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## **Jobs return, but don't pop champagne**

*By ASHLEY SMITH Staff Writer*

A recent report ranks New Hampshire No. 2 in the nation in job growth over the last year, but economists warn it's a little too early to celebrate.

The normal growth rate during a period of economic recovery is 4 percent to 5 percent. The U.S. Department of Labor report showed New Hampshire's job market is growing at a much slower rate of 1.43 percent.

Dennis Delay, New Hampshire forecast manager for the New England Economic Partnership, said, "1.43 percent growth coming out of a recession is not a reason to pop the champagne bottle."

The report said New Hampshire regained 8,900 jobs, about one-third of what was lost during the recession, from June 2009 to June 2010. The state was second only to Kentucky in terms of job growth as a percentage of population.

Greater Nashua continued to struggle, losing 600 jobs over the year.

Annette Nielsen, an economist with the state's Economic and Labor Market Information Bureau, cautioned that the growth, while a positive sign for New Hampshire, is small compared with other states. Texas, for example, created 110,000 jobs during that period, but ranked No. 7.

"I don't like statements saying, 'New Hampshire leads the nation,' because that's not true. We are too small," Nielsen said. "Percentage-wise, we can lead, but the numbers are much, much smaller than other states.

"Rather, we like to look at the region. We like to compare to Massachusetts, Maine and Vermont."

Massachusetts ranked No. 12, adding 16,700 jobs for a growth rate of 0.53 percent. Maine and Vermont lost jobs over the year, ranking No. 33 and 39 respectively.

Mike Lynch, an economist with Lexington, Mass.-based IHS Global Insight, an economic forecasting firm, cautioned that the 8,900-job figure seems a little high. The administrative support services sector, which includes temporary jobs, grew 23 percent in two months, he said.

"That sector should be growing initially after a downturn, but that is massive," Lynch said. "I think those numbers are a little overstated.

"If you look at the trend over the past five years and then how far it jumped in one month, you'll probably see a little bit of a payback over the next month or so."

Lynch said it isn't uncommon for monthly economic data to have a few abnormalities. Even if the numbers are high, New Hampshire likely falls in the top five or 10 states for job growth, he said.

Economists agree that in New Hampshire, the worst days are behind us. The unemployment rate appeared to "bottom out" last fall when it topped 7 percent, Lynch said. That figure has been gradually declining this year, falling to 5.9 percent in June.

"New Hampshire was on the upswing early on. ... You see some states just turning that corner now," Lynch said.

However, the same experts caution that job growth – perhaps the most critical component of economic recovery – will remain slow as the nation tries to rebuild from the worst recession in history.

"It was severe; that's why we call it the Great Recession," Nielsen said. "It's not going to be easy to generate jobs very quickly."

In good times, New Hampshire's unemployment rate is usually between 3 percent and 4 percent.

It's no surprise that New Hampshire is recovering from the recession faster than many states. The recession took hold later here and, because of the state's size, it has the ability to rebound faster.

Unlike some areas of the country that were hit hard by the recession, New Hampshire's economy isn't dependent solely on the success of just one or two industries.

"When the economy recovers, we tend to grow a little faster," Delay said. "We have some comparative advantages. We're a low-cost state in a high-cost region. The overall tax burden is lower than other states in the country. Wages are a little bit lower than other New England states."

In May and June, New Hampshire saw growth in every employment sector except financial activities and manufacturing, Nielson said.

The job growth has yet to slow the foreclosure rate in New Hampshire. There were 377 foreclosed deeds recorded in June – a 45 percent increase over June 2009, according to the New Hampshire Housing Finance Authority. At that pace, New Hampshire is on track for a record number of foreclosures this year, according to a report released in early July.

An estimated 42,470 people in New Hampshire were unemployed in June, according to data from the Economic and Labor Market Information Bureau. That's down from more than 57,000 in January.

More than 3,100 people in Nashua were unemployed at month's end.

Delay said he believes it's possible that New Hampshire's unemployment rate could increase slightly during the second half of this year as the economy's overall rate of growth begins to slow.

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