

Oregon's Economic and Housing Outlook



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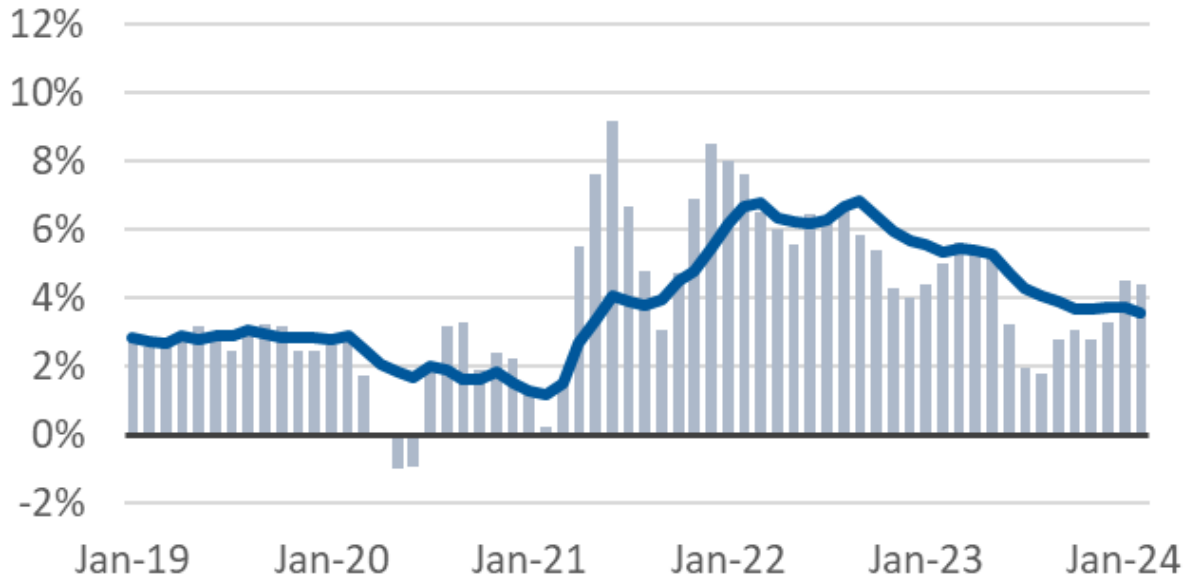
April 9th, 2024

Significant progress towards the economic soft landing



Inflation has slowed

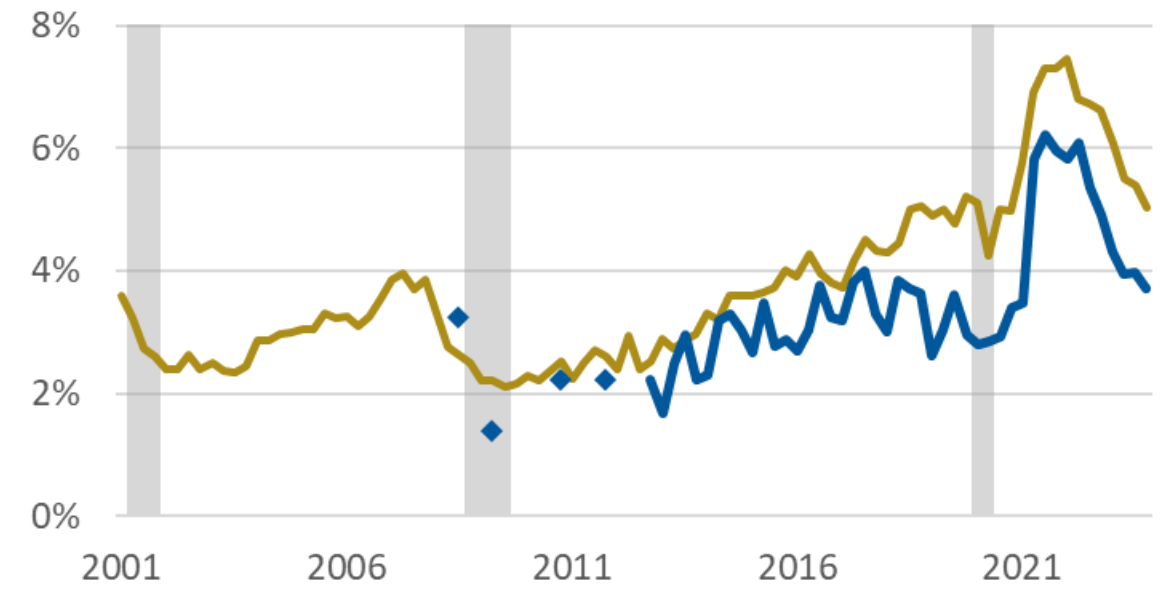
West Region Consumer Price Index excluding Food and Energy (Core CPI)
Percent change, **Year-over-Year** and **3 Month (annualized rate)**



Latest: February 2024 | Source: BLS, Oregon Office of Economic Analysis

Oregon's Cooling Labor Market

Job Vacancy Rate (OED) | **Job Opening Rate (BLS)**



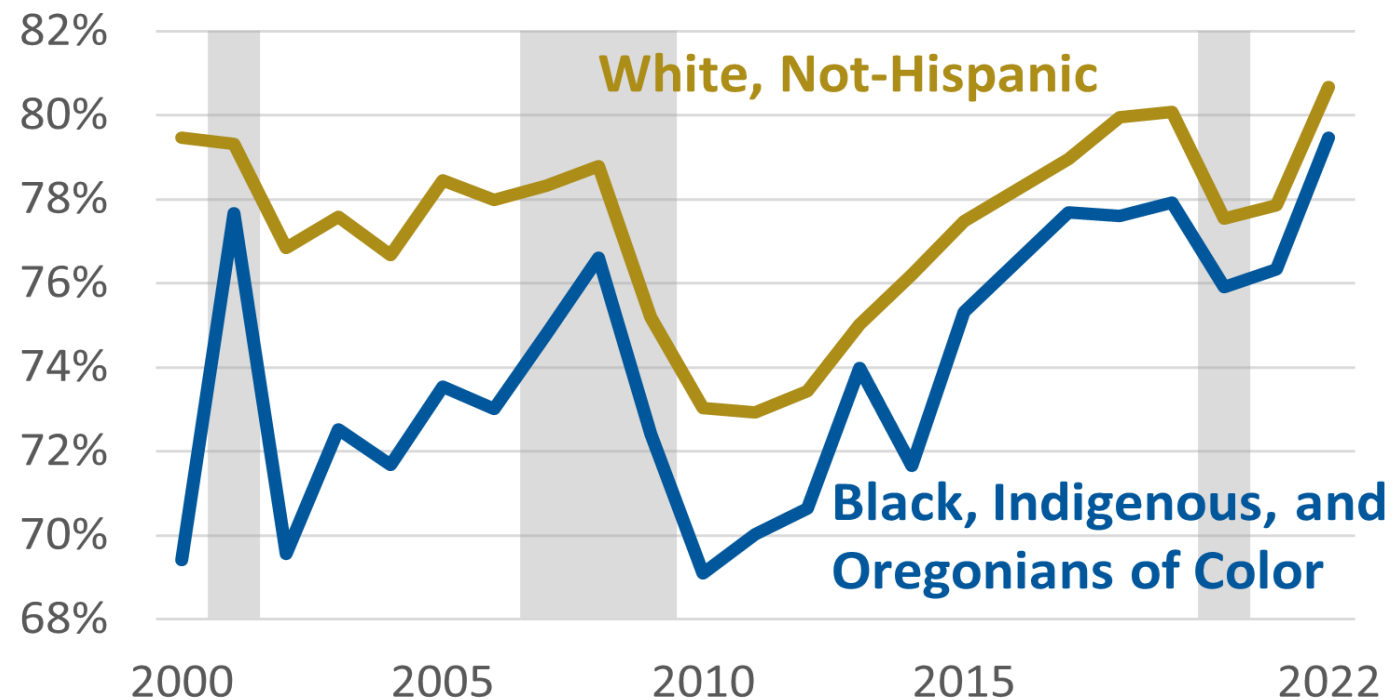
Data: BLS JOLTS for all industries, Oregon Job Vacancy Survey for private industries | Latest: 2023q4
Source: BLS, Oregon Employment Dept, Oregon Office of Economic Analysis

Labor and capital drive regional economic growth



More Oregonians Working

Share of 25-54 year olds with a job (prime-age EPOP)



Data: ACS | Source: Census, IPUMS-USA, Oregon Office of Economic Analysis

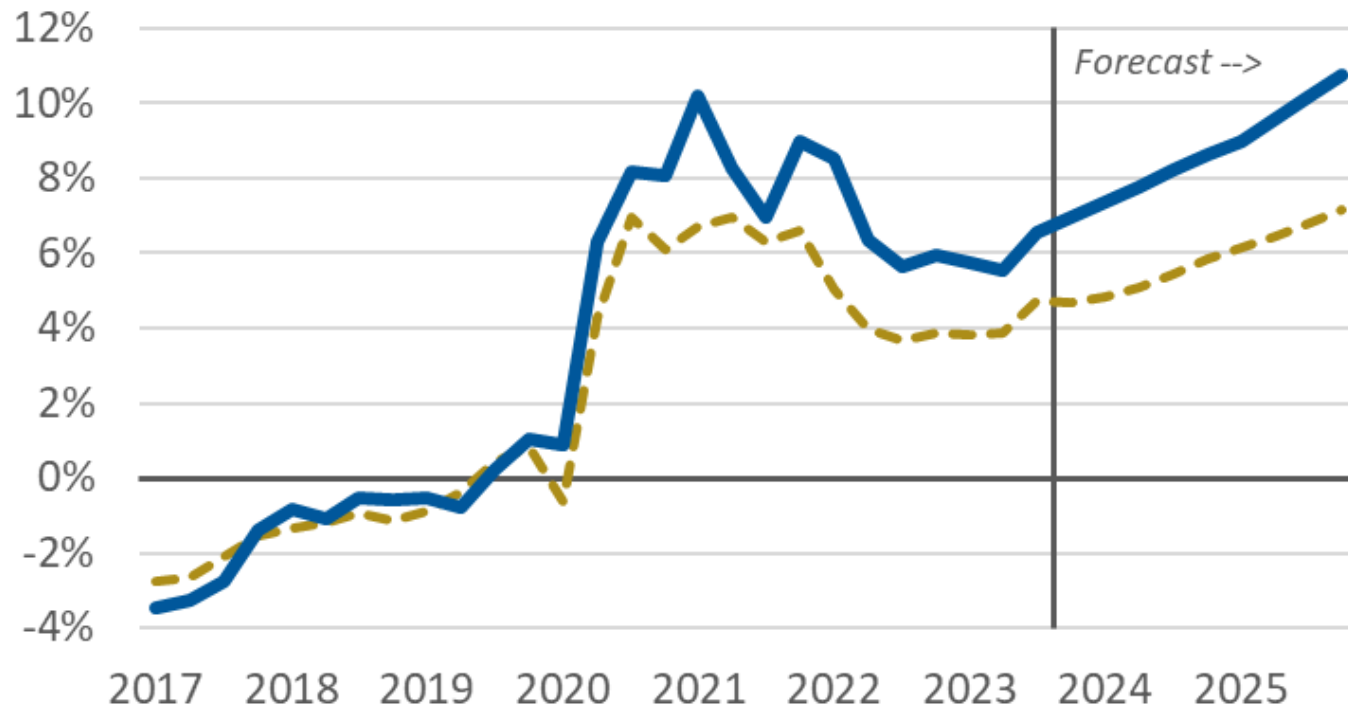
- Economic growth is the combination of how many workers there are, and how productive each worker is
- Labor is cyclically strong and structurally tight due to demographics
- Productivity relies on capital investment
 - Types of capital: Financial, Human, Natural, Physical, and Social
 - Reasons for optimism: tight labor market, public investment in infrastructure and semiconductors, start-up boom, generative AI

Labor and capital drive regional economic growth



Real GDP per Worker

Percent change since 2019 in **U.S.** and **Oregon**



Latest Actual: 2023q3 | Source: BEA, BLS, S&P, Oregon Office of Economic Analysis

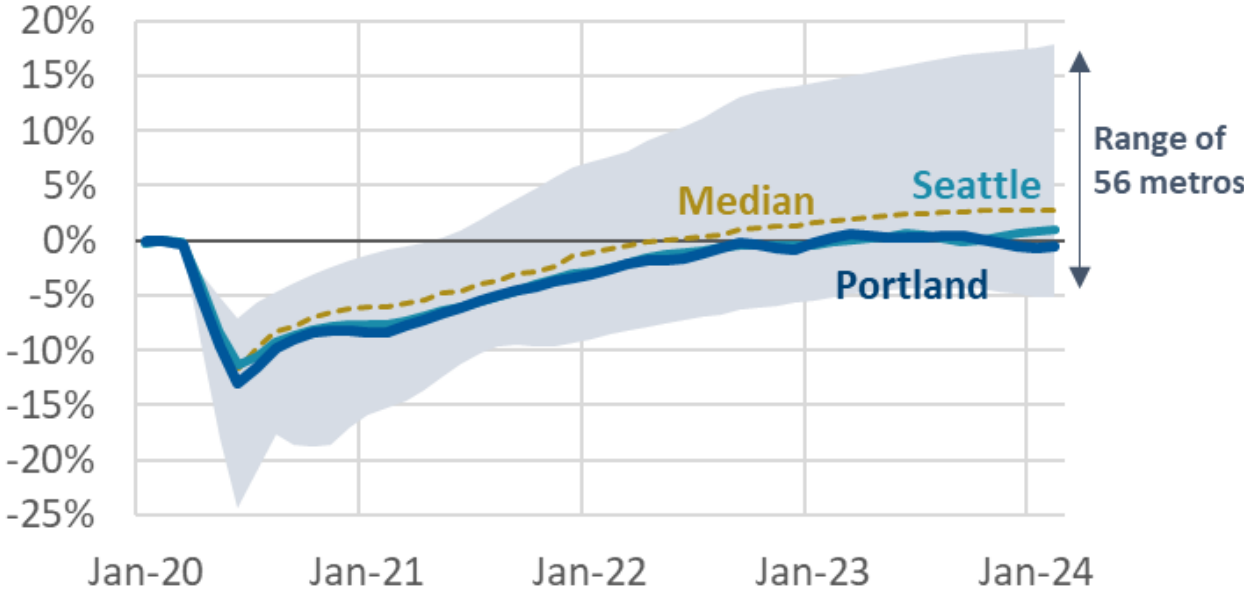
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Portland's regional economy



The Pacific Northwest and Large Metros

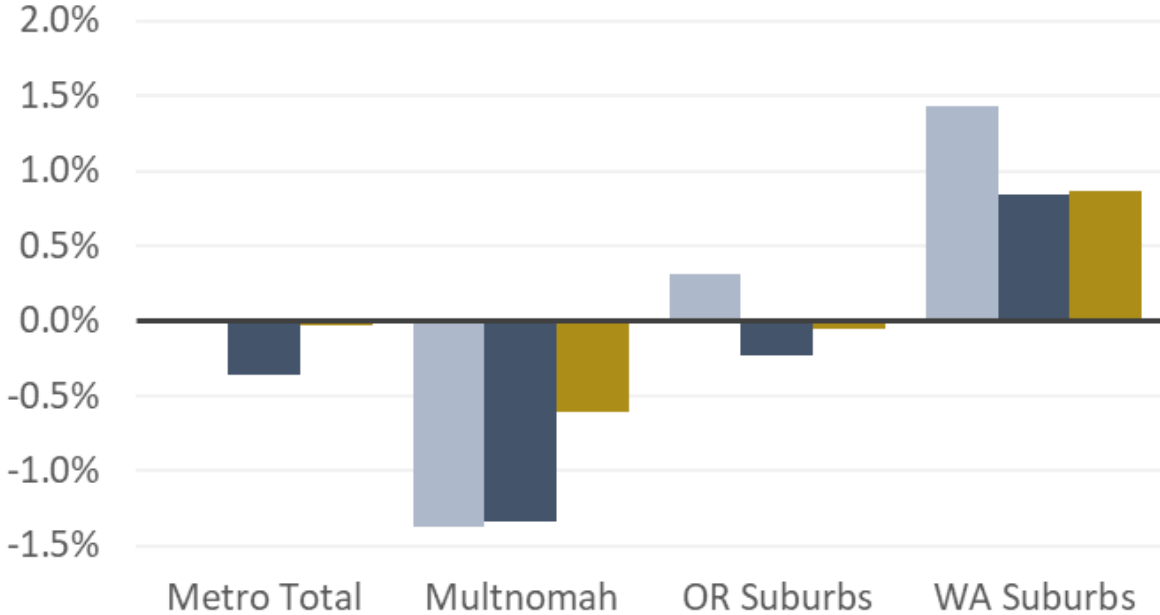
Percent change in employment since February 2020 among metro areas with 1 million+ population



Data: 3 month average | Latest: February 2024 | Source: BLS, Oregon Office of Economic Analysis

Portland Metro Population

Census estimates of annual percent change in 2021, 2022, 2023



Source: Census, Oregon Office of Economic Analysis

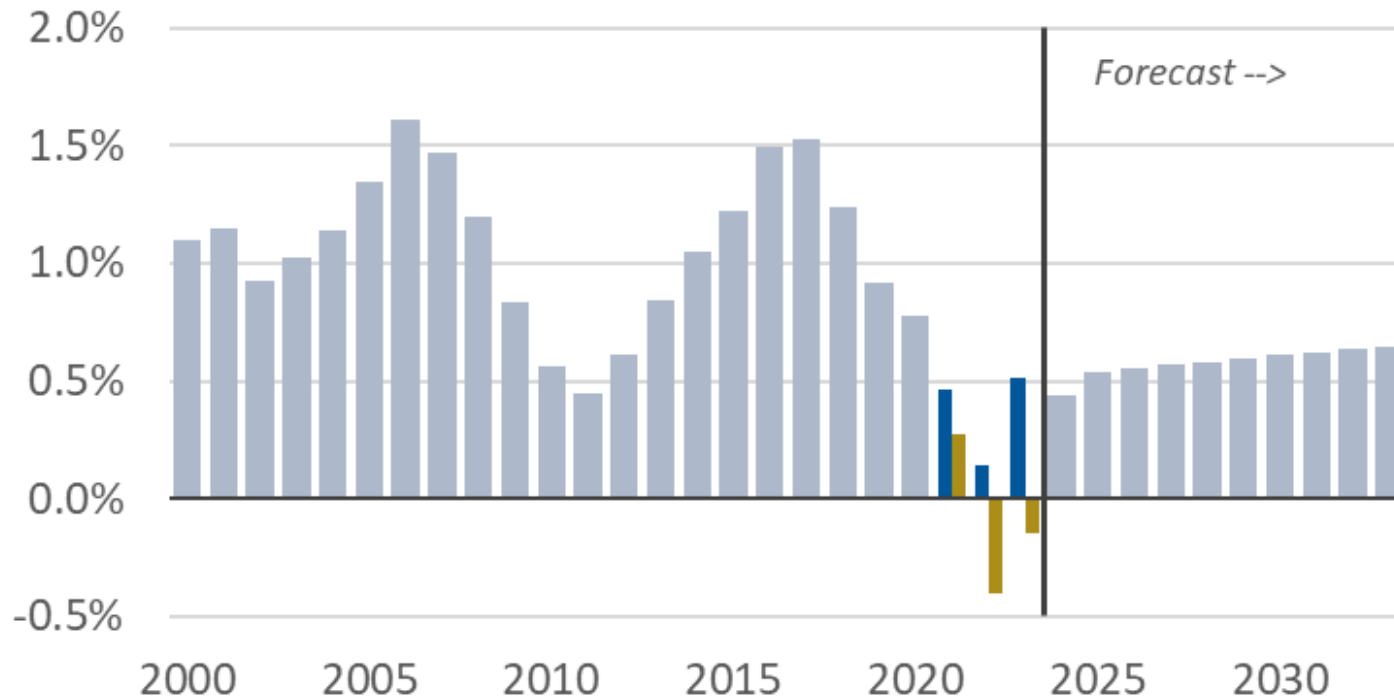
Population growth slowly returns



Oregon Population Growth

Annual change in total state population

OEA History and Forecast, **Portland State Estimates**, **Census Estimates**



Latest: 2023 | Source: Census, Portland State Population Research Center, Oregon Office of Economic Analysis

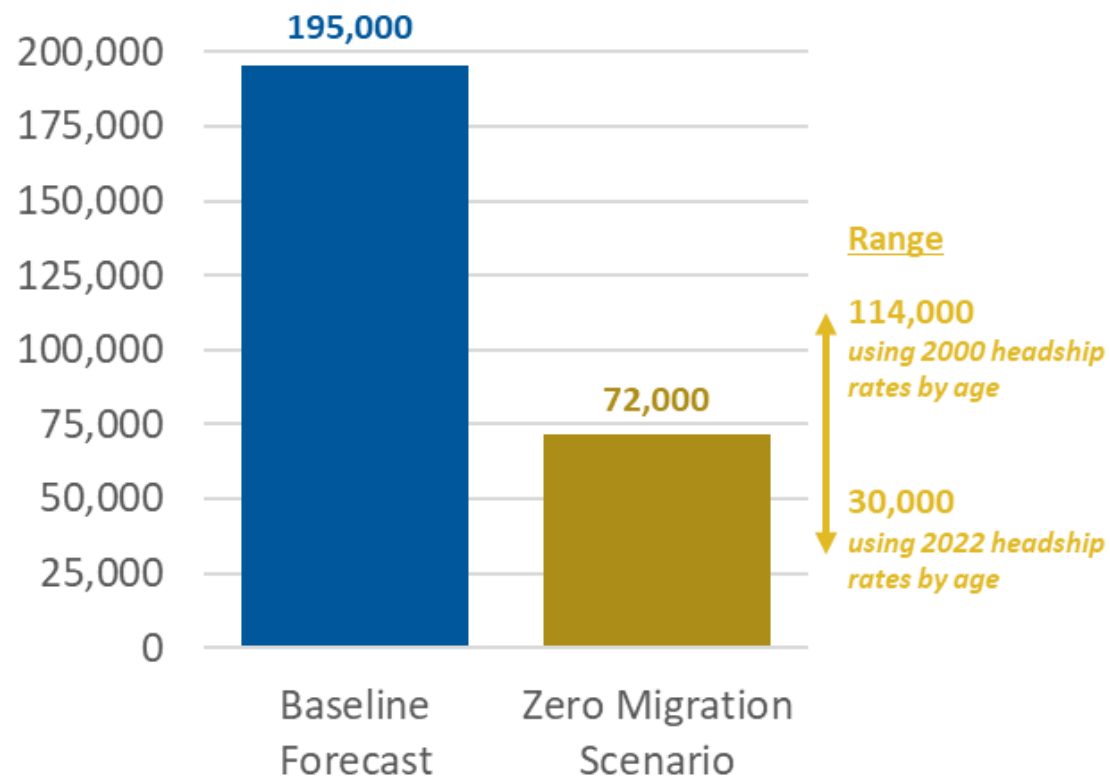
- Migration is the primary reason Oregon grows faster than the U.S. It allows local businesses to hire and expand at a faster rate
- 2023 population estimates differed again with PSU up, Census down
 - Losses driven by out-migration across most socio-economic groups, except 18-24 yr olds
- Forecast
 - Migration has historically been pro-cyclical
 - Total growth slower in part due to deaths outnumbering birth
 - Outlook lowered from 0.7% to 0.6% average annual growth thru 2033
- Developed a Zero Migration demographic alternative scenario

Zero Migration housing demand



Oregon Housing Demand

Change in the number of households from 2023 to 2033



Source: IPUMS-USA, Oregon Office of Economic Analysis

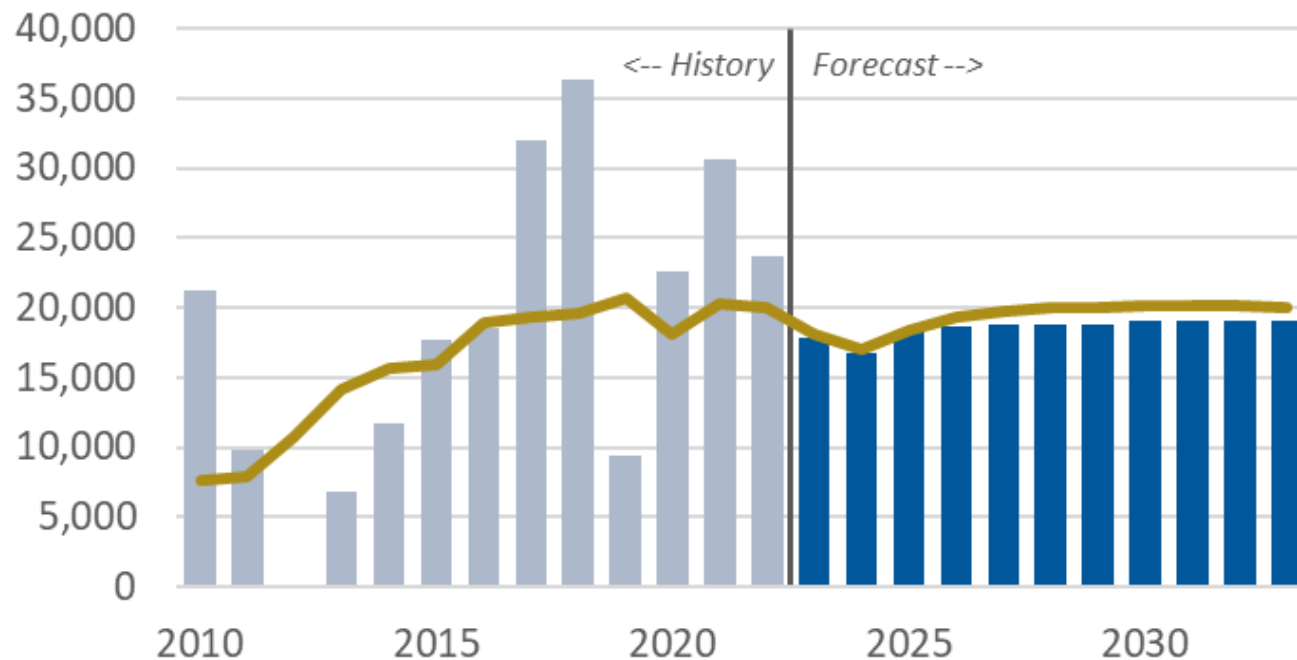
- Household formation still increases in Zero Migration scenario given underlying demographics as the Millennials continue to age into higher household formation years
- 10 year changes are half owner, half renter, indicating a proportionately larger impact on the rental market
- Household formation will be lower relative to the baseline, indicating the state's future housing needs will be smaller
- However, given the state's historical underproduction of housing, even in a Zero Migration scenario, the pace of new construction still needs to increase

Housing supply and the Oregon Housing Needs Analysis (OHNA)



Oregon Housing Fundamentals

Annual **Housing Starts**, **Change in No. of Household**, and **Projected Household Formation** based solely on population and demographics



Housing starts based on OEA estimates and forecast. Change in number of households from ACS 1 year estimates. Projected household formation based on OEA population forecast, using 2000 ACS headship rates by age
Source: Census, IPUMS-USA, Oregon Office of Economic Analysis

- Oregon Housing Summary
 - Oregon has historically underbuilt housing, industry running into supply side constraints
 - Affordability impacts all Oregonians, especially low-income households, and slows future growth
 - During the pandemic, household formation boomed even with a stagnant population. Reduces the shortage, but not eliminate it
- Outlook
 - Near-term decline due to high rates and bad affordability. Multifamily weaker than SF
 - Long-term closely tied to population and demographics
- Oregon Housing Needs Analysis (OHNA)
 - Estimate housing need by income level based on underproduction, future demand, impact of second homes, and homelessness. Sets production targets for local governments

Contact Information

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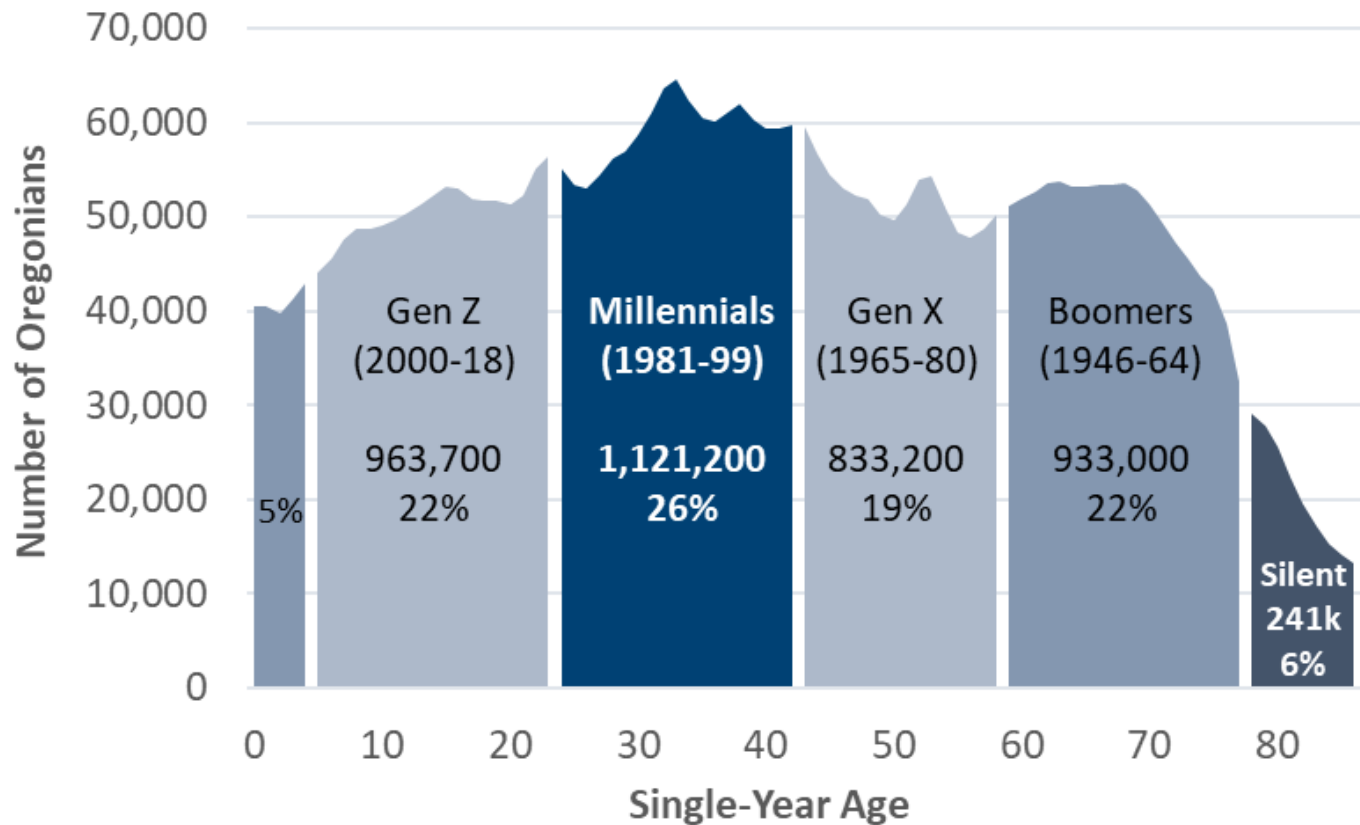
@lehnerjw



Current Demographics are Great



Oregon Population and Generations



Data: 2023 Estimates | Source: Oregon Office of Economic Analysis

• Millennials

- Largest generation alive
- Now middle-age and a key economic force
- Huge homeownership demand
- Credit sensitive

• Boomers

- Entering into traditional retirement years
- Most have decent savings and are still in good health
- Downsizing in the 2030s
- Less credit sensitive (and may gift inheritance to children to help with down payment)

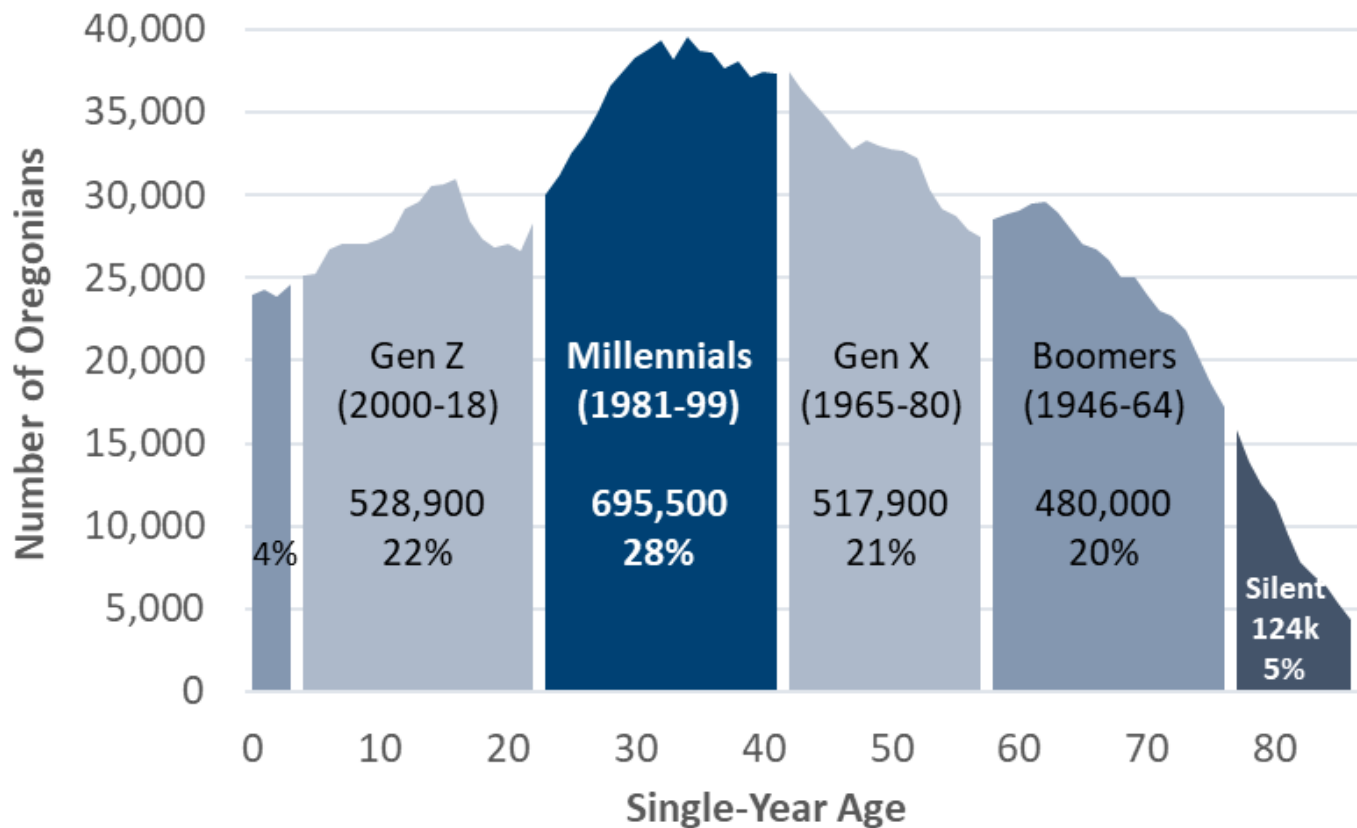
• Gen Z

- Somewhat smaller, barely offsets retiring Boomers
- Oregon needs Gen Z to move here like Boomers and Millennials before them
- Economic driver in the 2040s

Current Demographics are Great



Portland Metro Population by Generation



Data: 2022 Estimates | Source: Census, Oregon Office of Economic Analysis

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 - Now middle-age and a key economic force
 - Huge homeownership demand
 - Credit sensitive
- **Boomers**
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