Brennan Barometer

Analysis of the Economy of Wyoming Valley of Northeastern Pennsylvania

The University of Scranton
Kania School of Management

Aram Balagyozyan
Associate Professor

Satyajit Ghosh
Professor

Department of Economics, Finance, and International Business

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Foreword

In this issue of Brennan Barometer we take a deeper look at the regional economy by focusing on the region's labor markets, housing markets, credit conditions, and business sentiment.

Aram Balagyozyan would like to thank and acknowledge several undergraduate students in the Frank P. Corcione Business Honors Program who have conducted the survey of business sentiment in downtown Scranton. Those students are Eyana Badio, Johann Batista, Eric Bois, Christophe Carre, Marisa Francione, Dean Huber, Madeline Kaplan, Danielle Kramer, Zachary Leonard, Luke Maier, James Mayo, Mariella McCue, Jonathan Naumchik, Michael Nicotera, Hailey Poskonka, Owen Schultz, Emma Sibbach, and Joseph Walas

Satyajit Ghosh would like to thank Steven Zellers of the Center for Workforce Information and Analysis, Pennsylvania Department of Labor and Industry for providing useful regional data and for his valuable insights and suggestions.

However, we solely are responsible for our analysis and any errors or omissions.

Aram Balagyozan
Satyajit Ghosh

For comments on and suggestions for Brennan Barometer, please contact: Aram Balagyozyan at aram.balagyozyan@scranton.edu or Satyajit Ghosh at satyajit.ghosh@scranton.edu.

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The labor market in Scranton-Wilkes-Barre Metropolitan Statistical Area (S-WB MSA) continued to follow the same broad pattern of low unemployment rate of the state of Pennsylvania and the the US economy. Between June 2024 and June 2025, when the national unemployment rate remained mostly stable at 4.1 percent, the seasonally adjusted unemployment rate in Pennsylvania increased from 3.6 percent to 4.0 percent. During this period, the MSA's seasonally adjusted unemployment rate increased from 4.3 percent to 4.5 percent. Most new jobs in the MSA were created in the Health Care and Social Assistance sector. Other major job contributors between June 2024 and June 2025 were Educational Services, Trade, Transportation and Utilities, and Leisure and Hospitality. Collectively, Health Care and Social Assistance and the Educational Services sector (private and public) provided 78 percent of the new nonfarm jobs. Goods producing sector that includes Manufacturing did not contribute to any net job creation. Although the unemployment rates increased modestly in all three counties, the rates still remained quite low with Lackawanna county having the lowest unemployment rate among all three counties and Luzerne county the highest. The labor markets of the three major cities in the MSA: Scranton, Wilkes-Barre, and Hazleton, also remained fairly strong. Scranton, with the largest labor force, exhibited the lowest unemployment rate while Hazleton, the city with the smallest labor force, had the highest unemployment rate among the three cities.

Housing Market

The U.S. and Northeastern housing markets, including Pennsylvania and the S-WB MSA, have remained resilient in early 2025 despite tight monetary policy and elevated borrowing costs. Building permits have trended upward nationally, regionally, and locally, signaling consumer confidence and ongoing construction activity. In the S-WB area, permit approvals have risen steadily since 2023, although recent growth has slowed. At the same time, Realtor.com's Housing Market Hotness Index shows signs of cooling compared to last year, reflecting a moderation of the post-pandemic boom, though demand in the S-WB area remains somewhat above national averages. Housing for-sale inventory has been rising since early 2024 both locally and nationally. Prices, however, continued to climb, with the S-WB area recording annual housing price growth of more than 9% in early 2025, outpacing both Pennsylvania and the U.S. While median home values in the region remain well below state and national levels, they have been rising faster. Rents show a similar pattern. Although nominally rents in the area remained lower than state and national averages, households in Scranton and Philadelphia devote a larger share of income to rent than the U.S. average, highlighting ongoing affordability challenges despite comparatively modest price levels.

Credit Conditions

Subprime credit rates, an indicator of household financial health, have gradually increased in Lackawanna, Luzerne, and Wyoming counties. As of Q1 2025, Luzerne's subprime population reached 25.6%, surpassing the 25% threshold in late 2023, while Lackawanna and Wyoming remained below the pre-pandemic levels at 23.6% and 19.7%, respectively. All three counties saw modest year-over-year increases, with Lackawanna showing the largest rise. These trends suggest a mild deterioration in consumer credit and potential headwinds for regional spending.

Downtown Scranton Business Sentiment

In April 2025, a survey of 58 downtown Scranton storefront businesses revealed stable current business conditions but softening expectations. While the diffusion index for general business conditions improved slightly from 25.6 to 29.3 year-over-year, future outlooks declined more significantly, with the expected business-conditions index falling from 66.7 to 44.8. Most firms reported steady or rising input and output prices, and nearly half anticipated further increases. Labor indicators were neutral, though 40% planned to hire and 17% expected to increase work hours. Despite declining optimism, nearly 40% of businesses planned capital expenditures and over 20% expected to boost technology spending, reflecting continued confidence in future investment.

The Big Picture

Although inflation cooled down somewhat compared to 2021-2022, it still remained stubbornly high. In July 2025 the CPI based inflation was at 2.7 percent, unchanged from the previous month. The main contributor to inflation was an increase in shelter costs. The cost of Medical Care Services and Transportation Services also contributed to increase in inflation. The price of energy and gasoline fell in July 2025. The increase in the producer price index indicates that CPI- or PCE-based inflation may further increase in future. The economy was somewhat stagnant over the first two quarters of 2025. The increase in GDP growth in the second quarter was mostly due to reduction in imports. The second quarter also witnessed a large reduction in gross private domestic investment. High tariffs and uncertainties about them have likely led to both inflation and weakness in the economy.

Labor Markets

Satyajit Ghosh

Employment, Unemployment in the Local Economy

Since recovering from the Covid-19 recession, the regional labor market improved significantly, as indicated by a substantial reduction in the unemployment rate, combined with an increase in the labor force as well as an increase in the number of employed workers. However, in the past year, the Scranton-Wilkes-Barre Metropolitan Statistical Area (S-WB MSA)'s labor market showed some signs of slowing down.[1] Between June 2024 and June 2025 the seasonally adjusted unemployment rate of the MSA increased from 4.3 percent to 4.5 percent.

Although the unemployment rate for the MSA continues to be rather low, of all sixteen MSAs in Pennsylvania, S-WB is tied with Johnstown, a much smaller MSA, with seasonally adjusted labor force of only 56,000 in June 2025, for the highest unemployment rate in the state. While the unemployment rate in the MSA was relatively high within the state, during the period from June 2024 to June 2025, the MSA ranked fifth highest in terms of job creation among all the MSAs, behind only the Philadelphia-Camden-Wilmington, Pittsburgh, Allentown-Bethlehem-Easton, and Harrisburg-Carlisle MSAs.

The regional labor markets may have their own special characteristics. But they usually reflect the broad pattern of the state's labor market, which in turn often follows the pattern of the overall US labor market. Between June 2024 and June 2025, the national unemployment rate remained unchanged at 4.1 percent-close to a 50-year low with very little monthly variation. During the same time span, the unemployment rate in Pennsylvania increased from 3.6 percent to 4.0 percent. A year earlier, in June 2023, the state of Pennsylvania reached its record low unemployment rate of 3.5 percent. In the nation, Pennsylvania now ranks 28th in terms of low unemployment rate among all 50 states and Washington DC. Figure1 shows the unemployment rates between June 2024 and June 2025 for the state of Pennsylvania and the S-WB MSA.

[1] The MSA previously known as the Scranton-Wilkes-Barre-Hazleton MSA has been renamed as the Scranton-Wilkes-Barre MSA after the two largest cities of the region. The change was due to the population data received from the last census. The geographical area of the MSA has remained unchanged.

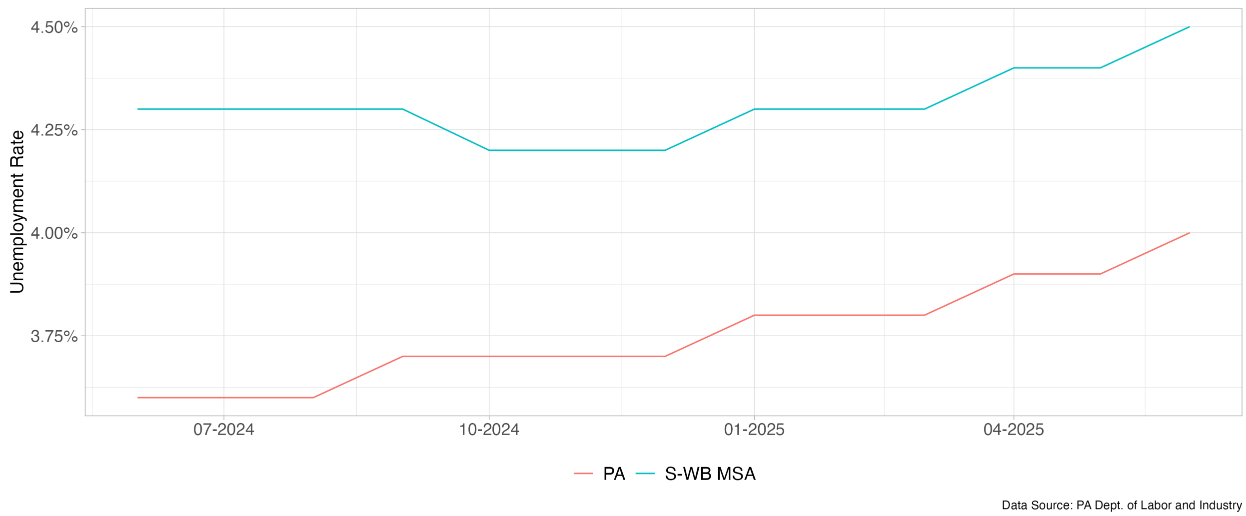


Figure 1: Unemployment Rate in Pennsylvania and the S-WB MSA

In terms of broader labor market indicators, the seasonally adjusted labor force in Pennsylvania decreased by 43,000 between June 2024 and June 2025. It should be noted that between June 2023 and June 2024, the state's labor force increased by 35,000. The state's employment level decreased by 67,000 between June 2024 and June 2025, after increasing by 29,000 between June 2023 and June 2024. We observe similar patterns for the S-WB MSA. Between June 2024 and June 2025, its labor force decreased by 2300 after increasing by 1800 between June 2023 and 2024. In addition, between June 2024 and June 2025, its employment level fell by 3100 after increasing by 2100 between June 2023 and 2024. Figure 2 shows the size of the labor force, the level of employment and the level of unemployment for the state of Pennsylvania, and Figure 3 shows the same data for the S-WB MSA.

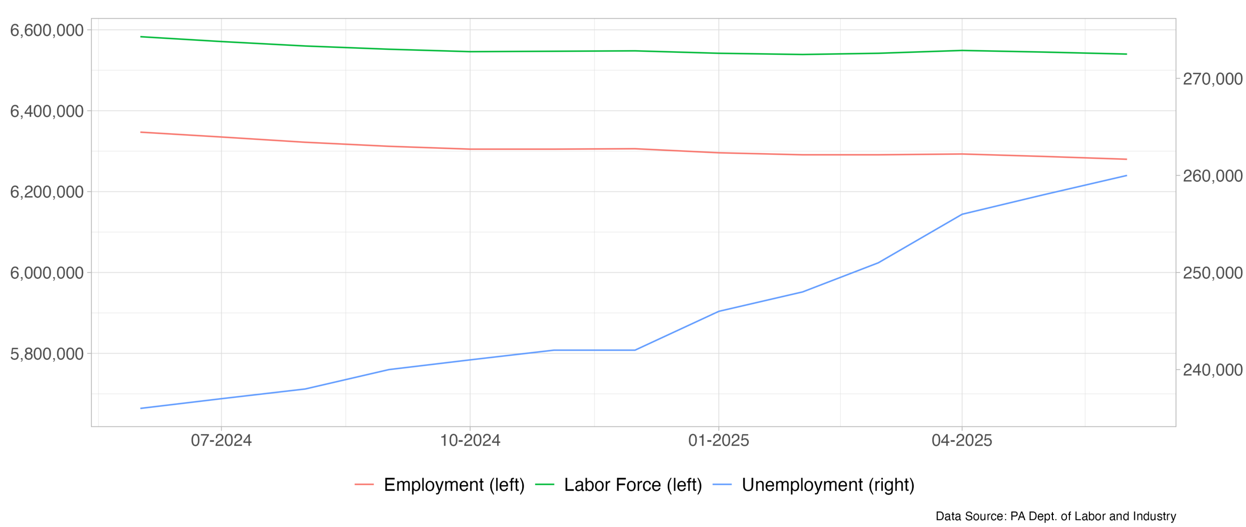


Figure 2: Employment, Unemployment, and Labor Force in Pennsylvania

Figure 3: Employment, Unemployment, and Labor Force in the S-WB MSA

Although the MSA's unemployment rate increased modestly between June 2024 and June 2025, the unemployment rates for the three counties, particularly the two largest counties, Luzerne and Lackawanna, fluctuated a bit more and also recorded somewhat larger increase in their unemployment rates. Wyoming County, the smallest county in the MSA, did not experience much change in its unemployment rate. Figure 4 shows the monthly seasonally adjusted unemployment rates for the three counties.

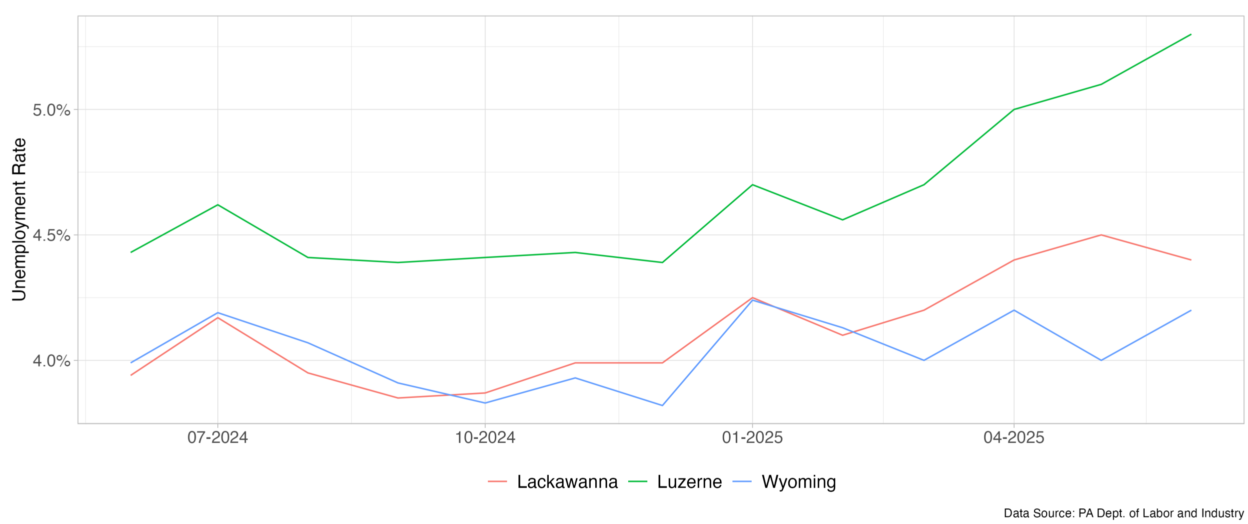


Figure 4: Unemployment Rate in Lackawanna, Luzerne, and Wyoming Counties

Of the three couties in the MSA, Luzerne county, the largest county in the MSA, usually records the highest unemployment rate. Between June 2024 and June 2025, it also experienced the largest increase (nine-tenths of a percentage point) in the county-level unemployment rate. However, its unemployment rate remained mostly stable at 4.4 percent from June 2024 until December 2024 and from January, it gradually increased to

5.3 percent in June 2025. During the same time period, Lackawanna county experienced half a percentage point increase in unemployment rate when it increased from 3.9 percent in June 2024 to 4.4 percent in June 2025. Like Luzerne county, its unemployment rate remained mostly stable until December 2024 around 3.9 and 4.0 percent, and then it gradually increased from January 2025 to reach the new level of 4.4 percent in June 2025. Wyoming County, the smallest county in the MSA, showed more fluctuations in the unemployment rate. However, it should be noted that given the size of its labor market, such fluctuations can often be due to rounding of data related to the levels of unemployment, employment, and the size of the labor force. Between June 2024 and June 2025, the unemployment rate in Wyoming county increased only two-tenths of a percentage point–from 4.0 percent to 4.2. Its unemployment rate fluctuated between June and December 2024, often falling below the June 2024 rate, but again, like in the other two larger counties, its unemployment rate gradually rose to show a slight increase by June 2025.

Changes in the size of the labor force that consists of employed and unemployed workers, excluding "discouraged" workers and others who for one reason or other have decided not to look for jobs, broadly indicate the perception of the workers about the state of the labor market. An increase in the size of the labor force, particularly if combined with an increase in the volume of employment, usually indicates an improvement in the labor market, whereas a decrease in the size of the labor force as well as a reduction in the volume of employment may indicate a growing weakness of the labor market. We have already observed a reduction in both the size of the labor force and the volume of employment for the MSA. We also notice similar patterns for the three counties.

Between June 2024 and June 2025, in Luzerne county, the size of the labor force declined by 1200 or 0.7 percent while employment fell by 2500 or 1.6 percent. These are, of course, not very substantial changes. But since employment has fallen by a larger amount, they have led to an 18 percent increase in the volume of unemployment in Luzerne County. A similar trend is observed in Lackawanna county, where during the same time period, the size of the labor force fell by 1200 or 1.1 percent and the volume of employment declined by 1700 or 1.7 percent, leading to about 11.9 percent increase in the number of unemployed. Figures 5-7 show the patterns of changes in the size of the labor force and employment in Luzerne and Lackawanna counties and the pattern of the number of unemployed in S-WB MSA, and its two larger counties.

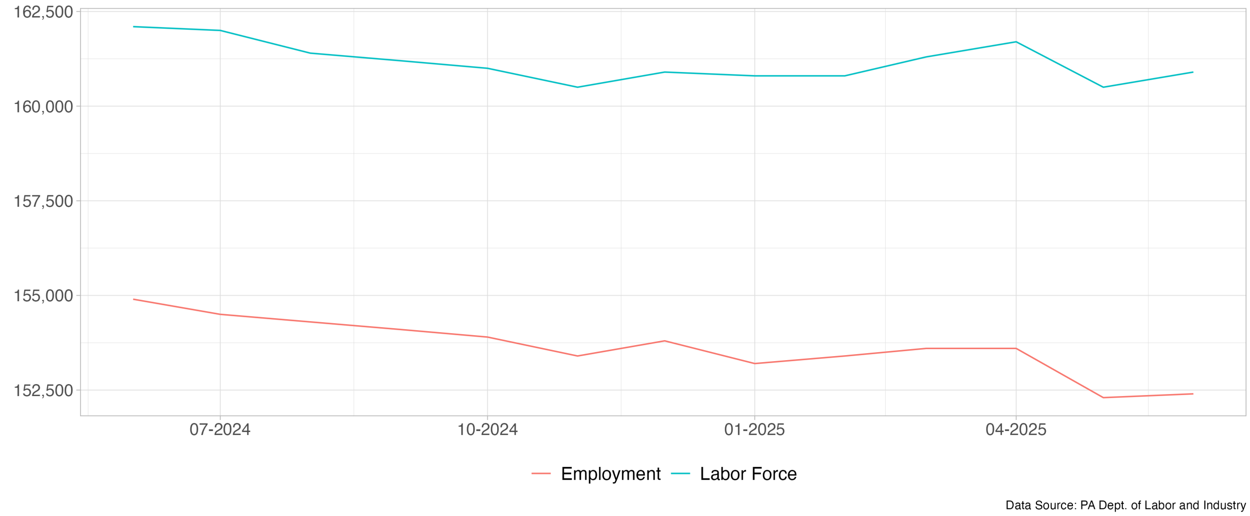


Figure 5: Labor Force and Number of Employed in Luzerne County

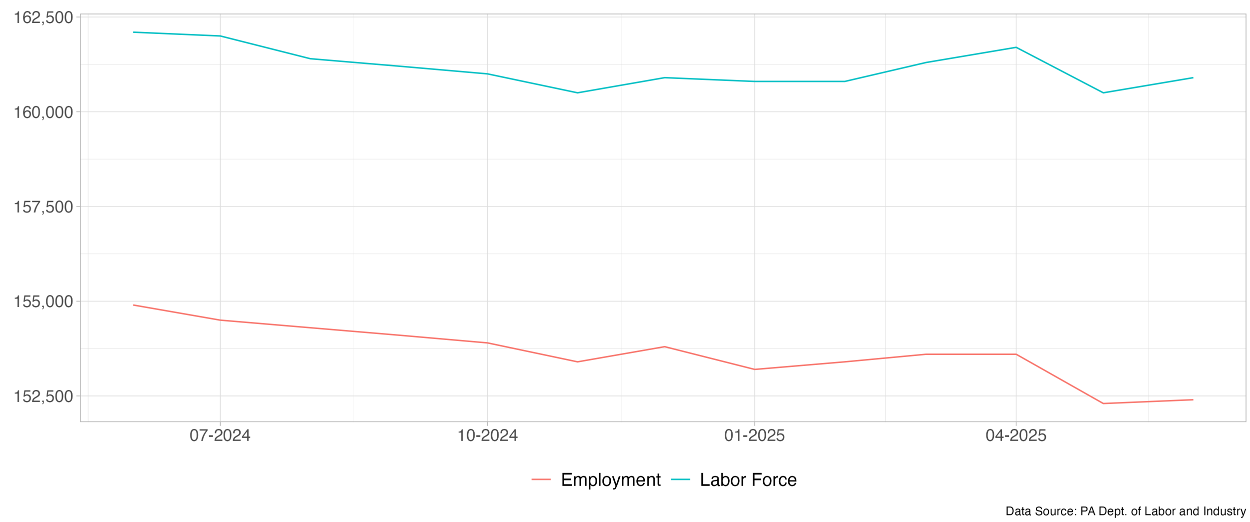


Figure 6: Labor Force and Number of Employed in Lackawanna County

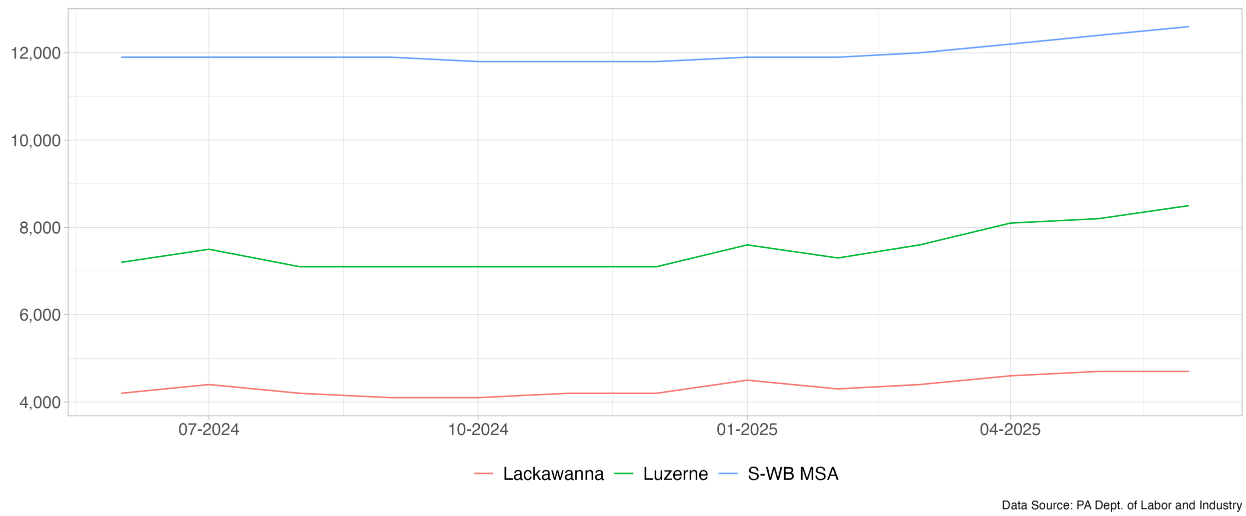


Figure 7: Number of Unemployed in the S-WB MSA and Lackawanna and Luzerne Counties

The three largest cities in the MSA – Scranton, Wilkes-Barre, and Hazleton – also experienced similar changes in unemployment rates and other broad labor market indicators. Between June 2024 and June 2025, the three cities experienced an increase in unemployment rates. Hazleton's unemployment rate increased the most–by 1.5 percentage point and it also recorded the highest unemployment rate of 5.9 percent among all these cities. Scranton's 4.2 percent unemployment rate in June 2025 was the lowest among all the major cities in the MSA.

During this period, the labor force fell slightly in both Scranton and Wilkes Barre, while Hazleton's labor force remained unchanged. Scranton's labor force remained the largest among the three cities–70 percent larger than Wilkes-Barre and about 140 percent larger than Hazleton. Total level of employment among the city residents fell somewhat in all three cities, with Scranton posting the largest decrease. Still, its level of employment at 33,200 remained the largest among the three cities. Level of unemployment increased by a small amount in both Scranton and Hazleton, while it remained unchanged in Wilkes-Barre.

Table 1 outlines the changes in the labor market in these cities in the MSA between June 2024 and June 2025.

Table 1: Labor Market Indicators in the Cities, June 2024- June 2025
(Data not seasonally adjusted)

Indicators	Scranton	Wilkes-Barre	Hazleton
Unemployment rate (June 2025)	4.2%	5.0%	5.9%
Unemployment rate (June 2024)	3.9%	4.8%	4.4%
Total Employment (June 2025)	33,200	19,200	13,400
Total Employment(June 2024)	33,700	19,500	13,600
Total Unemployment (June 2025)	1,500	1000	800
Total Unemployment (June 2024)	1,400	1000	600
Labor Force (June 2025)	34,600	20,200	14,200
Labor Force (June 2024)	35,100	20,500	14,200

The increase in unemployment rate in S-WB MSA and all its counties along with the major cities perhaps indicates that the booming labor markets of 2022-2024 are finally cooling down. The broader indicators in terms of the reduction in the size of labor force and also of the volume of employment need to be carefully observed. These are signs of some weakness of the labor markets but still they do not indicate that the labor markets are very depressed. The future of the local labor markets will depend by and large on the state of the US economy.

Jobs in the Region: Resurgence of 'Eds and Meds'

Over the last twenty years, the S-WB MSA has evolved as a service industry based region. As for the source of jobs in the area, most jobs are provided in the service-providing industries. In June 2025, out of the total (not seasonally adjusted) 270,900 nonfarm jobs in the MSA, 84.6 percent or 229,200 jobs were in the service-providing sectors that included local and federal governments. Remaining 15.4 percent or only 41,700 jobs were in the goods producing industries that included manufacturing, which provided 30,700 or 11.3 percent of total nonfarm jobs. Mining, logging and construction provided the remaining 11,000 goods producing jobs. Within the service providing sectors, 200,300 or 87.4 percent jobs were in the private service-providing sectors and 12.6 percent of all service-providing jobs, i.e., 28,900 jobs were in the government sector. Thus, in June 2025, the private service-providing sectors contributed to 73.9 percent of all nonfarm jobs and the government sector contributed 28,900 or 10.7 percent of jobs.

Between June 2024 and June 2025, 3,200 new non-farm jobs (based on not seasonally adjusted data) were created in the S-WB MSA. The rate of job creation was considerably less than the last two years. All new jobs were created in the service providing sectors. There was no net job created in the goods producing sectors. Manufacturing added only 100 new jobs. But that was also offset by the same amount of job loss in the mining, logging, and construction sectors. Of all the new jobs in the service-providing sectors, 87.5 percent (or 2800) jobs were in the private sector and 12.5 (or 400) jobs were created in the government sector. Local government created 700 new jobs–all in educational services while 400 jobs were lost in the Federal government. State government added 100 jobs. The pie chart in Figure 8 shows the contributions of the industries in all nonfarm jobs that were created in the MSA between June 2024 and June 2025.

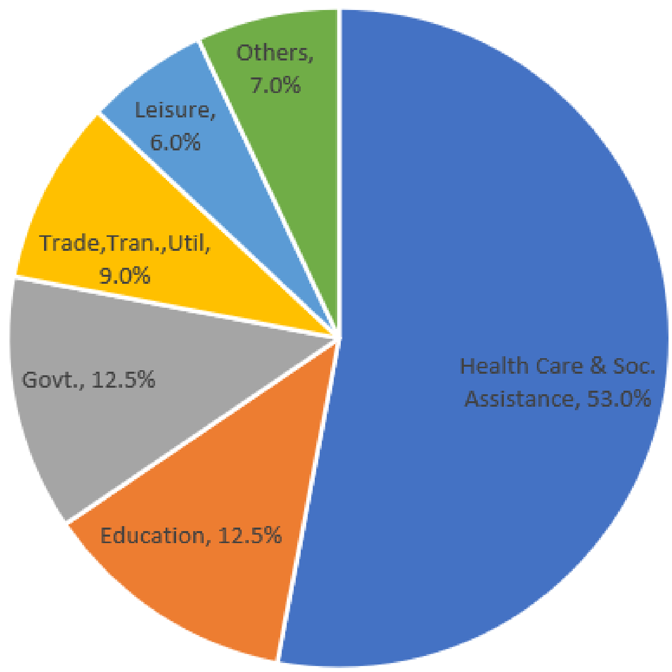


Figure 8: Contributions to new nonfarm jobs in S-WB MSA
June 2024-June 2025

What stands out in the chart is the importance of the Health Care and Social Assistance industry which also includes hospitals combined with private and public education services. Between June 2024 and June 2025, the Health Care and Social Assistance industry added 1,700 new jobs, while the Private Education Services added 400 and the Public Education Services added 700 more jobs. "Eds and Meds" have long been considered to be the two most important pillars of employment generation in this region. The Health Care and Social Assistance industry's importance arises from the regional demography. For a long time, along with the Education Services industry, Health Care Industry provided well-paying stable jobs in the MSA. "Eds and Meds" provided critical support to the residents of the MSA by providing valuable employment during the Great Recession of 2007-2009. Between August 2019 and December 2019, the Health Care and Social Assistance industry created its highest number of jobs, 45,900, amounting to around 17.5 percent of all non-farm jobs in the MSA. However, the industry was the hardest hit during the pandemic and was slow to recover. From 2023, the pace of its recovery improved with the expansion of hospitals and health care facilities in the area. From October 2024, employment in the Health Care and Social Assistance Industry continued to surpass the pre-Covid peak and in June 2025, the employment in the industry reached its new peak of 47,300–about 17.5 percent of all nonfarm jobs in the MSA. In June 2025, the Private Education Services provided 8,200 jobs while the Public Education sector provided employment to 11,400 individuals. Collectively, in June 2025 the Education Services sector provided employment to 19,600 which amounted to 7.2 percent of all nonfarm employment.

During June 2024 and June 2025, the Trade, Transportation, and Utilities supersector added 300 new jobs. They all were created in its subsector, Transportation, Warehousing, and Utilities which added 400 jobs and compensated the 100 jobs that were lost in retail trade. For several years, these industries have been important sources of jobs in the region. Although warehousing gained tremendous importance during the pandemic, these industries continued to provide substantial employment long after that. Fueled by the seasonal nature of the jobs in these industries, in December 2023 the Trade, Transportation, and Utilities supersector reached its highest level of employment of 71,400 amounting to 25.4 percent of all nonfarm jobs in the MSA. In the same month, the Transportation, Warehousing, and Utilities sector reached its record level of employment of 32,000. Although the levels of employment in these industries fell after those peaks, in June 2025, Trade, Transportation, and Utilities provided 67,700 jobs which was 25 percent of all nonfarm jobs. And Transportation, Warehouses and Utilities provided employment to 28,800 jobs amounting to 10.6 percent of all nonfarm jobs. While the industries still provide substantial employment, there does not seem to be potential for sustained growth in employment in these industries.

The Leisure and Hospitality industry, that includes Accommodation, Food Services, and Drinking Places, added 200 new jobs between June 2024 and June 2025. This industry perhaps suffered the most due to the Covid-19 lockdown. Although since then employment in the industry increased substantially, it continued to face significant difficulty in hiring. While the employment in June 2024 (24,100) was higher than the pre-pandemic level of 22,700, employment mostly declined for the next several months and only since March 2025, the employment level in the industry started to increase. In June 2025, the level of employment in the industry was at 24,300, or about 9 percent of total nonfarm employment. The somewhat stagnant employment level in the industry is not due to a lack of demand but mostly due to the lack of availability of workers.

What is notable in the pie chart is the absence of the Professional and Business Services industry, as a contributor to job creation in the region. Although in June the level of employment in the industry was at 29,000 or 10.7 percent of the total nonfarm employment, the industry did not create any new job between June 2024 and June 2025. This may be a matter of concern since this industry is complementary to other industries, and thus acts as a bellwether industry. The lack of expansion of this industry may signify that other businesses in the MSA may not be quite certain about their own future and thus refrain from seeking professional and business services from external sources.

Housing Markets

Aram Balagyozyan

Building Permits and Housing Starts

The number of approved housing permits is one of the ten components of the Index of Leading Economic Indicators computed by the Conference Board, and is a leading indicator closely tied to consumer confidence.

The graph in Figure 9 depicts the number of housing permits approved in the US, Northeast, and Pennsylvania. From January to April 2025, the number of approved housing permits in the US has shown a notable upward trend, indicating robust housing conditions and positive expectations nationwide, despite ongoing tight monetary policy and high mortgage rates. A similar upward trend is observed in the Northeast and Pennsylvania. As of May 2025, 2,022 housing permits were approved in Pennsylvania and 10,779 in the Northeastern region. While slightly below last year's figures, these numbers remain consistent with recent trends.

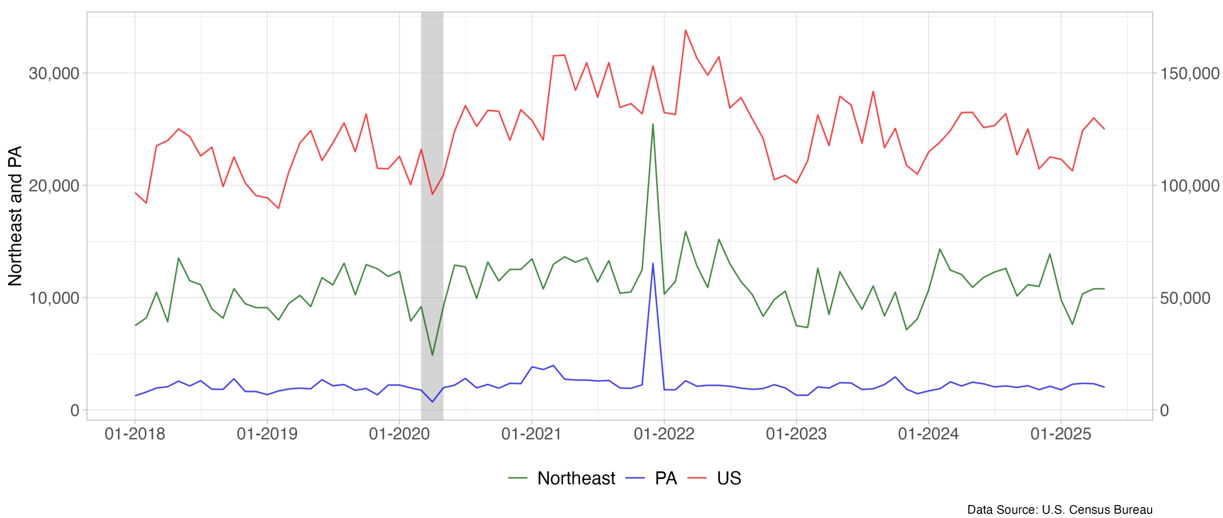


Figure 9: Total Number of Housing Permits in the Northeast, PA, and the US.

The data in Figures 10 and 11 show the number of approved housing permits and their year-over-year changes in the Scranton–Wilkes-Barre Metropolitan Area (S-WB MSA). As expected, and as Figure 10 illustrates, permit approvals are seasonal. However, even after adjusting for seasonality (as indicated by the smooth trend line), the number of approved permits has been gradually rising since 2023, with the rate of increase tapering off in recent months. A similar pattern is evident in Figure 11: aside from July 2024, February 2025, and April 2025, monthly permit approvals have consistently surpassed their values from the same month in the previous year since July 2023.

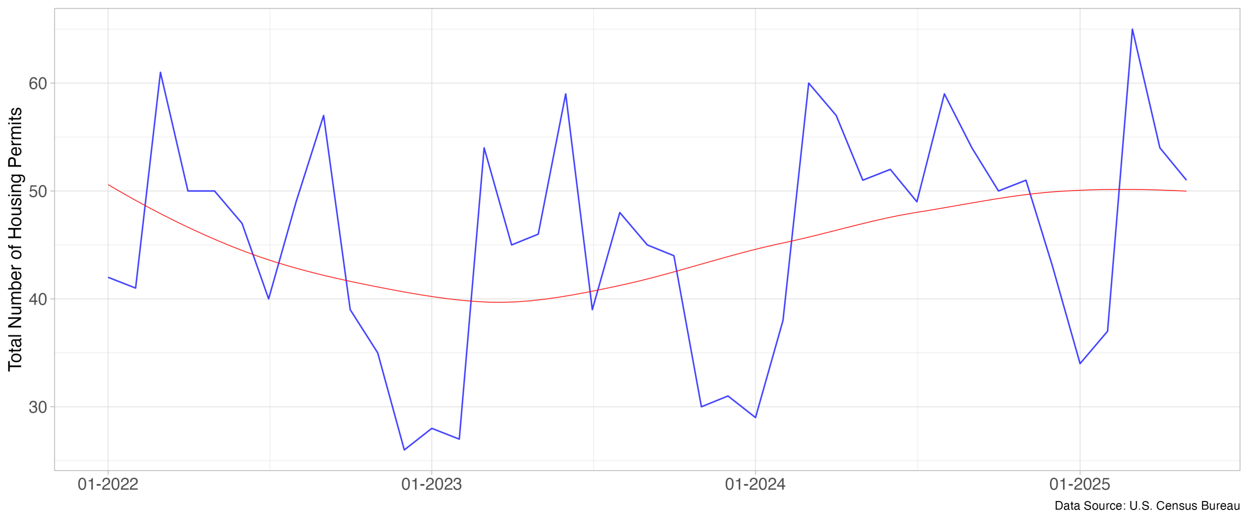


Figure 10: Total Number of Housing Permits in the S-WB MSA.

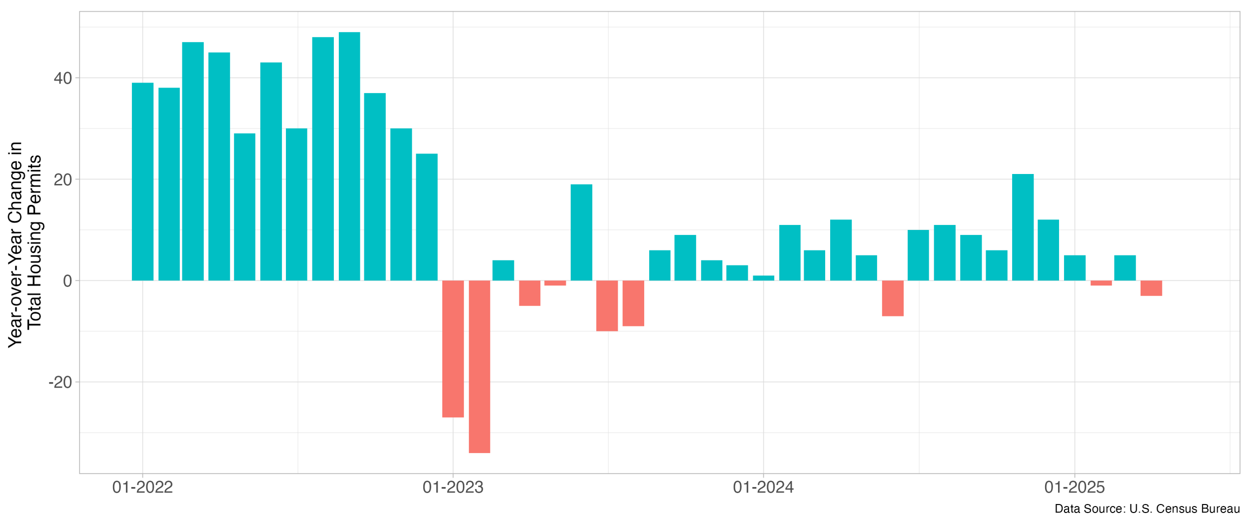


Figure 11: Year-over-year Change in Total Number of Housing Permits in the S-WB MSA.

Real-Estate Market Hotness

Realtor.com publishes data on its Market Hotness Index, an equally weighted composite of a market's supply score (based on days on market) and demand score (based on listing views on Realtor.com), shown in Figure 12 along with a smooth fitted trend line. In June 2025, the index value for the S-WB MSA was 74.2, down 0.2 points from May 2025 and 7.7 points from June 2024. This indicates that the local real estate market was cooler than both the previous month and the same month a year earlier—further signaling a tapering of the post-COVID real estate boom in the metropolitan area. According to Realtor.com[2],

[2] https://www.realtor.com/research/reports/hottest-markets/

in April 2025, the median number of days a for-sale property remained on the market was 42.25. Housing inventory moved 1% slower than the previous year but 7.75 days faster than the national average. Listings in the area received 2.2 times more views than the U.S. average. With a Hotness Index score of 71.9, the S-WB MSA ranked 70th out of 300 metropolitan areas. Based on these metrics, Realtor.com classified the market as “Slightly Hot” but “Cooling Down Slightly” relative to the previous year.

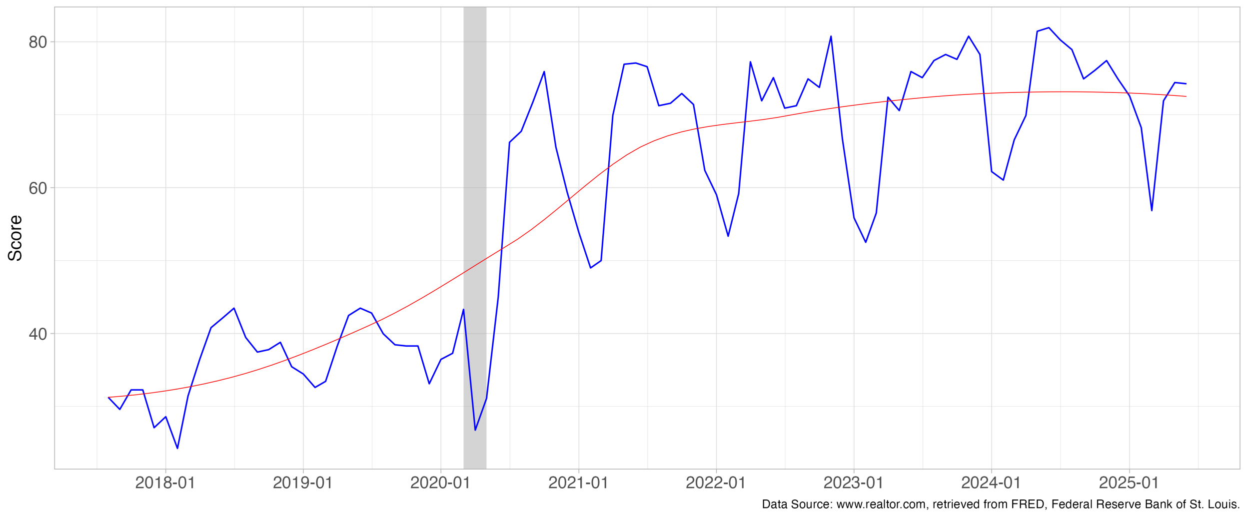


Figure 12: Real-Estate Hotness Score, S-WB MSA.

Home Sales Inventory

Realtor.com also publishes the count of active single-family and condo/townhome listings for a given market during the specified month (excludes pending listings).[3] With lower numbers representing fewer houses listed for sale, this statistic is often viewed as an overall indicator of the tightness of the housing supply. One significant trend during the COVID-19 pandemic was an increased demand for larger housing spaces and units, driven by a growing number of workers transitioning to remote work. By examining Figure 13, which illustrates the monthly for-sale housing inventory in the United States and the S-WB MSA, it’s evident that there was a decrease in housing supply and a tightening of the housing market during and following the pandemic. However, when looking at Figure 14, which displays the year-over-year percent change in housing inventory, it becomes clear that since early 2024, both the S-WB MSA and the U.S. had more for-sale inventory than the previous year, indicating a softening housing market. In June 2025, the number of for-sale housing units in the S-WB MSA was 21.5% higher than during the same month in the previous year. For the U.S., in June 2025, the for-sale housing inventory was up 28.9% compared to the same month in the previous year. This softening is likely driven by relatively tight monetary policy, elevated borrowing costs, and a weakening economy.

[3] https://www.realtor.com/research/data/

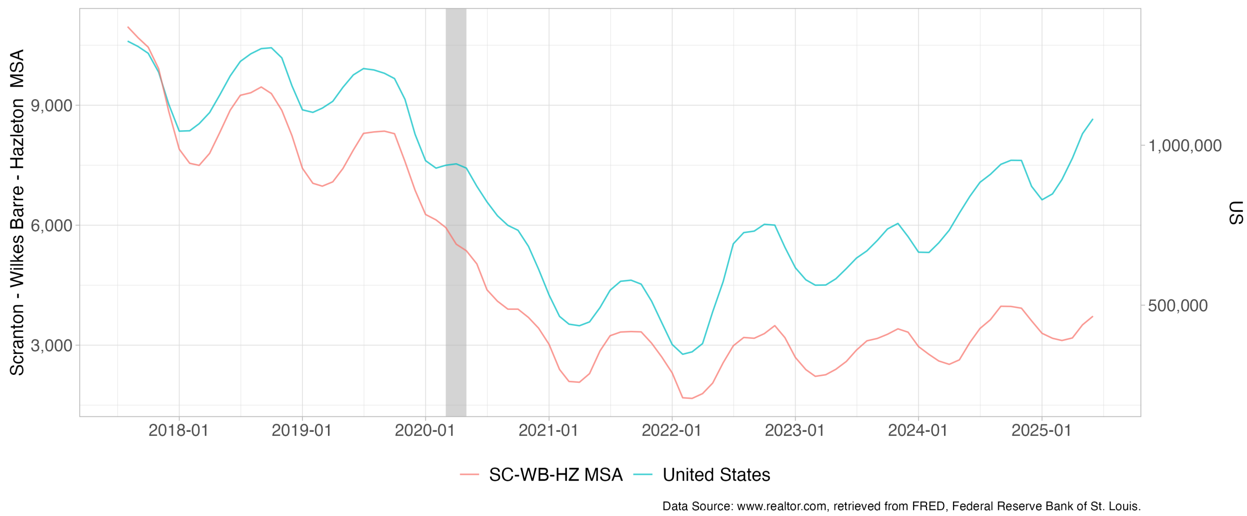


Figure 13: Monthly Number of For-Sale Housing Inventory.

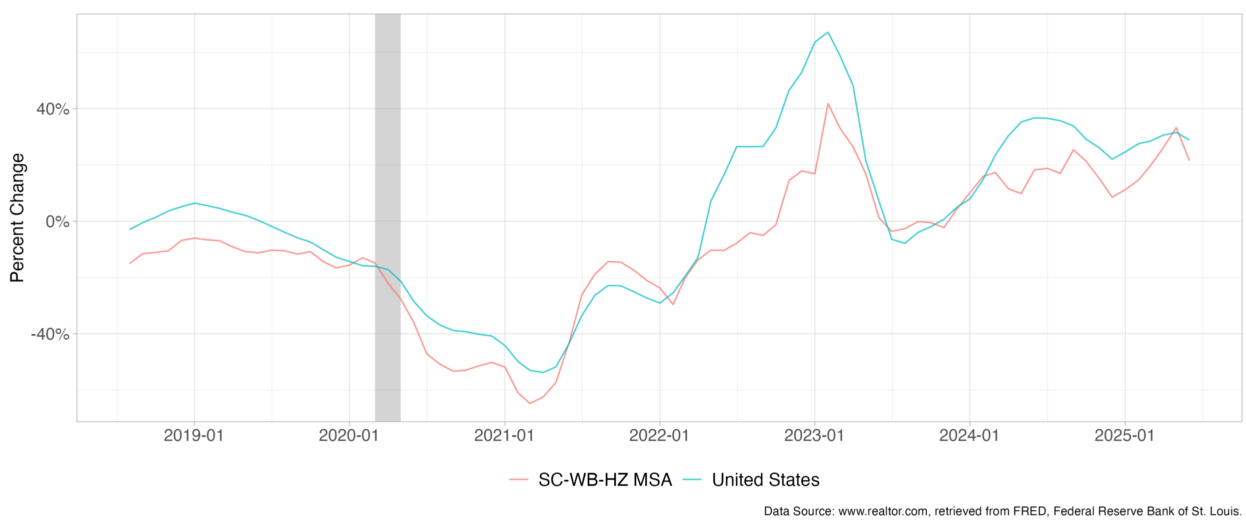


Figure 14: Year-over-Year Percent Change in Monthly Number of For-Sale Housing Inventory.

Home Prices and Rents

While an increase in home prices is welcomed news among current homeowners, it is inversely related to housing affordability and a cause for concern for perspective home buyers. Through 2024 and during the first quarter of 2025, housing prices continued to grow, albeit at a noticeably slower pace than in 2021 and 2022. The slowing growth of housing prices was most likely caused by the higher mortgage rates and slowing demand for housing. Figure 15 exhibits year-over-year growth of the quarterly housing price index published by the Federal Housing Finance Authority (FHFA) for the S-WB MSA, Pennsylvania, and the US. The data reflect all metro-area transactions. It is evident from the chart that housing price growth in the first quarter of 2025 has remained relatively strong across all three areas, with S-WB MSA, PA, and the US recording annual growth rates of 9.3%, 6.7%, and 6.7%, respectively. As a comparison, the annual PCE inflation in the US for the second quarter was 3.1%. This means that housing price growth outpaces inflation, despite relatively high borrowing costs. Historically, housing price growth in Pennsylvania has outpaced that of the S-WB MSA. However, since the onset of the pandemic in 2020, especially during 2022 and again since early 2024, housing prices in the local area have grown noticeably faster than in Pennsylvania, and, more recently, even faster than the national average. In the first quarter of 2025, housing prices in the S-WB MSA grew at an annual rate 2.6 percentage points higher than in Pennsylvania and 4.6 points higher than in the U.S..

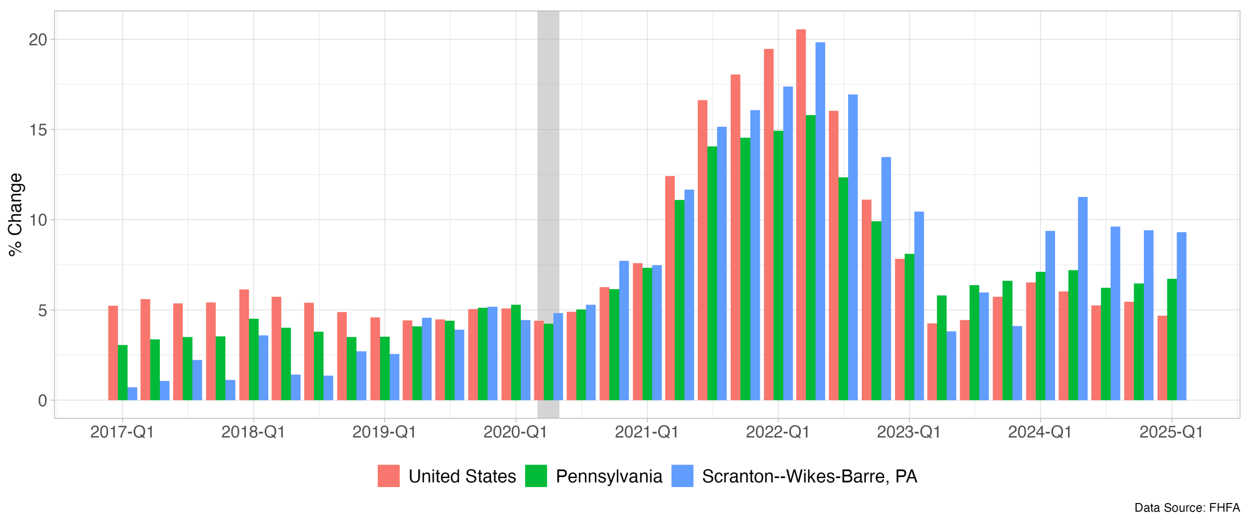


Figure 15: Year-over-Year Percent Change in the FHFA Quarterly Housing Price Index.

Still, housing in the S-WB MSA remains relatively inexpensive. Realtor.com also publishes historical data on the median listing price of single-family and condo/townhome housing within the specified geography during the specified month.[4] Figure 16 exhibits the historical monthly data of this metric for the S-WB MSA, Pennsylvania, and the United States. In June 2025, the median home value in the S-WB metropolitan area was $345,105 around 75% of the median house price in Pennsylvania ($460,564) and less than half of the median house price in the United States ($747,291). Figure 17 displays the year-over-year percent change in the median house price. The chart indicates that housing price growth in the S-WB MSA outpaced Pennsylvania and the US since mid-2024. For the months between January and June 2025, the average annual housing price growth in the S-WB MSA, PA, and the U.S. was 11.7%, -2.36%, and -2.98% respectively.

[4] ibid. see the footnote on page 14.

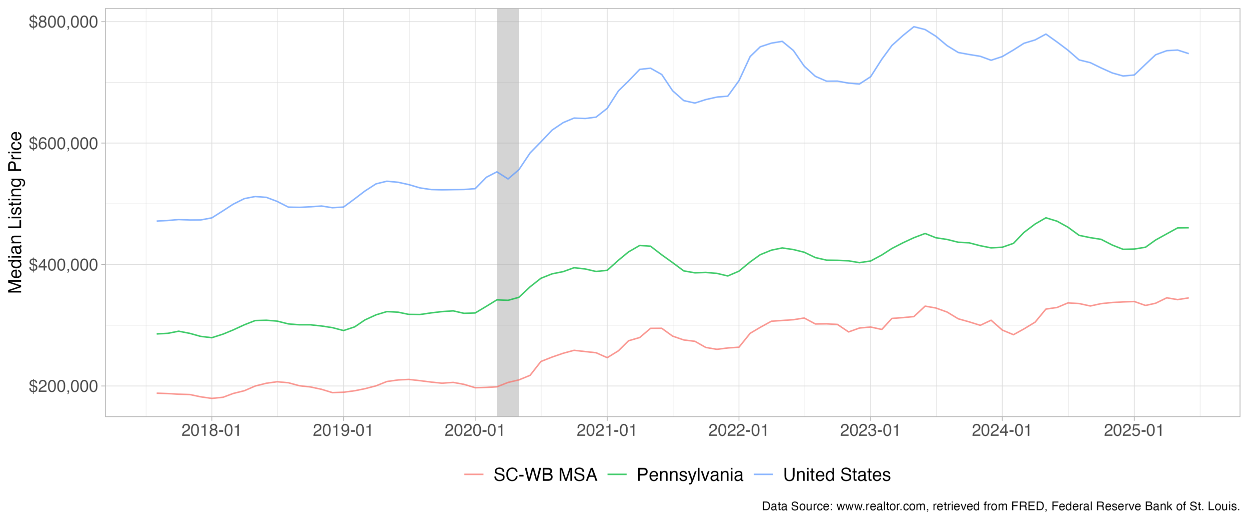


Figure 16: Median Housing Listing Price on Realtor.com.

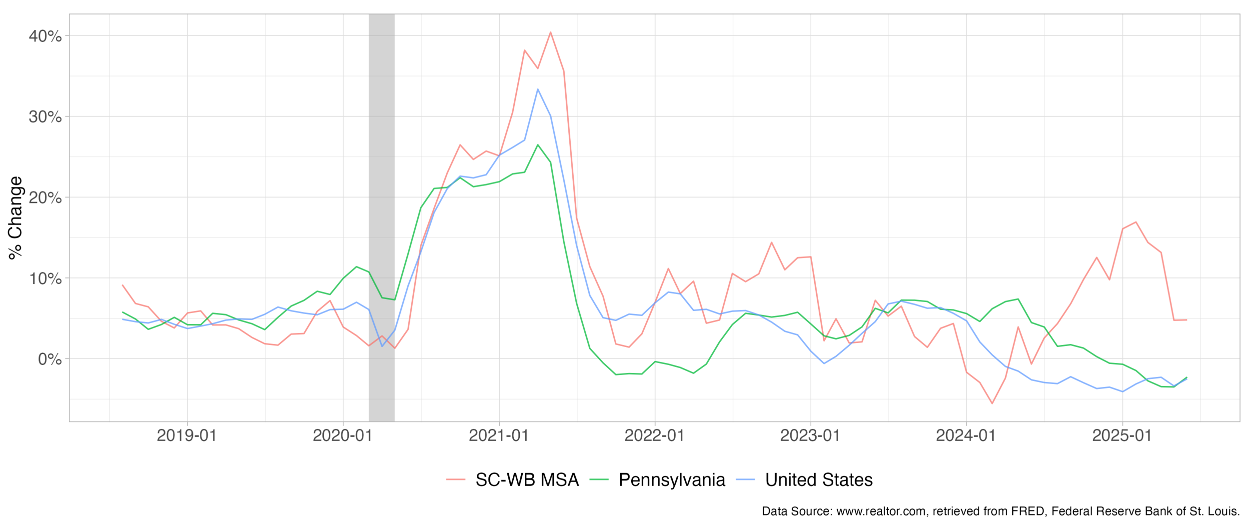


Figure 17: Year-over-Year Percent Change in the Median House Price Index.

Similar to housing prices, rents in the area remained quite affordable compared to state and national levels. We obtain our data on rents in the Scranton metro area from zillow.com, that publishes its Observed Rent Index (ZORI) for different types of geographies (metro area, city, ZIP code, etc.).[5] ZORI is a measure of typical observed market rent in a region; it represents repeat rents as well as the rents of those homes that are currently listed for-rent. The index is computed by considering the mean of listed rents that fall into the 40th to 60th percentile range for all homes and apartments in a given region. Figure 18 shows the mean rents in Scranton, PA, Philadelphia, PA, and the US over time. In May 2025, the average rent in Scranton, Philadelphia, and across the US were $1,325,

[5] https://www.zillow.com/research/data/

$1,941, and $2,049 respectively. One might wonder whether the relatively lower rents in the Scranton area translate into more affordable housing. According to the U.S. Census Bureau's American Community Survey[6], the median annual household incomes in 2023 were $41,601 in Scranton, $60,302 in Philadelphia, and $77,719 in the U.S. overall. Based on these figures, a median household in both Scranton and Philadelphia spent approximately 38% of its 2023 income on rent in May 2025, compared to about 32% nationwide. This suggests that, despite the nominally lower rents, renting in the Scranton and Philadelphia metro areas was less affordable than the national average.

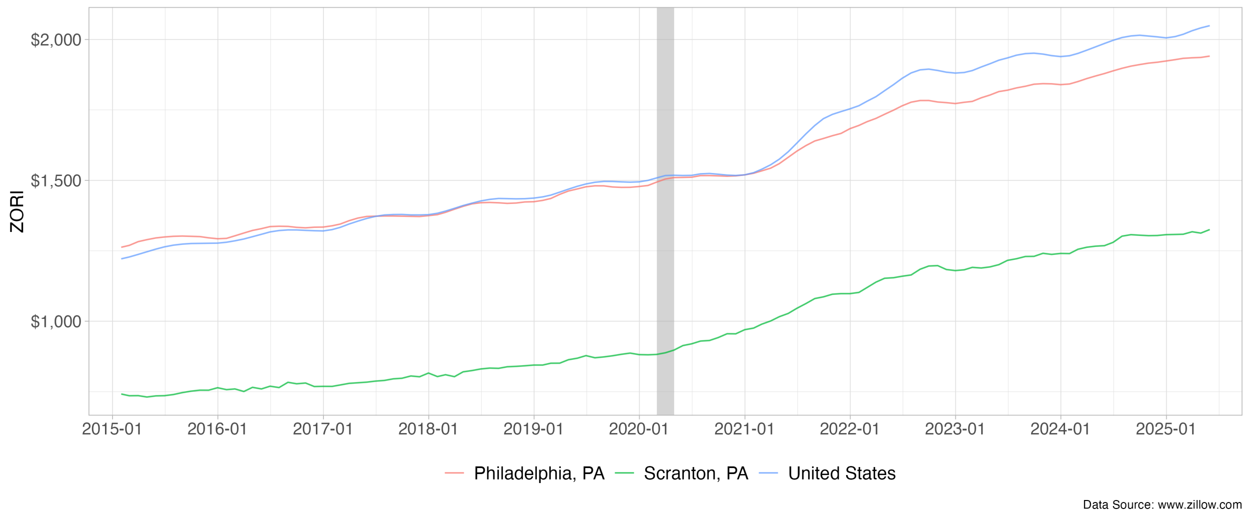


Figure 18: The Zillow Monthly Observed Rent Index (ZORI).

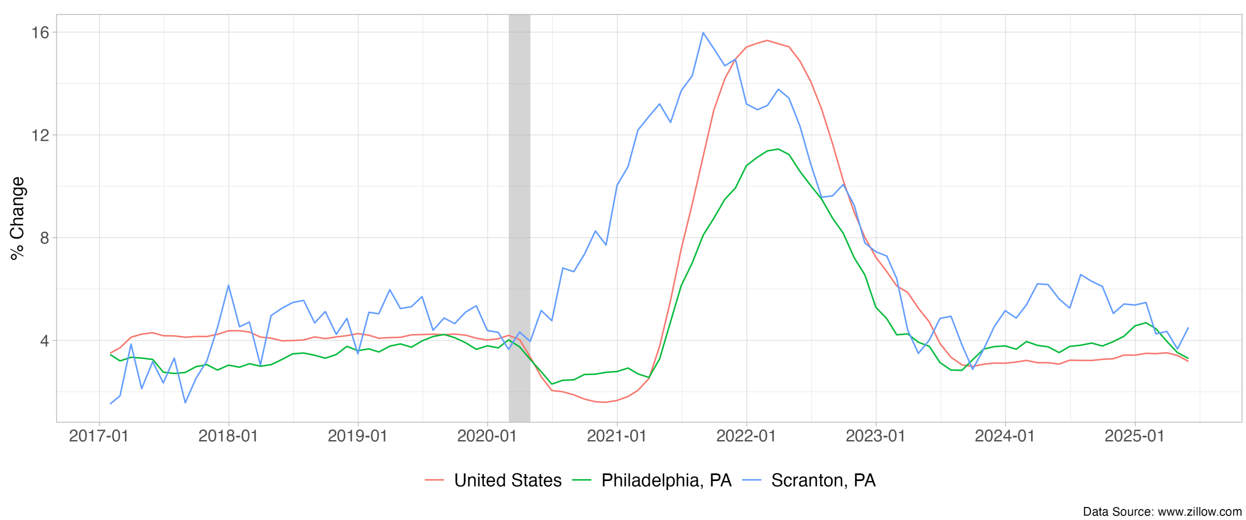


Figure 19: Year-over-Year Percent Change in the Zillow Monthly Observed Rent Index (ZORI).

[6] Table S1901, `https://data.census.gov/table/ACSST1Y2022.S1901`

Credit Conditions

Aram Balagyozyan

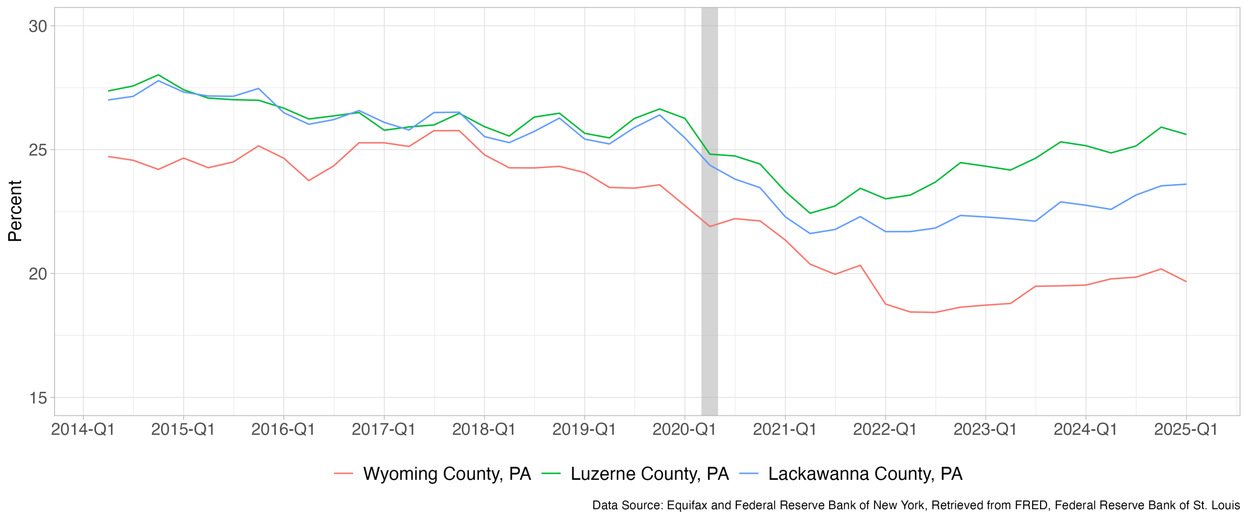


Figure 20: Equifax Subprime Credit Population.

The state of consumer credit is an important coincident indicator of how well households are doing financially. It is also a leading indicator of economic conditions in the region as it predicts consumer spending on goods and services. One metric that allows us to gauge consumer credit conditions in the region is the estimate of "subprime population," percentage of population with a credit score below 660. This quarterly metric is produced by Equifax and Federal Reserve Bank of New York, and we retrieve these data for Lackawanna, Luzerne, and Wyoming counties from FRED, Federal Reserve Bank of St. Louis. As shown in Figure 20, credit conditions in all three counties have gradually worsened in recent years, although Wyoming and Lackawanna counties have remained below their pre-pandemic levels. However, beginning in the third quarter of 2023, the share of the subprime population in Luzerne County surpassed the 25% threshold and has since remained roughly in line with levels observed just before the pandemic. Table 2 presents the most recent numbers. In the first quarter of 2025, the subprime populations of Lackawanna, Luzerne, and Wyoming counties were 23.6%, 25.6%, and 19.7%, respectively. Between 1Q 2024 and 1Q 2025, all three counties saw an increase in the subprime population, with Lackawanna County experiencing the largest increase (0.8%) and Wyoming County the smallest (0.2%).

Table 2: Equifax Subprime Credit Population.

	1Q 2024	1Q 2025	Change
Lackawanna	22.8%	23.6%	0.8%
Luzerne	25.2%	25.6%	0.4%
Wyoming	19.5%	19.7%	0.2%

Downtown Scranton Business Sentiment

Aram Balagyozyan

In April 2025, we surveyed fifty-eight downtown Scranton storefront businesses to assess their current and expected business conditions. The surveyed businesses in our sample encompassed various types, including retail shops (39.66%), bars and restaurants (32.76%), personal care salons (12.7%), fitness clubs (5.17%), financial/legal/professional (5.17%) and healthcare services (3.45%), and a charity organization (1.72%). Businesses were asked to assess the most recent changes in their current conditions and their expectations for the next six months in six areas: general business conditions, the prices they pay, the prices they receive, their workforce size, average employee work hours, and their projections for technology spending and capital expenditure, such as store improvements or expansions. The survey is in the Appendix.[7]

The results, shown in Figures 21-26, include a comparison with last year's data. For each survey question, we calculated a diffusion index by subtracting the percentage of responses indicating a decrease from those indicating an increase. This index ranges from -100 (pessimistic) to +100 (optimistic). The the April 2025 diffusion indexes for all questions, along with the values for April 2023 and April 2024, are presented in Table 3. The survey results indicate that, by and large, business conditions in downtown Scranton have remained relatively stable. In April 2025, only 39.7% of businesses reported improved conditions between March and April, compared to 41% the previous year. Additionally, 10.3% of businesses experienced a decline in general business conditions, a slight decline from 15.4% last year. As a result, the current general-conditions diffusion index increased marginally from 25.6 in April last year to 29.3 in April this year. However, firms' optimism about the near future has declined, with the expected general business-condition index increasing from 66.7 last April to 44.8 this April.

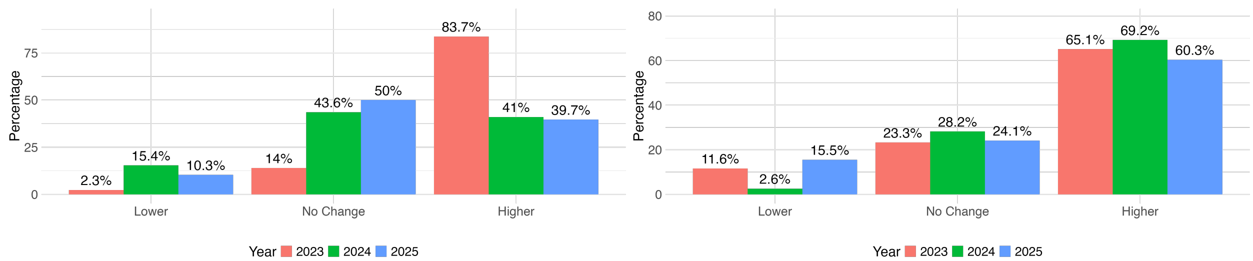
For most surveyed businesses, input prices either increased (41.4%) or remained unchanged (56.9%) compared to the previous month. However, nearly half of all businesses (48.3%) anticipated higher input prices in six months. The majority either maintained (65.5%) or raised (31%) their selling prices compared to the previous month. Despite this, 48.3% expected to increase their prices in the next six months, while 3.4% anticipated lowering them. Consequently, the expected-selling-price index has decreased

[7] The survey questions were adapted from the NY Federal Reserve Bank's Empire State Manufacturing Survey: `https://www.newyorkfed.org/medialibrary/media/research/regional_economy/mfg_survey/surveyform.pdf`

slightly from 48.7 last year to 44.8 this year. Current labor market indicators remained relatively neutral, with the April 2025 diffusion index for the number of employees at 15.5. Looking ahead, nearly 40% of the businesses planned to increase their workforce, and over 17% of them thought that work hours will increase in the future. Indicators for expected general business conditions and future capital and technology spending suggest that in April, business sentiment regarding the near future remained relatively bullish. Nearly 40% of surveyed businesses expected to boost their capital expenditure, and over 20% anticipated increasing their technology spending.

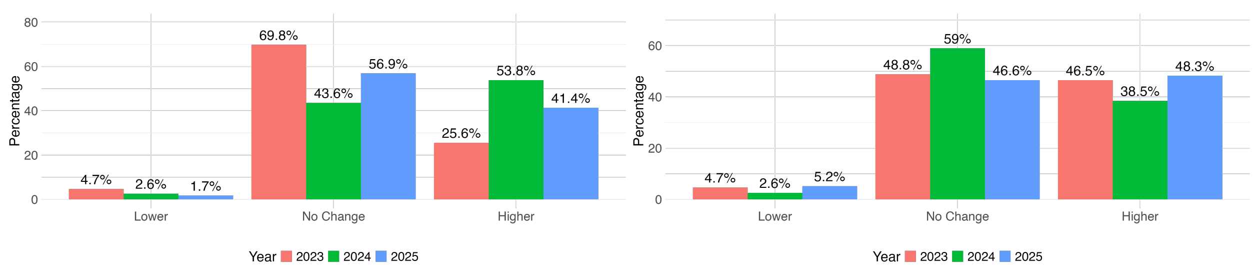
Table 3: Downtown Scranton Business Sentiment Diffusion Indexes.

Survey Question	April 2023	April 2024	April 2025
Current General Business Conditions	81.4	25.6	29.3
Expected General Business Conditions	53.5	66.7	44.8
Current Prices Paid	20.9	51.3	39.7
Expected Prices Paid	41.9	35.9	43.1
Current Prices Received	37.2	41.0	27.6
Expected Prices Received	44.2	48.7	44.8
Current Number of Employees	14.0	2.6	15.5
Expected Number of Employees	44.2	20.5	36.2
Current Average Employee Workweek	16.3	5.1	12.1
Expected Average Employee Workweek	27.9	15.4	15.5
Expected Technology Spending	34.9	30.8	19.0
Expected Capital Spending	48.8	20.5	31.0



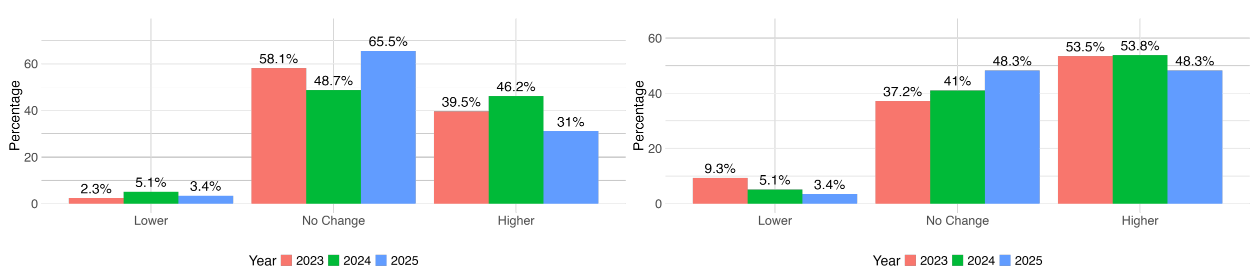
(a) Change from Preceding Month. (b) Expectations Six Months Ahead.

Figure 21: General Business Conditions, Downtown Scranton, April 2023 and April 2024.



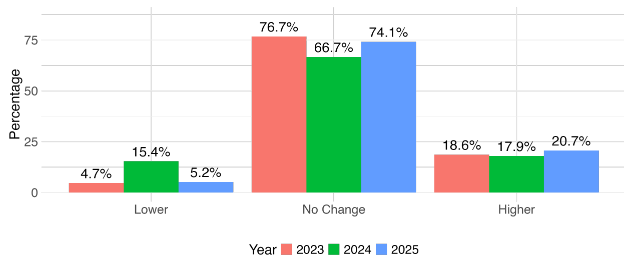
(a) Change from Preceding Month. (b) Expectations Six Months Ahead.

Figure 22: Prices Paid, Downtown Scranton, April 2023 and April 2024.

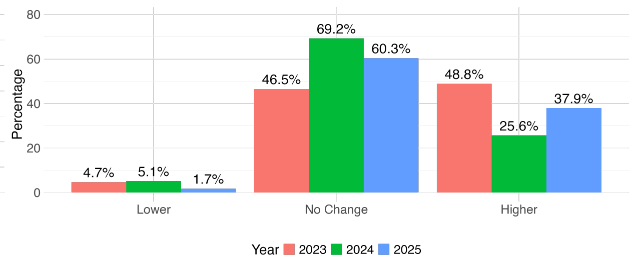


(a) Change from Preceding Month. (b) Expectations Six Months Ahead.

Figure 23: Prices Received, Downtown Scranton, April 2023 and April 2024.

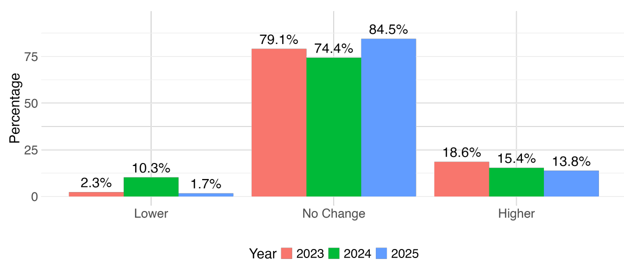


(a) Change from Preceding Month.

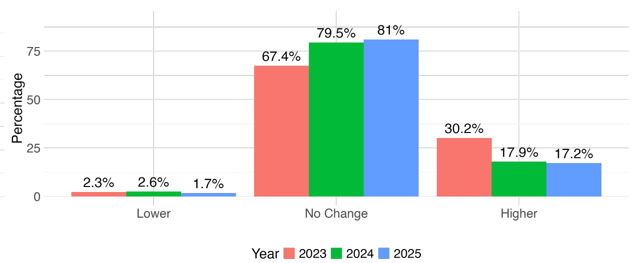


(b) Expectations Six Months Ahead.

Figure 24: Number of Employees, Downtown Scranton, April 2023 and April 2024.

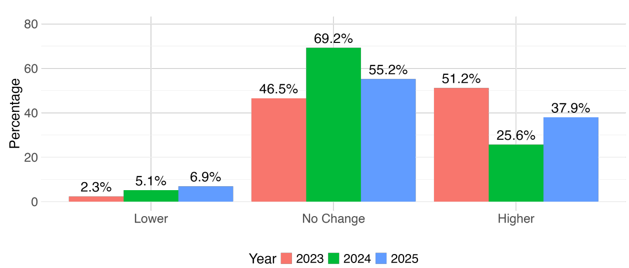


(a) Change from Preceding Month.

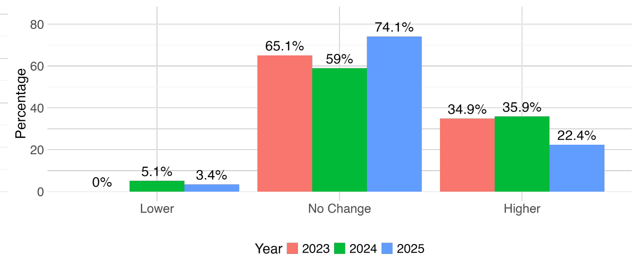


(b) Expectations Six Months Ahead.

Figure 25: Average Employee Workweek, Downtown Scranton, April 2023 and April 2024.



(a) Capital Expenditure.



(b) Technology Expenditure.

Figure 26: Six Months Ahead Expected Capital and Technology Expenditure, Downtown Scranton, April 2023 and April 2024.

The Big Picture

Satyajit Ghosh

Stubborn Inflation

Inflation remains stubborn. The Bureau of Labor Statistics reported that the Consumer Price Index for All Urban Consumers (CPI-U) – the most popular indicator of inflation – increased 0.2 percent on a seasonally adjusted basis in July, after rising 0.3 percent in June. During the last 12 months, from July 2024 to July 2025, the CPI for all items increased 2.7 percent before seasonal adjustment. The CPI based inflation stood at 2.7 percent in June 2025 and at 2.4 percent in May.

For all items less food and energy, the two most volatile categories of consumer expenditure, the inflation rate – which is known as the Core rate of inflation – increased to an annual rate of 3.1 percent in July 2025 after it increased to 2.9 percent in June and 2.8 percent in May 2025. All these rates were before any seasonal adjustment.

The Chained CPI (C-CPI-U), which is designed to be a closer approximation to a cost of living index, increased at an annual rate of 2.5 percent in July 2025 (based on seasonally unadjusted data) compared to 2.4 percent in June 2025 and 2.1 percent annual rate in May 2025. The inflation indicator that the Federal Reserve Board closely watches and uses to formulate their interest rate policy is not the consumer price index based inflation but a somewhat complicated price index, the Personal Consumption Expenditure excluding food and energy chain type price index (Core PCE). In June 2025, the Core PCE price index reported a 2.8 percent annual inflation- unchanged from May 2025, but higher from the April's annual rate of 2.6 percent. Given that Fed's target rate of inflation is 2 percent, it is clear from the CPI based headline inflation rate to the Core PCE inflation data, although inflation is much lower than what it used to be in 2021-2022, it is still stubbornly high.

The largest contributor to inflation in recent months has been the increase in the cost of shelter, which includes rent, owners' equivalent rent, and lodging away from home. July 2025 was no exception. Cost of shelter in July increased by 0.2 percent from June continuing similar or higher monthly increases after seasonal adjustment dating back to the beginning of the year. Shelter cost increased by 3.7 percent over the last 12-months before seasonal adjustment after posting a 3.8 percent annual increase in June. The increases in the costs of medical care and transportation services also contributed to recent inflation. Costs of Medical Care services went up by 0.8 percent in July after increasing by 0.6 percent in June. For the 12 months ending in July 2025 it increased by 4.3 percent. Although the costs of transportation services fell earlier in the year, in July 2025 it rose by 0.8 percent compared to June when it had increased by 0.2 percent over May 2025. Over the 12 months ending in July, cost of transportation services increased by 3.5 percent before seasonal adjustments.

These increases more than offset improvements in energy prices. In July 2025, energy prices fell, led by a substantial fall in gasoline prices. In July, energy prices fell by 1.1 from their June level, while gasoline prices fell by 1.9 percent for the month. As a result, over the last 12 months ending in July, gasoline prices fell by 9.5 percent and overall energy prices declined by 1.6 percent.

Overall prices of food did not increase in July due to the 0.1 percent reduction in the price of food at home compared to June. However, the cost of food away from home increased by 0.3 percent. As a result, over the 12 month period ending in July 2025, food prices increased by 2.9 percent after they had increased by 3 percent annual rate in June.

There are regional disparities in inflation. The Northeast recorded the highest inflation rate of 3.4 percent in July 2025, preceded by 3.0 percent in June, while the South posted the lowest inflation of 2.3 percent in July. In the Northeast region, food prices increased by 2.7 percent in July over the past 12 months, while the energy prices declined by 1.1 percent. Gasoline prices fell by 10.8 percent. During the same time period, the cost of shelter increased by 4.5 percent, which offset the gains made in the energy sector. As a result, the core rate of inflation (based on all items excluding food and energy) in the Northeast increased to 3.4 percent in July, highest among all regions in the country.

It is worth noting that in spite of sustained inflation, real average hourly earnings of all employees continued to increase since average hourly earnings outpaced inflation. From July 2024 to July 2025, when CPI based inflation was 2.7 percent, average hourly earnings for all private nonfarm employees increased by 3.9 percent resulting in an 1.2 percent increase in real average hourly earnings of all employees seasonally adjusted. From June 2024 to June 2025, real average hourly earnings increased 1.1 percent, seasonally adjusted, since during this period average hourly earnings increased by 3.8 percent when CPI based inflation was 2.7 percent.

What can we expect the inflation rate to be in the later part of the year or the next year? Will inflation continue to increase or will it start to fall in a sustained fashion? While it is difficult to predict the future behavior of inflation rate, we may find a possible clue in the behavior of another price index calculated by the BLS: the Producer Price Index or PPI. While consumer expenditure based indices, such as the CPI or PCE, inform us of current inflation, the PPI that measures the price that producers pay to produce their products, indicates how consumer prices may change in future. A current increase in the PPI leads to an increase in consumer prices and hence inflation in future, while a fall in the PPI can lead to a fall in inflation within a few months. In July 2025, the PPI increased by 0.9 percent over June leading to a 3.4 percent annual increase in PPI over the 12 months ending in July. This was the highest increase in PPI in recent months.

From the spike in PPI, we can expect further increases in CPI and inflation. This is mostly due to the new higher tariffs that have become operational. Earlier in the year, when the actual tariff rates were uncertain, many importers were absorbing the cost increase instead of passing it onto their customers. It seems that they will now transfer at least some of the cost burden caused by tariffs onto the consumers.

Is the Economy Getting Weaker?

If we simply look at the national unemployment rate, then of course no one can argue that the US economy is weak. We may not have the 60-year low monthly unemployment rate of 3.4 or 3.5 percent that we had in 2023, but 4.2 percent unemployment rate in July, 2025 preceded by 4.1 percent unemployment rate in June, could still be the "envy of the world". However, as we noticed in the context of our local labor markets, there are other broad indicators for the labor market which should be considered carefully. Not surprisingly, increase in monthly payroll jobs is one such indicator for the US labor market. Preliminary estimates of the BLS show that in June 2025 and July 2025, payroll employment for the US economy grew only by 14,000 and 73,000 respectively. The May payroll employment increase was also revised downward to only 19,000. The US economy is supposed to have a "job deficit" if the monthly payroll jobs do not increase by at least 150,000. Since January 2025, payroll job creation exceeded that benchmark only once, when in April, 158,000 new jobs were created. So, there are signs that the US labor market is slowing down.

In order to get a better idea about the state of the economy, we should look at the direction of real GDP (Gross Domestic Product) that measures the level of production in an economy. After a decline in real GDP in the first quarter of 2025 (January-March) when real GDP fell by 0.5 percent, the economy seemingly bounced back in the second quarter of the current year (April-June) with a 3 percent annualized growth rate for the quarter. For a mature economy such as the United States, a 3 percent growth rate indicates a substantial increase in real GDP. But then why didn't the increase in GDP lead to substantial job gains in April through June? The answer lies in the details of the real GDP growth in the second quarter. Much of the increase in real GDP in the second quarter of 2025 was due to a sharp reduction in imports, which was most likely due to high tariffs and uncertainty surrounding them. US businesses did not import as much. During the second quarter of 2025, imports fell by an annualized rate of 35.3 percent.

GDP is calculated by adding consumption, private domestic investment, government spending, and exports and then subtracting imports from that total. The reduction in imports in the second quarter increased GDP but did not directly contribute to more employment and personal income generation. Personal consumption expenditure, the most important component of GDP, contributes about two-thirds of GDP. During the second quarter of 2025, it increased only by 1.4 percent. Furthermore, due to uncertainties surrounding international trade, exports fell by 1.8 percent. To make the matter worse, gross private domestic investment declined by 15.6 percent. Once again, due to uncertainties regarding tariffs, businesses became reluctant to undertake spending to expand.

In short, while the fundamental structure of the US economy is still strong, stubborn inflation, weakness in job creation, possibility of very high tariffs, and not so positive outlook for GDP make the future for the US economy rather challenging.

Appendix

Downtown Scranton Business Survey
Part 1: Firm and Respondent Information
Firm Name: ___________________________
Date: ___________________________

Part 2: General Business Conditions

Question	Higher	No Change	Lower
1. Compared to last month, what is your general evaluation of the current level of business activity			
2. Six months from now, do you expect the level of business activity to be			

Part 3: Additional Questions Relating to Your Facilities in Scranton

Question	Higher	No Change	Lower
3. Compared to last month, the prices your company pays are			
4. Six months from now, do you expect the prices your company pays to be			
5. Compared to last month, the prices your company is receiving are			
6. Six months from now, do you expect the prices your company receives to be			
7. Compared to last month, the number of employees (including contract workers) in your company is			
8. Six months from now, do you expect the number of employees in your company (including contract workers) to be			
9. Compared to last month, the average number of hours that employees work is			
10. Six months from now, do you expect the average number of hours that employees work to be			
11. Six months from now, do you expect your company's spending on technology to be			
12. Six months from now, do you expect your company's capital spending (such as improvement or expansion of the physical plant) to be			