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Local economy should look better in 2010

Next year should begin a period of renewed growth

By John McVey, Journal staff writer

POSTED: October 29, 2009

MARTINSBURG - There is a light at the end of the economic tunnel, and hopefully, it is not the headlight on a train.

That was the essential message that the nearly 240 attendees took home Wednesday from the Eastern Panhandle Economic Outlook for 2010.

"The forecast is good - once we get past 2009, the economy looks better," said George W. Hammond, associate director of the Bureau of Business and Economic Research at West Virginia University.

The BBER is part of the WVU College of Business and Economics. Centra Bank sponsored the conference.

This is the sixth year the BBER has presented an economic forecast customized for the tri-county region of West Virginia, said Tom S. Witt, director of the BBER.

Cosponsors included the Gateway New Economy Council, the Martinsburg-Berkeley County Chamber of Commerce and the economic development authorities of Berkeley, Jefferson and Morgan counties. Additional underwriting support was provided by the McLaughlin Economic Outlook Fund.

The BBER prepares economic forecasts for the Morgantown area, which will be presented on Nov. 4, and for the state, which will be presented in Charleston on Nov. 11.

Hammond described the first 11 months of the current year as one of the worst economically since World War II because of the so-called "housing correction" that hit Berkeley, Jefferson and Morgan counties very hard, for one thing, as well as because of the national recession that affected practically every other economic segment.

The only bright spots locally were in education and health care, federal government and local government sectors, which added jobs this year, he said.

Hammond forecast continued job loss through 2009, but the job market should rebound in 2010 reflecting economic growth beginning next year and remaining on the upswing through 2013.

"The Eastern Panhandle is much better positioned for growth in the long-term because of its ties to the Washington metro area," Hammond said. "It's not such a bad thing to be connected to Washington. It helps to buffer economic downturns and helps to boost the economy."

While Jefferson County is the only county locally that actually is part of the Washington Metropolitan Statistical Area, Berkeley and Morgan counties definitely are influenced by the Washington MSA. Berkeley and Morgan counties are part of the Hagerstown-Martinsburg MSA, which includes Washington County, Md.

Some of the job sectors associated with the metro area that should grow are in the service producing sectors, Hammond said.

The BBER's job growth forecast predicts that from 2009 through 2013, the professional and business services sector will grow by a little more than 4 percent locally; the information sector by a little more than 2.5 percent; and the education and health services sector, the trade, transportation and utilities sector, the construction sector and the natural resources and mining sector by about 1.5 percent.

However, there are risks that must be taken into consideration, Hammond pointed out.

"No economy is an economic island," he said. "The Eastern Panhandle forecast depends on the national economy."

If the U.S. economy falls back, Hammond explained, the Eastern Panhandle's recovery could be reduced - turning that light at the end of the tunnel into an oncoming locomotive.

Also, and specifically to the tri-county, there are risks from neighboring states to the gaming sector of the leisure and hospitality segment, he said, which has grown tremendously over the past several years. Competition from the development of slots casinos in Maryland would impact Charles Town Races & Slots, he said, and its contribution to the local economy.

"It raises the possibility that growth in the gaming segment will come in below the base line," he said.

Article Photos



Stephen Christian

The forecast left some uncertainty about 2010 in the mind of Steve Christian, executive director of the Berkeley County Development Authority.

"There are significant, tremendous question marks hanging over our heads for 2010," he said after the presentation. "Are we going to see the upside of the bell curve in 2010?"

While the report indicates a modest recovery for 2010, Christian said, the phrase "jobless recovery" is repeated, which gives him pause.

He wonders if the recovery will be broad-based, meaning whether some segments might see growth, and other segments might not.

"I was glad they spent time on how closely tied we are to the Washington MSA and more so than the rest of West Virginia" Christian said. "We aren't like the rest of West Virginia."

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