Pittsburgh Region Employment Update
# October Update

December 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 7.3% in October, only slightly above the U.S. average of 6.9%. This decrease has largely been driven by a consistent drop in the number of unemployed people.

- The unemployment rate in the region varies by county from a low of 5.9% in Butler County to a high of 9.4% in Fayette County. In most counties in the region, the difference in unemployment rate between January and October is smaller than the national increase over the period.

- The four-week average for Continuing Unemployment Claims (UC) have fallen steadily from 197,374 in May to 60,582 in the four-week period ended November 7, 2020. The drop from the four-week period ended November 7th (-30,318) was the largest since June. After dropping in early November, the region's percentage of state claims again climbed into the 19% to 20% range.

- Preliminary data from the U.S. Bureau of Labor Statistics showed the Pittsburgh MSA lost 86,000 jobs between October 2019 and October 2020, the smallest year-over-year monthly drop in employment since March. The 7.1% year-over-year decrease, however, was larger than 12 of the 15 benchmark regions.

- After shedding 202,300 jobs between February and April, the Pittsburgh MSA regained 140,200 of those jobs through September. Five benchmark regions have gained more jobs, although they all experienced larger drops between February and April and have significantly larger employment bases than Pittsburgh.

- The Pittsburgh MSA is still outpacing the nation in the percentage of jobs regained since April (69.3% to 63.3%) and was only outpaced by five benchmark regions.

- The Pittsburgh MSA regained 11,900 jobs in October, or 6% of the total jobs lost in the February to April period. This was in line with the pick ups registered by the nation and Peer and Aspirational benchmark regions, although it slightly trailed the Competitive benchmark regions. More importantly, the overall shortfall (31%) is smaller than the nation (37%).

- The 140,200 job rebound between April and October continued to be driven by four industries - Leisure & Hospitality, Construction, Healthcare & Social Assistance and Retail. While they represented 67% of the jobs lost in the Pittsburgh MSA between February and April, they accounted for 75% of the jobs regained since then. Mining and Logging, Information and Government have all continued to shed jobs during the April to October period.

Key Findings (cont'd)

- Nationally, the employment rebound has been driven by the Leisure and Hospitality and Retail industries, which account for 52.4% of jobs added since the April trough. In the Pittsburgh MSA, 75.2% 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.

- As of October, half of the employment shortfall since February in the Pittsburgh MSA is in Leisure and Hospitality, compared to 38% nationally. 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.

- Healthcare and Social Assistance, Financial Activities and Professional and Business Services have essentially returned to pre-pandemic employment levels. Educational Services is continuing its fall rebound and is now at 87% of February employment. However, Leisure and Hospitality continues to struggle with employment stuck at 70 to 75% of February levels. Not only does this lag the nation, the Arts, Entertainment and Recreation sector has a continued erosion in employment since July, while the Accommodation and Food Services sector has been steady at around three-fourths of its employment level.

- *Seven months from the pandemic driven economic shutdown, many of the industries in the region have rebounded and are reaching pre-pandemic employment levels including Construction, Utilities, Healthcare and Social Assistance, Financial Activities and Professional and Business Services. However, others continue to struggle. Mining and Logging is 15% below pre-pandemic levels and despite a fall rebound, Educational Services employment is still 13% below. But the most impacted industry continues to be Leisure and Hospitality. Traditionally, the region's third largest industry (behind Healthcare and Social Assistance and Professional and Business Services), Leisure and Hospitality has struggled to rebound in the face of government restrictions, reluctant consumers and the virtual shutdown of all business travel. Until conditions permit a rebound in this sector, a full regional recovery will not occur.*

The unemployment rate in Southwestern Pennsylvania dropped to 7.3% in October, the same as the state and only slightly above nation. After increasing in September, the region's labor force shrunk in October, while it grew nationally. The number of unemployed individuals experienced a double digit decrease for the third consecutive month.

UNEMPLOYMENT RATE										
	Jan. 2020	Feb. 2020	March 2020	April 2020	May 2020	June 2020	July 2020	Aug. 2020	Sept. 2020	Oct. 2020
Southwestern PA	4.7%	4.8%	6.0%	16.9%	13.9%	12.7%	12.8%	10.6%	8.3%	7.3%
Pennsylvania	4.7%	4.7%	5.8%	16.1%	13.4%	13.2%	12.5%	10.4%	8.3%	7.3%
United States	3.6%	3.5%	4.4%	14.7%	13.3%	11.1%	10.2%	8.4%	7.9%	6.9%

CHANGE IN LABOR FORCE FROM PREVIOUS MONTH										
	Feb. 2020	March 2020	April 2020	May 2020	June 2020	July 2020	Aug. 2020	Sept. 2020	Oct. 2020	Jan. to Oct. 2020
Southwestern PA	0.4%	-0.8%	-2.5%	1.1%	-1.9%	0.5%	-0.9%	1.8%	-1.5%	-3.7%
Pennsylvania	0.1%	-0.2%	-1.5%	0.9%	-2.2%	-0.1%	-0.8%	2.0%	-1.2%	-2.8%
United States	0.0%	-1.0%	-4.1%	1.1%	1.1%	0.0%	0.6%	-0.4%	0.5%	-2.3%

CHANGE IN UNEMPLOYMENT FROM PREVIOUS MONTH										
	Feb. 2020	March 2020	April 2020	May 2020	June 2020	July 2020	Aug. 2020	Sept. 2020	Oct. 2020	Jan. to Oct. 2020
Southwestern PA	1.1%	20.0%	63.6%	-20.9%	-10.9%	1.2%	-21.8%	-25.4%	-15.9%	48.2%
Pennsylvania	0.6%	18.5%	63.5%	-18.6%	-3.8%	-6.0%	-20.5%	-22.9%	-15.3%	51.5%
United States	-1.8%	18.9%	69.1%	-10.0%	-18.2%	-8.6%	-20.6%	-7.7%	-13.7%	87.7%

Monthly Unemployment - 2020
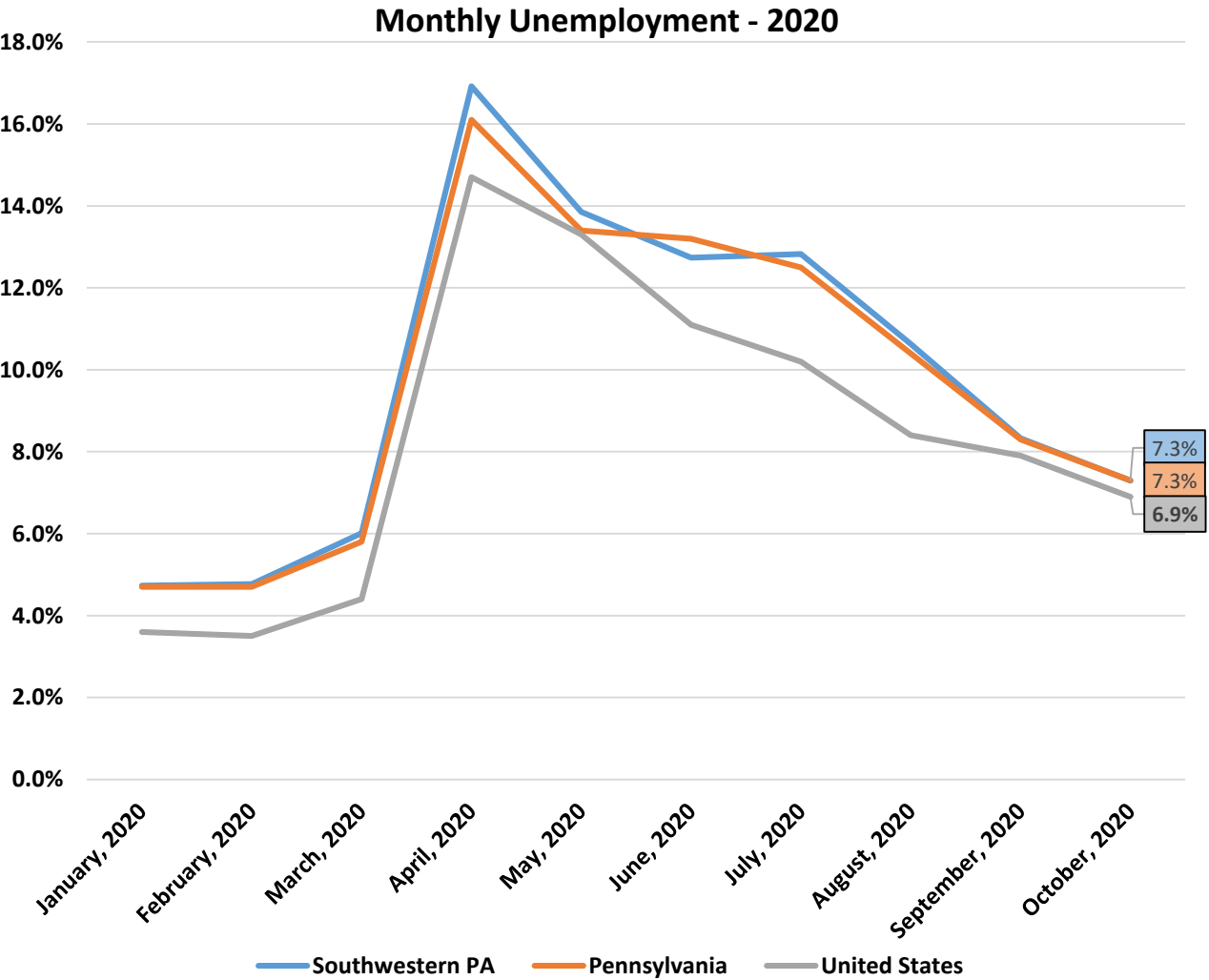
Source: BLS Local Area Unemployment Statistics; PA Dept. of Labor and Industry

The unemployment rate in the region varies by county from a low of 5.9% in Butler County to a high of 9.4% 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. Butler, Greene and Indiana is significantly below the national change.

Unemployment Rate Comparison - January vs. October

■ January ■ October ■ Jan. to Oct. Change
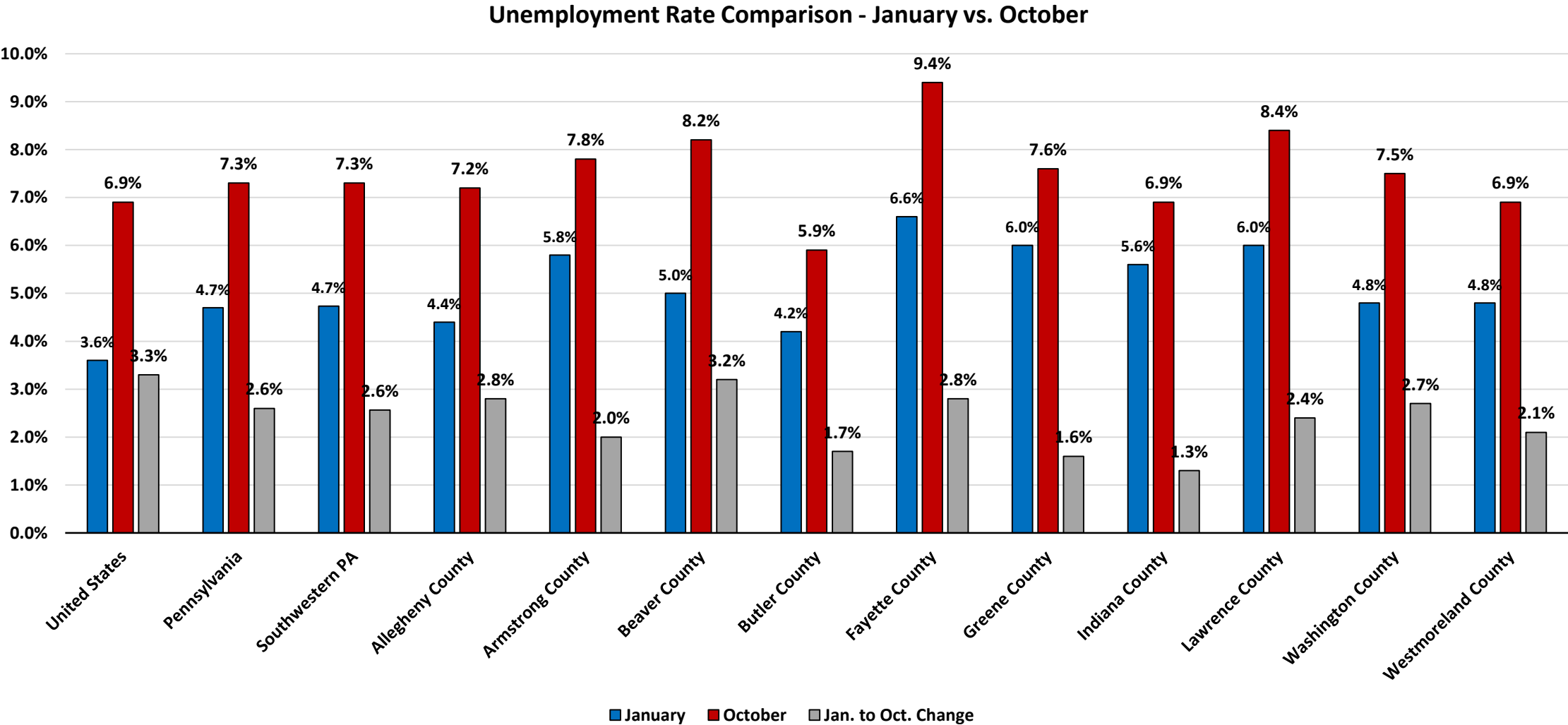
Source: BLS Local Area Unemployment Statistics; PA Dept. of Labor and Industry

The four-week average for Continuing Unemployment Claims (UC) have fallen steadily from 197,374 in May to 60,582 in the four-week period ended November 7, 2020. The drop from the four-week period ended November 7th (-30,318) was the largest since June. After dropping in early November, the region's percentage of state claims again climbed into the 19% to 20% range.

Southwestern Pennsylvania Continuing UC Claim Trends

Legend: SWPA Continuing Claims by Week (Left Scale); SWPA Share of Pennsylvania Claims (Right Scale)
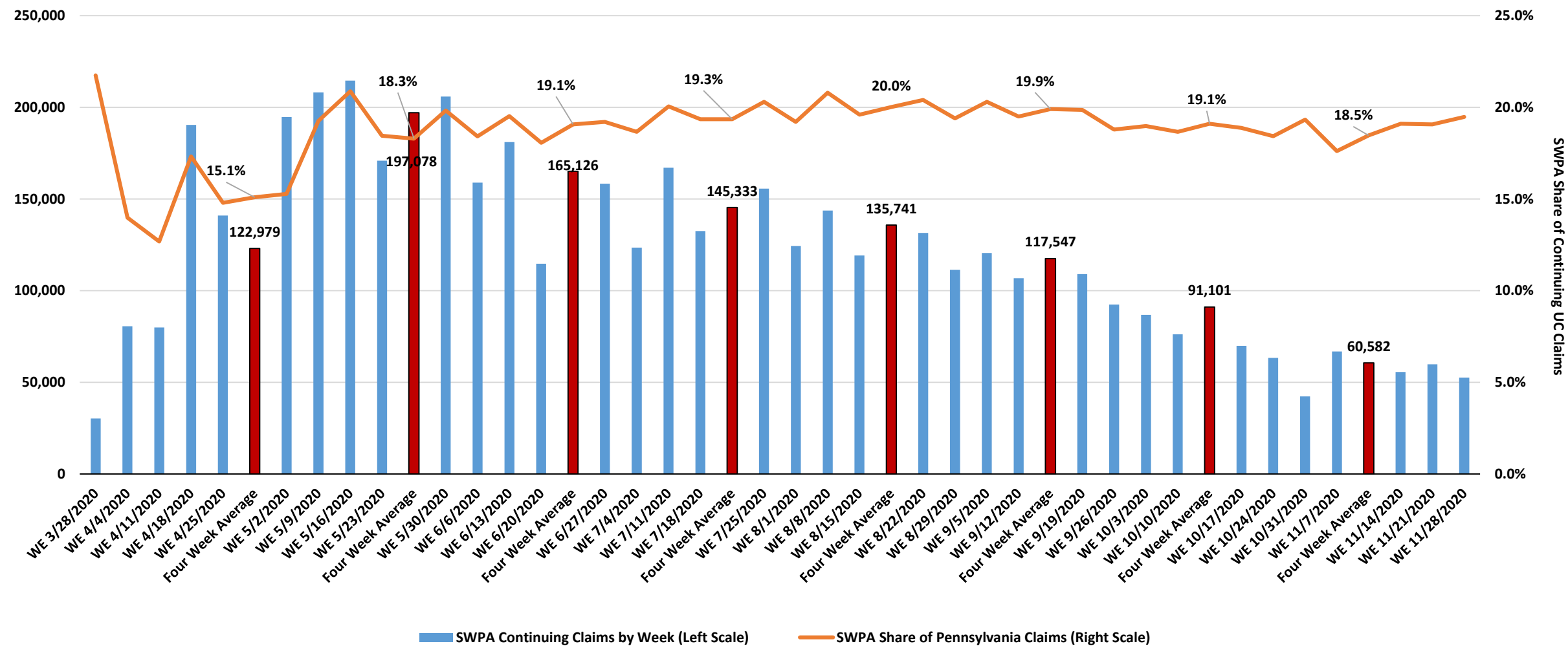
Source: PA Dept. of Labor and Industry

The Pittsburgh MSA had an 7.1% drop in employment between October 2019 and October 2020 as the region shed 86,000 jobs. While still substantial, it represents the smallest year-over-year monthly drop in employment since March 2020. However, for the fifth straight month, the percentage decrease was larger than all benchmark regions but Detroit, Cleveland and Boston.
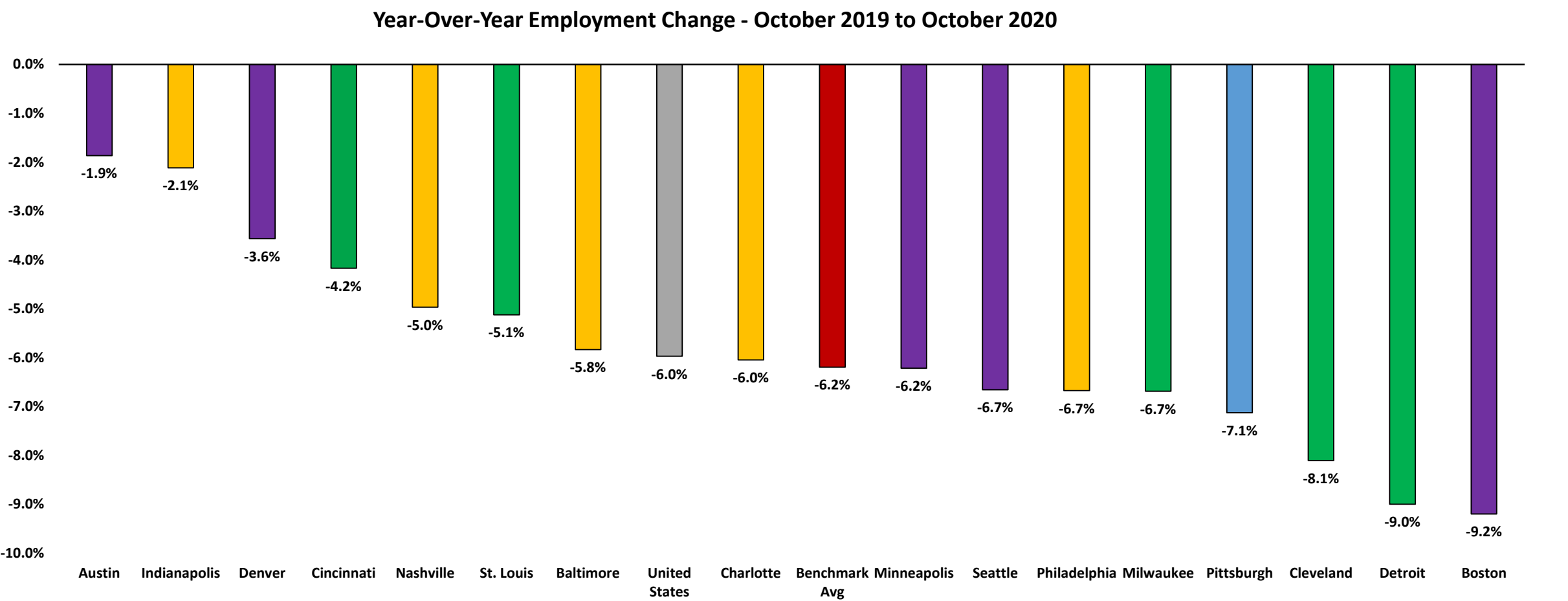
Year-Over-Year Employment Change - October 2019 to October 2020

| Region	Change
Austin	-1.9%
Indianapolis	-2.1%
Denver	-3.6%
Cincinnati	-4.2%
Nashville	-5.0%
St. Louis	-5.1%
Baltimore	-5.8%
United States	-6.0%
Charlotte	-6.0%
Benchmark Avg	-6.2%
Minneapolis	-6.2%
Seattle	-6.7%
Philadelphia	-6.7%
Milwaukee	-6.7%
Pittsburgh	-7.1%
Cleveland	-8.1%
Detroit	-9.0%
Boston	-9.2%

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

Source: BLS Current Employment Statistics, October 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. Since then, year-over-year employment change has lagged the nation between 1.2 to 1.4 percentage points.
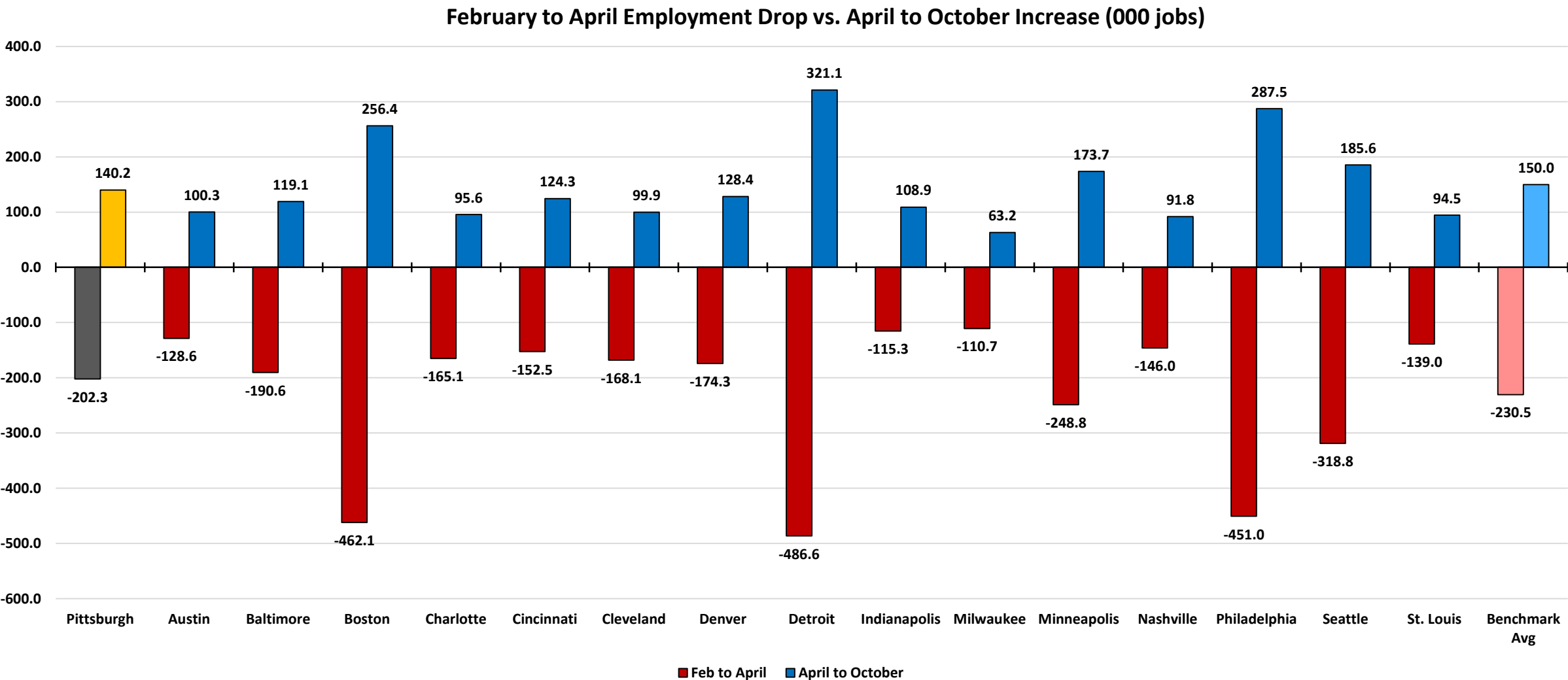

Year-Over-Year Employment Change - January 2008 to October 2020

Legend: Pittsburgh — Benchmark — U.S.

Callout values: -6.0%, -6.2%, -7.1%
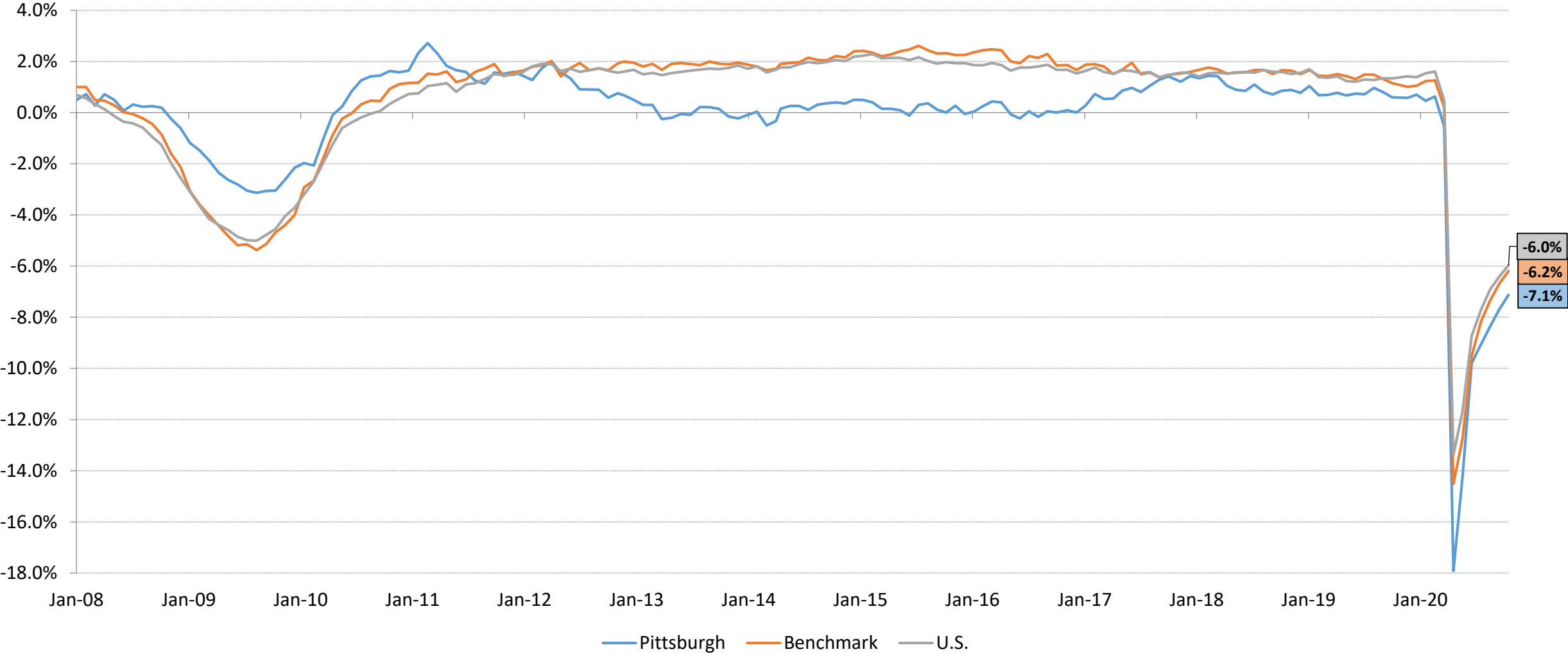
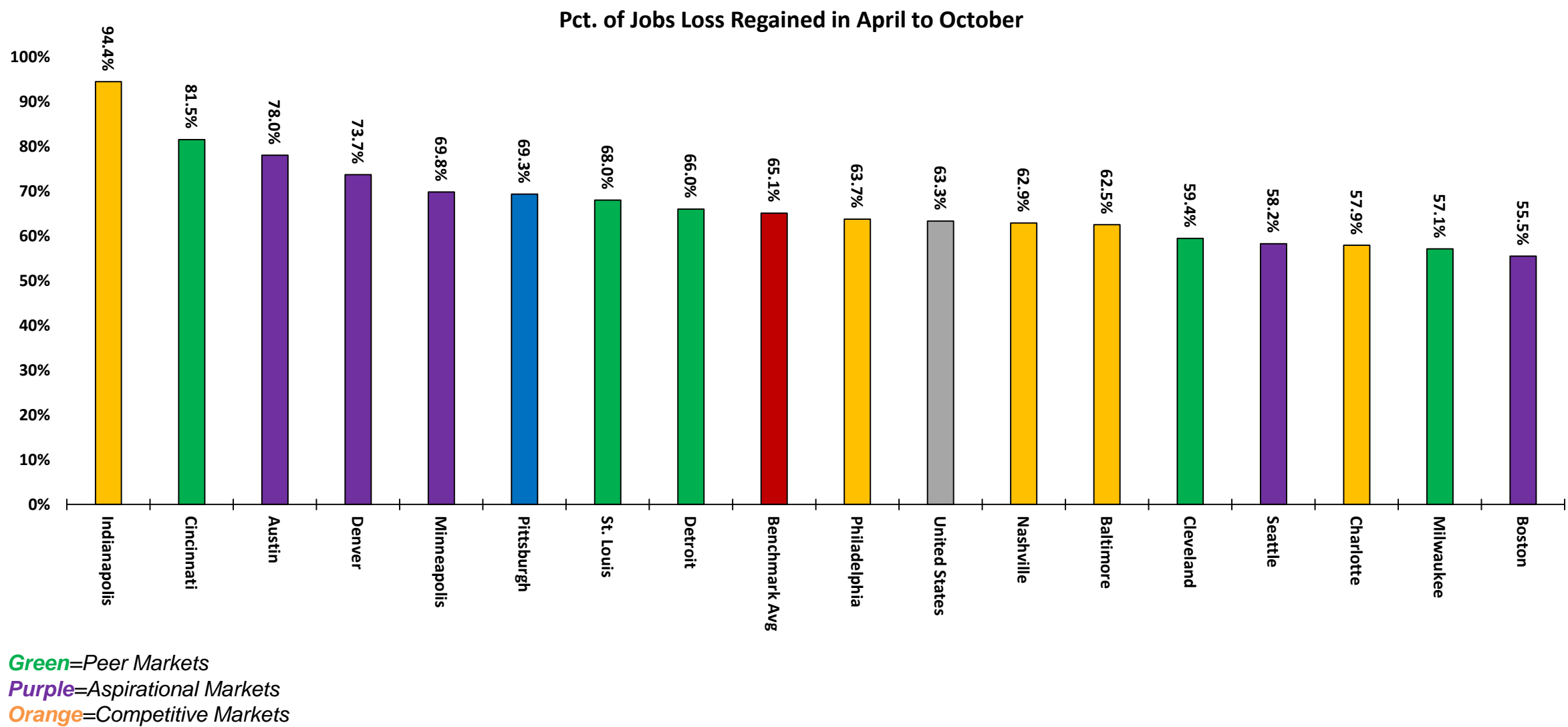**Source:** BLS Current Employment Statistics

After shedding 202,300 jobs between February and April, the Pittsburgh MSA regained 140,200 of those jobs through October. Five benchmark regions have gained more jobs, although they all experienced larger drops between February and April due to their larger employment base.

February to April Employment Drop vs. April to October Increase (000 jobs)

Region	Feb to April	April to October
Pittsburgh	-202.3	140.2
Austin	-128.6	100.3
Baltimore	-190.6	119.1
Boston	-462.1	256.4
Charlotte	-165.1	95.6
Cincinnati	-152.5	124.3
Cleveland	-168.1	99.9
Denver	-174.3	128.4
Detroit	-486.6	321.1
Indianapolis	-115.3	108.9
Milwaukee	-110.7	63.2
Minneapolis	-248.8	173.7
Nashville	-146.0	91.8
Philadelphia	-451.0	287.5
Seattle	-318.8	185.6
St. Louis	-139.0	94.5
Benchmark Avg	-230.5	150.0

■ Feb to April ■ April to October
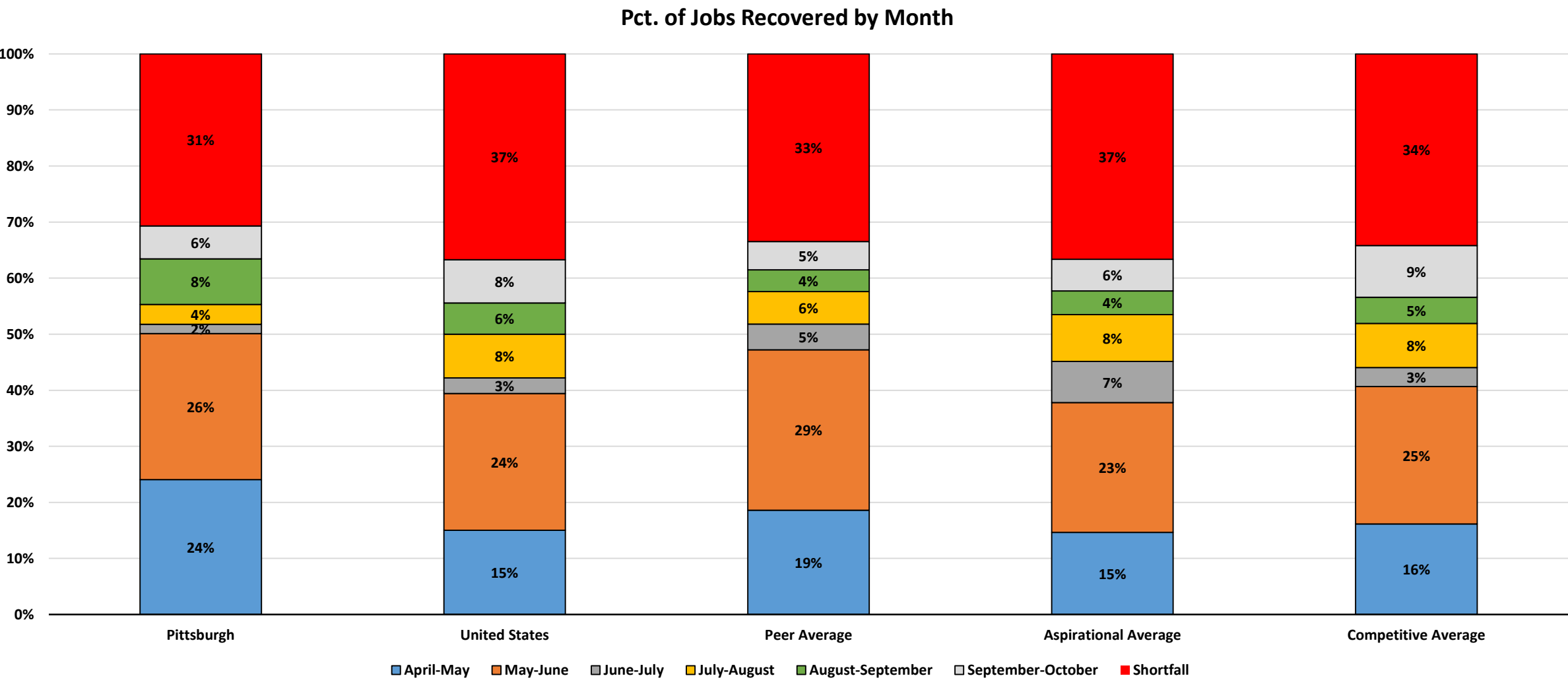
The Pittsburgh MSA is still outpacing the nation and the benchmark average in the percentage of jobs regained since April although it was outpaced by five benchmark regions compared to just three in September.

Pct. of Jobs Loss Regained in April to October

Market	Pct.
Indianapolis	94.4%
Cincinnati	81.5%
Austin	78.0%
Denver	73.7%
Minneapolis	69.8%
Pittsburgh	69.3%
St. Louis	68.0%
Detroit	66.0%
Benchmark Avg	65.1%
Philadelphia	63.7%
United States	63.3%
Nashville	62.9%
Baltimore	62.5%
Cleveland	59.4%
Seattle	58.2%
Charlotte	57.9%
Milwaukee	57.1%
Boston	55.5%

Green=Peer Markets
Purple=Aspirational Markets
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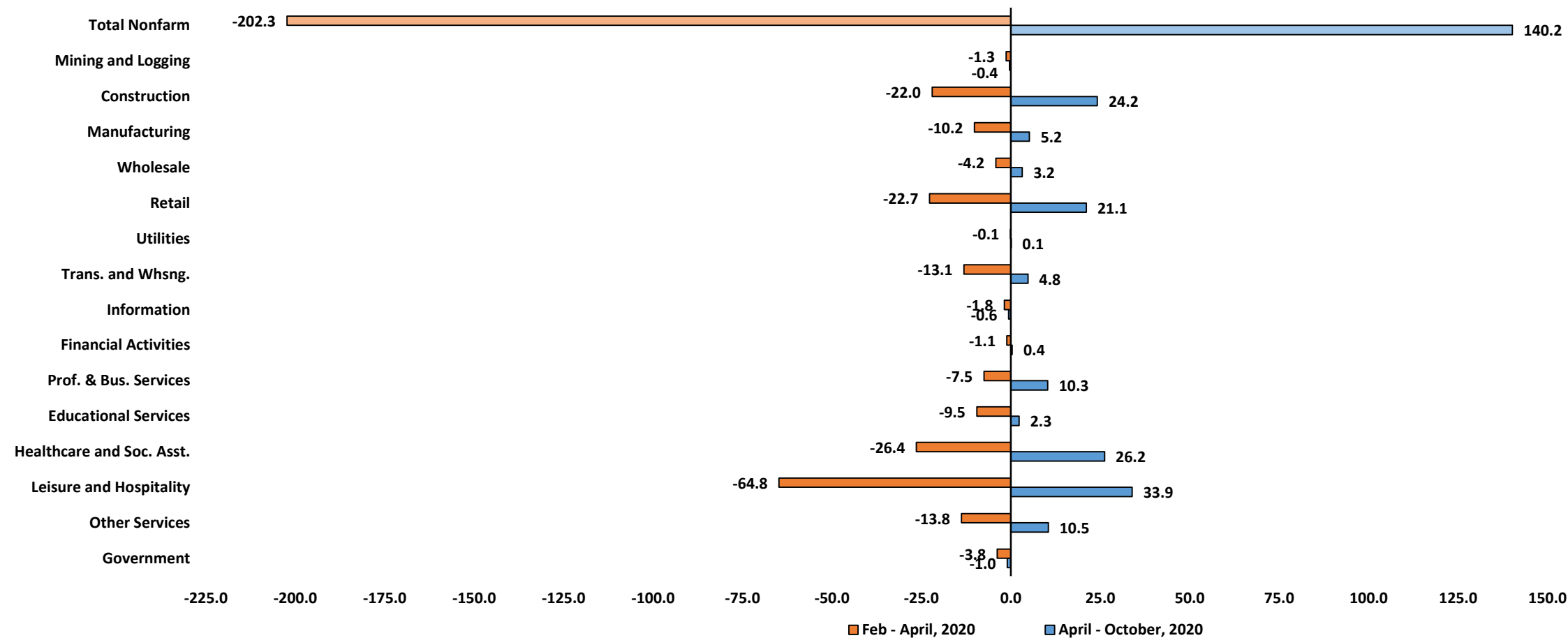
Source: BLS Current Employment Statistics

The Pittsburgh MSA regained 11,900 jobs in October, or 6% of the total jobs lost in the February to April period. This was in line with the pick ups registered by the nation and Peer and Aspirational benchmark regions, although it slightly trailed the Competitive benchmark regions. More importantly, the shortfall is smaller than the nation and each benchmark category.

Pct. of Jobs Recovered by Month

Legend: ■ April-May ■ May-June ■ June-July ■ July-August ■ August-September □ September-October ■ Shortfall

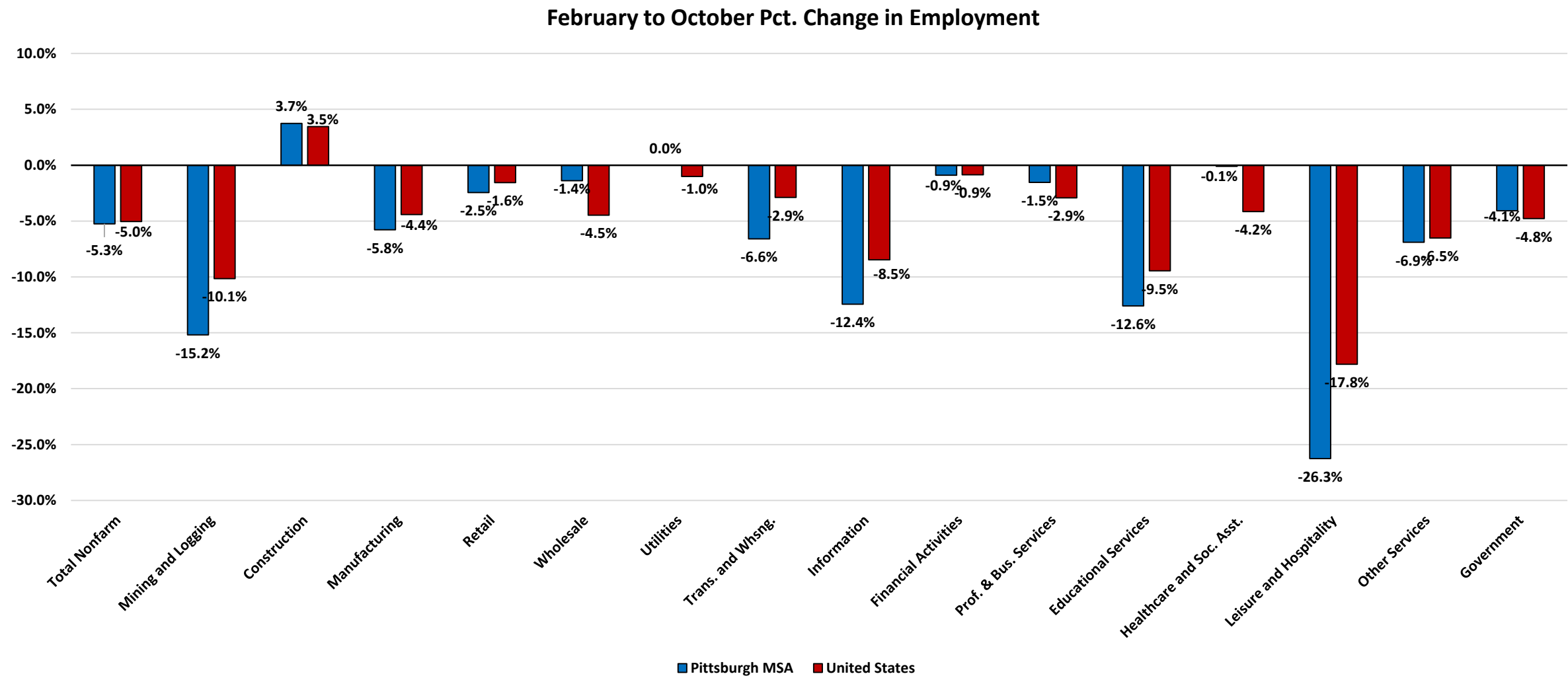**Source:** BLS Current Employment Statistics

The 140,200 job rebound between April and October 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 75% of the jobs regained since then. Mining and Logging, Information and Government have all continued to shed jobs during the April to October period.

Absolute Employment Change - Pittsburgh MSA (000s)

	Feb - April, 2020	April - October, 2020
Total Nonfarm	-202.3	140.2
Mining and Logging	-1.3	-0.4
Construction	-22.0	24.2
Manufacturing	-10.2	5.2
Wholesale	-4.2	3.2
Retail	-22.7	21.1
Utilities	-0.1	0.1
Trans. and Whsng.	-13.1	4.8
Information	-1.8	-0.6
Financial Activities	-1.1	0.4
Prof. & Bus. Services	-7.5	10.3
Educational Services	-9.5	2.3
Healthcare and Soc. Asst.	-26.4	26.2
Leisure and Hospitality	-64.8	33.9
Other Services	-13.8	10.5
Government	-3.8	-1.0

Source: BLS Current Employment Statistics, October 2020, preliminary

The overall drop in employment in the Pittsburgh MSA between February and October (-5.3%) is only slightly higher than the U.S. drop (-5.0%). However, Leisure and Hospitality (-26.3%), Mining and Logging (-15.2%), Educational Services (-12.6%), Information (-12.4%) and Transportation and Warehousing (-6.6%) performed the worst when compared to the national averages. Wholesale Trade, Utilities, Professional and Business Services and Healthcare and Social Assistance performed the best.

February to October Pct. Change in Employment

Legend: ■ Pittsburgh MSA ■ United States

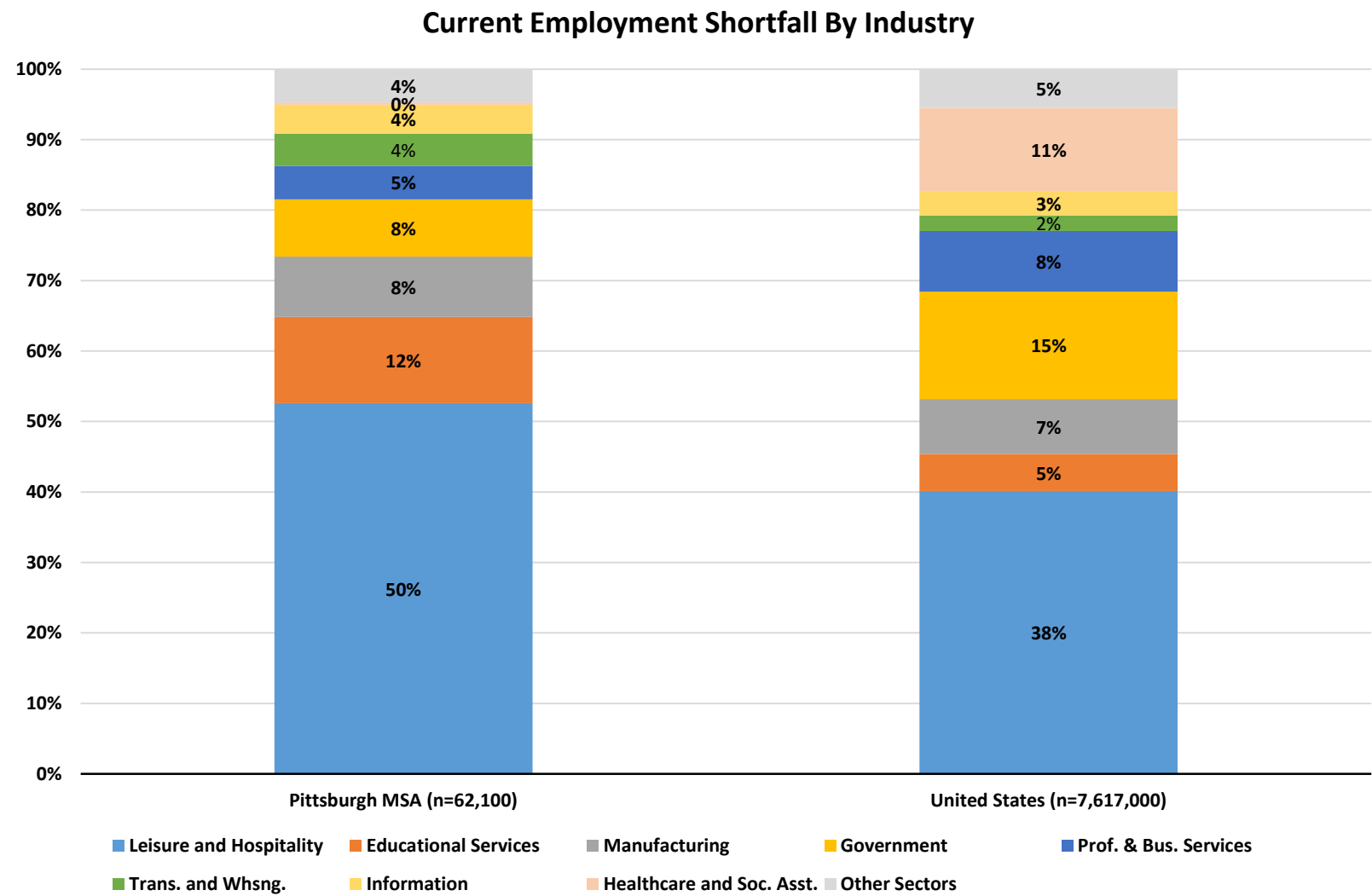**Source:** BLS Current Employment Statistics

Nationally, the employment rebound has been driven by the Leisure and Hospitality and Retail industries, which account for 52.4% of jobs added since the April trough. In the Pittsburgh MSA, 75.2% 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 - October Employment Gain (pct. of total change)

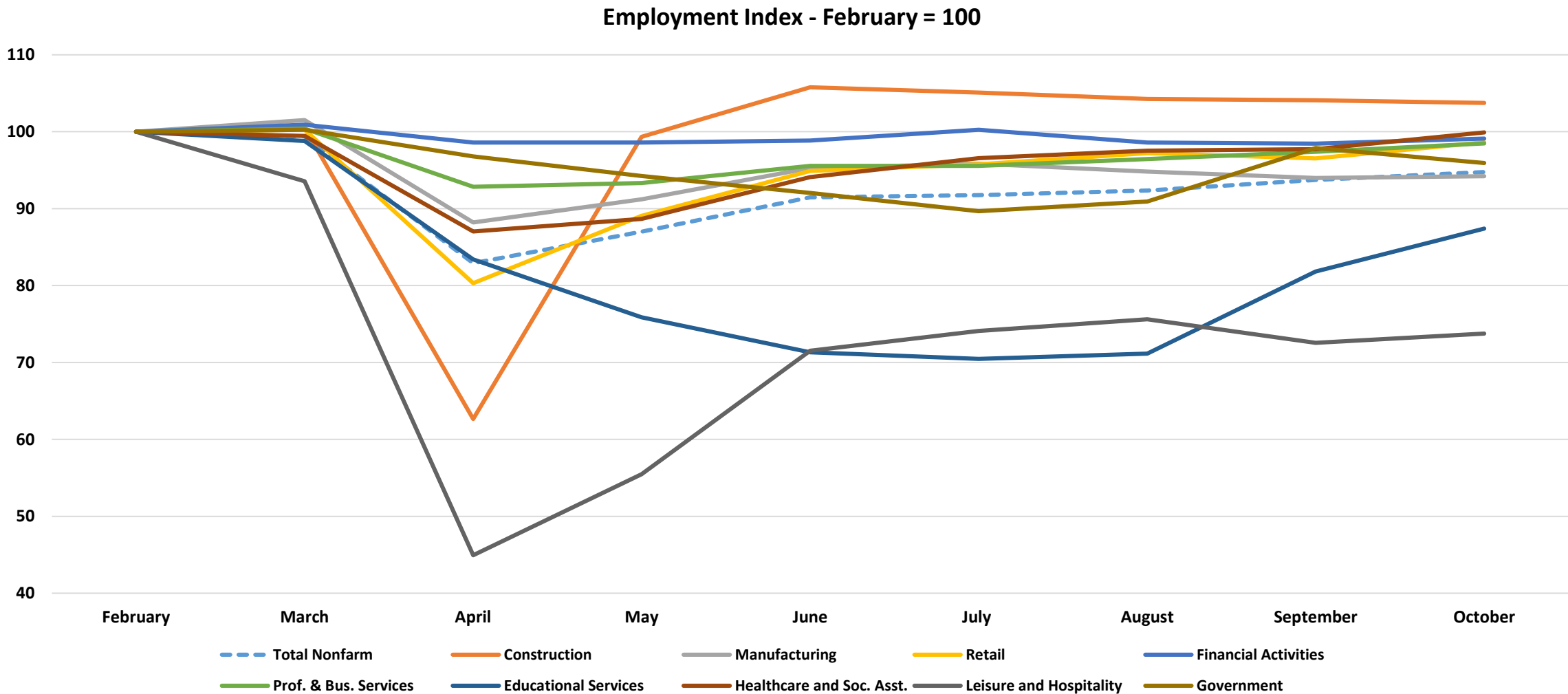- **Pittsburgh MSA**
- **United States**
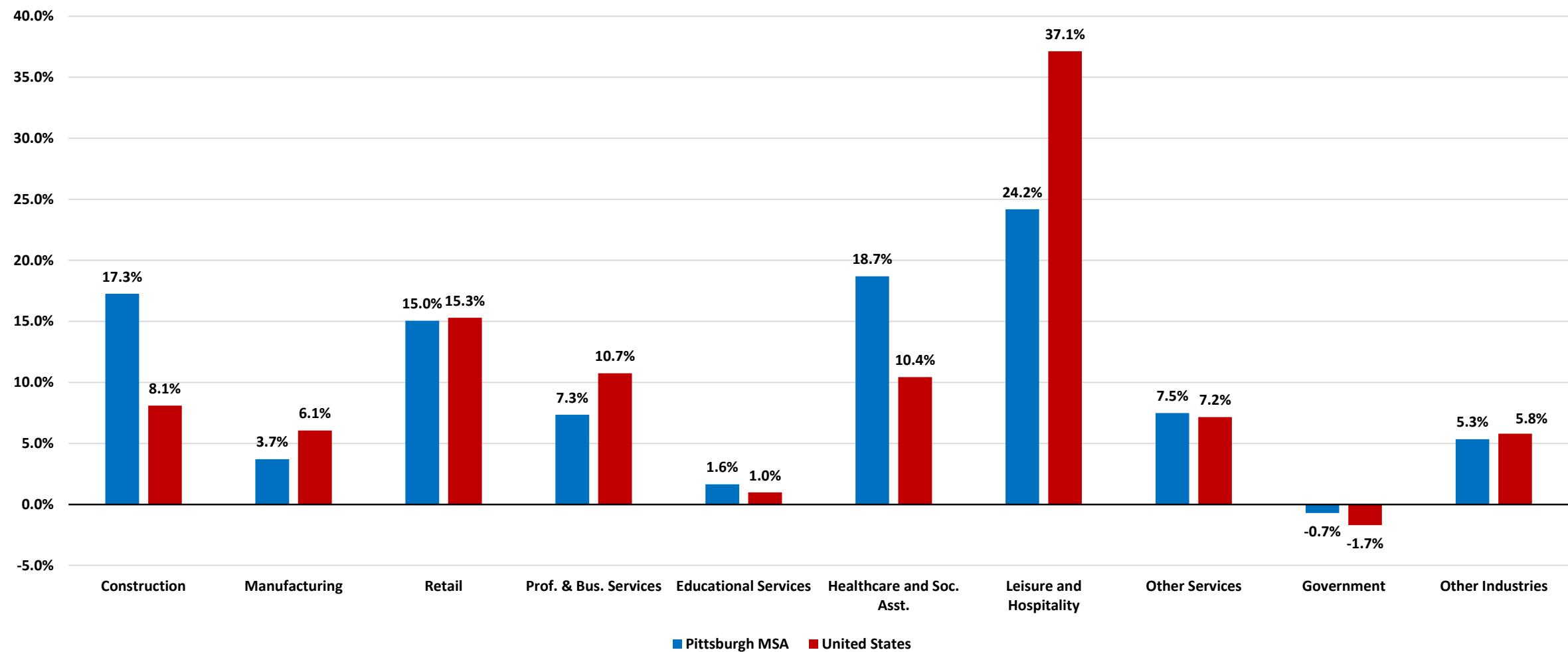
Source: BLS Current Employment Statistics

As of October, half of the employment shortfall since February in the Pittsburgh MSA is in Leisure and Hospitality, compared to 38% nationally. 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.

Current Employment Shortfall By Industry

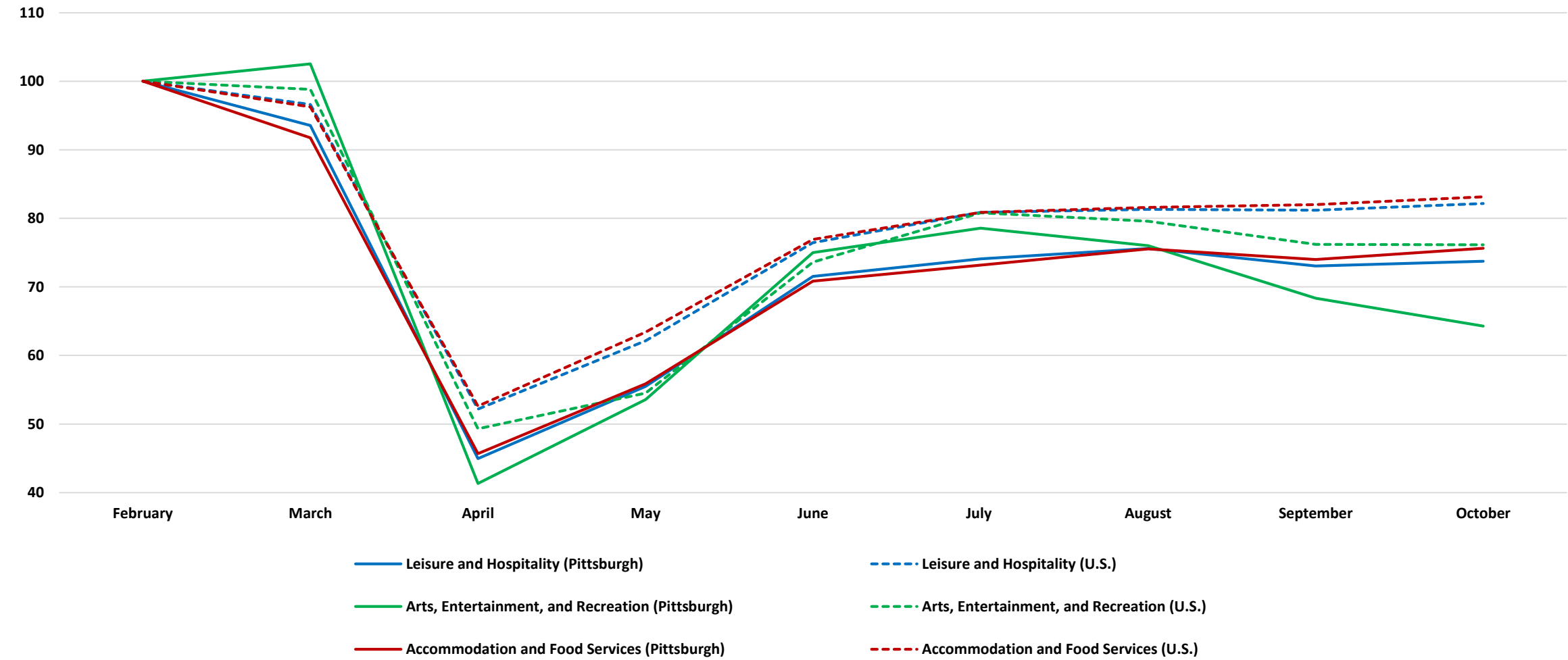**Source:** BLS Current Employment Statistics

Indexing employment by month for Pittsburgh's largest industries shows that most have been able to maintain employment within 10% of February levels. In fact, Healthcare and Social Assistance, Financial Activities and Professional and Business Services have essentially returned to pre-pandemic employment levels. Educational Services is continuing its fall rebound and is now at 87% of February employment. However, Leisure and Hospitality continues to struggle with employment stuck at 70 to 75% of February levels.

Employment Index - February = 100

Indexing the Pittsburgh MSA's Leisure and Hospitality employment by month against the U.S. shows that the region has continued to lag the nation in the percentage of industry jobs recovered. While the index in the Accommodation and Food Services sector has remained relatively steady since June, the Arts, Entertainment and Recreation sector has seen its employment index drop from 79 in July to 64 in October, meaning that employment is down by one third since February. Furthermore, the shortfall between the national and the regional employment index for Arts, Entertainment and Recreation has widened from two points in July to 12 points in October.

Leisure and Hospitality Employment Index - February = 100

Legend:
- Leisure and Hospitality (Pittsburgh)
- Leisure and Hospitality (U.S.)
- Arts, Entertainment, and Recreation (Pittsburgh)
- Arts, Entertainment, and Recreation (U.S.)
- Accommodation and Food Services (Pittsburgh)
- Accommodation and Food Services (U.S.)

Source: BLS Current Employment Statistics