

Southwestern Pennsylvania
QUARTERLY VITALS
Q3 - 2024

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 quarterly vitals, July – September 2024.

Key Takeaways

The Pittsburgh MSA's payrolled employment grew 1.6% year-over-year for September, exceeding the growth rates of both benchmark MSAs and the nation over that time period.

Office and industrial real estate indicators both were a mixed bag in Q3 2024. Office and industrial rental rates increased and vacancy decreased, though absorption and construction fell year-over-year.

Monthly downtown and cultural district visitors still lag what they were pre-pandemic, each drawing upwards of 80% of the traffic they did in September 2019. Air travel showed significant strength with monthly passenger and cargo traffic increasing 8.5% and 23.1% respectively since September 2023.

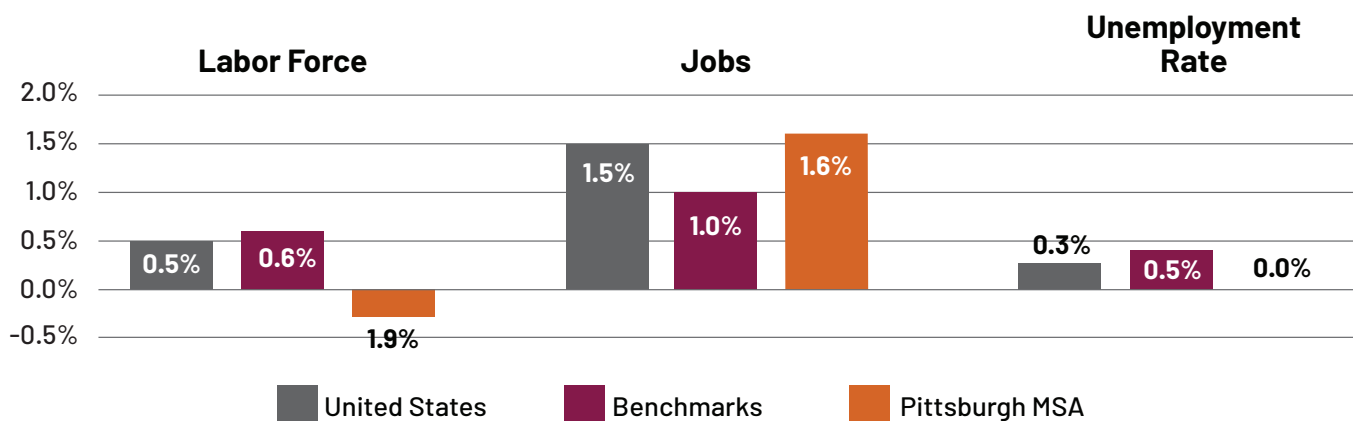
Recent announcements regarding an expansion of maintenance technician jobs at Pittsburgh International Airport as well as the \$175 million investment by Mainspring Energy into a state-of-the-art manufacturing facility on Pittsburgh International Airport property demonstrates the strength of this significant infrastructure asset.



Workforce

Southwestern Pennsylvania's labor force declined 0.3% year-over-year from September 2023, trailing the growth rates of both the benchmark MSA average and the nation. Payroll employment in the Pittsburgh MSA grew by 1.6%, beating out the nation and benchmark MSA average. The Pittsburgh MSA's unemployment rate remained constant year-over-year at 3.0%. The unemployment rate rose in both benchmark MSAs and the nation by 0.3 percentage points year-over-year.

One-Year Change by Workforce Indicator (May 2024)



Between July and September 2024, there were nearly 30,000 job postings in the Pittsburgh MSA, 13.1% more year-over-year, though this trailed the nation and benchmark average of 16.1% and 17.6% increases year-over-year respectively.

Workforce Indicators – May 2024				
	Pittsburgh MSA		United States	Benchmark Total
	Value	YOY Change	YOY Change	YOY Change
Labor Force	1,177,018	-0.3%	0.5%	0.6%
Payroll Employment	1,187,000	1.6%	1.5%	1.0%
Unemployment Rate	3.0%	0.0 ppts	0.3 ppts	0.4 ppts
Job Postings (Apr. 24 – Jun. 24)	27,195	13.1%	16.1%	17.6%

Data current as of 11/1/24, the Unemployment Rate reflects the non-seasonally adjusted rate.
 Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Current Population Survey; Lightcast (datarun 2024.3)



Business Conditions

Office real estate in Pittsburgh showed mixed signals in the third quarter. The office rental rate increased 1.4% year-over-year and office vacancies have decreased by 0.5 percentage points year-over-year to 15.6%. However, construction decreased 28.5% year-over-year and office absorption (amount of square footage occupied) turned negative (more square footage was vacated than was occupied) with 355,374 vacated in Q3 2023 compared to 108,000 occupied in Q3 2023.

The average industrial rental rate increased 5.4% while the industrial vacancy rate decreased a modest 0.1 percentage points. However, construction and absorption were both down year-over-year.

The air travel industry showed very positive signs in Q3 2024, with monthly passenger and cargo traffic increasing 8.5% and 23.1% respectively since September 2023.



Business Conditions (continued)

Business Indicators – Pittsburgh Metro

		Value	YOY Change
Real Estate (2024 Q3)	Office rate (\$)	\$25.25	1.4%
	Office vacancy (%)	15.6%	-0.5 pts
	Office absorption (SF)	-355,374	-429.1%
	Office construction (SF)	431,000	-28.5%
	Industrial rate (\$)	\$9.30	5.4%
	Industrial vacancy (%)	4.6%	-0.1 pts
	Industrial absorption (SF)	-418,185	-163.5%
Air Travel (Sept. 2024)	Monthly Total Passenger* traffic	831,323	8.5%
	Monthly Cargo* traffic (lbs.)	7,082,257	23.1%

Data current as of 10/9/24

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 – Q3 2024

Pittsburgh Business Times
Technology
Air Force awards \$1M to KEF Robotics
A drone from Lantier-based KEF Robotics.
KEF ROBOTICS
By Jake Raskowski – Reporter, Pittsburgh Business Times
Aug 11, 2024
Preview this article 1 min

[Pittsburgh Business Times](#)

Technical.ly
A White House exec's quiet visit signals Pittsburgh's growing robotics clout
Loel Brainard, Biden's top economic adviser, toured the ARM Institute at Mill 19 – a former steel site turned innovation center.
MILL 19's symbolism is not subtle, right down to its bright yellow paint.
The Pittsburgh industrial site completed its rebirth into a site of the future last week with a visit from one of the country's most prominent economic leaders.
Inside the skeleton of the city's last steel mill operating – as recently as 1992 – the Regional Industrial Development Corporation (RIDC) unveiled last year the 265,000-sq-ft complex to what developers call [Justwood Green](#).

[Technical.ly](#)

Blue Sky News
Pittsburgh AI Firm Attracts \$300 Million Investment
Skilld AI garners latest major tech investment in region, has ambitious plans for robotics
The \$300 million investment in Pittsburgh at Skidmore, including more from a \$1.5 billion round, is a sign of the city's growing tech clout.
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Post-Pandemic Recovery

Post-Pandemic Recovery Indicators				
		Pittsburgh	United States	Benchmark
Total Economy (Sept. 2024)	Labor Force Recovered	95.8%	102.8%	102.6%
	Jobs Recovered	99.2%	105.1%	104.0%
	Air Passengers Recovered	105.4%	N/A	N/A
	Monthly Visitors Downtown	82.8%	N/A	N/A
Tourism (Quarter 3)	Seated Diners Recovered	73.0%	99.0%	N/A
	Hotel Occupancy ¹	97.0%	94.0%	N/A
	Hotel RevPAR ¹	129.0%	114.0%	N/A
	Cultural District Visitors	81.1%	N/A	N/A

Data current as of 11/1/24

¹ Quarter 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 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

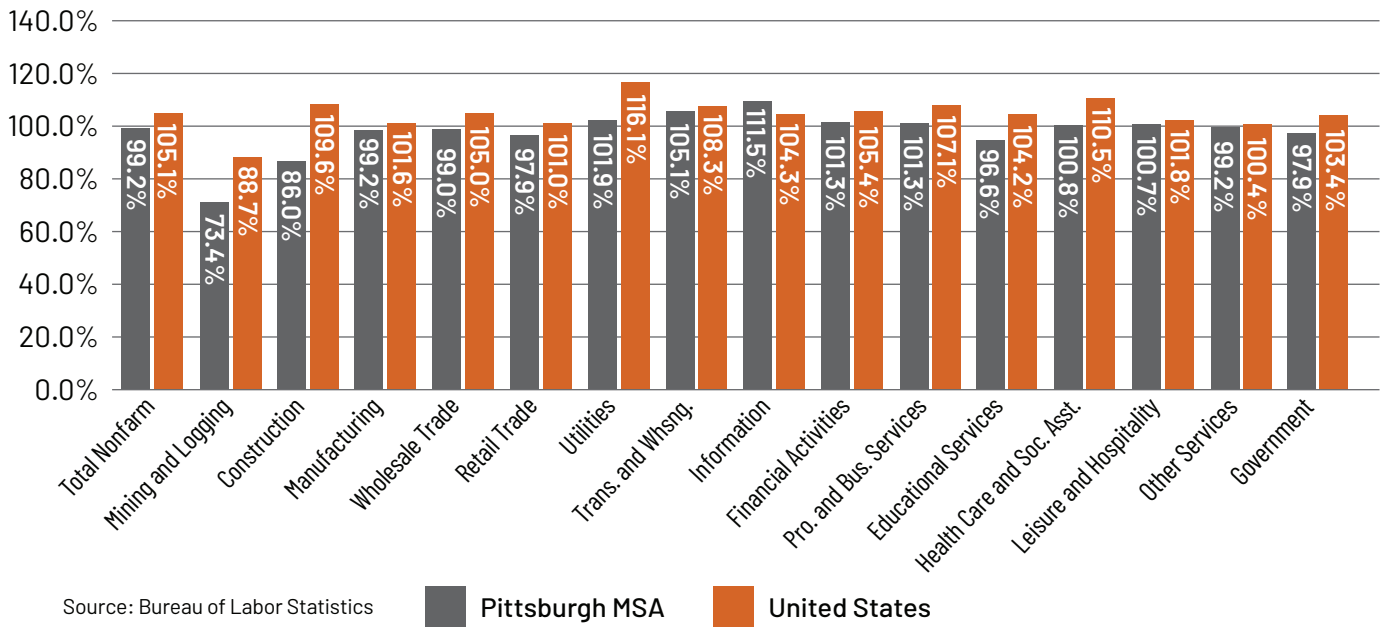
In terms of post-pandemic economic recovery, Pittsburgh is improving, but not at the same level as the nation or benchmark metros. Most regional economic indicators are upwards of 90% whereas the nation and benchmarks are generally past 100%. For tourism, monthly downtown and cultural district visitors still lag what they were pre-pandemic. Hotel RevPAR was the outstanding metric, showing 129% growth since Q3 2019 compared to 114% for the nation.



Post-Pandemic Recovery (continued)

Employment shortfall by industry

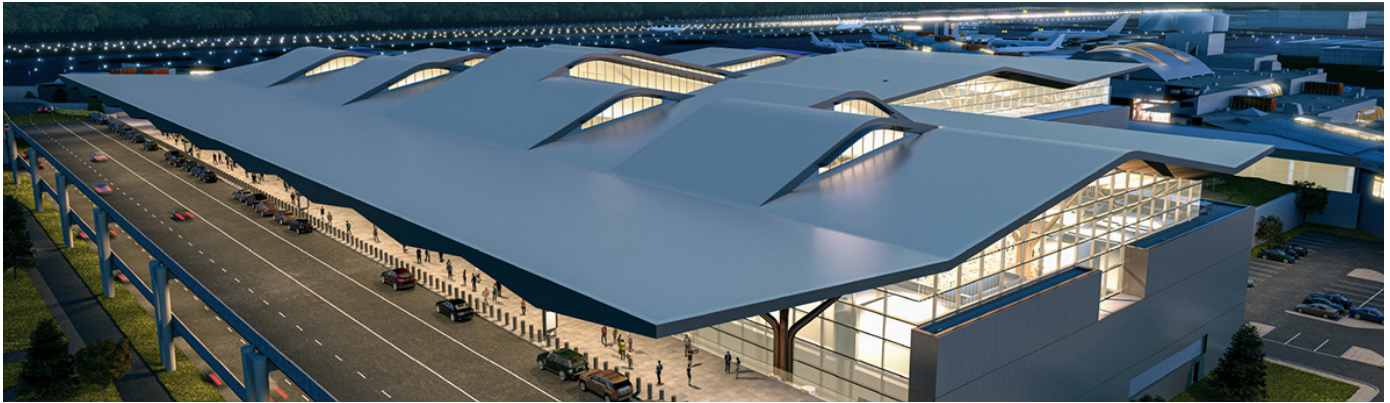
Percent of Industry Employment Comparing May 2024 to May 2019



Most industries in the Pittsburgh region have seen close to full recovery in employment since the pandemic. Total nonfarm employment has recovered 99.2% of employment, and 13 out of the 15 industries have seen 96% of employment or greater recover. Regionally, nine industries have exceeded 100% of September 2019 employment levels, those being Utilities, Transportation and Warehousing, Information, Financial Activities, Professional and Business Services, Health Care and Social Assistance, Leisure and Hospitality, Other Services, and Government. 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 86.0% of pre-pandemic employment.



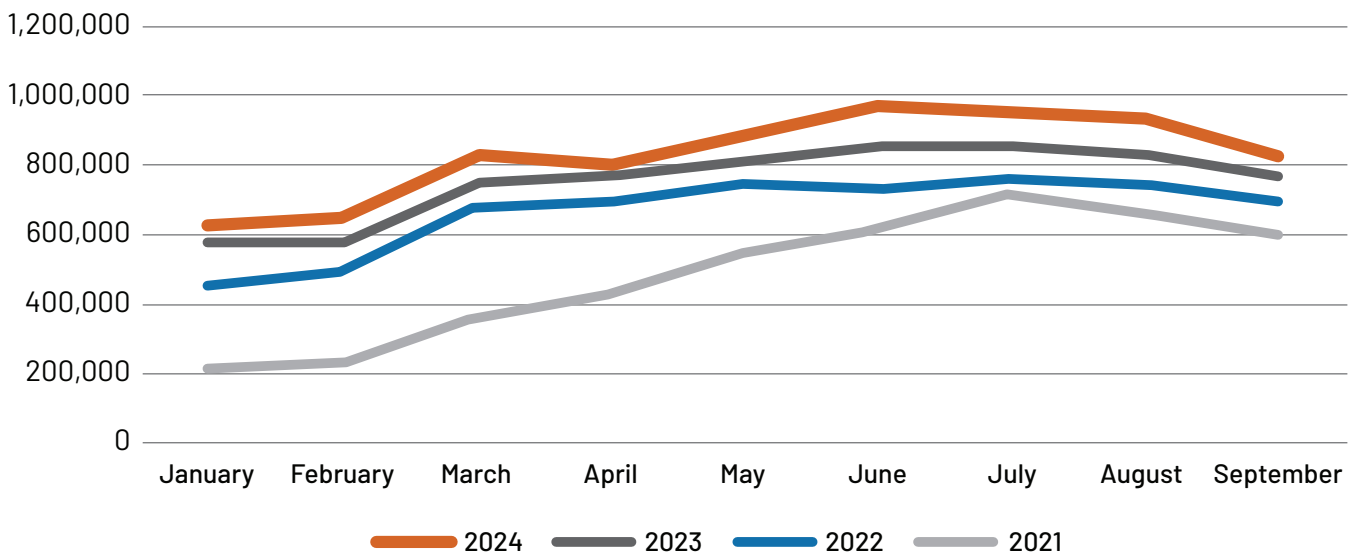
Post-Pandemic Recovery (continued)



Quarterly Focus – Pittsburgh International Airport Soaring

American Airlines [announced in September](#) that it will add dozens of maintenance technician jobs at Pittsburgh International Airport. This is on the heels of massive growth for Pittsburgh International Airport in terms of passengers, freight and business announcements. Additionally, Mainspring Energy [announced in late October](#) that it will build a new manufacturing plant near the airport and create nearly 600 jobs. Recruiting Mainspring Energy, a power generator manufacturer, is a [multimillion dollar initiative](#) supported by the Commonwealth of Pennsylvania. Business development in and around the airport is a major economic development driver for southwestern Pennsylvania. However, these recent announcements are only the latest in a string of successes for the airport. In the short-range view, the airport has seen monthly passenger and freight traffic steadily increase over the past several years.

Pittsburgh International Airport Passenger Volume – January – September 2019 to 2024



Ask a question/give your feedback.

Reach out to this report's research lead.

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