Economic Profile – West Virginia

Reports on the economy of West Virginia were mixed in 2017. Real GDP growth in West Virginia was strong, as was growth in real per capita income. Meanwhile, labor market conditions were less positive with sluggish employment growth and little improvement in the state’s unemployment rate. West Virginia had the second lowest nominal per capita income in the country and the fourth highest unemployment rate. The state also experienced a decline in population; one of only 8 states in the country to do so. Lastly, residential real estate conditions were somewhat weak with low home value appreciation and slow growth in housing starts.

Figure 1: Real GDP

SOURCE: Bureau of Economic Analysis/Haver Analytics

Figure 2: Population

SOURCE: U.S. Census Bureau/Haver Analytics

Economic Contribution

- West Virginia, the smallest economy in the Fifth District, had a nominal GDP of $76.8 billion in 2017, accounting for 0.4 percent of national output and 4.1 percent of Fifth District output.
- Real GDP in West Virginia grew 2.6 percent in 2017, surpassing the national and Fifth District rates of 2.1 percent and 2.0 percent, respectively.

- The natural resources and mining industry and the government sector contributed the most to West Virginia’s real GDP, accounting for 16.3 percent and 14.8 percent, respectively. The natural resources and mining industry also grew the fastest, at 18.3 percent, while the government sector declined 1.4 percent. The manufacturing industry declined the most, contracting 2.3 percent.

- The only MSA in West Virginia to see GDP growth in 2016, the latest year of data available, was Morgantown, which grew 0.6 percent. Parkersburg-Vienna output declined the most, shrinking 4.5 percent.

Population

- West Virginia’s population in 2017 was 1.8 million individuals, the equivalent of 5.6 percent of the Fifth District population and 0.6 percent of the national population.
West Virginia’s population declined 0.7 percent in 2017, giving it the second lowest population growth rate in the nation.

Net migration to West Virginia in 2017 was estimated to be negative 9,640 people, with 10,507 people leaving the state domestically and 867 people arriving internationally.

The most populous MSA in West Virginia in 2017 was Huntington with 356.5 thousand residents. The only MSA to report an increase in population was Morgantown, which grew 0.2 percent.

Kanawha County was the most populous of West Virginia’s counties in 2017 with 183,293 residents. Wirt County was the smallest, home to only 5,794 residents. Berkeley County grew the fastest at a rate of 1.5 percent and McDowell County had the largest decline of 3.6 percent.

In 2017, the working-age population of West Virginia (ages 16 to 64) decreased by 1.4 percent. The retirement-age population (persons 65 and above) grew by 2.1 percent.

**Labor Market Conditions**

West Virginia had 748,600 workers in December 2017. This accounted for 5.1 percent of the Fifth District’s payroll employment and 0.5 percent of national payroll employment.

On a year-over-year basis in December 2017, West Virginia’s total nonfarm payroll employment grew 0.7 percent (5,200 jobs), which was below the national rate of 1.5 percent.

The government sector was the largest employer in 2017, supporting 20.7 percent of jobs; the trade, transportation, and utilities industry was the second largest at 17.7 percent. The smallest industry was natural resources and mining, accounting for 2.9 percent of jobs.

The construction industry expanded the most in employment in 2017, at a rate of 14.7 percent, and information contracted the most with an 11.7 percent decline.

Among the MSAs in the state, Morgantown grew the most in terms of employment with a 1.5 percent increase from December 2016 to December 2017. Over the same time frame, the Parkersburg-Vienna MSA experienced the largest contraction of 2.7 percent.
Household Conditions

- West Virginia's 2017 nominal per capita income was $37,924, the second lowest in the country.
- West Virginia experienced the second highest percentage increase in real per capita income in the nation at a rate of 1.7 percent.
- The Charleston MSA had the highest nominal per capita income among the state's metro areas with a level of $42,063 in 2016, the latest available year of data. Beckley had the lowest nominal per capita income of all Fifth District MSAs at $33,433. Only two of West Virginia's seven MSAs posted increases in nominal per capita income.
- In the most recent year of data, 2016, per capita nominal income among West Virginia's counties were all below the national and Fifth District averages. Ohio County had the highest at $48,607 and Gilmer County had the lowest at $24,779.
- West Virginia had the fourth highest unemployment rate in the country in December 2017 at 5.4 percent, a 0.1 percentage point decrease from December 2016. The number of people unemployed decreased by 1.9 percent on a year-over-year basis in December 2017, as opposed to the national decline of 12.3 percent.
- In December 2017, the Weirton MSA had the highest unemployment rate at 6.8 percent while Morgantown posted the lowest rate at 4.3 percent.
- West Virginia’s labor force participation rate was 53.6 percent in December 2017, the lowest in the nation, below both the national rate of 62.7 percent and the Fifth District rate of 62.8 percent.
- Non-business bankruptcy filings increased by 5.3 percent in 2017.
- 18.7 percent of West Virginia’s population (340,308 people) participated in the Supplemental Nutritional Assistance Program on average every month in Fiscal Year 2017. This rate was a decrease of 0.9 percentage points from 2016.
- In 2016, the most recent year of data available, 18.0 percent of West Virginia residents lived below the poverty level, an increase from the previous year and above the national and Fifth District rates.
Real Estate Conditions

- 2,720 new residential building permits were issued in 2017 in West Virginia, which was a 6.9 percent increase from 2016 and outpaced the national increase of 6.2 percent.

- Home values appreciated 2.6 percent in West Virginia on a year-over-year basis in the fourth quarter of 2017, below the national appreciation rate of 6.4 percent.

- The Wheeling MSA experienced the greatest appreciation in home values on a year-over-year basis in the fourth quarter of 2017, rising 7.2 percent. Homes in Weirton saw the greatest depreciation of 3.7 percent.

- Housing starts in West Virginia decreased 0.5 percent in 2017, trailing the national increase of 2.5 percent.

- The share of mortgages with payments more than 90 days past due in West Virginia declined 0.3 percentage point from the previous year ending at 1.6 percent in the final quarter of 2017.

- In the fourth quarter of 2017, the share of mortgages in foreclosure in West Virginia was 1.0 percent, which was lower than the national rate of 1.2 percent.