Pittsburgh Region Employment Update
November Update

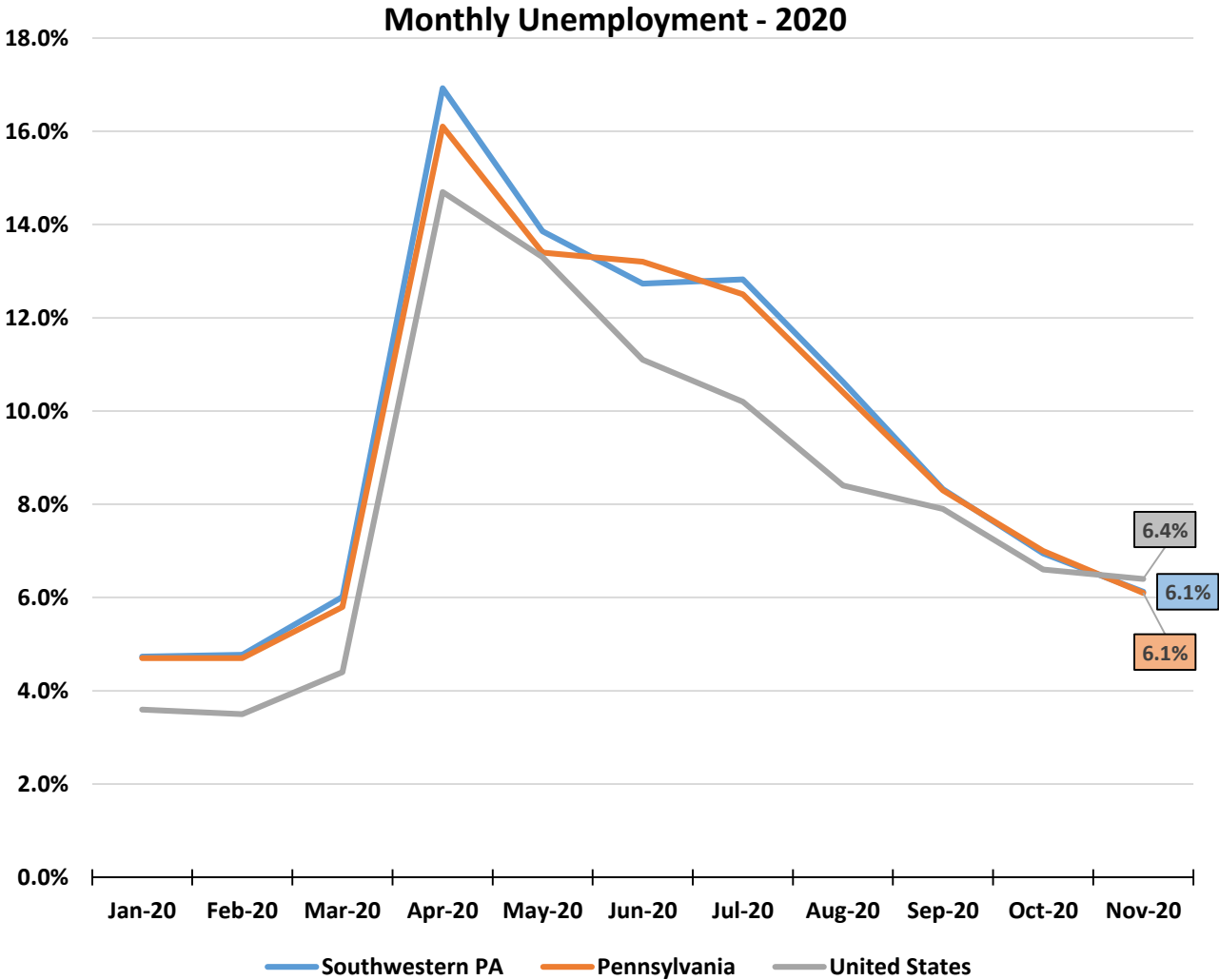December 2020
(released January 14, 2021)

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 6.1% in November, slightly below the U.S. average of 6.4%. In recent months, this decrease has largely been driven by a decrease in the labor force along with a decrease in unemployed individuals.

- The unemployment rate in the region varies by county from a low of 5.0% in Butler County to a high of 7.8% in Fayette County. Like Fayette County, the unemployment rates in Beaver and Lawrence Counties also were above the U.S.

- The four-week average for Continuing Unemployment Claims (UC) have fallen steadily from 197,374 in May to 57,892 in the four-week period ended December 5, 2020, although the drop from the four-week period ended December 5th (-2,690) was the smallest since tracking began. Furthermore, the region's percentage of state claims has steadily climbed to 21.0% the week ended December 26th, the highest since late March.

- The Pittsburgh MSA had a 7.1% drop in employment between November 2019 and November 2020 as the region shed 85,900 jobs, similar to the year over year drop recorded in October. However, the region continues to rank among the bottom of the benchmark region in annual change.   Since June, the MSA has trailed the nation in year over year change by 1.1 to 1.4 percentage points.

- The Pittsburgh MSA is still outpacing the nation in the percentage of jobs regained since the April 2020 trough – 70.1% vs. 65.9%. However, the gap between Pittsburgh and the nation in the percent of jobs regained has steadily shrunk from a high of 10.9 percentage points in June to 4.2 in November.

- The Pittsburgh MSA regained just 1,300 jobs in November, or 1% of the total jobs lost in the February to April period. While this was the lowest gain of the recovery period, it was in line with the pick ups registered by the nation and Peer and Aspirational benchmark regions.

- The overall drop in employment in the Pittsburgh MSA between February and November (-5.1%) is only slightly higher than the U.S. drop (-4.7%). However, Leisure and Hospitality (-26.6%), Mining and Logging (-15.2%), Educational Services (-11.5%), Information (-13.0%) and Transportation and Warehousing (-3.9%) performed the worst when compared to the national averages.

- Nationally, the employment rebound has been driven by the Leisure and Hospitality and Retail industries, which account for 51.3% of jobs added since the April trough. In the Pittsburgh MSA, those two industries accounted for 39.5% of the rebound. Healthcare and Social Assistance and Construction were much more critical to the region's rebound than the nation.

December 2020

Key Findings (cont'd)

- As of November, half of the employment shortfall since February in the Pittsburgh MSA continues to be in Leisure and Hospitality, compared to 44% nationally. Educational Services also account for a disproportionate share of the shortfall in the region at roughly twice the level nationally.

- Indexing employment by month for Pittsburgh's largest industries show that Retail, Healthcare and Social Assistance, Financial Activities and Professional and Business Services have essentially returned to pre-pandemic employment levels. Educational Services has leveled off after its fall rebound and is now at 88% of February employment. However, Leisure and Hospitality continues to struggle with employment stuck at 70 to 75% of February levels while Arts, Entertainment & Recreation continues to lose jobs. It is now 57% of February employment 17 percentage points below the nation.

- The Bureau of Labor Statistics recently released the first data from the Quarterly Census of Employment and Wages (QCEW) data series following the pandemic related downsizings. Based on Unemployment Compensation filings, QCEW has much more detailed information on employment by geographic area and industry. Beaver, Greene and Washington Counties experienced the largest drop in employment between June 2019 and June 2020, while Butler performed the best. The wage drop in most counties was not as severe in most counties as the employment decrease reinforcing the fact that the drop was greatest among lower paying jobs.

- The change in employment by major industry grouping showed great variation by county. While Leisure and Hospitality accounted for one-third of the year over year employment drop in the ten-county region, it accounted for a much greater percentage of the loss in Allegheny County than in any other county (-41.1%). Trade, Transportation & Utilities accounted for the greatest share of job losses in Armstrong, Butler and Westmoreland Counties, while half of the loss in Beaver County was largely attributable to the temporary shutdown of construction at the Shell Cracker.   Greene County's drop was dominated by Natural Resources and Construction. Indiana and Washington's drop largely reflected broader regional trends while much of the loss in Lawrence County was partially offset by year over year gains in Construction.

- *Reflecting national trends, the region had its smallest monthly employment gain since the pandemic began. Although the Pittsburgh MSA has regained a higher proportion of its pre-pandemic employment than the nation as a whole, the gap has been narrowing. Many industries, including Retail, Healthcare and Social Assistance and Professional and Business Services, have seen employment rebound to pre-pandemic levels, but Leisure and Hospitality and Educational Services continue to be a drag on the job market. Educational Services has seen some rebound but Leisure and Hospitality employment has stagnated at about 70 to 75% of pre-pandemic levels since June. Much of this has been driven by a continued erosion in Arts, Entertainment and Recreation employment. Operating restrictions in December will further impact this industry. But with the emerging distribution of a vaccine, and the approach of spring, a recovery can begin in these sectors although full pre-pandemic employment is unlikely until at least 2022.*
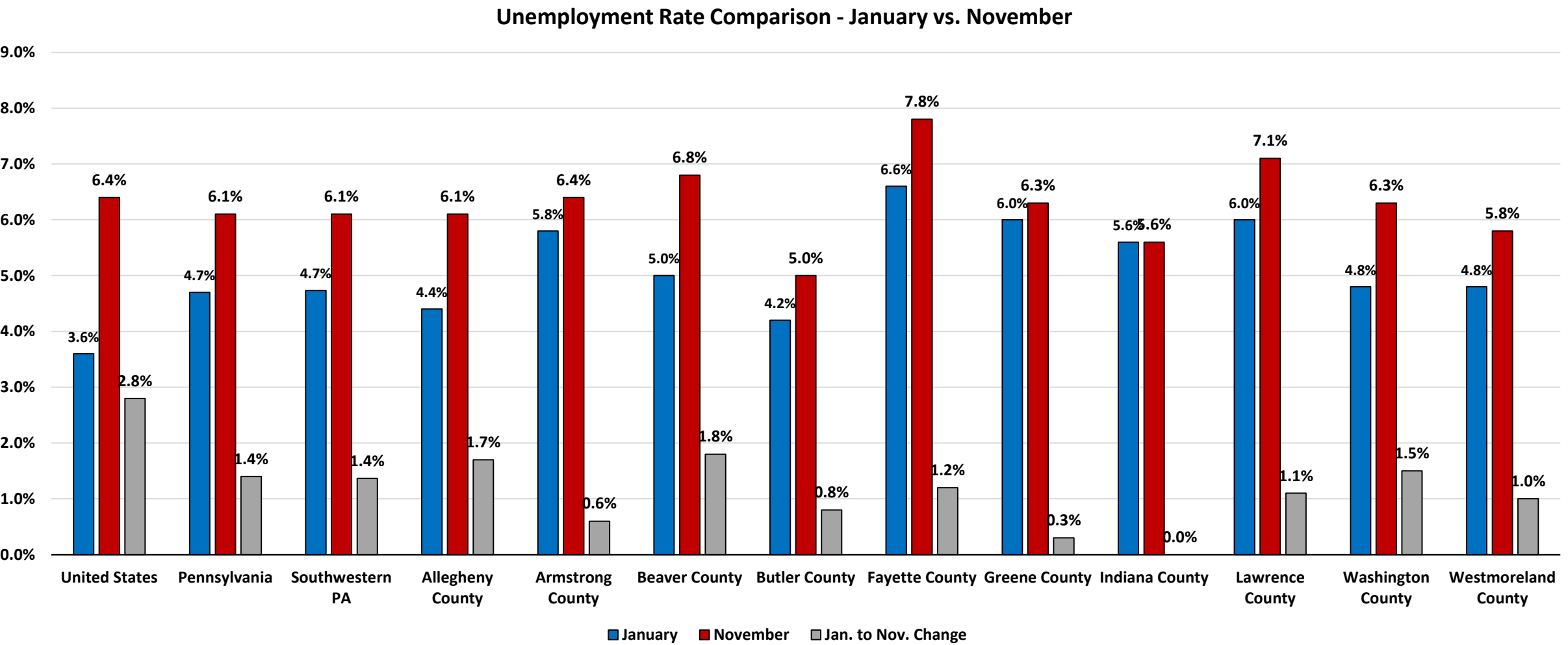
The unemployment rate in Southwestern Pennsylvania dropped to 6.1% in October, same as the state and below the nation. In addition to a drop in unemployed persons, much of the decrease in the unemployment rate has been driven by a shrinking labor force. After increasing in September, the region's labor force shrunk for the second consecutive month in November with the rate of decrease twice that of the nation.

UNEMPLOYMENT RATE										
	Jan. 2020	Feb. 2020	March 2020	April 2020	May 2020	June 2020	July 2020	Aug. 2020	Sept. 2020	Oct. 2020	Nov. 2020
Southwestern PA	4.7%	4.8%	6.0%	16.9%	13.9%	12.7%	12.8%	10.6%	8.3%	6.9%	6.1%
Pennsylvania	4.7%	4.7%	5.8%	16.1%	13.4%	13.2%	12.5%	10.4%	8.3%	7.0%	6.1%
United States	3.6%	3.5%	4.4%	14.7%	13.3%	11.1%	10.2%	8.4%	7.9%	6.6%	6.4%

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	Nov. 2020	Jan. to Oct. 2020
Southwestern PA	0.4%	-0.8%	-2.5%	1.1%	-1.9%	0.5%	-0.9%	1.8%	-1.3%	-0.8%	-4.3%
Pennsylvania	0.1%	-0.2%	-1.5%	0.9%	-2.2%	-0.1%	-0.8%	2.0%	-1.2%	-0.8%	-3.6%
United States	0.0%	-1.0%	-4.1%	1.1%	1.1%	0.0%	0.6%	-0.4%	0.6%	-0.4%	-2.5%

CHANGE IN UNEMPLOYMENT FROM PREVIOUS MONTH										
	Feb. 2020	March 2020	April 2020	May 2020	June 2020	July 2020	Aug. 2020	Sept. 2020	Oct. 2020	Nov. 2020	Jan. to Oct. 2020
Southwestern PA	1.1%	20.0%	63.6%	-20.9%	-10.9%	1.2%	-21.8%	-25.4%	-21.4%	-14.4%	23.7%
Pennsylvania	0.6%	18.5%	63.5%	-18.6%	-3.8%	-6.0%	-20.5%	-22.9%	-20.7%	-15.9%	24.8%
United States	-1.8%	18.9%	69.1%	-10.0%	-18.2%	-8.6%	-20.6%	-7.7%	-18.5%	-3.5%	74.2%

Monthly Unemployment - 2020

Southwestern PA — Pennsylvania — United States

6.4%
6.1%
6.1%

The unemployment rate in the region varies by county from a low of 5.0% in Butler County to a high of 7.8% in Fayette County. Like Fayette County, the unemployment rates in Beaver and Lawrence Counties also were above the U.S.   In all counties in the region, the difference in unemployment rate between January and November is lower than the national difference over the period. The regional difference is half that of the national change.

Unemployment Rate Comparison - January vs. November

	United States	Pennsylvania	Southwestern PA	Allegheny County	Armstrong County	Beaver County	Butler County	Fayette County	Greene County	Indiana County	Lawrence County	Washington County	Westmoreland County
January	3.6%	4.7%	4.7%	4.4%	5.8%	5.0%	4.2%	6.6%	6.0%	5.6%	6.0%	4.8%	4.8%
November	6.4%	6.1%	6.1%	6.1%	6.4%	6.8%	5.0%	7.8%	6.3%	5.6%	7.1%	6.3%	5.8%
Jan. to Nov. Change	2.8%	1.4%	1.4%	1.7%	0.6%	1.8%	0.8%	1.2%	0.3%	0.0%	1.1%	1.5%	1.0%

■ January   ■ November   ■ Jan. to Nov. 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 57,892 in the four-week period ended December 5, 2020. However, the drop from the four-week period ended December 5th (-2,690) was the smallest since tracking began. The region hit a low of 17.6% of state continuing UC claims the week ending November 7th and has since steadily climbed to 21.0% the week ended December 26th, the highest since late March.

Southwestern Pennsylvania Continuing UC Claim Trends
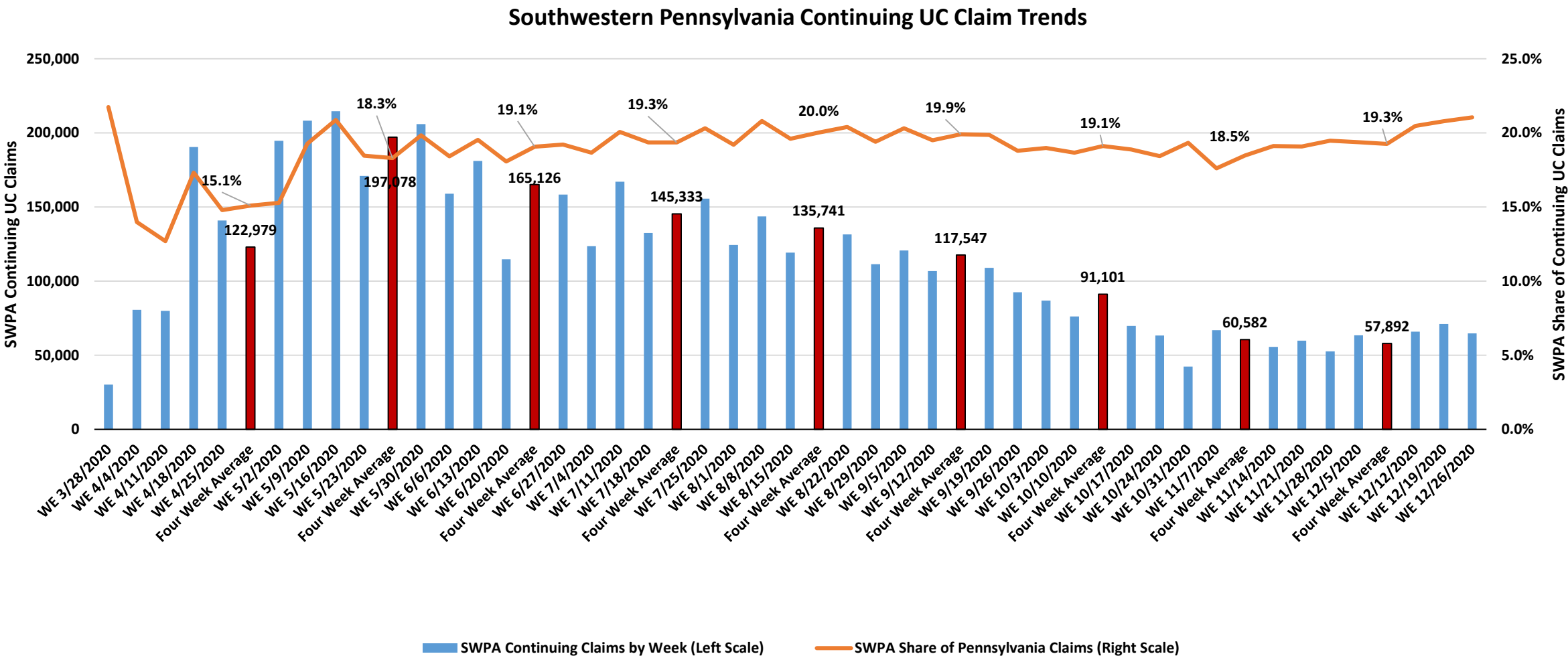
Source: PA Dept. of Labor and Industry

The Pittsburgh MSA had a 7.1% drop in employment between November 2019 and November 2020 as the region shed 85,900 jobs, similar to the year over year drop recorded in October. However, the region continues to rank among the bottom of the benchmark region in annual change.

Year Over Year Employment Change - November 2019 to November 2020

Region	Change
Austin	-1.1%
Indianapolis	-2.2%
Denver	-3.3%
Cincinnati	-4.6%
St. Louis	-4.8%
Baltimore	-5.0%
Nashville	-5.1%
Charlotte	-5.4%
United States	-6.0%
Benchmark Avg	-6.1%
Minneapolis	-6.5%
Seattle	-6.7%
Philadelphia	-6.8%
Pittsburgh	-7.1%
Milwaukee	-7.2%
Cleveland	-8.3%
Boston	-9.1%
Detroit	-9.3%
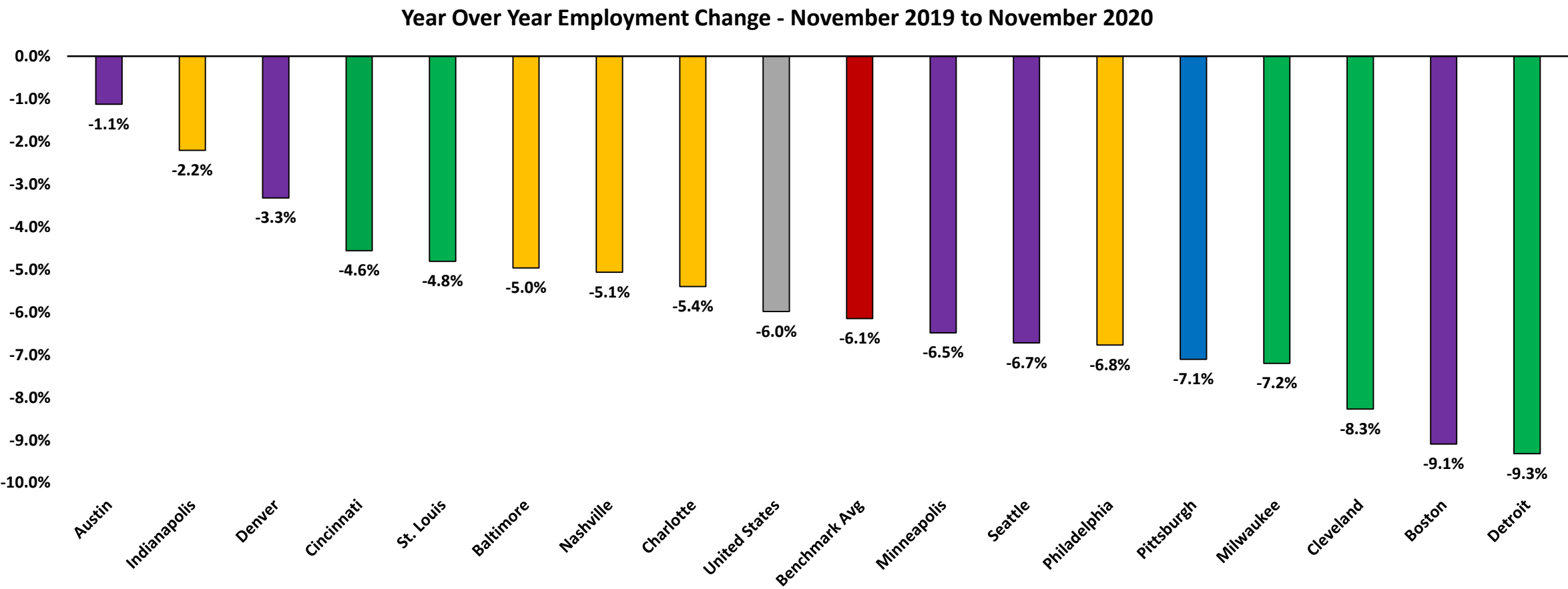
Green=Peer Markets
Purple=Aspirational Markets
Orange=Competitive Markets

Source: BLS Current Employment Statistics, November 2020, preliminary

While the Pittsburgh MSA experienced an employment drop in April 2020 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 1.1 to 1.4 percentage points.

Year over Year Employment Change - January 2008 to November 2020

Legend: Pittsburgh — Benchmark — U.S.

Callout labels: -6.0%, -6.1%, -7.1%
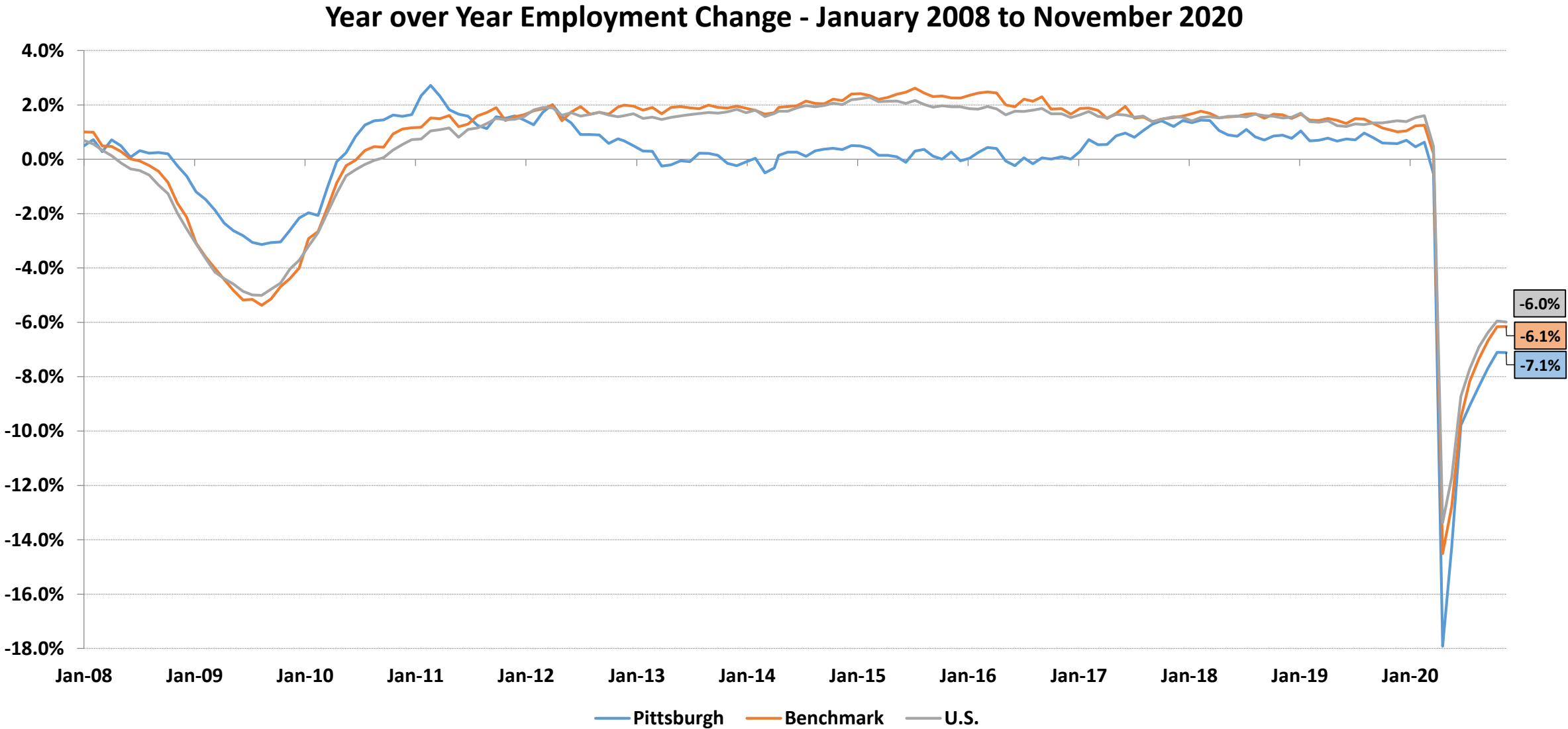
After shedding 202,300 jobs between February and April, the Pittsburgh MSA regained 141,800 of those jobs through November. Five benchmark regions have gained more jobs, although they all experienced larger drops between February and April due to their larger employment base.

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

Legend: ■ Feb to April ■ April to November

Region	Feb to April	April to November
Pittsburgh	-202.3	141.8
Austin	-128.6	114.0
Baltimore	-190.6	142.0
Boston	-462.1	262.3
Charlotte	-165.1	106.6
Cincinnati	-152.5	123.5
Cleveland	-168.1	103.8
Denver	-174.3	134.2
Detroit	-486.6	323.5
Indianapolis	-115.3	109.3
Milwaukee	-110.7	60.8
Minneapolis	-248.8	162.3
Nashville	-146.0	100.6
Philadelphia	-451.0	291.9
Seattle	-318.8	192.5
St. Louis	-139.0	98.6
Benchmark Avg	-230.5	155.1

Source: BLS Current Employment Statistics

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 six benchmark regions compared to just three in September. However, the gap betwe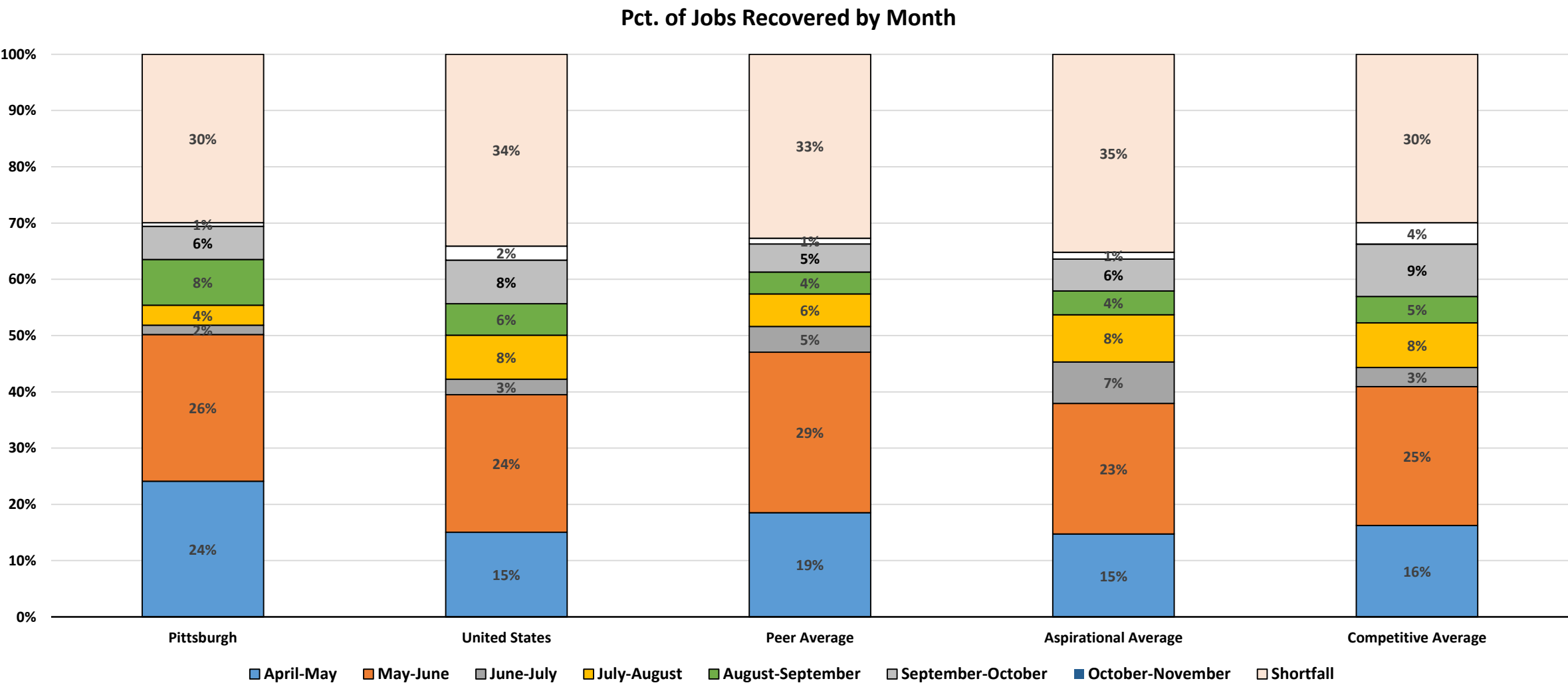en Pittsburgh and the nation in the percent of jobs regained has steadily shrunk from a high of 10.9 percentage points in June to 4.2 in November.

Pct. of Jobs Loss Regained in April to November

Region	Value
Indianapolis	94.8%
Austin	88.6%
Cincinnati	81.0%
Denver	77.0%
Baltimore	74.5%
St. Louis	70.9%
Pittsburgh	70.1%
Nashville	68.9%
Benchmark Avg	67.3%
Detroit	66.5%
United States	65.9%
Minneapolis	65.2%
Philadelphia	64.7%
Charlotte	64.6%
Cleveland	61.7%
Seattle	60.4%
Boston	56.8%
Milwaukee	54.9%

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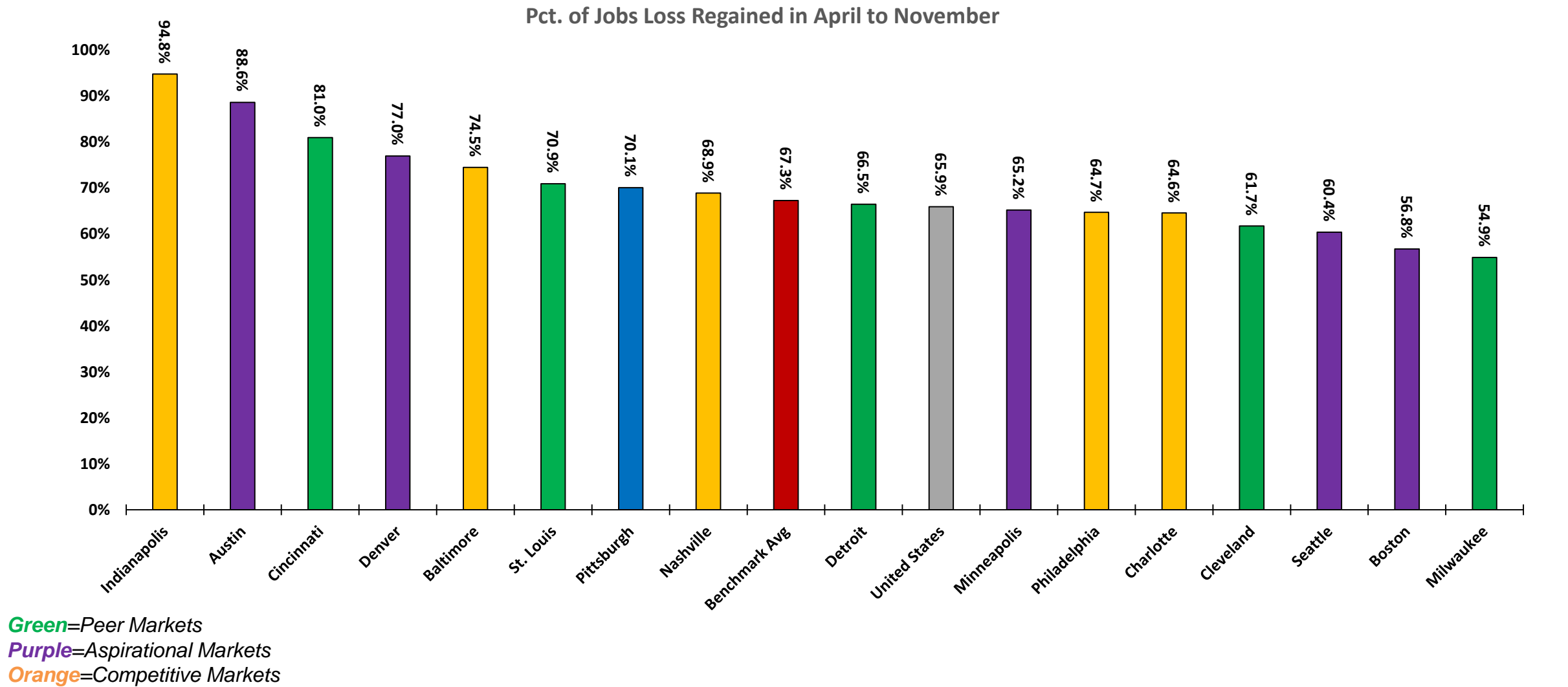
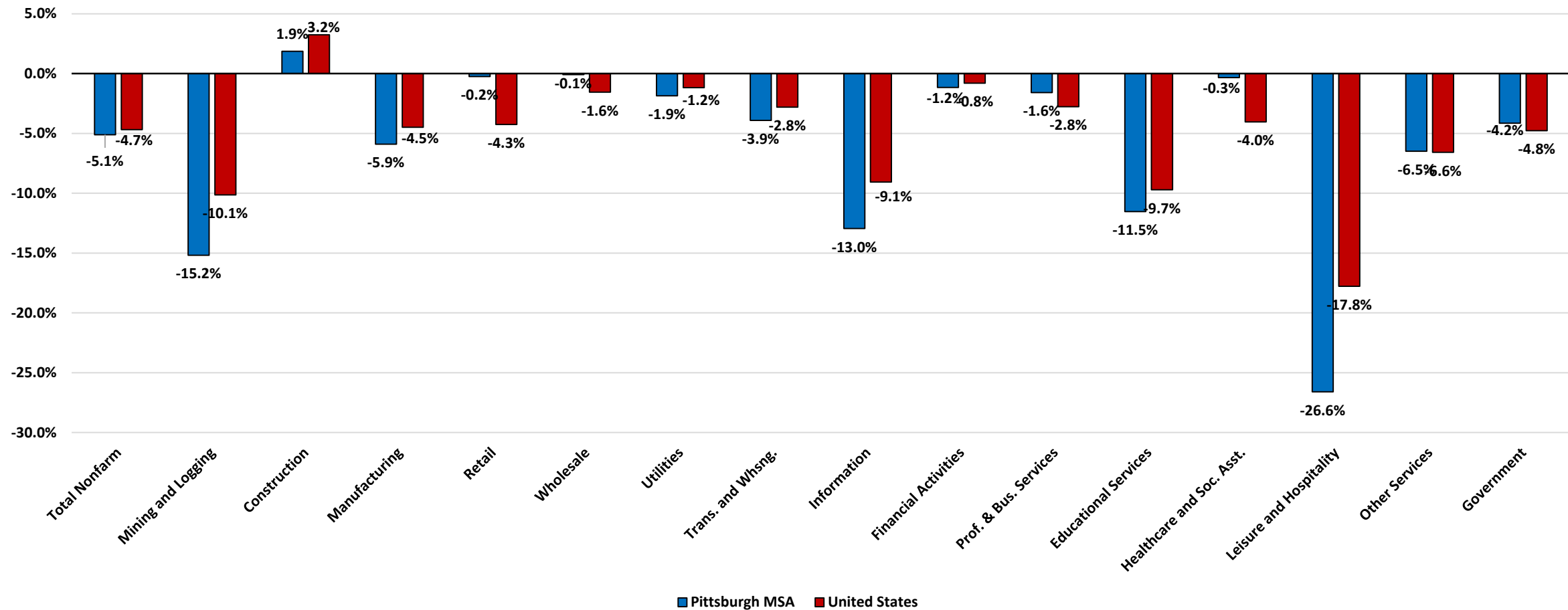**Source:** BLS Current Employment Statistics

The Pittsburgh MSA regained just 1,300 jobs in November, or 1% of the total jobs lost in the February to April period. While this was the lowest gain of the recovery period, it was in line with the pick ups registered by the nation and Peer and Aspirational benchmark regions, although it slightly trailed the nation and was well below the Competitive benchmark regions.

Pct. of Jobs Recovered by Month

	Pittsburgh	United States	Peer Average	Aspirational Average	Competitive Average
Shortfall	30%	34%	33%	35%	30%
September-October	1%	2%	1%	1%	4%
June-July	6%	8%	5%	6%	9%
August-September	8%	6%	4%	4%	5%
July-August	4%	8%	6%	8%	8%
October-November	2%	3%	5%	7%	3%
May-June	26%	24%	29%	23%	25%
April-May	24%	15%	19%	15%	16%

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

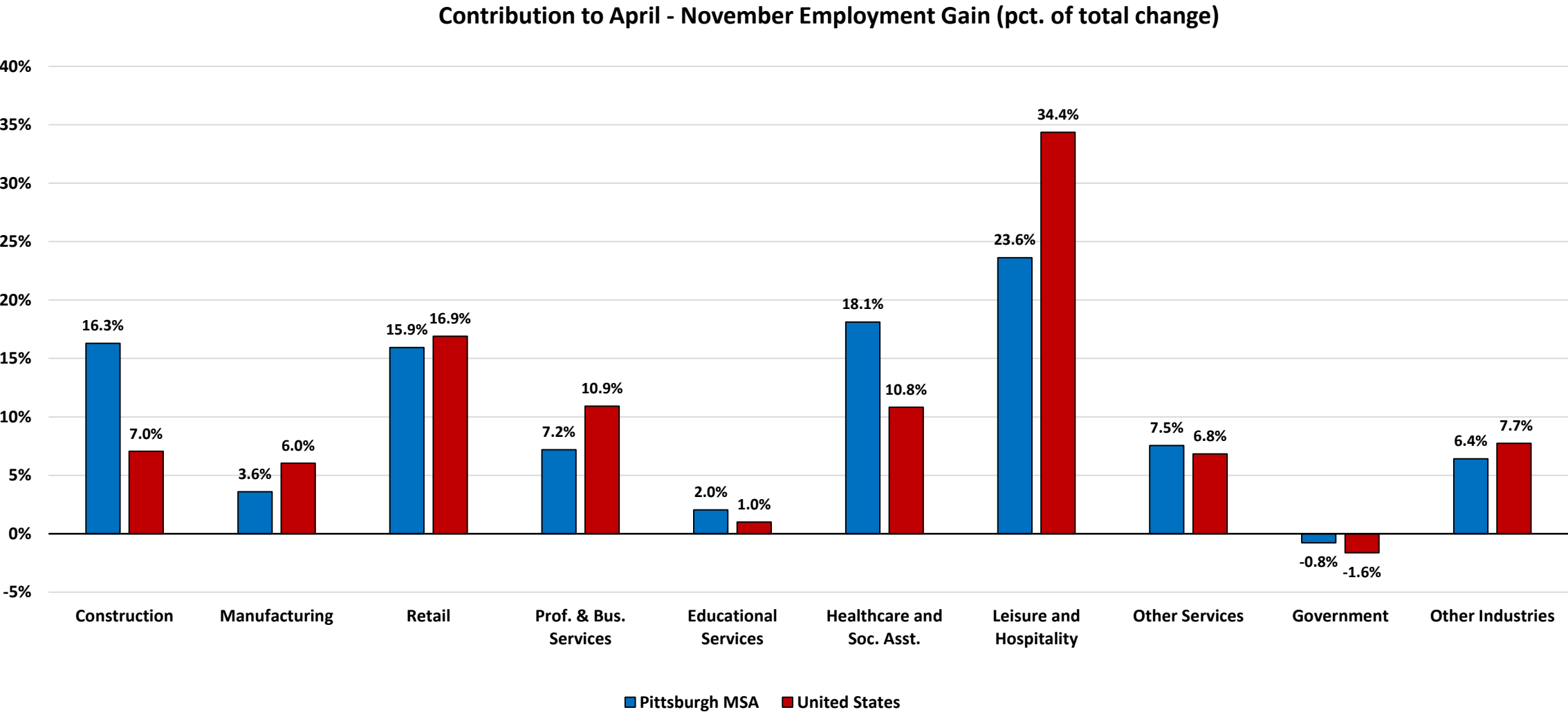**Source:** BLS Current Employment Statistics

The overall drop in employment in the Pittsburgh MSA between February and November (-5.1%) is only slightly greater than the U.S. drop (-4.7%). However, Leisure and Hospitality (-26.6%), Mining and Logging (-15.2%), Educational Services (-11.5%), Information (-13.0%) and Transportation and Warehousing (-3.9%) performed the worst when compared to the national averages. Retail Trade, Wholesale Trade, Professional and Business Services and Healthcare and Social Assistance performed the best.

February to November Pct. Change in Employment

Legend: ■ Pittsburgh MSA ■ United States

Data labels visible:
- Total Nonfarm: -5.1% (Pittsburgh), -4.7% (US)
- Mining and Logging: -15.2% (Pittsburgh), -10.1% (US)
- Construction: 1.9% (Pittsburgh), 3.2% (US)
- Manufacturing: -5.9% (Pittsburgh), -4.5% (US)
- Retail: -0.2% (Pittsburgh), -4.3% (US)
- Wholesale: -0.1% (Pittsburgh), -1.6% (US)
- Utilities: -1.9% (Pittsburgh), -1.2% (US)
- Trans. and Whsng.: -3.9% (Pittsburgh), -2.8% (US)
- Information: -13.0% (Pittsburgh), -9.1% (US)
- Financial Activities: -1.2% (Pittsburgh), -0.8% (US)
- Prof. & Bus. Services: -1.6% (Pittsburgh), -2.8% (US)
- Educational Services: -11.5% (Pittsburgh), -9.7% (US)
- Healthcare and Soc. Asst.: -0.3% (Pittsburgh), -4.0% (US)
- Leisure and Hospitality: -26.6% (Pittsburgh), -17.8% (US)
- Other Services: -6.5% (Pittsburgh), -6.6% (US)
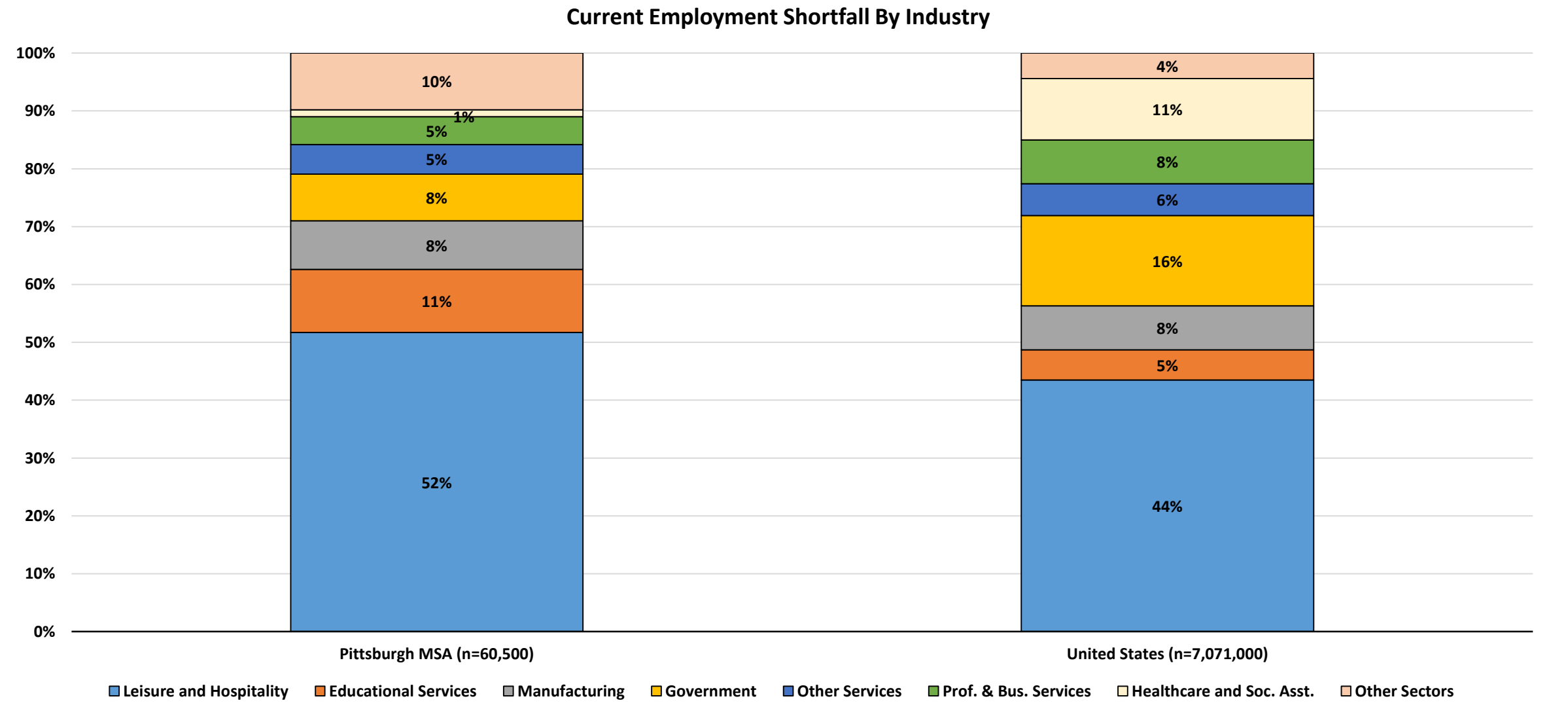- Government: -4.2% (Pittsburgh), -4.8% (US)

Source: BLS Current Employment Statistics

Nationally, the employment rebound has been driven by the Leisure and Hospitality and Retail industries, which account for 51.3% of jobs added since the April trough. In the Pittsburgh MSA, those two industries accounted for just 39.5% of the rebound. Healthcare and Social Assistance and Construction were much more critical to the region's rebound than the nation.

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

	Construction	Manufacturing	Retail	Prof. & Bus. Services	Educational Services	Healthcare and Soc. Asst.	Leisure and Hospitality	Other Services	Government	Other Industries
Pittsburgh MSA	16.3%	3.6%	15.9%	7.2%	2.0%	18.1%	23.6%	7.5%	-0.8%	6.4%
United States	7.0%	6.0%	16.9%	10.9%	1.0%	10.8%	34.4%	6.8%	-1.6%	7.7%

Source: BLS Current Employment Statistics

As of November, half of the employment shortfall since February in the Pittsburgh MSA continues to be in Leisure and Hospitality, compared to 44% nationally. Educational Services also account for a disproportionate share of the shortfall in the region, more than 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.
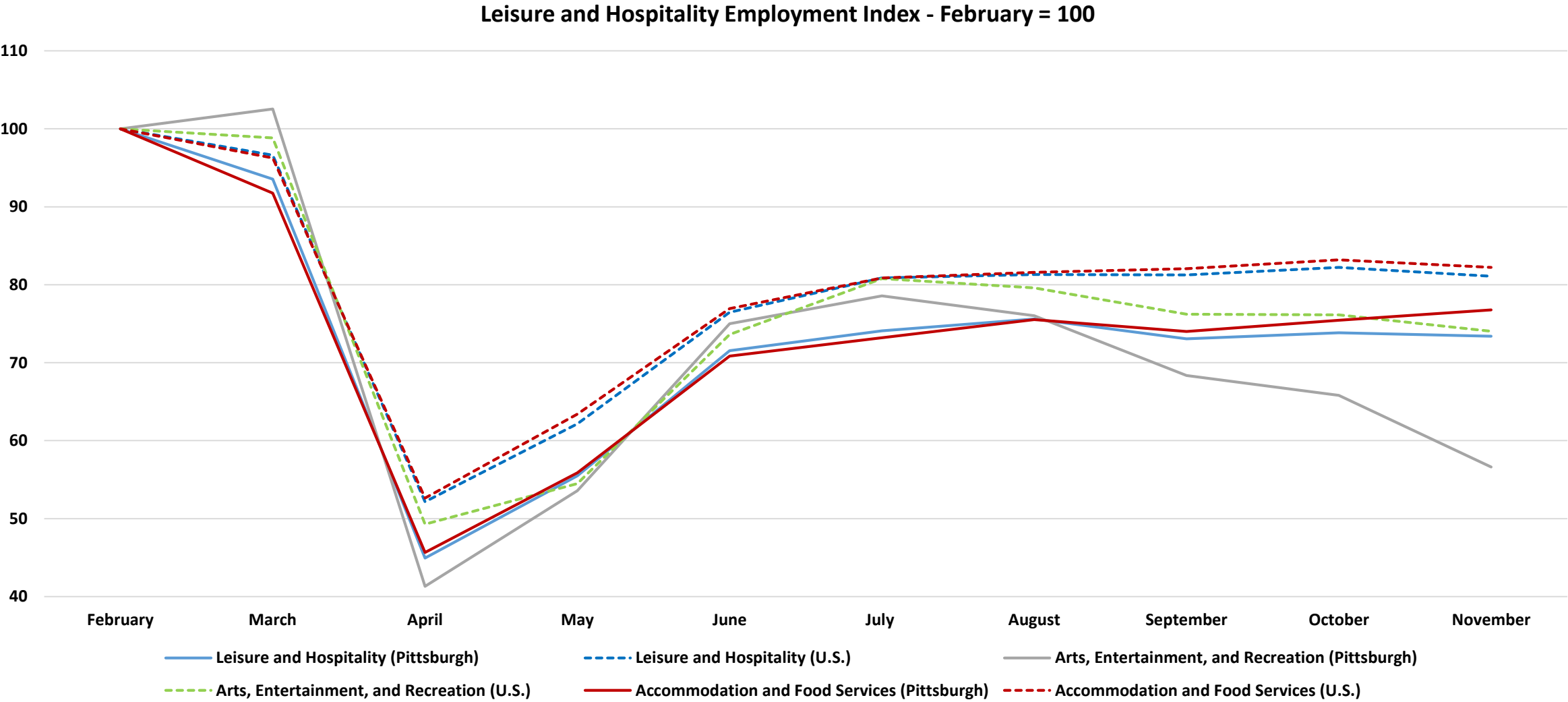
Current Employment Shortfall By Industry

Legend: Leisure and Hospitality | Educational Services | Manufacturing | Government | Other Services | Prof. & Bus. Services | Healthcare and Soc. Asst. | Other Sectors

Pittsburgh MSA (n=60,500): Leisure and Hospitality 52%, Educational Services 11%, Manufacturing 8%, Government 8%, Other Services 5%, Prof. & Bus. Services 5%, Healthcare and Soc. Asst. 1%, Other Sectors 10%

United States (n=7,071,000): Leisure and Hospitality 44%, Educational Services 5%, Manufacturing 8%, Government 16%, Other Services 6%, Prof. & Bus. Services 8%, Healthcare and Soc. Asst. 11%, Other Sectors 4%

Source: BLS Current Employment Statistics

Indexing employment by month for Pittsburgh's largest industries show that most have been able to maintain employment within 10% of February levels.   In fact, Retail, Healthcare and Social Assistance, Financial Activities and Professional and Business Services have essentially returned to pre-pandemic employment levels. Educational Services has leveled off after its fall rebound and is now at 88% of February employment. However, Leisure and Hospitality continues to struggle with employment stuck at 70 to 75% of February levels.

Employment Index - February = 100
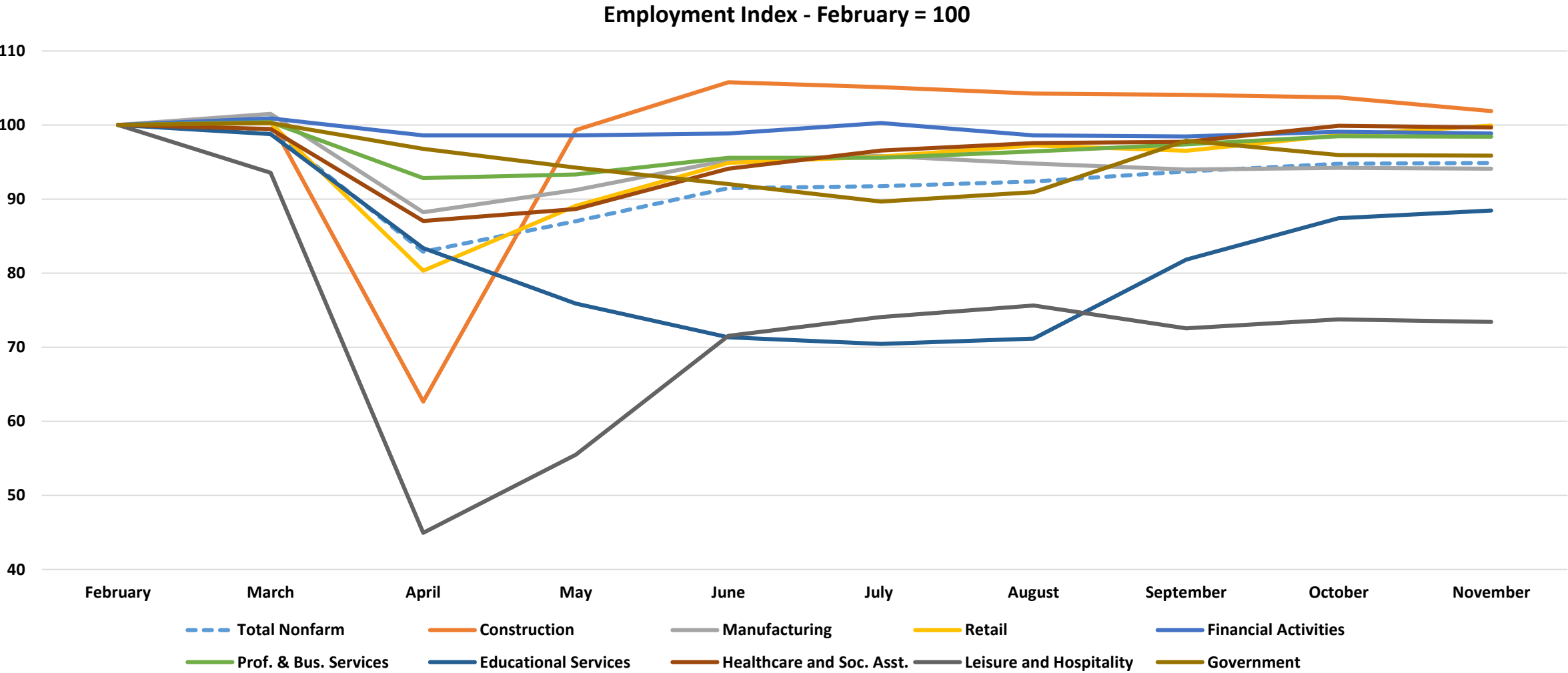
Indexing the Pittsburgh MSA's Leisure and Hospitality employment by month against the U.S. shows that the region has continued to lag the nation in the percentage of industry jobs recovered. While the index in the Accommodation and Food Services sector has slowly increased since June, the Arts, Entertainment and Recreation sector has seen its employment index drop from 79 in July to 57 in November, meaning that employment is down by more than 40% 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 17 points in October.

Leisure and Hospitality Employment Index - February = 100

— 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

The Bureau of Labor Statistics recently released the first data from the Quarterly Census of Employment and Wages (QCEW) data series following the pandemic related downsizings. Based on Unemployment Compensation filings, QCEW has much more detailed information on employment by geographic area and industry. According to the following table, Beaver, Greene and Washington Counties experienced the largest drop in employment between June 2019 and June 2020, while Butler performed the best. The wage drop in most counties was not as severe in most counties reinforcing the fact that the drop was greatest among lower paying jobs. Conversely, the decrease in wages in Beaver and Green Counties was larger than the employment drop due to a disproportionate impact on Construction and Energy jobs. Fortunately, the number of establishments remained stable.
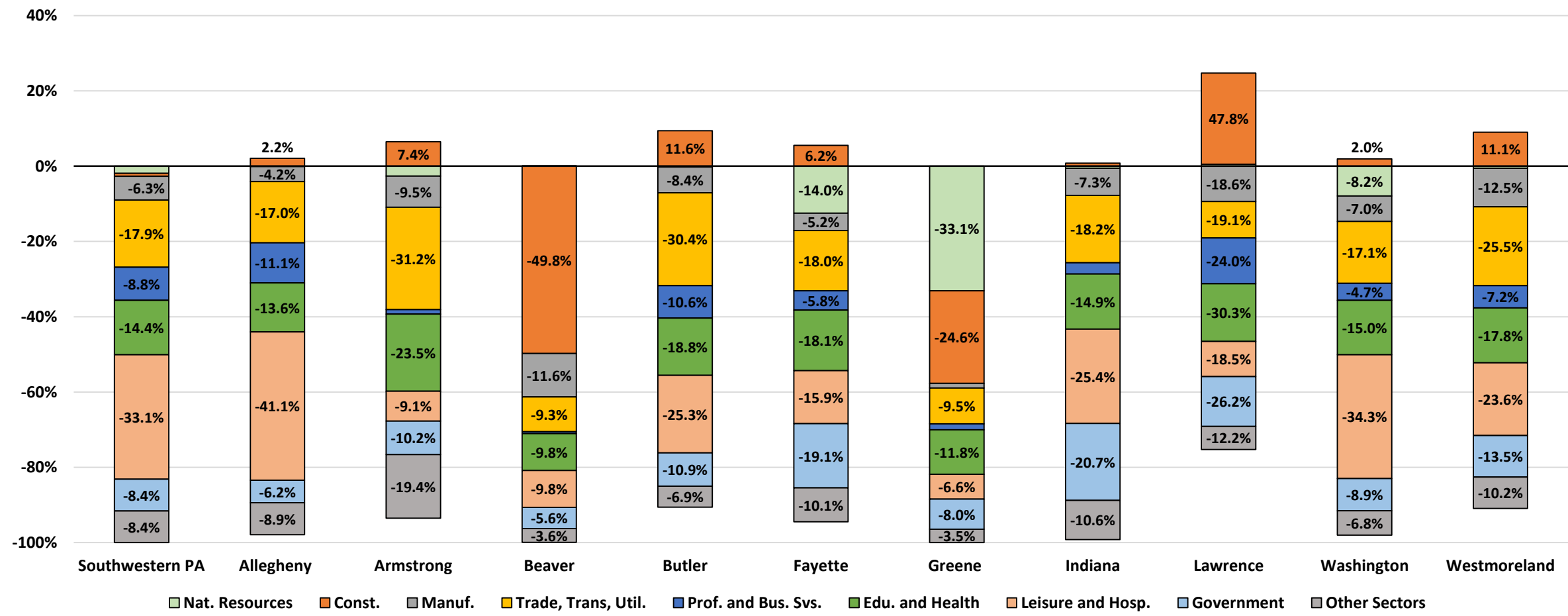
Year over Year Change in Employment - June 2019 to June 2020
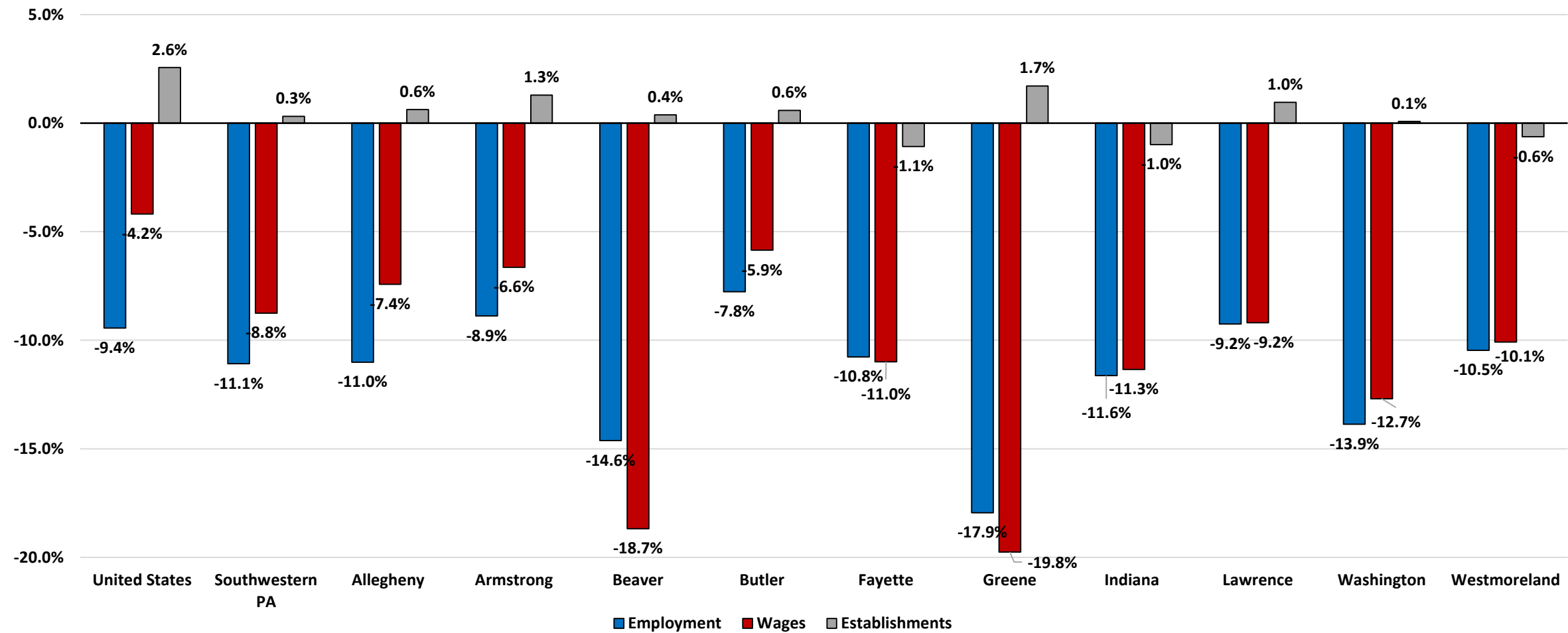
Source: BLS Census of Employment and Wages

The change in employment by major industry grouping showed great variation by county. While Leisure and Hospitality accounted for one-third of the year over year employment drop in the ten-county region, it accounted for a much greater percentage of the loss in Allegheny County than in any other county (-41.1%). Trade, Transportation & Utilities accounted for the greatest share of job losses in Armstrong, Butler and Westmoreland Counties, while half of the loss in Beaver County was largely attributable to the temporary shutdown of construction at the Shell Cracker. Greene County's drop was dominated by Natural Resources and Construction. Indiana and Washington's drop largely reflected broader regional trends while much of the loss in Lawrence County was partially offset by year over year gains in Construction.

Employment Change Contribution by Industry – June 2019 to June 2020

Source: BLS Census of Employment and Wages