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Pittsburgh Region’s Five Key Economic Sectors Deliver Five Years of Sustained Economic Development and Employment Opportunity

2008 – 2012:

***Five Years and Running as Top 10 U.S. Location for Business Investment
1,315 Economic Development Projects Announced, including 269 in 2012
Pittsburgh Metro Tops National Average for Job Growth in High-wage Industries
Record-high Employment in 2012***

(PITTSBURGH – April 2, 2013) –Despite a deep economic recession and a tenuous rebound globally, the 10-county Pittsburgh region has remained a top-performing U.S. region for business investment and job creation for the past five years, making it one of only three U.S. metros to be [deemed “fully recovered from the Recession”](#) by the Brookings Institution.

Anchoring this five-year span of sustained economic prosperity and employment opportunity are the 269 announced economic development deals or “wins” tracked by the [Pittsburgh Regional Alliance](#) during 2012 in collaboration with the region’s network of economic development partners, as well as record-high employment last year and Pittsburgh’s position as a national leader for job growth in high-wage industries.

The Pittsburgh Regional Alliance, an affiliate of the Allegheny Conference on Community Development, presented its annual economic development performance scorecard for the region today. The organization markets the benefits of conducting business in southwestern Pennsylvania to companies all over the world that are growing, relocating or expanding, in addition to supporting the growth of existing regional employers.

“Across all 10 counties of the region and in all [five key industry sectors](#), companies are investing,” said Dennis Yablonsky, CEO of the [Allegheny Conference on Community Development](#) and its affiliates, including the Pittsburgh Regional Alliance. “The deals of 2012 represent billions of dollars that will further build up the regional business landscape with new and expanded facilities, in addition to the expectation of job creation and retention in coming years. Five years of top-performing, sustainable prosperity – evidenced by a total of 1,315 announced business investment deals and related employment opportunities – has helped to secure Brookings’ ‘recession-recovered’ recognition,” he said. It cited employment levels, gross domestic product and a return to long-term pre-recession rates of economic growth as indicators of full recovery.

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The 269 regional “wins” of 2012 spanned both announced investment and development projects totaling \$3.2 billion in capital investment – the second highest amount since tracking began. Investment projects accounted for \$1.8 billion in announced capital outlay – a solid increase over the \$750 million recorded in 2011. Development projects total \$1.4 billion in announced outlay and see a return to \$1 billion-plus levels of development investment.

Existing regional businesses that are expanding remain the backbone of the economy and account for the majority of announced deals. In 2012, 72 percent of the deals (151) involved the expansion or retention of existing companies. This underscores an upward trend from the 60 percent recorded in 2009.

Economic Development at Work: Deals Create/Retain Employment, Including High-wage Industry Jobs

The announced 269 economic development deals are expected to create 8,388 new jobs in the Pittsburgh region over the next several years. These deals are also expected to retain 3,422 jobs for a total regional employment impact of more than 12,000 jobs.

“Record-high employment levels of 1.16 million workers were reached in the Pittsburgh metro area in 2012. This exceeds the previous annual average record of 1.15 million – recorded in 2001,” said PRA Market Research Vice President Jim Futrell. “Employment growth maps to growth in business and financial services, energy, healthcare, information technology and manufacturing. These sectors were strong performers with regard to the number of economic development project announcements since 2008. Education, as an industry, was a driver of employment, too.

“Last year’s employment levels suggest that the job creation and retention announced in previous years has come to fruition and helped to achieve this record-high for the Pittsburgh MSA, which has kept pace with employment growth in benchmark cities,” said Futrell.

High-wage Industries Drive Regional Economy

Another proof point that sustainable prosperity has taken hold in the region is found in the Pittsburgh metro area where 42.6 percent of jobs are in high-paying industries – those that have an average wage of at least 110 percent of the U.S. total – a statistic which is well above the national average of 37.3 percent.

A recent analysis by the PRA market research team analyzed employment data and compared the Pittsburgh metropolitan area to the U.S., Pittsburgh’s benchmark regions and a group of five mid-sized tech hubs. The comparison showed that the region was the only one in which growth in high-wage industries outperformed low-wage industries, not only over the past decade, but since the 2008 recession.

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“A common misperception about the region’s employment growth in the past 30 years is that it’s largely concentrated in lower-paying service industries. If that were true, the region’s economy would not be as stable as it has proven to be, even during the worst of economic times. Regional high-wage industries including manufacturing, professional and technical services, ambulatory healthcare, finance and insurance and hospitals are where the bulk of employment has been. These industries are helping to drive sustainable prosperity for the region,” said Futrell.

The “Power of Pittsburgh” is Strength in Numbers: Sectors, Partners and Economic Development Deals

“The ‘Power of Pittsburgh,’ is fueled by strength in numbers when considering business investment. Five diverse industry sectors are pillars of the regional economy – generating employment, attracting investment and contributing to the gross regional product. Some sectors’ performances may fluctuate during turbulent economic times, while others excel. The overall effect is balance, stability and sustainable prosperity, which are attractive attributes for investors who might remain risk adverse,” said David J. Malone, Pittsburgh Regional Alliance Partnership Chair and President and CEO, Gateway Financial Group, Inc.

Manufacturing Returns to Prime Position, Delivers 59 Wins to Bolster Regional Economy

“[Manufacturing](#) reemerged as the industry sector in which the most expansions were announced. It had been number one for wins since 2007, but shifted in 2011 to a secondary position. In 2012, there were 59 wins in this sector, up from 53 in the previous year – making it the top performer. “With its engineering and technology expertise combined with a historic capacity to make things, the region is a manufacturer to the world,” said Yablonsky. “Regional manufacturing operations today are highly efficient and utilize sophisticated equipment and applications to deliver quality and quantity with regard to product. This results in well-paying manufacturing careers for smart, tech-savvy employees.”

Financial and Business Services Sector is Largest Contributor to Gross Regional Product

Pittsburgh’s economy benefits from a dependable [financial and business services sector](#) that began as the region materialized as an industrial center in the mid-1800s. For more than 150 years, the region has been an axis for asset management, banking, engineering, legal and other business services. This sector has been thriving since and is the largest contributor to the gross regional product. In 2012, financial and business services emerged with 55 announced projects.

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Energy Taps Region’s Supply of Natural Resources, Tech Innovation and Manufacturing Moxie

Cutting across several distinct industries, [energy](#) – one of the region’s key economic drivers – accounted for a total of 53 wins. These reinforce the region as the “center of American energy” with its unique strengths across seven traditional and renewable energy-related industries, including coal, natural gas, nuclear, wind, solar, transmission and distribution components and intelligent building technologies. During 2012, there were 21 investments announced by natural resources companies – those involved in the extraction of coal and natural gas, which includes the Marcellus Shale, the U.S.’s number one shale gas play. A decrease from 39 natural resources wins in 2011 reflects the reality that most companies that needed to be in the region because of the Marcellus Shale have arrived.

Energy’s influence continued to be felt far beyond natural resources – touching other key regional economic sectors. Reflecting the broader supply chain benefits of the energy sector, 60 percent (21) of 2012’s energy-related wins came from sectors outside of natural resources. This is the highest percentage since tracking of energy-related wins began in 2009. There were in nine projects in manufacturing and 12 in the financial and business services sector, reinforcing the energy sector’s demands for a robust network of corporate support (e.g., finance, legal) relative to the energy sector.

Other leading sectors were [information and communications technology](#) with 33 wins and [healthcare and life sciences](#), totaling 12 wins. Combined, the wins in these two sectors underpin both knowledge and innovation as drivers of the regional economy.

Pittsburgh is a *Site Selection* Top Metro for Investment

“Not only do global companies see Pittsburgh as a solid investment, but so does [Site Selection](#) – the publication of the corporate real estate world. *Site Selection* has again provided independent validation of Pittsburgh’s investment worth by ranking it among the top 10 U.S. locations for business investment and in the company of metros such as Atlanta, Chicago and Dallas. The cooperation of the region’s public and private sector partners makes this possible. By working in concert, we’re maximizing the entire Pittsburgh region’s investment potential and creating sustainable prosperity,” said PRA Chair David Malone.

Site Selection also examined which regional metros did particularly well. For a second year, Pittsburgh was ranked No. 1 for the Northeast U.S. region, ahead of Boston, New York and Philadelphia. *Site Selection*’s annual analyses are regarded by corporate real estate analysts as “the industry scoreboard.” The basis for the Top Metros designation is *Site Selection*’s new plant database, which focuses on new corporate location projects with significant impact. New facilities and expansions included in the analyses must meet at least one of three criteria: involve a capital investment of at least \$1 million, create at least 50 new jobs or add at least 20,000 SF of new floor area. Retail and government projects, schools and hospitals are not tracked.

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Editor’s Note: [Click here for 2012 “wins”-related charts.](#)