Executive Summary
The New River Gorge Area enjoyed its second calendar year of growth in 2018 but despite recent growth in coal production and construction activity, the region’s economy continues to struggle in some ways with the lingering effects of a deep economic downturn that occurred between 2012 and 2016. In this report, we present a detailed discussion of the New River Gorge Area’s recent economic performance along with our forecast for the likely path of economic activity over the next five years.

Several key facts behind the New River Gorge Area’s recent economic performance are as follows:

- **After gaining 4,300 jobs between early-2010 and early-2012, the New River Gorge Area lost roughly 6,500 jobs from that point on until mid-2016.**

- **The regional economy has experienced a return to moderate job growth since bottoming out in mid-2016. Employers have added 1,500 new jobs since early-2017, though most of the gains have occurred in just a few sectors.**

- **All four counties in the region struggled in recent years, but conditions were relatively more difficult in Nicholas and Fayette counties.**

- **The region’s job losses were heavily connected to the coal industry’s downturn. Coal tonnage and employment levels were cut in more than half from early-2012 to mid-2016. The industry bounced back to some degree over the past two years thanks to strong export demand for both met and steam coal.**

- **Trade, transportation, and utilities also lost a significant number of jobs in recent years, with the sector losing 13 percent of its jobs over the past decade.**

- **Unemployment in the region has generally been volatile since 2012 but has shown steadier declines since 2017. Unemployment currently stands roughly 0.5 percentage point above the statewide average.**

- **The region suffered significant labor force attrition in recent years. Overall, the area’s work force shrunk by more than 6,700 people percent since 2012.**

- **Regional population losses deepened in recent years as the number of deaths outnumbered births by a widening margin and economic turmoil fueled an increase in outmigration.**

- **Per capita personal income has increased 13 percent since 2013, with nearly all that growth occurring over the last two years. Raleigh County residents have the highest average income levels in the region.**

Our forecast calls for the New River Gorge Area to continue its recovery from a lengthy and deep recession. The region should see some volatility over the next two years before registering slow and steady rates of job growth. Key aspects of our forecast are as follows:

- **We expect employment to increase at an average annual rate of 0.1 to 0.2 percent in the region over the next five years. Job growth in the region is expected to be at its strongest in 2019.**

- **Professional and business services is expected to post the fastest rate of job growth during the outlook period, with a forecast gain of nearly 1.6 percent per year. Education and healthcare, the public sector and tourism-related business will record growth that surpasses the overall regional average.**

- **Travel and tourism will remain a stabilizing force in the New River Gorge Area and has upside potential for growth depending upon federal policy and the development of higher value-added tourism options.**

- **Unemployment is expected to rise slightly over the near term but otherwise remain stable in the low-5.0 percent range, exceeding the state and national average during the outlook period.**

- **Per capita personal income is expected to rise at an annual average rate of 1.5 to 1.6 percent over the next five years. Government transfer payments will account for a growing share of regional income.**

- **Population losses are expected to continue in the area during the outlook period, but the rate of decline will be smaller compared to the past several years. All four counties in the region are expected to lose residents over the next five years.**
Recent Economic Performance

The New River Gorge Area’s economy saw additional signs of improvement in 2018, with the region registering its first calendar year increase in employment since 2012. Indeed, coming on the heels of the area’s worst economic downturn since the early 1980s, in which payrolls plunged by roughly 6,500 in a four-year period, the New River Gorge has posted moderate growth since the beginning of 2017. Although the region’s employment remains on par with levels observed in the mid-1990s, local employers have added nearly 1,500 jobs over the past two years or so. In similar fashion to several other economic regions in West Virginia, however, most of the New River Gorge Area’s recent growth has been connected to the energy sector in some fashion, particularly export-driven gains in local coal production and construction activity on the now-delayed Mountain Valley Pipeline (MVP) project.2

PERFORMANCE BY COUNTY Raleigh County serves as the economic center for the New River Gorge Area, containing the region’s largest principal city of Beckley and nearly two-thirds of the four-county area’s employment base. Fayette and Nicholas counties account for most of the area’s remaining economic activity, while Summers County is the region’s smallest and most rural, containing roughly 2 thousand jobs. Each county in the area registered job losses between early-2012 and late-2016 but gains over the past two years have been observed in only Raleigh and Nicholas counties.

Raleigh County saw the largest absolute drop-off in payrolls during the region’s economic downturn, accounting for just over half of the cumulative job losses between the first quarter of 2012 and fourth quarter of 2016. Since the beginning of 2017, however, Raleigh County has accounted for a lion’s share of area growth as employers have added nearly 1,300 jobs (1.6 percent). A substantial portion of these gains are linked to the MVP project, but increased global demand for steam and metallurgical coal bolstered production and payrolls at several mines and prep plants up until the first quarter of 2019.

Nicholas and Fayette counties, though containing a one-third fewer jobs combined relative in comparison to Raleigh County, accounted for nearly an equivalent number of job losses than the region’s economic center during the area’s recession. In fact, the total number of job losses accumulated within Fayette and Nicholas counties over the course of the early-2012 and late-2016 timeframe

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1 For the purposes of this report, The New River Gorge Area is comprised of four counties: Fayette, Nicholas, Raleigh and Summers counties.

2 Sources for historical information are noted in each figure.
was enough to cause total employment to sink to levels not observed since the late-1980s.

Once again, both counties endured sizable job losses as a direct result of the plunge in coal production, but also indirectly as many businesses were part of the coal industry’s regional supply chain. Nicholas County has seen moderate growth emerge over the past two years due to the combined effects of increased coal production but also due to work associated with the MVP. Fayette County’s economic performance has been much less robust by comparison over the past two years, though payrolls have been stable since the first quarter of 2018, with a few moderately-growing sectors such as tourism, coal and manufacturing offsetting persistent struggles in retail and the public sector. Summers County has seen relatively limited changes in activity since 2012, but local retail and construction have been volatile at best over this period.

**TRAVEL & TOURISM** Thanks to a wealth of available natural scenic attractions and outdoor-focused activities in the New River Gorge Area, such as whitewater rafting on the New and Gauley rivers, camping, hiking trails, biking, zip-line tours, not to mention the Summit-Bechtel Family National Scout Reserve, travel and tourism clearly plays a major role in the region’s economy. In particular, the Scout Reserve has hosted the National Scout Jamboree in 2013 and 2017, with each bringing tens of thousands of scouts along with family members, sponsors and support personnel into the region, yielding an estimated economic impact of $76 million and more than $1 million in tax revenue. In July 2019, the Summit-Bechtel Reserve hosted the World Scout Jamboree, bringing more than 40,000 Boy Scouts from 150 countries into the New River Gorge Area.

In addition to its overall share of the region’s economy, growth in tourism activity into the four-county area has provided a source of stability as it endures the long-term secular decline in coal production. Furthermore, it has enabled some businesses operating within the region to diversify their sales portfolios beyond their traditional coal-based customers, potentially smoothing out activity across future business cycles.

**SERVICE-PROVIDING SECTORS** Trade, transportation and utilities ranks as the largest sector’s struggles are connected to dramatic shifts in the retail activity, as Amazon and other internet-based direct-purchase and ship portals have supplanted shopping at brick-and-mortar retailers by a growing share of the US population, even extending into other previously-unaffiliated segments such as groceries and apparel. As a result, several traditional retailers with a presence in the New River Gorge Area, including Kmart, Sears, Magic Mart and others, closed stores due to liquidation or as part of financial re-organization plans.

When combined with the New River Gorge Area’s shrinking base of consumers and volatile economic performance, the region has seen retail payrolls plunge 13 percent during the past decade or so. Wholesale trade and transportation and warehousing firms have also been hurt by the woes in regional retail activity. However, the steep decline in coal output and production/sale of machinery and equipment supplied to mines across the four-county area, and Central Appalachia in general, has also hurt these sectors. Transportation employment has surged over the past two years, and while some of this increase can be tied to increased rail- and truck-based shipments of coal, most of the gain stems from flat-bed shipments of pipe from local pipe-yards to the MVP’s route through Nicholas, Fayette and Summers counties, as well as nearby Braxton, Webster, Greenbrier and Monroe counties.
Accounting for nearly one in five jobs in the region, the education and healthcare services sector plays a major role in the New River Gorge Area’s economy. The sector has posted some limited job losses since mid-2012 but has otherwise been one of the region’s few sources of stability in recent years. Major hospitals such as in part the region’s large share of elderly and/or disabled residents as well as the broader national trend toward an increased footprint for healthcare services. The region’s public sector was relatively stable during the initial stages of the region’s economic downturn, but the extended period of weak severance, property and B&O tax collections has prompted several of the area’s county and municipal governments to cut payrolls. Even with the rebound in coal severance tax collections over the past two fiscal years, local public sector employment face continued pressure as the base of revenue remains far below pre-recession levels.

COAL MINING Although the New River Gorge Area is typically synonymous with scenic vistas, whitewater rafting and other types of adventure tourism, coal mining and other resource-based industries such as timbering have deep historical ties to the region’s economic base. As of 2018, natural resources and mining accounted for 5 percent of the region’s jobs; however, given the coal industry’s high levels of capital intensity and wages paid to coal miners, the overall sector’s share of output in the region is more than three times larger than its share of employment.

The New River Gorge Area’s coal industry has faced many of the same struggles endemic to the Central Appalachian Coal Basin, namely high extraction costs. The region still contains a great deal of low- and medium sulfur coal for electricity generation as well as premium grade coal perfectly-suited to produce metallurgical coke for steelmaking; however, decades of heavy mining activity have left seams thinner, more dispersed and/or much deeper in the ground. As a result, the New River Gorge Area (and Central Appalachia in general) has some of the highest production costs among major global coal-producing regions, making the region a swing supplier that enters the market when prices are high.

Major structural changes in the domestic power market and a substantial fall-off in global steel production weighed heavily on demand for coal from area mines. In Indeed, market conditions remained poor for such a sustained period, even deepening enough in 2015 and 2016 that several of the area’s major mining companies entered some form of bankruptcy or alternative financial remediation. Overall, the region’s total coal output fell by nearly half between 2012 and 2016, slipping to less than 8 million short tons. Coal mine payrolls registered a somewhat larger percentage decline over this time period, as mine employment dropped from more than 3,900 in early-2012 down to 1,800 by late-2016.

Between early-2017 and the first several months of 2019, coal production in the four-county area registered healthy growth as soaring demand from portions of the developing world, particularly India, and shifting global trade patterns lifted prices high enough to bring local production back online. Indeed, regional coal output has averaged more than 10.4 million short tons on an annualized basis since the first quarter of 2017, a 40 percent improvement from late-2016. Mine payrolls have increased by 50 percent over this two-year period.

Unfortunately, global coal demand appears to have weakened appreciably in recent months amid slumping shipments to India, slower economic growth in China, and rising trade tensions among several G20 countries. In addition, several mining companies operating in the region have already encountered financial difficulties amid the strong growth in production during the past two years. For example, six major coal companies have filed for bankruptcy in the past year alone, including regional operators Mission Energy and Blackjewel. Mission Energy’s assets were purchased by Murray American Energy, but the company’s Maple Coal mine and prep plant in Powelton have been closed since early-2019, precipitating the loss of nearly 200 jobs.

CONSTRUCTION & MANUFACTURING Aside from a period of stability between 2010 and 2012, which was fed in part by coal mine investment activity, the New River Gorge Area’s construction sector has struggled with a decade-long slump in activity. Overall, the sector lost nearly half of its jobs between 2006 and 2016 in the four-county region, as unfavorable demographic and economic trends weighed on homebuilding and commercial construction. The area has also had limited nonbuilding activity given a near-absence of major infrastructure projects, though that was reversed in portions of late-2018 and early-2019 as work on the Mountain Valley Pipeline and associated equipment (Stallworth Compressor Station in Fayette
briefly bolstered total construction sector payrolls in the four-county region to their highest level since mid-2013. While a large percentage of work on the project has been completed, judicial decisions have led to a stoppage of work along much of the pipeline project’s intended route and will likely not be determined for several months as a related case for the ACP is under review by the US Supreme Court. Another boost to regional construction activity has been the notable increase in highway maintenance and repair that has been undertaken by the DOH across most of the state. In addition to re-focusing infrastructure investments on neglected maintenance and repair projects, the ramping up of several big-ticket highway construction projects in Raleigh and Fayette counties has also boosted the sector.3

The region’s manufacturing base has begun to show some signs of improvement in recent quarters. Mine roof bolt and other metal fabrication businesses, along with producers of mine machinery and equipment, have benefited from the surge in coal production over the past year or so. In addition, the continued increases in homebuilding activity nationally has benefited the region’s wood products manufacturers to some extent. Although manufacturing payrolls in the area remain 17 percent below levels observed as recently as 2012, recent gains stand in stark contrast to the steady losses that occurred for much of the last decade or so.

UNEMPLOYMENT After remaining almost in lockstep with the statewide average from 2005 to early-2012, the New River Gorge Area’s economic struggles caused the regional unemployment rate to hold at appreciably higher levels compared to the rest of the state. The four-county area’s jobless rate has also been quite volatile, bouncing between the mid-7 and mid-8 percent range over the course of early-2013 to mid-2016. Since the third quarter of 2016, however, the regional unemployment rate has fallen sharply, declining from a seasonally-adjusted average of 7.4 percent down to just under 5.0 percent in mid-2019. Unemployment rates vary widely within the region, ranging from a low of 4.5 percent in Raleigh County to a high of 5.6 percent in Nicholas County as of the second quarter of 2019. All four counties in the region have notched declines in their jobless rates over the past year, with Fayette County registering more than a percentage point drop since mid-2018.

LABOR FORCE Reflecting the region’s struggling labor market, as well as its underlying demographic trends, the New River Gorge Area has recorded significant labor force attrition since 2012. Overall, the region’s workforce has declined by more than 10 percent (6,700 people) since 2012, even after a gain of nearly 1,000 during the past

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3 Construction data come from McGraw-Hill Construction.
Workforce participation rates are also very low throughout the four-county region. Overall, less than half of the adult population in the area either holds a job or is actively looking for work in the region. Nicholas and Raleigh counties have just over 50 percent of their adult populations officially participating in the workforce. Summers County has the lowest participation rate at just 44 percent – 10 percentage points below the statewide average and nearly 20 percentage points off the reading for the US.

**INCOME** Per capita personal income for the New River Gorge Area is estimated at approximately $37,000 for calendar year 2018. This marked a 5.4 percent increase versus 2017 and leaves overall per capita income for the region 13 percent above 2013 levels (not adjusting for inflation, as presented in Figure 6). However, income growth has been more uneven compared to statewide and national averages in recent years as the New River Gorge Area saw essentially no measurable gains in per capita income between 2010 and 2016. After adjusting for inflation, however, per capita personal income in the region increased by nearly 6 percent over this same five-year period, indicating residents have seen modest gains in their real purchasing power over the past five years. Despite the region’s erratic income changes, the New River Gorge Area has managed to fall in line with state and national average gains in income over the past decade.

Raleigh County per capita income averaged $39,800 during 2018, ranking it approximately 15th-highest among West Virginia’s 55 counties and only 3 percent below the statewide average. The region’s three remaining counties have per capita income levels well below the state average, though the range is relatively close at $33,300 in Nicholas to $34,800 in Fayette. Per capita incomes in Raleigh, Fayette and Nicholas counties are boosted to some extent by the high wages that are paid to coal miners and certain manufacturing industries, but income levels in most of the region are held down by the specific types of income earned by residents. Indeed, due to a combination of demographic and socioeconomic circumstances, federal government transfer income growth has been more uneven compared to statewide and national averages in recent years as the New River Gorge Area saw essentially no measurable gains in per capita income between 2010 and 2016. After adjusting for inflation, however, per capita personal income in the region increased by nearly 6 percent over this same five-year period, indicating residents have seen modest gains in their real purchasing power over the past five years. Despite the region’s erratic income changes, the New River Gorge Area has managed to fall in line with state and national average gains in income over the past decade.

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payments such as Social Security, Medicare, etc. account for up to 37 percent of personal income in Fayette, Nicholas and Raleigh counties and nearly 41 percent of total income earned in Summers County.

**POPULATION** The New River Gorge Area’s resident population totals have been highly volatile since the early 1950s, but the region has seen its resident population steadily decline in number since the mid-1990s and is much smaller in comparison to late-1970s and early-1980s. In fact, the region’s resident population total is at its lowest level since the late 1960s. Overall, each of the New River Gorge Area’s counties have lost population in recent years, resulting in a net decline of more than 10,000 residents since 2012.

**DEMOGRAPHIC CHARACTERISTICS** Just as with the rest of the state, the size of the New River Gorge Area’s population has been negatively affected by deaths consistently outnumbering births. Part of this is due to the area’s larger-than-normal share of elderly residents, but also higher death rates from a host of issues ranging from heart disease to drug overdoses among younger cohorts living in the region play a major role in pushing the area’s mortality figures significantly higher. Finally, the four-county area even lags the statewide average in measures of educational attainment among the adult population, as only 16.5 percent of residents aged 25 years and older possess at least a bachelor’s degree. The area’s four-year degree or higher attainment rate falls short of the national average by nearly one-half.

**Figure 9: Summary Population Profiles**

<table>
<thead>
<tr>
<th></th>
<th>New River Gorge</th>
<th>West Virginia</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population (2018)</td>
<td>154,874</td>
<td>1,805,832</td>
<td>327,167,434</td>
</tr>
<tr>
<td>% Population Under 18 (2018)</td>
<td>20.4%</td>
<td>20.2%</td>
<td>22.6%</td>
</tr>
<tr>
<td>% Population 65 Years + (2018)</td>
<td>21.4%</td>
<td>19.9%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Population with Less than High School Diploma (2017, 25 yrs. +)</td>
<td>15.6%</td>
<td>12.9%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Population with High School Diploma, No College (2017, 25 yrs. +)</td>
<td>42.6%</td>
<td>41.2%</td>
<td>27.1%</td>
</tr>
<tr>
<td>Population with Some College (2017, 25 yrs. +)</td>
<td>25.2%</td>
<td>25.7%</td>
<td>28.9%</td>
</tr>
<tr>
<td>Population with Bachelor’s Degree or Higher (2017, 25 yrs.+</td>
<td>16.5%</td>
<td>20.2%</td>
<td>32.0%</td>
</tr>
<tr>
<td>Median Age (2018)</td>
<td>44.0</td>
<td>42.7</td>
<td>38.2</td>
</tr>
<tr>
<td>Mean Household Income (2017)</td>
<td>$53,499</td>
<td>$59,557</td>
<td>$84,525</td>
</tr>
<tr>
<td>Average Household Size (2017)</td>
<td>2.41</td>
<td>2.50</td>
<td>2.74</td>
</tr>
</tbody>
</table>

Source: US Census Bureau
Economic Outlook

Expectations for the West Virginia and US economy during the 2019-2024 forecast horizon will have a significant impact on the performance of the New River Gorge Area going forward. The forecast calls for the region to remain on a path to recovery after suffering through a deep, nearly four-year long recession. Overall, we anticipate total employment will increase at an average annual rate of between 0.1 and 0.2 percent through 2024. Payrolls are expected to grow 0.5 percent during 2019 but will likely dip by 0.3 percent as construction of the Mountain Valley Pipeline is not expected to resume until at least mid-2020 and coal production is expected to weaken further due to slumping export demand. Growth will stabilize at a below-average pace during the latter half of the outlook period as the region’s lack of a dynamic growth driver and unfavorable demographic characteristics place a significant limitation on the region’s growth potential. Overall employment in the New River Gorge Area will likely only reach late-2015 levels, falling well short of the region’s 2012 peak.

COUNTY DIFFERENCES Among the region’s four counties, Summers County is expected to realize the fastest pace of job growth going forward at roughly 0.5 percent per year, though this increase is the most subject to risk since even small deviations in employment levels over the next five years can lead to sizable changes in the rate of growth. Nicholas County is expected to see the biggest departure in performance compared to the past decade. Indeed, the county is expected add jobs at a rate of just over 0.3 percent annually with construction activity buoying the county’s growth, particularly during the first half of the outlook period as the MVP project is expected to resume, highway infrastructure investment continues, and new school facilities are built in Summersville and Richwood. Other sources of growth for the county include continued regional tourism development and moderate growth in manufacturing and a few service sectors.

Raleigh County is expected to see steady growth overall during the outlook period but will trail the statewide average by a small margin with payrolls increasing at an average rate of 0.1 to 0.2 percent through 2024. While the coal industry’s prospects have weakened considerably in recent months, Raleigh County’s primary coal operation should weather market conditions better than others as it is more productive and cost competitive in global markets. Regional infrastructure development, which includes both highway and natural gas pipeline construction, will buoy

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4 All forecast estimates presented herein are derived from the West Virginia University Bureau of Business & Economic Research Econometric Model unless otherwise noted.
the county’s performance over the next few years. Transportation and some segments of business services, namely engineering firms, will also benefit from the anticipated re-start of MVP construction activities in the region. These sectors will also benefit from the increase in highway maintenance and new construction projects associated with the Roads to Prosperity bonding program.

The forecast calls for Fayette County to grow only slightly during the outlook, with most of the county’s growth expected to come very early in the forecast. Coal production activity is expected to weigh on the county’s performance as most of the county’s mines are on the higher end of the production cost curve in global markets. Moreover, despite its purchase by Murray Energy in early-2019, the Maple Coal Mine and prep plants are expected to remain closed for the foreseeable future amid weak global coal prices and increased balance sheet concerns throughout the industry. As with other parts of the region, tourism will be a key factor driving the county’s growth over the next five years and should help to offset continued losses in other parts of the county’s economic base.

**CONSTRUCTION** The construction sector is expected to see payrolls decline by an average annual rate of nearly 0.8 percent. However, most of this anticipated drop in employment for the sector will arise from difficult comparisons between the beginning and end of the forecast period. Indeed, highway and natural gas pipeline construction activity will provide a significant boost to the sector’s payroll base early in the forecast period (including the big increase in the first half of 2019) and these jobs will disappear as work on the MVP and public sector construction projects wind down toward completion.

**TRAVEL & TOURISM** Leisure and hospitality is expected to grow at roughly the same rate that was observed over the previous decade. The region’s wealth of natural amenities and outdoor recreational activities will remain a strength for this sector going forward and enable tourism-related businesses in the area to benefit from spending by domestic and international tourists alike. In addition, events such as the recent World Scout Jamboree and the National Scout Jamboree in 2021 should buoy the region’s travel and tourism industry even further. Furthermore, a bill to change the New River Gorge’s designation from a National River to a US National Park and Preserve was announced in the US Senate by West Virginia Senators Manchin and Capito. A changed in the designation is expected to raise the region’s visibility greatly from a national perspective and enable firms operating in the adventure tourism industry to enhance their marketability.

One source of upside potential for the region’s travel and tourism sector is the concerted effort to develop higher value-added tourism activities within the region. Although the area’s adventure tourism attractions such as rafting and ziplining do produce more room nights compared to other nature-related activities in the region and elsewhere in the state, agrotourism as well as food- and drink-based destination options would then including rafting, ziplining
and other activities. At the same time, segments of the leisure and hospitality sector that are more heavily linked to local spending patterns, such as restaurants, will remain pressured by the area’s shrinking base of population and sluggish income growth.

**MINING AND MANUFACTURING** The New River Gorge Area’s natural resources and mining sector is expected to lose jobs at an average annual rate of 4 percent between 2019 and 2024. Coal production and payroll levels for area mines likely peaked in late-2018/early-2019 as the recent drop in global coal prices and demand has led several of the region’s less efficient mines to idle or close. In addition, financial conditions across the industry have also deteriorated significantly in within the past year and several operators in the region have already entered bankruptcy within the past 12 months. Others purchased mining assets as part of these and previous bankruptcy proceedings or opened new operations amid the unsustainable level of export demand that prevailed during 2017 and 2018.

Furthermore, regional coal production will take an additional hit over the next couple of years due to anticipated retirements of coal-fired generators in Ohio, Kentucky and North Carolina that source coal from area mines. Domestic demand for the region’s coal will continue to weaken further during the latter half of the outlook period and beyond as utilities across the nation have signaled they will shift to natural gas and other fuel sources going forward even in the absence of additional changes in federal environmental policy.

The New River Gorge Area’s manufacturing sector is expected to remain roughly the same size during the outlook period. Fabricated metals and machinery will face the most downward pressure during the outlook period as reduced coal production will weigh on demand for roof bolts, augurs, circuit breakers and other mining machinery and equipment. Wood products, plastics and other sub-sectors should enjoy some growth over the next five years, providing a boost to the sector’s overall performance. In addition, given its location, inventory of vacant facilities and access to major highways, the potential emergence of downstream manufacturing in the Kanawaha and Mid-Ohio River valleys could spill over into the New River Gorge Area over the longer term. Finally, new types of manufacturing could enter the region. For example, Carbon Activated recently opened at the former Georgia Pacific facility in Mount Hope. The company will produce and distribute activated carbon and filters to remove pollutants, contaminants and other impurities from water, air and a host of consumer and industrial-use products. While the facility will employ just 50 people when fully operational, it could portend further upside potential for growth in new or emerging industries.

**OTHER SECTORS** Education and health services is expected to add jobs at a 0.4 percent average annual rate through 2023. Healthcare demand is expected to grow consistently within the region, reflecting the region’s large share of elderly residents and above-average proportion of individuals with disabilities. The sector has faced uncertainty in recent years due to attempted legislative changes and legal challenges to the Affordable Care Act and could face additional uncertainty during the outlook period depending upon the outcome of the 2020 presidential election. Several candidates for the Democratic nomination have announced their support for “Medicare for All” or a public option alternative. While the additional government involvement in healthcare would likely face difficulty getting passed through Congress and would also likely face numerous legal challenges if it passed, the possibility of future legislative changes that affect the funding and use of healthcare services would increase uncertainty for a sector that...

The outlook for the New River Gorge’s public sector has improved, as payrolls are expected to increase nearly 0.8 percent annually through 2024. Growth will occur largely at the the state and federal levels, with most of these gains coming at expanded services at WVU Tech in Beckley as well as signed legislation that reduces costs for vocational and technical colleges, such as New River Community and Technical College. Anticipated declines in the four-county area’s population and weakening severance tax revenue will likely weigh on the tax base for local governments. At the same time, added property tax revenue related to the Mountain Valley Pipeline should buoy revenue collections for some city and county governments in the area.

The trade, transportation and utilities sector will likely see payroll losses at roughly 0.5 percent annually during the outlook period. The anticipated decline in coal output from the area’s mines will hurt the region’s trucking and rail services over the next five years, though most of the sector’s weakness is expected to be driven by losses in retail trade. Indeed, the four-county-area’s challenging
demographic trends and the expected continuation of traditional brick-and-mortar retail establishments being displaced by consumers shifting to direct-ship or order-and-pickup online services represent a significant issue for the retailers nationally as well as in the region.

**UNEMPLOYMENT OUTLOOK** Unanticipated changes in labor force participation within the New River Gorge Area’s adult-aged labor force could cause the forecast for the regional unemployment rate to differ significantly from both its projected level and path. With that said, the forecast calls for the regional unemployment rate to increase from its current level and eventually stabilize between 5.3 and 5.4 percent by 2021.

Raleigh County is expected to have the lowest unemployment rate in the region, averaging around 5.0 percent over the final three years of the forecast horizon. The area’s remaining three counties will see their jobless rates exceed the regional average by a small margin.

**INCOME** Inflation-adjusted per capita income in the New River Gorge Area is projected to increase at an average annual rate of 1.5 to 1.6 percent through 2024, falling mostly in line with the statewide average. Construction and the mining industry will boost real wage and salary growth over the next couple of years, but the area’s overall limited growth potential in high-paying sectors means growth will slow significantly over the latter half of the outlook period. As is the case statewide, transfer payments will constitute the fastest-growing source of income in the region as further increases in the size of the elderly population bolster Social Security and Medicare payments. In fact, given its age distribution, Summers County is expected to see 42 percent of after-tax personal income earned by county residents originate from federal safety net programs.

**POPULATION** The region’s population is expected to shrink at a rate of 0.5 percent annually over the next five years. The entire region will continue to struggle with net out-migration and high mortality rates that stem from a host of underlying causes. Raleigh County has the greatest potential to see much smaller losses (or even potential gains) in population due in part to its status as the economic epicenter of the region, although the other counties have the potential to arrest their declining population numbers as well if they can capitalize on marketing the area’s appeal to residents from other areas. Furthermore, improving the region’s human capital outcomes has the potential of changing the New River Gorge Area’s future growth prospects. Raising the overall skill and education levels of the population along with reducing the array of negative health outcomes many residents cope with would provide a significant boost the area’s attractiveness to businesses seeking to locate or expand within the region’s geographic footprint.