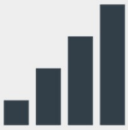
Philadelphia, PA

Headlines

- **Job gains stalled in the Philadelphia area at the end of 2025 but have picked up this year. Employment growth is running close to the national pace.**
- **The unemployment rate has fallen over the past half-year, even as the labor force has expanded, and is now close to the national rate.**
- **The World Cup will support employment over the summer but will have negligible long-run impact.**
- **The housing market remains sturdy, with price growth running ahead of the national average.**
- **Population growth is below the U.S. pace but is above average for the Northeast.**
- **Philadelphia will see steady growth into 2027 with its broad industrial mix and concentration in healthcare, but will lag the rest of the country.**

KEY FACTS

Population: 2.1 mil.
(ranked 40/411 MSAs)
Source: Bureau of Census; Moody's Analytics



GDP: 1.2%
(ranked 325/411 MSAs)
Source: Bureau of Economic Analysis; Moody's Analytics

Job Growth: 0.1%
(ranked 188/411 MSAs)
Source: Bureau of Labor Statistics

HPI Growth: 2.9%
(ranked 174/411 MSAs)
Source: CoreLogic, Inc.; Moody's Analytics

"Philadelphia has a diverse economy with concentrations in professional and business services, travel and tourism, and finance."

Employment was flat in the greater Philadelphia area in 2025 but has moved higher in 2026. Education and health services continue to lead job growth in the region; the industry has added 19,000 jobs since the beginning of 2025, while other industries combined have lost 8,000 jobs, concentrated in no particular industry. The job gains this year are coming primarily in the surrounding counties in Pennsylvania and New Jersey, rather than in the city of Philadelphia. Job growth over the past year in greater Philadelphia is keeping pace with the U.S. and the Mid-Atlantic region but is lagging behind the rest of Pennsylvania.

The unemployment rate of the greater Philadelphia area fell from 4.8% in the fall of 2025 to 4.4% in the spring of 2026 and is now just slightly above the national rate of 4.3%. The decline in the unemployment rate is occurring even as the labor force—the number of people working or looking for work—is expanding, a sign of strength. The drop in the unemployment rate is broad-based, occurring both in the city of Philadelphia and the outlying areas in Pennsylvania, New Jersey, and Delaware. But the unemployment rate is around 5% in the city of Philadelphia and the New Jersey and Delaware portions of the area, but below 4% in the outlying Pennsylvania counties.

Employment in the Delaware Valley will get a boost in mid-2026 from the World Cup; the city is hosting six matches in June and July. But most of the jobs will be temporary and low paying. Philadelphia residents will have modestly higher incomes, providing a temporary boost to consumer spending, but the effects will fade by the end of 2026. The World Cup will do little to boost long-run economic growth in the region.

The Philadelphia housing market has been a source of growth since the pandemic. Residential construction is up over the past couple of years, with gains in both single-family and multifamily building. House price appreciation has been leading the nation. Although affordability is low relative to incomes, homes in the area are less expensive than in other major East Coast metro areas like Boston, New York, and Washington, supporting demand.

Job gains will continue in 2026 and 2027. Philadelphia has a diverse economy with concentrations in professional and business services, travel and tourism, and finance. The area is heavily dependent on education and health services, which accounts for about one-quarter of total employment, and the Delaware Valley also has a strong pharmaceuticals manufacturing industry. Although healthcare-related job growth is likely to soften in the near term after the big gains over the past few years, over the longer run an aging population and government support will sustain demand for health-related industries. The ongoing U.S. expansion will drive gains in industries tied to the national economy. Job growth will remain concentrated in the surrounding areas rather than in Philadelphia proper, in large part because of the city's high taxes. The unemployment rate will stay near its current level at somewhat above 4%.

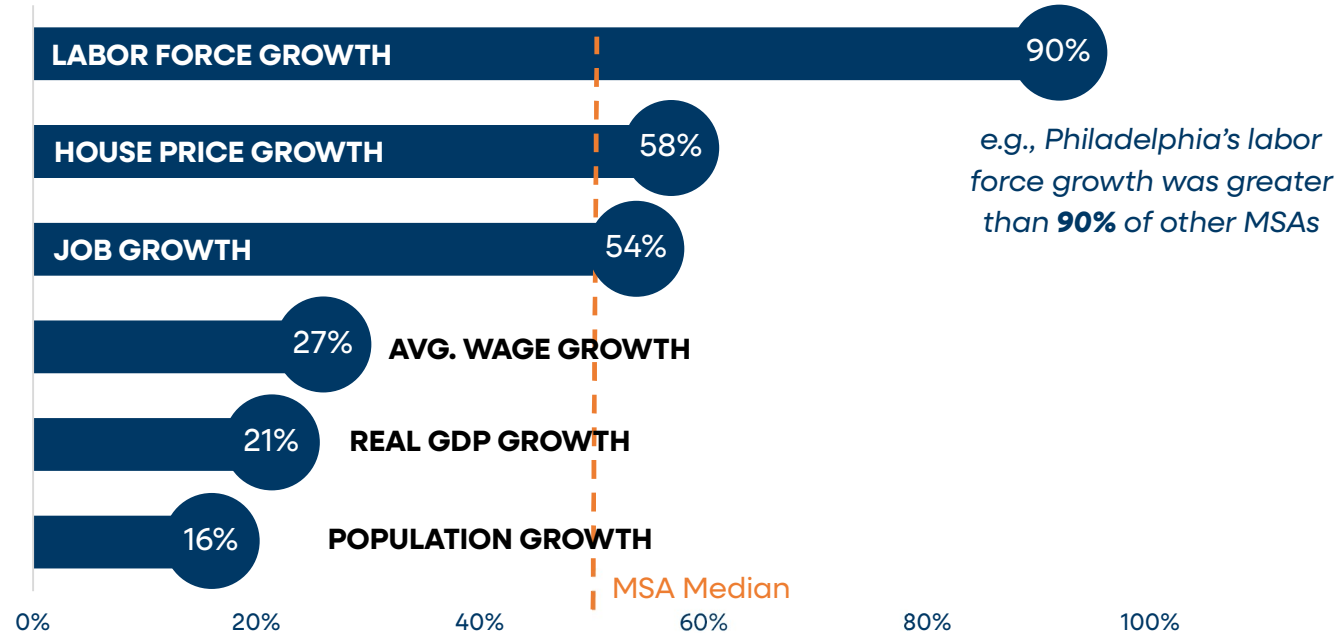
Residential construction will be soft in the near term as high mortgage rates weigh on demand for new single-family homes. At the same time, multifamily building will decline in 2027 as the market adjusts to the increase in supply over the past few years. A shortage of residential construction workers due to reduced immigration will also limit supply growth in the near term. Single-family house price growth should continue to run above the national rate given limited construction and the area's more affordable housing given its location on the East Coast.

Still, population growth in the Philadelphia area will run below the national average over the longer run. Net domestic migration has been negative in recent years; more native-born residents have been leaving greater Philadelphia in recent years than moving into the area. Foreign migration has been offsetting this, but that source of residents has softened since 2025 due to lower levels of immigration and increased

deportations. Population gains will continue, but at a slower pace than in the past. Philadelphia will continue to lead the Mid-Atlantic region, however, due to less expensive housing compared to peer metros. Population gains will be concentrated in outlying areas as opposed to the city of Philadelphia as high taxes encourage movement to the suburbs.

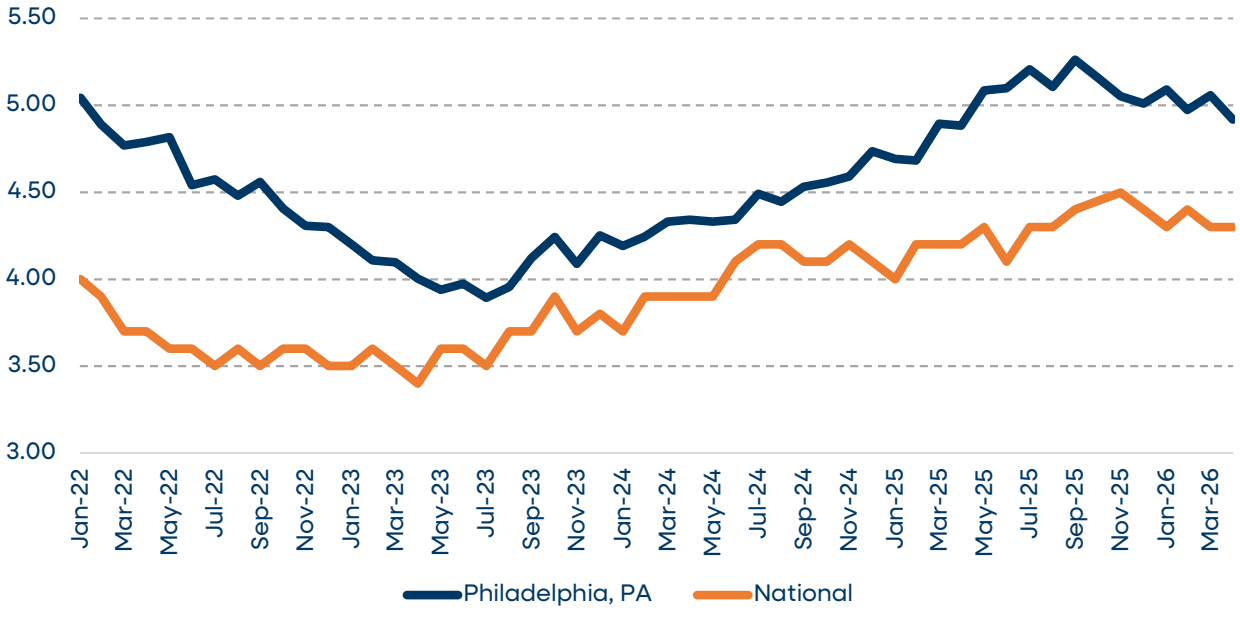
Key Charts and Figures

Figure 1: Key Metric Percentiles – Philadelphia, PA vs. the Rest of the Country



Sources: Bureau of Economic Analysis; Moody's; Bureau of Labor Statistics; CoreLogic, Inc.; U.S. Census Bureau

Figure 2: Unemployment Rate: Philadelphia, PA vs. National Average*



Sources: Bureau of Labor Statistics

*The October 2025 unemployment rates are an approximation. The official figures were not published due to the federal government shutdown during that month.

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