

The region faces a high degree of economic uncertainty this year, as it confronts a slowdown in job growth, the loss of federal workers and contract dollars, as well as uneven economic growth. The following are some of the key indicators to watch as we track the region's trajectory in the months ahead.

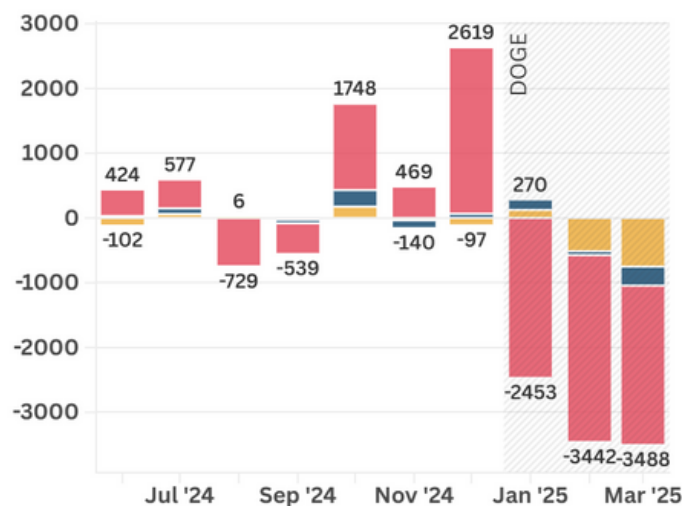
Key Points:

- Job growth slowed significantly across the region in the first three months of 2025, driven by layoffs of federal workers and contractors. The region is now adding jobs at a slower pace than the U.S. overall.
- Federal employment across the region fell by more than 9,100 workers since the start of the year.
- Employment in the professional & business services sector – the second largest in the region – was lower in March relative to a year earlier.
- Although metro area unemployment has increased since a year ago, rates across the region remain lower than in other major metro areas.
- Virginia continues to lead regional GDP growth, while the District has struggled in the wake of the pandemic.
- Population growth continues to rebound from the pandemic-era slowdown, driven largely by international migration.
- The region's strong AI and biotech sectors remain targets for venture capital funding, with deal values in Virginia ranking 14th largest among states in 2024.

The Region Lost +9,100 Federal Jobs Since January

Change by Metro Area, Monthly

■ Baltimore ■ Richmond ■ Washington

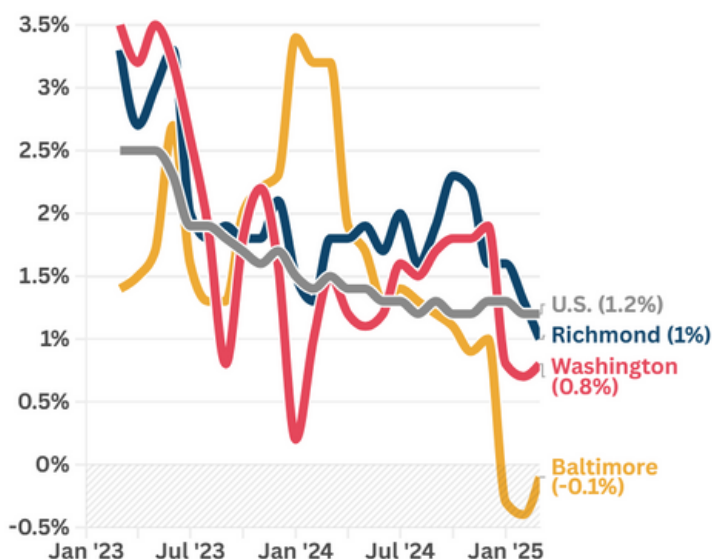


Source: BLS, Current Employment Statistics

The region's federal employment declined by over 9,100 since January. More losses are expected in the months ahead, as agencies implement reduction in force directives and employees who opted for the delayed resignation program retire or resign by September.

Employment Growth Slowed in Early 2025

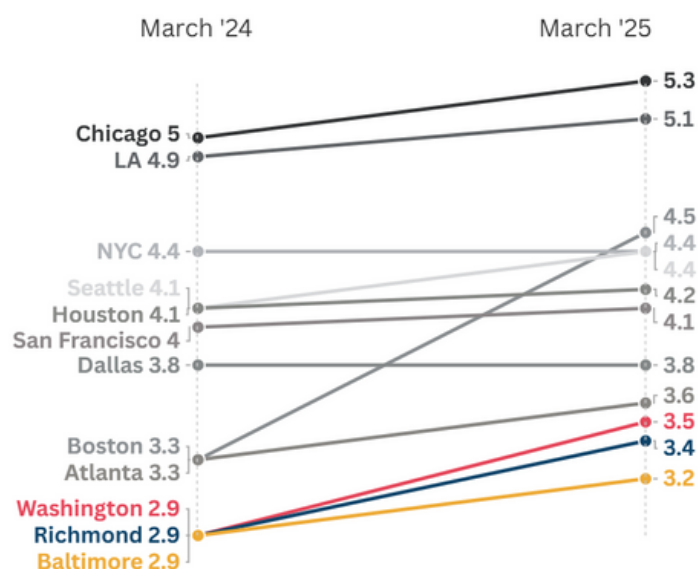
Year-over-Year Change by Metro Area, Monthly



Source: BLS, Current Employment Statistics

The downward trend in employment growth accelerated across the region in 2025. As of March, job growth was slower in all three regional metro areas than the country overall, with a slight decline in metro Baltimore's employment relative to a year earlier.

Unemployment Rates Rise but Remain Lower Than Other Major Metro Areas



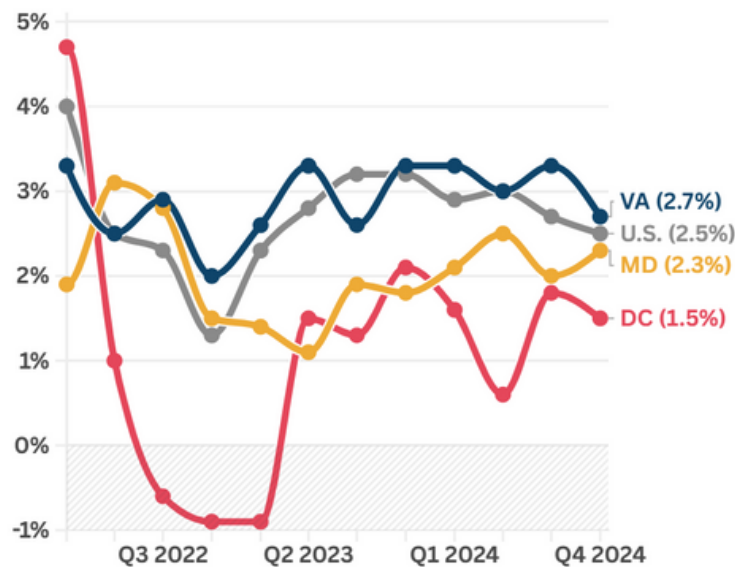
Source: BLS

Unemployment rates ticked up over the past year across most major metro areas. Despite recent federal cutbacks and contractor layoffs, unemployment remains lower in our region than in many other major metro areas.



Virginia Leads Regional GDP Growth

Year-over-Year Real GDP Growth by State, Quarterly

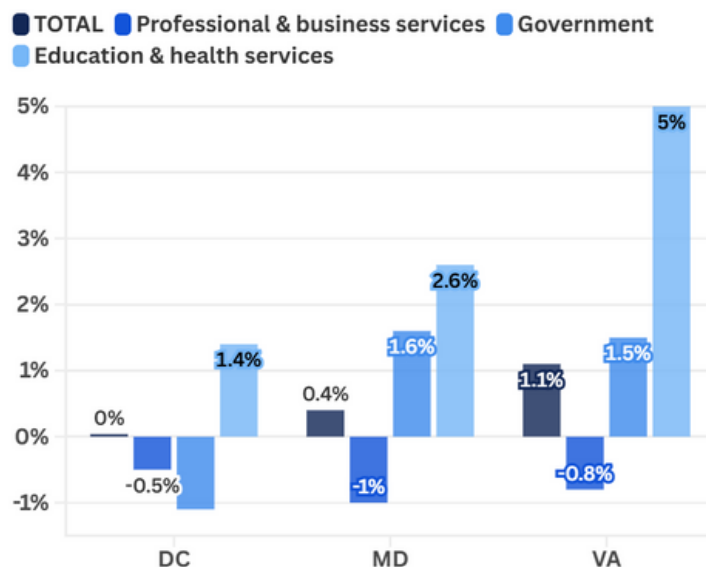


Source: BEA

Virginia leads the region in GDP growth, expanding 2.7% in Q4 2024 relative to a year earlier. The largest private sector contributor to growth in VA and DC was professional services, while health care & social assistance was most additive in MD.

Professional Services Sector Shows Job Losses

Change in Select Industry Employment, March '24 - '25

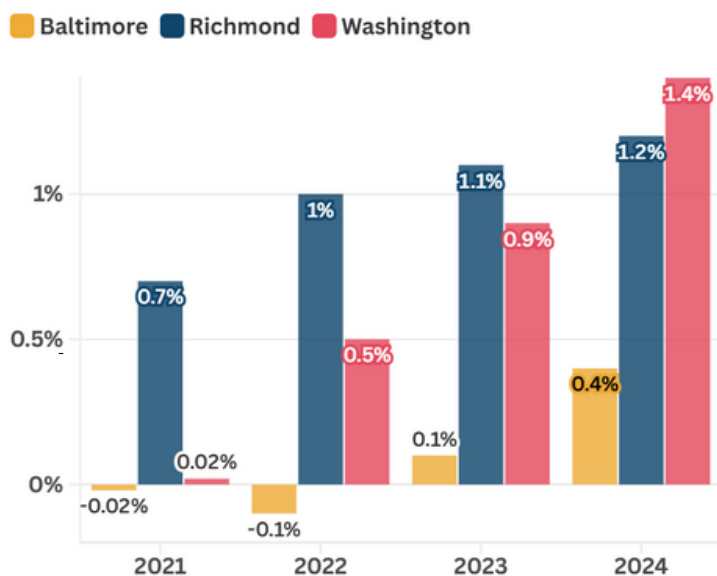


Source: BLS, Current Employment Statistics

Employment growth was flat over the year in DC, which still trails its pre-pandemic level by 36K jobs. Employment in professional & business services – the 2nd largest sector regionally – fell across all three jurisdictions since last March.

Population Growth Has Rebounded since Pandemic

Annual Population Change by Metro Area

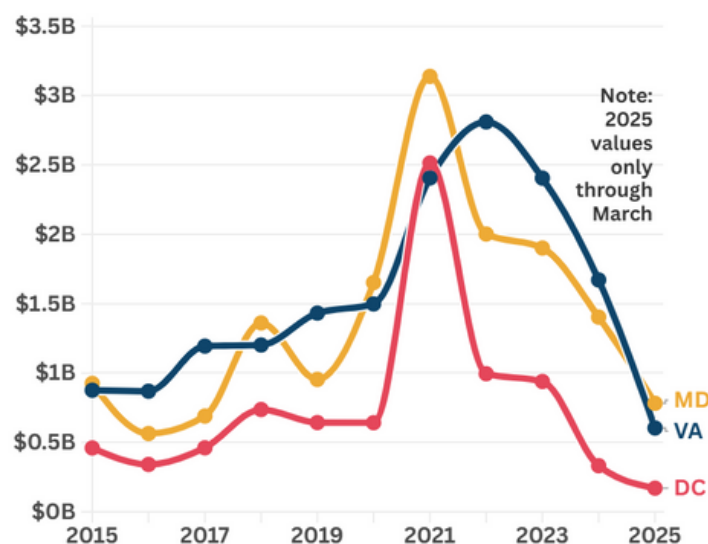


Source: U.S. Census Bureau Population Estimates Program

Metro Washington's population grew fastest in the region last year (1.4%), as moves out of the region have slowed since the pandemic. International migration plays an outsized role, accounting for all of metro Baltimore's population growth, 92% of Washington's, and 44% of Richmond's.

Virginia Led Region in VC Deals in 2024

Venture Capital Deal Value by State



Source: PitchBook-NVCA Venture Monitor

Virginia reported the 14th highest total for venture capital deals among all states in 2024; MD was 18th; and DC was 30th. Market uncertainty slowed the pace of deals at the start of 2025, but deal activity remains strong in two regionally important sectors: AI and biotech.