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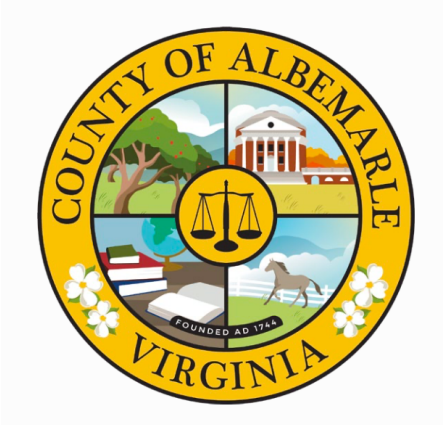

Annual Economic Outlook Report for Albemarle County, Virginia
October 6, 2025

Prepared by
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I. Executive Summary

This Annual Economic Outlook Report for Albemarle County, Virginia, provides a comprehensive review of the continued intricate and unique circumstances of the U. S., state, and local economies that continue to provide the framework for assessing the economic conditions for Albemarle County and the Commonwealth of Virginia. The report evaluates a broad range of national, state, and local indicators tailored to Albemarle County's economy and community, including data since 2017 to facilitate prepandemic comparisons. Further, key trends of pertinent sectors impacting Albemarle County's economy, financial planning, and community were researched, evaluated, and incorporated throughout the report and the analysis has been deepened to gauge the emerging impacts of major federal policy changes. Finally, the report also provides conclusions and recommendations to support Albemarle County's strategic and financial planning and the advancement of its goals and mission.

The U.S. economy entered 2025 with strong momentum with healthy economic growth and a solid job market, after growing 2.8%-2.9% annually in 2023–2024 and forceful rebounds from the pandemic with 2.5% growth in 2022 (even with pandemic-era inflation) and 6.1% in 2021 (BEA). However, the U.S. economy distinctly slowed in the first eight months of 2025, with slower economic growth, inflation notching higher, and labor market cooling. The current economic factors signal a slower economy with lingering inflation, while avoiding recession, with significant caveats regarding the record-high levels of policy uncertainty and unpredictability and the expectation of forecast revisions as 2025 proceeds.

While policy uncertainty has eased from a record-setting high in Spring 2025, policy uncertainty remains historically elevated as the U.S. national administration announces, revises, and implements a variety of policy shifts. After rapidly spiking to the highest recorded peak in April 2025, second only to the spike recorded in April 2020 at the onset of the pandemic, the U.S. Economic Policy Uncertain Index still registered in an unusually high pandemic-era range in September 2025 despite modest improvements in the late spring and early summer. Historically, Baker, Bloom and Davis (2012) found that uncertainty shocks have foreshadowed declines in U.S. macroeconomic performance, including declines in investment, output, and employment.

While the full range of impacts of U.S. policy shifts will continue to come more into focus over time, broadly, some level of higher tariffs, federal budget and employment cuts, decreased immigration, lower taxes, and decreased regulation at the national level have been implemented thus far and are projected going forward. However, increased uncertainty always weighs down economic activity as consumers defer and delay purchases until they better understand their income prospects and potential inflation impacts, and businesses defer and delay hiring and investments until they better understand their future costs, sales, revenue, labor, and market prospects. In this vein, the elevated policy uncertainty and anticipated impacts rapidly weighed down consumer and business sentiment in late 2024 and early 2025. Consumer sentiment remained faded in September 2025 despite easing earlier in the late spring and early summer with the announcements of tariff retreats, extensions, and negotiation frameworks while business sentiment, although still relatively low, generally improved with the anticipation of federal tax cuts and lower interest rates.

Although the financial markets signaled profound concern with the spectacular tariff increases originally announced in April 2025 through selloffs and volatility, the financial markets rebounded with the announced retreats from the highest tariff rates and negotiated trade frameworks, looking more toward projected corporate earnings, especially with the extended and new federal tax cuts and expected continuing deregulation, and gains from the broad push on artificial intelligence, especially given the predominance of the technology sector in the financial market indexes.

Moreover, the sequencing of the U.S. policy shifts of higher global tariffs and federal budget and employment cuts before promised lower taxes and decreased regulation appear to be slowing U.S. economic growth before any potential impetus to the economy that tax cuts and lower regulation might induce.

The projected dampening of economic activity associated with high levels of economic policy uncertainty have begun to materialize in national, state and local data. In the first eight months of 2025, while staying mostly positive overall, slowdowns emerged in economic growth (real GDP), labor market performance, consumer activity, and private business and housing activity, along with government sector reductions, at the national, state and local levels.

Within this environment of uncertainty and unpredictability and slower activity, most prominent forecasts for 2025 have been downgraded since the beginning of the year. Overall, as of this writing U.S. real GDP (the primary barometer of economic growth) is generally projected to experience below-trend growth overall into next year, with 1.3%-1.9% growth in 2025 among the prominent forecasts curated for this report with a median forecast of 1.7%. In 2026, slightly milder growth is projected in the 1.3%-2.0% range with a median forecast of 1.8%. All prominent forecasts expect some form of elevated average effective tariff rates in their 2026 forecasts with varying views on the extent to which tariffs and the recently passed tax cuts will pull and push, respectively, on the growth pace going forward. Current forecasts are limited for 2027 and preliminarily project normal-trend growth generally.

By late 2024, the Federal Reserve's monetary steering appeared close to achieving a soft landing, with inflation substantially down from the previous highs triggered by pandemic and geopolitical disruptions. However, inflation at that time remained moderately above the Federal Reserve's preferred long-term benchmark and core inflation remained higher and sticky, thereby requiring continued careful monetary steering in implementing the Federal Reserve's dual Congressional mandate of price stability and maximum employment. In January 2025 the Federal Reserve paused additional rate cuts after instituting three rate cuts in Fall 2024 and significantly slowed down its balance sheet drawdowns starting in March 2025 in response to the upward drift in inflation, implemented and impending higher tariffs and federal budget cuts, and significant policy uncertainty. The Federal Reserve's rate pause and the revised pace of its balance sheet drawdown continued until September 2025 when the Federal Reserve instituted a cut to the federal funds rate in response to labor market cooling. By Summer 2025, U.S. job creation had essentially stalled and unemployment had ticked upward, with the discouraging labor market impacts being more pronounced in Virginia and the Charlottesville MSA in the first eight months of 2025 as compared to the nation.

The outlook is "cloudy" with several dynamics operating. While the full range of impacts of U.S. policy shifts are still highly uncertain, broadly, some level of higher tariffs, federal budget and employment cuts, decreased immigration, lower taxes, and decreased regulation at the national level have been implemented thus far and are projected going forward. However, the continued record level of policy uncertainty clouds and weighs down the outlook at this writing and the ultimate path of trade and fiscal policy will come more into focus over time. Swirling winds, positive and negative, are impacting economic forecasts at this writing. Headwinds, or downside risks to the national economy include: substantial trade and fiscal policy changes, uncertainty and unpredictability; inflationary pressures and sticky core inflation in the U.S. and abroad; labor market cooling and uncertainties; cooling consumer and business demand and spending; stagflation-like conditions simultaneously exerting opposing pressures on Federal Reserve monetary policy; U.S. administration challenges to the Federal Reserve's independence and the uncertain impact on the interest rate environment and credit conditions; significant projected increases in the U.S. federal debt and impacts; housing and commercial real estate market variations; widening geopolitical risks and impacts; supply disruptions; shifting trade flows; global price variability; and slower global growth.

Tailwinds, or upside risks, to the national forecast include trade policy stability and ultimate tariff levels landing lower than initially announced or projected (although changed world views of U.S. trading partners will likely persist); potentially lower inflation to a material degree; a soft landing to tight monetary policy (e.g., jobs, wages, housing, manufacturing, and services); increased business investment; faster productivity growth; U.S. federal debt reductions; uplift to the global, slower growth outlook; an end to the Russian-Ukrainian and Middle East wars; and reduced other geopolitical risks.

Along with the national reviews, the report provides a detailed analysis of Virginia's economy and its relationship to the national economy, including overall economic growth, labor market trends, and consumer and housing activity. Although Virginia's key economic indicators historically have generally followed the patterns of the related national indicators, albeit sometimes at different levels, the state's outlook is affected by the instituted and planned additional reductions in federal civilian employment and federal contracts, many of which will unfold over the coming months. Virginia has been and is projected to continue to be significantly impacted by these additional federal cuts given the relatively high incidence of federal civilian employees and federal contracts in the state (second highest incidence nationally in federal civilian workers and the highest in federal prime contracts among states in 2023). As a result, Virginia is currently projected to trail the nation in overall economic performance and job creation in 2025 into 2026 and return to near-term economic growth along with the nation in 2027.

For Albemarle County, Virginia, the report provides a detailed analysis of the County's economic trends and outlook, including overall economic growth; labor market trends; consumer, housing, and business activity; as well as the relationship between the County's economic indicators and those of the state and nation.

The report also provides detailed analysis in the Appendix of Albemarle County's additional community factors related to income and poverty, housing patterns and costs, and educational

attainment based on the rich data released in the U.S. Census Bureau's most recent American Community Survey (ACS). This examination is intended to highlight key characteristics and provide information to support effective policy analysis and decision-making for the community.

In conclusion, the report finds that Albemarle County continues to have a strong economy with a history of mostly solid economic and job growth, high real per capita personal income, low unemployment, strong hourly wages regionally, significant employment in relatively higher-income occupations and industries, and strong local business activity. This strong economic base provides a solid platform as the County navigates the current environment of significant uncertainty and swirling winds.

With the accumulating signals of an economic slowdown, as compared to the robust growth of the last several years, and lingering inflation, it is prudent for Albemarle County to likewise anticipate slower economic activity given its history of generally following state and national economic trends, albeit sometimes at different levels, and to rely more heavily on Virginia's more muted economic outlook in 2025 and 2026 as compared to the nation. Virginia's economic growth and labor market performance are projected to trail the nation in 2025 and 2026, with evidence of slower trends in key metrics in the state and local region manifesting in the first eight months of 2025 due to their close ties to the federal government and the instituted and planned federal employment and contracting cuts. While the U.S., Virginia and the Charlottesville MSA are currently expected to avoid an official recession in 2025, unfolding federal employment and contracting cuts, high levels of economic and policy uncertainty, and weaker consumer and business sentiment are projected to weigh down economic activity and the rate of economic growth and thereby have a tightening impact on fiscal planning. The tighter fiscal planning environment will encompass moderating revenue growth, expiring pandemic-era federal grants, potentially challenged future intergovernmental revenues (federal and state), and continued and growing service requirements and expense drivers (i.e., lower inflation is not deflation). Additionally, Virginia's heavy job losses and extended unemployment in the professional, scientific, and technical services industry thus far in 2025 could also have a significant impact in Albemarle County given the notable proportion of the county's residents working in that industry. A mitigating factor could be the connection between the Albemarle County region and the defense industry since increased defense funding is included in the U.S. budget reconciliation bill (Public Law 199-21) enacted into law in July 2025.

The headwinds or downside risks to the state and local economic outlooks overlap those of the national economy with the proviso that the impacts of the instituted and projected reductions in federal employment, contracting, and spending are projected to have a pronounced impact on Virginia and the Albemarle County region, at least in the short-term, due to their particularly close ties to the federal government as compared to other states and regions, with the exception of the District of Columbia and Maryland. The tailwinds, or upside risks, to the state and local economic outlooks overlap those of the national economy with the proviso that lower projected reductions in federal employment and contracting cuts would lessen the projected sharp impacts for Virginia and potentially the Albemarle County region.

To facilitate continued financial resiliency and agility, the report also provides organizational recommendations in the face of the rapidly changing environment and emerging new economic reality and identifies some areas for additional consideration during policy reviews based on the economic and community review.

Albemarle County's history of prudent financial management and its overall solid economic base provide a foundation and community capacity for strategic initiatives. These key characteristics also provide more scope within which to effectively plan and act defensively as compared to many other communities that face major, chronic economic issues. Many other communities struggle with strategic initiatives because their economic foundations are not solid and repeatedly require significant organizational resources to maintain effective operations.

II. Methodology and Approach

The Institute for Policy and Governance (IPG) custom-tailored the methodological approach of this study to support the financial and strategic planning of Albemarle County, Virginia, and builds on the comprehensive research and findings of the Annual Economic Outlook Reports of 2022, 2023, and 2024, and the Quarterly and Periodic Economic Monitoring Reports of February 2023 through August 2025. Myriad economic and community indicators were researched and carefully selected to maximize the insights regarding the County's economic foundation and history; the relationship between the County's economic indicators and those for the state, nation and surrounding Metropolitan Statistical Areas (MSAs); current economic trends and outlook; and frequency of available data for quarterly and interannual monitoring. In some instances, alternative versions of indicators were researched to maximize comparisons between the County and the state, nation or surrounding MSAs (e.g., year-over-year versus month-over-month comparisons based on the availability of seasonally adjusted data).

Most tables and figures were also custom-built for this report in the Federal Reserve Economic Data (FRED) interactive database tool or Excel to effectively communicate the relevant economic trends and relationships. For continuity and cohesiveness in the report, a consistent coloring scheme is used for most graphs, with the U.S. data presented in blue, Virginia data in red, Albemarle County, Virginia, data in green, and the Charlottesville, Virginia MSA data in light green. The data have been updated as of September 26, 2025, including backward revisions of previous data that routinely occur as federal statistics are systematically updated and revised as more information becomes available after preliminary estimates are initially released.

The prepandemic and pandemic experiences provide important context for interpreting current economic data, especially given the standard practice of reviewing emerging economic data with a one-year look back. As such, the period of 2017–2019 is referenced throughout the report for perspective on the more stable period before the pandemic, other global turbulence, and sweeping U.S. policy shifts brought significant volatility to global economic events. Additionally, since the U.S. and global economies experienced a series of global disruptions in 2020–2024 and the shifting U.S. policy and uncertainty of 2025, it also is important to review current economic data considering the roller coaster of impacts that we are still navigating. As such, numerous references

to the 2017–2019 period also are included to provide context for interpreting current economic trends effectively.

III. Economic Overview and Outlook

A. Real Gross Domestic Product

Global Trends: The U.S. economy is the largest in the world and while it is a dominant global player, the U.S. economy is part of a global economic system in which natural resources (commodities), supplies, goods and services flow daily. The global economic interconnectedness affects everyone in the U.S. daily. Just as an example, many of the items we purchase at grocery and retail stores are grown, produced and shipped from other countries. And our American businesses are dependent on global supplies and sell globally. While we are blessed with a large land mass in the United States (U.S.) that stretches from "sea to shining sea" that causes us to feel somewhat removed from events around the world. what happens elsewhere affects us quickly in a global economy where goods and services are produced and shipped all over the world.

The global interconnectedness has been felt poignantly recently. In fact, the U.S. economy, along with other countries' economies, has been whipsawed by major global events for over five years since early 2020. Therefore, to better frame and understand the local and regional economy, this report first establishes context with the global economic conditions and then proceeds with a comprehensive analysis of national, state, and local economic trends and outlook.

The global economy overall remained resilient through the multiple disruptions of the 2020–2024, including the pandemic, supply chain challenges, inflation, ongoing geopolitical shocks, and shifting global trade flows during that time. As of 2024, the global economy appeared to be turning the corner and stabilizing with global inflation returning to central bank targets, easing pressures on global labor markets, and recovering global trade. Global economic growth[1] registered approximately 3.3% in 2024, after growing approximately 3.2% in 2023, 3.4% in 2022 and 6.7% in 2021 in the initial rebound from the pandemic (World Bank, International Monetary Fund, Organisation for Economic Co-operation and Development, S&P Global, Fitch Ratings, the Conference Board, and Wells Fargo).

There were wide variations across countries and regions in 2023 and 2024, and new distinctions are emerging in 2025 with dramatic changes in U.S. global trade policy. In 2023 and 2024, the United States performed notably as the strongest among the mature economies and drove world economic growth during that period which is not projected to continue in 2025 based on the latest prominent forecasts in Table 1 below. For example, Canada's economy grew approximately half as fast as the U.S. in 2023 and 2024 (1.2% in Canada vs. 2.9% in U.S. in 2023, and 1.6% in Canada vs. 2.8% in U.S. in 2024), and Canada is projected to grow at a median rate of 1.1% in 2025, still behind the U.S. but with a narrower margin than recent years. The Eurozone and the United

[1] Economic growth in this section is measured by annual percentage change in real gross domestic product with "real" indicating an inflation-adjusted metric.

Kingdom barely eked any positive economic growth in 2023 (0.5% and 0.4%, respectively), posted modest growth in 2024 (0.9% and 1.1%, respectively), and are projected to grow at a median rate of 1.1% and 1.3%, respectively, in 2025 (World Bank, International Monetary Fund, Organisation for Economic Co-operation and Development, S&P Global, Fitch Ratings, the Conference Board, and Wells Fargo).

Table 1. U.S. and Selected World Real GDP 2024 and Forecasts for 2025–2026 (%yoy)

U.S. and Selected World Real GDP Annual % Change 2024 - 2026												
Forecast Organization	United States			World			Euro Area			China		
	2024	2025f	2026f	2024	2025f	2026f	2024	2025f	2026f	2024	2025f	2026f
World Bank, June 2025	2.8	1.4	1.6	2.8e	2.3	2.4	0.9e	0.7	0.8	5.0e	4.5	4.0
IMF, July 2025[1]	2.8	1.9	2.0	3.3	3.0	3.1	0.9	1.0	1.2	5.0	4.8	4.2
OECD, September 2025[2]	2.8	1.8	1.5	3.3	3.2	2.9	0.8	1.2	1.0	5.0	4.9	4.4
S&P Global, September 2025	2.8	1.9	1.8	3.3	3.1	3.0	0.8	1.1	1.1	5.0	4.6	4.0
Fitch Ratings, September 2025	2.8	1.6	1.6	2.9	2.4	2.3	0.5	1.1	1.1	5.0	4.7	4.1
Conference Board, September 2025	2.8	1.6	1.3	3.3	3.0	2.9	0.9	0.9	1.2	5.0	4.7	4.5
Wells Fargo Economics, September 2025	2.8	1.8	2.0	3.3	2.9	2.7	0.9	1.1	1.2	5.0	4.8	4.5
Federal Reserve, September 2025[3]	2.8	1.6	1.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NABE, June 2025[4]	2.8	1.3	1.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
KPMG Economics, September 2025	2.8	1.8	1.9	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
University of Michigan, August 2025	2.8	1.7	1.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

(f) Forecast; (e) Estimate, (1) International Monetary Fund, (2) Organisation for Economic Co-operation and Development, (3) Federal Open Market Committee, (4) National Association for Business Economics

World growth is projected to slow but remain positive in 2025 and 2026 with median forecasts of 3.0% in 2025 and 2.9% in 2026, based on the prominent forecasts in Table 1 above. The factors underlying these projections include the dramatic rise in U.S. import taxes (tariffs) this year and continued uncertainty regarding U.S. trade policy with frequent revisions and extensions; the associated decline in projected U.S. economic growth and upward pressure on U.S. prices due to higher U.S. import taxes, broad uncertainty, and the related supply and consumer and business spending (demand) impacts; the associated reshaping of global supply chains and industrial policy in response to the U.S. policy shifts and their continued unpredictability; the divergent impact on global prices of higher U.S. import taxes and disrupted global supply chains; continued slower growth in China as the second largest economy in the world; and continued geopolitical disruptions (Table 1; World Bank, International Monetary Fund, Organisation for Economic Co-operation and Development, S&P Global, Fitch Ratings, the Conference Board, and Wells Fargo). Moreover, the Conference Board expects a slower global economic growth environment in the coming years, projecting average annual global growth of 2.5% in 2027–2031 and 2.4% in 2032–2036, as compared to 3.6% average annual growth in the decade before the pandemic in 2010–2019 (Conference Board).

Risks to the global forecast include continued trade policy uncertainty and incomplete trade negotiations; geopolitical risks; further weakening of the Chinese and European economies; divergent global price impacts and differing pressures on central banks to address inflation or deflation; and reshuffling trade flows. A major negative movement in any one of these factors, or an accumulation of smaller negative movements across multiple factors, could have a significant downward impact on global growth.

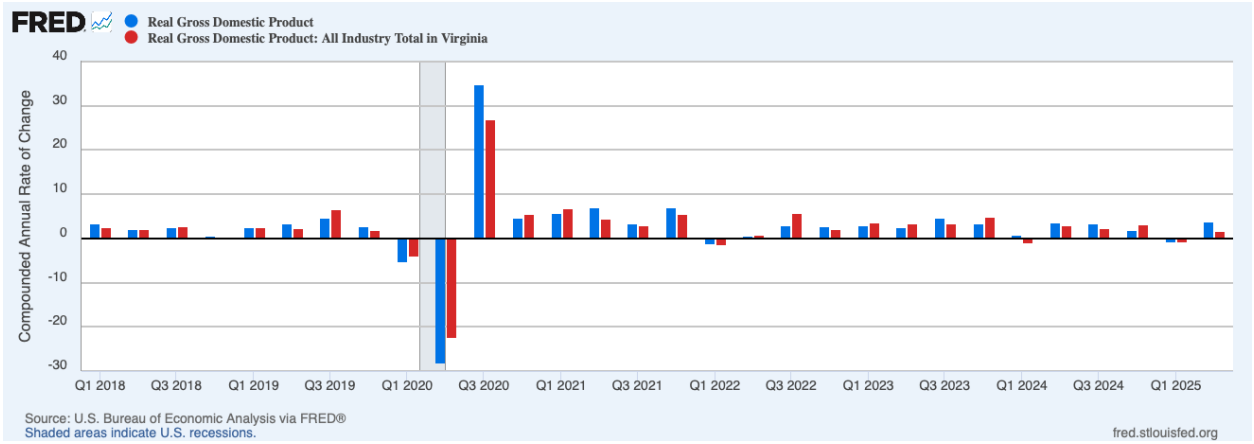
National Trends: According to the latest estimates released by the U.S. Bureau of Economic Analysis (BEA), the United States Real Gross Domestic Product (GDP, the barometer of economic growth, grew 1.1% overall in the first half of 2025 (H1:2025) which is a significant slowdown from the strong 2.8% annual growth in 2024 and 2.9% annual growth in 2023. Annual normal trend growth is approximately 2% and the U.S. economy is tracking well below normal trend so far in 2025. The quarterly real GDP results in 2025 swung widely between the first and second quarters as consumers and businesses tried to front-load purchases and buildup up inventories to avoid the increased tariff taxes that were levied in early Spring 2025. However, looking at the entire first six months of 2025 as compared to the previous two years of strong economic growth, overall the economic slowdown in H1:2025 was a result of much smaller contributions from consumer spending, reduced total government spending (federal, state, and local), modestly higher contributions from gross domestic private investment due to preemptive inventory build ups, and moderately stronger contributions from net exports due to dramatic reductions in imports in the second quarter in response to higher tariff taxes (BEA, 2025).

On a quarterly basis, the BEA data indicates that real GDP decreased 0.6% in the first quarter of 2025 (Q1:2025) primarily due to a tremendous increase in imports to front-run impending tariffs, which are subtracted from the calculation of GDP, and a reduction in government spending. These movements, however, were partly offset by increases in private business investment, especially inventories and equipment, and modest consumer spending (Figure 1; BEA, 2025).

In the second quarter (Q2:2025), U.S. real GDP increased 3.8% from the preceding period according to the BEA's third of three successive monthly estimates for that quarter. The Q2:2025 quarterly growth was primarily driven by significant decreases in imports as a snap back after the imposition of tariffs, which contributed positively to real GDP, and was partially offset by decreases in exports, which contributed negatively to real GDP. As another snap back response to tariffs, total gross private domestic investment decreased significantly in the second quarter driven by reductions in private inventories after the buildup in the first quarter and was partially offset by modest increases in equipment and intellectual property products. Consumer spending increased moderately in the second quarter, mainly driven by increased healthcare services spending and consumers front-loading goods purchases early in the quarter to avoid impending tariffs. Government spending also decreased negligibly in Q2:2025 due to increases in state and local government spending being overtaken by reductions in federal spending (Figure 1; BEA, 2025).

As background, U.S. real GDP expanded by 6.2% in 2021 and 2.5% in 2022, based on the latest BEA data, indicating a substantial recovery from the initial impact of the pandemic in 2020, during which real GDP declined -2.1% (Figure 1; BEA).

Figure 1. Real GDP U.S. and Virginia, Q1:2018 – Q2:2025 (compound annual rate of change)



Seasonally adjusted

Virginia Trends: Similar to the nation, Virginia experienced a significant reduction in the pace of economic growth in the first half of 2025, with real GDP growing 0.9% in H1:2025 (January–June) which is a marked slowdown from the solid 2.4% annual growth in 2024 and strong 3.4% annual growth in 2023. The quarterly real GDP results in 2025 also swung between the first and second quarters for Virginia with broad-based reductions or muted growth across industries in the first quarter being only partially offset by moderate growth in the second quarter. Only five industries consistently contributed positively to real GDP growth in the first and second quarters, namely finance and insurance, real estate and rental and leasing, health care and social assistance, construction, and information (BEA).

On a quarterly basis, Virginia saw a decline in its real GDP in the first quarter of 2025, like 33 other states and the District of Columbia according to the latest data from BEA. The 0.6% decrease in Virginia's real GDP in the first quarter of 2025 mirrored that of the United States for the same period (Figure 1). The decreases were broad-based across sectors in Q1:2025, led by reduced activity (in approximate order of magnitude) in professional, scientific, and technical services; administrative and support and waste management and remediation services; manufacturing; accommodation and food services; wholesale and retail trade; and other services (e.g., repair, maintenance and personal care). The broad-based reductions were partially offset in Q1:2025 by increases (in approximate order of magnitude) in finance and insurance; real estate and rental and leasing; health care and social assistance; information; state and local government; and construction (BEA).

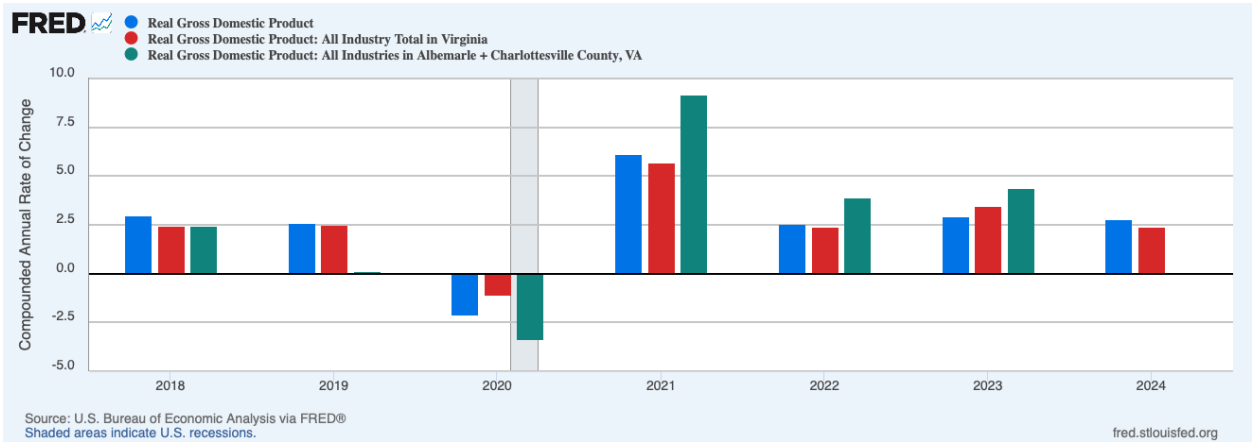
In the second quarter, Virginia's real GDP rebounded like 47 other states (while the District of Columbia's real GDP was flat). In Q2:2025, Virginia's real GDP increased 1.7% from the preceding period at an annual rate, based on the latest BEA data (Figure 1). The rebound was broad-based across sectors in Q2:2025, led by solid growth in activity in manufacturing; finance and insurance; information; real estate and rental and leasing; health care and social assistance; professional, scientific, and technical service; and wholesale trade; and moderate growth in activity in transportation and warehousing; construction; management of companies and enterprises; and accommodation and food services. The broad-based increases were partially offset by reductions

in activity in federal, state and local government; retail trade; utilities; and agriculture, forestry, fishing and hunting (BEA).

As background, Virginia's real GDP growth in 2024 (3.1%) outpaced that of the United States (2.8%) (Figure 1). Virginia's real GDP trajectory largely followed the national trend both quarterly and annually, though it registered slightly different growth rates during most of the 2021–2024 period. In 2021, Virginia's real economic growth of 5.8% was slightly below that of the U.S. at 6.1%. Both Virginia and the U.S. experienced slower growth in 2022, but Virginia's real GDP growth reached 2.7%, marginally surpassing the U.S. at 2.5%. In 2023, Virginia's overall growth rate was 2.9%, matching the U.S. rate for that year, although their quarterly growth patterns differed slightly (Figure 1; BEA).

Local Trends: BEA data is available for annual real GDP growth in Albemarle County and Charlottesville, Virginia, combined, for the 2018–2023 period and has been mapped alongside similar national and state data for that time frame. As shown in Figure 2, Albemarle County + Charlottesville's annual real GDP growth was marginally higher than Virginia's but lower than the national rate in 2018. They ranked below both the U.S. and Virginia in 2019–2020, but from 2021 to 2023, their growth significantly surpassed that of the state and the country. (Figure 2; BEA).

Figure 2. Real GDP Since 2018: Ending 2024 for U.S. and Ending 2023 for Albemarle County + Charlottesville, Virginia (% yoy)



Not seasonally adjusted

Given the still unfolding implications of federal policy changes and the revisions in state and national BEA data that are routinely scheduled to occur as more complete information becomes available, close monitoring is required through the remainder of the year.

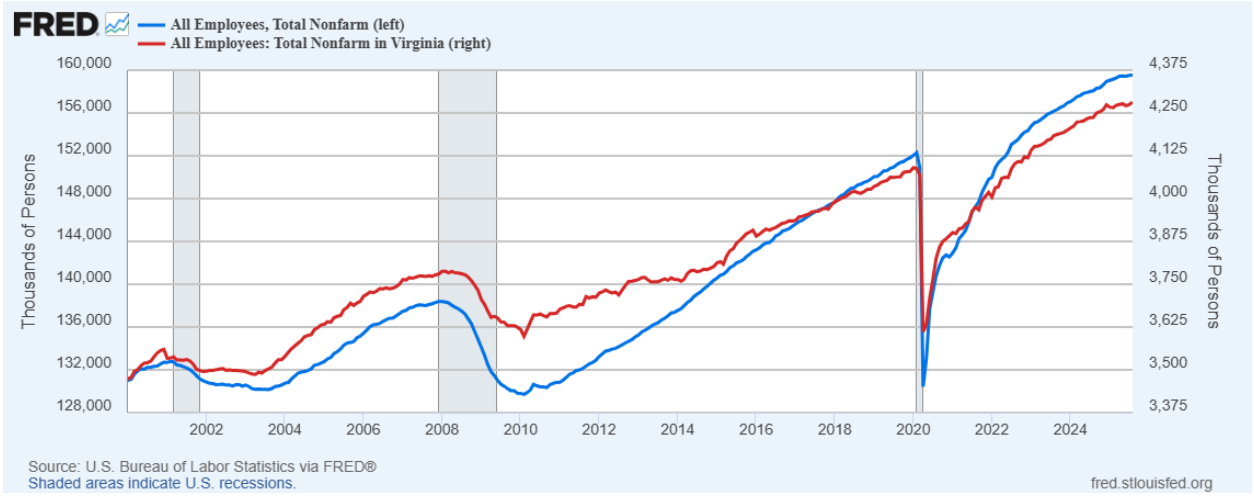
B. Labor Market

Jobs

National Trends: The U.S. entered 2025 with a strong labor market that had normalized in 2023–2024 from the post-pandemic tight labor market of 2021–2022 and still exhibited signs of a sturdy

labor market (Figures 3 and 4; U.S. Bureau of Labor Statistics (BLS)[2]). In 2024, nonfarm payroll job growth averaged 168,000 per month, slightly below the pre-pandemic monthly average of 177,000 from 2017-2019, and below the revised 2023 monthly average of 216,000 new nonfarm payroll jobs, as well as the post-pandemic rebound of 491,000 average monthly new nonfarm payroll jobs in 2021–2022 (Figures 3 and 4; BLS).

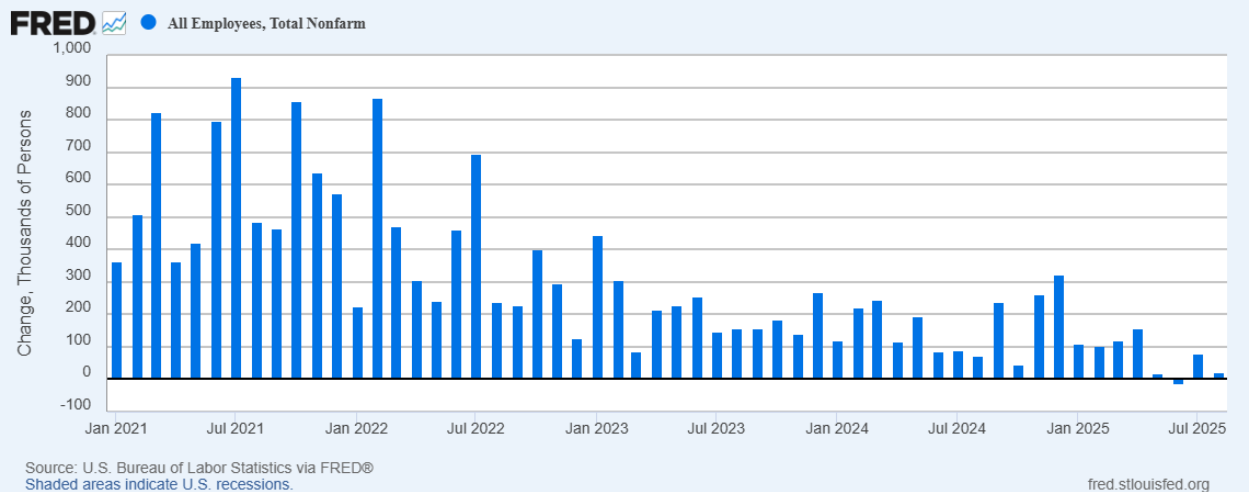
Figure 3. Total Nonfarm Payroll Jobs Since January 2000: Ending August 2025 for U.S. and Ending June 2025 for Virginia (#)



Establishment survey; seasonally adjusted

[2] The U.S. Bureau of Labor Statistics (BLS) measure for jobs is total nonfarm payroll employment and is developed in the Current Employment Statistics (CES) program (the "establishment survey" or "payroll survey") which conducts "monthly surveys of individual worksites from businesses and government agencies drawn from a sampling frame of unemployment insurance tax accounts throughout the United States." (BLS, 2025, August 13). BLS issues preliminary estimates on the first Friday of the month, which are initially preliminary "because not all respondents report their payroll data by the initial release" date. The initial release date is typically close to the end of the reporting period and larger businesses tend to have the capabilities and automated systems to report more quickly than smaller businesses (BLS, 2025, August 13; Bloomberg, 2025, August 7; CBS News 2025, August 5; BBC News, 2025, August 4). BLS continues to collect payroll data and revises preliminary estimates twice monthly before the annual benchmark update that typically occurs in the fall based on "a near complete employment count [from] primarily… unemployment insurance tax records, which are supplemented with data from other sources" (BLS, 2025, August 13).

Figure 4. U.S. Monthly Job Growth January 2021 – August 2025 (mom)



Establishment survey; seasonally adjusted

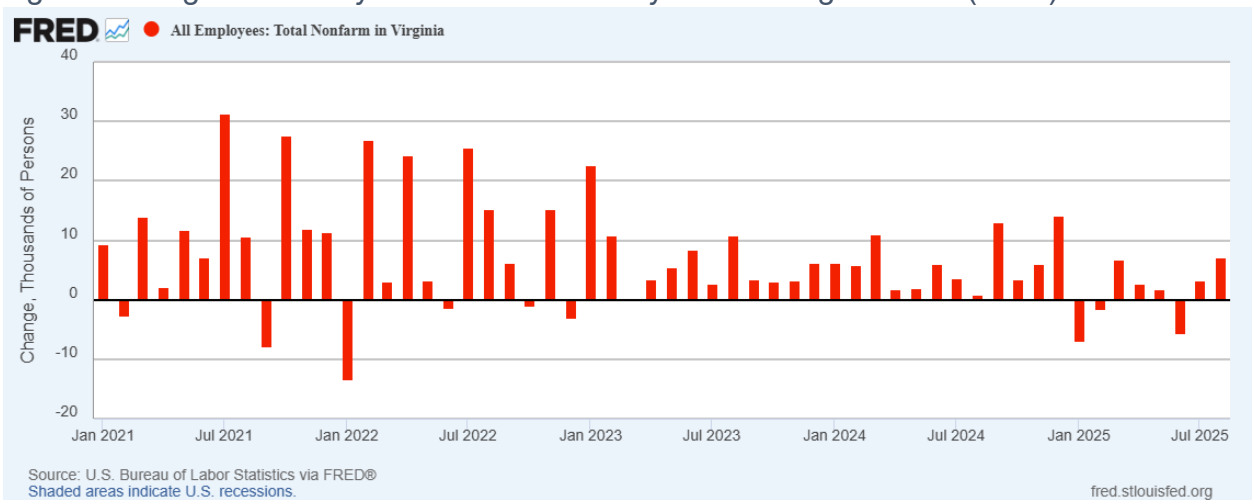
Based on the latest BLS data (September 5, 2025), the labor market softened in the first eight months of 2025 and exhibited a significant downward shift in Spring 2025. Monthly nonfarm payroll job creation averaged 123,000 in January–April 2025 before stalling significantly in May, declining in June 2025, and tepidly increasing in July–August 2025. In May–August 2025, monthly nonfarm payroll job creation averaged nearly 27,000, with monthly additions ranging from -13,000 to +79,000 new nonfarm payroll jobs during that period. Essentially, total nonfarm payroll jobs have changed little since April 2025, with most of the job growth that did take place in May–August 2025 occurring in private education and health services, primarily in the health care and social assistance component. Beyond the health services sector, job growth in May–August 2025 also occurred modestly in leisure and hospitality and other services, and only slightly in financial activities. The modest jobs growth that did occur in May–August 2025 was almost fully offset by job losses in professional and business services, government, retail and wholesale trade, manufacturing, construction, information, mining and logging, and oil and gas extraction, leading to an overall weak jobs record during that period.

For context, by December 2024, the United States had surpassed the pre-pandemic employment level of February 2020 by 6.65 million jobs, representing a nearly 4.4% rise since the onset of the pandemic. With just under 0.6 million total U.S. nonfarm jobs created in January–August 2025, by August 2025, total employment had only inched up to just under 4.8% job growth since February 2020. (Figures 3 and 4; BLS).

Virginia Trends: Virginia entered 2025 with solid job growth that had outpaced the national annual job growth in 2023 and 2024 after trailing the nation's pace in 2021 and 2022. Virginia's nonfarm job growth of 2.4% in 2023 and 1.5% in 2024 outpaced the corresponding U.S. rates of 2.2% and 1.3%, respectively. After initially experiencing a slower and more inconsistent jobs recovery after the pandemic, by December 2024, Virginia caught up to the nation's pace of total job growth post-pandemic and even slightly surpassed it. In December 2024, Virginia recorded over 4.5% more jobs than in February 2020 just before the onset of the pandemic as compared to almost 4.4% for the nation for that period (Figure 3; BLS).

For 2025, the latest BLS updates indicate that Virginia's jobs growth has faltered. While Virginia's nonfarm payroll employment grew by 1.0% from August 2024 to August 2025, it grew by only 7,700 jobs or just under 0.2% in January–August 2025 with monthly job losses posting in three of the first eight months of 2025 (Figures 3 and 5; BLS). During the period of January 2025–August 2025 in Virginia, nonfarm job increases occurred in private education and health services, construction, other services (e.g., repairs, maintenance and personal care), state and local government, and slightly in financial activities, which were almost fully offset by job losses in professional and business services, federal government, manufacturing, leisure and hospitality, and information. Job growth in trade, transportation, and utilities was essentially flat in Virginia in January 2025–August 2025 (BLS).

Figure 5. Virginia Monthly Job Growth January 2021 – August 2025 (mom)



Establishment survey; seasonally adjusted

The Virginia nonfarm payroll job losses in government and professional and business services sectors parallel the expected impacts of the U.S. federal policy changes under the current U.S administration. Through a variety of federal processes and procedures, significant U.S. federal job and federal contract cuts have been announced as completed or planned, both of which have high concentrations in Virginia with broad implications for federal direct employment and federal contractor employment in the state as well as other economic impacts. Kindly see additional discussion of the U.S. federal and federal contractor employment cuts in Section H, Economic Outlook below (BLS; ODU Center for Economic Analysis and Policy, 2025, June 18; UVA Weldon Cooper Center, 2025, July and August).

In monitoring Virginia's job trends going forward, it is useful to recap the state's recent patterns. In 2020–2024, Virginia generally mirrored national patterns, albeit at different levels and rates of growth. At the beginning of the pandemic in 2020, the US experienced a greater percentage of job losses as compared to Virginia. Then in Spring 2021, jobs began to recover year-over-year in both the U.S. and Virginia. However, the U.S. rebounded more quickly in Spring 2021 and began recovering jobs faster year-over-year than Virginia's companion job growth which persisted through 2022. While Virginia initially had lost a lower overall percentage of jobs due to the pandemic, the pace of its annual jobs recovery trailed the nation's in 2021–2022. In 2023–2024,

the previous relative pattern flipped, and Virginia's annual rate of job growth eclipsed that of the nation in those two years. This accelerated growth trend in 2023–2024 reversed the slower job expansion observed in Virginia in 2021–2022. By December 2024, Virginia had pulled even and slightly eclipsed the U.S. in the percentage of jobs recovered since February 2020 just before the onset of the pandemic[3] (Figures 3 and 5; BLS).

The solid job growth that Virginia brought into 2025 has now been disrupted by U.S. federal policy changes and will have to be monitored closely and distinctly from U.S. job trends for the foreseeable future.

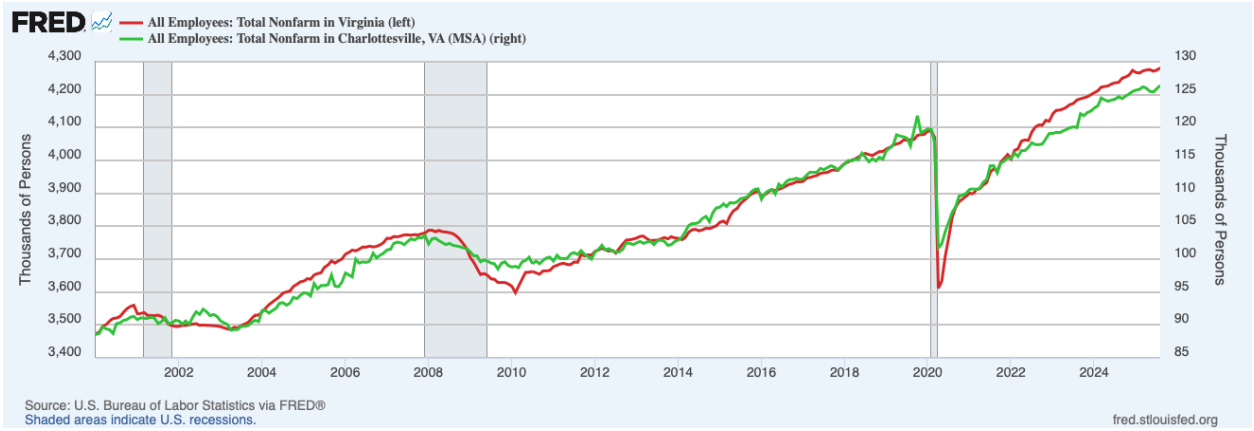
Regional Trends: Monthly data on total nonfarm employment is available at the regional level for the Charlottesville Metropolitan Statistical Area (MSA)[4], while monthly data is not separately available for Albemarle County. According to the most recent BLS data, the Charlottesville MSA experienced strong annual growth in nonfarm payroll jobs of 3.2% in 2024 as compared to 1.5% for Virginia (BLS).

However, the rate of nonfarm payroll job growth year-over-year slowed significantly in the first eight months of 2025, with a monthly average of almost 1.5% growth year-over-year in the Charlottesville MSA in January–August 2025. Further, the Charlottesville MSA posted monthly numerical job losses in April–June 2025 (Q2:2025) and by August 2025 the region's nonfarm payroll employment had grown just 1.1 % since August 2024, reflecting diminished year-over-year progress at that point as compared to the beginning of 2025. In January–August 2025, the Charlottesville MSA gained approximately 900 jobs or 0.7%, slightly higher than the state but still slower than in 2024 (Figures 6 and 7; BLS). During the period of January 2025–August 2025 in the Charlottesville MSA, nonfarm payroll job increases occurred in private education and health services, leisure and hospitality, other services (e.g., repairs, maintenance and personal care), state and local government, and the combined category of mining, logging and construction, which were partially offset by job losses in professional and business services, financial activities, and modest losses in manufacturing, and retail trade. Job growth in wholesale trade, information, transportation and utilities, and the federal government were essentially flat in the Charlottesville MSA in January 2025–August 2025 (BLS).

[3] Based on the latest BLS data, the U.S. total number of nonfarm payroll jobs decreased by -5.8% in 2020 and then increased annually by 2.9% in 2021, 4.3% in 2022, 2.2% in 2023, and 1.3% into 2024, slightly below the prepandemic annual average of 1.5% in 2017–2019. By comparison, Virginia's total nonfarm payroll jobs decreased by -5.0% in 2020 and then increased annually by 2.4% in 2021, 3.1% in 2022, 2.4% in 2023, and 1.5% in 2024, slightly above the prepandemic average of 1.2% in 2017–2019. In December 2024, Virginia recorded over 4.5% more jobs than in February 2020 just before the onset of the pandemic as compared to nearly 4.4% for the nation for that period (BLS).

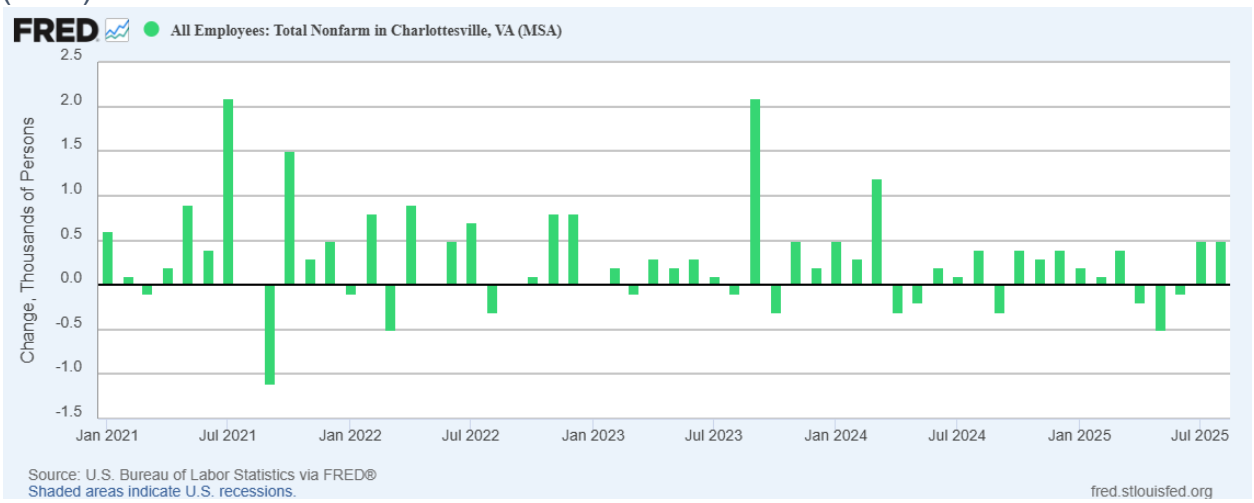
[4] The Charlottesville MSA is comprised of the City of Charlottesville and the counties of Albemarle, Fluvanna, Greene, and Nelson.

Figure 6. Total Nonfarm Jobs in Virginia and Charlottesville, Virginia MSA, January 2000 – June 2025.



Establishment survey; seasonally adjusted

Figure 7. Charlottesville, Virginia MSA Monthly Job Growth January 2021 – August 2025 (mom)



Establishment survey; seasonally adjusted

As background, the Charlottesville MSA registered a larger percentage loss of jobs at the start of the pandemic in 2020 as compared to Virginia but recovered more quickly than the state during 2021–2024. During 2021–2024, the Charlottesville MSA's annual growth in nonfarm payroll jobs surpassed that of the state, growing over twice as fast as the state in 2024, based on the latest BLS data[5] (Figures 6 and 7; BLS).

The robust growth that characterized the Charlottesville MSA's job market at the end of 2024 has weakened during the first half of 2025. Going forward, close monitoring is warranted for the

[5] Based on the latest BLS data, the Charlottesville MSA's total number of nonfarm payroll jobs decreased by -7.5% in 2020 and then increased annually by 2.9% in 2021, 3.8% in 2022, 2.9% in 2023, and 3.2% in 2024 (noticeably above the prepandemic average of 2.2% in 2017–2019). The Charlottesville MSA's annual jobs losses were deeper than Virginia's in 2020, but the region's annual job growth exceeded the state's in 2021–2024. In December 2024, the Charlottesville MSA recorded 4.8% more jobs than in February 2020 just before the onset of the pandemic as compared to 4.5% for Virginia for that period (BLS).

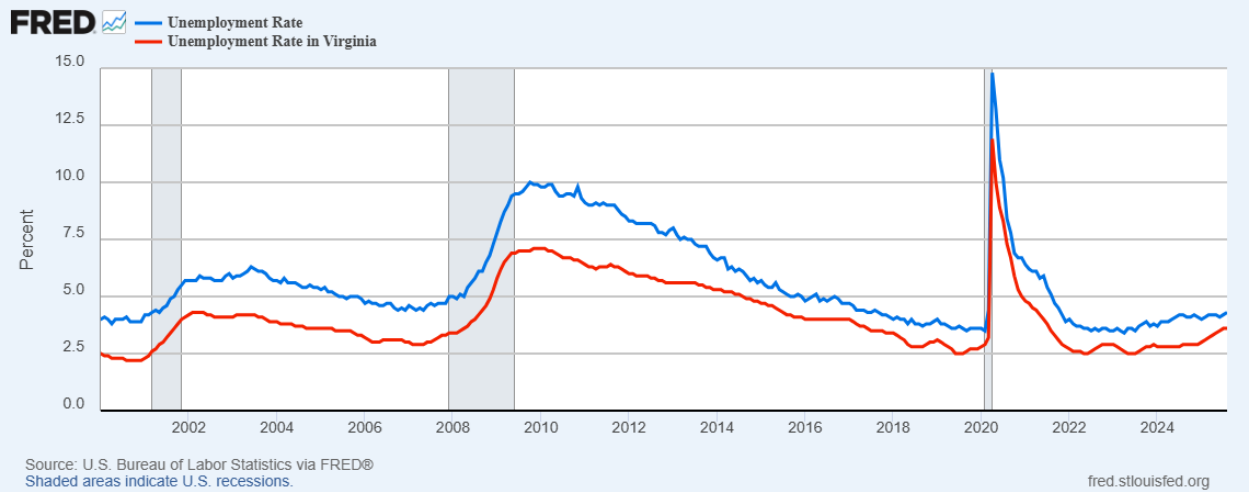
Charlottesville region along with the state given the array of federal direct employment and federal contractor employment cuts that have been implemented and are expected, and the different rates of job growth at the national, state and regional levels in recent years,

Unemployment

Unemployment Rate

National Trends: In August 2025, the U.S. seasonally adjusted "official" unemployment rate (U-3)[6] inched up to 4.3% after remaining within a narrow range of 4.0% to 4.2% during May 2024–July 2025, as reported by BLS for August 2025 (Figure 8; BLS).. While unemployment in August 2025 was still historically low, some emerging trends warrant close monitoring. In August 2025 as compared to August 2024, among the unemployed, the percentage of reentrants and new entrants were higher than a year ago, the percentage of people who left their jobs (quits) was distinctly lower than a year ago, and the percentage of job losers and people who completed temporary jobs was only modestly lower than a year ago. In terms of duration, the percentage of longer-term employed (27 weeks and over) was higher in August 2025 than in August 2024 with the percentages of shorter duration categories declining, and both the average and median duration of unemployment were higher than a year ago. Also, the seasonally adjusted civilian labor force posted declines in four of the first eight months of 2025[7] (BLS).

Figure 8. Unemployment Rate, U.S. and Virginia, January 2000 – August 2025 (%)



Household survey; seasonally adjusted

[6] The U.S. Bureau of Labor Statistics monthly publishes six measures of labor underutilization, U-1 to U-6. The "official" unemployment rate is U-3 which takes a monthly four-week snapshot of active employment, layoff waiting for a recall, or active pursuit of a job if unemployed. If a person had not actively looked for work during the four-week survey period, they are not counted as unemployed or considered to be in the civilian labor market for that period. The U-4 to U-6 measures broaden the snapshot period to 12 months with U-6 being the broadest measure of labor underutilization and includes those persons who want and are ready to take a full-time job but have had to settle for part-time work schedules for economic reasons.

[7] The BLS defines the civilian labor force as the sum of the number of employed and unemployed persons. Those members of the population that are not classified as employed or unemployed are classified as "not in the labor force." These components are measured monthly.

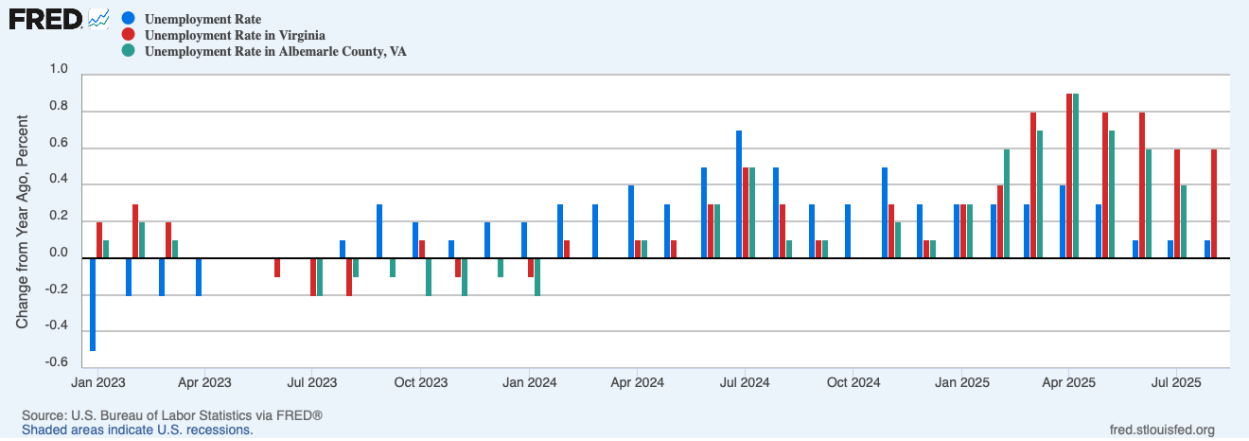
As background, from 2022 to 2024, U.S. unemployment trends demonstrated a continued return to normalcy in the labor market following the significant disruptions caused by the pandemic. For reference, the national seasonally adjusted unemployment rate surged to an annual average of 8.1% in 2020 at the height of the pandemic, then declined to 5.4% in 2021. It dropped further to 3.6% in both 2022 and 2023, before rising slightly to 4.0% in 2024, which corresponded to the pre-pandemic annual average of 4.0% from 2017 to 2019, according to the latest BLS data (Figure 8; BLS).

Virginia Trends: In August 2025, the unemployment rate in Virginia remained flat at 3.6% after increasing steadily in January–July 2025, with the seasonally adjusted unemployment rate rising for seven consecutive months from 2.9% in December 2024 to 3.6% in July 2025, the highest level since August 2021 (Figure 8). Virginia's seasonally adjusted unemployment rate in August 2025 was 0.7% higher than its rate in August 2024 and tied with the District of Columbia for the magnitude of the rate increase during that period. Only one state had a larger increase in its seasonally adjusted unemployment rate between August 2024–August 2025 (Oregon +0.8%) (Figure 8; BLS).

Historically, the unemployment trend in Virginia has generally mirrored the national pattern, albeit at a lower level, except for select periods when Virginia's unemployment rate has ticked up faster than the nation's such as in the current period during the first eight months of 2025. For reference, the state's U-3 seasonally adjusted unemployment rate dropped from 6.5% in 2020 to 3.8% in 2021, then to 2.7% in 2022 and 2023, before slightly increasing to 2.8% in 2024. Like the U.S., while a bit higher than the previous year, Virginia's unemployment rate stayed historically low in 2024, remaining below the pre-pandemic annual average of 3.1% in 2017–2019 (Figure 8: BLS).

Local Trends: For localities, the BLS only publishes monthly unemployment data that is not seasonally adjusted. With non-seasonally adjusted data, it is best to analyze the data in comparison to the same period a year ago to avoid the effects of seasonality. Figure 9 presents the change from a year ago in the non-seasonally adjusted unemployment rates for the U.S, Virginia and Albemarle County. A key takeaway is that Albemarle County's and Virginia's non-seasonally adjusted unemployment rates as compared to a year ago have been increasing monthly faster than the nation's since February 2025. In July 2025, Albemarle County's non-seasonally adjusted unemployment rate registered at 3.5% or 0.4% above the reading in July 2024, aligning with upticks observed at the state level (Figure 9, BLS).

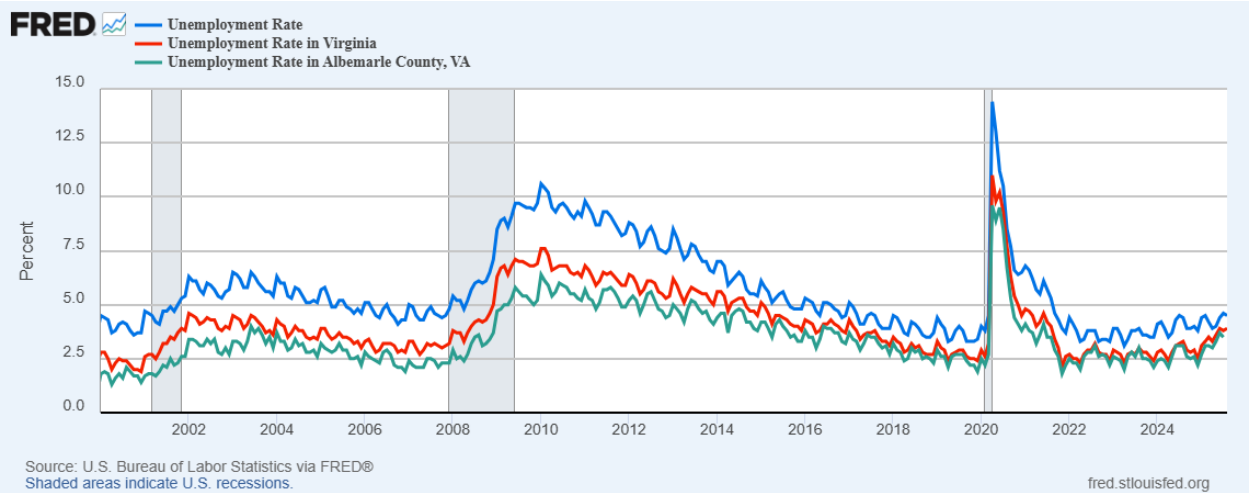
Figure 9. Unemployment Rate Change from Year Ago Since January 2023: Ending August 2025 for U.S. and Virginia, and Ending July 2025 for Albemarle County, Virginia (%)



Household survey; not seasonally adjusted

Looking through a wider lens, Albemarle County has consistently posted unemployment rates below those of both Virginia and the nation with varying distances between the county's and the state and national rates, and the county's trends have generally mirrored broader state and national labor market trends (Figure 10 provides non-seasonally adjusted unemployment rates for Albemarle County, along with the state and nation for relative comparison purposes). According to the latest BLS data, the county's non-seasonally adjusted unemployment rate posted an annual average of 2.6% in 2024, held steady at 2.5% during 2022–2023, and registered at 3.3% in 2021 and 5.7% in 2020. For reference, the annual average of Albemarle County's non-seasonally adjusted unemployment rate was 2.8% in 2017–2019 (Figure 10, BLS).

Figure 10. Unemployment Rate Since January 2000: Ending August 2025 for U.S. and Virginia, and Ending July 2025 for Albemarle County, Virginia (%)



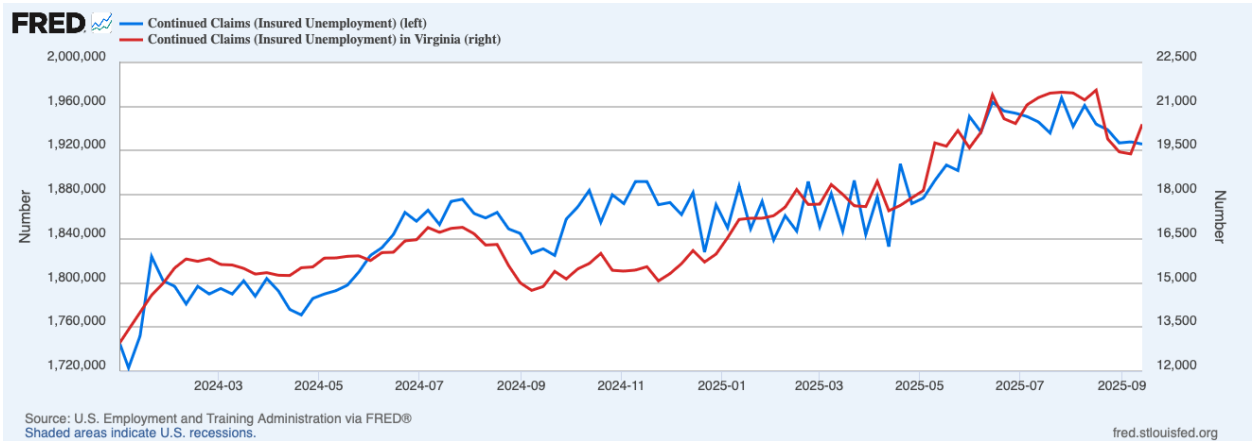
Household Survey; not seasonally adjusted

These trends will be closely monitored given the standard process of monthly revisions to employment data as more information becomes available.

Unemployment Insurance Claims

National Trends: For the week ending September 13, 2025, seasonally adjusted unemployment insurance continued claims registered at 1.926 million, up 6.1% over the comparable week of last year. During January 1, 2025, through September 13, 2025, seasonally adjusted unemployment insurance continued claims were an average 5.0% above the comparable week last year, following a 4.9% annual average increase overall in 2024, based on the latest U.S. Employment and Training Administration (ETA) data (Figure 11; ETA). As background, U.S. seasonally adjusted unemployment insurance continued claims averaged 1.789 million in 2023–2024 and 1.798 million in 2017–2019.

Figure 11. Unemployment Insurance Continued Claims in U.S. and Virginia, January 1, 2024, to September 13, 2025 (#)



U.S. seasonally adjusted; Virginia not seasonally adjusted

Virginia Trends: In 2025, weekly year-over-year growth of non-seasonally adjusted unemployment insurance continued claims in Virginia started at 23.3% and showed signs of cooling through the week ending May 3, 2025, after which it began increasing again, rising to 37.1% by September 13, 2025. For the week ending September 13, 2025, Virginia's non-seasonally adjusted unemployment insurance continued claims registered at 20,400, up 37.1% or 5,520 over the comparable week of last year. During January 1, 2025, through September 13, 2025, non-seasonally adjusted unemployment insurance continued claims were an average 22.0% above the comparable week last year, following a 25.5% annual average increase overall in 2024 (Figure 11; ETA and Virginia Works). For comparison, Virginia's non-seasonally adjusted unemployment insurance continued claims averaged just over 14,050 in 2023–2024 and just over 22,270 in 2017–2019.

Virginia Works reported that for the week ending September 13, 2025, 92% of continued claimants self-reported an employer that correlated to an associated industry (non-seasonally adjusted). Based on this reporting, the top five industries were identified as comprising 66% of the associated industries reported, which were professional, scientific, and technical services (4,612 or 24.7%);

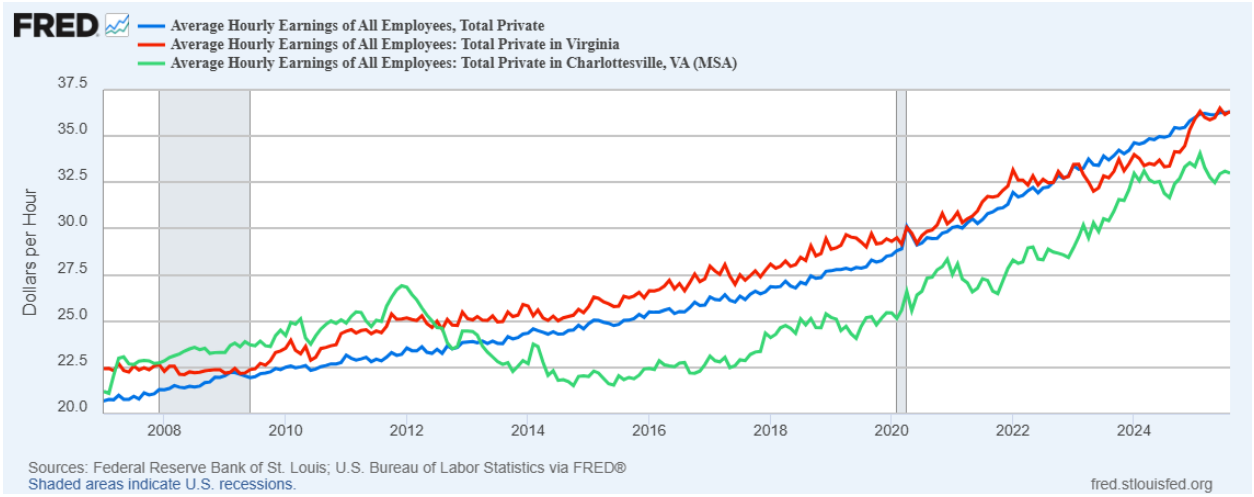
manufacturing (2,377 or 12.7%); administrative and support and waste management (2,273 or 12.2%); health care and social assistance (1,598 or 8.5%); and retail trade (1,483 or 7.9%). (Virginia Works, 2025, September).

Following Virginia's bumpy job recovery since the pandemic began in 2020, the swings up and down in the annual average increases in unemployment insurance continued claims were notably greater in Virginia than in the nation during 2020–2024.

Wages and Total Compensation

National Hourly Wage Trends: In the first eight months of 2025, U.S. hourly wages (measured by average hourly earnings) grew slightly slower than the growth rate in 2024. In January–August 2025, a gradual slowing occurred in the monthly growth year-over-year in U.S. seasonally adjusted hourly wages, slowing from 4.0% monthly growth year-over year in December 2024 to 3.7% year-over-year in August 2025, with an overall average of 3.8% monthly growth year-over-year in the first eight months of 2025 as compared to the 4.0% average annual growth of 2024 (Figure 12; BLS). The gradual slowing in wage growth in the first eight months of 2025 corresponds to the slowdown in job creation during that period. Even though the current 3.8% monthly average growth year-over-year for January–August 2025 remained higher than the pre-pandemic annual growth rates and normalization in hourly wages has been anticipated as the labor market recovered from the pandemic-era disruptions, the gradual slowing in wage growth thus far in 2025 warrants close monitoring for signals of further softening in the labor market[8] (Figure 12; BLS).

Figure 12. Average Hourly Earnings, U.S. Virginia, and Charlottesville MSA, Virginia, January 2007 – August 2025 ($)



Not seasonally adjusted

Virginia Hourly Wage Trends: Virginia's hourly wage growth has accelerated year-over-year since late 2024. During the first eight months of 2025, the state's non-seasonally adjusted monthly

[8] Pre-pandemic, U.S hourly wages posted average annual growth of 3.3% in 2019 and 3.0% in 2018. With the pandemic-era disruptions in the labor market and their aftermath, U.S. hourly wages registered annual growth of 4.9% in 2020, 4.3% in 2021, 5.4% in 2022, and, 4.4% in 2023, based on the latest BLS data (Figure 10; BLS).

hourly wages grew an average 7.7% year-over-year, significantly higher than the 2.8% average annual growth in 2024 (Figure 12; BLS).

Virginia's average annual hourly wage growth has been positive but bumpy since the pandemic, with the pace of growth rising and falling annually during 2020–2024. Before growing 2.8% in 2024, Virginia's average annual hourly wages rose only slightly at 0.9% in 2023, increased robustly at 4.6% in 2022 and 4.8% in 2021 and grew modestly at 1.8% in 2020 at the onset of the pandemic, based on the latest BLS data. By comparison, prepandemic Virginia's hourly wages grew an average of 2.8% annually during 2017–2019, ranging from 2.2% growth in 2017 to 3.2% in 2019 (Figure 12; BLS). The period immediately preceding the pandemic was characterized by narrower variation in wage increases in Virginia, in contrast to the volatility in the years since the pandemic.

Regional Hourly Wage Trends: In the Charlottesville MSA, hourly wage growth slowed significantly in the first eight months of 2025, with 2.0% average monthly growth year-over-year in January–August 2025, as compared to 4.5% average monthly growth year-over-year in the second half of 2024 and average annual growth of 7.3% overall in 2024. Prior to 2025, the Charlottesville MSA's hourly wages had displayed a steady upward growth trend in the years following the pandemic. After growing 7.3% in 2024, hourly wages also posted substantial annual average gains of 6.7% in 2023 and 5.1% in 2022, and grew a slower 1.8% in 2021 early in the pandemic recovery. At the onset of the pandemic in 2020, hourly wages grew by 7.3% in the Charlottesville MSA during a year of unexpected disruption (Figure 12; BLS).

Looking back to the years before the pandemic, hourly wage growth in Charlottesville displayed significant variation. Just before the pandemic, hourly wages in the Charlottesville MSA grew an annual average of 3.4% during 2017–2019 but varied widely during that period, growing 2.5% in 2017, spiking with 7.1% growth in 2018, and then dropping to 0.67% growth in 2019. Wide variation also was recorded during the 2008–2016 period with four straight years of hourly wage growth during 2008–2011 averaging 3.3% annually, followed by four straight years of declines averaging -3.7% annually, and then 2.5% positive average annual hourly wage growth in 2016 (Figure 12; BLS).

National Total Compensation Trends: BLS also releases quarterly a fuller measure of U.S. total compensation, the Employment Compensation Index (ECI), which includes wages, salaries, and benefits. Similar to the recent moderating growth in hourly wages, a normalizing national labor market also is reflected in the ECI which grew an average 3.6% year-over-year in the first half of 2025, after growing an annual average of 3.9% in 2024, 4.5% in 2023 and 4.9% in 2022, based on the latest BLS data. Early in the initial pandemic recovery, the ECI grew an annual average of 3.3% in 2021 and 2.7% in the first year of the pandemic in 2020. While the average growth year-over-year in total compensation in the first half of 2025 was below the annual growth rates for 2023 and 2022, they were all still well above the 2.7% prepandemic annual average in 2017–2019 (Figure 13; BLS). Again, close monitoring is warranted for signals of any additional softening in the labor market in 2025.

Figure 13. U.S. Total Compensation (Employment Compensation Index), Q1:2002 – Q2:2025 (%yoy)

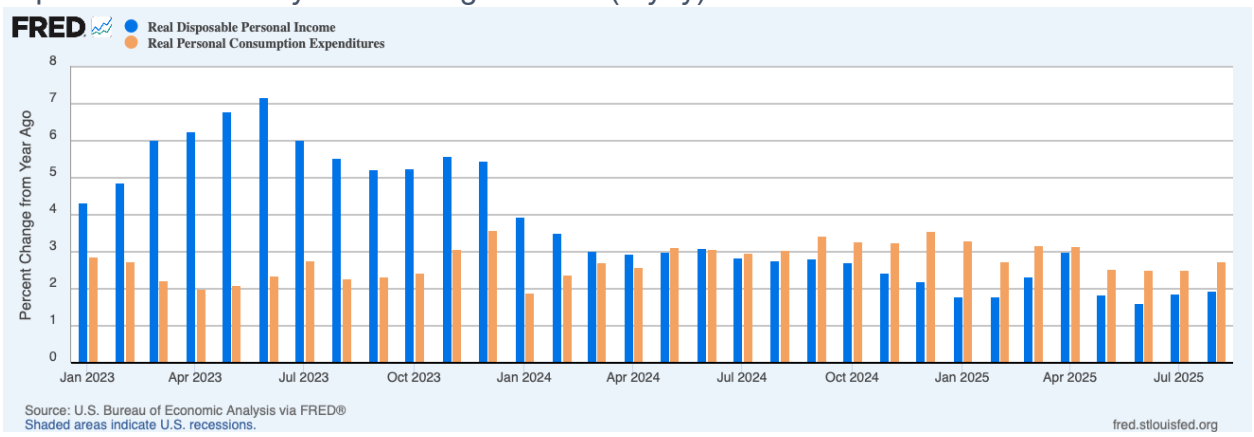
Seasonally adjusted

C. Consumer Activity

Personal Income

National Trends: Real disposable personal income (inflation-adjusted)[9] represents household purchasing power. Real disposable personal income monthly grew an average 2.0% in January–August 2025, following average annual growth of 2.9% in 2024, and 5.7% in 2023, based on the latest BEA data (Figure 14; BEA). The slower growth in real disposable income pinches household purchasing power which has been reflected in the overall pace of spending thus far in 2025, which is examined further in the Consumer Spending section below.

Figure 14. U.S. Real Disposable Personal Income and Real Personal Consumption Expenditures January 2023 – August 2025 (%yoy)

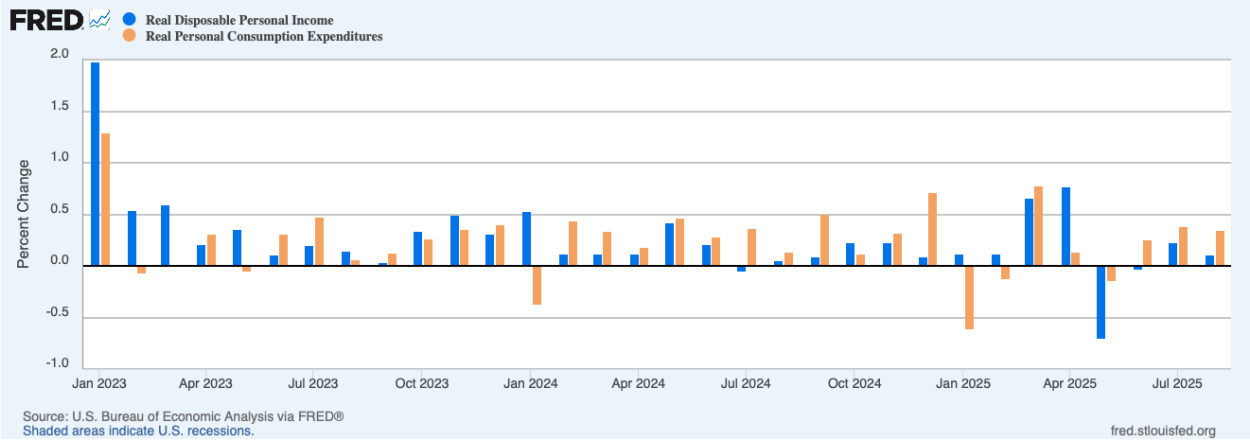


Seasonally adjusted annual rate

[9] The indicators for real disposable personal income and all components of real consumer spending (i.e., personal consumption expenditures) are seasonally adjusted at the annual rate and inflation-adjusted in this analysis.

The year-over-year analysis above provides insight on the long-term growth of real disposable personal income. For another view of emerging short-term trends, month-over-month changes in real disposable personal income also are examined where the current month is compared to the immediately preceding month. Real disposable personal income posted positive month-over-month growth almost consistently from January 2023 to April 2025, except for one flat month in July 2024 (Figure 15; BEA). However, in May 2025, real personal disposable income made a sharp turn with a -0.7% reduction, then was essentially flat in June 2025, and returned to positive monthly growth in July–Auguust 2025 of 0.2% and 0.1%, respectively (Figure 15; BEA). The reduction in real disposable personal income in May 2025 reflected primarily decreases in government social benefits and proprietors' and rental income (BEA).

Figure 15. U.S. Real Disposable Income and Real Personal Consumption Expenditures January 2023 – August 2025 (%mom)

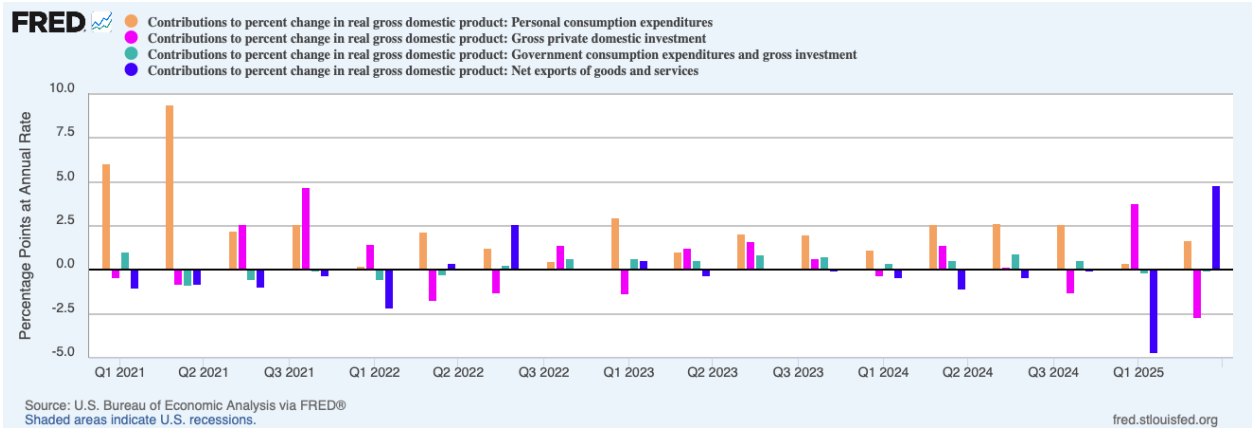


Seasonally adjusted annual rate

Consumer Spending

National Trends: Consumer spending comprises nearly 70% of U.S. real GDP and has served as a firewall to the U.S. economy since Summer 2020. Despite the volatility in real disposable income, real personal consumption expenditures (consumer spending in this analysis) positively contributed to real GDP throughout Q1:2021 to Q2:2025, (the orange bars in Figure 16 below). Of the four components in real GDP – consumer spending, gross private domestic investment, government spending and net exports – real consumer spending was the strongest contributor to real GDP growth in 10 of the 18 quarters during Q1:2021–Q2:2025 and consistently exceeded the contributions of the other three components from Q3:2023 to Q4:2024, based on the latest BEA data. While still contributing to real GDP, in Q1:2025 real consumer spending slowed dramatically, largely due to declines in spending on durable goods, especially motor vehicle and parts, and on recreation services. In Q2:2025, consumer spending notably recovered but was still trending significantly behind the pace of consumer spending in the second half of 2024 (Figure 16, BEA).

Figure 16. U.S. Personal Consumption Expenditures Contribution to Real Gross Domestic Product (orange bars), Q1:2021 – Q2:2025 (%qoq)



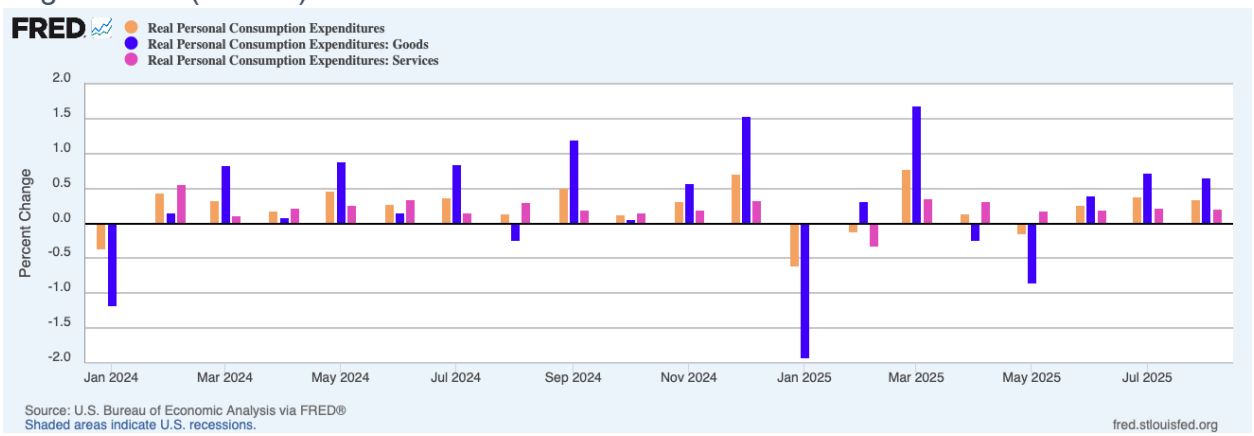
Seasonally adjusted annual rate

While year-over-year real consumer spending has remained positive as compared to last year (orange bars in Figure 14 above), from a month-over-month perspective, real consumer spending has been generally volatile in the first eight months of 2025, based on the latest BEA data (orange bars in Figure 15 above). After the holiday season bump in real consumer spending during in November–December 2024, total real consumer spending decreased sharply in January 2025 month-over-month, declining faster than the post-holiday hangover in January 2024 (-0.6% month-over-month in January 2025 as compared to -0.4% month-over-month in January 2024). However, consumers greatly accelerated their real total consumption expenditures month-over-month in March 2025 (+0.8%), then pulled back sharply in April– May 2025 with real consumer purchases contracting month-over-month in May 2025 and rebounded moderately in June–August 2025. Based on the latest BEA data, the consumer has been notably resilient overall in the first eight months of 2025 in spite of the dramatic swings, with the eight-month average of real consumer spending in January–August 2025 registering 2.8% above the eight-month average during the comparable period last year. By comparison, average annual real consumer spending grew 2.9% overall in 2024. It remains to be seen if consumers maintain the recent rebound in real consumer spending given the dramatic shifts thus far in 2025 and the recent softening in the labor market (Figure 15 orange bars; BEA).

The overall muted and widely oscillating path of total real consumer spending in the first eight months of 2025 reflects the dramatic swings in the goods and services spending components during that period. Consumers sharply pulled back in real goods spending in January 2025 (purple bars in Figure 17 below). In March 2025, real goods purchases strongly accelerated, especially in motor vehicles and parts, likely to front-run the impending increase in tariff taxes. In April–May 2025, real goods spending strongly swung in the other direction, contracting month-over-month primarily due to declines in durable goods spending in both months. Then, a modest rebound was recorded in June 2025 in real goods spending and stronger month-over-month increases were posted in July–August 2025. In July 2025, the month-over-month growth in real goods purchases were led by motor vehicle and parts, recreational goods and vehicles, and other durable goods, likely to avoid the impending expiration of tariff negotiation extensions in early August. In August 2025, the month-over-month growth in real goods spending was led by recreational goods and

vehicles, and clothing and footwear, likely due to back-to-school shopping and possible acceleration of purchases to avoid expected tariff impacts. After these series of dramatic swings, the eight-month average of real goods spending in January–August 2025 registered 4.1% above the eight-month average during the comparable period last year. By comparison, average annual real goods spending grew 2.8% overall in 2024. Again, with the cooling in the labor market and the substantial shifts in consumer behavior thus far in 2025, it remains to be seen if consumers maintain the recent rebound in real goods spending (Figure 17 purple bars; BEA).

Figure 17. U.S. Real Consumer Spending: Total, Goods and Services, January 2024-August 2025 (%mom)



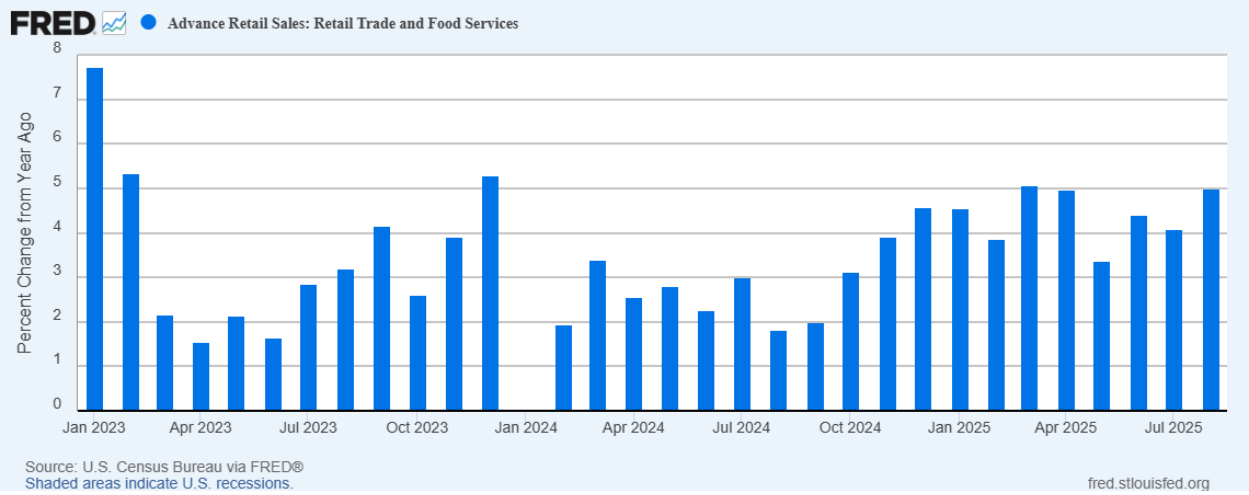
Seasonally adjusted annual rate

The real services spending component of total real consumer spending also exhibited significant swings in the first eight months of 2025. Real services spending notably decreased month-over-month in January–February 2025, rebounded in March–April 2025, and posted moderate growth month-over-month in May–August 2025 (Figure 17 mauve bars). Overall, the eight-month average of real services spending in January–August 2025 registered 2.3% above the eight-month average during the comparable period last year, primarily driven by expenditures on health care services, transportation services (e.g., motor vehicle maintenance and repair, and ground and air transportation), financial services and insurance, and other services (e.g., telecommunication, educational, professional, personal care, social, and household maintenance services). By comparison, average annual real services spending grew 3.0% overall in 2024 (Figure 17 mauve bars; BEA). Rising costs are affecting household budgets resulting in increased spending on essential goods. Tariff pressures, economic uncertainty and financial insecurity have also contributed to the volatility in a consumer spending thus far in 2025 (KPMG, Wells Fargo).

Retail Sales and Trade

National Trends: Retail and food services sales are first viewed from a longer-term perspective with year-over-year data. Through this longer lens, retail and food services sales continued to show positive monthly growth year-over-year in the first eight months of 2025, with the strongest year-over-year monthly growth in March–April 2025 and August 2025. During January–August 2025, retail and food services sales posted average monthly year-over-year growth of 4.4% as compared to 2.6% in 2024 (Figure 18; U.S. Census Bureau (Census)).

Figure 18. U.S. Retails Sales January 2023 – August 2025 (%yoy)

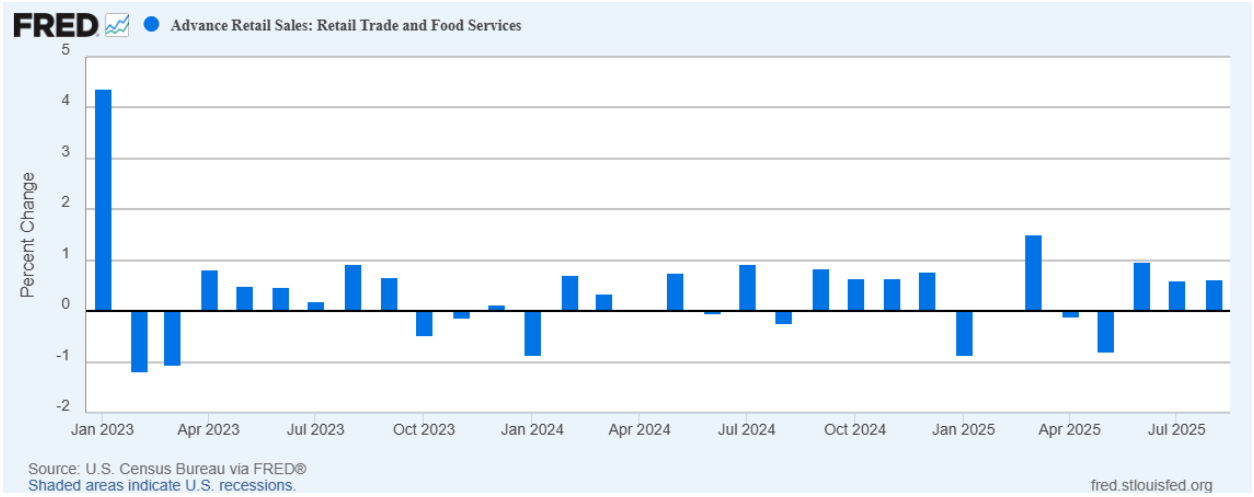


Seasonally adjusted.

Looking only at the most recent three-month reported period of June 2025–August 2025, retail and food services sales increased a solid 4.5% as compared to the same period a year ago, led by strong year-over-year growth in sales in motor vehicles and parts, health and personal care, food services and drinking places, clothing and clothing accessories, furniture and home furnishings, non-store retailers (e-commerce), and miscellaneous store retailers (e.g., florists, office supply, stationary, gift, pet and pet supplies, and used merchandise); and solid growth in sales in food and beverage and sporting goods, hobby, musical instruments and books; which were partially offset by reduced sales in general merchandise, gasoline (due to lower prices), and building material and garden equipment supplies (Figure 18; U.S. Census Bureau).

To review emerging shorter-term trends, month-over-month changes in retail and food services sales also are examined where the current month is compared to the immediately preceding month. From this view, retail sales and food services look less robust in 2025, declining or remaining flat month-over-month in four out of the first eight months of 2025 and posting a monthly surge in in March 2025 and a pickup in June–August 2025 led by a solid boost in June 2025 (Figure 19). The surge in March 2025 retail sales corresponds to the acceleration of goods purchases that month as a component of real personal consumption expenditures, likely associated with consumers front-running purchases to avoid the impending increase in tariff taxes. The second month-over-month pickup in June–August 2025 corresponds to consumers' reported acceleration of back-to-school shopping led by increased sales in clothing and clothing accessories, non-store retailers, miscellaneous store retailers, and health and personal care, again likely to avoid expected increases in tariff taxes after many tariff negotiation deadlines expired in early August 2025 (Figure 19; Census). As noted earlier, the sustainability of the recent pickup in retail sales is uncertain given the cooling labor market and significant swings in consumer spending thus far in 2025.

Figure 19. U.S. Retails Sales January 2023 – August 2025 (%mom)

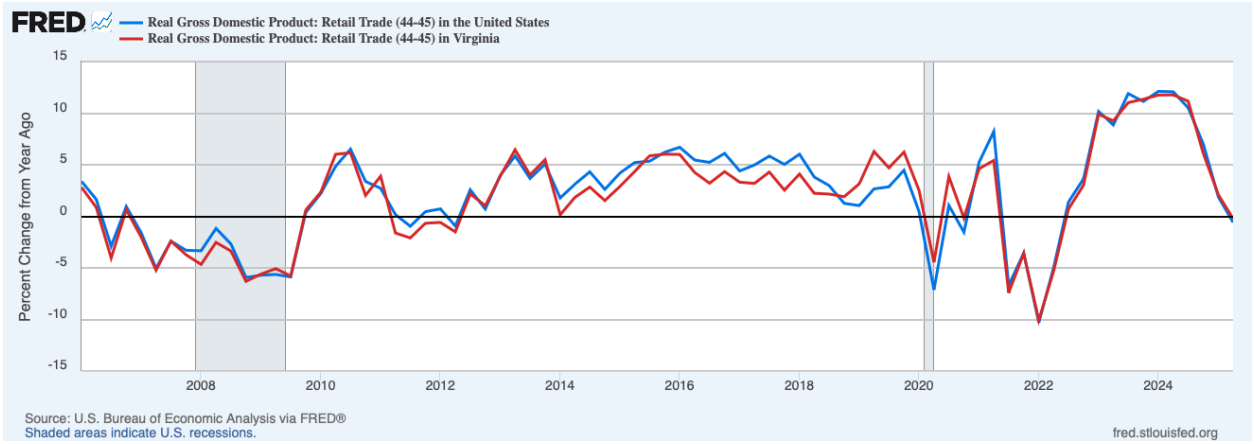


Seasonally adjusted

Virginia Trends: To assess activity in the retail sector in Virginia, the retail trade component of state real GDP (inflation-adjusted) is analyzed which measures the sector's contribution to the state's domestic output (GDP) and is calculated by subtracting the value of intermediate inputs (goods and services purchased from other industries) from the value of the industry's gross output (sales and income). For Virginia, the state's real GDP data (and its components) are published quarterly three months after the end of each quarter with the latest data available for Q2:2025 (BEA).

In Q1:2025 and Q2:2025, the year-over-year growth in the retail trade component of real GDP slowed in both Virginia and the nation as compared to their respective average annual growth rates in 2024, based on the latest BEA data (Figure 20). In Q1:2025, Virginia's retail trade component of real GDP grew 2.1% year-over-year as compared to an annual average of 10.1% overall in 2024, and the U.S. retail trade component of GDP grew 1.9% year-over-year in Q1:2025 as compared to an annual average of 10.4% overall in 2024. In Q2:2025, Virginia's retail trade component of real GDP dropped -0.2% year-over-year while the comparable figure for the U.S. declined -0.6% during that period. In both Q1:2025 and Q2:2025, Virginia's retail trade component of real GDP performed slightly more strongly than the U.S. year-over-year, but the state's average annual pace of growth was slightly slower than the nation's in 2024 (Figure 20; BEA)

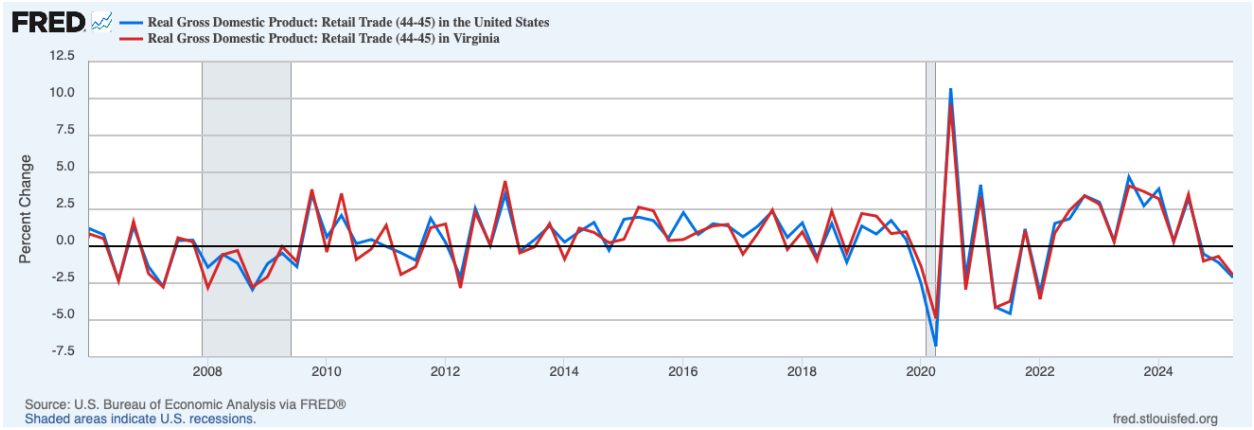
Figure 20. Real Gross Domestic Product: Retail Trade: U.S. and Virginia Q1:2006 – Q2:2025 (%yoy)



Seasonally adjusted annual rate

For a view of emerging shorter-term trends, the quarter-over-quarter analysis reveals that real retail trade in both Virginia and the U.S. declined in Q1:2025 as compared to Q4:2024 while they both remained higher than the first quarter of last year. Real retail trade declined -1.5% quarter-over-quarter in Virginia and -0.8% in the U.S. in Q1:2025. In the second quarter (Q2:2025), real retail trade declined -2.0% in Virginia and -2.1% in the U.S. These declines were another signal that consumers were pulling back due to economic uncertainty and federal policy changes and corresponds to the emerging trends in real personal consumption expenditures and retail sales (Figure 21; BEA).

Figure 21. Real Gross Domestic Product: Retail Trade: U.S. and Virginia Q1:2006 – Q2:2025 (%qoq)



Seasonally adjusted annual rate

In terms of the historical pattern, comparatively, Virginia's real retail trade growth (inflation-adjusted) generally followed respective national growth trends from 2010 to the second quarter of 2025 with varying periods of stronger and slower growth as compared to the nation. While Virginia registered stronger year-over-year annual growth in real retail trade than the nation in 2020 at the onset of the pandemic, the state's annual growth year-over-year in real retail trade

activity generally trailed the nation's in 2021–2024, based on the latest BEA data (Figure 20; BEA).

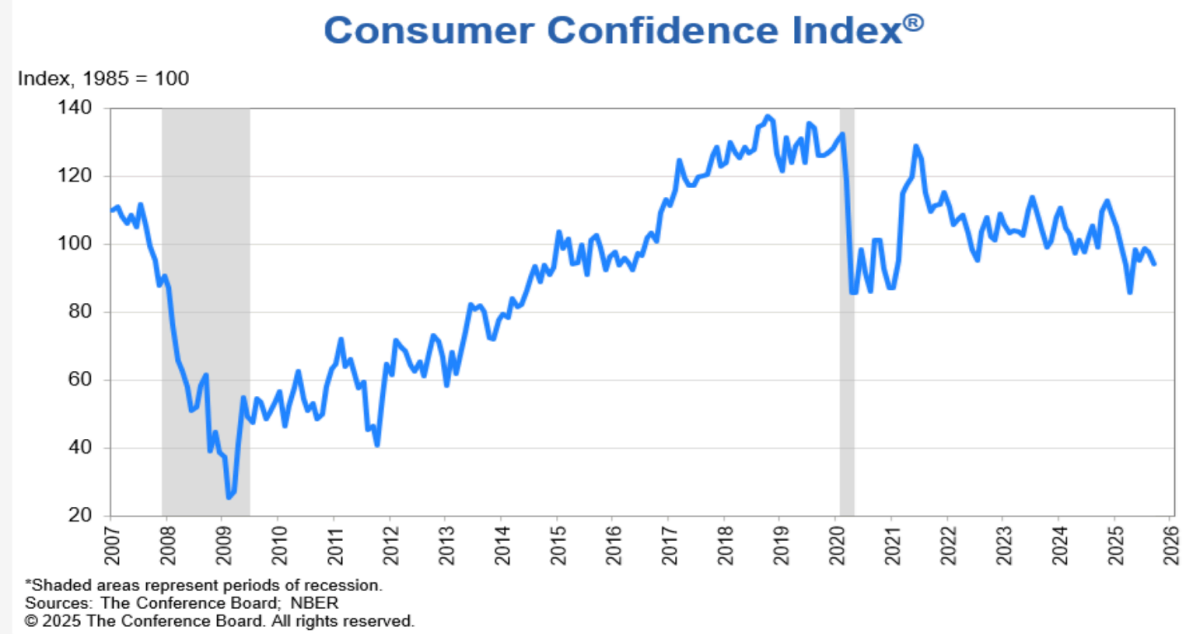
Consumer Confidence and Consumer Sentiment

National Trends: Consumers' perspective on the economy is so important that it is monitored in many ways. Two widely used indicators are the University of Michigan Consumer Sentiment Index and the Conference Board's Consumer Confidence Index. The two indicators track closely and reflect the consumers' bumpy ride on the pandemic roller coaster that also was exacerbated by global price shocks in early 2022. The Conference Board's Consumer Confidence Index tends to reflect more employment perspectives, whereas the University of Michigan's Consumer Sentiment Index records more perspectives on prices.

Consumer confidence and consumer sentiment improved in late 2023 into late 2024 as consumers became more confident in macroeconomic conditions and the slowdown in inflation. However, the Consumer Confidence Index and Consumer Sentiment made abrupt turns in December 2024 and January 2025, respectively, and posted steep monthly declines through Spring 2025 before improving slightly in late Spring/early Summer 2025, and then deteriorated again in late Summer/early Fall 2025, as consumers expressed concerns about the future course of tariffs, inflation, the labor market, and business conditions and responded to changes in U.S. economic policy announcements (Figures 22 and 23).

In September 2025, the Conference Board's Consumer Confidence Index recorded another monthly decline after dropping steadily during December 2024–April 2025, rebounding in May 2025, and then mostly declining in June–September 2025 except for slightly easing in July 2025, based on data through September 21, 2025 (Figure 22). In September 2025, consumers expressed a sharp deterioration of their views of current business and labor market conditions while their short-term outlook for income, business and labor market conditions also declined. Notably, consumers continued their pessimistic view of current job availability which fell for the ninth straight month to reach a new multiyear low. Additionally, consumers' survey responses indicated strong concerns about prices and inflation, with tariffs continuing to be associated with higher prices (Figure 22; Conference Board).

Figure 22. U.S. Consumer Confidence Index, January 2007 – September 2025

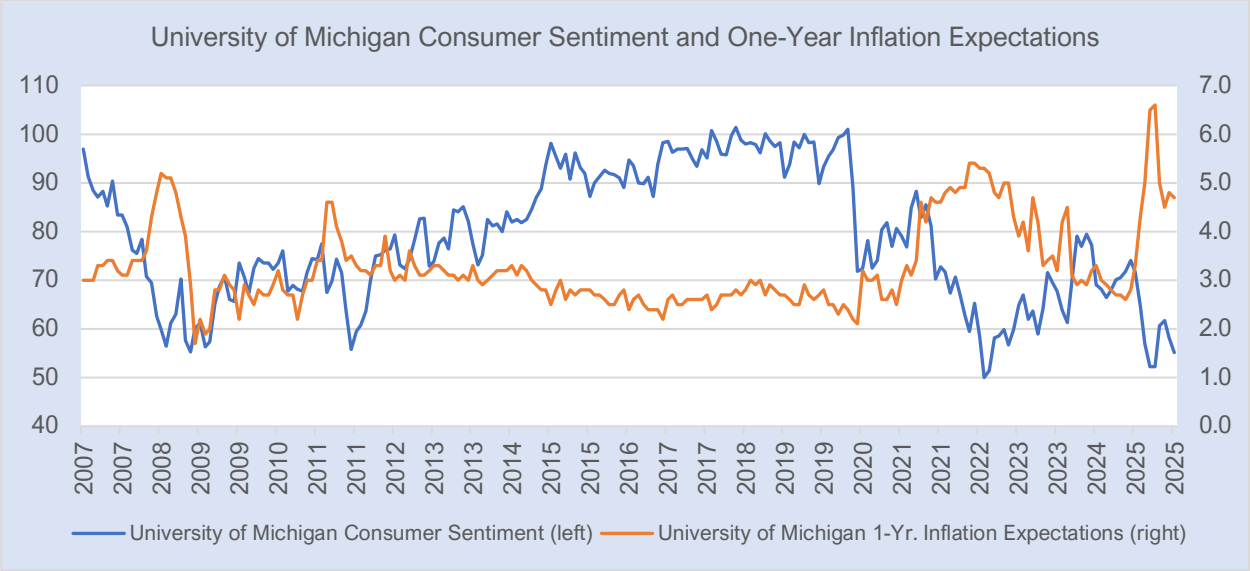


Not seasonally adjusted

The September 2025 final reading of the University of Michigan's Consumer Sentiment Index registered a second monthly decline after improving in June–July 2025, sharply declining for four consecutive months in January–April 2025, remaining flat in May 2025 (Figure 23). The September 2025 consumer sentiment index reading was 26% below the December 2024 reading with monthly declines in September 2025 posting for all age groups, income levels, and educational levels and for all components of the index. A notable exception to the broad decline in September 2025 occurred for those consumers with large stock holdings for whom sentiment held steady while sentiment decreased for consumers with smaller or no holdings. Overall, consumers' views on both current economic conditions and future expectations were still significantly less favorable in September 2025 as compared to December 2024 (Figure 23; University of Michigan).

In September 2025, consumers' expectations fell for both national macroeconomic conditions, particularly for labor markets and business conditions, as well as for their personal economic conditions, with a softening outlook for their own incomes and personal finances. Consumers continued to express frustration over the persistence of high prices, with just under 50% indicating that high prices were eroding their personal finances, the highest reading in a year. Survey responses in September 2025 highlighted that consumers felt pressure from both the prospect of higher inflation and the risk of weaker labor markets (Figure 23; University of Michigan).

Figure 23. U.S. Consumer Sentiment and Inflation Expectation (index and percent), January 2007 – September 2025



Not seasonally adjusted

Although consumers generally spent through the bumpiness in consumer confidence and consumer sentiment in 2022–2024, real consumer spending noticeably pulled back in January–May 2025 and rebounded in Summer 2025. The decline in real consumer spending aligned with the significant overall drop in both the consumer confidence and consumer sentiment indices in December 2024/January 2025 through June 2025. The pickup in real consumer spending in Summer 2025 corresponds to the improvement in both the consumer confidence and consumer sentiment surveys in July 2025 but diverges from the deterioration in both consumer surveys in August and September 2025. Continued close monitoring is warranted given the importance of consumer spending to the economy and the recent significant declines in consumer confidence and sentiment.

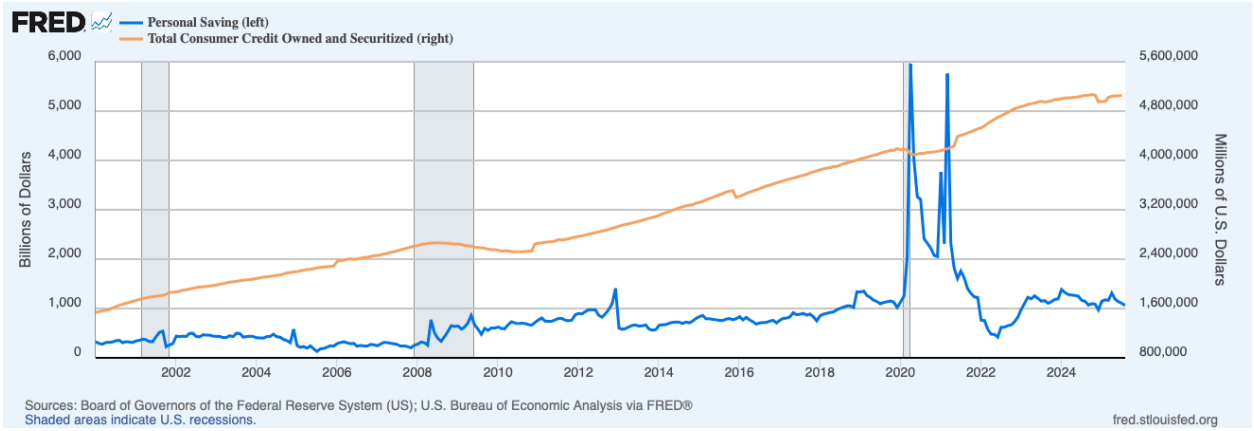
Consumer Personal Savings and Household Debt

National Trends: The mixed consumer signals of both caution and continued spending are supported by the trends in household balance sheets. This analysis will take a closer look at both the personal savings and debt sides of the household balance sheet to gain additional insights on future consumer spending trends.

Thus far in 2025, in the aggregate, consumers decreased their savings and marginally decreased their total consumer credit balances with significant monthly swings that closely correspond to the shifts in consumer spending, based on the latest Federal Reserve data. For the period of January–July 2025, average total personal savings averaged -1.4% below its annual average for 2024, and the personal savings rate averaged 4.8% during that period after averaging 5.4% overall in 2024.

For that same seven-month period, total consumer credit outstanding[10] averaged -0.2% below its annual average for 2024. As background, in 2024, total consumer personal savings increased an average 2.9% annually and total consumer credit outstanding increased an average 1.8% annually (Figure 24; BEA, Federal Reserve).

Figure 24. U.S. Personal Savings and Total Consumer Credit Since January 2000, Ending August 2025 for Personal Savings and July 2025 for Total Consumer Credit ($)



Seasonally adjusted

Notably, monthly swings in personal savings and total consumer credit balances correspond to consumer spending shifts thus far in 2025. In March 2025, consumers significantly drew down savings, although they significantly increased savings in the months surrounding it, and total consumer credit balances substantially increased in March 2025. These March 2025 swings correspond with the surge in consumers' real good purchases during that period to front-run the impending import taxes (tariffs) that were levied in early April 2025. Additionally, consumers began four months of consecutive drawdowns in savings in May 2025 and increased total credit card balances in May and July 2025, which corresponds to the pickup in consumer spending in Summer 2025.

The aggregate figures for total consumer personal savings and total consumer credit mask differences across household income levels with higher income households being able to increase savings in the face of economic uncertainty and lower income households needing to increase the use of consumer credit to make ends meet with continuing affordability issues (Congressional Research Service, 2025, February 27; BLS, 2024, June; Richmond Fed, 2023, June 27).

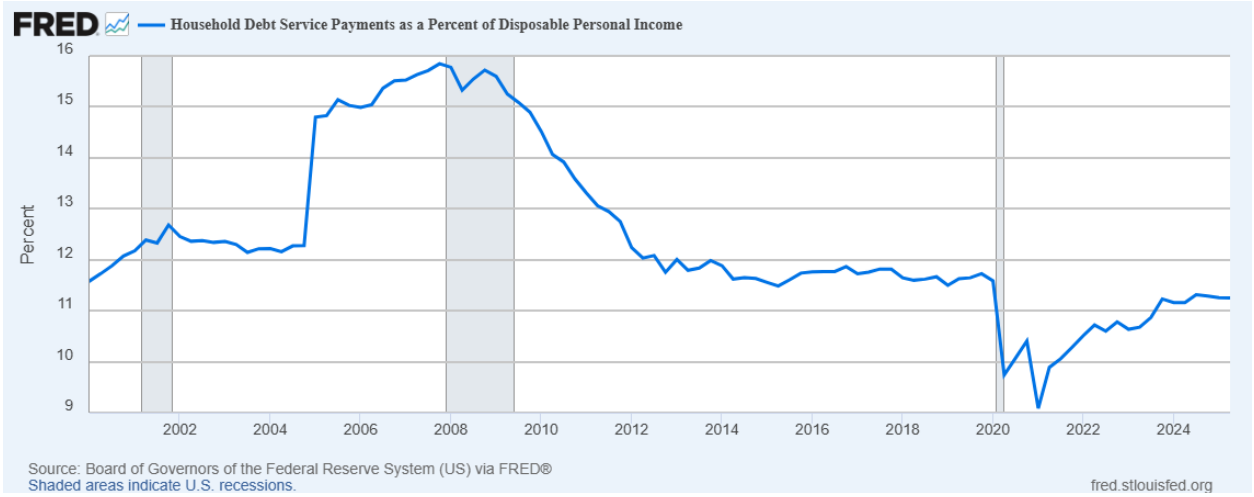
The annual trends in total consumer personal savings and total consumer credit balances reflect the additional sources of funds that consumers have used besides wages and salaries to fuel consumer spending since the pandemic. After building up significant total personal savings early in the pandemic, U.S. consumers in the aggregate began drawing down personal savings and steadily increasing consumer debt in the Spring 2021 to support continued consumer spending (Figure 24; BEA and Federal Reserve). This drawdown in savings and increase in consumer credit

[10] Total consumer credit outstanding covers most credit extended to individuals for personal expenditures, excluding loans secured by real estate, including revolving and nonrevolving held by depository institutions, financing companies, credit unions, the federal government, and nonprofit and educational institutions (Federal Reserve).

balances accelerated in 2022, with different patterns across households along the income spectrum. By 2023, U.S. total personal savings in the aggregate began increasing again and the annual rate of growth in total consumer credit balances slowed from the robust rate of 2022. In 2024, the annual rate of growth of U.S. total personal savings and total consumer credit balances were both modest[11] (Figure 24; BEA and Federal Reserve). A key takeaway is that along with solid wage and salary growth, consumers used personal savings and consumer credit to help fuel the significant annual increases in real consumer spending during 2021–2024.

Yet on the debt side, U.S. household balance sheets overall in Q2:2025 were still strong with average annual household debt service ratios[12] of 11.2% (total debt service payments on mortgage and consumer loans as a percent of disposable income), thereby registering essentially the same as the annual average in 2024 and slightly below the prepandemic average annual average ratio of 11.7% in 2017–2019 (Figure 25; Federal Reserve). Early during the pandemic, debt service payments dipped to an annual average of 10.1% in 2020–2021, reflecting reduced borrowing and stimulus-driven income support. From 2022 onward, debt service payments began increasing again as borrowing resumed and interest rates rose amid tightening monetary policy, with household debt service ratios gradually increasing from 10.7% in 2022, to 10.9% in 2023, and then to the 11.2% recorded in 2024. Although the household debt service ratio in 2024 was still below the prepandemic average, the upward trend of the past three years inched closer to that prepandemic average and warrants close monitoring for signs of further tightening in household budgets (Figure 25; Federal Reserve).

Figure 25:. U.S. Household Debt Service Ratio (as a Percent of Disposable Personal Income) Q1:2000 – Q2:2025 (%)



Seasonally adjusted

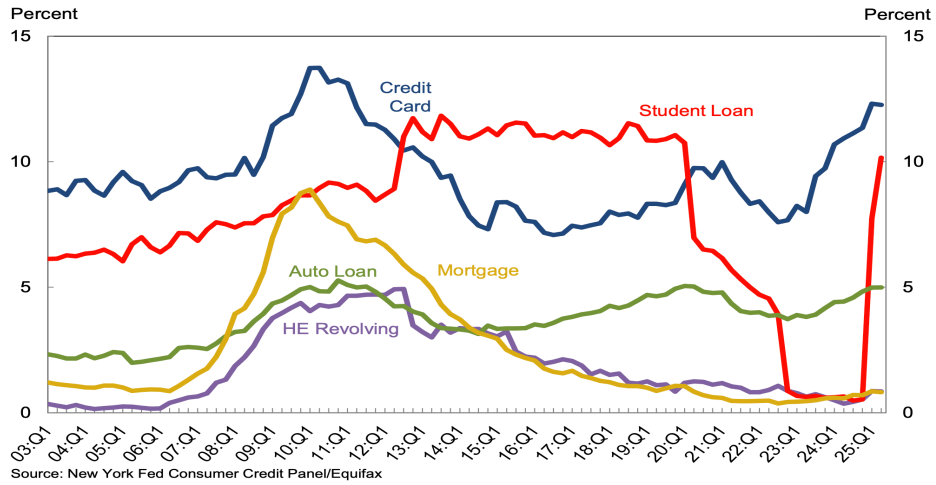
[11] U.S. total personal savings increased 125.9% in 2020; decreased –18.2% and -70.9% in 2021 and 2022, respectively; and increased 83.2% and 2.9% in 2023 and 2024, respectively, based on the latest BEA data (BEA). U.S. total consumer credit balances decreased -0.7% in 2020, and increased 5.0% in 2021, 8.3% in 2022, 5.0% in 2023, and 1.8% in 2024, based on the latest Federal Reserve data (Federal Reserve).

[12] It is important to note that the U.S. aggregate figures for the household debt service ratio exclude differentials across household income groups.

Looking deeper into the components of U.S. household debt reveals that increasing consumer debt and delinquencies are exerting pressure on household balance sheets. As reported in the Federal Reserve Bank of New York's (New York Fed) Household Debt and Credit report for Q2:2025, aggregate delinquency rates rose slightly from the previous quarter, reaching 4.4% in Q2:2025, up from 4.3% in Q1:2025 and 3.6% in Q4:2024. Notably, a large uptick in federal student loan delinquencies began appearing in Q1:2025 after missing student loan payments resumed being reported to credit bureaus after a five-year pause due to the pandemic. Expectedly, delinquency rates overall remained elevated in Q2:2025 with the resumption of reporting of student loan delinquencies (New York Fed).

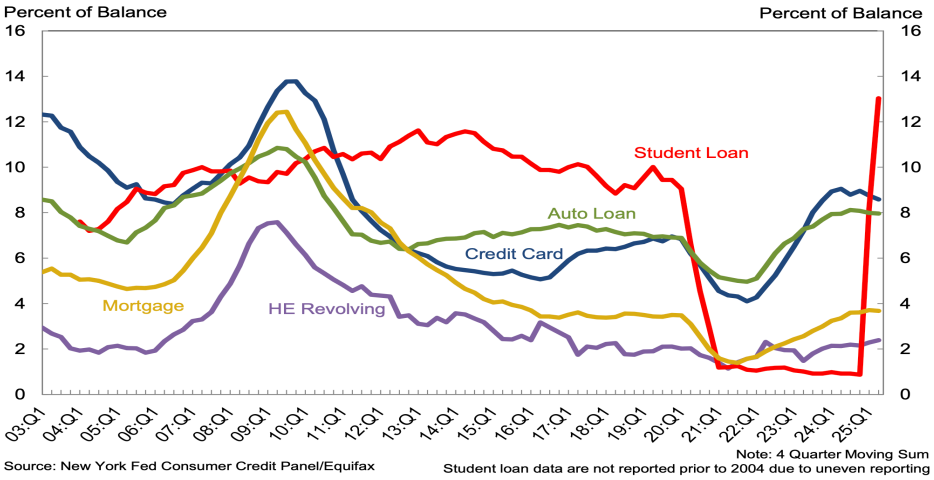
In the first half of 2025 (Q1 and Q2), student loan balances had a significant increase in the percentage transitioning to early delinquency (30 or more days past due), while home equity lines of credit (HELOC) registered a slight increase and auto and credits cards posted slight declines in delinquency transition rates. Serious delinquency rates (90 days or more past due) increased for all debt types, with student loans posting a significant uptick (Figures 26 and 27; New York Fed).

Figure 26. Percent of Balance 90+ Days Delinquent by Loan Type, Q1:2003 – Q1:2025 (%)



Source: New York Fed Consumer Credit Panel/Equifax

Figure 27. Transition into Delinquency (30+) by Loan Type, Q1:2003 – Q1:2025 (%)



Source: New York Fed Consumer Credit Panel/Equifax

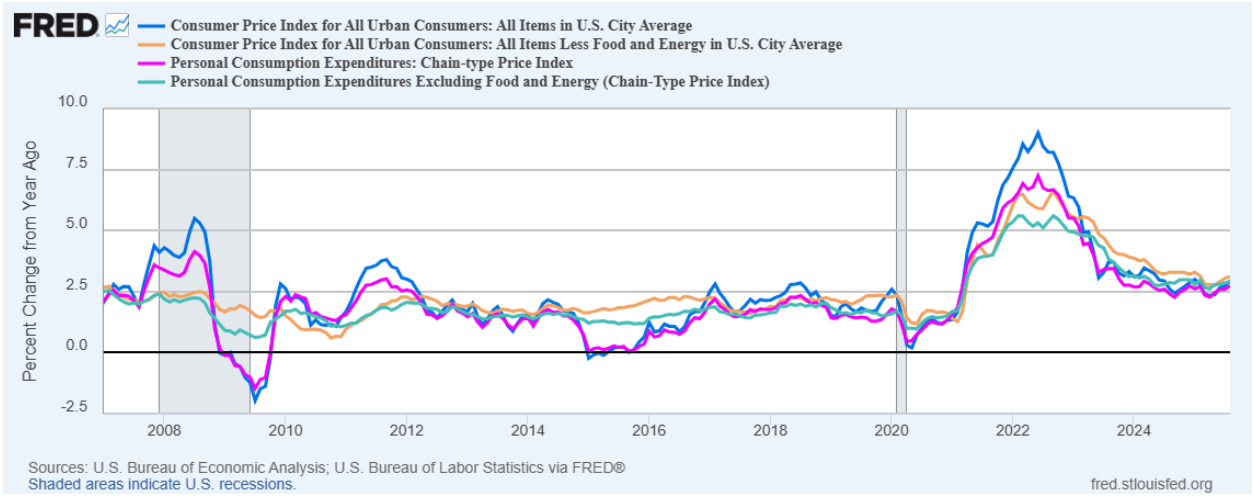
Aggregate nominal household debt balances registered at $18.39 trillion in Q2:2025, up $185 billion or 1% from Q1:2025, and $4.24 trillion above the aggregate total at the end of 2019, just before the pandemic. In Q2:2025, the total balances of the non-housing portion of household debt (credit card, auto, student loan and other balances including retail cards and consumer finance loans), increased $45 billion, up 0.9% from Q1:2025 (New York Fed, 2025, August).

Again, the consumer landscape is evolving. In late 2023 through late 2024, consumers gained confidence in continued solid job and wages gains, macroeconomic conditions, and the slowdown in inflation. However, consumers signaled a significant shift in late 2024 through September 2025 with major drops in consumer confidence and consumer sentiment, heightened concerns about future jobs and inflation, and cautious spending. Consumers are expected to continue to proceed cautiously with the cooling economic conditions, softening in the labor market and moderation in wage and salary growth, exhaustion of pandemic-era excess personal savings, and increasing consumer debt along with continued solid household balance sheets (BEA, San Francisco Fed, New York Fed, Conference Board, University of Michigan, McKinsey).

D. Consumer Prices

National Trends: After dropping almost 50% in 2023, inflation as reflected in several measures declined another approximately 30% overall in 2024 with a bumpy, downward trend, indicating the path toward the Federal Reserve's long-term average 2% target would not be linear, particularly with sticky housing and services costs (Figure 28). The inflation improvements of 2024 generally continued in the first four months of 2025, with primary inflation indicators declining overall in January–April 2025, based on the latest BLS data However, in May 2025, most primary inflation indicators began rising monthly and by August 2025, largely erasing the inflation improvements posted in the first four months of 2025 (Figure 28; BLS).

Figure 28. U.S. Monthly Change in Consumer Price Index and Personal Consumption Expenditure Index, January 2007 – August 2025 (%yoy)



Seasonally adjusted

Headline inflation, as measured by the Consumer Price Index including food and energy (CPI), increased in August 2025 to 2.9% year-over-year, solidly up from the low of 2.3% in April 2025 and essentially pulling even with the 2.9% posted in December 2024. Moreover, Core CPI inflation, CPI less the volatile food and energy components, also increased in August 2025, recording at 3.1% year-over-year, above the low of 2.8% in March–May 2025 and just below the 3.2% reading in December 2024. Core CPI inflation continued to register higher than CPI inflation in August 2025, reflecting solid increases over the last year in some components, particularly shelter costs (rental and owned, +3.6%) medical care (+3.4 percent), household furnishings and operations (+3.9 percent), used cars and trucks (+6.0 percent), and motor vehicle insurance (+4.7 percent) (Figure 28; BLS).

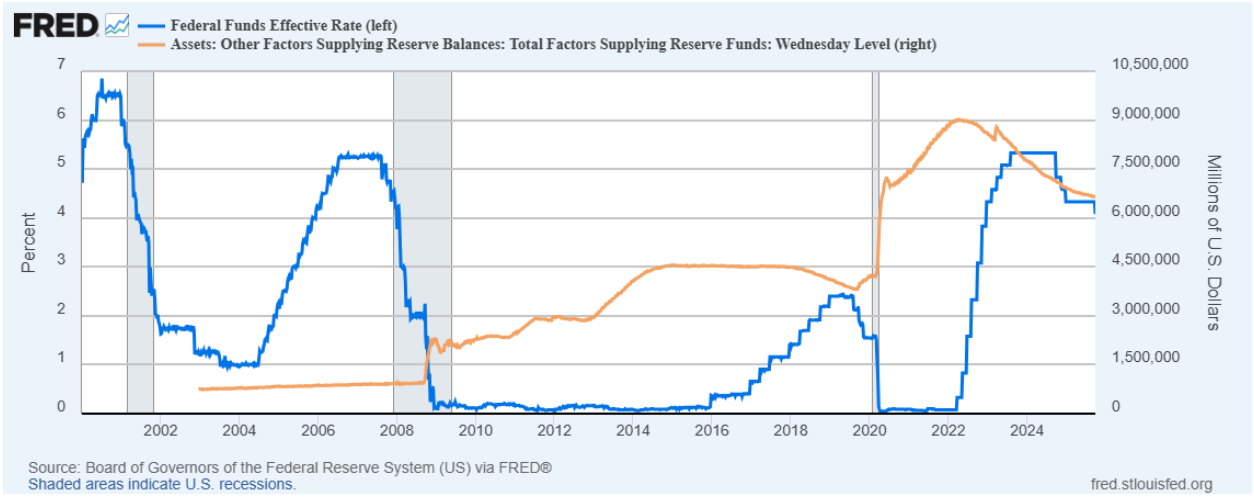
The general pattern of continued improvements changing to steady increases repeats with the Federal Reserve's preferred indicator, PCE Inflation, or the personal consumption expenditure index, which incorporates the substitutions that consumers typically make in their market baskets in response to higher prices (e.g., switching from name brand products to store brands) and is issued by BEA a few weeks behind the BLS releases for CPI. Both PCE Inflation and Core PCE Inflation (excluding food and energy) declined overall in January–April 2025, then reversed course and posted four consecutive monthly increases in May–August 2025, based on the latest BEA data. In August 2025, PCE Inflation including food and energy registered 2.7% year-over-year, solidly higher than the low of 2.3% in April 2025, and essentially equivalent to the 2.7% posted in December 2024. Core PCE Inflation also increased in August 2025, recording 2.9% year-over-year, above the low of 2.6% in April 2025 and just below the 3.0% reading in December 2024. Core PCE Inflation persistently registered higher than the companion PCE Inflation read in January–August 2025, primarily reflecting continued stickiness in the services component. The Federal Reserve's long-term target is an average 2.0% over time for PCE Inflation (Figure 28; BEA, Federal Reserve).

E. Federal Reserve Policy Actions

National Trends: The Federal Reserve has a dual Congressional mandate of price stability and maximum employment (Federal Reserve). As such, the Federal Reserve has a delicate balance to maneuver to fully tame inflation, maintain financial market stability, and support maximum employment amid increasing and significant political uncertainty since the 2024 presidential election into the first eight months of the new administration.

After reducing the federal funds rate three times in September–December 2024 and then pausing further rate cuts in January 2025 due to a mixed inflation picture and uncertainty with impending major federal policy changes, the Federal Reserve reduced the federal funds rate by 0.25% in September 2025, bringing the benchmark rate to 4.00%–4.25% (Figure 29; Federal Reserve). Federal Reserve Chairman Jerome Powell indicated the September 2025 rate reduction was a "risk management" action since risks had shifted more to the employment side of the Fed's dual mandate with the steadily cooling labor market in Summer 2025 despite the uptick in inflation during that same period (Federal Reserve, 2025, September).

Figure 29. U.S. Federal Funds Rate (%) and Federal Reserve Total Assets, January 1, 2000 – September 24, 2025 ($)



Not seasonally adjusted

Simultaneous with the rating actions (pause in January–August 2025 then cut September 2025), the Federal Reserve also continued to reduce its balance sheet, albeit at a slower pace since March 2025, because core inflation remained elevated above its 2% average long-term target. The Federal Reserve greatly increased its securities holdings during the pandemic to support financial market liquidity and stability, and the balance sheet still remains well above the prepandemic level even with its steady drawdown since 2022. Over the last three-plus years, the Federal Reserve has carefully adjusted the pace of the slowdown in response to economic conditions to maintain financial market stability while pursuing its dual mandate of price stability and maximum employment (Figure 29; Federal Reserve).

The Federal Reserve continues to have a delicate balance to navigate. Since early 2025, the increased import taxes (tariffs) imposed by the current U.S. administration have been expected to eventually exert upward pressure on producer and consumer prices and downward pressure on supply, thereby creating inflationary impacts which have now begun to show up in the official national statistics. The Fed's preferred inflation metric, PCE inflation, was 2.7% year-over-year in August 2025 with Core PCE Inflation 2.9%, both above the Federal Reserve's average long-term targe of 2% (BEA).

Moreover, the U.S. administration's approach in 2025 to raising import taxes has included several twists and turns with a series of frequent announcements, extensions, negotiations and modifications which generated record-setting, high levels of economic policy uncertainty (Conference Board, 2025, September; U.S. Economic Policy Index, 2025, September 2025). The tremendously high uncertainty dampened both consumer and business sentiment and caused a pullback in both consumer and business spending which also began to emerge in national economic statistics by Summer 2025 (BEA, Conference Board, University of Michigan, National Federation of Independent Business).

Additionally, the labor market cooled markedly in Summer 2025, signaled by modest job creation, and diminishing job openings, hires and separations[13], which was accompanied by declining labor force participation since the end of December 2024 (BLS). Although headline unemployment was slightly elevated but still historically low at 4.3% in August 2025, the declining job creation coupled with the declining labor force participation suggest that the unemployment rate likely has stayed low because reductions in both labor supply and labor demand have occurred nearly in tandem (BLS). Federal Reserve Chairman Powell characterized this situation as a "curious kind of balance" in the labor market (Federal Reserve, 2025, August).

The increasing business concerns regarding the elevated import taxes (tariffs), the slower labor market, and consumer concerns regarding inflation and job security portend an even more delicate balancing act for the Federal Reserve going forward (BEA, BLS, Federal Reserve). The Federal Reserve reiterated in September 2025 its long-standing plan to eventually move rates down over time to a more normal ("neutral") level to keep the U.S. economy expanding at a "solid pace" and that the pace of rate reductions would be determined on a meeting-by-meeting basis as new information became available (Federal Reserve, Federal Open Market Committee statements, 2025, January–September).

Another complication is the U.S. administration's current challenges to the Federal Reserve's central bank independence with strong public announcements disagreeing with the Board of Governors of the Federal Reserve's policy actions, and demanding resignations of and/or attempting to fire certain Federal Reserve Governors (New York Times, Washington Post, CBS News). History reveals that central bank independence is imperative to fighting inflation and

[13] "Total separations include quits, layoffs and discharges, and other separations. Quits are generally voluntary separations initiated by the employee. Therefore, the quits rate can serve as a measure of workers' willingness or ability to leave jobs. Layoffs and discharges are involuntary separations initiated by the employer. Other separations include separations due to retirement, death, disability, and transfers to other locations of the same firm." (BLS, Job Openings and Labor Turnover, 2025, August).

achieving economic stability (International Monetary Fund (IMF), 2024, March 21). Continued close monitoring is highly warranted.

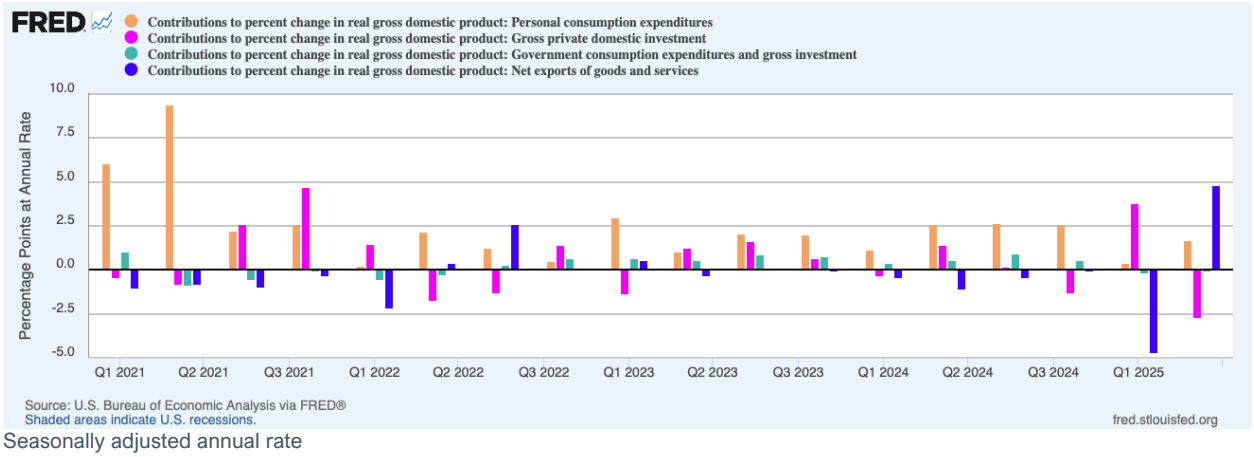
F. Business and Housing Activity

Private Business Spending

National Trends: Real private business spending (gross private domestic investment component of real GDP) accounted for nearly 19% of total real GDP in 2024 and is comprised of nonresidential spending on structures, equipment, and intellectual property; residential construction spending; and changes in private inventories (BEA).

In the first half of 2025 (Q1 and Q2), private business spending exhibited dramatic swings due to major federal policy shifts, particularly the increase in import taxes (tariffs), based on the latest BEA data. In Q1:2025, private spending increased significantly due to tremendous upswings in private inventories as businesses dramatically accelerated inventory purchases in the face of major increases in import taxes, thereby positively contributing to real GDP in that quarter. However, in Q2:2025, private business spending reflected a huge swing back, with a massive reduction in inventory purchases, thereby contributing negatively to real GDP in that quarter (fuchsia bars in Figure 30 below, which is the same in content as Figure 16 above; BEA).

Figure 30. U.S. Real Private Business Spending Contribution to Real Gross Domestic Product (fuchsia bars), Q1:2021 – Q2:2025 (%qoq)



Seasonally adjusted annual rate

Overall, in 2024, real private business spending contributed a positive 0.54% to the 2.8% total annual increase in real GDP, led by solid nonresidential investment in structures, equipment and intellectual property products; modest positive residential investment; and a slight increase in private inventories. Notably, residential investment's modest positive contribution to real GDP in 2024 was a welcomed turnaround after significant negative contributions in 2022 and 2023 and will be discussed further in the housing market section below (fuchsia bars in Figure 30; BEA).

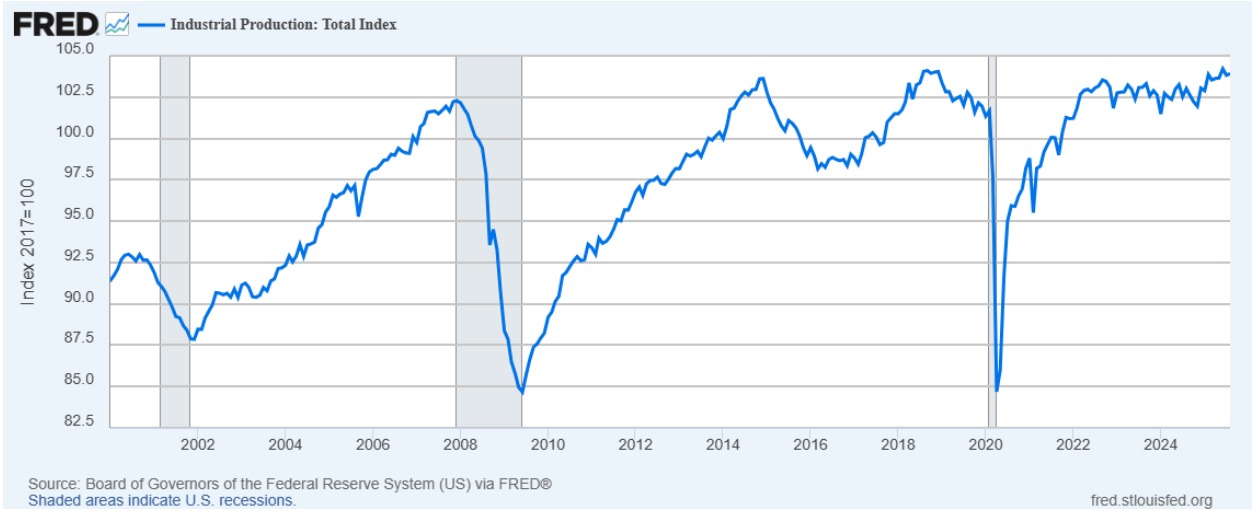
Looking back further, in 2022 and 2023, real private business spending again supported annual real GDP growth, contributing 1.1% to the 2.5% total annual increase in real GDP in 2022, and 0.2% to the 2.9% total annual increase in real GDP in 2023 (fuchsia bars in Figure 30; BEA).

Industrial Production

National Trends: In terms of the industrial sector overall, the Federal Reserve produces the Industrial Production Index that measures real output in manufacturing, mining, and electric and gas utilities. In January–August 2025, the industrial production index posted modest overall growth, oscillating within a narrow band and registering in August 2025 at 0.8% above the December 2024 reading, based on the latest Federal Reserve data. During the first eight months in 2025, the modest growth in industrial production reflected a significant increase in the manufacturing of business equipment; slight increases in the manufacturing of consumer goods, and materials; a slender increase in mining; and a decrease in utilities (Figure 31; Federal Reserve).

In 2024, the index posted a small -0.3% decrease, likely reflecting the impact of continued tight monetary policy on industrial activity, after increasing 0.2% overall in 2023, 3.4% in 2022 and 4.4% in 2021. Softening in the index appeared in late 2022 and the index vacillated up and down monthly within a narrow range from 2023 through December 2024 (Figure 31; Federal Reserve).

Figure 31. U.S. Industrial Production, January 2000 – August 2025 (index)

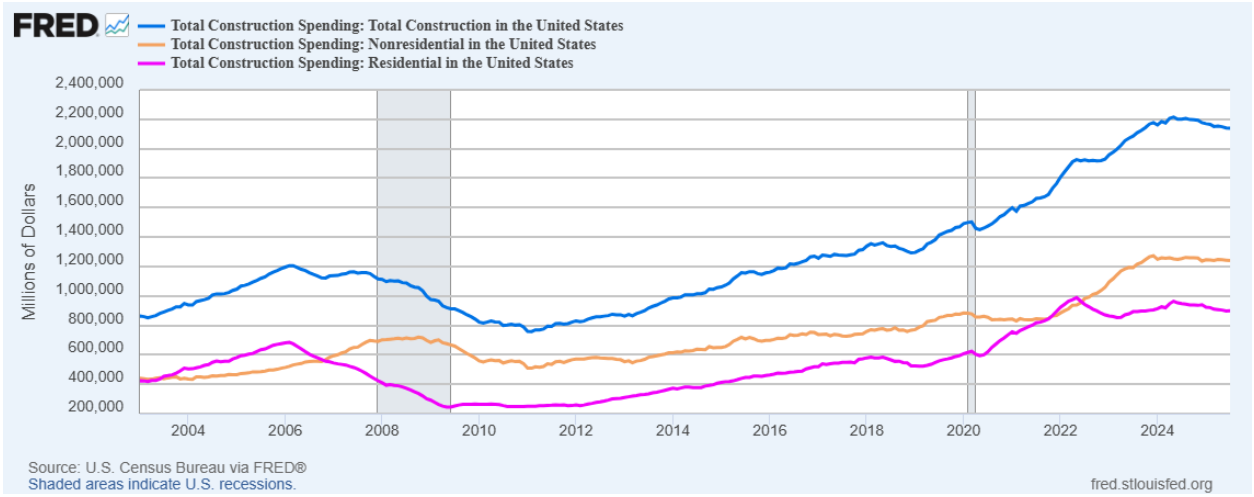


Seasonally adjusted

Nonresidential Construction Spending

National Trends: U.S. total nonresidential construction spending (private and public) continued to advance in 2024 albeit at a slower rate than previous years, growing a revised downward 5.1% in 2024 based on the latest Census data, with monthly increases of 3.9% to 10.9% year-over-year and the pace of monthly growth slowed significantly in the second half of the year, likely due to uncertainty regarding policy initiatives and the future course of interest rates. For context, total nonresidential construction spending increased a strong 23.2% in 2023, grew 14.6% in 2022, and registered positive monthly year-over-year growth consistently during August 2021–October 2024 based on the latest Census data (Figure 32; Census).

Figure 32. U.S. Total, Residential and Nonresidential Construction Spending, January 2003 – July 2025 ($)



Seasonally adjusted annual rate

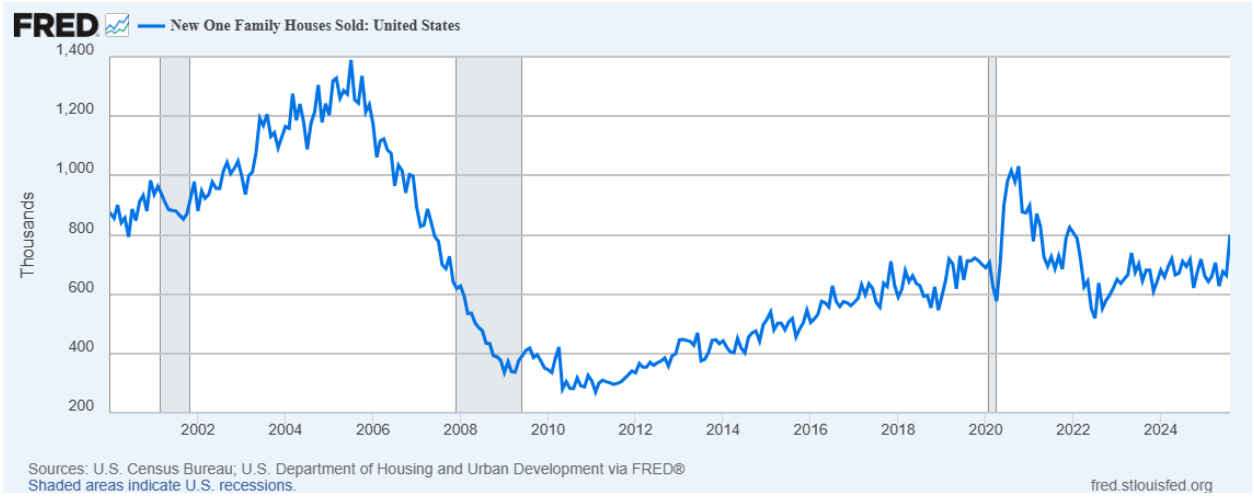
In November 2024, monthly year-over-year growth turned negative for the first time since July 2021 and persisted through July 2025, indicating that during the most recent nine-month period the monthly pace of nonresidential construction spending trended behind the corresponding pace during the prior year. During the first seven months of 2025, (January–July), monthly nonresidential construction spending averaged -0.8% below its corresponding levels in 2024. The recent slowdown in nonresidential construction warrants close monitoring since nonresidential construction spending continued to grow while residential construction experienced downturns in late 2022 to 2023 and fueled continual increases in total construction spending during that period. However, since February 2025, total, nonresidential and residential construction spending all posted negative monthly growth year-over-year through July 2025, indicating a broad-based slowdown. Residential construction spending will be further discussed in the Real Estate Market Trends section below. Also, regularly scheduled monthly revisions are expected to the most recent construction spending data as additional information becomes available which will be watched closely (Figure 32; Census).

Residential Real Estate Market Trends

Home Sales

National Trends: Looking at housing, US new home sales declined -0.9% year-to-date in the first seven months of 2025, with monthly year-to-date home sales trailing the previous year's corresponding level every month during January–July 2025. By comparison, US annual home sales grew 3.0% in 2024 and 4.4% in 2023. Despite stabilizing inventory conditions and builder incentives and price adjustments, key factors underlying the deceleration in US home sales in the first seven months of 2025 include continued economic uncertainty, elevated mortgage rates as compared to the period immediately following the pandemic, and challenging affordability conditions. Notably, US quarterly home sales in April–June 2025 were down -2.2% year-over-year during the traditionally peak spring-early summer buying season (Figure 33; Census, National Association of Home Builders (NAHB), Wells Fargo, National Association of Realtors (NAR)).

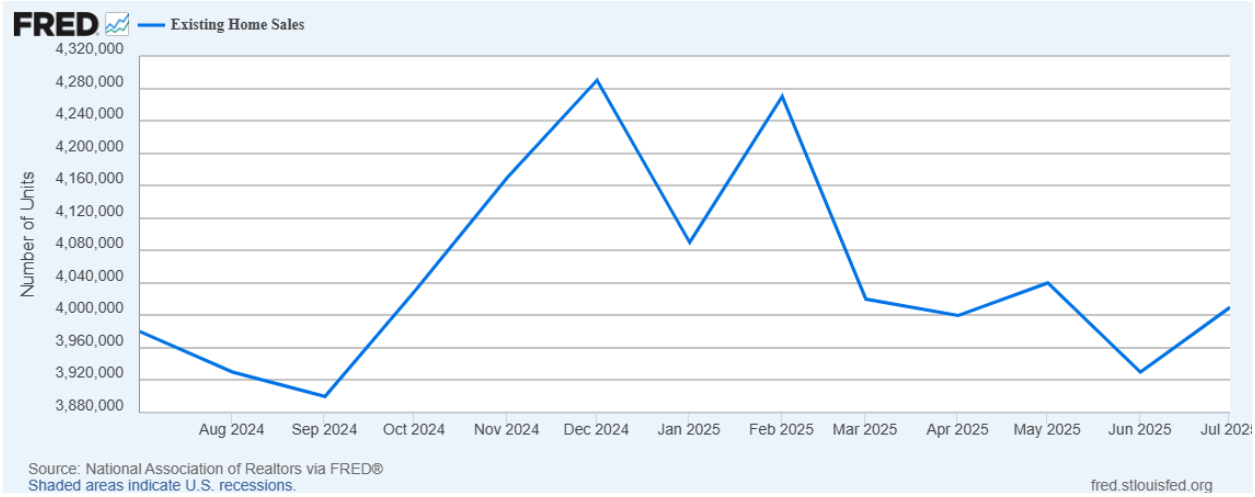
Figure 33. U.S. New Home Sales January 2000 – July 2025 (units)



Seasonally adjusted annual rate

In 2025, monthly existing home sales at a seasonally adjusted annual rate declined year-over-year in four of the first seven months, with resales arriving at a pace of 4.0 million in July 2025. Year-over-year, existing home sales were up 0.8% overall in July 2025, with more robust sales growth in upper price ranges, and months of supply was flat at 4.3 months (up from 3.7 months in July 2024) (Figure 34; NAR). Continued elevated mortgage rates and economic uncertainty contributed to the slow pace of existing home sales. (NAR, Wells Fargo)

Figure 34. U.S. Existing Home Sales June 2024 – July 2025 (units)

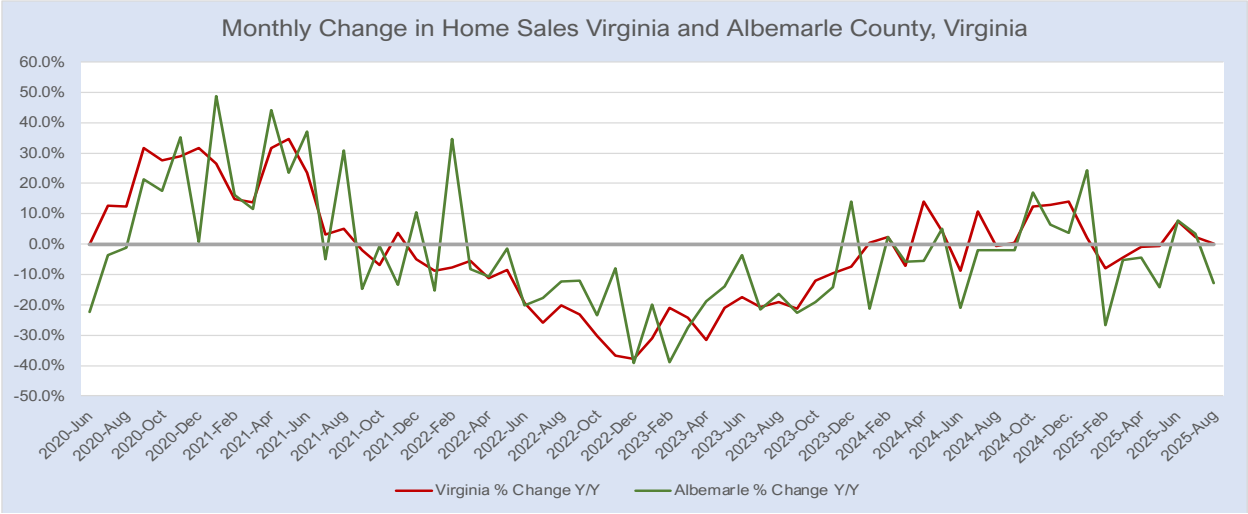


Seasonally adjusted annual rate

Virginia, Regional and Local Trends: As of August 2025, year-to-date home sales (new and existing) were up 0.1% in Virgina and down -4.4% in Albemarle County as reported by the Virginia Association of Realtors (VAR). In Virginia, homes sales declined year-over-year in four of the first eight months of 2025 while homes sales in Albemarle County declined year-over-year in five months during that period (January–August 2025). As background, in 2024 total sales

increased in Virginia by 4.0% and Albemarle County recorded an annual decline in total sales of -2.8% (Figure 35; VAR).

Figure 35. Monthly Change in Home Sales: Virginia and Albemarle County, Virginia January 2020 – August 2025 (%yoy)



Not seasonally adjusted

For both the state and county, housing inventory levels improved in the first eight months of 2025. In August 2025 in Virginia, year-to-date new listings, active listings and median days on market increased 11.5%, 26.2% and 30.0%, respectively, and months of supply increased 23.0% to 2.8 months as compared to August 2024. For Albemarle County in August 2025, year-to-date new listings were down -3.1%, year to-date active listings were up 32.0%, and months of supply was up 33.5% to 3.2 months as compared to August 2024. During the second quarter of 2025, the median days on market in Albemarle County increased to 7 days from 5 days during the comparable period in 2024 (Figure 35; VAR, Charlottesville Area Association of Realtors (CAAR)).

Regionally, the Charlottesville Area Association of Realtors (CAAR) reported that year-to-date home sales in August 2025 declined -1.5% in its footprint[14], with year-to-date home sales increasing and the counties of Fluvanna (10.4%), Greene (13.7%), and Nelson (7.1%), and decreasing in the in the city of Charlottesville (-3.5%) and the counties of Albemarle (-4.4%) and Louisa (-8.6%). For the CAAR footprint in August 2025, year-to-date new listings increased 12.6% and median days on market increased 44.4% to 13 (year-to-date) while active listings increased 33.7% and months of supply increased 33.1% to 3.7 as compared to August 2024 (CAAR, 2025, August).

For 2024, CAAR reported that annual total home sales increased 0.4% in its footprint, with annual total sales increases in the counties of Greene (21.2%) and Louisa (8.0%), and total sales decreases

[14] The Charlottesville Area Association of Realtor's footprint includes the City of Charlottesville, and Albemarle, Fluvanna, Greene, Louisa, and Nelson counties (CAAR).

in the counties of Fluvanna (-9.5%), Albemarle (-2.8%) and Nelson (-0.7%) and in the City of Charlottesville (-0.5%) (CAAR, 2025, June).

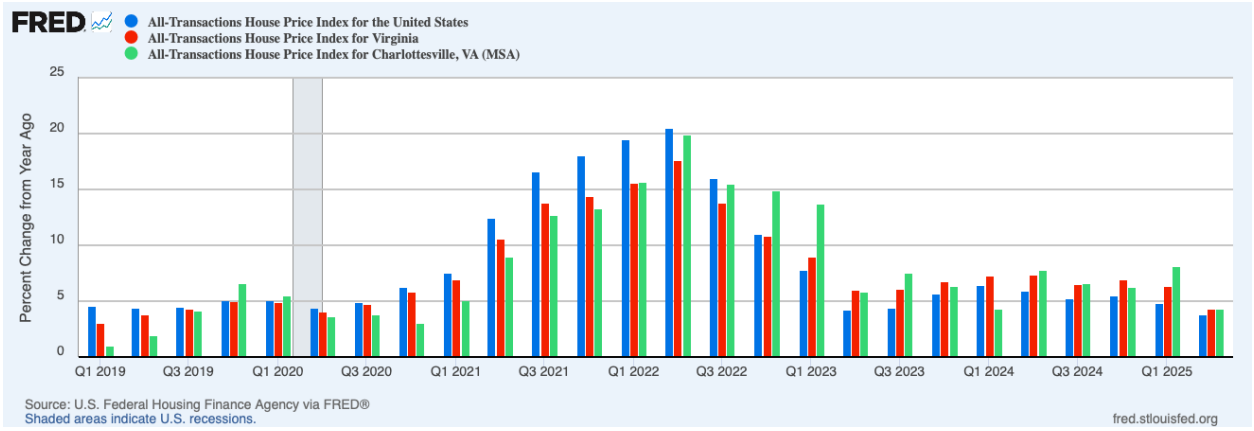
Given continued uncertainties regarding consumers' actual buying patterns as related to their lower consumer confidence and sentiment, the cooling labor market, and the course of inflation and interest rates, close monitoring is critical given the importance of real estate to local governments.

Home Prices

National Overview: The continued undersupply of housing, due primarily to new home construction trailing new household formation for over a decade, continues to exert upward pressure on national home prices overall even with the continued slow pace of sales although the pace of home price appreciation has slowed thus far in 2025 and new home prices have exhibited softness and slight declines (Harvard University Joint Center for Housing Studies (JCHS), Zillow, U.S. Chamber of Commerce, Brookings).

National House Price Index Trends: A highly referenced indicator of house prices is the House Price Index All Transactions (HPI All Transactions) published by the Federal Housing Financing Authority (FHFA) which includes new and existing home purchases and refinancing appraisals[15]. For the U.S., the HPI All Transactions increased 3.8% in Q2:2025, after posting 5.8% annual growth in 2024. For context, the U.S. prepandemic average annual growth rate was 5.2% in 2017–2019 (Figure 36; FHFA).

Figure 36. House Price Index All Transactions: U.S., Virginia, and Charlottesville, Virginia MSA, Q1:2019 – Q2:2025 (%yoy)



Not seasonally adjusted

National Median Sales Price Trends: In terms of U.S. median home sales prices, the picture is more mixed. For July 2025, the National Association of Realtors reported that the median sales price for existing homes was $422,400, up 0.2% year-over-year for the 25th consecutive month of year-over-year price increases. While still posting median sales price growth, the slower pace of

[15] The HPI All Transactions is available quarterly for the state, nation and Charlottesville MSA and annually for Albemarle County.

existing home resales is causing price appreciation to moderate as compared to the previous few years (NAR, Wells Fargo).

On the other hand, the Census Bureau reported that the U.S. median sales price of new residential homes was $395,100 in July 2025, down -7.9% year-over-year, with monthly year-over year declines recorded in six of the first seven months of 2025. Builder price cuts and incentives in the face of declining sales have been impacting new home sales prices. As such, in June 2025 the median sales price for new homes was over $27,000 below the median sales price of existing homes, indicating that the previous price premium for new construction was no longer prevailing (Census Bureau, Wells Fargo).

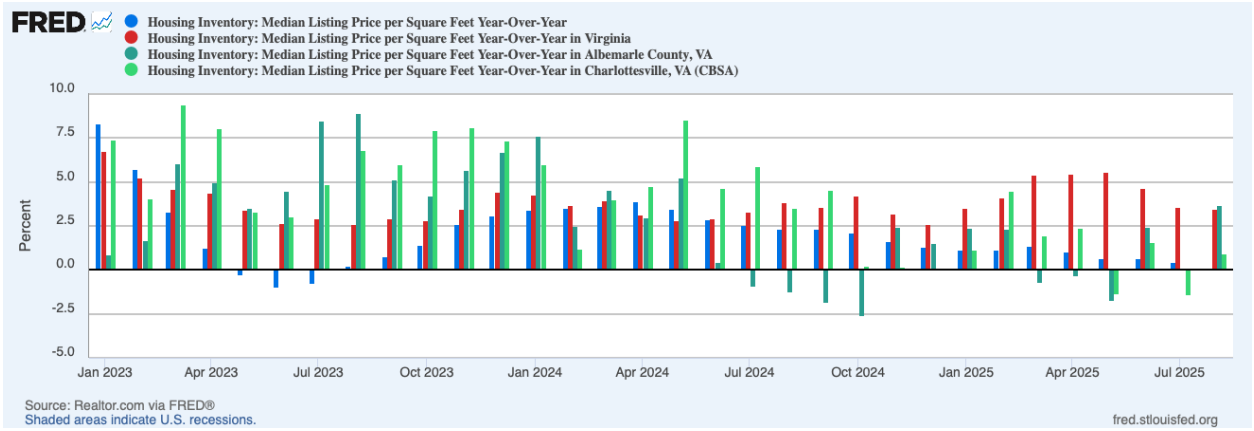
Virginia House Price Index Trends: For Virginia, the HPI All Transactions increased 4.3% in Q2:2025, after posting 7.0% annual growth in 2024. For context, the Virginia prepandemic average annual rate of growth was 3.4% in 2017–2019 (Figure 36; FHFA).

Regional House Price Index Trends: Quarterly HPI All Transactions data is available for the Charlottesville MSA and is incorporated into this analysis since the comparable Albemarle County data is only available annually. In Q2:2025, the HPI All Transactions increased 4.3% for the Charlottesville MSA, essentially even with the state's pace of growth during that period. In 2024, the HPI All Transactions for the Charlottesville MSA and Albemarle County both grew at 6.2% annually, slightly behind the comparable state growth figure. For context, the HPI All Transactions index recorded 4.1% average annual growth in Albemarle County in 2017–2019 before the pandemic (2.8% in 2017, 5.6% in 2018, and 4.0% in 2019) which exceeded the 3.4% annual average growth in Virginia during that same period (Figure 36; FHFA).

Virginia, Regional, and Local Median Sales Price Trends: Looking more granularly at median sales prices which incorporate only new and existing home sales, in August 2025 in Virginia the year-to-date median sales price registered at $425,000 for a 3.7% year-over-year increase as compared to 6.2% annually in 2024 (VAR). In Albemarle County in August 2025, the year-to-date median sales price was recorded at $546,000 for the January–August 2025 period for a 2.0% year-over-year increase, as compared to increases of 7.5% in Fluvanna County, 7.2% in Greene County, 5.1% in Louisa County, and 12.3% in Nelson County, and a decrease of -4.2% in the City of Charlottesville for that same period (CAAR). The CAAR region, including all of the localities in the Charlottesville MSA plus Louisa County, posted an overall 3.4% increase in the year-to-date median sales price in August 2025 (CAAR)

Virginia, Regional, and Local Median Listing Price per Square Feet Trends: As another barometer of housing activity, the median listing price per square feet in Albemarle County, Virginia, also was examined. In the first eight months of 2025 (January–August), Albemarle County recorded 1.0% average growth in the median listing price per square feet as compared to 1.2% in the Charlottesville MSA, 4.5% in Virginia, and 0.8% in the U.S. By comparison, the average median listing price per square foot in Albemarle County increased 1.7% annually in 2024 and 5.1% 2023. (Figure 37; Realtor.com).

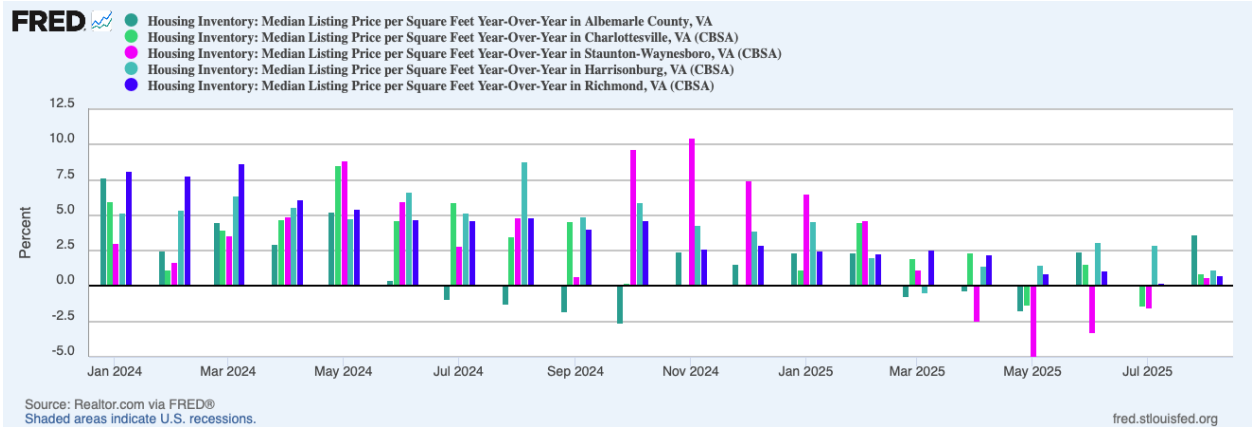
Figure 37. Median Listing Price per Square Foot: U.S., Virginia, Albemarle County, Virginia, and Charlottesville, Virginia MSA, January 2023 – August 2025 (%yoy)



Not seasonally adjusted

Looking regionally, in the first eight months of 2025 all surrounding MSAs experienced varying degrees of positive, muted average growth year-over-year in the median listing price per square feet, with Albemarle County reporting the second slowest growth at 1.0% as compared to the Charlottesville MSA at 1.2%, the Staunton-Waynesboro MSA at 0.1%. the Harrisonburg MSA at 2.0%, and the Richmond MSA at 1.6% (see the Appendix for a listing of the counties and cities in each MSA) (Figure 38; Realtor.com).

Figure 38. Median Listing Price per Square Foot: Albemarle County, Virginia, and Charlottesville, Staunton, Harrisonburg, and Richmond, Virginia MSAs January 2024 – August 2025 (%yoy)



Not seasonally adjusted

The continued slower growth of the median listing price per square feet in Albemarle County warrants ongoing examination, especially since Albemarle County experienced declines in the annual average median listing price per square feet in 2018 when the state and surrounding MSAs did not. Given the continued shifting winds in the economy and housing market, the housing data will be closely monitored.

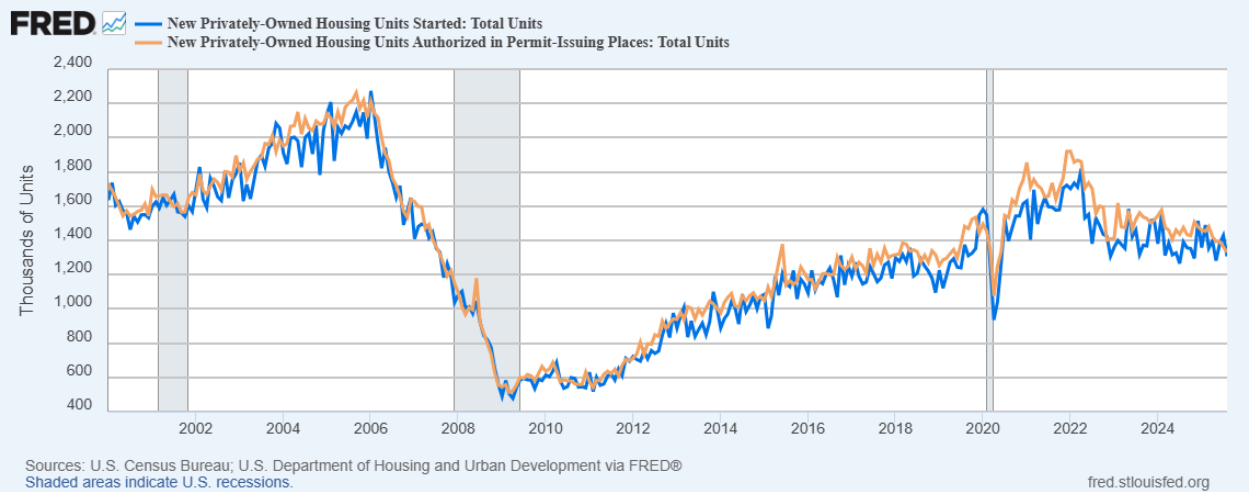
Residential Construction

National Trends: After fifteen consecutive monthly increases year-over-year, in February U.S. total residential construction spending, including single-family and multifamily units, began declining monthly year-over-year which continued to August 2025. In the first eight months of 2025, residential construction spending decreased an average of -3.1% year-over-year, after growing 6.6% annually in 2024 and declining -5.6% in 2023, based on the latest Census data. For a prepandemic comparison, U.S. total residential construction spending was up and down annually in 2017–2019, increasing 12.3% in 2017 and 3.4% in 2018, and then decreasing -2.0% in 2019 (Figure 32 above; Census).

Housing Starts and Building Permits

National Trends: As harbingers of future housing development, housing starts and building permits presented a mixed picture in the first eight months of 2025, based on the latest Census data. In January–August 2025, housing starts declined year-over-year in four of the eight months, registering an average monthly year-over-year increase of 0.9%. During that same period, building permits declined year-over-year in all but one month and posted an average monthly year-over-year decrease of -4.5% (Figure 39; Census).

Figure 39. U.S. Housing Starts and Building Permits, January 2000 – June 2025



Seasonally adjusted annual rate

The tepid growth and declines in January–August 2025 continue the slowdown that began in 2022 after 12 consecutive years of growth following the Great Financial Crisis in 2010-2021. For reference, housing starts decreased an average -3.2% year-over-year in 2022, -8.4% in 2023 and -3.5% in 2024, and building permits decreased an average -3.0% year-over-year in 2022, -10.0% in 2023, and -2.8% in 2024, based on the latest Census data. However, despite these declines the average seasonally adjusted annual rate of housing starts and building permits in January–August 2025 (1,375 and 1,412, respectively) still exceeded the average rates of 2017–2019 before the pandemic (1,248 and 1,333, respectively) (Figure 39; Census).

The U.S. housing market slowdown in the first eight months of 2025 was broad-based with year-over-year decreases in total residential construction spending, housing starts and building permits,

likely reflecting the weight of continued economic uncertainty, labor market issues in the construction trades, lower consumer confidence and sentiment, a cooling job market, and elevated mortgage rates. Close monitoring and staying alert to the evolving trends in the housing market are prudent.

Potential Impacts of New Federal Policies on the Housing Market

National Trends: While policy uncertainty has slightly decreased from the record-high levels of early 2025, it still remains at an historically high level at this writing with frequent U.S. policy shifts and ongoing series of announcements and revisions. Overall, issues that have been raised regarding potential housing market impacts include the potential impacts of higher tariffs on building supplies and the potential impacts of reduced immigration and increased deportations on construction labor markets, balanced by the prospect of tax cuts and deregulation. Evidence has been emerging lately that support those concerns.

Regarding tariffs, the National Association of Home Builders (NAHB) estimated 7% of all goods used in residential construction in 2024 originated from a foreign nation. The NAHB particularly highlighted two essential materials used in new home construction, noting that 72% of softwood lumber was sourced from Canada in 2024, and 74% of lime and gypsum (used for drywall) originated from Mexico last year. The NAHB further highlighted that numerous additional raw materials and components used in residential construction are sourced from China and subject to existing tariffs, including steel, aluminum, and home appliances (NAHB, 2025, March).

Overall, increases in tariffs are generally projected to increase the costs of construction inputs, which is starting to emerge this year as the inventories built up in early 2025 to front-run tariffs are drawn down. Based on the latest Producer Price Index (PPI) data released by BLS, the Associated Builders and Contractors (ABC) reported that in August 2025 construction input prices overall had increased 2.3% year-over-year and nonresidential construction input prices had increased 2.6% year-over-year. Additionally, the NAHB reported that in August 2025 new residential construction inputs, excluding capital investment, labor, and imports, increased 2.3% year-over-year. The NAHB further highlighted that the building materials component of nonresidential construction input prices (excluding services and energy) increased 3.4% year-over-year in August 2025 after increasing 3.3% in July 2025 with the August 2025 uptick registering as the largest since July 2023 (ABC, NAHB).

Although the PPI excludes tariffs and the price of imports since it measures the prices that domestic producers receive for their goods and services[16], the PPI does capture price increases in response to the increased costs of materials. To the extent that tariffs increase material costs, the PPI will reflect those higher materials costs that are passed along. As such, the ABC and NAHB highlighted the recently announced tariffs on metal products, lumber, and equipment, and the recent year-over-year increases in the PPI for heavy construction machinery and equipment and metal commodities. (ABC, NAHB)

Regarding potential impacts in the construction labor market, the Associated General Contractors of America (AGC) indicated in its 2025 outlook report that labor issues (costs, availability and

[16] Unlike the CPI which measures the prices that consumers pay for all goods and services, domestic and imports.

quality) led material costs concerns, a reversal from the 2024 outlook report. The AGC also recently identified the high dependence in the construction trades on foreign born workers in 2023, with the vast majority of workers in several construction trades being foreign born (AGC). Several other national analysts also have echoed the high proportion of foreign-born workers in the construction trades (e.g., Conference Board and Fitch). The potentially decreased supply of foreign-born workers is anticipated to tighten the supply of labor in the construction trades, especially with the aging workforce, and resultingly increase labor costs.

In terms of construction employment based on the latest BLS data, U.S. total construction employment posted three consecutive monthly decreases in June–August 2025 after modest increases or flat jobs growth in January–May 2025, with wide variations across different industry segments and specialties. While another 7,000 total construction jobs were lost in August 2025, on a year-over-year basis, there was a modest gain of 58,000 or 0.7% as compared to August 2024 (BLS). However, in Virginia, construction jobs were up 5.8% year-over-year in August 2025 and experienced some of the strongest growth in January–August 2025 during a time of otherwise slow job creation statewide (BLS). Looking forward, the outlook for construction employment is tenuous since construction labor shortages were reported by the members of ABC and AGC in August 2025, with labor supply issues being the top reason identified for project delays (ABC, AGC). Additionally, NAHB reported a decline in open, unfilled construction jobs in August 2025, based on the latest BLS data (NAHB).

The upshot is that concerns are growing about the potential for increased housing costs with higher tariffs on building materials and potential reductions in labor supply balanced by the industry's anticipation of potentially lower taxes and deregulation. NAHB recently reported in its September 2025 Housing Market Index (HMI), jointly administered with Wells Fargo, that business sentiment among home builders registered a low 32 and had hovered in the relatively low 32 to 34 range since May 2025 for the lowest readings since November 2023. Yet, builders expressed optimism about future sales prospects with the recent Federal Reserve rate reduction and more favorable interest rate climate (NAHB). Close monitoring is critical as many policy matters continue to evolve.

G. Multistate Regional Trends

For multistate regional trends, the Federal Reserve Bank of Richmond (FRB Richmond) reported that in July–September 2025 the economy continued to increase modestly in its Fifth District, which encompasses the District of Columbia, Maryland, North Carolina, South Carolina, Virginia, and most of West Virginia.

Consumer Spending: The Richmond Fed indicated that consumer spending increased modestly in July–August 2025 with retailers reporting steady sales and foot traffic with some experiencing an uptick in sales of big-ticket items. Increases in auto, motorcycle and boat sales also were reported. In the hospitality sector, travel and tourism activity registered modest increases overall, with hotels reporting modest growth in leisure travel, solid performance in sports-related travel, and declines in business travel, especially in the greater Wahington, D.C. area (Richmond Fed).

Employment: Employment in the Fifth District was mostly unchanged in the Fifth District in July–August 2025 with many firms reporting having made adjustments to headcount based on current and near-term expected changes in customer demand. Several firms reported that policy changes created uncertainty, particularly their ability make hiring plans and to find workers. Multiple firms in the construction sector reported difficulty finding workers and a lack of optimism about future labor availability. However, the Richmond Fed's business activity surveys reported that the manufacturing employment index continually declined in August–September 2025 but modest increases were expected six months into the future. The service sector employment index was flat or slightly negative in August–September 2025 and moderate expectations for hiring in the next six months were reported. Wages overall in the Fifth District continued to increase moderately, including as reported on the manufacturing and services activity surveys. (Richmond Fed).

Manufacturing: Manufacturing activity in the Fifth District continued to decline in September 2025, with the composite manufacturing index posting at -17 for the seventh consecutive monthly reading in negative territory. The composite manufacturing index gauges broad activity in the Fifth District's manufacturing sector, representing shipments (33%), new orders (40%) and employment (27%) indices. Many firms reported starting to increase prices after delaying passing along increased input costs. Multiple businesses reported increased administrative challenges due to tariff policy uncertainty and the need to allocate resources to track and understand the impacts. Secondary effects were reported by some firms whose input costs increased because their suppliers were subject to tariffs. Additionally, some firms reported suppliers going out of business and the remaining suppliers consolidating into fewer plants (Richmond Fed).

Real Estate and Construction: The Richmond Fed also reported that residential real estate conditions in the Fifth District slightly decreased during Summer 2025. Rate incentives for new construction were helping buyers to continue to qualify but many potential home buyers found monthly payments unrealistic with current rates. Multiple builders in the Fifth District reported concerns regarding higher construction costs as related to tariffs, zoning regulations, an aging workforce, and federal policy impacting labor supply (Richmond Fed).

The Richmond Fed also chronicled that commercial real estate activity in the Fifth District remained unchanged overall in the July-August 2025 period. Agents reported that uncertainty continued, with deals taking longer to close and buyers running every analytical model. Further, a broker highlighted to the Richmond Fed that added time negatively impacts real estate deals (Richmond Fed).

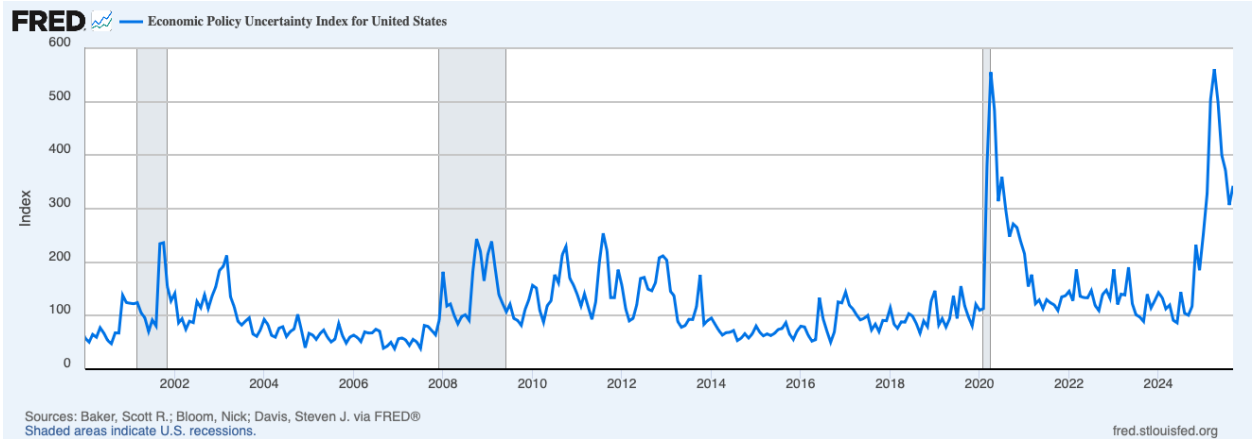
H. Economic Outlook: U.S., Virginia and Albemarle County, Virginia

National Outlook

The U.S. economy entered 2025 with strong momentum with healthy economic growth and a solid job market, after growing 2.8%-2.9% annually in 2023–2024 and forceful rebounds from the pandemic with 2.5% growth in 2022 (even with pandemic-era inflation) and 6.1% in 2021 (BEA). However, the U.S. economy distinctly slowed in the first half of 2025, posting 1.1% overall growth in real GDP during that period while inflation notched higher.

While policy uncertainty has eased from a record-setting high in Spring 2025, policy uncertainty remains historically elevated as the U.S. national administration announces, revises and implements a variety of policy shifts. After rapidly spiking to the highest recorded peak in April 2025, second only to the spike recorded in April 2020 at the onset of the pandemic, the U.S. Economic Policy Uncertain Index still registered in an unusually high pandemic-era range in September 2025 despite modest improvements in the late spring and early summer (Figure 40). Historical research has found that uncertainty shocks have foreshadowed declines in U.S. macroeconomic performance, including declines in investment, output, and employment (Baker, Bloom and Davis, 2012).

Figure 40. U.S. Economic Policy Uncertainty Index, January 2000 – September 2025



Not seasonally adjusted

Sweeping U.S. federal policy changes have been unfolding under the current administration with various levels of clarity. While the federal policy changes are extensive, three main areas are highlighted below, global trade policy, the major budget reconciliation bill, and U.S. federal and federal contractor employment cuts.

Global Trade Policy: There has been a series of extensions, negotiations and new trade frameworks announced since the U.S. administration announced tremendous new worldwide tariff rates in April 2025 through executive orders. At this writing, there is still significant unpredictability around the ultimate policy implementation and possible responses, particularly effective tariff rates and possible carve-outs or exemptions and the potential impacts on economies and supply chains. While new trade frameworks have been announced, few details are available and negotiations surrounding the specifics of these arrangements persists between the U.S. and its trading partners (Conference Board, New York Times, 2025, August and September) .

While it remains a frequently changing and evolving situation, it is generally accepted that an overall higher average effective tariff rate will ultimately prevail as compared to the past several decades. As of September 26, 2025, the Yale Budget Lab estimated a US overall average effective tariff rate of 17.9% based on US tariffs implemented through that date, the highest since 1934. The Yale Budget Lab also indicates that "[t]he effective tariff rate implied by policy has fluctuated substantially this year, starting at 2.4% in early January and peaking at 28% in the wake of the April 9 and 13 announcements" (Yale Budget Lab).

As a result, since early this year, prominent forecasters have been actively producing ongoing analyses as events unfold, adjusting the assumptions in their models, and revising forecasts. Therefore, a significant amount of uncertainty frames the current forecasts with different forecasts carrying different assumptions of where policy will ultimately land, particularly the ultimate tariff levels on each commodity, industry and country (Federal Reserve, Conference Board, S&P Global, Fitch Ratings, Wells Fargo Economics, KPMG Economics, and University of Michigan).

Major Budget Reconciliation Bill: Additionally, Congress passed a major budget reconciliation bill in early July 2025 with wide-ranging tax, spending and benefits provisions that implement the agenda of the current U.S. administration (U.S. Public Law No. 119-21, 2025, July 4 (Pub. L. 119-21); no official short title was included in the enacted bill). The bipartisan Congressional Budget Office (CBO), in coordination with the Joint Committee on Taxation, estimated that Pub. L. 119-21 as currently enacted, including debt-service impacts, would increase the U.S. federal deficit by over $4 trillion dollars in a decade (2025, August 4 and August 11). Many of the provisions in Pub L. 119-21 are permanent but some are temporary. If the temporary provisions in Pub. L. 119-21 were made permanent, the CBO projects the federal deficit would increase by $5 trillion in a decade (U.S. Public Law 119-21, 2025; Congressional Budget Office, 2025, August 4 and August 11).

U.S. Federal and Federal Contractor Employment Cuts: Further, wide-ranging reductions in U.S. federal employment have been implemented by the current administration through a deferred retirement program, layoffs and firings. The exact numbers thus far are unclear. Before the federal shutdown in early October 2025, the director of the Office of Personnel Management in August 2025 projected a reduction of 300,000 civilian federal employees by the end of calendar year 2025, the largest single-year decline since World War II. This projection is generally in line with the July 2025 estimates for U.S. federal separations of 154,000 to 171,600 as reported by the New York Times, Washington Post, and Weldon Cooper Center, along with the additional 162,300 U.S. federal employee reductions planned at that time according to the Weldon Cooper Center (New York Times, Washington Post, Weldon Cooper Center). However, the U.S. President has announced additional federal employee layoffs as part of the ongoing federal government shutdown at this writing (New York Times, Washington Post).

Virginia is reported to have nationally high levels of federal employees (both number and percent) and federal contractors. In 2023, Virginia had 321,516 full-time federal civilian employees and 475,713 total federal workers including 8,825 workers that worked from home according to the U.S. Census Bureau American Community Survey 5-year estimates (Census, ACS). Virginia ranks second nationally both in terms of the absolute number of full-time federal civilian workers (just behind California) and as a percentage of population (just behind Maryland) (Weldon Cooper Center, 2025, March 11). In terms of reductions in force, Weldon Cooper estimates that approximately 11,100 federal civilian jobs in Virginia had been affected by cuts as of July 2025, and another 10,500 positions were potentially at risk during the upcoming months, based on an analysis of 14 major U.S. federal departments and Virginia's existing share of each agency's personnel (Weldon, Cooper Center, 2025, July).

Further, federal contractors have likewise announced reductions in force as a large number of U.S. federal contracts have been cancelled. According to USASpending.gov, Virginia received $109.7 billion in prime contracts in 2023, the highest among the states in the nation. In July 2025, the Weldon Cooper Center reported 1,400-plus federal contractor layoffs in Virginia at that time (USASpending.gov; Weldon Cooper Center, 2025, July).

While the U.S. unemployment rate and continued unemployment claims have ticked up slightly, Virginia's unemployment rate and continued unemployment claims have been steadily rising since early 2025, and the full effect of the federal employment cuts is not expected to manifest in the official (or "hard") data until later in 2025 into early 2026 since many federal workers in the deferred resignation program are still being paid through September 30 or December 31 2025 (New York Times, 2025, July 31).

Overall National Outlook: While the full range of impacts of U.S. policy shifts will continue to come more into focus over time, broadly, some level of higher tariffs, federal budget and employment cuts, decreased immigration, lower taxes, and decreased regulation at the national level have been implemented thus far and are projected going forward. However, increased uncertainty always weighs down economic activity as consumers defer and delay purchases until they better understand their income prospects and potential inflation impacts, and businesses defer and delay hiring and investments until they better understand their future costs, sales, revenue, labor, and market prospects. In this vein, the elevated policy uncertainty and anticipated impacts rapidly weighed down consumer confidence and consumer sentiment beginning in late 2024 and early 2025 and business surveys also signaled business concerns regarding the elevated policy uncertainty and anticipated impacts. There had been a slight easing in consumer and business sentiment in May–July 2025 after announcements of some retreats from the more dramatic tariff tax increases announced in Spring 2025 and negotiated trade frameworks, but consumer sentiment worsened again in August–September while business outlook generally improved with cuts in federal taxes and interest rates (Conference Board, U. Michigan Surveys of Consumers, National Federation of Independent Business, National Association of Home Builders, Associated Builders and Contractors).

Although the financial markets signaled profound concern with the spectacular tariff increases originally announced in April 2025 through selloffs and volatility, the financial markets rebounded with the announced retreats from the highest tariff rates and negotiated trade frameworks, looking more toward projected corporate earnings, especially with the extended and new federal tax cuts and expected continuing deregulation, and gains from the broad push on artificial intelligence, especially given the predominance of the technology sector in the financial market indexes (S&P 500 Index, Dow Jones Industrial Average).

Moreover, the sequencing of the U.S. policy shifts of higher global tariffs and federal budget and employment cuts before promised lower taxes and decreased regulation appear to be slowing U.S. economic growth before any potential impetus to the economy that tax cuts and lower regulation might induce (BEA, S&P Global, University of Michigan).

Within this environment of uncertainty and unpredictability, most prominent forecasts for 2025 have been downgraded since the beginning of the year. Overall, as of this writing U.S. real GDP (the primary barometer of economic growth) is generally projected to experience below-trend growth overall into next year, with 1.3%-1.9% growth in 2025 with a median forecast of 1.7% among the prominent forecasts noted in Table 2 below, and slightly milder growth in 2026 in the 1.3%-2.0% range with a median forecast of 1.8%. All prominent forecasts expect some form of elevated average effective tariff rates in their 2026 forecasts with varying views on the extent to which tariffs and the recently passed tax cuts will pull and push, respectively, on the growth pace going forward. Current forecasts are limited for 2027 and preliminarily project normal-trend growth generally (Table 2; Federal Reserve, National Association for Business Economics (NABE), Conference Board, S&P Global, Fitch Ratings, Wells Fargo Economics, KPMG Economics, and University of Michigan, International Monetary Fund (IMF)).

Table 2: Selected U.S. Economic Forecasts for 2025 – 2027

Organization	Forecast U.S. Real GDP (% change, annual)		
	2025	2026	2027
Federal Open Market Committee (Federal Reserve), September 17, 2025	1.6%	1.8%	1.9%
National Association for Business Economics, June 16, 2025	1.3%	1.4%	
S&P Global, September 24, 2025	1.9%	1.8%	1.8%
Fitch Ratings, September 9, 2025	1.6%	1.6%	
Wells Fargo, U.S. Economic Outlook, September 10, 2025	1.8%	2.0%	2.3%
KPMG Economics, Economic Compass, September 10, 2025	1.8%	1.9%	
Conference Board, September 10, 2025	1.6%	1.3%	
University of Michigan, August 21, 2025	1.7%	1.5%	2.1%
International Monetary Fund, July 29, 2025	1.9%	2.0%	

With high policy uncertainty, weak consumer confidence and sentiment, higher inflation expectations, higher expected input costs, hesitant business investment, and diminished hiring, it is currently projected that as 2025 proceeds the U.S. economy will continue to slow down from the robust growth in 2023–2024 while avoiding an official recession and maintain positive, lower growth; continue to experience below-trend growth in 2026; and possibly emerge into 2027 with near-term growth. All of the prominent forecasts have noted an increased risk of a recession from the previously relatively low risk levels, but a recession has not yet been included in any of those forecasts. Again, the high degree of policy uncertainty and unpredictability frame current forecasts and future revisions are expected as conditions continue to evolve (Table 2; Federal Reserve, NABE, Conference Board, S&P Global, Fitch Ratings, Wells Fargo Economics, KPMG Economics, and University of Michigan, IMF).

Longer term, demographics are projected to impact the U.S. and other mature economies' growth trajectory. Recent Conference Board analyses indicate that the U.S. economy experienced average annual growth of 2.4% in 2010–2019 between the Great Financial Crisis and the coronavirus pandemic. However, the Conference Board projects that U.S. average annual growth will be 1.6%-1.7% during 2027–2036 primarily due to smaller contributions from labor with an aging demographic that will be partially offset by accelerated digital transformations resulting from the pandemic and current investments in infrastructure. Long-term growth in other mature economies also is projected to be impacted by demographic trends with the growth outlook for Europe and Japan significantly trailing that for the U.S. (Conference Board, Global Economic Outlook, 2025, September 11).

Inflation and interest rates are one of the substantial factors impacting consumers and businesses and the course of the economy in 2025. Significant progress in reducing inflation was made in 2023–2024 due to committed Federal Reserve monetary policy starting in 2022, with CPI inflation (headline) declining from a peak of 8.0% in 2022, to 4.1% in 2023, and to 3.0% in 2024. After significantly tackling inflation with tight monetary policy in 2022–2024, the Federal Reserve began a rate-easing cycle in Fall 2024 after signs of labor market cooling in mid–2024 and the balance shifting more to the employment side of the Federal Reserve's dual mandate of price stability and maximum employment. The Federal Reserve cut the federal funds rate three times for a total 1.00% reduction during September 2024–December 2024, bringing the benchmark rate to 4.25%-4.50%.

Core inflation, excluding food and energy, proved sticky particularly due to housing, healthcare and other services costs (BLS). With a more stable labor market, continuing sticky core inflation, substantial fiscal policy uncertainty, and projected upward price pressures from higher tariffs, the Federal Reserve paused any additional rate cuts at its five FOMC meetings during January–July 2025 and slowed down the pace of its balance sheet reductions at the March 2025 meeting (BLS; Federal Reserve).

As signs of labor market cooling emerged, again shifting the balance of risks more to the employment side despite upticks in inflation, the Federal Reserve instituted a 0.25% cut in the federal funds rate at its September 2025 FOCM meeting, bringing the benchmark rate to 4.00%–4.25%. Federal Reserve Chair Jerome Powell also reiterated the Fed's commitment in September 2025 to its inflation target of a long-time average of 2.0% while also pursuing its maximum employment dual mandate. Relatedly, in its quarterly Summery of Economic Projections (SEP) of September 2025, the Federal Reserve signaled that it expected inflation, especially core inflation, to remain sticky and experience additional upward pressure. Thus, the Federal Reserve projected to continue to balance its dual mandates of price stability and maximum employment in the latest SEP. The September 2025 SEP projected increasing the pace of federal funds rates cuts in 2025 with another 0.50% in cuts by year-end in response to labor current market softening (-0.75% total in 2025) but also projected a measured approach to additional rate cuts in 2026 and 2027 with 0.50% total additional cuts distributed across those two upcoming years (in 0.25% steps along the way). Further, Federal Reserve Chair Jerome Powell also emphasized in September 2025 the Fed's commitment to continue to analyze the data as it emerged and decide on future rate cuts on a meeting-by-meeting basis

The outlook for Federal Reserve policy is more complicated than usual with the U.S. President's unprecedented challenges to the Federal Reserve's central bank independence by strongly disagreeing publicly with the Federal Reserve's policy actions and demanding resignations and/or attempting to fire certain Federal Reserve Governors . Moreover, Chair Powell's term as the chair expires in May 2026 and it is unknown if he will remain on the Board of Governors through the end of his regular term in January 2028 (Federal Reserve). Therefore, at this writing there are greater uncertainties than normal regarding the future course of Fed policies.

It is not expected to be a smooth ride with high policy uncertainty and unpredictability; continuing sticky core inflation; differing potential effective tariff rates on different countries, inputs, goods, and industries; and differing abilities and tendencies across different industries and firms to absorb and/or pass-on increasing costs. At this writing, U.S. inflation overall is currently forecasted to be generally in the 2.7%-3.1% range in 2025 and 2.8%-3.1% range in 2026 among the prominent forecasts in Table 3 (NABE, S&P Global, Wells Fargo, KPMG Economics, University of Michigan). Again, frequent forecast revisions are expected as more information becomes available.

Table 3: Selected U.S. Inflation Forecasts for 2025 – 2027

Organization	Forecast U.S. CPI (% change, annual)		
	2025	2026	2027
National Association for Business Economics, June 16, 2025	3.1%	2.8%	
S&P Global, September 24, 2025	2.7%	2.8%	2.4%
Wells Fargo, U.S. Economic Outlook, September 10, 2025	2.7%	2.8%	
KPMG Economics, Economic Compass, September 10, 2025	2.7%	2.7%	
University of Michigan, August 21, 2025	2.7%	3.1%	2.9%

Hence, a slower economy with lingering inflation, while avoiding recession, is the prevailing view among prominent forecasts with significant caveats regarding the record-high levels of policy uncertainty and unpredictability and the expectation of forecast revisions as 2025 proceeds. Additionally, the combination of reduced immigration and the demographics of an aging workforce are expected to continue to exert tightness on the labor market and partially mitigate the employment impacts of a slowing economy. The labor market exhibited softening in the first eight months of 2025 and the official unemployment rate ticked up. The unemployment rate still remained in historically low territory in the first eight months of 2025 (although slightly above the prepandemic averages of 2017-2019) likely due to reductions in both labor demand and labor supply moving nearly in tandem (NABE, S&P Global, Wells Fargo, KPMG Economics, University of Michigan, BLS).

With consumer spending comprising nearly 70% of the U.S. economy, as goes the American consumer goes the economy. Active consumer spending plowed through 2023 into 2024, despite

varying consumer confidence and sentiment, fueled by continued solid jobs and wage growth; lower prices, especially gas; drawdowns of the remaining savings accumulated during the pandemic; and increased consumer debt. Yet, with significant drops in consumer confidence and consumer sentiment since late 2024, the consumer slowed spending overall in first eight months of 2025 with some monthly oscillations in response to impending tariff increases. Along with increased credit card debt and delinquencies, the pace of consumer spending is projected to continue to moderate (BEA, BLS, Conference Board, University of Michigan, Federal Reserve).

The outlook is "cloudy" with several dynamics operating. The record level of policy uncertainty clouds and weighs down the outlook at this writing and the ultimate path of trade and other U.S. policy will come more into focus over time. However, broadly, some level of higher tariffs, federal budget and employment cuts, decreased immigration, lower taxes, and decreased regulation at the national level have been implemented and are projected going forward. Consumers are signaling major concerns about jobs, inflation, and their future finances in significantly weaker consumer confidence and sentiment. Yet, consumer spending, while cautious, could possibly continue to provide a foundation to the economy as it did in 2021–2022 when consumer confidence and sentiment also soured due to inflation. However, the sustainability of the recent level of consumer spending remains to be seen with continued sticky inflation, labor market cooling, exhausted excess savings, and increased household debt burdens. Private business investment and hiring likewise are weighed down by the current high policy uncertainty and the cascade of potential impacts of higher tariffs across inputs, goods, and industries. Additionally, the extent to which anticipated tax cuts and deregulation by 2026 will partially offset the impacts of higher tariffs on business investment are likewise cloudy at this time.

Further, the Federal Reserve has many factors to balance as it steers the economy toward a soft landing. The Federal Reserve has projected additional rate cuts by the end of calendar year 2025 and slower cuts in the next two years but the specific timing and pace of Federal Reserve rate cuts remain uncertain at this writing and will depend on a range of emerging economic data including the path of core inflation as well as labor, consumer and business market dynamics. Additionally, the U.S. President has been putting tremendous pressure on the Federal Reserve to dramatically lower interest rates sooner, has threatened to fire Federal Reserve Chair Jerome Powell, and recently attempted to fire Governor Lisa Cook, the first time the removal of a Federal Reserve Governor has been attempted by a U.S. president in the central bank's history. In response, Governor Cook sued to oppose the attempted firing, an injunction while the suit is adjudicated was granted by federal court and upheld by the Supreme Court, and the Supreme Court scheduled to hear arguments in the matter in January 2026 (New York Times, Washington Post, 2025, and CBS News, 2025, August 29 and October 1). Moreover, Chairman Powell's term as Chair ends in May 2026 and it is unknown whether he will continue to serve the remainder of his Federal Reserve Board member term to January 2028 if he is not reappointed Chair. Only one previous Federal Board Chair, Marriner Eccles in 1948, chose to remain on the Board after his term as its leader concluded, serving until his regular Board seat ended in 1951 (Federal Reserve).

Virginia Outlook

Historically, Virginia's key economic indicators generally followed the patterns of the related national indicators, albeit sometimes at different levels, with notable labor market exceptions in

the years since the pandemic. This analysis of generally close trends between Virginia and the nation based on a broad range of economic data was corroborated by a Richmond Fed study that found that Virginia's business cycle generally tracked closely with the nation's based on an evaluation of payroll employment fluctuations (Richmond Fed, 2023).

As noted in the sections above, both the Virginia and U.S. economies slowed down in the first eight months of 2025. However, based on the Virginia data available for 2025 (some monthly, quarterly, and annual state data are reported with varying lags), Virginia's economy weakened faster than the nation's in key metrics during that period. While Virginia's real GDP declined at the same pace as the nation (-0.6%) in Q1:2025, Virginia's rebound in real GDP in Q2:2025 was less than half the pace of the nation's rebound that quarter and the state's labor market performance in the first eight months of 2025 was slightly weaker than the nation's softening labor market. In January–August 2025, Virginia's job growth overall was somewhat weaker than the nation's, and the state's unemployment rate steadily increased monthly before remaining flat at an elevated level in August 2025 while the nation's oscillated within a narrow band. Further, in the first eight months of 2025, Virginia's unemployment insurance claims overall climbed significantly while the nation's increased modestly during that period. However, there was one bright spot in Virginia's labor market in the first eight months of 2025 with hourly wages growing faster year-over-year than the nation's during that period.

Additionally, the available data reflects a mixed picture for Virginia's retail and housing activity in the first eight months of 2025. After trailing the U.S. pace of annual growth in 2024, Virginia's retail activity performed better than the nation in the first half of 2025, recording a little more growth than the nation in Q1:2025 and falling a little more slowly than the nation in Q2:2025. Also, Virginia's housing market appeared to perform better than the nation's with the state's year-to-date home sales in August 2025 posting a slight increase as compared to mostly overall declines at the national level and state house prices registering higher year-over-year growth as compared to the U.S. during the first half of 2025 (H1:2025). It is important to note that while Virginia's house price growth year-over-year exceeded the nation's in both 2024 and H1:2025, Virginia's pace of house price increases in H1:2025 (4.8%) was moderately slower than the state's annual pace in 2024 (6.2%) (VAR).

Another important factor in Virginia's outlook is the impending announced and planned additional reductions in federal civilian employment and federal contracts, many of which will unfold over the coming months. Virginia is projected to be significantly impacted by these additional federal cuts given the relatively high incidence of federal civilian employees and federal contracts in the state (second highest incidence nationally in federal civilian workers and the highest in federal prime contracts among states in 2023).

As a result, Virginia is currently projected to trail the nation in overall economic performance in 2025 with forecasted real GDP growth of 0.9% to 1.0%, an overall contraction in jobs annually (approximately -0.3%), and an increase in the unemployment rate to a level almost equivalent to the nation's (approximately 4.2%-4.3%) thereby erasing the state's normally lower unemployment rate as compared to the U.S. (Old Dominion University Center for Economic Analysis and Policy, 2025, June; University of Virginia Weldon Cooper Center, 2025, August).

For 2026, with many federal policy actions delayed or postponed, the impacts on Virginia of reduced federal employment and spending and evolving trade policies are expected to extend into next year, thereby dampening economic activity as the impacts cascade across multiple sectors (ODU, Weldon Cooper Center). However, as a primary state for federal prime contracts, there are opportunities for federal contractors in Virginia to pivot to areas where federal contracting is growing due to the reshaping of federal spending, particularly in national defense, and possibly contribute positively to the state's overall economic activity and partially offset the economic strain from federal cuts elsewhere (U.S. Public Law 119-21, 2025; personal conversation with a federal contractor, 2025, August). With these projected downward and upward pressures on the state's economy in 2026, Virginia's economic outlook remains muted with projected real GDP annual growth of approximately 1.6% in 2026. By 2027, Virginia is projected to have normal-trend growth in real GDP of approximately 2.3% (Weldon Cooper Center, 2025, August).

The uncertainty clouding the national economic outlook similarly applies to the state's economic outlook. Thus, diligent monitoring with the expectation of frequent forecasts revisions is prudent.

Albemarle County Outlook

For Albemarle County, the Annual Economic Outlook reports of 2022–2024 found that the County has a strong economy with a history of mostly solid economic and job growth, high real per capita personal income, low unemployment, strong hourly wages regionally, significant employment in relatively higher-income industries, and strong local business activity. Albemarle County's economic growth exceeded that of both the U.S. and Virginia each year during 2021–2023[17], and the County's unemployment rate consistently remained below that of the state and nation through 2024.

In the first eight months of 2025, Albemarle County's local and regional economies mirrored the general directional trends exhibited in the state economy during that period albeit sometimes at different levels. Similar to Virginia in January–August 2025, the Charlottesville MSA (based on data availability) experienced modest overall job growth, higher unemployment, and positive wage growth (although significantly slower than the state). Also during that period, Albermarle County posted declining year-to-date home sales (larger reductions than the region while the state achieved modest sales increases), growing year-to-date home prices (slower than or comparable to the state and region), and modest growth in the median listing price per square feet (slower than the state and region).

At this writing, it is prudent to rely on the historical trend findings of the 2022–2024 Annual Economic Outlook Reports based on the available monthly, quarterly, and annual local and regional data (given denser indicator coverage at the national level and some monthly, quarterly, and annual local and regional data are reported with varying lags). Namely, Albemarle County's economic indicators have generally followed the overall patterns of the related state and national indicators, albeit sometimes at different levels, with the proviso that Virginia's labor market performance was weaker than the nation's in the first eight months of 2025. Thus, in framing Albemarle County's economic outlook at this time, the state economic outlook is given greater

[17] The latest real GDP data available for Albemarle + Charlottesville is for 2023, and the 2024 data is scheduled for release in December 2025.

weight than the national outlook given both Virginia's and the Albemarle County region's close ties to the federal government and the potential impacts of major changes in federal employment, spending and policy. A mitigating factor could be the connection between the Albemarle County region and the defense industry since increased defense funding is included in the U.S. budget reconciliation bill (Public Law 199-21) enacted into law in July 2025.

As a result, the 2025 annual outlook for Albemarle County parallels that of the state's with projected muted real GDP growth trailing the nation, anemic job growth or slight losses, and increased unemployment with the caveat that Virginia's heavy job losses and extended unemployment in the professional, scientific, and technical services industry thus far in 2025 could also have a significant impact in Albemarle County given the notable proportion of the county's residents working in that industry (as outlined in Appendix sections B. and C.). A mitigating factor could be the connection between the Albemarle County region and the defense industry since increased defense funding is included in the U.S. budget reconciliation bill (Public Law 199-21) enacted into law in July 2025. For 2026, the County's outlook is similar to Virginia, with the region projected to experience improved real GDP growth, job growth and unemployment statistics, but still well behind the economic performance of 2023–2024.

The uncertainty clouding the national and state economic outlooks similarly apply to the County's economic outlook. Thus, diligent monitoring with the expectation of frequent forecasts revisions is prudent.

Risks to the Economic Outlook

National Trends: While the U.S. economy entered 2025 with strong momentum with healthy economic growth and a solid job market, the national economy slowed in the first eight months of 2025 and exhibited notable resilience in the face of major changes and revisions to federal policy, employment and spending; significant ongoing uncertainty; and distinctly lower consumer and business sentiment. The U.S. major policy shifts are still in a state of flux and the full impacts of the policy shifts that have been enacted are expected to come into better focus over time, which clouds the current outlook. There are many swirling winds at this writing, both headwinds and tailwinds. Headwinds, or downside risks to the national economy include: substantial trade and fiscal policy changes, uncertainty and unpredictability; inflationary pressures and sticky core inflation in the U.S. and abroad; labor market cooling and uncertainties; cooling consumer and business demand and spending; stagflation-like conditions simultaneously exerting opposing pressures on Federal Reserve monetary policy; U.S. administration challenges to the Federal Reserve's independence and the uncertain impact on the interest rate environment and credit conditions; significant projected increases in the U.S. federal debt and impacts; housing and commercial real estate market variations; widening geopolitical risks and impacts; supply disruptions; shifting trade flows; global price variability; and slower global growth (Federal Reserve, NABE, Conference Board, S&P Global, Fitch Ratings, Wells Fargo, KPMG Economics, University of Michigan).

Tailwinds, or upside risks, to the national forecast include trade policy stability and ultimate tariff levels landing lower than initially announced or projected (although changed world views of U.S. trading partners will likely persist); potentially lower inflation to a material degree; a soft landing

to tight monetary policy (e.g., jobs, wages, housing, manufacturing, and services); increased business investment; faster productivity growth; U.S. federal debt reductions; uplift to the global, slower growth outlook; an end to the Russian-Ukrainian and Middle East wars; and reduced other geopolitical risks.

State and Local Trends: The headwinds or downside risks to the state and local economic outlooks overlap those of the national economy with the proviso that the impacts of the expected major changes in federal employment, contracting, and spending are projected to have a greater effect on Virginia and the Albemarle County region, at least in the short-term, due to their particularly close ties to the federal government as compared to other states and regions, with the exception of the District of Columbia and Maryland. The tailwinds, or upside risks, to the state and local economic outlooks overlap those of the national economy with the proviso that lower projected reductions in federal employment and contracting cuts would lessen the projected sharp impacts for Virginia and the Albemarle County region.

IV. Conclusions and Recommendations

This Annual Economic Outlook report has outlined the continued intricate and unique circumstances of the U. S., state, and local economies that continue to provide the framework for assessing the economic conditions for Albemarle County and the Commonwealth of Virginia. The current economic factors signal a slower economy with lingering inflation, while avoiding recession, with significant caveats regarding the record-high levels of policy uncertainty and unpredictability and the expectation of forecast revisions as 2025 proceeds.

Inflation slowed significantly in 2023 to Fall 2024 in response to tight monetary policy then trended up in late 2024 through the first half 2025, remaining moderately above the Federal Reserve's preferred long-term benchmark and core inflation remaining higher and sticky. As such, in January 2025 the Federal Reserve paused additional rate cuts after instituting three rate cuts in Fall 2024 and significantly slowed down its balance sheet drawdowns starting in March 2025 in response to the upward drift in inflation, implemented and impending higher tariffs and federal budget cuts, and significant policy uncertainty. The Federal Reserve's rate pause and the revised pace of its balance sheet drawdown continued until September 2025 when the Federal Reserve instituted a cut to the federal funds rate in response to labor market cooling. By Summer 2025, U.S. job creation had essentially stalled and unemployment had ticked upward, with the discouraging labor market impacts being more pronounced in Virginia and the Charlottesville MSA in the first eight months of 2025 as compared to the nation.

The outlook is "cloudy" with several dynamics operating. While the full range of impacts of U.S. policy shifts are still highly uncertain, broadly, some level of higher tariffs, federal budget and employment cuts, decreased immigration, lower taxes, and decreased regulation at the national level have been implemented thus far and are projected going forward. However, the continued record level of policy uncertainty clouds and weighs down the outlook at this writing and the ultimate path of trade and fiscal policy will come more into focus over time. Swirling winds, positive and negative, are impacting economic forecasts at this writing. Headwinds, or downside risks to the national economy include: substantial trade and fiscal policy changes, uncertainty and unpredictability; inflationary pressures and sticky core inflation in the U.S. and abroad; labor

market cooling and uncertainties; cooling consumer and business demand and spending; stagflation-like conditions simultaneously exerting opposing pressures on Federal Reserve monetary policy; U.S. administration challenges to the Federal Reserve's independence and the uncertain impact on the interest rate environment and credit conditions; significant projected increases in the U.S. federal debt and impacts; housing and commercial real estate market variations; widening geopolitical risks and impacts; supply disruptions; shifting trade flows; global price variability; and slower global growth (Federal Reserve, NABE, Conference Board, S&P Global, Fitch Ratings, Wells Fargo, KPMG Economics, University of Michigan, IMF, New York Times, Washington Post).

Tailwinds, or upside risks, to the national forecast include trade policy stability and ultimate tariff levels landing lower than initially announced or projected (although changed world views of U.S. trading partners will likely persist); potentially lower inflation to a material degree; a soft landing to tight monetary policy (e.g., jobs, wages, housing, manufacturing, and services); increased business investment; faster productivity growth; U.S. federal debt reductions; uplift to the global, slower growth outlook; an end to the Russian-Ukrainian and Middle East wars; and reduced other geopolitical risks.

The headwinds or downside risks to the state and local economic outlooks overlap those of the national economy with the proviso that the impacts of the instituted and projected reductions in federal employment, contracting, and spending are projected to have a pronounced impact on Virginia and the Albemarle County region, at least in the short-term, due to their particularly close ties to the federal government as compared to other states and regions, with the exception of the District of Columbia and Maryland. The tailwinds, or upside risks, to the state and local economic outlooks overlap those of the national economy with the proviso that lower projected reductions in federal employment and contracting cuts would lessen the projected sharp impacts for Virginia and potentially the Albemarle County region.

With the accumulating signals of an economic slowdown, as compared to the robust growth of the last several years, and lingering inflation, it is prudent for Albemarle County to likewise anticipate slower economic activity given its history of generally following state and national economic trends, albeit sometimes at different levels, and to rely more heavily on Virginia's more muted economic outlook in 2025 and 2026 as compared to the nation. Virginia's economic growth and labor market performance are projected to trail the nation in 2025 and 2026, with evidence of slower trends in key metrics in the state and local region manifesting in the first eight months of 2025 due to their close ties to the federal government and the instituted and planned federal employment and contracting cuts. While the U.S., Virginia and the Charlottesville MSA are currently expected to avoid an official recession in 2025, unfolding federal employment and contracting cuts, high levels of economic and policy uncertainty, and weaker consumer and business sentiment are projected to weigh down economic activity and the rate of economic growth and thereby have a tightening impact on fiscal planning. The tighter fiscal planning environment will encompass moderating revenue growth, expiring pandemic-era federal grants, potentially challenged future intergovernmental revenues (federal and state), and continued and growing service requirements and expense drivers (i.e., lower inflation is not deflation). Additionally, Virginia's heavy job losses and extended unemployment in the professional, scientific, and

technical services industry thus far in 2025 could also have a significant impact in Albemarle County given the notable proportion of the county's residents working in that industry. A mitigating factor could be the connection between the Albemarle County region and the defense industry since increased defense funding is included in the U.S. budget reconciliation bill (Public Law 199-21) enacted into law in July 2025.

As found in the previous Annual Economic Outlook and Quarterly and Periodic Economic Monitoring Reports, Albemarle County has a strong economy with a history of mostly solid economic and job growth, high real per capita personal income, low unemployment, strong hourly wages regionally, significant employment in relatively higher-income industries, and strong local business activity. This overall solid economic base provides more scope within which to effectively plan and act defensively as compared to many other communities that face major, chronic economic issues.

With an economic slowdown and shifting federal policies, S&P Global in March 2025 indicated that it is watching the following factors as related to local governments in 2025 and that the severity and duration of policy changes could affect longer-term outcomes for credit quality:

- *Federal policy initiatives:* Uncertainty of the impact from pending federal policies on revenues and expenditures.
- *Federal budget:* A closely divided Congress will ensure difficult budget negotiations, including the renegotiation of the Tax Cut and Jobs Act (which expires in 2025) and associated municipal tax exemption provisions.
- *Stimulus winddown:* Deadlines for spending and designating could cause operating imbalances if the loss of one-time revenues is not managed proactively.
- *Slower economic trends:* Commercial real estate occupancy may have steadied, but given projections for slower GDP growth and elevated inflation, economic pressures remain.
- *Climate hazards:* Higher-cost, higher-frequency major storms are likely to pressure government debt and push up insurance costs.
- *Governance gets trickier:* Skilled labor shortages, including among auditors, and management turnover could raise governance risk at a point of fiscal and economic inflection.
  (S&P Global, 2025, March 27).

S&P Global in February 2025 also advised that "state and local governments have experience absorbing short-term revenue disruptions or expenditure requirements, but significant federal policy changes could have lasting effects that require management teams to proactively address their operating budgets" (S&P, 2025, February 27).

S&P Global further noted the important role that federal grants play in local government operations as a variety of federal funding freezes were winding through the court system. "While this grant funding is likely a fraction of what a government receives in property or sales taxes, governments generally operate on very tight margins and so the loss of any revenue can be significant in the absence of corresponding expenditure reductions. Furthermore, given the possibility of disruptions in the flow of anticipated federal revenue, we view liquidity as an important buffer for maintaining credit stability." (S&P Global, 2025, February 27).

To facilitate continued financial resiliency and agility in the face of the rapidly changing environment, this writer's enduring organizational recommendations include:

1. Detailed assessment of the organization's financial foundation, including strengths, weaknesses, and vulnerabilities.
2. Clearly-defined and refined strategic goals.
3. Long-run financial planning and robust scenario planning to illuminate potential chokepoints and develop shopping lists of potential response options.
4. Continued close monitoring to detect early warning signals and emerging trends.
5. Staff engagement to advance early detection, scenario planning, and response.
6. Adaptive decision-making practices and augmented communication.
7. Agility in action.

The current environment adds additional complexity to implementing the first and third recommendations above, i.e., developing a detailed assessment of the organization's financial foundation and long-run financial and scenario planning, both of which are being closely watched by rating agencies as the economy moves through what is effectively a major economic and fiscal inflection point. With uncertainty as the "new reality," shifting federal policy and budgets, a projected economic slowdown after multiple years of robust economic growth, and sticky inflation, governments are encouraged to carefully examine their financial foundations as follows:

- Thoroughly scrutinize current budgets and financials and drill down to the underlying economic and budgetary fundamentals versus those factors driven by significant, time-limited government supports and/or transitory pandemic impacts.
- Clinically dissect recurring revenues from one-time or time-limited revenues and those revenues reflecting transitory pandemic impacts. Similarly dissect recurring expenses from one-time or time-limited expenses and those expenses reflecting transitory pandemic impacts. This untangling is crucial.
- Clinically evaluate the exposure to federal intergovernmental revenues, both directly from the federal government and indirectly through state government.
- Closely evaluate the structural balance of the government's budget, i.e., recurring revenues greater than or equal to recurring expenses, to assess its financial sustainability (GFOA).
- Evaluate inflation's line-item impact on expenses in the FY2022–FY2025 actuals and the FY2026 year-to-date budget and expect some price stickiness going into FY2027 and beyond.
- Although the initial effects of inflation may have benefited FY2022–FY2025 actual revenues, it is prudent to expect cautious consumer spending in the remainder of CY2025 into CY2026 as household budgets continue to be pinched by higher prices (i.e., lower inflation is not deflation), especially in middle- and lower-income households, cooler wage growth as the labor market softens, lower labor demand as the economy slows, the exhaustion of pandemic-era excess savings, and higher household debt loads.
- To enhance resiliency, enhance long-term financial and scenario planning by combining financial forecasting with strategizing, thereby projecting revenues, expenses, and cash for a minimum of three-to-five years and longer, if possible; anticipating the future impacts of costs increases, contracts, revenue trends, service demands, and liabilities; and developing robust, alternative scenarios with documented assumptions.

As noted in the 2022–2024 Annual Economic Outlook Reports and Quarterly and Periodic Economic Monitoring Reports of February 2023 through August 2025, Albemarle County's prudent financial management and overall solid economic base provide a foundation and community capacity for strategic initiatives. These key characteristics also provide more scope within which to effectively plan and act defensively as compared to many other communities that face major, chronic economic issues. Many other communities struggle with strategic initiatives because their economic foundations are not solid and repeatedly require significant organizational resources to maintain effective operations. Further, the County's strategic and methodical analysis, review, and policymaking are commended and will continue to advance the community toward its strategic objectives.

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VI. Appendix

A. Selected Virginia Statistical Area Delineations

Figure 41. Selected Virginia Statistical Area Delineations, 2020

Selected Virginia Statistical Areas 2020	
CBSA/MSA Title*	**Counties and Cities**
Charlottesville, Virginia	Albemarle County, Fluvanna County, Greene County, Nelson County, Charlottesville City
Staunton, Virginia	Augusta County, Staunton City, Waynesboro City,
Harrisonburg, Virginia	Rockingham County, Harrisonburg City
Richmond, Virginia	Amelia County, Charles City County, Chesterfield County, Dinwiddie County, Goochland County, Hanover County, Henrico County, King and Queen County, King William County, New Kent County, Powhatan County, Prince George County, Sussex County, Colonial Heights City, Hopewell City, Petersburg City, Richmond City

Source: U.S. Census Bureau; *U.S. Census defines CBSA as the Core-Based Statistical Area and MSA as the Metropolitan Statistical Area which are the same for the selected statistical areas.

B. Employment Status and Occupations of Albemarle County Residents[18]

The U.S. Census Bureau annually issues the American Community Survey (ACS) with 1-year and 5-year estimates of numerous social, economic, housing, and demographic data for geographic areas with populations over 65,000 (only 5-year estimates are issued for smaller geographic areas). The ACS is based on extensive address-based (household) surveys and the 5-year estimates have higher statistical reliability since they include data collected over a longer period (60 months). The annual ACS 5-year estimates contain overlapping periods, and the latest 5-year estimates are for the period of 2018-2022 (Census). While it is tempting to compare adjoining, rolling 5-year ACS estimates, the U.S. Census Bureau recommends *not* drawing comparisons between 5-year ACS estimates with overlapping years. Therefore, comparisons will not be made in this report with the ACS-related findings identified in last year's annual report.

The ACS reports employment status information as part of its rich suite of data. In 2018–2022 the ACS indicated that 58.6% of Albemarle County's residents were employed, 39.2% were not in the labor force, 1.9% were unemployed and 0.3% were in the Armed Forces. During this five-

[18] As a result of the federal government shutdown, the latest Census American Community Survey 5-year data for 2019-2023 and County Business Pattern data for 2023 were not accessible as this report was being finalized. Since there typically are only minor year-to-year changes in these data, the ACS 5-year data for 2019-2022 and the CBP data for 2022 are included in this report to support the strategic consideration of the County's employment, business and social factors along with the prevailing national, state and local economic trends.

year period, Albemarle County had a lower unemployment rate among its residents as compared to the state and nation, and lower proportions of its residents both in the labor force and employed as compared to the state and nation (Table 4; Census).

Albemarle County's higher percentage of persons 65 and older in its population (21.3%) in 2023 as compared to the state (17.2%) and nation (17.7%) is one possible explanation for its lower proportion of residents in the labor force in Albemarle County in 2018-2022 (Census). Additional demographic analysis could shed further insight on this finding.

Table 4. Employment Status as a Percent of Population 16 and Older, U.S., Virginia, and Albemarle County, Virginia, 2018-2022

Employment Status as a Percent of Population 16 and Older			
	United States	**Virginia**	**Albemarle County, VA**
Population 16 years and over	266,411,973	6,962,091	93,153
In labor force	63.5%	65.7%	60.8%
Civilian labor force	63.0%	63.8%	60.5%
Employed	59.6%	61.0%	58.6%
Unemployed	3.4%	2.8%	1.9%
Armed Forces	0.5%	1.8%	0.3%
Not in labor force	36.5%	34.3%	39.2%

Source: U.S. Census Bureau, ACS 5-year estimates 2018-2022

Companion to the Census employment status data, the Virginia Employment Commission previously produced annual labor force participation rate data for every locality in the state, with a report with data for 2021 last published in 2022. When and if updated labor force participation data for 2022–2023 become available for the County, an update of the previous analyses that were provided in the Annual Economic Outlook Reports of September 2022 and September 2023 will be gladly performed.

Analyzing the occupational data in ACS, Albemarle County residents were primarily employed in 2018–2022 in management, business, science, and arts occupations (58.2%); sales and office occupations (16.6%); and service occupations (15.2%) (Table 5; Census). The predominance of the management, business, science, and arts occupations among County residents with above average compensation is reflected in County household income figures reviewed in Section VII below.

Table 5. Employment by Occupation as a Percent of the Civilian Employed Population 16 years and Older, U.S., Virginia, and Albemarle County, Virginia, 2018-2022

Employment by Occupation as a Percent of the Civilian Employed Population 16 years and over, 2018-2022			
Occupation	**United States (%)**	**Virginia (%)**	**Albemarle County, Virginia (%)**
Civilian employed population 16 years and over	158,913,204	4,245,585	54,574
Management, business, science, and arts occupations	41.0%	47.1%	58.2%
Service occupations	16.8%	15.8%	15.2%
Sales and office occupations	20.5%	18.8%	16.6%
Natural resources, construction, and maintenance occupations	8.7%	7.7%	5.2%
Production, transportation, and material moving occupations	13.1%	10.6%	4.8%

Source: U.S. Census Bureau, ACS 5-year estimates 2018-2022

The ACS also looks at employment in broad industry groups based on the North American Industry Classification System (NAICS), combining some NAICS 2-digit industry codes together. Based on the ACS data for 2018–2022, the top five industries of employment for the civilian residents that live in Albemarle County (16 and over) were: educational services, and health care and social assistance (34.7%); professional, scientific, and management, and administrative and waste management services (16.8%); arts, entertainment, and recreation, and accommodation and food services, (8.1%); retail trade (7.9%), and finance and insurance, and real estate and rental and leasing (6.9%) (Table 6; Census).

In reviewing comparable Virginia ACS data, one industry had a notably higher proportion of Albemarle County's resident employment as compared to the state: educational services, and health care and social assistance (34.7% vs. 22.1% for Virginia). Moreover, four industries had notably lower proportions of Albemarle County's resident employment as compared to the state: public administration (4.6% vs. 8.9% for Virginia); manufacturing (4.0% vs. 7.1% for Virginia); retail trade (7.9% vs. 9.9% for Virginia); and transportation and warehousing, and utilities (2.5% vs. 4.8% for Virginia) (Table 6; Census).

Table 6. Employment by Industry: U.S., Virginia, and Albemarle County, Virginia, 2018-2022

Industry	United States (%)	Virginia (%)	Albemarle County, Virginia (%)
Civilian employed population 16 years and over	158,913,204	4,245,585	54,574
Agriculture, forestry, fishing and hunting, and mining	1.6%	0.9%	1.2%
Construction	6.9%	6.5%	5.0%
Manufacturing	10.0%	7.1%	4.0%
Wholesale trade	2.4%	1.7%	1.4%
Retail trade	11.0%	9.9%	7.9%
Transportation and warehousing, and utilities	5.8%	4.8%	2.5%
Information	1.9%	1.8%	1.5%
Finance and insurance, and real estate and rental and leasing	6.7%	6.4%	6.9%
Professional, scientific, and management, and administrative and waste management services	12.1%	16.4%	16.8%
Educational services, and health care and social assistance	23.3%	22.1%	34.7%
Arts, entertainment, and recreation, and accommodation and food services	9.0%	8.3%	8.1%
Other services, except public administration	4.7%	5.2%	5.4%
Public administration	4.7%	8.9%	4.6%

Source: U.S. Census Bureau, ACS 5-year estimates 2018-2022.

C. Business Establishments by Industry in Albemarle County, Virginia

Through its County Business Patterns (CBP) program, the U.S. Census Bureau provides annual economic data by industry for the U.S., states, counties, MSAs, zip codes and Congressional Districts. The annual CBP series provides the number of establishments, industry classification, employment during the week of March 12th, and first quarter and annual payroll amounts, and is released approximately 16 months after the reference year (Census). This establishment-based data provides a useful profile of the businesses and people who work in a community, which adds an additional perspective beyond the U.S. Census Bureau's household-based ACS survey of the people who reside in a community. The ACS surveys the people that live in Albemarle County and the CBP surveys the businesses in Albemarle County regarding several aspects of their operations.

For this analysis, Albemarle County's business community profile in the CBP was examined in terms of establishments (business locations), employees, and payroll for each industry sector. Industry 2-digit level NAICS classifications were used for the analysis whereas the ACS (household survey) combined some industry sectors.

Based on the CBP data for 2022, the top five 2-digit NAICS industries with the largest proportion of *establishments* in Albemarle County were: professional, scientific, and technical services (14.0%), health care and social assistance (14.0%), retail trade (11.0%), construction (9.6%), and other services (except public administration) (9.1%). These five industries accounted for 57.7% of the total business establishments in Albemarle County, fairly close to the companion proportion in 2021 (58.6%) (Table 7; Census).

In terms of *jobs based on the payroll survey*, the CBP 2022 reports that the top five 2-digit NAICS industries with the largest proportion of employees in Albemarle County were: health care and social assistance (21.3%), retail trade (15.4%), accommodation and food service (10.4%), professional, scientific, and technical services (10.7%), and manufacturing (6.8%). These five industries accounted for 64.6% of the total jobs in Albemarle County in 2022 based on the payroll survey, a slightly smaller share than in 2021 (67.2%) (Table 7; Census).

In terms of *annual payroll*, the CBP 2022 reports that the top six 2-digit NAICS industries with the largest total annual payrolls were: (1) health care and social assistance, (2) professional, scientific, and technical services, (3) finance and insurance, (4) retail trade, (5) manufacturing, (6) construction. These six industries accounted for 75.2% of the aggregate total annual payrolls in Albemarle County in 2022, a slightly smaller share than in 2021 (78%) (Table 7; Census).

As compared to Virginia's CBP 2021 data, a few key observations emerge in Albemarle County's business profile in 2022:

- Health care and social assistance continued to account for a distinctly higher proportion of total business establishments, payroll jobs, and annual payroll in Albemarle County as compared to the state.

- Despite again providing the second largest annual payroll in the county in 2022, professional, scientific, and technical services continued to account for a lower proportion of total business establishments and jobs in Albemarle County as compared to the state.
- Finance and insurance continued to account for a higher proportion of total business establishments, payroll jobs, and annual payroll in Albemarle County as compared to the state.
- Retail trade continued to account for a higher proportion of jobs and annual payroll in Albemarle County as compared to the state, while accounting for a slightly lower proportion of business establishments in the county in 2022 (Table 7; Census).

Table 7. Establishments, Employees and Annual Payroll by Industry: Virginia and Albemarle County, Virginia 2022 (in 2022 dollars)

2017 NAICS code	Meaning of NAICS code	Virginia					Albemarle County, Virginia				
		Establishments		Employees		Annual payroll ($1,000)	Establishments		Employees		Annual payroll ($1,000)
		Number	Percent	Number	Percent		Number	Percent	Number	Percent	
00	Total for all sectors	**209,244**	**100.0%**	**3,494,956**	**100.0%**	**234,462,103**	**2,905**	**100.0%**	**42,291**	**100.0%**	**2,492,529**
11	Agriculture, forestry, fishing and hunting	639	0.3%	4,137	0.1%	239,102	22	0.8%	141	0.3%	4,885
21	Mining, quarrying, and oil and gas extraction	236	0.1%	5,093	0.1%	450,971	5	0.2%	38	0.1%	3,026
22	Utilities	388	0.2%	14,941	0.4%	1,867,025	n/a	n/a	n/a	n/a	n/a
23	Construction	20,965	10.0%	197,300	5.6%	13,706,755	278	9.6%	2,103	5.0%	119,252
31-33	Manufacturing	4,963	2.4%	246,208	7.0%	15,916,607	84	2.9%	2,885	6.8%	174,962
42	Wholesale trade	6,593	3.2%	105,904	3.0%	8,910,004	72	2.5%	682	1.6%	47,379
44-45	Retail trade	26,037	12.4%	429,819	12.3%	14,424,472	320	11.0%	6,527	15.4%	255,573
48-49	Transportation and warehousing	6,142	2.9%	133,145	3.8%	7,367,346	58	2.0%	935	2.2%	37,429
51	Information	3,929	1.9%	92,833	2.7%	11,482,656	58	2.0%	711	1.7%	42,490
52	Finance and insurance	10,968	5.2%	172,962	4.9%	20,807,880	201	6.9%	2,277	5.4%	244,899
53	Real estate and rental and leasing	11,488	5.5%	59,176	1.7%	4,149,607	191	6.6%	952	2.3%	51,507
54	Professional, scientific, and technical services	31,844	15.2%	540,982	15.5%	58,675,689	406	14.0%	4,523	10.7%	420,031
55	Management of companies and enterprises	1,243	0.6%	92,719	2.7%	10,873,628	20	0.7%	596	1.4%	79,824

2017 NAICS code	Meaning of NAICS code	Virginia					Albemarle County, Virginia				
		Establishments		Employees		Annual payroll ($1,000)	Establishments		Employees		Annual payroll ($1,000)
		Number	Percent	Number	Percent		Number	Percent	Number	Percent	
56	Administrative and support and waste management and remediation services	11,667	5.6%	275,460	7.9%	14,697,679	164	5.6%	2,347	5.5%	97,913
61	Educational services	3,233	1.5%	82,049	2.3%	3,595,934	68	2.3%	1,055	2.5%	56,754
62	Health care and social assistance	22,979	11.0%	473,165	13.5%	29,373,927	408	14.0%	9,014	21.3%	648,045
71	Arts, entertainment, and recreation	3,349	1.6%	55,516	1.6%	1,787,156	61	2.1%	1,482	3.5%	36,423
72	Accommodation and food services	19,204	9.2%	347,188	9.9%	8,190,186	219	7.5%	4,404	10.4%	106,371
81	Other services (except public administration)	23,190	11.1%	166,135	4.8%	7,939,421	265	9.1%	1,616	3.8%	65,630

Source: U.S. Census Bureau, County Business Patterns, 2022 (in 2022 dollars)

D. Additional Community Factors for Albemarle County, Virginia

Beyond the economic analysis and outlook in the previous section, additional analysis is provided on community factors related to income and poverty, housing patterns and costs, and educational attainment based on the rich data released in the U.S. Census Bureau's most recent American Community Survey (ACS) 2018–2022. The examination of these additional community factors will highlight key characteristics and provide information to support effective policy analysis and decision-making for the community.

Income and Poverty

Household Income

As compared to Virginia, Albemarle County's median household income was 12% greater than that for the state in 2018–2022 ($97,708 in Albemarle County vs. $87,249 in the state). Further, Albemarle County had a greater portion of high-income households ($150,000 and above) and a lower portion of very low-income households (under $15,000) than the state. Also note that the distribution of household incomes was not symmetrical and skewed positive with values that were significantly higher than the rest of the data set, as reflected by the mean (average) household income ($137,904) being significantly higher than the median household income ($97,708) (Table 8; Census). (Since the mean (average) is influenced by positive or negative "outliers," observations significantly above or below the rest of the data set, the median is a more reliable measure of "central tendency.")

Regarding the components of household income, 75.3% of households in Albemarle County received earnings in 2018–2022, slightly behind the state's nearly 79.4% rate, which can be expected given the County's proximity to a major university and a higher incidence of households receiving retirement income in the County as found in the ACS data. In terms of benefits, a slightly higher portion of Albemarle County households received Social Security income as compared to the state in 2018–2022 (32.3% in Albemarle vs. 29.8% for the state) and a higher portion of County households received retirement income (28.8% in Albemarle vs. 26.0% for the state). Additionally, the proportion of Albemarle County's households receiving Supplementary Security Income (3.2%), cash public assistance (1.3%), and Food Stamps/SNAP benefits in the past 12 months (3.1%), were below the companion figures for the state (Table 8; Census).

Table 8. Household Income and Benefits 2018-2022: U.S., Virginia, and Albemarle County, Virginia (in 2022 dollars)

HOUSEHOLD INCOME AND BENEFITS 2018-2022 (IN 2022 INFLATION-ADJUSTED DOLLARS)						
	United States		Virginia		Albemarle County, Virginia	
	Estimate	Percent	Estimate	Percent	Estimate	Percent
Total households	**125,736,353**	**125,736,353**	**3,289,776**	**3,289,776**	**44,031**	**44,031**
Less than $10,000	6,192,080	4.9%	138,113	4.2%	1,166	2.6%
$10,000 to $14,999	4,743,710	3.8%	97,645	3.0%	923	2.1%
$15,000 to $24,999	8,823,088	7.0%	192,270	5.8%	2,190	5.0%
$25,000 to $34,999	9,309,426	7.4%	207,297	6.3%	2,609	5.9%
$35,000 to $49,999	13,463,922	10.7%	307,942	9.4%	3,745	8.5%
$50,000 to $74,999	20,228,418	16.1%	493,060	15.0%	6,633	15.1%
$75,000 to $99,999	16,085,302	12.8%	404,048	12.3%	5,262	12.0%
$100,000 to $149,999	21,466,924	17.1%	594,120	18.1%	8,109	18.4%
$150,000 to $199,999	11,075,396	8.8%	343,678	10.4%	5,504	12.5%
$200,000 or more	14,348,087	11.4%	511,603	15.6%	7,890	17.9%
Median household income (dollars)	**75,149**	**(X)**	**87,249**	**(X)**	**97,708**	**(X)**
Mean household income (dollars)	105,833	(X)	120,553	(X)	137,904	(X)
With earnings	**97,603,973**	**77.6%**	**2,613,529**	**79.4%**	**33,138**	**75.3%**
Mean earnings (dollars)	107,743	(X)	120,495	(X)	134,202	(X)
With Social Security	**39,273,890**	**31.2%**	**980,110**	**29.8%**	**14,233**	**32.3%**
Mean Social Security income (dollars)	22,683	(X)	23,174	(X)	27,003	(X)
With retirement income	**29,084,404**	**23.1%**	**856,335**	**26.0%**	**12,665**	**28.8%**
Mean retirement income (dollars)	32,050	(X)	37,730	(X)	41,573	(X)
With Supplemental Security Income	**6,457,476**	**5.1%**	**137,175**	**4.2%**	**1,412**	**3.2%**
Mean Supplemental Security Income (dollars)	11,137	(X)	10,772	(X)	11,227	(X)
With cash public assistance income	**3,339,152**	**2.7%**	**72,663**	**2.2%**	**560**	**1.3%**
Mean cash public assistance income (dollars)	4,243	(X)	3,961	(X)	4,518	(X)
With Food Stamp/SNAP benefits in the past 12 months	**14,486,880**	**11.5%**	**274,320**	**8.3%**	**1,359**	**3.1%**

Source: U. S. Census Bureau, ACS 5-year estimate 2018-2022 (in 2022 dollars)

Poverty Rates and Trends

In 2018–2022, poverty rates for families in Albemarle County were significantly below the companion rates for Virginia and the U.S., both overall and in all but one of the sub-categories examined in the ACS 2018–2022 (Table 9; Census).

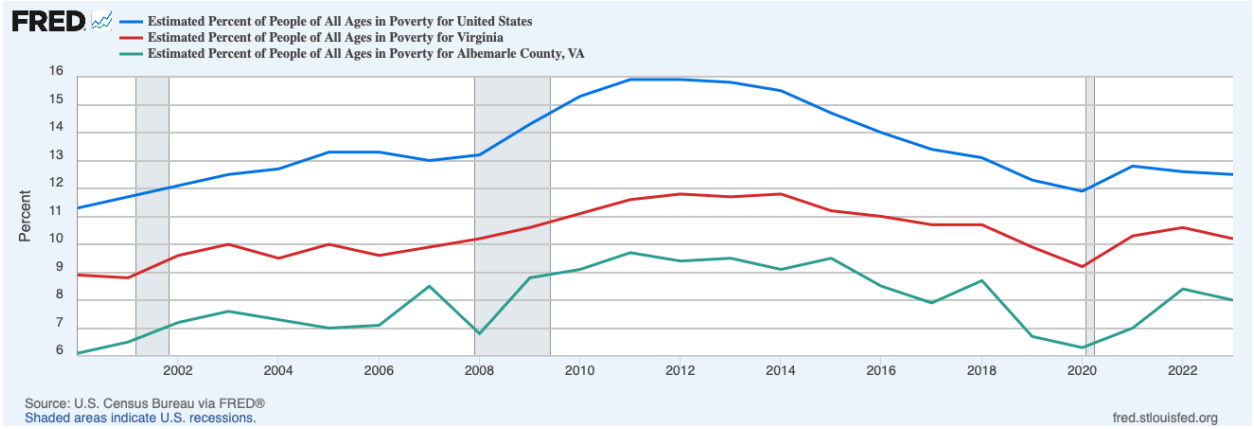
Table 9. Percentage of Families Below the Poverty Level 2018-2022: U.S., Virginia, and Albemarle County, Virginia

PERCENTAGE OF FAMILIES AND PEOPLE WHOSE INCOME IN THE PAST 12 MONTHS IS BELOW THE POVERTY LEVEL 2018-2022			
Label	**United States**	**Virginia**	**Albemarle County, Virginia**
All families	**8.8%**	**6.8%**	**3.6%**
With related children of the householder under 18 years	13.6%	10.6%	6.1%
With related children of the householder under 5 years only	12.8%	10.2%	4.5%
Married couple families	**4.5%**	**3.2%**	**1.1%**
With related children of the householder under 18 years	5.9%	4.1%	1.4%
With related children of the householder under 5 years only	4.6%	3.3%	0.0%
Families with female householder, no spouse present	**24.1%**	**21.1%**	**16.6%**
With related children of the householder under 18 years	33.1%	29.6%	21.7%
With related children of the householder under 5 years only	37.2%	34.3%	20.5%
All people	**12.5%**	**10.0%**	**7.1%**
Under 18 years	**16.7%**	**12.8%**	**8.1%**
Related children of the householder under 18 years	16.3%	12.5%	7.8%
Related children of the householder under 5 years	18.1%	13.9%	10.8%
Related children of the householder 5 to 17 years	15.7%	12.0%	6.8%
18 years and over	**11.4%**	**9.2%**	**6.8%**
18 to 64 years	11.7%	9.5%	7.6%
65 years and over	10.0%	8.0%	4.6%
People in families	**9.7%**	**7.3%**	**4.2%**
Unrelated individuals 15 years and over	**24.0%**	**21.1%**	**16.9%**

Source: U. S. Census Bureau, ACS 5-year estimate 2018-2022

Historically, the poverty rate for people of all ages in Albemarle County has been distinctly below those of the state and nation. However, Albemarle County's poverty rate for people of all ages displayed more annual variation (up and down) than the state's figure just before, during, and after the Great Financial Crisis of 2007-2009, with the difference between the county's and state's poverty rates generally narrowing somewhat during that period. By 2016, Albemarle County's poverty rate began declining faster than the state's, except for an uptick in 2018, which mostly continued through 2020, according to the latest Census data. In 2021–2022, the poverty rates for both the state and county increased while the nation's rate only increased in 2021, and Albemarle county's poverty rate remained well below the state and nation during those years. In 2023, the poverty rate for people of all ages for the nation, state and county declined, and Albemarle County's rate was 2.2% below that of the state (8.0% in Albemarle County vs. 10.2% in Virginia in 2022) (Figure 72; Census).

Figure 42. Annual Percent in Poverty: U.S., Virginia, and Albemarle County, Virginia, 2000 – 2023



Not seasonally adjusted

Housing Patterns and Costs

In this section, five features of housing patterns and costs are examined using the ACS 2018–2022 data.

Albemarle County had a higher proportion of occupied housing units (92.7%) as compared to the state and nation in 2018–2022, a lower proportion of vacant housing, and lower homeowner and rental vacancy rates as compared to the state and nation (Table 10; Census). Regarding housing tenure, Albemarle County's proportion of owner-occupied housing and renter-occupied housing was generally comparable to the state's with insignificant differences of only about a half-percentage point. Both housing tenure metrics compared favorably to the nation in 2018–2022 (Table 10; Census).

Table 10. Housing Occupancy and Tenure: U.S., Virginia, and Albemarle County, Virginia 2018-2022

HOUSING OCCUPANCY AND TENURE 2018-2022						
	United States		Virginia		Albemarle County, Virginia	
Label	Estimate	Percent	Estimate	Percent	Estimate	Percent
HOUSING OCCUPANCY						
Total housing units	140,943,613	140,943,613	3,625,285	3,625,285	47,496	47,496
Occupied housing units	125,736,353	89.2%	3,289,776	90.7%	44,031	92.7%
Vacant housing units	15,207,260	10.8%	335,509	9.3%	3,465	7.3%
Homeowner vacancy rate	1.1	(X)	1.0	(X)	0.6	(X)
Rental vacancy rate	5.5	(X)	4.9	(X)	2.6	(X)
HOUSING TENURE						
Occupied housing units	125,736,353	125,736,353	3,289,776	3,289,776	44,031	44,031
Owner-occupied	81,497,760	64.8%	2,199,299	66.9%	29,604	67.2%
Renter-occupied	44,238,593	35.2%	1,090,477	33.1%	14,427	32.8%
Average household size of owner-occupied unit	2.67	(X)	2.65	(X)	2.50	(X)
Average household size of renter-occupied unit	2.38	(X)	2.35	(X)	2.08	(X)

Source: U.S. Census Bureau, ACS 5-year estimate 2018-2022

In 2018–2022, the median value of housing in Albemarle County ($450,200) was significantly higher than that for the state ($339,800), with a significantly larger portion of its owner-occupied units being valued above $300,000 as compared to the state. Also fewer of the owner-occupied units in Albemarle County held mortgages (61.1%) as compared to the state (67.7%) (Table 11; Census).

Table 11. Housing Value: U.S., Virginia, and Albemarle County, Virginia 2018-2022 (in 2022 dollars)

HOUSING VALUE 2018-2022 (IN 2022 DOLLARS)						
	United States		Virginia		Albemarle County, Virginia	
Label	Estimate	Percent	Estimate	Percent	Estimate	Percent
VALUE						
Owner-occupied units	81,497,760	81,497,760	2,199,299	2,199,299	29,604	29,604
Less than $50,000	4,608,049	5.7%	86,441	3.9%	637	2.2%
$50,000 to $99,999	6,319,475	7.8%	98,817	4.5%	212	0.7%
$100,000 to $149,999	7,522,305	9.2%	140,807	6.4%	704	2.4%
$150,000 to $199,999	8,836,916	10.8%	197,141	9.0%	1,414	4.8%
$200,000 to $299,999	16,202,792	19.9%	440,108	20.0%	4,210	14.2%
$300,000 to $499,999	19,613,693	24.1%	606,427	27.6%	10,257	34.6%
$500,000 to $999,999	13,868,801	17.0%	513,343	23.3%	9,479	32.0%
$1,000,000 or more	4,525,729	5.6%	116,215	5.3%	2,691	9.1%
Median (dollars)	**281,900**	**(X)**	**339,800**	**(X)**	**450,200**	**(X)**
MORTGAGE STATUS						
Owner-occupied units	81,497,760	81,497,760	2,199,299	2,199,299	29,604	29,604
Housing units with a mortgage	50,148,459	61.5%	1,489,688	67.7%	18,228	61.6%
Housing units without a mortgage	31,349,301	38.5%	709,611	32.3%	11,376	38.4%

Source: U.S. Census Bureau, ACS 5-year estimate 2018-2022 (in 2022 dollars)

In 2018–2022, median selected monthly owner costs (SMOC) for housing units with a mortgage was $2,132 in Albemarle County and the median SMOC was $645 for those units without a mortgage, both slightly higher than the state and nation, based on the ACS 2018–2022 data (Table 12; Census).

Table 12. Housing Selected Monthly Owner Costs (SMOC); U.S., Virginia, and Albemarle County, Virginia 2018-2022 (in 2018 dollars)

HOUSING SELECTED MONTHLY OWNER COSTS (SMOC) 2018-2022 (IN 2018 DOLLARS)						
	United States		Virginia		Albemarle County, Virginia	
Label	Estimate	Percent	Estimate	Percent	Estimate	Percent
Housing units with a mortgage	**50,148,459**	**50,148,459**	**1,489,688**	**1,489,688**	**18,228**	**18,228**
Less than $500	398,158	0.8%	12,932	0.9%	72	0.4%
$500 to $999	5,651,012	11.3%	131,305	8.8%	1,357	7.4%
$1,000 to $1,499	11,648,218	23.2%	282,198	18.9%	2,653	14.6%
$1,500 to $1,999	10,877,072	21.7%	311,656	20.9%	4,146	22.7%
$2,000 to $2,499	7,579,187	15.1%	242,197	16.3%	3,354	18.4%
$2,500 to $2,999	4,940,870	9.9%	176,093	11.8%	2,930	16.1%
$3,000 or more	9,053,942	18.1%	333,307	22.4%	3,716	20.4%
Median (dollars)	**1,828**	**(X)**	**2,014**	**(X)**	**2,132**	**(X)**
Housing units without a mortgage	**31,349,301**	**31,349,301**	**709,611**	**709,611**	**11,376**	**11,376**
Less than $250	2,501,067	8.0%	62,470	8.8%	270	2.4%
$250 to $399	5,516,078	17.6%	147,003	20.7%	1,251	11.0%
$400 to $599	8,320,414	26.5%	193,276	27.2%	3,551	31.2%
$600 to $799	5,888,639	18.8%	123,946	17.5%	2,545	22.4%
$800 to $999	3,521,581	11.2%	77,434	10.9%	1,355	11.9%
$1,000 or more	5,601,522	17.9%	105,482	14.9%	2,404	21.1%
Median (dollars)	**584**	**(X)**	**546**	**(X)**	**645**	**(X)**

Source: U.S. Census Bureau, ACS 5-year estimate 2018-2022 (in 2018 dollars)

In terms of the impact on household income, 30% is the threshold beyond which HUD defines a household as cost-burdened (HUD). Based on the ACS 2018–2022 data, 23.7% of Albemarle County's households with mortgages exceeded the HUD 30% affordability threshold, which was lower than the related metrics for the state and nation. For households in owner-occupied housing without mortgages, 12.1% in Albemarle County exceeded the HUD 30% affordability threshold which was higher than the state but lower than the nation (Table 13; Census).

Table 13. Housing Selected Monthly Owner Costs (SMOC) as a Percentage of Household Income: U.S., Virginia, and Albemarle County, Virginia 2018-2022

SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME (SMOCAPI) IN 2018-2022						
	United States		Virginia		Albemarle County, Virginia	
Label	Estimate	Percent	Estimate	Percent	Estimate	Percent
Housing units with a mortgage (excluding units where SMOCAPI cannot be computed)	**49,912,138**	**49,912,138**	**1,483,907**	**1,483,907**	**18,169**	**18,169**
Less than 20.0 percent	23,620,829	47.3%	726,050	48.9%	9,543	52.5%
20.0 to 24.9 percent	7,618,466	15.3%	241,428	16.3%	2,953	16.3%
25.0 to 29.9 percent	5,048,443	10.1%	148,841	10.0%	1,367	7.5%
30.0 to 34.9 percent	3,329,406	6.7%	97,597	6.6%	1,512	8.3%
35.0 percent or more	10,294,994	20.6%	269,991	18.2%	2,794	15.4%
Not computed	236,321	(X)	5,781	(X)	59	(X)
Housing unit without a mortgage (excluding units where SMOCAPI cannot be computed)	**30,916,280**	**30,916,280**	**701,578**	**701,578**	**11,317**	**11,317**
Less than 10.0 percent	14,212,334	46.0%	370,323	52.8%	6,390	56.5%
10.0 to 14.9 percent	5,929,081	19.2%	128,077	18.3%	1,744	15.4%
15.0 to 19.9 percent	3,311,810	10.7%	67,093	9.6%	1,029	9.1%
20.0 to 24.9 percent	1,995,672	6.5%	38,301	5.5%	492	4.3%
25.0 to 29.9 percent	1,275,790	4.1%	23,963	3.4%	301	2.7%
30.0 to 34.9 percent	859,097	2.8%	16,346	2.3%	234	2.1%
35.0 percent or more	3,332,496	10.8%	57,475	8.2%	1,127	10.0%
Not computed	433,021	(X)	8,033	(X)	59	(X)

Source: U.S. Census Bureau, ACS 5-year estimate 2018-2022

The median gross rent for occupied rental housing was $1,570 in Albemarle County in 2018–2022, higher than the companion figures for the state ($1,440) and nation ($1,268). Based on the ACS 2018–2022 data, 47.5% of renting households in Albemarle County exceeded the HUD 30% affordability threshold, which was essentially the same as the state (47.8%) but less than the nation (49.9%) (Table 14; Census).

Table 14. Gross Rent and Gross Rent as a Percentage of Household Income: U.S., Virginia, and Albemarle County, Virginia 2018-2022 (in 2022 dollars)

HOUSING GROSS RENT AND GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME (GRAPI) 2018-2022 (IN 2022 DOLLARS)						
	United States		Virginia		Albemarle County, Virginia	
Label	Estimate	Percent	Estimate	Percent	Estimate	Percent
GROSS RENT						
Occupied units paying rent	**42,085,857**	**42,085,857**	**1,037,003**	**1,037,003**	**13,577**	**13,577**
Less than $500	2,948,903	7.0%	57,616	5.6%	226	1.7%
$500 to $999	10,564,157	25.1%	202,811	19.6%	1,385	10.2%
$1,000 to $1,499	12,851,449	30.5%	291,622	28.1%	4,516	33.3%
$1,500 to $1,999	8,006,332	19.0%	239,377	23.1%	4,748	35.0%
$2,000 to $2,499	3,965,502	9.4%	134,612	13.0%	1,709	12.6%
$2,500 to $2,999	1,704,480	4.1%	57,339	5.5%	460	3.4%
$3,000 or more	2,045,034	4.9%	53,626	5.2%	533	3.9%
Median (dollars)	**1,268**	**(X)**	**1,440**	**(X)**	**1,570**	**(X)**
No rent paid	2,152,736	(X)	53,474	(X)	850	(X)
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME (GRAPI)						
Occupied units paying rent (excluding units where GRAPI cannot be computed)	**41,167,877**	**41,167,877**	**1,017,246**	**1,017,246**	**13,303**	**13,303**
Less than 15.0 percent	5,406,453	13.1%	131,741	13.0%	1,983	14.9%
15.0 to 19.9 percent	5,197,343	12.6%	138,903	13.7%	2,063	15.5%
20.0 to 24.9 percent	5,261,967	12.8%	135,083	13.3%	1,607	12.1%
25.0 to 29.9 percent	4,754,176	11.5%	125,254	12.3%	1,321	9.9%
30.0 to 34.9 percent	3,760,574	9.1%	91,821	9.0%	1,203	9.0%
35.0 percent or more	16,787,364	40.8%	394,444	38.8%	5,126	38.5%
Not computed	3,070,716	(X)	73,231	(X)	1,124	(X)

Source: U.S. Census Bureau, ACS 5-year estimate 2018-2022

Key findings in this section for additional consideration during policy reviews include (a) housing affordability given the notable higher median price of homes in the County, and (b) housing cost-

burden for 47.5% of renters of occupied units, 23.7% of owner-occupied units with a mortgage, and 12.1% of owner-occupied units without a mortgage in 2018–2022, according to the U.S. Census ACS.

Educational Attainment

Regarding educational attainment, the proportion of Albemarle County's residents 25 years and over holding bachelor's (30.1%) and graduate or professional degrees (30.1%) significantly exceeded the companion figures for the state and nation in 2018–2022. As a result, 60.1% of Albemarle County residents 25 years an over held a bachelor's degree or higher as compared to 41.0% for Virginia and 34.3% for the U.S. in 2018–2022 (Table 15; Census).

Table 15. Educational Attainment 2018-2022: U.S., Virginia, and Albemarle County, Virginia

EDUCATIONAL ATTAINMENT 2018-2022						
	United States		Virginia		Albemarle County, Virginia	
	Estimate	Percent	Estimate	Percent	Estimate	Percent
Total households	**125,736,353**	**125,736,353**	**3,289,776**	**3,289,776**	**44,031**	**44,031**
Population 25 years and over	**226,600,992**	**226,600,992**	**5,919,142**	**5,919,142**	**76,936**	**76,936**
Less than 9th grade	10,742,781	4.7%	212,554	3.6%	1,799	2.3%
9th to 12th grade, no diploma	13,856,917	6.1%	313,263	5.3%	2,951	3.8%
High school graduate (includes equivalency)	59,741,825	26.4%	1,411,884	23.9%	11,279	14.7%
Some college, no degree	44,692,390	19.7%	1,094,753	18.5%	10,211	13.3%
Associate's degree	19,815,732	8.7%	461,866	7.8%	4,434	5.8%
Bachelor's degree	47,391,673	20.9%	1,366,160	23.1%	23,136	30.1%
Graduate or professional degree	30,359,674	13.4%	1,058,662	17.9%	23,126	30.1%
High school graduate or higher	202,001,294	89.1%	5,393,325	91.1%	72,186	93.8%
Bachelor's degree or higher	77,751,347	34.3%	2,424,822	41.0%	46,262	60.1%

Source: U.S. Census Bureau, ACS 5-year estimate 2018-2022