

The Massachusetts Economy: Slow Growth and Challenging Headwinds

December 11th, 2025

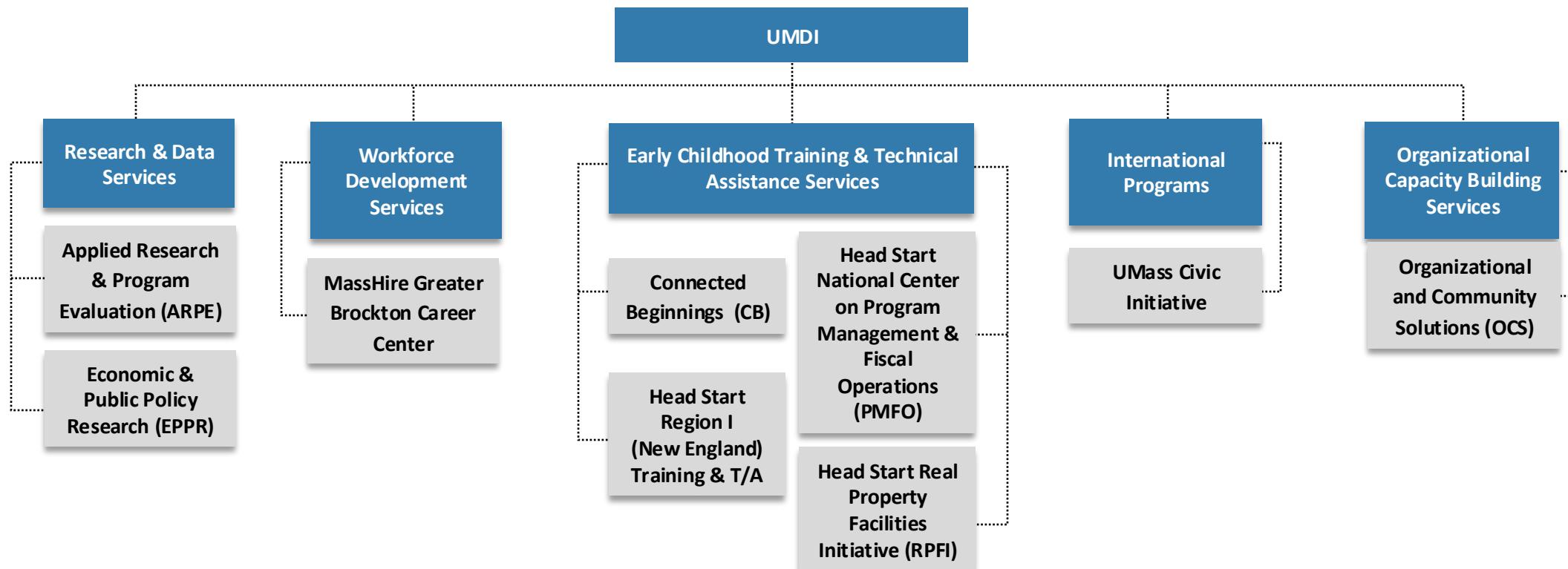
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UMass Donahue Institute At a Glance

Organizational Mission

Our mission is to advance equity and social justice, foster healthy communities, and support inclusive economies that alleviate poverty and promote opportunity.



UMDI's Work in Metro South

Over the past two decades, the UMass Donahue Institute has partnered with the Metro South Chamber of Commerce and regional agencies to conduct data studies for a range of topics, including:

- Land-use studies of key regional parcels
- Commercial facility reuse studies
- Infrastructure capacity assessments
- Economic development strategy reports
- Demographic and labor-market analyses
- Comparative regional competitiveness studies

Examples of UMDI work in Metro South: Catholic Charities South and the Greater Brockton Workforce Board

MassHire Greater Brockton Career Center – Annual Highlights



Served 8,693 Job Seekers including 225 Veterans



Served 749 businesses, including providing 340 job-referrals for employment openings



Provided 561 workshops to 10,018 job seekers



Conducted 5,748 RESEA reviews for the Unemployed



Conducted job fairs for more than 1,150 area job seekers



Provided \$202K of training for 37 job seekers

Massachusetts Overview

What do I want you to know at the end of this presentation?

- The Massachusetts economy has underperformed relative to the US in the post-pandemic era
- Incomes are high in the Commonwealth but so is cost of living, and prosperity has not been felt evenly throughout the state
- Indicators point to an economy experiencing sluggish growth and serious affordability threats
- Shifts in federal policy coupled with other structural issues are placing the Massachusetts economy in a more precarious position than we have seen in many years

Massachusetts at a Glance

4.8%

Unemployment Rate
August 2025
(8th highest in the nation)

7.3%

Unemployment Rate (U-6)
2024-2025
(21st lowest in the nation)

1.5%

Population Change
2020-2024
(15th highest in the nation)

0.2%

Job Growth
August 2024– August 2025
(7th lowest in the nation)

18.7%

Foreign Born Residents
2024
(6th highest in the nation)

9.7%

Below Poverty Rate
2024
(9th lowest in the nation)

40.1

Median Age
2024
(17th oldest in the nation)

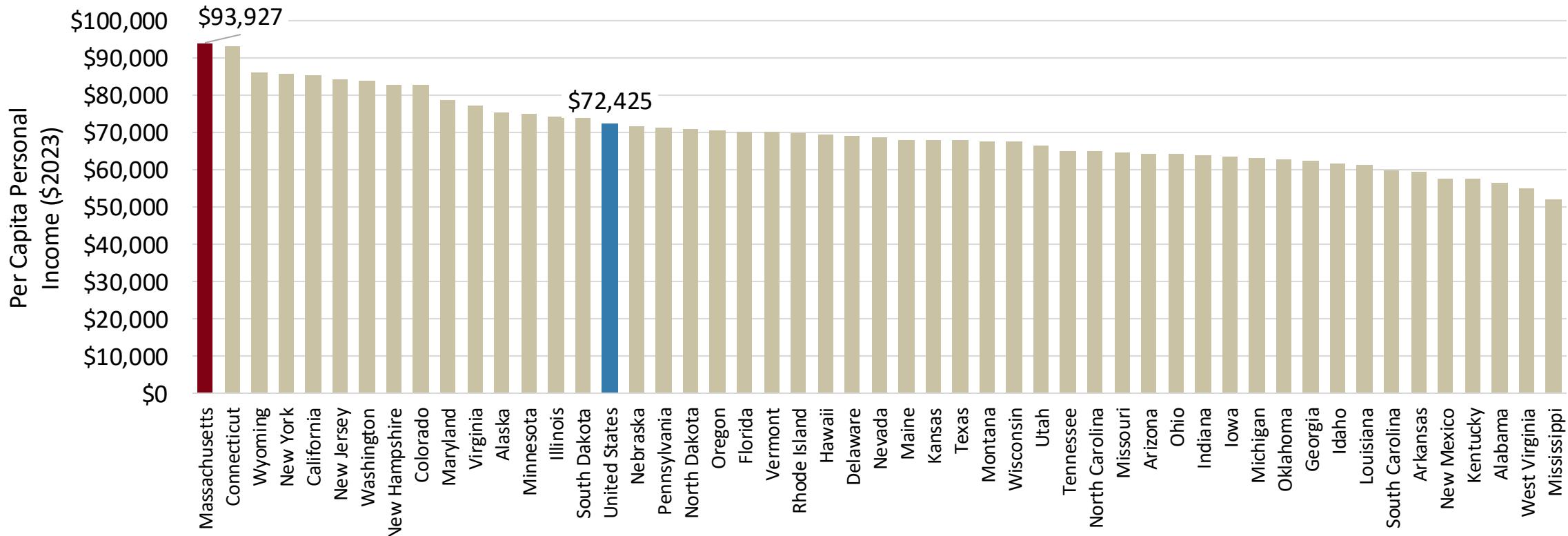
48.3%

Have a College Degree
2024
(highest in the nation)

Sources: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; Bureau of Labor Statistics; U.S. Census Bureau American Community Survey 2023, 1 Year Estimates; UMass Donahue Institute MassDOT Vintage 2023 Population Projections. November 2023. (UMDI-DOT V2022).

Massachusetts per capita income reached \$90k in 2023 – 30% higher than the national average

Per capita income by state, 2024



Source: U.S. Bureau of Economic Analysis (BEA), SAINC1 Personal Income Summary: Personal Income, Population, Per Capita Personal Income; UMDI analysis

Despite having the highest per capita income in the country, Massachusetts struggles with high cost of living

Massachusetts ranks...

Top 5

4th

3rd

5th

2nd

Most expensive
childcare

Most expensive
electricity

Most expensive
natural gas

Highest home value

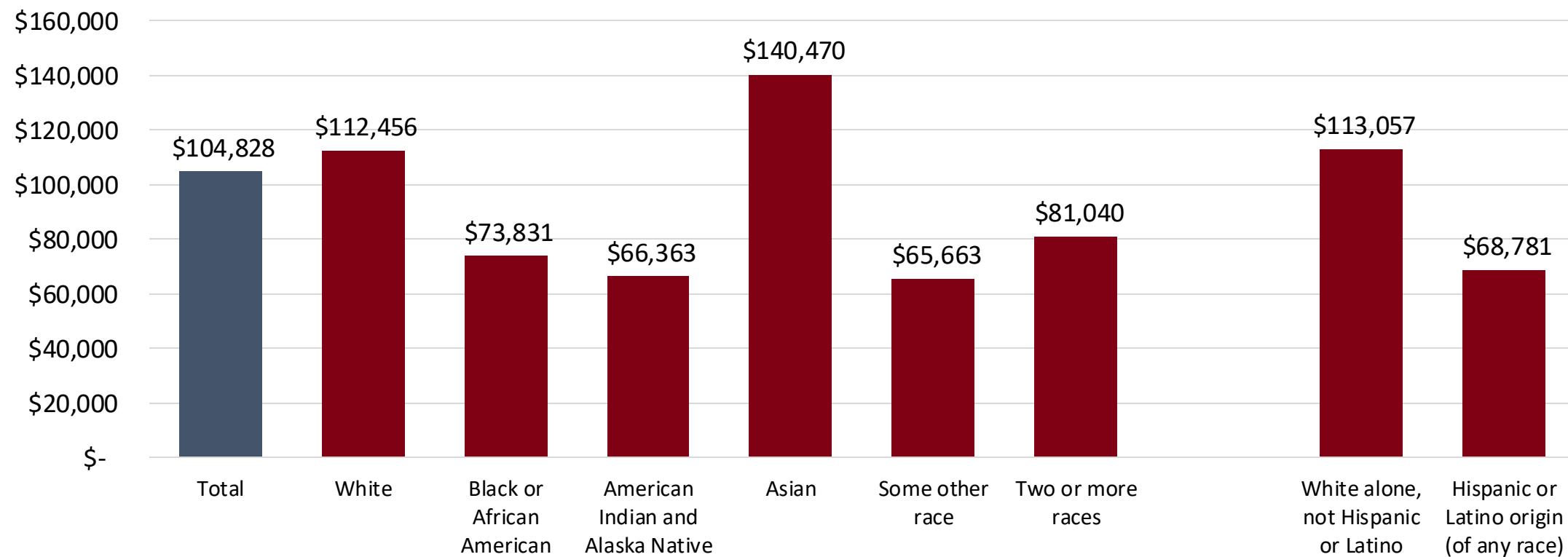
Worst traffic
(Boston MSA)

... out of all U.S. states

Sources: Child Care: Center for American Progress, The True Cost of High-Quality Child Care Across the United States Table 1. Electricity and Natural Gas: US Energy Information Administration. Home Value: Zillow Home Value Index. Traffic: Inrix 2022 Global Traffic Scorecard.

Despite high incomes overall, there are disparities between racial/ethnic groups

Median Household Income in the past 12 months (in 2024 inflation-adjusted dollars) by Race and Ethnicity in Massachusetts



Source: ACS 2024 1-Year Estimates, Table S1903 via Social Explorer table SE A14007, UMDI Analysis

Metro South at a Glance

5.0%

Unemployment Rate
Brockton WDA
September 2025

2.3%

Population Change
Metro South
2020-2024

15.4%

Foreign Born Residents
Metro South
2024

7.7%

Below Poverty Rate
Metro South
2024

41.8

Median Age
Metro South
2024

46.3%

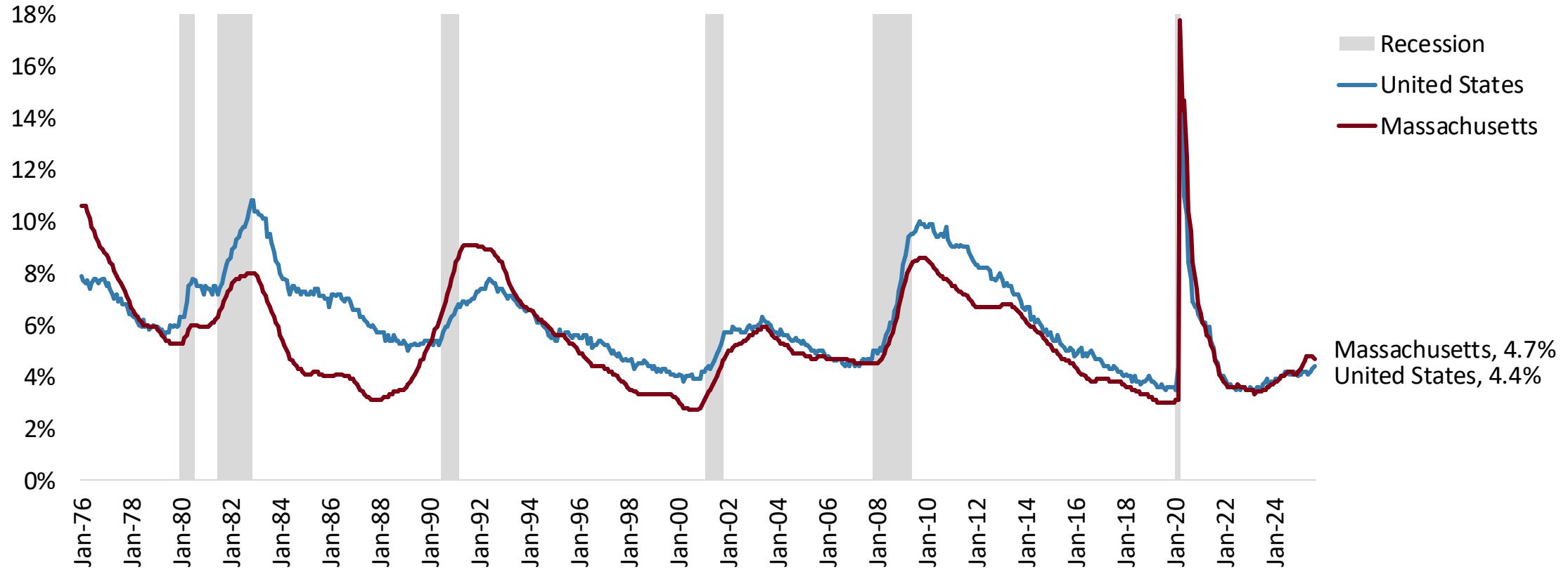
Have a College Degree
Metro South
2024

Sources: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; Bureau of Labor Statistics; U.S. Census Bureau American Community Survey 2024, 1 Year Estimates; UMass Donahue Institute MassDOT Vintage 2024 Population Projections. November 2024. (UMDI-DOT V2024). Metro South is a combination of Norfolk, Plymouth, and Bristol counties.

Jobs and the Economy

Unemployment rates have risen from post-pandemic lows, and in Massachusetts currently exceeds the national rate

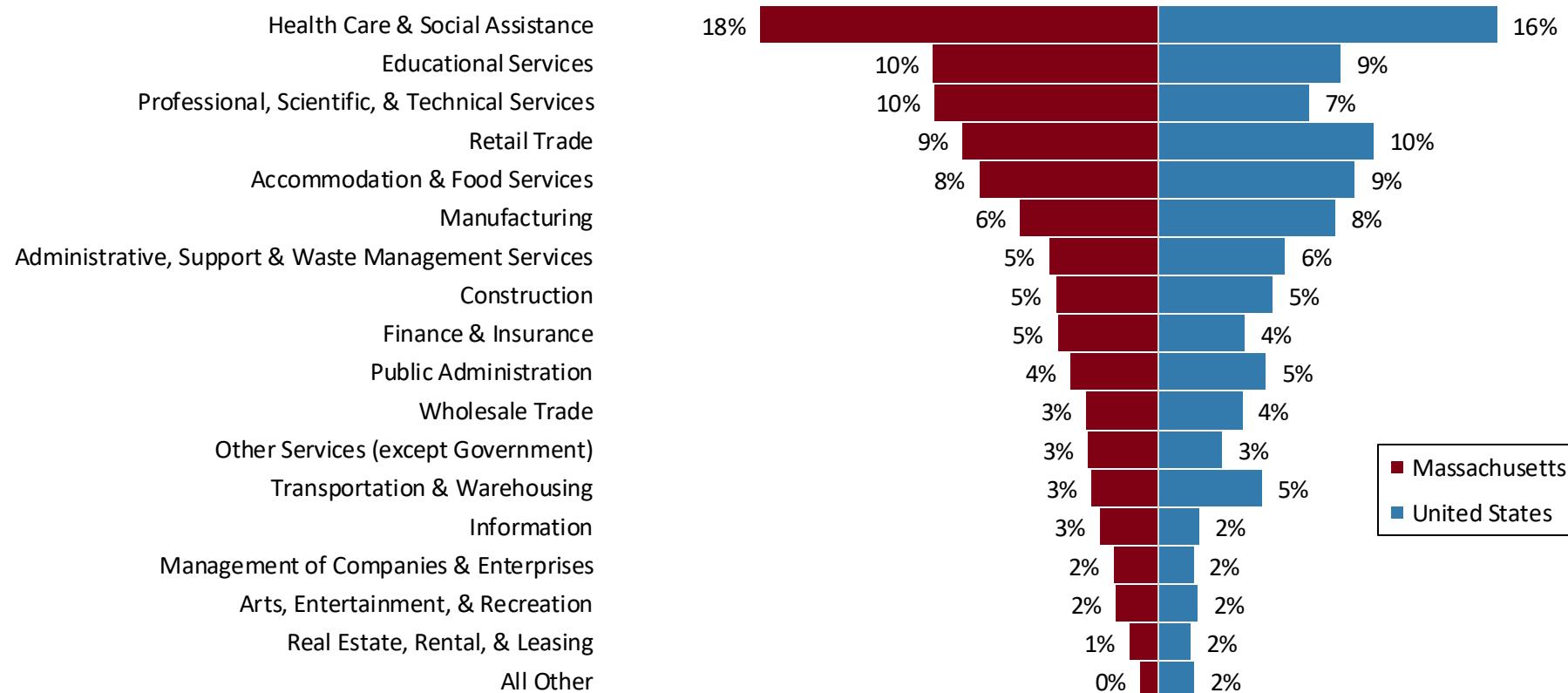
Unemployment rates in Massachusetts and the United States as of September 2025 (Seasonally adjusted)



Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; UMDI analysis

MA is competitive in health care; professional services, and education compared to the US

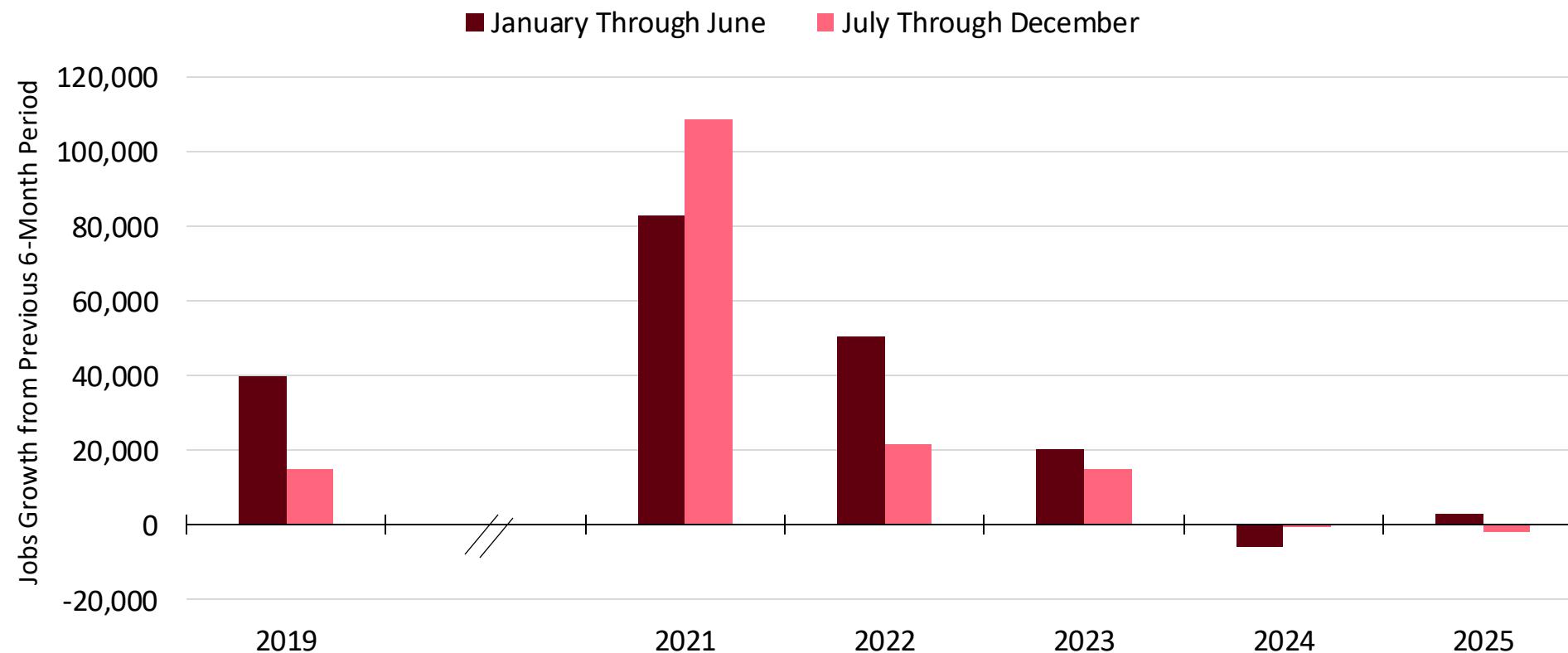
Industry Mix for Massachusetts and the United States, 2024 (Seasonally adjusted)



Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages; UMDI analysis

After an immediate rebound in 2021 from pandemic lows, Massachusetts has created few jobs in the past two years

Massachusetts Job Creation by 6-Month Period, 2019, 2021-2025

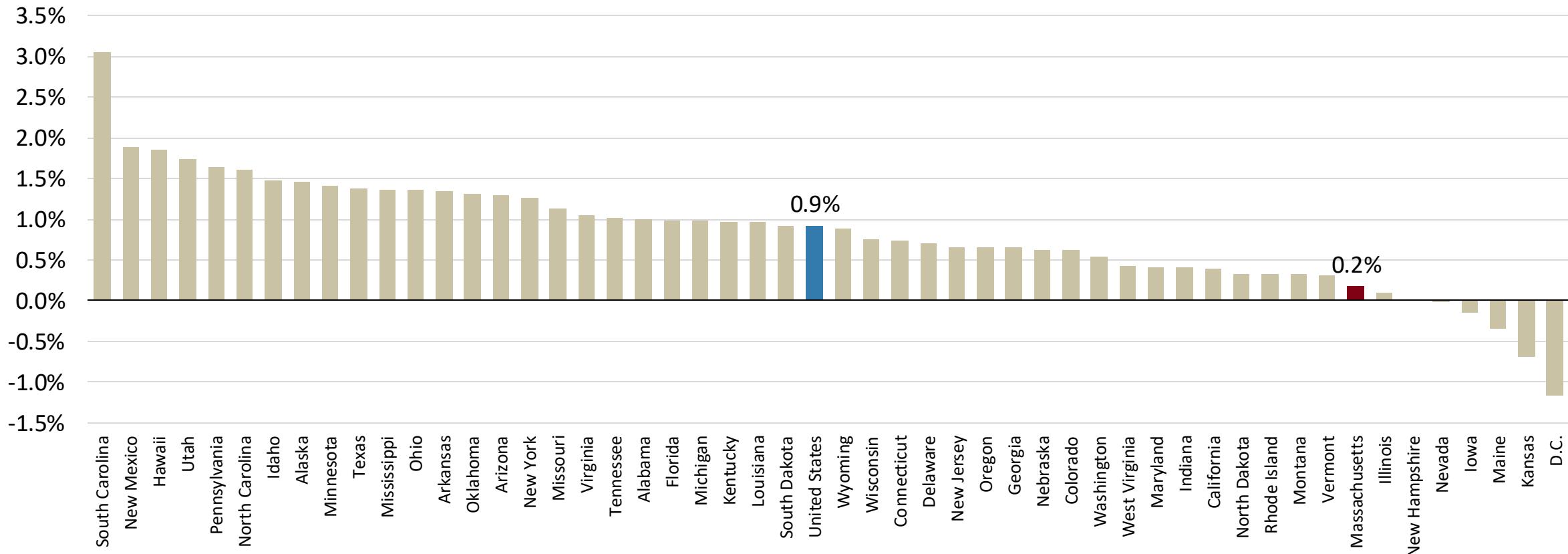


Source: Bureau of Labor Statistics, Current Employment Statistics

Note: 2020 Omitted for scale. An estimated 545,000 jobs were lost in the Massachusetts economy in the first half of 2020.

Jobs growth has been slower in Massachusetts than in the United States over the past year

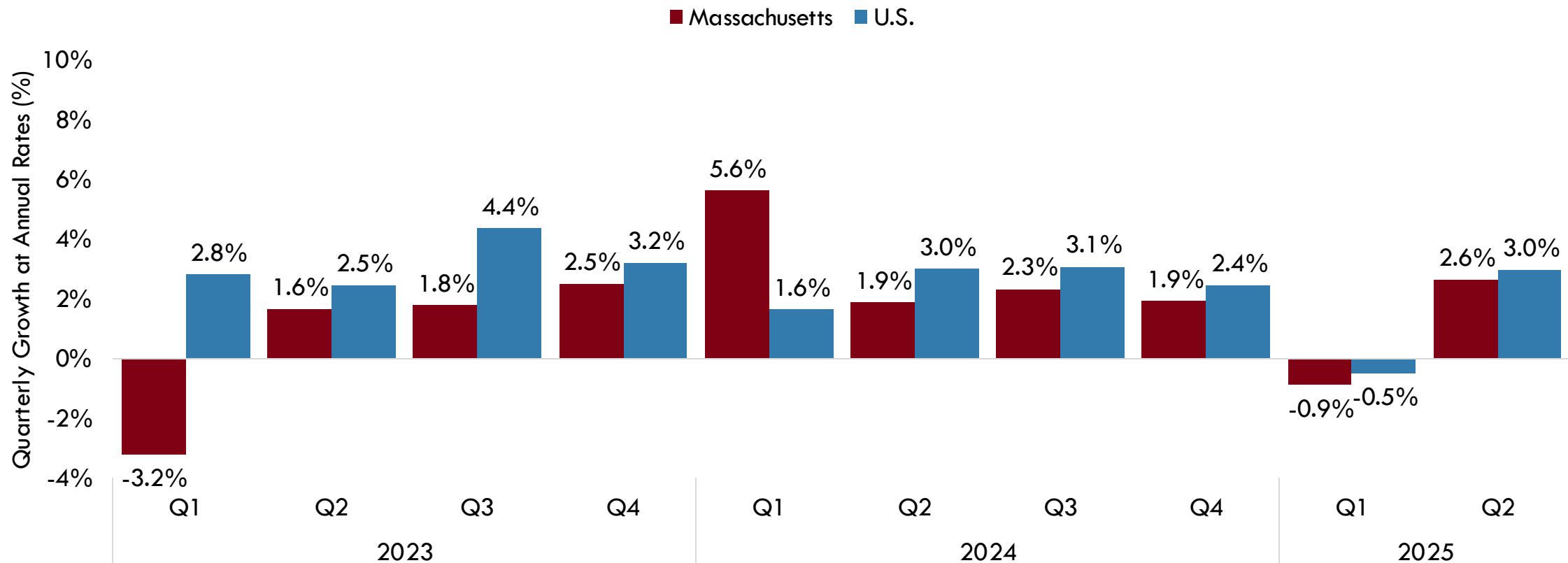
Year-over-Year Jobs Growth in Massachusetts and all states, August 2024 to August 2025 (Seasonally adjusted)



Source: Bureau of Labor Statistics, Current Employment Statistics; UMDI analysis

Massachusetts GDP growth roughly kept pace with the US throughout 2023, 2024, and first half of 2025

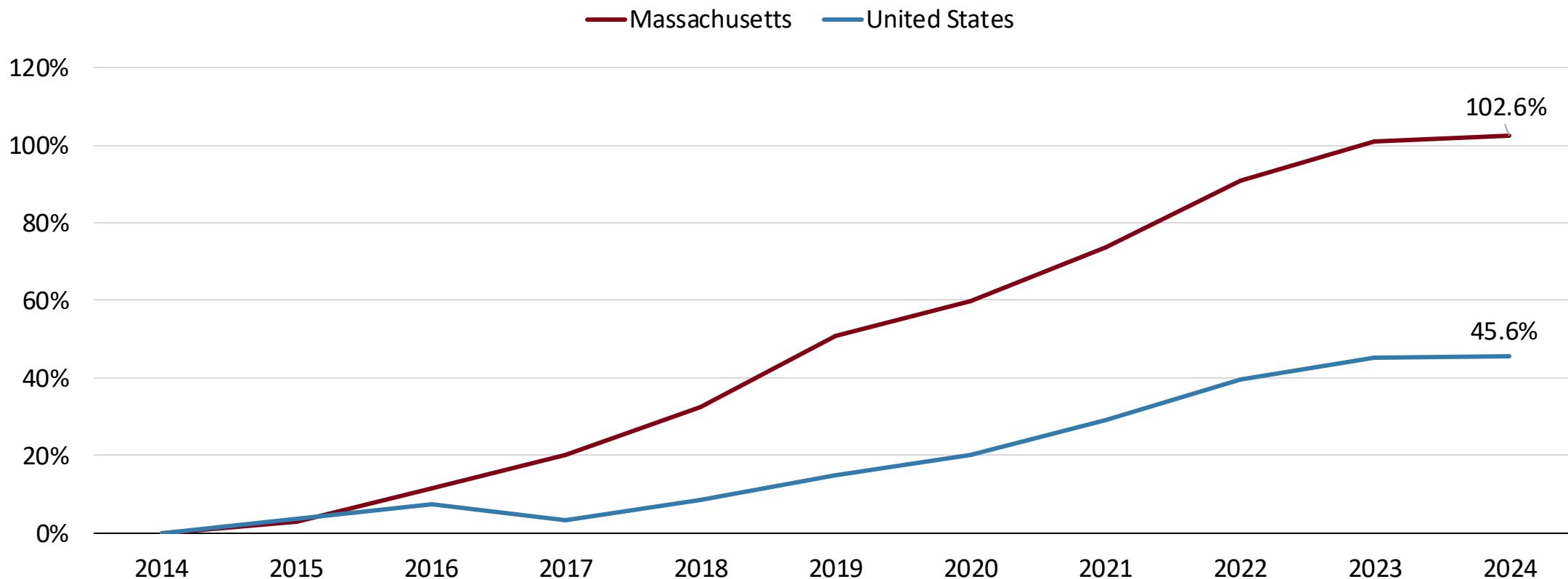
Quarterly Change in GDP for MA, US, and MassBenchmarks Projections, 2023 Q1 – 2025 Q2



Source: U.S. Bureau of Economic Analysis, MassBenchmarks calculations by Dr. Alan Clayton-Matthews

Scientific R&D employment doubled in Massachusetts in the past decade

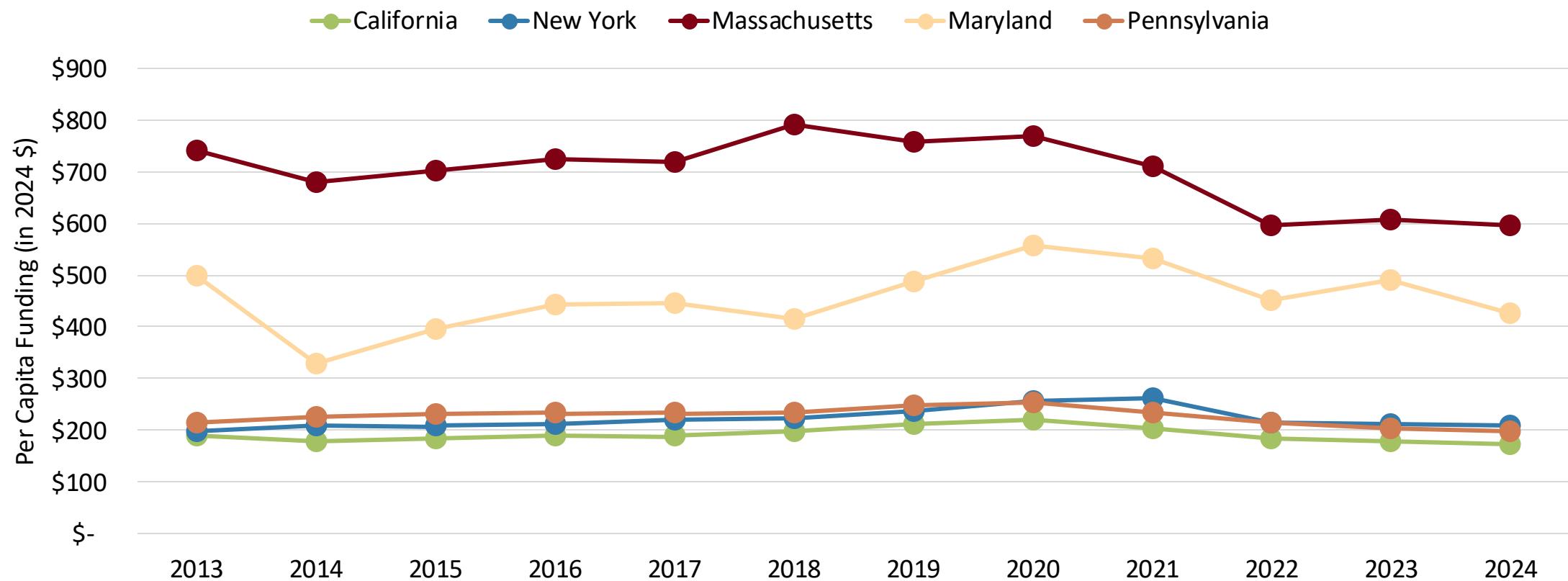
Employment Growth in Scientific Research and Development, 2014-2024



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages. NAICS Code 5417, Scientific Research and Development Activities

Massachusetts has consistently been first in the nation for per capita research funding

Combined Per Capita SBIR/STTR, NIH, and NSF Funding for Top 5 States, 2013-2024

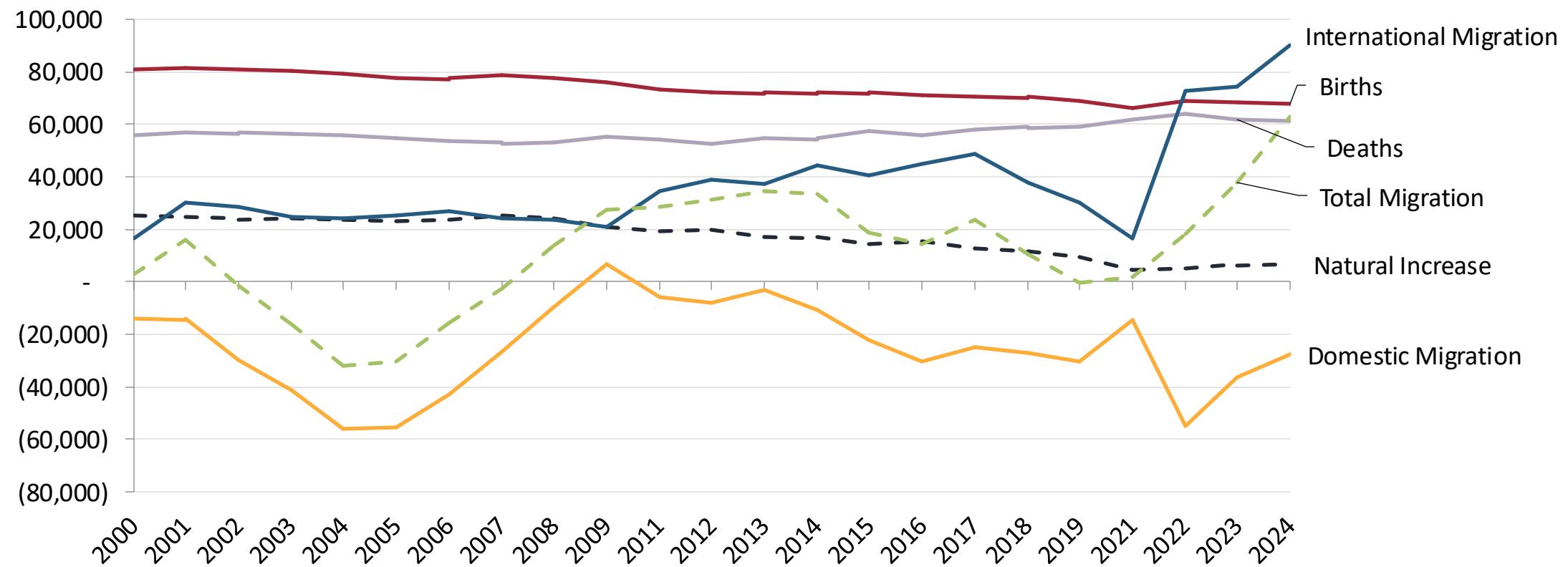


Source: Small Business Administration, National Institutes of Health, and National Science Foundation; Bureau of Labor Statistics, Consumer Price Index; U.S. Census Bureau Intercensal Estimates

A Graying Labor Force

Massachusetts population growth depends on international migration

Massachusetts estimated components of population change, 2000-2024

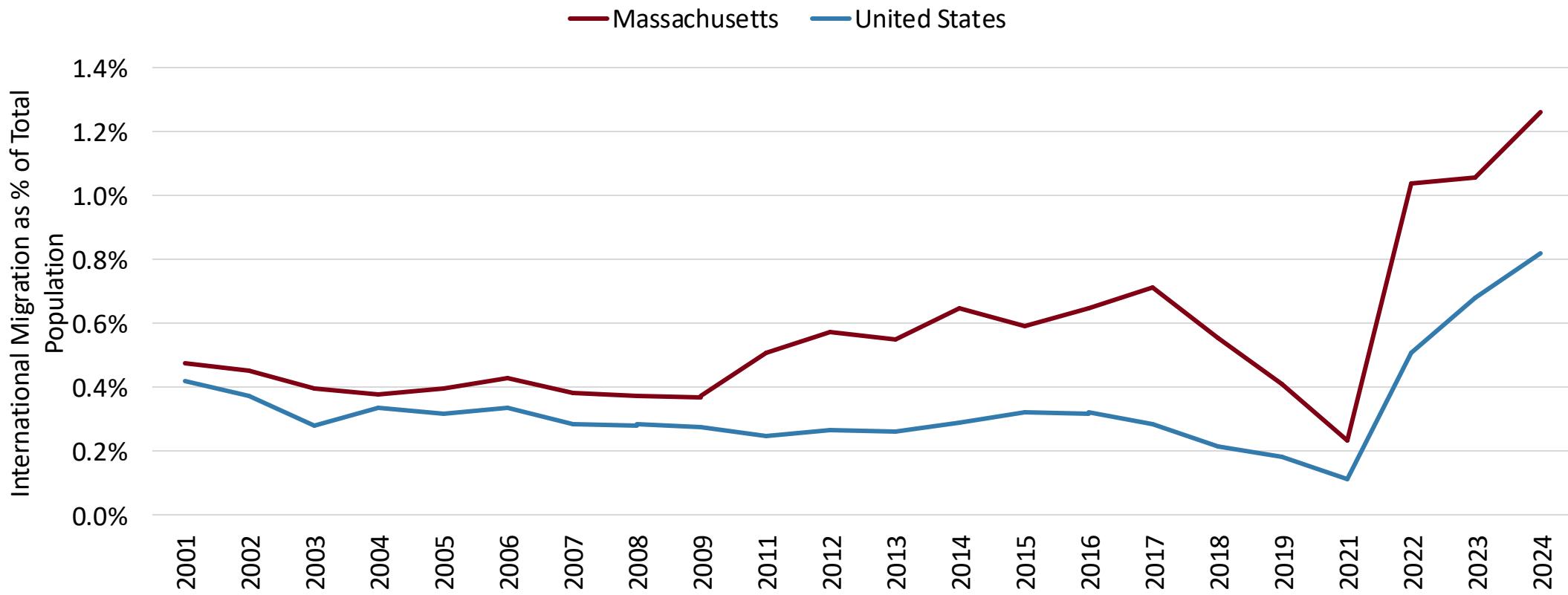


Source: UMass Donahue Institute. Source Data: ST-2000-7; CO-EST2010-ALLDATA; and NST-EST2018-ALLDATA, U.S. Census Bureau Population Division.

Note that the Census Bureau provides only 3 months of component estimates for years 2010 and 2020. These years are excluded from the time-series chart above.

For the last two decades, Massachusetts has consistently had a higher international immigration rate than the U.S.

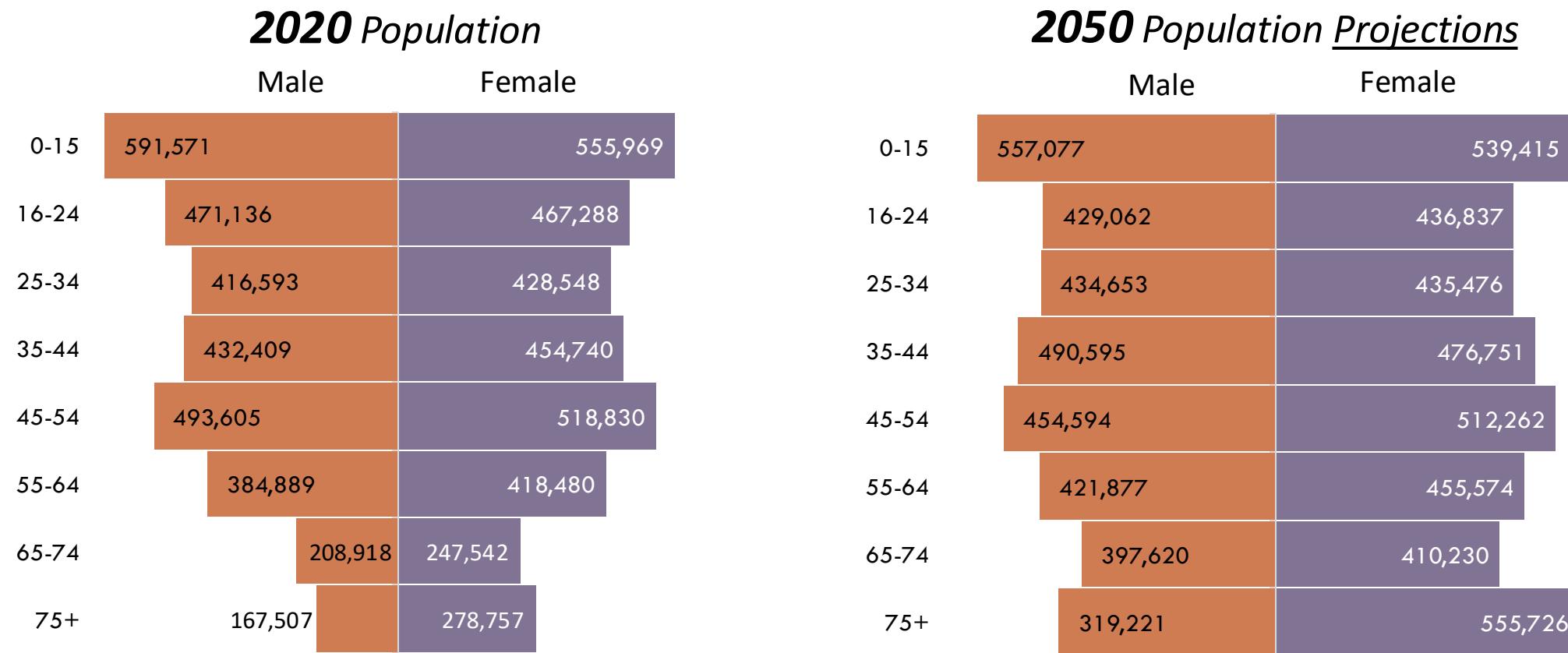
International Migration Rates for Massachusetts and the United States, 2001-2024 (Excluding Census Years)



Source: U.S. Census Bureau, Population Estimates Program; co-est2009-alldata, co-est2019-alldata, NST-EST2024-ALLDATA

Note that the Census Bureau provides only 3 months of component estimates for years 2010 and 2020. These years are excluded from the time-series chart above.

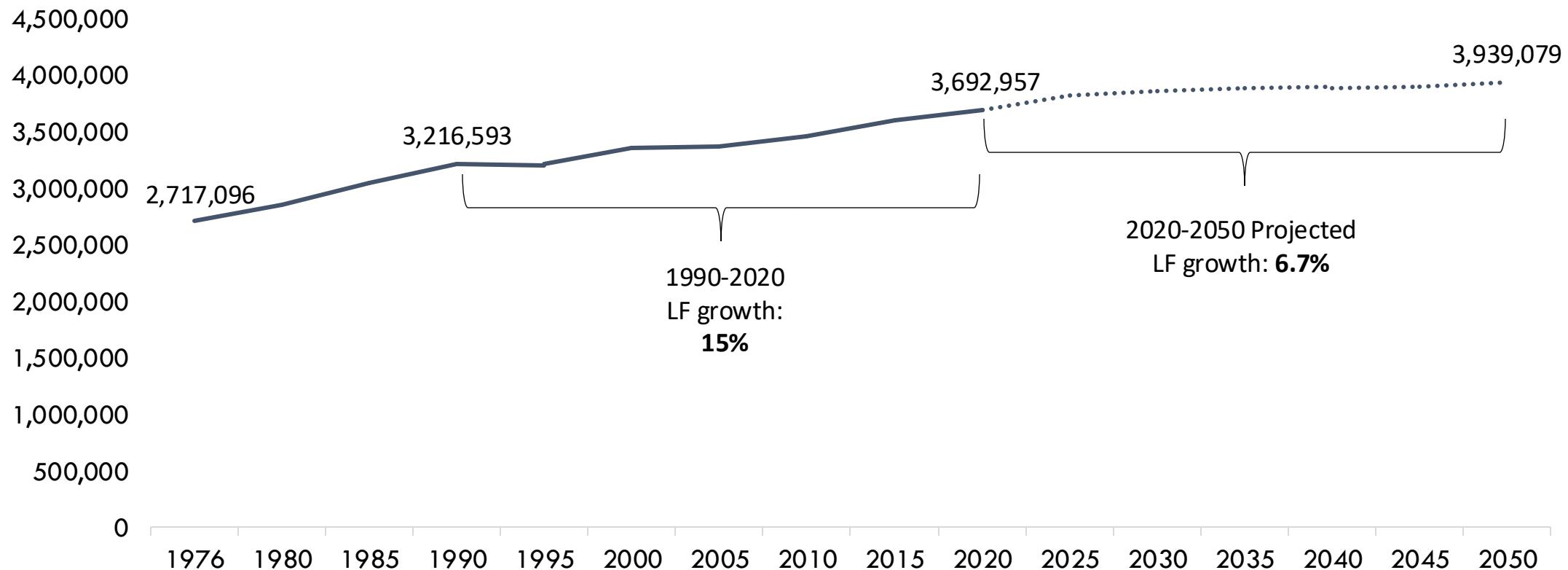
Massachusetts's growth in our 65+ age groups will far exceed growth in our working age population through 2050



Source: UMass Donahue Institute MassDOT Vintage 2022 Population Projections. November 2022. (UMDI-DOT V2022).

The labor force in Massachusetts is projected to grow at a significantly slower pace over the next 30 years

Projected Massachusetts Labor Force through 2050 (Seasonally adjusted)

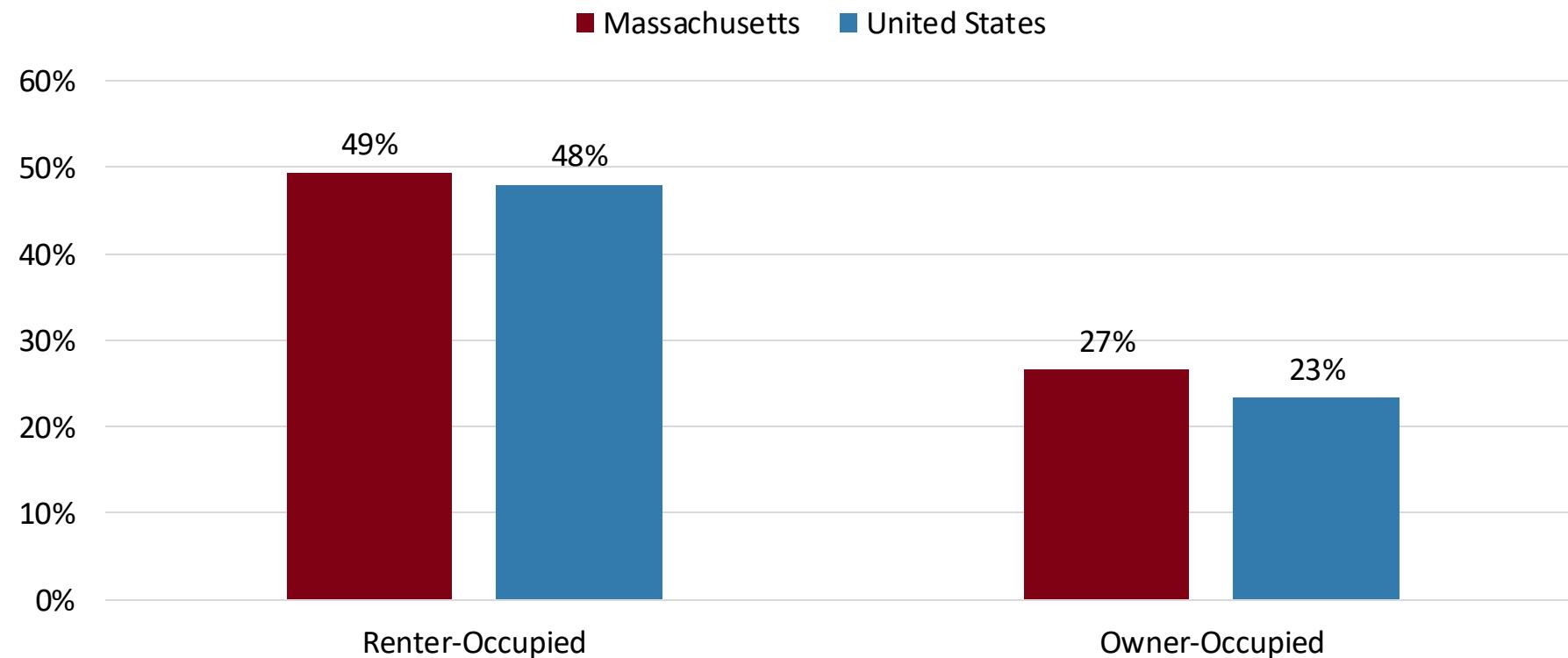


Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; UMass Donahue Institute MassDOT Vintage 2022 Population Projections. November 2022. (UMDI-DOT V2022).

Housing Trends in Massachusetts

Massachusetts renters and homeowners are as likely or more to be cost burdened than the nation

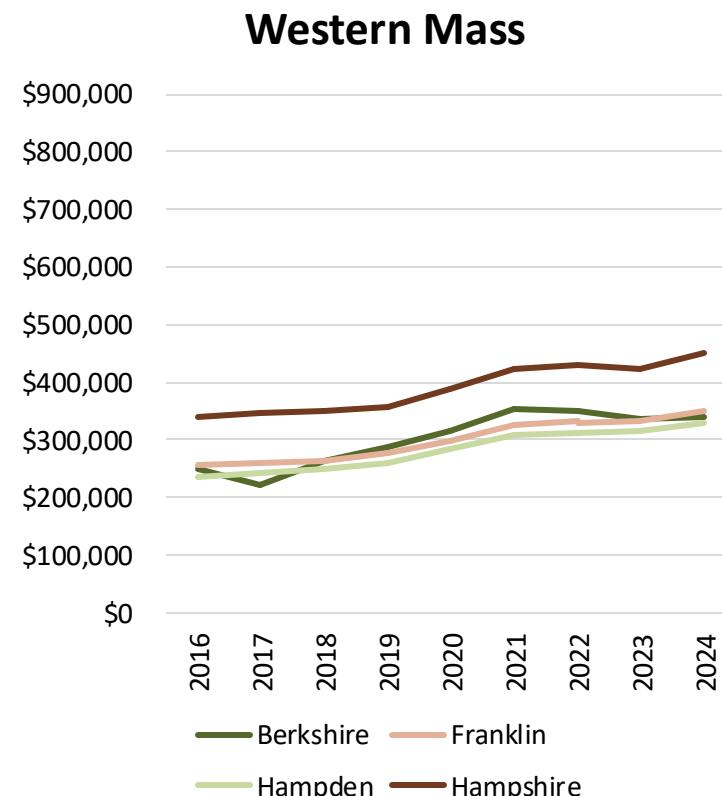
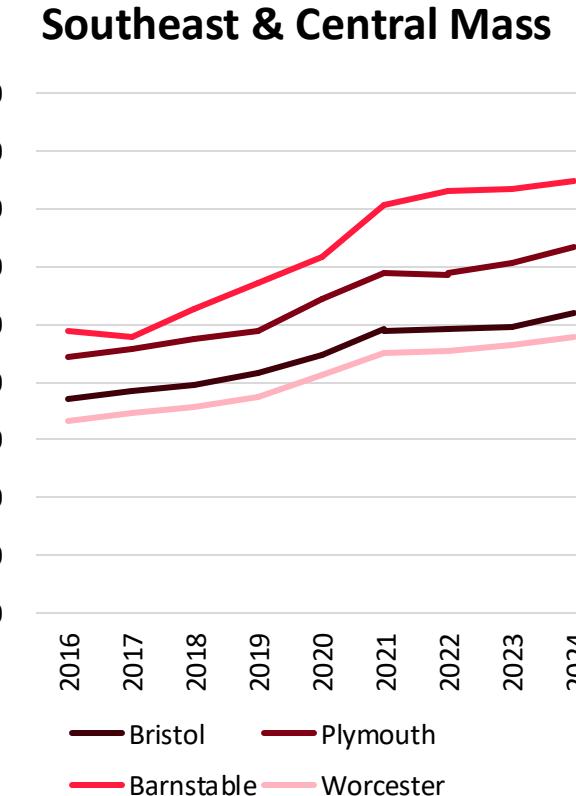
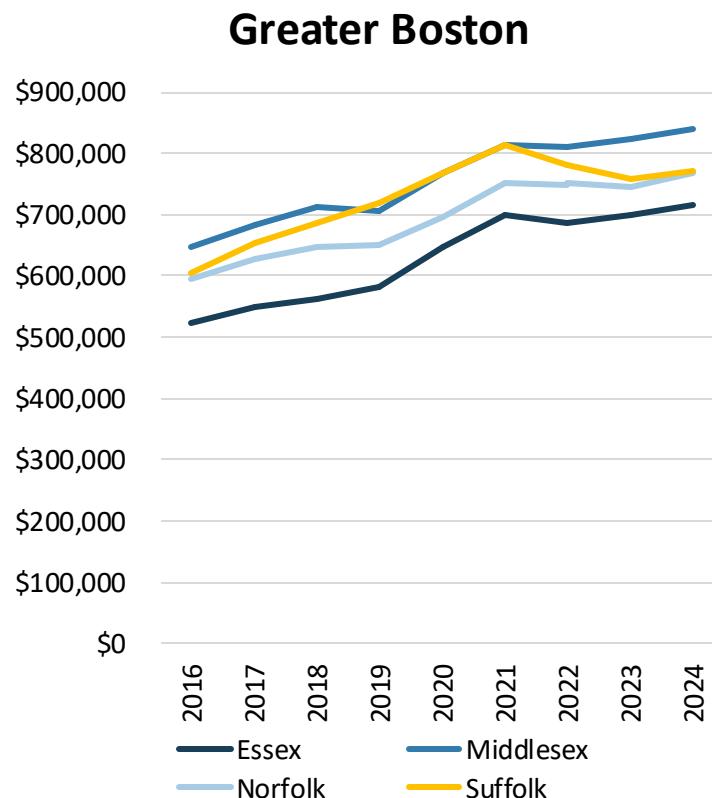
Housing-Cost-Burdened Households in Massachusetts and the United States in 2024 (Spending 30 Percent or More of Income on Housing Costs)



Source: U.S. Census Bureau, American Community Survey, 2024 1-Year Estimates. Via Social Explorer.

The pandemic caused home prices to increase across suburban Massachusetts and the Cape; Suffolk County saw decreases

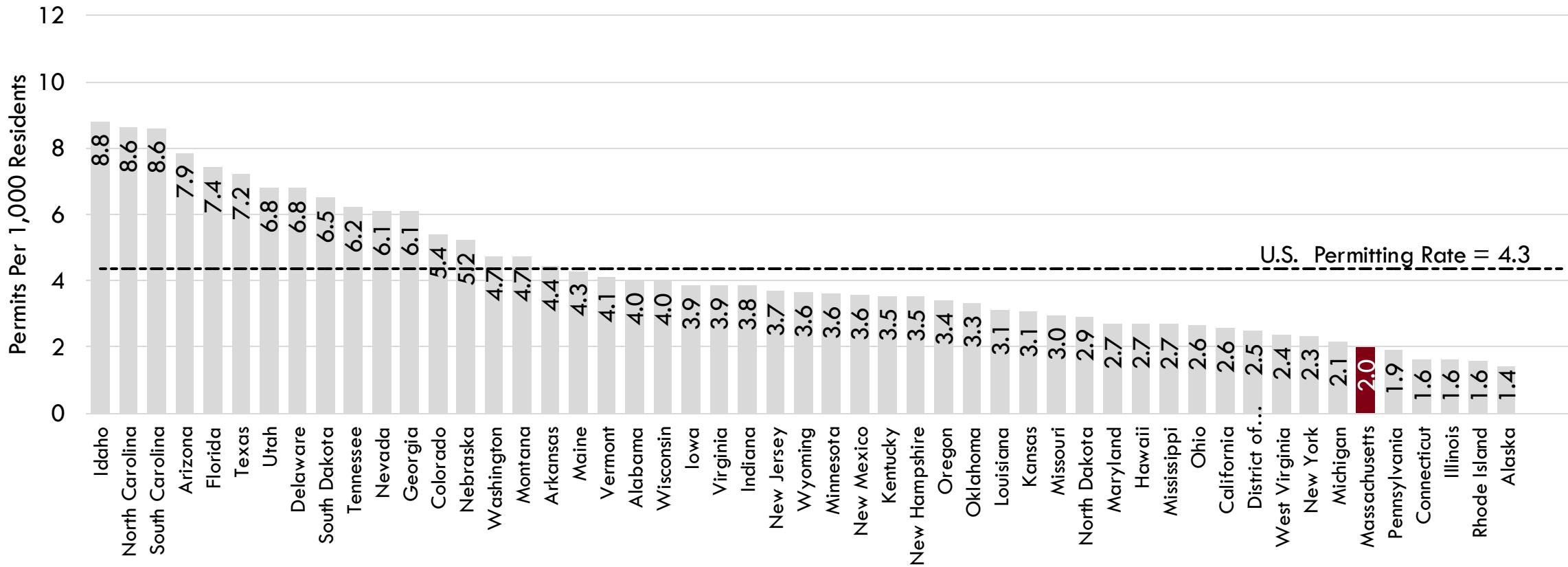
Single Family Median Sales Price by County in Massachusetts (\$2024), 2016-2024



Source: Massachusetts Association of Realtors; Bureau of Labor Statistics, Consumer Price Index

Massachusetts lagged the US in permitting per 1,000 residents and ranked in the bottom 10 states

Building Permits Per 1,000 Residents by State, 2024



Source: U.S. Census Bureau Building Permits Survey; U.S. Census Bureau Population Estimates Program.

Massachusetts Economic Outlook

- The state economy has had a mixed performance post-pandemic, though, secondary data has proven to be noisy
- The new administration brings several potential policy shift of concerns for the state economy, including immigration, federal research funding, and trade policy/inflation
- Long term, the state faces demographic challenges due to an aging population
- Local policy efforts need to focus on making the state attractive, competitive, and affordable to residents and businesses

Thank you!

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