REGIONAL COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

CLIMATE ENERGY AND ENVIRONMENT POLICY COMMITTEE

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Metropolitan Washington
Council of Governments

A Regional Strategy for a Changing Economy

The region is facing new and unprecedented economic conditions.

These challenges cross jurisdictional boundaries – residents, workers, visitors and businesses experience the region as an interconnected place and economy.

We need coordinated solutions.

A shared economic framework can align jobs, businesses, infrastructure, energy and land use so that the region can respond collectively, grow inclusively, compete effectively and build long-term resilience.

Regional Economy: Competitive Advantages

1. **COG region is one of the largest regional economies in America.**
   With a real GDP of roughly **$583 billion** (2024), the region is in **7th place** amongst metropolitan areas in the US and **14th** when compared to states.

2. **Professional and business services employ more than three-quarters of a million workers.**
   The metro area has roughly **781,300 professional and business service jobs**, reflecting its concentration of consulting, law, lobbying, accounting, cybersecurity, AI, and government-adjacent industries.

3. **Government remains a crucial anchor.**
   Despite downsizing, there are still **314,000 federal jobs** (as of July, 2026)**,** each supporting approximately 1.5 to 2.5 additional jobs through contracting and household spending. The entire government sector (including local and state) accounts for a fifth of the region's workforce.

4. **The region is extraordinarily educated.**
   More than half of adults over 25 hold a bachelor's degree or higher, and about a quarter hold graduate or professional degrees—among the highest educational attainment rates in the nation.

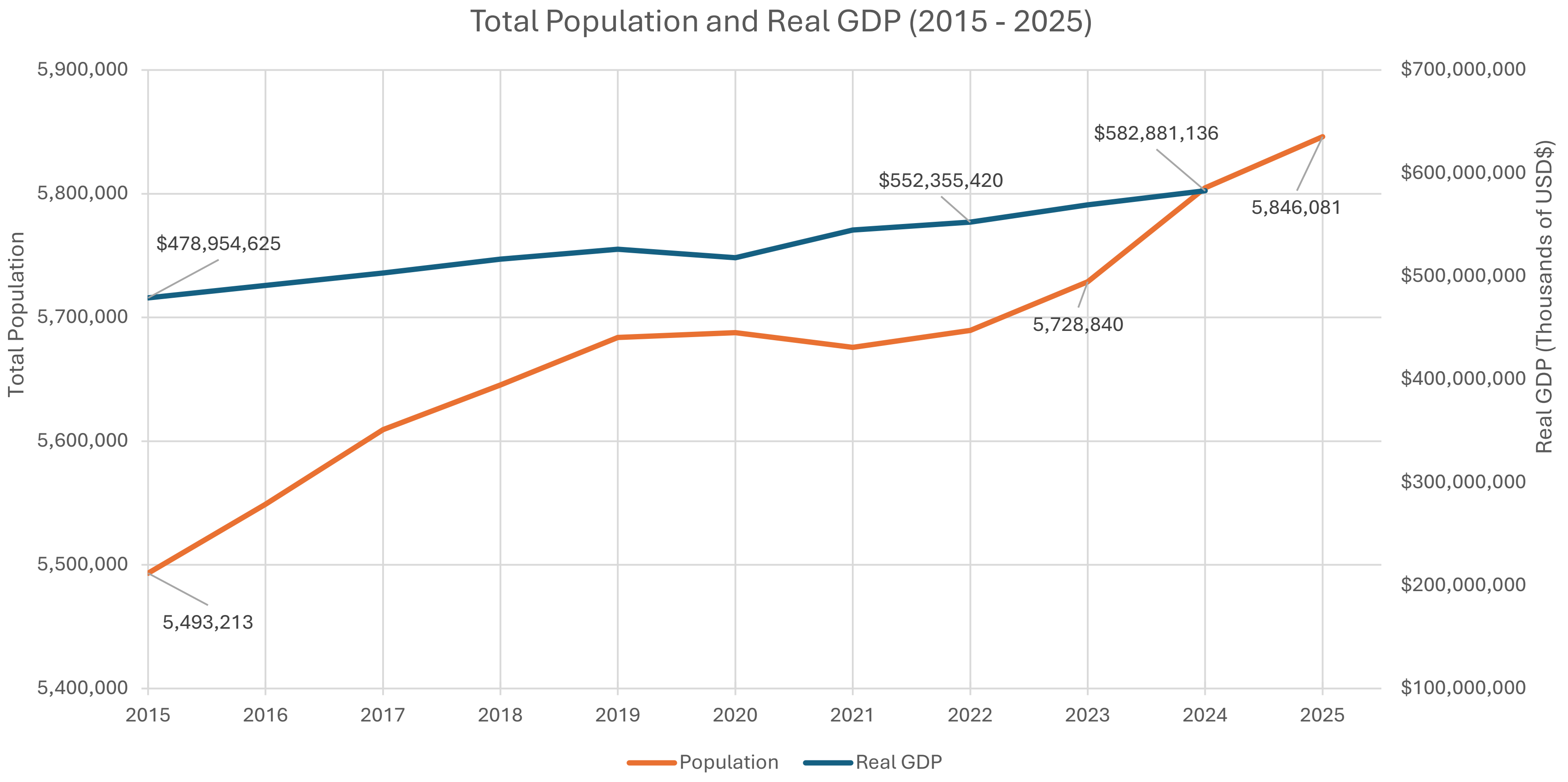
Regional Economy: Competitive Advantages (cont'd)

5. **Hub for innovation.**
   The region produces more than 2,300 patents annually, with federal laboratories, universities, biotechnology firms, and defense-related research contributing heavily to innovation.

6. **Hospitality, tourism and entertainment is one of the region's largest sectors**
   Tourism spending is estimated at more than $15 billion and supports **315,500** jobs. There were over **27 million** visitors to DC in 2024, up 5% from 2023.

7. **People connect to jobs via a strong transportation network.**
   The region is well connected by multiple transportation options including public transit. Commuting patterns have mostly returned to pre-pandemic levels with **28%** of weekly commute trips made by public transportation, biking, walking or carpool. Between 2022 and 2025, commuter satisfaction increased by **16%.**

Population and GDP Growth Rebounded Post-Pandemic, Although Beginning to Flatten



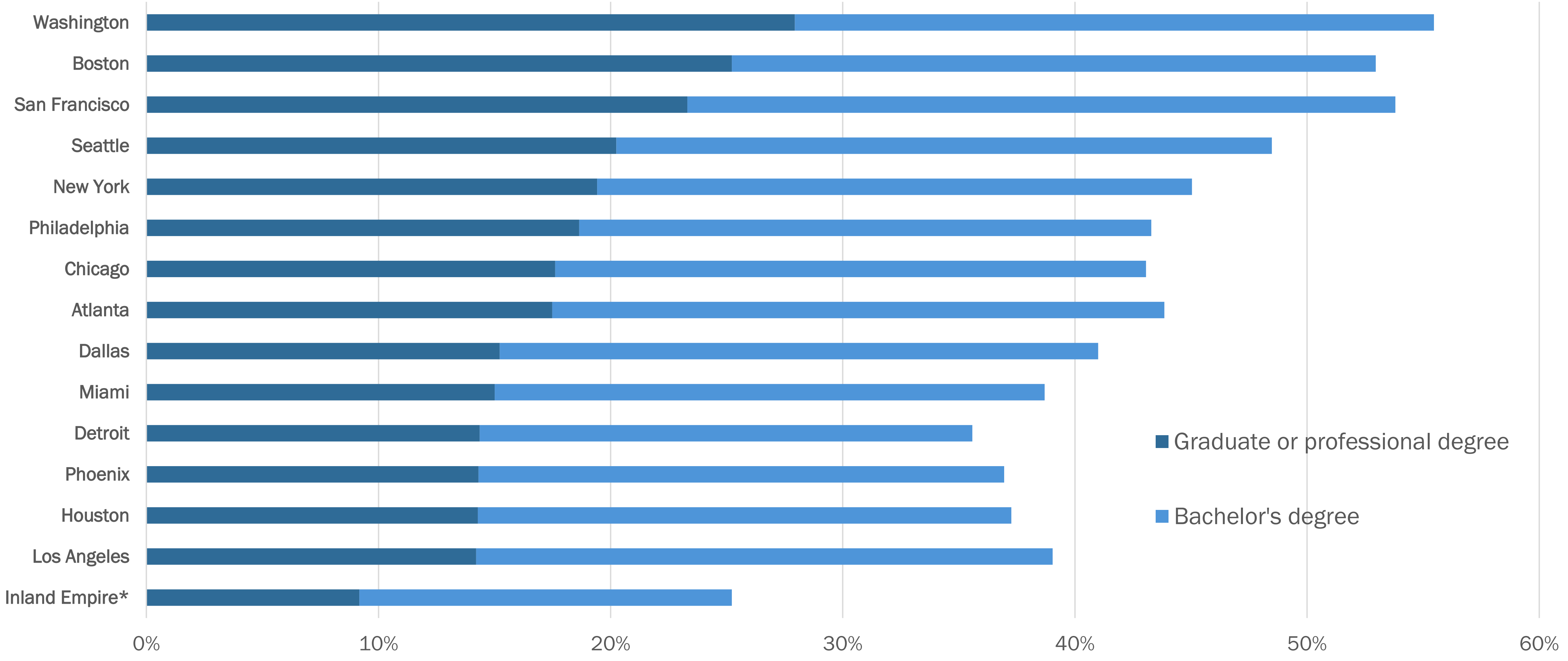
Source: Bureau of Economic Analysis, Gross Domestic Product (GDP) is in thousands of real dollars. Last Updated: February 5, 2026.

COG Region Total Jobs by Sector/Industry

	Washington MSA At-Place Employment		National At-Place Employment		Location Quotient (LQ)
	Number	Percent	Number	Percent	
Manufacturing	56,200	1.7%	12,694,000	7.9%	0.21
Mining, Logging, & Construction	172,700	5.2%	9,151,000	5.6%	0.93
Trade, Transportation, & Utilities	401,700	12.1%	28,652,000	18.0%	0.67
[Retail]	253,700	7.6%	15,450,500	9.7%	0.79
Information	78,500	2.4%	2,788,000	1.7%	1.36
Financial Activites	154,200	4.6%	9,149,000	5.7%	0.81
Professional & Business Services	781,300	23.5%	22,647,000	14.2%	1.66
Educational & Health Services	491,100	14.8%	27,666,000	17.6%	0.84
Leisure & Hospitality	340,600	10.2%	17,676,000	10.6%	0.96
[Accommodation and Food Service	280,900	8.4%	14,686,600	9.0%	0.94
Other Services	179,200	5.4%	6,113,000	3.8%	1.42
[Local]	261,500	7.9%	14,686,600	9.7%	0.82
[State]	94,400	2.8%	5,121,000	3.5%	0.79
[Federal]	314,000	9.4%	2,687,000	1.7%	5.58
Government	669,900	20.1%	22,113,000	14.9%	1.35
Total	**3,325,400**	**100.0%**	**158,695,000**	**100.0%**	

Sources: July 2026, Preliminary data from the Bureau of Labor Statistics, Not Seasonally Adjusted.

Higher Educational Attainment in 15 Largest Metro Areas



Source: U.S. Census, 2024 ACS 1-Year Estimates

*Inland Empire consists of Riverside and San Bernardino Counties in CA

Regional Economy: Challenges

1. **Economic growth is slowing and population growth is limited.**
   Over the last 5 years, economic growth (real GDP) for the COG region has been lagging at 7.13% compared to peer average growth of 13%. The region's population (Census Population Estimates Program) has only grown by about 160,000 people or 1 percent between July 2020 and July 2025.

2. **Significant employment decline among major metros.**
   Between January 2025 and January 2026, the region experienced a significant decrease of 103,700 total jobs.

3. **Overreliance on federal government means impacts are rippling through regional economy.**
   As of July 2026, there are 314,000 Federal government sector jobs, a decrease of 61,800 from January 2025 when it was 375,800. Reductions in the federal workforce and spending are having outsized effects on employment and business activity across many sectors, as well as on real estate and consumer spending.

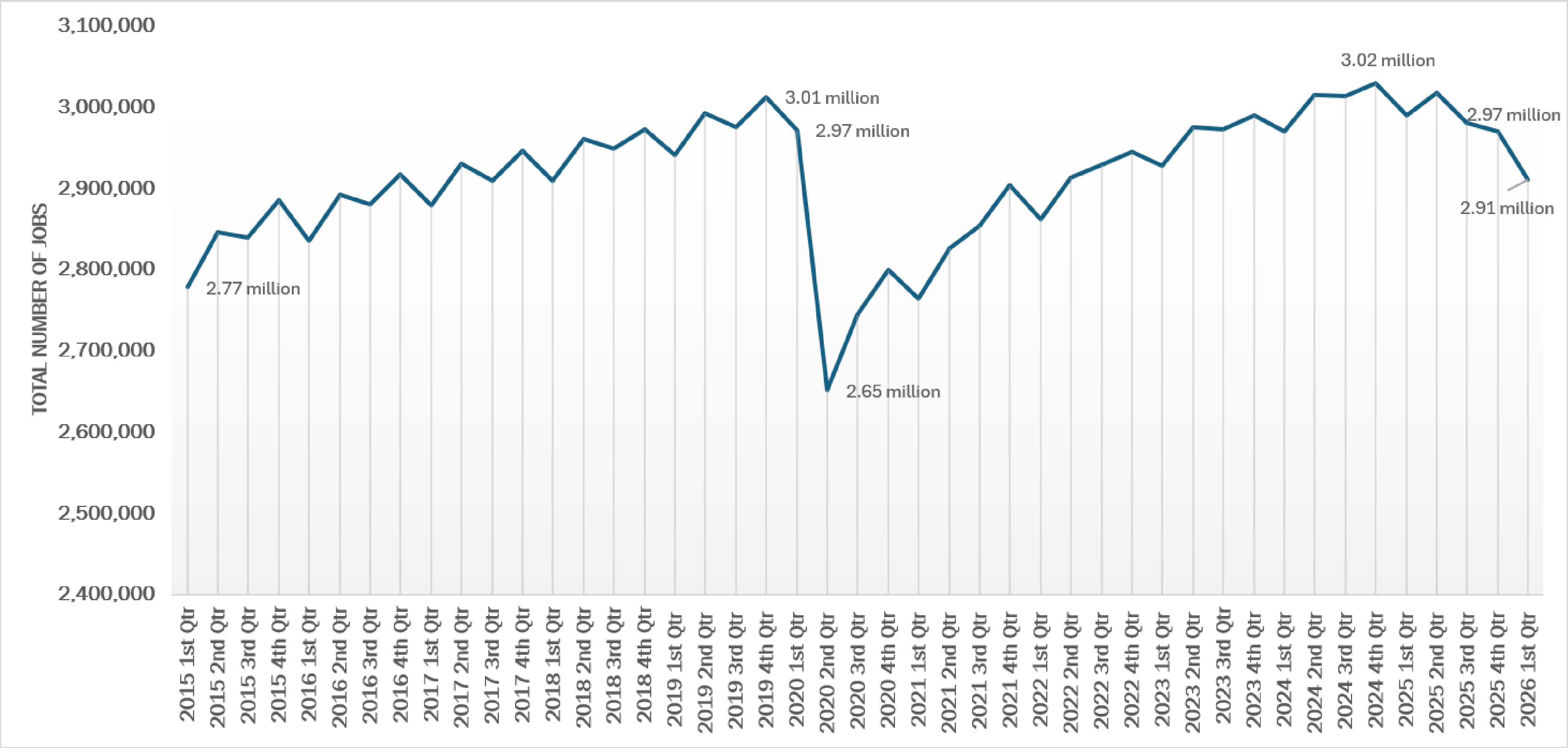
Regional Economy: Challenges Cont'd

4. **Commercial real estate adjustment.**
   Accelerated by the pandemic, recent federal downsizing and hybrid work trends, the region is experiencing elevated office vacancy rates currently at 18.1%. New commercial construction declined by 30% from 2024 to 2025.

5. **Persistent economic disparities and uneven opportunity.**
   Economic growth has not been evenly distributed throughout the region with geographic concentrations of opportunity and racial wealth gaps. The top fifth of households earn roughly half of all income in the area. The bottom fifth earn 3.37%.

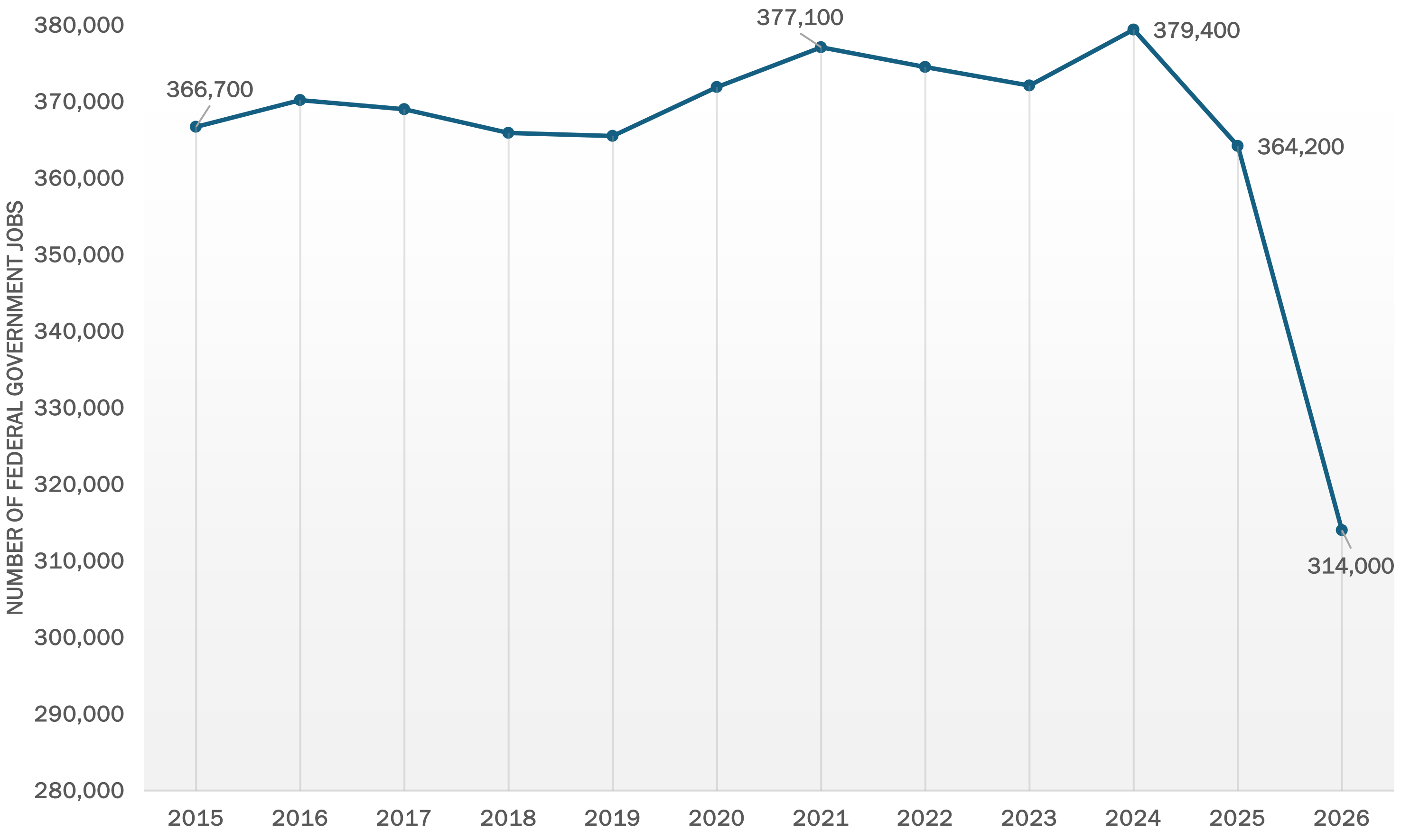
6. **Housing costs are affecting the region's ability to retain and attract businesses and talent.**
   Housing costs remain among the nation's highest. The Washington's MSA median home value is $604,800, compared to $360,600 nationally. For renters, the region’s average one bedroom apartment rents for $1,926 per month, compared to $1,584 per month nationally. These costs creates affordability challenges for workers and employers alike.

Total Number of Jobs in the COG Region (2015-2026)



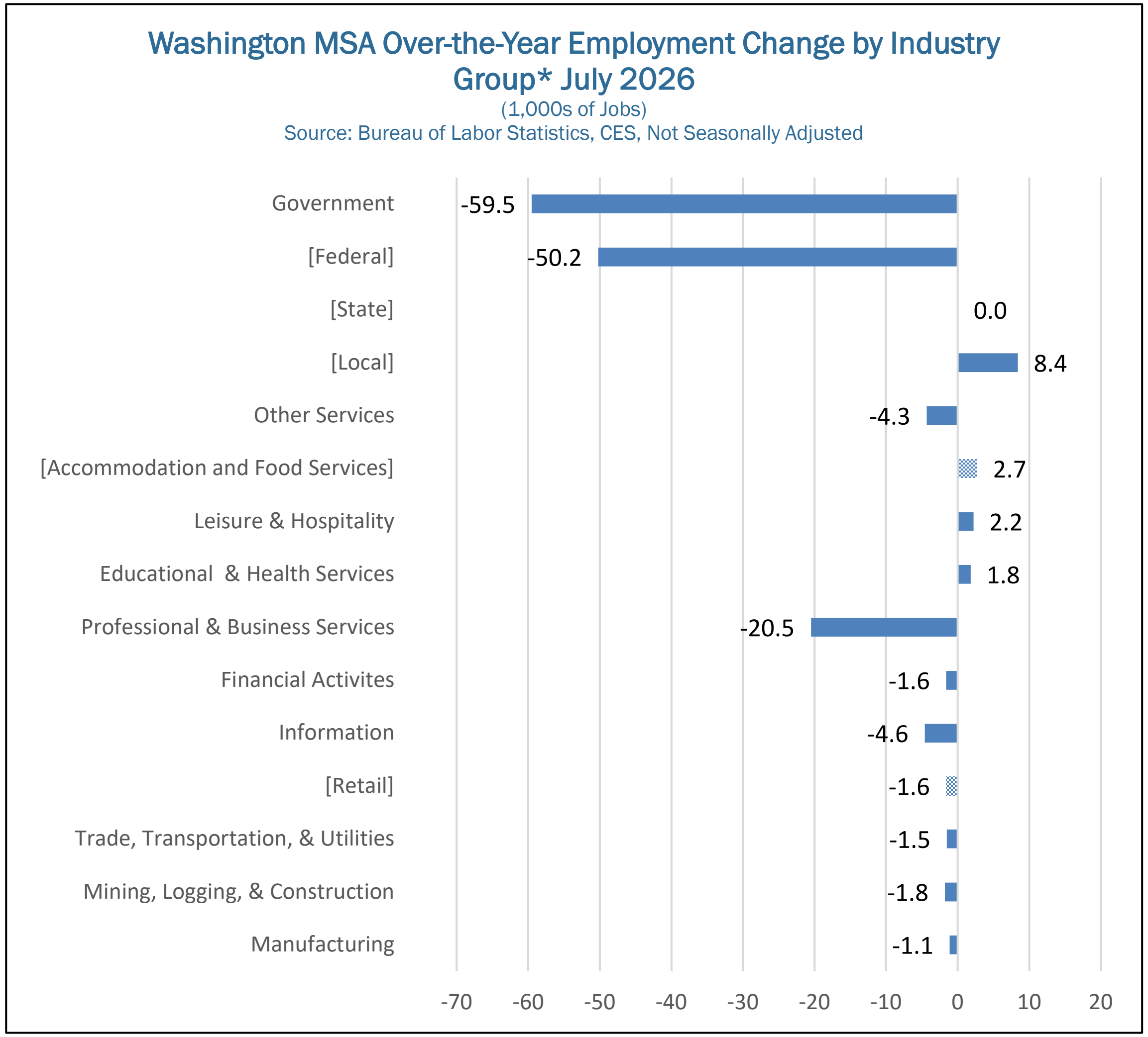
The Quarterly Census of Employment and Wages (QCEW) program publishes a quarterly count of employment and wages reported by employers covering more than 95 percent of U.S. jobs.
Source: U.S. Bureau of Labor Statistics

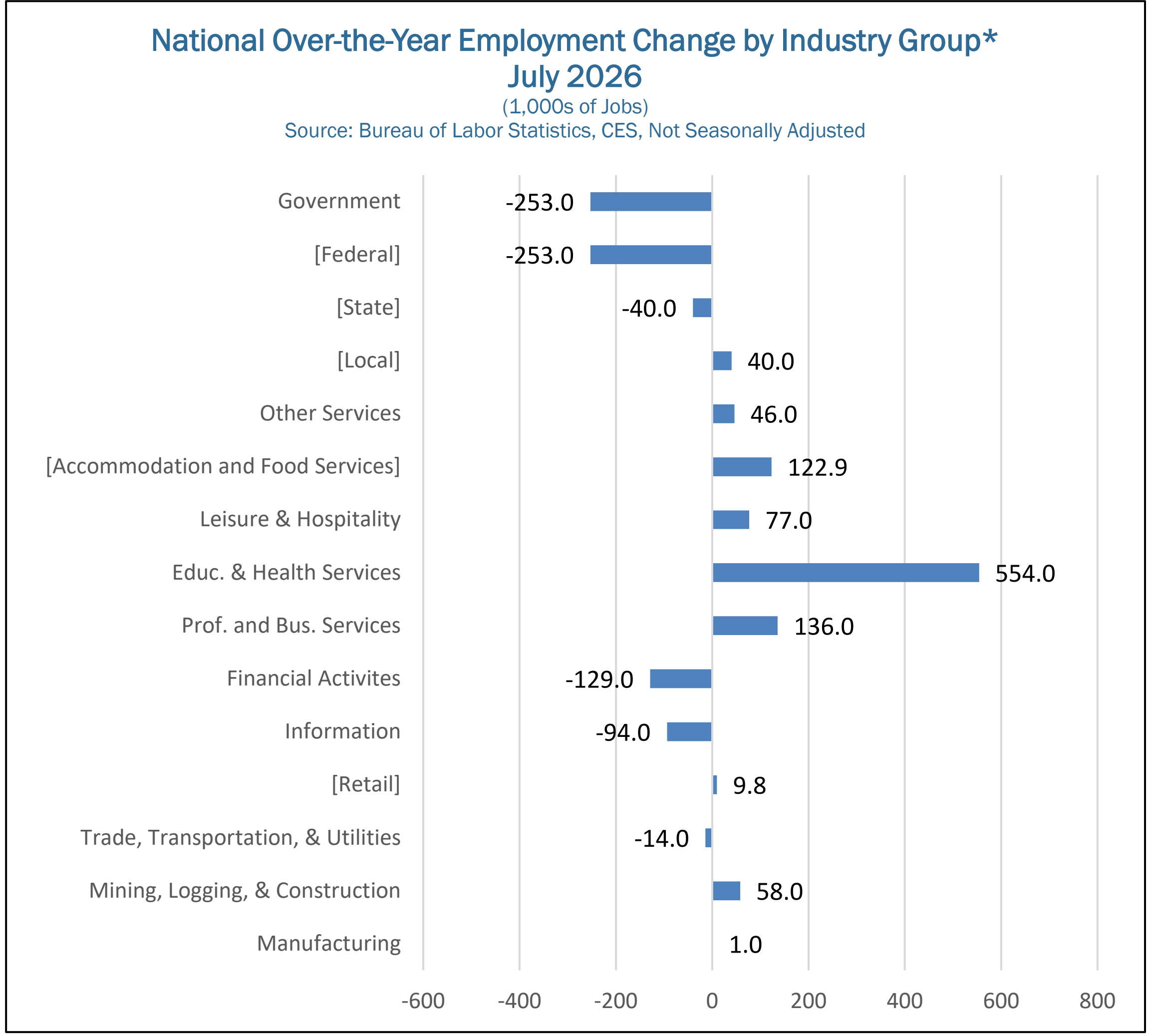
Number of Federal Government Jobs in the Washington MSA
July Data (2015 – 2026)



Source: Current Employment Survey, Not Seasonally Adjusted, U.S. Bureau of Labor Statistics

COG Region Change in Total Jobs by Sector/Industry

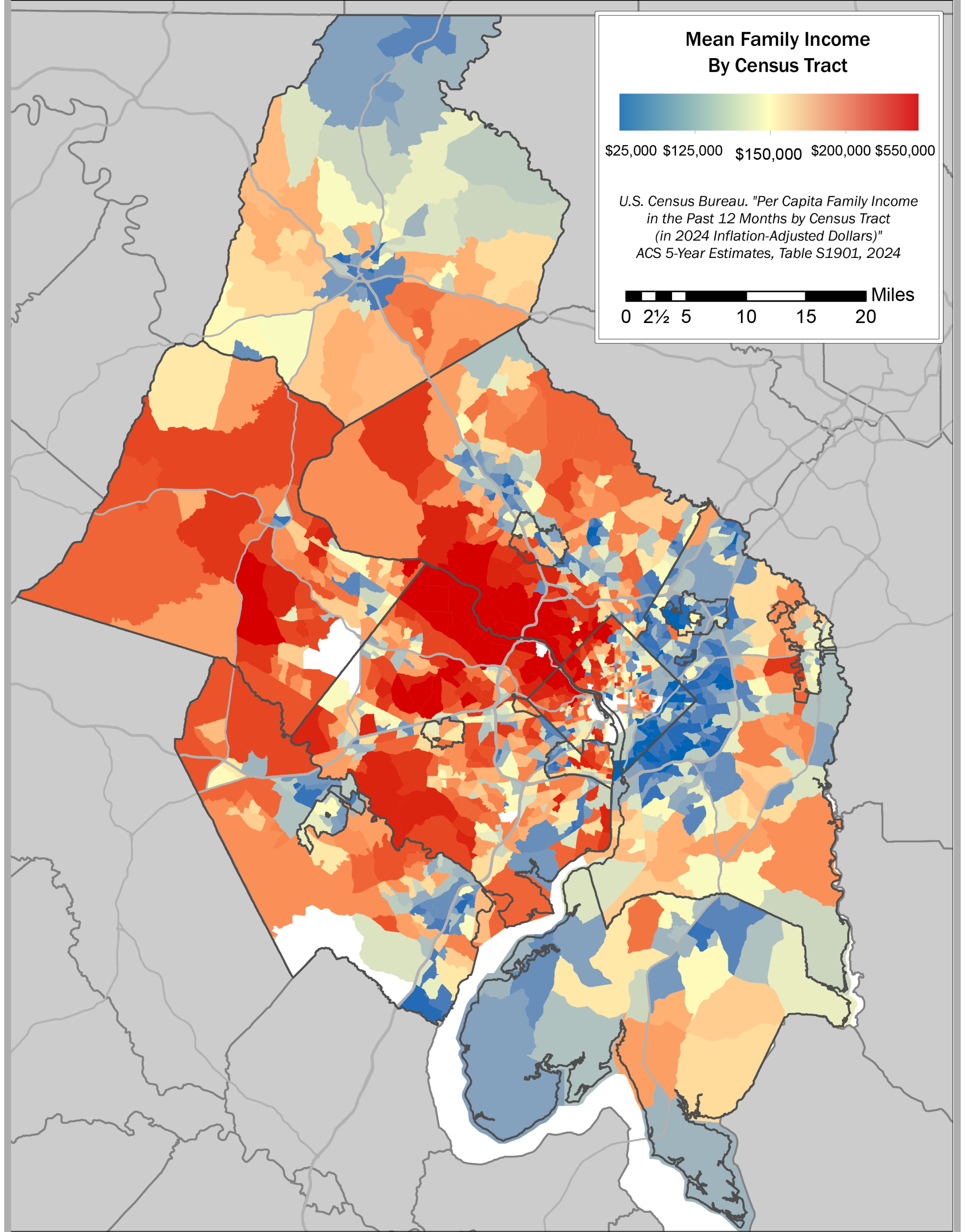




Sources: July 2026, Preliminary data from the Bureau of Labor Statistics, Not Seasonally Adjusted.

Income Inequality in COG Region

- Mean household income in the COG region ranges from $27,000 to $550,000
- Spatial distribution of income differences
  - The western half of the region has significantly higher incomes than the eastern side



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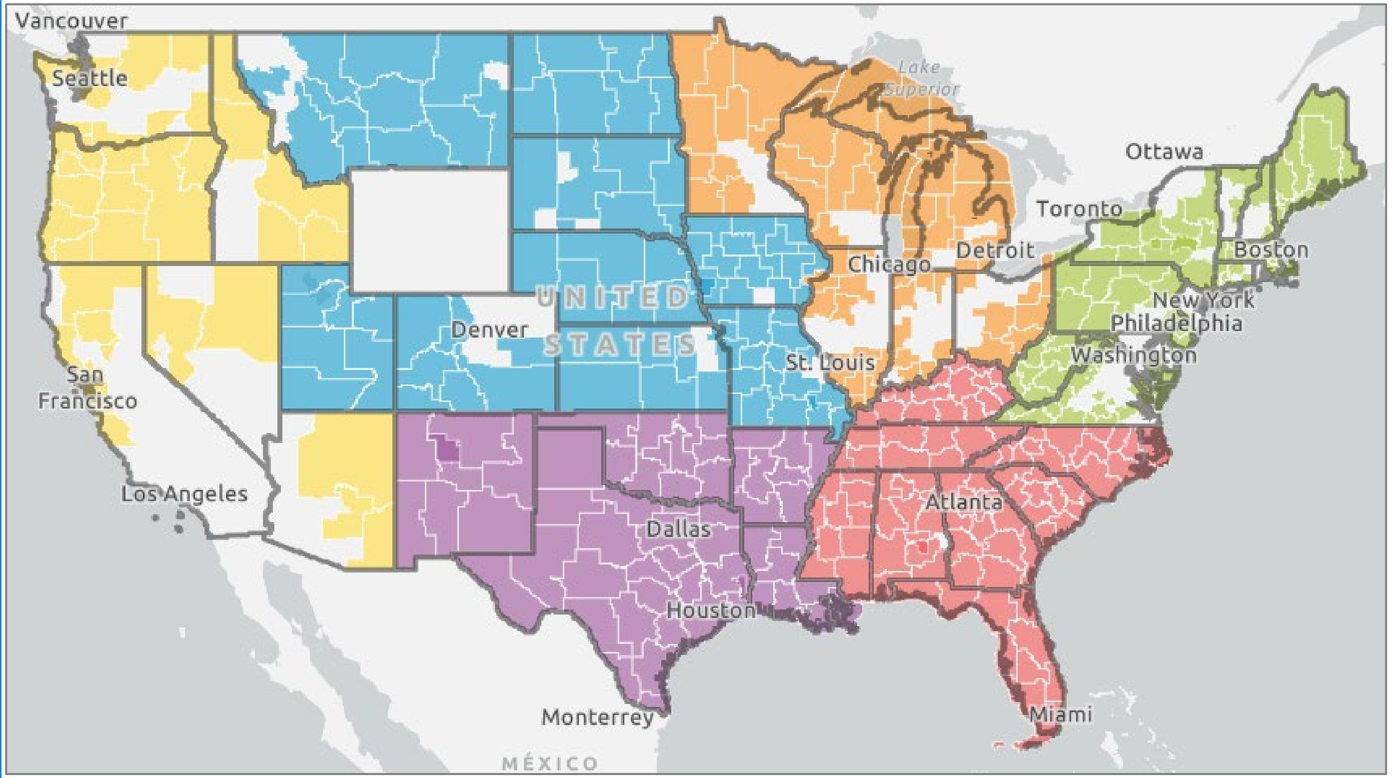
What is a Comprehensive Economic Development Strategy (CEDS)?

- A CEDS is a shared, regional strategy for strengthening economic opportunity, competitiveness and resilience
- Brings together leaders from local government, the private sector, non-profit organizations, foundations, and stakeholder groups to identify strategies and share ownership of actions
- Provides the capacity-building foundation for cross-sector collaboration and creates the environment for regional economic prosperity
- Approved by the U.S. Economic Development Administration (EDA), and a starting point for designation as an Economic Development District (EDD)
- EDA identifies economic resilience and workforce development as essential to a CEDS

What will the region's first-ever regional CEDS achieve?

- Identify strategies, accompanying implementable actions, and an evaluation framework to measure the success over a five-year period
- Prioritize workforce development, strengthen economic resiliency, improve economic mobility, attract investment, and support business
- Advance inclusive economic growth and improve quality of life
- Create shared ownership across the region and sectors, focusing on a unified regional approach to economic development
- Enhance the region's ability to compete for federal, state, private sector and philanthropic funding

Economic Development Districts Across the US



Designated EDDs shaded by EDA Regional Office

- 85% of US counties are in an EDD
- Of the ten largest metro areas in the country, only New York City, LA, and DC are **without** a designated EDD
- More than 77% of EDA grants and 71% of total EDA project investment went to areas covered by an EDD
- Per capita, the total project cost invested by EDA in EDD areas is more than three times the amount of investment outside of EDD areas

Sources: NADO Research Foundation (May 2026), Urban Institute (October 2023)

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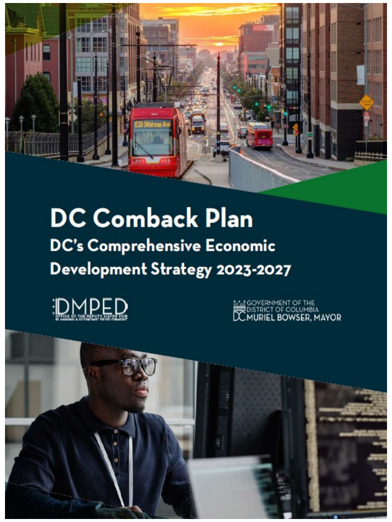
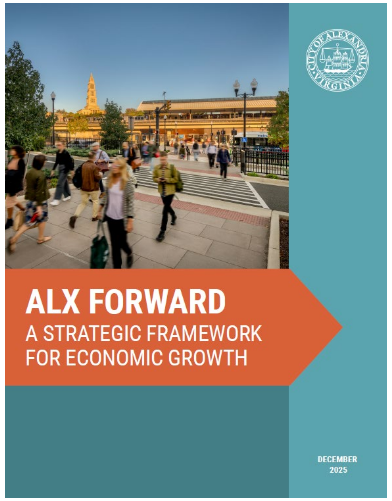
Economic Development Plans Around the Region

Jurisdiction	Year	Name
District of Columbia*	2023	DC's Comeback Plan
Town of Bladensburg	2026	Bladensburg C.A.R.E.S Closeout Report
City of Bowie	2022	Economic Development Strategy and Action Plan
City of College Park	2023	Five to Ten-Year Economic Development Strategy
Charles County	In progress	Shaping Tomorrow Together: Vision 2050
City of Frederick	2021	2020 Comprehensive Plan
Frederick County	2026	Economic and Workforce Strategic Growth Plan
City of Gaithersburg	In progress	Build Gaithersburg 2040
City of Greenbelt	2026	Economic Development Strategic Plan
City of Hyattsville	2026	Stepping Forward: 2026-2031 Strategic Plan
City of Laurel	2016	Master Plan: Goals, Objectives, and Policies
Montgomery County**	2022	Moving Forward Together
Prince George's County	2022	Economic Development Strategic Action Plan
City of Rockville	2021	2040 Comprehensive Plan
City of Takoma Park	2019	Housing and Economic Development Strategic Plan
City of Alexandria	2025	ALX Forward: A Strategic Framework for Economic Growth
Arlington County	2024	Economic Development Strategic Plan
City of Fairfax	2025	Economic Development Strategic Workplan
Fairfax County	2025	Countywide Strategic Plan
City of Falls Church	2017	Falls Church Vision 2040
Loudoun County	2026	Loudoun County 2019 General Plan
City of Manassas	2025	Historic Heart. Modern Beat.
City of Manassas Park	In Progress	Comprehensive Plan 2026
Prince William County	2025	2025-2028 Strategic Plan

*designated as a CEDS
**developing a CEDS





The Environment and Energy are Critical to Economic Development

How can we ensure collaboration across jurisdictions and across sectors when looking at the big picture of the future of the region's economy?

A comprehensive economic development strategy considers many aspects of the greater economy. A sustainable and thriving environment supports economic growth, resilience and competitiveness.

Stable, affordable and reliable energy infrastructure supports economic development and diversification, while helping meet the needs of a growing population and economy.

Clean water, healthy ecosystems, resilient landscapes, and climate preparedness help support economic competitiveness, workforce attraction, public health, and long-term prosperity.

Building the Region's First CEDS

- **What are you seeing?** Are there existing and/or emerging policy and economic trends in your communities that the CEDS should consider?
- **What are our greatest opportunities and barriers?** How can we better align energy policy, energy affordability, environmental protection, and economic development?
- **What are you working on?** What initiatives are underway that we should be aware of and that would align with the CEDS (e.g. Environmental Plan, Energy Policies, etc.)?

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