Pittsburgh – Employment Still Moving Sideways

Pittsburgh's unemployment rate remains low (5.2 percent as of July 2015), but has increased slightly since the end of 2014. According to one measure of employment, the area has seen essentially no employment growth from 2012 through 2014. While home price increases were strong in 2013 and 2014, increases have been far more modest through the first seven months of 2015. Residential permit issuance on average has also been lower in 2015 than in the preceding two years. Finally, both credit card delinquency rates and per capita consumer debt levels appear to have stabilized in the area.

METRO AREA SNAPSHOT

<table>
<thead>
<tr>
<th></th>
<th>Unemployment Rate</th>
<th>Median Home Values</th>
<th>Payroll Employment</th>
<th>Credit Card Delinquency Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 2015</td>
<td>December 2014</td>
<td>2015:Q1</td>
<td></td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>5.2% -0.4</td>
<td>$124,500 1.5%</td>
<td>1,098 0.2%</td>
<td>6.2% -0.8</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>5.4% -0.1</td>
<td>$151,000 0.4%</td>
<td>5,675 1.2%</td>
<td>7.2% -1.0</td>
</tr>
<tr>
<td>United States</td>
<td>5.3% -0.9</td>
<td>$179,900 3.0%</td>
<td>138,068 2.2%</td>
<td>7.5% -1.5</td>
</tr>
<tr>
<td>Nearby metro average</td>
<td>5.0% -0.6</td>
<td>$199,680 1.4%</td>
<td>1,353 1.1%</td>
<td>6.1% -1.0</td>
</tr>
</tbody>
</table>

Pittsburgh’s unemployment rate has ticked up slightly since the end of 2014

The metro area’s per capita GDP growth rate in 2013 outpaced the nation’s

UNEMPLOYMENT RATE

The Pittsburgh metro area has seen a slight increase in its unemployment rate since the end of 2014. In December, the area’s unemployment rate was 5.0 percent, the lowest reading since the summer of 2008, and 0.6 percentage points below the national average. Since then, the unemployment rate has trended up and as of July 2015, sat at 5.2 percent. Over the same span, the national unemployment rate fell 0.3 percentage points to 5.3 percent.

GROSS DOMESTIC PRODUCT

Pittsburgh's real per capita GDP growth continued to outpace the gains seen nationally in 2013. That year, the metro area posted a growth rate of 1.9 percent, versus a national increase of 1.5 percent. From 2009 to 2013 (the year the expansion began to the most recent year for which we have data), Pittsburgh's real per capita GDP grew at an annual rate of about 2.1 percent, more than double the nation's growth rate over the same time period.
EMPLOYMENT AND INDUSTRIAL SECTORS

EMPLOYMENT

The Pittsburgh metro area has seen essentially no employment growth from early 2012 through the end of 2014. Early in 2012, the area had just recovered to its pre-recession employment level and had done so much more quickly than most major metro areas or the nation. While the metro area’s employment has mostly moved sideways in recent years, over the three-year period from 2012 through 2014, US employment expanded by more than 6 percent.

EMPLOYMENT GROWTH BY SECTOR

Given that the area experienced essentially no employment growth between December 2013 and December 2014, it perhaps isn’t surprising that all but one major industry segment saw weaker employment gains in the area than in the nation as a whole. Indeed, five of the eight industry categories shown registered outright employment declines during this period. The one sector that grew but is not pictured here—mining and natural resources—expanded by more than 13 percent, far outpacing the 3 percent increase in employment nationally.

RELATIVE EMPLOYMENT GROWTH

Employment declines in most industries were offset by modest increases in larger sectors, such as professional and business services and trade, transportation, and utilities. The mining and natural resources (not pictured) and construction sectors saw the largest percentage gains among the area’s major industry sectors, but also employ a relatively small share of workers.
Modest per capita income growth in Pittsburgh in 2013 still outperformed the state and nation

Thousands of dollars

Source: Bureau of Economic Analysis/Haver Analytics.

INCOME

Income Per Capita

Pittsburgh’s per capita income growth moderated in 2013, rising only 0.1 percent. Nevertheless, this was better than the experience for Pennsylvania or the United States as a whole, where per capita incomes fell in 2013 when compared with 2012. Pittsburgh’s performance was also better in the preceding years of the expansion. From 2009 to 2012, Pittsburgh’s per capita income grew at an annual rate of about 2.3 percent, compared with growth rates of roughly 1.6 percent for the nation and state.

CONSUMER FINANCES

Consumer Debt

Pittsburgh’s per capita consumer debt levels have stabilized

Thousands of dollars

Source: Authors’ calculations from the Federal Reserve Bank of New York’s Consumer Credit Panel/Equifax.

CREDIT CARD DELINQUENCY RATES

Credit card delinquency rates also appear to have stabilized. From the end of 2014 through the first quarter of 2015, credit card delinquency rates were essentially unchanged in the Pittsburgh metro area, as well as nationally and statewide. By contrast, in 2014, delinquency rates fell by about a percentage point in the Pittsburgh area and statewide and by almost 2 percentage points nationally.
Home price appreciation in 2015 has been far more modest than in the two years prior.

Year-over-year percent change

Source: Zillow.com/Haver Analytics.

Residential building permit issuance has slowed in 2015

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

Source: Census Bureau/Haver Analytics.

Housing Prices

Both the Pittsburgh metro area and the United States experienced fairly strong home price increases in 2013 and 2014: 6.9 and 4.5 percent, respectively in Pittsburgh and 7.5 and 5.4 percent, respectively in the United States. However, increases have been far more modest through the first seven months of 2015—0.7 percent for Pittsburgh and 2.5 percent for the United States at annualized rates. Over the longer term, Pittsburgh’s home price appreciation has markedly outperformed the national average, increasing at an annual rate of 2.1 percent in the past ten years, versus an annualized decline of 0.1 percent for the nation.

Housing Permits

The issuance of residential building permits in the Pittsburgh metro area appears to have slowed in 2015. Through the first seven months of 2015, average monthly permit issuance was more than one-third lower than the average monthly issuance in either 2013 or 2014. In each of those years, average issuance exceeded 350 permits per month. Average monthly issuance in 2015 (230) has also been below the average that prevailed from 2010 through 2012 (280). For context, permit issuance routinely exceeded 500 permits per month in the last expansion.

Demographics and Education

Pittsburgh Metro Area | United States
--- | ---
Population | 2,360,867 | 316,129,000
Change from 2009 | +0.2% | +3.1%

Adults with less than a high school diploma | 7.5% | 13.4%
Change from 2009 | -1.4% | -1.3%

Adults with an undergraduate degree or higher | 32.2% | 29.6%
Change from 2009 | +4.4% | +1.7%

Median age (years) | 42.8 | 37.5
Change from 2009 | +0.5 years | +0.7 years

Median household income | $52,545 | $53,528
Change from 2009 | +1.9% | -4.2%

Sources: Census Population estimates; American Community Survey.

Pittsburgh, Pennsylvania

According to 2014 Census estimates, Pittsburgh, Pennsylvania, is the 23rd largest of the 381 metropolitan statistical areas in the United States.