Executive Summary
West Virginia’s Eastern Panhandle (EPH) has ranked as the state’s strongest economic region for a decade, with employment and other major indicators pointing to underlying strength in the EPH economy compared to West Virginia. The COVID-19 pandemic has hurt the EPH’s economy and will weigh on growth over the next few months, but the area should snap back by late-2021. In this report, we present a detailed discussion of the current state of the EPH economy along with our forecast for the likely path of economic activity over the next five years.

Several key facts behind the recent economic performance of the Eastern Panhandle Region are as follows:

- Local employment in the EPH increased by more than 10,500 between 2010 and the first three months of 2020, while payrolls for the state’s other 52 counties declined by 13,000 over the same time period.

- Among the region’s three counties, employment growth has been strongest in Berkeley County. At the same time, Jefferson County has made moderate job gains and Morgan County has seen signs of growth.

- Manufacturing and the trade, transportation, and utilities sectors have accounted for most of the region’s employment growth in recent years, driven in large part by the openings of the Procter & Gamble manufacturing facility and Macy’s fulfillment center.

- The COVID-19 pandemic and ongoing capacity restrictions for several sectors have weighed on area payrolls, as fewer than half of the jobs lost in March and April 2020 have been recovered.

- Leisure and hospitality has been the sector most hurt over the course of the COVID-19 pandemic, as limits on capacity restrictions for indoor venues such as Hollywood Casino, restaurants and bars.

- Prior to the pandemic, the EPH’s unemployment rate fell to just below 3 percent. However, unemployment in the region surged to more than 12 percent in April 2020 before receding to 6 percent in September 2020.

- Labor force participation rates exceed the overall statewide average and Jefferson and Berkeley counties have workforce participation rates above the national average.

- The EPH has posted by far the largest population increase of any region in the state in recent decades. Over the past 20 years, the EPH has gained 64,000 residents, offsetting the loss of an equivalent number of people for the state’s remaining 52 counties.

- EPH’s population is younger and has a larger share of college-educated residents than the overall state.

Our forecast calls for the EPH to recover from the COVID-19 pandemic fully, returning to the area’s pre-pandemic level of employment by early-2022. Key aspects of our forecast are as follows:

- We expect employment to grow at an average annual rate of roughly 1.8 percent per year through 2025. This rate will surpass statewide growth by a wide margin but trail the national average.

- Leisure and hospitality will lead in terms of job growth, as widespread availability of testing, therapeutics and vaccines help to end the COVID-19 pandemic and eventually the need for social distancing restrictions for indoor venues.

- Continued growth at Procter & Gamble, along with new facilities for Rockwool and Clorox, will boost manufacturing activity in the EPH further during the outlook period.

- Trade, transportation and utilities is the only sector in the region expected to lose jobs, but this will be driven entirely by structural changes affecting retailers.

- Unemployment is expected to fall over the next few years before settling in the low- to mid-3 percent range.

- Strong increases in wages and salaries from local workers and commuters to the Greater DC Area will drive healthy growth in personal income.

- The EPH population is expected to grow at a rate of 0.8 to 0.9 percent annually during the outlook period, led by Berkeley and Jefferson counties.
Recent Economic Performance

Prior to the pandemic, the Eastern Panhandle solidified itself as West Virginia’s strongest economic region, having registered steady—and quite strong—rate of growth. Indeed, while total statewide employment recorded a slight decline between 2009 and 2019, the three-county area saw payrolls increase by more than 20 percent during this time period. Growth accelerated beginning in late-2017 as the initial opening and subsequent expansion of activity at Procter & Gamble’s manufacturing plant created more than 1,400 jobs, along with the co-location of hundreds of jobs at supporting enterprises on the facility’s Martinsburg-area campus.

Although the area’s economic success is expected to continue going forward, the Eastern Panhandle economy has experienced difficult times in recent months as a result of the COVID-19 pandemic. Indeed, the three-county region saw payrolls decline at a faster rate than the state overall during the initial pandemic response, as local employment fell by more than 13 percent between the first and second quarter of 2020. The area’s rebound in employment has also been weaker by comparison, with less than half of the 7,400 jobs that were lost via temporary furlough and permanent separations in the spring have been recovered by the third quarter of 2020.

The limiting factor for the region’s rebound in activity can be attributed to the three-county area’s above-average share of businesses that remain subject to maximum capacity restrictions and other public health measures, especially large hospitality establishments like Hollywood Casino in Jefferson County as well as the cluster of lodging, retail and restaurants along the I-81 corridor. The recent upsurge in COVID-19 cases and hospitalizations both locally and nationwide could dampen the area’s growth over the next few months as enhanced measures may be added to lower viral spread.²

PERFORMANCE BY COUNTY While the region posted strong and steady job growth over much of the last decade or so, the area’s individual counties have followed much different tracks within that time frame. With nearly two-thirds of the jobs found in the region, along with the fact that it lies directly on the I-81 corridor and is close to I-70, Berkeley County is regarded as the Eastern Panhandle Region’s economic center and has also established itself as the leading county in the state in terms of absolute job

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¹ For the purposes of this report, The Eastern Panhandle Region is comprised of three counties: Berkeley, Jefferson and Morgan counties.

² Sources for historical information are noted in each figure.
growth since the beginning of 2010. Indeed, the county’s employment base increased by more than 8,400 (30 percent) spanning the period between the first quarters of 2010 and 2020 while the balance of the state saw payrolls decline by more than 11,000 over this same period. Most of the county’s organic job growth can be linked to major new openings such as the Macy’s fulfillment center and Procter & Gamble, but a wide cross section of sectors has posted appreciable job growth over the past decade. The pandemic response did weigh on county payrolls, as hotels, restaurants and retailers laid off workers because of shelter-in-place orders, consumers cutting back on out-of-home trips and maximum capacity allowances.

Jefferson County, which contains roughly 30 percent of the jobs located within the region, has experienced uneven gains over the past several years. After seeing a jump of 1,300 payrolls initially between early-2010 and mid-2012, payrolls have trended higher at a slow pace in subsequent years. Nonetheless, Jefferson County’s trajectory in economic activity has greatly differed from the state as a whole and, prior to the pandemic at least, have remained above the previous peak observed just before the Great Recession. The COVID-19 pandemic has weighed on employment levels within Jefferson County when compared to the region’s other two counties, chiefly due to its second-largest employer, Hollywood Casino, was closed for an extended period of time and remains subject to maximum capacity restrictions of 50 percent occupancy along with limitations on table games.

Morgan County has generally performed the weakest of the economic region’s three counties, with the number of payrolls in the county falling steadily from 2004 to 2015. On a positive note, employment in the Eastern Panhandle’s most rural county has edged higher over the past few years.

**COMMUTER JOBS** Although the Eastern Panhandle has enjoyed strong payroll growth from within the region in recent years, the region remains highly reliant upon economic activity in larger population centers in adjacent states. Indeed, more than 40 percent of the Eastern Panhandle’s workforce holds a job in places such as Northern Virginia, Suburban Maryland or downtown Washington DC. Partisan budget battles from the early 2010s caused a noticeable slowdown for much of the Greater Washington DC Area’s economy in 2013 and 2014—including commuters from the Eastern Panhandle.

Greater DC Area growth has picked back up since then and has helped to open up the availability of high-wage jobs for the scores of commuters that reside in exurban counties such as Berkeley and Jefferson counties. In all, nearly 10,000 residents in the Eastern Panhandle gained a job between early-2016 and just prior to the COVID-19 pandemic. The number of employed residents in the Eastern Panhandle fell by more than 14,000 between March and April 2020 as shelter-in-place orders in WV and neighboring states forced many businesses to close or sharply curtail operations, leading many to furlough a significant portion of their workforces. As pandemic restrictions were loosened over the course of the summer and businesses brought furloughed workers back onto the payroll, household-based employment in the three-county area bounced back by nearly 9,000 by September 2020.

**TRADE SECTOR** Even though many sectors have contributed to the Eastern Panhandle’s gains over the past several years, a large chunk of the jobs created in the three-county area have come from a handful of sources. Since 2012, the trade, transportation and utilities sector has recorded the single-largest addition of any sector for the area, largely as a result of the Macy’s fulfillment center in Martinsburg. Year-round staffing levels for the facility total roughly 2,300 workers, but annual averages are significantly higher as several thousand more full- and part-time workers are hired on a temporary basis to meet demand for winter holiday shopping seasons. The COVID-
19 pandemic appears to have only accelerated the retailer’s emphasis on fulfillment centers that had already been occurring in recent years as Macy’s was closing or downsizing its brick-and-mortar locations.

In addition to the boost created by distribution and warehousing services at the Macy’s facility and other sites along the I-81 corridor, strong gains in the Eastern Panhandle’s population and income base have enabled the region to add retail jobs over the past several years. Indeed, while state and national-level trends in retail employment have been negative, especially as competitive issues for brick-and-mortar locations with Amazon-style sellers and structural shifts in consumer preferences have prompted a wave of high-profile bankruptcies, the three-county area has managed to post an 8 percent gain in retail trade payrolls since early-2013. Several retailers in the region have been stressed by the pandemic, and a few companies that operate locally have or plan to close stores (e.g. Bed, Bath and Beyond).

**Figure 4: Unemployment Rate**

**EDUCATION AND HEALTH** The education and health services sector has accounted for a large portion of jobs added in the region in recent years. Despite an extended period in 2012 and 2013 when no new jobs were added, the sector has seen a net increase of roughly 1,800 workers since 2010. Moreover, the sector has driven a significant share of regional job growth from a long-term perspective, as private education and health care providers in the Eastern Panhandle have more than doubled their employment bases since the late-1990s. Most of these gains are connected to the broader trends that are occurring nationally within the healthcare sector vis-a-vis rising demand for healthcare services from an aging population. However, private education provider American Public University System (APUS) is headquartered in Charles Town and has aggressively boosted its online education offerings in recent years, resulting in appreciable faculty and staff additions at its local corporate and academic offices.

**OTHER SERVICES** Leisure and hospitality is a comparatively large player in the Eastern Panhandle’s economy and has seen payrolls increase by 11 percent since early-2014. As has been the case with retail activity, the sector has been buoyed by solid growth in population and income over the past several years as well as the addition of several midscale hotels along the I-81 corridor in Berkeley County. In general, these improvements have been necessary to offset the struggles felt at the sector’s largest employer—Hollywood Casino. In addition to the overall downward trend in gaming activity nationally, the addition of MGM National Harbor and other venues in Maryland has significantly increased the level of competition for casino visitors. On a positive note, however, Hollywood Casino was one of two casinos in the state to launch on-site sports betting services and has seen a jump in revenue and visits over the past few months as a result. With that said, Hollywood Casino remains limited in its operations as a result of maximum capacity allowances and scaled-back table game services, which caused the casino’s operator to announce the elimination of more than 500 jobs in August 2020.

**PUBLIC SECTOR** While many residents commute into Maryland, Northern Virginia or Washington DC to work for federal agencies, the public sector also has a large presence in the Eastern Panhandle—accounting for more than 1 in 4 jobs in the three-county area. Aside from state and local government offices, the US federal government has a sizable presence, with offices and various facilities for Treasury, Veterans Affairs, Customs, the National Parks Service and other agencies employing nearly 4,800 workers. Total public sector employment in the region has increased slightly since 2010 and the gains have been evenly split for the most part across all levels of government.

**AGRICULTURE** While the Eastern Panhandle contains a limited amount of mining operations, the region is one of the few in the state that does have a sizable presence of
agricultural activity. The Eastern Panhandle contains about 1,300 farming operations, with cattle, horses and apple orchards constituting most of the area’s farming activities. Preliminary data indicate gross cash sales of crops and livestock by local farms totaled more than $62 million in 2019. Although this represents a structurally higher level of sales compared to what local farm operations earned on average during the late 2000s, gross sales are down by nearly 13 percent since 2014 as the pricing environment several of the region’s primary cash crops and livestock have fallen measurably.

**UNEMPLOYMENT** After reaching the mid- to upper-8.0 percent range during 2009 and 2010, the Eastern Panhandle’s unemployment rate fell significantly and on a relatively consistent basis all the way through the first three months of 2020, reflecting the robust nature of both the local economy and the broader DC-area’s performance where many area commuters work. Indeed, the region’s jobless rate fell to approximately 3 percent in early-2020, marking the lowest rate of unemployment since the late-1990s.

Of course, the COVID-19 pandemic led to an unprecedented historical surge in the unemployment rate throughout the US, and the Eastern Panhandle was not immune. The region’s jobless rate surged from the low-3.0 percent range in March 2020 to more than 12 percent in just one month’s time. As the state’s shelter-in-place orders expired in early-May 2020 and sectors could reopen (under various capacity restrictions), businesses began to re-hire workers, this has prompted significant declines in the area’s unemployment rate, falling to the mid-6.0 percent range in recent months.

**LABOR FORCE** In contrast to broader statewide trends, the Eastern Panhandle’s unemployment rate declines over the past several years can be linked to improving labor market conditions instead of attrition in the workforce. Prior to the COVID-19 pandemic, the Eastern Panhandle’s labor force had increased by approximately 9,000 people since the beginning of 2016. In terms of official workforce
participation, the region has nearly two-thirds of its residents aged 16 years and older working or actively looking for work, surpassing both statewide and national averages. Morgan County contains a larger proportion of retirement-age residents, so its labor force participation is much lower overall; however, even among the prime working-age years (25-54), Morgan County’s workforce participation rates exceed state and national averages.

INCOME Per capita personal income in the Eastern Panhandle was estimated at nearly $44,500 during calendar year 2019, a 3.1 percent gain over 2018 (without adjusting for inflation). Growth in the region’s per capita income levels since 2012 (2.5 percent per year) has lagged both state and national averages, though this can be attributed in part to healthy population growth not fundamental weakness in income growth. Of the three counties in the Eastern Panhandle region, residents in Jefferson County have the highest per capita income at roughly $51,500, putting it nearly $9,000 above the statewide average and ranking second among West Virginia’s 55 counties. Per capita income levels in Berkeley and Morgan counties were lower at $42,500 and $35,000.

POPULATION The Eastern Panhandle has consistently ranked as West Virginia’s fastest-growing region for the past 20+ years. Between 1999 and 2019, Berkeley, Jefferson and Morgan counties combined to add nearly 64,000 residents, offsetting an almost identical magnitude in population decline from the state’s remaining 52 counties combined over this time period. Population growth in the Eastern Panhandle has decelerated in comparison to its performance in the early-to mid-2000s, but gains have begun to pick back up over the past four years (1.2 percent annually) thanks to improving job prospects locally and more affordable housing prices compared to neighboring markets.

DEMOGRAPHICS The Eastern Panhandle’s population tends to resemble the US rather than what is observed for populations other parts of West Virginia. Indeed, the region’s age profile allows the region to gain residents via natural increase. The local population also tends to possess higher levels of educational attainment. Nearly 23 percent of the region’s population aged 25 years and older held at least a bachelor’s degree during 2016. Jefferson County contained the highest share of college graduates in the region, with more than one in four of the county’s residents aged 25 years and older possessing a bachelor’s degree or higher.

Figure 9: Summary Population Profiles

<table>
<thead>
<tr>
<th></th>
<th>EPH</th>
<th>West Virginia</th>
<th>United States</th>
</tr>
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<tbody>
<tr>
<td>Total Population (2019)</td>
<td>194,201</td>
<td>1,792,147</td>
<td>328,239,523</td>
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<tr>
<td>% Population Under 18 (2019)</td>
<td>22.5%</td>
<td>20.1%</td>
<td>22.3%</td>
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<tr>
<td>% Population 65 Years + (2019)</td>
<td>16.4%</td>
<td>20.5%</td>
<td>16.5%</td>
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<tr>
<td>Population with Less than High School Diploma (2018, 25 yrs. +)</td>
<td>11.3%</td>
<td>12.2%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Population with High School Diploma, No College (2018, 25 yrs. +)</td>
<td>36.1%</td>
<td>39.7%</td>
<td>26.9%</td>
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<tr>
<td>Population with Some College (2018, 25 yrs. +)</td>
<td>29.0%</td>
<td>26.7%</td>
<td>28.9%</td>
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<td>Population with Bachelor’s Degree or Higher (2018, 25 yrs.+</td>
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<td>21.3%</td>
<td>32.6%</td>
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<tr>
<td>Median Age (2019)</td>
<td>40.6</td>
<td>42.9</td>
<td>38.4</td>
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<tr>
<td>Mean Household Income (2018)</td>
<td>$77,871</td>
<td>$61,707</td>
<td>$87,864</td>
</tr>
<tr>
<td>Average Household Size (2019)</td>
<td>2.61</td>
<td>2.51</td>
<td>2.73</td>
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Source: US Census Bureau
Economic Outlook

Expectations for the US economy, and to a lesser extent the West Virginia economy, during the forecast horizon will have a significant impact on the Eastern Panhandle’s economic performance. In particular, the trajectory of the COVID-19 pandemic within West Virginia and neighboring states will have a major influence on the region’s ability to recover further over the next several quarters. The forecast calls for the region to recover from the COVID-19 pandemic at a healthy pace over the course of 2021 and 2022 following an estimated drop in employment of nearly 6 percent during 2020. The area is expected to record growth over the next five years that easily surpasses the statewide average but lags the nation slightly.

EMPLOYMENT OUTLOOK We anticipate total employment in the three-county region will increase at a rate of more than 1.8 percent per year through 2025. This represents a somewhat slower pace of growth for the region compared to its performance over the previous decade; however, growth will be strong enough such that the Eastern Panhandle will rank as the state’s fastest-growing economic region going forward. While the recorded rate of growth during 2021 will be the strongest of any year during the forecast horizon, most of this will reflect a favorable comparison to the first half of 2020 when a large amount of economic activity was paused due to shelter-in-place orders and subsequent restrictions in business capacity. At the same time, growth will remain well above the statewide average by a healthy margin over the remainder of the outlook period thanks to continued growth in manufacturing activity (P&G, Rockwool and Clorox), transportation and logistics, high-tech business services and the widespread deployment of vaccines help to end the COVID-19 pandemic and enable consumer service-based industries return closer to normal. In addition, in-migration is expected to boost local growth as the area’s ties to the Greater DC economy will attract remote workers and commuters.

COUNTY FORECAST Jefferson County is expected to enjoy the strongest rate of growth over the next five years, averaging nearly 2.3 percent annually through 2025. The upcoming opening of Rockwool’s insulation manufacturing facility will boost county payrolls in 2021, but most of the county’s growth will occur over the course of late-2021 and most of 2022 as vaccine deployment increases confidence of consumers to visit the casino, go to restaurants or congregate in other indoor settings. Berkeley County’s economy will enjoy job gains of 1.7 to 1.8 percent per year through 2025. Additional growth at the P&G facility, both in terms of production and expansion of co-located packaging and logistics firms, will boost payrolls for the foreseeable future while the Clorox cat litter facility’s construction and opening is also expected to lift local job growth over the next two years. Morgan County will lag broader regional growth but should outpace broader statewide job gains with an expected increase of 1.5 percent annually through 2025. Most of the growth will be linked to in-migration of high-income residents as well as an improved backdrop for tourism and other consumer services activity as the COVID-19 pandemic subsides over the second half of 2021.

LEADING SECTORS The forecast calls for the leisure and hospitality sector to see an average annual increase of 5 percent during the outlook period. Most of this growth will occur during the first half of the forecast horizon as the Hollywood Casino, restaurants, hotels and other indoor

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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.
consumer-facing businesses should begin to benefit from rising consumer confidence and spending activity thanks to the increased availability of testing, therapeutics and COVID-19 vaccines. Longer term, however, the Eastern Panhandle’s gaming industry continues to face many of the same risks as it did prior to the pandemic – namely, competition from newer, larger venues such as the MGM National Harbor in Prince George’s County, Maryland. Although sportsbook services offer Hollywood Casino an advantage over the short term, these services are becoming available in more states via apps and in-house terminals.

The Eastern Panhandle’s manufacturing sector is expected to record strong job growth during the next five years, expanding at a rate of 2.3 percent per year. The bulk of this growth will be accounted for by expanding production activity at Procter & Gamble’s facility in Berkeley County. The Rockwool insulation materials plant will bolster manufacturing sector payrolls in the area by 100-150 once the facility comes on line within the next few quarters, while the upcoming construction and opening of Clorox’s plant to manufacture Fresh Step and Scoop Away litter brands will add another 100 or so manufacturing jobs once it opens. Other mainstays of the Eastern Panhandle’s manufacturing sector, such as building materials and cement, should remain at least stable, but their fortunes are tied more to homebuilding activity or the broader macroeconomic environment.

OTHER SECTORS Professional and business services will register strong growth ranging between 4 and 5 percent on an average annual basis through 2025. Of course, growth will be concentrated over the first couple of years during the outlook period as tightening labor markets cause companies to hire temporary contract labor to fill vacant positions. In addition, the Eastern Panhandle’s proximity to and economic ties with the DC Beltway economy should drive opportunities for a range of high-tech and front-office jobs in defense and non-defense federal contracting as well as the private sector. Moreover, the Eastern Panhandle is expected to serve as a target for federal agencies to expand operations outside of the Beltway.

Private education and health services within the Eastern Panhandle are expected to increase payrolls at an average annual rate of 0.8 percent through 2025. However, the forecast calls for this growth to be focused entirely within the healthcare sector. Over the near term we expect regional healthcare systems to see some level of stress as rising COVID hospitalizations lead hospitals and doctors’ offices in the area to divert capacity and staff to acute and critical care, as well as delay non-emergent care and appointments. Longer term, however, we anticipate steady growth in healthcare sector employment as demographics point to rising healthcare demand. The deteriorating fiscal picture for federal safety net programs such as Medicare and Social Security do portend some likely shifts in the future cost and compensation structure for healthcare providers. The area’s private education sector is expected to see limited growth potential. President-elect Biden has signaled some intent to scrutinize the cost structure and outcome measures of private for-profit colleges such as American Public University System (APUS), which could create some potential for regulatory changes that might lead to significant operational changes and possibly even layoffs.

Employment in the region’s trade, transportation and utilities sector is projected to contract slightly over next five years. Despite the positive outlook for regional population and income growth and rising household wealth created by house price appreciation and equity market increases, local retail activity will be limited by structural changes that are affecting the sector in most of the US and were in fact accelerated by the COVID-19 pandemic. Indeed, the evolution of Amazon and other internet-based retailing venues into more areas of daily consumer spending decisions is only expected to continue...
during the outlook period. While this will not harm all traditional brick-and-mortar retailers to the same degree, and actually stands to help one major employer in the region (Macy’s), it will likely lead to broader restructuring for the sector that, along with pushes for higher federal- and state-level minimum wages up to $15 per hour, will weigh on future job growth.

The transportation and warehousing segment will be a relatively stronger performer than the rest of the sector over the next five years. The structural changes that are affecting brick-and-mortar retailers will benefit this segment since many stores are expected to emphasize online operations and fulfillment centers, such as the Macy’s center in Martinsburg. In addition, the P&G facility is expected to foster more growth opportunities for logistics operations centers beyond the current companies that have already co-located in the region. Indeed, the region’s direct access to the I-70/I-81 corridor and proximity to major Eastern US markets should provide a significant competitive advantage going forward and could lead to the development of a larger logistics hub in the three-county area.

The public sector will likely see job growth of 1.1 percent annually over the next five years. Although most of this is expected to occur at the local government level, the federal and state levels should contribute to the topline gain as well. High income levels and projected gains in population will likely create the need for new school facilities and the expanded provisions of other local services. Federal government jobs in the region should see some growth as well given that agencies diversify central activities and auxiliary operations toward areas outside the Beltway but within the broader DC region. Moreover, the agencies already located in the three-county area could be tasked for staffing increases, particularly the IRS data center operations.

**UNEMPLOYMENT OUTLOOK** The COVID-19 pandemic has had a significant impact on the reported unemployment rate, and large revisions to historical data in March 2021 could lead to a significantly different assessment in the Eastern Panhandle’s jobless rate. Furthermore, shifting demographic trends such as unanticipated changes in the labor force participation rate could cause further deviations in the three-county area’s unemployment forecast. With that said, the forecast calls for the regional unemployment rate to continue falling over the remainder of 2020; however, declines will be smaller compared to the initial phases of reopening in the summer months.

Overall, the unemployment rate is expected to finish the year with an annual average of 6.4 percent, its highest level for a calendar year since 2012. Strengthening job growth in 2021 and 2022 will push the area unemployment rate down nearly 2.5 percentage points as the jobless rate is expected to dip below 4 percent by late-2022, before settling in the low- to mid-3.0 percent range over the latter half of the outlook period. Indeed, demographic trends and wage growth should foster healthy labor force gains.
longer term, which will end up creating upward pressure on the jobless rate as the local labor market adjusts.

Jefferson County is expected to have the lowest unemployment rate throughout the forecast horizon, falling to the mid-3.0 percent range. Morgan County’s jobless rate will likely be the highest among the three counties in the region, but due to demographic factors it should still fall in the mid-4.0-percent range.

LABOR FORCE GROWTH Unlike many other parts of West Virginia, the Eastern Panhandle should continue to see solid and consistent growth in the size of its labor force through 2025. In addition to positive in-migration flows for the region, the absolute size of the under-18 population will only bolster the local workforce over the longer term, as some of these residents will enter the workforce as they graduate from high school and positive prospects for the regional economy will encourage others to return to the area once they finish college. Morgan County will be the exception as its labor force will remain steady in size as entrants to the workforce are offset by older residents exiting the labor force for retirement.

INCOME Given the substantial impact federal government transfers will have on personal income levels during 2020, the Eastern Panhandle is expected to see inflation-adjusted per capita (and total) income decline in 2021. Consequently, this report will focus on income changes between 2021 and 2025, with the three-county area expected to record average annual growth of just over 1.6 percent in the region’s real per capita income levels. Strong local job growth in a few high-wage sectors along with rising earnings from commuters (and remote workers) traveling into the DC Beltway will play a major role in boosting local income levels. Also, healthy equity market returns and rising home prices will boost investment income and overall wealth.

POPULATION The Eastern Panhandle’s total resident population is expected to grow by 0.8 percent annually between 2020 and 2025. While an appreciably slower rate of growth for the region compared to what it experienced over much of the past two decades, it represents a dramatic departure from nearly all of West Virginia’s other economic regions. Moreover, some of this below-trend growth is an artifact of relatively slower rates of population growth in the region’s oldest and most rural county – Morgan County. The forecast calls for Berkeley and Jefferson counties to add residents at average annual rates of nearly 1.0 and 0.8 percent, respectively, through 2025 and could surprise on the upside should the region successfully attract even greater numbers of retirees, commuters and remote workers to settle into the area.