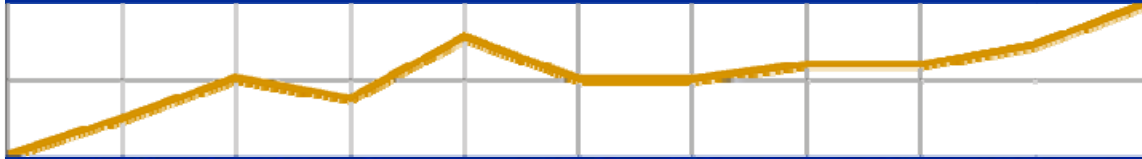


Morgantown MSA Economic Monitor



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Morgantown Still Going (Relatively) Strong

By George W. Hammond, Associate Director

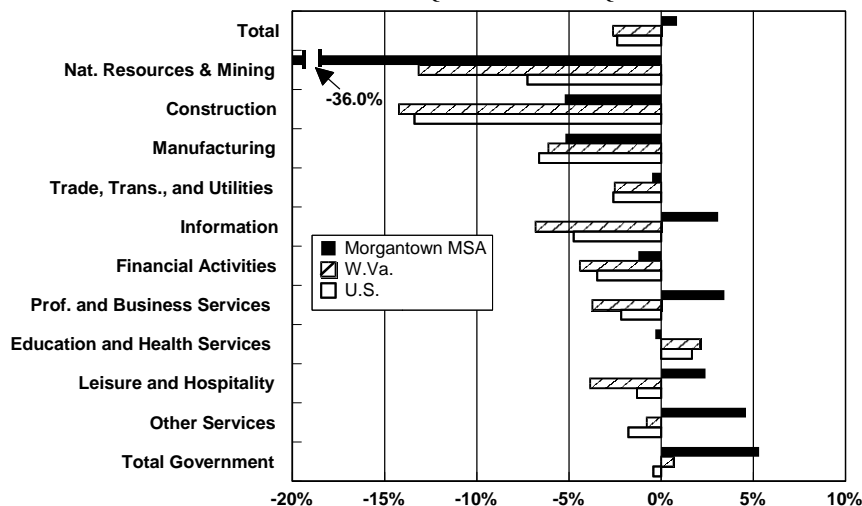
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The Morgantown MSA, which includes Monongalia and Preston counties, added 370 jobs from 2008 to 2009, far outpacing the massive job losses for the state and the nation. However, performance differed greatly across the two counties in the metropolitan area, as Monongalia County added 830 jobs, while Preston County lost 460 jobs. Job gains in Monongalia County last year far outpaced any other county in West Virginia. Indeed there were only four other counties in the state that added jobs last year, with the rest either stable or losing jobs.

Recent data suggests that Morgantown continued to add jobs in the first quarter of 2010. From the first quarter of 2009 to the first quarter of 2010, the Morgantown MSA added jobs at a rate of 0.9 percent, which was much faster than West Virginia (-2.6 percent) and the U.S. (-2.4 percent). Even so, growth was relatively weak compared to the local area's average annual employment growth of 2.9 percent from 2003 to 2008.

This slower growth is reflected in a significant increase in the Morgantown unemployment rate, which was 5.1 percent in 2009, compared to 2.9 percent in 2008. However, the local rate remains well below the state (7.9 percent) and national (9.3 percent) rates in 2009.

Figure 1
Employment Growth By Industry
Morgantown MSA, W.Va., And U.S.
 First Quarter 2009 To First Quarter 2010



As Figure 1 shows, the Morgantown MSA had strong employment growth in several service-providing industries during the past year. Government was the fastest growing sector, adding jobs at a rate of 5.3 percent, followed by other services (4.6 percent), professional and business services (3.4 percent), information (3.1 percent), and leisure and hospitality (2.4 percent). The MSA lost employment in the other three service industries, financial activities (-1.2 percent), education and health services (-0.3 percent), and trade, transportation, and utilities (-0.5 percent). These trends in employment are in stark contrast to those of the state and nation. Indeed, West Virginia added jobs in only government and education and health services. The nation only added jobs in education and health services.

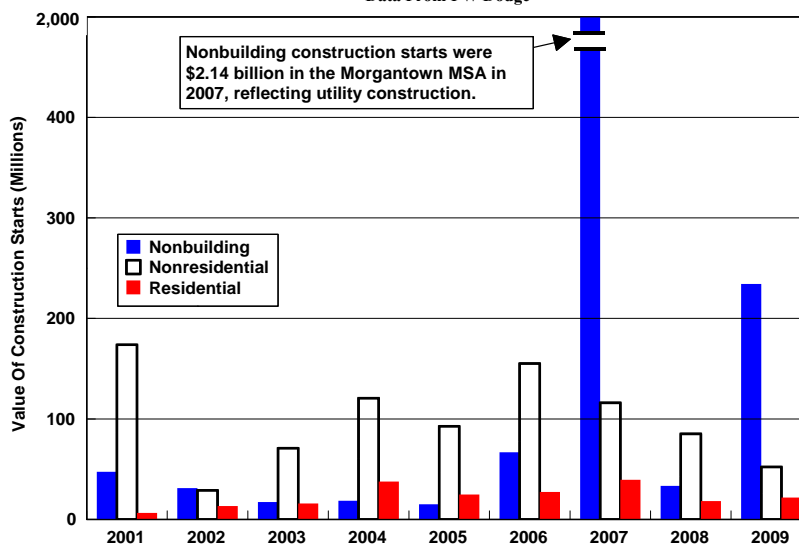
In contrast to service-providing industries in the Morgantown MSA, every goods-producing industry in the MSA lost employment. By far, the fastest employment loss in the Morgantown MSA from the first quarter of 2009 to the first quarter of 2010 was in mining and logging, which lost jobs at a rate of -36.0 percent, with job losses concentrated in Preston County (closure of a coal mine). Construction and manufacturing experienced identical -5.2 percent employment growth rates in the Morgantown MSA during the past year.

Total new construction starts in the Morgantown MSA were \$308 million in 2009; a 125.4 percent increase from the value of new construction starts in 2008. This dramatic increase was due in large part to nonbuilding construction starts which rose from \$33 million in 2008 to \$234 million in 2009, as shown in Figure 2. The increase in nonbuilding activity reflects activity related to the Trans-Allegheny Interstate Line.

Residential construction starts also grew from 2008 to 2009, albeit at a much slower rate than nonbuilding construction starts. Indeed, residential construction starts in the Morgantown MSA rose from \$18 million in 2008 to \$22 million in 2009, a 19.7 percent increase. Even so, residential construction activity remains well below its 2007 peak of \$39 million.

Nonresidential construction starts, in contrast, experienced a decline from 2008 to 2009, and have not experienced a year to year growth in the Morgantown MSA since 2006. From 2008 to 2009 nonresidential construction starts declined -38.7 percent, from \$85 million in 2008 to \$52 million in 2009.

Figure 2
Morgantown MSA Construction Starts By Type
 Data From FW Dodge



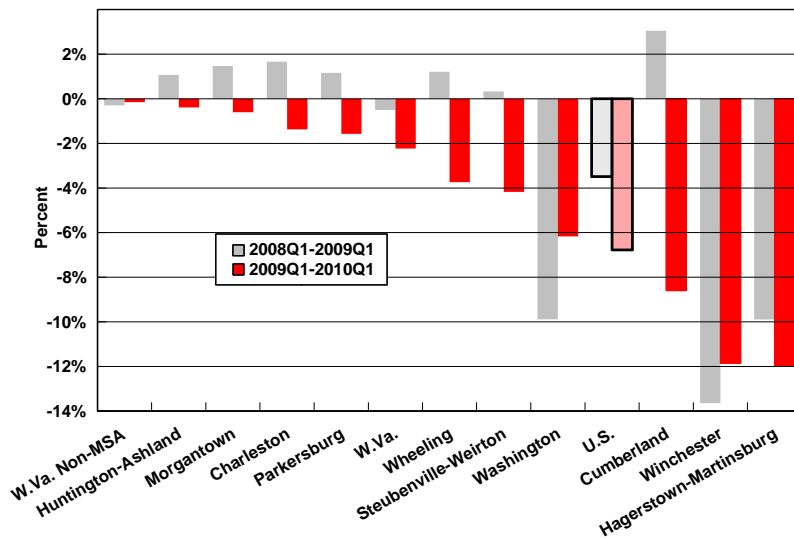
West Virginia has not escaped the housing downturn that pummeled the national economy. Indeed, statewide single-family house prices (measured by the Federal Housing Finance Agency) fell by -2.2 percent in West Virginia during the past four quarters. However, that's a much slower rate of decline than the nation experienced (-6.8 percent).

As Figure 3 shows, every Metropolitan Statistical Area that includes at least one West Virginia county experienced negative single-family house price appreciation from the first quarter of 2009 to the first quarter of 2010. The slowest decline in house prices was in non-MSA counties in West Virginia, which saw house prices decline by -0.1 percent from the first quarter of 2009 to the first quarter of 2010. The Huntington-Ashland and Morgantown MSAs also experienced relatively slow house price declines at -0.4 percent and -0.6 percent, respectively.

In contrast, the four MSAs in the eastern part of the state experienced the fastest house price declines. Indeed, the Hagerstown-Martinsburg (-12.0 percent), Winchester (-11.9 percent), Cumberland (-8.6 percent), and Washington (-6.2 percent) MSAs experienced the fastest house price declines in West Virginia from the first quarter of 2009 to the first quarter of 2010. For most of these metropolitan areas, it was the third consecutive large year-to-year decline.

Thus, while most West Virginia housing markets experienced a modest version of the housing downturn, the true housing bust remains concentrated in the metropolitan areas including the state's Eastern Panhandle.

Figure 3
House Price Appreciation Falls Across The Board
 Federal Housing Finance Agency



Finally, Morgantown's cost of living was 1.5 percent above the national average in the first quarter of 2010, according to data compiled by the WVU Bureau of Business and Economic Research. That was higher than the estimated cost of living for Harrison County (4.6 percent below average), Charleston (7.5 percent below average), and Martinsburg (10.7 percent below average). For more details on cost-of-living estimates, visit www.bber.wvu.edu.

Morgantown MSA Economic Indicators

(Data Not Seasonally Adjusted)

| Region/Indicator | Year | | | | | | | |
|---|-------------|-------------|-------------|---------|---------|---------|---------|---------|
| | 2007 | 2008 | 2009 | 2009:1 | 2009:2 | 2009:3 | 2009:4 | 2010:1 |
| Morgantown MSA | | | | | | | | |
| Total Nonfarm Employment* | 60,970 | 62,606 | 62,981 | 62,347 | 62,743 | 62,367 | 64,467 | 62,883 |
| Total Nonfarm Employment (%) | 2.4 | 2.7 | 0.6 | -11.3 | 2.6 | -2.4 | 14.2 | -9.5 |
| Nat. Res. and Mining | 960 | 1,042 | 855 | 1,073 | 863 | 743 | 740 | 687 |
| Construction | 2,710 | 2,899 | 2,865 | 2,673 | 2,877 | 2,953 | 2,957 | 2,533 |
| Manufacturing | 4,065 | 4,137 | 3,782 | 3,910 | 3,767 | 3,747 | 3,703 | 3,707 |
| Trade, Trans., and Util. Information | 9,172 | 9,060 | 8,838 | 8,733 | 8,770 | 8,817 | 9,030 | 8,690 |
| Financial Activities | 670 | 665 | 651 | 647 | 653 | 647 | 657 | 667 |
| Prof. & Bus. Servs. | 1,746 | 1,710 | 1,615 | 1,610 | 1,633 | 1,620 | 1,597 | 1,590 |
| Educ. & Health Servs | 4,410 | 4,668 | 4,858 | 4,757 | 4,720 | 4,937 | 5,017 | 4,920 |
| Leisure and Hospitality | 11,881 | 12,298 | 12,614 | 12,593 | 12,567 | 12,667 | 12,630 | 12,553 |
| Other Services | 5,900 | 6,192 | 6,339 | 5,950 | 6,483 | 6,527 | 6,397 | 6,093 |
| Total Government | 2,859 | 2,933 | 3,020 | 2,967 | 3,023 | 3,040 | 3,050 | 3,103 |
| Total Government | 16,617 | 17,014 | 17,553 | 17,440 | 17,383 | 16,690 | 18,697 | 18,367 |
| Unemployment Rate (%) | 3.2 | 2.9 | 5.1 | 4.6 | 5.3 | 5.2 | 5.4 | 6.9 |
| Residential Const. Contracts (\$ mil. AR) | 39 | 18 | 22 | 9 | 15 | 53 | 11 | 11 |
| Non-Building Const. Contracts (\$ mil. AR) | 2,136 | 33 | 234 | 99 | 19 | 801 | 17 | 74 |
| Non-Residential Const. Contracts (\$ mil. AR) | 116 | 85 | 52 | 148 | 23 | 29 | 8 | 368 |
| Total Const. Contracts (\$ mil. AR) | 2,291 | 137 | 308 | 256 | 57 | 884 | 36 | 453 |
| Housing Price Index (1995Q1=100.0) | 177.1 | 180.5 | 181.2 | 183.0 | 181.2 | 180.2 | 180.5 | 181.9 |
| Housing Price Index (%) | 4.4 | 1.9 | 0.4 | 6.0 | -3.9 | -2.1 | 0.5 | 3.3 |
| Population | 117,927 | 118,931 | 120,327 | n/a | n/a | n/a | n/a | n/a |
| Per Capita Personal Income (\$) | 31,977 | 33,468 | n/a | n/a | n/a | n/a | n/a | n/a |
| West Virginia | | | | | | | | |
| Total Nonfarm Employment (thous.) | 758.3 | 762.0 | 744.1 | 742.0 | 750.2 | 741.2 | 743.0 | 722.6 |
| Total Nonfarm Employment (%) | 0.3 | 0.5 | -2.3 | -13.5 | 4.5 | -4.7 | 0.9 | -10.5 |
| Unemployment Rate (%) | 4.2 | 4.3 | 7.9 | 7.3 | 8.0 | 8.1 | 8.3 | 10.5 |
| Residential Const. Contracts (\$ mil. AR) | 968 | 512 | 319 | 214 | 339 | 429 | 293 | 254 |
| Non-Building Const. Contracts (\$ mil. AR) | 3,000 | 1,001 | 2,104 | 645 | 2,125 | 2,580 | 3,065 | 893 |
| Non-Residential Const. Contracts (\$ mil. AR) | 915 | 455 | 494 | 421 | 669 | 449 | 438 | 565 |
| Total Const. Contracts (\$ mil. AR) | 4,883 | 1,968 | 2,917 | 1,279 | 3,133 | 3,459 | 3,796 | 1,711 |
| Housing Price Index (1980Q1=100.0) | 228.9 | 230.9 | 228.4 | 231.7 | 230.1 | 226.3 | 225.3 | 226.6 |
| Housing Price Index (%) | 3.0 | 0.9 | -1.1 | 5.7 | -2.8 | -6.5 | -1.6 | 2.2 |
| Population | 1,811,198 | 1,814,873 | 1,819,777 | n/a | n/a | n/a | n/a | n/a |
| Per Capita Personal Income (\$) | 30,121 | 31,634 | 32,219 | n/a | n/a | n/a | n/a | n/a |
| United States | | | | | | | | |
| Total Nonfarm Employment (thous.) | 137,598 | 136,790 | 130,920 | 131,348 | 131,534 | 130,028 | 130,769 | 128,220 |
| Total Nonfarm Employment (%) | 1.1 | -0.6 | -4.3 | -13.4 | 0.6 | -4.5 | 2.3 | -7.6 |
| Unemployment Rate (%) | 4.6 | 5.8 | 9.3 | 8.8 | 9.1 | 9.6 | 9.5 | 10.4 |
| Housing Price Index (1980Q1=100.0) | 380.9 | 369.6 | 354.9 | 366.3 | 357.6 | 349.1 | 346.9 | 341.5 |
| Housing Price Index (%) | 1.8 | -3.0 | -4.0 | 3.7 | -9.2 | -9.2 | -2.5 | -6.1 |
| Population | 301,579,895 | 304,374,846 | 307,006,550 | n/a | n/a | n/a | n/a | n/a |
| Per Capita Personal Income (\$) | 39,392 | 40,166 | 39,138 | n/a | n/a | n/a | n/a | n/a |

Notes:

Construction data is from FW Dodge. Monthly data is reported at annual rate. AR indicates annual rate
 Per Capita Personal Income is from www.bea.gov , Population is based on Census estimates on July 1 of that year
 Employment data is from the Bureau of Labor Statistics and WORKFORCE West Virginia
 Housing Price Index is the all-transaction index from the Federal Housing Finance Agency. www.fhfa.gov
 Data compiled by WVU Bureau of Business and Economic Research, www.bber.wvu.edu
 *Total nonfarm employment may not equal industry sums

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