

NC Economy Watch

August 2026

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This month's data release

July 2026

North Carolina's **unemployment rate** remained unchanged at **3.6%**

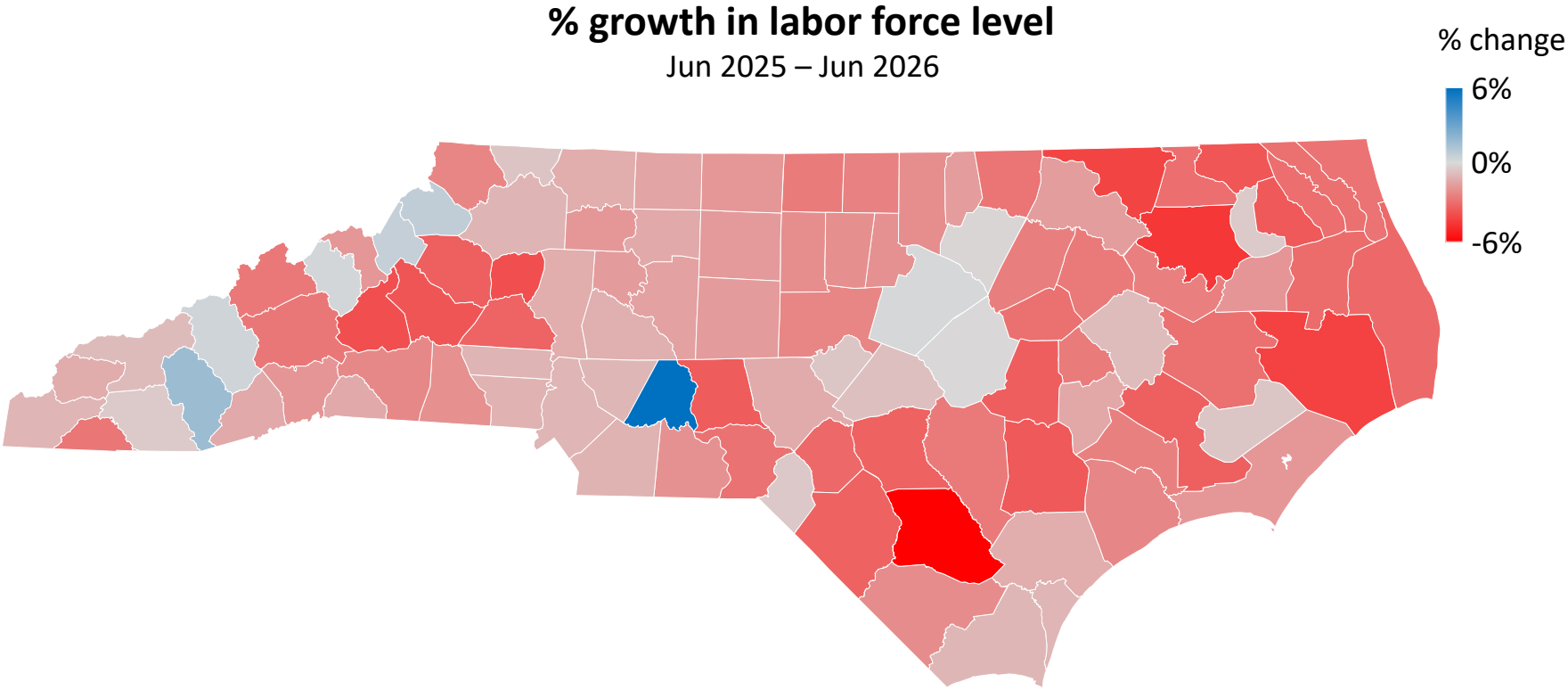
- The “low-fire” labor market: relatively few mass layoffs

Net job growth slowed to +1.0% over the year as North Carolina **lost jobs** for the **second month in a row**

- The “low-hire” labor market: job growth is stronger and broader than last year, but still relatively weak in historical terms
- Construction and healthcare led over-the-year job gains, while manufacturing led over-the-year job losses

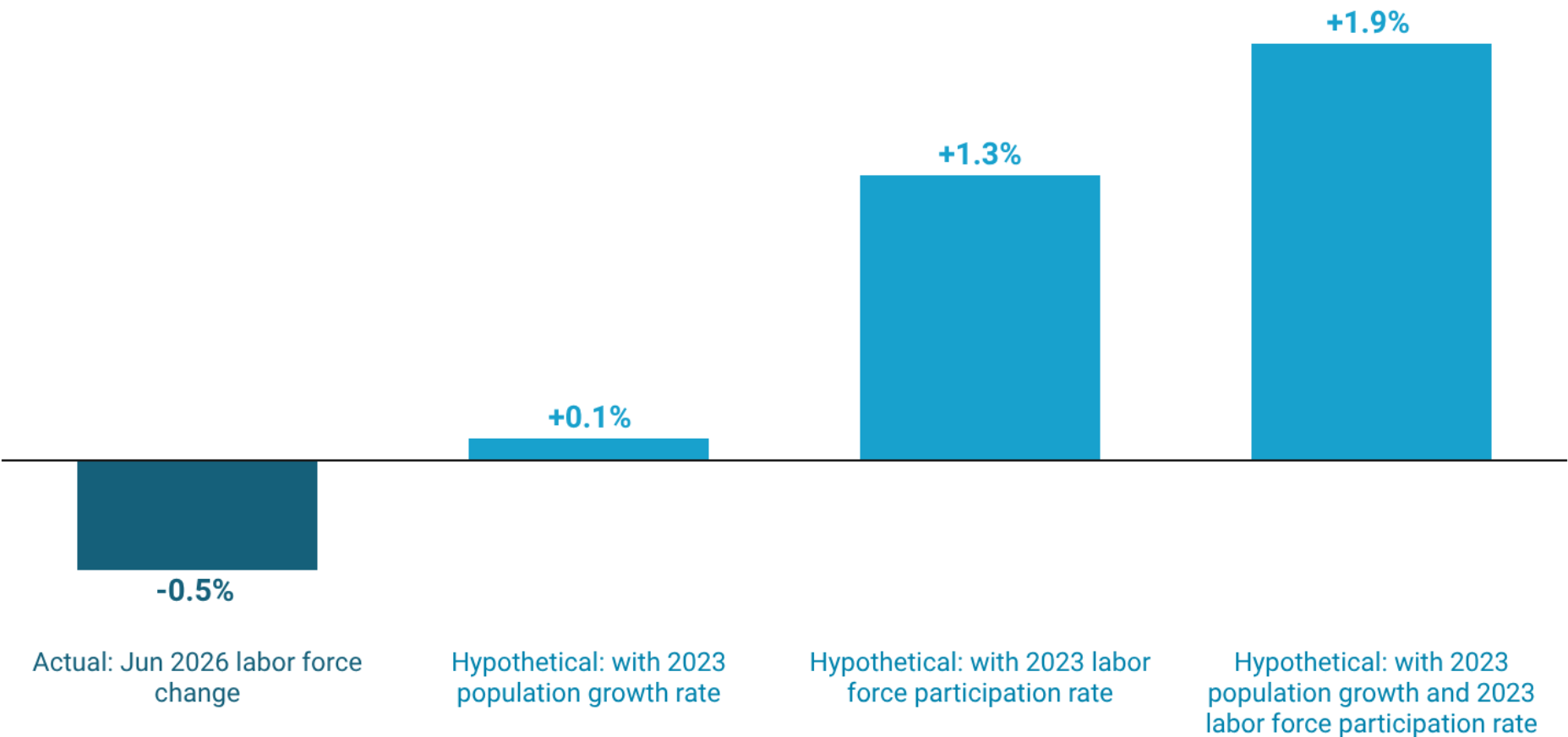
Estimates are subject to monthly and annual revisions

Over the past year, the labor force got smaller in 93 out of NC's 100 counties



Slow population growth + low participation rate = a shrinking labor force

Over-the-year change in North Carolina's labor force level (Jun 2026), actual vs. hypothetical



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Source: US Bureau of Labor Statistics (Local Area Unemployment Statistics) and author's calculations • Created with Datawrapper

Aging population and youth in school drive decline in participation rate

Labor force participation rate in North Carolina (2001-2025), actual vs. hypothetical



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Source: US Census Bureau (Current Population Survey) and author's calculations • Created with Datawrapper

The incredible shrinking labor force

Can this be reversed?

Can we make the population grow faster? **No**

Can we stop the population from aging? **No**

Can we improve youth labor force participation? **Work-based learning can help at the margin, but high rates of school attendance will limit the number of youth in the labor force**

What about addressing barriers to “prime-age” employment, like childcare? **This can help at the margin, but “prime-age” (25-54) labor force participation is already high**

What can we do? **Advance work-based learning and address barriers to employment, but prepare for the possibility that our labor force may continue to shrink in the years to come**

Resources of interest

August 2026 NC Economy Watch: The Incredible Shrinking Labor Force

<https://www.commerce.nc.gov/news/the-lead-feed/august-2026-nc-economy-watch>

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“Thank you!”

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