



Public Service That Makes a Difference®

New England Economic Conditions

Bo Zhao and Kelly Jackson

06/03/2025

NONCONFIDENTIAL // EXTERNAL

New England Economic Conditions

6/3/2025

Bo Zhao

Payroll Employment

- New England's payroll employment in April 2025 was 0.5 percent higher than a year prior.
- The educational- and health-services sector grew faster than other supersectors in New England from April 2024 to April 2025 despite the uncertainty surrounding federal funding.
- Each New England state experienced a decrease in its job openings rate from March 2024 to March 2025 that was larger than the decrease in the US rate for that period.

Since late 2021, year-over-year employment growth for New England has been trending gradually downward (Exhibit 1). It reached 0.5 percent for April 2025, which was lower than both its 30-year moving average rate of 0.8 percent and the US rate of 1.2 percent for the same month.¹ Each state in the region still managed to post an increase in employment for April 2025 compared with a year prior. State-level year-over-year employment growth ranged from 0.2 percent for Massachusetts to 1.1 percent for New Hampshire (Exhibit 2).

The educational- and health-services sector led all supersectors both in New England and across the country in employment growth from April 2024 to April 2025 (Exhibit 3). The supersector's growth in the region was driven almost entirely by a 1.8 percent increase in health-care and social-assistance employment. Employment in educational services increased only 0.1 percent during the same period. Due to federal funding cuts, Harvard, MIT, and some other colleges implemented hiring freezes in recent months.² The information sector, the construction sector, and the manufacturing sector in New England experienced job losses over that period.

Each New England state experienced a decline in its job openings rate from March 2024 to March 2025 (Exhibit 4). The decrease ranged from 0.8 percentage point for Connecticut to

¹ While regional employment growth was slower than national employment growth, that trend is consistent with the historical norm. The regional rate was generally lower than the national rate in the period before the COVID-19 pandemic, as shown in Exhibit 1. New England's 30-year moving average rate is also less than the US 30-year moving average rate. The slower regional employment growth is partly driven by population growth that is slower than the national rate.

² See Rachel Treisman, "Universities across the U.S. Freeze Hiring as Federal Funding Hangs in the Balance," National Public Radio, March 12, 2025; Josh Moody, "Federal Funding Uncertainty Prompts Hiring Freezes," Inside Higher Ed, February 19, 2025; Juliet Schulman-Hall, "As Johns Hopkins Cuts 2,200 Jobs, Mass. Colleges Mull if They Are Next," Mass Live, March 14, 2025.

1.8 percentage points for Massachusetts. They were larger than the decrease of 0.6 percentage point for the United States during that period.

Household Employment

- New England experienced an increase in its unemployment rate and a decrease in its employment-to-population ratio over the 12-month period ending in April 2025.
- In recent months, the labor force participation rate in New England remained stable and below the pre-pandemic level.

New England and the United States both saw their unemployment rates increase from April 2024 to April 2025, by 0.7 and 0.3 percentage point, respectively (Exhibit 5). Each state in the region posted an increase in its unemployment rate for April 2025 compared with a year prior. Vermont and New Hampshire had the third- and seventh-lowest unemployment rates in the country, respectively.³ Conversely, Rhode Island had the fifth highest state unemployment rate in the country that month.

In April 2025, New England's employment-to-population ratio decreased 0.1 percentage point from a year prior, while the national ratio decreased 0.2 percentage point over the same 12-month period (Exhibit 6). Compared with other New England states and the United States, Rhode Island experienced a much larger drop of 1.2 percentage points.

In addition, labor force participation in New England has remained largely flat since last fall (Exhibit 7). As a result, it was still well below the pre-pandemic level. The US rate leveled off even earlier, in 2023.

Inflation

- New England saw a large drop in overall inflation from February 2025, but the rate remained considerably higher than the US inflation rate in April 2025.
- Shelter prices in New England increased more than 6 percent from April 2024 to April 2025, while transportation prices decreased 2 percent.

According to the year-over-year change in the Consumer Price Index, New England saw a decrease of 1.5 percentage points in overall inflation from February to April 2025 (Exhibit 8). Despite the recent drop, the regional rate was still nearly 3 percent, which was higher than the national rate of 2.3 percent for April 2025.

³ US Bureau of Labor Statistics, Local Area of Unemployment Statistics, <https://www.bls.gov/web/laus/laumstrk.htm> (accessed May 28, 2025).

The relatively high inflation in New England was mostly driven by a large year-over-year increase in shelter prices, which rose more than 6 percent from April 2024 to April 2025 (Exhibit 9). By contrast, transportation prices in the region dropped 2 percent compared with a year prior. The decrease is entirely attributable to a 13.4 percent drop in gasoline prices.

Real Estate Markets

- Compared with the country as a whole, New England saw stronger year-over-year house-price growth for 2025:Q1.
- The office vacancy rate rose in both downtown and suburban Boston, while Boston's suburban office rents declined slightly from a year prior.

New England saw stronger annual house-price growth in 2025:Q1 compared with the nation (Exhibit 10). Rhode Island and Connecticut claimed the No. 1 and No. 3 spots nationwide with a year-over-year increase of 11 percent and 9 percent, respectively.⁴

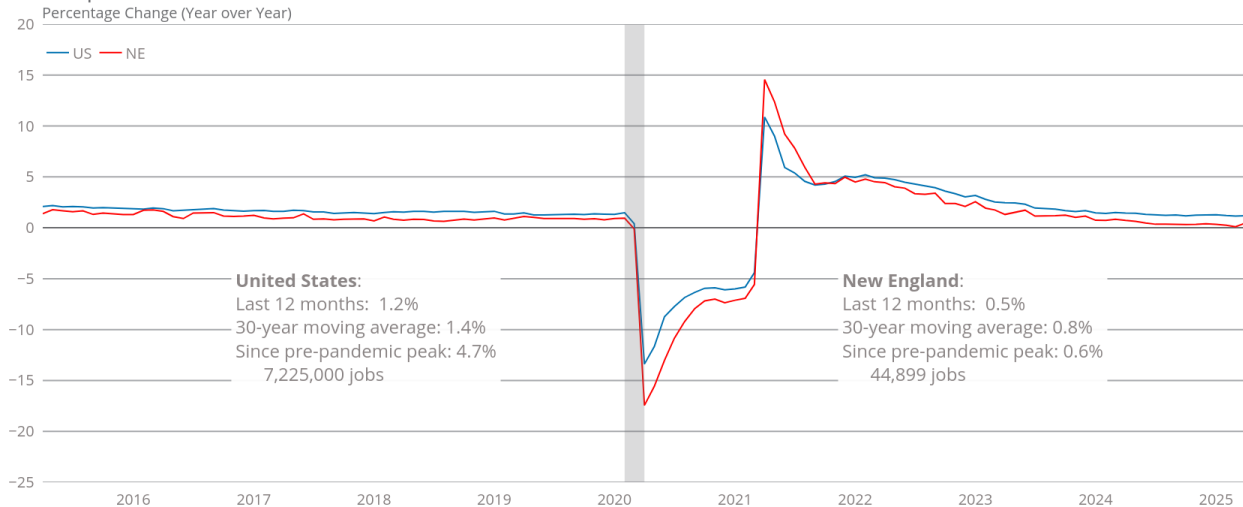
The office market in the Boston area told a different story. Boston's downtown and suburban office vacancy rates in 2025:Q1 were higher than the rates in 2024:Q1 by 1.5 and 2.2 percentage points, respectively (Exhibit 11). The US downtown and suburban office vacancy rates did not change from a year prior. As a result, Boston's suburban office vacancy rate exceeded the US rate for the first time in the past 10 years.

Rising vacancy rates put downward pressure on office rents in the Boston area. Therefore, its suburban office rent dropped 0.1 percent year-over-year (Exhibit 12). Facing a low demand for the office market, New England saw the value of nonresidential construction contracts awarded continue a declining trend that started in 2023 (Exhibit 13).

⁴ Federal Housing Finance Agency, "U.S. House Prices Rise 4.0 Percent over the Prior Year; Up 0.7 Percent from the Fourth Quarter of 2024," news release, May 27, 2025.

EXHIBIT 1:

Employment Growth to April 2025

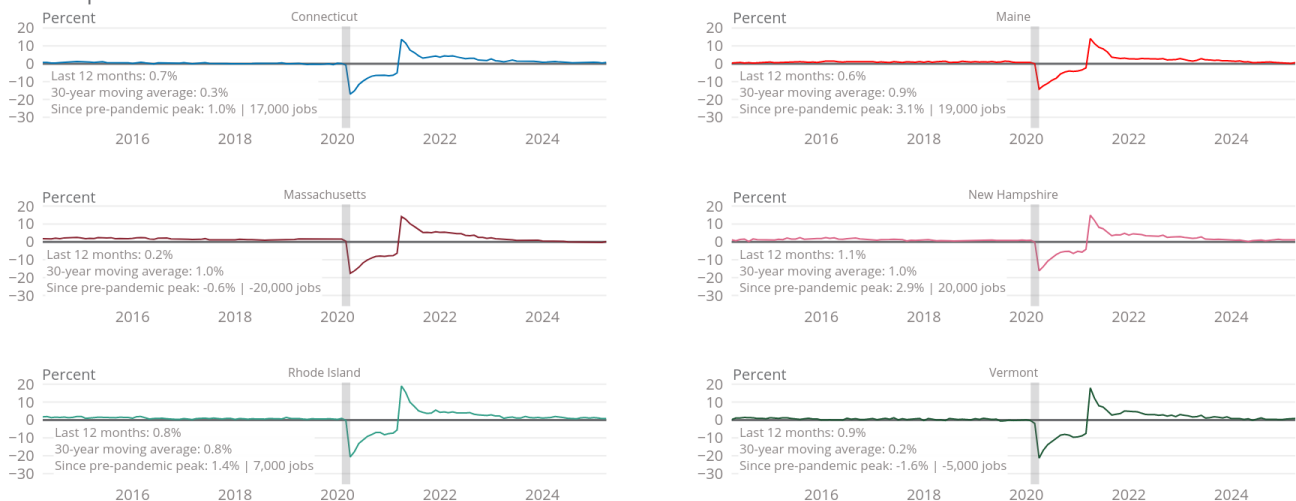


Source(s): US Bureau of Labor Statistics/Haver Analytics.

Note(s): Data are seasonally adjusted. Peak values are determined from the years 2019 and 2020; they may differ for each region. Gray bar(s) indicates recession(s).

EXHIBIT 2:

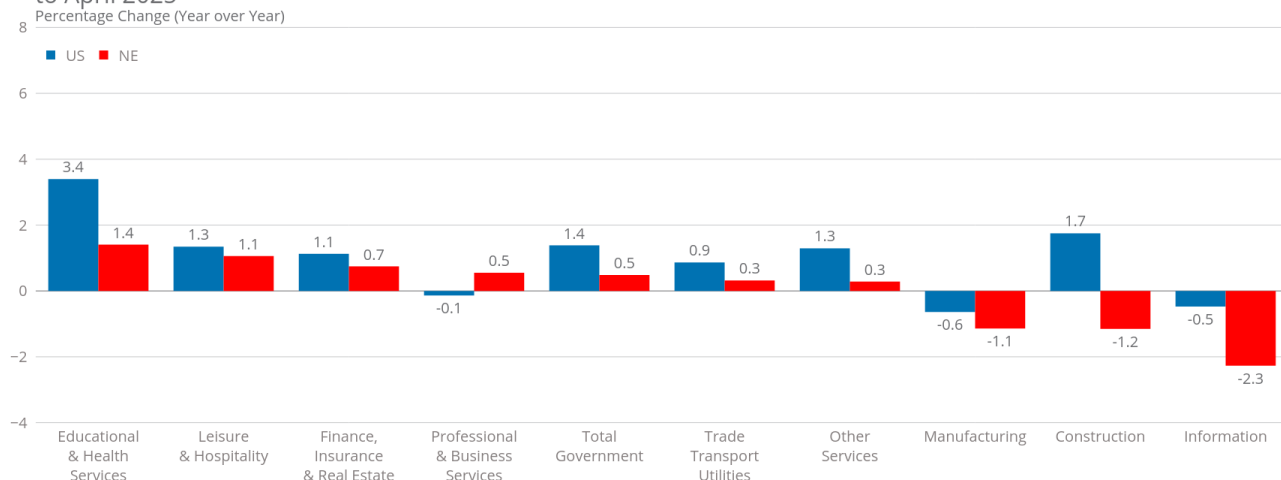
Employment Growth in New England States to April 2025



Source(s): US Bureau of Labor Statistics/Haver Analytics.

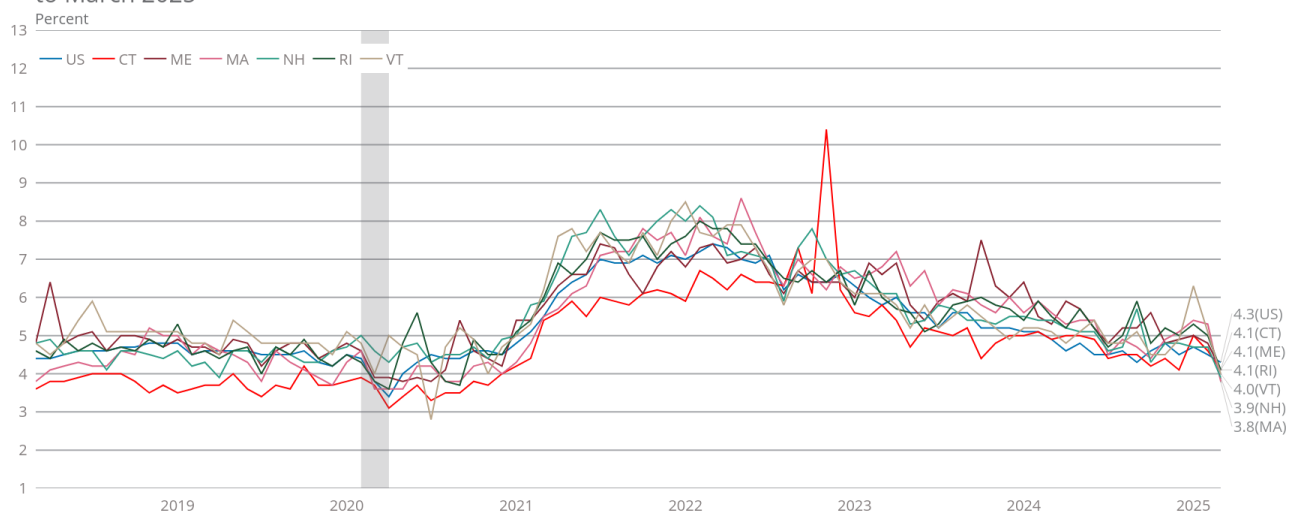
Note(s): Data are seasonally adjusted. Peak values are determined from the years 2019 and 2020; they may differ for each region. First data point after a year label represents January of that year. Gray bar(s) indicates recession(s).

EXHIBIT 3:
Employment Growth by Supersector
to April 2025



Source(s): US Bureau of Labor Statistics/Haver Analytics.
Note(s): Data are seasonally adjusted.

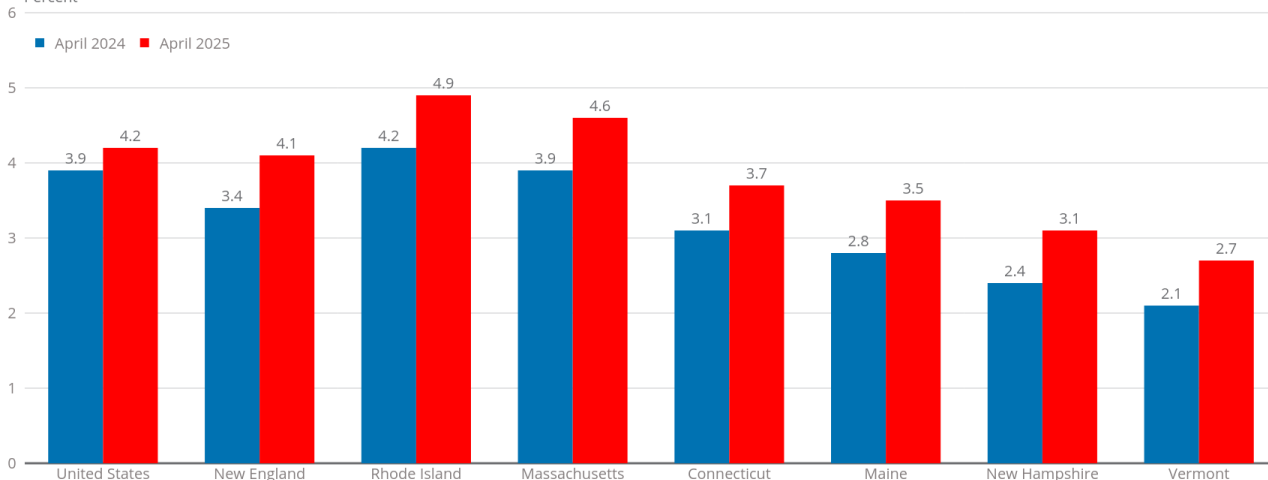
EXHIBIT 4:
Job Openings Rate in United States and New England States
to March 2025



Source(s): US Bureau of Labor Statistics/Haver Analytics.
Note(s): Data are seasonally adjusted. First data point after a year label represents January of that year. Gray bar(s) indicates recession(s).

EXHIBIT 5:
Unemployment Rates
to April 2025

Percent



Source(s): US Bureau of Labor Statistics/Haver Analytics.

Note(s): Data are seasonally adjusted.

EXHIBIT 6:
Employment-to-population Ratio
to April 2025

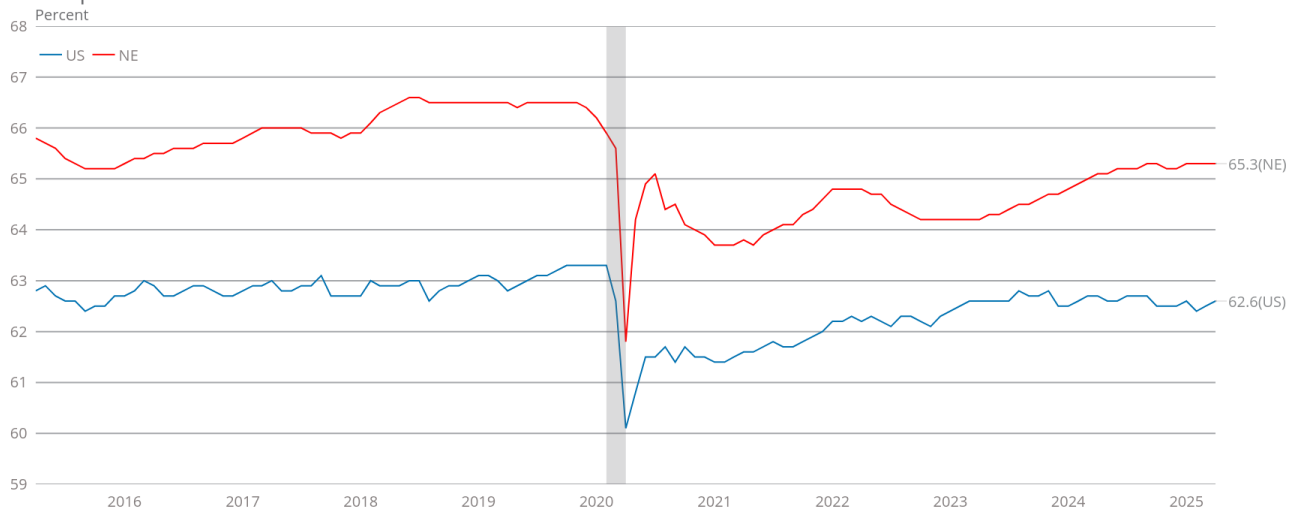
	Current Ratio (%)	Percentage-point Difference	
	April 2025	Last 12 Months	Since February 2020
United States	60.0	-0.2	-1.1
New England	62.7	-0.1	-1.1
Connecticut	62.6	-0.1	-1.1
Maine	58.0	-0.2	-2.1
Massachusetts	63.6	-0.1	-0.7
New Hampshire	63.7	-0.2	-2.8
Rhode Island	60.6	-1.2	-1.3
Vermont	63.4	-0.4	-1.0

Source(s): US Bureau of Labor Statistics/ Haver Analytics

Note(s): Data are seasonally adjusted.

EXHIBIT 7:

Labor Force Participation to April 2025

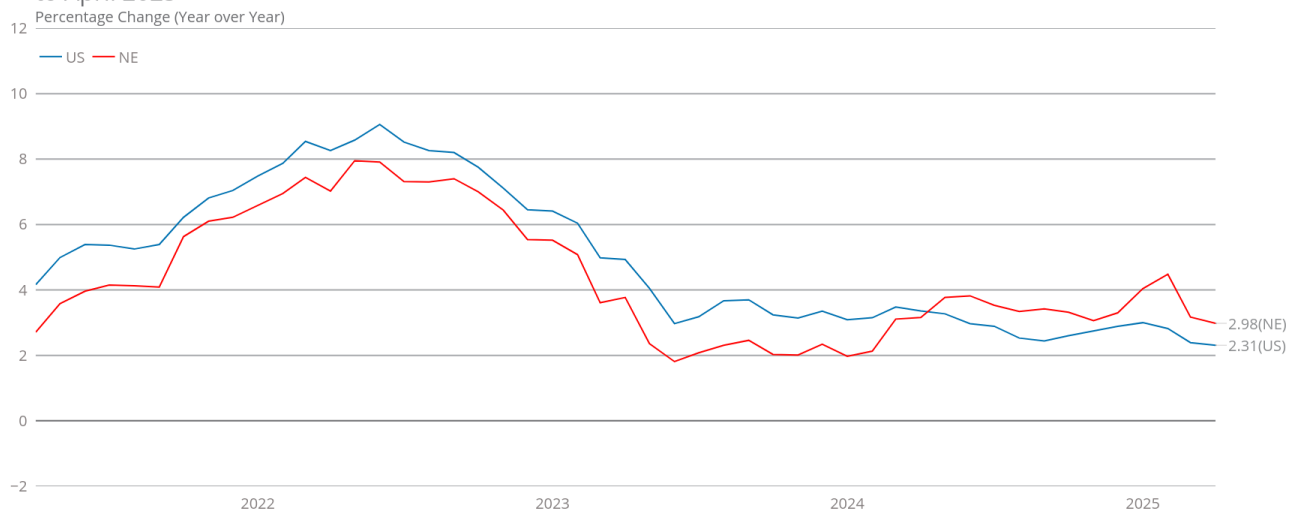


Source(s): US Bureau of Labor Statistics/Haver Analytics.

Note(s): Data are seasonally adjusted. First data point after a year label represents January of that year. Gray bar(s) indicates recession(s).

EXHIBIT 8:

Consumer Price Index to April 2025



Source(s): US Bureau of Labor Statistics/Haver Analytics.

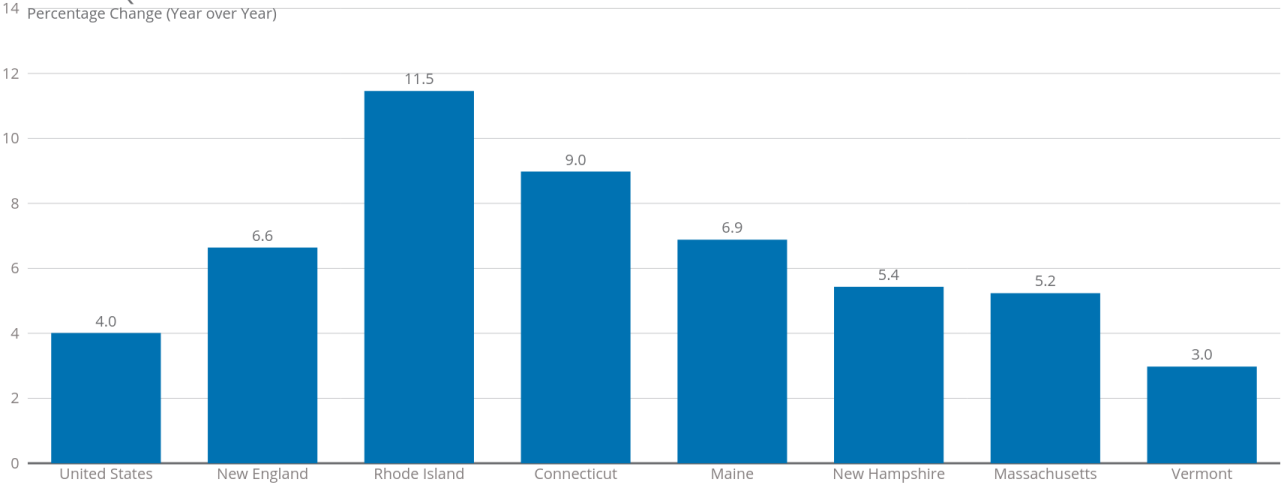
Note(s): First data point after a year label represents January of that year. Gray bar(s) indicates recession(s).

EXHIBIT 9:
Percentage Change in Consumer Prices
to April 2025

	United States (%)		New England (%)	
	Last Month	Last Year	Last Month	Last Year
	March 2025	April 2024	March 2025	April 2024
All Items	0.3	2.3	0.2	3.0
All, Less Food/Energy	0.3	2.8	0.4	3.9
Shelter	0.3	4.0	1.4	6.2
Medical	0.4	2.7	0.1	4.2
Education	-0.2	0.2	-0.2	2.5
Food	-0.0	2.8	0.1	2.1
Recreation	-0.1	1.6	-2.9	-0.9
Transportation	0.9	-1.5	0.3	-2.0

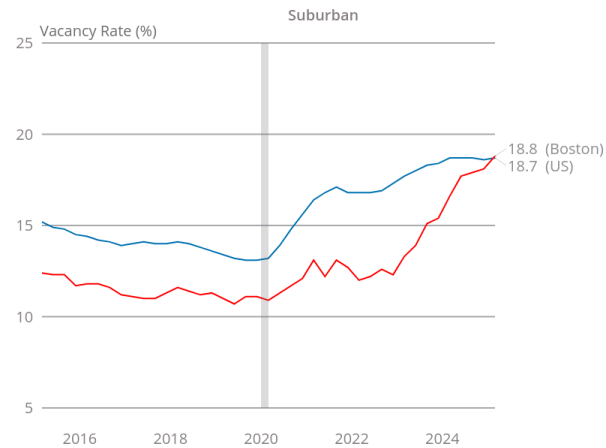
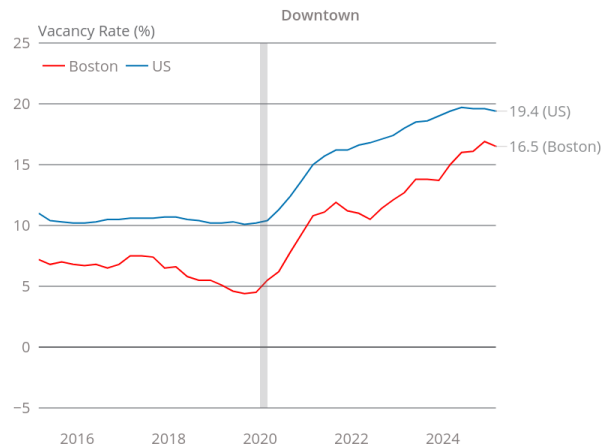
Source(s): US Bureau of Labor Statistics/Haver Analytics.
Note(s): The New England Fuel & Utilities series was discontinued as of December 2024, and thus Fuel and Utilities is no longer included separately.

EXHIBIT 10:
House Prices (FHFA Purchase-only)
to 2025:Q1



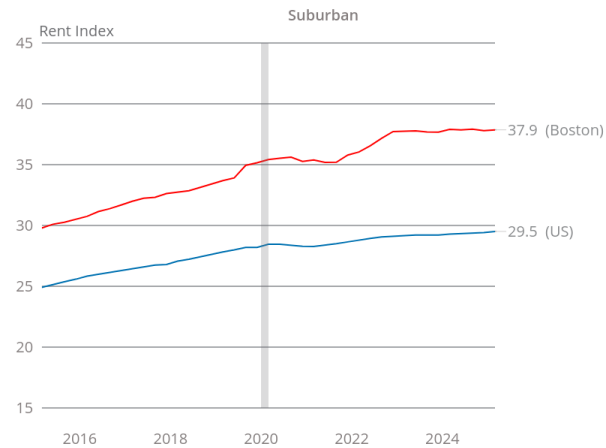
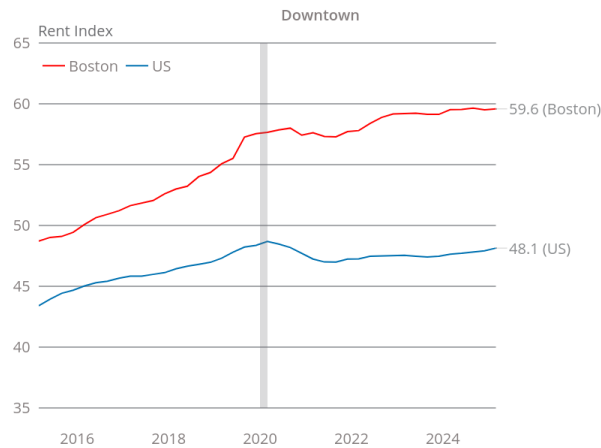
Source(s): Federal Housing Finance Agency/Haver Analytics

EXHIBIT 11:
Office Vacancies
to March 2025



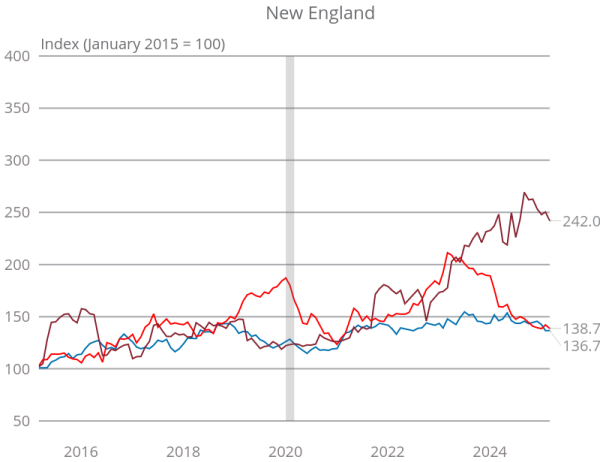
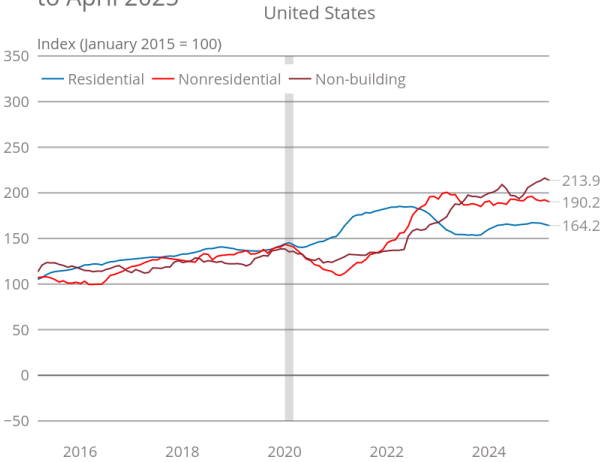
Source(s): CB Richard Ellis.
Note(s): Office vacancy rate is a percentage representing vacant office space for lease divided by the total square footage of office space. First data point after a year label represents first quarter of that year. Gray bar(s) indicates recession(s).

EXHIBIT 12:
Office Rents
to March 2025



Source(s): CB Richard Ellis.
Note(s): Data are compiled from a survey of office-building owners and weighted by the number of square feet available for lease in the submarket with the respective rent type. Data are presented in current dollars and are therefore not adjusted for inflation. First data point after a year label represents first quarter of that year. Gray bar(s) indicates recession(s).

EXHIBIT 13:
Construction Contracts Awarded (12-month Moving Average)
to April 2025



Source(s): Dodge Construction Network
Note(s): Each series is indexed to the 12-month moving average of the value of construction contracts of the given type as of January 2015, which is normalized to 100 for each series. Therefore, the chart can be used to compare growth rates in the values of the different types of construction contracts over time but not to compare actual dollar values of contracts of one type relative to another at any point in time. Data are not seasonally adjusted. Gray bar(s) indicates recession(s).