Southwestern Pennsylvania QUARTERLY VITALS Q1 - 2025

STRATEGY & RESEARCH

ALLEGHENY CONFERENCE ON COMMUNITY DEVELOPMENT

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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 2025 Quarter 1 vitals.

Key Takeaways

Workforce

The Pittsburgh MSA's payrolled employment grew 0.7% year-over-year for March, exceeding the growth rates of benchmark MSAs over that time period.

Office and industrial real estate absorption was the most positive indicator in business indicators with 160.3% and 177.6% increases over March 2024 respectively. However, office and industrial vacancy rates increased 1.1 percentage points and 0.4 percentage points, respectively.

Monthly downtown and cultural district visitors still lag what they were pre-pandemic, each drawing upwards of 70% of the traffic they did in March 2019. Air travel showed growth in monthly passenger traffic increasing 0.9% over March 2024.

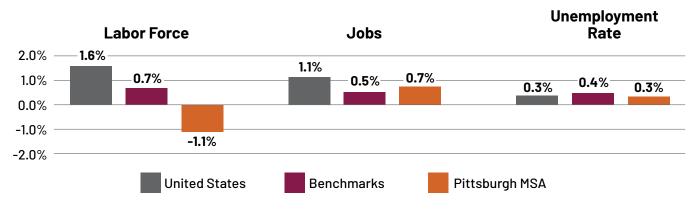
Several recent announcements including the groundbreaking for Mitsubishi Electric in Beaver County and the Homer City Redevelopment in Allegheny County demonstrates the strength of the region when it comes to energy production.

one-year period.

One-Year Change by Workforce Indicator (March 2025 – preliminary)

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



Source: Bureau of Labor Statistics - Current Employment Statistics, Current Population Survey, Local Area Unemployment Statistics

Between January and March 2025, there were over unique 85,000 job postings in the Pittsburgh MSA, 1.3% less than the same period in 2024 which is counter to the nation and benchmark average of 4.6% and 4.1% increases year-over-year respectively.

Workforce Indicators – March 2025						
	Pittsb	Pittsburgh MSA		Benchmark Total		
	Value	YOY Change	YOY Change	YOY Change		
Labor Force	1,232,801	-1.1%	1.6%	0.7%		
Payroll Employment	1,202,700	0.7%	1.1%	0.5%		
Unemployment Rate	3.9%	0.3 ppts	0.3 ppts	0.4 ppts		
Unique Job Postings (Jan. 25 – Mar. 25)	85,663	-1.3%	4.6%	4.1%		

Data current as of 5/9/25, the Unemployment Rate reflects the non-seasonally adjusted rate.

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Current Population Survey; Lightcast (datarun 2025.1)



The office rental rate increased 7.0% year-over-year and office vacancies have increased by 1.1 percentage points year-over-year to 16.2%. Office absorption (amount of square footage occupied) turned positive (more square footage occupied than was vacated) with 43446 occupied in Q1 2025 compared to 72,000 vacated in Q1 2024.

The average industrial rental rate decreased 6.8% while the industrial vacancy rate increased a modest 0.4 percentage points. Absorption was also up 177.6% compared to 01 2024.

The air travel industry showed positive signs in Q1 2025, with monthly passenger traffic up 0.9% over March 2024 though cargo traffic was 12.7% lower than March 2024.



Business Conditions (continued)

Business Indicators – Pittsburgh Metro						
		Value	YOY Change			
Real Estate (2024 Q3)	Office rate (\$)	\$26.68	7.0%			
	Office vacancy (%)	16.2%	1.1 ppts			
	Office absorption (SF)	43,446	160.3%			
	Industrial rate (\$)	\$8.88	-6.8%			
	Industrial vacancy (%)	5.1%	0.4 ppts			
	Industrial absorption (SF)	288,714	1 77.6 %			
Air Travel (March 2025)	Monthly Total Passenger* traffic	837,561	0.9%			
	Monthly Cargo* traffic (lbs.)	12,581,371	-12.7%			

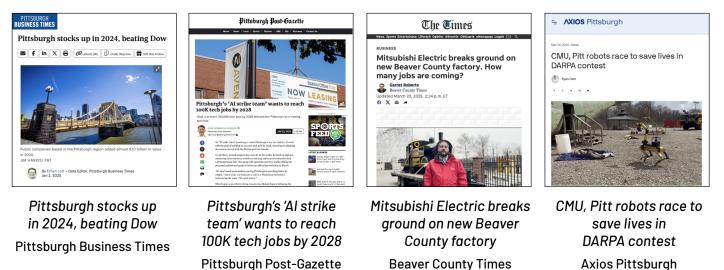
Data current as of 5/9/24

ppts = percentage points

* Passenger traffic monthly sum total of passengers enplaned and deplaned at Pittsburgh International Airport. Cargo is the monthly sum total of mail and freight enplaned and deplaned at Pittsburgh International Airport

Source: CBRE, Pittsburgh International Airport

Regional Business Headline Highlights



Beaver County Times

Click on the headlines above to read the full article.



Post-Pandemic Recovery

Post-Pandemic Recovery Indicators						
		Pittsburgh	United States	Benchmark		
Total Economy (March 2025)	Labor Force Recovered	97.2 %	104.8%	104.9%		
	Jobs Recovered	99.6%	106.1%	104.9%		
	Air Passengers Recovered	97.9%	N/A	N/A		
	Monthly Visitors Downtown	74.6%	N/A	N/A		
Tourism (Quarter 3)	Seated Diners (March)	91.0%	98.0%			
	Hotel Occupancy ¹	89.0%	93.0%	N/A		
	Hotel RevPAR ¹	102.0%	116.0%	N/A		
	Cultural District Visitors	81.1%	N/A	N/A		

Data current as of 5/9/25

¹Quarter 3 2024

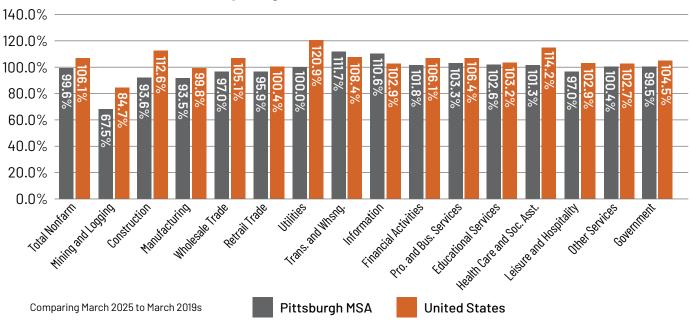
Note: Labor Force recovered and Jobs recovered is measured as a percentage of the relevant metric during the same period in 2019 prior to the onset of the pandemic. Air Passengers and Monthly Visitors Downtown recovered measures the change from the same month in 2019. For seated diners recovered, the metric is a percentage of the value from the same month of the prior year. 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 post-pandemic economic recovery, Pittsburgh is improving, but not at the same level as the nation or benchmark metros. Most regional economic indicators are upwards of 90% whereas the nation and benchmarks are generally past 100%. For tourism, monthly downtown and cultural district visitors still lag what they were pre-pandemic. Hotel RevPAR was the outstanding metric, having exceeded the March 2019 value.

Post-Pandemic Recovery (continued)

Shortfall by industry



Percent of Industry Employment Recovered Comparing March 2025 to March 2019

Most industries in the Pittsburgh region have seen close to full recovery in employment since the pandemic. Total nonfarm employment has recovered 99.6% of employment, and 13 out of the 15 industries have seen 95% of employment or greater recover. Regionally, eight industries have exceeded 100% of March 2019 employment levels, those being Utilities, Transportation and Warehousing, Information, Financial Activities, Professional and Business Services, Educational Services, Health Care and Social Assistance, and Other Services. The Mining and Logging industry has struggled on the regional and national level to recover jobs lost since the pandemic. However, on the national level, the Construction industry has exceeded pre-pandemic employment levels though the regional industry has recovered 93.6% of pre-pandemic employment.

Post-Pandemic Recovery (continued)



Quarterly Focus – The Power of Pittsburgh

Whether through natural or renewable resources, western Pennsylvania has a long history of strong energy production and an equally strong future. Natural gas production and bituminous coal produced in the southwestern Pennsylvania region increased 0.4% and 6.1% respectively between 2022 and 2023, aiding Pittsburgh's rank as the top MSA for coal production based on the value of coal exports. As for more recent innovations, the new <u>Westinghouse Electric Company factory in Etna is developing the eVinci</u> nuclear microreactor which could disrupt the traditional energy market for nuclear. The region is a hotbed for talent, having produced over 3,000 completions in energy related programs in the 2022-2023 academic year, a 5.6% increase year-over-year. In addition, over a third of such completions are at the master's level and higher.

Ask a question/give your feedback.

Reach out to this report's research lead. Ellen Gaus, Market Research Manager egaus@alleghenyconference.org



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