



Pennsylvania Economy League
of Greater Pittsburgh

An affiliate of the Allegheny Conference

Pittsburgh Region Employment Update

March 2021

Released April 29, 2021

Key Findings

NOTE: The Monthly Employment Update uses the U.S. Bureau of Labor Statistics' Current Employment Statistics (CES) data series as its primary source. While it offers the advantage of providing current monthly data, as an employer-based survey, it is also subject to revision as additional information is collected in subsequent surveys.

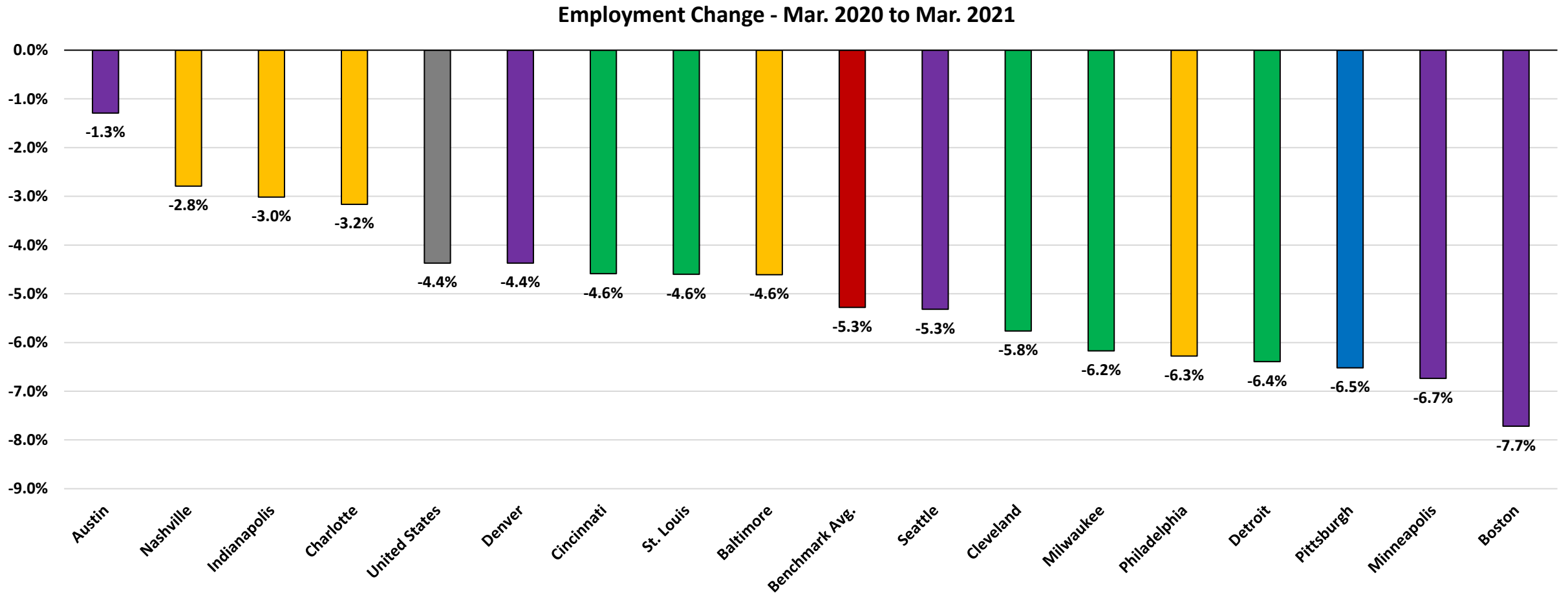
- In March 2020 the true impact of the pandemic was only beginning to be felt and the economy had yet to experience the catastrophic employment losses seen in April 2020. In March 2021, the Pittsburgh MSA had a 6.5% drop in employment from March 2020 as the region shed 76,500 jobs. The region continues to rank among the bottom of the benchmark regions in year-over-year change with only two regions showing a larger drop in employment.
- As year-over-year comparisons start to be made to pandemic recession months, it also becomes crucial to compare economic performance to the comparable month in 2019 to fully gauge where the region stands in pandemic recovery. In March 2021, employment in the Pittsburgh MSA was 92.8% of what it was two years earlier. Only Boston ranked lower among the benchmark regions, while the national average was 95.0%.
- While the Pittsburgh MSA has consistently trailed the U.S. and Benchmark Regions in year-over-year employment change, the gap has been consistent since the beginning of the year, indicating that the region is recovering at a pace similar to the nation and benchmark regions.
- The Pittsburgh MSA experienced larger employment losses in most industries during March 2021 than the U.S. Mining and Logging, Wholesale Trade, Leisure and Hospitality, Construction and Other Services performed the worst relative to the nation. Conversely, Transportation and Warehousing gained jobs in the region, compared to a loss nationally. Utilities was flat, while Government and Information experienced smaller drops than the U.S.
- Comparing regional industry employment from March 2021 to March 2019 shows that several industries including Retail, Utilities Transportation and Warehousing, Information, Healthcare and Social Assistance and Government are very similar to the shortfall experienced nationally. Conversely, Mining and Logging, Wholesale Trade, Leisure and Hospitality and Other Services have a much lower percentage of their March 2019 employment than the nation, demonstrating which industries will have the most challenges in reaching pre-pandemic employment levels.

Key Findings (cont'd)

- According to the monthly employment index, Educational Services is rebounding from its seasonal decline in December and January. Meanwhile Leisure and Hospitality continues to recover from holiday dining restrictions in December and January, while Construction is showing seasonal gains. Overall, the region has hovered at 92% to 94% of pre-pandemic employment since August 2020.
- Food Services and Drinking places account for three-fourths of the region's Leisure and Hospitality employment and as a result drives the trends for the industry as a whole. Since holiday dining restrictions were lifted, employment has rebounded slightly although employment is still lower than it was in 4Q 2020 and has consistently trailed the U.S. performance. Arts, Entertainment and Recreation has performed well compared to the U.S. and its March employment has recovered to 90% of pre-pandemic levels. Unfortunately, the regional Accommodations sector has been the weakest compared to U.S. trends and following a moderate summer rebound, has seen employment fall in March to 40% of pre-pandemic levels.
- ***Outlook – Employment data shows that the Pittsburgh MSA's economic recovery seems to be stuck in a holding pattern. Since August 2020, total employment has hovered between 92% and 94% of pre-pandemic levels (February 2020). But while overall performance has been constant, it has varied widely by industry. Some such as Construction and Retail have fluctuated due to seasonal factors and some months approached or exceeded pre-pandemic employment levels. The relaxing of government restrictions and seasonal factors have also driven a consistent recovery in Educational Services, while Transportation and Warehousing has seen growth throughout the recovery period and is the only industry to see employment consistently surpass pre-pandemic levels. Meanwhile other industries such as Professional and Business Services and Financial Activities, which both made an easy transition to remote work, and industries with a high percentage of essential workers such as Healthcare and Social Assistance and Government, have seen stable employment within five percent of pre-pandemic levels.***

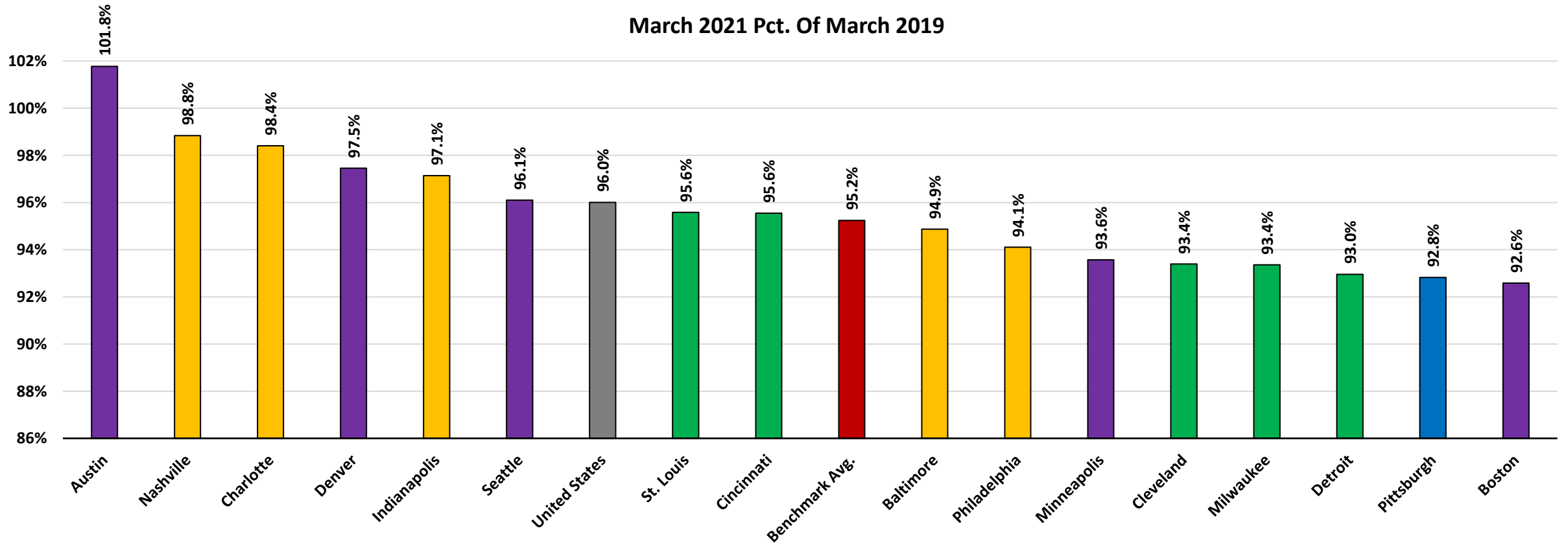
It is evident that a handful of industries are impacting the regional recovery as a whole. Mining and Logging and Wholesale Trade have seen consistent erosion in employment over the past year, with employment in Mining and Logging being just 62.8% of what it was two years earlier. But Leisure and Hospitality and Other Services have borne the brunt of government operational restrictions and have seen some of the biggest drops from pre-pandemic employment. As restrictions are lifted and vaccinations increase, there is much optimism for a strong summer rebound in Leisure and Hospitality although it will be impacted by a delayed impact in business travel. Given the size of the industry its recovery crucial to the regional economy as a whole.

The Pittsburgh MSA had a 6.5% drop in employment between March 2020 and March 2021 as the region shed 76,500 jobs, the smallest month-over-month decrease in a year. However, March 2020 was when the impact of the pandemic was just beginning to be felt. The region continues to rank among the bottom of the benchmark region in year-over-year change with only two regions showing a larger drop in employment.



Green=Peer Markets
Purple=Aspirational Markets
Orange=Competitive Markets

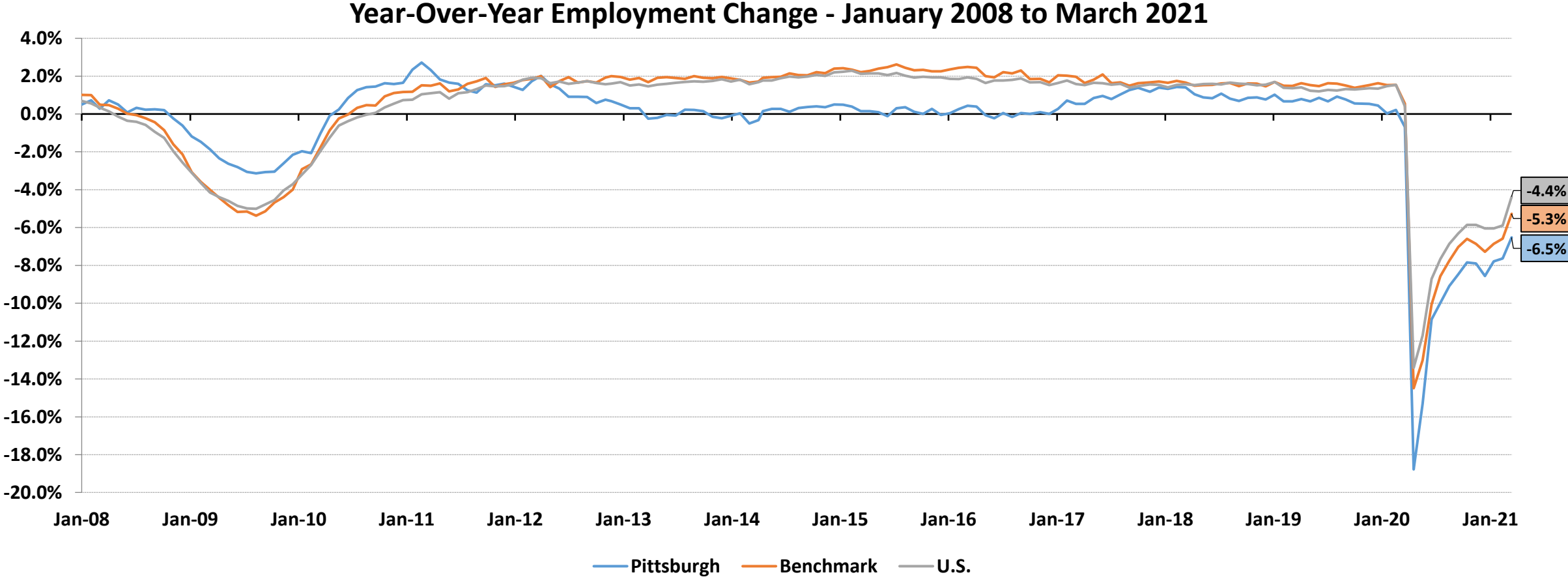
As year-over-year comparisons start to be made to pandemic recession months, it also becomes crucial to compare economic performance to the comparable month in 2019 to fully gauge where the region stands in pandemic recovery. While employment in Austin is higher than what it was in March 2019, and several other benchmark regions are close to their March 2019 employment levels, the Pittsburgh MSA is lagging. In March 2021, employment in the Pittsburgh MSA was 92.8% of what it was two years earlier. Only Boston ranked lower.



Green=Peer Markets
Purple=Aspirational Markets
Orange=Competitive Markets

Source: BLS Current Employment Statistics, March 2021, preliminary

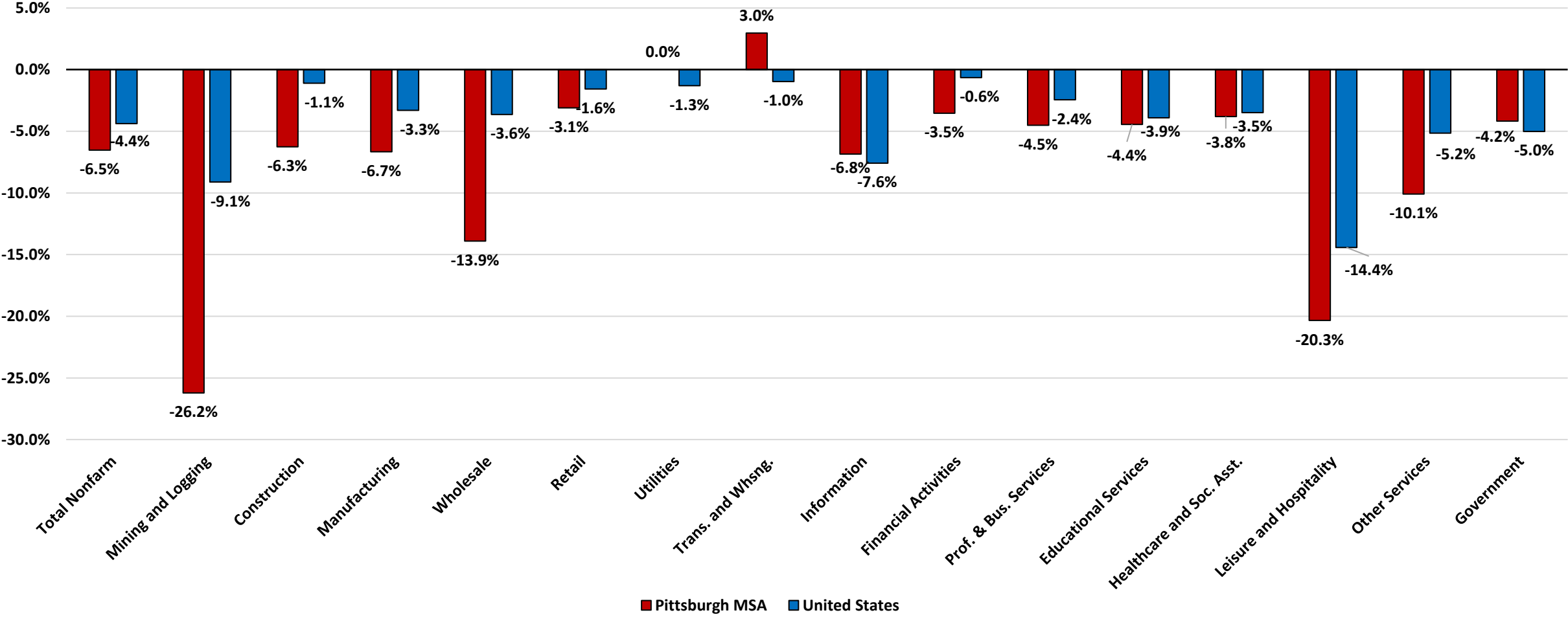
Following the Spring 2020 economic downturn at the beginning of the pandemic and subsequent recovery period in the summer, the Pittsburgh MSA, the United States and the benchmark regions settled into relatively consistent year-over-year change since Fall 2020. While the Pittsburgh MSA has consistently trailed the U.S. and Benchmark Regions in year-over-year change, the gap has been consistent since the beginning of the year indicating that the region is recovering at a similar pace of the nation and benchmark regions.



Source: BLS Current Employment Statistics

The Pittsburgh MSA experienced larger employment losses in most industries during March 2021 than the U.S. Mining and Logging, Construction, Wholesale Trade, Leisure and Hospitality and Other Services performed the worst compared to the nation. Conversely, Transportation and Warehousing gained jobs in the region, compared to a loss nationally. Utilities was flat, while Government and Information experienced smaller drops.

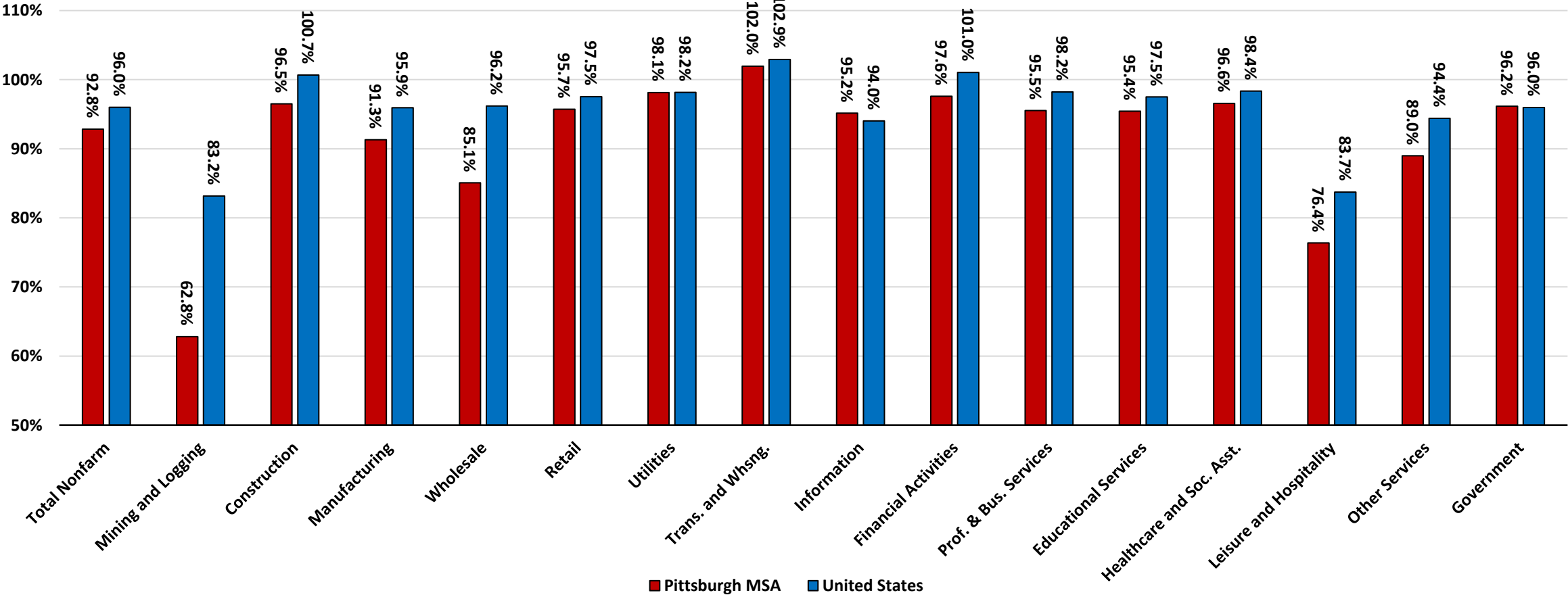
Year-Over-Year Change in Employment by Industry – March 2020 to March 2021



Source: BLS Current Employment Statistics, March 2021, preliminary

Comparing regional industry employment from March 2021 to March 2019 shows that the employment in several industries including Retail, Utilities, Transportation and Warehousing, Information, Healthcare and Social Assistance and Government is very close to the shortfall experienced nationally. Conversely, Mining and Logging, Wholesale Trade, Leisure and Hospitality and Other Services have a much lower percentage of their March 2019 employment than the nation. This demonstrates which industries will have the most challenges in reaching pre-pandemic employment levels.

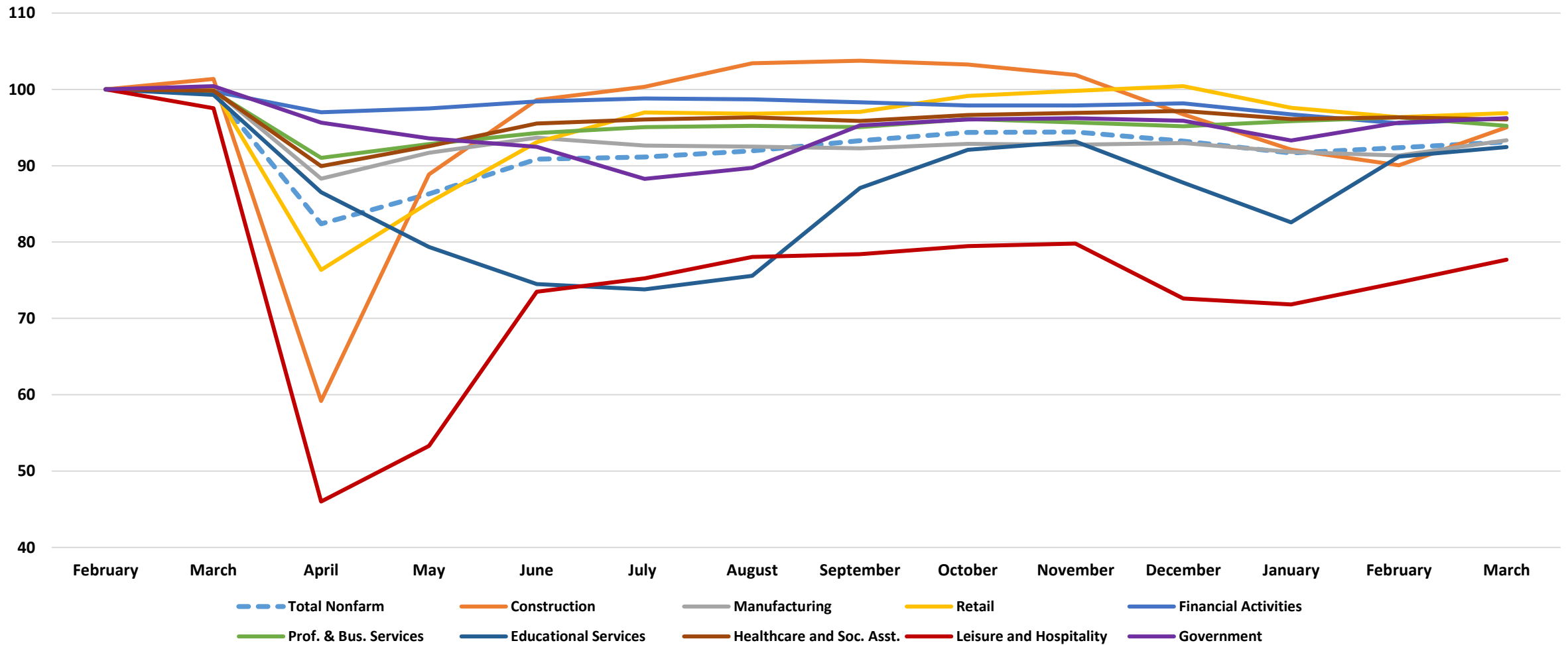
March 2021 Pct. of March 2019 by Industry



Source: BLS Current Employment Statistics

As seen in the following chart, Educational Services continues to rebound from its seasonal decline in December and January. Meanwhile, Leisure and Hospitality continues to recover from holiday dining restrictions in December and January, while Construction is also showing seasonal gains. Overall, the region has hovered at 92% to 94% of pre pandemic employment since August 2020.

Employment Index - February, 2020 = 100



Food Services and Drinking places account for three-fourths of the region's Leisure and Hospitality employment and as a result drives the trends for the industry as a whole. Since holiday dining restrictions were lifted, employment has rebounded slightly although employment is still lower than what it was in 4Q 2020 and has consistently trailed the U.S. performance. Arts, Entertainment and Recreation has performed well compared to the U.S. and its March employment has recovered 90% of pre-pandemic levels. Unfortunately, the regional Accommodations sector, which accounts for 7% of Leisure and Hospitality employment has been the weakest compared to U.S. trends and following a moderate summer rebound, has seen employment fall in March to 40% of pre-pandemic levels.

Leisure and Hospitality Employment Index - February, 2020 = 100

