

THE EASTERN PANHANDLE ECONOMIC OUTLOOK 2023-2027



Eastern Panhandle Economic Outlook

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Executive Summary

West Virginia's Eastern Panhandle (EPH) has been the state's strongest economic region for well over a decade, experiencing sustained growth in population, employment, income and a host of other major economic indicators. The three-county area has surpassed pre-pandemic levels for total employment and has seen its adult workforce increase to more than 100,000 residents. 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:

- **The EPH lost 7,400 jobs during the COVID-19 recession, but strong job growth over the course of 2021 and 2022 recently lifted the area's employment past pre-pandemic levels.**
 - **Since the beginning of 2010, employers in the EPH have added roughly 10,000 jobs while payrolls in the state's other 52 counties declined by several tens of thousands over the same period.**
 - **Berkeley County has enjoyed the strongest rate of job growth over the long term and has seen the strongest overall rebound from the COVID-19 recession.** However, Jefferson and Morgan counties have recovered strongly over the past two years as well.
 - **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.
 - **Leisure & hospitality, healthcare and other services endured the biggest setbacks from the COVID-19 pandemic and continue to deal with labor supply issues.**
 - **Unemployment in the region has fallen sharply over the past two years and set a new all-time low at just below 2 percent in spring 2022.** Unemployment has ticked higher in recent months but remains well below state and national averages.
- **Labor force participation rates in the EPH exceed the overall national average.**
 - **The EPH has posted the largest population increase of any region in the state in recent decades by far.** Over the past 20 years, the EPH has gained 61,000 residents and surpassed 200,000 residents in 2021.
 - **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 further from the COVID-19 recession and while gains will slow over the next two years, we still expect the region to post economic growth that exceeds statewide and national averages over the duration of the outlook period. Key aspects of our EPH forecast are as follows:

- **We expect employment to grow at an average annual rate of between 0.7 to 0.8 percent per year in the EPH through 2027.**
- **Leisure and hospitality will lead in terms of job growth among the area's major sectors, largely reflecting the ability of restaurants and other similar businesses to rebuild staffing levels as the pandemic wanes further.**
- **Manufacturing activity will continue to grow in the EPH thanks to future growth at Procter & Gamble, expanding capacity at Rockwool's new facility and the recent opening of Clorox's new plant.**
- **Unemployment is expected to rise over the next two years as broader economic conditions shift toward slower growth. However, the EPH's jobless rate will remain quite low from a historical perspective even as it peaks in 2024.**
- **Strong increases in wages and salaries from local workers and commuters to the Greater DC Area, along with investment income, will drive healthy growth in per capita personal income for the EPH in coming years.**
- **The EPH population is expected to grow at a rate of 1.1 to 1.2 percent annually in the coming years, led mostly by gains in Berkeley County's population.**

Recent Economic Performance

The Eastern Panhandle Area¹ has held the distinction of West Virginia’s strongest economic for much of the last decade or so. The three-county area did experience a significant drop-off in economic activity during the COVID-19 recession, losing nearly 14 percent of total employment (or 7,400 jobs) between February and April 2020; however, the Eastern Panhandle was the first region in the state to recover fully from the recession as it surpassed its pre-pandemic level of employment by mid-2022. In addition, the region has remained on a positive trajectory for growth during the second half of 2022 as preliminary data ending in the third quarter show further quarter-to-quarter gains in payrolls. Overall, total employment in the three-county area has surged by 8,000 since mid-2020, accounting for nearly 9 percent of statewide payroll growth during that period.

Prior to the pandemic, the Eastern Panhandle was easily the fastest-growing economic region in West Virginia. For example, while statewide employment fell slightly between 2010 and 2019, the three-county area saw payrolls increase by nearly 10,000 (21 percent) over this same period. The area saw growth pick up noticeably between 2017 and 2019 as the initial opening and progressive expansion of production capacity at Procter & Gamble’s manufacturing plant added nearly 1,400 jobs and fostered the co-location of several hundred new jobs in packaging, logistics and other supporting businesses at the Tabler Station campus. More recently, the region received an additional boost in payrolls following the mid-2021 and fall-2022 openings of Rockwool and Clorox manufacturing facilities in Jefferson and Berkeley counties, respectively.²

PERFORMANCE BY COUNTY While the region posted strong job growth throughout most of the 2010s and each county has fully recovered jobs lost during the COVID-19 recession, the trajectory of growth for the individual counties has been appreciably different over the course of the last decade or so. With two-thirds of the region’s total

payroll employment, along with its central location on the I-81 corridor between Hagerstown and Winchester and proximity to other major transportation networks, Berkeley County is regarded as the Eastern Panhandle’s economic center. In addition, Berkeley County has established itself as the leading county in the state in terms of absolute job growth over the past decade or so, with employment increasing by 8,300 since the beginning of 2010—even encompassing the tumultuous period spanning the past two years. Most of the county’s job growth can be linked to major new openings such as the

Figure 1: Total Employment

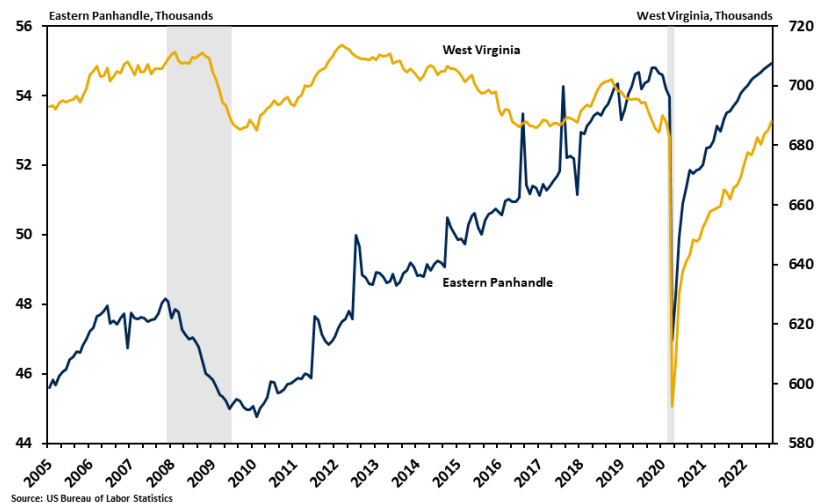
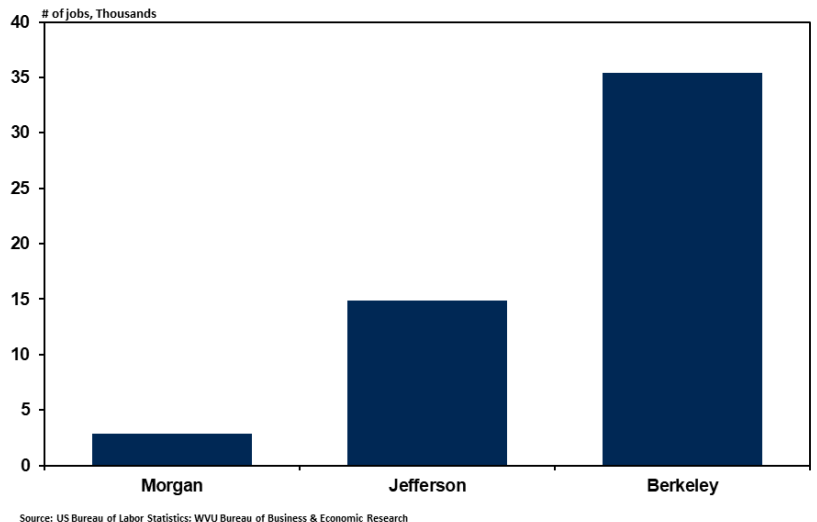


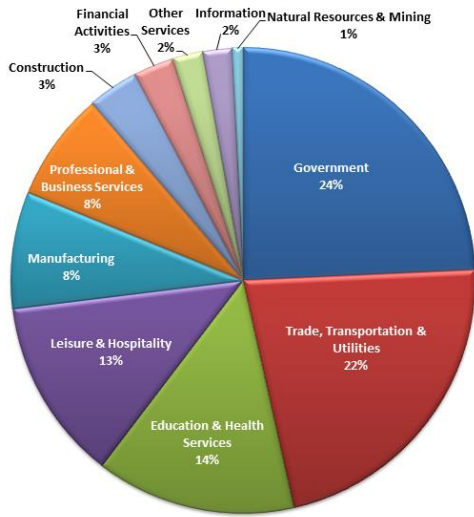
Figure 2: Total Employment by County (2021)



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

² Sources for data are noted in each figure.

Figure 3: Eastern Panhandle Employment Distribution by Sector



Source: US Bureau of Labor Statistics; 2021 data.

Macy’s fulfillment center and Procter & Gamble, but several other sectors have recorded healthy gains over the longer term. During the COVID-19 recession and its immediate aftermath, Berkeley County was the region’s hardest-hit, posting the highest rate (and absolute number) of job losses in early-2020 and the slowest pace of recovery through early-2021. Hiring activity did ultimately accelerate over the course of 2021 as public health restrictions were removed and businesses began to see economic conditions normalize over subsequent months. Although some sectors do remain encumbered by constraints in labor supply, higher energy prices and continued difficulties with input and output supply chains, the county did manage to reach its pre-pandemic level of employment during summer 2022. In addition, local payrolls were boosted recently by the October 2022 opening of Clorox’s cat litter manufacturing facility.

Jefferson County, which contains 28 percent of the region’s jobs, has had a relatively uneven pattern of growth since 2014. Indeed, local payrolls were mostly stable between 2014 and 2019, and of course suffered a significant drop-off in employment during the COVID-19 recession. Jefferson County’s second-largest employer, Hollywood Casino, struggled to find its footing for several quarters amid public health restrictions on capacity levels and general fear by potential visitors of being exposed to COVID-19 in an indoor setting. As these restrictions were lifted and broader economic activity improved locally and across the Mid-Atlantic Region, the area’s large leisure and hospitality sector saw its recovery accelerate, though the

rate of growth was dampened by a tight labor market and rising energy prices. In addition, events such as the construction and opening of Rockwool’s insulation materials manufacturing facility in late-2021 also boosted local payroll growth.

Morgan County’s economy retrenched measurably between 2005 and 2016 but enjoyed a modest rebound in job growth between 2017 and 2019 thanks in part to an increase in migration into the county moderate gains in activity across several sectors. The area did suffer much the same abrupt hit to economic activity as others during the COVID-19 recession; however, Morgan County was also the first in the three-county area to recover fully from the recession, returning to its pre-pandemic level of employment by the third quarter of 2021.

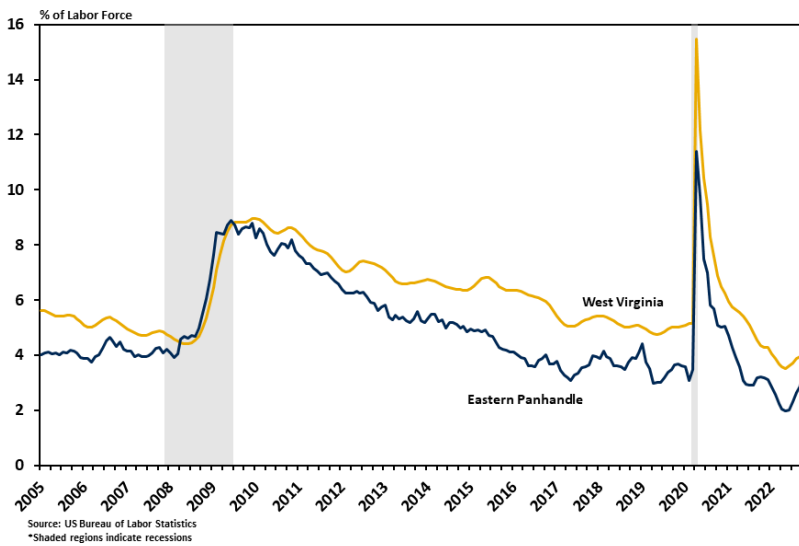
Steady job growth has continued over the past year as well, with healthy gains in the Greater Washington DC area spilling over to the Eastern Panhandle’s most rural county.

COMMUTER JOBS The Eastern Panhandle has enjoyed strong payroll growth from within the region in recent years, as signified by major projects such as the Macy’s fulfillment center, Procter & Gamble’s massive facility, and the recent additions of the Clorox and Rockwool manufacturing operations. At the same time, 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.

The area has enjoyed considerable population growth over the last few decades directly because of its location on the exurban fringe of the high-wage employment centers in DC/MD/VA and its significantly lower cost of living. In addition, the COVID-19 pandemic likely boosted this advantage further as more workplaces moved to full-time or hybrid telework schedules for employees. Overall, the number of employed residents in the Eastern Panhandle has increased by more than 22,000 since the beginning of 2010, even after including the sharp drop that occurred in early-2020 due to the COVID-19 recession.

CORE GROWTH Even though many sectors have contributed to the Eastern Panhandle’s gains over the past decade or so, a significant portion of the jobs created in

Figure 4: Unemployment Rate



the addition of several hundred jobs at packaging and logistics operations in the area.

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.

the three-county area have come from a handful of major developments. Over the past decade or so, manufacturing and the trade, transportation and utilities sector have enjoyed the fastest rates of growth in the region and registered the largest absolute increase in payrolls. The primary sources of these new jobs have come from the Macy’s fulfillment center and Procter & Gamble consumer products manufacturing facility – both of which are in Berkeley County.

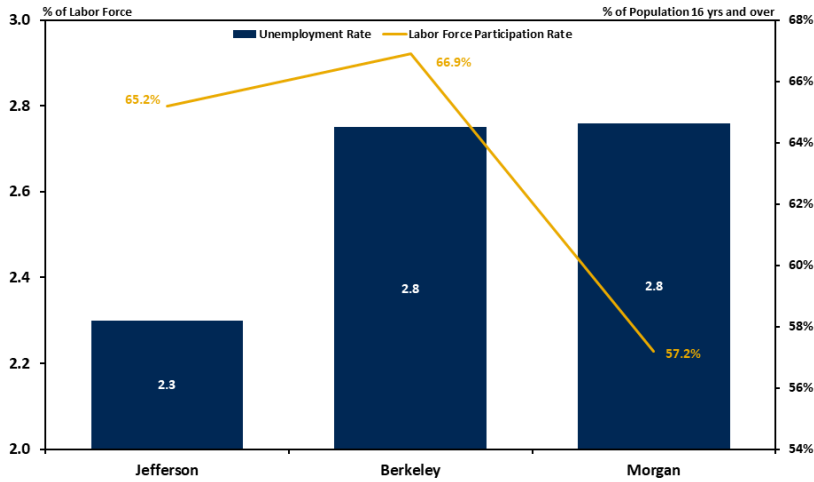
AGRICULTURE Unlike most economic regions in West Virginia, mining activity plays a very limited role in the Eastern Panhandle’s economy. Indeed, what limited mining activity that does exist in the area is focused largely upon sand, gravel, and aggregates used in construction projects. The three-county area does have some appreciable level of resource-based activity, however, as it is one of a few regions in the state with major agricultural activity.

The Macy’s facility employs several thousand workers year-round and sees significant increases in hiring of temporary and seasonal workers during the winter holiday portion of the calendar. Although the COVID-19 pandemic provided a boon to shipping demand and retailers’ utilization of fulfillment centers, as consumers shifted even more of their discretionary purchases to online platforms, past two years or so have not been entirely smooth sailing for warehousing and fulfillment center operations such as the Macy’s facility. Indeed, these businesses have faced significant labor constraints due to the ebb and flow of COVID-19 infections and hospitalizations as well as significant wage competition across many sectors.

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 for 2021 show gross cash sales of crops and livestock by local farms totaled nearly \$65 million in 2021. This represents a structurally higher level of sales compared to what local farm operations earned on average during the late 2000s, but a slightly weaker baseline of sales farmers received on net in 2012—when nominal sales peaked at \$74 million. In addition, agricultural operations have faced significant struggles of their own over the past couple of years, including supply chain disruptions that have hurt the timely availability of many inputs and delayed the delivery of crops delivered to both local and export markets. Inflationary pressures have emerged as a significant issue as well, with farmers having to pay much higher prices for farm equipment, fuel, fertilizer, and labor.

Procter & Gamble’s production facility has represented a major transformative shift in the Eastern Panhandle’s industrial base. The \$500 million facility along the I-81 corridor in Berkeley County produces a range of consumer cleaning and personal products, including Swiffer, Tide, and various soaps and deodorants. Overall, the facility now employs more than 1,600 workers and has spawned

Figure 5: Unemployment and Labor Force Participation by County

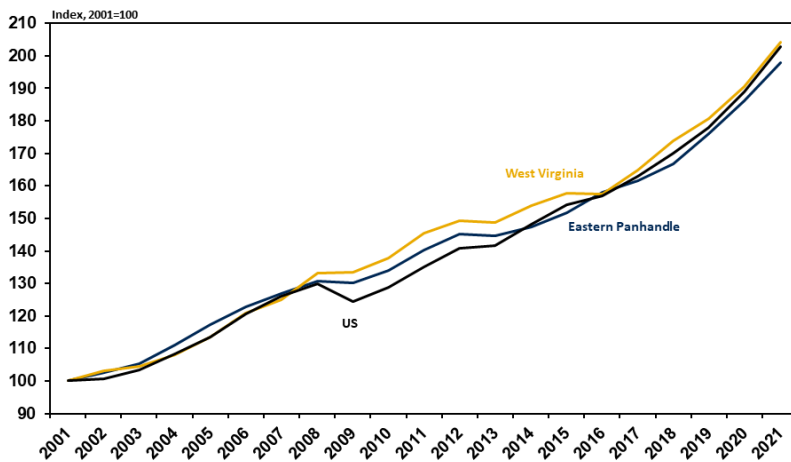


Source: US Bureau of Labor Statistics; US Census Bureau
 Note: Unemployment rate figures are 2022q3 averages; Participation rates are 2016-2020 average.

data are preliminary and could see significant revisions in early-2023. Each of the region’s three counties have exceptionally low unemployment rates, with Jefferson County notching the lowest in the region during at 2.3 percent as of the third quarter of 2022.

LABOR FORCE While segments of the Eastern Panhandle’s labor market continue to see high levels of unfilled job openings, the region’s labor force has more than fully recovered the losses that occurred at the height of the COVID-19 recession in spring 2020. Indeed, the region’s labor force now totals more than 100,000 residents over the age of 16 and has increased by roughly 17,000 since early-2010.

Figure 6: Per Capita Personal Income



Source: US Bureau of Economic Analysis

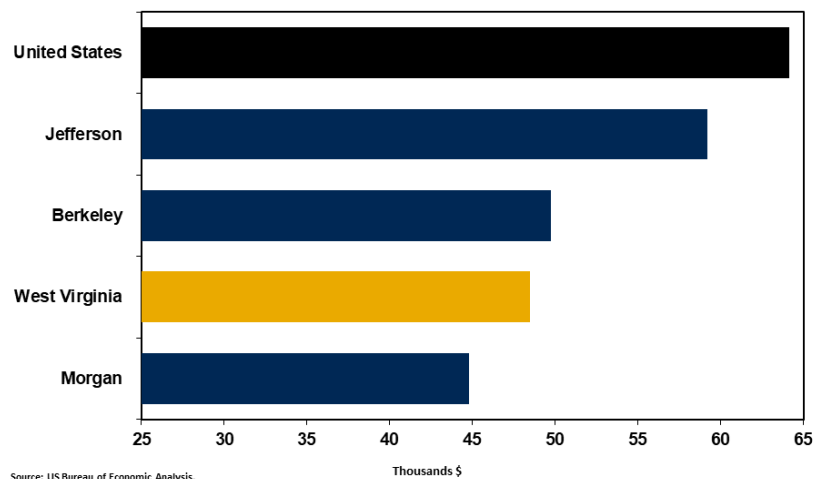
In terms of official workforce participation, the region has nearly two-thirds of its residents aged 16 years and older working or actively looking for work, surpassing both statewide and national averages. Morgan County contains a larger proportion of retirement-age residents, so its labor force participation is much lower than the rest of the region as a result; however, when focusing on the prime-age working population (25-54 years of age), Morgan County’s workforce participation rate beats the statewide average by a large margin.

INCOME Per capita personal income in the Eastern Panhandle was estimated at \$52,000 during calendar year 2021, a 6.4 percent gain over 2020 (without adjusting for inflation). Overall growth in

UNEMPLOYMENT The Eastern Panhandle has consistently maintained the lowest jobless rate of any economic region in West Virginia in recent years. Prior to the pandemic, the three-county area saw its unemployment rate fall as low as 3 percent, more than two full percentage points below the statewide average. At the onset of the COVID-19 recession, the regional unemployment rate increased sharply to 11.4 percent in April 2020, though this was still five percentage points lower than the statewide and national average.

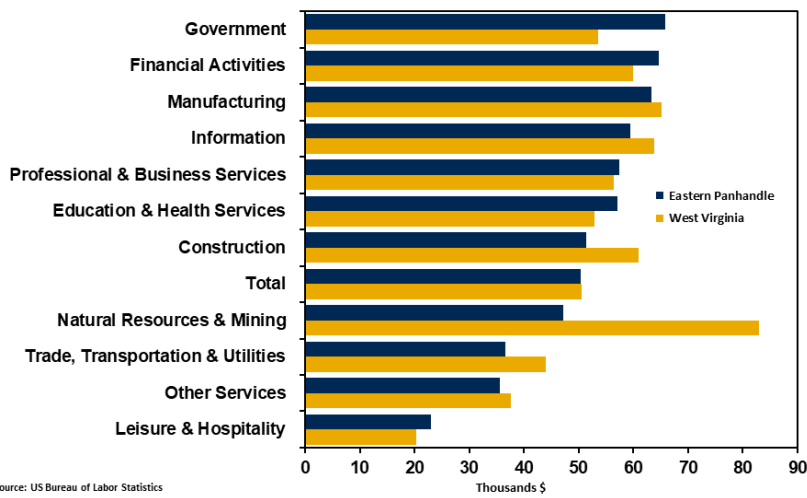
Since the worst of the COVID-19 recession, the regional unemployment rate has fallen sharply, hitting an historic low of 2 percent during the second quarter of 2022. The unemployment rate has trended higher in recent months, though these

Figure 7: Per Capita Personal Income by Area (2021)



Source: US Bureau of Economic Analysis.

Figure 8: Average Annual Salary by Major Sector (2021)



Source: US Bureau of Labor Statistics

the region’s per capita income levels since 2011 has lagged the national average but has outpaced the state’s growth over the past decade by a slight margin. Of the three counties in the Eastern Panhandle region, residents in Jefferson County have the highest per capita income at roughly \$59,200, ranking second among West Virginia’s 55 counties and putting it nearly \$11,000 higher than the statewide average. Per capita income levels in Berkeley and Morgan counties were lower at \$49,800 and \$44,800.

POPULATION The Eastern Panhandle has consistently ranked as West Virginia’s fastest-growing region for the past two decades or so. Between 2001 and 2021, Berkeley, Jefferson and Morgan counties combined to add nearly 64,000 residents, offsetting a substantial portion of the

65,000 residents while the state’s remaining 52 counties lost 83,000 residents over the same period. Population growth in the Eastern Panhandle is slower in comparison to the robust pace observed during the early- to mid-2000s but the rate of growth has ticked up over the past several years thanks to improving job prospects locally and relatively more affordable housing prices when 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 distribution and above-replacement birth rate allow the region to gain residents via natural

increase.

The local population also tends to possess higher levels of educational attainment. Twenty-five percent of the region’s population aged 25 years and older held at least a bachelor’s degree during 2020. Jefferson County contained the highest share of college graduates in the region, with nearly one in three of the county’s residents aged 25 years and older possessing a bachelor’s degree or higher.

Figure 9: Summary Population Profiles

	EPH	West Virginia	United States
Total Population (2021)	201,660	1,782,959	331,893,745
% Population Under 18 (2021)	22.0%	20.1%	22.2%
% Population 65 Years + (2021)	16.6%	20.7%	16.8%
Population with Less than High School Diploma (2020, 25 yrs. +)	9.8%	12.4%	11.5%
Population with High School Diploma, No College (2020, 25 yrs. +)	35.9%	40.0%	26.7%
Population with Some College (2020, 25 yrs. +)	29.3%	26.3%	28.9%
Population with Bachelor’s Degree or Higher (2020, 25 yrs.+)	25.0%	21.3%	32.9%
Median Age (2021)	40.6	42.8	38.8
Mean Household Income (2020)	\$81,193	\$65,332	\$91,547
Average Household Size (2020)	2.73	2.40	2.60
Labor Force Participation Rate (2020)*	65.4%	54.7%	61.7%

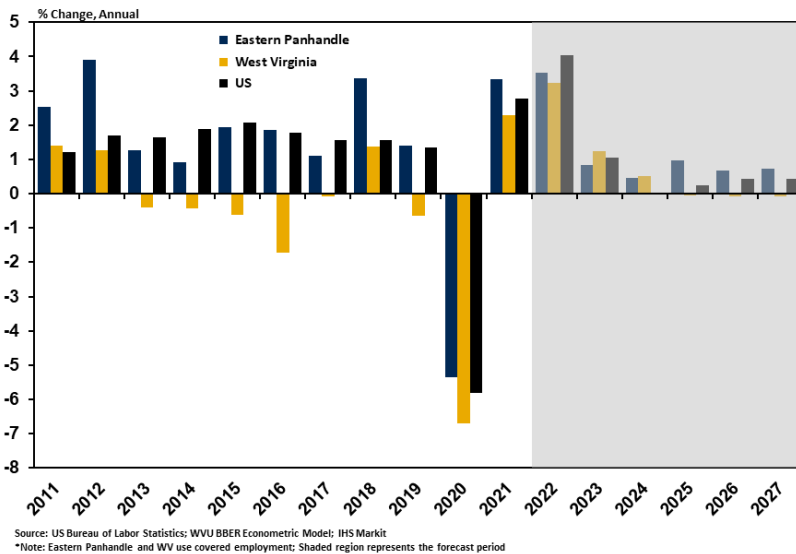
Source: US Census Bureau

*Note: WV & US participation rates from 2021.

Economic Outlook

Expectations for the US economy, Greater Washington DC Area’s 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 going forward.³ The cumulative impact of recent and upcoming interest rate hikes by the Federal Reserve to cool inflationary pressures have increased the potential for a recession within the next year or so and, as a consequence, have increased uncertainty over the region’s near-term economic outlook. In addition, other factors such as the ongoing volatility in energy markets stemming from Russia’s invasion of Ukraine creates additional risk to the region’s economic performance.

Figure 10: Employment Growth Forecast



EMPLOYMENT OUTLOOK We anticipate total employment in the three-county region will increase at a rate between 0.7 to 0.8 percent per year through 2027. 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 one of the state’s fastest-growing regions going forward. Given the backdrop of slower economic growth at the national level, the forecast calls for an appreciable slowdown in the rate of employment growth between 2022 and 2023.

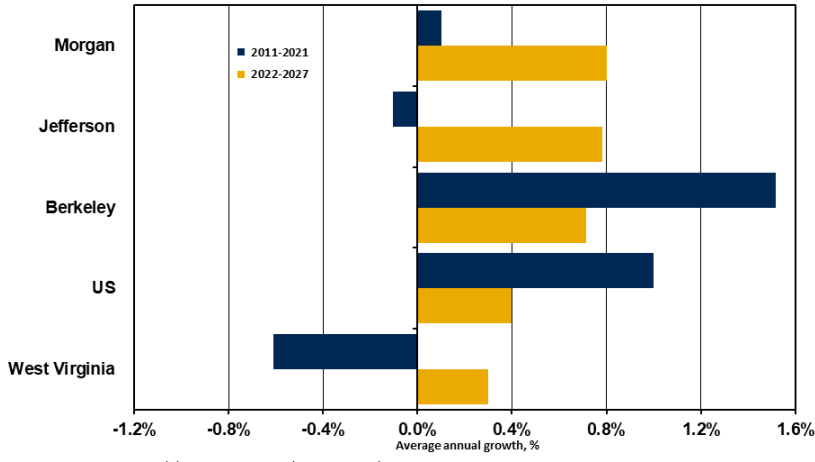
Over the longer term, however, the Eastern Panhandle’s growth trajectory is expected to remain strong, and growth will surpass statewide and national averages by healthy margin, as it has generally done over the past couple of decades. Indeed, recent developments that have boosted growth in the area (such as Macy’s, P&G, Rockwool, and Clorox) in recent years, should facilitate further growth in manufacturing, warehousing, transportation, and logistics, even segments of high-tech business services. Moreover, the area will likely remain an attractive destination move for retirees and in-migrants from other parts of the Greater Washington DC area.

COUNTY FORECAST Berkeley County, the region’s largest employment center, is expected to see job gains decelerate to just over 0.7 percent annually through 2027. The P&G facility is expected to see additional growth over the long term as the company consolidates more production lines to Tabler Station. In addition, the facility’s presence, along with that of other new manufacturing and logistics operations, has already spawned investment in more than 1 million square feet of new industrial and warehousing space at Tabler Station Logistics Park that will become available within the next couple of years.

Jefferson County is expected to see average annual growth 0.8 percent per year between 2022 and 2027. While decidedly a smaller portion of growth compared to 2021 and 2022, an easing of labor market constraints should allow the area’s leisure and hospitality sector to fill job openings and resume full operations by 2023. Morgan County is expected to grow at a similar rate, but given the county’s small base of employment, relatively minor differences in the level of employment (when compared to the forecast) can cause the area to perform measurably stronger or weaker. 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 further.

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



LEADING SECTORS The forecast calls for the leisure and hospitality sector to see an average annual increase of nearly 2 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 consumer-facing businesses should begin to benefit from further fading of the pandemic into more general seasonal endemic infections, as well as easing inflationary pressures that have hurt consumer discretionary spending in recent quarters.

Longer term, however, we expect the Eastern Panhandle’s gaming industry continues to remain under pressure from competition from newer, larger venues such as the MGM National Harbor in Prince George’s County, Maryland. Although the availability of sportsbook services offered Hollywood Casino an initial advantage over some other venues in the region, that benefit is expected to fade as these services are becoming widely available in every state that contains a gaming sector.

Education and health services is expected to register employment growth of 1.5 percent annually during the outlook period. The shift from pandemic-focused emergency care for COVID-19 patients toward normal emergent and non-emergent care provision should allow the region’s heavily taxed healthcare system and workers to recover and recalibrate capacity and staffing to proper levels. In addition, the increased presence of WVU Medicine into the area should also foster growth in healthcare services thanks to the availability of advanced and specialized care previously offered in major hospitals in Maryland or Virginia. The Eastern Panhandle’s private

education sector continues to face risks as the Biden Administration and Congress have indicated their intent to scrutinize private for-profit colleges, such as American Public University System (APUS), over their cost structures and student outcomes.

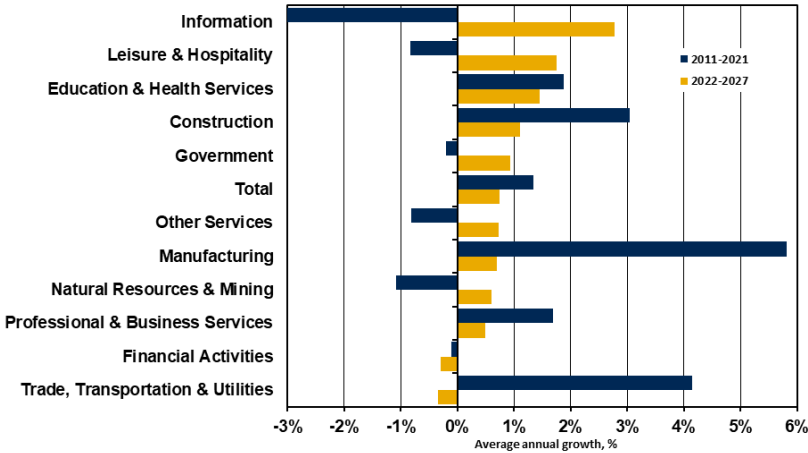
The public sector will likely see job growth of roughly 0.9 annually over the next five years. Although most of this is expected to occur at the local government level, the federal and state levels should contribute to the topline gain as well. High income levels and projected gains in population will likely create the demand for new school facilities and the expanded provisions of other local services. In addition, the Infrastructure Investment and Jobs Act will provide significant increases in numerous forms of infrastructure development, including water and sewer systems, while ongoing spend out of American Rescue Plan funds will boost public sector service personnel and program expenditures. Finally, the Inflation Reduction Act has the potential to add billions to state and local government budgets over the next decade.

Federal employment in the region should see some growth as well as agencies diversify central offices 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.

OTHER SECTORS The Eastern Panhandle’s manufacturing sector is expected to record additional job growth over the next five years, expanding at a rate of nearly 0.7 percent per year. The bulk of this growth will be accounted for by expanding production activity at Procter & Gamble’s facility in Berkeley County, but gains at other major operations will boost the sector’s performance as well. For example, Rockwool’s insulation materials plant is expected to ramp up production further going forward, while Clorox will reach potential capacity for its Fresh Step and Scoop Away product lines in 2023.

Professional and business services will post slower growth during the outlook period compared to the past decade or so but could see upside potential over the longer term. For example, the Eastern Panhandle’s proximity to and economic ties with the DC Beltway economy should drive

Figure 12: Eastern Panhandle Employment Growth Forecast by Sector



Source: US Bureau of Labor Statistics, WVU BBER Econometric Model

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.

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, local retail activity will be limited by structural changes that have already been affecting the sector in most of the US. Indeed, the revolution 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 stands to help one major employer in the region (Macy’s), it will likely lead to broader restructuring for the sector that will weigh on future job growth.

The transportation and warehousing segment will be a 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

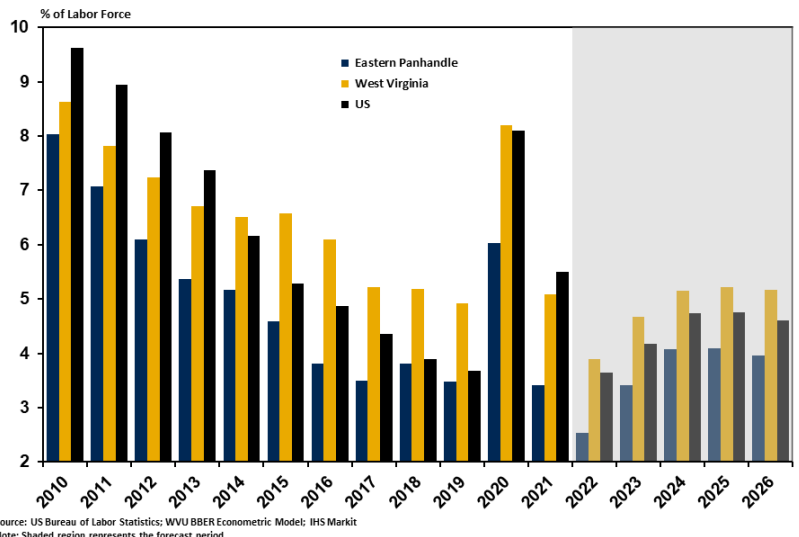
region. Indeed, the region’s direct access to the I-70/I-81 corridor and proximity to major Eastern US markets should provide a significant competitive advantage going forward and could lead to the development of a larger logistics hub in the three-county area

UNEMPLOYMENT OUTLOOK Large revisions to historical data in the next benchmark revision as well as any unanticipated changes in the Eastern Panhandle’s labor force participation rate could cause the regional unemployment rate to differ significantly from both its projected level and path. In addition, the path of the US and Greater Washington DC-area economies 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 rise over the next two years or so, ultimately climbing to a peak rate within the low four percent range by 2024.

Jefferson County is expected to have the lowest unemployment rate throughout the forecast horizon, averaging in the low- to 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 climb no higher than the upper-3.0-percent range over the longer term.

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

Figure 13: Unemployment Rate Forecast



Source: US Bureau of Labor Statistics, WVU BBER Econometric Model; IHS Markit
Note: Shaded region represents the forecast period

through 2027. 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 work force 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 The expiration of pandemic-related federal assistance, along with the rapid increase in inflation, will cause real per capita personal income to decline in 2022. While the impact of inflation is expected to continue to some extent into 2023, interest rate hikes by the Federal Reserve should provide the impetus to slow economic growth enough to weaken these inflationary pressures, allowing real incomes to begin rising once again by mid-2023 or so. Longer term, anticipated job growth in some relatively high-wage sectors, along with further increases in imported earnings from regional commuters, should provide enough support such that inflation-adjusted per capita income levels increase more than 1.7 percent annually.

POPULATION The Eastern Panhandle’s total resident population is expected to grow by 1.1 to 1.2 percent annually between 2022 and 2027. While an appreciably slower rate of growth for the region compared to the 1990s and 2000s, it represents a dramatic departure from nearly all of West Virginia’s other economic regions. The

forecast calls for Berkeley County to account for most of the area’s population growth during the outlook period, with average annual increases of 1.5 percent through 2027.

Jefferson and Morgan counties will easily outpace the state’s performance in terms of population growth but will see appreciably slower increases in residents at a rate of 0.5 and 0.3 percent, respectively. The region could enjoy even stronger population growth over the long term thanks to explicit efforts to attract teleworkers from other states or the continued addition of new major employers like P&G and Clorox.

Figure 14: Population Forecast

