

New England Economic Snapshot

April 2010

Summary

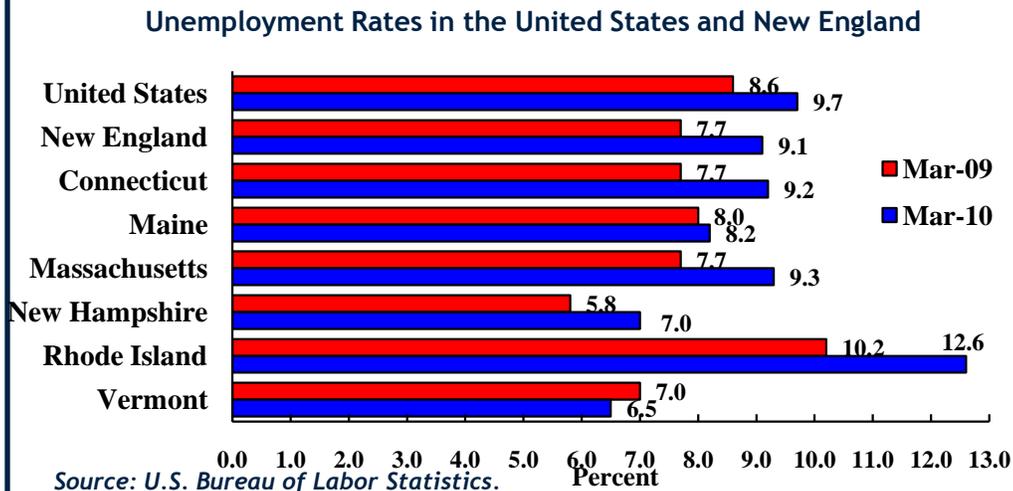
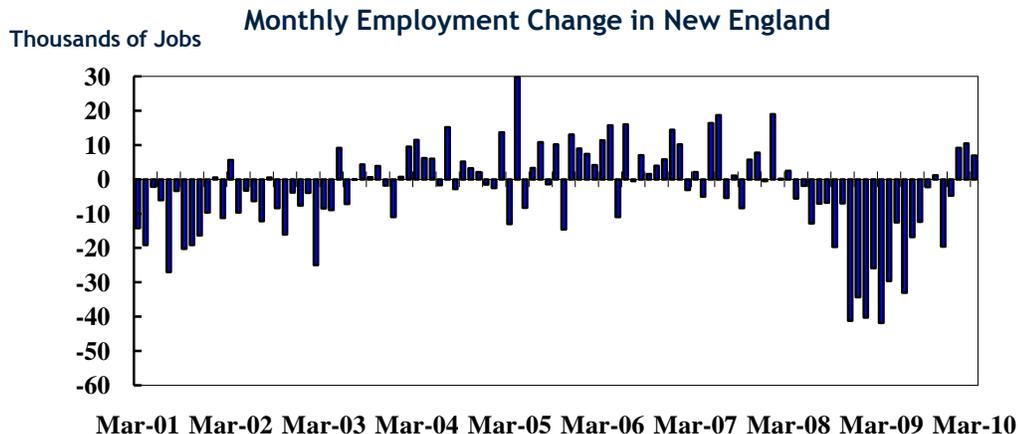
The New England economy continues to show signs of modest improvement. In March, the labor market added jobs for the third straight month and unemployment was down by a tenth of a percent. The housing market is strengthening.

Single-family permits were up sharply in the region in February and in Boston, prices for single-family homes and condominiums were up modestly. Commercial real estate remains a weak point, as downtown office vacancies increased sharply in Boston, during the first quarter.

New England Payroll Employment Expands

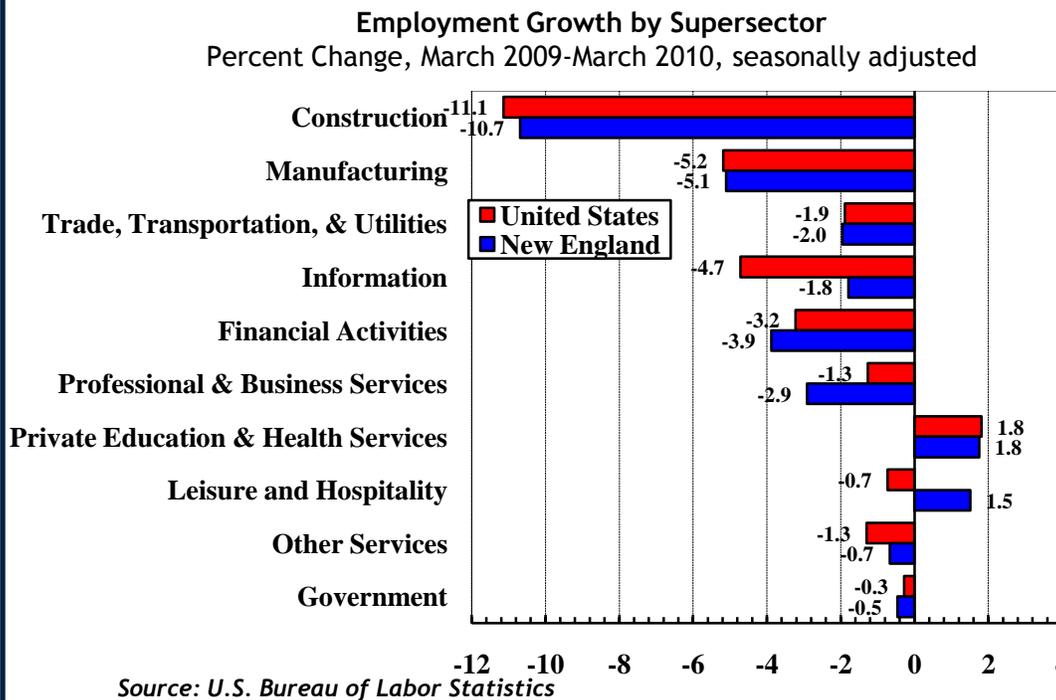
New England gained 6,900 payroll jobs in March 2010, for a third straight month of job growth. However, the March figure was smaller than the January and February numbers. Massachusetts had the largest gains in the region with 7,600 and Connecticut the largest losses at 2,000.

New England's unemployment rate fell back 0.1 percent in March, while U.S. unemployment was unchanged at 9.7 percent for the third month in a row. The Massachusetts unemployment rate fell 0.2 percent in March, the only statistically significant over-the-month decline in the country. Jobless rates in the other New England states moved either up or down a tenth of a percent. Rhode Island continued to have the third worst unemployment in the nation.



Employment by Industry: Health and Education Fare Best

Among the ten major sectors, construction remained the weakest in both New England and the U.S. in terms of annual employment growth. Still, year-over-year job loss rates improved in the sector both regionally and nationally in March, to -10.7 percent and -11.1 percent respectively, up from February's readings of -14.5 percent and -14.2 percent. The strongest sector was again private education and health services, in which employment grew 1.8 percent year-over-year in both New England and the U.S.

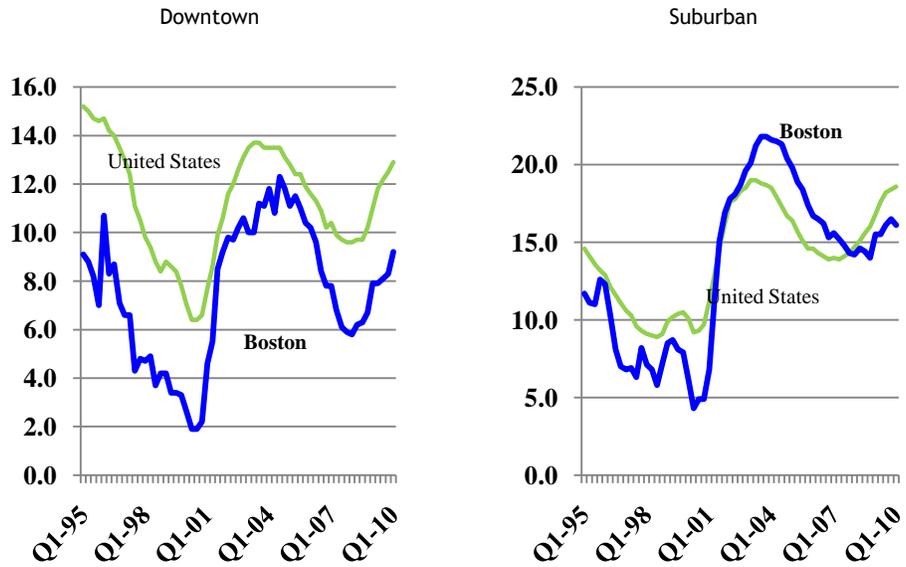


**Commercial Real Estate:
Office Vacancy Rate Increasing**

The downtown office vacancy rate increased at an accelerated pace in the first quarter of 2010, both in Boston and nationwide. Boston's increase, to 9.2 percent from 8.3 percent one quarter ago, was steeper than the U.S. average, which rose to 12.9 percent from 12.5 percent. In the recent cycle, Boston's downtown vacancy rate reached a low of 5.8 percent in Q1 of 2008 and has since risen fairly steadily, while the U.S. rate bottomed out at 9.6 percent in Q4 2007.

Also in Q1 2010, Boston's suburban office vacancy rate fell back to 16.1 percent from the previous quarter's 16.5 percent, while the national rate increased to 18.6 percent from 18.4 percent.

Office Vacancy Rates



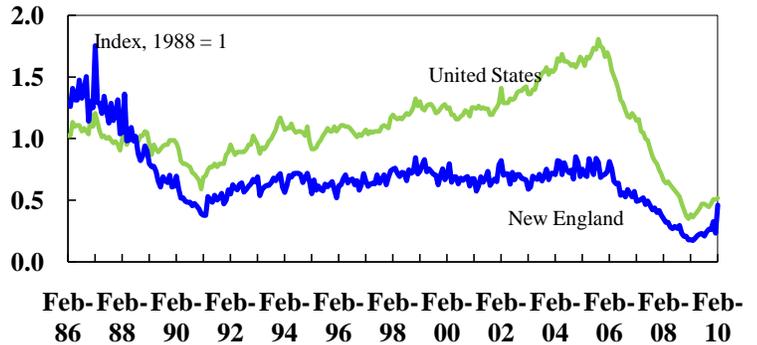
Source: CB Richard Ellis Econometric Advisors

Residential Real Estate: Housing Permits and Home Prices Rising

According to official figures, single-family housing permits nearly doubled in the region between January 2009 and January 2010. However, this may overstate the picture, given sample weighting and the seasonal adjustment factor in the increase in Vermont's permits. Excluding Vermont, the growth rate year-over-year was 79 percent, and growth from the March 2009 trough was 88 percent. In contrast, single-family permits in the U.S. as a whole increased 34 percent year-over-year to February, ending up 48 percent above their January 2009 trough.

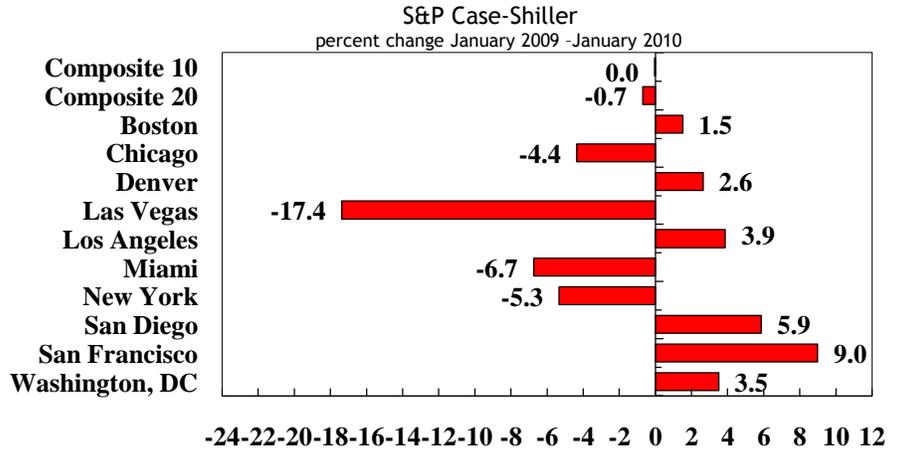
The Case-Shiller home price indexes indicate that annual price declines abated for the 12th straight month, based on both the 10-city and 20-city composite measures. Both indexes look poised to emerge from three straight years of annual price declines. Boston home prices increased year-over-year for the second month in a row, although its growth rate of 1.5 percent was bested by five other cities in the Composite 10. Of these San Francisco had the best increase at 9 percent and Las Vegas the worst decline at -17.4 percent.

Single Family Housing Permits



Source: U. S. Census Bureau

Metro Area Price Changes



Source: Standard & Poor's and FIServ