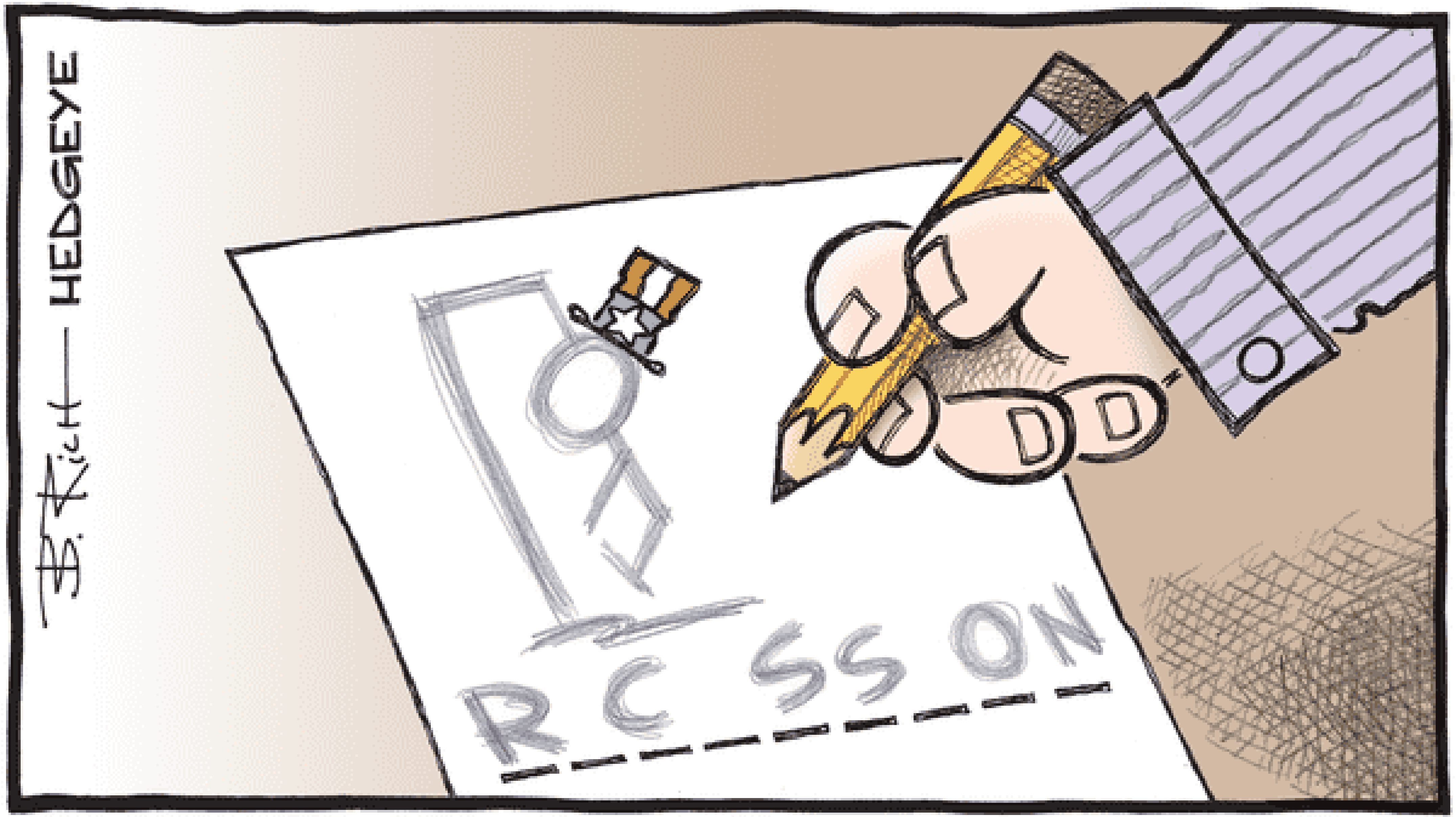
Economic Overview:
Fall 2025 Apartment Report Luncheon

Michael Wilkerson, Ph.D.

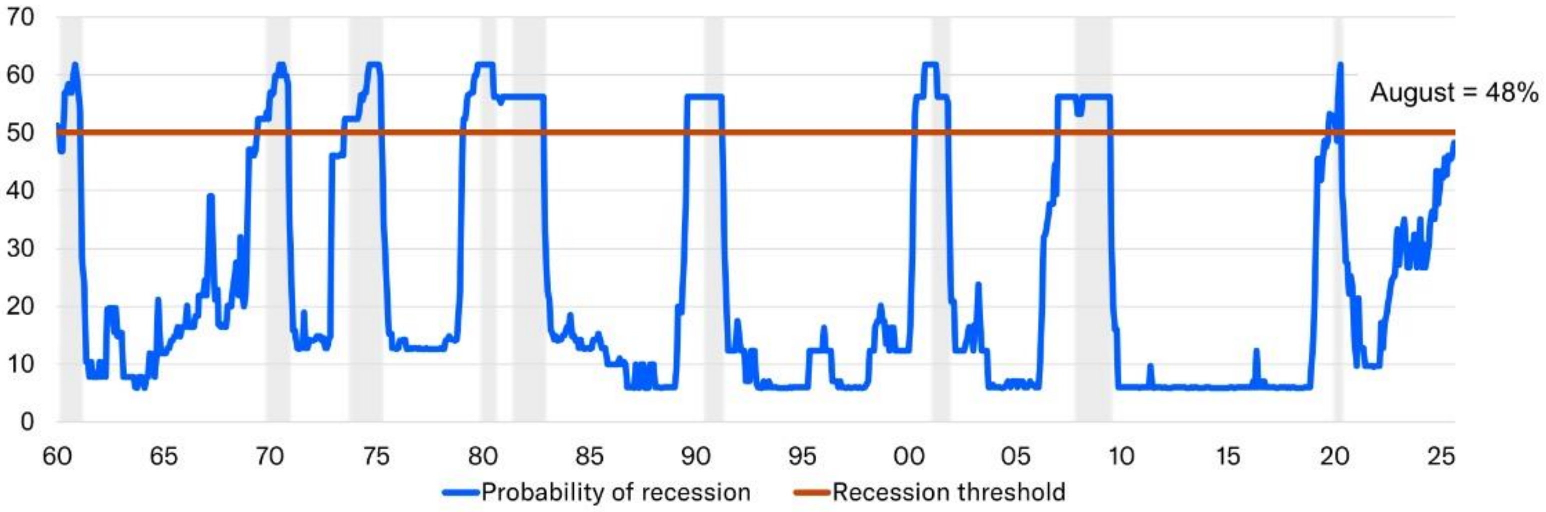
October 16, 2025

ECO northwest


HEDGEYE
B. Rich
R C SS ON

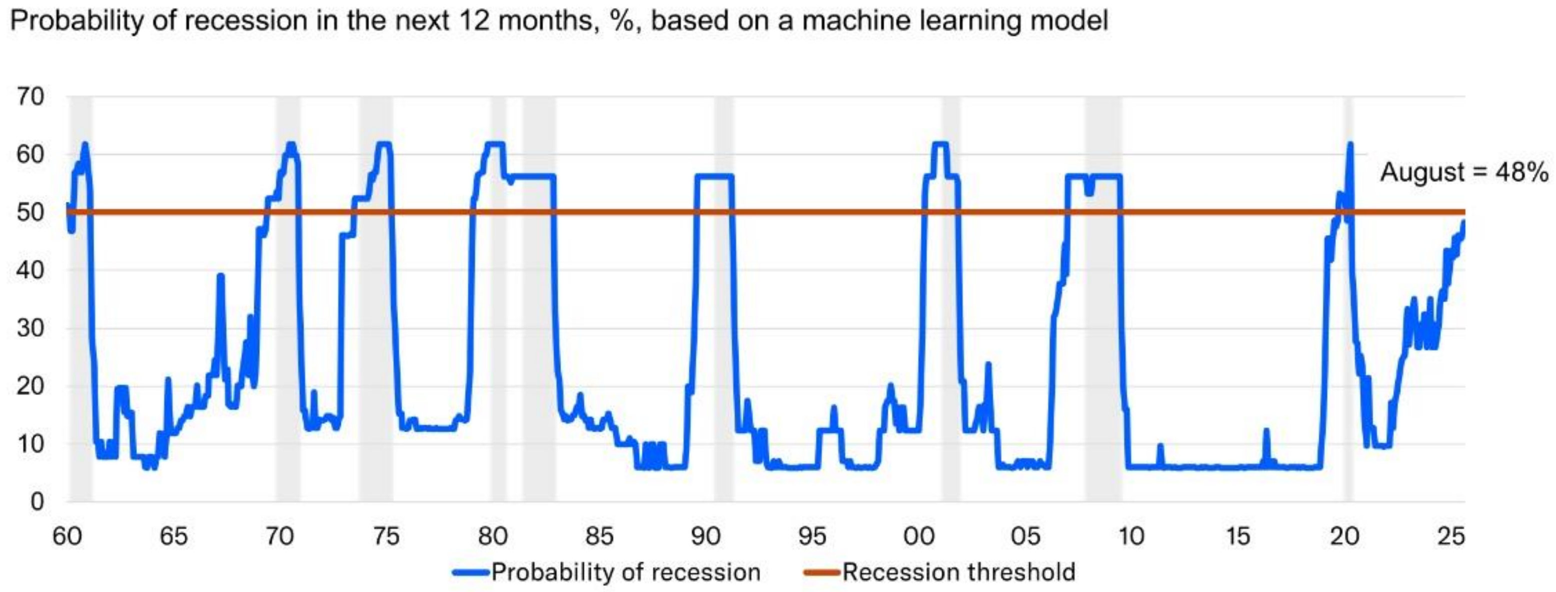
Recession probability of 48%, this level has always predicted a recession

Probability of recession in the next 12 months, %, based on a machine learning model

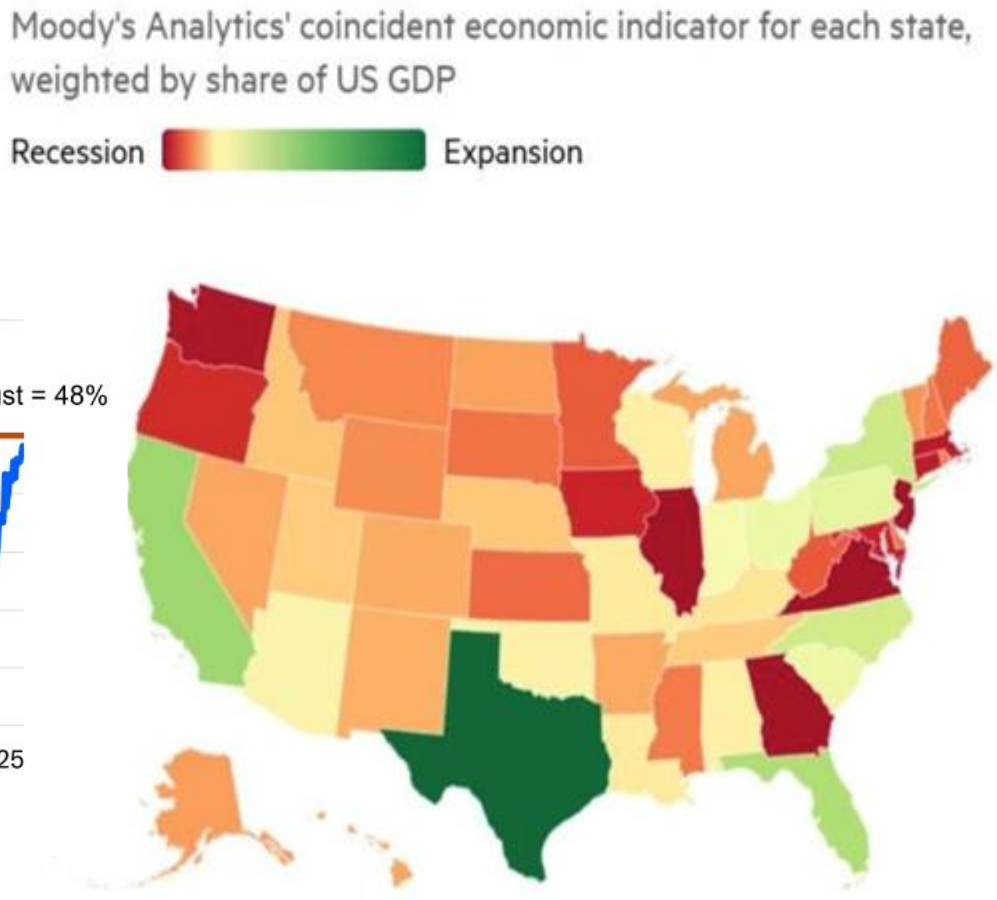


Source: Moody's Analytics

Recession probability of 48%, this level has always predicted a recession

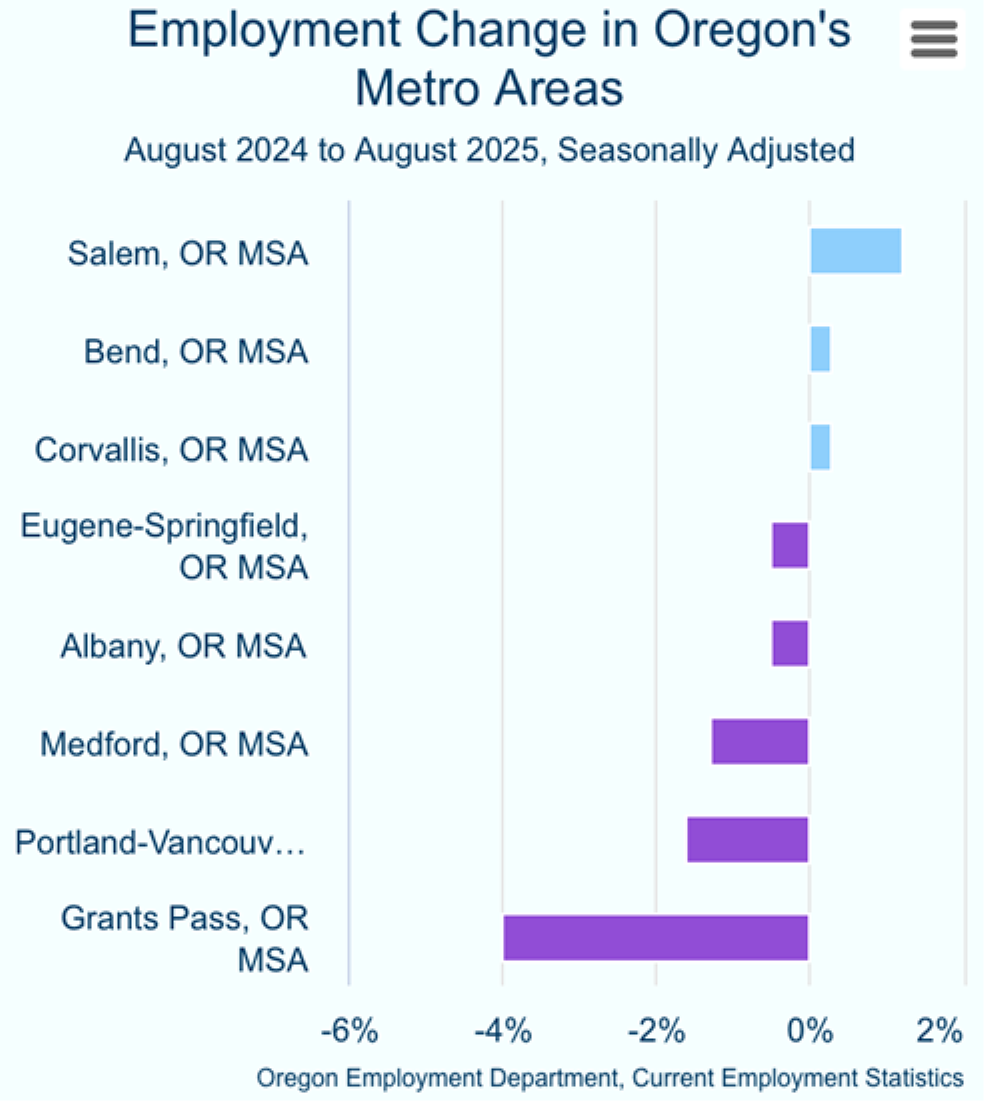


Source: Moody's Analytics



©FT Source: Moody's Analytics

3 county PDX metro lost 16,400 jobs, rest of state lost 1,900 in last year



18,300 jobs lost statewide in past year

State of Oregon
Employment Department

NEWS

FOR IMMEDIATE RELEASE: October 15, 2025

CONTACT INFORMATION:
Gail Krumenauer, State Employment Economist
(971) 301-3771
Video and Audio available at 10 a.m. PT
David Cooke, Economist (971) 375-5288

Federal Government Shutdown Pauses Employment Reports

The U.S. Bureau of Labor Statistics (BLS) suspended the monthly employment and unemployment reports for the nation, states, and metropolitan areas as of Oct. 1, 2025. Oregon's monthly jobs and unemployment rate for September are unavailable at this time.

Takeaways from the latest state economic forecast


DAS
DEPARTMENT OF ADMINISTRATIVE SERVICES

Oregon Economic and Revenue Forecast

September 2025

Volume XLV, No. 3
Release Date: August 27th, 2025

"An ongoing deceleration in the national economy is imposing a dominant set of conditions on the state economic and revenue outlook.

History shows (particularly recent history) that Oregon's economic fortunes are increasingly bound by prevailing national trends."

Source: DAS Office of Economic Analysis

Takeaways from the latest state economic forecast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Release Date: August 27th, 2025

"A cooler outlook for labor-generated income taxes is offset by firmer expectations related to capital gains."

Source: DAS Office of Economic Analysis


DAS
DEPARTMENT OF ADMINISTRATIVE SERVICES

Oregon Economic and Revenue Forecast

September 2025

Volume XLV, No. 3
Release Date: August 27th, 2025

"The unemployment rate has risen by nearly a full percentage point, and perhaps most alarming, recent revisions show sharply deteriorating employment conditions across a broad array of industries."

Source: DAS Office of Economic Analysis

Takeaways from the latest state economic forecast


DAS
DEPARTMENT OF ADMINISTRATIVE SERVICES

Oregon Economic and Revenue Forecast

September 2025

Volume XLV, No. 3
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"The broader state economy is likely to avoid recession so long as the national economy holds up, but the state-level employment declines—should they persist through the second half of the year—warrant attention as potential warning flags of sector-specific recessions."

Source: DAS Office of Economic Analysis

Takeaways from the latest state economic forecast


DAS
DEPARTMENT OF ADMINISTRATIVE SERVICES

Oregon Economic and Revenue Forecast

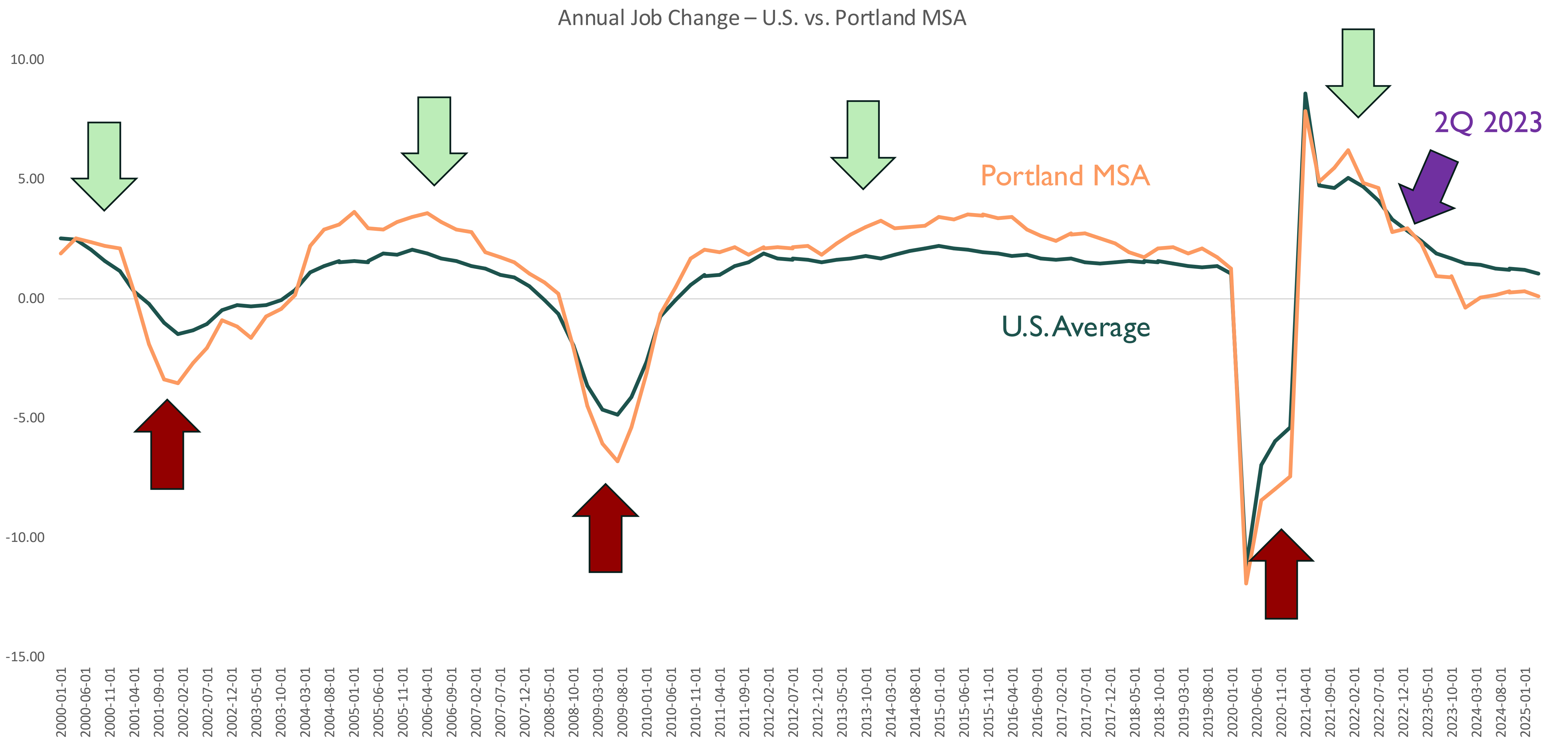
September 2025

Volume XLV, No. 3
Release Date: August 27th, 2025

"Population growth for Oregon has been revised lower. The population is expected to grow by an annual average of 0.4% through the forecast horizon (down from 0.5% in previous forecast)"

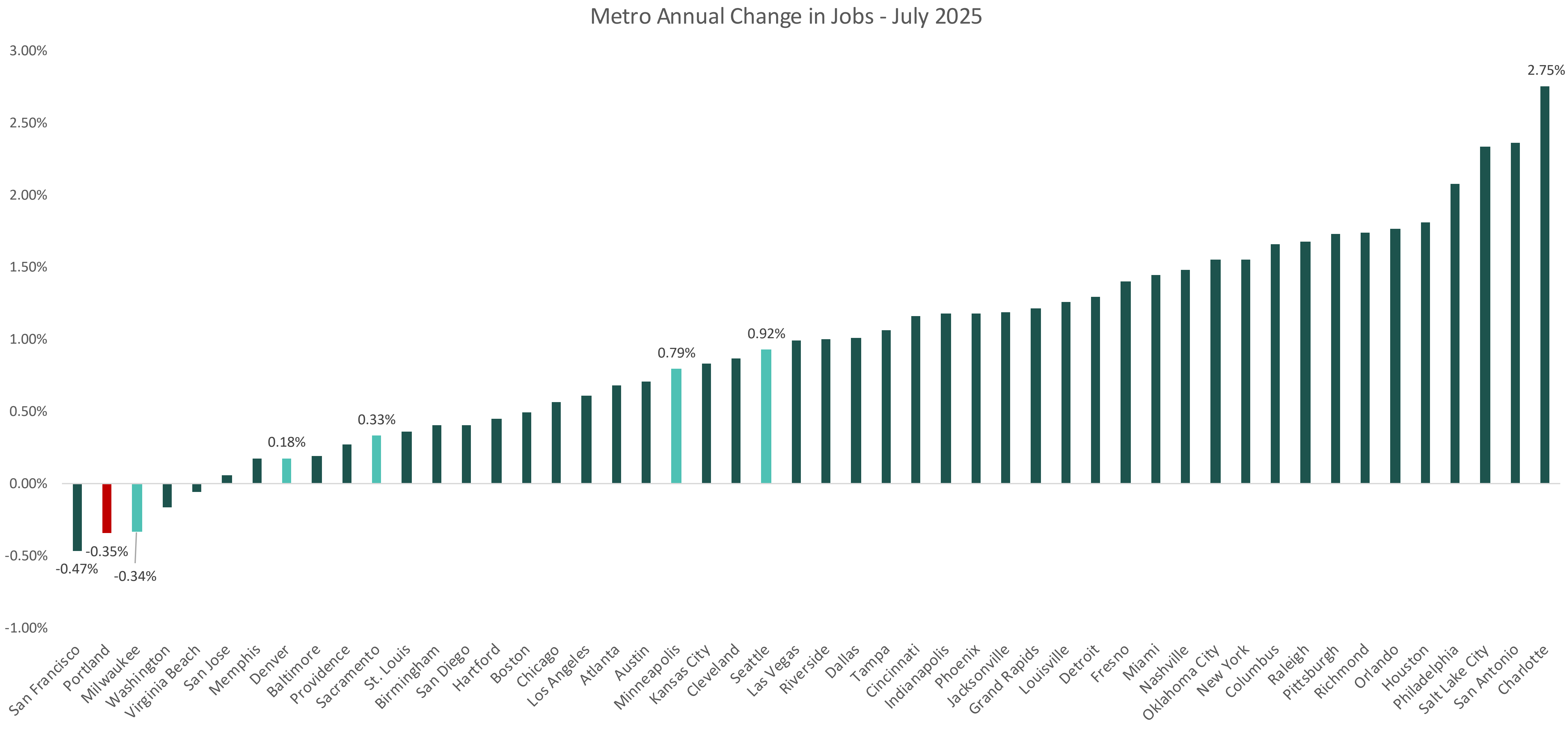
Source: DAS Office of Economic Analysis

Portland grows faster and falls harder….. Until the last 9 quarters



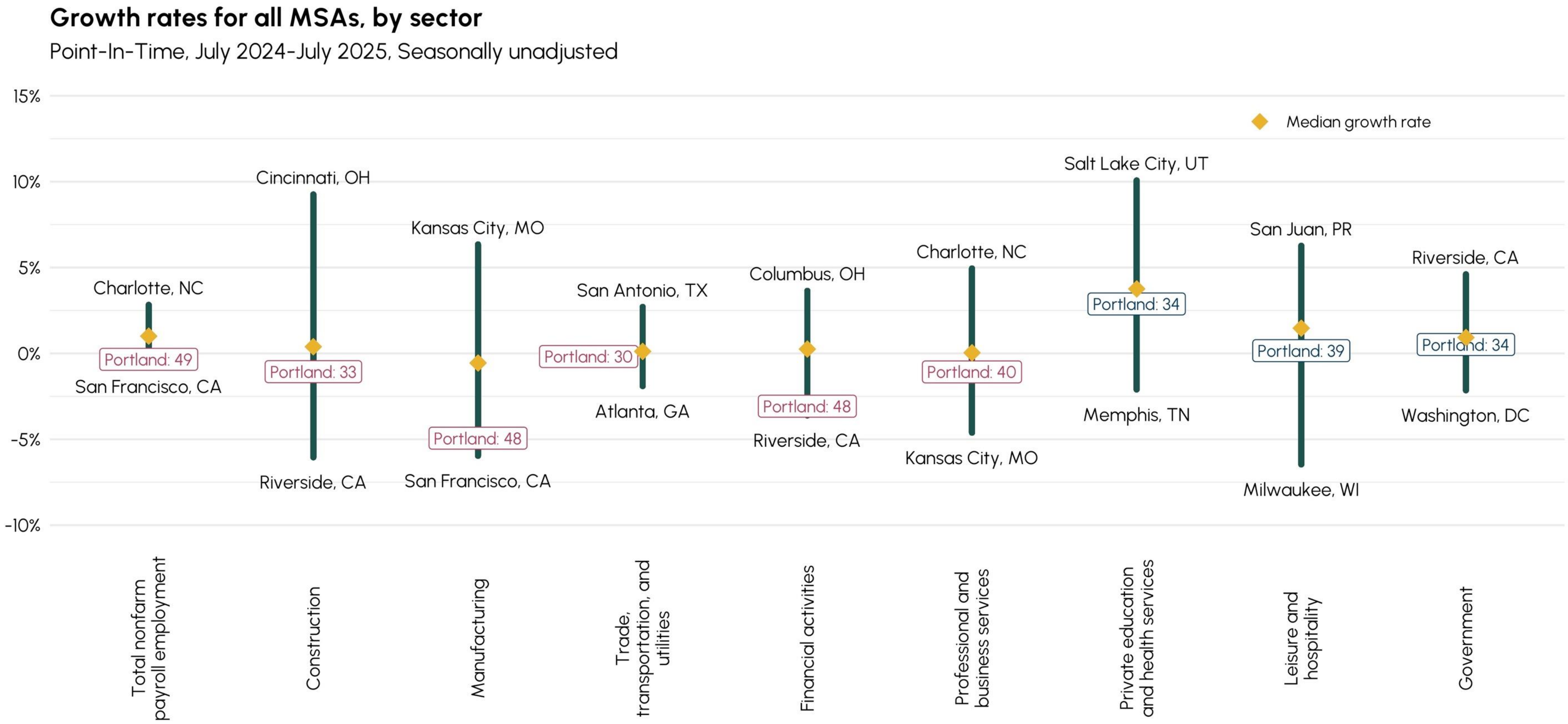
Source: BLS

Only 5 of the top 50 metros have lost jobs over the past year



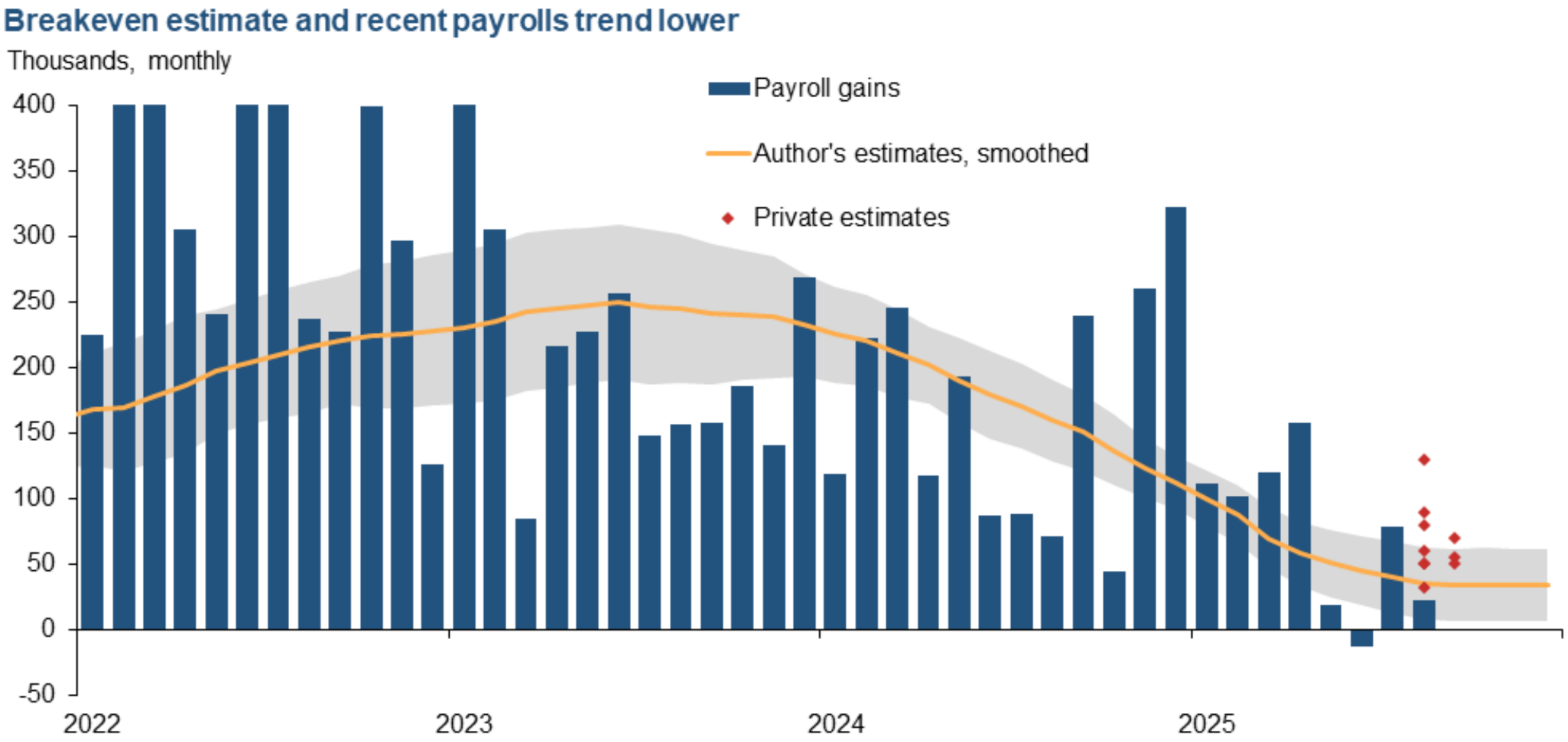
Source: BEA

Job growth almost entirely in private education and health services



Source: BLS SAE estimates

Current estimate of national breakeven employment is 30k annually



NOTE: Gray area illustrates estimate range.
SOURCES: Bureau of Labor Statistics; author's calculations.

Federal Reserve Bank of Dallas

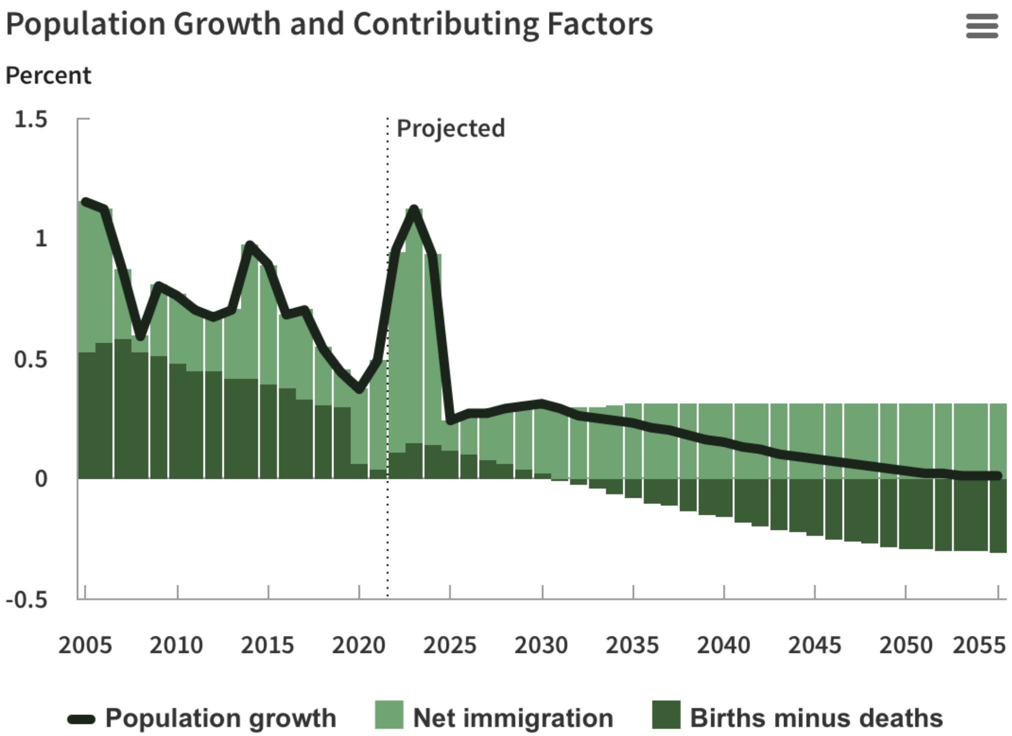

WHAT HAPPENED TO THE JOBS NUMBERS?
~~THE~~ TRUTH.
Known knowns &
Known unknowns
HEDGEYE

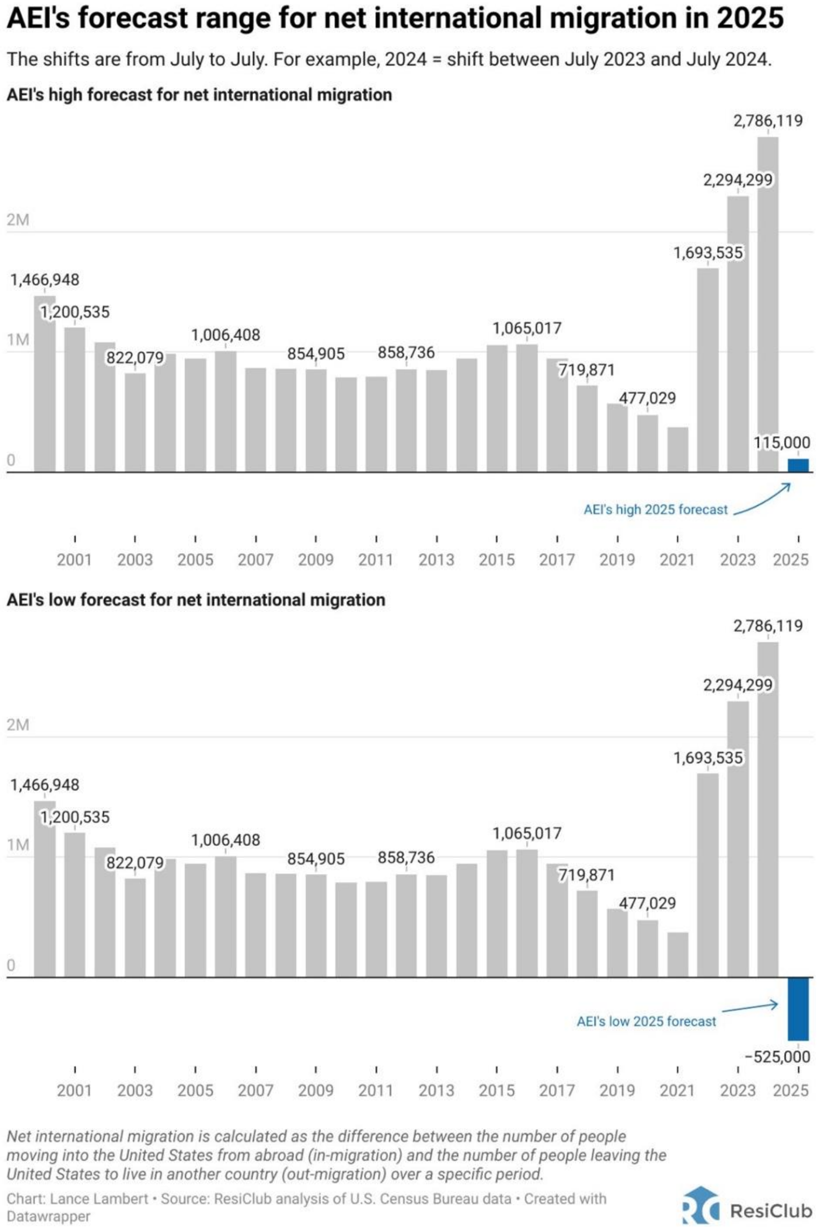
Known demographic change plus unknown impact to international immigration

The US Population Could Shrink in 2025, For the First Time Ever

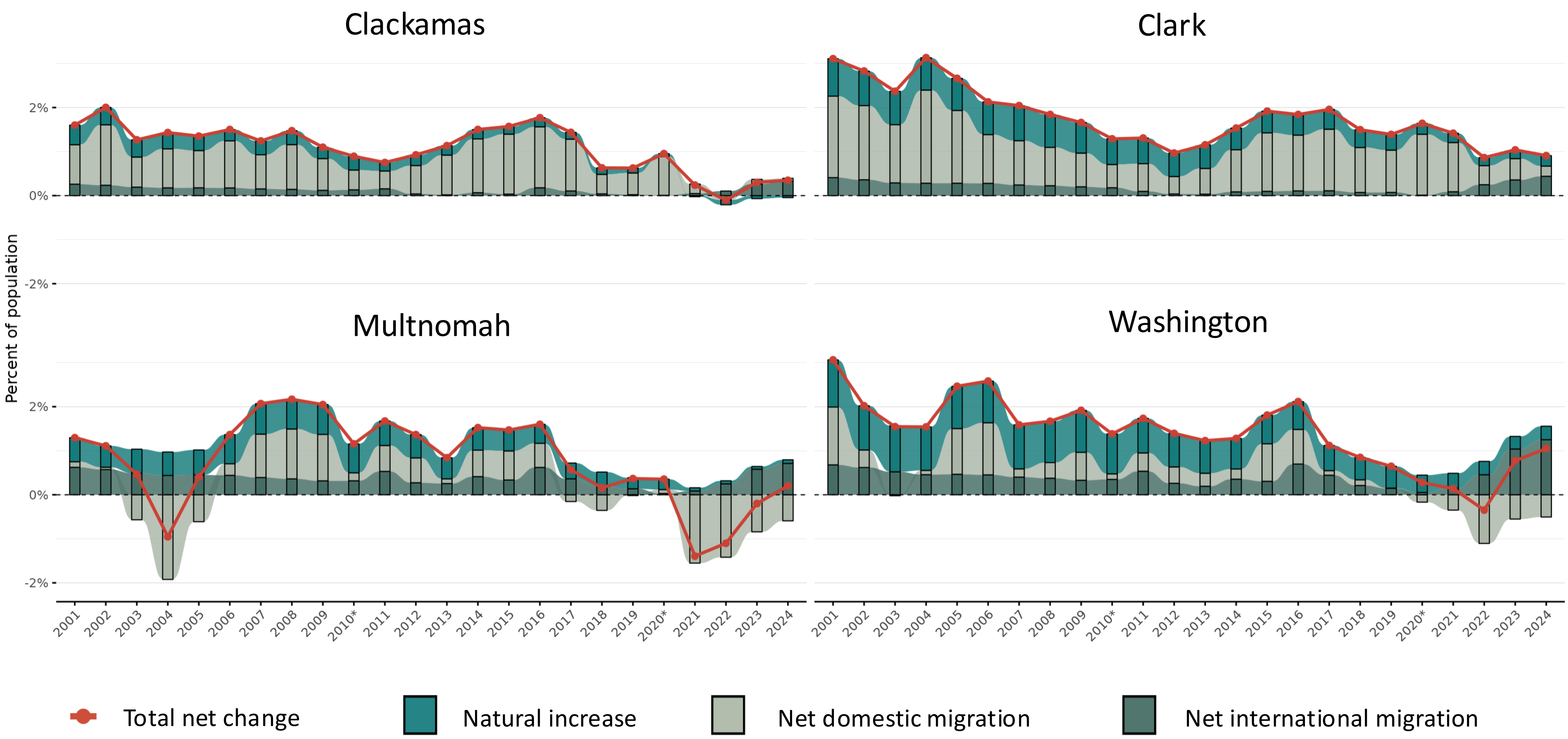
It's a story with massive economic and political significance. But it's receiving strangely little attention.

DEREK THOMPSON
SEP 02, 2025





Without international immigration, population is decreasing except in Clark

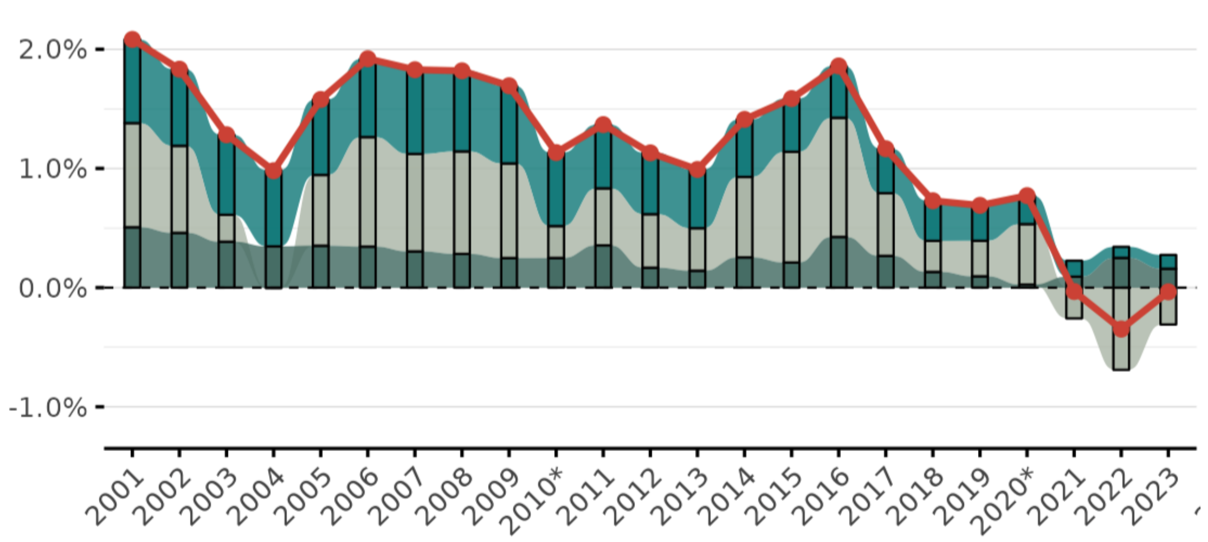


Source: Census Population Estimates Program (PEP)

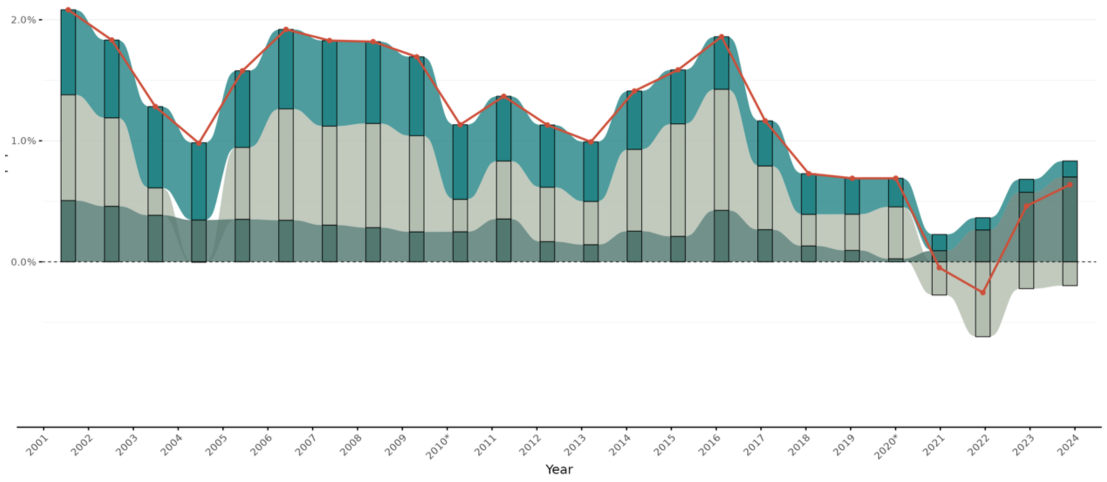
Census changed methodology that more than doubled count of immigrants

Portland Metro

2023 Vintage



2024 Vintage

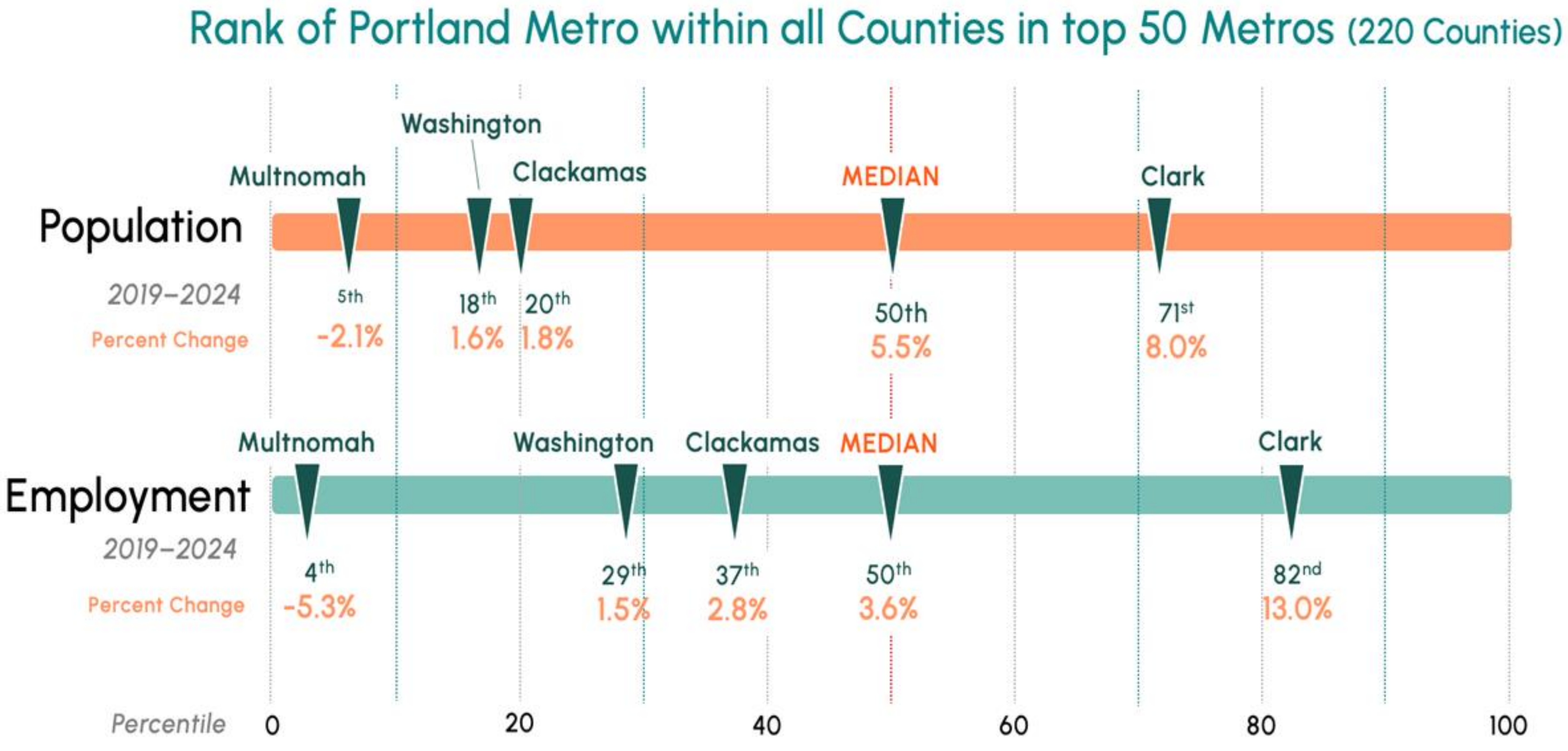


Average annual international immigration from 2001 to 2022 = 6k
Average annual international immigration from 2023 to 2024 = 16k

Total net change | Natural increase | Net domestic migration | Net international migration

Source: Census Population Estimates Program (PEP)

Disparity within the region is unlike other metro areas



Population growth is not a sustainable economic development strategy… now what?

IT'S THE ECONOMY

Will Portland Always Be a Retirement Community for the Young?

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Illustration by Kelsey Dake

By Claire Cain Miller
Sept. 16, 2014

Population growth is not a sustainable economic development strategy… now what?

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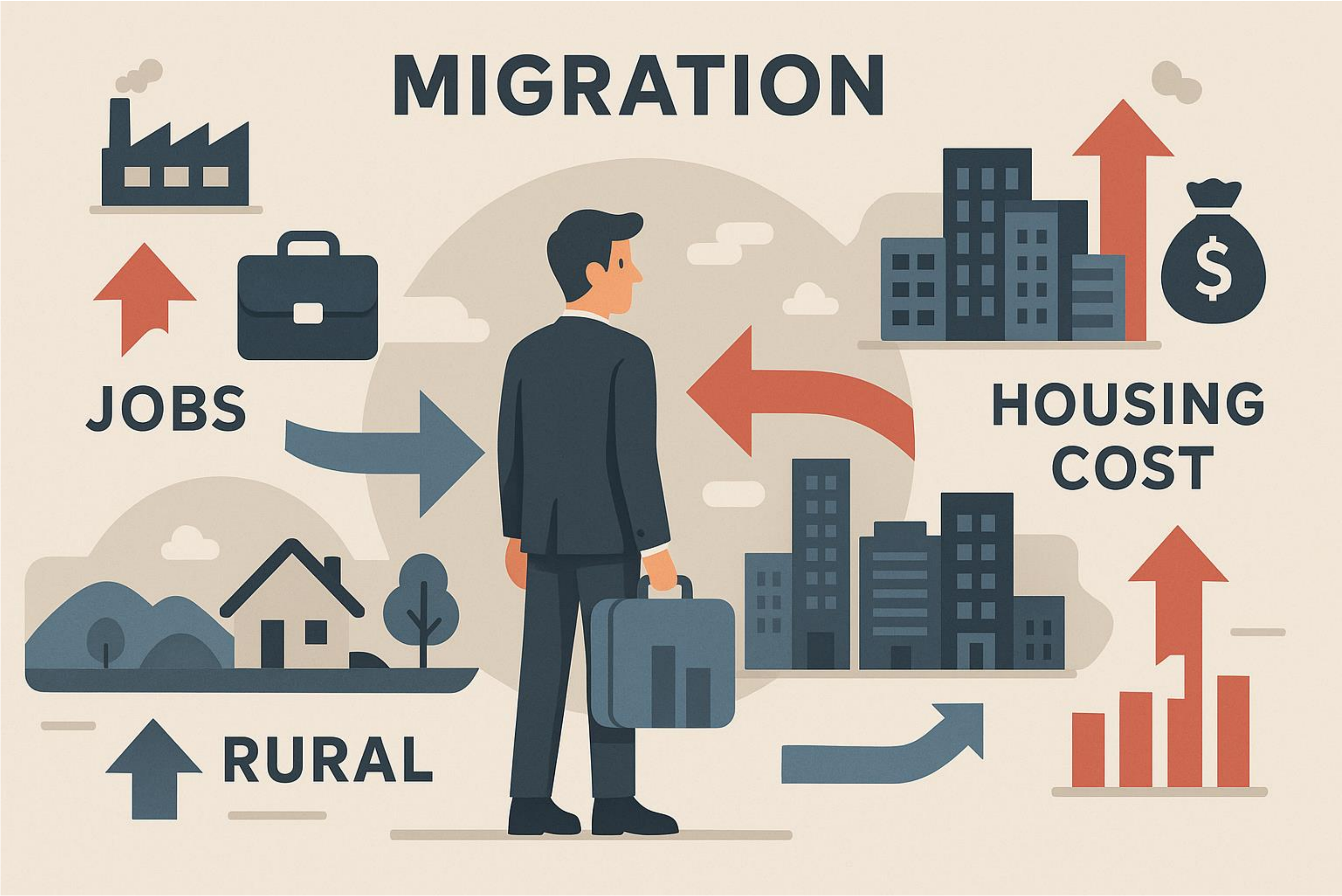
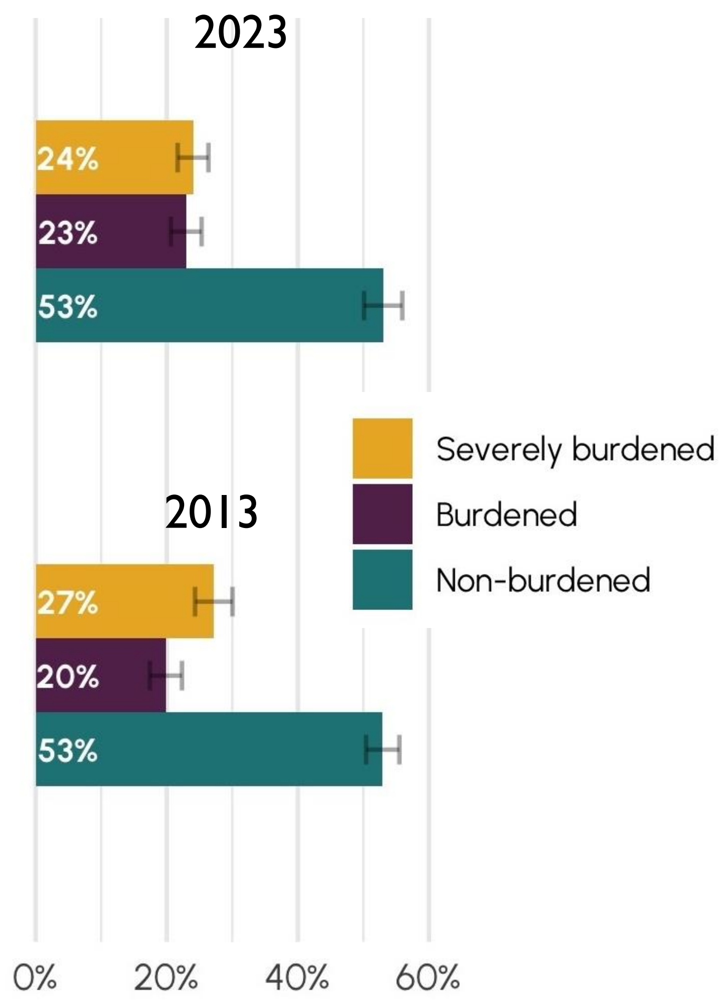
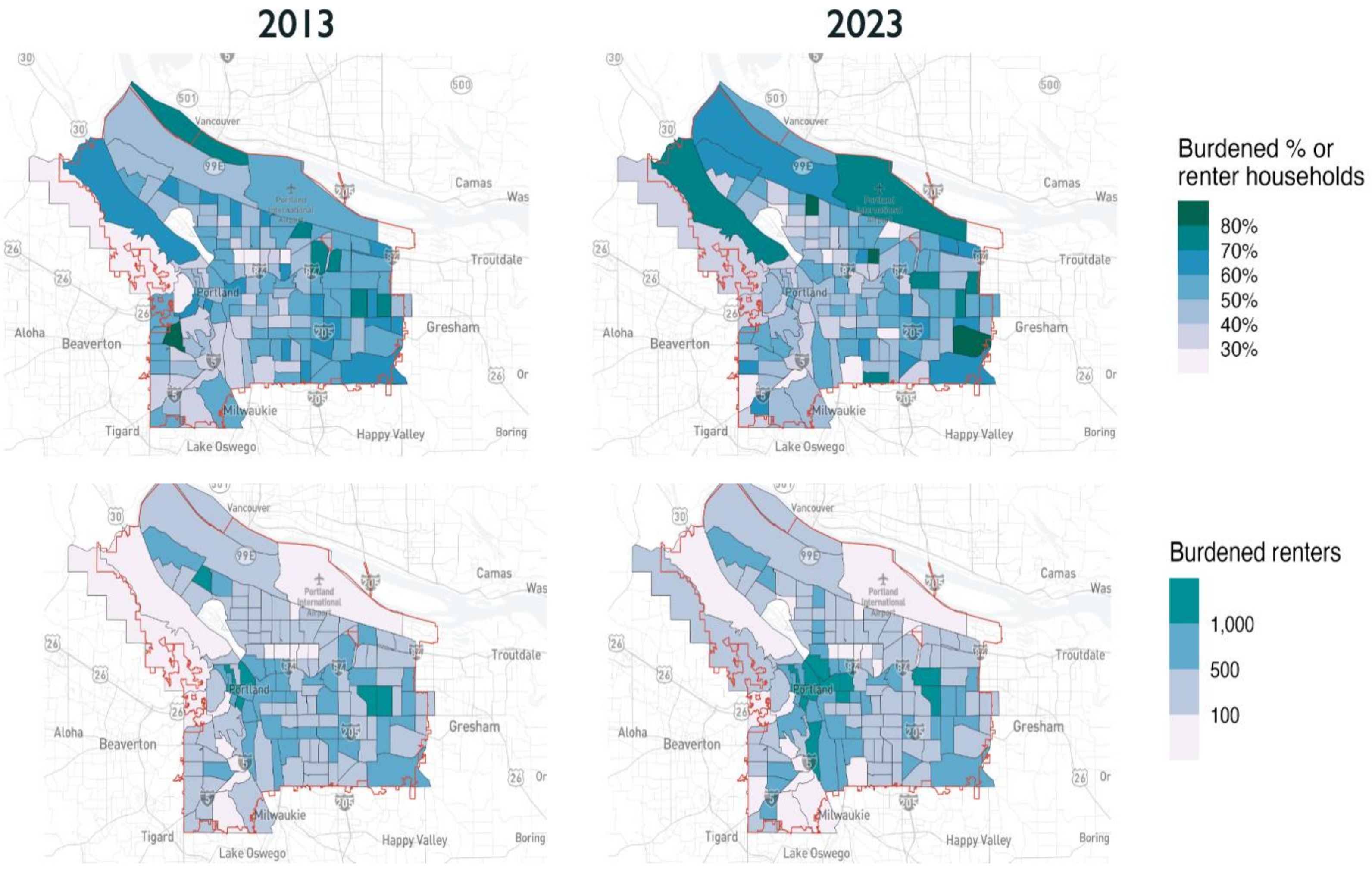


Current state of the housing market

No change in renter cost burdening rate, but change in location concentration

Renter Household Cost Burdening in the City of Portland





2019 Housing Affordability in Vancouver and Gresham

Assuming:
20% down payment
4% mortgage rates
Median Family Income of **$89,700**

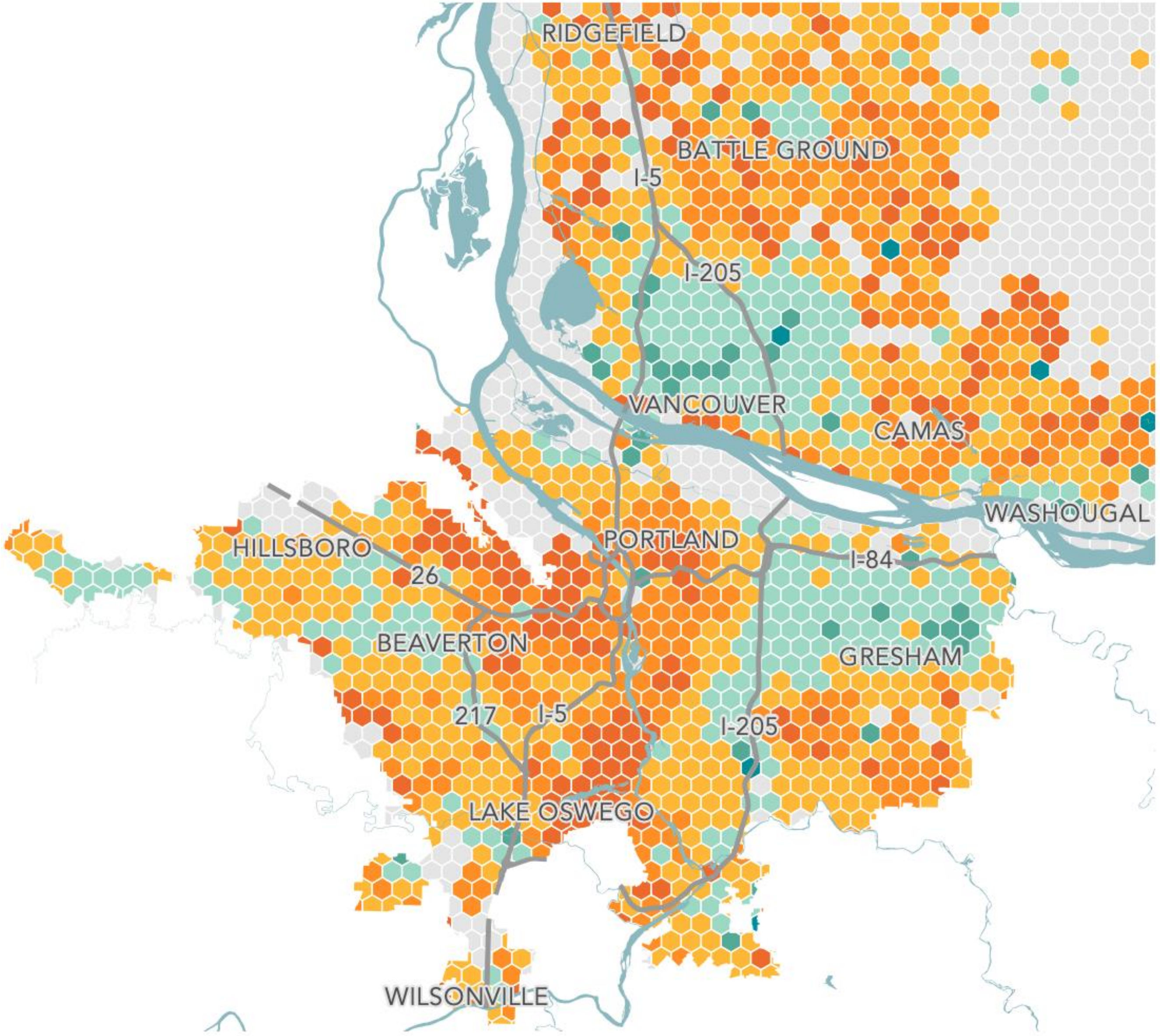
Percent of Income Spent on Housing

- < 20%
- 20.1% - 25.0%
- 25.1% - 30.0%

More Affordable

Less Affordable

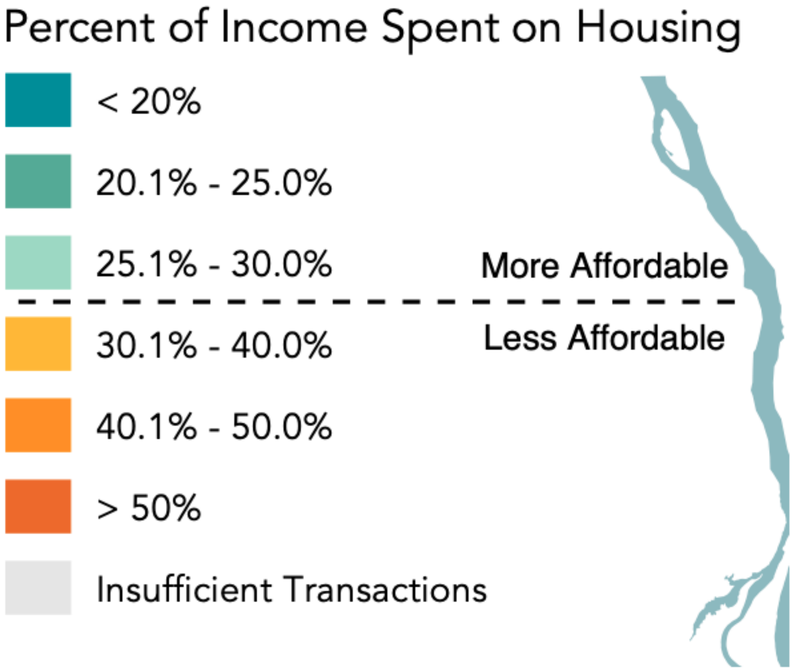
- 30.1% - 40.0%
- 40.1% - 50.0%
- > 50%
- Insufficient Transactions

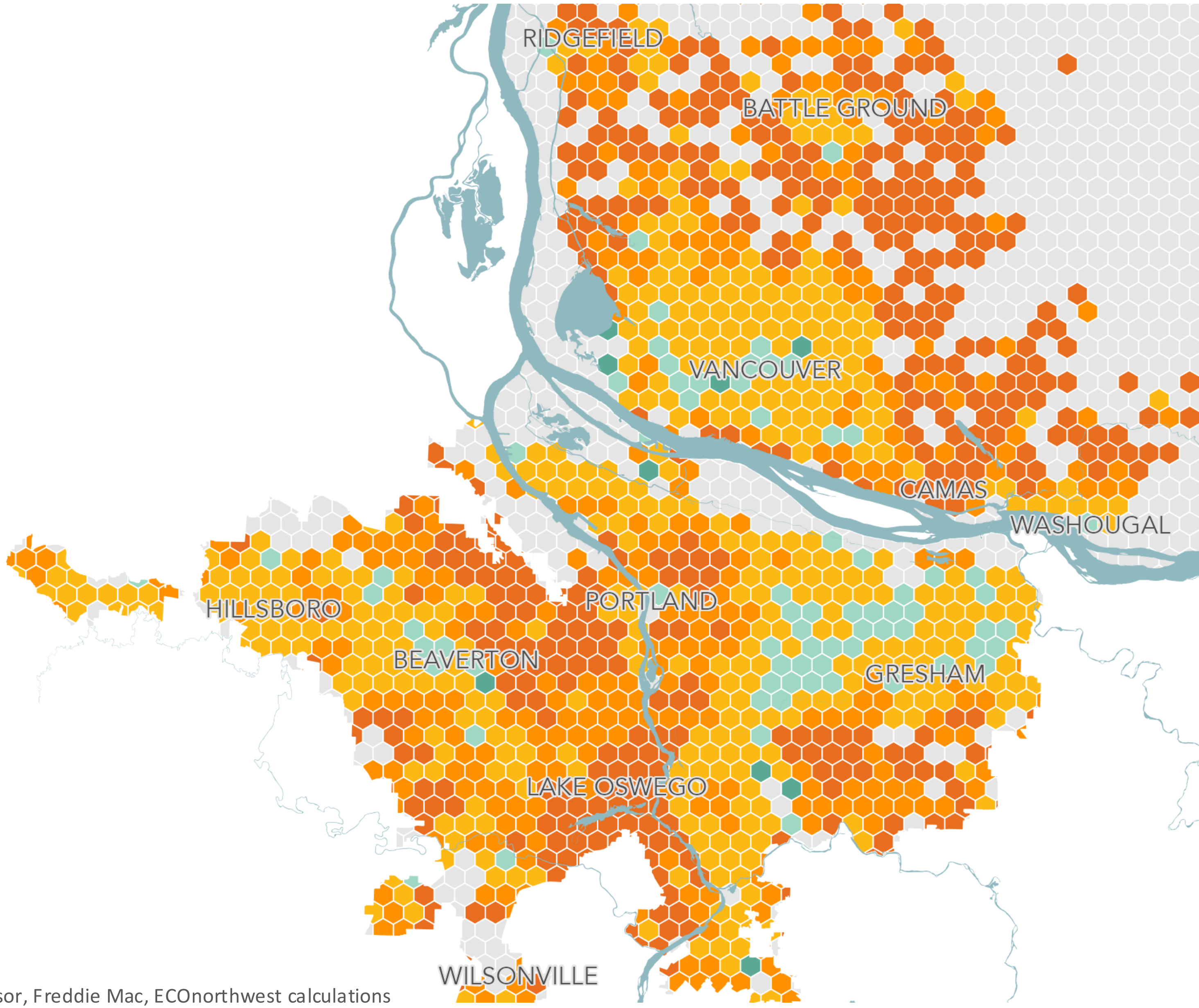


Source: Metro RLIS, Clark County Assessor, Freddie Mac, ECOnorthwest calculations

Housing unaffordable to purchase in most of the region

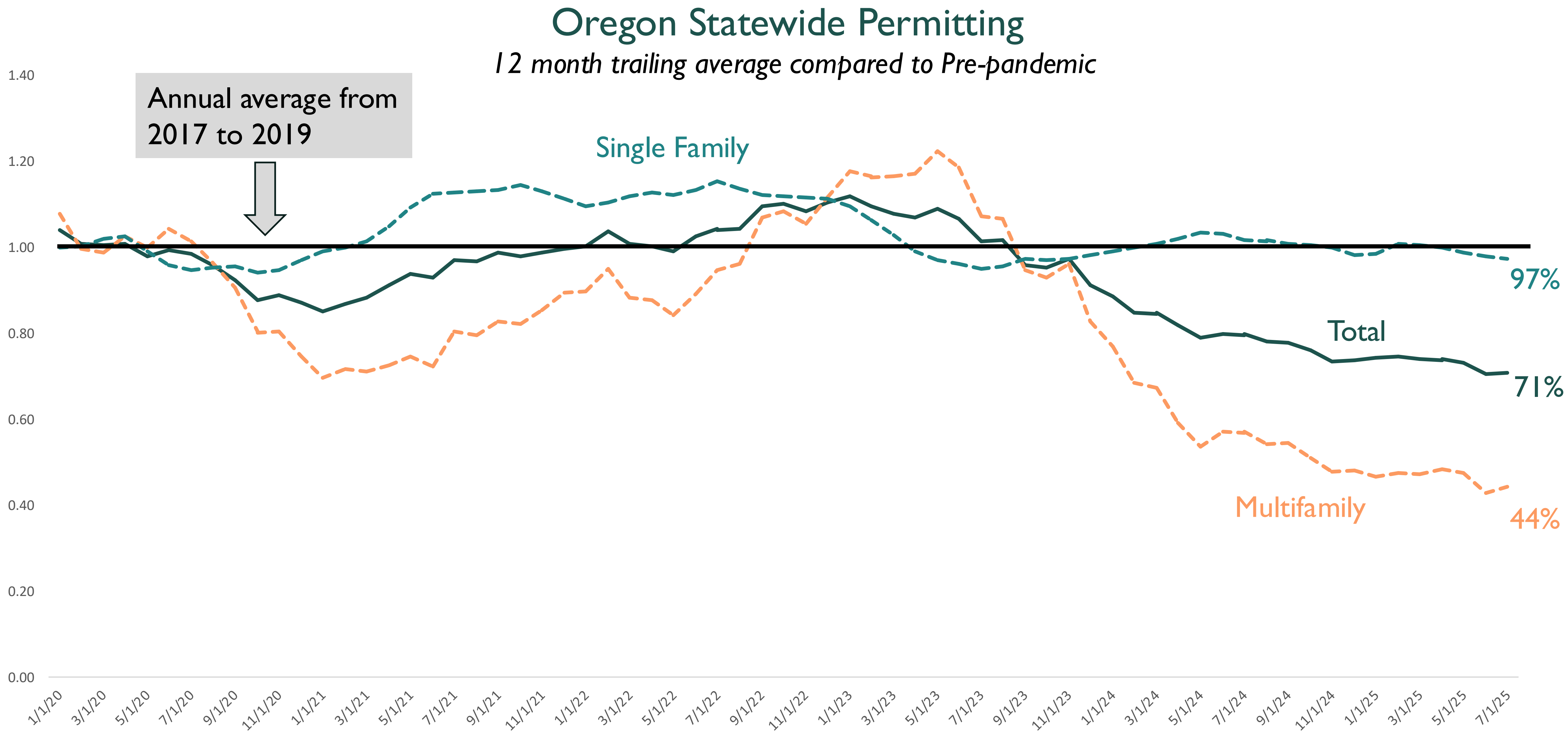
Assuming:
20% down payment
6.5% mortgage rates
Median Family Income of **$116,900**



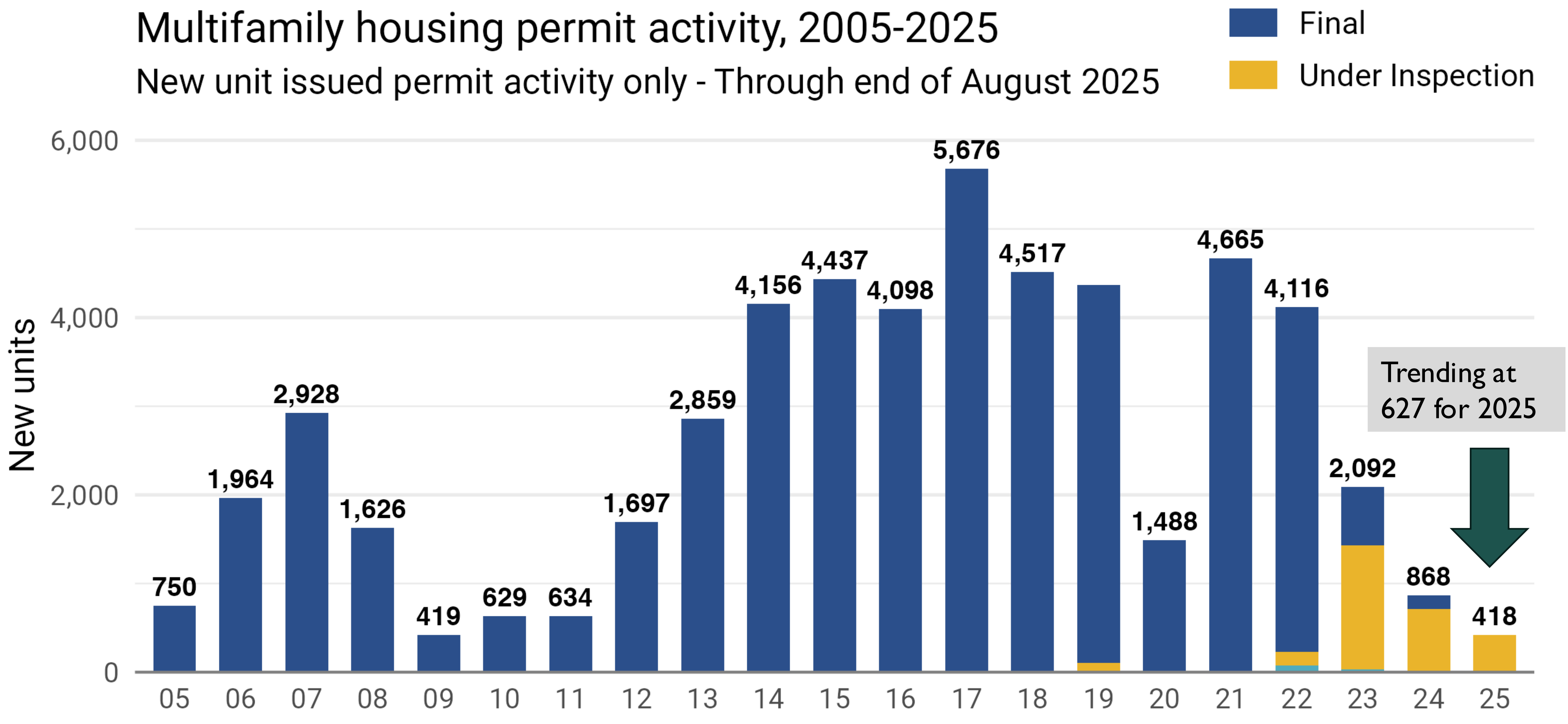


Source: Metro RLIS, Clark County Assessor, Freddie Mac, ECOnorthwest calculations

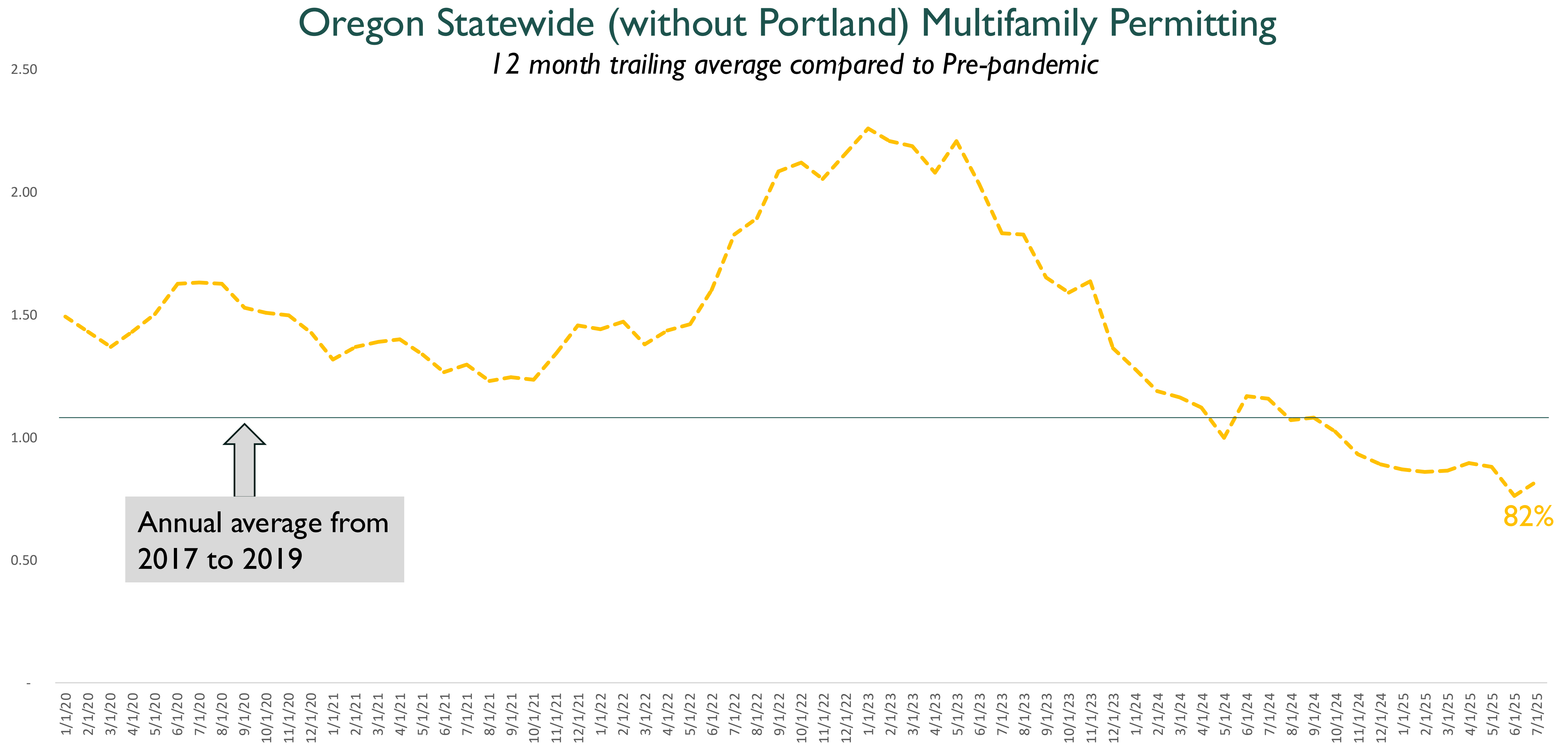
Single family permitting statewide unchanged from pre-pandemic



City of Portland trending to lowest apartment permitting since 2009

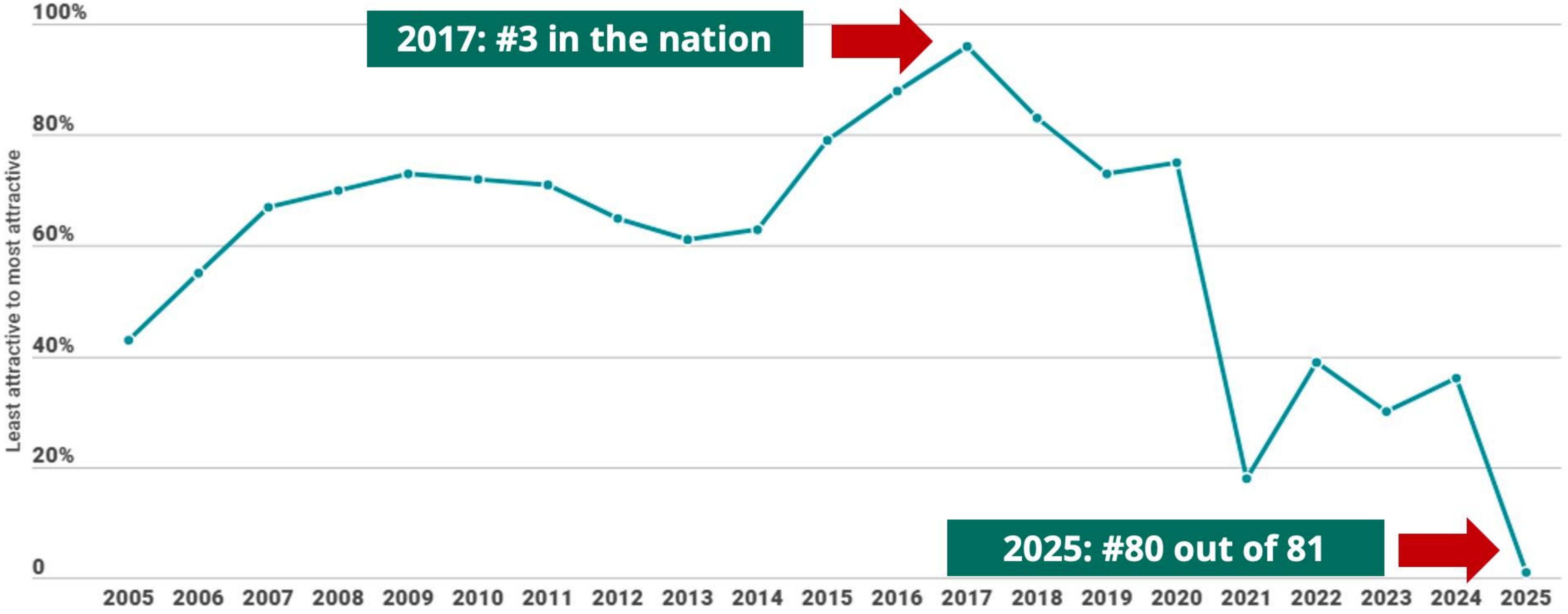


Removing Portland from multifamily trends paints a different picture



Many reasons why construction is anemic…. This is at the top of the list

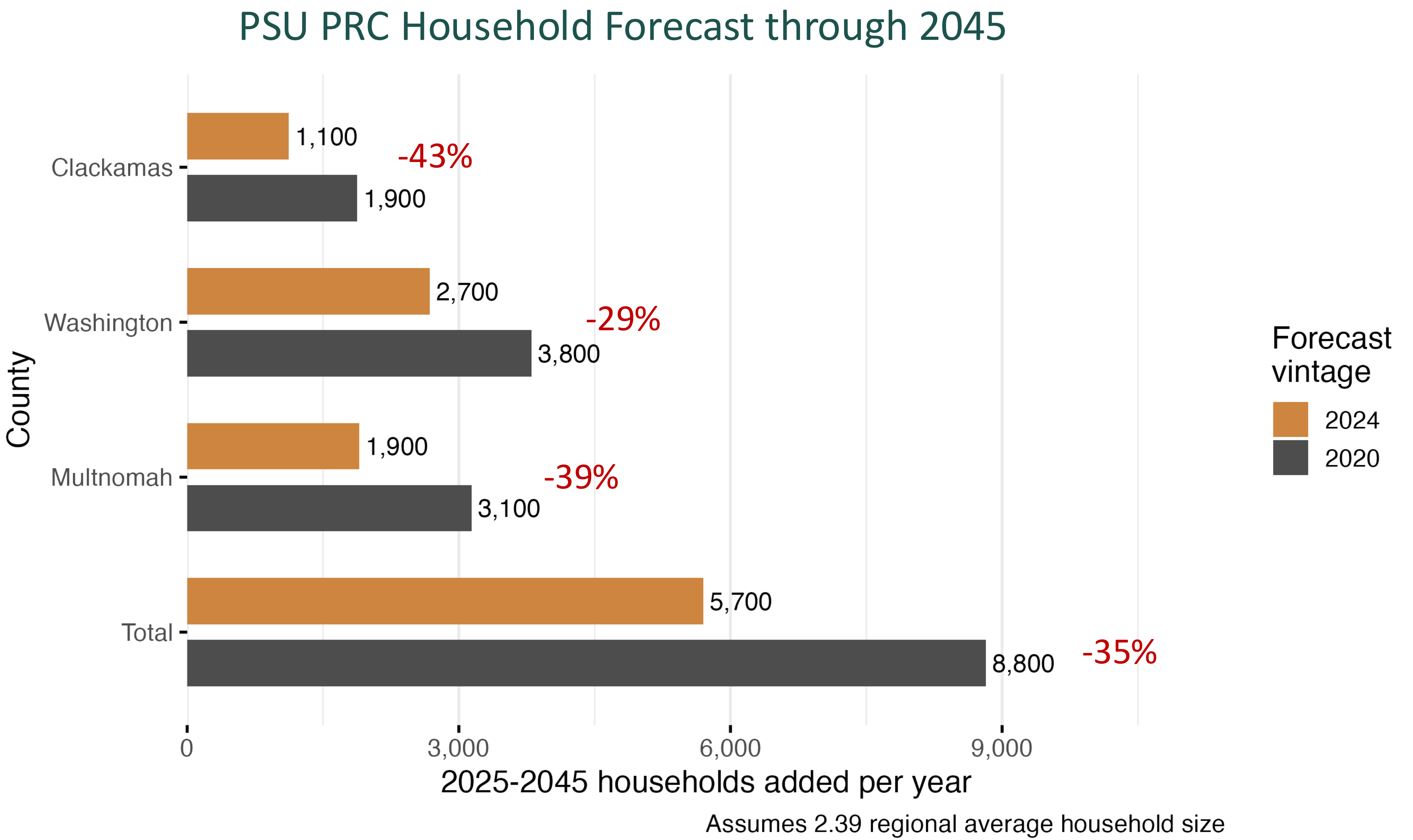
ULI Emerging Trends – Development Opportunity Ranking for Portland



Urban Land Institute (ranking in Emerging Trends in Real Estate), Oregon Office of Economic Analysis.

Takeaways

In last 4 years, PRC has reduced household forecast by 35%



There is still a need to produce housing even without any population growth

30k units of underproduction needed as of 2023

2025 People per Household = 2.39 → 2045 People per Household = 2.25

We will need 6% more housing units to accommodate demographic change over 20 years

Currently about 780k households in the Metro x 6% = 47k units over 20 years

Demographic change requires building 2,300 units annually (plus solving underproduction)

Wilkerson@econw.com

ECOnorthwest

Los Angeles

Portland

Seattle

Boise