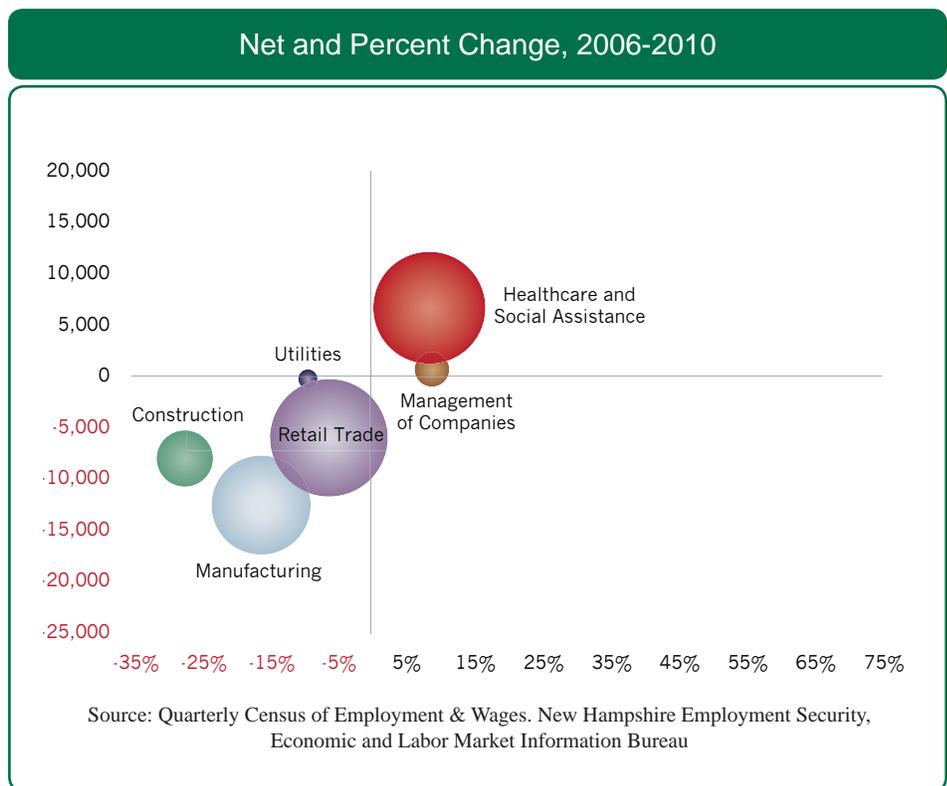
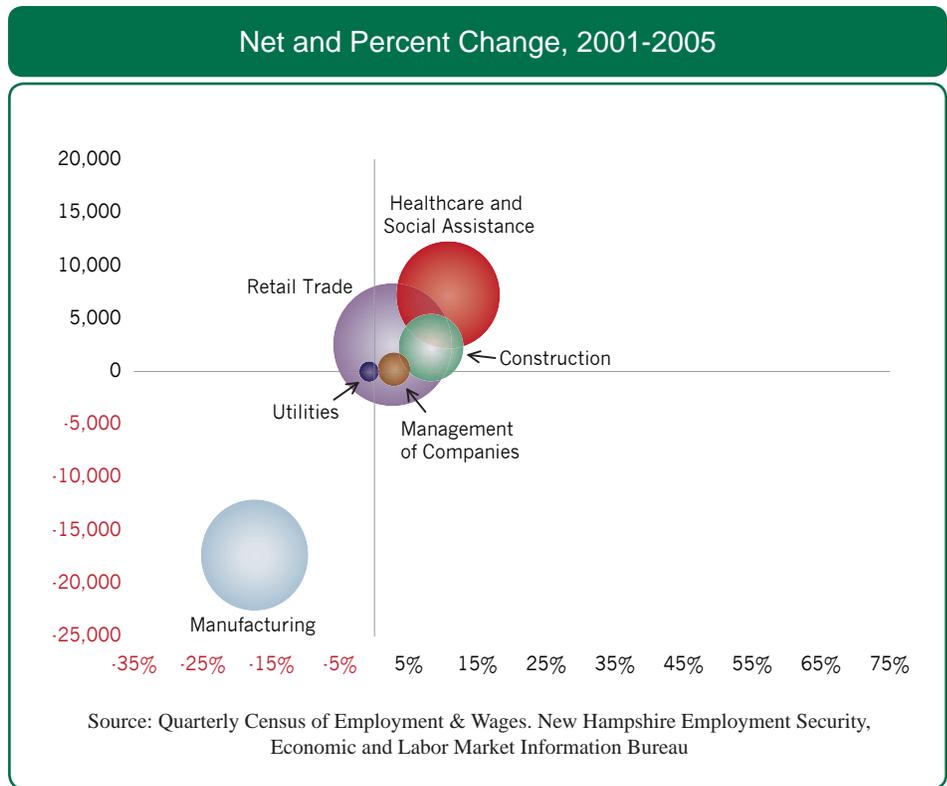


sector gained during the same time period.

From 1991 to 1995, *Manufacturing* experienced moderate growth, gaining over 4,000 workers, or 4.5 percent over 1991 employment levels. Growth remained positive from 1996 to 2000, with the sector growing from 98,000 to 102,000, a 3.5 percent increase. While the sector had moderate growth throughout the nineties, the outlook started to change in 2001. From 2001 to 2005, employment declined 17 percent, a loss of 17,000 workers. *Manufacturing* continued to decline from 2006 to 2010, shrinking 16 percent, a decline of 12,000 workers. Despite the losses, however, this sector remains one of New Hampshire’s largest. *Manufacturing* is one of only two industries with a net employment loss from 1991 to 2010; the other was *Utilities*.

The *Utilities* sector is one of the smaller industry sectors in New Hampshire. In 1991, there were 3,831 employees in the industry, and by 2010, that number had dropped to 2,514, a net decline of 34 percent. Along with *Manufacturing*, it is one of two sectors that experienced a reduction in employment over the 20-year period. After increasing by 61 workers during the 1991 to 1995 time frame, employment in this industry dropped by over 500 from 1996 to 2000. The *Utilities* sector has yet to realize any employment gains, declining by 21 from 2001 to 2005, and by 254 from 2006 to 2010.

Retail trade has held the top spot among New Hampshire’s industries since 2002. Looking at the sector in five-year increments *Retail trade* follows a fairly similar pattern as that of *Manufacturing*. The sector had strong, positive growth during



both the 1991 to 1995 and 1996 to 2000 periods, growing by 15 percent and 13 percent, respectively. The sector continued to grow from 2001 to 2005, albeit at a more modest rate of 2.5 percent, adding 2,521 workers. Employment in the sector declined by six percent between 2006 and 2010, a loss of 5,991 workers. *Retail trade* employment levels tend to reflect economic and demographic changes, such as a decline in consumer spending during the Great Recession and a slowdown in population growth after 2000.

The *Construction* sector experienced a long period of growth, gaining employment from 1991 through 2005, before declining in 2006. In 1991, employment was 17,068, and by 1995 the sector had increased by a net 2,000 workers. Employment continued strong growth from 1996 to 2000, increasing almost 25 percent, nearly 5,000 workers. Demand for new construction continued to fuel growth from 2001 through 2005, with the sector gaining a net 2,200 workers. Then, the burst of the housing bubble struck a severe blow to the *Construction* sector. The sector

lost a net 8,000 workers between 2006 and 2010, a 27 percent drop. The losses from 2006 to 2010 undid a substantial amount of the employment gains made during the previous 15 years. However, with 2010 annual average employment reaching 21,418, employment in the *Construction* sector was still about 25 percent higher than in 1991.

Management of companies was the fastest growing sector from 1991 to 2010. This sector experienced a 123.3 percent increase in employment levels during that time, a net increase of 4,459 workers. This sector gained employment during every five-year period from 1991 to 2010. Growth was most pronounced between 1991 and 1995, when employment increased by 2,536 workers, a 70 percent rise from 1991. *Management of companies* continued positive percent change during each of the subsequent five-year periods leading up to 2010, however, those percentages became progressively more modest over time. Despite a substantial percent increase, the actual employment level for this sector is among the lowest for New Hampshire's industry sectors.

From 1991 to 2010, *Healthcare and social assistance* grew by 72.6 percent, and added the highest number of workers of any industry sector, a net change of 35,157 workers. Average annual employment in *Healthcare and social assistance* increased from 48,435 in 1991 to 83,592 in 2010. This industry sector was the only sector without an over-the-year decline in employment throughout the entire 20-year period. *Healthcare and social assistance* grew most rapidly during the 1991 to 1995 time period, increasing by just under 20 percent, and adding nearly 10,000 workers. Growth remained strong over the next two five-year periods, with the addition of 5,000 and 7,000 workers, respectively. *Healthcare and social assistance* sustained strong growth even during the Great Recession. The sector experienced growth of nearly nine percent from 2006 to 2010, adding over 6,500 workers.

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