Employment and Wages (U.S. Summary)

- Employment continued to grow at a modest pace
- Persistent labor market tightness and brisk demand for qualified workers
  - Increased activity at staffing placement services
- Worker shortages across most sectors, especially construction, information technology, and manufacturing
- Wage growth picked up to a modest pace
- Employers raising wages and expanding benefit packages in response to tight labor market conditions.

Federal Reserve Bank: The Beige Book, March 7, 2018
Employment and Wages (Western U.S.)

• Labor market conditions remained tight and upward wage pressures increased.
• Labor shortages in various sectors, especially for high-skilled positions.
• Difficulty finding workers experienced in information technology, accounting, and finance.
• Banking sector reported moderate wage growth for entry-level positions to increase retention.
• Health insurance sector increasing their use of offshore labor and automation in response to tight labor market conditions.
• Minimum wage laws continued to put upward pressure on labor costs.

Federal Reserve Bank: The Beige Book, March 7, 2018
What are some of the results of the tight labor market?

• Our economy hasn’t experienced this level of competition for workers since the 1990s and early 2000s.

• Increased opportunities for workers. Job seekers with little work experience, limited skills, or that may have been previously discriminated against (ex-felons and current inmates, people with disabilities).

• Employers become more flexible for applicants lacking experience. Increased importance of OJT. (On the job training)

• Job growth in recent years has caused employment to grow fastest among those with less formal education.

• Wage growth has occurred, but not very strong. Could that change?
Another Solid Year for the Portland Metro Area

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemp. Rate</td>
<td>4.7%</td>
<td>3.9%</td>
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<tr>
<td>Unemployed</td>
<td>59,800</td>
<td>51,300</td>
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<tr>
<td>Jobs</td>
<td>1,145,100</td>
<td>1,172,900</td>
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<tr>
<td>Labor Force</td>
<td>1,275,700</td>
<td>1,310,400</td>
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<tr>
<td>Hourly Earnings</td>
<td>$26.96</td>
<td>$27.87</td>
</tr>
</tbody>
</table>
Full Employment
(or close)
Full Employment

- Low unemployment (<4%)
- Job growth (2-3%)
- Labor force growth (2-3%)
- Earnings growth (>3%)
Unemployment
Definition of unemployed

To be counted as unemployed (in the regularly used definition), an individual must be age 16 or older, not on active duty in the military, not in an institution, and:

– Not employed
– Available for work
– Making specific efforts to find employment within the last four weeks.

Note: whether or not an individual has applied for, is receiving, or has ever received unemployment insurance benefits is not a factor in the statistical definition of the unemployed.
Portland’s jobless rate hit a new low in 2017

Source: Oregon Employment Department, U.S. Bureau of Labor Statistics
Unemployment in Portland (2016)

By Race and Ethnicity

- White
- Asian
- African American
- American Indian
- Hispanic

By Age

- 16-19
- 20-24
Why are Oregonians Unemployed?

New to the workforce: 42%
Lost job: 42%
Left job: 15%

Oregon Unemployment by Reason [Trend]

Source: Oregon Employment Department, CPS
Jobs
Ancient History

Employment in Portland Metro

February 2018:
133,500 above pre-recession

Fully recovered by October 2013

82,000 jobs lost
(-7.8%)
2014 and 2015 were very good years...

Portland Metro- Annual Job Growth

- 2011: 1,600
- 2012: 1,800
- 2013: 2,000
- 2014: 2,600
- 2015: 3,000
Broad-Based Growth

2015 Job Growth
Portland Metro Area

- Leisure & hospitality
- Transport., warehousing, util.
- Professional & business...
- Manufacturing
- Financial activities
- Information
- Educational & health svcs.
- Retail trade
- Other svcs.
- Government
- Wholesale trade
- Construction
Something Happened on the Way to 2017

Portland Metro - Annual Job Growth

- 2011: 1,600
- 2012: 1,800
- 2013: 2,000
- 2014: 2,600
- 2015: 3,000
- 2016: 2,800
- 2017: 2,300
- 2018: 2,200

Graph showing annual job growth percentages from 2011 to 2018 for the Portland Metro area.
A Broad-based Slowdown


Growth across all industries:
2016: 3.0%
2017: 2.4%
Where the cranes are

Seattle had the most cranes of any U.S. city in January, but its total crane count fell to its lowest point since 2015.

Cranes by US City
Seattle: 45
LA: 36
Denver: 36
Chicago: 36
Portland: 32
San Fran: 26
DC: 27
NY: 18

Source: Rider Levett Bucknall

MARK NOWLIN / THE SEATTLE TIMES
Income
Wasn’t a Low-Wage Recovery...

Recession and Recovery by Average Wages
Portland Metro Area

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>-40,600</td>
<td>+41,800</td>
</tr>
<tr>
<td>-26,000</td>
<td>+19,200</td>
</tr>
<tr>
<td>-12,800</td>
<td>+26,100</td>
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</tbody>
</table>

> $50,000
$30,000 - $50,000
< $30,000
... Isn’t a Low-Wage Expansion

Job Gains by Average Wages
Portland Metro Area

Sept. 2013 - Sept. 2017

- <$30,000
- $30,000 - $50,000
- >$50,000
Oregon Job Polarization

Employment Change From Pre-Recession Peak

High-Wage

Low-Wage

Middle-Wage


Occupational data grouped median wages | Source: BLS, Oregon Office of Economic Analysis
Portland incomes are nearly 9% higher than before the Great Recession. The typical metro has yet to recover.

Portland has jumped from 32nd highest to 19th highest among the 100 largest metro areas (2007, 2016).
Oregon Household Incomes Rising

Inflation-Adjusted Change in Average Household Income by Select Quintiles Since 2007

- Top 20% (> $111,000) +10.9%
- Middle 20% ($46-71,000) +4.0%
- Bottom 20% (< $25,000) +0.9%

Inflation adjusted using PCE deflator. | Source: BEA, Census, Oregon Office of Economic Analysis
Median Household Income - Portland Metro

- **White**
  - 2005: $62,366
  - 2015: $71,859

- **Hispanic**
  - 2005: $34,360
  - 2015: $52,507

- **Black**
  - 2005: $37,452
  - 2015: $37,452

Median Household Income
US Census, ACS Table S1903
<table>
<thead>
<tr>
<th>County</th>
<th>2015 Per Capita Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clackamas</td>
<td>$36,004</td>
</tr>
<tr>
<td>Washington</td>
<td>$34,259</td>
</tr>
<tr>
<td>Multnomah</td>
<td>$33,014</td>
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<tr>
<td>Deschutes</td>
<td>$32,472</td>
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<tr>
<td>Benton</td>
<td>$31,618</td>
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<tr>
<td>Yamhill</td>
<td>$26,883</td>
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<td>Lane</td>
<td>$25,892</td>
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<td>Polk</td>
<td>$24,628</td>
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<td>Jackson</td>
<td>$24,590</td>
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<tr>
<td>Marion</td>
<td>$24,264</td>
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<td>Douglas</td>
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<td>Klamath</td>
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<tr>
<td>Linn</td>
<td>$23,050</td>
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<tr>
<td>Umatilla</td>
<td>$22,423</td>
</tr>
<tr>
<td>Josephine</td>
<td>$21,972</td>
</tr>
</tbody>
</table>

89% of Oregonians live in one of the 15 largest counties.

Multnomah is the 3\textsuperscript{rd} wealthiest of the large counties.
Divide Multnomah County between “East” and “West” along 82nd Avenue.

“West Multnomah” would be the wealthiest Oregon county with an average income 68% higher than “East County”. If it were a US state, it would be the 2nd wealthiest state.

“East Multnomah” would be among the poorer counties, but with a population greater than Linn, Umatilla and Josephine combined. If it were a US state, it would be the 49th wealthiest, between West Virginia and Mississippi.
Population
Net Migration is Back

Components of Population Change
Portland Metro (Oregon portion)

Source: Population Research Center, Portland State University
Who Moves to Portland?

Net Domestic Migration to Clackamas, Clark, Multnomah and Washington Counties

- Children (0-17)
- College Age (18-24)
- Root-Setting (25-34) - Highest migration
- Prime Working (35-44)
- Peak Earning (45-54)
- Late Career (55-64)
- Retirees (65+)

Data: 2014 American Community Survey | Source: IPUMS-USA, Oregon Office of Economic Analysis
Who Moves to Portland?

Net Domestic Migration, 25 years and older

- Graduate or Higher: Net 4,000
- Bachelor's: Net 5,000
- Some College: Net 3,400
- HS Grad: Net -300
- Less than HS: Net 300

American Community Survey 2012-2016 5-year estimates
Outlook

• More moderate, sustainable growth
  – Closer to 2% (statewide)

• Will outpace the average state

• Low probability of recession in the near term
Salem Metro Area
Unemployment rates are near historic lows in Salem and nationally.
Salem’s employment is nearly 8% or 12,000 jobs above its pre-recession peak in 2008.
However, those employment gains have varied significantly by industry.
Salem’s construction employment is back up to its level prior to the recession.
Marion County’s building permits have seen a steady rise in recent years.
Much of the increase in Polk County has been due to growth in West Salem.

Polk County Total Building Permits
Similar to other areas, the inventory of houses for sale in the Mid-Valley is very limited.
Salem’s average rent has shot up above the national average in recent years.
Salem’s population has a larger share of young residents compared to the state.

Age Distribution 2016
Salem has been Oregon’s 3rd fastest growing MSA since 2000, behind Bend and Portland.

Population Growth From 2000 to 2016

- Bend-Redmond
- Corvallis
- Salem
- Medford
- Eugene-Springfield
- Portland-Vancouver-Hillsboro

Percent Population Growth 2000-2016
Central Oregon and Portland are expected to grow the fastest…

Total employment Job Growth 2014-2024

- Mid-Valley
- Lane
- Northwest
- Rogue Valley
- Columbia Basin
- Southeast
- Northeast
- South Coast
- Douglas
- South Central
- Central Oregon
- Columbia Gorge
- Portland Tri-County
- Oregon
Patrick O’Connor, Regional Economist
Oregon Employment Department
Patrick.S.Oconnor@Oregon.gov
(503) 400-4374

Amy Vander Vliet, Regional Economist
Oregon Employment Department
Amy.S.VanderVliet@oregon.gov
(971) 804-2099

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