



New England's Economic Outlook: CT And NH Will Have Strongest Economies

UNH Professor Forecasts Employment, Housing Market Trends At Regional Conference

Contact: [Erika Mantz](#)
603-862-1567
UNH Media Relations

May 11, 2006

DURHAM, N.H. -- The New England economy is expected to continue to grow at a slow rate through 2010. Connecticut and New Hampshire are forecast to have the strongest economies, with Connecticut leading in growth of gross state product and per capita income, and New Hampshire leading in employment growth, according to the latest New England Economic Outlook presented by Ross Gittell, the James R. Carter Professor at the University of New Hampshire.

Gittell presented his economic forecast Thursday, May 11, 2006, at the spring conference of the New England Economic Partnership, "New England's Power Puzzle: Price, Supply, Infrastructure and Regulation." Gittell is the partnership's vice president and forecast manager for New England. In addition to Gittell's presentation, Gus Faucher, senior economist with Moody's Economy.com, discussed the U.S. economic outlook, and Susan Tierney, managing principal of the Analysis Group and former assistant secretary for policy at the U.S. Department of Energy, gave the conference's keynote address about the future role for energy in New England.

According to Gittell's report, New England's gross product growth is expected to average 3 percent per year through 2010. "This compares favorably to growth in the region during the first half of the decade of 2.4 percent per year, but is significantly lower than the growth averaging 5.5 percent in the last half of the 1990s. The forecasted regional growth rate over the forecast period is slightly below the national average of 3.1 percent," Gittell says.

Employment growth is expected to average below 1 percent per year, compared to the national average of 1.3 percent over the forecast period. In the first half of the decade, average annual regional employment declined .3 percent but grew 2.1 percent per year in the last half of the 1990s. Regional employment is not expected to return to its first quarter of 2001 peak level of 7.083 million level until the third quarter of 2008.

Connecticut and New Hampshire will lead the region's economies through 2010. Connecticut will see growth in gross state product and per capita income, while New Hampshire will be the only state to have overall economic and employment growth above the U.S. average. In addition, New Hampshire is forecasted to lead the region in employment growth in a majority of the main sectors of the economy.

"In many sectors of the economy, New Hampshire is the only state in the region expected to have employment growth above the national average. Vermont is the third state in the region

with an economic outlook (primarily in terms of growth in employment and gross state product growth) above the regional average. Massachusetts is expected to continue to lag behind U.S. and regional employment growth. Maine's economy continues to suffer from the loss of manufacturing employment and is expected to have growth lower than the regional average. And Rhode Island, after a period of relatively strong growth, is expected to have one of the weakest economies in the region," Gittell says.

The region's housing market is expected to soften, with median housing price appreciation to fall from well above to below the national average. Housing price growth is expected to decline from an average of more than 10 percent per year in 2000 to 2005 (and compared to the U.S. average of 8.3 percent per year in this period), to about less than 1 percent year over the forecast period and compared to the US forecast of 3.2 percent per annum.

"Only Vermont is expected to have median housing price appreciation above the national average over the forecast period. The three states in the region with the highest recent increases in housing prices – Rhode Island, Massachusetts and New Hampshire – are expected to have the slowest growth in housing prices, with Rhode Island expected to experience a slight decline over the forecast period," he says.

The New England Economic Partnership is a nonprofit organization dedicated to providing objective economic analyses and forecasts for more than 25 years. For more information on the New England Economic Partnership, visit <http://www.neepecon.org/index.asp>.

DOWNLOAD: To download Gittell's entire spring 2006 New England Economic Outlook, visit <http://www.unh.edu/news/docs/NEEP.html>.