

Regional Economic Snapshot

October 2025

Economic challenges persist across the region due to federal retrenchment, slowing private-sector job growth, and rising unemployment. However, opportunities remain. Looking ahead, strengthening foundational sectors and attracting high-growth industries will be crucial for a resilient economy. Key indicators include the following measures of the region's economic trajectory.

The job market is weakening amid federal and private-sector cutbacks.

- The region lost nearly 29,000 federal jobs since the start of the year, shrinking by 7.3% in metro Baltimore, 6.3% in Washington, and 3.1% in Richmond.
- Total employment is also down by 4,900 since January with losses concentrated in metro Washington and Baltimore; Richmond continues to add jobs.
- The District of Columbia has the highest unemployment rate in the country.

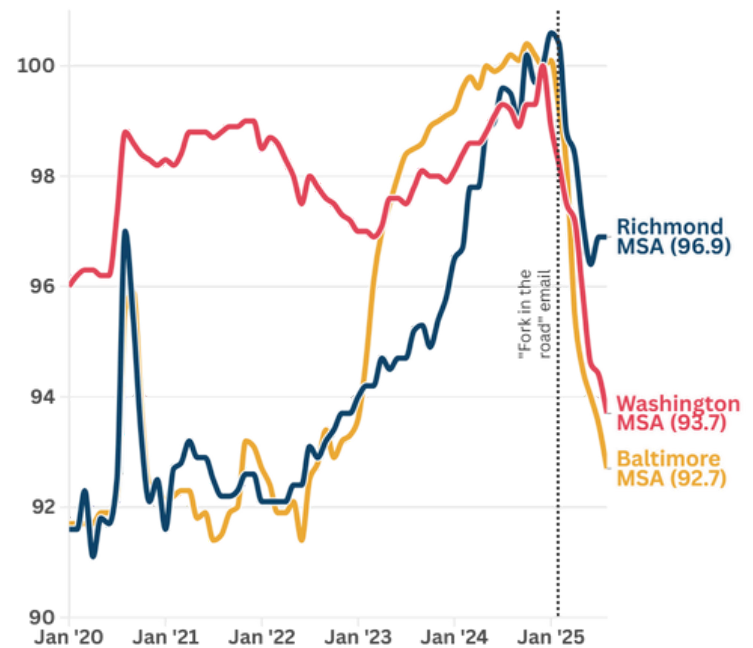
Regional GDP has grown more slowly than most peers over the past decade, driven by the predominance of large, slower-growth industries.

- The region's GDP grew by only one-third as much as leading peer metro areas since 2013.
- Median household income remained high in 2024, but high-paying professional services jobs have contracted by 19K over the past year.
- The tech, life sciences, and aerospace/defense sectors are projected to add jobs at a rate of 2.2% through 2034 – more than double the region's foundational sectors.

Commercialization is a key factor needed to transform the region's innovation pipeline in growth sectors.

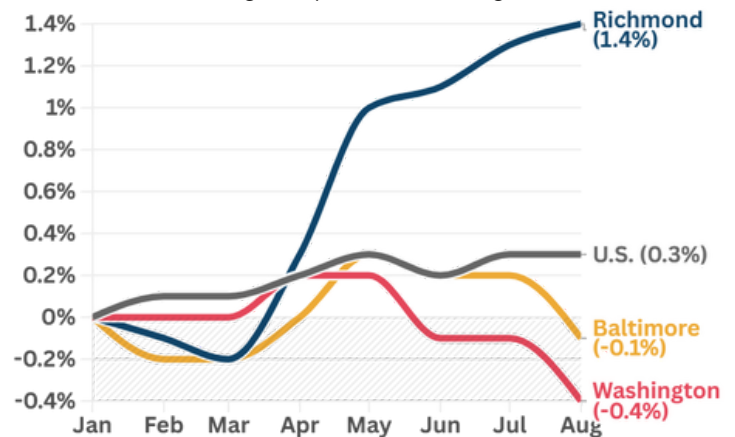
- Metro Baltimore ranks first among peers in per capita academic R&D funding for life sciences, engineering, and physical sciences.
- However, strong R&D in those areas has not translated to comparatively high rates of patenting and commercialization across the region.
- Venture capital funding is relatively high across the region for cybersecurity, e-commerce, autonomous vehicles, biotech, and advanced manufacturing.

Federal employment declined significantly through August, Indexed, December 2024 = 100



Source: U.S. Bureau of Labor Statistics, Federal Government Employees, Seasonally adjusted

Job growth turned negative in 2025 for metro DC and Baltimore, % change in jobs, Jan – Aug 2025

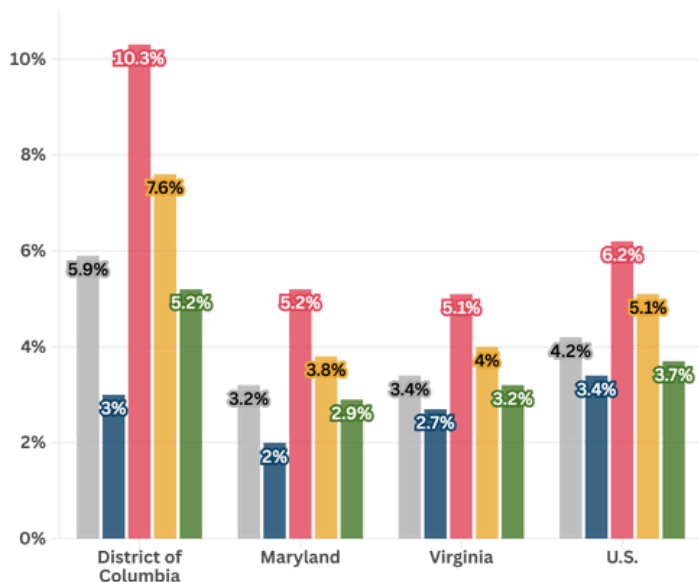


Source: U.S. Bureau of Labor Statistics, Total Nonfarm Employees, Seasonally Adjusted

Private sector employment is down in metro Washington by 0.4% (-13,400 jobs) and in Baltimore by 0.1% (-1,400 jobs); however, metro Richmond employment has grown by 1.4% (9,900 jobs), outpacing the U.S. over the same time.

DC shows highest unemployment rate, By race 2025 Q2

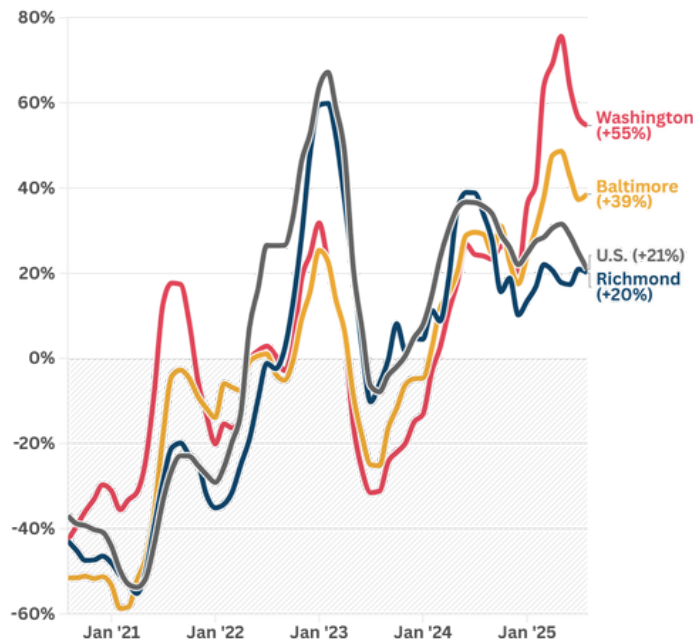
■ All ■ White ■ Black ■ Hispanic ■ AAPI



Source: Economic Policy Institute analysis of BLS and Current Population Survey data

DC shows the highest rate in the country (5.9%), while MD (3.2%) and VA (3.4%) remain lower than the U.S. overall. Racial disparities persist, with the rate among Black residents in DC 3.4x higher than for white residents.

More home listings could reflect disruption in the job market, % chg. in units for sale from a year ago

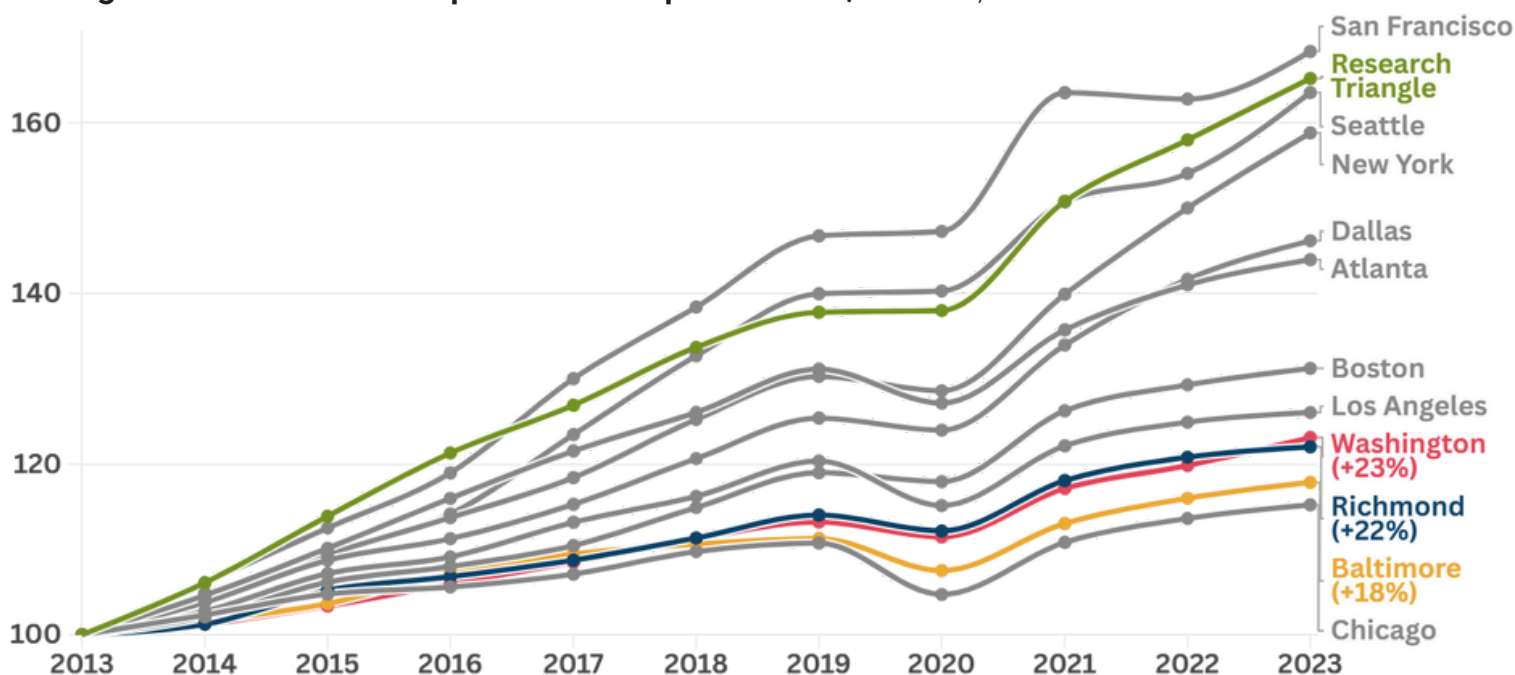


Source: Realtor.com via FRED

Homes for sale in metro Washington jumped 55% in August year-over-year. The weakening job market could contribute to lower demand and a desire for owners to downsize or relocate. Data is not yet available to determine the extent to which people are relocating to, from, or within the region.

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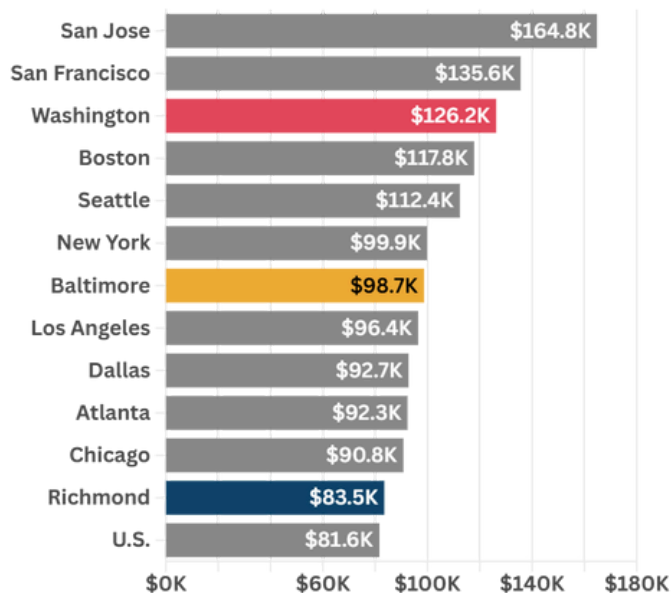
GDP growth has trailed most peers over the past decade, Indexed, 2013 = 100



Source: U.S. Bureau of Economic Analysis, Total Real Gross Domestic Product

From 2013-2023, metro Washington's GDP grew by 23% in real terms, while Richmond's grew by 22% and Baltimore's by 18%. Regionwide, that is about one-third as fast as leading peers. If the region's economy had expanded at the same rate as the Research Triangle around Raleigh (+65%), for instance, GDP would be \$323B larger today.

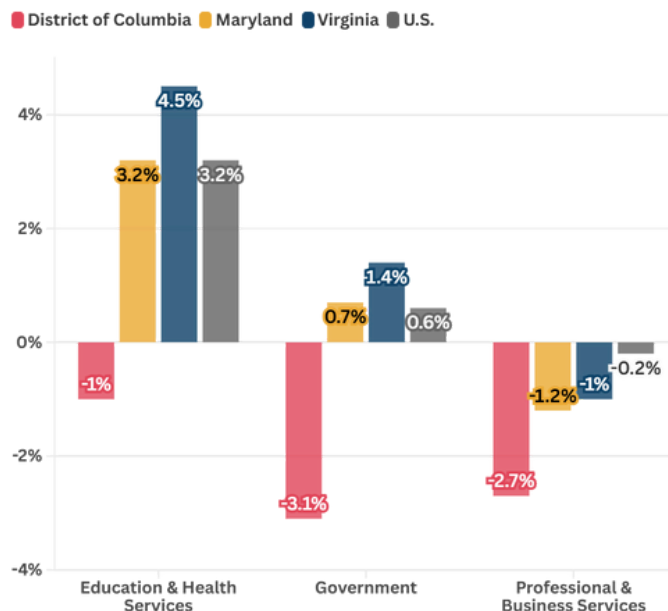
Metro Washington ranks 3rd nationally in median household income, Metro-level MHI, 2024



Source: U.S. Census Bureau ACS 1-year estimate

Among the country's largest metro areas, Washington has the third highest median household income – trailing only the Bay Area metros. Baltimore ranks 14th, while Richmond is 26th. Metro Baltimore saw the biggest gains in our region since 2023, increasing by 4.6%.

Professional services – a major sector in the region – is contracting, % chg. in jobs Aug 2024–25

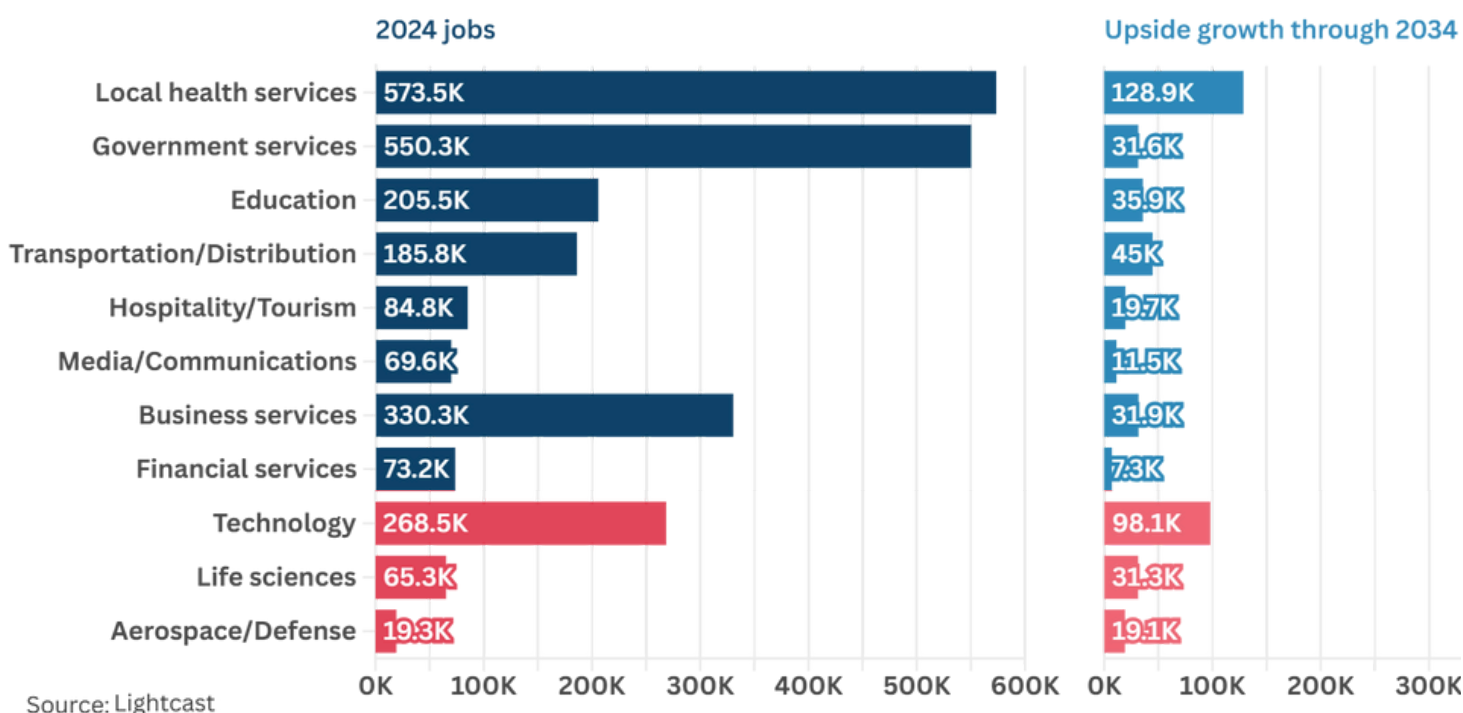


Source: BLS • Note: "Government" employment includes state and local employment in addition to federal.

Half of all regional employment is in government, professional services, education, and healthcare. Professional services has contracted faster here than nationally, losing nearly 19K jobs year-over-year. Among major sectors, only education and health services show significant job growth.

If the region matches top peer growth trajectories, it could add ~\$160 billion in economic output and 645,000 jobs by 2040 (31% and 6% over baseline).

Tech, life sciences, aerospace, and defense sectors are projected to see high rates of job growth



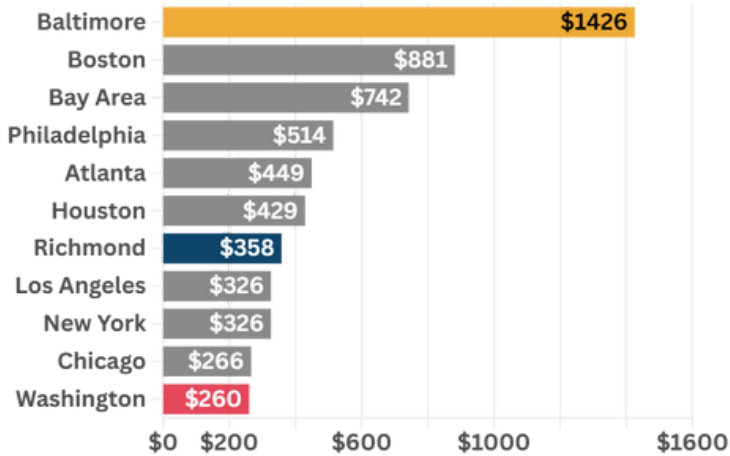
Source: Lightcast

High-growth sectors like tech, life sciences, and aerospace/defense are projected to have an upside job growth rate of 2.2% through 2034 – more than double the region's foundational sectors. Local health services and technology are projected to add the most jobs: potentially 227K additional jobs regionally by 2034.



Commercialization is a key factor needed to transform the region's innovation pipeline in growth sectors.

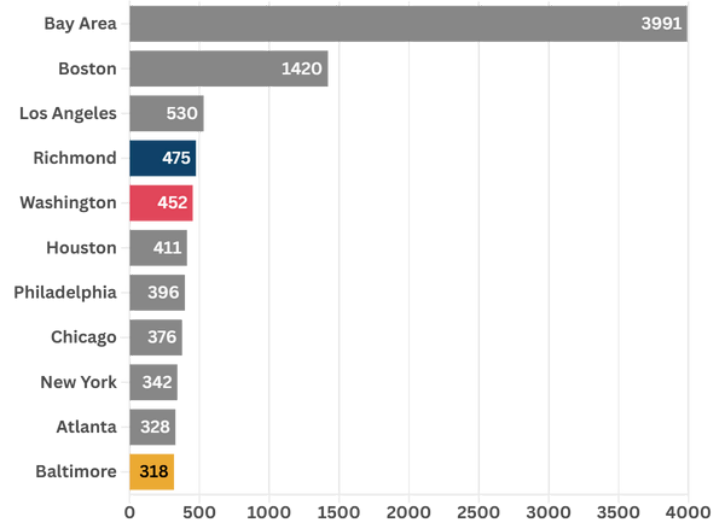
Metro Baltimore is a national leader in academic R&D funding, MSA-level spending per capita, 2023



Source: National Science Foundation data

Life sciences, engineering, and physical sciences receive the most academic R&D funding across the region. Metro Baltimore ranks first among peers in all three fields on a per capita basis, driven by Johns Hopkins University.

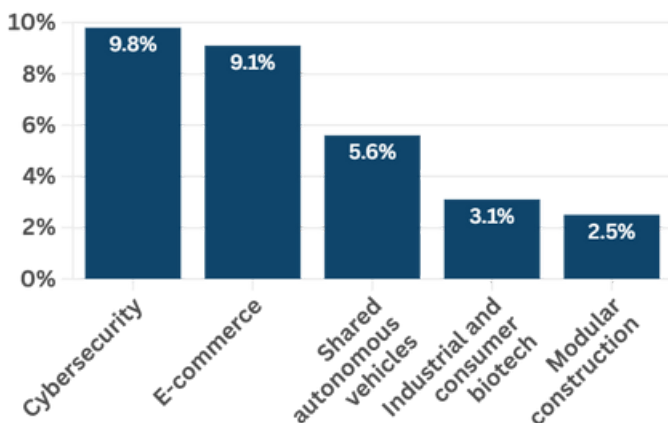
Regional patent production below leading peers, Patents per 1M residents, 2024



Source: USPTO data

Despite leading in academic R&D spending, metro Baltimore ranks far below major peers on patenting. Research and tech hubs, like the Bay Area and Boston, produce significantly more, suggesting a disconnect between R&D and commercialization across parts of the region.

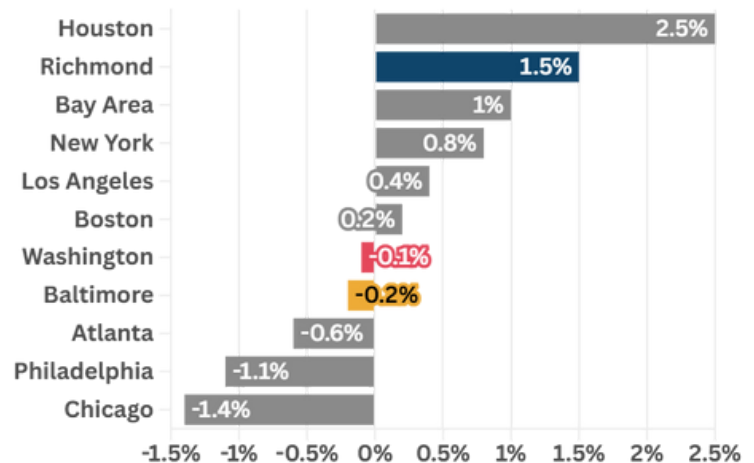
VC funding for certain sectors is relatively high across the region, Share of total U.S. VC dollars by sector, 2022-24



Source: Pitchbook

The region received 2.1% of national VC funding between 2022-2024, but investments exceeded this 2.1% "fair share" in five sectors: cybersecurity, e-commerce, autonomous vehicles, biotech, and advanced manufacturing, like modular construction.

Job growth in tech and life sciences has been strong in Richmond, CAGR 2019-24



Source: Lightcast

Strong R&D in tech and life sciences has not translated to job growth in those sectors across metro Washington and Baltimore. Metro Richmond, by contrast, has seen average annual growth of 1.5% in those sectors from 2019-24.