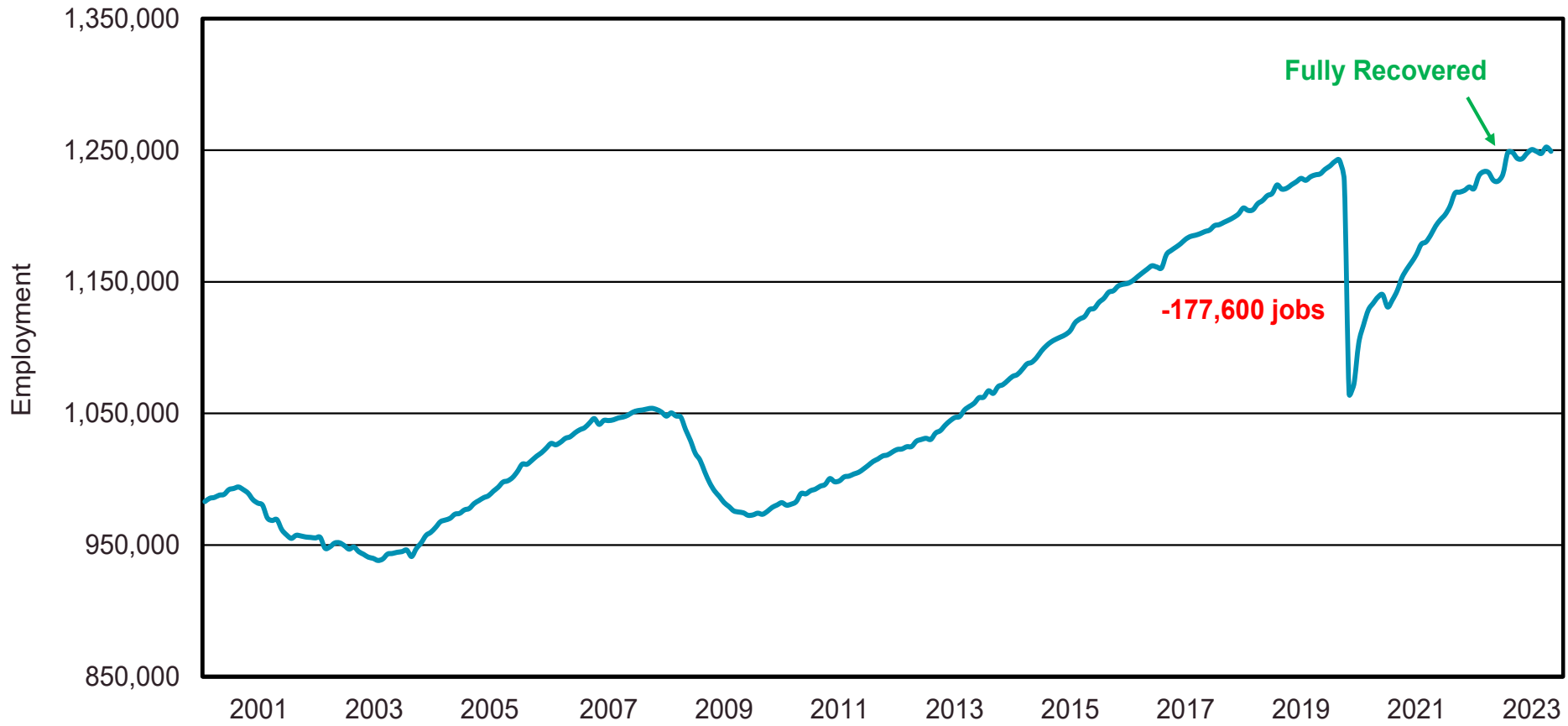


# Portland Economic Update

Greater Portland Inc.  
November 29, 2023

# THE PORTLAND METRO AREA HAS MORE JOBS NOW THAN BEFORE THE PANDEMIC RECESSION.

## Seasonally Adjusted Employment in the Portland Metro Area Total Nonfarm Payroll: 2000 - 2023



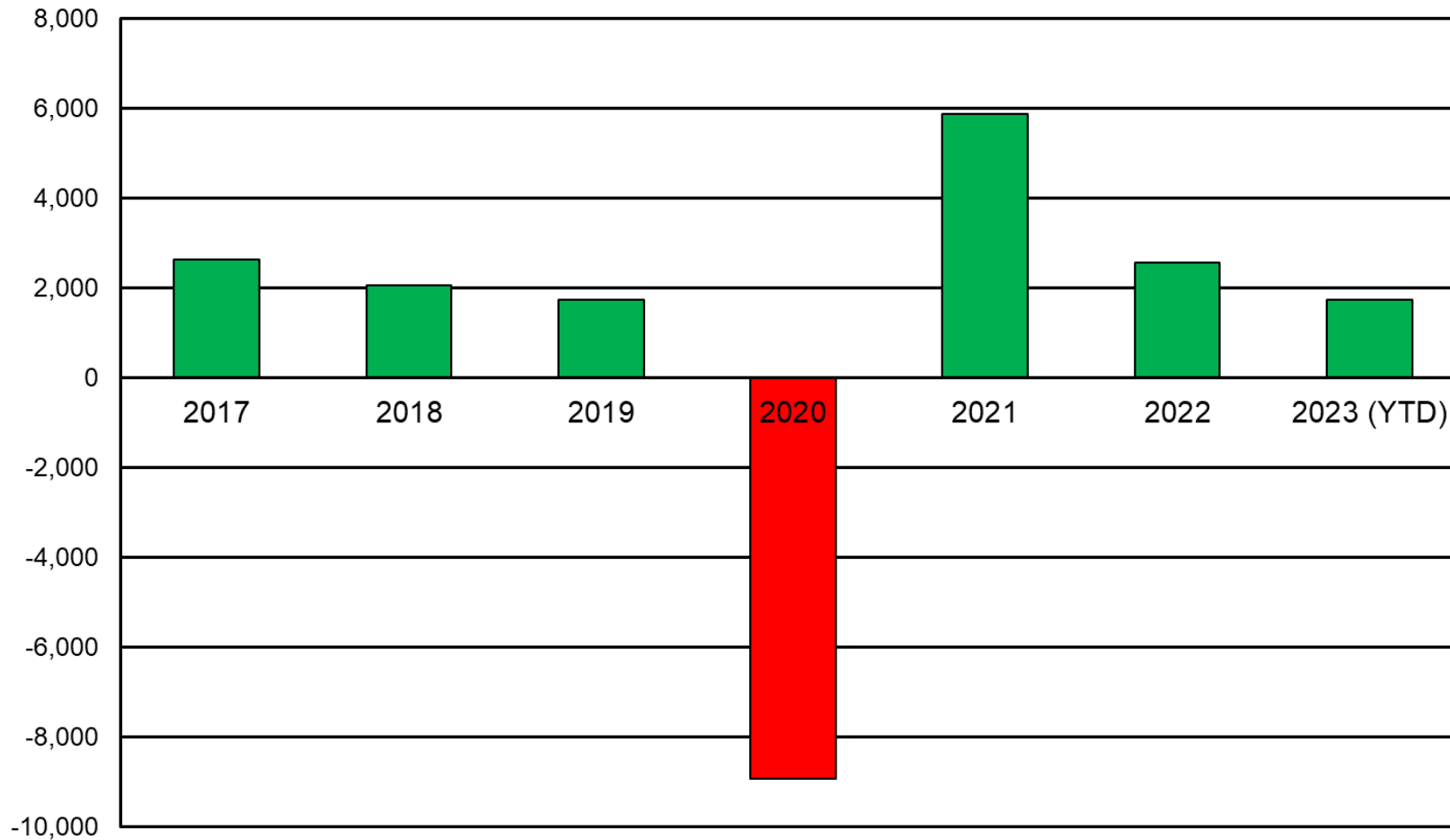
-177,600 jobs in 2 months (-14%)

Full jobs recovery as of January

Source: Oregon Employment Department, Current Employment Statistics

# GROWTH SLOWED IN 2022, AND AGAIN IN 2023

## Annual Monthly Employment Growth Portland Metropolitan Area



Average monthly nonfarm employment changes:

**2017**

+2,600 jobs

**2018**

+2,000 jobs

**2019**

+1,700 jobs

**2020**

-8,900 jobs

**2021**

+5,900 jobs

**2022**

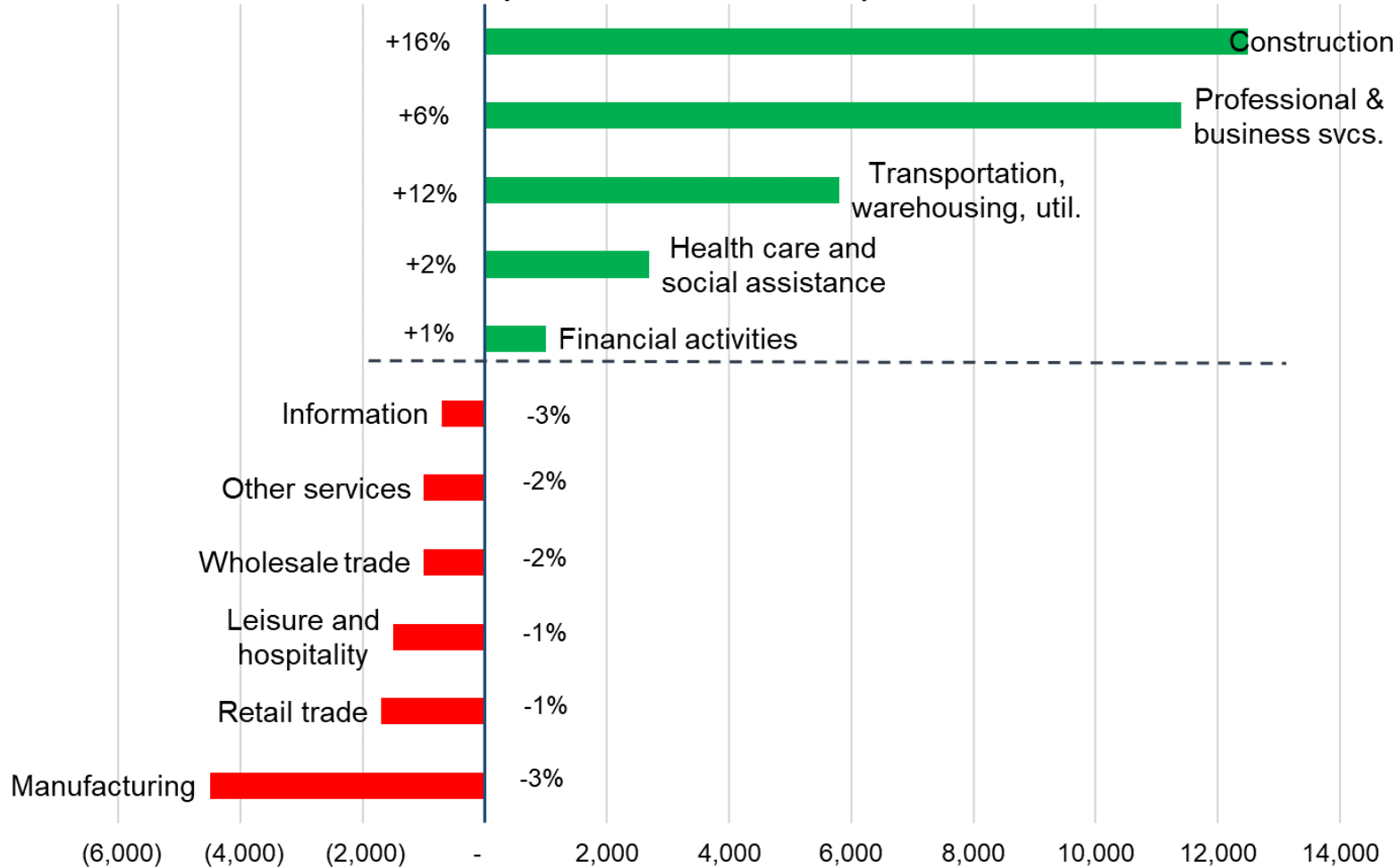
+2,600 jobs

**2023 (Jan-Oct)**

+1,700 jobs

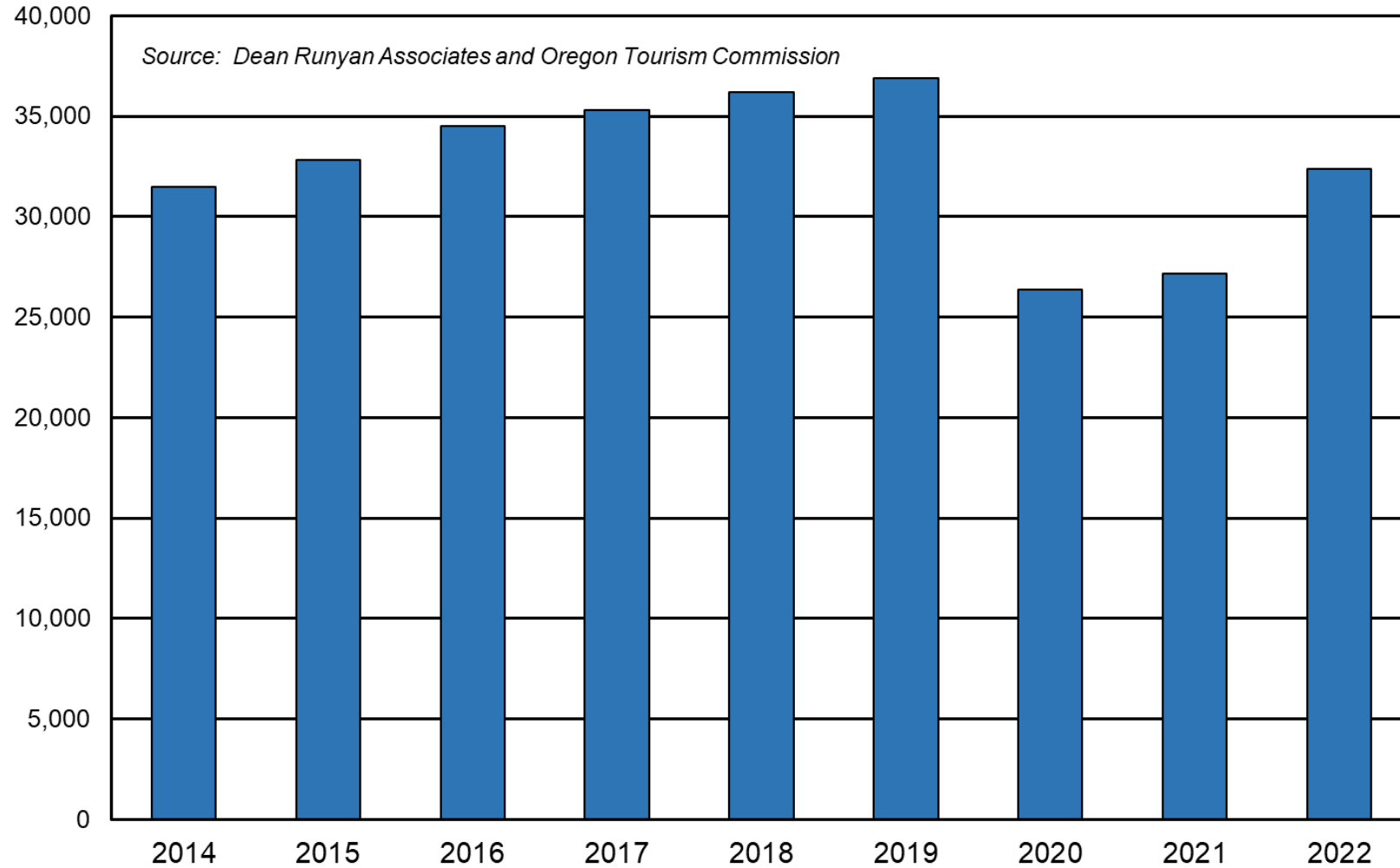
# NOT ALL INDUSTRIES HAVE RECOVERED

## Today Compared to Prior to the Pandemic (Oct. 2019-Oct. 2023)



# PARTIALLY EXPLAINS LAGGING RECOVERY IN RETAIL AND LEISURE/HOSPITALITY

## Portland Region's Travel-Generated Employment

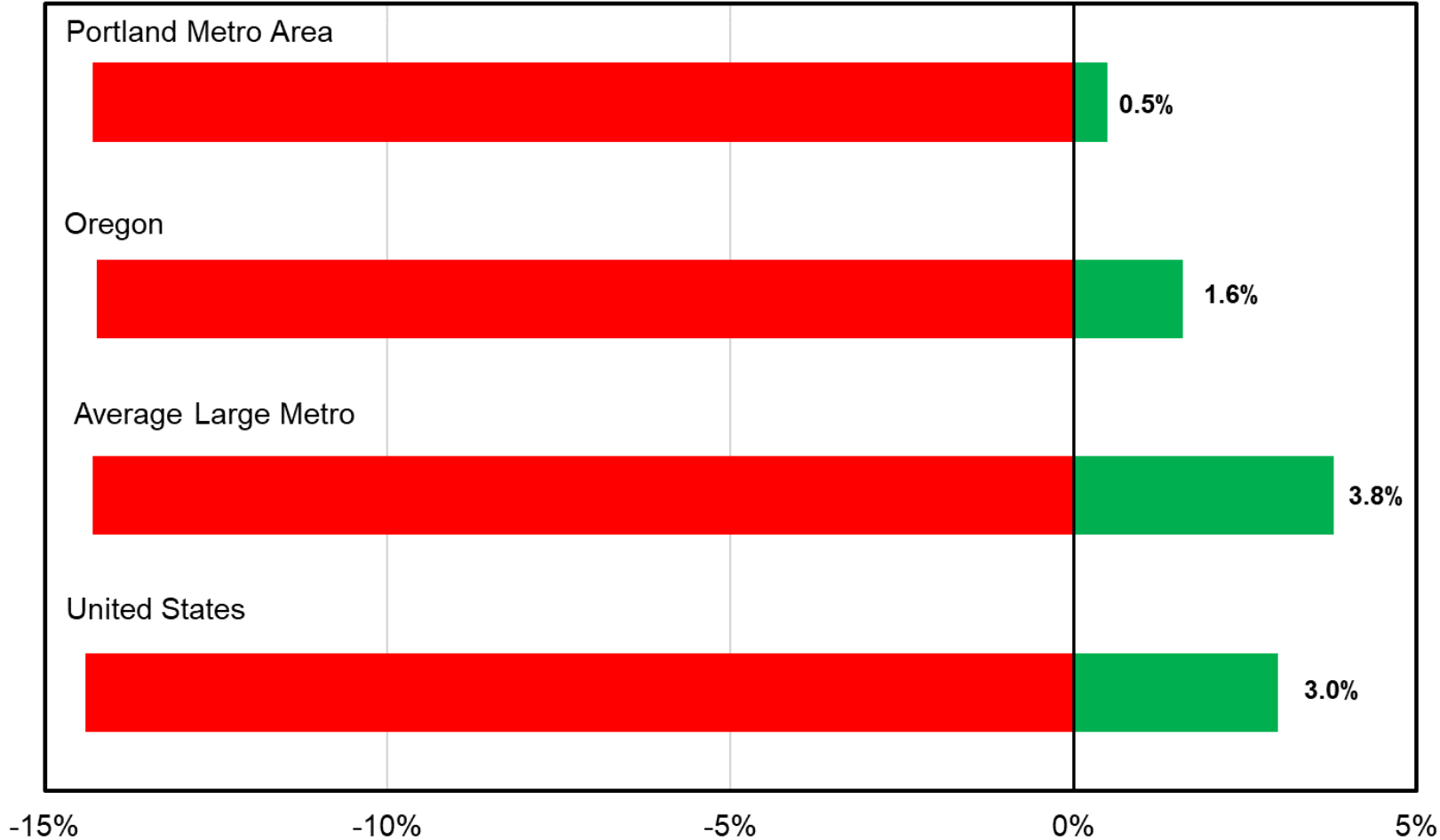


|            |      |
|------------|------|
| Clackamas  | 6%   |
| Columbia   | -4%  |
| Multnomah  | -15% |
| Washington | -4%  |
| Yamhill    | -2%  |

# SIMILAR IN EXTENT OF LOSSES, NOT SO WITH THE RECOVERY

## Pandemic Losses and Recovery

■ Feb-Apr 2020   ■ Feb 2020-Oct 2023



### Not Recovered:

- Honolulu (-4%)
- New Orleans (-3%)
- Buffalo (-2%)
- Milwaukie
- Pittsburgh
- Cleveland
- Detroit
- Minneapolis

### Fastest Expanding:

- Austin (+16%)
- Boise (+14%)
- Dallas (+12%)
- Jacksonville (+13%)
- Nashville (+10%)

# DEFINITION OF UNEMPLOYED

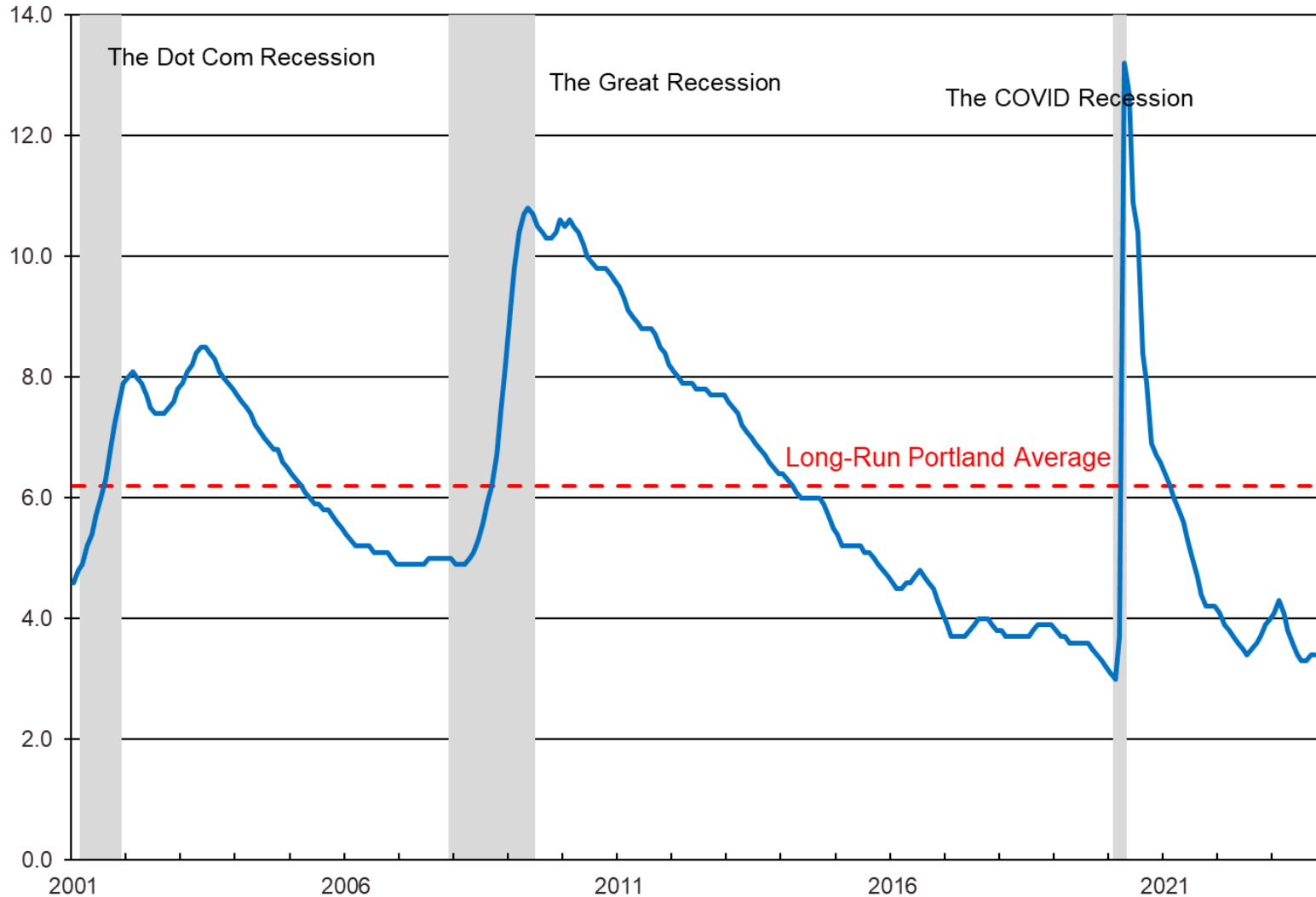
To be counted as unemployed (in the regularly used definition), an individual must be age 16 or older, not on active duty in the military, not in an institution, and:

- Not employed
- Available for work
- Making specific efforts to find employment within the last four weeks.

Note: Whether or not an individual has applied for, is receiving, or has ever received unemployment insurance benefits is not a factor in the statistical definition of being unemployed.

# UNEMPLOYMENT NEAR RECORD LOWS

## Portland Metropolitan Area Unemployment Rate



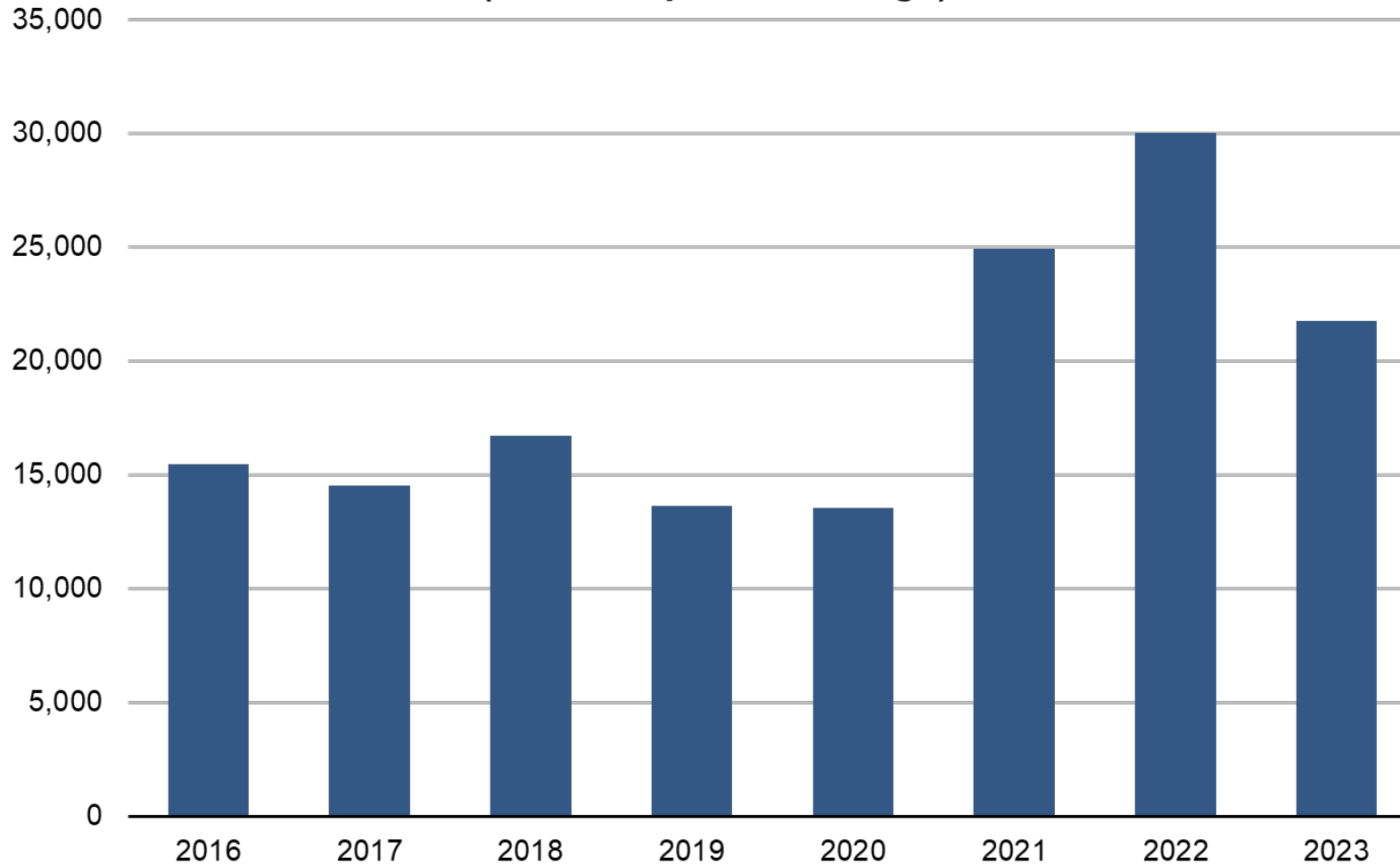
## Why are Oregonians unemployed?

- They are just entering or re-entering the workforce (50% in October)
- They lost their jobs (39%)
- They voluntarily left their job (11%; down from 20% a year earlier)



# JOB VACANCIES: STILL ABOVE PRE-PANDEMIC, BUT COMING DOWN

## Portland Metro Job Vacancies (1st - 3rd quarter average)



Source: Oregon Employment Department

## Summary: Tight labor market, but easing

- Still adding jobs, but at a slower pace
  - Growth has slowed in every broad industry except Construction.
- Job vacancies still above pre-pandemic levels, but coming down
- The economy is rebalancing

## Outlook: Continuing, but slowing, growth

*From Oregon's Office of Economic Analysis (OEA):*

### Baseline: The Soft Landing

The Federal Reserve's interest rate hikes are just enough to slow the economy and tame inflation without triggering a recession.

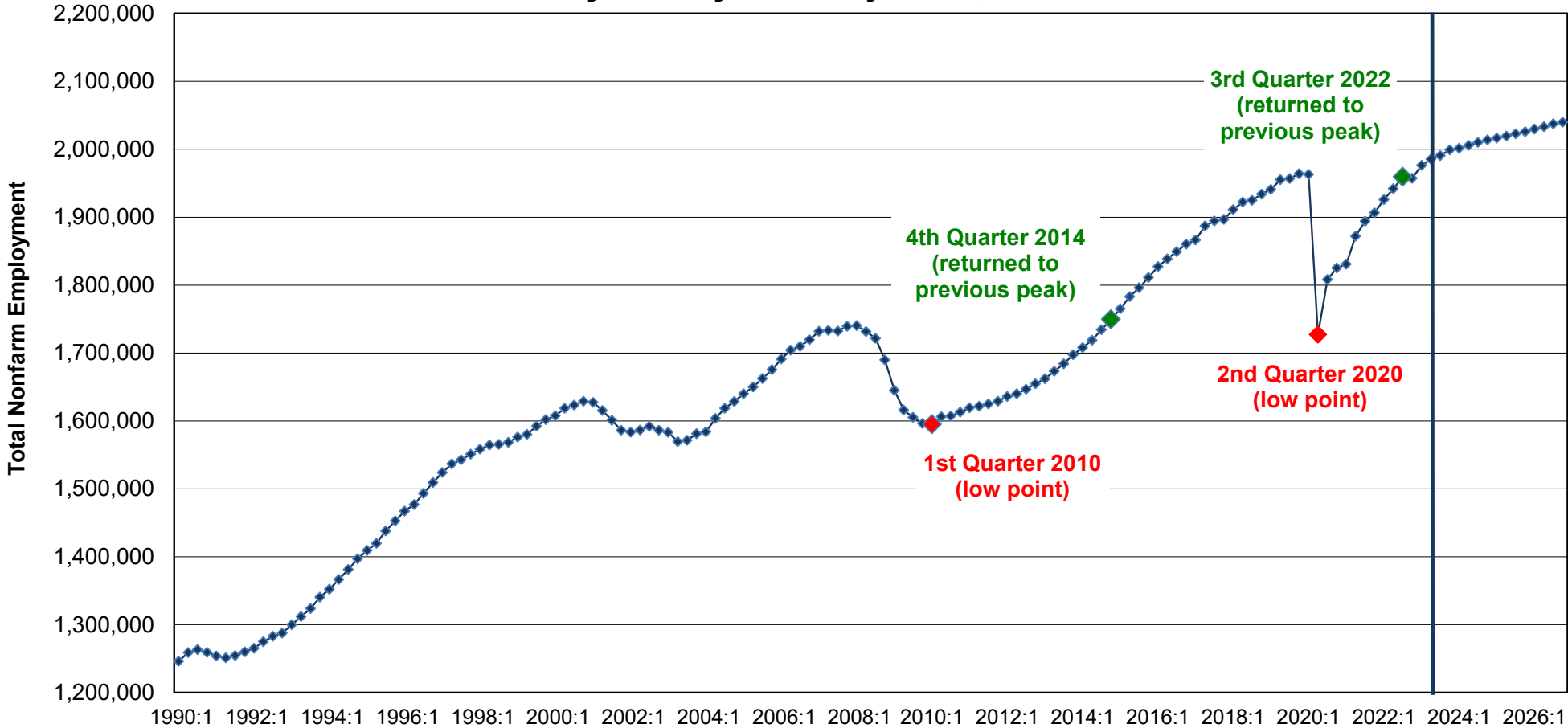
- Job gains (Oregon) will slow but stay positive at 2.0% in 2023 followed by 1.2% next year and 0.7% in 2025. Meanwhile, the unemployment will remain near 4%.

### Alternative: The Boom/Bust:

The Fed needs to continue raising rates to further cool the economy, triggering a recession.

- A moderate recession beginning in the second half of 2024. Three quarters of job losses totaling 60,000 (-3%). Unemployment rate rises to 7%.

### Oregon Nonfarm Payroll Employment Quarterly History and Projection, 1990-2026



Source: Office of Economic Analysis, Department of Administrative Services, December 2023

# Outlook

- OEA: Soft landing. Growth is driven by a return to full employment, combined with stronger business investment and productivity gains. Migration rebounds (modestly) in the years ahead.
- Federal Reserve Beige Book (Oregon and region): Weaker economic conditions overall.
- The Conference Board (U.S.): Elevated inflation, high interest rates, and contracting consumer spending (due to depleting pandemic saving and mandatory student loan repayments) tips the economy into a very short recession.

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