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# State of the Berks County Economy

MAY 2024

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ANALYSIS CONDUCTED BY:

**edc** | Center for  
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Analysis

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## 1) In 2023, Berks County recorded an increase in economic output (GDP), employment, and wages.

- **Manufacturing** remains a key sector of Berks County's economy as the largest contributor to both the County's GDP and employment while maintaining an average annual wage that is more than \$10,000 over the County's average.
- The local **Transportation, Warehousing, and Utilities** industry saw the largest percent employment growth over the last five years.
- Berks County's **employment** surpassed 2019 pre-pandemic levels for the first time in November 2023. The strong employment growth led to record-low **unemployment** rates.
- April 2023 marked the first time since January 2019 that the growth of average weekly wages in Berks County surpassed the growth of the national rate of inflation.

## 2) However, Berks County continues to face economic headwinds.

- Labor force participation and real GDP remain below 2019 pre-pandemic levels.
- The age breakdown of Berks residents is shifting older, causing a lower percentage of the population to be at prime working age (25-54).
- Berks County's housing market remains constrained with only a 5.6% vacancy rate.

### PLEASE NOTE

- Berks County, the Reading, PA, Metropolitan Statistical Area (MSA), and the Greater Reading region all embody the same geographic region.
- Economic data exhibits a lag time due to the process involving collecting, verifying, and compiling information from various sources. This lag time becomes even more acute in smaller geographic areas such as counties and cities.

## Key Data Points

**\$23,751,000,000**

**Nominal GDP** (not adjusted for inflation) for Berks County in 2022

**215,000**

Average number of people in the Berks County **Labor Force** in 2023

**\$58,600**

**Average Annual Pay** in Berks County in 2022 (private sector)

**432,800**

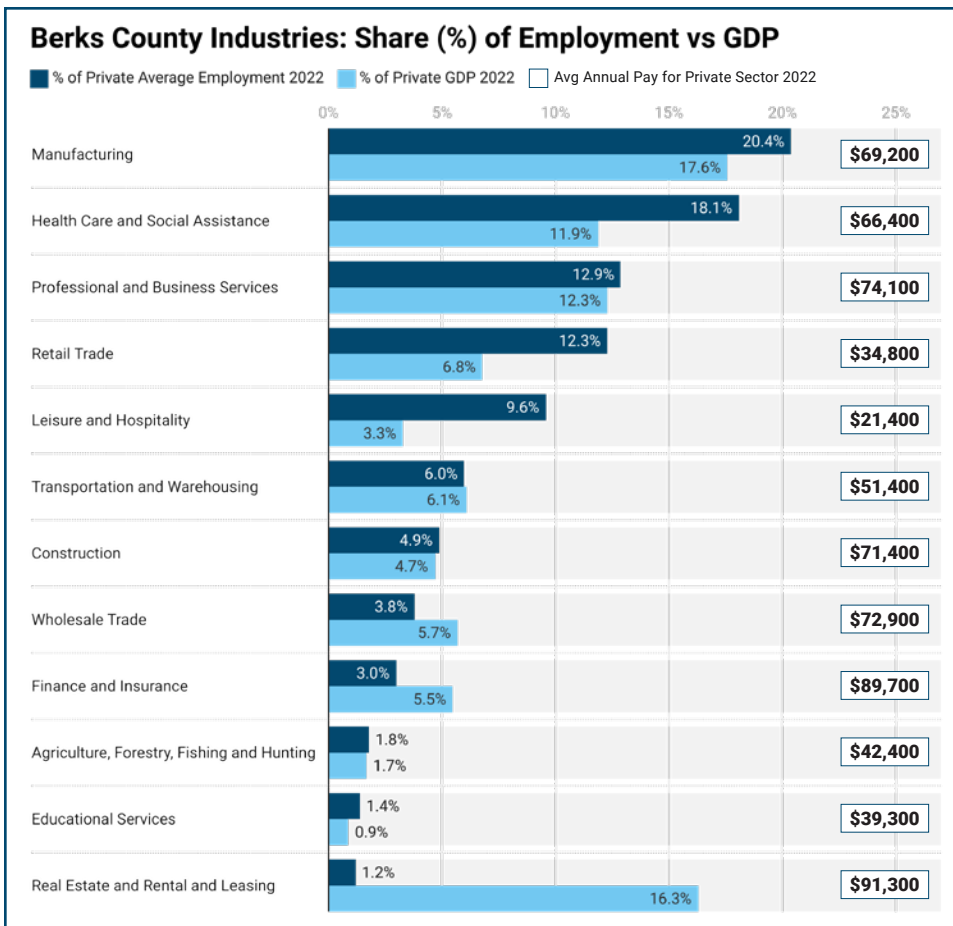
Berks County **Population Growth** in 2022

**36.1%**

Share of Berks County population (25+) with a **Post-Secondary Degree** in 2022

**51.9%**

Share of local employed residents that **Live and Work in Berks County**



The 2022 average annual pay for all private sectors in Lancaster County was \$58,600.

## Manufacturing is a key industry in the Berks County economy.

- The sector holds the largest percentage of GDP and employment in the County.
- Berks County has a specialization in Manufacturing with a **Location Quotient** of 1.89.
- The Average Annual Pay is over \$10,000 more than the average across all sectors.

## Four other sectors exceed the 10% benchmark in Employment or GDP:

- **Health Care and Social Assistance:** as a generator of GDP and Employment
- **Professional and Business Services:** as a generator of GDP and Employment
- **Retail Trade:** as a source of Employment
- **Real Estate Rental and Leasing:** as a generator of GDP

## Berks County's Agriculture, Forestry, Fishing and Hunting industry boasts the highest specialization as compared to the state, with a Location Quotient of 3.4.

- Although highly specialized in comparison to the whole of Pennsylvania, the sector contributes less than 2% of the County's employment or GDP.

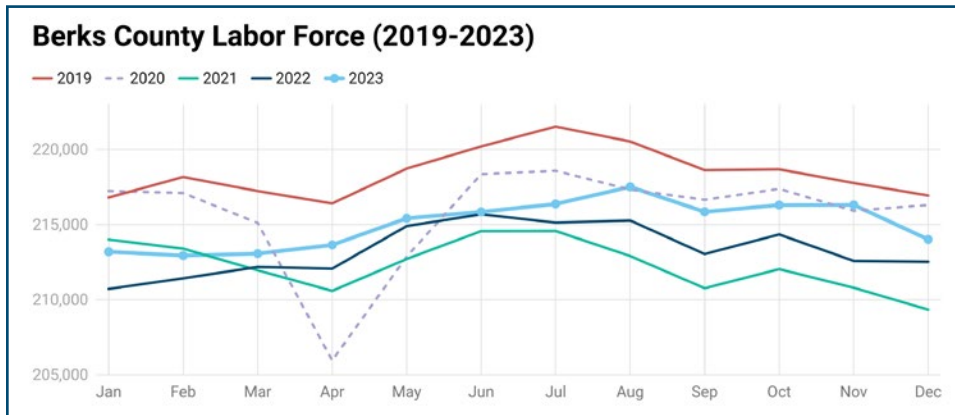
**Location Quotient (LQ)** measures an industry's concentration within a region in comparison to the whole of the state and is used to identify industries and occupations that have a higher specialization or concentration within that region.

Berks County industries (or occupations) with an LQ greater than 1.00 have a higher local concentration than Pennsylvania, suggesting specialization. An LQ of less than 1.00 implies a lower concentration than Pennsylvania.

# Labor Market Trends

**LABOR FORCE** » The labor force in Berks County has been on the rise since 2021 following a large drop due to the Covid 19 Pandemic.

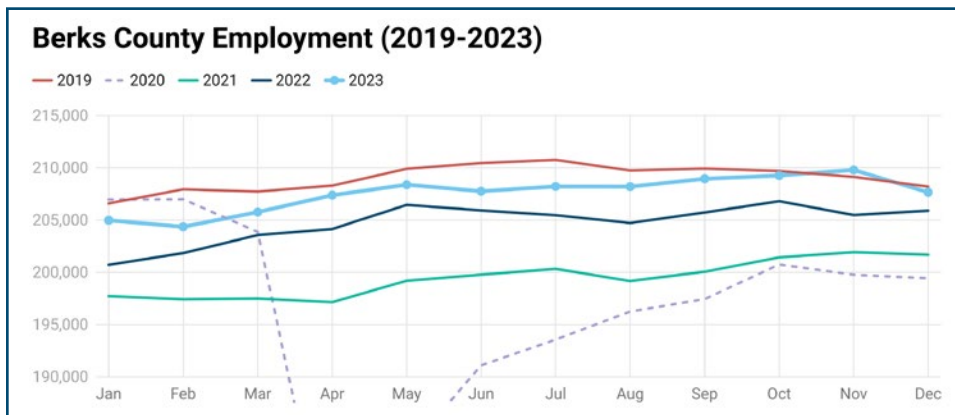
- In 2023, there was an average of 215,000 people in Berks County's labor force, marking a 1,700-person increase from 2022.
- Despite the continual growth, the labor market remains below pre-pandemic levels.
  - ➔ There was an average of 3,400 less people in the Berks County's labor force in 2023 than in 2019.



Data source: U.S. Bureau of Labor Statistics

**EMPLOYMENT** » Berks County employment neared pre-pandemic levels in 2023 as businesses continued to hire at a faster pace than people were entering the labor force.

- An average of 207,600 people were employed in Berks County in 2023 – a 2,800-person increase from 2022.
- The number of people employed in the County surpassed 2019 levels for the first time in November 2023.
  - ➔ In 2023, there was an average of 1,500 fewer people employed in Berks County than in 2019.
  - ➔ However, a slight spike put November 2023 employment levels 650 people above November 2019 levels.



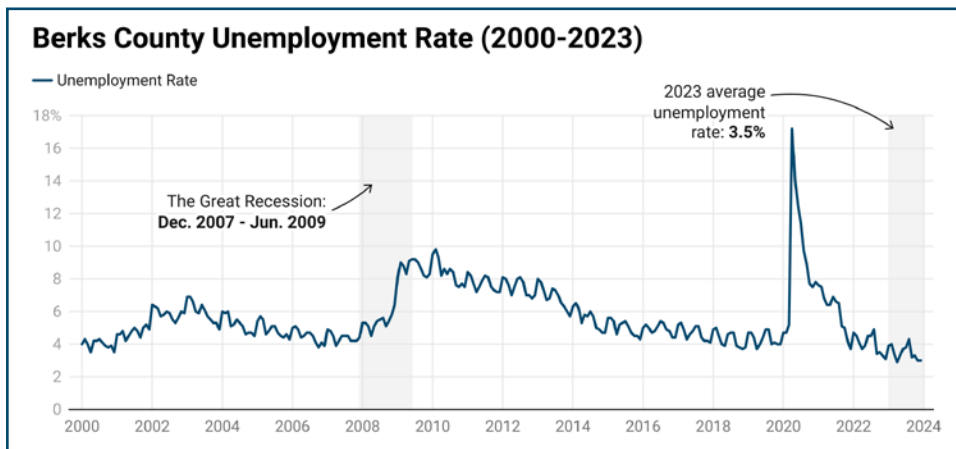
Data source: U.S. Bureau of Labor Statistics

# Labor Market Trends (cont'd)

**UNEMPLOYMENT RATE** » Berks County's unemployment rate has dropped steadily in the wake of the Great Recession (2007-2009), leading to a record-low unemployment rate of 2.9% in April 2023.

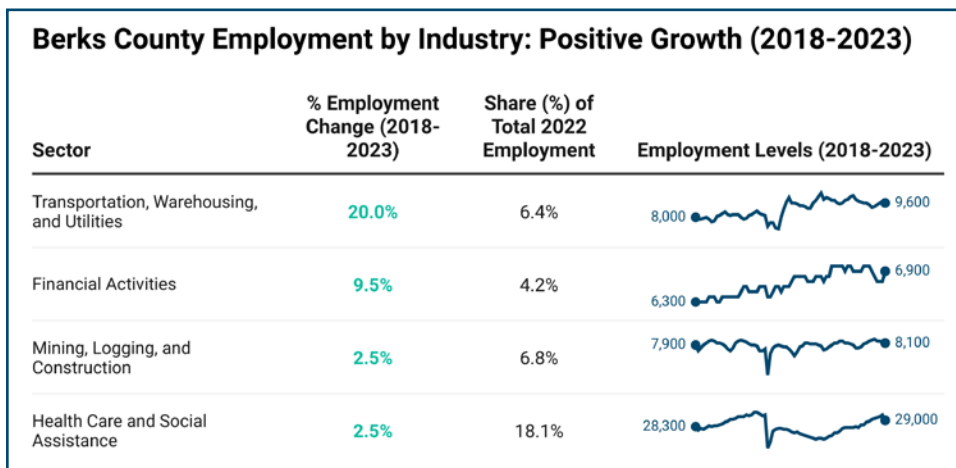
- In 2023, the average unemployment rate in Berks County was 3.5%.
  - ➔ This is the lowest average unemployment rate recorded in Berks County since tracking began in 1990.
  - ➔ The second lowest average unemployment rate was 4.0% in 2000.
- Berks County remained at **full employment** in 2023, closing out the year at 3.0% unemployment rate in November and December.

**Full employment** is the condition in which virtually every individual that wants a job is employed.



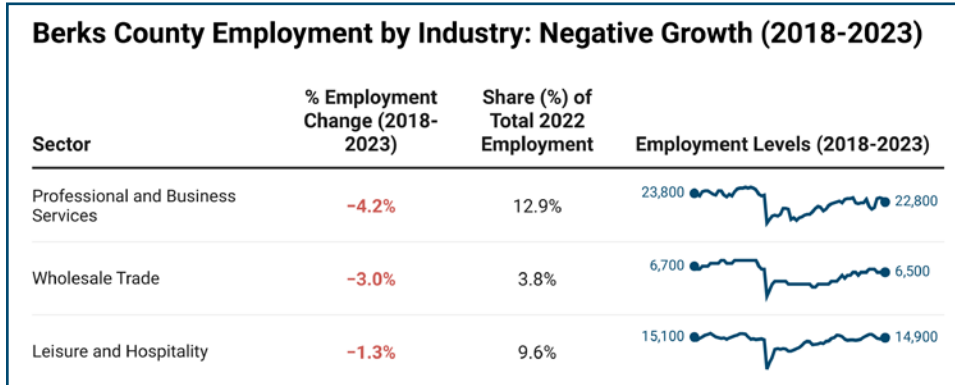
**EMPLOYMENT TRENDS BY INDUSTRY** » The number of people employed in Berks County rose by 1,300 people over the last five years, however, employment trends in Berks County vary by industry.

- Four industry sectors that have grown the most over the past five years:



# Labor Market Trends (cont'd)

- Three industry sectors that have contracted the most over the past five years:



**TOP EMPLOYERS** » As of Q3 2023, Berks County's largest employers were:

**Top 10 Berks County Employers by Employment (Q3 2023)**

Employer	Employer
1 East Penn Manufacturing Company	6 Reading School District
2 Reading Hospital	7 County of Berks
3 Carpenter Technology Corporation	8 Wal-Mart Associates Inc
4 Penske Truck Leasing Co LP	9 Redners Markets Inc
5 Amazon.com Services Inc	10 State Government

*Data source: PA Center for Workforce Information & Analysis*

## Wages

**WAGES COMPARISON** » Opportunity Jobs wages in Berks County are significantly higher than the County's average annual pay across all industries, however they remain lower than many neighboring counties.

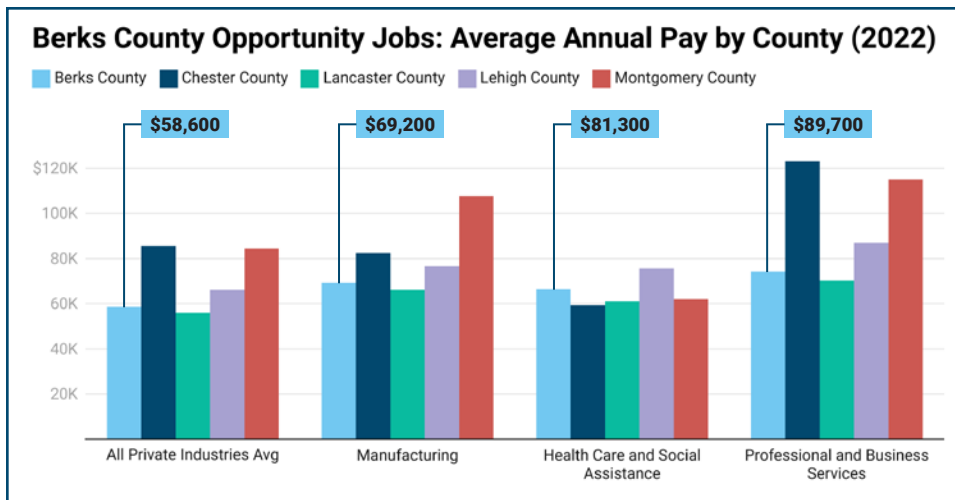
- As of 2022, average annual wages for Opportunity Jobs in the Manufacturing; Professional, Scientific, and Technical Services; and Finance and Insurance industries were paying well over the \$58,600 annual average wage in Berks County:
  - **Manufacturing:** \$69,200
  - **Professional, Scientific, and Technical Services:** \$81,300
  - **Finance and Insurance:** \$89,700
- Average annual wages in Berks County – across all industries as well as within Opportunity Job industries – were lower than most other counties in the region.
  - Berks County wages were higher than those in Lancaster County in Manufacturing; Professional, Scientific, and Technical Services; and on average across all industries.

**Opportunity Jobs** for Berks County as defined in the *Imagine Berks Strategic Economic Development Action Plan for the County* are:

- Professional, Scientific, and Technical Services
- Finance and Insurance
- Manufacturing

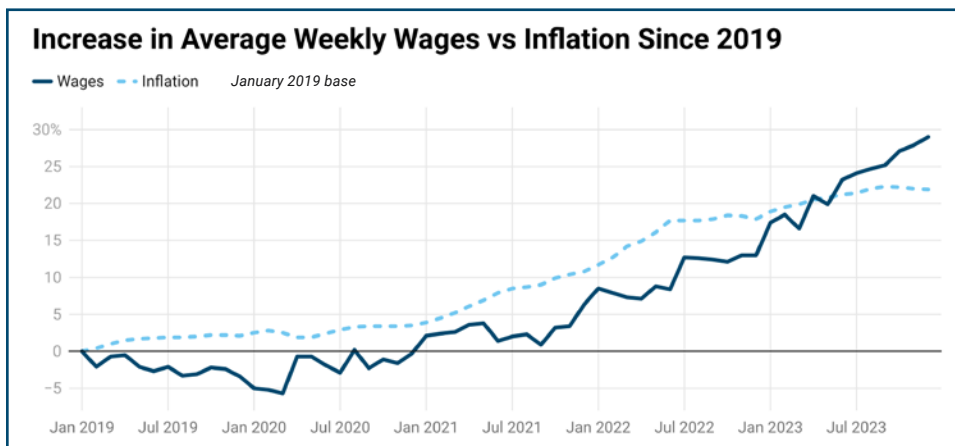
# Wages

(cont'd)



## **WAGES vs. INFLATION** » Average weekly wages have started to outpace inflation in Berks County's private sector.

- Inflation has been at the top of mind for consumers and businesses alike since peaking at an annual inflation rate of 9.1% in June 2022.
  - ➔ Annual national inflation ended 2023 at 3.4% in December, above the Federal Reserve's target goal of 2%.
- The low unemployment rate has led to a simultaneous rise in wages.
  - ➔ In April 2023, Berks County wage growth surpassed the national inflation growth from January 2019.



## **CONSUMER SPENDING** » A sense of job security, fueled by record-low unemployment rates, has underpinned continued consumer spending.

- National consumer spending grew 6% year-over-year from 2022 to 2023.
- Consumer spending in Berks County remained relatively steady throughout 2023, growing 2.5% year-over-year from 2022.

**Consumer Spending** accounts for about 70% of national GDP.

# Gross Domestic Product (GDP)

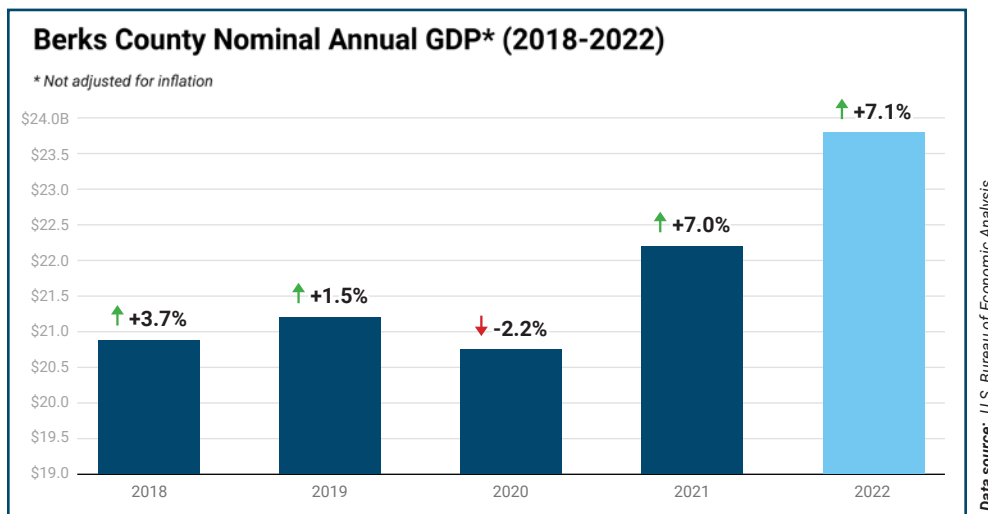
**There are two perspectives to use when analyzing the economic growth of a region:**

- **Nominal GDP** measures economic output using current market prices.
- **Real GDP** adjusts nominal GDP for changes in prices, providing a more accurate measure of economic growth by removing the effects of inflation or deflation.

**Gross Domestic Product (GDP)** is the market value of the final goods and services produced within a defined region during a specified period of time.

**Berks County's Nominal GDP has been on a steady incline since 2017, aside for a one-year dip in 2020 due to the effects of the Covid 19 pandemic.**

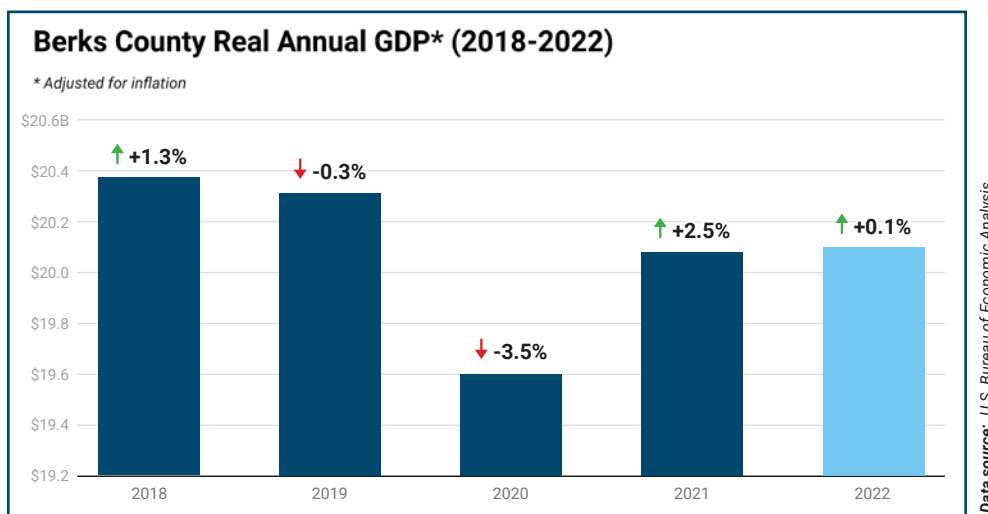
- In 2022, Berks County's **Nominal GDP** was \$23,751,000,000.



**NOTE:** County-level GDP data provided by the U.S. Bureau of Economic Analysis lags behind national and state GDP data. The most recent Berks County GDP data is from 2022; Berks County 2023 GDP data is slated for release in December 2024.

**Berks County's Real GDP has been growing since the 2020 pandemic, yet remains below pre-pandemic levels (2018 and 2019).**

- Berks County's **Real GDP** grew +0.1% from 2021 to 2022 after experiencing a +2.5% growth from 2020 to 2021.

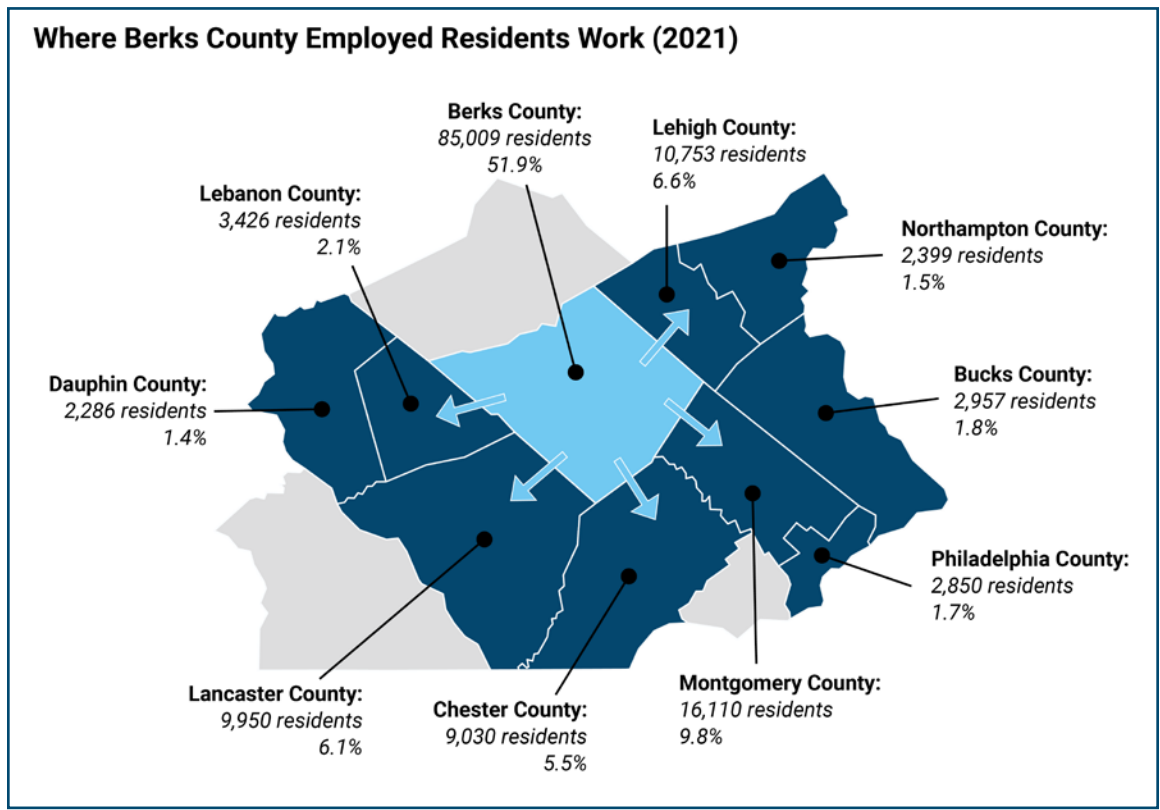




## Berks County Resident Perspective » Where do they work?

**Berks County has a highly diversified relationship with job markets in the region.**

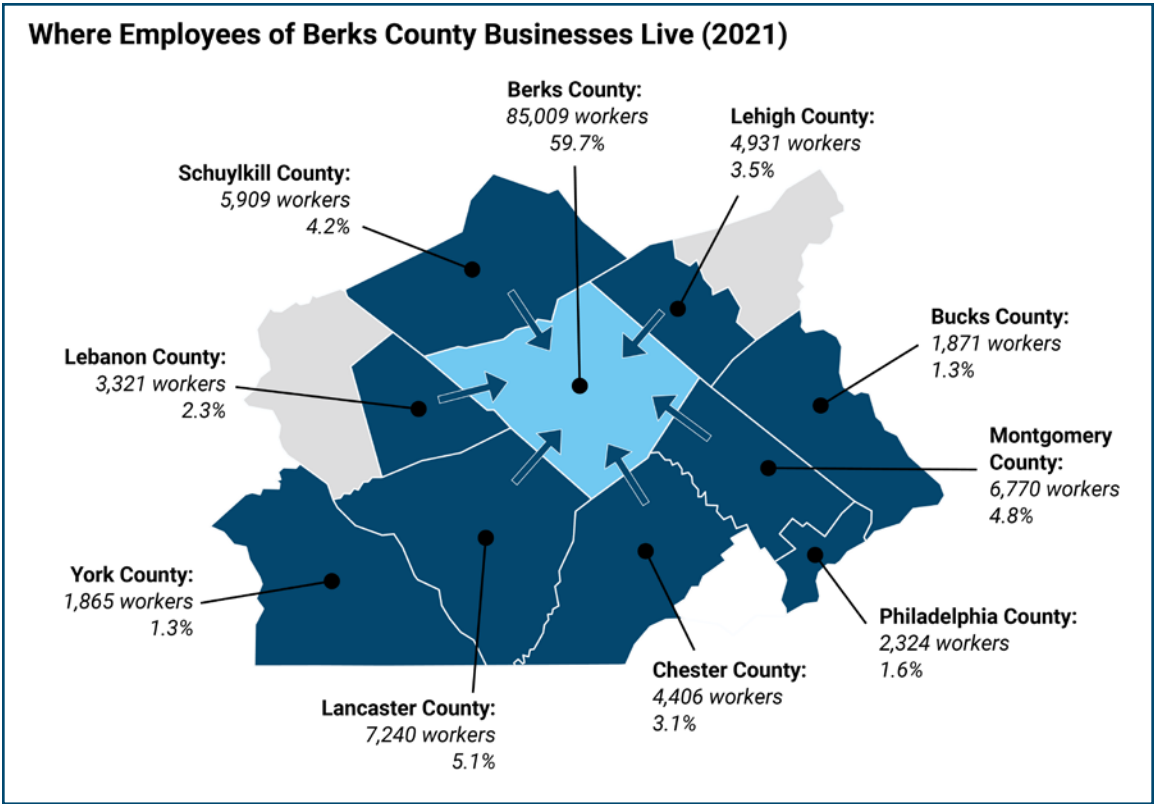
- Of the Berks County labor force, 51.9% work and live in the County while the other half goes outside the County to work.
- The following counties have over 5% of Berks County's residents working in them:
  - **Montgomery County:** 9.8%
  - **Lancaster County:** 6.1%
  - **Lehigh County:** 6.6%
  - **Chester County:** 5.5%



## Berks County Business Perspective » Where do their employees live?

**The greater part of Berks County's workforce consists of County residents.**

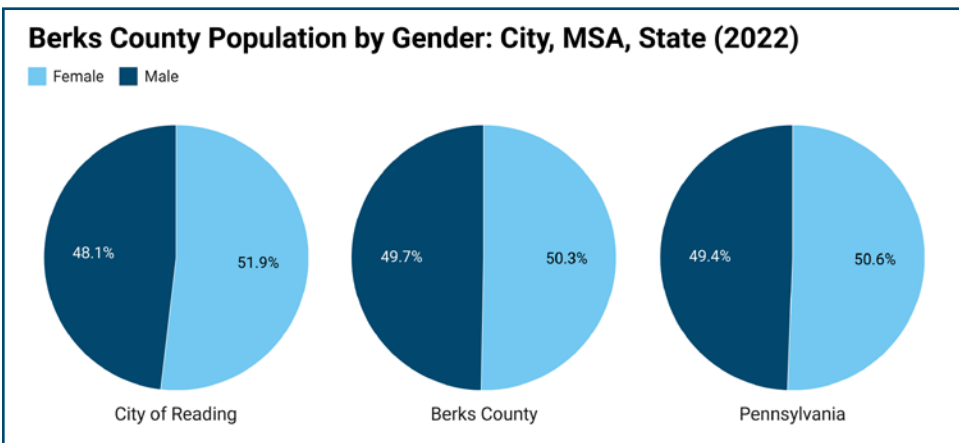
- Of the people employed in Berks County, 59.7% are residents and 40.3% are people commuting into the County.
- Of those commuting into the County, the highest number of employees live in:
  - **Lancaster County:** 5.1%
  - **Montgomery County:** 4.8%
  - **Schuylkill County:** 4.2%



## Demographics

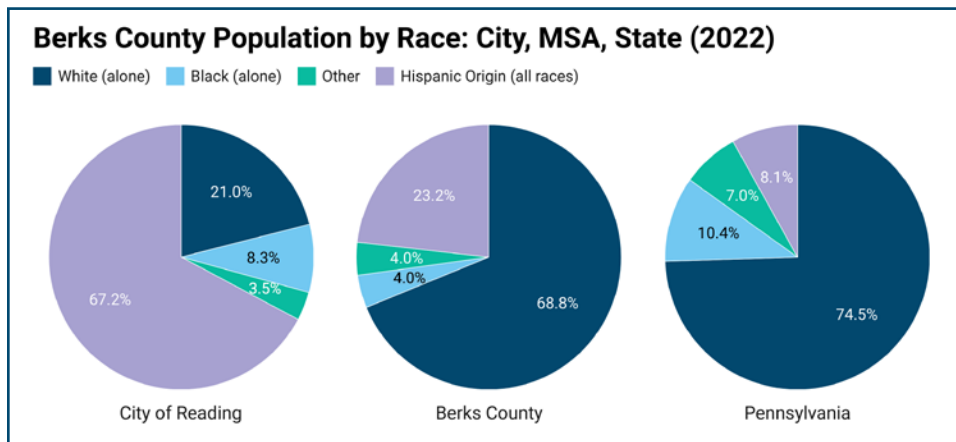
**POPULATION BY GENDER** » The gender breakdown is relatively similar across Reading City, Berks County, and Pennsylvania.

- The City of Reading skews to having a slightly larger percentage of female residents.



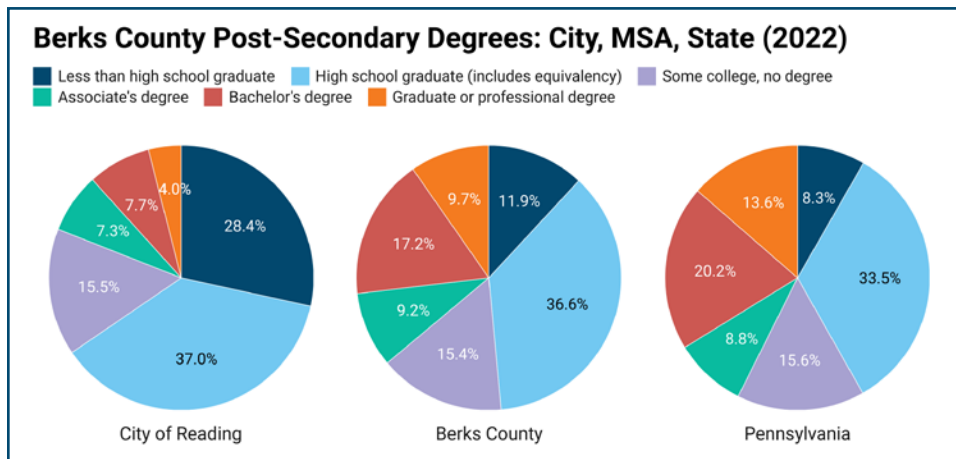
**POPULATION BY RACE** » The race and ethnicity breakdown of Reading City, Berks County, and Pennsylvania have strong variations.

- Berks County and the City of Reading have smaller White populations than Pennsylvania, and both have smaller populations of Black residents than the state as well.
- Reading City has a significantly larger population of people of Hispanic origin than the County. In the city, 67.2% of the total population is of Hispanic origin as compared to only 23.2% of residents in Berks County.



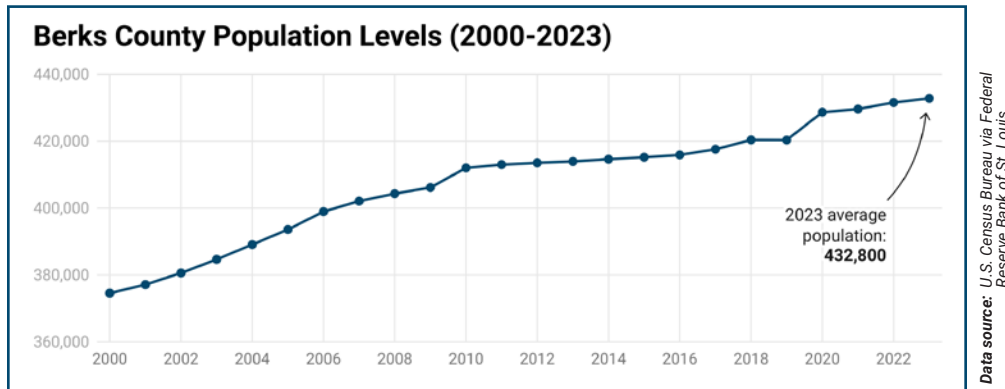
**POPULATION BY EDUCATION LEVEL** » Reading City, Berks County, and Pennsylvania residents vary considerably in the post-secondary degrees achieved.

- There is a notable divergence in the percentage of the population over the age of 25 with post-secondary degrees:
  - **Pennsylvania:** 42.6%
  - **Berks County:** 36.1%
  - **Reading City:** 19.1%



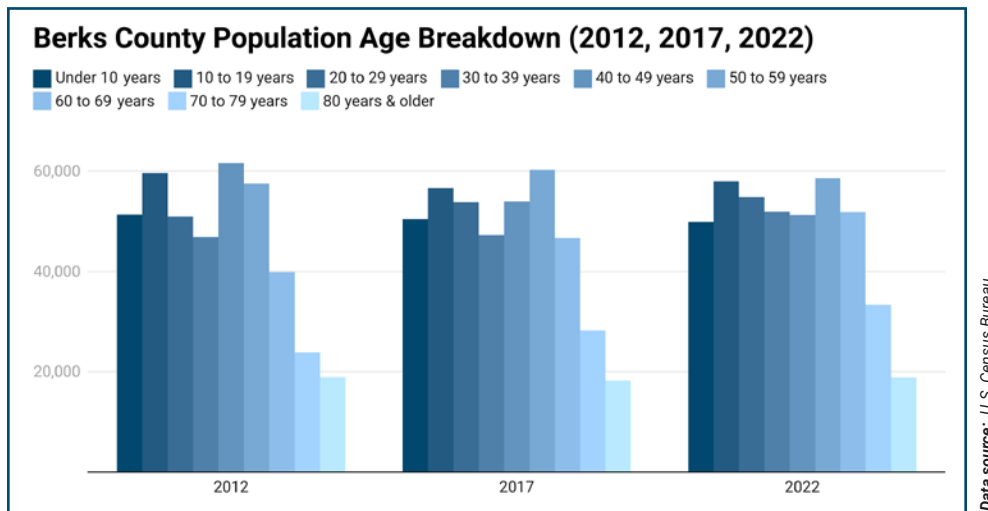
**POPULATION GROWTH** » Berks County's population levels continued to rise over the course of 2023.

- There was an average of 432,800 people living in Berks County in 2023.
- The population has grown by 4.4% (+18,200 people) over the last ten years (2014-2023).



**AGING POPULATION** » Following a nationwide trend, the age breakdown in Berks County is shifting older, creating new economic challenges.

- In the last decade (2012-2022), the percentage of the population over the age of 55 rose by 4.6%.
  - ➔ The share of the population over the age of 55 grew from 26.7% in 2012 to 31.3% in 2022.
- This age shift is creating new workforce constraints.
  - ➔ The share of the Berks County population considered **Prime Working Age** (25-54 years old) decreased by 2.6% from 2012-2022.
  - ➔ This is the equivalent of 11,100 less prime-age workers than there would have been if the ratio stayed the same.
- The age shift is expected to continue both in Berks County and across the nation.

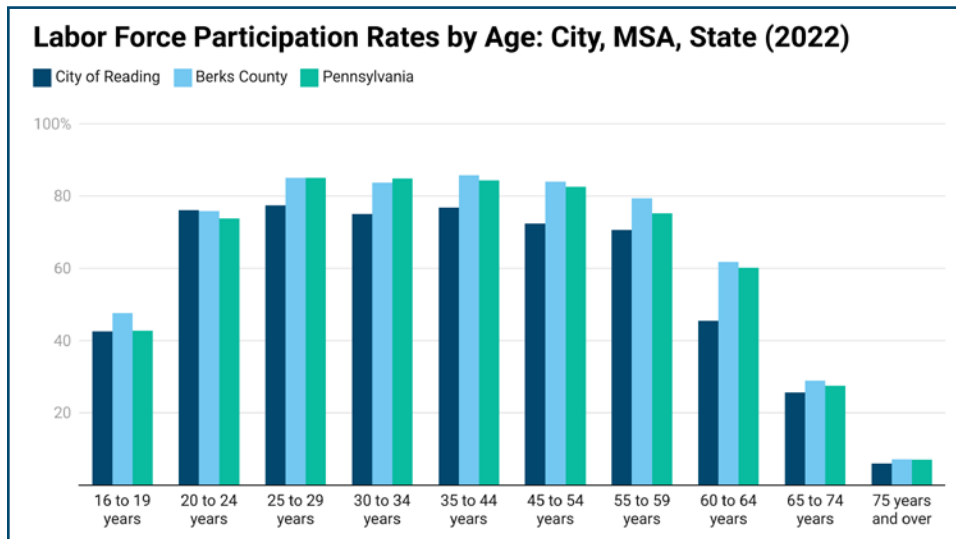


**LABOR FORCE PARTICIPATION RATES » Berks County has a higher labor force participation rate for residents compared to Reading City and Pennsylvania.**

- 2022 labor force participation rates for residents over the age of 16:  
 → **Berks County:** 64.8%      → **Pennsylvania:** 62.9%      → **Reading City:** 62.0%
- The labor force participation rate has remained relatively steady over the last five years.  
 → In 2017, Berks County's labor participation rate was 65.3%.

**— BY AGE » Reading City, Berks County, and Pennsylvania have slight variations in their labor force participation rates by age demographic.**

- **Prime-age workers (25-54 years old)** have the largest labor force participation rates compared to any other age demographic in Berks County and Pennsylvania.
- Reading City also has a high labor force participation rate for residents **20-24 years old**.
- Comparing the average share of residents aged **60-64 years old** that were active in the labor force in 2022 – 45.5% in Reading City; 61.8% in Berks County; and 60.2% in PA – indicates that Reading City residents are exiting the labor force at an earlier age than in the County or State.



**— FOR PEOPLE WITH A DISABILITY » Berks County's labor force participation rate for people with a disability is higher than in Reading City or across PA.**

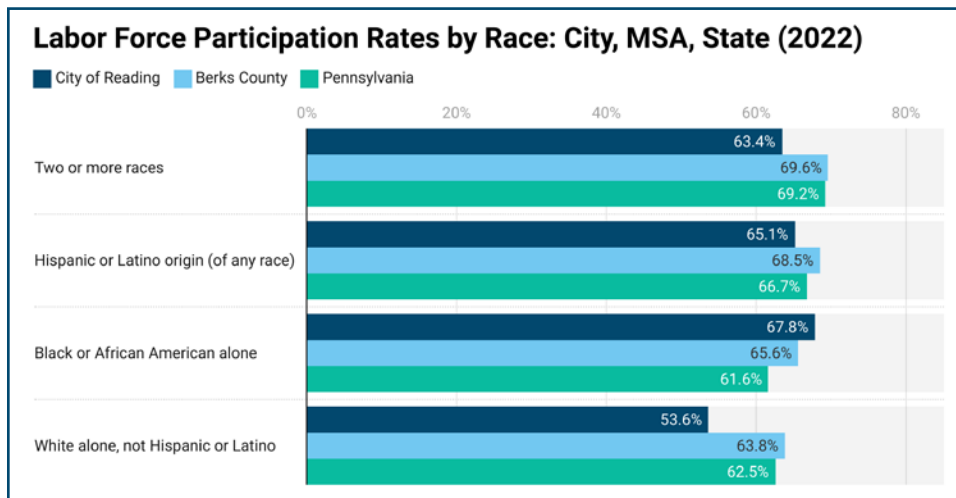
- 2022 labor force participation rates for residents with a disability:  
 → **Berks County:** 47.5%      → **Pennsylvania:** 45.3%      → **Reading City:** 36.1%
- Berks County's labor force participation rate for people with a disability is notably lower, however, when compared to the total participation rate for the County (64.8%).

# Demographics

(cont'd)

**— BY RACE » Berks County has a larger labor force participation rate than Pennsylvania across all races.**

- Reading City has the largest labor force participation rate for Black residents, 5.8 percentage points higher than the City average.
- Residents with two or more races have the highest labor force participation rate in Berks County, 4.8 percentage points higher than the County's average.



# Cost of Living

**In 2022, the cost of living in Berks County was 0.8% higher than the national average.**

- The cost of living in Berks County is also slightly above the state as the cost of living in Pennsylvania is 4.4% lower than the United States average.
- The largest weighted category affecting a region's cost of living is the cost of housing.

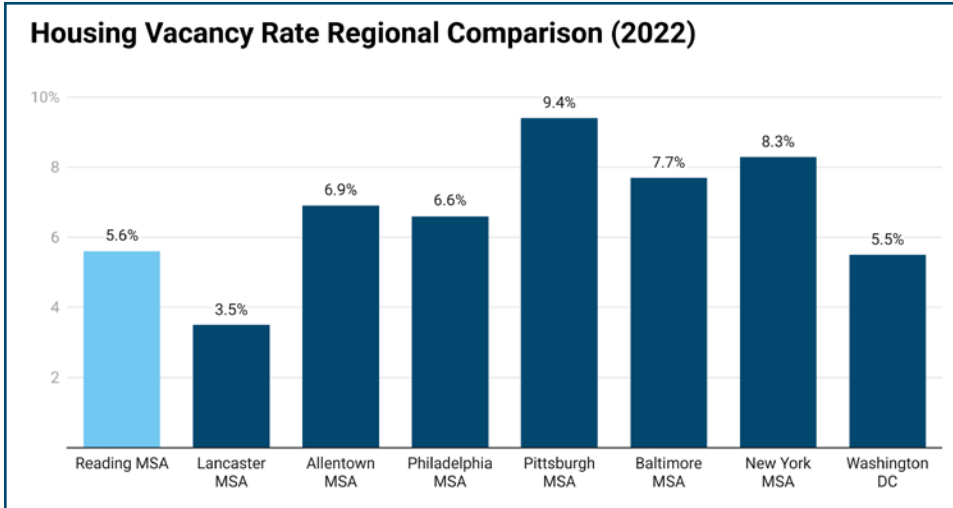
A **Cost of Living Index** estimates the relative price levels for consumer goods and services in a geographic area and then compares them to the wages and salaries in that area to measure a relative purchasing power. A 100.0 index score is the relative purchasing power for the United States average.

Market	Cost of Living Index (Base US) ▲
Pennsylvania	95.6
Pittsburgh, PA	98.2
Harrisburg, PA	98.9
United States	100.0
Reading, PA	100.8
Baltimore, MD	100.9
Philadelphia, PA	101.7
Allentown, PA	104.7
Washington, DC	147.4

Data source: The Council for Community and Economic Research

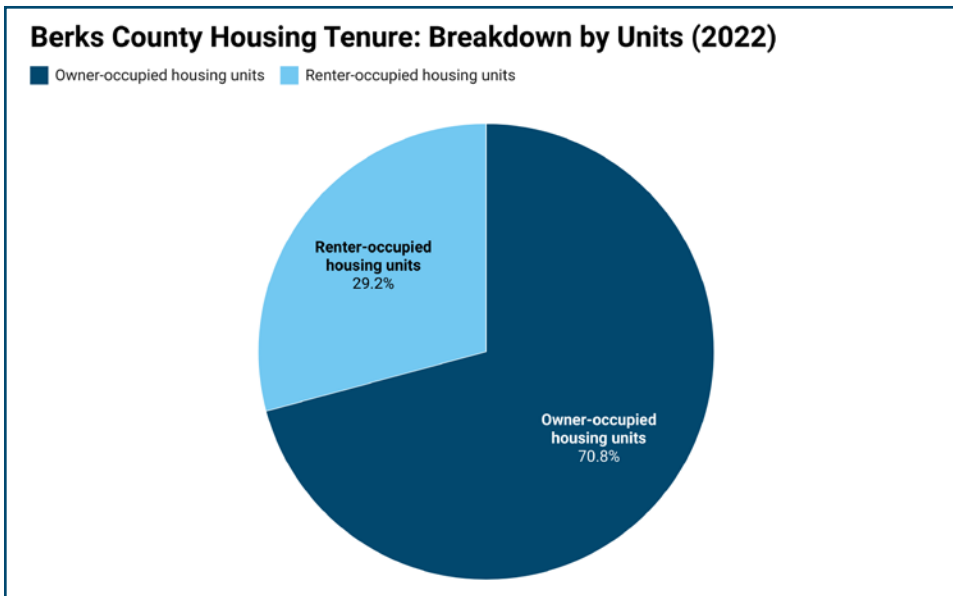
**Housing shortages have become a challenge for many counties across the United States, including Berks County.**

- The low 5.6% vacancy rate is a factor constraining the flow of the housing market in Berks County.



**Berks County has a higher percentage of home ownership among residents compared to Pennsylvania and the nation.**

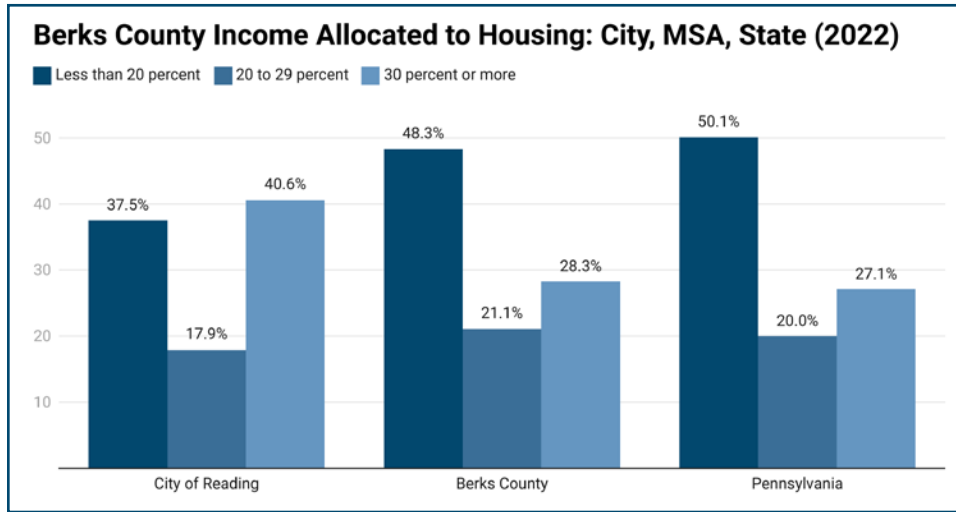
- Percent of households that own their home:
  - Reading City: 39.3%
  - Berks County: 70.8%
  - Pennsylvania: 69.2%
  - United States: 64.8%



## Limited housing availability contributed to housing consuming a high percentage of household income.

- Compared to Pennsylvania, 1.2% more Berks County residents are **housing cost burdened**.  
 → 28.3% of Berks County Residents are housing cost burdened.
- Housing has placed an even tighter constraint on the wallets of Reading City residents, leaving 40.6% as housing cost burdened.

**Housing Cost Burdened** is when a household is paying 30% or more of their income on housing.



## Rankings & Recognitions

### Berks County continued to earn national recognition from U.S. News & World Report as a "Best Place to Live":

- **Best Places to Live in the U.S. in 2023-2024**
  - #88: Reading, PA
- **Best Places to Live in Pennsylvania in 2023-2024**
  - #6: Reading, PA
- **25 Safest Places to Live in the U.S. in 2023-2024**
  - #21: Reading, PA
- **Best Places to Retire in the U.S. 2023-2024**
  - #2: Reading, PA





**The Council for Community and Economic Research,** “Cost of Living Index: 2023 Annual Average Data” (January 2024)

**Opportunity Insights Economic Tracker,** “Percent Change in All Consumer Spending (Berks County, PA)” (retrieved 5/2/24); [tracktherecovery.org](https://tracktherecovery.org)

**PA Department of Labor & Industry | Center for Workforce Information & Analysis,** “Berks County Profile: Quarterly Census of Employment and Wages, 2022 Annual Averages” (April 2024); [workstats.dli.pa.gov/Documents/County%20Profiles/Berks%20County.pdf](https://workstats.dli.pa.gov/Documents/County%20Profiles/Berks%20County.pdf)

**U.S. Bureau of Economic Analysis (BEA),** “Gross Domestic Product by County and Metropolitan Area, 2022” (12/7/23); [bea.gov/data/gdp/gdp-county-metro-and-other-areas](https://bea.gov/data/gdp/gdp-county-metro-and-other-areas)

#### U.S. Bureau of Labor Statistics (BLS):

- “Consumer Price Index (CPI)” (4/10/24); [bls.gov/cpi](https://bls.gov/cpi)
- “Local Area Unemployment Statistics (LAUS)” (4/19/24); [bls.gov/lau](https://bls.gov/lau)
- “Quarterly Census of Employment and Wages” (2/13/24); [bls.gov/cew](https://bls.gov/cew)
- “State and Metro Area Employment, Hours, & Earnings” (4/19/24); [bls.gov/sae](https://bls.gov/sae)

#### U.S. Census Bureau:

- “American Community Survey 5-Year Data (2009-2022)”
  - “B205002 | Occupancy Status”; [data.census.gov/table/ACSDT5Y2022.B25002?q=B25002&g=010XX00US\\$31000M1](https://data.census.gov/table/ACSDT5Y2022.B25002?q=B25002&g=010XX00US$31000M1)
  - “DP02 | Selected Social Characteristics in the United States (2022)”; [data.census.gov/table/ACSDP5Y2022.DP02?g=040XX00US42\\_050XX00US42011\\_160XX00US4263624](https://data.census.gov/table/ACSDP5Y2022.DP02?g=040XX00US42_050XX00US42011_160XX00US4263624)
  - “DP05 | ACS Demographic and Housing Estimates (2022)”; [data.census.gov/table/ACSDP5Y2022.DP05?g=040XX00US42\\_050XX00US42011\\_160XX00US4263624](https://data.census.gov/table/ACSDP5Y2022.DP05?g=040XX00US42_050XX00US42011_160XX00US4263624)
  - “S0101 | Age and Sex (2012)”; [data.census.gov/table/ACSST5Y2012.S0101?q=050XX00US42011](https://data.census.gov/table/ACSST5Y2012.S0101?q=050XX00US42011)
  - “S0101 | Age and Sex (2017)”; [data.census.gov/table/ACSST5Y2017.S0101?q=050XX00US42011](https://data.census.gov/table/ACSST5Y2017.S0101?q=050XX00US42011)
  - “S0101 | Age and Sex (2022)”; [data.census.gov/table/ACSST5Y2022.S0101?q=050XX00US42011](https://data.census.gov/table/ACSST5Y2022.S0101?q=050XX00US42011)
  - “S1101 | Households and Families (2022)”; [data.census.gov/table/ACSST5Y2022.S1101?g=040XX00US42\\_050XX00US42011\\_160XX00US4263624](https://data.census.gov/table/ACSST5Y2022.S1101?g=040XX00US42_050XX00US42011_160XX00US4263624)
  - “S2301 | Employment Status (2022)”; [data.census.gov/table/ACSST5Y2022.S2301?g=040XX00US42\\_050XX00US42011\\_160XX00US4263624](https://data.census.gov/table/ACSST5Y2022.S2301?g=040XX00US42_050XX00US42011_160XX00US4263624)
  - “S2503 | Financial Characteristics (2022)”; [data.census.gov/table/ACSST5Y2022.S2503?g=040XX00US42\\_050XX00US42011\\_160XX00US4263624](https://data.census.gov/table/ACSST5Y2022.S2503?g=040XX00US42_050XX00US42011_160XX00US4263624)
- “OnTheMap (Berks County, PA)” (visited 5/2/24); [onthemap.ces.census.gov](https://onthemap.ces.census.gov)
- “Resident Population in Berks County, PA [PABERK2POP],” retrieved from FRED, Federal Reserve Bank of St. Louis; [fred.stlouisfed.org/series/PABERK2POP](https://fred.stlouisfed.org/series/PABERK2POP)