

# New England Economic Snapshot

November 2010

## Summary

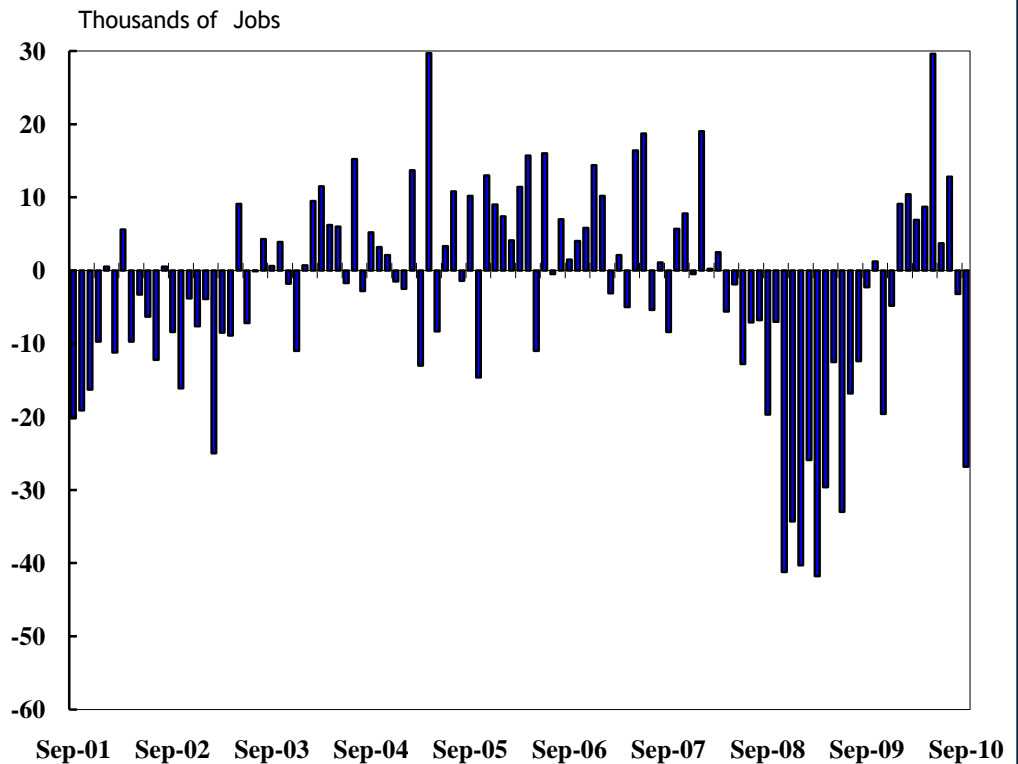
The latest economic data give mixed signals about the progress of economic recovery in New England. Payroll employment fell in the region in both August and September, following seven months of increases. Performance in

residential real estate was mixed with housing permits increasing and house prices falling modestly. Core CPI inflation was negative, while consumer confidence in New England fell for the third straight month.

### New England Payroll Employment Decreases

New England lost 26,800 jobs in September 2010 and lost 3,200 jobs in August. These figures follow seven straight months of employment gains in the region. September's job losses dampened year-over-year employment growth in the region compared to the previous month's figure, as jobs edged up just 0.37 percent over September 2009. For the U.S., year-over-year employment growth in September was just barely positive, at 0.26 percent, although this figure represents an increase over the previous month's rate and the latest in a 14-month string of employment-growth increases. Massachusetts alone lost 20,900 jobs in September, the third-largest over-the-month decline in the nation. Rhode Island, Maine, and Massachusetts all registered year-over-year losses in employment. Connecticut and Vermont also posted declines, but just barely (about 0.2 percent in both cases).

### Monthly Employment Change in New England

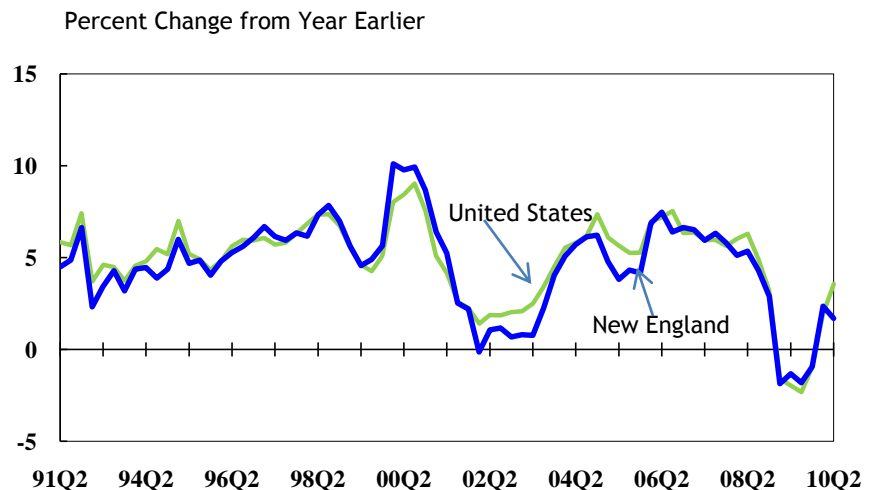


Source: U.S. Bureau of Labor Statistics/Haver Analytics

### Personal Income Growth Slows

Personal income growth (year-over-year) in New England fell by a significant margin in the second quarter of 2010, following two quarters of sizeable gains. At 1.7 percent, the region's income growth lagged behind the national figure of 3.6 percent, up sharply from the previous quarter. The news was also bad for wage and salary disbursements in the region, which fell marginally on a year-over-year basis to Q2 (-0.27 percent) after posting a modest increase over-the-year in the first quarter (0.42 percent). Wages were up year-over-year at the national level by 0.44 percent, continuing an upward trend in wage growth that began in Q4 2009. Within the region, all states experienced positive personal income growth y-o-y to Q2, led by Vermont at 2.25 percent and lagged by Massachusetts at 1.5 percent.

### Personal Income

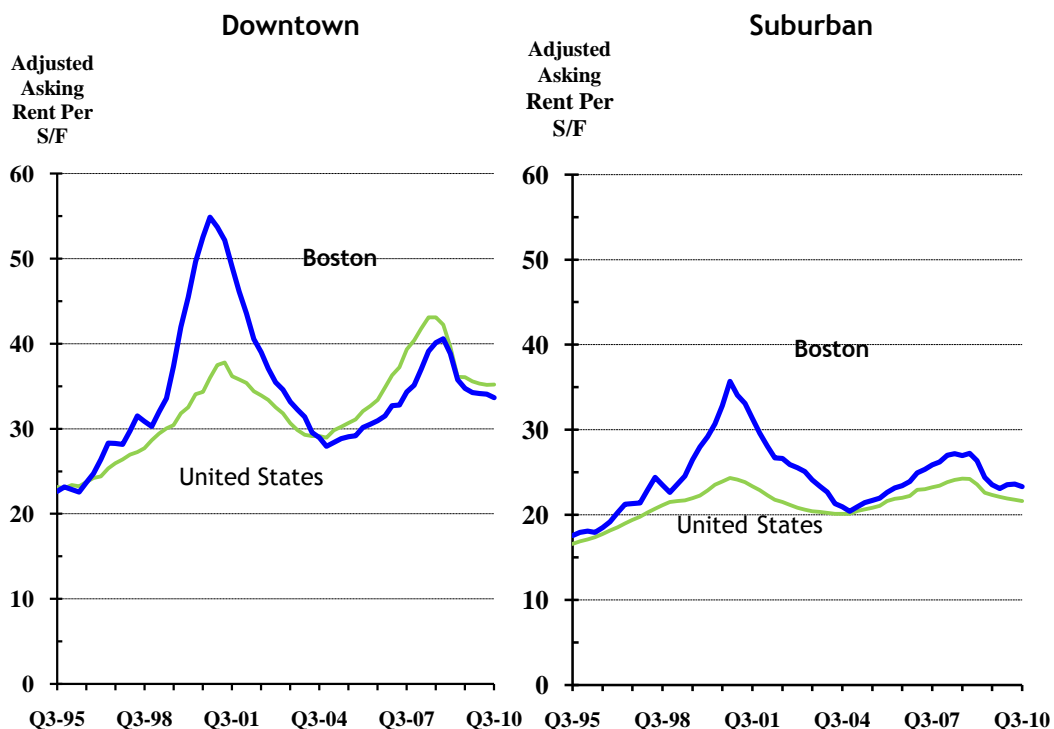


Source: U.S. Bureau of Economic Analysis.

### Boston Office Rents See Moderate Declines

While downtown office rents fell sharply in 2009 both locally and nationally, declines have moderated in recent quarters. Rental rates for office space in downtown Boston slipped just over 1 percent in the third quarter compared to Q2, while the average downtown rental rate for the U.S. was effectively unchanged over the quarter. Over-the-year to Q3, rents were down 3.2 percent in Boston and 2.3 percent nationally. Suburban Boston office rents fell marginally (1.3 percent) in Q3 compared to the previous quarter and the national average suburban office rent was down by just a hair (0.1 percent) over the same period. Boston's suburban rents were down slightly (1 percent) over one year earlier, while the U.S. average suburban rent fell 3.2 percent over-the-year. (Office vacancy rates have not been updated since late July.)

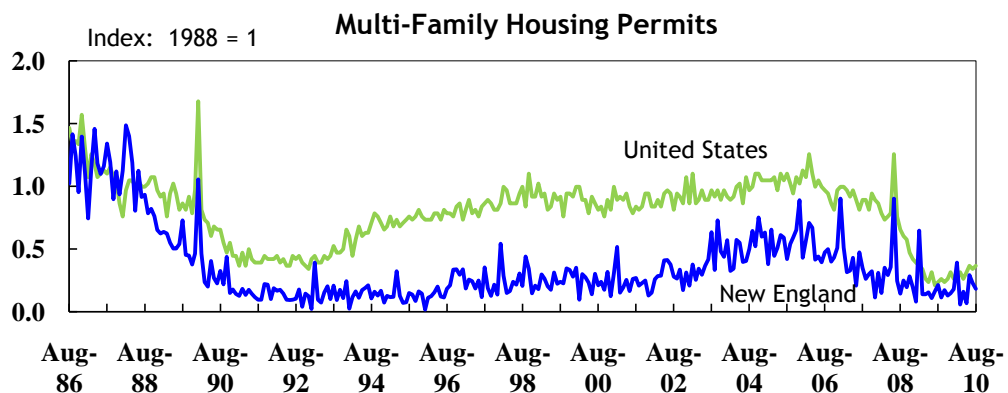
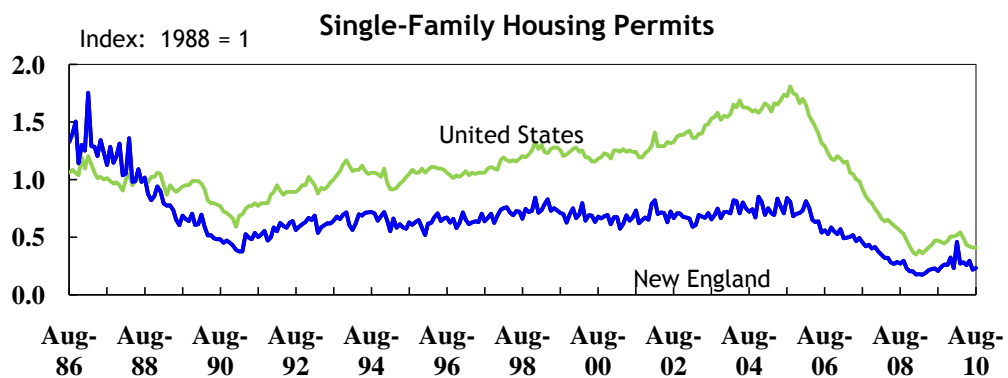
### Office Rents



Source: CB Richard Ellis Econometric Advisors

### Residential Real Estate Mixed

Residential real-estate market indicators were mixed in recent data. In August 2010, the index of single-family housing permits edged up by just under 6 percent (590 permits) in New England and was flat for the U.S. In both cases, single-family permits were down in recent months compared to average values from the first half of 2010. Compared to a year earlier, New England's reading was up roughly 11 percent in August and the U.S. reading was down by just under 13 percent. The volatile multi-family permits index fell in August in New England and rose for the U.S. Compared to August 2009, multi-family permits were down roughly 14 percent in the region and up 56 percent nationally. (Percentage changes are magnified by the low levels of the index in recent periods.) For both New England and the U.S., however, multifamily permits are up significantly over their respective troughs in the recent recession.



Source: U.S. Department of Commerce, Construction Statistics Division