

Part II – The Regional Economy

A. Changes in the Region

Since the publication of the 2010 CEDS, new demographic and economic data for the region, state and Country has become available. The purpose of this section is to provide an annual update of the best available data. In addition, the new data has been incorporated into the appropriate data summary tables found in the Appendix. Specifically, updated or supplementary information had been added in the areas of population, housing price data, deed foreclosures, employment, unemployment and wage data, employment reductions from layoffs, and property valuations and tax rates. This information is summarized in narrative form below.

1. Population

Last year, the US Census Bureau released the 2010 population counts for the municipalities within the REDC region, and those numbers were reported in the 2011 CEDS update. Subsequently, the NH Office of Energy and Planning updated its population estimates.

The NH Office of Energy and Planning (NH OEP) publishes population estimates for New Hampshire cities and towns on an annual basis. The annual estimates are based on survey responses received from cities and towns regarding numerical changes in constructed housing units (both additions and demolitions). Results are converted to population estimates based on current person-per-household data. As such these are not enumerated counts as compared to the Census, but annual estimates based on building permits. The results are calibrated to the US Census counts of housing units in decennial census years. New population estimates are typically available in the summer or fall of the following calendar year. At the time of writing this document, the NH OEP 2010 population estimates are the best available information.

The 2010 population estimates are provided in Table A-1 of the Appendix. These figures are an estimate for July 2010 – only 3 months after the current Census. Since they are tightly aligned with the 2010 Census, there is no new population information to share from the 2011 CEDS Update.

Table 1, below, summarizes the NH OEP's estimates in 2001 and from 2007 to 2010. As demonstrated in the 2011 CEDS Update, the largest percent of population growth is in the Central Subregion over the past decade. Conversely, there was only a 1% growth in population from 2001 to 2010 in the Western subregion. This is due to the fact that the majority of undeveloped land is in the Central subregion, with the Western subregion already densely populated.

TABLE 1: POPULATION ESTIMATES FOR
REDC CEDS REGION, COUNTIES AND STATE OF NH

Town/Area	OEP Annual Population Estimates					change in population			
	2001	2007	2008	2009	2010	2001-2010	% change	2009-2010	% change
CEDS Eastern Towns	96,024	99,042	99,638	99,364	99,534	3,510	4%	170	0%
CEDS Central Towns	89643	95731	95877	96690	96193	6,550	7%	-497	-1%
CEDS Western Towns	253634	261767	259762	261314	257378	3,744	1%	-3,936	-2%
REDC Region	439301	456540	455277	457368	453105	13,804	3%	-4,263	-1%
Hillsborough County	387,691	401,397	400,940	403,288	400,950	13,259	3%	-2,338	-1%
Rockingham County	283,963	295,948	295,525	297,734	295,123	11,160	4%	-2,611	-1%
New Hampshire	1,259,000	1,315,000	1,315,000	1,324,575	1,317,208	58,208	5%	-7,367	-1%

Data source: NH Office of Energy and Planning

According to the estimates provided by NH OEP, the REDC region shrunk by 4,263 individuals or 1% between 2009 and 2010. This mirrored the decrease for the State of NH as well.

As noted in the 2011 CEDS Update, it appears that the 2009 NH OEM estimates may be on the high side for the entire region. Comparing the 2009 estimates with the 2010 US Census data, the 2010 Census counts are generally 0.5-1 percent less than the 2009 estimates. When the 2010 estimates were completed, the NH OEP 2010 estimates were adjusted to fit in line with the 2010 Census. Therefore, New Hampshire may not have experienced a large decrease in population, but rather the estimates were too high over the past several years.

2. Housing

a. Housing Supply

Unfortunately, due to staffing reductions in 2011, NH OEP was unable to update the housing estimates for 2010 and there is no new data from the 2011 CEDS Update.

b. Housing Purchase Prices

NH Housing Finance Authority (NHHFA) compiles a housing purchase price database annually for new and used homes, condominium and non-condominium sales. Summarized results for all counties in the state are presented in Table B-4 of the Appendix. In addition, town-by-town results for REDC Region and counties covering the 12 month period from January 2011 – December 2011 are presented in Table B-5. Note: the values reported for 2011 are the preliminary year-end values and may be adjusted slightly once all final sales are reported.

After reversing a 2 year trend in declining purchase prices with increases in 2010, we see a downturn again, with eight of the ten counties in New Hampshire experiencing a decrease in the median purchase price for all home sales from 2010 to 2011. Only Grafton and Strafford Counties had an increase in purchase price, and in both cases, the increase was 1% or less. The highest median sales price for all homes was \$254,933 for Rockingham County, and the second highest was \$212,000 for Hillsborough County. Both counties in the REDC region were the only two above the state median sales price of \$209,000. Overall sale prices were down on average 19% from 2006 for each of the counties in New Hampshire, with a statewide decrease of 16% over the past five years.

TABLE 2: MEDIAN PURCHASE PRICE DATA FOR ALL HOME SALES

	2006	2007	2008	2009	2010	2011*	change from 2010 to 2011	Percent change from 2010
Hillsborough County	\$262,000	\$265,000	\$244,900	\$218,500	\$224,900	\$212,000	-\$12,900	-6%
Rockingham County	\$303,750	\$300,000	\$285,000	\$247,000	\$259,000	\$254,933	-\$4,067	-2%
Belknap County	\$224,900	\$219,000	\$215,000	\$170,000	\$175,000	\$168,500	-\$6,500	-4%
Carroll County	\$215,000	\$219,900	\$210,000	\$170,000	\$180,000	\$175,000	-\$5,000	-3%
Cheshire County	\$201,000	\$205,000	\$192,500	\$169,900	\$166,000	\$155,000	-\$11,000	-7%
Coos County	\$119,900	\$127,533	\$115,000	\$80,000	\$95,000	\$90,000	-\$5,000	-5%
Grafton County	\$212,500	\$221,000	\$212,500	\$182,000	\$185,000	\$187,000	\$2,000	1%
Merrimack County	\$238,733	\$238,000	\$232,000	\$199,900	\$195,000	\$185,000	-\$10,000	-5%
Strafford County	\$229,900	\$235,000	\$225,500	\$194,933	\$195,000	\$195,700	\$700	0%
Sullivan County	\$182,500	\$190,000	\$185,000	\$149,000	\$153,000	\$150,000	-\$3,000	-2%
New Hampshire Statewide	\$249,900	\$252,500	\$240,000	\$210,000	\$215,000	\$209,000	-\$6,000	-3%

Data Source: NH Housing Finance Authority Purchase Price Database

* The values listed for 2011 are the preliminary year end values. These numbers may be adjusted slightly once final sales are reported.

The NHHFA reports that 3,049 sales were completed within REDC Region during 2011. This represents over a 20% reduction in sales from the previous year. Of the sales reported, 88% (2,690) were existing homes and only 12 percent (349) were new construction. The median transaction price for all homes in the region was \$253,651 in 2011, which is a 3% decrease from 2010. The highest median price for all sales was recorded in the town of New Castle at \$1.1 million for 12 transactions, and the lowest median price was recorded in both Kingston and Derry at \$180,000 for 44 sales in Kingston and 180 sales in Derry. It should be noted that calculations based on sample sizes less than 50 are considered highly volatile and only 45% of the REDC Region communities reported over 50 sales during 2011. In addition, the REDC regional and subregion totals are based on weighted averages of all reporting communities. Purchase price data for 2011 is summarized in Table 3.

TABLE 3: MEDIAN PURCHASE PRICE DATA IN 2011

Town/Area	2011 All Home Sales*		2011 Existing Home Sales*		2011 New Home Sales*		Change 2010 to 2011		
	Med Sales Price	Sample Size	Med Sales Price	Sample Size	Med Sales Price	Sample Size	All Sales	Existing	New
CEDS Eastern Towns	\$319,406	731	\$316,229	668	\$353,161	63	-3%	-3%	14%
CEDS Central Towns	\$239,686	740	\$227,798	593	\$268,442	147	1%	-1%	1%
CEDS Western Towns	\$229,739	1578	\$215,963	1429	\$320,353	149	-4%	-7%	2%
REDC CEDS Region	\$253,651	3049	\$243,471	2690	\$305,897	349	-3%	-4%	3%
Hillsborough County	\$212,000	2476	\$206,000	2291	\$298,825	185	-6%	-5%	5%
Rockingham County	\$254,933	2115	\$249,900	1846	\$284,318	269	-2%	0%	-3%
New Hampshire	\$209,000	7901	\$200,000	7226	\$265,000	675	-3%	-2%	-2%

Data Source: NH Housing Finance Authority Purchase Price Database; CEDS Subregion Sales Prices based on weighted averages

* The values listed for 2011 are the preliminary year end values. These numbers may be adjusted slightly once final sales are reported.

Within the REDC Region, all three subregions experienced a decrease in the median purchase price for existing home sales; likewise, all three experienced an increase in the purchase price of new home sales. The year-to-year change in new home prices is extremely volatile due to the small sample size. For example, the city of Portsmouth

experienced over a 34% increase in the purchase price of new homes from 2010 to 2011, but the sample size was only 9 homes. Although the Eastern subregion experienced a 14% increase in the sale price of new homes, there were only 63 total transactions, with 7 of the 16 communities within the subregion reporting no new home sales in 2011.

TABLE 4: NUMBER OF HOME SALES IN
REDC REGION, COUNTIES AND STATEWIDE

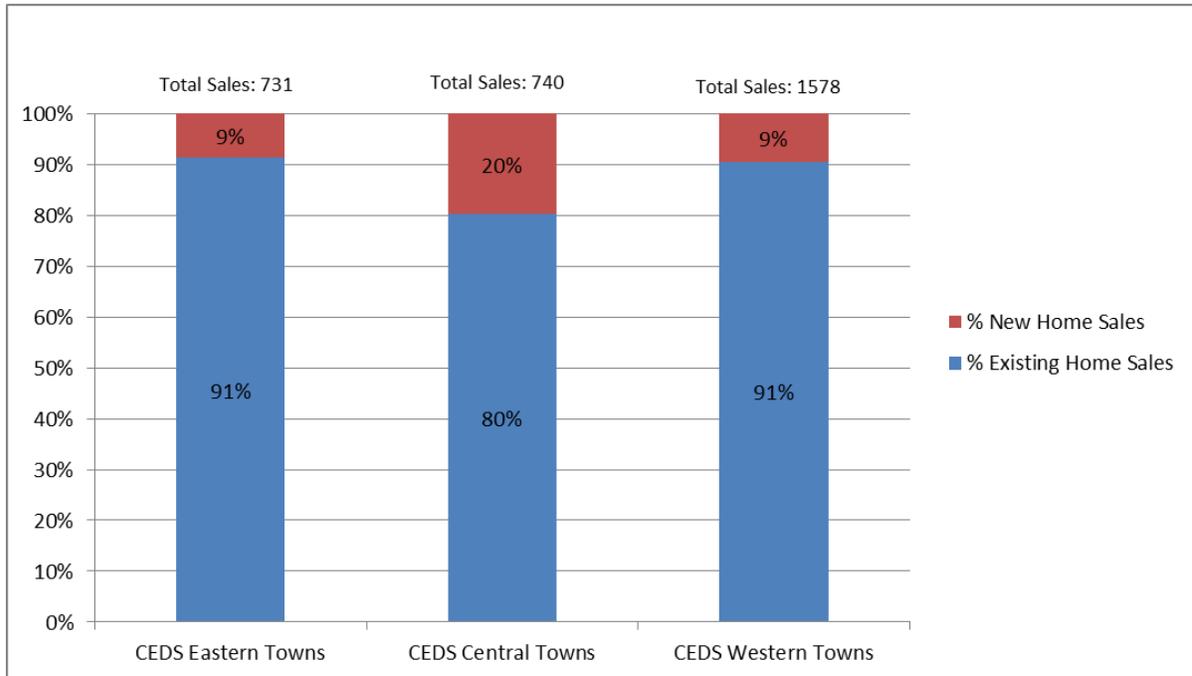
Town/Area	2008 Number Sales	2009 Number Sales	2010 Number Sales	2011 Number Sales	% change 2008-2009	% change 2009- 2011
CEDS Eastern Towns	804	949	918	731	18%	-23%
CEDS Central Towns	707	976	875	740	38%	-24%
CEDS Western Towns	1772	2365	2047	1578	33%	-33%
REDC CEDS Region	3283	4148	3840	3049	26%	-26%
Hillsborough County	2931	3623	3160	2476	24%	-32%
Rockingham County	2172	2681	2589	2115	23%	-21%
New Hampshire	8617	11009	10215	7901	28%	-28%

Data Source: NH Housing Finance Authority Purchase Price Database; CEDS Subregion Sales Prices based on weighted averages

The most recent purchase price surveys indicate a significant cooling of the housing market in the state and region. Table 4 compares the total number of reported home sales (all homes) for the most recent four years of data. From 2008 to 2009, when prices dropped, the region and state experienced an increase in the total number of home sales, with the region seeing an increase of 26 percent or 865 homes. However, from 2009 to 2011, total sales declined as the economy tightened, cost of construction increased, and in some cases home prices increased. The region experienced a decline of 1099 sales or 26% from 2009 to 2011, with the 2011 sales even 234 fewer than that in 2008.

Figure 1, below shows the distribution of each type of home sales (new, existing) within each REDC Subregion. The Western subregion had the greatest number of sales during 2011 (1578 sales), followed by the Central then Eastern subregions (740 and 731 sales, respectively). This stands to reason since the largest population and available housing stock is within the Western subregion. In all three Subregions, the sale of existing homes far outpaces that of new construction, with the Central subregion having a larger percentage of new construction sales (20%) when compared to the other two subregions (both at 9%). This could be attributed to the fact that the Central subregion has more undeveloped land than the Eastern and Western subregions.

FIGURE 1: DISTRIBUTION OF HOMESALES FOR 2011 WITHIN EACH SUBREGION



NH Housing Finance Authority Purchase Price Database; CEDS Subregion Sales Prices based on weighted averages

c. Deed Foreclosures

Real Data Corporation publishes summaries of New Hampshire real estate sales and other public records. This includes foreclosure data for both Hillsborough and Rockingham Counties and the State of New Hampshire. Table 5 summarizes the annual number of foreclosed deeds in the three sub-regions of the REDC Region, as well as county- and state-wide information. In addition, Table B-7 in the Appendix lists the foreclosure data on a town-by-town format.

TABLE 5: FORECLOSURE DATA FOR REDC REGION, COUNTIES & STATE OF NH

Town/Area	2008	2009	2010	2011	Year-to-Year Change			
					2009-2010	2010-2011	2009-2010	2010-2011
CEDS Eastern Towns	172	156	181	152	25	-29	16.0%	-16.0%
CEDS Central Towns	300	278	343	273	65	-70	23.4%	-20.4%
CEDS Western Towns	753	630	715	556	85	-159	13.5%	-22.2%
REDC CEDS Region	1225	1064	1239	981	175	-258	16.4%	-20.8%
Hillsborough County	1088	1044	1172	933	128	-239	12.3%	-20.4%
Rockingham County	805	686	820	680	134	-140	19.5%	-17.1%
New Hampshire	3563	3467	3953	3146	486	-807	14.0%	-20.4%

Source: Real Data Corp, Compiled by New Hampshire Housing Finance Authority

Table 5 demonstrates that although the region and state experienced a decrease in number of foreclosures in 2009, in 2010, those values went back up to levels near or above those in 2008. However, in 2011, the number of foreclosures dropped below the 2009 levels. The region experienced a 13 percent decrease from 2008 to 2009, an increase of over 16 percent in the following year, and over a 20 percent reduction in foreclosures this past year. The largest number of foreclosures during 2011 occurred in the Western subregion, which is expected since it also has the largest housing stock in the region (102,730 housing units per

the 2010 US Census). Unfortunately, since we do not have updated housing stock data, we cannot compare the number of deed foreclosures with the number of housing units.

3. Labor Force and Employment

a. Employment and Wages

Hillsborough and Rockingham Counties continue to be the hub of employment for the State of New Hampshire. In 2010, the two counties had 20,817 establishments, which was down 0.6% from 2009 and is 48% of the state total. In addition, the two counties had an average annual employment of 316,520 jobs, which is 53 percent of the state total. A summary of employment units (establishments), average employment and average weekly wages by industry classification for Hillsborough and Rockingham Counties, as well as the State of NH, is found in Table C-2 of the Appendix. This table has been updated with data from 2010, the latest available from the Labor Market Information Bureau of the NH Department of Employment Security (as of May 2012).

Table C-3: *Employers, Employment & Wages by Town* in the Appendix looks at similar data for establishments, employment and wages but at a town level rather than by industry class. The most recent annual data is from 2010. A summary of that information for the region, Counties and state is provided in Table 6. The region continued its downward trend for number of jobs and establishments during 2010. From 2009 to 2010, the REDC region lost an additional 2,274 jobs and 292 establishments. The hardest hit subregion however changed from the Western subregion to the Eastern subregion, where there was a loss of 227 establishments and a net loss of 1,282 jobs or 2%. (Note: if one looks at the 2009-2010 unemployment rates, as listed in the 2011 CEDS Update, the unemployment rate went down from 6.8% to 6.5% during that period.)

TABLE 6: ANNUAL ESTABLISHMENTS AND EMPLOYMENT COUNTS FOR REDC REGION, COUNTIES & STATE OF NH

Town/Area	2009		2010		# CHANGE: 2009-2010		Percent Change	
	Estab-lishments	Avg. Annl. Employ-ment	Estab-lishments	Avg. Annl. Employ-ment	Estab-lishments	Avg. Annl. Employ-ment	Estab-lishments	Avg. Annl. Employ-ment
CEDS Eastern Towns	4,647	65,715	4,420	64,433	-227	-1,282	-4.9%	-2.0%
CEDS Central Towns	2,113	22,098	2,093	22,118	-20	20	-0.9%	0.1%
CEDS Western Towns	7,360	120,886	7,315	119,874	-45	-1,012	-0.6%	-0.8%
REDC CEDS region	14,120	208,699	13,828	206,425	-292	-2,274	-2.1%	-1.1%
Hillsborough County	11,121	187,240	11,063	184,628	-58	-2,612	-0.5%	-1.4%
Rockingham County	9,831	131,375	9,754	131,892	-77	517	-0.8%	0.4%
New Hampshire	43,971	604,915	43,778	600,540	-193	-4,375	-0.4%	-0.7%

Source: NH Dept. of Employment Security, Labor Market Information Bureau

Similar to the annual employment levels, the wages dropped or remained flat from 2008 to 2009. Tables C-3 and C-5 in the Appendix includes weekly wage information in addition to the employer and employment data already discussed. The table shows changes in numbers of employers, employees and average wages from 2009 and 2010. (Although we present the data town-by-town, and summarized by CEDS subregion it should be noted that some data is suppressed in smaller communities or where a single employer makes up more than 80 percent of the collected data. This means that the subregional totals do not always add to the county totals. In addition the wage information for the subregions and the region is an average of the individual town data, not a true average of all wages.)

TABLE 7: AVERAGE WEEKLY WAGES
FOR REDC REGION, COUNTIES & STATE OF NH

Town/Area	2008	2009	2010	CHANGE: 2008-2009		CHANGE: 2009-2010	
	Average Weekly Wage	Average Weekly Wage	Average Weekly Wage	Average Weekly Wage	Percent Change	Average Weekly Wage	Percent Change
CEDS Eastern Towns	\$813	\$780	\$816	-\$33	-4%	\$36	5%
CEDS Central Towns	\$692	\$676	\$687	-\$16	-2%	\$11	2%
CEDS Western Towns	\$903	\$895	\$933	-\$8	-1%	\$38	4%
REDC CEDS region	\$782	\$763	\$787	-\$19	-2%	\$25	3%
Hillsborough County	\$976	\$960	\$981	-\$16	-2%	\$21	2%
Rockingham County	\$839	\$839	\$862	\$0	0%	\$23	3%
New Hampshire	\$864	\$864	\$884	\$0	0%	\$20	2%

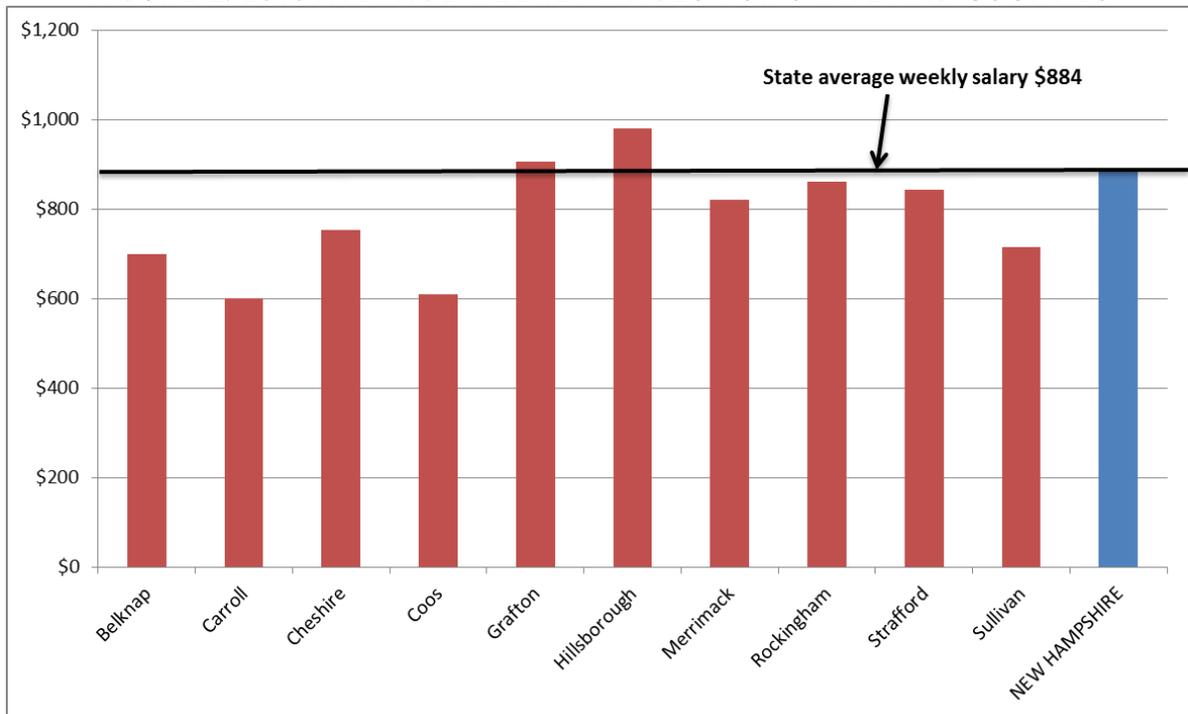
Source: NH Dept. of Employment Security, Labor Market Information Bureau

*NOTE: Weekly wages is based on all reporting jobs from both private and government sectors.

Table 7 outlines the average weekly wages for the region and state from 2008 to 2010. After experiencing a decrease in the average weekly wage from 2008 to 2009, the REDC region rebounded in 2010 with a 3% increase to \$787/weekly, which is near the 2008 wage rate. Average weekly wages were up across each subregion of the REDC region, as well as for the state and Hillsborough and Rockingham Counties. Within the REDC region, the highest average wage rate was in the town of Merrimack at \$1,422/weekly. The lowest average was in the town of Fremont, with an average wage of \$550/weekly. Once again, the employees in the REDC region on average made less than the state weekly average of \$884/weekly.

Hillsborough County's average wage is the highest in the state at \$981/weekly. Referring to Figure 2, Hillsborough and Grafton Counties were the only two counties in NH that had an average weekly salary above the state average. In 2010, two of the largest employers in Hillsborough County were Fidelity Investments (6000 employees) and BAE Systems (2,900 employees). Both companies have jobs that command higher salaried employees, possibly accounting for the high average weekly wage. Likewise, in Grafton County another higher-than-average salary employer was Dartmouth College and Medical Center with a total of 10,319 jobs in 2010. The overall state average is as high as it is due to the fact that the two largest employment counties, Hillsborough and Rockingham, also have high average weekly salaries. If you exclude both Hillsborough and Rockingham Counties from the calculation, the state average weekly salary drops to \$790. (Note: the state average is a weighted average based on the number of employed persons during the same time period.)

FIGURE 2: 2010 AVERAGE WEEKLY WAGES FOR STATE AND COUNTIES



Source: NH Dept. of Employment Security, Labor Market Information Bureau

*NOTE: Weekly wages is based on all reporting jobs from both private and government sectors.

b. Unemployment Rates and Trends

Table C-4 in the Appendix includes town-by-town annual unemployment data from 2000 and 2005 through 2011. Rates were at the lowest during the early part of this decade and highest during 2009-2010. The state and country are coming off of the worst recession in over 70 years, and the unemployment rates are slow to recover. In 2011, overall annual unemployment rates are down between 0.2 – 2 points across the region. The lowest unemployment rate was in the Eastern subregion (4.8%) and highest in the Western subregion (5.9%). Even with the mild recovery in 2011 annual rates, overall rates are still 2 – 3% higher than those from 2000. Results are summarized in Table 8.

TABLE 8: ANNUAL UNEMPLOYMENT RATES FOR THE REDC SUBREGIONS, COUNTIES AND STATE

Town/Area	Annual 2000*	Annual 2005*	Annual 2006*	Annual 2007*	Annual 2008*	Annual 2009*	Annual 2010*	Annual 2011*	change from 2000 to 2011	change from 2010 to 2011
CEDS Eastern Towns	2.6%	3.6%	3.5%	3.4%	3.8%	5.8%	5.4%	4.8%	2.2%	-0.6%
CEDS Central Towns	2.8%	4.2%	3.9%	3.9%	4.5%	6.8%	6.5%	5.8%	3.1%	-0.7%
CEDS Western Towns	3.1%	4.2%	3.9%	3.9%	4.2%	6.7%	6.6%	5.9%	2.8%	-0.7%
REDC CEDS region	2.8%	3.9%	3.7%	3.7%	4.2%	6.4%	6.1%	5.5%	2.7%	-0.6%
Hillsborough County	2.6%	3.7%	3.7%	3.6%	3.9%	5.6%	6.3%	5.5%	2.9%	-0.8%
Rockingham County	3.0%	4.2%	3.9%	3.9%	4.3%	6.6%	6.3%	5.7%	2.7%	-0.6%
New Hampshire	2.7%	3.6%	3.5%	3.5%	3.9%	6.2%	6.1%	5.4%	2.7%	-0.7%

Source: NH Dept. of Employment Security - Economic & Labor Market Information Bureau

*Rates not seasonally adjusted.

Although the unemployment rates have decreased slightly in both Hillsborough and Rockingham Counties, both county rates remained slightly higher than that of the state. However, both counties and the state rates are still significantly lower than that of the New England Region and United States. Table 9 demonstrates that New Hampshire remained the state with the lowest unemployment rate in the New England Region. New Hampshire's jobless rate continued to remain below the national average rate during 2011 and ranked 4th overall behind North Dakota (3.5%), Nebraska (4.4%) and South Dakota (4.7%) on the national level.

TABLE 9: UNEMPLOYMENT RATES FOR NEW ENGLAND STATES AND COUNTRY

	Annual Unemployment Rate* (%)			2010-2011 change in rate (%)
	2009	2010	2011	
New Hampshire	6.3	6.1	5.4	-0.7
Connecticut	8.3	9.1	8.8	-0.3
Maine	8.2	7.9	7.5	-0.4
Massachusetts	8.2	8.5	7.4	-1.1
Rhode Island	10.8	11.6	11.3	-0.3
Vermont	6.9	6.2	5.6	-0.6
New England	8.2	8.5	7.7	-0.8
United States	9.3	9.6	8.9	-0.7

Source: US Department of Labor-Bureau of Labor Statistics

As is true for all of New England and the nation, 2011 (the most recent full year of unemployment data) showed minimal, but slow recovery. As shown in Table 10, after remaining fairly level from 2006 to 2008, annual unemployment rates increased sharply in 2009 and stayed level or decreased slightly in 2010. Although annual unemployment rates dipped in the REDC region for the second straight year in 2011, the rates remain on average 2 points higher now than 5 years ago (2006). The nation hasn't fared as well, with its average annual unemployment rate remaining over 4% higher in 2011 than 2006. The U.S. Office of Management and Budget uses the term NECTA, *New England City and Town Area*, which is a geographic and statistical entity for use in describing aspects of the New England region of the United States. The Portsmouth NH-ME Metro NECTA, NH Portion (24) remained the strongest subarea with an annual unemployment rate of only 4.7% for 2011.

TABLE 10: AVERAGE ANNUAL UNEMPLOYMENT RATES
FOR REDC CEDS REGION NECTAS

	2006	2007	2008	2009	2010	2011	change from 2006- 2011	change from 2010- 2011
Rochester-Dover NH-ME MetroNECTA (16)	3.3%	3.3%	3.7%	6.2%	5.9%	5.3%	2.0%	-0.6%
Manchester NH NECTA (19)	3.6%	3.5%	3.9%	6.3%	6.2%	5.3%	1.7%	-0.9%
Nashua NH-MA NECTA, NH Portion (22)	3.7%	3.6%	3.9%	6.4%	6.3%	5.6%	1.9%	-0.7%
Exeter Area, NH Portion, Haverhill- North Andover-Amesbury (23)	4.2%	4.2%	5.1%	7.4%	6.9%	6.3%	2.1%	-0.6%
Portsmouth NH-ME Metro NECTA, NH Portion (24)	3.3%	3.1%	3.5%	5.4%	5.1%	4.7%	1.4%	-0.4%
Pelham Town, Lowell-Billerica-Chelmsford MA-NH NECTA Division (26)	4.9%	4.9%	5.2%	8.2%	7.8%	7.1%	2.2%	-0.7%
Salem Town, NH Portion, Lawrence- Methuen-Salem MA-NH NECTA	4.9%	4.9%	5.4%	8.0%	8.2%	7.3%	2.4%	-0.9%
Hillsborough County	3.7%	3.6%	3.9%	6.5%	6.3%	5.5%	1.8%	-0.8%
Rockingham County	3.9%	3.8%	4.3%	6.6%	6.3%	5.7%	1.8%	-0.6%
New Hampshire	3.5%	3.5%	3.9%	6.2%	6.1%	5.4%	1.9%	-0.7%
New England	4.5%	4.5%	5.4%	8.1%	8.5%	7.7%	3.2%	-0.8%
United States	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	4.3%	-0.7%

Source: NH Economic & Labor Market Information Bureau

While the entire country and this region works to recover from the recent recession and unemployment rates remain near or at all-time highs, New Hampshire continues to fare better than the New England Region and United States. However, the REDC CEDS region has continued to maintain unemployment rates higher than the state annual rate. The Portsmouth NH-ME, Manchester NH, and Rochester-Dover NH-ME Metro NECTAs are the only NECTAs in our region that had a rate lower than that of the state in 2011.

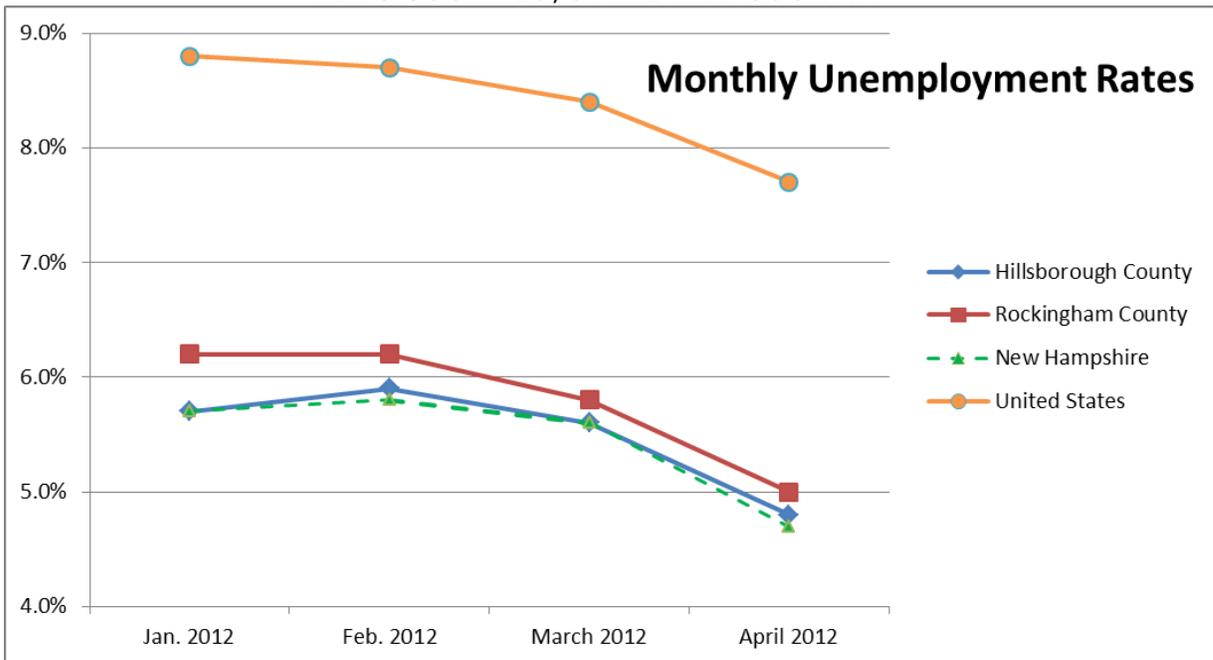
So far in 2012, the trend of decreasing unemployment rates continued for our region and the nation. Table 20 and Figure 6 outline the monthly (not seasonally adjusted) unemployment rates for the first 4 months of 2012. Rates within our region decreased on average 1.2 points from January to April 2012. It is interesting to note that the region experienced a similar drop in rates last year during the first quarter of 2011; however, rates across the board were approximately 0.5% less in April 2012 than April 2011. This indicates that the region, state and nation continue to move in a positive direction. Table 11 and Figure 3 summarize the unemployment trends for 2012.

TABLE 11: 2010 MONTHLY UNEMPLOYMENT RATES FOR REGIONAL NECTAS

	Jan. 2012	Feb. 2012	March 2012	April 2012	change Jan-April 2012	change April 2011-2012
Rochester-Dover NH-ME MetroNECTA, NH Portion (16)	5.6%	5.5%	5.5%	4.5%	-1.1%	-0.4%
Manchester NH NECTA (19)	5.5%	5.7%	5.5%	4.6%	-0.9%	-0.5%
Nashua NH-MA NECTA, NH Portion (22)	5.8%	5.9%	5.7%	4.8%	-1.0%	-0.5%
Exeter Area, NH Portion, Haverhill-North Andover-Amesbury, NH Portion (23)	7.0%	7.1%	6.4%	5.7%	-1.3%	-0.3%
Portsmouth NH-ME Metro NECTA, NH Portion (24)	4.9%	4.8%	4.8%	3.9%	-1.0%	-0.5%
Pelham Town, Lowell-Billerica-Chelmsford MA-NH NECTA Division, NH Portion (26)	8.0%	7.9%	6.7%	6.4%	-1.6%	-0.8%
Salem Town, NH Portion, Lawrence-Methuen-Salem MA-NH NECTA, NH Portion (27)	8.7%	8.6%	7.6%	7.3%	-1.4%	0.2%
Hillsborough County	5.7%	5.9%	5.6%	4.8%	-0.9%	-0.5%
Rockingham County	6.2%	6.2%	5.8%	5.0%	-1.2%	-0.4%
New Hampshire	5.7%	5.8%	5.6%	4.7%	-1.0%	-0.6%
United States	8.8%	8.7%	8.4%	7.7%	-1.1%	-1.0%

Source: NH Economic & Labor Market Information Bureau

FIGURE 3: 2012 MONTHLY UNEMPLOYMENT RATES FOR REDC COUNTIES, STATE AND COUNTRY



Source: NH Economic & Labor Market Information Bureau

c. Recent Closings

The State of New Hampshire Department of Resources & Economic Development (DRED) Office of Workforce Opportunity monitors significant plant and business closings during the year. The state's Rapid Response program works with qualifying employers, and if a company chooses to participate, DRED receives a count of the number of layoffs. Table 12 summarizes reported closings and/or reductions in workforce in the REDC Region that occurred during 2011 and for partial year 2012 (as of April 27, 2012). During 2011, the region experienced a reported loss of 1,283 jobs, which was 359 more than what was reported in 2010. The most notable job losses came from BAE Systems, Nashua (110 jobs), Londonderry Schools, Londonderry (106 jobs), Rockingham Regional Ambulance, Manchester and Nashua (180 jobs), and Thermo Fisher, Portsmouth (150 jobs). The city of Nashua was hardest hit during 2011 with a reported work force reduction of roughly 450 jobs and over 300 additional jobs in the beginning of 2012. The largest impacted industry was manufacturing, which reported over 600 jobs lost between January 2011 and April 2012.

In addition to the job reductions listed by DRED, REDC reviewed local newspapers for closings and layoffs that were not reported to the state's Rapid Response program. The National Visa Center at Pease International Tradeport (Portsmouth) reduced its workforce by about 30 employees in September 2011. In October 2011, the Nashua Telegraph reported that The Celina Drive Company of Nashua filed for Chapter 11 bankruptcy, following an attempt to save costs and a job reduction of half its work force in March 2011. Portsmouth seafood supplier, Orion Seafood International, filed suit with the US District Court in December, 2011 over the dropping of a \$15 million contract for lobster. The company CEO stated that they had to temporarily layoff roughly 100 employees.

In January 2012, the New Hampshire Department of Employment Security reported that due to the improving economy, the Department had to lay-off 53 full-time employees and 19 part-time workers across the state. Finally, outer-ware and outdoor gear specialist, Timberland Co., completed "structural" changes at its Stratham headquarters resulting from a sale in 2011 to manufacturing powerhouse, VF Corp. In May, 2012, Seacoast Online news service reported that the changes resulted in an unspecified number of layoffs.

**TABLE 12: REPORTED WORKFORCE REDUCTIONS
FROM LAYOFFS AND PLANT CLOSINGS**

Company Name	Location	Industry	Layoff Date	Total Employees	No. Employees Terminated	# of sites	Reported in 2011 CEDS?
Hope Lace LLC	Nashua	manufacturing	01/15/11	24	24	1	yes
Tybrin	Nashua	software	01/28/11	70	8	1	yes
Gils Used Auto Sales	Stratham	retail & repair	02/08/11	9	9	1	yes
AJ Wright	Nashua	retail	02/09/11	39	39	1	yes
Dennco	Salem	manufacturing	02/28/11	21	13	1	yes
Viega LLC	Merrimack	mfg & shipping	03/01/11	25	25	1	yes
ThermoFisher	Portsmouth	manufacturing	03/22/11	310	13	4	no
Blockbuster	Nashua	retail	03/31/11	4	4	5+	no
Borders Bookstores	Nashua	retail	04/01/11	25	25	1	yes
Ultimate Electronics	Salem	retail	04/01/11	40	40	1	yes
BAE	Nashua	manufacturing	04/15/11	4600	110	1	no
Tyco/Simplex	New ington	manufacturing	04/15/11	361	103	1	no
Lollipop Tree	Portsmouth	retail	04/15/11	20	20	1	no
Fairfield Inn	Merrimack	service	04/30/11	23	23	1	no
Foss Manufacturing	Hampton	manufacturing	04/30/11	325	14	1	no
Loyalty Builders	Portsmouth	service	05/09/11	11	5	1	no
National Grid	NH locations	utility	05/18/11	unknown	unknown		no
Core General Dentistry	Exeter	medical	05/27/11	16	6	1	no
Confidential-Healthcare	3 locations	healthcare	06/16/11	165	12	3	no
Litchfield Public Schools	Litchfield	education	06/30/11	176	33	3	no
Nashua Teachers	Nashua	education	06/30/11	unknown	34	1	no
Londonderry Schools	Londonderry	education	06/30/11	unknown	106		no
Serif Software	Hudson	software	07/06/11	14	14	1	no
Vitronics-Soltec	Stratham	manufacturing	07/15/11	60	50	1	no
Building 19	Nashua	retail	08/2011	28	28	1	no
Flextronics LLC	across NH	service	08/31/11	unknown	56	10	no
Exeter Hospital	Exeter	healthcare	09/14/11	2,350	25	1	no
St. Joseph Hospital	Nashua	healthcare	09/16 - 11/30/2011	1,087	50	1	no
Rockingham Regional Ambulance	Manchester/ Nashua	healthcare	09/30/11	180	180	3	no
Daddy's Junky Music	4 locations	retail/music	10/27/11	64	64	4	no
Thermo Fisher	Portsmouth	manufacturing	11/11/11	200	150	2	no
Friendly's	Keene, Exeter	hospitality	01/08/12	unknown	unknown		no
Chunky's Cinema	Pelham/Nashua	cinema/pub	01/08/12	217	217	2	no
Cobham (DTC)	Nashua	communications	03/01/12	72	72	1	no
Vectron	Hudson	manufacturing	12/12/12	150	90	1	no
So. NH Medical	Nashua	healthcare	TBD	1800	100	1	no
Sears	Keene/Nashua	retail	TBD	unknown	TBD	2	no
Benchmark Electronics	Nashua	manufacturing	unknown	unknown	10		no
Total # layoffs reported in 2011:						1283	
Total # layoffs reported in 2012 (as of April 27, 2012):						489	
total number layoffs Jan. 2011 - April 2012:						1772	

Source: New Hampshire DRED Office of Workforce Opportunity

d. Labor Force

Table C-6 in the Appendix tracks civilian labor force data in the county, state and in the other New England States, and it is summarized for 2009 to 2011 in Table 13, below. Overall the number of individuals in the labor force is down across the region and nation from 2010 to 2011. The data shows that during the past year, New Hampshire lost 6,000 persons or 0.8% of its workforce. Hillsborough County experienced a reduction of 830 persons (0.8%) of its available workers, and Rockingham County lost over 1,000 persons (0.7%) from its workforce. During the same time period, the New England region lost 30,000 persons (0.4%) in its available labor force, and the nation was down 272,000 persons (0.2%). Up until 2010, the average annual growth of the labor force (from 2002 to 2009) for Hillsborough County grew at 0.7% annually and Rockingham County grew at less than 0.1% annually; whereas New Hampshire grew at 0.6% and the United States grew at 0.9% annually.

TABLE 13: CIVILIAN LABOR FORCE IN THE NEW ENGLAND REGION

REGION/STATE (in thousands)	2009		2010		2011		2010-2011		
	Civilian Labor Force	Unempl. Rate (%)	Civilian Labor Force	Unempl. Rate (%)	Civilian Labor Force	Unempl. Rate (%)	Change in Labor Force	% change in Labor Force	Change in Unemploy. Rate
Hillsborough County	229.9	6.5	229.2	6.3	228.4	5.5	-830	-0.4%	-0.8
Rockingham County	174.8	6.6	176.0	6.3	174.9	5.7	-1,057	-0.6%	-0.6
New Hampshire	745.0	6.3	744.0	6.1	738.0	5.4	-6,000	-0.8%	-0.7
Connecticut	1,887.0	8.3	1,897.0	9.1	1,918.0	8.8	21,000	1.1%	-0.3
Maine	698.0	8.2	697.0	7.9	704.0	7.5	7,000	1.0%	-0.4
Massachusetts	3,477.0	8.2	3,494.0	8.5	3,456.0	7.4	-38,000	-1.1%	-1.1
Rhode Island	566.0	10.8	576.0	11.6	563.0	11.3	-13,000	-2.3%	-0.3
Vermont	360.0	6.9	361.0	6.2	359.0	5.6	-2,000	-0.6%	-0.6
New England	7,733.0	8.2	7,770.0	8.5	7,740.0	7.7	-30,000	-0.4%	-0.8
United States	154,142	9.3	153,889	9.6	153,617	8.9	-272,000	-0.2%	-0.7

Source: US Bureau of Labor Statistics

In previous updates it had been reported that population growth was significantly outpacing labor force growth in the county. Some believe an important factor driving this phenomenon was the disproportionate growth in the retirement age segment of the population immigrating to southern New Hampshire compared to other age groups (in part promoted by the recent boom in the construction of age restricted housing in the region). It appears this trend is continuing. Referring to the 2011 CEDS Update, the median age in the REDC region is well above that of the United States. When looking at the 7-year period from 2002-2009, population grew 0.5 percent annually in Rockingham County while the civilian labor force remained flat during this time. This is not a state-wide occurrence. From 2002-2009, the population grew 0.4 percent annually in Hillsborough County and the civilian labor force outpaced the growth at 0.7 percent annually. The state's population grew 0.5 percent annually, while the labor force grew 0.6 percent annually. During the same 7 year period, the New England region grew at less than half that of the annual rate of the United States (0.4 percent vs. 0.9 percent).

4. American Community Survey

In 2005, the US Census Bureau rolled out the American Community Survey (ACS). The ACS is a comprehensive survey sent out annually to collect detailed socioeconomic data and create a snapshot of certain conditions within the United States. It is sent to

approximately 250,000 households monthly (3 million addresses annually), with a returned completion rate of approximately two-thirds in 2009. With the US population at 308,745,538 in 2010 (US Census Bureau), that means the return rate of completed surveys is approximately 0.6% of the population annually. The results of the ACS help determine how more than \$400 billion in federal and state funds are distributed annually.

The ACS was developed to take the place of the “long-form” US Census survey, which was becoming more and more unpopular with each census. The final version of the long-form survey was completed with the 2000 US Census. The ACS gathers much of the same information as the long-form, but instead of collecting the data once every ten years, it gathers information from fewer people on a continuing basis, which means that new information is produced annually.

Although the ACS data is gathered and published annually, the validity of the data is dependent upon the size of the census block and/or community being evaluated. For communities with over 65,000 persons, new data may be used annually as it is collected and collated. For communities that are between 20,000 and 65,000 persons, data must be averaged over a three-year period to maintain an accurate account. For communities of this size, the first set of data was available in 2008 for the years 2005-2007. This data is then updated and reevaluated on a rolling basis every year.

Most of the communities within the CEDS Region are in the remaining category, communities with less than 20,000 persons. For communities of this size, the data must be averaged over a five-year period. The ACS data for the CEDS Region was first made available in 2010 for the years 2005-2009. We are now in the second year of data for our region. The NH Office of Energy and Planning has compiled a comprehensive list of which data charts are available for New Hampshire communities. In addition, NH OEP has separated out the New Hampshire results, and all of the data is available for download from their website.

Data is available for our CEDS Region in the following categories (for more information visit NH OEP <http://www.nh.gov/oep/programs/DataCenter/ACS/index.htm>):

Migration - Residence Last Year	Fertility
Journey to Work - Commuting	School Enrollment
Unweighted sample counts	Educational Attainment
Age and Sex	Language
Races	Poverty
Hispanic Origin	Income
Ancestry	Earnings
Foreign Birth	Veteran Status
Place of Birth - Native	Public Assistance Programs
Children - Relationship	Employment Status
Grand Persons	Occupation - Class of Worker
Households and Families	Housing
Marital Status	Imputations

It is the goal of the CEDS and its updates to provide our region with the most comprehensive and up-to-date demographic data available for our region. In the 2012 CEDS Update, we begin to integrate the ACS data into the CEDS, and we will continue to

add additional pertinent data in subsequent updates. This year, the CEDS includes ACS data on household income and education attainment for our region.

a. Household Income

The ACS collects numerous data regarding income and poverty, and categorizes it by factors such as ethnicity, gender, age, family type, etc. For the purposes of the 2012 CEDS Update, we narrowed down the scope of data to look solely at the median annual household income. The ACS uses the following definitions:

Household: A household includes all the people who occupy a housing unit as their usual place of residence.

Income: "Total income" is the sum of the amounts reported separately for wages, salary, commissions, bonuses, or tips; self-employment income from own nonfarm or farm businesses, including proprietorships and partnerships; interest, dividends, net rental income, royalty income, or income from estates and trusts; Social Security or Railroad Retirement income; Supplemental Security Income (SSI); any public assistance or welfare payments from the state or local welfare office; retirement, survivor, or disability pensions; and any other sources of income received regularly such as Veterans' (VA) payments, unemployment compensation, child support, or alimony.

Median income: The median income divides the income distribution into two equal groups, one having incomes above the median, and other having incomes below the median.

Table F-1 in the Appendix lists the median household income for a twelve month period, adjusted to 2010 dollars for the municipalities within the CEDS region, as well as Hillsborough and Rockingham Counties, New Hampshire and the United States. A summary of the average annual household incomes for the REDC region is listed in Table 14.

TABLE 14: ANNUAL HOUSEHOLD INCOME

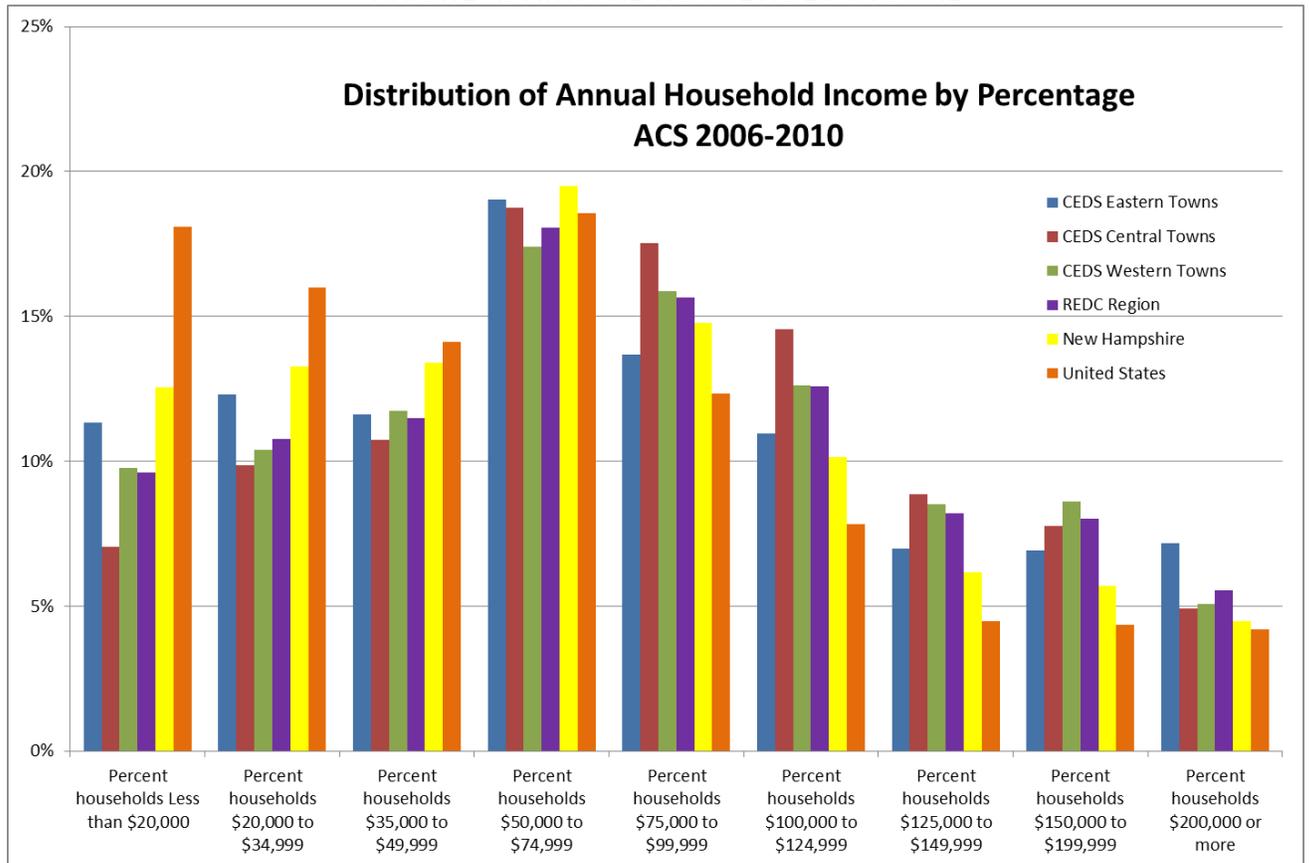
PLACE	Total Number HOUSEHOLDS	Median household income	Income compared to US average	% Above US average
CEDS Eastern Towns	43,071	\$ 70,529	\$ 18,615	36%
CEDS Central Towns	35,019	\$ 81,077	\$ 29,163	56%
CEDS Western Towns	96,866	\$ 76,861	\$ 24,947	48%
REDC Region	174,956	\$ 76,146	\$ 24,232	47%
Hillsborough County	153,120	\$ 69,321	\$ 17,407	34%
Rockingham County	114,722	\$ 75,825	\$ 23,911	46%
New Hampshire	513,804	\$ 63,277	\$ 11,363	22%
United States	114,235,996	\$ 51,914	\$ -	-

Data Source: American Community Survey 2006-2012

The median annual household income for the REDC Region, generated from the ACS 5-year data from 2006-2010 and adjusted to 2010 dollars is \$76,146. This is 47% greater than the United States average of \$51,914 annual income. Although not as a significant difference, the New Hampshire state average of \$63,277 annual income is still 22% greater than that of the US.

When looking at the distribution of the annual income, we find that the largest percent of the population brings in between \$50,000 and \$74,999 annually. See Figure 4 for detailed information. One thing that immediately jumps out is that although roughly 19% of both the US population (18.7%) and the CEDS Region (18.1%) falls within that average annual income, an equal percent of the US population (18.1%) also falls within the less than \$20,000 annual income. In fact, 67% - two-thirds of the US population brings in less than \$75,000 annually; however, 50% of the REDC CEDS region brings in less than \$75,000 and 50% brings in \$75,000 or more annually. This skewed distribution of annual income for the United States, heavy on the lower income brackets, can explain some of why the national average annual income is so much less than that of the REDC region.

FIGURE 4: ANNUAL HOUSEHOLD INCOME



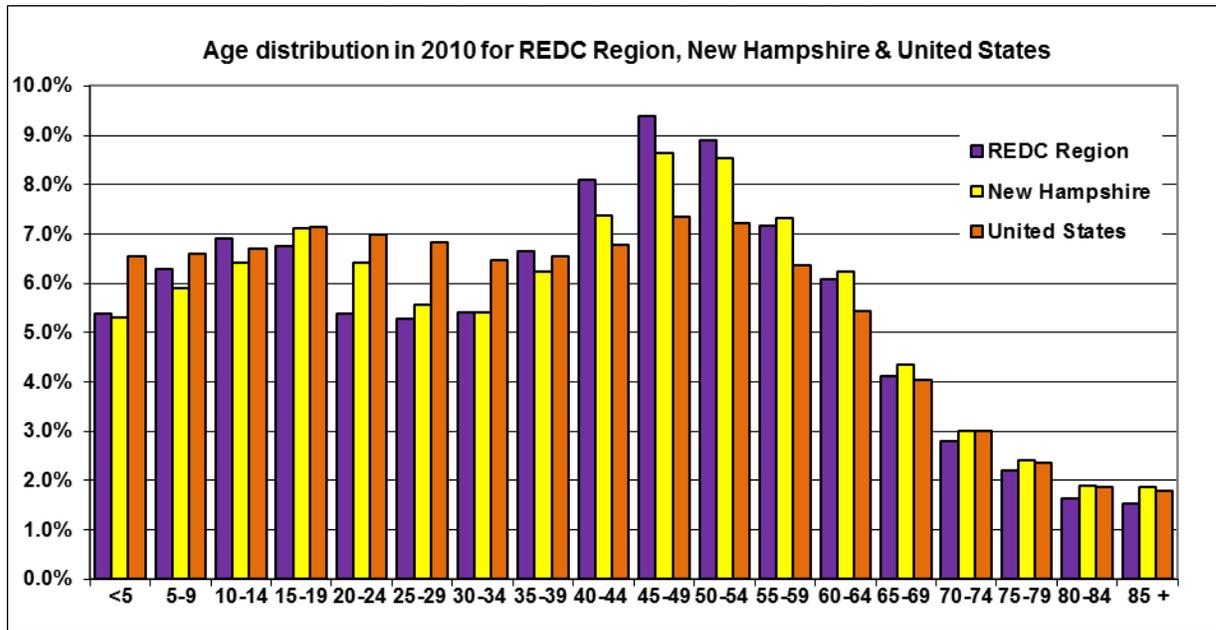
Data Source: American Community Survey for 2006-2010

Looking at only the REDC Region, the income distribution is a little more uniform. The average annual household income is greatest in the Central subregion (\$81,077), followed by the Western subregion (\$76,861) and then the Eastern subregion (\$70,529). Although the Eastern subregion has the lowest average annual income, it has a larger percentage of its population bringing in over \$200,000 annually (7% for Eastern versus 5% for both Central and Western).

One explanation for why the Central subregion annual income is greater than the other two subregions is age distribution. Figure A-3.1 in the Appendix outlines the age distribution in 2010 for the CEDS Region. The Central region has a higher percentage of its population (when compared with the other subregions) within the 40-54 year old age bracket – the age

when most individuals are earning their personal maximum wage. Conversely, the Western subregion has a higher percentage of its population (when compared with the other subregions) falling at 24 years old and younger. These individuals are generally just entering the workforce and therefore will have smaller wages as a group. Finally, the Eastern subregion has a larger percentage of its population (when compared with the other subregions) at 60 years and older. This is the age when many individuals retire and/or move to a fixed income, therefore, the median income will tend to be lower.

FIGURE 5: AGE DISTRIBUTION IN 2010



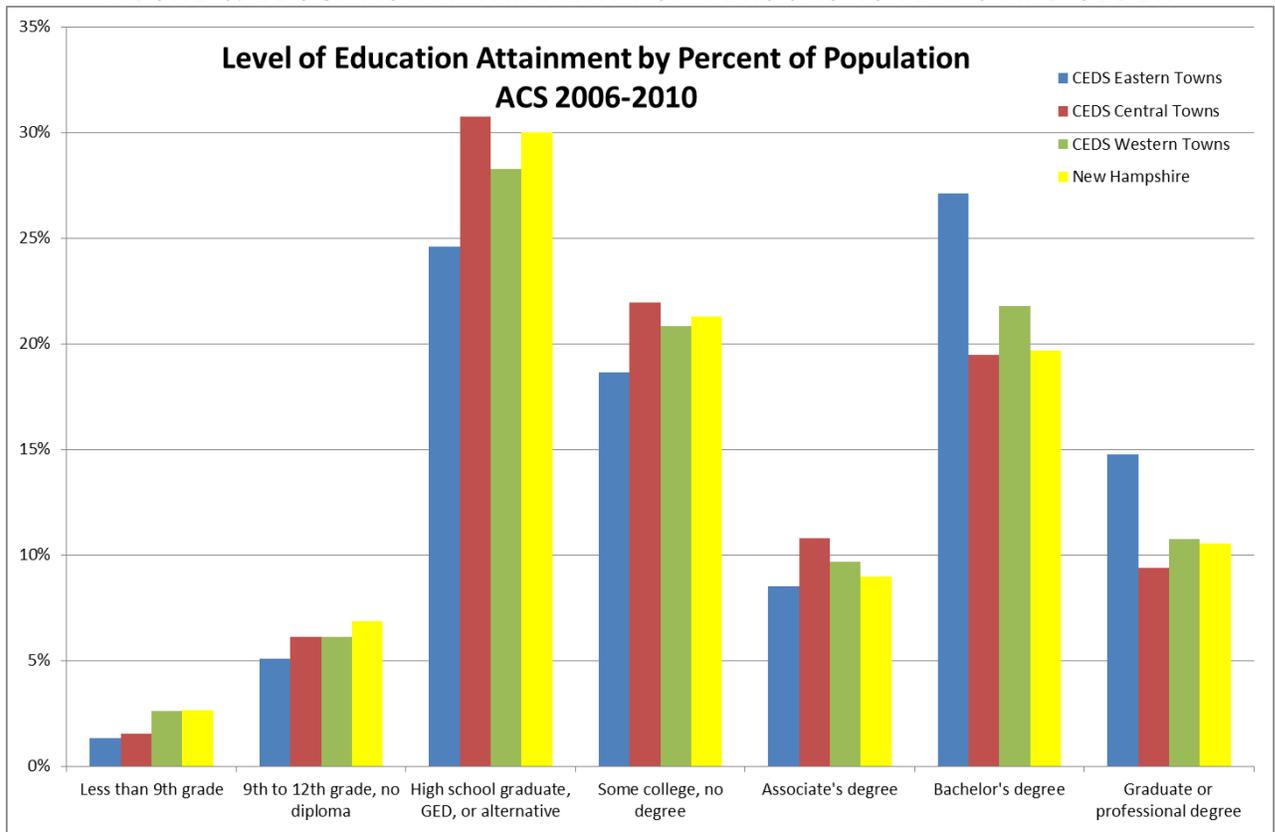
Data Source: 2010 US Census

As reported in the 2011 CEDS Update and shown in Figure 5, the REDC Region has an age distribution that is slightly older than that of the United States. The nation has a higher percentage of its population between the ages of 20-34 years (20%) when compared to that of the REDC Region (16%). Conversely, 26% of the REDC Region population falls between 40-54 years, while only 21% of the nation’s population falls in this age group. The fact that the United States has a younger distribution of its population may account for why a high percent of US households make less than 35,000 per year as compared to the REDC Region.

b. Education Attainment

Similar to the Annual Household Income data, the ACS data collected for Education Attainment is categorized by factors such as ethnicity, gender, and age. For the purposes of the 2012 CEDS Update, we narrowed down the scope of data to look at the distribution of education attainment broken out by gender. The data is located in Table F-2 in the Appendix and summarized in Figure 6, below.

FIGURE 6: EDUCATION ATTAINMENT FOR PERSONS 18 YEARS AND OLDER



Data Source: American Community Survey for 2006-2010

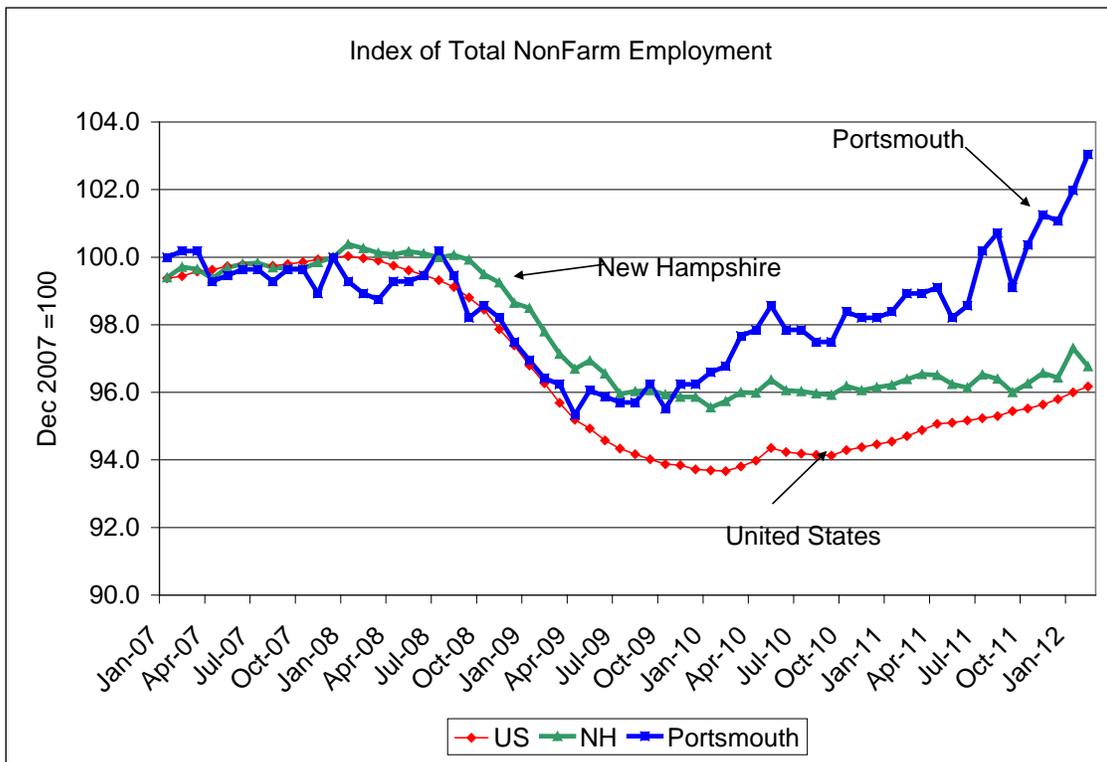
With the exception of the Eastern subregion, the highest percentage of each region's population had a maximum level of education attainment with a high school diploma, or equivalent. On average, roughly 29% of the population earned a high school diploma or equivalent as the maximum level of education attainment, with the Eastern subregion an outlier at 24.6% of its population. Within the Eastern subregion, 42% of its population earned a Bachelor's or Graduate/Professional degree.

B. State of the Economy

The State of the Economy in Rockingham County continues to improve. The county and the rest of New Hampshire have been emerging from the Great Recession, but the pace of the recovery is much slower than in the typical post World War II recession. The most positive statement that can be made is that the New Hampshire economy has fared better than the nation as a whole.

The following chart shows employment for the United States, New Hampshire and the Portsmouth, NH area, indexed to the beginning month of the Great Recession (December 2007). The chart shows the number of jobs declined more severely in the United States, than in either New Hampshire or in the Greater Portsmouth area. However, even though the recovery began in the summer of 2010, the rate of employment growth since that time has been lackluster. While neither the nation nor New Hampshire have yet achieved its pre-recession level of employment, the job base in the Greater Portsmouth area is actually larger than it was before the beginning of the recession.

FIGURE 7: INDEX OF TOTAL NON-FARM EMPLOYMENT



The National Recession – the “Great Recession”

The National Bureau of Economic Research retroactively determined that the most recent recession began in December 2007, and ended in June 2009. The subprime mortgage crisis led to the collapse of the United States housing bubble. Falling housing-related assets contributed to a global financial crisis, even as oil and food prices soared. The crisis led to the failure or collapse of many of the United States' largest financial institutions: Bear Stearns, Fannie Mae, Freddie Mac, Lehman Brothers and AIG, as well as a crisis in the automobile industry. The government responded with an unprecedented \$700 billion bank bailout and \$787 billion fiscal stimulus package. The National Bureau of Economic Research declared the end of this recession in the summer of 2010, over a year after the end date.¹

We are 34 months into recovery from the Great Recession. So why doesn't it feel like a recovery? The reasons have to do with the depth of the recession, and the weak growth coming out from the bottom.

Almost nine million jobs were lost in the Great Recession. That is a very deep hole to climb out from. The job base declined by more than 6% in the recent recession, three times more than the 2% average decline in the previous six recessions.

¹ http://en.wikipedia.org/wiki/List_of_recessions_in_the_United_States, accessed May 2011

TABLE 15: NATIONAL RECESSIONS

Comparing US Recessions and Job Recoveries									
Peak	Trough	Duration in Months		Peak-to-Trough % Change			Month that jobs recover to previous peak	Job recovery Months from recession end	Job recovery Average Annual Real GDP Growth
		Recession Peak to Trough	Expansion Preceding Trough to Peak	Real GDP	Industrial Production	Nonfarm Employment			
Dec-07	Jun-09	18	73	-5.10%	-17.00%	-6.40%	?	?	2.4%
Mar-01	Nov-01	8	120	-0.40%	-6.30%	-2.00%	Jan-05	38	2.9%
Jul-90	Mar-91	8	92	-1.30%	-4.30%	-1.50%	Feb-93	23	4.3%
Jul-81	Nov-82	16	12	-2.90%	-9.50%	-3.10%	Nov-83	12	7.8%
Jan-80	Jul-80	6	58	-2.20%	-6.20%	-1.30%	Dec-80	5	8.1%
Nov-73	Mar-75	16	36	-3.10%	-14.80%	-2.70%	Dec-75	9	5.1%
Dec-69	Nov-70	11	106	-1.00%	-5.80%	-1.40%	May-71	6	6.9%

The chart above chronicles the last several US recessions, with the most recent Great Recession in the top row. In this most recent recession (from December 2007 to June 2009) the economy shrunk by 5.1 percent, industrial production declined by 17 percent, and we lost 6.4 percent of the jobs in the United States. The economy lost more production, and more jobs, than in any Recession since the end of the Second World War.

The column to the far right of the chart shows the US economic growth (on average) after each recession since the 1960s. Decades ago the economy grew quite quickly coming out of a downturn. For example, after November 1982 the economy grew at an annual rate of 7.8 percent, allowing the US to recovery all of the jobs lost in that recession 12 months later.

Unfortunately the economic growth coming out of the more recent recessions has been much slower. After November 1991 the economy grew at an annual rate of 2.9 percent, less than half as fast as in the 1970's and 1980's. So far, starting in the summer of 2009 through 2011, economic growth has averaged a disappointing, anemic 2.4 percent.

As a result of the much slower economic growth, job growth has also been disappointing. Employment in the United States has grown at an annual rate of just under 1 percent from July 2009 through December 2011. As of January 2012 the US still has 6 million fewer jobs than in December 2007, the beginning of the Great Recession. Slow economic growth obviously means slow job growth in the recovery period.

So there is a simple way to think about the problem. When the economy grows by 7% to 8% per year it takes six months to a year to recover a 2% job loss. When the economy grows by only 3% to 4% per year it takes two to three years to recover from a 2% job loss.

If it took three years in the last recession to recover from a 2% job loss, will it take nine years to recover from a 6% job loss, especially if GDP does not grow more than 2% in the first few years of the recovery? That would mean the year 2018 before we see jobs return to their 2007 level!

If economic growth returned to the 6% to 8% range, one would expect the job recovery to be quicker. The problem is that the job decline in the Great Recession was 6%, not 2%. Even with double the CBO expected economic growth, it would be several years before the US regains all of the lost jobs in the Great Recession.

According to the April 2012 forecast from Mark Zandi of Moody's Analytics gross domestic product, which is a measure of the output of all of the goods and services in the United States, is expected to increase by 2.5 percent in 2012, after increasing 1.7 percent in 2011. That will be enough growth to create more than 2 million jobs in 2012, lowering the unemployment rate from 9 percent in 2011 to 8 percent in 2012. The US unemployment rate should drop to 7 percent in 2013, after another 2 million plus jobs are created in that year.

Economic growth will be even faster in 2014, coming in at 3.9 percent, which is above the trend line for long term economic expansion. The Federal Reserve has used Operation Twist and other policy levers to keep long term interest rates low as well. But renewed economic growth will spur the Federal Reserve to finally begin to raise short term interest rates in 2014. Since short term rates are at historic lows the Federal Reserve response to above trend economic growth (when it occurs) could be rapid. It is expected that the Federal Reserve will raise rates substantially and quickly – moving from a 0 percent Federal Funds Rate to 4 percent in about 18 months.

There are near term threats to the continuing expansion:

- Energy prices have been increasing in 2012, pushing New Hampshire gasoline prices in the neighborhood of \$4.00 per gallon. Higher energy prices for gasoline and home heating oil hurt New England more than other regions of the country, since New England is a primary energy importer. Also New Englanders are more dependent on home heating oil to heat their homes than in other regions. However it is likely that energy prices, as of April 2012, have peaked for the year, as the situation in Middle Eastern countries appears relatively calm.
- European sovereign debt troubles are the second threat to the outlook. Government austerity programs in Europe will probably cause a mild recession this year and next, which will slow trade growth (exports) to European countries. Since New Hampshire manufactured goods are destined to European countries, a mild recession in Europe will curtail New England production aimed for that market.
- The foreclosure crisis is not yet resolved, and still pending foreclosures will put continued downward pressure on housing prices. Housing prices may fall by another 3 percent in 2012, but it is possible that new investors coming into the market, declining delinquencies, and government programs like HAMP and Fannie Mae moving to the rental market will help moderate the decline in prices.
- Federal fiscal policy could turn contractionary next year. There is a potential for a 3 percent fiscal drag next year, unless the Bush tax cuts are extended and the scheduled automatic Federal spending cuts are moderated in some way. The likely actions by Congress for a continuation of the Bush tax cuts for low income households, and phasing in of spending cuts should cut the fiscal drag in half in 2013 (from 3 percent to 1.5 percent), helping to avoid another recession.
- Other potential problems would include a “hard landing” for the Chinese economy, and the risk to financial institutions as the economy moves to a higher short term interest rates. Some financial mistakes at banks will be exposed in a higher interest rate environment, but those mistakes should be manageable.

By late 2013 and early 2014 housing could be leading the recovery. Housing construction has been considerably below the historic trend, and housing could recover rapidly once home prices are seen to have bottomed. Corporate, household, and financial business sheets have been repaired, as seen in recent corporate earnings reports and consumers deleveraging and paying down household and credit card debt. While these positives do not get a lot of media exposure, they nonetheless set the stage for stronger economic conditions in the coming years.

Impact upon New Hampshire

Most New Hampshire businesses remain concerned about the overall state of the economy, but many believe that economic conditions will improve. Additionally, most businesses expect their levels of hiring, future revenues and capital expenditures to either stay the same or increase in 2012. The survey sponsored by the Business and Industry Association found that the large majority of businesses expect their number of employees to stay the same in the next 12 months; however, numbers are improved from last year. This suggests that in 2012 businesses expect that the economy in the state of New Hampshire will either stay the same or moderately improve.

For the fifth year in a row New Hampshire was named the nation's "Most Livable State" by the editors of the publishing and research company CQ Press. The ranking was based on a number of important quality of life measures, including median household income, crime rate, state business tax climate, employment and several educational indicators.

New Hampshire was again ranked first in the nation, for the fourth straight year, as the best state in which to raise a child, according to a survey from the Annie E. Casey Foundation. The foundation's annual Kids Count survey ranked New Hampshire at the top in four out of ten separate categories that measure child and family well-being. The survey ranked New Hampshire highest for its lowest percentage of children in poverty; teen birth rate, teens neither in school nor working, and its highest rate of high school graduation.

New Hampshire again registered the lowest poverty rate in the country, according to Poverty estimates using income and household relationship data from the 1-year 2009 and 2010 American Community Surveys (ACS). Only New Hampshire had an estimated poverty rate significantly lower than 10 percent in 2010, while five states had single-digit poverty rates in 2009—Alaska, Connecticut, Maryland, New Hampshire, and New Jersey.

Dennis Delay, New Hampshire Forecast Manager for New England Economic Partnership (NEEP) noted in November 2011 that New Hampshire's job recovery has been "skating on thin ice", but New Hampshire's job growth will continue to outperform the region this year and next.² State revenues show signs of bottoming out, but little sustained growth. Any acceleration in private-sector job creation looks to be partially offset by public sector job losses. The short-term implication is that contracting government will act as a drag on recovery.

Finally, real estate sales and prices have shown little sign of improvement in recent months. The NEEP forecast summary is shown below.

² "Outlook for the New Hampshire Economy", Dennis Delay, New England Economic Partnership, November 2011.

TABLE 16: NEEP FORECAST SUMMARY COMPARISONS
AVERAGE ANNUAL RATES OF GROWTH NOVEMBER 2011 FORECAST

	<u>Actual 2000-2005</u>	<u>Actual 2005-2010</u>	<u>Forecast 2010-2015</u>
Gross State Product			
GSP-New Hampshire	1.0	0.3	2.6
GSP-New England	1.6	1.0	2.5
GDP-United States	2.4	0.7	2.5
Total Non-Farm Jobs			
Jobs-New Hampshire	0.5	-0.4	1.5
Jobs-New England	-0.3	-0.4	1.0
Jobs-United States	0.3	-0.6	1.6

Granite State manufacturing employment declined at an annual rate of 4.8 percent from 2000 to 2005, then declined at an annual rate of 3.9 percent from 2005 to 2010. New Hampshire lost more than 14,000 manufacturing jobs in the last five years. The forecast calls for stabilization in the New Hampshire manufacturing employment base, with an annual growth rate of 0.4 percent from 2010 to 2015. It is expected that less skilled occupations, such as assemblers and production helpers, will continue to be replaced with higher skilled occupations, like CNC machine operators and technicians, throughout the forecast period.

New Hampshire private service producing employment increased at an annual rate of 1.2 percent from 2000 to 2005, and 0.2 percent from 2005 to 2010. Employment in this sector is expected to increase at a 1.9 percent annual rate from 2010 to 2015. Education and health service will add 14,000 jobs, professional and business services will add about 13,000 jobs, and leisure and hospitality jobs will increase by 10,000 over the forecast period.

Construction employment in New Hampshire increased at an annual rate of 3.3 percent in period 2000 to 2005, and declined at an annual rate of 6.3 percent over the last five years (2005 to 2010). New Hampshire construction jobs will decline more slowly in the five years of the forecast period to a 0.8 percent annual decline, as housing permits recover to an annual rate of 4,800 per year. New Hampshire housing prices will not reach the 2005 peak price until well beyond the year 2015.

Rockingham County, Nashua, and the REDC Region

A Location Quotient analysis is used to assess industry concentration by dividing the employment shares of each industry in a particular region to employment share of the same industry based on a larger reference region such as the nation.³ This method of comparing levels of employment between two geographic areas assumes that a region is self-sufficient if its ratio of employment is proportional to the nation's ratio of employment for that industry. If the region's ratio of employment is lower than the nation's rate, the region is said to be producing less of that product and is therefore forced to import some of these products. If a region's ratio of employment is greater than the nation's rate, then the region is exporting some of its products.

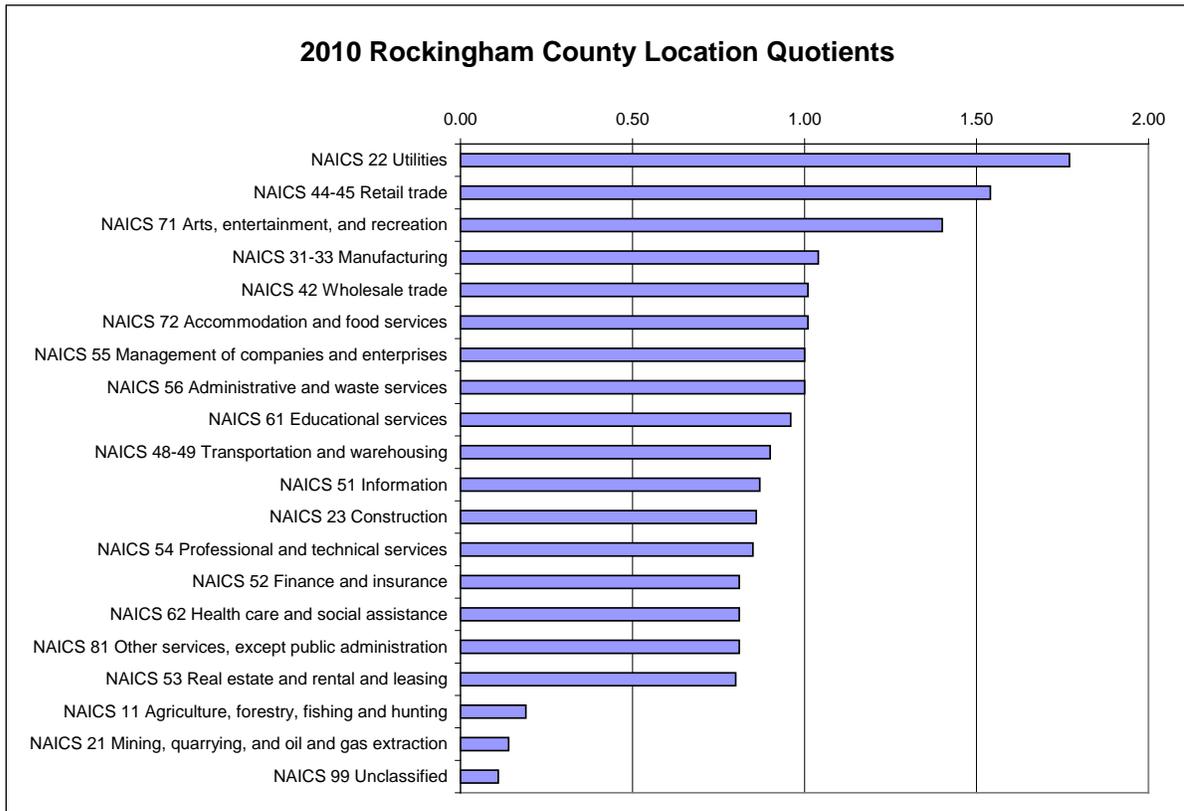
The REDC region contains all of the cities and towns in Rockingham County, plus the Hillsborough County Towns of Hudson, Litchfield, Merrimack, Pelham and the City of

³ The U.S. Bureau of Labor Statistics has a very handy Location Quotient Calculator that you can find at: http://data.bls.gov/LOCATION_QUOTIENT/servlet/lqc.ControllerServlet The BLS LQ calculator uses the quarterly survey of wages and employment (establishment data) to calculate LQs for any state or county in the U.S.

Nashua. In the following location quotient analysis, because of data limitations, we look at the Rockingham County region, and the Nashua NECTA (New England City and Town Area) labor market. The Nashua NECTA includes towns outside of the REDC region (Amherst, Brookline, Chester, Derry, Greenfield, Greenville, Hollis, Hudson, Litchfield, Londonderry, Lyndeborough, Mason, Merrimack, Milford, Mont Vernon, Nashua, Raymond, Wilton, and Windham are included in the Nashua NECTA). But the Nashua NECTA also contains the largest Hillsborough County municipalities in the REDC region, and so is useful for comparison purposes.

In the following chart one can see the Location Quotients (LQ) for major industry sectors in Rockingham County for the year 2010, the latest year for which data is available.

FIGURE 8: 2010 ROCKINGHAM COUNTY LOCATION QUOTIENTS

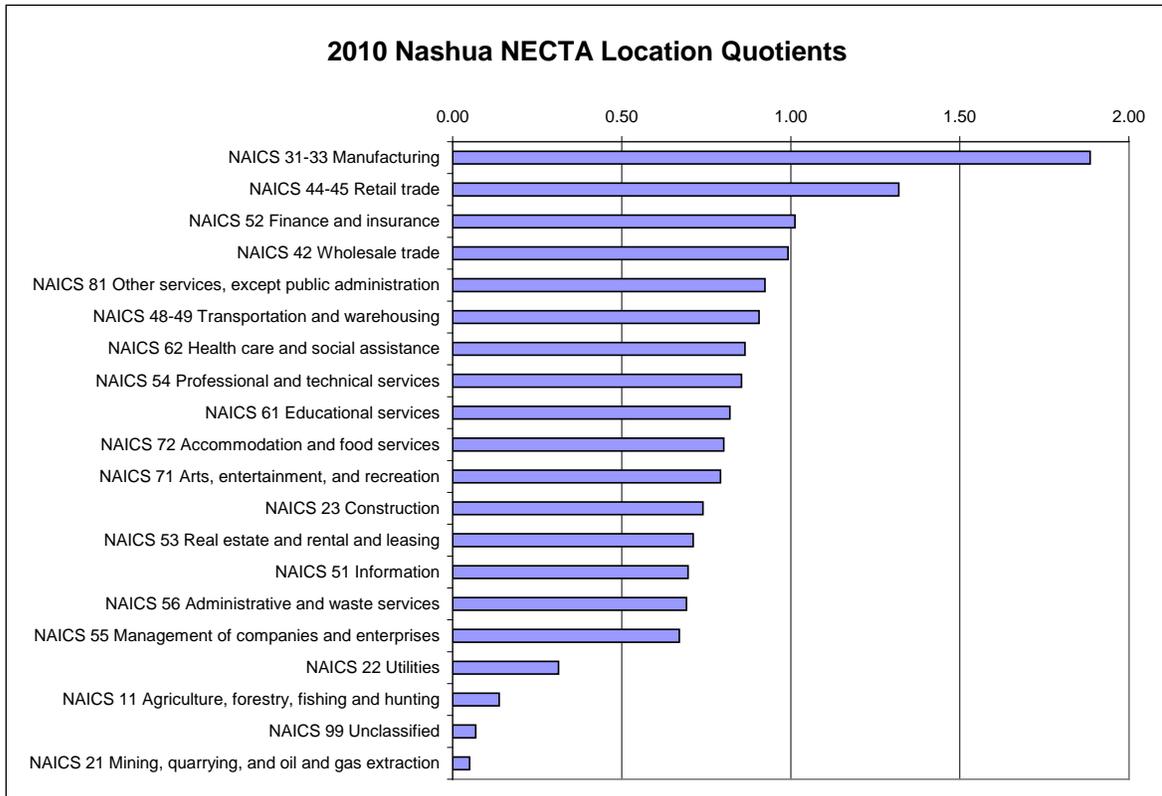


Interpretation: An LQ = 1 means that the area under consideration (Rockingham, New Hampshire in this case) has the same percentage of employment in that industry as does the area it is being compared to (in this case, the nation). Rockingham County, New Hampshire industries with LQs close to 1.0 include: (1) Wholesale trade, (2) Management of companies and enterprises, and (3) Accommodation and food services. The Rockingham County, New Hampshire LQ for Agriculture, forestry and fishing is 0.19 which means that agricultural employment in Rockingham County, New Hampshire is under represented in the sense that Rockingham County has a smaller percentage of agricultural employees than does the nation. In contrast, Rockingham County, New Hampshire has an LQ of 1.77 for the utility industry, (which includes power generation), which means that the proportion of employment in the utility sector in Rockingham County is nearly two times greater than the proportion of utility employment in the nation (This high LQ is probably due to the higher

concentration of electric utility generating stations in Rockingham County, including the oil and coal plants in Newington and the nuclear power plant in Seabrook). Other industries in Rockingham County with LQs greater than 1 include Retail trade; Arts, entertainment and recreation; and Manufacturing.

For comparison purposes the following chart shows the 2010 location quotients for the Nashua NECTA. Note that Manufacturing in the Nashua NECTA has an LQ of 1.89, meaning that Nashua has a very large manufacturing base. The Nashua NECTA LQ for retail trade is 1.32, implying that retail trade is an export based industry in the area.

FIGURE 9:2010 NASHUA NECTA LOCATION QUOTIENTS



The LQ is used often to determine basic and non-basic industries in economic base studies. Basic industries are those in which the LQ is greater than 1.0 –although many analysts use 1.25. While the LQ can be a very useful tool some words of caution are in order. First, LQs can vary considerably from year to year. Second, LQs can be very different depending on the data source used. Third, LQs can vary depending on the level of aggregation of industries. For example, if we group all manufacturing employment together, the LQ for Rockingham County, New Hampshire in 2010 is 1.04, but as will be seen this masks some of the more important manufacturing sectors in Rockingham County. Finally, LQs will vary considerably if we use wage or income data rather than employment data to compute them.

LQ analysis can also be used to identify how the fortunes of different industries have changed, based on not only the level, but the change in LQs over time. The Location Quotient changes are classified into four categories:

- Stars – Clusters that are relatively specialized (LQ>1) and are becoming even more specialized over time within the study area.
- Emerging – Clusters that are relatively unspecialized (LQ<1) but are becoming more specialized over time within the study area.
- Mature – Clusters that are relatively specialized (LQ>1) but are becoming less specialized over time within the study area.
- Transforming – Clusters that are relatively unspecialized (LQ<1) and are becoming even less specialized over time within the study area.

Retail Trade

TABLE 17: RETAIL TRADE ROCKINGHAM COUNTY LOCATION QUOTIENTS

Rockingham County -			Average Annual 2010				
			Average	Average			Pct Chg in
NAICS			Annual	Weekly	LQ	LQ	Jobs from
Code	Industry	Units	Employment	Wage	2005	2010	2005 2010
44-45	Retail Trade	1,439	24,665	\$474.98	1.54	1.54	-4.9%
441	Motor Vehicle and Parts Dealers	180	2,470	\$846.46	1.41	1.38	-17.3%
442	Furniture and Home Furnishings Stores	74	626	\$595.42	1.54	1.30	-35.7%
443	Electronics and Appliance Stores	86	949	\$777.32	2.17	1.71	-26.1%
444	Building Material and Garden Supply Stores	131	2,596	\$634.44	2.14	2.06	-13.9%
445	Food and Beverage Stores	136	5,795	\$329.98	1.58	1.87	18.5%
446	Health and Personal Care Stores	88	1,003	\$489.68	1.01	0.93	-5.5%
447	Gasoline Stations	115	936	\$379.06	1.08	1.03	-9.4%
448	Clothing and Clothing Accessories Stores	190	2,285	\$308.36	1.46	1.50	0.0%
451	Sporting Goods, Hobby, Book, and Music Stores	115	1,169	\$332.88	1.81	1.76	-10.2%
452	General Merchandise Stores	59	4,475	\$393.41	1.46	1.36	-5.2%
453	Miscellaneous Store Retailers	194	1,562	\$364.51	1.68	1.83	-6.9%
454	Nonstore Retailers	74	800	\$857.87	1.48	1.75	14.6%

Within the Retail Trade sector in Rockingham County, Building Material and Garden Supply Stores; and Food and Beverage Stores have the highest LQs. General Merchandise Stores, Sporting Goods, Miscellaneous Store Retailers and Nonstore Retailers also have relatively high LQs, and these five sectors account for most of the Retail sector jobs. However only a few of the Retail Trade industries, (Nonstore Retailers, and Motor Vehicle and Parts Dealers, for example), pay wages that could be considered competitive with manufacturing.

TABLE 18: RETAIL TRADE NASHUA LOCATION QUOTIENTS

Nashua NH-MA NECTA Division, NH Portion -			Average Annual 2010				
			Average	Average			Pct Chg in
NAICS			Annual	Weekly	LQ	LQ	Jobs from
Code	Industry	Units	Employment	Wage	2005	2010	2005 2010
44-45	Retail Trade	948	18,790	\$524.75	1.31	1.32	-8.7%
441	Motor Vehicle and Parts Dealers	105	2,033	\$917.14	1.22	1.26	-15.6%
442	Furniture and Home Furnishings Stores	51	586	\$613.71	1.31	1.37	-24.5%
443	Electronics and Appliance Stores	65	648	\$788.16	1.28	1.32	-9.4%
444	Building Material and Garden Supply Stores	88	1,862	\$673.43	1.61	1.65	-11.4%
445	Food and Beverage Stores	99	4,745	\$321.63	1.47	1.72	12.0%
446	Health and Personal Care Stores	71	925	\$544.26	0.93	0.96	2.1%
447	Gasoline Stations	91	675	\$388.93	0.87	0.84	-12.5%
448	Clothing and Clothing Accessories Stores	89	1,366	\$335.88	1.00	1.01	-6.2%
451	Sporting Goods, Hobby, Book, and Music Stores	76	896	\$368.69	1.59	1.51	-15.9%
452	General Merchandise Stores	37	2,752	\$424.71	1.08	0.94	-15.1%
453	Miscellaneous Store Retailers	127	1,206	\$370.95	1.50	1.58	-14.0%
454	Nonstore Retailers	51	1,097	\$1,070.70	3.40	2.69	-27.2%

Non store retailers have the highest LQ in the Nashua area. Most retail subsectors are base industries (LQs greater than 1), with Gasoline stations being the sector with an LQ significantly below 1.

Arts, Entertainment, and Recreation

TABLE 19: ARTS, ENTERTAINMENT, AND RECREATION ROCKINGHAM COUNTY LOCATION QUOTIENTS

Rockingham County -			Average Annual 2010				
			Average	Average			Pct Chg in
NAICS			Annual	Weekly	LQ	LQ	Jobs from
Code	Industry	Units	Employment	Wage	2005	2010	2005 2010
71	Arts, Entertainment, and Recreation	156	2,936	\$364.34	1.39	1.40	2.2%
711	Performing Arts and Spectator Sports	30	405	\$521.21	1.43	0.93	-32.6%
712	Museums, Historical Sites, Zoos, and Parks	14	154	\$330.93	1.22	1.10	-3.8%
713	Gambling, Recreation, Amusement Industries	113	2,377	\$339.75	1.39	1.56	12.7%

Within the sector Gambling, Recreation, Amusement Industries have the highest LQ, and also exhibits star behavior – a rising LQ that implies the industry is becoming even more specialized over time. Performing Arts and Spectator Sports is mature – that is the LQ for this sector, while still high, has been declining over time.

Manufacturing

TABLE 20: MANUFACTURING ROCKINGHAM COUNTY LOCATION QUOTIENTS

Rockingham County -			Average Annual 2010				
NAICS			Average Annual	Average Weekly	LQ	LQ	Pct Chg in
Code	Industry	Units	Employment	Wage	2005	2010	Jobs from 2005 2010
31-33	Manufacturing	464	13,123	\$1,300.66	0.92	1.04	-8.7%
311	Food Manufacturing	32	1,187	\$1,088.94	0.71	0.75	3.0%
312	Beverage and Tobacco Product Manufacturing	7	228	\$940.45	1.30	1.13	-17.7%
321	Wood Product Manufacturing	19	199	\$891.55	0.90	0.53	-64.3%
322	Paper Manufacturing	6	84	\$810.06	0.18	0.19	-10.6%
323	Printing and Related Support Activities	40	377	\$788.91	0.99	0.70	-46.5%
324	Petroleum and Coal Products Manufacturing	5	158	\$1,301.67	1.00	1.29	27.4%
325	Chemical Manufacturing	20	851	\$1,354.59	0.69	0.98	27.4%
326	Plastics and Rubber Products Manufacturing	21	985	\$956.47	1.34	1.43	-16.7%
327	Nonmetallic Mineral Product Manufacturing	17	718	\$1,094.79	1.83	1.79	-29.5%
331	Primary Metal Manufacturing	6	339	\$910.34	0.63	0.85	5.0%
332	Fabricated Metal Product Manufacturing	102	1,966	\$1,217.87	1.15	1.40	2.3%
333	Machinery Manufacturing	30	1,640	\$2,022.53	1.10	1.50	17.0%
334	Computer and Electronic Product Manufacturing	70	2,540	\$1,515.99	1.94	2.10	-9.1%
335	Electrical Equipment/Appliances Manufacturing	15	669	\$1,208.56	1.28	1.71	9.5%
337	Furniture and Related Product Manufacturing	22	263	\$909.33	0.53	0.67	-20.1%
339	Miscellaneous Manufacturing	34	437	\$1,061.78	1.01	0.70	-39.3%

Within the Rockingham County Manufacturing sector, Computer and Electronic Product Manufacturing, and Electrical Equipment/Appliances Manufacturing show high export potential, (LQs close to 2) in 2010, although their steady trend in LQs from 2005 to 2009 suggests that these are becoming mature industries in Rockingham County. Machinery Manufacturing shows characteristics of being a rising star industry, with an LQ of 1.10 in 2005 rising to 1.50 in 2010. Other manufacturing sectors including Wood Product Manufacturing and Furniture and Related Product Manufacturing, do not show as high a level of export potential. As can be seen on the above table, all of the manufacturing sectors pay relatively high average weekly wages.

TABLE 21: MANUFACTURING NASHUA LOCATION QUOTIENTS

Nashua NH-MA NECTA Division, NH Portion -			Average Annual 2010				
NAICS			Average Annual	Average Weekly	LQ	LQ	Pct Chg in Jobs from
Code	Industry	Units	Employment	Wage	2005	2010	2005 2010
31-33	Manufacturing	489	21,293	\$1,479.08	1.72	1.89	-15.1%
311	Food Manufacturing	19	552	\$1,075.36	0.27	0.39	34.3%
312	Beverage and Tobacco Product Manufacturing	7	462	\$1,372.67	3.18	2.60	-25.0%
313	Textile Mills	8	291	\$1,102.49	1.97	2.53	-35.0%
314	Textile Product Mills	4	15	\$360.58	n	n	n
315	Apparel Manufacturing	4	45	\$894.47	0.22	0.29	-22.4%
316	Leather and Allied Product Manufacturing	n	n	n	n	n	n
321	Wood Product Manufacturing	13	164	\$921.46	0.67	0.49	-57.5%
322	Paper Manufacturing	10	695	\$819.91	1.76	1.80	-21.3%
323	Printing and Related Support Activities	32	317	\$853.22	1.00	0.66	-51.8%
324	Petroleum and Coal Products Manufacturing	n	n	n	n	n	n
325	Chemical Manufacturing	21	477	\$1,195.49	0.44	0.62	19.8%
326	Plastics and Rubber Products Manufacturing	26	1,110	\$955.01	1.17	1.80	16.1%
327	Nonmetallic Mineral Product Manufacturing	18	399	\$1,019.08	1.33	1.09	-42.8%
331	Primary Metal Manufacturing	12	974	\$1,010.30	2.67	2.74	-23.5%
332	Fabricated Metal Product Manufacturing	96	1,887	\$1,160.93	1.32	1.51	-8.5%
333	Machinery Manufacturing	41	2,225	\$1,951.53	1.21	2.29	54.4%
334	Computer and Electronic Product Manufacturing	117	10,213	\$1,734.58	9.27	9.50	-18.0%
335	Electrical Equipment/Appliances Manufacturing	11	264	\$1,528.30	0.96	0.74	-37.9%
336	Transportation Equipment Manufacturing	n	n	n	n	n	n
337	Furniture and Related Product Manufacturing	13	99	\$969.08	0.21	0.28	-18.9%
339	Miscellaneous Manufacturing	32	1,039	\$1,012.30	2.12	1.88	-26.9%

Computer and Electronics Product Manufacturing in the Nashua NECTA has an LQ of 9.5, making it the most important base (or export) industry in the region. This high LQ is probably due to the presence of large defense electronics manufacturers, like BAE Systems, in the area. Primary metal manufacturing, Machinery manufacturing, and Textile mills are also important base industries in the Nashua area.

Other Notable Changes in the REDC Region

There were several notable changes for major employers in the REDC region in the last year:

- BAE Systems of Nashua laid off 50 New Hampshire employees in March 2012. The defense contractor’s Electronic Systems saw the workforce reduction, even as BAE said it had put a strategy in place to build markets and grow the business. BAE is the largest manufacturing employer in the city. BAE Systems estimates that its \$491 million in direct payroll and 4,515 employees around the state created a total economic impact of \$586 million in 2011. The company noted that BAE Systems suppliers are located in 60 different cities and towns around New Hampshire. BAE Systems employees also contributed \$2.4 million in cash and in-kind services to area civic, charitable and educational institutions in 2011.

- Cobham, a British defense and aerospace firm, plans on adding 130 new jobs as a result of a 140,000 square foot expansion to its facility in Exeter. The company makes components for radar systems in ships, submarines and aircraft, and employs about 10,000 people worldwide. Some of the company's employees have been working with the University of New Hampshire to recruit more electrical engineers, and a worker is serving on the board of directors for the New Hampshire machining Association to find more tradesmen.
- L-3 Insight Technology, a defense manufacturer in Londonderry, won a \$493 million contract to produce rifle-mounted laser scopes for the US Army. The micro-laser range finder operates on infantry rifles, machine guns, and the remote weapons station of the STRYKER armored combat vehicle. Approximately 1,100 people work at the Londonderry facility.
- Reports that New Hampshire might lose a high-tech business opportunity to Florida were premature, according to state officials. The state supposedly was competing with Florida to land a new global and research headquarters for Teledyne Oil & Gas – a technology company that specializes in deep-sea engineering solutions – but one company executive said New Hampshire was never in the running. David Dunfee, president at Teledyne D.G. O'Brien in Seabrook, said the rumors swirled because Teledyne Oil & Gas applied for grants and incentives in Florida, but it only listed New Hampshire as a “competing site” because the corporation has offices there.
- Enterasys computer is returning to New Hampshire from Andover, Massachusetts, and locating in Salem. The global hardware, software and communication services company, which was a division of Cabletron ten years ago, will move 540 jobs to Salem by January 2013. The company has said it may hire an additional 80 employees once it arrives in New Hampshire.
- Commercial development around the southern part of the Manchester-Boston Regional Airport may be stalled without more commercial development money. With the completion of the airport access road from the Everett Turnpike to the airport, the 1,000 acre tract around Pettengill Road in Londonderry is now accessible. The site has a potential to host about 4 million square feet of commercial-industrial space, which could host 4,000 to 5,000 jobs. While the engineering plans have been developed and required permits obtained by the town of Londonderry, more funds will be needed to develop the property.
- Atrium Medical of Hudson, New Hampshire is considering relocating to Merrimack, New Hampshire, and building a new office, warehouse, research and manufacturing complex near the Nashua city line. That would enable the company to expand from its current workforce of 480 in Hudson to nearly 700 workers at a new facility in Merrimack. Atrium Medical manufactures more than 2.7 million sterile medical products used in cardiac cath-labs and operating rooms.
- The Nashua Regional Planning Commission received a \$3.3 million grant for the New Hampshire Sustainable Communities Initiative. The grant is intended to increase the capacity of the nine regional planning commissions in New Hampshire so that those groups can create sustainable regional plans, which would then be coordinated into an overall state strategy.
- The Community College system has received a \$19.9 million federal grant to train the advanced manufacturing workforce. Great Bay Community College (located in Portsmouth, NH) noted that the US Department of Labor grant is focused on building

American workforce capacity so that more jobs are not lost overseas. Companies in the area, including Albany International, have been looking for new employees but were not able to find the skill sets that they needed locally. The college, which abandoned their Computer Numerical Control (CNC) machining program a few years ago due to the expense of the program, will hopefully reinstate the program for precision manufacturing, project management and team building.

- The Regional Economic Development Center of Southern New Hampshire (REDC) will be building a business training center in Raymond, New Hampshire. The center is expected to assist in the training of displaced manufacturing workers in skills for technology related businesses and provide resources to local businesses to help them expand.

New Hampshire Economic Conditions

In addition to the series on the impact of the national recession on the New Hampshire economy, the monthly *New Hampshire Economic Conditions* reports provide ongoing information on the status of the New Hampshire economy. During the past year, these monthly reports have highlighted the following issues:

Median Household Income.

New Hampshire has been at or near the top of all states in median household income for a number of years. New Hampshire's median household income in 2009 was \$64,131. This ranked fourth in the nation but by very little. The top four states were in a very tight circle differing only by \$720. Connecticut (\$64,851), New Jersey (\$64,777) and Maryland (\$64,186) edged out the Granite State. This followed two years where New Hampshire held the top spot

Over the past quarter century New Hampshire has consistently been among those states with the highest median household income. Using the three-year moving average to compare over time, New Hampshire has led the nation three times, ranked third three times and fourth four times. There has been no time since the 2000-2002 report when New Hampshire has fallen below 4th in the nation. In the nine years prior to that, New Hampshire ranked between sixth and tenth among the states.

Middle Skill Jobs in New Hampshire.

Some occupations require extensive training — Pharmacists, Veterinarians, and Lawyers, for example, require advanced degrees. Other occupations require little training beyond that which is provided on the job. Regardless of the required amount of education and training, opportunities for employment are expected in 2012.

For those with at least a high school diploma, but who are not interested in spending four or more years in college, there is a wide variety of occupations to explore. Occupations requiring an educational background in between a high school diploma and a bachelor's degree may be classified as middle-skill jobs. These middle-skill jobs are expected to be the source of many opportunities for employment according to short-term projections through mid-2012.

Middle skill jobs are defined as occupations requiring long-term on-the-job training (including apprenticeships), work experience in a related occupation, postsecondary vocational education such as a massage therapy or cosmetology program, or an associate's degree.

Middle-skill jobs appear in all but one of the 22 different job families, with many of these families having a large percentage of occupations and a significant percentage of openings for jobs in these skill levels. The highest share is in Installation, maintenance, and repair occupations where nearly two of every three occupations can be classified as a middle skill job. Middle-skill jobs account for more than 70 percent of projected openings in this job family, led by Automotive service technicians and mechanics with 87 openings each year and Heating, air conditioning, and refrigeration mechanics with 50 openings. Both of these occupations generally require a postsecondary certificate. Their bosses, Supervisors of mechanics, installers, and repairers (expected to have 63 openings) usually require work experience in a related occupation.

Of the middle-skill occupations in this job family, nearly half of the occupations require postsecondary training with the other half requiring long-term on-the-job training or work experience in a related occupation. One occupation, Medical equipment repairers, generally requires an associate's degree to become qualified to work.

In the Protective services family, there are a total of 19 occupations, and 11 of them fall into the middle-skill educational level, requiring more than short- or medium-term training and less than a four-year degree. Of those, Police and sheriff's patrol officers had the largest number employed in 2010 second quarter and have the largest number of projected openings through 2012 second quarter. About 80 openings are projected over the two years. In New Hampshire, long-term on-the-job training is required, including attending the New Hampshire Police Academy. Firefighters are also expected to have at least 50 openings each year, with full-time career fire fighters requiring state certification.

Just under half of Healthcare practitioners and technical occupations and a third of individual occupations in Healthcare support occupations are middle-skill. Combined, nearly two thirds of the projected openings for health care occupations are middle-skill. Among these are a variety of technical jobs that require some level of postsecondary training. An associate's degree will prepare graduates to begin employment as Dental hygienists and Registered Nurses, where 39 and 392 annual openings, respectively, are expected through 2012 second quarter. Other occupations with fewer openings at this training level include Veterinary technologists and technicians (32 openings) and Medical records and health information technicians (29). Postsecondary certificate programs can prepare graduates to work as Nursing aides, orderlies, and attendants (185); Licensed practical and vocational nurses (113); and Massage therapists (55).

Short term employment projections

The most recently released short term projections for New Hampshire, covering the period second quarter 2011 to second quarter 2013, reflect a tough labor market, with meager employment growth. During this period, the state is expected to add about 7,735 jobs, growing by 1.3 percent over the eight quarters, or 0.6 percent annually. In comparison, in the long term projections from 2008 to 2018, employment growth is projected at 0.9 percent annually. Tepid consumer demand and cost control in government spending are the two main factors for the projected slow growth in the short term. Since 2000, the annual growth rate for covered employment in New Hampshire only reached above 1.0 percent in the period 2003 to 2006.

The highest job growth is expected to occur in the Professional, Scientific, and Technical Services sector, and the Administrative and Waste Management Services sector, both increasing by 3.5 percent over the time period, and together accounting for 2,000 added jobs. Accommodation and Food Services will grow at a slower rate, but still add almost 1,500 jobs. Health Care and Social Assistance will add another 1,300 jobs from the middle of 2011 to the middle of 2013.

Employment projections for industries and occupations are developed for both long and short term. Long term employment projections look at a ten-year time frame, while short term projections focus on a two-year (eight quarter) period. Though both types of projections are statistically based forward estimates of employment, long term projections reflect the structural changes in the economy, whereas short term projections follow the business cycle fluctuations.

When analyzing structural economic changes, population and income are important considerations. Over the course of ten years, the state's population can grow by thousands of residents. Between 2000 and 2010, New Hampshire expanded by 76,000 people. Population expansion translates to increased demand for housing, educational services, health care, and consumer goods. The demographic composition of the population is also an important factor when projecting employment in the long term. New Hampshire's population is growing older. According to the 2010 Census, the state's median age was 41.1 years, making it the fourth oldest state in the nation. Older residents create greater demand for health care services, and less demand for educational services, which in turn affects demand for workers in those industries.

Income also plays a part in estimating employment in the long term. Higher income stimulates demand for goods and services, providing employment opportunities for the workers providing those goods and services.

What Makes up New Hampshire's Per Capita Personal Income?

New Hampshire's per capita personal income grew from \$34,087 in 2000 to \$44,084 in 2010. This ranked ninth highest among the states, and represented a 29.3 percent increase over the decade.

Personal income is the income that is received by persons from all sources. It includes wage and salary disbursements and supplements, proprietors' income with capital and inventory adjustments, rental income with capital adjustments, personal dividend, interest and transfer income. Contributions for government social insurance are then subtracted. To obtain the per capita personal income value, total personal income is then divided by the resident population. Per capita personal income is frequently used to compare incomes in different states because states with a larger population would understandably have a larger total personal income.

The growth in total personal income was highly influenced by the trends in employment in the state because the earnings by place of work component contribute roughly 70 percent of total personal income. Earnings by place of work, adjusted to 2010 dollars, grew from 2000 through 2006 following the increases in employment. From 2007 through 2009, earnings by place of work declined each year as a result of shrinking employment from the Great Recession.

Bankruptcy filings

There were 5,658 bankruptcy filings in New Hampshire during 2010. That was an average of 471.5 bankruptcy filings per month. There have been 3,691 filings during the first nine months of 2011, averaging about 410 filings per month. That is a drop of over 60 filings per month. If this rate continues, there will be about 4,920 filings for 2011, a lower total than seen for the last two years. Bankruptcy is seen as a last alternative for settling outstanding debt because it equates to an “everybody loses” scenario. A bankruptcy means that the creditor does not get paid, in turn reducing that creditor’s ability to keep current with its own expenses. The recent downturn in the economy and the weak recovery since June 2009 has affected many individuals who lost jobs and affected businesses with reduced business activity and unpaid services. Bankruptcy has been the legal way out of debt for those with no other options available.

The highest number of filings in New Hampshire was in 2005 with 6,097 bankruptcy filings. This was partly due to a change in the law that became effective November 1, 2005. The change involved an increase in repayment obligations and financial restrictions for those filing bankruptcy. The number of filings rose sharply as those in debt rushed to file to avoid the more stringent rules. Another requirement of the 2005 law is that debtors must get credit counseling before filing.

High Tech Employment

The 2010 annual average high tech employment in New Hampshire was 60,843 workers. High tech jobs represented 11.9 percent of New Hampshire’s total private employment. In comparison, high tech employment nationally was 11.4 percent of total private employment. High tech employment is followed because, among other reasons, these industries typically have higher wages than the overall industry average.

Employment prospects in high tech occupations are generally positive, as evidenced by above-average expected growth, high educational requirements, and above-average wages. The annual growth rate for all occupations is projected to be 0.6 percent from 2011 Q2 to 2013 Q2. In comparison, the annual growth rate for high technology occupations is 1.2 percent. Employment for Engineers and Computer and mathematical occupations is expected to grow at a rate more than double the average for all occupations.

All of the high technology occupations require an Associate’s degree or higher level of education to qualify for employment, with the exception of Surveying and mapping technicians (SOC 17-3031), which requires work experience learned through on-the-job training.

Based on Occupational Employment Statistics (OES) data from June 2011, the median hourly wage for all occupations was \$16.98. All of the high technology occupations (with available data) were above that rate of pay, with the exception of Forest and conservation technicians High-Tech and Social science research assistants. Since almost all of the high tech occupations require some postsecondary education, higher pay for high tech workers supports consistent evidence that higher education levels equate to higher earnings. The outlook for many of the computer-related occupations is especially bright as both rates of pay and estimated employment levels are high. Out of the ten high tech occupations expected to have the most job opening annually, seven are computer-related.

Labor Force Participation

New Hampshire's average labor force participation rate (LFPR) in 2010 was 70.3 percent. This rate measures the share of the civilian population age 16 and older that is in the labor force (both employed and unemployed). New Hampshire has gained position in the state ranking, rising from tenth highest in 2007 to eighth highest in 2010, even though the average labor force participation rate has gradually dropped 0.6 percentage point from 70.9 percent in 2007.

Women made up a slightly larger portion of New Hampshire's civilian non-institutional population (16 years and older) from 2007 to 2010, with just over 51 percent each year. Men made up the balance with roughly 49 percent. Youth, all individuals age 16 to 19 years, were 7.5 percent of the civilian population in 2007, but that share had declined to 6.4 percent by 2010.

It is unclear if the overall decline in New Hampshire's labor force participation rate is the sole result of the economic recession. It could be that the recessionary effects are working in tandem with changing demographics. The first of the baby boomer generation became eligible for Social Security retirement benefits in late 2007, timing that coincided with the most recent recession period. Baby boomers are one of the largest generational cohorts and as these individuals age and retire, they would still be counted as part of the civilian non-institutional population but would not be included in the labor force if they are not either working (even part time) or actively seeking employment. New Hampshire's population has one of the higher median ages in the nation. The number of individuals in the age cohort moving into the 16 to 19 year group is not as large as the number of baby boomers exiting the labor force. Since the baby boomers are still counted in the civilian non-institutional population, as they retire and leave the labor force in large numbers, the labor force participation rate will decline.

Union Membership

Just over eleven percent (11.1 percent) of New Hampshire's workers were members of a union in 2011. This was slightly lower than the national average of 11.8 percent. New Hampshire's share of union members among the total workforce ranked 24th highest among all states and the District of Columbia. New York had the highest share with about 25 percent of workers belonging to a union, and North Carolina had the lowest share, three percent, of workers belonging to a union.

The number of workers who are covered by a union contract (those represented by a union), was slightly higher. In New Hampshire, 12.5 percent of workers were represented by a union, compared to 13.0 percent nationally. As seen in the number of workers with union memberships, New Hampshire ranked 25th from the top among the states and the District of Columbia in workers represented by a union.

Among the New England states, New Hampshire held the smallest share of both workers who were union members and those who were represented by unions in 2011, while Rhode Island had the highest share for both measures. Massachusetts had the highest total number of union members and those represented by unions, but ranked third for both measures when comparing percent of employed workers.