

Southwestern Pennsylvania Quarterly Vitals

July to October 2022

Key Takeaways

While southwestern Pennsylvania's labor force and employment increased over 2021 levels, they continue to trail the growth rates of the U.S. and benchmark regions.

The industrial real estate sector continues to be robust with increasing rental rates, decreasing vacancy and a nearly 200% in construction over 3Q 2021.

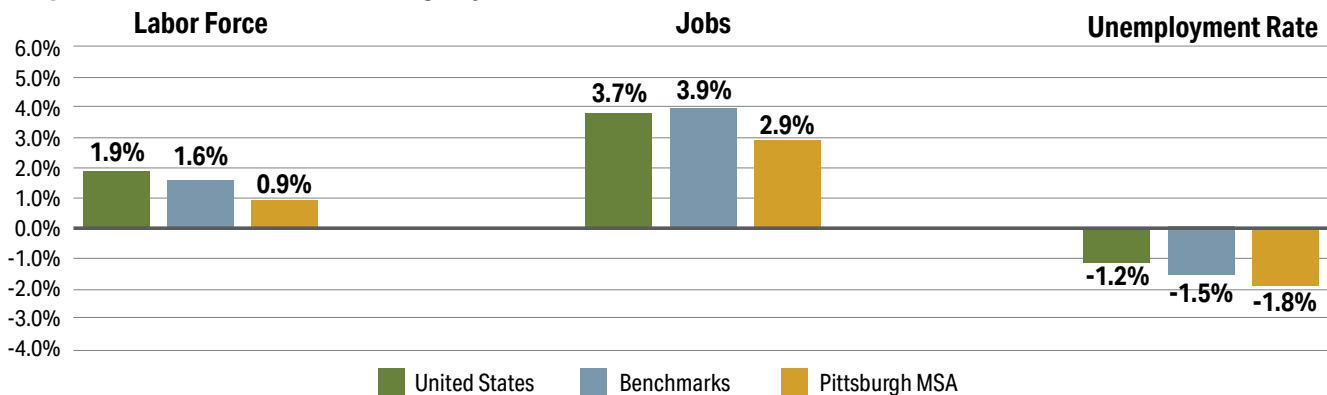
While key workforce indicators are close to where they were in 2019, tourism indicators such as air passengers, Cultural District traffic and Hotel Occupancy have not fully recovered.

Over the past five years the region has seen a 25% increase in the number regional completions from < 2-year institutions. Included are certificate programs in critical occupations such as nurses and medical assistants, welders, CDL drivers, machinists and computer systems network specialists.

Workforce

Southwestern Pennsylvania's labor force grew 0.9% over September 2021, although this is a full percentage point lower than the U.S. growth. Additionally, payroll employment in Pittsburgh trails the national and benchmark rates. Pittsburgh exceeds the nation and benchmarks in terms of improvements to the unemployment rate.

September 2022: One-Year Change by Workforce Indicator



Between July and September 2022, there were over 96,000 job postings in the Pittsburgh MSA, 27.9% more than the previous year. This increase far exceeds the U.S. and benchmark averages.

Workforce Indicators – September 2022

	Pittsburgh MSA		United States	Benchmark Total
	Value	YOY Change	YOY Change	YOY Change
Labor Force	1,193,836	0.9%	1.9%	1.6%
Payroll Employment	1,158,800	2.9%	3.7%	3.9%
Unemployment Rate	4.8%	-1.8%	-1.2%	-1.5%
Job Postings (Jul. 22 – Sep. 22)	96,504	27.9%	15.5%	9.7%

Data current as of 10/26/22, the Unemployment Rate reflects the non-seasonally adjusted rate.
 Data reflects September 2022 preliminary figures and change from September 2021
 Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Current Population Survey; Lightcast



Business Conditions

According to CBRE, the industrial real estate sector has been the region’s healthiest since 2020. The average rental rate increased a robust 13.3% year-over-year while vacancy has declined, and construction has increased nearly 200% over 3Q 2021. While the outlook for the industrial sector is bright, it’s much more uncertain for the office sector.

The office sector continues to experience declining metrics as the emerging hybrid/work world takes hold. Rental rates have increased while vacancy rates decreased slightly over 3Q 2021. Additionally, the third quarter of 2022 saw negative absorption (more square footage vacated than leased) for office square footage.

Air travel continues to rebound with the September 2022 passenger count reaching 88.2% of 2019 monthly passenger traffic. Over the course of the pandemic, cargo has been a bright spot at the airport with new global freight carriers adding Pittsburgh International Airport (PIT) to their network and Amazon Air establishing a physical presence. However, by September 2022, year-to-date cargo has decreased 4.5% over September 2021.

Business Indicators – Pittsburgh Metro			
	Value	YOY Change	
Real Estate (2022 Q1)	Office rate (\$)	\$24.74	7.8%
	Office vacancy (%)	16.1%	-0.5 ppts
	Office absorption (SF)	-118,436	-42.0%
	Office construction (SF)	1,420,000	-1.4%
	Industrial rate (\$)	\$7.67	13.3%
	Industrial vacancy (%)	6.3%	-0.6ppts
	Industrial absorption (SF)	92,227	-90.3%
	Industrial Construction (SF)	3,550,000	199.3%
Air Travel (Mar 2022)	Monthly Total Passenger* traffic	695,813	15.9%
	YTD Cargo* traffic (lbs.)	139,188,705	-4.5%

Data current as of 11/2/22
 ppts = percentage points
 * Passenger traffic sum total of passengers enplaned and deplaned at Pittsburgh International Airport.
 sCargo is the sum total of mail and freight enplaned and deplaned at Pittsburgh International Airport
 Source: CBRE, Pittsburgh International Airport

Regional Business Headline Highlights

Rustbelt renaissance: Pittsburgh becomes an FDI standout
Financial Times – October 6, 2022

The energy VIPs are here in Pittsburgh, and everyone wants their attention
Pittsburgh Post-Gazette – September 21, 2022

Southwestern Pennsylvania wins \$62.7M ‘Build Back Better’ federal grant for robotics projects
Pittsburgh Business Times – September 9, 2022

ElevateBio will anchor the new Pitt BioForge facility at Hazelwood Green
Technical.ly – August 25, 2022

COVID-19 Recovery

COVID-19 Recovery Indicators				
		Pittsburgh	United States	Benchmark
Total Economy (Sept 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	75.3%	N/A	N/A
Tourism (Quarter 3)	Seated Diners Recovered	100.0%	109.0%	N/A
	Hotel Occupancy	91.0%	95.0%	N/A
	Hotel RevPAR	111.0%	111.0%	N/A
	Cultural District Visitors	58.8%	N/A	N/A

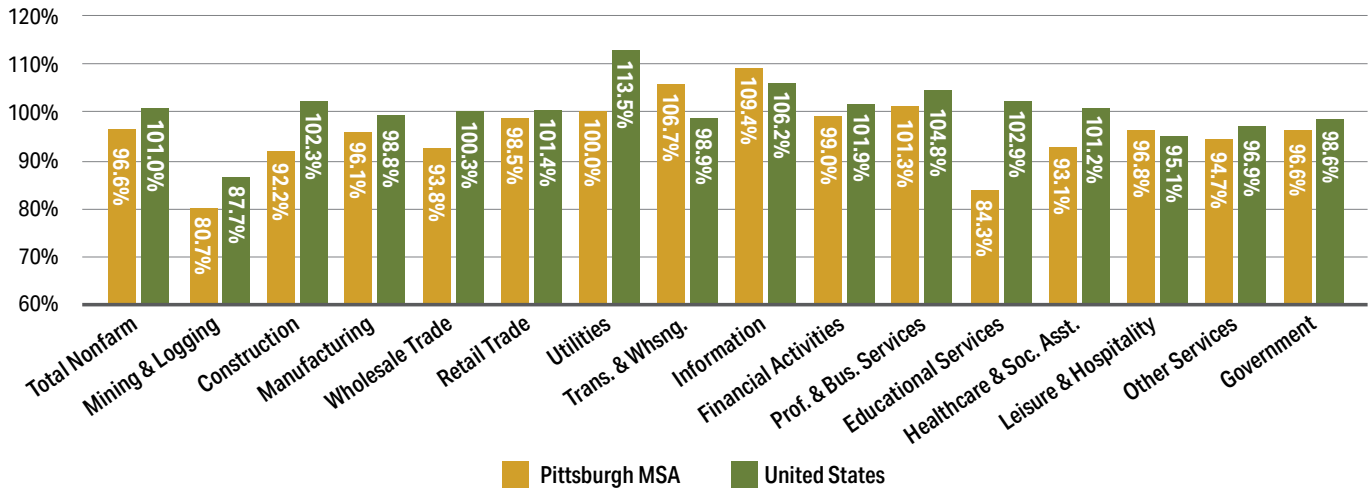
Data current as of 11/2/22

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; OpenTable, VisitPITTSBURGH.

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 have not fully recovered. Most industries are close to pre-pandemic employment levels and only two industries are in the 80% range. All other industries are above 90% for recovery, with Transportation and Warehousing, Information, and Professional and Business Services above 100%.

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



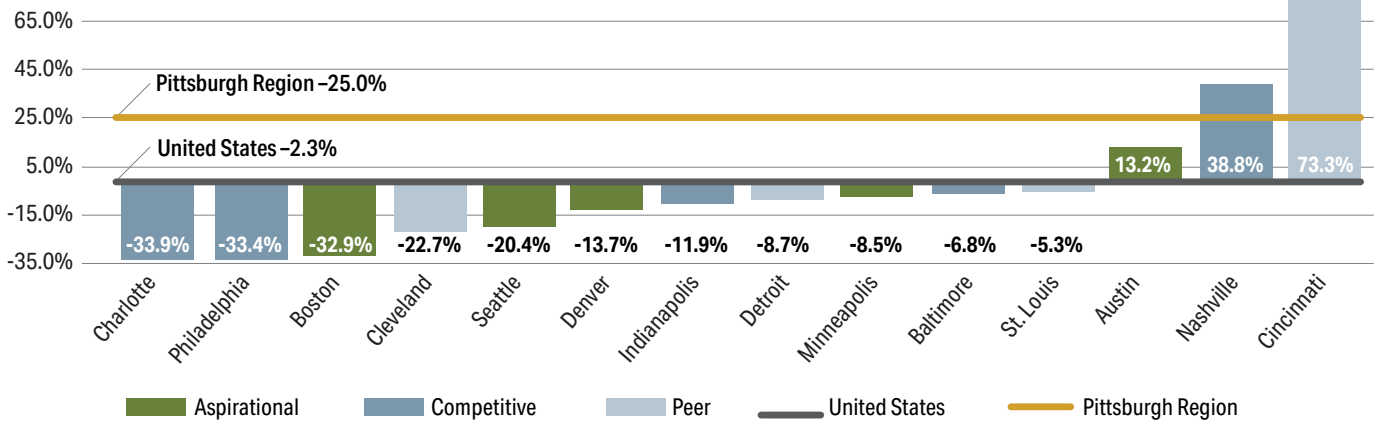


Quarterly Focus – Critical certificate programs see strong increase in past five years

Pittsburgh is world-renowned for stellar academic institutions that heavily invest in undergraduate and graduate programs and opportunities. The region also is home to smaller career and technical institutions that produce critical talent for the regional economy, without whom, a vital component of regional talent would be missing. In the 2020-21 academic year, regional completions from < 2-year institutions in the Pittsburgh region have increased 25% from the 2015-16 academic year, the fourth greatest amount among all benchmark metros, exceeded only Milwaukee, Cincinnati and Nashville. These awards were granted in programs that support all five key sectors determined by the Pittsburgh Regional Alliance, including nurses and medical assistants, welders, CDL drivers, machinists and computer systems network specialists. This growth in certificate completions at < 2-year institutions is vital to a thriving Pittsburgh economy.

Milwaukee recorded a 350% increase and is therefore excluded to preserve the scale of the following graph.

Change in completions at < 2 year institutions (2016 - 2021)



Source: National Center for Education Statistics

Institutions fall into three levels: 4 or more years, 2 - 4 years, or < 2 years. In the Pittsburgh region, institutions < 2-years account for 31.4% of institutions, the smallest share among the three groups. Considering completions segmented by institution, < 2-years institutions also comprise the smallest share of regional completions at 3.3%, with 78.7% from 4-year institutions and 18.0% from 2 - 4 year institutions. While these segments are small, they are mighty, representing a bright spot for Pittsburgh's talent production in a time when enrollment and completions overall are declining.

Awards broadly fall into four categories: certificates of less than 4 years, undergraduate degrees, graduate degrees and post-degree certificates. Awards of less than four years comprise 14.9% of completions awarded in the Pittsburgh region in the 2020-21 academic year, an increase from 13.1% in the 2015-16 academic year. Furthermore, 15.2% of < 4-year awards come from < 2-year institutions, an increase from 9.3% in the 15-16 academic year.

< 2-year institutions offer many programs in technical support services, personal and culinary services, trades, and production. While not all these programs are key-sector critical, 65.7% of completions awarded from < 2-year institutions in the Pittsburgh region support the key sectors. Of the total completions awarded by such institutions, 33.5% were to key sector-critical programs.



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

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