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Economic Development Deals Up 12% in Pittsburgh Region; Represent Capital Investment of \$2.4B and Total Anticipated Employment of 8,700

*Deals of 2013 Underscore Build-out of Infrastructure to Further Grow Regional Economy
206 Announced Corporate Expansions and New Facilities' Projects; 96 Capital Development Projects
Information and Communications Technology Sector Sees Biggest Growth Spike Since 2008*

(PITTSBURGH – March 26, 2014) – The diverse, balanced and innovation-driven economy that made Pittsburgh a great American comeback story continues to deliver value by capturing 302 economic development deals during 2013 – a 12% increase in activity over the previous year.

The Pittsburgh Regional Alliance (PRA), an affiliate of the [Allegheny Conference on Community Development](#) and the 10-county Pittsburgh region's economic development marketing organization, today presented its annual economic development performance scorecard – a snapshot of all of the deals, or “wins” announced in the previous year related to new facilities, expansions of existing companies, attraction/retention of companies and startups across southwestern Pennsylvania.

“The robust economic development activity in the Pittsburgh region in 2013, including a surge of wins in the information and communications technology sector, is a strong vote of confidence by business decision-makers in the future of this region and a leading indicator of future job creation,” said David J. Malone, PRA Partnership Chair and President and CEO, Gateway Financial Group, Inc.

Capital Investments of \$1B+ for Seven Straight Years

The 302 regional “wins” of 2013 spanned both announced investment and development projects totaling \$2.4 billion in capital investment – the seventh consecutive year that this total has exceeded \$1 billion.

Investment projects accounted for \$671 million in announced capital outlay and were dominated by five projects costing in excess of \$40 million. They include a regional headquarters expansion for Chevron, a distribution facility for Gordon Food Service and a CSX Corporation intermodal terminal. Development projects totaled \$1.8 billion in announced outlay – the second highest amount on record.

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“Each county has benefited from investment, as has each of the [five key industry sectors](#), the foundation of the region’s economy. There are investment ebbs and flows between sectors from year to year, but overall there’s balance,” said Dewitt Peart, president of the PRA.

Existing regional businesses that are expanding account for the majority of announced deals, which has been a trend for the region. In 2013, 60% of the deals (124) involved the expansion of existing companies. Attraction wins increased from 44 in 2012 to 48 in 2013 and represent one-fourth of all the wins.

“The deals of 2013 will enlarge the regional business landscape with new and expanded existing facilities, as well as new real estate developments. This is alongside an anticipated total job impact of at least 8,700 – 1,669 jobs retained and the expectation of 6,983 jobs to be created as announced deals come to fruition. A robust job market keeps people in the region, and it helps to attract talent from elsewhere looking for new opportunities, professionally and personally,” said Peart.

Sustainable Prosperity is Powered by Partnership

“The sustainable prosperity that the Pittsburgh region is experiencing would not happen without partnership,” said Malone. “Economic development partners from across southwestern Pennsylvania, with the support and insights of the public and private sectors, sell the strengths of the entire region – a geographically diverse place with critical commonalities around manufacturing expertise, technology and innovation and energy resources. The number of deals that we’re seeing speaks to Pittsburgh as an investment-worthy region with a legacy, ample natural and human resources and the drive to innovate.”

Sector-specific performance highlights, regarding investment activity during 2013 follow:

“Number One” Manufacturing Delivers 65 Wins to Bolster Regional Economy

Historically, the Pittsburgh region has been a hub of manufacturing. Optimized by technology, [advanced manufacturing](#) is now a key driver of the economy and the most active sector for deals in 2013. There were 65 announced wins, an increase over the 59 recorded in 2012. “The Pittsburgh region still makes things: specialty metals, medical devices, robots and turbines – to name a few. We’re a manufacturer to the world, capitalizing on technology to make processes precise, sophisticated and efficient,” said Peart.

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Information and Communications Technology Soars to Second Place; Tech Touches Everything

Seeing a dramatic increase from 33 deals in 2012 to 51 deals in 2013, the region’s [information and communications technology](#) sector saw its biggest growth spike since 2008 and took second place for number of deals.

“The growth in this sector is impressive, but it’s an under-representation of information technology’s impact on the entire regional economy. Technology infuses just about everything for which we’re recognized – manufacturing, healthcare, financial services and more. Technology is integral to the successful operation of nearly every company in the region,” said Audrey Russo, president and CEO of the [Pittsburgh Technology Council](#).

“Having one of the global leaders in information technology, Carnegie Mellon University, whose School of Computer Science marks its 25th anniversary this year – is a prime reason why tech is flourishing in the region and adds value to our other key sectors,” she added.

More than Half of Region’s Open Jobs Require Tech Skills

A proof point for how integral information technology is to the overall regional economy is the number of available jobs with a technology component posted on [ImaginePittsburgh.com](#) – a web-based gateway to professional and personal opportunities in the region. Of the current 20,000-plus available jobs listed on the site, more than half require skills and experience with technology, with the majority of these jobs not with tech enterprises but in workplaces that include hospitals, banks, law firms, the chemical industry and energy companies.

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

[Financial and business services](#) – encompassing asset management, banking, engineering, legal and other business services – have been a backbone of the regional economy since Pittsburgh emerged as an industrial center in the mid-1800s. This sector has been thriving since and is the largest contributor to the gross regional product (23%). In 2013, financial and business services had 39 announced projects. One of the region’s top employers, the sector employs approximately 230,000 people across a variety of professional disciplines. This represents nearly one-quarter of total regional employment.

At the Core of Region’s Energy Sector, Natural Gas Industry Matures; Anticipates Petrochem-focused Future

[Energy](#) – a key economic driver for the region and one that cuts across several other sectors – accounted for a total of 35 investment wins in 2013. Natural gas is a major industry within the broader regional energy sector, which includes traditional and renewable energy resources.

In 2004, the first Marcellus Shale gas well in the region was drilled; by 2009 the Marcellus Shale opportunity had emerged in full force. Investments focused on new companies coming to the region or existing ones expanding. These accounted for an average of 70% of all energy-related investment wins between 2009 and 2013. The boom has now stabilized. “Currently, we’re seeing a maturation of the industry,” said Futrell. “Above and beyond the 35 energy-related investment wins, we also saw an increase in natural gas development deals in 2013 – 24 of them. These were largely tied to midstream infrastructure, such as compressors and pipelines. This is a big increase from only seven in 2011 when the industry was just ramping up here. It signifies maturation.”

Another indicator of a maturing industry in the region is number of natural gas supply chain deals. In 2013, 15 of 21 wins were related to supply chain, including products and services, such as finance and law, for natural gas firms.

On the horizon is a significant downstream opportunity related to natural gas as feedstock for the petrochemical industry. The ethylene byproduct of ethane in natural gas liquids is a key component for manufacturing consumer goods connected with plastic or rubber: shoe soles, tires, paints and coatings, food and medicine containers, soaps and detergents and more. Ample supplies of Marcellus Shale (and nearby Utica Shale) natural gas have the potential to fuel a resurgence of manufacturing not only in the Pittsburgh region, but on American shores. Currently, Royal Dutch Shell is considering building an ethane cracker facility 30 miles northwest of Pittsburgh in Beaver County.

Healthcare and Life Sciences: Where Medical Research, Manufacturing and Innovation Converge

Underpinning both knowledge and innovation as drivers of the regional economy was the [healthcare and life sciences](#) sector with a total of 15 wins. The sector, in total, employs more than 140,000 people and encompasses a spectrum of companies of all sizes. Many of these capitalize on the globally regarded medical research being conducted at the University of Pittsburgh – in addition to regional strengths in manufacturing and innovation – to envision and commercialize products and services for the health and well-being of people everywhere.

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