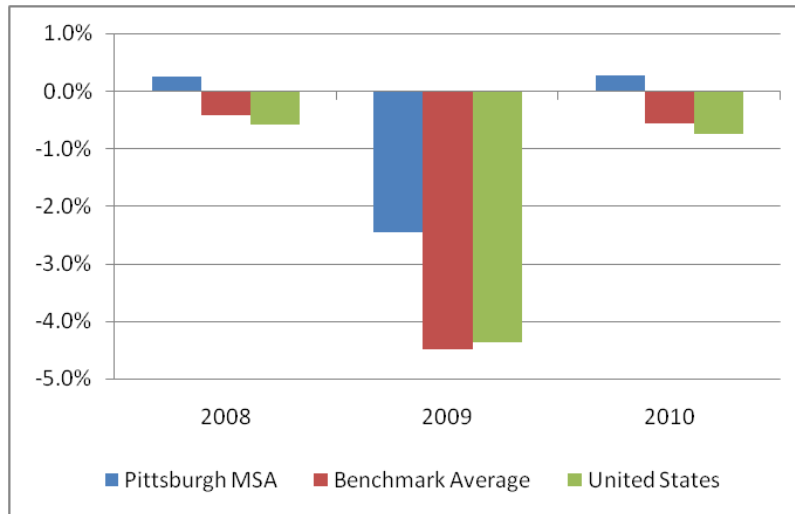


## The Year of the Rebound – How Pittsburgh is Leading the Economic Recovery

The recovery has finally arrived, as the 2010 job numbers indicate. Total non-farm employment in the Pittsburgh MSA grew at a modest rate of 0.3% in 2010, a net gain of 3,000 jobs. Although these numbers may seem minimal, they are still a significant improvement over the 28,000 jobs lost in 2009. Pittsburgh also outpaced the nation, which saw employment fall -0.8% in 2010, and Pittsburgh's 14 benchmark cities, which registered a -0.6% drop in employment for the year. These rates are almost an exact reflection of 2008 numbers, just as the country was entering the worst of the recession. This time, the numbers reflect the way out, and Pittsburgh is leading the way.

Annual Employment Change - 2008-2010

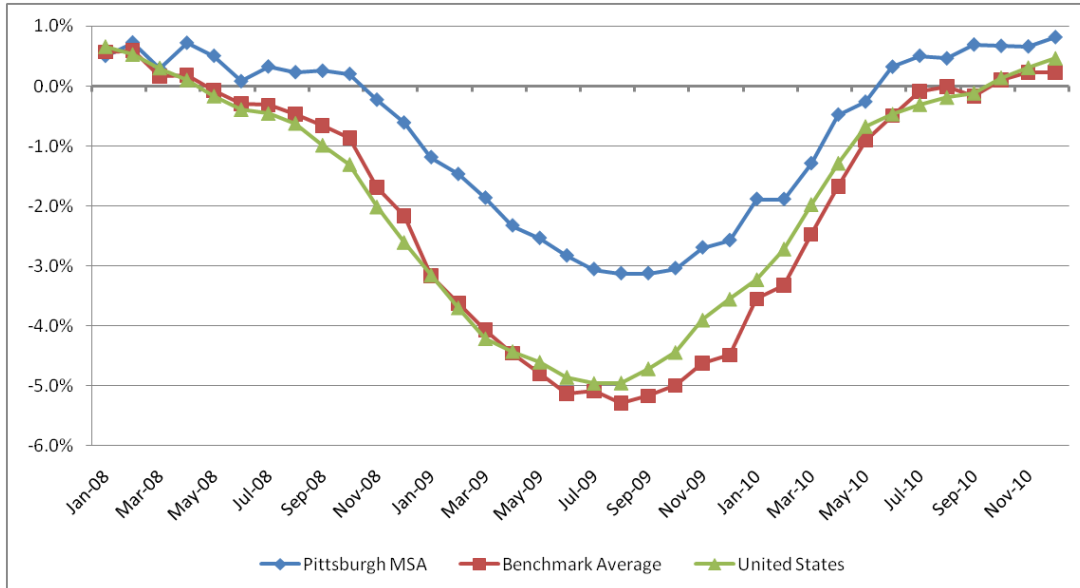


Source: Bureau of Labor and Statistics

### Pittsburgh and the Recession: Come Late, Recover Faster

Long-term trends, analyzed since the recession began in December 2007, reveal that the Pittsburgh MSA outperformed the U.S. as a whole and the 14 benchmark cities in employment change for 35 straight months. In fact, the region's employment improved or remained constant throughout all of 2010. Pittsburgh's fall appears to have bottomed out at the same time as both the U.S. and the benchmark cities; yet, it was nearly two percentage points higher. Pittsburgh also broke into positive territory in June 2010, a full four months ahead of both the national and benchmark averages. Pittsburgh entered the recession late, avoided the worst of it, and recovered faster.

## Monthly Employment Change – 2008-2010



Source: Bureau of Labor and Statistics

## Where Our Strengths Are

The region's strength relative to the nation is evident in the fact that most industries outperformed national averages in 2010. Driving the energy sector growth was the mining and logging industry, by far the fastest growing industry in 2010, up 23.2% from the previous year due to the significant increase in Marcellus shale drilling. Compare Pittsburgh's growth to the U.S. average, which saw mining and logging grow only 1.6% in 2010.

	2009	2010	2009 to 2010	Pct. Change Location Quotient 1/	2009 to 2010 (US)
Total Nonfarm	1,120.7	1,123.7	0.3%	1.00	-0.8%
Total Private	993.5	995.7	0.2%	1.07	-0.8%
Mining and Logging	5.6	6.9	23.2%	1.13	1.6%
Construction	52.4	49.2	-6.1%	1.03	-8.1%
Manufacturing	88.9	87.5	-1.6%	0.88	-2.7%
Trade, Transportation, and Utilities	214.1	213.8	-0.1%	1.00	-1.2%
Wholesale Trade	46.5	46.3	-0.4%	0.98	-2.3%
Retail Trade	125.7	125.9	0.2%	1.01	-0.7%
Transportation and Warehousing	36.3	36.1	-0.6%	1.00	-1.2%
Utilities	5.7	5.6	-1.8%	1.17	-1.4%
Information	19.8	18.3	-7.6%	0.78	-3.3%
Financial Activities	67.5	68.4	1.3%	1.04	-1.8%
Professional and Business Services	154.1	156.8	1.8%	1.09	0.7%
Professional, Scientific, and Technical Services	68.9	69.2	0.4%	1.08	-1.1%
Architectural and Engineering Services	16.9	17.1	1.2%	1.55	-3.6%
Scientific Research Services	6.1	6.2	1.6%	1.15	0.6%
Management of Companies and Enterprises	33.4	34.6	3.6%	2.15	-0.2%
Administrative and Waste Services	51.7	53.0	2.5%	0.83	2.7%
Education and health services	233.1	236.1	1.3%	1.39	1.9%
Educational Services	52.4	54.2	3.4%	1.99	1.9%
Health Care and Social Assistance	180.7	181.9	0.7%	1.28	1.9%
Leisure and Hospitality	106.3	107.5	1.1%	0.95	-0.4%
Other Services	51.8	51.2	-1.2%	1.10	-0.1%
Government	127.3	128.0	0.5%	0.66	-0.3%

<sup>1/</sup> A location quotient indicates the relative concentration of a specific industry in a market in relation to the national average. A quotient of greater than 1.00 indicates an above average concentration.

**Notes:** **Red** indicates growth rates in excess of the U.S. average; **Green** indicates growth rates in excess regional average, but less than U.S. *Source: Bureau of Labor Statistics, Current Employment Statistics*

Financial and business services also had a strong year. Within the sector, management of companies and enterprises was the region's second fastest growing industry in 2010. Employment increased by 3.6% (1,200 jobs added) as employers sought out more cost-effective business locations. New headquarters facilities by companies such as Dick's Sporting Goods, EQT, Starkist and ThermoFisher Scientific helped to drive this growth and reinforced Pittsburgh as a headquarters hub.

Educational services, the third fastest growing industry, saw employment increase by 3.4% to 54,200 in 2010. While Carnegie Mellon University and the University of Pittsburgh certainly played a role, Education Management Corporation, focused on for-profit education, also helped propel job growth in this sector.

Information and communications technology did not fare as well, with the information industry experiencing the biggest year-over-year drop among industries, falling -7.6%, compared to -1.4% nationally.

Advanced manufacturing, which was disproportionately affected by the recession, moderated its losses in 2010, as the manufacturing industry and fell by only -1.6%, better than the national average (-2.7%). Construction performed poorly in 2010 (-6.1%), but again better than the US average (-8.1%).

Among the fastest growing industries in the region were those with the highest location quotients including management of companies, educational services, architecture and engineering and health care.

Regional employment is still below pre-recession levels, but Pittsburgh is taking positive steps in the right direction. Most of Pittsburgh's five key industry sectors remain strong, and the lagging sectors are improving. The region's diversity in health care, education, business and energy helped it gain jobs where other communities could not. Pittsburgh is proving that its transformation into a stable, economically diverse region has allowed it to weather even the worst economic storms.

### **Methodology Notes**

The preceding article was based on the Bureau of Labor and Statistics Current Employment Statistics (CES) for metropolitan areas. This is based on a monthly survey of the payroll records of business establishments that provide data on employment, hours, and earnings of workers at the national, state and local level. Data is not seasonally adjusted.

This is the second in a series of monthly columns prepared by the Pittsburgh Regional Alliance Market Research Group that examines and analyzes the regional economy. To learn more about the Pittsburgh region's data, visit the [Regional Data](#) section on the Pittsburgh Regional Alliance Web site.