

# FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



PITTSBURGH, PENNSYLVANIA MSA | SEPTEMBER 2017

FEDERAL RESERVE BANK of CLEVELAND

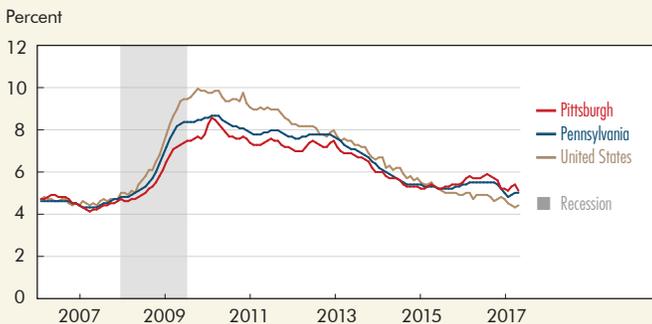
## Pittsburgh—Employment Continues to Trend Sideways

Employment has remained relatively flat in the Pittsburgh metro area throughout the five-year period from 2012 through 2016. In 2016, the metro area's employment fell slightly, with every major industry category experiencing less employment growth in Pittsburgh than in the nation as a whole. While the metro area's unemployment rate declined during the first half of 2017, as of June, it remained about a half of a percentage point higher than the national average. Area home prices rose a robust 5.0 percent this year through June; at the same time, the issuance of permits for residential buildings remains low. Finally, the metro area's per capita consumer debt levels have risen more sharply than in the state or the nation from mid-2014 through the first quarter of 2017, though they, too, remain low.

### METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Value		Payroll Employment		Credit Card Delinquency Rate	
	June 2017 (percent)	One-year change (percentage points)	June 2017	One-year change (percent)	December 2016 (thousands)	One-year change (percent)	2017:Q1 (percent)	One-year change (percentage points)
Pittsburgh	5.1	-0.6	\$137,400	5.0	1,097	-0.4	6.2	-0.2
Pennsylvania	5.0	-0.5	\$160,800	4.6	5,753	0.7	6.8	-0.5
United States	4.4	-0.5	\$200,400	7.4	142,524	1.3	7.1	-0.6

The unemployment rate fell more in the Pittsburgh metro area than in the state or the nation recently.

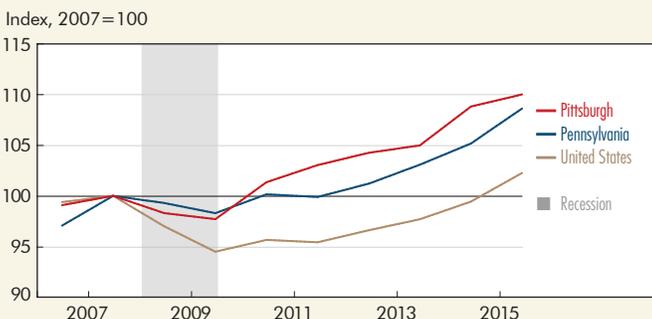


Source: Bureau of Labor Statistics/Haver Analytics.

#### ◀ UNEMPLOYMENT RATE

The Pittsburgh metro area's unemployment rate fell about a half of a percentage point between December 2016 and June 2017—from 5.6 percent to 5.1 percent. During the same time period, the unemployment rates for the state and the nation fell 0.4 percentage points and 0.3 percentage points, respectively. Despite the larger decline, the metro area's unemployment rate remains higher than the rates for the state or the nation. Relative to the nation, whose rate stood at 4.4 percent in June, the metro area's unemployment rate was more than a half of a percentage point higher. Additionally, the half-percentage-point decline in the metro area's unemployment rate since December should be viewed with caution: Initial estimates suggested the metro area's unemployment rate rose 0.7 percentage points for the same period a year ago (December 2015 to June 2016), but this was subsequently revised to an increase of just 0.3 percentage points.

In 2015, per capita GDP grew less in the Pittsburgh metro area than in the state or the nation.



Source: Bureau of Economic Analysis/Haver Analytics.

#### ◀ GROSS DOMESTIC PRODUCT

The Pittsburgh metro area's per capita GDP grew 1.1 percent in 2015 (the latest year for which we have data). This was below the metro area's growth rate in 2014 (3.7 percent) and also below the area's annualized growth rate during the preceding five-year period (just more than 2 percent). The state and the nation also saw stronger per capita GDP gains than the metro area did in 2015, with the state's growing 3.3 percent and the nation's growing 2.9 percent. Data for 2016 indicate that the state and the nation saw per capita GDP growth of about 1 percent.

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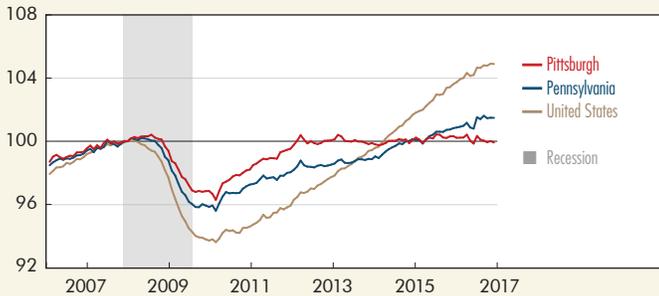
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## EMPLOYMENT AND INDUSTRIAL SECTORS

Employment in the Pittsburgh metro area has remained relatively unchanged since 2012.

Index, 2007:M12=100

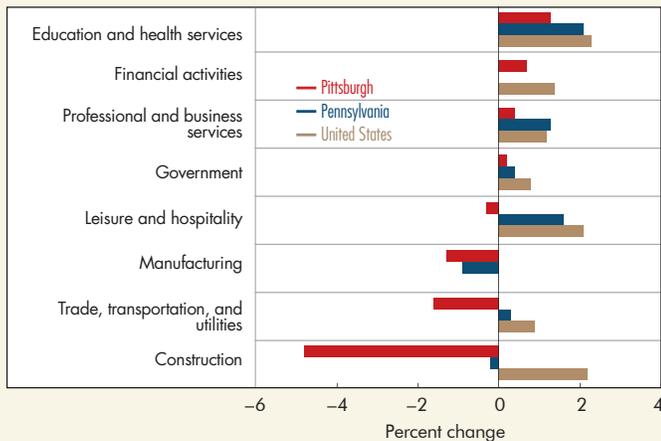


Source: Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

### ◀ EMPLOYMENT

Employment in the Pittsburgh metro area has remained relatively unchanged since 2012, and it is approximately equal to the metro area's pre-Great Recession employment peak. Between January 2012 and December 2016, employment in the metro area grew 0.1 percent. By contrast, during the same time period, state employment grew 3.4 percent and national employment grew 9.1 percent. During 2016, employment in the metro area actually declined 0.4 percent; at the same time, employment grew 0.7 percent and 1.3 percent in the state and the nation, respectively.

In 2016, employment in every major industry grew less in the Pittsburgh metro area than in the nation.



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

### ◀ EMPLOYMENT GROWTH BY SECTOR

In 2016, every major industry category experienced less employment growth in the Pittsburgh metro area than in the nation. Notably, employment declined across all goods-producing industries in the metro area, with manufacturing, construction, and mining (not shown) posting December-over-December declines of 1.3 percent, 4.8 percent, and 9.5 percent, respectively. Nationally, among these three industries, only mining experienced employment losses during this period. The area's best-performing industry category, education and health services, saw its employment expand 1.3 percent, but this was still less robust than the growth rates reported for the sector statewide or nationally, which exceeded 2 percent in both cases.

In the Pennsylvania metro area, goods-producing industries alone accounted for employment losses of about 4,500, a number close to that of the area's total net employment decline during 2016.

Sector	Employment	12-month change	Share of employment
Education and health services	228,554	2,972	20.7
Trade, transportation, and utilities	210,829	-3,465	19.1
Professional and business services	168,924	696	15.3
Government	116,018	197	10.5
Leisure and hospitality	113,723	-314	10.3
Manufacturing	84,823	-1,118	7.7
Financial activities	68,522	455	6.2
Construction	48,561	-2,438	4.4

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

### ◀ SECTOR EMPLOYMENT

Several industry sectors contributed to the Pittsburgh metro area's employment decline during 2016: trade, transportation, and utilities (-3,465); construction (-2,438); manufacturing (-1,118); mining (-963, not shown); and leisure and hospitality (-314). Goods-producing industries alone accounted for employment losses of about 4,500, a number close to that of the area's total net employment decline during 2016. However, on the services side, the many job losses during the year in trade, transportation, and utilities were largely offset by employment gains in the area's other service-sector industries.

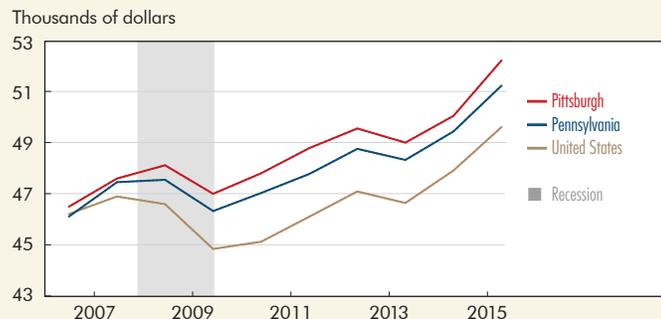
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## INCOME

Inflation-adjusted per capita income rose more in the Pittsburgh metro area in 2015 than in the state or the nation.



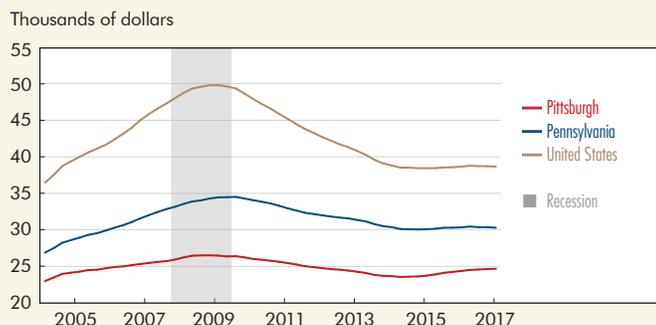
Source: Bureau of Economic Analysis/Haver Analytics.

### ◀ 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 in the state or in the nation, both of which had gains 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 metro area, state, and nation, growing at an average annual rate of 1.8 percent in the metro area and 1.7 percent in the state and the nation.

## CONSUMER FINANCES

Per capita consumer debt levels in the Pittsburgh metro area have grown almost 5 percent from mid-2014 through the first quarter of 2017.

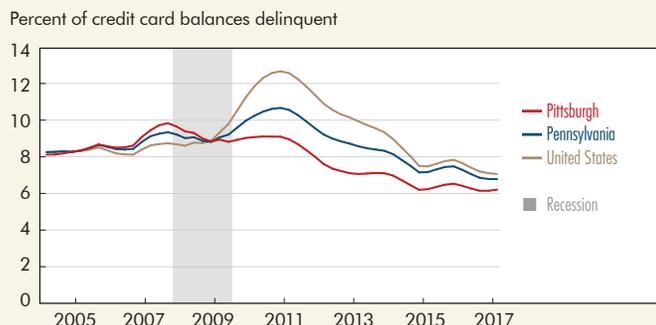


Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

### ◀ CONSUMER DEBT

Per capita consumer debt levels declined throughout the first several years of the expansion in the Pittsburgh metro area and across the nation. In the metro area, debt levels reached their lowest point since the financial crisis in the second quarter of 2014. However, since then, these debt levels have increased steadily in the metro area, growing almost 5 percent from mid-2014 through the first quarter of 2017. By contrast, per capita consumer debt levels have grown by less than 1 percent in the state and in the nation during the same time period. Nevertheless, the metro area's per capita consumer debt levels remain below those for the state or nation.

In 2017, credit card delinquency rates in the Pittsburgh metro area were lower than in the state or the nation; rates have remained relatively stable since the end of 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 rates have remained relatively stable since the end of 2014. While delinquency rates in the metro area had been about 1 percentage point above the national average just prior to the Great Recession, the opposite has been true more recently. By the first quarter of 2017, credit card delinquency rates in the metro area were almost 1 percentage point below the nation's average and about 0.5 percentage points below the state's average.

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As of June 2017, year-over-year home prices rose more in the Pittsburgh metro area than in the state but less than in the nation.

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

## HOUSING MARKET

### HOUSING PRICES

Home prices in the Pittsburgh metro area rose by 5.0 percent on a year-over-year basis as of June 2017. Metro area gains are slightly stronger than the gains seen in the state (4.6 percent), but weaker than the gains experienced in the nation (7.4 percent), during the same time period. During the eight-year period from the end of the Great Recession in June 2009 through June 2017, home prices in the metro area grew at an annual rate of 3.2 percent; this gain is considerably stronger than the gains seen in the state (0.6 percent) and more than a percentage point stronger than the gains experienced in the nation (1.9 percent).

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. An average of about 190 permits were issued each month during the first six months of 2017. The number of permits issued in March was unusually high (nearly 500 permits); excluding March's permits reduces the average number of permits issued for the five remaining months in 2017 to about 130. This number is similar to the average number of permits issued each month in 2015 and 2016—about 180 and 140 permits, respectively—but is notably weaker than average number of permits issued each month in 2013 and 2014, years for which the average number of permits issued each month exceeded 300. For the state and the nation, the average number of permits issued each month increased in the first half of 2017 when compared to 2016.

## 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 2010	2015	Change from 2010
Population	2,351,271	-0.2%	320,897,000	+3.7%
Adults with less than a high school diploma	7%	-1.7pp	12.9%	-1.6pp
Adults with an undergraduate degree or higher	33%	+3.8pp	30.6%	+2.4pp
Median age (years)	43	+0.4	37.8	+0.6
Median household income	\$55,891	+6.5%	\$57,643	+2.5%

Note: Percentage points is abbreviated as pp.

Source: US Census Bureau population estimates, American Community Survey.

All monthly and quarterly figures are seasonally adjusted, and all dollar figures are in constant dollars, for which the base period is provided by the latest available data. Home prices are an exception, and they are not adjusted for inflation. 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 prerecession levels. If levels were growing before the recession, prerecession indexes will be below 100; if levels were falling before the recession, prerecession 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).