

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



PITTSBURGH, PENNSYLVANIA MSA | MAY 2016

FEDERAL RESERVE BANK of CLEVELAND

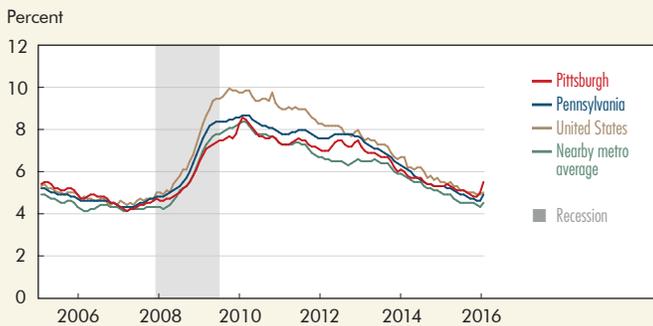
Pittsburgh – Strong GDP Growth despite Little Employment Growth

While Pittsburgh-area per capita GDP grew at almost twice the pace of the state's or nation's in 2014 (the latest available data), employment levels have remained relatively flat in the metro area from early 2012—when the area fully recovered the jobs that it had lost during the Great Recession—through the third quarter of 2015. More recent data indicate that the area's unemployment rate rose sharply in March, from 5.0 percent to 5.5 percent. However, the initial estimate of a metro area's unemployment rate is subject to several revisions, which are sometimes sizeable.

METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Values		Payroll Employment		Credit Card Delinquency Rates	
	March 2016	One-year change	March 2016	One-year change	September 2015 (thousands)	One-year change	2016:Q1	One-year change
Pittsburgh	5.5%	0.2	\$126,700	1.8%	1,099	0.1%	6.4%	0.2
Pennsylvania	4.9%	-0.4	\$152,000	1.2%	5,700	0.8%	7.3%	0.1
United States	5.0%	-0.5	\$186,200	4.8%	139,893	2.0%	7.7%	0.2
Nearby metro average	4.5%	-0.4	\$222,250	2.9%	1,576	1.5%	6.4%	0.3

In March 2016, Pittsburgh's unemployment rate rose sharply

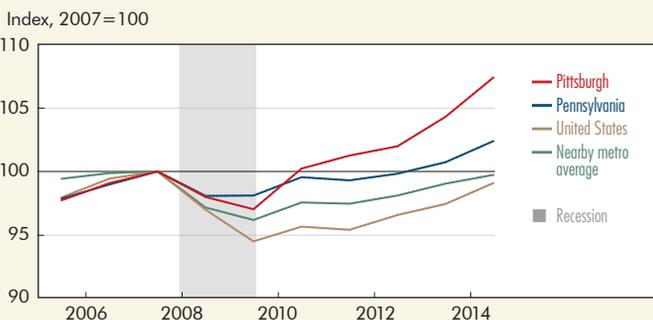


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The Pittsburgh metro area's unemployment rate rose sharply in March, from 5.0 percent the previous month to 5.5 percent. The US Labor Department estimated that employment declined by 0.4 percent in March, while the labor force grew an additional 0.1 percent, resulting in the 0.5-percentage-point increase. This was the largest increase in the area's unemployment rate since at least 1990 (equaled in January 2010). Nevertheless, metro area unemployment rates often see substantial revisions. For instance, the initial estimate for the area's unemployment rate in December 2014 was 4.6 percent, which was subsequently revised to 5.3 percent.

Pittsburgh's per capita GDP grew at almost twice the pace of the state or nation in 2014



Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

Pittsburgh's per capita GDP grew at almost twice the pace of the state's or nation's in 2014 (the latest available data). The area's (nominal) per capita GDP grew by 3.0 in 2014, compared with increases of 1.7 percent for both Pennsylvania and the United States. Growth through the expansion to 2014 has also been more rapid locally: Between 2009 (the first year of the expansion) and 2014, the area's per capita GDP has grown nearly 11 percent, compared with increases of 4.4 percent and 4.9 percent for Pennsylvania and the United States, respectively.

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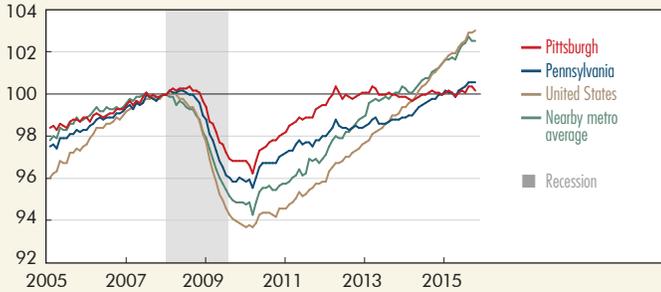
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EMPLOYMENT AND INDUSTRIAL SECTORS

Pittsburgh's employment remained relatively flat in 2015, though the metro area recovered its pre-recession employment levels much earlier and quicker than the nation

Index, 2007: M12=100

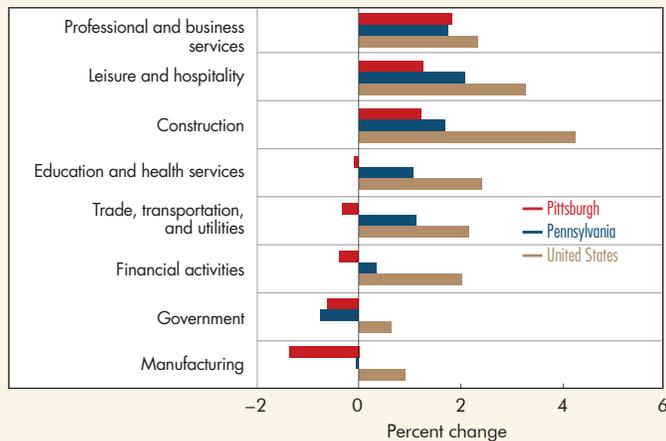


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

EMPLOYMENT

Employment levels have remained relatively flat in the Pittsburgh metro area since early 2012, when the area fully recovered the jobs that it had lost during the Great Recession. Between February 2012 and September 2015, employment in the area grew about 0.1 percent. Over the same period, Pennsylvania's employment grew by more than 2.0 percent, while national employment grew almost 7.0 percent.

Employment gains in some sectors were almost entirely offset by declines in others

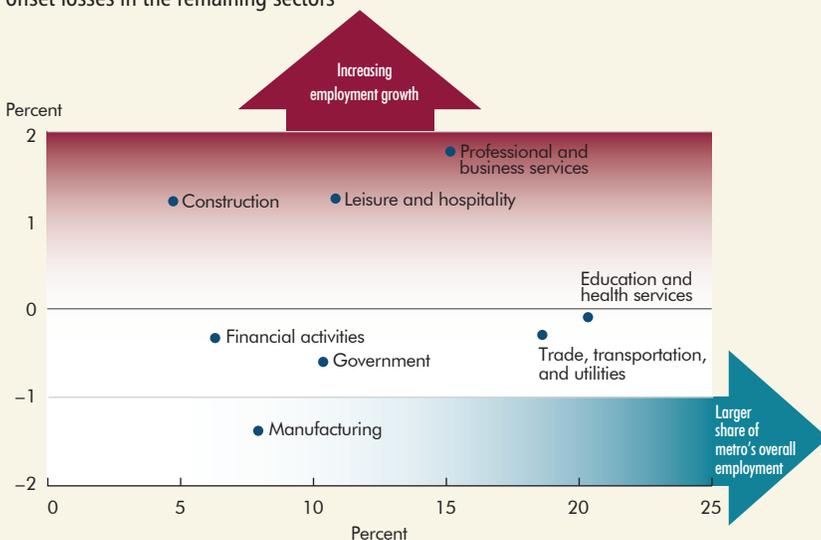


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

EMPLOYMENT GROWTH BY SECTOR

Between September 2014 and September 2015, Pittsburgh-area employment continued to trend sideways, as it has since early 2012, growing 0.1 percent. Only a handful of sectors saw employment increases over this period (construction, leisure and hospitality, and professional and business services). These gains were almost entirely offset by declines in other sectors. By contrast, the nation as a whole experienced employment gains across nearly all major industry groups. The one exception was employment in mining and natural resources (not pictured), which fell about 6.0 percent nationally, and nearly 9.0 percent locally.

Gains in sectors accounting for approximately 30% of the area's employment could not offset losses in the remaining sectors



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

RELATIVE EMPLOYMENT GROWTH

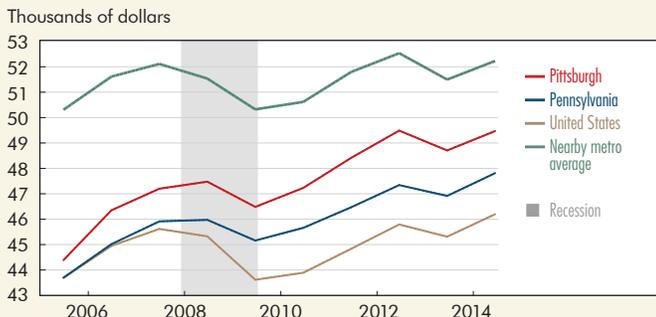
Industries that made up about 30 percent of the area's total employment in September 2014 (construction, leisure and hospitality, and professional and business services) experienced employment gains over the subsequent year. However, industries representing the remaining 70 percent of employment experienced losses that were approximately equal to those gains.

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In 2014, annual per capita income increases were slightly stronger statewide and nationally



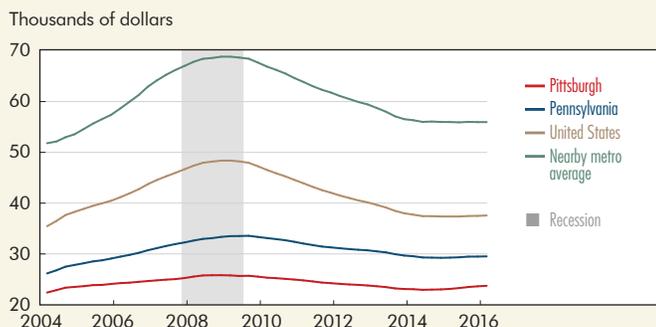
Source: Bureau of Economic Analysis/Haver Analytics.

INCOME

◀ INCOME PER CAPITA

Throughout the expansion, the Pittsburgh metro area's per capita income growth has been similar to that for the United States and Pennsylvania. Between 2009 (the first year of the current expansion) and 2014 (the most recent year for which we have data), the Pittsburgh metro area's per capita income grew 6.5 percent. That compares with growth of about 6.0 percent in both Pennsylvania and the United States. For 2014, the annual increase in per capita income was slightly stronger statewide and nationally—about 2.0 percent versus a gain of 1.6 percent in the metro area.

Per capita consumer debt levels have trended up slightly since the end of 2014



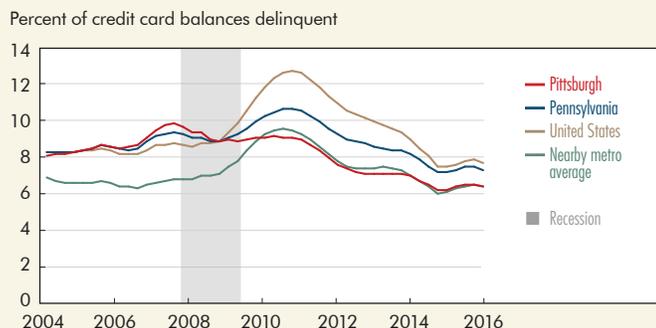
Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

CONSUMER FINANCES

◀ CONSUMER DEBT

Per capita consumer debt levels declined throughout the first several years of the expansion, generally stabilizing in 2014. Since the end of 2014, per capita consumer debt levels have begun to trend up slightly, growing more than 3.0 percent in the Pittsburgh metro area, 1.0 percent statewide, and about 0.5 percent nationally.

In March 2016, the metro area's credit card delinquency rate was more than a percentage point below the national average



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

◀ CREDIT CARD DELINQUENCY RATES

Credit card delinquency rates appear to have largely stabilized since the end of 2014. While delinquency rates in the Pittsburgh area were about a percentage point above the national average just prior to the Great Recession, the opposite is true more recently. As of March 2016, credit card delinquency rates in the Pittsburgh area were more than a percentage point below the national average, and almost a percentage point below the statewide average.

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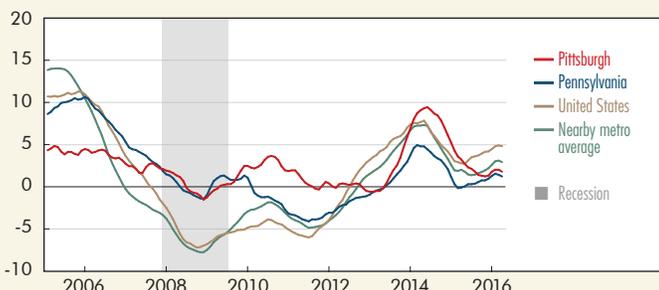
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HOUSING MARKET

On a year-over-year basis as of March 2016, home prices in the metro area increased almost 2.0% versus roughly 4.5% nationally

Year-over-year percent change



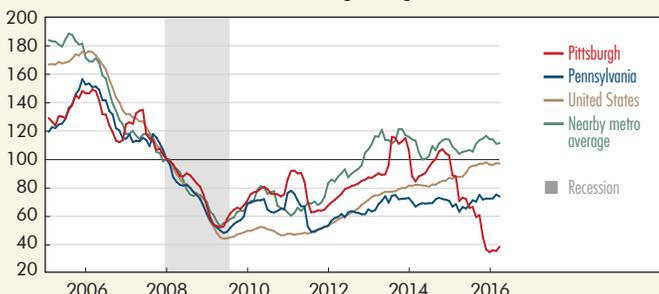
Source: Zillow.com/Haver Analytics.

HOUSING PRICES

As of March 2016, the Pittsburgh area saw a year-over-year increase in home prices of almost 2 percent. Nationally, average home prices rose roughly 4.5 percent over the same period. Nevertheless, because home price changes in the Pittsburgh area were rarely negative during the last ten years, annual home price increases averaged about 2 percent during this time (March 2006 to March 2016), but were slightly negative nationally.

As of March 2016, residential permitting activity in the nation, state, and average of nearby metro areas topped that of the Pittsburgh metro area

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



Source: Census Bureau/Haver Analytics.

HOUSING PERMITS

The issuance of residential building permits throughout the Pittsburgh metro area fell in 2015. In 2015, permit issuance averaged about 180 per month. That compares with average issuance of about 350 permits per month in 2013 and 2014. Through the first three months of 2016, permit issuance has averaged about 150 per month. These trends are notably at odds with issuance nationally or statewide.

DEMOGRAPHICS AND EDUCATION

PITTSBURGH, PENNSYLVANIA

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

	Pittsburgh Metro Area		United States	
	2014	Change from 2009	2014	Change from 2009
Population	2,358,096	+0.1%	318,857,000	+3.9%
Adults with less than a high school diploma	7.0%	-1.9%	13.1%	-1.7%
Adults with an undergraduate degree or higher	31.7%	+3.8%	30.1%	+2.2%
Median age (years)	43	+0.7 years	37.7	+0.9 years
Median household income	\$52,601	+2.2%	\$53,973	-3.2%

Sources: Census 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).