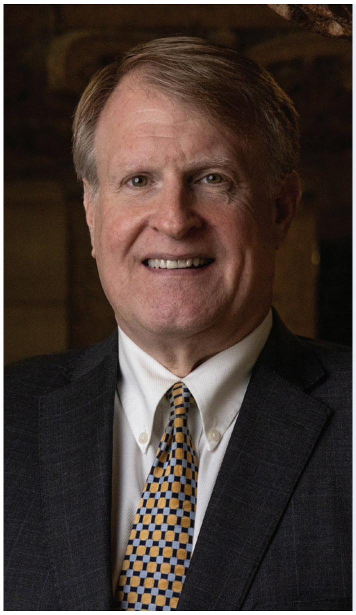
# Economy

ALLEGHENY COUNTY



In 2011, I decided to run for county executive because I was frustrated to see young people moving away, businesses closing or moving, and a lack of jobs in our community. I committed to addressing those issues head on and having a real impact on our community. We worked to identify problems and find solutions. Now, 12 years later, we can see the results of that work.

Through hard work and partnerships with others in our community focused on positive change, we have seen a transformation in our community. Today, our economy and job market is robust. The county is growing again and is more diverse and vibrant than it has ever been. We're boasting low unemployment rates, low foreclosure rates, low poverty rates, and more people with health care than in other parts of the country. I'm proud of the work we've done and bullish about what it means for this county's future.

**Rich Fitzgerald**
*County Executive*

## GROSS DOMESTIC PRODUCT (GDP)

Gross domestic product (GDP) is a measure of how a region is doing; it looks at the value of the goods and services produced in each area. As compared to decades ago, there are plenty of industries to look at in our region. There are jobs within the life sciences, robotics, artificial intelligence, energy, "eds and meds," the financial sector, advanced manufacturing, and so many more.

The Pittsburgh region is a powerhouse when it comes to GDP – this region ranks # 27 in the list of top metropolitan areas in GDP. In 2012, our GDP was $79,820,383,000. By 2021, that number had grown to $109,962,856,000 – a gain of $30,142,473,000 or 37.76 percent.

Other statistics show similar growth, the Pittsburgh MSA had 63,491 establishments in 2012, a number which has grown by 330 to 63,821 in 2021. Our diverse economy and population make this county a place where entrepreneurs can grow, and that long established companies can find opportunities to continue along their own paths.

# NEW CONSTRUCTION

Another harbinger of growth and investment is the amount of new construction going on in our county. In fact, it's a significant piece considered when determining a region's GDP. Quite simply, you can tell a lot about an economy by what's being built.

In this county, we have been fortunate to see robust construction projects over the last 12 years. From 2012 to 2023, there were 21,494 new parcels added in the county with those buildings valued at $9.93 billion. Of that new construction, 20,689 parcels and $8.74 billion in assessed value has been added to the tax rolls. The property taxes generated from those parcels is an important part of our county budget. Because it has been so robust, we have been able to meet the needs of county residents each year without having to raise property taxes.

Since 2012, we have also been fortunate that projects in Allegheny County have received over $223 million in Redevelopment Assistance Capital Program (RACP) funds. This program supports the acquisition and construction of regional economic, cultural, civic, recreational, and historical improvement projects.

# A DIVERSIFIED ECONOMY

A century ago, Pittsburgh was an industrial town that made steel. And when the steel mills closed down and the industry collapsed, our economy followed. We learned an important lesson because of that experience and have spent the last forty years diversifying our economy. That work has made our county far more resilient when there are ups and downs in any industry because that volatility is offset by other portions of the economy.

With steel being the largest industry in the 1930s, it's easy to understand why our football team is named the Steelers. If a new sports team popped up today, they'd likely be named the "Robots." Robots are everywhere, but even those who call Allegheny County home may not realize how much robotics are part of our economy. According to the Pittsburgh Robotics Network, the top three robotics communities in the world are Boston, Pittsburgh, and the Bay Area, with Pittsburgh often taking the first or second spot.

With over 100 robotics companies located in the Strip District, Pittsburgh is the Robotics Capital of the World. Not convinced? Since 2012, $3.3 billion in venture capital and private equity has been invested in Pittsburgh robotics firms. The Pittsburgh Robotics Network estimates that the cluster here supports 7,000 jobs and more than 45,000 technology workers. That's a 300% increase since 2011.

Similarly, Pittsburgh has become a global life sciences hub. There is an entire ecosystem here in our region which transforms research and technology into startups. Medical research at the University of Pittsburgh, its medical school, and the University of Pittsburgh Medical Center is at the heart of this sector. Add to that the artificial intelligence and robotics assets from Carnegie Mellon University, and we have an industry that is unique to our county.

Life Sciences attract $714 million in National Institutes of Health (NIH) research funding and employ 1,000 principal investigators. In this realm alone, there are 56 active venture and angel-funded firms with nearly $1 billion invested. Major life science firms employ more than 1,000 people in areas like devices, diagnostics, pharmaceuticals, regenerative medicine, and therapeutics. Those seeking to capitalize on this industry have invested in a portfolio of lab and office space, like that found in the Pittsburgh Innovation District. These efforts have been supported by the county through RACPs, LERTAs and TIFs to assist with the construction of public infrastructure related to the developments.

# REGIONAL DEVELOPMENT

Our region has seen an expansion in economic growth on all fronts. Over the last decade, we've seen the largest industrial project in the state since World War II with the construction and opening of the Shell Cracker Plant. Although located in Beaver County, the project enjoyed support from Allegheny County officials as well. The development is expected to have a $3.7 billion economic impact on the state, with significant benefits to Allegheny County too.

Even with so many challenges from the pandemic, we worked hard to ensure that opportunities were capitalized on and that developments continued to move forward. As just one example, the county celebrated the groundbreaking of the First National Bank (FNB) headquarters on the former 28-acre Civic Arena site.

The groundbreaking followed a multi-year construction project to reconnect the Lower Hill District to Downtown Pittsburgh with a "cap" over the highway. The overall project received broad support, including federal funding through a $19 million Transportation Investment Generating Economic Recovery (TIGER) grant. Local and state support added an additional $7.4 million to the project.


## TAKING FLIGHT

When I took office, one of the biggest challenges to growing our economy was addressing our airport. Neither businesses nor leisure travelers could get to where they wanted to go. The Pittsburgh International Airport (PIT) once bustled with passenger traffic of 20 million people, but after the departure of US Airways in 2004, flights and travel from the airport had dwindled until the airport was on the verge of bankruptcy. In 2012, there were just 36 nonstop destinations going in and out of Pittsburgh. Its failure would have been a devastating economic blow to our region.

We thought that getting a hub back would cure all of the airport's ills and that hiring a new director would make all the difference. But when we undertook a national search, we learned that no one was interested in taking the airport on because of its financial challenges and so our focus turned to finding revenues for the airport.

The county and the airport authority were approached by companies seeking the opportunity to drill under airport property to access the Marcellus shale underneath. After a long, public process, the mineral rights were leased to CONSOL Energy resulting in significant funds being provided to the airport. In addition to an upfront payment and infrastructure investment, the lease provides ongoing financial payments to the airport which also receives royalties from the gas extracted. This financial investment has allowed the airport to become self-sufficient and invest in its operations and developments.

As a result, the airport was able to attract a dynamic leader in CEO Christina Cassotis with visionary leadership, a strategic approach, and community ties that have benefitted and grown the airport. Air service development has increased; the airport has invested in and partnered on cutting-edge tech that improves the passenger experience; and a billion-dollar terminal modernization program is underway.

That growth hasn't been limited to just the airport proper, as both the county and airport have focused on development on the surrounding 8,800 acres. The airport corridor has attracted developments from industry giants like Amazon and DICK'S Sporting Goods which, in turn, has encouraged additional investment in the corridor.

In 2019, the airport authority launched Neighborhood 91, an innovation campus that offers all the components of 3D printing and the additive manufacturing supply chain in one place. This investment has led to businesses in that chain coming together to form a close-knit community of people with skills, education, training and know-how focused on the next generation of research. A $3 million RACP grant helped finance infrastructure development for the expansion of this project which has an anticipated $1B local economic impact.

# A GROWING COUNTY

For 60 years, Allegheny County lost population that began with the collapse of the steel industry. The 2010 Census reflected a population of 1,223,973, but when the numbers were released from the 2020 census, the county had gained population for the first time in decades.

What is most striking about the 2020 Census is what it tells us about the people who make up Allegheny County. Between 2010 and 2020, Allegheny County saw an 80% increase in our Hispanic population and an over 70% increase in our Asian population. Our Black population also grew, as did those identifying as multiracial. Perhaps just as striking, the 25 to 34 age group grew by 20% in those ten years, as compared to an 11% increase nationwide. Those numbers show that our county is growing, is more diverse and younger than it has ever been. We're attracting new people to the county and keeping others here too – the reverse of where we were just a few short years ago.


## TRANSFORMING NEIGHBORHOODS

You can see the vibrancy and energy in the county when you look at the neighborhoods and communities that were once vacant and blighted and are now bursting with new developments, housing, businesses, and more.

The Strip District, Lawrenceville, and East Liberty of 12 years are not the same neighborhoods we see today. When this administration first began, it wasn't unusual to receive requests for incentives like a Local Economic Revitalization Tax Assistance (LERTA) exemption or a Tax Increment Financing (TIF) to make developments in those communities work financially. Fast forward 12 years and projects in those neighborhoods are privately funded. The $100 million multi-use Brewers Block is just one example of that work. RDC and Commonwealth Development Partners just recently cut the ribbon on a three-building development which contains 377 housing units, 2,000 SF of ground-floor retail space, and 40,000 SF of indoor and outdoor amenities. The project created over 600 construction jobs, employed 12 local design, legal, and construction consultants, and 80% of the construction dollars were spent by local subcontractors. Community partnerships also include a neighborhood source center for local artists and craftsman, and job fairs to hire local residents.

You can also see similar growth in communities outside of the city's core. Take a look at Braddock Borough. While the borough still has an operating steel plant, the community saw disinvestment and people move out of the area when the steel industry collapsed. Businesses left and its hospital closed. Allegheny County stepped in and worked with the elected officials on their plan for a new Braddock Borough. Over the last 12 years, the county has invested $25 million in Braddock, including $20.3 million for a development on the former hospital site which now boasts an urgent care center, retail, office space, and residential space. Additional commitments provided for the demolition of hazardous structures, the renovation of existing buildings for new uses, and investments into roads and infrastructure. All of this work, along with support from the state, resulted in Braddock Borough exiting Act 47, the distressed municipality status program, nearly 35 years after it first entered. The borough is again on sound financial footing and continues to bring in businesses and investment to revitalize the community.

# JOBS, JOBS, JOBS

Allegheny County and the entire Pittsburgh metropolitan area marked a significant milestone in June when the unemployment rate reached a record low 3.3%. This is the lowest rate in the county in 50 years. In December, the unemployment rate in the Pittsburgh area fell below 4% for the first time.

In the last month, we've also seen an increase in the number of jobs that are available in region. The latest reports show that there were 5,700 new jobs added in June, an increase of 2.2% over the last year. Over 49,000 jobs are available in Allegheny County today with hundreds of companies seeking skilled, talented employees.

Not only are there jobs available, but the wages have increased substantially over the last decade. Since 2012, we've seen $14B in wage growth. The average weekly wage has increased to $354 a week or $1,416/month, a 33% increase when inflation is 29.67% over the same period.

# A PLACE TO CALL HOME

The county's growth can also be seen in housing prices. Residential housing prices in the region are increasing at the fastest rate since the 1970s, according to the Federal Housing Finance Agency. The data shows that Pittsburgh region housing prices jumped by 13.4% compared to the year prior, the fastest year over year appreciation since 1979.

The numbers are more impressive when evaluating the percentage of monthly income going toward mortgage payments. Only 14% are paying more than 35% while 60% are spending less than 20% of their hard-earned money on their mortgage. That's almost a full 10% better compared to the other 16 counties with similar population.

Only 14% of Allegheny County residents pay more than 35% of their monthly income toward their rent. That is a significant improvement over the last decade. This ranks #1 when compared favorably to 16 other similarly sized counties.

Preserving and extending the county's stock of affordable family housing is an important priority with unique partnerships focused on that objective. Since 2012, we have invested an average of $22 million a year into affordable housing developments in the county. That $275 million has resulted in over 2,000 new units including new construction and rehabilitated projects that are available for rent or purchase. This work continues to ensure our residents have affordable options when it comes to housing in our region, from seniors who have retired and are reliant on their social security benefits start to new families struggling to find housing with an increase in market prices.

We have also invested in programs that allow residents to transition from rental properties to homes of their own, as we incentivize opportunities for residents to grow wealth. The Penn Hills Homeownership Program provides closing-costs and loans for down payments for moderate-income households to purchase homes. Between 2017 and 2022, we provided $613,000 in HOME funds, and over $7.2 million in first mortgage funds, seller credit and other assistance. The program has resulted in 58 families being able to purchase a home.

We have also invested in making our homes safer, providing funding and technical know-how through programs like the Lead Safe Homes Program. Because of our older housing stock, many contain lead paint and other challenges to a healthy home. The program offers qualifying homeowners and renters in Allegheny County free home lead-paint testing and hires a certified lead abatement contractor to stabilize or eliminate lead-paint.