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 counts and price data, employment, unemployment and wage data, employment reductions from layoffs, and property valuations and tax rates. This information is summarized in narrative form below.

1. 2010 Census Bureau Data

In 2010, the US Census Bureau conducted its decennial data collection process. The US Census is a count of each person in the United States on April 1 the year of the collection. It is mandated by the United States constitution, and the results are used to allocate Congressional seats, electoral votes, and government program funding. The results of the 2010 process are just now becoming available for use.

At the time of writing the 2011 CEDS, the US Census Bureau has released total population and housing counts and a demographic profile for each of the 50 states, the District of Columbia and Puerto Rico. The demographic profile includes age and sex distributions, race, Hispanic or Latino origin, household relationship and type, the group quarters population, housing occupancy (including vacancy status) and tenure (whether the housing occupant owns or rents) down to the town/city level. Data released by the US Census Bureau has been included in the Appendix and summarized in the Population and Housing sections, below.

2. Population

a. Population Counts

As highlighted in the previous section, the US Census Bureau has released some preliminary data from the 2010 Census, to include population counts for the State of New Hampshire, its ten counties and all incorporated municipalities. The data is provided in Table A-1 of the Appendix.

Table 1 outlines the US Census population for the State of New Hampshire and its ten counties. Hillsborough County and Rockingham County remain the first and second most populous counties in the State. In 2010, the total population for these two counties is 695,944 persons which is 53 percent of the State's total population. One New Hampshire county had virtually no growth in 10 years, Coos County, which only experienced a 0.1 percent increase in population from 2000 to 2010, while both Carroll and Strafford Counties grew over 9 percent for the same time frame.

TABLE 1
POPULATION COUNTS FOR NEW HAMPSHIRE AND COUNTIES

	1960	1970	1980	1990	2000	2010	Numeric chg 00-10	Percent chg 00-10
Belknap	28,912	32,367	42,884	49,216	56,325	60,088	3,763	6.7%
Carroll	15,821	18,548	27,929	35,410	43,608	47,698	4,090	9.4%
Cheshire	43,342	52,364	62,116	70,121	73,825	77,117	3,292	4.5%
Coos	37,014	34,189	35,014	34,693	32,936	32,961	25	0.1%
Grafton	48,857	54,914	65,806	74,929	81,740	89,118	7,378	9.0%
Hillsborough	178,161	223,941	276,608	336,073	380,841	400,721	19,880	5.2%
Merrimack	67,785	80,925	98,302	120,005	136,225	146,445	10,220	7.5%
Rockingham	98,642	138,951	190,345	245,845	277,359	295,223	17,864	6.4%
Strafford	59,799	70,431	85,408	104,233	112,233	123,143	10,910	9.7%
Sullivan	28,067	30,949	36,063	38,592	40,458	43,742	3,284	8.1%
New Hampshire	***606,787***	***737,681***	***920,475***	***1,109,252***	***1,235,550***	***1,316,470***	80,920	6.5%

Data source: US Census Bureau

The 2010 Census counted nearly 453,000 people living in the REDC region, a 5 percent increase over the previous Census in 2000. With 34 percent of the state's population, more than one in every three New Hampshire residents lives in this region, which includes all of Rockingham County and nearly 40 percent of Hillsborough residents.

Overall population growth in the REDC area was a bit slower than the rest of the state over the past decade. It increased 5.2 percent compared to a 7.2 percent rise in the rest of the state and a 9.7 percent increase nationwide. Within the region the 17 Central Towns, which are all in Rockingham County, have 21 percent of region residents, grew most rapidly, rising 10.8 percent.

By contrast population in the nine Western Towns, which have more than half the region's residents, edged up just 3.3 percent. Population in the 16 Eastern Towns, all in Rockingham County, increased at 5.3 percent, which was below the 6.4 percent rise for its County. Please see Table 2 below.

TABLE 2: POPULATION COUNTS FROM THE 2010 CENSUS & CHANGE FROM 2000

Population counts	2000	2010	# Change	% Change
CEDS Eastern Towns	94,481	99,479	4,998	5.3%
CEDS Central Towns	86,800	96,138	9,338	10.8%
CEDS Western Towns	249,004	257,229	8,225	3.3%
REDC Region	***430,285***	***452,846***	***22,561***	***5.2%***
Hillsborough County	380,841	400,721	19,880	5.2%
Rockingham County	277,359	295,223	17,864	6.4%
New Hampshire	1,235,550	1,316,470	80,920	6.5%

Population growth varies widely among the 42 municipalities in the REDC region. Six towns (Brentwood, East Kingston, Nottingham, Windham, Chester and Fremont) had a population increase of 20 percent or more led by Brentwood which rose 40 percent. Five towns (Windham, Pelham, Hudson, Brentwood and Nottingham) added more than 1,000 residents each over the past decade led by Windham, which added nearly 2,900. Please see ranking tables in the appendix for a complete list of towns.

By contrast, eight towns (Derry, Plaistow, Nashua, New Castle, South Hampton, Newington, Portsmouth and Candia) had population losses from 2000 to 2010. But the loss was very small in all towns except Derry, which now has about 900 fewer residents, a 3 percent loss. Derry added 210 occupied housing units over the decade, so the loss of population was due primarily to fewer numbers of people in each household.

More than half (54 percent) of REDC region population is in the seven largest communities each of which has over 20,000 residents (Nashua, Derry, Salem, Merrimack, Hudson, Londonderry and Portsmouth). Those places have seen very little population growth; as a group they edged up just one percent from 2000 to 2010.

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 2009 population estimates are the best available information.

TABLE 3: POPULATION ESTIMATES FOR REDC CEDS REGION, COUNTIES AND STATE OF NH

	OEP Annual Population Estimates					change in population OEP	
Town/Area	**2005**	**2006**	**2007**	**2008**	**2009**	**2008-2009**	**% change**
CEDS Eastern Towns	99,693	99,362	99,042	99,638	99,364	-274	-0.3%
CEDS Central Towns	95367	95764	95731	95877	96690	813	0.8%
CEDS Western Towns	261597	260782	261767	259762	261314	1,552	0.6%
REDC Region	***456657***	***455908***	***456540***	***455277***	***457368***	***2,091***	***0.5%***
Hillsborough County	399,159	402,144	401,397	400,940	403,288	2,348	0.6%
Rockingham County	296,894	296,565	295,948	295,525	297,734	2,209	0.7%
New Hampshire	1,315,000	1,315,000	1,315,000	1,315,000	1,324,575	9,575	0.7%

Data source: NH Office of Energy and Planning

According to the estimates provided by NH OEP, the REDC region grew by 2,091 individuals or a half of a percent between 2008 and 2009, while the state increased its population by almost 10,000 people or 0.7 percent.

TABLE 4: ANNUALGROWTH RATES FOR REDC CEDS REGION, COUNTIES AND STATE OF NH

	ANNUAL GROWTH RATES			
Town/Area	2005-2006	2006-2007	2007-2008	2008-2009
CEDS Eastern Towns	-0.3%	-0.3%	0.6%	-0.3%
CEDS Central Towns	0.4%	0.0%	0.2%	0.8%
CEDS Western Towns	-0.3%	0.4%	-0.8%	0.6%
REDC Region	***-0.2%***	***0.1%***	***-0.3%***	***0.5%***
Hillsborough County	0.7%	-0.2%	-0.1%	0.6%
Rockingham County	-0.1%	-0.2%	-0.1%	0.7%
New Hampshire	0.0%	0.0%	0.0%	0.7%

Data source: NH Office of Energy and Planning

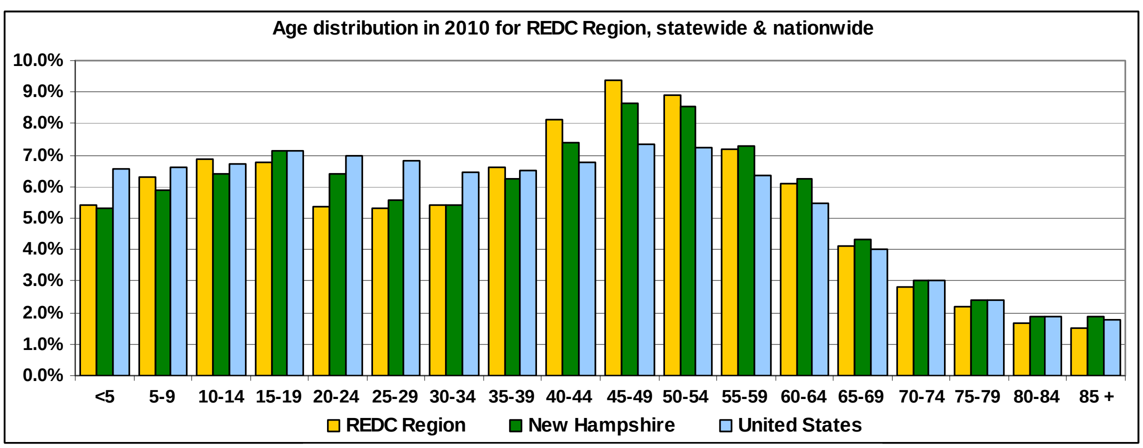
Looking at annual growth rates over the past five years, 2009 reversed an out-migration trend, with positive growth in all sub-regions (with the exception of the Eastern sub-region), both counties and the state. The only municipality to experience a population loss is the Town of Hampton located in the Eastern sub-region. NH OEP estimates that from 2008 to 2009, 960 fewer persons (6 percent) resided in Hampton.

As a footnote, 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.

b. Gender and Age

The 2010 Census counted about 5,000 more women than men in the REDC region. This was to be expected since every town except one (Newmarket) had a median age higher than the US median of 37.2 years, and 25 of the region's 42 towns had a median age higher that the state's 41.1 years. Four Seacoast towns (New Castle, Rye, Newington and North Hampton) had a median age more than ten years higher than the nation's, led by New Castle where the median age was 56.1 years. Because women generally live longer than men, as a population ages in a municipality there will tend to be increasingly more women than men.

FIGURE 1



Source: Census Bureau 2010 Census data

The age distribution displayed in Figure 1 on page 12 shows why the median age of REDC towns as well as New Hampshire is so far above the nation's median. (New Hampshire is the nation's fourth oldest state by that measure.) This area's high median age is not because there are too many elderly people here, but because there are too few young people.

The part of the Region's population that is 65 or older is 12.3 percent compared to 13.5 percent statewide and 13.0 percent nationwide. But the fraction of the Region's population that is ages 20 to 34 is just 16.1 percent compared to 17.4 percent statewide and 20.3 percent nationwide. There are approximately 10,000 fewer women in the childbearing age ranges in the REDC Region than there were in 2000.

That resulted in 11,300 fewer children in the REDC Region and 22,300 fewer children statewide than in the 2000 Census. Fewer young adults and fewer children, means lower future workforce growth and slower retail sales growth, which has long term economic consequences. Reversing this trend means enabling the building of more workforce housing, and allowing less age restricted housing.

The construction of thousands of age 55 or older age restricted housing units over the past decade has resulted in a very rapid growth among people ages 55 to 64 years old. Their growth rate was 60 percent Region wide and 63 percent statewide, compared to a 50 percent increase in that age group nationally.

c. Race and Ethnic Origin

The REDC region, as well as the state, is not a diverse place either ethnically or racially. Table 5, below shows that the Region is slightly more diverse than statewide because 91 percent of its population is White, non-Hispanic compared to 92 percent statewide. But the nation's 2010 population is 63.7 percent White, non-Hispanic and in the nation's two largest state's (California and Texas) that figure is below 50 percent.

The lack of diversity in New Hampshire is related to its small size, older population, and absence of any very large cities. The state's biggest city, Manchester had under 110,000 residents in the 2010 Census and is 82 percent White, non-Hispanic. By contrast the City of Boston had about 590,000 residents and is 49.5 percent White, non-Hispanic.

This Region and the state will undoubtedly become more diverse in the future providing that more young adults move here both from other states and other nations. During the past decade New Hampshire attracted about 20,000 immigrants and about 35,000 in-migrants from other states. Those new residents accounted for approximately two-thirds of the state's population growth. It's those new residents that will increase diversity in both the Region and the state.

TABLE 5: RACIAL DISTRUBUTION AS A % OF THE POPULATION

	REDC Region	New Hampshire	US
White, non-Hispanic	91.1%	92.3%	63.7%
Hispanic	3.6%	2.8%	16.3%
Asian	2.7%	2.1%	4.7%
African-American	1.0%	1.0%	12.2%
Other races	0.4%	0.4%	1.2%
Multi-racial	1.3%	1.4%	1.9%
Total	**100.0%**	**100.0%**	**100.0%**

Source: 2010 US Census

3. Housing

a. Housing Supply

As highlighted in the previous section, the US Census Bureau has released some preliminary data from the 2010 Census, to include housing counts for the State of New Hampshire, its ten counties and all incorporated municipalities. The data is provided in Table B-1 of the Appendix.

TABLE 6: HOUSING COUNTS AND ANNUALGROWTH RATES FOR REDC CEDS REGION, COUNTIES AND STATE OF NH

	Housing Units (US Census counts--all units)				Ave. Annual Growth Rate		
TOWN/AREA	1980	1990	2000	2010	'80-'90	'90-'00	'00-'10
CEDS Eastern Towns	28,904	41,981	44,889	49,365	3.8%	0.7%	1.0%
CEDS Central Towns	17,428	27,960	32,909	38,322	4.8%	1.6%	1.5%
CEDS Western Towns	59,924	84,995	93,865	102,730	3.6%	1.0%	0.9%
REDC CEDS Region	***106,256***	***154,936***	***171,663***	***190,417***	***3.8%***	***1.0%***	***1.0%***
Hillsborough County	101,208	135,622	149,961	166,053	3.0%	1.0%	1.0%
Rockingham County	69,375	101,773	113,023	126,709	3.9%	1.1%	1.1%
State of NH	349,001	503,541	546,524	614,754	3.7%	0.8%	1.2%

Data source: US Census Bureau

After experiencing incredible growth during the 1980's, the annual housing growth rates have been fairly stable during the subsequent two decades. According to the 2010 Census counts, housing growth rates have remained near one percent annually for the REDC CEDS region. The Central sub-region continued to experience the greatest growth rate at 1.5 percent annually since 2000.

The 2010 Census also measured the number of housing units that were occupied versus vacant. Table 6 outlines the vacant and occupied units for the CEDS Region. In general, Rockingham County had a higher number of vacant units (11,676 units, 9.2 percent of the housing stock) than Hillsborough County (10,587 units, 6.4 percent of stock) during the 2010 Census.

TABLE 7: HOUSING COUNTS AND VACANCY RATES FOR REDC CEDS REGION, HILLSBOROUGH & ROCKINGHAM COUNTIES 2010 US CENSUS DATA

Geographic Area	Total	Occupied	Vacant	% vacant
CEDS Eastern Towns Subtotals	49,365	42,777	6,588	13.3%
CEDS Central Towns Subtotals	38,322	35,412	2,910	7.6%
CEDS Western Towns Subtotals	102,730	97,476	5,254	5.1%
REDC CEDS Region Total	190,417	175,665	14,752	7.7%
HILLSBOROUGH COUNTY total	166,053	155,466	10587	6.4%
ROCKINGHAM COUNTY total	126709	115033	11676	9.2%

Data source: US Census Bureau

The highest number of vacancies during the 2010 Census occurred in the Town of Hampton within the Eastern sub-region. Hampton experienced a total of 3,053 vacant units, which equates to over 30 percent of its housing stock. One potential reason for the large number of vacancies may be the seasonal nature of Hampton. The town, located on the Atlantic seacoast, is home to hundreds of seasonal housing units and rentals which are only used during the warmer months, generally from May – October. The US Census data is adjusted to the date of April 1, 2010, a time when many of the units in Hampton are closed for the season.

Changes in housing supply are monitored in the CEDS using data from the NH Office of Energy and Planning (NH OEP). These estimates, which include the number of new single family, multi-family and mobile homes constructed, are generated from building and occupancy permit data received from communities each year. As of April 2011, the most recent report available was the housing stock estimates for 2009. This data is summarized in Table B-1 in the Appendix.

TABLE 8: HOUSING AND POPULATION ESTIMATES FOR REDC CEDS REGION, COUNTIES AND STATE

	NHOEP Housing Estimates		annual growth rate	NHOEP Population Estimates		annual growth rate
TOWN/AREA	2008	2009	2008-2009	2008	2009	2008-2009
CEDS Eastern Towns Totals:	49,055	49,148	0.2%	99,638	99364	-0.3%
CEDS Central Towns Totals:	38,230	38,470	0.6%	95877	96690	0.8%
CEDS Western Towns Totals:	102,593	102,985	0.4%	259762	261314	0.6%
REDC CEDS Region Totals:	***189,878***	***190,603***	***0.4%***	***455277***	***457368***	***0.5%***
Hillsborough County Totals:	165,255	165,741	0.3%	400,940	403288	0.6%
Rockingham County Totals:	126,261	126,693	0.3%	295,525	297734	0.7%
State of NH Totals:	609,259	611,419	0.4%	1,315,000	1324575	0.7%

Data source: NH Office of Energy and Planning

Table 8 outlines the housing estimates for the two years prior to the 2010 Census. The REDC Region had approximately 190,603 housing units in 2009, with an increase of only 0.4 percent from 2008. This rate of increase is equivalent to that of the State of NH. The fastest growing part of the Region remains the Central subregion, with an increase of 0.6 percent from 2008 to 2009. This continues a trend observed in prior CEDS documents: improved access to the central and northern part of the County provided by completion of the 101 expansion has made communities in these areas more accessible for residential development and more desirable due to lower land costs. While the relatively faster housing unit growth is encouraging, it does not necessarily translate into a greater supply of housing relative to demand. Other factors, especially smaller average household size and growth in the number of single-head of households, add to the demand for housing and may lessen the beneficial impact of the expanded housing supply.

One trend in housing that was reversed in 2008-2009 is the trend that saw the housing stock growing at a faster rate than the population growth. Table 9 outlines the housing stock and population estimates from 2000 to 2007. During that period, the REDC Region population grew at an average annual rate of 0.8 percent, while the housing stock grew at 1.2 percent annually during the same time frame.

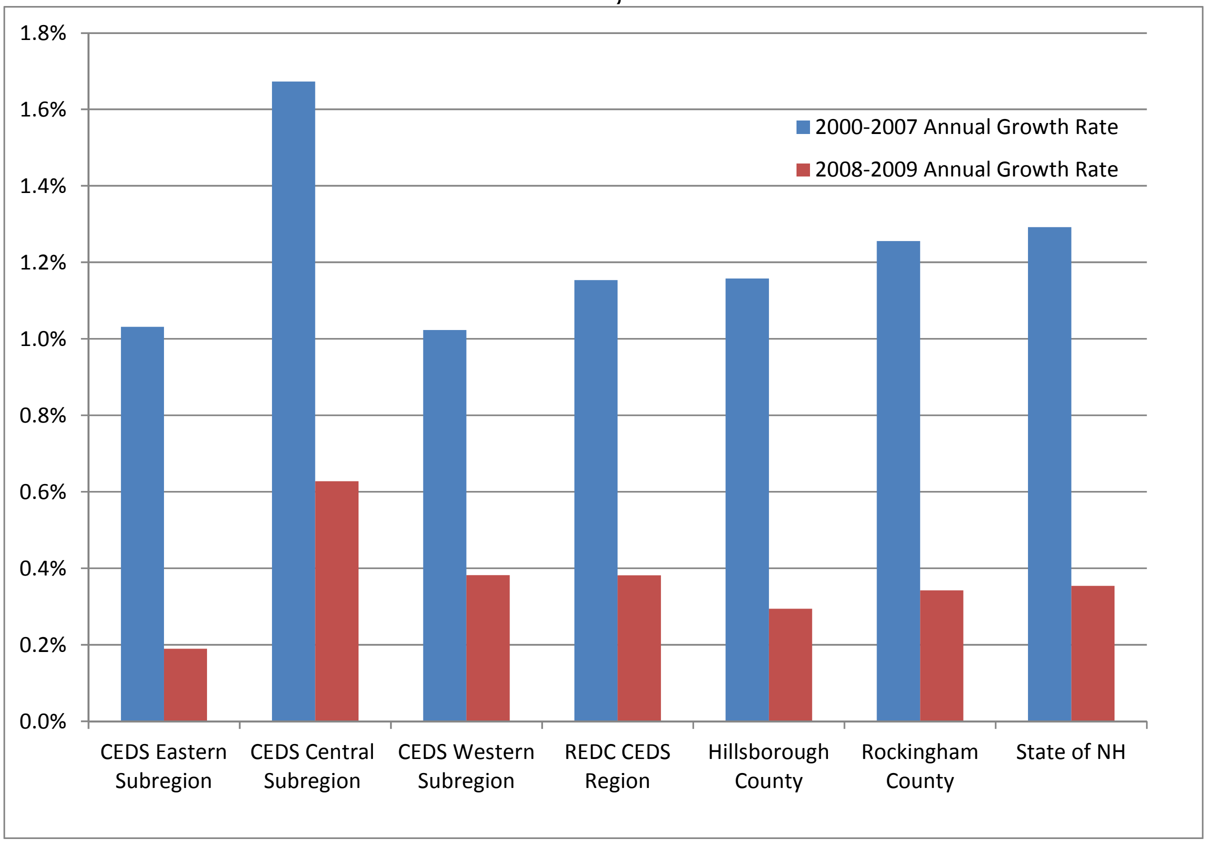
TABLE 9: 2000-2007 HOUSING STOCK AND POPULATION ESTIMATES FOR REDC CEDS REGION, COUNTIES AND STATE

	NHOEP Housing Estimates		annual growth rate	NHOEP Population Estimates		annual growth rate
TOWN/AREA	2000	2007	2000-07	2000	2007	2000-07
CEDS Eastern Towns Totals:	45,404	48,786	1.0%	94,481	99042	0.7%
CEDS Central Towns Totals:	33,830	37,997	1.7%	86800	95731	1.4%
CEDS Western Towns Totals:	95,104	102,128	1.0%	249004	261767	0.7%
REDC CEDS Region Totals:	***174,338***	***188,911***	***1.2%***	***430285***	***456540***	***0.8%***
Hillsborough County Totals:	151,829	164,570	1.2%	380,841	401397	0.8%
Rockingham County Totals:	115,087	125,592	1.3%	277,359	295948	0.9%
State of NH Totals:	554,068	606,181	1.3%	1,235,550	1315000	0.9%

Data source: NH OEP

While the annual population growth rates decreased in 2008-2009 across the Region and for the State, the changes were on the order of 2 to 6 percent, with the Eastern subregion decreasing the largest amount from 0.7 percent to -0.3 percent annual population growth. In comparison, the housing market growth rates decreased sharply in 2008-2009 when compared to the seven prior years, with changes averaging 0.9 percent and ranging from 6 to 1 percent. Figure 1 demonstrates the change in growth rates in the housing stock for the Region. Table 6 shows that with the exception of the Eastern Subregion, population is now growing at a faster rate than the housing stock.

FIGURE 2: ANNUALIZED GROWTH RATES FOR HOUSING STOCK FOR REDC CEDS REGION, COUNTIES AND STATE



Data source: NH OEP

b. Housing Ownership and Occupancy Data

The Decennial Census used to be called the Census of population & housing. But with the transition to the annual American Community Survey, the 2010 Census only provides basic housing data that includes counts of units by occupancy status, vacancy status and tenure. Table 10 below shows that the rate of occupied housing growth and home ownership varies greatly within the REDC region.

The highest rate of homeownership is in smaller towns where single family dwellings predominate. Over 90 percent of homes are owner occupied in 12 towns that have an average of just 5,000 residents each. But two of the largest places in the region, Nashua and Portsmouth, have less than 60 percent ownership rate. Overall the Region has a slightly higher ownership rate than the state: 74.5 percent versus 71 percent statewide.

Statewide 85 percent of all occupied housing unit growth was owned units. But in the REDC region that figure was 96 percent. Only 610 units of rental housing were added to the stock during the past decade, a mere 1.4 percent increase. One reason is that ten towns had a net loss of over 1,000 rented units. By contrast the Central Towns added 538 rented units, a 12 percent increase.

Young adults are much more likely to want to rent a home rather than buy one, particularly at present when large down payments are required by lenders. It would be a significant economic boost to this region if more rental housing were created because it would enable more young adults to live and work here.

TABLE 10: OWNER OCCUPIED AND RENTER OCCUPIED UNITS

Owner occupied units	2010	2000	#C '00-'10	%C '00-'10	% Owned
CEDS Eastern Towns	29,163	26,640	2,523	9.5%	68.2%
CEDS Central Towns	30,460	26,252	4,208	16.0%	86.0%
CEDS Western Towns	71,197	64,845	6,352	9.8%	73.0%
REDC Region	***130,820***	***117,737***	***13,083***	***11.1%***	***74.5%***
Hillsborough County	103,951	93,820	10,131	10.8%	66.9%
Rockingham County	88,365	78,992	9,373	11.9%	76.8%
New Hampshire	368,316	330,632	37,684	11.4%	71.0%
Renter occupied units	**2010**	**2000**	**#C '00-'10**	**%C '00-'10**	**% Rented**
CEDS Eastern Towns	13,614	13,303	311	2.3%	31.8%
CEDS Central Towns	4,952	4,414	538	12.2%	14.0%
CEDS Western Towns	26,279	26,518	-239	-0.9%	27.0%
REDC Region	***44,845***	***44,235***	***610***	***1.4%***	***25.5%***
Hillsborough County	51,515	50,635	880	1.7%	33.1%
Rockingham County	26,668	25,537	1,131	4.4%	23.2%
New Hampshire	150,657	143,885	6,772	4.7%	29.0%

Source: US Census Bureau

c. 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 2010 – December 2010 are presented in Table B-5.

The NHHFA reports that 3,840 sales were completed within REDC Region during 2010. Of the sales reported, 88 percent (3,384) were existing homes and only 12 percent (456) were new construction. The median transaction price for all homes in the Region was $260,677 in 2010. The highest median price for all sales was recorded in the town of New Castle at $825,000 for 11 transactions, and the lowest median price was recorded in Plaistow at $188,000 for 39 sales. It should be noted that calculations based on sample sizes less than 50 are considered highly volatile and only 50 percent of the REDC Region communities reported over 50 sales during 2010. In addition, the REDC regional and subregion totals are based on weighted averages of all reporting communities.

Reversing a 2 year trend in declining purchase prices, eight of the ten counties in New Hampshire experienced an increase in the median purchase price for all home sales from 2009 to 2010. Only Cheshire and Merrimack Counties continued the downward trend in purchase prices, with a moderate 2 percent decrease in the average purchase price for all home sales in both of those 2 counties. Comparing the 2009 sales data to the data from 2010, median sales prices for all homes have increased in the REDC Region by 7 percent, and in the State by 2 percent. Purchase price data for 2010 is summarized in Table 11.

TABLE 11: MEDIAN PURCHASE PRICE DATA FOR 2010

	2010 All Home Sales		2010 Existing Home Sales		2010 New Home Sales		Change from 2009 to 2010		
Town/Area	Med Sales Price	Sample Size	Med Sales Price	Sample Size	Med Sales Price	Sample Size	All Sales	Existing	New
CEDS Eastern Towns	$328,508	918	$325,929	824	$310,854	94	13%	14%	-13%
CEDS Central Towns	$237,127	875	$231,005	720	$265,831	155	0%	1%	2%
CEDS Western Towns	$240,324	2047	$231,524	1840	$315,422	207	5%	6%	-5%
REDC CEDS Region	***$260,677***	***3840***	***$254,401***	***3384***	***$297,624***	***456***	***7%***	***8%***	***-4%***
Hillsborough County	$224,900	3160	$217,500	2855	$285,000	305	3%	2%	-2%
Rockingham County	$259,000	2589	$250,000	2260	$294,561	329	4%	4%	3%
New Hamsphire	$215,000	10215	$205,000	9260	$270,900	955	2%	2%	2%

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

The NHFFA annual purchase price data shows the average purchase price for all homes in Rockingham County at $259,000 in 2010. The county continued to have the highest housing purchase prices in the State by a significant margin (20 percent greater than state average). Hillsborough County had the second highest purchase price average at $224,900 (5 percent greater than state average).

Within the REDC Region, all three subregions experienced an increase in the median purchase price for all home sales; however, only the Central subregion 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 town of Hampton experienced over a 37 percent decrease in the purchase price of new homes from 2009 to 2010, but the sample size was only 9 homes. Likewise, the largest increase of 54.5 percent in the median cost of a new home came in Atkinson, where there were only 4 new homes sold in 2010.

TABLE 12: NUMBER OF HOME SALES

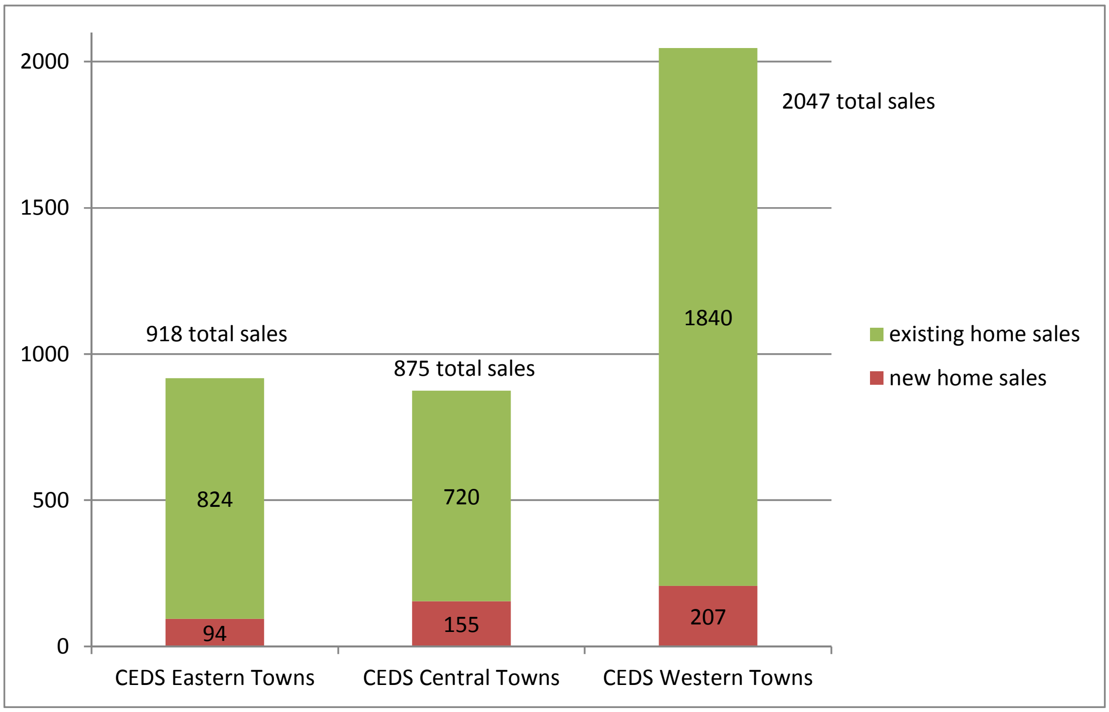
Town/Area	2008 Number Sales	2009 Number Sales	2010 Number Sales	%change 2008-2009	%change 2009-2010
CEDS Eastern Towns	804	949	918	18%	-3%
CEDS Central Towns	707	976	875	38%	-10%
CEDS Western Towns	1772	2365	2047	33%	-13%
REDC CEDS Region	***3283***	***4148***	***3840***	26%	-7%
Hillsborough County	2931	3623	3160	24%	-13%
Rockingham County	2172	2681	2589	23%	-3%
New Hamsphire	8617	11009	10215	28%	-7%

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 12 compares the total number of reported home sales (all homes) for 2008, 2009, and 2010. 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 2010, total sales declined as prices increased. The Region experienced a decline of 308 sales or 7 percent from 2009 to 2010.

Figure 3, 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 2010 (2047 sales), followed by the Eastern then Central subregions (918 and 875 sales, respectively). This makes sense, 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.

FIGURE 3: DISTRIBUTION OF HOMESALES FOR 2010 WITHIN EACH SUBREGION



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

d. 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 13 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 13: FORECLOSURE DATA FOR REDC REGION, COUNTIES & STATE OF NH

				Year-to-Year Change			
Town/Area	**2008**	**2009**	**2010**	**2008-2009**	**2009-2010**	**2008-2009**	**2009-2010**
CEDS Eastern Towns	172	156	181	-16	25	-9.3%	16.0%
CEDS Central Towns	300	278	343	-22	65	-7.3%	23.4%
CEDS Western Towns	753	630	715	-123	85	-16.3%	13.5%
REDC CEDS Region	***1225***	***1064***	***1239***	***-161***	***175***	***-13.1%***	***16.4%***
Hillsborough County	1088	1044	1172	-44	128	-4.0%	12.3%
Rockingham County	805	686	820	-119	134	-14.8%	19.5%
New Hampshire	3563	3467	3953	-96	486	-2.7%	14.0%

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

Table 13 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. The Region experienced a 13 percent decrease from 2008 to 2009 and an increase of over 16 percent in the following year. The largest number of foreclosures during 2010 occurred in the Western subregion, which is expected since it also has the largest housing stock in the Region (715 deed foreclosures with 102,730 housing units per the 2010 US Census). The largest percent increase from 2009 to 2010 is in the Central subregion at over 23 percent increase.

TABLE 14: FORECLOSURE AND HOUSING STOCK DATA FOR REDC REGION, COUNTIES & STATE OF NH

	Foreclosed Deeds			housing counts	
Town/Area	**2008**	**2009**	**2010**	**2010**	**% of stock**
CEDS Eastern Towns	172	156	181	49,365	0.37%
CEDS Central Towns	300	278	343	38,322	0.90%
CEDS Western Towns	753	630	715	102,730	0.70%
REDC CEDS Region	***1225***	***1064***	***1239***	***190417***	***0.65%***
Hillsborough County	1088	1044	1172	166053	0.71%
Rockingham County	805	686	820	126709	0.65%
New Hampshire	3563	3467	3953	614754	0.64%

Source: Real Data Corp, Compiled by New Hampshire Housing Finance Authority and US Census Bureau

When comparing the housing stock data from the 2010 US Census to the foreclosure data, in 2010 there were six towns that experienced a 1 percent or greater foreclosure rate of the town's housing stock. Five of these towns (Deerfield, Epping, Fremont, Raymond, and Sandown) are located in the Central subregion. The other town (Kensington) is located in the Eastern subregion. Overall, the number deed foreclosures as a percent of the housing stock for the REDC region was the same as that of the State.

4. 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 2009, the two counties had 20,952 establishments (48 percent of the State total) and 318,615 jobs (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 2009, the latest available from the Labor Market Information Bureau of the NH Department of Employment Security (as of May 2011).

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. Unfortunately, the most recent annual data is from 2009. A summary of that information for the Region, Counties and State is provided in Table 15. From 2008 to 2009, the REDC region lost 8,089 jobs and 176 establishments. The hardest hit subregion remains the Western subregion, with a net loss of 6,319 jobs or -5.0 percent change from 2008-2009.

TABLE 15: ANNUAL ESTABLISHMENTS AND EMPLOYMENT COUNTS FOR REDC REGION, COUNTIES & STATE OF NH

	2008		2009		# CHANGE: 2008-2009		Percent Change	
Town/Area	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	4,557	66,701	4,647	65,715	90	-986	2.0%	-1.5%
CEDS Central Towns	2,161	22,882	2,113	22,098	-48	-784	-2.2%	-3.4%
CEDS Western Towns	7,578	127,205	7,360	120,886	-218	-6,319	-2.9%	-5.0%
REDC CEDS region	***14,296***	***216,788***	***14,120***	***208,699***	***-176***	***-8,089***	***-1.2%***	***-3.7%***
Hillsborough County	11,396	194,059	11,121	187,240	-275	-6,819	-2.4%	-3.5%
Rockingham County	10,099	137,191	9,831	131,375	-268	-5,816	-2.7%	-4.2%
New Hampshire	45,052	628,819	43,971	604,915	-1,081	-23,904	-2.4%	-3.8%

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 2008 and 2009. (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.)

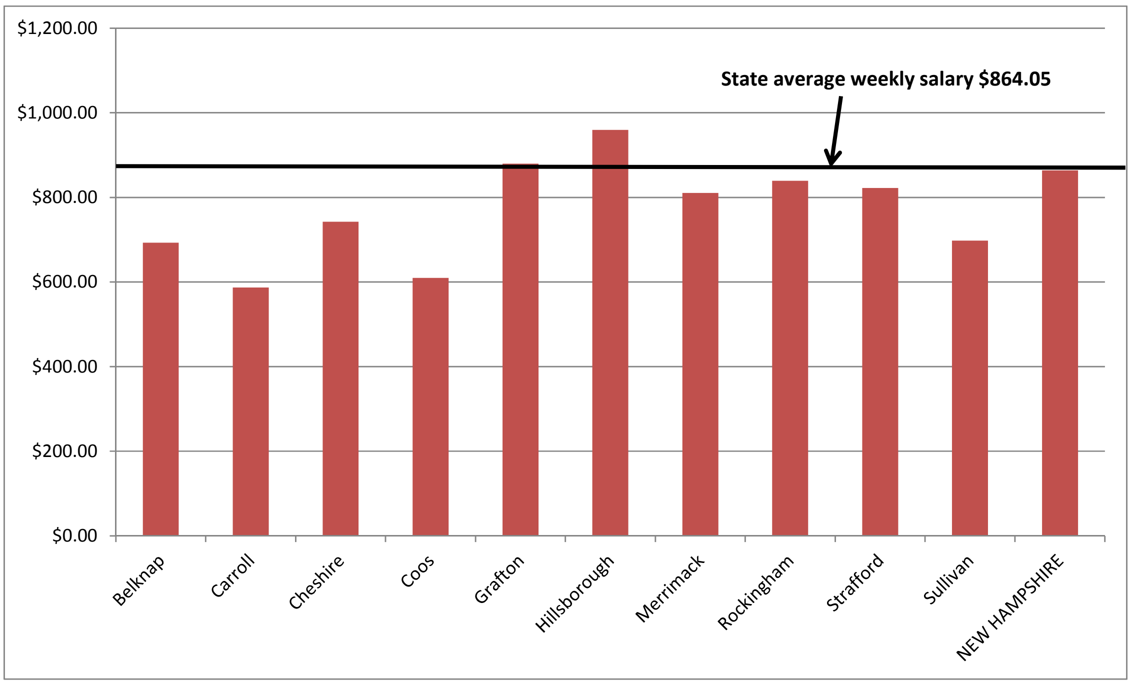
TABLE 16: AVERAGE WEEKLY WAGES FOR REDC REGION, COUNTIES & STATE OF NH

	2005	2008	2009	CHANGE: 2005-2009		CHANGE: 2008-2009	
Town/Area	Average Weekly Wage	Average Weekly Wage	Average Weekly Wage	Average Weekly Wage	Percent Change	Average Weekly Wage	Percent Change
CEDS Eastern Towns	$805	$813	$780	-$25	-3%	-$33	-4%
CEDS Central Towns	$649	$692	$676	$27	4%	-$16	-2%
CEDS Western Towns	$830	$903	$895	$66	8%	-$8	-1%
REDC CEDS region	***$739***	***$782***	***$763***	***$24***	***3%***	***-$19***	***-2%***
Hillsborough County	$869	$976	$960	$91	10%	-$16	-2%
Rockingham County	$797	$839	$839	$42	5%	$0	0%
New Hampshire	$780	$864	$864	$84	11%	$0	0%

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 16 outlines the average weekly wages for the Region and State in 2005, 2008 and 2009. While overall there was an increase in wages from 2005 to 2009, the wages for the REDC Region decreased by $19/week or 2 percent from 2008 to 2009. During the same period, the State of NH grew 11 percent from 2005 to 2009, and remained unchanged from 2008 to 2009. Hillsborough County's average weekly wage is the highest in the state at $960/week in 2009. Referring to Figure 4, Hillsborough and Grafton Counties were the only two counties in NH that had an average weekly salary above the State average. The 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 $813.22. (Note: the State average is a weighted average based on the number of employed persons during the same time period.)

FIGURE 4: AVERAGE WEEKLY WAGES FOR STATE AND COUNTIES IN 2009

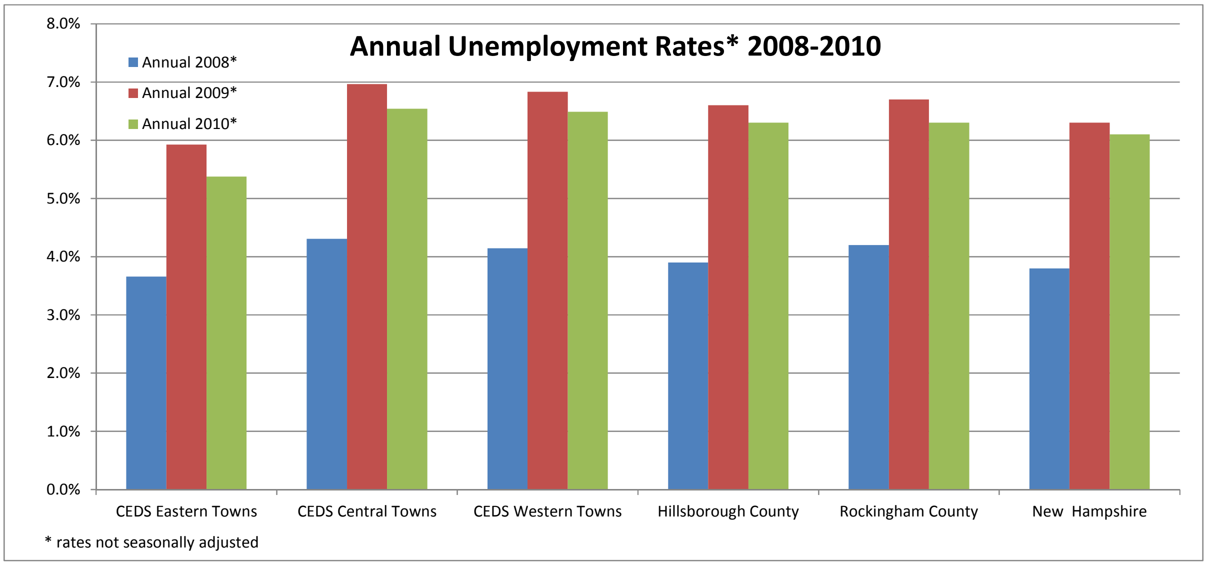


Source: NH Dept. of Employment Security, Labor Market Information Bureau
**NOTE: Weekly wages is based on all reporting jobs from both private and government sectors.*

b. Unemployment Rates and Trends

Table C-4 in the Appendix includes town-by-town annual unemployment data from 1990 and 2000 through 2010. Rates were generally at the lowest during the early part of this decade, with a moderate increase during the mid-part of the decade. However, the state and country are coming off of the worst recession in over 70 years, and the unemployment rates in the REDC Region climbed on average 2.5 points from 2008 to 2009 (Figure 5). Rates started to recover in 2010, with the average decrease in unemployment rates at less than 0.5 points across the Region.

FIGURE 5: ANNUAL UNEMPLOYMENT RATES FROM 2008 TO 2010



Source: NH Dept. Employ. Security - Economic & Labor Market Information Bureau: Local Area Unemployment Statistics (LAUS)

As shown in Table 17, the Eastern subregion, continues to have a lower rate than the other two subregions and the State. The Central and Western subregions had a higher annual rate than that of the State in 2010 at 6.5 percent. These numbers, which are derived from town-by-town averages rather than from source unemployment data, tend to mask a number of towns with consistently higher unemployment, such as Seabrook from the Eastern subregion, which experienced the highest rate among the REDC communities at 8.2 percent in 2010.

TABLE 17: ANNUAL UNEMPLOYMENT RATES FOR THE REDC SUBREGIONS, COUNTIES AND STATE

Town/Area	Annual 2005*	Annual 2006*	Annual 2007*	Annual 2008*	Annual 2009*	Annual 2010*	change from 2007-2008	change from 2008 to 2009	change from 2009 to 2010
CEDS Eastern Towns	***3.6%***	***3.5%***	***3.4%***	***3.7%***	***5.9%***	***5.4%***	***0.3%***	***2.3%***	***-0.6%***
CEDS Central Towns	***4.1%***	***3.9%***	***3.9%***	***4.3%***	***7.0%***	***6.5%***	***0.4%***	***2.7%***	***-0.4%***
CEDS Western Towns	***4.2%***	***3.9%***	***3.9%***	***4.1%***	***6.8%***	***6.5%***	***0.3%***	***2.7%***	***-0.3%***
Hillsborough County	***3.7%***	***3.7%***	***3.6%***	***3.9%***	***6.6%***	***6.3%***	***0.0%***	***2.7%***	***-0.3%***
Rockingham County	***4.2%***	***3.9%***	***3.9%***	***4.2%***	***6.7%***	***6.3%***	***0.3%***	***2.5%***	***-0.4%***
New Hampshire	***3.6%***	***3.5%***	***3.5%***	***3.8%***	***6.3%***	***6.1%***	***0.3%***	***2.5%***	***-0.2%***

Source: NH Dept. Employ. 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 18 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 2010 and ranked 4th overall on the national level. Table C-6 and Figure C-2 in the Appendix summarize the civilian labor force for the State and Region.

TABLE 18: UNEMPLOYMENT RATES FOR THE NEW ENGLAND STATES AND COUNTRY

	Unemployment Rate (%)*		change in rate (%)
	2009	2010	
New Hampshire	6.3	6.1	-0.2
Connecticut	8.3	9.1	0.8
Maine	8.2	7.9	-0.3
Massachusetts	8.2	8.5	0.3
Rhode Island	10.8	11.6	0.8
Vermont	6.9	6.2	-0.7
New England	8.2	8.5	0.3
United States	9.3	9.6	0.3

Source: US Department of Labor-Bureau of Labor Statistics

New Hampshire's annual unemployment rate decreased 0.2 points from 2009 to 2010, whereas the United State's rate increased 0.3 percent. As reported in previous CEDS updates, one possible reason that unemployment rates are lower in New Hampshire than that of the United States is in part due to slow growth in the labor force rather than to robust job growth. Average annual growth of the labor force during the period from 2000 to 2009 grew 0.6 percent for the State of NH, while growing at 0.9 percent annually in the country. However from 2009 to 2010, the civilian labor force decreased by 1 percent in NH and 2 percent in the US. Table C-6 in the Appendix lists the Civilian Labor Force and Employment for Hillsborough & Rockingham Counties, New Hampshire and New England, 2003-2010. For more about the Region's labor force, see below.

As is true for all of New England, 2010 (the most recent full year of unemployment data) remained a tough year economically. As shown in Table 19, after remaining fairly level from 2005 to 2008, annual unemployment rates increased sharply in 2009 and decreased slightly in 2010. Although annual unemployment rates dipped in the REDC region in 2010, the rates remained near record highs. 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 5.2 percent for 2010.

TABLE 19: AVERAGE ANNUAL UNEMPLOYMENT RATES FOR REDC CEDS REGION NECTAS

	2005	2006	2007	2008	2009	2010	change from 2008-2009	change from 2009-2010
Rochester-Dover NH-ME MetroNECTA (16)	3.5%	3.3%	3.3%	3.7%	6.3%	5.9%	2.6%	-0.4%
Manchester NH NECTA (19)	3.5%	3.6%	3.5%	3.8%	6.4%	6.2%	2.6%	-0.2%
Nashua NH-MA NECTA, NH Portion (22)	4.0%	3.7%	3.6%	3.8%	6.5%	6.2%	2.7%	-0.3%
Exeter Area, NH Portion, Haverhill-North Andover-Amesbury (23)	4.6%	4.3%	4.3%	4.9%	7.5%	6.9%	2.6%	-0.6%
Portsmouth NH-ME Metro NECTA, NH Portion (24)	3.5%	3.3%	3.2%	3.4%	5.5%	5.2%	2.1%	-0.3%
Pelham Town, Lowell-Billerica-Chelmsford MA-NH NECTA Division (26)	5.4%	4.9%	4.9%	5.2%	8.5%	7.8%	3.3%	-0.7%
Salem Town, NH Portion, Lawrence-Methuen-Salem MA-NH NECTA	5.7%	4.9%	5.0%	5.3%	8.1%	7.6%	2.8%	-0.5%
Hillsborough County	***3.7%***	***3.7%***	***3.6%***	***3.9%***	***6.6%***	***6.3%***	2.7%	-0.3%
Rockingham County	***4.2%***	***3.9%***	***3.9%***	***4.2%***	***6.7%***	***6.3%***	2.5%	-0.4%
New Hampshire	3.6%	3.5%	3.5%	3.8%	6.3%	6.1%	2.5%	-0.2%
New England	4.7%	4.5%	4.4%	5.4%	8.3%	8.5%	2.9%	0.2%
United States	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	3.5%	0.3%

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 and Rochester-Dover NH-ME Metro NECTAs are the only regions that had a rate lower than that of the State in 2010. As stated earlier, the REDC Region and NH experienced slight reductions in the unemployment rate from 2009 to 2010, while the New England region and United States continued to climb.

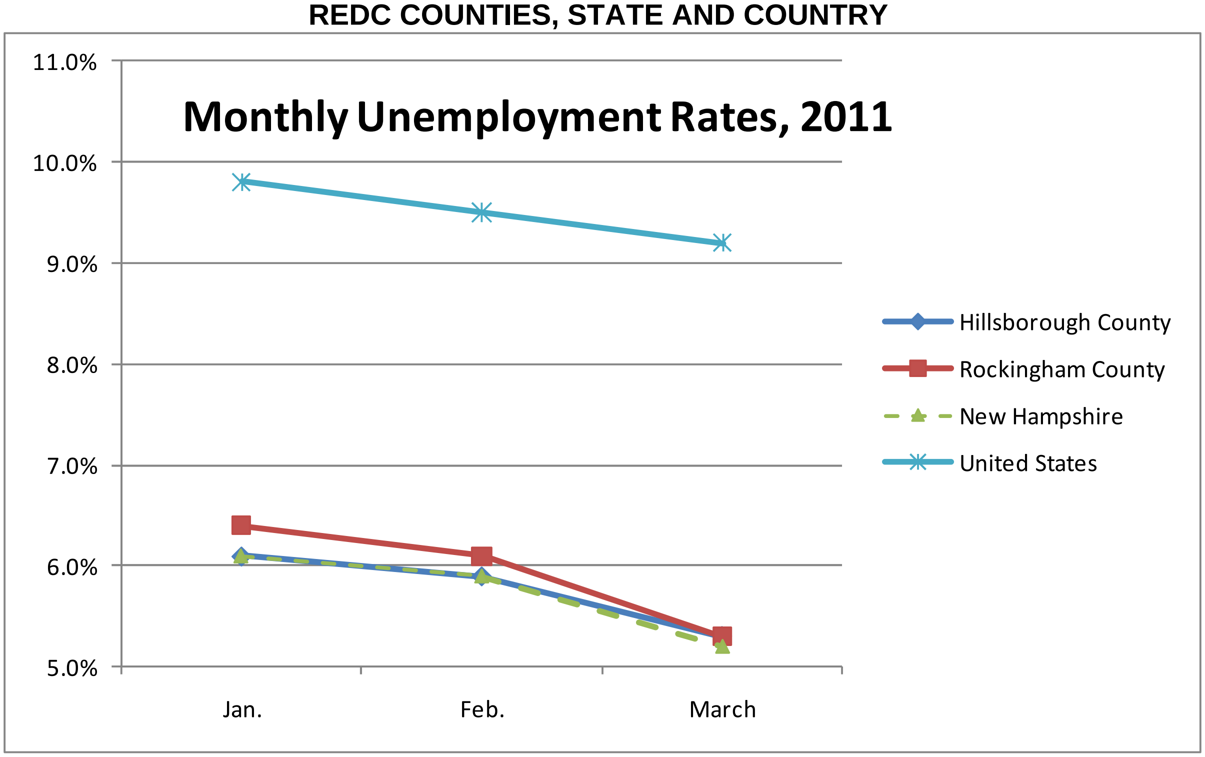
So far in 2011, the trend of decreasing unemployment rates continued for our Region and the US is now experiencing a reduction in rates as well. Table 20 and Figure 6 outline the monthly (not seasonally adjusted) unemployment rates for the first quarter of 2011. Rates within our Region decreased on average 1.1 points from January to March 2011. Some NECTAs, such as the Pelham and Salem regions dropped over 1.5 percent during this period. The REDC Region and State of New Hampshire continue to fair better than the country during the first quarter of 2011. Rates for the REDC region are down as much as 2.7 points from March 2010. The United States unemployment rate has only decreased 1.0 percent during the same period.

TABLE 20: 2010 MONTHLY UNEMPLOYMENT RATES FOR REGIONAL NECTAS

	Jan.	Feb.	March	change Jan-March
Rochester-Dover NH-ME MetroNECTA (16)	5.8%	5.6%	5.1%	-0.7%
Manchester NH NECTA (19)	5.9%	5.7%	5.1%	-0.8%
Nashua NH-MA NECTA, NH Portion (22)	6.1%	5.9%	5.3%	-0.8%
Exeter Area, NH Portion, Haverhill-North Andover-Amesbury (23)	7.3%	6.9%	5.9%	-1.4%
Portsmouth NH-ME Metro NECTA, NH Portion (24)	5.3%	5.1%	4.6%	-0.7%
Pelham Town, Lowell-Billerica-Chelmsford MA-NH NECTA Division (26)	8.3%	7.5%	6.7%	-1.6%
Salem Town, NH Portion, Lawrence-Methuen-Salem MA-NH NECTA	7.5%	7.1%	5.8%	-1.7%
Hillsborough County	***6.1%***	***5.9%***	***5.3%***	***-0.8%***
Rockingham County	***6.4%***	***6.1%***	***5.3%***	***-1.1%***
New Hampshire	6.1%	5.9%	5.2%	-0.9%
United States	9.8%	9.5%	9.2%	-0.6%

Source: NH Economic & Labor Market Information Bureau

FIGURE 6: 2011 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 21 summarizes known closings and/or reductions in workforce in the REDC Region that occurred during 2010 and for partial year 2011 (report date is March 2, 2011). During 2010, the Region experienced the loss of 924 jobs, the most notable the closing of ThermoFisher Scientific in Hudson (129 jobs) and Disetronics in Portsmouth (120 jobs). The city of Nashua was hardest hit during 2010 with a reported work force reduction of 367 jobs and an additional 96 jobs in the beginning of 2011. The largest impacted industry was manufacturing, which reported 510 jobs lost in 2010 and 37 in the beginning of 2011.

TABLE 21: REPORTED WORKFORCE REDUCTIONS FROM LAYOFFS AND PLANT CLOSINGS

Company Name	Location	Industry	Layoff Date	Total Employees	No. Employees Terminated	Reported in 2010 CEDS?
eCopy	Nashua	software	01/02/10	157	35	no
Tybrin Corporation	Nashua	software	02/02/10	125	32	yes
Norcross Safety (hnywell)	Nashua	manufacturing	02/05/10	42	42	yes
ThermoFisher Scientific	Hudson	manufacturing	02/12/10	129	129	no
EuroPackaging	Salem	distribution	02/19/10	16	16	yes
Pretium Packaging	Nashua	manufacturing	04/01/10	68	68	no
Shaws Supermarkets	statewide	retail-food	04/17/10	3500	155	partial
BAE Systems	Nashua	manufacturing	04/20/10	4700	59	yes
Sears Holding Corporation	Londonderry	retail/shipping	05/09/10	74	74	yes
Rexam Plastics	Nashua	manufacturing	08/08/10	77	21	yes
Sea World	Salem	sales	08/09/10	33	33	no
Rexam (on-going)	Nashua	manufacturing	08/27/10	61	42	yes
Abercrombie & Finch	N.Hampton	service	09/21/10	30	30	no
Disetronics	Portsmouth	manufacturing	10/15/10	120	120	no
Benchmark Electronics	Nashua	manufacturing	10/21/10	400	29	no
Nashua Telegraph	Nashua	printing	12/30/10	164	39	no
Hope Lace LLC	Nashua	manufacturing	01/15/11	24	24	no
Tybrin	Nashua	software	01/28/11	70	8	yes
Gils Used Auto Sales	Stratham	retail & repair	02/08/11	9	9	no
AJ Wright	Nashua	retail	02/09/11	39	39	no
Dennco	Salem	manufacturing	02/28/11	21	13	no
Viega LLC	Merrimack	mfg & shipping	03/01/11	25	25	no
Ultimate Electronics	Salem	retail	04/01/11	40	40	no
Borders Bookstores	Nashua	retail	04/01/11	25	25	partial
		total # layoffs reported in 2010:			924	
total # layoffs reported in 2011 (as of March 2, 2011):					183	

Source: New Hampshire DRED Office of Workforce Opportunity

d. Labor Force

As mentioned in an earlier section, Table C-6 in the Appendix tracks civilian labor force data in the County, State and in the other New England States. The data shows that from 2009 to 2010, the State of New Hampshire lost over 1,000 persons or 0.1 percent of its workforce. Hillsborough County experienced a reduction of 700 persons (-0.3 percent) of its available workers, whereas Rockingham County increased its workforce by 1,200 persons (0.7 percent). During the same time period, the New England region gained 37,000 persons (0.5 percent) in its available labor force, and the US was down 253,000 persons (-0.2 percent). Up until 2010, the average annual growth of the labor force (from 2002 to 2009) for Hillsborough County grew at 0.7 percent annually and Rockingham County grew at less than 0.1 percent annually; whereas New Hampshire grew at 0.6 percent and the United States grew at 0.9 percent annually.

TABLE 22: CIVILIAN LABOR FORCE IN THE NEW ENGLAND REGION

REGION/STATE	2009			2010			2009-2010	
(in thousands)	Civilian Labor Force	Employed	Un-employed	Civilian Labor Force	Employed	Un-employed	Change in Labor Force	% change in Labor Force
Hillsborough County	***229.9***	***215.0***	***14.9***	***229.2***	***214.7***	***14.4***	***-700***	***-0.3%***
Rockingham County	***174.8***	***163.2***	***11.6***	***176.0***	***165.0***	***11.0***	***1,200***	***0.7%***
New Hampshire	***745.0***	***698.0***	***47.0***	***744.0***	***699.0***	***45.0***	***-1,000***	***-0.1%***
Connecticut	1,887.0	1,730.0	157.0	1,897.0	1,724.0	173.0	10,000	0.5%
Maine	698.0	641.0	57.0	697.0	642.0	55.0	-1,000	-0.1%
Massachusetts	3,477.0	3,190.0	286.0	3,494.0	3,197.0	297.0	17,000	0.5%
Rhode Island	566.0	505.0	61.0	576.0	509.0	67.0	10,000	1.8%
Vermont	360.0	335.0	25.0	361.0	338.0	22.0	1,000	0.3%
New England	7,733.0	7,100.0	633.0	7,770.0	7,109.0	660.0	37,000	0.5%
United States	154,142	139,877	14,265	153,889	139,064	14,825	-253,000	-0.2%

Source: US Bureau of Labor Statistics

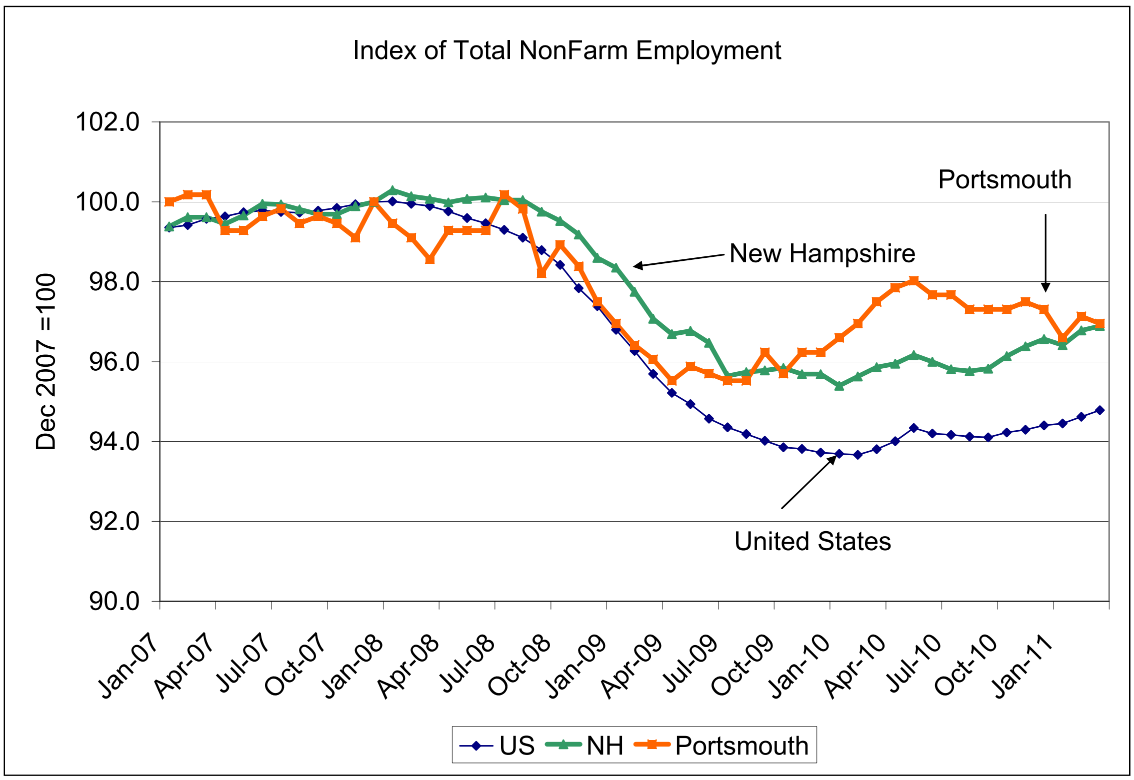
In previous updates it had been reported that population growth was significantly outpacing labor force growth in the County. Some believe an important factor driving this phenomenon was the disproportionate growth in the retirement age segment of the population in-migrating to southern New Hampshire 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 back to the earlier section on the 2010 Census and Figure 1, 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).

B. State of the Economy

During the past 12 months, the State of the Economy in the REDC Region has improved. The Region 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. Neither area has yet achieved its pre-recession level of employment.

FIGURE 7: INDEX OF TOTAL NONFARM 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]

According to Moody's Analytics chief economist, Mark Zandi, the U.S. economic recovery is steadily gaining traction. Real GDP has finally recovered from the steep drop suffered during the Great Recession, and economic growth is accelerating. The economy is expected to expand at a rate that is well above its potential this year, meaning that businesses should soon begin adding sufficient numbers of new jobs to significantly reduce the unemployment rate. Although the jobless rate may still move higher in the next few months as people who lost jobs during the recession return to the labor force, unemployment is expected to fall below 9 percent by year's end.[2]

Behind this relative optimism is the financial health of U.S. businesses. Corporate profits are high and growing strongly, and business balance sheets are about as good as they have ever been. Larger businesses are doing much better than smaller businesses, but it is no longer a question of whether businesses can invest and hire more aggressively, it is a question of their willingness to begin spending again. Households are rapidly reducing their debt loads and are paying their debts in a more timely way. Delinquency rates are falling rapidly across all types of loans, from credit cards and auto loans to even first mortgage loans. Financial institutions are benefiting from the improved loan quality and, with their higher levels of capital, are increasingly willing to lend. Credit remains tight, but the spigot is beginning to open for an increasing number of households and businesses.

The economic recovery is also being supported by continued aggressive monetary and fiscal policies. The Federal Reserve has shown no indication that it will end its zero interest rate policy any time soon, and its quantitative easing efforts are keeping long-term interest rates lower and stock prices higher than they would be otherwise. The political compromise reached at the end of last year to temporarily provide additional tax breaks and emergency unemployment insurance is also instrumental in ensuring that the economic recovery evolves into a self-sustaining expansion this year.

Despite the optimism, there are still considerable threats to this hopeful economic script. Severe budget cutting and tax increases by state and local governments, needed to fill their gaping budget holes, will be a significant impediment to the job market and broader economy. Europe's efforts to solve its debt problems or China's attempt at a soft landing could go astray and derail the anticipated U.S. recovery. The recent political turmoil and social unrest in Egypt, Tunisia, and other parts of the Middle East underscore the near-constant danger to our economy from higher global oil prices.

A mounting threat is posed by the nation's large budget deficits, rapidly rising debt load, and the fact that, without significant fiscal policy changes, global investors will soon balk at buying our debt at low interest rates. Prospects for a bruising political battle over an increase in the debt ceiling limit later this summer also pose a substantial concern. Global investors are already anxious regarding our ability to come to a political consensus to address the nation's fiscal challenges; a protracted debate over the debt ceiling would be very counterproductive.

[1] http://en.wikipedia.org/wiki/List_of_recessions_in_the_United_States, accessed May 2011
[2] Testimony of Mark Zandi Chief Economist, Moody's Analytics Before the Senate Budget Committee, "Challenges for the U.S. Economic Recovery", February 3, 2011

Moreover, with millions of foreclosures still in the pipeline, optimism that the housing crash may soon be over could be upended. Indeed, more distress sales and house price declines are coming, and—given that the home is still the most important asset most households own and that many small-business owners use their homes as collateral to get loans to expand their operations and hire—it is hard to get overly enthusiastic about the recovery's prospects. It is appropriate to be concerned that the vicious cycle of more foreclosures begetting more price declines begetting more underwater homeowners and more foreclosures could be reignited.

Another serious worry is the European debt crisis, which has yet to be brought under control. Greece and Ireland have been forced to borrow from a $1 trillion bailout fund established by the European Union and International Monetary Fund, and it appears inevitable that Portugal will have to follow them soon. Investors also have questioned Spain's fiscal viability, pushing up yields on that country's sovereign bonds sharply. Rescuing Spain would likely exhaust the bailout fund. Prospects of this are making global investors increasingly edgy, further driving up interest rates in what could become a vicious cycle.

Finally rising energy prices are a significant threat to the economic recovery. At current gasoline prices, close to $4.00 per gallon in most of New Hampshire, the added cost of oil compared to a year ago has all but consumed the 2 percent reduction in the payroll tax put in place at the beginning of 2011. However Mark Zandi, Chief Analyst of Moody's Analytics, predicts that the world oil price would have to hit $150 per barrel, and stay at that level for six months, before the economy would be derailed back into recession. Currently world oil prices are just under $100 per barrel.

Impact upon New Hampshire

Business confidence in the Granite State recovered for 2010, showing that business owners are cautious but optimistic about the economy going into 2011; however, they expect current employment levels to remain the same. 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. In 2011, 19 percent of businesses expect the overall number of employees working at their company to increase, while 73 percent expect it to stay the same and 4 percent expect it to decrease. Last year, 13 percent of businesses expected the overall number of employees working at their company to increase, 78 percent expected it to stay the same and 4 percent expected it to decrease.

Dennis Delay, New Hampshire Forecast Manager for New England Economic Partnership (NEEP) noted in May 2011 that New Hampshire's job recovery has been postponed by one year, but New Hampshire's job growth will continue to outperform the region this year and next.[3] The NEEP forecast summary is shown on the next page.

3 "Outlook for the New Hampshire Economy", Dennis Delay, New England Economic Partnership, May 19, 2011.

TABLE 23
NEEP FORECAST SUMMARY COMPARISONS
AVERAGE ANNUAL RATES OF GROWTH MAY 2011 FORECAST

	Actual 2000-2005	Actual 2005-2010	Forecast 2010-2015
Gross State Product			
GSP-New Hampshire	1.9	0.9	3.3
GSP-New England	1.6	1.3	2.8
GDP-United States	2.4	0.9	3.1
Total Non-Farm Jobs			
Jobs-New Hampshire	0.5	-0.4	1.6
Jobs-New England	-0.3	-0.4	1.3
Jobs-United States	0.3	-0.6	1.8

Granite State manufacturing jobs declined at a -3.9 percent annual rate in the last five years (2005 to 2010), a better showing than the -4.8 percent annual rate of job loss from 2000 to 2005. In the forecast period, New Hampshire manufacturing jobs will show a 0.3 percent average gain each year. However, it is expected that Granite State manufacturing output will continue to increase much faster in the forecast period, as it has in the past five years.

New Hampshire private Service producing jobs grew at an annual rate of 0.2 percent over the last five years (2005 to 2010), a period which includes the Great Recession. The rate of growth will increase to 1.9 percent annually in the forecast period. The fastest rate of growth (4.1 percent) will occur in Information jobs, followed by 3.4 percent annual growth in Professional and Business Services, and 3.2 percent average annual growth in Leisure and Hospitality jobs from 2010 to 2015.

Construction employment in New Hampshire declined at an annual rate of 6.3 percent in the last five years (2005 to 2010), compared to the New England average 5.4 percent annual decline. New Hampshire construction employment will increase by 1.2 percent per year from 2010 to 2015. Housing permits will recover from 3,000 in 2010 (a historic low) to about 6,000 per year by the end of the forecast period.

Home sales activity in the Granite State saw March 2011 year to date sales of 1,892, compared to 1,891 for the three months ending March 2010, according to data released recently by the New Hampshire Association of Realtors (NHAR). The median price for statewide home sales, meanwhile, fell 4.8 percent for the month, from $207,000 in March 2010 to $197,000 in March 2011. Clearly real estate sales have not recovered from the prolonged decline of the last six years.

There were 543 foreclosure deeds recorded in March 2011, an increase of 21 percent from foreclosure deeds recorded in March 2010, and an increase of 90 percent from the February 2011 monthly total, and a new record for foreclosure deeds in any one month. The New Hampshire Housing Finance Authority attributed the increase to the lifting of the moratoria on foreclosures by large lenders as the slowdown in the pace of foreclosure deeds observed between October 2010 and January of this year has come to an end. The larger question still remains-will the slow but steady improvement in New Hampshire's underlying economic conditions slow the rate of foreclosure this year, or will we return to the record high numbers of foreclosures experienced in 2010?

How Does New Hampshire Do It? A recent report by the Federal Reserve Bank of Boston- titled "How Does New Hampshire Do It?"- sought to examine New Hampshire's unusual spending and revenue structure. The report's concluded that New Hampshire's ability to survive without broad-based sales and income taxes is due to two factors: First, New Hampshire's residents, generally speaking, have less need for some public services. In 2009, New Hampshire has the lowest poverty rate in the country, suggesting that demand for public welfare services would be lower than other states. Second, the study notes that New Hampshire has adopted policies that limit state services and has used creative Medicaid financing to bridge the financial gap with large chunks of federal aid.

Not addressed in the Federal Reserve Bank of Boston report, is New Hampshire's better than average ability to have nonresidents pay for New Hampshire public services. According to the Tax Foundation (http://www.taxfoundation.org), New Hampshire is one of the most effective states at exporting its tax burden to non-residents and out-of-state businesses. Only eight other states do a better job of exporting their so-called "tax incidence."

Rockingham County and the REDC Region

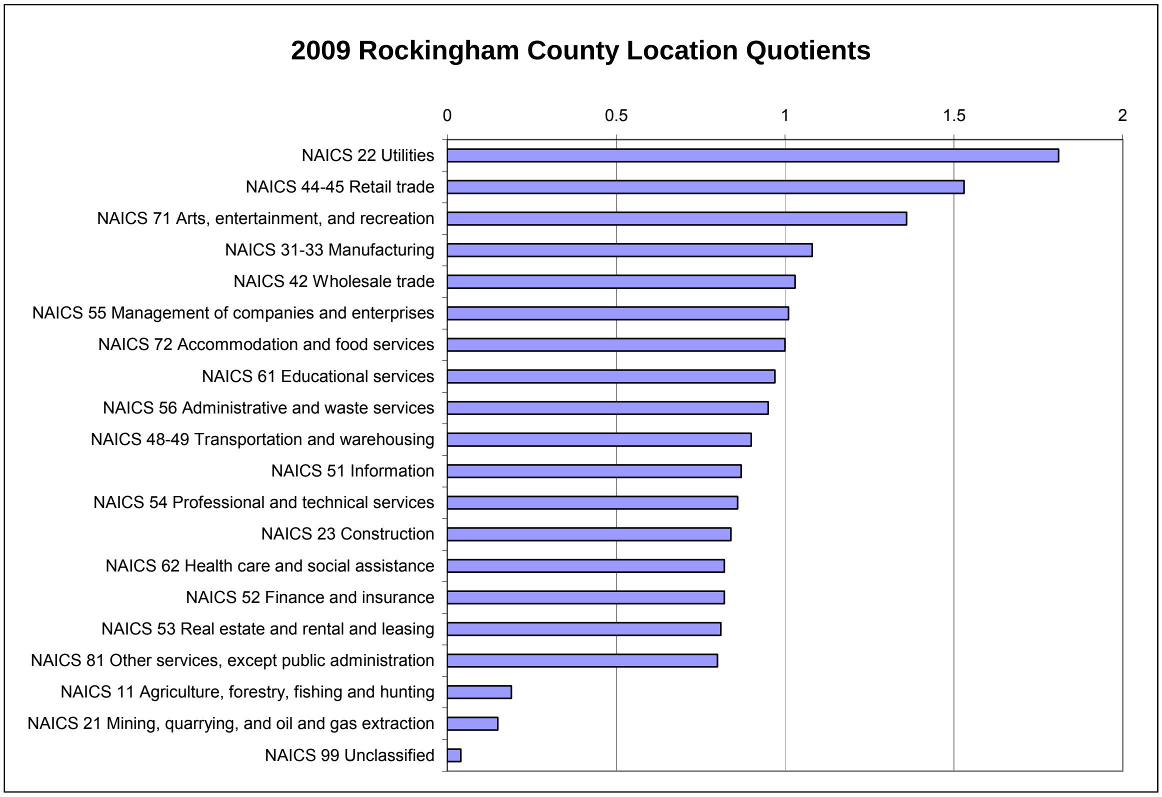
The REDC region contains all of the cities and towns in Rockingham County, plus the Hillsborough County towns of Hudson, Litchfield, Merrimack, Pelham and the City of Nashua. In the following location quotient analysis, because of data limitations, we look at only the Rockingham County region, and do not include the five municipalities in Hillsborough County.

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 a the nation. [4] 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.

In the following chart one can see the Location Quotients (LQ) for major industry sectors in Rockingham County for the year 2009, the latest year for which data is available.

[4] 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.

FIGURE 8



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 1.81 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. Other industries in Rockingham County with LQs greater than 1 include Retail trade; Arts, entertainment and recreation; and Manufacturing.

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 2009 is 1.08, 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.

TABLE 24: RETAIL TRADE

	Rockingham County -		Average Annual 2009					
			Average	Average				Pct Chg in
NAICS			Annual	Weekly	LQ	LQ	LQ	Jobs from
Code	Industry	Units	Employment	Wage	2001	2005	2009	2001 2009
44-45	**Retail Trade**	**1,434**	**24,272**	**$470.90**	1.51	1.54	1.53	-1.8%
441	Motor Vehicle and Parts Dealers	183	2,437	$830.84	1.41	1.41	1.37	-13.5%
442	Furniture and Home Furnishings Stores	77	649	$590.55	1.42	1.54	1.34	-21.2%
443	Electronics and Appliance Stores	78	813	$809.69	1.72	2.17	1.52	-21.1%
444	Building Material and Garden Supply Stores	124	2,376	$626.87	1.65	2.14	1.88	17.5%
445	Food and Beverage Stores	138	5,791	$329.54	1.51	1.58	1.88	21.0%
446	Health and Personal Care Stores	87	1,002	$537.15	1.00	1.01	0.94	-1.2%
447	Gasoline Stations	120	932	$384.37	1.15	1.08	1.04	-18.1%
448	Clothing and Clothing Accessories Stores	196	2,249	$296.71	1.43	1.46	1.52	10.2%
451	Sporting Goods, Hobby, Book, and Music Stores	111	1,153	$307.46	1.77	1.81	1.72	-11.0%
452	General Merchandise Stores	56	4,527	$391.70	1.60	1.46	1.38	-6.6%
453	Miscellaneous Store Retailers	196	1,552	$372.29	1.97	1.68	1.81	-26.2%
454	Nonstore Retailers	70	791	$880.30	1.58	1.48	1.75	-2.0%

Within the Retail Trade sector, Building Material and Garden Supply Stores; and Food and Beverage Stores have the highest LQs. General Merchandise Stores, 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 25: ARTS, ENTERTAINMENT, AND RECREATION

	Rockingham County -		Average Annual 2009					
			Average	Average				Pct Chg in
NAICS			Annual	Weekly	LQ	LQ	LQ	Jobs from
Code	Industry	Units	Employment	Wage	2001	2005	2009	2001 2009
71	**Arts, Entertainment, and Recreation**	**157**	**2,840**	**$362.41**	1.33	1.39	1.36	11.4%
711	Performing Arts and Spectator Sports	32	497	$444.52	1.59	1.43	1.15	-23.2%
712	Museums, Historical Sites, Zoos, and Parks	13	152	$345.49	1.05	1.22	1.10	16.9%
713	Gambling, Recreation, Amusement Industries	112	2,191	$344.94	1.28	1.39	1.44	23.6%

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.

TABLE 26: MANUFACTURING

	Rockingham County -		Average Annual 2009					
			Average	Average				Pct Chg in
NAICS			Annual	Weekly	LQ	LQ	LQ	Jobs from
Code	Industry	Units	Employment	Wage	2001	2005	2009	2001 2009
31-33	**Manufacturing**	**476**	**13,840**	**$1,161.09**	0.99	0.92	1.08	-20.5%
311	Food Manufacturing	35	1,275	$973.99	0.49	0.71	0.81	54.2%
312	Beverage and Tobacco Product Manufacturing	6	217	$911.22	0.96	1.30	1.07	0.9%
321	Wood Product Manufacturing	19	293	$845.83	0.78	0.90	0.75	-38.4%
322	Paper Manufacturing	6	82	$801.32	0.18	0.18	0.19	-26.1%
323	Printing and Related Support Activities	45	503	$741.17	0.76	0.99	0.88	-20.2%
324	Petroleum and Coal Products Manufacturing	6	164	$1,140.21	0.90	1.00	1.31	40.2%
325	Chemical Manufacturing	18	824	$1,451.04	0.67	0.69	0.94	20.1%
326	Plastics and Rubber Products Manufacturing	21	962	$962.14	1.18	1.34	1.41	-15.1%
327	Nonmetallic Mineral Product Manufacturing	17	764	$1,020.97	1.60	1.83	1.80	-18.2%
331	Primary Metal Manufacturing	6	416	$881.61	0.31	0.63	1.05	116.7%
332	Fabricated Metal Product Manufacturing	103	2,003	$1,128.93	1.38	1.15	1.41	-19.1%
333	Machinery Manufacturing	33	1,791	$1,369.77	0.68	1.10	1.61	80.6%
334	Computer and Electronic Product Manufacturing	70	2,473	$1,464.26	2.51	1.94	2.01	-47.7%
335	Electrical Equipment/Appliances Manufacturing	14	887	$1,143.38	2.62	1.28	2.19	-43.1%
337	Furniture and Related Product Manufacturing	24	278	$923.17	0.39	0.53	0.67	2.2%
339	Miscellaneous Manufacturing	32	455	$904.64	1.28	1.01	0.72	-53.8%

Within the Manufacturing sector, Computer and Electronic Product Manufacturing, and Electrical Equipment/Appliances Manufacturing show high export potential, (LQs above 2) in 2009, although their declining trend in LQs from 2001 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 0.68 in 2001 rising to 1.61 in 2009. 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 27: WHOLESALE TRADE

	Rockingham County -		Average Annual 2009					
			Average	Average				Pct Chg in
NAICS			Annual	Weekly	LQ	LQ	LQ	Jobs from
Code	Industry	Units	Employment	Wage	2001	2005	2009	2001 2009
42	**Wholesale Trade**	**968**	**6,227**	**$1,276.46**	1.00	1.04	1.03	1.3%
423	Merchant Wholesalers, Durable Goods	292	2,979	$1,157.79	0.97	0.98	0.98	-8.4%
424	Merchant Wholesalers, Nondurable Goods	98	1,694	$1,104.78	0.81	0.87	0.79	-3.6%
425	Electronic Markets and Agents and Brokers	578	1,553	$1,691.37	1.74	1.70	1.77	36.8%

Wholesale Trade pays an average weekly wage of well over $1,000, with the highest wages paid in the Electronic Markets and Agents and Brokers sector. This is also the sector with the highest LQ, and the fastest job growth from 2001 to 2009.

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, which is located in Nashua and is one of New Hampshire's largest manufacturing employers, has acquired Oasys for approximately $50 million. Oasys makes monocular, binoculars and infrared sighting devices including combinations that see around corners. The products from both companies are used primarily in defense applications.
- Lonza Biologics in Portsmouth will undertake a $200 million expansion, which will create an additional 25 jobs next year and 225 new jobs in 2013 when the project is completed. It will be the second expansion in two years for the contract antibody manufacturer located at the Pease International Tradeport. The project, which started in September 2009, will also preserve 625 existing jobs, and was helped by $35 million in state backed bonds.
- Lindt USA, the Swiss based chocolate maker, is expanding its national headquarters in Stratham once again. Lindt's Stratham production plant is its only facility outside of Switzerland that can process ingredients from cocoa beans to chocolate bars. In June of 2010 Lindt opened a 40,000 square foot cocoa liquor production facility, and is now planning on new 36,000 square foot office building and welcome center. The total facility will be almost 400,000 square feet, once the office building is finished.
- Fidelity Investments in Merrimack could gain several hundred workers over the next two years as Fidelity shifts more than 1,000 jobs from its Marlborough, Massachusetts work site. The mutual fund and stock brokerage company currently has about 4,600 workers in Merrimack, down from a peak around 5,000 in 2007.
- Nashua-based New Hampshire Optical Systems was awarded a $34 million contract to build a fiber optic network to bring broadband Internet access to the underserved parts of New Hampshire. Network New Hampshire Now, which is spearheaded by the University of New Hampshire, awarded the grant. The money came to Network New Hampshire Now from a federal broadband stimulus grant.

Although not located within the REDC region, these employers are close to the region and have the potential to drawn in employees from the REDC region:

- Goss International, a printing press manufacturer in Durham with about 600 employees, has diversified into manufacturing wind turbines to serve a growing demand for green based energy. The 750-watt wind turbine is built under a contract with Plymouth, Massachusetts based Aeronautica Windpower, which has an exclusive North American license to make and distribute wind turbines designed by Denmark based Norwin. Goss made the transition from manufacturing rotating presses to rotating turbines with the help of a $100,000 grant administered by the state Department of Resources and Economic Development to retrain workers. Aeronautica hopes that Goss will build 10 to 18 turbines this year, 20 to 26 next year and 30 to 35 the year after that.
- The pending expansion of Albany Engineered Composites (AEC), a Rochester based aerospace composites manufacturer and subsidiary of Albany International, will be expanding its present facility on Airport Drive. The company has announced plans for adding more than 500 new jobs over the next several years and relocating its corporate headquarters from Albany, N.Y., to Rochester. AEC makes light-weight, high-strength composite parts for aircraft engines and the company's largest future product will be a set of components for aerospace company Safran's next-generation jet that will reduce the weight of engines and thereby make them more fuel efficient.
- One aging manufacturing facility is contracting. The decades old Thompson/Center Arms manufacturing facility in Rochester will close by November of 2011, with most of the 350 jobs at the factory moving to the main Smith & Wesson plant in Springfield, Massachusetts. The company said the move will streamline firearms manufacturing and improve company margins.

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:

- **Alternative measures of unemployment.** The rate of unemployment has become one of the most commonly referenced measures of the economy’s progress. This measure of how the economy is performing has garnered a great deal of media attention. But some people might not know that there are alternative labor force measures not often explained in the media.

  There are six different labor force measures known as the Alternative Measures of Labor Underutilization. The alternative measures of labor underutilization have long been available on a monthly basis from the Current Population Survey (CPS) for the United States as a whole. They are published in the Bureau of Labor Statistics' monthly Employment Situation news release. The monthly official concept of unemployment includes all jobless persons who are available to take a job and had actively sought work in the prior four weeks. This concept has been thoroughly reviewed and validated since the inception of the CPS in 1940. The alternative measures are provided to data users and analysts who want more narrowly or broadly defined measures.

There are six different levels of labor underutilization, defined as follows:

- o ►U-1, persons unemployed 15 weeks or longer, as a percent of the civilian labor force;
- o ►U-2, job losers and persons who completed temporary jobs, as a percent of the civilian labor force;
- o ►U-3, total unemployed, as a percent of the civilian labor force (this is the same definition used for the official unemployment rate);
- o ►U-4, total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers;
- o ►U-5, total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers; and
- o ►U-6, total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

The annual average labor underutilization as measured by U-1 and U-2 in New Hampshire during 2009 were 3.2 percent and 4.5 percent, respectively. The U-3 measure uses the official definition of unemployment, and accounts for the total number of people who are unemployed that are able, available, and searching for employment. It can be slightly different than the official unemployment rate released by the state, which includes other factors.

The annual average U-3 rate of underutilization for the State of New Hampshire in 2009 was 6.4 percent, nearly three full percentage points below the national average of 9.3 percent. (The official unemployment rate for New Hampshire in 2009 was 6.3 percent.) U-6 measurement of labor underutilization provides the most complete picture of the state's labor force by not excluding any one specific labor force demographic. The U-6 measure for New Hampshire in 2009 was 12.5 percent, 3.7 percent below the U-6 national level of 16.2 percent.

- **How many New Hampshire residents have more than one job?** In 2009, there were roughly 49,000 New Hampshire residents who were working more than one job. This equated to about 7.0 percent of the state's 692,000 employed residents, age 16 and over. These estimates are based on New Hampshire data from the Current Population Survey, a nationwide survey of about 60,000 households selected to represent the U.S. population 16 years and older. The survey is conducted monthly by the Census Bureau for the Bureau of Labor Statistics (BLS). According to BLS, multiple jobholders are wage or salary workers who hold two or more jobs, self-employed workers who also hold a wage or salary job, or unpaid family workers who also hold a wage or salary job.

  Since 1999, the multiple jobholding rate in New Hampshire has fluctuated within a range of approximately one percentage point, from a low of 6.2 percent in 2003 to a high of 7.3 percent in 2006. While year-to-year changes are usually small, the largest decrease in the multiple jobholding rate was -0.8 percentage points from 1999 to 2000, and the largest increase was 1.0 percentage point from 2005 to 2006. The most recent rate, 7.0 percent in 2009, was up by 0.4 percent from 2008.

New Hampshire’s 7.0 percent multiple jobholding rate placed it fourth-highest in New England in 2009. New Hampshire’s rate of multiple jobholding is typically in the middle of the pack when compared to the rest of New England. In ten of the eleven years between 1999 - 2009, New Hampshire has had either the third- or fourth-highest multiple jobholding rate in New England. Only once did it place fifth-highest, with a 6.3 percent rate in 2000. Since at least 1999 Vermont has had the highest rate of multiple jobholding in the region, usually followed by Maine.

- **New Hampshire’s 2009 Gross Domestic Product (GDP)** was $59.4 billion, an increase of $261 million over 2008’s $59.1 billion. This 0.5 percent rise is the smallest increase seen in the Granite State in decades but it looks strong when compared to the nation as a whole. By comparison U.S. GDP fell 1.3 % from 2008 to 2009, representing a $193 billion drop, to $14.15 trillion for 2009.

  The Bureau of Economic Analysis also estimates real GDP by state measured in chained 2005 dollars. This measure adjusts for inflation and bases the value of gross product on national prices which are applied to goods and services produced within a state. When chained to 2005, New Hampshire’s 2009 GDP was $54,454 million. This was a 1.2 percent drop from 2008. The small gains of 1.0 percent in 2007 and 0.2 percent in 2008 were both wiped out with the 2009 performance. In chained 2005 dollars, U.S. GDP fell 2.1 percent to $12.094 trillion in 2009. Decreases are a more common phenomenon when adjusting for inflation. The chained GDP was virtually unchanged in 2008, but the 2.6 percent slide of 2009 was the largest percentage drop since falling 10.9 percent in 1946 following the end of World War II.

- **High Tech in New Hampshire:** The U.S. Department of Commerce’s Congressional Office of Technology Assessment described high tech firms as those “that are engaged in the design, development, and introduction of new products and innovative manufacturing processes, or both, through the systematic application of scientific and technical knowledge.” In 2009 New Hampshire had 4,043 firms employing 50,501 people in those industries designated as high tech. This was 4,167 fewer employees than in 2008. This decline followed two years of gains: 1,170 in 2008 and 450 in 2007. The 2009 drop was the largest one-year decline since the State lost 9,407 high tech jobs in 2002. Like manufacturing, high tech employment has been on a downward cycle for most of the last decade.

  High tech employment is quite valuable because of the wages paid in the included industries. With 8.3 percent of total covered employment in New Hampshire in 2009, high tech companies offered 14.4 percent of the state’s wages. Total wages paid by high tech companies in 2009 exceeded $3.9 billion. More than two-thirds of that total was in two subsectors: Professional, Scientific, and Technical Services ($1.39 billion) and Computer and Electronic Product Manufacturing ($1.30 billion). Total wages decreased by $362 million in 2009 from 2008. Over the past two decades, losses happened only twice and they were much smaller in scope. In 2003 there was a $63.7 million loss and in 1991 it was $15.2 million.

- **New Hampshire Employers with Defense Contracts:**
  The top four defense contract companies in New Hampshire are all in the REDC area (BAE, Insight Technology, Lockheed Martin (existing contracts taken by BAE), and Kollsman.

From 2000 through 2009 in the U.S. there were a total of 530,375 defense contracts awarded worth $362,699,709,828. Of those, 1,274 awards worth $9,859,436,738 were given to New Hampshire employers. One hundred ninety-six New Hampshire companies were awarded $1 million or more in contracts and 68 exceeded $10 million.

The single largest recipient of defense contracts in the state during the decade was BAE Systems, which specializes in defense, security and aerospace. The company had 1,120 contracts totaling $5,244,719,538 during the decade. These were awarded to four different BAE facilities, but over $5 billion went to the facility on Spit Brook Road in Nashua.

The second largest New Hampshire recipient of defense contract money over the decade was Insight Technology, Inc. in Londonderry. On the company's web site is this description: "Insight develops and produces highly sophisticated laser aiming and illumination devices, night vision devices, laser rangefinder systems, computerized fire control systems, thermal imaging systems and sensor fusion systems."Insight received 793 contracts totaling $1,050,155,922 over the decade. In 2009 Insight received awards totaling $146 million. This is considerably higher than the $24 million in 2000 but below the 2007 peak of $236 million.

With Nashua as home to four of the top six companies receiving defense contracts and Manchester adding a fifth, it is no surprise that Hillsborough County leads the other nine counties by a significant amount. During the decade three out of four dollars went to Hillsborough County-based organizations. Rockingham County on the back of Insight Technology, Inc. of Londonderry, Sig Sauer, Inc in Exeter; and the Irving Oil companies in Portsmouth came in second. Red River Computer Co, Inc. in Claremont and DCI, Inc. in Lisbon pushed Grafton County to third. The remaining seven counties combined have yet to reach a total of $40 million in any given year.

- **New Hampshire Employment Projections by Industry and Occupation 2008 – 2018:** Projections of employment by industry and occupation covering a ten-year time span are estimated biennially. The latest edition estimates employment for 2008 and projects employment to 2018 for 116 industries and more than 700 occupations. Industry tables include numeric and percent change. Occupational tables include growth rate, projected openings from growth and replacement needs, training categories, and an "occupational descriptor" that summarizes the expected employment prospects for an occupation.

  Total employment in the state, including self-employed workers, is projected to increase by just over 61,000 jobs during the ten-year period, from slightly above 695,000 jobs in 2008 to more than 756,000 in 2018. Most of these jobs will be in Service-providing industries, a broad classification that includes Education and health services, financial activities, professional, technical, and scientific services, and others. Goods-producing industries, on the other hand, are expected to show a net loss over the ten-year period. Projected gains of 2,900 jobs in the Construction sector will not be enough to offset the expected loss of 6,200 jobs in the Manufacturing sector.

Occupational projections indicate employment gains for all but one of the 22 major occupational groups. Healthcare practitioners and technical occupations are expected to gain the largest number of new jobs, with employment projected to increase by 8,300, or 22.9 percent. Production occupations, which are heavily concentrated in the declining Manufacturing sector, are expected to decline by 2,000 jobs, or 4.0 percent.

Factors taken into account when developing long-term industry projections are trends in state population, income, composition of the labor force, and productivity. A significant trend affecting the 2008 to 2018 projections included a slow rate of population growth for New Hampshire, which is expected to average around 0.5 percent annually between 2008 and 2018. Another assumption affecting the projections is that both the U.S. and New Hampshire state economies will return to full employment before the end of the projections period in 2018, where the number of jobs is driven by the supply of workers.