



Pennsylvania Economy League
of Greater Pittsburgh

An affiliate of the Allegheny Conference

Pittsburgh Region Employment Update February 2021

Released April 1, 2021

Key Findings

NOTE: The Monthly Employment Update uses the U.S. Bureau of Labor Statistics' Current Employment Statistics (CES) data series as its primary source. While it offers the advantage of providing current monthly data, as an employer-based survey, it is also subject to revision as additional information is collected in subsequent surveys.

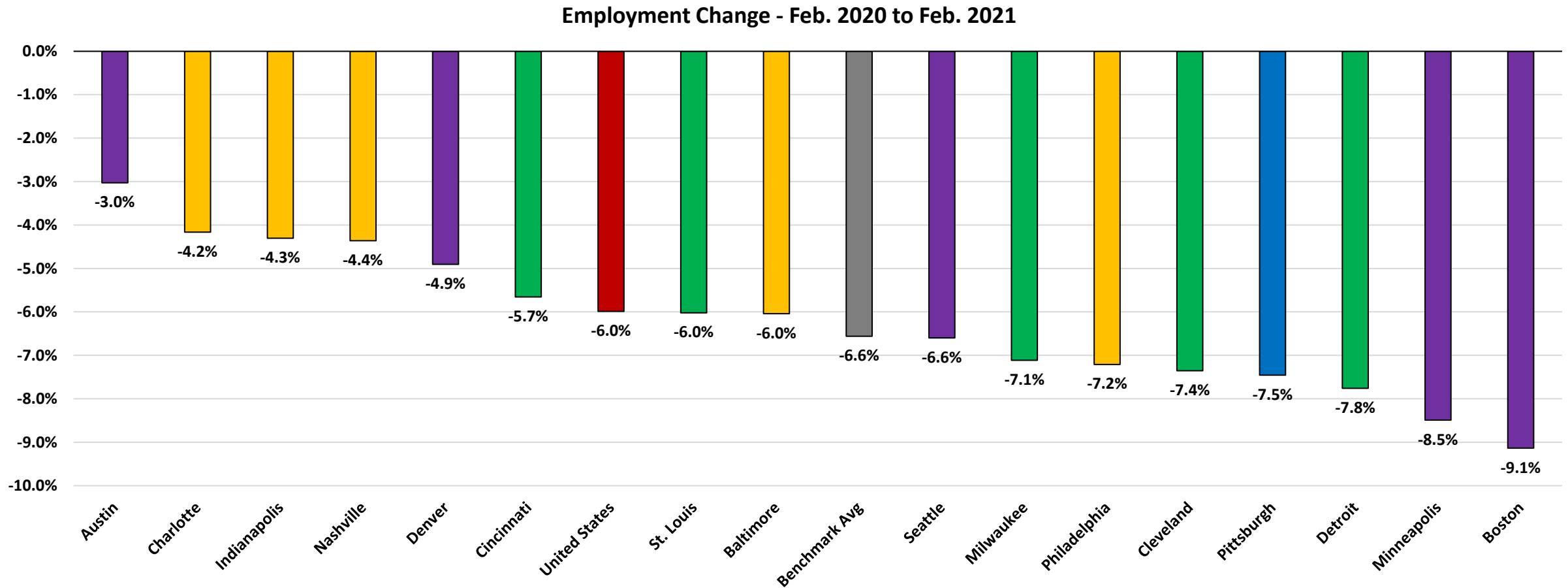
- February 2020 represented the last pre-pandemic employment data release. A year later, in February 2021, the Pittsburgh MSA had a 7.5% drop in employment between February 2020 and February 2021 as the region shed 87,800 jobs. This was similar to the year-over-year drops recorded for the past six months. Furthermore, the region continues to rank among the bottom of the benchmark regions in year-over-year change with only three regions showing a larger drop in employment.
- Following the Spring 2020 economic downturn at the beginning of the pandemic and subsequent recovery period in the summer, the Pittsburgh MSA, the United States and the benchmark regions have settled into relatively consistent year over year change since Fall 2020. While the Pittsburgh MSA has consistently trailed the U.S. and Benchmark Regions in year over year change, the region has slowly closed the gap in the past several months. The 1.5 percentage point shortfall compared to the U.S. is the smallest it has been since March 2020, while the 0.9 percentage point shortfall compared to the Benchmark regions is the smallest it has been since October 2019.
- The Pittsburgh MSA experienced larger employment losses than the U.S. during February 2021 in most industries. Mining and Logging, Wholesale Trade, Other Services, Construction and Leisure and Hospitality performed the worst compared to the nation. Conversely, Transportation and Warehousing gained jobs in the region, compared to a loss nationally, while Educational Services, Government and Healthcare and Social Assistance experienced smaller drops than the nation.
- According to the monthly employment index, Educational Services has rebounded from its seasonal decline in December and January, while Government and Leisure and Hospitality experienced slight upticks in employment. However, both Construction and Retail continued their seasonal declines while most other major industries had steady employment.

Key Findings (cont'd)

- Food Services and Drinking places account for three-fourths of the region's Leisure and Hospitality employment and as a result drives the trends for the industry as a whole. Employment has rebounded slightly, following the expiration of the holiday season restrictions, although employment is still lower than it was last fall. Arts, Entertainment and Recreation has performed well compared to the U.S. and its February rebound brings employment to 87% of pre-pandemic levels. Unfortunately, the Accommodations sector continues to be hard hit, with employment since November stuck at less than half of pre-pandemic levels.
- The Leisure and Hospitality industry continues to bear the brunt of the lost jobs in the region. Pre-pandemic, it accounted for roughly 10% of the jobs in the Pittsburgh MSA, but as of February 2021, it accounted for 32% of the employment shortfall, slightly below the shortfall nationally. Other Services and Construction account for a disproportionate share of the shortfall compared to the nation. Nationally, Government has significantly higher share of the jobs lost since February 2020 than in the Pittsburgh MSA.
- ***Outlook – It is no surprise that Groundhog Day occurs in February since the February 2021 employment report was pretty much the same as previous months as the recovery has pretty much stalled at both the regional and national level. The year over year employment change in the Pittsburgh region has been steady in the –7.5% to –8.6% range for the past six months, a decrease exceeded by only a handful of other benchmark regions. Fortunately, the gap has been shrinking between the region's performance and those of the benchmark regions and the U.S.***

Leisure and Hospitality has continued to struggle with employment stuck below the levels recorded in the summer and continues to hamper a full recovery. However, optimism continues to prevail for a pick-up in hiring levels in the spring with the continued vaccine rollout (currently about one-fifth of the region's adult population have been fully vaccinated) and the further roll back on restaurant restrictions. Next month's employment report will mark the first in which the year-over-year comparisons will reflect the pandemic economy which will mean a return to year-over-year employment gains. However, the real indicator of the regional economy will be how Spring 2021 employment compares to Spring 2019.

The Pittsburgh MSA had a 7.5% drop in employment between February 2020 and February 2021 as the region shed 87,800 jobs, similar to the year-over-year drops recorded for the past six months. However, the region continues to rank among the bottom of the benchmark region in year-over-year change with only three regions showing a larger drop in employment.



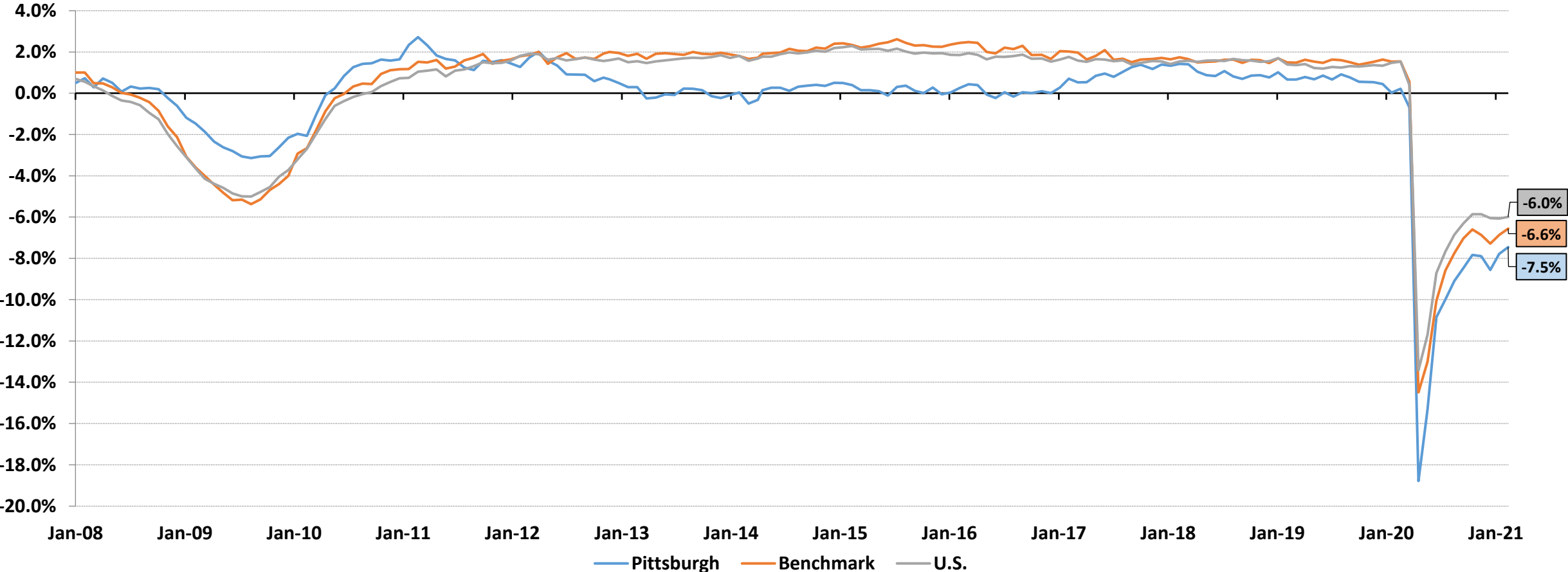
Green=Peer Markets
Purple=Aspirational Markets
Orange=Competitive Markets

Source: BLS Current Employment Statistics, February 2021, preliminary

April 2021

Following the Spring 2020 economic downturn at the beginning of the pandemic and subsequent recovery period in the summer, the Pittsburgh MSA, the United States and the benchmark regions settled into relatively consistent year-over-year change since Fall 2020. While the Pittsburgh MSA has consistently trailed the U.S. and Benchmark Regions in year-over-year change, the region has slowly closed the gap over the past several months. The 1.5 percentage point shortfall compared to the U.S. is the lowest it has been since March 2020, while the 0.9 percentage point shortfall compared to the Benchmark regions is the smallest it has been since October 2019.

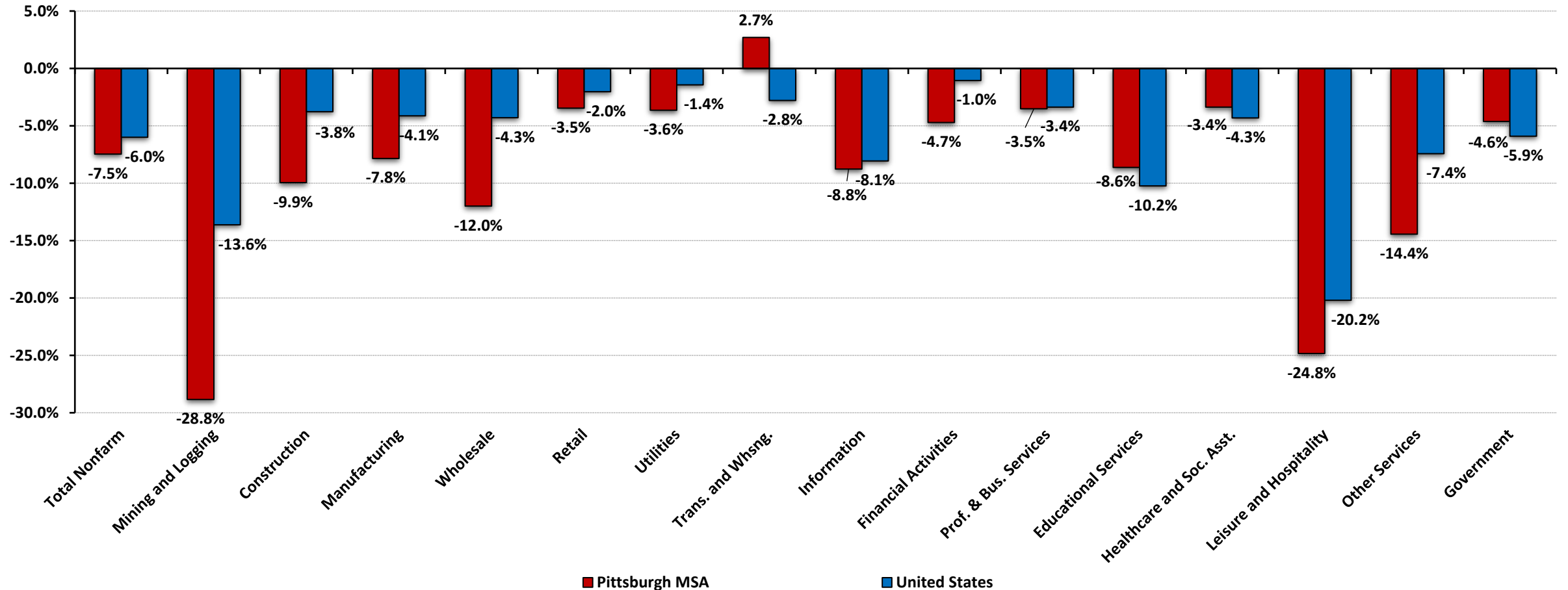
Year-Over-Year Employment Change - January 2008 to February 2021



Source: BLS Current Employment Statistics

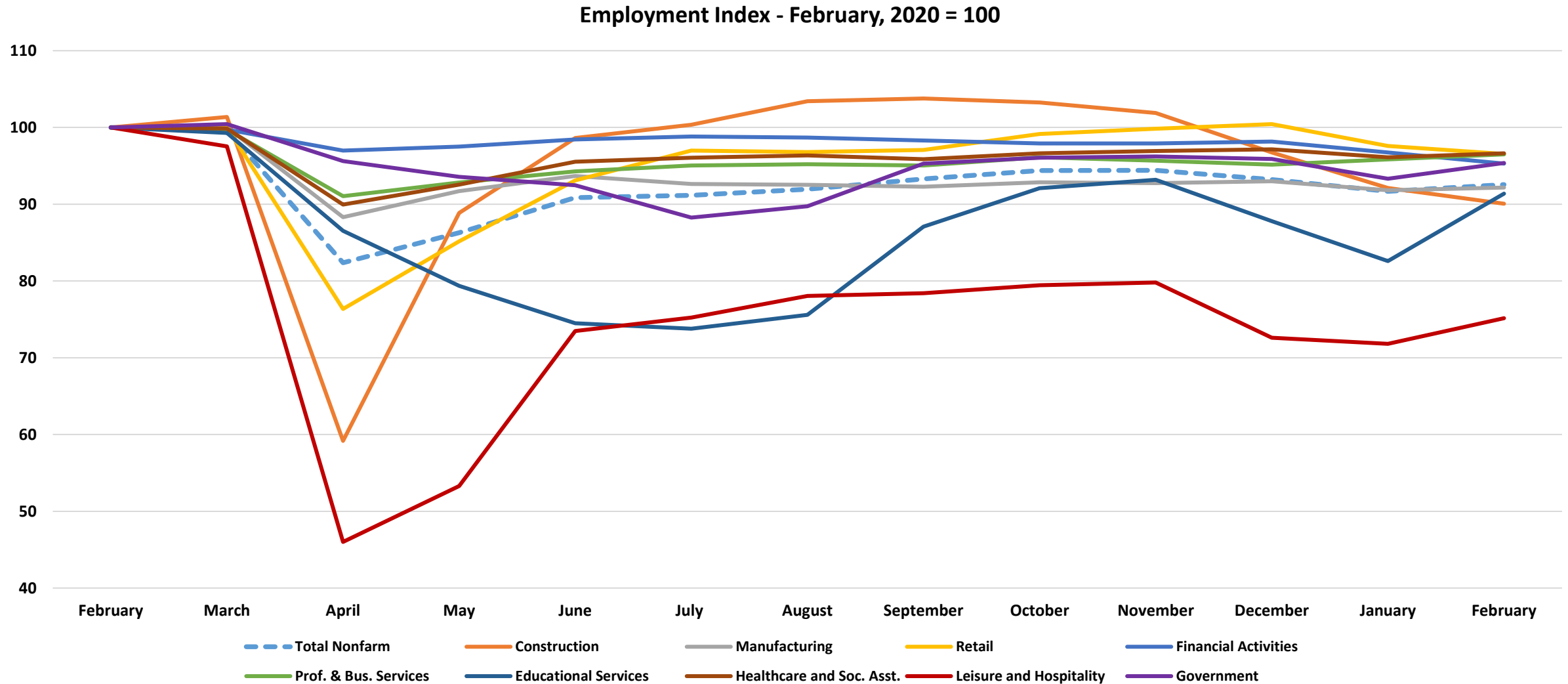
The Pittsburgh MSA experienced larger employment losses in most industries during February than the U.S. Mining and Logging, Wholesale Trade, Other Services, Construction and Leisure and Hospitality performed the worst compared to the nation. Conversely, Transportation and Warehousing gained jobs in the region, compared to a loss nationally, while Educational Services, Government and Healthcare and Social Assistance experienced smaller drops.

Year-Over-Year Employment Change – February 2020 to February 2021



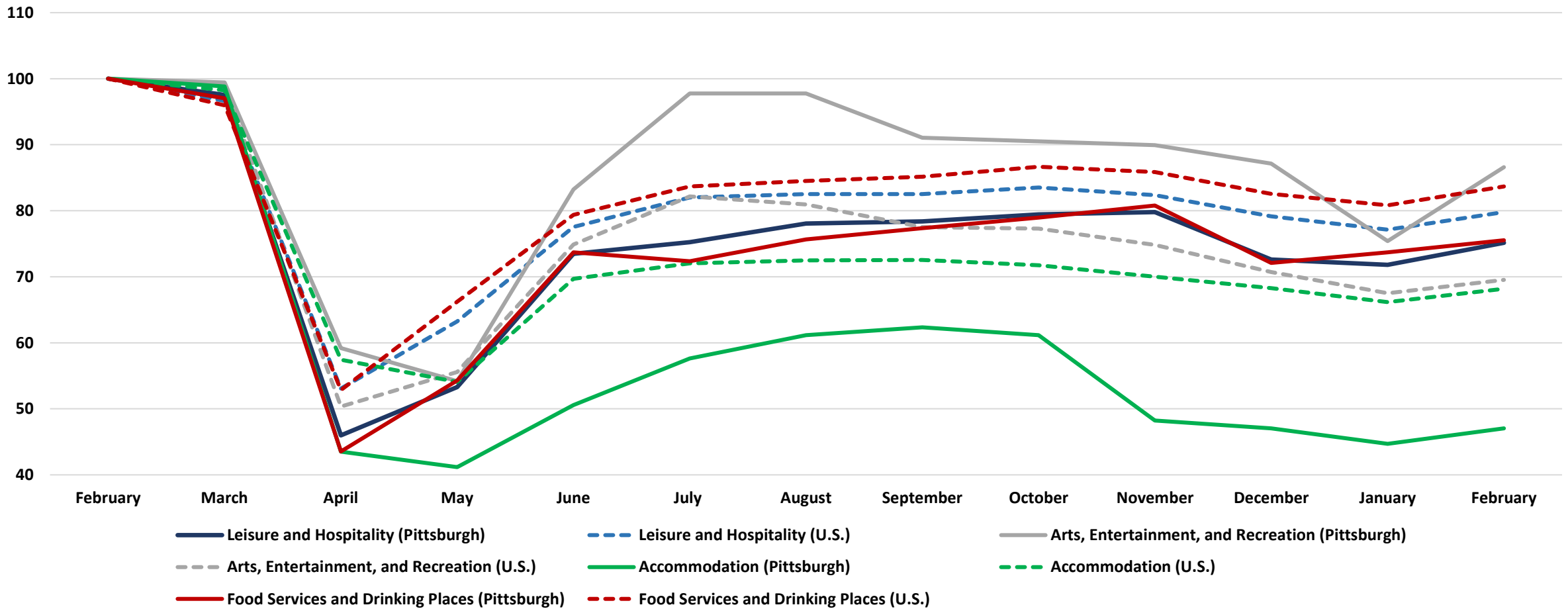
Source: BLS Current Employment Statistics, February 2021, preliminary

As seen in the following chart, Educational Services has rebounded from its seasonal decline in December and January. Meanwhile Government and Leisure and Hospitality experienced slight upticks. However, both Construction and Retail continued their seasonal declines while most other major industries were had steady employment.



Food Services and Drinking places account for three-fourths of the region's Leisure and Hospitality employment and as a result drives the trends for the industry as a whole. Since holiday dining restrictions were lifted, employment has rebounded slightly although employment is still lower than what was last fall and has consistently trailed the U.S. performance. Further easing of restrictions in April should help continue this trend. Arts, Entertainment and Recreation has performed well compared to the U.S. and its February rebound brings employment to 87% of pre-pandemic levels. Unfortunately, the Accommodations sector has not been as lucky. Its performance has been the weakest compared to U.S. trends and following a moderate summer rebound, has seen employment falling to less than half of pre-pandemic levels.

Leisure and Hospitality Employment Index - February, 2020 = 100



The Leisure and Hospitality industry continues to bear the brunt of the lost jobs in the region. Pre-pandemic, it accounted for roughly 10% of the jobs in the Pittsburgh MSA, but as of February 2021, accounted for 32% of the employment shortfall, slightly below the shortfall nationally. Other Services and Construction account for a disproportionate share of the shortfall compared to the nation. Nationally, Government has significantly higher share of the jobs lost since February 2020 than in the Pittsburgh MSA.

