

2025

OVERVIEW OF THE

RHODE ISLAND

ECONOMY



April 15, 2025

The Executive Office of Commerce submits its 2025 Overview of the Rhode Island Economy in accordance with R.I.G.L. § 42-64.19-6(6) which provides that the Secretary of Commerce shall be authorized to “Prepare and submit to the governor, the chairpersons of the house and senate finance committees, and the caseload estimating conference, by no later than April 15 of each year, a comprehensive overview of the Rhode Island economy. The secretary shall determine the contents of the overview and shall determine the important economic data and information that will inform the governor, and the revenue estimating committee on the economic conditions of the state and future issues and forward-looking projects of the Rhode Island economy.”

A note on the 2025 report: historically, the Executive Office of Commerce’s Annual Overview of the Economy has included a section on statistics related to the housing market and the development of new housing. While housing remains an integral component of the economy, the Department of Housing has been tasked with developing an annual integrated housing report, which provides a comprehensive overview of housing-related data in the state. This report can be viewed at <https://housing.ri.gov/data-reports/departmental-reports>.

This Annual Overview of the Economy will be made available at <https://eoc.ri.gov/about-us/reports>.

THE 2025 OVERVIEW OF THE RHODE ISLAND ECONOMY

EXECUTIVE OFFICE OF COMMERCE

THE 2025 OVERVIEW OF THE RHODE ISLAND ECONOMY

TO THE GOVERNOR AND THE GENERAL ASSEMBLY:

The following report provides an analysis of important economic data and information related to the current economic conditions of the state as well as potential future obstacles. The report focuses on the state's economic performance in 2024 as well as discusses projections for 2025 and future years. The goal of this report and the analysis included within is to help inform and guide policy decisions and strategic economic development planning.

The state's economic performance in 2024 was strong, though tempered. Economic trends established in 2023 largely continued throughout the year. The labor force and Rhode Island-based jobs both saw significant growth. The unemployment rate rose, though that rise was driven by an increase in people joining the labor force, rather than people losing their jobs.

With policy and administrative changes happening at the federal level, it is important to remain vigilant, being aware of economic indicators and pursuing policies that will help ensure Rhode Islanders are resilient in the face of any potential downturns.

Under Governor McKee's leadership and the guidance of the RI 2030 plan, Rhode Island Commerce is proud to be at the forefront of programs to build strong and sustainable communities and increase prosperity among Rhode Islanders. This annual economic report emphasizes the need for continued investment in these policy priorities in order to maintain the progress made so far in building a stronger economy.

We should celebrate and acknowledge this progress while keeping an eye on the future and recognizing the work still to be done — investing in our citizens; improving the state's economic fundamentals; and leveraging data to strengthen our state, empower our residents, and ensure a prosperous, healthy, and sustainable future.

ELIZABETH M. TANNER, ESQ.

SECRETARY OF COMMERCE

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INTRODUCTION

Rhode Island's economy saw moderate growth in 2024, largely holding steady trends from the prior year. The growth of Rhode Island-based jobs was a particular bright spot, setting new record highs for the total nonfarm employment in the state. While the unemployment rate did increase over the course of the year, this increase was driven by growth in the size of the labor force, a more positive development for the state. The unemployment rate remains below 5%, an indication that Rhode Island's economy was operating at full capacity.

Last year's Overview of the Rhode Island Economy, published in April 2024, cited a number of forecasts for the coming year.¹ The U.S. economy well outperformed the generally modest growth projections made by the Congressional Budget Office (CBO), successfully avoiding a recession while inflation decreased, and interest rates peaked. CBO had projected an annual growth rate of real GDP of 1.5% in 2024. The Bureau of Economic Analysis (BEA) found that the U.S. economy grew by 2.8% last year, nearly double the projection.

At home in Rhode Island, projections for total nonfarm employment indicated the state would have just shy of 500,000 jobs by the end of 2024. In reality, total nonfarm jobs reached 514,500 in December 2024. The state's unemployment rate in 2024 was higher than projected, however, ending the year at 4.5% in December and an annual average of 4.3%, compared to a projected annual average of 3.0%.

Even with a relatively strong performance in 2024, there are reasons for concern in 2025. National policy and macroeconomic choices could lead to a potential national recession, likely dragging down the state's economy. Further, critical revenue streams for the state government may be at risk of losing funding, having a drastic impact on the size and scope of the investments the state can make into its people and building the economy. A diligent approach must be taken to evaluate economic indicators, safeguard the state's and Rhode Islanders' economic prosperity, and ensure long-term continued growth.

CHAPTER 1

2024 IN REVIEW

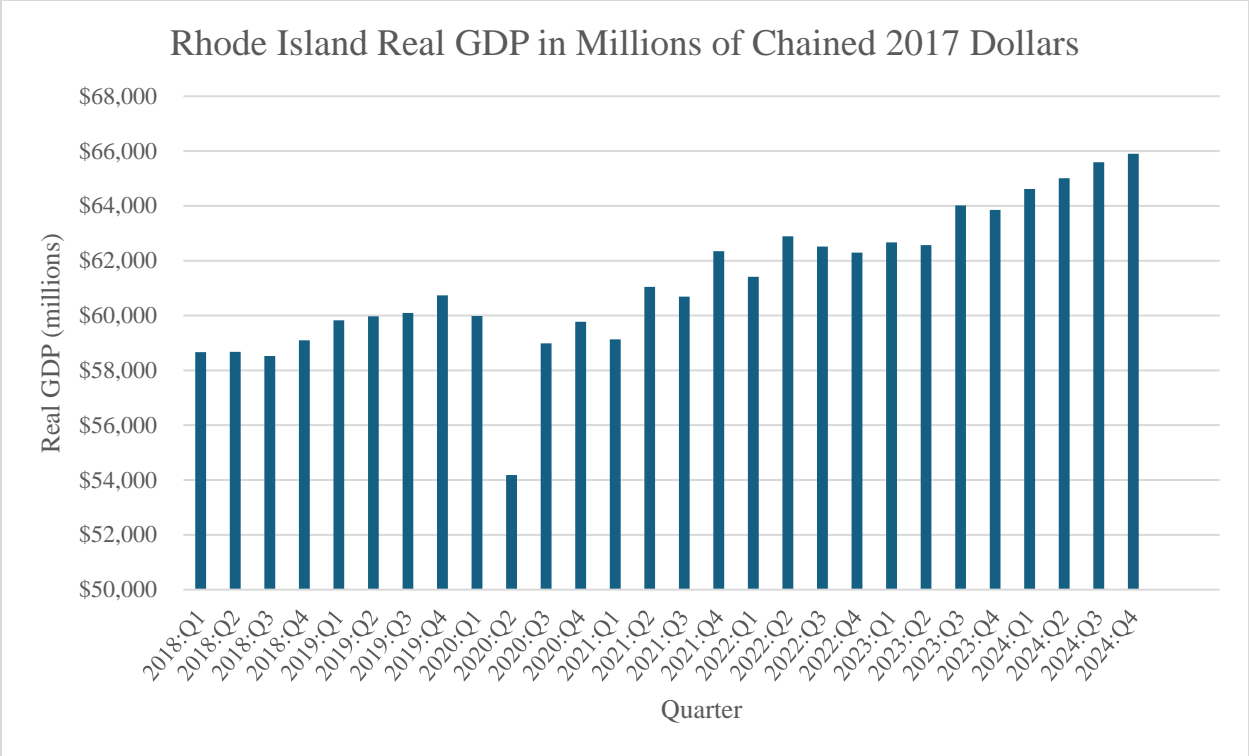
This chapter will review Rhode Island’s performance in 2024 related to economic growth, the labor market, international trade, and population growth, placed in the context of regional and national trends.

U.S., Regional, and Rhode Island Economic Growth

Nationally, the United States economy grew 2.8% in 2024, as measured by comparing the annual levels of real gross domestic product (GDP) in 2023 to 2024. This is a higher growth rate than seen in 2023 (2.5%), and well above the fairly conservative projections for economic growth in 2024. Last year’s annual overview of the economy reported that the CBO projected a real GDP increase of just 1.5% in 2024. A national growth rate of 2.8% for 2024 confirms that no recession occurred on the national level last year and puts the national economy on strong footing moving forward. Growth in national GDP was strongest in the second and third quarter of 2024, coming in at 3.0% and 3.1%, respectively (seasonally adjusted at annual rates). By the fourth quarter, national real GDP (chained 2017 dollars) was over \$23.542 trillion.

Regionally, the New England real GDP (chained 2017 dollars) grew by 2.64% from the fourth quarter of 2023 to the fourth quarter of 2024, reaching a high of \$1.213 trillion. Further, New England real GDP has grown by almost 11% since the first quarter of 2021. This ranks fourth out of BEA’s eight regions, behind the Southwest, Southeast, and Rocky Mountain regions.

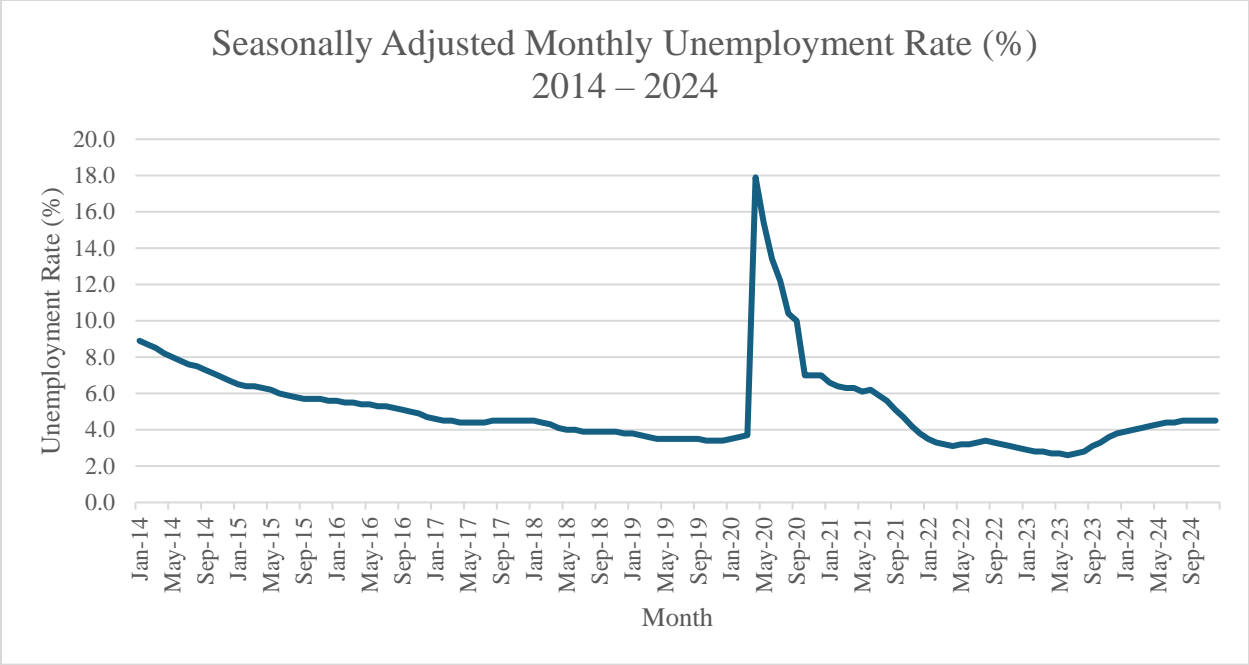
As shown in the chart below, Rhode Island’s real GDP has continued a growth trend seen over the past several years, reaching a new all-time high in the fourth quarter of 2024. From the annual levels of 2023 to 2024, the state’s real GDP (chained 2017 dollars) grew by just over \$2 billion, or 3.17%, ranking 14th among all the U.S. states in terms of growth rate. Rhode Island’s 2024 real GDP growth was the second highest in New England, falling behind only New Hampshire’s (13th, 3.25%). Massachusetts’ growth rate ranked 19th (2.94%) and Connecticut’s ranked 23rd (2.58%). The largest contributors to Rhode Island’s real GDP were the real estate and rental and leasing industry (which made up nearly \$10 billion of real GDP), the government and government enterprises industry (over \$8.5 billion), and the health care and social assistance industry (nearly \$7 billion).



Source: U.S. Bureau of Economic Analysis

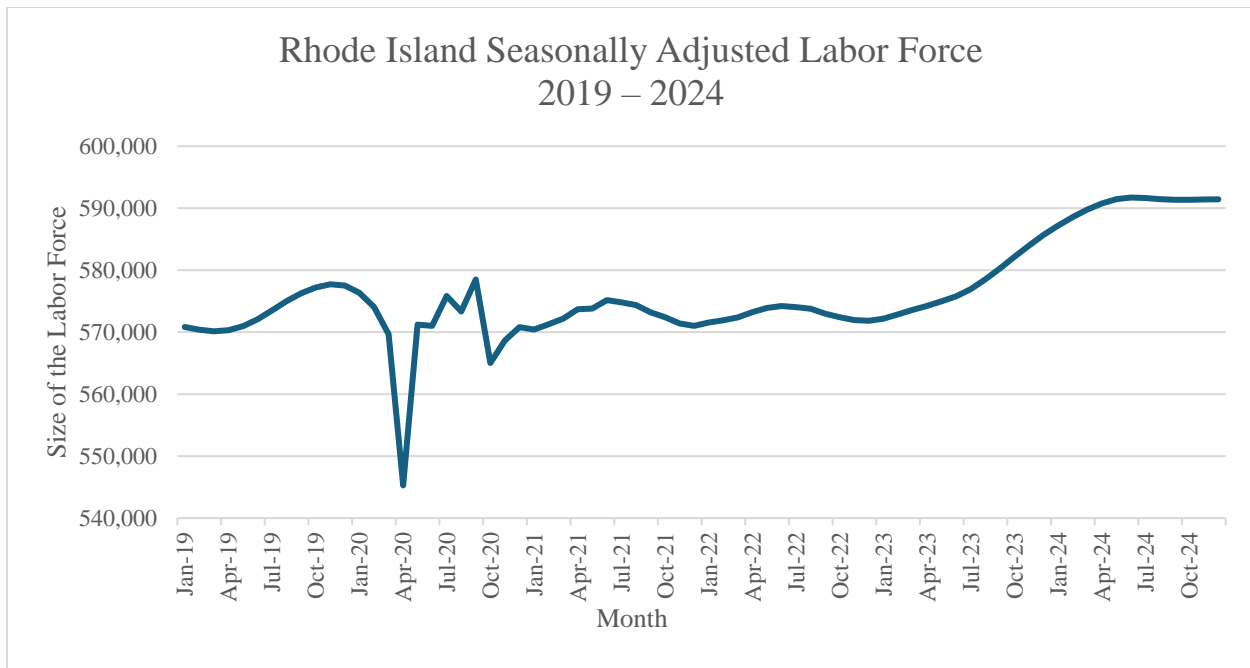
Labor Market and Workforce

Rhode Island’s labor market largely held steady in 2024, continuing some trends from the prior year. The unemployment rate increased slightly in the first half of 2024, following increases in the second half of 2023 from the record low marks in May and June of that year. The state’s unemployment rate increased from 3.9% in January 2024 to 4.5% by mid-year, holding constant at that level for the remainder of the year. The chart below shows the state’s seasonally adjusted unemployment rate in every month over the last decade. Compared to the rest of the region, Rhode Island had the highest monthly unemployment rate in New England, with Massachusetts close behind; Rhode Island’s average unemployment rate for the year was 4.3%, with Massachusetts at 4.0%, Connecticut at 3.2%, Maine at 3.1%, New Hampshire at 2.6%, and Vermont at 2.3%. Further, the Rhode Island unemployment rate was higher than the national unemployment rate in every month of the year.



Source: U.S. Bureau of Labor Statistics

While the state’s unemployment rate did increase, this rise was driven not by Rhode Islanders losing their jobs, but by more people entering the labor force. The state’s total employment held very steady over the course of the year (564,066 in January compared to 564,654 in December), while unemployment grew from 23,132 in January to 26,772. Those figures combine to represent the growth in the labor force, which peaked at a record high of 591,719 in June 2024, a growth of nearly 20,000 people from the recent low point of December 2022. Over the year, the state’s labor force grew by 4,228 people from January 2024 to December 2024. The consistency in the size of the labor force between the summer and winter months is also interesting, as historically, many years have seen a drop-off toward the end of the year. The relatively small size of the labor force, as demonstrated in the chart below, was a concern discussed in other recent annual economic reports, especially coming out of the pandemic-related economic downturn of 2020.

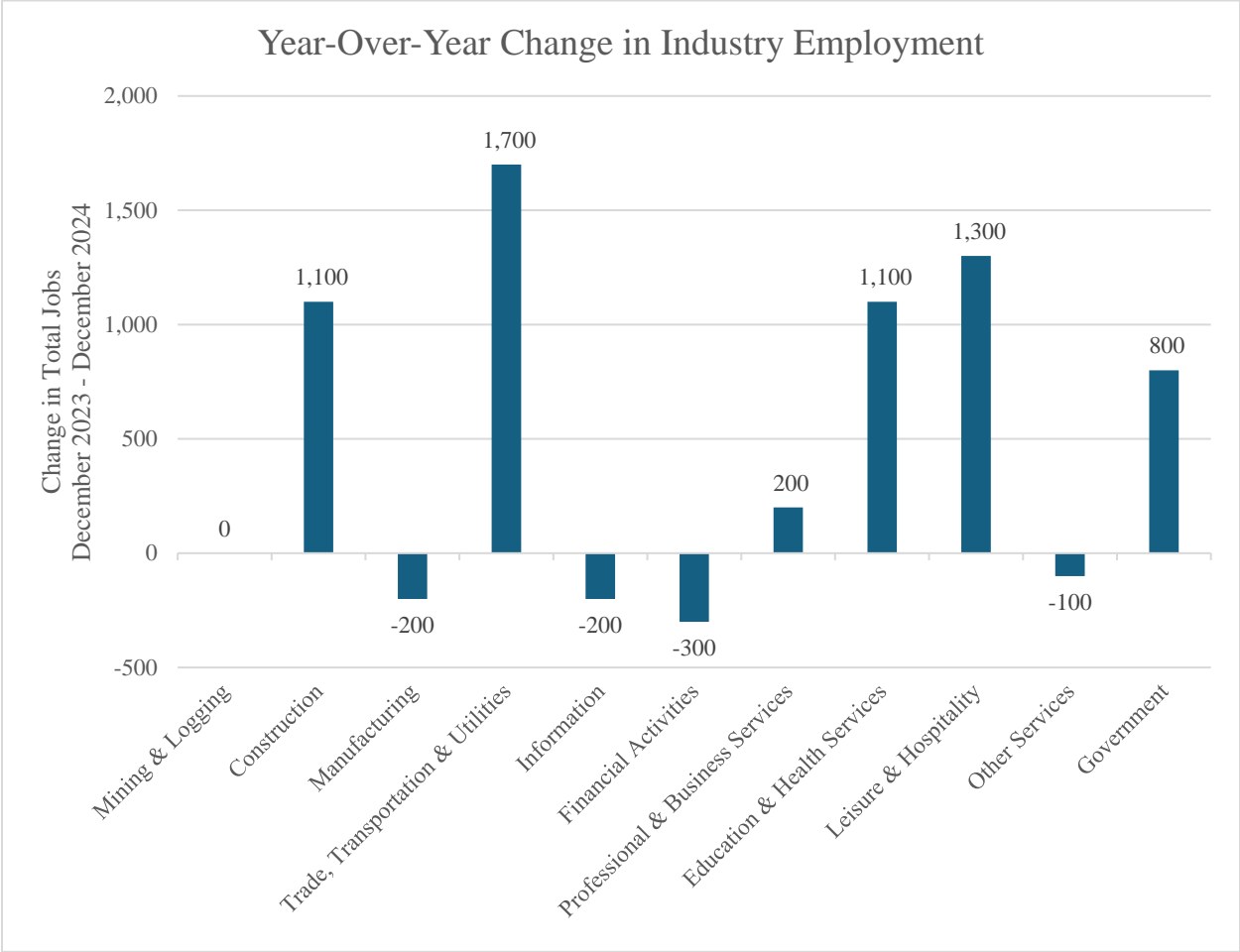


Source: Rhode Island Department of Labor and Training

Interestingly, the state’s labor force participation rate did not follow the exact same trend over the course of the year. The labor force participation rate grew in the first half of the year, peaking in May at 64.6%, tied with September 2020 for the highest value seen since the onset of the COVID-19 pandemic. However, the labor force participation rate then fell over the rest of the year, ultimately closing out the year at 64.2%. This rate ranks second lowest in New England as of December, higher only than Maine (60.3%), but higher than the national value of 62.5% in the same month. It is notable that there was a decline in the labor force participation rate without a decline in the size of the labor force. One potential explanation for this is a change in the population estimate used to calculate the participation rate, which is defined by the Bureau of Labor Statistics (BLS) as the total number of people in the labor force divided by the total civilian noninstitutional population.

Another metric of health for the economy is based on the BLS Job Openings and Labor Turnover Survey (JOLTS). For instance, the ratio of job openings to unemployment can provide information about flexibility in the labor market. A value above one signifies that there are more job openings than there are unemployed people looking for work, which can make it very hard for employers to hire. Conversely, a value below one signifies that there are more unemployed people than there are job openings, making it harder for people to find work. Using the three-month rolling average of job openings and unemployment in Rhode Island, the ratio by the end of 2024 was almost exactly one, meaning there were very similar numbers of job openings and unemployed people. The value was below one between April 2020 and June 2021, when many employers were not hiring due to the COVID-19 pandemic, and then reached a peak of nearly 2.5 in April 2022, which aligns with anecdotal data about when businesses were having a hard time finding qualified candidates to hire. From the same survey, layoffs in Rhode Island did tick up in December 2024, though that data point may have been skewed by a single business within the sample.

Rhode Island total nonfarm employment continued to increase over the year, growing from 509,100 in December 2023 to 514,500 in December 2024. This represents a new record high number of jobs for the state. The industries that saw the largest job growth were Trade, Transportation, and Utilities (+1,700 jobs or 2.2%); Leisure and Hospitality (+1,300 jobs, 2.16%); Construction (+1,100 jobs, 5.12%); and Education and Health Services (+1,100 jobs, 0.99%). The Education and Health Services sector continues to be the largest employer in the state, representing 112,600 jobs as of December, almost 22% of the total nonfarm employment in the state. No industry saw a significant loss of jobs from December 2023 to December 2024, with the Financial Activities sector seeing the largest decrease of 300 jobs, only -0.85%.

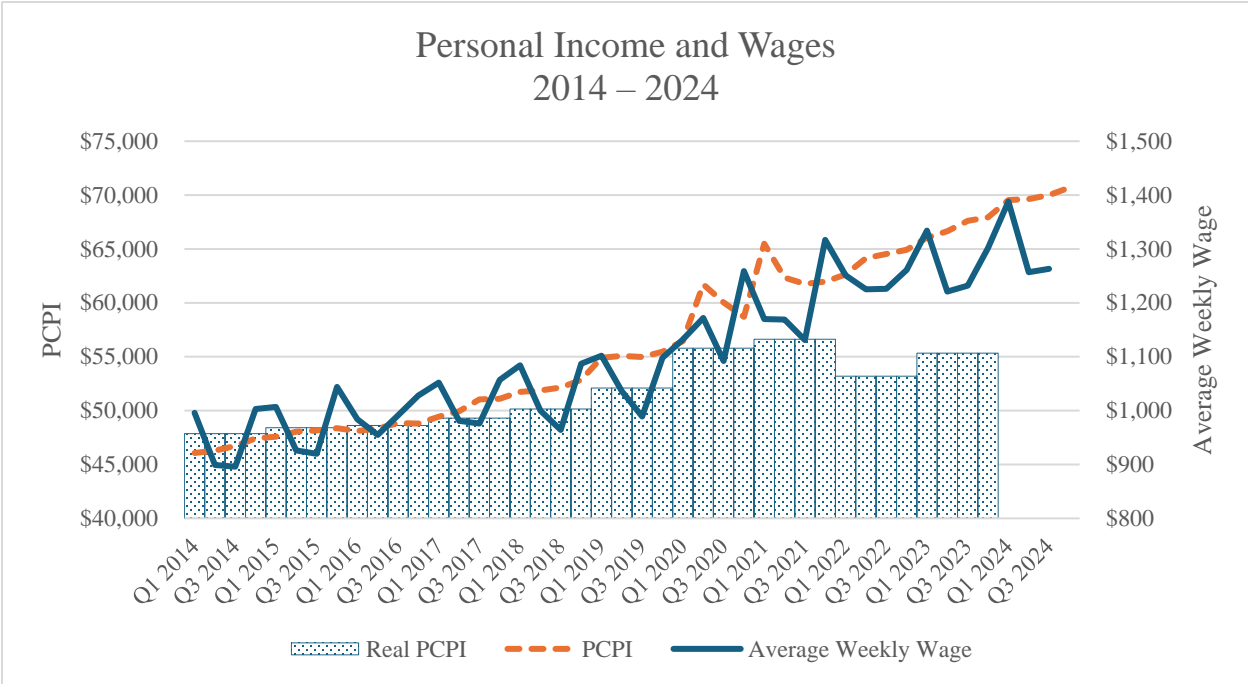


Source: Rhode Island Department of Labor and Training

Preliminary data from BLS for the first three quarters of 2024 show that average weekly wages have increased slightly over the past year. The first and fourth quarters of the year tend to have higher average weekly wage data, while average wages dip in the second and third quarters. Average weekly wages in the first quarter of 2024 were \$1,388, a new high for Rhode Island, eclipsing the first quarter of 2023. The annual average weekly wage in 2023 was \$1,272 (equating to a \$66,157 yearly wage), while the first three quarters of 2024 average out to \$1,303 (equating to a yearly wage of \$67,739), an increase of 2.39%. Over the first three quarters of 2024, Rhode Island’s average weekly wage ranks fourth in New England, behind Massachusetts (\$1,837), Connecticut (\$1,673), and New Hampshire (\$1,459).

According to the BEA, per capita personal income (PCPI) follows a similar trend to average weekly wages, increasing fairly steadily over the last decade, with notable fluctuations during the pandemic years. The annual average PCPI in Rhode Island in 2024 was \$69,967, compared to an annual average of \$67,062 in 2023, an increase of 4.33%. Rhode Island’s average quarterly per capita personal income in 2024 ranked 22nd out of the 50 states and fifth in New England behind Massachusetts (\$93,995, first in the nation), Connecticut (\$93,282, second in the nation), New Hampshire (\$82,891, eighth in the nation), and Vermont (\$70,096, 21st in the nation).

It is important to note that both PCPI and average weekly wage measures are not adjusted for inflation. Data on real PCPI, which is adjusted to account for inflation, are not yet available for 2024 as of April 2025. In 2023, real PCPI (constant 2017 dollars) was \$55,329 compared to \$53,188 in 2022, an increase of 4.03%. However, the 2023 value remained below both 2020 (\$55,797) and 2021 (\$56,628), indicating that despite gains in nominal income, with growth of over 25% between Q1 2020 and Q4 2024, inflation has lessened the real impact of wage and income growth. The Consumer Price Index (CPI), a standard measure of inflation, demonstrates that prices rose 22.6% between January 2020 and December 2024. The chart below displays the data described in this section on personal incomes, demonstrating the positive trend in both average weekly wages and PCPI, but how those diverge from the inflation-adjusted PCPI figures.



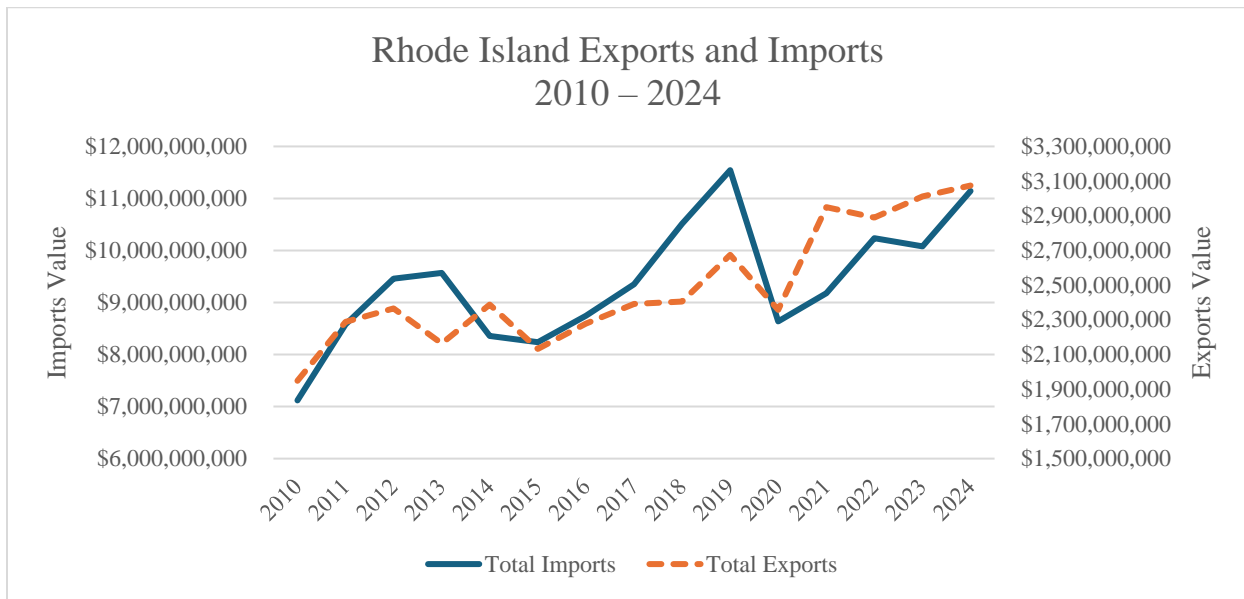
Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis

International Trade

In the international market, exports increased slightly to an all-time high. While imports remain below pre-pandemic levels, which were at a record high of \$11.54 billion in 2019, there has been an increase, with imports rising by more than 29% since 2020. Total imports of \$11.14 billion in 2024 represent a 10.6% increase from 2023 levels. It is important to note that these figures are not adjusted for inflation, so values can fluctuate significantly from year to year depending on

the price of goods. Exports increased by 2.08% over the year, reaching an all-time high of \$3.07 billion. The previous record high was set in 2023 at \$3.01 billion.

International trade flows have grown over the past decade, with exports growing 28.7% and imports growing 33.4%. The state’s trade deficit (total imports minus total exports) has fluctuated significantly over the same time period, but has a notable upward trend, rising from \$5.97 billion in 2014 to \$8.07 billion in 2024. This remains below the recent peak of \$8.87 billion in 2019.



Source: U.S. Census Bureau, Foreign Trade Division

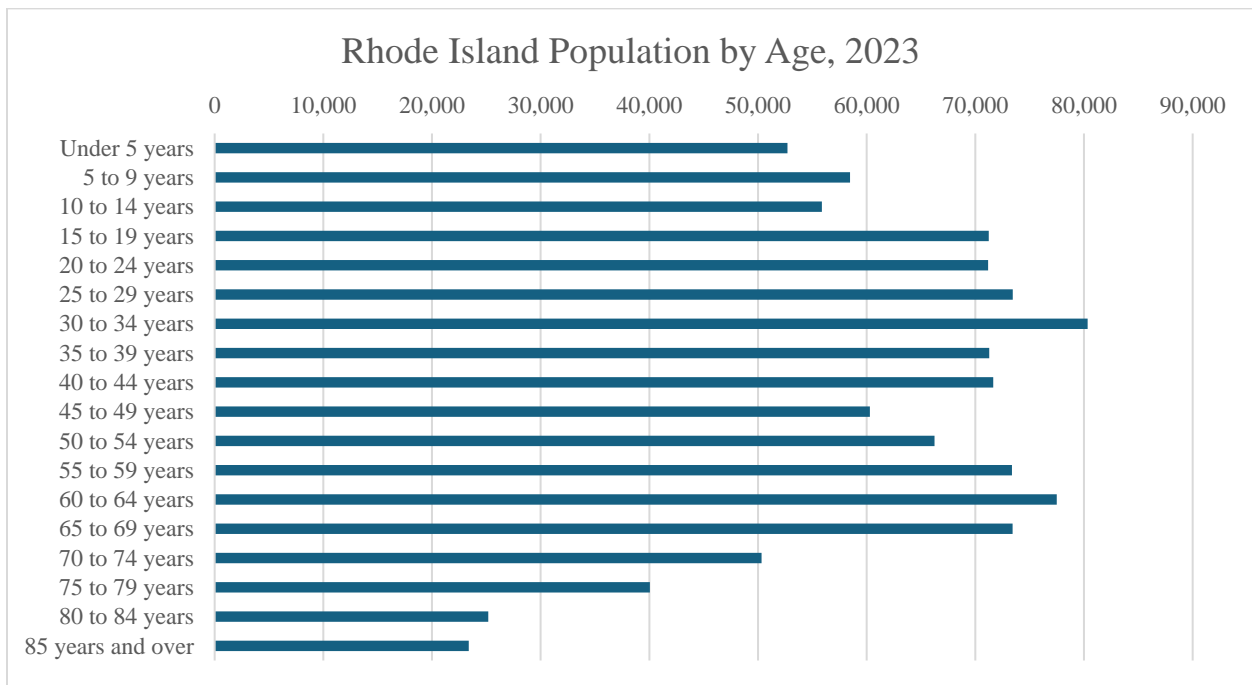
The largest overall export categories in 2024 were Waste And Scrap (\$928,232,235), Chemicals (\$658,020,518), and Miscellaneous Manufactured Commodities (\$261,559,637). Rhode Island’s top trading partners in terms of total exports in 2024 were Canada (\$511,333,184), Italy (\$416,377,571), and Ireland (\$263,445,448). These top export categories remain unchanged from 2023; however, Ireland overtook the Dominican Republic as the third largest export partner. The largest increases in exports by category from 2023 to 2024 were Waste And Scrap (+\$152,585,253); Chemicals (+\$28,933,818); and Fish, Fresh/Chilled/Frozen & Other Marine Products (+\$26,819,598). The largest decreases in exports by category over the year were Miscellaneous Manufactured Commodities (-\$160,365,885); Computer & Electronic Products (-\$31,313,664); and Electrical Equipment, Appliances & Components (-\$12,240,835). Marine products have seen a large rebound, going from the industry with the second highest over-the-year losses in 2023, to the industry with the third highest over-the-year gains in 2024.

The largest overall import categories in 2024 were Transportation Equipment (\$4,881,867,347), Petroleum and Coal Products (\$2,806,206,206), and Miscellaneous Manufactured Commodities (\$1,668,642,539). Rhode Island’s top trading partners in terms of total imports in 2024 were Germany (\$1,955,110,891), Mexico (\$1,657,640,492), and Canada (\$1,655,684,230). These top import categories are the same as 2024 while Mexico has overtaken Canada as the second largest import partner. The largest increases in imports by category from 2023 to 2024 were Petroleum and Coal Products (+\$376,749,259); Miscellaneous Manufactured Commodities (+\$363,127,025); and Fabricated Metal Products, Not Elsewhere Specified or Included

(+\$171,908,425). The largest decreases in imports by category over the year were Primary Metal Manufacturing (-\$114,249,913); Electrical Equipment, Appliances, and Components (-\$54,429,518); and Oil and Gas (-\$15,856,847).

Population Trends

The modal age among Rhode Islanders in 2023 — the latest data available — was 30 to 34 years, making up 7.33% of all Rhode Islanders. Just barely in second place was the age range 60 to 64 years, making up 7.07% of the population. 19.38% of the Rhode Island population is 65 or older (212,376 individuals), while 21.74% of the population is under the age of 20 (238,291 individuals). Combined, these two cohorts, which are outside of the traditional age of the workforce, make up more than 40% of the state’s population. The 65+ age cohort grew by 3.04% from 2022 to 2023, or approximately 6,000 individuals, while the size of the under 20 cohort decreased very slightly. From 2022 to 2023, there was a decrease of 2,092 individuals between the ages of 20 and 64. There was a total increase in population from 2022 to 2023 by 2,228, but this was driven by the aforementioned increase in the 65+ population. As mentioned above, there has been a focus on growing the labor force in Rhode Island, with notable increases over the past two years. Future gains in the size of the labor force would be more likely to occur with a younger population in the state. The prevalence of people in Rhode Island who are at or approaching age 65 means that a coming wave of retirement could have significant impacts on the labor force.



Source: U.S. Census Bureau, American Community Survey

According to the Census Bureau, Rhode Island had positive total net migration between July 1, 2023 and July 1, 2024. This was driven entirely by positive international migration, with 9,525 more people moving into the state from abroad than moving out of the state to live abroad. Rhode Island had slightly negative domestic net migration, with 305 more people leaving the state to live elsewhere in the U.S. compared to moving into Rhode Island from a different state.

Massachusetts and Connecticut saw the same trends, with negative domestic but positive international net migration. Of the people that moved into Rhode Island from a different state, the largest number came from Massachusetts (9,208) and Florida (3,277). Of the people that moved out of Rhode Island to a different state, the largest number went to Massachusetts (7,264) and Connecticut (4,299).

CHAPTER 2

2025 AND BEYOND

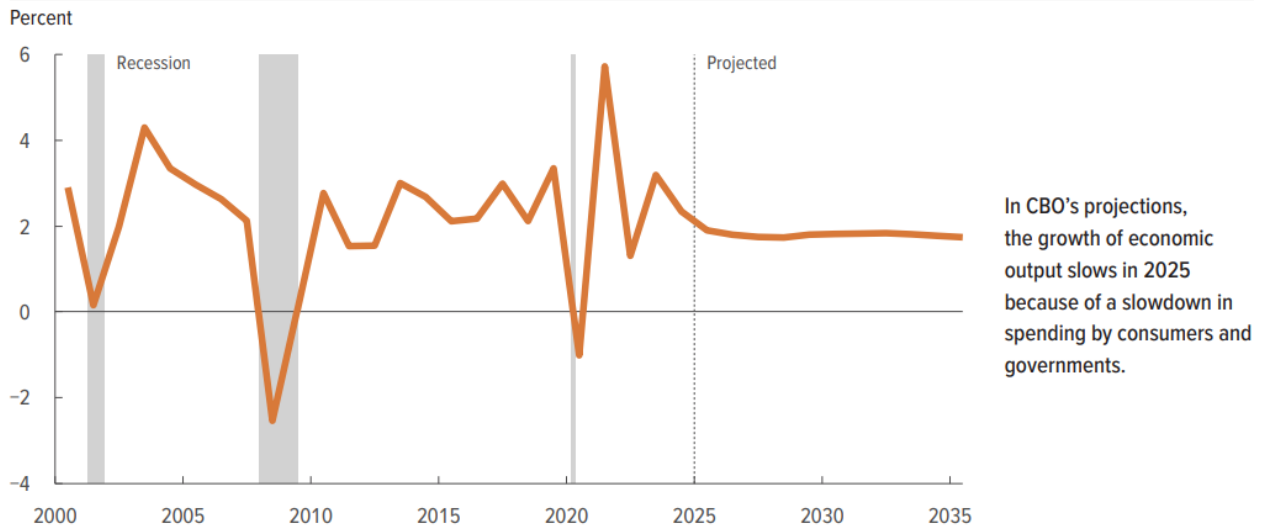
Based on preliminary data released as of March 2025, the Rhode Island economy has largely been on the same path as in 2024. The unemployment rate ticked up slightly in January and February, while the labor force participation rate dropped slightly. However, nonfarm employment continued its growth trend, setting a new record high in February.

U.S. and Global Projections

Uncertainty is the predominant concern for the U.S. economy moving forward. While economic growth in 2024 was strong compared to projections, policy and political instability in Washington have led to a cloudier outlook for the economy in 2025. In recent weeks, more observers and stakeholders have projected a recession coming within a year. For instance, Goldman Sachs projections as of March 2025 see a 35% probability of a U.S. recession, up from 20% previously. Goldman Sachs also lowered their U.S. GDP growth forecast from 2% to 1.5%.²

In January 2025, prior to the implementation or announcement of any new policies by the new administration, the CBO released their annual economic outlook report.³ This includes projections on GDP, the labor market, inflation, and other important economic indicators. In these projections, CBO estimated that real GDP growth would be 1.9% in 2025 and 1.8% from 2026 – 2035. Their reasoning for projecting moderating economic growth was due to a predicted slowdown in spending by consumers and governments. This projected rate of growth is lower than what they had predicted in their 2024 economic outlook report, when they were projecting annual growth of just over 2% for 2025 through 2028. Beyond economic growth, CBO projects a slightly higher national unemployment rate (4.3% – 4.4%) and a declining labor force participation rate due to the rising age of the population. CBO projects that both inflation and interest rates will tick down in 2025 and beyond, with interest rates settling in the 3% to 4% range and inflation approaching the Federal Reserve’s long-run goal of 2%. Finally, while the CBO does publish estimates of the federal budget deficit — \$1.9 trillion in 2025 growing to \$2.7 trillion by 2035 — these projections are likely to be significantly impacted by the passage of a potential tax and spending bill by Congress in 2025.

Growth of Real GDP



Source: Congressional Budget Office

According to the International Monetary Fund (IMF) World Economic Outlook Update published in January 2025, the IMF projects 2.7% U.S. economic growth in 2025, up from an earlier estimate of 2.2%.⁴ Globally, growth is projected at 3.3% both in 2025 and 2026, broadly unchanged from the October 2024 World Economic Outlook forecast with an upward revision in the United States offsetting downward revisions elsewhere.

Rhode Island Economic Projections

In Rhode Island, the Revenue Estimating Conference (REC) published the Consensus Economic Forecast in November 2024, meaning it does not incorporate any of the recent policies proposed or implemented by the new administration.⁵ The REC meets twice yearly to adopt economic forecasts and revise estimates of revenues which form the basis for the composition of the state budget by the Governor and General Assembly.

The 2024 economic forecast was informed by Moody's Analytics and the R.I. Department of Labor and Training (DLT). The group projected that total nonfarm employment would end calendar year 2025 at 512,700. This would represent a decrease of 2,400 jobs or 0.47% from the preliminary February 2025 measurement of 515,100 total nonfarm jobs in Rhode Island. Moody's reported that wage growth in Rhode Island has kept pace with national wage growth and outpaced inflation, as well as outpacing wage growth in the Boston metro area, a sign that the Rhode Island economy is in a strong position. However, housing costs and the tight housing market remained a significant point of risk for the state's economy, even with a projected growth in housing starts in the next several years.

November 2024 Consensus Economic Forecast								
	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030
Nominal Level								
Nonfarm Employment (Thous.)	504.6	511.1	512.7	513.8	513.6	513.3	512.8	512.3
Personal Income (Millions \$)	74,046	78,202	81,392	84,707	87,981	91,417	95,059	98,775
Housing Starts (Thous.)	1.1	1.2	1.4	1.5	1.5	1.5	1.5	1.4
Annual Growth Rates (% Year-over-Year)								
Nonfarm Employment Growth	1.4	1.3	0.3	0.2	0.0	-0.1	-0.1	-0.1
Personal Income Growth	5.1	5.6	4.1	4.1	3.9	3.9	4.0	3.9
Wage and Salaries Income Growth	4.1	6.2	4.0	3.7	3.5	3.5	3.4	3.4
Dividends, Interest and Rent Growth	11.2	4.0	2.3	2.8	2.7	3.6	4.0	3.7
Personal Consumption Expenditures Growth	4.9	4.5	4.9	4.2	4.0	3.9	3.9	3.7
Consumer Price Index (US)	4.1	2.9	2.4	2.4	2.3	2.3	2.2	2.2
Corporate Profits Growth (US)	6.9	6.2	0.2	0.3	3.1	4.4	4.1	3.5
S&P 500 Index Growth (US)	4.5	25.3	3.7	1.4	5.9	5.8	5.0	4.9
Rates (%)								
Unemployment Rate (RI)	2.9	4.3	4.6	4.6	4.6	4.6	4.6	4.7
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Nominal Level								
Nonfarm Employment (Thous.)	502.1	509.1	511.1	513.6	513.8	513.5	513.1	512.6
Personal Income (Millions \$)	72,198	76,264	79,676	83,079	86,329	89,669	93,226	96,908
Housing Starts (Thous.)	1.3	1.0	1.3	1.4	1.5	1.5	1.5	1.4
Annual Growth Rates (% Year-over-Year)								
Nonfarm Employment Growth	2.5	1.4	0.4	0.5	0.0	-0.1	-0.1	-0.1
Personal Income Growth	5.0	5.6	4.5	4.3	3.9	3.9	4.0	3.9
Wage and Salaries Income Growth	4.6	6.1	4.4	4.0	3.5	3.5	3.5	3.4
Dividends, Interest and Rent Growth	11.4	7.5	2.2	2.8	2.6	3.1	4.0	3.9
Personal Consumption Expenditures Growth	6.1	4.1	5.1	4.4	4.1	4.0	3.9	3.8
Consumer Price Index (US)	6.3	3.3	2.4	2.5	2.4	2.3	2.3	2.2
Corporate Profits Growth (US)	7.0	8.6	1.8	0.0	1.5	4.1	4.2	3.9
S&P 500 Index Growth (US)	-8.9	19.6	16.6	-0.3	4.0	6.3	5.3	4.9
Rates (%)								
Unemployment Rate (RI)	2.9	3.6	4.6	4.6	4.6	4.6	4.6	4.6

Source: State of Rhode Island Revenue Estimating Conference

Moody's has published more updated forecasts for Rhode Island's economy, which predict steady, though slower, economic growth.⁶ Moody's also predicts that total nonfarm employment will stagnate at approximately its current level over the next decade, with the unemployment rate remaining below 5%. The labor force participation rate is also projected to remain steady, between 64.5% and 65%. Consistent real per capita income growth is expected over the next decade as well.

On January 30, 2025, Providence Business News convened its Economic Trends Summit.⁷ The keynote speaker at this event was Thomas Tzitzouris, Head of Fixed Income Research at New York City-based Strategas Research Partners. Among the primary topics discussed were the issue of persistently high inflation (which has outpaced wages, leading to a 4.5% loss of purchasing power since 2020), the treasury supply (referring to the issuance of bonds and the amount of debt that the U.S. Treasury can take on) and the increasing national debt, and consumer health including inequality.

Tzitzouris cautioned that while many Americans feel that the worst of supply, labor, and pricing shocks is behind them, a second wave may likely come in the next 18 – 24 months. It was projected that inflation would stay around 2.5%, lowering in the spring before remaining consistent for the rest of the year. He also expressed optimism that the U.S. will not go into a recession in 2025, as it is predicted that there will be an increase in small businesses and the manufacturing sector.

As for Rhode Island's economic growth, Tzitzouris emphasized that it has been stymied due to a relatively low labor force participation rate, high housing costs, and low birth rates. These issues have been compounded with generational changes in the labor force, and different levels of training among the different generations. These challenges are consistent across the entire Northeast, where states are struggling with an aging population, unaffordable housing, and a relatively low labor force participation rate. Tzitzouris did point out some metrics whereby Rhode Island is outperforming other New England states, such as lower spending on government employees per capita.

Rhode Island Performance to Date in 2025

Through February 2025, the unemployment rate has continued to climb, reaching 4.7%, the highest figure since October 2021. The number of employed Rhode Islanders dropped slightly in the first two months of 2025 from 564,654 in December 2024 to 562,590 in February 2025. This was accompanied by a small decrease in the size of the labor force from 591,426 to 590,588 over the same time period. However, nonfarm employment continued to grow, reaching 515,100 jobs in Rhode Island as of February. The Leisure and Hospitality industry has seen the largest growth from December 2024 to February 2025, growing by 400 jobs, while the Professional and Business Services industry has lost 300 jobs over the time period. Both the Construction and Manufacturing sectors have seen job growth as of February when compared to December 2024. As the economy progresses in 2025, shaped by national trends, data regarding each of the top employer industries in the state may potentially shift, making the Current Employment Statistics survey an important data source to track.

CONCLUSION

Rhode Island saw moderate growth in the economy and labor force in 2024, with mixed signals for potential performance in 2025. How the state's economy performs in the coming year will be greatly impacted by policies and macroeconomic trends established at the federal level. With concerns for a national recession on the rise, Rhode Island must be on the close lookout for any economic indicators that a localized recession is coming as well. The continued growth in jobs and the unemployment rate remaining under 5% are promising signs. The state's current and future investment in housing development will continue to pay dividends by lowering the cost of housing and stimulating construction jobs and capital investment. Maintaining the 2024 growth in the labor force will be important to strengthen Rhode Island's tax base and continue the upward trend in personal incomes.

While the state has natural demographic challenges to tackle, and many state economic trends are determined by regional and national factors outside of state control, Rhode Island is in a strong position. There is always more to be done to improve the quality of life for Rhode Islanders. The state is making investments in housing, workforce development, and economic development in order to continue the positive economic trends seen to date. These investments, among others, will set Rhode Island up for a more prosperous future.

NOTES AND REFERENCES

The figures and estimates provided in the 2025 Overview of the Rhode Island Economy are principally based on data accessed in March and April 2025 and Executive Office of Commerce staff calculations from these data. Generally, labor market data and statistics are from the Rhode Island Department of Labor and Training and U.S. Bureau of Labor Statistics. CPI data is from the Federal Reserve Bank of St. Louis. GDP and personal income data are from the U.S. Bureau of Economic Analysis. Population data are from the U.S. Census Bureau. International trade data are from the U.S. Census Bureau's Foreign Trade Division. Unless otherwise noted, all dollar figures are in current dollars and all employment data and statistics are based on seasonally adjusted data.

¹ <https://eoc.ri.gov/about-us/reports>

² <https://www.reuters.com/markets/us/goldman-sachs-expects-us-fed-deliver-three-rate-cuts-2025-2025-03-31/>

³ <https://www.cbo.gov/system/files/2025-01/60870-Outlook-2025.pdf>

⁴ <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

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https://www.rilegislature.gov/Special/rcc/REC202411/11.18.24_November%202024%20REC%20Report_FINAL.pdf

⁶ Moody's Analytics Forecasts of BEA and BLS data, retrieved April 3, 2025 from Data Buffet

⁷ <https://pbn.com/economist-after-high-inflation-debt-may-hold-back-momentum/>