New England Economic Conditions

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By Pinghui Wu and Noel Feller

Payroll Employment

- Payroll employment in New England rose 0.4 percent over the 12 months ending in September 2026, led by Connecticut (0.9 percent); employment in Maine, Rhode Island, and Vermont was little changed. Gains were concentrated in the educational and health services, manufacturing, other services, and construction industries.
- Manufacturing employment in the region rose 1.7 percent over this period, well above the 0.3 percent increase nationwide. The gains were concentrated in the aerospace product and parts manufacturing subsector and the ship and boat building industry, reflecting strong demand for military submarines and military aircraft as well as commercial aircraft.

In September 2026, U.S. and New England total nonfarm payroll employment each rose 0.4 percent over the preceding 12 months (Exhibit 1). The region added about 5,000 jobs in September. This increase is smaller than some of the gains recorded earlier in the year, but it is still a net gain, in contrast to the net job losses seen over 2025 (Exhibit 2). Twelve-month employment growth varied across the region's states. Connecticut posted the strongest gain, at 0.9 percent, and Massachusetts and New Hampshire recorded modest gains of 0.4 and 0.3 percent, respectively. By contrast, employment in the remaining New England states was little changed, ranging from a 0.1 percent increase in Maine to a 0.1 percent decline in Rhode Island and Vermont (Exhibit 3).

Growth was also uneven across industries, with most of the net increase concentrated in four sectors: educational and health services, manufacturing, other services, and construction. Employment was flat or declined in the remaining sectors (Exhibit 4). Notably, manufacturing employment in the region rose 1.7 percent over the preceding 12 months, well above the 0.4 percent increase nationwide. According to US Bureau of Labor Statistics (BLS) data (not shown here), the gains were concentrated in the aerospace product and parts manufacturing subsector and the ship and boat building subsector—primarily in Connecticut and Rhode Island—reflecting strong demand for military submarines and military aircraft as well as commercial aircraft.[1]

[1] See Paul Schott, "CT Jobs: 6,500 New Manufacturing Jobs Now Open Here," CTInsider, October 20, 2026; and Harriet Jones, "Commercial, Defense Demand Fuels Strong Growth for CT Aerospace Manufacturers," *Hartford Business Journal*, August 24, 2026.

Unemployment and Labor Force Participation Rate

- The unemployment rate was 4.1 percent in New England and 4.2 percent in the United States in September 2026. After trending downward from February through July, the rate has leveled off in both areas, consistent with the slower pace of payroll gains.
- Labor force participation in New England held steady at 63.5 percent from July through September but remained below 2025 levels. The shortfall largely reflects population aging and sampling noise rather than changes in behavior, as age-specific participation rates have been largely stable since 2024.

In September 2026, the unemployment rate stood at 4.1 percent in New England and 4.2 percent in the United States (Exhibit 5). The regional rate was unchanged from August, while the national rate edged up 0.1 percentage point. Both national and regional unemployment had trended downward from February through July, but those declines have since leveled off, consistent with the slower pace of payroll gains relative to earlier in the year.

Labor force participation in New England held steady at 63.5 percent from July through September, while the national participation rate rose from 61.4 percent to 61.8 percent (Exhibit 6). In both areas, participation remained below 2025 levels, largely reflecting population aging, the associated adjustment to survey weights, and sampling noise.[2] Data from the Current Population Survey (CPS) show that age-specific participation rates in the region were largely stable from 2024 to September 2026, aside from seasonal fluctuations. The exception involves residents aged 65 and older, whose participation rate declined steadily; that age group's average participation rate for January 2026 through September 2026 was 2.2 percentage points lower than its average rate for January 2024 through September 2026 (Exhibit 7). Even when each age group's participation is stable, population aging lowers the overall rate by shifting residents out of the high-participation prime-age group and into older, lower-participation groups.

[2] See Pinghui Wu and Spencer Ma, "New England Economic Conditions through October 13, 2026," Federal Reserve Bank of Boston, October 16, 2026.

Prices and Wages

- Twelve-month inflation in New England rose to 4.7 percent in October, up from 4.3 percent in September and 0.7 percentage point above the national rate. Higher and rising energy prices were a key driver, along with increases in shelter and education costs.
- From 2025:Q3 to 2026:Q3, nominal wage and salary growth in New England was the slowest among the nine census divisions, at 1.9 percent compared with 3.1 percent nationally. Because inflation outpaced wage growth, real wages and salaries in the region fell 2.2 percent.

In October, inflation, as measured by the 12-month change in the Consumer Price Index for All Urban Consumers (CPI-U), was 4.7 percent in New England, 0.7 percentage point above the national rate of 4.0 percent (Exhibit 8).[3] The regional rate rose from 4.3 percent in September, marking the second consecutive monthly increase. The increase partly reflects the changes in energy prices, which rose 0.4 percent from September and 25.3 percent from a year earlier (Exhibits 9 and 10). Beyond energy, price increases were also notable in several service-related CPI components. Education and communication prices rose 5.2 percent over the preceding 12 months, driven by increases in childcare and tuition costs, while shelter prices, which largely reflect rents, were up 4.2 percent. Reflecting these increases, core inflation, which excludes the more volatile food and energy categories, was also elevated at 3.4 percent.

Wage and salary growth in New England was the slowest among the nine census divisions from 2025:Q3 to 2026:Q3 (Exhibit 11). Nominal wages and salaries in the region rose 1.9 percent over this period, compared with 3.1 percent nationally, falling short of inflation in both cases. After adjustment for inflation, real wages and salaries in New England declined 2.2 percent. The region's wage growth has trailed the national average in most quarters since 2023:Q1, suggesting that the cooling labor market has weighed more heavily on wage growth in New England than elsewhere.

[3] October 2025 CPI data were not published due to the federal government shutdown. The October 2025 value used to calculate the year-over-year change is the average of the September and November 2025 values.

Housing Market

- As of September 2026, existing home sales in the Northeast and the nation remained 31 percent and 30 percent below pre-pandemic levels, respectively, while new construction held closer to its pre-pandemic baseline. The number of single-family and multifamily building permits in New England, though below its 2021–2022 peak, was on par with pre-pandemic levels, which were themselves arguably insufficient.
- House-price growth in New England slowed to 2.4 percent in August 2026, matching the national rate and ranking among the region's lowest in 10 years. Growth varied across states, with Maine (7.0 percent) seeing the strongest growth and Massachusetts (1.4 percent) and Rhode Island (1.0 percent) seeing the weakest.

Existing home sales remained persistently low in both the Northeast and the nation as of September 2026, with transaction volumes about 31 percent and 30 percent below their pre-pandemic benchmarks, respectively (Exhibit 12). By contrast, new residential construction, as indicated by the number of housing units authorized by building permits, held closer to its pre-pandemic baseline (Exhibit 13). Although below its 2021–2022 peak, the number of both single-family and multifamily permits in New England in 2026 was on par with pre-pandemic levels. It is worth noting that this baseline was itself lower by historical standards. In 2019, the number of total permits for new housing units in New England was 36 percent below its 2006 level, just before the Great Recession, and the region never fully recovered in the years that followed. Permitting, therefore, has steadied but at a level that was arguably insufficient to begin with.

In August 2026, both national and regional 12-month house-price growth, as measured by the Federal Housing Finance Agency (FHFA) Purchase-only House Price Indexes, was 2.4 percent, which is among the lowest rates in the past 10 years (Exhibit 14). House-price growth in New England had outpaced the national average from January 2023 through July 2026, but a sharper monthly decline in regional prices from July to August narrowed the gap and brought the regional rate in line with the national rate. Twelve-month house-price growth through September 2026 varied across New England states (Exhibit 15). According to the Freddie Mac House Price Index, which captures both purchase and refinance transactions, Maine recorded the largest increase (7.0 percent), followed by Connecticut (4.3 percent), Vermont (3.7 percent), and New Hampshire (3.2 percent). Growth was slower in Massachusetts (1.4 percent) and Rhode Island (1.0 percent).

Consumer Confidence

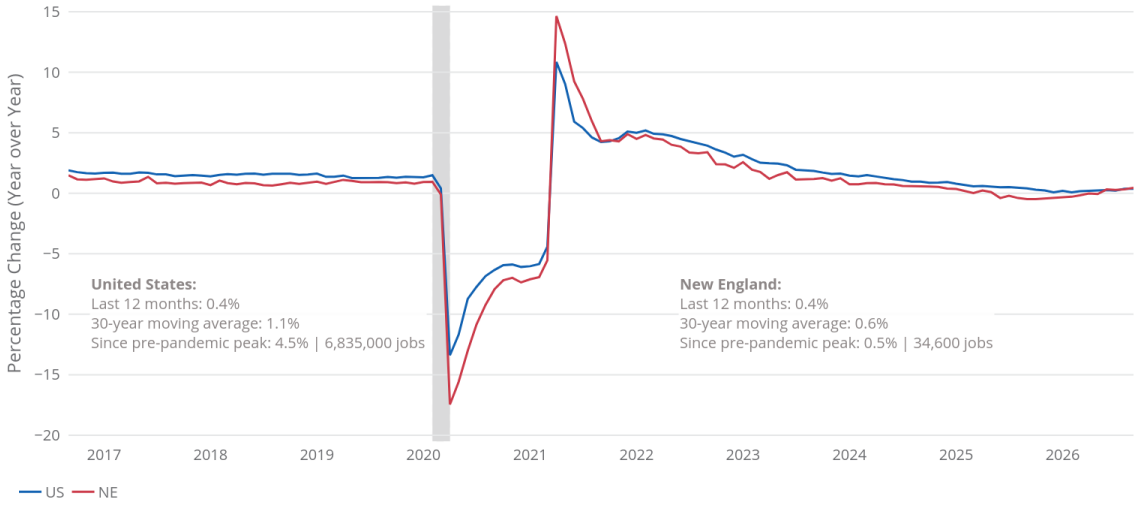
- Consumer confidence in October was slightly lower than a year earlier in both New England and the nation. Confidence trended modestly lower over the past year, with considerable monthly volatility, and remained near levels last seen in 2020.
- Write-in responses in October continued to cite rising prices as concerns. Mentions of geopolitical tension and war remained elevated but eased from August.

In October, the Conference Board's Consumer Confidence Index was slightly lower than a year earlier for both New England and the nation. On a monthly basis, the index fell in New England but rose nationally (Exhibits 16 and 17). The year-over-year decline largely reflects weaker assessments of present conditions, while expectations for the future remained relatively stable. From October 2025 to October 2026, confidence in both areas trended modestly lower, with considerable month-to-month volatility, and remained near levels last seen at the onset of the COVID-19 pandemic in 2020 (Exhibit 17). The Conference Board noted that write-in responses in October continued to cite concerns about rising prices for groceries, diesel, and oil. The number of mentions of geopolitical tension and war remained elevated but eased compared with the number in August.

EXHIBIT 1:

Employment Growth

to September 2026

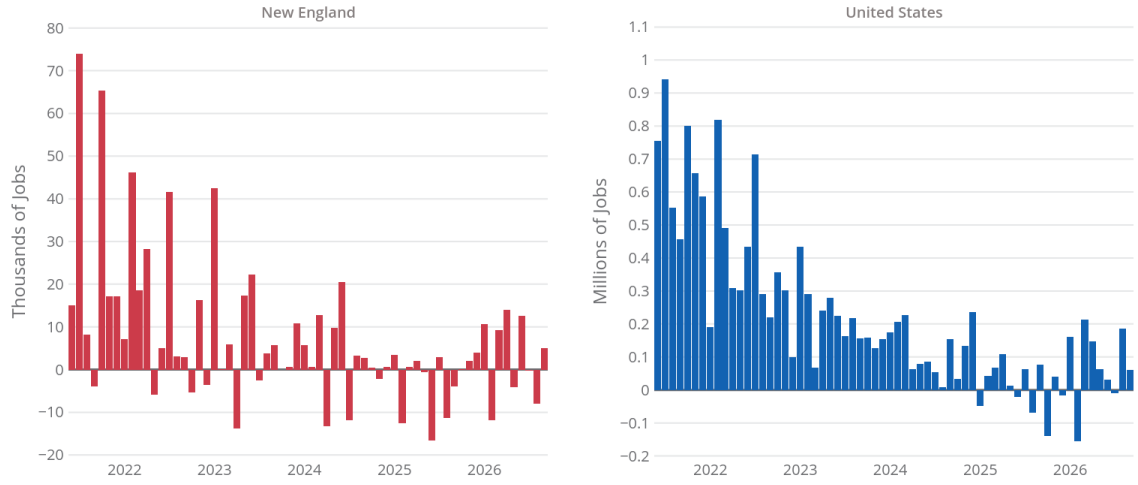


Source(s): US Bureau of Labor Statistics/Haver Analytics.
Note(s): Data are seasonally adjusted. Peak values are determined from the years 2019 and 2020; they may differ for each region. First data point after a year label represents January of that year. Gray bar(s) indicates recession(s).

EXHIBIT 2:

Monthly Employment Change in New England and United States

to September 2026



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. Note that the two panels are plotted on different scales.

EXHIBIT 3:
Employment Growth Rate
to September 2026

	Long-term Trend	Last 12 Months	
	Percent	Percent	Number
United States	0.9	0.4	580,000
New England	0.6	0.4	33,600
Connecticut	0.3	0.9	15,200
Maine	0.7	0.1	600
Massachusetts	0.6	0.4	16,300
New Hampshire	0.8	0.3	2,400
Rhode Island	0.5	-0.1	-700
Vermont	0.4	-0.1	-200

Source(s): US Bureau of Labor Statistics/Haver Analytics.
Note(s): Data are seasonally adjusted. Long-term trend is defined as 30 years.

EXHIBIT 4:
Percentage Change in Payroll Employment by Supersector
September 2025 to September 2026

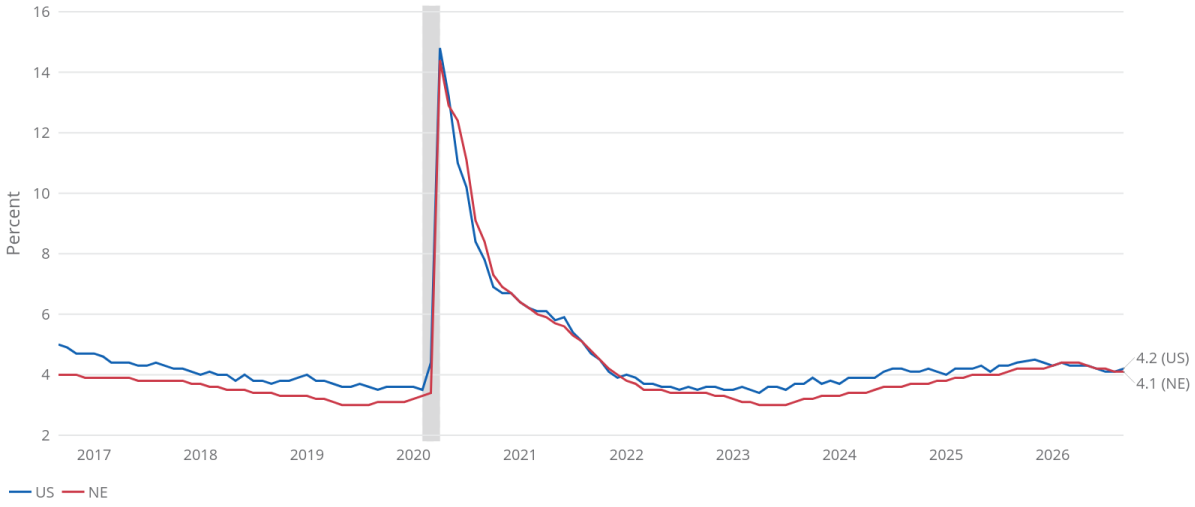
	United States		New England	
	Net Change	% Change	Net Change	% Change
Other Services	34,000	0.6	5,200	1.8
Manufacturing	50,000	0.4	9,600	1.7
Educational & Health Services	516,000	1.9	28,000	1.7
Construction	115,000	1.4	3,100	0.9
Total Government	-217,000	-0.9	1,300	0.1
Professional & Business Services	175,000	0.8	1,000	0.1
Trade, Transport & Utilities	71,000	0.2	-3,700	-0.3
Leisure & Hospitality	70,000	0.4	-3,500	-0.5
Finance, Insurance & Real Estate	-111,000	-1.2	-3,100	-0.7
Information	-124,000	-4.3	-4,300	-2.9

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

EXHIBIT 5:

Unemployment Rates

to September 2026

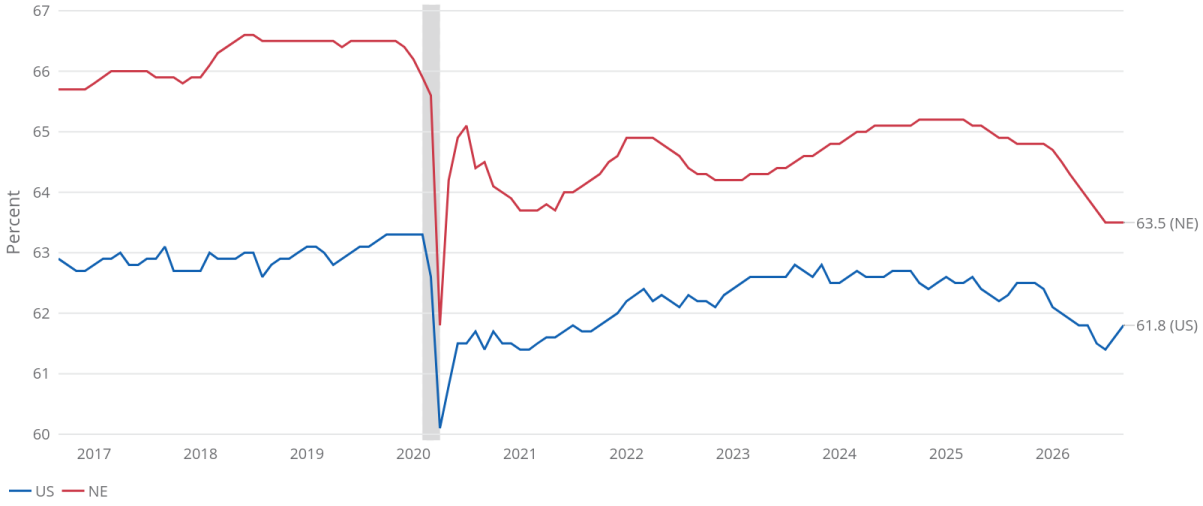


Source(s): US Bureau of Labor Statistics/Haver Analytics.
Note(s): Data are seasonally adjusted. First data point after a year label represents January of that year. Gray bar(s) indicates recession(s).

EXHIBIT 6:

Labor Force Participation

to September 2026

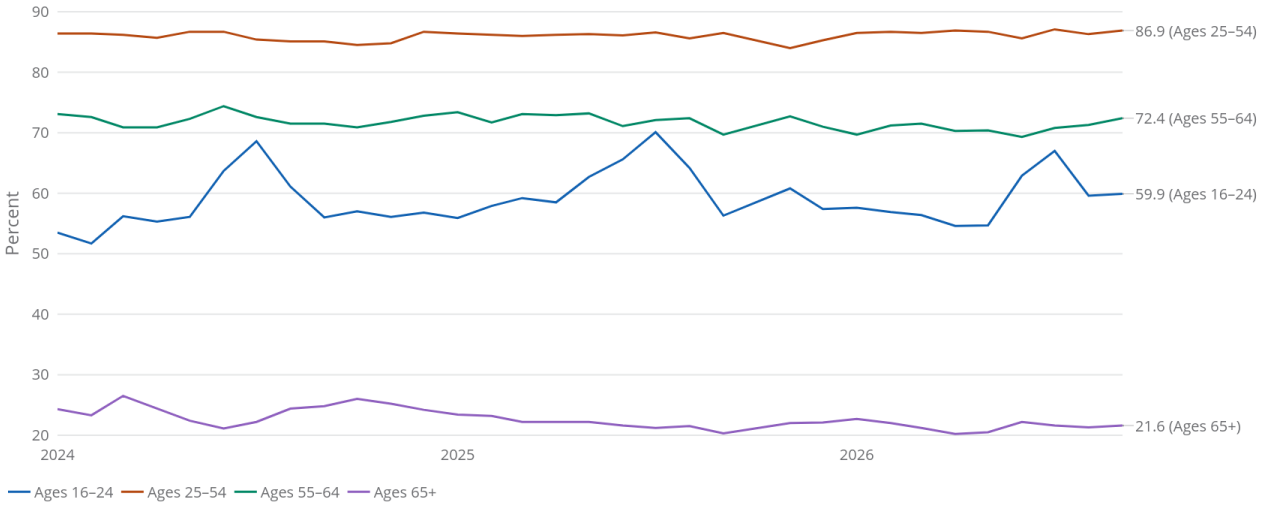


Source(s): US Bureau of Labor Statistics/Haver Analytics.
Note(s): Data are seasonally adjusted. First data point after a year label represents January of that year. Gray bar(s) indicates recession(s).

EXHIBIT 7:

Labor Force Participation by Age Group, New England

to September 2026

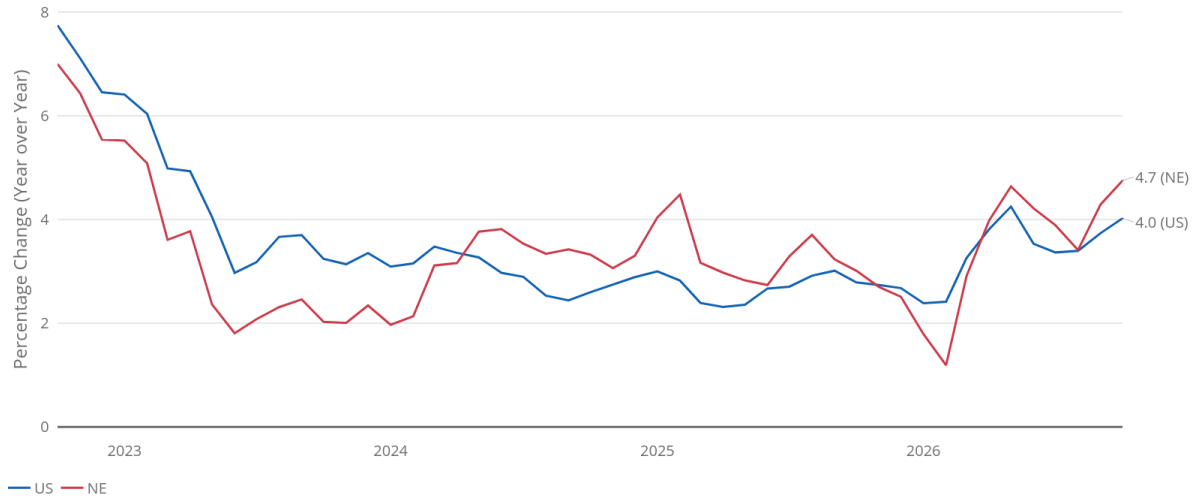


Source(s): IPUMS-CPS/Author calculation.
Note(s): Data are not seasonally adjusted. First data point after a year label represents January of that year. October 2025 data are unavailable.

EXHIBIT 8:

Consumer Price Index for United States and New England

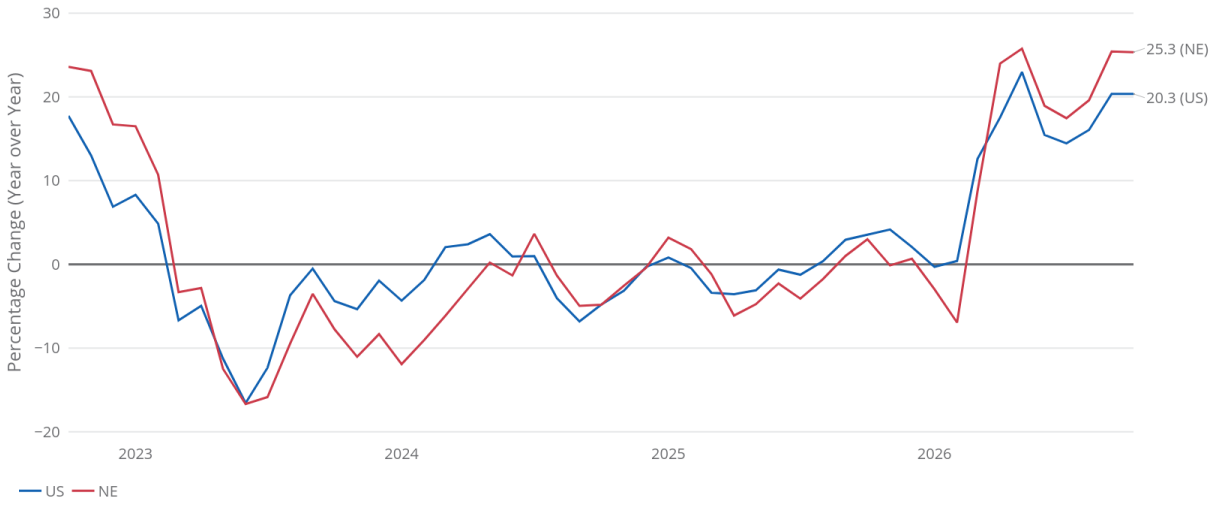
to October 2026



Source(s): US Bureau of Labor Statistics/Haver Analytics.
Note(s): Data are not seasonally adjusted. October 2025 data were not published; the October 2025 value is the average of September and November 2025. First data point after a year label represents January of that year.

EXHIBIT 9:

Energy Component of Consumer Prices for United States and New England
to October 2026



Source(s): US Bureau of Labor Statistics.
Note(s): Data are not seasonally adjusted. October 2025 data were not published; the October 2025 value is the average of September and November 2025. First data point after a year label represents January of that year.

EXHIBIT 10:

Percentage Changes in Consumer Prices for United States and New England
to October 2026

	United States (%)		New England (%)	
	Last Month	Last Year	Last Month	Last Year
	September 2026	October 2025	September 2026	October 2025
All Items	0.2	4.0	0.2	4.7
All, Less Food/Energy	0.2	2.8	0.1	3.4
Energy	0.7	20.3	0.4	25.3
Transportation	0.1	8.3	0.0	7.0
Education & Communication	0.0	2.2	0.0	5.2
Shelter	0.2	3.4	-0.2	4.2
Recreation	0.7	3.9	0.8	4.0
Food	0.4	3.0	1.2	2.7
Medical	0.3	1.8	0.2	1.0

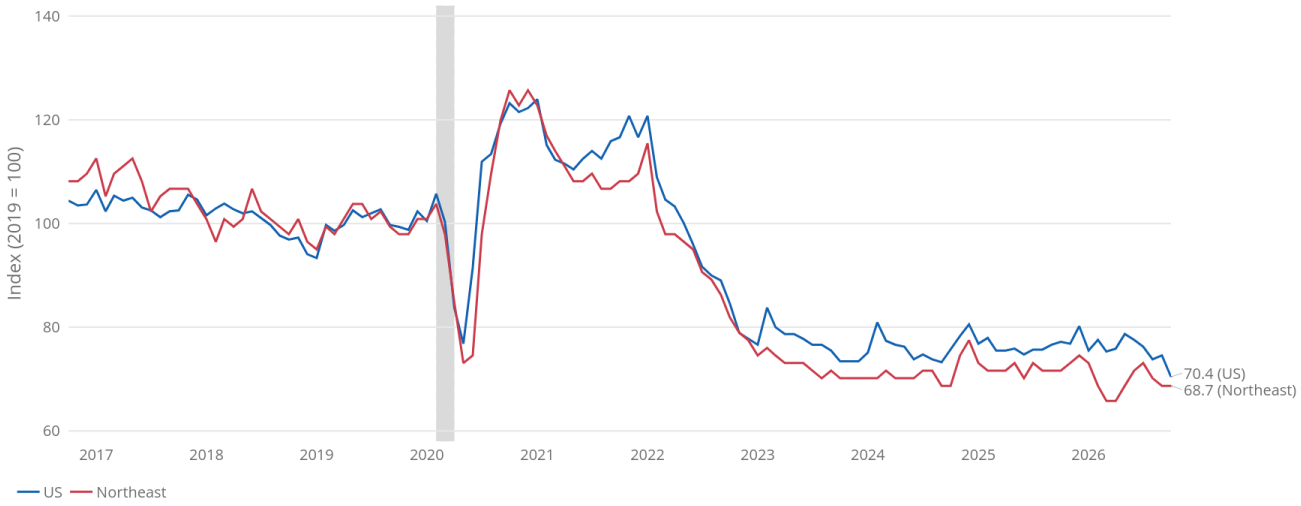
Source(s): US Bureau of Labor Statistics/Haver Analytics.
Note(s): Data are not seasonally adjusted. October 2025 data were not published; the October 2025 value is the average of September and November 2025. The New England Fuel and Utilities series was discontinued as of December 2024, and thus Fuel and Utilities is no longer included separately.

EXHIBIT 11:
Real and Nominal Employment Cost Indexes by Region (Private Industry Workers)
to 2026:Q3

	12-month Percentage Change			
	Wages and Salaries		Total Compensation	
	Current Dollar	Constant Dollar	Current Dollar	Constant Dollar
United States	3.1	-0.6	3.4	-0.4
New England	1.9	-2.2	2.3	-1.9
Middle Atlantic	2.9	-1.3	3.2	-1.0
South Atlantic	3.4	-0.1	3.5	0.1
East South Central	3.5	0.1	3.5	0.1
West South Central	2.5	-0.9	2.8	-0.7
East North Central	3.4	-0.8	3.4	-0.8
West North Central	2.6	-1.6	2.7	-1.5
Mountain	3.0	-0.5	3.2	-0.3
Pacific	3.8	0.3	4.3	0.8

Source(s): US Bureau of Labor Statistics/Haver Analytics.
Note(s): Data are not seasonally adjusted.

EXHIBIT 12:
Total Existing Home Sales in Northeast
to October 2026

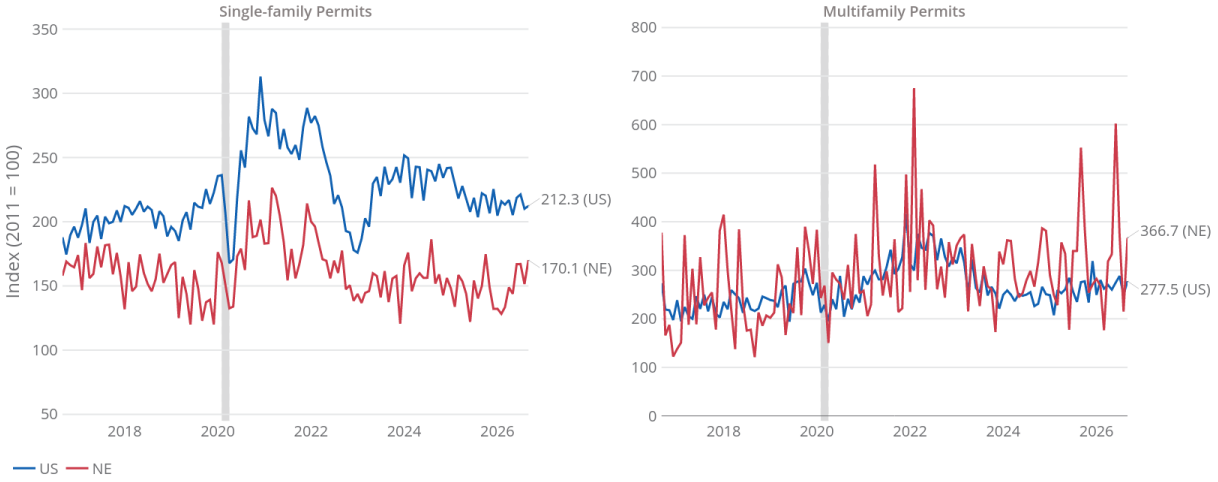


Source(s): National Association of Realtors/Haver Analytics.
Note(s): Data are seasonally adjusted. First data point after a year label represents January of that year. Gray bar(s) indicates recession(s).

EXHIBIT 13:

Housing Permit Activity

to September 2026

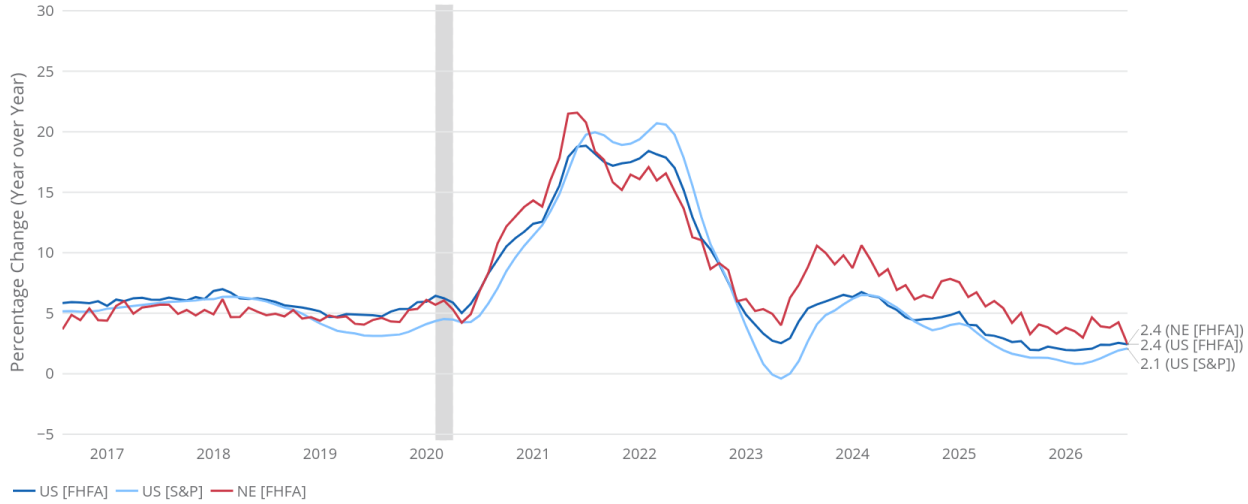


Source(s): US Census Bureau/Haver Analytics.
Note(s): Data are seasonally adjusted. Single-family permits are indexed to the average number of single-unit permits in 2011. Multifamily permits are indexed to the average number of multiunit permits in 2011. First data point after a year label represents January of that year. Gray bar(s) indicates recession(s).

EXHIBIT 14:

Purchase-only House Price Indexes

to August 2026

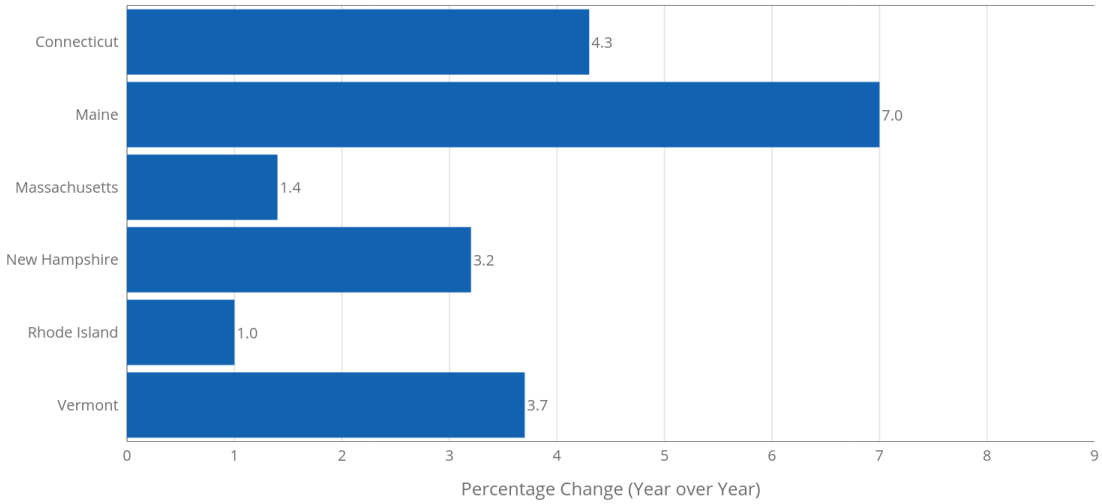


Source(s): Federal Housing Finance Agency and S&P Cotality Case-Shiller, Fiserv, and MacroMarkets LLC/Haver Analytics.
Note(s): Data are seasonally adjusted. First data point after a year label represents January of that year. Gray bar(s) indicates recession(s).

EXHIBIT 15:

Freddie Mac House Price Index, New England States

September 2025 - September 2026

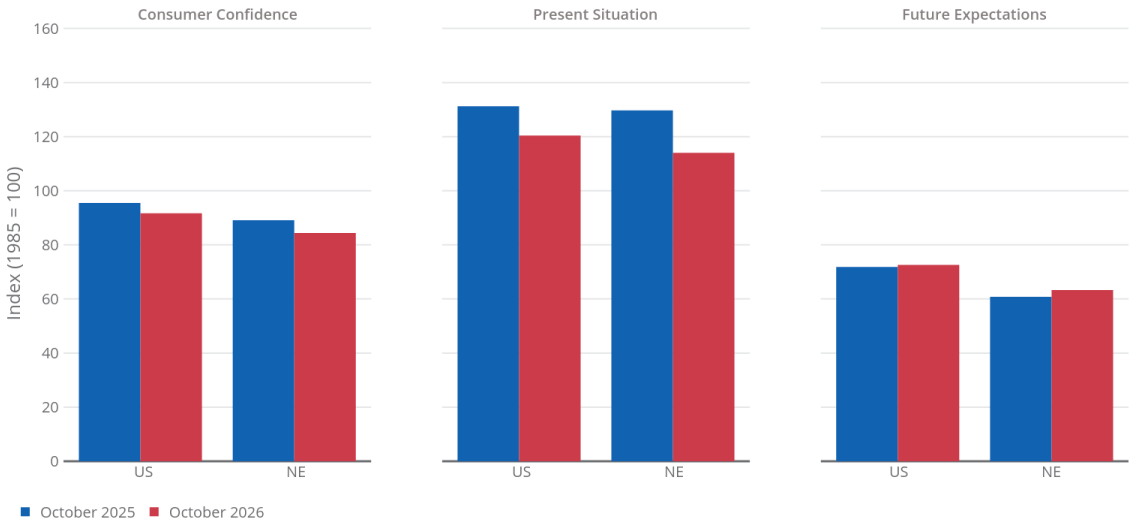


Source(s): Federal Home Loan Mortgage Corporation/Haver Analytics.
Note(s): Data are seasonally adjusted.

EXHIBIT 16:

Consumer Confidence Index®

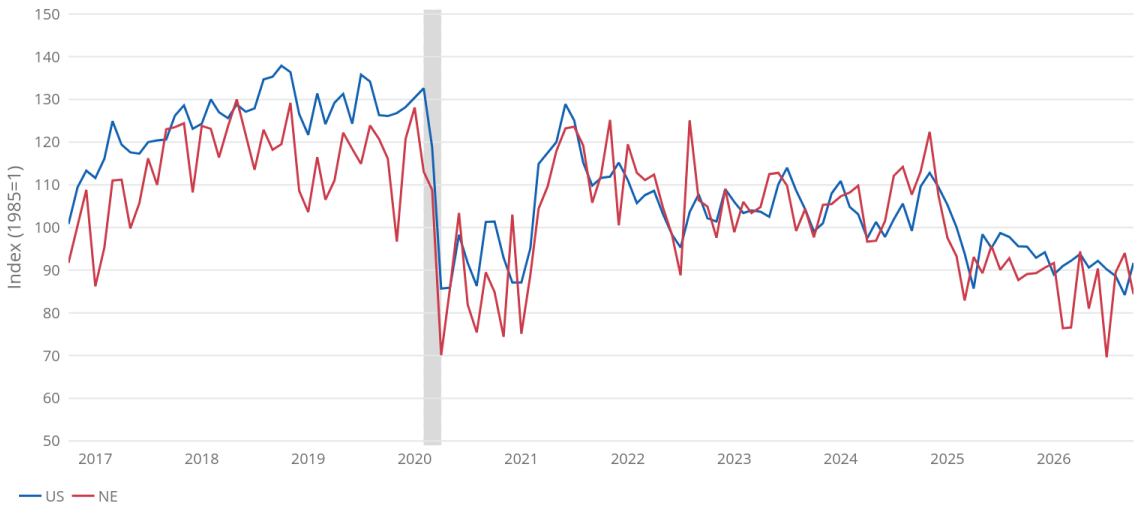
to October 2026



Source(s): The Conference Board/Haver Analytics.
Note(s): Data are seasonally adjusted.

EXHIBIT 17:

Consumer Confidence Index®
to October 2026



Source(s): The Conference Board/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).