

FOURTH DISTRICT METRO MIX

YOUR DISTRICT, YOUR DATA



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PITTSBURGH, PENNSYLVANIA MSA | MAY 2018

FEDERAL RESERVE BANK of CLEVELAND

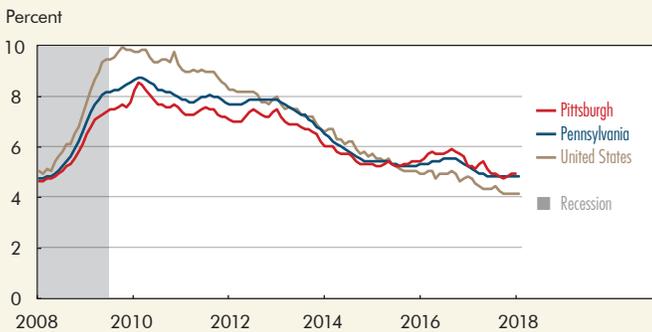
Pittsburgh—Employment Growth Gaining Traction

Data for the first nine months of 2017 show meaningful gains in employment in the Pittsburgh metro area, a break from the prior five years when total employment had been flat. Employment growth was broad based, with 7 of the area's 10 major industry sectors posting net job gains. The Pittsburgh metro area's unemployment rate continues to be stable and in line with the state unemployment rate, though it remains higher than the national rate. Inflation-adjusted GDP per capita and inflation-adjusted income per capita were essentially unchanged from 2015 to 2016 in the metro area. Residential building permit issuance remains historically low, and housing prices in the metro area are increasing at a slower rate than is seen statewide or nationally. Consumer debt levels and the credit card delinquency rate are still substantially lower in the metro area than in the state or nation.

METRO AREA SNAPSHOT

	Unemployment Rate		Median Home Value		Payroll Employment		Credit Card Delinquency Rate	
	January 2018 (percent)	One-year change (percentage points)	February 2018	One-year change (percent)	September 2017 (thousands)	One-year change (percent)	2017:Q4 (percent)	One-year change (percentage points)
Pittsburgh	4.9	-0.3	\$138,900	3.7	1,110	1.1	6.4	0.2
Pennsylvania	4.8	-0.4	\$163,900	4.2	5,814	1.0	6.9	0.1
United States	4.1	-0.7	\$210,200	7.6	143,869	1.0	7.2	0.1

From July 2017 through January 2018, the unemployment rate remained relatively stable in the Pittsburgh metro area.

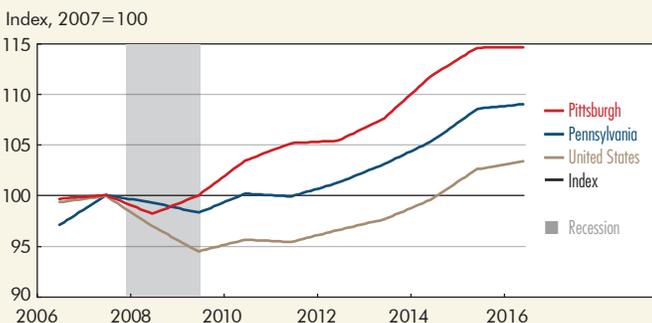


Source: Bureau of Labor Statistics/Haver Analytics.

◀ UNEMPLOYMENT RATE

The unemployment rate stayed fairly stable from July 2017 through January 2018 in the Pittsburgh metro area. During this period, unemployment rates were also stable statewide and nationally. In the year that ended with July 2017, unemployment rates had fallen notably in the metro area (0.8 percentage points), state (0.7 percentage points), and nation (0.6 percentage points). Since July 2017, unemployment rates in all three of these geographies have stayed fairly stable. In January 2018, these rates stood at 4.9 percent for the Pittsburgh metro area, 4.8 percent in Pennsylvania, and 4.1 percent in the United States. The Pittsburgh metro area's unemployment rate continues to be approximately in line with the state rate, although both rates remain elevated relative to the national unemployment rate.

Inflation-adjusted per capita GDP growth slowed substantially in the Pittsburgh metro area in 2016.



Source: Bureau of Economic Analysis/Haver Analytics.

◀ GROSS DOMESTIC PRODUCT

Inflation-adjusted per capita GDP growth slowed substantially in the Pittsburgh metro area from 2015 to 2016, falling from 2.5 percent to less than 0.1 percent. Inflation-adjusted per capita GDP growth slowed in both Pennsylvania and the United States as well; both national and state real GDP per capita grew by less than 1 percent in 2016, whereas it had grown by slightly more than 3 percent in 2015. Since 2009, the year in which the Great Recession ended, inflation-adjusted GDP per capita has increased at an average annual rate of 2.0 percent in the metro area, faster than both the state (1.5 percent) and the nation (1.3 percent).

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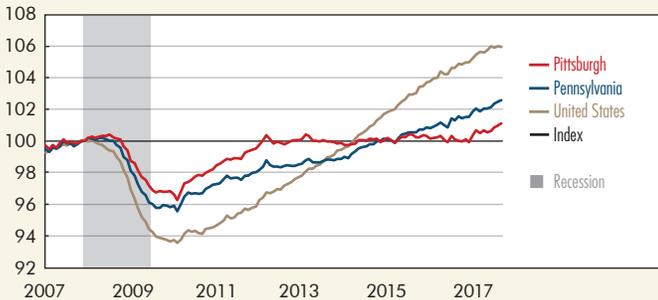
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EMPLOYMENT AND INDUSTRIAL SECTORS

Employment in the Pittsburgh metro area began to trend upward for the first time since 2012.

Index, 2007:M12=100



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

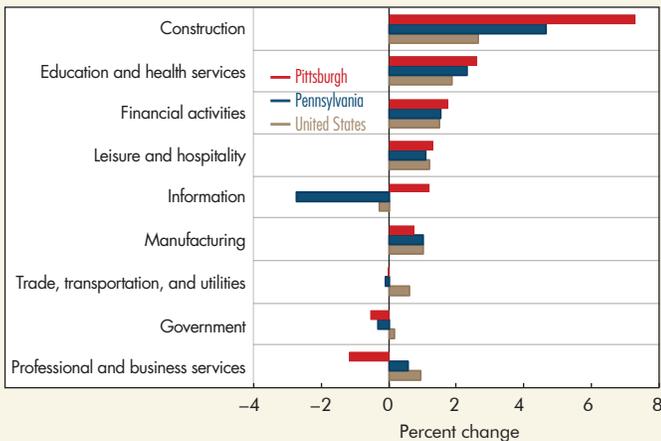
EMPLOYMENT

In the first nine months of 2017, employment in the Pittsburgh metro area began to trend upward for the first time since it stalled in 2012. During this nine-month period, employment in the metro area grew by 1.6 percent on an annualized basis, slightly faster than the 1.4 percent and 1.2 percent growth rates in the state and nation, respectively. Nevertheless, employment levels in the Pittsburgh metro area are only 1.1 percent higher than they were at the start of the Great Recession. By comparison, total employment in Pennsylvania is 2.6 percent higher than its prerecession peak, and total employment in the nation is 6.0 percent higher than its prerecession peak.

In the year that ended with September 2017, job growth in several sectors in the Pittsburgh metro area exceeded statewide and national averages.

EMPLOYMENT GROWTH BY SECTOR

From September 2016 through September 2017, the Pittsburgh metro area saw job growth in several sectors that exceeded statewide and national averages. This growth is a notable departure from recent trends. In every month from 2013 through 2016, the year-over-year growth rate in nearly every major industry sector was slower in the Pittsburgh metro area than it was nationally. Beginning in January 2017, an increasing number of major industry sectors began growing in the Pittsburgh metro area faster than in the nation. By September 2017, six sectors—natural resources and mining (not shown), construction, education and health services, financial activities, leisure and hospitality, and information—were growing faster in the metro area than nationally.



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

From September 2016 through September 2017, the Pittsburgh metro area netted 12,241 jobs, with net job growth across the majority of industry sectors.

SECTOR EMPLOYMENT

From September 2016 through September 2017, the Pittsburgh metro area added 12,241 jobs on net. This growth was broad based: Of the area's 10 major industry sectors, 7 increased employment. Of the sectors accounting for more than 1 percent of total employment in the metro area, the fastest-growing industry was construction, which added 3,904 jobs to grow 7.3 percent. In terms of the total number of jobs added, it was the slower growing, but much larger, sectors that accounted for most of the job creation in the metro area. Most notably, the Pittsburgh metro area's largest sector, education and health services, grew 2.6 percent on a year-over-year basis and added 5,959 jobs—almost half of the total net job gains in the region.

Sector	Employment	12-month change	Share of employment
Education and health services	233,722	5,959	21.0
Trade, transportation, and utilities	201,739	-23	18.1
Professional and business services	166,613	-1,995	14.9
Leisure and hospitality	121,662	1,599	10.9
Government	113,384	-623	10.2
Manufacturing	85,335	633	7.7
Financial activities	69,437	1,210	6.2
Construction	57,449	3,904	5.2
Information	16,783	201	1.5

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

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YOUR DISTRICT, YOUR DATA

MAY 2018

Inflation-adjusted per capita income in the Pittsburgh metro area was essentially unchanged between 2015 and 2016.



Source: Bureau of Economic Analysis/Haver Analytics.

INCOME

◀ INCOME PER CAPITA

Inflation-adjusted per capita income in the Pittsburgh metro area was essentially unchanged between 2015 and 2016. Inflation-adjusted per capita income growth slowed nationally and statewide as well—both geographies saw growth of less than 1 percent during the year. From 2009, the year the current expansion began, to 2016, 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 1.5 percent in the metro area and 1.6 percent in the state and the nation.

Though growing, the Pittsburgh metro area's per capita consumer debt level remains much lower than that of the state or nation.



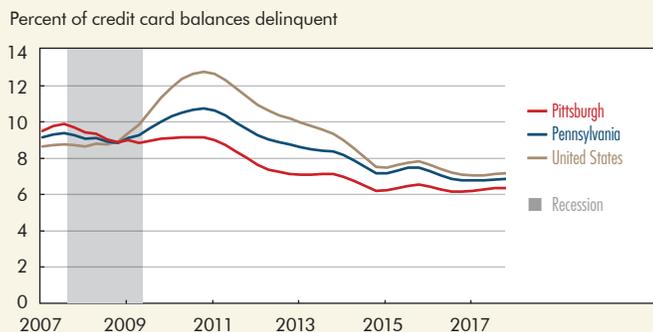
Source: Authors' calculations from the Federal Reserve Bank of New York's Consumer Credit Panel/Equifax.

CONSUMER FINANCES

◀ CONSUMER DEBT

Per capita consumer debt levels declined throughout the first several years of the expansion 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. Since then, per capita consumer debt has increased steadily in the metro area, growing 6.3 percent from mid-2014 through the fourth quarter of 2017. Growth in per capita consumer debt levels in the state and nation has been much slower, only 1.1 percent and 1.7 percent, respectively, during the same time period. Despite this difference in growth rates, the metro area's per capita consumer debt is still about \$5,600 lower than the state's and about \$14,700 lower than the nation's.

The Pittsburgh metro area's credit card delinquency rate has remained lower than that of the state or nation since the Great Recession.



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

◀ CREDIT CARD DELINQUENCY RATE

Credit card delinquency rates in the Pittsburgh metro area have been lower than the state and national averages since the Great Recession. This stands in contrast to the pre-Great Recession period, when credit card delinquency rates in the Pittsburgh metro area were around one percentage point higher than the national average. Though the state's and nation's delinquency rates have been falling for several years, in the fourth quarter of 2017, the metro area's delinquency rate was still 0.5 percentage points below the statewide average and 0.8 percentage points below the national average. The metro area's credit card delinquency rates have been fairly stable for the past three years, ranging between 6.2 percent and 6.5 percent during that period.

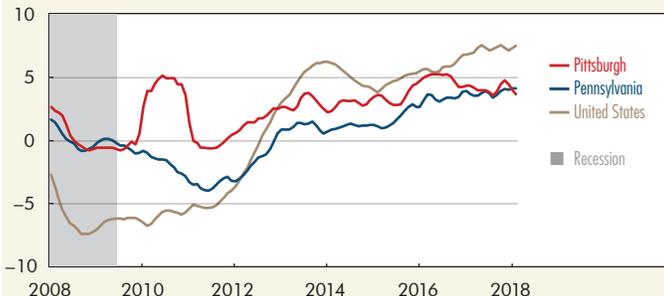
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YOUR DISTRICT, YOUR DATA

In February 2018, home prices in the Pittsburgh metro area continued to rise on a year-over-year basis.

Year-over-year percent change



Source: Zillow.com/Haver Analytics.

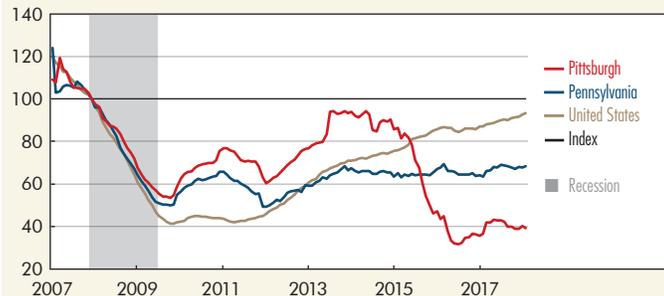
HOUSING MARKET

HOUSING PRICES

Home prices in the Pittsburgh metro area rose by 3.7 percent on a year-over-year basis in February 2018. February price gains in the metro area were weaker than the gains seen in the state (4.2 percent) and weaker still than the gains experienced in the nation (7.6 percent) during the same time. However, since the end of the Great Recession, home prices have increased at an average annual rate of 3.1 percent in the metro area; this is substantially stronger than the average annual home price increases in the state (0.8 percent) or the nation (2.3 percent).

Residential building permit issuance in the Pittsburgh metro area has been slow, relative to prior issuance levels in the metro area, since 2015.

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



Source: US Census Bureau/Haver Analytics.

HOUSING PERMITS

Residential building permit issuance has been slow in the Pittsburgh metro area for the past three years. From July 2009, the beginning of this economic expansion, through December 2014, permit issuance in the metro area averaged slightly more than 300 permits per month and was trending upward to approach pre-Great Recession levels. However, beginning in the second half of 2015, permit issuance dropped substantially in the metro area, averaging about 180 permits per month for all of 2015, about 140 permits per month in 2016, and about 150 permits per month in 2017. The first two months of 2018 were in line with this trend—151 permits were issued in the Pittsburgh metro area in January and 139 permits were issued in February. Neither the state nor the nation have experienced such large declines in residential building permit issuance.

DEMOGRAPHICS AND EDUCATION

PITTSBURGH, PENNSYLVANIA

From 2010 to 2017, the latest year for which we have population data, the Pittsburgh metro area saw a net population loss of 22,924 people; that is nearly 1 percent of its 2010 population. Of the 50 most populous metropolitan areas in the 2010 Census, the Pittsburgh metro area saw the steepest decline in population, and it is the only metro area to have had a negative natural change in population (births minus deaths) during the period. The -24,100 natural change from 2010 to 2017 accounted for nearly all of the net decline during the period. Negative net domestic migration was counterbalanced by positive net international migration during the period. The Pittsburgh metro area continues to be both older and better educated than the national population.

	Pittsburgh Metro Area		United States	
	2016	Change from 2010	2016	Change from 2010
Population	2,341,536	-0.7%	323,406,000	+4.5%
Adults with less than a high school diploma	6.5%	-2.2 pp	12.5%	-1.9 pp
Adults with an undergraduate degree or higher	34.6%	+5.5 pp	31.3%	+3.1 pp
Median age (years)	43.1	+0.5	37.9	+0.7
Median household income	\$58,162	+9.1%	\$59,774	+4.6%

Note: Percentage points is abbreviated as pp.

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

Mekael Teshome is vice president and senior regional officer of the Pittsburgh Branch of the Federal Reserve Bank of Cleveland. Sarah Mattson is a research analyst at the Branch. The authors thank senior research analyst Christopher Vecchio for preparing the charts.

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).