

Commercial RE practitioners need to consider the many effects of the "Great Recession" on N.H.

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The 2010 census data is slowly coming out. In raw form it can be daunting to make sense out of it all. But there are folks out there that make a living delving into that mound of data and deciphering it. One group, N.H. Center for Public Policy studies (<http://www.nhpolicy.org/index.php>), has crafted a report "What is New Hampshire? A Collection of Data for Those Seeking Answers." To quote from the introduction:

"N.H. is a state in flux. Critical policy questions are raised by these (demographics) changes."

During the "Great Recession", almost 30,000 jobs have been lost (over 7,000 in manufacturing). Only healthcare and education have added jobs. What will be the next economic engine for the State? And what is the State's economic development plan?

Budget struggles will continue, not abate. This time, there is no significant federal stimulus package to save the state from significant spending cuts and revenue increases.

The population, overall, continues to age. By 2020 one-fifth will be over 65. What are the implications on healthcare costs? On school funding? On housing?

Population dynamics and N.H. are changing. We historically relied on in-migration of 30 to 40 year olds.

Political preferences in N.H. have changed significantly over the last 30 years (Bill Norton - or have they?).

Will N.H., which has a two-year budget cycle and a two-year term for the governor, be able to think long-term on education finance? Healthcare? And energy?

Small businesses are still aplenty as 86% of businesses in N.H. employ 19 people or less, but that equates to only 22% of all employees, and only 36% of all employees work in firms of 50 or less.

Tourism in N.H. (accommodations and food services) accounts for only 3% of gross State product. But with a 9% rooms and meals tax, this 3% is a big state revenue generator.

N.H.'s high-growth years are behind us. This dynamic shift needs to be acknowledged (one only has to get to the North Country to see what little or no growth does to communities' fiscal health).

While N.H. continues to be the best performing state in New England, the margins are very thin. More importantly, it may not be enough to be the best of New England, as we are competing globally. That means we need to rethink our educational system. Not all high school graduates will be able to justify the cost benefit calculation for a college degree. While those with college and graduate degrees will continue to earn more than those without that level of education, the number of jobs needed and available for college graduates may diminish in coming years. Paul Krugman, in a recent New York Times column (March 6, 2011), argues that computers are increasingly doing what some college graduates have traditionally done. While manufacturing continues to go offshore, more nations are conferring more college and advanced degrees each year. Most of these speak

and read English and they are competing with our graduates for certain kinds of work.

So as the effects of the "Great Recession" continue to linger, it is a good time to rethink our global competitiveness, identify opportunities and (hopefully) steer away from areas that do not provide opportunity. At the same time, our young people need to consider what lifestyle, career track, and income levels they want, and are likely to achieve. Lots of important stuff to think about. Ultimately, these trends will impact commercial real estate. So, we commercial practitioners need to be thinking about these things too.

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