

Economic Briefing

Prepared for House Ways and Means Committee

January 14, 2025



About the BIA

NH's statewide chamber of commerce and leading nonpartisan business advocate.

MISSION

BIA is the unifying voice of business, championing a competitive business climate and prosperous economic future for New Hampshire.

HISTORY

1913: Group of manufacturers concerned about current legislation, government intervention and regulation form the New Hampshire Manufacturers Associations.

1970: Organization changes name to Business & Industry Association to reflect its diverse membership, but remains the manufacturing association for New Hampshire and state affiliate for the National Association of Manufacturing.

400+ Employers represented by BIA

Variety of industries: Manufacturing • High-tech • Software • Professional Services • Financial Services • Health care • Public utilities • Hospitality and tourism • Higher education • Insurance • Nonprofits

\$5 billion+

Member firms' annual contribution to New Hampshire's economy.

100,000+

People employed throughout New Hampshire by BIA member firms representing one in seven jobs.

UNITING THE BUSINESS COMMUNITY

BIA collaborates with 45+ regional and local chambers of commerce and dozens of trade associations on shared policy priorities and legislative issues.



BIA

***What is the current state of NH's
Economic Competitiveness?***



Key Points from BIA's Business Leader Survey



90% of New Hampshire's business leaders expect their businesses to grow or stay stable in the next year.



59% of New Hampshire companies plan to hire additional employees in the next year, but 86% of business leaders identify housing availability as the key issue constraining expansion and 68% note that a shortage of childcare options is making it difficult to attract and retain employees.

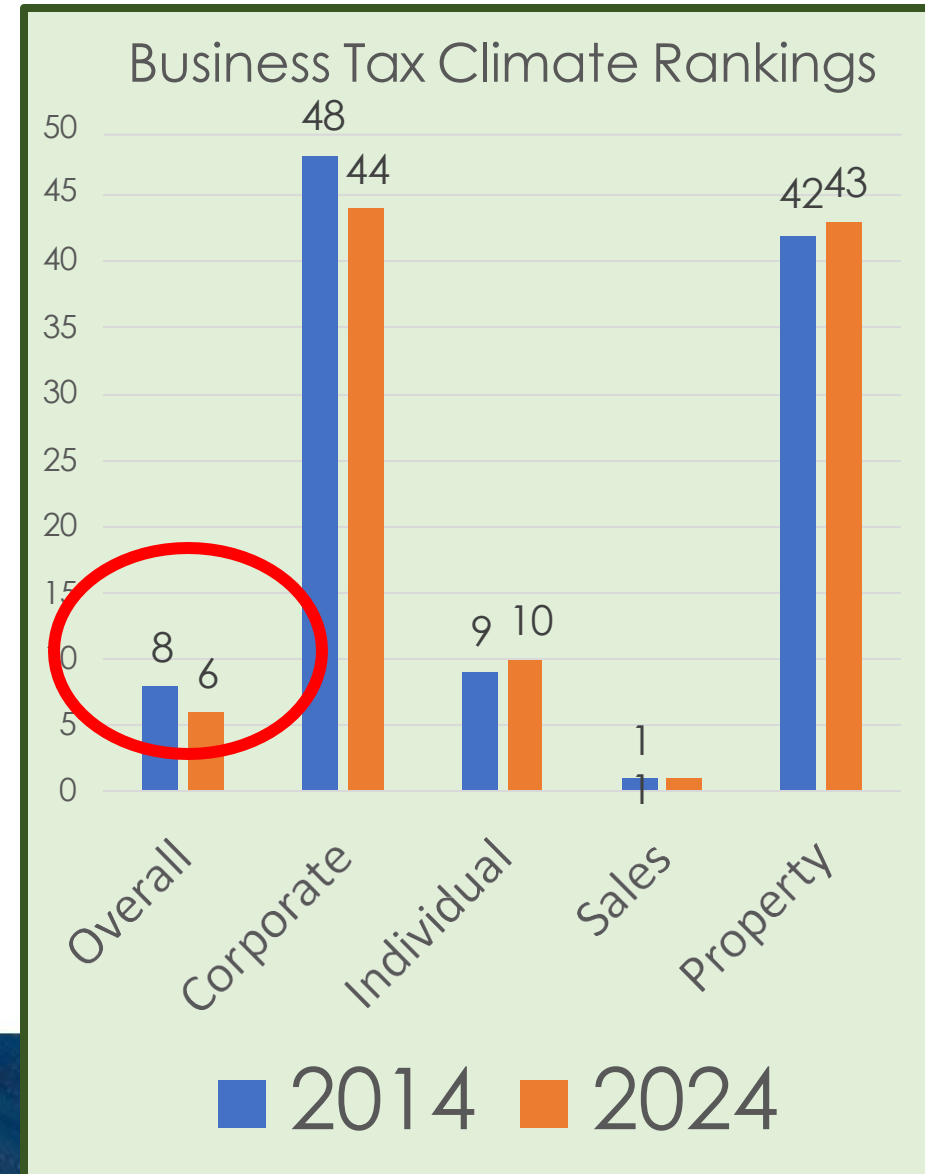
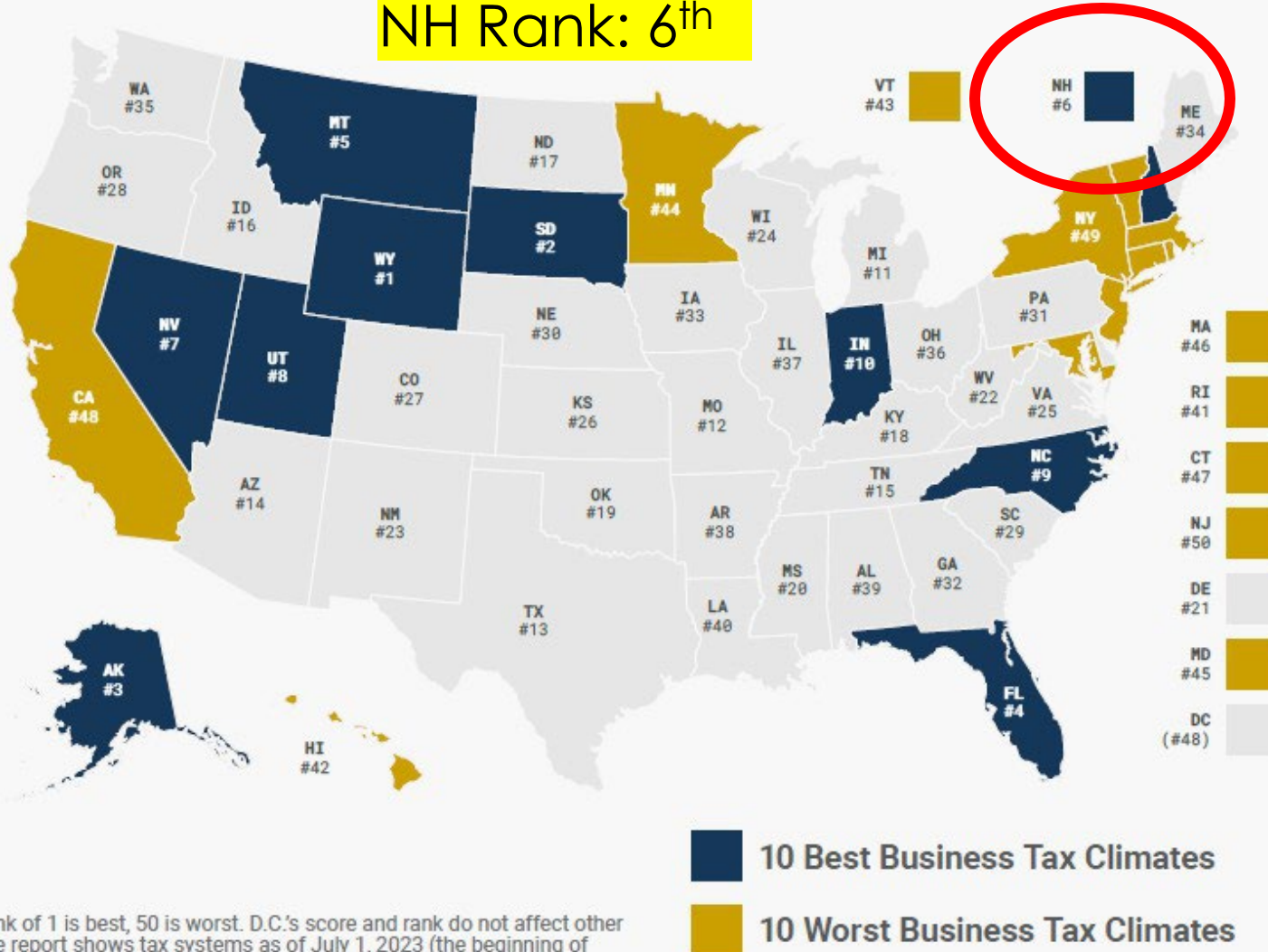


Cost concerns are top of mind of business leaders with 88% expecting higher healthcare expenses, 81% expecting salary and wage increases, and 68% foreseeing rising energy costs.

2024 Business Tax Climate

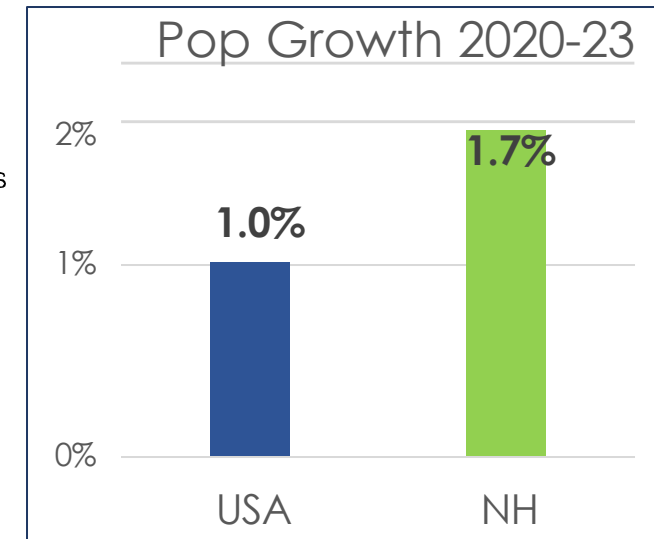
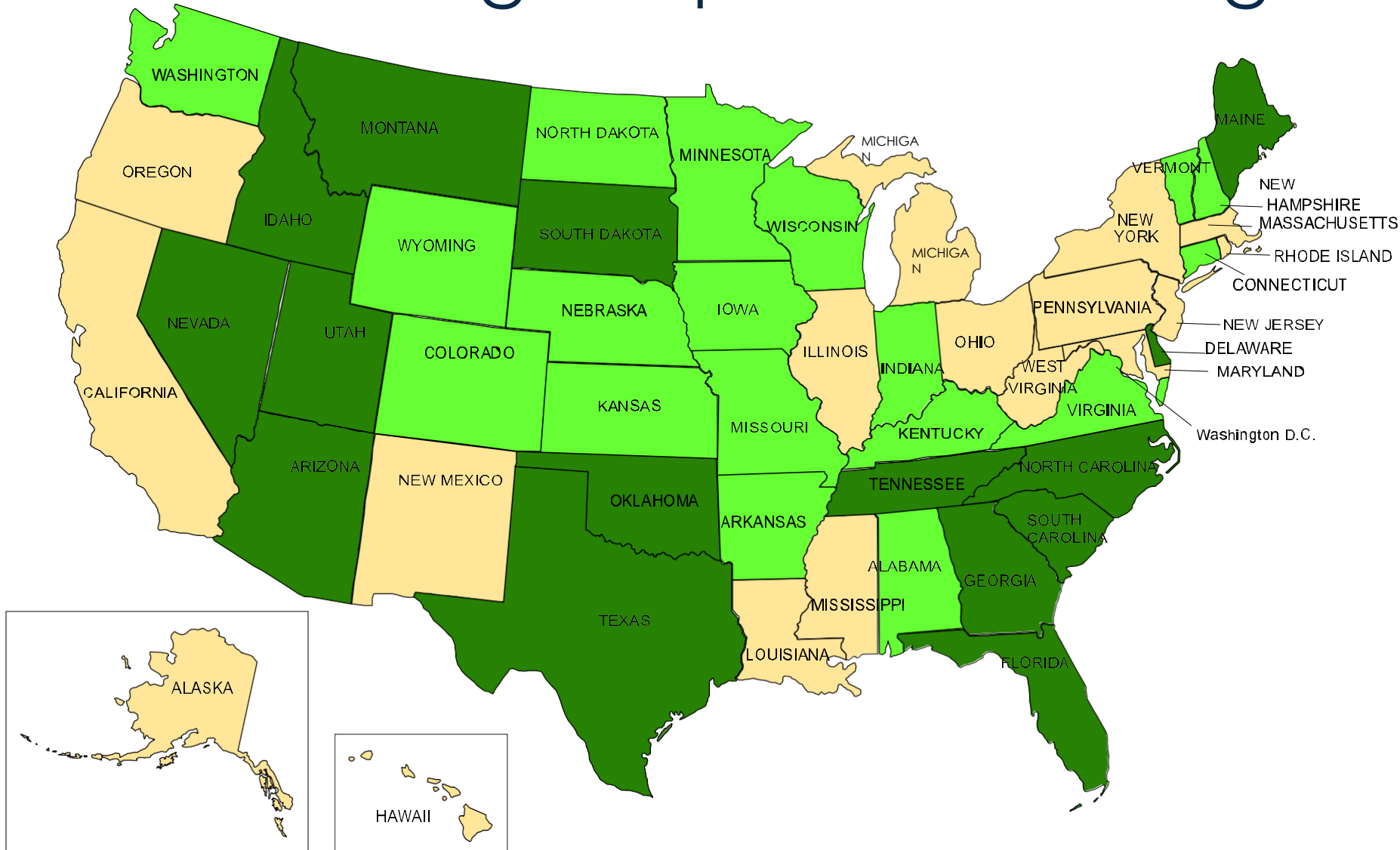
2024 State Business Tax Climate Index

NH Rank: 6th



Note: A rank of 1 is best, 50 is worst. D.C.'s score and rank do not affect other states. The report shows tax systems as of July 1, 2023 (the beginning of Fiscal Year 2024).
Source: Tax Foundation.

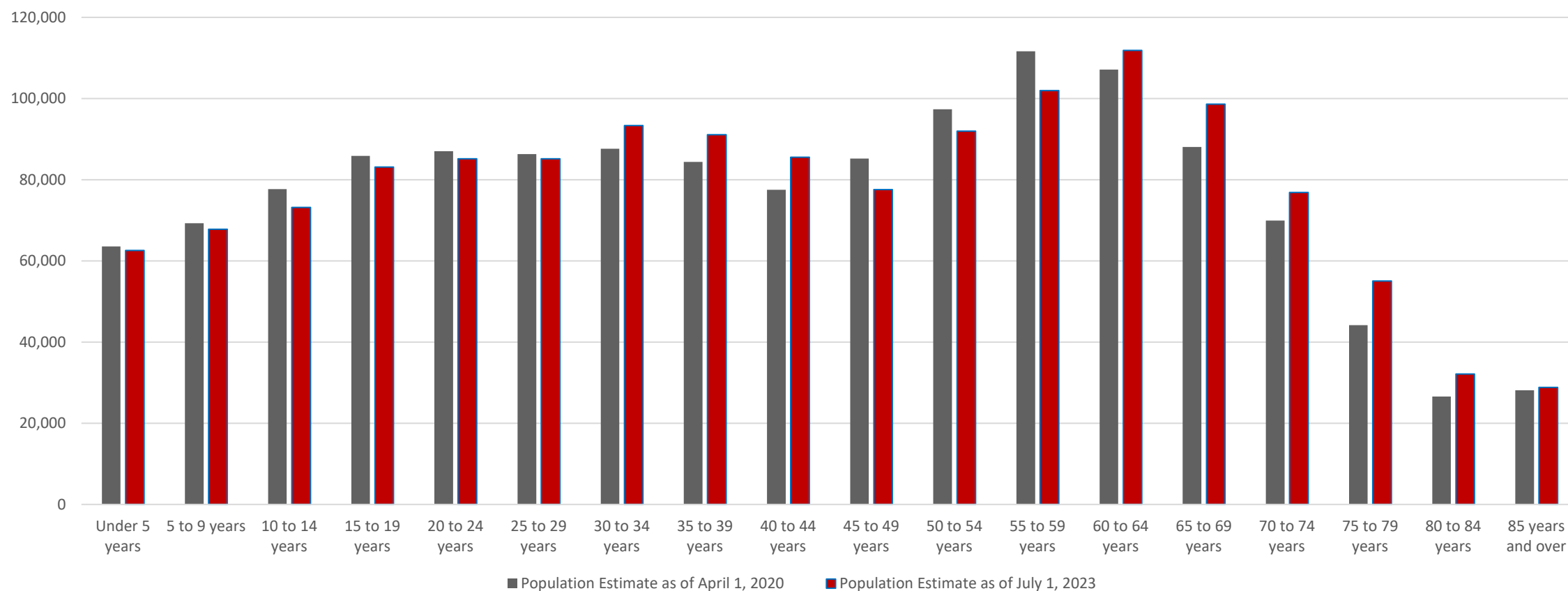
Percentage Population Change 2020-2023



- Over 2% gain
- 0.1% to 2% gain
- Under 0.1% gain or losing population

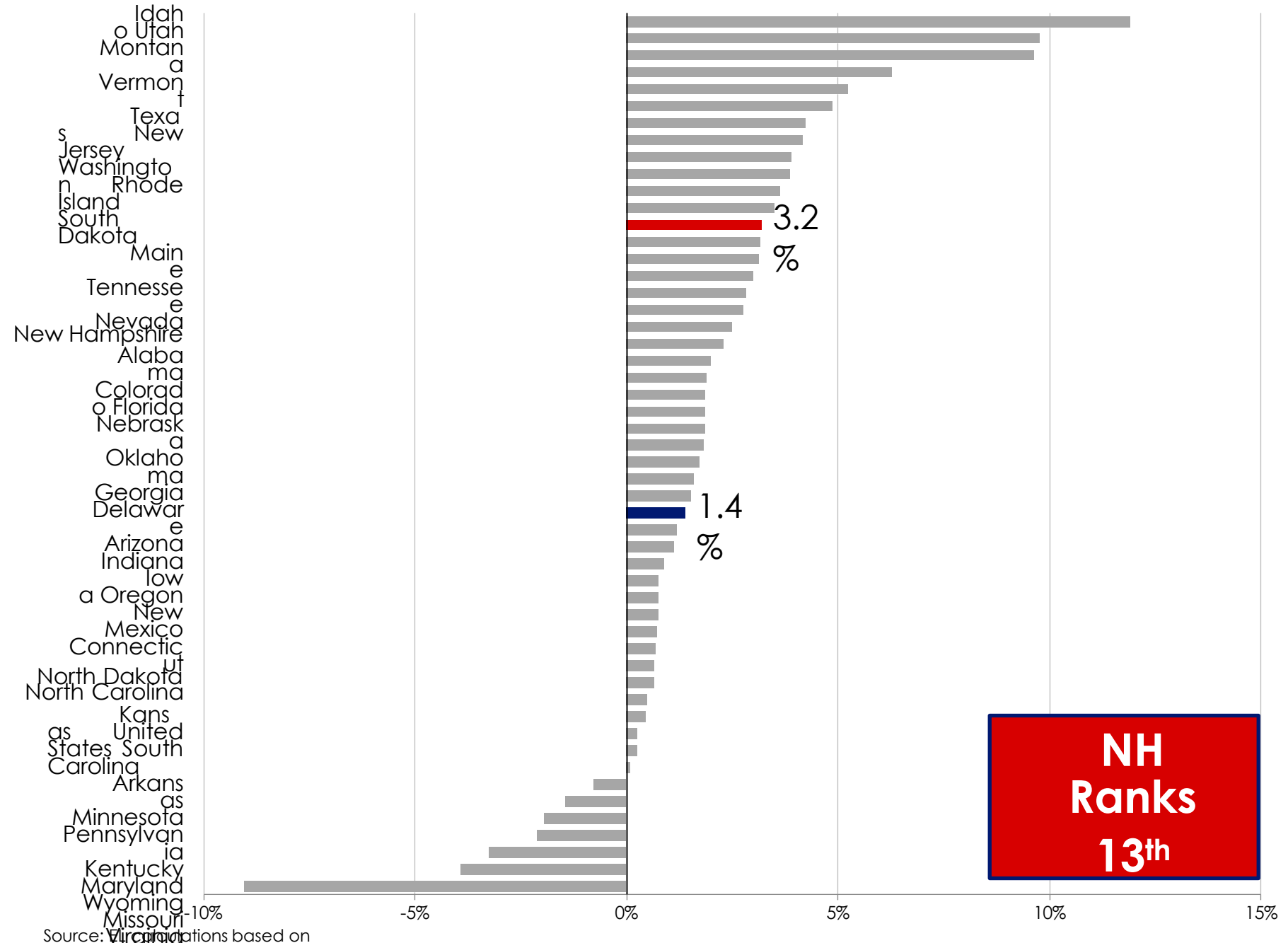
Source: US Census Bureau NST-EST2023

NH's Population Shift Since 2020: Proportionally More 30-44 & 60+



Source: U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population for Selected Age Groups by Sex for New Hampshire.

Prime Age Population Change by State, 2019-2023



Source: U.S. Census Bureau, based on

Projected Distribution of Population to 2050

Table 1: Summary of Projected Total Population for New Hampshire and Counties

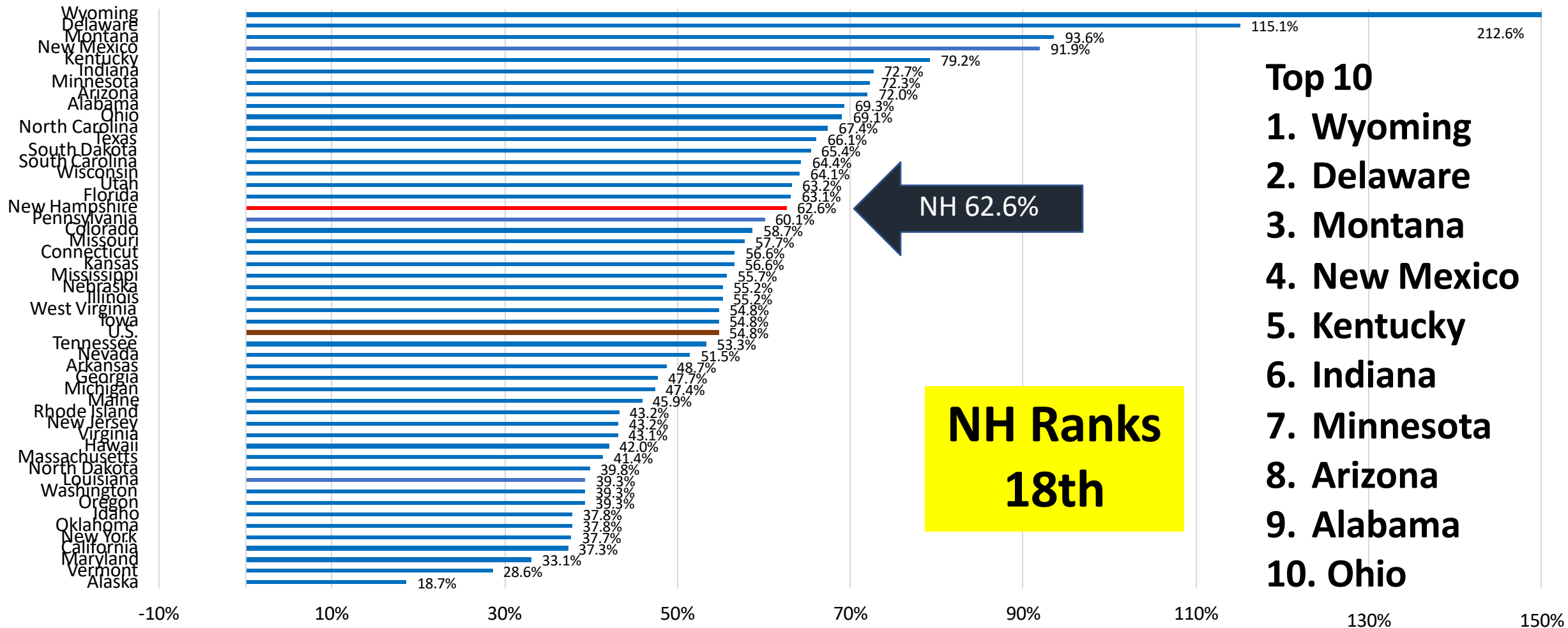
State/County	2020 Census	2025	2030	2035	2040	2045	2050
New Hampshire	1,377,533	1,430,601	1,473,286	1,501,045	1,511,770	1,509,955	1,501,909
Belknap	63,705	66,371	68,635	69,872	70,366	70,338	70,103
Carroll	50,111	52,293	54,023	54,939	54,935	54,273	53,293
Cheshire	76,458	77,722	78,340	78,080	77,007	75,452	73,805
Coos	31,268	31,274	31,047	30,490	29,608	28,533	27,428
Grafton	91,118	94,984	98,030	99,463	99,711	98,998	97,777
Hillsborough	422,937	440,881	454,896	464,900	470,211	471,760	471,369
Merrimack	153,808	159,385	164,072	167,214	168,609	168,770	168,475
Rockingham	314,176	327,586	339,248	347,444	350,560	350,316	348,083
Strafford	130,889	136,162	140,565	144,214	146,813	148,384	149,435
Sullivan	43,063	43,943	44,429	44,429	43,950	43,131	42,141

Source: NH Dept. of Business and Economic Affairs, State, County, and Municipal Population Projections: 2020-2050. September 2022.

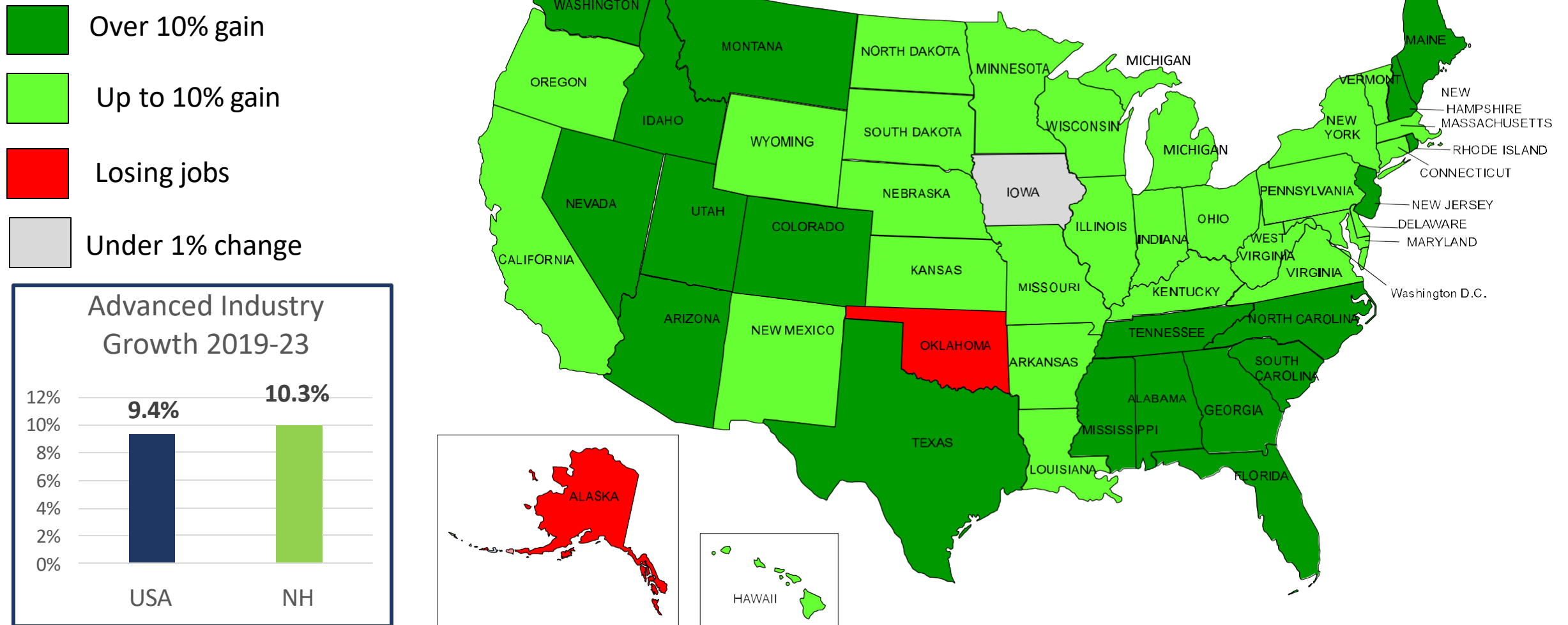


U.S. Business Formations

Percentage Change January 2020 to March 2024

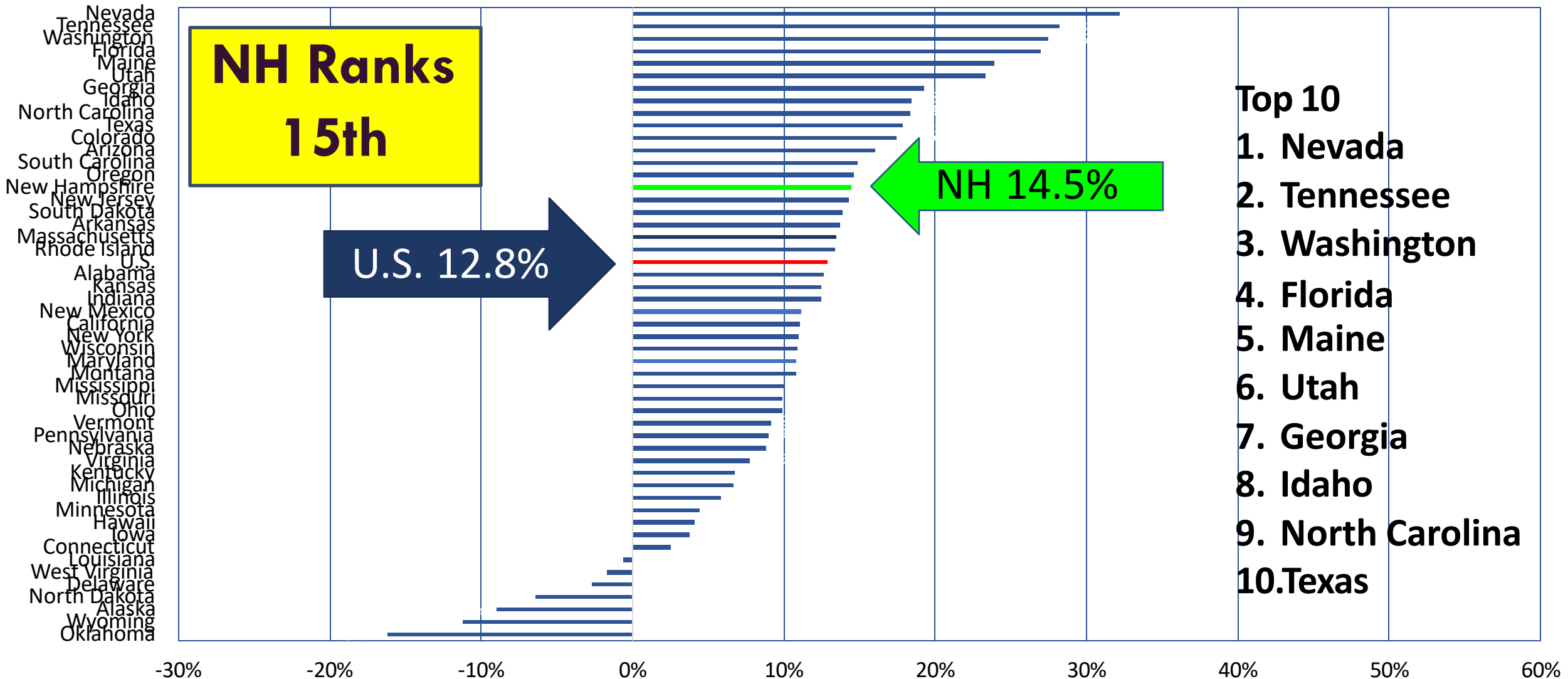


% Change Advanced Industry Jobs 2019-2023



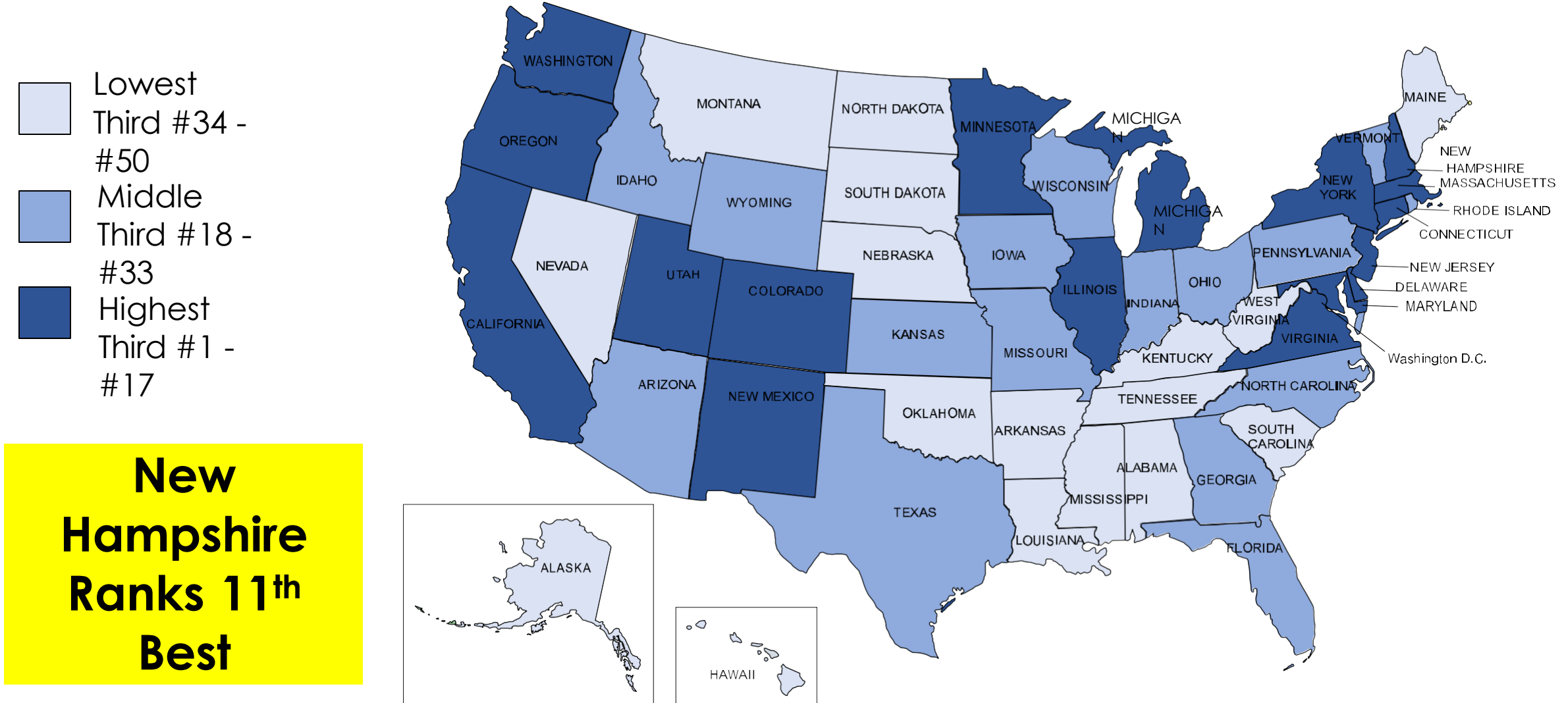
Source: EMSI 2024.2 (Brookings Defined 50 Advanced Industries)

Technology Industry Employment Growth, 2018-2023



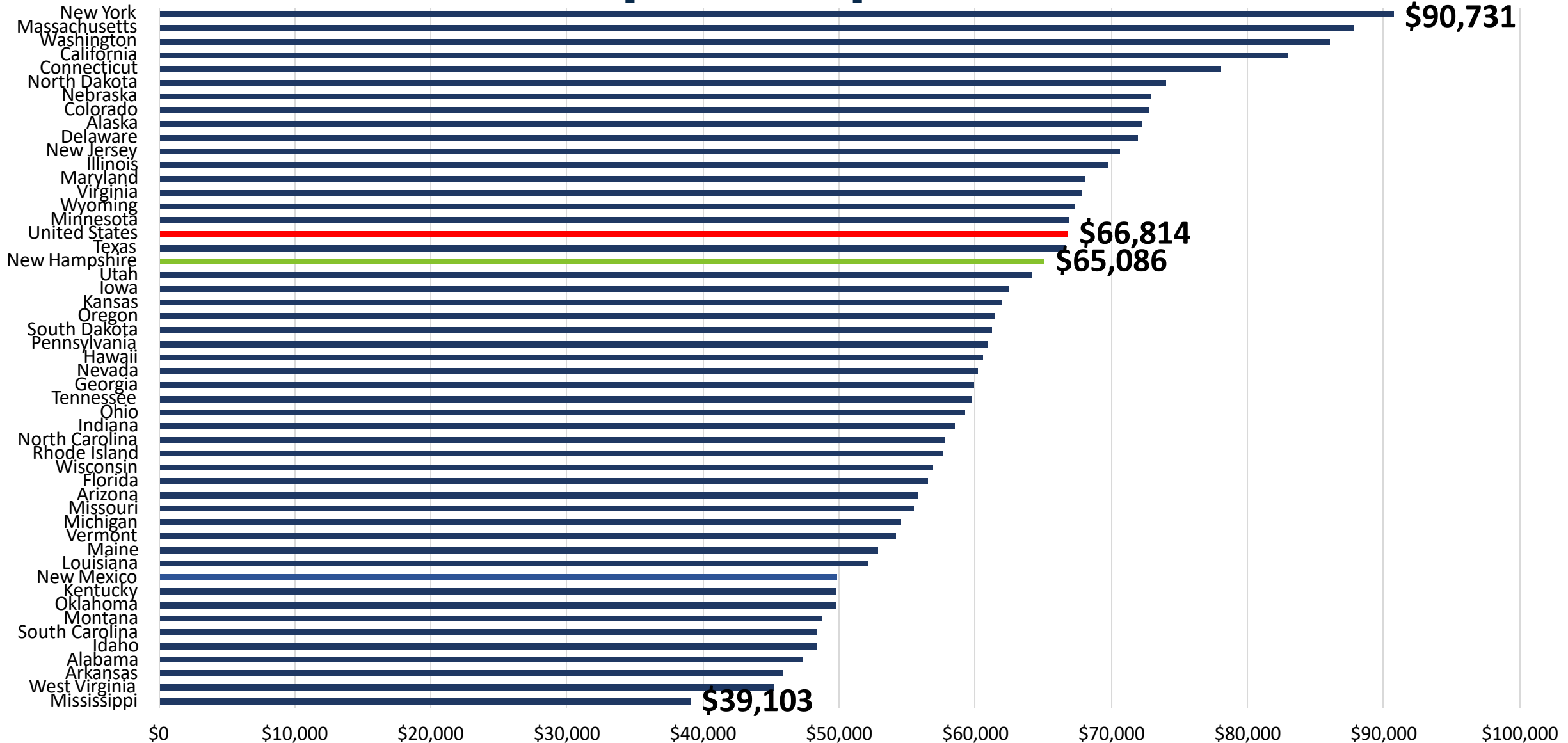
Source: Lightcast 2023.4 (86 NIACS Codes first created by Tech America)

State Rankings for Innovation Scores



**New
Hampshire
Ranks 11th
Best**

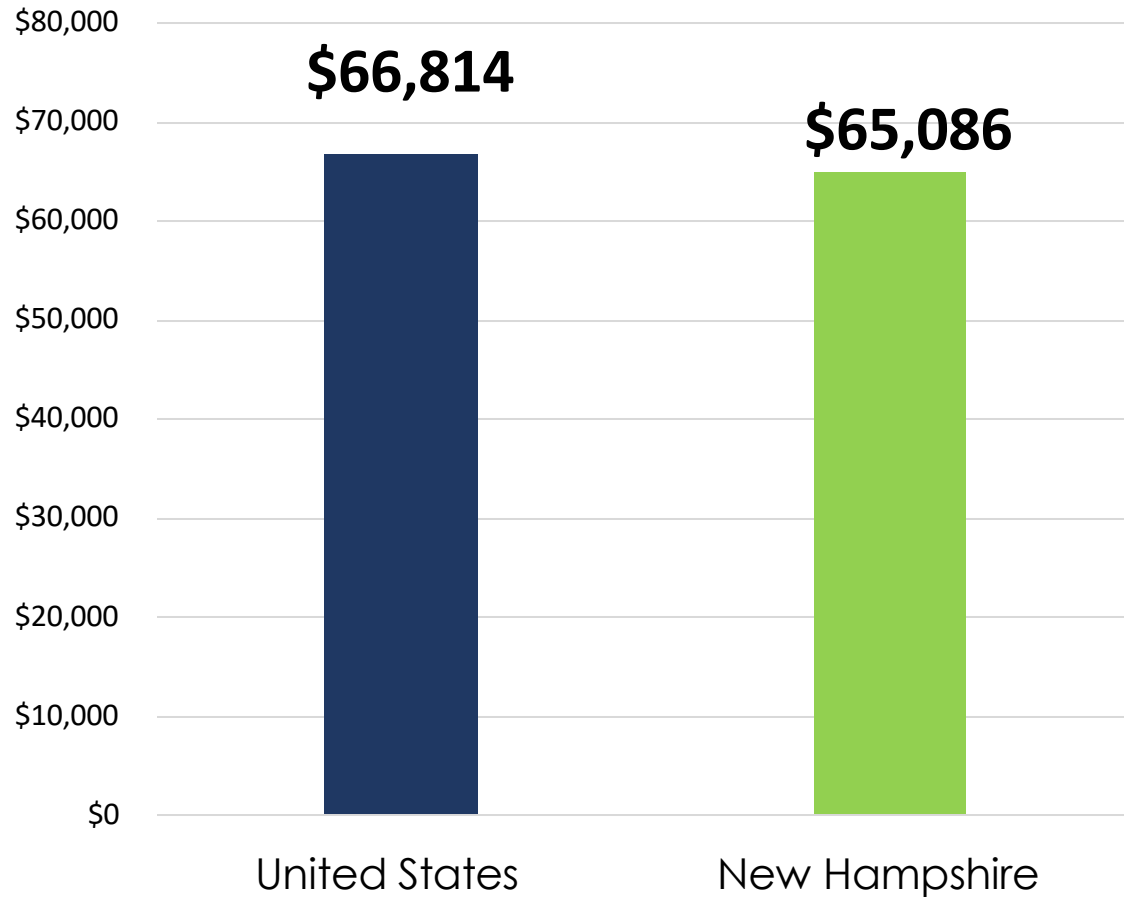
GDP per Capita 2023



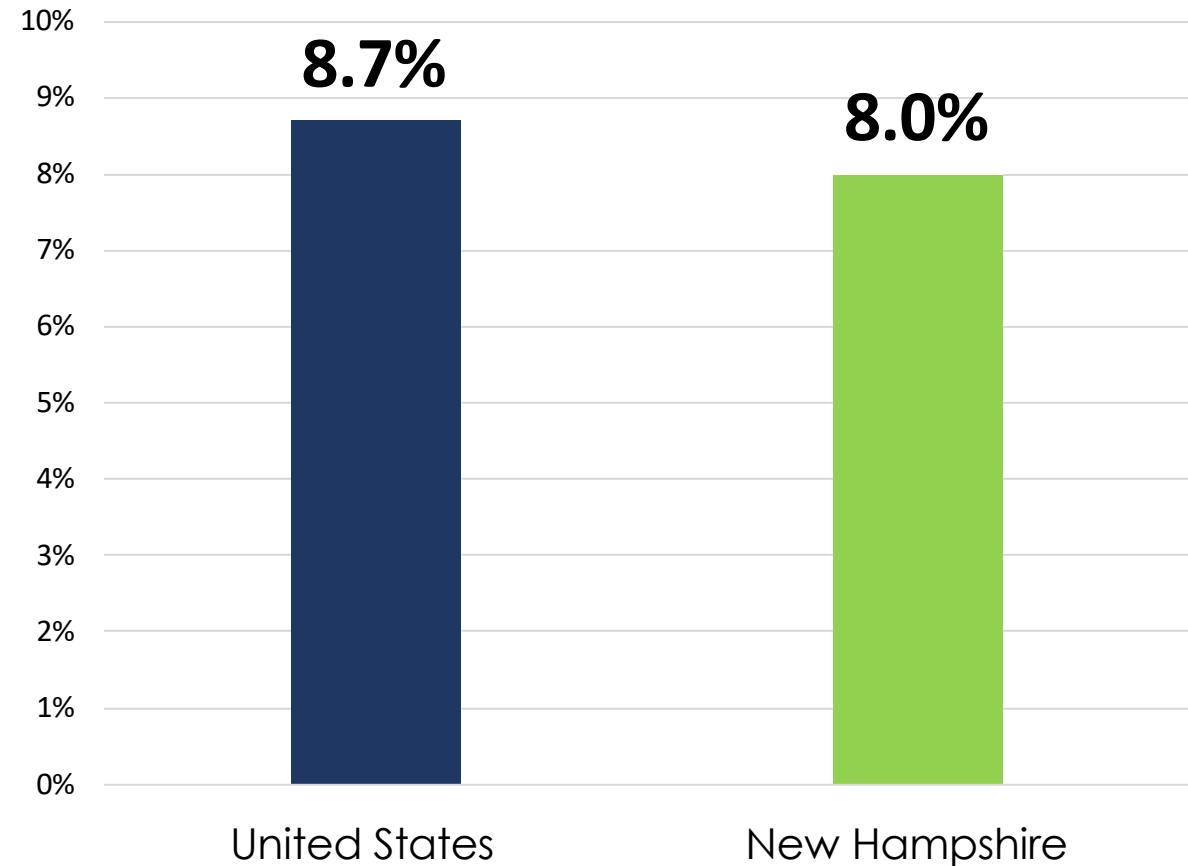
Source: US Bureau of Economic Analysis

New Hampshire Compared to US Average

GDP Per Capita 2023

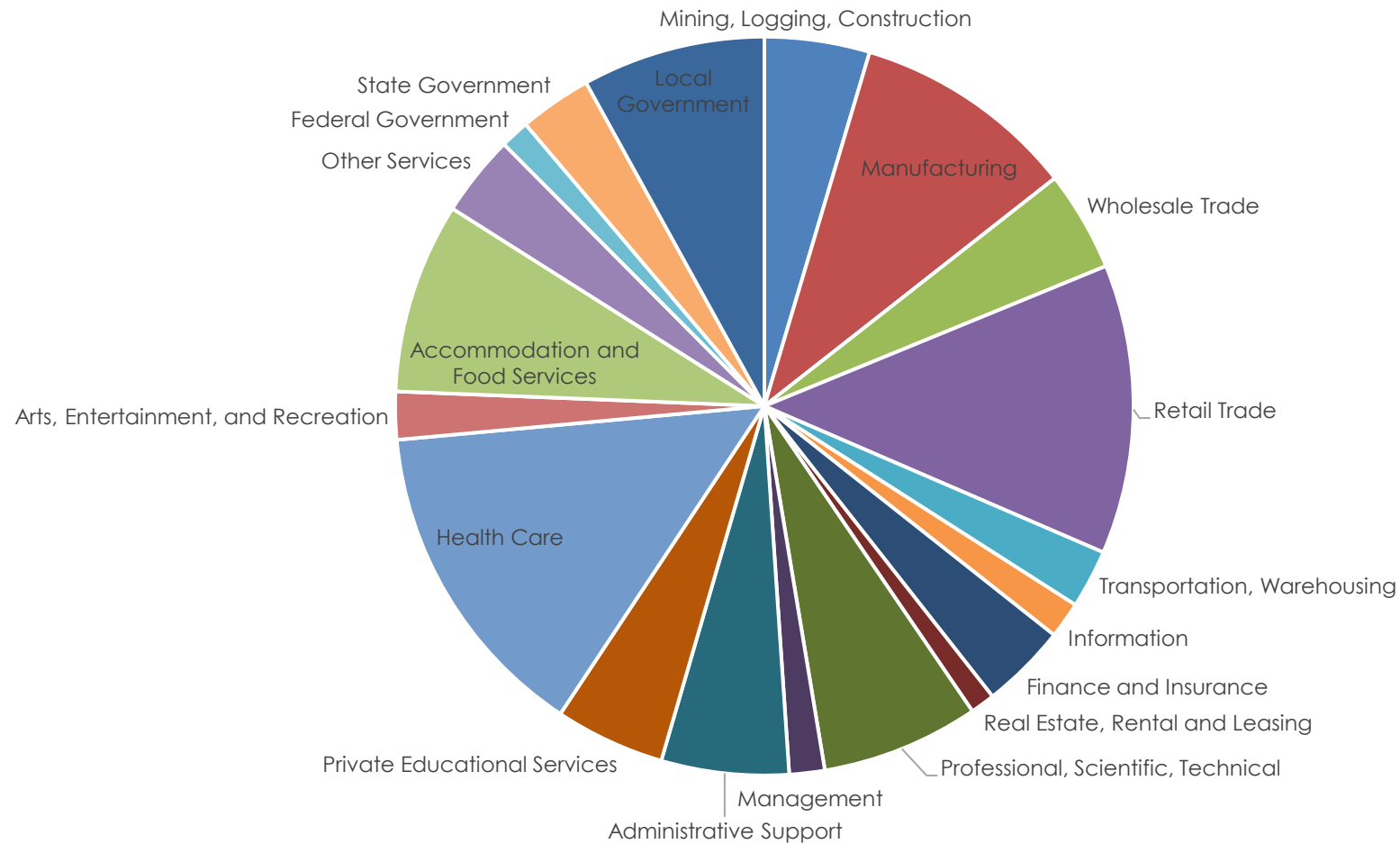


Change in GDP Per Capita 2018-2023



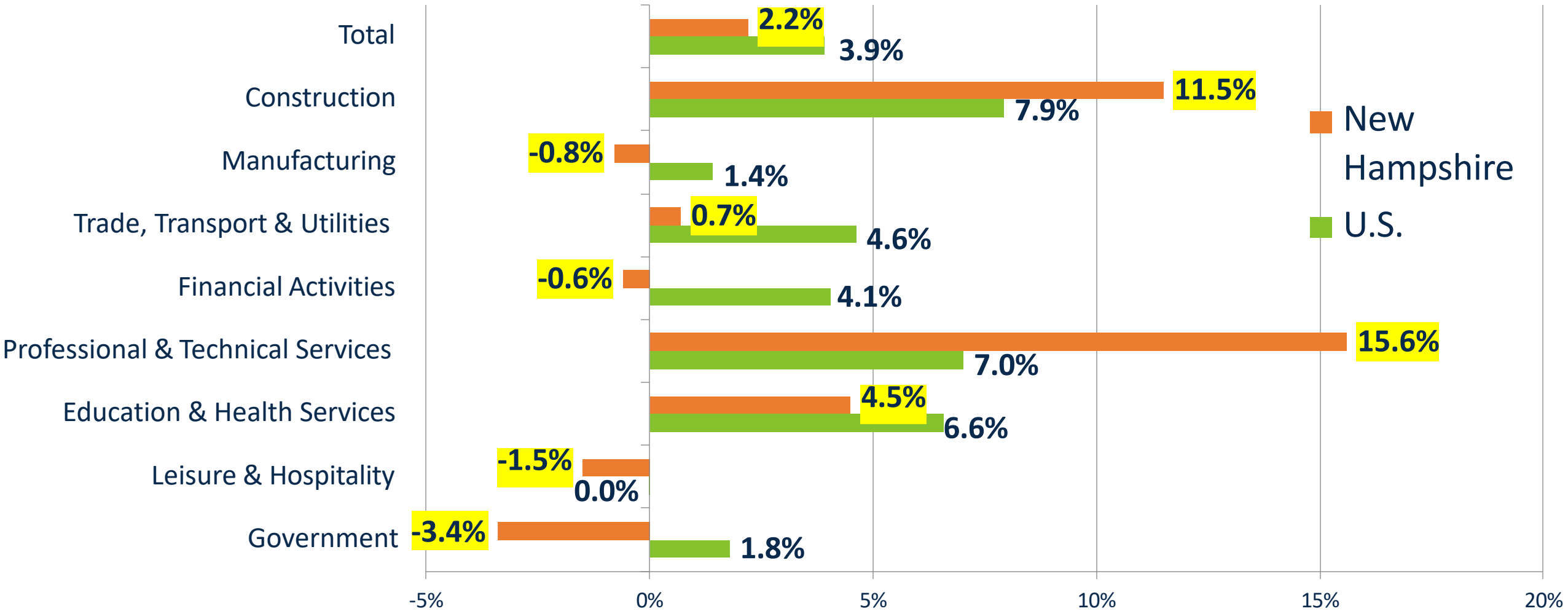
Source: US Bureau of Economic Analysis

Employment in NH's Economy



U.S. & New Hampshire Nonfarm **Employment** Change by Sector

February 2020 – April 2024



Source: US Bureau of Labor Statistics
Nonfarm Payroll Employment



Jobs Snapshot

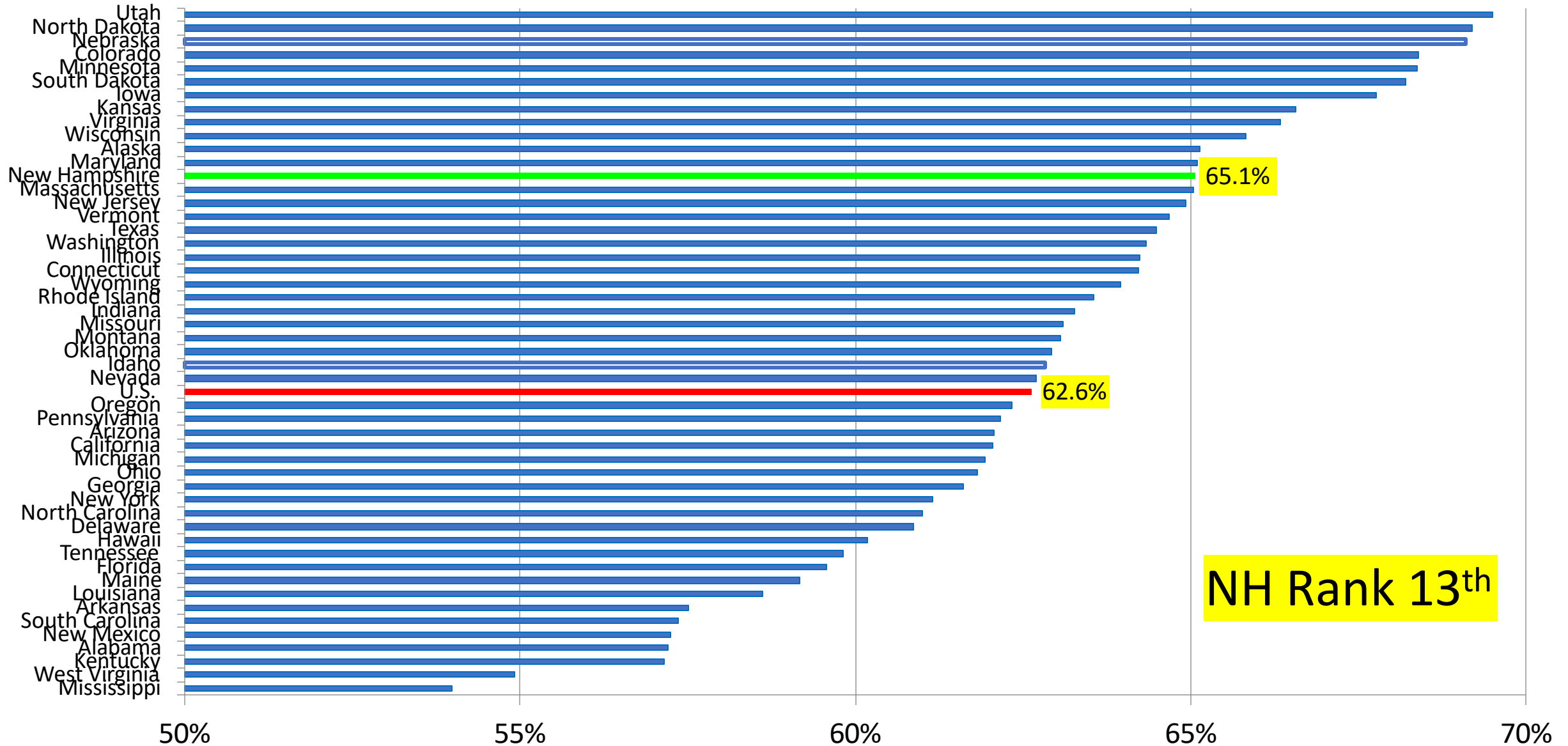
Total non-farm payroll jobs (not seasonally adjusted) increased by 9,300 or 1.3 percent from June 2023 to June 2024. This represents a significant drop from the previous year's 2.6 percent increase from June 2022 to June 2023

Private education and health services led all supersectors in New Hampshire with 8,400 jobs added to the economy between June 2023 and June 2024.

EMPLOYMENT CHANGE BY INDUSTRY			
June 2023 to June 2024 (not seasonally adjusted)			
	JUNE 2023	JUNE 2024	CHANGE
Construction	32,100	32,800	700
Manufacturing	71,200	69,900	-1,300
Trade, Transportation, and Utilities	141,900	141,000	-900
Information	12,000	11,300	-700
Financial Activities	34,800	34,600	-200
Professional and Business Services	100,000	101,300	1,300
Private Educational Services	26,900	30,800	3,900
Health Care and Social Assistance	95,700	100,200	4,500
Leisure and Hospitality	81,100	80,100	-1,000
Other Services	25,500	26,000	500
Federal Government	8,800	9,000	200
State Government	20,400	20,900	500
Local Government	54,500	56,300	1,800

Source: Current Employment Statistics program, not seasonally adjusted estimates.

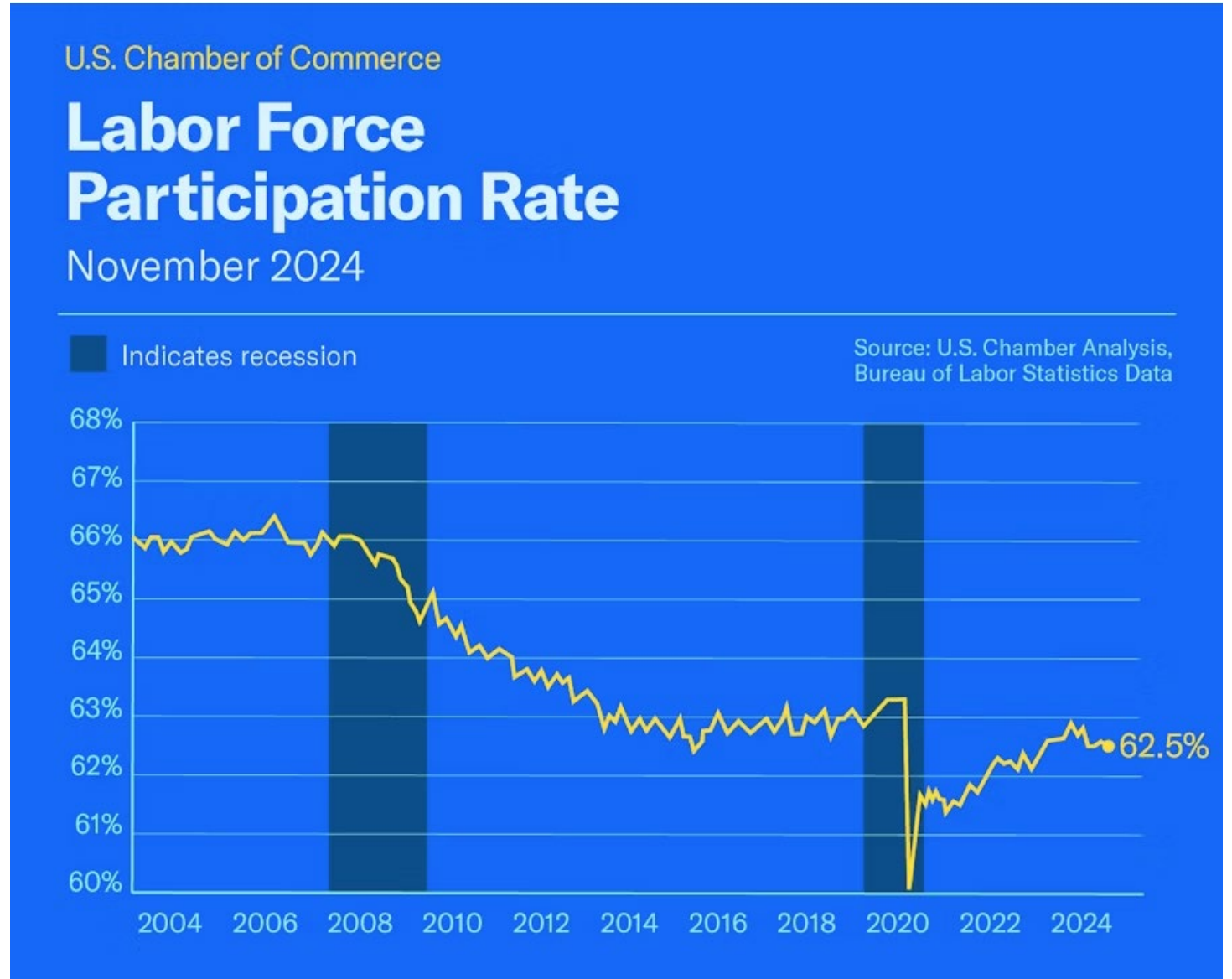
Labor Force Participation Rate 2023



Decrease in Workforce Participation

Workforce participation remains below pre-pandemic levels with 1.7 million fewer Americans in the workforce compared to February of 2020.

In New Hampshire, there was a decline of about 7,800 participants in the labor force between February 2020 and February 2023, even as the state's population increased by about 17,700 people.



Workforce Participation Decline Driven by Age 25 – 54

SHARE OF THE NEW HAMPSHIRE LABOR FORCE BY AGE COHORT											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Age 16 to 24	12.9%	13.6%	13.9%	13.4%	13.6%	12.7%	13.9%	12.3%	12.4%	12.4%	13.4%
Age 25 to 54	61.9%	60.7%	59.7%	58.0%	57.4%	58.7%	57.9%	59.5%	58.3%	56.8%	57.7%
Age 55 and Over	25.2%	25.7%	26.4%	28.7%	29.0%	28.6%	28.2%	28.2%	29.3%	30.9%	28.9%

Source: Current Population Survey, unpublished public use microdata sample estimates.

“Taking care of house or family” is the largest – and growing – block of individuals not participating in the workforce.

Childcare availability and affordability is undoubtedly a factor in this growth.

REASONS FOR NOT PARTICIPATING IN THE LABOR FORCE, AGE COHORT 25-54			
	2022	2023	CHANGE
Taking Care of House or Family	30,200	33,200	3,000
Disabled	20,800	17,800	-3,000
In School	7,400	4,400	-3,000
Retired	7,000	6,500	-500
Illness	1,300	800	-500
Other	8,500	8,100	-400

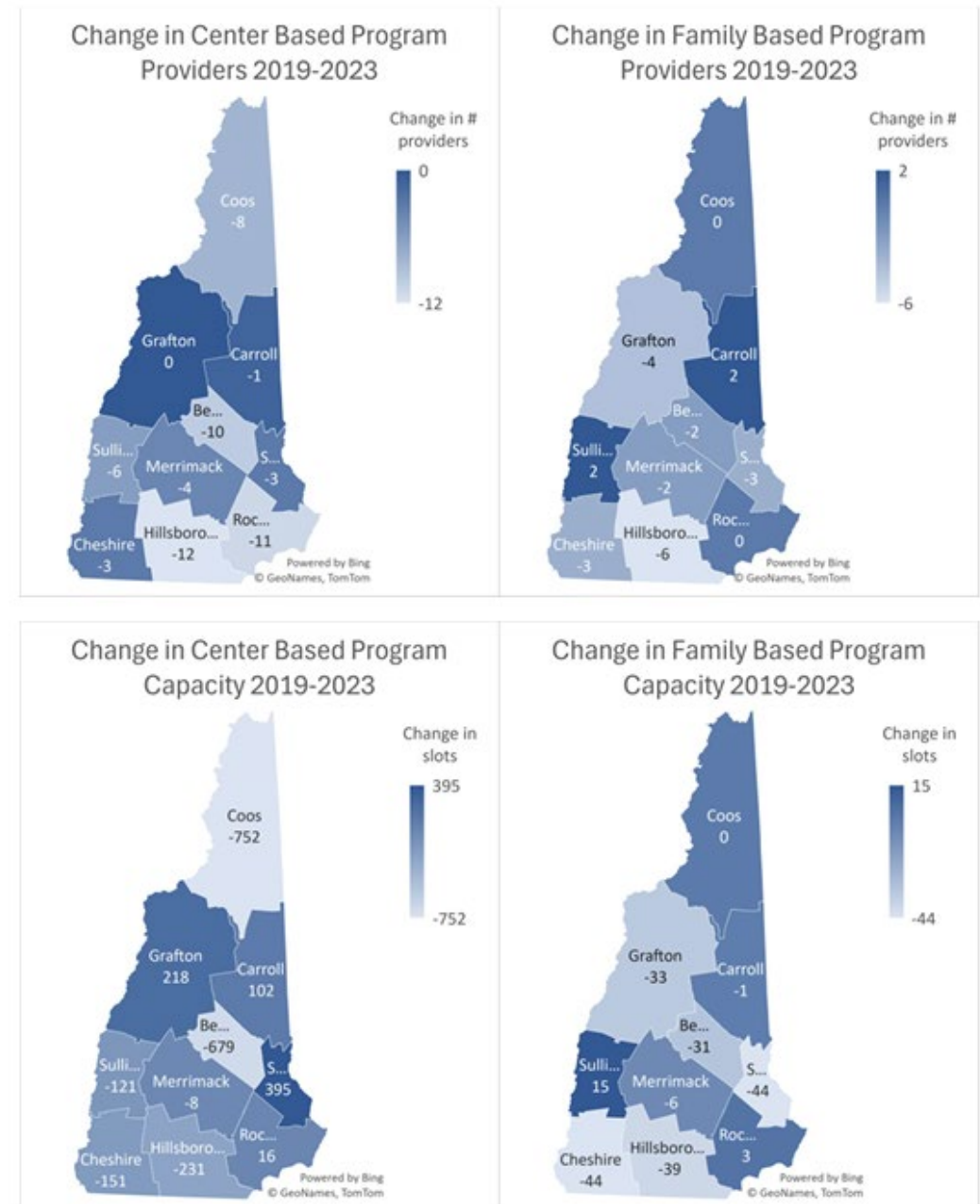
Source: Current Population Survey, unpublished public use microdata sample estimates.

Childcare Snapshot

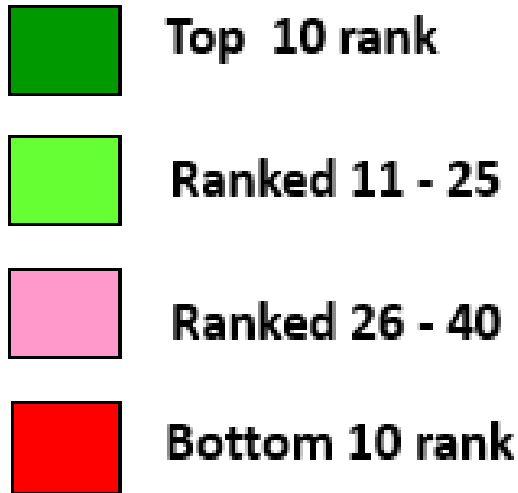
Closures of N.H. providers increased distances between providers, and decreased availability for parents, encouraging decreases in workforce participation.

Research from the U.S. Chamber of Commerce Foundation found that due to breakdowns in the childcare system, the states surveyed (Alaska, Arkansas, Arizona, Missouri, and Texas) missed an estimated average of \$2.7 billion annually for their economies.

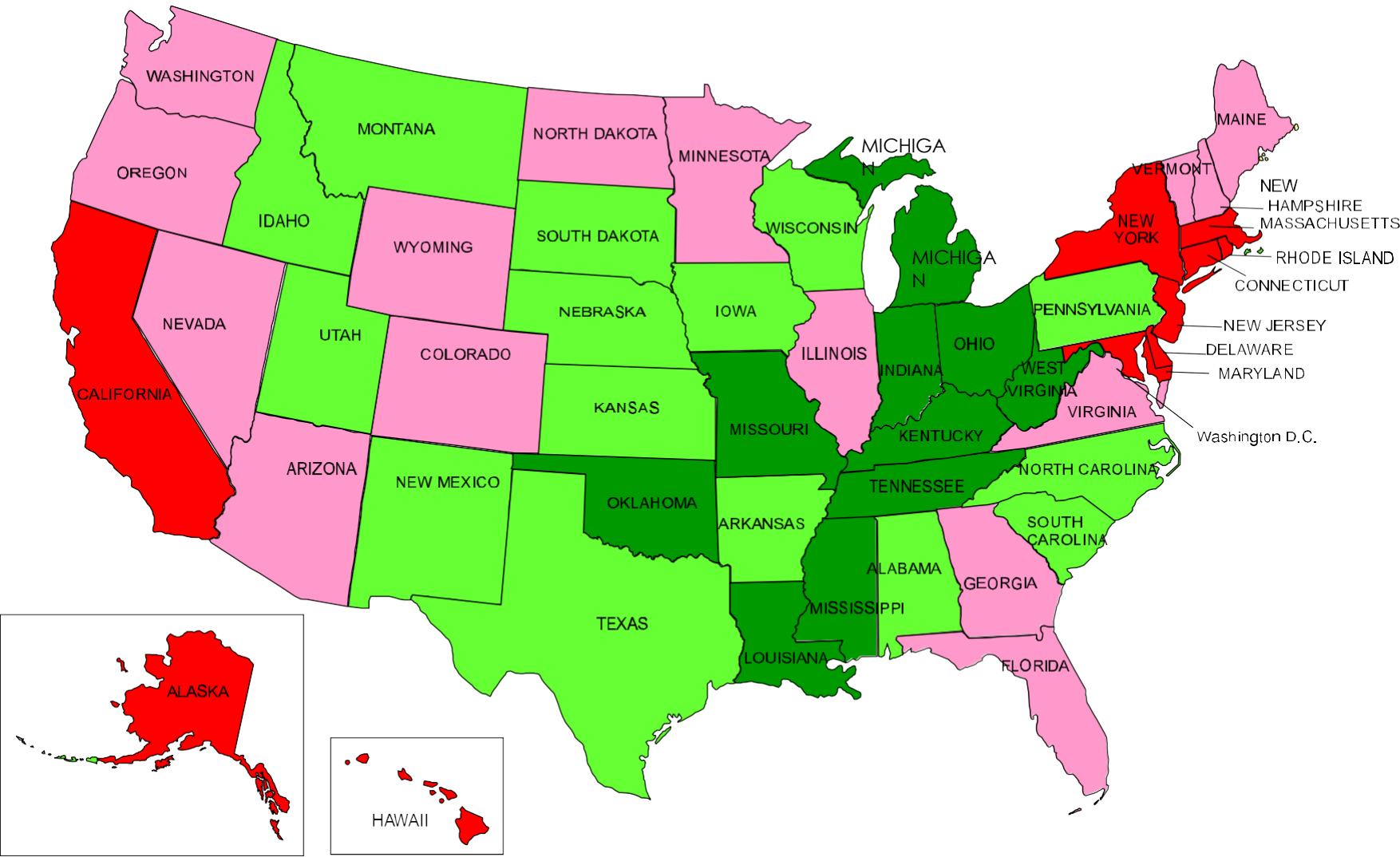
Figures 6-9: Changes in provider numbers and capacity by county from 2019 to 2023



Cost of Business Ranking 2023



	2013	2023
NH	18	36

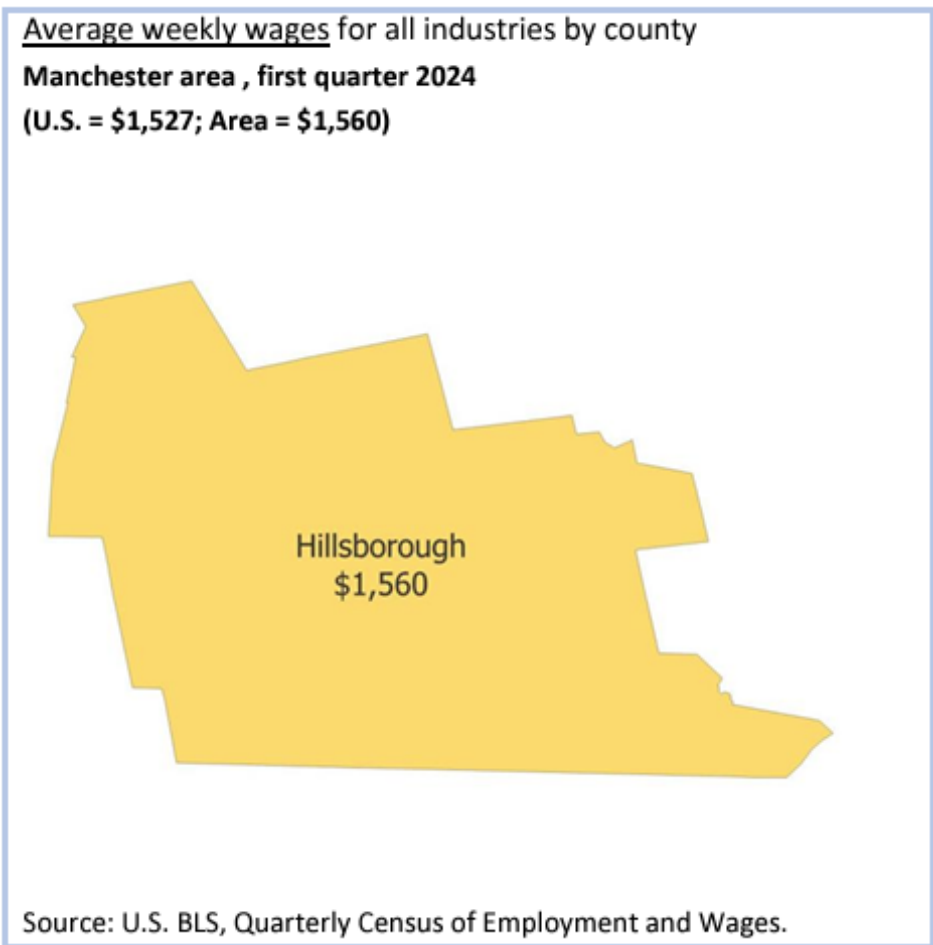


Source: CNBC 2023

Costs include taxes,
energy & occupancy
costs and incentives



New England among the highest cost for employers per hour worked for wages and benefits



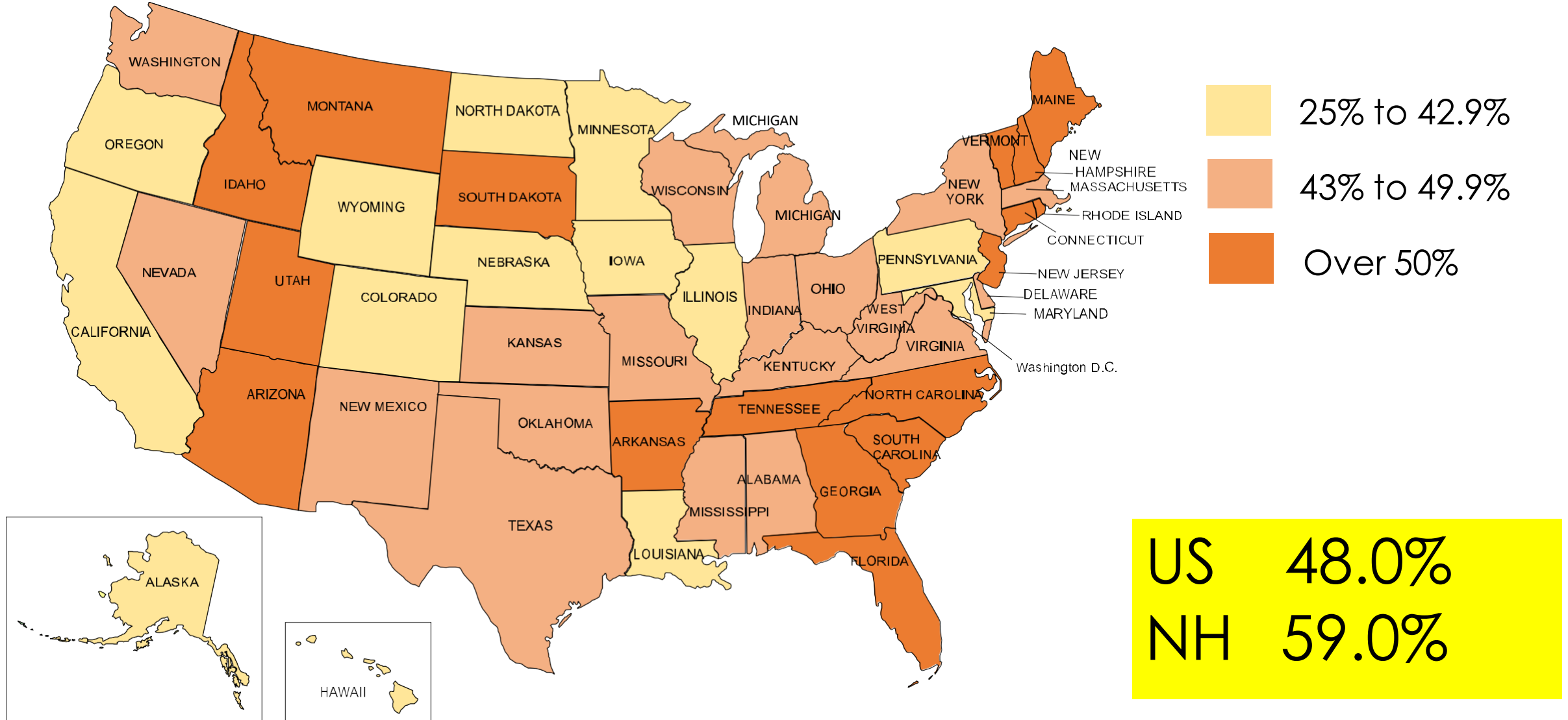
Employer costs per hour worked for wages and selected employee benefits by geographic division

Private industry, June 2024	New England	United States
Total compensation	\$52.05	\$43.94
Wages and salaries	35.37	30.90
Total benefits	16.68	13.04
Paid leave	4.17	3.30
Vacation	2.14	1.69
Supplemental pay	2.85	1.76
Insurance	4.10	3.24
Retirement and savings	1.94	1.52
Legally required benefits	3.62	3.22

Map of Census Regions and Divisions

Source: U.S. BLS, Employer Costs for Employee Compensation.

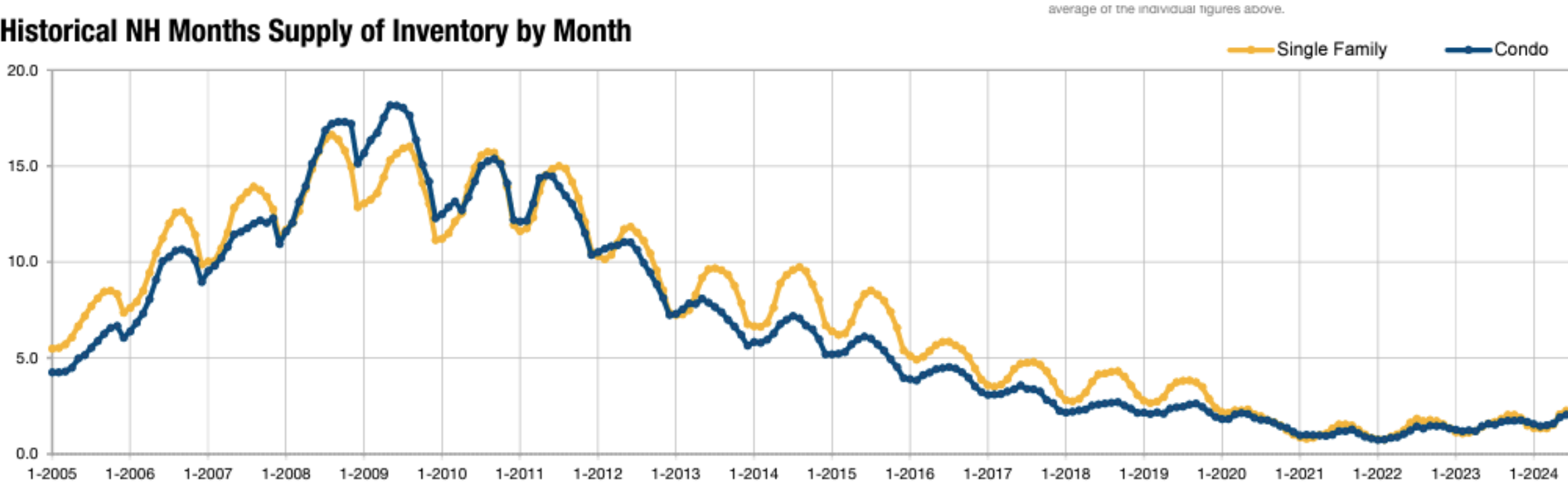
Housing Price Increase 2020 Q1 to 2023 Q4



Source: Federal Housing Finance Agency

Significant Decrease in Home Inventory Supply Since the Great Recession

A healthy supply of available inventory should be about 6 months worth of supply. As of December 2024, New Hampshire is at 1.9 months.



Source: NH Association of Realtors, Monthly Indicators, November 2024

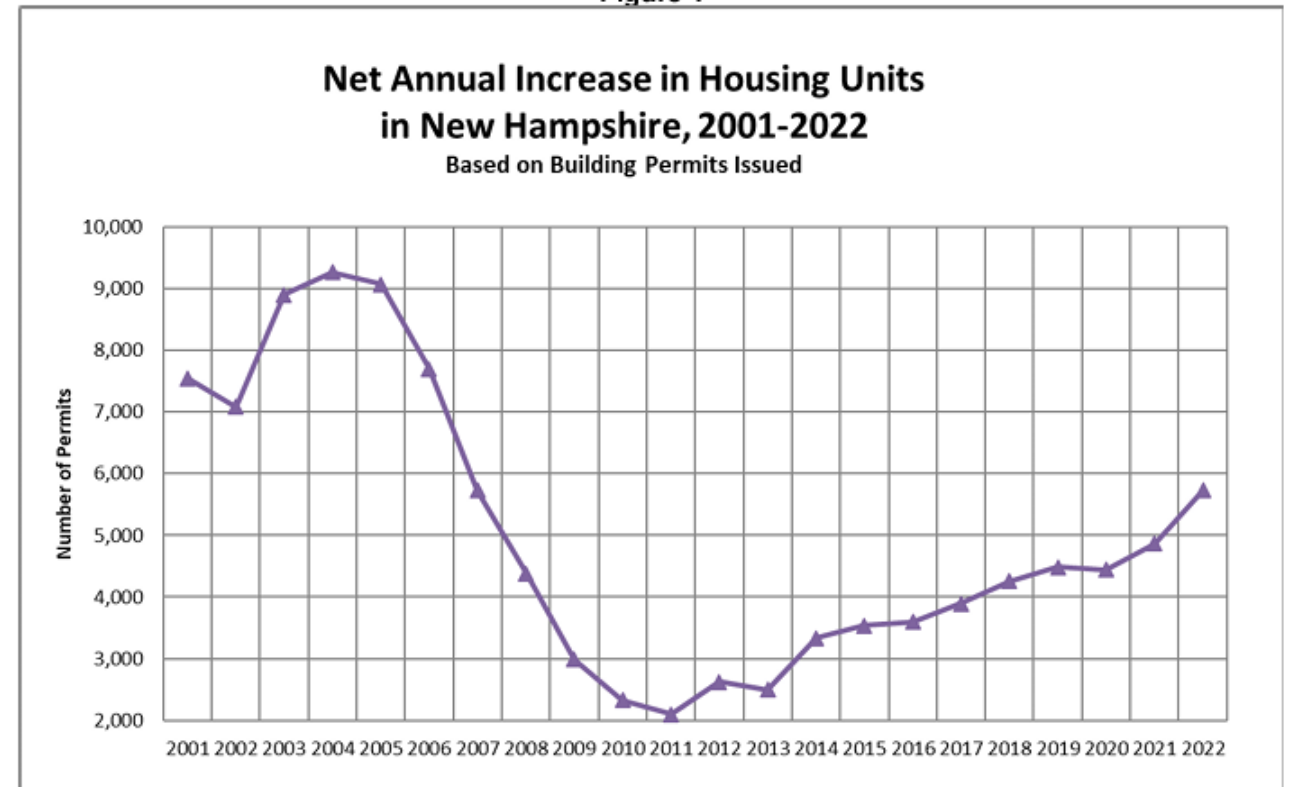


Decrease in Supply Corresponds with a Decrease in Building

From a peak of over 9,000 housing units in 2004, home building in New Hampshire fell to around 2,000 units in 2011 and has slowly increased to just over 5,000 units as of 2022.

Estimates are that New Hampshire needs 60,000 units by 2030 to meet demand.

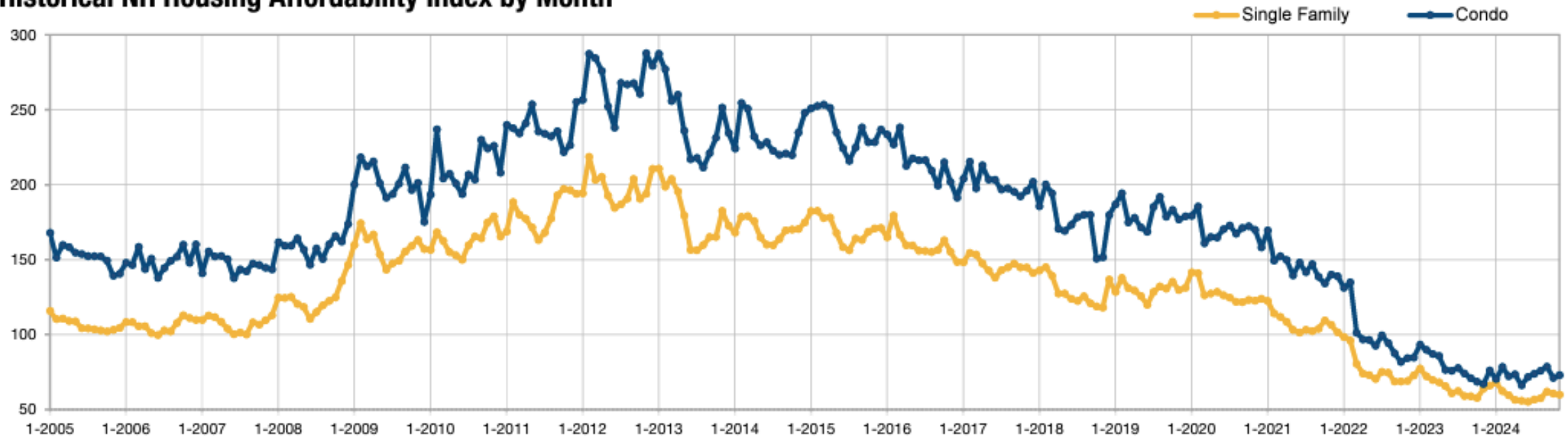
New permits need to increase to almost 8,000 per year to meet this demand.



Source: NH Dept. of Business and Economic Affairs, Current Estimates and Trends in New Hampshire's Housing Supply: Updated: 2023; NH Housing Finance Authority

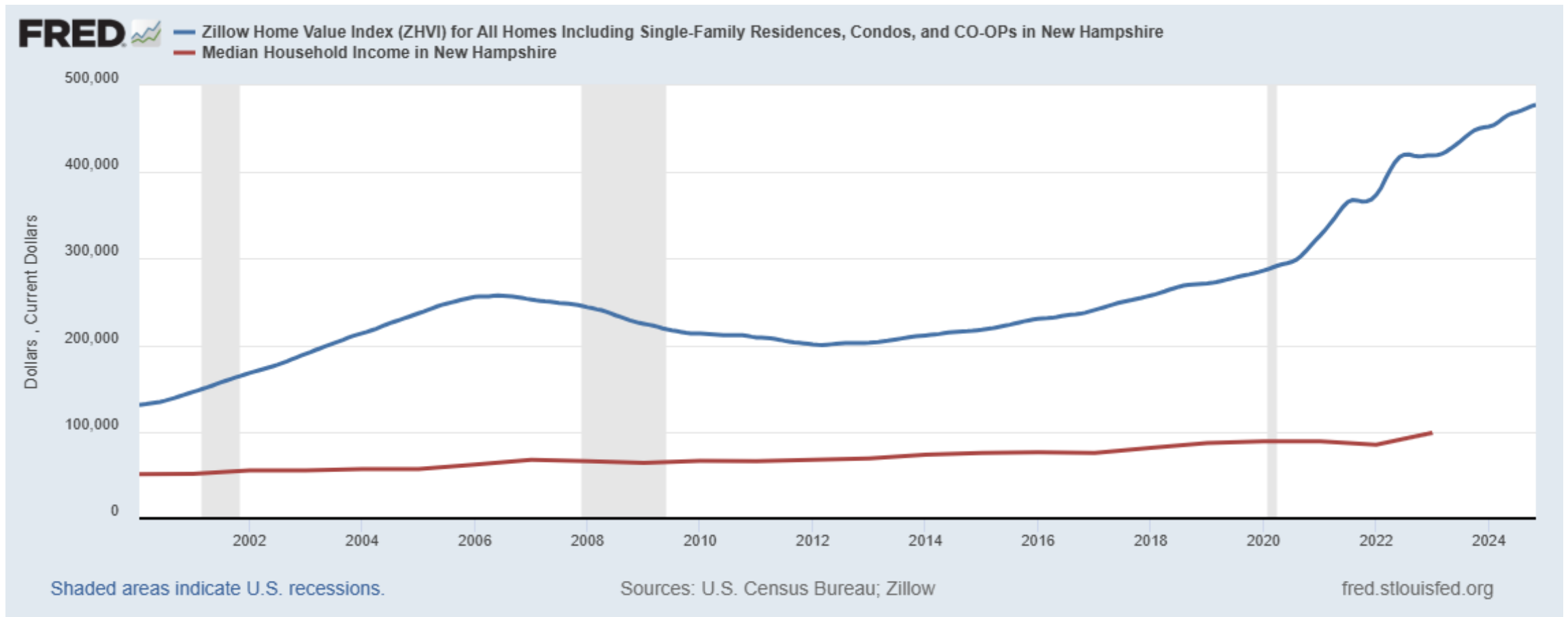
Lack of Supply is Driving Increased Housing Costs

Historical NH Housing Affordability Index by Month



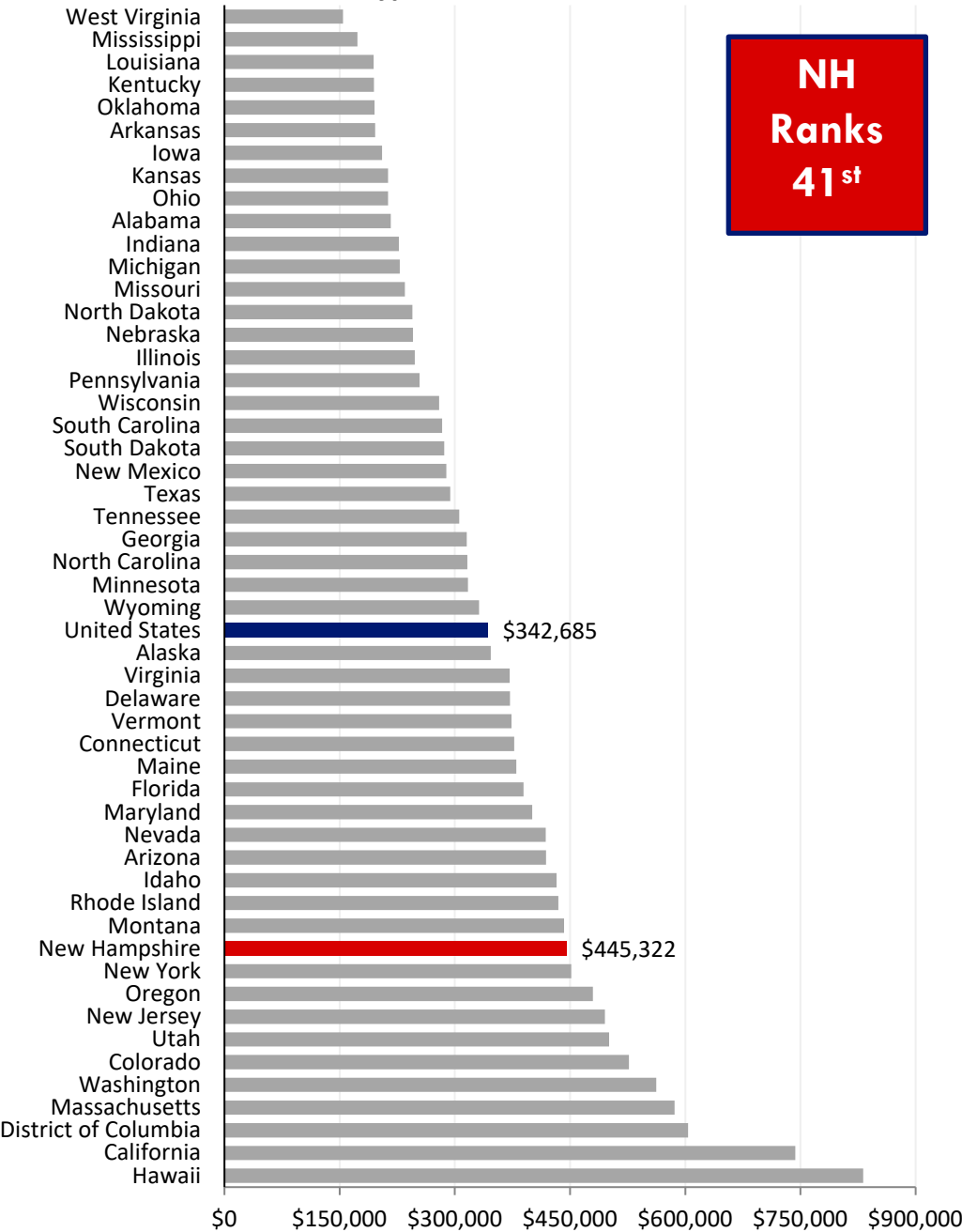
Source: NH Association of Realtors, Monthly Indicators, November 2024

Increased Housing Costs is Increasing the Differential Between Home Values and Household Income



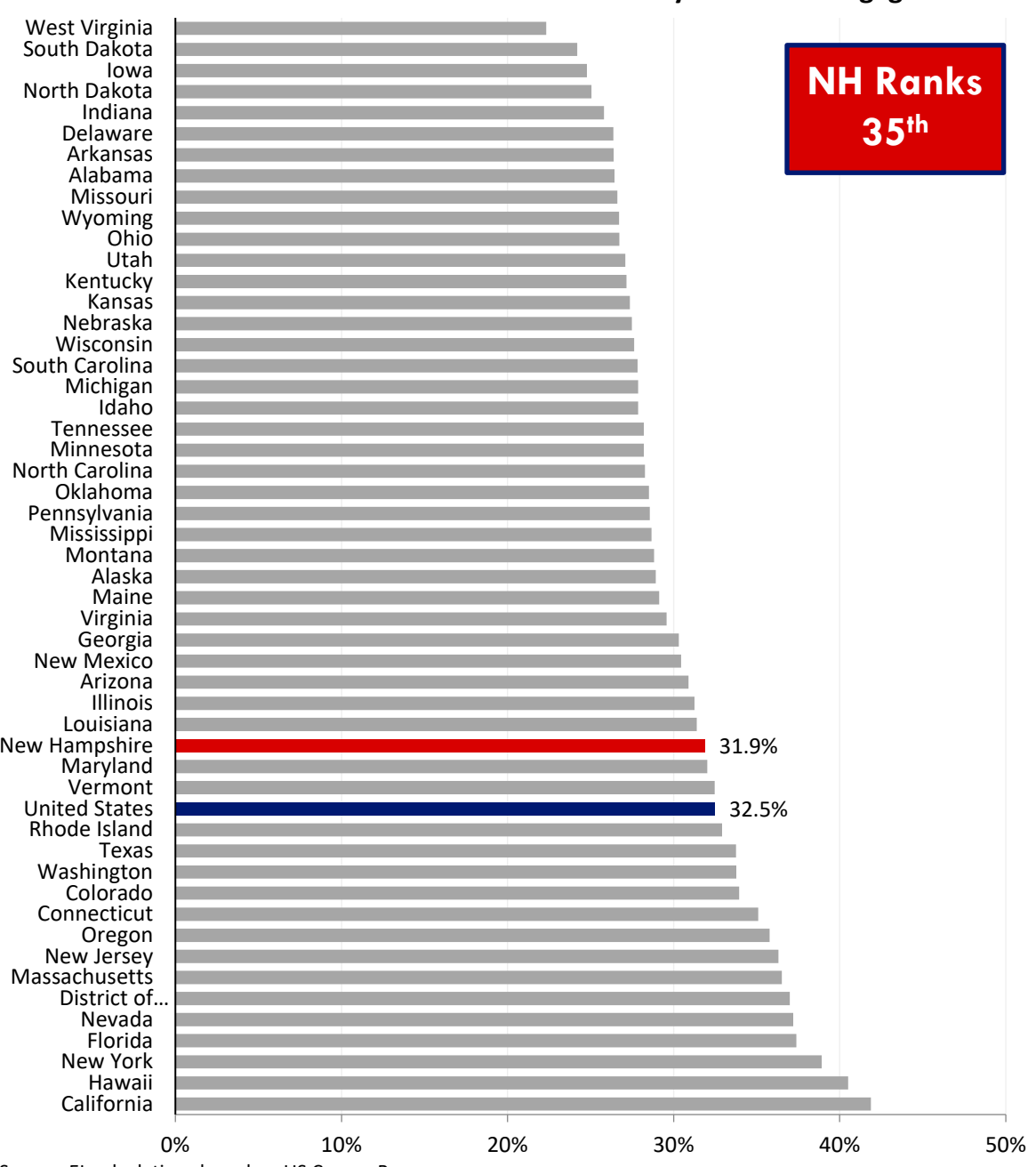
Source: St. Louis Federal Reserve

Typical Home Price, December 2023



Source: Zillow (2024)

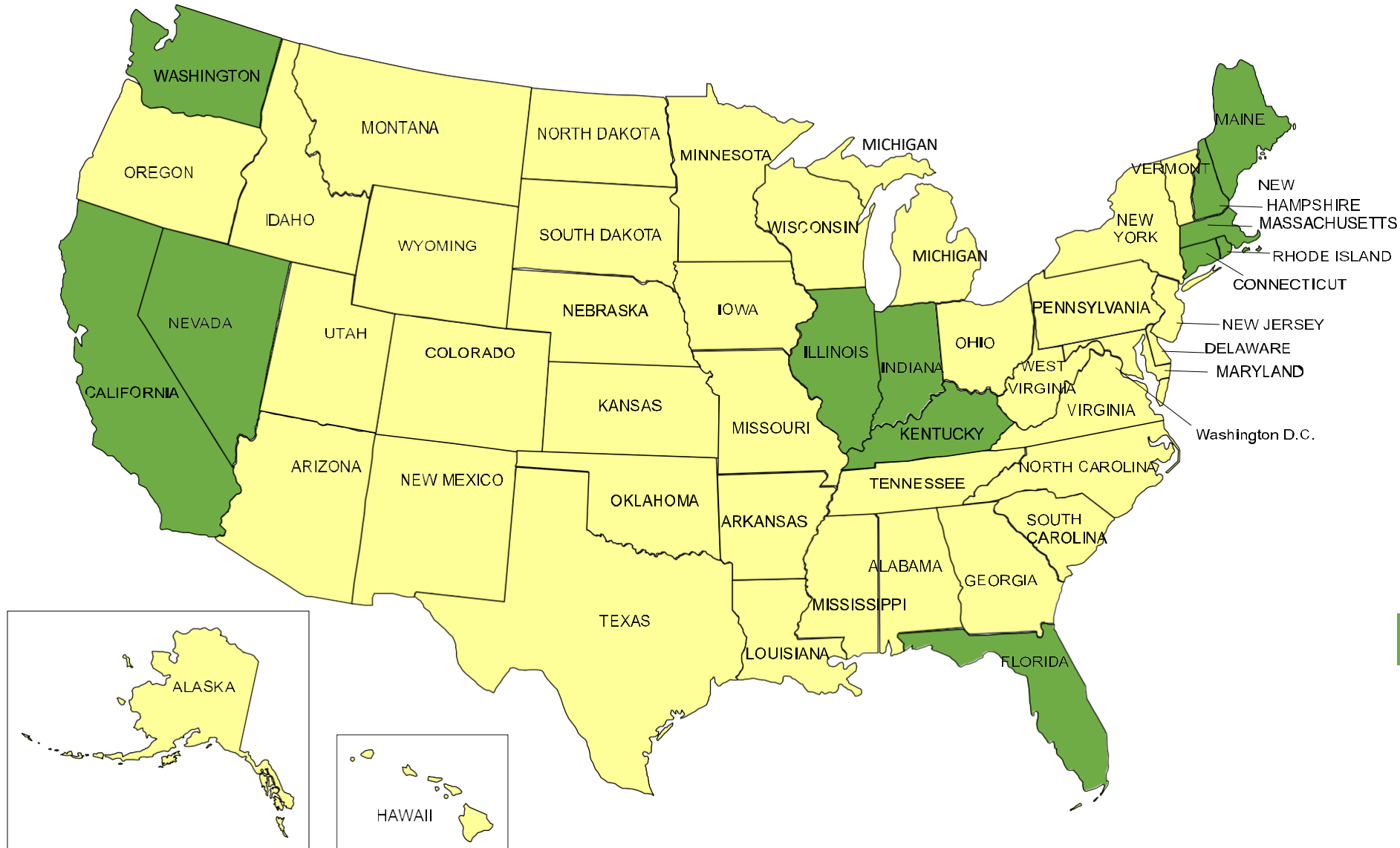
% of Households that are Cost-Burdened by Rent or Mortgage022



Source: EL calculations based on US Census Bureau

Source: Federal Housing Finance Agency

% Change in Overall Electricity Prices 2013-2023



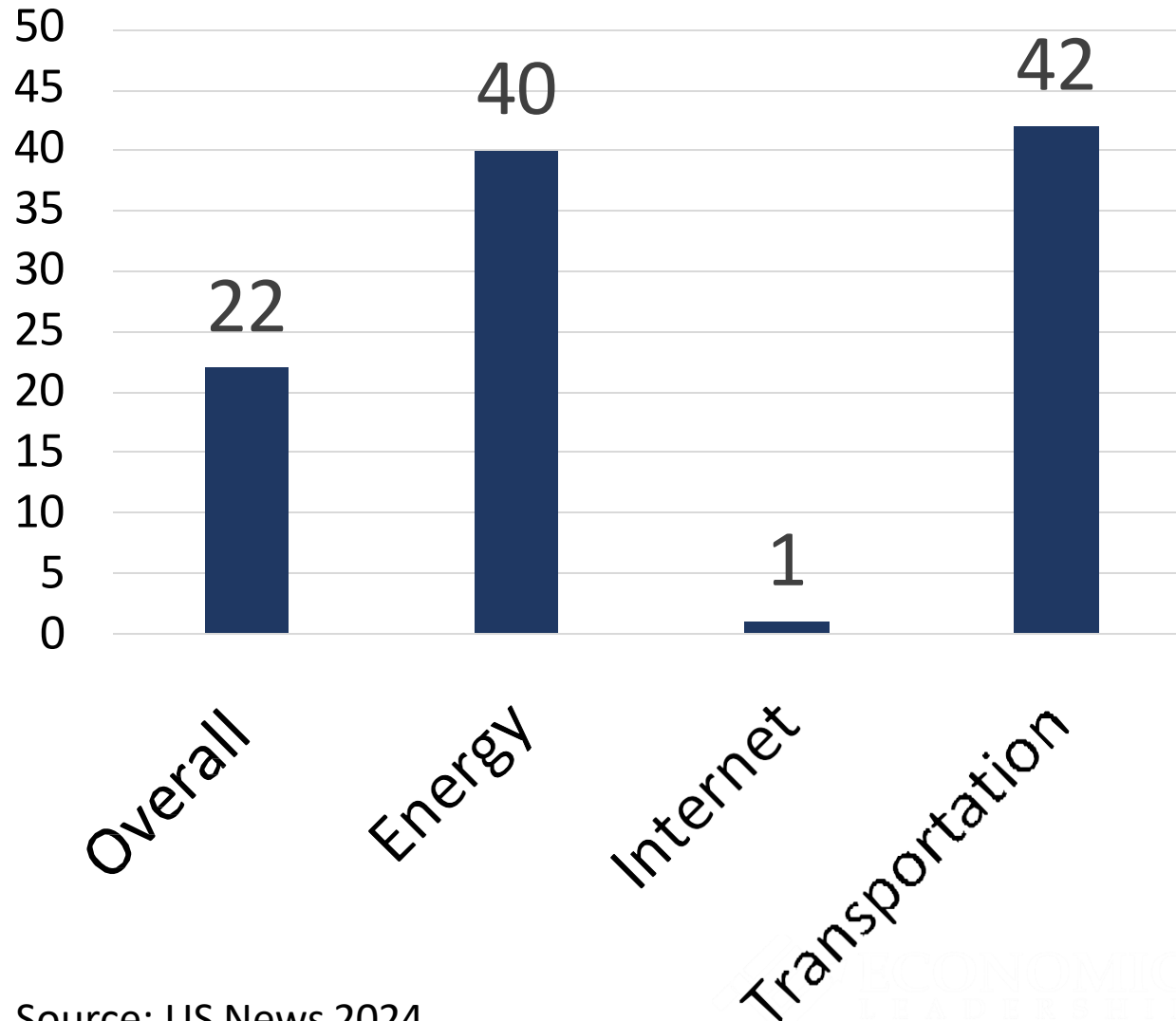
U.S. 26.3%
NH 60.7%

**Among the 10
most expensive
states in all
categories**

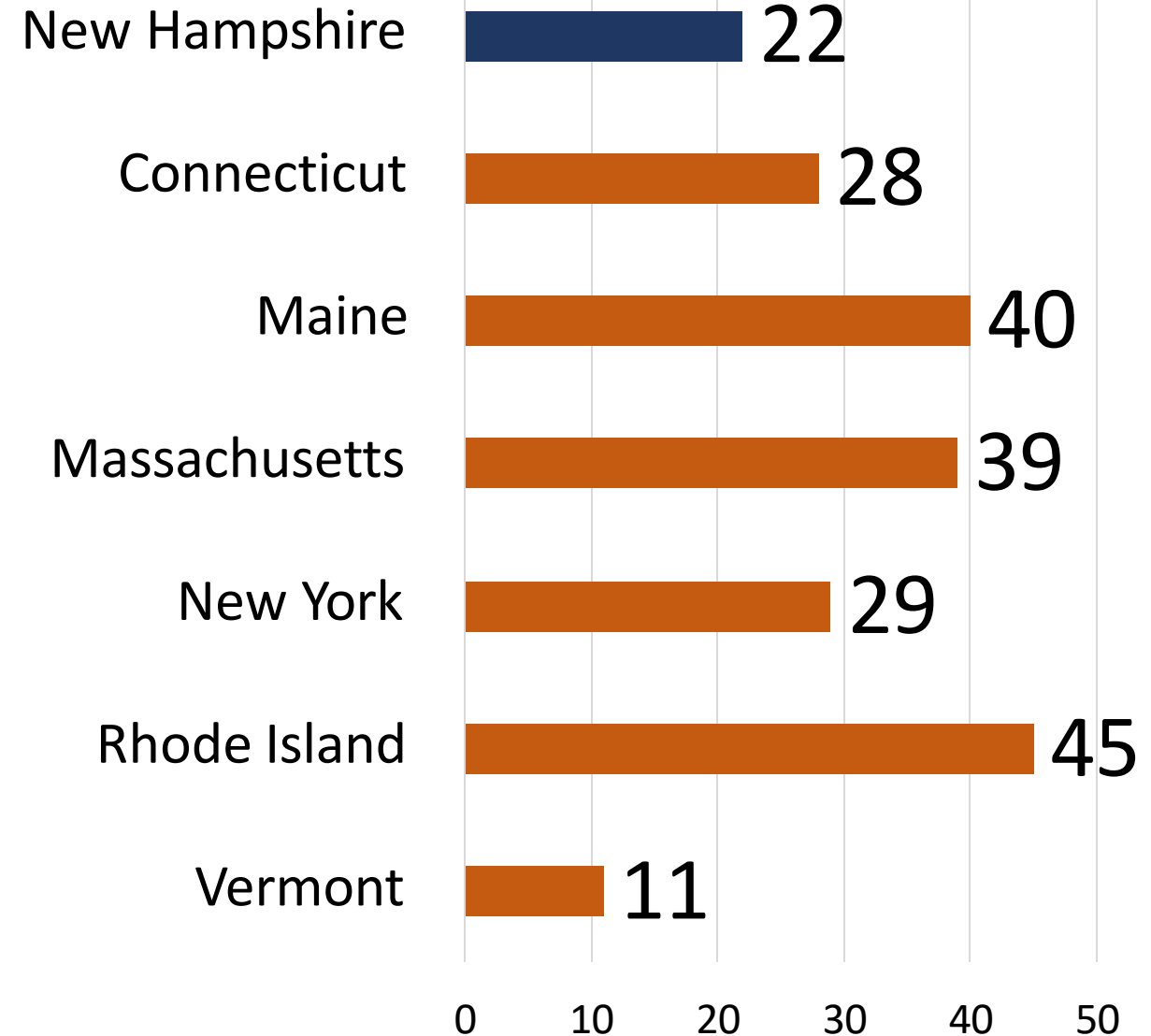
**Over 30%
12 states**

US News Infrastructure Rankings

New Hampshire



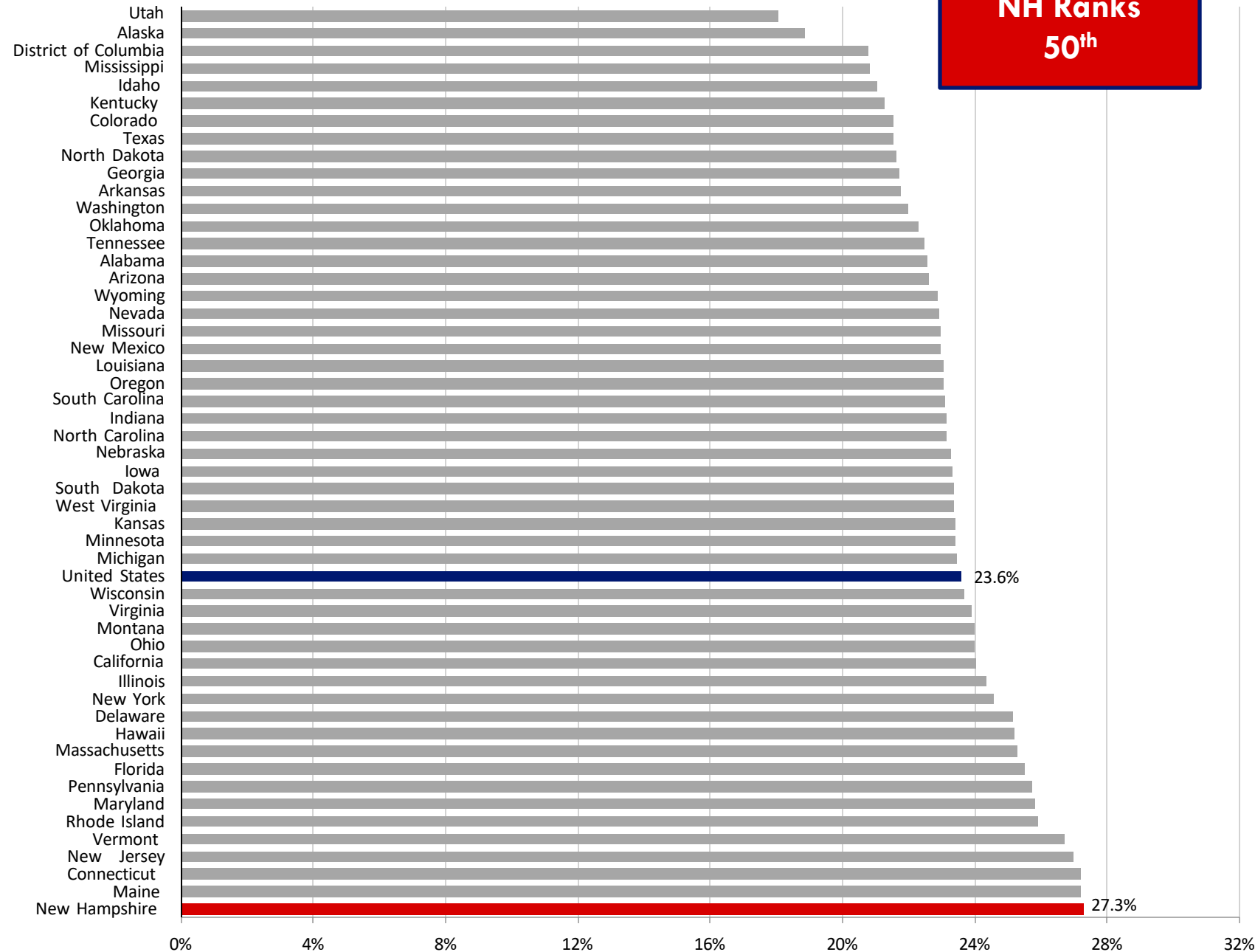
Neighbor Overall Rankings



Over 27% of the workforce in NH is 55 or older, the highest percentage among states.

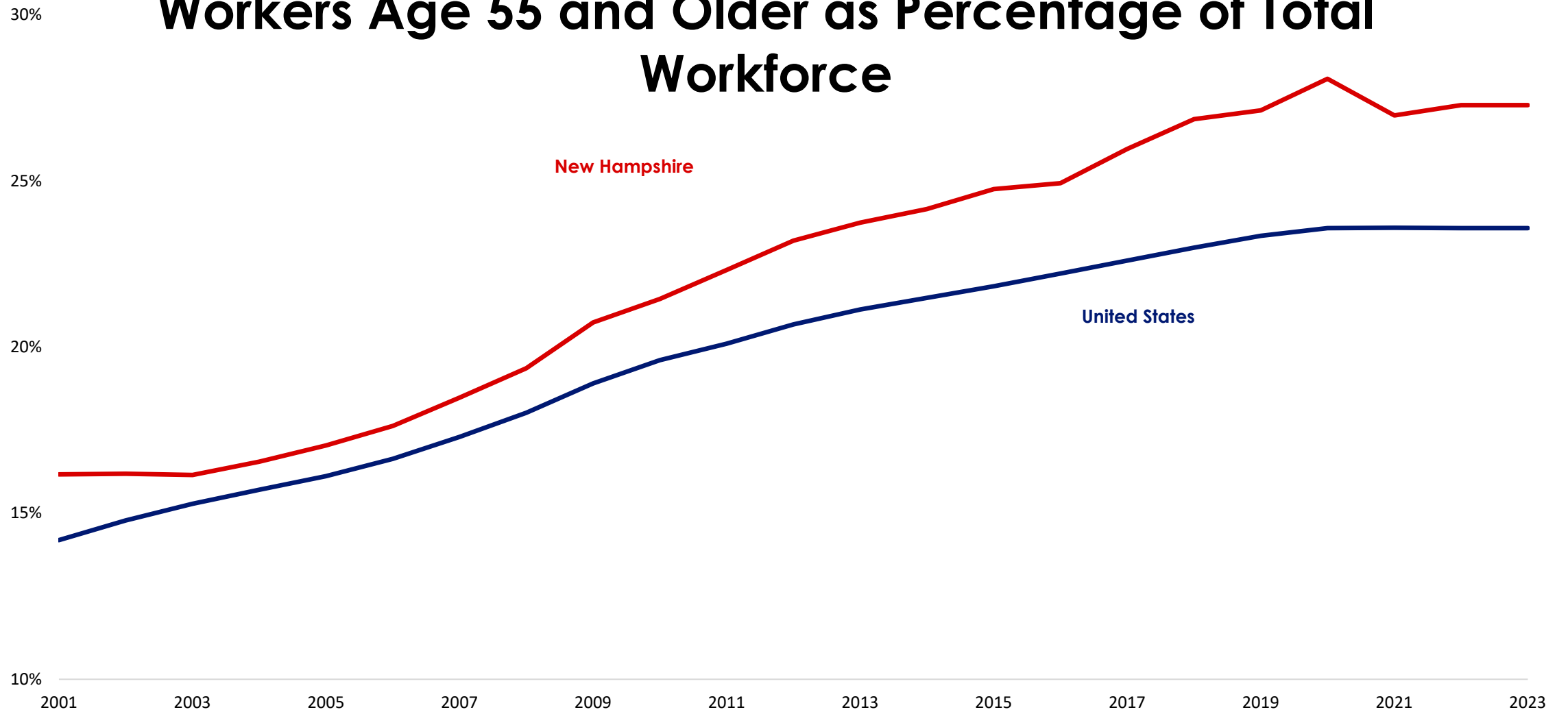


Percentage of Workers Age 55 and Older, 2023



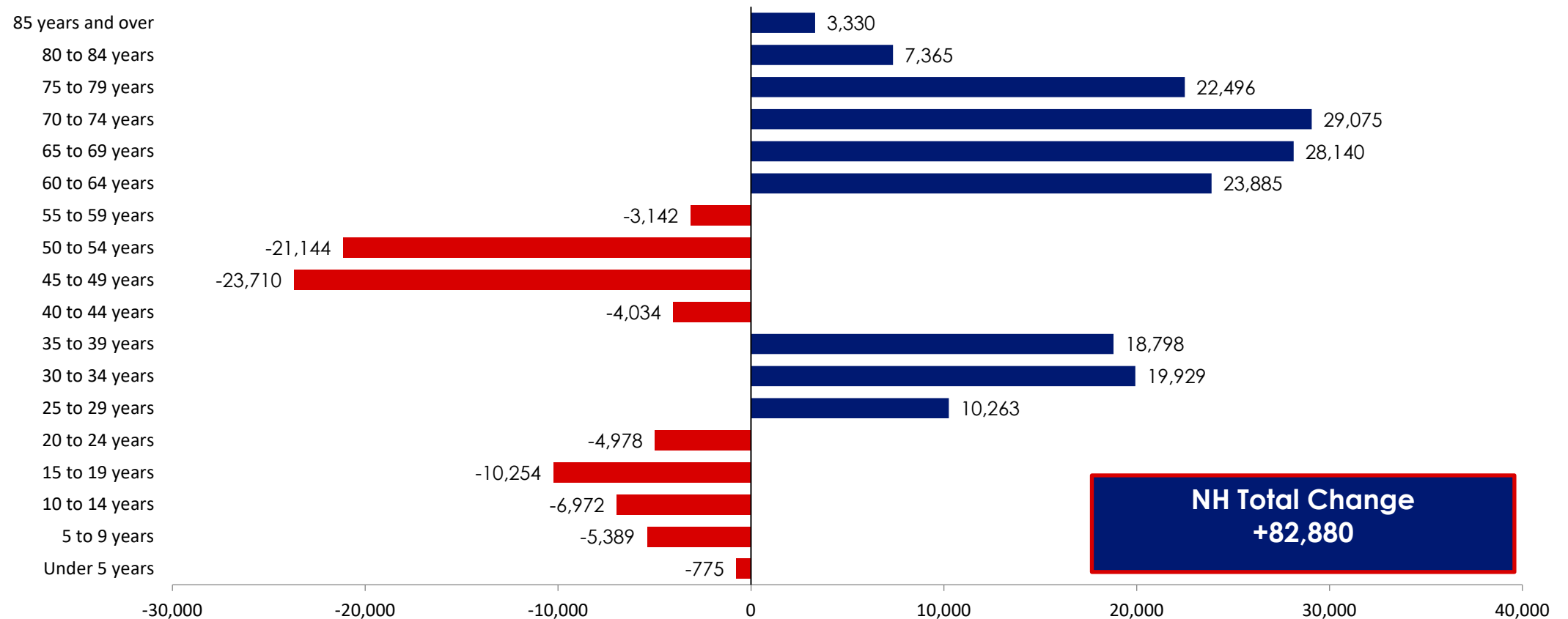
Source: EL calculations based on Lightcast 2024.1

Workers Age 55 and Older as Percentage of Total Workforce



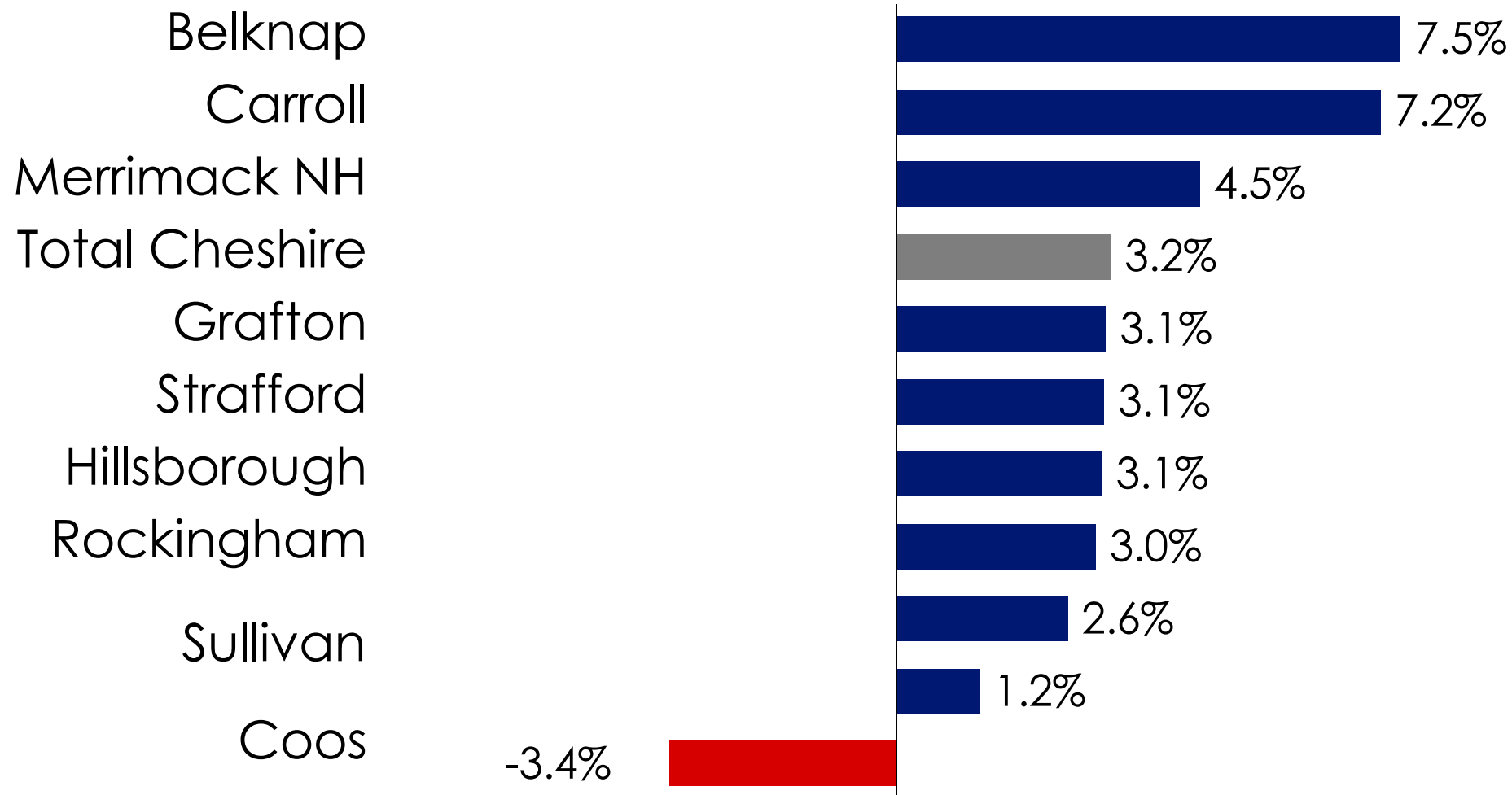
Source: EL calculations based on Lightcast 2024.1

NH Population Chamber by Age Cohort, 2013-2023



Source: Lightcast 2024.1

New Hampshire Prime Age Population Change by County 2019-2023



Source: Lightcast 2024.1



Key takeaways and discussion points:

- NH's overall business climate is strong and positioned to compete nationally.
- Workforce availability and housing supply are the top risk factors to NH's business climate, followed by availability of childcare and energy costs.
- To address NH's biggest challenges, we need to embrace statewide strategies and scale the regional solutions that work.