

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



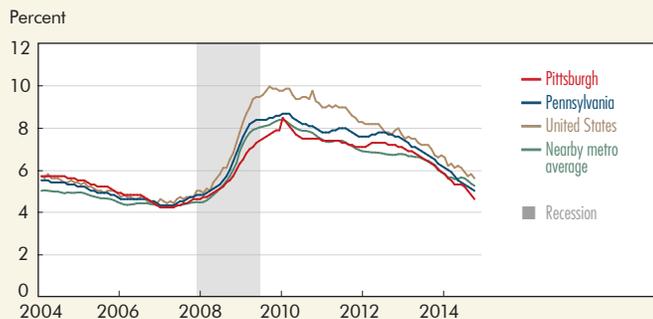
PITTSBURGH, PENNSYLVANIA MSA | SECOND QUARTER, 2015

FEDERAL RESERVE BANK of CLEVELAND

Pittsburgh – Staying Steady

Early in 2015, Pittsburgh's unemployment rate remained below the national average, where it has been throughout the expansion. Nevertheless, recent employment increases in the area have been limited. While Pittsburgh's per capita income growth moderated in 2013, this was still better than the experience for the United States as a whole, where per capita incomes fell. The area's per capita consumer debt levels (excluding student loans) fell slightly in 2014, while credit card delinquency rates remained low—more than a percentage point below the national average at the end of 2014. Finally, home price appreciation remained robust in the area in early 2015.

The region's unemployment rate remained below the national average

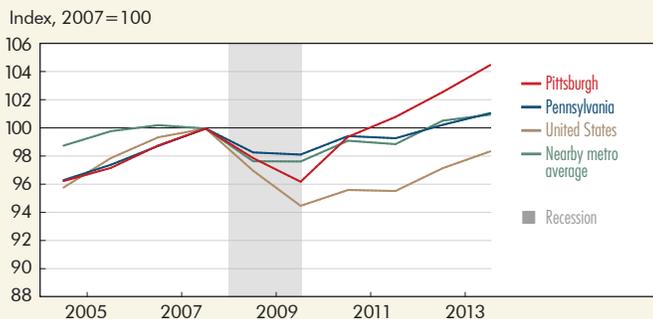


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

At the end of 2014, the Pittsburgh metro area's unemployment rate remained below the national average. In December it stood at 4.6 percent, a full percentage point below the US average at the time. Throughout the expansion, the area's unemployment rate has been below the national average, sometimes by more than 2 percentage points. This is a departure from the previous two expansions, when the Pittsburgh metro area's unemployment rate tracked the US average fairly closely.

Per capita GDP growth in the region outpaced national gains

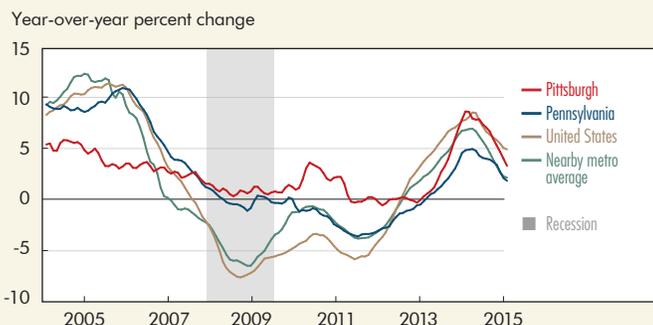


Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

Pittsburgh's real per capita GDP growth continued to outpace the gains seen nationally in 2013. That year, the area posted a growth rate of 1.9 percent, versus a national increase of 1.2 percent. From 2009, the year the expansion began, to 2013, 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.

Home price appreciation in Pittsburgh remained robust



Source: Zillow.com/Haver Analytics.

◀ HOUSING PRICES

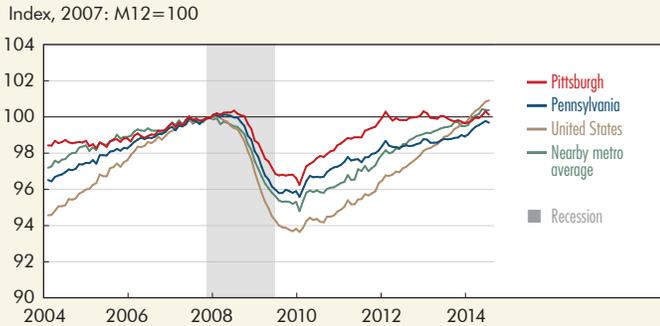
Home price appreciation remained robust in the area in early 2015. According to Zillow, Pittsburgh posted a year-over-year increase in the firm's Home Value Index of more than 3 percent, compared to national gains over the same time period of about 5 percent. Though the 3.3 percent gain was down from a year ago (when year-over-year increases for the area approached 9 percent), the most recent reading is still generally above what the area experienced for most of the recovery prior to the summer of 2013.

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Employment growth in Pittsburgh lagged state and national performance



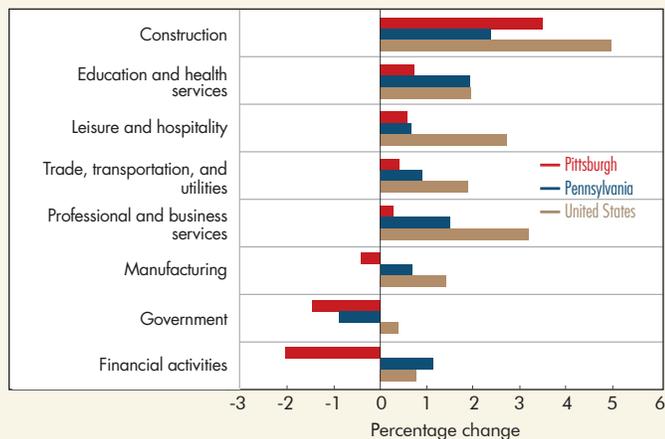
Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

EMPLOYMENT AND INDUSTRIAL SECTORS

◀ EMPLOYMENT

Recent employment increases in the Pittsburgh metro area have been limited. From the fall of 2013 to the fall of 2014 (the most recently available data), the area's employment grew by only 0.2 percent. By contrast, statewide employment grew by almost 1 percent over the same time period, while US employment growth exceeded 2 percent. Though the Pittsburgh area returned to its pre-recession employment levels more quickly than most major metro areas or the nation, its employment has moved mostly sideways since.

The metro area experienced employment declines in the manufacturing, government, and financial sectors

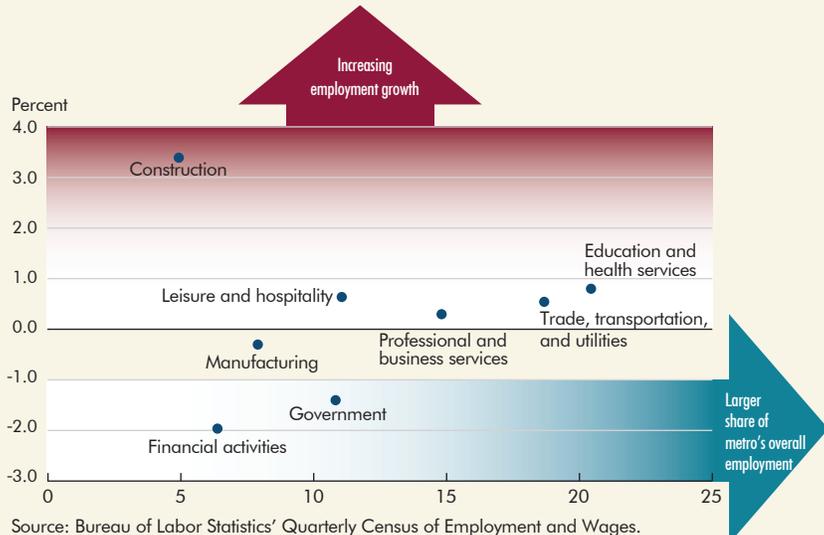


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

◀ EMPLOYMENT GROWTH BY SECTOR

The limited employment growth in the Pittsburgh metro area is, of course, evident in its industry segments. Outside of mining and natural resources—where employment expanded by nearly 12 percent—all other industry segments saw weaker employment gains in the Pittsburgh area than in the United States between September 2013 and September 2014. Notably, the area experienced employment declines over this period in the manufacturing, government, and financial sectors.

Modest increases in large sectors offset employment declines



Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

◀ RELATIVE EMPLOYMENT GROWTH

While manufacturing, government, and financial activities experienced employment declines from the fall of 2013 to the fall of 2014, these declines were offset by modest employment increases in larger sectors, such as professional and business services, trade, transportation, and utilities, and education and health services. The mining and natural resources (not pictured) and construction sectors saw the largest gains among the area's major industry sectors, but also employ a relatively small share of workers.

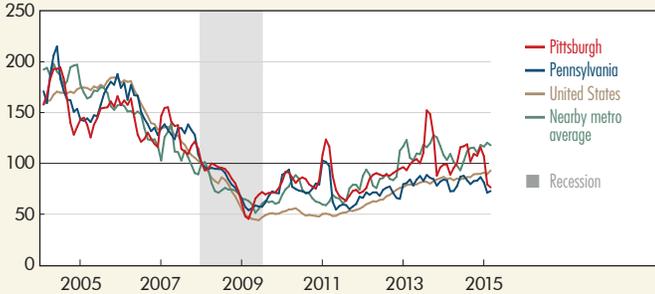
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SECOND QUARTER, 2015

Residential building permits remained relatively low

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



Source: Census Bureau/Haver Analytics.

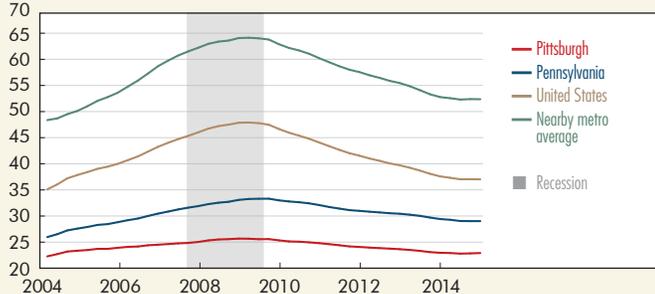
HOUSING MARKET

HOUSING PERMITS

The recent decline in residential building permits in the Pittsburgh metro area was driven almost entirely by a sharp drop in issuance in January. Setting aside volatile 2015 data and focusing instead on recent annual averages, average monthly permit issuance in 2013 and 2014—which was above 350 permits—exceeded average issuance in the recession and recovery years of 2008 through 2012. Nevertheless, 2013 and 2014 averages remain well below those common in the last thirty years. For instance, issuance routinely exceeded 500 permits per month in the last expansion. This pattern is similar to that for the US, where permit issuance remains low relative to recent decades.

The Pittsburgh metro area's per capita debt levels fell slightly in 2014

Thousands of dollars



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

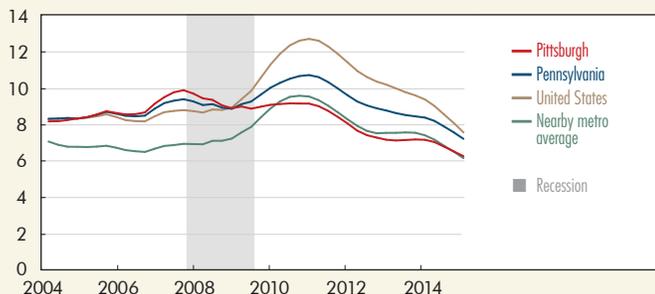
CONSUMER FINANCES

CONSUMER DEBT

Consumers continued to reduce their debt levels in 2014, albeit at a slower pace than in recent years. The Pittsburgh metro area's per capita debt levels (excluding student loans) fell slightly in 2014 (-0.2 percent), while the declines in Pennsylvania and the United States were 1.4 and 1.6 percent, respectively. The pace of deleveraging was much more rapid earlier in the expansion. From the beginning of the expansion in mid-2009 to the end of 2013, the Pittsburgh metro area's per capita debt levels fell at an annual rate of about 2.5 percent. Nationally, the annual rate of decline during this period was about twice as great (-5.3 percent).

The region's credit card delinquency rate remained well below the national average

Percent of credit card balances delinquent



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

CREDIT CARD DELINQUENCY RATES

The Pittsburgh metro area's credit card delinquency rate remains well below the national average. At the end of 2014, this rate stood at about 6.2 percent, more than a percentage point below the national average. While mounting financial stress during the Great Recession drove delinquency rates noticeably higher nationwide and statewide, no such pattern is evident in Pittsburgh. Instead, after peaking above the US average just prior to the recession, credit card delinquency rates generally drifted down in the area over the subsequent seven years.

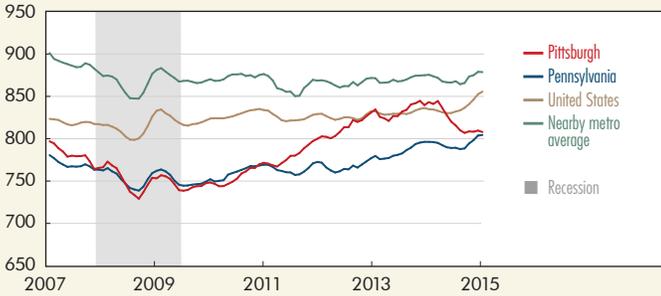
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In 2014, the metro area's weekly wages fell

Dollars, three-month moving average



Source: Bureau of Labor Statistics/Haver Analytics.

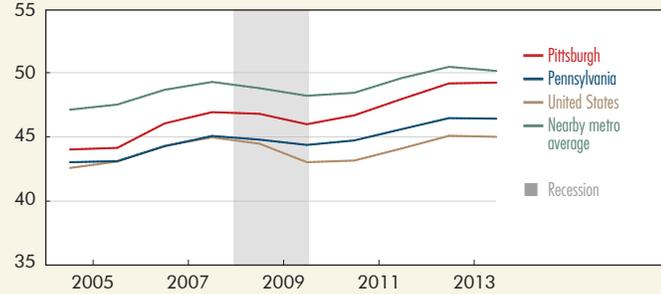
INCOME

◀ AVERAGE WEEKLY EARNINGS

Real weekly wages for private sector workers in the metro area fell in 2014 after rising robustly during the expansion. In 2014, the area's inflation-adjusted weekly wages fell more than 4 percent. By contrast, the increase for the United States exceeded 1 percent, while Pennsylvania posted a slight gain. The story is strikingly different from mid-2009, when the expansion started, to the end of 2013. During that period, Pittsburgh's real weekly wages rose at an annual rate of 3 percent, twice the increase statewide (1.5 percent) and far in excess of that for the nation (0.4 percent).

Per capita income growth moderated in 2013

Thousands of dollars



Source: Bureau of Economic Analysis/Haver Analytics.

◀ 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.

DEMOGRAPHICS AND EDUCATION

◀ PITTSBURGH, PENNSYLVANIA

According to the 2013 US Census Bureau population estimates, Pittsburgh is the 22nd largest of the nation's 381 metropolitan statistical areas.

	Pittsburgh metro		United States	
	2013	Change from 2009	2013	Change from 2009
Population	2,360,565	+0.2%	316,129,000	+3.1%
Adults with less than a high school diploma	7.5%	-1.4%	13.4%	-1.3%
Adults with an undergraduate degree or higher	32.2%	+4.4%	29.6%	+1.7%
Median age (years)	42.8	+0.5 years	37.5	+0.7 years
Median household income	\$51,680	+1.9%	\$52,646	-4.2%

Sources: US Census Bureau population estimates; American Community Survey.

All monthly and quarterly figures are seasonally adjusted and all dollar figures are in current dollars, except home prices (which are left nominal). Where applicable, these adjustments are made prior to calculating percent changes or indexes. 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).