

Quarterly Economy Tracker

A partnership among Geisinger Commonwealth School of Medicine, Johnson College, Keystone College, King's College, Lackawanna College, Luzerne County Community College, Marywood University, Misericordia University, Penn State Scranton, Penn State Wilkes-Barre, The Wright Center, University of Scranton, & Wilkes University

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The Economic Tracker is a quarterly publication of The Institute for Public Policy & Economic Development which seeks to explore economic data, trends, and issues related to our region's economy.

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Jobs of the Future: Key Industry Workforce Projections

In the Spring 2018 edition of the Quarterly Economy Tracker, data was presented on regional occupation growth compared to other regions in Pennsylvania. The data showed some differences across regions, but a general trend toward growth in occupations that do not necessarily require a four year college degree. The impacts of the health care, retail, and manufacturing sectors were evident in the growth projections.

The data that follows shows occupational projections for the health care and manufacturing industries. These are two of the three largest industries by employment in the region.

Health Care

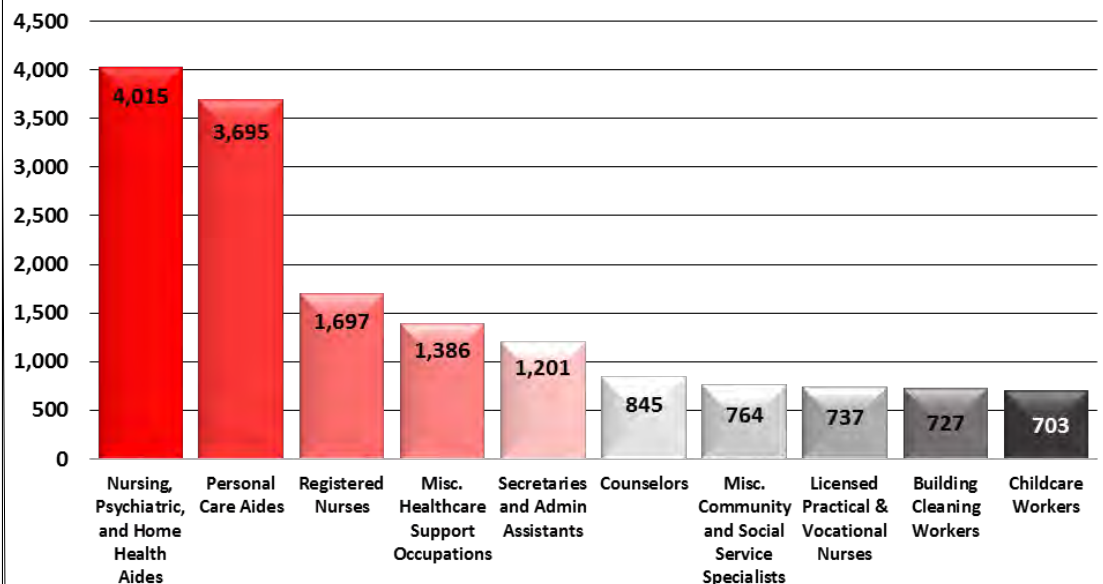
Over the next five years, there are projected to be over 4,000 job openings for nursing, psychiatric, and home health aides. This is closely followed by personal care aides. Several other nursing and health-related occupations are also

represented here. A common theme is that many of the top healthcare occupations here require a bachelor's degree or less, indicating relatively low barriers to entry to these professions.

However, the industry also has demand for non-health support staff, including building cleaning workers and childcare workers. In total, these ten occupations represent over 15,000 job openings in the region in the coming years.

(continued on the next page.)

Occupations with the Most Projected Job Openings in Health Care Industry



Source: Chmura Economics, accessed via JobsEQ

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Occupations *(continued from Page 1)*

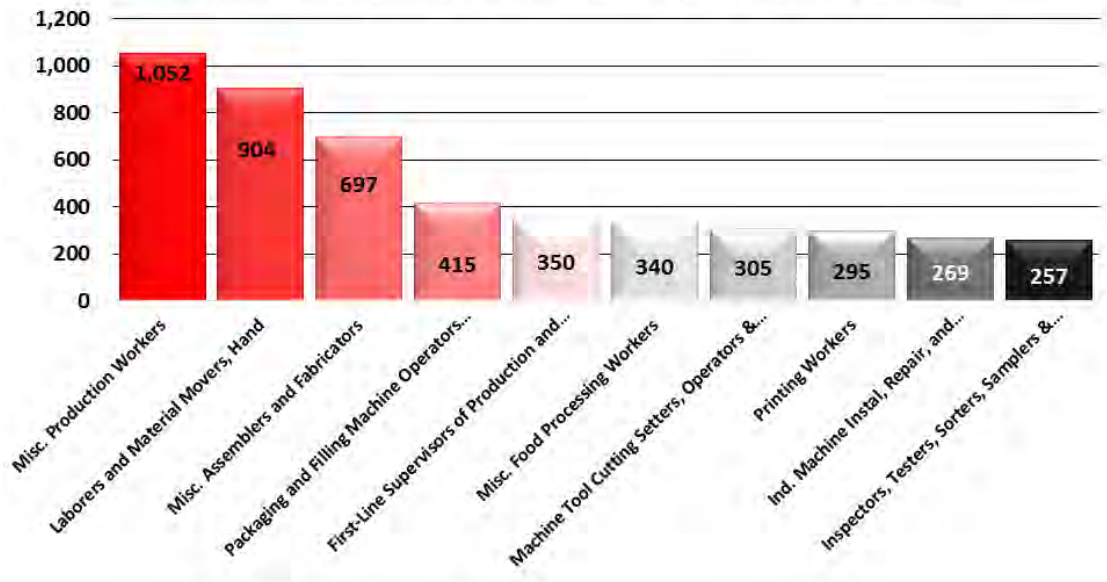
Manufacturing

The region's manufacturing industry is projected to see over 1,000 openings for miscellaneous production workers and over 900 openings for laborers and material movers. Other production jobs, including assemblers/fabricators, machine operators, and food processing workers, are also projected to be in demand.

Beyond these first-line manufacturing jobs, there is also a projected need for supervisors (350 openings) and installation and repair workers (269 openings).

Many of these in-demand jobs in the region's key industries are attainable without extensive postsecondary education. With adequate workforce development and job placement assistance, these opportunities should well-suited for workers displaced from other occupations and those entering or re-entering the workforce. ♦

Occupations with the Most Projected Job Openings in Manufacturing Industry



Source: Chmura Economics, accessed via JobsEQ

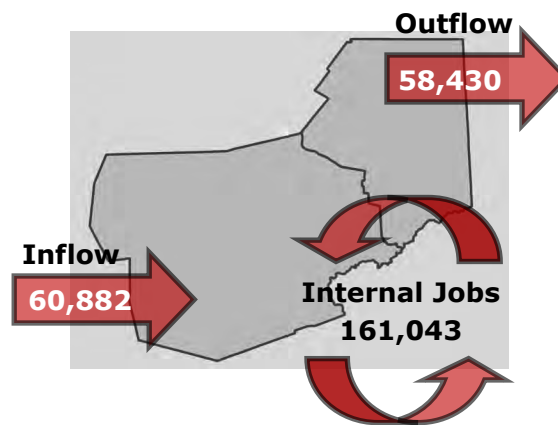
At the 2018 Regional Indicators Forum held on May 10th, The Institute's Jobs, Economy, and Economic Development (JEED) Task Force presented research on the unbanked: those who do not use or underutilize traditional financial services such as commercial banks.



To read the full report or learn more about the task force
[JEED Task Force](#)

Commuting Patterns Show Economic Interdependence

Residents of the two-county region commute to many different locations to work. However, nearly three-fourths work within Lackawanna or Luzerne Counties—over 161,000 jobs. The next most prominent work destinations outside the region are Lehigh, Montgomery, and Columbia counties. Over 58,000 regional residents commute to other counties to work; however, over 60,000 nonresidents commute into the region. ♦



Top 10 Work Destination Counties		
County	Jobs	Percent
Luzerne	95,735	43.6%
Lackawanna	65,308	29.8%
Lehigh	3,875	1.8%
Montgomery	3,698	1.7%
Columbia	3,640	1.7%
Monroe	3,296	1.5%
Schuylkill	3,286	1.5%
Wayne	2,818	1.3%
Philadelphia	2,779	1.3%
Dauphin	2,702	1.2%
All Others	32,336	14.7%

Source: U.S. Census Bureau Center for Economic Studies, accessed via On The Map

Personal Income and Purchasing Power

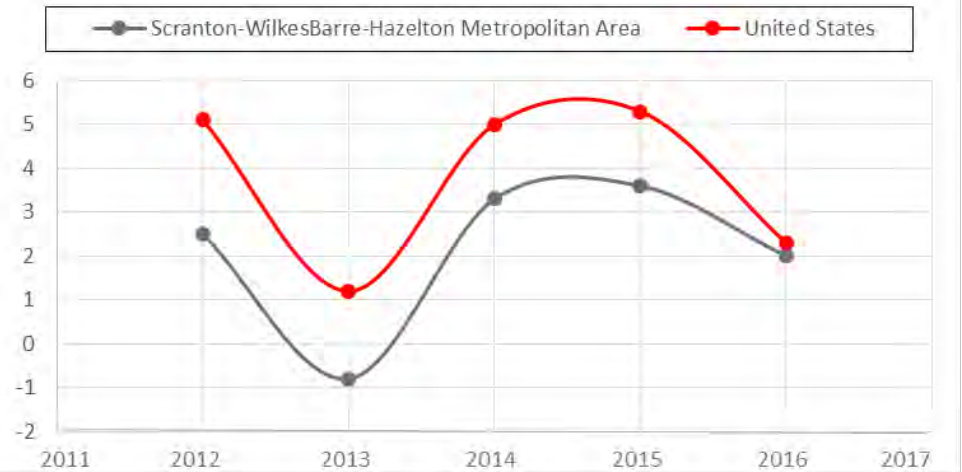
Personal income refers to an individual or groups' total earnings for a given period. These earnings usually stem from income streams such as working wages, investments, and government or social benefits. PCE, or Personal Consumption Expenditures price index, is one measure of price changes for consumer goods and services.

The residents from the Scranton–Wilkes-Barre–Hazleton Metropolitan area have lower personal incomes than the national average (\$42,488 vs. \$49,246 annually). The graphs at right show the percent changes of personal income and of the PCE index.

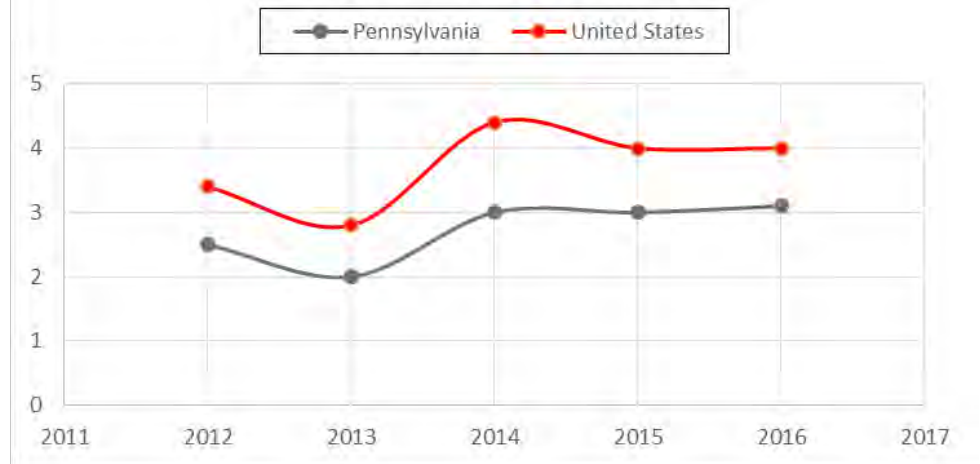
The region has seen slower income growth (or, in the case of 2013, income contraction) compared with the U.S. as a whole. However, this gap has narrowed, and as of 2016, the regional rate of income growth nearly mirrors the national rate.

The percent change over time of personal income and PCE are typically correlated. As incomes increase, individuals have more money to spend on goods, demand rises, and prices for goods increase. However, when there is a significant difference in these indicators, it tells us something about the purchasing power of people for the area that is being examined. In 2016, as PCE's rate of increase stayed fairly constant in the Commonwealth from 3 percent in 2015 to 3.1 percent in 2016. Personal income in Northeastern Pennsylvania decelerated from an increase of 3.6 percent in 2015, to 2 percent in 2016. This deceleration denotes a decrease in purchasing power for people in the region, and was also seen in data examined at the national level. If the trend continues into 2018 and beyond, it could be a sign that consumers are less willing to spend and therefore limit economic growth. However, the closing of the gap between the metro area and U.S. in personal income growth is a positive sign for the regional economy. ♦

Percent (%) Change Personal Income



Percent (%) Change Personal Consumption Expenditures Price Index



Sources: U.S. Bureau of Economic Analysis

"The region has seen slower income growth compared with the U.S. as a whole. However, this gap has narrowed, and as of 2016, the regional rate of income growth nearly mirrors the national rate."

Housing Market Update

According to data provided by online real estate database Zillow, the number of housing units for sale in Lackawanna and Luzerne counties has continued to decrease since 2016, after a three-year increase from 2013 to 2015— and despite continuous growth in statewide housing inventory since 2013. Moreover, in 2017, the median listing price of homes in Lackawanna and Luzerne counties continued fluctuations that have been ongoing since 2014, contrary to the consistent statewide growth in this metric; however, both counties’ median list prices continue to lag far behind statewide averages.

For-Sale Inventory					
	2013	2014	2015	2016	2017
Lackawanna	1179	1383	1388	1280	1043
Luzerne	1609	1744	1973	1808	1542
Pennsylvania	51772	59241	63596	66604	65837

Source: Zillow Research

Median Listing Price					
	2013	2014	2015	2016	2017
Lackawanna	\$137,783	\$138,625	\$136,125	\$134,650	\$135,317
Luzerne	\$120,750	\$122,717	\$125,092	\$118,250	\$122,375
Pennsylvania	\$143,983	\$143,450	\$147,033	\$150,658	\$157,500

Source: Zillow Research

Housing Unit Building Permits		
	Lackawanna Units	Luzerne Units
2012	166	265
2013	233	238
2014	2,009	252
2015	593	204
2016	617	375
2017	258	300

Source: U.S. Dept. of Housing & Urban Dev.

Beyond existing housing inventory, the number of building permits have returned to stable levels following a rapid post-recession expansion. In 2014 alone, building permit requests for housing units in Lackawanna County skyrocketed by 860 percent. In fact, even requests filed in 2015 and 2016 were still, on average, twice the number of building permits filed in both 2012 and 2013. In 2017, however, building permits in both counties fell slightly, returning to more traditional trends.

As building permit requests are closely linked with construction costs, the region saw an upswing in construction costs reported. In 2016, construction costs in Lackawanna County totaled approximately \$144.5 million, which is more than double the amount of costs reported in Luzerne County. Over the last six years, Lackawanna County reported an average construction cost of \$133 million, as opposed to \$46 million from Luzerne County.

Across both Lackawanna and Luzerne counties, the rate of occupied housing has held relatively stable, ranging between 83.9 to 88.4 percent in both counties since 2012. While both counties’ housing occupancy rate has traditionally hovered slightly beneath statewide averages, occupancy rates in Luzerne County have lagged behind statewide averages in 2016 by 4.1 percentage points. This may not be indicative of an overarching trend, however, as Lackawanna County’s occupancy rate lagged behind statewide averages by an identical amount in 2015.

Overall, the number of foreclosure filings across both counties, as well as statewide, are beneath their recession-era heights. While Lackawanna County’s foreclosure rate fluctuates, Luzerne County has seen a precipitous 79 percent drop in foreclosures since 2013, compared to a 25 percent drop statewide and a 4 percent decrease in Lackawanna County.

Occupancy and Vacancy						
	Lackawanna		Luzerne		Pennsylvania	
	Occupied	Vacant	Occupied	Vacant	Occupied	Vacant
2012	88.4%	11.6%	87.0%	13.0%	89.0%	11.0%
2013	86.9%	13.1%	86.9%	13.1%	88.7%	11.3%
2014	87.2%	12.8%	84.5%	15.5%	88.5%	11.5%
2015	84.4%	15.6%	86.0%	14.0%	88.5%	11.5%
2016	87.3%	12.7%	83.9%	16.1%	88.0%	12.0%

Source: American Community Survey

Foreclosures						
	2011	2012	2013	2014	2015	2016
Lackawanna	462	552	607	537	541	584
Luzerne	393	1,067	1,058	890	693	218
Pennsylvania	25,335	34,372	33,632	28,905	27,494	25,249

Source: Unified Judicial System of Pennsylvania

Median Value, Owner-Occupied Housing Units					
	2012	2013	2014	2015	2016
Lackawanna	\$144,500	\$144,100	\$145,900	\$144,800	\$147,100
Luzerne	\$119,500	\$121,000	\$121,700	\$122,700	\$123,500
Pennsylvania	\$164,900	\$164,700	\$164,900	\$166,000	\$167,700

Source: American Community Survey

In 2016, median property values in both Lackawanna and Luzerne counties grew modestly from 2015 levels. In Lackawanna County, the median property value for 2016 is \$147,100 – a 1.5 percent increase from 2015. In Luzerne County, the median property is valued at \$123,500, a 0.7 percent increase from 2015 levels. However, both counties’ median property values continue to lag behind statewide averages.

Median Costs: Owner Occupied with Mortgage					
	2012	2013	2014	2015	2016
Lackawanna	\$1,336	\$1,325	\$1,322	\$1,294	\$1,294
Luzerne	\$1,220	\$1,224	\$1,222	\$1,210	\$1,209
Pennsylvania	\$1,447	\$1,442	\$1,443	\$1,425	\$1,426

Unsurprisingly, across the region and the state, it remains more affordable to rent a property, as opposed to owning it. In 2016, median gross rents in Lackawanna County stood at 55 percent of monthly housing costs, as opposed to 59 percent in Luzerne County and 60 percent statewide. Of course, monthly median housing costs consist of more than just mortgage payments. For example, in Lackawanna County, 58 percent of homeowners report paying more than \$2,000 in property taxes in 2016. These costs, along with the cost of upkeep and insurance, factor into consideration when evaluating median housing costs on a monthly basis.

Median Gross Rent: Renter Occupied					
	2012	2013	2014	2015	2016
Lackawanna	\$665	\$679	\$702	\$709	\$717
Luzerne	\$639	\$665	\$688	\$702	\$712
Pennsylvania	\$794	\$813	\$832	\$840	\$859

Source: American Community Survey

Housing *(continued from Page 4)*

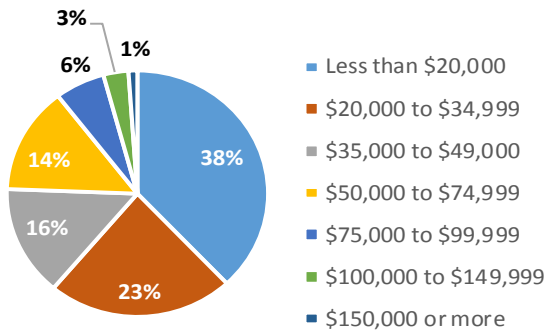
The increase in the median value of homes across both Lackawanna and Luzerne counties, along with the generally higher cost of owning and maintaining a home, leads to an obvious divergence in the cost of housing and renting as respective percentages of household income in the region. In 2016, both Lackawanna and Luzerne county residents paid more toward housing as a share of their incomes than average Pennsylvania residents did; conversely, renters in both Lackawanna and Luzerne counties paid just a little less than the average Pennsylvania renter did in 2016. Across-the-board increases in median household income triggered by the post-recession recovery has led to an overall decrease in property costs as a share of annual income.

Housing Costs as % of Median Household Income					
	2012	2013	2014	2015	2016
Lackawanna	34.5%	34.3%	33.2%	31.3%	32.3%
Luzerne	33.8%	31.1%	31.6%	28.3%	30.6%
Pennsylvania	32.4%	31.7%	31.6%	30.5%	29.9%
Rental Costs as % of Median Household Income					
Lackawanna	18.4%	17.9%	19.4%	18.8%	18.2%
Luzerne	17.7%	18.2%	19.6%	17.8%	18.1%
Pennsylvania	18.7%	19.1%	19.1%	18.7%	18.6%

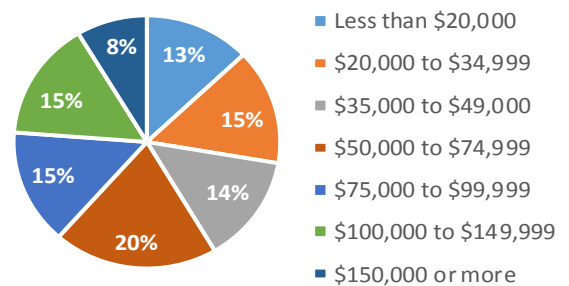
Source: American Community Survey

The income distribution of regional residents owning (as opposed to renting) their homes is unsurprising, as most renters earn, on average, less than owners. Among renters in the Scranton/Wilkes-Barre/Hazleton metropolitan statistical area, approximately 61 percent make under \$35,000 annually, while homeowners in the same income brackets comprise just 27 percent of all regional homeowners. Finally, there is a slightly higher incidence of renters in the Scranton/Wilkes-Barre/Hazleton metro area who pay “no cash rent” (2.7 percent) than national and statewide renters (1.9 percent). Although this category may often apply to individuals living on military bases, it may also be applicable to assisted living facilities and nursing homes, which might reflect the housing situation for the region’s growing aging population.

**Renter-Occupied Housing by Income
Scranton/Wilkes-Barre/Hazleton**



**Owner-Occupied Housing by Income
Scranton/Wilkes-Barre/Hazleton**

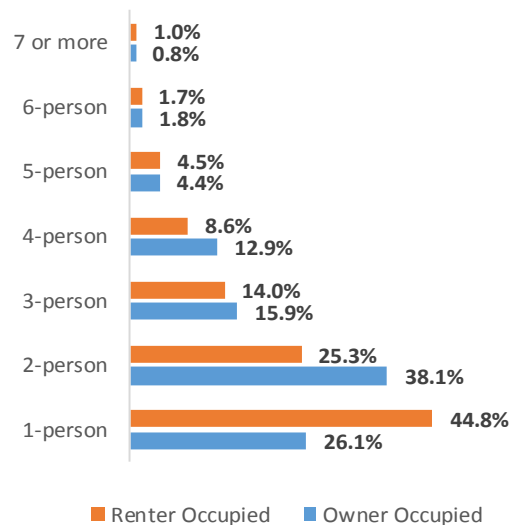


Source: American Community Survey

Household sizes of homeowners generally tend to be slightly larger than those of renters. As of 2016, the average household size of an owner-occupied property in the Scranton/Wilkes-Barre/Hazleton metropolitan area is 2.50, compared to 2.21 among renters in the region. However, this gap has narrowed slightly since 2013, as the size of households living in rented properties has grown by 2.3 percent in three years, as opposed to a 0.8 percent growth in households owning property.

As of 2016, the plurality of renter-occupied households in the Scranton/Wilkes-Barre/Hazleton metropolitan area comprise just one person, while the plurality of owner-occupied households in the region comprise two people. However, as the size of the household grows, the gap between renter and owner-occupied household size generally diminishes. This trend can also be observed over time — since 2013, the fastest growing households owning property are those consisting of just one person (6.5 percent growth), while the fastest growing households renting property are those consisting of 5 people (7.1 percent), 6 people (6.3 percent growth), and 3 people (3.7 percent). ♦

Housing by Household Size



Source: American Community Survey

Selected Economic Indicators

Industry Location Quotients and Employment

The indicators presented below measure location quotients as of the first quarter of 2018 for the counties of Luzerne and Lackawanna. Location quotients are a useful measurement device to aid in determining how concentrated an industry is in a given region, especially when compared to the rest of the nation. In essence, location quotients tell us what industries are more unique to a particular region. Industries with a location quotient below 1 have a below-average presence in the region studied, when compared to the rest of the nation as a whole. Industries with a location quotient surpassing 1 are overrepresented compared to national averages.

In Lackawanna County, the five most overrepresented industries include Health Care and Social Assistance (1.39), Transportation and Warehousing (1.37), Finance and Insurance (1.17), Manufacturing (1.15), and Retail Trade (1.11). Many of these same industries have a similar presence in Luzerne County, where Utilities (2.65), Transportation and Warehousing (2.55), Manufacturing (1.29), Healthcare and Social Assistance (1.20), and Retail Trade are the top five industries.

Among the five least concentrated industries in Lackawanna and Luzerne counties, four are identical: real estate, agriculture, mining, and professional services. In Lackawanna County, these five underrepresented industries include Professional, Scientific, and Technical Services (0.67), Information (0.64), Real Estate and Rental and Leasing (0.57), Agriculture, Forestry, Fishing and Hunting (0.19), and Mining, Quarrying and Oil and Gas Extraction (0.12). In Luzerne County, the industries are Mining, Quarrying, and Oil and Gas Extraction (0.53), Arts, Entertainment, and Recreation (0.53), Real Estate and Rental and Leasing (0.50), Professional, Scientific and Technical Services (0.44), and Agriculture, Forestry, Fishing and Hunting (0.14). Thus, the least concentrated industries endemic to each county include information services in Lackawanna County, as well as arts, entertainment, and recreation in Luzerne County.

Location Quotient by Industry (as of Q1 2018)						
	Lackawanna County			Luzerne County		
	Employment	Average Annual Wages	Location Quotient	Employment	Average Annual Wages	Location Quotient
Agriculture, Forestry, Fishing and Hunting	271	\$19,546	0.19	296	\$11,470	0.14
Mining, Quarrying, and Oil and Gas Extraction	52	\$44,148	0.12	339	\$57,784	0.53
Utilities	389	\$81,331	0.71	2,140	\$104,399	2.65
Construction	4,938	\$55,147	0.86	6,128	\$48,291	0.72
Manufacturing	9,753	\$46,462	1.15	16,209	\$50,614	1.29
Wholesale Trade	3,548	\$50,205	0.88	5,356	\$56,289	0.90
Retail Trade	12,292	\$26,594	1.11	18,293	\$27,315	1.12
Transportation and Warehousing	5,996	\$44,884	1.37	16,446	\$40,051	2.55
Information	1,297	\$51,655	0.64	2,852	\$51,395	0.94
Finance and Insurance	4,805	\$62,510	1.17	5,559	\$58,078	0.91
Real Estate and Rental and Leasing	999	\$36,786	0.57	1,306	\$42,573	0.50
Professional, Scientific, and Technical Services	4,535	\$55,815	0.67	4,417	\$57,621	0.44
Management of Companies and Enterprises	1,255	\$53,265	0.83	1,491	\$71,412	0.66
Administrative and Support and Waste Management and Remediation Services	6,445	\$27,510	0.97	11,040	\$30,892	1.12
Educational Services	8,370	\$46,220	0.99	10,370	\$46,590	0.82
Health Care and Social Assistance	20,565	\$43,965	1.39	26,168	\$47,546	1.20
Arts, Entertainment, and Recreation	1,540	\$21,700	0.75	1,598	\$25,396	0.53
Accommodation and Food Services	8,281	\$16,118	0.89	12,118	\$17,562	0.88
Other Services (except Public Administration)	4,449	\$26,041	0.98	5,002	\$25,213	0.74
Public Administration	3,346	\$49,016	0.69	5,612	\$51,612	0.78
Total - All Industries	103,128	\$40,691	1.00	152,739	\$42,177	1.00

Source: Chmura Economics, accessed via JobsEQ

Selected Economic Indicators

County Workforce Profiles

The tables below show characteristics of the workforce residing in each county, and the workforce working within each county. In both counties, the majority of the workforce is aged 30 to 54, and about two-thirds of the workforce has at least a high school diploma but less than a bachelor's degree.

There are minimal differences in characteristics of the workforce residing in each county (regardless of place of work) and the workforce working with that county (regardless of place of residence). Correspondingly, there is an overlap of over 60 percent between county of work and county of residence, meaning that the majority of workers living and working in each county do not commute across county lines. However, in both counties, there were slightly higher earnings among the resident workforce than the workforce employed locally.

Lackawanna County Workforce Profile (2015 Primary Jobs)		
	Workforce Residing in Lackawanna County	Workforce Employed in Lackawanna County
Age		
29 or younger	22%	22%
30 to 54	52%	52%
55 or older	26%	26%
Education		
Less than High School	10%	10%
High school or equivalent, no college	32%	32%
Some college or Associate degree	33%	33%
Bachelor's Degree or higher	26%	26%
Earnings		
\$1,250 per month or less	22%	23%
\$1,251 to \$3,333 per month	39%	41%
\$3,333 per month or more	39%	37%
Luzerne County Workforce Profile (2015 Primary Jobs)		
	Workforce Residing in Luzerne County	Workforce Employed in Luzerne County
Age		
29 or younger	22%	22%
30 to 54	53%	53%
55 or older	25%	25%
Education		
Less than High School	10%	10%
High school or equivalent, no college	32%	33%
Some college or Associate degree	33%	33%
Bachelor's Degree or higher	25%	24%
Earnings		
\$1,250 per month or less	22%	22%
\$1,251 to \$3,333 per month	39%	40%
\$3,333 per month or more	39%	38%

Source: U.S. Census Bureau Center for Economic Studies, accessed via On The Map

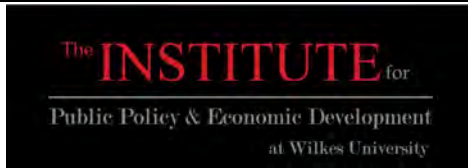
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The Willary Foundation is a family foundation dedicated to developing ideas and projects that are interesting, creative and imaginative and which benefit communities in Northeastern Pennsylvania. Willary seeks to foster groups with unique, innovative or unusual ideas and efforts.

The Foundation is disposed to leveraging the impact of its grants by encouraging efforts that could have a ripple effect in the community or by supporting projects in conjunctions with other sources of funding. The Foundation wishes to promote the special qualities of the people of Northeastern Pennsylvania.

Supporting Underwriters



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Labor Market at a Glance

Throughout 2017, the region, Commonwealth, and United States all continued to see marked improvement in unemployment rates. A slight divergence in unemployment rates by county is noted: while Lackawanna County's unemployment rate falls between the PA and US rates, Luzerne County's lines up with the higher rate in PA. However, in May 2018 (the most recent non-preliminary data available), Luzerne County saw the largest decrease in unemployment, by 1.3 percentage points, since May 2017.

In both counties, the total labor force has seen small declines in recent years; however, both counties' workforces shrank at a larger rate since May 2017, by nearly 900 in Lackawanna County and 1,400 in Luzerne County. Meanwhile, continued slow but steady growth in employment has yielded the

Unemployment Rate (Not Seasonally Adjusted)				
	Lackawanna	Luzerne	Pennsylvania	United States
2008	5.8%	6.2%	5.3%	5.8%
2009	8.2%	9.0%	8.0%	9.3%
2010	9.0%	10.0%	8.5%	9.6%
2011	8.8%	9.6%	7.9%	8.9%
2012	8.8%	9.8%	7.8%	8.1%
2013	8.3%	9.4%	7.4%	7.4%
2014	6.6%	7.3%	5.9%	6.2%
2015	5.8%	6.5%	5.3%	5.3%
2016	5.7%	6.3%	5.4%	4.9%
2017	5.1%	5.9%	4.9%	4.4%
May 2017	5.0%	5.8%	4.9%	4.3%
May 2018	3.9%	4.5%	4.5%	3.8%

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

Labor Force & Employment				
	Lackawanna County		Luzerne County	
	Labor Force	Employment	Labor Force	Employment
2008	108,526	102,231	161,744	151,642
2009	107,192	98,396	161,298	146,781
2010	106,990	97,405	159,763	143,863
2011	107,274	97,814	159,843	144,500
2012	107,640	98,121	160,855	145,103
2013	107,645	98,710	160,767	145,691
2014	106,718	99,692	159,038	147,381
2015	106,408	100,205	158,764	148,514
2016	106,792	100,755	158,791	148,775
2017	106,305	100,852	158,265	148,913
May 2017	106,123	100,785	157,913	148,807
May 2018	105,238	101,176	156,508	149,400

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

improvement in the unemployment rate noted above. ♦

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