

PITTSBURGH ECONOMIC QUARTERLY

Center for Social and Urban Research

PITTSBURGH WOMEN CLOSE LABOR FORCE GAP

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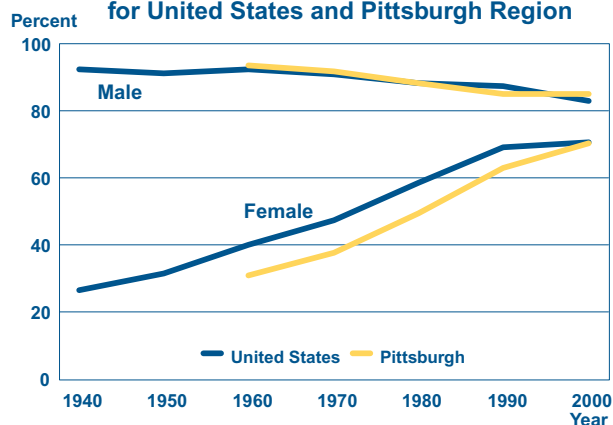
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Another vestige of Pittsburgh's steel heritage has been laid to rest. The 2000 Census reveals that the female labor force participation rate among working-age women (25 to 64 years) is virtually the same in Pittsburgh (69.3 percent) as in the nation (69.6 percent).

For at least 50 years, Pittsburgh women opted out of the local labor force to a much greater degree than their peers around the country. This article reviews why that was the case and what has changed.

Labor Force Participation Rate

of Population Age 25 to 64 by Gender
for United States and Pittsburgh Region



Source: U.S. Bureau of the Census

Historically Lower Rates

The female labor force participation rate among working-age women in the six counties that now comprise the Pittsburgh MSA was just 30.8 percent in 1960—9.4 percentage points below the nation's 40.2 percent.

Writing in the early 1960s, Benjamin Chinitz, a University of Pittsburgh regional economist, discussed Pittsburgh's low female labor force participation in his classic article, "Contrasts in Agglomeration: New York and Pittsburgh."

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MILLIONS OF FIRMS TO GET 2002 ECONOMIC CENSUS FORMS

The Commerce Department's Census Bureau sent questionnaires to more than five million businesses across the nation in December, launching the 2002 Economic Census. Federal Reserve Board Chairman Alan Greenspan has called the 2002 Economic Census "indispensable to understanding America's economy."

According to Greenspan, the Economic Census, taken every five years, "assures the accuracy of the statistics we rely on for sound economic policy and for successful business planning."

"The Economic Census is more important than ever," said Commerce Secretary Don Evans. "The participation of business is an act of corpo-

rate good citizenship and is critical to understanding the factors that underpin our ongoing economic recovery."

The Economic Census produces widely used business statistics and is the primary benchmark for measuring 96 percent of the gross domestic product.

Firms in more than 1,000 indus-

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FEMALE LABOR FORCE PARTICIPATION RATE (CONT.)

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Chinitz first made it clear that the low participation rate “is as high as you would expect” for a metropolitan area given Pittsburgh’s industry mix. In other words, the dominant steel industry was responsible. Then he asked whether “these women represent a potential supply [of labor],” and why “female labor-using industries” are not attracted by the surplus.

In 1960, had Pittsburgh’s women been participating at rates equal to the nation’s, the region would have had 57,000 more workers available to attract potential employers.

In his response, Chinitz first assumes the obvious: Steel industry jobs were predominantly held by men. Secondly, he alludes to the relatively high earnings that steelworkers brought home as reducing the family’s need for a second income.

More unique to Pittsburgh, Chinitz cited the dispersion of steel plants along the rivers (due to topography and location factors for steel) as a cause of lower population concentrations than in most metropolitan areas of that time.

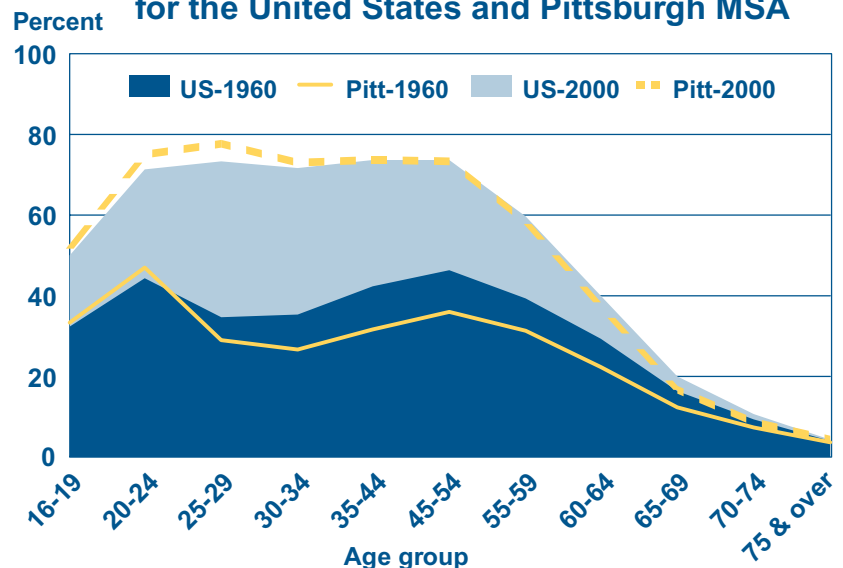
Mid-20th-century industries couldn’t tap Pittsburgh’s female labor supply because Pittsburgh lacked locations of sufficient concentration, and their wages for women were inadequate to overcome commuting costs. Pittsburgh’s early population sprawl countered the typical big-city labor pool advantage that is expected to attract other industries.

Finally, Chinitz noted that rotating shifts under which many steel workers labored created difficulties for women trying to schedule a job while managing child care and household responsibilities.

Changing times

Once Pittsburgh’s steel industry lost its dominating grip on the re-

Labor Force Participation Rate for Females by Age Group in 1960 and 2000 for the United States and Pittsburgh MSA



Source: U.S. Bureau of the Census

gional economy in 1983, economists expected the female labor force participation rate in Pittsburgh to slowly converge upon the nation’s rate.

When Chinitz analyzed the region, Pittsburgh’s female labor force participation rate was significantly lower than the U.S. rate for all age groups 25 years and over.

After 40 years, female labor force participation rates have risen in both Pittsburgh and the U.S., but Pittsburgh has closed the gap with the nation. In fact, for female workers age 16 to 44, Pittsburgh’s rate now slightly exceeds the nation’s.

It’s safe to say that Pittsburgh’s potential supply of female labor that Chinitz observed in the 1960s has been absorbed. As jobs are created in future years, there is one less pool of workers from which to draw.

Today, Pittsburgh looks like the nation with respect to female labor force participation rates.

The labor force participation rate is the proportion of the civilian, noninstitutionalized adult population that is working or actively seeking work.

ARMSTRONG COUNTY JOINS PITTSBURGH REGION

The United States Office of Management and Budget (OMB) announced on June 6 that the Pittsburgh metropolitan area has expanded from six to seven counties. Now, in addition to Allegheny, Beaver, Butler, Fayette, Washington, and Westmoreland Counties, the Pittsburgh Metropolitan Statistical Area (MSA) includes Armstrong County.

An MSA must contain at least one principal city of 50,000 people or more. The principal city’s county plus adjacent counties with a minimum of 25 percent commuting to the central counties constitute the geographic area of the MSA.

ECONOMIC CENSUS (CONT.)

Continued from page 1

tries will be asked to report information, that will be kept confidential, about their operations, including the number of employees, the annual payroll, and the value of goods and services provided during calendar year 2002.

In addition to the Federal Reserve and other federal agencies, state and local officials use Economic Census data to design programs that promote business development (see box below for some examples). The private sector uses the data for activities such as developing business plans, calculating market share, and evaluating new

business opportunities.

The 2002 Economic Census features many “firsts,” including businesses with leased employees; data shown for more than 85 additional service industries by North American Product Classification System codes; direct comparability with North American Industry Classification System sectors in the 1997 Economic Census; and expanded information on purchased services and customer classes.

The Census Bureau has an Internet help site for businesses: www.census.gov/econhelp.

Data covering calendar year 2002 will be collected and processed during 2003, and the first data will be released in early 2004. Ultimately, the Economic Census will yield more than 1,600 reports and data products for states, counties, places, and some zip code areas.

The Economic Census dates back to the nation’s third Census in 1810, when the Census of population included questions on manufacturing. The Economic Census has been conducted at five-year intervals since 1954.

Source: U.S. Census Bureau

EXAMPLES OF HOW ECONOMIC CENSUS INFORMATION DRIVES DECISION-MAKING

Maintain local tax base

The Economic Development Commission of Chicago attempts to attract new business to the city and retain those they already have by talking to companies about real estate and workforce needs. They use Economic Census data to identify industries growing nationally but not doing as well locally.

Assist local businesses

A consultant uses Economic Census CD-ROMs to compute business averages, such as sales per capita and establishments per 100,000 residents. He markets comparative summaries to shopping mall owners seeking business tenants and to prospective entrepreneurs. He advises them to look for opportunities in communities where an industry is under-represented relative to state and national norms. Small business development centers in many states help business owners assess their marketing and management challenges and become familiar with business data sources such as the Economic Census.

Research

A professor at Harvard University studied a series of votes in Congress related to free trade issues. He used Economic Census data on manufacturing to explore the correlation between each state’s industrial structure and the way each state’s Congressional representatives voted on these issues.

Public policy and statistics

The Federal Reserve Board uses Economic Census data to understand changes in the American economy and to benchmark productivity estimates and other measures of economic performance. The U.S. Department of Commerce uses Economic Census statistics to benchmark and update the National Income and Product Accounts, one of the components of the Gross Domestic Product (GDP) estimates. Federal and state agencies look to Economic Census data to gauge the effectiveness of programs such as minority contracting guidelines, trade policies, and job retraining.

Disaster response

The Federal Emergency Management Agency uses the Economic Census data by zip code to inventory business locations by industry and size. They use this information to estimate potential losses to employment and productive capacity that might result from a major fire, flood, or other disaster.

STABILITY AND AFFORDABILITY CHARACTERIZE PITTSBURGH'S HOUSING MARKET

Pittsburgh's housing market has experienced slow, steady growth for nearly 25 years, creating a stable and relatively affordable market that should be an asset for attracting workers. This article presents Pittsburgh's home prices over time and recent affordability measures for 18 metropolitan regions as evidence of Pittsburgh's stability and affordability.

Housing prices

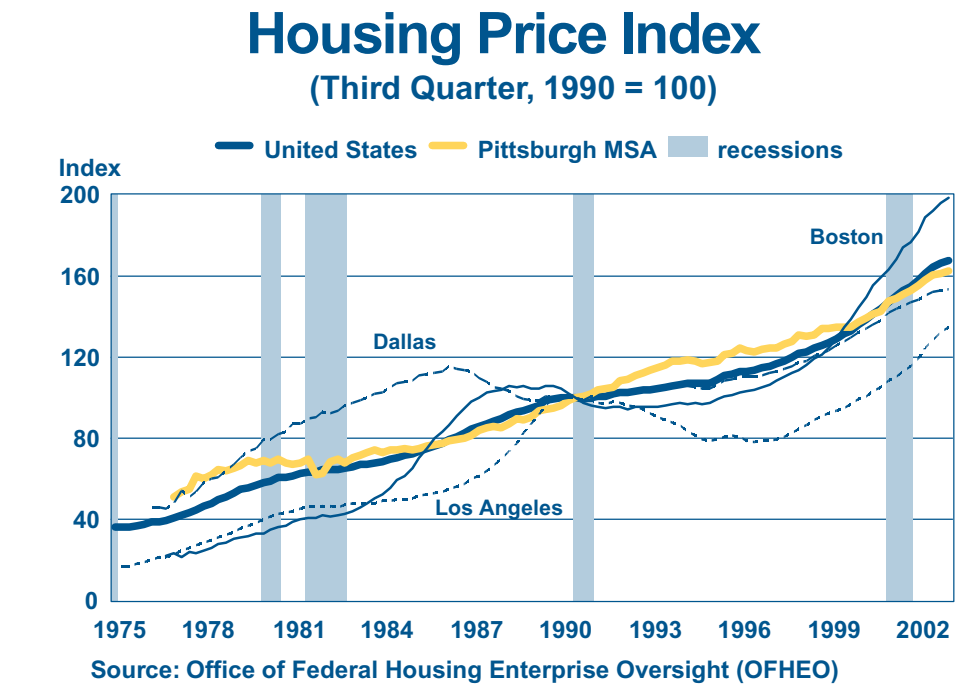
From July 1990 until March 2001—peak to peak of the last full national business cycle—Pittsburgh housing prices grew 3.8 percent (annualized), virtually the same as the nation (3.7 percent).

U.S. housing prices grew 5.3 percent (annualized), while Pittsburgh housing prices grew 3.6 percent from January 1980 to July 1990. That period includes two complete business cycles—combining the brief expansion wedged between the early 1980s double-dip recessions with the long 1980s expansion.

The slower pace of housing prices Pittsburgh experienced in the 1980s, relative to the nation, reflects the severe economic hardships that accompanied the steel industry closings during the twin recessions. Subsequent population out-migration depressed market prices for existing homes and dampened new construction of higher-priced homes.

Since the late 1980s, Pittsburgh's economy has behaved more like the nation's. The identical growth in home prices during the brief 1990–91 recession and long 1990s expansion is yet another indication.

In contrast, other cities make headlines with booming housing markets, and rapidly escalating prices that eventually collapse.



The mid-1980s energy boom boosted Dallas housing prices 10.3 percent (annualized) for almost 10 years, while U.S. prices rose 7.6 percent. Then from 1986 to 1990, the Dallas housing market gave up its gains—falling 3.3 percent (annualized) while national prices continued to gain 5.6 percent.

Los Angeles experienced a similar run-up in housing prices as the 1980s expansion closed, then prices plummeted as the 1990–91 recession, the 1992 riots, and the 1994 earthquake hammered the region's economy (15.5 percent annualized gains over four years, followed by four years of 5.2 percent declines).

A long perspective indicates roughly equal growth rates in housing prices for most metropolitan regions and the nation.

Boston is currently experiencing a rapid rise in housing prices—12.4 percent annualized from the first quarter of 1999 until the first quarter of this year compared to 7.2 percent for the nation.

Price escalations in Boston and similar hot markets are occurring despite the national recession, which spanned March through November 2001. Because the latest recession was accompanied by a significantly weaker stock market and lower interest rates than other recent recessions, the housing market has become a safe haven for savings and an easier market to enter for first-time buyers throughout the nation.

How long these conditions last may determine when Boston homeowners experience their next price bust—their last bust began at the end of the 1980s as the recession rolled into New England.

Pittsburghers can take comfort that for over 25 years the housing market has been relatively stable. With the exception of flat growth in prices after the mills closed, housing prices have risen steadily at a pace equal to the nation's and Pittsburgh has avoided disruptive boom-bust cycles that have inflicted other regions.

Housing affordability

Among 18 selected metropolitan areas, Pittsburgh had the lowest median monthly ownership costs (\$937) and the lowest median gross rent (\$482) in 1999. Unfortunately, Pittsburgh also had the third-lowest median household income.

Cincinnati, Cleveland, St. Louis, and Tampa metro areas share Pittsburgh’s characteristic of low median housing costs and low household incomes. High housing costs and high household incomes are borne by Boston, Oakland, San Francisco, San Jose, and Washington, D.C.

The regional differences in housing costs and incomes, examined separately, reveal little more than the correlation between regional wages

and costs of living. Miami provides an exception. Despite housing costs that are average to above-average, Miami’s median income is the lowest among these 18 regions.

To better measure affordability, the Census reports the percentage of owner-occupied (or renter-occupied) households who pay more than 30 percent of their income for selected monthly owner (or renter) costs.

This measure is generally thought to indicate some measure of distress—that households paying more than 30 percent of their income may be struggling to maintain an appropriate standard of living for other necessary consumption. Alternatively, some households in this group may be well-off households that

choose to consume proportionally large amounts of housing.

Pittsburgh compares favorably to the other 17 regions with just 19.5 percent of owner-occupied households paying 30 percent or more income for owner costs (third lowest) and 35.4 percent of renter-occupied households paying 30 percent or more income for renter costs (fourth lowest).

Cincinnati, Cleveland, and St. Louis also exhibit greater affordability, but Tampa winds up with relatively higher percentages of households paying over 30 percent of income for ownership, and much higher percentages among renters.

The Miami exception, observed above, translates into significantly

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Housing Affordability Measures: 1999 Data from the 2000 Census

Metropolitan Statistical Area	Median household income (\$)	Median selected monthly owner costs (\$)	Of owners in specified owner-occupied units with a mortgage:	Of renters in specified renter-occupied units:
			Percent who paid 30 percent or more of their income for selected monthly owner costs	Percent who paid 30 percent or more of their income for gross rent
Atlanta, GA MSA	51,948	1,165	21.6	36.6
Baltimore, MD PMSA	49,938	1,215	22.4	35.7
Boston, MA-NH PMSA	55,183	1,535	23.5	37.0
Cincinnati, OH-KY-IN PMSA	44,248	1,059	18.2	34.2
Cleveland-Lorain-Elyria, OH PMSA	42,089	1,064	21.6	36.5
Denver, CO PMSA	51,191	1,262	23.9	38.0
Miami, FL PMSA	35,966	1,206	35.8	47.1
Oakland, CA PMSA	59,365	1,727	30.4	40.6
Philadelphia, PA-NJ PMSA	47,536	1,242	24.5	38.7
Pittsburgh, PA MSA	37,467	937	19.5	35.4
Portland-Vancouver, OR-WA PMSA	47,077	1,260	26.3	38.8
St. Louis, MO-IL MSA	44,437	953	16.4	34.3
San Diego, CA MSA	47,067	1,541	31.8	42.7
San Francisco, CA PMSA	63,297	2,108	31.0	37.7
San Jose, CA PMSA	74,335	2,060	28.9	38.2
Seattle-Bellevue-Everett, WA PMSA	52,804	1,478	27.5	38.4
Tampa-St. Petersburg-Clearwater, FL MSA	37,406	938	23.0	38.9
Washington, DC-MD-VA-WV PMSA	62,216	1,474	22.2	33.2
United States	41,994	1,088	21.8	36.8

Source: U.S. Bureau of the Census

OAKLAND PRESENTS UNIQUE ECONOMIC CHARACTERISTICS

After Pittsburgh's Downtown, Oakland represents the largest center of employment in the Pittsburgh region, with a resident population far larger than Downtown's. Both daytime and nighttime populations are dominated by university and medical functions, creating a diverse, vibrant economy unique to the region.

For Oakland's 15213 ZIP code, the Census Bureau reports 50,651 employees in their 2000 County Business Patterns. Their 2000 decennial census reports 28,320 residents. Actual activity levels—and number of people—are elevated further by students, patients, diners, campus visitors, museum and library patrons, and family and friends of overnight hospital patients.

For Oakland's retail businesses, added traffic helps offset the low incomes that define college-age budgets. The median age of Oakland's population (22 years) is almost half the region's (40 years), while the neighborhood's per capita income (\$14,263) is barely two-thirds the region's (\$20,935).

The 2000 Census reports that 8,549 of Oakland's residents—or 30 percent—live in dorms, and 16,527 (58 percent) are enrolled in college or graduate school. Oakland's higher education institutions (Carlow College, Carnegie Mellon University, and the University of Pittsburgh) report nearly 10,000 students in campus housing of 37,143 students enrolled.

These numbers suggest that 6,500 to 8,000 students live off campus in the Oakland neighborhood, while up to 20,000 full-time and part-time students attend from around the City of Pittsburgh and the region.

An accurate estimate of Oakland's daytime population is difficult. While some persons are both

students and employees, the proportion of total daytime population to total employment is certainly larger than most employment centers where shoppers and office visitors constitute the bulk of additional activity.

The universities stimulate greater international diversity in Oakland than the city as a whole can claim. Over 65 different countries of birth are recorded among Oakland's population in the 2000 Census, and 13.1 percent of the population is foreign born. Only 5.6 percent of the City's population is foreign born.

Foreign languages may be heard while eating ethnic foods in Oakland restaurants. In Oakland, 17.3 percent of the population speak a language other than English. Only 9.2 percent of the City's population speak a foreign language; the figure is 5.2 percent for the Pittsburgh region.

Campus and neighborhood housing options also affect the urban commute. Of Oakland residents who work (age 16 and over), walking is the overwhelming mode of choice,

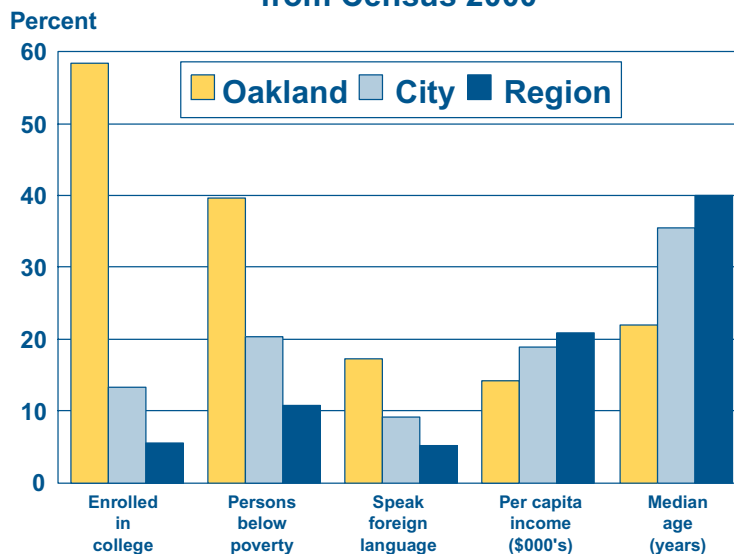
with 41.4 percent hoofing it to work compared to 9.8 percent in the city and 3.6 percent in the region.

Transit represents a slightly smaller percentage of Oakland commuters (18.6 percent) than City commuters (20.5 percent). A little over 2 percent work out of their homes in both Oakland and the City.

Oakland's foot traffic replaces cars. Nearly 55 percent of city commuters travel alone by car, while only 30 percent of Oakland commuters do so. Carpoolers account for 11.4 percent of city commuters and only 5.6 percent of Oakland commuters.

Oakland offers a business climate unlike any other in the Pittsburgh region, with diversity, youth, and nearly 24-hour activity.

Socio-economic Characteristics from Census 2000



Source: U.S. Bureau of the Census

The Census Bureau's ZIP Code Tabulation Area (ZCTA) approximates, but does not precisely match, the postal delivery areas associated with the common five-digit zip code. ZCTA 15213 covers all Oakland neighborhoods and small parts of Shadyside, Squirrel Hill, and the Hill District.

PITTSBURGH'S HOUSING MARKET (CONT.)

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higher percentages of households paying more than 30 percent of household income for owners and renters than in the other 17 regions. This may represent added distress among the relatively poorer immigrant population, or added distress for middle-market apartment rentals that are close substitutes for, and compete with, short-term tourist rentals. Miami's statistic may also be influenced by wealthy retirees on low-fixed incomes, paying new mortgages on high-priced properties.

In contrast, Pittsburgh's retirees on low-fixed incomes are generally paying for low-priced properties, if they are paying anything at all. Pittsburgh leads all 18 regions with the highest percent of owner-occupied homes that are paid in full (40.7 percent). Philadelphia was a distant second with 31.8 percent and the national rate was just 30.0 percent.

The average owner costs for the 245,033 Pittsburgh households whose homes are not mortgaged are a mere \$314 per month.

The median value of owner-occupied housing units in Pittsburgh was \$86,100 in 1999 compared to \$119,600 for the United States. Among the 18 regions, Pittsburgh's

median home value was lowest; San Francisco's was highest at \$456,400. Closer to home, Cleveland's median home value was substantially higher than Pittsburgh's at \$119,400.

With ongoing population losses, and considerably less new construction than in other regions, Pittsburgh's housing stock is old. The percent of Pittsburgh's housing structures built prior to 1960 was 59.7, compared to 35.0 percent nationwide. Only Boston had an older housing stock at 60.3 percent.

While the older housing may require more renovations, the low

median value should translate into some competitive advantage—62 percent of Pittsburgh homes are valued under \$100,000, while fewer than 10 percent of homes in Boston, Denver, Oakland, Portland, San Diego, San Francisco, San Jose, Seattle, and Washington, D.C., can be found at that price.

Census statistics suggest that Pittsburgh housing is more affordable than most of the 17 regions compared here, and is the least expensive market to enter for households moving from other regions with an established home equity stake in hand.

Gross rent is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, water, and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid by the renter (or paid for the renter by someone else). Contract rent is the monthly rent agreed to or contracted for, regardless of any furnishings, utilities, fees, meals, or services that may be included.

Selected monthly owner costs are the sum of payments for mortgages, deeds of trust, contracts to purchase, or similar debts on the property (including payments for the first mortgage, second mortgage, home equity loans, and other junior mortgages); real estate taxes; fire, hazard, and flood insurance on the property; utilities (electricity, gas, and water and sewer); and fuels (oil, coal, kerosene, wood, etc.).

Specified owner-occupied housing units include only one-family houses on less than 10 acres without a business or medical office on the property.

For more information about the definitions, see the U.S. Census Bureau's technical documentation for the 2000 Census of Population and Housing at www.census.gov/prod/cen2000/doc/sf3.pdf.

STUDENT RESEARCHERS AT UCSUR

The Urban and Regional Analysis program at UCSUR benefits greatly from our graduate student researchers. This summer, the talented students and recent graduates working on urban and regional research projects at UCSUR include:

Christine Anthon (doctoral candidate, sociology), Shannon Hughes (master's student, GSPIA), and Tasha Peart (master's student, public health): Black-White and Women's

Benchmark Reports, Pittsburgh Foundation and Maurice Falk Fund

José Argueta (doctoral candidate, political science): Census Data Analysis of Disability in the Pittsburgh Region, Fisa Foundation

Milana Barr (MPA, GSPIA): Strategies to Address Population Health and Health Inequities

Sonia Gilkey (doctoral student, social work): Biotech Study, Friedrich Schiller University, Germany

Monique Huggins (MPA, GSPIA): Nonprofit Board Diversity, Copeland Fund

Sungsoo Hwang (doctoral student, GSPIA): Pittsburgh Neighborhood and Municipal Database-Mapping Project, PNC Bank and City of Pittsburgh

Chris Shorter (master's student, GSPIA): Evaluation of Low Income Housing, Employment and Homeownership Programs.

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