

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



PITTSBURGH, PENNSYLVANIA MSA | APRIL 2017

FEDERAL RESERVE BANK of CLEVELAND

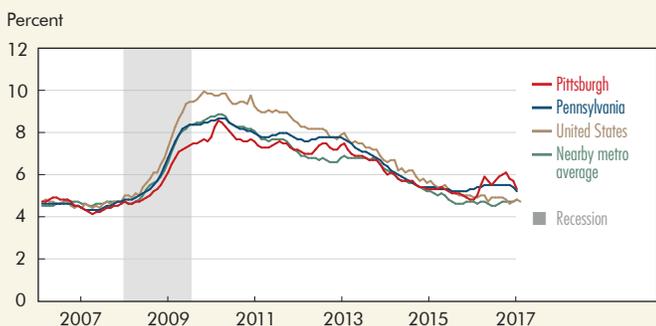
Pittsburgh – Elusive Employment Gains

Employment in the Pittsburgh metro area has remained relatively flat since 2012. In 2016, employment declined slightly during the year through September, with losses concentrated in goods-producing sectors such as mining, manufacturing, and construction. These losses largely offset employment gains among some service-sector industries. The area's unemployment rate rose over the course of 2016, ending the year a percentage point above the national average, though it improved in January, falling to 5.3 percent. While the number of residential building permits issued in the area remains relatively low, home prices have continued to see fairly strong gains. Finally, per capita consumer debt levels—though they remain low—have risen more sharply in the Pittsburgh metro area than in Pennsylvania or the United States during the two-year period that ended in the fourth quarter of 2016.

METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Values		Payroll Employment		Credit Card Delinquency Rates	
	January 2017 (percent)	One-year change (percent)	January 2017	One-year change (percent)	September 2016 (thousands)	One-year change (percent)	2016:Q4 (percent)	One-year change (percent)
Pittsburgh	5.3	0.5	\$134,300	4.8	1,098	-0.3	6.2	-0.4
Pennsylvania	5.2	-0.1	\$158,000	4.2	5,756	1.0	6.8	-0.7
United States	4.8	-0.1	\$195,300	7.2	142,452	1.8	7.1	-0.7
Nearby metro area average	4.8	0.1	\$183,733	4.5	1,108	1.5	6.6	-0.4

In January 2017, the unemployment rate in the Pittsburgh metro area fell to 5.3 percent.



Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The unemployment rate in the Pittsburgh metro area rose almost a percentage point in 2016, at a time when the US unemployment rate continued to decline. By December 2016, the metro area's unemployment rate was a percentage point above the national average—5.7 percent versus 4.7 percent. More recent data for the metro area show an improvement, with the unemployment rate falling to 5.3 percent as of January. Despite the diverging trends between the metro area's and the nation's unemployment rates in 2016, the two rates saw similar declines in the three previous years, with each declining roughly 1 percentage point in 2013 and 2014 and about half a percentage point in 2015, on a December-over-December basis.

Though the Pittsburgh metro area's per capita GDP grew 1.0 percent in 2015, the growth rate still trailed that of the state and the nation.



Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

The Pittsburgh metro area's per capita GDP grew 1.0 percent in 2015. That's well below the growth rate registered in 2014, when the metro area's per capita GDP grew 3.7 percent, and also below the metro area's annualized growth rate during the preceding five-year period (2009 to 2014), which was just more than 2.0 percent. Pennsylvania and the United States saw stronger per capita GDP gains than did the Pittsburgh metro area in 2015, with the former growing 3.4 percent, and the latter growing 2.8 percent.

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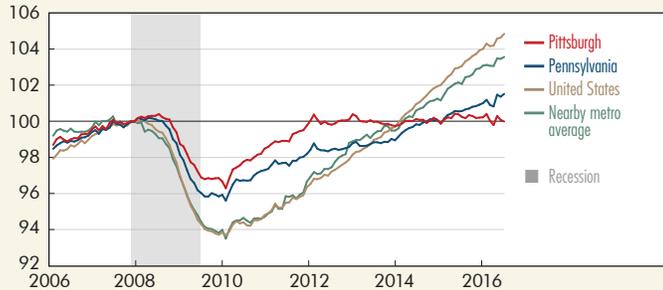
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EMPLOYMENT AND INDUSTRIAL SECTORS

Employment in the Pittsburgh metro area has been flat since 2012, while in the state and nation, it has grown.

Index, 2007: M12=100

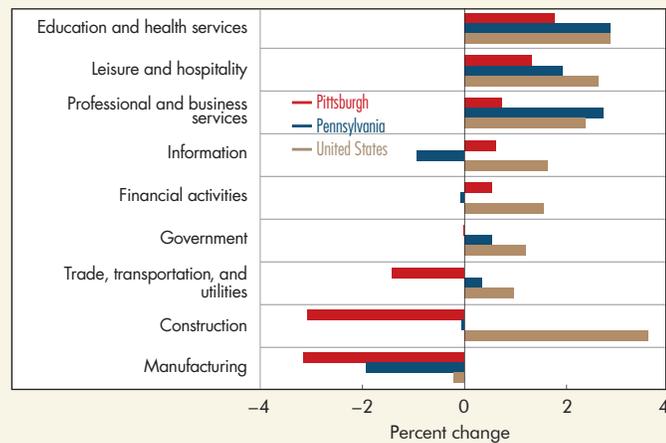


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

EMPLOYMENT

Employment in the Pittsburgh metro area has basically been flat since 2012. Between January 2012 and September 2016, the area saw employment expand only 0.2 percent. That compares to employment gains during the same time period of 3.5 percent and 9.0 percent for Pennsylvania and the United States, respectively. Despite steeper declines during the Great Recession, both Pennsylvania and the nation have achieved employment levels that are higher than at the end of the last expansion (December 2007)—1.6 percent and 4.9 percent, respectively. By contrast, employment in the Pittsburgh metro area is essentially unchanged nearly nine years later.

Employment growth was especially weak in goods-producing industries such as construction and manufacturing.



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

EMPLOYMENT GROWTH BY SECTOR

From September 2015 to September 2016, employment in the Pittsburgh metro area fell slightly (-0.3 percent). That compares to growth during the same time period of 1.0 percent and 1.8 percent for Pennsylvania and the United States, respectively. Employment gains were weaker by at least a percentage point in the Pittsburgh metro area in every major industrial category. This weakness was especially pronounced in goods-producing industries, with employment declining by more than 3.0 percent in both construction and manufacturing and nearly 18.0 percent in mining (not shown).

Despite the decline in overall employment, several sectors in the Pittsburgh metro area experienced employment gains.

Sector	Employment	12-month change	Share of employment
Education and health services	227,902	3,992	20.7
Trade, transportation, and utilities	201,777	-2,886	18.3
Professional and business services	168,344	1,219	15.3
Leisure and hospitality	120,247	1,562	10.9
Government	113,463	-12	10.3
Manufacturing	84,638	-2,770	7.7
Financial activities	68,059	357	6.2
Construction	53,536	-1,706	4.9
Information	16,568	102	1.5

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

SECTOR EMPLOYMENT

Despite the decline in overall employment in the year that ended in September 2016, several sectors experienced employment gains. Notable increases in employment came from the following sectors: education and health services, leisure and hospitality, and professional and business services. Collectively, these industries experienced a net increase in employment of 6,773 jobs, with increases in education and health services accounting for almost 60 percent of these gains. However, this increase was almost entirely offset by the declines that occurred among goods-producing industries, which shed 6,447 jobs. Trade, transportation, and utilities also shed 2,886 jobs, which was close to the net decline in employment for the metro area.

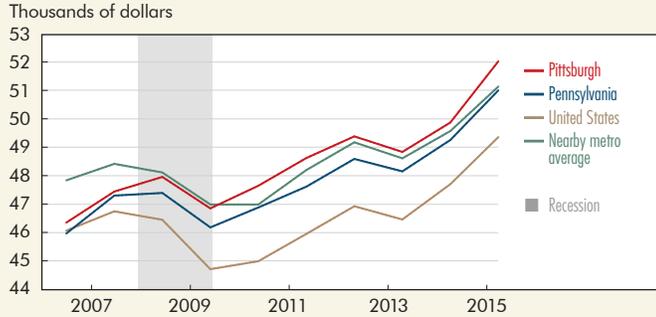
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INCOME

In 2015, gains in the Pittsburgh metro area's inflation-adjusted per capita income outdid those of the state and nation.



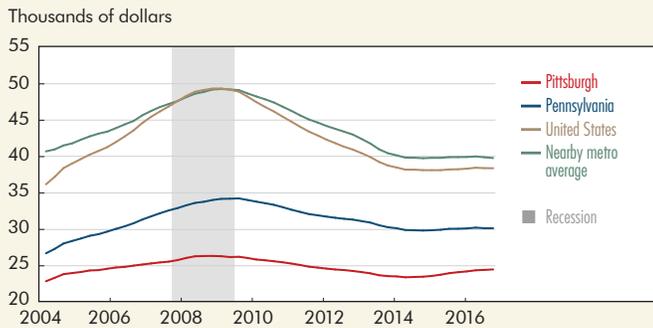
Source: Bureau of Economic Analysis/Haver Analytics.

INCOME PER CAPITA

Inflation-adjusted per capita income in the Pittsburgh metro area rose 4.4 percent in 2015; that increase was almost a percentage point higher than the gains seen statewide or nationally, which were closer to 3.5 percent. From 2009, the year the current expansion began, to 2015, the most recent year for which we have data, increases in inflation-adjusted per capita income have been comparable across the three geographies, rising 1.8 percent on an annualized basis in the Pittsburgh metro area and 1.7 percent in both Pennsylvania and the nation.

CONSUMER FINANCES

Per capita consumer debt levels declined after the recession ended, but since mid-2014, they have increased.

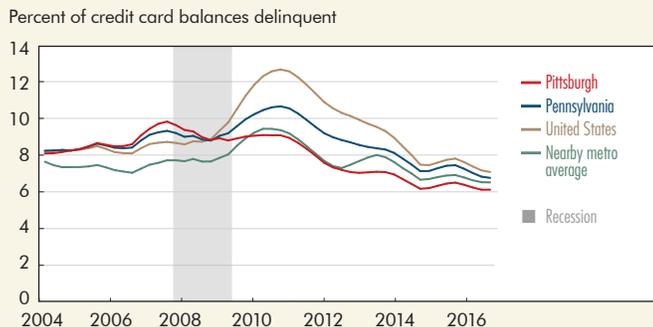


Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

CONSUMER DEBT

In the Pittsburgh metro area, per capita consumer debt levels declined throughout the first several years of the expansion, reaching their lowest point since the financial crisis in the second quarter of 2014. However, since then, these debt levels have increased in the metro area. In the two-year period through the fourth quarter of 2016, Pittsburgh's per capita consumer debt levels rose roughly 4.4 percent. By contrast, they grew 1.1 percent in Pennsylvania and 0.7 percent nationally during the same time period. Nevertheless, the metro area's per capita consumer debt levels remain below those of the state or nation.

The Pittsburgh metro area's credit card delinquency rate has remained relatively stable since 2014.



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 has remained relatively stable since 2014. While the delinquency rate in the Pittsburgh metro area was about a percentage point above the national rate just prior to the Great Recession, the opposite has been true more recently. At the end of 2016, the credit card delinquency rate in the Pittsburgh metro area was almost a percentage point below the national rate and about half a percentage point below the statewide rate.

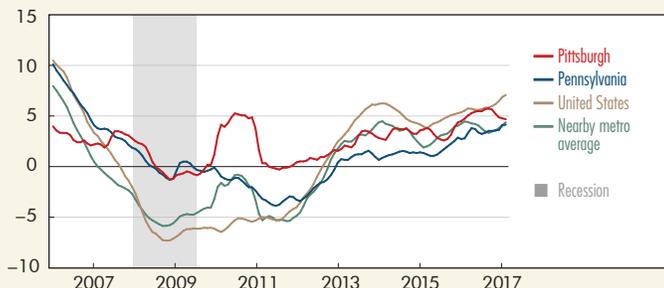
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Growth in home prices has been stronger in the Pittsburgh metro area than in the state but weaker than in the nation as a whole.

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

HOUSING MARKET

HOUSING PRICES

Home prices in the Pittsburgh metro area rose by just less than 5 percent on a year-over-year basis as of December 2016—slightly stronger than the gains seen statewide (4.2 percent), but below the gains experienced nationally (7.0 percent), during the same time period. During the prior 10-year period, home prices in the Pittsburgh metro area rose at an annual rate of 2.5 percent versus a 0.4 percent increase in Pennsylvania and a slight decline nationally.

The number of residential building permits issued throughout the Pittsburgh metro area remains relatively low.

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



Source: US Census Bureau/Haver Analytics.

HOUSING PERMITS

The number of residential building permits issued throughout the Pittsburgh metro area remains relatively low. In 2016, the average number of permits issued per month in the metro area was approximately 140; in the first month of 2017, that number was less than 100. The 2016 monthly average is lower than the 2015 monthly average (about 180 permits) and much lower than the monthly averages for 2013 and 2014, both of which exceeded 300. The 2016 monthly average is also lower than the 2015 monthly average for Pennsylvania and the nation, but these averages declined by much smaller percentages than did the Pittsburgh metro area's.

DEMOGRAPHICS AND EDUCATION

PITTSBURGH, PENNSYLVANIA

According to 2015 US Census Bureau estimates, Pittsburgh, Pennsylvania, is the 26th largest of the 381 metropolitan statistical areas in the United States.

	Pittsburgh Metro Area		United States	
	2015	Change from 2009	2015	Change from 2009
Population	2,353,045	-0.1%	321,419,000	+4.8%
Adults with less than a high school diploma (percent)	7.0	-2.0	12.9	-1.9
Adults with an undergraduate degree or higher (percent)	33.0	+5.1	30.6	+2.7
Median age (years)	43	+0.7	37.8	+1.0
Median household income	\$55,583	+5.6%	\$57,325	+0.5%

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).