

# Pittsburgh Region Employment Update December

Released February 4, 2020

# Key Findings

- The Pittsburgh MSA had a 7.2% drop in employment between December 2019 and December 2020 as the region shed 86,300 jobs, similar to the year over year drop recorded in October and November. 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 – 67.8% vs. 64.8%. 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 3.0 in November. Eight of the 15 benchmark regions had regained a higher percentage of jobs as of December compared to just three in September.
- After regaining jobs for seven consecutive months, the Pittsburgh MSA lost 5,300 jobs between November and December, largely driven by the reimposition of restaurant restrictions and seasonal contractions in Construction and Educational Services. The nation, along with the Peer and Aspirational benchmark regions also saw total employment drop over the period.
- The overall drop in employment in the Pittsburgh MSA between February and December (-5.5%) is slightly greater than the U.S. drop (-4.8%). However, Leisure and Hospitality (-32.0%), Educational Services (-17.0%), Mining and Logging (-16.1%) and Information (-13.0%) performed the worst when compared to the national averages in February to December change. All but Information lost ground over November.
- Nationally, the employment rebound has been driven by the Leisure and Hospitality and Retail industries, which account for 50.4% of jobs added since the April trough. In the Pittsburgh MSA, however, those two industries accounted for just 38.6% of the rebound. Healthcare and Social Assistance and Construction were much more critical to the region's rebound than the nation. Healthcare represented 21.4% of the jobs regained, more than any other industry.

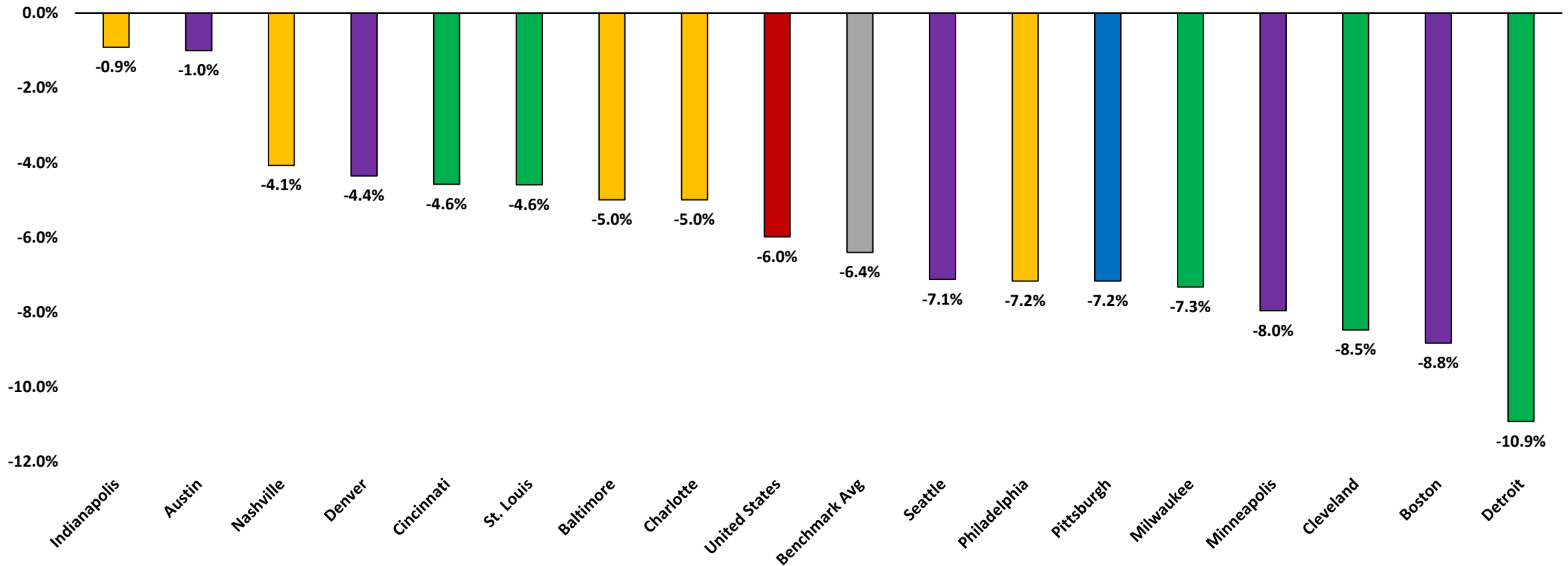
# Key Findings (cont'd)

- As of December 2020, 58% of Pittsburgh's employment shortfall was in Leisure and Hospitality, compared to 49% nationally. This is up significantly from August, when one-third of the MSA's employment loss was in Leisure and Hospitality compared to 29% nationally. Educational Services also account for a disproportionate share of the shortfall in the region, more than twice the level nationally, but its share has not changed dramatically since August.
- 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 and Healthcare and Social Assistance now exceed pre-pandemic employment levels, while Financial Activities and Professional and Business Services are within few points. Construction, the first industry to exceed pre-pandemic employment levels had now trailed off, keeping with past seasonal trends. Educational Services also experienced a seasonal contraction, while Leisure and Hospitality now trailed off to its lowest level since May with employment being two-thirds of what it was in February.
- **Outlook** - *After steadily adding jobs each month since employment bottomed out in April, the region experienced a loss between November and December as new restrictions were imposed on restaurants and the Construction and Educational Services sector experienced seasonal contractions consistent with past years. While the nation, and many benchmark regions also experienced employment losses, Pittsburgh is seeing its rebound beginning to stagnate as other markets catch up. In September, just three benchmark regions had regained a higher percentage of jobs; by December eight regions had. Furthermore, the gap between the national percentage and the Pittsburgh MSA shrunk by nearly eight percentage points to just three over the same period.*

*As 2020 ends and 2021 begins, it has become increasingly evident that while the region as a whole is in a recession, the Leisure and Hospitality sector is in a depression. Retail and Healthcare and Social Assistance employment are now higher than pre-pandemic levels while Financial Activities and Professional and Business Services are within a few percentage points. However, Leisure and Hospitality have seen little recovery since June. While much of this is due to the challenges faced by the restaurant industry, the Arts, Entertainment and Recreation sector has seen employment drop continuously since July. Trends will likely not change in the coming months as a result of the cold weather, but with the emerging distribution of a vaccine, and the approach of spring, a slow recovery can begin which will benefit regional employment as a whole.*

The Pittsburgh MSA had a 7.2% drop in employment between December 2019 and December 2020 as the region shed 86,300 jobs, similar to the year over year drops recorded in October and November. 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**



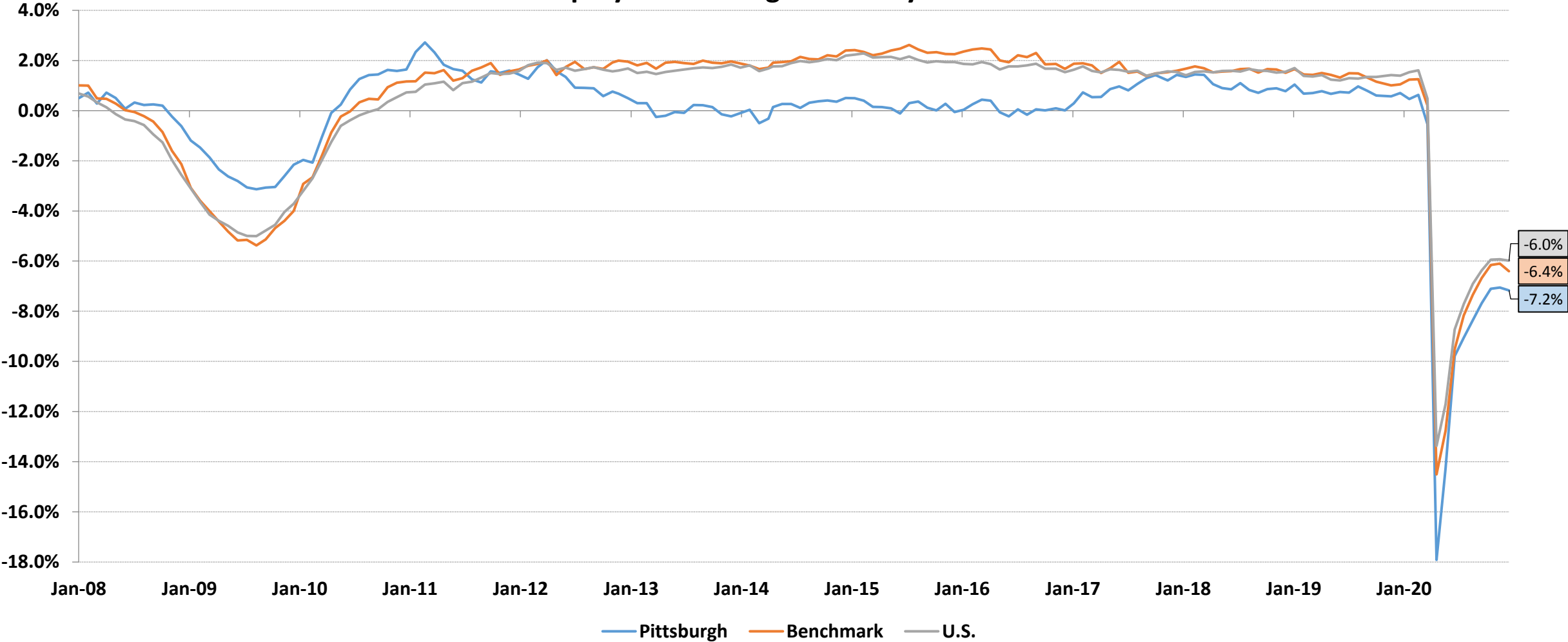
**Green**=Peer Markets  
**Purple**=Aspirational Markets  
**Orange**=Competitive Markets

**Source:** BLS Current Employment Statistics, December 2020, preliminary

February 2021

Since October, the year over year drop in employment has stopped shrinking and stabilized in the -6% to -7% range indicating the recovery is stalling. The Pittsburgh MSA has trailed the nation by 1.1 to 1.4 percentage points in year over year employment change since June 2020.

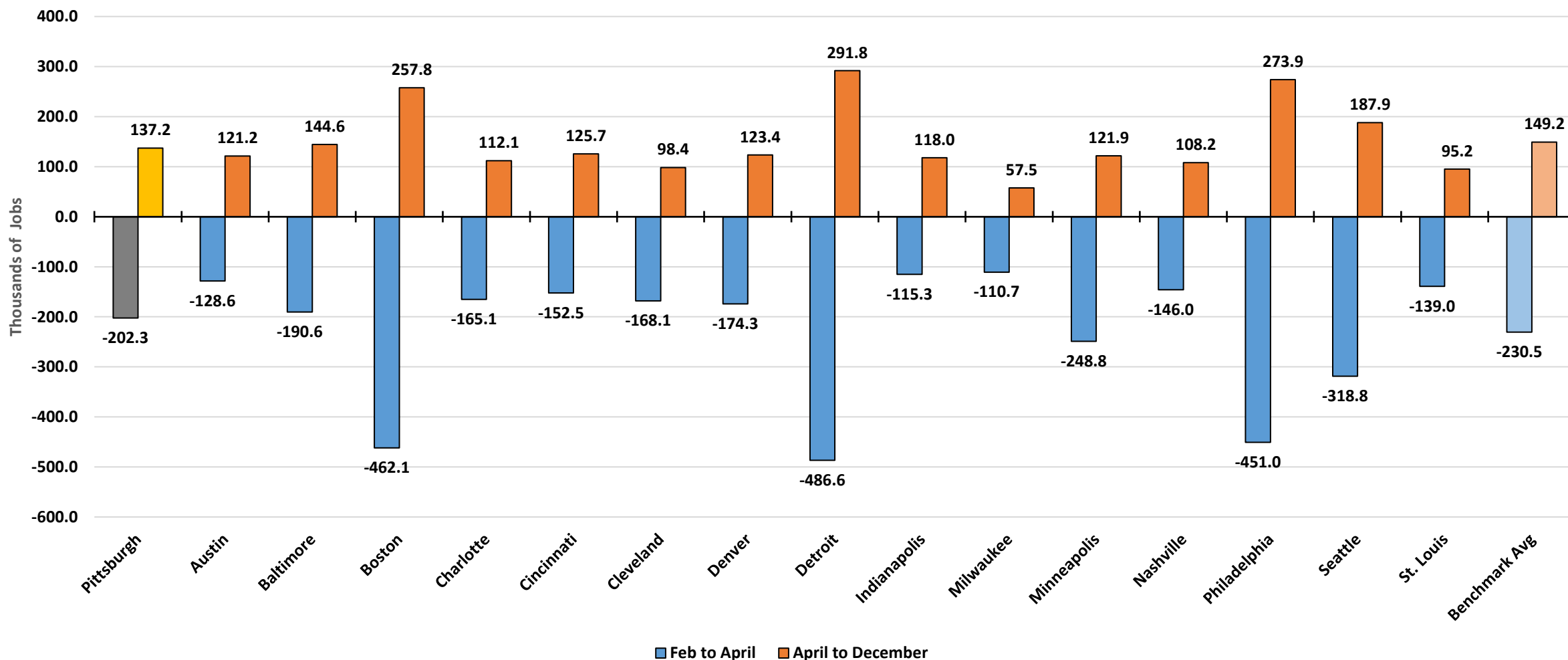
### Year over Year Employment Change - January 2008 to December 2020



Source: BLS Current Employment Statistics

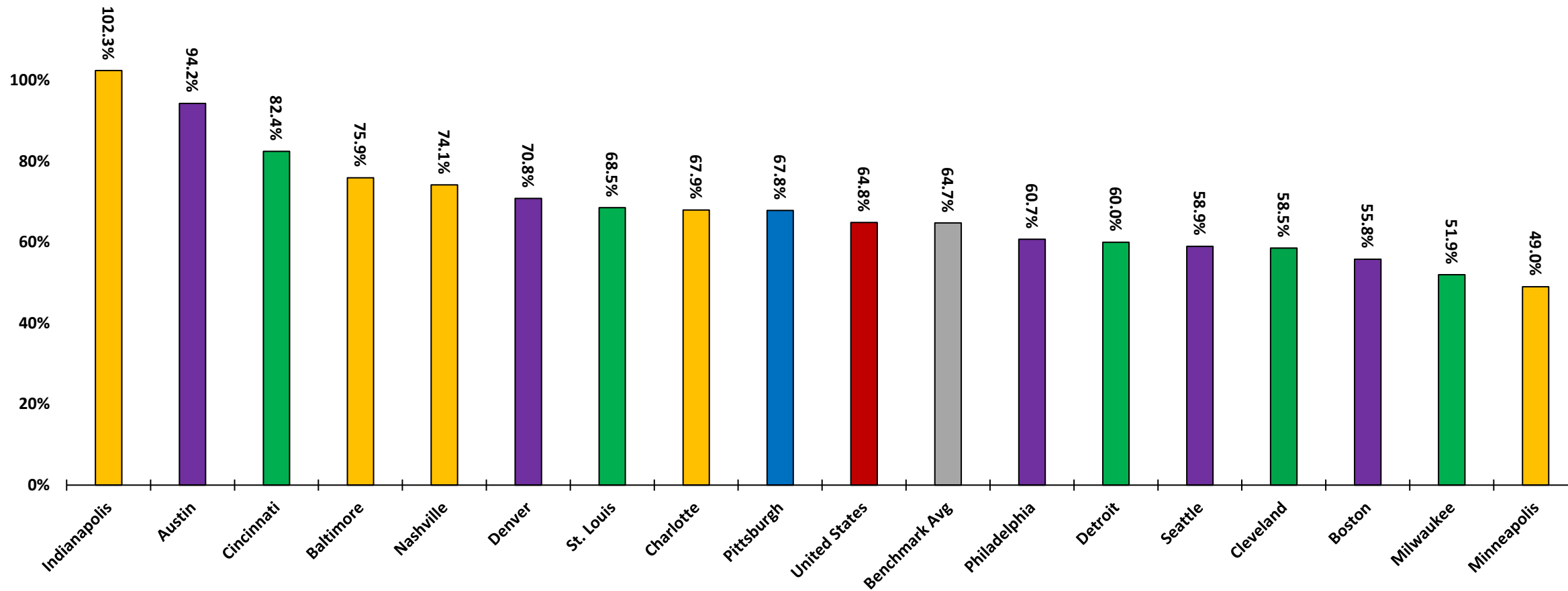
After shedding 202,300 jobs between February and April, the Pittsburgh MSA regained 137,200 of those jobs through December, this represents a drop from 142,500 jobs regained through November. Five benchmark regions have gained more jobs, although they all experienced larger drops between February and April due to their larger employment base.

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



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 eight benchmark regions in December compared to just three in September. Furthermore, 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 3.0 in December.

Pct. of Job Loss Regained From April to December



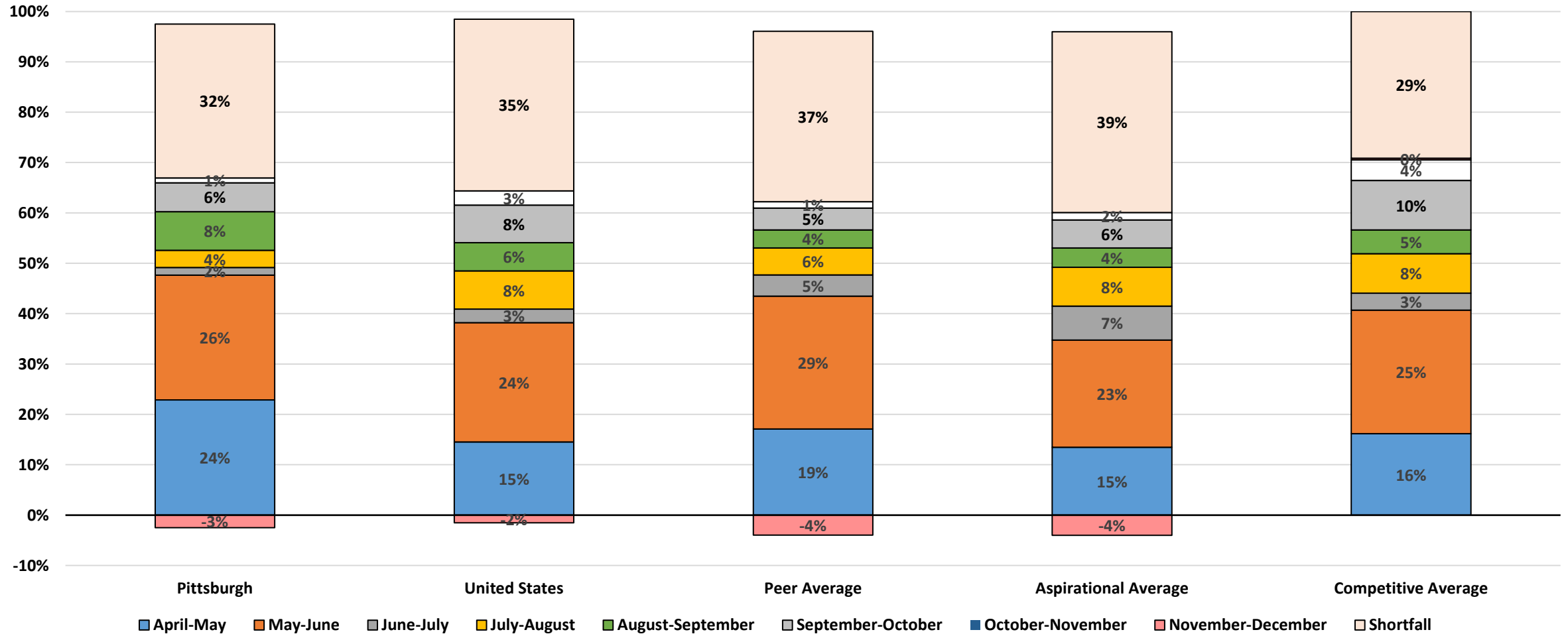
**Green**=Peer Markets  
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Source: BLS Current Employment Statistics

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The Pittsburgh MSA saw employment drop by 5,300 between November and December, given back 3% of the of the total jobs regained since April. This was not unique to Pittsburgh as the nation and Peer and Aspirational benchmark regions also saw employment fall during the month.

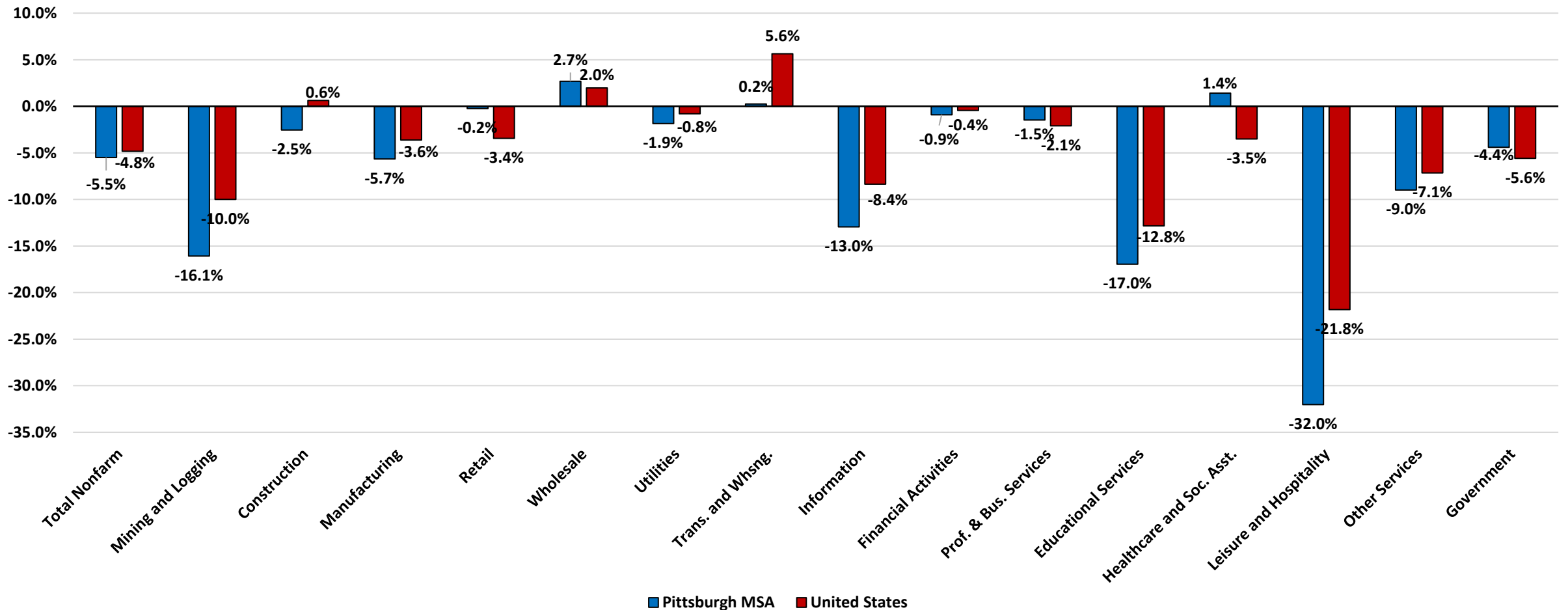
**Pct. of Jobs Recovered by Month**





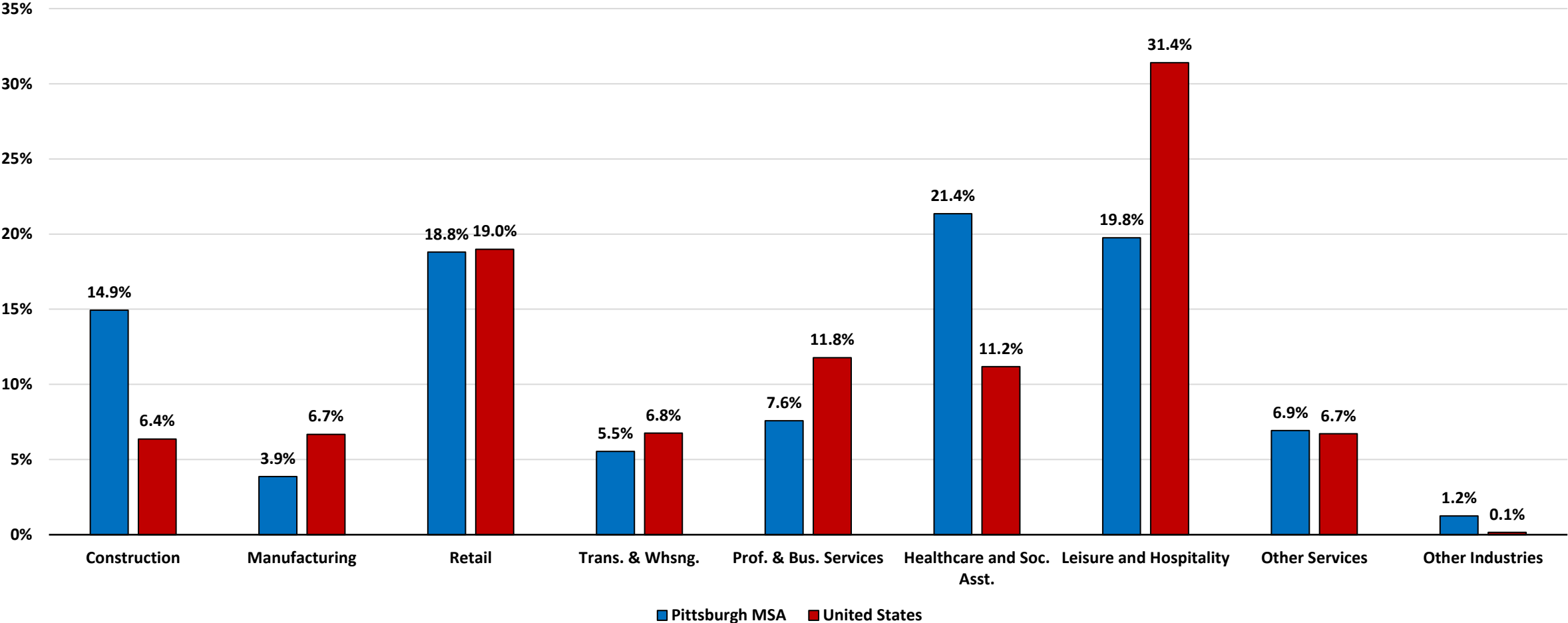
The overall drop in employment in the Pittsburgh MSA between February and December (-5.5%) is slightly greater than the U.S. drop (-4.8%). However, Leisure and Hospitality (-32.0%), Educational Services (-17.0%), Mining and Logging (-16.1%) and Information (-13.0%) performed the worst when compared to the national averages. All but Information lost ground over November. In addition, Construction which had been a critical growth driver for much of the rebound slipped into negative territory as a result of seasonal contractions. Retail Trade, Wholesale Trade, and Healthcare and Social Assistance performed the best compared to the nation.

**February to December Pct. Change in Employment**



Nationally, the employment rebound has been driven by the Leisure and Hospitality and Retail industries, which account for 50.4% of jobs added since the April trough. In the Pittsburgh MSA, those two industries accounted for just 38.6% of the rebound. Healthcare and Social Assistance and Construction were much more critical to the region's rebound than the nation. Healthcare accounted for 21.4% of the jobs regained in Pittsburgh, more than any other industry.

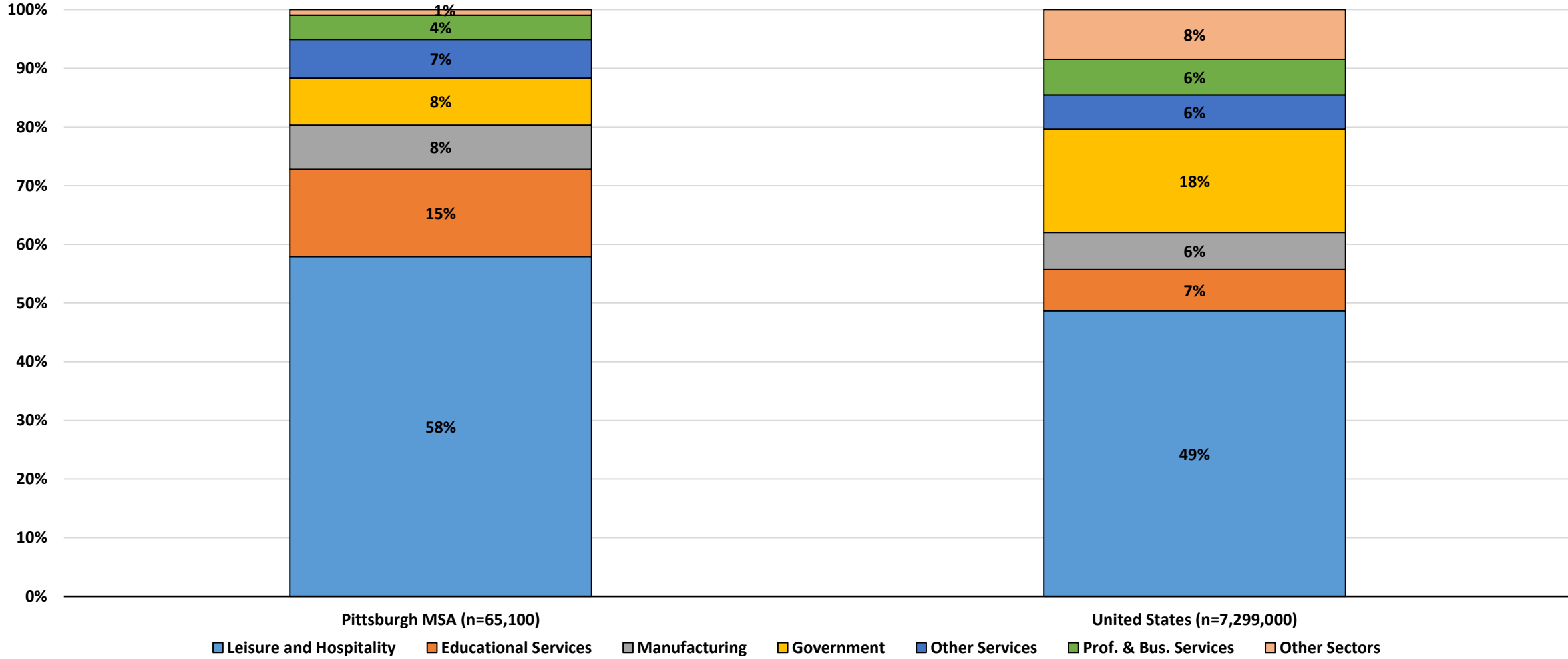
**Contribution to April - December Employment Gain (pct. of total change)**



Source: BLS Current Employment Statistics

As time passes, it becomes even more evident that this downturn is increasingly becoming one focused on the Leisure and Hospitality industry. As of December, 58% of the employment shortfall since February in the Pittsburgh MSA is in Leisure and Hospitality, compared to 49% nationally. This is up significantly from August, when one-third of the MSA’s employment loss was in Leisure and Hospitality compared to 29% nationally. Educational Services also account for a disproportionate share of the shortfall in the region, more than twice the level nationally, but its share has not changed dramatically since August. Conversely, Government represents significantly higher shares of the jobs lost nationally since February than in the Pittsburgh MSA.

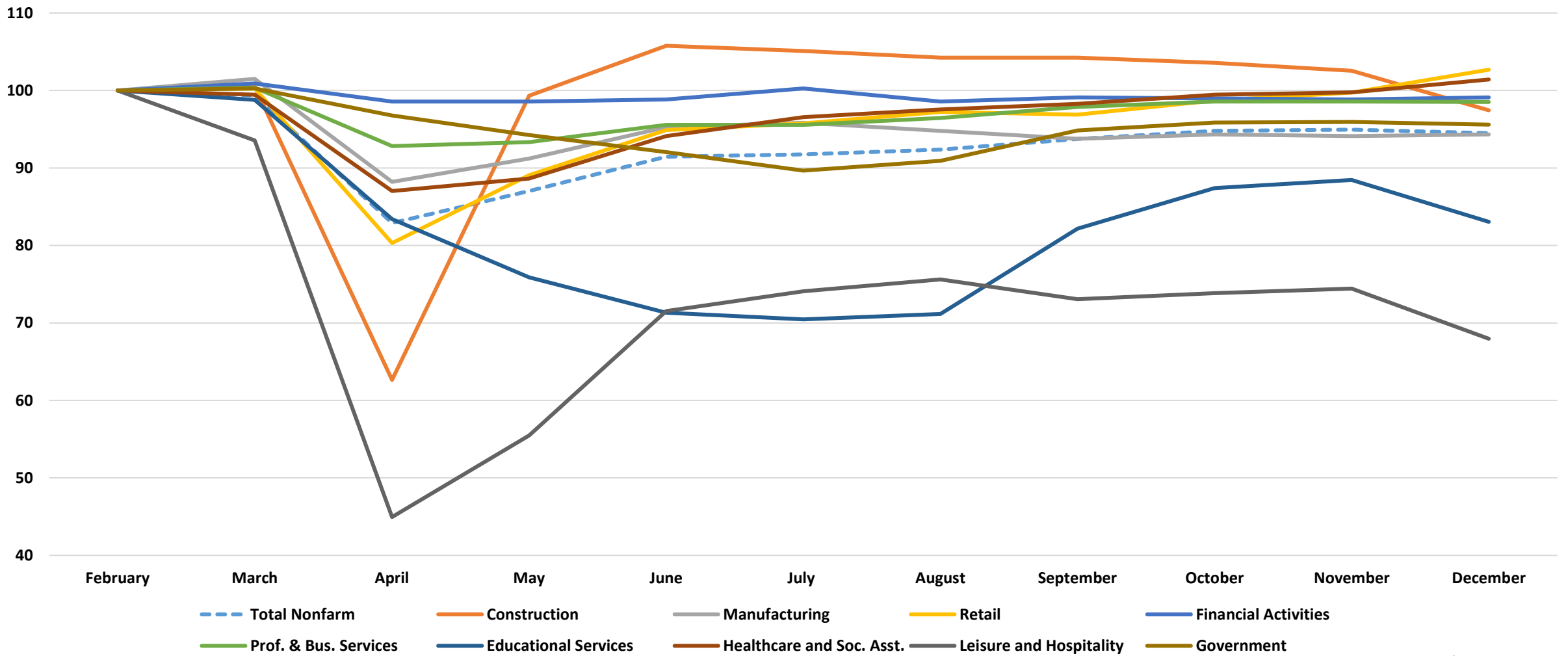
**Current Employment Shortfall By Industry**



Source: BLS Current Employment Statistics

Indexing employment by month for Pittsburgh’s largest industries show that most have been able to maintain employment within 10% of February levels. In fact, Retail and Healthcare and Social Assistance now exceed pre-pandemic employment levels, while Financial Activities and Professional and Business Services are within few points. Construction, the first industry to exceed pre-pandemic employment levels had now trailed off, keeping with past seasonal trends. Educational Services is also experiencing a seasonal contraction following its fall rebound while Leisure and Hospitality has fallen to its lowest level since May with employment being two-thirds of what it was in February.

**Employment Index - February = 100**



Source: BLS Current Employment Statistics

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 stabilized in the late summer and fall, employment dropped in December as dining restrictions were reimposed. The Arts, Entertainment and Recreation sector has seen its employment index drop from 79 in July to 63 in December, meaning that employment is down by nearly 40% since February.

**Leisure and Hospitality Employment Index - February = 100**

