

2022 Value of Jobs STATE OF THE ECONOMY

Report at a Glance

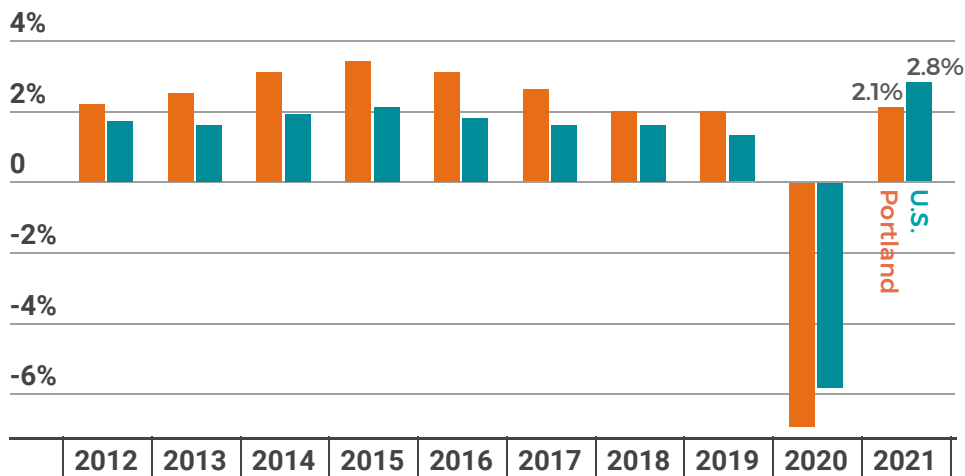
This annual update on the state of our economy, led by the Portland Business Alliance and the Value of Jobs coalition, marks another year of uncertainty and extended restrictions. A year ago, Portland and the nation celebrated the end of 2020 and looked forward to a year of rebuilding. Hope was on the horizon.

The year 2021 proved discouraging on the public health and economic fronts. Early summer return-to-office/school protocols were overshadowed by the emergence of the new Delta variant. A new low was reached in November just as the World Health Organization announced news of yet another variant, Omicron. And while the Omicron variant has not proved as deadly as earlier variants, it has exhausted health resources, employers, and patience.

In the Portland region, several of the challenges highlighted in last year's report persist. Office workers have been slow to return to downtown Portland because of ongoing concerns about the virus and public safety. And industries at the center of the pandemic recession have not fully recovered. But there's good news too. The regional unemployment rate—**at 3.4% in December 2021**—is well below the level anticipated 18 months ago. In general, those who can join the labor force have jobs waiting for them, as job openings are at record highs across the state.

A decade of gains in jobs, incomes, and equitable outcomes in Portland has slowed during the pandemic, with jobs recovering less than the U.S. average and least among peer regions

Figure 2: Annual employment growth



Source: Bureau of Labor Statistics, Current Employment Statistics.

32%

increase in racial or ethnic diversity across Portland's population, since 2010.

3.4%

unemployment rate in Portland, as of Dec. 2021.

-13.5%

jobs lost in the Leisure & Hospitality sector, a rebound from 50.7% during pandemic's peak.

72%

decline in downtown Portland employee foot traffic since before the pandemic, compared to 42% decline in visitors.

View the full report with interactive charts: PortlandAlliance.com



ECONOMIC RECOVERY

The jobs recovery—nationally and regionally—is impressive given initial conditions in the Spring of 2020. In Portland, jobs rebounded sharply at the end of lockdown and have grown steadily since—except for November-December 2020.

Following the last recession, the Portland region experienced higher-than-average annual job growth. During and after the pandemic recession, the Portland region has lagged the U.S.—Portland only grew by 2.1% compared to the U.S. average of 2.8%. **See Figure 2 on front page.**

Compared to its peers, Portland metro has the slowest jobs recovery during and after the pandemic recession at 3.2% below the pre-pandemic level. **See Figure 3.**

Consumer behavior and tighter state and local regulations have slowed the recovery of the leisure, hospitality, and services sectors

Portland’s job loss has been largely concentrated in the leisure and hospitality sector and services. **See Figure 4.** Stricter public health mandates on the West Coast and a more virus-cautious public have led to less dining out and fewer hotel stays. Portland’s Open Table reservations were down more than 50% in November 2021 compared with pre-pandemic levels. By contrast, reservations on the online platform were up 12.2 and 15.1 percent, respectively, in Austin and Nashville during the same period (Open Table, 2021).

A FOCUS ON DOWNTOWN PORTLAND

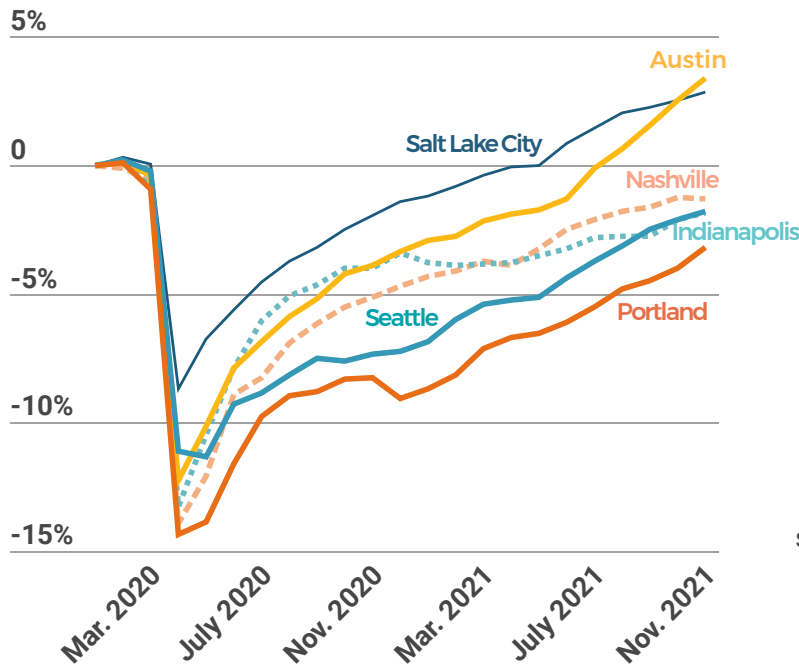
The pandemic recession disproportionately affected central cities across the U.S. as large shares of downtown workers relocated to their homes. Downtown Portland shares its return-to-office challenge with most downtowns across the country. What was unclear in last year’s report is whether impacts on Downtown Portland were more severe than in other downtowns.

Mobility data suggest challenges for downtown Portland relative to region’s suburbs and to downtown Seattle

Newly acquired mobility data—from Placer.ai—provides insights into the degree of Downtown Portland’s challenges. Foot traffic around Downtown Portland retail centers in November 2021 was down more than 40% from November 2019 while comparable suburban centers show about a 10% decline. That’s unsurprising given the central city-suburban dynamic nationally.

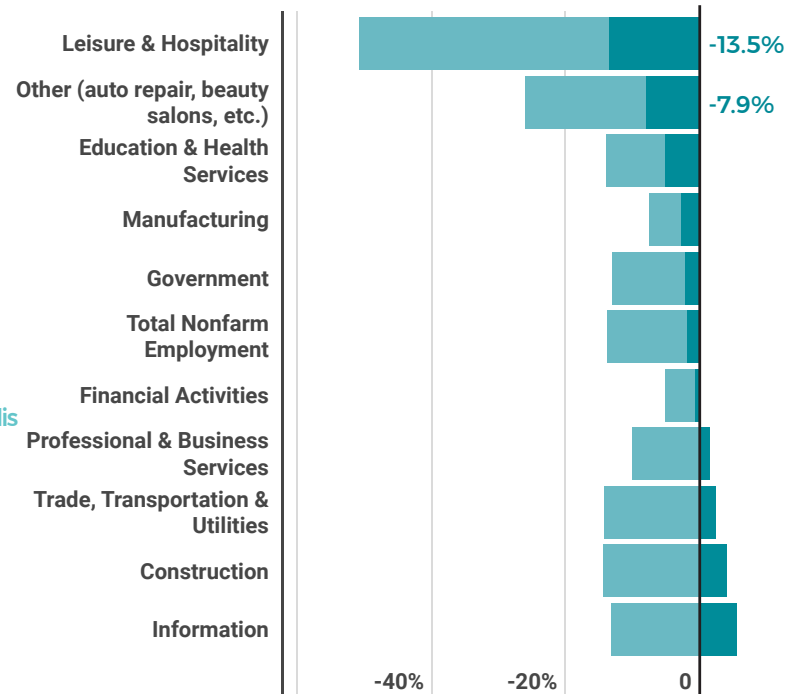
More telling is a comparison of foot traffic in the downtown cores of Portland and Seattle. Placer.ai data distinguish between visitors and employees in an area. **See Figure 7.** Visitors are more important to downtown activity in Portland than in Seattle, representing 64% of pre-pandemic activity (versus Seattle’s 55%).

Figure 3: Employment change during the pandemic compared to peer regions



Source: Oregon Employment Department, Current Employment Statistics.

Figure 4: Portland job recovery by industry, compared to peak COVID-19 loss



Source: Oregon Employment Department, Current Employment Statistics, Nov. 2021.

* **NOTE:** In this report, the Portland region refers to the Metropolitan Statistical Area where otherwise noted. Metrics also compare the Portland region to other selected and based on a number of indices found in the U.S. Census Data.



Figure 7: Downtown visitors and employees, Portland and Seattle

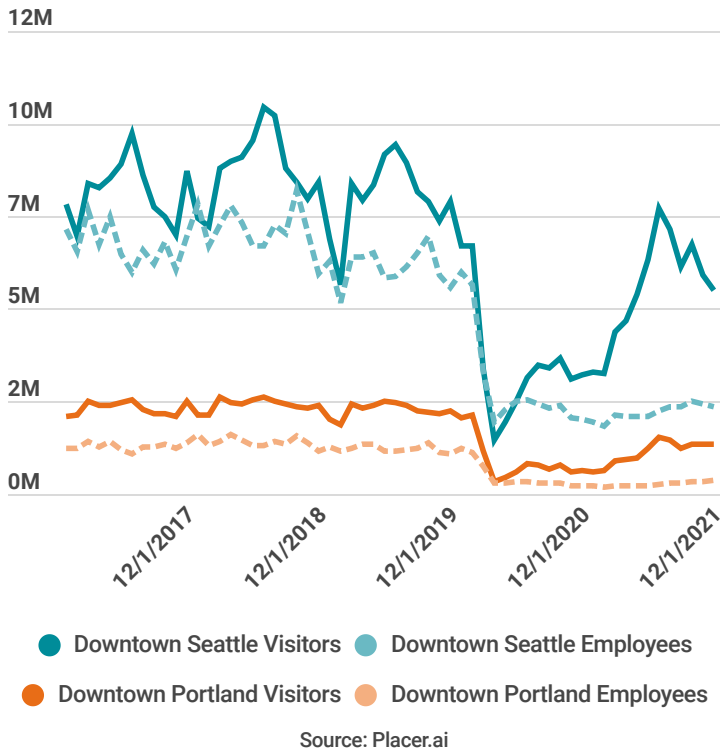
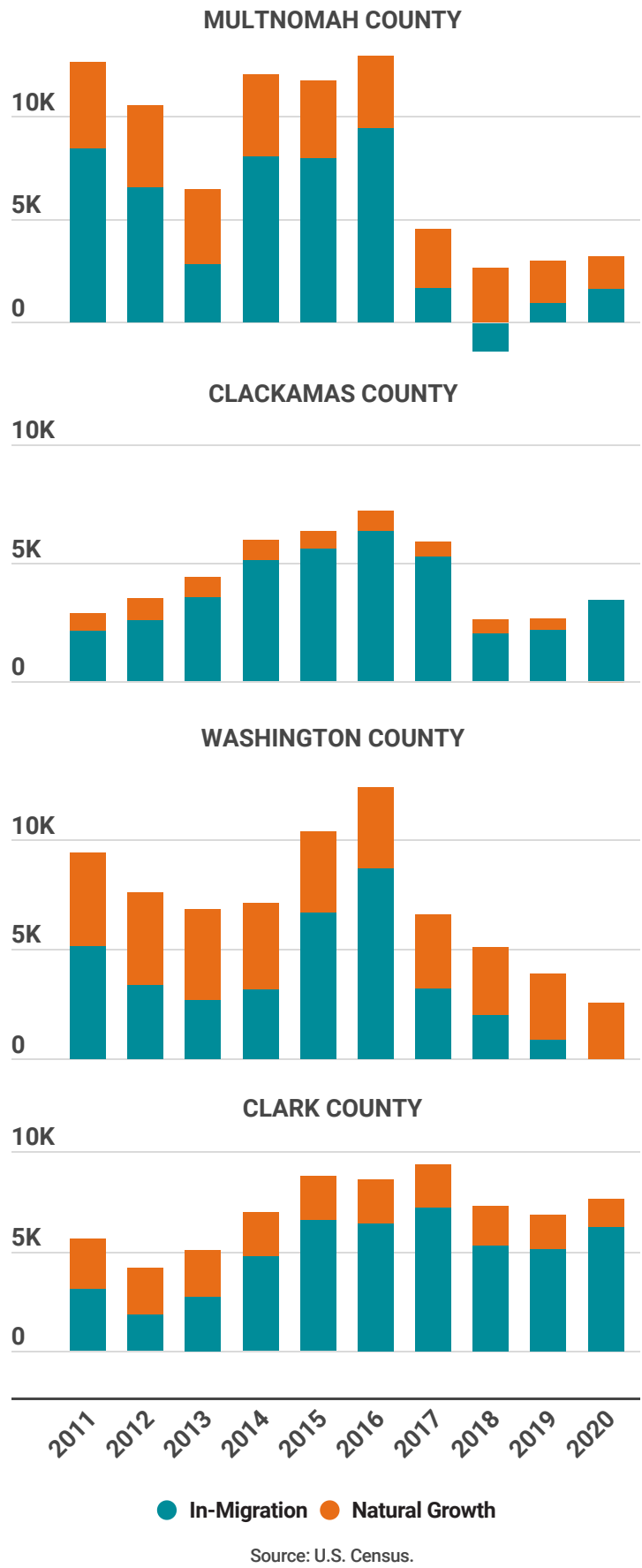


Figure 11: Annual population change in Portland by county



PORTLAND'S CHANGING POPULATION

The region's population is growing at about half the rate that it was in 2016. In the immediate term, slower population growth eases pressure on the underbuilt housing market and mitigates increases in rents and home prices. But in the longer term, slow population growth is a troubling sign for the economy. Families and businesses vote with their feet, and recent trends suggest the region is not as attractive to prospective residents as it was during 2014-2016.

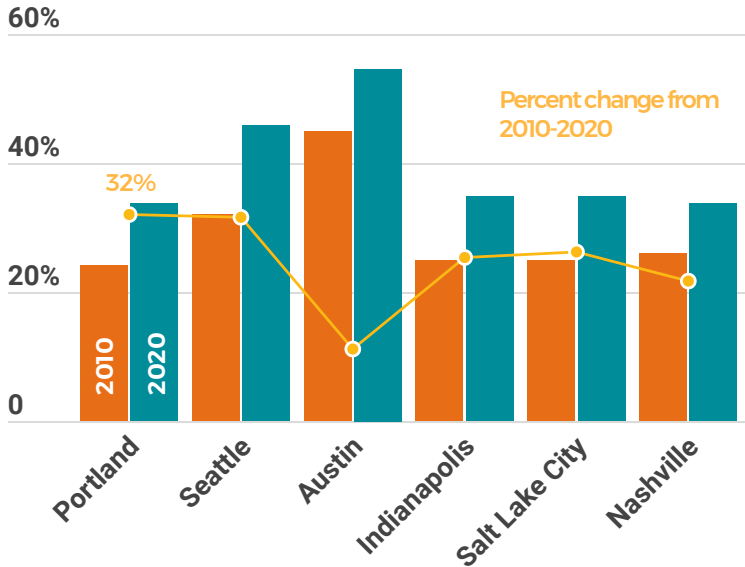
Metro-area population growth has slowed since 2016; Clark County grew the fastest, contributing the most of the four counties to net change

The population story differs across the region's four major counties. **See Figure 11.** Multnomah and Washington counties show similar trends: strong in-migration during the mid-2010s that all but disappeared by 2020. In recent years, the two counties relied almost exclusively on natural population growth (the number of births outnumbering deaths in the incumbent population). By contrast, Clackamas

County's growth has come from in-migration, which has slowed since 2016. That has left Clark County as the region's population growth engine, contributing most of the net change in population during 2018-2020.

Over the same period, the share of Portland's population that is racially or ethnically diverse increased the most among its peers (a 32% increase from 2010 to 2020). **See Figure 12.**

Figure 12: Growth of racially/ethnically diverse population among peers, 2010-2020



Source: U.S. Census.

Why this MATTERS

As we continue through the early months of 2022, many are considering what lasting social and economic impacts both the pandemic and Portland's reputation will have on Portland's ability to return to its days of overall prosperity.

Many factors, including employees and visitors returning to the downtown core and elected officials addressing surging crime and homelessness, will determine Portland's ability to fully recover.

The question remains, will significant tax burdens on families deter and/or drive away residents? What, if any, changes and/or incentives will the region offer employers, visitors, and prospective residents?

View the full State of the Economy report with interactive charts: PortlandAlliance.com

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