

Massachusetts Business Outlook 2026

James E. Rooney, President & CEO
Greater Boston Chamber of Commerce
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Introduction

Welcome to the Chamber's annual Business Outlook address.

Every year, I reflect on the state of business and commerce in the Commonwealth and share how the Chamber's public policy agenda will strategically advance our competitiveness, livability, and a strong future for our region.

As I consider the opportunities and challenges facing people and businesses of the Commonwealth, I am confident we can shape a future our communities deserve and need.

When I meet with CEOs and political leaders around the country, the successes of Boston and Massachusetts inspire and motivate them. We set the gold standard across industries and sectors.

I also hear about the uncertainty that people and businesses here in our state are navigating.

One of our strengths is our willingness to collaborate, negotiate, and meet our challenges head on when confronted with public policy problems. This approach is not always easy, but bringing stakeholders to the table in good faith makes real progress possible.

The Chamber collaborates with government leaders every day at the city, state, and federal levels with the common goal of making this the best state and city to live and work in.

Massachusetts continues to lead the country in so many ways, and most importantly, in quality of life. But we are also navigating challenges that threaten our leadership and competitiveness.

The lack of affordability for families and businesses is holding back the success of people and our economy. An unpredictable federal government is creating significant challenges to local and state government budgets and uncertainty in the

business community. Within our state, outdated and misguided policy proposals under consideration by policymakers and voters erode the very advantages contributing to the Commonwealth's success.

Affordability & Competitiveness

Driving the Chamber's policy priorities are the issues of affordability and maintaining and growing our competitive edge.

When operating expenses rise and regulatory hurdles increase, businesses of all sizes face significant challenges in trying to grow and attract investment. These factors influence decisions about where companies choose to locate, expand, and hire talent. Massachusetts is increasingly perceived as a costly and complex environment for business, and we are already losing ground to regions that offer more favorable conditions.

Given the structure of our economy, Massachusetts employers face significant pressures and headwinds driven by federal policies: tariffs that disrupt global trade, immigration restrictions that limit access to skilled talent and cuts in federal research funding that threaten our global leadership, innovation and the economic impact of our universities, colleges and medical institutions.

Despite these challenges, many policies are within our control at the state and local levels. But at times, we have been slow or hesitant to shift our thinking to respond to changes in federal policy or new economic realities. Tax and regulatory policy, controlling spending, economic development initiatives that create jobs, housing and energy affordability, and education programs are areas where local and state governments can make a meaningful difference.

Housing Affordability

Let's start with the state of housing. Housing affordability in the Commonwealth continues to be a problem, especially for our middle class and our workforce, which has been increasingly left out of the housing discussion. We see and hear about the impact of this every day: families are being priced out and move away to more affordable cities – not because they want to but because they have no other choice.

We lose the vibrancy and entrepreneurial spirit of young professionals because they cannot afford to live here, and employers struggle to attract and retain workers at all levels because of the challenges of housing.

Our region needs to continue to change its mindset regarding housing. The Affordable Homes Act was a good start, but we will produce more housing when the private housing market is empowered, not restricted. We need to get out of the way and unleash the private market to build more housing of all types, not stifle it. We need government to create the infrastructure and access to utilities needed to incentivize housing production.

Unfortunately, with a rent control question on the ballot, we are already seeing housing projects delayed because of hesitant investors. It does not make financial sense to investors to build the amount of housing we need in Massachusetts under these circumstances. Rent control is a terrible idea.

We need to shift our thinking. Given the urgency of the issue, we need to foster an environment where developers see our region as a place to build and grow, rather than a place to avoid in favor of other cities and states that welcome production and economic growth.

And there are other proposals in place or under consideration that undermine housing production, including transfer fees, aggressive inclusionary development mandates, and overly burdensome local zoning rules. Restrictions and layers of red tape add costs, delay projects, keep cranes out of the sky and building trades workers sidelined.

With a shift to prioritizing housing production, understanding the levers that incentivize development while removing the barriers, we can turn the housing crisis around to make the Commonwealth a place where everyone can call home.

Energy - How We Power the Commonwealth

Massachusetts has some of the highest energy rates in the country. Policymakers have rightly focused on developing new clean generation resources in recent years to create alternatives and help address climate change. But that roadmap is now at a critical juncture.

The federal government has paused the development of offshore wind, a critical piece to diversify our energy infrastructure. This will impact every employer, every family, and every community in the Commonwealth.

On the other hand, the recent completion of the New England Clean Energy Connect project, bringing hydropower from Canada, is a big win. But it alone won't solve our energy demand and cost problems.

Our economic development, growth and transportation agendas and the transition to electrification will require more energy, and we need a grid that can handle the transformation. It will take decades, a reality we should accept before picking one resource over another.

In addressing our energy future, we cannot just dismiss the cost impacts on our businesses and people. Our policy decisions have real impacts on what you pay on your electric or gas bill, and those impacts are growing.

That's why we need balance. We need a balanced practical approach with achievable goals. If we fail to strike that balance, we risk burdening employers, slowing growth, and undermining the very competitiveness that defines Massachusetts, and we risk making the consumer affordability issue even worse.

Massachusetts can lead. We can be the model for clean energy and innovation while advancing affordable solutions. The Chamber will be active in this space in 2026 and is ready to collaborate.

Transportation

As we consider our energy demands, we also must maintain our momentum by addressing our transportation infrastructure throughout the state.

While we have turned a corner on transportation in some ways, we are not where we need to be. We must stay focused on improving reliability and convenience in our public transit systems throughout the state. Our riders need a system they can depend on and trust to get them to work, school, and home to their families. But at the same time, we need to articulate a bold vision for our transportation future across the entire Commonwealth.

This isn't just about Boston. It's about creating a system that connects us and benefits every corner of our state. Better public transit systems, big and small,

strengthen the entire Massachusetts economy, bring workers to jobs, reduce congestion, and make our state more competitive, further enhancing our quality of life.

We still have work to do. This is why we are calling on the Legislature to continue to prioritize mobility across the state. The income surtax was designed to invest in our future. It is time to split those funds 50/50 between education and transportation.

Let's build a transportation system worthy of the Commonwealth and worthy of the people who call it home.

Education

Now, let's turn to education. Despite massive amounts of increased funding through the Student Opportunity Act and the income surtax, student achievement in Massachusetts and public-school enrollment are declining. This should concern all of us.

Our public schools have always been the best. As a result, we have the most talented workforce in the country.

For the first time in decades, our position as the leader in education is under a real threat. We must pay attention to the warning signs: Test scores are falling. We no longer have statewide standards for high school graduation. And, early childhood literacy rates have not recovered from the pandemic.

Voters, rightly or wrongly, decided that the MCAS exam is not the right tool to measure student performance. But let's be clear: they did not vote for the removal of all standards.

The Commonwealth's constitution guarantees every child access to an adequate education. This is not optional. This is a matter of fairness and an obligation we have to parents and students. We need to be able to measure the progress of every student and provide the support and resources they need to succeed. High school degrees need to mean more than participation trophies.

The state must adopt a statewide graduation standard to ensure students receive a high-quality education regardless of which school district they live in. We cannot have an inconsistent patchwork of local standards, projects, or grades.

We must ensure that our Commonwealth remains a leader in education for generations to come.

The Future of Technology & Regulation

In Massachusetts, we push the boundaries of what is possible through innovation, research, and breakthroughs in all industries from AI and robotics to biotechnology and finance.

These industries and others are evolving rapidly. But government must avoid rushing to regulation extremes. Thoughtful boundaries are welcome, but hasty overregulation can stifle home-grown innovation, undercutting one of the Commonwealth's greatest strengths. If we impose overly restrictive rules, we risk discouraging investment and slowing the pace of technological advancement while other states and countries move forward.

Data does not respect state lines, and AI technologies are deployed globally. For this reason, we believe these issues are best addressed through federal regulation, ensuring consistency and clarity across jurisdictions.

Absent federal intervention, common sense state regulation is possible, one that balances innovation with consumer protection. This requires careful attention to detail and alignment with broader standards.

Unfortunately, several proposals pending in our state legislature would do the opposite, creating unnecessary burdens without delivering meaningful results.

These proposals would disrupt businesses of all sizes and industries, making it difficult to use tools that drive innovation, benefit consumers, enhance the economic strength of our state, and create 21st century jobs right here in Massachusetts.

Perhaps more troubling, these proposals would position Massachusetts as a prime target for lawsuits by introducing untested legal standards, ambiguous requirements, and severe financial penalties for normal business functions.

As innovation and technology move forward at a rapid pace, we must develop regulations that do not drive businesses away.

We can and must strike the right balance: protect consumers while preserving the innovative spirit that defines our Commonwealth.

Building a Competitive, Resilient Economy

Our competitor states are positioning themselves as business-friendly destinations, prioritizing jobs and economic growth. Through government fiscal discipline, lower taxes, targeted marketing campaigns, and investments in infrastructure, these states are proactive and effective. They count on our complacency to attract our residents and businesses.

If we fail to act, we risk losing talent, businesses, investments, and ultimately our economic edge. We need to reduce barriers and create strategic pathways for growth.

Together, we can build a resilient, competitive economy, one that creates jobs and economic mobility throughout Greater Boston and the Commonwealth.

Let's get to work.