
Potomac Highlands Region Outlook

FORECAST: 2007-2011

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Executive Summary

The Potomac Highlands Region has posted solid growth during the last five years. The region's job growth has been similar to state and national rates. Population growth in the region has far exceeded the state average, although it fell short of national growth. Regional growth in inflation-adjusted per capita personal income beat the national rate, but came in below the state rate. The region's unemployment rate was 4.6 percent in 2006, below the state average of 4.9 percent and on par with the national rate. The Potomac Highlands Region includes Grant, Hampshire, Hardy, Mineral, and Pendleton counties in West Virginia. Mineral County is part of the Cumberland metropolitan statistical area (MSA) and Hampshire County is part of the Winchester MSA.

The leisure and hospitality sector demonstrated the fastest job growth during the 2001-2006 period, followed by natural resources and mining, posting 3.2 and 2.5 percent, respectively. Education and health care was a close third, with an annual average growth rate of 2.3 percent. Leisure and hospitality growth was concentrated in Hardy County. Natural resources and mining job gains came primarily in Grant County, with increased coal mining activity. Rising employment in education and health care was concentrated primarily in Hampshire and Mineral counties.

The Potomac Highlands Region posted large job losses in the construction sector. The primary factor in this job loss was the completion of scrubbers at the Mount Storm power plant. Both professional and business services and manufacturing employment posted modest job losses during the last five years. Manufacturing employment was hit hard during the early years of the decade, but has bounced back nicely during the last two years, adding 420 jobs by 2006. Job gains in manufacturing have come in the defense munitions sector (Mineral County) and furniture and wood products (Hardy County).

The outlook for the Potomac Highlands Region calls for continued solid growth, assuming that the national economy avoids recession. The forecast calls for the region to generate roughly 200 jobs per year during the 2006 to 2011 period, which translates into an annual growth rate of 0.8 percent. That growth rate is similar to the state average of 0.9 percent, but well below the national average of 1.3 percent. Both the goods-producing and service-providing sectors are expected to add jobs, but the majority of new jobs are forecast to come in the service-providing sectors, such as trade, transportation, and utilities; leisure and hospitality; government; and health care.

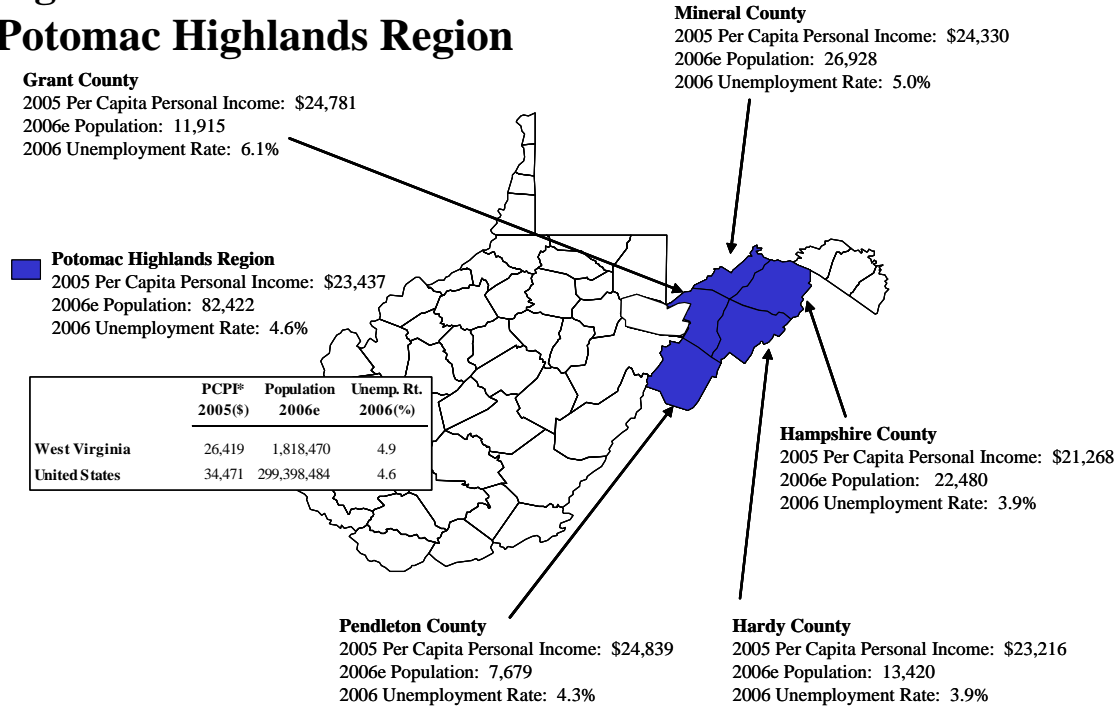
Solid job gains contribute to continued inflation-adjusted per capita personal income growth. Job and income growth combine to generate continued population gains in the region, with annual population gains expected to average roughly 650 (0.8 percent per year). That far exceeds expected state population growth (0.1 percent per year) and is close to the national rate of 0.9 percent.

Risks to the Potomac Highlands Region outlook include the risk of a national recession driven by a housing bust, which has the potential to reduce activity in the goods-producing sector (particularly furniture and wood products). The region is also likely to face an increasingly challenging labor market, as demographic aging leads region residents to consider reducing labor market activity.

Potomac Highlands Region in Perspective

As shown in Figure 1, the Potomac Highlands Regions is comprised of Grant, Hampshire, Hardy, Mineral, and Pendleton counties in West Virginia. The Potomac Highlands Regions displayed an estimated population of 82,422 residents in 2006, with Mineral County demonstrating the largest population of any county in the region at 26,928 residents. The county with the lowest population in the region was Pendleton County at 7,679 residents.

Figure 1 Potomac Highlands Region



There are two metropolitan statistical areas (MSAs) with component counties in the Potomac Highlands Region. Mineral County is one of the component counties of the Cumberland MSA along with Allegany County in Maryland. The Cumberland MSA had an estimated population of 99,759, with Mineral County making up approximately 27.0 percent of the MSA's population.

The other MSA in the region is the Winchester MSA, which is made up of Hampshire County in West Virginia and Frederick County and Winchester City in Virginia. During 2006 this MSA demonstrated a population of 118,932, with Hampshire County accounting for approximately 19.0 percent.

The inclusion of Mineral and Hampshire counties in their respective MSAs indicates the high degree of commuting flows between these counties and the core counties in other states. In each case, the core county (and thus the core city) of the MSA is located outside of West Virginia. Finally, the Winchester MSA is a new metropolitan statistical area, designated in 2003, which indicates that the core city has just exceeded the 50,000 resident mark required for MSA status.

Compared to the U.S., the median age of residents of the Potomac Highlands Region is considerably higher. As Table 1 shows, all five of the component counties have median ages that exceed the U.S. average of 35.3 years in 2000. Only one of the component counties had a lower median age than West Virginia's 38.9 years. According to the 2000 U.S. Census, Pendleton has the highest median age in the Potomac Highlands Region at 41.1 years.

The region's high median age is reflected in relatively high shares of workers in the 55-64 age group. Indeed, on average during the first quarter of 2005 to the first quarter of 2006 period, four out of five counties in the region posted a higher share in this age group than the West Virginia average of 13.3 percent. Pendleton County had the highest share (17.6 percent), followed by Hampshire County (16.3 percent), Grant County (15.4 percent), and Mineral County (14.4 percent). Hardy County had the lowest share with 12.7 percent. This age group is an important one, because all of these workers will hit retirement age (65 years) in the next decade.

While demographic aging remains an issue for the region, labor force participation rates are relatively high according to data from Census 2000. Indeed, the region's labor force participation rate in 2000 was 59.8 percent, well above the state average of 55.3 percent, but well below the national rate of 64.9 percent.

Table 1 displays the per capita personal income (PCPI) for 2005, which for the Potomac Highlands Region was \$23,437. The Potomac Highlands Region PCPI underperformed West Virginia's PCPI of \$26,419. The highest PCPI in the region was demonstrated by Pendleton County at \$24,839. The Cumberland and Winchester MSAs displayed PCPIs that were higher than the Potomac Highlands Region at \$25,352 and \$29,873, respectively.

Table 1
Potomac Highlands Region Selected Economic Indicators by County

	Population			FW Dodge Total Constr. (\$ in thous.)	Per Capita Personal Income		Nonfarm Job Growth	Unempl. Rate	Median Household Income	Educational Attainment Assoc. Deg.+ 2000(%)
	Census	Av. An. G.R.	Median Age		Av. An. G.R.					
	2006e	2000-2006(%)	2000	2006	2005(\$)	2000-2005(%)	2001-2006(%)	2006(%)	1999(\$)	2000(%)
Grant, W.Va.	11,915	0.9	39.3	33,031	24,781	3.5	-4.3	6.1	28,916	14.2
Hampshire, W.Va.	22,480	1.7	38.5	53,783	21,268	2.5	1.6	3.9	31,666	14.7
Hardy, W.Va.	13,420	0.9	38.9	105,805	23,216	3.9	2.1	3.9	31,846	12.5
Mineral, W.V.a	26,928	-0.1	39.1	32,425	24,330	3.9	1.9	5.0	31,149	18.0
Pendleton, W.Va.	7,679	-1.0	41.1	5,812	24,839	4.1	0.9	4.3	30,429	14.5
Cumberland, MD-WV MSA	99,759	-0.3	--	--	25,352	4.2	1.5	5.5	--	20.2
Winchester, VA-WV MSA	118,932	2.3	--	--	29,873	3.2	2.8	2.8	--	23.0
Potomac Highlands Region	82,422	0.6	--	230,856	23,437	3.5	0.7	4.6	--	15.4
Maryland	5,615,727	0.9	36.0		41,972	4.1	0.9	3.9	52,868	36.8
Virginia	7,642,884	1.2	35.7		37,503	3.8	1.2	3.0	46,677	35.1
West Virginia	1,818,470	0.1	38.9	3,164,358	26,419	3.8	0.6	4.9	29,696	19.2
U.S.	299,398,484	1.0	35.3		34,471	2.9	0.7	4.6	41,994	30.7

Population data are estimates from U.S. Census Bureau

U.S. employment data are from the BLS - labor force data.

Per capita personal income data are from the U.S. Bureau of Economic Analysis.

Median household incomes and Median Age are from the U.S. Census Bureau. Census 2000

Nonfarm Job data is from BLS and WVBEF.

Educational Attainment measures the percent of the population above age 25 that has earned a associate's degree or higher from Census 2000.

Median household income is another method of measuring an area's income. Unlike per capita personal income, median household income excludes payments in kind, such as, Medicare and Medicaid and is a measure of income per household rather than per individual. The most recent data on median household income is 1999 from Census 2000, which reports West Virginia's median household income as \$29,696. Using this measure of income the Potomac Highlands Region appears to be earning more than the state average with only one of its five component counties (Grant County) below the West Virginia average.

Of West Virginia's population aged 25 years or older in 2000, 19.2 percent of them earned an associate's degree or higher. The Potomac Highlands Region's educational attainment rate was well below the state rate in 2000, at 15.4 percent. The highest attainment rate in the region was found in Mineral County, which had a rate of 18.0 percent, according to the U.S. Census. None of the component counties came close to the national attainment rate of 30.7 percent. Neither of the two nearby MSAs of Cumberland (20.2 percent) or Winchester (23.0 percent) had higher attainment rates than the U.S. rate. The Potomac Highlands Region also has a much lower attainment rate compared to the two neighboring states of Virginia (35.1 percent) and Maryland (36.8 percent).

Finally, it is important to remember that agriculture remains an important part of the regional economy. According to the U.S. Bureau of Economic Analysis, farming employed 3,223 residents during 2002. Farming accounted for 9.2 percent of total employment, which was a much higher share than West Virginia (2.6 percent) and the nation (1.8 percent). The region saw a decline in farm jobs during the 2002 to 2005 period with annual average growth rate -0.7 percent or 71 jobs lost for the period. The Potomac Highlands Region lost jobs in the farming sector at a similar rate to West Virginia (approximately -0.7 percent) but at a slower rate than the nation (-1.8 percent).

Further, according to the 2002 Census of Agriculture, the Potomac Highlands Region accounted for 56.1 percent of all West Virginia agricultural sales (including both crops and livestock). The share of agricultural sales in the region has risen from 1997, which it accounted for 52.2 percent of the state total. Agricultural activity in the region is dominated by livestock sales (especially poultry), which accounted for 97.8 percent of total agricultural sales in the region in 2002. Finally, Hardy County posted the highest level of agricultural sales in the region in 2002, with \$123.6 million, which accounted for 45.7 percent of the Potomac Highlands total.

Recent Developments

The Potomac Highlands Region displayed an average annual population growth rate of 0.6 percent during the 2000 to 2006 period. The region demonstrated an average annual growth rate higher than West Virginia's 0.1 percent, but lower than the nation's 1.0 percent. During the period, Maryland and Virginia both displayed growth rates higher than the Potomac Highlands Region at 0.9 percent and 1.2 percent, respectively.

Hampshire County exhibited the highest population growth with an average annual growth rate of 1.7 percent during the 2000 to 2006 period. The county within the region that displayed the lowest annual average growth rate was Pendleton County at -1.0 percent during the period.

The two MSAs with component counties in the Potomac Highlands Region displayed very different population trends. The Cumberland MSA showed a decline in its population, exhibiting an annual average growth rate of -0.3 percent during the period. On the other hand, the Winchester MSA showed strong population growth during the period with an annual average growth rate of 2.3 percent. The growth of the Winchester MSA was primarily due to Frederick County in Virginia with a growth rate of 3.0 percent.

During 2005, the Potomac Highlands Region's PCPI was \$11,034 less than the nation's average; however, the region displayed a higher annual average growth rate of 3.5 percent compared to the nation's 2.9 percent during the 2000 to 2005 period. West Virginia's PCPI was \$2,982 higher than the Potomac Highland Region, and displayed a high growth rate of 3.8 percent during the 2000 to 2005 period. Hardy and Mineral County shared the highest PCPI average annual growth rate of 3.9 percent for the period. The PCPI growth rate in the Cumberland MSA (4.2 percent) outperformed the Winchester MSA (3.2 percent) during the period.

The Potomac Highlands Region displayed an average annual nonfarm job growth of 0.7 percent between 2001 and 2006. Hardy County demonstrated the highest average annual growth rate for nonfarm employment at 2.1 percent. During the 2001 to 2006 period, Grant County was the only county to display a negative average annual growth rate at -4.3 percent. The large job loss in Grant County is primarily due to the closure of Advantage Foods (poultry processing, owned by Perdue Farms) and the Mount Storm power plant completion of a new scrubber. The remaining counties, Hampshire (1.6 percent), Mineral (1.9 percent), and Pendleton (0.9 percent) all displayed positive growth rates that were higher than the region.

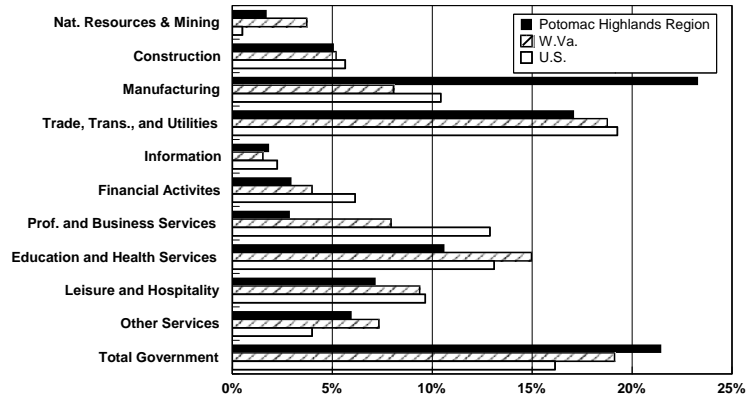
West Virginia fell slightly below the Potomac Highlands Region, with an average annual nonfarm job growth rate of 0.6 percent, during the 2001 to 2006 period. The nation shared the same growth rate as the Potomac Highlands Region at 0.7 percent. Maryland and Virginia outperformed the nation with nonfarm job growth of 0.9 and 1.2 percent, respectively. The Cumberland and Winchester MSAs performed very well with average annual growth rates of 1.5 and 2.8 percent, respectively.

During 2006, the Potomac Highlands Region exhibited an unemployment rate of 4.6, which is at par with the nation. The region also outperformed West Virginia’s unemployment rate of 4.9 percent. Hampshire and Hardy County displayed the lowest unemployment rate within the region at 3.9 percent during 2006. The highest unemployment rate was demonstrated by Grant County at 6.1 percent. Maryland and Virginia had lower unemployment rates than West Virginia at 3.9 and 3.0 percent, respectively. The two MSAs with component counties in the region displayed high contrast in their unemployment rates; Cumberland MSA (5.5 percent) had a higher unemployment rate than the nation, while the Winchester MSA (2.8 percent) was significantly lower than the nation.

According to FW Dodge, the Potomac Highlands Region had new construction starts valuing approximately \$230.9 million, or equivalently \$2,801 per capita, during 2006. Total construction starts for West Virginia was \$1,740 per capita. Hardy County exhibited the largest value of construction starts accounted for \$105.8 million, and of that amount, non-building projects accounted for 80.1 percent. The non-building projects in Hardy County were primarily from highway construction related to Corridor H.

Figure 2 shows the employment shares for the Potomac Highlands Region, West Virginia, and the U.S during 2006. As shown in Figure 2, manufacturing accounts for the largest amount of employment in the region at 23.3 percent. Indeed, 9.5 percent of West Virginia manufacturing jobs are located in the region, a far higher share than any other sector. Government jobs came in a close second accounting for 21.5 percent of employment in the Potomac Highlands Region. Natural resources and mining accounted for the smallest portion of employment, followed closely by the information sector posting, 1.7 and 1.8 percent, respectively.

Figure 2
Potomac Highlands Region
Employment Shares* Compared to the State
And Nation for 2006

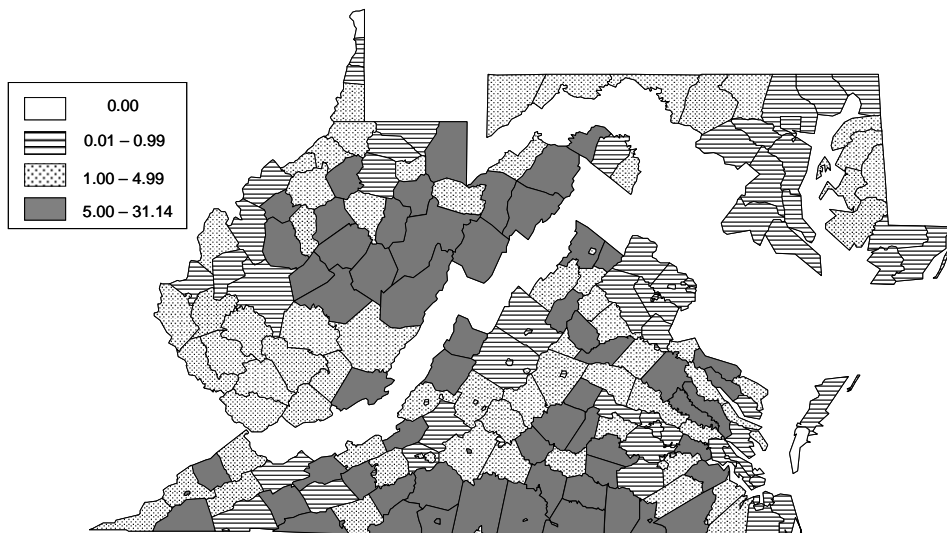


*Employment shares are based on nonfarm employment data.

The Potomac Highlands’ high share of jobs in the manufacturing sector can be attributed to a large concentrations in wood products and poultry products, with transportation equipment (defense related missile propulsion) also contributing a significant number of jobs. The wood products industry includes forestry, logging, sawmills, and manufacturers of other wood products like furniture, flooring, cabinets, manufactured homes, and doors. Figure 3, shows location quotients for these wood products jobs in West Virginia, Maryland, and Virginia. Location quotients are relative to national averages in which any county with a location quotient greater than one has a higher-than-average concentration of jobs in a given sector.

Figure 3 Concentration of Wood Products Jobs (NAICS 113, 321, & 337)

$\frac{\text{Wood Products Share of Jobs Locally}}{\text{Wood Products Share of Jobs Nationally}}$



County Business Patterns 2004

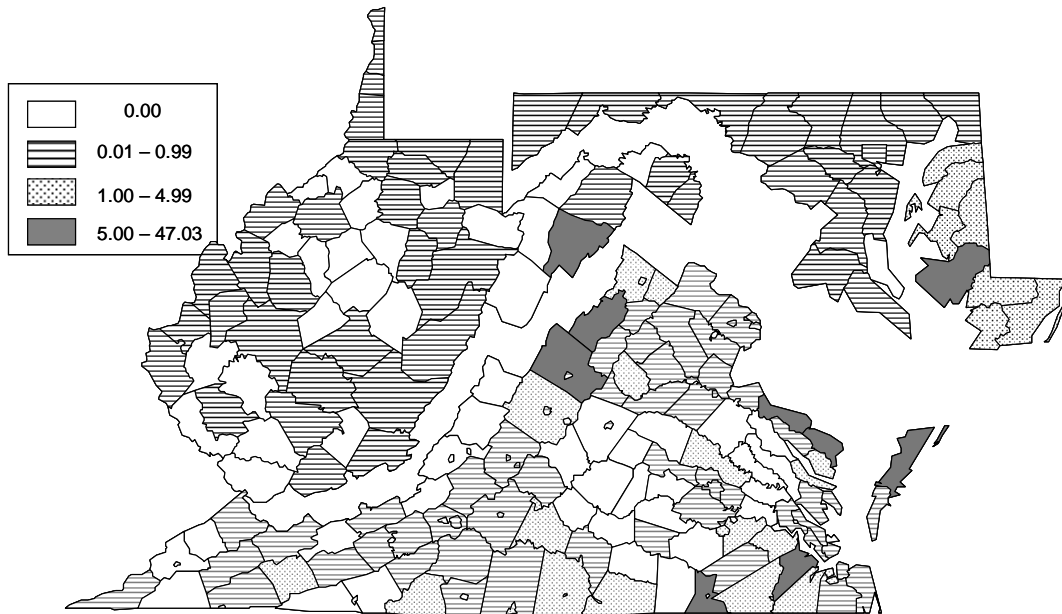
All five of the counties in the Potomac Highlands Region had location quotients higher than 3.0 in the wood products sector. The region's location quotients ranged from 3.3 to 29.0. Hardy County had the highest location quotient at 29.0, with American Woodmark Corporation, Christopher Peacock Cabinetry, and Fertig Cabinet located in the county. Growth in the Potomac Highlands in this subsector looks promising.

The food processing sector (NAICS 311) still remains an important sector in the Potomac Highlands Region. As seen in Figure 4, both Hardy County had the highest location quotient of any county in the state in this sector in 2004. Hardy County's location quotient was 47.0, which means that the concentration of food processing jobs in the county was 47.0 times the national level. Indeed, Pilgrim's Pride Corporation of West Virginia was the number one employer in Hardy County in 2002 and remains the top employer in 2006. There are also very high concentrations in the food processing sector in Northern Virginia, particularly Shenandoah and Rockingham Counties.

Figure 4

Concentration of Food Processing Jobs (NAICS 311)

$\frac{\text{Food Processing Share of Jobs Locally}}{\text{Food Processing Share of Jobs Nationally}}$

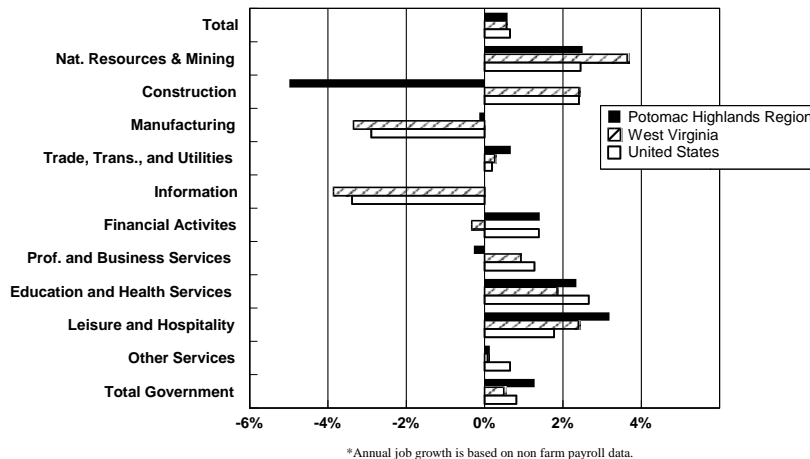


County Business Patterns 2004

The Potomac Highlands also has a high concentration in defense-related manufacturing, thanks to the location of ATK Tactical Systems Company in Mineral County. As of March 2006, ATK Tactical Systems was the largest employer in Mineral County.

Figure 5 shows the average annual job growth between 2001 and 2006 for the Potomac Highlands Region by industry. As Figure 5 shows, leisure and hospitality demonstrated the largest growth during the period, followed by natural resources and mining, posting 3.2 and 2.5 percent, respectively. Education and health care was a close third, with an annual average growth rate of 2.3 percent during the 2001 to 2006 period. Leisure and hospitality growth was concentrated in Hardy County. Natural resources and mining job gains came primarily in Grant County, with increased coal mining activity. Rising employment in education and health care was concentrated primarily in Hampshire and Mineral counties.

Figure 5
Potomac Highlands Region
***Annual Job Growth: 2001-2006**



The Potomac Highlands Region posted large job losses in the construction sector, with an annual average decline of -5.0 percent for the period. The primary factor in this job loss was the completion of scrubbers at the Mount Storm power plant. Both professional and business services and manufacturing employment posted modest job losses during the last five years.

Manufacturing employment was hit hard during the early years of the decade, but has bounced back nicely during the last two years, adding 420 jobs by 2006. Job gains in manufacturing have come in the defense munitions sector (Mineral County) and furniture and wood products (Hardy County).

Forecast: 2007-2011

The economy of the Potomac Highlands Region depends, in part, on the performance of the national economy. This subjects the region to the same risks and opportunities the country faces in the global market place. Thus, in order to create a forecast for the Potomac Highlands Region, we need to think about what the future holds for the U.S. and world economies.

The national forecast that underpins the regional outlook was produced by Global Insight, Inc. (a global economic forecasting and consulting firm) in May 2007. The overall national outlook calls for growth to slow significantly next year, but for the economy to avoid outright recession. As shown in Table 2, Global Insight anticipates real GDP growth to be slow, at 2.1 percent, during 2007. This is primarily due to the slowdown in the housing market. During the first quarter of 2007 the housing slowdown cut GDP growth by 1.0 percent. Despite sluggish real GDP growth, the U.S. unemployment rate is expected to only rise by 0.1 percent from 2006 to 2007, reaching 4.7 percent during 2007. Real GDP growth is expected to increase through 2009 (to 3.3 percent) then decrease through 2011 (to 2.6 percent).

Table 2
U.S. Forecast
Global Insight May 2007

	Actual 2006	Years Forecast				
		2007	2008	2009	2010	2011
		Annual Percent Change				
Real GDP	3.3	2.1	2.8	3.3	3.1	2.6
Industrial Production	4.0	1.7	2.3	3.0	2.7	2.4
Nonfarm Employment	1.9	1.3	1.1	1.5	1.4	1.0
Nominal Personal Income	6.3	5.7	5.3	5.9	6.0	5.4
Personal Consumption Deflator	2.7	2.1	1.8	2.0	2.0	2.0
Real Export Growth (GDP Basis)	8.9	6.4	9.2	9.0	8.1	7.0
Real Import Growth (GDP Basis)	5.8	2.3	4.1	5.7	5.8	5.6
Housing Price Growth Average, Existing Houses	1.3	-3.1	-3.5	2.8	3.9	4.1
		Percent				
Unemployment Rate	4.6	4.7	4.9	4.7	4.5	4.4
Federal Funds Rate	4.96	5.15	5.00	5.00	5.00	5.00
30-Year Fixed Mortgage Rate	6.42	6.21	6.59	6.88	7.02	7.04
		Billions of Dollars (FY)				
Federal Budget Surplus (Unified Basis)	-248	-192	-221	-230	-215	-187
		Key Prices				
Trd.Wtd. Value of U.S. Dollar vs Major Trading Partners (2000=1.000)	0.813	0.780	0.742	0.722	0.731	0.739
Oil - West Texas Intermediate (\$ per barrel)	66.12	62.10	61.42	61.96	61.75	61.79

As Table 2 shows, housing prices are expected to drop by 3.1 percent during 2007, and then to decline another 3.5 percent during 2008. After 2008, housing price growth is anticipated to be positive and increasing through the end of the forecast period reaching 4.1 percent by 2011. Global Insight also expects the 30-year fixed mortgage rate to increase every year during the forecast period hitting 7.04 percent in 2011.

Inflation is expected to reach 2.1 percent in 2007, which is down from 2.7 percent in 2006. However, the rate of inflation expected for 2007 is still at the upper range of the Federal Reserve’s preferred level of 1 to 2 percent per year. Global Insight anticipates that the Fed will do little to stimulate economic growth during the forecast. Specifically, the forecast calls for the Fed to reduce the federal funds rate by just 0.25% this year and then stand pat through 2011.

The U.S. dollar is expected to depreciate against the currencies of our major trading partners between 2007 and 2009, and slightly increase thereafter until the end of the forecast period. As shown in Table 2, the depreciation of the dollar (combined with solid world economic growth) is expected to cause real exports to grow faster than real imports throughout the forecast period. Strong export performance, relative to import growth, stabilizes the U.S. trade deficit during the forecast.

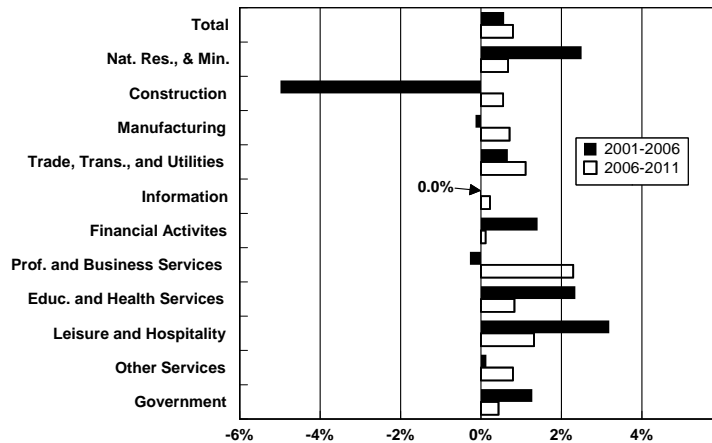
The West Texas Intermediate oil price is projected to reach \$62.10 per barrel during 2007 and decline to \$61.79 per barrel during 2011 with slight fluctuations throughout the forecast period. During the second quarter of 2007 oil prices are expected to reach an average price of \$2.93 (per gallon) at the pump.

Global Insight also calls for the federal budget deficit to increase from \$192 billion in 2007 to \$230 billion in 2009, as slower economic growth reduces tax revenue gains.

Continued national growth sets the stage for sustained economic gains in the Potomac Highlands Region. Table 3 below shows the outlook for jobs, the unemployment rate, population, and personal income for the region through 2011. As the table shows, the forecast calls for continued solid job, income, and population gains in the region.

The outlook calls for the region to generate roughly 200 jobs per year during the 2006 to 2011 period, which translates into an annual growth rate of 0.8 percent. That growth rate is similar to the state average of 0.9 percent, but well below the national average of 1.3 percent. Figure 6 shows the outlook for employment growth by major industry. Job gains during the next five years are expected to be concentrated in the service-providing sectors, especially in trade, transportation, and utilities; leisure and hospitality; government; and health care. The service-providing sector as a whole is forecast to add 150 jobs per year during the forecast.

Figure 6
Potomac Highlands Region
Annual Job Growth: History and Forecast



The goods-producing sector of the Potomac Highlands Region economy is also expected to contribute to job gains during the forecast. The forecast calls for modest job gains in natural resources and mining, as demand for the higher-sulfur coals mined in the region remains solid. Construction jobs stabilize at relatively high levels as the region continues to invest in its infrastructure (including Corridor H). Residential construction is expected to continue in the region (including second homes) although at a slower rate. The manufacturing sector generates relatively strong job gains during the period, as the region remains competitive in food products and the defense munitions sector. Furniture and wood products activity is likely to slow through 2008, as the impact of the national housing slowdown spreads through the local economy.

Sustained job gains in the region are expected to contribute to inflation-adjusted income growth during the next five years. The forecasts calls for real per capita personal income to rise by 1.9 percent per year during the next five years, significantly above the 0.7 percent rate of the last five years. Real income growth in the region is expected to be similar to the state average, but to fall below the national rate.

The combination of job and real income growth during the forecast generates positive population growth in the Potomac Highlands Region. The region is forecast to add roughly 650 residents per year during the next five years, which translates into a growth rate of 0.8 percent per year. That growth rate far exceeds the West Virginia average of 0.1 percent and is similar to the expected national rate of 0.9 percent.

Solid job gains combined with population growth during the next five years generates a stable unemployment rate in the Potomac Highlands Region. The unemployment rate in the region is forecast to stabilize between 4.6 and 4.3 percent during the forecast, well below the state rate but close to the national average.

The baseline outlook calls for the Potomac Highlands Region to sustain the solid gains posted during the last two years. However, there are risks to the forecast. One such risk is the possibility of a national recession. With the Fed holding interest rates steady in the face of weakening residential investment and high energy prices, the risk of a national recession remains a possibility. A national recession during the forecast would weaken regional growth, particularly in the manufacturing and professional and business services sectors.

While defense munitions and poultry production are not particularly business-cycle sensitive, wood products and furniture production tends to be tied to residential construction cycles and overall economic growth. A more severe housing construction slow down than envisioned under baseline assumptions would produce weaker wood products and furniture activity in the region. Poultry production, in addition, faces regulatory risks related to clean water concerns. Further, domestic and international competitive pressure will remain intense for all manufacturing sectors.

Job and income growth in the region depends on the ability of employers to locate an adequate supply of workers with the required skills. Demographic trends in the region have important impacts on labor force participation, as workers age 65 and older are highly likely to reduce labor market activity. As noted above, counties in the region tend to have higher-than-average median ages, which suggests that the labor market impacts of retirement will hit the region before the state. Policymakers and employers in the region will need to focus on workforce retention/attraction in the coming years, as the baby boom generation approaches retirement age.

Forecast Data Glossary

Forecast data for West Virginia and the regional forecasts come from the West Virginia Economic Outlook Project. U.S. forecast data are from Global Insight.

Nonfarm Payroll Employment by Industry

Historical employment data come from the U.S. Bureau of Labor Statistics and the West Virginia Bureau of Employment Programs, Research, Information and Analysis. Data can be found on-line at www.workforcewv.org. Estimates are from a survey of employers. Jobs are counted based on where the establishment is located, not on where the worker lives.

Civilian Labor Force, Employment, Unemployment, and the Unemployment Rate

Historical labor force data are available in the West Virginia County Profiles, published by the Bureau of Employment Programs. These data are available on-line at www.workforcewv.org. Labor force data cover West Virginia residents only. They are counted as participating in the labor force if they are employed or, if unemployed, actively seeking work. The unemployment rate is the number of unemployed residents divided by the labor force.

Population

Historical population estimates are from the U.S. Census Bureau and are available on-line at www.census.gov. Population data reflect the number of persons whose usual place of residence was within the state or county on July 1. Persons in the military or institutionalized are counted where the military base or institution is located, as long as that is within the U.S.

Real Personal Income

Real personal income is nominal personal income adjusted for the effects of inflation, using the U.S. personal consumption deflator. Personal income includes earnings from work (wages, proprietors' income, fringe benefits); dividends, interest and rent; and transfer income (social security, Medicare, Medicaid, welfare). Historical data are compiled by the U.S. Bureau of Economic Analysis and is available on-line at www.bea.gov.

Potomac Highlands Region Outlook 2007-2011

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