

THE WINCHESTER METROPOLITAN AREA OUTPERFORMS THE COMMONWEALTH

*Well I was born in a small town
And I can breathe in a small town
Gonna die in this small town
And that's probably where they'll bury me*

– John Mellencamp, American musician,
“Small Town”

Conversations about growth in Virginia often center on the larger metropolitan areas of Northern Virginia, Richmond and Hampton Roads. Yet, there is another story to be told about Virginia, a story about its smaller, more rural, metropolitan areas. Some Virginians are choosing to trade the hustle and bustle of the big urban-centered metros by moving to more rural regions in search of a higher quality of life. Many of these new residents commute to work in another region. The phenomenon is not unique to the Commonwealth, as we are witnessing the rise of exurban (outside a city's suburbs) regions in the United States.

The Winchester, Virginia-West Virginia Metropolitan Statistical Area (MSA), hereafter referred to as the Winchester metro area, appears poised to benefit from the continued growth of the Northern Virginia economy. Over the past decade, the influx of new residents from Northern Virginia has proven to be a boon (sparking growth in incomes and jobs) to the regional economy. On the flip side, however, it also has been somewhat of a bane (in terms of increasing traffic, population density and demand for public services).

The Winchester metro area, which encompasses the city of Winchester, Frederick County, Virginia, and Hampshire County, West Virginia, had a total population of over



142,000 in 2020.¹ The principal city in the metro area, Winchester, is also the oldest Virginia city west of the Blue Ridge Mountains.² Located at the northern entrance of the Shenandoah Valley, the city's population reached 27,700 in 2020. Other notable Virginia cities and towns within the metro area are Lake Holiday, Middleton and Stephens City. In West Virginia, only the small town of Springfield is part of the metro area. The remainder of the Winchester MSA consists of census-designated areas and unincorporated areas in Virginia and West Virginia.



CITY OF WINCHESTER, VIRGINIA

In broad strokes, residents of the Winchester metro area are slightly older, less educated, whiter and travel farther for work when compared to fellow Virginians (Table 1). In 2019, the median age in the Winchester MSA was 41.3 years, 2.8 years older than Virginia and the United States. The region was predominately white, with 82% of its residents identifying as such in 2019, 21 percentage points higher than the Commonwealth average. Almost 9 in 10 residents held a high school degree or higher in 2019, slightly less than Virginia and the nation. On the other hand, only 26.7% of Winchester residents had earned a bachelor's degree or higher in 2019, less than Virginia or the United States. Median household income in 2019 was approximately the same in the Winchester region and the Commonwealth and almost \$11,000 higher than the nation. This may be explained, in part, by the fact that average commuting times were higher for the residents of the Winchester metro area, as some residents live in the region and work in Northern Virginia.

TABLE 1
SELECTED CHARACTERISTICS: WINCHESTER MSA, VIRGINIA AND
THE UNITED STATES,
2019

Category	Winchester, VA-WV	Virginia	United States
AGE			
Median Age	41.3	38.5	38.5
Under 18	22%	22%	22%
18 to 64	60%	62%	61%
65 and Over	18%	16%	16%
RACE/ETHNICITY			
White	82%	61%	60%
Black or African American	5%	19%	12%
Asian	1%	7%	6%
Hispanic	9%	10%	18%
EDUCATIONAL ATTAINMENT			
High School Degree or Higher	88.1%	90%	88.6%
Bachelor's Degree or Higher	26.7%	39.6%	33.1%
ECONOMICS			
Median Household Income	\$76,583	\$76,456	\$65,712
Persons Below Poverty Line	8.6%	9.9%	12.3%
Travel Time to Work (minutes)	31.8	29.1	27.6

Sources: Census Reporter and U.S. Census Bureau (2019) American Community Survey 1-year estimates. Data for Winchester MSA race categories are ACS 2019 5-year data. Hispanic includes respondents of any race. Other race categories are non-Hispanic.

¹ We use the U.S. Census Bureau's 2020 vintage population estimates, which were based on the 2010 Census. New population estimates based on the 2020 decennial census will become available in 2022.

² Col. James Wood Sr., lieutenant in the Royal Navy, colonel in the Frederick County (Virginia) Militia and Oxford University alumnus, founded Winchester in 1744 on an acquired tract of land and named it after his hometown: Winchester, Hampshire, England.

Winchester may be small, but it has outperformed many of the larger metropolitan areas in the Commonwealth during the COVID-19 pandemic. While Hampton Roads struggles to regain the jobs it lost in 2020, the Winchester region has not only regained the jobs lost there in 2020, but it has also added new jobs. Median housing prices continue to increase in the Winchester metro area as median household incomes have risen sharply over the last decade. Winchester may be tied to the fortunes of the Washington, D.C., metro area, but it has also managed to attract and retain new employers. Winchester packs a proverbial economic punch well above its weight class.

In this chapter, we delve into economic conditions in the Winchester metro area. We first discuss how the MSA's population has changed over time and how commuting has contributed to population growth. We examine how the Winchester region moved from an area that was relatively poor when compared to Virginia and the nation to one that is equal in income to the Commonwealth and richer than the U.S. We also dive into the question of housing values and how rising values may affect the quality of life of residents. Lastly, we discuss the impact of COVID-19 on the labor force, employment and jobs in the region. We conclude with a discussion of the challenges facing the Winchester metro area over the coming decade, including whether it can retain its character while welcoming an increasing number of expatriates from the Washington, D.C., metro area.

Population Growth Powers Change In Winchester

To understand where Winchester may go in the coming decade, we must understand where it has been. Whether population growth has been positive or negative is more than just an academic curiosity. A region that is losing residents will, inevitably, lose businesses as residents “vote with their feet” in reaction to economic conditions. On the other hand, a region that is growing will attract businesses and spur job creation. Let's look at how Winchester has fared in growing its population.

From 2000 to 2020, the Winchester metro area added more than 38,000 new residents (Graph 1), an estimated annual average increase of 1.6%.³ Examining the largest localities within the region, we find that population growth was driven by Frederick County, Virginia, for which Winchester is the county seat. From 2000 to 2020, the population of Frederick County grew from 59,639 to 91,119, an annual average increase of 2.1% (Table 2). The population growth rate in the county eclipsed that of the city of Winchester (0.8%) and Hampshire County, West Virginia (0.7%). Given that Winchester's annual average population growth rate was not even half that of the metropolitan area of which it is a part, it is apparent that Frederick County's population growth was driven largely by the smaller towns and unincorporated areas in the county.

Graph 2 displays the components of population change in the Winchester metro area from 2010 to 2020. Over this span, the natural increase in the population (births minus deaths) was positive. While there were only an estimated 17 net international migrants into the region in 2010, by 2016 net international migration peaked at 353 individuals. Net international migration then fell from its 2016 peak to an estimated 171 arrivals in 2020. An influx of international migrants is typically a signal of improving economic prospects in a region. While international migration in 2020 was less than in 2016, it was markedly better than at the start of the decade, even amid the COVID-19 pandemic.

³ The compound annual growth rate is equal to $(\text{end value}/\text{beginning value})^{(1/\text{number of periods})}-1$.

TABLE 2

**POPULATION GROWTH:
WINCHESTER METROPOLITAN STATISTICAL AREA AND LARGEST
LOCALITIES IN THE MSA,
2000-2020**

Area	Population 2000	Population 2020	Compound Annual Growth Rate
Winchester MSA, VA-WV	103,626	142,009	1.6%
Winchester, VA	23,699	27,700	0.8%
Frederick County, VA	59,639	91,119	2.1%
Hampshire County, WV	20,288	23,190	0.7%

Sources: Dragas Center for Economic Analysis and Policy, Old Dominion University; U.S. Census Bureau's Annual Intercensal Resident Population Estimates: 2000-2009; and Metropolitan and Micropolitan Statistical Area Totals: 2010-2020. Vintage 2020 estimates are based on the 2010 Census and were created without incorporation or consideration of the 2020 Census results.

People come, and people go. Where they come from and where they go is revealing, as we tend to vote with our feet. Whether it is for jobs, quality of life or affordability, migration implicitly reveals the attractiveness of a region. By far, the largest component of population change for the Winchester metro area from 2010 to 2020 was net domestic migration (arrivals minus departures). In 2010, in the aftermath of the Great Recession, net domestic migration was estimated to be only 81 individuals. Net domestic migration peaked at 1,689 in 2017 and was 985 in 2020. Clearly, Winchester has been attracting new residents from other parts of the Commonwealth and the nation in recent years.

Comparing the Winchester metro area's average annual population growth from 2000 to 2020 with that of the other metropolitan areas in Virginia yields an interesting observation: Population growth in the Winchester region was higher than any other metropolitan area in the Commonwealth this century (Table 3). Of course, it may be harder for larger metros to grow faster, but we can compare the Winchester

metro with Virginia's smaller metro areas. Here, Winchester grew by 1.1 percentage points faster than the Blacksburg-Christiansburg metro, 0.8 points faster than Roanoke, 0.7 points faster than Lynchburg, 0.5 points faster than Harrisonburg and 0.4 points faster than Charlottesville. As we shall see in the next section, one of the major reasons for Winchester's more rapid growth is the influx of commuters from the Washington, D.C., metropolitan region.

TABLE 3

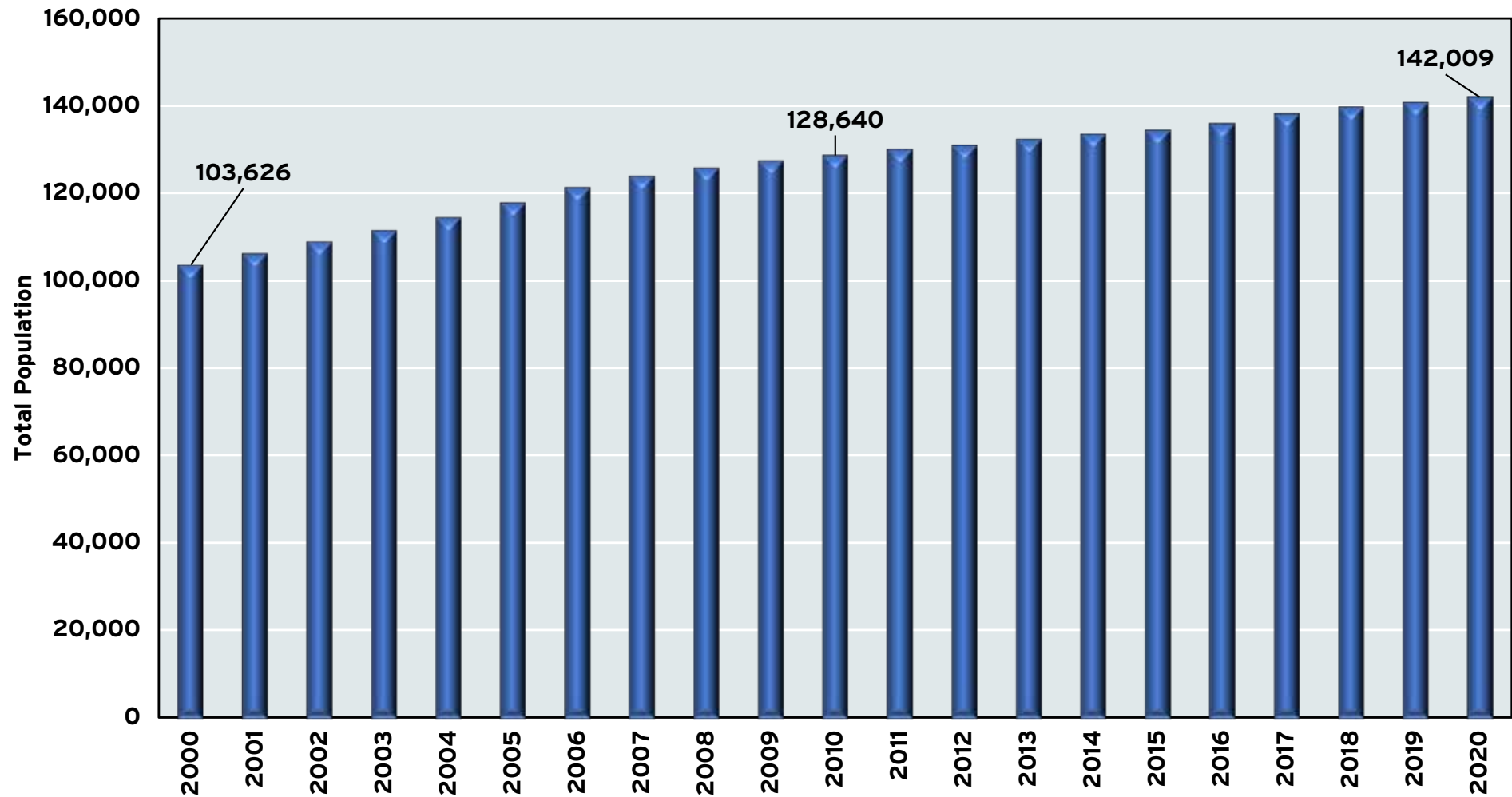
**POPULATION GROWTH IN VIRGINIA'S METROPOLITAN AREAS,
2000-2020**

Metro Area	Total Population 2000	Total Population 2020	Compound Annual Growth Rate
Winchester	103,626	142,009	1.60%
Washington-Arlington-Alexandria	4,875,923	6,324,629	1.30%
Charlottesville	174,979	219,910	1.20%
Harrisonburg	108,414	135,550	1.10%
Richmond	1,043,450	1,303,469	1.10%
Lynchburg	222,430	264,386	0.90%
Roanoke	288,699	313,784	0.80%
Staunton	109,129	124,475	0.70%
Blacksburg-Christiansburg	151,553	167,244	0.50%
Hampton Roads	1,617,490	1,779,824	0.50%

Sources: Dragas Center for Economic Analysis and Policy, Old Dominion University; U.S. Census Bureau's Annual Intercensal Resident Population Estimates: 2000-2009; and Metropolitan and Micropolitan Statistical Area Totals: 2010-2020. Vintage 2020 estimates are based on the 2010 Census and were created without incorporation or consideration of the 2020 Census results.

GRAPH 1

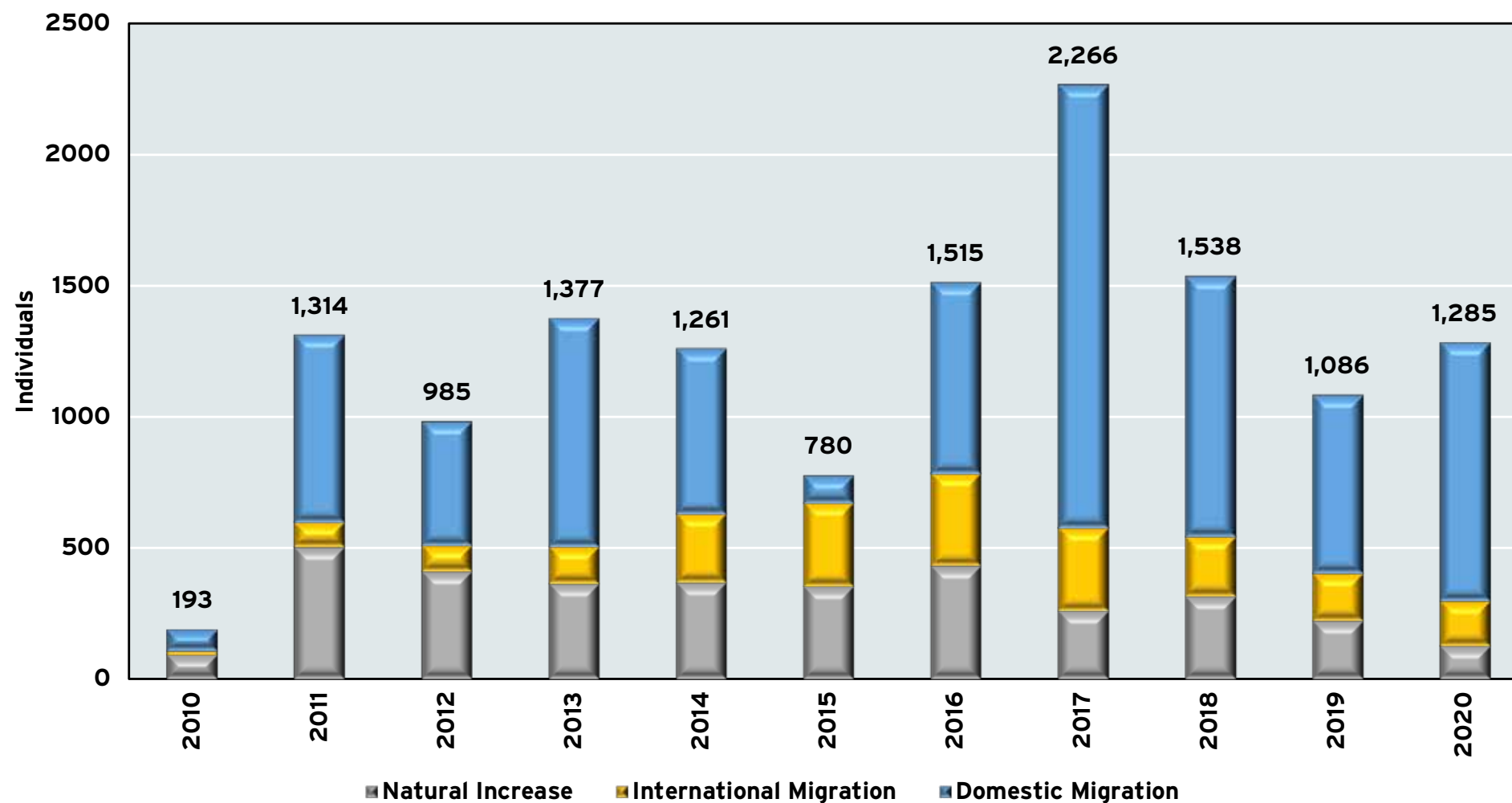
**TOTAL POPULATION:
WINCHESTER, VA-WV METROPOLITAN STATISTICAL AREA, 2000-2020**



Sources: Dragas Center for Economic Analysis and Policy, Old Dominion University; U.S. Census Bureau's Annual Intercensal Resident Population Estimates: 2000-2009; and Metropolitan and Micropolitan Statistical Area Totals: 2010-2020. Vintage 2020 estimates are based on the 2010 Census and were created without incorporation or consideration of the 2020 Census results.

GRAPH 2

**COMPONENTS OF POPULATION CHANGE:
WINCHESTER METROPOLITAN STATISTICAL AREA,
2010-2020**



Sources: Dragas Center for Economic Analysis and Policy, Old Dominion University; U.S. Census Bureau; and Metropolitan and Micropolitan Statistical Area Totals: 2010-2020. Vintage 2020 estimates are based on the 2010 Census and were created without incorporation or consideration of the 2020 Census results.

On The Road Again: Commuters And The Winchester Metro Area

The Winchester metro area defies the stereotypical perception of a small town that award-winning young-adult fiction author Courtney Summers once described as “a place that’s only good for leaving.” Instead of residents leaving, Winchester has attracted new residents, drawn in by a lower cost of living and a perceived higher quality of life. Given the geographical proximity of Winchester to Washington, D.C. (75 miles by car), it should be no surprise that some residents of the D.C. metro area have traded the hustle and bustle (and traffic) for the lower population density of the Winchester region.

The 2015-2019 American Community Survey (ACS) estimates from the U.S. Census Bureau provide insight into who is coming to and who is leaving from the Winchester metro area. As illustrated in Table 4, the largest flows were from the Washington, D.C., metro area. While 1,610 residents of the Winchester area departed for the Washington, D.C., area during this period, 3,614 residents flowed in the opposite direction. Net migration flows from the Washington, D.C., region into the Winchester metro area were almost eight times larger than the next highest region, Hampton Roads.

Some regions have migration flows in their favor. Net migration to the Hagerstown, Maryland, metro area was 409 individuals from Winchester in the most recent data. Richmond was the next highest in terms of net outmigration, gaining 154 individuals. However, it should be clear from the data that the net movement of people into Winchester was positive and contributed to the overall population gain in the region.

Where people go to work has changed over time. In 2002, 39.3% of employed individuals who lived in the Winchester metro area worked in another metro area (Graph 3). By 2019, the latest data available, 50.7% of employed individuals lived in Winchester but worked in another metro area. Most of Winchester’s commuters were bound for

one destination: the Washington, D.C., metro area. In 2019, 59.9% of residents who worked outside the Winchester metro area did so in the Washington, D.C., metro area.

TABLE 4
TOP AND BOTTOM FIVE CONTRIBUTORS OF NET MIGRATION TO
WINCHESTER, VA-WV:
ACS FIVE-YEAR ESTIMATES, 2015-2019

MSA	Inflow	Outflow	Net Migration
TOP 5			
Washington-Arlington-Alexandria	3,614	1,610	2,004
Virginia Beach-Norfolk-Newport News	511	249	262
Nonmetropolitan Areas within U.S. or Puerto Rico	1,016	774	242
Johnson City, Tennessee	140	0	140
Harrisonburg, Virginia	170	69	101
BOTTOM 5			
Hagerstown-Martinsburg, Maryland-West Virginia	352	761	-409
Richmond, Virginia	57	211	-154
Phoenix-Mesa-Chandler, Arizona	0	100	-100
Greenville-Anderson, South Carolina	1	83	-82
Atlanta-Sandy Springs-Alpharetta, Georgia	0	75	-75

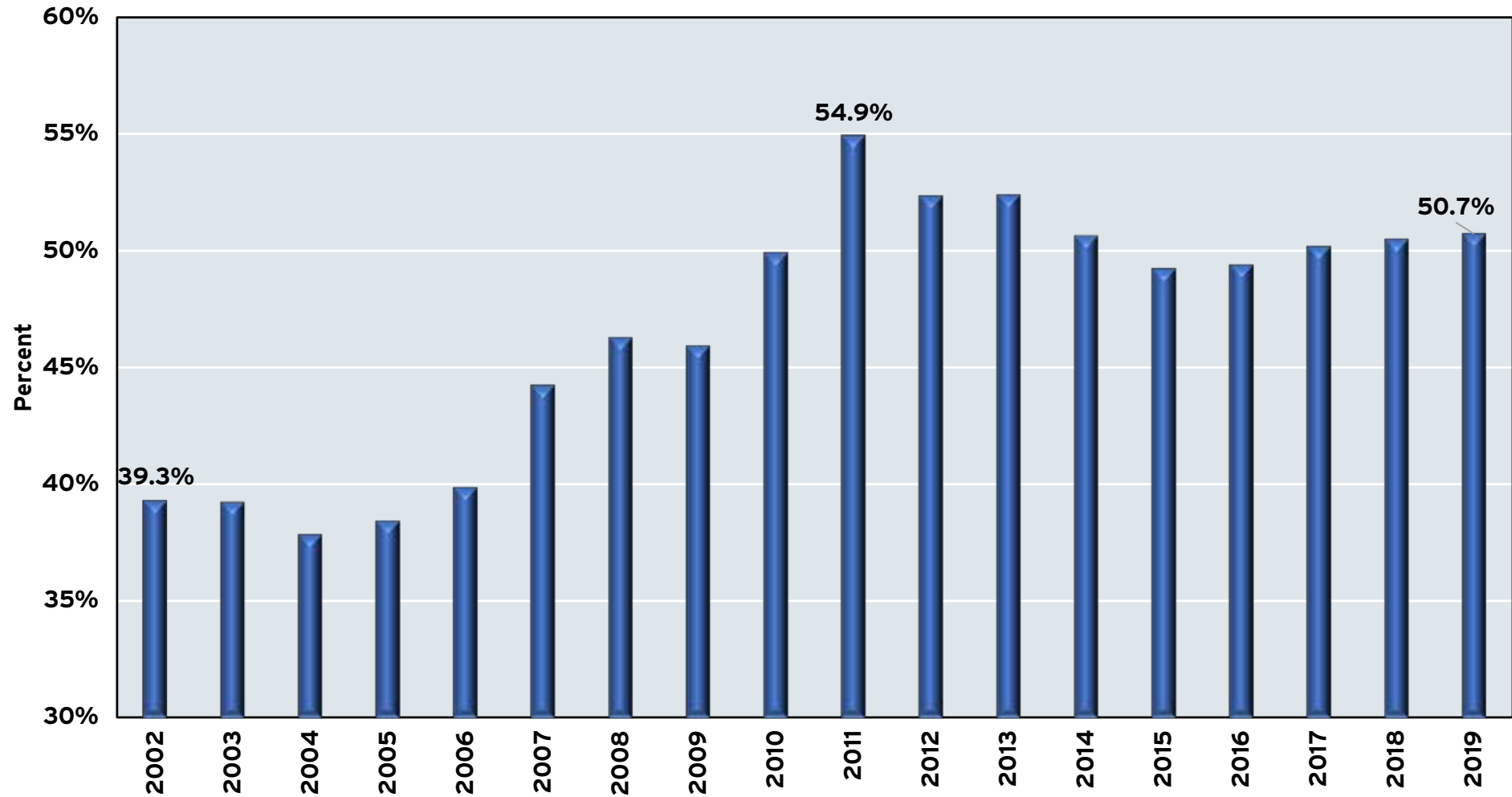
Sources: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates, and the Dragas Center for Economic Analysis and Policy, Old Dominion University

Among Virginia's metropolitan areas, Winchester had the largest percentage of residents who worked outside the metro area in 2019 (Graph 4). As the share of workers has risen over time, the economic linkages between the Winchester and Washington, D.C., metro areas have deepened as well. As we discuss in the next section, one visible impact of this synergistic relationship has been the remarkable rise in median household income in the Winchester metro area over the past decade.



GRAPH 3

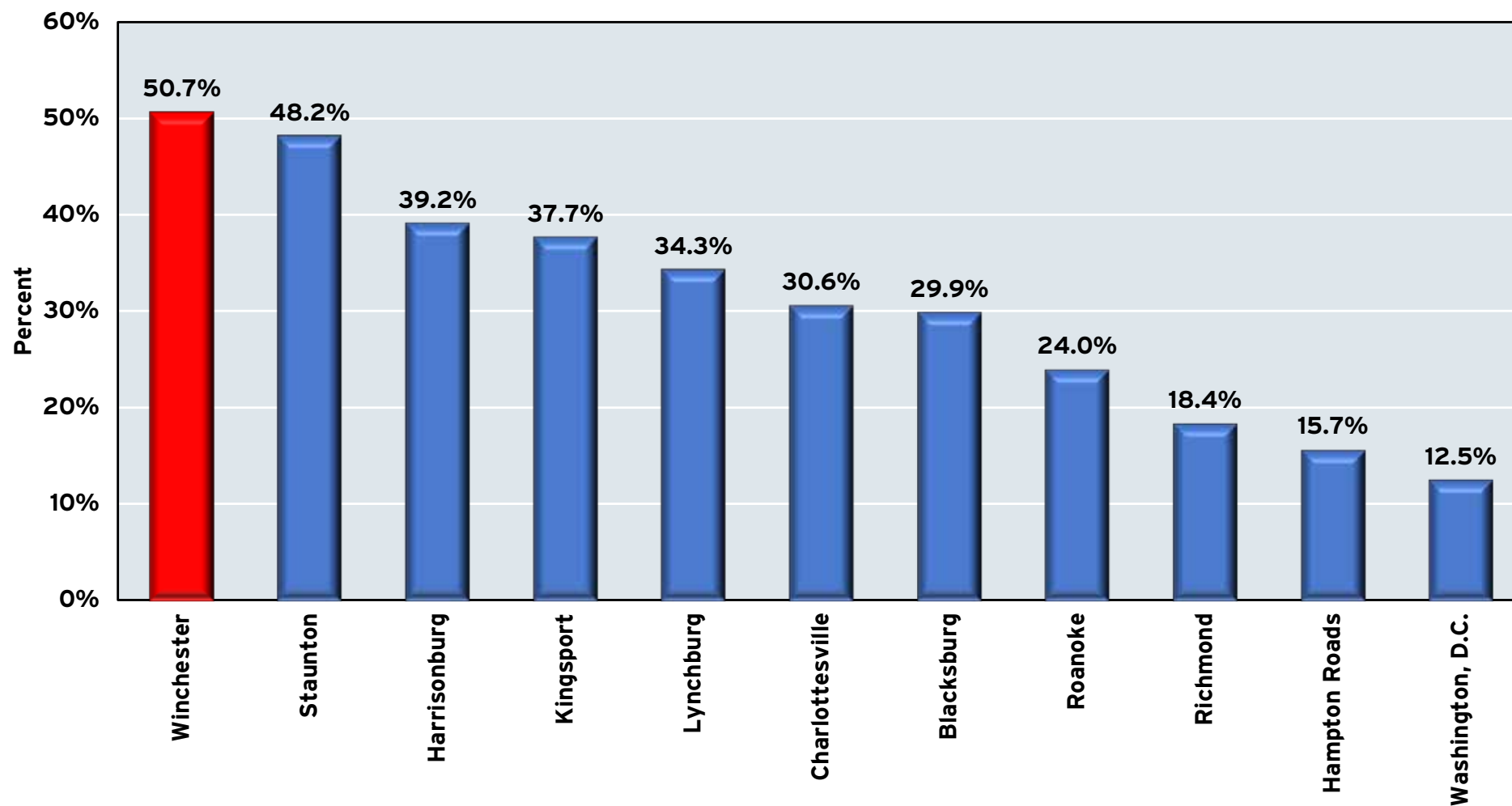
**PERCENTAGE OF WORKERS EMPLOYED OUTSIDE THE WINCHESTER METROPOLITAN STATISTICAL AREA,
2002-2019**



Sources: Dragas Center for Economic Analysis and Policy, Old Dominion University; U.S. Census Bureau; and OnTheMap, Work Destination Analysis by Metropolitan/Micropolitan Areas, 2021. Data are for all public- and private-sector jobs in the Winchester metropolitan statistical area.

GRAPH 4

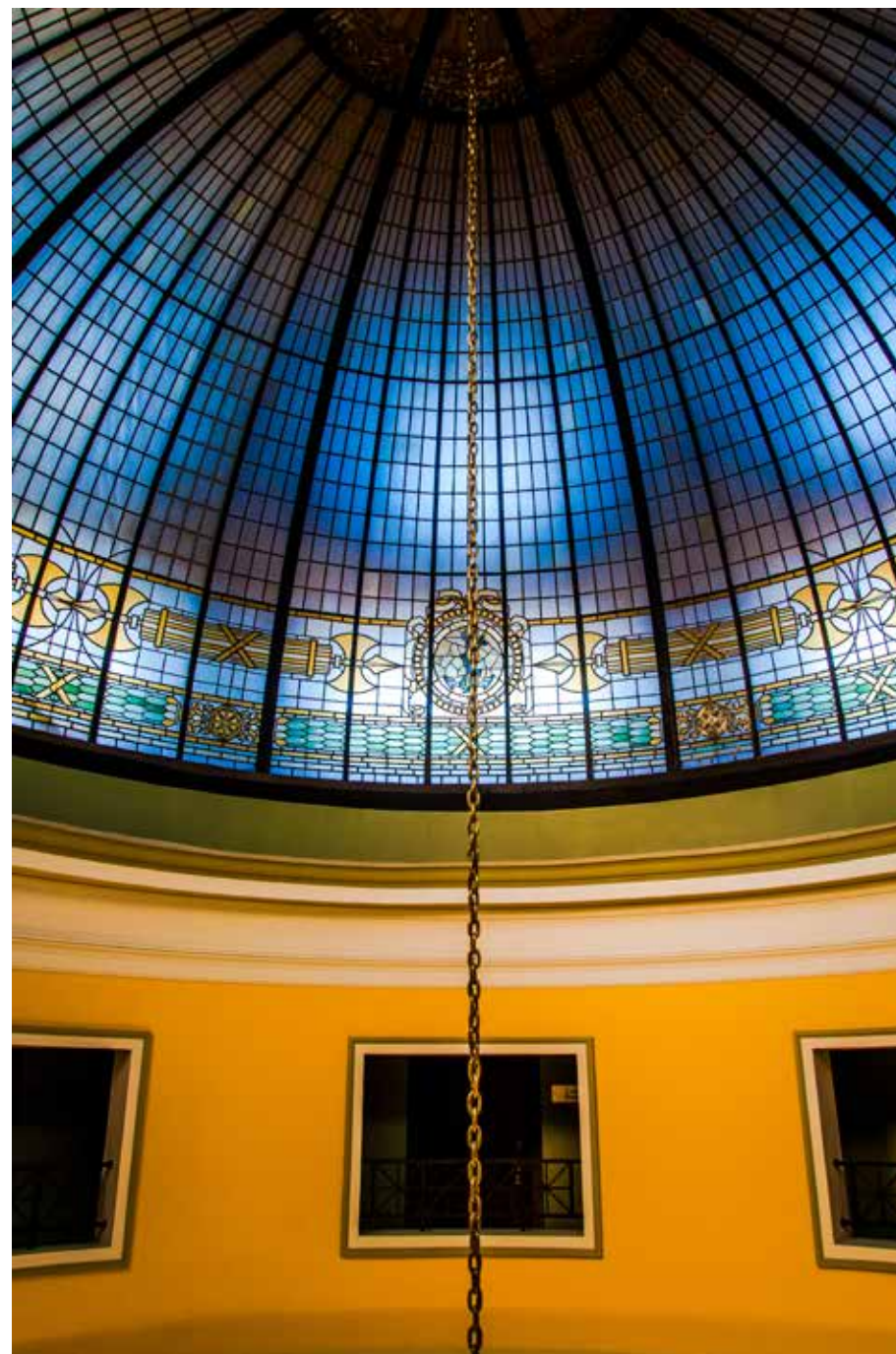
**PERCENTAGE OF WORKERS EMPLOYED OUTSIDE THE METROPOLITAN STATISTICAL AREAS
VIRGINIA METROPOLITAN STATISTICAL AREAS, 2019**



Sources: Dragas Center for Economic Analysis and Policy, Old Dominion University; U.S. Census Bureau; and OnTheMap, Work Destination Analysis by Metropolitan/Micropolitan Areas, 2021. Data are for all public- and private-sector jobs in each metropolitan statistical area.

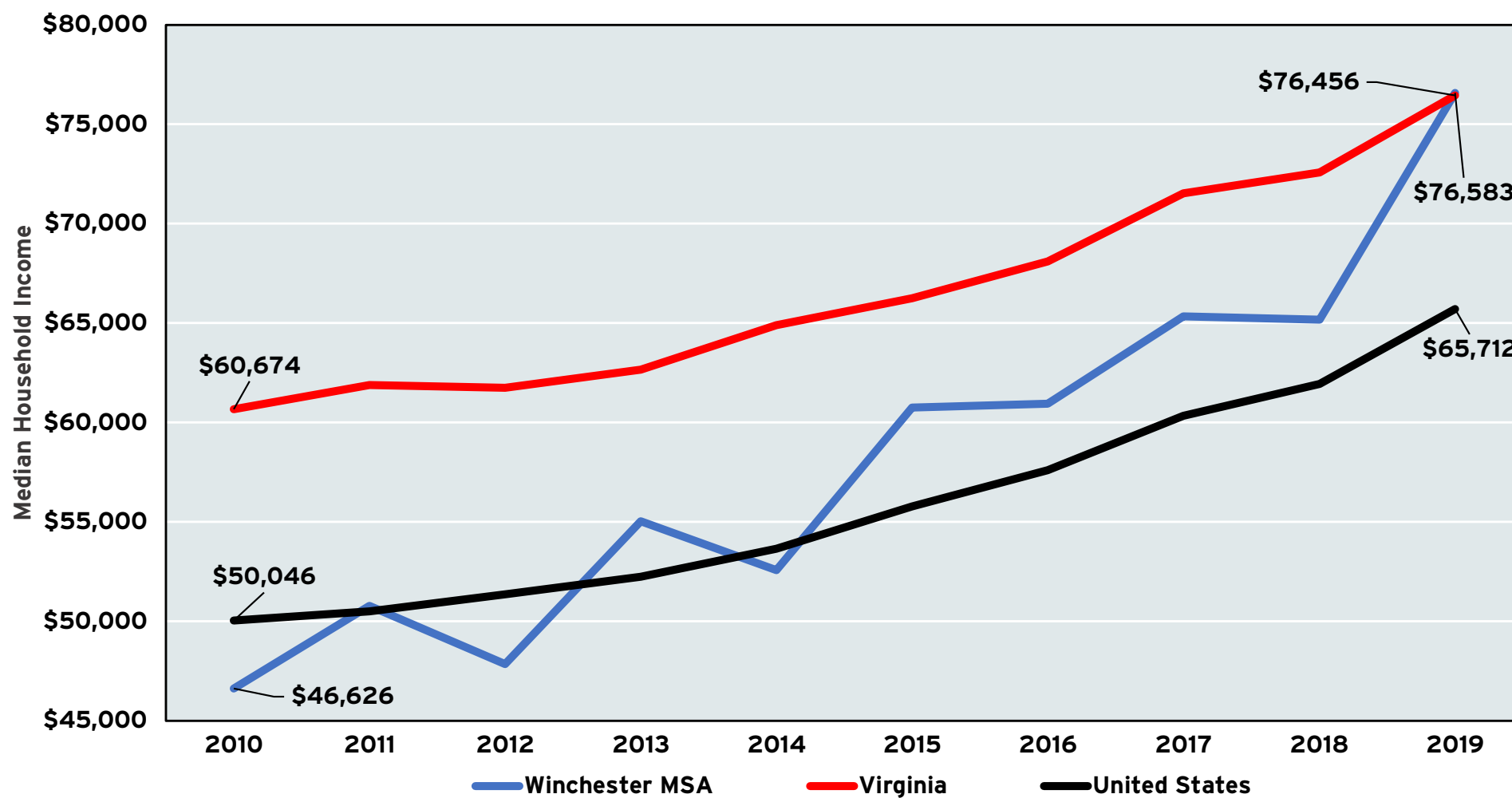
Median Household Income Rises In Winchester

In 2010, median (50th percentile) household income in the Winchester metro area was \$46,626, approximately 6.8% lower than the nation and 23.2% lower than the Commonwealth (Graph 5). Since 2010, median household income has grown more rapidly in the Winchester metro area than Virginia or the United States. By 2015, median household income in the Winchester region eclipsed that of the nation. By 2019, median household income in Winchester and Virginia was about equal and 14.2% higher than the nation.



GRAPH 5

**MEDIAN HOUSEHOLD INCOME IN NOMINAL DOLLARS:
WINCHESTER MSA, VIRGINIA AND THE UNITED STATES, 2010-2019**



Sources: U.S. Census Bureau, ACS 1-year estimates (2010 to 2019), and the Dragas Center for Economic Analysis and Policy, Old Dominion University

Prices And Housing In Winchester

Regional price parities (RPPs) are regional price levels expressed as a percentage of the national price level for a given year. Estimated by the U.S. Bureau of Economic Analysis (BEA), the RPPs provide insight into whether a metropolitan area is cheaper or more expensive than the national average. As illustrated in Graph 6, the average price level in Winchester is approximately 7.5% cheaper than the national average, while the average price level in the Washington, D.C., metro area is 17.4% higher. Incentives matter, and some people, facing higher prices in the D.C. area, have traded distance for affordability.

While the cost of living in the Winchester metro area is cheaper than the national average, a combination of population growth, higher incomes and low interest rates have pushed median housing values higher in the region. As illustrated in Graph 7, the estimated median housing value increased from \$119,031 in January 2000 to a prerecessionary peak of \$275,166 in May 2006, an increase of 131.2%. The Great Recession of 2007-2009 did not leave the Winchester region untouched, with the estimated median housing value falling to \$188,881 in November 2011. The 31.3% decline in median housing values was not long lasting, as prices started to recover in 2012.

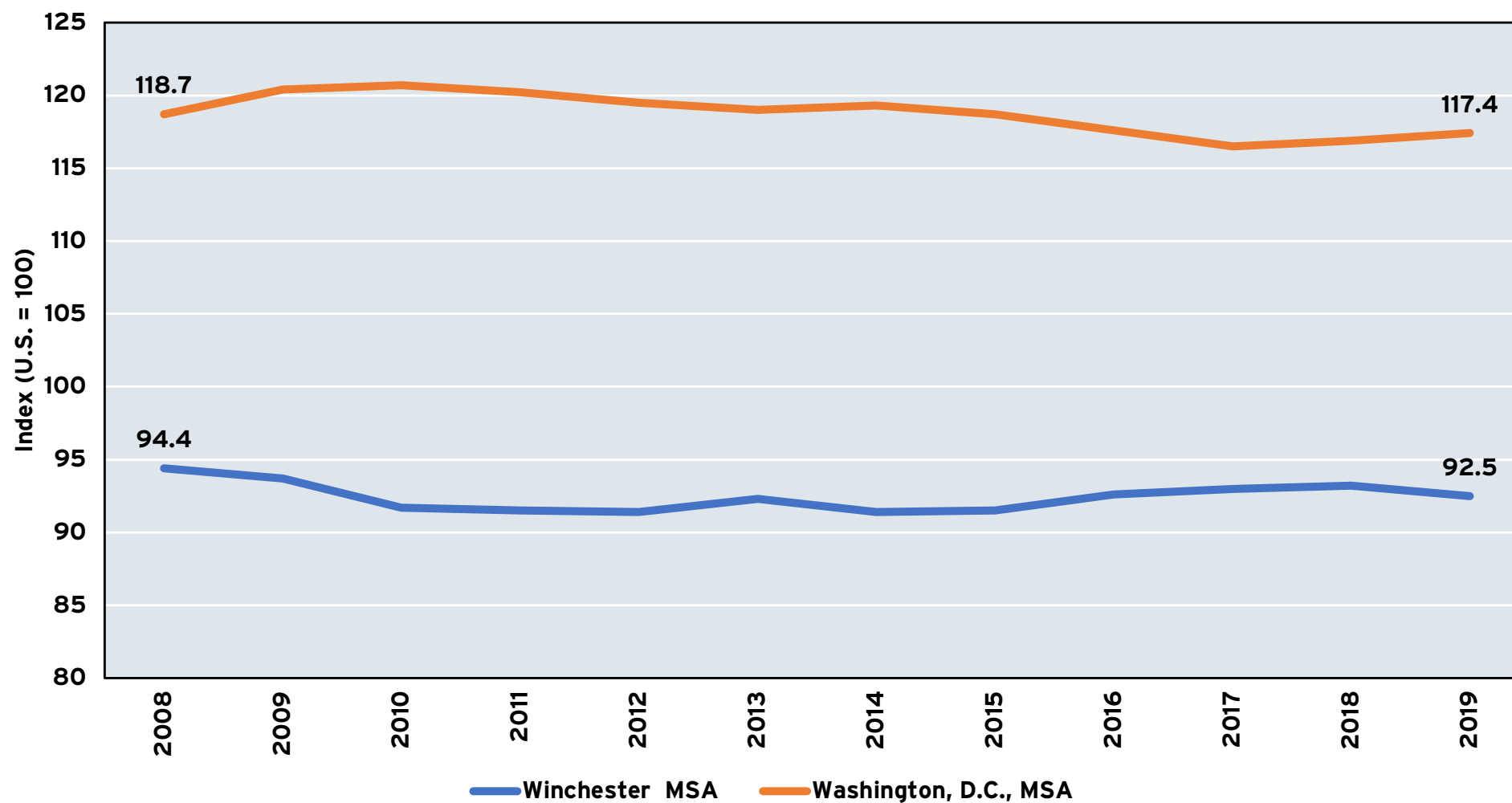
From the trough in November 2011 to February 2020, the median housing value in the Winchester metro area rose by 31.2% to \$247,871. The COVID-19 pandemic did not dampen the housing market in the region, with prices climbing another 23.5% by October 2021. During that month, the median housing value in the Winchester region was \$306,084. In the Washington, D.C., metro area, the median housing value in October 2021 was \$547,223, approximately 1.8 times higher than the Winchester area. This is not surprising, given that a majority of those who work outside the Winchester metro area do so in the Washington, D.C., metro area. Many federal employees and employees whose jobs support the federal government transitioned to remote work and were largely unaffected by the turbulence in labor markets.

If we examine how housing values have changed over time, we can observe how the two housing markets are tightly correlated. In Graph 8, we index housing prices in each region so that January 2000 is equal to 100. Housing prices in both regions peaked prior to the Great Recession and have steadily climbed over the last eight years. The recent acceleration in housing values is readily apparent, as prices in October 2021 were 2.7 and 2.5 times higher than in January 2000 in Washington, D.C., and Winchester, respectively.

Rising home values and lower inventories of single-family residences are creating price pressures in the multifamily housing market. As housing values and rents increase, the lack of affordable housing in the Winchester metro area has become a significant issue of concern. Shawn Hershberger, Development Services Director for the city of Winchester, illustrates the burdens of a tight residential housing market. "A recent situation that occurred, as an example, was where a storm caused significant damage to a multifamily development, causing several families to be displaced. Despite their ability to pay reasonable rents, nonprofits working on relocation have had no success in finding them housing. Today (September 2021), they are still living in a hotel; this is a direct result of the extremely tight housing market in our region." Hershberger contends that housing production in the city is not only an issue now, but also one for the foreseeable future.

GRAPH 6

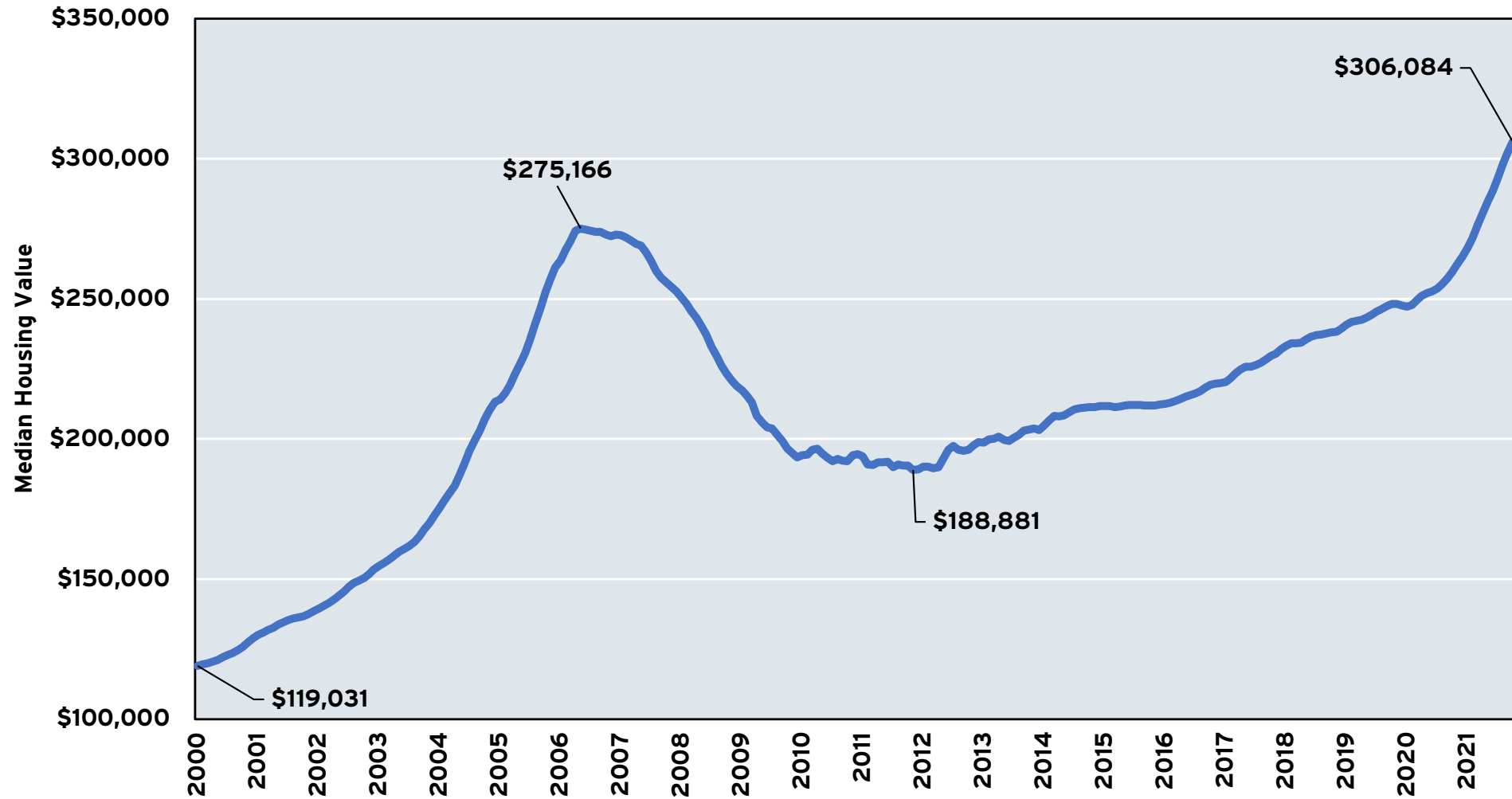
**REGIONAL PRICE PARITIES FOR ALL ITEMS:
WINCHESTER AND WASHINGTON, D.C., METROPOLITAN STATISTICAL AREAS, 2008-2019**



Sources: Dragas Center for Economic Analysis and Policy, Old Dominion University and Bureau of Economic Analysis

GRAPH 7

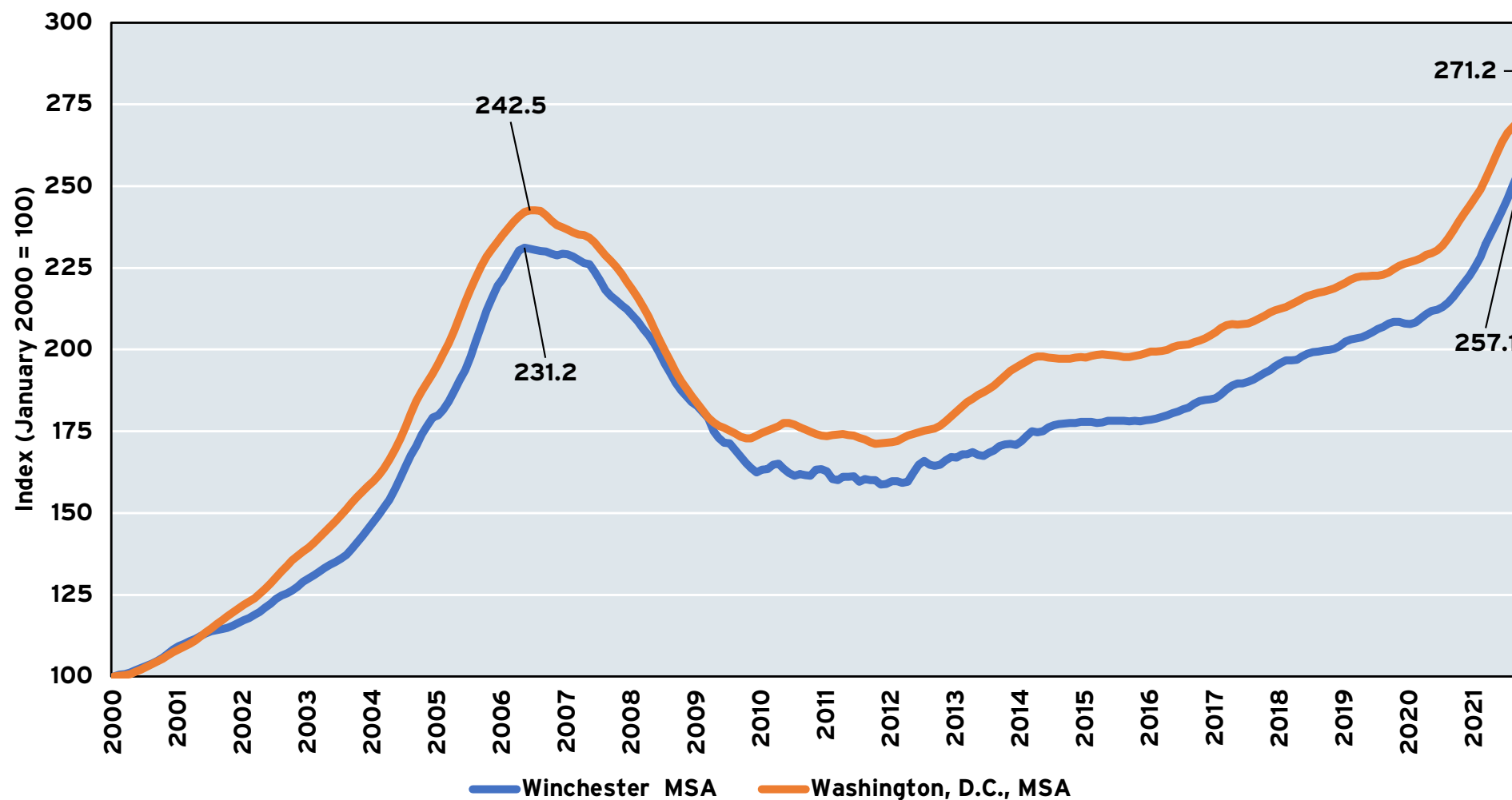
**ZILLOW HOME VALUE INDEX OF SINGLE-FAMILY RESIDENTIAL HOMES:
WINCHESTER MSA, JANUARY 2000-OCTOBER 2021**



Source: Zillow Home Value Index. Data are seasonally adjusted and reflect the typical home values in the 35th to 65th percentile range.

GRAPH 8

**INDEX OF ZILLOW MEDIAN HOUSING VALUES FOR SINGLE-FAMILY RESIDENTIAL HOMES:
WINCHESTER AND WASHINGTON, D.C., METROPOLITAN STATISTICAL AREAS,
JANUARY 2000-OCTOBER 2021**



Source: Zillow Home Value Index. Data are seasonally adjusted and reflect the typical home values in the 35th to 65th percentile range.

Labor Force And Employment Weather The COVID-19 Shock

The civilian labor force comprises those working (full time and part time) and those actively seeking work. Individual employment reflects those who are working in the civilian labor force. The gap between the civilian labor force and individual employment represents the level of unemployment in a geographical area. As illustrated in Graph 9, the civilian labor force in the Winchester metro area increased from 55,074 in 2000 to a prerecessionary peak of 65,136 in 2008. After a slight decline in 2009, the civilian labor force continued to expand, reaching an annual average of 74,479 in 2019.

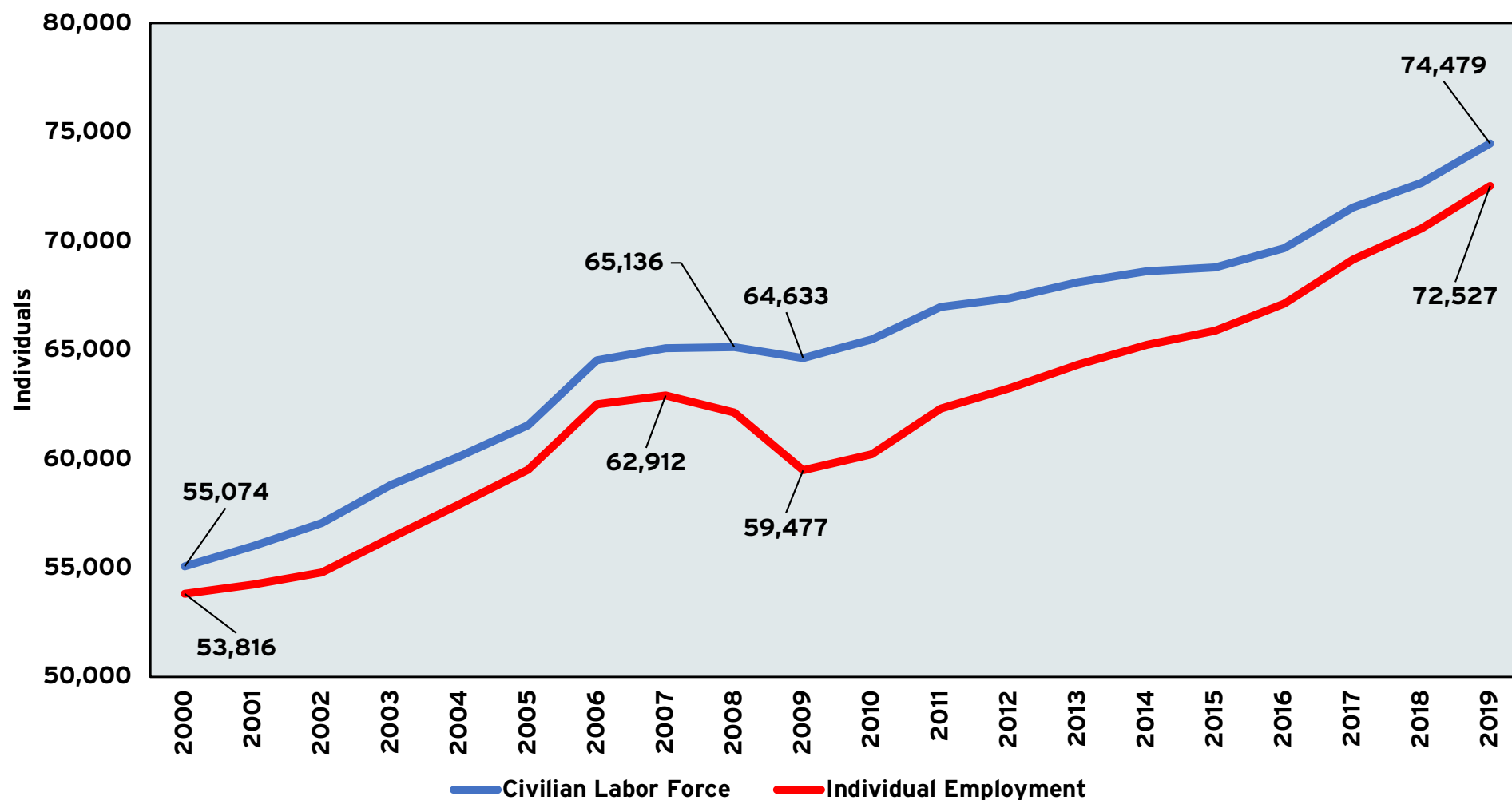
While the civilian labor force was largely unaffected by the Great Recession of 2007-2009, individual employment declined from an average of 62,912 in 2007 to 59,477 in 2009. As a result, the annual average unemployment rate in the Winchester metro area increased from a prerecession low of 3.1% in 2006 to a postrecession peak of 8% in 2009 and 2010 (Graph 10). Individual employment rebounded from its lows in 2010 and surpassed the pre-Great Recession peak in 2012. By 2019, individual employment reached an annual average of 72,527, and the average unemployment rate in the Winchester region had declined to 2.6%.

Graph 11 illustrates the shock of the COVID-19 pandemic on the civilian labor force and individual employment in the Winchester metro area. As with the Commonwealth, the emergence of the pandemic and associated social distancing measures led to a contraction in the number of people working or looking for work in March and April 2020. Individual employment fell sharply as well, declining by almost 7,700 individuals from February 2020 to April 2020. Since the depths of the pandemic shock in April 2020, however, Winchester's labor force not only rebounded, but it exceeded the prepandemic peak in October 2021. Individual employment, for all intents and purposes, recovered as well, with the employment level in October 2021 almost equaling the level observed in February 2020.



GRAPH 9

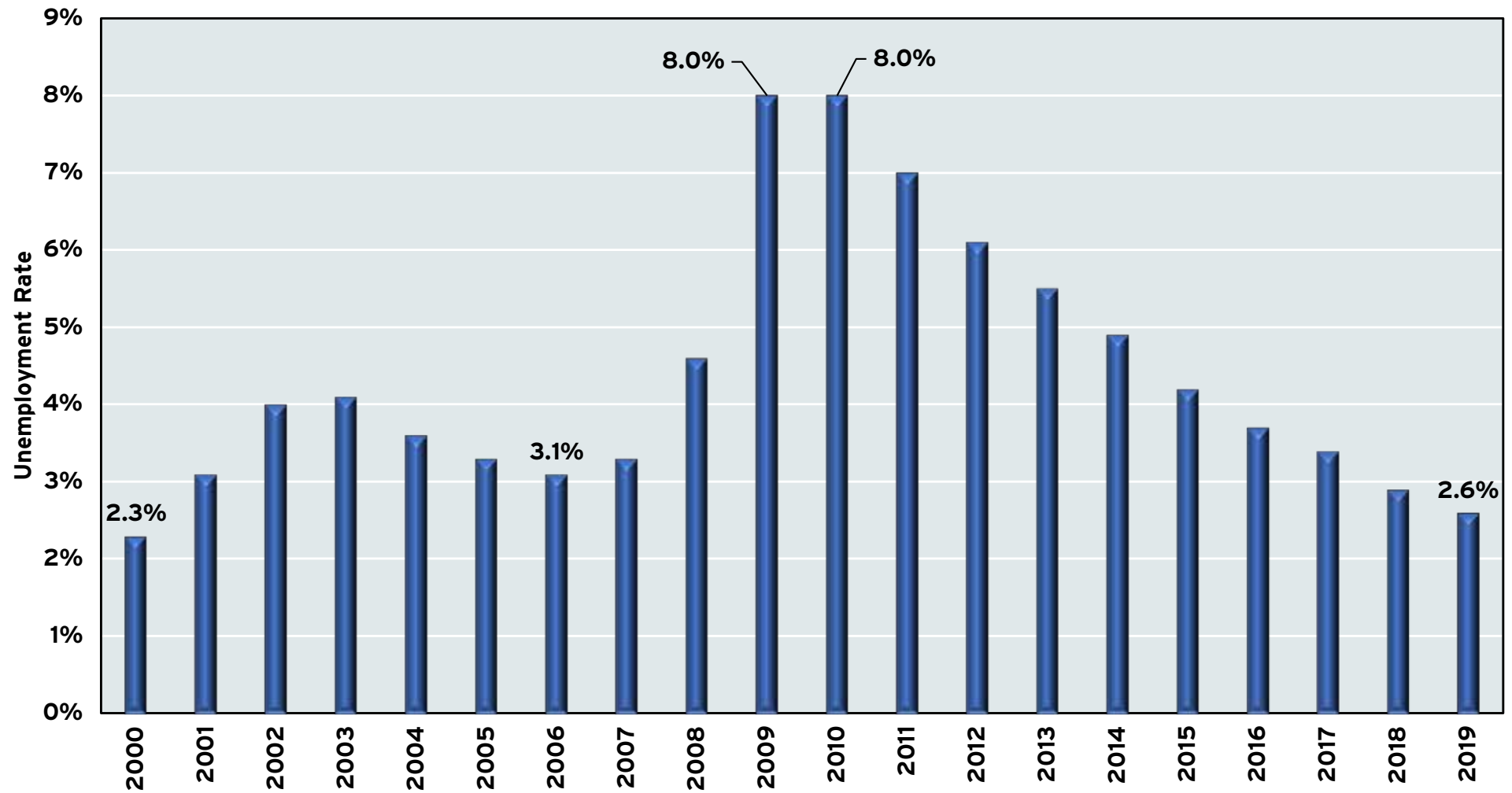
**ANNUAL AVERAGE CIVILIAN LABOR FORCE AND INDIVIDUAL EMPLOYMENT:
WINCHESTER METROPOLITAN STATISTICAL AREA,
2000-2019**



Sources: Bureau of Labor Statistics and the Dragas Center for Economic Analysis and Policy, Old Dominion University. Annual averages of seasonally adjusted data.

GRAPH 10

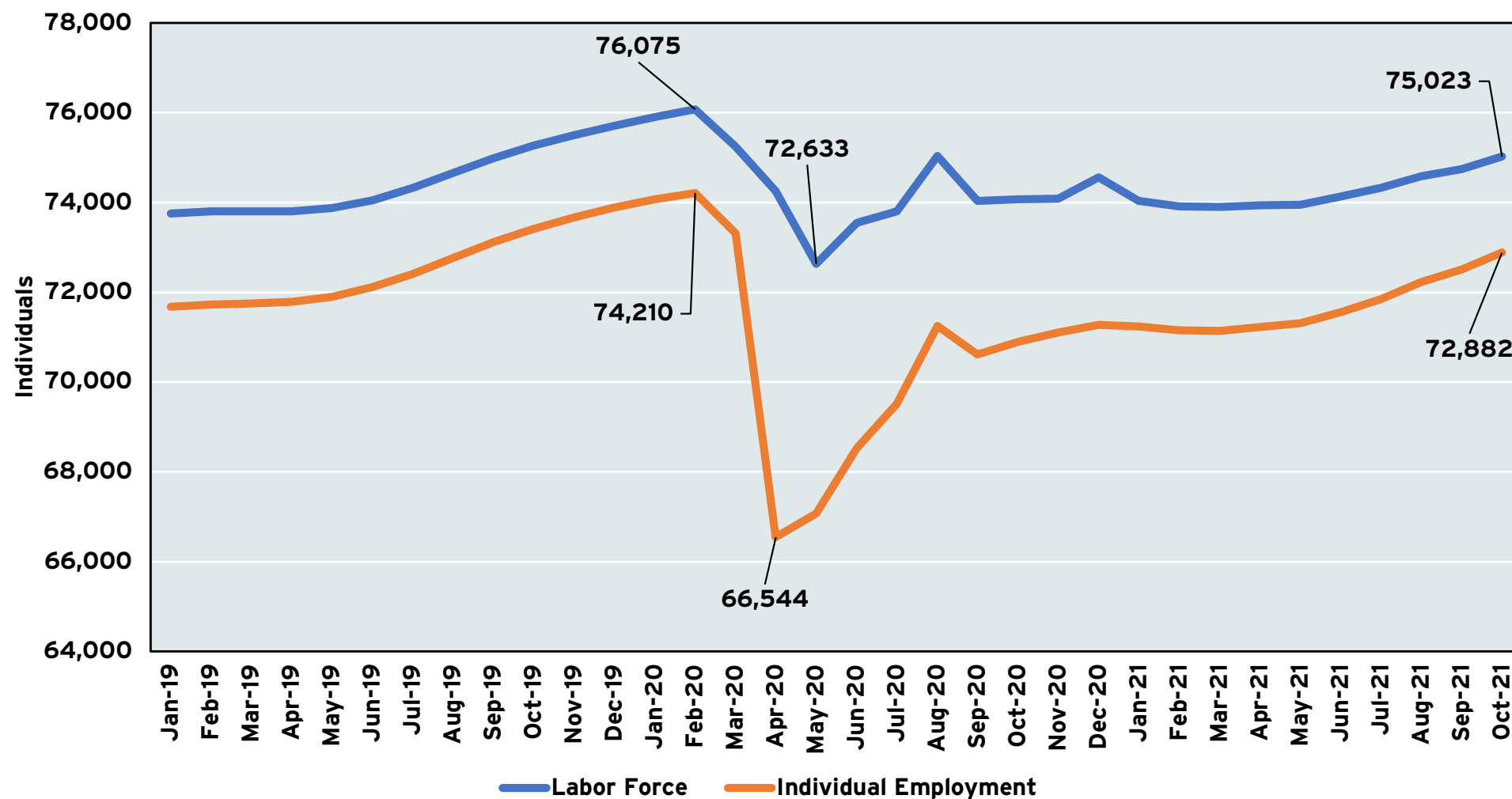
**ANNUAL AVERAGE UNEMPLOYMENT RATE:
WINCHESTER METROPOLITAN STATISTICAL AREA, 2000-2019**



Sources: Bureau of Labor Statistics and the Dragas Center for Economic Analysis and Policy, Old Dominion University

GRAPH 11

**CIVILIAN LABOR FORCE AND INDIVIDUAL EMPLOYMENT:
WINCHESTER METROPOLITAN STATISTICAL AREA, JANUARY 2019-OCTOBER 2021**



Sources: Bureau of Labor Statistics and the Dragas Center for Economic Analysis and Policy, Old Dominion University. Data are seasonally adjusted.

Where Are The Jobs In Winchester?

Winchester has become an appealing location for businesses. In 2019, for example, more than half of all jobs in the Winchester metro area were in three major industries: trade, transportation and utilities (22.1%); education and health services (17.5%); and manufacturing (11.9%) (Graph 12). It should be no surprise that these sectors accounted for the majority of job growth in the region in the previous decade.

Amazon's distribution center in Frederick County accounts for more than 1,000 employees and is the fourth-largest employment provider in the Winchester metro area.⁴ Walmart and Home Depot employ more than 500 people each in Winchester.

Valley Health System, a regional health care network, employs well over 1,000 people and serves as the largest source of jobs in the region. Frederick County Public Schools is the second-largest employer in Winchester. With more than 13,000 students, the school system has approximately 1,000 employees to help facilitate their education. It should come as no surprise that nearly 1 in 6 jobs in the Winchester region is from health services and education.

With large amounts of plastic, rubber and food being produced in Winchester, employers such as Trex Co., Rubbermaid, HP Hood and Kraft Heinz Co. employ hundreds of people each. Trex, the world's largest manufacturer of wood-alternative decking products, purchased eight acres of land in Winchester in June 2021 for its new global headquarters.⁵ Winchester is more than a bedroom community; private-sector job growth has also contributed to the increasing vitality of the region.



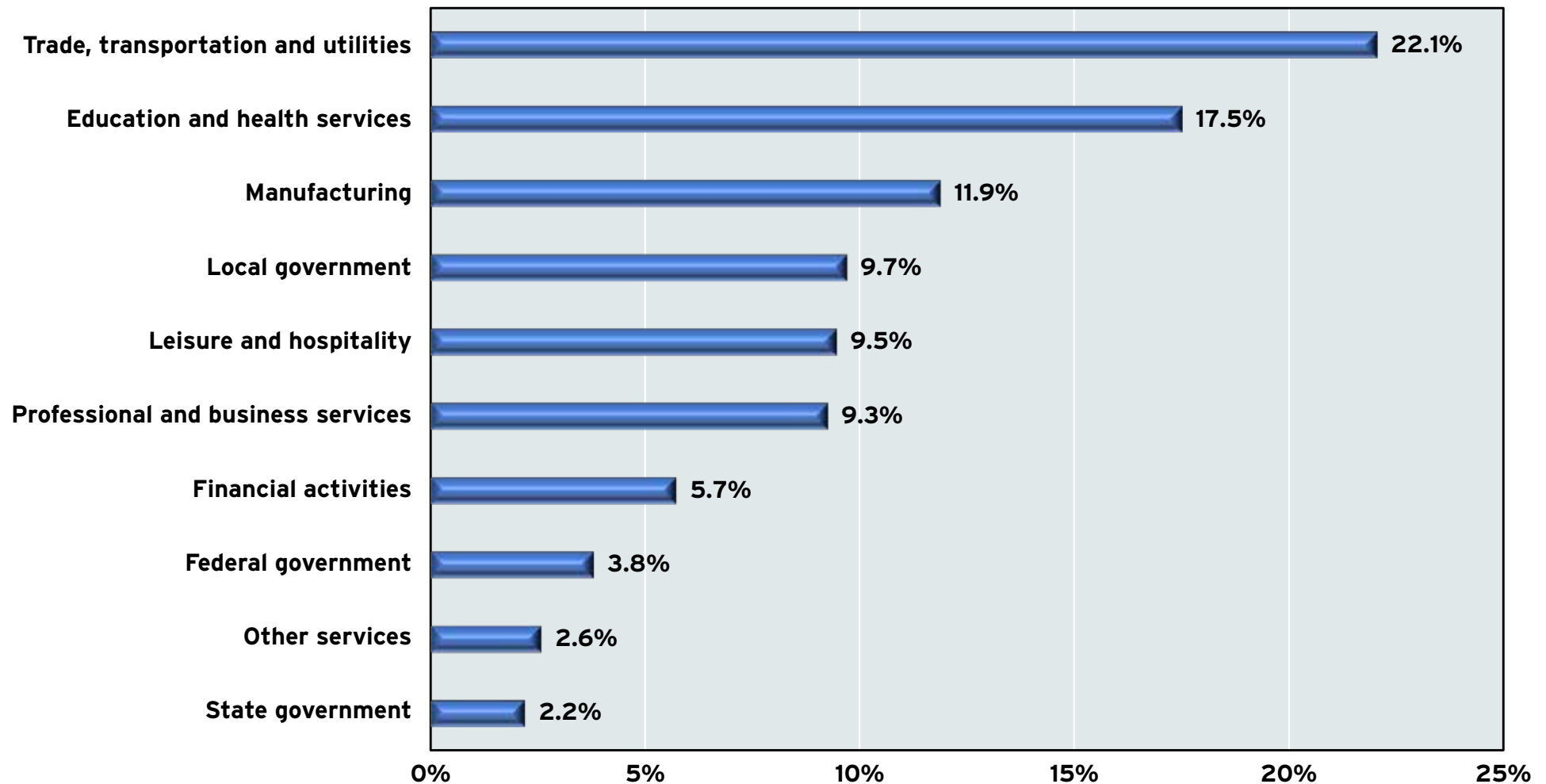
TREX CO.'S NEW WINCHESTER CAMPUS

⁴ "Amazon distribution center opens, seeks more employees," *The Winchester Star*, June 30, 2018, https://www.winchesterstar.com/news/frederick/amazon-distribution-center-opens-seeks-more-employees/article_6b4dd206-6873-50de-92a8-8c959e7cc2ca.html.

⁵ "Trex buys land in Winchester for new global headquarters," *The Winchester Star*, June 12, 2021, https://www.winchesterstar.com/winchester_star/trex-buys-land-in-winchester-for-new-global-headquarters/article_b7f78e4f-b593-5e40-b32d-57a1436f8197.html.

GRAPH 12

**INDUSTRY SHARE OF AVERAGE ANNUAL EMPLOYMENT:
WINCHESTER METROPOLITAN STATISTICAL AREA, 2019**



Sources: Virginia Employment Commission; Bureau of Labor Statistics, Quarterly Census of Employment and Wages; and the Dragas Center for Economic Analysis and Policy, Old Dominion University. Excludes four North American Industry Classification sectors that constitute less than 1% of total covered employment.

Jobs In Winchester Rebound During The Pandemic

Graph 13 illustrates the growth in nonfarm payrolls (jobs) in the Winchester metro area from 2000 to 2019. As with individual employment, the economic impact of the Great Recession took a toll on the number of jobs in the region, with average annual payrolls declining from 58,042 in 2007 to 53,842 in 2009. By 2013, the number of jobs in the metro area had exceeded the prerecession peak. In 2019, there were approximately 65,875 jobs in the Winchester region.

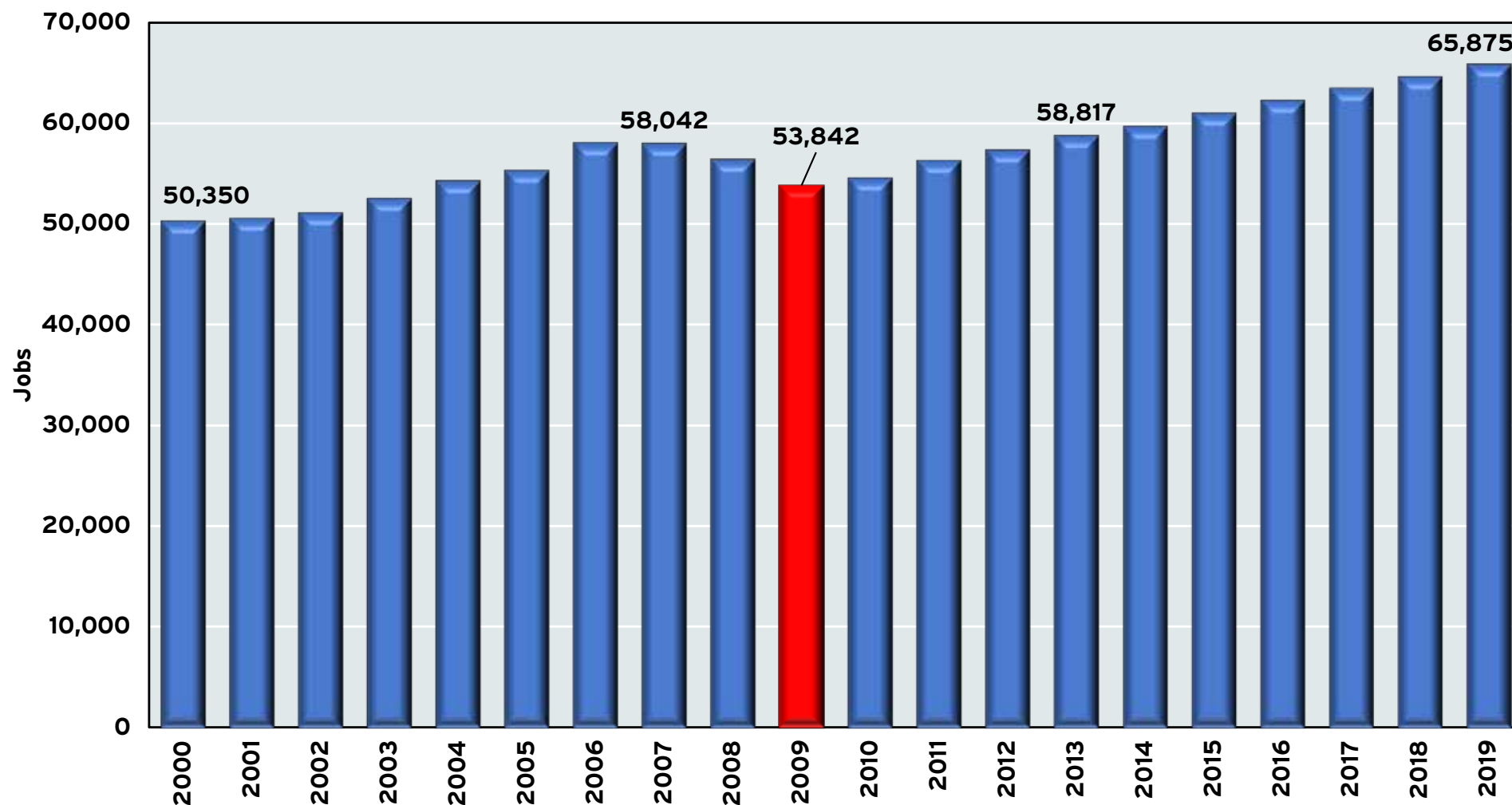
In Graph 14, we compare the growth in jobs for the Winchester metro area with Virginia and the United States. We select February 2010, the trough of nonfarm payrolls in the United States and Virginia following the Great Recession, as the starting point for our comparison. Job growth in the Winchester region outpaced that of the Commonwealth and the nation over the decade. By February 2020, the number of jobs in the region had increased by 25.7%, 8.1 percentage points more than the United States, and a full 12 percentage points higher than the Commonwealth. Unlike many other metropolitan areas in the Commonwealth, Winchester had a job creation record worth highlighting.

Graph 15 illustrates the impact of the COVID-19 pandemic on nonfarm payrolls in the Winchester metro area, Virginia and United States. We index job levels to February 2020, the prepandemic peak for jobs in each of the geographical areas. Here again, we witness a familiar story. While jobs fell 10% by April 2020 in Winchester, this decline was not as steep as Virginia or the United States. Furthermore, Winchester has recovered its jobs quicker than the Commonwealth or nation. By October 2021, nonfarm payrolls were 0.7% higher than the prepandemic record in the Winchester metro area. Simply put, the COVID-19 pandemic was shallower in the Winchester area, and it recovered more quickly than Virginia or the nation.



GRAPH 13

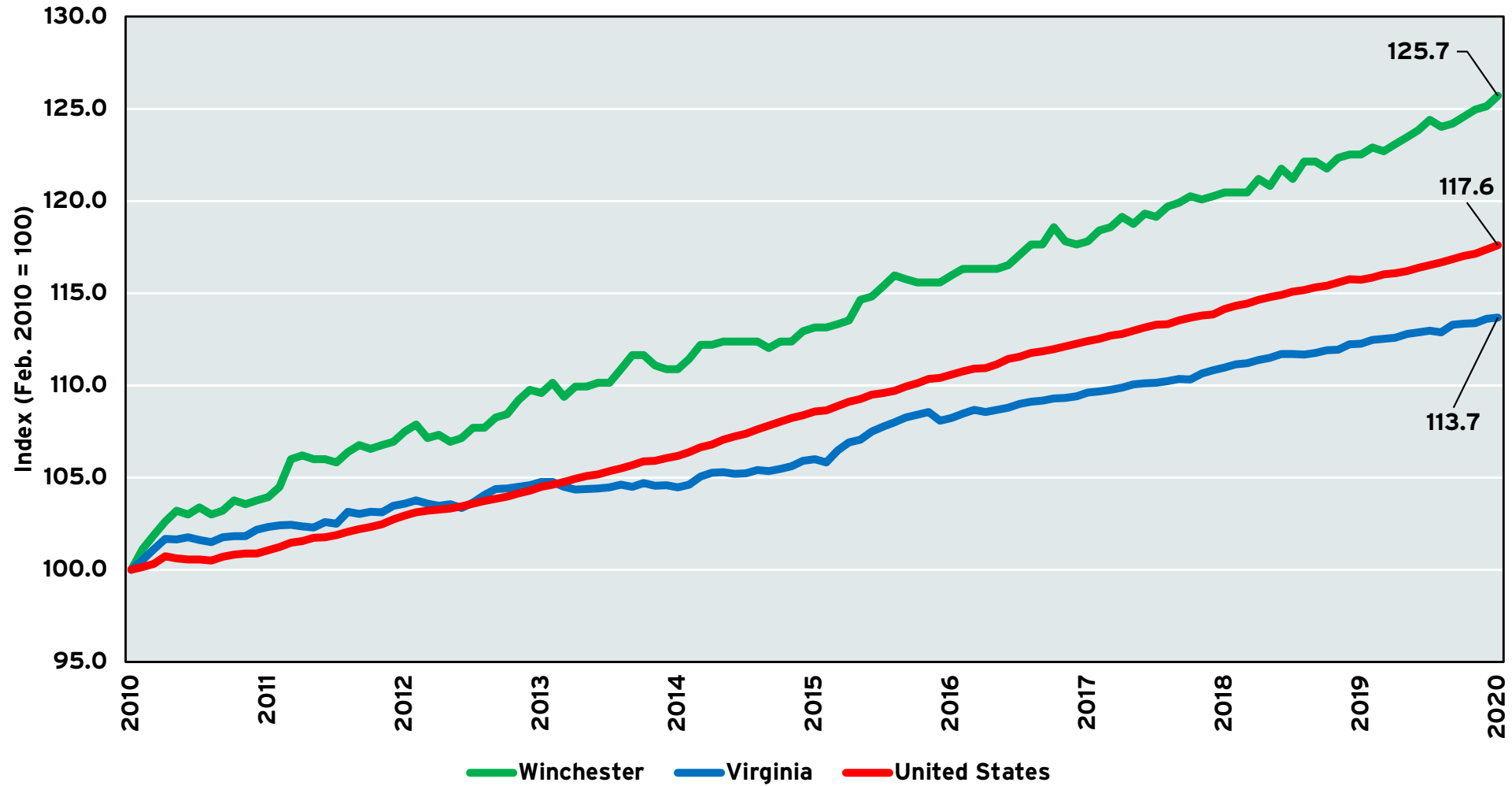
**AVERAGE NONFARM PAYROLLS (JOBS):
WINCHESTER METROPOLITAN STATISTICAL AREA, 2000-2019**



Sources: Bureau of Labor Statistics and the Dragas Center for Economic Analysis and Policy, Old Dominion University. Annual averages of seasonally adjusted data.

GRAPH 14

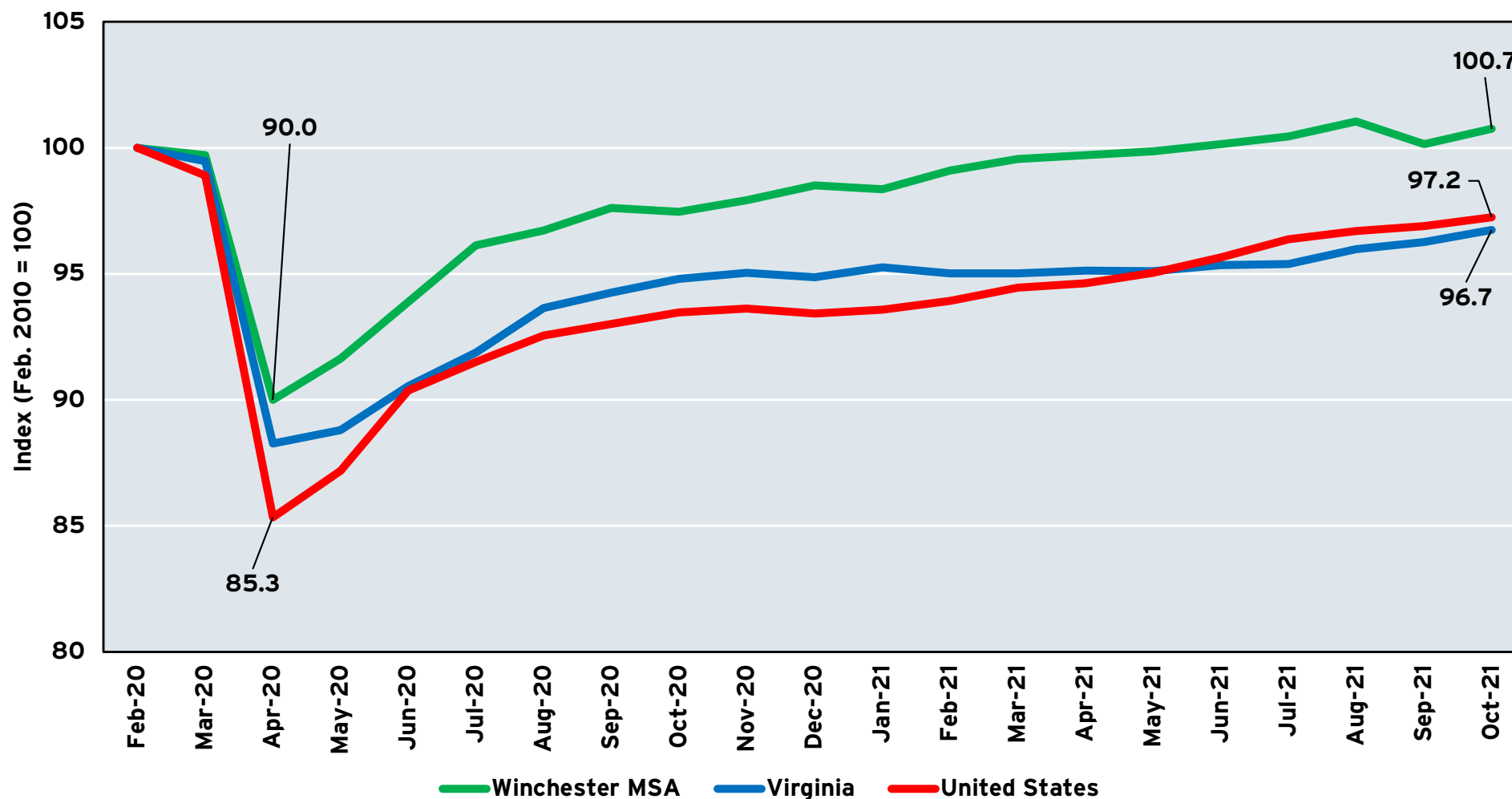
**CUMULATIVE GROWTH IN NONFARM PAYROLLS (JOBS):
WINCHESTER MSA, VIRGINIA AND THE UNITED STATES,
FEBRUARY 2010-FEBRUARY 2020**



Source: Bureau of Labor Statistics, seasonally adjusted data. February 2010 was the trough of nonfarm payrolls for the United States and Virginia.

GRAPH 15

**CUMULATIVE GROWTH IN NONFARM PAYROLLS (JOBS):
WINCHESTER MSA, VIRGINIA AND THE UNITED STATES,
FEBRUARY 2020-OCTOBER 2021**



Source: Bureau of Labor Statistics, seasonally adjusted data

Final Thoughts

The Winchester metropolitan area may be relatively small when compared to the Richmond or Hampton Roads regions (let alone the Washington, D.C., metro area), but its story is worth telling. Over the past decade, the Winchester region outpaced both the state and nation in terms of job growth. Median household income rose more rapidly in the Winchester metro area than any other metropolitan region in the Commonwealth and the nation as a whole. While Winchester may be thought of as an exurban region of the Washington, D.C., metropolitan area, it has experienced private-sector growth in retail trade, transportation and warehousing, manufacturing, and education and health services.

We would be remiss, however, if we did not note that the region's growth has also created challenges. In recent years, housing values have increased as rapidly as those in the Washington, D.C., metro area. There are numerous reports that multifamily housing demand is outstripping supply (in part due to increasing single-family housing prices) and thus rents are rising rapidly as well. Winchester needs to look west to the exurban areas outside Houston, Los Angeles, San Francisco and Seattle to see one possibility for its future. The exurban areas of these metropolitan regions have been largely transformed from agricultural communities with relatively low population density into bedroom communities. As incomes and population have increased, so has the demand for public services, affordable housing and a reasonable cost of living. Whether the quality of life has improved or not remains a matter of fierce debate.

Given its geographical proximity to and interdependence with the Washington, D.C., region, it is safe to assume that inflows into the Winchester metro area will continue over the coming years. Now is the time for the region to engage in discussions of expanding public infrastructure, planning for increases in housing stock and thinking about how to continue its historical performance in terms of job creation. None of these challenges has an easy solution, but a number of other regions in the Commonwealth might gladly trade for these circumstances, given their relatively poor records of job creation and population growth since the Great Recession.



Cover: Defense.gov

Page 24: Defense.gov

Page 101: Hard Rock Casino

Page 102: Caesar's and Pamunkey Indian Tribe

Page 103: Rivers Casino

Page 140: City of Winchester, Virginia

Page 159: The Winchester Star



Sunset on the James River



