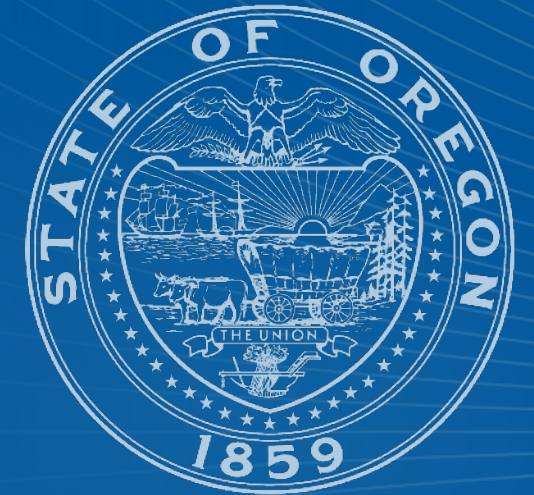


# Oregon's Economic and Housing Outlook



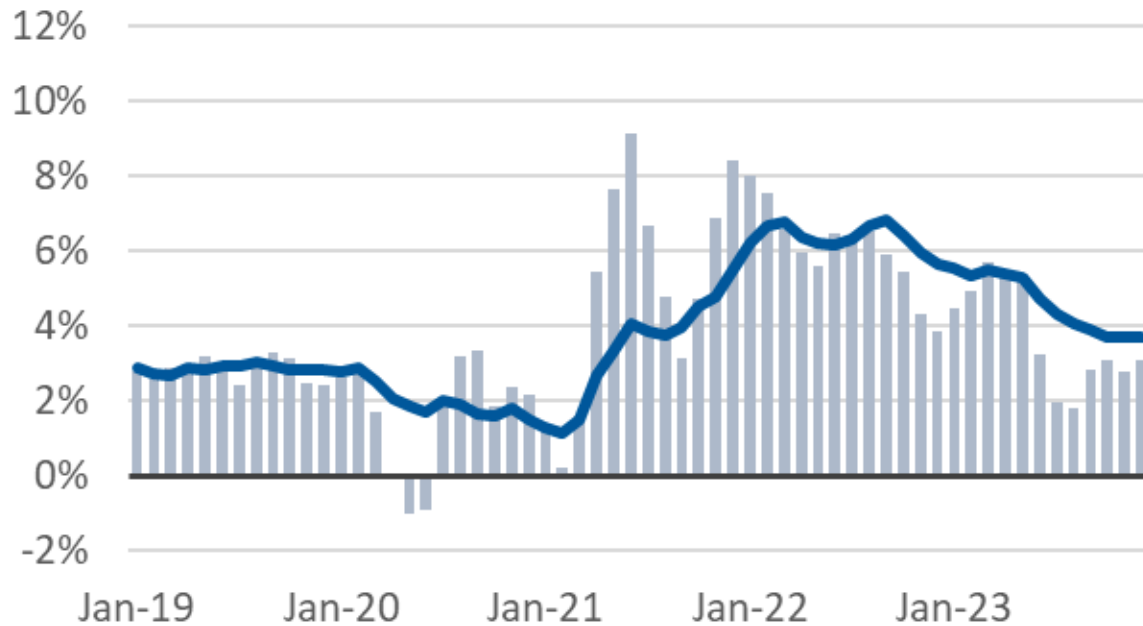
January 12<sup>th</sup>, 2023

# Economic soft landing looks likely



## Inflation Near Fed's Target

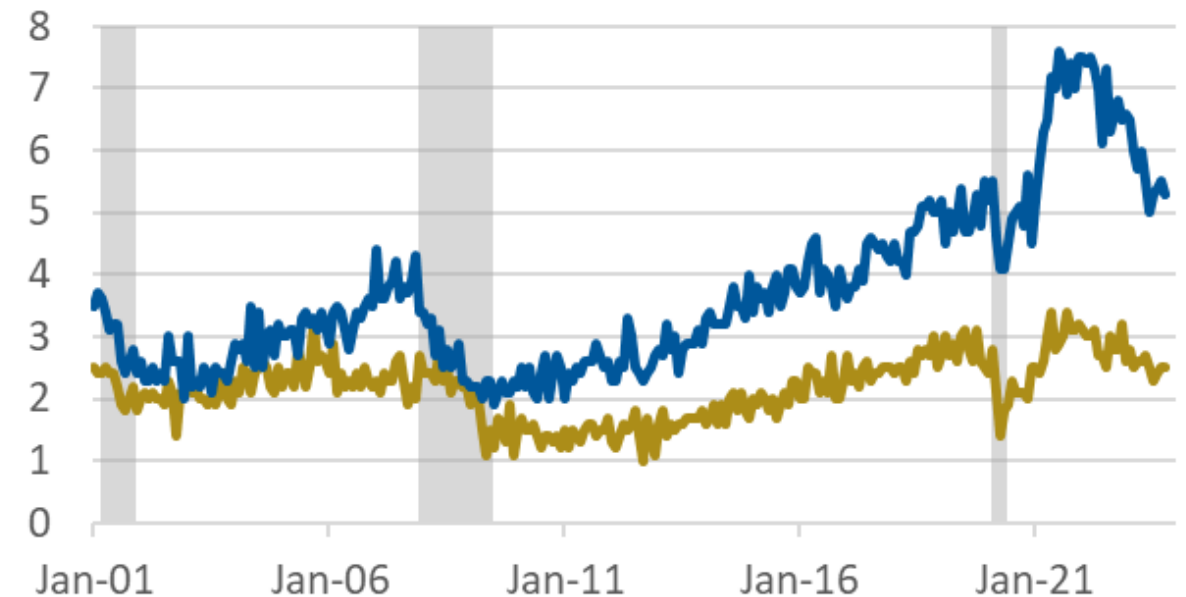
West Region Consumer Price Index excluding Food and Energy (Core CPI)  
Percent change, **Year-over-Year** and **3 Month (annualized rate)**



Latest: December 2023 | Source: BLS, Oregon Office of Economic Analysis

## Labor Market has Rebalanced

**Job Opening rate** and **Worker Quits rate** (percent) in Oregon

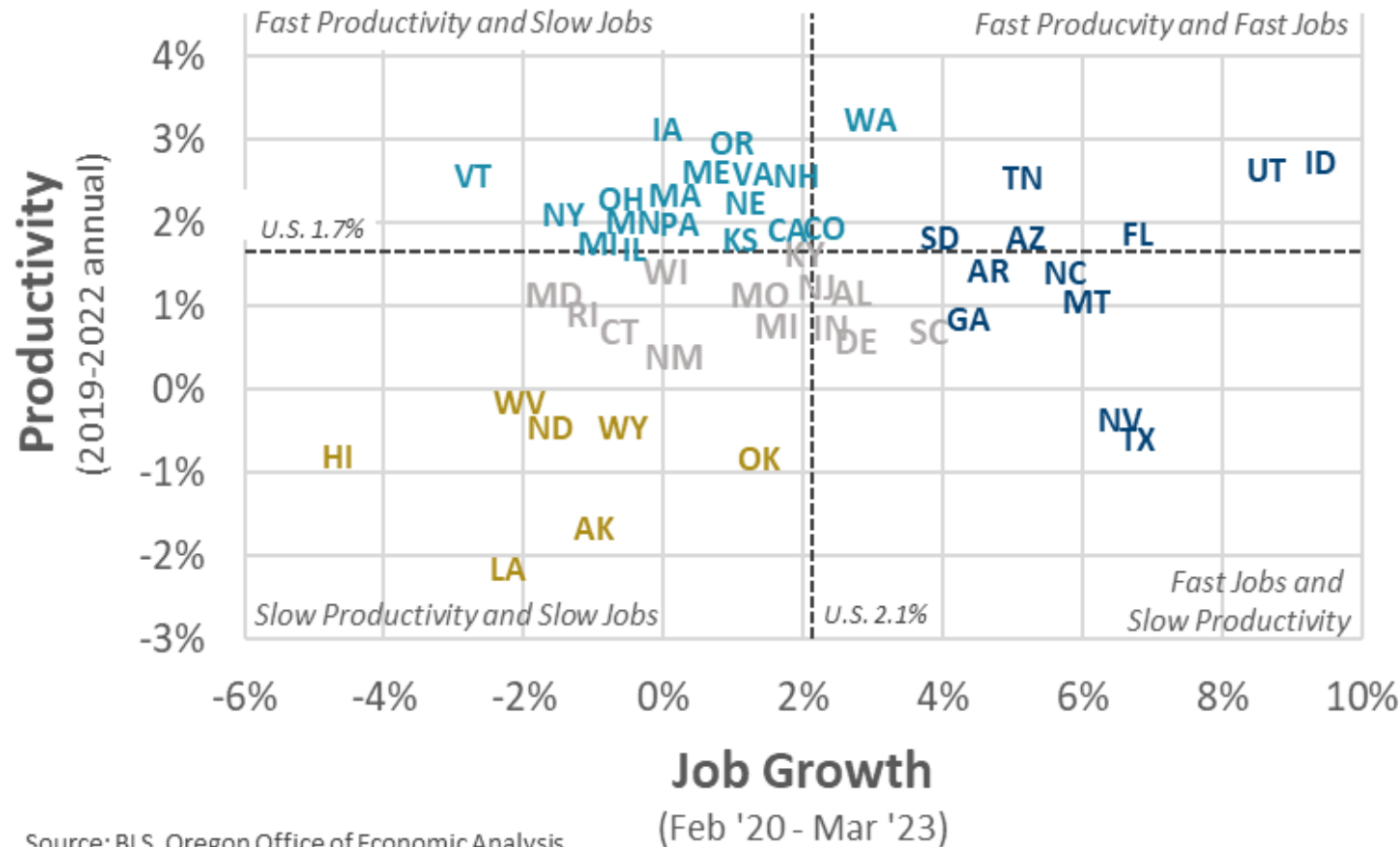


Latest Data: October 2023 | Source: BLS, Oregon Office of Economic Analysis

# Economies rely on labor and capital



## Pandemic Economic Growth Across States

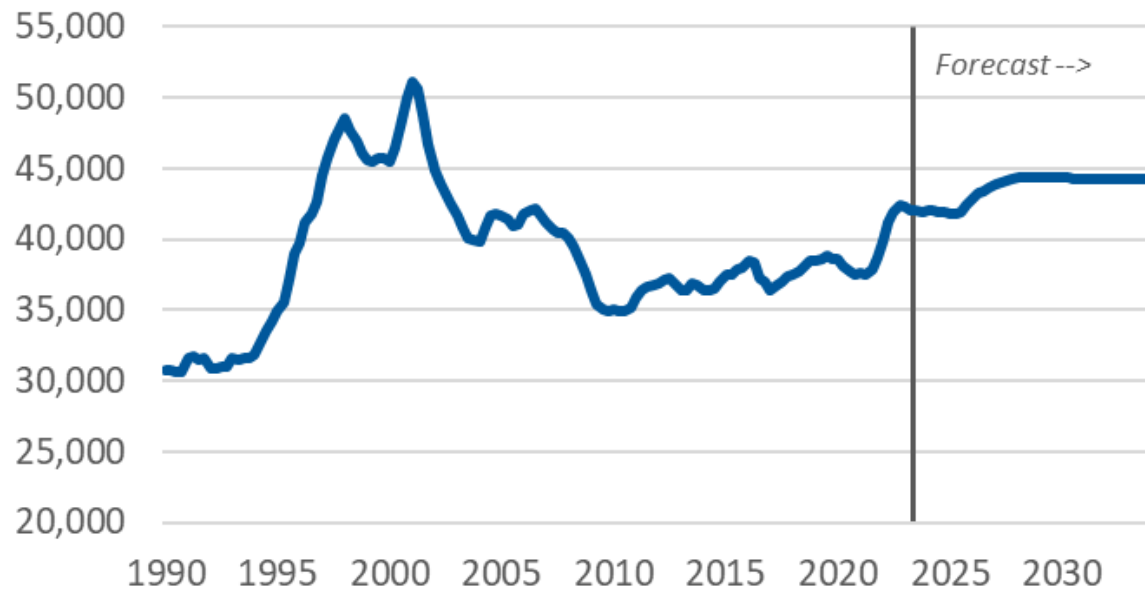


- Labor
  - Population growth and working-age demographics
- Productivity
  - Business & capital investment
  - Start-ups help bring new products & efficiencies to market
  - Types of capital
    - Financial
    - Human
    - Natural
    - Physical
    - Social

# CHIPS Act Impacts Expected



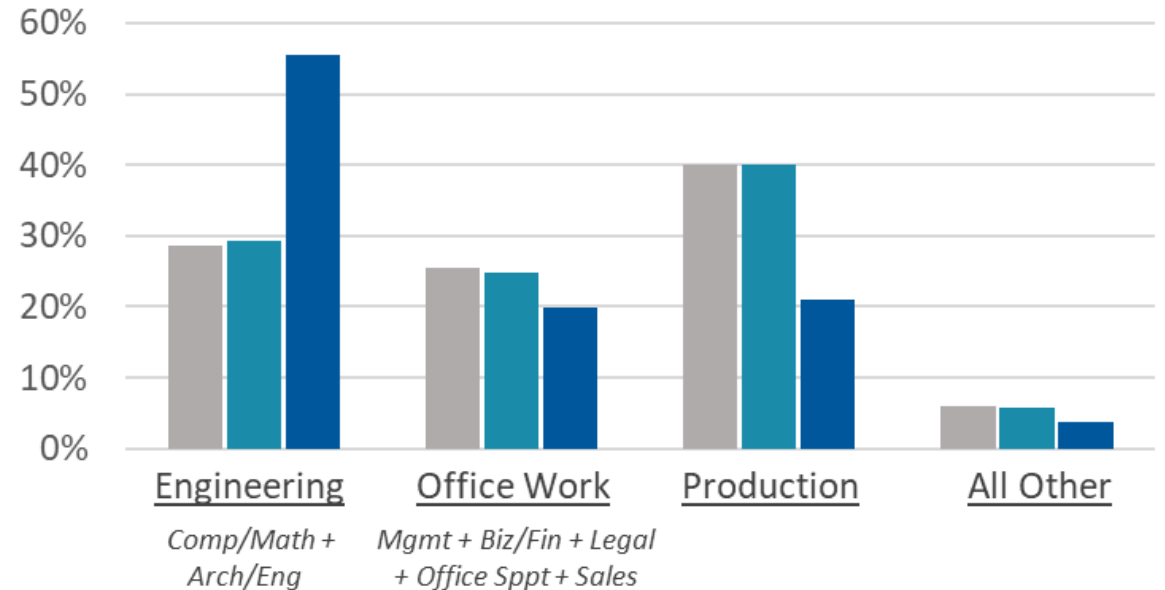
## Oregon Computer and Electronic Product Manufacturing Employment



Latest Actual: 2023q2 | Source: Oregon Office of Economic Analysis

## Semiconductor Workforce

Share of all jobs by occupation in the *United States*, the *10 States with the Largest Semiconductor Workforce*, and *Oregon*



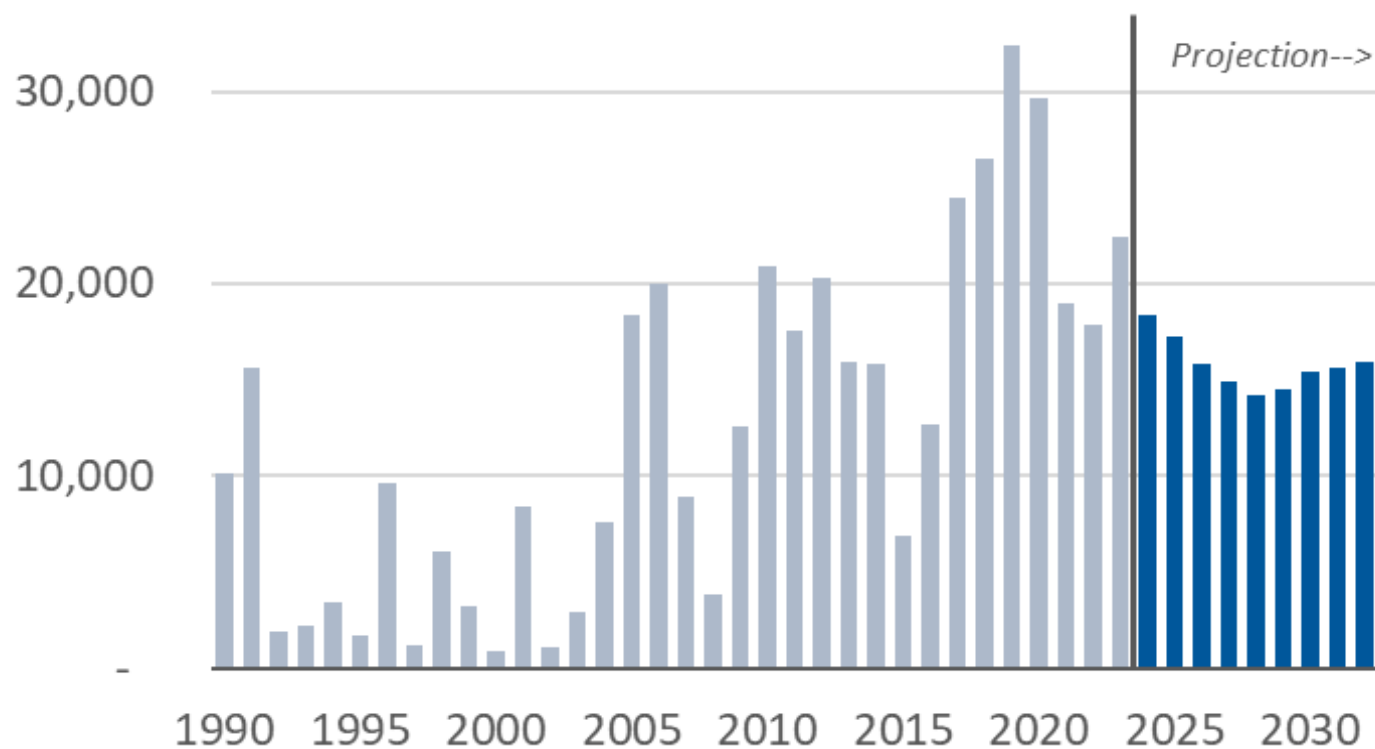
Data: 2022 | Source: BLS, Oregon Office of Economic Analysis

# Labor market is *cyclically* strong, and *structurally* tight



## Oregon Retirements

Annual change in Oregonians 60+ years old not in the labor force



Latest Data: 2023 | Source: IPUMS-CPS, Oregon Office of Economic Analysis

- Strong, inclusive recovery
  - Disparities did not widen based on age, educational attainment, gender, geographic location, or race and ethnicity
  - Disparities did widen based on wealth
- Labor market is tight
  - Cyclically due to strong economy
  - Structurally due to demographics of increased retirements and slower population growth
- Forecast
  - Oregon's potential labor force expected to increase just 0.6% per year this decade
  - Latent Labor Force: reducing historical disparities based on sex, race and ethnicity, and educational attainment among existing Oregonians would boost the workforce

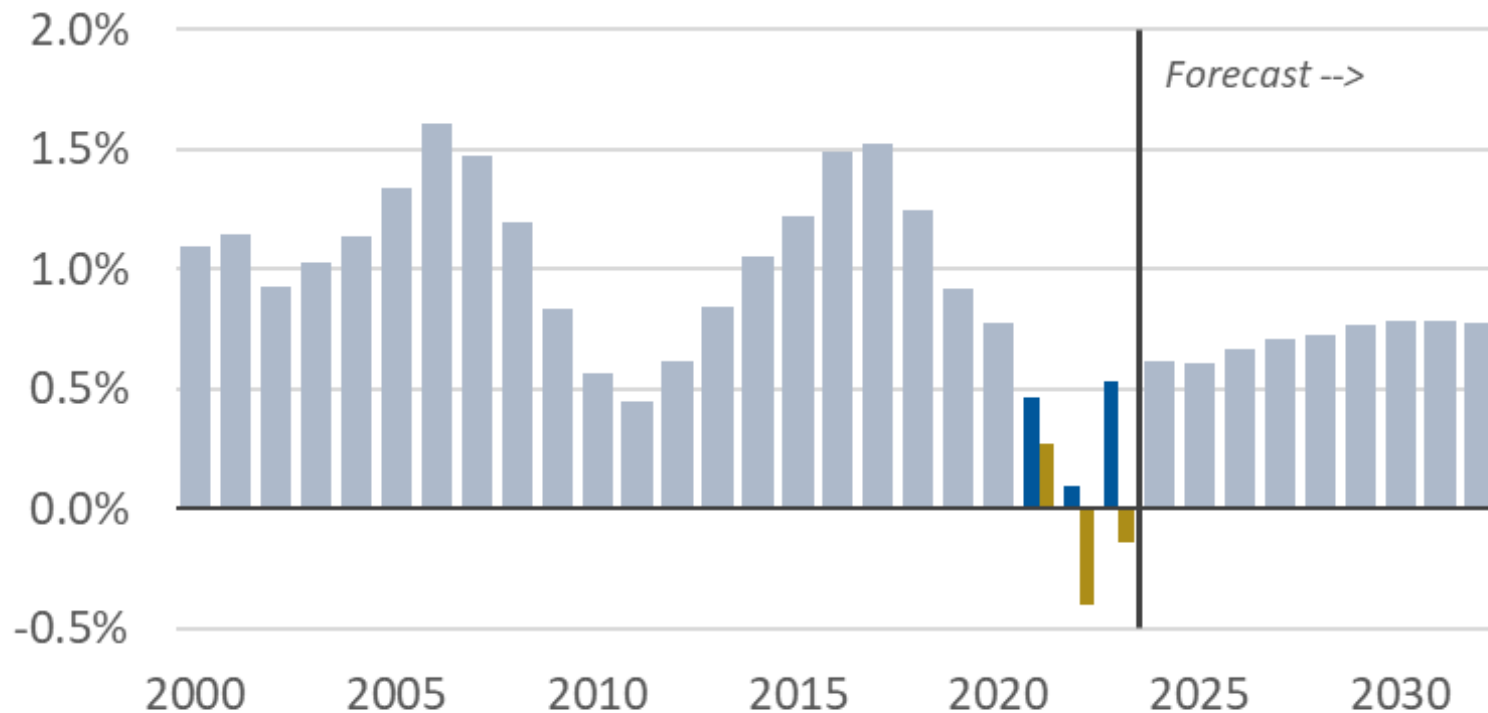
# Population growth slowly returns



## Oregon Population Growth

Annual change in total state population

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



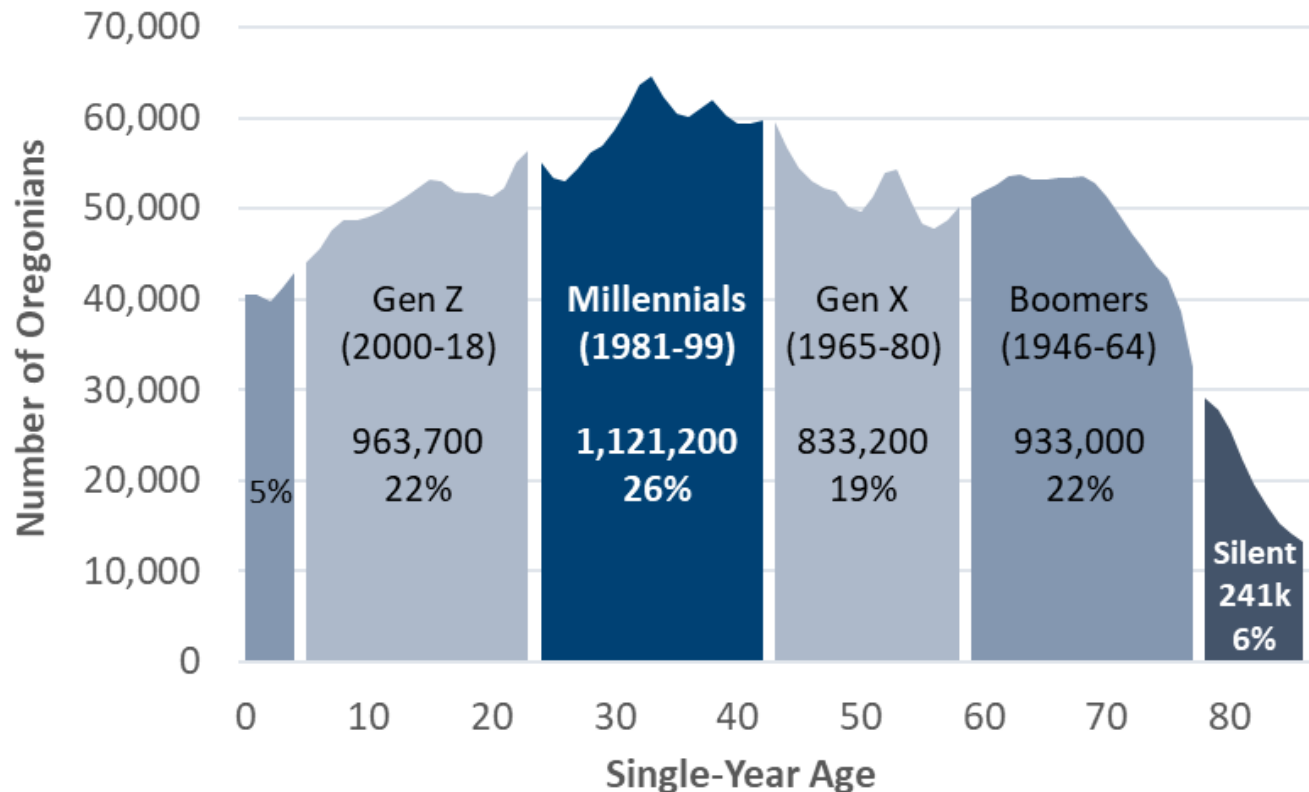
Latest: 2023 | Source: Census, Portland State Population Research Center, Oregon Office of Economic Analysis

- Stagnant population during the pandemic, although estimates are mixed with PSU up slightly, and Census down slightly
- Migration is the primary reason Oregon grows faster than the U.S. It allows local businesses to hire and expand at a faster rate.
- Updated Population Data
  - Deaths continue to outnumber births
  - Surrendered driver licenses at Oregon DMVs continues to match levels seen last decade
  - New data from the Cleveland Fed based on credit reports, shows the Portland metro population may be stabilizing, even as the urban core continues to lose residents

# 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

### • Boomers

- Entering into traditional retirement years
- Most have decent savings and are still in good health
- Downsizing in the 2030s

### • Gen Z

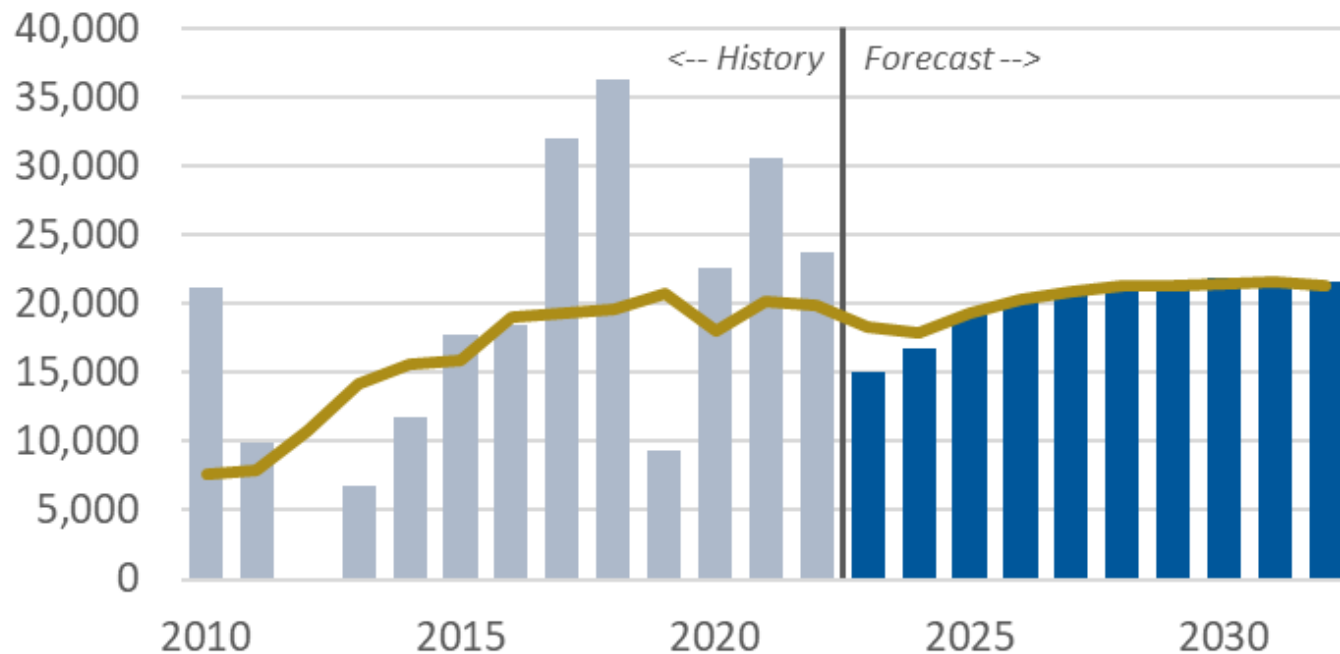
- Somewhat smaller, barely offsets retiring Boomers
- Oregon needs Gen Z to move here like Boomers and Millennials before them
- Economic driver in the 2040s

# Housing supply matters



## 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 has historically underbuilt housing
- Industry running into supply side constraints
- Affordability issues impact all Oregonians, especially low-income households, and slows future growth
- During the pandemic, household formation boomed even with a stagnant population
- Outlook
  - Near-term decline due to high rates and bad affordability
  - Long-term closely tied to population and demographics
  - Underproduction shortfall not made up in the baseline



# Oregon Housing Needs Analysis (OHNA)

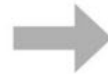


## FOUR COMPONENTS OF NEED → UNIT INCOME DISTRIBUTION

**1**  
PROJECTED  
NEED



Units needed to accommodate future population growth over 20 years



**2**  
UNDERPRODUCTION



Units that have not been produced to date in the region, but are needed to accommodate current population (often referred to as housing shortage)



**3**  
UNITS LOST TO  
2ND & VACATION  
HOMES



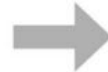
Units needed to replace units lost to second and vacation homes



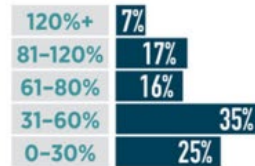
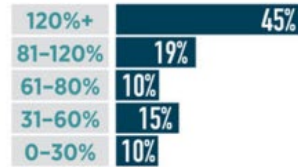
**4**  
HOUSING FOR  
THE HOMELESS



Units needed to house those who are currently experiencing homelessness



DISTRIBUTION OF UNITS BY PERCENTAGE OF MFI  
(Data from Willamette Valley Region)



- Housing needs analyzed at the city and regional level, with breakdowns by income bracket based on the local income distribution
- Oregon Office of Economic Analysis (OEA) will do the analysis, Oregon Housing and Community Services (OHCS), and Department of Land Conservation and Development (DLCD) will implement the policy and assist local governments

Note: Data for unites distributed by income are for the Willamette Valley Region  
Source: ECONorthwest

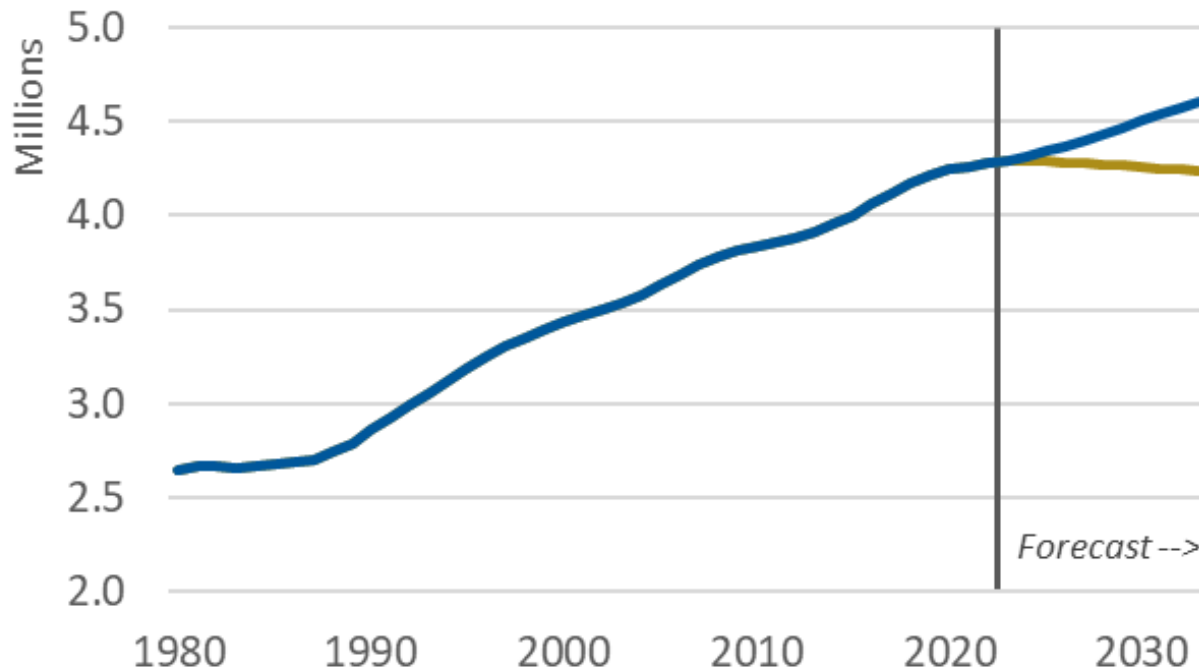
# Zero Migration, Alternative Scenario



## Oregon Population

Number of Oregon residents, all ages

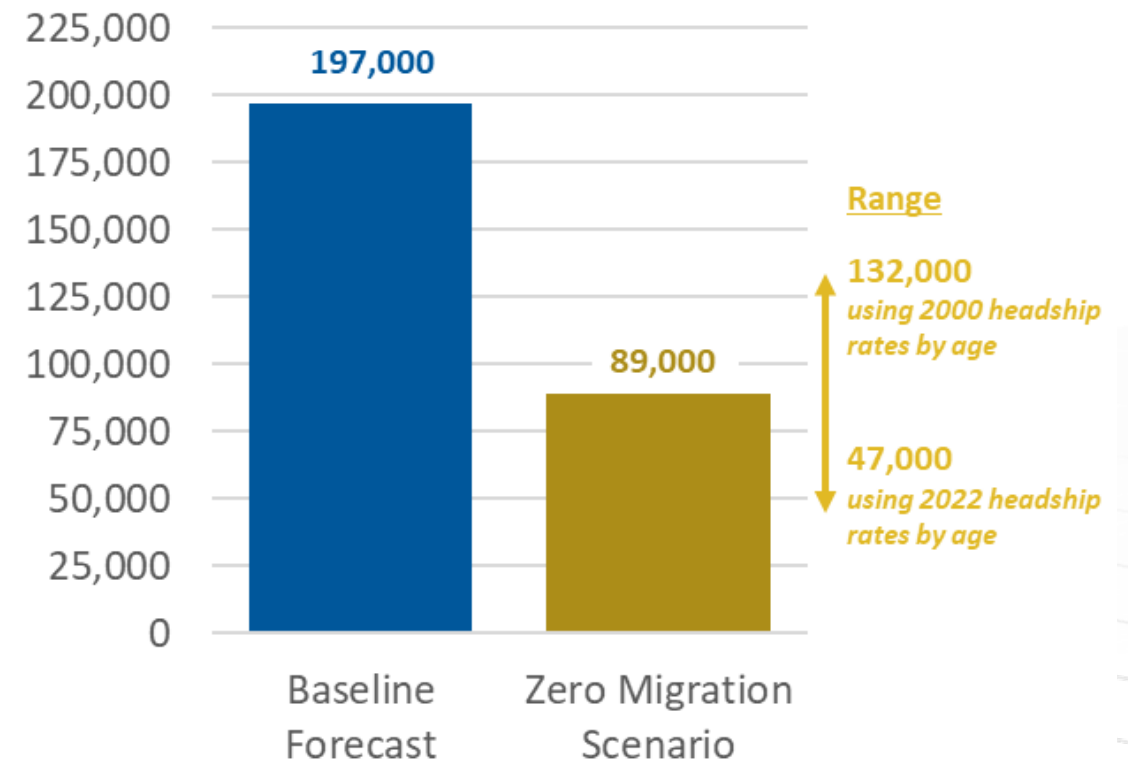
Baseline Forecast | Zero Migration Scenario



Latest Data: 2022 | Source: Oregon Office of Economic Analysis

## Oregon Housing Demand

Change in the number of households from 2023 to 2033



Source: IPUMS-USA, Oregon Office of Economic Analysis

# Contact Information

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