

# Southwestern Pennsylvania Quarterly Vitals

## January to March 2022

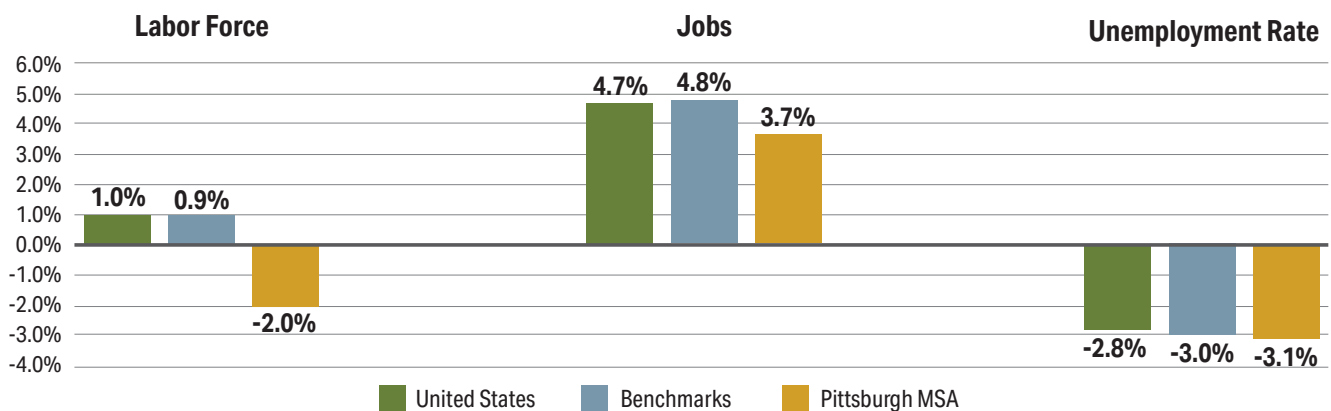
### Key Takeaways

- The **workforce in southwestern Pennsylvania continues to shrink** and has fallen to levels not seen in more than 30 years.
- Key real estate trends (Vacancy, Rental Rates and Construction) reflect **the strength of the industrial real estate market**.
- **Key economic indicators in the region are currently 77% to 95% of pre-pandemic levels**, with leisure and hospitality-related indicators lagging the most.
- In 2021, **total employment in the region increased by 1.8%, a full percentage point below the nation**. However, Leisure & Hospitality, Information, Construction and Retail employment all outperformed the nation.

### Workforce

Southwestern Pennsylvania's labor force continued shrinking in December, reaching levels not seen in more than 30 years. Despite this, payroll employment continued to increase as the lack of COVID-related shutdowns in December 2021 resulted in a 3.7% increase over 2020.

#### One-Year Change by Workforce Indicator – December 2020 to December 2021



In December 2021, there were nearly 85,000 job postings in the Pittsburgh MSA, 26.6% more than the previous year. While significant, the increase did trail the U.S. and benchmark averages.

#### Workforce Indicators – December 2021

	Pittsburgh MSA		United States	Benchmark Total
Labor Force	1,132,268	-2.0%	1.0%	0.9%
Payroll Employment	1,138,100	3.7%	4.7%	4.8%
Unemployment Rate	4.0%	-3.1%	-2.8%	-3.0%
Job Postings (Oct. 21 – Dec. 21)	84,490	26.6%	37.9%	33.9%

Data current as of 2/16/22, the Unemployment Rate reflects the non-seasonally adjusted rate.  
 Data reflects December 2021 preliminary figures and change from December 2020  
 Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Current Population Survey; Emsi



## Business Conditions

According to CBRE, the region is experiencing a rather robust construction market with both the office and industrial sectors seeing double digit increases in construction over Q4 2020. But while the outlook for the industrial sector is bright, it's much more uncertain for the office sector.

The office sector is reflecting the uncertainty of the emerging hybrid/remote work culture with rental rates declining and vacancy rates increasing over Q4 2020.

The industrial real estate sector has been the region's healthiest since 2020 despite an increased vacancy rate largely driven by more than 600,000 square feet of negative absorption in the East submarket. While the vacancy rate increased slightly, the average rental rate is up more than 10% over the previous year.

Air travel continues to rebound with the December 2021 passenger count more than doubling over the previous year. Over the course of the pandemic, cargo has been a bright spot at the airport with new global freight carriers adding PIT to their network and Amazon Air establishing a physical presence. This has resulted in cargo increasing by one third to 209.7 million pounds during 2021.

Business Indicators – Pittsburgh Metro			
		Value	YOY Change
Real Estate (Q4 2021)	Office rate	\$23.00	-3.6%
	Office vacancy	16.8%	2.1%
	Office absorption	91,822	-62.5%
	Office construction	1,282,298	21.5%
	Industrial rate	\$7.20	10.6%
	Industrial vacancy	6.9%	0.4%
Air Travell (Dec. 2021)	Industrial absorption	-374,851	-125.5%
	Industrial Construction	1,335,752	14.4%

Data current as of 2/17/22

\* Cargo is the sum total of mail and cargo enplaned and deplaned at Pittsburgh International Airport

Source: CBRE, Pittsburgh International Airport

## Relevant Fact of the Quarter

As the world watched the events in Ukraine unfold, the crisis is especially relevant to the residents of the Pittsburgh region. Nationally, 0.3% of the population claims Ukrainian ancestry but in Pittsburgh 0.9% of the population claim Ukrainian ancestry, ranking Pittsburgh sixth among metros with 1M+ population. Sacramento (1.1%) has the highest percentage. In addition, while 0.8% of the nation's population claims Russian ancestry, 1.5% of the population in Pittsburgh does, making it the fifth highest percentage in the country. Only New York (2.2%) has the highest percentage.

## COVID-19 Recovery

COVID-19 Recovery Indicators				
		Pittsburgh	United States	Benchmark
Total Economy (Dec. 2021)	Labor Force Recovered	93.7%	98.6%	98.7%
	Jobs Recovered	94.8%	98.4%	97.2%
	Air Passengers Recovered	77.2%	N/A	N/A
	Monthly Visitors Downtown	84.5%	N/A	N/A
	Locations Recovered	-25.0%	-29.0%	N/A
Small Business (12/3/21)	Employees Recovered	-21.0%	-21.0%	N/A
	Hours Recovered	-21.0%	-19.0%	N/A
	Seated Diners Recovered	98.0%	61.7%	N/A
Tourism (2/14/22)	Hotel Occupancy	77.0%	83.0%	N/A
	Hotel RevPAR	80.0%	87.0%	N/A
	Cultural District Traffic	84.8%	N/A	N/A

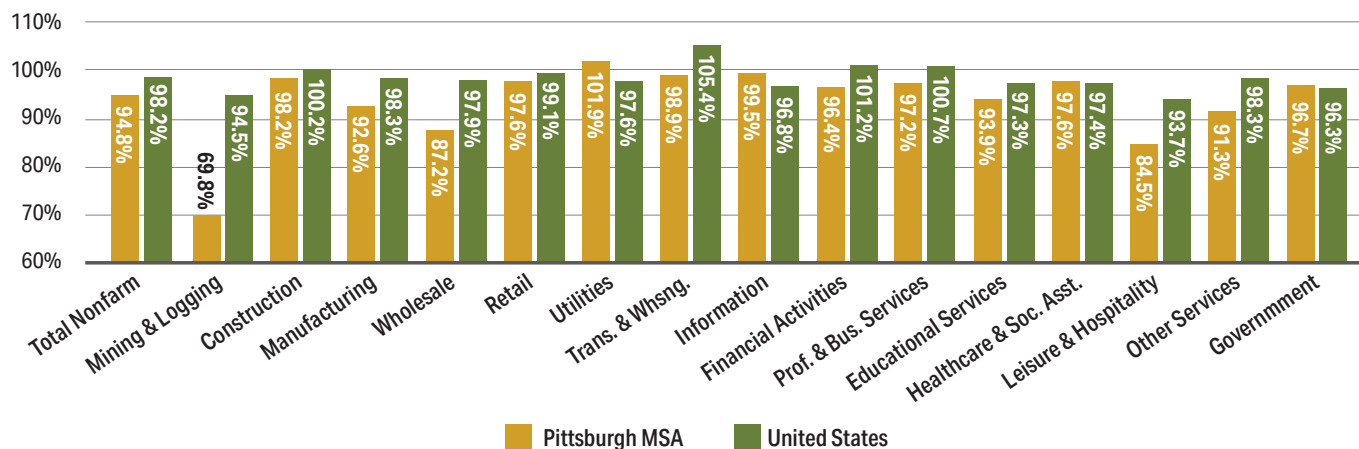
Data current as of 2/17/22

Note: Labor Force recovered and jobs recovered is measured as a percentage of the relevant metric during the same period in 2019 prior to the onset of the pandemic. Air Passengers and Monthly Visitors Downtown recovered measures the change from the same month in 2019. For Locations Recovered, Employees recovered, and hours recovered, the metric is a percentage of the median for that day of the week for the period Jan 4, 2020 – Jan 31, 2020. For seated diners recovered, the metric is a percentage of the value same day of the week in 2019. Hotel data are for Allegheny County only.

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Current Population Survey; Pittsburgh International Airport; Homebase; Open Table, VisitPITTSBURGH

The region continues to rebound from the pandemic recession. While key workforce indicators are close to where they were in 2019, tourism indicators like air passengers, Cultural District traffic and Hotel Occupancy continue to lag. While most industries are close to pre-pandemic employment levels, five industries continue to lag as seen in the chart below. Mining and Logging, Manufacturing and Wholesale Trade are each struggling with larger market issues that predate the pandemic, while Leisure & Hospitality and Other Services were disproportionately impacted by pandemic restrictions.

### Shortfall by industry (Pittsburgh and United States)

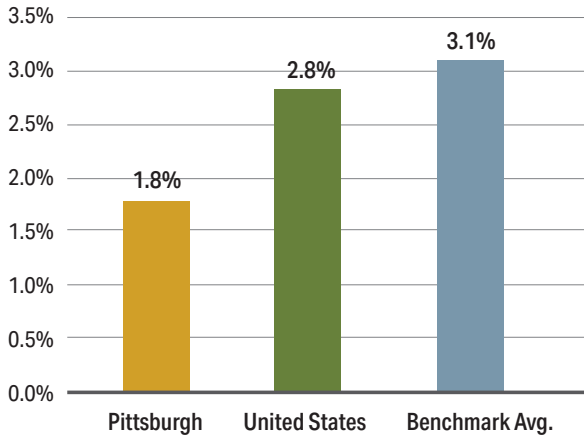




## This Quarter's Focus – Annual Employment Numbers

According to the Bureau of Labor Statistics' Current Employment Statistics (CES) program, the Pittsburgh MSA added 19,300 jobs in 2021, a 1.8% increase over 2020. While this represents the region's largest percentage annual increase in employment since 2000, in a year of pandemic recovery, it lags both the nation (2.8%) and the benchmark region average (3.2%). Further tempering this result is that the region lost a higher percentage of its employment in 2020 (-8.2%) than the U.S.

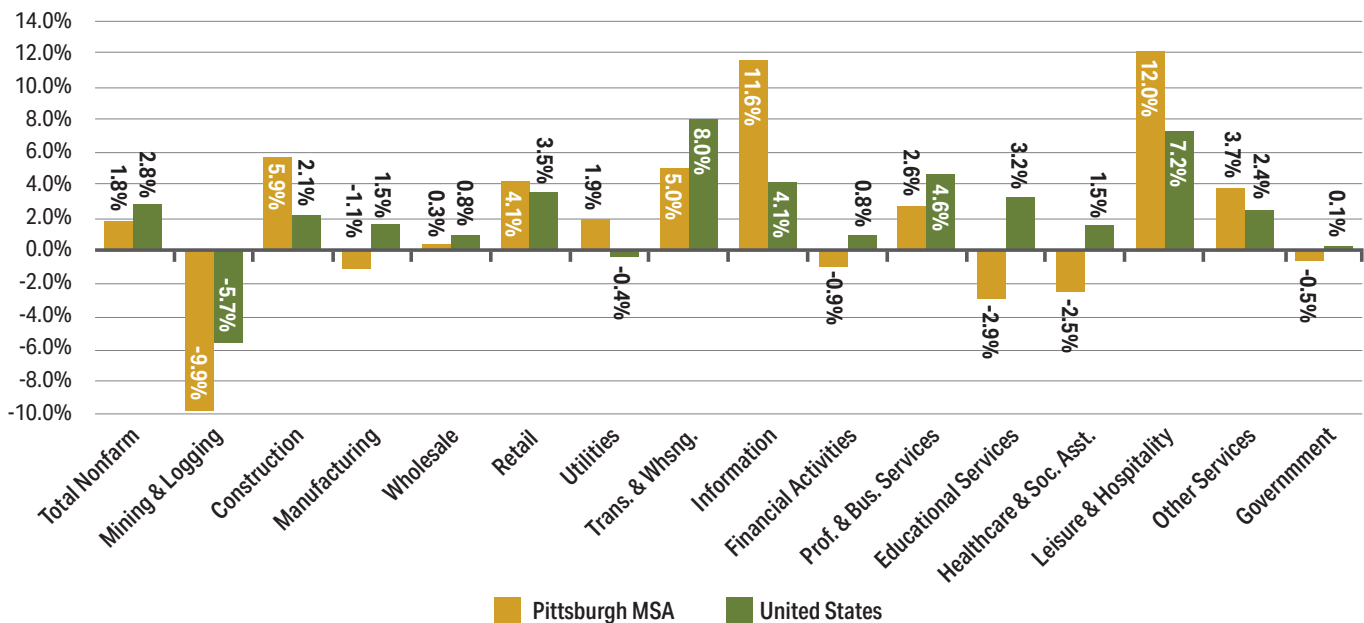
### Pct. Change in Employment – 2020 to 2021



Among the benchmark regions, the Pittsburgh MSA trailed all but Seattle and Milwaukee in annual change in employment.

While total regional employment lagged the nation in 2021, several industries including Construction, Retail, Information Leisure and Hospitality and Other Services outperformed the national change. However, Mining and Logging, Manufacturing, Financial Activities, Educational Services, Healthcare and Social Assistance and Government all lost employment while the nation registered increases.

While the regional employment increase in Professional and Business Services lagged the nation (2.6% vs. 4.6%), employment in two of its three sectors – Professional, Scientific and Technical Services and Management of Companies – reached record highs. Nearly half of the employment loss in Healthcare and Social Assistance came from the Hospitals sector which shed 3,700 jobs in 2021 (-6.7% compared to -0.2% nationally). Nursing and Residential Care lost 2,700 jobs (-7.8% compared to -5.9% nationally).



Analysis provided by the Pennsylvania Economy League of Greater Pittsburgh, an affiliate of the Allegheny Conference.