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Housing Price Trends in Pittsburgh since the Great Recession

By Christopher Briem

After exhibiting rare stability in the aftermath of the most recent national recession, housing prices in the Pittsburgh region have trailed comparable appreciation rates across the nation in recent years. Here regional housing prices for the Pittsburgh region are compared to the recent trends across the 40 largest metropolitan areas in the United States. Data are compiled from the Expanded-Data House Price Index (HPI) produced by the Federal Housing Financing Agency (FHFA).

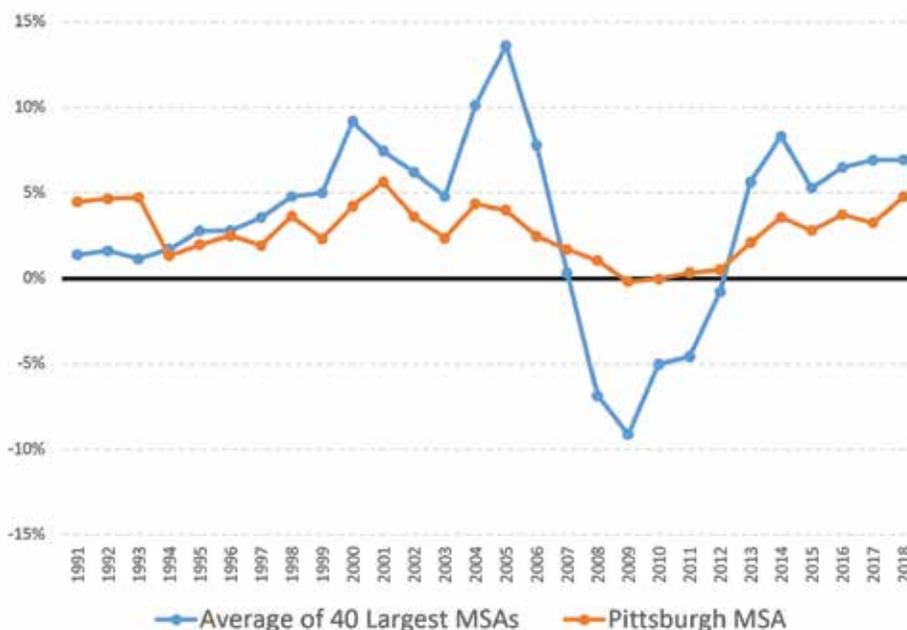
Prior to the 2007–2009 recession, commonly referred to as the Great Recession, appreciation in Pittsburgh region housing prices typically trailed national averages.

Between 1998 and 2003, housing prices in the Pittsburgh Metropolitan Statistical Area (MSA) gained an average of 3.6% annually, significantly lower than the average annual gain of 6.7% for the nation's 40 largest MSAs.

The Great Recession was catalyzed in part by a crisis in subprime mortgage markets, which had concentrated impacts on the banking industry and institutions supporting national mortgage markets, resulting in significant declines in housing prices across the nation. On average, real estate prices in the 40 largest metropolitan areas in the United States declined by over

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FHFA Expanded-Data Housing Price Index, Annual Change, 1991–2018



Source: FHFA Expanded-Data House Price Index

Pittsburgh’s Opportunity Occupations

In April 2019, researchers at the Federal Reserve Banks of Cleveland and Philadelphia updated their ongoing research on opportunity employment. Opportunity employment is defined as jobs accessible to workers without a bachelor’s degree that typically pay above the national median income in 2017 that was \$37,690 adjusted for local cost of living differences. The report contrasted the concentration of opportunity employment across 121 metropolitan areas in the United States and the characteristics of opportunity occupations—occupations that typically meet the definition of opportunity employment—within each region.

For the Pittsburgh Metropolitan Statistical Area (MSA) in 2017, 25% of regional jobs were estimated to be in opportunity

occupations, 27% of the region’s jobs typically required a bachelor’s degree or higher, and 47.9% of regional jobs were estimated to be lower-wage employment. There were an estimated 2.7 residents ages 25–64 without a bachelor’s degree for every opportunity job in the Pittsburgh region. The top opportunity occupations for Pittsburgh in 2017 were registered nurses, heavy and tractor-trailer truck drivers, and maintenance and repair workers.

Pittsburgh ranked 55th out of the 121 regions studied for the concentration of opportunity employment within the labor market. However, of the metropolitan areas studied that were part of the Fourth Federal Reserve District (Ohio, eastern Kentucky, Western Pennsylvania, and part of northern West

Virginia), Pittsburgh had the lowest share of opportunity employment. Cleveland, Ohio, is estimated to have 30.1% of its regional jobs in opportunity occupations. Cincinnati, Ohio, had a comparable 29.1% of regional jobs in opportunity occupations, and the highest share of opportunity employment within the Fourth District was in the Toledo, Ohio, metropolitan area with 34%.

The full report, *Opportunity Occupations Revisited: Exploring Employment for Sub-baccalaureate Workers Across Metro Areas and Over Time* (April 2019), by Kyle Fee, Keith Wardrip, and Lisa Nelson can be found at clevelandfed.org.



Pittsburgh MSA Top 10 Opportunity Occupations in 2017

	Annual Median Wage	Opportunity Employment
Registered Nurses	\$63,200	18,100
Heavy and Tractor-Trailer Truck Drivers	\$45,000	14,200
Maintenance and Repair Workers	\$37,100	10,600
Construction Laborers	\$38,600	9,700
Bookkeeping, Accounting, and Auditing Clerks	\$36,700	7,700
Carpenters	\$51,600	6,100
Licensed Practical and Licensed Vocational Nurses	\$44,600	6,000
Automotive Service Technicians and Mechanics	\$37,200	5,800
Supervisors of Retail Sales Workers	\$38,000	5,700
Sales Representatives, Wholesale and Manufacturing	\$63,000	5,100

Source: Federal Reserve Bank of Cleveland

What does Pittsburgh have to say about growing prosperity without population growth?

Also from the Federal Reserve Bank of Philadelphia in June is an overview of recent economic trends in Pittsburgh and the contrast between improving regional economic conditions and ongoing population declines impacting Southwestern Pennsylvania. Pittsburgh stands out as a region that has sustained high per capita income levels despite population decline that has persisted since the contraction of the region's manufacturing cluster over three decades ago. These topics along with an overview of regional economic trends are addressed in a recent analysis by former Pittsburgher Paul Flora, now with the Federal Reserve Bank of Philadelphia.

Regional Spotlight: Smart Growth for Regions of All Sizes is available online at philadelphiafed.org

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25% between 2009 and 2012. Some of the worst hit regions experienced even steeper declines. From peaks reached just prior to 2008, real estate prices in Phoenix, Arizona, are estimated to have dropped by over 45%, while Las Vegas, Nevada, experienced a nearly 60% decline. In contrast, the Pittsburgh region sustained a moderate (+1.7%) gain between 2009 and 2012, making it the only large metropolitan area not to experience a decline in real estate prices over the period.

Since 2013, these trends have again reversed. While real estate prices in Pittsburgh have sustained gains in recent years, national housing prices have rebounded at faster rates in most markets. Housing prices in 22 of the 40 largest metropolitan areas have recouped all losses since the Great Recession and reached new peaks by 2018. Between 2013 and 2018, the 40 largest metropolitan areas in the United States experienced an average annual

gain of 6.9%, ahead of an average annual gain of 3.9% for the Pittsburgh region.

Though trailing national trends, real estate appreciation in the Pittsburgh region is accelerating. Between 2017 and 2018, housing prices in the Pittsburgh region are estimated to have increased by 4.8%, the largest annual increase in HPI since 2001 and the second-largest annual increase in the HPI data, which go back to 1991.

Real estate prices in Pittsburgh have mirrored other regional economic and demographic trends over the last decade. Stability in real estate prices during the Great Recession coincided with a period of increasing migration into the region and moderate population gains. Prior to 2008, the Pittsburgh metropolitan region typically experienced population decline as the result of both natural population decline (deaths exceeding births) and net out-migration of population. U.S. Census Bureau estimates

show that between 2009 and 2012 Pittsburgh experienced population gains as the result of increasing population migration flows into the region despite ongoing natural population decline. This coincided with a period between 2007 and 2014 when the Pittsburgh region's unemployment rate remained consistently below the national unemployment rate, reflecting relative strength in the regional labor market.

Trends in housing prices have varied significantly within the Pittsburgh region. FHFA also compiles an annual county-level index of housing prices. Within the Pittsburgh region, the county with the fastest real estate appreciation has generally shifted among Butler, Washington, and Allegheny counties. In the most recent year, housing prices in Allegheny County are estimated to have increased by 5.9%, which is the highest rate of appreciation for any single county in the Pittsburgh MSA over the last 15 years.

Average Annual Change, FHFA Expanded House Price Index

	1998–2003	2003–2008	2008–2013	2013–2018
40 Largest MSAs	6.6%	4.6%	-3.1%	6.9%
Pittsburgh MSA	3.6%	2.7%	0.5%	3.6%

Annual Real Estate Appreciation, Pittsburgh MSA Counties, 2013–2018

County	2013	2014	2015	2016	2017	2018
Allegheny	2.4%	4.1%	3.5%	4.3%	4.3%	5.9%
Armstrong	-0.5%	2.8%	2.0%	3.6%	-3.8%	4.8%
Beaver	1.1%	2.8%	2.4%	3.1%	2.8%	4.3%
Butler	2.9%	2.8%	1.2%	3.8%	1.2%	3.2%
Fayette	0.0%	3.1%	-1.3%	4.0%	2.1%	2.8%
Washington	2.3%	4.4%	1.5%	1.9%	0.3%	2.2%
Westmoreland	1.3%	1.8%	2.3%	1.8%	2.5%	2.6%

Source: FHFA Annual Housing Price Index (All-Transaction Index)

Metropolitan-level data presented here are compiled from the FHFA Expanded-Data HPI. FHFA is responsible for oversight of the two major federal agencies engaged in mortgage financing: Fannie Mae and Freddie Mac as well as the Federal Home Loan Bank System, which includes the 11 Federal Home Loan Banks. Multiple housing price indices are compiled and published by FHFA. The commonly referenced Housing Price Index (HPI) is an estimate of national, state, and metropolitan prices for single-family detached homes. The Expanded-Data HPI used here is a newer measure, which incorporates both home value data from

mortgages financed by Fannie Mae and Freddie Mac and additional data on real estate sales compiled from county recorder offices and Federal Housing Administration-endorsed loans. County recorder data, which reflect sales activity in roughly 800 counties across the country, are supplied to FHFA under license from DataQuick Information Systems, a commercial source of real estate information.

County-level data presented here are from the FHFA Annual House Price Index (All-Transactions Index), which is a developmental metric that is subject to

future revision and refinement. This index uses real estate appraisal values and sale prices for mortgages bought or guaranteed by Fannie Mae and Freddie Mac.

Price trends here do not reflect any adjustment for inflation, and the 40 largest MSAs were chosen based on estimated total metropolitan population for 2018. The Pittsburgh MSA currently is defined as the seven counties of Southwestern Pennsylvania: Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmoreland.



UCSUR Names Recipients of the 19th Annual Manners Awards

Each year, the University of Pittsburgh University Center for Social and Urban Research (UCSUR) awards the Steven D. Manners Faculty Development Awards to promising research projects in the social, behavioral, and policy sciences on campus. These awards honor the memory of Manners, a sociologist who began working at UCSUR in 1974 and served as its assistant director from 1989 until his death in September 2000. His research and service to the center and the University community were dedicated to improving social conditions in the urban environment.

UCSUR presented the first Steven Manners Awards in 2001, and this year is awarding two research development grants to support pilot research with scientific merit and a strong likelihood to lead to subsequent external peer-reviewed funding.

The following individuals received the 2019 Manners Awards from UCSUR:



Jessica Hamilton, PhD, postdoctoral scholar, Department of Psychiatry, for “Using Smartphones to Understand Social Media Use and Sleep among Adolescents”



Marlo Perry, PhD, research assistant professor, School of Social Work, for “Emotional Awareness in Child Welfare Professionals and its Relationship with Emotional Variability, Compassion Satisfaction, and Commitment to the Field: A Pilot Study Utilizing Ecological Momentary Assessment”

NNIP Selects Bob Gradeck of the Western Pennsylvania Regional Data Center as the Network Steward of the Year

The National Neighborhood Indicators Partnership (NNIP) has selected Bob Gradeck, manager of the University of Pittsburgh Center for Social and Urban Research's (UCSUR) Western Pennsylvania Regional Data Center (WPRDC), as the 2019 winner of its Network Steward of the Year Award. NNIP is a collaboration between the Urban Institute and local organizations that connect people with neighborhood data. The award was created in 2016 to recognize a NNIP partner staff member who goes above and beyond expectations to strengthen the connectivity among NNIP partners, increase knowledge sharing, and raise the profile of the network.

Gradeck's work was critical to the creation of WPRDC, a core UCSUR program, in 2015. The project works in partnership with Allegheny County and the City of Pittsburgh to provide a shared technological and legal infrastructure to support research, analysis, decision making, and community engagement.

The award notes that as the manager of WPRDC, Gradeck "broke new ground with their open source platform, supported city and county agencies working to publish their data, and developed innovative ways to engage community users." In addition, his "pioneering practice inspires new network thinking about user-centered design, open-source technology, and data literacy."

Gradeck served on the NNIP executive committee from 2015 to 2017. He gave new focus to increasing NNIP partner staff participation and network stewardship. Gradeck also has been a tireless advocate for NNIP externally, connecting Urban Institute staff to funders and showcasing NNIP at conferences, most recently at conferences of the Administrative Data Research Facilities Network and Facilitating Community-Based Technology Innovation.

For more information:

Western Pennsylvania Regional Data Center: wprdc.org

National Neighborhood Indicators Partnership: neighborhoodindicators.org





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UCSUR Programs and Resources

Southwestern Pennsylvania Community Profiles

profiles.ucsur.pitt.edu

Western Pennsylvania Regional Data Center

wprdc.org

Pittsburgh Today Regional Indicators Program

pittsburghtoday.org

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