



How much do Uber's ride-hailing services actually contribute to the Pittsburgh economy?

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Since Uber debuted its ride-hailing platform in Pittsburgh back in 2014, the company has been contributing to the Steel City's economy — by making it possible to drive part-time to create a supplemental income, by allowing residents and tourists to reach new destinations outside the bus line, and by disrupting traditional transportation services such as yellow cabs.

But its economic impact has been hard to quantify. On Wednesday, the San Francisco-based company released its first



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Pittsburgh regional economic impact report — one of several assessments done across the country.



“We’ve always gotten a lot of interest from policymakers and stakeholders,” said Olivia van Nieuwenhuizen, a data scientist at Uber’s San Francisco office who focuses on public affairs. “Folks want to know ... if there’s a number we can put on that.”

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Uber contributed \$86 million in gross regional product to Pittsburgh’s economy last year, according to the Economic Development Research Group, a Boston, Mass.-based consulting firm that compiled the report, independent of Uber’s oversight.

Comparatively, Pittsburgh’s gross regional product — a measure of the market value for all final goods and services produced in a given region over a period of time, not dissimilar to the concept of gross domestic product for a country — was **\$138.9 billion** in 2015, according to the Pittsburgh Regional Alliance, the Downtown-based economic development arm of the Allegheny Conference on Community Development.

Overall economic impact in the report is just a measure of income that Uber directly generated for drivers and indirectly created for other workers. Neither UberEATS, the food delivery service, nor



the autonomous engineering office in the Strip District were a part of the study.



Economic Development Research Group surveyed 509 riders and 221 drivers in Pittsburgh between June and August 2017, matching findings from respondents to pertinent company data.

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Lee Branstetter, director of Carnegie Mellon University's [Center for the Future of Work](#), noted that ride-hailing in general makes it possible for residents and visitors to patronize places they may otherwise forgo.

Most businesses have the ability to accommodate more customers than they currently do with the resources they have, Mr. Branstetter noted.

“If Uber is allowing more people to go more places and spend more money,” he said, “it’s allowing businesses to generate more output without having to actually purchase an equivalent amount of inputs.”

In other words, with the same setup, a business can make more money if more people are stopping in. That increases gross regional product.

When a CMU student takes an Uber to Prantl's Bakery either Downtown or on Walnut Street to buy an almond torte cake, Mr. Branstetter said, the bakery doesn't need to hire more workers or buy more ovens. The bakery just sells more goods and becomes more productive.

"I can easily imagine there are a whole group of businesses that are experiencing a higher transaction flow," he said.

It's important to note, however, that Uber's gross impact is not the same as its net contribution to the local economy. Annually, Uber ride-hailing services contribute about \$6 million to Pittsburgh's economy.

The numbers diverge greatly because Uber's net impact on the economy takes into account that peoples' behaviors are changing — for example, people are likely taking fewer cabs than they used to because they have an alternative transportation option.

So although some people in the city are making money working as Uber drivers or some are spending more money on those trips, there are other places where capital is lost.

According to the report, a substantial fraction of ride-hailing drivers were unemployed before joining the Uber network. Across Pittsburgh, 14 percent were "seeking employment" and 7 percent were "not working and not seeking employment" before joining the company.

Some may have been discouraged workers who had a difficult time finding a job.

"Imagine that you've been laid off and you think you can get another job and it's been six months," Mr. Branstetter said. "You lose your income, what do you do?"

Many of those people appear to have leveraged the gig economy to make money. There is a caveat, though.

Mr. Branstetter noted that ride-hailing work was never meant to be a full-time, forever job.

"Lots of economists would probably view the Uber and Lyft phenomenon as positive," he said. "Largely because we see this as something transitional, something in-between."

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