



Pennsylvania Economy League
of Greater Pittsburgh

An affiliate of the Allegheny Conference

Pittsburgh Region Employment Update July 2021

Released September 2, 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.

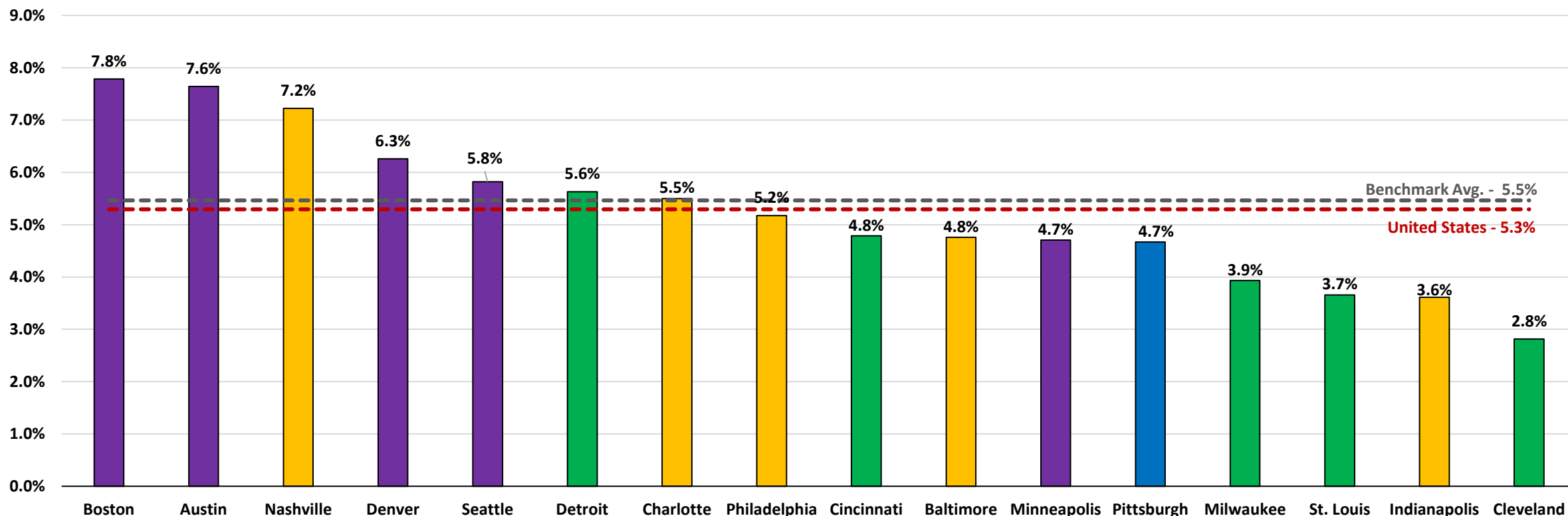
- The Pittsburgh MSA had a 4.7% increase in employment between July 2020 and July 2021 with the region gaining 50,100 jobs. As the volatile employment growth numbers of the past 16 months begin to steady, Pittsburgh's ranking among the benchmark regions has been dropping – from second out of 16 in April, to third in May, to ninth in June to its 12th in July. It is likely to remain near this level going forward.
- Employment in the Pittsburgh MSA is 94.2% of what it was two years ago, exceeding only Boston and Cleveland and below both the Benchmark and National averages. Not surprisingly there is a very strong correlation between how close a region is to its 2019 employment and its population growth. Austin and Nashville have increased employment over the past two years, with Charlotte, Denver and Indianapolis very close to their July 2019 levels. The five markets rank among the six fastest growing benchmark regions.
- After outpacing the U.S. and benchmark regions in year-over-year employment in April and May, the pace has slowed in the last two months and now trails the national and benchmark averages.
- The Construction industry in the Pittsburgh MSA continues to significantly outperform the nation, while Leisure and Hospitality continues its rebound compared to 2020. In addition, Transportation & Warehousing is experiencing robust increases as a result of the growth in distribution and rebound in travel. Most other industries trailed the nation in year-over-year growth with Mining & Logging continuing to perform the worst.
- Compared to two years ago, Construction continues to do well, while Educational Services and Information perform best compared to the nation. Transportation and Warehousing, after employing more people in the region than two years ago in June, is now below 2019 numbers. 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 continues to be driven by be attributed to five industries - Mining and Logging, Manufacturing Wholesale Trade, Leisure and Hospitality and Other Services.

Key Findings (cont'd)

- A deeper look at the Leisure and Hospitality industry shows that nationally, the allocation of employment among the three major sectors – Food Services and Drinking Places, Accommodation and Arts, Entertainment and Recreation – has remained constant over the past two years. Meanwhile, in the Pittsburgh MSA, Arts, Entertainment and Recreation has gained share, primarily at the expense of Accommodations. This is evident when comparing July employment in 2019 and 2021. Arts, Entertainment and Recreation employment in the Pittsburgh MSA is 98.5% of where it was two years ago, well above the nation, while the other two sectors trail. Accommodations employment is just 63.0% where it was two years ago.
- In July, Leisure and Hospitality accounted for 27% of the employment shortfall from two years ago, down from around one-third of the shortfall in recent months. In addition to Leisure and Hospitality, Government and Retail represented a proportionately lower share of the employment loss compared to the nation. Conversely, Healthcare and Social Assistance, Wholesale Trade and Mining and Logging account for a disproportionately higher share of the employment loss since July 2019 in the Pittsburgh MSA than nationally.
- Total employment in the MSA is 95.4% of pre-pandemic levels, down slightly from June. Seasonal contractions in Educational Services and Government (due to local schools) were responsible for the drop as most other major industries have continued to add employment since spring.
- Leisure and Hospitality employment has increased throughout the year and is now 94.2% of pre-pandemic levels. The Arts, Entertainment and Recreation sector has seen employment rebound over pre-pandemic levels as it reaches its peak employment month and is significantly outperforming the nation. While growing, Food Services and Drinking Places has seen its gap from the nation increase since in the past two months. Accommodations, while still struggling, has seen a consistent rebound since the lows in March 2021 and employment is roughly three-fourths of pre-pandemic levels.
- ***Outlook – As Fall 2021 approaches, the wild swings in employment growth are settling down into its traditional patterns, with the Pittsburgh MSA growing at a slower pace than the nation or benchmark regions. Critical to the region's performance going into Fall will be whether the Leisure and Hospitality sector will be able to leverage this year's seasonally driven growth into the Fall. While it traditionally contracts, the resumption of conventions and live performances could provide a boost. Construction will also be an industry to watch, as work on major projects like the Shell cracker and Southern Beltway wind down over the next several months, a time when the industry contracts due to seasonal factors.***

The Pittsburgh MSA had a 4.7% increase in employment between July 2020 and July 2021 as the region gained 50,100 jobs. This drops it below the U.S. average for the first time since March 2021 with the volatile year over year growth of the Spring settling down. As the employment growth numbers begin to steady, Pittsburgh's ranking among the benchmark regions has been dropping – from second out of 16 in April, to third in May, to ninth in June to its 12th in July. It is likely to remain near this level going forward.

Employment Change - July 2020 to July 2021

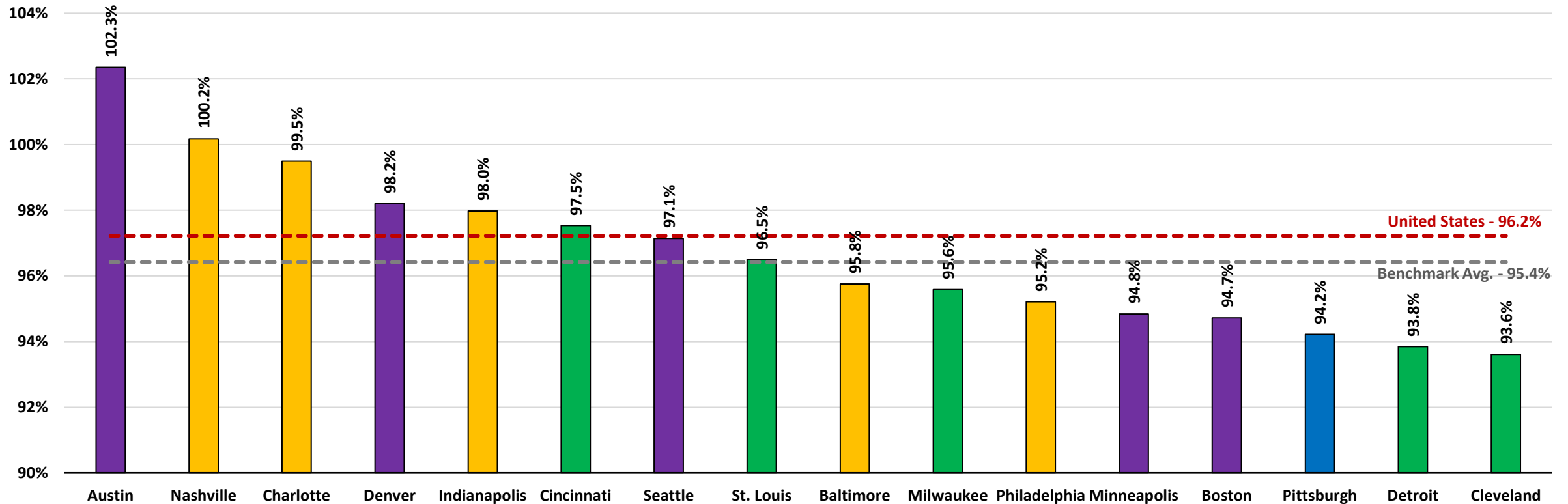


Green=Peer Markets
Purple=Aspirational Markets
Orange=Competitive Markets

Source: BLS Current Employment Statistics, July 2021, preliminary

Comparing July 2019 to July 2021, employment in the Pittsburgh MSA is 94.2% of what it was two years ago, exceeding only Boston and Cleveland and below both the Benchmark and National averages. Both Austin and Nashville have increased employment over the past two years, with Charlotte, Denver and Indianapolis following close behind. Not surprisingly there is a very strong correlation between how close a region is to its 2019 employment and its population growth as the five markets rank among the six fastest growing benchmark regions.

July 2021 Pct. Of July 2019

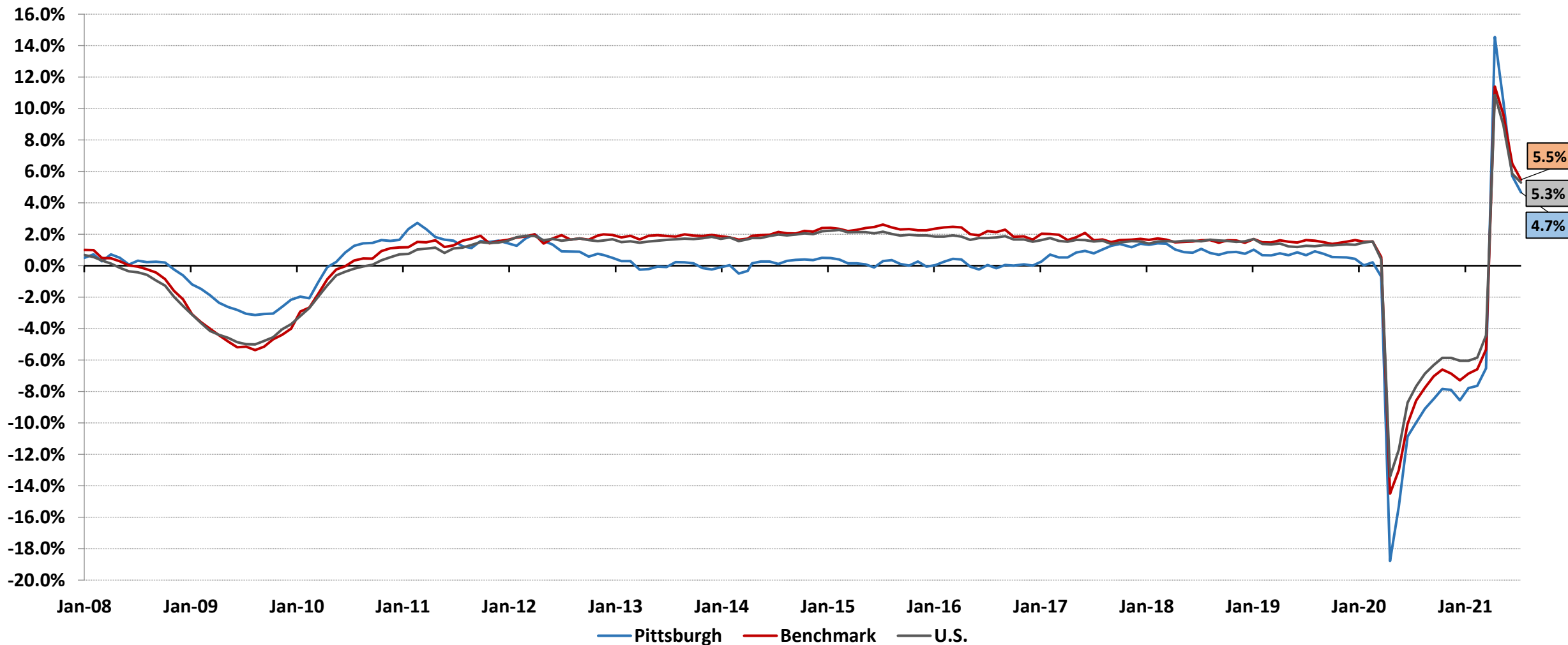


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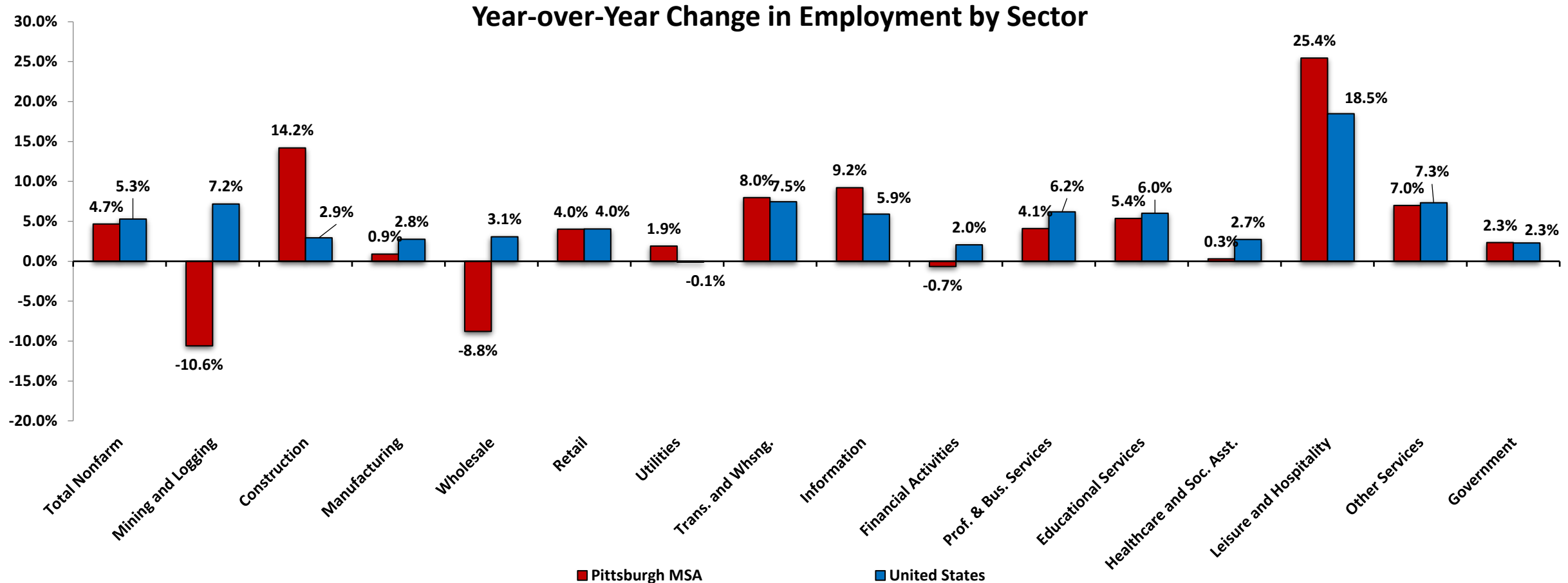
Source: BLS Current Employment Statistics, July 2021, preliminary

After outpacing the U.S. and benchmark regions in year-over-year employment in April and May, the pace has slowed in the last two months and now trails the national and benchmark averages. As we move into the fall, employment growth patterns are likely to stabilize at historic patterns with the Pittsburgh MSA trailing the U.S. and Benchmark Averages.

Year over Year Employment Change - January 2008 to June 2021

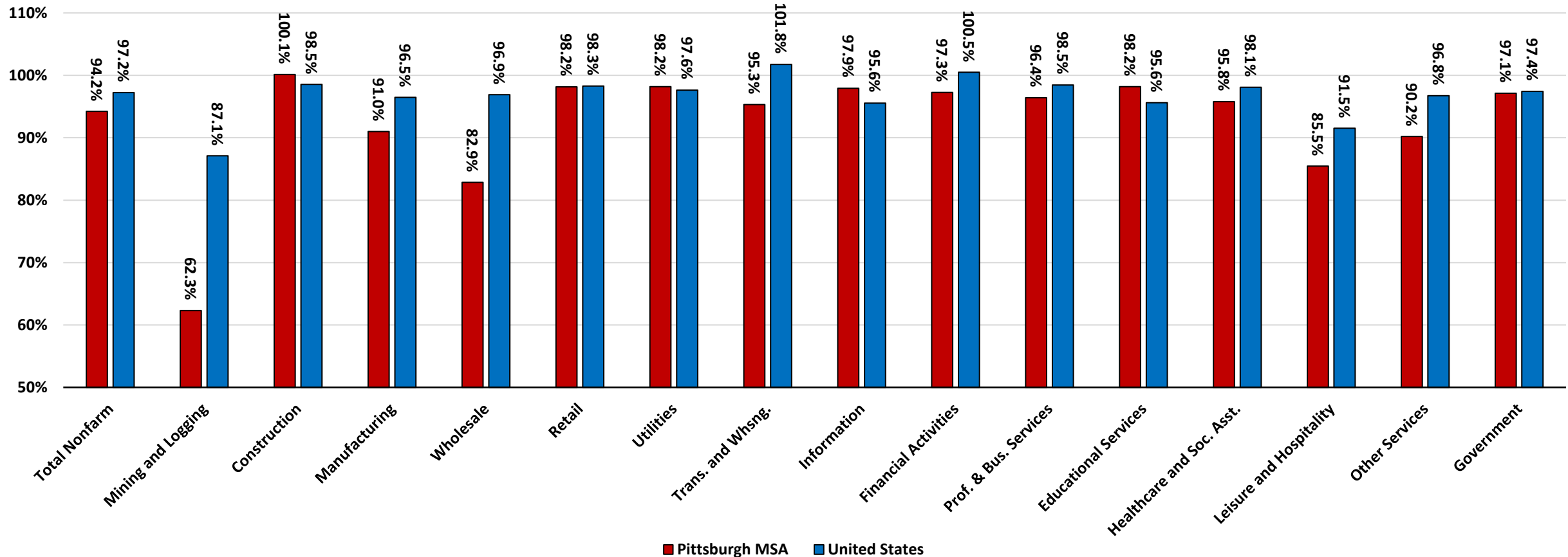


The Construction industry in the Pittsburgh MSA continues to significantly outperform the nation, while Leisure and Hospitality continues its rebound. In addition, Transportation & Warehousing is still experiencing robust year-over-year increases as a result of the growth in distribution and rebound in travel. Most other industries trailed the nation with Mining & Logging continuing to perform the worst.

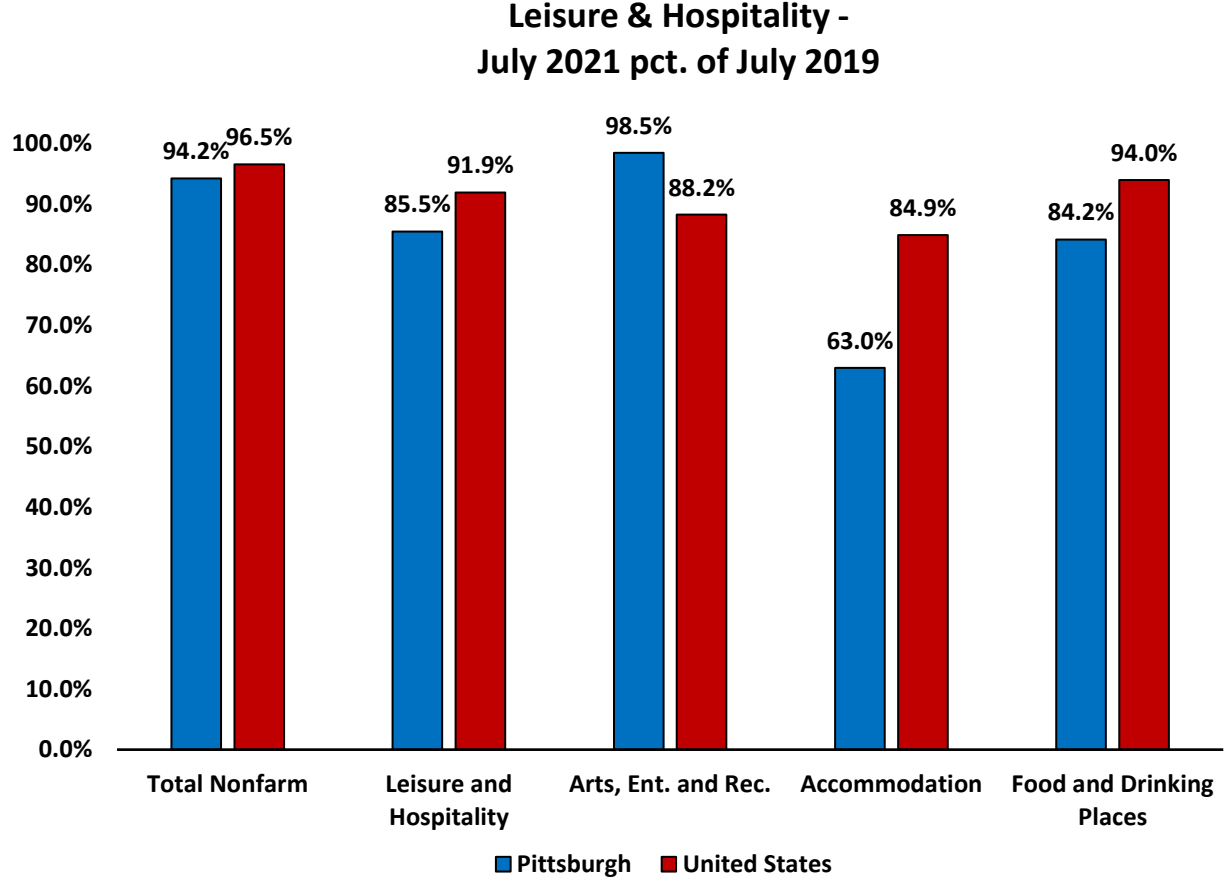
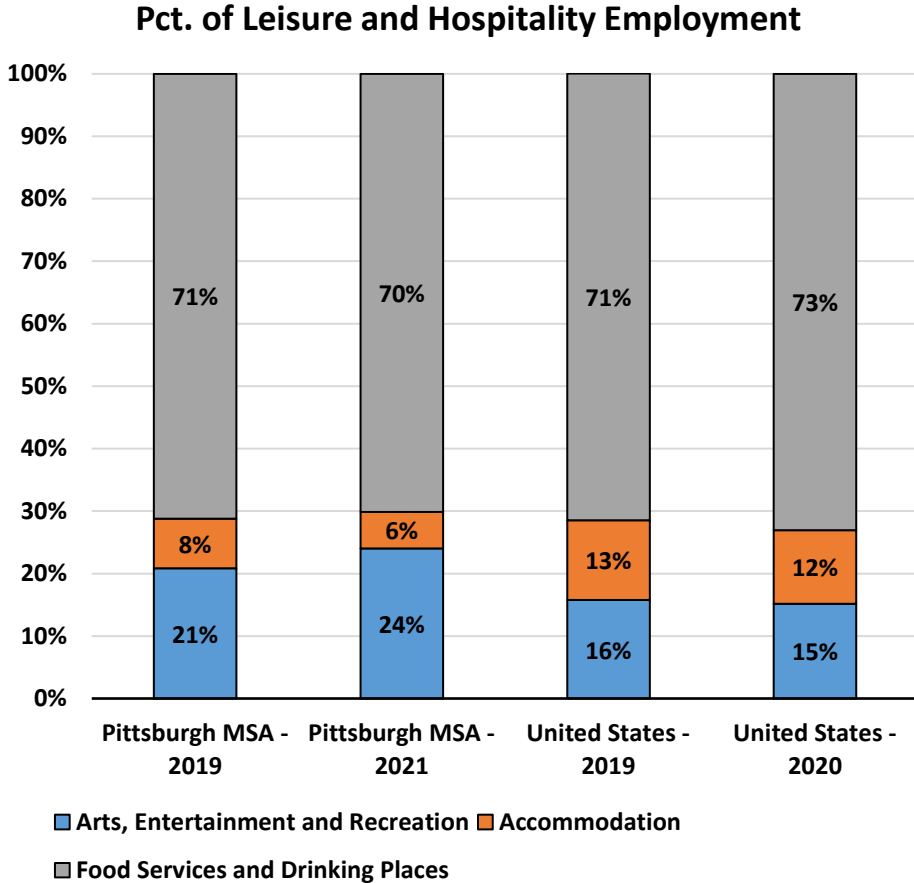


Comparing regional industry employment from June 2021 to June 2019 shows that Construction continues to do well, while Educational Services and Information perform best compared to the nation. Transportation and Warehousing after employing more people in the region than two years ago in June is now below 2019 numbers. Some of this could be due to seasonal factors as there are a number of industry sectors that are tourism related. 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 continues to be driven by be attributed to five industries - Mining and Logging, Manufacturing Wholesale Trade, Leisure and Hospitality and Other Services.

July 2021 Pct. of July 2019 by Industry



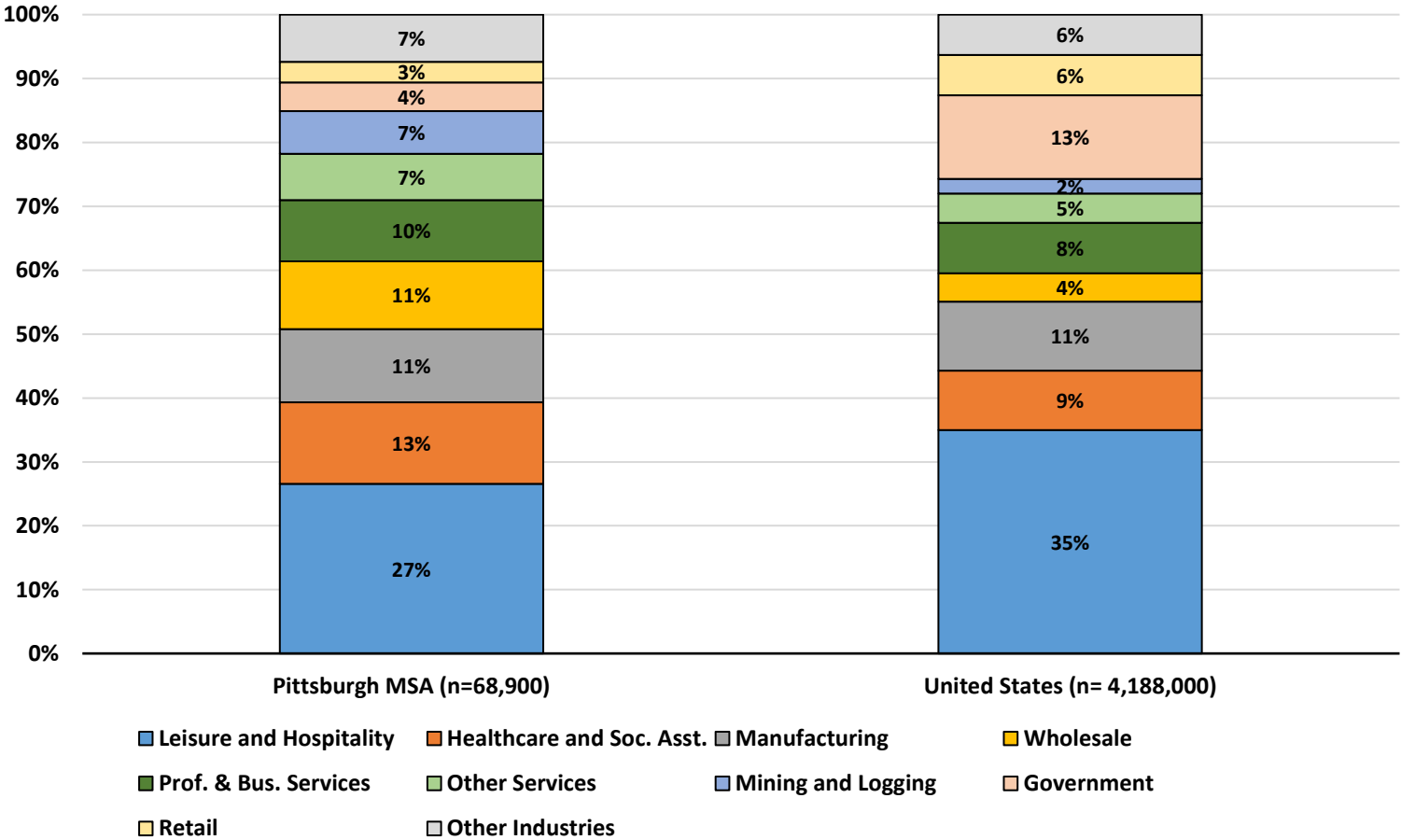
A deeper look at the Leisure and Hospitality industry shows that nationally, the allocation of employment among the three major sectors – Food Services and Drinking Places, Accommodation and Arts, Entertainment and Recreation – has remained constant nationally over the past two years. Meanwhile, in the Pittsburgh MSA, Arts, Entertainment and Recreation has gained share, primarily at the expense of Accommodation. This is evident when comparing July employment in 2019 and 2021. Arts, Entertainment and Recreation employment in the Pittsburgh MSA is 98.5% of where it was two years ago, well above the nation, while the other two sectors trail, with Accommodations just 63.0% where it was two years ago.



Source: BLS Current Employment Statistics

The continued recovery in Leisure and Hospitality in the Pittsburgh MSA has meant its share of the employment shortfall fell to 27% after being around one-third for several months. This is well below the national percentage. Government and Retail were the only other major industry in which the region had a proportionately lower share of the employment loss. Conversely, 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.

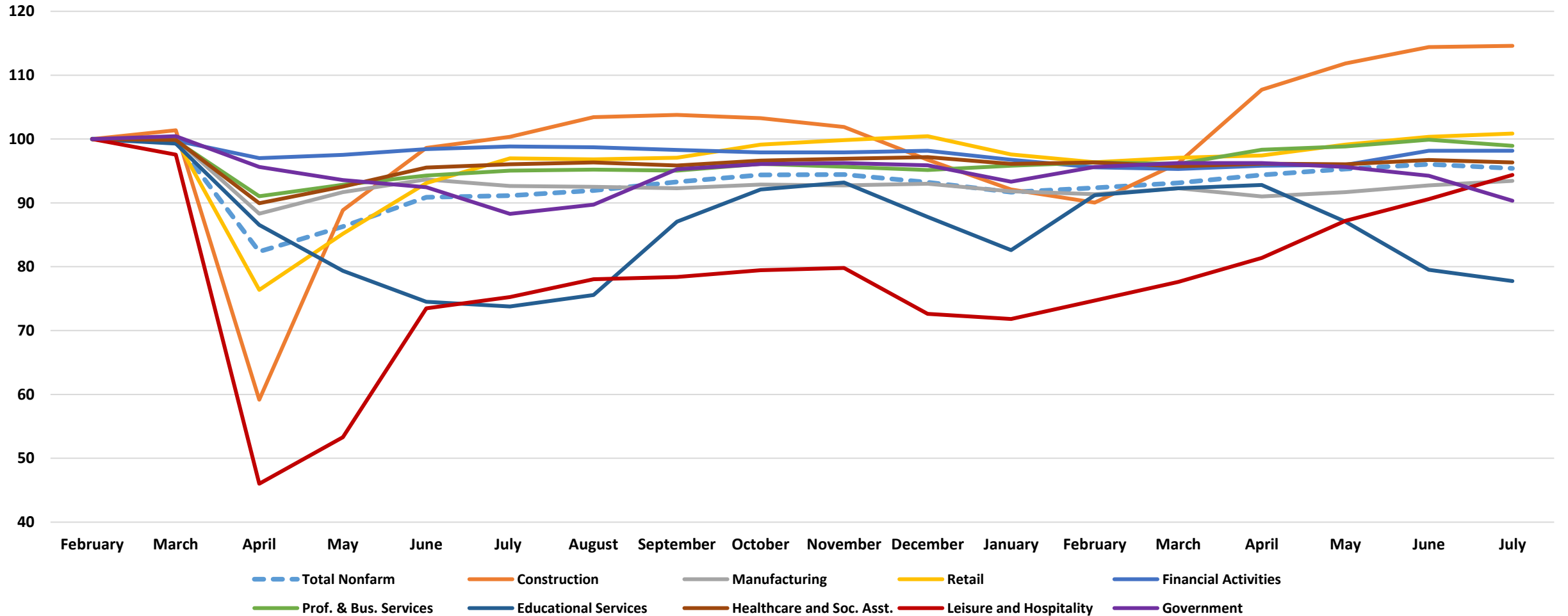
Current Employment Shortfall By Industry - July 2019 to July 2021



Source: BLS Current Employment Statistics

Total employment in the MSA is 95.4% of pre-pandemic levels, down slightly from June. Seasonal contractions in Educational Services and Government (due to local schools) were responsible for the drop as most other major industries have continued to add employment since spring. Leisure and Hospitality is steadily recovering from holiday dining restrictions in December and January and now that it is at its Summer peak finds employment at 94.4% of pre-pandemic employment.

Employment Index - February, 2020 = 100



Source: BLS Current Employment Statistics

July represents the peak employment month for the Leisure and Hospitality industry. Last year with restrictions still in place employment remained well below pre-pandemic levels. But this year, with a lifting of restrictions and the opportunity to plan for contingencies, Leisure and Hospitality has increased throughout the year and is now 94.2% of February 2020 levels. While still lagging the U.S., the gap has narrowed to from 6.6 percentage points in December 2020, to 2.8 points in July. The Arts, Entertainment and Recreation sector has seen employment rebound over pre-pandemic levels as it reaches it peak employment month and is significantly outperforming the nation. While growing, Food Services and Drinking Places has seen its gap from the nation increase since in the past two months. Accommodations, while still struggling, has seen a consistent rebound since the lows in March 2021 and employment is roughly three-fourths of pre-pandemic levels.

Leisure and Hospitality Employment Index - February, 2020 = 100

