

REDC CEDS
2025
State of the Economy

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1. New Hampshire Overview

A Stable Economy Facing Emerging External Pressures

New Hampshire enters 2025 with a fundamentally sound economic foundation, but faces heightened uncertainty from structural, demographic, and federal policy challenges. The state has fully regained and surpassed pre-pandemic employment levels, with total nonfarm employment reaching approximately 711,600 by the end of 2024. The unemployment rate remains comparatively low—2.8% as of December 2024—but labor force constraints, combined with sector-specific job losses, are tempering overall momentum. Manufacturing—long a pillar of the state’s economy and still a major source of high-wage employment—saw renewed challenges in 2024, contributing to statewide losses in the sector. Finance and IT each saw job contractions in 2024, driven by softening demand, input cost increases, and structural shifts in employment. In contrast, job growth was centered in healthcare, education, and professional and business services. Wage growth has moderated after peaking in 2022–2023, and inflation has slowed, though housing and energy costs remain elevated across the region.

The economic gains of recent years have not been evenly distributed. Rockingham and Hillsborough counties—comprising the REDC region and home to more than half of New Hampshire’s workforce—experienced slightly higher unemployment rates in late 2024 than the rest of the state, a reversal of their typical performance. As well, the state’s housing market cooled in 2024 after several years of rapid price appreciation, with sales volume declining even as median prices remained historically high. Real estate and construction activity is expected to stabilize in 2025, though affordability remains a constraint for attracting younger workers to the region. Recent layoffs in manufacturing, particularly in durable goods and advanced components, were disproportionately concentrated in southern New Hampshire, adding pressure to regional labor markets already contending with demographic and affordability challenges.

Increasingly, New Hampshire’s outlook is being shaped by external policy decisions, particularly around trade and federal fiscal management. The reimplementation of tariffs under the Trump administration’s trade framework—especially on imports from China, Mexico, and Canada—has introduced significant cost pressures for New Hampshire’s globally integrated industries. The state relies heavily on imported computer equipment, semiconductors, petroleum products, and electronic components. Additionally, tariffs on energy imports, in particular, could raise household heating and transportation costs, a

concern given New Hampshire's high reliance on heating oil. Businesses in aerospace, advanced manufacturing, and precision components—all of which are tightly linked to global supply chains—now face growing uncertainty related to input costs, supply continuity, and long-term competitiveness. Despite these challenges, New Hampshire's manufacturing base remains among the most concentrated in the nation, particularly in fields like electronics, defense contracting, and specialty materials, positioning the state for future recovery—if supply-side constraints can be addressed.

At the same time, the potential for substantial federal budget cuts poses a meaningful risk to the state's broader economic stability. New Hampshire's education, healthcare, and nonprofit sectors rely heavily on federal pass-through funds. Reductions in these allocations would likely translate into service cuts, layoffs, and diminished capacity in workforce training and public health infrastructure. Parallel to this, national immigration policy remains in flux. Roughly 9% of New Hampshire's labor force is foreign-born, and sectors such as healthcare, long-term care, food service, and seasonal tourism are deeply reliant on immigrant labor. More restrictive immigration enforcement or caps on work-based visas could exacerbate ongoing labor shortages and limit the state's capacity to grow in key employment sectors.

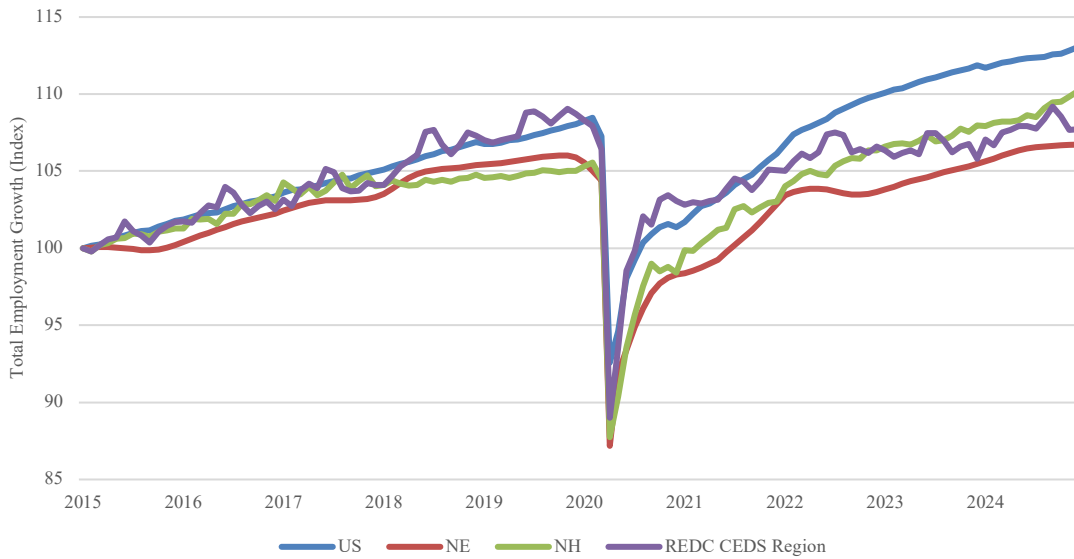
NH Economy in 2024: A Return to Stability Amid Structural Shifts

Figure 1 shows how the REDC region (Rockingham County and five communities in Hillsborough County), New Hampshire, New England, and the national economy have performed in the post-pandemic recovery period. While New Hampshire and the REDC region experienced a slower rebound initially compared to the national average, both have returned to a stable growth trajectory in recent years. Between 2021 and 2024, employment and output growth in the REDC region outpaced the New England average, though it remained below the national rate. New Hampshire as a whole tracked closely with the broader New England trend but has shown signs of acceleration, particularly in sectors such as healthcare, education, and professional and business services.

Among the six New England states, New Hampshire posted the second-highest employment growth since 2020, trailing only Massachusetts, whose innovation-driven economy rebounded more quickly from the pandemic shock. However, New Hampshire's growth has been more broad-based, supported by population inflows, strong labor force participation, and ongoing private investment in regional infrastructure and workforce development.

Employment Trends

Figure 1: Change in Total Employment - Index (2015 = 100)



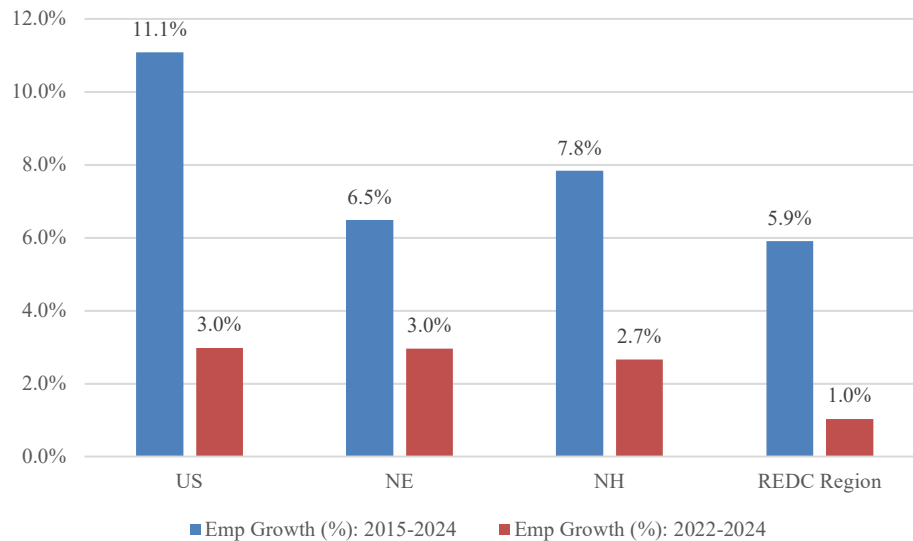
Source: U.S. Bureau of Labor Statistics

Through 2024, NH experienced modest growth of 1.4%, primarily driven by gains in the private sector, which added 9,000 over the period and accounts for 91% of the employment growth across the state. While growth over this period was modest, it was growth in the context of a tight labor market and very low labor force and population growth.

As Figure 2 indicates, employment growth in New Hampshire over the 2015–2024 period totaled 7.8%, placing it well above the New England average (6.5%) and second only to Massachusetts among the six-state region. The state’s gains were driven by sustained expansion in healthcare, education, and professional and business services, alongside steady in-migration and strong labor force participation. While New Hampshire did not match the national employment growth rate of 11.1% during this period, it outperformed much of the Northeast and maintained consistent job creation through multiple economic cycles, including the COVID-19 recovery.

In contrast, the REDC region—comprising Rockingham County and parts of Hillsborough—saw more modest growth of 5.9% from 2015 to 2024, and a notably sluggish 1.0% increase from 2022 to 2024. This compares to 2.7% growth statewide over the same two-year period. The weaker performance in the REDC region during the post-pandemic phase reflects sector-specific headwinds, including slower rebounds in hospitality, professional services, and retail, as well as localized labor constraints. While the region continues to benefit from proximity to Greater Boston and its role as a manufacturing and healthcare hub, recent trends suggest that it is not fully participating in the state’s broader recovery, signaling the need for renewed focus on workforce development and regional competitiveness.

Figure 2: Recent Employment Growth (%): US, NE, NH, REDC Region



Source: U.S. Bureau of Labor Statistics

Employment by Industry

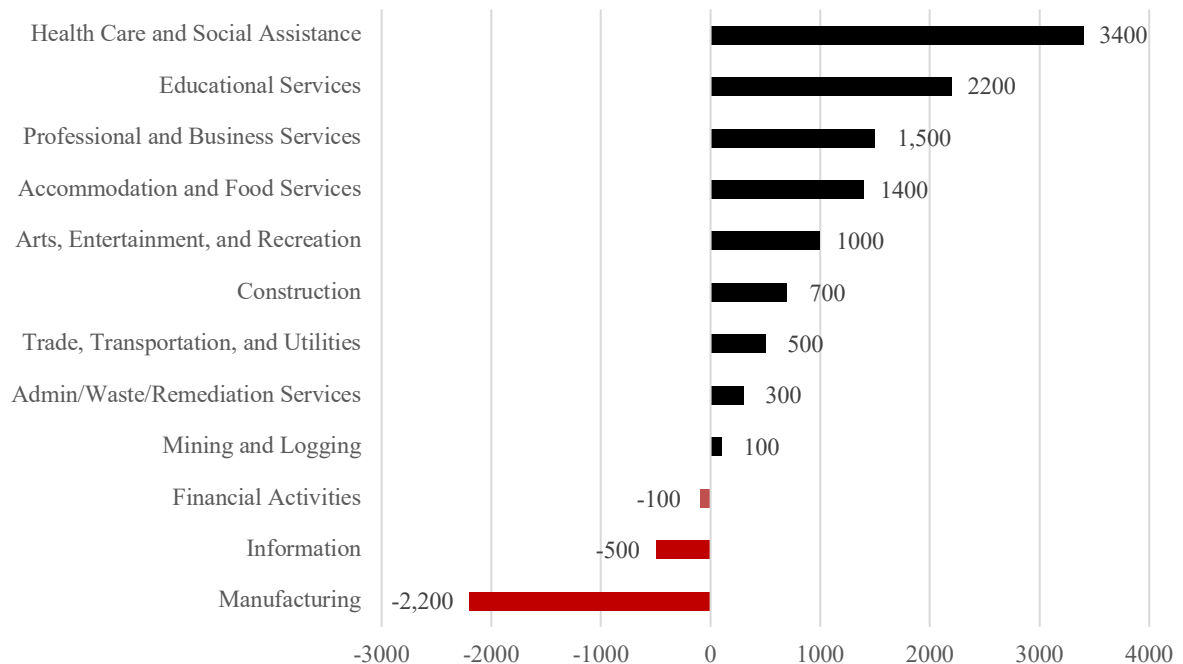
Figure 3 illustrates net employment change by industry in New Hampshire over 2024. Overall job growth was positive, but gains were uneven across sectors, with sharp divergence between high-growth service industries and contracting goods-producing sectors.

The largest contributor to statewide job gains was Health Care and Social Assistance, which added an estimated 3,400 jobs, accounting for roughly 2.9% growth year-over-year. This was followed by Educational Services, which added 2,200 jobs (~4.5% growth), reflecting ongoing recovery in K–12 and higher education staffing. Other strong-performing sectors included Professional and Business Services (+1,500 jobs, ~2.1%), Accommodation and Food Services (+1,400 jobs, ~2.5%), and Arts, Entertainment, and Recreation (+1,000 jobs, ~6.0%, one of the fastest-growing sectors in percentage terms). Construction, Trade/Transportation/Utilities, and Administrative Services also posted modest gains.

Job losses were concentrated in a few key sectors. Manufacturing experienced the steepest decline, shedding an estimated 2,200 jobs, or roughly -2.5%, largely due to softening demand, input cost pressures, and global supply chain adjustments. Information jobs declined by 500 (-3.4%), consistent with national trends in media, publishing, and telecommunications. Financial Activities lost 100 jobs, a slight contraction of less than 1%, likely driven by restructuring in banking and insurance. Mining and Logging employment was flat, with only minor gains.

These trends reflect broader structural shifts underway in New Hampshire’s labor market, as healthcare, education, and services drive growth, while legacy sectors such as manufacturing and information face continued headwinds from technological change and global market exposure.

Figure 3: Year-Over-Year Private Sector Job Growth – 2024



Source: NH Dept. of Employment Security, Economic & Labor Market Information Bureau

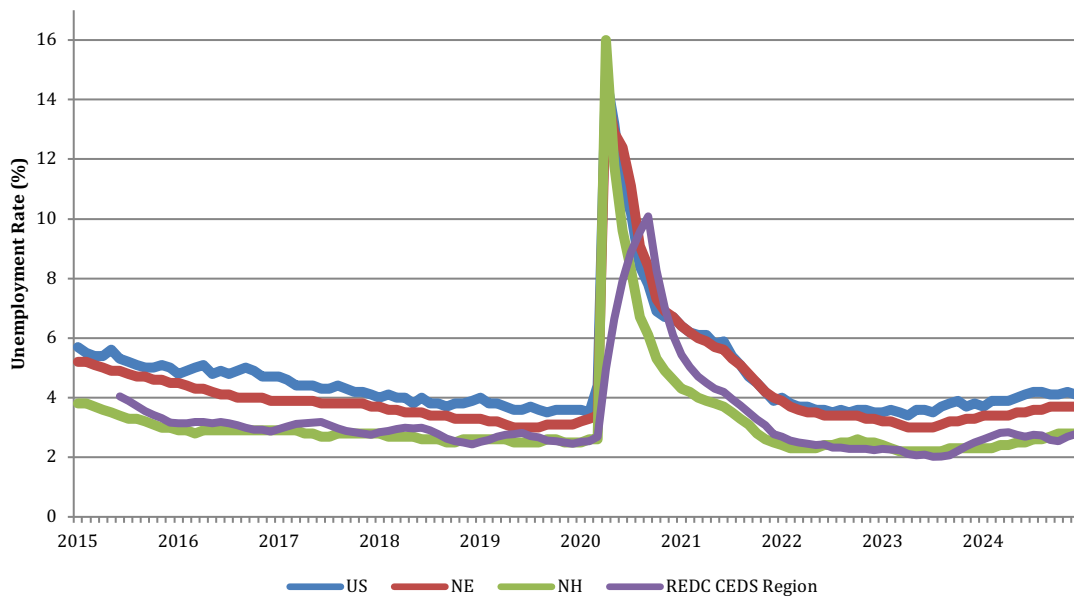
Unemployment

As Figure 4 shows, New Hampshire and the REDC region have maintained consistently low unemployment rates throughout much of the past decade, with rates generally 1 to 2 percentage points below both national and regional averages. From 2015 through early 2020, unemployment in New Hampshire and the REDC region trended downward, reflecting a tight labor market and steady job creation across multiple sectors.

The COVID-19 pandemic triggered a sharp, unprecedented spike in unemployment in early 2020. Notably, New Hampshire’s unemployment rate temporarily exceeded 16%, peaking higher and faster than the national average, largely due to the state’s reliance on consumer-facing industries like hospitality, food services, and retail. The REDC region also experienced a dramatic increase, reaching nearly 13% at its peak. However, both the state and the REDC region rebounded more quickly than New England and the U.S. overall. By mid-2021, unemployment rates had returned to pre-pandemic levels, aided by rapid job recovery in healthcare and other essential service sectors.

Since 2022, unemployment rates across all geographies have remained low and stable. As of late 2024, New Hampshire's rate hovers near 2.6%, and the REDC region tracks closely. These figures reflect ongoing labor market tightness, rather than slack, and continue to underscore the state's primary economic challenge: not a lack of jobs, but a shortage of workers.

Figure 4: Unemployment Rate (2015-2024)¹



Source: U.S. Bureau of Labor Statistics

NH Employment Outlook over the Long-Run

Over the ten-year period from 2022 to 2032, the projected employment landscape in New Hampshire points to even more pronounced growth in key service sectors. As shown in Figure 5, health care and social assistance is projected to add more than 9,100 jobs, making it by far the largest source of new employment in the state—driven by both demographic aging and sustained demand for health services. Professional, scientific, and technical services is expected to grow by nearly 6,900 jobs, highlighting the rising importance of technology, consulting, and R&D-driven employment.

Other major growth sectors include accommodation and food services (+4,871 jobs), administrative and remediation services (+3,687), and wholesale trade (+2,456), with continued growth also expected in construction, manufacturing, and finance and insurance. Notably, manufacturing is projected to add 2,123 jobs, a reversal from recent

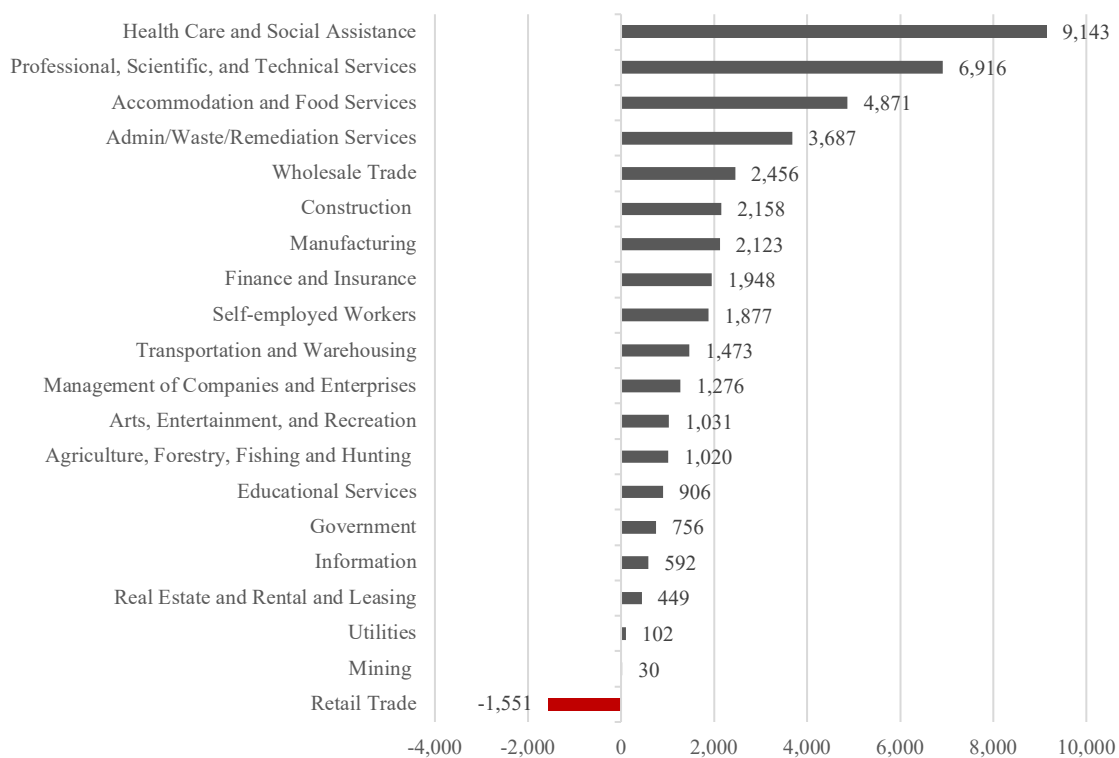
¹ Seasonally-adjusted data was not available for REDC region because of a change in BLS methodology. REDC region data was smoothed using a sixth order polynomial smoothing function.

short-term declines, suggesting potential stabilization or transformation in the sector over the longer term.

One of the few sectors projected to see a net decline is retail trade, expected to lose 1,551 jobs over the decade, as e-commerce, automation, and shifting consumer behavior continue to reduce traditional retail employment. Information, real estate and rental and leasing, and utilities are also projected to grow only modestly or remain essentially flat.

These projections reinforce the structural direction of New Hampshire's economy toward healthcare, knowledge-based industries, and consumer services, with labor demand increasingly concentrated in middle- and high-skill roles. They also suggest growing importance for training and credentialing systems that can prepare the workforce to fill jobs in expanding sectors—particularly healthcare, tech, and professional services—while mitigating the displacement risks in contracting or slow-growing industries.

Figure 5: NH Employment Projections (2022-2032), by Industry



2. REDC Area Economy

Growth Consistently Stronger in the REDC Region than in New Hampshire

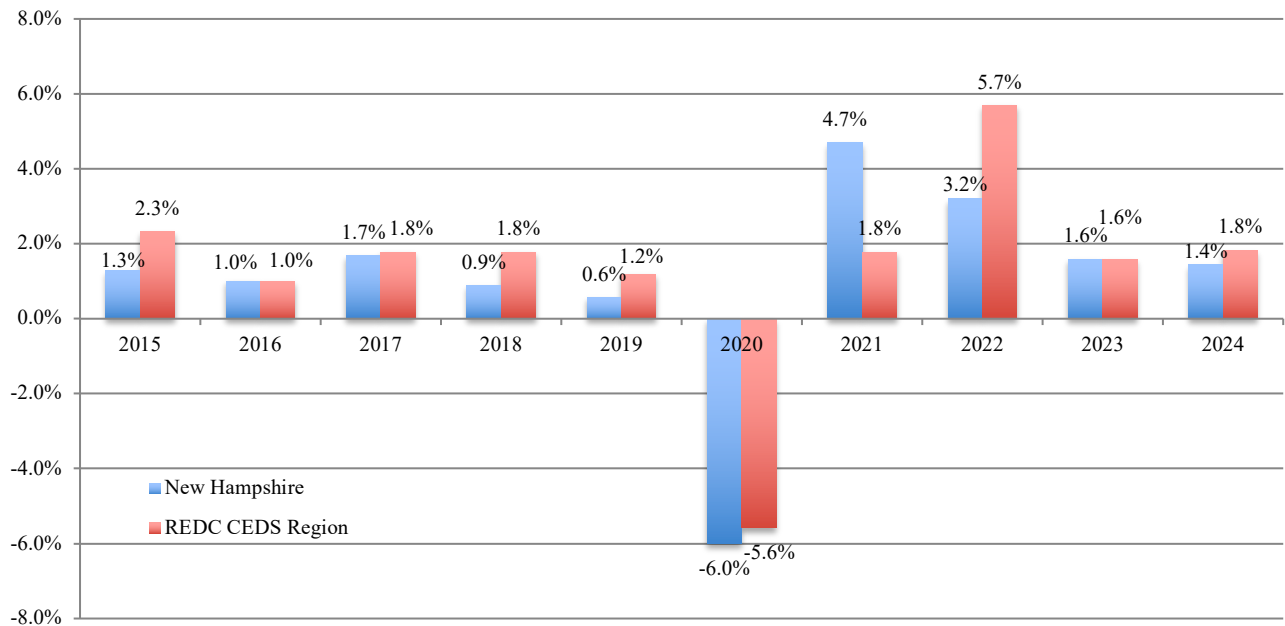
Figure 6 highlights annual private sector employment growth in New Hampshire and the REDC region from 2015 through 2024. Over this ten-year period, the REDC region consistently outperformed the state as a whole.

Between 2015 and 2019, the REDC region maintained a steady lead over the state, with growth rates between 1.2% and 2.3%, while New Hampshire ranged from 0.6% to 1.7%. The region's particularly strong performance in 2015 (+2.3%) and 2018 (+1.8%) highlights its robust pre-pandemic expansion, supported by growth in healthcare, education, and professional services.

During the 2020 pandemic downturn, job losses were severe in both geographies, but slightly less pronounced in the REDC region (-5.6%) compared to the state (-6.0%). The post-pandemic recovery played out differently: New Hampshire saw a sharper rebound in 2021 (+4.7%), while the REDC region posted a more moderate 1.8% that year. However, the region quickly surged ahead in 2022, with private sector growth reaching 5.7%, well above the state's 3.2%. In 2023, growth was identical across both regions at 1.6%, while in 2024 the REDC region once again slightly outpaced the state (1.8% vs. 1.4%).

These trends reflect the REDC region's relative economic resilience and long-run competitiveness, particularly in industries tied to population-serving sectors such as health care, education, and consumer services. Still, the narrowing growth margins in recent years signal emerging constraints—particularly related to labor force availability and housing affordability—that will shape the region's trajectory going forward.

Figure 6: Private Sector Job Growth – NH and REDC CEDS Region



Source: NH Dept. of Employment Security, Economic & Labor Market Information Bureau, Quarterly Employment & Wages.

REDC Region Clusters²

Industry employment data is available on a county-wide basis and not town-by-town; therefore, for the purposes of this analysis, the REDC region is defined as the combination of Rockingham and Hillsborough Counties. Table 1 below shows employment (percent of total employment in region) by industry sector in 2024.

The REDC region's private sector economy is anchored by a few key industries where it plays an outsized role in the state. Health care and social assistance and retail trade each account for 14.0% of regional employment—higher than their respective statewide shares—and together represent nearly half of all private jobs in the region. Importantly, the REDC region is responsible for 47.9% of all health care and 45.7% of all retail employment in New Hampshire. Manufacturing, which makes up 11.9% of REDC employment (compared to 7.9% statewide), is another standout sector, with the region contributing 57.5% of the state's total manufacturing jobs.

Other high-contribution sectors include accommodation and food services (8.9% of REDC jobs; 49.8% of statewide employment in the sector), transportation and warehousing (3.5% of REDC jobs; 42.7% of state total), and wholesale trade (3.9% of REDC jobs; 39.8% of state total). Though professional, technical, and business services make up 7.1% of REDC employment, this is below the state average and reflects

² For the purposes of Cluster Analysis, the REDC region is defined as the combination of Rockingham and Hillsborough Counties.

a concentration of these firms in larger metro areas. Overall, the REDC region plays a critical role in supporting population-serving industries and production sectors, reinforcing its importance within the broader New Hampshire economy.

Table 1: REDC Region Industry Clusters (% of Total Employment in Region)

Industry Cluster	REDC Region	New Hampshire	REDC as % of Total NH Employment
Health Care and Social Services	14.0%	11.2%	47.9%
Retail Trade	14.0%	11.7%	45.7%
Manufacturing	11.9%	7.9%	57.5%
Accommodation and Food Services	8.9%	6.8%	49.8%
Professional, Technical, and Business Services	7.1%	8.1%	33.6%
Administrative and Waste Services	5.6%	5.5%	39.3%
Construction	4.8%	6.2%	29.6%
Finance and Insurance	4.2%	5.5%	29.1%
Wholesale Trade	3.9%	3.8%	39.8%
Transportation and Warehousing	3.5%	3.1%	42.7%
Other Services (exc. Public Admin)	3.3%	4.8%	25.9%
Educational Services	2.8%	3.5%	30.5%
Information	2.0%	1.8%	44.4%
Arts, Entertainment, and Recreation	2.0%	2.5%	30.1%
Management of Companies, Enterprises	1.8%	1.3%	54.0%
Real Estate, Rental, and Leasing	1.1%	5.5%	7.9%
Utilities	0.3%	0.2%	44.9%
Mining	0.0%	0.1%	7.1%

Source: U.S. Commerce Department, Economic Development Administration, Innovation in American Regions

Table 2 shows the relative industry concentrations – the location quotients (LQs) -- for 2024 in each the REDC region and New Hampshire overall. Location quotients are used to assess the relative concentration of an industry in a region compared to the concentration of employment in the same industry in a reference region (the nation for

this analysis). Location quotients higher than 1.0 in an area indicate that an industry's employment is more concentrated (as a share of the area's total employment) than it is in the nation.

The REDC region shows strong specialization in several key industries when compared to national employment patterns. Manufacturing is the most concentrated sector in the region, with a location quotient (LQ) of 1.86, meaning its share of total employment is nearly double the national average. Other highly concentrated industries include retail trade (LQ = 1.52), utilities (1.43), management of companies (1.37), and accommodation and food services (1.28)—all indicating above-average specialization. Health care and social assistance (1.26) and information (1.13) also exceed national benchmarks, reinforcing the REDC region's diverse mix of goods-producing and service-based industries.

In contrast, industries such as finance and insurance (0.68), real estate (0.21), and construction (0.86) are underrepresented relative to national averages, suggesting these sectors are more concentrated elsewhere in the state or country. Notably, professional, scientific, and technical services, a traditionally high-growth sector in New England, has a lower concentration in the REDC region (0.95) than in the state overall (1.08), highlighting potential growth opportunities. These patterns point to a regional economy that is heavily anchored by legacy sectors like manufacturing and retail, while maintaining a growing presence in services such as healthcare, information, and management.

Table 2: REDC Region Industry Clusters (Location Quotient – US as reference region)

Industry Cluster	REDC Region	New Hampshire
Manufacturing	1.86	1.24
Retail Trade	1.52	1.27
Utilities	1.43	1.22
Management of Companies, Enterprises	1.37	0.97
Accommodation and Food Services	1.28	0.99
Health Care and Social Services	1.26	1.01
Information	1.13	0.97
Transportation and Warehousing	1.12	1.00
Wholesale Trade	1.03	0.99
Professional, Technical, and Business Services	0.95	1.08
Administrative and Waste Services	0.93	0.90
Construction	0.86	1.11
Arts, Entertainment, and Recreation	0.79	1.01
Educational Services	0.79	1.00
Finance and Insurance	0.68	0.90
Other Services (exc. Public Admin)	0.68	1.01
Mining	0.26	1.37
Real Estate, Rental, and Leasing	0.21	1.01

Source: U.S. Commerce Department, Economic Development Administration, Innovation in American Regions

Economic Outlook Conclusion

New Hampshire's economy enters 2025 from a position of relative strength but faces increasing exposure to structural and external headwinds. Labor market indicators remain positive, and the state continues to attract investment in healthcare and professional services. New Hampshire's most important international trading partners are Canada, China, Mexico, Germany, and Japan, which together account for roughly two-thirds of the state's merchandise trade.³ However, rising costs from international trade disruptions, persistent workforce constraints, and the prospect of federal retrenchment create a challenging and uncertain landscape. These vulnerabilities are especially pronounced in sectors tied to global supply chains or reliant on federal funding and immigrant labor.

The baseline expectation is for modest, uneven growth in the near term, with regional and sectoral variation likely to widen. While demand remains strong in health care, education, and professional and business services, external pressures—such as tariffs, geopolitical tensions, and shifting federal policies—are expected to weigh on manufacturing, higher education, and consumer-facing industries. Among the tariffs being most closely watched are (1) duties on Canadian petroleum products and lumber, (2) Section 301 tariffs on Chinese computer equipment and semiconductors, and (3) potential auto-sector duties on Mexican electronics and parts—each directly affecting major New Hampshire import streams.⁴ Navigating this uncertainty will require not only regional coordination, but also strategic investments in workforce development, talent retention, and institutional capacity to sustain New Hampshire's long-term economic resilience.

At the same time, the state's long-standing strength in manufacturing—particularly in high-value subsectors such as aerospace, precision components, and advanced materials—continues to provide a critical anchor for regional economies across southern New Hampshire. While this sector faces headwinds from global trade friction and workforce shortages, it remains a vital part of the state's industrial base and a source of high-wage employment. The state's top exports include aircraft engines and parts, medical instruments, and industrial machinery, while its leading imports are refined petroleum, computer equipment, and electronic components—underscoring manufacturing's dependence on reliable international supply chains.⁵

Key findings from this analysis underscore the need to monitor three unfolding dynamics: first, the reemergence of trade barriers, which pose targeted risks to high-value sectors

³ U.S. Trade Representative, *State Export Data: New Hampshire* (2024).

⁴ Financial Times, "Trump tracker: US trade," March 2025; tariff details compiled from USTR and U.S. Census FT900 releases.

⁵ New Hampshire Department of Business & Economic Affairs, *Export Statistics* (2024); Observatory of Economic Complexity, *New Hampshire Profile* (2024).

like advanced manufacturing and aerospace; second, the tightening of federal discretionary spending, which threatens the stability of public institutions, nonprofits, and grant-funded employment; and third, the shifting landscape of immigration enforcement, which may constrain labor supply in critical sectors such as healthcare, food service, and tourism. While the underlying fundamentals of New Hampshire's economy remain solid, the years ahead will demand adaptive policymaking and sustained regional investment to preserve economic momentum and respond to a more volatile external environment.