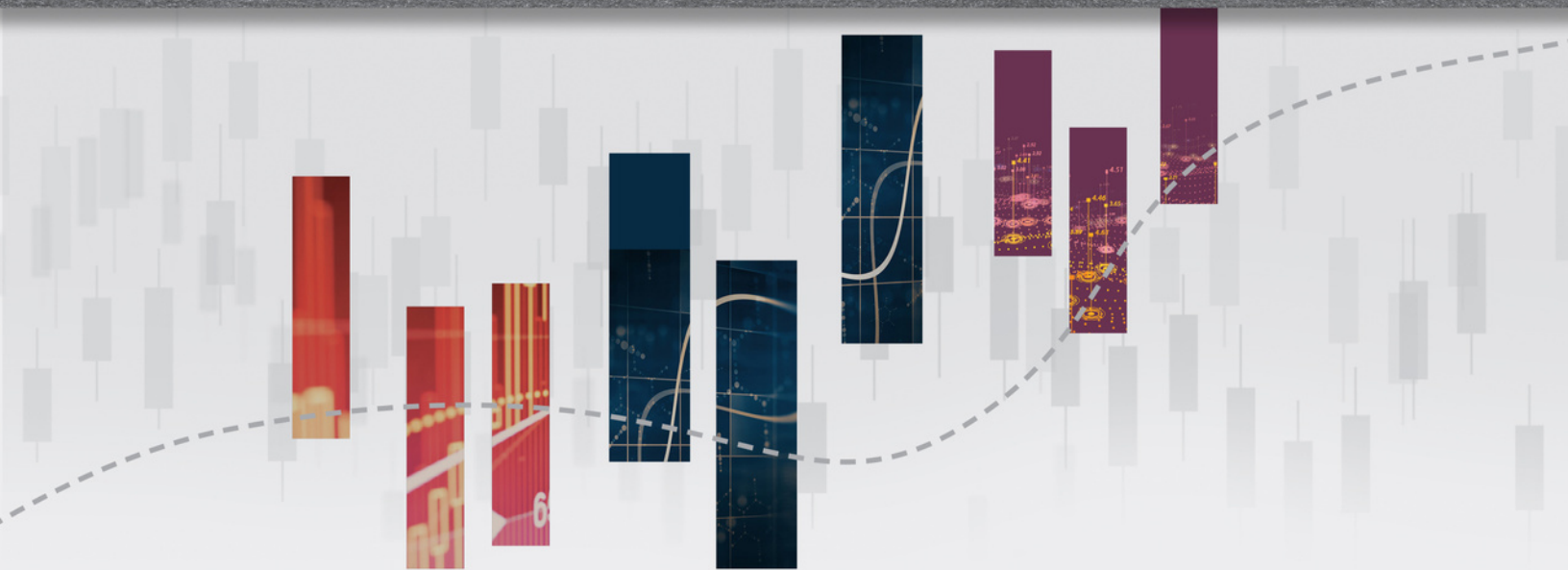


Economy Tracker



THE INSTITUTE FOR PUBLIC POLICY & ECONOMIC DEVELOPMENT



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About The Quarterly Economy Tracker:

The Economy Tracker is a quarterly publication of The Institute for Public Policy & Economic Development. It explores economic data, trends, and issues related to our region's economy. Subscribe for free at www.institutepa.org. In all its publications, The Institute uses the most current data available at the time of release.

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Housing Task Force Report

Addresses Affordability



The Institute's Housing Task Force, chaired by Charlie Kasko, examined the rapidly changing housing market in our region in its latest study, released at the 2023 Regional Indicators event in May.

Northeast PA has historically been known for lower-than-average home prices due to its older housing stock. In the past, relatively low demand resulting from the region's declining population has also kept prices in check. These lower housing costs have underpinned the region's favorable cost of living, which helps draw people to the area. Since the onset of the pandemic, the region has seen a marked increase in housing prices. In response, this research explores how local governments can promote more housing development and keep such prices affordable in Northeast PA, building on last year's study which explored the nature of these market conditions.

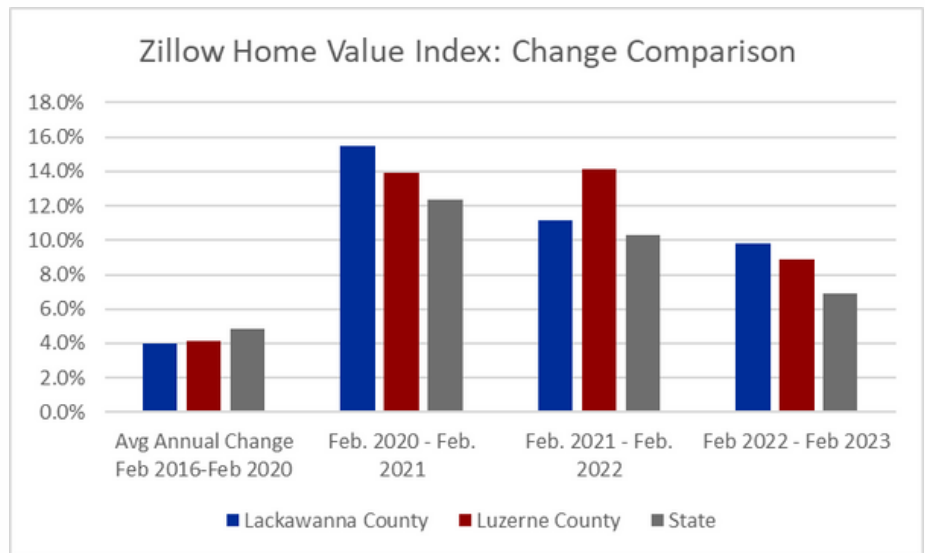
The pandemic's effect on the housing market is central to the report's findings. During the onset of COVID-19, many people moved into the region from nearby major cities due to affordability and health concerns. From 2019 to 2021, the region saw population growth of nearly 3 percent, but for-sale inventory decreased by over 16 percent.

While population growth is generally positive economically, the region already had a limited and aging housing stock, so any new influx of people put significant stress on the housing market. With more people competing for limited housing, Northeastern PA saw significant housing price growth from throughout 2022 and 2023.

As a result, rent has become increasingly unaffordable for the people working in the most common occupations in Luzerne and Lackawanna Counties. Among the 20 most common occupations, the average worker in only five of them can afford homes in the region.

Potential purchasers have had to contend with not only price increases that have outpaced wage growth but rising interest rates making mortgages more expensive.

(Continued on page 3)



Largest Housing Price Increases Since Pandemic		
County	Rank	Nov 22-Feb 20
Pike County	1	61.59%
Wayne County	2	60.79%
Monroe County	3	60.55%
Carbon County	4	56.11%
Schuylkill County	5	49.29%
Venango County	6	43.67%
Armstrong County	7	42.73%
Mifflin County	8	40.99%
Forest County	9	40.20%
Berks County	10	40.03%

Source: Zillow Research

Housing Task Force (cont.)

Recommendations

To make housing affordable, municipalities need to prioritize the construction of more affordable, middle-income housing. A prime way to do this is to reform local land use policies. Primary research conducted through the study found that planners and developers view difficult zoning rules as a major barrier to more construction. By simplifying the code and updating the approval process, municipalities can lower the barriers to entry for small developers and increase competition in the housing market.

Turning blighted and abandoned properties back into housing can also improve the housing stock. Land banks help put blighted properties back on the housing market by clearing back taxes and clarifying ownership.

To supplement these efforts, land trusts can be created to purchase blighted properties. Land trusts are community organizations that buy land and then rent or sell the housing on the land. The trusts maintain ownership of the land to protect it from being bought by speculators or turned into something other than affordable housing. While land trusts are self-sustaining with monthly rent and housing sales, they do need startup funding, which could come from American Recovery and Reinvestment Act allocations, other federal funds, or private philanthropy.

Housing affordability is a complex topic, and no single solution will solve this problem everywhere. By adopting best practices and implementing these recommendations, local leaders can contribute significantly to keeping Northeastern PA an affordable place for everyone.

The full study is available to read at www.institutepa.org.



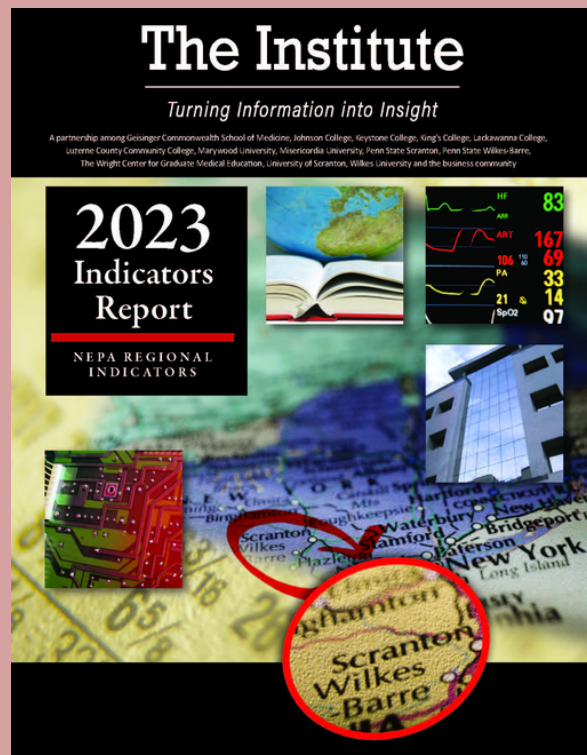
What's New at The Institute?

Indicators 2023

The 2023 edition of the Northeastern Pennsylvania Regional Indicators event was held on May 3, 2023. For the first time, two sessions were held: a morning presentation in-person at The Woodlands Inn in Wilkes-Barre, and an afternoon virtual session presented in partnership with WVIA Public Media. Both sessions included highlights from this year's report, including critical data on demographics, economics, housing, health and more to serve as a regional report card.

The 2023 edition also expanded on indicators related to arts, culture, and recreation and social equity in response to growing interest to systematically measure the region's progress in these areas. In another first, this year's report expanded to include Wayne County to better reflect the region's interconnectedness.

The full report as well as interactive data tables are available at www.institutepa.org.



Labor Market at a Glance

A Quarterly Update on Unemployment & Workforce

Since 2020's significant spike in unemployment due to the COVID-19 pandemic, unemployment trended steadily downward into early 2023. The 2022 annual average unemployment rates were 4.7, 5.3, and 5.1 percent in Lackawanna, Luzerne, and Wayne County respectively. Lackawanna and Luzerne's unemployment rates for the year were below the 2019 averages, the last full year of data before the pandemic. This indicates the region remains in a very tight labor market. The number of adults participating in the labor market and total employment are on the rise, consistent with seasonal trends typically seen in this non-seasonally adjusted data.

Despite modest growth in employment seen during the second quarter of 2023 and an upward trend in the labor force, Lackawanna and Luzerne Counties saw an uptick in the unemployment rate. While the rate remains low compared to prior years, this may be indicating of a slight loosening of labor market conditions. While the state and nation overall also saw increases in unemployment during the second quarter, this trend was not observed in Wayne County.

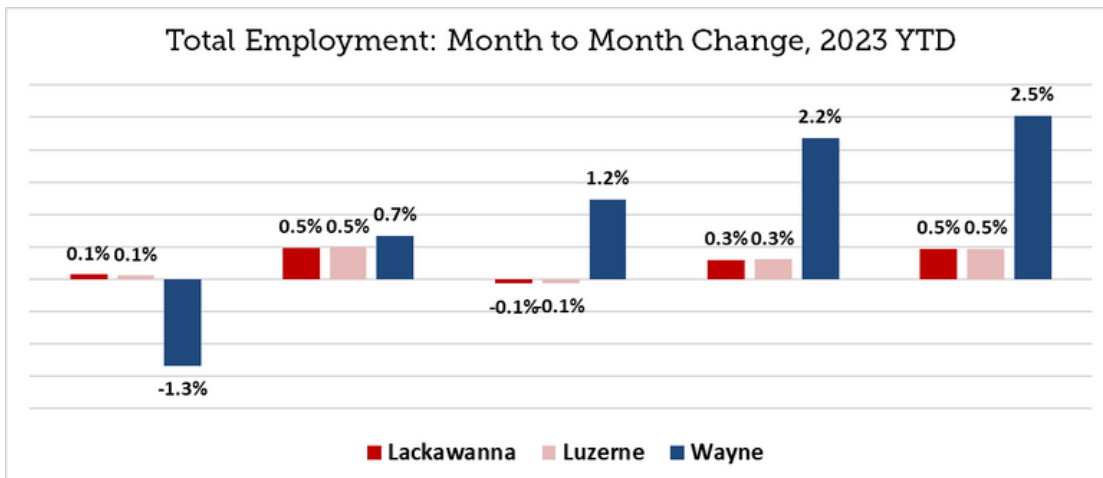
Unemployment Rate (Not Seasonally Adjusted)					
	Lackawanna	Luzerne	Wayne	Pennsylvania	United States
2018	4.7	5.6	4.9	4.4	3.9
2019	4.9	5.6	4.7	4.3	3.7
2020	9.5	10.7	9.0	8.9	8.1
2021	6.5	7.7	6.3	6.0	5.3
2022	4.7	5.3	5.1	4.4	3.6
Jan 2023	5.1	5.8	6.2	4.5	3.9
Feb 2023	5.1	6.0	6.5	4.6	3.9
Mar 2023	4.3	5.1	5.4	3.8	3.6
Apr 2023	3.5	4.1	3.9	3.2	3.1
May 2023	3.8	4.4	3.9	3.6	3.4
Jun 2023	4.1	4.7	3.6	3.8	3.8

Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics

Despite modest growth in employment seen during the second quarter of 2023 and an upward trend in the labor force, Lackawanna and Luzerne Counties saw an uptick in the unemployment rate.

Labor Force & Employment						
	Lackawanna County		Luzerne County		Wayne County	
	Labor Force	Employment	Labor Force	Employment	Labor Force	Employment
2018	106,616	101,588	159,889	150,991	22,672	21,569
2019	106,490	101,312	160,335	151,281	22,776	21,702
2020	105,507	95,532	160,151	142,941	22,496	20,476
2021	103,916	97,207	157,636	145,451	22,588	21,175
2022	105,154	100,191	158,322	149,895	22,737	21,586
Jan 2023	105,906	100,542	159,600	150,397	22,293	20,910
Feb 2023	106,037	100,608	160,010	150,473	22,074	20,629
Mar 2023	105,591	101,092	159,279	151,206	21,941	20,766
Apr 2023	104,670	101,017	157,523	151,104	21,881	21,022
May 2023	105,297	101,311	158,577	151,558	22,361	21,481
Jun 2023	106,098	101,778	159,739	152,269	22,847	22,023

Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics



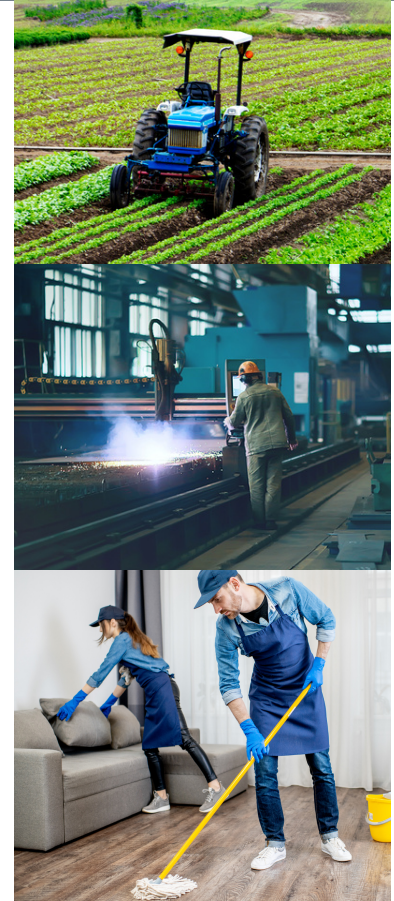
Location Quotient Analysis Shows Competitive Advantages

There are many ways to analyze trends in the region's economy. One important metric is location quotients, a numeric representation of the relative concentration of an industry in a region compared with the national average. A location quotient of 1.00 indicates that the share of employment in an industry in a region is the same as the share of employment nationwide. Larger values mean higher relative shares of employment, while lower values indicate relatively smaller shares of regional employment compared to the national average. For example, if 10 percent of workers in a county are employed in an industry, and 5 percent of all workers nationwide are employed in the same industry, the location quotient for the county would be 2.0 since the regional share of employment is double the national average. This analysis helps to identify areas of regional strength. Industries with high location quotients typically have competitive advantages in that region that can inform economic development efforts. The table below shows major industry sector location quotients for eleven counties in the Greater NEPA region, with the highest three and lowest three scores highlighted in green and red, respectively.

Five counties in the region have high location quotients in the mining, quarrying, and oil and gas industry sector, with particularly high scores seen in Susquehanna and Bradford Counties, demonstrating the influence of the natural gas industry on regional employment.

Four counties, including the two most populous in the region, Lackawanna and Luzerne, have relatively high concentration of manufacturing. Four rural counties also counted agriculture and forestry as a top industry sector. The Pocono counties of Carbon, Monroe, and Pike each have accommodation and food service in their top three location quotients, and Carbon and Pike also have arts, entertainment, and recreation as top scoring sectors, demonstrating the concentration of tourism industry employment in that part of the region.

Several white collar sectors, including finance and insurance, real estate, and professional, scientific, and technical services, were not among any county's strongest industries relative to the national average, and the latter was among the bottom three scores in seven of the 11 counties analyzed. This suggests the area has a much smaller than average share of employment in this industry and may not be a regional strength currently.



Location Quotients by Industry (2-Digit NAICS)											
	Bradford	Carbon	Columbia	Lackawanna	Luzerne	Monroe	Pike	Sullivan	Susquehanna	Wayne	Wyoming
Total - All Industries	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Agriculture, Forestry, Fishing and Hunting	2.63	0.78	1.42	0.36	0.18	0.36	0.22	4.42	3.28	1.45	2.91
Mining, Quarrying, and Oil and Gas Extraction	8.23	0.08	0.20	0.19	0.59	0.33	2.14	2.87	20.24	1.80	4.63
Utilities	1.98	1.06	0.98	0.79	2.28	0.47	0.49	3.49	3.00	1.36	1.04
Construction	0.78	0.87	0.97	0.76	0.75	0.84	1.06	1.47	1.36	1.72	1.19
Manufacturing	2.04	0.84	1.98	1.26	1.46	1.06	0.21	0.44	0.72	0.51	2.55
Wholesale Trade	0.49	0.33	0.46	1.04	0.88	0.30	0.23	1.09	0.71	0.49	0.79
Retail Trade	1.08	1.29	1.34	1.16	1.10	1.51	1.76	1.03	1.32	1.45	1.22
Transportation and Warehousing	1.28	0.75	1.67	1.49	2.88	1.34	0.68	0.43	0.91	0.55	2.66
Information	0.32	2.42	0.64	0.55	0.85	0.28	0.60	0.59	0.43	0.55	0.50
Finance and Insurance	0.53	0.41	0.51	1.01	0.67	0.38	0.39	0.48	0.51	0.88	0.50
Real Estate and Rental and Leasing	0.65	0.56	0.53	0.59	0.58	0.68	0.89	0.79	0.56	0.61	0.36
Professional, Scientific, and Technical Services	0.31	0.33	0.45	0.48	0.41	0.38	0.42	0.35	0.74	0.43	0.37
Management of Companies and Enterprises	1.86	0.11	3.20	0.87	0.55	0.22	0.15	1.53	0.38	0.37	0.03
Administrative and Support and Waste Management and Remediation Services	0.32	0.44	0.37	0.81	0.95	0.67	0.72	0.41	0.36	0.61	0.85
Educational Services	0.72	1.09	1.14	1.01	0.83	0.96	1.54	0.95	1.28	0.67	0.67
Health Care and Social Assistance	1.57	1.27	0.78	1.41	1.14	0.99	0.68	0.95	0.77	1.04	0.43
Arts, Entertainment, and Recreation	0.36	4.20	0.53	0.83	0.54	1.30	1.97	1.70	0.83	0.80	0.45
Accommodation and Food Services	0.69	1.30	1.10	0.91	0.86	1.89	2.09	0.90	0.93	1.33	0.75
Other Services (except Public Administration)	0.76	1.03	0.95	0.97	0.76	1.05	1.84	1.07	1.16	1.41	0.90
Public Administration	0.71	1.07	0.58	0.70	0.74	1.50	1.05	2.98	0.99	2.35	0.73

Data Source: JobsEQ

Workforce Pipeline: Postsecondary Degree Trends

Within the three-county Scranton/Wilkes-Barre/Hazleton Metro Area, institutions of higher education conferred 7,437 degrees and certificates in 2021. The total number of degrees awarded has trended downward in recent years. This is likely due to demographic factors, including smaller graduating classes of high school students as well as a strengthening economy in the years after the Great Recession leading some to enter the workforce rather than pursue higher education.

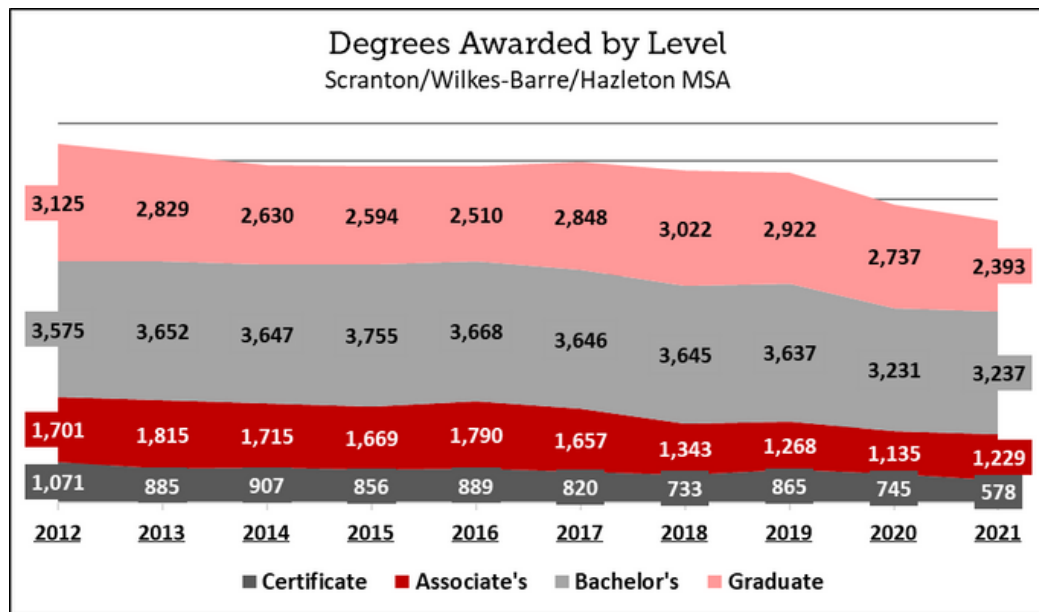
While distance education became prominent during the pandemic, since 2019 there have actually been fewer awards in distance education programs offered by local institutions. There was a much smaller decline in the number of non-distance awards, highlighting the continuing importance of on-campus higher education to the region despite advances in instructional technology.

Over the past decade, declining trends in awards were observed across degree levels, including certificates, associate's degrees, bachelor's degrees, and graduate degrees. Since 2012, bachelor's degrees saw the smallest decrease, nine percent, while each of the other categories declined by at least 20 percent over the ten year period analyzed.



Postsecondary Awards: Scranton/Wilkes-Barre/Hazleton Metro Area			
	Total	Non-Distance	Distance Education
2012	9,472	No Data	
2013	9,181	6,757	2,424
2014	8,899	6,727	2,172
2015	8,874	6,648	2,226
2016	8,857	6,988	1,869
2017	8,971	6,922	2,049
2018	8,743	6,576	2,167
2019	8,692	6,143	2,549
2020	7,848	6,353	1,495
2021	7,437	6,359	1,078

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Data Source:
JobsEQ

Regional Economic Indicator: Exports

Numerous firms in the region contribute to the economy by exporting their goods overseas. Before 2020, the region had seen a generally upward trend in exported goods aside from a noticeable drop from 2018 to 2019. In 2020 exports dropped 20 percent due to the pandemic. In 2021 firms throughout the region exported products worth nearly \$1.4 billion, a seven-percent increase from the prior year but still below pre-pandemic levels.

Chemical manufacturing has been the Scranton-Wilkes-Barre MSA's largest goods export category for the last several years, with approximately \$506 million in exports in 2021.

This is \$71 million more than 2020 numbers (an increase exceeding 16 percent), but the increase did not make up for what was lost in 2020. In 2021 chemical exports totaled \$37 million less than 2019 total. The plastics and rubber products manufacturing industries suffered the greatest one-year decline, at approximately 45 percent from 2019 to 2021.

Food manufacturing defied broader trends to show growth in 2020 with a five-percent increase, though it declined three percent by 2021.

The region's largest trade partners were Canada and Mexico, receiving 42 percent of the region's exports. In 2021, the European Union overtook Asia as the region's second largest recipient of exports, with 21 percent of exports going to the EU and 19 percent of exports going to Asia. The change is the result of back-to-back years of decreases in exports to Asia from 2019 to 2021 and back-to-back increases in exports to the EU. South America, Africa, and all other destination countries together comprise more than percent of the region's exports, slightly less than they comprised in 2020.

This section is an excerpt from the 2023 Regional Indicators Report. To view the full report, visit www.institutepa.org.



Exports by Industry - Scranton/Wilkes-Barre/Hazleton Metropolitan Area					
Exports Industry	2017	2018	2019	2020	2021
Chemical Mfg.	\$349,497,168	\$555,550,505	\$543,429,990	\$435,208,441	\$506,299,555
Plastics and Rubber Products Mfg.	\$219,873,249	\$228,465,058	\$225,785,664	\$129,581,398	\$123,695,132
Fabricated Metal Product Mfg.	\$132,988,975	\$168,803,641	NA	NA	NA
Transportation Equipment Mfg.	\$129,917,050	\$127,854,455	\$123,925,580	\$99,662,160	\$85,804,488
Food Manufacturing	\$126,405,862	\$120,036,338	\$122,253,044	\$128,688,817	\$124,464,335
Computer and Electronic Product Mfg.	NA	NA	\$105,461,007	\$94,549,766	NA
Machinery Mfg.	NA	NA	NA	NA	\$92,189,303
Primary Metal Mfg.	NA	NA	NA	NA	NA
All Others (Residual)	\$548,240,201	\$533,074,744	\$494,836,941	\$401,275,612	\$447,115,770
All Products	\$1,506,922,505	\$1,733,784,741	\$1,615,692,226	\$1,288,966,194	\$1,379,568,583

Source: International Trade Administration

Export Destinations - Scranton/Wilkes-Barre/Hazleton Metropolitan Area					
Export Destination	2017	2018	2019	2020	2021
Mexico & Canada	\$441,627,204	\$502,229,823	\$500,641,148	\$458,902,084	\$578,976,297
Asia	\$531,975,460	\$646,007,197	\$527,818,677	\$315,289,782	\$260,902,399
European Union	\$249,205,343	\$263,938,919	\$239,817,251	\$248,680,265	\$288,211,076
South America	\$120,609,888	\$142,333,277	\$176,282,763	\$99,794,352	\$96,785,569
Africa	\$16,261,717	\$16,610,757	\$22,602,000	\$15,367,619	\$18,704,425
Other Destinations	\$147,242,893	\$162,664,768	\$148,530,387	\$150,932,092	\$135,988,817
Total	\$1,506,922,505	\$1,733,784,741	\$1,615,692,226	\$1,288,966,194	\$1,379,568,583

Source: International Trade Administration

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