



Portland: An Economic Update

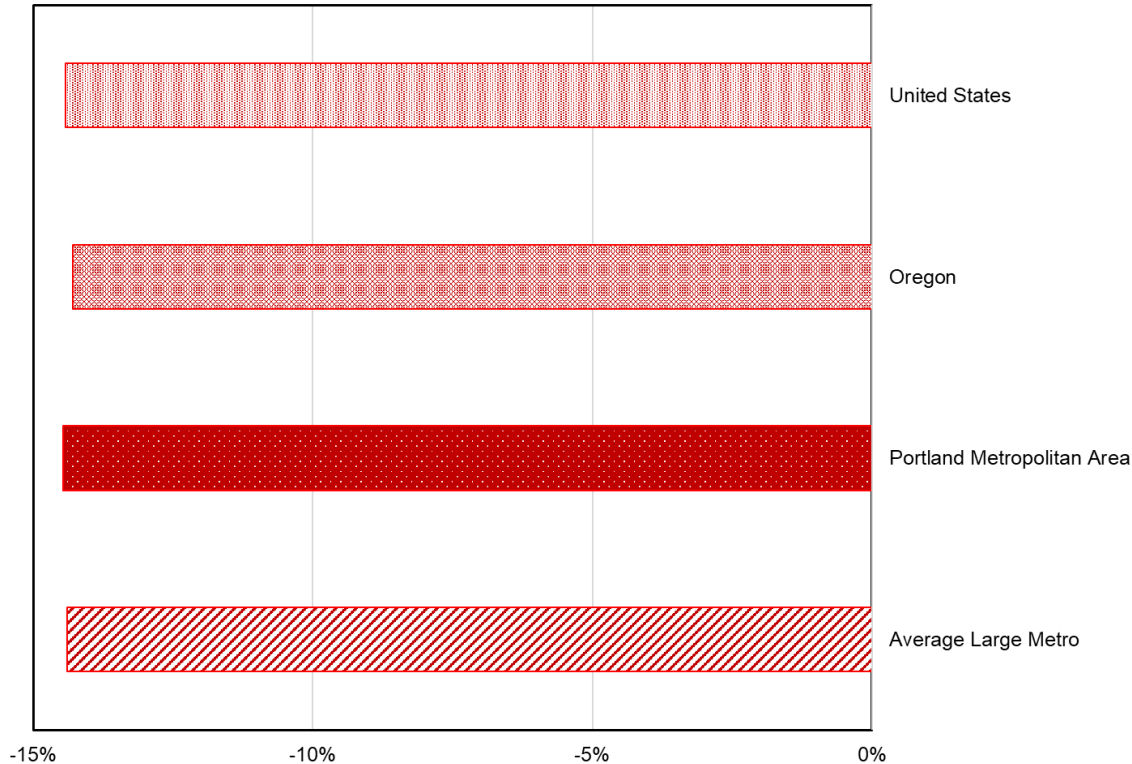
Energy Trust of Oregon

October 27, 2022



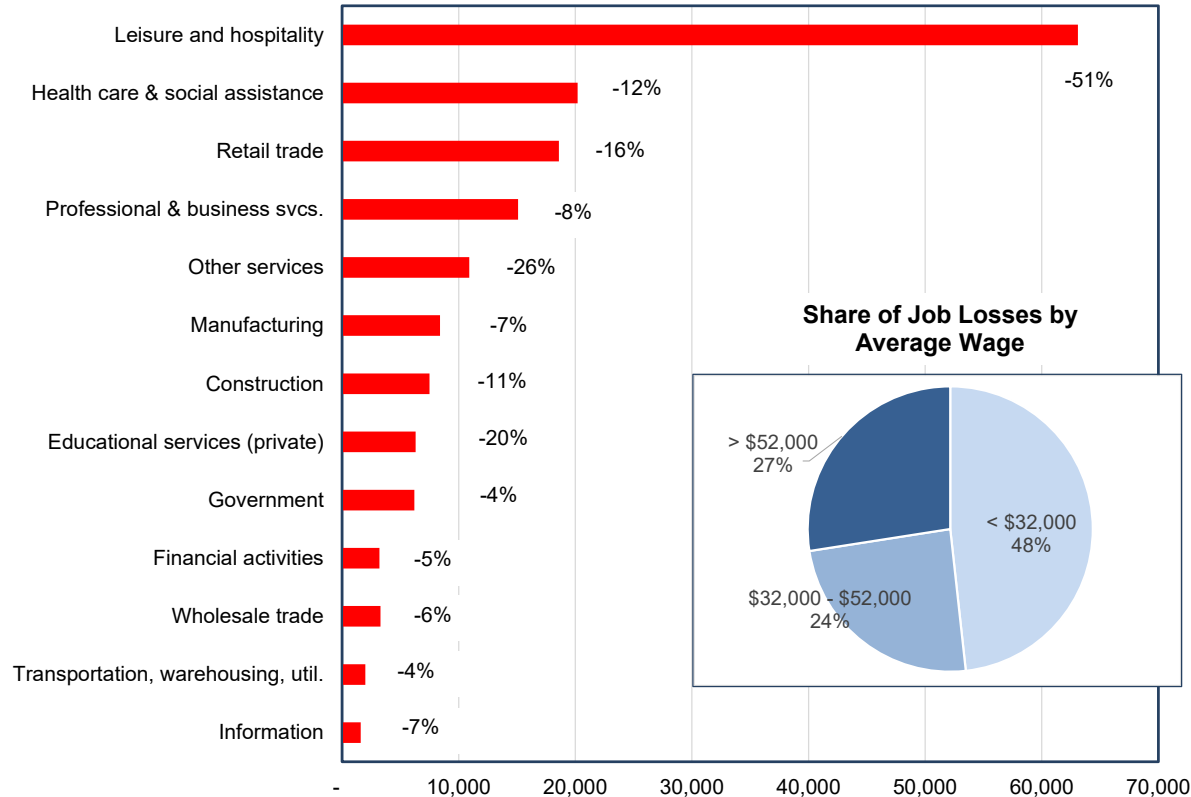
Pandemic Job Losses: Few Areas Spared

Pandemic Job Losses



- The Portland Metropolitan Area (7-county) lost nearly 180,000 jobs in March and April of 2020 (-14.5%).
- Oregon: -282,000 (-14.3%)
- United States: 22 million (-14.4%)
- The average large metro (100): -14.4%
- In the Great Recession, Portland lost 81,000 jobs over the course of two years (-7.7%).

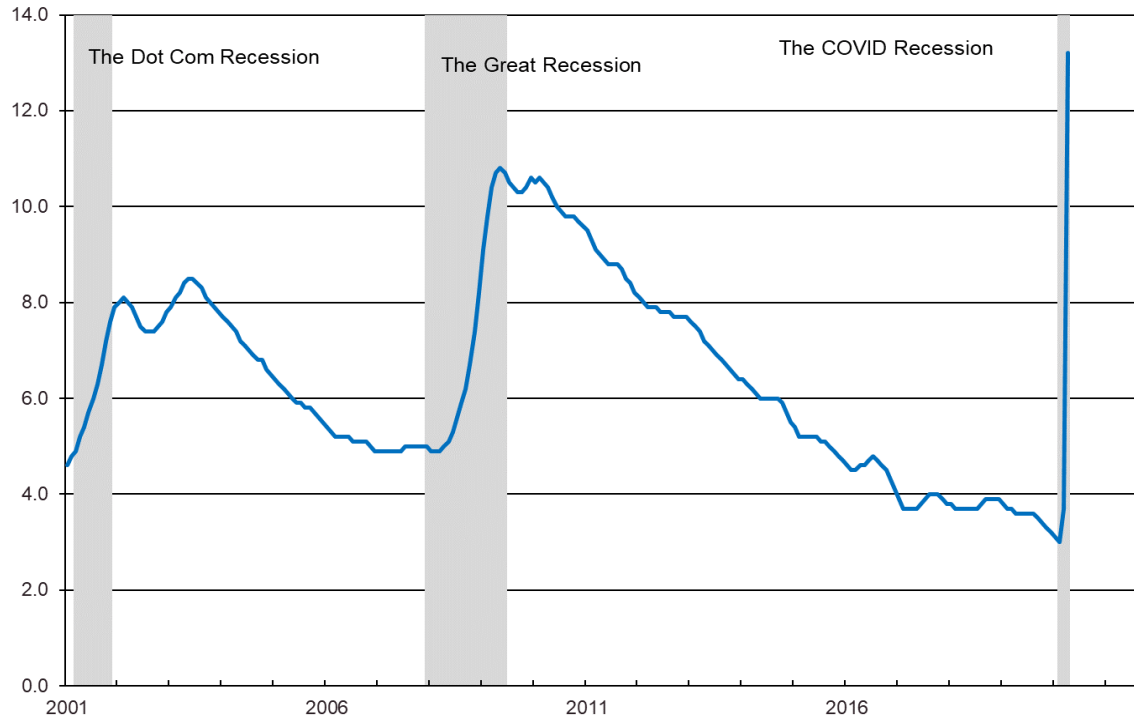
Pandemic Job Losses: No Major Industries Spared



Compared to U.S.:

- Milder losses in manufacturing, transportation and warehousing, information.
- Slightly steeper in retail, leisure and hospitality
- Significantly steeper in private education, but for reasons unrelated to pandemic.

Record High Unemployment



Source: Oregon Employment Department

Peak Unemployment in April 2020:

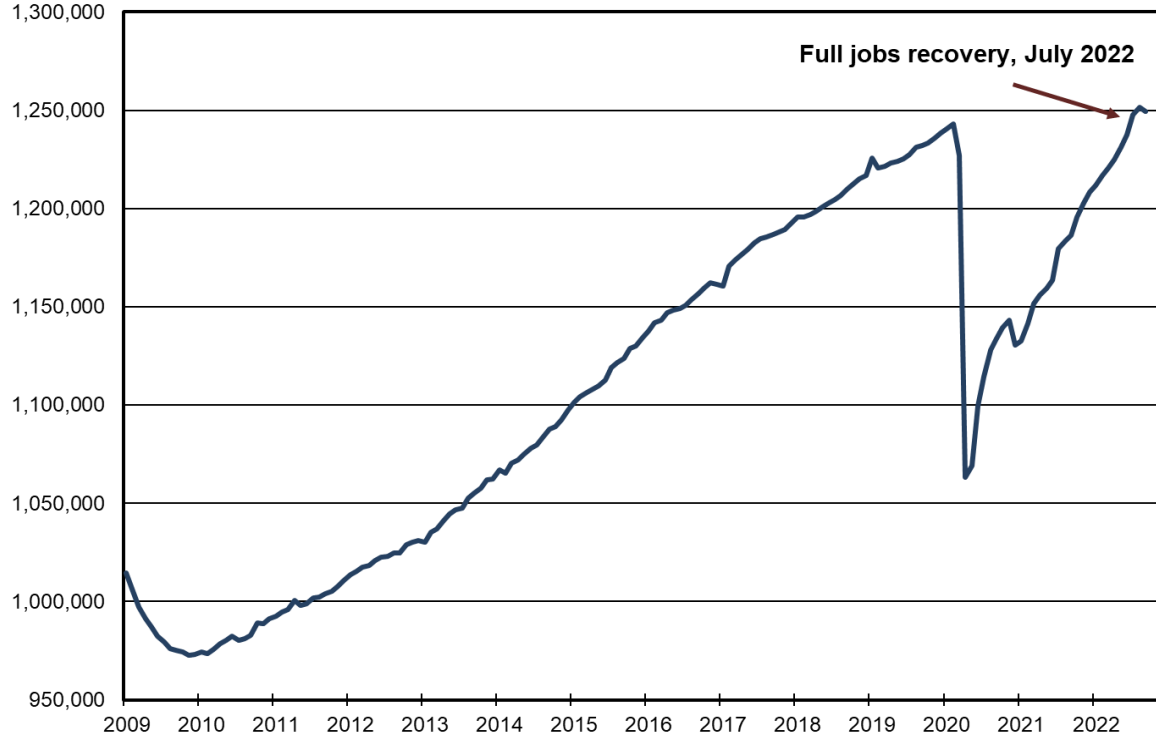
- 13.2% Portland
- 13.3% Oregon
- 14.7% U.S.

The number of unemployed Portland-area residents skyrocketed from 41,000 in February 2020 to 168,000 in April.

The number of unemployed during the Great Recession peaked at 127,000.

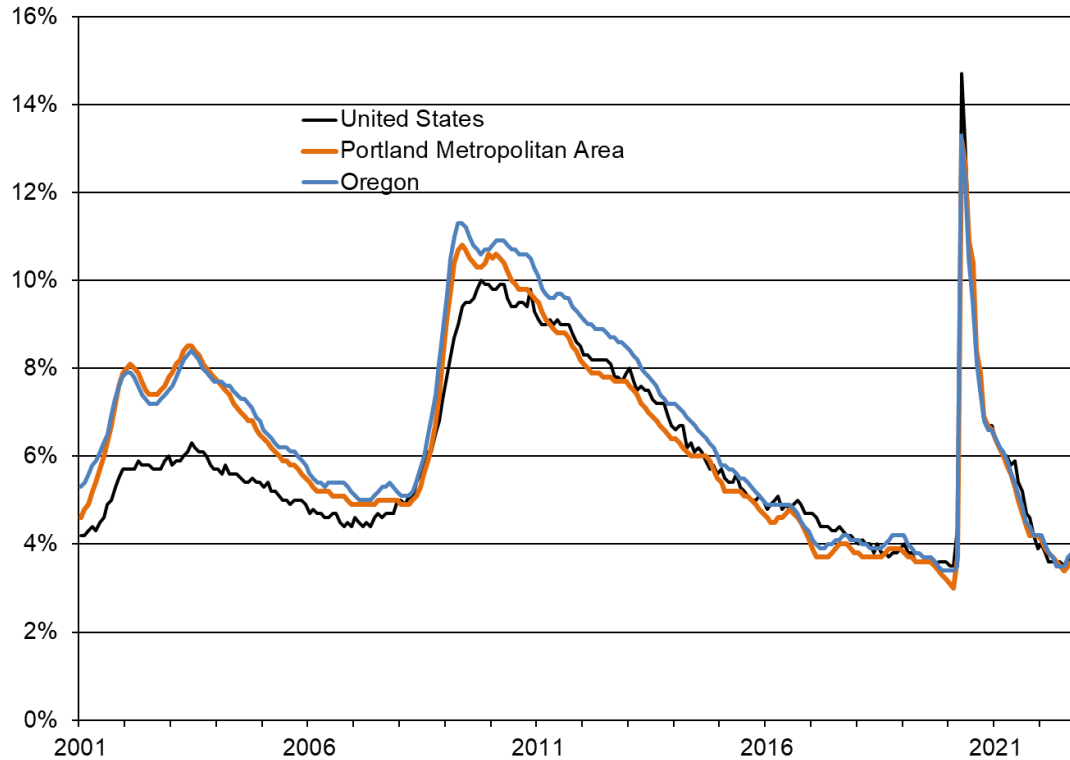
A Full Jobs Recovery in July 2022

Portland Metropolitan Area Total Nonfarm Employment
Seasonally Adjusted



- Self-employed?
- Portland pull-back in September?

Unemployment through September



September 2022 unemployment:

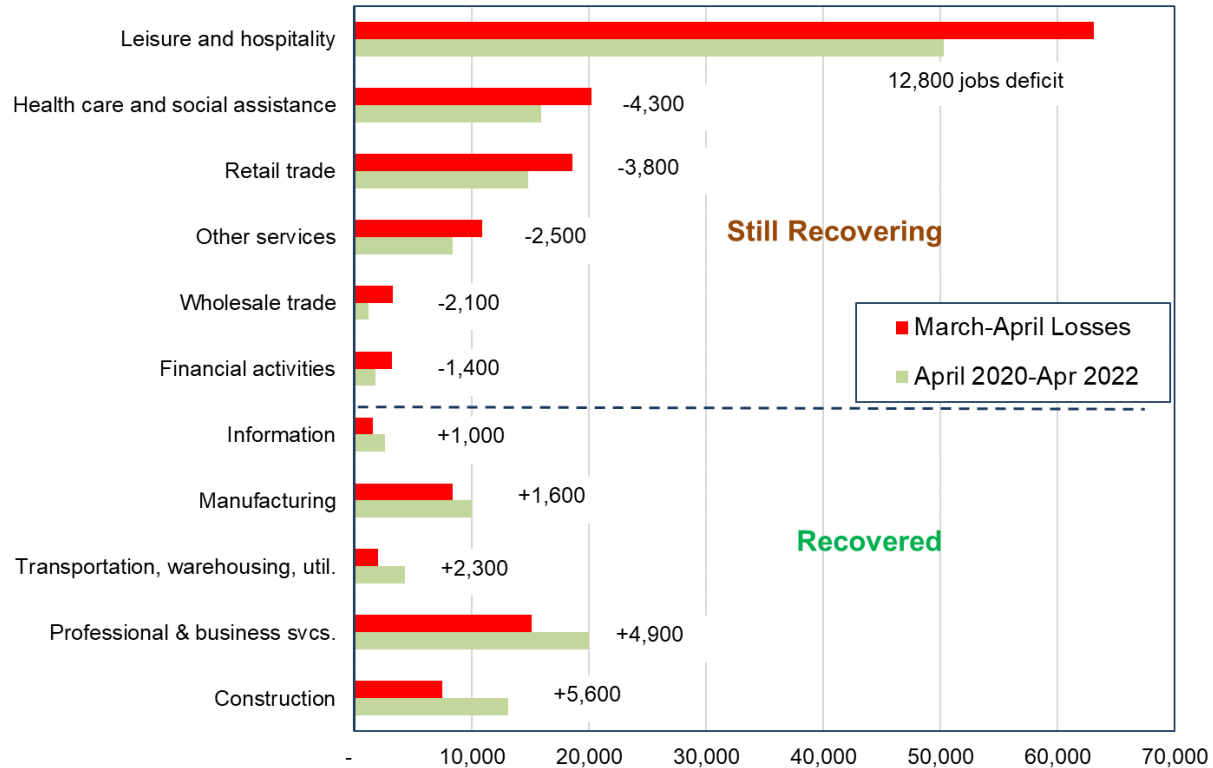
- 3.6% Portland
- 3.8% Oregon
- 3.5% U.S.

Number of unemployed in
September close to pre-pandemic
levels:

2017:	52,500
2018:	50,800
2019:	46,600
2020:	105,500
2021:	59,400
2022:	50,100

Uneven Recovery by Sector

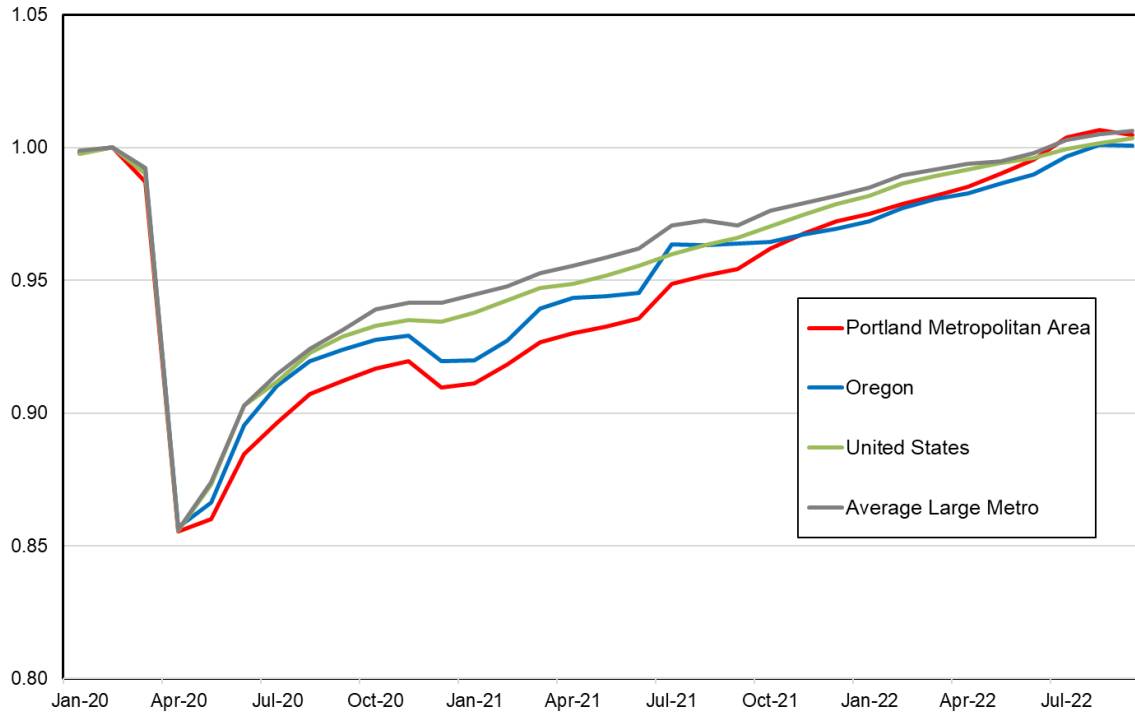
Loss and Recovery, Portland



Uneven Recovery Geographically

- Clark County first out, fully recovered in the summer of 2021
- Multnomah County still lagging
 - Office workers
 - Tourism- domestic and international
 - Business travel
 - Museums, concert venues, sports
- Washington and Clackamas close, if not already there

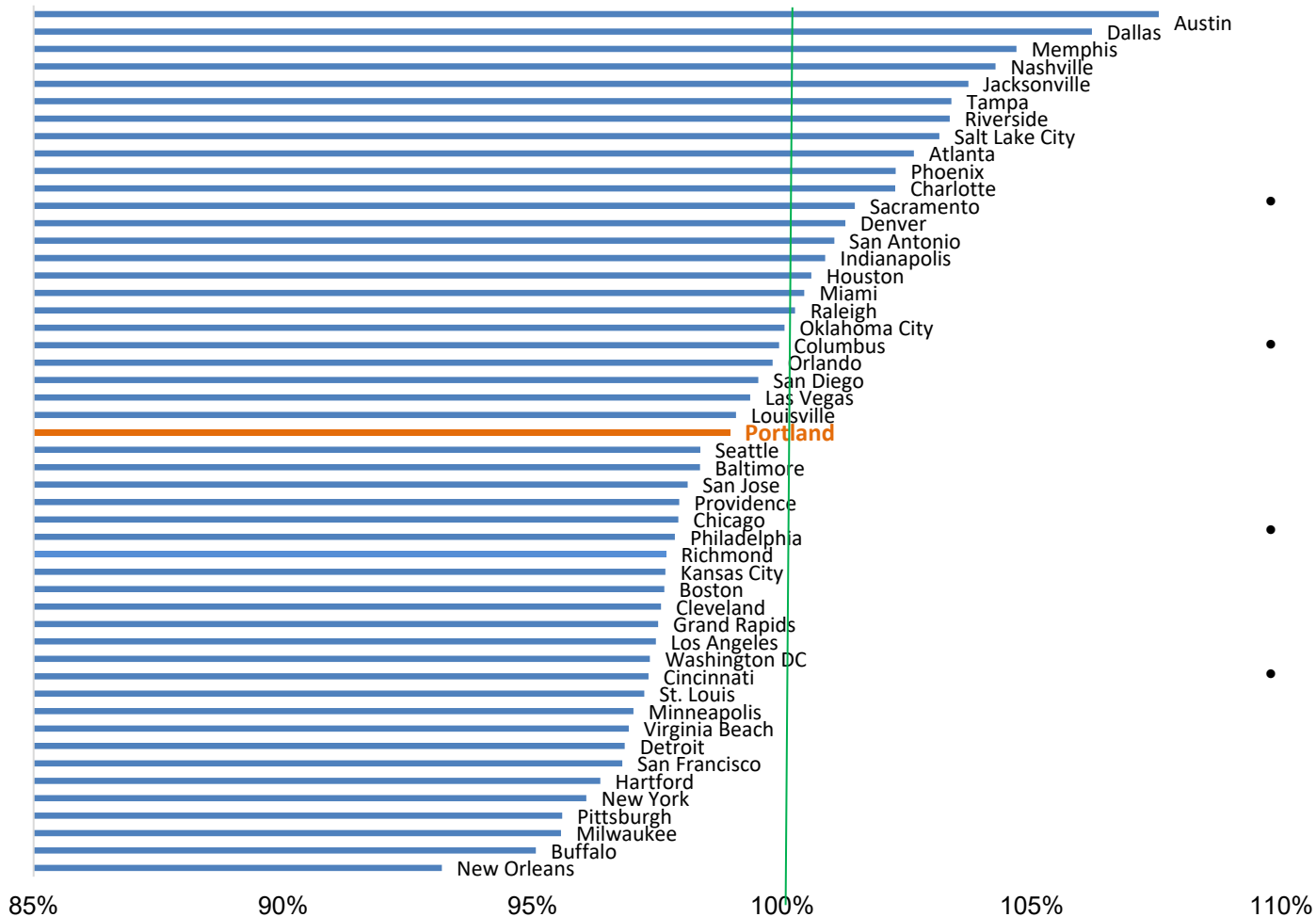
Pandemic Job Loss and Recovery February 2020 indexed to 1



Portland made a full jobs recovery in July.

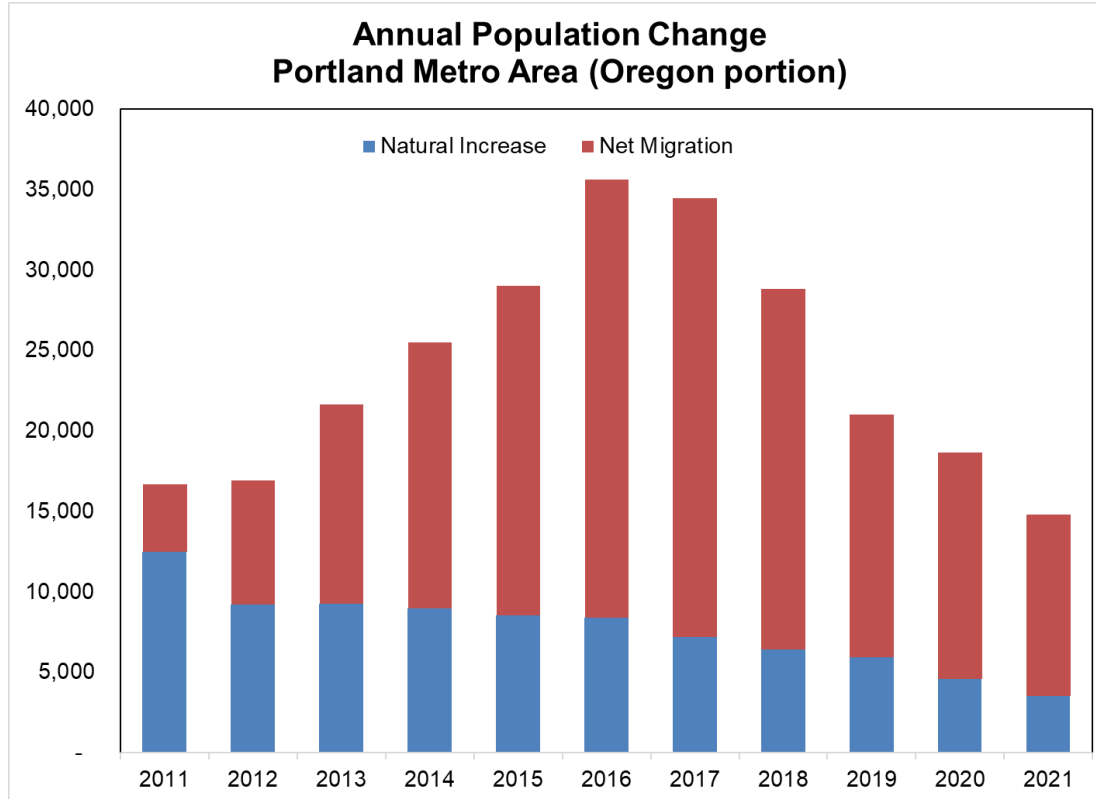
Oregon and the U.S. made a full jobs recovery in August.

The average large metro recovered in July.



- 49 major metros fully recovered
- Portland's recovery/expansion ranks 43rd (of 100)
- Leading: Provo, Austin, Sarasota, Dallas, Boise
- Trailing: Honolulu, New Orleans, Akron, Buffalo, Pittsburgh

Portland's Population Growth



Summary

- Fully recovered (although disparities between industries and geographies)
- Labor market still tight
 - Unemployment is low
 - Civilian labor force at all time high
 - Job vacancies near record highs
 - Unemployment Insurance claims near record lows
- Job growth remains strong: Portland averaging 4,500 new jobs/month in 2022 (despite September's loss); 5,200 over the past year.

What's Next?

- Short term
 - U.S. (and local) economy not likely in a recession (yet)
 - Oregon Office of Economic Analysis:
 - Door #1: Continuing but slowing job growth. Oregon unemployment rate ticks up to 4.6% in 2024.
 - Door # 2: Inflation is more entrenched than expected → more rate hikes = price stability but at the expense of jobs. Recession in late 2023. Mild- Oregon loses 57,000 jobs, growth resumes in 2025.
 - Inflation is the stress point

From the National Association of Business Economics (NABE), October Business Conditions Survey

- Slower sales, lower profits
- Capital spending on equipment is doing okay, less so on structures
- Still seeing shortages- both labor and material
- Half of respondents: Not IF we have a recession, but the severity– mild, moderate, or severe?

Housing related:

- Housing continues to struggle under the weight of high mortgage rates. Although the decline in single family housing starts was modest in September.
- Housing is not going to stabilize until mortgage rates can at least level off. Until then, buyers will continue to move to the sidelines.
 - Vander Vliet side note: Rising interest rates over the past year have increased the median cost of a home in Portland by \$380,000 over 30 years (in principal and interest)
- A sharp drop in builder confidence suggests deeper declines lay ahead.



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