Erie – Weak Employment, Strong Per Capita GDP Gains

Employment in the Erie metro area fell about 1 percent from mid-2012 to mid-2013, with most major industry segments experiencing employment declines during this period. Recent year-over-year changes in home values have also been negative. However, per capita GDP rose roughly 5 percent in the Erie area from 2010 to 2012, far outpacing increases in Pennsylvania (1.7 percent) and the US (1.3 percent) during the same period.


Erie’s unemployment rate has fallen to 6.4%

As of February 2014, the Erie metro area’s unemployment rate was 6.4 percent, about 0.3 percentage points below the national average. After rising over much of 2012 and peaking at 8.1 percent in January 2013, the area’s unemployment rate has since fallen 1.7 percent. While some of this is attributable to increases in the area’s employment, more than 1 percentage point of this decline can be traced to declines in the local labor force. One caveat: these estimates are provisional, as revisions to the 2013 data will be released during the second quarter of 2014.

Per capita GDP gains far outpace increases in Pennsylvania and the US

Per capita GDP rose roughly 5 percent in the Erie metro area from 2010 to 2012, far outpacing increases in Pennsylvania (1.7 percent) and the US (1.3 percent) over the same period. Despite this somewhat sharp increase, Erie’s per capita GDP is still about 1.6 percent below where it was in 2007. That’s better than the US, where per capita GDP remains roughly 3 percent below its pre-recession level, but not as good as in Pennsylvania, which saw a much more modest decline in its per capita GDP in recent years. The state surpassed its 2007 per capita GDP in 2012.

Home prices are nearly 5% higher than pre-recession levels

In recent years, national home prices have risen at fairly robust year-over-year rates, reversing some of the losses that began around 2007. As of March 2014, for instance, home prices had risen about 5.7 percent nationally from a year ago, according to Zillow. During the same period in the Erie metro area, however, home prices rose just over 1 percent. Nevertheless, prices in Erie are about 5 percent higher than they were in early 2007, while US prices are still more than 13 percent lower.

Source: Zillow.com/Haver Analytics.
EMPLOYMENT GROWTH BY SECTOR

Most major industry segments experienced employment declines in the Erie area from mid-2012 to mid-2013. This is in contrast to the generally broad-based gains seen for the US as a whole during this period. Exceptions include financial activities and leisure and hospitality, which each saw modest increases in employment in Erie. Manufacturing employment, which accounts for about 18 percent of Erie’s total employment, was essentially unchanged from June 2012 to June 2013.

EMPLOYMENT

After peaking in March 2012, Erie’s employment has since trended down. Between March 2012 and June 2013, employment in the metro fell about 1.5 percent. Over the same period, national employment grew 1.9 percent. Earlier in the expansion, Erie’s employment growth had notably outpaced national gains. From the end of 2009 to the end of 2011, Erie’s employment grew about 3.9 percent, versus growth of just 2.4 percent in the US.

CONSUMER FINANCES

CREDIT CARD DELINQUENCY RATES

During the last expansion, credit card delinquencies in the Erie metro area were consistently higher than in the US, Pennsylvania, or in nearby metro areas. This likely reflects the relatively weak employment growth the area experienced during that expansion—growth which wasn’t sufficient enough to recover the jobs lost during the 2001 recession. Nevertheless, since peaking in 2007, credit card delinquencies have trended down in Erie and as of 2011, they were well below the national average and approximately equal to the delinquency rate statewide.

All monthly figures are seasonally adjusted and all dollar figures are in current dollars. Several charts use indexed measures to facilitate comparisons across regions and have a reference line at 100. These numbers can be thought of as the percentages of pre-recession levels. If levels were growing before the recession, pre-recession indexes will be below 100; if levels were falling before the recession, pre-recession indexes will be above 100. Employment data in the Metro Mix come from the Quarterly Census of Employment and Wages, which we have found to be the earliest accurate source of the number of jobs in metro areas.

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