Executive Summary

The Wheeling Area has experienced significant economic volatility over the past several years, with the region’s economy swinging back to strong growth in 2018 thanks to surging natural gas production and massive levels of pipeline construction activity. In this report, we present a detailed discussion of the Wheeling Area economy along with our forecast for regional economic conditions for the next five years.

Several key facts behind the Wheeling Area’s recent economic performance are as follows:

- **After losing roughly 2,200 jobs between early-2014 and mid-2016, regional employers added more than 2,400 jobs between the early-2017 and late-2018 period.**

- **The level of payrolls in the four-county area have declined over the past several quarters as construction activity on several pipeline projects has wound down or reached completion.**

- **Ohio County has recorded the most consistent job growth in the area over the past year, while Marshall County has accounted for most of the region’s swings in employment.**

- **Coal employment in the region continues to lag its early-2015 peak, but efficiency of area mining operations has enabled production to remain on par with all-time highs.**

- **Natural gas output from horizontal wells has increased nearly 25 percent combined in Marshall, Ohio and Wetzel counties over the past year, but production has fallen slightly in Belmont County.**

- **Measured unemployment in the region has been volatile in recent years. The area’s labor market did see significant tightening over 2018 and 2019 due to pipeline construction activity.**

- **The area’s work force shrunk by 4,200 people between 2014 and 2018 but rebounded by the same magnitude between early-2018 and mid-2019.**

- **Per capita income has grown well above state and national averages in recent years. Ohio County residents have the highest income levels in the state.**

Our forecast calls for the Wheeling Area to continue its recovery from its recent economic downturn. The region will see continued volatility over the next year or so but should see growth on par with the national average over the remainder of the outlook period. Key aspects of our forecast are as follows:

- **We expect employment to increase at an average annual rate of 0.4 percent in the region over the next five years.** Job growth in the region is expected to be at its strongest between middle years of the outlook period.

- **While the region’s economic outlook is positive, growth could exceed expectations if PTT Global ultimately decides to build an ethane cracker facility in Belmont County, Ohio.**

- **Natural resources & mining is expected to lead the way in terms of job growth during the outlook period, with a forecast gain of 6.0 percent per year. Professional and business services will also record growth that exceeds the overall regional average.**

- **The manufacturing sector is expected to register moderate job growth after enduring large losses over the past few decades.**

- **Unemployment is expected to increase moderately in the near term but will remain steady thereafter at a rate that exceeds the state and national averages.**

- **Inflation-adjusted per capita income is expected to rise at an annual average rate of 2.5 percent over the next five years. Both wage and nonwage sources of income will increase at healthy rates.**

- **Regional population losses deepened in recent years due to economic turmoil. Poor health outcomes and a growing share of elderly residents have also caused deaths to outnumber births by a widening margin.**

- **Population losses are expected to continue in the area during the outlook period, but declines will be smaller compared to the past few years.**

- **All four counties in the region are expected to lose residents, but Wetzel County will likely endure the largest percentage declines going forward.**
Recent Economic Performance

The Wheeling Area\(^1\) economy enjoyed its strongest year of job growth in decades during 2018, fueled in large part by expansion in the natural gas industry’s regional infrastructure. Indeed, extensive work has occurred on aspects of five separate natural gas pipeline projects within and just adjacent to the four-county area over the past two years or so, resulting in the addition of several thousand construction and engineering jobs between mid-2017 and late-2018. Furthermore, continued demand growth and the addition of new pipeline takeaway capacity have spurred further development in the region’s substantial natural gas and natural gas liquid (NGL) reserves. However, the region’s performance has slumped noticeably over the past few quarters as numerous pipeline construction activity has waned—due to projects being completed or ongoing legal/regulatory delays halting construction progress—and two area hospitals were closed abruptly in September 2019.\(^2\)

PERFORMANCE BY COUNTY Although the region saw tremendous job growth over the course of 2017 and 2018, gains have not occurred homogeneously across the area’s four counties. Ohio County, which contains the region’s namesake principal city of Wheeling, accounts for the largest share of jobs in the area. After trending lower nearly an entire decade, Ohio County’s payrolls have increased by nearly 1,000 since the beginning of 2017. Most of this increase can be attributed to the re-location of The Health Plan from its St. Clairsville, Ohio, location into downtown Wheeling, but segments of manufacturing, business services and transportation and warehousing have also recorded gains over the past two years or so. Ohio County did suffer a significant blow during the third quarter of 2019 as the company operating Ohio Valley Medical Center (OVMC) closed the facility, resulting in the elimination of more than 700 jobs.

Belmont County, Ohio, which contains the largest number of residents and a sizable portion of employment in the region, has registered an appreciable degree of job losses over the past three years. After adding roughly 1,500 jobs between mid-2012 and late-2014, county payrolls have receded by a roughly similar amount. The financial services sector accounted for a large chunk of Belmont’s job losses, specifically as a result of the Health Plan’s departure across the border, but business services and information have

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\(^1\) For the purposes of this report, The Wheeling Area is comprised of four counties: Marshall, Ohio and Wetzel counties in West Virginia plus Belmont County, Ohio.

\(^2\) Sources for historical information are noted in each figure.
registered notable declines over the past few years. Natural resources and mining has been the county’s strongest-performing sector during the past two years thanks to booming growth in natural gas production and exploration has more than offset the near-disappearance of coal mining activity within the county. Just as Ohio County has experienced a setback for its health services sector, the same management firm operating OVMC closed East Ohio Regional Hospital (EORH), prompting the loss of roughly 350 jobs.

Marshall County has led the region in job growth over the past two years by large margin but has also been the primary source of the Wheeling Area’s economic volatility during the past decade. Indeed, after losing nearly 1,500 jobs between late-2014 and early-2016, Marshall County recorded a 30 percent surge in employment by the second half of 2018. The county’s large swings in economic activity have been driven by the energy sector, as Marshall is not only the state’s leading coal-producing county but is also one of West Virginia’s leading producers of natural gas. At the same time, Marshall County gained several thousand construction and engineering jobs due to the installation of the Mountaineer XPress (MXP) project and Majorsville Lateral for Rover II. Of course, since both projects have entered service and construction activity mostly ended during the first quarter of 2019,

Wetzel County is the region’s most rural economy and has generally been stable since 2012, only a slight loss in jobs over the past few years. Like other counties in the region, Wetzel is a major producer of natural gas, which has roughly doubled in employment since the beginning of 2015. Furthermore, the build-out of natural gas pipeline infrastructure has occurred within the rural county as well, with the Mountaineer XPress, Mountain Valley Pipeline (MVP) and Sherwood Lateral for the Rover Pipeline all traversing the county.

**ENERGY SECTOR** The Wheeling Area is unique in comparison to other economic regions in West Virginia as the region possesses both large reserves of coal and natural gas. Marshall and Ohio counties rank as the highest and fourth-highest in terms of coal tonnage produced within West Virginia, accounting for more than one-fourth of the state’s total production during the first half of 2019. Marshall County’s production reached 17.9 million short tons during 2018, surpassing the record high level set just in the prior year. Output through the first half of the year has totaled 9.8 million tons, marking a 16 percent jump compared to the same six-month period a year earlier. Ohio County coal production declined slightly in 2018, falling to 6.8 million short tons as shipments from the mine weakened appreciably in the first half of the year due to the closure of two FirstEnergy power plants in Ohio that sourced more than 1 million tons of coal from the Tunnel Ridge Mine.

Mine payrolls have begun to pick up over the past several quarters, but again, given the highly-productive nature of these operations, coal mine employment has grown at a much slower pace than mine output so far. In contrast to the fairly solid performance of coal production in Marshall and Ohio counties, Belmont County coal mine output has been on a downward trend since 2009. The CCU Belmont strip mine is the only active mine left in the county, which produced just 450 thousand short tons during 2018.

Despite the generally positive readings in recent quarters on output and payrolls for most of the Wheeling Area’s coal industry, financial conditions in the industry have deteriorated. Seven coal companies have filed for bankruptcy in the past year, including Murray Energy in late-October 2019. The extent to which Murray Energy’s decision to enter a Chapter 11 bankruptcy reorganization remains unclear at this time, it does pose an appreciable downside risk to the region’s performance given the company’s share of local coal production and
employment, as well as its headquarters in Belmont County, Ohio.

In addition to coal, the Wheeling Area’s economy has developed into a major player in natural gas production thanks to its location in the heart of the Utica and Marcellus Shale plays. Wetzel, Marshall and Ohio counties ranked 2nd, 5th and 7th in terms of statewide natural gas production in 2018 and their recorded withdrawal volumes accounted for roughly one-fourth of the state’s output. Belmont County ranks as Ohio’s leading natural gas-producing county, accounting for over 35 percent of the state’s overall gas volume in mid-2019.

Production volumes have increased significantly over the past three years throughout the Wheeling Area as firms are responding to growth in the availability of takeaway pipeline capacity and rising end-market demand. However, production growth has slowed appreciably in 2019 in Belmont County as low regional spot market prices have weighed on producers’ willingness to expand output for higher-cost Utica Shale assets. By contrast, withdrawals from horizontal wells in Marshall, Ohio and Wetzel counties have increased by a combined 24 percent on a year-to-date basis versus the first half of 2018.

In addition to the activity associated with drilling and wellhead output, the Wheeling Area has also seen a dramatic increase in midstream facilities over the years. Indeed, Belmont, Marshall and Wetzel counties each contain several large different types of midstream natural gas assets, including cryo-processing and fractionation capacity. Moreover, the area has witnessed a surge in natural gas pipeline construction as the Mountaineer XPress, Rover II and Mountain Valley Pipeline all lie within the area’s geographic footprint. In addition to the pipelines, the projects all include the installation of several $100+ million compressor stations.

In terms of downstream gas utilization, beyond natural gas-fired power plants the Mid-Atlantic Region is still in its infancy. Indeed, the Shell ethane cracker under construction in nearby Beaver County, PA, remains the most noteworthy development currently; however, PTT Global Chemical continues to evaluate a Dilles Bottom property in Belmont County as an option to build the region’s second ethane cracker. PTTGC, along with its South Korean partner Daelim Chemical, recently announced Bechtel as the construction contractor pending final approval of the project.

MANUFACTURING Although its dominance has declined over the years, the Wheeling Area contains a sizable concentration of manufacturing activity, particularly chemicals, plastics and metals manufacturing. Overall, the sector has lost roughly 900 jobs since the beginning of 2012 (or an 18 percent decline), though most of those losses stem from a couple of chemical plant consolidations that occurred a few years ago. The plastics, food processing and a few miscellaneous manufacturing subsectors have managed to add a moderate number of jobs over the past two years.

The shale gas boom throughout the region has energized portions of the Wheeling Area’s manufacturing base, most notably the chemicals and plastics producers, which rely heavily on natural gas and by-products from shale deposits as feedstock for their production processes. Furthermore, new companies have opened within the region’s footprint or in adjacent counties (e.g., Pietro Fiorentini) that manufacture pipe fittings, controls and other components that are used to operate wellpads, pipelines, substations and compressor stations.

SERVICE SECTORS Energy production and manufacturing activity play a major role in the Wheeling Area’s economy, but private service-providing sectors still account for most jobs in the region. Trade, transportation and utilities ranks
as the largest source of private sector employment in the Wheeling Area. In general, the super-sector has experienced lost roughly 500 jobs in the region since mid-2015, but the performance has been quite uneven across the region’s underlying sectors. For example, retail trade has been the weakest performer in the four-county area by a large margin. Many retailers have struggled in recent years amid rapid structural change as consumers, particularly those among younger age groups, have increasingly shifted purchases to online direct-ship or order-and-pickup portals. Sales at brick-and-mortar retail establishments have been supplanted by Amazon and similar platforms—even for groceries, apparel and other goods that were previously thought to be protected from online purchasing activity. As a result, several retailers have closed locations in the region due to weak local sales or bankruptcy liquidation. Moreover, many retailers have further increased use of self-checkout kiosks as well as re-aligned their brick-and-mortar operations to emphasize in-store pickups from online orders, both of which have tended to reduce demand for full-time employees.

The major bright spot for the sector over the past couple years has been transportation and warehousing payrolls, which have increased rapidly since late-2016 due to brine, sand and other gas field support services firms being dispatched to well sites as drilling and exploration activity have increased.

Education and health services contains nearly one-in-five of the region’s jobs and while broader trends in employment for the sector have generally been positive over the past decade, the Wheeling Area’s health services sector has lost jobs since 2010. In fact, the sector has encountered some turmoil during recent years as several hospitals in the region have faced financial difficulties amid concerns of over-capacity in a region with declining population. Reynolds Memorial Hospital was purchased by WVU Medicine in 2016 while
Wheeling Hospital, Wetzel County Hospital and Barnesville Hospital all entered into management agreements with WVU Medicine within the past few years to make their respective facilities stronger. In mid-2019, however, the management company for Eastern Ohio Memorial Hospital and Ohio Valley Medical Center reported a $37 million loss and the immediate closure of both facilities, resulting in the loss of more than 1,000 jobs. The closure is expected to weigh on the sector’s payrolls appreciably during the fourth quarter of 2019, but over the longer terms a sizable proportion of job cuts and patient services from both hospitals will be absorbed by other regional providers, particularly Reynolds Memorial and Wheeling Hospital.

UNEMPLOYMENT The Wheeling Area’s unemployment rate climbed rapidly during the Great Recession, peaking at 10.5 percent in early-2010. Although the jobless rate has generally been on a downward trend since then, periods of volatility in the energy sector caused the rate to bounce between 6.5 and 7.5 percent from late-2014 to mid-2016. Since the second quarter of 2016, the regional unemployment rate has fallen more than two full percentage points, dropping to 4.8 percent in the second quarter of 2019. Unemployment rates vary widely within the region, ranging from roughly 4.0 percent in Ohio County to 6.4 percent in Wetzel County based on preliminary data for the second quarter of 2019.

LABOR FORCE Reflecting a combination of the area’s economic volatility and underlying demographic trends, the Wheeling Area has recorded some labor force attrition over much of the past decade or so. Overall, the region’s workforce declined by nearly 8 percent (5,600 people) between early-2010 and mid-2018. However, pipeline construction activity created a strong increase in labor demand and helped to boost the region’s workforce total by nearly 3,500 between the second quarters of 2018 and 2019.

Workforce participation rates in the region’s more urban counties of Ohio and Belmont exceed the West Virginia average while Marshall County is slightly below the statewide figure. At the same time, these counties do tend to fall closer in line with broader national trends in workforce participation for the prime working age years of 25-54. Unfortunately, Wetzel County’s workforce participation rate (44.5 percent) lags both state and national averages by a sizable margin and the county’s participation rate deficit persists across all age cohorts.

INCOME Per capita personal income for the Wheeling Area is estimated at approximately $46,100 during calendar year 2018, equaling a 3.3 percent increase from the previous year. Overall per capita income for the region has surged 30 percent above 2012 levels (not adjusting for inflation, as presented in Figure 6), surpassing income growth at both the state and national levels by at least eight percentage points over this period. Even after adjusting for inflation, residents in the Wheeling Area have enjoyed a gain in real purchasing power over the last six years as real per capita personal income in the region has increased by nearly 13 percent.

Over the past decade, per capita income growth in the four-county region has surpassed both state and national averages due to strong wage growth, particularly within coal, natural gas and more recently pipeline construction, rising royalty income paid to mineral rights owners and large increases in small business income. Transfer payments account for an above-average share of personal income in the Wheeling Area, though this is attributable to the region’s high share of elderly residents.

Ohio County residents received income levels of $64,200 per person during 2018, ranking it as the highest among West Virginia’s 55 counties and nearly 60 percent above the statewide average and slightly higher than the national average. Two of the region’s three remaining counties
have per capita income levels that tend to fall closely in line with the West Virginia statewide average. Wetzel County’s average income levels come in at an appreciably lower amount reflecting in part the county’s rural nature, with residents earning approximately $33,800 on average.

**POPULATION** The Wheeling Area’s resident population totals have declined in a steady fashion over the past few decades. Indeed, the region’s population numbers have shrunk by roughly 18,000 since 1998. Each county in the region has lost residents, although Belmont has been the most stable county in the region. Wetzel County saw the largest percentage decline in population in recent years, with the number of residents shrinking by nearly 8 percent since 2008.

**DEMOGRAPHIC CHARACTERISTICS** Just as with the rest of the state, the Wheeling 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 causes of death from a host of issues ranging from heart disease to drug overdoses help explain the region’s high mortality rate. Finally, the four-county area lags both state and national averages in measures of attaining four-year degrees or higher, with less than 20 percent of residents aged 25 years and older possess at least a bachelor’s degree. At the same time, the region does perform well in terms of two-year degrees and other types of vocational training as 9 percent of the 25 years and older population have received an associate degree.

**Figure 9: Summary Population Profiles**

<table>
<thead>
<tr>
<th>Total Population (2018)</th>
<th>Wheeling Area</th>
<th>West Virginia</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Population Under 18 (2018)</td>
<td>155,315</td>
<td>1,805,832</td>
<td>327,167,434</td>
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<tr>
<td>% Population 65 Years + (2018)</td>
<td>21.6%</td>
<td>19.9%</td>
<td>15.8%</td>
</tr>
<tr>
<td>Population with Less than High School Diploma (2017, 25 yrs. +)</td>
<td>9.9%</td>
<td>12.9%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Population with High School Diploma, No College (2017, 25 yrs. +)</td>
<td>41.6%</td>
<td>41.2%</td>
<td>27.1%</td>
</tr>
<tr>
<td>Population with Some College (2017, 25 yrs. +)</td>
<td>28.8%</td>
<td>25.7%</td>
<td>28.9%</td>
</tr>
<tr>
<td>Population with Bachelor’s Degree or Higher (2017, 25 yrs.+ )</td>
<td>19.7%</td>
<td>20.2%</td>
<td>32.0%</td>
</tr>
<tr>
<td>Median Age (2018)</td>
<td>44.7</td>
<td>42.7</td>
<td>38.2</td>
</tr>
<tr>
<td>Mean Household Income (2017)</td>
<td>$60,508</td>
<td>$59,557</td>
<td>$84,525</td>
</tr>
<tr>
<td>Average Household Size (2018)</td>
<td>2.35</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 Wheeling Area’s performance going forward.\(^3\) The forecast calls for the region to experience some volatility in the near term as pipeline construction projects reach completion and the impacts associated with the recent closure of two hospitals begin to surface in the area’s employment data. Over the longer term, regional economic growth will tend to fall in line with the national average.

Overall, we anticipate total employment will increase by 0.4 percent annually through 2024. Some uncertainty exists with regards to how the region’s economy will perform over the next year or so as the extent to which other healthcare providers in the region can offset the losses related to the closure of East Ohio Memorial Hospital and Ohio Valley Medical Center. In addition, while Murray Energy’s recent Chapter 11 bankruptcy announcement is not expected to hamper the company’s local coal operations, underlying market conditions for coal remain tenuous both domestically and internationally.

While legal and/or regulatory hurdles pose an appreciably downside risk for the region’s energy sector, and by extension the overall economy, risks to the Wheeling Area’s forecast are biased to the upside. First, while no decision has officially been rendered and is thus not explicitly included in the forecast, PTT Global Chemical’s proposed ethane cracker in Belmont County would provide a significant boost to the region’s outlook from numerous angles. For example, the facility would create numerous jobs during its construction and generate positive impacts for the region’s natural gas industry and, when combined with Shell’s ethane cracker in Monaca, PA, would likely spur a new wave of development in the Mid-Ohio Valley’s plastics and chemicals manufacturing industries. Furthermore, Exxon-Mobil has expressed interest in building its second US-based ethane cracker facility somewhere in the tri-state area and has begun investigating sites throughout the broader region.

While the PTT Global Chemical and Exxon-Mobil proposals are not a certainty and their completion dates would span beyond the latter portion of the outlook period, they could provide the positive economic shock needed for the region to arrest (or even reverse) its long-term trend of net out-migration and population decline.

**COUNTY DIFFERENCES** Among the region’s four counties, Marshall County is expected to realize the fastest pace of job growth going forward (0.7 percent per year) and will outperform both state and national averages. Most of this growth will reflect continued development of the county’s shale gas resources and associated gains in industries that provide support services to drilling and exploration activity throughout the Wheeling Area. The coal industry is expected to weigh on the county’s performance as the domestic electric power sector continues to shift away from coal-fired plants over to natural gas and renewable sources for generation, even absent any explicit changes in federal regulatory policy. Wetzel County’s growth is expected to come in at nearly 0.6 percent per year on average through 2024, but the

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\(^3\) All forecast estimates presented herein are derived from the West Virginia University Bureau of Business & Economic Research Econometric Model unless otherwise noted.
The overall rate of growth could be influenced by any potential changes in the timeline for completion of the Mountain Valley Pipeline or the Hammerhead Pipeline, which will tie into the Atlantic Coast Pipeline at Mobley. Natural gas production will support the county’s job and income gains, though some of this growth is contingent upon additional natural gas pipeline takeaway capacity entering service as expected and development of downstream manufacturing in the tri-state area.

Belmont County’s growth is expected to lag the broader regional average by a small margin, though its performance is the likeliest to surpass expectations during the outlook period as PTT Global Chemical has continued to progress toward a decision to build an ethane cracker at some point in the future. Ohio County is expected to register average annual job growth of 0.2 to 0.3 percent. Solid prospects will continue to emerge from growth associated with the Wheeling Area’s natural gas industry, ranging from drilling and exploration as well as fracking materials companies to auxiliary services firms that provide engineering, legal and financial representation as well as contract labor.

Ohio County will see growth limited to some extent by declining visits to Wheeling Island. Recent efforts by state legislators to remove betting casino purse sharing for greyhound breeders are expected to be successful, though the impact on the overall casino will be modest as betting in greyhound racing has declined nationally due to greater interest in other gaming attractions and concerns over animal welfare. Competition with other newer gaming venues in neighboring states will hurt visits to Wheeling Island as well. Growth in sports betting services should provide a boost, but gains will likely be ephemeral as other states approve their own sports betting programs whether via mobile phone apps and on-site services. Ohio County’s economy will see some short-term losses in healthcare sector jobs given the recent closure of Ohio Valley Medical Center, but the area could see some upside potential thanks to WVU Medicine’s proposal to build additional outpatient and other care facilities in Wheeling.

**BUSINESS SERVICES** The energy industry will play an outsized role in the Wheeling Area’s performance during the outlook period in a direct manner, but its influence will extend into other segments of the region’s economy as well. Indeed, a significant portion of the region’s professional and business services sector has an interdependent relationship with the area’s coal and natural gas industries vis-à-vis providing contract labor workers, as well as engineering, legal and other support services. During the forecast horizon, we anticipate the energy industry’s growth, along with broader US economic gains that will buoy demand for business services firms, will cause payrolls to increase 1 percent per year.

**CONSTRUCTION** Construction payrolls in the Wheeling Area are expected to decline at a significant rate of nearly 0.5 percent annually during the forecast horizon. However, these declines are expected to occur very early in the outlook period as pipeline projects are completed and enter service. Other portions of the construction sector are expected to see a solid performance over the next five years. Public infrastructure investment is expected to be at a relatively high level as the region has numerous projects planned and funded under the Roads to Prosperity program. The most notable project will be the I-70 Bridges project, which will consist of rehabilitation work on 26 separate bridges on I-70 throughout Ohio County. The project award totaled $215 million and is expected to take at least three years to complete.

In addition, strong income growth will likely bolster housing demand in the area to some extent and growth in the region’s natural gas industry should foster nonresidential construction activity as other sectors with
major connections to the industry’s gains absorb more office and industrial space.

**MANUFACTURING** The forecast calls for manufacturing payrolls to increase just over 0.4 percent annually during the outlook period. The region’s chemicals industry has endured what has mostly been a decades-long downward trend in both production and employment caused by the closure and downsizing of many plants over the years. Going forward, we anticipate at least some stabilization for these manufacturers, a direct result of an abundant supply of low-cost feedstock in the Marcellus and Utica Shale plays. Moreover, opportunities will increase as the Monaca, PA, Shell ethance cracker begins operation by the closing quarters of the forecast horizon since the facility will produce polyethylene pellets that can be used by local plastics and chemicals manufacturers and not imported from the Gulf Coast.

**OTHER SECTORS** The Wheeling Area’s leisure and hospitality sector is expected to see job growth on the order of 0.2 percent per year during the outlook period. As with construction, the sector’s anticipated below average rate of job growth will be influenced as much by difficult comparisons than by its underlying fundamentals. Indeed, hotels, restaurants and other similar local service establishments are expected to ratchet up hiring over the next year or so to meet increased demand created by pipeline workers. As noted earlier, Wheeling Island will benefit from the expansion of sports betting over the next couple of years, but these gains are expected to fade as more states roll out their own sportsbook services. Trade, transportation and utilities is expected to see a slight increase in payrolls, though most of the gains for this super-sector will occur in transportation and warehousing activity as retailers will continue to struggle with structural changes in consumer spending patterns.

Education and health services is expected to add jobs at a 0.1 percent average annual rate through 2024. Demographic factors nationally and regionally suggest healthcare demand will likely increase going forward as the age distribution continues to tilt toward higher users of health care services, the healthcare sector’s performance in general over the past several years along with the recent closure of two area hospitals suggest additional capacity growth in the sector could be limited. Overall government employment in the Wheeling Area is expected to increase by just below 0.5 percent per year. Most of the growth will occur at the local government level as increased natural gas production and pipeline capacity increases raise baseline tax revenue for many of the area’s city and county governments.

**UNEMPLOYMENT OUTLOOK** Large revisions to historical data as well as any unanticipated changes in the Wheeling Area’s labor force participation rate 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 rise to the lower-5.0 percent range by mid-2020. The completion of pipeline work will cause the local jobless rate to rise, but since many pipeline workers were temporary residents the overall upward pressure on the unemployment rate will be relatively small. Growth in the energy sector will bring some previously-discouraged workers back into the labor force as they search for a job, thereby putting some upward pressure on the unemployment rate. Longer term, the area’s jobless rate is expected to settle around 5.5 percent. The potential addition of PTT Global Chemical’s ethane cracker in Belmont County would likely lead to additional reductions in the region’s unemployment rate.

Ohio County is expected to have the lowest unemployment rate in the four-county region, averaging in the mid-4.0 percent range during the outlook period. Marshall County’s jobless rate will likely register the largest increases within the region over the next year or so, but will remain low from a historical perspective, averaging in the low-6.0 percent range over the 2020 to 2024 timeframe. Wetzel County will maintain the four-county area’s highest rate of unemployment going forward, averaging in the low 7.0-percent range by the latter half of the forecast horizon.

**INCOME** Inflation-adjusted per capita income in the Wheeling Area is projected to increase at an average annual rate of more than 2.5 percent through 2024, easily outpacing the statewide average. Some of this growth arises from favorable comparisons between the beginning and end points of the outlook period as wages in 2019 and 2020 will be unduly affected by the completion of pipeline construction projects while the latter half of the forecast period will benefit from job gains in high-wage sectors and continued growth in royalty payments. Furthermore, the region’s underlying demographics, namely a high share of residents at or above the age of 65, will cause government transfer payments (i.e. Social Security and Medicare) to support income growth going forward.

**POPULATION** Historical demographic trends for the Wheeling Area are expected to persist into the outlook period as the forecast calls for the region’s population to shrink at a rate of more than 0.3 percent annually over the next five years, or a decline of nearly 550 residents per year. Population losses are expected to occur in all the region’s counties, though Wetzel County is expected to lose residents at the fastest rate (0.8 percent average annual decline). Marshall, Belmont and Ohio counties are expected to post population declines between 0.2 and 0.4 percent per year through 2024.