

New England Economy

presented to the

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New England's Economic History is one of overcoming challenges through innovation

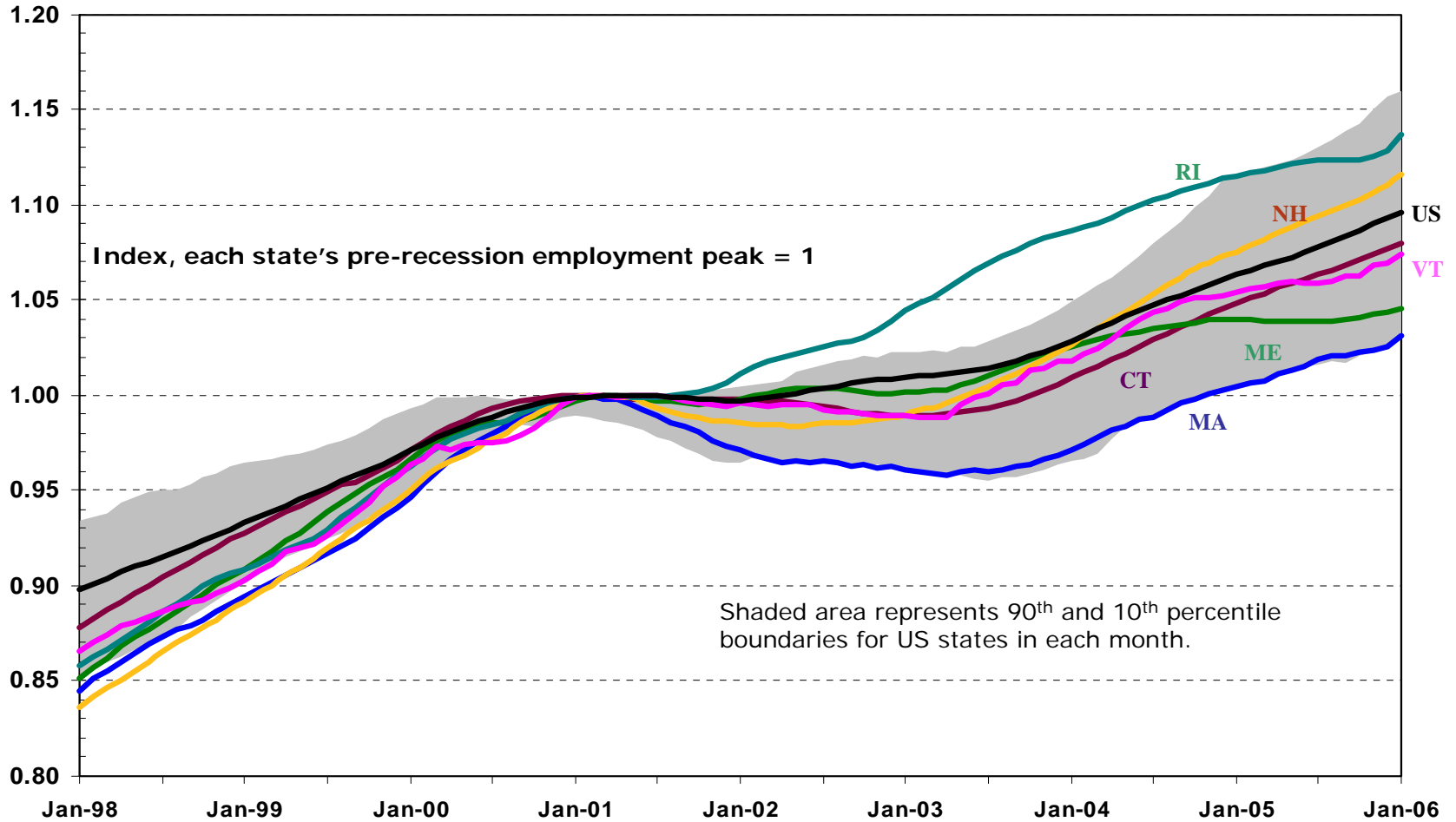
- No natural resources, no large cheap labor force, no one industry
- Knowledge and innovation has been main driver of economic growth
- Growth and innovation has been lumpy with several periods of 30-40 years when New England seemed to be out-dated and old

Employment growth in the New England states lags behind nation and longer term trends

	Long Term Trend	Last 12 months
United States	1.8	1.6
New England	1.2	0.7
Connecticut	0.9	0.6
Maine	1.7	0.2
Massachusetts	1.0	0.8
New Hampshire	2.5	1.5
Rhode Island	1.0	0.6
Vermont	2.0	0.4

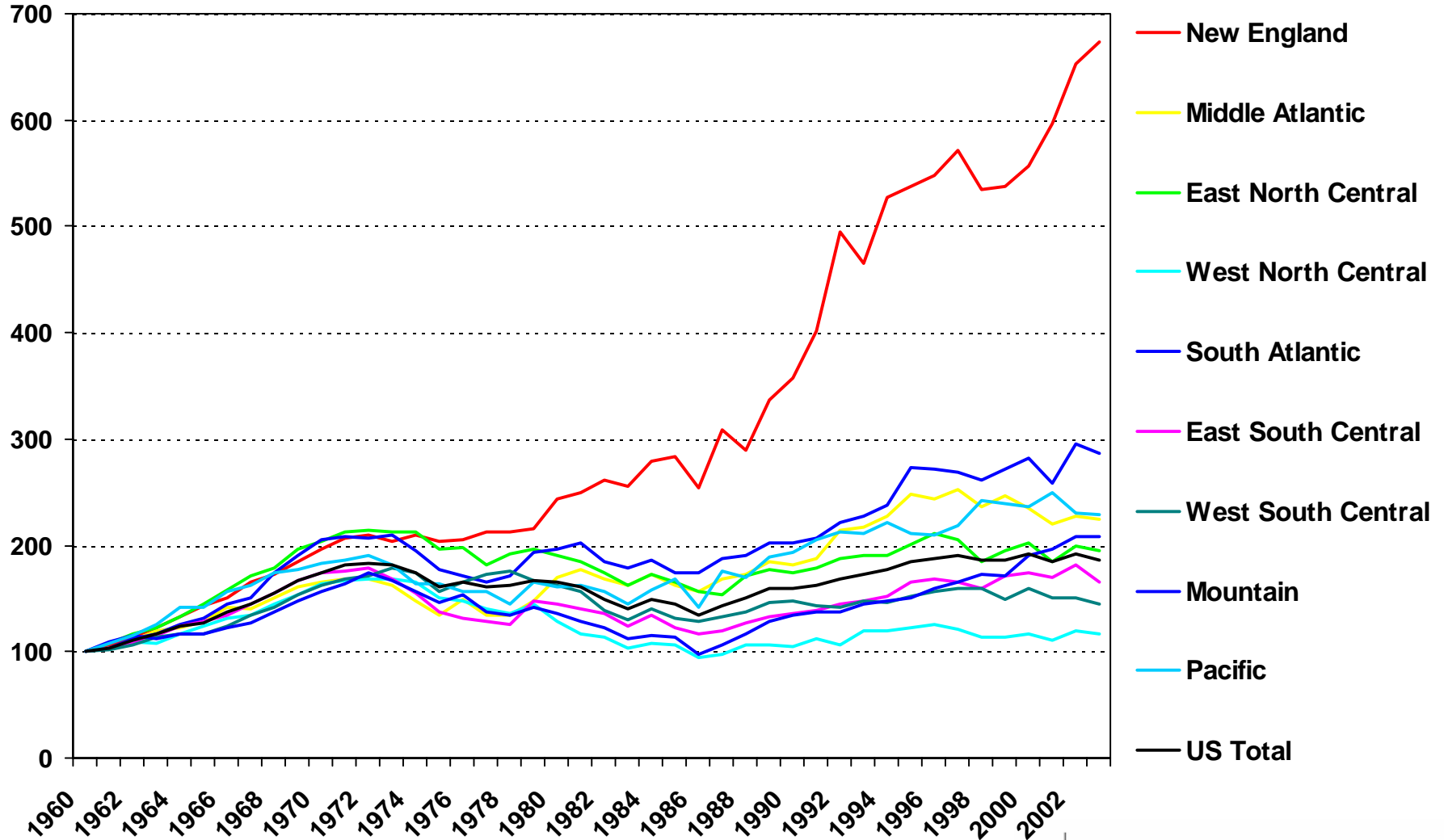
Note: Long-term trend is average annual employment growth rate from 1970 to 2005. Last 12 months ends in March 2006.

Economic growth has not been uniform throughout New England; RI and NH have surpassed pre-recession peaks while MA and ME have grown more slowly



New England's natural gas consumption growth has outpaced the rest of the U.S.

Index 1960 = 100



Increases in Single-Family home prices from 1995 to 2004 were not uniform across the region; many competitor metropolitan areas are more affordable

	Average annual growth rate
New England Metropolitan Areas	
Boston-Quincy MA	7.9%
Rockingham County-Strafford County NH	7.0%
Cambridge-Newton-Framingham MA	6.9%
Manchester-Nashua NH	6.8%
Providence-New Bedford-Fall River-Warwick RI	6.7%
Worcester MA-CT	6.6%
Portland-South Portland-Biddeford ME	5.8%
Bridgeport-Stamford-Norwalk CT	5.5%
New Haven-Milford CT	4.4%
Springfield MA	4.0%
Burlington-South Burlington VT	3.8%
Hartford-West Hartford-East Hartford CT	3.5%
Competitor Metropolitan Areas	
San Francisco-San Mateo-Redwood City CA	7.6%
New York-Wayne-White Plains NY	6.2%
Seattle-Bellevue-Everett WA	4.5%
Phoenix-Mesa-Scottsdale AZ	4.3%
Philadelphia Metro Division PA	3.9%
Chicago-Naperville-Joliet IL	3.6%
Raleigh-Cary NC	1.4%
U.S.	4.1%

Source: Authors' calculations based on the Office of Federal Housing Enterprise Oversight house price index.

Notes:

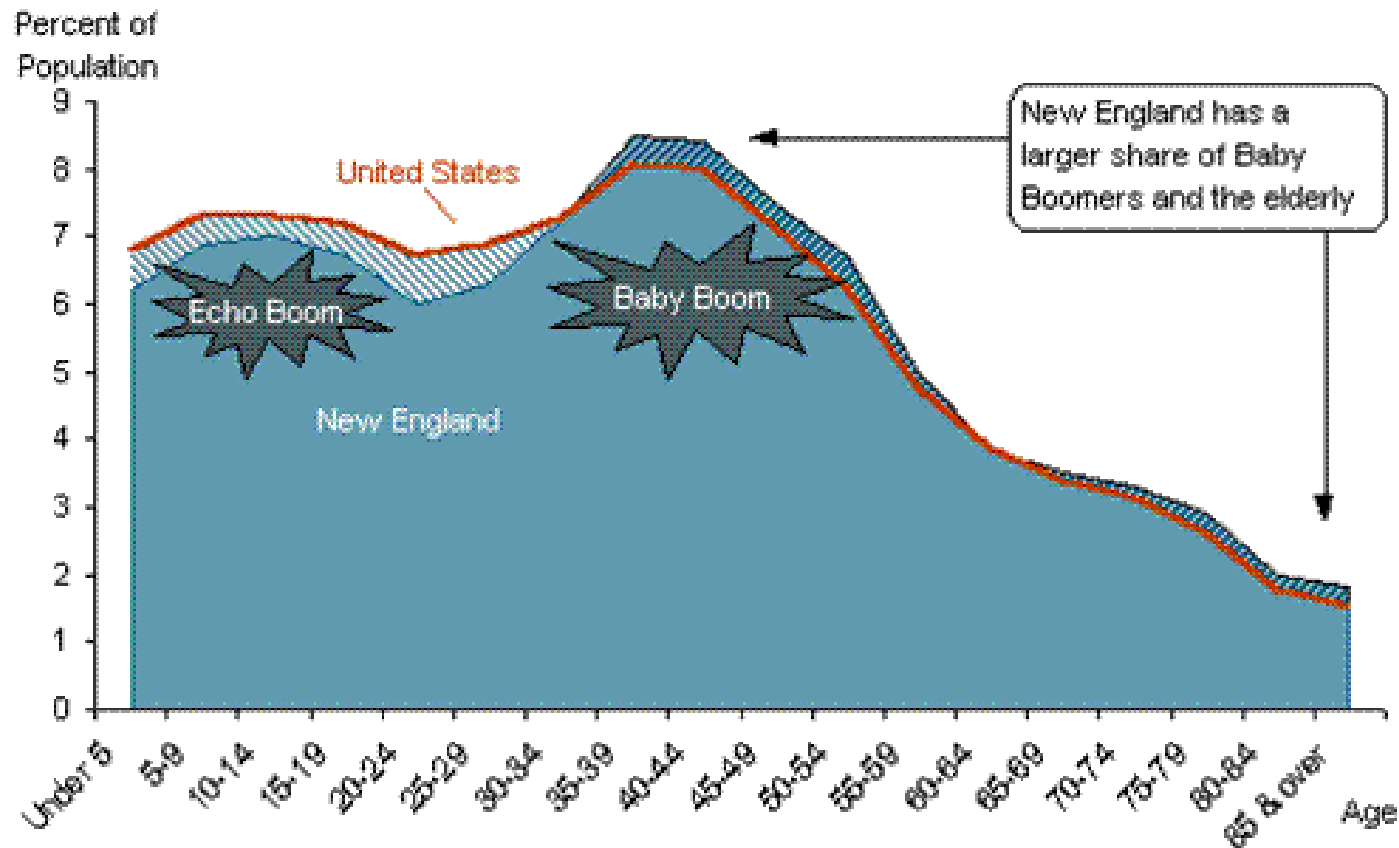
Adjusted for \$2004 using the Consumer Price Index, excluding shelter.

Rhode Island added new Housing Units at the slowest rate in the nation between 2000 and 2004

	Growth rate (percent)	National Rank (Out of 50 states)
New England	2.5%	NA
New Hampshire	5.2%	22
Maine	3.8%	41
Vermont	3.4%	42
Connecticut	2.1%	47
Massachusetts	1.9%	48
Rhode Island	1.5%	50
Cumberland County ME	5.0%	NA
Hillsborough County NH	5.0%	NA
Worcester County MA	3.4%	NA
Hartford CT	1.8%	NA
Fairfield County CT	1.7%	NA
New Haven County CT	1.3%	NA
Boston MA-NH	0.9%	NA
Springfield MA	0.0%	NA
Providence-Fall River-Warwick RI-MA	-0.4%	NA
U.S.	5.8%	NA

Source: U.S. Bureau of the Census. American Community Survey.

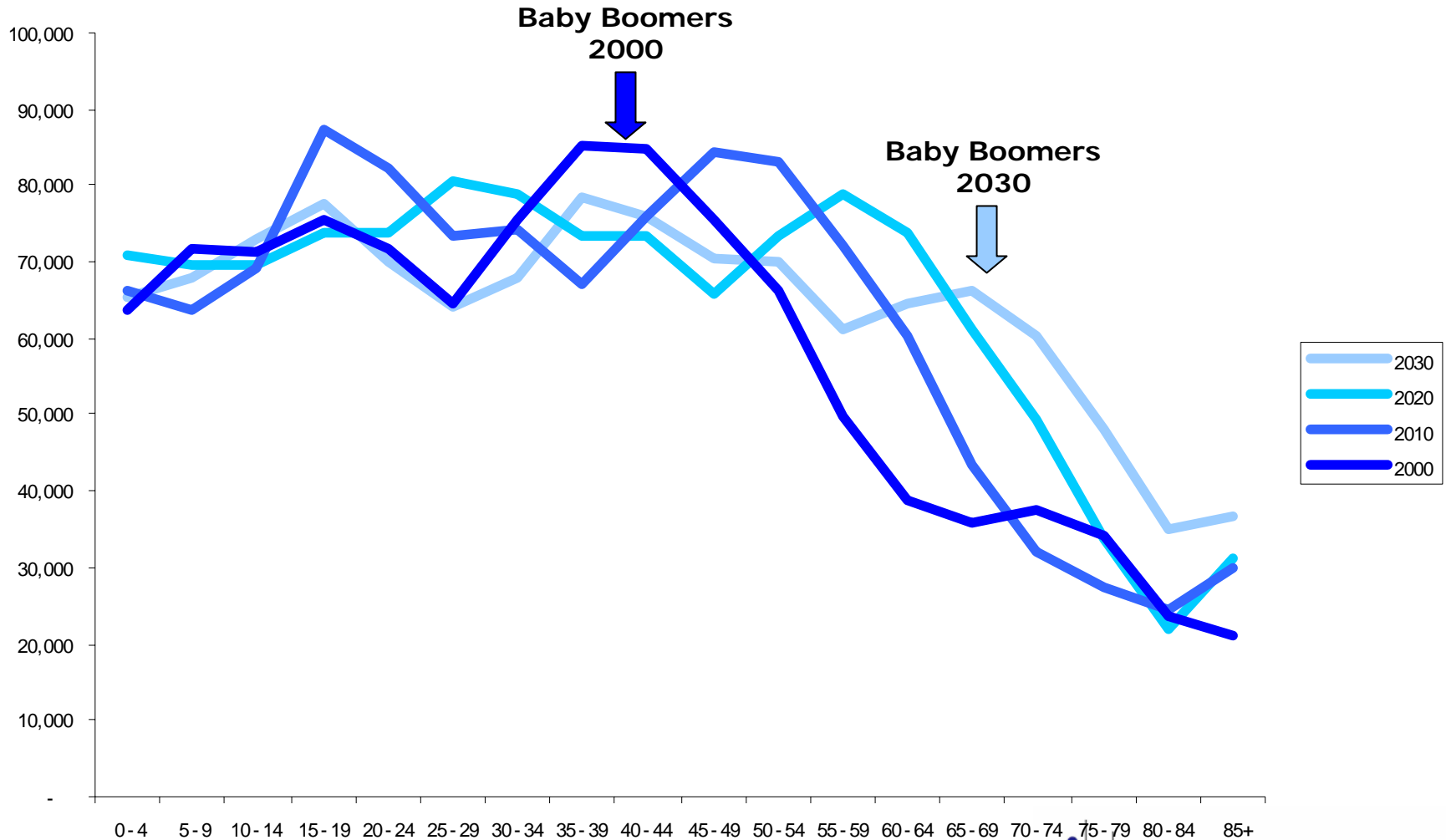
The larger proportion of elderly and Baby Boomers in New England will have a significant impact on the economy for the next several decades.



Rhode Island's older population is projected to grow while the younger population will stay constant or shrink

Age Group	2000	2010	2020	2030
0 - 4	63,896	66,193	70,965	65,435
5 - 9	71,905	63,629	69,517	67,946
10 - 14	71,370	69,231	69,776	72,985
15 - 19	75,445	87,318	73,979	77,619
20 - 24	71,813	82,343	73,749	69,938
25 - 29	64,732	73,332	80,748	64,207
30 - 34	75,594	74,354	79,002	68,053
35 - 39	85,364	67,169	73,427	78,279
40 - 44	84,946	75,854	73,273	75,874
45 - 49	75,429	84,401	65,705	70,481
50 - 54	66,434	83,216	73,285	70,015
55 - 59	49,982	71,955	78,902	61,019
60 - 64	39,007	60,299	73,930	64,583
65 - 69	36,023	43,338	61,243	66,323
70 - 74	37,661	32,255	49,576	60,426
75 - 79	34,076	27,266	33,620	47,928
80 - 84	23,745	24,606	22,132	34,918
85+	20,897	29,893	31,401	36,912
Dependency Ratio	71	66	72	85

Baby Boomers age in RI the demographic mix will likely change dramatically



Rhode Island's Hispanic population as of 2000 is younger than the population as a whole and composes a larger proportion of the younger age cohorts

Age Group	Hispanic	Total	Percent
0 - 4	10020	63896	16%
5 - 9	10267	71905	14%
10 - 14	8670	71370	12%
15 - 19	8360	75445	11%
20 - 24	8671	71813	12%
25 - 29	7992	64732	12%
30 - 34	7917	75594	10%
35 - 39	7001	85364	8%
40 - 44	5374	84946	6%
45 - 49	4005	75429	5%
50 - 54	2903	66434	4%
55 - 59	1883	49982	4%
60 - 64	1368	39007	4%
65 - 69	1050	36023	3%
70 - 74	754	37661	2%
75 - 79	484	34076	1%
80 - 84	318	23745	1%
85+	215	20897	1%
Total	87252	1048319	8%

<http://www.bos.frb.org/economic/neppc>

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