

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



PITTSBURGH, PENNSYLVANIA MSA | OCTOBER 2016

FEDERAL RESERVE BANK of CLEVELAND

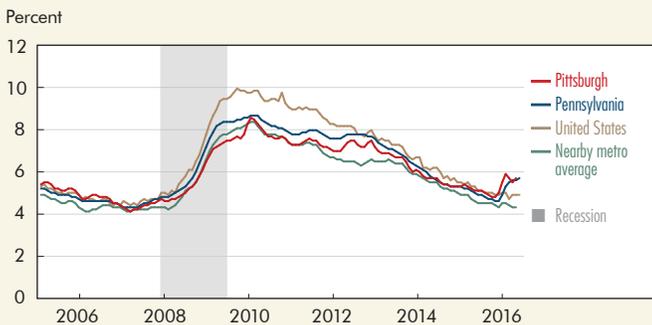
Pittsburgh—A Rising Unemployment Rate

Pittsburgh-area employment rose modestly between March 2015 and March 2016, with most major industry categories in Pittsburgh experiencing weaker employment gains during this period than those same industries nationally. The area's unemployment rate has also risen sharply over the course of 2016, possibly in part because of reduced activity in the energy sector. While the issuance of residential building permits in the area remains relatively low, home prices have continued to see fairly strong gains. Finally, Pittsburgh's per capita consumer debt levels have risen more sharply than in the United States or statewide during the two years ending in the second quarter of 2016, though they remain low.

METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Values		Employment		Credit Card Delinquency Rates	
	July 2016	One-year change	July 2016	One-year change	March 2016 (thousands)	One-year change	2016:Q1	One-year change
Pittsburgh	5.7%	0.6	\$131,000	4.7%	1,099	0.2%	6.4	0.2
Pennsylvania	5.6%	0.6	\$154,500	2.9%	5,725	1.1%	7.3	0.1
Nearby metro average	4.3%	-0.3	\$226,825	2.9%	1,593	2.1%	6.4	0.3
United States	4.9%	-0.4	\$187,300	5.1%	141,231	1.9%	7.7	0.2

The Pittsburgh area's unemployment rate rose sharply in 2016.

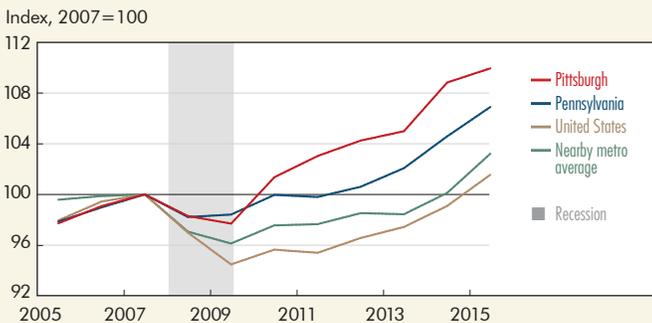


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The Pittsburgh area's unemployment rate has risen sharply over the course of 2016. It ended 2015 at 4.8 percent—its lowest point in the current economic expansion—but has risen almost a percentage point, to 5.7 percent, as of July. In doing so, it has followed the path of Pennsylvania's unemployment rate, which rose from 4.7 percent in December 2015 to 5.7 percent as of August. A possible partial explanation for this trend relates to changes in the energy industry. A separate employment survey shows a sharp decline in employment in Washington County, one of the counties in the metro area, between March 2015 and March 2016. Washington County has the most active oil and gas wells of any county in Pennsylvania.

Pittsburgh's per capita GDP grew 1.0 percent in 2015, well below its growth rate in 2014.



Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

Pittsburgh's per capita GDP grew 1.0 percent in 2015. That's well below the growth rate registered in 2014, when the area's per capita GDP grew 3.7 percent, and also below the area's annualized growth rate over the preceding five-year period (2009 to 2014), which was just over 2 percent. Per capita GDP growth was weaker in the Pittsburgh area in 2015 than in the state and the country as well, with GDP growing 2.2 percent in Pennsylvania and 2.5 percent in the United States.

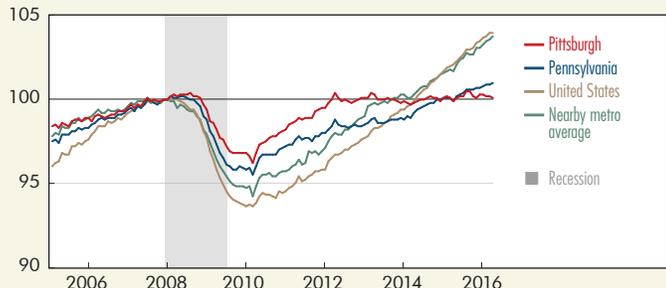
FOURTH DISTRICT METRO MIX

OCTOBER 2016

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Since fully recovering the jobs lost during the Great Recession, the Pittsburgh area has seen little employment growth.

Index, 2007: M12=100



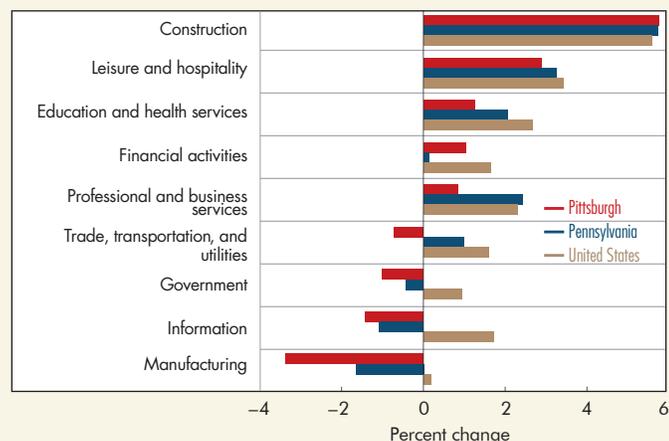
Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

EMPLOYMENT AND INDUSTRIAL SECTORS

◀ EMPLOYMENT

Employment levels have remained relatively flat in the Pittsburgh MSA since early 2012, when the area fully recovered the jobs that it had lost during the Great Recession. During the four years from March 2012 to March 2016, employment in the area fell about 0.2 percent. Over the same time period, Pennsylvania's employment grew by more than 2 percent, while national employment grew by more than 7 percent.

Most major industries saw weaker employment gains in Pittsburgh than in the US, and four sectors saw declines.



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

◀ EMPLOYMENT GROWTH BY SECTOR

Pittsburgh-area employment rose modestly between March 2015 and March 2016 (0.2 percent). By contrast, during the same time period, Pennsylvania's employment grew 1.1 percent, while employment in the United States grew 1.9 percent. Major industries in Pittsburgh generally saw weaker employment gains than those same industries did nationally. The one exception was the construction industry, in which growth rates in Pittsburgh and the United States were similar. In addition, four sectors saw declines in the Pittsburgh area but not in the United States during this yearlong period: manufacturing; government; trade, transportation, and utilities; and information.

Four sectors grew and contributed significantly to the area's employment, while four subtracted substantially from it.

Sector	Employment	12-month change	Share of employment
Education and health services	225,622	2,829	20.8
Trade, transportation, and utilities	201,993	-1,478	18.6
Professional and business services	165,072	1,399	15.2
Government	114,528	-1,182	10.6
Leisure and hospitality	111,951	3,170	10.3
Manufacturing	85,003	-2,983	7.8
Financial activities	67,219	686	6.2
Construction	47,945	2,627	4.4
Information	16,387	-237	1.5

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

◀ SECTOR EMPLOYMENT

Major contributions to the area's modest employment gains between March 2015 and March 2016 came from leisure and hospitality; education and health services; construction; and professional and business services. By contrast, the following sectors were major negative contributors to the area's employment change: manufacturing; trade, transportation, and utilities; and government. Also contributing negatively was natural resources and mining (not shown in the table). This sector shed about 2,400 jobs in the area between March 2015 and March 2016.

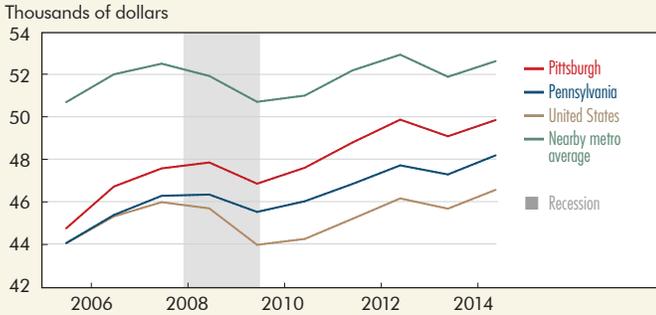
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INCOME

Between 2009 and 2014, the Pittsburgh area's inflation-adjusted per capita income grew 6.5 percent.



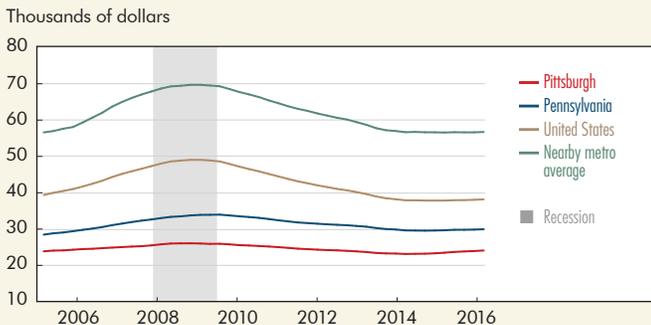
Source: Bureau of Economic Analysis/Haver Analytics.

◀ INCOME PER CAPITA

Throughout the expansion, the Pittsburgh metro area's inflation-adjusted per capita income growth has been similar to that of 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 area's inflation-adjusted per capita income grew 6.5 percent. That compares with growth of about 6.0 percent in Pennsylvania and the United States. For 2014, the annual increase was slightly stronger statewide and nationally—about 2 percent versus a gain of 1.6 percent in the metro area.

CONSUMER FINANCES

After stabilizing in 2014, consumer debt levels in the area have risen roughly 4.2 percent.

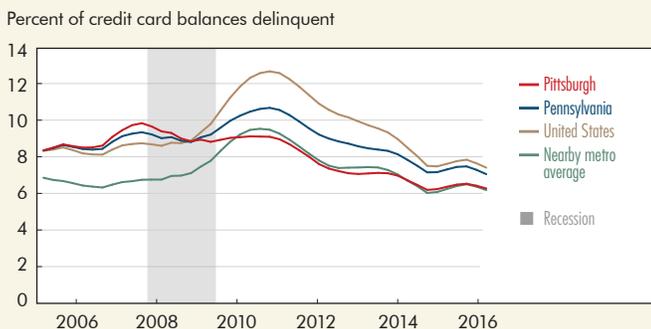


Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

◀ CONSUMER DEBT

Per capita consumer debt levels declined throughout the first several years of the expansion, generally stabilizing in 2014. In the Pittsburgh area, they reached their lowest point after the financial crisis in the second quarter of 2014. In the two years that followed, consumer debt levels in the area have risen roughly 4.2 percent. By contrast, they grew 1.1 percent in Pennsylvania and 0.7 percent nationally over the same time period. Nevertheless, the area's per capita consumer debt levels remain below those of the state or nation.

As of June 2016, credit card delinquency rates in the Pittsburgh area were lower than the state or 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 June 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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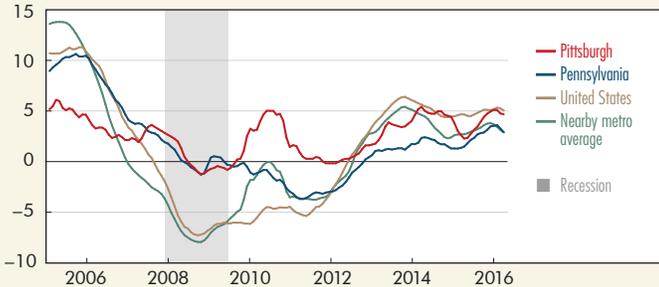
OCTOBER 2016

YOUR DISTRICT, YOUR DATA

HOUSING MARKET

As of July, year-over-year home price gains were stronger in Pittsburgh than in Pennsylvania and close to those in the US.

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

HOUSING PRICES

Home prices in the Pittsburgh area rose by just under 5 percent on a year-over-year basis as of July, stronger than the gains seen statewide (2.9 percent) and close to the gains experienced nationally (5.1 percent) over the same period. Over the prior ten-year period, home prices in Pittsburgh have grown at an annual rate of about 2.4 percent, versus 0.4 percent for Pennsylvania and -0.4 percent for the United States.

Average monthly permit issuance through the first seven months of 2016 is lower than in any of the previous three years.

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



Source: Census Bureau/Haver Analytics.

HOUSING PERMITS

The issuance of residential building permits throughout the Pittsburgh area remains relatively low. Average monthly permit issuance in the area was approximately 124 through the first seven months of 2016. This compares with average monthly issuance of 178 in 2015 and above 300 in 2013 and 2014. There have been declines in average issuance nationally and statewide in 2016 compared with 2015 as well, but they are much smaller in percentage terms than the declines experienced locally.

DEMOGRAPHICS AND EDUCATION

PITTSBURGH, PENNSYLVANIA

According to 2014 US Census Bureau estimates, Columbus, Ohio, ranks as the 32nd 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	\$53,202	+2.2%	\$54,590	-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).