Pittsburgh Region Employment Update
Annual and December 2023

Released March 2024

Key Findings

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

- **From a low of 3.1% in July, the unemployment rate in southwestern Pennsylvania increased slightly through the end of 2023 and in December 2023 was 3.4%, lower than the state and the nation.** With the labor force and employment remaining steady, the changes in the unemployment rate are largely driven by a smaller pool of unemployed individuals. At the end of 2023, there were just 43,000 unemployed individuals in the region, nearly 10,000 fewer than at the end of 2022 and almost 18,000 lower than at the end of 2021.
    - While the national unemployment rate in December was comparable to February 2020, the region's unemployment rate is 1.4 percentage points lower. While all counties saw their unemployment rates fall below February 2020 levels, Greene, Fayette and Armstrong Counties had the largest drops. They are also the counties that have seen the largest population decreases since 2020.

- **While the national labor force returned to pre-pandemic levels during the second half of 2022, the region continues to lag.** Southwest Pennsylvania's labor force bottomed out in October 2021 at 94% of the February 2020 labor force but steadily rebounded reaching 97% of pre-pandemic levels in May 2022. It has since fluctuated in the 96% to 97% range.

- **The region's employment picture is further complicated by its Labor Force Participation rate** (the percentage of the civilian population employed or looking for work). Among prime working age adults (age 25 to 54), the Labor Force Participation rate is 86.3%. This is three percentage points higher than the nation and comparable to the benchmark average. **While a high Labor Force Participation rate can be viewed positively it also illustrates how tight the labor market is becoming.**

- **Over the course of 2023, employment in the seven-county Pittsburgh MSA averaged 1.16 million.** While this is more than 17,000 individuals higher than in 2023, it remains roughly 30,000 jobs below the 2019 annual average. While still below the record highs of 2019, **average annual employment in 2023 was comparable to employment levels recorded between 2012 and 2016.** Average annual employment in the Pittsburgh MSA increased year-over-year by 1.5% in 2023, placing it above six of its benchmark regions.

- While the Pittsburgh MSA trailed both the nation and the benchmark average in annual employment growth, **the MSA was able to narrow the gap from more than one percentage point in 2022 to between 0.8 and 0.4 percentage points respectively.**
    - The region's 1.5% increase in 2023, while a little more than half the 2.8% recorded in 2022, remains above prepandemic levels. While any growth of this magnitude is certainly encouraging it still represents "catching up" from the COVID downsizing more so than net new growth in the region and is likely to slow as the labor market tightens.

- On an annual basis, **only two industries showed decreases in annual employment – Construction (-2.7%),** which is being impacted by the completion of the Shell petrochemical complex and high interest rates, **and Professional and Business Services (-0.2%).** While all of the remaining industries showed increases in annual employment, **six regional industries grew faster than the nation – Manufacturing, Transportation & Warehousing, Information, Financial Activities, Educational Services and Other Services.**

- During December 2023, **the Pittsburgh MSA had a 1.1% increase in employment over December 2022, as the region gained 12,900 jobs.** While this trailed the U.S. and was comparable to the benchmark average increase, **the MSA outpaced eight of the region's 15 benchmark cities**.

Key Findings (continued)

- **Over the past two years, the Pittsburgh MSA has been experiencing steadily slowing year-over-year employment, decreasing from 3.9% in January 2022 to 1.1% in December.** This is to be expected as the region closes the gap with pre-pandemic employment levels and available workers in the region decrease.
  - While the 1.1% growth rate in December was among the lowest of the post-pandemic period, it remains above the rate recorded in much of the past decade. The gap between the region and the national and benchmark average growth rates has been below one percentage point since summer 2023.

- **Employment in the Pittsburgh MSA is 97.6% of what it was in February 2020**. While it represents an increase from 96.6% in December 2022, **the region still trails all benchmark regions.** In addition to the nation as a whole, nine of the 15 benchmark regions now exceed pre-pandemic employment levels, one more than December 2022.

- **In December 2023, Educational Services was the Pittsburgh MSA's strongest industry**, increasing 4.9% over December 2022, more than double the 2.0% increase nationally. **Healthcare and Social Assistance, another sector that had been struggling to rebound, also registered a strong 3.9% year-over-year increase**, although it did trail the nation.
  - Other industries outpacing the regional average include Leisure and Hospitality (2.2%), Government (2.1%), Utilities (1.9%), Other Services (1.7%) and Financial Activities (1.2%). Mining and Logging continued to lose employment, dropping 3.7%, as did Information (-2.8%), Construction (-1.6%) and Wholesale Trade (-0.7%).

- **Five industries in the Pittsburgh MSA have seen employment exceed pre-pandemic levels with Information leading, at 109.8% of December 2019 levels, the only sector to outperform the nation.** Transportation and Warehousing, Utilities, Educational Services and Professional and Business Services also are exceeding pre-pandemic levels, but lag the nation.
  - Mining and Logging continues to rank among the biggest laggards, while Construction has fallen to 87.5% of pre-pandemic employment levels as construction of the Shell petrochemical plant has come to an end and rising costs are impacting new development.

- **Employment in the Pittsburgh MSA in December 2023 was 28,200 less than in December 2019**. Over half of the shortfall can be attributed to just two industries – Construction (-7,600) and Healthcare and Social Assistance (-7,000).
  - Of the 7,000 job shortfall in Healthcare and Social Assistance, the bulk of the employment loss since 2019 is attributable to Hospitals (5,000). Within Leisure and Hospitality, 4,000 of the 5,200 employee shortfall can be attributed to Food Services and Eating and Drinking Places.

Outlook

As southwestern Pennsylvania hits three years since emerging from the pandemic, **there are numerous signs that the region is running out of workers.** While employment continues to see strong year-over-year employment growth relative to historic levels, there are challenges to deal with:

- **the region's population is not growing**
- **the labor force participation rate among prime working age adults (25 to 54) is three percentage points above the nation**
- **and the labor force is stuck at about 97% of pre-pandemic levels**

As a result, **the on-going employment growth is coming from the shrinking population of unemployed individuals** with the number in the region totaling just 43,100 among the lowest on record. As a result, while the gap continues to close between current and pre-pandemic employment, the rate is slowing. It is difficult to see where the region gets additional workers to support continued employment growth.

Fortunately, this shortfall is not endemic across all industries in the region, but largely concentrated in Construction, which is being impacted by the completion of the Shell petrochemical facility and high construction costs; Healthcare, primarily in Hospitals; Leisure and Hospitality, where eating and drinking establishments are still recovering from the pandemic; and Retail Trade, which is impacted by larger structural change in the industry.

While **additional employment gains are likely in 2024, the rate will be slowing with an unlikely reemergence over pre-pandemic levels.**

Unemployment Rate

From a low of 3.1% in July 2023, the unemployment rate in southwestern Pennsylvania increased slightly through the end of the year and in December 2023 was 3.4%, lower than the state and the nation. With the labor force and employment remaining steady, the changes in the unemployment rate are largely driven by a decreasing pool of unemployed individuals. At the end of 2023, there were just 43,000 unemployed individuals in the region, nearly 10,000 fewer than at then end of 2022 and almost 18,000 lower than at the end of 2021.
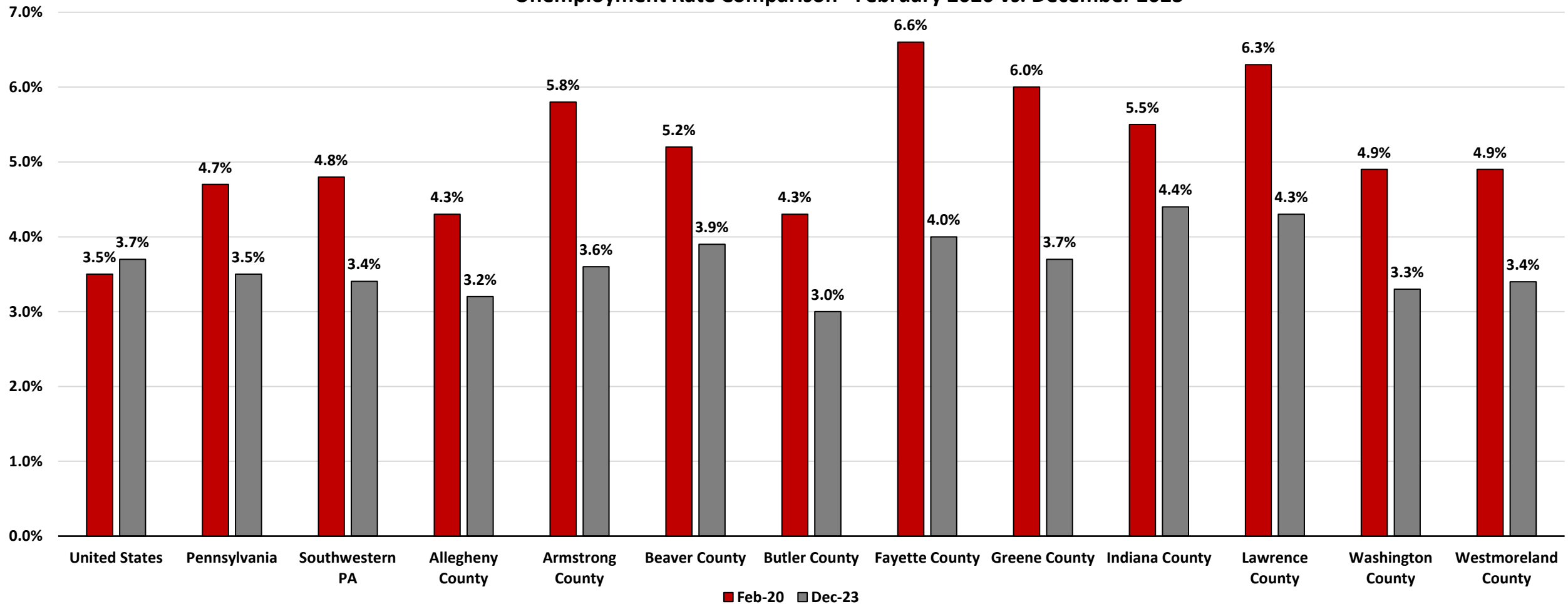
Monthly Unemployment - 2020 to 2023
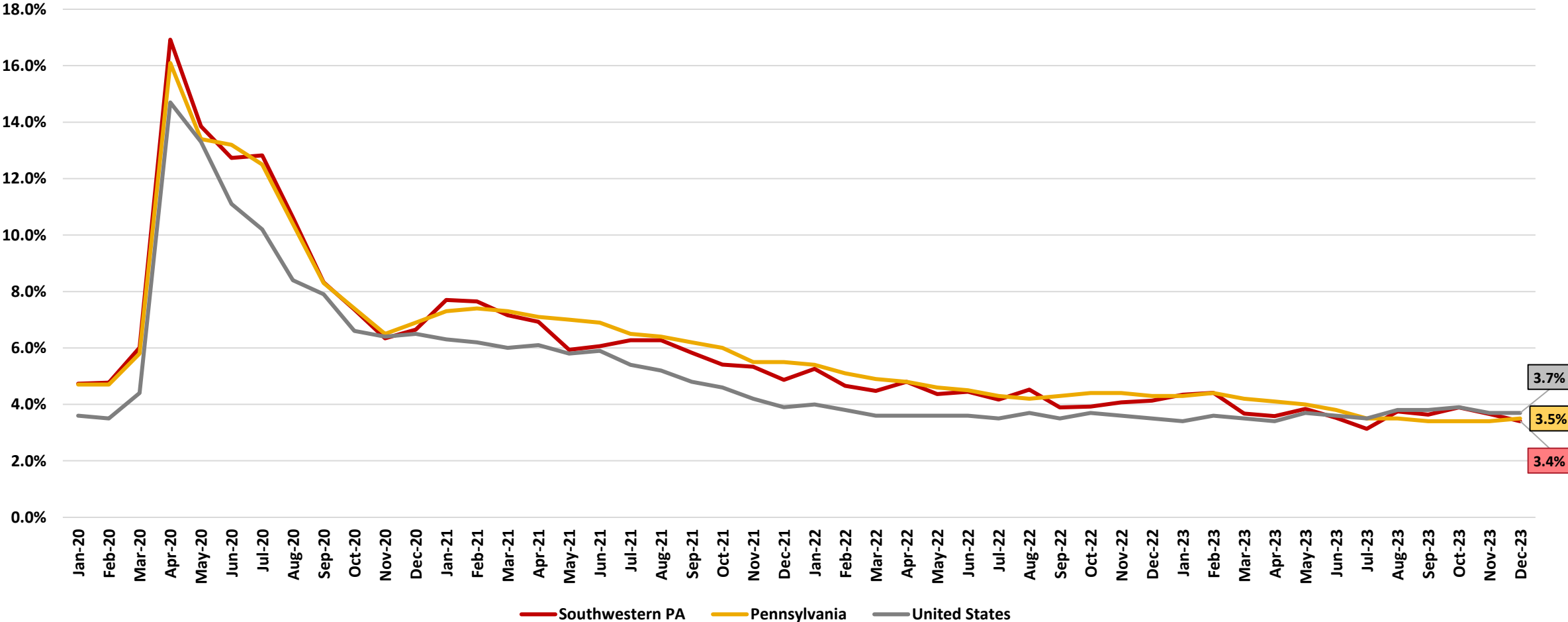
Source: Local Area Unemployment Statistics; Pennsylvania Department of Labor and Industry – Seasonally Adjusted
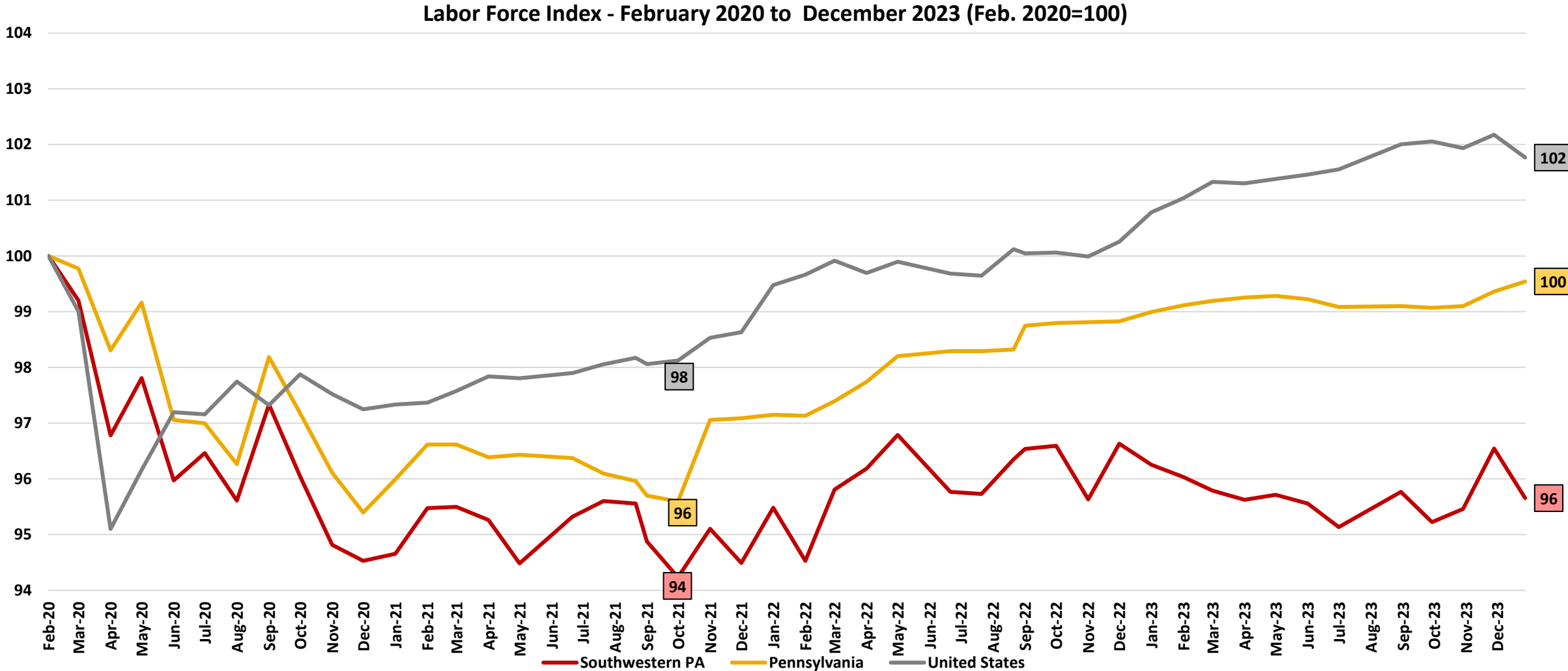
While the national unemployment rate in December 2023 was comparable to February 2020, the region's unemployment rate is 1.4 percentage points lower. While all counties saw their unemployment rates fall below February 2020 levels, Fayette, Greene and Armstrong counties had the largest drops. They are also the counties that have seen the largest population decreases since 2020. Indiana, Lawrence, Fayette and Beaver counties had unemployment rates higher than the nation while Butler County (3.0%) had the lowest rate.

Unemployment Rate Comparison - February 2020 vs. December 2023

County	Feb-20	Dec-23
United States	3.5%	3.7%
Pennsylvania	4.7%	3.5%
Southwestern PA	4.8%	3.4%
Allegheny County	4.3%	3.2%
Armstrong County	5.8%	3.6%
Beaver County	5.2%	3.9%
Butler County	4.3%	3.0%
Fayette County	6.6%	4.0%
Greene County	6.0%	3.7%
Indiana County	5.5%	4.4%
Lawrence County	6.3%	4.3%
Washington County	4.9%	3.3%
Westmoreland County	4.9%	3.4%

Source: Local Area Unemployment Statistics; Pennsylvania Department of Labor and Industry – Seasonally Adjusted

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While the national labor force returned to pre-pandemic levels during the second half of 2022, the region continues to lag. Southwestern Pennsylvania's labor force bottomed out in October 2021 at 94% of the February 2020 labor force but steadily rebounded reaching 97% of pre-pandemic levels in May 2022. It has since fluctuated in the 96% to 97% range since then.

Labor Force Index - February 2020 to December 2023 (Feb. 2020=100)

Legend: ■ Southwestern PA ■ Pennsylvania ■ United States

The region's employment picture is further complicated by its Labor Force Participation rate (the percentage of the civilian population employed or looking for work). Among prime working age adults (age 25 to 54), the Labor Force Participation rate is 86.3%. This is three percentage points higher than the nation and comparable to the benchmark average. Even among the larger 20 to 64 age group, the region's Labor Force Participation rate exceeds the nation – 80.4% to 78.9%.

Labor Force Participation Rate - 25 to 54 Years Old

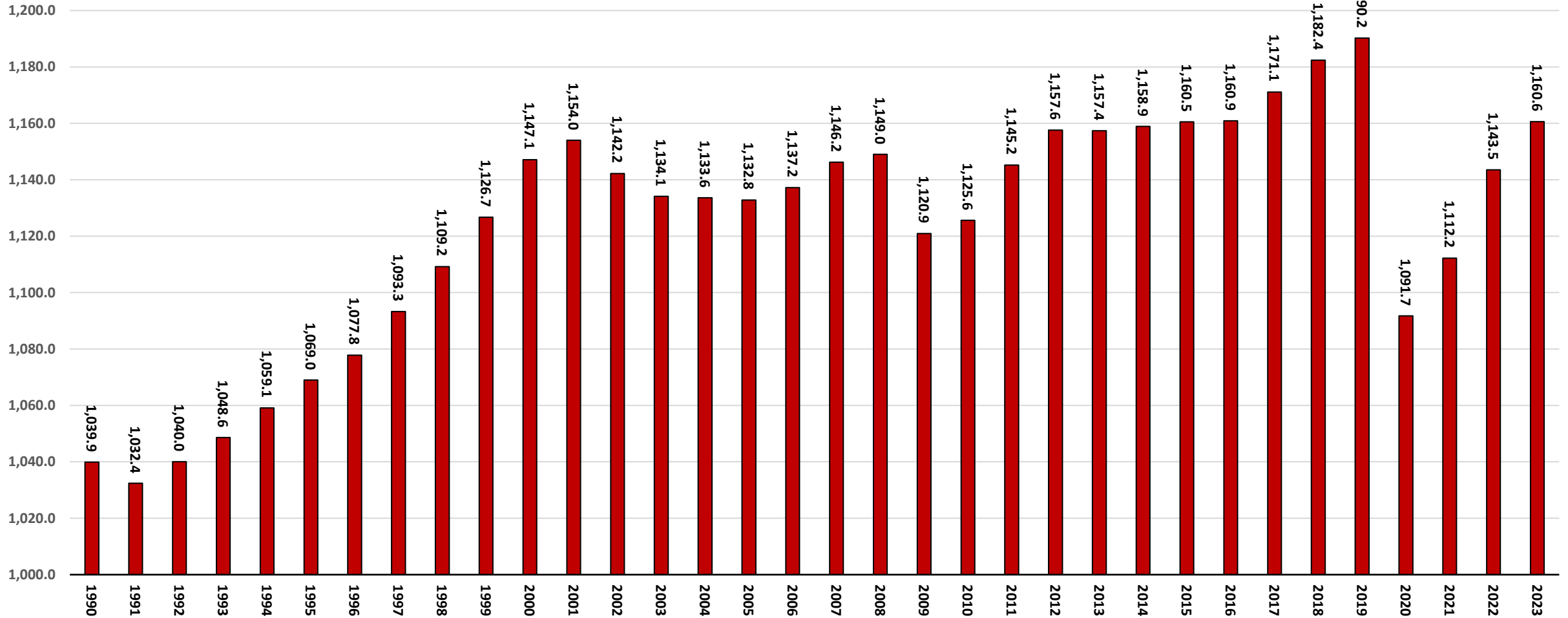| City	Rate
Minneapolis	89.2%
Denver	88.6%
Boston	88.0%
Austin	87.0%
Milwaukee	86.9%
St. Louis	86.6%
Baltimore	86.4%
Nashville	86.4%
Pittsburgh	86.3%
Charlotte	85.8%
Philadelphia	85.8%
Indianapolis	85.5%
Seattle	85.2%
Cleveland	85.0%
Cincinnati	84.8%
Detroit	82.4%

Benchmark Avg. - 86.2%

United States - 83.3%
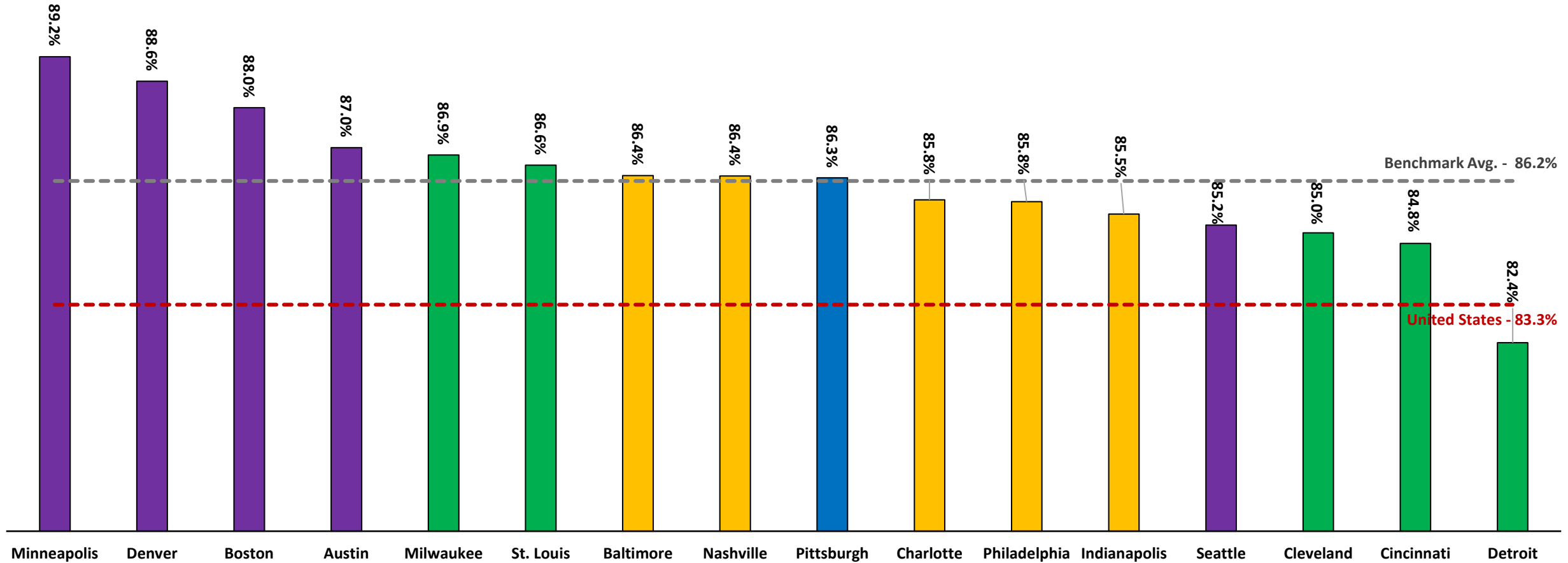
Green=Peer Markets
Purple=Aspirational Markets
Orange=Competitive Markets

Source: American Community Survey; U.S. Census Bureau, 2022 1-year estimates

2023 Annual Employment

In addition to monthly data, the Current Employment Statistics series also calculates an annual average employment that levels out seasonal fluctuations. Over the course of 2023, employment in the seven-county Pittsburgh MSA averaged 1.16 million. While this is more than 17,000 individuals higher than in 2023, it remains roughly 30,000 jobs below the 2019 annual average. Although still below the record highs of 2019, 2023's average annual employment was comparable to employment levels recorded between 2012 and 2016.

Average Annual Employment (000s) - Pittsburgh MSA - 1990 to 2023

Year	Value
1990	1,039.9
1991	1,032.4
1992	1,040.0
1993	1,048.6
1994	1,059.1
1995	1,069.0
1996	1,077.8
1997	1,093.3
1998	1,109.2
1999	1,126.7
2000	1,147.1
2001	1,154.0
2002	1,142.2
2003	1,134.1
2004	1,133.6
2005	1,132.8
2006	1,137.2
2007	1,146.2
2008	1,149.0
2009	1,120.9
2010	1,125.6
2011	1,145.2
2012	1,157.6
2013	1,157.4
2014	1,158.9
2015	1,160.5
2016	1,160.9
2017	1,171.1
2018	1,182.4
2019	1,190.2
2020	1,091.7
2021	1,112.2
2022	1,143.5
2023	1,160.6

Source: BLS Current Employment Statistics, Average Annual Employment

Average annual employment in the Pittsburgh MSA increased year-over-year by 1.5% in 2023, placing it above six of its benchmark regions. While there is a strong correlation between population growth and employment growth, Philadelphia ranked fifth among the regions in annual employment growth, outpacing fast growing regions like Denver and Seattle.

Annual Employment Change - 2022 to 2023
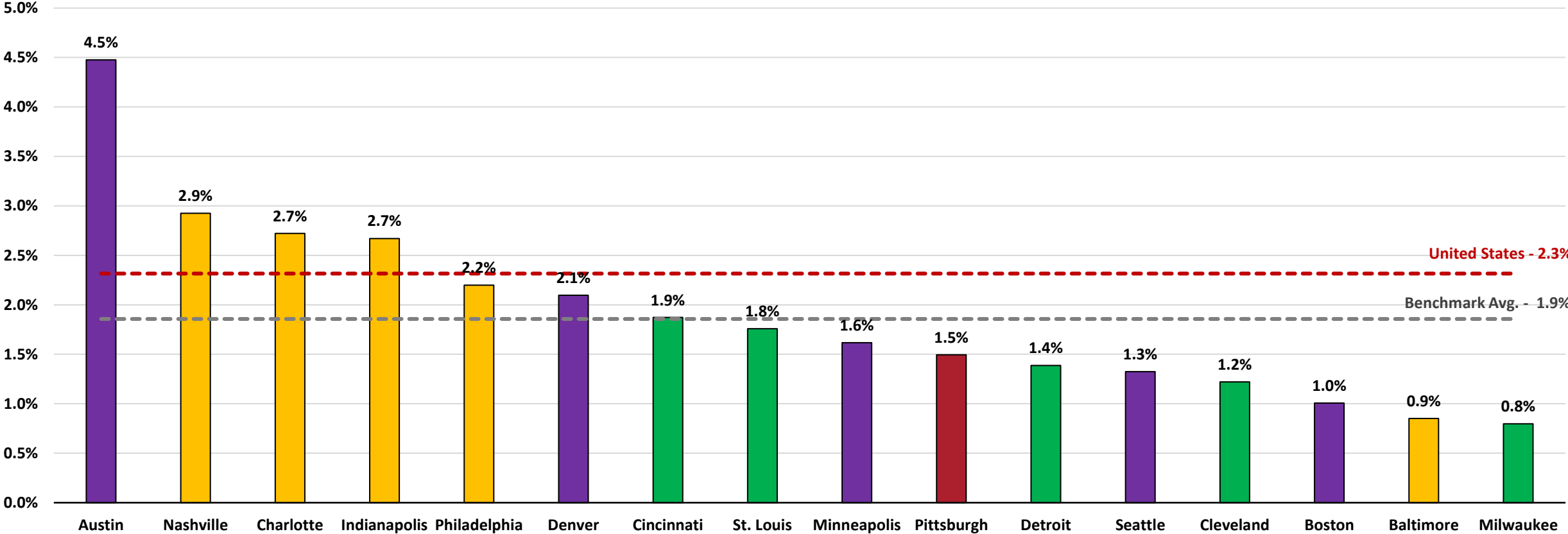
City	Value
Austin	4.5%
Nashville	2.9%
Charlotte	2.7%
Indianapolis	2.7%
Philadelphia	2.2%
Denver	2.1%
Cincinnati	1.9%
St. Louis	1.8%
Minneapolis	1.6%
Pittsburgh	1.5%
Detroit	1.4%
Seattle	1.3%
Cleveland	1.2%
Boston	1.0%
Baltimore	0.9%
Milwaukee	0.8%

United States - 2.3%

Benchmark Avg. - 1.9%

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

Source: BLS Current Employment Statistics, 2023 Annual Average

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While the Pittsburgh MSA trailed both the nation and the benchmark average in annual employment growth it was able to narrow the gap from more than one percentage point in 2022 to between 0.8 and 0.4 percentage points respectively in 2023. The region's 1.5% year-over-year employment increase in 2023, while a little more than half the 2.8% recorded in 2022, remains above prepandemic levels. While any growth of this magnitude is certainly encouraging it still represents "catching up" from the pandemic downsizing more so than net new growth in the region and is likely to slow as the labor market tightens.

Year Over Year Annual Employment Growth - 1991 to 2022

Legend: Pittsburgh, PA — Benchmark Average — United States

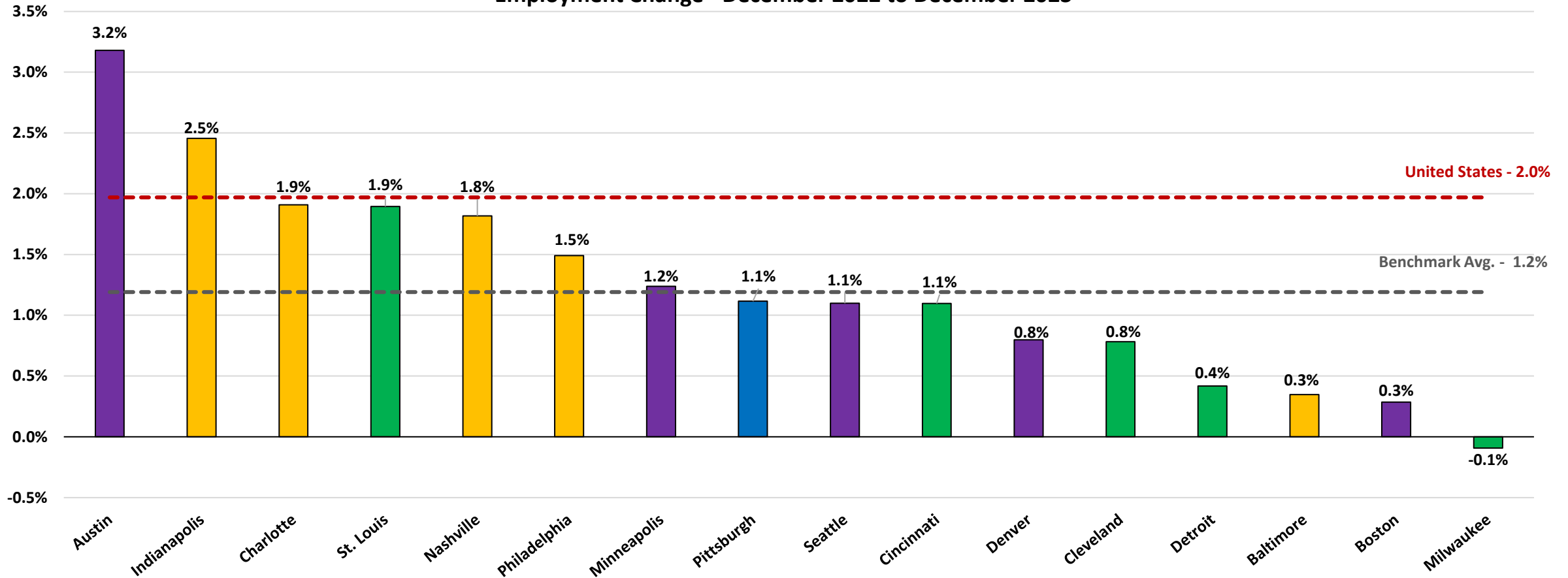**Source:** BLS Current Employment Statistics
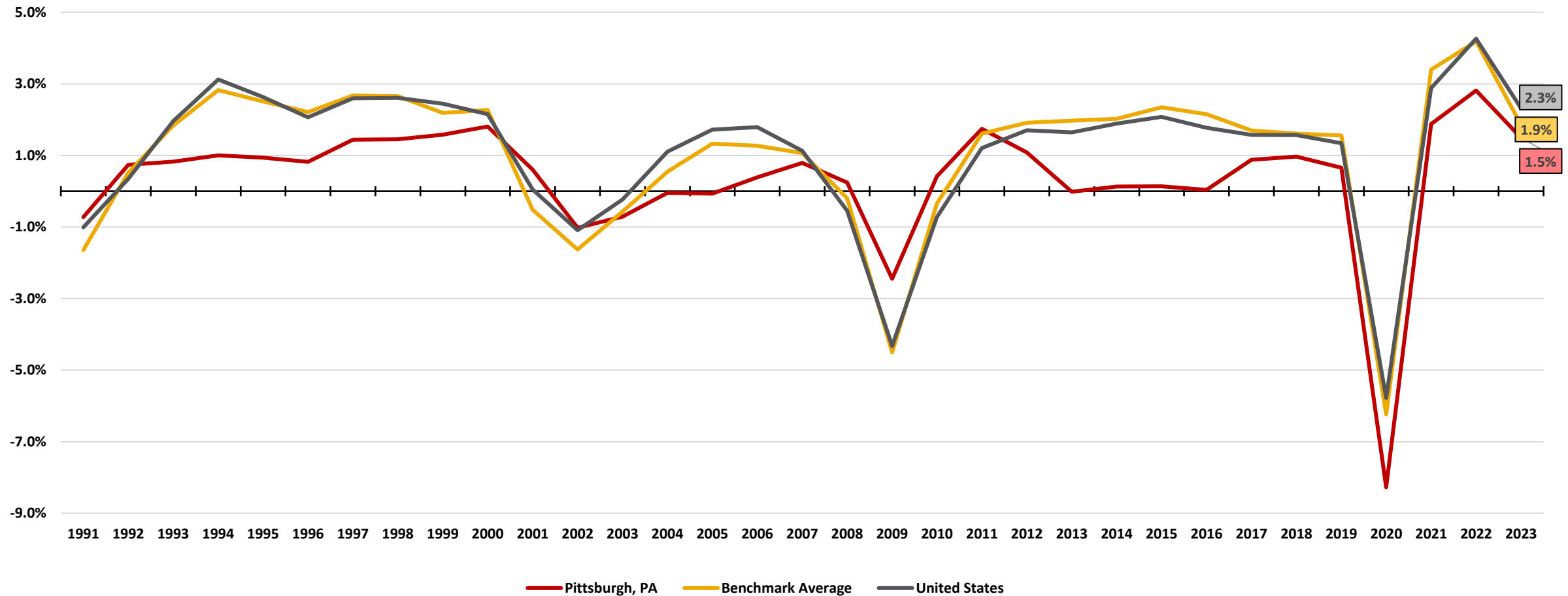
On an annual basis, only two industries showed decreases in employment – Construction (-2.7%), which is being impacted by the completion of the Shell petrochemical complex and high interest rates, and Professional and Business Services (-0.2%). While all of the remaining industries showed increases in annual employment, six regional industries grew faster than the nation – Manufacturing, Transportation & Warehousing, Information, Financial Activities, Educational Services and Other Services.

Year-over-Year Change in Employment by Sector

Legend: ■ Pittsburgh MSA   ■ United States

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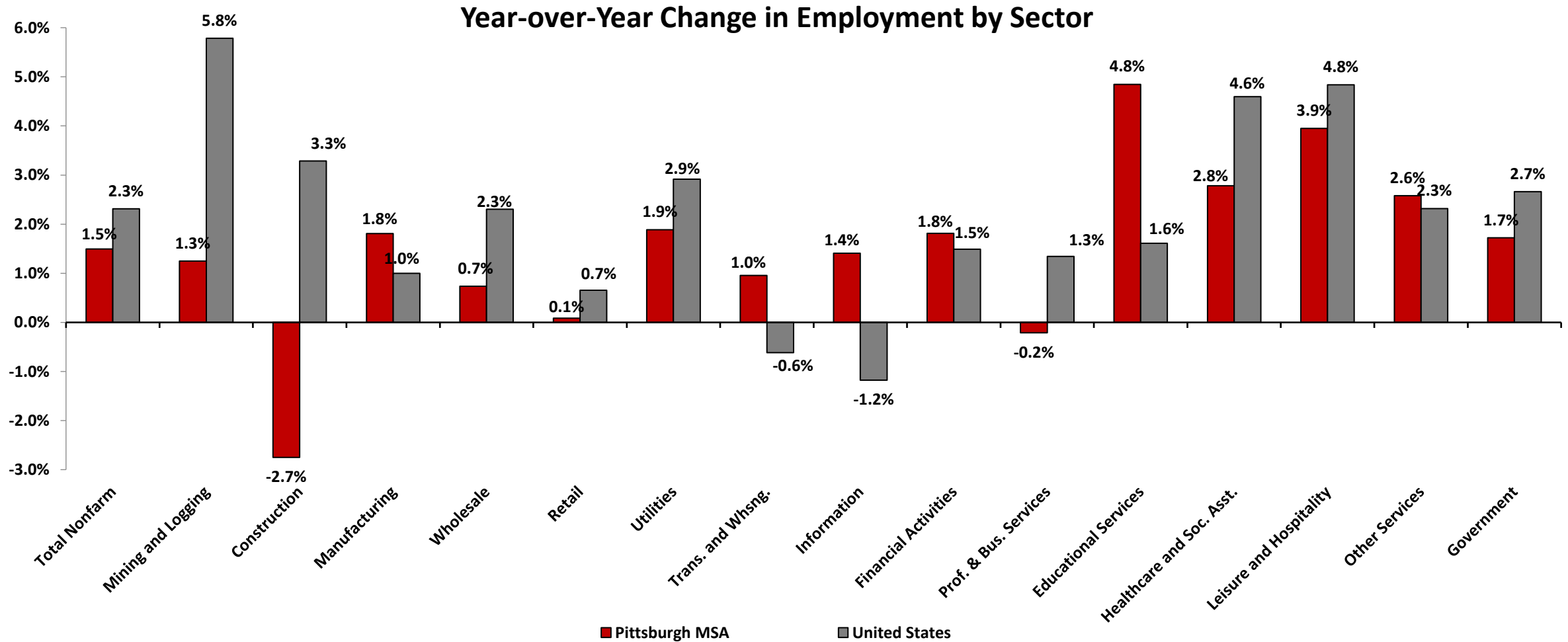
December 2023 Employment

During December 2023, the Pittsburgh MSA had a 1.1% increase in employment over December 2022, as the region gained 12,900 jobs. While this trailed the U.S. and was comparable to the benchmark average increase, it outpaced eight of the region's 15 benchmark cities, outperforming three of its five peer benchmark regions and three aspirational regions.

Employment Change - December 2022 to December 2023

City	Value
Austin	3.2%
Indianapolis	2.5%
Charlotte	1.9%
St. Louis	1.9%
Nashville	1.8%
Philadelphia	1.5%
Minneapolis	1.2%
Pittsburgh	1.1%
Seattle	1.1%
Cincinnati	1.1%
Denver	0.8%
Cleveland	0.8%
Detroit	0.4%
Baltimore	0.3%
Boston	0.3%
Milwaukee	-0.1%

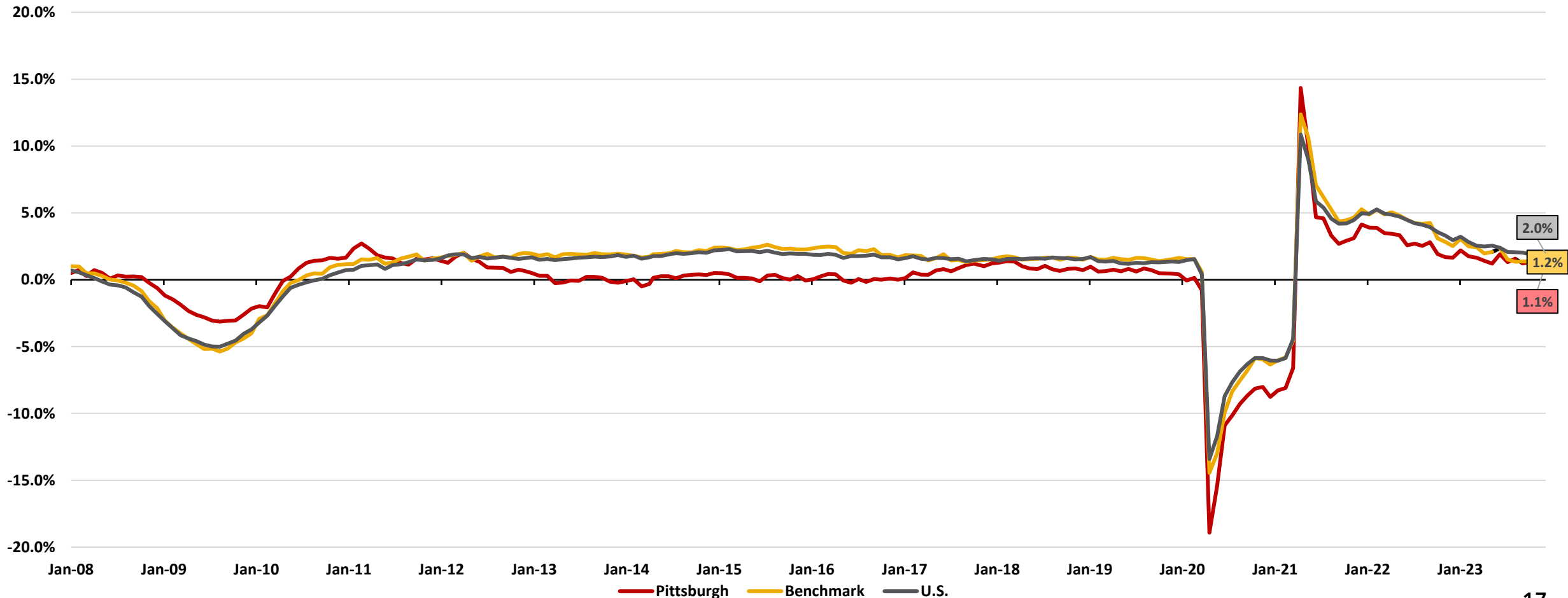United States - 2.0%
Benchmark Avg. - 1.2%

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

Source: BLS Current Employment Statistics, December 2023

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Over the past two years, the Pittsburgh MSA has been experiencing steadily slowing year-over-year employment growth, decreasing from 3.9% in January 2022 to 1.1% in December. This is to be expected as the region closes the gap with pre-pandemic employment levels and available workers in the region decrease. While the 1.1% growth rate in December was among the lowest of the post-pandemic period, it remains above the rate recorded in much of the past decade. The gap between the region and the national and benchmark average growth rates has been below one percentage point since summer 2023.
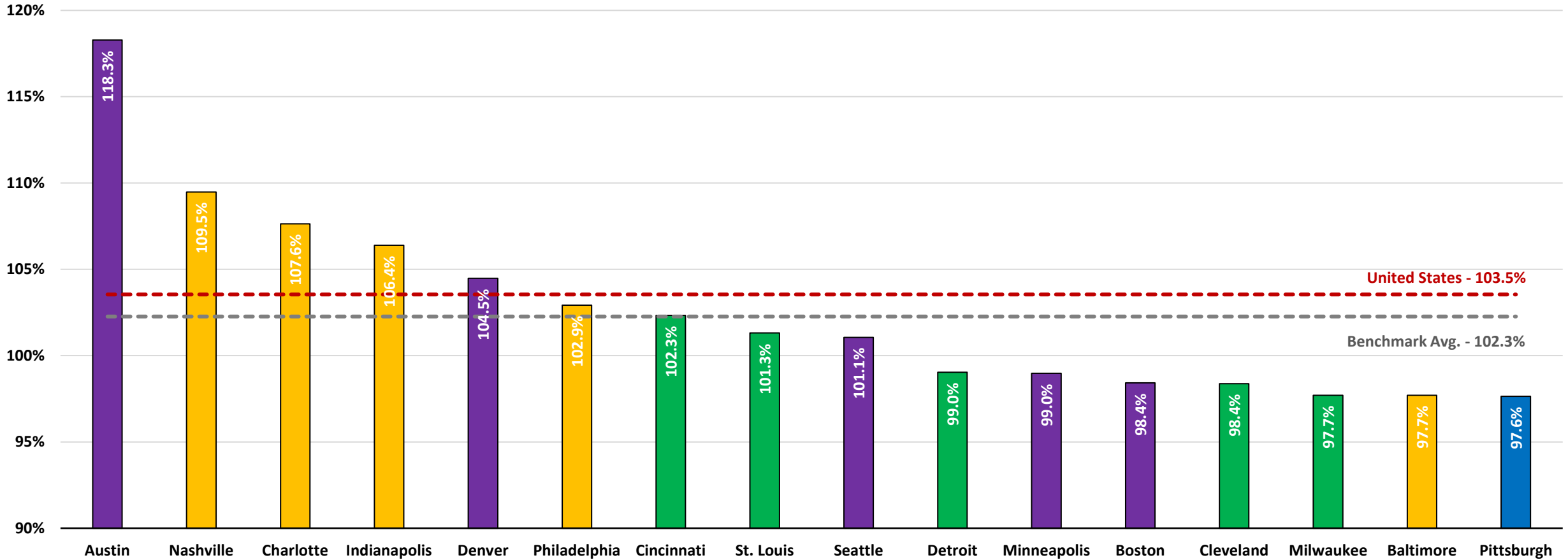
Year over Year Employment Change - January 2008 to December 2023

Source: BLS Current Employment Statistics

As of December 2023, employment in the is 97.6% of what it was four years earlier. While it represents an increase from 96.6% in December 2022, the region still trails all benchmark regions. In addition to the nation as a whole, nine of the 15 benchmark regions now exceed pre-pandemic employment levels, one more than December 2022.

December 2023 Pct. Of December 2019

Bar chart showing December 2023 employment as a percentage of December 2019 levels by market:
- Austin: 118.3%
- Nashville: 109.5%
- Charlotte: 107.6%
- Indianapolis: 106.4%
- Denver: 104.5%
- Philadelphia: 102.9%
- Cincinnati: 102.3%
- St. Louis: 101.3%
- Seattle: 101.1%
- Detroit: 99.0%
- Minneapolis: 99.0%
- Boston: 98.4%
- Cleveland: 98.4%
- Milwaukee: 97.7%
- Baltimore: 97.7%
- Pittsburgh: 97.6%

United States - 103.5%
Benchmark Avg. - 102.3%

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

Source: BLS Current Employment Statistics

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The Pittsburgh MSA lost a larger percentage of its employment in April 2020 than the nation or its benchmark regions and has lagged since then. The nation and benchmark regions exceeded their respective pre-pandemic levels as of the first quarter of 2022, but the Pittsburgh MSA remains below 2019 levels although it has narrowed the shortfall to 2.4% compared December 2019. Furthermore, the rate of closure is slowing, from 3.8 percentage points (from 91.2% to 95.0%) in 2021 to 1.6 percentage points (from 95.0% to 96.6% in 2022) to just one percentage point (to 97.6%) in 2023. Exceeding pre-pandemic employment levels in 2024 seems unlikely.


Pct. of Total Employment - Comparable Month 2019

Pittsburgh MSA — Benchmark Avg. — United States
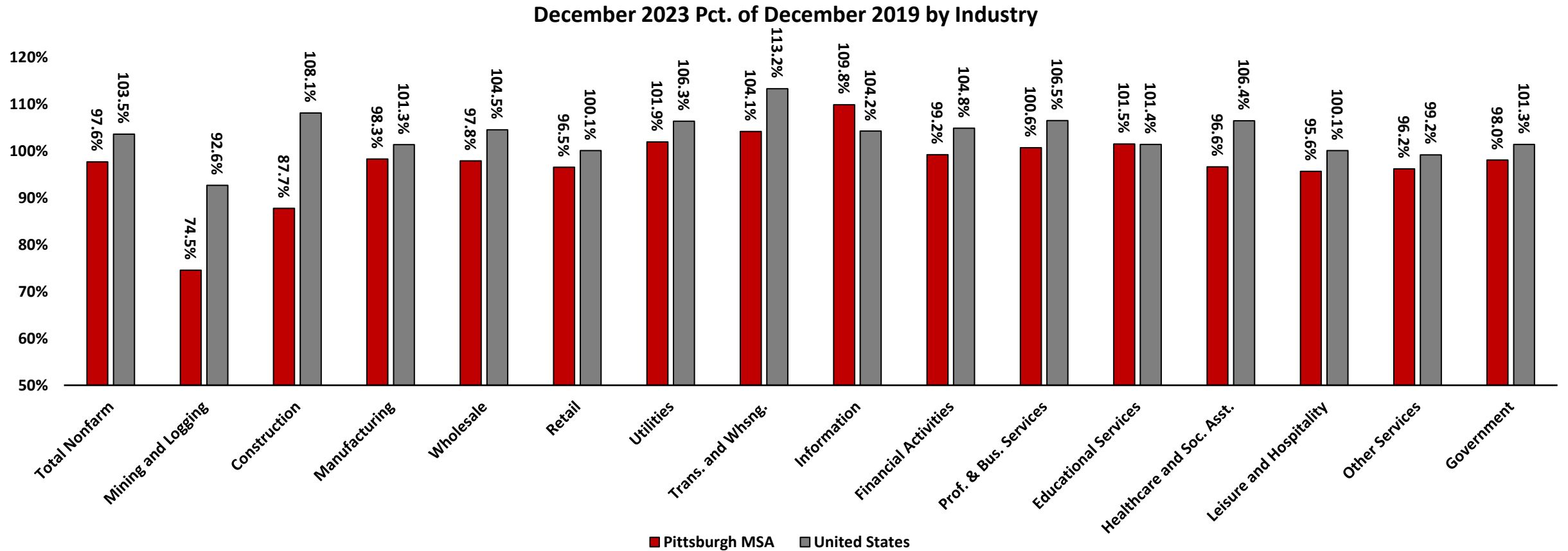
103.5%
102.3%
97.6%

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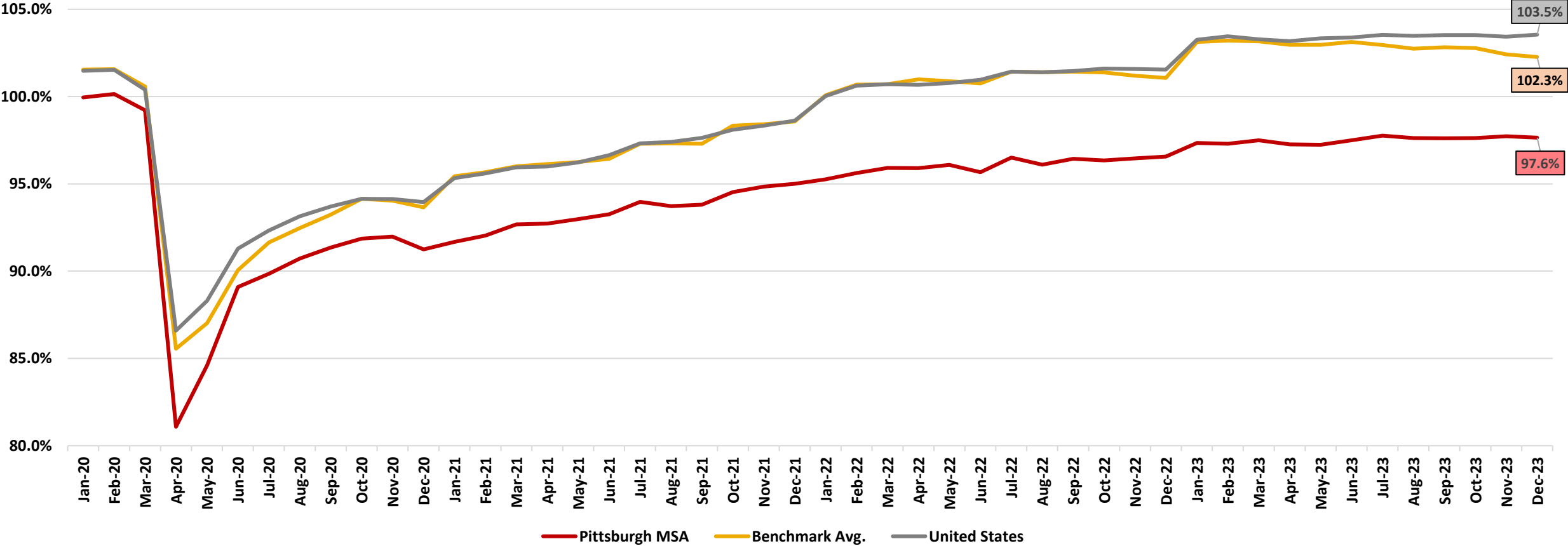
In December 2023, Educational Services, which has long been lagging, was the Pittsburgh MSA's strongest industry. Employment increased 4.9% over December 2022, more than double the 2.0% increase nationally. Healthcare and Social Assistance, another sector that had been struggling to rebound, also registered a strong 3.9% year-over-year increase, although it did trail the nation. Other industries experiencing faster growth than the regional total include Leisure and Hospitality (2.2%), Government (2.1%), Utilities (1.9%), Other Services (1.7%) and Financial Activities (1.2%). Mining and Logging continued to lose employment, dropping 3.7%, as did Information (-2.8%), Construction (-1.6%) and Wholesale Trade (-0.7%).

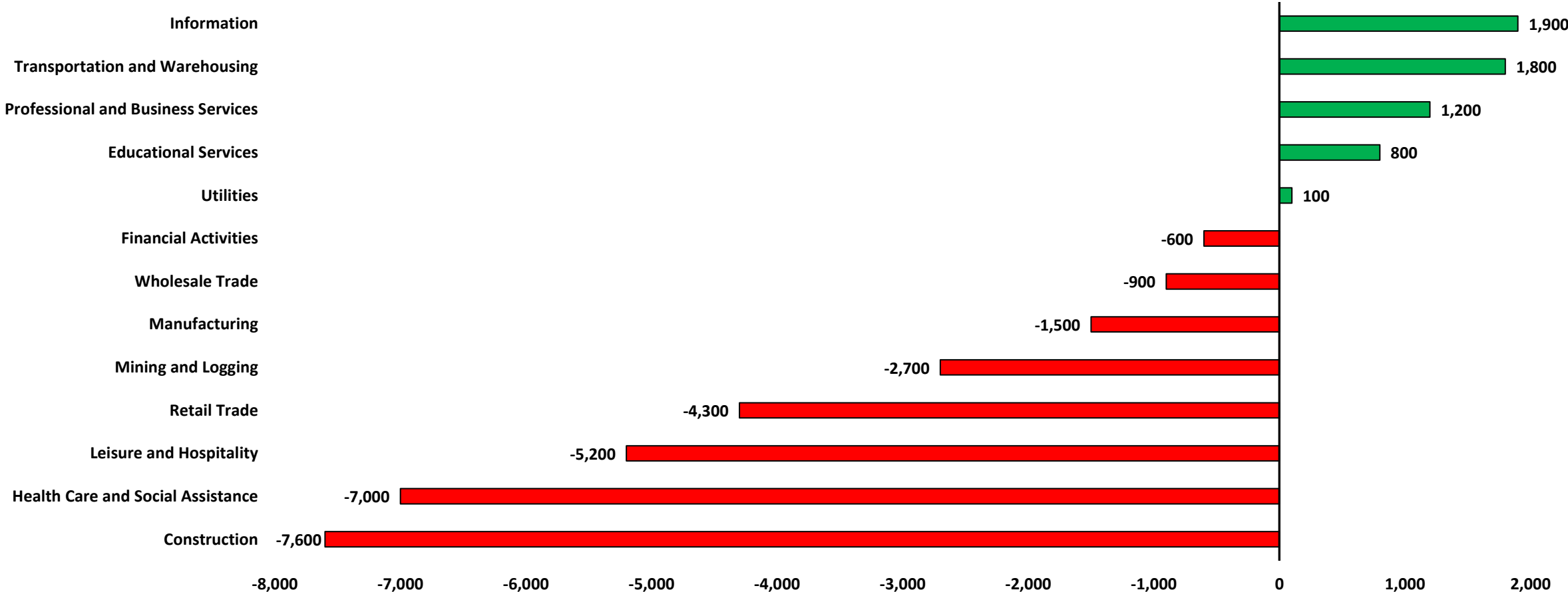## Year-over-Year Change in Employment by Sector
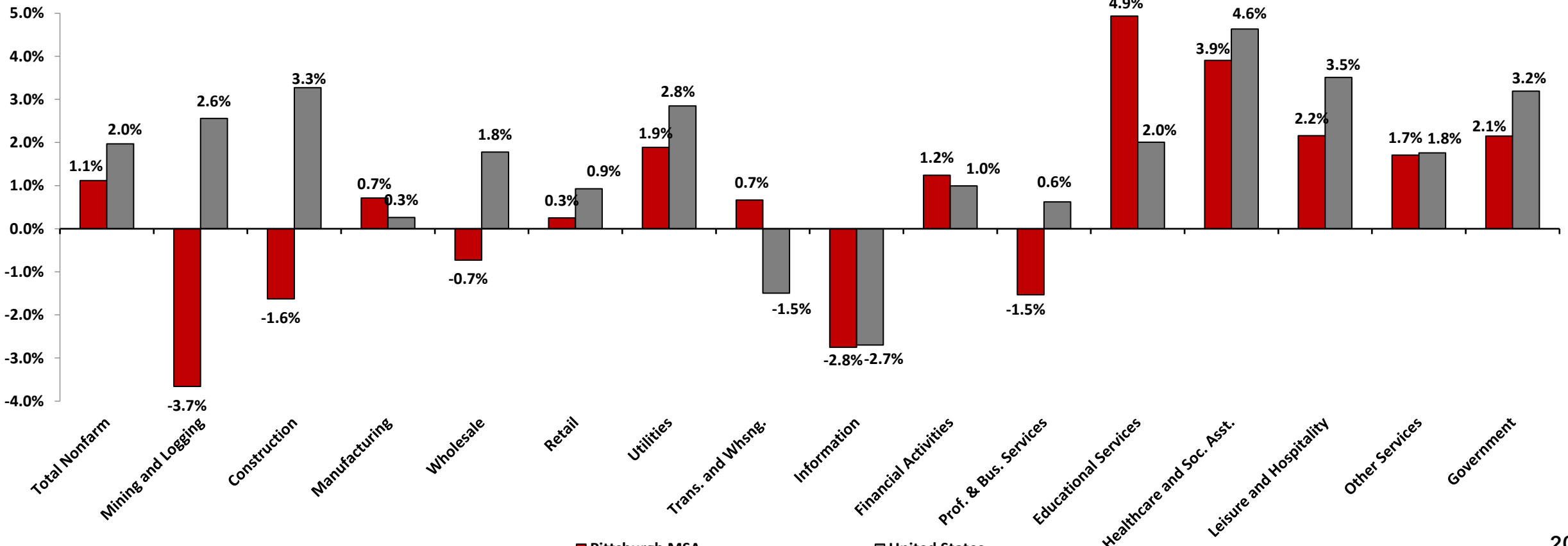
Legend: ■ Pittsburgh MSA ■ United States

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Five industries in the Pittsburgh MSA have seen employment exceed pre-pandemic levels with Information leading, at 109.8% of December 2019 levels, the only sector to outperform the nation. Transportation and Warehousing, Utilities, Educational Services and Professional and Business Services also are exceeding pre-pandemic levels, but lag the nation. Mining and Logging continues to rank among the biggest laggards, while Construction has fallen to 87.5% of pre-pandemic employment levels as construction of the Shell petrochemical plant has come to an end and rising costs are impacting new development. All of the other sectors are within five percentage points of pre-pandemic employment.

December 2023 Pct. of December 2019 by Industry

Industry	Pittsburgh MSA	United States
Total Nonfarm	97.6%	103.5%
Mining and Logging	74.5%	92.6%
Construction	87.7%	108.1%
Manufacturing	98.3%	101.3%
Wholesale	97.8%	104.5%
Retail	96.5%	100.1%
Utilities	101.9%	106.3%
Trans. and Whsng.	104.1%	113.2%
Information	109.8%	104.2%
Financial Activities	99.2%	104.8%
Prof. & Bus. Services	100.6%	106.5%
Educational Services	101.5%	101.4%
Healthcare and Soc. Asst.	96.6%	106.4%
Leisure and Hospitality	95.6%	100.1%
Other Services	96.2%	99.2%
Government	98.0%	101.3%

■ Pittsburgh MSA ■ United States

Source: BLS Current Employment Statistics

Employment in the Pittsburgh MSA in December 2023 was 28,200 less than in December 2019. With five industries now above pre-pandemic employment levels, over half of the shortfall can be attributed to just two industries – Construction (-7,600) and Healthcare and Social Assistance (-7,000). Of the 7,600 job shortfall in Healthcare and Social Assistance, the bulk of the employment loss since 2019 is attributable to Hospitals (5,000). Within Leisure and Hospitality, 4,000 of the 5,200 employee shortfall can be attributed to Food Services and Eating and Drinking Places.

Absolute Change in Employment - December 2019 to December 2023

Industry	Change
Information	1,900
Transportation and Warehousing	1,800
Professional and Business Services	1,200
Educational Services	800
Utilities	100
Financial Activities	-600
Wholesale Trade	-900
Manufacturing	-1,500
Mining and Logging	-2,700
Retail Trade	-4,300
Leisure and Hospitality	-5,200
Health Care and Social Assistance	-7,000
Construction	-7,600

Source: BLS Current Employment Statistics

Ask a question/give your feedback.

Reach out to this report's research lead.
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