

WHEELING AREA ECONOMIC OUTLOOK 2021-2025



Wheeling Area Economic Outlook

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Executive Summary

The Wheeling Area economy has seen large swings in economic activity over the past several years. Surging energy production and massive increases in pipeline construction activity fueled strong economic growth during 2017 and 2018. By contrast, the completion of pipeline projects and two large hospital closures weighed on area payrolls in 2019 before the COVID-19 pandemic dealt the regional economy a major blow in early-2020. 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 adding more than 3,000 jobs between early-2017 and late-2018, regional employment contracted by a slightly larger amount over the subsequent year or so.**
- **Job losses only accelerated as the COVID-19 pandemic hit in March, leading to a total job loss of 8,000 in two months' time. Just under half of those jobs have been recovered to date, which lags the state's recovery progress.**
- **Leisure and hospitality and retail trade suffered the region's largest job losses during the initial pandemic response, but the leisure and hospitality sector has seen a relatively weak rebound due to continued restrictions on maximum capacity.**
- **The region's coal industry has experienced major turmoil over the past year or so.** Combined with ongoing market trends, the COVID-19 pandemic helped to push regional coal production down by more than one-third during the first half of the year.
- **Natural gas output from horizontal wells has skyrocketed over the past year in Marshall, Ohio and Wetzel counties, but production has declined in Belmont County.** The number of rigs deployed in the region has been cut in half since last year, which has weighed on new well development.
- **The measured unemployment rate surged to its highest level since the early 1980s as a result of the COVID-19 pandemic.**
- **Unemployment has fallen sharply since mid-April but remains more than a percentage point higher than the statewide average.**
- **Per capita income growth has easily surpassed state and national averages in recent years.** Ohio County residents have the state's highest income levels.

Our forecast calls for the Wheeling Area to recover from the COVID-19 recession. The region's large energy sector will expose it to continued volatility going forward, but the area should enjoy growth that exceeds the statewide average during the outlook period. Key aspects of our forecast are as follows:

- **We expect employment to increase at an average annual rate of 1.4 percent in the region over the next five years.**
- **Professional and business services and natural resources & mining will produce the strongest job growth during the outlook period.**
- The manufacturing sector is expected to register moderate job growth after large losses that stretched over the past few decades.
- **Gains could surprise on the upside, though stronger-than-expected growth will depend greatly up the fate of the proposed ethane cracker in Belmont County.**
- **Unemployment is expected to fall sharply over the next couple of years, before settling in the mid- to low- 5 percent range in 2023 and beyond.**
- **Inflation-adjusted per capita income is expected to rise at an annual average rate of roughly 1.8 percent between 2021 and 2025, led by wage gains.**
- **Demographic trends are expected to remain a net negative for the region, as population losses persist for the entirety of the outlook period.**
- All four counties in the region are expected to lose residents, though Wetzel County will likely experience the largest percentage declines going forward.

Recent Economic Performance

The Wheeling Area¹ economy has faced significant levels of volatility over the past several years. After experiencing massive growth in new jobs over the course of 2017 and 2018, much of it related to natural gas pipeline construction activity, payrolls began to turn sharply lower in the second half of 2019. Initially, losses were related to the completion of new pipeline infrastructure in the region as well as delays associated with the delay of the Mountain Valley Pipeline (MVP). Later in the year, however, roughly 1,000 jobs were lost following the closure of two large area hospitals and additional job losses were registered in the energy sector due to souring market conditions and balance sheet problems for coal and, to a lesser extent, natural gas producers.

Unfortunately, the region’s economy suffered an even greater blow in early-2020 due to the COVID-19 pandemic. The implementation of public health measures to control the spread of the virus, including shelter-in-place orders, sector-specific business closures and maximum capacity restrictions, led to the furlough of thousands of workers in the area during March and April. The removal of shelter-in-place orders in May 2020, the end of closures for businesses designated as non-essential as well as the relaxation of capacity restrictions for indoor dining, casinos and other close-contact consumer businesses has allowed roughly half of the employment losses during the early stages of the pandemic to be erased in the four-county area between mid-April and mid-August 2020.²

PERFORMANCE BY COUNTY While employment levels have contracted in each of the region’s four counties over the past year or so, these job losses have not occurred in a uniform manner. Ohio County, which contains the region’s namesake principal city of Wheeling, accounts for the largest share of jobs in the area. Prior to late-2019, Ohio County managed to add nearly 1,000 jobs between mid-2017 and mid-2019 – marking a

significant departure from what prevailed over the previous decade or so. The closure of Ohio Valley Medical Center (OVMC) during the third quarter of 2019 resulted in the elimination of more than 700 healthcare sector jobs locally. Preliminary data suggest Ohio County has experienced a disproportionate share of the region’s overall job losses during the pandemic, as the county plays host to Wheeling Island Casino & Hotel and an array of restaurants and stores along I-70 that were either closed

Figure 1: Total Employment

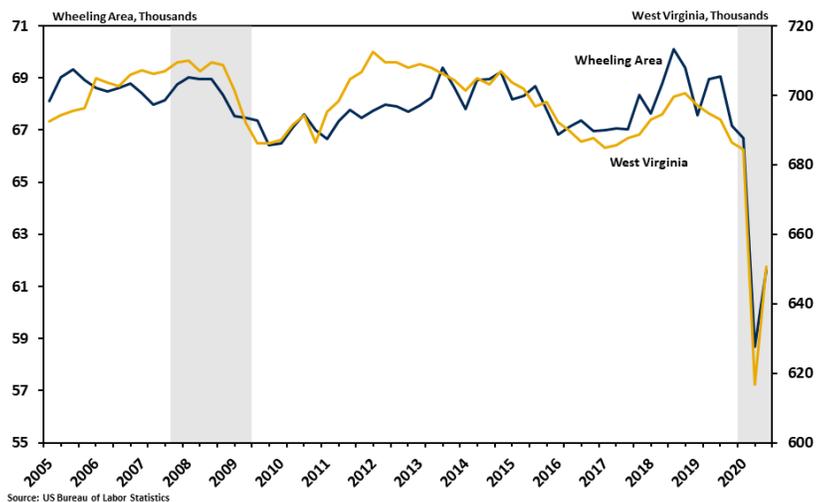
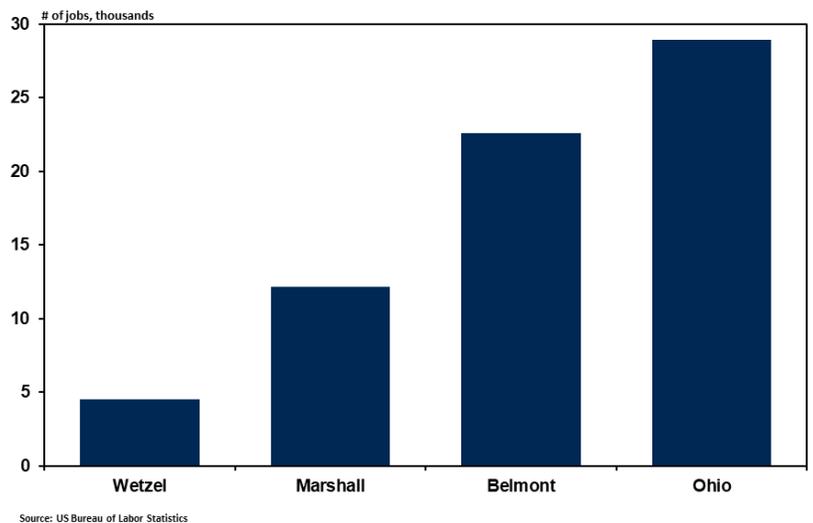


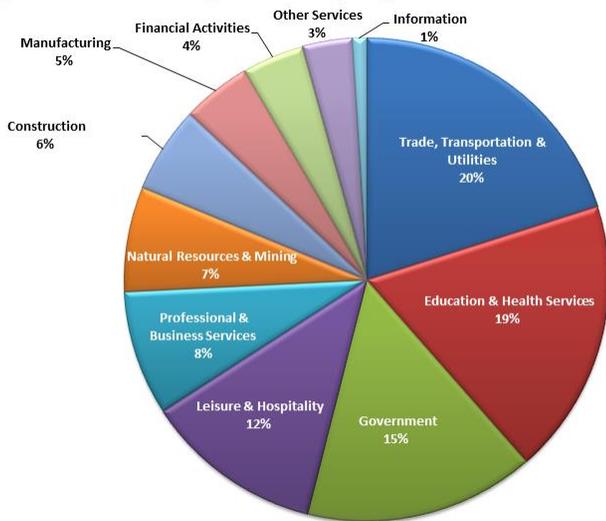
Figure 2: Total Employment by County (2019)



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.

Figure 3: Wheeling Area Employment Distribution by Sector



Source: US Bureau of Labor Statistics; 2019 data.

related jobs have slipped in recent quarters. Most of the drop-off stems from job cuts at area coal mines, as declines in domestic steam coal demand accelerated in the latter half of 2019 and eventually cratered in the second quarter of 2020 due to the COVID-19 pandemic.

Wetzel County is the region’s most rural economy and has recorded moderate job losses in the past couple of years. Wetzel is among the state’s top natural gas producing counties and has seen withdrawal volumes rise steeply in the past two years, leading to a near doubling of gas industry payrolls over that period. Construction sector employment has fallen for the last year or so due to the completion of the Mountaineer Xpress and Sherwood Lateral (Rover II) and continues to be hurt by the court-ordered delay in work on the Mountain Valley Pipeline.

for an extended period of time or subject to maximum capacity restrictions.

Belmont County, Ohio, which contains the largest number of residents and a sizable portion of employment in the region, has seen payrolls trend lower since late-2016. The financial services sector accounted for a large portion of the county’s job losses, due in large part to The Health Plan’s departure to downtown Wheeling, but other aspects of the county’s economy have struggled, including notable declines in business services and information. Natural resources and mining had been the area’s key source of job growth between early-2016 and late-2018, but a significant slowdown in natural gas production (and exploration activity) has weighed on employment levels over the past several quarters. Finally, the closure of East Ohio Regional Hospital prompted the loss of 350 healthcare jobs in the county during the third quarter of 2019.

Although Ohio County has experienced the largest swing in jobs during the COVID-19 pandemic, Marshall County has accounted for the lion’s share of economic volatility in the four-county area since 2016. Indeed, thanks in large part to construction of natural gas pipeline infrastructure, payrolls in the county surged by more than one third (3,000 jobs) between early-2017 and late-2018. Since that point, however, the county has seen the level of employment contract by just over 3,000 jobs, reflecting the completion of pipeline construction projects. While the energy sector was a steady source of growth in Marshall County between 2016 and early-2019, energy-

ENERGY SECTOR The Wheeling Area is unique in comparison to other economic regions in West Virginia as the region possesses both major coal mining operations and abundant natural gas and natural gas liquid (NGL) reserves. Marshall and Ohio counties rank as the highest and fourth-highest in terms of coal tonnage extracted by the two dozen or so coal-producing counties West Virginia. During 2019, Marshall County’s production reached yet another record high, eclipsing 18.1 million short tons.

Unfortunately, production started to fall significantly during the fourth quarter of 2019 and eventually cratered amid the COVID-19 pandemic. Given the ongoing drop-off in domestic steam coal demand, the massive contraction in US power consumption during March and April only exacerbated these conditions, causing tonnage to total fewer than 6.2 million short tons during the first half of the year, a 37 percent plunge from a year earlier. Coal production in Ohio County increased slightly in 2019, reaching 7.3 million short tons as several power plants supplied by the Tunnel Ridge Mine were able to stave off closure. County output has fallen through the first half of 2020, though the fall-off in production has been appreciably smaller compared to operations in Marshall County and other top-producing counties in West Virginia.

The structural problems affecting coal in the domestic power generation market, along with an aggressive use of debt by some companies to grow market share in recent

years, has caused a large number of coal operators to enter bankruptcy – including Murray American Energy - even as market prices were high thanks to export demand between 2017 and early-2019.

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 3rd, 5th and 6th in terms of statewide natural gas production from horizontal wells in 2019 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 more than one-fourth of the state’s overall horizontal well gas volume in 2019. While Belmont remains the epicenter of Ohio’s shale gas producing region, production has fallen over the last several quarters, with total withdrawal volume declining more than 8 percent on a year-over-year basis during the first half of 2020.

By comparison, production volumes have increased at increasingly stronger rates in West Virginia’s shale-producing counties. Indeed, despite a measurable slump in the number of rigs actively operating in the region and the knock-on economic impacts of the COVID-19 pandemic, natural gas output during the first half of 2020 in the three West Virginia counties has increased by more than 50 percent compared to the same period in 2019. Of course, the reduction in rig numbers has weighed on industry payrolls in recent quarters, since newly tapped wells have been incredibly productive and work crews needed to maintain well sites is less compared to exploration and development activity.

In terms of downstream natural gas industries, the Mid-Atlantic Region is still in its infancy in terms of its overall development. Indeed, the Shell ethane cracker under construction in Beaver County, PA, remains the most noteworthy development currently; however, PTT Global Chemical continues to evaluate its options with the Dilles Bottom property in Belmont County. While PTT did lose its South Korean investing partner company (Daelim Chemical), the company continues to move forward with exploring the site’s development potential for the project.

MANUFACTURING Though occupying a smaller footprint in the Wheeling Area’s economy compared to say, 25 years ago, the manufacturing sector certainly remains a

significant presence in the four-county area thanks to a sizable concentration of chemicals, plastics and metals manufacturing businesses. 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. In addition, new companies have emerged in the tri-state area (e.g., Pietro Fiorentini) that manufacture pipe fittings, controls and other components that are used to drill or transport natural gas.

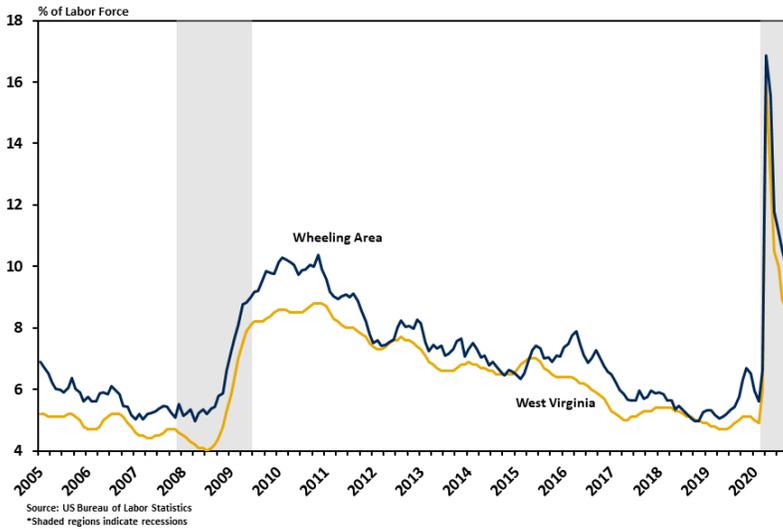
SERVICE SECTORS Energy production and manufacturing activity play a major role in the Wheeling Area’s economy, the trade, transportation and utilities super-sector ranks as the largest source of private sector employment in the Wheeling Area. Prior to 2019, the super-sector was relatively stable in terms of payroll levels, though the performance was uneven across its underlying sectors. For example, retail trade was the weakest segment in the four-county area by a wide margin.

Traditional brick-and-mortar retail activity across the US has seen its struggles deepen in recent years as consumer spending activity continued to shift spending to online direct-ship or online order-and-pickup platforms. 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.

Capacity restrictions and temporary closures of non-essential businesses during the initial pandemic response in March and April 2020 did lead to many retail workers to be furloughed. Given the combined impact of lingering consumer concerns over the virus and social distancing guidelines at retail establishments have left many retailers unable to rehire most workers laid-off during the early months of the pandemic. In addition, the pandemic has accelerated the shift of online consumer spending activity via sites such as Amazon, further weighing on foot traffic to brick-and-mortar stores

Education and health services contains nearly one-in-five of the region’s jobs. While the sector’s trends have been positive at the state and national level over the past

Figure 4: Unemployment Rate



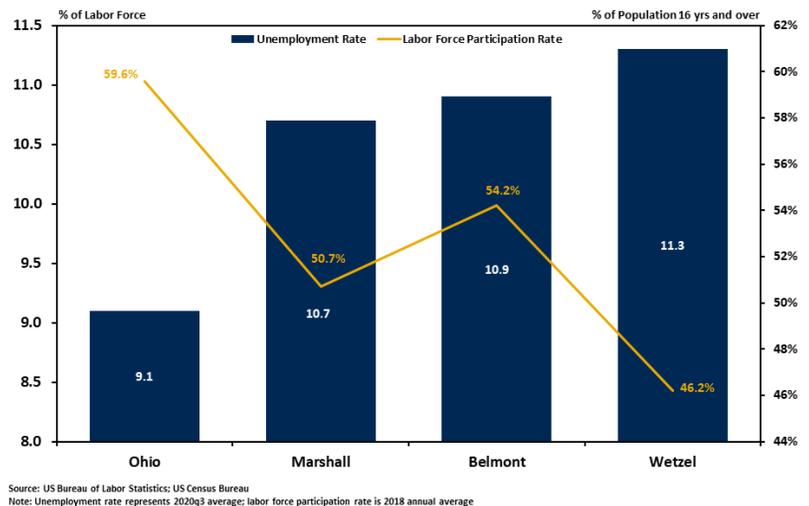
UNEMPLOYMENT After declining appreciably between early-2016 and early-2019, the Wheeling Area’s unemployment rate started to trend higher even prior to the pandemic, reaching the upper-6 percent range toward the end of 2019. As businesses, schools and government offices began to close (and eventually ordered to close by the Governor) in early- to mid-March amid concerns over the COVID-19 pandemic, roughly 7,000 workers were added to unemployment rolls in the four-county area by mid-April. This pushed the regional unemployment rate from 6.6 percent in February to a peak of nearly 17 percent in mid-April – a level not seen in the area since the early 1980s recession. Unemployment has fallen in recent months as furloughed workers have been called back to their previous job, while others have exited

the labor force due to poor job prospects in certain consumer-related industries. The area’s jobless rate remains noticeably higher than statewide and national averages at 10.5 percent. As of the third quarter of 2020, Ohio County has the region’s lowest unemployment rate at 9.1 percent, while Wetzel County’s jobless rate is more than two percentage points higher at 11.3 percent during percent in Ohio County to 6.4 percent in Wetzel County based on preliminary data for the second quarter of 2019.

decade, conditions locally have been less sanguine. The sector has experienced problems in recent years as several hospitals in the region have posted poor fiscal results amid rising costs and declining populations in the service area. 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. Unfortunately, Eastern Ohio Memorial Hospital and Ohio Valley Medical Center were closed in late-2019 resulting in the loss of more than 1,000 jobs, as both facilities recorded large financial losses. WVU Medicine indicated it would seek to absorb the patients affected by service losses associated with the closures and hire some of the laid off personnel soon. The COVID-19 pandemic has also affected healthcare providers, including those in the four-county area. In order to accommodate increased capacity for hospitalized covid patients and to prevent in-facility spread of the virus, healthcare providers delayed non-emergent care and procedures and routine appointments during March and April, leading to furloughs of staff. Recent increases in viral spread and hospitalizations in West Virginia have not led to layoffs at this time, but continued concerns over covid exposure at hospitals and other medical facilities has weighed on patients keeping appointments.

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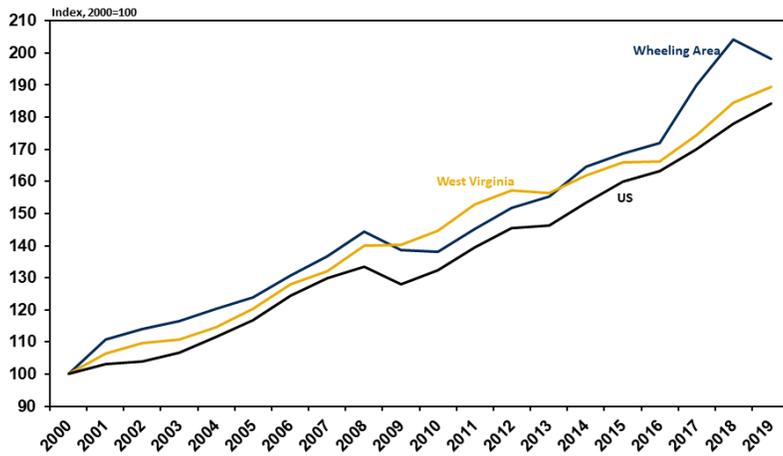
Figure 5: Unemployment and Labor Force Participation by County



Source: US Bureau of Labor Statistics; US Census Bureau
 Note: Unemployment rate represents 2020q3 average; labor force participation rate is 2018 annual average

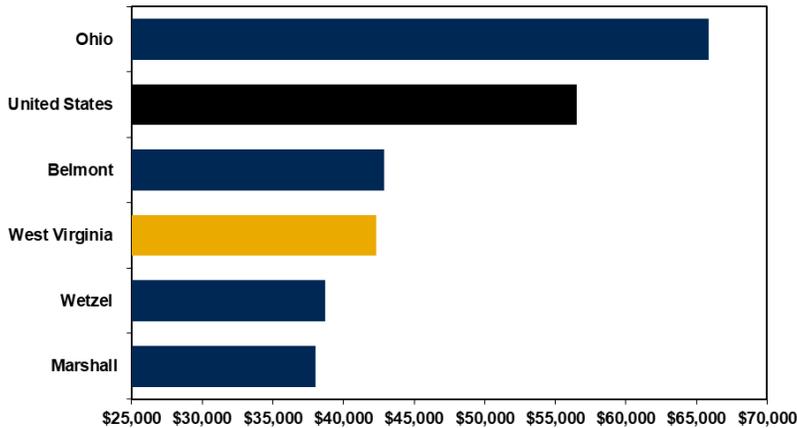
LABOR FORCE Reflecting a combination of the region’s underlying economic volatility and underlying demographic trends, the Wheeling Area has recorded labor force attrition over much of the past decade or so.

Figure 6: Per Capita Personal Income



Source: US Bureau of Economic Analysis
 *Note: The 2019 figure for the Wheeling Area is an estimate.

Figure 7: Per Capita Personal Income by Area (2019)



Source: US Bureau of Economic Analysis
 *Note: The 2019 figure for counties is a preliminary estimate

Overall, the region’s workforce declined by roughly 5,000 people between 2010 and late-2019. The COVID-19 pandemic has exacerbated the drop-off in the region’s workforce, but the impact is expected to fade over time as conditions begin to normalize in 2021.

Workforce participation rates in the Wheeling Area tend to match or exceed the West Virginia statewide average in the more urban counties of Ohio and Belmont. Marshall lags the statewide average by several percentage points overall, but like Ohio and Belmont counties, workforce participation among the prime working age (25 to 54 years) falls more closely in line with the national average. By comparison, Wetzel County’s workforce participation rate (46.2 percent) lags

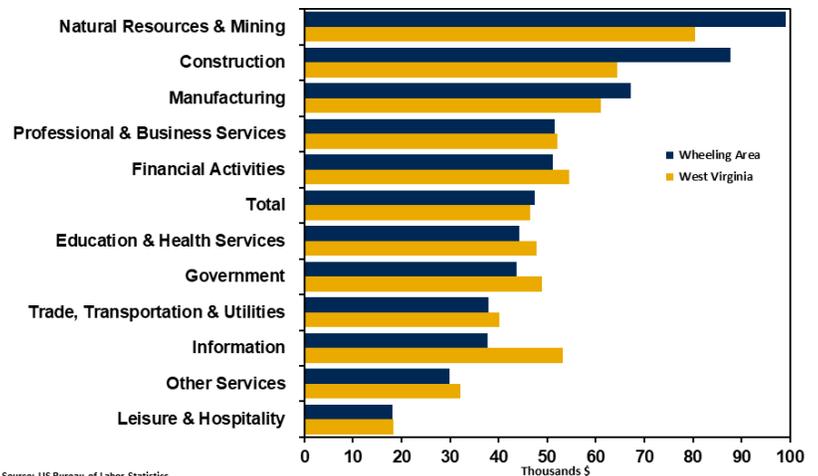
both state and national averages by a sizable margin and the county’s participation rate deficit persists across all major age groups.

INCOME Per capita personal income for the Wheeling Area is estimated at approximately \$46,300 during calendar year 2019, equaling a 3 percent decline versus 2018. Overall per capita income for the region has surged 31 percent since 2012 (not adjusting for inflation, as presented in Figure 6), surpassing income growth at both the state and national levels by several 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 7 years.

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 \$65,900 per person during 2019, ranking it as the highest among West Virginia’s 55 counties and nearly 60 percent above the statewide average and

Figure 8: Average Annual Salary by Major Sector (2019)



Source: US Bureau of Labor Statistics

slightly higher than the national average. Belmont County has the region’s second-highest level of income and is roughly on par with the West Virginia average. Marshall and Wetzel counties fall short of the statewide average, with residents receiving an average of between \$38,000 and \$39,000 in 2019.

DEMOGRAPHICS 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 1999. Each county in the region has lost residents, although Belmont has been the most stable in the region.

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 more than 9 percent of the 25 years and older population have received an associate degree.

Figure 9: Summary Population Profiles

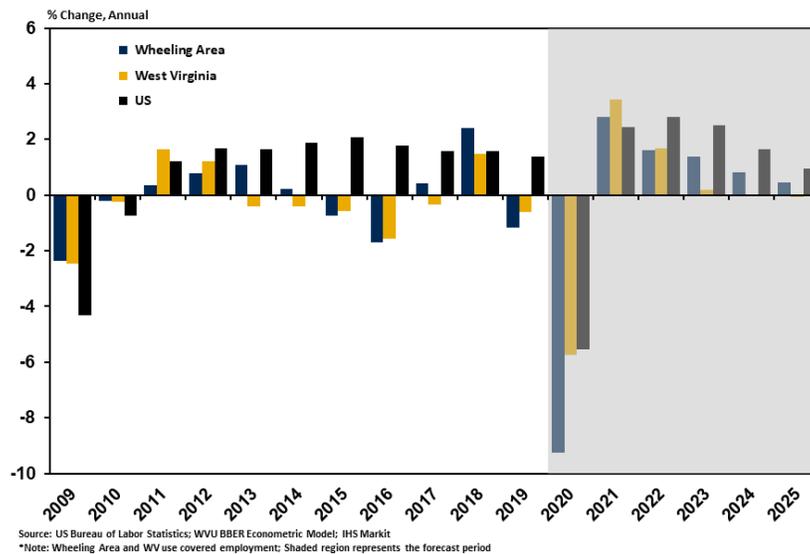
	Wheeling Area	West Virginia	United States
Total Population (2019)	155,315	1,792,147	328,239,523
% Population Under 18 (2019)	19.0%	20.1%	22.3%
% Population 65 Years + (2019)	22.1%	20.5%	16.5%
Population with Less than High School Diploma (2018, 25 yrs. +)	9.9%	12.2%	11.7%
Population with High School Diploma, No College (2018, 25 yrs. +)	41.6%	39.7%	26.9%
Population with Some College (2018, 25 yrs. +)	28.8%	26.7%	28.9%
Population with Bachelor's Degree or Higher (2017, 25 yrs.+)	19.7%	21.3%	32.6%
Median Age (2019)	44.7	42.9	38.4
Mean Household Income (2018)	\$64,325	\$61,707	\$87,864
Average Household Size (2019)	2.35	2.51	2.73

Source: US Census Bureau

Economic Outlook

Expectations for the West Virginia and US economy during the 2020-2025 forecast horizon will have a significant impact on Wheeling Area’s performance going forward.³ The forecast calls for the region to recover from the energy sector’s slowdown and effects of the COVID-19 pandemic in 2021 and 2022. For the overall forecast horizon, after a nearly 9 percent decline in total employment during 2020, the four-county area is expected to record growth that well exceeds the statewide average but falls short of the national average.

Figure 10: Employment Growth Forecast



Overall, we anticipate total employment will increase by 1.4 percent annually through 2025. Growth is expected to be the strongest in 2021, and although this largely reflects favorable year-over-year comparisons to the second and third quarters of 2020 other factors will be at play. The increased availability of rapid covid-testing platforms, therapeutics as well as several candidate vaccines being granted full approval by the FDA at some point during the year should allay consumer and business concerns related to the virus.

The forecast assumes these efforts will allow for substantial reductions in social distancing requirements by late-2021 and will allow leisure and hospitality, retail and other consumer-related service sectors to return closer to normal, thus boosting underlying growth in 2022 and

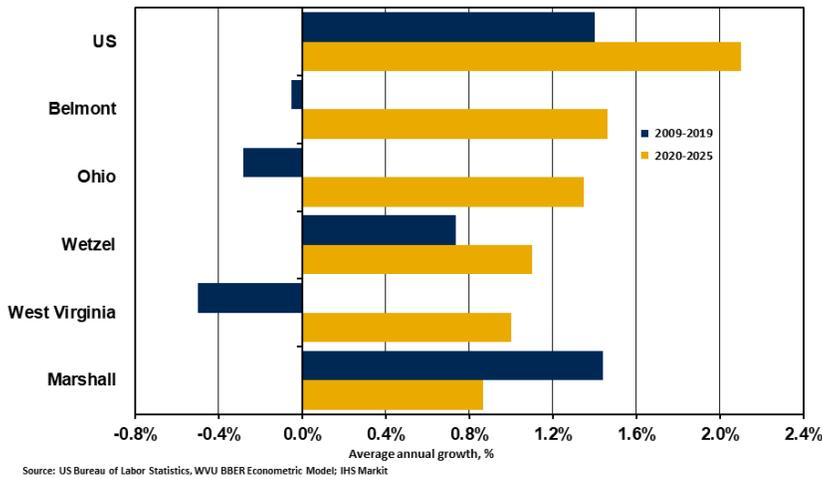
2023. Nonetheless, we do not expect the Wheeling Area to return to pre-pandemic levels of employment as some key segments of the regional economy face significant long-term challenges.

Chief among these will be what is a decidedly mixed outlook for the region’s energy sector. While steam coal production is expected to rebound in 2021 and stabilize in 2022, reflecting the backdrop of stronger electricity demand and macroeconomic growth, but the continued transition toward natural gas and renewables as feature fuels to generate electricity in the US will put a ceiling on domestic steam coal demand over the longer term. While the region’s natural gas industry will experience some weakness over the next year or so due to the retrenchment in exploration and development activity and challenging capital market conditions, longer term prospects are more promising due to rising domestic and international demand for natural gas to generate electricity and for downstream manufacturing activity and other industrial applications. For instance, while no decision has officially been rendered, PTT Global Chemical’s proposed ethane cracker in Belmont County certainly offers upside potential for the region’s outlook from numerous angles. 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 further development in chemicals and plastics manufacturing throughout the Mid-Ohio Valley.

Of course, the natural gas industry does face its own set of downside risks. These risks largely stem from legal challenges to midstream assets such as interstate natural gas pipelines and storage as well as downstream projects such as natural gas power plants and petrochemicals manufacturing plants. The regulatory environment poses an unknown to the forecast, as the outcome of the US Presidential race and the balance of power in the Senate could significantly impact regulations on methane and

³ All forecast estimates presented herein are derived from the West Virginia University Bureau of Business & Economic Research Econometric Model unless otherwise noted.

Figure 11: Employment Growth Forecast by Area



carbon dioxide, not to mention rules concerning fracking and where it may occur.

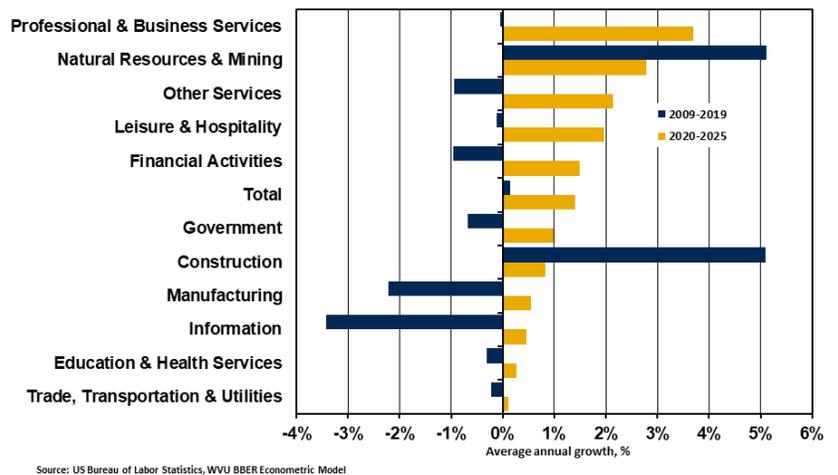
COUNTY DIFFERENCES Among the region’s four counties, Belmont County is expected to realize the fastest pace of job growth going forward at roughly 1.5 percent annually. Some of this will reflect a bounce back in activity as the effects of the pandemic begin to fade as well as a rebound or stabilization in a few sectors that have struggled significantly in recent years. In addition, the forecast also assumes continued development of the county’s shale gas industry and the other industries that support it. The PTT Global Chemical ethane cracker remains a key source of upside potential. Ohio County is expected to see growth that outperforms the statewide average during the outlook period, as Wheeling Island and consumer-oriented businesses such as restaurants, hotels, retailers and theaters that line the I-70 corridor benefit from improving consumer confidence if the pandemic subsides as expected.

Wetzel County’s growth is expected to come in at nearly 1.1 percent per year on average through 2025, but 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. 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. The forecast calls for Marshall County

to register the slowest pace of growth among any county in the region. However, its performance over the next five years will be the most subject to risk as volatile commodity markets can alter the county’s growth prospects in terms of timing and magnitude.

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 3.7 percent per year.

Figure 12: Wheeling Area Employment Growth Forecast by Sector

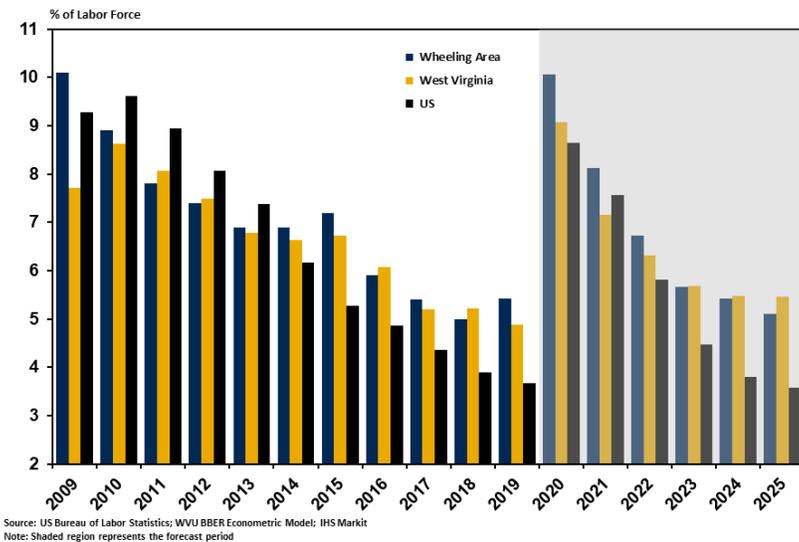


CONSTRUCTION Construction payrolls in the Wheeling Area are expected to grow 0.8 percent annually during the outlook period, though growth will be concentrated over the next couple of years. Natural gas pipeline infrastructure located within the region’s footprint has mostly been completed, but additional investment is possible contingent upon the legal/regulatory environment and market conditions for natural gas and NGLs. 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.

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 gas production activity absorb more office and industrial space.

Figure 13: Unemployment Rate Forecast



MANUFACTURING The forecast calls for manufacturing payrolls to increase just over 0.5 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 ethane 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 SERVICES Education and health services is expected to add jobs at a 0.3 percent average annual rate through 2025. Demographic factors nationally and

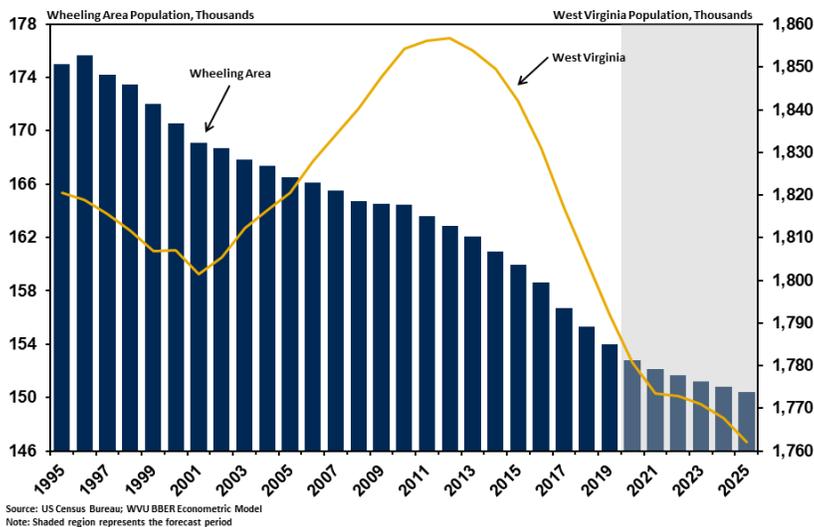
regionally suggest healthcare demand will likely increase going forward as the age distribution continues to tilt toward higher users of health care services, the healthcare sector’s performance in general over the past several years along with the recent closure of two area hospitals suggest additional capacity growth in the sector could be limited. However, the emergence of WVU Medicine as a strategic partner for several facilities provides at least a stabilizing presence for the sector. Overall government employment in the Wheeling Area is expected to increase by 1 percent per year, though most of this growth will reflect a post-pandemic recovery in staffing levels for city and county governments. At the same time, local governments should enjoy increased fiscal capacity thanks to natural gas severance tax collections, sales tax growth and B&O collections related to the gas industry’s long-term growth prospects.

UNEMPLOYMENT OUTLOOK Large revisions to historical data in the next benchmark revision 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. In addition, the path of the pandemic over the next year or so will have a significant influence on the trajectory of the unemployment rate. With that said, the forecast calls for the regional unemployment rate to average 10 percent in 2020, the highest annual average since the Great Recession. The jobless rate is expected to dip below 8 percent by the midway point of 2021 and fall below 6 percent in early-2023. Ultimately, the jobless rate should finish the outlook period just below 5 percent.

Ohio County is expected to have the lowest unemployment rate in the four-county region, averaging in the upper-4.0 percent range during the latter portion of 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 mid-6.0 percent range by 2023. Wetzel County will continue to possess the four-county area’s highest rate of unemployment going forward, averaging in the low to mid 7.0-percent range by the latter half of the forecast horizon.

INCOME Due to the large influx of pandemic-related federal relief, inflation-adjusted personal income in the Wheeling Area is expected to decline between 2020 and 2025. Although more federal pandemic relief could be passed in late-2020 or early-2021, and could affect comparisons further, real per capita income is expected to increase nearly 1.8 percent per year between 2021 and 2025. Job gains in high-wage industries such as public infrastructure construction activity, natural gas and manufacturing as well as continued growth in royalty payments from gas production will support income gains through the middle and latter portions of the outlook period. Transfer payments will be a major buoy to incomes in the area as the region’s high share of residents at or above the age of 65 will cause government transfer payments (i.e. Social Security and Medicare) to be an increasingly larger portion of income going forward.

Figure 14: Population Forecast



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 600 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 2025.