

The Outlook for the New Hampshire Labor Market and Economy

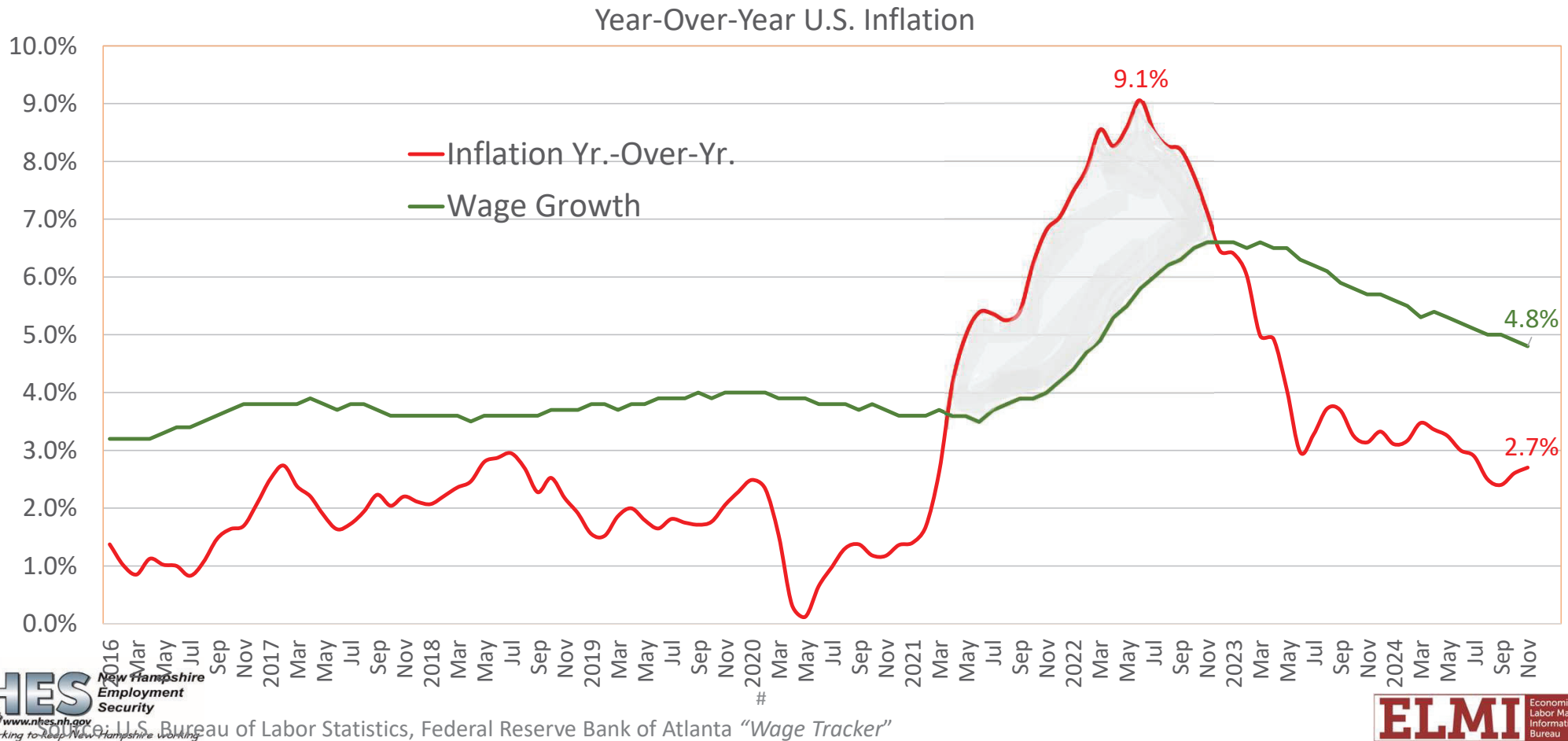
House Ways and Means Economic Briefing
January 13, 2025

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Overview and Outlook

- The U.S. economy is performing well and the probability of recession in 2025 is low
- Job losses in NH and nationally remain low by historical standards
- Consumer spending remains strong as wages have been rising faster than inflation
- Low layoffs, rising incomes, and moderating inflation are keys to a positive 2025
- **The New Hampshire economy begins 2025 with solid upward momentum**
- Since June, the state's rate of job growth has exceeded the nation's
- New businesses are starting at rates faster than in the U.S. overall
- Demographics and related labor constraints are the state's greatest challenges to growth
- Supporting movement into NH is key to population and labor force growth
- Housing shortages exacerbate demographic and labor force challenges, but impressive house price gains are attracting builders and increasing residential permits

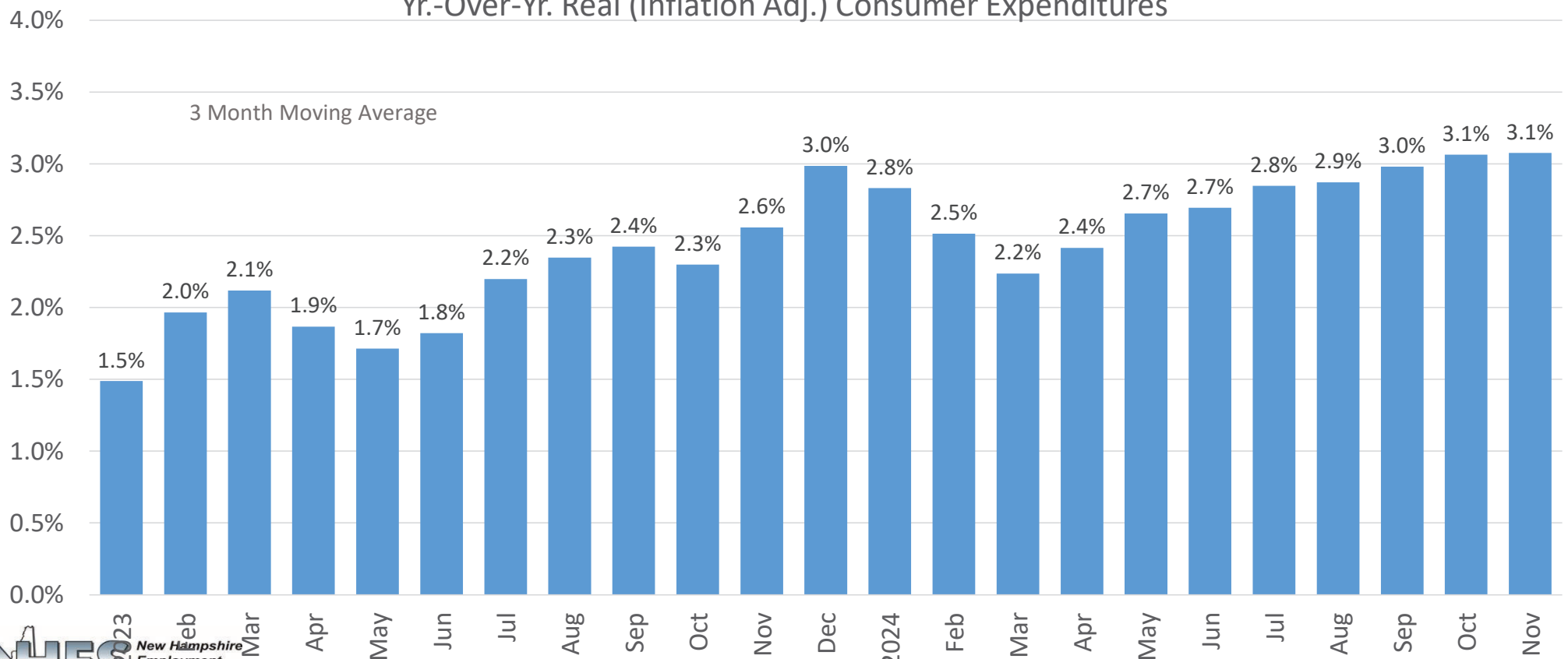
Consumer Spending is Key to Economic Growth: Prices are Higher Than Pre-Pandemic But Inflation Has Slowed and Wages Have Been Growing Faster Than Inflation for Two Years



One Result: The Trend in Real (Inflation Adjusted) Consumer Spending (Including Services) is Strong.

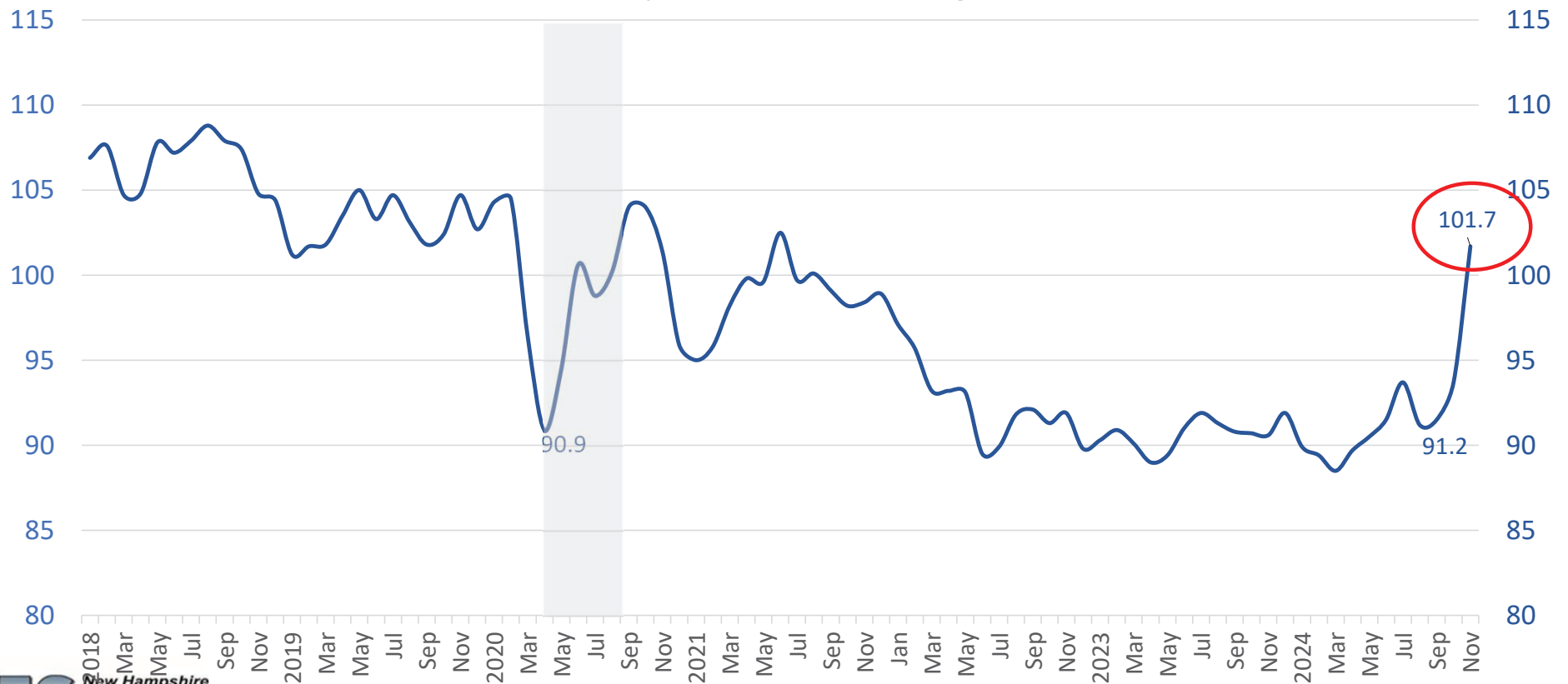
Yr.-Over-Yr. Real (Inflation Adj.) Consumer Expenditures

3 Month Moving Average

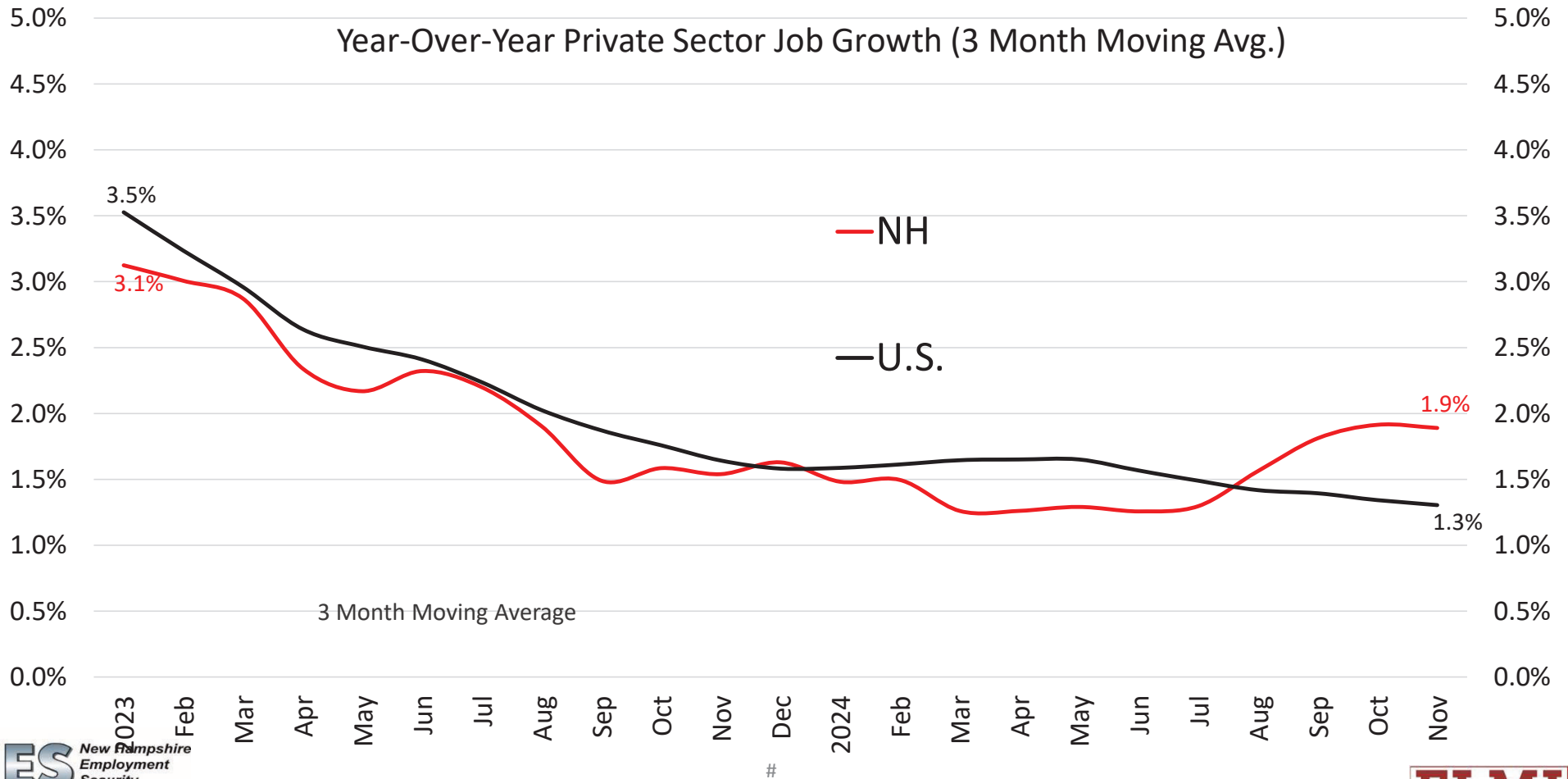


Small Businesses Have Been Hit Hardest by Higher Labor and Material Costs, and Competition for Labor but Their Optimism Usually Jumps With a Republican Administration

NFIB Small Business Optimism Index Through November 2024



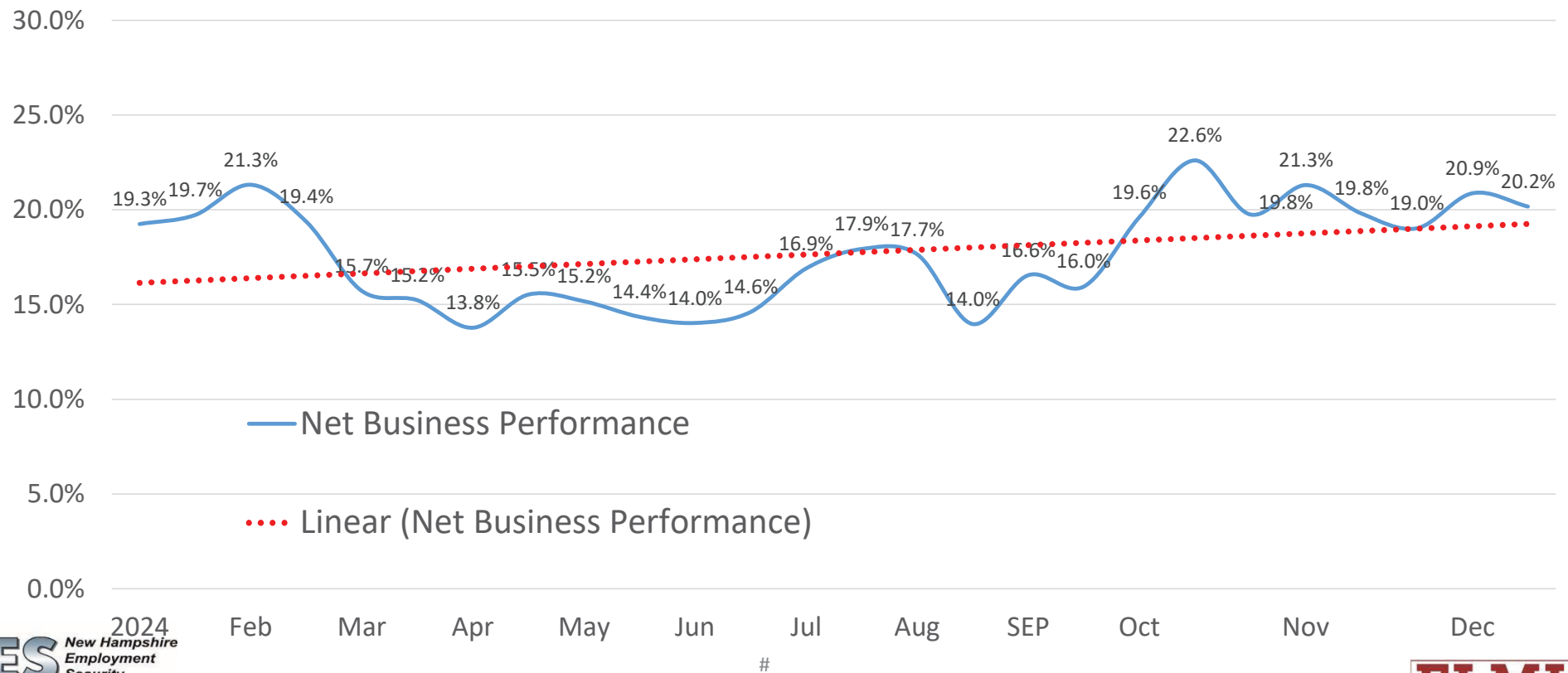
Private Sector Job Growth Has Strengthened in New Hampshire Since the Summer of 2024 and the State Enters 2025 With Increasing Economic Momentum



Business Conditions Also Reflect a Gradually Strengthening Labor Market

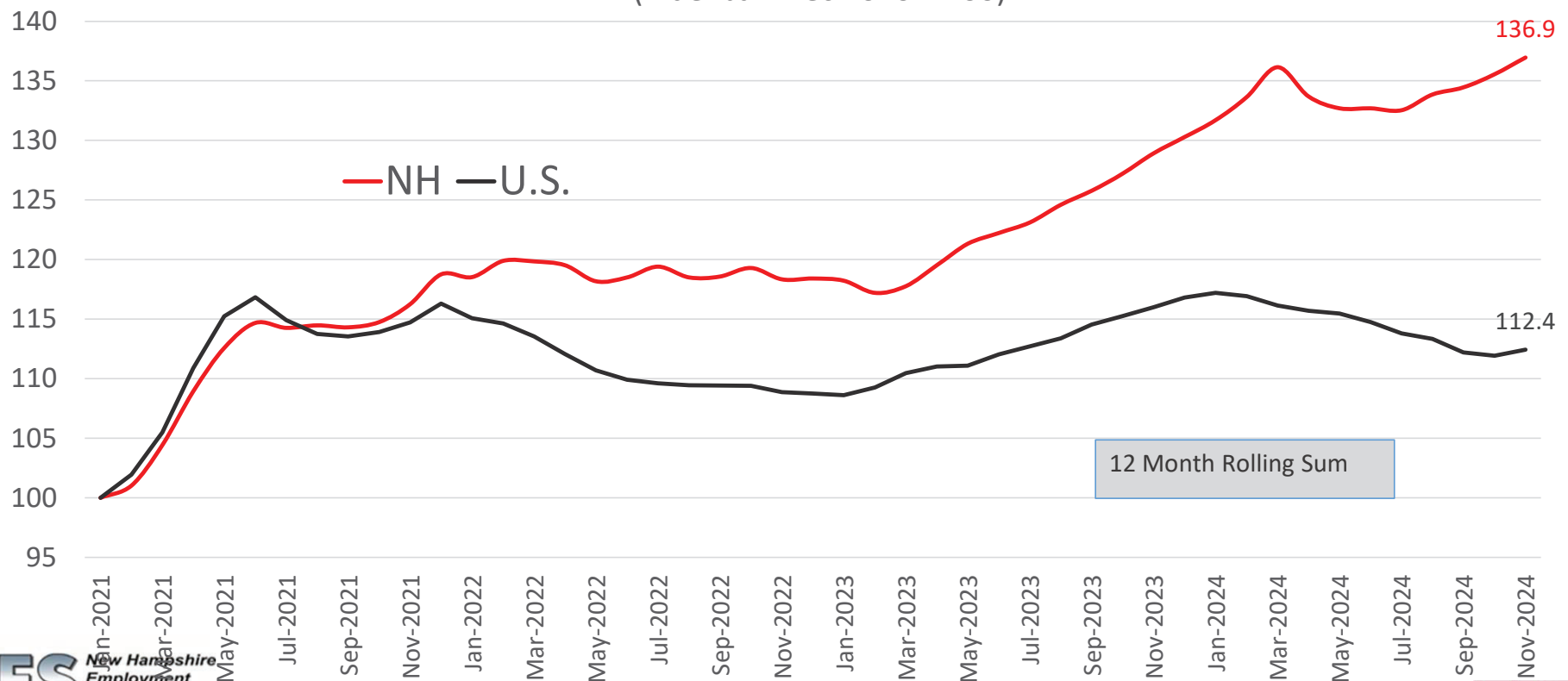
“Overall, How Would You Describe This Business's Current Performance?”

Net % of NH Businesses Who Say “Excellent or “Above Average” Minus
“Below Average” or “Poor”



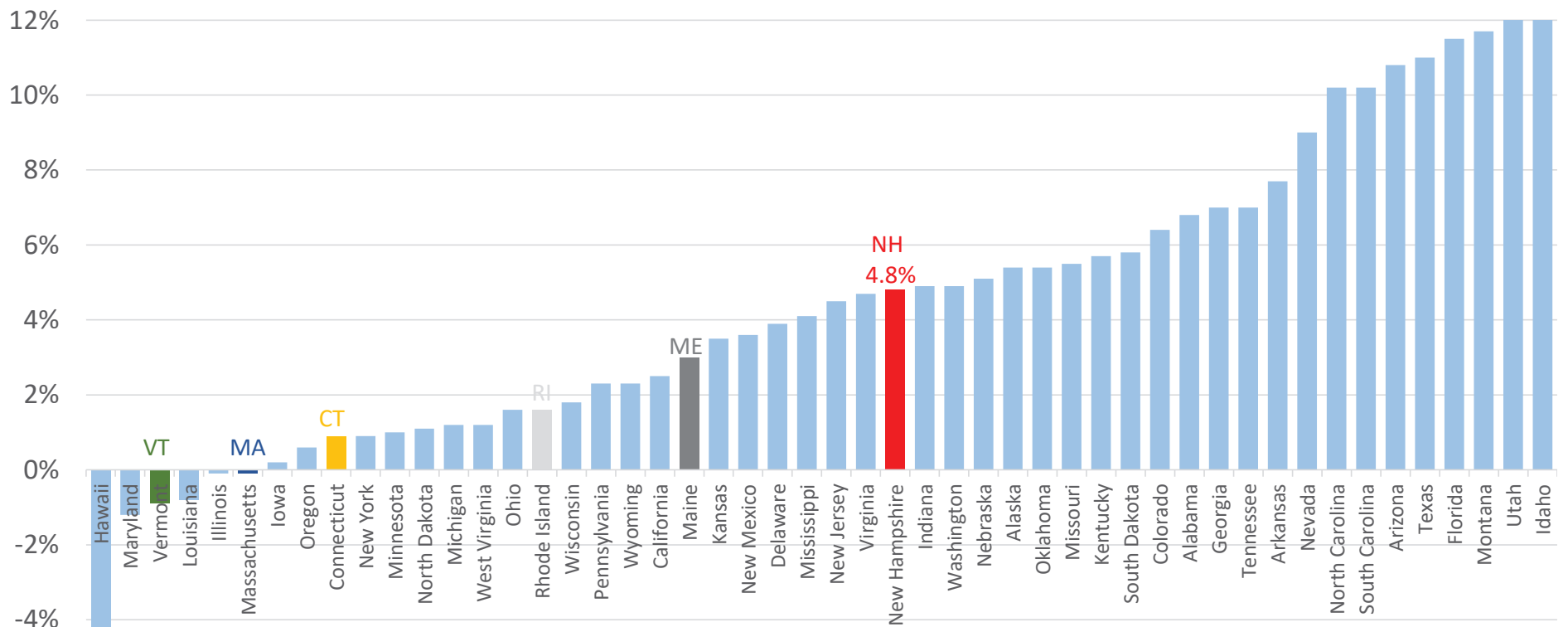
New Business Formations in New Hampshire Have Accelerated Relative to the Nation, Signaling Solid Opportunities and Entrepreneurial Activity in the State

New Business Formations - Businesses Most Likely to Hire Employees
(Index Jan-Dec 2020 = 100)



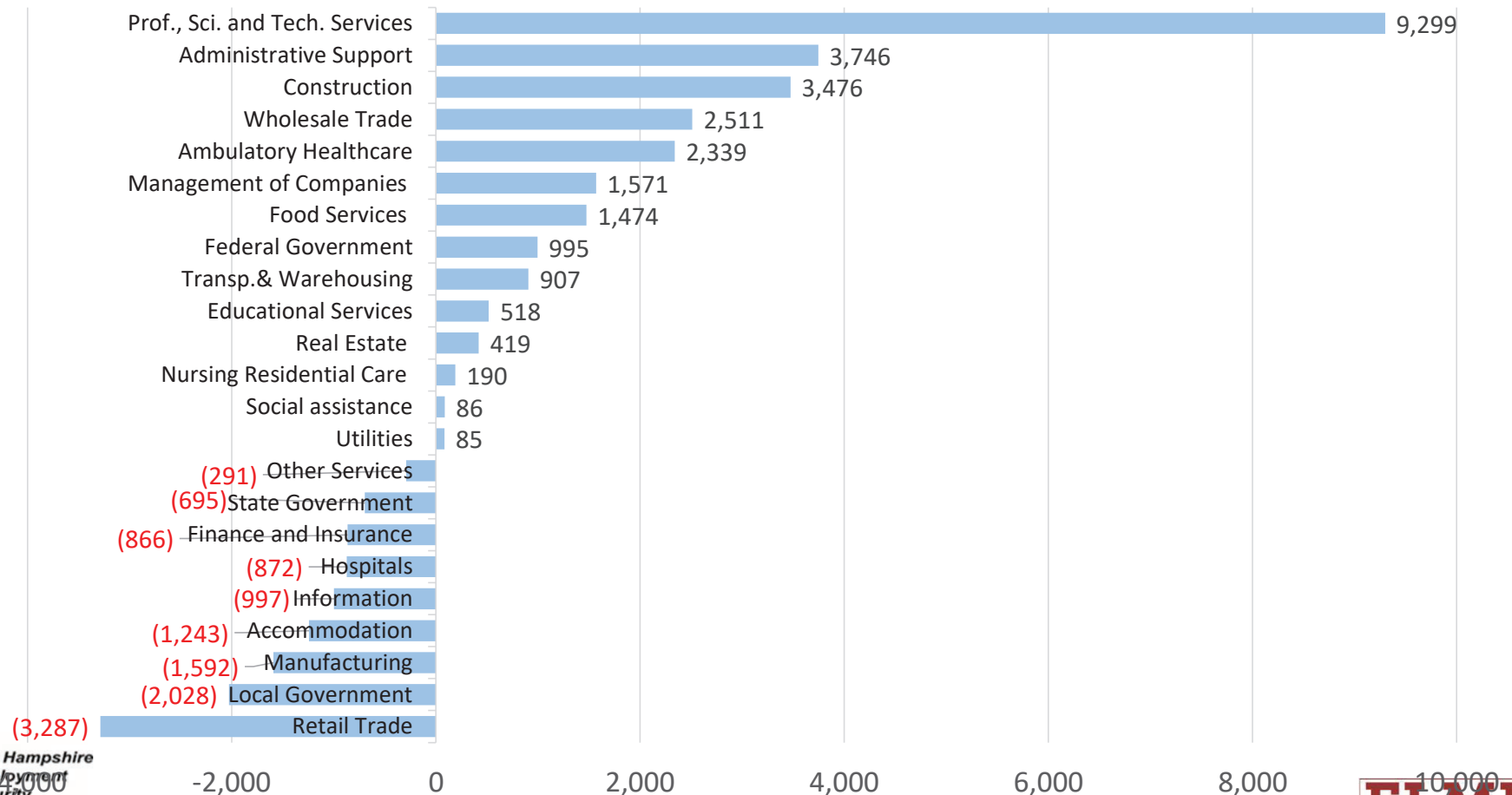
New Hampshire Has Recovered Private Sector Jobs Significantly Faster From Pandemic Losses Than all Other States in the Northeast

Nov. 2024 Private Sector Emp Compared to Pre - Pandemic Peak



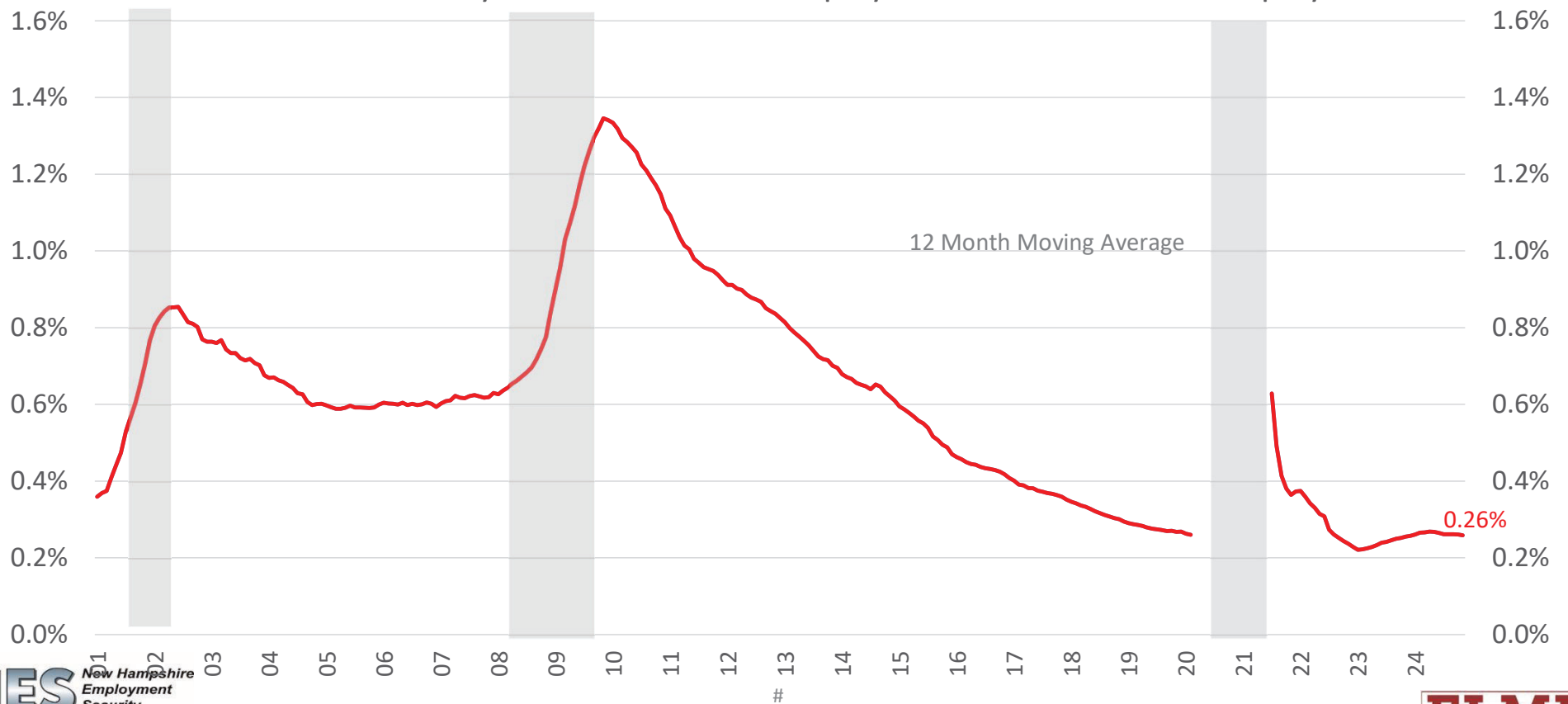
Professional and Technical Services Emp. Has Grown the Most While Retail Trade and Local Government the Least Since Prior to the Pandemic

Change in Employment Since Prior to the Pandemic (Q1 2020)



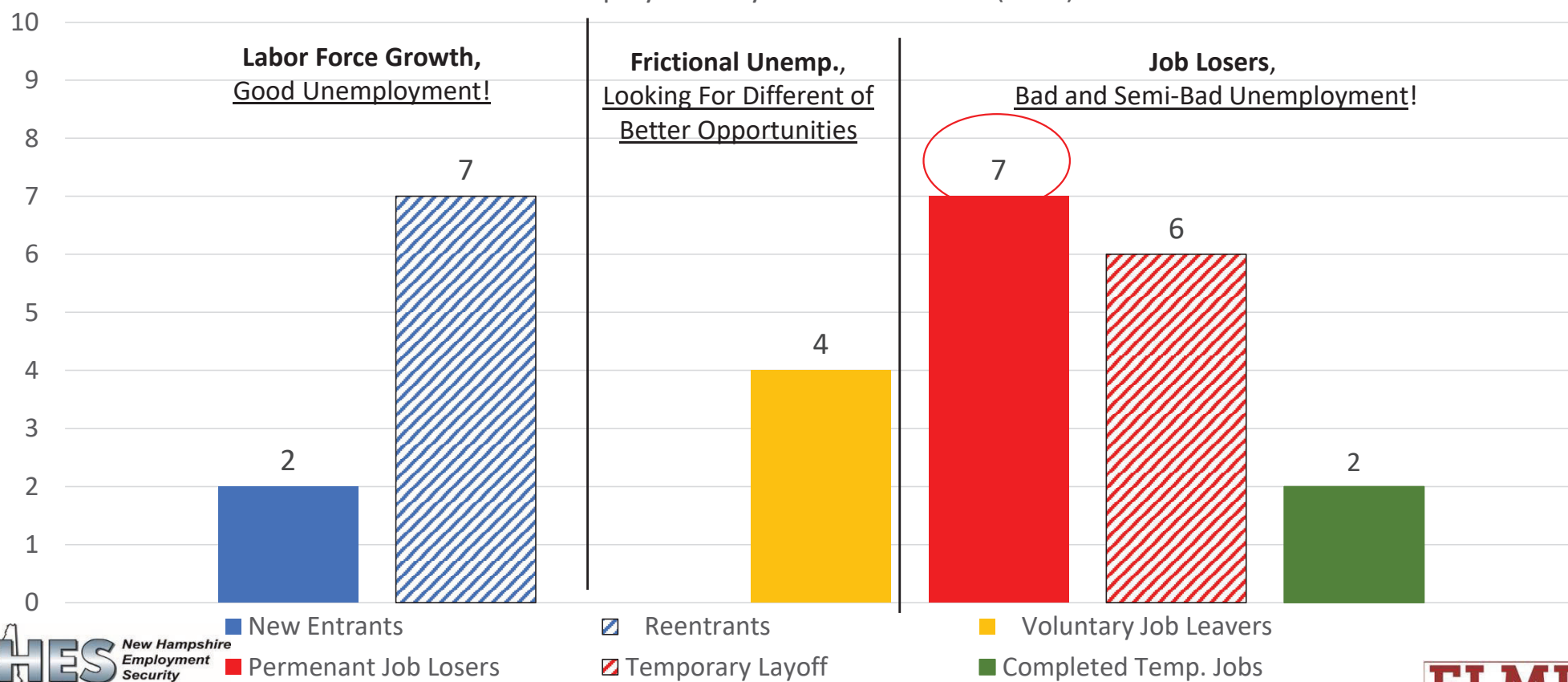
New Claims for Unemployment in NH are Low by Historical Standards

Monthly New Claims for Unemployment Claims as a % of Employment



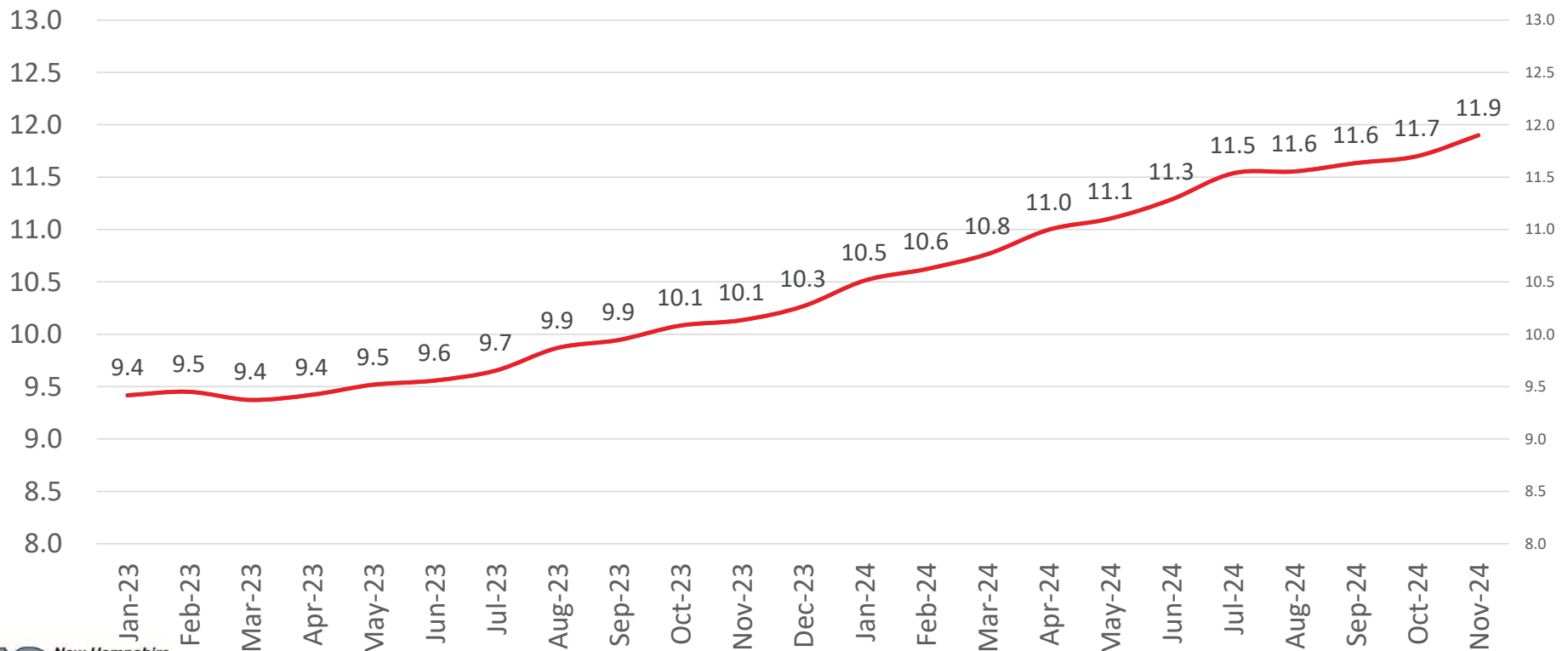
Less Than 30% of the Unemployed in New Hampshire in Q3 Were Permanent Job Losers

Unemployment by Reason Q3 2024 (000s)



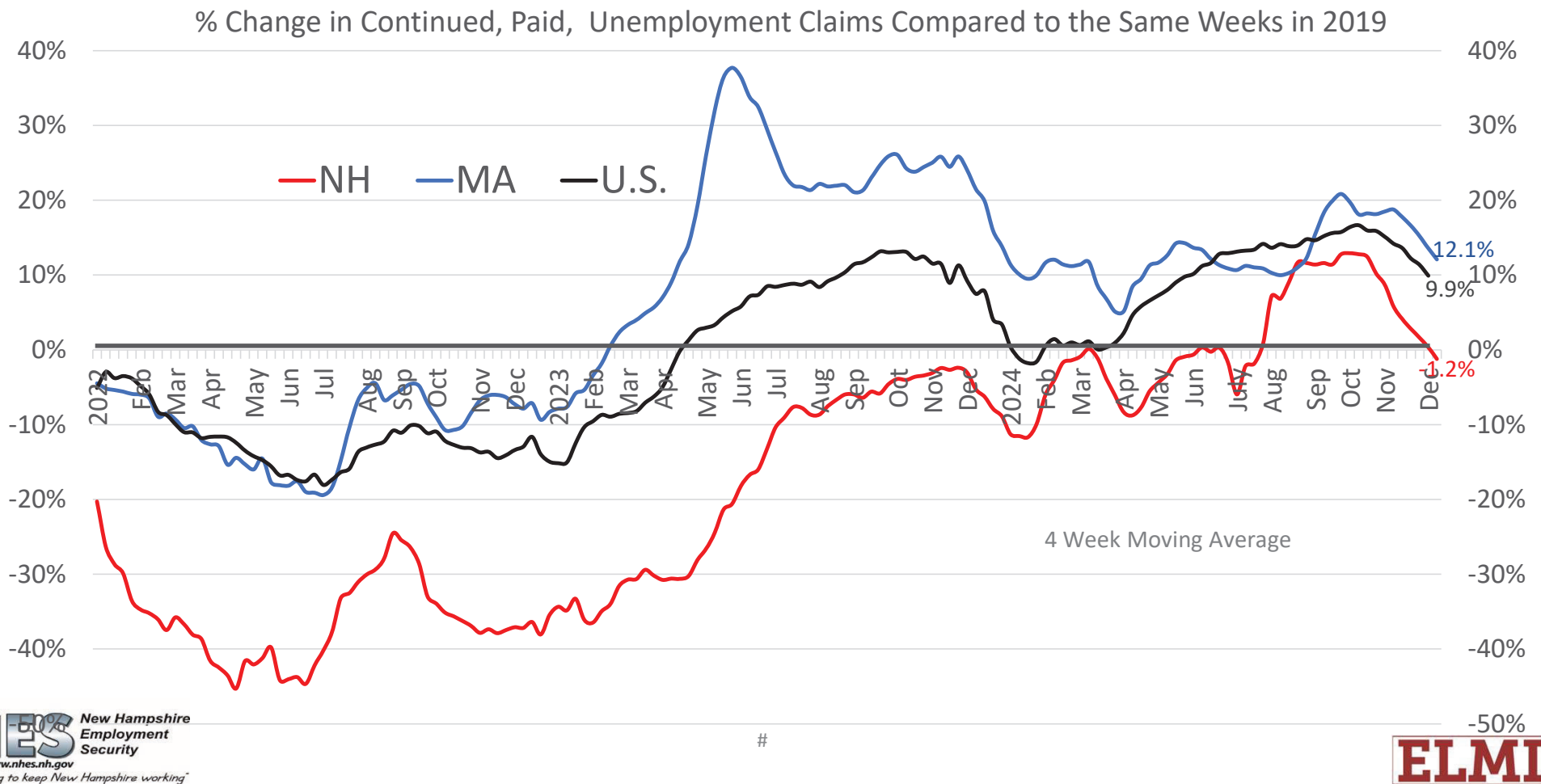
Initial Claims are Low But the Duration of Unemployment is Increasing Meaning More Continued Claims Even With a Low Level of Initial Claims

Average Duration (Weeks) of Unemployment in New Hampshire

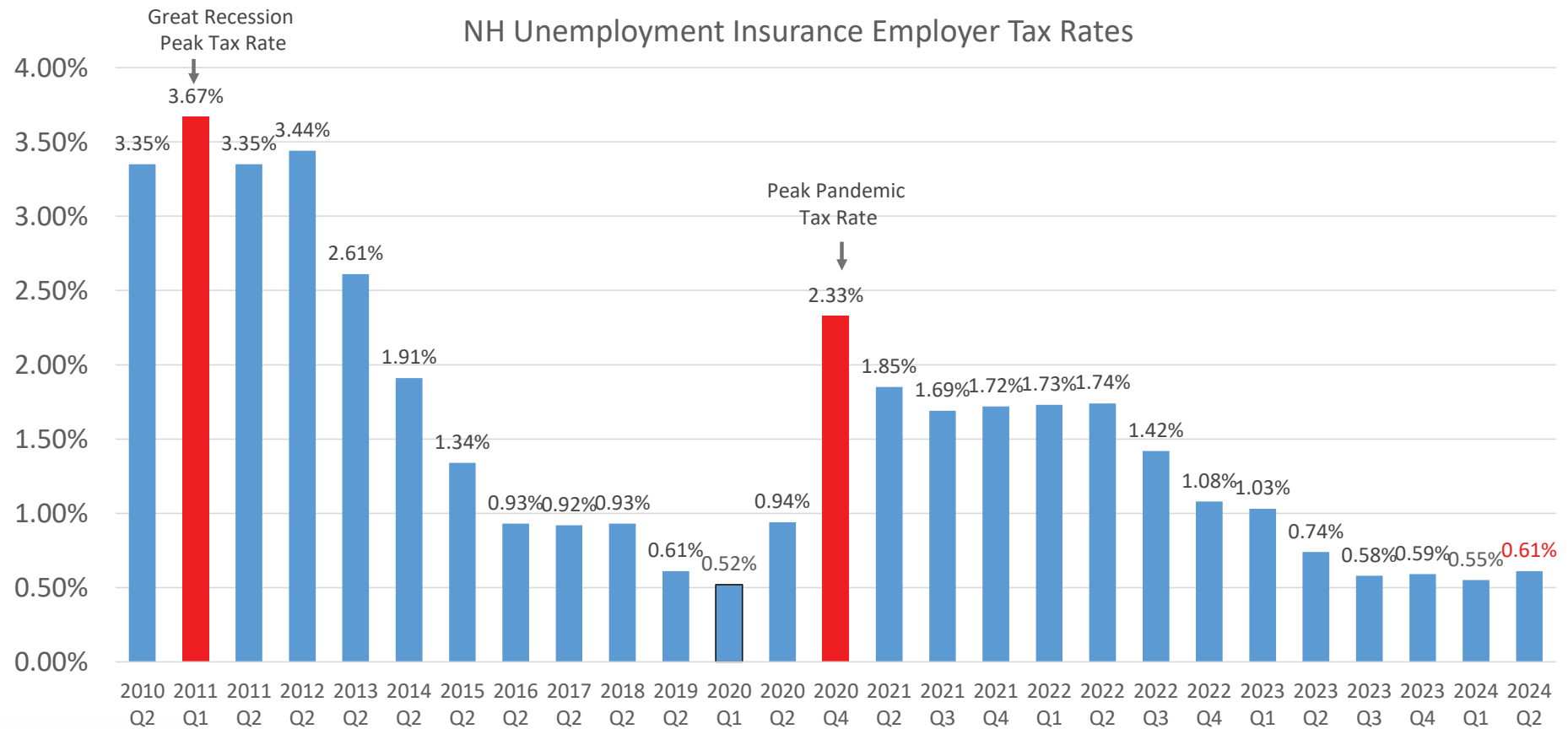


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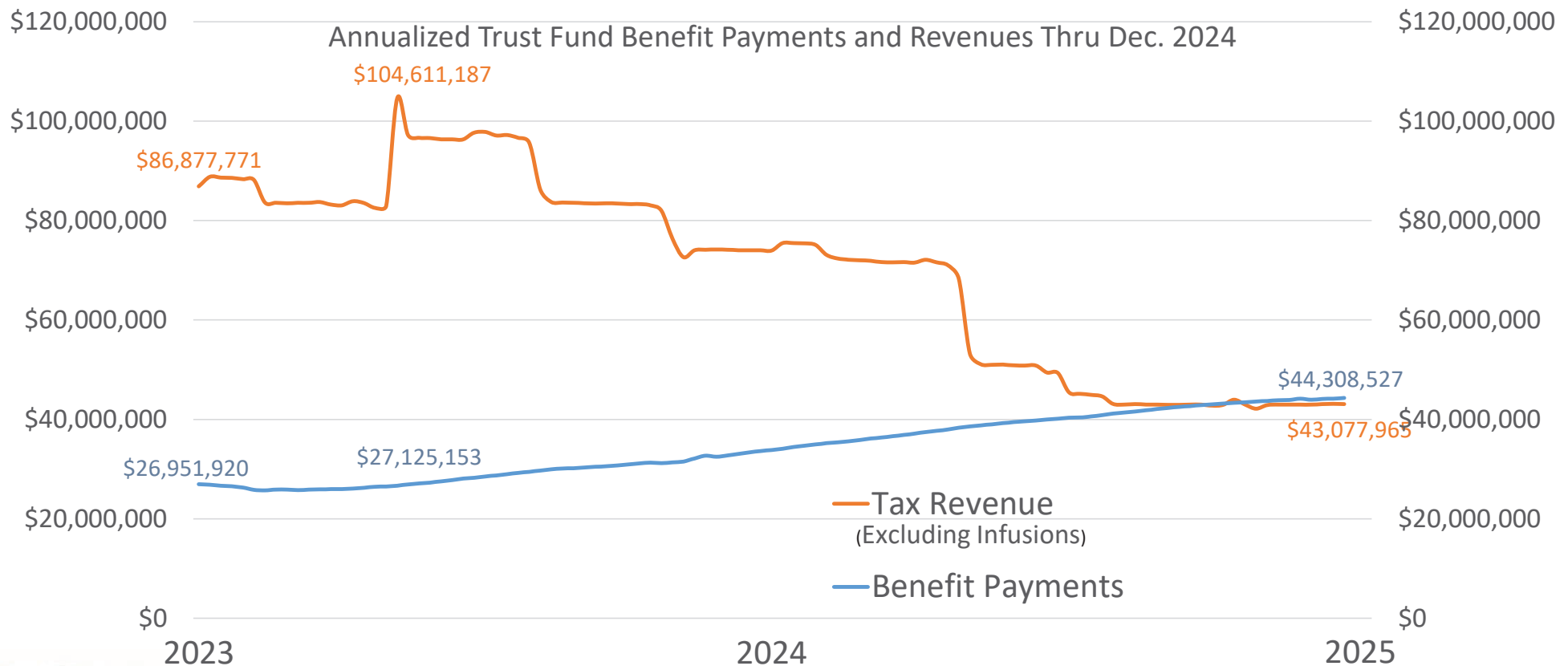
Still, Weekly Paid Claims for Unemployment in New Hampshire are Just Below Where They Were Pre-Pandemic (The Same Weeks as in 2019)



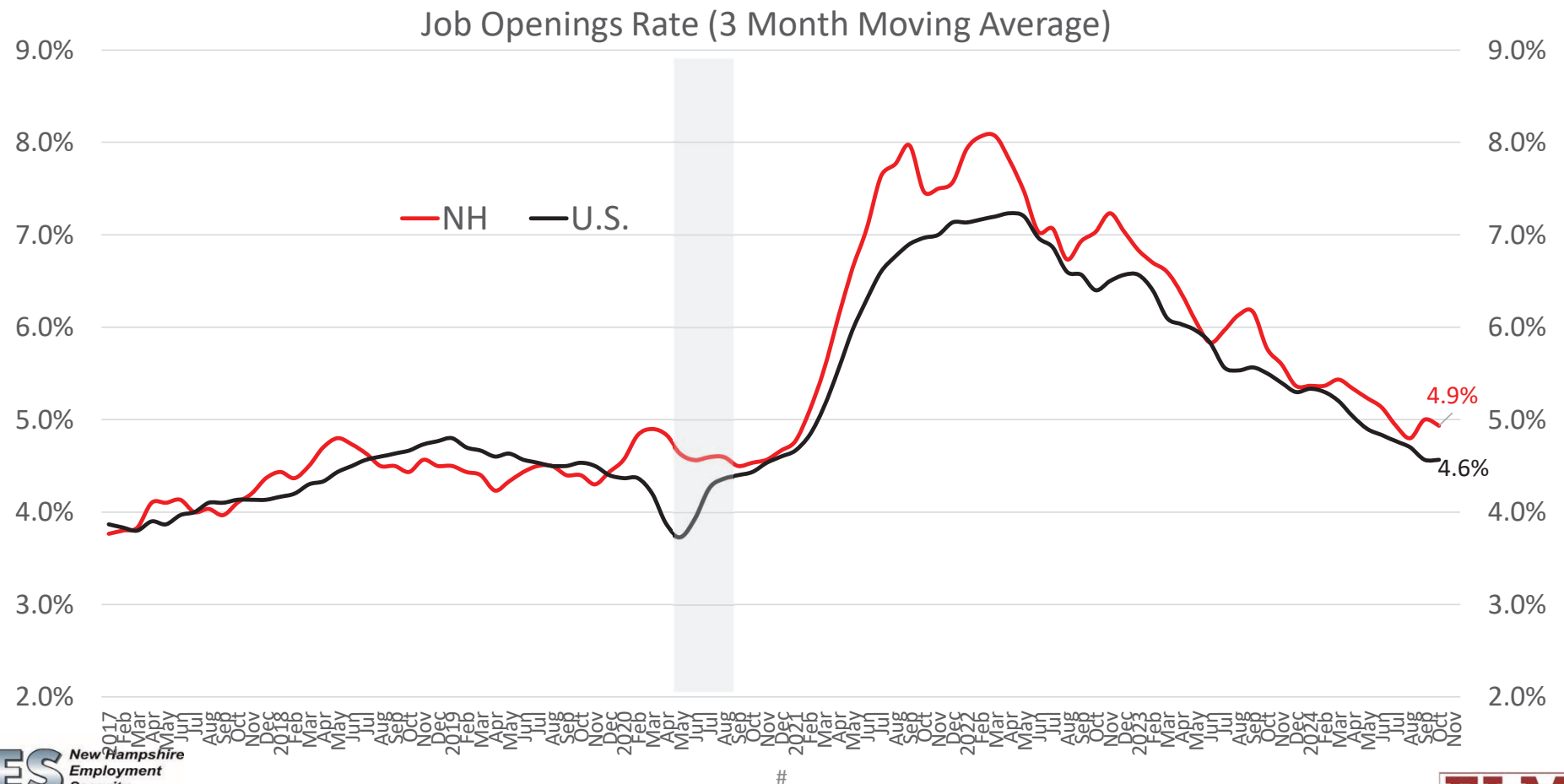
Having Low Unemployment Ins. Taxes Helps Employers, New Hampshire's Rates are Among the Lowest in the Nation But Inched Up Recently



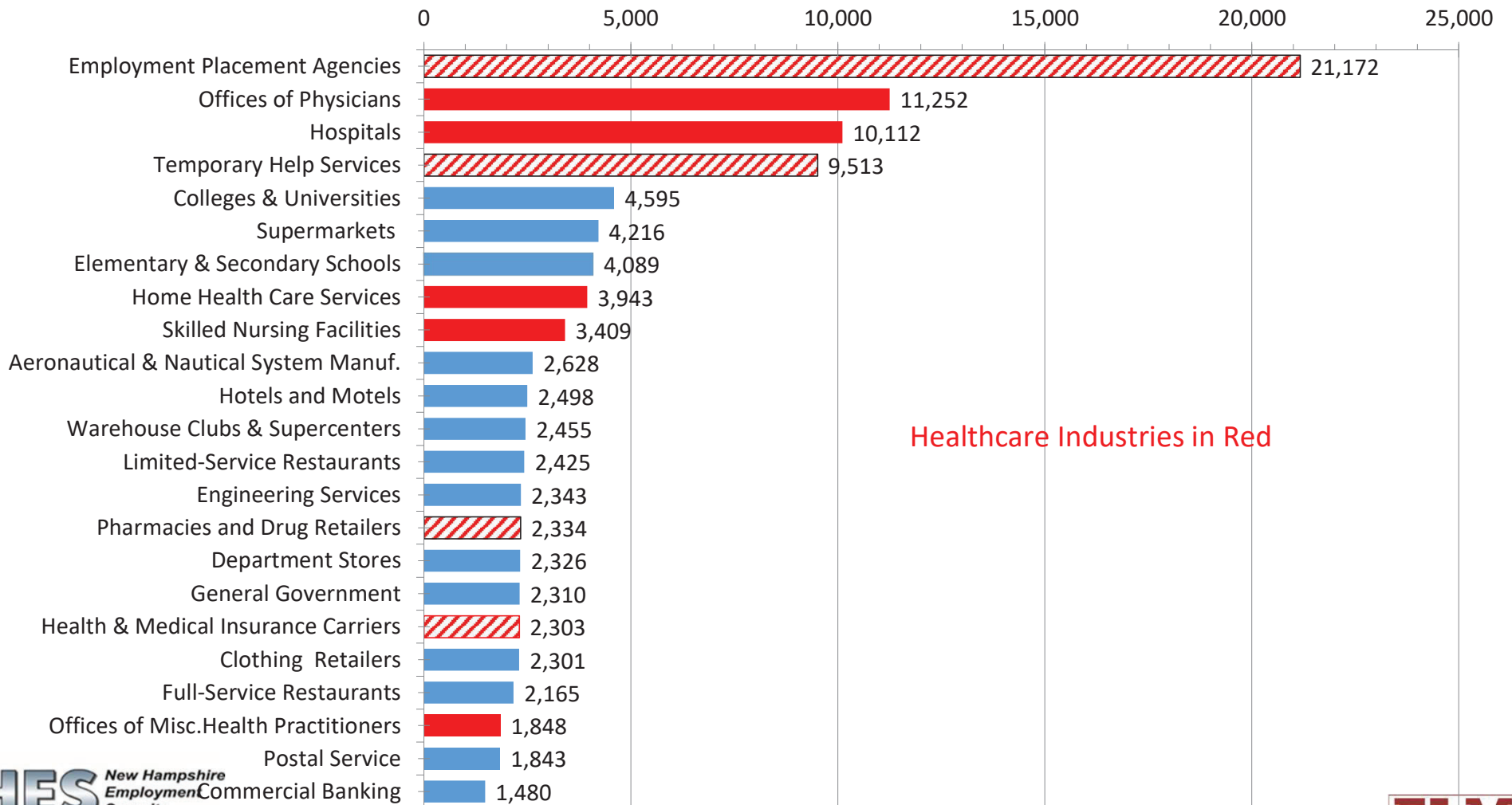
Low Tax Rates Mean Lower Revenue - Since the End of September, Annualized Benefit Payments (52 Week Cumulative Sum) Have Exceeded Annualized Revenues, We Should Not Expect The Trust Fund to Reach \$400 Million With Current Trends



Job Openings Remain Relatively High and are Above the U.S. Openings Rate, But They are Returning to Pre-Pandemic Levels

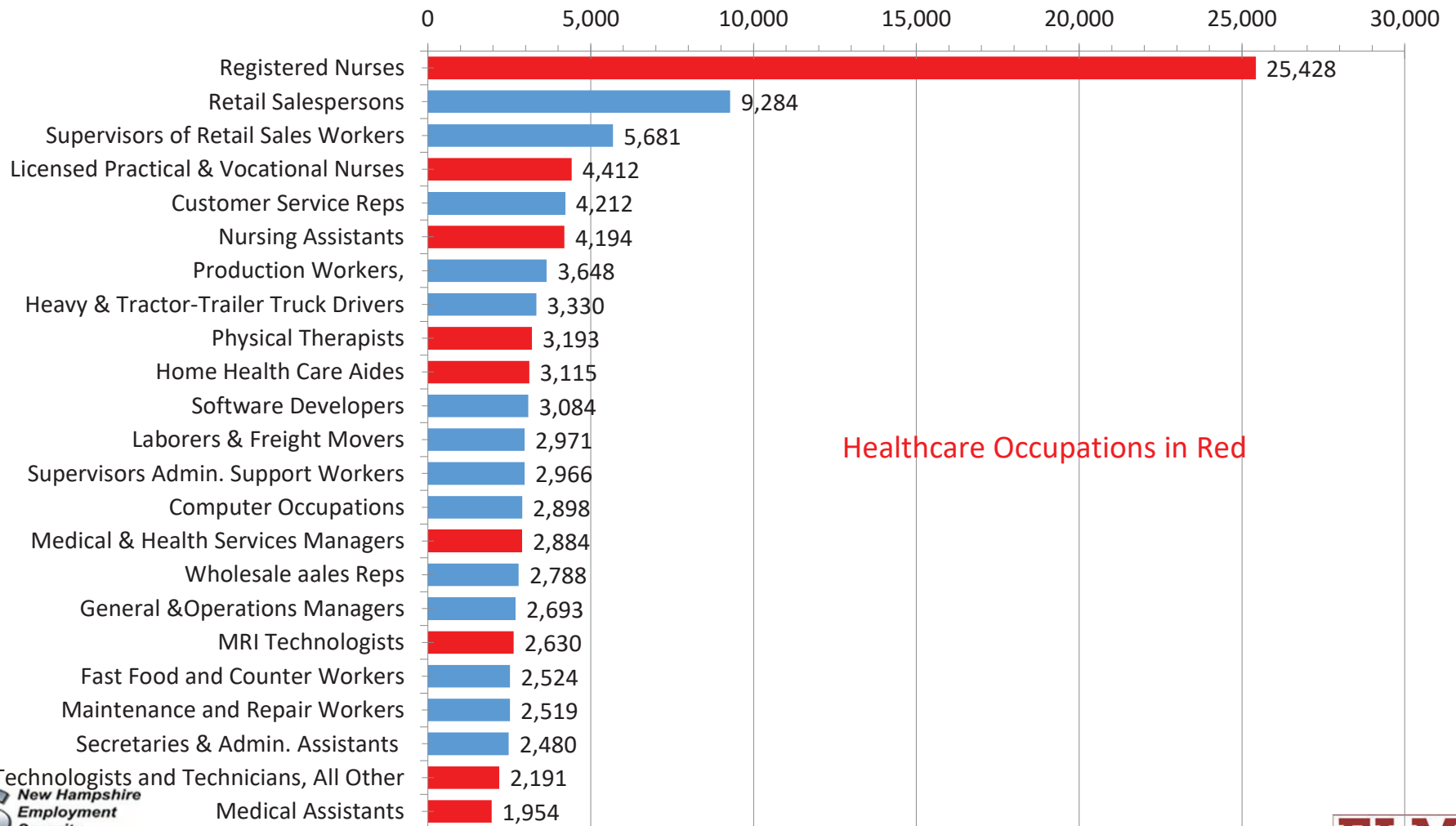


Healthcare Industries Dominated the List of Job Postings in 2024

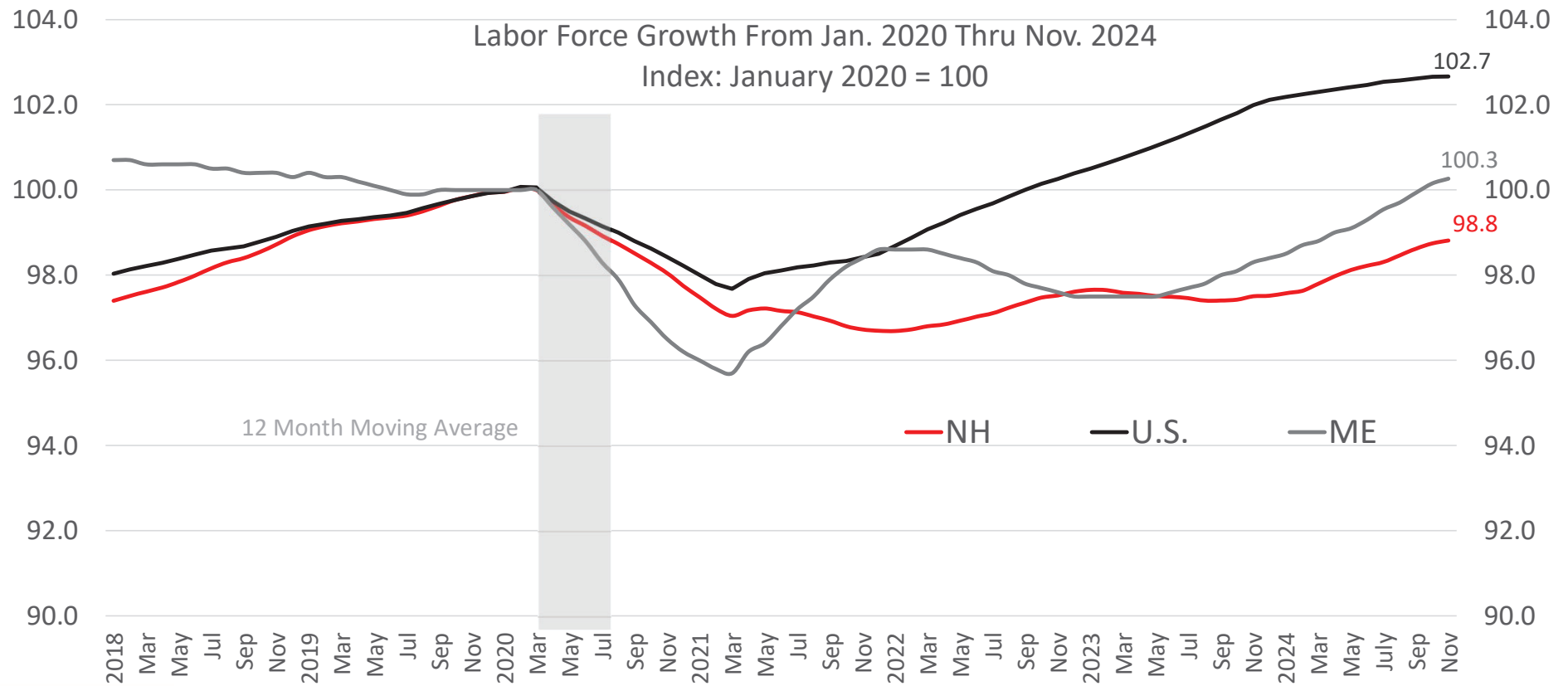


Healthcare Industries in Red

Healthcare Occupations Dominated the List of Job Postings in 2024



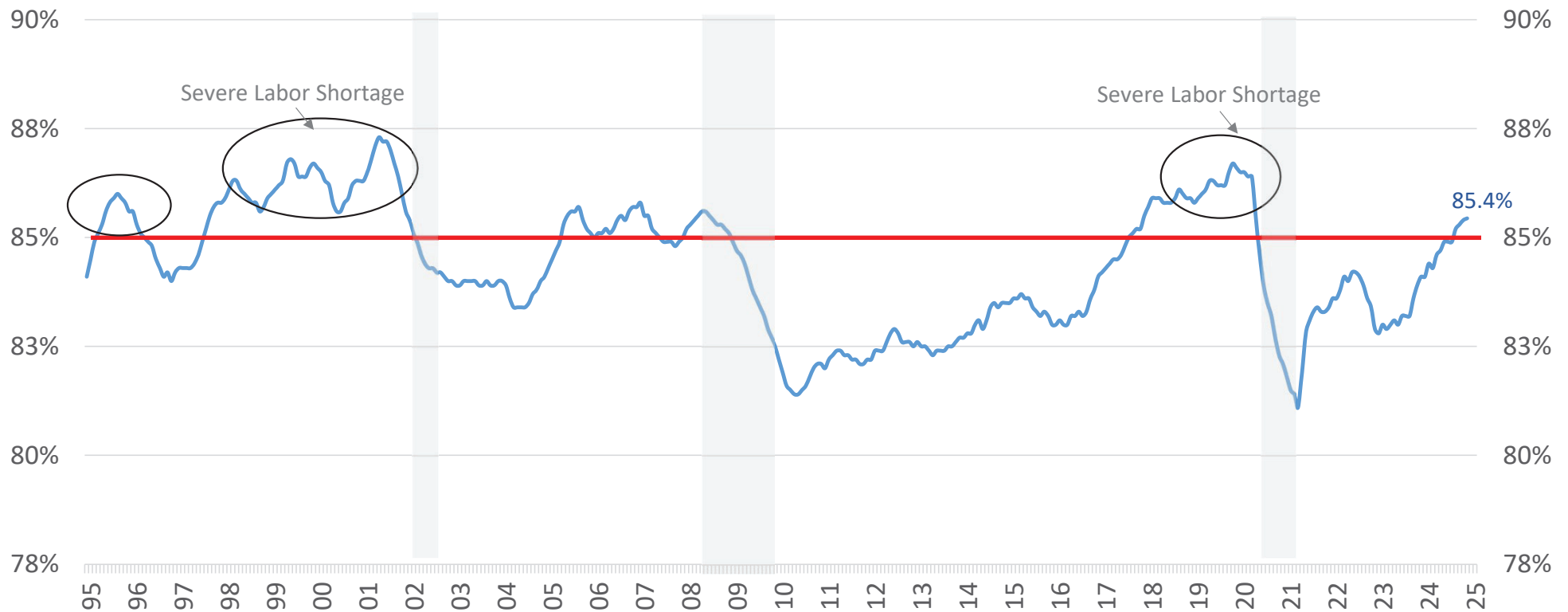
In the Face of Still Solid Demand for Labor, a Smaller Labor Force is Limiting the State's and Region's Job Growth



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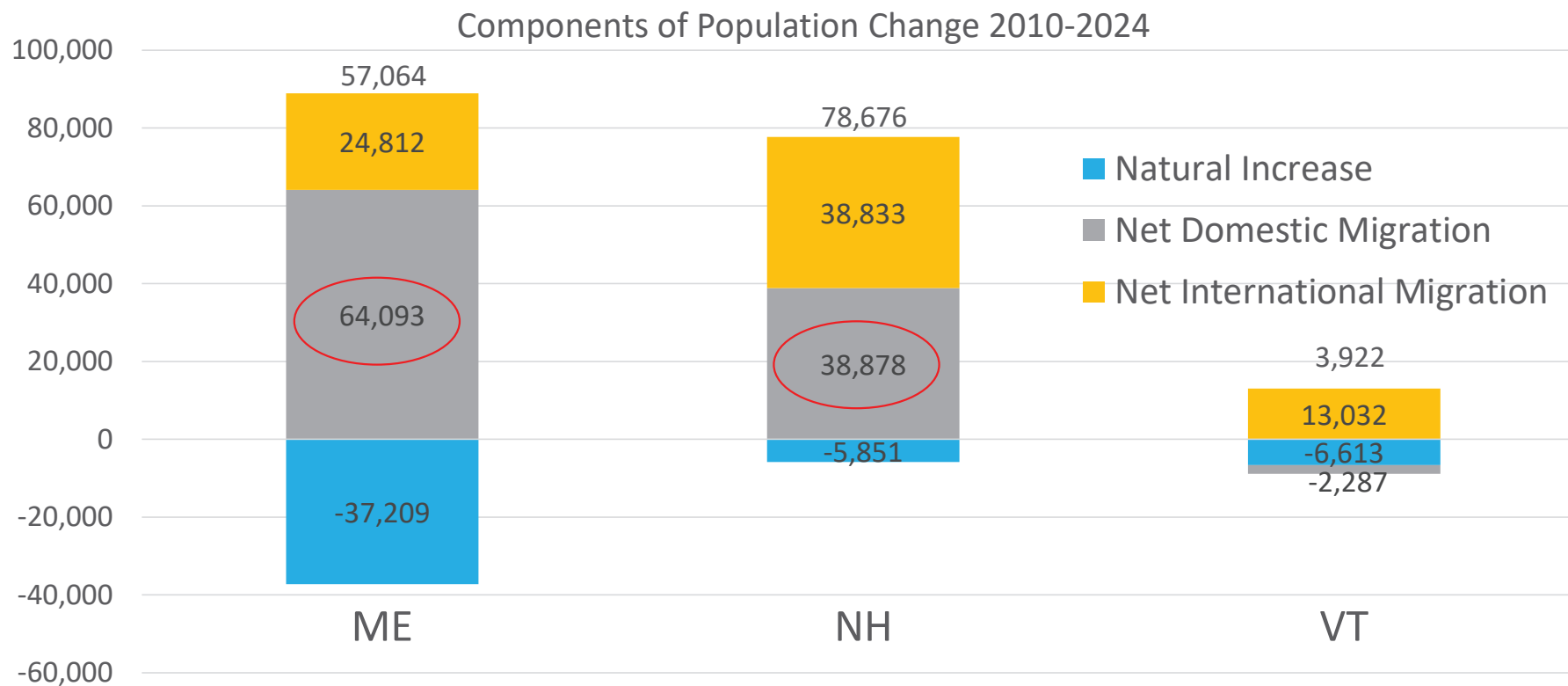
Employment Among the Prime-Age Labor Force is Now At or Above “Full Employment”

NH Emp. to Population Ratio Thru Nov. 2024—Ages 25-54



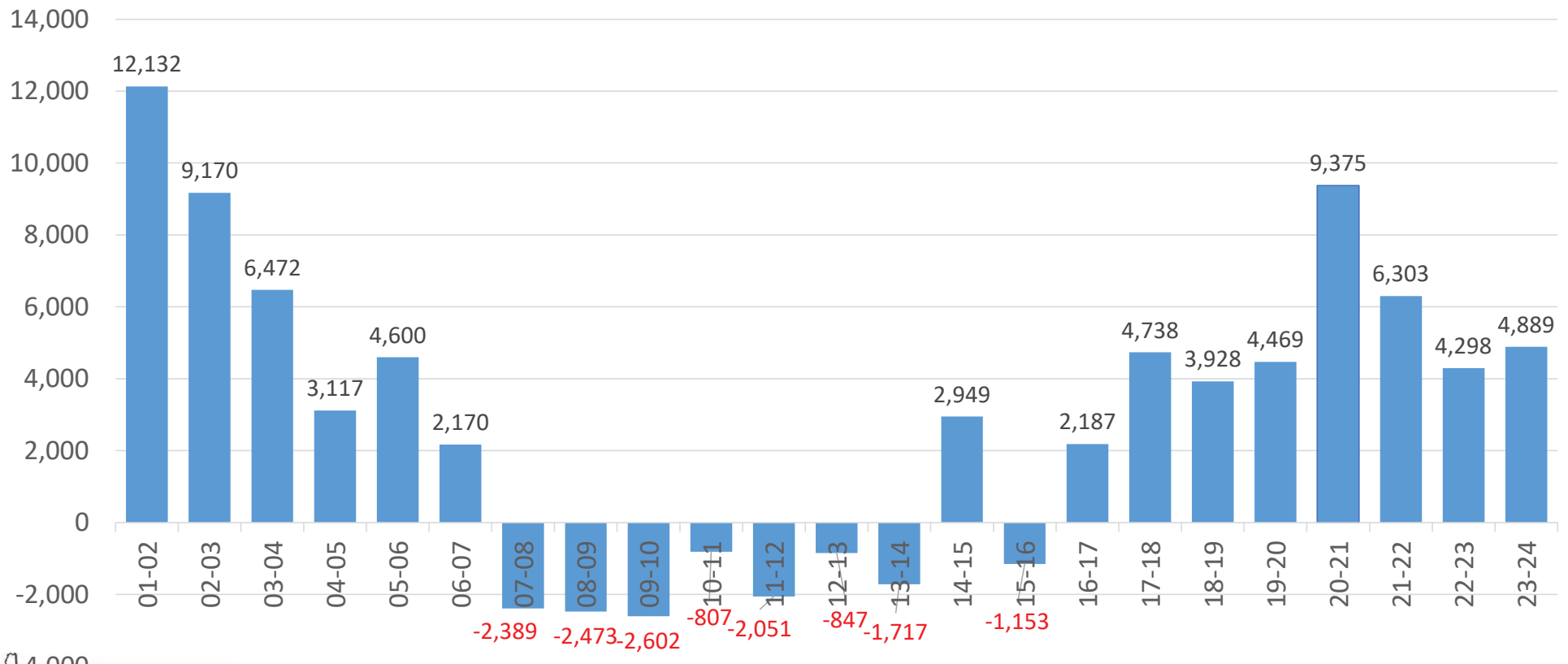
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Net Migration From Other States and Nations is Critical Key to New Hampshire's Population and Labor Force Growth



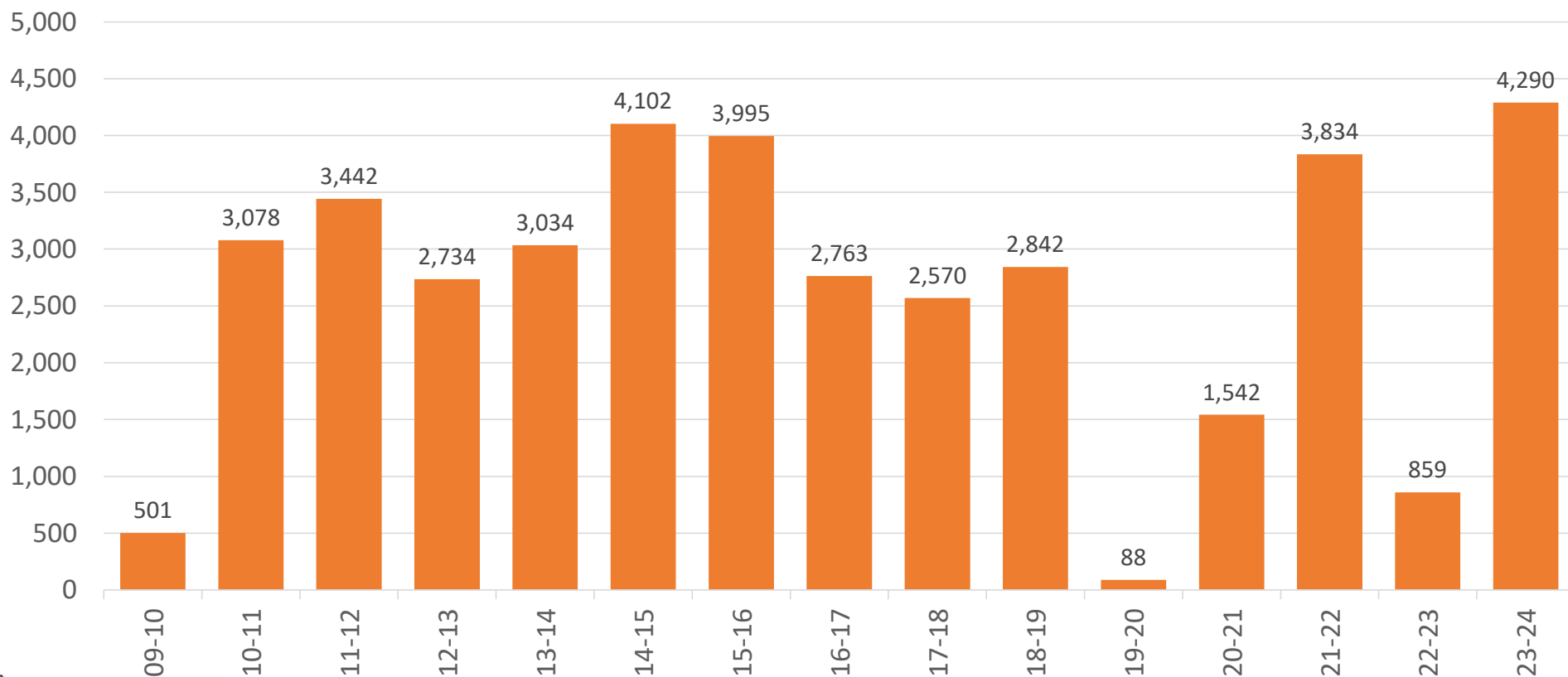
Increases in Teleworking and a Post-Pandemic Desire for Less Density Gave a Larger Boost to NH's Net State-to-State Migration and its Labor Force

Net Domestic (State-to-State) Migration to NH



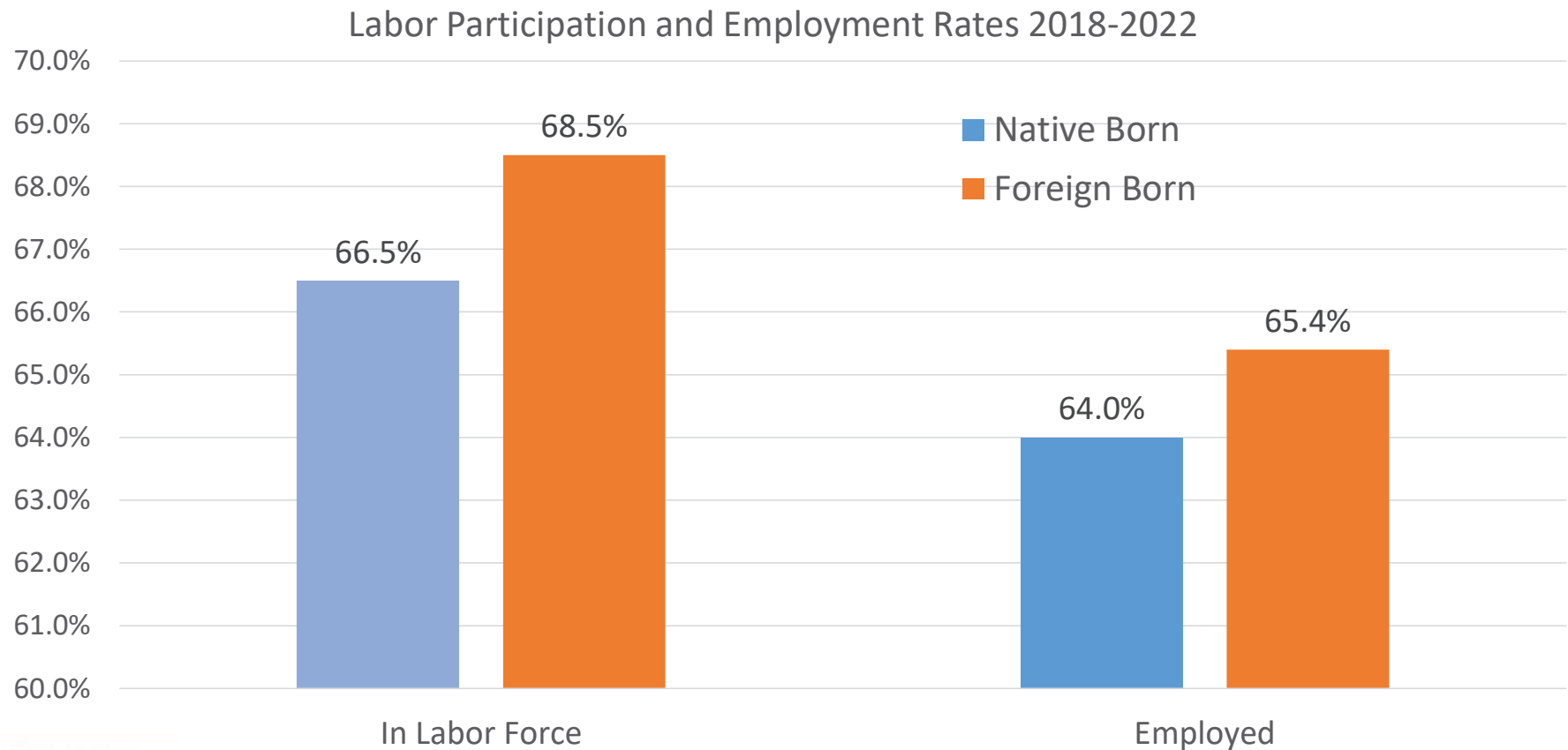
Net International Migration Has Been a Key Source of New Hampshire's Population and Skilled Labor Force Growth but Levels Have Been Mixed Recently

Net International Migration to NH



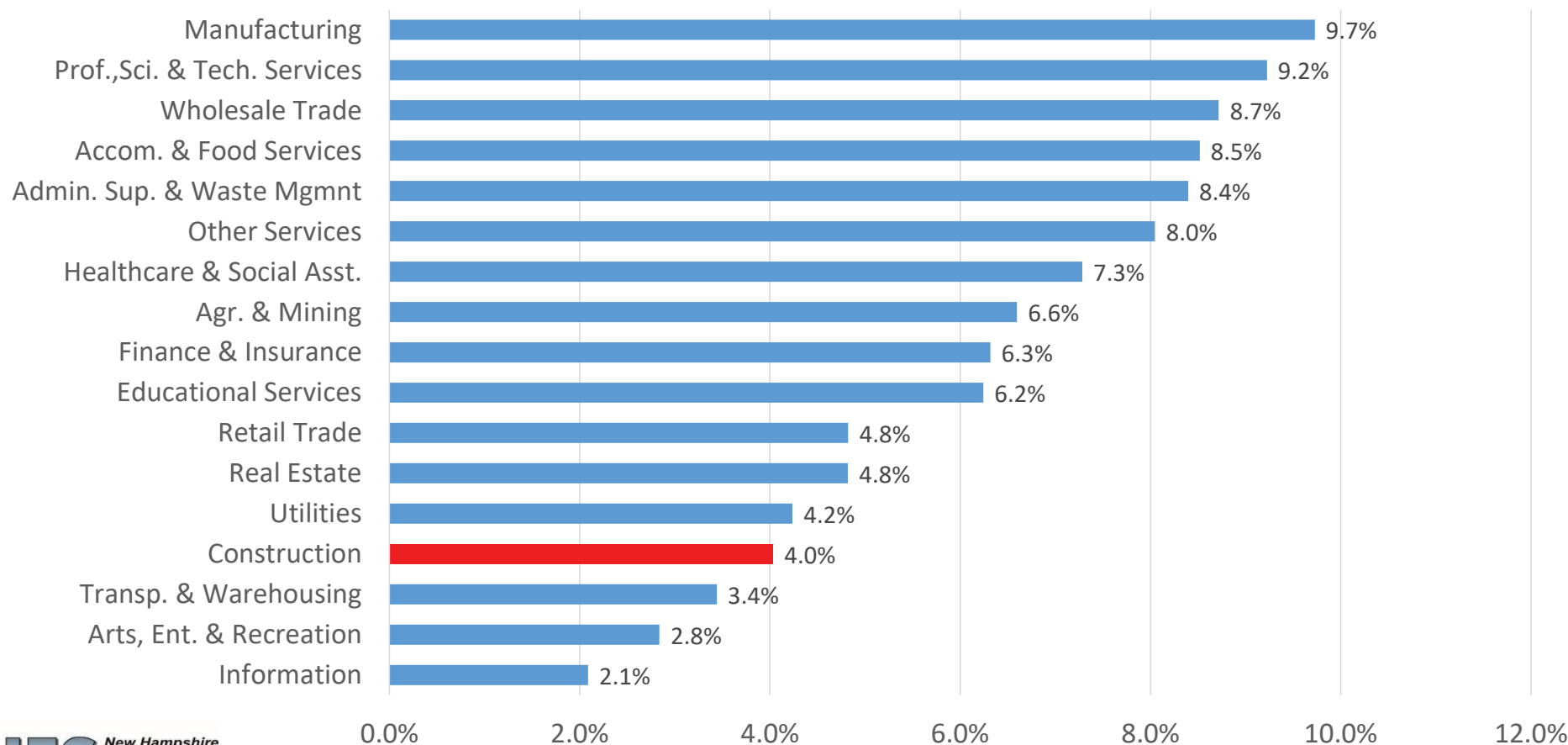
Source: U.S. Census Bureau, "Components of Population Change," ELMI

Immigrants Have Higher Labor Force Participation and Employment Rates...



Key Industries in New Hampshire Rely on Foreign-Born Workers

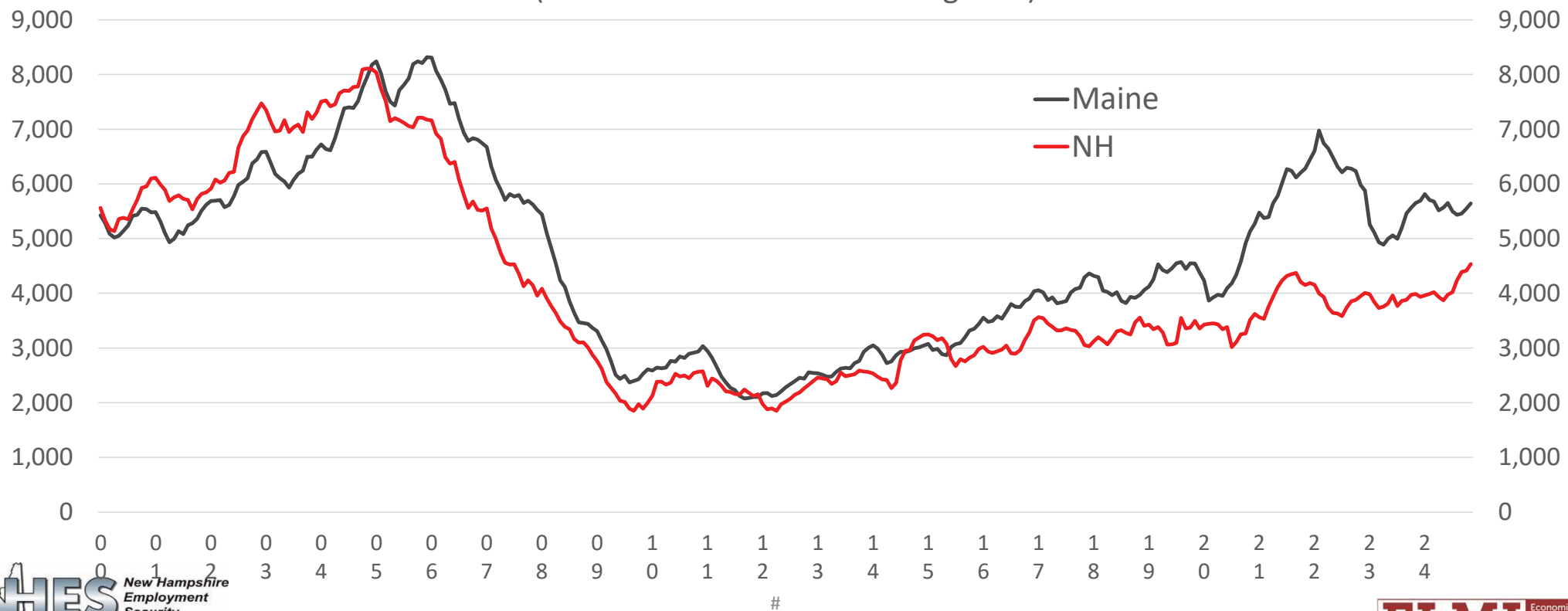
New Hampshire Foreign-Born Workers by Industry



Source: ELMI analysis of 2018-2022 5-Year U.S. Census Bureau [#] American Community Survey Data

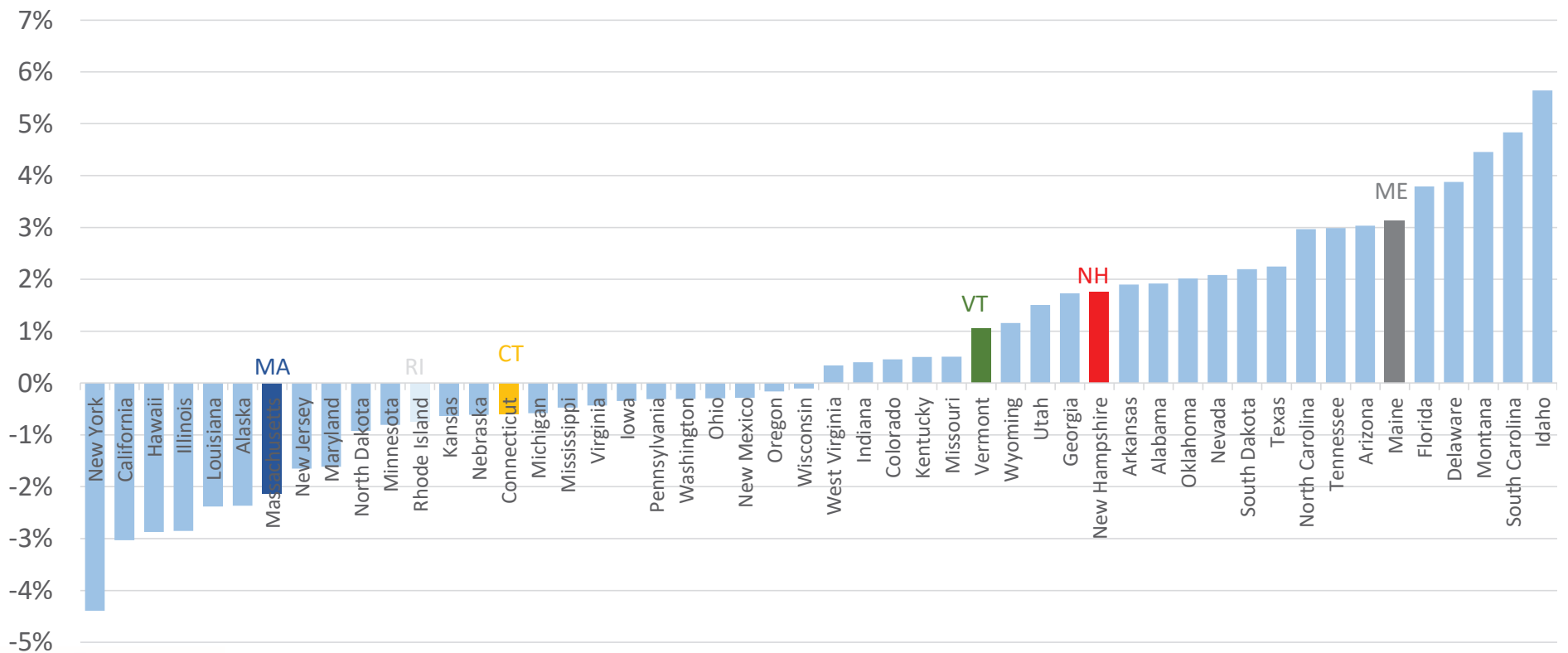
Housing Construction in Maine Has Supported Domestic (State-to-State) Migration, Not As Much in New Hampshire (But NH is on Track For the Most Housing Permits Since 2007)

New Private Housing Units Authorized by Building Permit
(Annualized - 12 Month Rolling Sum)



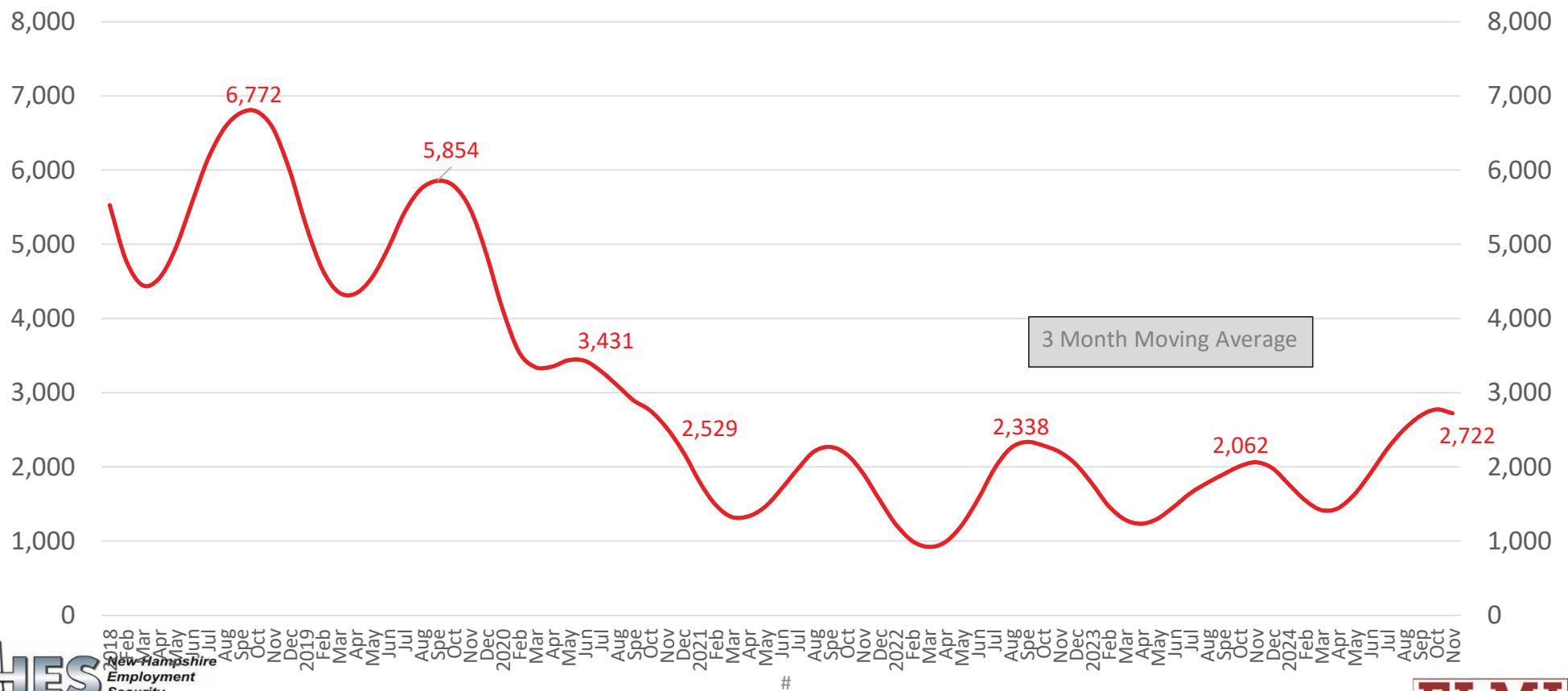
Since the Pandemic, Maine Has Among the Largest Percentage Population Increases Due to Migration From Other States

2020-2023 Net State-to-State Migration as a % of 2020 Population



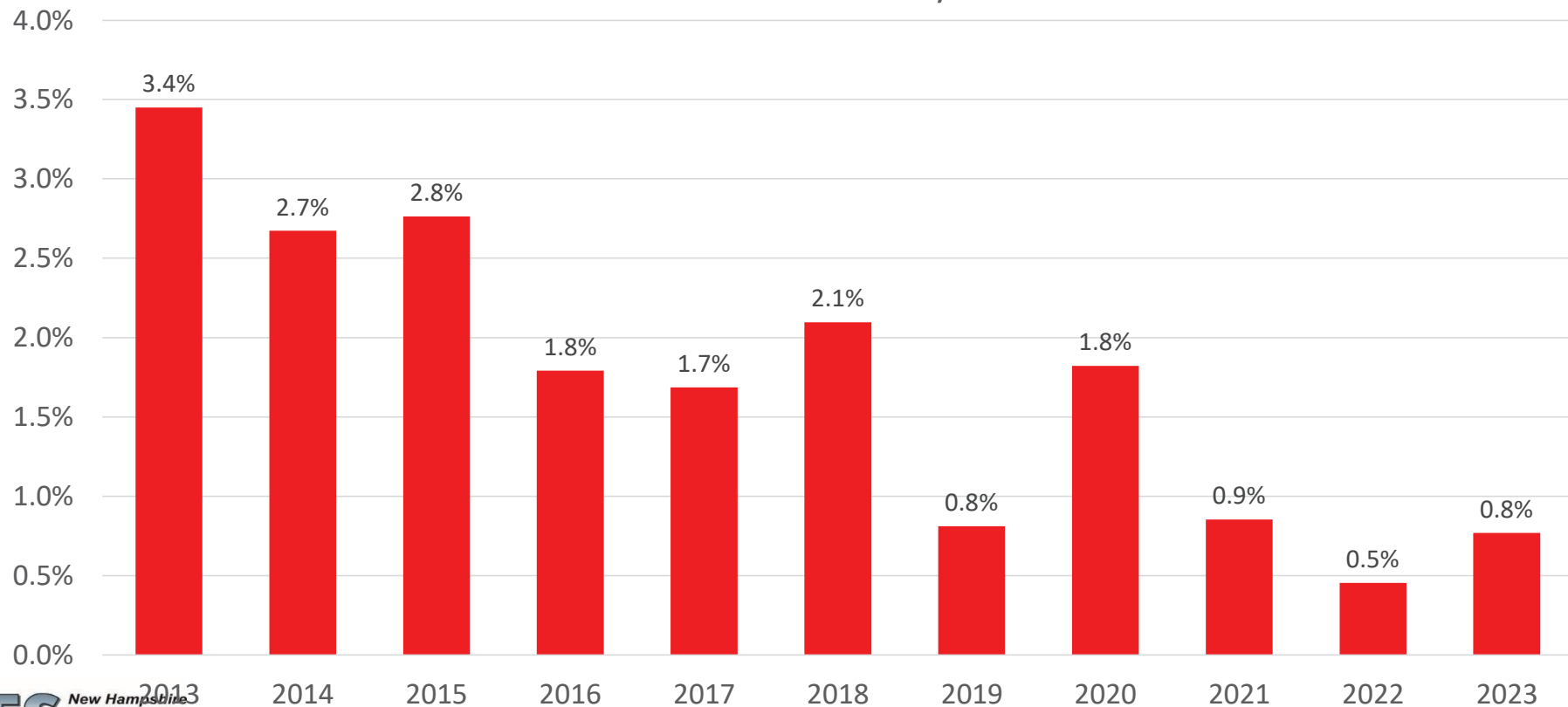
Active Listings of Homes for Sale in New Hampshire are Half Their Pre-Pandemic Levels, Limiting Options for Movement into New Hampshire

Active Home Listings for Sale in New Hampshire Through Nov. 2024



Movement Into the State Offers the Best Opportunity to Address the State's Demographic Challenges – But Not Without Places to Live

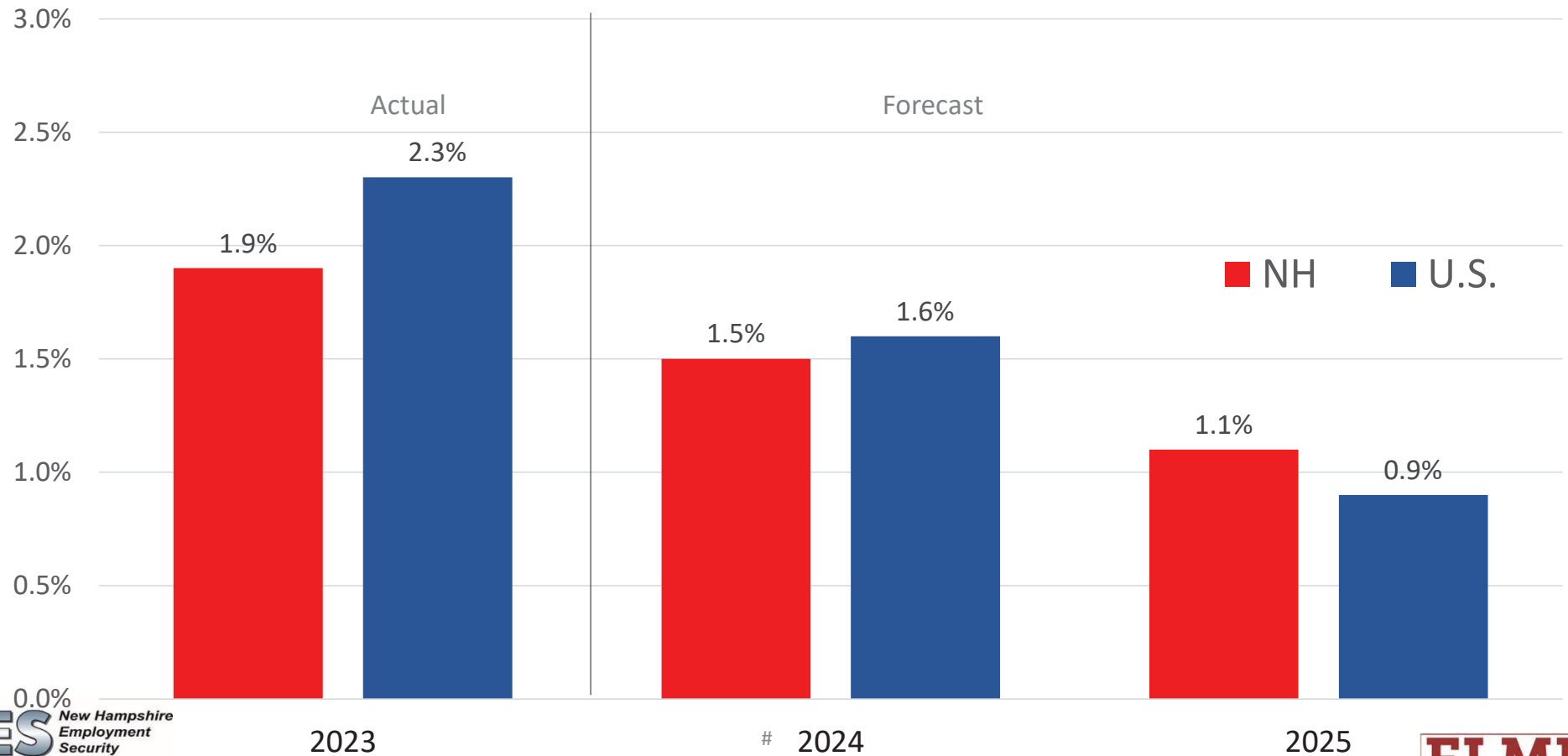
Statewide Rental Vacancy Rate



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Our Forecast is for Modestly Slower Job Growth Nationally But With NH Again Fastest in NE and Exceeding the U.S. Growth for the First Time Since 2022

Forecast of Total Non-Farm Job Growth



Some Risks to Our Positive Outlook

- Higher Tariffs, Isolationism
- Reducing Immigration Could Tighten Already Limited Labor Supply
- Inflation Re-Kindles and Federal Reserve Keeps Interest Rates High
- U.S. China Tensions Worsen
- Oil Price Spikes
- Middle East Tensions Produce Major Conflict (or Other Major Geopolitical Conflicts)
- Fiscal Stalemate, Government Shutdown

