

# **New England & New Hampshire** ***Economic Outlook***

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# US Economy Improving

- ⏏ **Third quarter real GDP was revised sharply higher, increasing by an annualized 5.0% instead of the estimated 3.9%. This was the strongest quarterly growth in 11 years**
- ⏏ **U.S. dollar reaching an 11-year high against major currencies in first week of 2015**
- ⏏ **December capped the best year for job growth since 1999, employers added 252,000 jobs in December (about 3M for year) and unemployment fell to 5.6 (biggest unemployment rate decline since 1884)**

# NH and New England Economic Outlook Overview

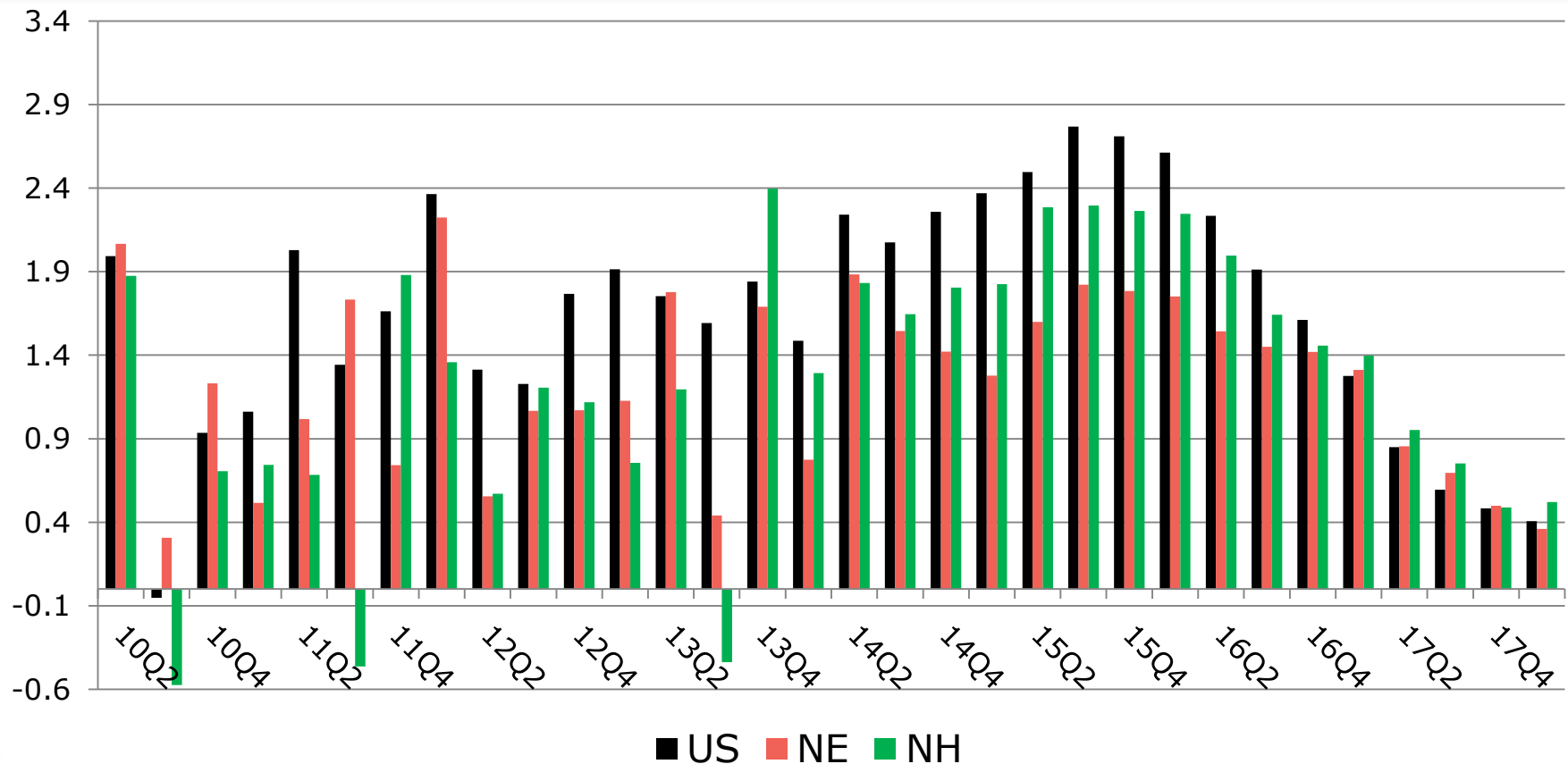
- ☒ **New Hampshire and New England economies continue to improve .. Helped by improved labor market, improving consumer confidence and declining gas prices**
- ☒ **Forecast in NH and NE of continuation of growth rates slightly below U.S. average**

# New England Outlook Overview

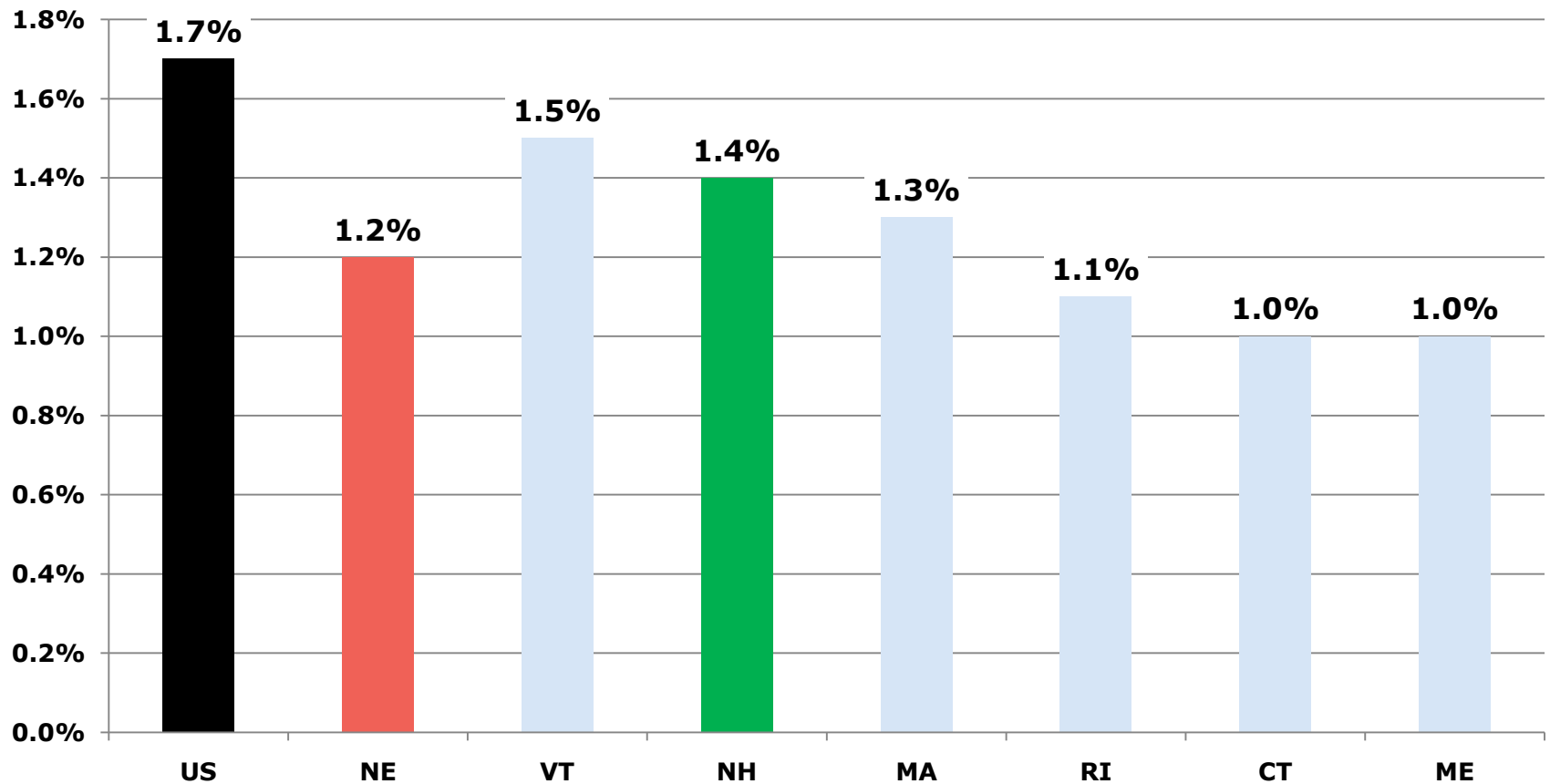
- ⏏ **While economic conditions are improved there continues to be *downside risk* with the forecast**
- ⏏ ***Prospects for reoccurring recession in Europe and Japan negatively impact global economy and the export prospects to major markets for New England companies***
- ⏏ ***Global political conditions and national security concerns can adversely impact the investment climate and consumer confidence***
- ⏏ ***Home heating and utility costs have increased significantly in NH and the region***



# US, NE and NH. Total Employment % Changes (Annualized): 2010-Q2 to 2018-Q1. Growth expected to slowly increase, to peak in 2015, and then slowly dampen

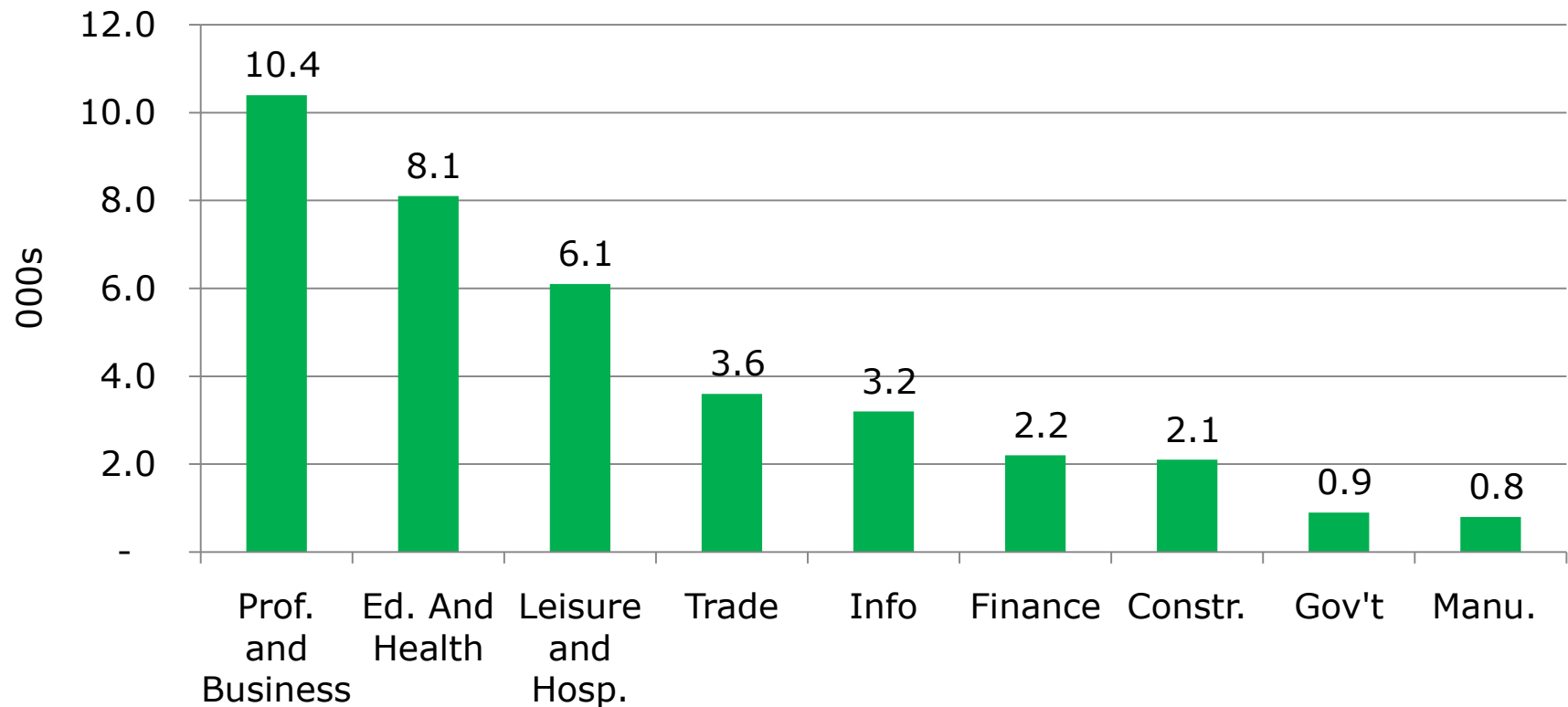


# **Total Employment Average Annual % Change (2014Q2-2018Q1). VT, NH, & MA expected to have strongest growth. All New England states below US rate because of low labor force growth**

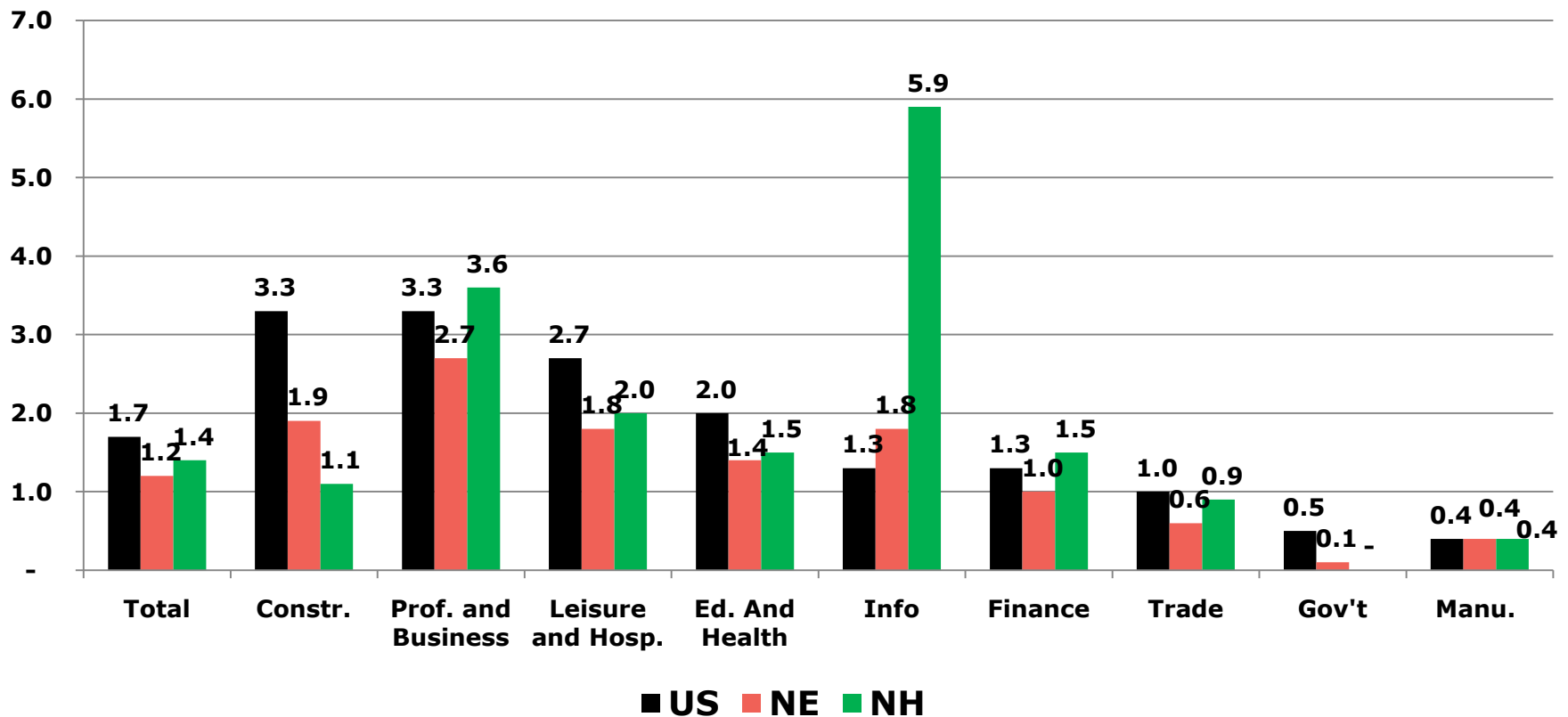


# **New Hampshire Sector Employment Growth (2014Q2-2018Q1) jobs forecast to be added (1,000s).**

## **Professional & Business Services, Health and Leisure & Hospitality lead growth**

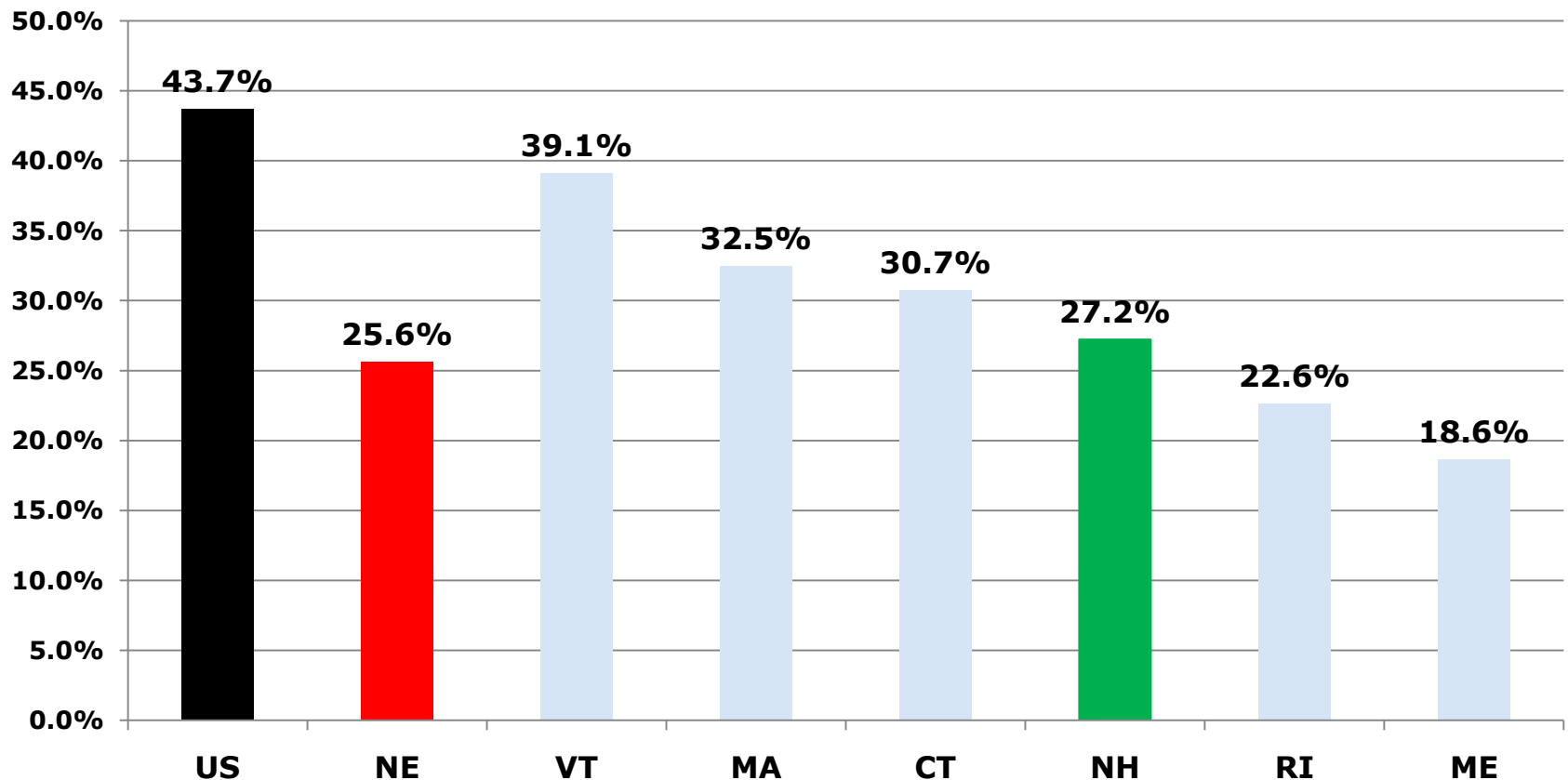


# US, NE and NH. Sector Employment 2014-2018 (percent change). Leading competitive sectors in NH are Information, Professional & Business Services, Leisure & Hospitality and Finance.



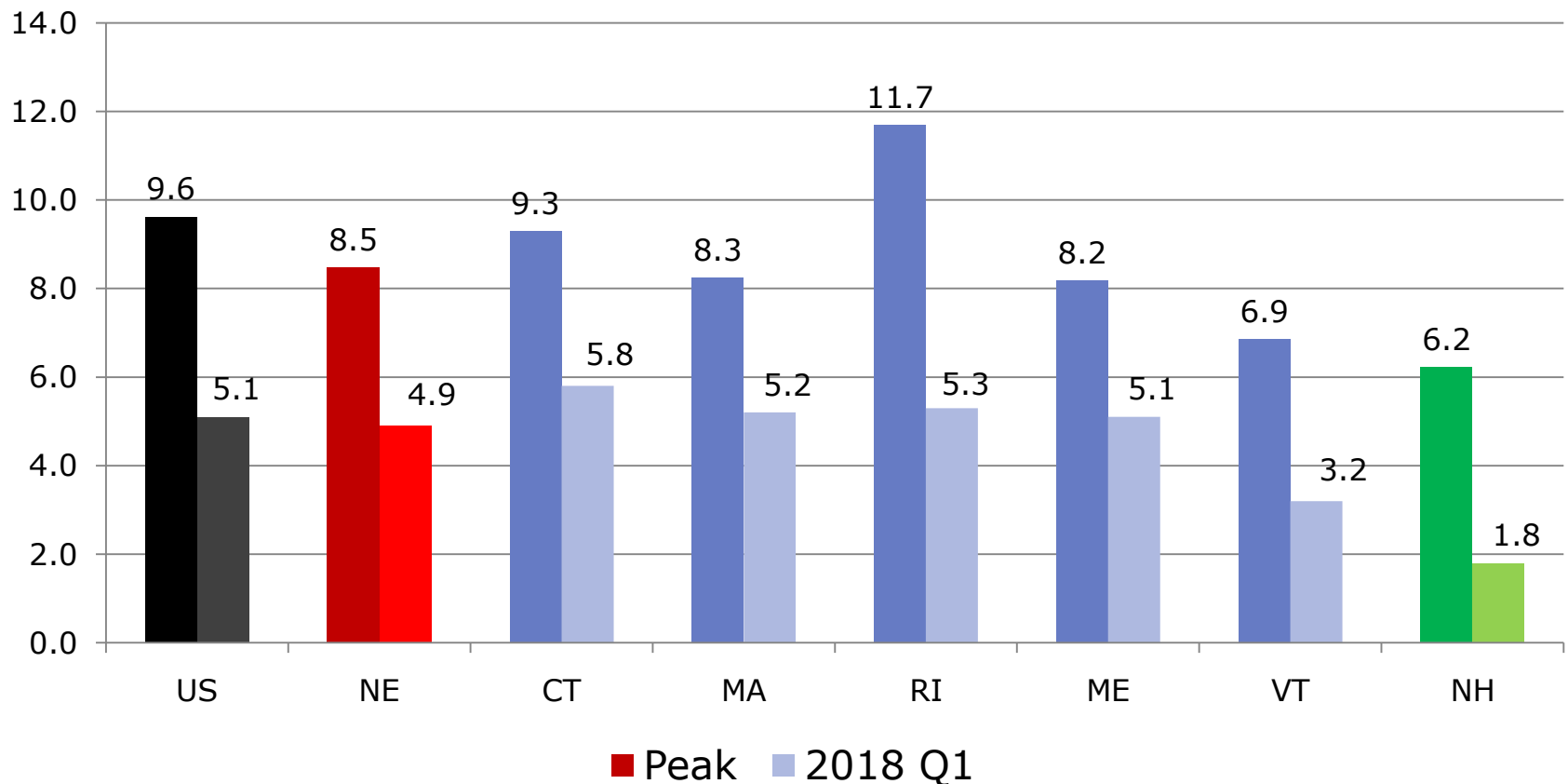


**Median Housing Prices Trough to 2018Q1 (% change). VT, MA expected to have highest price appreciation. NH and all NE states expected to have price increase below US average**



# Unemployment Rate Peak and 2018Q1 forecast.

## Unemployment expected to continue to slowly decline. NH & VT Lowest Unemployment in NE



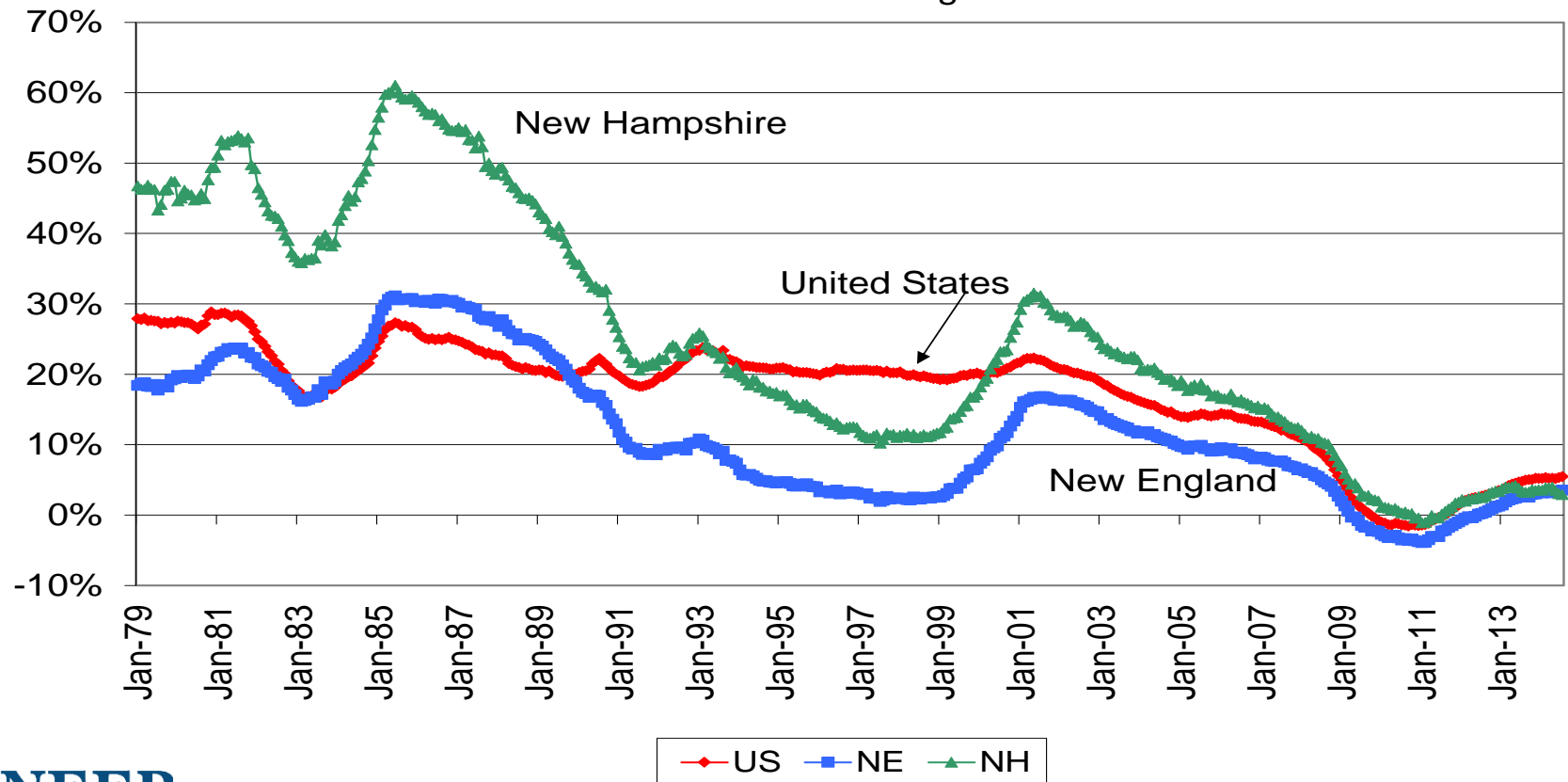
# New Hampshire Tax Revenue Indicators

					Change	<i>percent change</i>	Change	<i>percent change</i>
<u>New Hampshire (% changes)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2014-15</u>	<u>2014-15</u>	<u>2014-16</u>	<u>2014-16</u>
Economic Output (real)	1.5	3.2	2	1.9	1.7	113.3%	0.5	33.3%
Employment	1.5	2	2.1	1.3	0.5	33.3%	0.6	40.0%
Income Per Capital (real)	2.7	4.3	4	2.7	1.6	59.3%	1.3	48.1%
Median Home Price	3.3	4.5	4.1	2.2	1.2	36.4%	0.8	24.2%
<u>Massachusetts (% changes)</u>								
Employment	1.5	1.5	1.7	1.7	0.0	0.0%	0.2	13.3%
Income Per Capital (real)	2.1	3	3.9	2.9	0.9	42.9%	0.9	30.0%
<u>United States (% changes)</u>								
Corporate Profits	-0.7	11.3	6.2	1.1	12.0		6.9	
HH Dividends earned	4.3	7.2	6.7	6.2	2.9	67.4%	2.4	55.8%
HH Interest earned	1.4	8.1	15.7	12.7	6.7	478.6%	14.3	1021.4%
Sources: New England Economic Partnership and Moody's Analytics								

# NH The Mighty Job Engine in the 1980s.. Slows (*Dennis Delay, NEEP*)

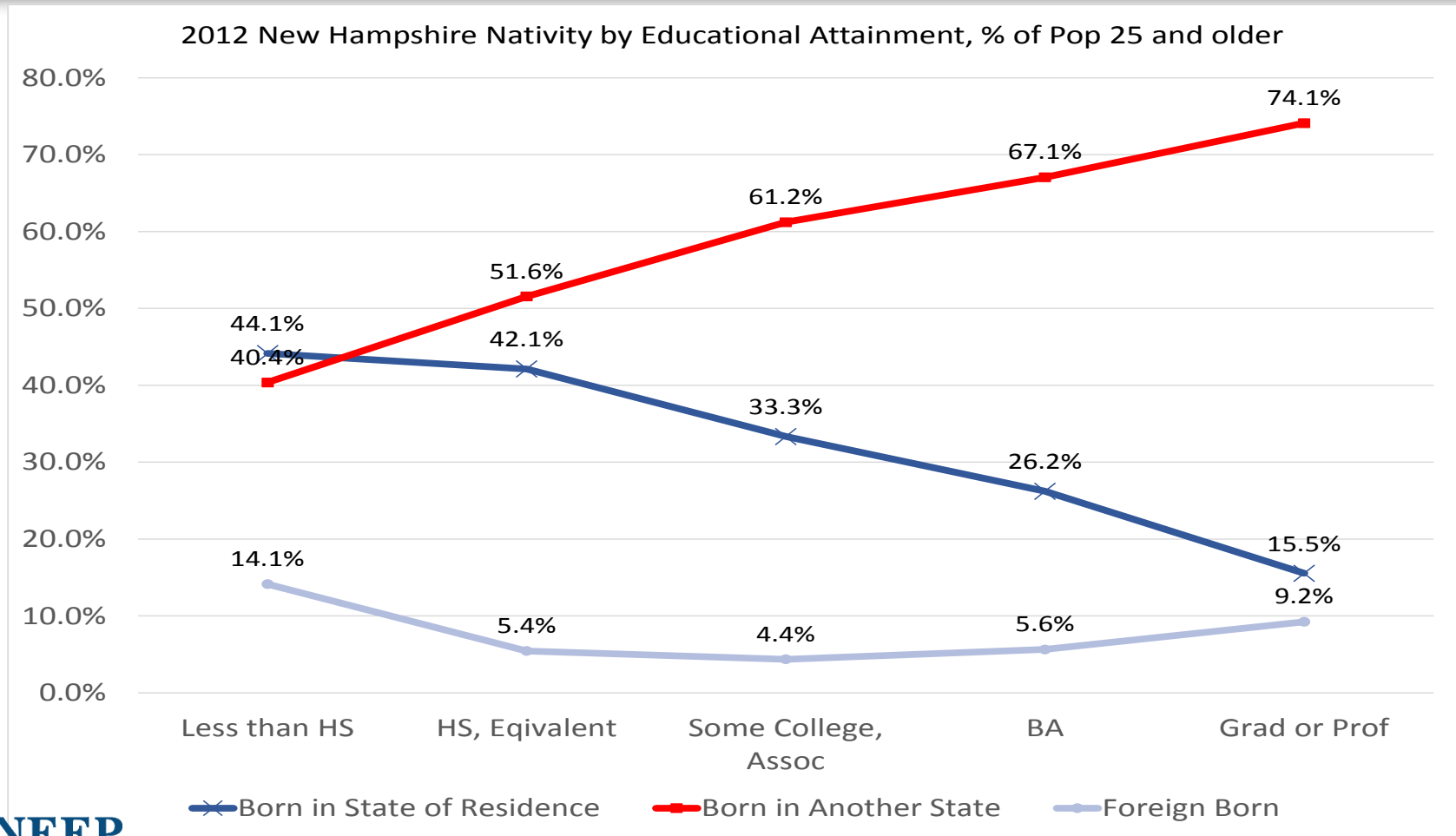
Percent Change in Payroll Employment Over Previous Ten Years

The Great Convergence



# Migrants have Higher Educational Attainment and In-migration has slowed

*(Dennis Delay, NEEP)*



# Ensuring a Pipeline of Skilled Workers in NH

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- ☒ **Change in in-migration rates this decade and approaching retirement of well educated baby-boomers endangers NH's future economic prospects**

# **Ensuring a Pipeline of Skilled Workers in NH**

- ☒ To meet projected labor demands, NH will need a higher percentage of NH high school students to matriculate to post-secondary education in NH - either to pursue associate, bachelor's degrees or certificates with significant economic value**
- ☒ Important to support strategies in NH to grow and retain a young workforce – affordability and access to higher education and training programs linked to career pathways**