

Pittsburgh Region Employment Update September Update

October 2020

Key Findings

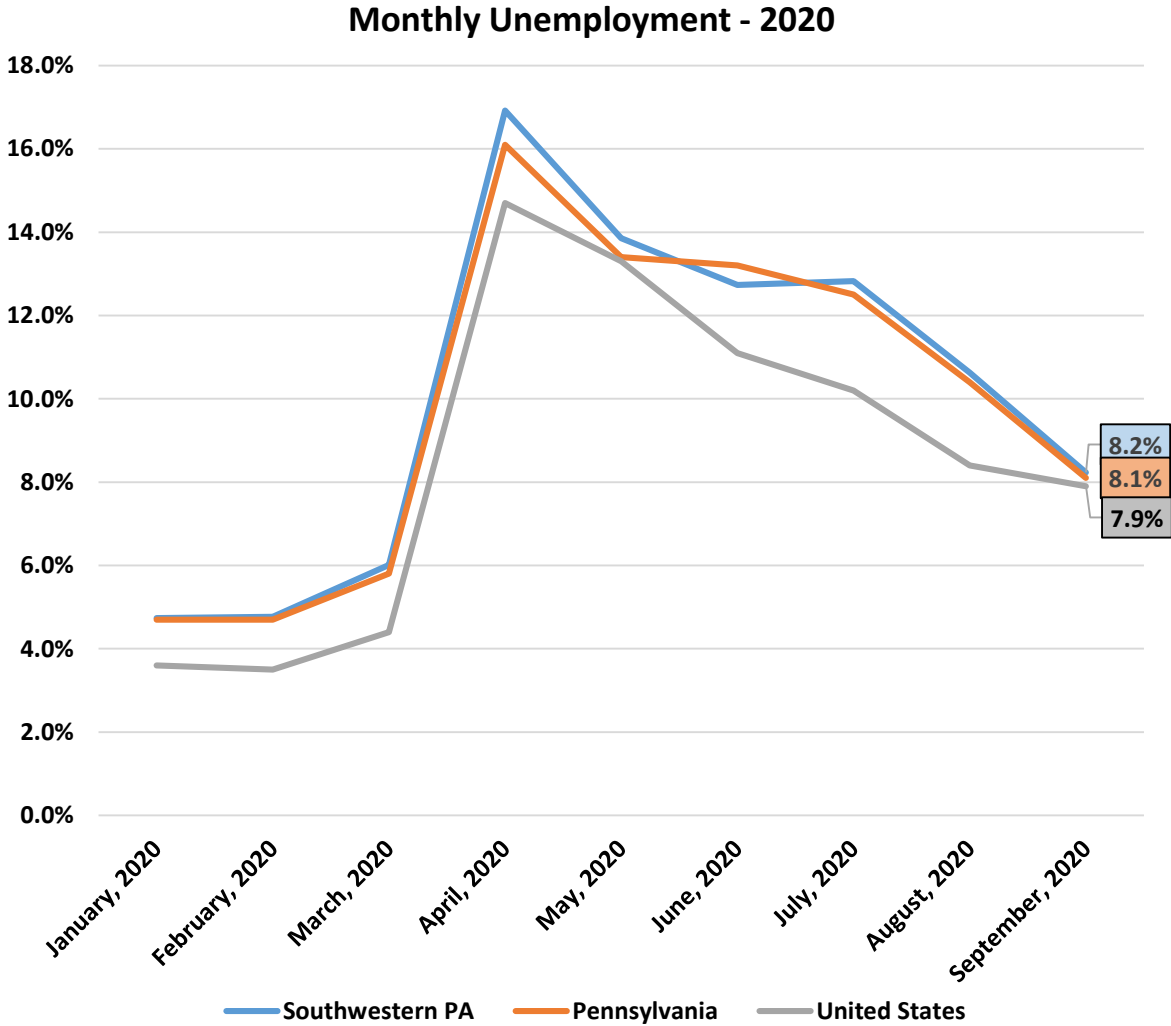
- After stagnating in the 12% to 14% range in between May and July, the unemployment rate in Southwestern Pennsylvania has steadily dropped and was 8.2% in September, only slightly above the U.S. average of 7.9%. This decrease has been driven by both a drop in the number of unemployed people and slight growth in the labor force in two of the past three months.
- The unemployment rate in the region varies by county from a low of 6.7% in Butler County to a high of 10.7% in Fayette County. In most counties in the region, the difference in unemployment rate between January and September is lower than the national increase over the period.
- While the average weekly Continuing Unemployment Claims (UC) have fallen steadily from 197,374 in May to 91,101 in the four-week period ended October 10, 2020, the region's percentage of state claims has remained consistently in the 19% to 20% range since June.
- Preliminary data from the US Bureau of Labor Statistics showed the Pittsburgh MSA lost 92,400 jobs between September 2019 and September 2020, the smallest year-over-year monthly drop in employment since March. The 7.7% decrease was larger than 12 of the 15 benchmark regions.
- After shedding 202,300 jobs between February and April, the Pittsburgh MSA regained 128,100 of those jobs through September. Five benchmark regions have gained more jobs, although they all experienced larger drops between February and April.
- The Pittsburgh MSA is still outpacing the nation in the percentage of jobs regained since April (66.3% to 55.6%) and was only outpaced by three benchmark region. This represents an improvement over August when seven benchmark regions had regained a higher percentage of pre-pandemic employment.
- After trailing the nation and benchmark regions in regaining employment in the June-July and July-August periods, the pace increased in the August-September period as the Pittsburgh MSA added 16,200 jobs over August. This represented a pickup of 8% of the jobs lost in the February-April period, a significantly higher proportion than in the U.S. (5%).

Key Findings (cont'd)

- The 128,100 job rebound between April and September continued to be driven by four industries - Leisure & Hospitality, Construction, Healthcare & Social Assistance and Retail. While they represented 67% of the jobs lost between February and April the industries accounted for 76% of the jobs regained through September. This represents a smaller proportion than in past months as hiring picked up in Educational Services and Government as a result of schools returning to session.
- The overall drop in employment in the Pittsburgh MSA between February and September (-6.3%) is now comparable to the U.S. drop (-6.1%). However, Leisure and Hospitality (-27.4%), Educational Services (-18.2%), Information (-12.4%) and Transportation and Warehousing (-11.7%) performed the worst when compared to the national averages. Construction, Wholesale Trade, Utilities, Professional and Business Services, Healthcare and Social Assistance, Other Services and Government performed the best.
- As of September, 44% of the region's employment shortfall since February is in Leisure and Hospitality, slightly higher than the U.S. Educational Services also account for a disproportionate share of the shortfall at roughly twice the level nationally. Conversely, Government, Healthcare and Social Assistance and Professional and Business Services represent significantly higher shares of the jobs lost nationally.
- Most of the region's largest industries have been able to maintain employment at more than 90% of the February levels. However, despite rebounding in September, Educational Services continues to be drag on the economy. Even more critically, there is little sign of a rebound in the Leisure and Hospitality industry. In fact, that sector lost 3,600 jobs in September, reflecting seasonal trends of past years.
- *Over the past several months, we have seen the jobs recovery in the Pittsburgh MSA first be driven by Construction, then by Retail, Healthcare and Social Assistance, and Leisure and Hospitality as the economy reopened. In September, the month-to-month employment increase was the largest it had been since June. This was largely due to schools reopening, leading to growth in Government and Educational Services at similar rates as in past years. Conversely, seasonal factors also led to a drop in Leisure and Hospitality employment. But despite the growth in Educational Services in September, it continues to be a drag on the regional economy along with Leisure and Hospitality. While Educational Services might see a continued rebound, until the Leisure and Hospitality is able to return to normal operations, a full regional recovery will not be possible.*

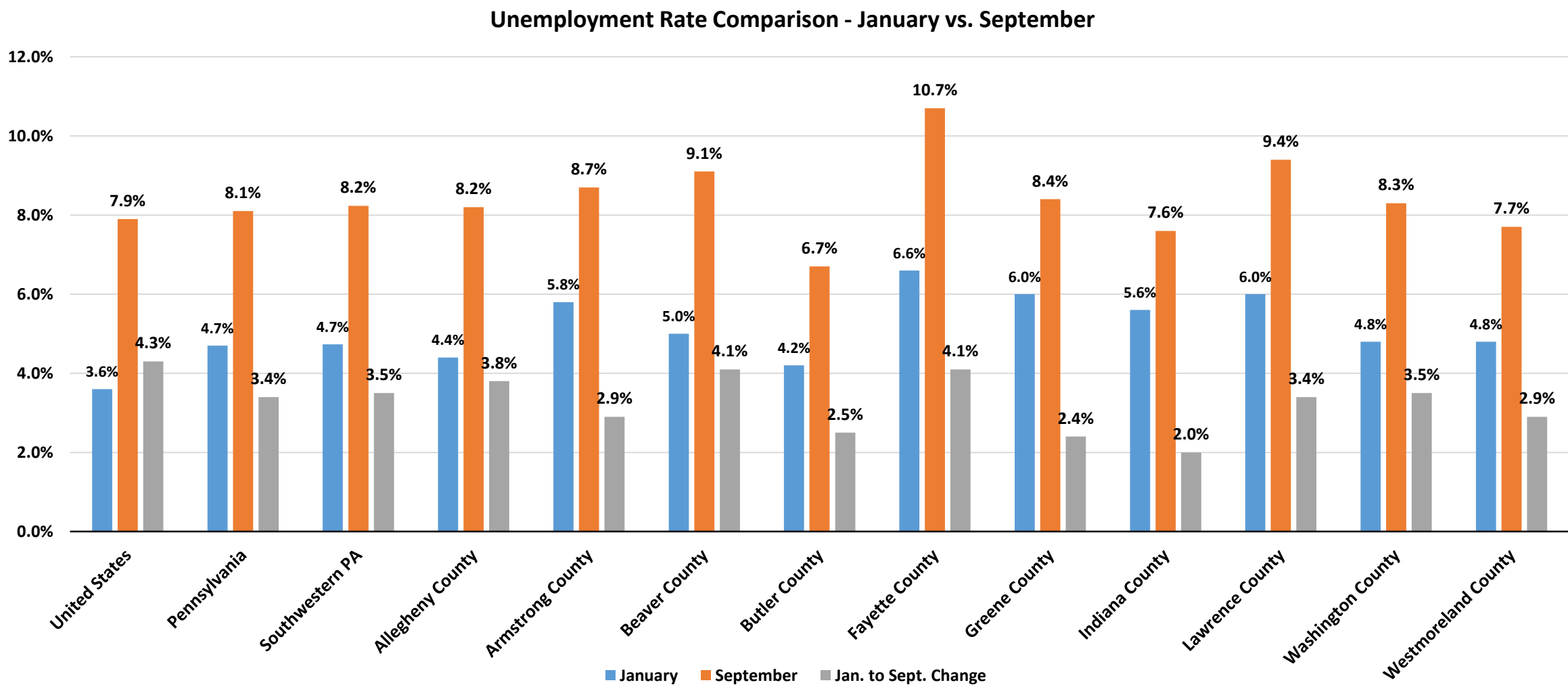
The unemployment rate in Southwestern Pennsylvania dropped to 8.2% in September, only slightly above the state and nation. The region has continued to narrow the gap that peaked in July. This has been driven by both a drop in the number of unemployed people and slight growth in the labor force in two of the past three months. Meanwhile, the labor force nationally dropped in September.

UNEMPLOYMENT RATE									
	Jan., 2020	Feb., 2020	March, 2020	April, 2020	May, 2020	June, 2020	July, 2020	August, 2020	Sept., 2020
Southwestern PA	4.7%	4.8%	6.0%	16.9%	13.9%	12.7%	12.8%	10.6%	8.2%
Pennsylvania	4.7%	4.7%	5.8%	16.1%	13.4%	13.2%	12.5%	10.4%	8.1%
United States	3.6%	3.5%	4.4%	14.7%	13.3%	11.1%	10.2%	8.4%	7.9%
CHANGE IN LABOR FORCE FROM PREVIOUS MONTH									
	Feb., 2020	March, 2020	April, 2020	May, 2020	June, 2020	July, 2020	August, 2020	Sept., 2020	Jan. to Sept. 2020
Southwestern PA	0.4%	-0.8%	-2.5%	1.1%	-1.9%	0.5%	-0.9%	0.8%	-3.2%
Pennsylvania	0.1%	-0.2%	-1.5%	0.9%	-2.2%	-0.1%	-0.8%	0.8%	-2.9%
United States	0.0%	-1.0%	-4.1%	1.1%	1.1%	0.0%	0.6%	-0.4%	-2.9%
CHANGE IN UNEMPLOYMENT FROM PREVIOUS MONTH									
	Feb., 2020	March, 2020	April, 2020	May, 2020	June, 2020	July, 2020	August, 2020	Sept., 2020	Jan. to Sept. 2020
Southwestern PA	1.1%	20.0%	63.6%	-20.9%	-10.9%	1.2%	-21.8%	-28.0%	162.3%
Pennsylvania	0.6%	18.5%	63.5%	-18.6%	-3.8%	-6.0%	-20.5%	-27.2%	158.6%
United States	-1.8%	18.9%	69.1%	-10.0%	-18.2%	-8.6%	-20.6%	-7.7%	177.3%



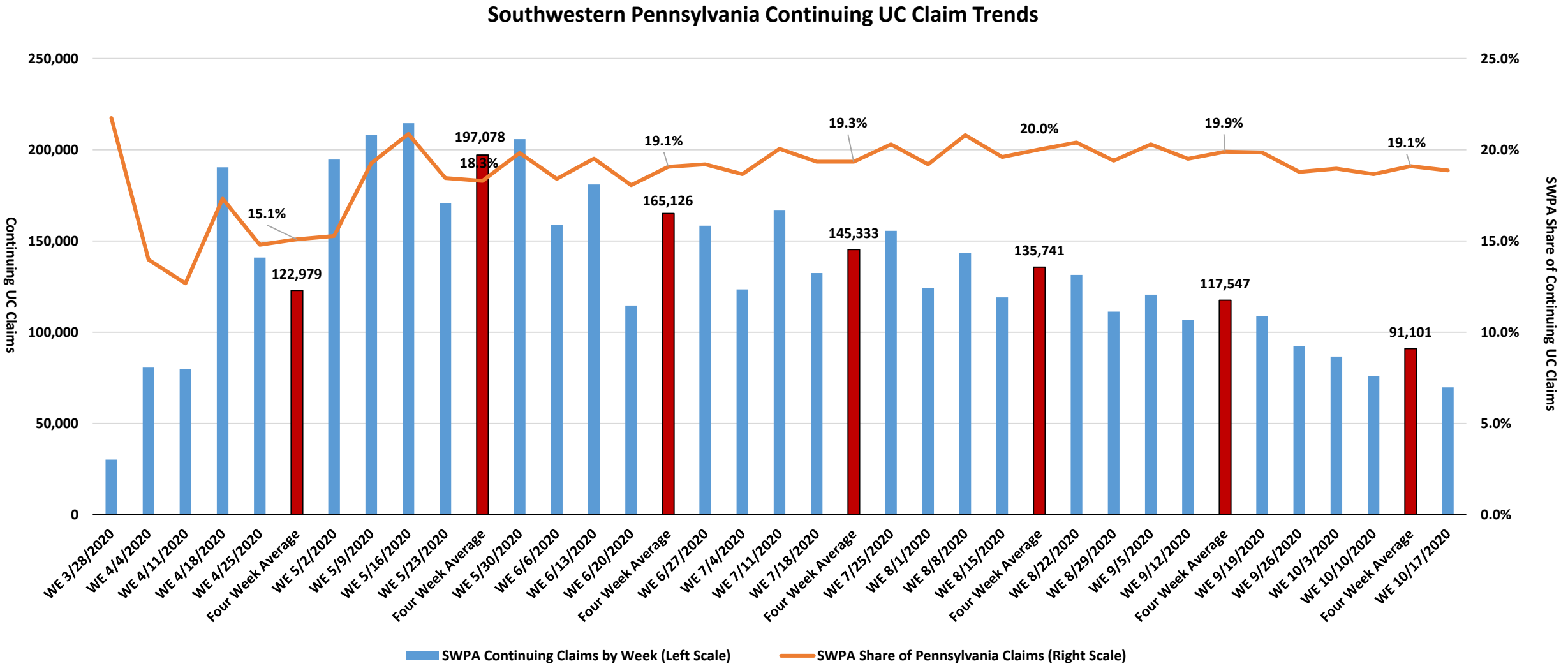
Source: BLS Local Area Unemployment Statistics; PA Dept. of Labor and Industry

The unemployment rate in the region varies by county from a low of 6.7% in Butler County to a high of 10.7% in Fayette County. Like Fayette County, the unemployment rates in Beaver and Lawrence Counties also were significantly above the U.S. In most counties in the region, the difference in unemployment rate between January and September is lower than the national difference over the period. In the case of Butler, Greene and Indiana is significantly below the national change.



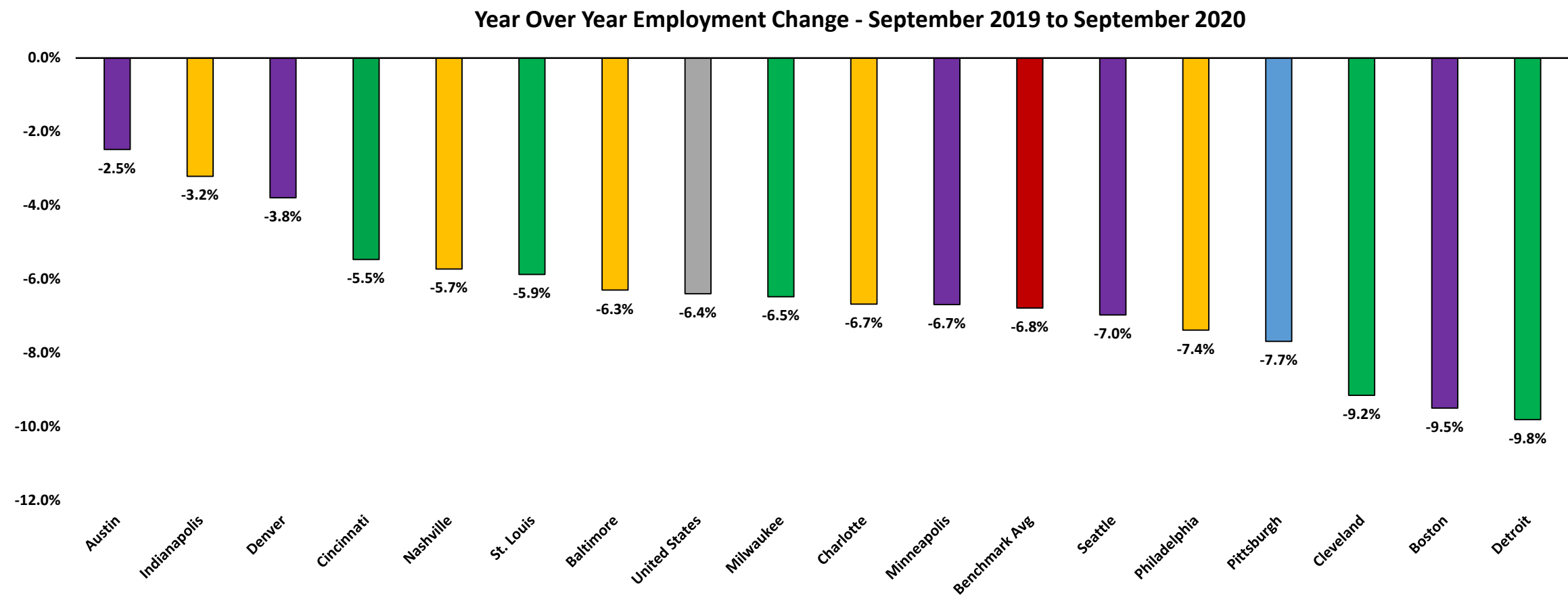
Source: BLS Local Area Unemployment Statistics; PA Dept. of Labor and Industry

While the four-week average for Continuing Unemployment Claims (UC) have fallen steadily from 197,374 in May to 91,101 in the four-week period ended October 10, 2020, the region’s percentage of state claims has remained consistently in the 19% to 20% range since June.



Source: PA Dept. of Labor and Industry

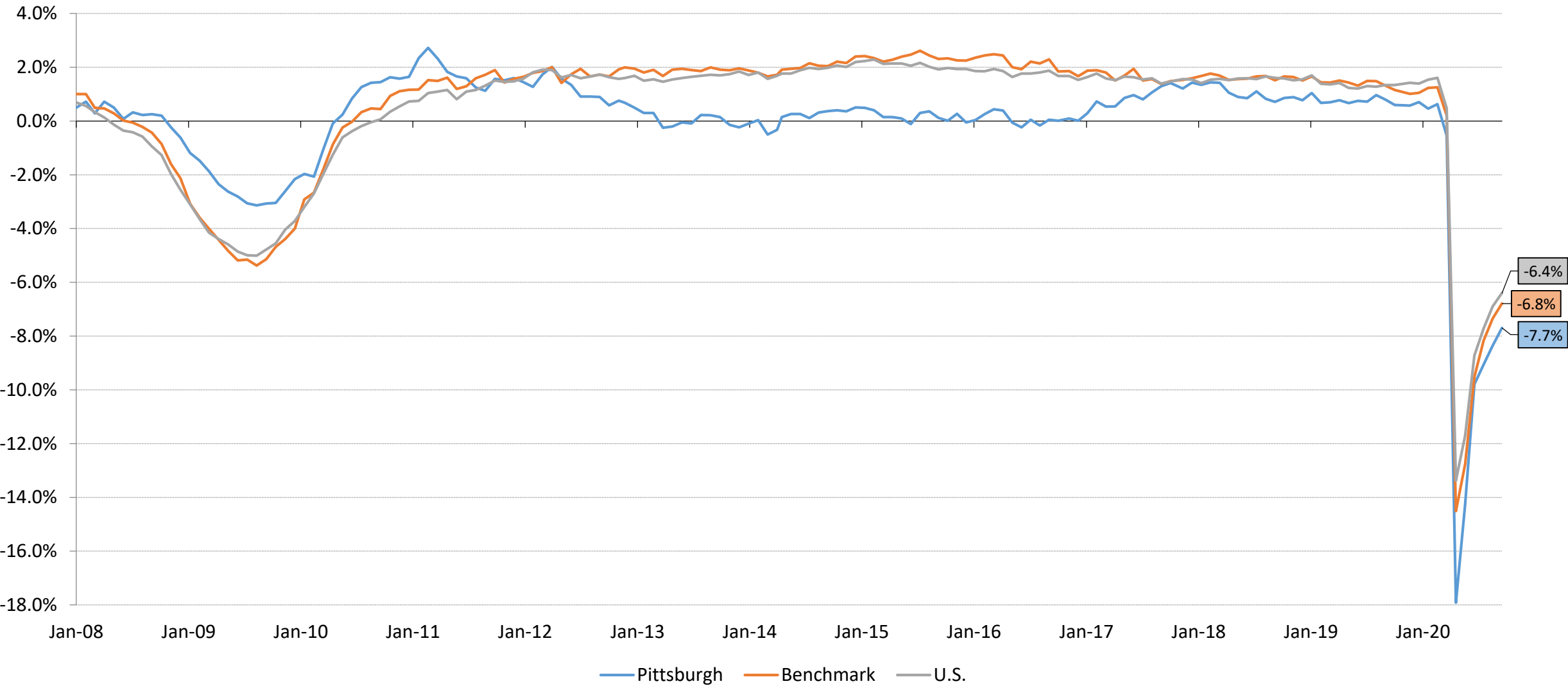
The Pittsburgh MSA had an 7.7% drop in employment between September 2019 and September 2020 as the region shed 92,400 jobs. While still substantial, it represents the smallest year-over-year monthly drop in employment since March 2020. However, for the fourth straight month, the percentage decrease was larger than all benchmark regions but Detroit, Cleveland and Boston.



Green=Peer Markets
Purple=Aspirational Markets
Orange=Competitive Markets

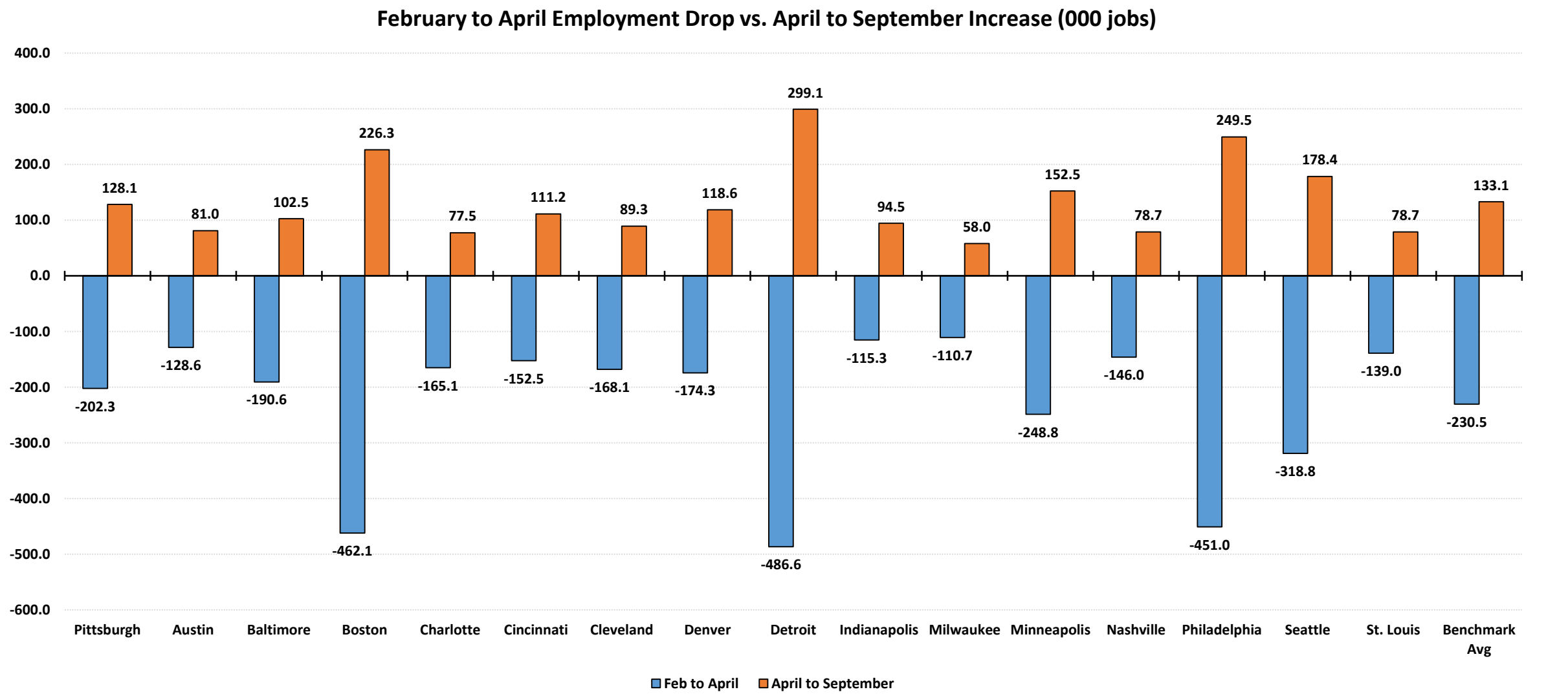
Source: BLS Current Employment Statistics, June 2020, preliminary

While the Pittsburgh MSA experienced an April 2020 employment drop that was 4.5 percentage points worse than the nation, that gap narrowed to 2.6 percentage points in May and 1.1 percentage point in June. The gap has since widened to 1.3 percentage points in July, 1.4 in August and 1.3 percentage points in September.



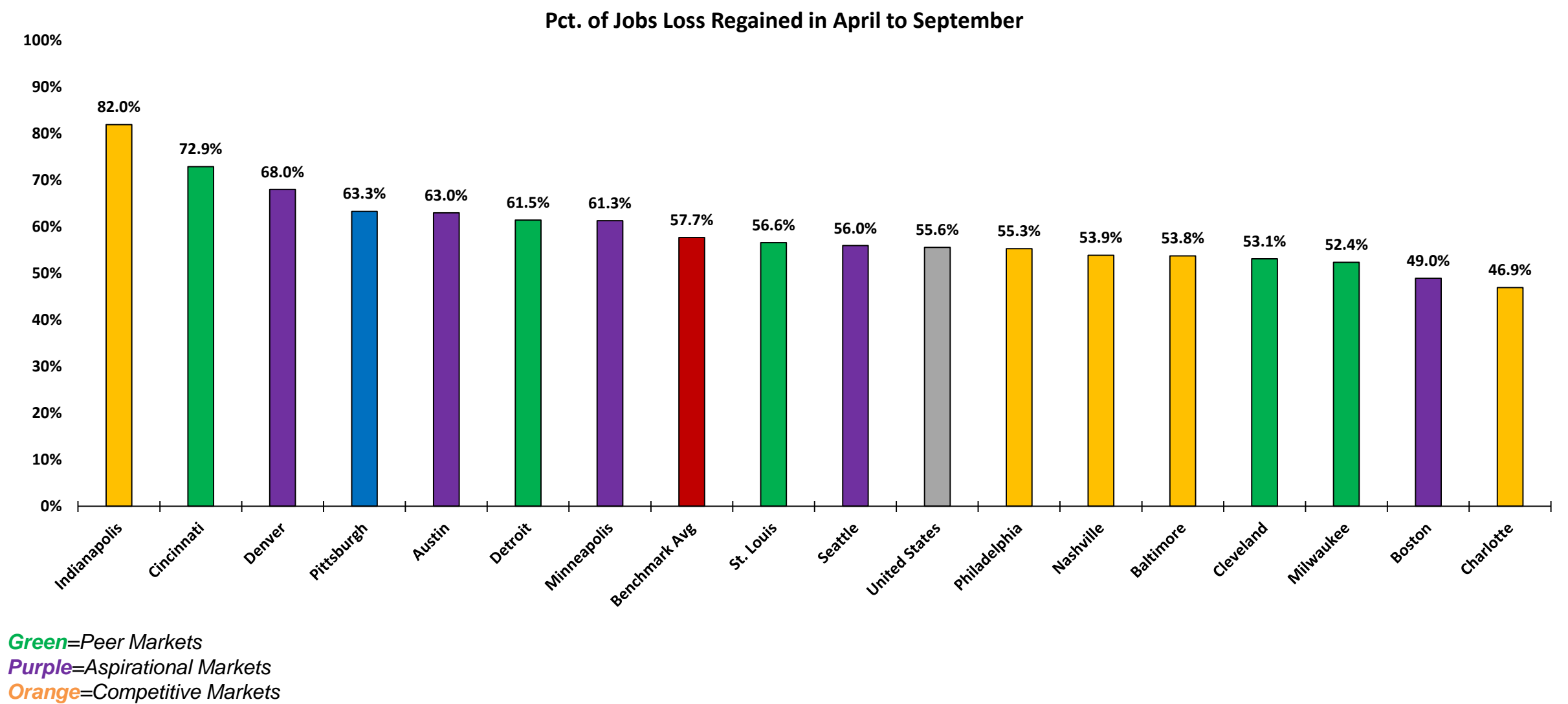
Source: BLS Current Employment Statistics

After shedding 202,300 jobs between February and April, the Pittsburgh MSA regained 128,100 of those jobs through September. Five benchmark regions have gained more jobs, although they all experienced larger drops between February and April.



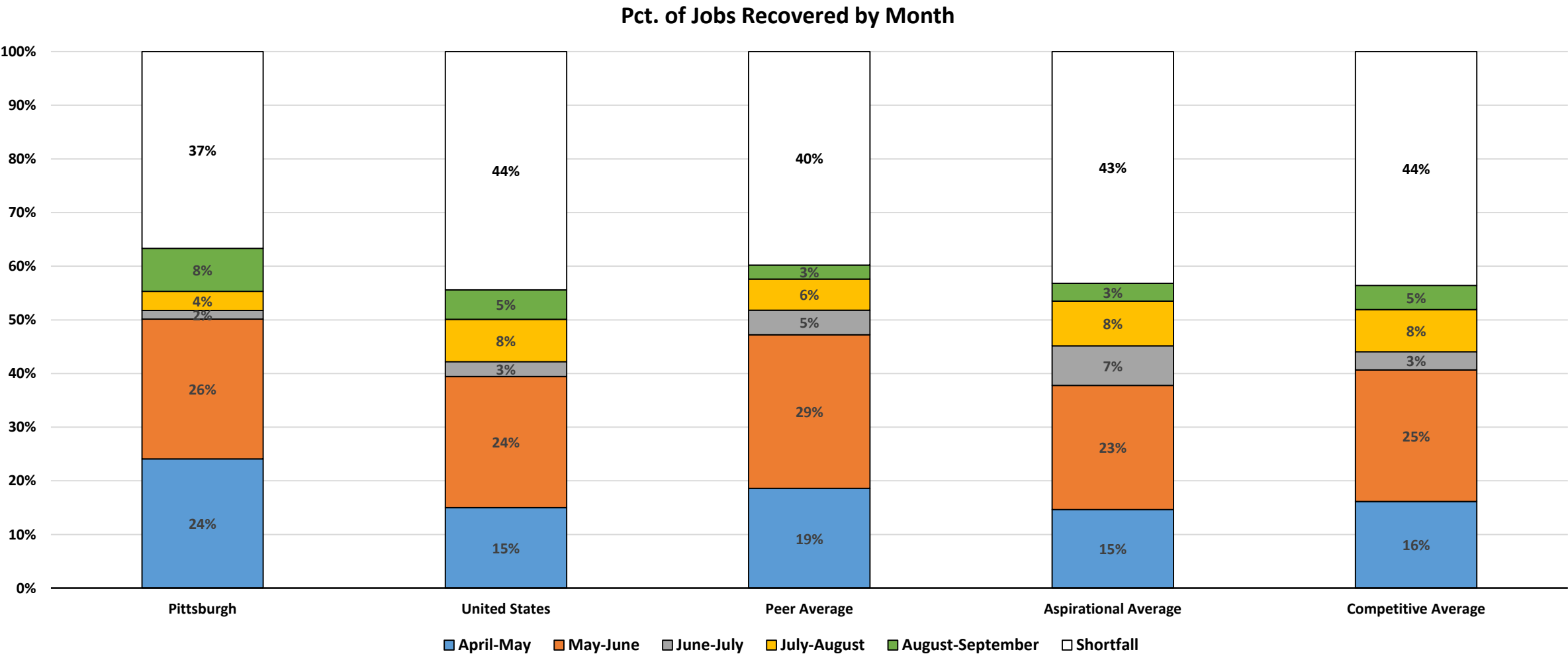
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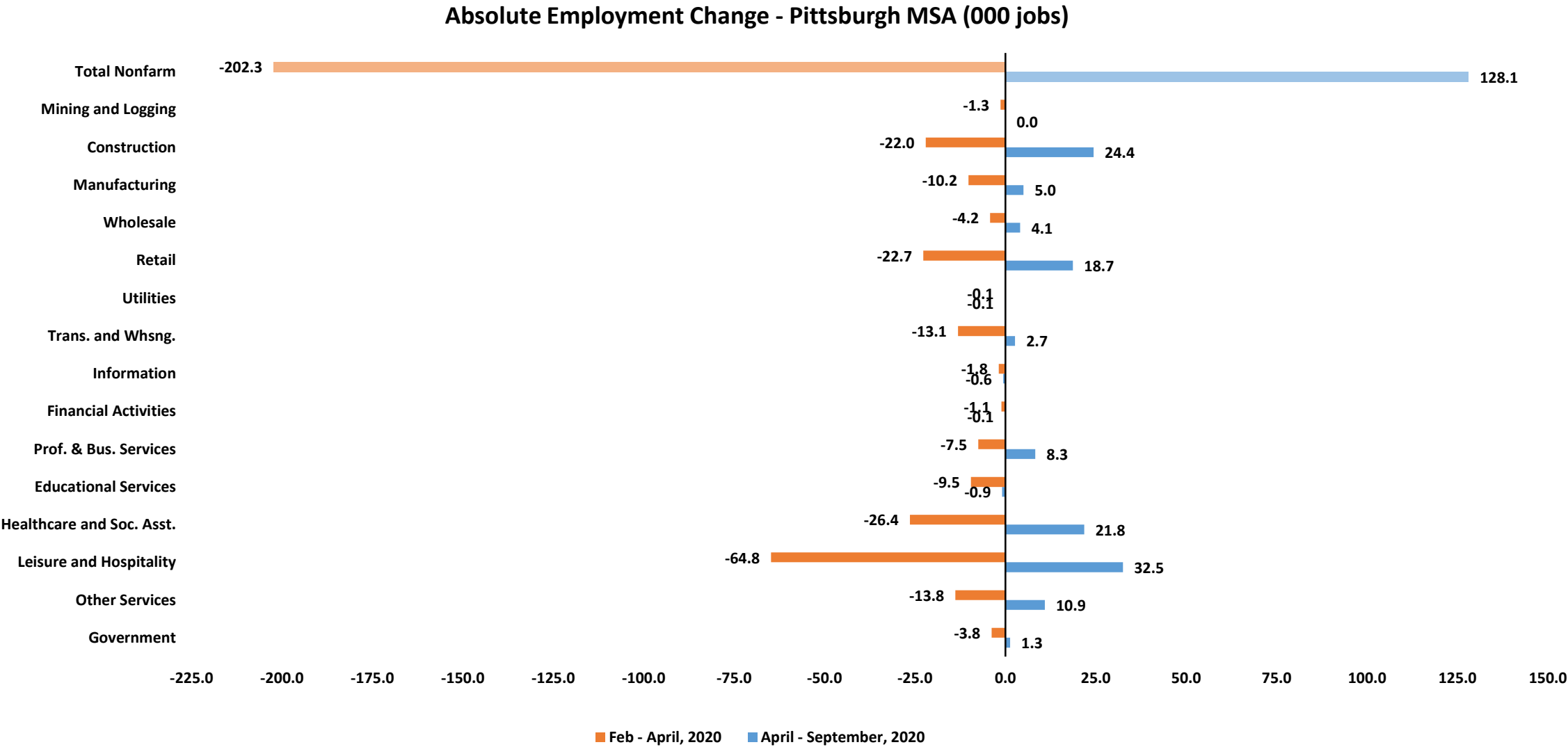
Source: BLS Current Employment Statistics

After trailing in regaining employment in the June to August periods, the pace picked up in the August-September period as the Pittsburgh MSA added 16,200 jobs over August. This represented a pickup of 8% of the jobs lost in the February-April period, a significantly higher proportion than in the U.S. (5%) and benchmark regions (3% to 5%).



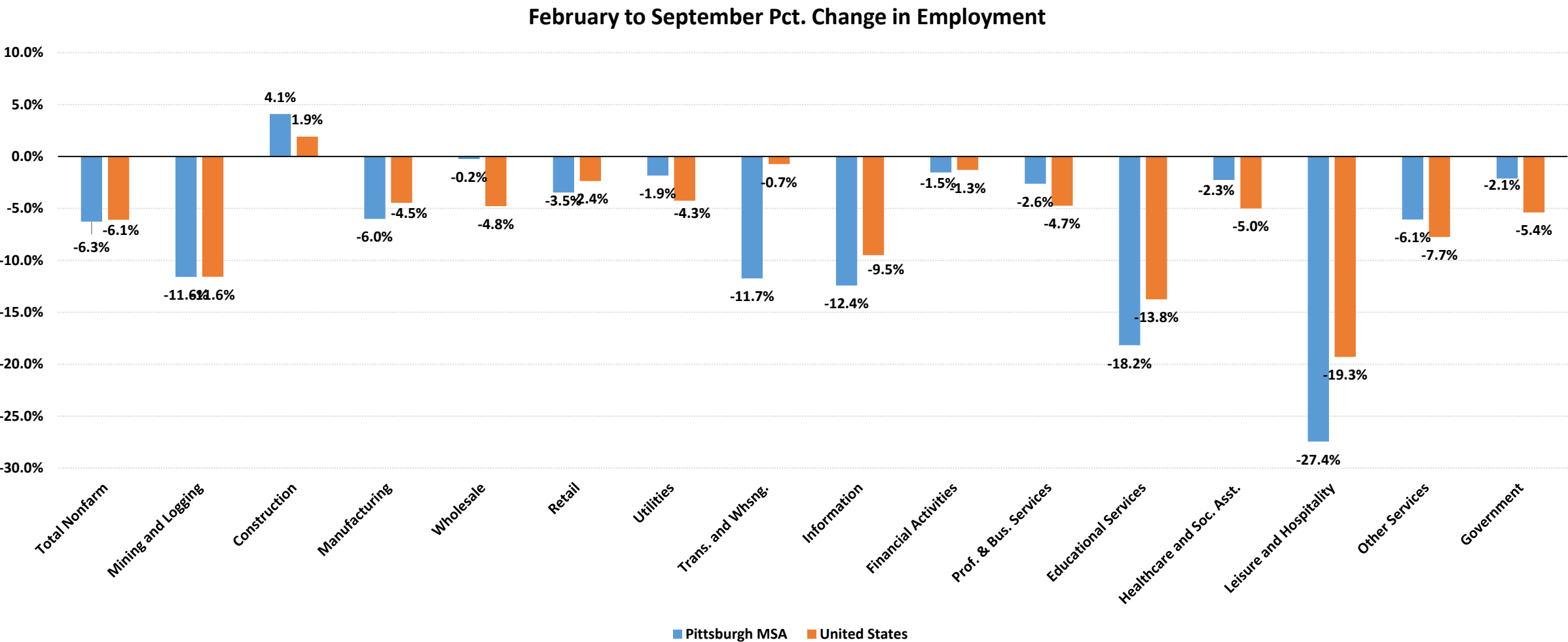
Source: BLS Current Employment Statistics

The 128,100 job rebound between April and September continued to be driven by four industries - Leisure & Hospitality, Construction, Healthcare & Social Assistance and Retail. While they represented 67% of the jobs lost between February and April, they accounted for 76% of the jobs regained since then. This share dropped in September as hiring picked up in Educational Services and Government as a result of schools returning to session.



Source: BLS Current Employment Statistics, August 2020, preliminary

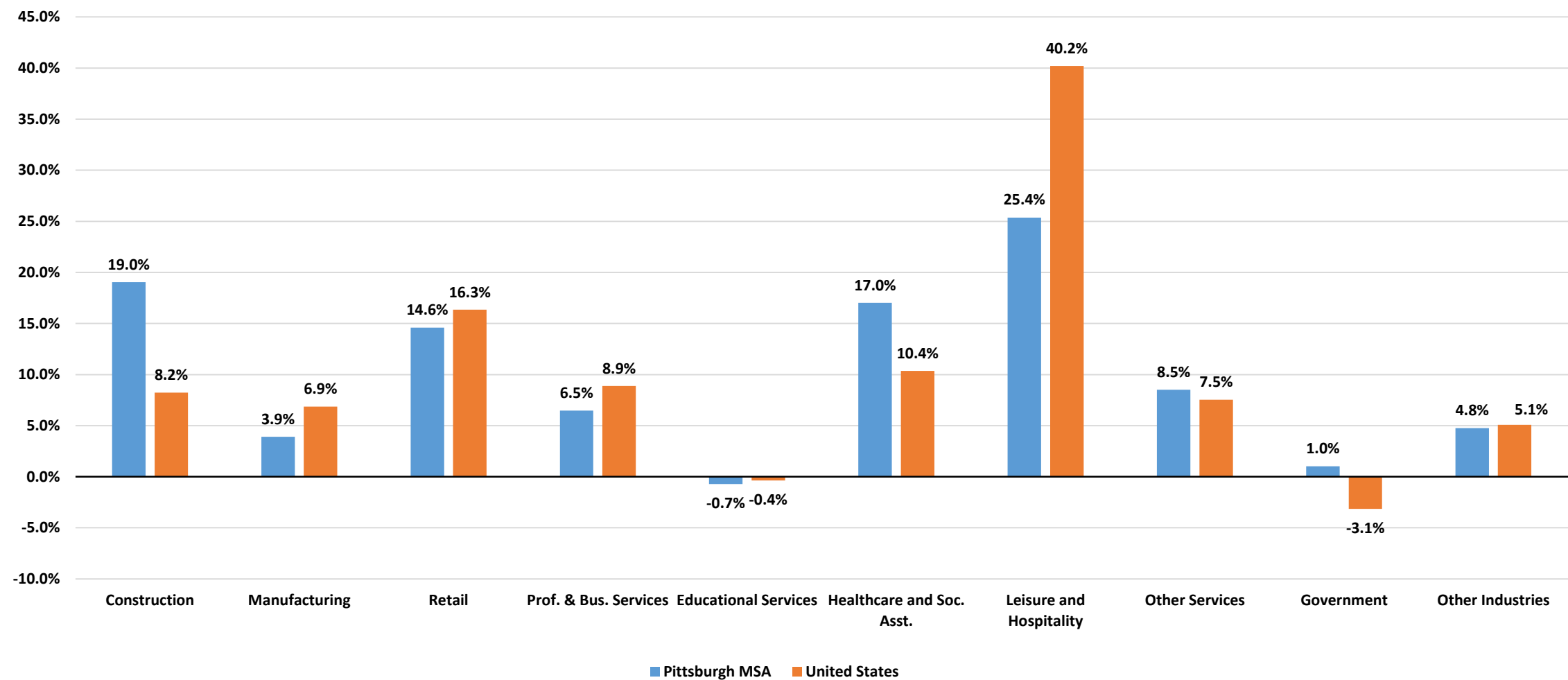
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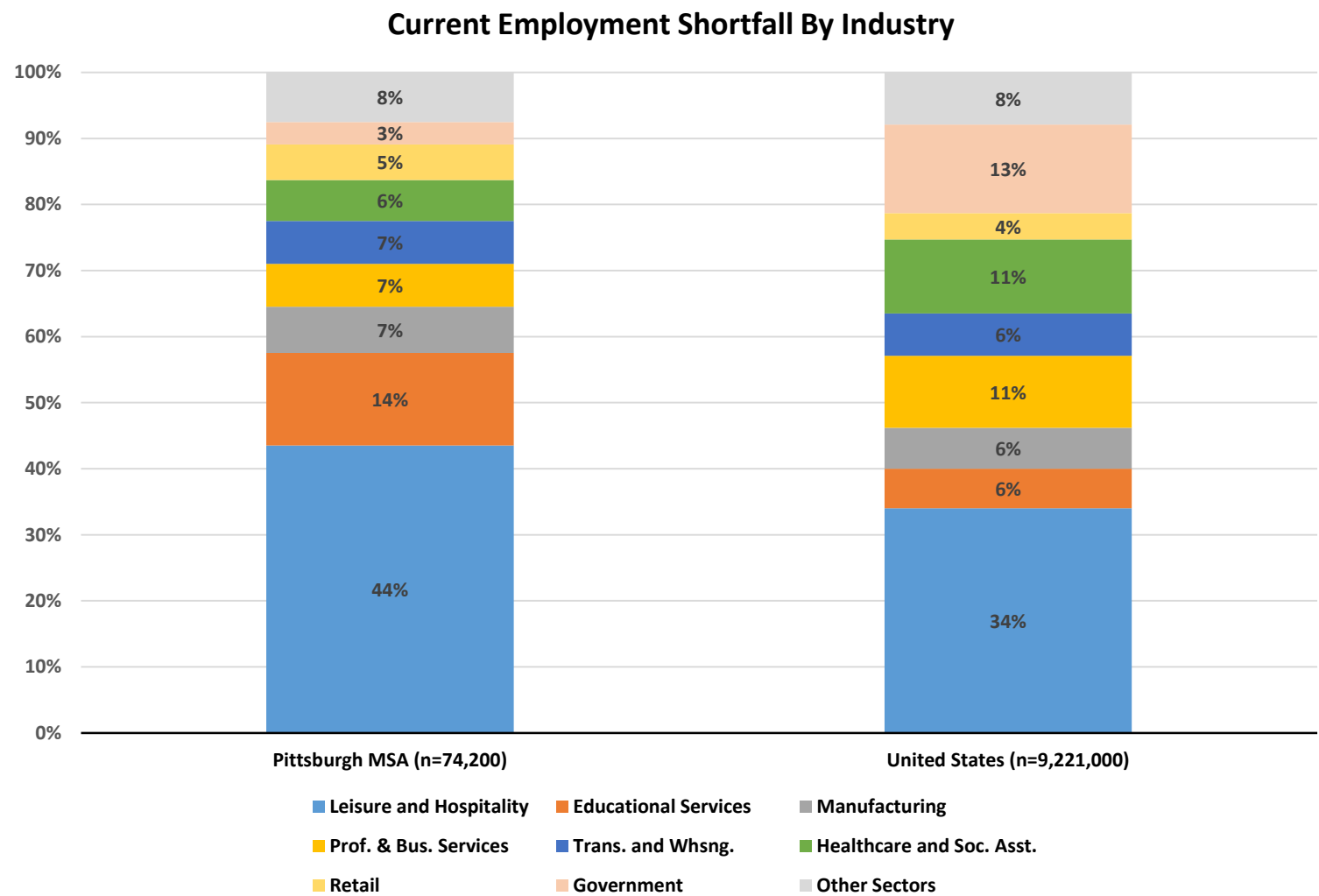
Nationally, the employment rebound has been driven by the Leisure and Hospitality and Retail industries, which account for 56.5% of jobs added since the April trough. In the Pittsburgh MSA, 76% of the rebound is attributable to four industries – Leisure and Hospitality, Construction, Healthcare and Social Assistance and Retail. Both Construction and Healthcare and Social Assistance represent a higher proportion of the rebound than the nation.

Contribution to April - September Employment Gain (pct. of total change)



Source: BLS Current Employment Statistics

As of September, 44% of the employment shortfall since February is in Leisure and Hospitality, slightly higher than the U.S. Educational Services also account for a disproportionate share of the shortfall in the region at roughly twice the level nationally. Conversely, Government and Healthcare and Social Assistance and Professional and Business Services represent significantly higher shares of the jobs lost nationally since February than in the Pittsburgh MSA.



Indexing employment by month for Pittsburgh’s largest industries shows that most have been able to maintain employment within 10% of February levels. However, despite rebounding in September, Educational Services continues to be drag on the economy. Even more critically there is little sign of a rebound in the Leisure and Hospitality industry. In fact, that sector lost 3,600 jobs in September, reflecting seasonal trends of past years.

