



Pennsylvania Economy League
of Greater Pittsburgh

An affiliate of the Allegheny Conference

Pittsburgh Region Employment Update

May 2021

Released June 30, 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.

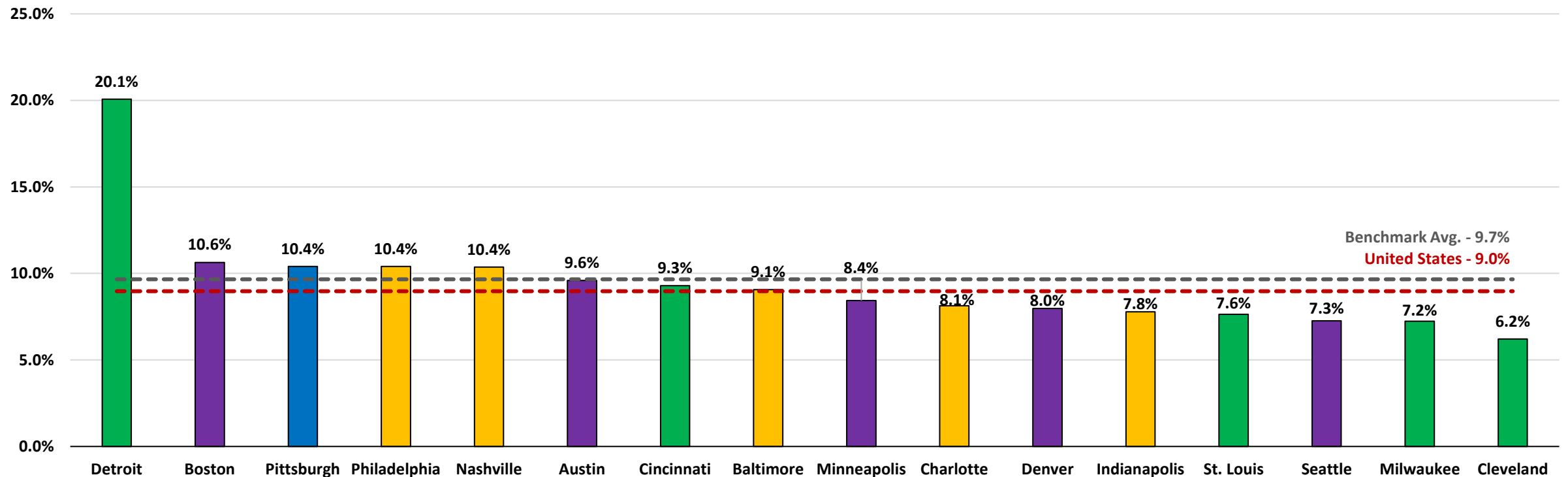
- Last year at this time, the region started its slow recovery from pandemic job losses, but it was still experiencing higher job losses than the nation with a year-over-year decrease of 15.3%. As a result, a robust rebound was expected and in May 2021, the Pittsburgh MSA had a 10.4% increase in employment over the previous year as the region gained 105,700 jobs. This was above all but two benchmark cities, Detroit and Boston, that experienced even larger decreases in May 2020 to May 2021 rebound. As such, a May rebound in excess of the U.S. and benchmark average was expected.
- As year-over-year comparisons are 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 May 2021, employment in the Pittsburgh MSA was 93.5% of what it was two years earlier, a drop of 78,000 workers. Only Cleveland, Boston and Detroit ranked lower.
- Entering the Spring 2020 economic downturn at the beginning of the pandemic, the Pittsburgh region lost a higher proportion of employment than the nation or benchmark region average. Given the region's more severe drop in Spring 2020, it was not surprising that its rebound in April and May 2021 was more robust than the U.S. and the benchmark regions.
- The Pittsburgh region continues to outperform the nation in sectors that experienced tighter operating restrictions last spring including Construction, Retail, Educational Services, Leisure and Hospitality and Other Services. In addition, Transportation & Warehousing is experiencing robust increases as a result of the growth in distribution and rebound in travel. Mining & Logging performed worst compared to the nation.
- Comparing regional industry employment from April 2021 to April 2019 shows that Construction and Transportation and Warehousing now employ more people in the region than two years ago. Most other industries registered employment levels within five percentage points of their 2019 numbers. As a result, the real shortfall in employment in the region can be attributed to five industries - Mining and Logging, Manufacturing, Wholesale Trade, Leisure and Hospitality and Other Services.

Key Findings (cont'd)

- Nearly one-third of the employment shortfall in the Pittsburgh MSA, between May 2019 and May 2021, is in Leisure and Hospitality, compared to 38% nationally. Government was the only other major industry in which the region had a proportionately lower share of the employment loss. Conversely, Manufacturing, Healthcare and Social Assistance, Wholesale Trade and Mining and Logging account for a disproportionately higher share of the employment loss in the Pittsburgh MSA than nationally.
- Leisure and Hospitality is steadily recovering from holiday dining restrictions in December and January as it heads into the peak Summer season which finds employment at 87.6% percent of pre-pandemic employment. Total employment in the MSA is 95.7% of pre-pandemic levels, the highest since the pandemic began. Educational Services was the only major industry to see a drop in the employment index, but that was due to seasonal factors.
- Despite well-reported labor shortages, seasonal hiring continues to drive a recovery in the Leisure and Hospitality sector. While still lagging the U.S., total Leisure and Hospitality employment is 87.6% of pre-pandemic levels, a seven point increase over April. The highly-seasonal Arts, Entertainment and Recreation sector has seen employment rebound over pre-pandemic levels as they ramp up for the summer at a higher rate than the nation as a whole, although its roughly 10% below where it traditionally been this time of year. Food Services and Drinking Places also continues to recover from the holiday operational restrictions. Unfortunately, Accommodations is still struggling with employment at less than half pre-pandemic levels.
- The Bureau of Labor Statistics recently released the annual employment averages from Census of Employment and Wages data series which allow a comparison of the average annual employment change for each of the 10 counties in the region. Overall, employment in the 10-county region fell by 8.2% between 2019 and 2020, two percentage points higher than the U.S. Butler County was the only county whose employment loss was close to national drop. Conversely, Greene County saw employment drop by 10.9%. Washington and Indiana Counties also saw employment decreases in excess of nine percent. All three were disproportionately impacted by the loss of jobs in Natural Resources.
- ***Outlook – With the lifting of the final restrictions at the end of the month, it remains to be seen how much labor shortages will impact the regional recovery. Though Leisure and Hospitality is on the rebound, other areas of concern are emerging. Mining and Logging, Manufacturing and Wholesale trade are all significantly trailing the nation in regaining pre-pandemic employment levels. Given the higher paying nature of jobs in these industries, their ability to regain employment is particularly critical.***

The Pittsburgh MSA had a 10.4% increase in employment between May 2020 and May 2021 as the region gained 105,700 jobs. While significant, and above all but two benchmark cities, it is important to put it in context of the shutdowns implemented one year ago. The year-over-year decrease in May 2020 was 183,700 (-15.3%), which percentagewise was larger Detroit and Boston, the two benchmark cities with a larger May 2020 to May 2021 rebound. As such, a May rebound in excess of the U.S. and benchmark average was expected.

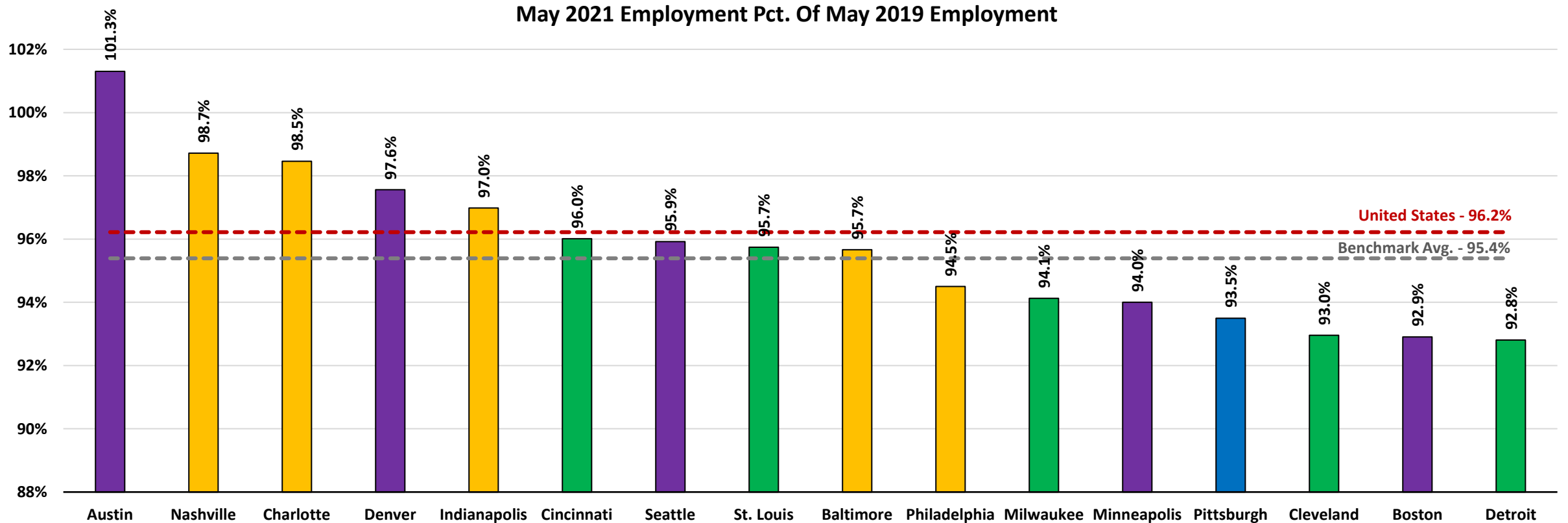
Employment Change - May 2020 to May 2021



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

Source: BLS Current Employment Statistics, May 2021, preliminary

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 May 2019, and several other benchmark regions are close to their May 2019 employment levels, the Pittsburgh MSA is lagging. In May 2021, employment in the Pittsburgh MSA was 93.5% of what it was two years earlier, a drop of 78,000 workers. Only Cleveland, Boston and Detroit ranked lower.

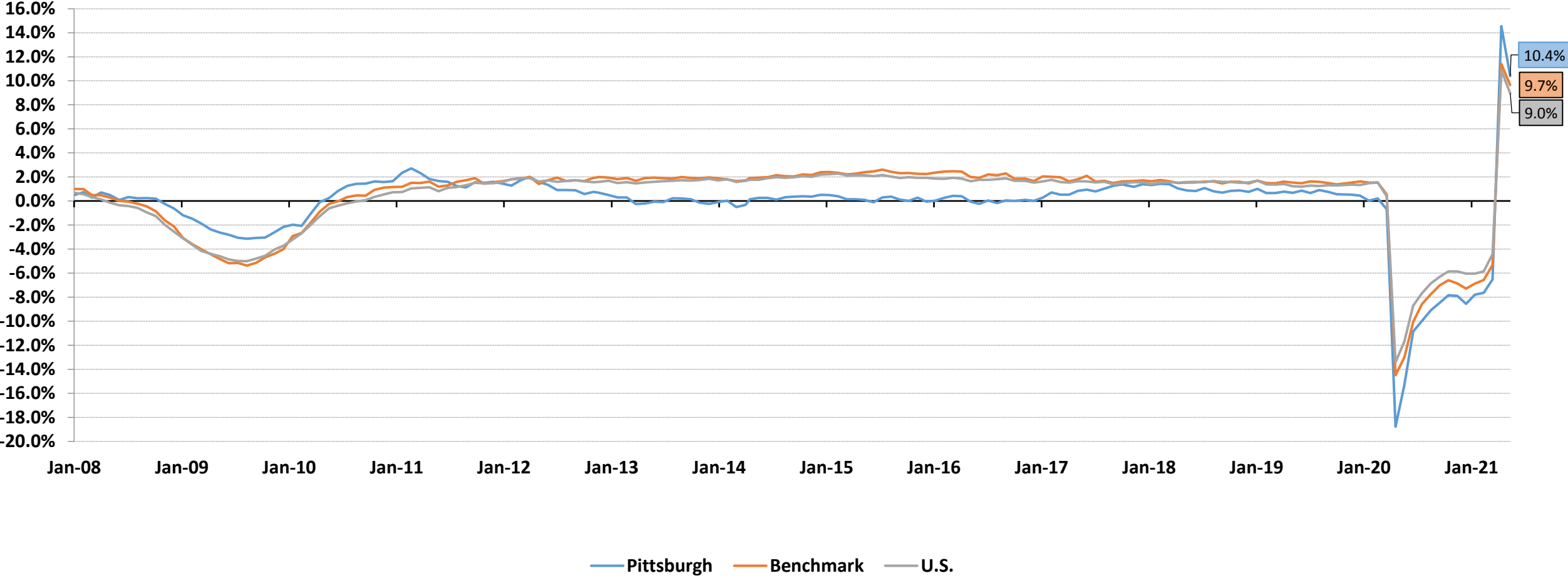


Green=Peer Markets
Purple=Aspirational Markets
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Source: BLS Current Employment Statistics, May 2021, preliminary

Entering the Spring 2020 economic downturn at the beginning of the pandemic, the Pittsburgh region lost a higher proportion of employment than the national benchmark average. It continued to lag during the recovery period in the summer, although tracked closely with the United States and the benchmark regions. Given the region's more severe drop in April and May 2020, it was not surprising that its rebound during the past two months was more robust than the U.S. and the benchmark regions.

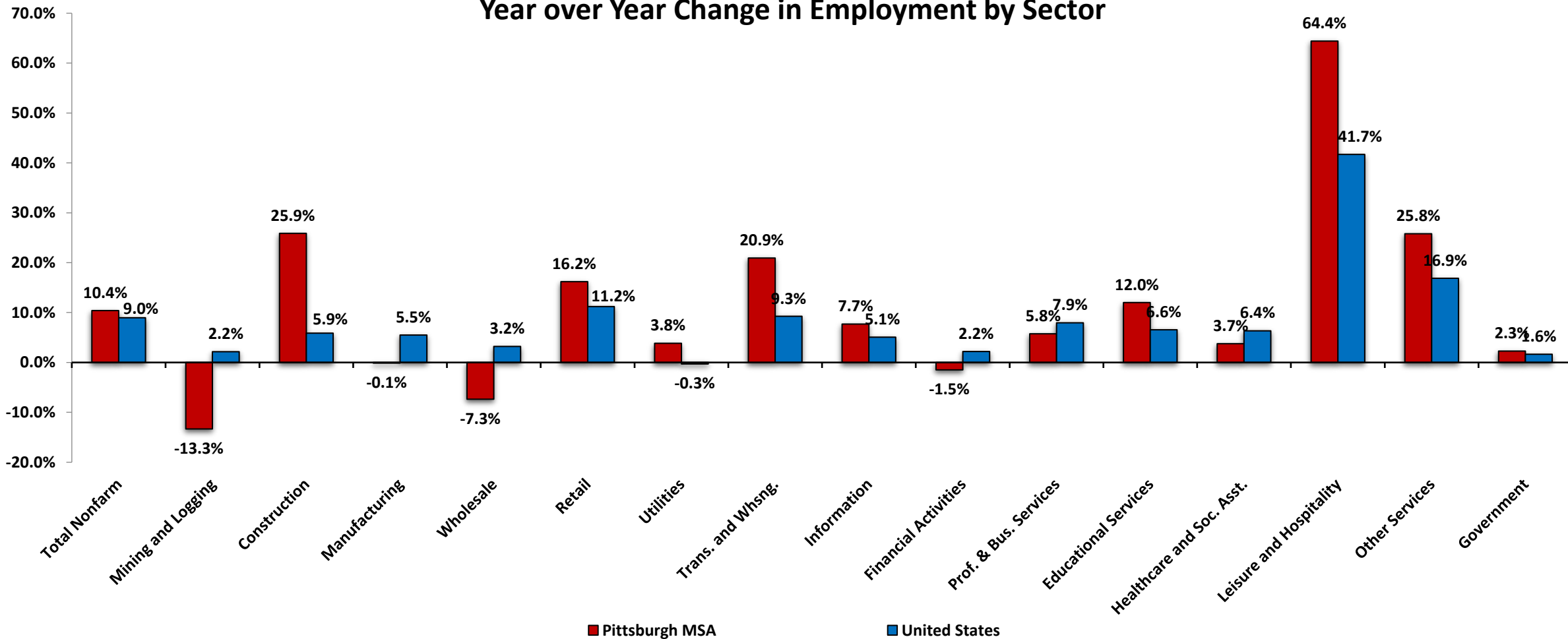
Year over Year Employment Change - January 2008 to May 2021



Source: BLS Current Employment Statistics

The Pittsburgh region continues to outperform the nation in sectors that experienced tighter operating restrictions last spring including Construction, Retail, Educational Services, Leisure and Hospitality and Other Services. In addition, Transportation & Warehousing is experiencing robust increases as a result of the growth in distribution and rebound in travel. Mining & Logging performed worst compared to the nation, although Manufacturing, Wholesale Trade and Financial Activities, which performed surprisingly strong in Spring 2020, also lagged.

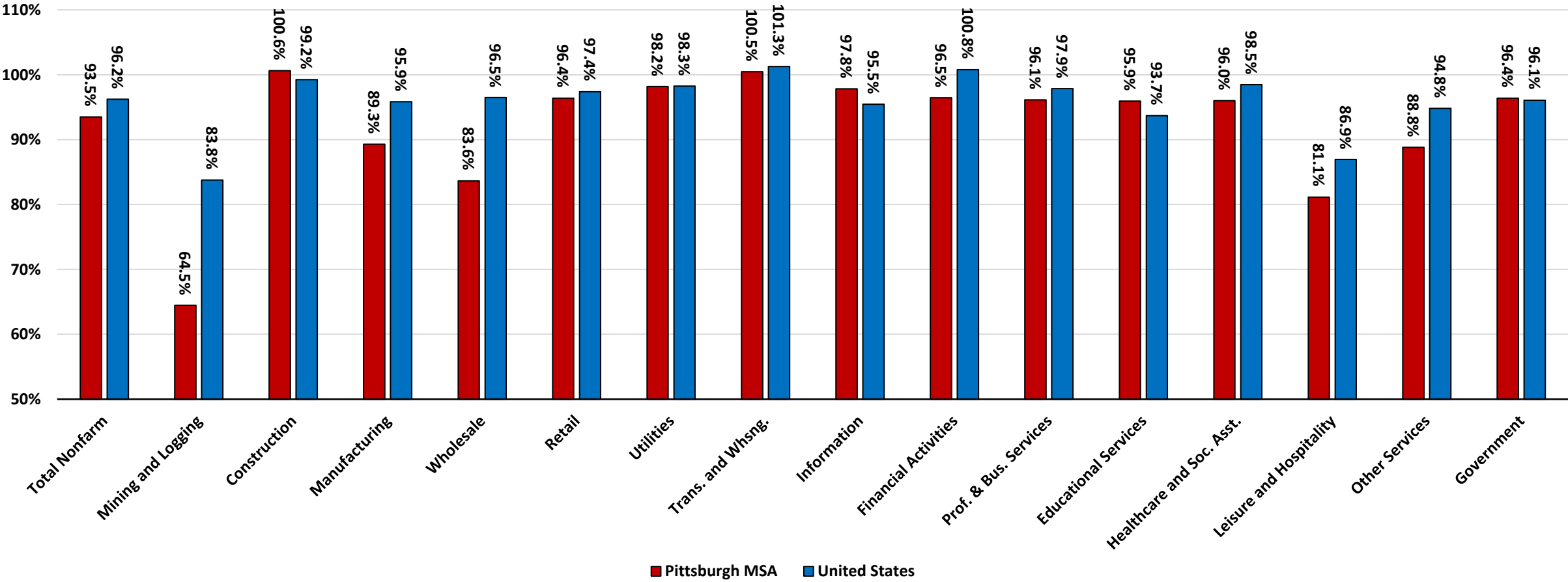
Year over Year Change in Employment by Sector



Source: BLS Current Employment Statistics, May 2021, preliminary

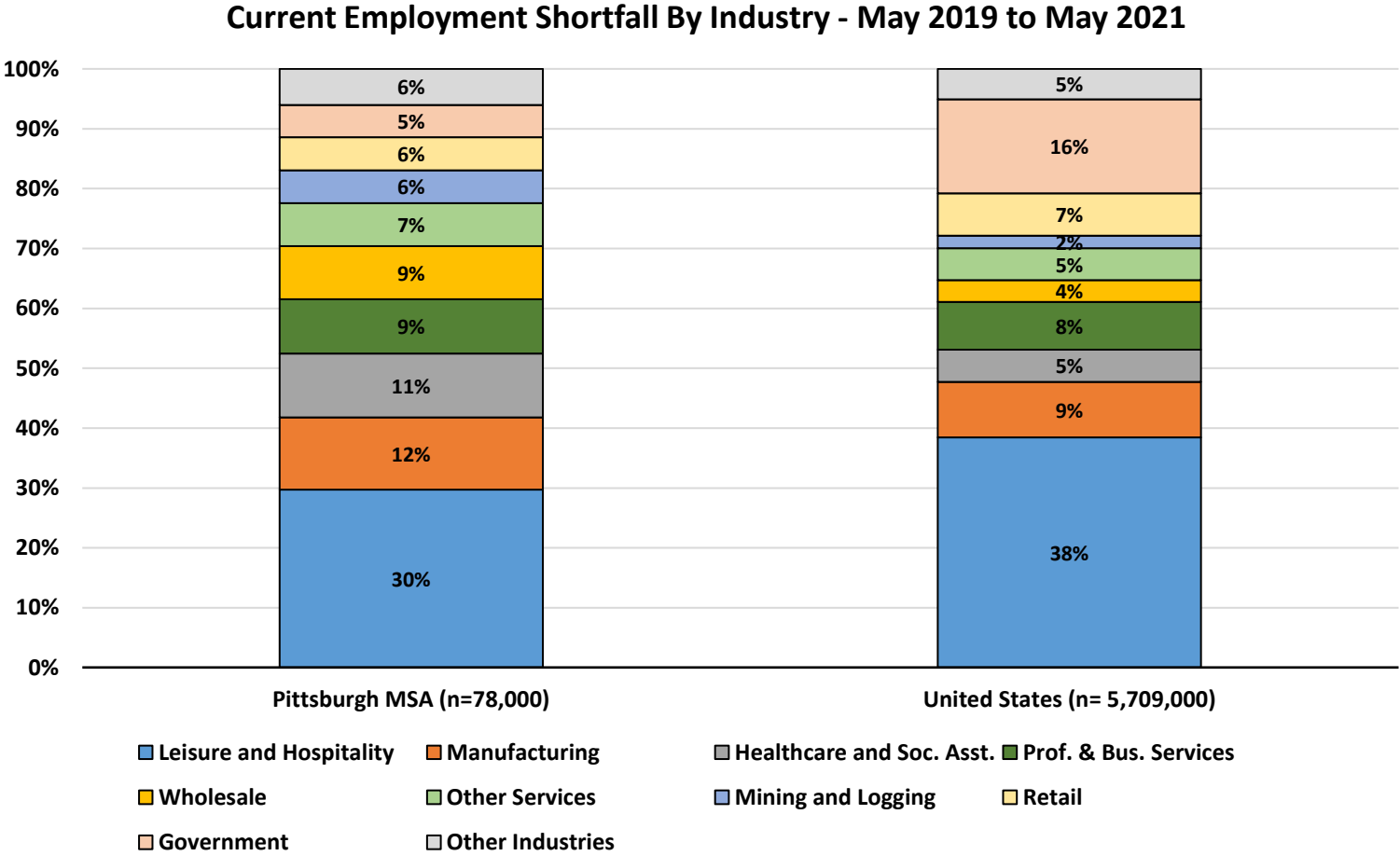
Comparing regional industry employment from April 2021 to April 2019 shows that Construction and Transportation and Warehousing now employ more people in the region than two years ago. Most other industries registered employment levels within five percentage points of their 2019 numbers. As a result, the real shortfall in employment in the region can be attributed to five industries - Mining and Logging, Manufacturing Wholesale Trade, Leisure and Hospitality and Other Services.

May 2021 Employment Pct. of May 2019 Employment by Industry



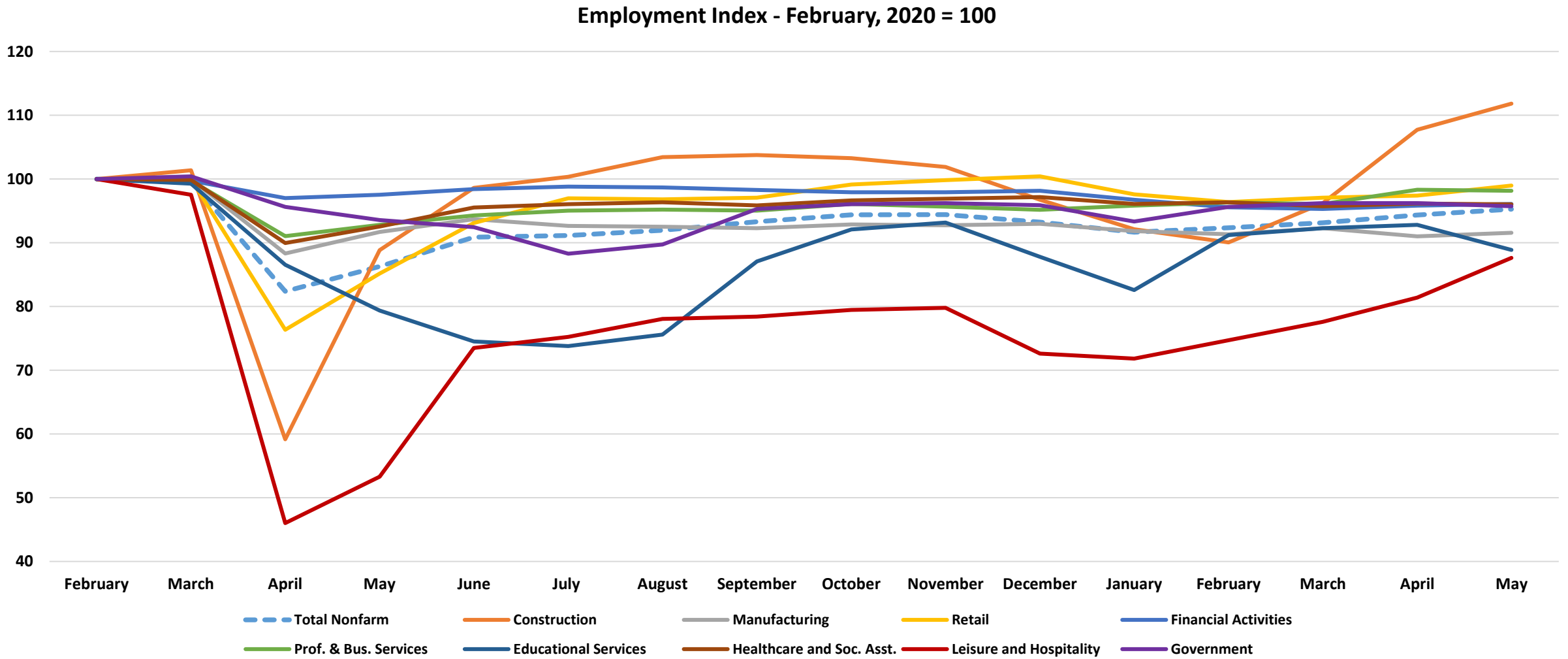
Source: BLS Current Employment Statistics

Nearly one-third of the employment shortfall in the Pittsburgh MSA, between May 2019 and May 2021, is in Leisure and Hospitality, compared to 38% nationally. Government was the only other major industry in which the region had a proportionately lower share of the employment loss. Conversely, Manufacturing, Healthcare and Social Assistance, Wholesale Trade and Mining and Logging account for a disproportionately higher share of the employment loss in the Pittsburgh MSA than nationally.



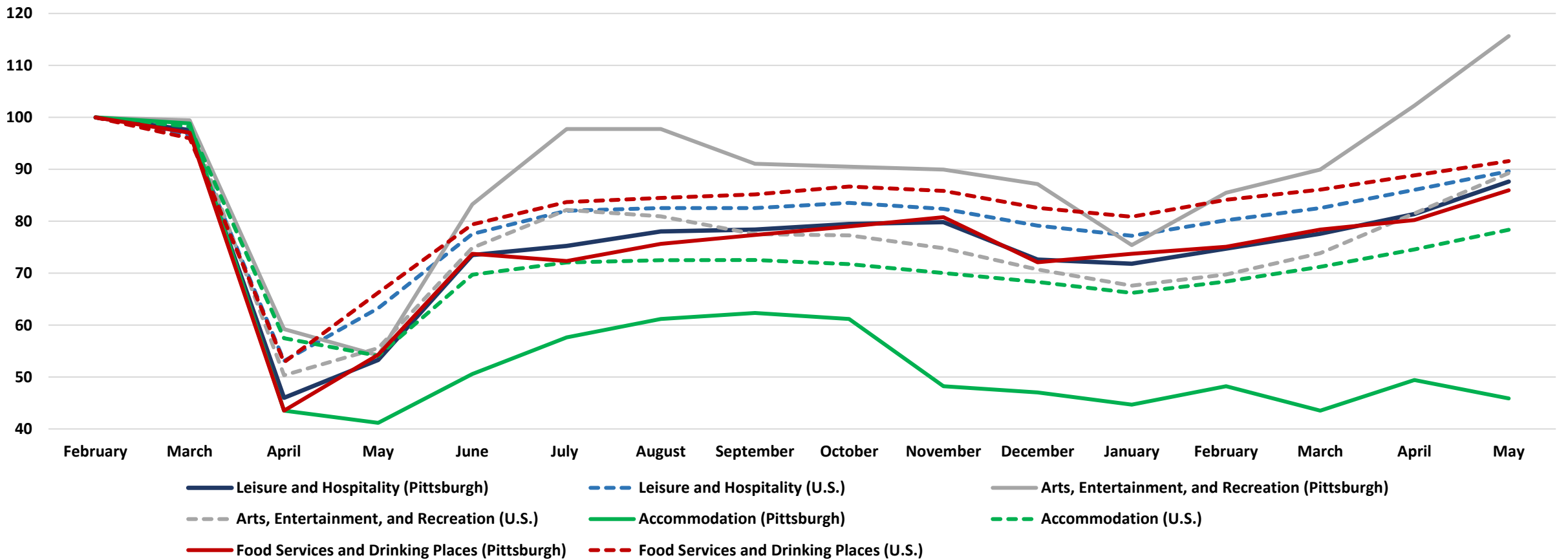
Source: BLS Current Employment Statistics

Leisure and Hospitality is steadily recovering from holiday dining restrictions in December and January and as it heads into the peak Summer season which finds employment at 87.6% of pre-pandemic employment. Total employment in the MSA is 95.7% of pre-pandemic levels, the highest since the pandemic began. Educational Services was the only major industry to see a drop in the employment index dues to seasonal factors.



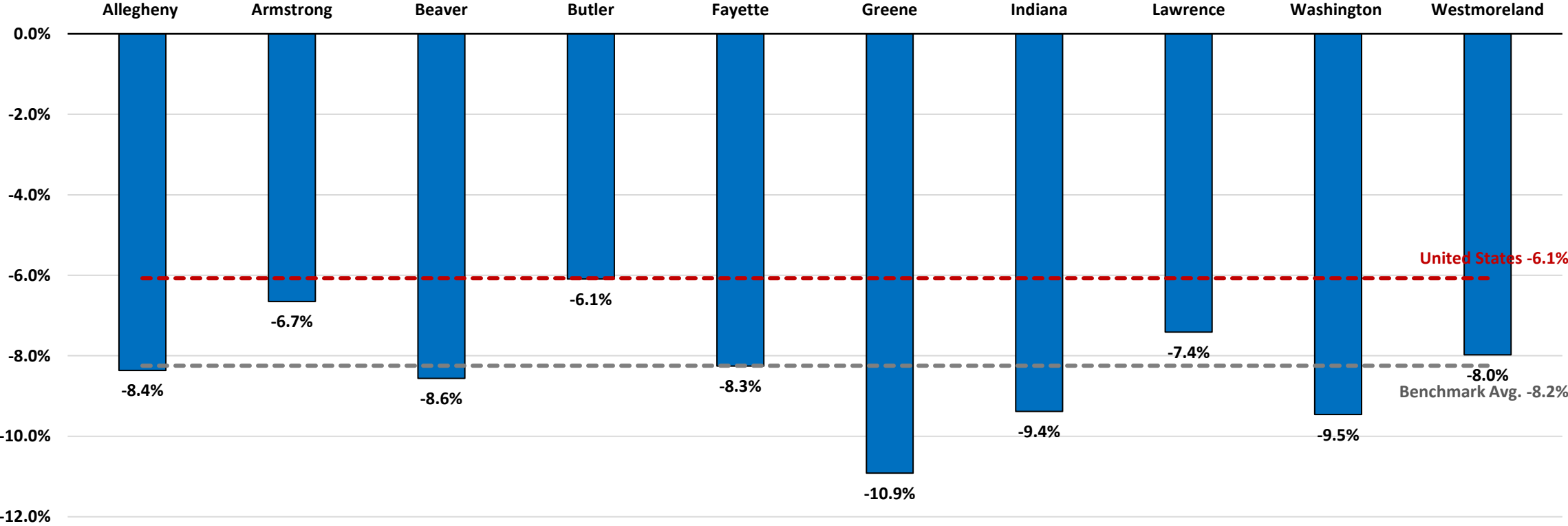
Despite well reported labor shortages, seasonal hiring continues to drive a recovery in the Leisure and Hospitality sector. While still lagging the U.S., total Leisure and Hospitality employment is 87.6% of pre-pandemic levels, a seven point increase over April. The highly-seasonal Arts, Entertainment and Recreation sector has seen employment rebound over pre-pandemic levels as they ramp up for the summer at a higher rate than the nation as a whole, although it is roughly 10% below where it has traditionally been this time of year. Food Services and Drinking Places also continues its recovery from the holiday operational restrictions. Unfortunately, Accommodations is still struggling with employment at less than half pre-pandemic levels.

Leisure and Hospitality Employment Index - February, 2020 = 100



The Bureau of Labor Statistics recently released the annual employment averages from Census of Employment and Wages data series which allow a comparison of the average annual employment change for each of the 10 counties in the region. Overall, employment in the 10-county region fell by 8.2% between 2019 and 2020, two percentage points higher than the U.S. Butler County was the only county whose employment loss was close to national drop. Conversely, Greene County saw employment drop by 10.9%. Washington and Indiana Counties also saw employment decreases in excess of nine percent. All three were disproportionately impacted by the drop in Natural Resources employment.

Change in Average Annual Employment - 2019 to 2020



Source: BLS Quarterly Census of Employment and Wages