



Public Service That Makes a Difference®

New England Economic Conditions

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Payroll Employment

- New England's payroll employment in May 2025 was only 0.3 percent higher than a year prior. Maine, Massachusetts, and Connecticut had little or no job growth over that one-year period.
- The educational- and health-services sector grew faster than other supersectors in New England from May 2024 to May 2025, while the manufacturing sector experienced greater job loss than other supersectors.
- Compared with the United States, New England underperformed in year-over-year job growth in all supersectors except the finance, insurance and real estate sector and the professional- and business-services sector.

Year-over-year employment growth for New England reached 0.3 percent for May 2025 (Exhibit 1). It was lower than both the region's 30-year moving average rate of 0.8 percent and the US rate of 1.1 percent for the same month.¹ Since it topped 5.0 percent in December 2021, employment growth in the region has been trending gradually downward.

New England states diverged in the rate of job growth. Maine, Massachusetts, and Connecticut had little or no increase in nonfarm payroll employment for May 2025 compared with a year prior (Exhibit 2). By contrast, Rhode Island and Vermont's employment grew about 1 percent year-over-year, while New Hampshire's employment increased 1.8 percent.

Educational and health services led all supersectors both in New England and across the United States in employment growth from May 2024 to May 2025 (Exhibit 3). It saw an increase of 1.5 percent in the region and 3.4 percent nationally.² By contrast, the manufacturing sector experienced greater job loss than other supersectors over that period both in New England and across the United States. It lost 1.7 percent and 0.7 percent of its job positions for the region and the country, respectively. In addition, New

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 lower than the US 30-year moving average rate. The slower regional employment growth is driven partly by population growth that is slower than the national rate.

² Employment in educational services in New England increased 0.8 percent from May 2024 to May 2025. Health-care and social-assistance employment in the region grew faster during the same period, at 1.7 percent.

England lagged the United States in year-over-year job growth in all but two supersectors: professional and business services and finance, insurance and real estate.

Household Employment

- New England experienced a year-over-year increase in the unemployment rate for May 2025 that was larger than the increase in the US rate. Among the New England states, Massachusetts had the largest increase.
- The region saw a decrease in its employment-to-population ratio over the 12-month period ending in May 2025.
- The labor force participation rate for New England rose slightly from a year prior. The increase was driven mostly by a relatively large rise in Massachusetts.

New England's unemployment rate for May 2025 increased 0.7 percentage point from a year prior, reaching 4.2 percent, the same level as the US rate for that month (Exhibit 4). The regional rate had been consistently below the national rate since December 2021.

Vermont had the lowest unemployment rate in the region for May 2025 and the third lowest in the country at 2.6 percent (Exhibit 5).³ Conversely, Rhode Island had the highest unemployment rate in the region and the fifth highest in the country at 4.9 percent. Among the New England states, the year-over-year increase in the unemployment rate ranged from 0.4 percentage point for Vermont to 0.8 percentage point for Massachusetts.

In May 2025, the employment-to-population ratio decreased 0.3 percentage point for New England and 0.4 percentage point for the United States from a year prior (Exhibit 6). The region saw a smaller decrease in the ratio because its population grew more slowly than the US population. Each New England state except Massachusetts experienced a drop in the ratio over the same 12-month period. At 1.2 percentage points, Rhode Island's decline was the largest in the region and larger than the drop in the US ratio.

Labor force participation in New England improved slightly in May 2025 compared with a year prior (Exhibit 7). It increased 0.3 percentage point, while the US rate decreased 0.2 percentage point over the same period. The rise in the regional rate was driven mostly by the 0.6 percentage point increase for Massachusetts, which partly explains why Massachusetts had a year-over-year increase in the unemployment rate that was the largest in New England and larger than the US increase. By contrast, Rhode Island had the largest drop in labor force participation in the region at 0.9 percentage point.

³ New Hampshire had the seventh-lowest unemployment rate in the country for May 2025. For the ranking of unemployment rates for all 50 states and the District of Columbia, see US Bureau of Labor Statistics, Local Area of Unemployment Statistics, <https://www.bls.gov/web/laus/laumstrk.htm> (accessed July 7, 2025).

Personal Income

- Over the one-year period ending with the first quarter of 2025, personal income grew slower in New England than across the country. Among the New England states, Massachusetts experienced the smallest gain.
- New England saw an even smaller year-over-year increase in wage and salary disbursements, particularly in Massachusetts, where wages and salaries grew less than 1 percent.

For the first quarter of 2025, year-over-year personal income growth was slower in New England than across the country (Exhibit 8). The year-over-year increase in nominal total personal income for New England was 1.3 percentage points lower than the increase for the United States. The gap between the national and regional income growth rates appeared to have widened from a 0.6 percentage point difference in the previous quarter. The region's slower income growth is consistent with its more sluggish job growth from 2024:Q1 to 2025:Q1.

Massachusetts played the most important role in the region's slow income growth. Over the one-year period, its nominal total personal income rose only 2.3 percent, which was the smallest increase across the New England states and about half the size of the US increase in income (Exhibit 9).

Wage and salary disbursements, which make up about half of total personal income, grew even slower in New England. They increased 2 percent from 2024:Q1 to 2025:Q1, compared with 4.2 percent for the United States. Massachusetts saw the region's smallest increase from a year prior, at only 0.9 percent.

Inflation

- New England has continued to see a decrease in overall inflation since February 2025, but its inflation rate remained higher than the US rate in May 2025.
- Shelter prices in New England increased nearly 6 percent from May 2024 to May 2025, while transportation prices decreased more than 15 percent in the region over the same period.

According to the year-over-year change in the Consumer Price Index, overall inflation in New England continued to decrease from February to May 2025 (Exhibit 10). However, at 2.8 percent in May 2025, it was higher than the national rate of 2.4 percent.

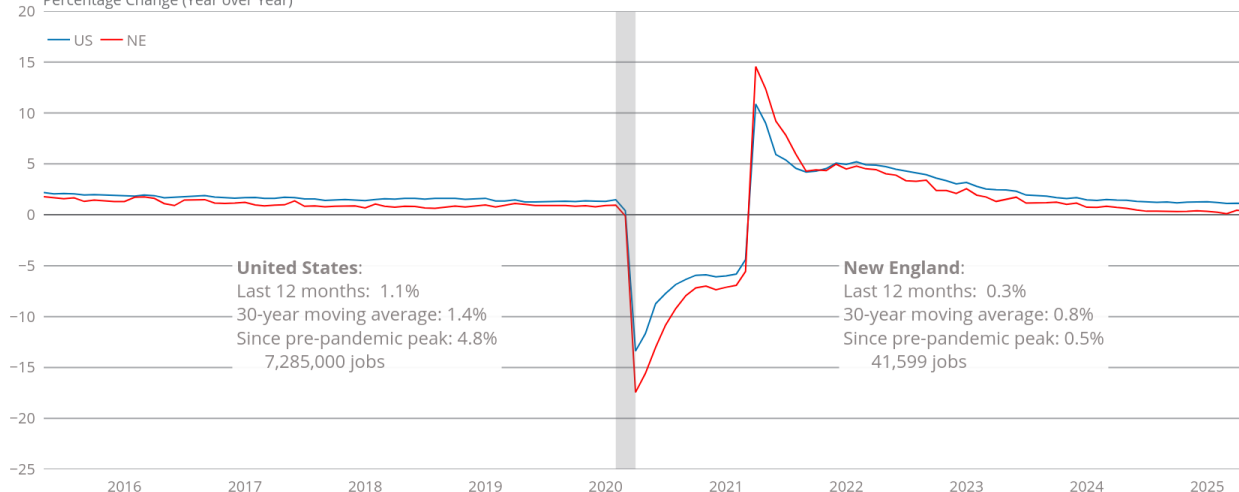
The higher inflation in New England was driven mostly by a year-over-year increase in shelter prices that was larger than the national increase in those prices (5.7 percent versus

3.9 percent) (Exhibit 11). By contrast, transportation prices in New England dropped 2.6 percent compared with a year prior, which was a larger than the national drop in those prices. The regional decrease was attributable entirely to a 15.5 percent drop in gasoline prices.

EXHIBIT 1:

Employment Growth to May 2025

Percentage Change (Year over Year)



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 May 2025



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

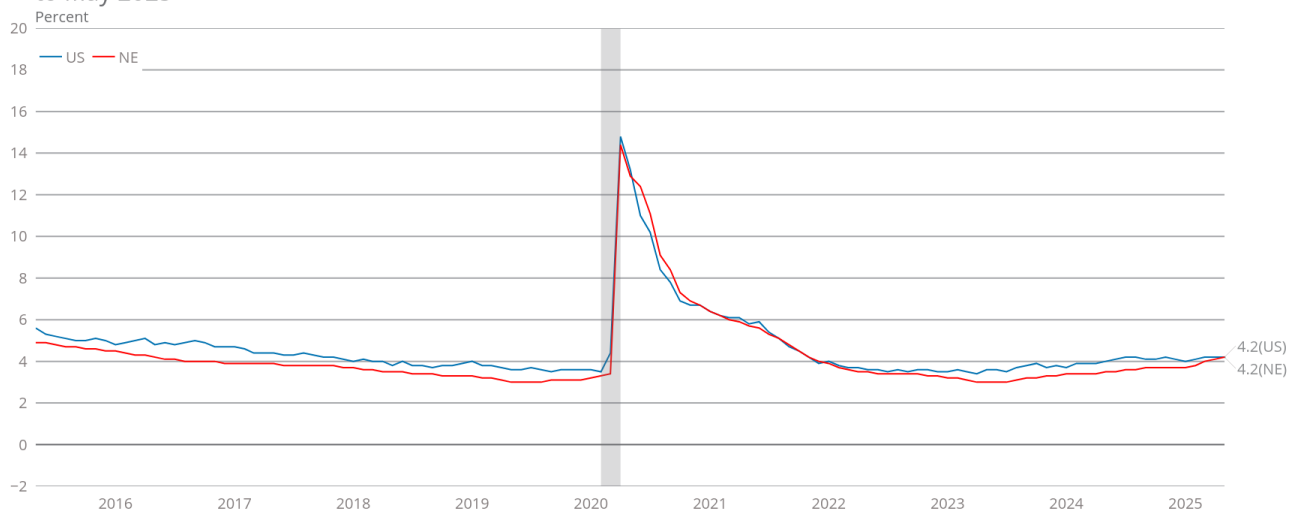
Note(s): Data are seasonally adjusted. Peak values are determined from the years 2019 and 2020; they may differ for each region. First data point after a year label represents January of that year. Gray bar(s) indicates recession(s).

EXHIBIT 3:
Employment Growth by Supersector
to May 2025



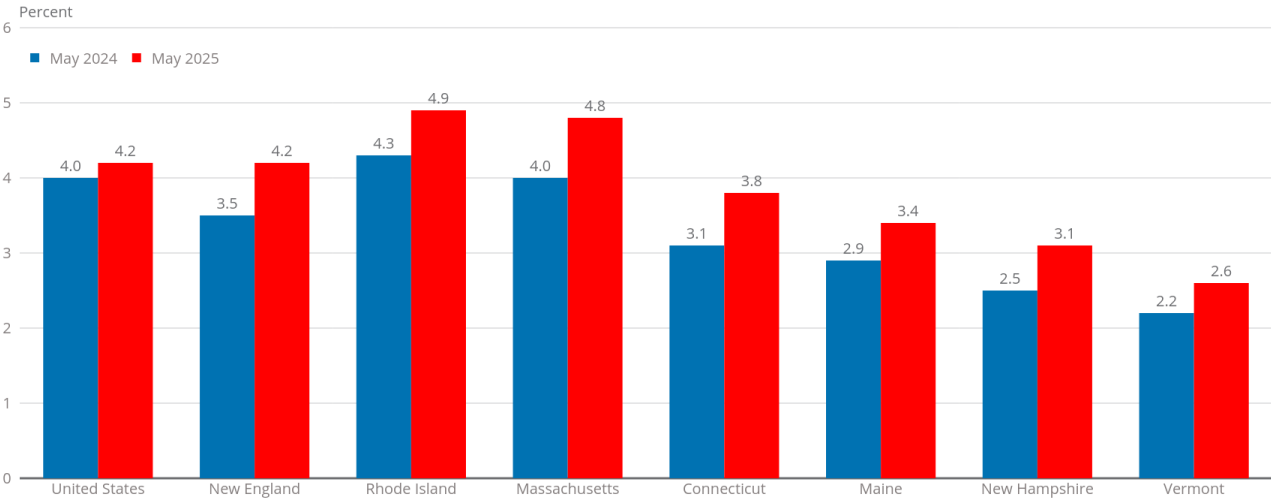
Source(s): US Bureau of Labor Statistics/Haver Analytics.
Note(s): Data are seasonally adjusted.

EXHIBIT 4:
Unemployment Rates
to May 2025



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

EXHIBIT 5:
Unemployment Rates
to May 2025



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

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

	Current Ratio (%)	Percentage-point Difference	
	May 2025	Last 12 Months	Since February 2020
United States	59.7	-0.4	-1.4
New England	62.6	-0.3	-1.2
Connecticut	62.5	-0.2	-1.2
Maine	58.0	-0.3	-2.1
Massachusetts	63.7	0.0	-0.6
New Hampshire	63.6	-0.3	-2.9
Rhode Island	60.6	-1.2	-1.3
Vermont	63.3	-0.5	-1.1

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

EXHIBIT 7:

Alternative Measures of Labor Market Slack (Household Employment Measures) to May 2025

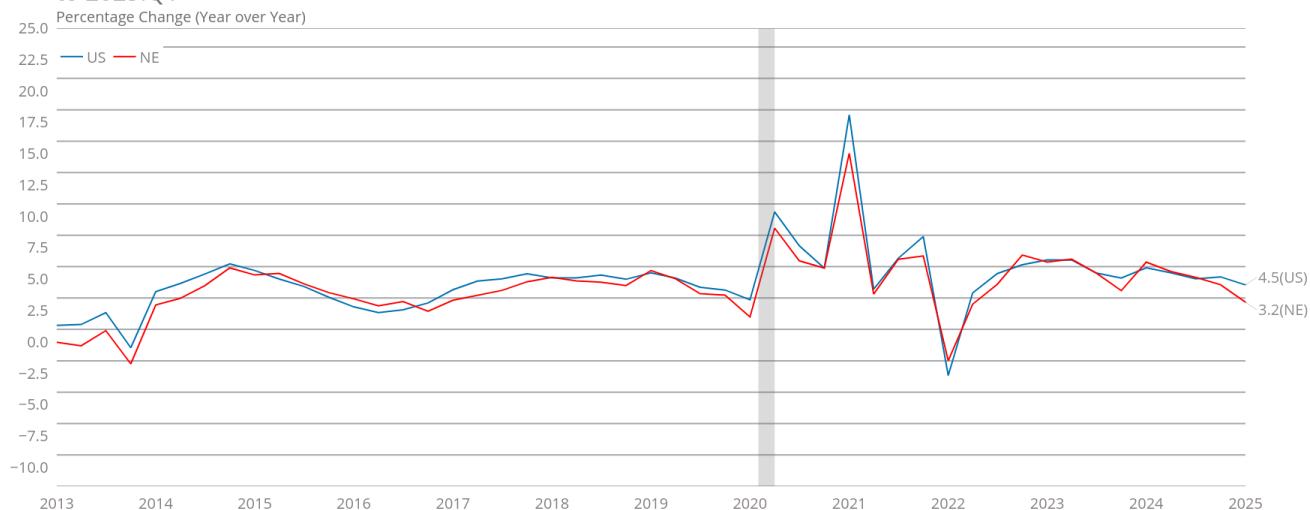
	Labor Force Participation (%)			Unemployment (%)			Employment/Population (%)		
	Current	Last Report	1 Year Ago	Current	Last Report	1 Year Ago	Current	Last Report	1 Year Ago
	May 2025	April 2025	May 2024	May 2025	April 2025	May 2024	May 2025	April 2025	May 2024
United States	62.4	62.6	62.6	4.2	4.2	4.0	59.7	60.0	60.1
New England	65.4	65.3	65.1	4.2	4.1	3.5	62.6	62.7	62.9
Connecticut	65.0	65.0	64.7	3.8	3.7	3.1	62.5	62.6	62.7
Maine	60.0	60.1	60.1	3.4	3.5	2.9	57.9	58.0	58.3
Massachusetts	66.9	66.7	66.3	4.8	4.6	4.0	63.7	63.6	63.7
New Hampshire	65.7	65.8	65.5	3.1	3.1	2.5	63.6	63.7	63.9
Rhode Island	63.7	63.8	64.6	4.9	4.9	4.3	60.5	60.7	61.8
Vermont	65.0	65.1	65.2	2.6	2.6	2.2	63.3	63.4	63.8

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

Note(s): New England labor force participation rates are calculated using state level data.

EXHIBIT 8:

Personal Income to 2025:Q1



Source(s): US Bureau of Economic Analysis/Federal Reserve Bank of Boston.

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

EXHIBIT 9:

Percentage Changes in Personal Income and Wage and Salary Disbursements to 2025:Q1

	Personal Income			Wage and Salary Disbursements		
	2025:Q1 (\$ Millions)	1-Quarter Change (%)	1-Year Change (%)	2025:Q1 (\$ Millions)	1-Quarter Change (%)	1-Year Change (%)
United States	25,423,800	1.6	4.5	12,759,362	1.3	4.2
New England	1,378,364	1.4	3.2	680,050	1.0	2.0
Connecticut	352,933	1.4	4.2	156,817	1.1	3.8
Maine	99,519	1.6	4.9	44,730	1.0	4.2
Massachusetts	679,510	1.2	2.3	363,361	0.8	0.9
New Hampshire	119,536	1.6	3.1	56,401	1.3	1.2
Rhode Island	79,896	1.7	3.6	37,597	1.4	3.1
Vermont	46,969	1.7	4.6	21,144	1.5	4.4

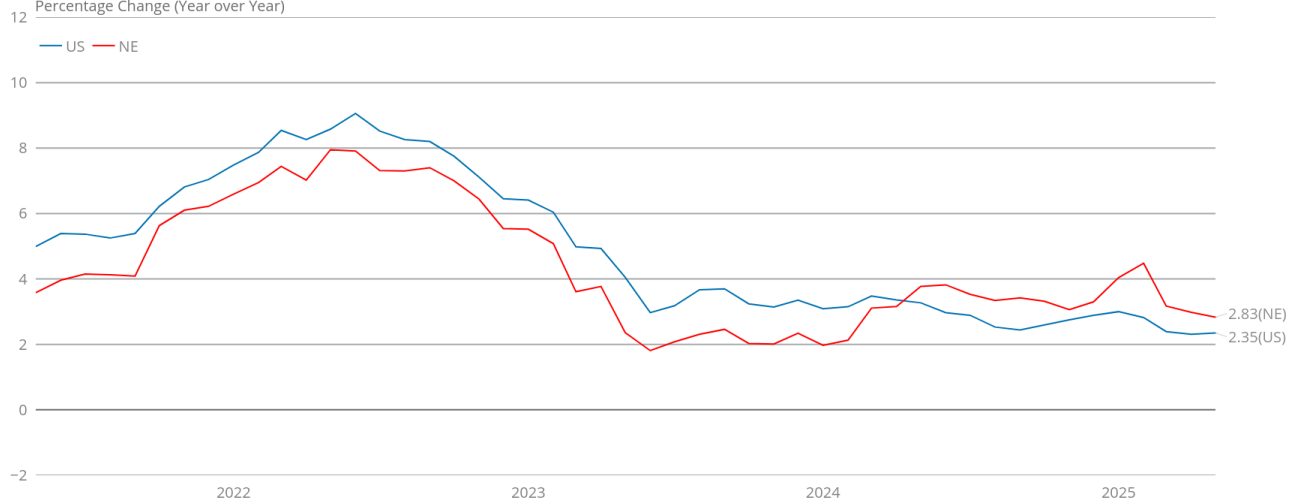
Source(s): US Bureau of Economic Analysis/Federal Reserve Bank of Boston.

Note(s): Data represent millions of dollars and are seasonally adjusted.

EXHIBIT 10:

Consumer Price Index to May 2025

Percentage Change (Year over Year)



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 11:
Percentage Changes in Consumer Prices
to May 2025

	United States (%)		New England (%)	
	Last Month	Last Year	Last Month	Last Year
	April 2025	May 2024	April 2025	May 2024
All Items	0.2	2.4	0.2	2.8
All, Less Food/Energy	0.2	2.8	0.2	3.5
Shelter	0.3	3.9	0.3	5.7
Food	0.3	2.9	0.2	2.6
Medical	0.2	2.5	-0.3	2.4
Education	0.0	0.3	-0.0	2.2
Recreation	0.0	1.8	-0.0	-1.1
Transportation	0.2	-1.3	0.4	-2.6

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.