

# Southwestern Pennsylvania Quarterly Vitals

## October – December 2023

### Key Takeaways

**Southwestern Pennsylvania's unemployment rate last November decreased by 1.2 percentage points year-over-year.** This decrease in unemployment was greater than both the national and benchmark averages.

**Absorption in the industrial real estate sector showed strength, increasing over 300% from Q4 2022.** While industrial construction decreased, the rental rate per square foot increased over 10%. Overall, however, real estate indicators decreased across the board, registering year-over-year decreases in rental rate per square foot, vacancy, absorption, and construction.

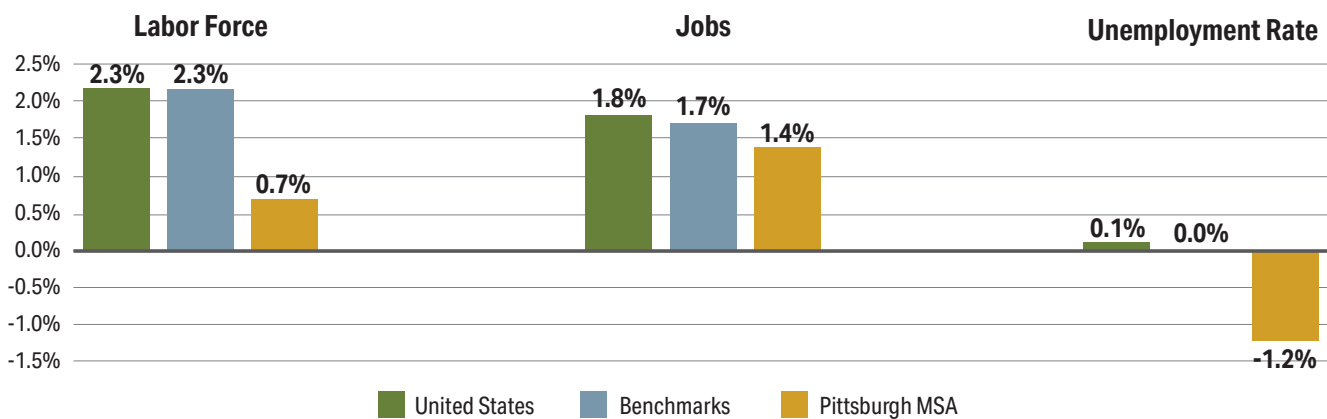
**Monthly downtown and cultural district visitors neared pre-pandemic levels in recent months,** drawing upwards of 90% of the traffic they did in December 2019. Air travel shows resilience with monthly air passengers increasing 12.5% year-over-year.

**Since its launch in August and through the end of December 2023, IndexPGH has more than 20,400 views.** IndexPGH is a one-of-its-kind dashboard tracking information on the vibrancy, economy, safety and cleanliness of downtown Pittsburgh. This data will help to prioritize future improvement efforts and investments.

### Workforce

Southwestern Pennsylvania's labor force grew 0.7% year-over-year from November 2022, but this increase lagged the displayed growth of the national and benchmark average at 2.3% each. Payroll employment showed growth year-over-year in the Pittsburgh MSA; however, it was slightly below both the national and benchmark averages. The Pittsburgh MSA's unemployment rate decreased by 1.2 percentage points while both the average of benchmark MSAs and the United States saw increases in unemployment rate during the same span

#### One-Year Change by Workforce Indicator (November 2023)

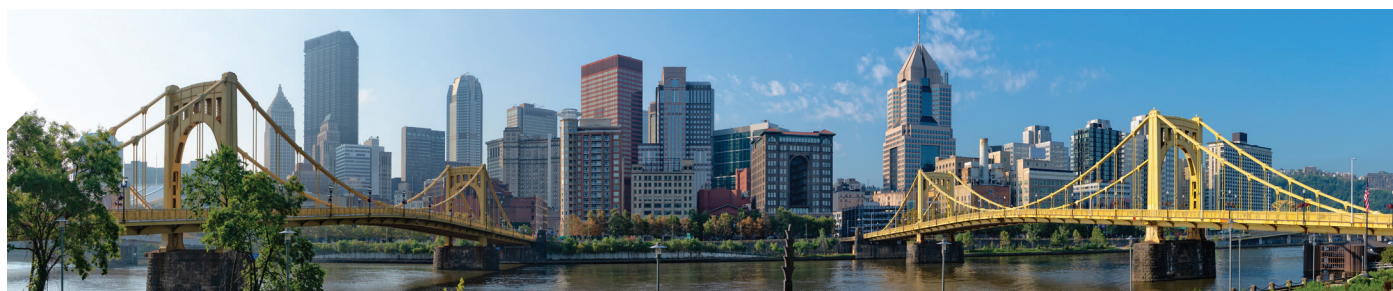


Between October and December 2023, there were over 74,000 job postings in the Pittsburgh MSA, 8.0% less year-over-year. This decrease is smaller than the nation or benchmark figures.

## Workforce (continued)

Workforce Indicators – November 2023				
	Pittsburgh MSA		United States	Benchmark Total
	Value	YOY Change	YOY Change	YOY Change
Labor Force	1,179,276	0.7%	2.3%	2.3%
Payroll Employment	1,184,300	1.4%	1.8%	1.7%
Unemployment Rate	2.9%	-1.2%	0.1%	0.0%
Job Postings (Oct. 23 – Dec. 23)	74,467	-8.0%	-21.0%	-25.3%

Data current as of 1/10/24, the Unemployment Rate reflects the non-seasonally adjusted rate.  
Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Current Population Survey; Lightcast (datarun 2023.4)



## Business Conditions

Real estate indicators showed mixed signs in the fourth quarter of 2023, with office indicators declining across the board while industrial indicators showed some growth. Year-over-year office rental rates have decreased slightly while vacancy rates declined 0.4 percentage points. The fourth quarter of 2023 saw negative absorption for office square footage, meaning that more square footage had been vacated than occupied over the last quarter.

The average industrial rental rate increased a robust 17.7% year-over-year while vacancies have increased slightly, and construction has decreased 69% over the last year. Industrial absorption showed a strong increase of over 300% year-over-year.

The air travel industry saw mixed signs over the last year, with monthly passenger traffic increasing 12.5% from November 2022 while cargo declined 8.2% year-over-year.

Business Indicators – Pittsburgh Metro			
	Value	YOY Change	
Real Estate (2023 Q4)	Office rate (\$)	\$25.08	-0.1%
	Office vacancy (%)	15.1%	-0.4ppts
	Office absorption (SF)	-111,000	-202.5%
	Office construction (SF)	603,000	-57.5%
	Industrial rate (\$)	\$9.18	17.7%
	Industrial vacancy (%)	4.4%	0.3ppts
	Industrial absorption (SF)	1,434,902	390.7%
	Industrial construction (SF)	1,100,000	-69.0%
Air Travel (Nov. 2023)	Monthly Total Passenger* traffic	784,337	12.5%
	YTD Cargo* traffic (lbs.)	154,468,655	-8.2%

Data current as of 1/10/24  
ppts = percentage points  
\* Passenger traffic sum total of passengers enplaned and deplaned at Pittsburgh International Airport.  
Cargo is the sum total of mail and freight enplaned and deplaned at Pittsburgh International Airport  
Source: CBRE, Pittsburgh International Airport

## Regional Business Headline Highlights

[Pittsburgh downtown information site looks to add more data](#)

*Pittsburgh Business Times – October 10, 2023*

[IUP opens \\$90 million science building](#)

*Pittsburgh Post-Gazette – November 6, 2023*

[LifeX won a \\$2 million economic development grant](#)  
*PittWire – November 16, 2023*

[New \\$143 million grant punches the ticket for Pennsylvania rail improvements](#)

*NEXTpittsburgh – December 14, 2023*

## COVID-19 Recovery

COVID-19 Recovery Indicators				
		Pittsburgh	United States	Benchmark
Total Economy (Nov. 2023)	Labor Force Recovered	95.2%	102.3%	102.2%
	Jobs Recovered	97.8%	103.6%	103.6%
	Air Passengers Recovered	97.1%	N/A	N/A
	Monthly Visitors Downtown*	90.9%	N/A	N/A
Tourism (Quarter 4)	Seated Diners Recovered*	93.0%	99.0%	N/A
	Hotel Occupancy	94.0%	95.0%	N/A
	Hotel RevPAR	121.0%	115.0%	N/A
	Cultural District Visitors*	95.0%	N/A	N/A

Data current as of 1/22/24

\* December 2023

Note: Labor Force recovered and Jobs recovered is measured as a percentage of the relevant metric during the same period in 2019 prior to the onset of the pandemic. Air Passengers and Monthly Visitors Downtown recovered measures the change from the same month in 2019. For seated diners recovered, the metric is a percentage of the value same day of the week a year ago. Hotel data are for Allegheny County only.

RevPAR is revenue per available room

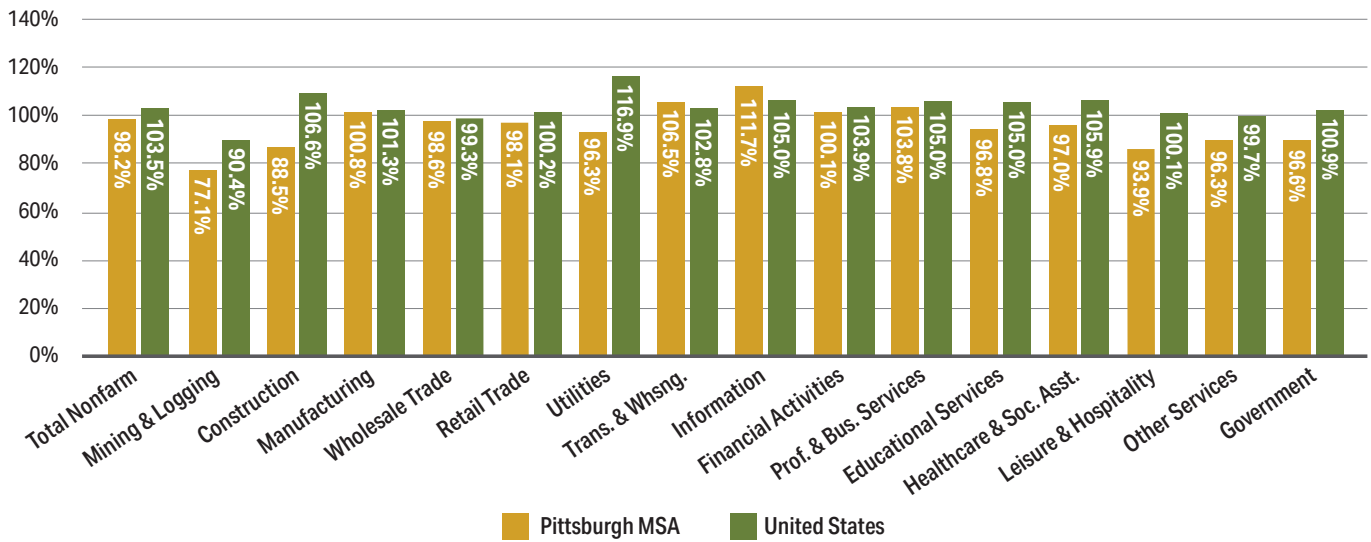
Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Current Population Survey; Pittsburgh International Airport; OpenTable, VisitPITTSBURGH

In terms of economic recovery from the COVID-19 pandemic, Pittsburgh is improving, but not as much as the nation or benchmark metros. All regional economic indicators are upwards of 90% whereas the nation and benchmarks are past 100%. For tourism, monthly downtown and cultural district visitors still lag what they were pre-pandemic but are performing better than previous months, each drawing upwards of 90% of the traffic they did in December 2019. Hotel RevPAR was the outstanding metric, showing 121% growth since Q4 2019 compared to 115% for the nation.

Almost all industries in the Pittsburgh region have yet to fully recover from the pandemic, with only five showing at least full recovery: Manufacturing, Transportation and Warehousing, Information, Professional and Business Services, and Financial Activities. Of the industries that haven't recovered, almost all have recuperated more than 90% of their previous employment, except for Mining and Logging which has only recovered 77.1% of its 2019 employment. Nationally, only three sectors have not seen full recovery: Mining and Logging, Retail, and Other Services, each of which have recovered a greater percentage of previous employment nationally than the Pittsburgh MSA.

# COVID-19 Recovery (continued)

## Shortfall by industry – Percent of Industry Employment Recovered from November 2019



Source: Bureau of Labor Statistics



## Quarterly Focus: IndexPGH – a dashboard tracking the vital signs of downtown Pittsburgh

IndexPGH is a dashboard that was launched in August 2023 to offer data-grounded insights on the safety, economy, and vibrancy of downtown Pittsburgh and to help inform public and private sector leaders about where to prioritize attention and investment. Each section of the dashboard offers indicators and articles to contextualize the state of downtown. IndexPGH shares data from a variety of partners including the City of Pittsburgh, Pittsburgh Downtown Partnership, Pittsburgh Regional Transit, VisitPITTSBURGH, and others to show the current condition of Pittsburgh as well as month-over-month change. In the Economy section, visitors can view statistics about residential occupancy, residential units in pipeline, investment activity, as well as vacancy by class type. For Q4 2023, the percentage of total downtown residential housing units that are occupied was at 90% and 1,596 residential units were under construction or planned in greater downtown. Sign up at [IndexPGH.com](https://indexpgh.com) to receive the latest data and news on downtown Pittsburgh direct to your inbox.



A dashboard tracking the vital signs of downtown Pittsburgh.



# Quarterly Focus – Economy Indicators Q4 2023

vibrancy
economy
cleanliness + beautification
safety + public health

HOME

## economy index

A collection of indicators measuring the economic health of downtown Pittsburgh based on the latest available reporting periods and indexed stories.

ECONOMY INDICATORS
Q4 2023

0

### 90%

residential occupancy

0

### 1,596

residential units in pipeline

0

### \$200M

total investment actively underway

21.40% ▼

### 15%

commercial Class A vacancies

1.31% ▲

### 15%

commercial Class B vacancies

1.54% ▼

### 6%

retail vacancy

The data presented above is based on a quarter-over-quarter analysis, determining each indicator's percentage change.

FEATURED STORY

### Increasing Residential Options Supports Vision for a Downtown of the Future

read story



Analysis provided by the Pennsylvania Economy League of Greater Pittsburgh, an affiliate of the Allegheny Conference.