

WHEELING AREA ECONOMIC OUTLOOK 2022-2026



Wheeling Area Economic Outlook

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Executive Summary

The Wheeling Area has experienced major episodes of economic volatility in recent years. Indeed, the region has swung between periods natural gas pipeline construction activity adding thousands of jobs locally, only to be followed by unprecedented job losses in just two months due to the COVID-19 recession. In this report, we present a detailed discussion of the Wheeling Area economy and an economic forecast of the region covering the next five years.

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

- **The Wheeling Area suffered above-average rates of job losses during the COVID-19 recession, as regional employment fell by more than 16 percent between mid-February and mid-April 2020.**
 - **Payrolls have increased at a strong pace over the past year, but only 60 percent of jobs lost during the initial phase of the pandemic have been recovered.**
 - Ohio County experienced the largest losses of any county in the region while Wetzel County is the lone county to see payrolls return to pre-pandemic levels.
 - **Coal production in the region plunged to its lowest levels in a decade during the pandemic, but productive operations and rebounding demand have allowed output to return close to pre-pandemic levels.**
 - **Natural gas output from horizontal wells has increased nearly 10 percent combined in Marshall, Ohio and Wetzel counties over the past year, but production has fallen in Belmont County.**
 - **Measured unemployment in the region has been volatile in recent years. The jobless rate reached a pandemic high of nearly 16 percent but has fallen to just below 6 percent in late-2021.**
 - **The area's work force has declined steadily over the years, but the pandemic has added another strain to the labor market as nearly 3,000 people have left the workforce since early-2020.**
 - **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 due to pandemic-related factors. Growth will lag the state 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 0.8 percent in the region over the next five years.** Job growth in the region is expected to be at its strongest during the first half of the outlook period, driven in large part by pandemic recovery.
 - **While the region's economic outlook is positive, growth could exceed expectations if growth in downstream natural gas industries is realized, such as PTT Global's proposed ethane cracker facility.**
 - **Services sectors will lead the region in terms of job growth going forward, as consumer-driven sectors such as leisure and hospitality benefit from the waning impacts of the COVID-19 pandemic.**
 - Goods-producing sectors will grow slower than the regional average, though the energy sector is likely subject to considerable upside and downside risk during the outlook period.
 - **Unemployment is expected to moderate further over the next couple of years before stabilizing in the low-to mid-5-percent range.**
 - **Inflation-adjusted per capita income is expected to rise at an annual average rate of 1.8 percent between 2022 and 2026.**
 - **The region's population has declined by more than 18,000 residents over the past two decades. Poor health outcomes and a growing share of elderly residents have contributed to an increasing natural population decline.**
 - **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 Area¹ has endured notable bouts of economic volatility over the past several years. The four-county region served as an epicenter of the Appalachian Basin’s natural gas pipeline development, gaining thousands of construction and other high-wage jobs during 2017 and most of 2018. However, as work on these projects wound down, and other major pipeline projects were delayed (or eventually canceled), the area began to see payrolls turn lower by late-2018 only to see job losses accelerate over the next year or so due to the closure of two major local hospitals. Also, market conditions for steam coal produced in area mines began to weaken appreciably over the course of 2019, leading to additional job losses in coal and its supporting industries.

Unfortunately, the region was dealt another blow in early 2020 as the COVID-19 pandemic emerged, leading to the loss of nearly 10,000 jobs (16 percent) in the four-county area during the initial public health response in March and April 2020. The Wheeling Area has seen its economy bounce back to some extent over the past 18 months or so as most public health measures have been lifted and vaccines as well as other treatments for COVID-19 have become more widely available, but the region continues to lag broader statewide and national-level growth as several key sectors remain encumbered by continued public health concerns, supply chain constraints and labor shortages. Overall, the four-county area has recovered half of the jobs lost during the initial phase of the pandemic.²

PERFORMANCE BY COUNTY While most of the region endured significant job losses at the beginning of the COVID-19 pandemic, the path to recovery across the region’s four counties has been quite different. Ohio County, which contains the region’s namesake principal city of Wheeling, accounts for the largest share of jobs in the area. Although Ohio County was not growing rapidly prior to the pandemic, it had enjoyed some

modest growth thanks to an influx of several companies relocating their operations into downtown Wheeling and broader growth in the tri-state area’s energy sector, particularly natural gas. The closure of Ohio Valley Medical Center (OVMC) in late-2019, which resulted in the loss of more than 700 healthcare sector jobs, did stall the county’s steady performance. The COVID-19 pandemic’s impact has had a disproportionate impact on Ohio County over the past 18 months, due to the presence of Wheeling Island Casino & Hotel along with the numerous consumer-

Figure 1: Total Employment

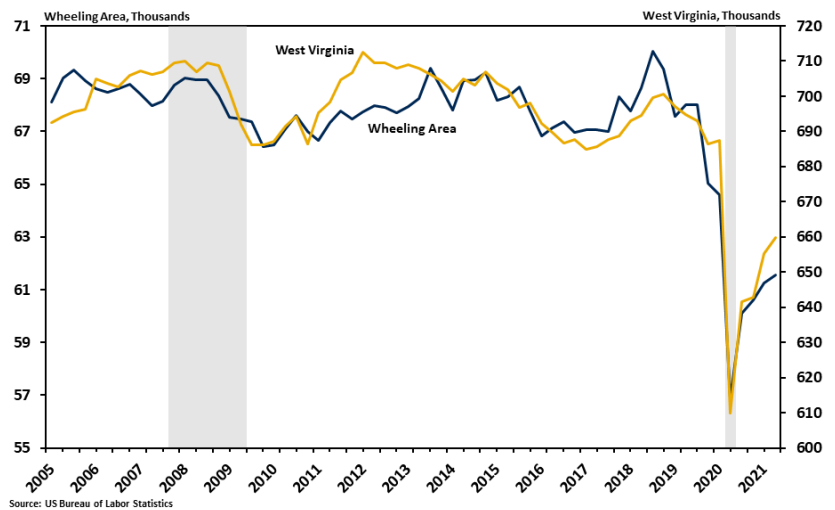
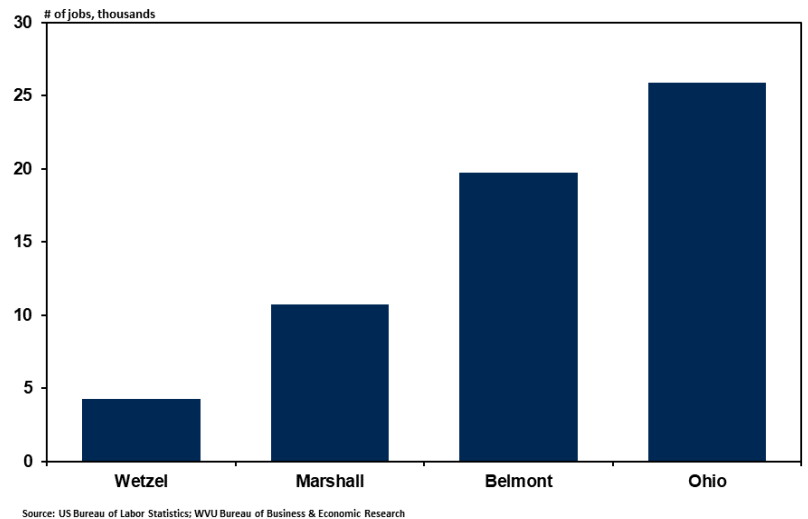


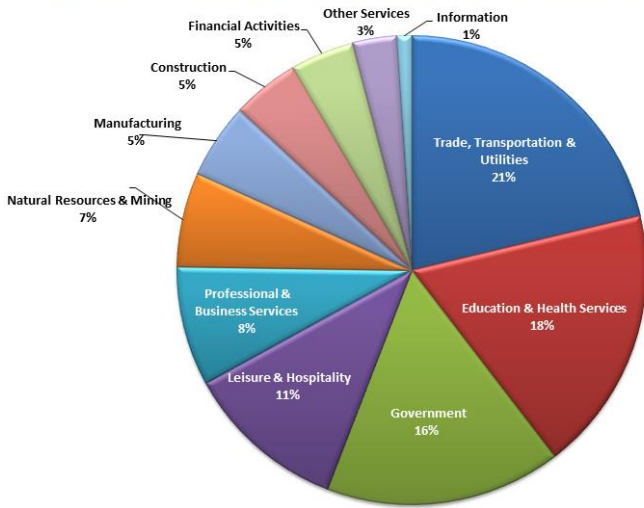
Figure 2: Total Employment by County (2020)



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; 2020 data.

service-oriented businesses located along the I-70 corridor. While these types of businesses generally do not have any capacity restrictions on them, activity has not returned to pre-pandemic levels since some consumers remain wary of potential exposure to the virus in these types of venues. In addition, the leisure and hospitality and other consumer service-based sectors such as retailers are facing worker shortages that make it difficult to operate at full capacity. Overall, Ohio County employers have recovered nearly two-thirds of the jobs lost during the start of the pandemic.

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, but other private service-providing sectors in the economy struggled prior to the pandemic—most notably business services and information. Natural resources and mining had been the area’s key source of job growth between early-2016 and late-2018 thanks to rapid increases in output from the Utica Shale, but production and exploration activity has slowed significantly over the past few years. The closure of East Ohio Regional Hospital in late-2019 hurt the local economy further just prior to the pandemic. Payrolls in the county fell by 2,800 (14 percent) during the initial pandemic response in March and April 2020, but in the months since employers have added back just over half of those jobs.

Although Ohio County has experienced the largest swing in jobs during the COVID-19 pandemic, Marshall County

has accounted for most of the regional economic volatility since 2016. Given the massive level of natural gas pipeline infrastructure development occurring within Marshall County, payrolls in the county surged by more than one third (3,300 jobs) between late-2016 and mid-2018. Since these projects have an end point, however, the completion and/or delay of these projects eventually resulted in a nearly equal number of jobs being lost during 2019. Energy sector payrolls struggled further prior to and during the pandemic as steam coal output cratered due to the combined effects of a general downward decline in coal-fired electricity generation and the global economic shock caused by the COVID-19 pandemic. Coal and natural gas payrolls have begun to inch higher in recent months thanks to rebounding output, but their high levels of productivity and the ongoing labor shortages related to the pandemic have kept job gains very modest thus far. Overall, while Marshall County experienced the smallest percentage decline in payrolls as the COVID-19 pandemic began, only 25 percent of those jobs lost have been recovered over the past five quarters.

Wetzel County is the region’s most rural economy but has also experienced the strongest rebound in economic activity from the beginning of the pandemic. Indeed, payrolls have bounced back to their pre-pandemic levels due in large part to continued growth in the natural gas industry. Wetzel is among the state’s top natural gas producing counties and has seen withdrawal volumes rise steeply in the past three years or so, leading to a near doubling of gas industry payrolls over that period. Completion of the Mountaineer Xpress Pipeline and Sherwood Lateral for the Rover II project have weighed on the construction sector and services industries connected to the projects, construction work on other projects in the area have boosted payrolls over the past year.

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, Ohio and Wetzel counties rank first, third and fifth in the state in terms of coal production among the two dozen or so coal-producing counties West Virginia. During 2019, Marshall County’s production eclipsed a new record high of 18.3 million short tons, though output fell to 13.9 million short tons during 2020,

the lowest annual total since 2010. With the rebound in broader economic activity and increases in natural gas prices, domestic steam coal demand has improved. Coal output from Marshall County mines has increased more than 40 percent during the first half of 2021 compared to the same six-month period in 2020, though production does remain down 10 percent versus the first and second quarter total in 2019.

Ohio County's coal production also achieved all-time highs in 2019, but registered a much smaller decline in output during 2020 as tonnage fell from 7.3 million to 6.8 million short tons. Several of the power plants in other states supplied by Tunnel Ridge Mine were at risk of closure in recent years, but appear to likely remain in operation for the foreseeable future. During the first half of 2021, tonnage is roughly on par with that of the last two years.

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. Marshall, Wetzel and Ohio counties ranked 2nd, 5th and 8th in terms of statewide natural gas production in 2020 and their recorded withdrawal volumes accounted for nearly one-third of the state's output. Belmont County ranks as Ohio's leading natural gas-producing county, accounting for more than 35 percent 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 two years or so, with total withdrawals declining more than 10 percent during 2020. Gas volume has fallen further during the first half of 2021, though the rate of decline has slowed appreciably as withdrawals are down 2.5 percent on a year-over-year basis.

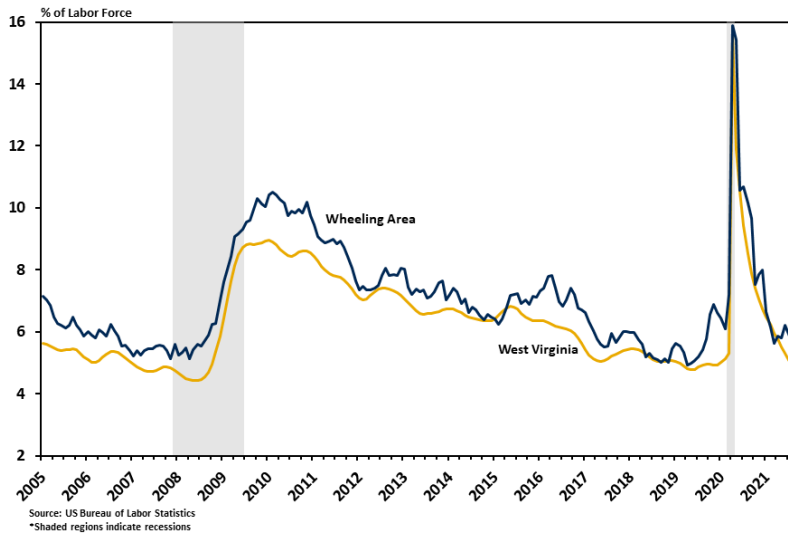
By comparison, production volumes have increased strongly in segments of West Virginia's shale-producing region. Despite a measurable slump in the number of rigs actively operating in the region and the knock-on economic impacts of the COVID-19 pandemic, natural gas output during the first half of 2021 in the three West Virginia counties has increased by 10 percent compared to the same period in 2020 and is more than 60 percent above the 2019 total for that six-month period. Of course, reduced rig numbers have weighed on industry payrolls, 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 the downstream market, the Mid-Atlantic Region's natural gas industry 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 and has a targeted operational date around mid-2022. More locally, however, downstream prospects remain a discussion more than a reality at the moment as PTT Global Chemical continues to evaluate its options with the Dilles Bottom property in Belmont County. The company lost its initial investment partner and has indefinitely delayed any decision to build the facility. The State of Ohio extended various environmental permits through 2022 as the project remains in limbo.

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 in the region due to weak sales or as part of broader bankruptcy liquidations by their national corporate offices.

Figure 4: Unemployment Rate



Of course, the pandemic led to an abrupt loss in retail and transportation jobs locally due to the imposition of temporary business closures and capacity restrictions during the initial public health response. Payrolls have recovered to some extent over the past year or so as healthy consumer balance sheets and strong levels of pent-up demand have boosted spending on goods much more so than services, both in-person and online. At the same time, payroll growth remains encumbered by the pandemic as retailers and other service sector businesses cope with labor shortages caused by workers facing quarantines due to virus exposures as well as a higher-than-normal level of unfilled job openings.

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 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.

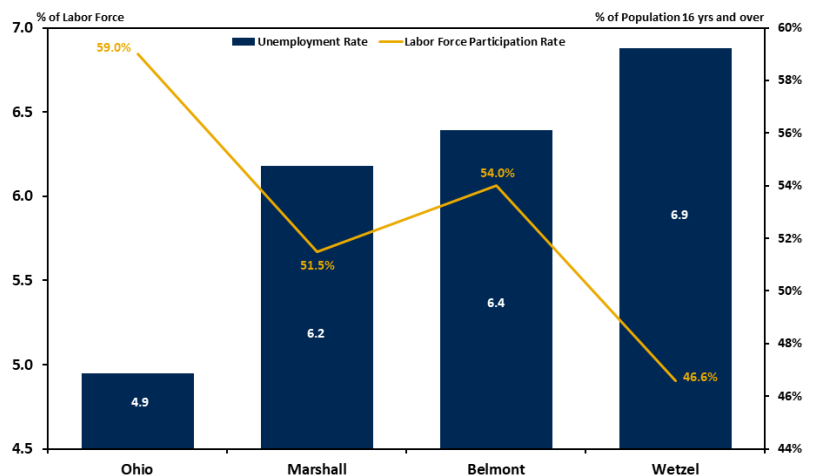
The closure of Eastern Ohio Memorial Hospital and Ohio Valley Medical Center in late-2019 continue to hurt the area, as these facilities employed roughly 1,000 workers while in operation. Their

closures will be offset to some extent by WVU Medicine absorbing patients and taking on some of the staff. The COVID-19 pandemic has also represented a significant blow to the sector’s well-being over the past year or so. Indeed, the surge in hospitalizations in Winter 2020/2021 as well as the much larger surge in cases and hospitalizations during late-summer 2021 due to the Delta variant have led to considerable strains on hospital staff and resources, forcing many providers to cancel routine appointments and in-patient procedures as more capacity had to be shifted to intensive care or larger covid wards to prevent viral spread within hospitals.

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, nearly reaching 7 percent by the end of 2019. Just as it did in other parts of the US, the area’s jobless rate spiked during the initial pandemic response as thousands of workers were added to the unemployment rolls in the four-county region during the months of March and April 2020. The regional unemployment rate peaked at nearly 16 percent in April 2020, but as in other parts of the state, it declined rapidly in successive months as the reopening process unfolded and capacity restrictions were loosened or removed entirely.

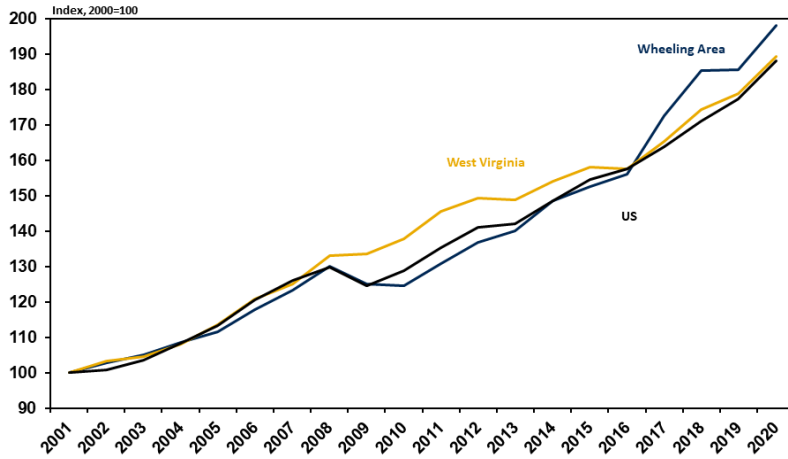
Although the statewide unemployment rate has fallen to be roughly in line with levels that were observed in much of 2019, the jobless rate in the Wheeling Area remains

Figure 5: Unemployment and Labor Force Participation by County



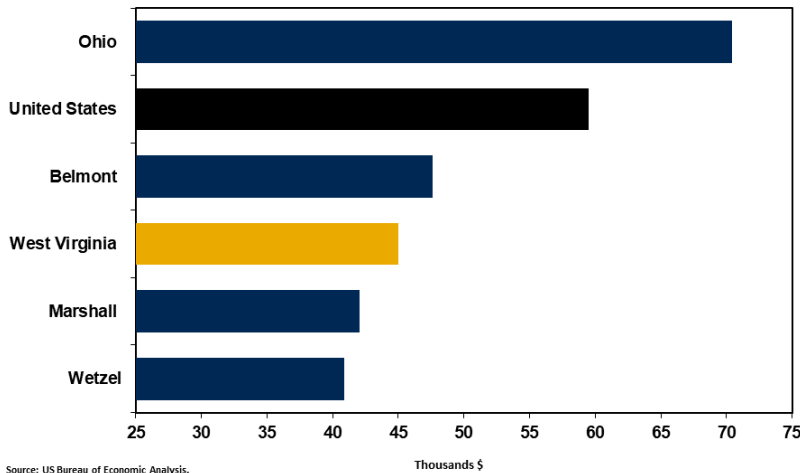
Source: US Bureau of Labor Statistics; US Census Bureau
 Note: Unemployment rate and labor force participation represent 2019q2 averages

Figure 6: Per Capita Personal Income



Source: US Bureau of Economic Analysis
 *Note: The 2020 figure for the Wheeling Area is an estimate.

Figure 7: Per Capita Personal Income by Area (2020)



Source: US Bureau of Economic Analysis.
 *Note: The 2020 figure for counties is a preliminary estimate

above 2019 levels and has hovered in the upper-5-percent range for much of 2021. According to preliminary data, Ohio County has the region’s lowest unemployment rate at 4.9 percent as of the second quarter of 2021, while Wetzel County’s jobless rate is two percentage points higher at 6.9 percent.

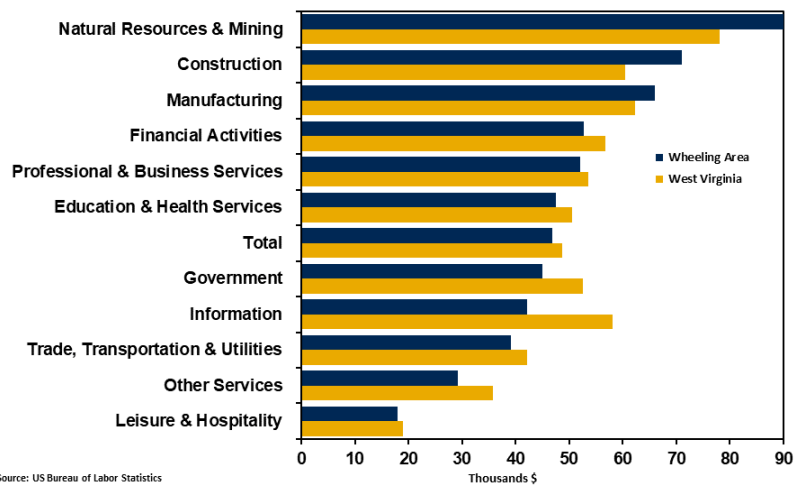
LABOR FORCE Reflecting a combination of the region’s underlying economic volatility and underlying demographic trends, the Wheeling Area has recorded labor force attrition over much of the past decade or so. Overall, the region’s workforce declined by roughly 5,000 people between 2010 and late-2019. The COVID-19 pandemic has exacerbated the drop-off in the region’s workforce, as numerous workers retired

early, and others remain out of the workforce due to concerns over contracting the virus at the workplace. Overall, the region’s labor force has shrunk by more than 3,000 since the beginning of 2020.

Workforce participation rates in the Wheeling Area tend to be at least on par with 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 roughly in line with the national average. By comparison, Wetzel County’s workforce participation rate (46.6 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 \$51,200 during calendar year 2020, equaling a 6.7 percent increase over 2019. Federal pandemic relief, in the form of expanded unemployment insurance and direct payments to households, provided a large boost to the transfer payments component of personal income, more than offsetting the loss of wage income observed within the region. Overall per capita income for the region has surged 45 percent since 2012 (not adjusting for inflation, as presented in Figure 6),

Figure 8: Average Annual Salary by Major Sector (2020)



Source: US Bureau of Labor Statistics

surpassing income growth at both the state and national levels by more than ten percentage points over this period. Even after adjusting for inflation, residents in the Wheeling Area have enjoyed healthy gains 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 \$70,000 per person during 2020, ranking it as the highest among West Virginia’s 55 counties and the only county in the state with average income levels exceeding 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 \$42,000 and \$41,000 in 2020.

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 18,500 since 2000. 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. COVID-19 has also impacted the region’s health outcomes and mortality over the past year or so, as more than 18 thousand residents have been confirmed to be infected and more than 450 have died over the course of the pandemic.

Finally, the four-county area lags both state and national averages in measures of attaining four-year degrees or higher, with less than 21 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 10 percent of the 25 years and older population have received an associate degree.

Figure 9: Summary Population Profiles

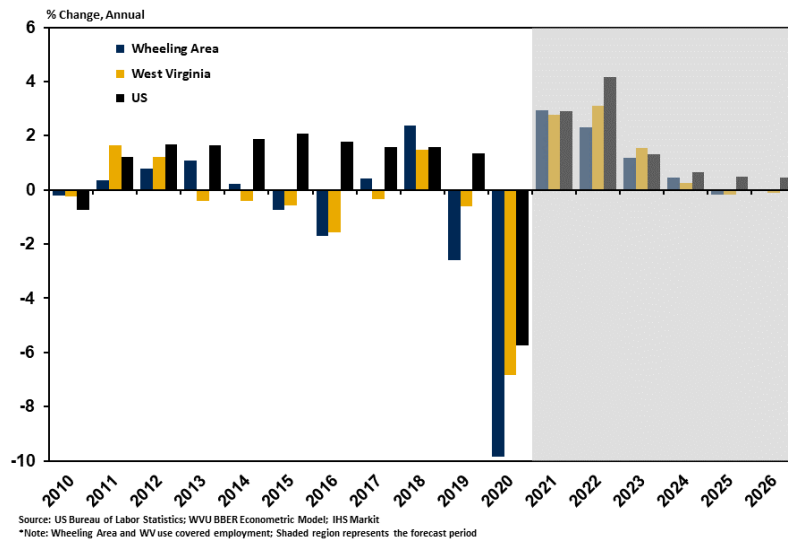
	Wheeling Area	West Virginia	United States
Total Population (2020)	152,121	1,784,787	329,484,123
% Population Under 18 (2020)	19.1%	20.0%	22.1%
% Population 65 Years + (2020)	21.6%	22.6%	16.9%
Population with Less than High School Diploma (2019, 25 yrs. +)	8.9%	12.9%	11.4%
Population with High School Diploma, No College (2019, 25 yrs. +)	41.5%	40.2%	26.9%
Population with Some College (2019, 25 yrs. +)	29.1%	25.8%	28.6%
Population with Bachelor's Degree or Higher (2019, 25 yrs.+)	20.5%	21.1%	33.1%
Median Age (2020)	44.8	43.0	38.6
Mean Household Income (2019)	\$68,043	\$65,842	\$92,324
Average Household Size (2019)	2.49	2.40	2.61

Source: US Census Bureau

Economic Outlook

Expectations for the West Virginia and US economy during the 2021-2026 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 over the remaining portion of 2021 and during much of 2022. After seeing a much larger-than-average contraction in employment during the pandemic, the Wheeling Area is expected to see employment growth slightly trail the state and national average in terms of growth during the outlook period. However, given the region’s exposure to highly-procyclical sectors such as energy, the four-county area does have some potential for stronger-than-expected growth going forward.

Figure 10: Employment Growth Forecast



Overall, we anticipate total employment will increase by 0.8 percent annually through 2026. Growth is expected to be the strongest in 2021 and 2022 as conditions slowly normalize across an array of sectors that have been hurt by the pandemic and its associated impacts with the supply chain and labor markets. Rising vaccinations and increased efforts to provide more rapid COVID-19 tests should work to lower the public health impacts of the pandemic as well as restore consumer and business confidence more fully. Nonetheless, we do not expect the Wheeling Area to return to pre-pandemic levels of employment as some key segments of the regional

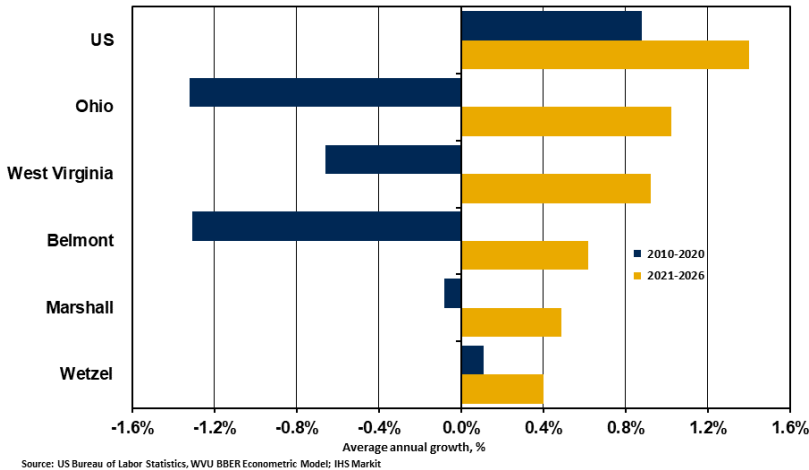
economy face significant long-term challenges and others have endured structural changes that will likely dampen potential job growth.

Chief among these will be what is a decidedly mixed outlook for the region’s energy sector, which will add jobs at a rate of just 0.6 percent. While steam coal production is expected to rebound for the next several quarters amid higher global demand and recent increases in natural gas prices, the continued transition toward natural gas and renewables as feature fuels to generate electricity in the US does not bode well for long-term coal demand. 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 PTT Global Chemical’s proposed ethane cracker in Belmont County remains in limbo, the upcoming completion of Shell’s ethane cracker in Monaca, PA, in 2022 will boost use of regionally produced NGLs and create additional market uses for natural gas. Moreover, this would yield potential growth opportunities for the Wheeling Area’s manufacturing sector, which has struggled to sustain any meaningful growth for much of the last few decades.

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 a risk to the forecast, as the Biden Administration has signaled some willingness to subject fossil fuel projects to tougher standards based on their emissions and impact on the climate.

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



COUNTY DIFFERENCES Among the region’s four counties, Ohio County is expected to realize the fastest pace of job growth going forward at roughly 1.0 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. Namely, venues such as Wheeling Island and consumer-oriented businesses ranging from restaurants, hotels, retailers and theaters that line the I-70 corridor benefit from the ebbing impact of the pandemic. In addition, the county should benefit from continued efforts at revitalization efforts and development activity in the City of Wheeling.

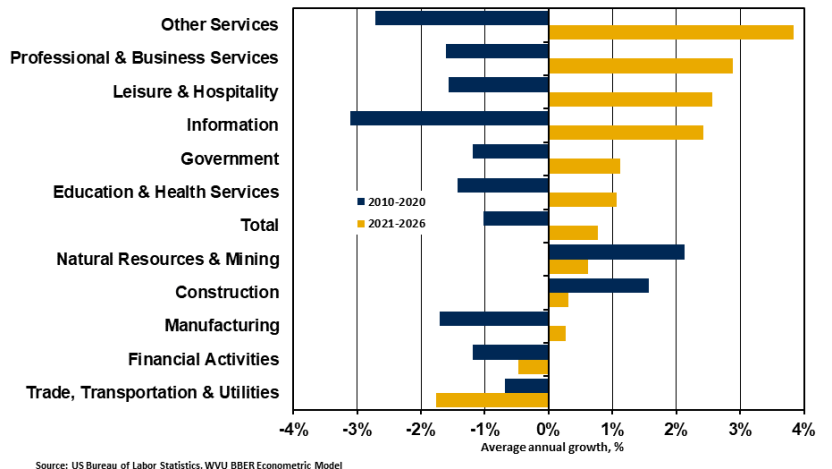
Belmont County’s growth is expected to come in at nearly 0.7 percent per year on average through 2026. The area’s slow rebound from the pandemic should continue over the next few years and we do anticipate natural gas to at least buoy the county’s economy as production increases and exploration and development of Utica Shale resources picks up again. The forecast calls for Marshall County to grow at 0.5 percent annually, but its trajectory is subject to the highest level of risk on either the upside or downside due to its exposure to coal and natural gas commodity markets. Wetzel County is expected to post the slowest rate of growth but has opportunities for upside potential linked to the region’s ability to develop mid- and downstream natural gas industries.

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 nearly 3 percent per year.

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 projects ongoing under the Roads to Prosperity program (I-70 Bridges project) and the state’s recent announcement to spend \$1 billion on broadband development bodes well for high-skill construction activity. Moreover, federal infrastructure spending will likely contribute to baseline construction activity across

Figure 12: Wheeling Area Employment Growth Forecast by Sector



the country in a significant manner as the Infrastructure Investment and Jobs Act and Build Back Better Act (2022 budget reconciliation) add hundreds of billions to physical infrastructure outlays for the next decade.

In addition, strong income growth will likely bolster demand for new or remodeled housing in the area as a large share of the regional housing stock was built more than 50 years ago. Further development of the Tri-State Area’s natural gas industry should benefit the four-county region as well, as extraction companies set up their core and auxiliary offices in Ohio and Marshall counties, along with legal, accounting, engineering and other business services firms. This should also help with revitalization efforts in the City of Wheeling as new industrial and office construction can remove some of the area’s deteriorating properties.

MANUFACTURING The forecast calls for manufacturing payrolls to increase just over 0.3 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

chemicals manufacturers and not imported from the Gulf Coast.

OTHER SERVICES Education and health services is expected to add jobs at a 1.0 percent average annual rate through 2026. Initial gains for the sector will be driven by the expected waning of the COVID-19 pandemic, which should allow healthcare facilities to return to more normal staffing and scheduled care provision. Longer term, demographic factors suggest healthcare demand will likely increase going forward as the area’s population ages further, but decades of declining population suggest limited upside for significant additions to hospital capacity—particularly given the recent closures of two area hospitals. At the same time, the emergence of WVU Medicine as a strategic partner for several facilities provide at least a stabilizing presence for the sector and could foster growth in certain types of specialty medicines not previously available to residents.

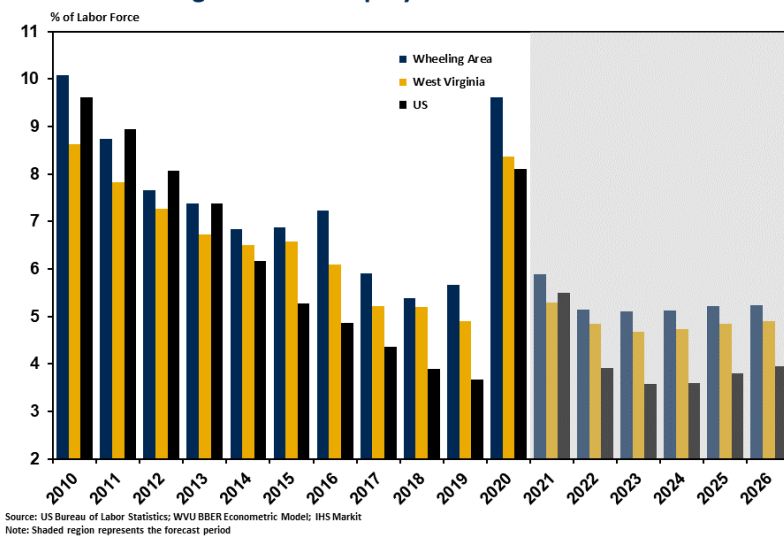
Public sector payrolls in the Wheeling Area are expected to increase by 1 percent per year. Most of the growth will occur at the local government level as state and local governments recover to more normal staffing levels after the pandemic prompted a spike in early retirements and job exits across many agencies. Federal aid to state and local governments is expected to add a backstop to certain activities, such as education, while increased federal spending on infrastructure and other programs will be able to direct locally-generated revenue streams to targeted areas of opportunity.

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 just below 6 percent in 2021 before falling to the region’s more natural rate of unemployment in the low-5-percent range.

Monaca, PA, Shell ethane cracker scales up operation over the forecast horizon since the facility will produce polyethylene pellets that can be used by local plastics and

Ohio County is expected to have the lowest unemployment rate in the four-county region, averaging

Figure 13: Unemployment Rate Forecast

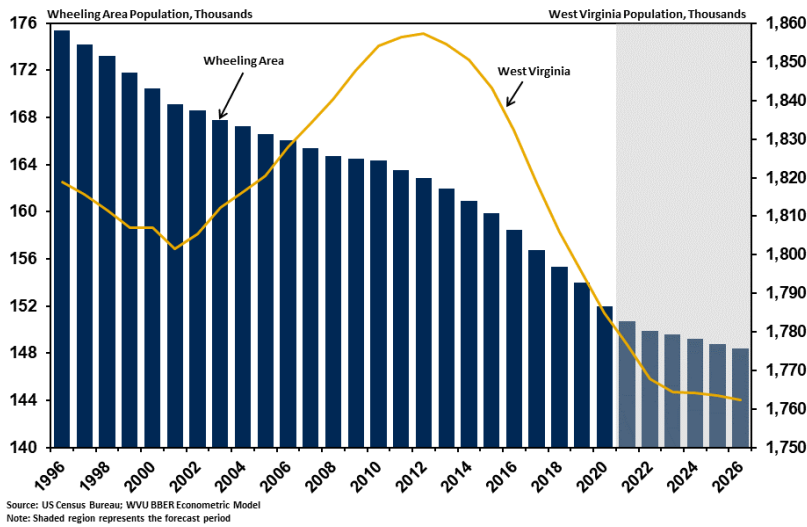


in the upper-3.0 percent range during the midway point of the outlook period. Wetzel County will continue to possess the four-county area’s highest rate of unemployment going forward, averaging in the low 6.0-percent range by 2023.

INCOME Due to the large influx of pandemic-related federal relief in early 2021, inflation-adjusted personal income in the Wheeling Area is expected to increase only slightly between 2021 and 2026, but the period between 2022 and 2026 will likely see real income growth proceed at an average annual rate of 1.5 percent. 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 a growing share of residents become eligible for Social Security and Medicare programs; however, these safety net programs will account for a smaller share of total income going forward when compared to 2020 and 2021 as federal pandemic relief programs have ended and will not continue.

annual decline). Marshall, Belmont and Ohio counties are expected to post population declines between 0.2 and 0.4 percent per year through 2026.

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