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## **New Hampshire's recovery is seeded in good old fashioned Yankee ingenuity**

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The New Hampshire "Advantage" is slightly tarnished as we proceed into 2010. Unemployment has doubled in the last 36 month period and the no income tax, no sales tax state has recently witnessed legislature action that creates additional burdens on Limited Liability Companies (LLC's) and increased unemployment taxes. However, despite these blips, New Hampshire's unemployment rate is close to 50% less than the national rate of 10+% and in some pockets of New Hampshire, such as the Dartmouth - Sunapee region, the unemployment rate hovers at only 4%.

Despite these blemishes, the New Hampshire economy when compared regionally, has weathered the economic uncertainty over the last year and a half in a very favorable light. According to the Tax Foundation in a recent report, "New Hampshire was by far and away ranked more business-tax friendly than any other state in New England." The report went on to say, "Maine was New Hampshire's next closest competitor, followed by Massachusetts - 36th, Connecticut - 38th, Vermont - 41st, and Rhode Island - 44th.

So, even though New Hampshire has taken a few blows over the past couple of years, the platform they are starting from is much higher towards recovery than most of the region.

However, that recovery, in my view, will not be based on several large, dominant, employee heavy business or industrial users relocating to New Hampshire, because the competition from a global perspective is too great for New Hampshire, even with its "Historic Advantage". The competition is significant from North and South American and global markets, where labor is less expensive and resources are easier sourced. No, the older economic recruiting business model of recruiting larger companies to come to New Hampshire, should not be the focus for recovery in New Hampshire, the focus should be the development of new organic entrepreneurs and the expansion of existing businesses, and the growth of businesses and jobs that are already in New Hampshire where people already live, their children are already in great schools and the life style is world renown.

Have you ever heard of Stoney Brook Veterinary Hospital, RSD Machine, Dartware, LLC, Schleuniger, Inc. or LaBelle Winery? Well, many people haven't, because they don't necessarily capture the front page of the instate daily papers or even the business publications, but between these businesses and thousands like them, they employ tens of thousands of New Hampshire residents and occupy millions of s/f of commercial real estate. If an out of state firm elected to relocate 100 employees and occupy 50,000 s/f in New Hampshire, it would be big news, but if 10 small businesses collectively employed the same number and occupied collectively the same amount of square feet, it could not register on the radar screen. The out of state relocation is unlikely and thus the fact that small business, with its abundance of energy, creativity, so-called Yankee ingenuity and accumulative job creation will drive the recovery and growth for New Hampshire. Small business however, will need a 10 finger boost to be sure it comes out of

incubators and fertile minds. State and federal government cannot do it all, but they need to be mindful of an over abundance of taxation and an over abundance of regulations.

It is times like this, that small businesses will pull us out of the quagmire we are in, but they need to be allowed to move fast, provide a competitive service or product in order to compete nationally and globally.

Hand in hand with New Hampshire's entrepreneurs will be another segment of New Hampshire small businesses, that being our local community lenders and their strategic partners, such as the SBA and the private equity firms.

New Hampshire lenders are and have been a key component of small business growth and they need to continue to step up to assist with the many creative ideas that New Hampshire business is introducing to the economy.

As so many before me have said, "It is no longer "location", "location", "location", but jobs, jobs, and more jobs!" With jobs comes a vast array of economic stimulation for community and state economies and with more jobs comes the need for more physical space and the construction or a renovation of the same. With each new job being created by New Hampshire's small business, three or four other jobs are created in the service industry or the construction industry.

So, if we wait around for IBM, or GE or Microsoft or the like to relocate to New Hampshire, we will be waiting for a long time...if we all join forces to encourage and assist the incredible energy of small business, New Hampshire's future is bright and will keep its "Advantage", even though it might have to be redefined.

Bruce Waters, CCIM is senior broker for McLaughry Commercial, West Lebanon, NH.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540