Stuck in Neutral, Demographics, and A Sustainable Future?

New Hampshire Joint Engineering Societies

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“...to raise new ideas and improve policy debates through quality information and analysis on issues shaping New Hampshire’s future.”
2010 Population Density by Municipality

Town: Manchester
Region: Merrimack Valley Region
2010 Population: 109565
2010 People per Square Mile: 3136.8 (NH = 141.8)
Change in Population 2000 to 2010: 2.4% (NH = 6.5%)
2010 Population Age 18 and under: 21.6% (NH = 21.8%)
2010 Population Age 65 and over: 11.8% (NH = 13.5%)
Median Age: 36.2 (NH = 41.1)
2010 Population Hispanic: 8.1% (NH = 2.8%)
2010 Adults with BA or Better: 25.1% (NH = 32.4%)
2010 Median Household Income: $52906 (NH = $63,033)
2010 Poverty Rate: 14% (NH = 7.7%)
Source: US Census and NH Center for Public Policy Studies
New Hampshire values in parenthesis for comparison

Map Colors show 2010 Population Density for each municipality in New Hampshire.

0 to 100 People per square mile | 100 to 500 People per square mile | 500 to 1,000 People per square mile | 1,000 to 3,000 People per square mile
"TED" Rate
Difference Between 3 month LIBOR and 3 month US T-Bill

Jan-94 Jan-95 Jan-96 Jan-97 Jan-98 Jan-99 Jan-00 Jan-01 Jan-02 Jan-03 Jan-04 Jan-05 Jan-06 Jan-07 Jan-08 Jan-09 Jan-10 Jan-11

0 1 2 3 4 5 6

0 10/10/08

Lehman Failure

SubPrime Shock

Tech Bust

LTCM Y2K
Calculated Risk has the clearest picture of the problem we face:

Percent Job Losses in Post WWII Recessions

Source: Chart from Fed Bank of Boston
NH – Less of a decline, more recovery.

Index of Total NonFarm Employment

Dec 2007 = 100

United States

New Hampshire

Manchester

- US
- NH
- Manchester
NH’s Great Recession was in the early 1990’s
Smart Manufacturing and High Tech Still Leads the Economy!

New Hampshire Total Compensation Paid by Selected Industries
(Thousands of Dollars)

Manufacturing + High Tech
Healthcare
Retail Trade
Finance
Construction
Education
Real Estate

Sources: Bureau of Economic Analysis
Anecdotal evidence from the Fed Bank of Boston, September 7, 2011

• Business contacts in New England continue to report mixed results.
• Some manufacturers cite slowing demand while others continue to enjoy strong sales, retail activity is mostly flat, tourism is up, staffing and software and IT services firms note continued growth, and real estate markets remain sluggish.
• Respondents say input cost pressures have eased somewhat since the last report.
• Firms are doing little hiring.
• Contacts in all sectors note that the outlook is increasingly uncertain.
Residential Real Estate Continues to Languish

NH Single-Family Residential Home Sales and Price (MLS)
Source: NH Association of REALTORS

Decline from the Peak:
Sales  -40% from 2004
Price   -21% from 2005

2011 YTD thru July
Home Prices Return to the Long Term Trend:

NH Single-Family Residential Home Price (MLS)
Source: NH Association of REALTORS

Median Home Price

Inflation Adjusted Price

$134,749
$141,372
$152,500
$170,158
$188,089
$206,266
$227,807
$237,976
$226,354
$216,598
$187,954
$170,164
$169,787
$157,174


Median Price - 2000 Inflation Adjusted
New Hampshire Home Building Not as Frantic as in the 1980’s

Monthly Housing Permits in New Hampshire January 1969 to July 2011

Twelve Month Average At Annual Rates

Grey boxes represent recessionary periods
NH Foreclosures Have Peaked?

NH Monthly Foreclosure Deeds

Source: NH Housing Finance Authority
The Local Revenue Impact: Wherefore Workforce Housing?

NH Equalized Property Value and Tax Rate

Sources: NH Department of Revenue
Demographics
We’re still growing – but slower

Percent Change in NH Population

Source: New Hampshire Center for Public Policy Studies, analysis of U.S. Census data
Understanding the past to see the Future: Here come the baby boomers ....
Are we old? Not yet, but getting there …

Population Projections For those Over the Age of 65

- 2010: 191,403
- 2015: 245,952
- 2020: 311,144
- 2025: ~126,000
- 2030: ~437,194
Seniors spend more on health care, less on pensions and insurance

Percent Change in NH Per Capita Consumer Spending due to Age Structure Change

Simulation using the Consumer Expenditure Survey
Health Care Market Impacts?

The Impact of Aging Only

- Medicaid: $992 in 2010, $1,496 in 2030
- Private: $1,871 in 2010, $2,507 in 2030
- Medicare: $2,277 in 2010, $5,766 in 2030
Smart Manufacturing and High Tech
Still Leads, but Health Care Gaining!

New Hampshire Total Compensation Paid by Selected Industries
(Thousands of Dollars)

Sources: Bureau of Economic Analysis
The Success of the Climate Change Strategy

Source: Stratfor.com
The Success of the Climate Change Strategy

Greenhouse Gas Emissions (Metric tons of CO2 Equivalent) per Dollar of US GDP

Source: US DOE
A new strategy
Sustainable Consumption:

“...The use of goods and services that satisfy basic needs and improve quality of life while minimizing the use of irreplaceable natural resources and the byproducts of toxic materials, waste and pollution.“   Sierra Club
Sustainable Consumption is more than conservation

- Development of a personal ethic that has subscribers using as little energy and as few products as possible to achieve their desired standard of living.
- Changing people's attitudes toward what has "value" and what does not.
- View technological developments in terms of whether they are safe in the long run.
Key elements of Sustainable Consumption:

- Taxing consumption.
- Taking a life-cycle view of a product's costs.
- Increasing individual consumers' attention to these issues.
- "Choice Editor" role by government and/or business
Sustainable Consumption seeks to change values

- Reduces the value of a good to a particular individual, and increases the value one places on that good's wider social implications.
- Sustainable consumption asks people to place the community ahead of the individual.
Sustainable Consumption
new views of technology

- Problems industrialized societies face are caused by the unintended consequences of solutions to the timeless problems of food, heat and shelter.

- Consumer products that improve our quality of life actually have a negative impact on health -- and therefore on quality of life.
Sustainable Consumption
compact florescent bulb

- Decreases energy use, but contains mercury.
- False choice in substituting one set of problems for another.

- Like nuclear power (obvious).
- Solar power uses toxic chemicals
- Wind power alters landscape, bird kills.
Sustainable Consumption In Practice

- Intelligent Community Vehicle System for shared hybrid and electric cars.
- Regional Greenhouse Gas Initiative
- Micro-generation.
- Impact of the sustainable consumption movement is likely to be one-sided -- a continual press for conservation.
Could price have something to do with it?

US Energy Expenditures as a Share of GDP

Source: DOE
Are we worrying about the right things?

Share of New Hampshire GDP
Energy, Healthcare and K-12 Schools

Source: NHCPPS
Final Thoughts on a Sustainable Future:

- Neither of the two extreme principles—do nothing until we are absolutely sure it’s safe; do nothing until we are absolutely sure the alternative is dangerous—makes economic sense, or any other kind.

- Weigh the costs, the benefits, and the probabilities as best all three are known, and don’t be obsessed with either extreme tail of the distribution.
New Hampshire's Economic Scoreboard for 2010
New Hampshire's ranking among the 50 states and New England.
(Rank of '1' is best; for example 1 is lowest tax rate, highest income, etc.)

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<thead>
<tr>
<th>Categories</th>
<th>National Rank</th>
<th>New England Rank</th>
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<tr>
<td>Favorable Tax Climate (state and local burden on income, 2008)</td>
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<td>Standard of Living (by inverse of poverty rate 2009)</td>
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<td>Most Livable State (CQ Press, 2010)</td>
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<td>Safest State (Lowest crime rank, 2009)</td>
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<td>Child and Family Well Being (Annie E. Casey Foundation, 2010)</td>
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