

Spotlight: New Hampshire

BY RAYMOND FLEISCHMANN



THE ROCKY ROAD OF THE RECESSION IS STARTING TO GET SMOOTHER FOR THE HOUSING MARKET IN THE GRANITE STATE, AS EVEN A CURSORY GLANCE AT NEW HAMPSHIRE'S RECENT SALES FIGURES WILL REVEAL.

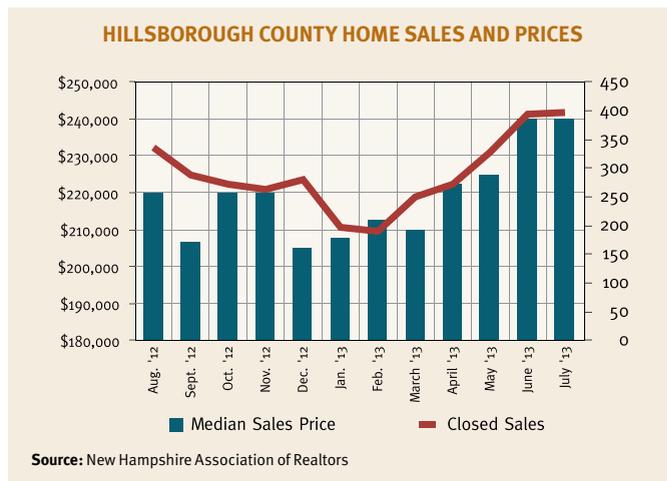
This past July, the New Hampshire housing market posted positive year-over-year results across a variety of economic indicators. According to the New Hampshire Association of Realtors, closed sales (1,637) increased 23 percent; pending sales (1,636) increased 22.9 percent; sales volume (\$430.3 million) increased 37.2 percent; and the state's median sales price (\$230,000) increased 10.6 percent.

These gains aren't isolated occurrences, either, as New Hampshire posted across-the-board gains in each of these categories this past second quarter, as well. The bulk of the state's housing activity occurs in New Hampshire's southern half, but the *Nashua Telegraph* recently reported that the market is improving in the state's northern region, too.

In the long term, however, the New Hampshire economy may face some unique economic problems. For one thing, according to the state's Economic and Labor Market Information Bureau, New Hampshire's population is older than the residents of almost every other state. With a median age of 42 years in 2012, New Hampshire has the third-oldest population in the country, a circumstance that could result in a labor shortage if more young people don't enter the state's workforce in the coming years.

Hillsborough County home sales

Hillsborough County is home to New Hampshire's two largest cities — Manchester and Nashua — and like many other parts of the country, this area's purchase market has been gaining momentum. Hillsborough County's median home price and its total number of closed sales increased or remained the same every month between this past March and this past July, when the county's median sales price was \$240,000 from 397 sales, according to the New Hampshire Association of Realtors.

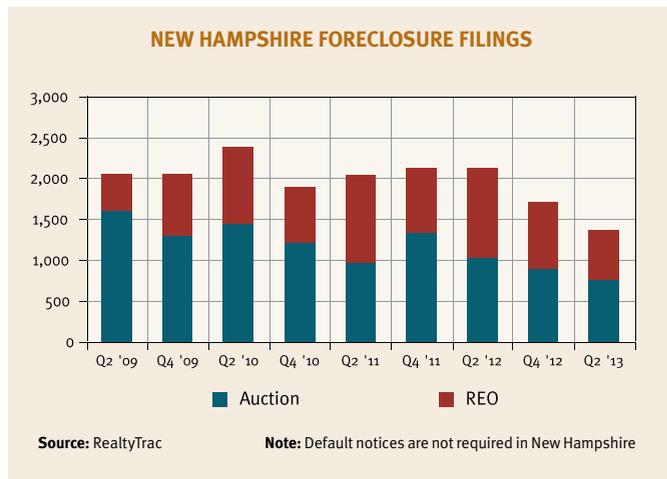


Looking even farther back, between August 2012 and this past July, Hillsborough County's closed sales increased year over year in all but one month, and median home prices increased year over year in all but three months. Not surprisingly, the pace of the Manchester-area market has sped up. This past July, single-family homes' number of days on the market decreased by almost 30 percent year over year.

Delinquencies and foreclosures

New Hampshire's rate of foreclosures seems to be trending down. According to RealtyTrac, the state's combined total of auctions and real estate owned properties dropped every quarter between first-quarter 2012 and this past second quarter, when the state's total number of foreclosures hit its lowest level in more than four years.

Compared to the rest of its geographic region, New Hampshire's foreclosure picture seems even sunnier. This past second quarter, its percentage of loans in foreclosure — 1.78 percent — was the lowest rate in the entire New England region, according to the Mortgage Bankers Association. The state's percentage of loans with installments past due — 6.68 percent — also was lower than the regional average.



Unemployment

Compared to many other areas of the country, New Hampshire's employment levels fared well throughout the recession. Although the unemployment rate did consistently increase between 2008 and 2010, it never exceeded 6.7 percent. This past July, the rate held steady at 5.1 percent for the second straight month. To put the state's employment picture in perspective, New Hampshire's Economic and Labor Market Information Bureau recently reported that the state lost 4.3 percent of its total non-farm jobs between December 2007 and February 2010, while the nation as a whole lost 6.3 percent.

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3 Cities to Watch

CONCORD



The capital of New Hampshire and the seat of Merrimack County, Concord is the state's third most populous city. In addition to the job opportunities afforded by the city's size, Concord is near an array of state parks, forests and lakes. Merrimack County's median sales price was \$210,000 this past July, a year-over-year increase of 20 percent.

MERRIMACK



About 11 miles south of Manchester and 50 miles north of Boston, Merrimack benefits from its close proximity to several job hubs. That's not to say that the town doesn't have its own employment opportunities, however. Noting that the town is "increasingly a hot spot for jobs," CNNMoney.com ranked Merrimack No. 23 among small towns on its most recent list of the nation's best places to live.

PORTSMOUTH



Settled in 1623 on the state's eastern shore, Portsmouth claims to be the third-oldest city in the country. Not surprisingly, the town boasts many historic buildings and homes, not to mention a variety of recreational activities. Rockingham County — of which Portsmouth is the seat — closed 443 sales this past July, an increase of 35.5 percent year over year.



WHAT THE LOCALS SAY

"New Hampshire kind of feeds off of Boston. New Hampshire has some tax advantages over Massachusetts — we don't have an income tax and we don't have sales tax, and a lot of the other neighboring states do — so the southern area of the state is very active, much more so than the northern area. It's quite a bit quieter up there."
— DAVID L. BURNS, VICE PRESIDENT, RETAIL LENDING, MERRIMACK MORTGAGE CO. INC.

Sources: CNNMoney.com, Mortgage Bankers Association, New Hampshire Association of Realtors, *Nashua Telegraph*, New Hampshire Economic and Labor Market Information Bureau, PortsmouthNH.com, RealtyTrac, U.S. Census Bureau, U.S. Department of Labor