

Vermont and New England Economic Conditions

**Presented at the New England Community Development
Advisory Council's 2013 Regional Convening**

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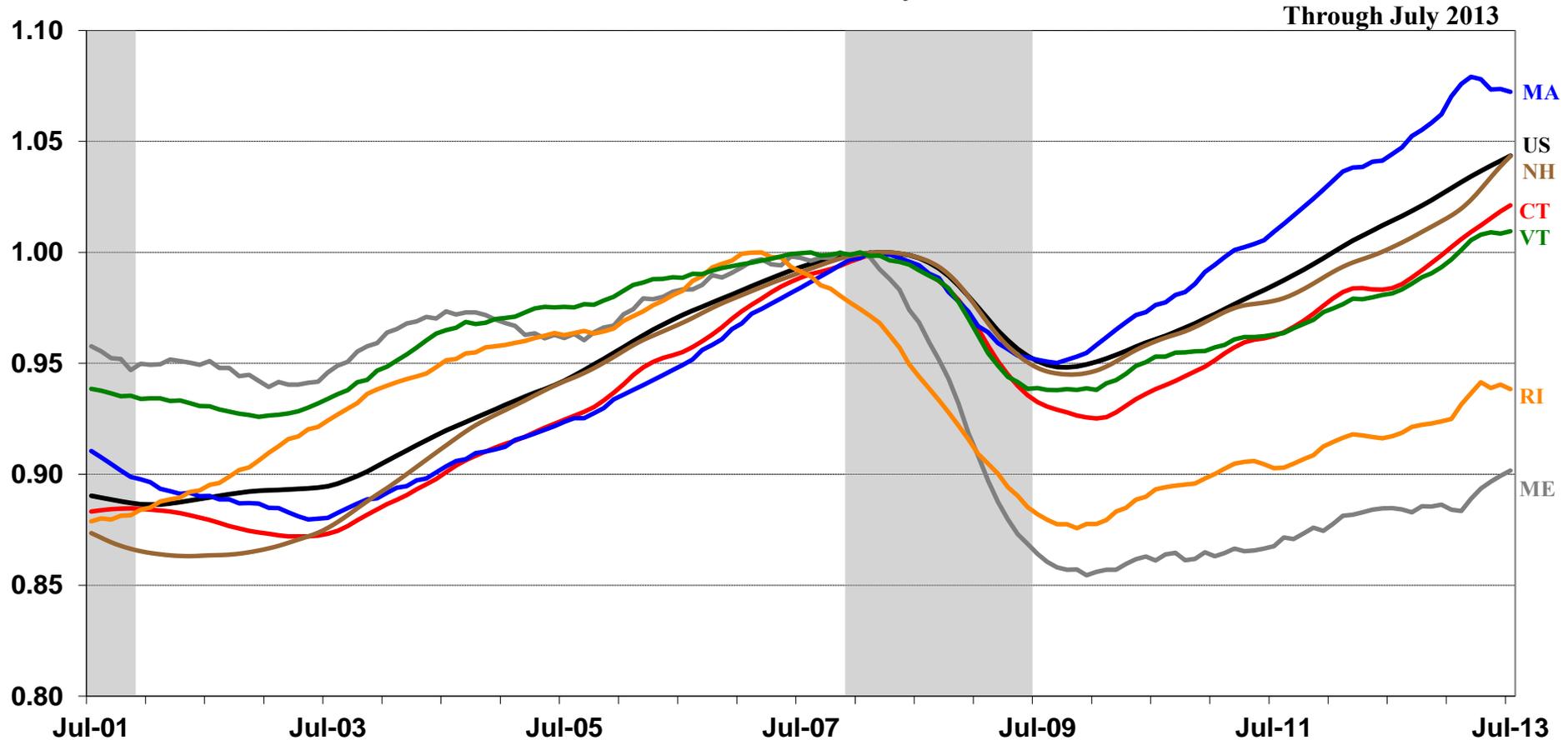
*The views expressed in this presentation are mine and not necessarily those of the Federal Reserve Bank of Boston or Federal Reserve System

Overview

- Labor Market
- Housing Market
- Prices and Confidence
- Economic Outlook

New England's economic performance has varied by state.

State Economic Activity Indexes



Index: Each state's pre-recession peak is equal to 1.

Note: The economic activity indexes include four indicators: non-farm employment, the unemployment rate, average weekly hours worked in manufacturing, and wage and salary disbursements. The trend for each state's index is set to match the trend for its gross domestic product (available annually). Shaded bars are recessions.

Sources: Federal Reserve Bank of Philadelphia

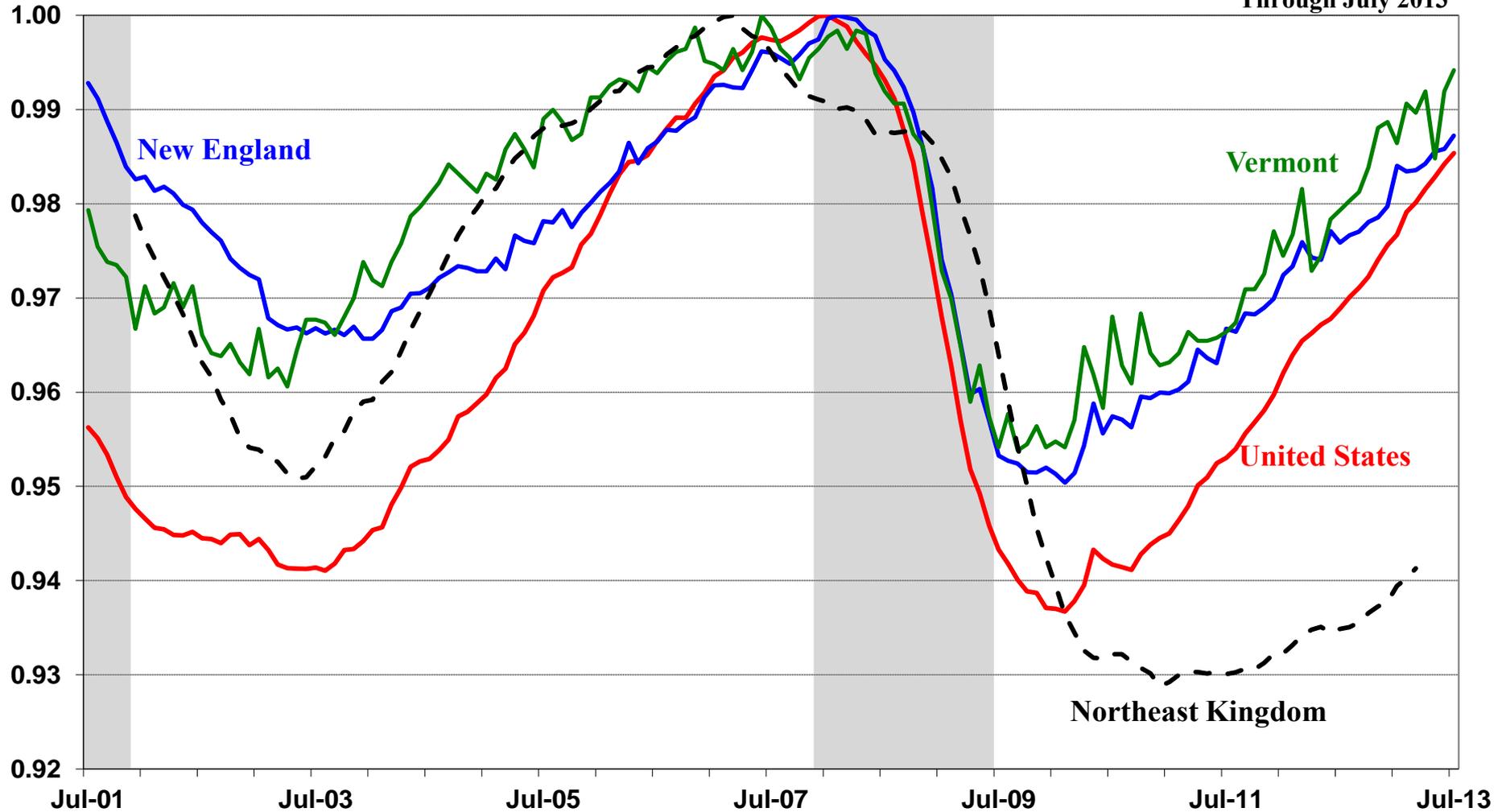
Overview

- Labor Market
- Housing Market
- Other Indicators and Outlook

Employment is slowly recovering.

Total Employment

Through July 2013



Index: Each state's pre-recession peak is equal to 1.

Sources: U.S. Bureau of Labor Statistics, Vermont Department of Labor

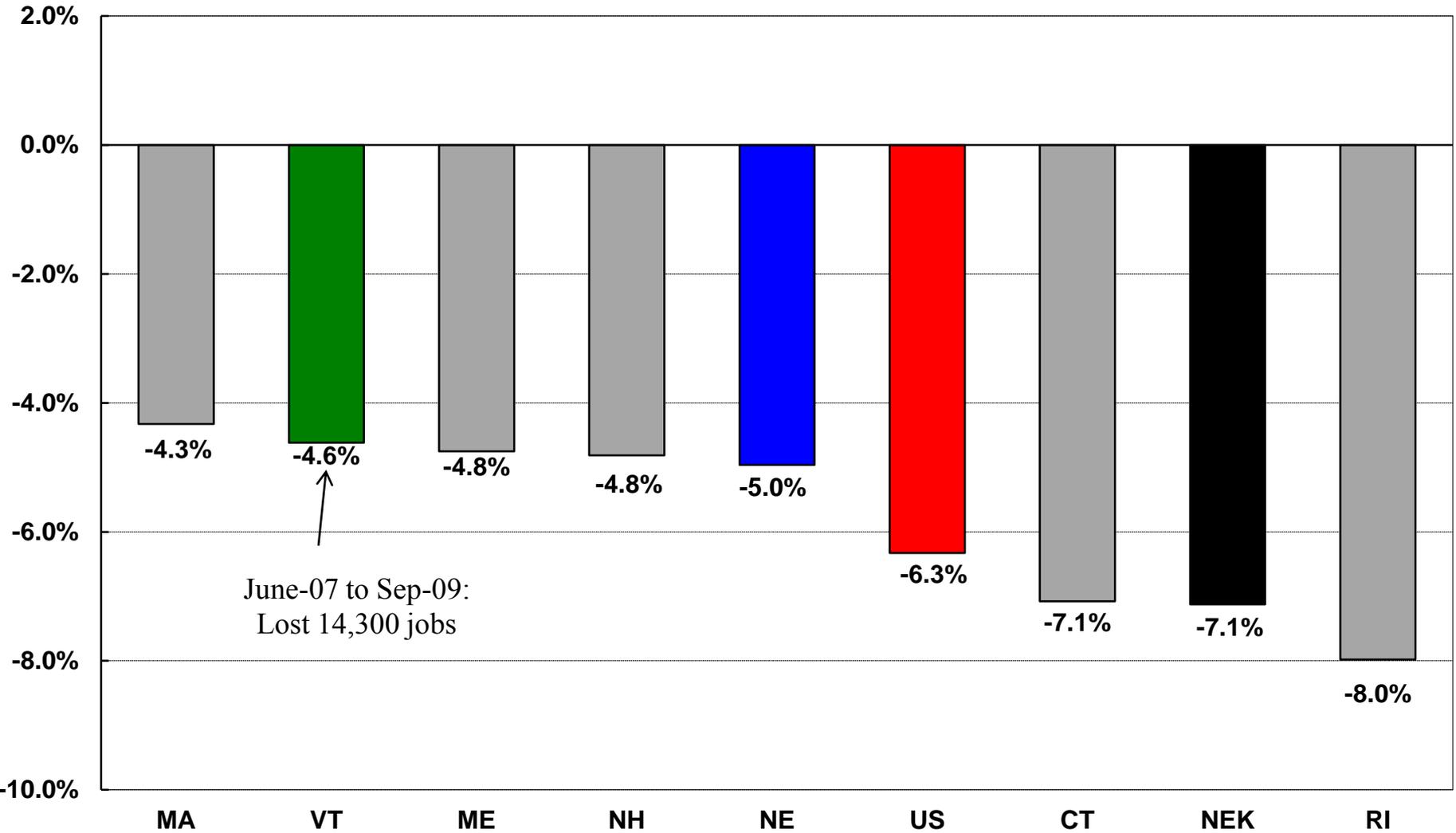


Note: The Northeast Kingdom is trough to March 2013.

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The impact of the recession varied greatly across the region.

Peak to Trough Employment Change

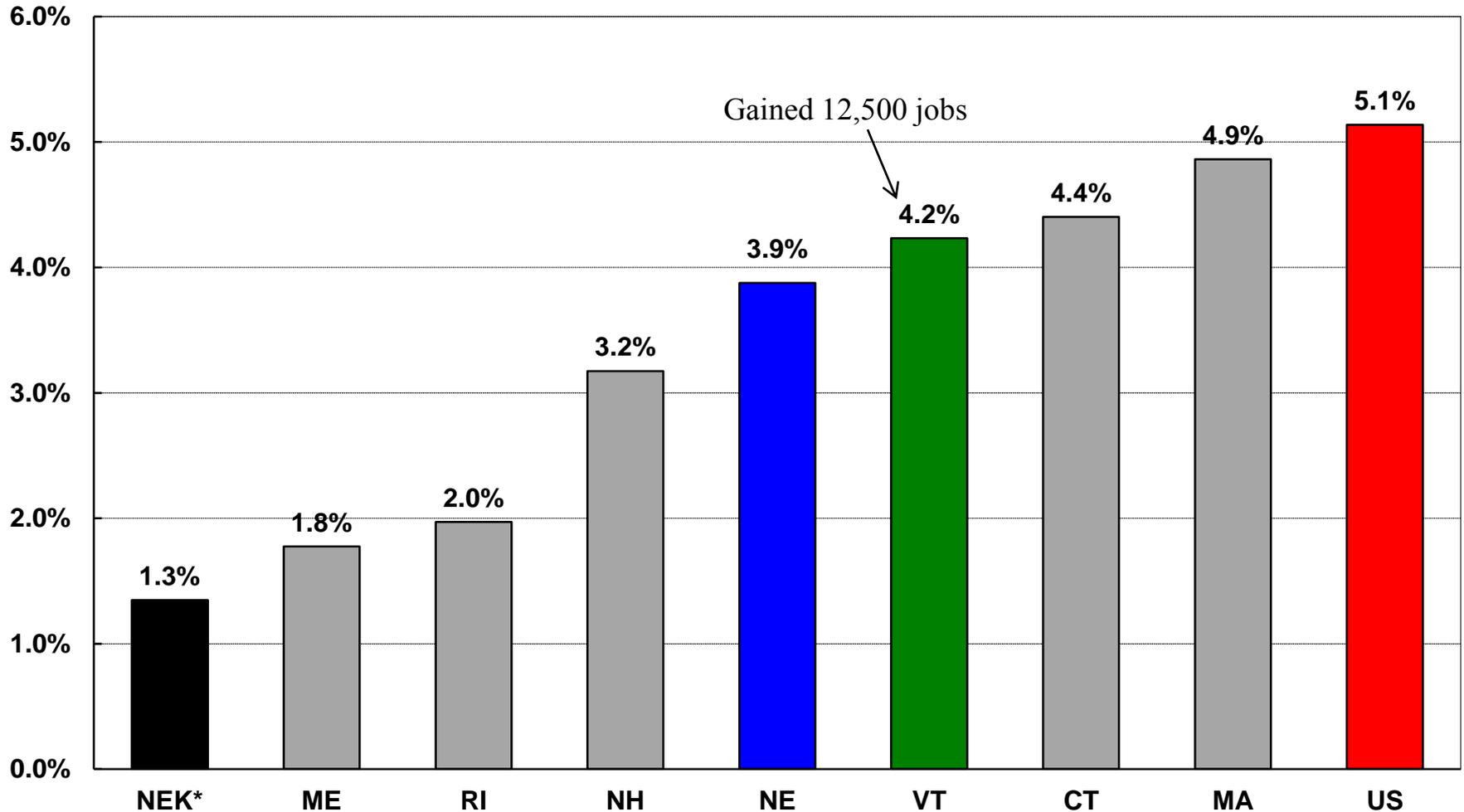


June-07 to Sep-09:
Lost 14,300 jobs

Source: U.S. Bureau of Labor Statistics, Vermont Department of Labor

The region have been slow to regain jobs.

Job Recovery, Trough to July 2013



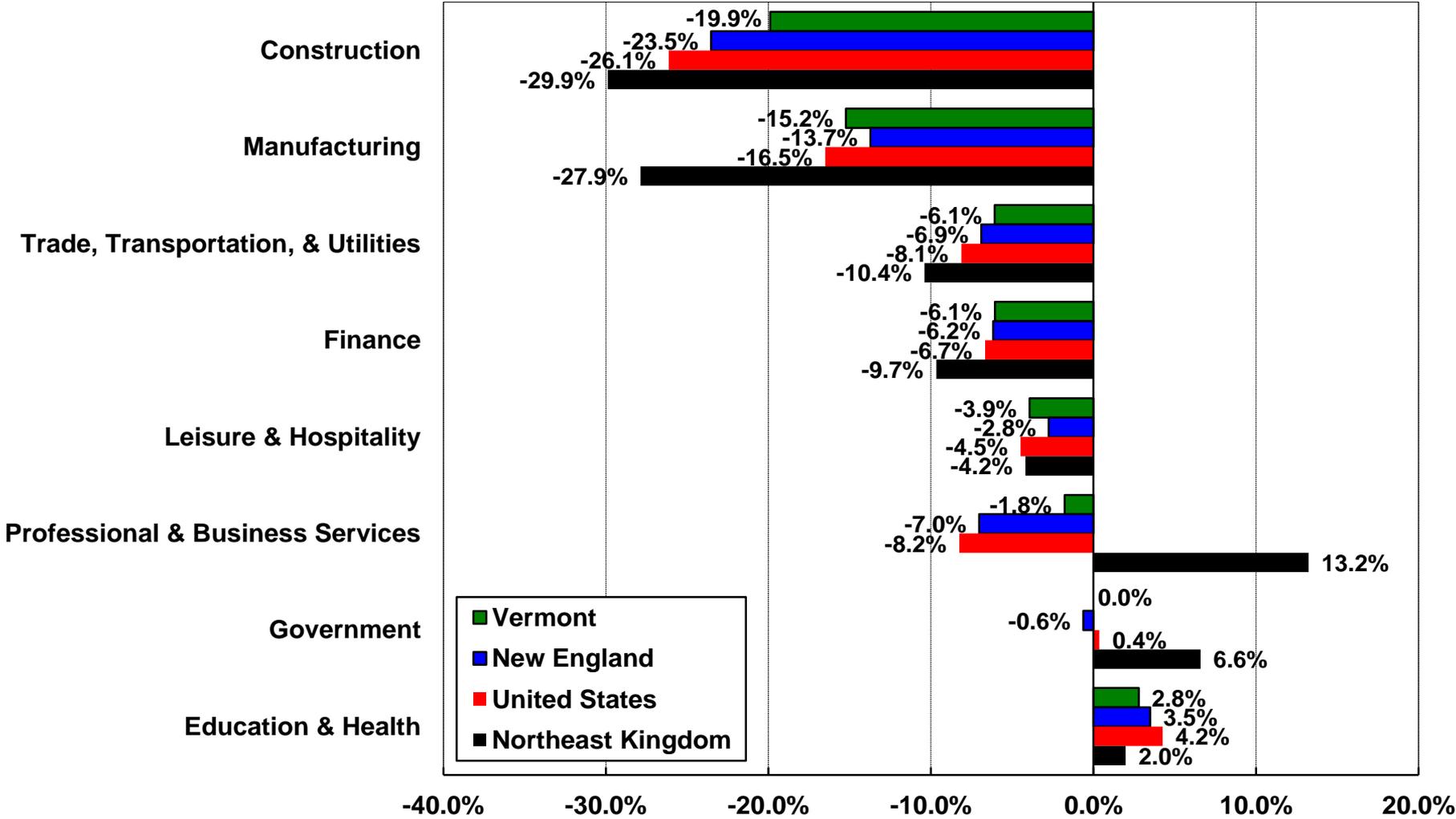
Source: U.S. Bureau of Labor Statistics, Vermont Department of Labor

Note: The Northeast Kingdom is trough to March 2013.

New England Supersector's were less severely impacted.

Employment Growth by Supersector

Peak to Trough

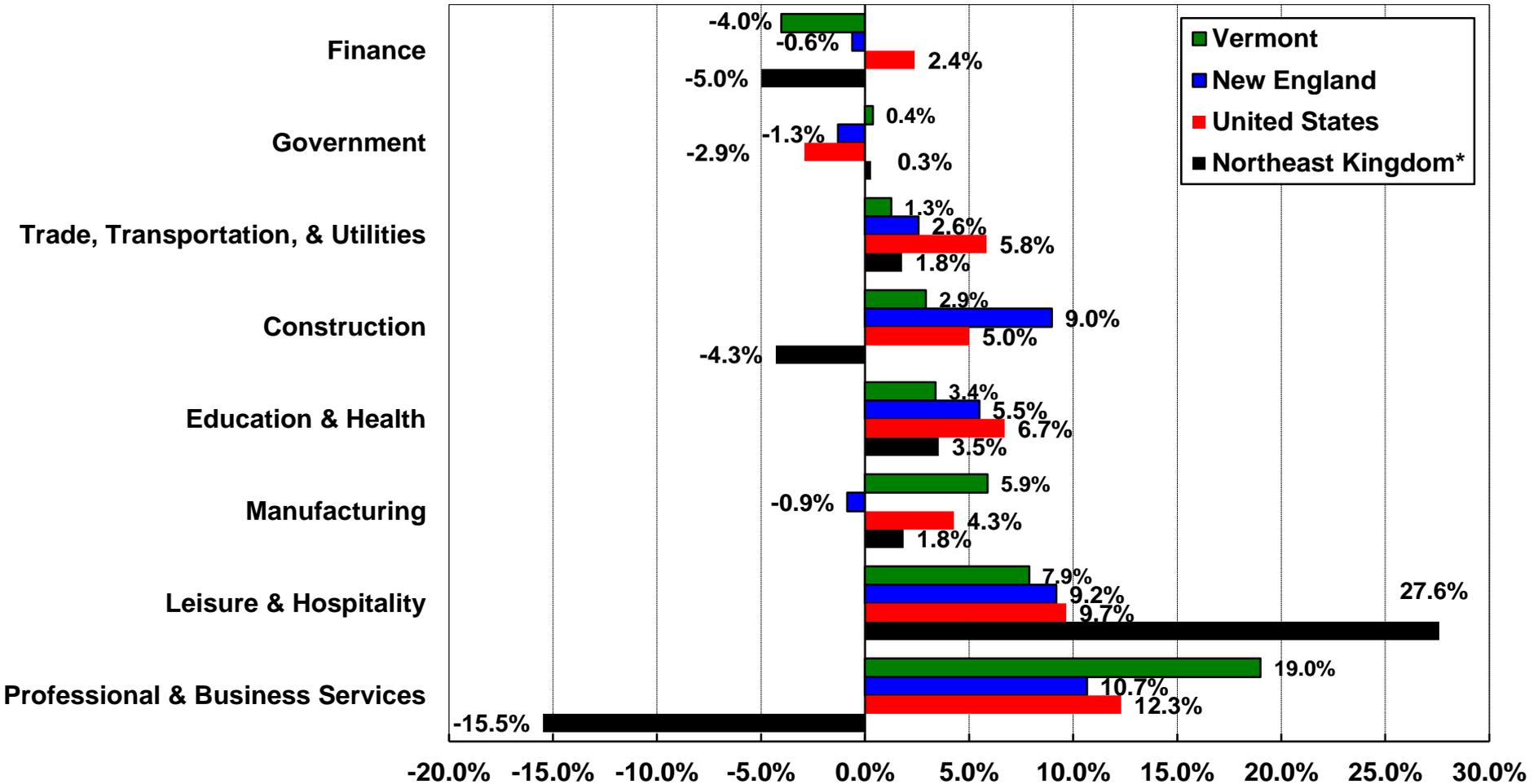


Source: U.S. Bureau of Labor Statistics, Vermont Department of Labor

The recovery has been mixed across sectors.

Employment Growth by Supersector

Trough to July 2013

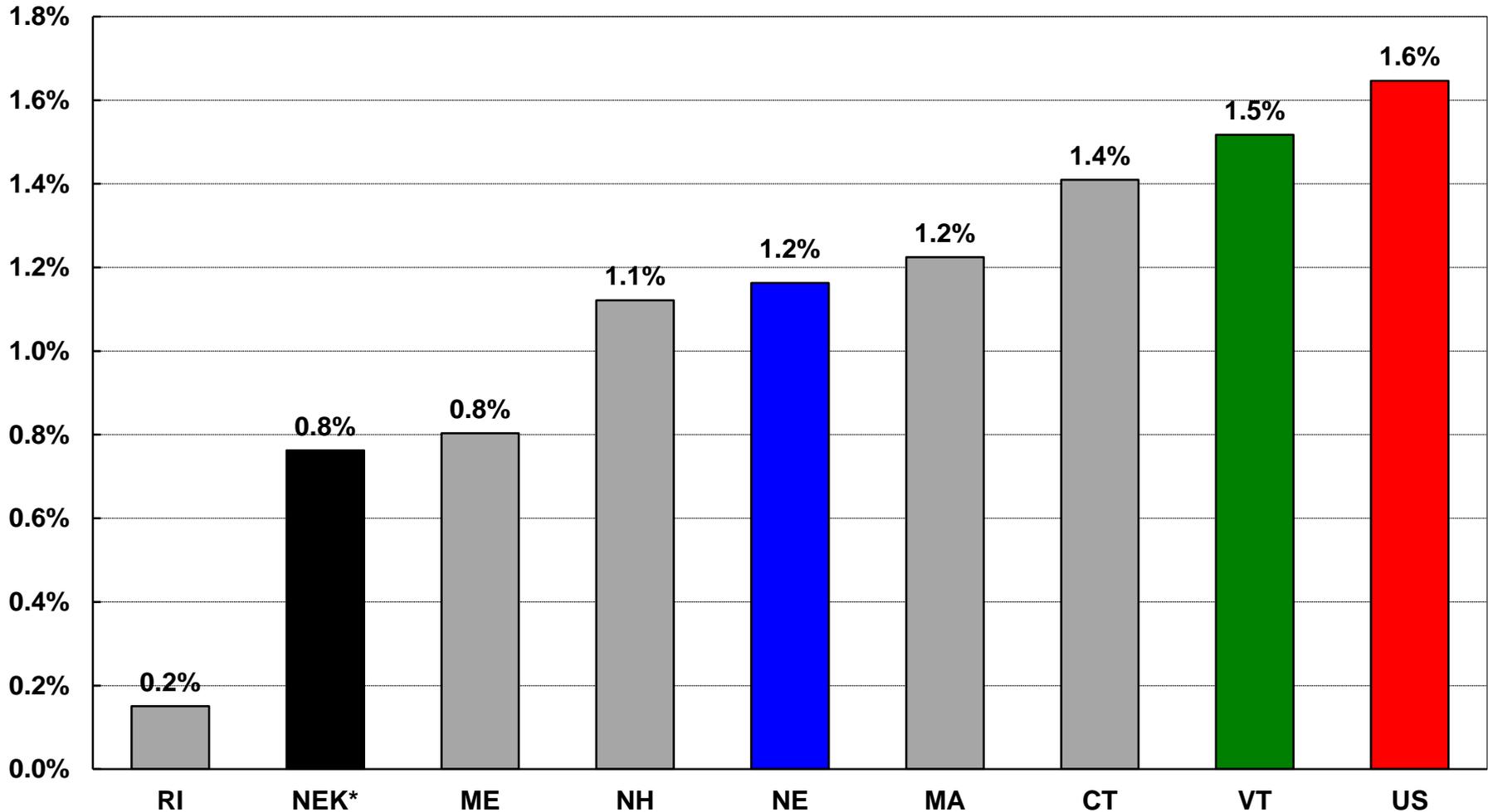


Source: U.S. Bureau of Labor Statistics, Vermont Department of Labor

Note: Northeast Kingdom's employment is through March 2013.

New England has started to trail national job growth.

July 2012 to July 2013

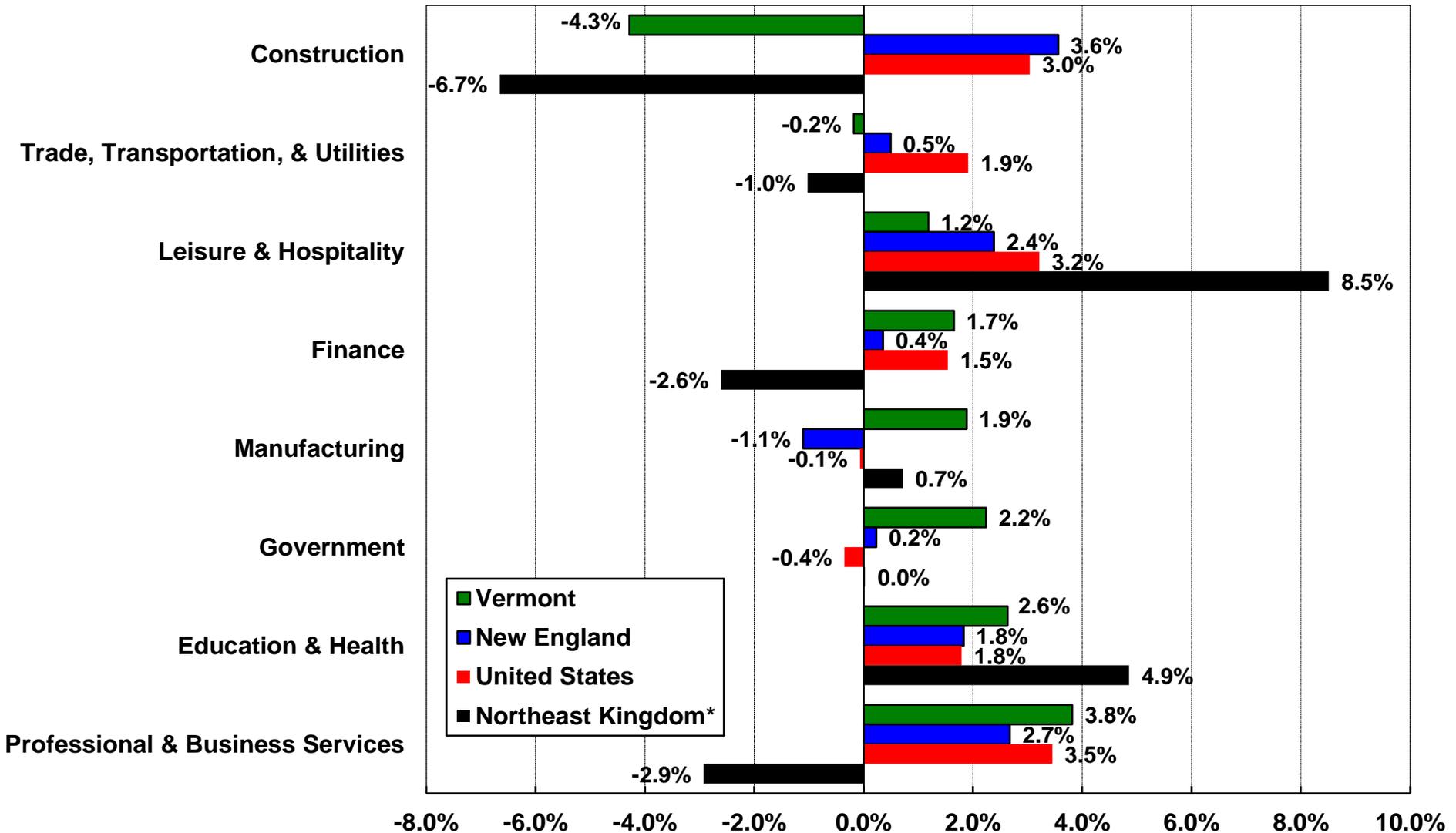


Source: U.S. Bureau of Labor Statistics, Vermont Department of Labor.

Note: Northeast Kingdom's employment is through March 2013.

Employment Growth by Supersector

Percent Change, July 2012 – July 2013



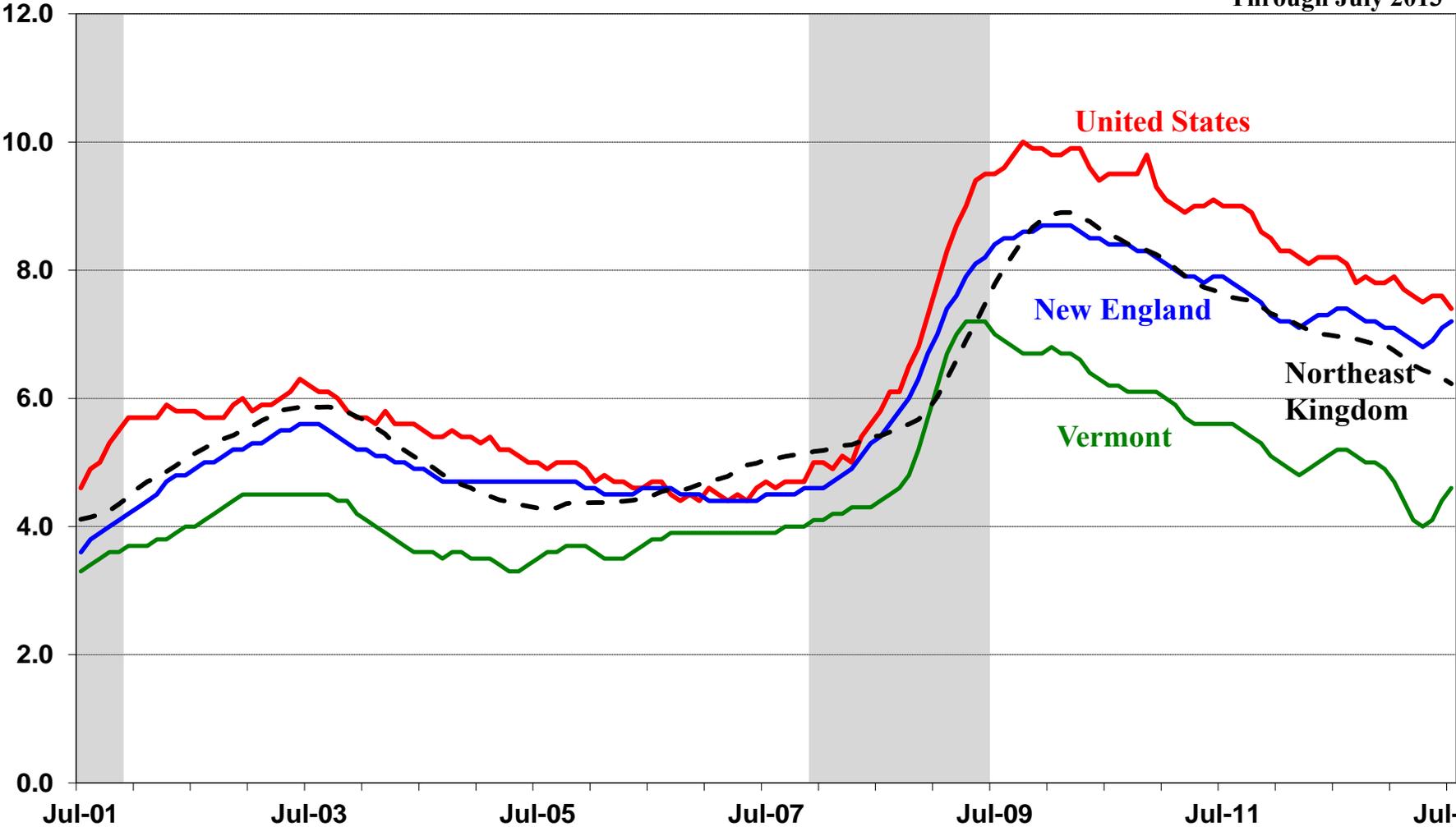
Source: U.S. Bureau of Labor Statistics, Vermont Department of Labor.

Note: Northeast Kingdom's employment is through March 2013.

Unemployment rates in the region have edged up in recent months.

Unemployment Rate

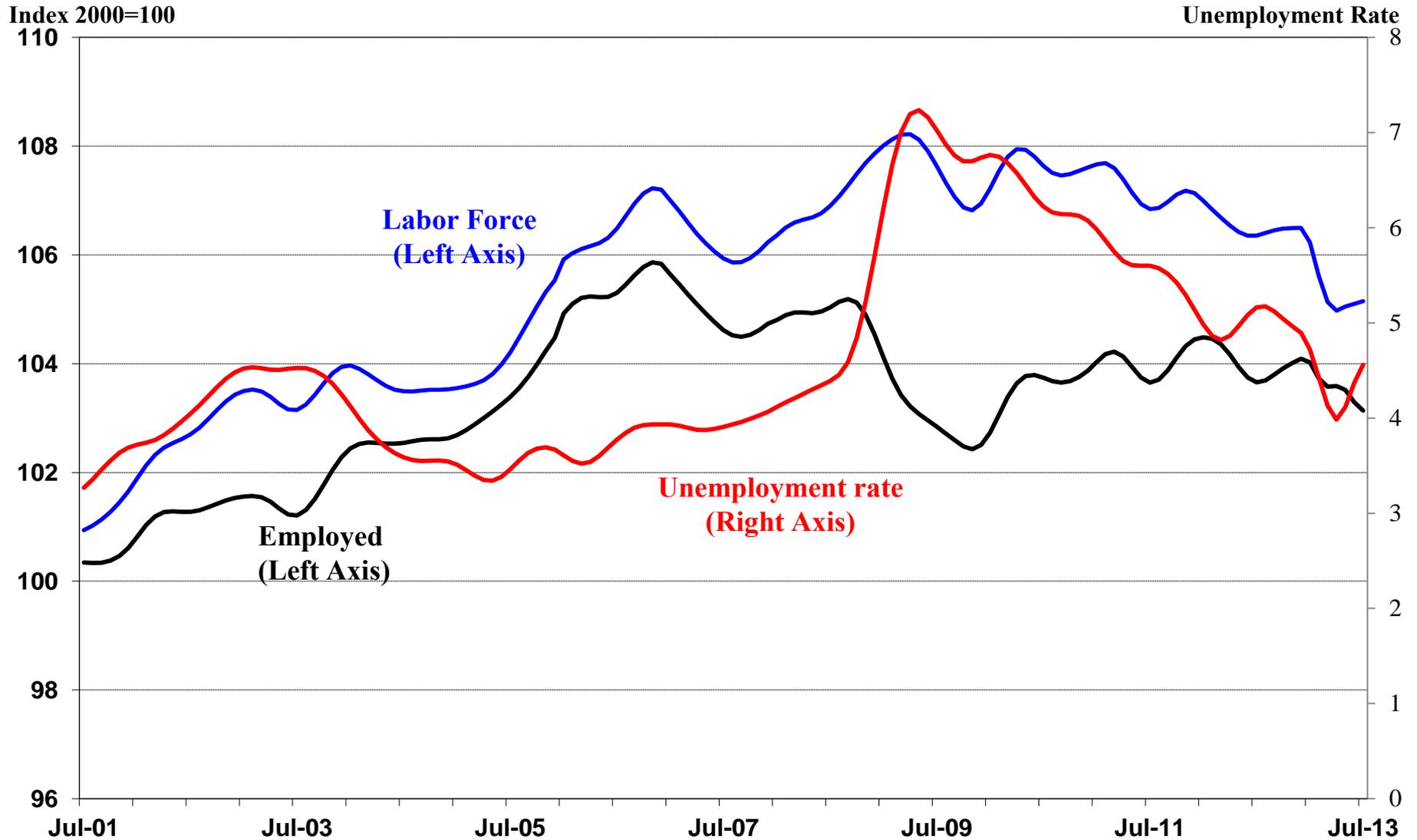
Through July 2013



Sources: U.S. Bureau of Labor Statistics, Vermont Department of Labor



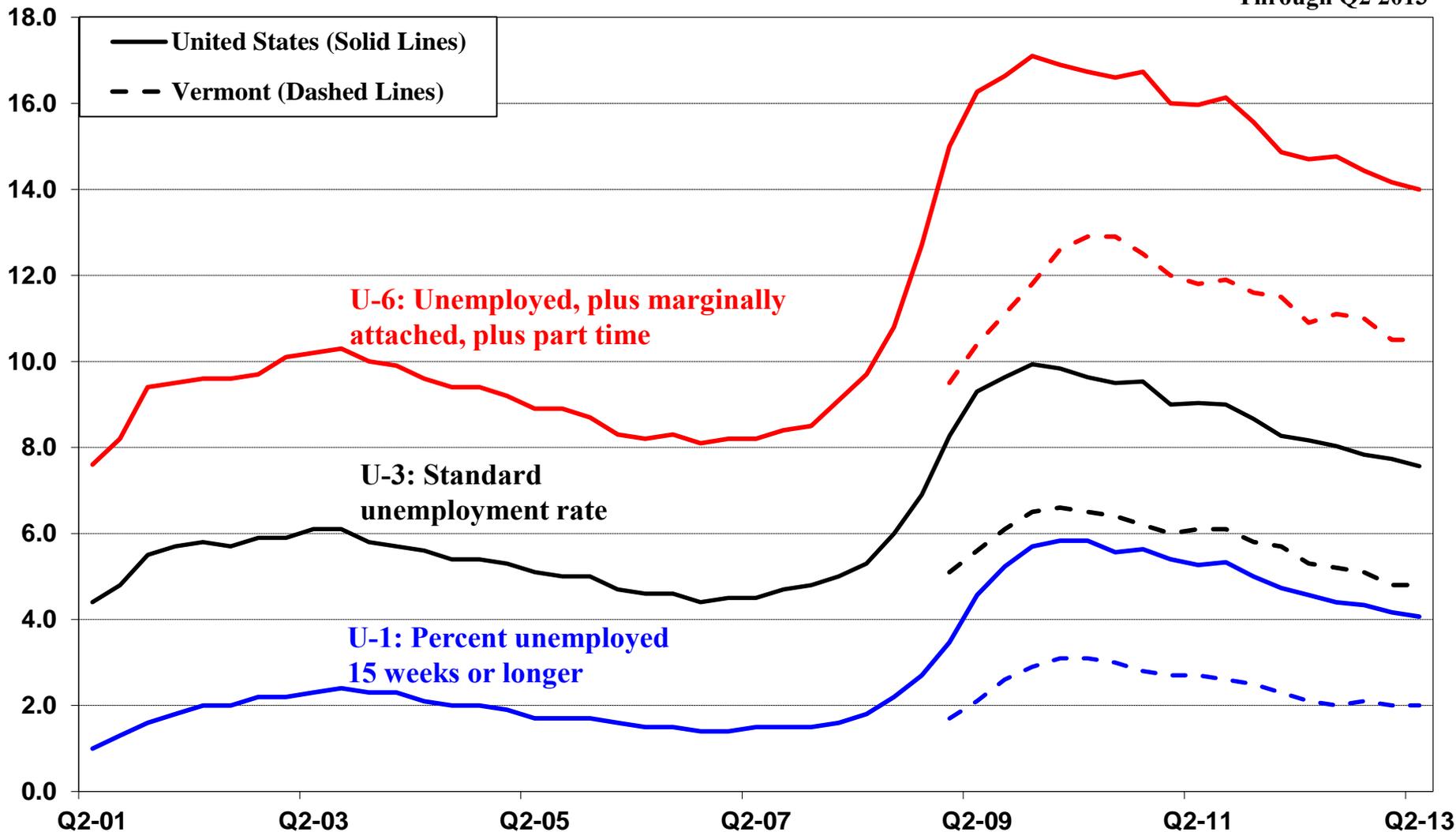
What going on in Vermont?



Sources: U.S. Bureau of Labor Statistics

Alternative Measures of Unemployment

Through Q2 2013



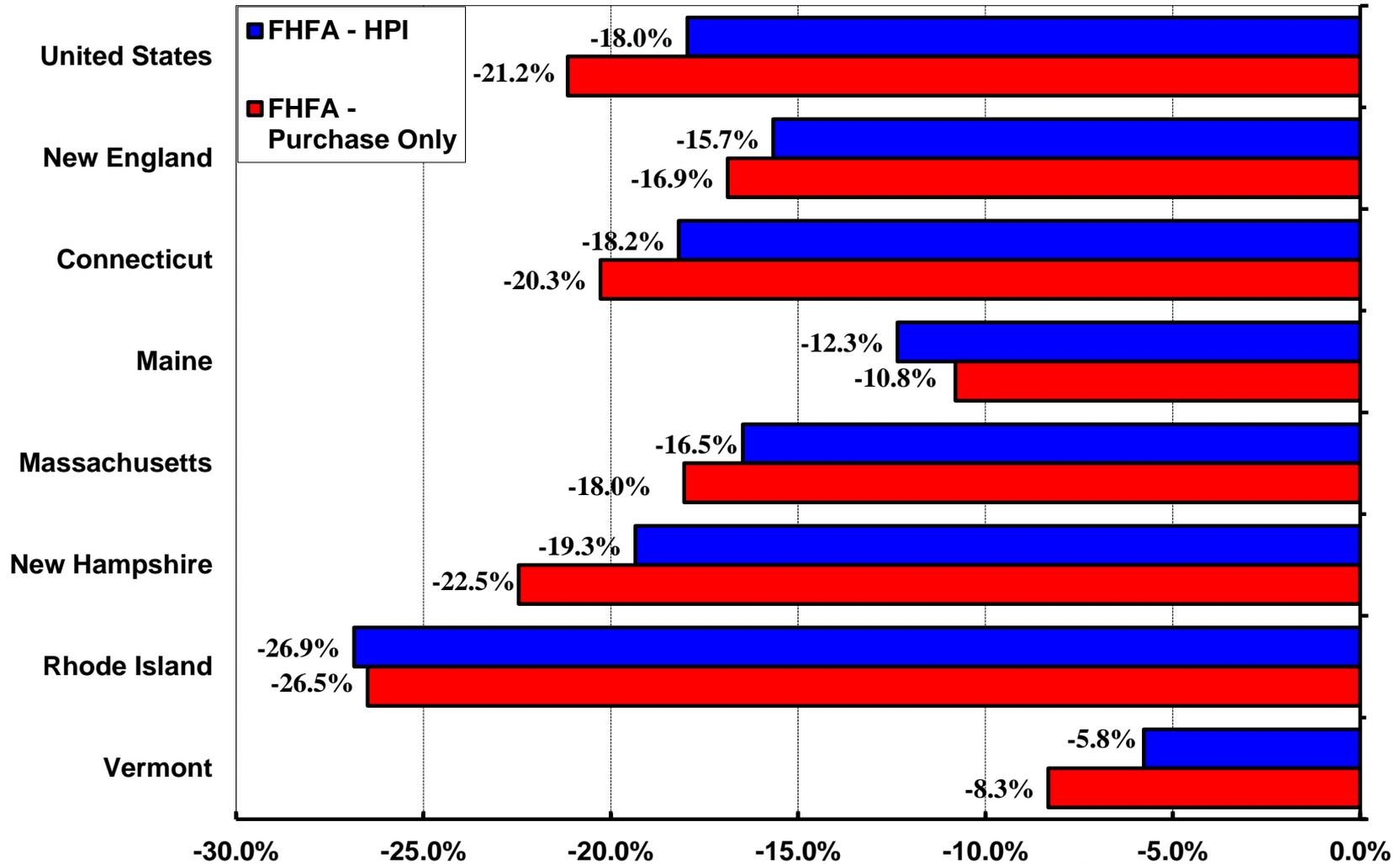
Sources: U.S. Bureau of Labor Statistics

Overview

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The housing downturn resulted in steep price declines in most states.

House Price Changes
Percent Change, Peak to Trough



Source: Federal Housing Finance Authority

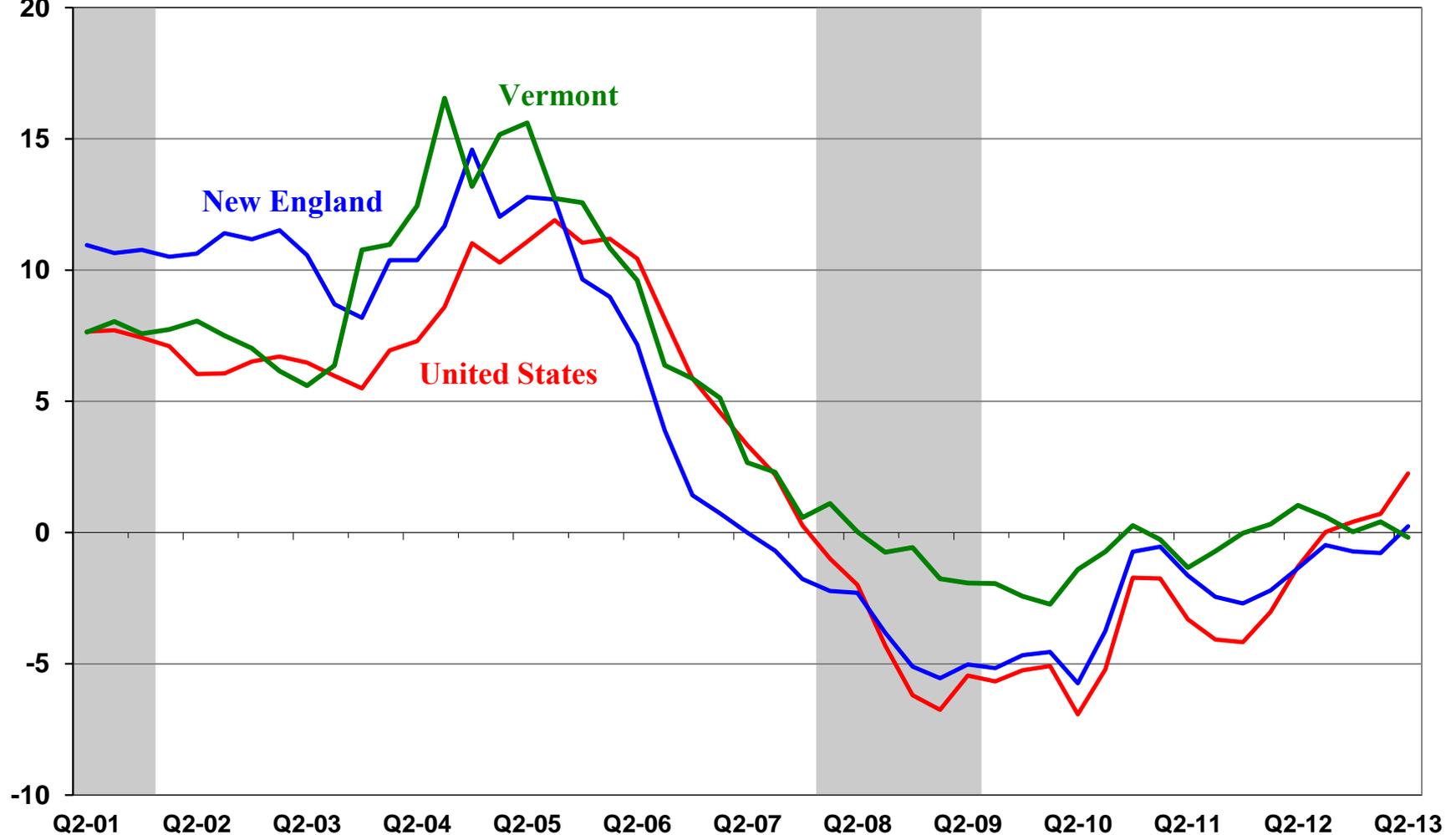
Housing prices are starting to level off or increase.

FHFA Home Price Index

Q1 1980 = 100

Through Q2 2013

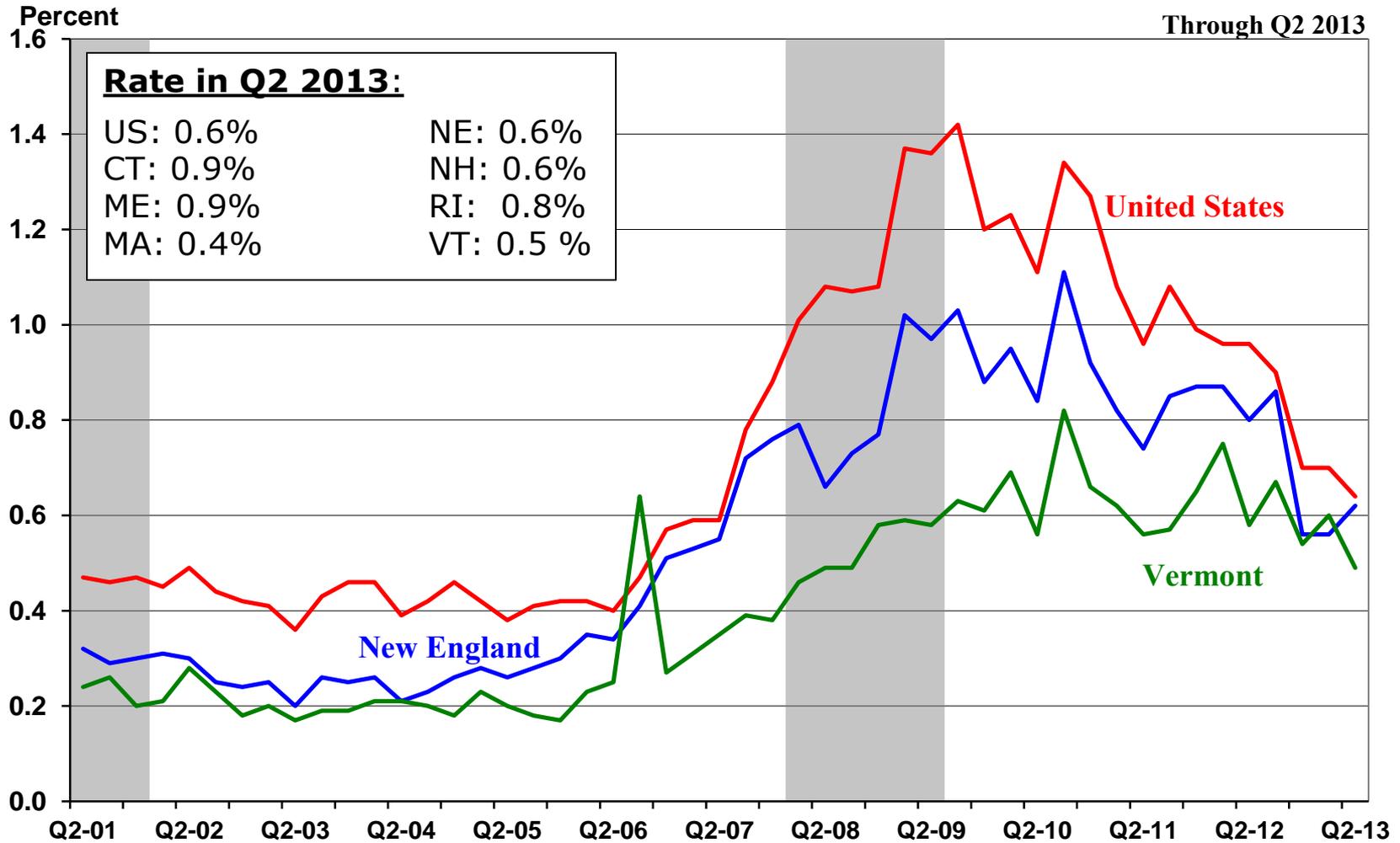
Percent Change from Year Earlier



Source: Federal Housing Finance Authority.

Foreclosure activity has become less of a drag on the housing market.

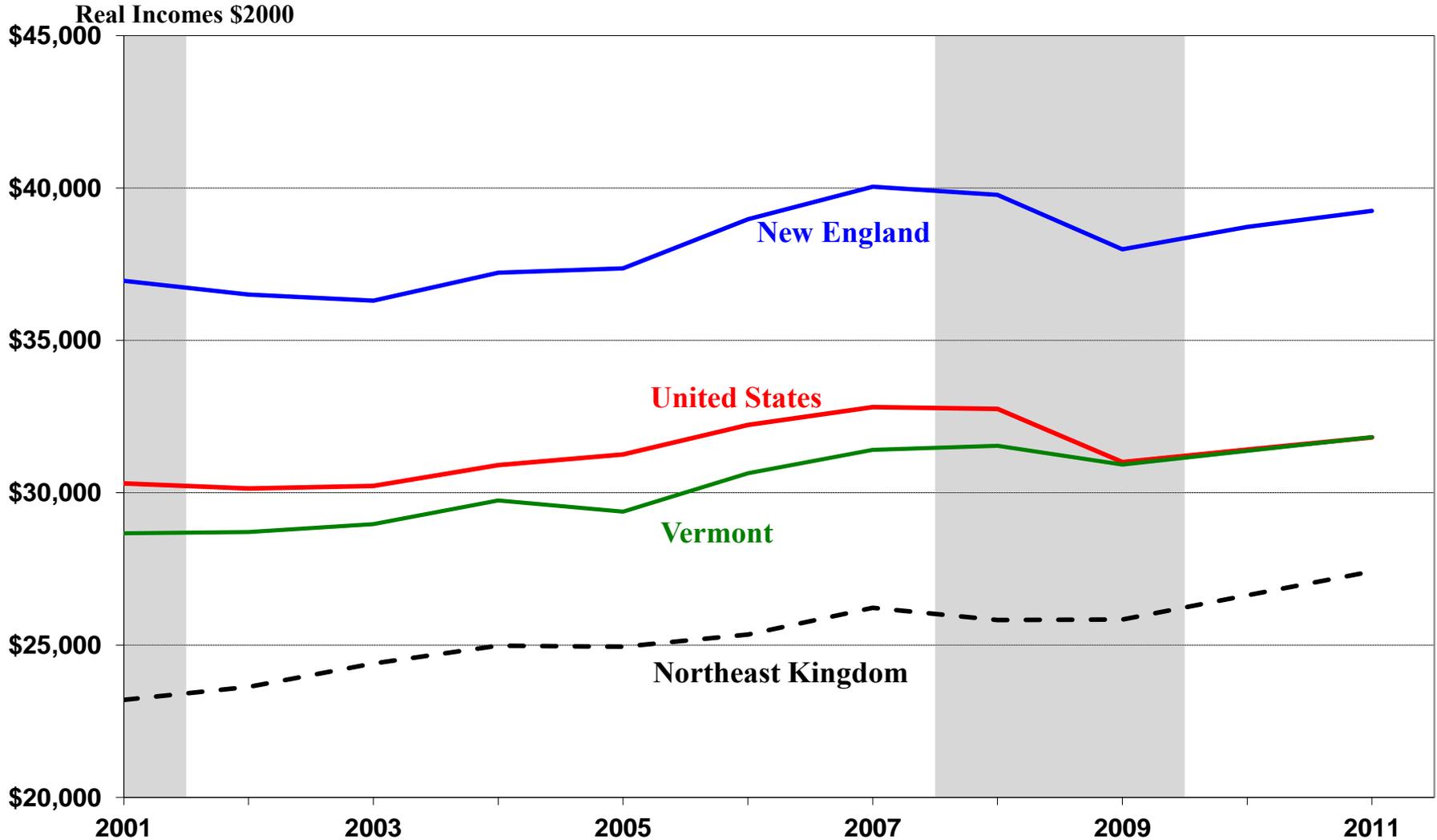
Foreclosures Started as a Percent of All Loans



Source: Mortgage Bankers Association

Incomes in the recession have been fairly stagnant.

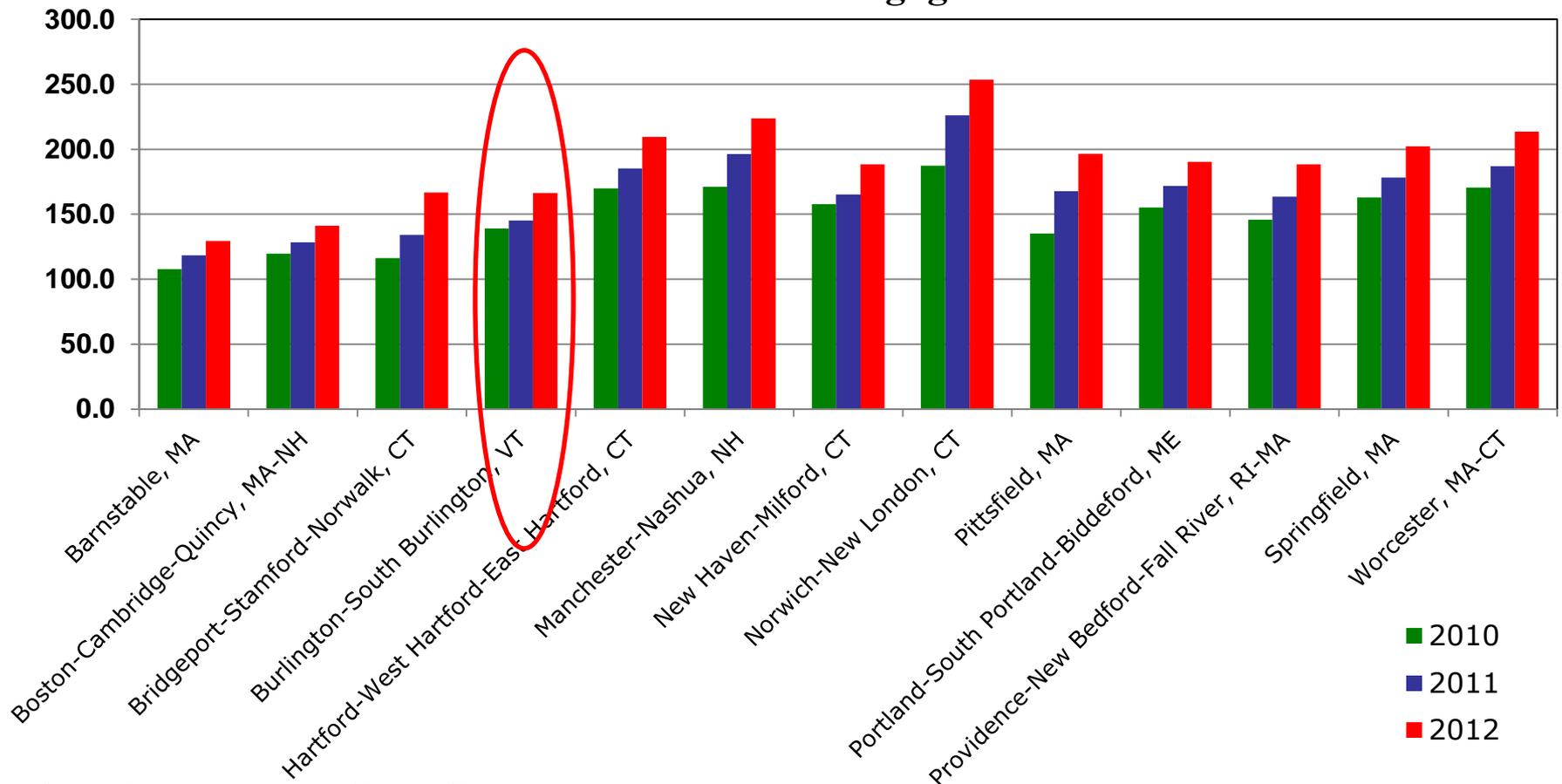
Real Per Capita Incomes, 2001 to 2011



Sources: US Bureau of Economic Analysis, US Bureau of Labor Statistics.

Recent trends in prices and rates have made buying a home *more* affordable in much of the region.

NAR Housing Affordability Index by MSA: Fixed Rate Mortgages

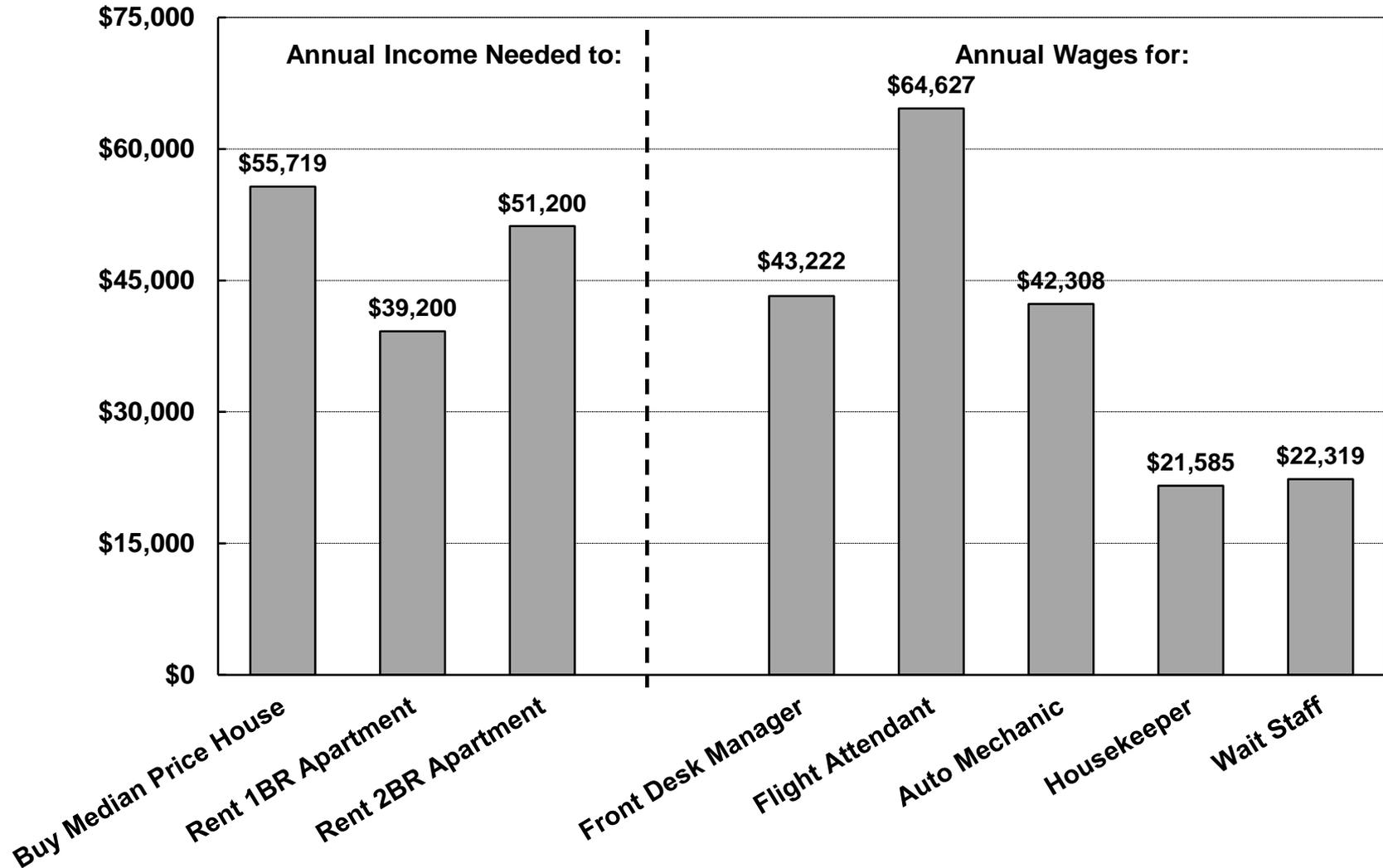


Source: National Association of Realtors/Haver Analytics

Note: The index equals 100 when the median family income is sufficient to purchase a median priced house.

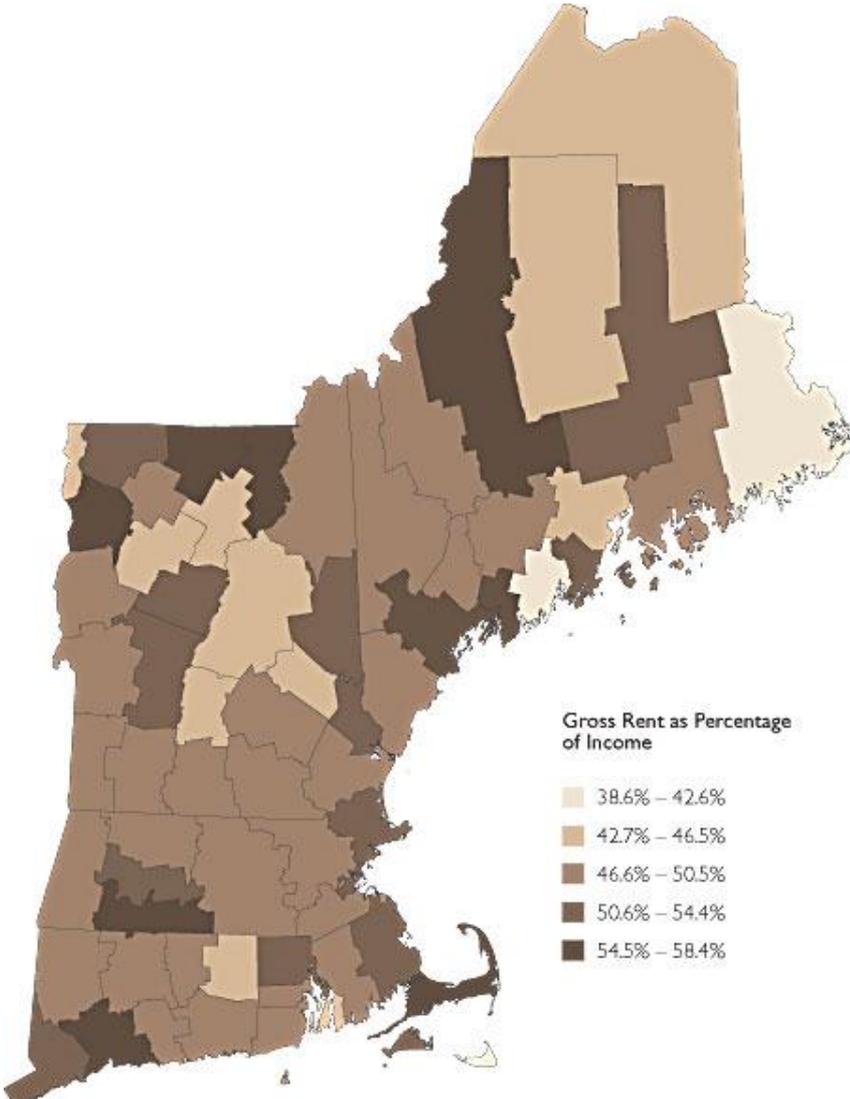
Affordable housing remains out of reach for many workers.

Housing Affordability in Burlington Vermont in 2013



Source: National Housing Conference Paycheck to Paycheck Database.

The affordability of rental housing is still a concern in many areas.



Map shows that gross rent as a percent of income exceeds 30 percent (a common affordability threshold) in 38.6 to 58.4 percent of rental households in New England

Source: U.S. Census Bureau, American Community Survey, as published in *Communities & Banking*, Winter 2013

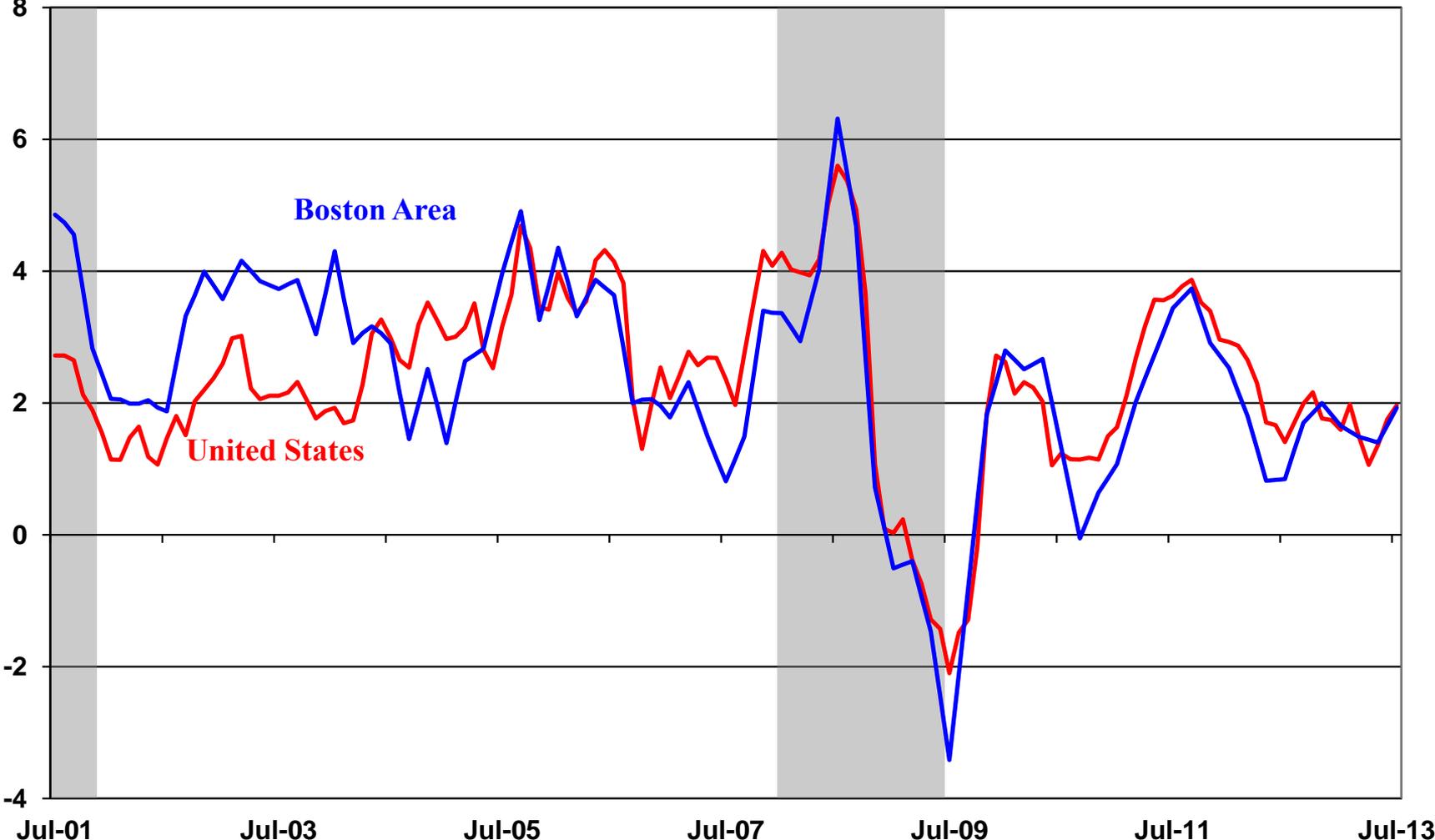
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Consumer Price Index, All Items

Percent Change from Year Earlier

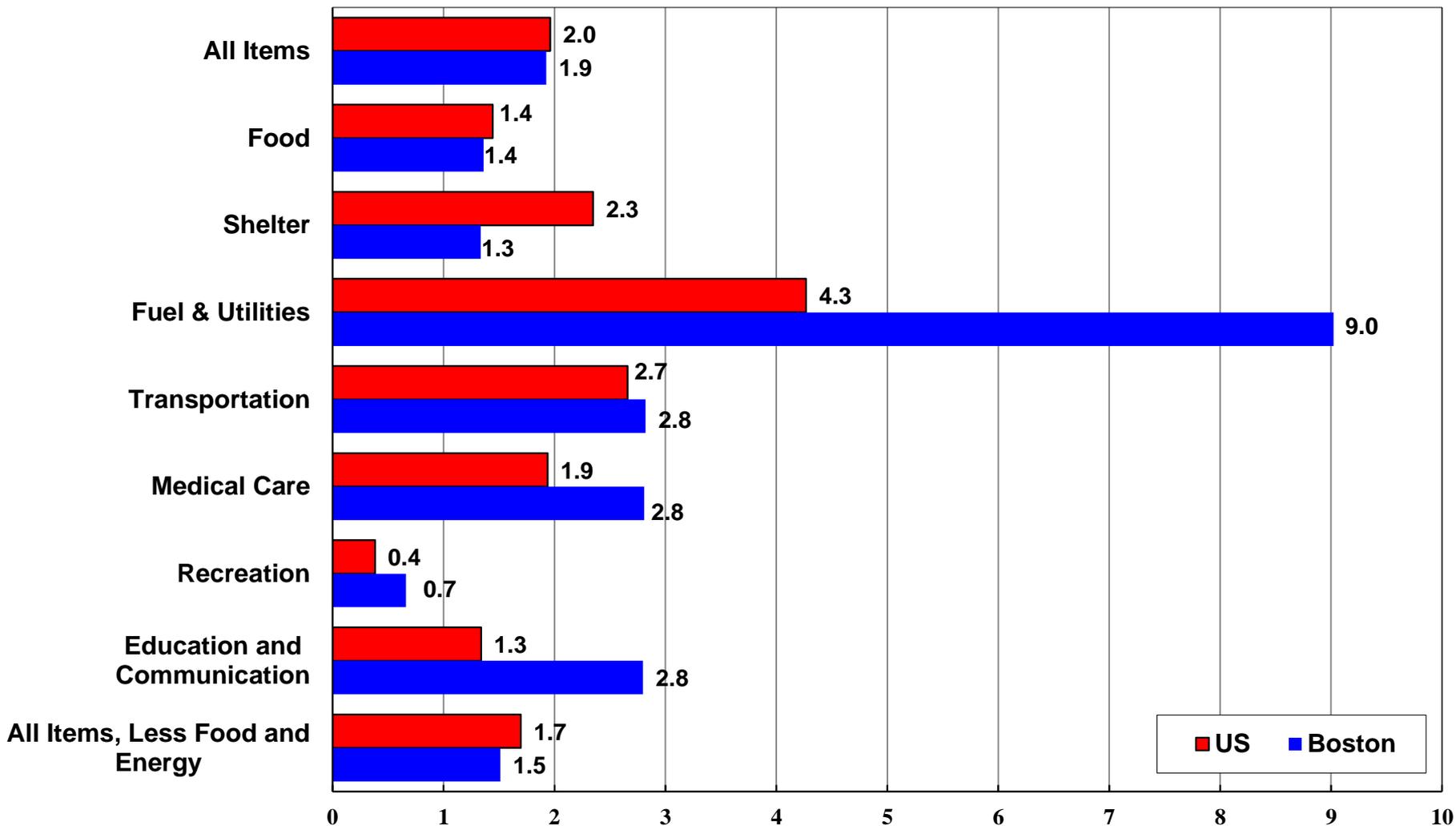
Through July 2013



Note: CPI is for all urban consumers.
Source: U.S. Bureau of Labor Statistics.

Components of Consumer Price Increases

Percent Change, July 2012 – July 2013



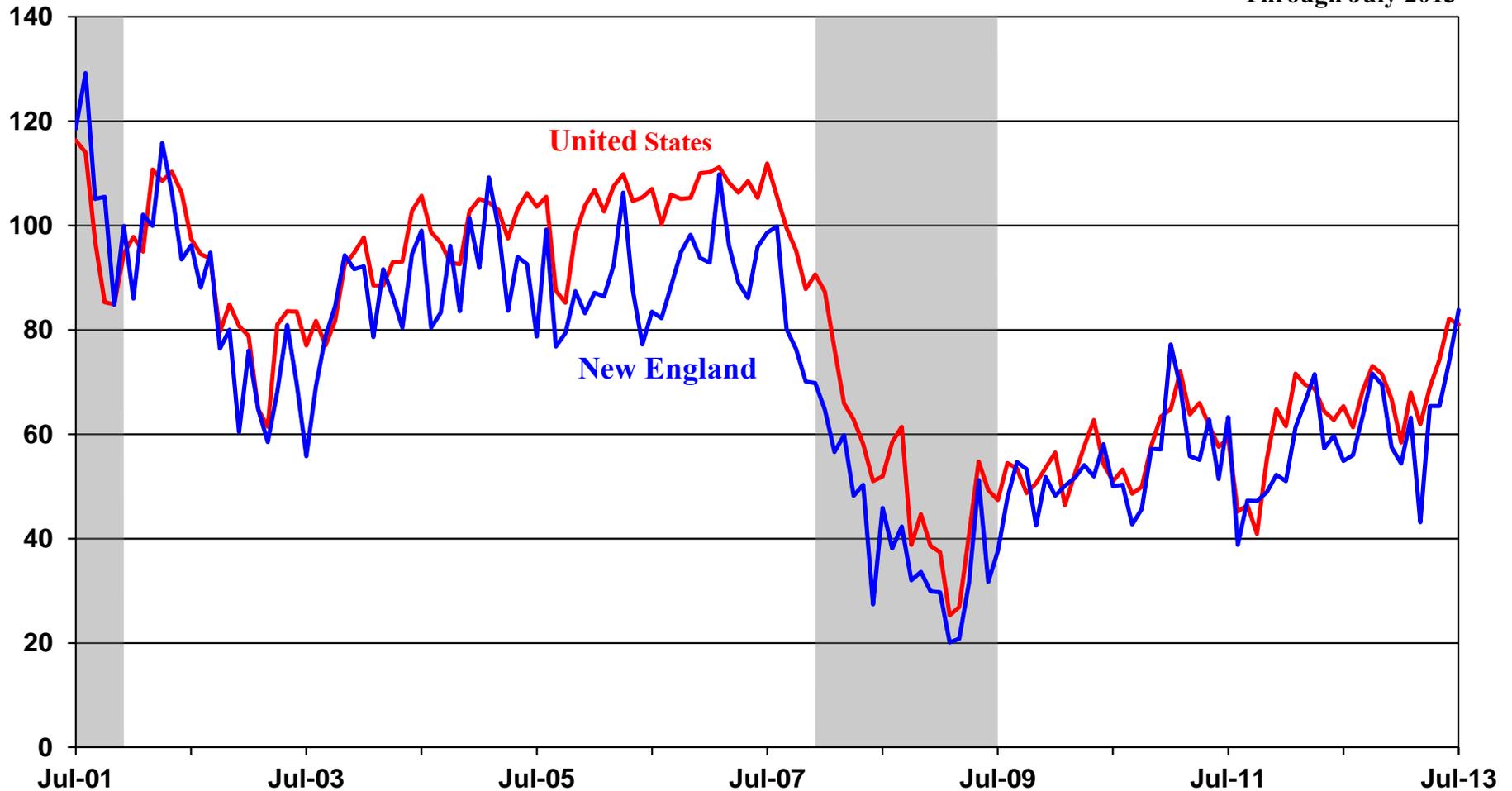
Source: U.S. Bureau of Labor Statistics.

Consumer confidence has improved recently but remains low.

Consumer Confidence

1985 U.S. Average = 100

Through July 2013

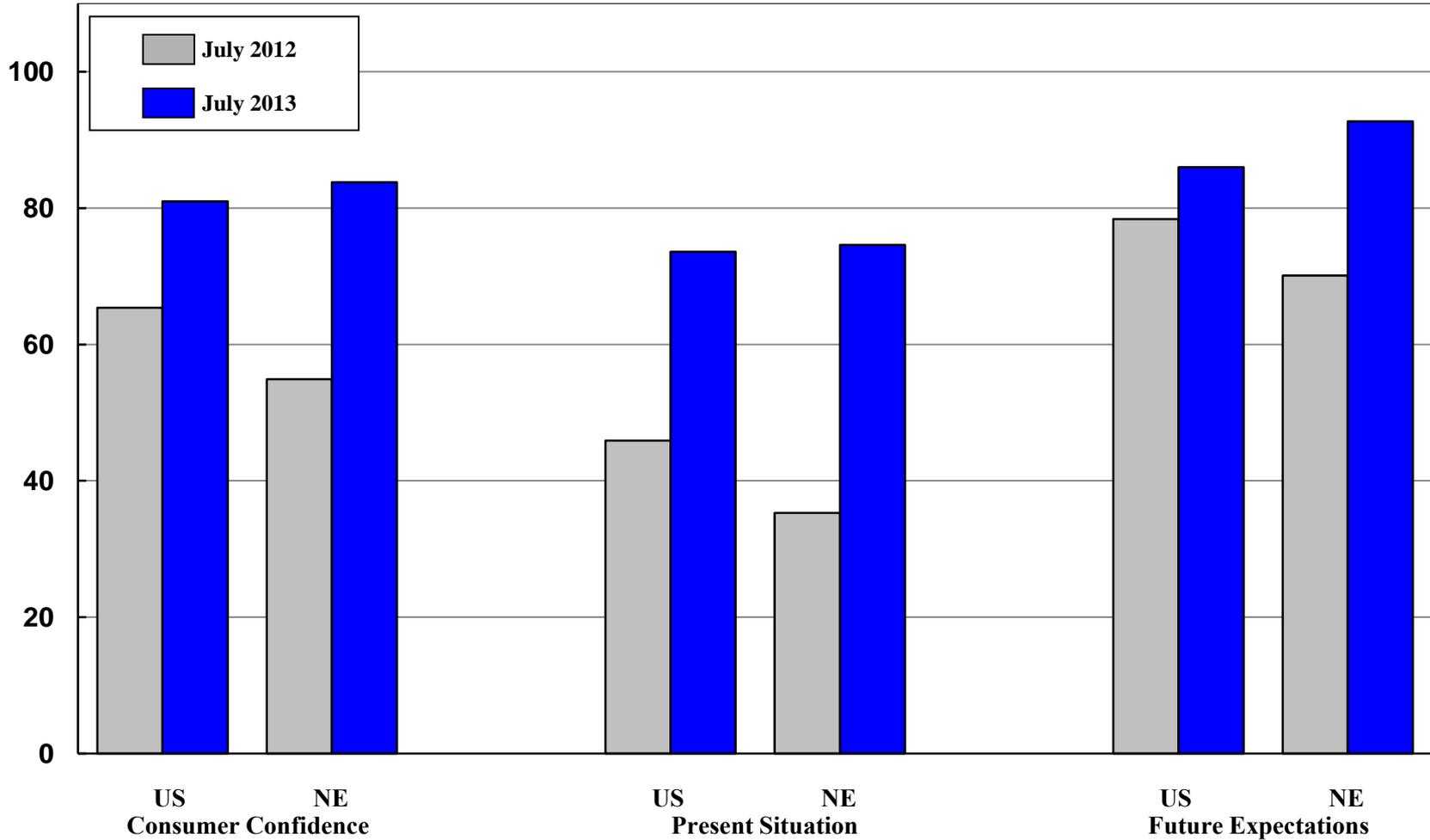


Source: The Conference Board/Haver Analytics

Confidence in present economic conditions is growing.

Consumer Confidence

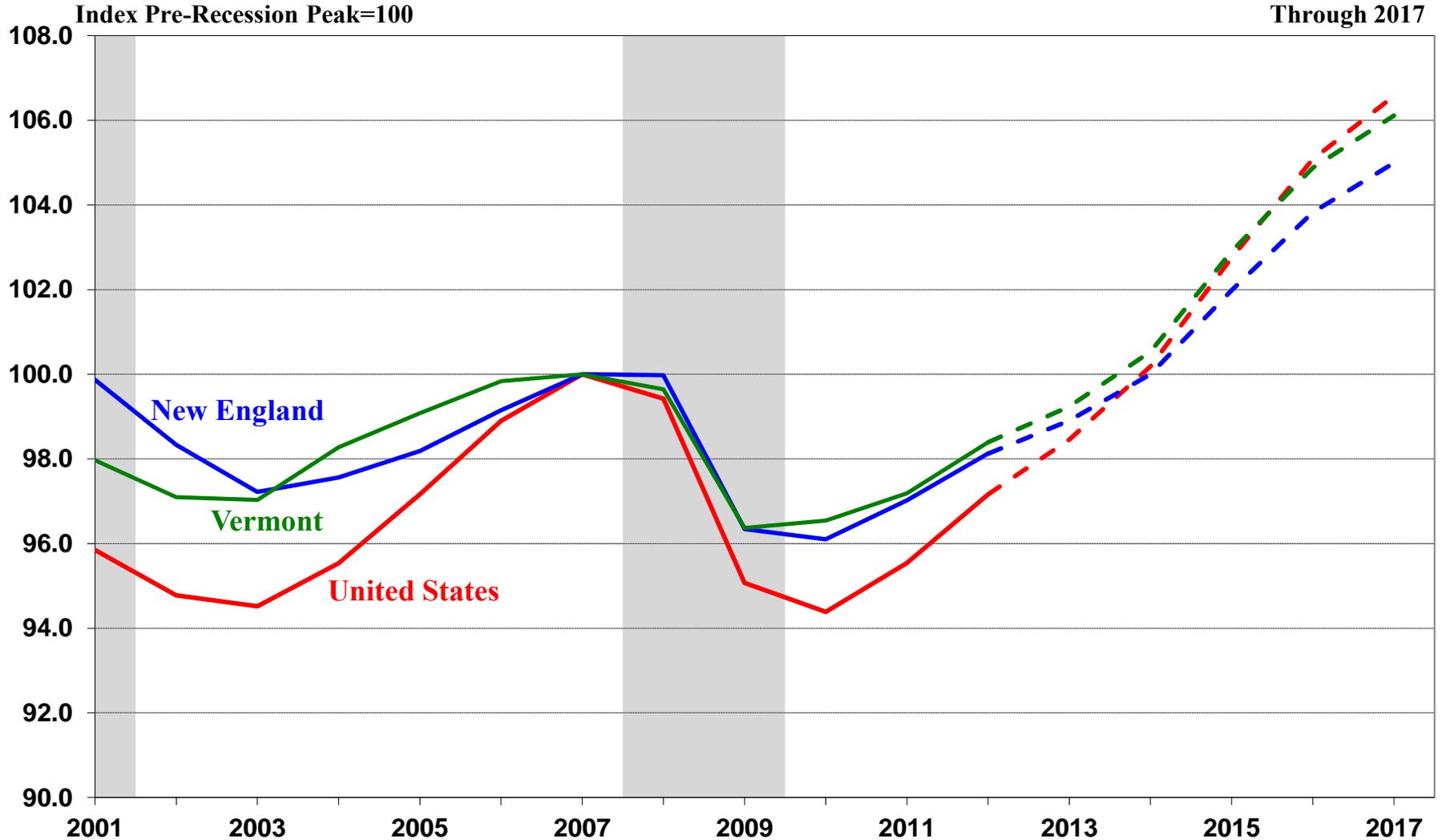
1985 U.S. Average = 100



Source: The Conference Board.

Pre-recession employment levels may be reached in 2014.

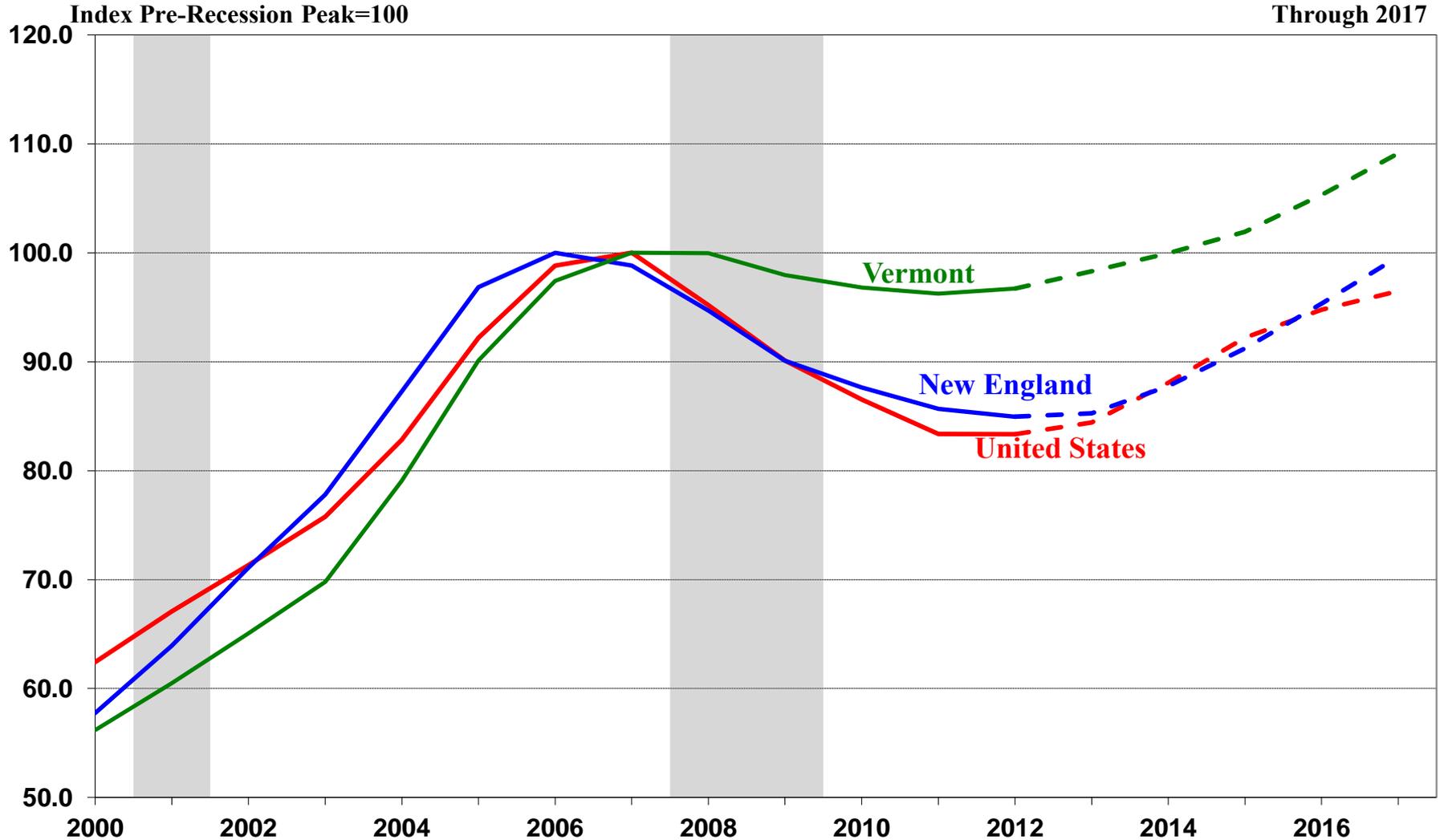
Employment Forecast



Sources: US Bureau of Labor Statistics, New England Economic Partnership

Housing prices may return to pre-recession levels by 2017.

FHFA Housing Price Forecast



Sources: Federal Housing Finance Authority, New England Economic Partnership

Summary

- New England's economic recovery has started to trail the pace of the national recovery.
- Vermont is experiencing one of the stronger labor market recoveries in the region and has had a much healthier housing market.
- The Northeast Kingdom's jobs recovery more closely matches Rhode Island or Maine than Vermont.
- Forward-looking indicators point towards continued momentum in the economic recovery, albeit at a moderate pace.

Questions?

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Sources of Further Information

Visit www.bostonfed.org for updates on the New England and U.S. economies:

- “Regional Economy” Page (Research, reports, data, and other resources related to the New England region)
- *New England Economic Indicators* (statistical information on the New England economy updated continually)
- *Profile of New England* (data and brief analysis on important long-term economic and demographic trends in the New England states)
- *New England City Data* (easy-to-access demographic and economic data for New England cities)
- Beige Book (anecdotal information updated every six weeks or so)
- “News and Events” Page (speeches by Boston Fed president)
- Visit www.neepecon.org for New England state forecasts prepared by the New England Economic Partnership (Fall 2012)