

Southwestern Pennsylvania  
**QUARTERLY VITALS**  
Q1 - 2024

**STRATEGY & RESEARCH**  
ALLEGHENY CONFERENCE ON COMMUNITY DEVELOPMENT

RELEASED APRIL 2024



## Introduction

To assess the health of our economy, a solid place to start is with its vitals much like a healthcare practitioner would do with a patient – checking body temperature, heart rate and blood pressure. For our economy, its vitals include, but aren't limited to, labor force; real estate indicators such as rental rates, new construction and office vacancy; and indicators that help to chart economic recovery from the pandemic related to both business and tourism.

Individually and collectively, these can be telling and provide insights into our region's health and vitality, as well as conditions where interventions might be helpful. This report looks at southwestern Pennsylvania's quarterly vitals, January -March 2024.

# Key Takeaways

Southwestern Pennsylvania's unemployment rate in February decreased by 1.3 percentage points year-over-year. This decrease in unemployment was greater than both the national and benchmark averages.

Office real estate indicators decreased across the board, registering year-over-year decreases in rental rate per square foot, vacancy and absorption with no change in construction. In the industrial real estate market, rental rate per square foot increased 16.5% though absorption and construction were down year-over-year. Industrial vacancy only increased 0.5%

The Pittsburgh Downtown Partnership measures estimated visits to several downtown points of interest including Market Square, the Cultural District and Point State Park. While Market Square and the Cultural District visitors still lag what they were pre-pandemic, they are performing better than previous months, each drawing upwards of 80% of the traffic they did in March 2019. However, in March 2024, Point State Park saw a 28% in visits over March 2019. Air travel shows resilience with monthly air passengers increasing 8.5% year-over-year.

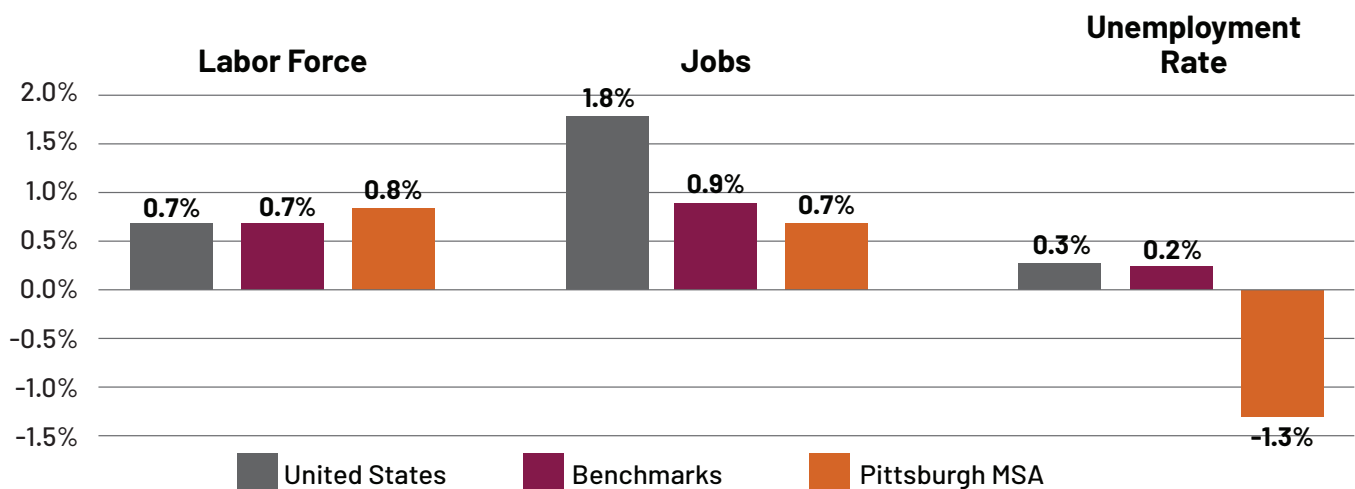
Over \$3B was invested in Pittsburgh technology companies in 2023, a nearly 200% increase from 2022.



## Workforce

Southwestern Pennsylvania's payroll employment grew 0.7% year-over-year from February 2023, but this increase lagged the displayed growth of the national and benchmark average at 1.8% and 0.9% respectively. Year-over-year labor force growth in the Pittsburgh MSA was slightly above the nation and benchmark averages. The Pittsburgh MSA's unemployment rate decreased by 1.3 percentage points while both the average of benchmark MSAs and the United States saw increases in unemployment rate over the same one-year period.

### One-Year Change by Workforce Indicator (February 2024)



Between January and March 2024, there were over 71,000 job postings in the Pittsburgh MSA, 10.4% more year-over-year. Conversely, the national and benchmarks experienced a year-over-year decline in job postings for the same period.

Workforce Indicators – November 2023				
	Pittsburgh MSA		United States	Benchmark Total
	Value	YOY Change	YOY Change	YOY Change
Labor Force	1,185,792	0.8%	0.7%	0.7%
Payroll Employment	1,148,600	0.7%	1.8%	0.9%
Unemployment Rate	3.6%	-1.3%	0.3%	0.2%
Job Postings (Jan. 24 – Mar. 24)	71,178	10.4%	-10.7%	-11.7%

Data current as of 4/9/24, the Unemployment Rate reflects the non-seasonally adjusted rate.

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Current Population Survey; Lightcast (datarun 2024.1)



## Business Conditions

Real estate indicators showed mixed signs in the first quarter of 2024, with the office asking rate decreasing and office construction unchanged compared to Q1 2023. While the market experienced negative absorption (more square footage was vacated than occupied), the vacancy rate declined 0.5%.

The average industrial asking rate increased a robust 16.5% year-over-year while vacancies have increased slightly. Absorption and construction rates have decreased over the last year.

The air travel industry showed positive signs in Q1 2024, with monthly passenger traffic increasing 8.4% from February 2023 while cargo also increased 3.4% year-over-year. Additionally, Breeze and Spirit have announced nonstop service to San Diego, New York City and Boston with Icelandair beginning seasonal service to Reykjavik in May 2024. This flight will be a gateway to other destinations on the continent.



# Business Conditions (continued)

Business Indicators – Pittsburgh Metro			
		Value	YOY Change
Real Estate (2023 Q4)	Office rate (\$)	\$24.94	-4.2%
	Office vacancy (%)	15.1%	-0.5%
	Office absorption (SF)	-72,000	N/A
	Office construction (SF)	603,000	0.0%
	Industrial rate (\$)	\$9.53	16.5%
	Industrial vacancy (%)	4.7%	0.5%
	Industrial absorption (SF)	104,000	-72.3%
Air Travel (Nov. 2023)	Monthly Total Passenger* traffic	645,986	8.4%
	YTD Cargo* traffic (lbs.)	26,552,019	3.4%

Data current as of 4/9/24, the Unemployment Rate reflects the non-seasonally adjusted rate.  
 Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Current Population Survey; Lightcast (datarun 2024.1)

## Regional Business Headline Highlights

**PITTSBURGHINNO**  
 STORIES / NEWS  
 Excelitas Technology announces move to Pittsburgh, to create 250 jobs

*Pittsburgh Business Times*  
 January 9, 2024

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**'Off the cliff by next year': New proposal would create investment zone backed by new taxes or fees to save Downtown**

MARK BELKO  
 Pittsburgh Post-Gazette  
 markbelko@post-gazette.com

MAR 8, 2024 3:48 PM

*Pittsburgh Post-Gazette*  
 March 8, 2024

**PITTSBURGH BUSINESS TIMES**  
 Banking & Financial Services

**Pittsburgh sees billions in fresh powder with new private equity funds**

*Pittsburgh Business Times*  
 March 11, 2024

Click on the headlines above to read the full article.



# Post-Pandemic Recovery

Post-Pandemic Recovery Indicators				
		Pittsburgh	United States	Benchmark
<b>Total Economy (Feb. 2024)</b>	Labor Force Recovered	96.9%	102.8%	102.6%
	Jobs Recovered	98.0%	105.3%	104.3%
	Air Passengers Recovered	101.6%	N/A	N/A
	Monthly Visitors Downtown <sup>1</sup>	77.5%	N/A	N/A
<b>Tourism (Quarter 1)</b>	Seated Diners Recovered	95.0%	91.0%	N/A
	Hotel Occupancy <sup>2</sup>	94.0%	95.0%	N/A
	Hotel RevPAR <sup>2</sup>	121.0%	115.0%	N/A
	Cultural District Visitors <sup>1</sup>	82.4%	N/A	N/A

Data current as of 4/9/24

<sup>1</sup> March 2024

<sup>2</sup> Q4 2023

Note: Labor Force recovered and Jobs recovered is measured as a percentage of the relevant metric during the same period (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 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.

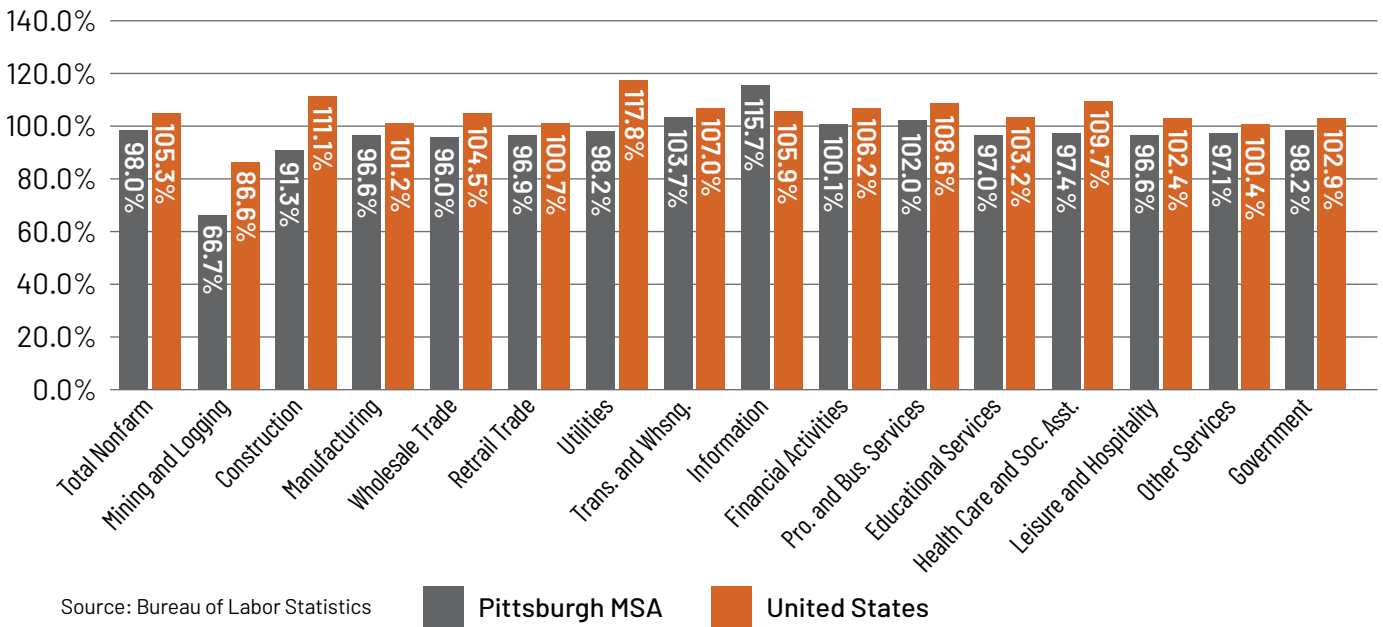
Almost all industries in the Pittsburgh region have yet to fully recover from the pandemic, with only four showing greater than 100% of February 2019 levels, those being Transportation and Warehousing, Information, Professional and Business Services, and Financial Activities. Of the industries that haven't recovered, almost all have recuperated more than 90% of their previous employment, except for Mining and Logging which has only recovered 66.7% of its 2019 employment. Nationally, only Mining and Logging has also not experienced full recovery but has still recovered a greater percentage of previous employment nationally than the Pittsburgh MSA.



# Post-Pandemic Recovery (continued)

## Shortfall by industry

Percent of Industry Employment Recovered from February 2019





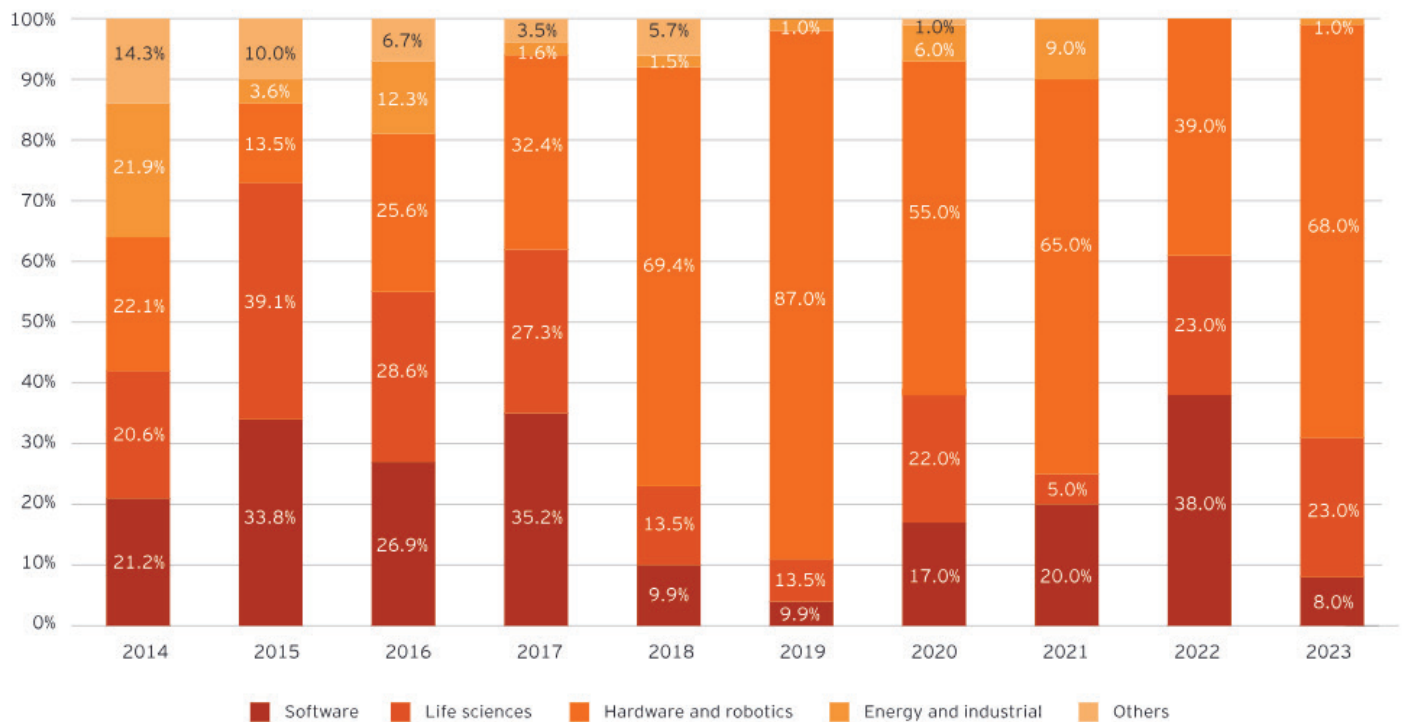
# Post-Pandemic Recovery (continued)



## Quarterly Focus – Tech investments in Pittsburgh region soar to near-record highs as investments nationwide decrease

According to the 12<sup>th</sup> annual [technology investment report](#) released by Ernst & Young LLP and Innovation Works, Pittsburgh experienced the second-highest year on record for investment in its tech economy. Over \$3B was invested in Pittsburgh technology companies in 2023, a nearly 200% increase from 2022. The largest share of this investment went to hardware and robotics, though software and life sciences account for a healthy percentage, showing the diversity of the options for investors.

## Dollars invested in Pittsburgh Companies by Tech Sector





# Ask a question/give your feedback.

Reach out to this report's research lead.

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