



Potomac Highlands Region Outlook

FORECAST: 2005-2009

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Executive Summary

The Potomac Highlands Region economy rebounded in 2004, adding 220 jobs. This was a marked improvement over 2003, when the region lost jobs due to large layoffs in the manufacturing sector. The forecast calls for the region to continue to expand during the next five years, assuming that the U.S. and international economies continue to grow.

During the 2000 to 2004 period, the region added jobs at an average annual rate of 0.8 percent, which far exceeded state and national results. Job growth was strongest during the period in health care; construction; and financial activities. Construction job gains have been supported both by infrastructure building (for instance the work on Corridor H) and by gains in residential construction. Job gains in health care and financial activities reflect overall population growth. Indeed, the region added residents during the 2000-2004 period at an average annual rate of 0.6 percent, which far exceeded the state growth rate (0.1 percent) but was well below the national growth rate of 1.0 percent per year.

However, the region posted large job losses in the manufacturing and professional and business services sectors during the last four years. Indeed, the manufacturing sector lost 480 jobs during the period. Even so, the rate of manufacturing job loss in the Potomac Highlands Region was less than both the U.S. and West Virginia rates. The region also lost 130 jobs in the professional and business services sector during the period, with those losses driven by layoffs in Mineral County (in the call center sector).

The preliminary estimates for 2004 suggest that the region's unemployment rate hit 4.9 percent, well down from a preliminary estimate for 2003 of 6.4 percent. With access only to the preliminary data, it is impossible to precisely pin down the reason for the unemployment rate decline in 2004. It is likely that rising employment explains part of the drop, but declining labor force participation may have also played a significant role.

The outlook for the Potomac Highlands calls for growth during the next five years, with the region expected to add jobs at an annual rate of 0.9 percent per year. This exceeds the growth rate forecast for the state but is below the expected national average. Most sectors are forecast to add jobs during the period, including mining and manufacturing, although most net job growth is expected to come in the service-providing sectors, like financial activities; leisure and hospitality; health care; and professional and business services.

Steady job gains generate continued inflation-adjusted gains in per capita personal income in the region. In turn, gains in jobs and income help to attract and retain residents in the region, and the forecast calls for population growth in the region to far exceed expected statewide results. Finally, steady job gains help to drive the region's unemployment rate down from 6.4 percent in 2003 to the 4.5 percent range by 2009.

While the baseline forecast calls for the Potomac Highlands Region economy to continue to grow during the next five years, there are risks to the outlook. One risk is the possibility of a severe national recession, which would tend to reduce demand for the goods and services produced within the region, but sold in markets around the U.S. or around the world. With federal fiscal stimulus on the wane, tightening monetary policy (characterized by rising interest rates), and high and rising oil prices, a U.S. recession during the forecast remains a possibility.

The region remains relatively specialized in manufacturing, with 22.3 percent of nonfarm jobs in this sector. This far exceeds the state (8.6) and national (10.9) shares. The manufacturing sector will contend with intense competitive pressure, from both domestic and international rivals. While the food processing sector is fairly well insulated from business cycle fluctuations, it does face emerging regulatory risks related to clean water concerns. In addition, slowing construction activity nationwide (responding to rising mortgage interest rates) has the potential to slow expected gains in wood products activity.

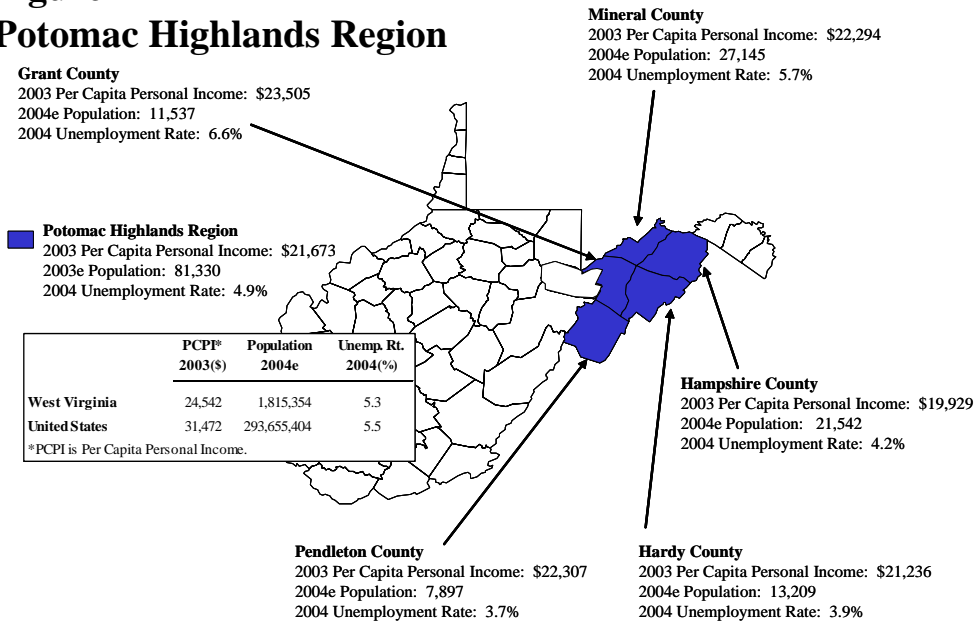
In addition, the call center sector retains its potential for growth, but this sector remains sensitive to the overall ups and downs of the national economy, and it is increasingly subject to international competitive pressures.

Finally, the Potomac Highlands Region will likely face demographic risks to growth during the next decade. Indeed, as noted below, all but one county in the region (Hampshire County) had a median age at or above the state average in 2000. This suggests that slow labor supply growth related to workforce retirement issues will be of concern within the region before they are for the state. These labor supply issues can be an impediment to growth if they are not addressed through workforce retention/attraction initiatives designed to lure younger workers to the region and to efforts ease the labor force participation of older workers.

Potomac Highlands Region in Perspective

The Potomac Highlands Region includes Grant, Hampshire, Hardy, Mineral, and Pendleton counties in West Virginia, as Figure 1 shows. Mineral County is the largest in population in the Potomac Highlands region with a 2004 estimated population of 27,145. Pendleton was by the far the least populated county in the region. As a whole the Potomac Highlands had an estimated 2004 population of 81,330.

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 2004 estimated population of this MSA is 101,016 and Mineral County accounts for 26.9 percent of this population.

The Winchester MSA is made up of Hampshire County in West Virginia and Frederick County and Winchester City in Virginia. The Winchester MSA had an estimated 2004 population of 112,932, of which 19.1 percent was from Hampshire County.

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.

As Table 1 also shows, per capita personal income (PCPI) in the Potomac Highlands Region was \$21,673 in 2003, which was lower than the West Virginia average of \$24,542. Grant County had the highest PCPI in the Potomac Highlands at \$23,505, but was still lower than the national average of \$31,472. Both of the nearby MSAs also had PCPIs lower than the national average, but both Maryland and Virginia had larger PCPIs than the U.S. at \$37,446 and \$33,730, respectively.

Table 1
Potomac Highlands Region Selected Economic Indicators by County

	Population			FW Dodge	Per Capita		Nonfarm	I.	Median	Educational
	Census	Av. An. G.R.	Median Age	Total Constr.	Personal Income	Personal Income	Job Growth	Rate	Household	Attainment
	2004e	2000-2004(%)	2000	(\$ in thous.)	2003(\$)	1998-2003(%)	1999-2004(%)	2004(%)	1999(\$)	Assoc. Deg.+
Grant, W.Va.	11,537	0.6	39.3	18,121	23,505	4.0	-3.4	6.6	28,916	14.2
Hampshire, W.Va.	21,542	1.5	38.5	22,877	19,929	3.8	2.3	4.2	31,666	14.7
Hardy, W.Va.	13,209	1.0	38.9	54,933	21,236	3.8	2.2	3.9	31,846	12.5
Mineral, W.V.a	27,145	0.1	39.1	35,083	22,294	3.9	2.4	5.7	31,149	18.0
Pendleton, W.Va.	7,897	-0.8	41.1	11,284	22,307	3.7	-1.4	3.7	30,429	14.5
Cumberland, MD-WV MSA	101,016	-0.2	--	--	23,148	4.1	1.3	6.0	--	20.2
Winchester, VA-WV MSA	112,932	2.2	--	--	27,084	3.4	2.5	2.9	--	23.0
Potomac Highlands Region	81,330	0.6	--	142,298	21,673	3.8	0.9	4.9	--	15.4
Maryland	5,558,058	1.1	36.0		37,446	4.3	1.1	4.2	52,868	36.8
Virginia	7,459,827	1.2	35.7		33,730	4.0	1.0	3.7	46,677	35.1
West Virginia	1,815,354	0.1	38.9	2,052,558	24,542	3.9	0.3	5.3	29,696	19.2
U.S.	293,655,404	1.0	35.3		31,472	3.2	0.4	5.5	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 areas income. Unlike per capita personal income, median household income excludes payments of 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. Indeed, in 2002, the U.S. Bureau of Economic Analysis estimates that 3,130 residents were employed in farming. This accounts for 9.1 percent of region employment in 2002, which is much larger than the state (2.5 percent) and national (1.8 percent) average. 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

During the 2000-2004 period, the Potomac Highlands Region experienced an average annual population growth rate of 0.6 percent. That growth rate was higher than the West Virginia state average of 0.1 percent, but was below the U.S. average of 1.0 percent for the same time period. In comparison, Maryland's and Virginia's population grew at an average annual rate of 1.1 percent and 1.2 percent, respectively.

Hampshire County was the fastest growing county in the Potomac Highlands with an average annual growth rate of 1.5 percent from 2000 to 2004. Pendleton County (-0.8 percent) was the only county in the region with a negative average annual growth rate.

The two nearby MSAs displayed vastly different population growth trends from 2000 to 2004. The Cumberland MSA had a -0.2 percent average annual growth rate due to the 0.3 percent average annual population decline in its largest county, Allegany County in Maryland. On the other hand, the Winchester MSA had a 2.2 percent growth rate due primarily to a 2.8 percent annual increase in its largest county, Frederick County in Virginia.

Although the Potomac Highlands Region's PCPI was lower than the national average, it has grown at a slightly higher average annual growth rate from 1998 to 2003. The region's growth rate of 3.8 percent is 0.6 percent higher than the nation's, but 0.1 percent lower than West Virginia's growth rate during the period. In the Potomac Highlands Region, Grant County had the highest growth rate at 4.0 percent and Pendleton County had the lowest at 3.7 percent. The Cumberland MSA had the higher growth rate of the two MSAs at 4.1 percent compared to the Winchester MSA rate of 3.4 percent.

From 1999 to 2004, the Potomac Highlands Region had an average annual nonfarm job growth rate of 0.9 percent. Two counties, Grant (-3.4 percent) and Pendleton (-1.4 percent), had negative annual growth rates during this time span. Both counties lost large numbers of manufacturing jobs during the period, with the closing of Hanover Shoe in Pendleton County and Advantage Foods (owned by Perdue Farms) (poultry processing) in Grant County. The three remaining counties, Mineral (2.4 percent), Hardy (2.2 percent), and Hampshire (2.3 percent), all had growth rates well above the 0.9 percent growth rate of the region.

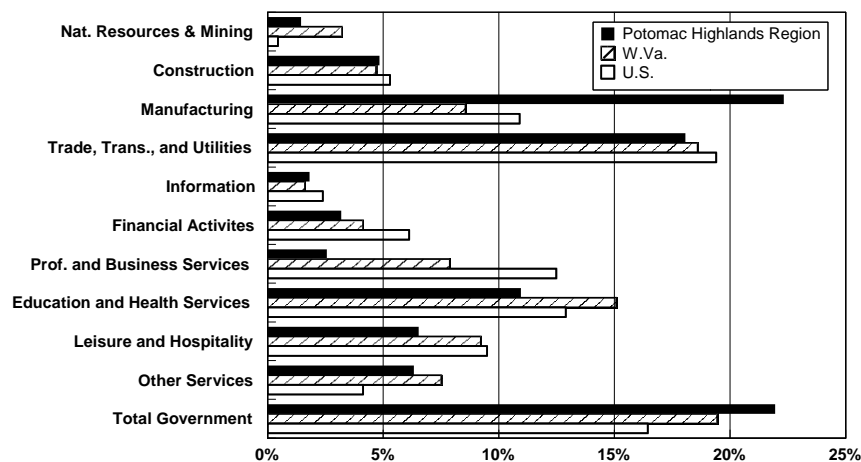
In comparison, West Virginia had a much lower job growth rate of 0.3 percent, adding only approximately 10,200 jobs since 1999. The U.S. had an average annual growth rate in jobs of 0.4 percent, which the Potomac Highlands Region as a whole outperformed. Both Maryland and Virginia also outperformed the national average with rates of 1.1 percent and 1.0 percent. The Cumberland MSA had average annual job growth of 1.3 percent and the Winchester MSA experienced a relatively high growth rate of 2.5 percent.

The counties in the Potomac Highlands Region report a range of unemployment rates for 2004 varying from 3.7 percent to 6.6 percent. Overall, the Potomac Highlands Region posted a 4.9 percent unemployment rate in 2004. The Potomac Highlands Region's unemployment rate was lower than both West Virginia's (5.3 percent) and the nation's (5.5 percent). Maryland and Virginia fared much better than West Virginia with unemployment rates of 4.2 percent and 3.7 percent, respectively. The Cumberland MSA had a high unemployment rate of 6.0 percent and the Winchester MSA had a considerably lower rate of 2.9 percent in 2004.

In 2004 the Potomac Highlands Region had \$142.3 million worth of new construction starts, according to data from FW Dodge. On a per capita basis, this amounts to \$1,750 per person in 2004, compared to \$1,131 for the state, which suggests that the region is strongly investing in its infrastructure. Most of the region's new construction contracts were for either residential or non-building projects, with these jointly accounting for 89.8 percent of the total value of new contracts during the year.¹ Hardy County posted the highest value of new construction contracts in 2004, reflecting large bridge and highway projects related to Corridor H. Compared to the state the total value of construction starts has grown at a much faster from 1999 to 2004. The Potomac Highlands Region has grown at an average annual rate of 20.1 percent compared to a rate of 7.2 percent for West Virginia.

Figure 2 displays the industrial mix in the Potomac Highlands Region compared to the mix in West Virginia and the U.S. Manufacturing, the largest sector in the region, accounts for 22.3 percent of all employment. Government is the second largest industry in the Potomac Highlands Region, claiming 22.0 percent of employment. Trade, transportation, and utilities is the third largest sector accounting for 18.1 percent of jobs. Together these three sectors contain 62.4 percent of the jobs in the Potomac Highlands Region.

Figure 2
Potomac Highlands Region
Employment Shares* Compared to the State
And Nation for 2004



*Employment shares are based on nonfarm employment data.

¹ FW Dodge data tracks new construction projects which are due to break ground within 60 days. Non-building construction includes infrastructure investments, like highways, roads, water and sewer projects, for example.

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)

Wood Products Share of Jobs Locally
 Wood Products Share of Jobs Nationally



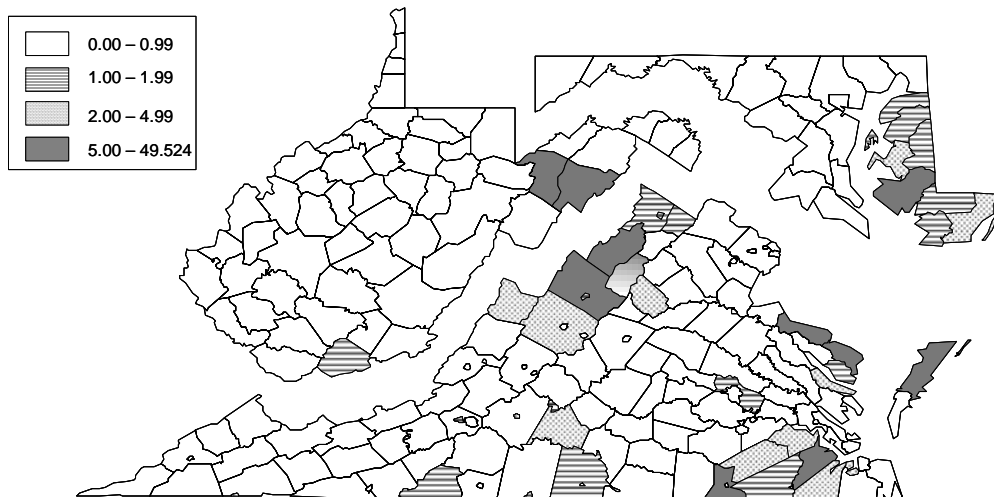
County Business Patterns 2002

All five of the counties in the Potomac Highlands Region had location quotients higher than 5.0 in the wood products jobs sector. The region's location quotients ranged from 6.2 to 18.3. Hardy County had the highest location quotient at 18.3, with American Woodmark Corporation, Christopher Peacock Cabinetry, and Fertig Cabinet located in the county. Growth in the Potomac Highlands in this subsector looks promising. American Woodmark Corporation is expanding in Hardy County creating approximately 300 jobs. Also, Allegheny Wood Products in Pendleton County, along with many other West Virginia wood product companies, are seeing the potential in exporting to the Chinese market.

The food processing sector (NAICS 311) still remains an important sector in the Potomac Highlands Region. As seen in Figure 4, both Hardy and Grant Counties had high location quotients in this sector in 2002. Hardy County had the higher location quotient of the two at 49.5. This number means that the concentration of jobs in the food processing sector in Hardy County is 49.5 times greater than the average U.S. concentration. Indeed, Pilgrim's Pride Corporation of West Virginia was the number one employer in Hardy County in 2002 and remains the top employer in 2004. Grant County has seen a reduction in poultry processing activity, after the loss of Advantage Foods (owned by Perdue Farms) late in 2002. 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)

Food Processing Share of Jobs Locally
 Food Processing Share of Jobs Nationally

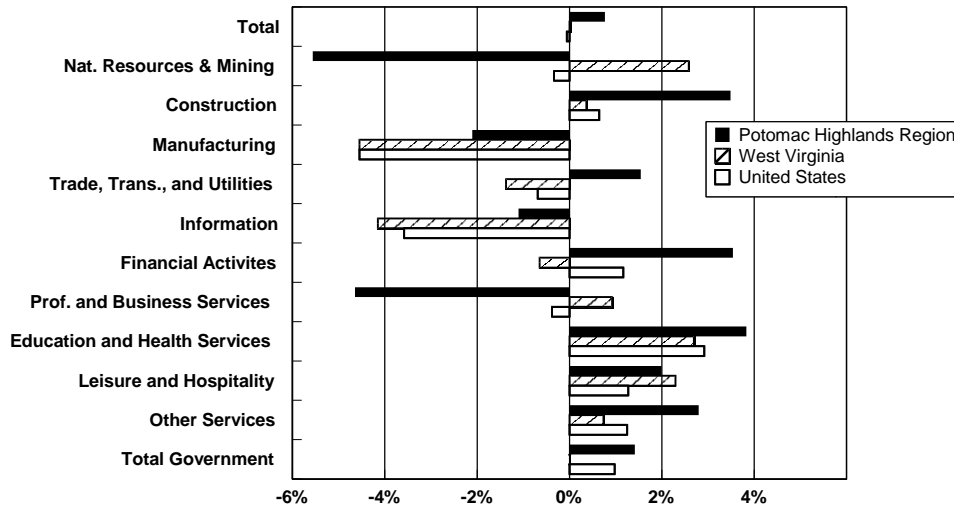


County Business Patterns 2002

The Potomac Highlands also has a high concentration in defense-related manufacturing, thanks to the location of ATK Tactical Systems Company in Mineral County. In February of 2004, Alliant Techsystems announced a planned expansion in Mineral County expected to create around 60 new jobs. Currently, Alliant Techsystems employs around 800 people at its Mineral County operations and expects that number to rise significantly in the coming years.

Figure 5 displays average annual job growth rates by industry in the Potomac Highlands Region from 2000 to 2004. Note that the region's job growth outpaced the state and the nation during the period. Job growth was strongest during the period in health care; construction; and financial activities. Construction job gains have been supported both by infrastructure building (for instance the work on Corridor H) and by gains in residential construction. Job gains in health care and financial activities reflect overall strong population growth.

Figure 5
Potomac Highlands Region
***Annual Job Growth: 2000-2004**



*Annual job growth is based on non farm payroll data.

The region has posted large job losses in the manufacturing and professional and business services sectors. The manufacturing sector lost 480 jobs during the period, and these losses were exacerbated by the closure of the Advantage Foods (owned by Perdue Farms) plant in Grant County. Even so, the rate of manufacturing job loss in the Potomac Highlands Region was less than both the U.S. and West Virginia rates. The region also lost 130 jobs in the professional and business services sector during the period, with the majority of those losses coming in Mineral County (in the call center sector).

Forecast: 2005-2009

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 2005. As Table 2 shows, Global Insight expects U.S. growth to be solid during the next five years, with real GDP growth under pressure from oil prices quickly tapering down from 4.4 percent in 2004 to the 3.0 percent range during the forecast. Real GDP growth supports job gains and stabilizes the unemployment rate in the neighborhood of 5.2 percent.

Table 2
U.S. Forecast
Global Insight May 2005

	Years						
	Actual 2003	2004	2005	Forecast			
				2006	2007	2008	2009
				Annual Percent Change			
Real GDP	3.0	4.4	3.4	2.9	2.9	3.1	3.0
Industrial Production	0.0	4.1	3.5	2.6	3.0	3.7	3.2
Nonfarm Employment	-0.3	1.1	1.6	1.4	0.9	0.9	0.8
Nominal Personal Income	3.2	5.6	5.6	5.7	5.3	5.9	5.8
Personal Consumption Deflator	1.9	2.2	2.3	2.0	2.0	2.3	2.4
Real Export Growth (GDP Basis)	1.9	8.6	6.3	7.6	10.1	9.6	8.3
Real Import Growth (GDP Basis)	4.4	9.9	7.8	3.6	4.6	5.5	5.1
				Percent			
Unemployment Rate	6.0	5.5	5.2	5.2	5.3	5.1	5.0
Federal Funds Rate	1.13	1.35	3.18	4.00	4.17	4.52	4.88
30-Year Fixed Mortgage Rate	5.82	5.84	6.30	6.76	6.88	7.15	7.50
				Billions of Dollars (FY)			
Federal Budget Surplus (Unified Basis)	-377	-413	-371	-336	-322	-320	-299
				Key Prices			
Trd.Wtd. Value of U.S. Dollar vs Major Trading Partners (2000=1.000)	0.916	0.841	0.793	0.745	0.727	0.737	0.742
Oil - West Texas Intermediate (\$ per barrel)	31.12	41.47	49.82	48.36	46.44	45.16	45.00

The forecast of continued, but slower, real GDP growth is reflected in all of the major spending sectors. Consumers, businesses, and government entities are expected to register slower, but still positive, spending gains during the next five years. In contrast, exports from the U.S. are expected to rise faster than imports during the forecast which will contribute positively to growth. Rising exports from the U.S. are supported by a declining value of the U.S. dollar, which is forecast to continue falling gradually during the next five years. As the U.S. dollar declines in value, U.S. exports become cheaper to foreigners and foreign produced goods and services become more expensive in the U.S.

The Federal Reserve is expected to increase the federal funds rate by 25 points at every meeting through November of 2005, raising the rate to 4.0 percent by the end of 2005 to counter the accelerating inflation that arises from stronger economic growth. The forecast calls for inflation to be 2.3 percent in 2005 and remain around this rate for the duration of the forecast. Rising short-term rates (the federal funds rate is an overnight interest rate) and accelerating inflation are forecast put upward pressure on long-term interest rates, with conventional 30-year fixed mortgage rates expected to hit 7.5 percent by 2009 (up from 5.8 percent in 2004).

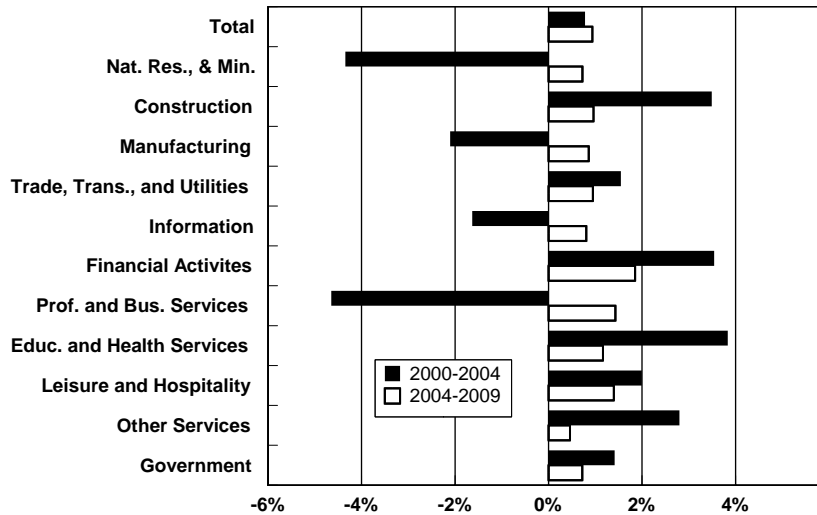
The forecast also calls for the federal budget deficit to fall from \$413 billion to \$299 billion over the forecast as Global Insight expects federal spending to be restrained by political pressure.

Oil prices remain a wild card in the U.S. outlook. The baseline forecast assumes that the price of West Texas Intermediate oil, a benchmark price, will remain around \$50 a barrel through 2006, which helps to drive the quick decent in GDP from 2004 to 2005. The forecast calls for oil prices to gradually descend from \$48.36 per barrel in 2006 to the \$45 per barrel range by 2009.

The forecast of continued national economic growth sets the stage for the Potomac Highlands Region to continue growing as well. The forecasts for jobs by industry, the unemployment rate, population, and personal income by component are contained in Table 3 below.

The forecast calls for the Potomac Highlands Region to roughly sustain the rate of job growth it achieved during the last five years. As Figure 6 shows, the forecast calls for regional job growth to be spread across most sectors, with the strongest job gains coming in service-providing sectors like financial activities; professional and business services; leisure and hospitality; and health care. Growth in service-providing sectors reflects population gains in the region, as well as opportunities for growth in tourism.

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



The forecast also calls for job growth in the natural resources and mining and manufacturing sectors to improve during the next five years. Coal mining in the region stabilizes during the forecast as continued economic growth nationally contributes to the demand for electricity and as high coal prices spur activity. The manufacturing sector is forecast to stabilize as well, after several years of large job losses, as defense-related activity and wood products producers expand operations in the region.

Steady job gains generate continued inflation-adjusted income growth in the Potomac Highlands Region. Income growth is forecast to match the statewide rate, but fall short of national gains. In turn, continued job and income gains help to sustain population growth in the region, which is forecast to continue to exceed the state rate and to approach the national rate. Further, the strong commuting flows within the Winchester MSA, suggest continuing strong population growth in Hampshire County.

Continued job gains in the region are forecast to drive the Potomac Highlands Region unemployment rate down from 6.4 percent in 2004 to the 4.7-4.5 percent range during the forecast. That leaves the regional unemployment rate below the national and state averages during the next five years.

While the baseline forecast calls for the Potomac Highlands Region economy to continue to grow during the next five years, there are risks to the outlook. One risk is the possibility of a severe national recession, which would tend to reduce demand for the goods and services produced within the region, but sold in markets around the U.S. or around the world. With federal fiscal stimulus on the wane, tightening monetary policy (characterized by rising interest rates), and high and rising oil prices, a U.S. recession during the forecast remains a possibility.

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In addition, the call center sector retains its potential for growth, but this sector remains sensitive to the overall ups and downs of the national economy, and it is increasingly subject to international competitive pressures.

Finally, the Potomac Highlands Region will likely face demographic risks to growth during the next decade. Indeed, as noted above, all but one county in the region (Hampshire County) had a median age at or above the state average in 2000. This suggests that workforce retirement issues will be of concern within the region before they are for the state. These labor supply issues can be an impediment to growth if they are not addressed through workforce retention/attraction initiatives designed to lure younger workers to the region and to efforts ease the labor force participation of older workers.

**Table 3
Potomac Highlands Employment, Population, and Income Forecasts**

	Actual				Forecast				Annual Growth				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Highlands 2004-2009*	W.Va.(%) 2004-2009*	U.S.(%) 2004-2009*
Total	23,460	24,310	24,190	23,980	24,200	24,705	24,822	25,001	25,130	25,356	231	0.9	1.1
Goods Producing	7,330	7,890	7,470	7,080	6,930	7,101	7,099	7,104	7,150	7,237	61	0.9	0.3
Nat. Res. & Mining	430	390	360	350	360	367	373	378	376	373	3	0.7	0.1
Construction	1,020	1,640	1,190	1,310	1,170	1,274	1,284	1,250	1,234	1,227	11	1.0	0.2
Manufacturing	5,880	5,860	5,920	5,420	5,400	5,460	5,442	5,475	5,541	5,636	47	0.9	-0.6
Service Producing	16,130	16,420	16,720	16,900	17,270	17,604	17,723	17,897	17,979	18,119	170	1.0	0.8
Trade, Trans., Util.	4,110	4,130	4,170	4,260	4,370	4,408	4,450	4,492	4,536	4,581	42	0.9	0.3
Information	470	470	480	470	440	446	444	449	452	458	4	0.8	0.4
Financial Activities	670	690	700	740	770	814	825	827	831	844	15	1.9	0.6
Prof. & Business Serv.	750	730	650	610	620	635	638	648	659	666	9	1.4	2.3
Education & Health	2,280	2,360	2,480	2,530	2,650	2,747	2,787	2,835	2,817	2,808	32	1.2	1.4
Leisure & Hospitality	1,460	1,530	1,560	1,590	1,580	1,611	1,625	1,646	1,656	1,693	23	1.4	1.4
Other Services	1,370	1,480	1,520	1,510	1,530	1,525	1,528	1,545	1,555	1,565	7	0.5	0.9
Government	5,020	5,030	5,160	5,190	5,310	5,418	5,426	5,455	5,474	5,504	39	0.7	-0.1
Labor Force	36,830	38,000	37,120	36,620	39,030	39,421	40,317	40,533	40,833	41,009	396	1.0	1.2
Employment	34,770	36,230	34,860	34,270	37,110	37,588	38,440	38,639	38,941	39,159	410	1.1	1.3
Unemployment Rate	5.6	4.7	6.1	6.4	4.9	4.6	4.7	4.7	4.6	4.5	-0.1	-1.7	-0.9
Total Population	79,510	79,943	80,217	80,831	81,330	81,816	82,386	83,023	83,656	84,239	582	0.7	-0.1
Total	1,569,389	1,634,445	1,610,647	1,660,379	1,670,461	1,727,930	1,767,964	1,813,363	1,857,281	1,907,711	47,450	2.7	2.0
Wage and Salary	546,120	601,353	595,835	605,931	614,632	629,548	637,639	648,745	658,630	670,471	11,168	1.8	3.3
Other Labor Income	156,265	168,655	176,275	188,830	196,421	203,828	207,219	210,660	214,073	218,610	4,438	2.2	2.0
Proprietors' Income	111,495	108,990	75,855	103,091	108,575	119,556	116,586	116,985	118,464	121,060	2,497	2.2	3.7
Dividends, Interest, Rent	255,118	254,006	223,004	214,206	209,241	217,131	225,227	232,431	243,499	243,499	6,852	3.1	3.8
Transfer Income	345,735	380,486	414,007	432,471	415,194	432,458	455,918	475,339	493,653	511,389	19,239	4.3	4.1

The Potomac Highlands consists of Grant, Hampshire, Hardy, Mineral and Pendleton County in West Virginia

*This column contains the average yearly change during the 2004-2009 period.

West Virginia forecast is from the West Virginia Economic Outlook 2005.

U.S. forecast is from Global Insight (formerly DRI-WEFA), May 2005.

Employment and Labor Force Statistics for 2004 has 2004 Benchmark. Others use 2003 Benchmark

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.wvbep.org/bep/LMI/. 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.wvbep.org/bep/LMI/. 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 2005-2009

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