2024 Value of Jobs

STATE OF THE ECONOMY

This annual update on the state of our economy is led by the Portland Metro Chamber and the Value of Jobs Coalition, with support from Bank of America.

Last year's report tracked the 2022 economy that marked the end of the Covid public health emergency, and it was time to take stock. 2023 began with the State of the Economy, and it was a "doozy." A sizable population loss in Multnomah County, weak foot traffic growth in downtown Portland, slowing apartment construction and reputational damage were among the challenges.

The severity of the economic and social problems led to the creation of a public-private task force led by the governor in partnership with local elected leaders and stakeholders that aimed to quickly improve conditions in Portland's Central City.

This report starts a new era in our analysis as we stabilize into a new normal. Therefore, we will no longer compare ourselves to 2019 and establish 2024 as the Portland regional economic baseline. Given dynamic economic conditions it was also a good time to reconsider our peer cities. After evaluating a multitude of economic indicators, we have established a new set of peer regions that are facing similar growth patterns and comparable challenges.

The following report offers some modest improvements over last year's checkup, but on critical measures like population growth and housing production, the region still has a long way to go. Perhaps the best news is that elected and business leaders enter 2024 with an agreed-upon list of remedies courtesy of the governor's task force. Take productive action on those, and the community can look forward to a better report next year.

This Value of Jobs report is presented to you by:

BANK OF AMERICA

Value of Jobs Coalition:

GREATER PORTLAND

OREGON BUSINESS COUNCIL

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Port of Portland

With gratitude to ECOnorthwest, our State of the Economy partner since 2010.

Report at a Glance

1.3%

Portland metro job growth in 2023, below U.S. average.

4.1%

jobs gained in the Leisure & Hospitality sector, slower than 10.4% from 2022.

11,000

jobs lost in the Professional Services, Manufacturing, & Information sectors.

8%

premium to live in Portland when adjusting median household income, driven mostly by the high cost of housing.

26%

growth of local revenue collection from 2010 - 2020, only surpassed by Seattle.

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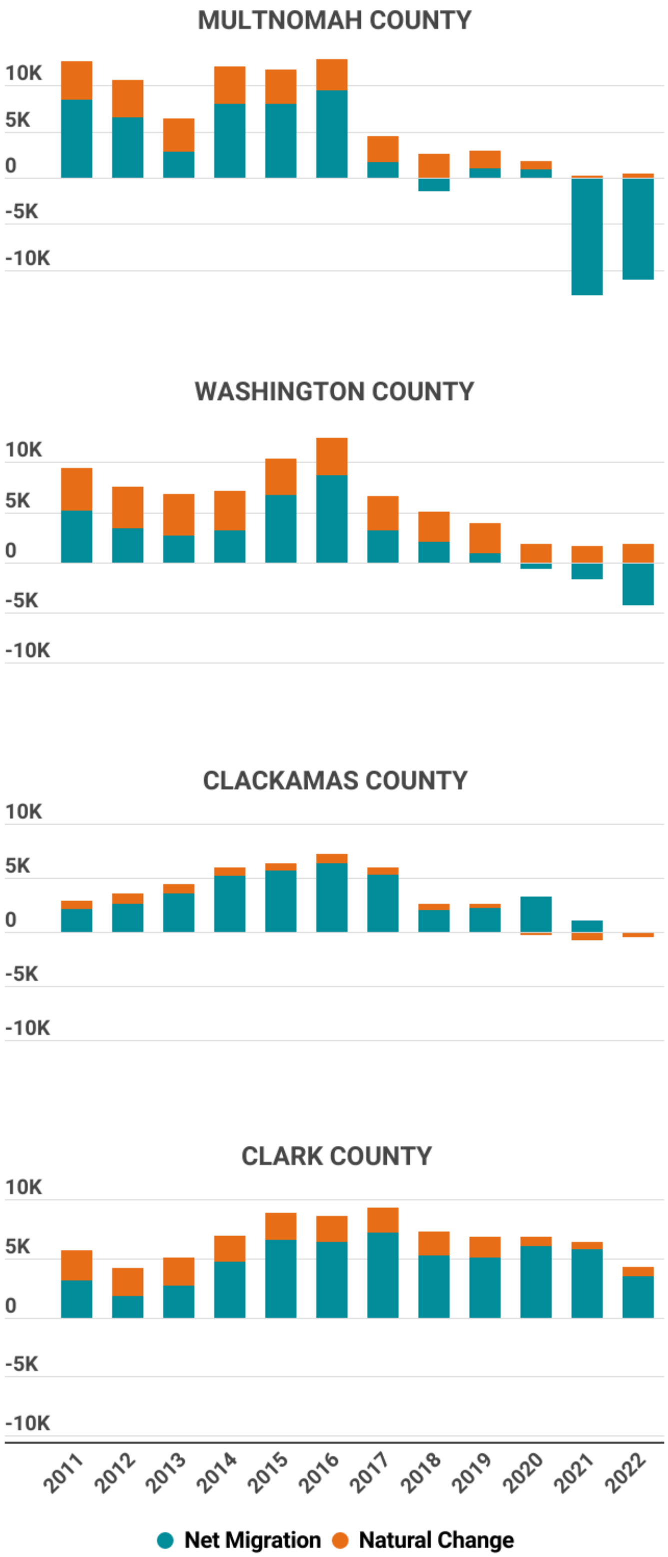
PORTLAND METRO EST. 1870 CHAMBER

Figure 1: Annual population change in Portland metro by county



Source: 2011 - 2022 Census Population Estimates Program (PEP)

Natural population change is trending to zero, region entirely reliant on in-migration

The troubling population trends continued in 2022 with declines in Multnomah and Washington counties, no growth in Clackamas County, and a modest increase in Clark County. **See Figure 1.** The latest census figures underscore the importance of net migration to the region's population trends–only Washington County shows sizable natural population growth (that is, births outnumbering deaths). Unpacking the drivers of the weak population numbers will take time, but leading candidates include ongoing adjustments to work-from-home, an unaffordable housing market, and responses to an abrupt increase in taxation since 2019.

Job growth trend reversed and now lags U.S. average

The Portland region tends to grow jobs at a faster rate than the U.S. during economic expansions and that's been the case recently. After subpar growth in 2021, due in large part to restrictive Covid policies, job growth in the region outpaced the U.S. in 2022, then reversed course and lagged in 2023. This reversal is unique for Portland, which has historically outpaced U.S. job growth especially when climbing out of economic recessions. **See Figure 2.**

Private sector office jobs and manufacturing on the decline

Local governments–cities, counties, school districts, special districts–matched the March 2020 employment level in March 2023 (123,000) and then added almost 5,300 additional employees through December. Private education and health services also returned to pre-pandemic staffing levels. Leisure and hospitality also grew by 4.1%, although lower compared to 10.4% in 2022.

Manufacturers had an off-year as consumers shifted away from their pandemic-related goods purchasing and focused more on services. The declines in the information sector mirror national trends and are driven, in part, by layoffs in the tech sector. While information-related employment declined by over 10%, the change only reflects 2,800 jobs. **See Figure 4.**

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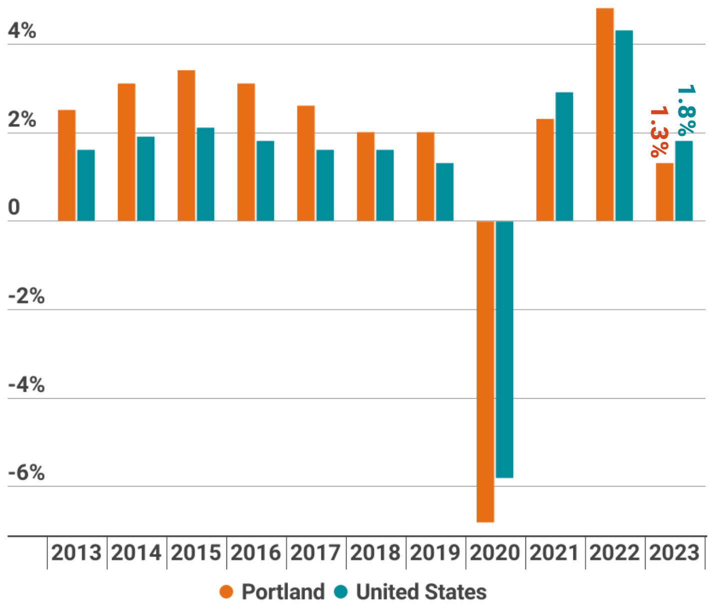
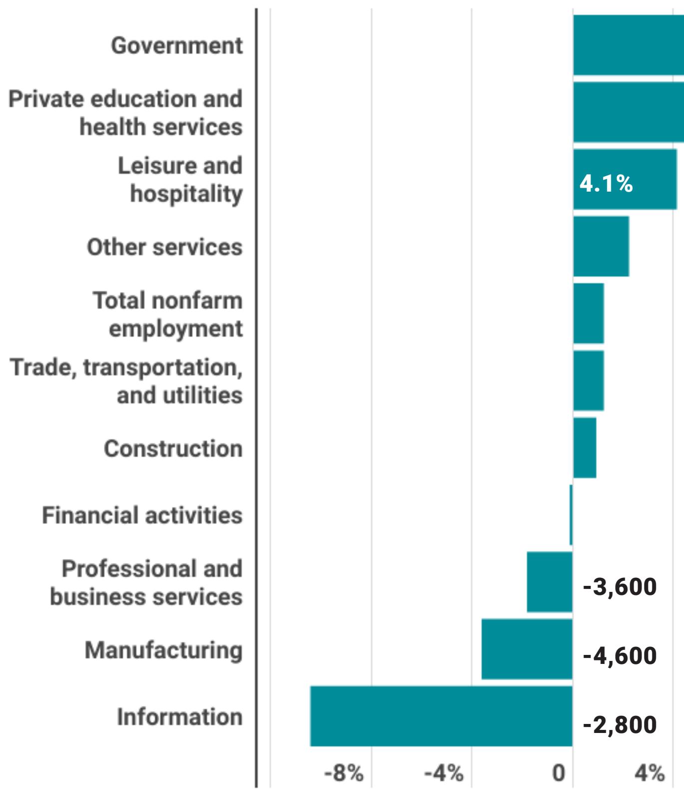
Figure 2: Annual employment growth



Source: 2013 to 2023 Bureau of Labor Statistics (BLS)

Figure 4: Portland metro employment change by industry



Source: Dec. 2022 to Dec. 2023 Oregon Employment Department

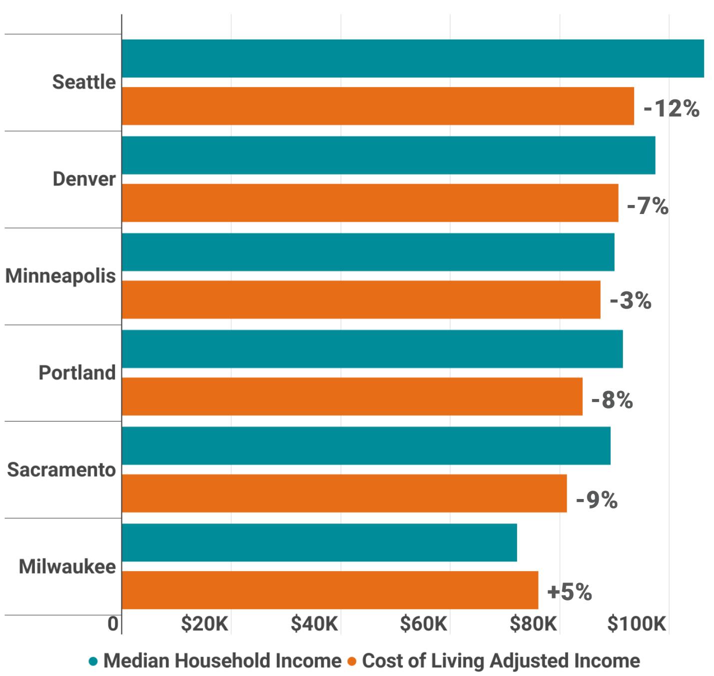
Portland's new peer regions

The State of the Economy compared Portland with a group of peer regions from 2017 through 2023 (Austin, Nashville, Indianapolis, Salt Lake City, and Seattle). Given dynamic economic conditions and an interest in reevaluating peer regions, we reconsidered our peer group. After creating a cluster of regions with similar populations, per capita income, cost burdening, gross domestic product, among other variables, we landed on a new group of peers. This list is special because it includes a sampling of peer regions from 2013 – 2016 reports, including Sacramento, Denver, and Minneapolis. This report and its subsequent analysis has come full circle. The new peer regions include cities facing similar growth patterns and comparable challenges, allowing our region to compare ourselves more realistically.

Cost of living adjustment puts Portland income in middle of peers

Price-adjusted median household incomes find Portland in the middle of the peer group with Minneapolis. High prices, especially for housing, take 12% off the nominal household income in Seattle. Conversely, low prices in Milwaukee effectively boost incomes–or purchasing power–by 5%. In past reports, Portland was neutral on the cost adjustment, meaning costs here were typical for the nation as a whole. But rising cost of living, chiefly the price of housing, has created an eight percent premium to live here. **See Figure 12.**

Figure 12: Median household income adjusted for cost of living (Regional Price Parity)



Source: 2022 1-year Public Use Microdata Sample (PUMS), Bureau of Economic Analysis (BEA)

Revenue and service provision comparison

The Central City Task Force advanced a moratorium on new local taxes to address the perceived disparity between revenues collected and services provided. Local governments manage revenues and expenditures differently, leading to varying tax burdens. The Lincoln Institute's fiscally standardized city model (FiSC) database enables a comparison of local government finances across U.S. cities.

As of 2020, Portland ranks mid-level in revenues among its peer regions. However, when analyzing the percent change from 2010 to 2020, Seattle is the only city surpassing Portland in revenue collection growth. Between 2010 and 2020, Portland experienced a 26% increase in taxes driven by voter-approved ballot measures and additional adjustments.

Portland spends more per capita than most of its peers, surpassed only by Denver when factoring in the recent expenditures from voter-approved ballot measures. The recent decade shows that any gaps between revenue collection and the subsequent public expenditures in Portland and its peers have closed. This suggests a more comprehensive nuanced analysis is needed to determine where comprehensive reform could better allocate resources to areas of need, while equitably distributing the revenue collection burden. **See Figure 16.**

Figure 16: Per capita revenue and expenditures

	Seattle	Portland*	Denver	Sacramento	Minneapolis	Milwaukee
2010 – 2020 Percent change in per capita revenue	29%	26%*	13%	11%	-3%	-14%
2020 Expenditures per capita	$7,312	$7,477*	$10,121	$7,152	$7,428	$5,437

**Note: Includes FY 2023 - 24 budgets from the Portland Clean Energy Fund, Supportive Housing Services Measure, and Preschool for All Measure per capita adjusted for 2020 estimates.*

Source: Lincoln Institute Fiscally Standardized Cities (FiSC) database, FY 2023 - 24 City of Portland Adopted Budget, FY 2023 - 24 Multnomah County Adopted Budget

Why this MATTERS

Three of the four metro counties, excluding Multnomah County, have exceeded their 2019 job totals. Multnomah County still hovers below 2019 job numbers. From a jobs perspective, the region can declare the pandemic recovery completed and can reset the conversation to post-2023 growth. And the GDP recovery offers even better news and is aided, in part, by the ongoing growth of the region's technology sector.

But, like last year's report, there's plenty to be concerned about. Big declines in Multnomah County's population, which contribute to a region-wide loss, suggest too many households and businesses see better value propositions elsewhere. And the slowdown in apartment construction, together with the region's sagging reputation among real estate professionals, suggests housing production will fail to meet the state's ambitious goals during the next several years. If that's true, affordability challenges will persist.

The revenue and expenditure analysis suggests that the region's major city—Portland—has resources that are comparable to peer cities. That said, recent tax increases in Portland have focused on specialized services that are not available to address some of the community's top concerns, including basic services like public safety and the 911 emergency response system. It's time to take a comprehensive review of the tax-service system across all levels of government.

This year's report still finds the region in unfamiliar territory. Once a migration magnet, the Portland area appears to have hit an affordability wall. Regional leaders must maintain a competitive mindset and engineer a tax, service, and livability package that is more appealing than it has been in recent years.

View the full report with interactive charts at: **PortlandMetroChamber.com**