



Economic Intelligence Report for Berks County

2025 | Q4

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The Lead

Berks County's economy made modest gains in Q4 after showing signs of moderation earlier in 2025. While businesses still felt lingering uncertainty, the labor market strengthened, and consumers continue to spend.

1) Berks County employment ticked back up in the fourth quarter.

- Employment levels increased over Q4, back up to levels on par with December 2023 and 2024.
- The county's unemployment rate remained low, though slightly above 2024 levels.

2) Consumers continued to spend, even though they remained pessimistic.

- National GDP growth was underpinned by continued consumer spending despite national consumer sentiment having hovered near historic lows.
- Wage growth in Berks County did not keep pace with inflation in 2025, modestly eroding purchasing power for local workers.

Technical Note: Due to the government shutdown on October 1, 2025, some employment and inflation data for October 2025 is unavailable.

By the Numbers

+2,700 people

Total employment growth in Berks County over Q4 2025

3.7%

Berks County unemployment rate in December 2025

2.7%

National annual rate of inflation as of December 2025

+1.5%

Annual change in average hourly earnings in December

-2.2 index points

Drop in national consumer sentiment index over Q4 2025

+1.4%

Estimated annual growth of national GDP in Q4 2025

+5.6%

Annualized growth of Pennsylvania GDP in Q3 2025

-50 basis points

Drop in the federal funds rate over the course of Q4



2025 in Review: Business Sentiment in Berks County

2025

Entering 2025: *Businesses were feeling relatively optimistic amid expectations that inflation would ease and interest rates would continue to decline.*

Q1

Q1 2025: *Changing tariff policies led to a rise in uncertainty. Toward the end of the quarter, this uncertainty led many businesses to hold off on previously planned capital investments and adopt more cautious hiring practices.*

Q2

Q2 2025: *Companies had begun to feel broader economic ripple effects from firms placing holds upon capital investments – further amplifying struggles to understand what shifting tariff policies would mean for their business.*

Q3

Q3 2025: *Economic uncertainty persisted into the third quarter, reinforcing cautious hiring practices. Companies continued to reassess their outlooks amid a shifting policy landscape.*

Q4

Q4 2025: *Amid long-term uncertainty, businesses gradually moved forward with their adjusted plans, incorporating potential policy shifts and their broader economic impacts.*

2026

Entering 2026: *Ripple effects of shifting technology and tariffs have led to differing business experiences. While a modest increase in economic optimism typically accompanies the start of a new year, sentiment in 2026 has been tempered by continued uncertainty.*

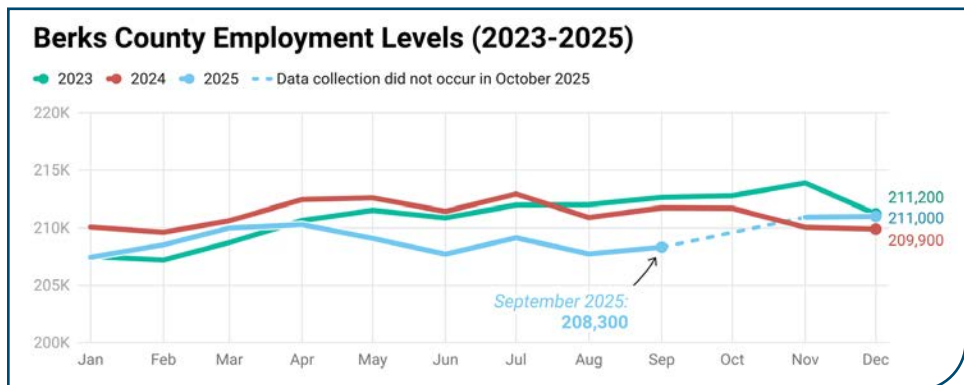


After dipping in Q2 and remaining subdued in Q3, employment in Berks County regained momentum in Q4, finishing out the year on par with 2023 levels.

- Employment increased by 2,700 people over Q4 as many local businesses moved ahead with projects – and hired accordingly – despite lingering uncertainty around the economy.
 - ➔ Berks County’s labor force also reflected this increase, expanding by 1,200 people across the same timeframe.
- Although hiring strengthened modestly in Q4, the labor market remained challenging for entry-level workers.
- Despite growing debate around the impact generative artificial intelligence (AI) tools will have on jobs, an October 2025 survey performed by the Federal Reserve Bank of Philadelphia found only a limited number of regional firms had reported a dip in employment due to the adoption of AI tools.
 - ➔ Per the Philly Fed, “Although AI usage among firms is still in its early stages, these results suggest that many firms may use generative AI to enhance worker skills and improve productivity, rather than automate roles.”

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.

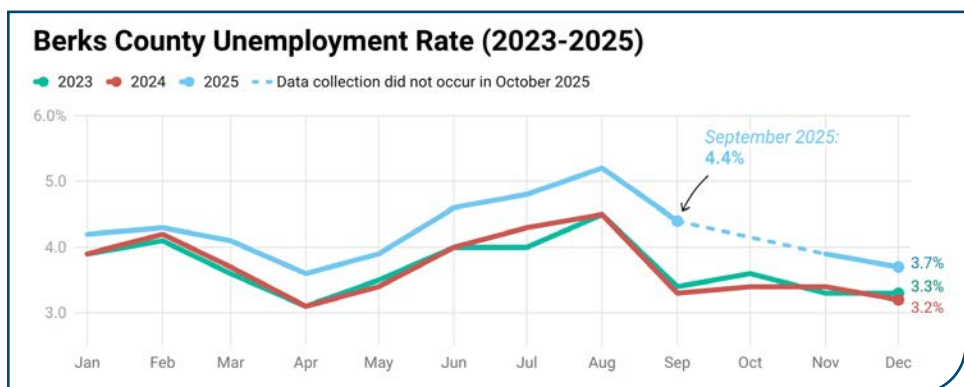


Data source: U.S. Bureau of Labor Statistics

The unemployment rate in Berks County declined across Q4.

- Berks County’s unemployment rate remained low, ending the year at 3.7%.
 - ➔ This rate is on par with Pennsylvania’s unemployment rate, which also recorded at 3.7% for the month of December.
- Berks County had two WARN notices that overlapped with the fourth quarter:
 - ➔ Instant Web LL (298 people) » effective 6/27/2025 - 12/31/2025
 - ➔ Ryder Integrated Logistics, Inc. (76 people) » effective 8/1/2025 - 12/31/2025

The federal **Worker Adjustment and Retraining Notification (WARN) Act** mandates employers must provide notice 60 days in advance of a covered-business closing and covered-business mass layoff.



Data source: U.S. Bureau of Labor Statistics

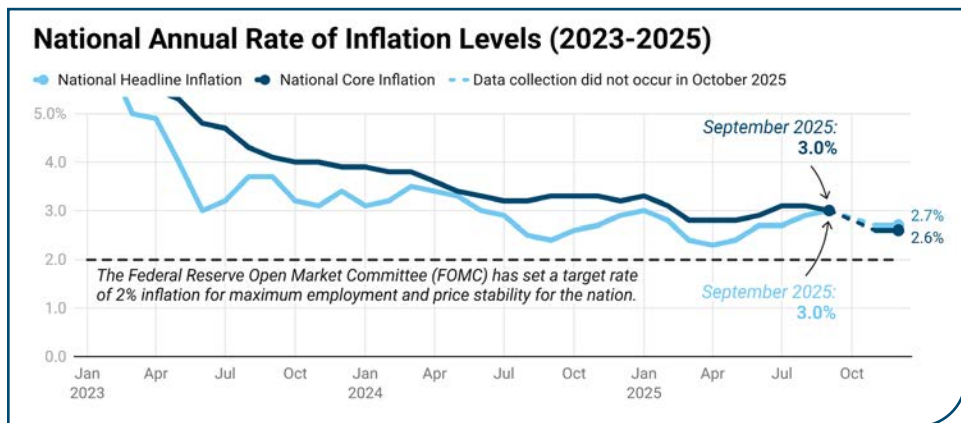


The national annual rate of inflation ticked lower in Q4 but continued to remain stuck above the Federal Reserve's 2% target.

- After rising in Q3, inflation moderated in Q4 dropping slightly and holding steady through the end of the year.
 - ➔ National headline inflation was recorded at 2.7% in December 2025.
 - ➔ National core inflation dropped to 2.6% in December, the lowest since March 2021.
 - ➔ Inflation has risen less than many economists speculated amid ongoing tariff pressures.

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

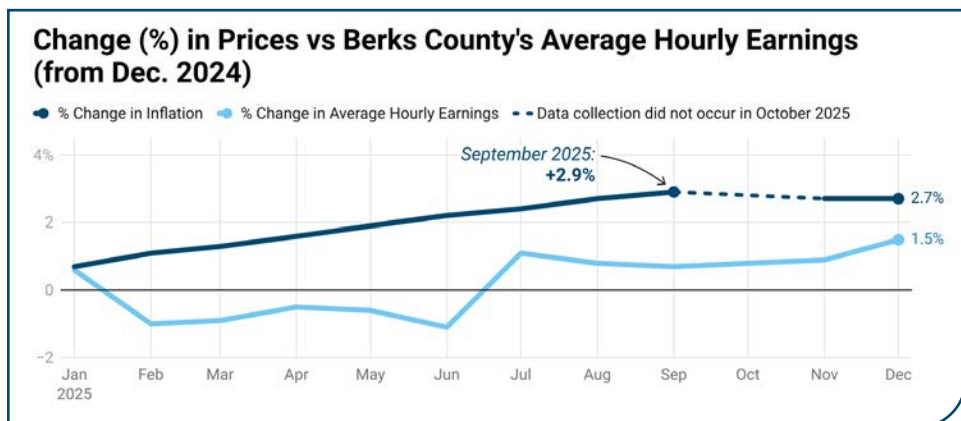
Headline inflation is the measure of inflation for all commodities, services, and goods. This is what's reported monthly by the U.S. BLS through the Consumer Price Index (CPI).



Berks County earnings did not keep pace with inflation in 2025, eroding purchasing power for many workers.

- When adjusted for inflation, average hourly earnings were 90¢ less than at the end of 2024.
 - ➔ On average, workers in Berks County made \$34.62 per hour in December.
 - ➔ Average hourly earnings in Berks County rose 1.5%, falling short of the 2.7% increase in national inflation, from December 2024 to December 2025.
- Average hourly wages fell in the first half of the year before rebounding in July.
- Despite trailing inflation in 2025, earnings in Berks County have outpaced inflation over the past five years.
 - ➔ Average hourly earnings rose 28.2%, outpacing the 24.4% increase in prices.

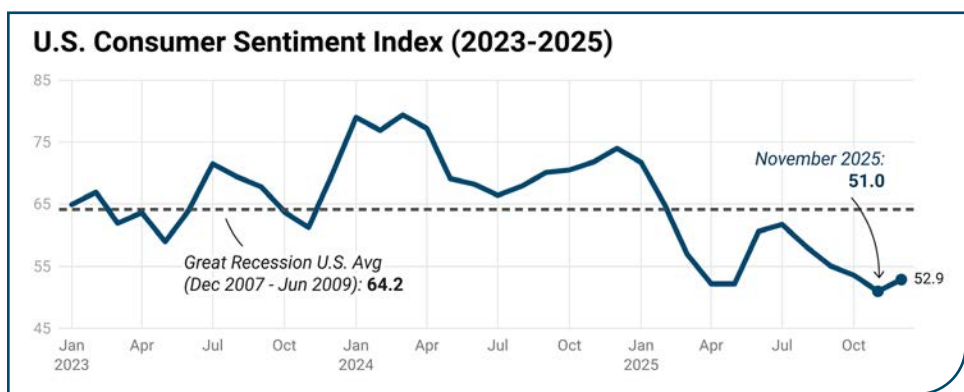
The U.S. BLS measures **Average Hourly Earnings** for all private employees on a "gross" basis, including premium pay for overtime and late-shift work.





Nationally, consumers remained deeply pessimistic about the economy, with sentiment registering near historic lows.

- Consumer sentiment declined in Q4 by 2.2 index points.
 - The index measured 52.9 index points, over 10 points lower than the great recession average.
 - While the U.S. economy has not experienced a recession since the pandemic, average consumer sentiment levels since 2022 have reflected recession like pessimism.
- Despite inflation cooling from prior years, consumers were still feeling the effects from the earlier increase in prices.
 - Without prompt, 47% of respondents mentioned high prices negatively affecting their personal finances in University of Michigan's December Survey of Consumers.



Despite sustained pessimism among consumers, they continue to spend.

- National GDP grew 1.4% in Q4, driven primarily by consumer spending.
 - Consumer spending – the largest contributor to national GDP – increased by 2.4%.
 - Slower GDP growth was largely driven by a decrease in government spending, a partial result of the 43-day government shutdown in the quarter.
- Pennsylvania's economy expanded significantly in the third quarter, growing at an annualized 5.6%.
 - This growth is tied for the 4th largest growth for any state across Q3.
 - Manufacturing, Health Care, and Professional and Business Services drove this growth, each posting annualized growth above 7%.
 - These industries are top industries in Berks County's GDP, putting Berks in a good position to benefit from this growth.

	U.S. GDP	PA GDP
Q1 2024	0.8%	-3.1%
Q2 2024	3.6%	3.0%
Q3 2024	3.3%	2.9%
Q4 2024	1.9%	1.0%
Q1 2025	-0.6%	-1.1%
Q2 2025	3.8%	4.1%
Q3 2025	4.4%	5.6%
Q4 2025	1.4%	

Consumer spending accounts for about 70% of national GDP.

The formula used to calculate **Gross Domestic Product (GDP)** is:
 Consumer Spending + Business Spending + Government Spending + (Imports - Exports)



The Federal Open Market Committee (FOMC) cut the federal funds rate two times during Q4.

- The Federal Funds rate now stands at 3.50%-3.75%, 50 basis points lower than it had been at the end of Q3.
 - After cutting the federal funds rate by 25 basis points in September, the FOMC cut rates again, 25 basis points in both the October and December meetings.

Basis points offer a consistent way to quantify small percentage shifts in financial markets.

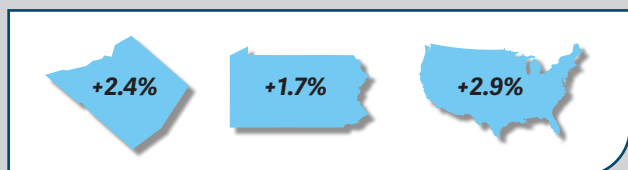
• 1 basis point = 0.01%

Looking Back: 2024 GDP for Berks County

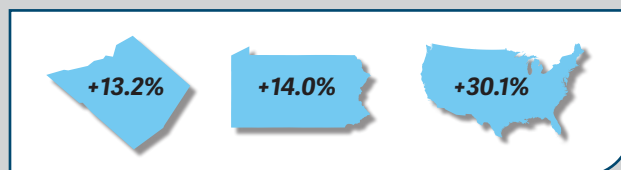
Each December, the Bureau of Economic Analysis releases county-level GDP data for the previous year. The recently released data for 2024 sheds light on economic growth in Berks County as well as the surrounding counties.

Berks County's annual economic growth outpaced that of the state in 2024, but trails Pennsylvania's growth over the past 10 years.

- Year-over-year real economic growth in the private sector:

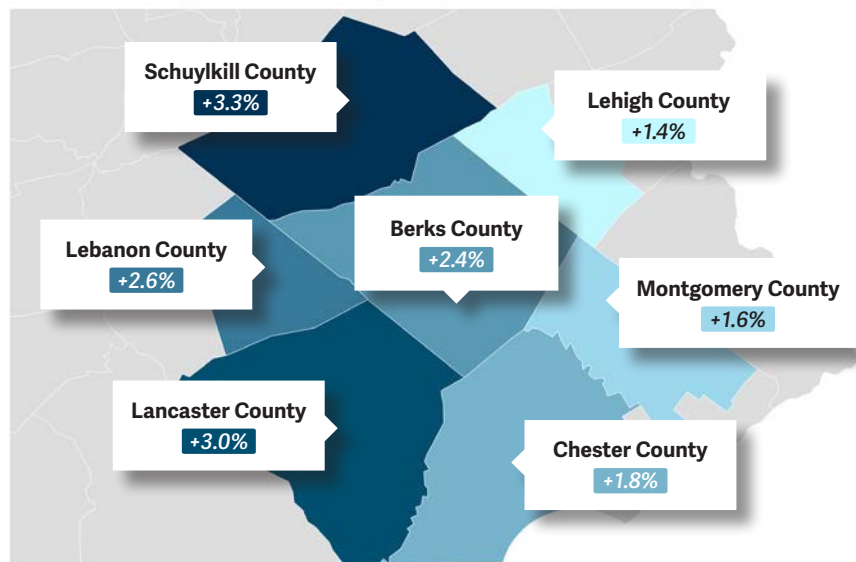


- Real private sector economic growth from 2014 to 2024:



- Berks County saw the fourth-highest economic growth among its surrounding counties.

Regional Comparison: Change (%) in Private GDP in 2024



Data source: U.S. Bureau of Economic Analysis

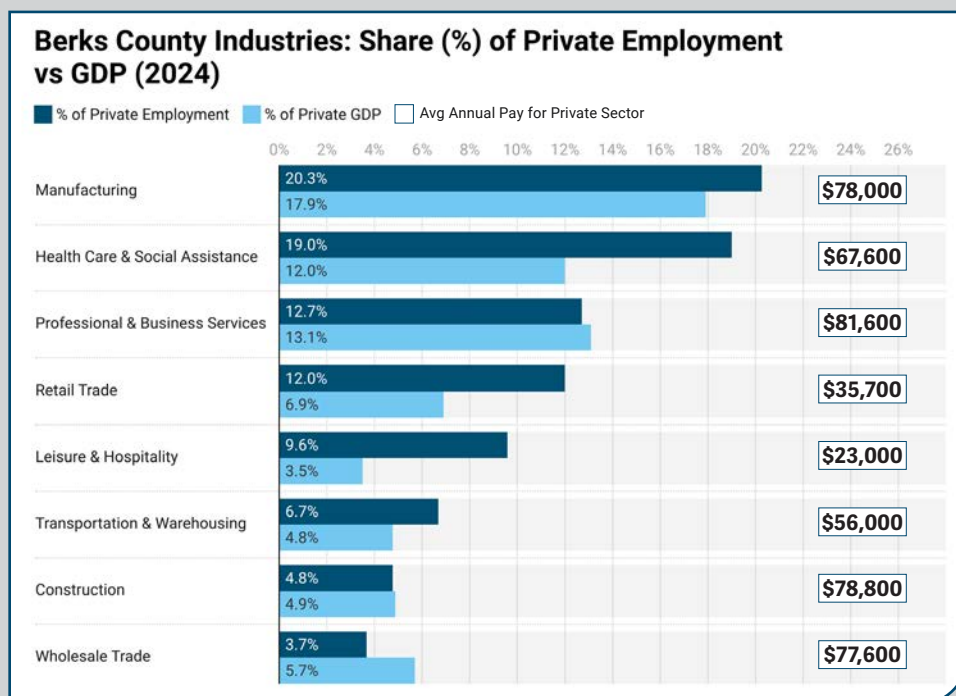


Top industries leading Berks County's year-over-year economic growth in 2024:

- Retail Trade (+\$126,754,000)**
 - Retail Trade saw the biggest growth in 2024, growing by 10.5%. This is the second-year retail trade has experienced growth over 10%, reflecting a return to in-person shopping following the dips seen in the wake of the COVID-19 pandemic.
- Manufacturing (+\$124,678,000)**
 - The highest GDP-producing industry in Berks County grew by 3.7% for the second year in a row, outpacing the state for the third consecutive year.
- Professional & Business Services (+\$116,169,000)**
 - The industry grew by 4.2% in 2024, marking its eighth straight year of economic expansion.

Top industries that saw negative economic growth from 2023 to 2024:

- Finance & Insurance (-\$71,442,000)**
 - After growing for 3 straight years, the Finance and Insurance industry contracted in 2024, declining by 6.8%. This contraction was not mirrored by the state.
- Wholesale Trade (-\$36,048,000)**
 - This is the fourth time in the last five years the Wholesale Trade industry has experienced a contraction. When adjusted for inflation, Wholesale Trade has yet to match its peak output from 2013.
- Mining Quarrying, and Oil and Gas Extraction (-\$30,011,000)**
 - While a very small industry in Berks County – just 0.1% of the private GDP – Mining, Quarrying, and Oil and Gas Extraction contracted 62.3% in 2024.



Data sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics

The 2024 average annual pay for all private sectors in Berks County was **\$63,300** – up \$2,200 from the 2023 average (\$61,100).



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.