



Virginia Economic Trends and Labor Outlook

Anna Kovner - 2025 VA Senate Finance and
Appropriations Committee

November 20, 2025



Outlook is Cloudy

- Lack of government data obscures picture
- Structural changes affecting labor demand and supply can obscure business cycle changes

Demand	Supply
<ul style="list-style-type: none">- Labor-saving technological change – process improvement and automation, AI adoption- Changes to Federal government workforce	<ul style="list-style-type: none">- Demographic evolution and baby boom leaving workforce- Immigration

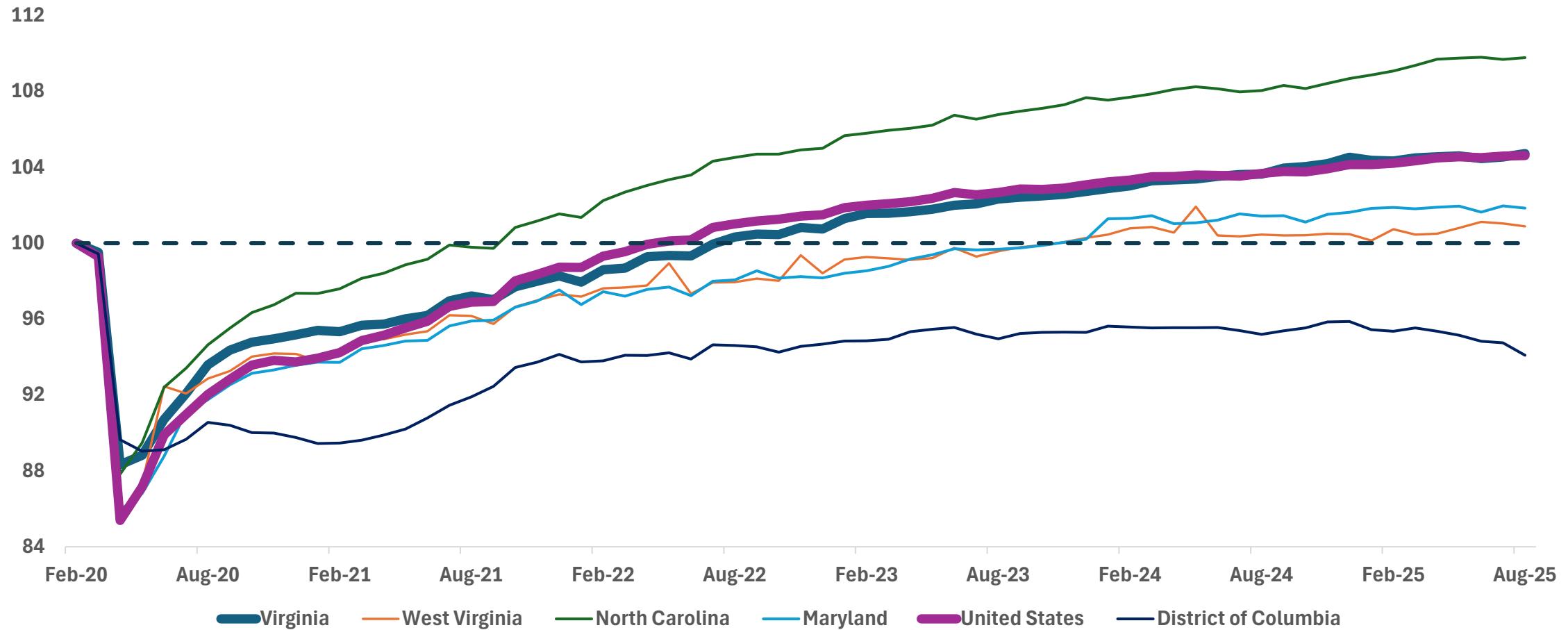
US Economy Has Been Strong but Inflation High

- Unemployment rate has been historically low at 4.3% (VA 3.6%), GDP growth strong – different for different people, businesses and sectors
 - Strong spending by high income homeowners, struggling low /middle income
 - Large businesses have scale to invest and strong profits
- DC metro area weaker than rest of state/country
- Inflation remains above target at 3% CPI over the last 12 months

Cooling Labor Market

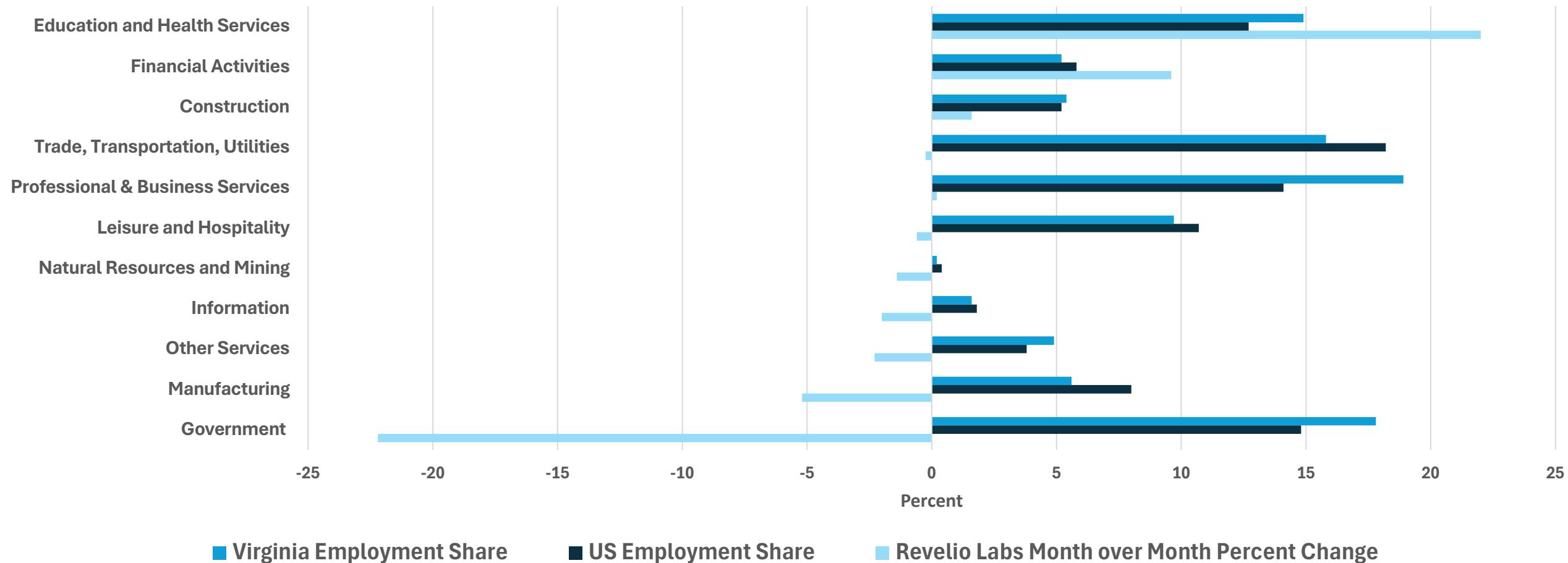
Virginia tracks the U.S.

Total Payroll Employment Index, February 2020 = 100



Tilted towards Professional and Business Services and Government

Employment Shares and Change

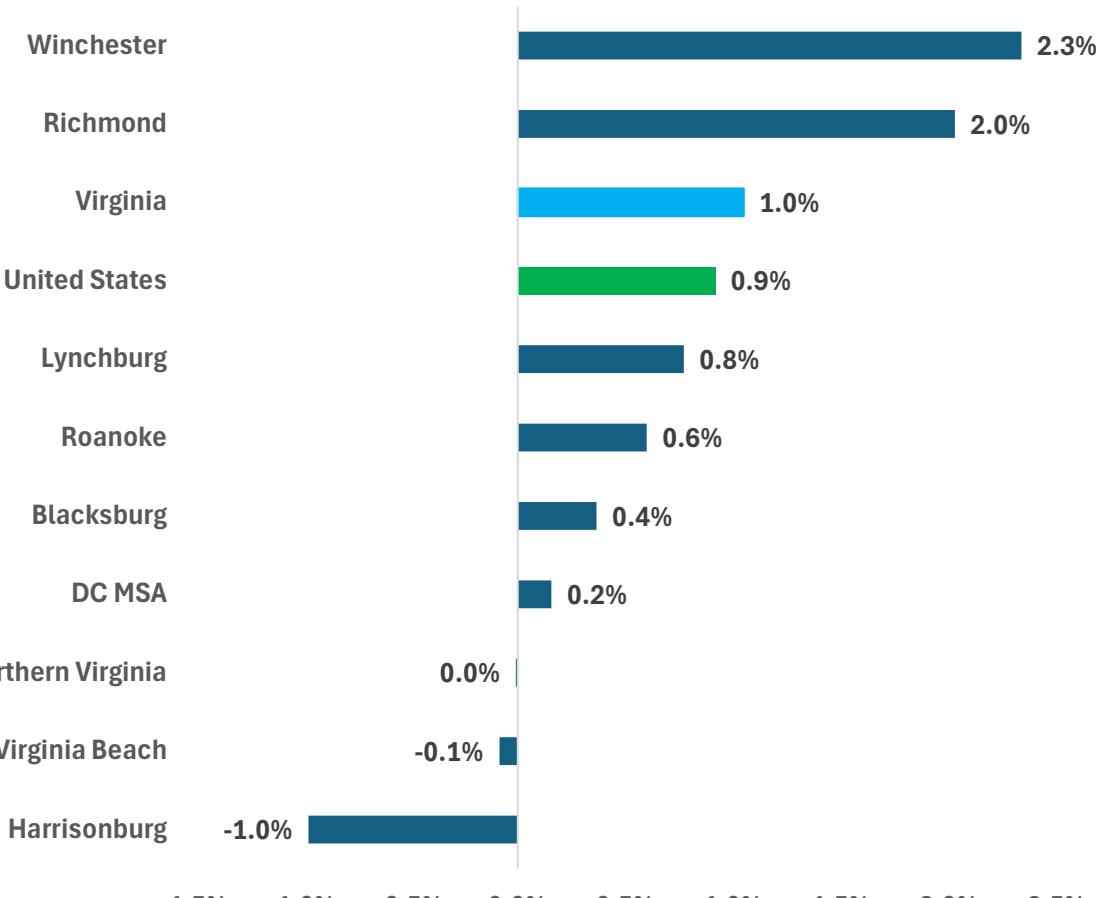


Source: Bureau of Labor Statistics Bureau of Labor Statistics/Haver Analytics (through August 2025) and Revelio Labs (October 2025, change for total US).

Strongest Jobs Growth Away From the Coast

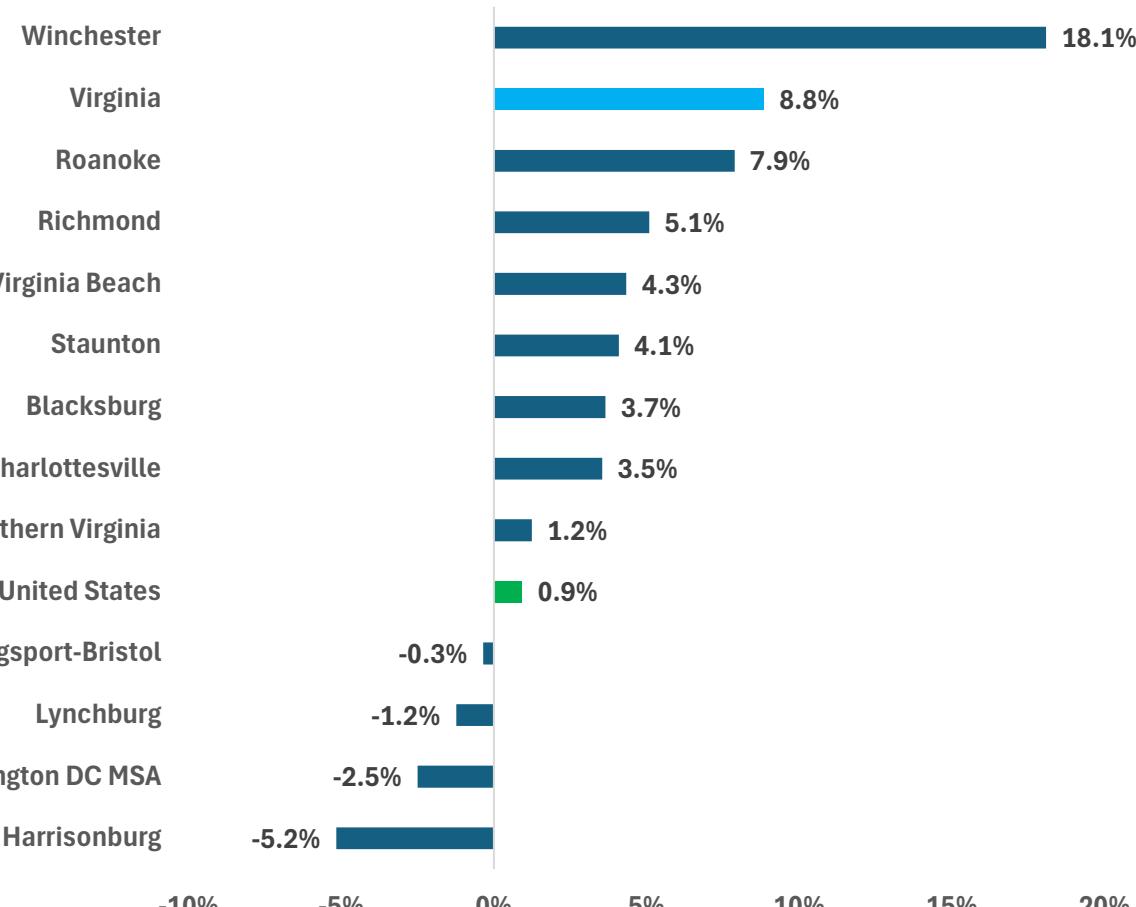
Employment

Percent Change from August 2024 to August 2025



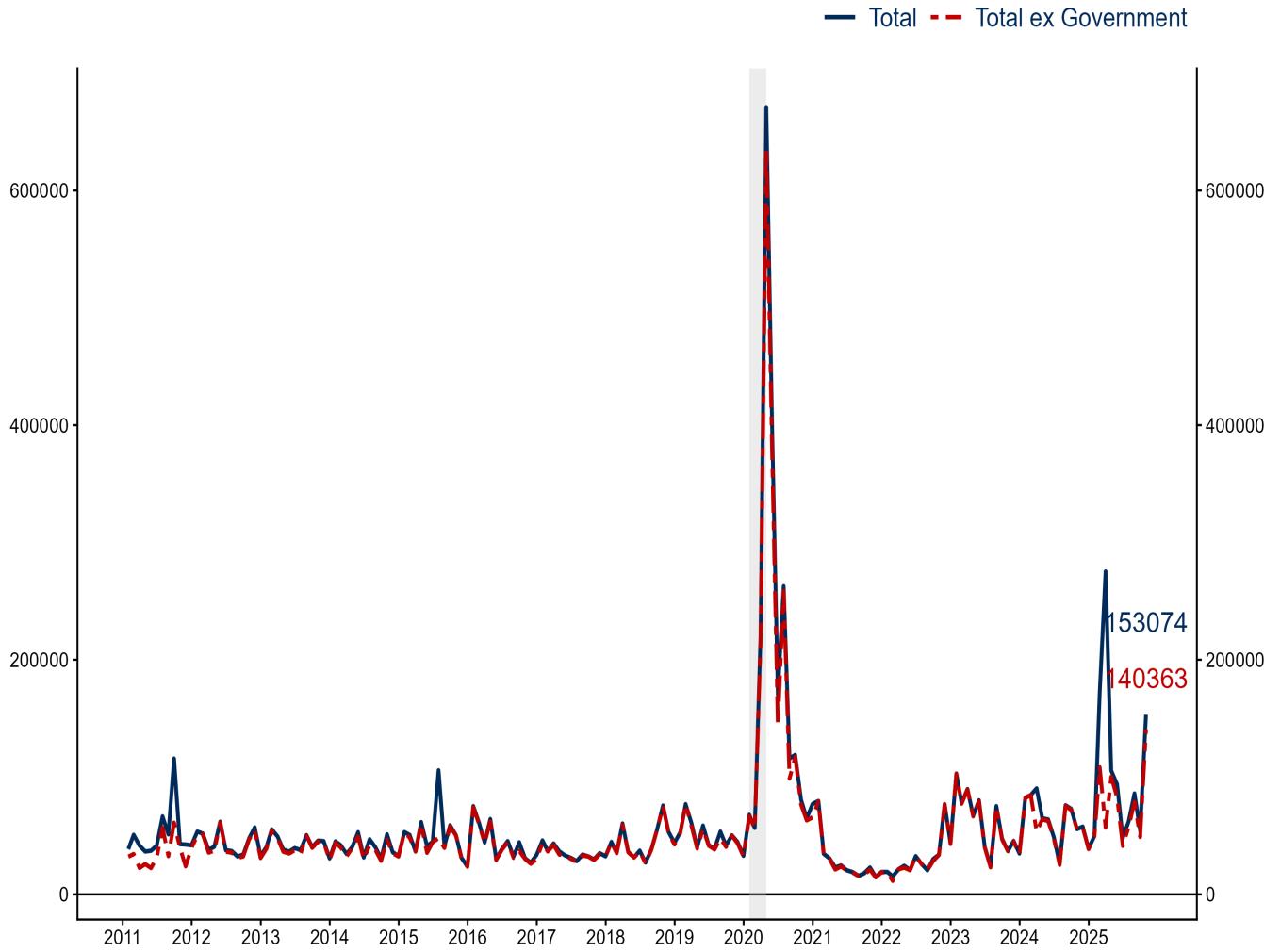
Wages

Percent Change from August 2024 to August 2025



Private Layoff Announcements Increasing

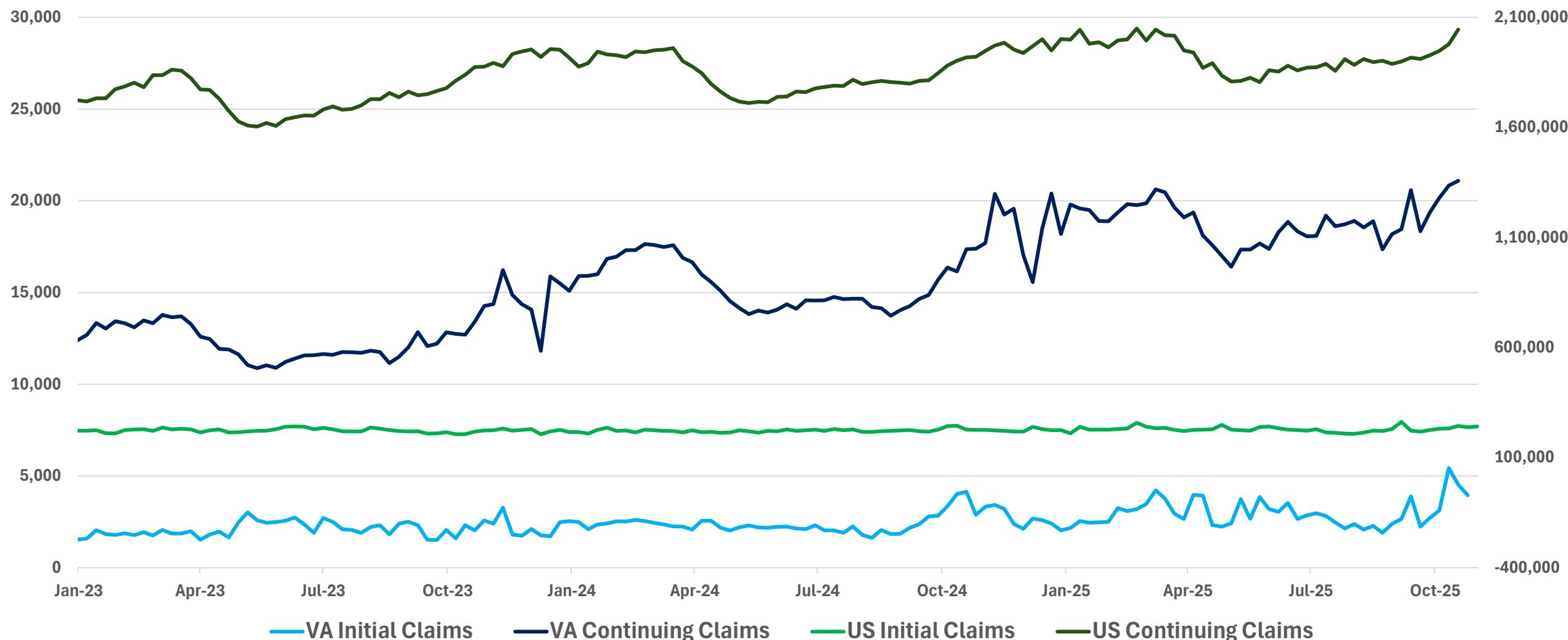
Challenger, Gray, & Christmas: Announced Job Cuts



- Private sector layoffs in the news (UPS, Amazon, Target, American Airlines, Verizon)
- Government cuts are much higher than historical
- Consumer sentiment historically low

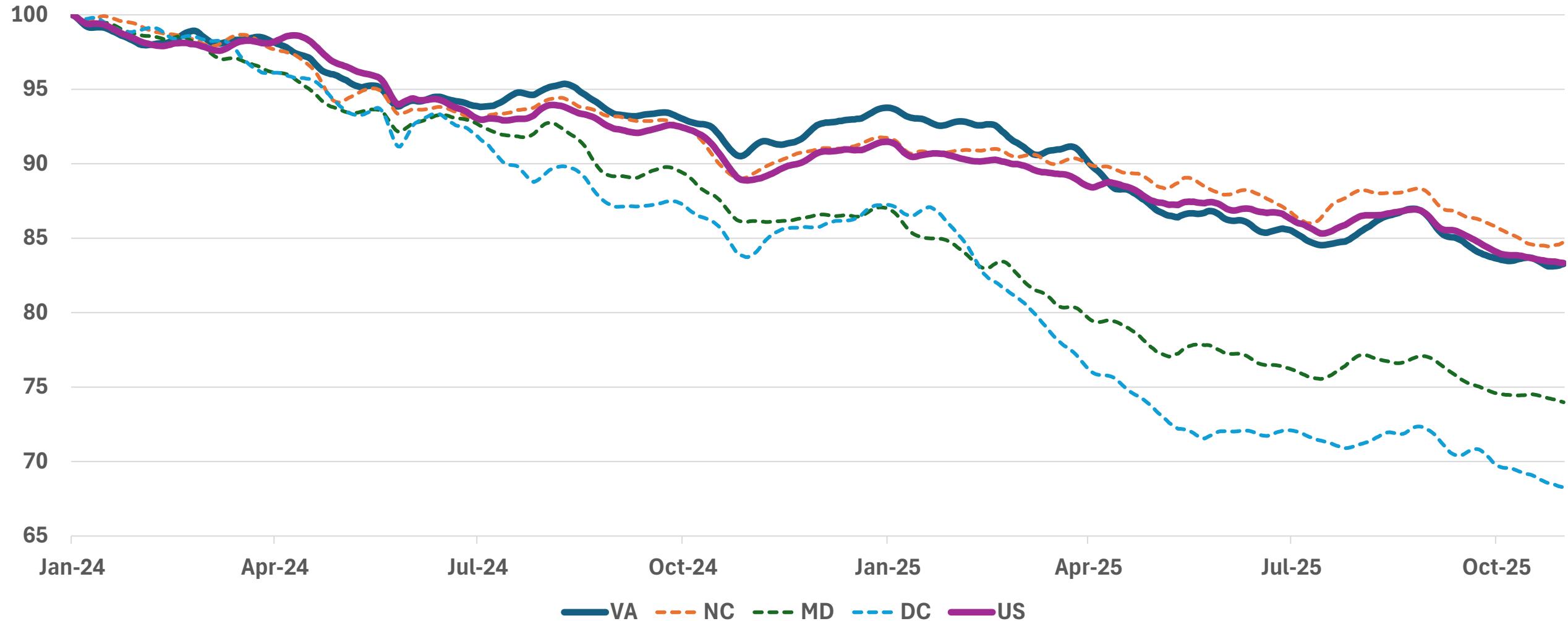
But Initial Unemployment Claims Remain Low

Unemployment Insurance (UI)
Initial and Continuing Claims, 2023-2025



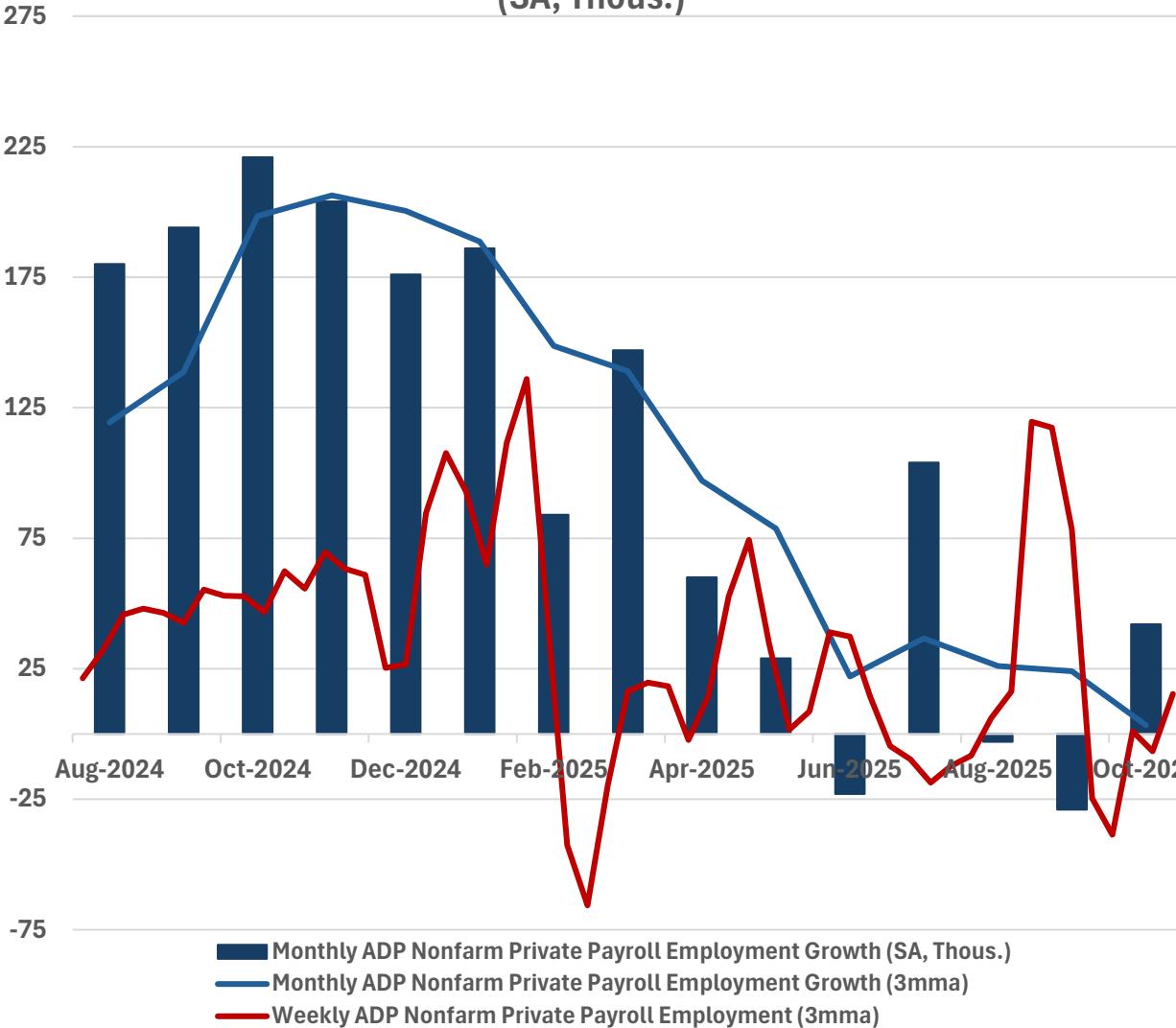
Job Postings are Declining

Job Postings on Indeed, 1 Jan 2024 = 100, 7-Day Moving Average, Seasonally Adjusted

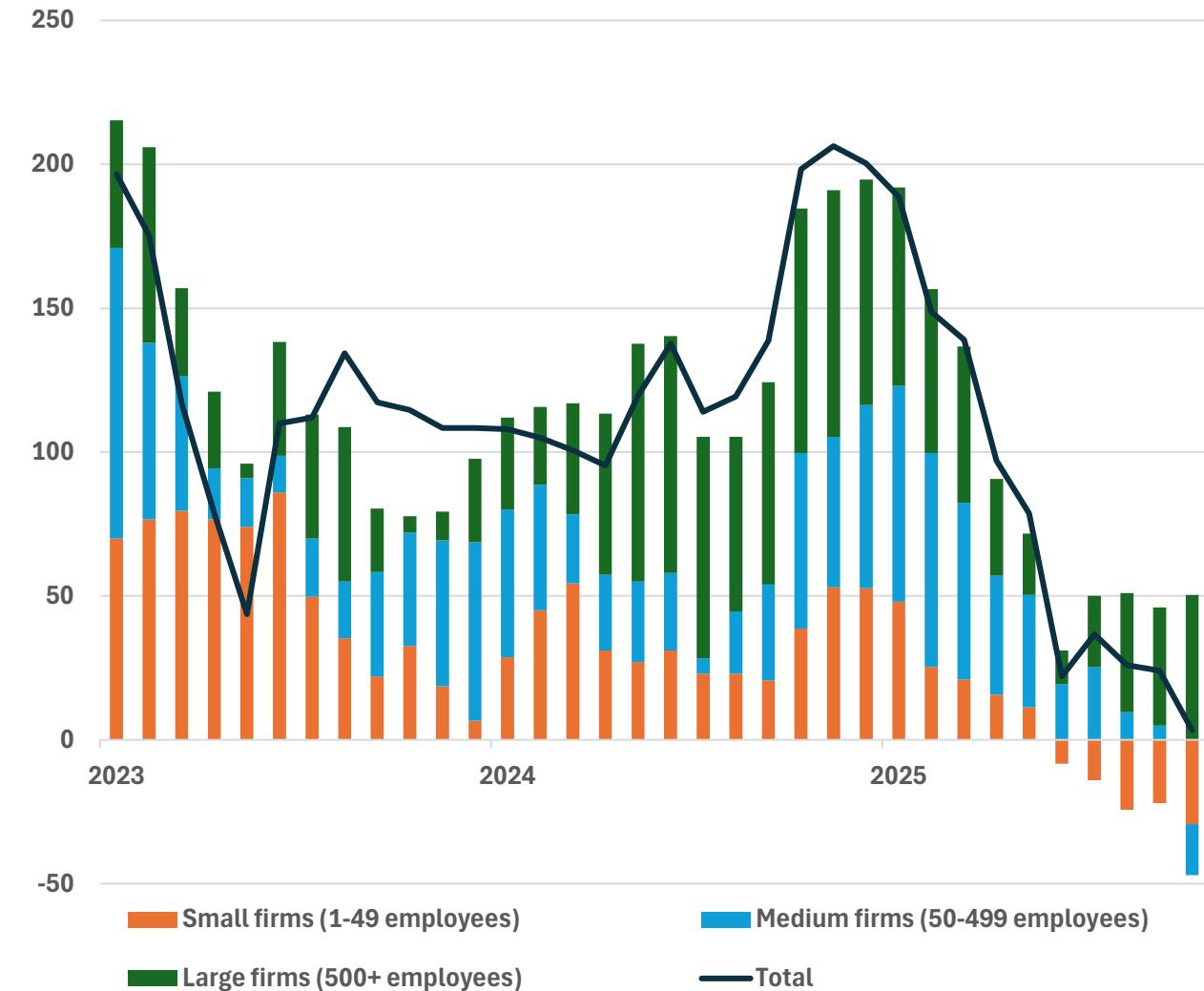


Payroll Data Moving Sideways/Down

Monthly ADP Nonfarm Private Payroll Employment Growth
(SA, Thous.)



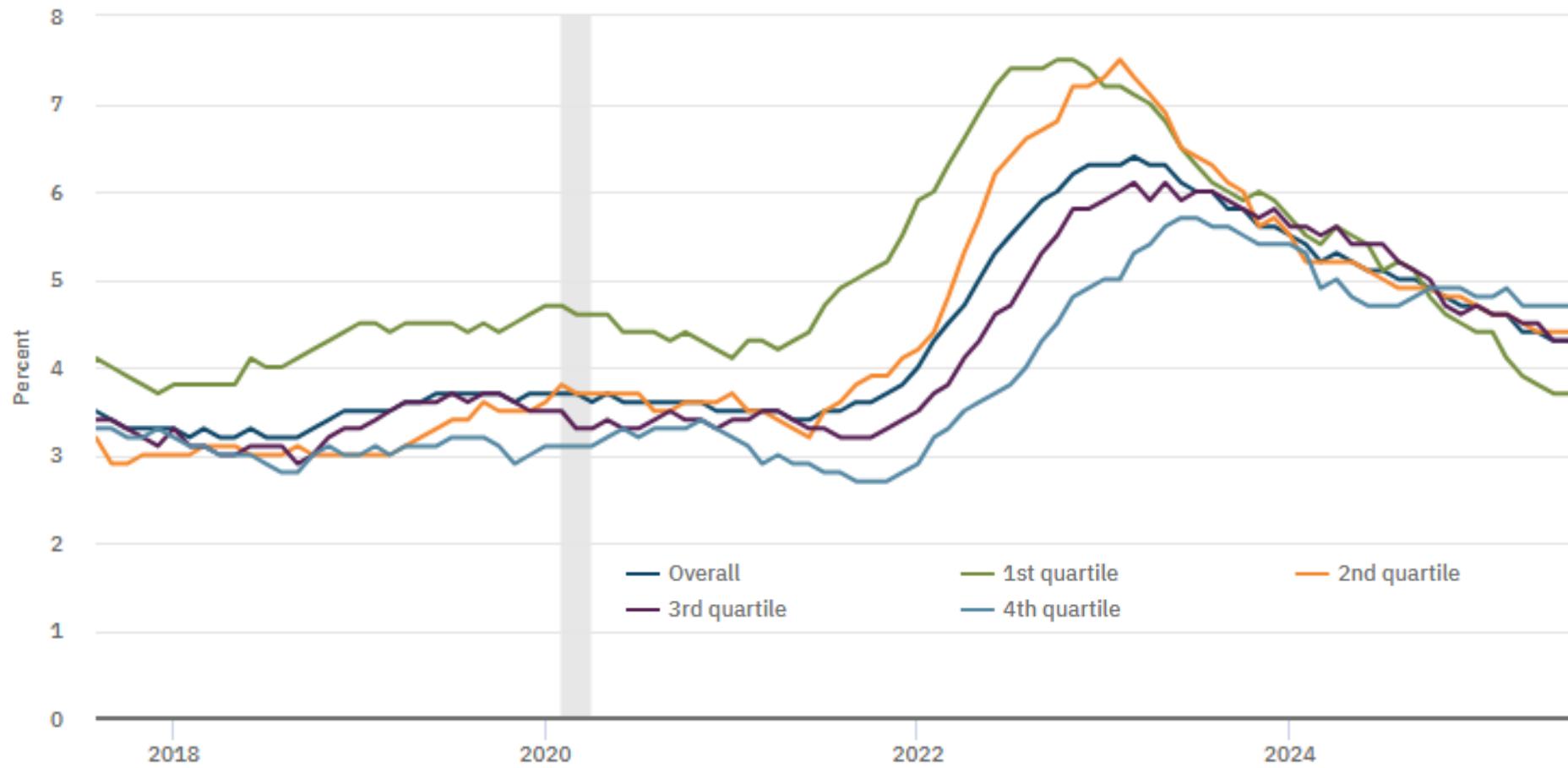
ADP Private Payrolls (3m Avg. Chg. Thous.)



Wage Growth Slowing Especially for Lowest Paid

Wage Growth Tracker by Wage Level

12-month moving average of median wage growth for each category, hourly data

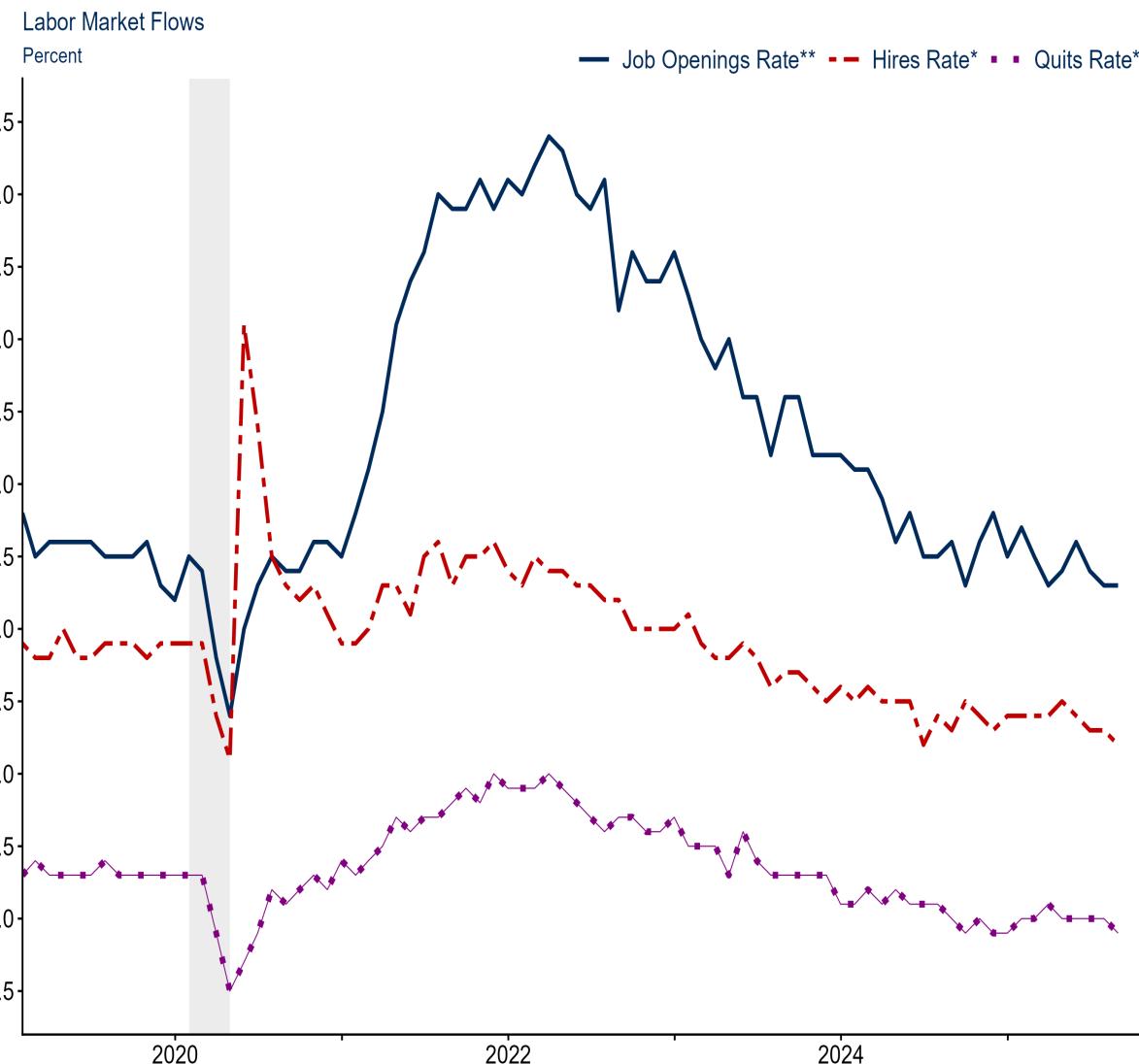


VA Survey Perspective

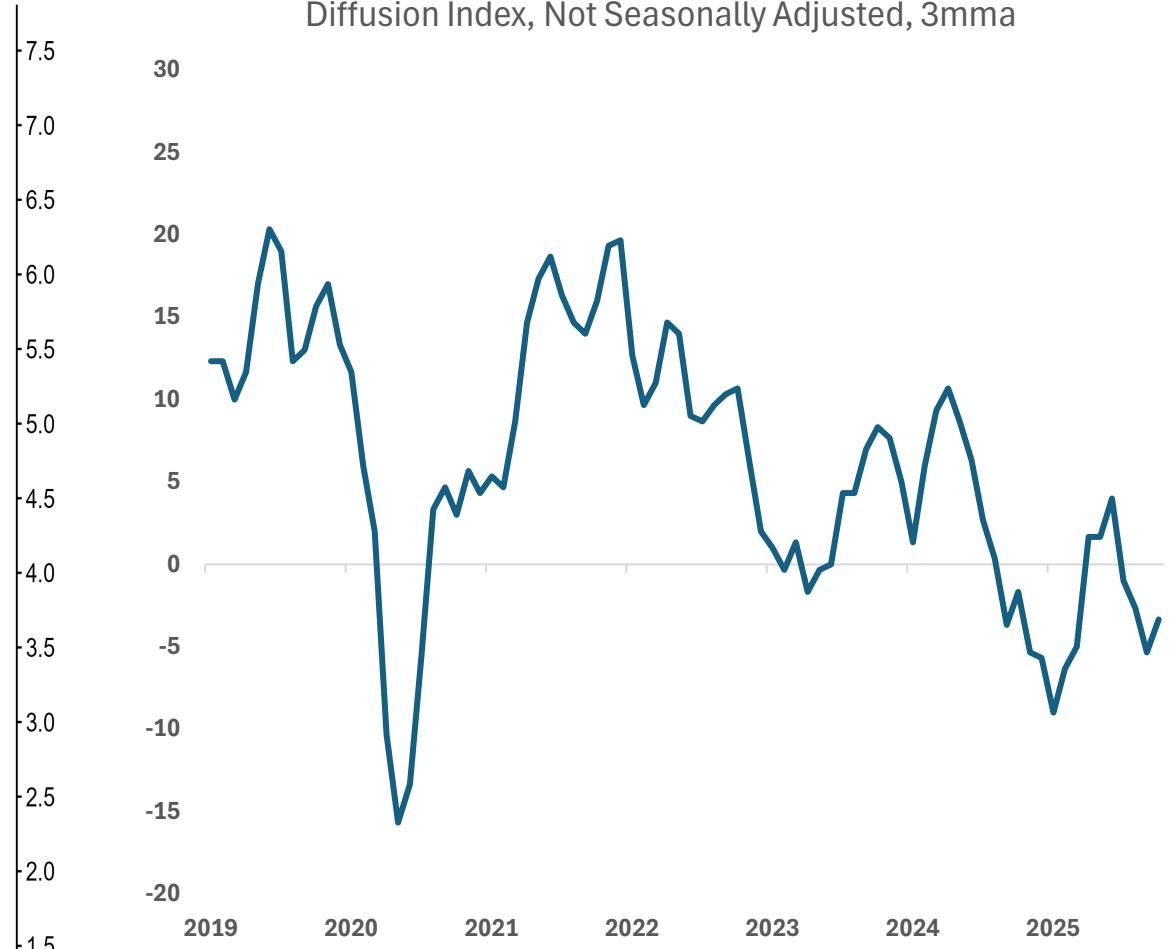
What Businesses are Saying

- New Richmond Fed analysis starting October 2025:
 - Surveys at the state level: [Regional Business Survey Insights | Richmond Fed](#)
 - Qualitative insights after each FOMC: [What Businesses Are Saying: Few Signs of Major Shifts | Richmond Fed](#)
- Economic conditions remained stable
- Demand was okay, but mixed under the surface by geography, sector, and household income.
 - Infrastructure-related sectors, data centers and the Carolinas continuing to impress
 - Agriculture, certain manufacturing (furniture/apparel), and the Washington, D.C., metro area faced challenges.
- Businesses are cautious on hiring and firing, but expect AI to figure in 2026 plans
- Tariffs dominate most cost discussions but also hearing about insurance

Low hiring, low firing

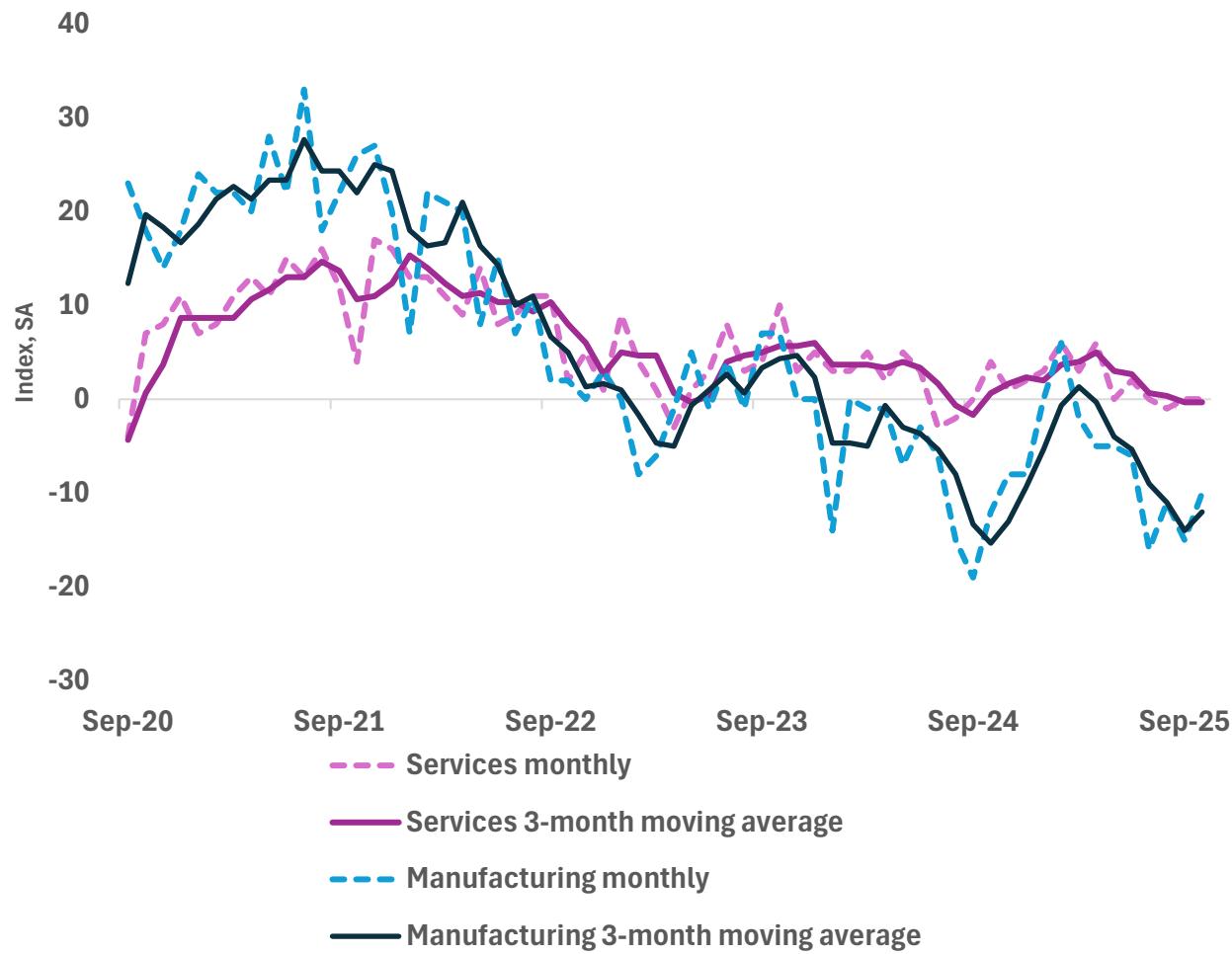


Virginia Survey of Business Activity
Diffusion Index, Not Seasonally Adjusted, 3mma



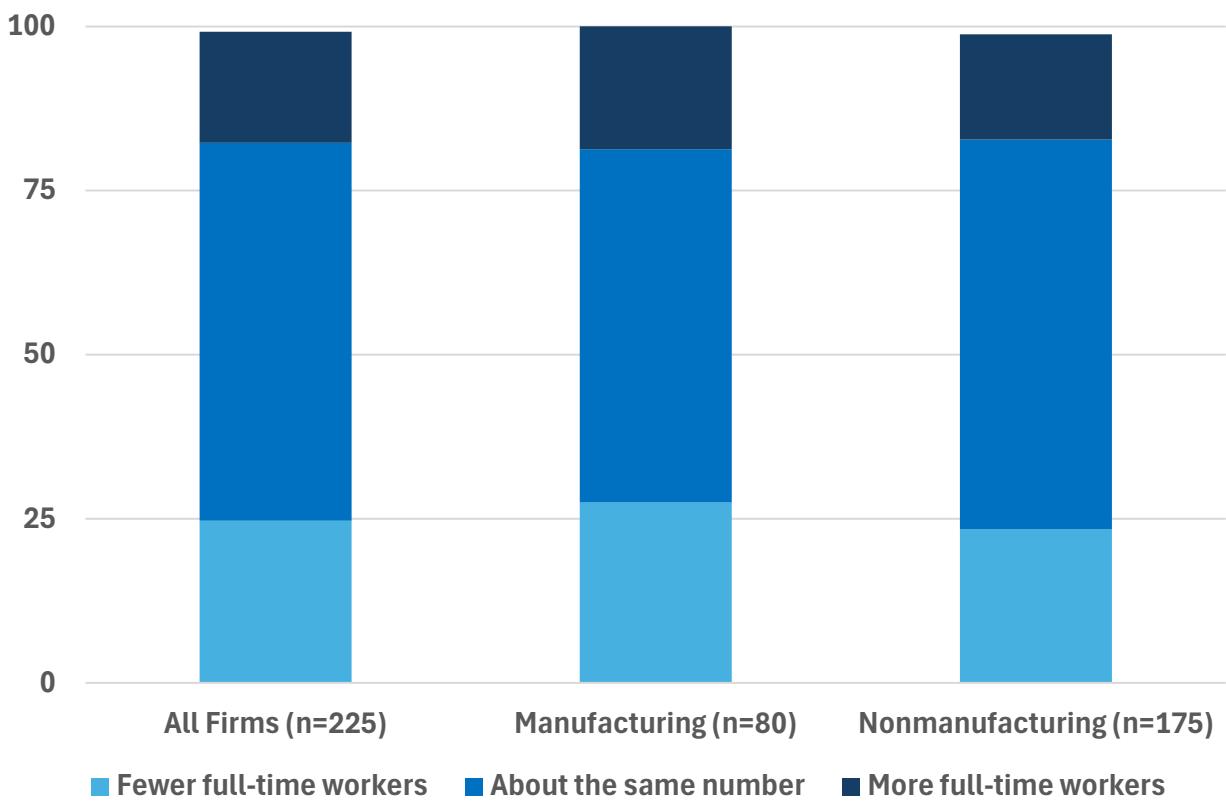
Outlook seems flat

Employment

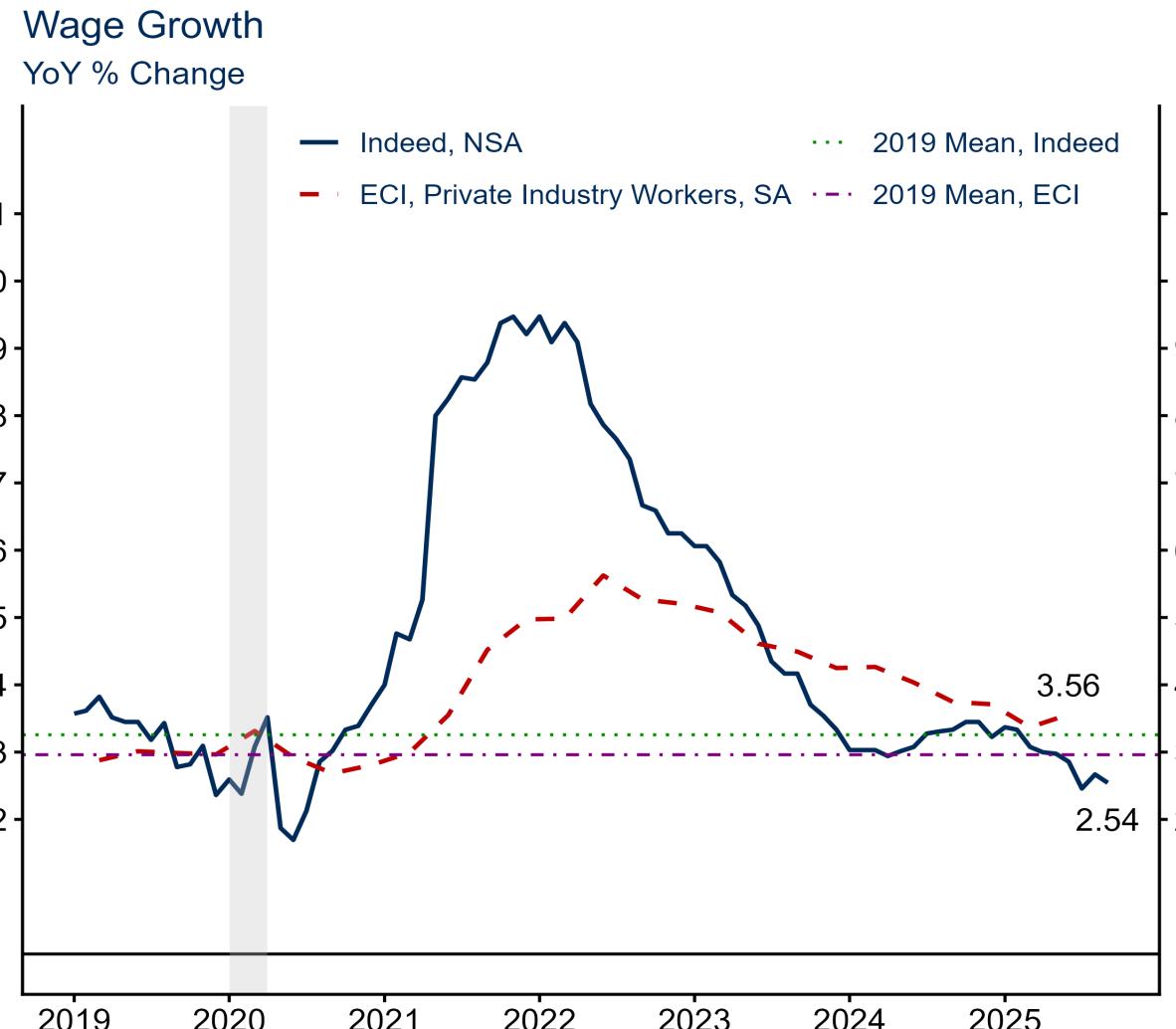


In the next year, do you think your company will have more full-time workers, about the same number of full-time workers, or fewer full-time workers?

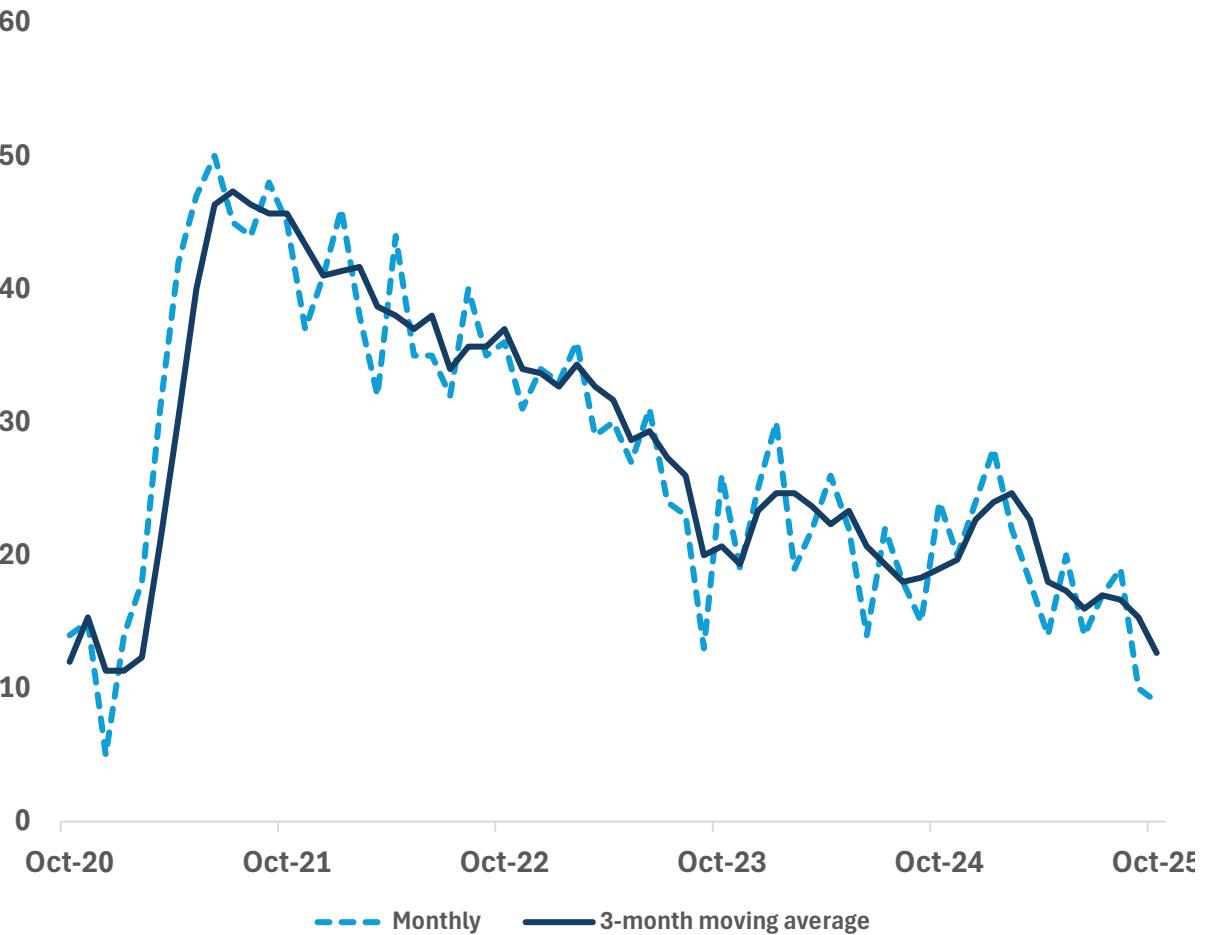
Percent of Firms



No Signs of Reacceleration in Wages



Virginia Wages

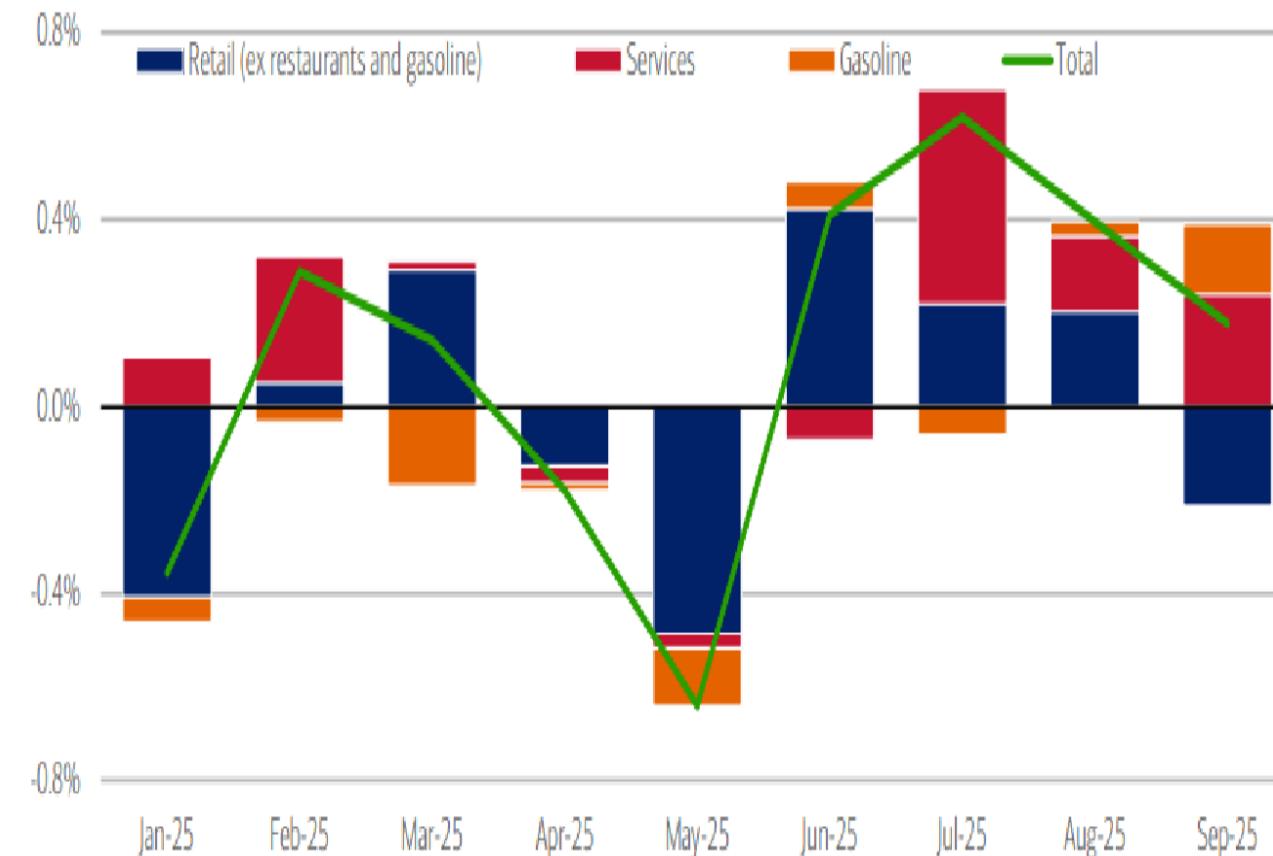


Economic Outlook: As Many Questions As Answers

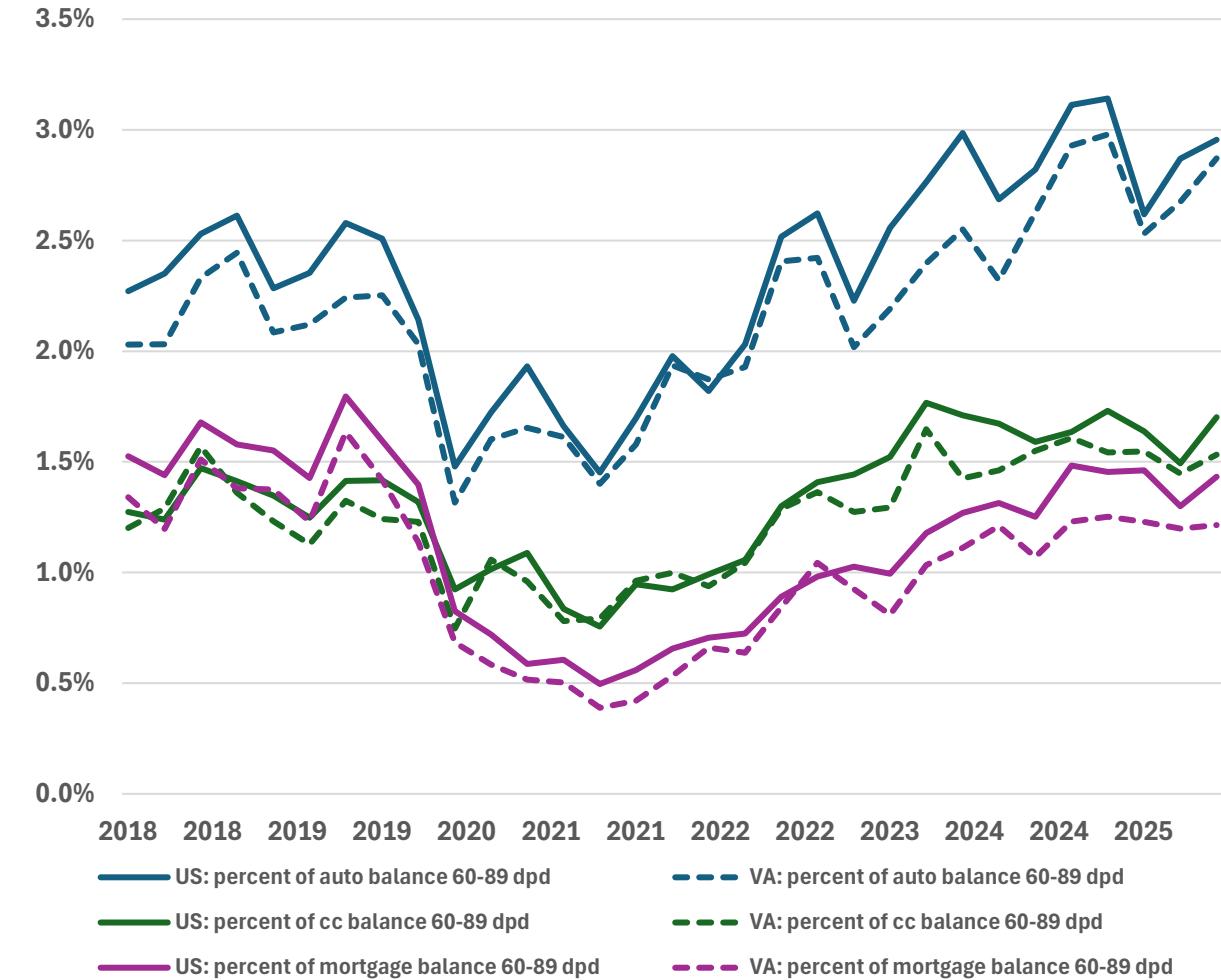
Will Consumers Keep Spending?

Total Card Spending rose 0.2% Month over Month in September with services and gasoline spending driving the increase

Total credit and debit card spending growth per HH, based on Bank of America card data (monthly, MoM%, SA) and contributions to MoM growth from retail, services, and gasoline (pp)



Past Due Rates for US and VA



Home affordability is a US challenge

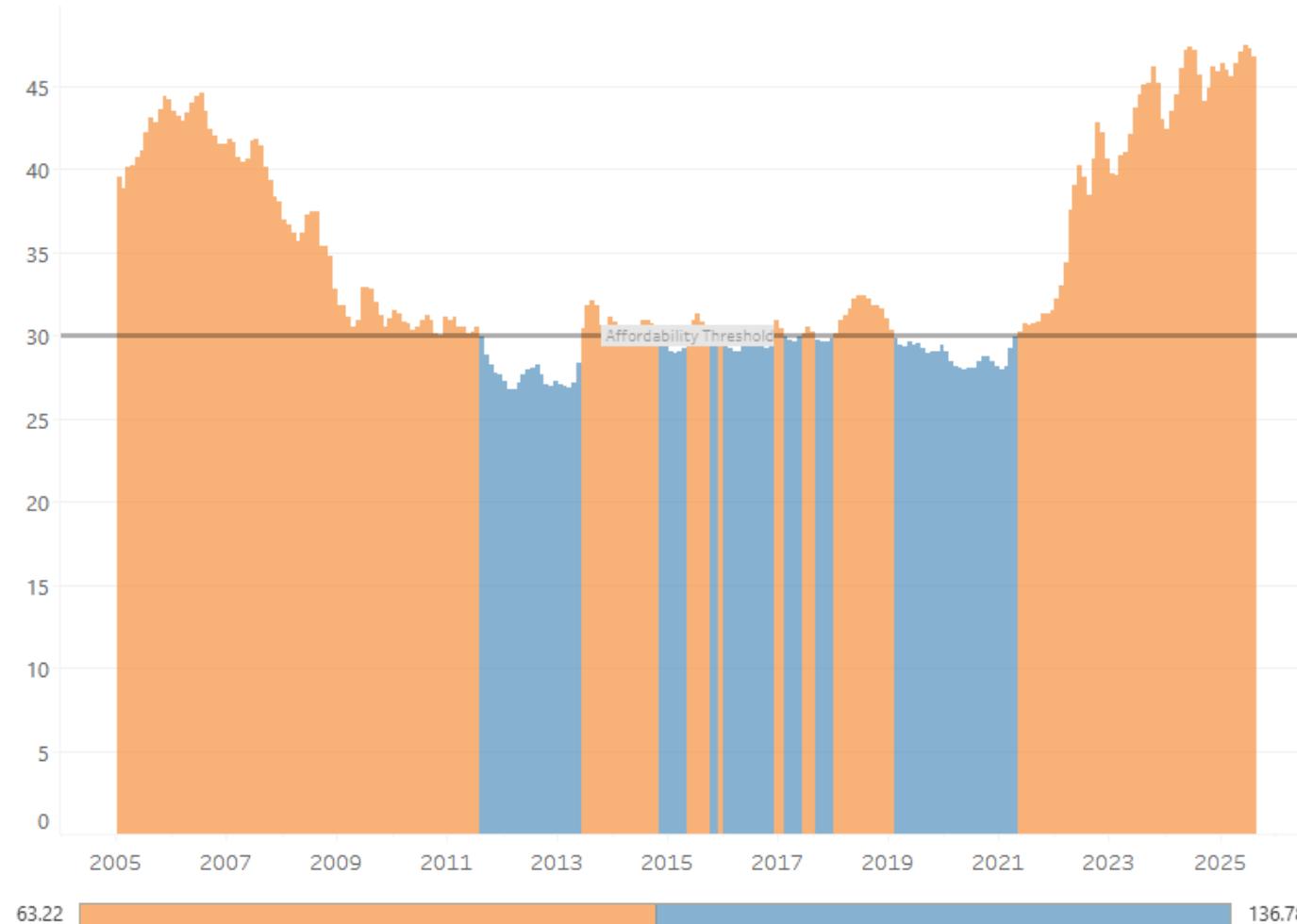
United States

Share of Median Income

(Toggle between Affordability Index & Homeownership Cost as a Percent Share of Median Income)

Share of Median Income Greater than 30% OR Index less than 100 = Unaffordable

Source: Federal Reserve Bank of Atlanta



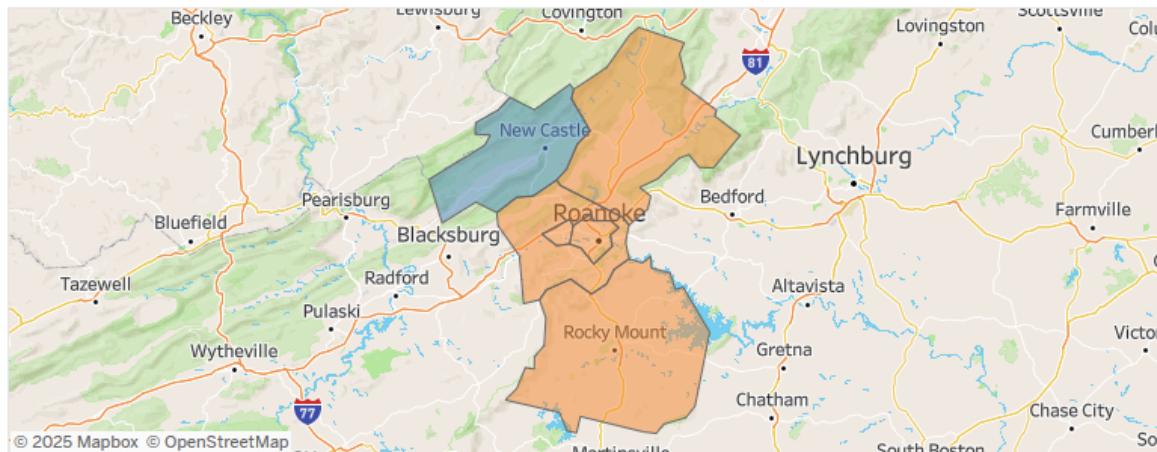
And in Virginia

Roanoke, VA

Homeownership Cost as a Percent Share of Median Income by Metro County

Share Greater than 30% = Unaffordable

Source: Federal Reserve Bank of Atlanta

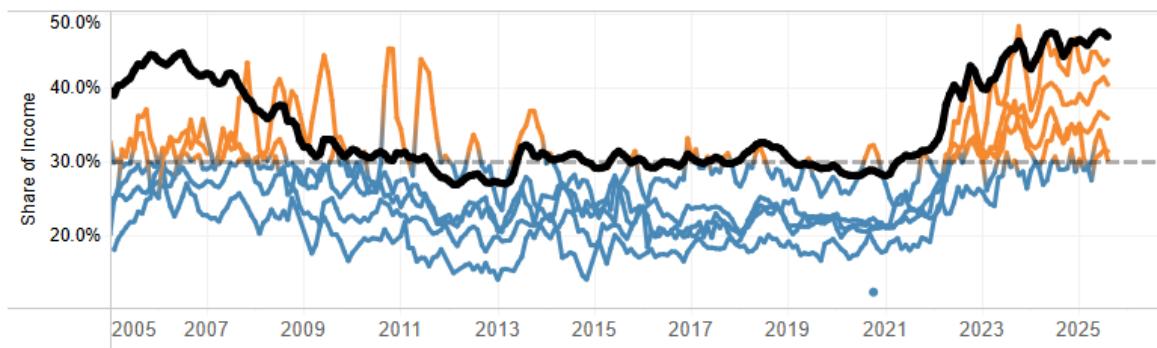


County or Parish - All

Homeownership Cost as a Percent Share of Median Income vs the United States (Black Line)

Share Greater than 30% = Unaffordable

Source: Federal Reserve Bank of Atlanta



Richmond, VA

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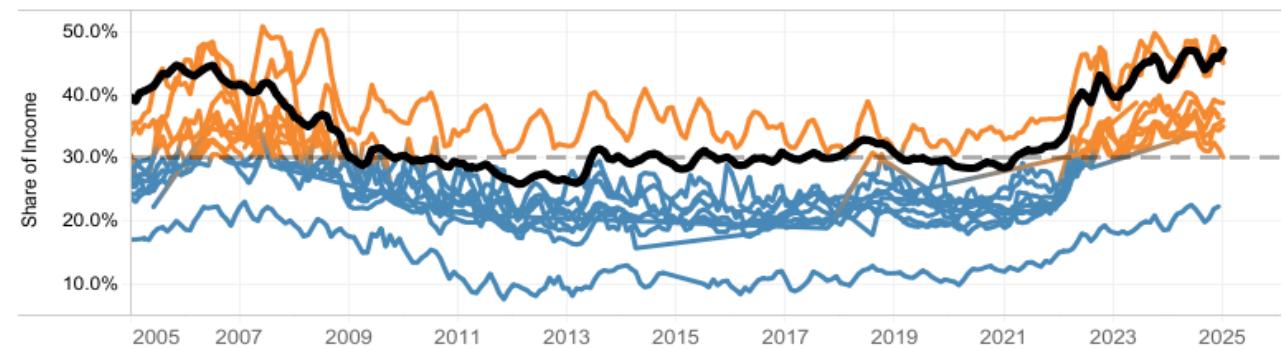


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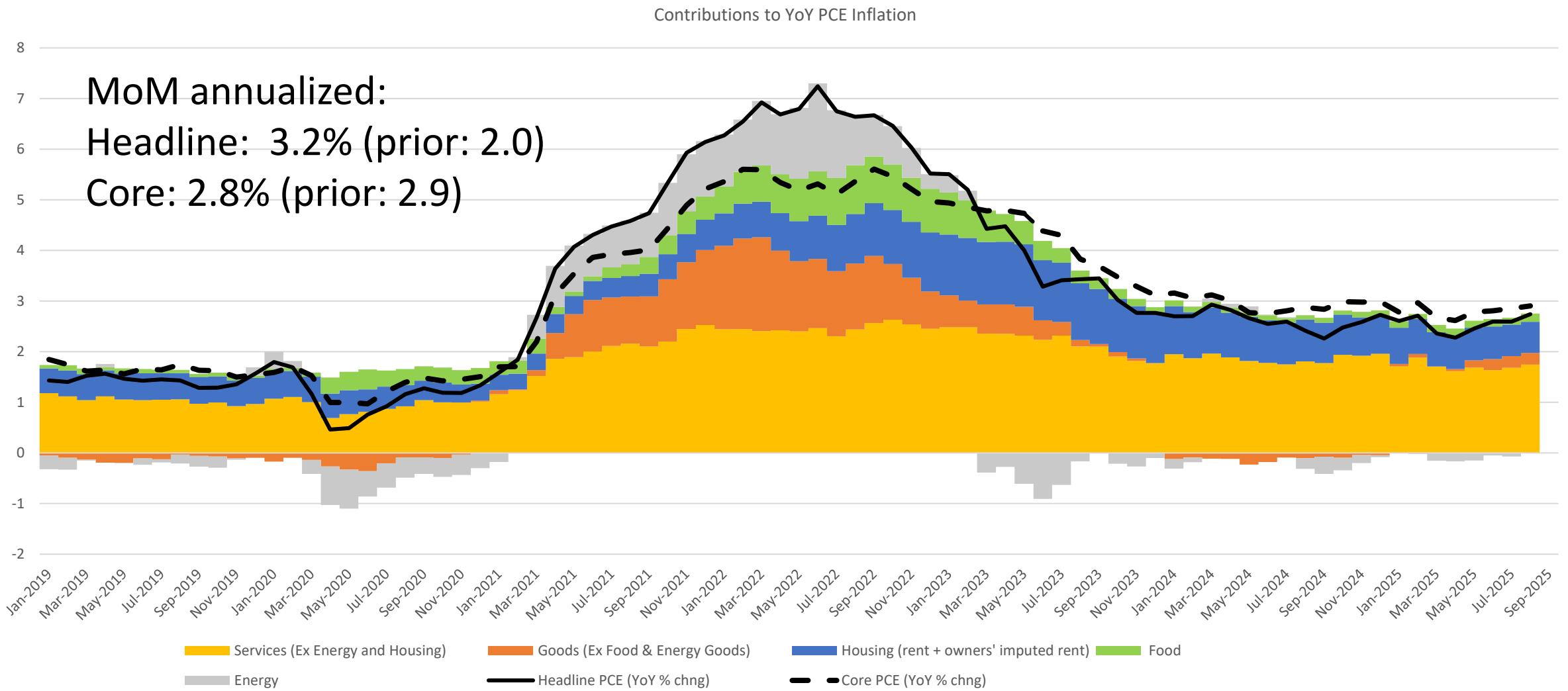
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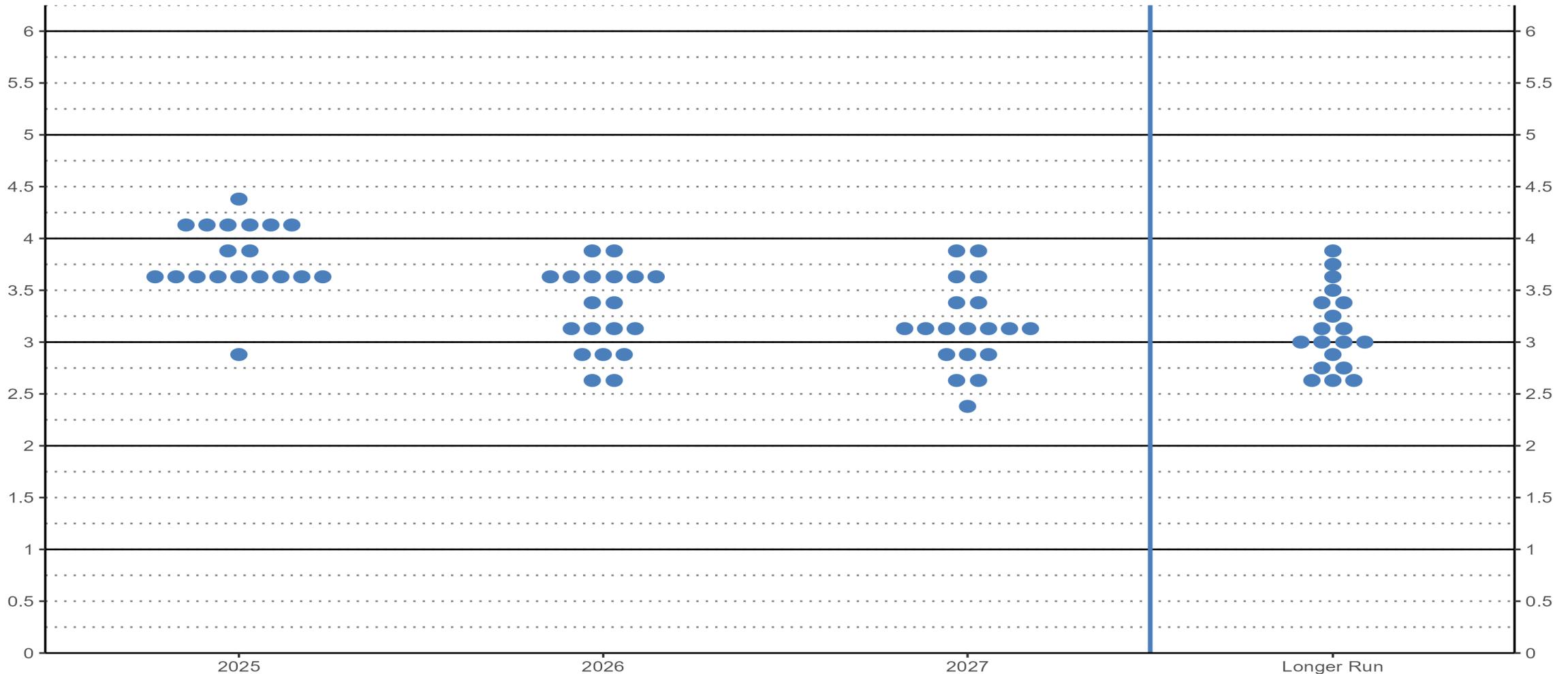


Aug. PCE: Total 2.7%, Core @ 2.9%



September SEP Dot Plot

Summary of Economic Projections: Federal Funds Rate





Thank You!