Economic Intelligence Report for *Berks County*

2025 | Q3

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The *Lead*

Berks County's economy faced growing headwinds in Q3, with unemployment and household debt rising under continued inflationary pressure.

1) **The unemployment rate for Berks County ticked up to a four-year high in August.**
   - *Despite the loosening of the labor market, employers continued to have difficulty finding qualified applicants to fill high-skilled positions.*

2) **Inflation remained above the Federal Reserve's 2% target, yet well below 2023 levels.**
   - *Inflation for core goods ticked higher, likely reflecting the impact of tariffs.*
   - *The share of Berks County borrowers with severely delinquent debt reached a 20-year high in Q1 2025.*

By the *Numbers*

5.2%
Berks County **unemployment rate** in August 2025

+1,300 people
Berks County **labor force** growth in the first two months of Q3

+900 jobs
Annual increase in **unique job postings** in September

-5.6 index points
Dip in national **consumer sentiment** score over Q3 2025

3.0%
National annual rate of **inflation** as of September 2025

+4.1%
Annualized growth of **Pennsylvania GDP** in Q2 2025

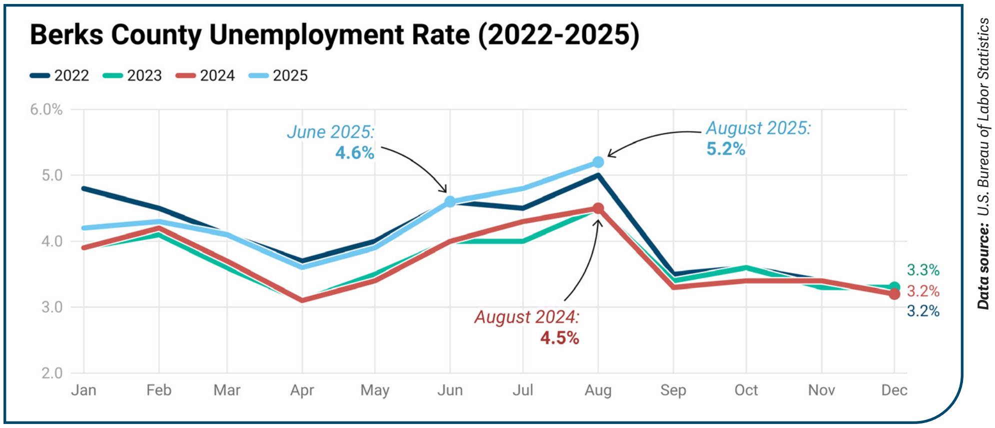
-25 basis points
Drop to the **federal funds rate** in September

+16.6%
Share of local borrowers with **severely delinquent debt** in Q1 2025

Berks County unemployment reached a four-year high in Q3.

- *The unemployment rate was 5.2% in August – the highest rate since August 2021.*
- *Berks County unemployment has grown faster than neighboring counties.*
  - → *Up 0.7 percentage points since August 2024, year-over-year unemployment growth in Berks County has outpaced that of Lebanon and Lehigh Counties (+0.6); Schuylkill County (+0.5); Lancaster and Montgomery Counties (+0.3); and Chester County (+0.2).*
- *The rise in unemployment also outpaced the rate of growth for individuals collecting unemployment benefits.*
  - → *Entry-level workers are particularly at risk due to work eligibility requirements for unemployment compensation.*
- *The nation saw an increase of 119,000 jobs in September despite some economists' concerns for a reduction in employment.*
  - → *The nation's Health Care and Social Assistance sector saw the largest growth in September (+57,000 jobs). It remains to be seen, however, if that growth was mirrored at the local level for Berks County's second-largest employment sector.*

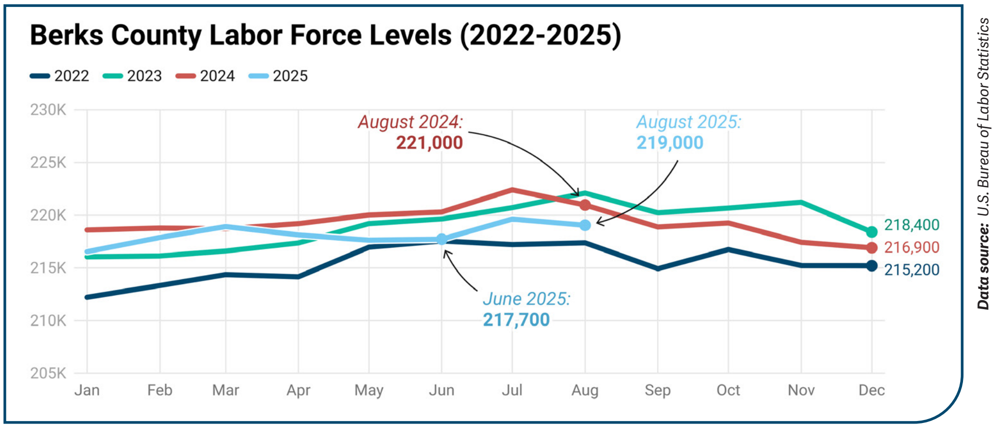
As a result of the federal government shutdown, the Bureau of Labor Statistics has yet to release county-level employment data for September.



Berks County's labor force levels were below the previous two years.

- *In August, the labor force had 219,000 people – 2,000 fewer than a year prior and 3,100 less than August 2023 levels.*
- *Despite the annual decline, the county's labor force saw an increase of 1,300 people in the first two months of Q3, following seasonal trends.*

A tighter labor force can add more pressure to businesses already struggling to find workers with specific skills and experience needed.



Among the factors most likely to have contributed to the continued decline in labor force levels:

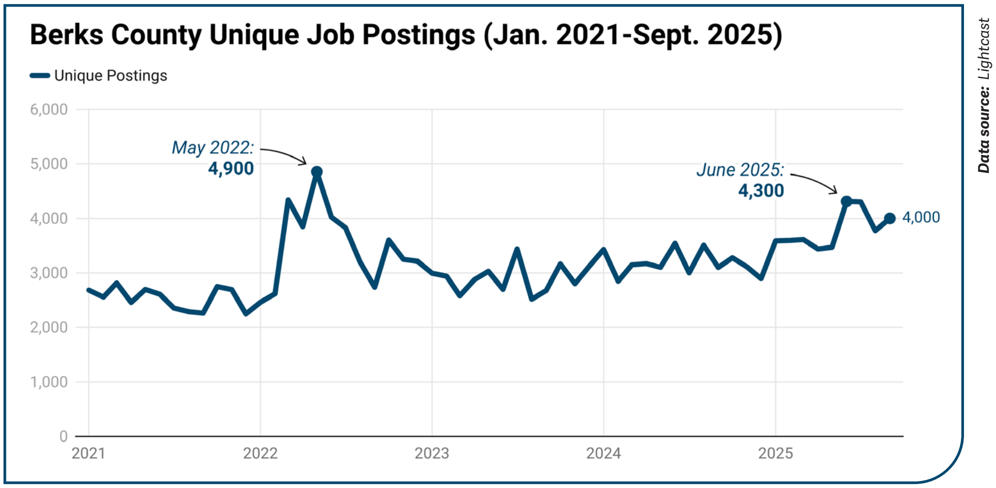
- *A potential uptick in retirements, driven by Berks County's aging population.*
- *A potential reduction in foreign-born workers amidst tightening national immigration policies.*
  - → *Per the BLS, the number of foreign-born workers in the U.S. had declined by 1.2 million from January (33.3 million) through the end of September (32.1 million).*
  - → *Agriculture – an industry sector which has a high concentration in Berks County – has historically depended upon immigrant workers.*
- *Employers exercising caution rehiring for positions as employees left.*
  - → *This cautious approach is likely influenced by economic uncertainty related to national tariff policies.*
  - → *More selective hiring for entry-level positions may be pushing some job seekers into "discouraged worker" status, removing them from labor force counts.*

*Per the BLS, **discouraged workers** are persons not in the labor force who want and are available for work, and who have looked for a job sometime in the prior 12 months, but were not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey because they believed no jobs were available for them or there were none for which they would qualify.*

Unique job postings have increased in Berks County throughout 2025, signaling a continued need for workers across the county.

- *Nearly 4,000 unique job postings were recorded in September 2025 – an uptick of almost 900 more postings than a year prior.*
  - → *Whereas employers in 2022 were desperate for employees in general, the demand seen in Q3 2025 underscores the growing need for highly skilled workers.*
  - → *When employers can't find qualified candidates, postings remain active for longer, resulting in an increased volume of unique job postings.*
- *Despite the annual growth, a decline of 300 postings was seen over the third quarter, a majority of which occurred in the month of August.*

*Per Lightcast, **job postings** are voluntarily released on the internet by companies hoping to attract applicants, while **job openings** are a measure of demand that takes into account actual growth and estimated replacement needs. Both job postings and job openings are helpful for assessing the demand for an occupation.*



Economists reason that the national economy expanded in Q3, with speculation on the extent of the growth.

- *Although national GDP reporting for Q3 has not yet been released due to the federal government shutdown, economists estimate the U.S. saw third-quarter economic growth. Estimates vary, however, on just how much growth occurred.*

- The Federal Reserve Bank of Atlanta's GDPNow forecasting model estimates the national economy grew by 4.2% over the course of Q3.
- The St. Louis Federal Reserve Bank's Real GDP Nowcast, on the other hand, estimates a 0.6% rate of growth.

- *Pennsylvania followed national trends in Q2, recording a sizeable 4.1% increase in economic output.*
    - *The Manufacturing sector was responsible for 1.25% of PA's growth over Q2.*
    - *It remains to be seen if the local Manufacturing sector – which is the leading contributor to Berks County's GDP – has reflected the strong growth seen at the state level.*

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) (Q3 2023-Q3 2025)

Year	U.S. GDP	PA GDP
Q3 2023	4.4%	5.8%
Q4 2023	3.2%	3.1%
Q1 2024	1.6%	−3.1%
Q2 2024	3.0%	3.0%
Q3 2024	3.1%	2.9%
Q4 2024	2.4%	1.0%
Q1 2025	−0.5%	−1.1%
Q2 2025	3.0%	4.1%

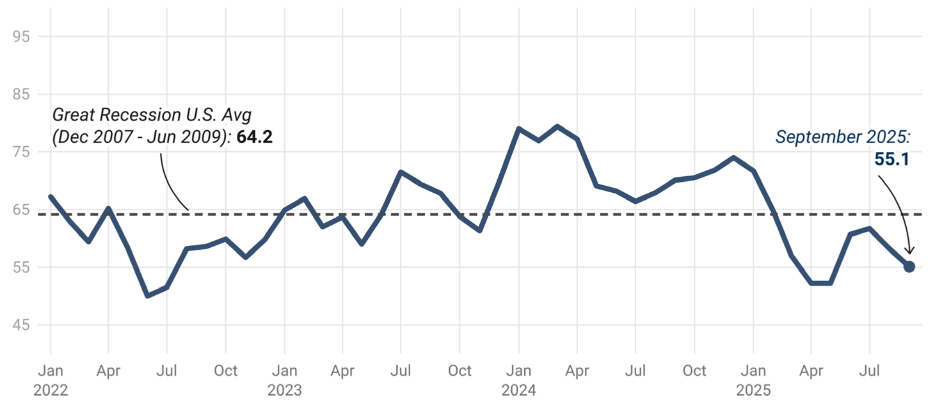
** State-level GDP revisions were made Sept. 26, 2025*

***Data source:** U.S. Bureau of Economic Analysis*

U.S. consumer sentiment dropped in the third quarter, remaining below average sentiment levels recorded during the Great Recession.

- *National sentiment began to plummet in March when national policy shifts, namely around tariffs, led to a spike in uncertainty for consumers and businesses alike.*
    - *That uncertainty spilled into expectations around prices, job stability, and overall economic conditions.*
- *The index fell by 5.6 points over the third quarter as inflation and tariff uncertainty continued to bog down sentiment.*
    - *In its monthly Surveys of Consumers, University of Michigan researchers found that nearly 60% of respondents mentioned "tariffs" in open responses in September.*

U.S. Consumer Sentiment Index (2022-2025)



***Data source:** University of Michigan*

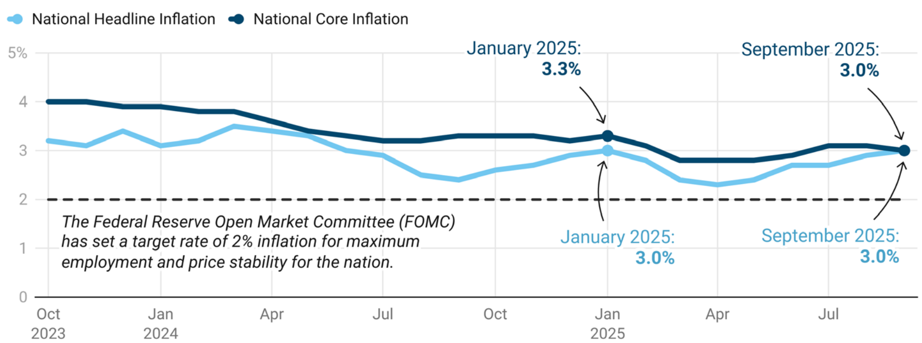
Consumer prices continued to climb in Q3 as headline inflation notched back up to the previous 2025 high recorded in January.

- *In September, annual inflation for both headline and core inflation was 3.0%.*
  - *This is the first time in more than two years that core inflation has not exceeded headline inflation – a potentially positive sign, as core inflation is often a primary gauge for underlying economic conditions.*
- *Annual inflation remained stuck above the Federal Reserve's target rate of 2%, largely due to the increased cost of services.*

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).*

National Annual Rate of Inflation Levels (Oct. 2023-Sep. 2025)

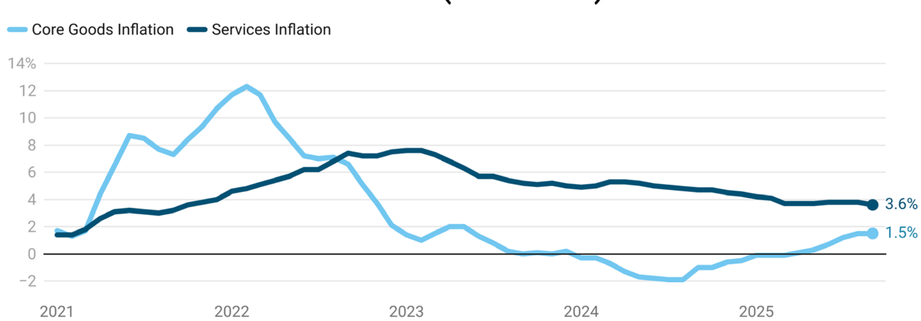


Data source: *U.S. Bureau of Labor Statistics*

A key factor underpinning current inflation levels is the high increase in the cost of services compared to goods over the last three years.

- *In the wake of the COVID-19 pandemic, costs for services (i.e. haircuts, healthcare, rent) have surged while the costs for goods (i.e. electronics, furniture, groceries) have eased, reflecting consumers' shift from purchasing goods during lockdowns to spending more on in-person experiences.*
  - ***Service inflation:*** *3.6% in September*
  - ***Goods inflation:*** *1.5% in September*
- *After months of slowing, goods prices began to tick back up starting in April, due in part to tariff-related cost increases.*
- *This divergence highlights current inflationary challenges and is among the factors weighed by the Federal Reserve as they debate lowering interest rates.*

Core Goods vs. Services Inflation (2021-2025)



Data source: *U.S. Bureau of Labor Statistics*

In September, the Federal Open Market Committee (FOMC) lowered the federal funds rate for the first time in nine months.

- *Despite a slight rise in headline inflation, labor market pressures lead the FOMC to lower the federal funds rate by 25 basis points to 4.00%-4.25%.*
  - → *On September 17th, FOMC chair Jerome Powell stated, "In the near term, risks to inflation are tilted to the upside and risks to employment to the downside – a challenging situation. When our goals are in tension like this, our framework calls for us to balance both sides of our dual mandate."*
- *At its September meeting, the FOMC signaled the likelihood for future rate cuts in the final quarter of the year.*
  - → *FOMC board members reported a median anticipated rate of 3.50%-3.75% for the federal funds rate by the end of 2025.*

> ***Basis points** offer a consistent way to quantify small percentage shifts in financial markets.*
>
> *• 1 basis point = 0.01%*

> *The FOMC lowered the federal funds rate by 25 basis points to 3.75%-4.00% at its October meeting.*

Financial stress in Berks County reached a 20-year high following the rise of interest rates in 2022.

- *Total average debt in Berks County fell by 3.7% from Q4 2021 to Q1 2025 as spending slowed and many repayments were paused due to shutdowns caused by the COVID-19 pandemic.*
  - → *Notably, declining debt levels were primarily seen in middle- and upper-income neighborhoods.*
- *The volume of Berks County residents holding "severely delinquent" debt reached a 20-year high at 16.6% in Q1 2025.*
  - → *Student loan delinquencies started again after federal penalties for missed payments were reinstated at the start of the year.*

> *Per Philly Fed, **total debt** includes debt in all accounts in the Consumer Credit Panel, including auto debt, mortgage debt, credit card debt, home equity line of credit debt, student loan debt, retail financing (i.e., credit cards for use at specific retailers), general consumer finance, and debt classified as "other." **Severely delinquent debt** is typically defined as debt that's more than 90 days past due.*

Percentage of Berks County Borrowers with Severely Delinquent Debt (Q1 2005-Q1 2025)

Data source: *Federal Reserve Bank of Philadelphia*

Data Sources

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- *"Civilian Labor Force Level - Foreign Born [LNU01073395], retrieved from FRED, Federal Reserve Bank of St. Louis" (11/20/25); fred.stlouisfed.org/series/LNU01073395*
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University of Michigan, *"Surveys of Consumers | September 2025 survey results" (9/26/25); data.sca.isr.umich.edu/fetchdoc.php?docid=79767*

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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.