

Wheeling MSA Outlook

FORECAST: 2007-2011

May 2007

BUREAU OF BUSINESS AND ECONOMIC RESEARCH
COLLEGE OF BUSINESS AND ECONOMICS

WEST VIRGINIA UNIVERSITY

www.bber.wvu.edu

Executive Summary

The Wheeling metropolitan statistical area (MSA) has added jobs and inflation-adjusted per capita personal income during the 2001-2005 period. This has been accomplished in spite of continued large population declines in the MSA. The job gains in the region, combined with population losses, have driven the Wheeling MSA unemployment down significantly since 2002. The outlook calls for the Wheeling MSA to continue adding jobs and per capital personal income through 2011. Population losses continue during the forecast period, but decelerate, and the region's unemployment rate falls during the forecast. The Wheeling MSA includes Marshall and Ohio counties in West Virginia and Belmont County in Ohio.

The Wheeling MSA added 1,700 nonfarm payroll jobs from 2001 to 2005 and the outlook calls for job gains in the region to continue through 2011. Job growth is forecast to average 500 jobs per year, which translates into an average annual rate of growth of 0.8 percent per year, similar to the state rate but below the national rate of 1.4 percent per year.

Job growth is expected to be fastest in trade, transportation and utilities; professional and business services; and leisure and hospitality during the forecast period. Job gains in trade, transportation and utilities, as well as leisure and hospitality, reflect expected job gains at the Highlands during the period. Leisure and hospitality job growth also reflects gains at Wheeling Island Racetrack and Gaming Center, which is expected to maintain its competitive advantage over competing establishments in Pennsylvania through the adoption of table games. Professional and business services is also forecast to add jobs during the 2005-2011 period, as call centers and back office services continue to be competitive in the region. Natural resources, mining, and construction jobs stabilize in the Wheeling MSA after generating strong job growth during the 2001-2005 period. Manufacturing employment losses are forecast to continue during the forecast, but at a significantly slower pace. Health care, other services, and government jobs are forecast to rise modestly during the forecast period.

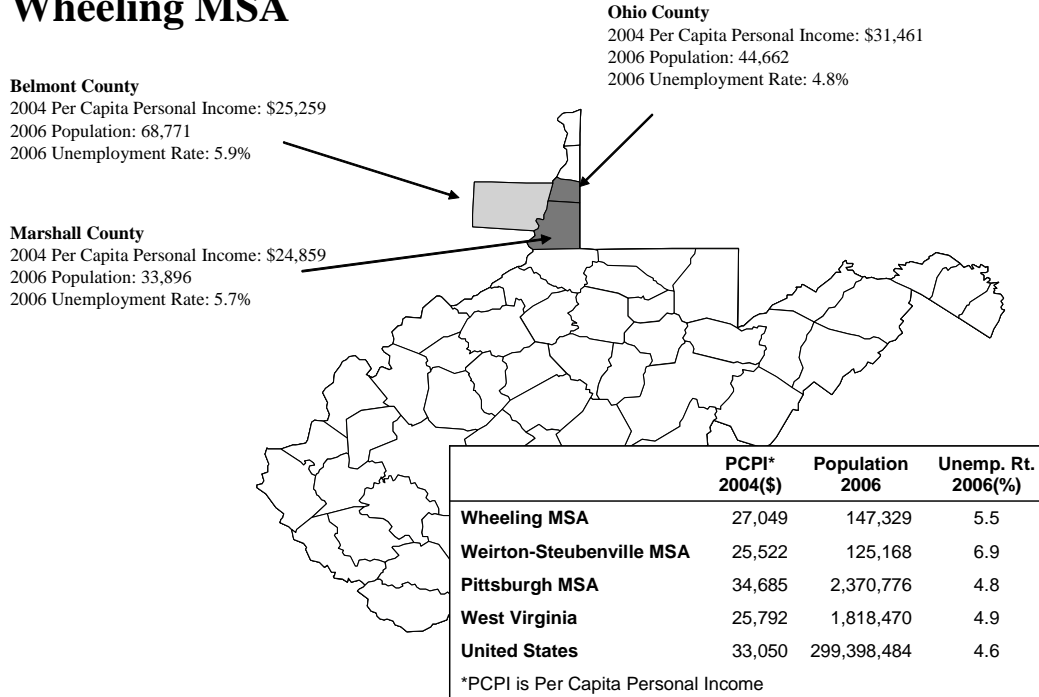
Job gains translate into continued income growth, even after adjustment for inflation. Job gains also contribute to slower population losses in the Wheeling MSA during the forecast period and to continued declines in the unemployment rate.

Risks to the baseline outlook center on the ability of Wheeling Island Racetrack and Gaming Center to maintain its competitive edge over establishments located in Pennsylvania and on the ability of local chemical and steel producers to withstand tough competitive pressures from plants located around the U.S. and around the world. The region also faces major workforce development challenges as a large share the region's workers hit retirement age during the next decade.

Wheeling MSA in Perspective

As shown in Figure 1, the Wheeling MSA is composed of three counties: Ohio and Marshall counties in West Virginia, and Belmont County in Ohio. According to 2006 population estimates, 4.3 percent of West Virginia's 1,818,470 residents lived in the two West Virginia counties that are part of the Wheeling MSA. Marshall and Ohio counties accounted for 23.0 percent (33,896) and 30.3 percent (44,662) of the Wheeling MSA's 147,329 residents, respectively, while Belmont County contained 46.7 percent (68,771).

Figure 1 Wheeling MSA



The Wheeling MSA is located near two other MSAs: Weirton-Steubenville and Pittsburgh. The Weirton-Steubenville MSA had 125,168 residents in 2006, while the Pittsburgh MSA, which is composed entirely of Pennsylvania counties, was much larger than either Weirton-Steubenville or Wheeling with a population of 2,370,776.

Also presented in Figure 1 are the 2004 per capita personal income (PCPI) estimates. Per capita personal income is computed by dividing the total personal income of a region by its population. Personal income is a broad measure of income flowing to residents within a region. It consists of earnings from work (wages and fringe benefits), asset income (dividends, interest, and rent), and transfer income (Social Security, Medicare, Medicaid, and welfare payments).

At \$27,049, per capita personal income in the Wheeling MSA was higher than the West Virginia average of \$25,792 in 2004. The Weirton-Steubenville MSA had a PCPI slightly below the state average at \$25,522. While the Wheeling MSA PCPI was above the state average, it fell well below that of the U.S. average of \$33,050. This leaves the Wheeling MSA's PCPI at 81.8 percent of the national average. In contrast, the Pittsburgh MSA's PCPI was the highest in the region, and above both the West Virginia and national averages, at \$34,685.

Of the three counties that create the Wheeling MSA, Ohio County had the highest PCPI at \$31,461, considerably larger than the other two county components. Marshall County, West Virginia and Belmont County, Ohio had similar PCPI levels of \$24,859 and \$25,259, respectively. All three component counties were below the U.S. PCPI.

As shown in Table 1, the Wheeling MSA had an unemployment rate of 5.5 percent in 2006, above both the West Virginia and U.S. rates at 4.9 percent and 4.6 percent, respectively. This was much lower than the Weirton-Steubenville MSA unemployment rate of 6.9 percent, but above that of the Pittsburgh MSA at 4.8 percent. Ohio County (4.8 percent) had the lowest unemployment rate of the Wheeling MSA component counties, while Marshall County (5.7 percent) and Belmont County (5.9 percent) were both above the MSA rate.

Table 1
Wheeling MSA Selected Economic Indicators by County

	Population			Value of New Const. Contracts	Per Capita Personal Income		Nonfarm Job Growth	Unempl Rate	Educational Attainment
	Census	Av. An. G.R.	Median Age	Mil. \$	Av. An. G.R.		Av. An. G.R.	2006(%)	B.A.+
	2006	2000-2006(%)	2000	2006	2004(\$)	1999-2004(%)	2001-2005(%)		2000(%)
Marshall, W.Va.	33,896	-0.7	40.4	61.5	24,859	4.9	0.0	5.7	10.7
Ohio, W.Va.	44,662	-1.0	40.6	49.2	31,461	3.8	0.6	4.8	23.1
Belmont, Oh.	68,771	-0.3	40.9	--	25,259	4.1	0.7	5.9	11.1
Wheeling, W.Va.-Oh MSA	147,329	-0.6	40.7	110.8	27,049	4.1	0.5	5.5	14.6
Pittsburgh, Pa. MSA	2,370,776	-0.4	40.0	--	34,685	3.8	-0.5	4.8	23.8
Weirton-Steubenville, W.Va.-Oh. MSA	125,168	-0.8	41.5	19.8	25,522	4.1	-0.8	6.9	12.1
West Virginia	1,818,470	0.1	38.9	3,134.7	25,792	4.5	0.4	4.9	14.8
Pennsylvania	12,440,621	0.2	38.0	--	33,312	3.6	0.1	4.7	22.4
Ohio	11,478,006	0.2	36.2	--	31,161	3.0	-0.5	5.5	21.1
U.S.	299,398,484	1.0	35.3	--	33,050	3.4	0.4	4.6	24.4

Population data are from estimates from the Bureau of Census <www.census.gov>.
Construction Contract data is FW Dodge. The values for the MSA only include the W.Va. counties in the MSA.
Per capita personal income data are from the U.S. Bureau of Economic Analysis (REIS).
Nonfarm job growth and unemployment rates are from Workforce West Virginia and the Bureau of Labor Statistics.
Median age and educational attainment rates are from the U.S. Census Bureau.
Educational Attainment measures the percent of the population above age 25 that has earned a bachelor's degree or higher.

The average annual population growth rate for the Wheeling MSA was -0.6 percent from 2000 to 2006. This mean that, on average, the Wheeling MSA lost 0.6 percent of its population each year during that time period. All three component counties also displayed declining population levels, with Ohio County exhibiting the strongest decline rate at -1.0 percent. Marshall County and Belmont County had growth rates of -0.7 percent and -0.3 percent, respectively. The Weirton-Steubenville MSA registered a -0.8 percent growth rate, while the Pittsburgh MSA had a -0.4 percent growth rate.

West Virginia added nearly 11,000 residents between 2000 and 2006, translating into an average annual growth rate of 0.1 percent per year. The U.S., on the other hand, registered an average annual growth rate of 1.0 percent during that same period. West Virginia also had a slightly lower growth rate than both Ohio (0.2 percent) and Pennsylvania (0.2 percent).

The demographic structure of the Wheeling MSA is relatively old, with a median age of 40.7 years in 2000. Median age is the age which splits the region's population in half; that is, half of the residents are above the median and half are below the median. The median ages for Marshall, Ohio, and Belmont counties, were 40.4 years, 40.6 years, and 40.9 years, respectively. The Wheeling MSA median age was slightly older than the West Virginia median age of 38.9 years and considerably older than the U.S. median age of 35.3 years.

The two nearby MSAs are comparable to the Wheeling MSA in terms of median age. The Weirton-Steubenville and Pittsburgh MSAs both had median ages above the 40 year mark, at 41.5 years and 40.0 years, respectively. Furthermore, both Ohio (36.2 years) and Pennsylvania (38.0 years) have higher median ages than the U.S. Thus, the demographic trend toward an aging population found in the Wheeling MSA is not unique, and is shared by other nearby regions as well.

Average annual growth rates for per capita personal income are also found in Table 1. These rates are calculated with PCPI data over a 5 year span, from 1999 to 2004. The Wheeling MSA saw a 4.1 percent average annual growth rate in PCPI, placing it above the Pittsburgh MSA (3.8 percent) and tied with the Weirton-Steubenville MSA (4.1 percent). West Virginia saw average annual PCPI growth of 4.5 percent, higher than that of Ohio, Pennsylvania, and the nation, at 3.0 percent, 3.6 percent, and 3.4 percent, respectively.

Education is vital to a region's economic growth prospects, and a typical measurement involves the share of the population age 25 and older that has earned a bachelor's degree or higher, as is shown in Table 1. West Virginia has lagged behind much of the nation for some time, and that continued in the 2000 Census with only 14.8 percent of state residents holding a bachelor's degree or higher, compared to the national average of 24.4 percent. The educational attainment rate of the Wheeling MSA was 14.6 percent, much lower than that of the Pittsburgh MSA (23.8 percent), yet somewhat higher than the Weirton-Steubenville MSA rate (12.1 percent). Of the component counties of the Wheeling MSA, Ohio County had the highest educational attainment rate at 23.1 percent, followed by Belmont County at 11.1 percent and Marshall County at 10.7 percent.

House price appreciation has received a lot of attention during the last several years. However, the majority of West Virginia witnessed much more sustainable price increases than other surrounding states and the nation. Table 2 below shows the year-to-year percent change in housing prices in select MSAs, states, and the nation.

Table 2
House Price Appreciation in
West Virginia And Nearby Areas
Office of Federal Housing Enterprise Oversight

	Annual Percent Change			
	2002- 2003	2003- 2004	2004- 2005	2005- 2006
Charleston MSA	2.9	3.2	5.0	5.0
Cumberland MSA	4.0	7.8	13.1	13.8
Hagerstown-Martinsburg MSA	8.7	17.8	22.9	14.8
Huntington-Ashland MSA	3.7	4.3	7.2	5.6
Morgantown MSA	4.8	9.9	13.8	8.0
Parkersburg-Marietta MSA	2.4	3.9	4.6	5.0
Pittsburgh MSA	4.6	5.2	5.3	4.1
Wash.-Arl.-Alex. MSA	10.5	19.6	24.4	13.6
Weirton-Steubenville MSA	4.6	2.7	6.1	3.2
Wheeling MSA	5.6	5.2	5.0	6.8
Winchester MSA	9.9	20.0	24.6	13.6
Kentucky	3.7	4.9	5.7	4.7
Maryland	10.6	18.0	21.9	14.7
Ohio	3.3	3.8	4.2	1.8
Pennsylvania	6.8	10.5	12.6	9.8
Virginia	8.1	14.9	20.0	12.5
W. Va.	3.9	6.1	10.2	7.6
U.S.	6.8	10.7	13.1	9.1

These data cover repeat transactions on single-family detached properties for which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae. The use of repeat transactions on the same property helps to control for differences in the quality of housing. [Http://www.ofheo.gov](http://www.ofheo.gov)

The Wheeling MSA saw year-to-year price growth hit 6.8 percent in 2006, well above growth rates posted since 2002. Weirton-Steubenville and Pittsburgh witnessed slower house price appreciation in 2006. West Virginia saw a 7.6 percent annual increase from 2005-2006, down from an 10.2 percent jump between 2004-2005, while the nation registered 9.1 percent and 13.1 percent annual price increases during the same respective periods.

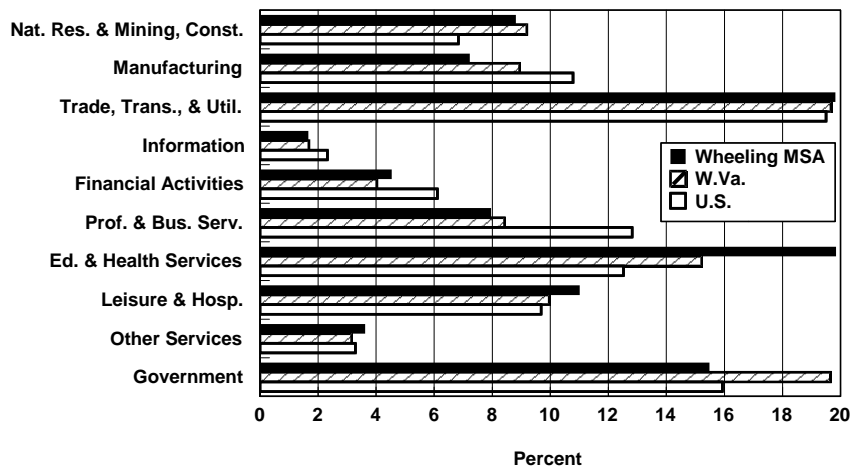
The price increases seen in the Wheeling MSA, West Virginia, and the U.S. pale in comparison to some nearby locations. The Winchester MSA, Washington-Arlington-Alexandria MSA, and the Hagerstown-Martinsburg MSA witnessed annual house price appreciation of 24.6 percent, 24.4 percent, and 22.9 percent respectively, between 2004-2005. With a few exceptions, house price appreciation slowed during 2006 for most metropolitan areas.

Overall, the value of construction activity in Marshall and Ohio counties, according to data from FW Dodge, has increased significantly since 2000 (data is not available for Belmont County). Indeed, the value of construction contracts in 2006, at \$110.8 million, is more than double the 2000 level. Higher activity levels in 2006 reflect increased activity in all building sectors (infrastructure, nonresidential, and residential), but most of the increase is due to increased nonresidential activity.

The Industrial Mix in the Wheeling MSA

The Wheeling MSA employment mix is concentrated in two sectors: educational and health services and trade, transportation, and utilities. As Figure 2 illustrates, the educational and health services sector accounts for 19.8 percent of all jobs in the Wheeling MSA, compared to 15.2 percent and 12.5 percent for the state and the nation, respectively. The concentration of jobs in this sector reflects the location of several major hospitals and a number of institutions of higher education including Wheeling Jesuit University, West Liberty State College, West Virginia Northern Community College, and Belmont Technical College.

**Figure 2
Employment Shares - 2005
Wheeling MSA, W.Va., and U.S.**



Source: U.S. Bureau of Labor Statistics
2005 Employment & Wages

The trade, transportation, and utilities sector also holds a large share of employment in the Wheeling MSA at 19.8 percent, compared to 19.7 percent for West Virginia and 19.5 percent for

the U.S. This sector includes wholesale and retail trade and transportation and warehousing services. The Wheeling MSA has a significant share of its employment in the government sector (15.5 percent) and in the leisure and hospitality sector (11.0 percent); the former below state and national averages, while the latter is above.

The Wheeling MSA had a smaller employment share (16.0 percent) in goods-producing sectors compared to the state (18.1 percent) or nation (17.6 percent). Goods-producing encompasses manufacturing, natural resources, mining, and construction. The manufacturing employment share in the Wheeling MSA (7.2 percent) falls below that of West Virginia (8.9 percent) and U.S. (10.8 percent). At 8.8 percent, the share of natural resources, mining, and construction employment in the Wheeling MSA is near the state share of 9.2 percent and well above the national share of 6.8 percent.

Significant differences in employment composition do exist across component counties, however. For instance, mining employment accounted for 12.5 percent of jobs in Marshall County, while Ohio County recorded no mining employment during 2005. Moreover, the location of Bayer Material Science and PPG Industries, Inc. likely caused manufacturing to account for a 16.8 percent share of employment in Marshall County.

On the other hand, while Ohio County trails the rest of the MSA in goods-producing employment, it is above the MSA average in nearly all categories of service employment. Educational and health services (24.1 percent) and professional and business services (11.4 percent) are particularly large. Finally, in Belmont County, trade, transportation and utilities accounts for a 23.9 percent share of employment, the largest share for that sector in any of the individual counties.

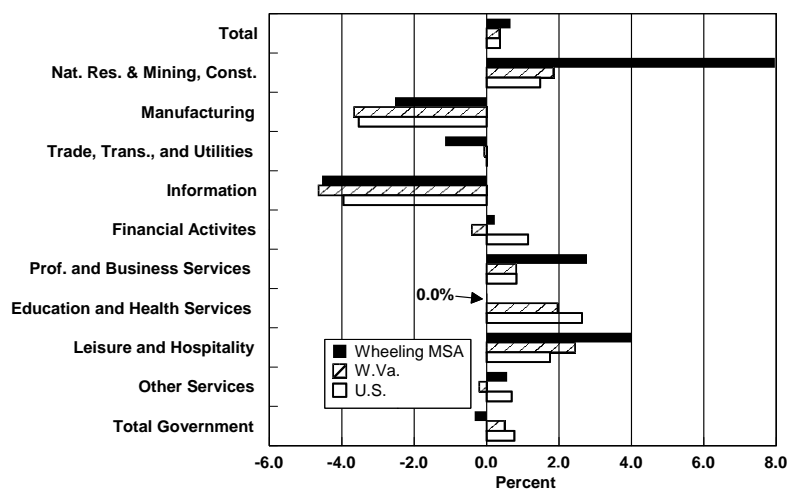
Recent Developments

As Table 1 illustrates, the Wheeling MSA experienced stronger job growth than West Virginia and the United States between 2001 and 2005. This is based upon non-farm payroll data, which is derived from a survey of businesses regarding employment. Figure 3, below, also shows job growth between 2001 and 2005, although by a different measure of employment.

Figure 3 is based on employment data derived from firm tax returns related to unemployment insurance. (Non-farm payroll data no longer provides a detailed breakdown of employment by industry for the Wheeling MSA). Covered employment data does provide this detail and, therefore, it is used in the figure below and in our subsequent forecast for the Wheeling MSA. For the most part, growth trends in non-farm payroll and covered employment data are closely related.

Overall, employment growth for the Wheeling MSA has been fairly solid since 2001. As was mentioned, average annual job growth for the MSA outpaced the state and nation. Large gains were seen in natural resources, mining, and construction, professional and business services, and leisure and hospitality sectors. However, the manufacturing and information sectors both posted large job losses, mirroring West Virginia and the U.S.

Figure 3
Annual Job Growth
Wheeling MSA, W.Va. And The U.S.
2001-2005



Source: U.S. Bureau of Labor Statistics, Covered Employment

Broad-based gains in mining positions and construction jobs propelled the natural resources, mining, and construction sector to a nearly 8 percent annual growth rate between 2001 and 2005, outpacing both the state and nation. Manufacturing lost -2.5 percent of its jobs on average each year, however this rate was smaller than West Virginia (-3.7 percent) and the U.S. (-3.5 percent). Separately, Marshall and Belmont counties witnessed continued declines in manufacturing employment, while Ohio County actually saw an increase.

The trade, transportation, and utilities sector had seen weak job growth readings for some time in the Wheeling MSA. However, after a significant decline between 2001 and 2003, the sector saw formidable job gains over the next two years to approach employment numbers seen in 2001. The development at the Highlands (including Cabela's) has spurred job growth in this sector. The information sector also exhibited job losses since 2001 in the MSA. Yet, this has been common both in the rest of the state and across the country.

Employment in the financial activities sector has been relatively stable since 2001, and while growth has exceeded that of West Virginia, it has also lagged behind the national growth rate. Other services is a sector which includes a range of employment positions, such as: repair and maintenance, personal services (haircuts, laundry, etc.), as well as religious, grant making, and other membership services. Like the financial activities sector, employment in the other services sector has been relatively stable, if not slightly increasing, mirroring the nation and contrasting with the state.

Professional and business services had the third highest annual growth rate of any sector between 2001 and 2005. Including call centers and other business operations, the sector saw employment grow an average of 2.8 percent each year, above both the state and nation. The location of Orrick, Herrington, Sutcliffe international law firm in Wheeling helped spur growth in this sector. Educational and health services, which was mentioned as an employment share leader in the Wheeling MSA, was stable with almost no job gains or losses whatsoever.

Job growth in the leisure and hospitality sector – including hotels, restaurants, and recreation activities such as gaming at Wheeling Island Racetrack and Gaming Center – was bested only by that in natural resources, mining, and construction. Growing an average of 4.0 percent each year between 2001 and 2005, this sector added over 1,000 jobs during that time frame and outpaced even strong growth rates seen in the rest of the state and nation. Finally, total government employment in the Wheeling MSA decreased slightly, in contrast to gains seen in West Virginia and the rest of the country.

Preliminary data for 2006 suggests that while job levels stayed above those seen at the beginning of this decade in the Wheeling MSA, growth decelerated from the gains seen between 2001 and 2005. In fact, the MSA likely posted a slight decline in total employment between 2005 and 2006, in contrast to continued increases in West Virginia, surrounding states, and the U.S. As for the component counties, Ohio County appears to have registered job gains, while Belmont and Marshall counties witnessed employment declines.

Forecast: 2007-2011

The outlook for the Wheeling MSA is reliant upon the outlook for the national economy. Therefore, before discussing the Wheeling MSA forecast, we first look at the U.S. economic forecast in order to gauge the prevailing trends of the overall economic environment. Table 3 summarizes the U.S. forecast by Global Insight, a large economic consulting and forecasting firm.

Table 3
U.S. Forecast
Global Insight March 2007

	Actual 2005	Years					2011
		2006	2007	2008	2009	2010	
		Annual Percent Change					
Real GDP	3.2	3.3	2.4	3.0	3.2	3.1	2.7
Industrial Production	3.2	4.1	1.8	2.3	2.7	2.8	2.5
Nonfarm Employment	1.7	1.9	1.2	1.3	1.5	1.4	0.9
Nominal Personal Income	5.2	6.3	5.5	5.4	5.8	5.8	5.3
Personal Consumption Deflator	2.9	2.8	1.8	1.9	2.0	1.9	2.0
Real Export Growth (GDP Basis)	6.8	8.9	7.9	7.8	8.7	8.2	7.1
Real Import Growth (GDP Basis)	6.1	5.8	3.1	4.7	5.5	5.6	5.4
Housing Price Growth Average, Existing Houses	9.5	1.3	-3.2	0.8	3.7	4.1	4.1
		Percent					
Unemployment Rate	5.1	4.6	4.8	4.8	4.6	4.4	4.4
Federal Funds Rate	3.21	4.96	5.15	5.00	5.00	5.00	5.00
30-Year Fixed Mortgage Rate	5.86	6.42	6.29	6.60	6.86	7.02	7.04
		Billions of Dollars (FY)					
Federal Budget Surplus (Unified Basis)	-321	-248	-208	-239	-260	-248	-211
		Key Prices					
Trd.Wtd. Value of U.S. Dollar vs Major Trading Partners (2000=1,000)	0.825	0.813	0.793	0.755	0.728	0.737	0.745
Oil - West Texas Intermediate (\$ per barrel)	56.56	66.12	58.92	61.42	61.96	61.75	61.79

Although Global Insight does not forecast a recession in the near-term, real GDP growth in 2007 is expected to slow to 2.4 percent from 3.3 percent in 2006. However, GDP growth is forecast to rebound in 2008 and stabilize near a 3.0 percent growth rate through 2011. Industrial production growth appears likely to drop sharply to 1.8 percent in 2007 from 4.1 percent in 2006, yet it is forecast to gradually increase and remain around a 2.5 percent growth rate through 2011. Continued gains in federal tax receipts are forecast to cause the federal budget deficit to decline somewhat from \$248 billion in 2006 to \$211 billion in 2011.

Inflation remains a stubborn thorn in the Federal Reserve's side, but its expected moderation to near 2.0 percent annually is forecast to lead to a 0.25 percent cut in the federal funds rate during the second half of 2007. This would bring the rate down to 5.0 percent, where it is expected to remain for the rest of the subsequent forecast period. Lower interest rates allow consumers and businesses to borrow more cheaply, providing a stimulus for economic growth.

A slowdown in the housing market, worsened by a dismal subprime environment and possible stricter lending standards, is forecast to cause a 3.2 percent decline in housing prices during 2007. However, housing price growth is expected to rebound moderately in 2008 before stabilizing near 4.0 percent annual price growth from 2009 through 2011. The 30-year fixed mortgage rate is forecast to gradually increase from 6.29 percent in 2007 to just over 7.0 percent in 2011. Higher mortgage rates tend to suppress demand for home buyers in the market, but this is a fairly small and gradual rate increase.

In order to better evaluate the potential health of U.S. exports, we utilize the trade-weighted exchange rate of the U.S. dollar. As the exchange rate falls, U.S. exports become relatively cheaper for our major trading partners, while if the exchange rate rises, U.S. exports become relatively more expensive. Through 2009, the trade-weighted U.S. dollar exchange rate is forecast to fall, or 'depreciate,' before rising, or 'appreciating,' somewhat during 2010 and 2011. Therefore, U.S. exports should become more competitive overall, increasing the foreign demand for our goods and giving a boost to domestic producers.

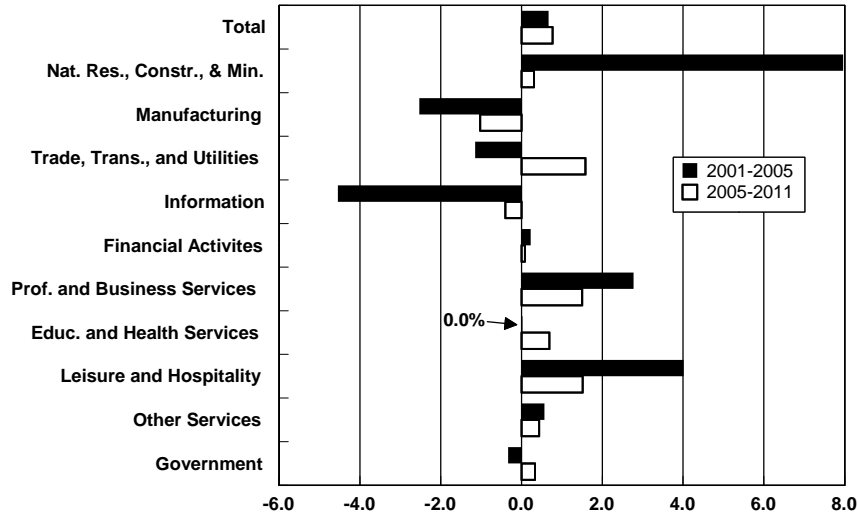
While oil prices have declined from their highs seen during the summer of 2006, prices have rebounded since the beginning of 2007. The West Texas Intermediate oil price is forecast to increase from near \$59 per barrel during 2007 to a stabilized price between \$61 and \$62 per barrel through 2011. Oil prices have a broad effect on the overall economy, with consumer and producer behavior both susceptible to price changes. Higher prices, therefore, could adversely affect the overall economic outlook and contribute to inflationary pressures.

Demand for labor has been strong in recent years and it is forecast to remain so through 2011. The U.S. unemployment rate is forecast to rise slightly from 4.6 percent in 2006 to 4.8 percent in 2007, but then be followed by a gradual decline in the unemployment rate to 4.4 percent by 2011. Growth in nonfarm employment is forecast to slow to 1.2 percent in 2007, from 1.9 percent in 2006. Thereafter, slight growth in the near-term is forecast with nonfarm employment growth reaching 1.5 percent in 2009 before falling to 0.9 percent in 2011.

The outlook calls for the Wheeling MSA to rebound from stable employment in 2006 and add jobs at an average annual rate of 0.8 percent per year during the 2005-2011 period. This rate of growth is similar to the expected state rate of growth, but is below the expected national rate of growth of 1.4 percent per year. Table 4 summarizes the Wheeling MSA forecast.

As Figure 4 shows, job growth is expected to be fastest in trade, transportation and utilities; professional and business services; and leisure and hospitality during the forecast period. Job gains in trade, transportation and utilities, as well as leisure and hospitality, reflect expected job gains at the Highlands during the period. Leisure and hospitality job growth also reflects gains at Wheeling Island Racetrack and Gaming Center, which is expected to maintain its competitive advantage over competing establishments in Pennsylvania through the adoption of table games. Professional and business services is also forecast to add jobs during the 2005-2011 period, as call centers and back office services continue to be competitive in the region.

Figure 4
Wheeling MSA
Annual Job Growth: History and Forecast



Natural resources, mining, and construction jobs stabilize in the Wheeling MSA after generating strong job growth during the 2001-2005 period. Coal mining activity remains solid in the region, as utility investments in air pollution abatement (in response to tightening environmental regulations) improve the competitiveness of the higher sulfur coals mined in the region. Construction jobs remain at high levels as building continues at the Highlands.

Manufacturing employment losses are expected to continue during the forecast, but at a significantly slower pace. This reflects the additional investment and jobs related to wallboard production and also the expectation of continued competitive pressure on the chemicals and steel sectors in the region. Health care, other services, and government jobs are forecast to rise modestly during the period.

Solid job gains in the region generate inflation-adjusted income gains during the forecast, with real per capita personal income rising by 2.5 percent per year. This is close to the expected state and national rates.

Job and income growth combine to slow population losses in the Wheeling MSA. During the 2002-2006 period, the Wheeling MSA lost 940 residents per year. During the 2005-2011 period, average annual population loss is expected to fall to 371 residents per year. Job gains and population losses in the region combine to drive the Wheeling MSA unemployment rate down from 5.5 percent in 2006 to 4.2 percent by 2011.

Risks to the baseline outlook center on the ability of Wheeling Island Racetrack and Gaming Center to maintain its competitive edge over establishments located in Pennsylvania and on the ability of local chemical and steel producers to withstand tough competitive pressures from plants located around the U.S. and around the world. The region also faces major workforce development challenges as a large share the region's workers hit retirement age during the next decade.

**Table 4
Wheeling MSA Employment, Population, and Income Forecasts**

	Actual			Forecast				Annual Growth						
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Wheeling MSA 2005-2011*	Wheeling MSA (%) 2005-2011*	W.Va.(%) 2005-2011*	U.S.(%) 2005-2011*
Covered Employment by Industry														
Total	62,439	61,947	62,835	64,014	63,940	64,782	65,603	66,199	66,640	67,028	502	0.8	0.9	1.4
Goods Producing	9,328	9,683	9,940	10,272	10,117	10,117	10,234	10,288	10,197	10,101	-29	-0.3	0.7	0.2
Nat. Res., Mining & Cons.	4,068	4,661	5,047	5,644	5,835	5,694	5,688	5,712	5,732	5,750	18	0.3	1.6	1.4
Manufacturing	5,260	5,022	4,893	4,628	4,438	4,423	4,546	4,576	4,465	4,351	-46	-1.0	-0.2	-0.5
Service Producing	53,111	52,264	52,895	53,742	53,667	54,064	55,369	55,911	56,443	56,927	531	1.0	0.9	1.6
Trade, Trans., Util.	12,313	11,915	12,239	12,691	12,864	13,183	13,428	13,761	13,946	13,946	209	1.6	0.6	1.2
Information	1,181	1,183	1,086	1,066	1,011	1,025	1,025	1,024	1,054	1,041	-4	-0.4	-0.8	0.5
Financial Activities	2,886	2,902	2,941	2,906	2,837	2,849	2,848	2,856	2,879	2,921	2	0.1	0.8	1.1
Prof. & Business Serv.	4,706	4,636	4,853	5,094	5,237	5,316	5,406	5,490	5,539	5,571	79	1.5	1.9	3.5
Education & Health	12,948	12,647	12,697	12,704	12,396	12,698	12,890	13,047	13,124	13,239	89	0.7	1.6	1.6
Leisure & Hospitality	6,761	6,790	7,002	7,051	7,092	7,300	7,428	7,502	7,579	7,717	111	1.5	1.4	1.9
Other Services	2,252	2,233	2,196	2,318	2,284	2,313	2,324	2,321	2,322	2,379	10	0.4	0.6	0.4
Government	10,064	9,958	9,881	9,912	9,946	9,980	10,019	10,043	10,185	10,113	33	0.3	0.3	0.9
Civilian Labor Force, Employment, and Unemployment														
	Actual			Forecast				Annual Growth						
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Wheeling MSA 2005-2011*	Wheeling MSA (%) 2005-2011*	W.Va.(%) 2005-2011*	U.S.(%) 2005-2011*
Labor Force	68,400	67,600	68,100	69,100	68,600	68,449	68,319	68,457	68,463	68,400	-117	-0.0	0.8	1.1
Employment	64,100	63,300	63,900	65,100	64,800	64,909	64,974	65,338	65,508	65,547	74	0.2	0.8	1.4
Unemployment Rate	6.2	6.2	6.1	5.7	5.5	5.2	4.9	4.6	4.3	4.2	-0.3	-4.5	0.0	-2.5
Population														
	Actual			Forecast				Annual Growth						
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Wheeling MSA 2005-2011*	Wheeling MSA (%) 2005-2011*	W.Va.(%) 2005-2011*	U.S.(%) 2005-2011*
Total Population	151,083	150,016	149,355	148,297	147,329	147,412	147,122	146,642	146,324	146,069	-371	-0.3	0.1	0.9
Real Personal Income (Thousands of 2000 Dollars)														
	Actual			Forecast				Annual Growth						
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Wheeling MSA 2005-2011*	Wheeling MSA (%) 2005-2011*	W.Va.(%) 2005-2011*	U.S.(%) 2005-2011*
Total	3,669,368	3,671,630	3,729,768	3,804,303	3,842,383	3,953,842	4,051,790	4,144,794	4,237,293	4,334,025	86,287	2.2	2.5	3.6
Wage and Salary	1,740,866	1,755,931	1,787,761	1,839,646	1,852,387	1,886,489	1,927,750	1,964,507	1,996,614	2,027,019	31,229	1.6	1.8	3.2
Other Labor Income	431,508	453,277	478,306	512,365	520,540	534,237	543,897	551,911	561,239	572,347	9,997	1.9	1.5	2.4
Proprietors' Income	162,792	167,978	169,173	174,458	172,552	172,456	175,554	178,594	180,944	182,966	1,418	0.8	2.3	3.2
Dividends, Interest, Rent	732,077	684,660	666,254	675,637	666,238	692,028	714,086	741,196	771,048	801,213	20,929	2.9	2.0	5.7
Transfer Income	912,183	934,316	970,069	981,795	981,411	1,029,336	1,061,712	1,087,330	1,113,513	1,144,797	27,167	2.6	3.5	3.5

The Wheeling Metropolitan Statistical Area consists of Marshall County and Ohio County in West Virginia, and Belmont County in Ohio.

*This column contains the average yearly change during the 2005-2011 period.

West Virginia forecast is from the West Virginia Economic Outlook 2007.

U.S. forecast is from Global Insight, March 2007.

