

The background of the slide features a large, faint, light blue seal of the State of Oregon. The seal is circular and contains an eagle with spread wings perched on a shield. Above the eagle are the words "STATE OF OREGON" and below it is "1859". The eagle holds a banner that says "THE UNION".

Oregon's Economic and Housing Outlook

April 21st, 2022

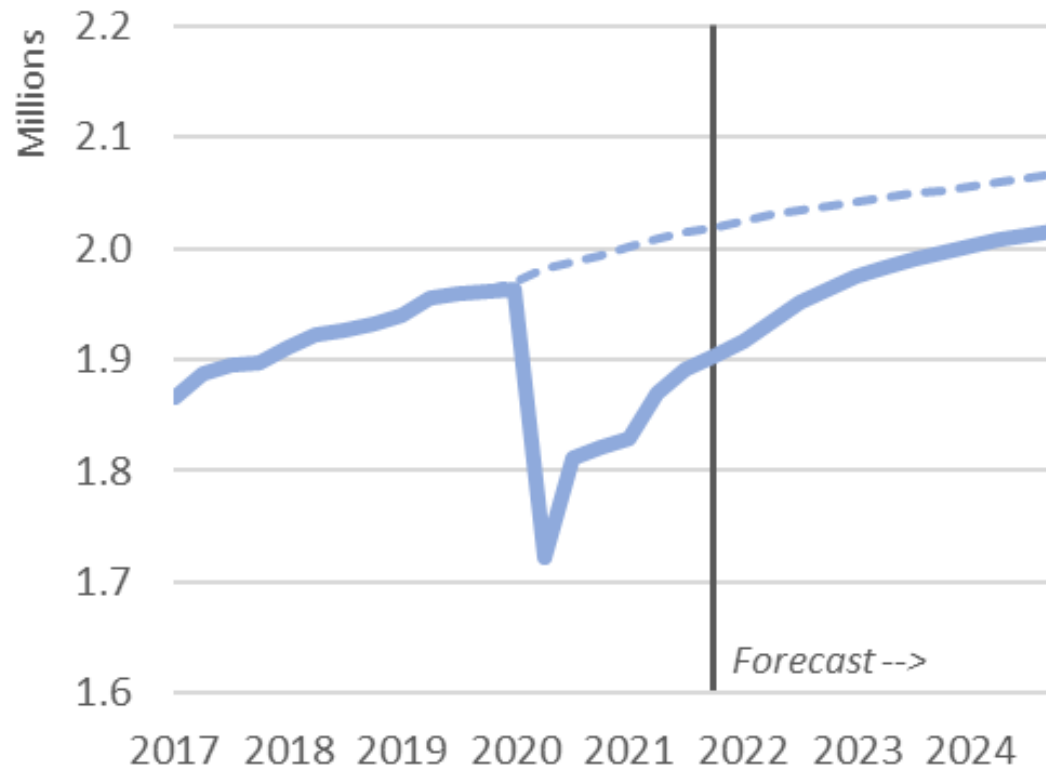
Oregon Office of Economic Analysis
Josh Lehner

Disclaimer: The views here represent the speaker and do not necessarily reflect the official position of the State of Oregon

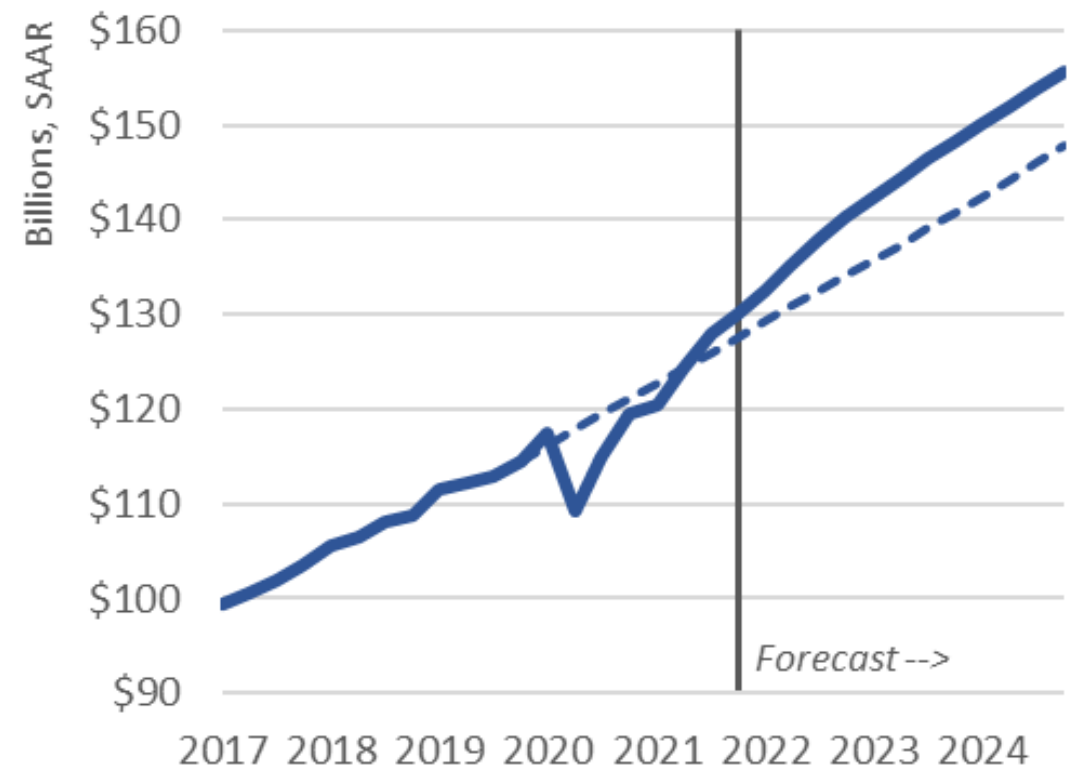


Household finances are strong

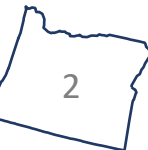
Employment 3% below peak



Wages and Salaries 11% above peak



Dotted lines are pre-pandemic forecast | Latest data: 2021q4 | Source: BLS, Oregon Employment Dept, Oregon Office of Economic Analysis

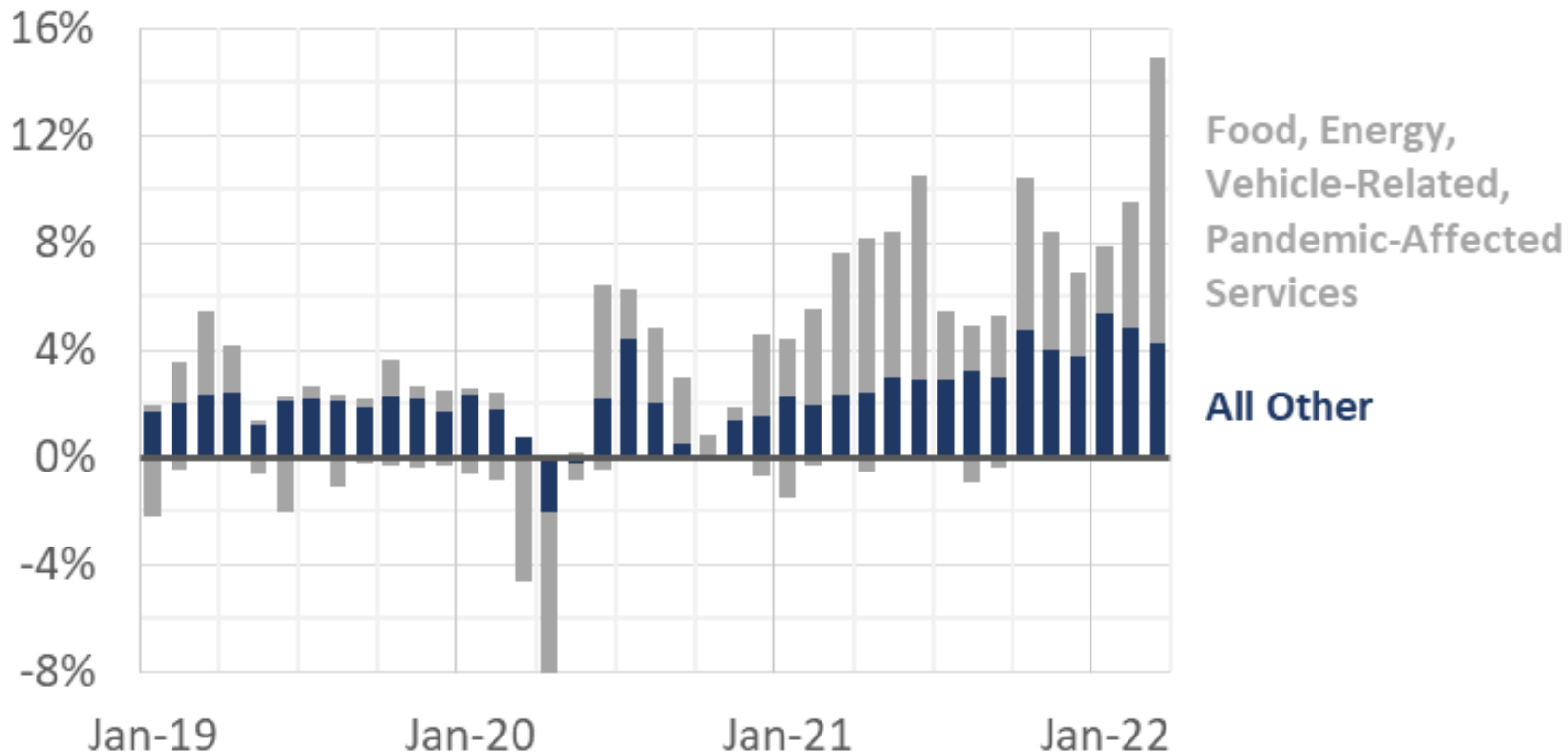




Persistent inflation is a moderate risk

Inflation Running Above Target

Month-over-Month Change at Annualized Rate



Food, Energy,
Vehicle-Related,
Pandemic-Affected
Services

All Other

- Inflation is not costless
- Key Inflation Dynamics
 - Actual Inflation
 - Inflation Expectations
 - Income Growth
- Federal Reserve
 - Raise rates to ~2.5% this year and watch impacts
- Outlook
 - Inflation slows to 6% this year
 - 2023 Maximum allowable rent increase ~14%
 - Question: Does economy need actively restrictive monetary policy to meaningfully slow inflation?

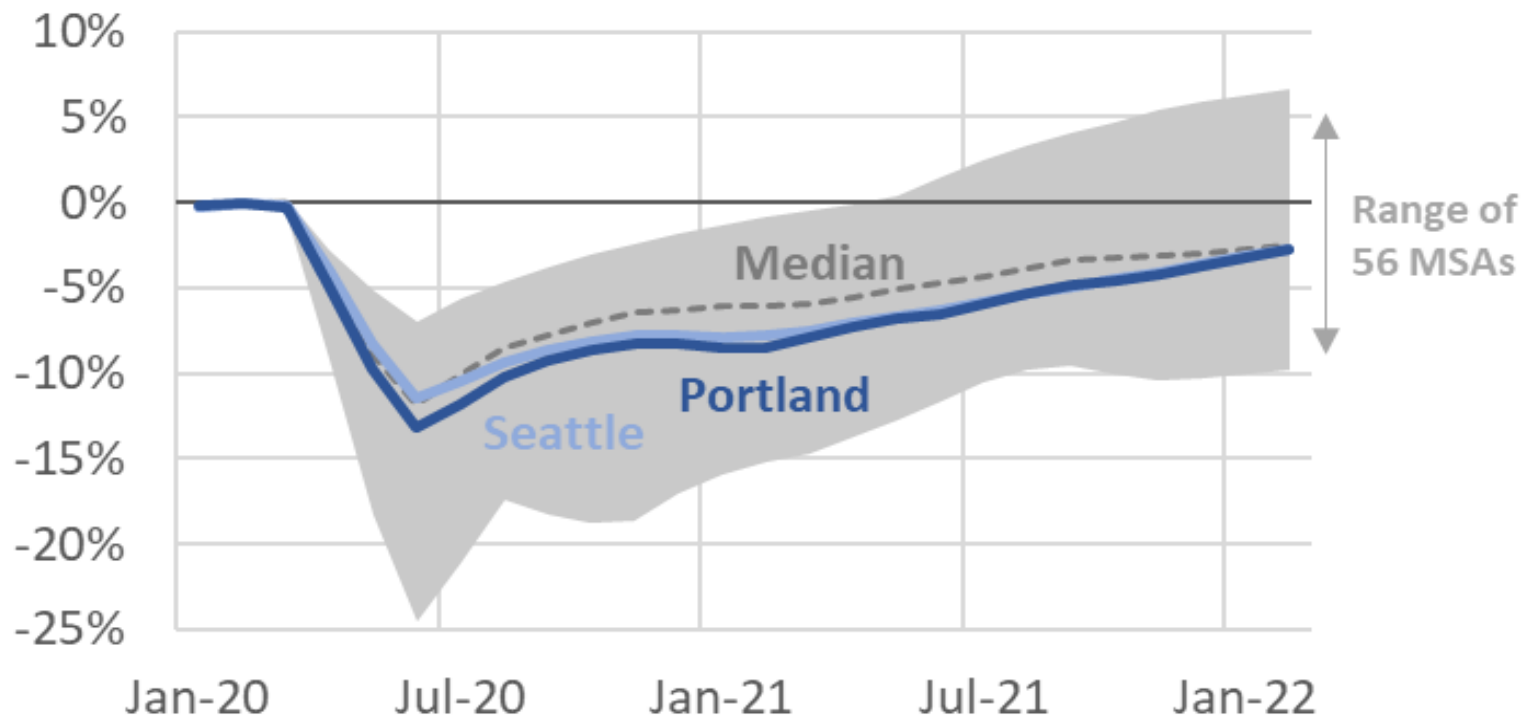




What's wrong with Portland?

PNW and Large Metros

Percent Change Since February 2020 among the 56 MSAs with Population Greater than 1 million



- Urban cores lag due to lack of business travel and working from home
 - Suburban, secondary metros, rural areas are outperforming today
- Good News/Bad News
 - Portland did not suffer noticeably worse recession like usually do
 - Portland trails its peer comparison metros: Austin, Indianapolis, Nashville, Salt Lake, Seattle

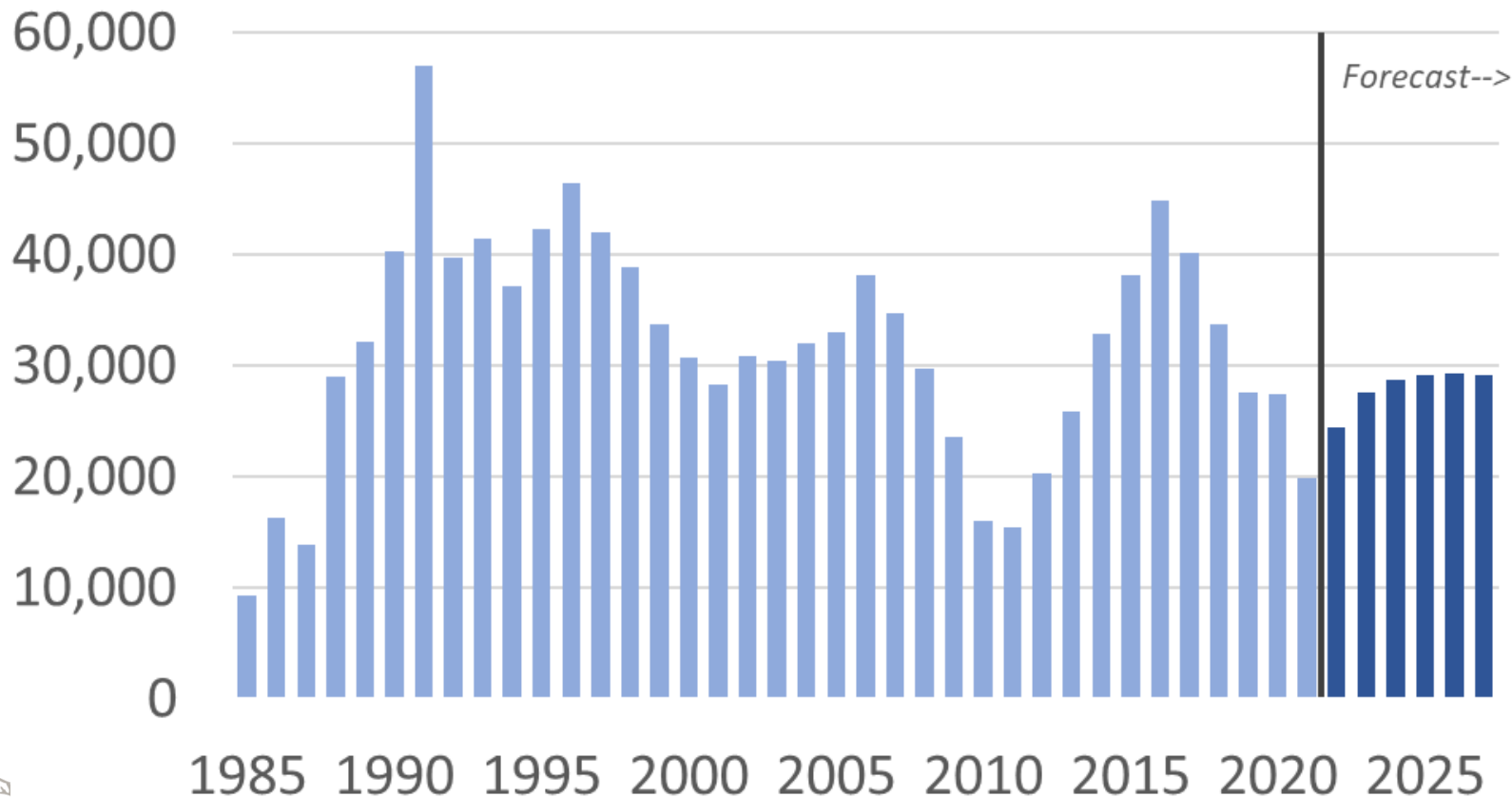
Data: 3MMA | Latest: Feb '22 | Source: BLS, Oregon Office of Economic Analysis





No pandemic migration boom

Portland Metro Population Growth



- Latest Estimates
 - PSU: small gains
 - Census: small losses
- Census 2021 Estimates:
 - Urban cores of Atlanta, Dallas, Denver, Miami, Minneapolis, Nashville, New York, Orlando, Portland, San Francisco and Seattle declined
- Forecast:
 - Migration is pro-cyclical
 - Surrendered driver licenses rebounding strongly
 - Deaths rising, very low birthrate

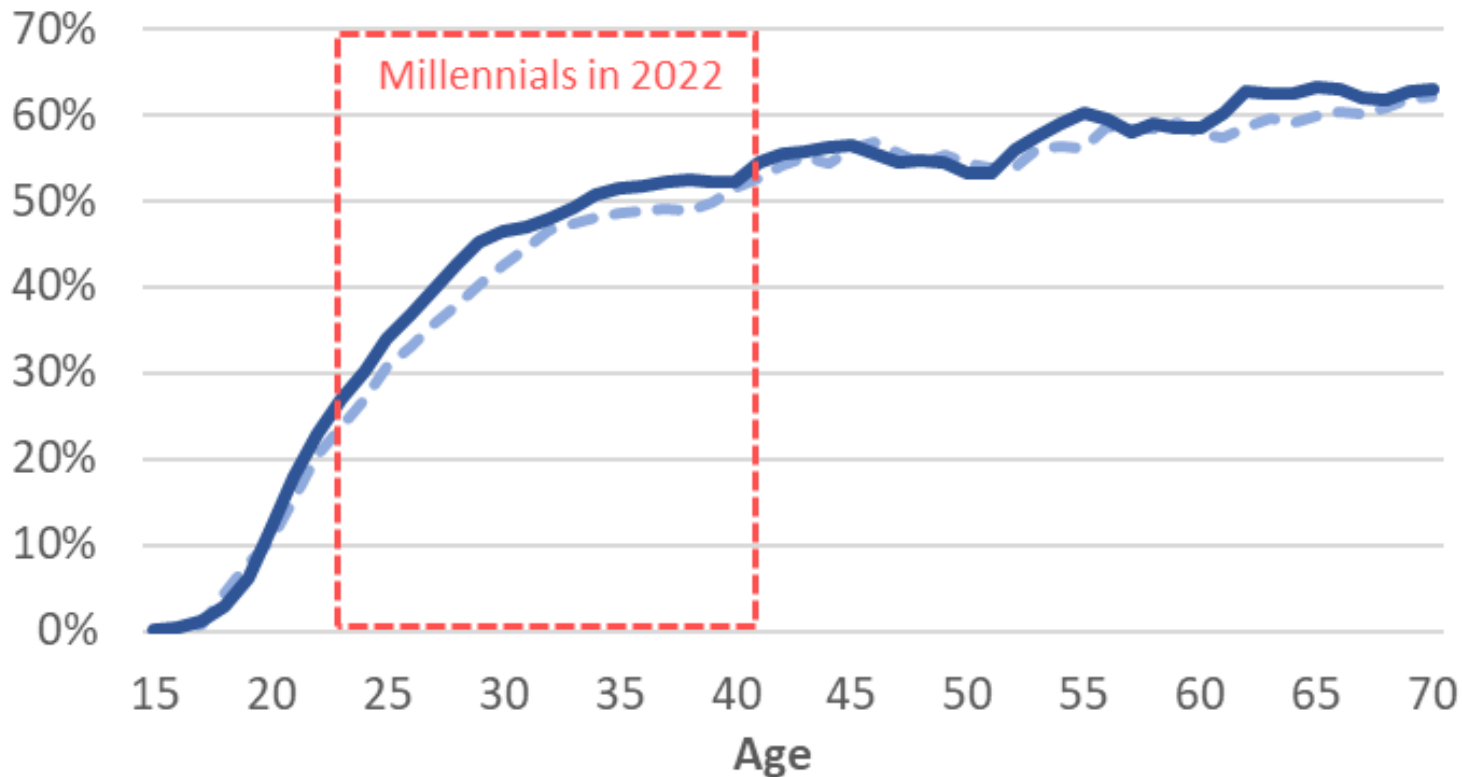




Wildcard: Household formation

Stronger Household Formation?

Headship rate in the Portland MSA in 2015 and 2020



- Demographic tailwinds for housing
- Higher household formation rates can offset slower population growth
- Increase among 20-39 year olds boosted housing demand by more than 1 year's worth of new construction

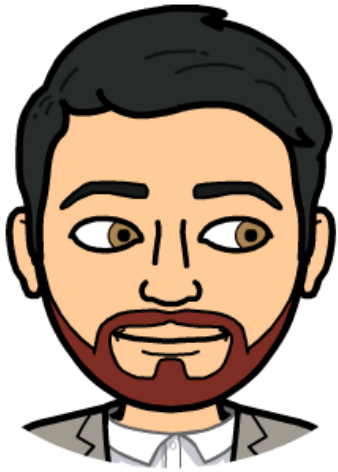


Headship rate is the share of the population that is a householder (formerly head of household)
Source: IPUMS-USA, Oregon Office of Economic Analysis





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