

Southwestern Pennsylvania Quarterly Vitals

March to June 2022

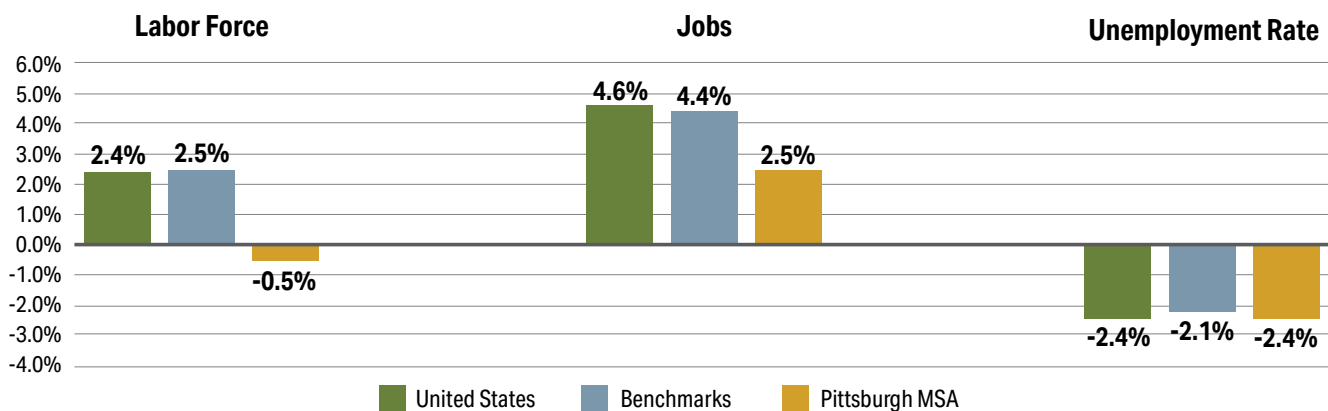
Key Takeaways

- **Southwestern Pennsylvania's labor force continued shrinking** in March 2022 reaching levels not seen in since February 1995.
- According to CBRE, the region continues to experience a rather robust construction market with **both the office and industrial sectors seeing double digit increases in construction** over Q1 2021.
- The **region continues to rebound from the pandemic recession**. While key workforce indicators are close to where they were in 2019, tourism indicators such as air passengers, Cultural District traffic and hotel occupancy continue to lag.
- After seeing population stabilize during the 2010s, **southwestern Pennsylvania saw a drop of nearly 15,000 residents** in 2021 as the gap between deaths and births reached record highs.

Workforce

Southwestern Pennsylvania's labor force continued shrinking in March 2022 reaching levels not seen in since February 1995. Additionally, payroll employment in Pittsburgh grew at a rate that is just over half the national rate. Pittsburgh is on par with the nation in terms of improvements to the unemployment rate.

March 2022: One-Year Change by Workforce Indicator



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 – March 2022

	Pittsburgh MSA		United States	Benchmark Total
	Value	YOY Change	YOY Change	YOY Change
Labor Force	1,171,516	-0.5%	2.4%	2.5%
Payroll Employment	1,096,100	2.5%	4.6%	4.4%
Unemployment Rate	4.7%	-2.4%	-2.4%	-2.1%
Job Postings (Jan. 22 – Mar. 22)	97,106	18.6%	28.2%	26.0%

Data current as of 5/4/22, the Unemployment Rate reflects the non-seasonally adjusted rate.
 Data reflects March 2022 preliminary figures and change from March 2021
 Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Current Population Survey; Emsi



Business Conditions

According to CBRE, the region continues to experience a rather robust construction market with both the office and industrial sectors seeing double digit increases in construction over 1Q 2021. But while the outlook for the industrial sector is bright, it's much more uncertain for the office sector.

The office sector is also continuing to experience declining metrics as the emerging hybrid/remote world takes hold. Rental rates continue to decline while vacancy rates increased slightly over 1Q 2021. Additionally, the first quarter of 2022 saw negative absorption (more square footage vacated than leased) for office square footage.

The industrial real estate sector has been the region's healthiest since 2020. Despite a slightly higher vacancy rate than 1Q 2021 and a drop off in absorption, average rental rate increased a robust 18.1%.

Air travel continues to rebound with the March 2022 passenger count reaching near total recovery. 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. By March 2022, year-to-date cargo has increased 12.1% over March 2021.

Business Indicators – Pittsburgh Metro			
	Value	YOY Change	
Real Estate (2022 Q1)	Office rate (\$)	\$23.25	-2.8%
	Office vacancy (%)	16.7%	1.6 ppts
	Office absorption (SF)	-55,278	-77.8%
	Office construction (SF)	1,282,298	21.4%
	Industrial rate (\$)	\$7.51	18.1%
	Industrial vacancy (%)	6.3%	-0.2ppts
	Industrial absorption (SF)	169,946	-55.2%
	Industrial Construction (SF)	2,490,911	66.1%
Air Travel (Mar 2022)	Passenger traffic (passengers)	336,745	83.4%
	YTD Cargo* traffic (lbs.)	16,798,751	12.1%

Data current as of 5/5/22

ppts = percentage points

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

Source: CBRE, Pittsburgh International Airport

Relevant Fact of the Quarter

The annual Fortune 500 was released recently, and the region had nine companies on the Fortune 500 list, same as last year. Revenue at U.S. Steel doubled in 2021 resulting in the company reemerging as the largest publicly traded company in the region with \$20.2 billion in revenue (#172). UPMC and Highmark remain the largest Pittsburgh-based companies with 2021 revenue of \$24 billion and \$22 billion, respectively.

The region's other Fortune 500 companies include PNC (\$19.7 billion, #178), Wesco (\$18.2 billion, #200), Viatrix (\$17.9 billion, #204), PPG Industries (\$16.8 billion, #218), Dick's Sporting Goods (\$12.3 billion, #307), Alcoa (\$12.2 billion, #312), Westinghouse Air Brake Technologies (\$7.8 billion, #439) and Arconic (\$7.5 billion, #452).

Regional Business Headline Highlights

Available jobs still outpacing job seekers in Pittsburgh region

TribLive – May 7, 2022

High-tech manufacturer expands presence at Westmoreland County industrial park

TribLive – April 15, 2022

Pittsburgh tech is seeing the most tech job growth in software and cybersecurity

Technical.ly Media – April 5, 2022

Pittsburgh company purchasing commerce park, opening new aluminum extrusion plant

New Castle News – March 31, 2022

COVID-19 Recovery

COVID-19 Recovery Indicators				
		Pittsburgh	United States	Benchmark
Total Economy (Mar 2022)	Labor Force Recovered	96.2%	100.9%	101.2%
	Jobs Recovered	92.8%	100.4%	100.2%
	Air Passengers Recovered	81.2%	N/A	N/A
	Monthly Visitors Downtown	73.3%	N/A	N/A
	Locations Recovered	75.0%	71.0%	N/A
Small Business (12/3/21)	Employees Recovered	79.0%	79.0%	N/A
	Hours Recovered	79.0%	81.0%	N/A
	Seated Diners Recovered	115.0%	87.0%	N/A
Tourism (5/24/22)	Hotel Occupancy	79.0%	90.0%	N/A
	Hotel RevPAR	83.0%	96.0%	N/A
	Cultural District Visitors	76.4%	N/A	N/A

Data current as of 5/24/22

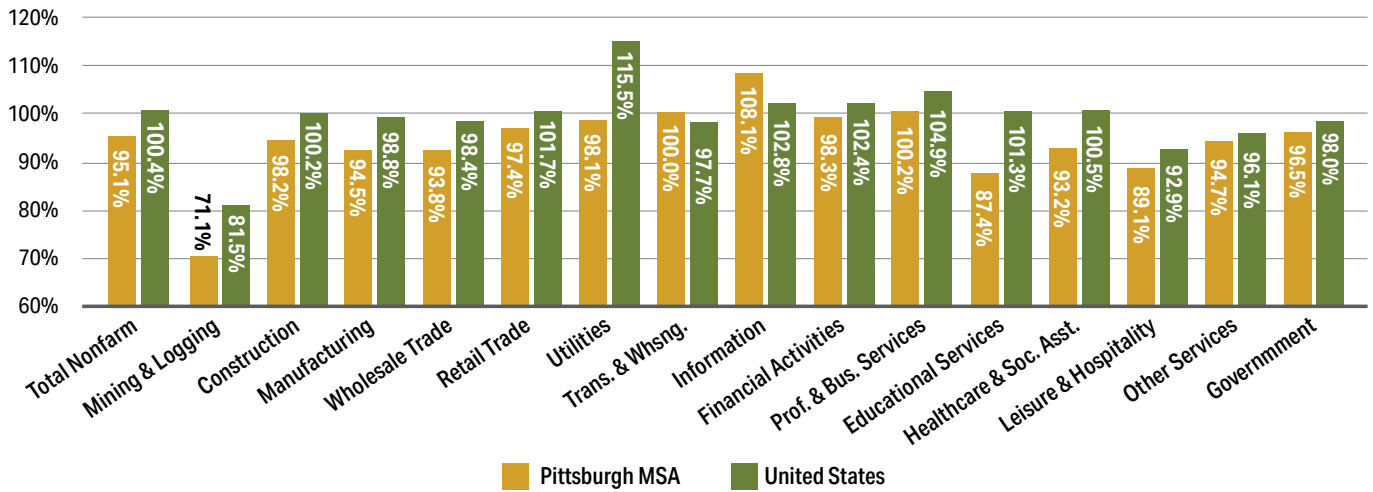
Note: Labor Force recovered, and Jobs recovered is measured as a percentage of the relevant metric during the same period in 2019 prior to the onset of the pandemic.

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, Visit Pittsburgh

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

Shortfall by industry – Percent of Industry Employment Recovered from March 2019



Quarterly Focus – Population Estimates

Each spring, the U.S. Census Bureau releases its annual population estimates. The population estimates program uses birth, death and migration records to update population trends from the most recent decennial census (2020). This year’s estimates are particularly important as they represent the first set of population data since the COVID-19 pandemic began.

County	2020 to 2021		
	2021	#	%
County	2021	#	%
Allegheny	1,238,090	-10,627	-0.9%
Armstrong	65,093	-352	-0.5%
Beaver	166,624	-1,108	-0.7%
Butler	194,273	422	0.2%
Fayette	126,931	-1,462	-1.1%
Greene	35,369	-444	-1.2%
Indiana	82,886	-230	-0.3%
Lawrence	85,497	-368	-0.4%
Washington	209,470	313	0.1%
Westmoreland	353,057	-941	-0.3%
TOTAL	2,557,290	-14,797	-0.6%

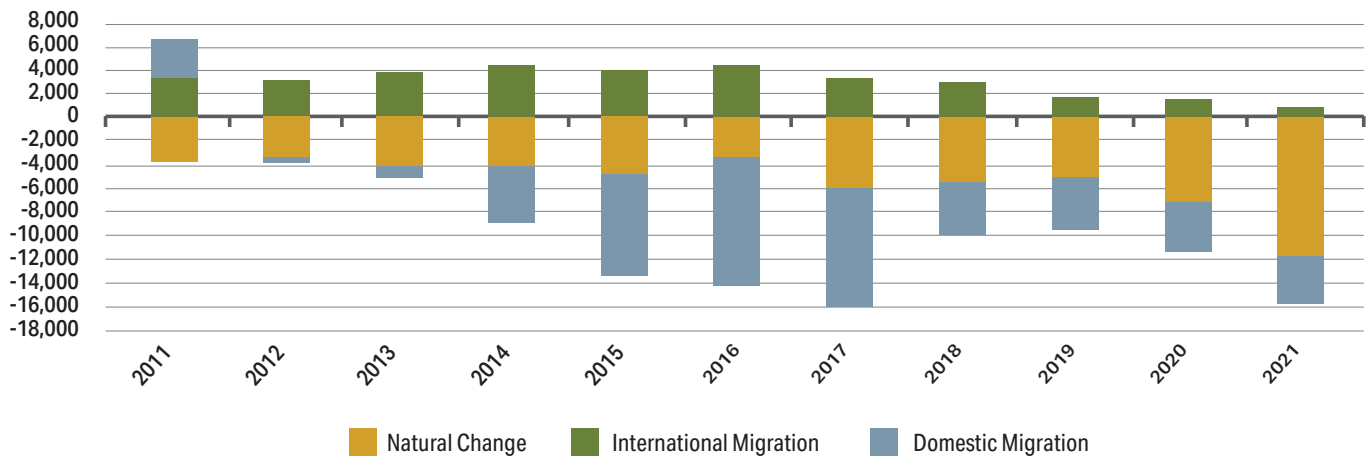
The impact of the pandemic was apparent in 2021 when the national population increased by just 0.1%, the slowest annual growth rate in U.S. history. In addition, the migration to non-metropolitan areas was evident as those areas grew at twice the rate of metropolitan regions (0.2% vs. 0.1%). International migration fell to less than half its 2019 levels. Deaths increased 21.1% over 2019, while births dropped by 5.5%. As a result, 73% (2,297) of U.S. counties experienced natural population decreases in 2021, up from 45.5% in 2019 and 55.5% in 2020.

After seeing population stabilize during the 2010s, Southwestern Pennsylvania saw a drop of nearly 15,000 residents in 2021. While the largest percentage decreases were experienced by Fayette and Greene Counties, the urban to rural migration was evident regionally as Allegheny County saw a 0.9% decrease while counties such as Indiana, Lawrence and Westmoreland saw smaller drops than they traditionally record.

While the 15,000 person drop in regional population is significant, it has approached this level occasionally ever since the turn of the 21st century. The region's natural change has been negative (deaths exceeding births) since the 1990s, but it was the highest ever in 2021 as deaths grew by 18.8% and births dropped by 5.2%. Regional births have fallen by one-third since the early 1990s. Domestic outmigration has been negative for much of the past decade but is smaller than it was in the middle of the last decade. Finally, International Migration had been consistently positive, but has decreased since 2016 and in 2021 fell below 1,000 for the first time this century.

The most recently released population estimates series looked at the municipal population change. While the City of Pittsburgh's population estimates fell by -0.8% between July 1, 2020, and July 1, 2021, its population remained above 300,000 (300,431 to be precise). Interestingly, only two of Pittsburgh's 15 benchmark cities (Charlotte and Austin) saw a population increase. Among Pittsburgh's peer cities, Cleveland saw a -1.1% drop over the period, Cincinnati dropped by -0.4%, Detroit -0.9%, Milwaukee -1.2% and St. Louis -2.4%. Philadelphia, a competitive benchmark city, saw a -1.5% drop.

Components of Change – 2011 to 2021



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

11 STANWIX STREET, 17TH FLOOR | PITTSBURGH, PA 15222-1312
 TOLL FREE: 1 (877) 392-1300 | PHONE: (OUTSIDE OF U.S. AND CANADA) +1 (412) 281-1890 | EMAIL: info@alleghenyconference.org | AlleghenyConference.org