



Economic Intelligence Report *for* Berks County

2025 | Q2

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The Lead

Berks County's labor market may be showing signs of moderation, reflecting the impact of compounding constraints.

1) Berks County's labor force and employment levels dropped in the second quarter, breaking from usual seasonal trends.

- As Berks County's population shifts older, a larger share of the workforce is reaching retirement age compared to previous years.
- Heightened economic uncertainty, driven in part by shifting tariff policies, led businesses to be more cautious in rehiring for vacated positions.

2) The County's unemployment rate remained seasonally low and in line with historical trends.

- The tight market continues to pose challenges for employers, however, in particular those looking for highly-skilled workers.

3) Demand for goods and services remained steady across most industries in Berks County.

- Employees' average hours worked have increased as firms strive to meet the demand while maintaining greater caution in their hiring practices.

4.6%

Berks County
unemployment rate
in June 2025

-1,200 people

Berks County **labor force**
decline over
Q2 2025

-2,300 people

Berks County
employment decline
over Q2 2025

+3.7 index points

Uptick in national
consumer sentiment
score over Q2 2025

2.7%

National rate of
inflation as of
June 2025

1.6% adj. for
inflation

Annualized U.S.
consumer spending
increase in Q2 2025

+0.3%

Annualized growth of
Pennsylvania GDP
in Q1 2025

+3.3%

Estimated annual
growth of **national GDP**
in Q2 2025

By the Numbers

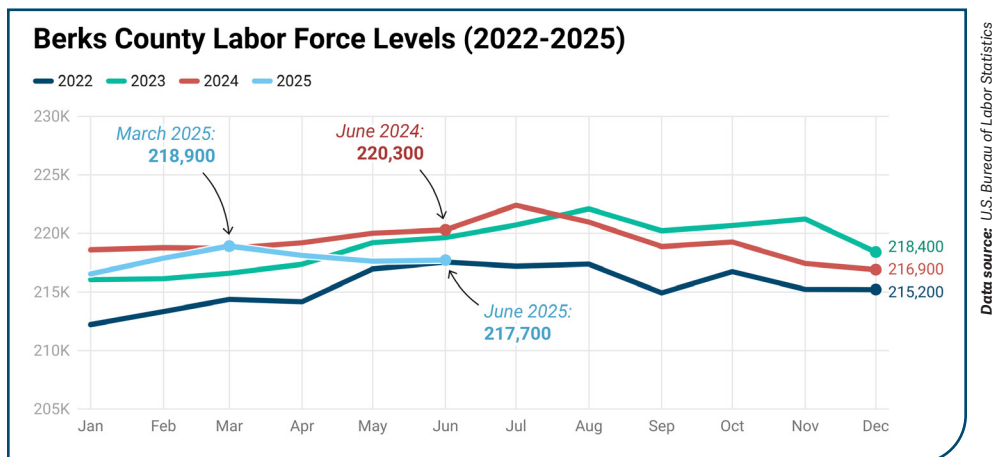


Berks County's labor force recorded its second-ever decline over the course of Q2.

- From 1990 through 2024, Berks County's labor market saw a consistent uptick in the number of workers heading into the summer months (with the exception of 2016).
- Over the course of Q2 2025, however, the labor force declined by 1,200 people.

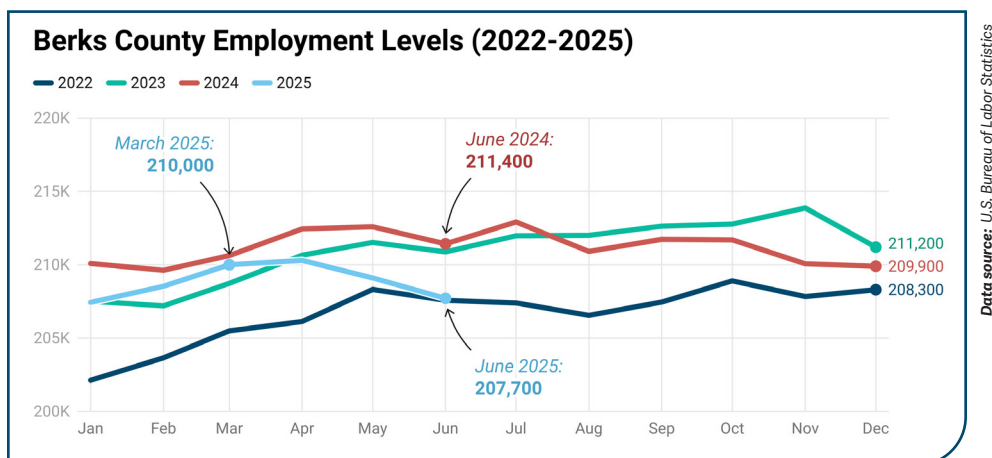
Labor force, as defined by the U.S. Bureau of Labor Statistics (BLS), includes all people age 16 and older who are classified as either employed and unemployed.

Per the BLS, an individual is considered **employed** if they work at least 1 paid hour during the survey reference week.



Employment also declined over the second quarter, diverging from the typical increase heading into the summer months.

- The number of people working in Berks County fell by 2,300 in Q2 2025.
 - This is the third instance of a March-to-June employment decrease in Berks County, a period that typically experiences seasonal hiring increases.
- Ongoing uncertainty due to shifting tariff policies prompted many employers to proceed cautiously, often delaying the rehiring process when positions become vacant.
- Two WARN Notices affecting Berks County employers began taking effect in Q2, impacting 353 employees.
 - Beyond simply displacing workers from their places of employment, the layoffs may have also encouraged some people to retire a bit sooner than originally planned.
- This decrease in employment is consistent with broader regional patterns, as the Federal Reserve Bank of Philadelphia's May Beige Book reported a slight decline in employment across the Fed's Third District, which includes Berks County.



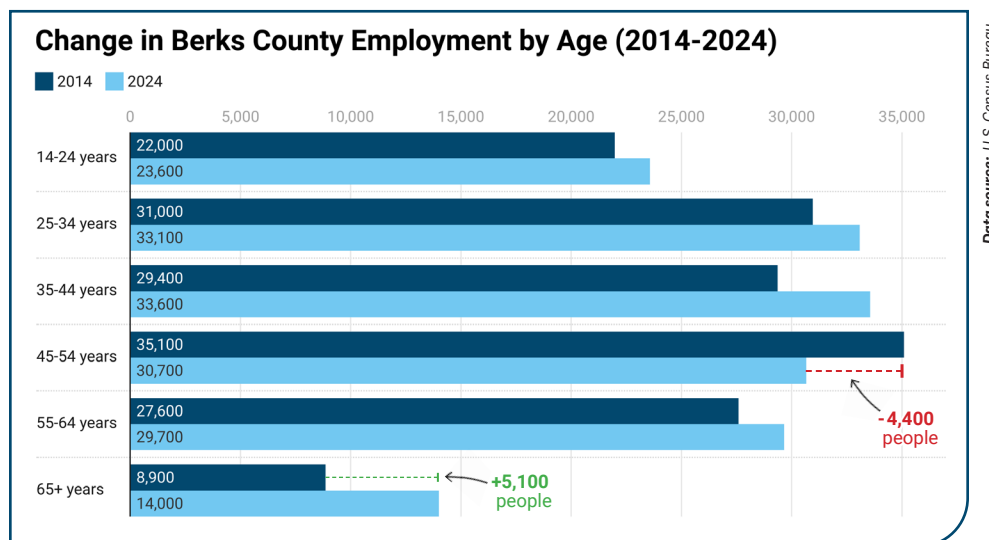


Several factors may have contributed to the decline in both labor force and employment levels:

- A potential uptick in retirements, driven by Berks County's aging population.
- A potential reduction in migrant workers as a result of recent changes in national immigration policies.
 - Agriculture – an industry sector which has a high concentration in Berks County – has historically depended more upon migrant workers.
- Employers exercised caution in rehiring for positions as employees left.
 - This cautious approach is likely influenced by economic uncertainty related to national tariff policies.

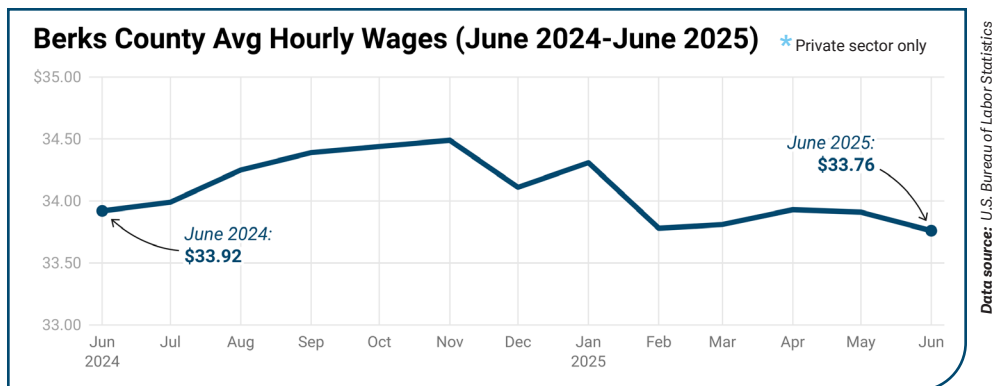
Over the past decade, Berks County has experienced a notable rise in the number of workers approaching retirement.

- Between 2014 and 2024, the number of workers over the age of 65 increased by 5,100 people.
 - The county's population has been trending older for several years, and the impacts are beginning to be more evident in the workforce as a larger share of workers near retirement.
- At the same time, there are roughly 4,400 fewer people in the 45-55 age group available to succeed retirees in critical roles.
- As a significant population of experienced employees approaches retirement, organizations must prioritize knowledge transfer and invest in upskilling the remaining workforce to be capable of filling positions as an increased number of workers retire.



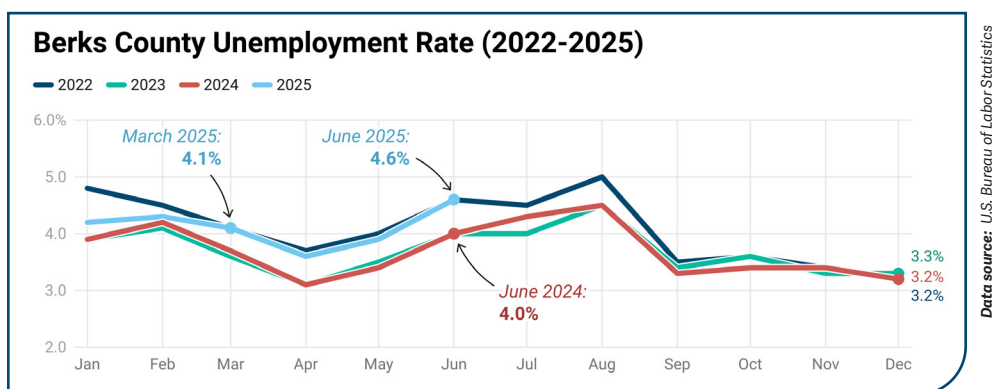
Average hourly wages for Berks County workers declined over the past year.

- The average hourly wage fell by 16 cents from June 2024 to June 2025 (not adjusted for inflation).
 - When prices increase and earnings decrease, workers' purchasing power is impacted.
- A significant factor may be increased retirements among the county's aging workforce. As higher-earning, long-tenured employees leave the labor force, their absence is likely to lower the overall average wage.



Despite inching up over the last year, the unemployment rate remained relatively low in Q2.

- In June, Berks County's unemployment rate was 4.6% – an increase of 0.6 percentage points from June 2024.
- The unemployment rate remains well below the June average (5.8%) since records began in 1990.
- Unemployment followed seasonal trends from March to June, rising by 1,100 people.
- The tight labor market continues to pose challenges for employers in the hunt for workers to fill high-skilled positions that require specialized training or experience.



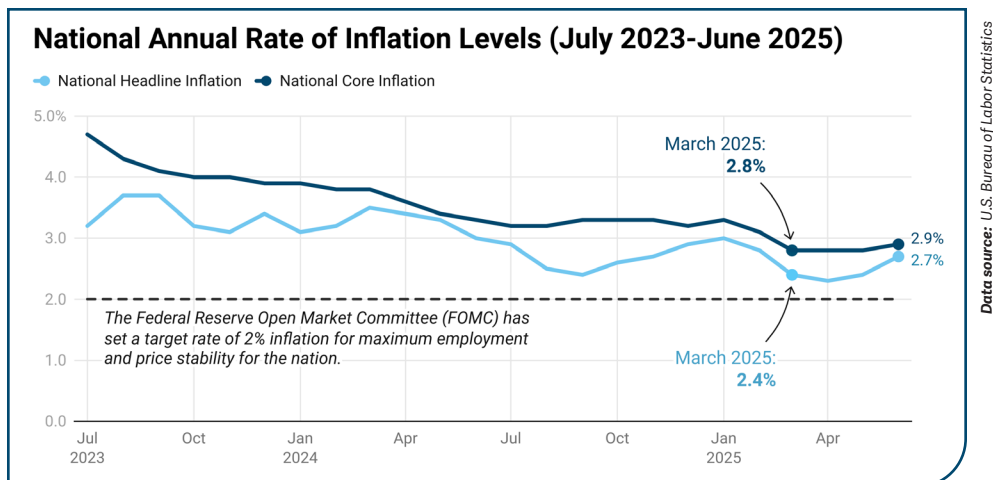
National inflation ticked back up in Q2; however, it remains below levels recorded at the beginning of the year.

- In June, year-over-year headline inflation rose by 2.7%, while core inflation – which excludes more volatile food and energy prices – rose by 2.9%.
- These are the highest levels since February, when headline and core inflation reached 2.8% and 3.1%, respectively.
- The uptick in inflation, coupled with uncertainties about the impact of tariffs on prices, prompted the Federal Open Market Committee (FOMC) to keep the federal funds rate steady at 4.25–4.50% for the fourth consecutive meeting in June.
- Rising inflation was largely attributed to the increased price of services, which was up 3.8% over the last year.
- Housing also remains a major driver, with shelter costs up 3.8% year-over-year.
- Median home sales price increased by 14.8% from June 2024 to June 2025.

The measure of **core inflation** omits changes in food and energy prices, which tend to be more volatile month to month.

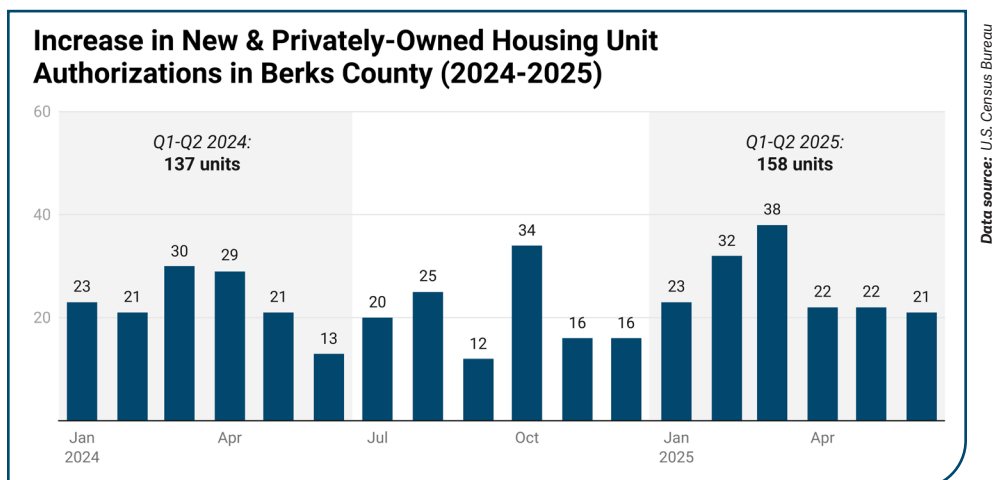
Headline inflation is the measure of inflation for all commodities, services, and goods. This is what's reported monthly by the U.S. BLS through the Consumer Price Index (CPI).

The types of housing units sold have a large impact on the **median home sales**. Year-over-year prices rose by 10.2% and 5.4% in April and May, respectively. Data from all three months in Q2 show median home prices outpacing inflation.



Low supply and sustained demand continued to drive elevated home prices in the Berks County housing market.

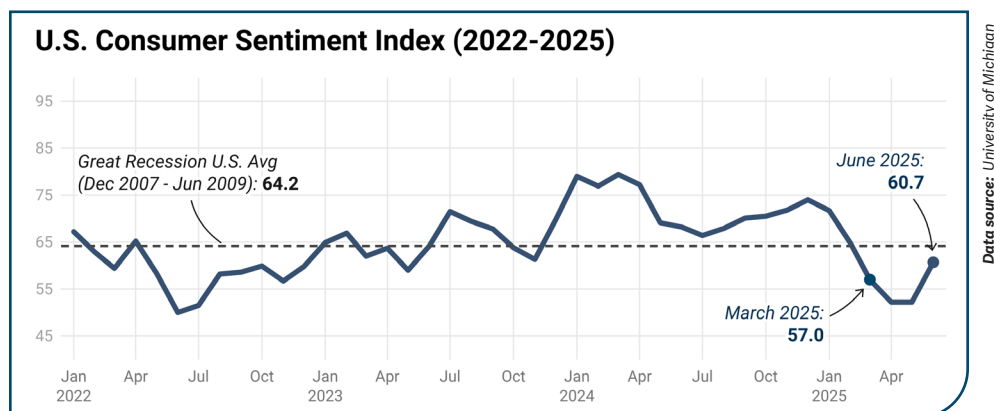
- The average time a home remained on the market in June was just 18 days, consistent with turnover rates seen in 2024.
 - Homes continued to move off the market quickly despite 30-year fixed mortgage rates having remained above 6.0% since September 2022.
 - Berks County recorded a low 5.1% housing vacancy rate in 2023, well below the national median of 8.5%.
- The second quarter saw the first large multi-unit building permits (for 5 or more units) in Berks County since December 2023.
 - Three large multi-unit buildings were permitted in Q2: two six-unit structures and one seven-unit structure.
- Housing unit growth in the first half of 2025 surpassed that of the same period in 2024, with 158 units permitted compared to 137 last year.
 - Of these, 65 units received permits in the second quarter of 2025.
- According to Realtor.com, Lancaster County ranked as the 16th “hottest” housing market (among 300 metro areas) in the nation in June, and was also the 3rd “hottest” market in PA.





U.S. consumer sentiment increased across Q2 after dropping in April and May.

- National sentiment rose by 3.7 index points over Q2, driven by a positive shift in June.
- Heightened concerns regarding national tariff policy, rising unemployment, and inflation contributed to lower sentiment in both April and May.
 - The survey recorded an index score of 52.2 in April and May, the lowest scores seen since July 2022 (51.5).
- These concerns began to moderate in June, however, resulting in an 8.5 index point increase in sentiment from May to June.



National GDP rebounded in the second quarter, bouncing back from a contraction in Q1 2025.

- U.S. GDP increased by an annualized 3.3% in Q2. Reduced imports and an uptick in consumer spending largely drove this growth.
 - Despite the second quarter growth, GDP grew just an annualized 1.4% over the first half of the year, the slowest pace since 2020 and, before that, 2009.
- The annualized contraction of -0.5% in Q1 was largely attributed to a surge in imports, as businesses accelerated purchasing ahead of tariff increases.
 - With many inventories already stocked up, the number of imports declined during Q2.
 - As businesses begin to draw down these inventories post-tariff changes, GDP performance in the second half of the year will provide further insights into ongoing trends.
- Pennsylvania's GDP remained positive in Q1, inching up an annualized rate of 0.3% while the nation's economy contracted.
 - Pennsylvania was one of only 10 states with positive economic growth in Q1.

The formula used to calculate
Gross Domestic Product (GDP) is:

Consumer Spending + Business Spending +
Government Spending + (Imports - Exports)

Real GDP: Percent Change from Preceding Quarter (Annualized) (2023-2025)

	U.S. GDP	PA GDP
Q1 2023	2.8%	1.9%
Q2 2023	2.4%	2.2%
Q3 2023	4.4%	4.1%
Q4 2023	3.2%	3.2%
Q1 2024	1.6%	-0.5%
Q2 2024	3.0%	3.2%
Q3 2024	3.1%	4.1%
Q4 2024	2.4%	2.5%
Q1 2025	-0.5%	0.3%
Q2 2025	3.3%*	

* Second estimate released 8/28/25

Data source: U.S. Bureau of Economic Analysis



Data Sources

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Methodology

Economic Intelligence Reports for Berks County are produced on a quarterly basis by EDC Lancaster County’s Center for Regional Analysis (CRA) with the goal of equipping the local business community with timely, actionable insights on the local economy. In addition to data routinely collected at the national, state and local levels, these intelligence briefings incorporate interviews with business and community leaders to provide essential insights, identify emerging issues, and tease out local relevance from national, state, and regional economic trends.

For More Information

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