

Oregon and Willamette Valley

Current Economy and Outlook

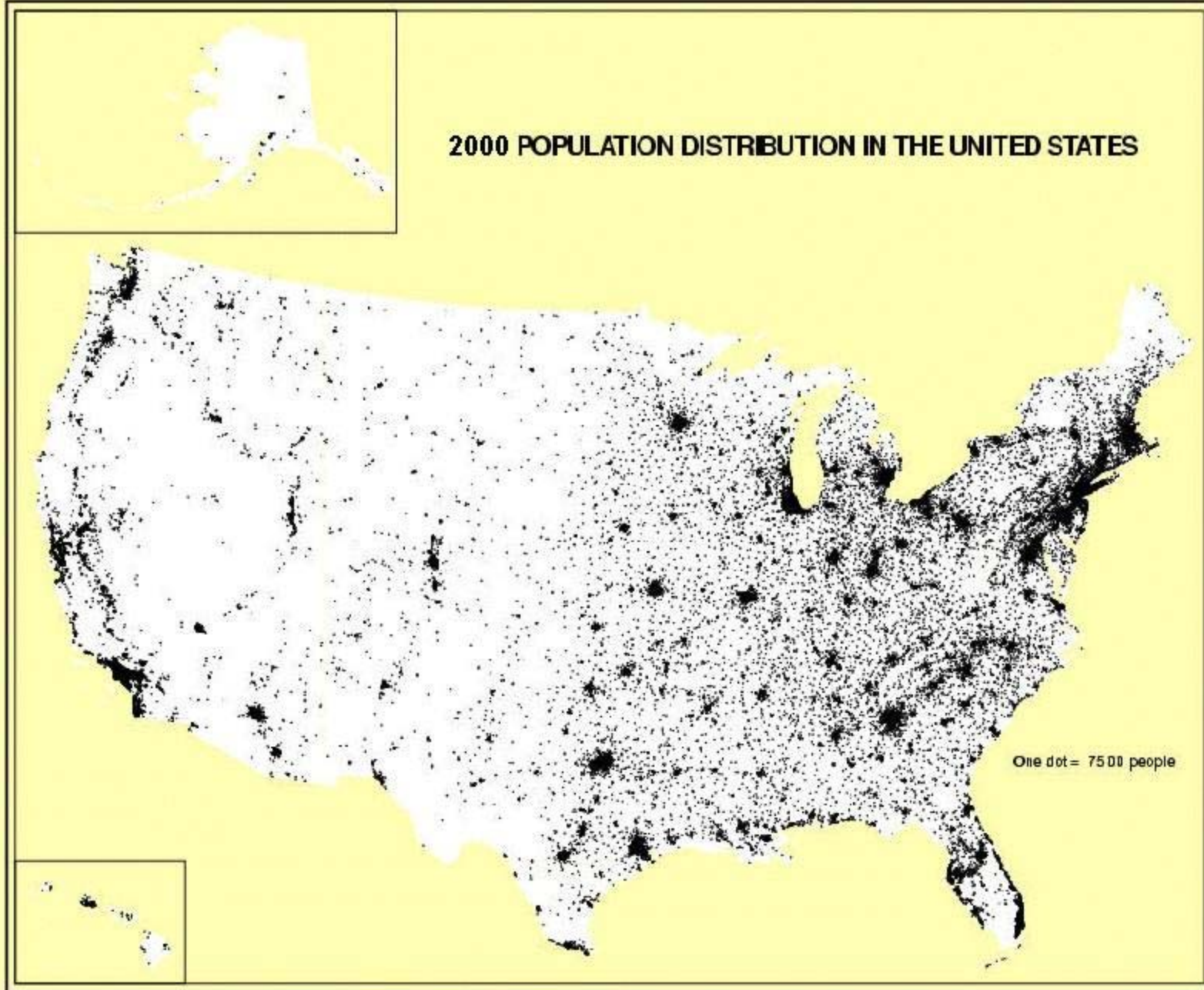
**Art Ayre, State Employment Economist
Oregon Employment Department
June 11, 2008**

Support Business & Promote Employment

www.WorkSourceOregon.org



2000 POPULATION DISTRIBUTION IN THE UNITED STATES



Prepared by Geography Division U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau

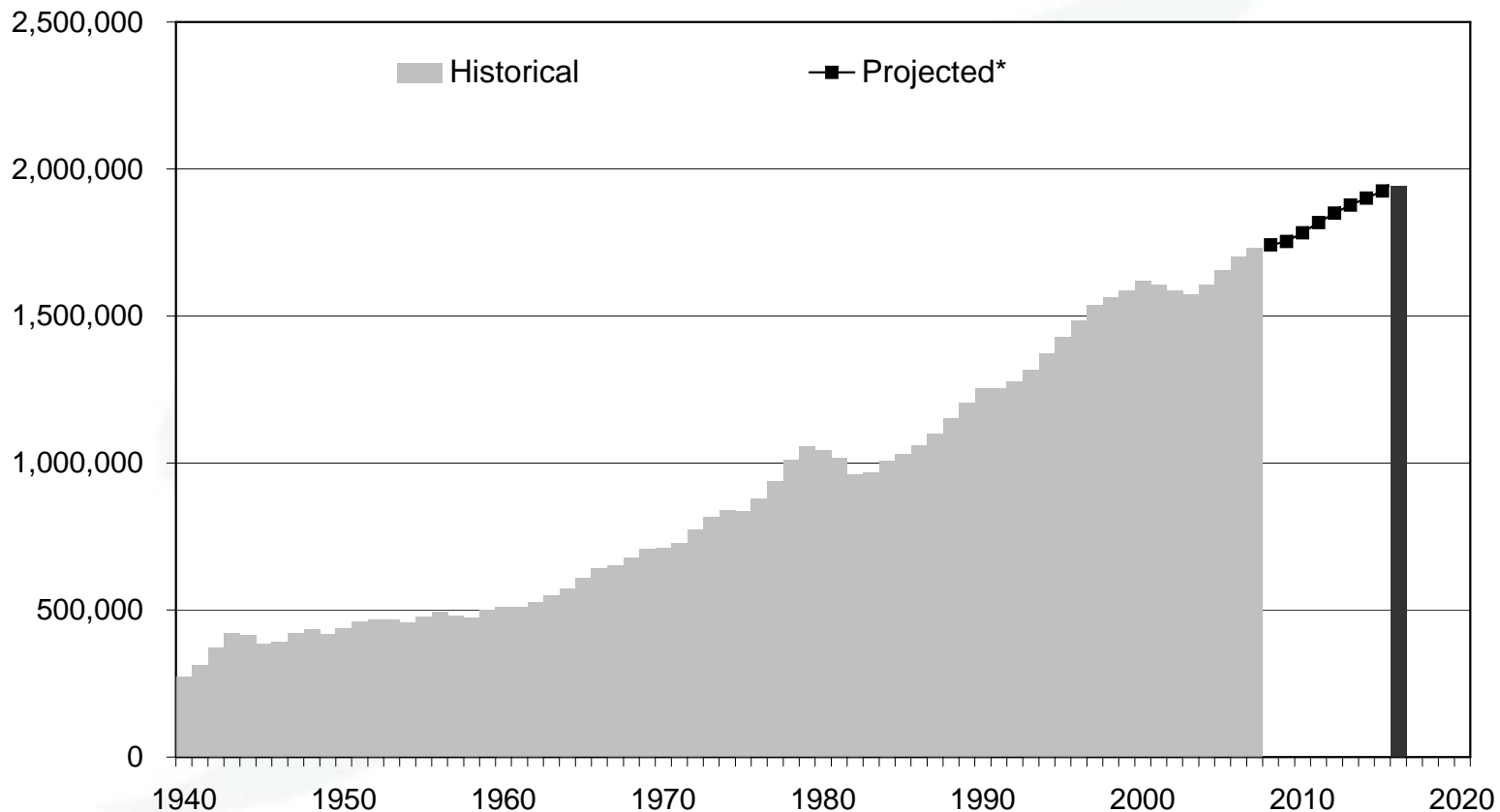
Slower growth and tight labor markets

- Recent past: recession, recovery, slowing job growth
- Unemployment rate rising slowly
- June forecast: slight loss in 2nd & 3rd quarters (-2,600 jobs; -0.15%), then slow increase
- Long-term projections:
 - About 1.3% per year growth from 2006-2016
 - Expect lots of retirements, job openings



A long history of job growth

Oregon's Nonfarm Payroll Jobs



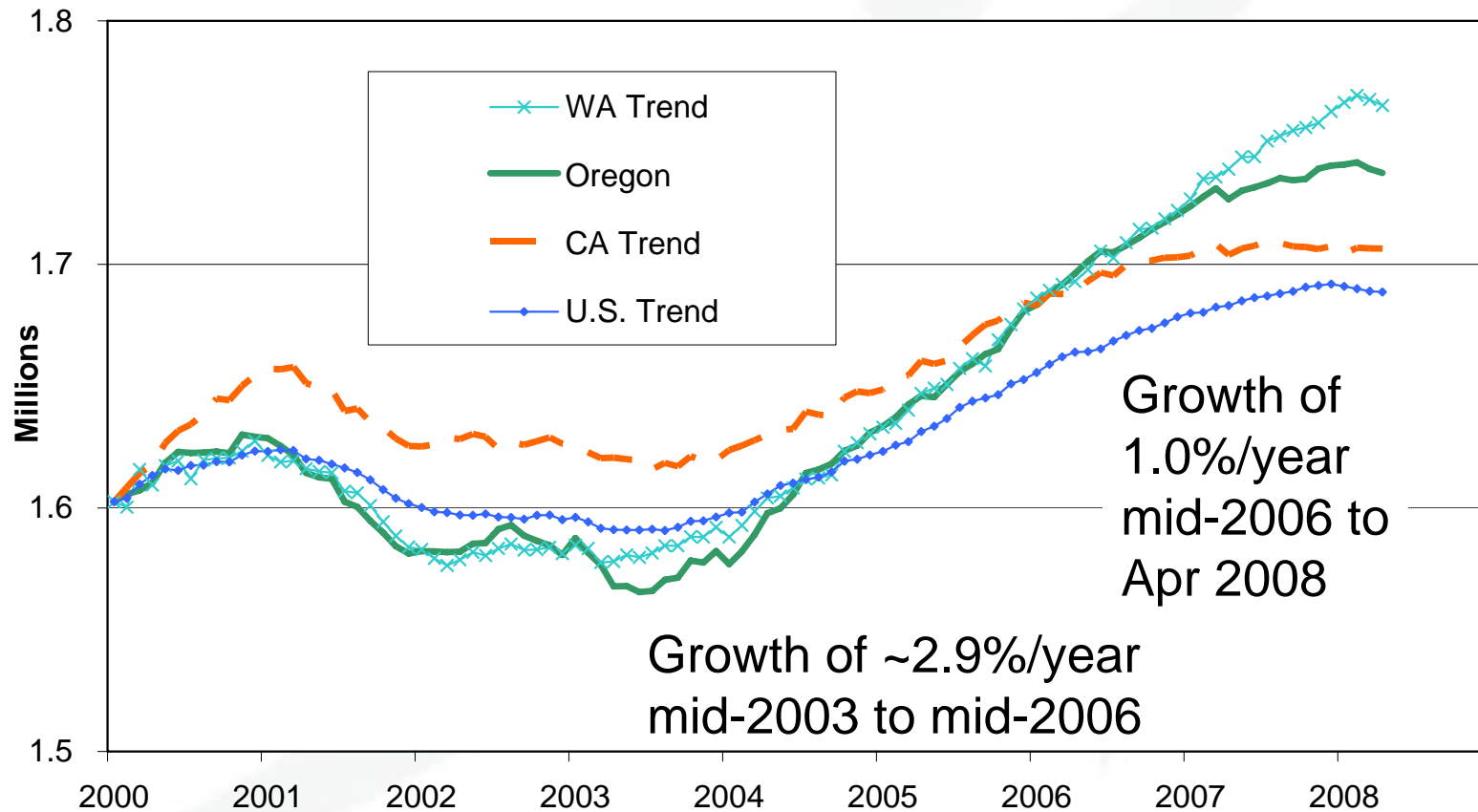
* 2007-2015 annual projections from the Office of Economic Analysis, Oregon Department of Administrative Services, June 2008 Oregon Economic and Revenue Forecast.



Recent past: slowing job growth

Oregon Employment Trends*

U.S., CA, & WA Trends Indexed to OR Jan. 2000 Level

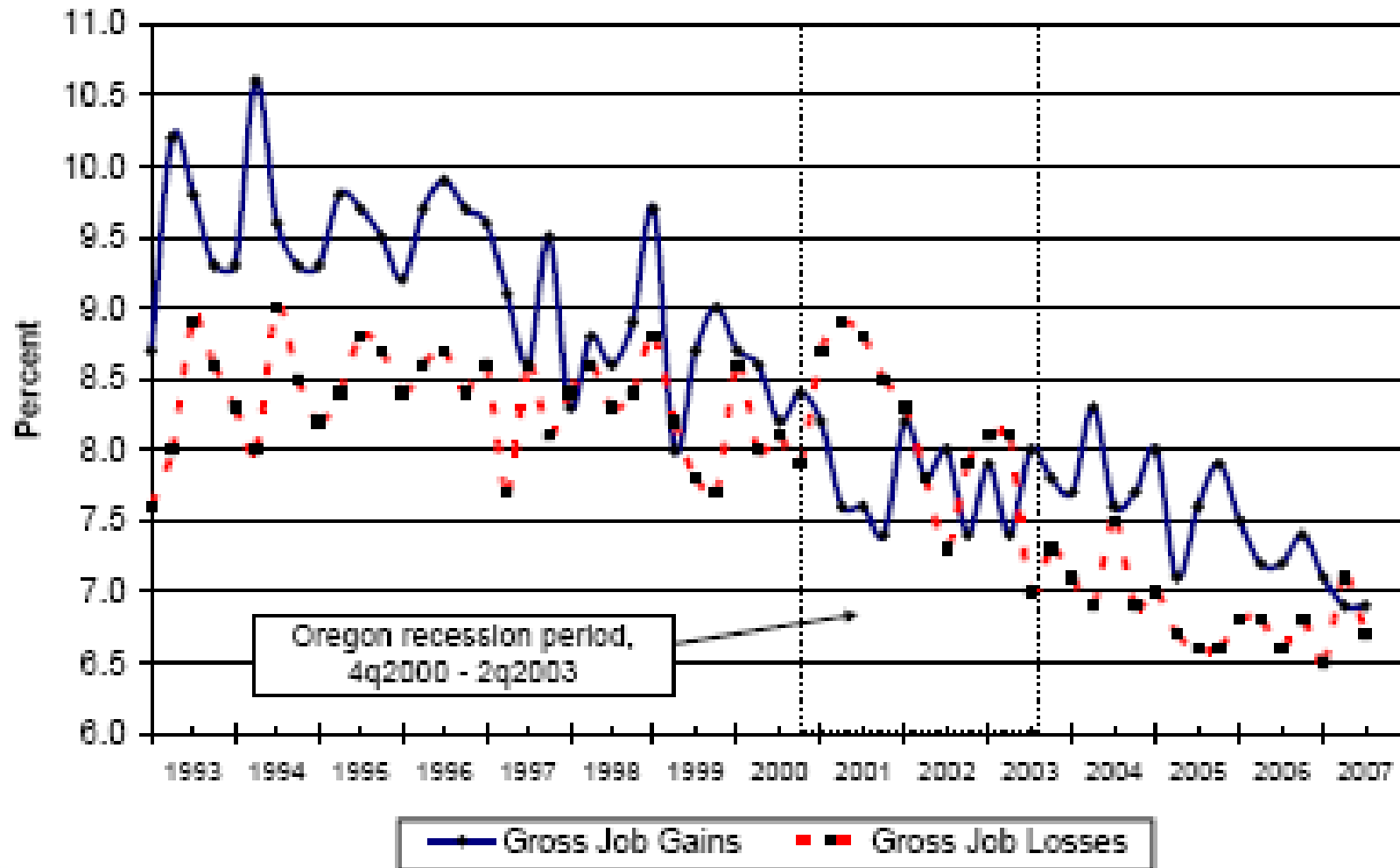


* Seasonally adjusted.



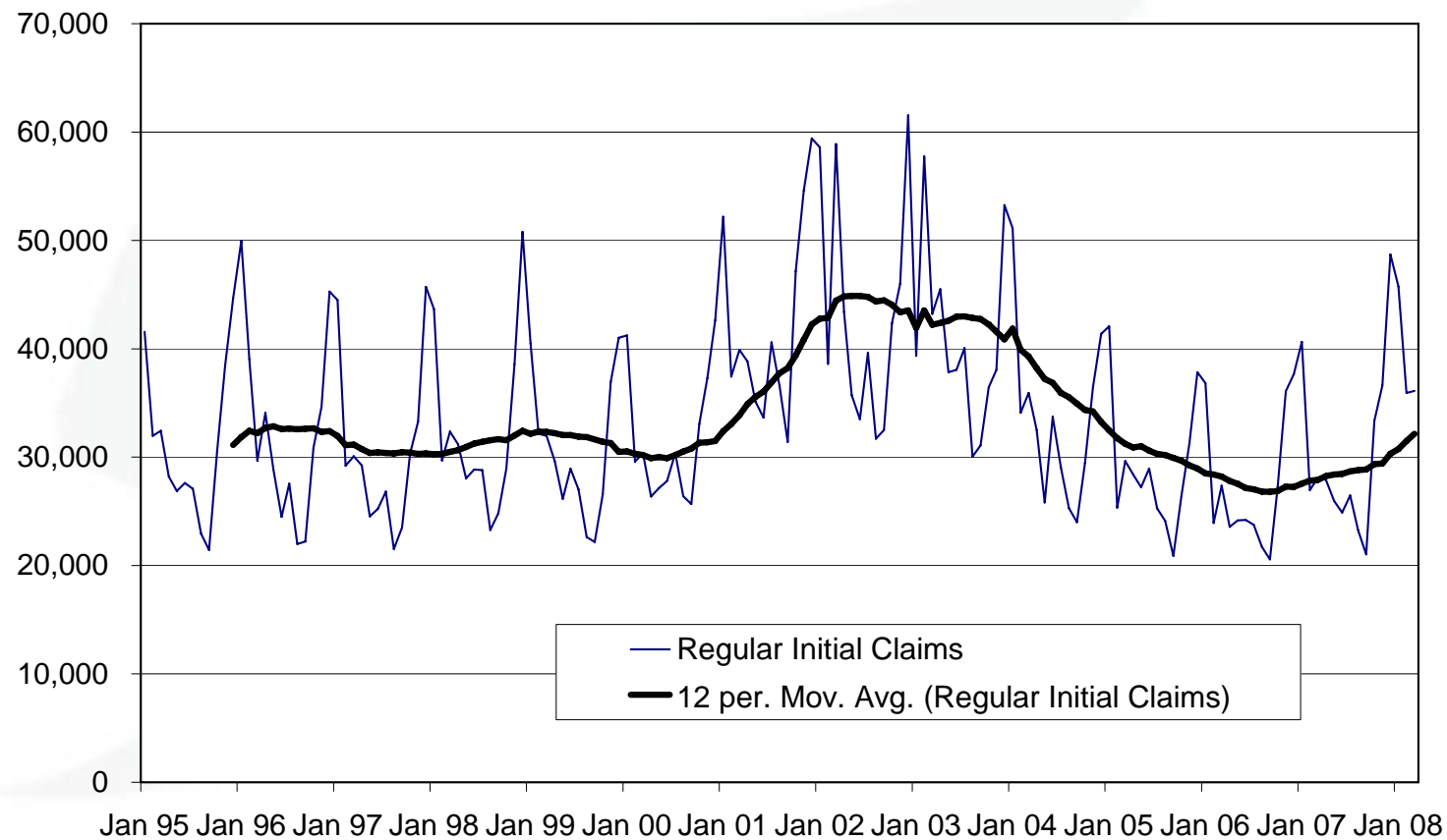
Private Sector Gross Job Gains and Losses as a Percent of Employment, Seasonally Adjusted

Oregon Statewide, March 1993 - September 2007



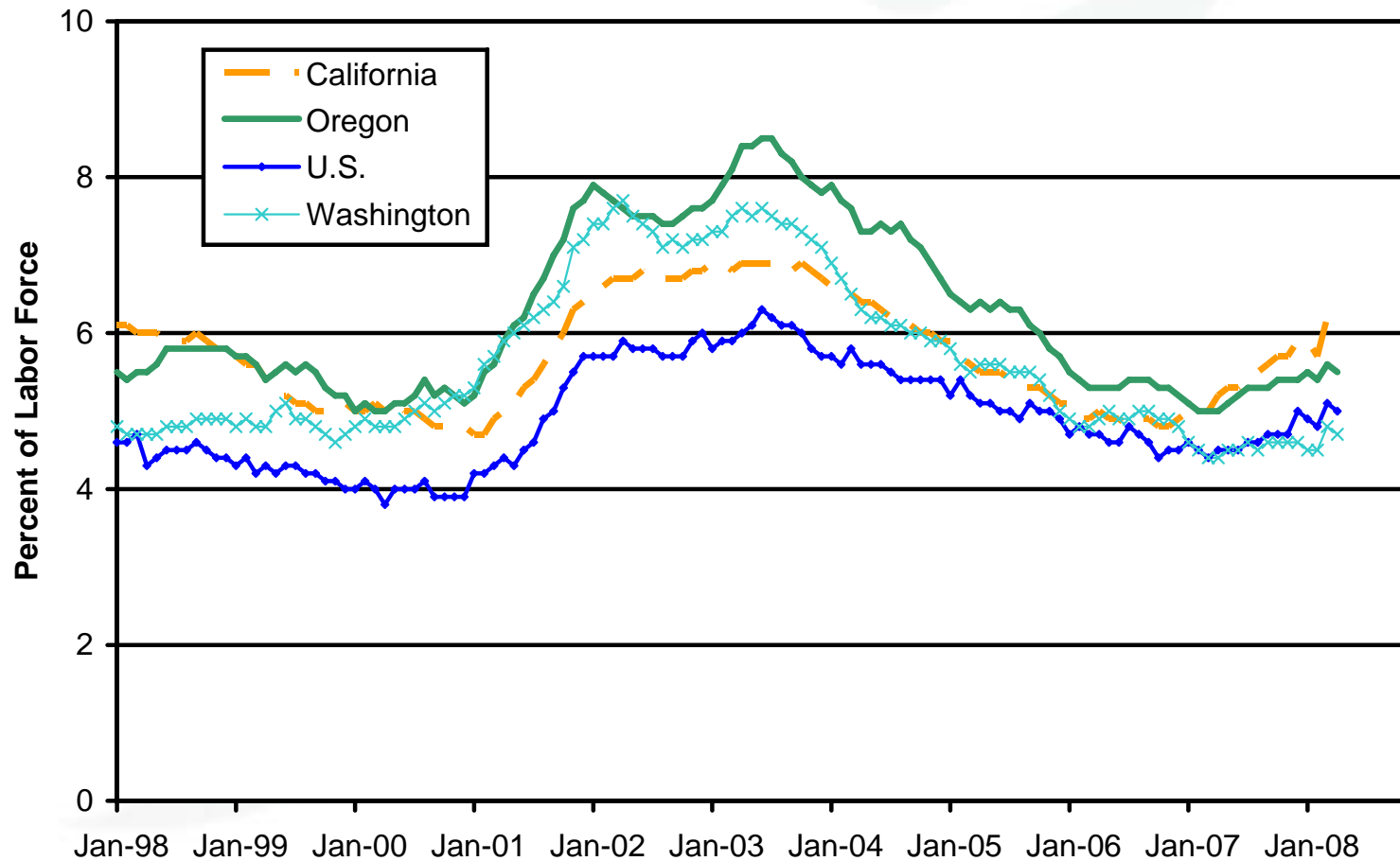
Initial claims are higher than year-ago, but workforce is larger, too

Oregon Regular Initial Claims - Monthly



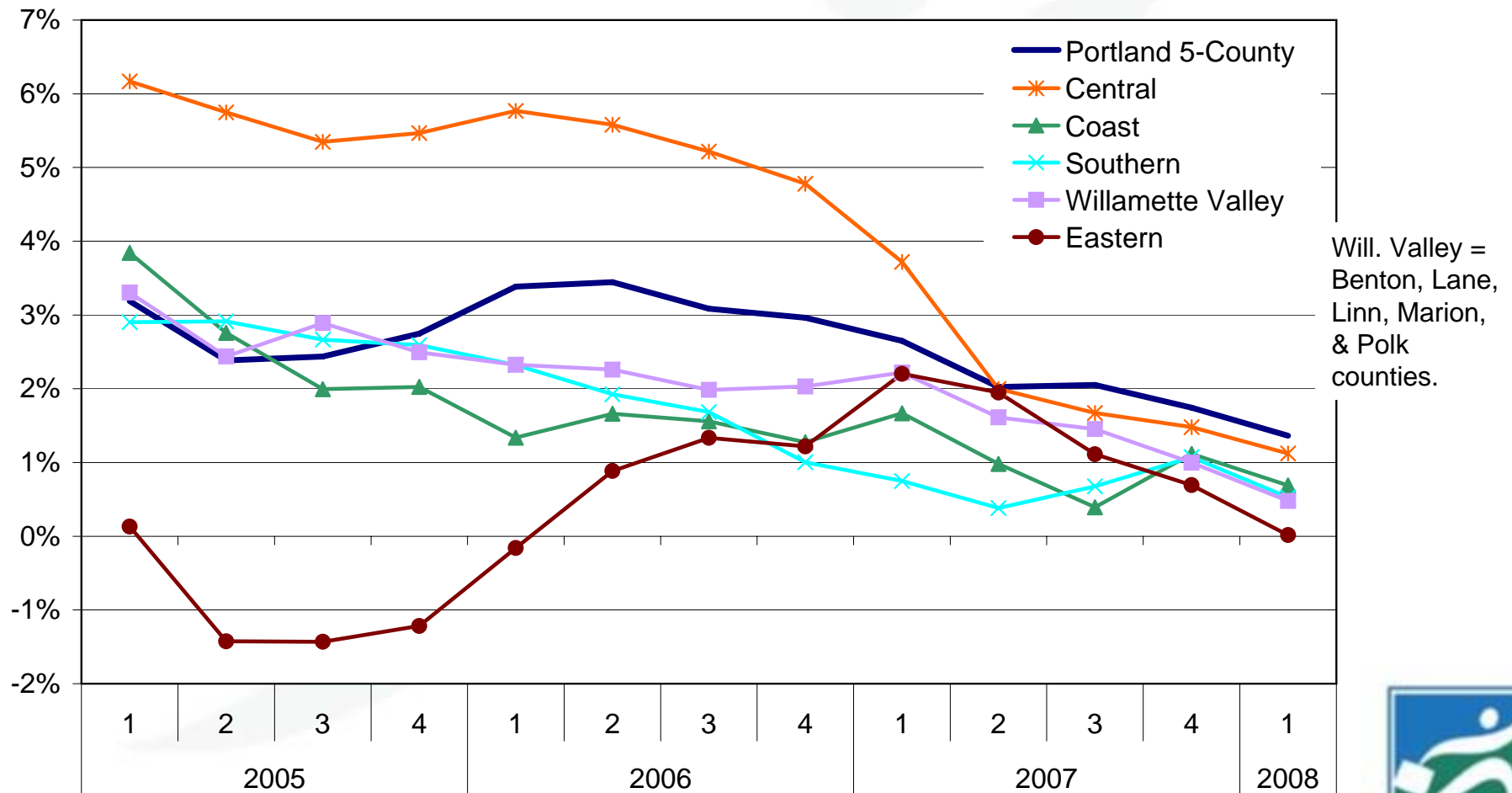
Unemployment rates have been rising

Seasonally Adjusted Unemployment Rates (%)



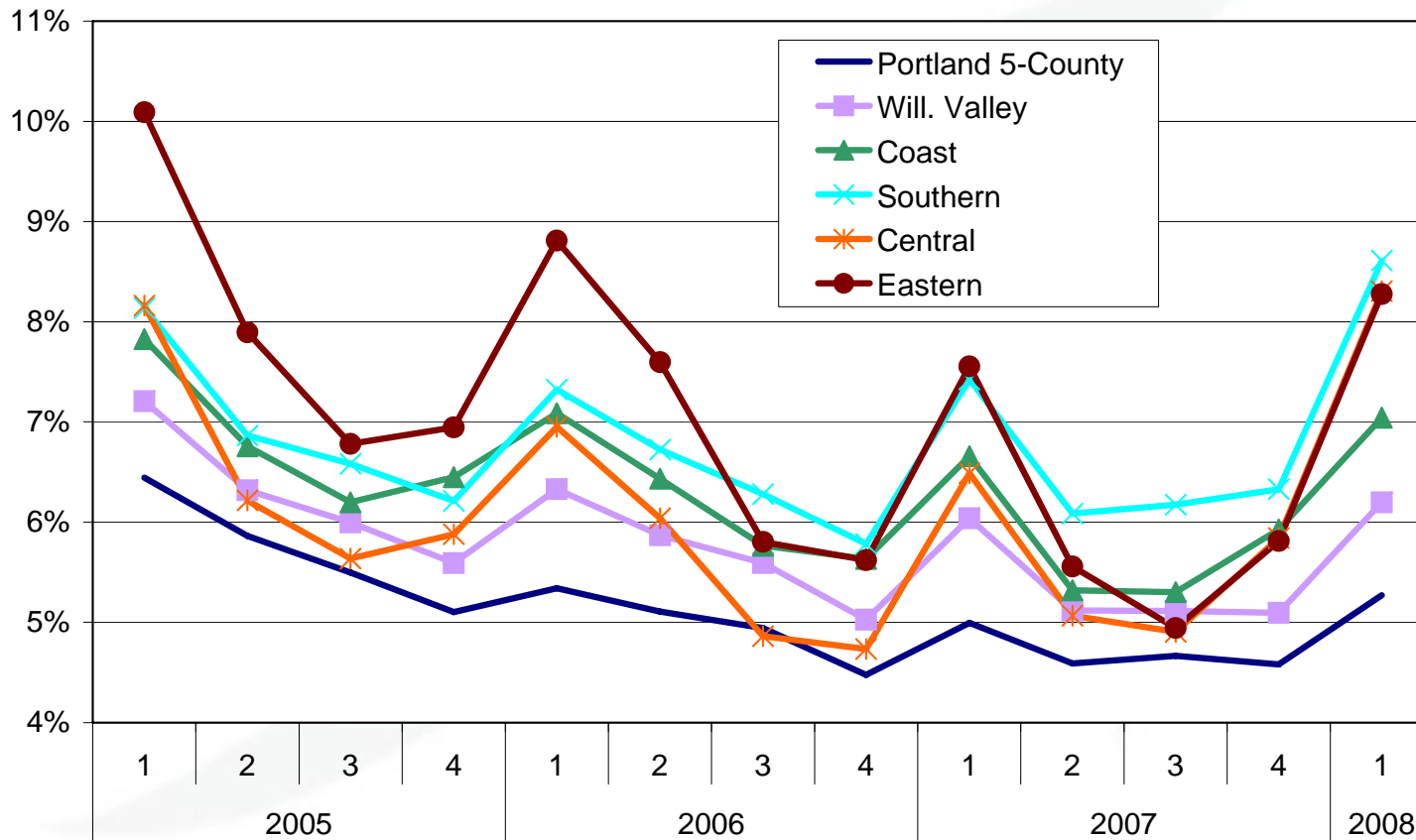
Slowing growth rates in all regions

Job growth from one year earlier



Regional unemployment rates up from 2007

Unemployment Rates by Region

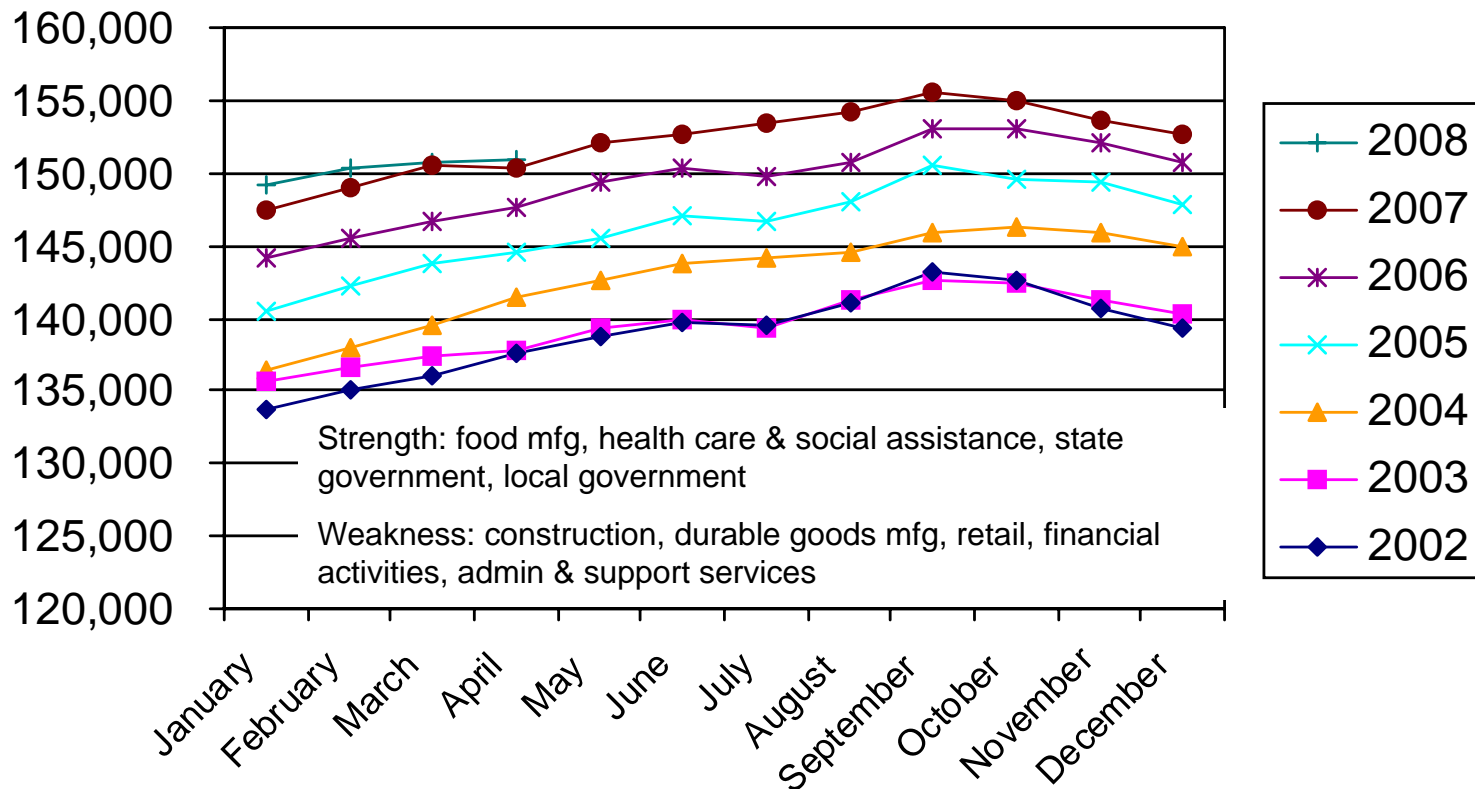


Will. Valley =
Benton, Lane,
Linn, Marion,
& Polk
counties.



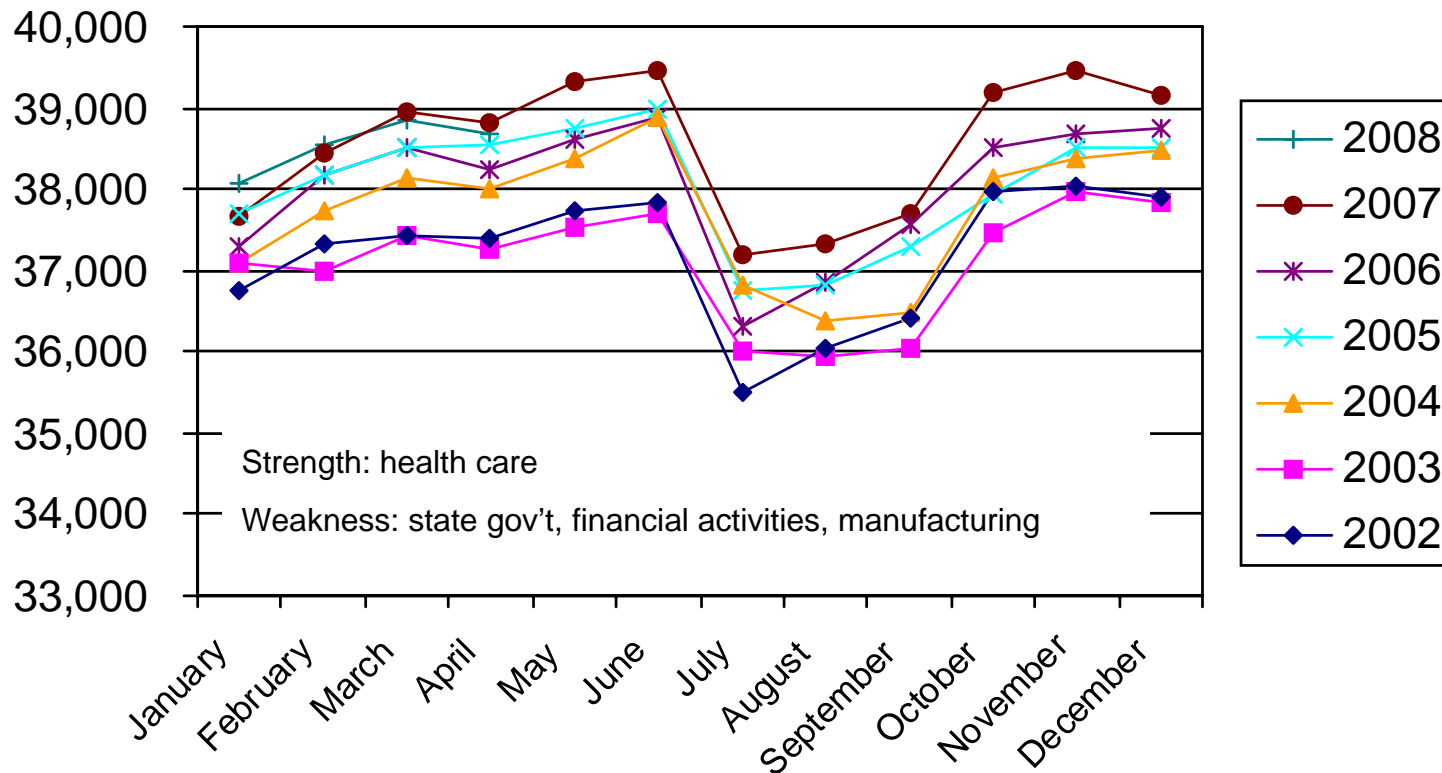
Marion & Polk Counties – over-the-year job growth = 0.5 percent

Total Nonfarm Payroll Employment



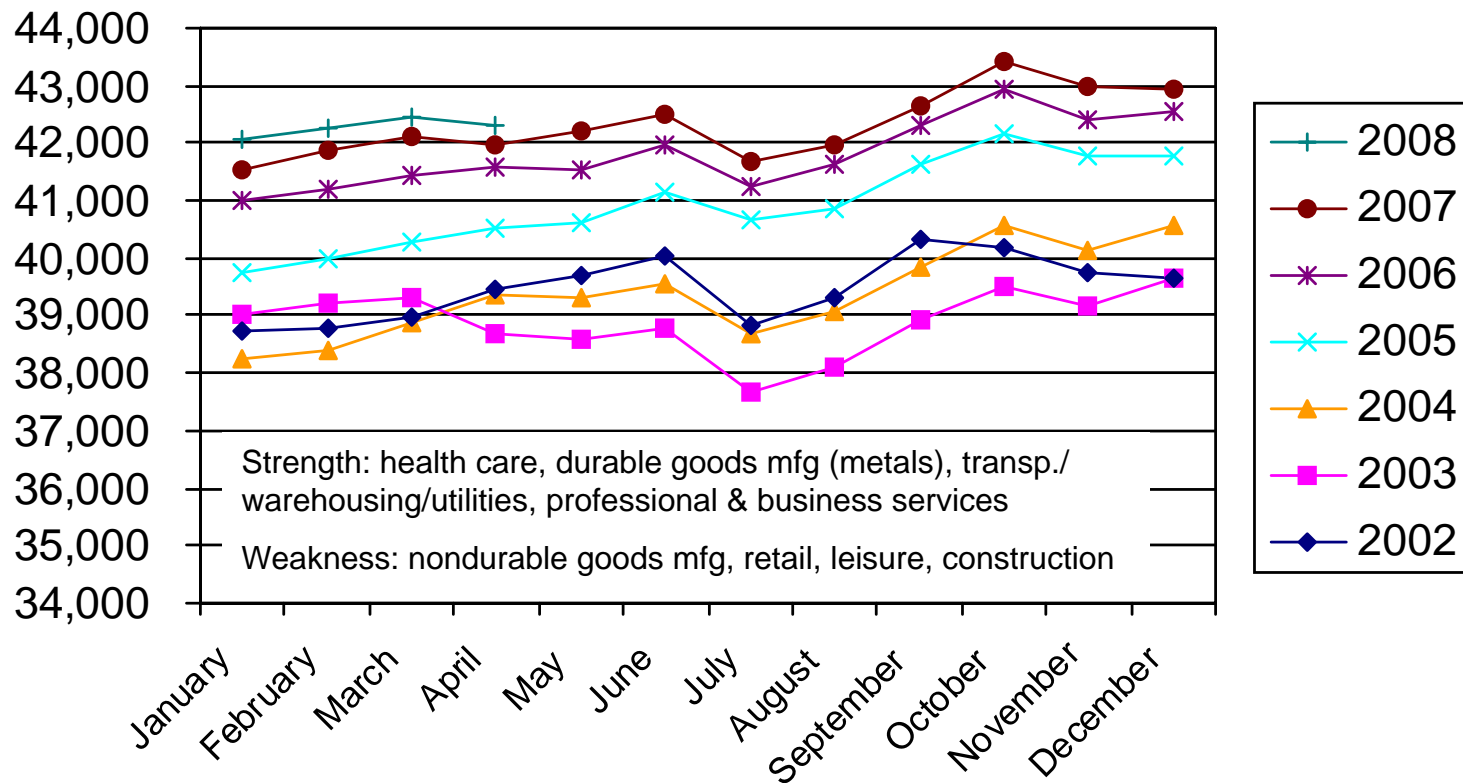
Benton County – March & April were slightly below year-ago

Total Nonfarm Payroll Employment

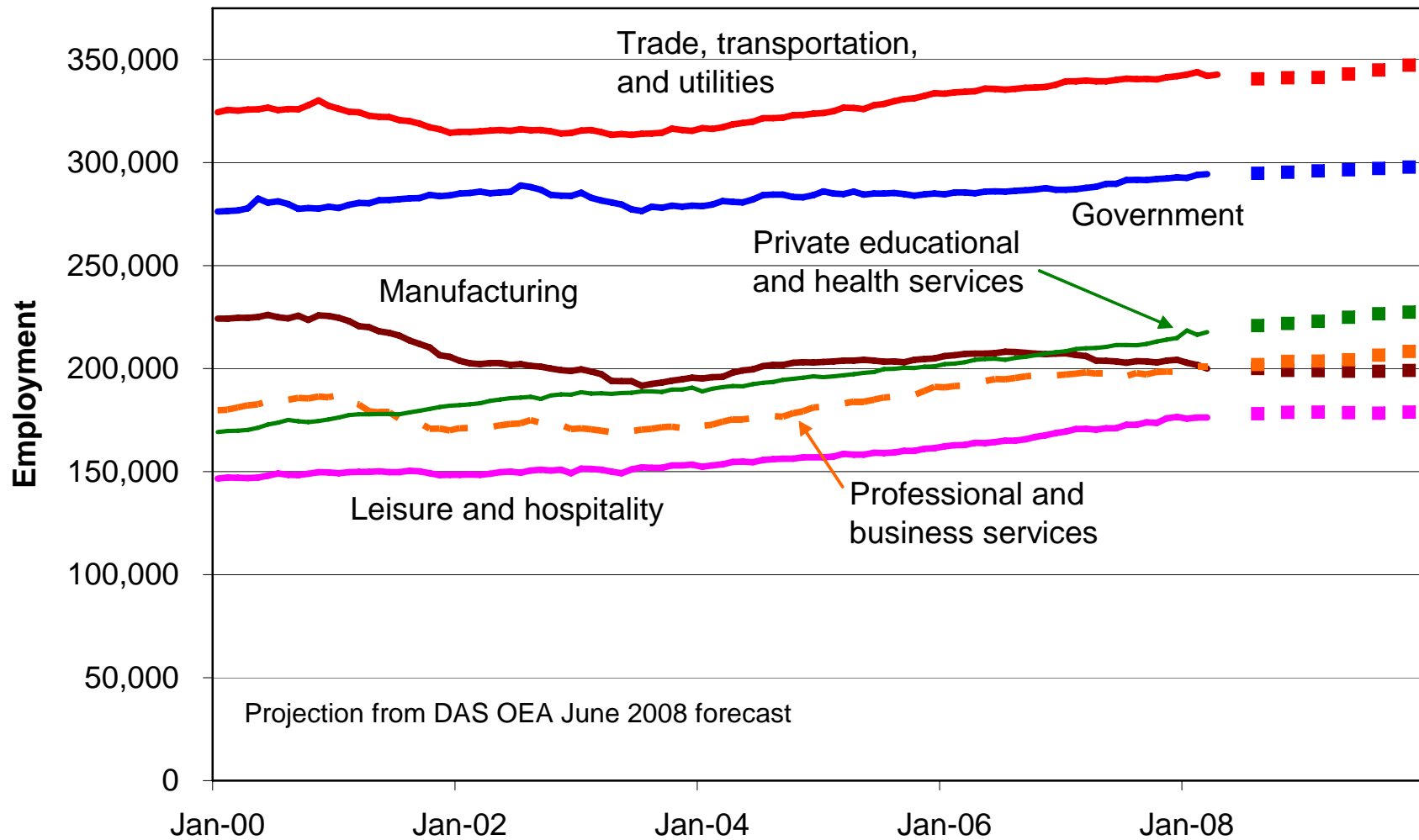


Linn County – up 0.8 percent from one year ago

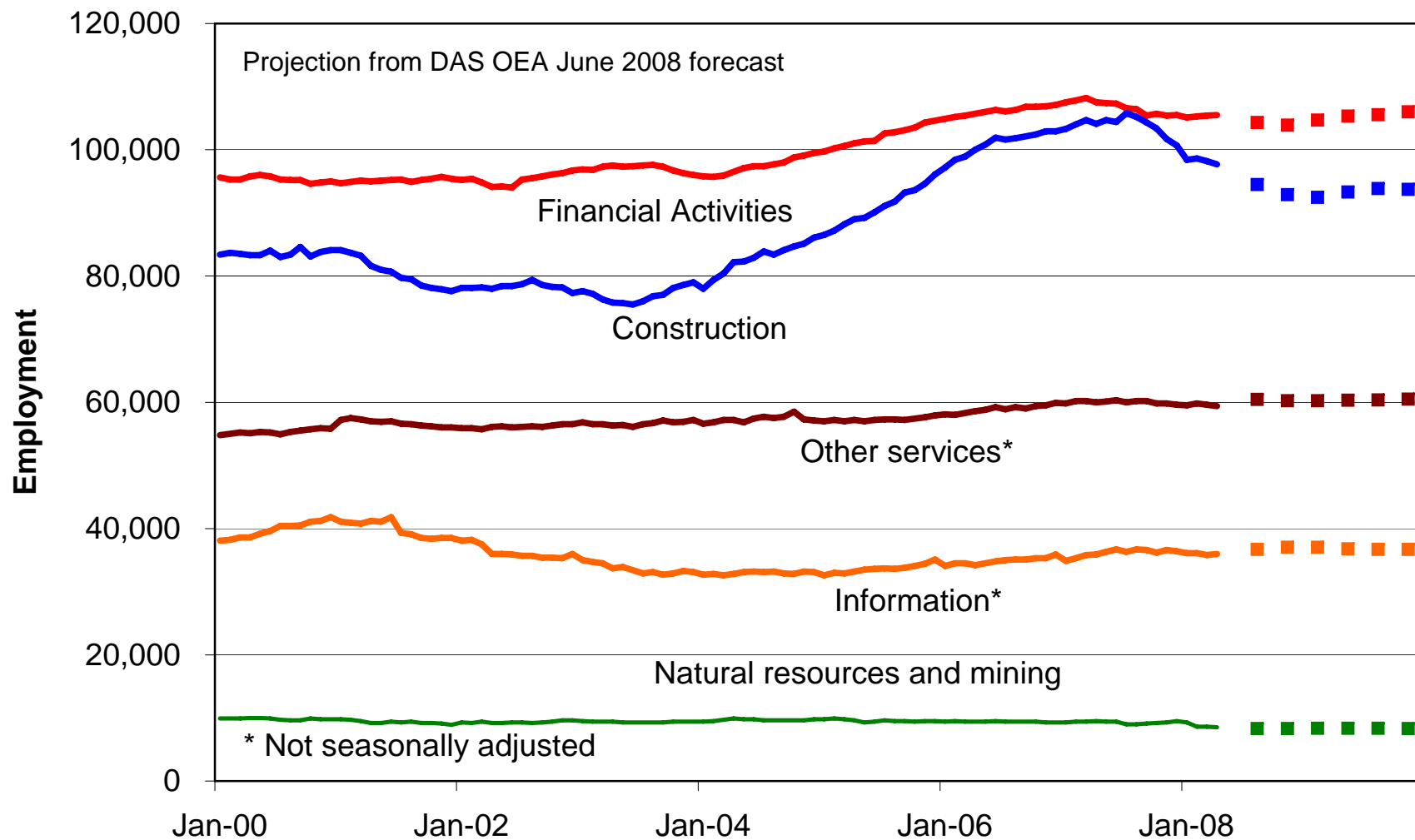
Total Nonfarm Payroll Employment



Nonfarm Payroll Employment, Selected Industries Oregon, Seasonally Adjusted

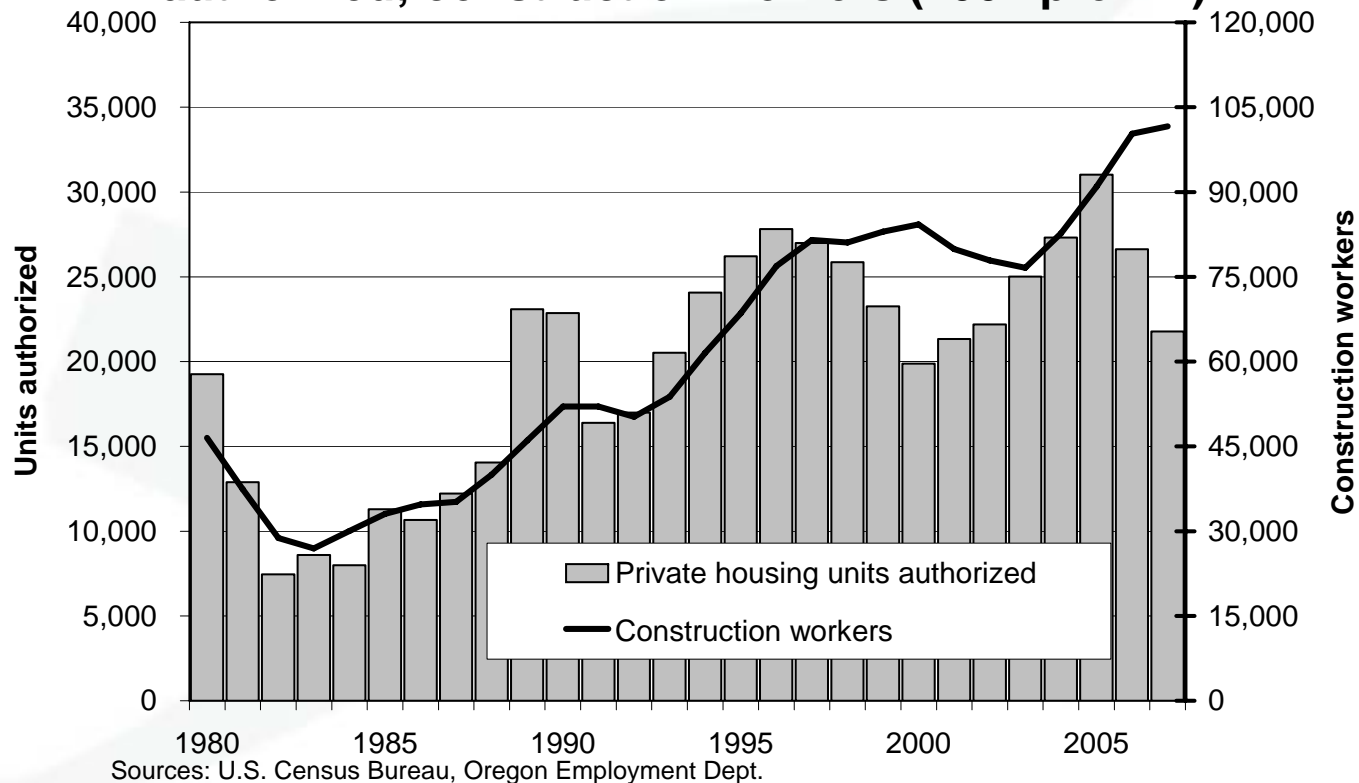


Nonfarm Payroll Employment, Selected Industries Oregon, Seasonally Adjusted



New housing units declining while construction jobs are still high

Oregon: New privately owned housing units authorized; construction workers (2007 prelim.)



Residential building permits down by half

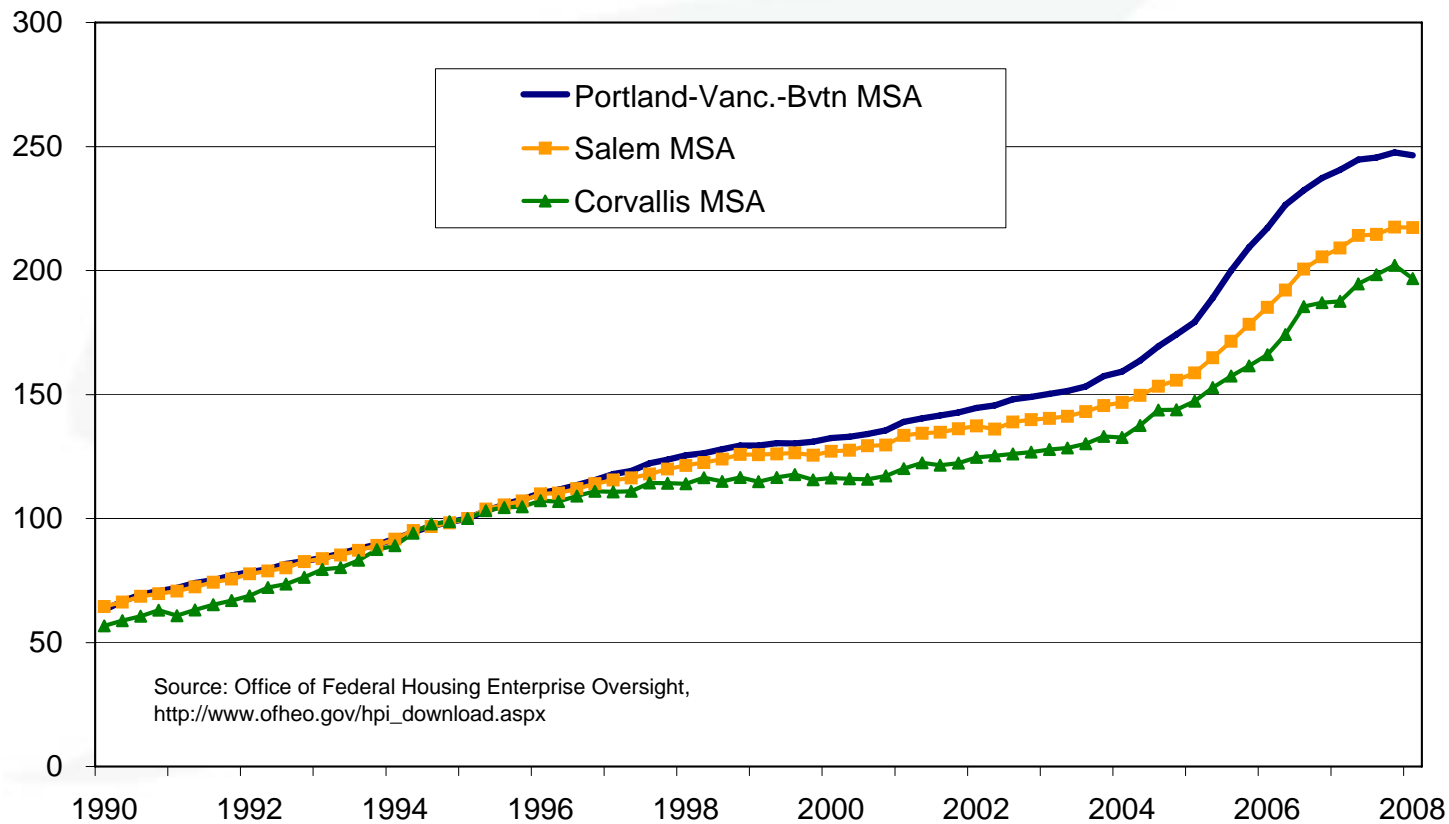
New Privately-Owned Residential Building Unit Permits January through April

	2005	2006	2007	2008
Units (single- & multi-family)				
Oregon	10,428	9,400	8,576	4,357
Corvallis	152	72	43	9
Albany	230	168	154	64
Salem	203	360	241	189
Marion County unincorporated	65	41	42	36
Construction cost				
Oregon	\$1,752,669,000	\$1,727,542,000	\$1,502,885,000	\$798,253,000
Corvallis	\$19,083,252	\$16,508,085	\$8,843,773	\$2,903,473
Albany	\$27,975,594	\$24,789,119	\$27,514,010	\$11,376,341
Salem	\$30,525,600	\$43,083,567	\$31,910,331	\$31,754,942
Marion County unincorporated	\$15,141,953	\$11,037,733	\$14,286,826	\$12,492,400

Source: U.S. Census Bureau
<http://censtats.census.gov/cgi-bin/bldgprmt/bldgssel.pl>

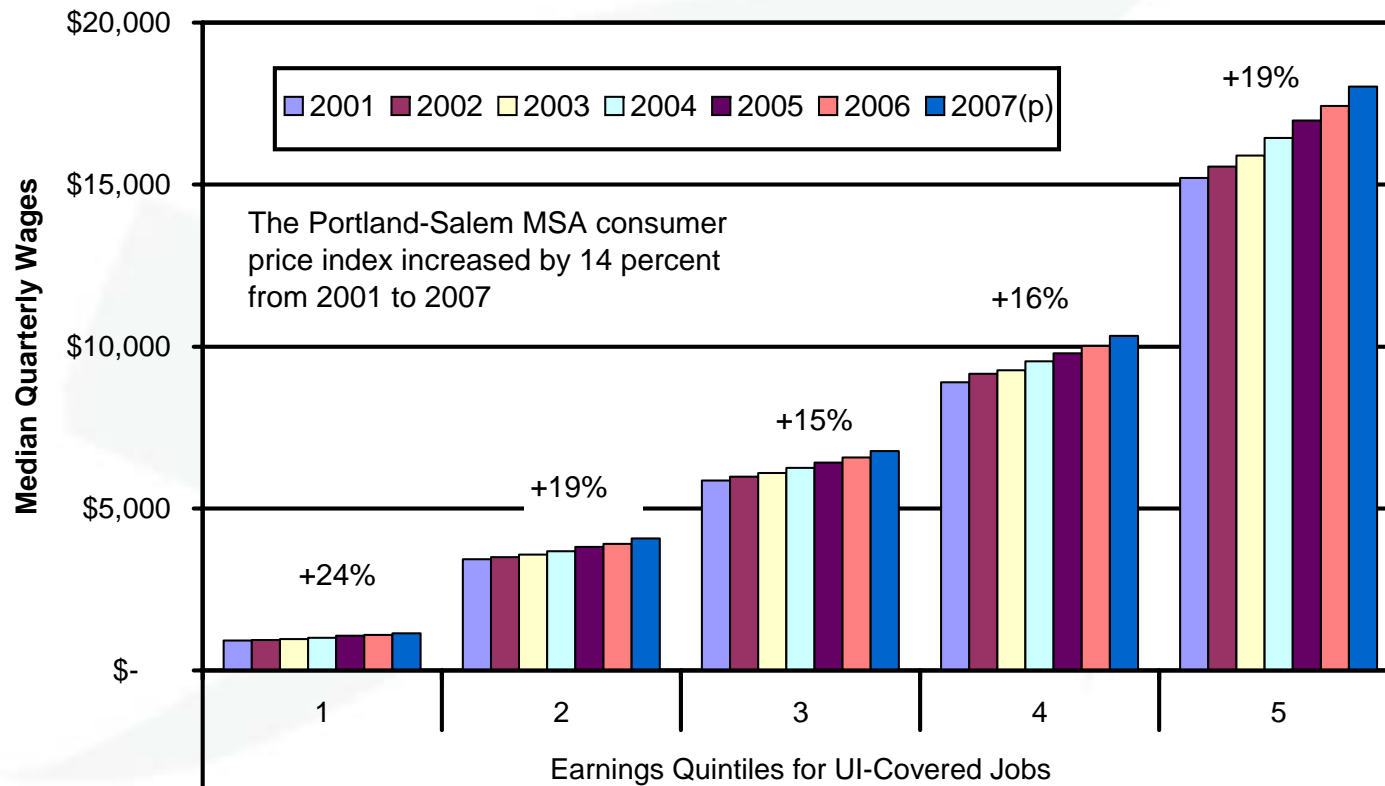


House prices have peaked single-family houses with conforming, conventional mortgages OFHEO Home Price Indexes 1q1995=100



Median wages topped inflation from 2001 to 2007 (projected)

Oregon Median Quarterly Wages per Job by Quintile, plus 2001-2007 Percentage Changes

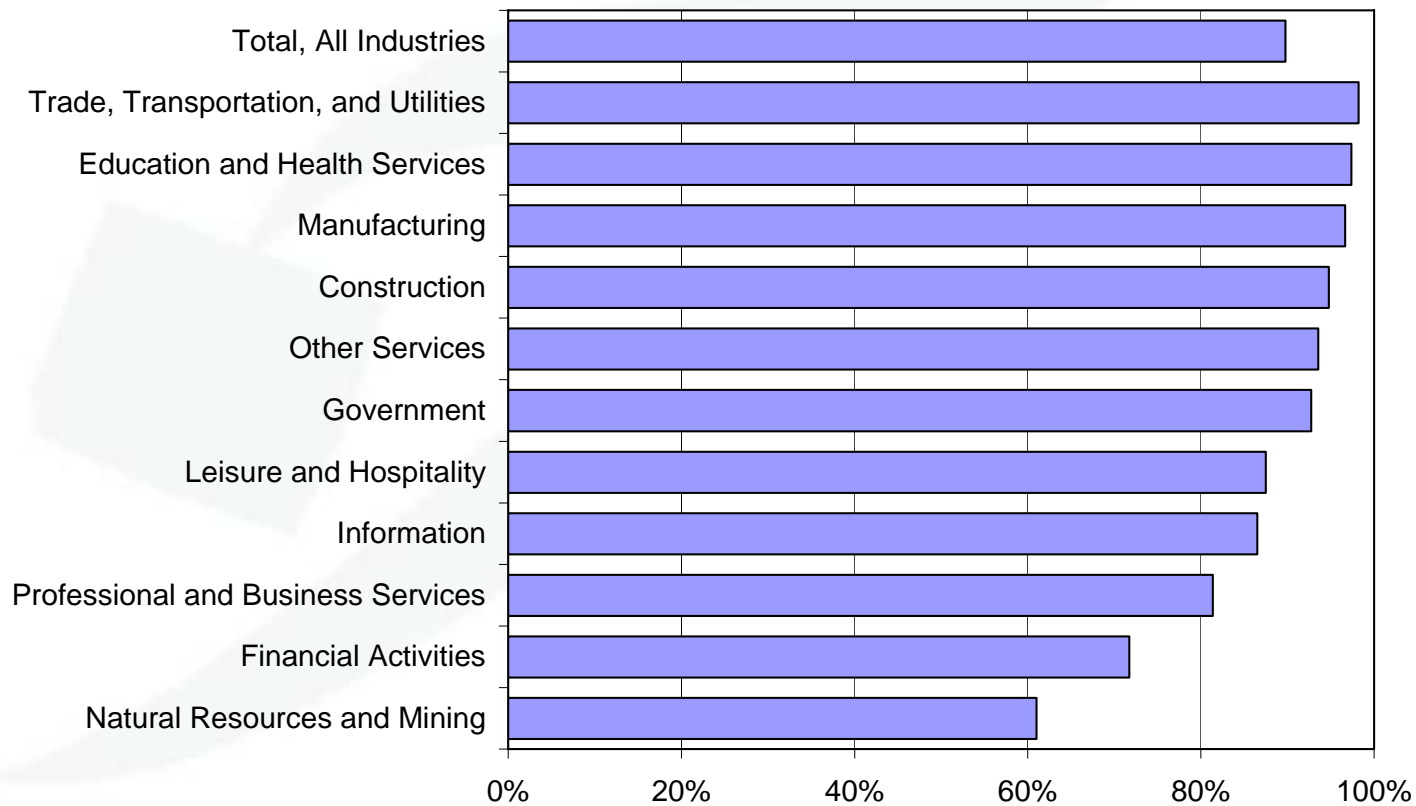


Note: 2007 levels are projected based on first two quarters.

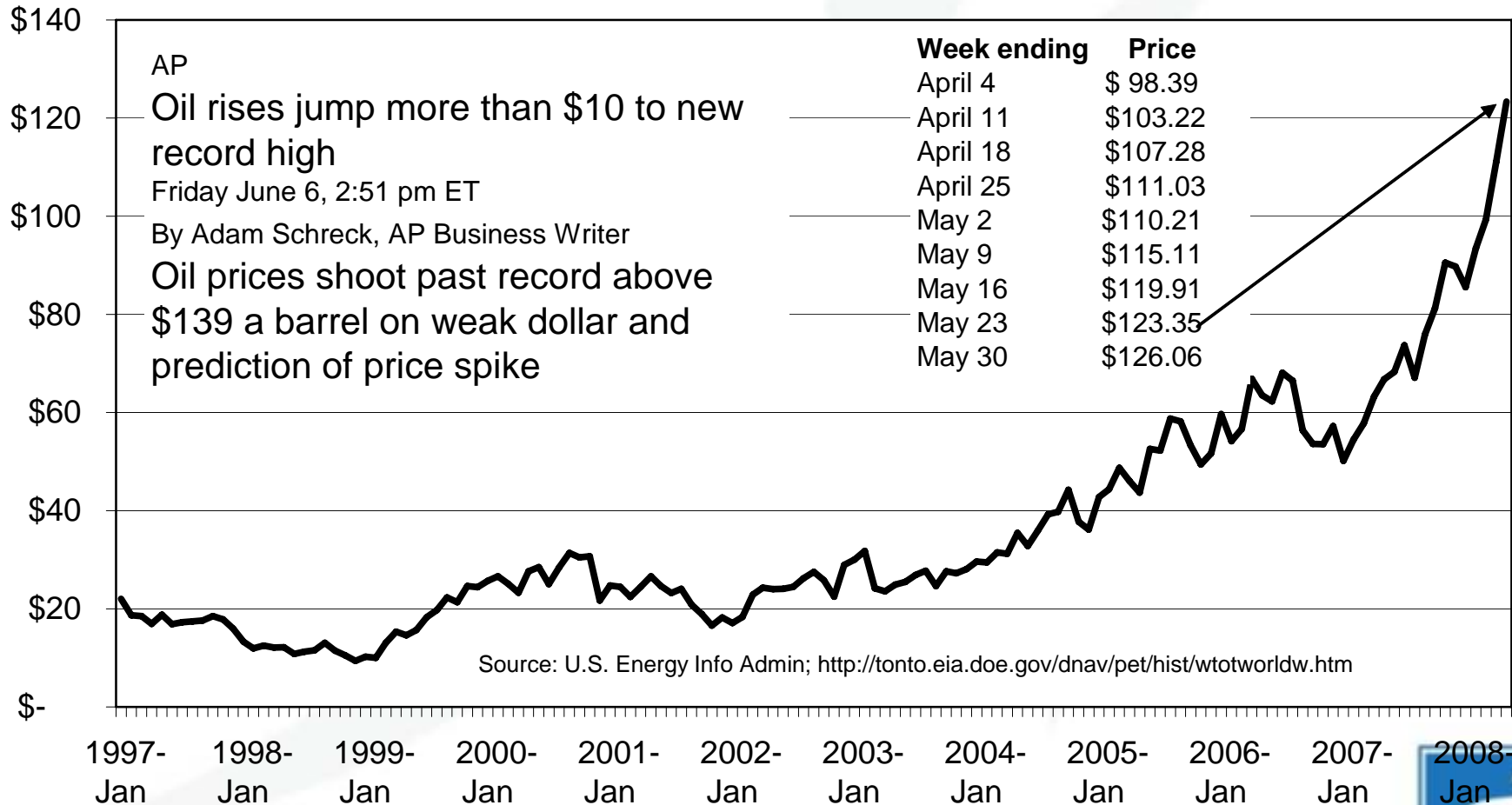


Oregonians earn less than the national average

Oregon Average Covered Pay per Worker as Share of U.S. Average, 2006



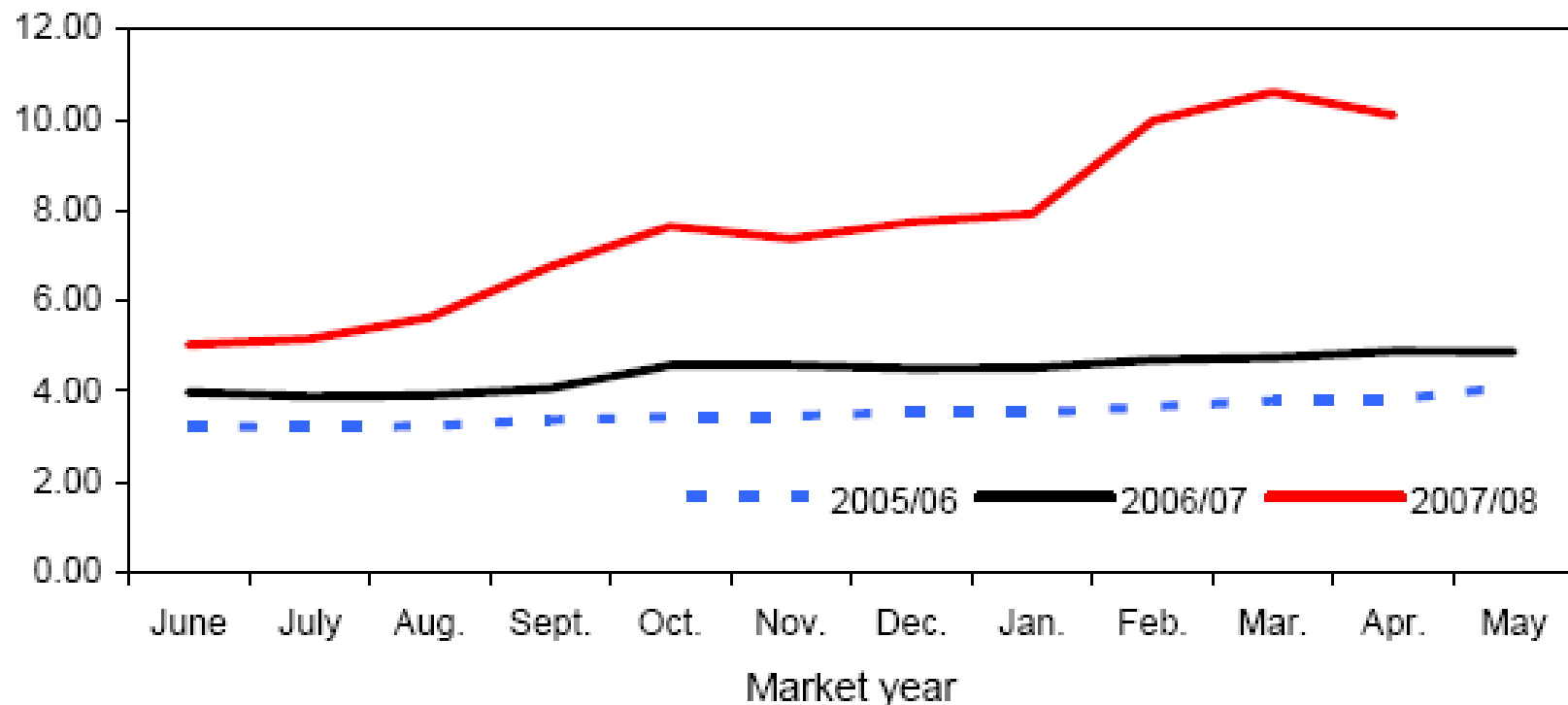
World Oil Price, U.S. Dollars per Barrel



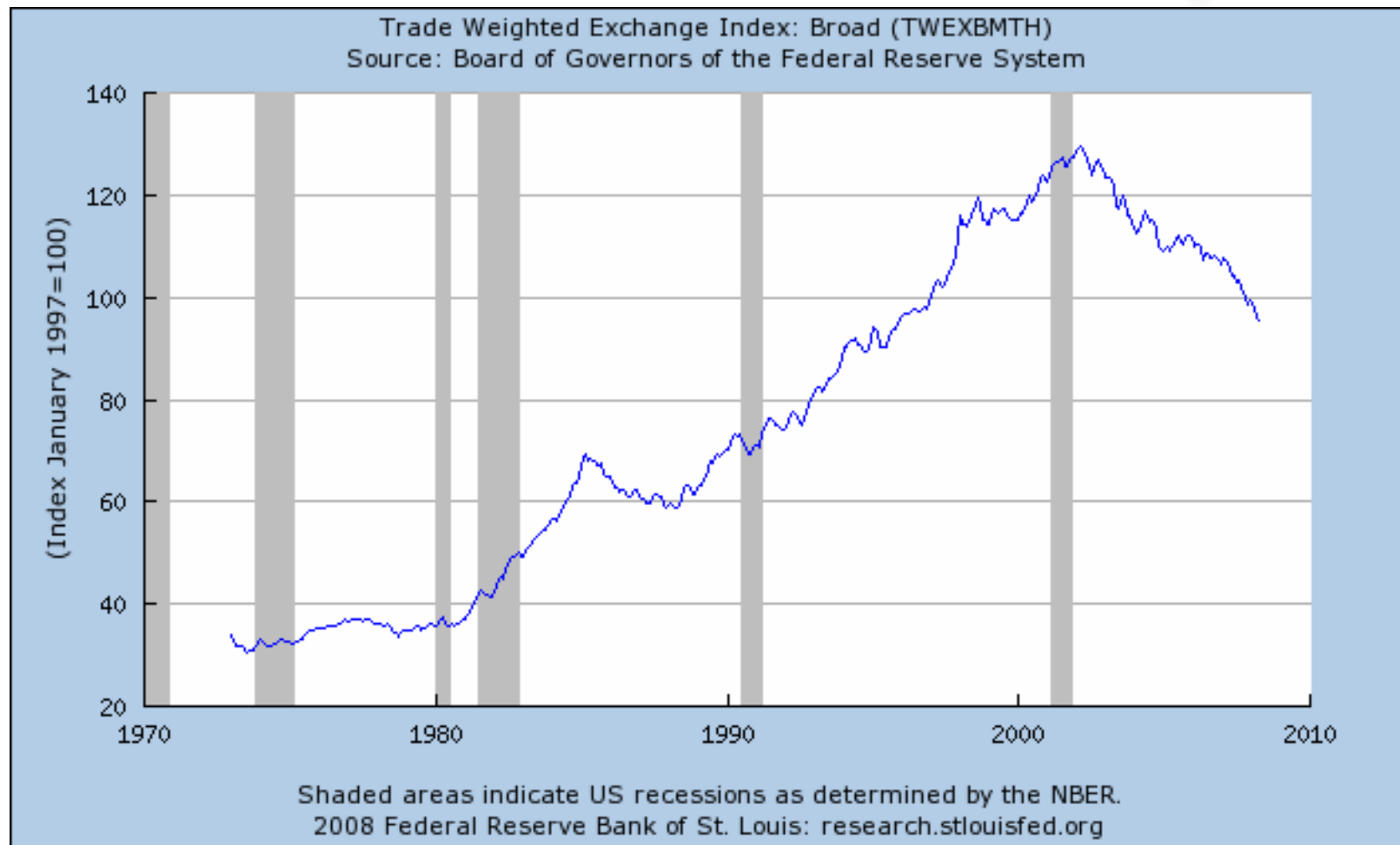
Food prices are up

Figure 1
All wheat average prices received by farmers

Dollars per bushel



Source: USDA, National Agricultural Statistics Service, *Agricultural Prices*.

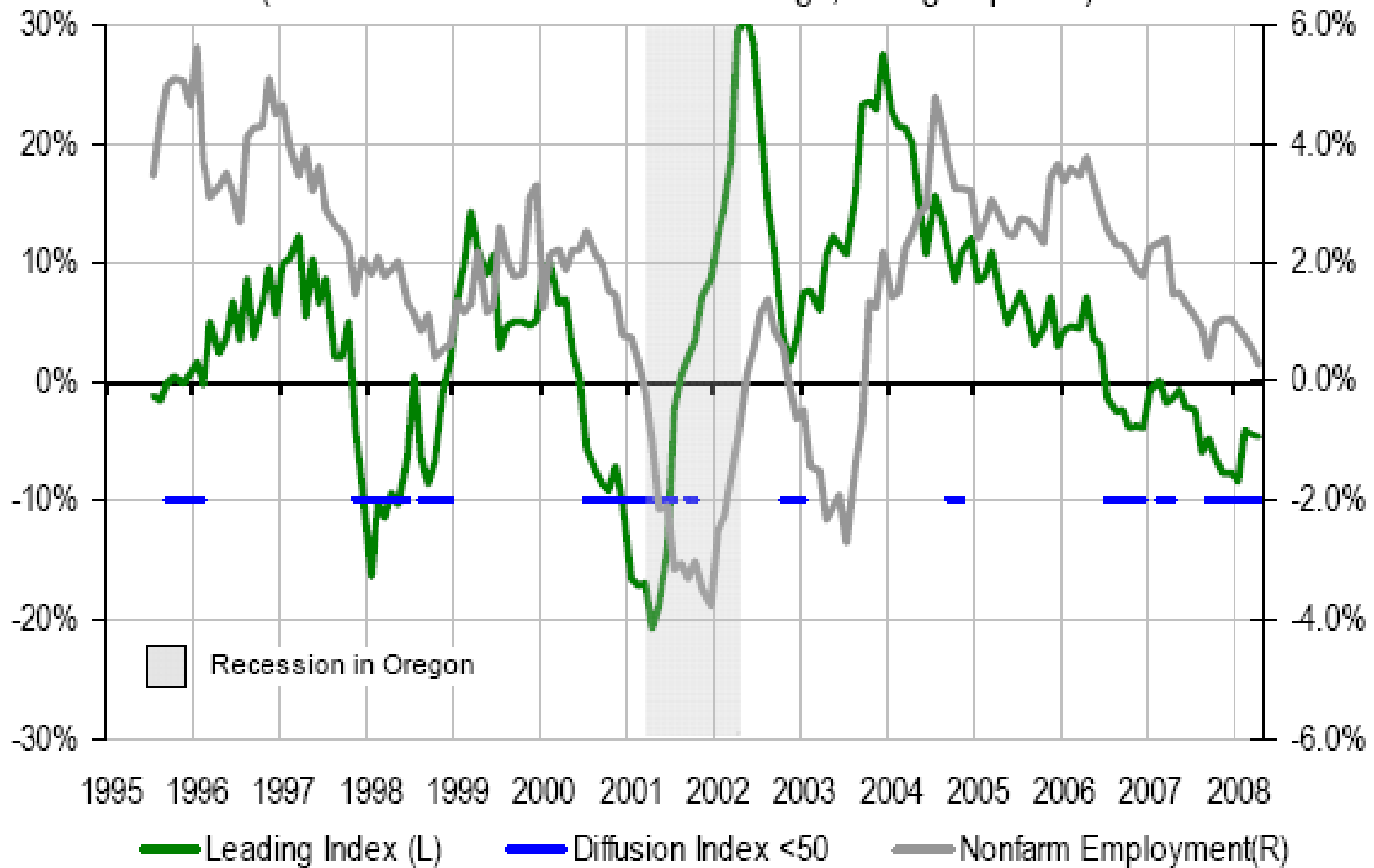


Forecast: Slight job loss in mid-2008, then slow return to moderate growth

- Forecast shows job loss in 2q & 3q2008
- Annual gains of 0.6% in 2008, 0.7% in 2009
- Pessimistic: -0.3%/yr in 2008 and in 2009
- Risks abound:
 - Instability in financial markets
 - Further worsening of housing markets
 - Weakening of U.S., world economies



Oregon Index of Leading Indicators (Six Month Annualized Percent Change, through April '08)

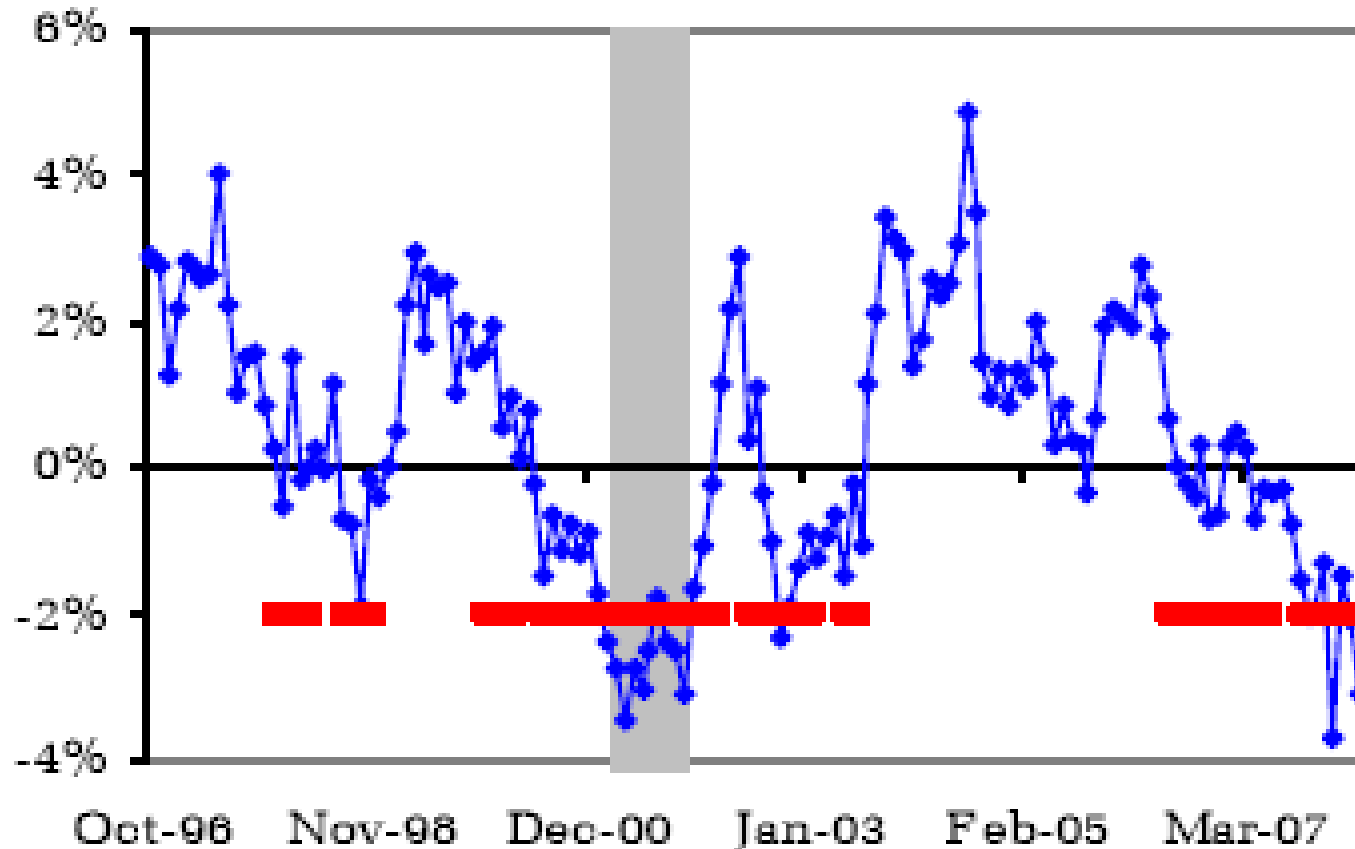


UO - Index of Economic Indicators, % Change

Blue: 6-Month Percentage Change, Annualized

Red: 6-Month Diffusion Index Declines More Than 50%

NBER Recession in Gray

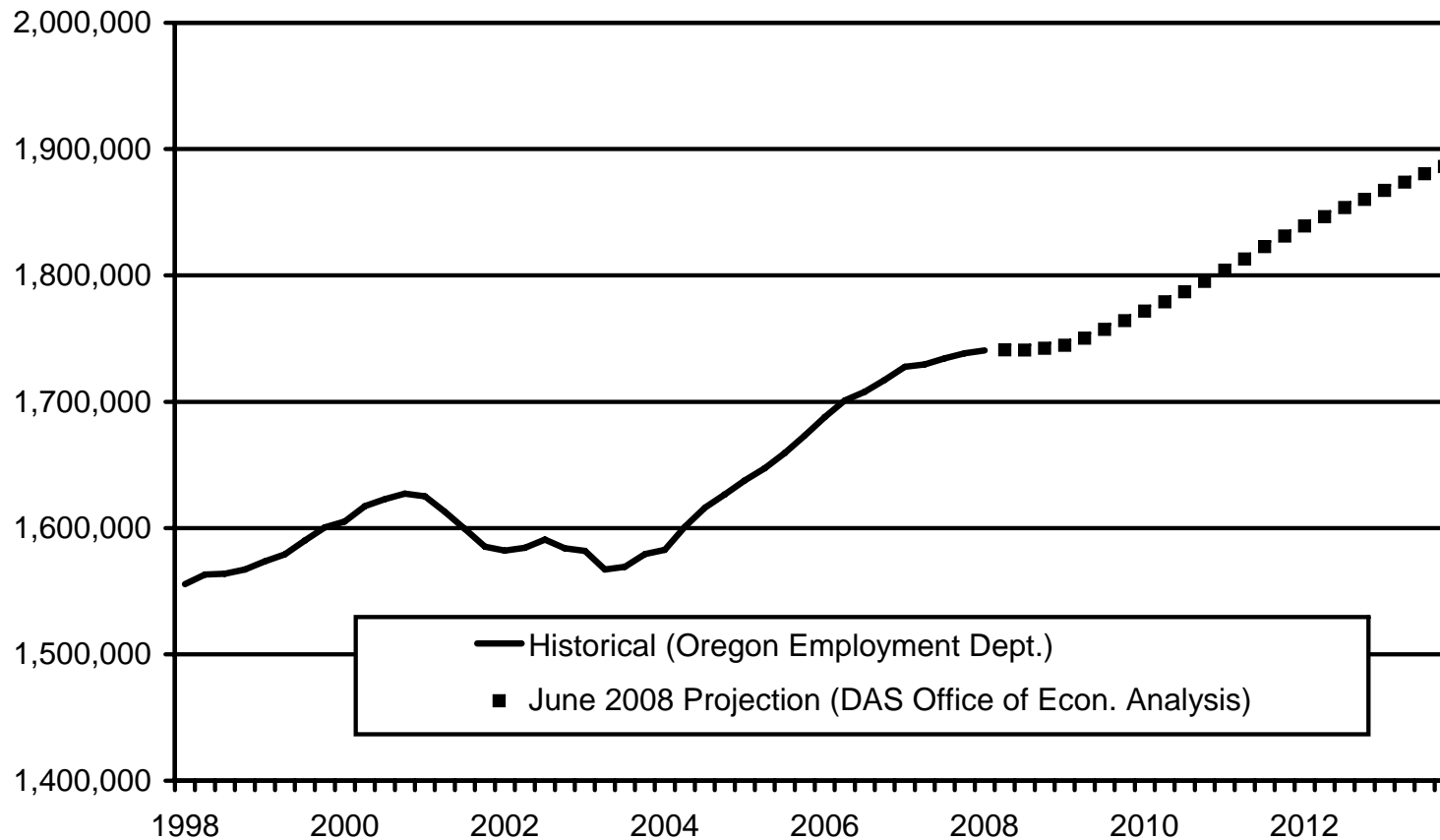


Univ. of Oregon index “is consistent with at least a mild recession”



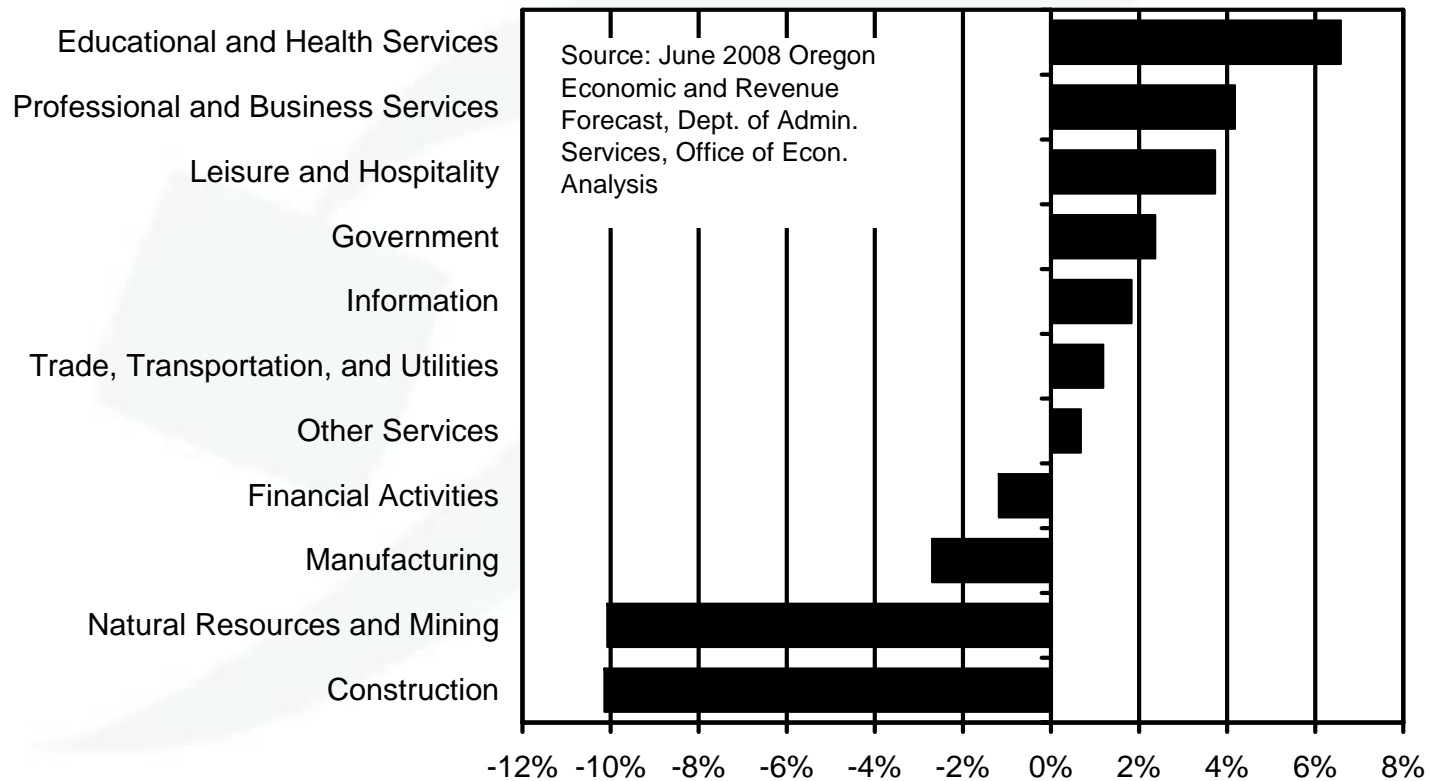
A slow patch

Oregon Nonfarm Payroll Employment Quarterly History & Projection, 1998-2013



Services to grow the fastest in the next two years

Projected Rate of Employment Growth 2007 to 2009

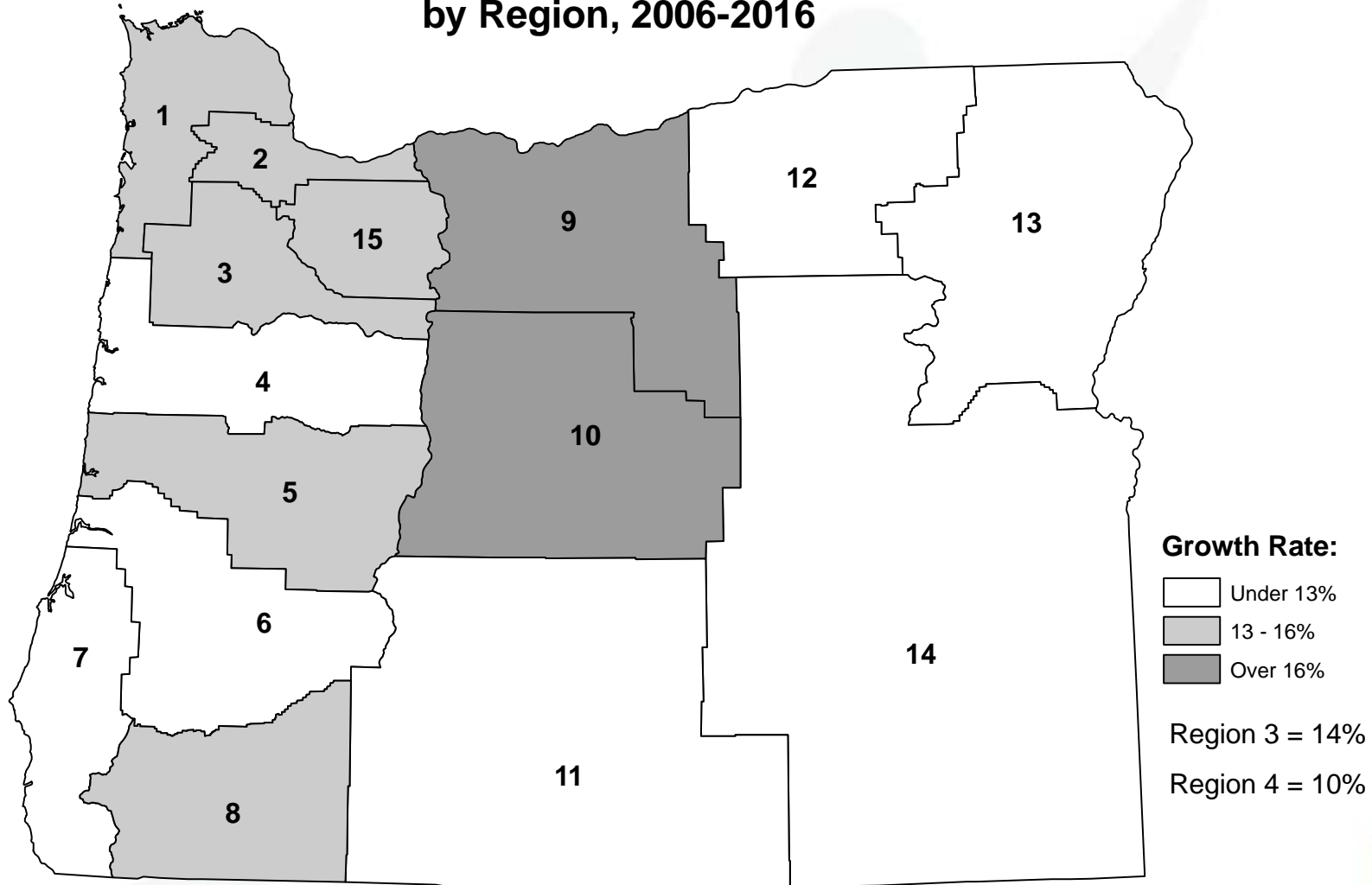


Slow job growth between 2006-2016

- We expect 14% growth in employment from 2006 to 2016
 - more than 240,000 job openings due to growth
 - close to the 15% rate for 1996-2006
 - slower than in most historical 10-year periods
 - assumes lack of “engine of growth” that drove rapid expansion in the 1970s and 1990s
 - risks: “engine of growth,” drought in SW US, California’s finances, Asian economic meltdown



Oregon: Forecast Job Growth Rate by Region, 2006-2016



Most industry sectors to grow by >10%

Broad Industry	2006	2016	Change	Percent Change
Total nonfarm employment	1,702,500	1,943,600	241,100	14%
Educational and health services	205,200	262,700	57,500	28%
Professional and business services	193,100	232,800	39,700	21%
Leisure and hospitality	165,300	197,500	32,200	19%
Construction	100,300	115,000	14,700	15%
Trade, transportation, and utilities	336,200	379,800	43,600	13%
Other services	59,000	66,500	7,500	13%
Financial activities	105,800	117,900	12,100	11%
Information	35,000	38,800	3,800	11%
Government	286,500	314,200	27,700	10%
Manufacturing	206,800	209,100	2,300	1%
Natural resources and mining	9,200	9,300	100	1%



At least 5% growth in occupational groups

Broad Occupational Group	2006	2016	Change	Percent Change
Health Care	113,054	144,394	31,340	28%
Service	266,264	316,742	50,478	19%
Construction and Extraction	84,882	97,033	12,151	14%
Office and Administrative Support	288,380	328,538	40,158	14%
Management, Business, and Financial	150,633	171,034	20,401	14%
Sales and Related	186,139	210,217	24,078	13%
Professional and Related	266,152	300,178	34,026	13%
Installation, Maintenance, and Repair	68,837	76,532	7,695	11%
Transportation and Material Moving	133,168	147,128	13,960	10%
Farming, Fishing, and Forestry	35,705	38,917	3,212	9%
Nonclassifiable	27,145	29,197	2,052	8%
Production	132,365	139,612	7,247	5%



Despite only 14% total job growth, we expect many occupational openings

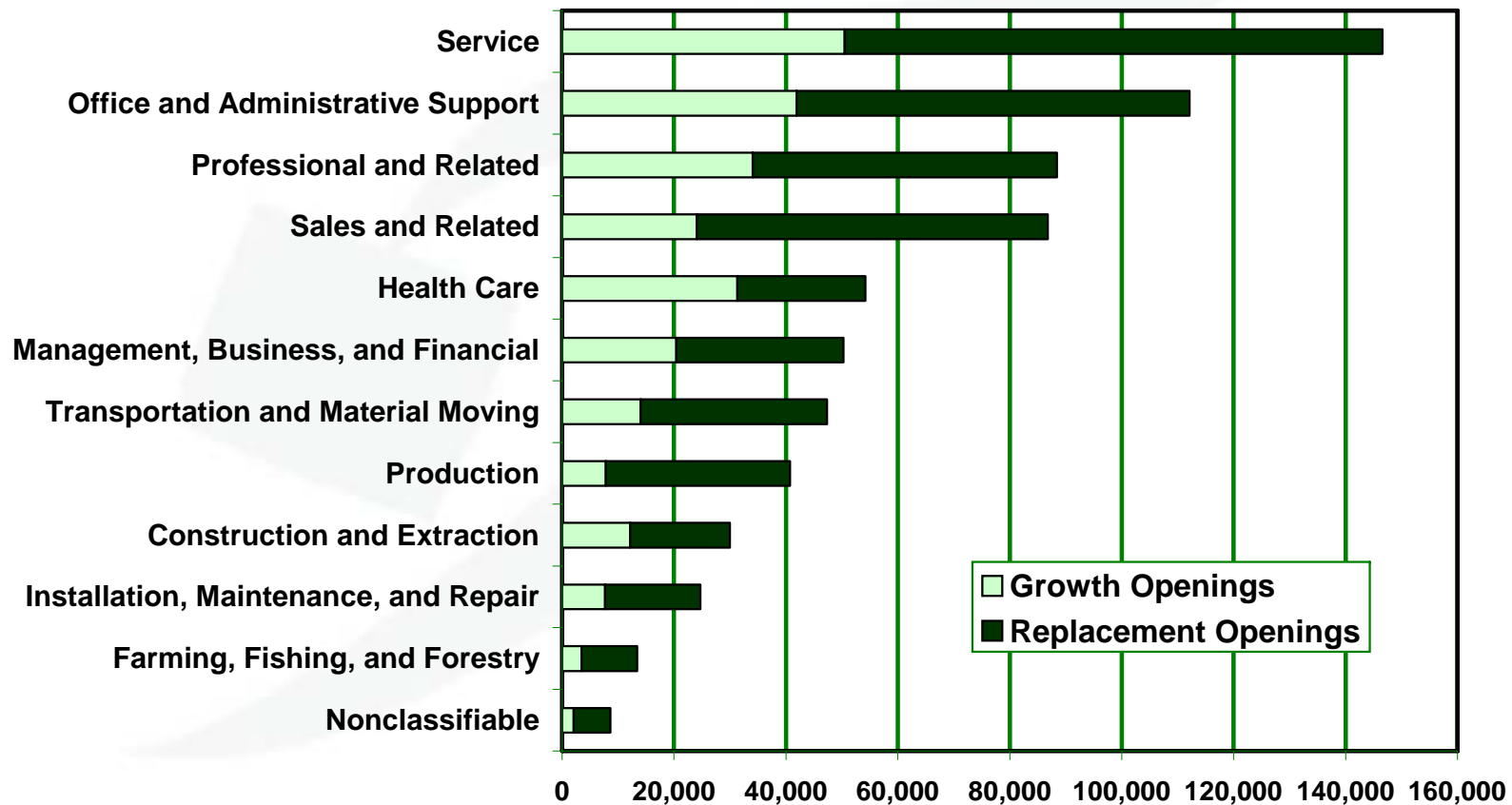
- More than 450,000 openings during the decade to replace current workers as they ...
 - change occupations early in their careers,
 - or retire – baby boomers are nearing retirement
- Add to this the more than 240,000 openings due to economic growth, and we expect ...
 - about 700,000 occupational openings*

*This doesn't include job openings due to people changing jobs but not their occupations.



We expect many replacement openings

Oregon Projected Occupational Openings, 2006-2016



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Visit our web site at:

www.QualityInfo.org

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