

# FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



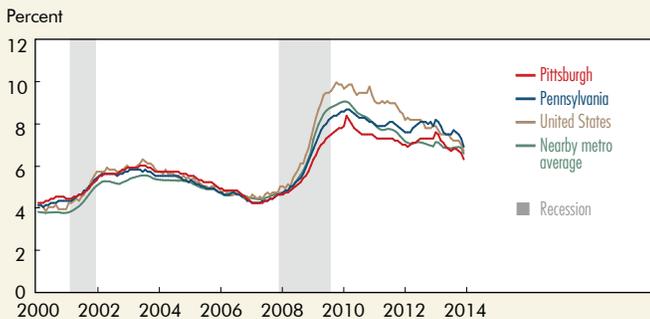
PITTSBURGH, PENNSYLVANIA MSA | FIRST QUARTER, 2014

FEDERAL RESERVE BANK of CLEVELAND

## Pittsburgh – Strong Economy, Stalled Employment

The Pittsburgh metro looks strong overall, though employment growth stalled in early 2012 after 30 months of strong recovery. This weakness was broad based, with most major industry segments experiencing slower employment growth than their national counterparts. Pittsburgh's housing market and population are both stable, and average wage, GDP per capita, and income have all been rising steadily. From 2001 to 2012, Pittsburgh's per capita income grew about twice the rate of the nation. The area's unemployment rate declined 1 percentage point in 2013, but much of it was due to a decline in the local labor force.

### Unemployment in the Pittsburgh metro area fell to 6.3% in 2013



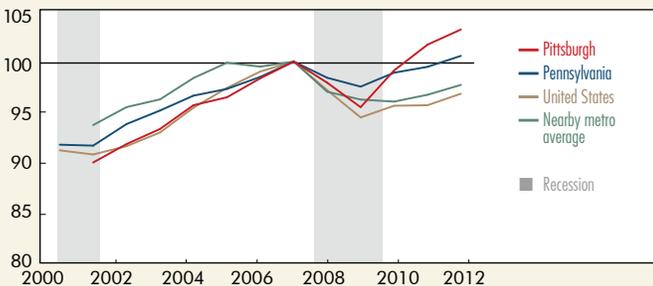
Source: Bureau of Labor Statistics/Haver Analytics.

### ◀ UNEMPLOYMENT RATE

In 2013, unemployment in the Pittsburgh metro area fell from 7.3 percent to 6.3 percent. This 1 percentage point improvement followed the metro's 2012 increase of about 0.3 percentage points and was comparable to US unemployment performance (down 1.2 percentage points) over the year, but almost triple the aggregate decline of 0.3 percentage points in nearby metros. One possible cause for concern: Nearly all of the metro's decline results from shrinkage in the labor force over the year.

### During the recovery, Pittsburgh's per capita GDP growth far surpassed that of the nation and nearby metros

Index, 2007=100



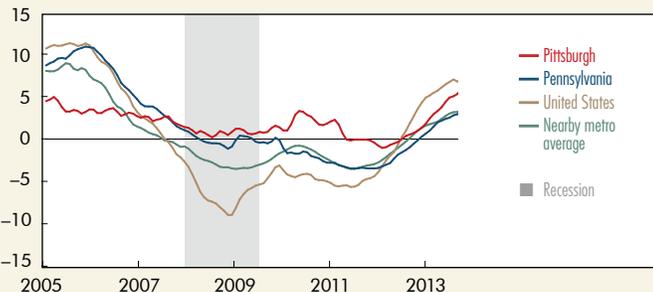
Source: Bureau of Economic Analysis/Haver Analytics.

### ◀ GROSS DOMESTIC PRODUCT

The Pittsburgh metro's per capita GDP growth was similar to the nation's over much of the last decade. However, during the recovery, the area had much stronger increases in per capita GDP growth than either the US or nearby metro areas on average, particularly in 2010 and 2011. In those years, the Pittsburgh area's per capita GDP growth was at least 2.5 percentage points higher than the national average. By 2012, though, the gap was less pronounced—only about 0.3 percentage points.

### Pittsburgh home values jumped about 10 percent between 2008 and 2013

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

### ◀ HOUSING PRICES

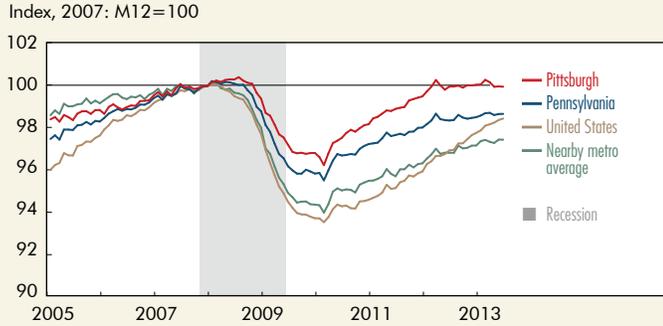
In 2013, home values in the Pittsburgh area, as measured by the Zillow Home Value Index, rose roughly 6 percent. This was slightly less than US growth as a whole, but about 2.5 percentage points more than the aggregate of nearby metro areas. Pittsburgh was one of the rare places that didn't see a sustained decline in home values during the recession. In fact, home values rose about 10 percent in the five-year period from 2008 through 2013. However, home values remain below the levels that prevailed in late 2008 in Pennsylvania and the US as a whole.

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Pittsburgh's employment growth lags that of the nation and nearby metros



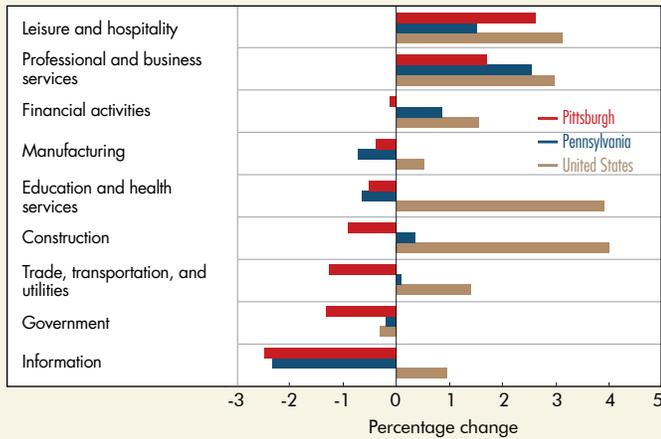
Source: Bureau of Labor Statistics.

## EMPLOYMENT AND INDUSTRIAL SECTORS

### EMPLOYMENT

Employment losses during the recession were less severe in the Pittsburgh area than in the US as a whole. This partially explains the metro's relatively quick recovery; it fully recovered the employment it lost during the recession by early 2012. As of mid-2013 (the latest available data), US employment remained about 1.5 percent below its late-2007 level. Unfortunately, the metro area's employment growth has stagnated since the beginning of 2012. From January 2012 to June 2013, it increased 0.2 percent. By contrast, US employment grew more than 2 percent over the same period, while an aggregate of nearby metro areas experienced employment growth of just less than 1 percent.

Employment growth across sectors has slowed down

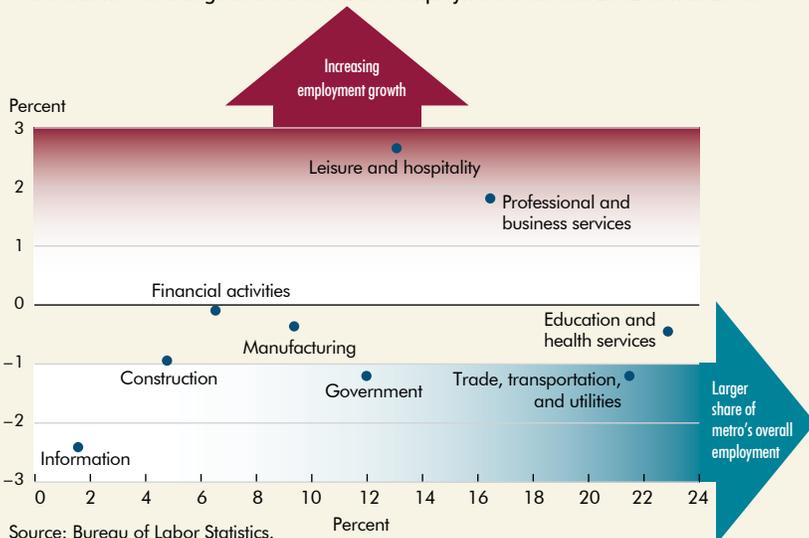


Source: Bureau of Labor Statistics.

### EMPLOYMENT GROWTH BY SECTOR

A slowdown in the Pittsburgh area's employment growth is evident across its industry segments. Over the past year, most of its major industry segments have lost jobs at a time when, excluding government, these industries have generally increased their employment nationwide. The exceptions are leisure and hospitality and professional and business services, which have increased in the Pittsburgh area; this growth, however, has been proportionately less than the nation's.

There was no net change in the metro area's employment from mid-2012 to mid-2013.



Source: Bureau of Labor Statistics.

### RELATIVE EMPLOYMENT GROWTH

Employment losses in the Pittsburgh area spanned industry segments of all sizes from mid-2012 to mid-2013. These losses were balanced by gains in two relatively large industry segments, leisure and hospitality and professional and business services. The net effect, essentially, was no change in the metro area's employment during this period.

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Building permits rose by two-thirds in both the metro area and the US between 2009 and 2013

Index, 2007: M12=100, three-month moving average



Source: Census Bureau/Haver Analytics.

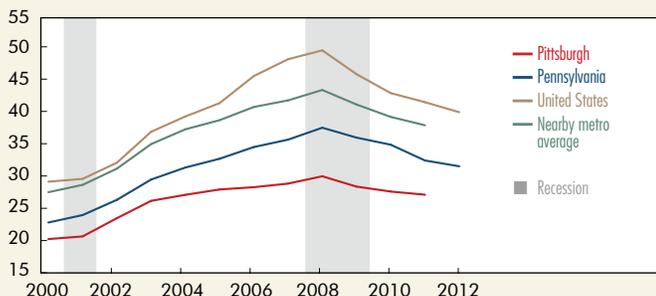
## HOUSING MARKET

### HOUSING PERMITS

In 2009, residential building permits plunged to their lowest levels in decades for both the Pittsburgh metro area and the nation. Since then, building permits have risen by nearly two-thirds in both places; specifically, 58.3 percent in the Pittsburgh metro and 65.6 percent in the US from 2009 to 2013. In both the metro and the nation, 2013 levels of permits issued exceeded each area's respective totals for 2008, the first year of the Great Recession. However, 2013 levels remain below those that prevailed before 2008.

Credit card and mortgage debt per capita fell between 2008 and 2011, while auto debt rose

Thousands of dollars



Source: FRBNY Consumer Credit Panel.

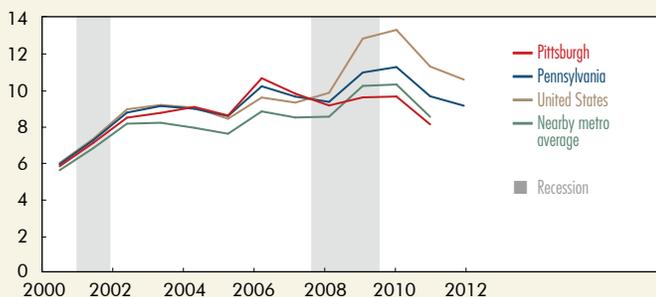
## CONSUMER FINANCES

### CONSUMER DEBT

The Pittsburgh area's per capita debt levels (excluding student loans) have been much more stable than levels in other areas over the last several years. This is partly the result of relative stability in the area's home prices, since mortgage debt typically accounts for the vast majority of outstanding non-student loan debt per capita—more than 75 percent in the nation and the metro area in 2011. Both credit card and mortgage-related debt are down from their 2008 peaks in Pittsburgh—by 15.3 percent and 2.4 percent, respectively, between 2008 and 2011. Automobile-related debt, however, rose roughly 5.3 percent over the same period.

Delinquency rates were 3 percentage points below the nation's in 2011

Percent of delinquent credit card balances



Source: FRBNY Consumer Credit Panel/Haver Analytics.

### CREDIT CARD DELINQUENCY RATES

For much of the 2001–07 expansion, credit card delinquency rates in the Pittsburgh metro were comparable to the nation's. As the financial crisis and recession took hold, however, these rates diverged: As of 2011 (the latest available data), credit card delinquency rates in the Pittsburgh metro area were more than 3 percentage points below the national average of 11.3 percent. This is the area's lowest delinquency rate since 2001.

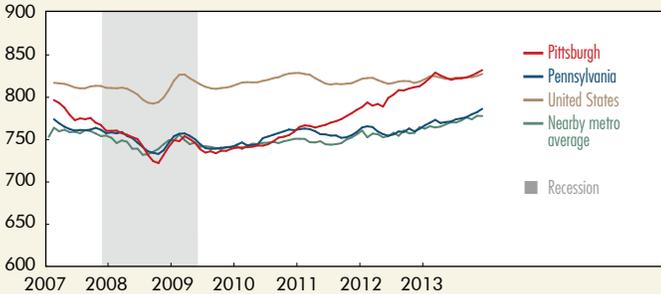
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The metro's wages have grown a dramatic 13% from mid-2009 to the end of 2013

Dollars, three-month moving average



Source: Bureau of Labor Statistics/Haver Analytics.

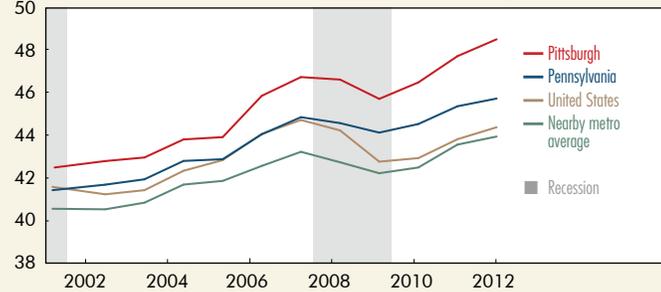
## INCOME

### ◀ AVERAGE WEEKLY EARNINGS

Real weekly wages have risen dramatically in Pittsburgh over the course of the recovery. From June 2009 to the end of 2013, real weekly wages in the metro rose roughly 13 percent. This was more than double the gain for the state as a whole or an aggregate of other nearby metro areas; it far exceeded the 1.5 percent increase experienced nationally over the same span. As a result, the area's real weekly wages are now on par with the national average.

Income per capita has risen since the end of the recession

Thousands



Source: Bureau of Economic Analysis/Haver Analytics.

### ◀ INCOME PER CAPITA

From 2009, when the recovery began, to 2012 (the latest available data), per capita income rose roughly 6 percent in the Pittsburgh metro area. In contrast, per capita income growth over the same period in the US, Pennsylvania, and an aggregate of nearby metro areas was about 4 percent. Income growth was also stronger in the Pittsburgh area throughout the last recovery. From 2001 to 2007, the metro's per capita income grew about 10 percent, versus about 8 percent for Pennsylvania and about 7 percent for the US. As a consequence, from 2001 to 2012, per capita income grew about twice as fast in Pittsburgh as in the US.

## DEMOGRAPHICS AND EDUCATION

### ◀ PITTSBURGH, PENNSYLVANIA

According to 2012 Census estimates, Pittsburgh is the 22nd largest of the 381 metropolitan statistical areas in the United States.

	Pittsburgh metro		United States	
	2012	Change from 2009	2012	Change from 2009
Population	2,360,733	0.2%	313,914,040	+2.2%
Adults with less than a high school diploma	7.8%	-1.1%	14.1%	-0.7%
Adults with an undergraduate degree or higher	30.5%	+2.7%	28.5%	+0.6%
Median age (years)	42.8	+0.5 years	37.4	+0.6 years
Median household income	\$52,082	+1.6%	\$52,991	-4.6%

Sources: Census Population estimates; American Community Survey.

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.

The Federal Reserve Bank of Cleveland, including its branch offices in Cincinnati and Pittsburgh, serves the Fourth Federal Reserve District (Ohio, western Pennsylvania, the northern panhandle of West Virginia, and eastern Kentucky).