



# State of the Portland Metro Economy

Senate Committee on Labor and  
Business

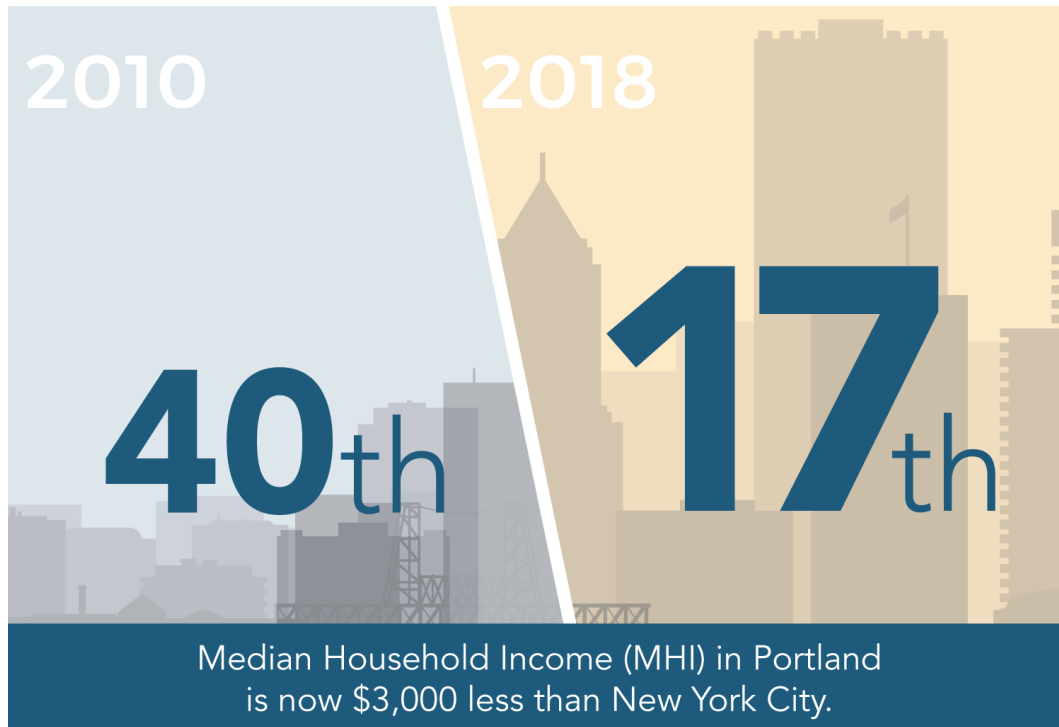
April 22, 2025

Michael Wilkerson, Ph.D.



# Region experienced transformative growth in the decade pre-pandemic

## Portland's Rank in Median Household Income



3<sup>rd</sup> highest growth of any region from 2010 to 2019

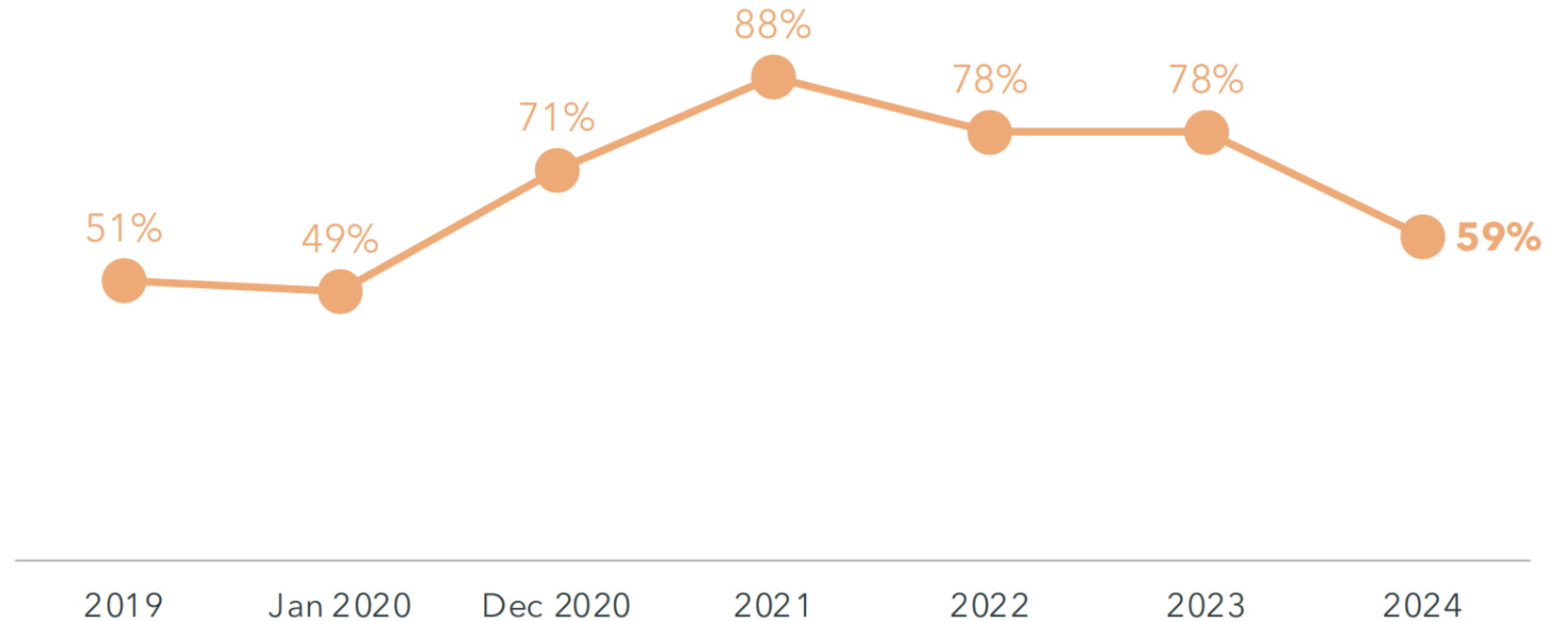


Sentiment on quality of life is improving. Almost back to pre-pandemic level

## Pessimism about quality of life has abated.

Notably fewer  
voters say that  
quality of life is  
worsening  
compared to years  
past.

**Negative perception of quality of life in  
the Tri-County area**



# Updated State of the Economy Findings

1. **Population declined.** The region has been slow to recover population growth coming out of the pandemic. Soon, the region will be entirely reliant on domestic migration for growth.
2. **Stagnant job recovery.** The region's job growth has been slower than the U.S. average (historical deviation), losing jobs in most private sectors industries in the past year
3. **Housing production slow down.** Housing permitting declined precipitously, putting upward pressure on rents, while ownership affordability is eroding due to increased interest rate environment
4. **Strained Local Fiscal Outlook.** Local government across the region (and state) are facing budget shortfalls that are forecast to continue, risk of negative feedback loops
5. **Growth is not a given.** The metro region has seen uneven growth, with Clark County outperforming the Oregon counties. There is evidence of people voting with their feet, along with other factors influencing growth patterns in the Metro

# Population declined

# 2024 data was released last month – It was a big change

## Multnomah County grew for the first time in years — barely. Here's how other Oregon counties fared

Updated: Mar. 13, 2025, 6:35 p.m. | Published: Mar. 13, 2025, 6:00 a.m.



The U.S. Census Bureau estimates Multnomah County's population increased by 0.2%. Sean Meagher/The Oregonian



# Census changed methodology resulted in revisions to previous estimates



## Census Bureau Improves Methodology to Better Estimate Increase in Net International Migration

Within Census Blogs

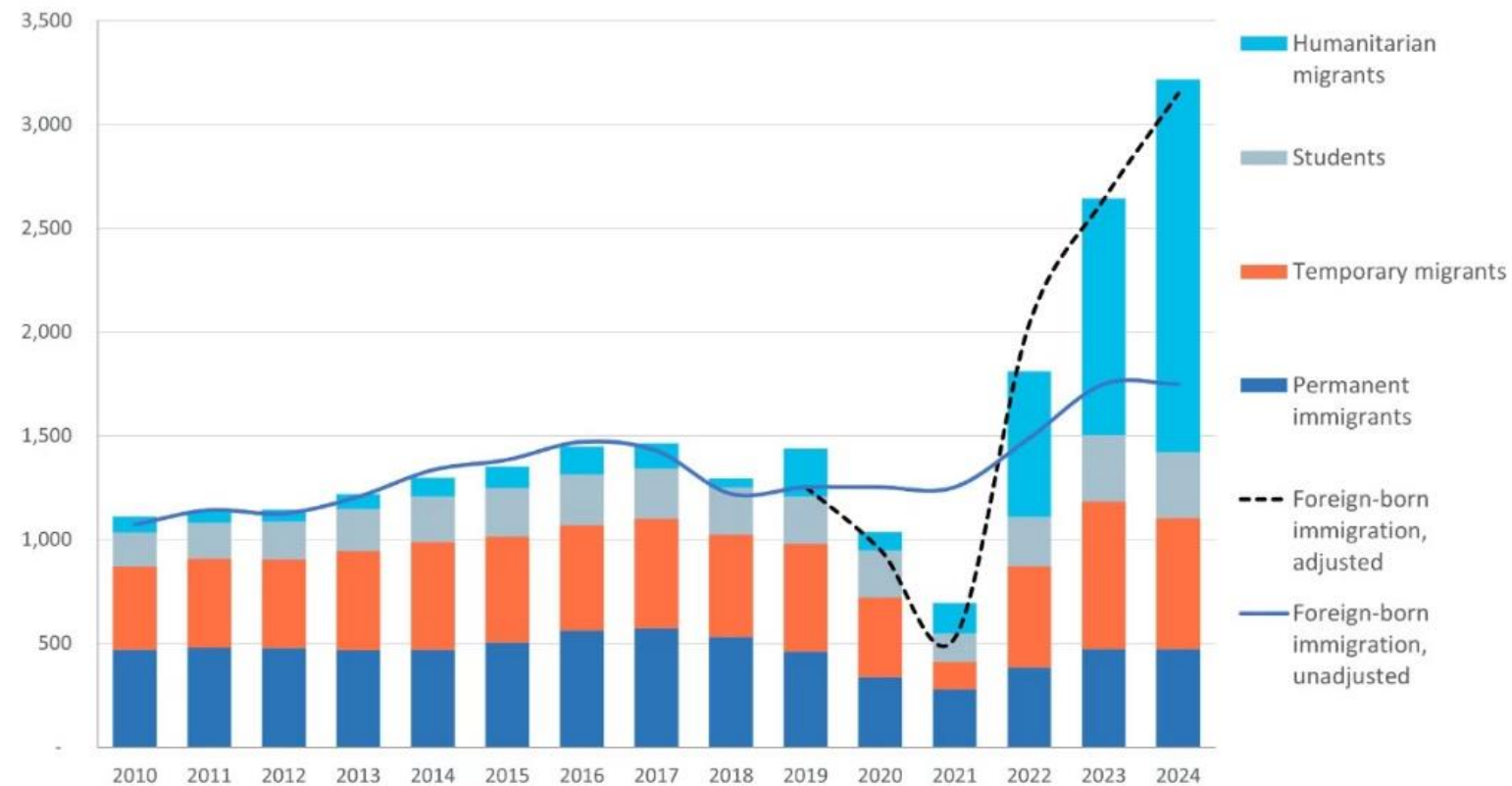
December 19, 2024

**Written by:** Mark Gross, Jacqueline Lamas, Yeris H. Mayol-Garcia and Eric Jensen

Figure 1.

### Foreign-Born Immigration Estimates and Benchmark Data by Categories: Estimate Years 2010-2024

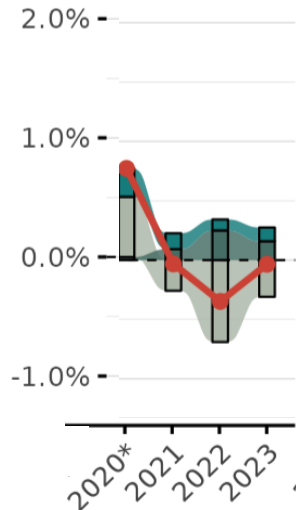
(In thousands)



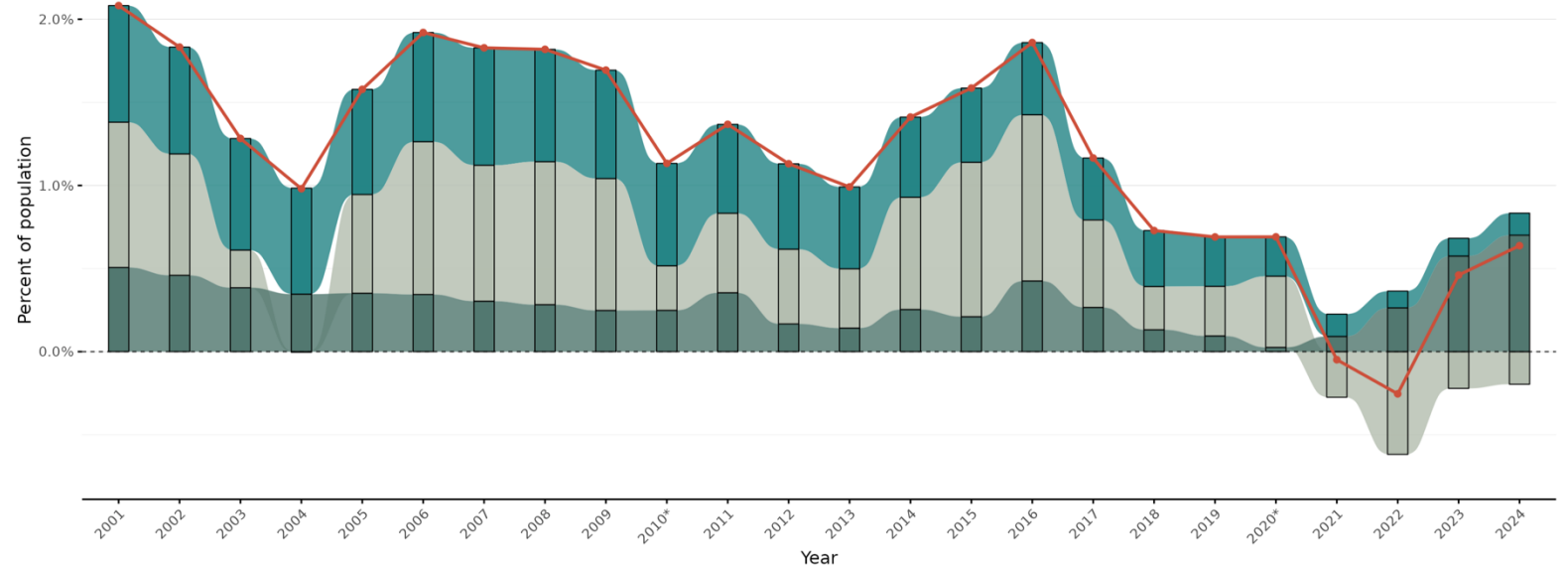
# Revised methodology shows Metro gained population in '23 and in '24

## Portland Metro

2023 Vintage



2024 Vintage



Average annual international immigration from 2001 to 2022 = 6k

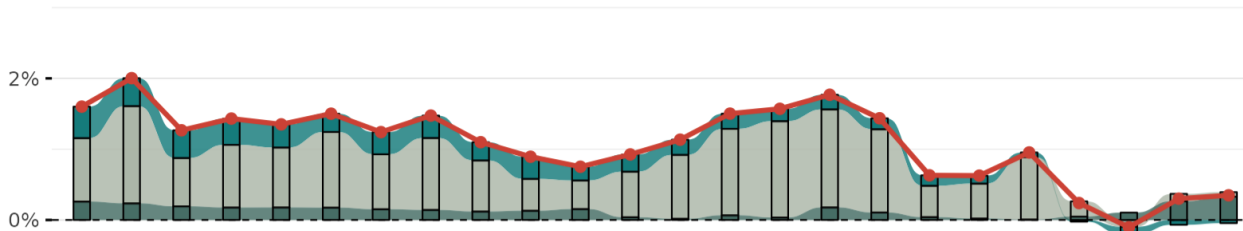
Average annual international immigration from 2023 to 2024 = 16k



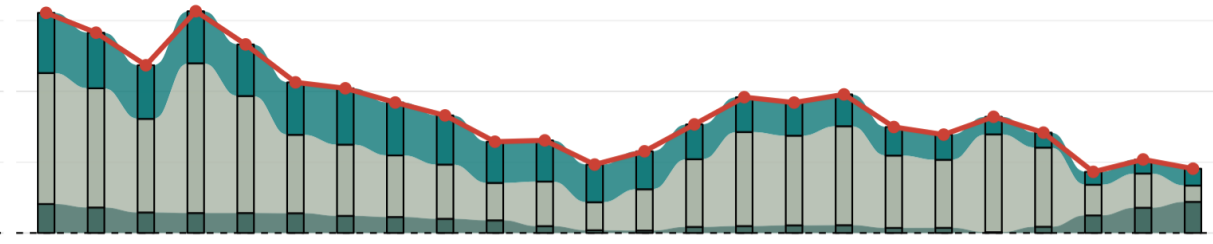


# 2024 update and 2023 revision still show domestic migration loss in Oregon counties

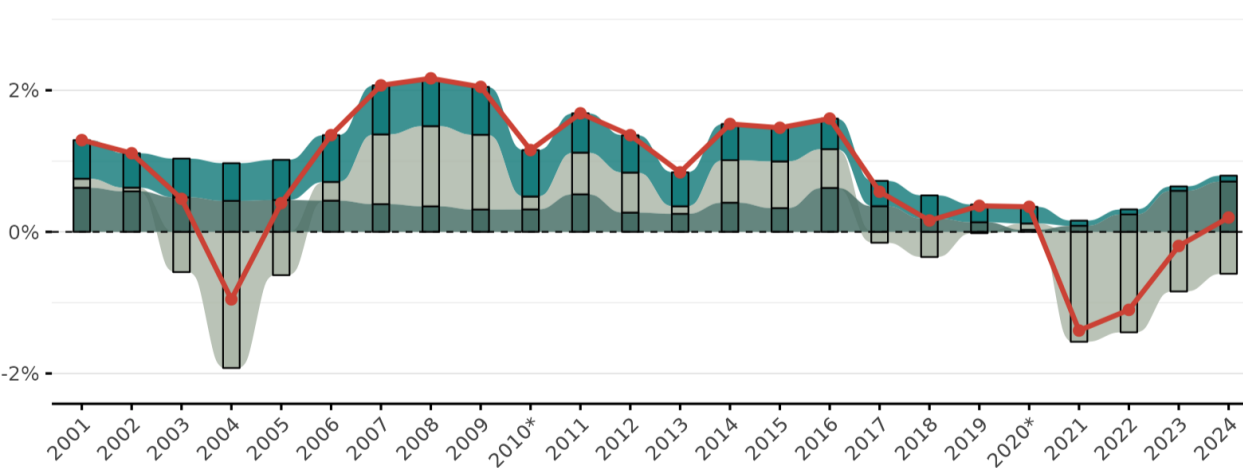
## Clackamas



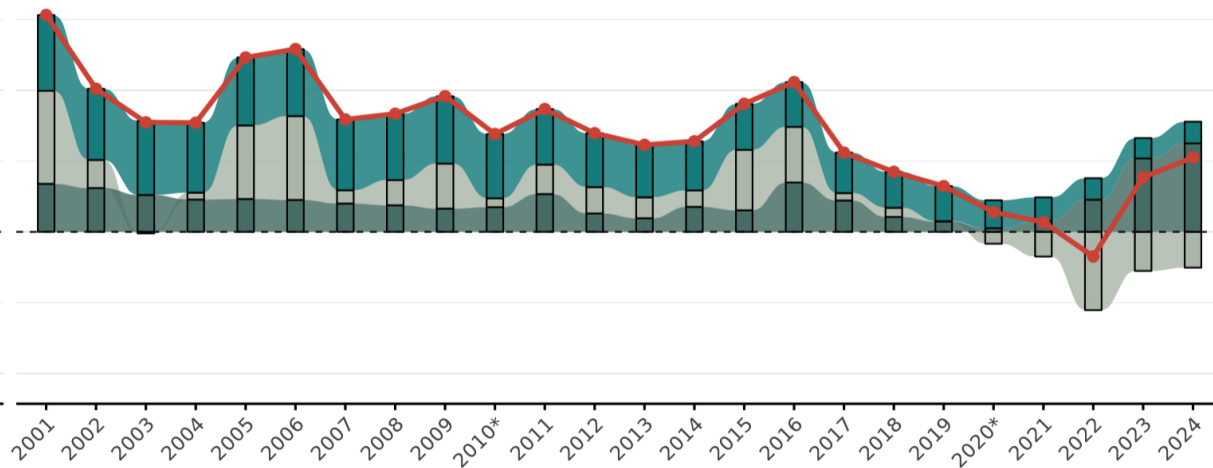
## Clark



## Multnomah

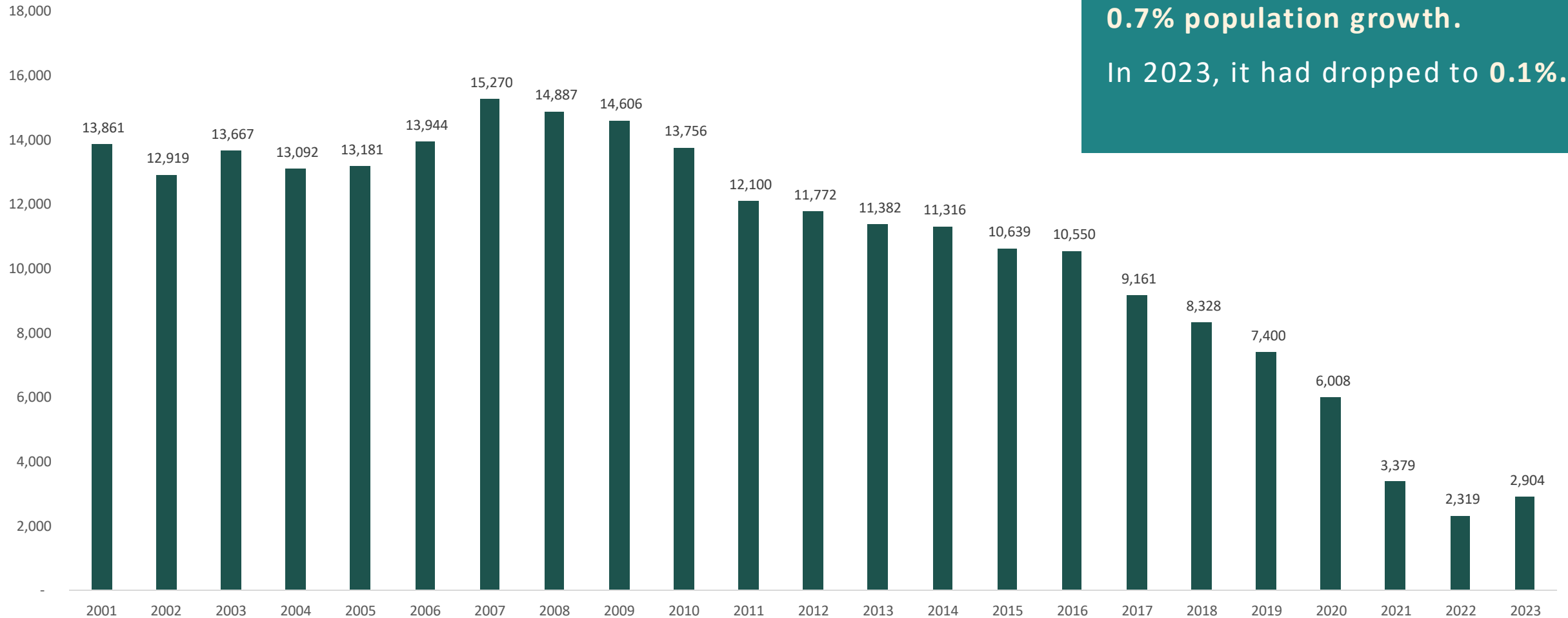


## Washington



# Regional natural population growth is steadily declining

Portland Metro Natural Population Annual Change



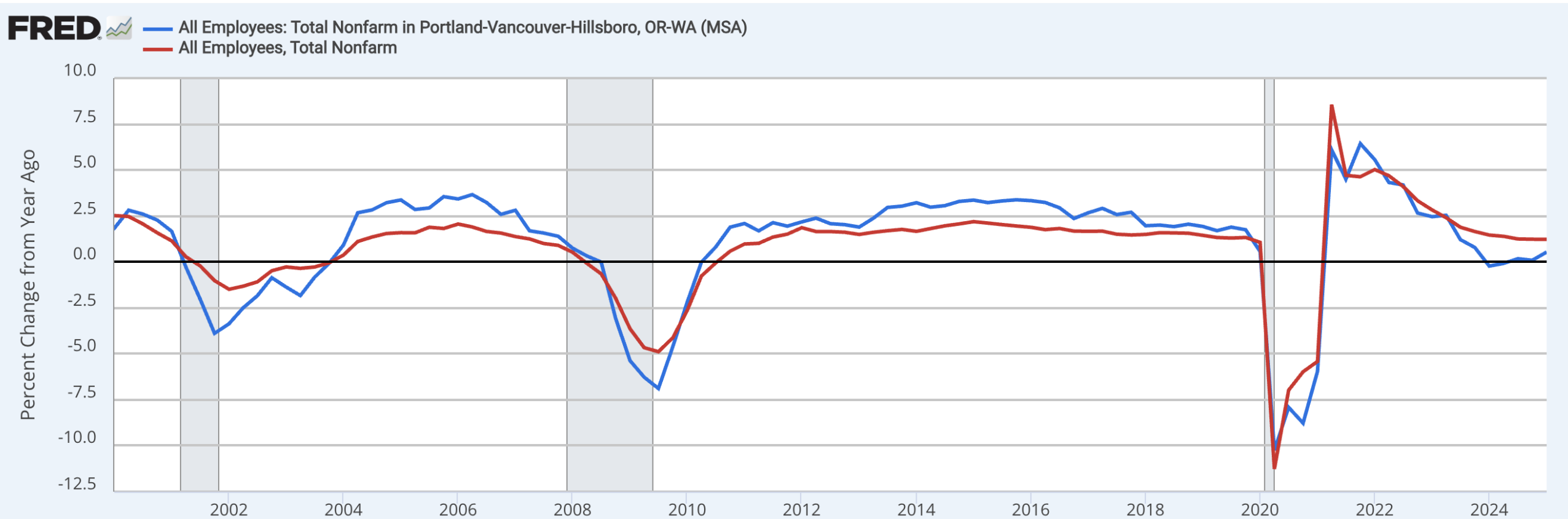
In 2000, natural change equated to **0.7% population growth**.

In 2023, it had dropped to **0.1%**.

# Stagnant Job Recovery

In periods of expansion, Portland has typically grown faster than the U.S

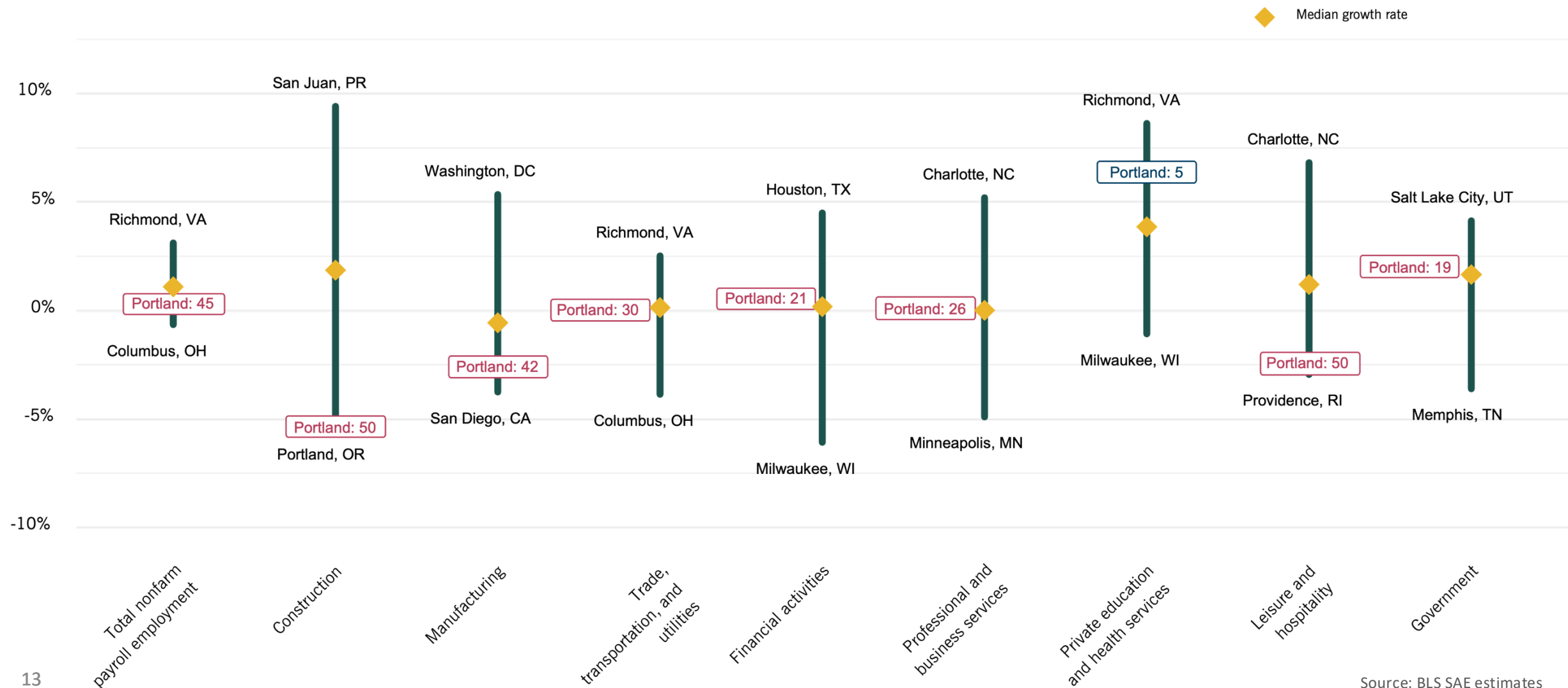
## Portland Metro job growth has trailed the U.S. for the last 7 quarters



Source: U.S. Bureau of Labor Statistics via FRED®

# Portland Metro 45<sup>th</sup> of top 50 metros in job change at the end of 2024

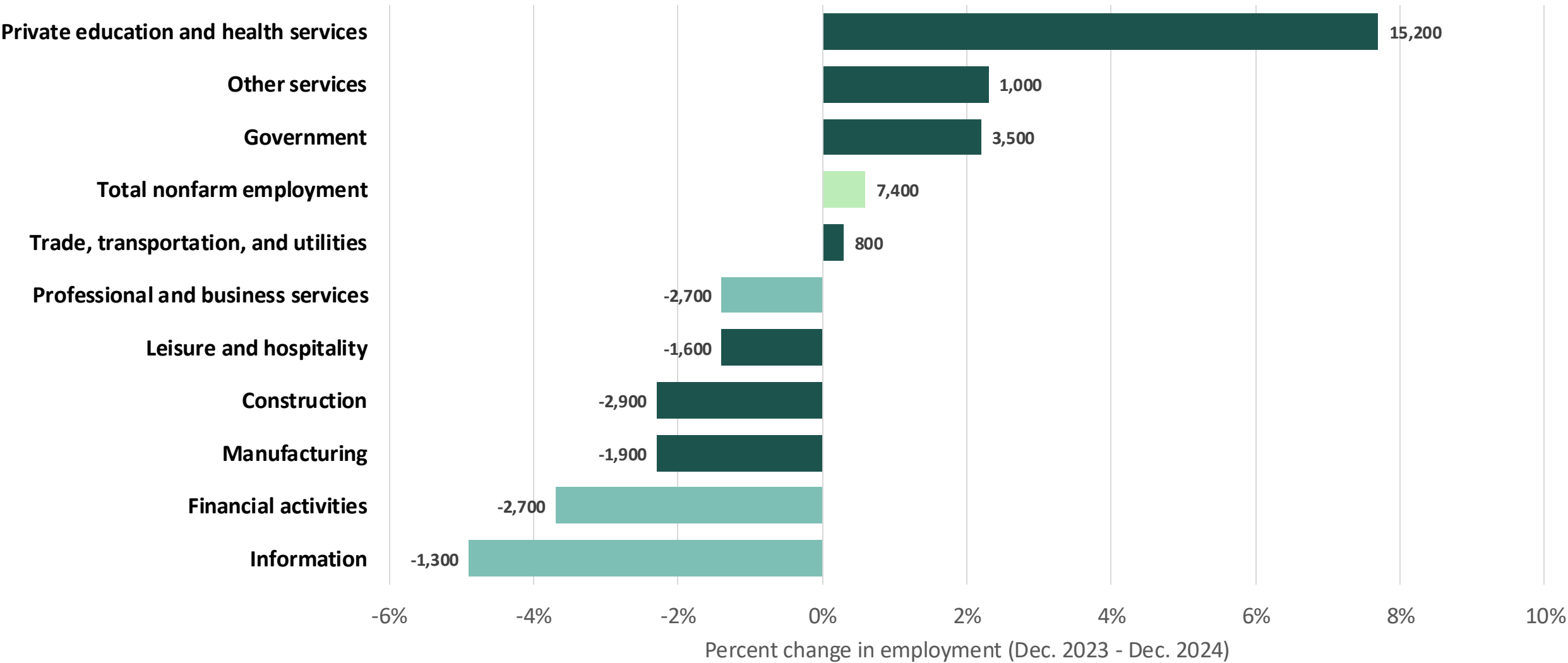
## Annual Job Change for Top 50 MSAs in 2024



Source: BLS SAE estimates

# Metro is adding jobs, but losing traded sector employment

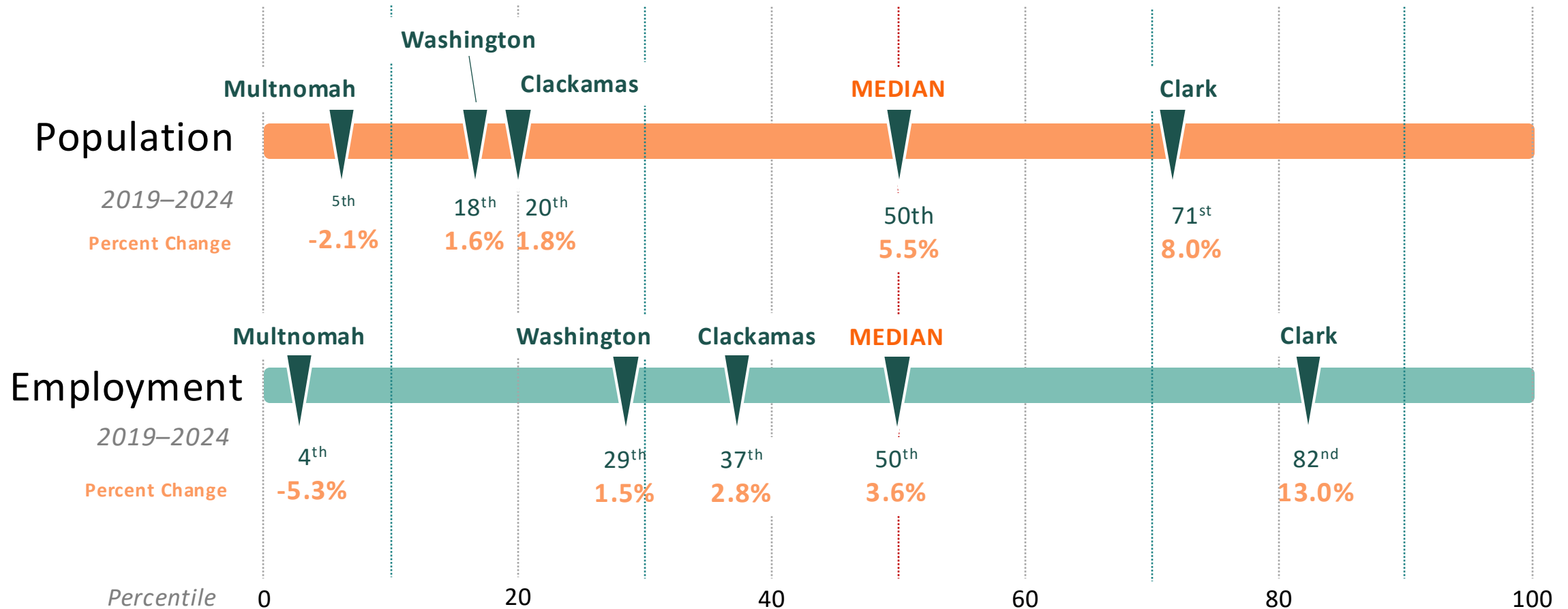
Portland Metro Industry Employment Change for Calendar year 2024





# Disparity of within metro performance is among largest nationally

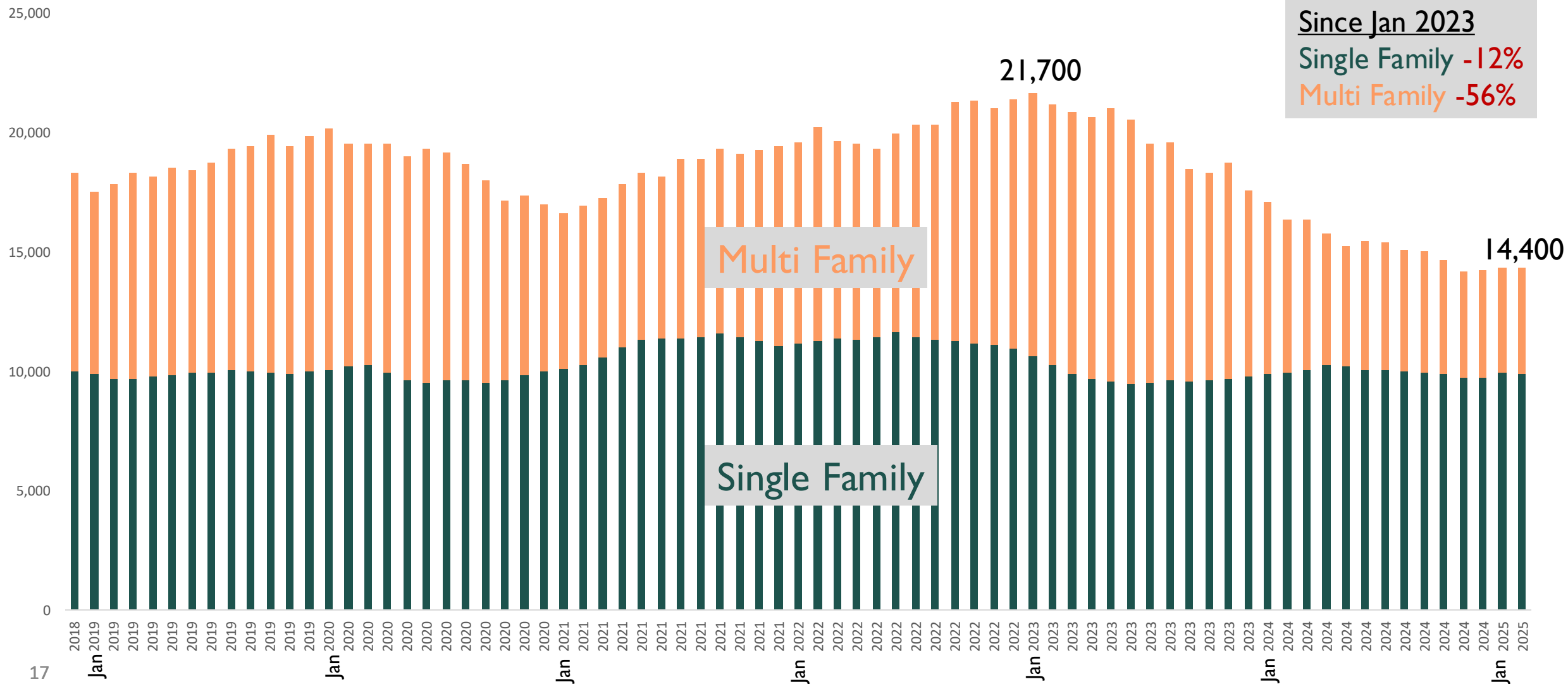
## Rank of Portland Metro within all Counties in top 50 Metros (220 Counties)



# Housing Production Slowing

# Housing permitting down 33% in last 24 months across the State

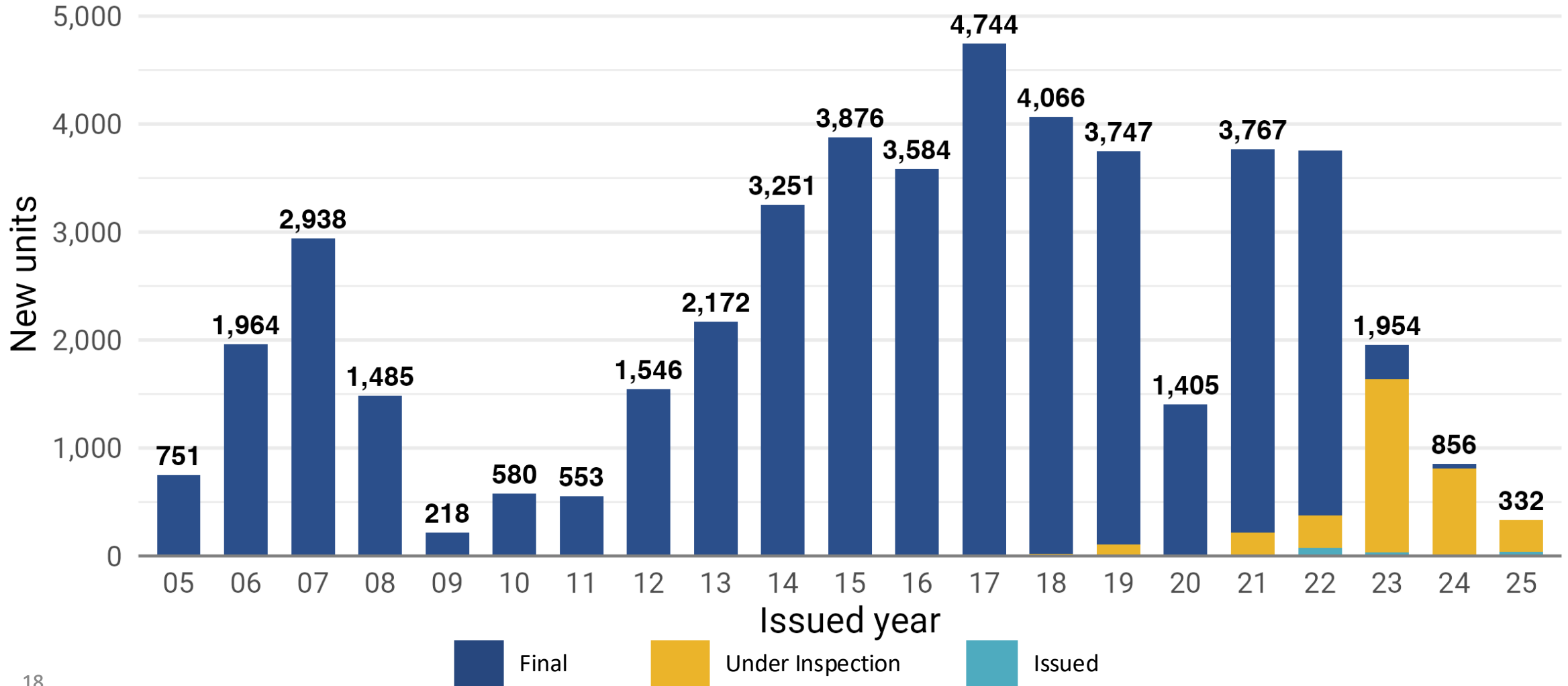
Oregon Total Housing Permits - Trailing 12 Months



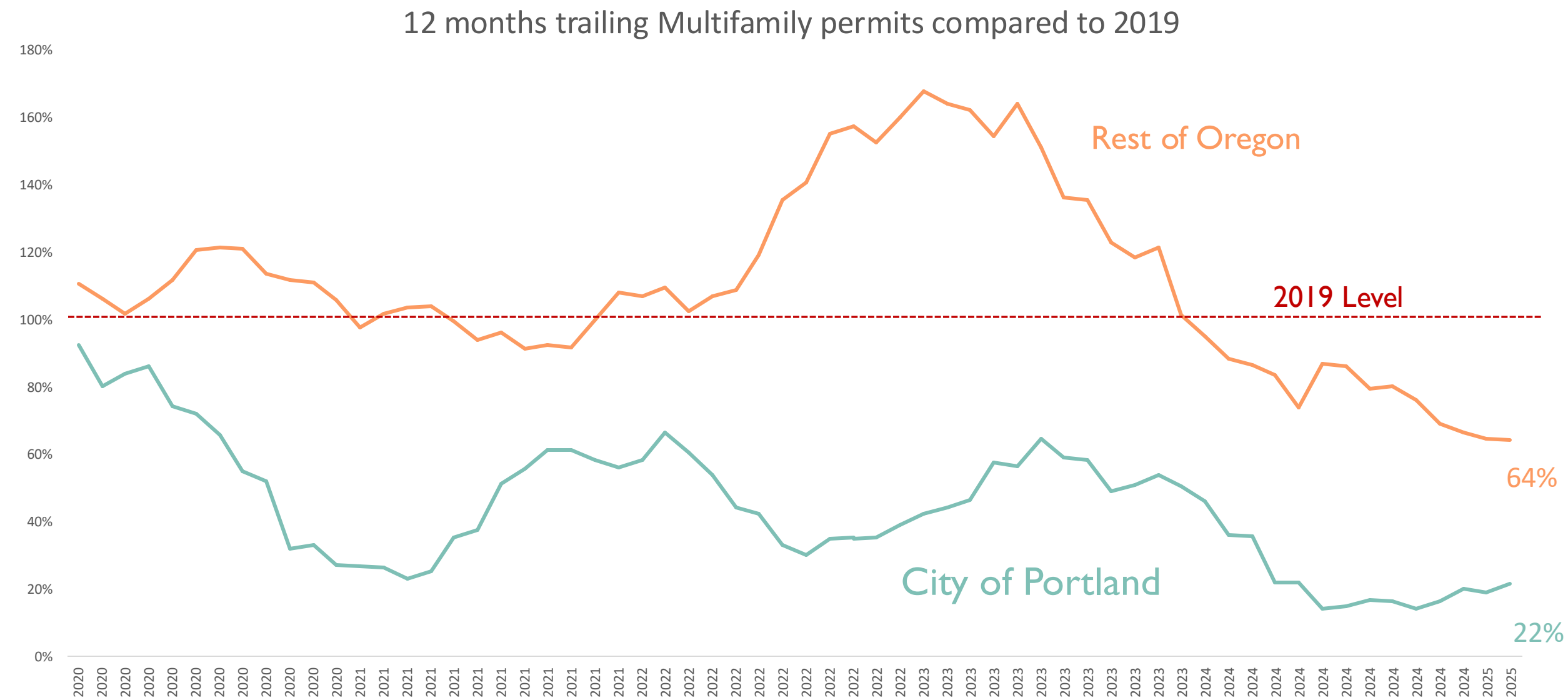
# Multifamily permitting is at the lowest level in over a decade in City of Portland

## New Multifamily Permits Issued

City of Portland (through March 2025)

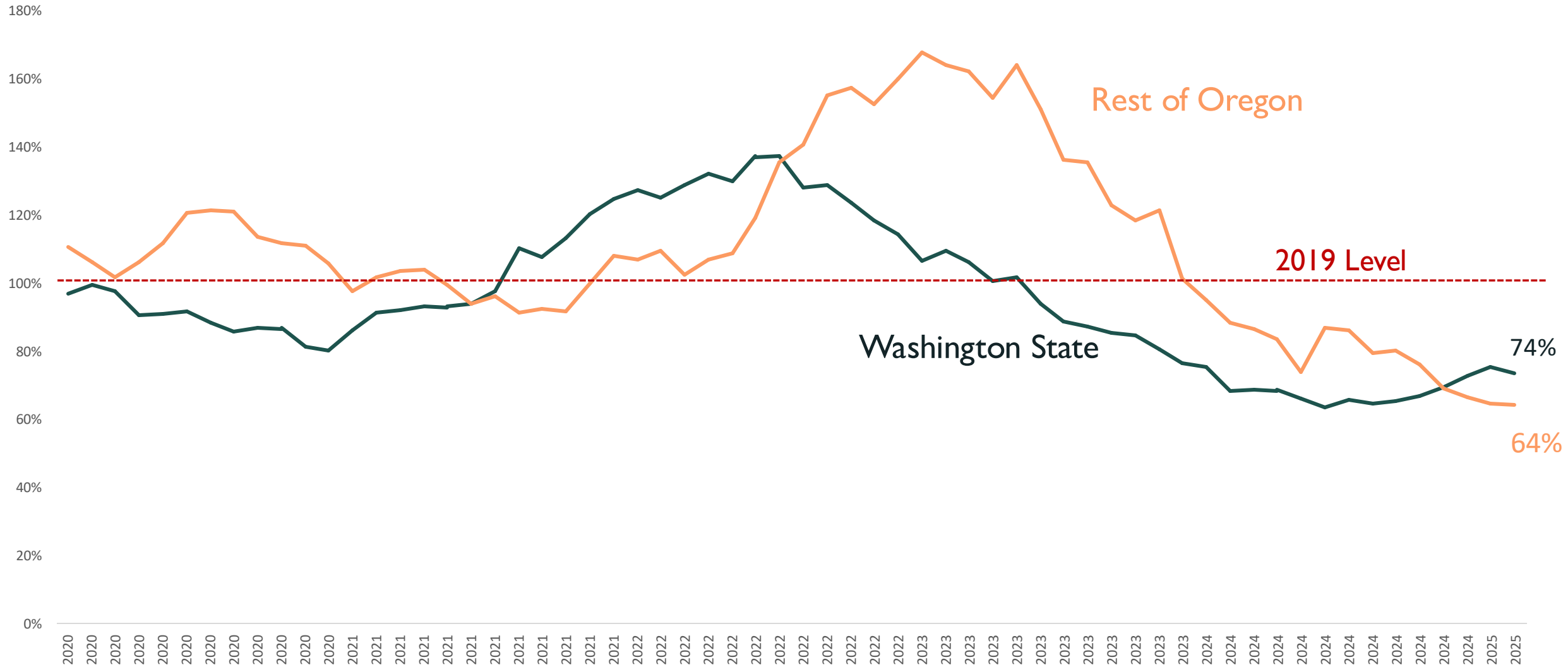


# Portland dragging down the rest of the state multifamily permitting trend



# Rest of Oregon MF permitting tracks WA state and macro conditions

12 months trailing Multifamily permits compared to 2019

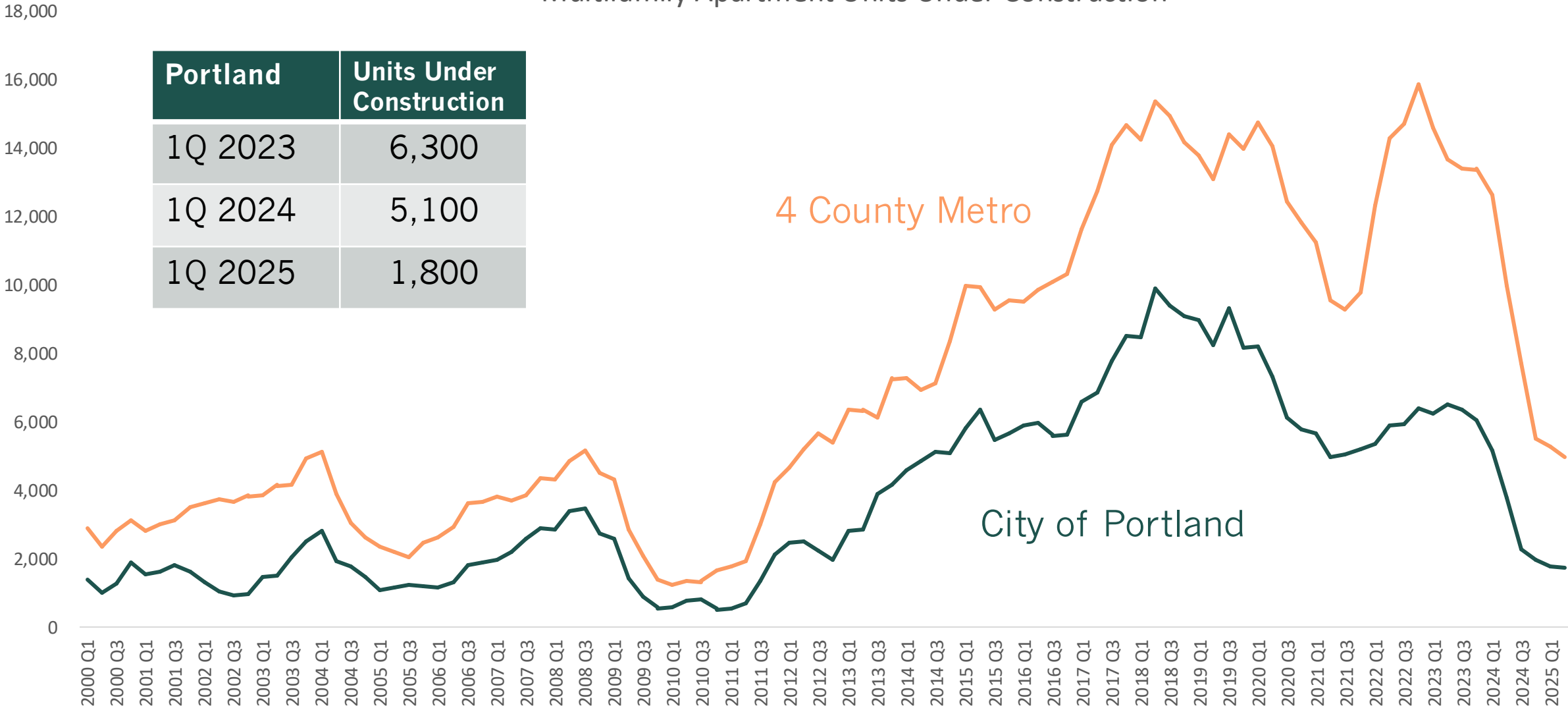




# Apartment deliveries plummeting, will put upward pressure on rent growth

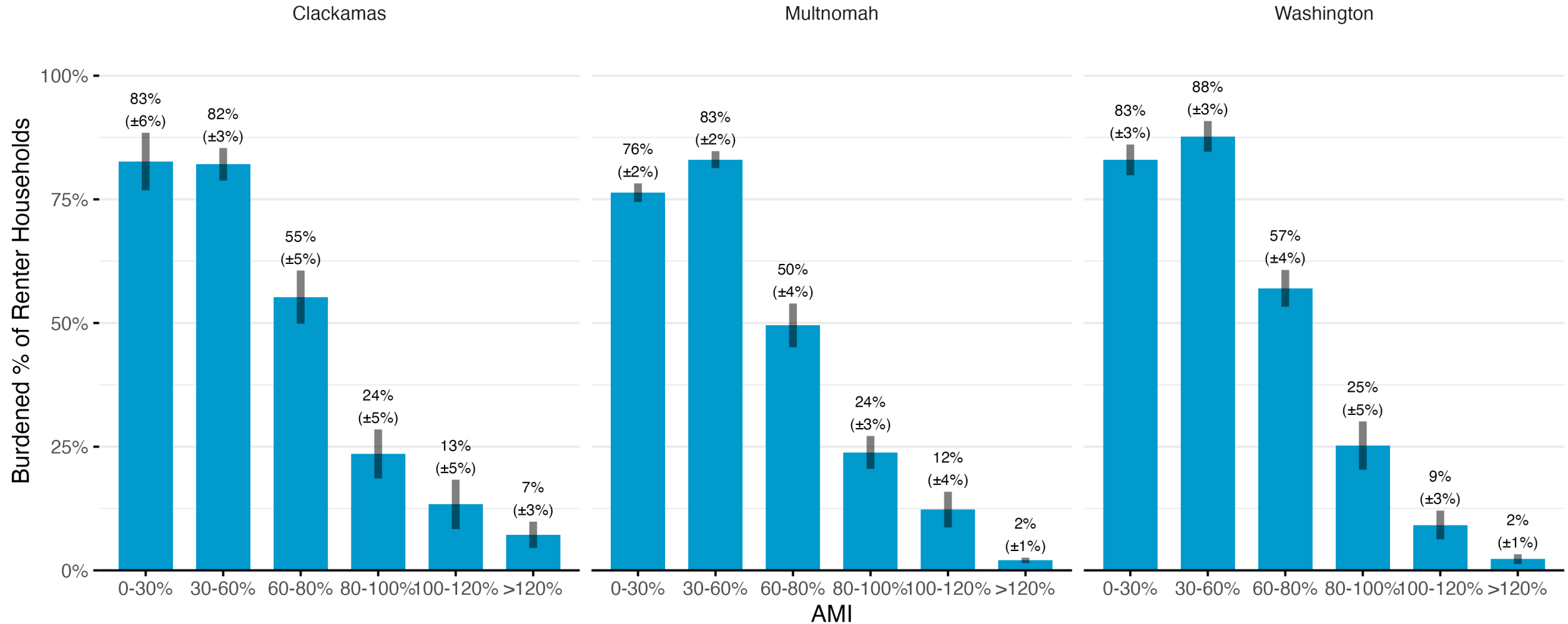
Multifamily Apartment Units Under Construction

| Portland | Units Under Construction |
|----------|--------------------------|
| 1Q 2023  | 6,300                    |
| 1Q 2024  | 5,100                    |
| 1Q 2025  | 1,800                    |



# 75%+ of low income renter households are cost burdened

## Share of Cost Burdened Renter Households



# 2019 Housing Affordability in Vancouver and East Multnomah County

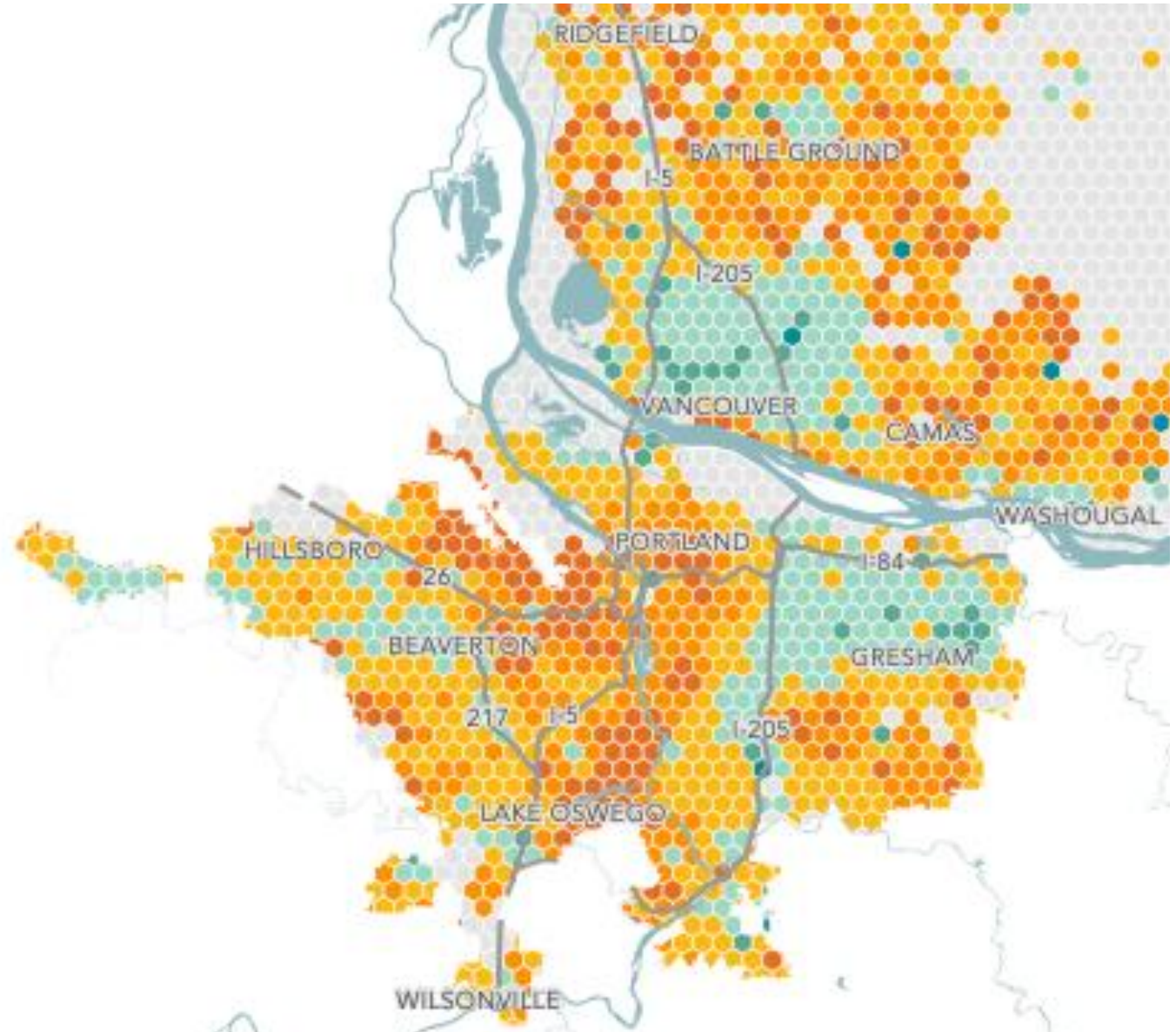
## Assuming:

20% down payment

4% mortgage rates

Median Family Income of \$89,700

## Percent of Income Spent on Housing



# Housing unaffordable to purchase in most of the region

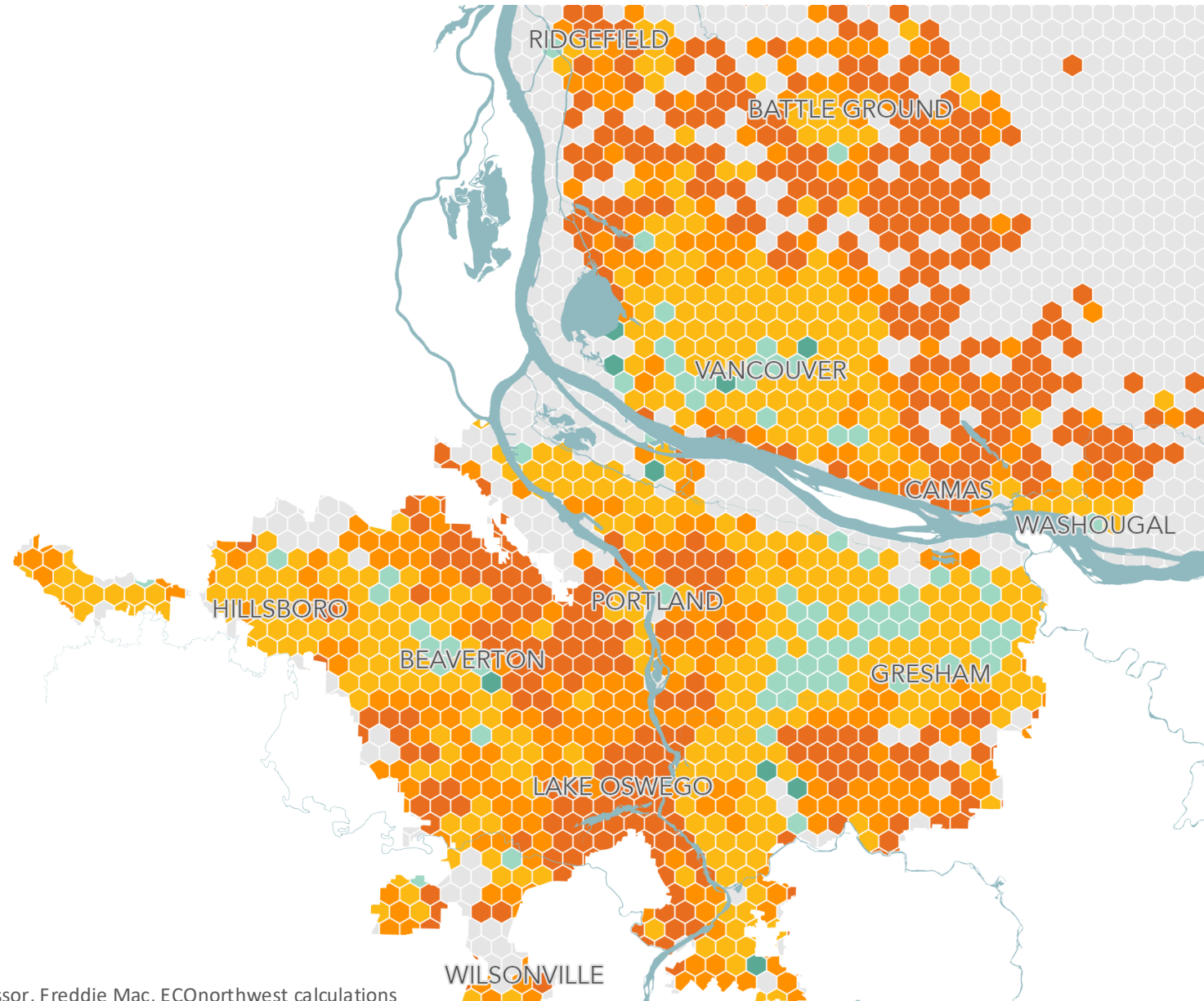
## Assuming:

20% down payment

6.5% mortgage rates

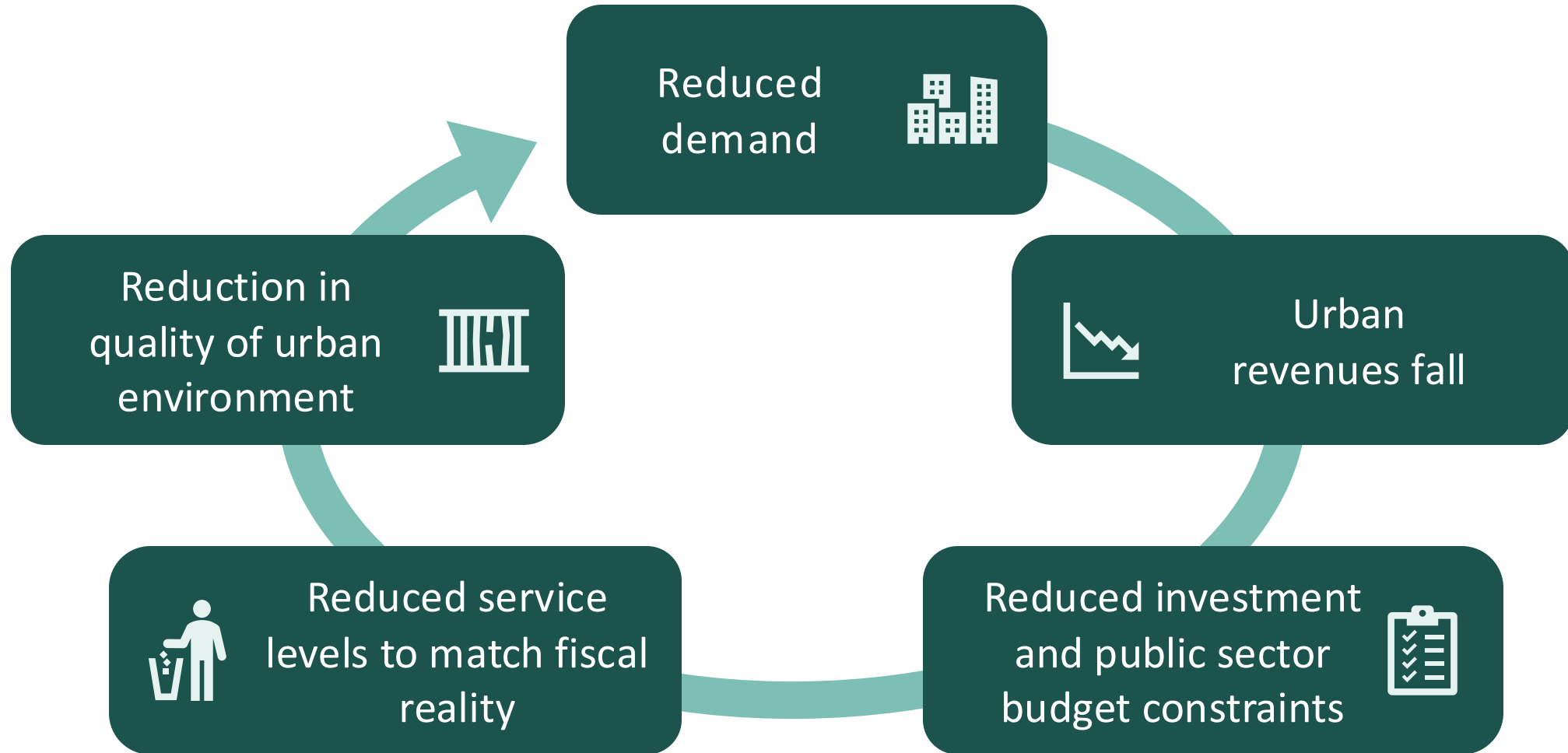
Median Family Income of **\$116,900**

## Percent of Income Spent on Housing



# Strained Local Fiscal Outlook

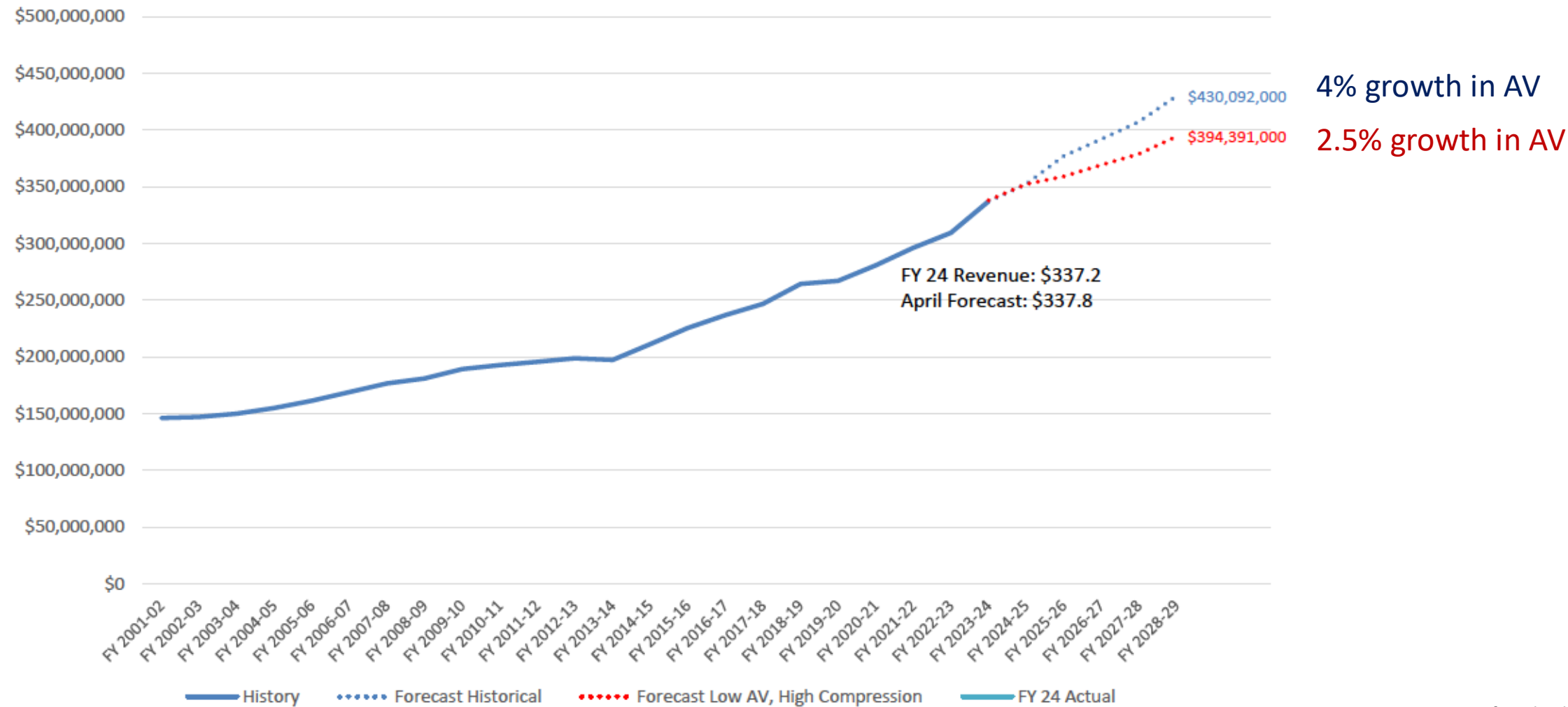
# Consequences of negative feedback loops difficult to reverse





City of Portland forecasting 9% lower property tax revenue through FY29

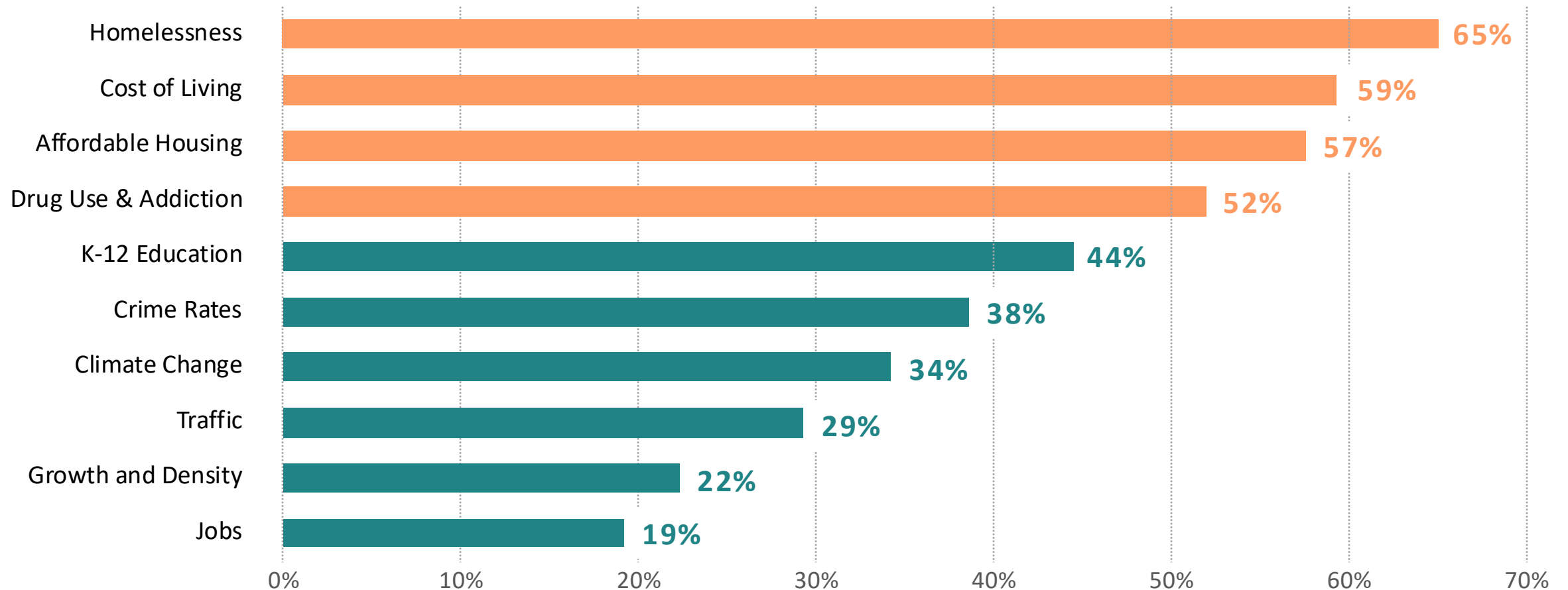
City of Portland Property Tax Forecast



# Growth is not a Given

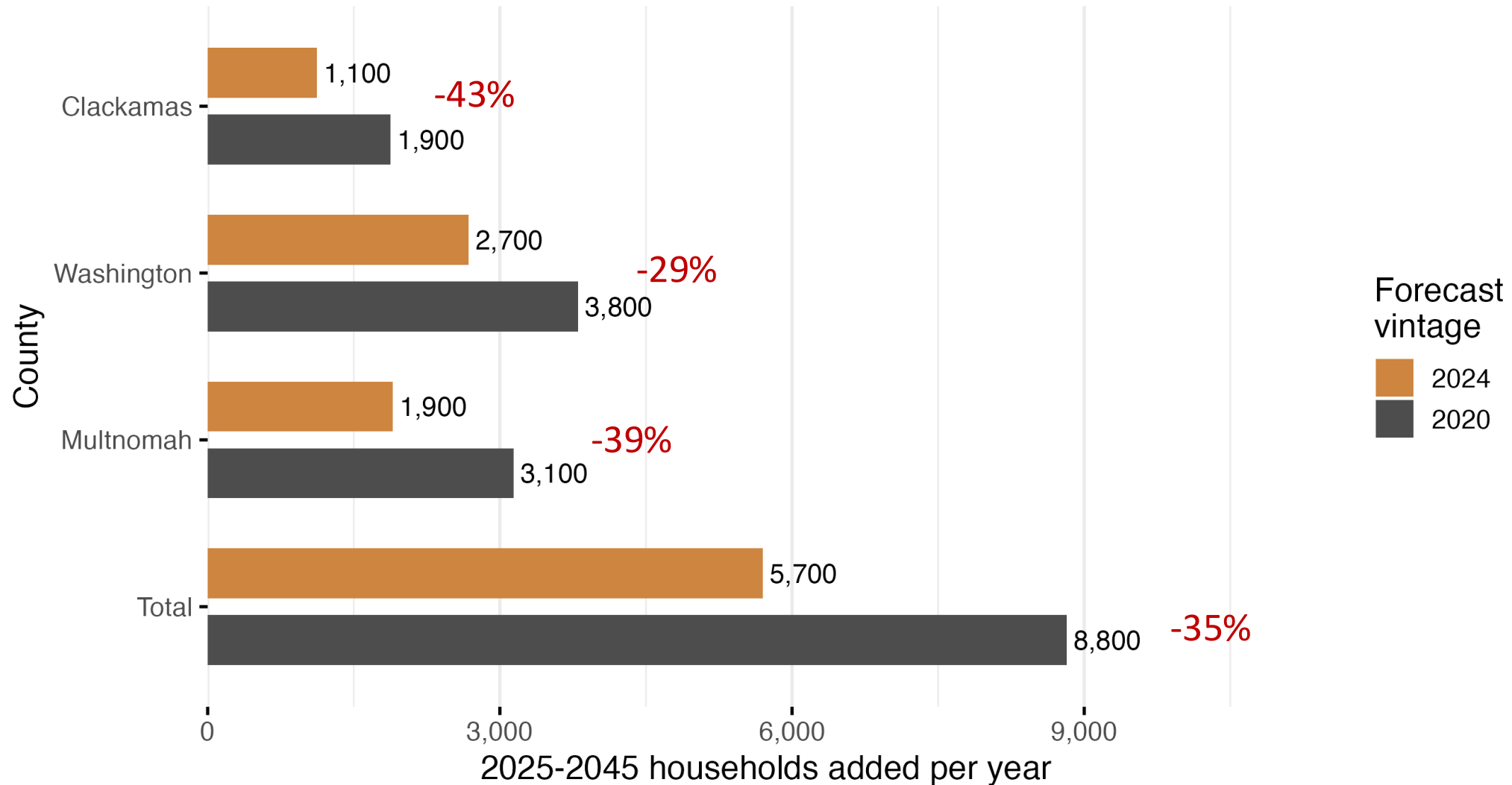
# Same issues continue to be top of mind for voters

**Voters' shared concerns echo what we have seen in the past:**



# In last 4 years, PRC has reduced household growth forecast by 35%

## PSU PRC Household Forecast through 2045



2025-2045 households added per year

Assumes 2.39 regional average household size

# What is the impact of net zero migration?

**DAS**  
DEPARTMENT OF  
ADMINISTRATIVE  
SERVICES

## Zero Migration A Demographic Alternative Scenario

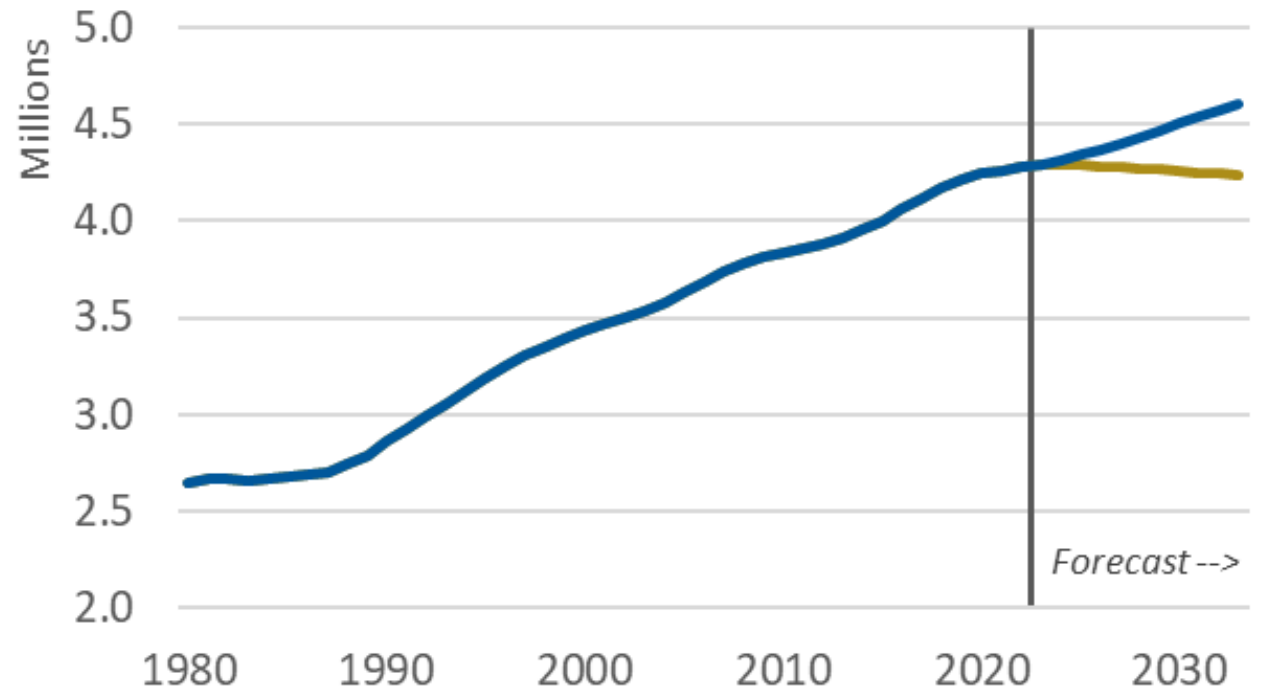
January 2024

[www.OregonEconomicAnalysis.com](http://www.OregonEconomicAnalysis.com)

## Oregon Population

*Number of Oregon residents, all ages*

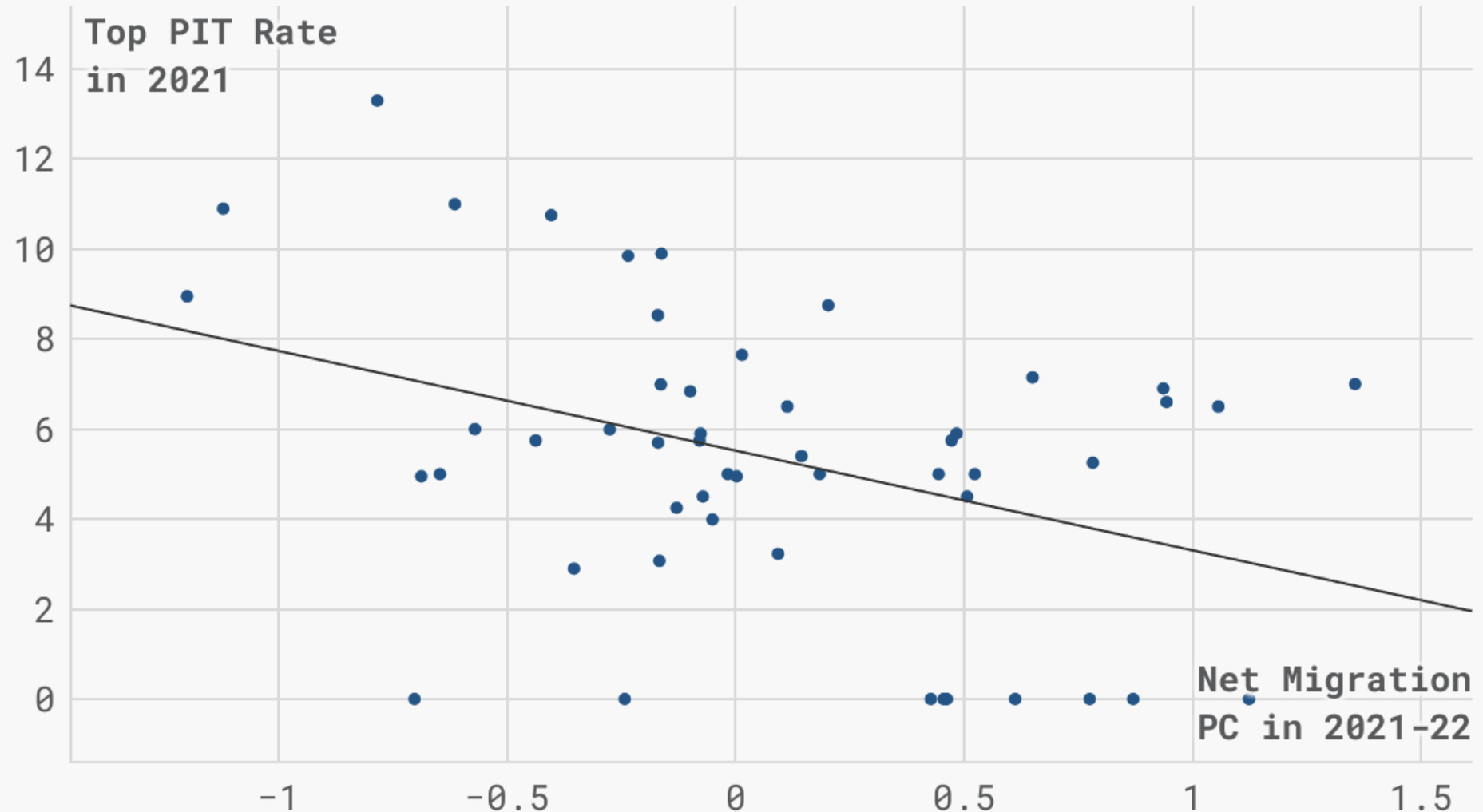
**Baseline Forecast** | **Zero Migration Scenario**



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

# Negative correlation between top personal income tax rate and migration

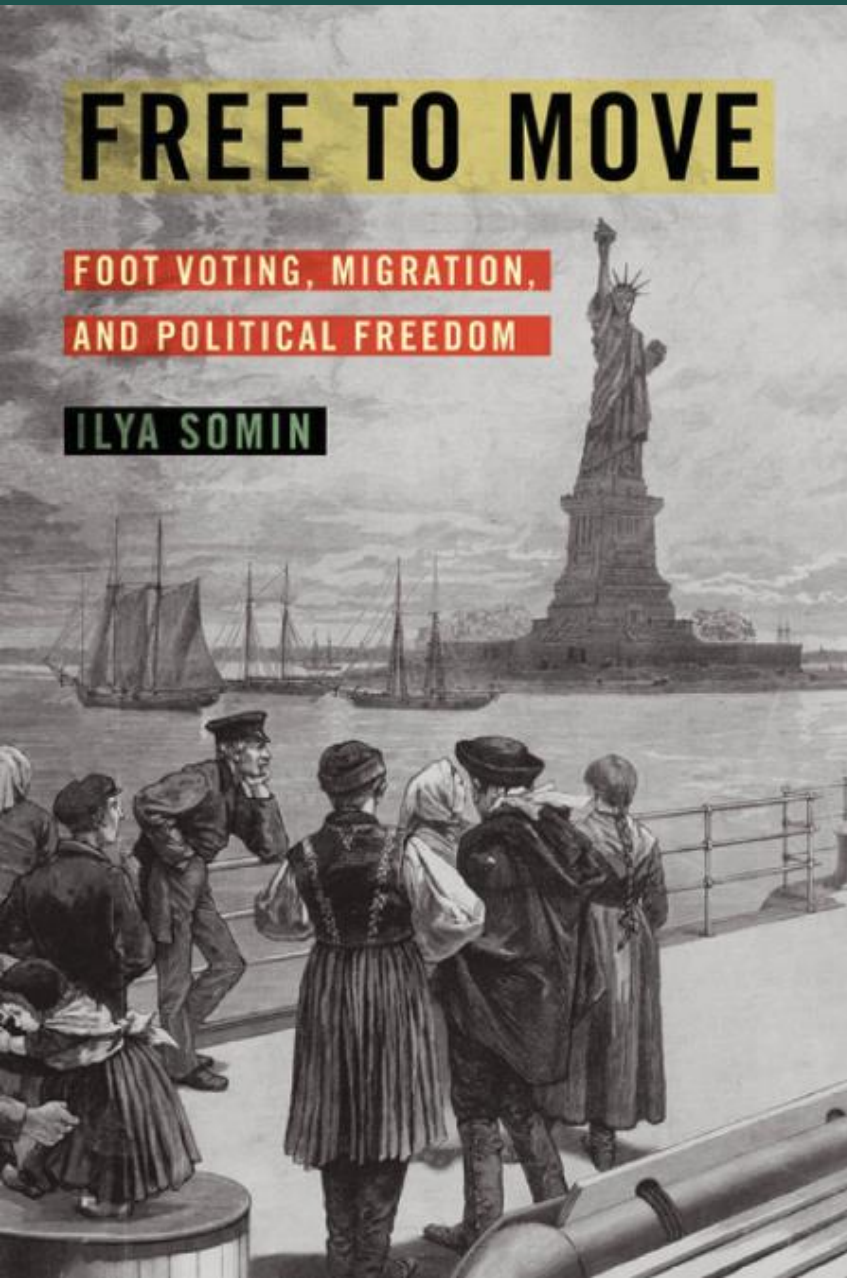
*Net Migration as a Share of 2021 State Population*



Source: Tax Foundation calculations using IRS, Census, and state DOR data.



# Evidence of people voting with their feet within region



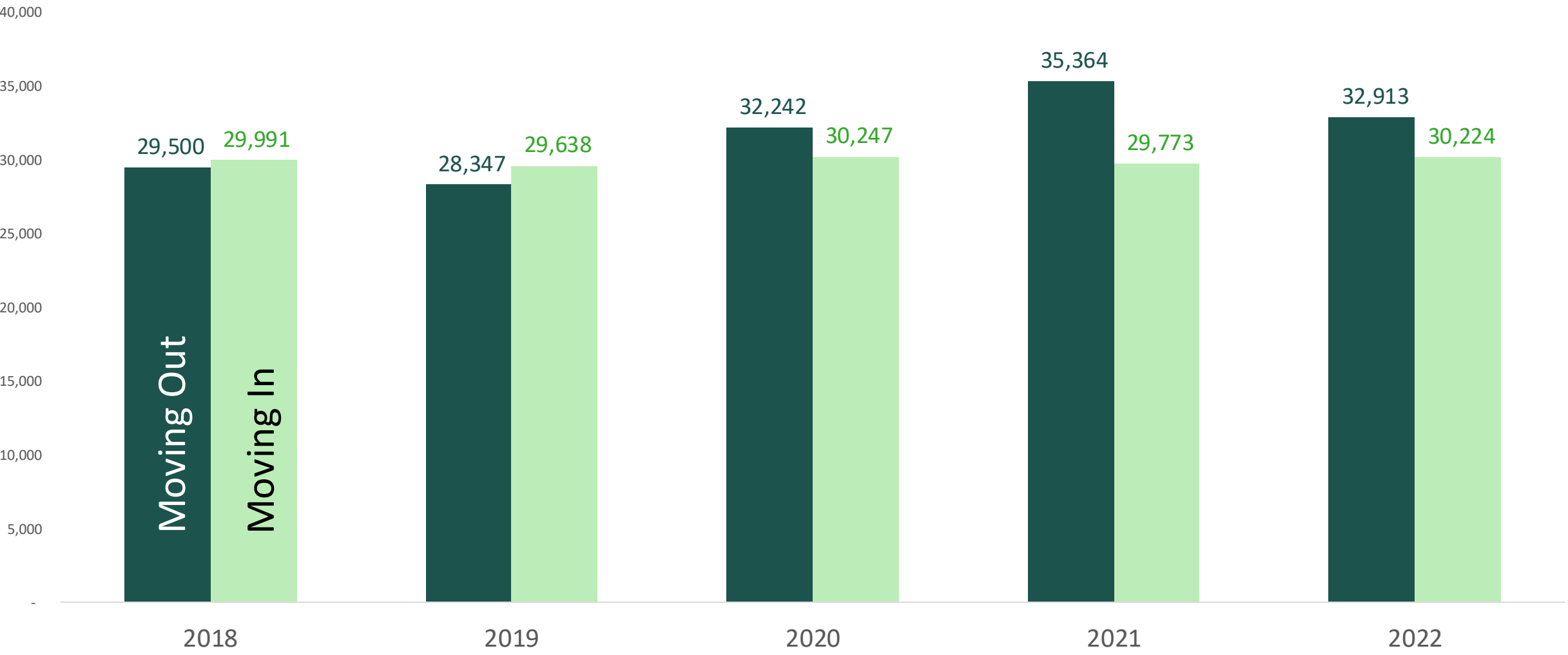
**“You can vote with your feet by deciding to move to a different city or state because you prefer its government policies** to those in force where you current reside. International migration is also often a form of foot voting. And, as we shall see, many people can vote with their feet in the private sector, as well.

**When Americans vote with their feet, they generally choose areas with cheaper housing, greater employment opportunities, and better-quality public services.”**

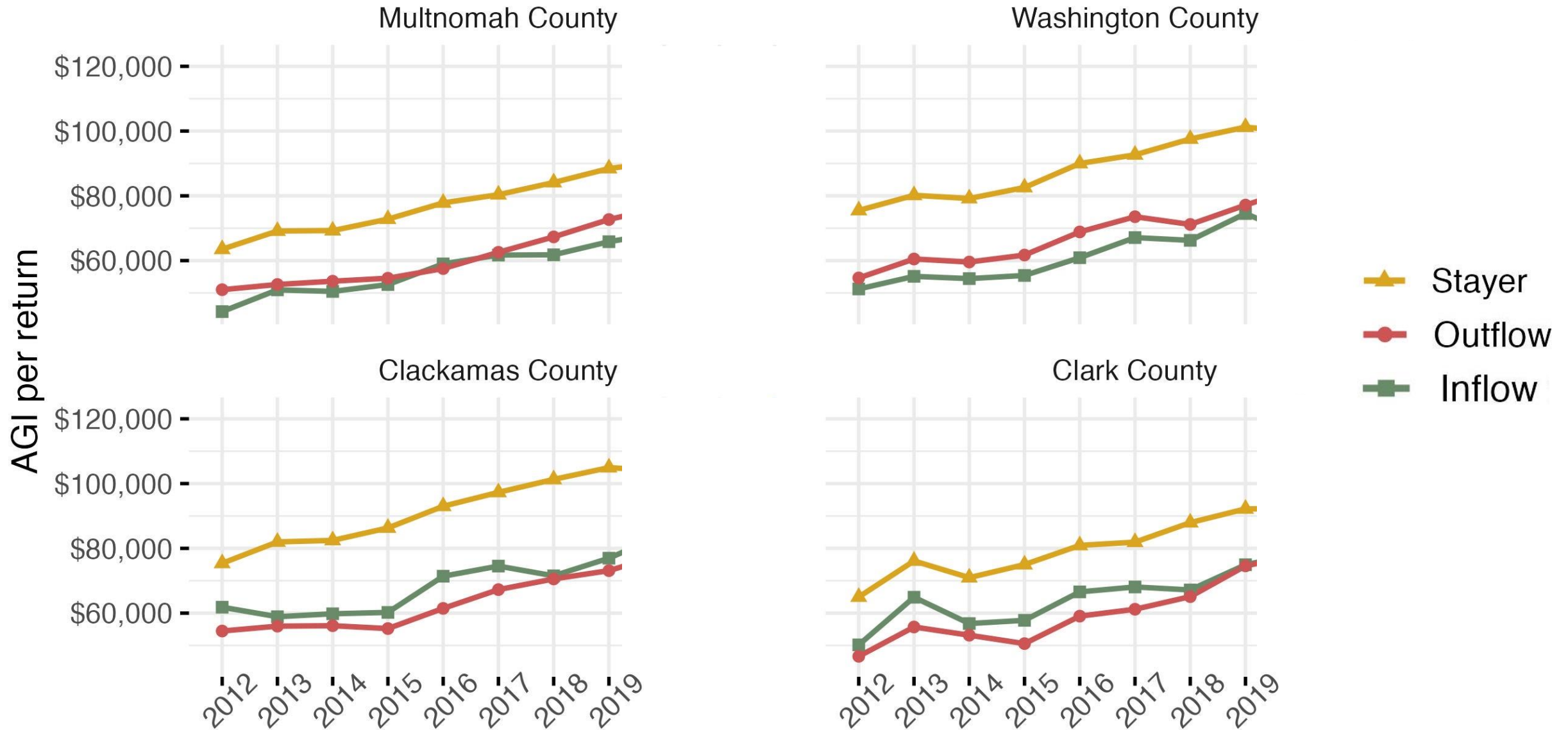
Ilya Somin, Free to Move: Foot Voting, Migration, and Political Freedom

# Retention of existing household is the problem in Multnomah Co, not recruitment

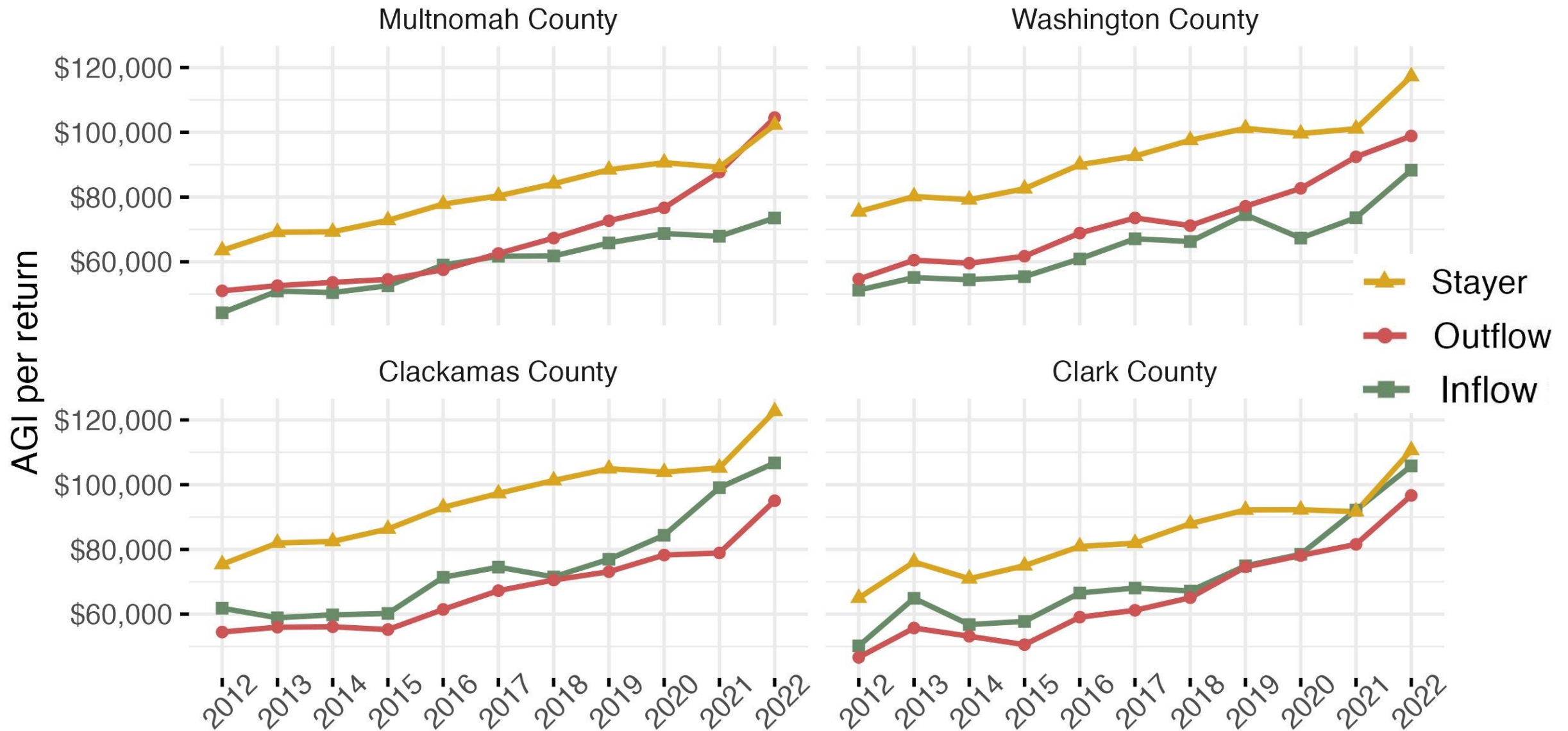
Number of Households Leaving vs. Coming to Multnomah County Annually



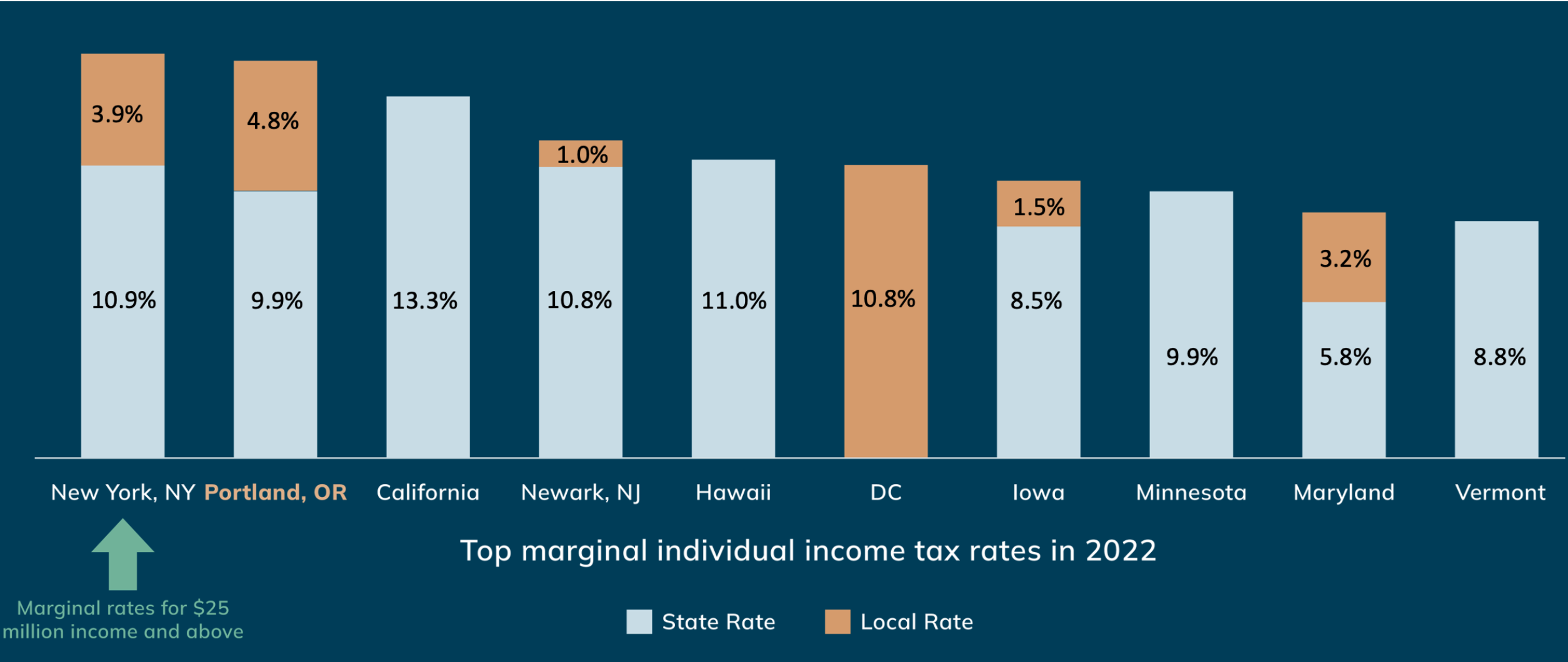
# Historically the average income of households moving into and out of region were similar



# Over \$1 Billion in income loss each of last 2 years in Multnomah Co through migration



# Tax value proposition impact with high marginal personal income tax rates



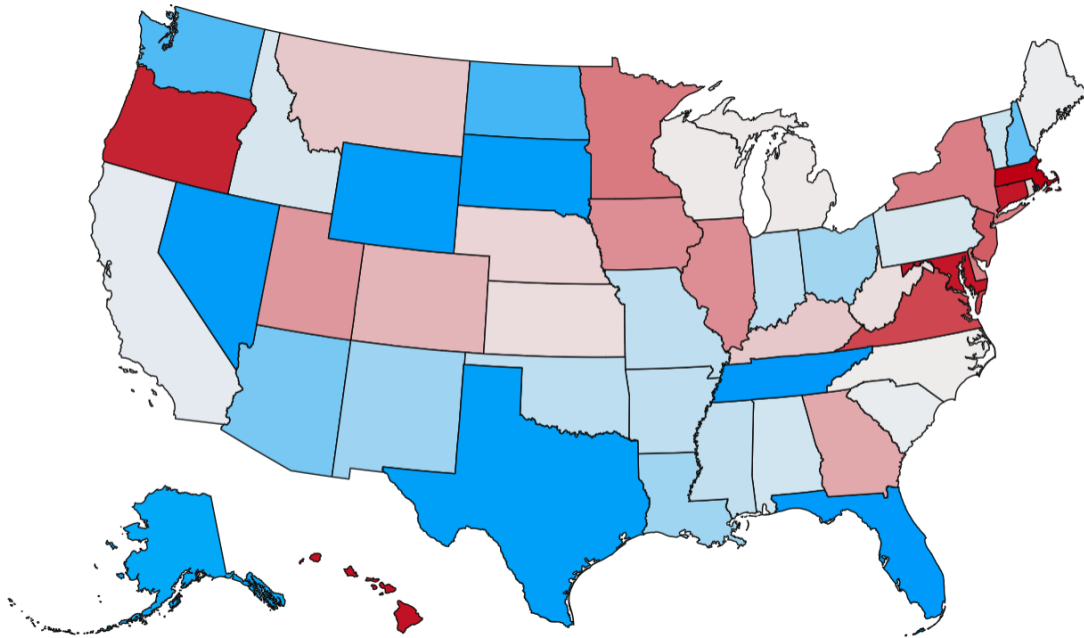
# Effective tax rate for the median household is more representative

## Total Effective Tax Rate by State (Federal + State) - Couples Filing Jointly

As a percentage of median annual income in each state

For the 2022 tax year (filing in 2023)

15.47% 19.47% 23.47%



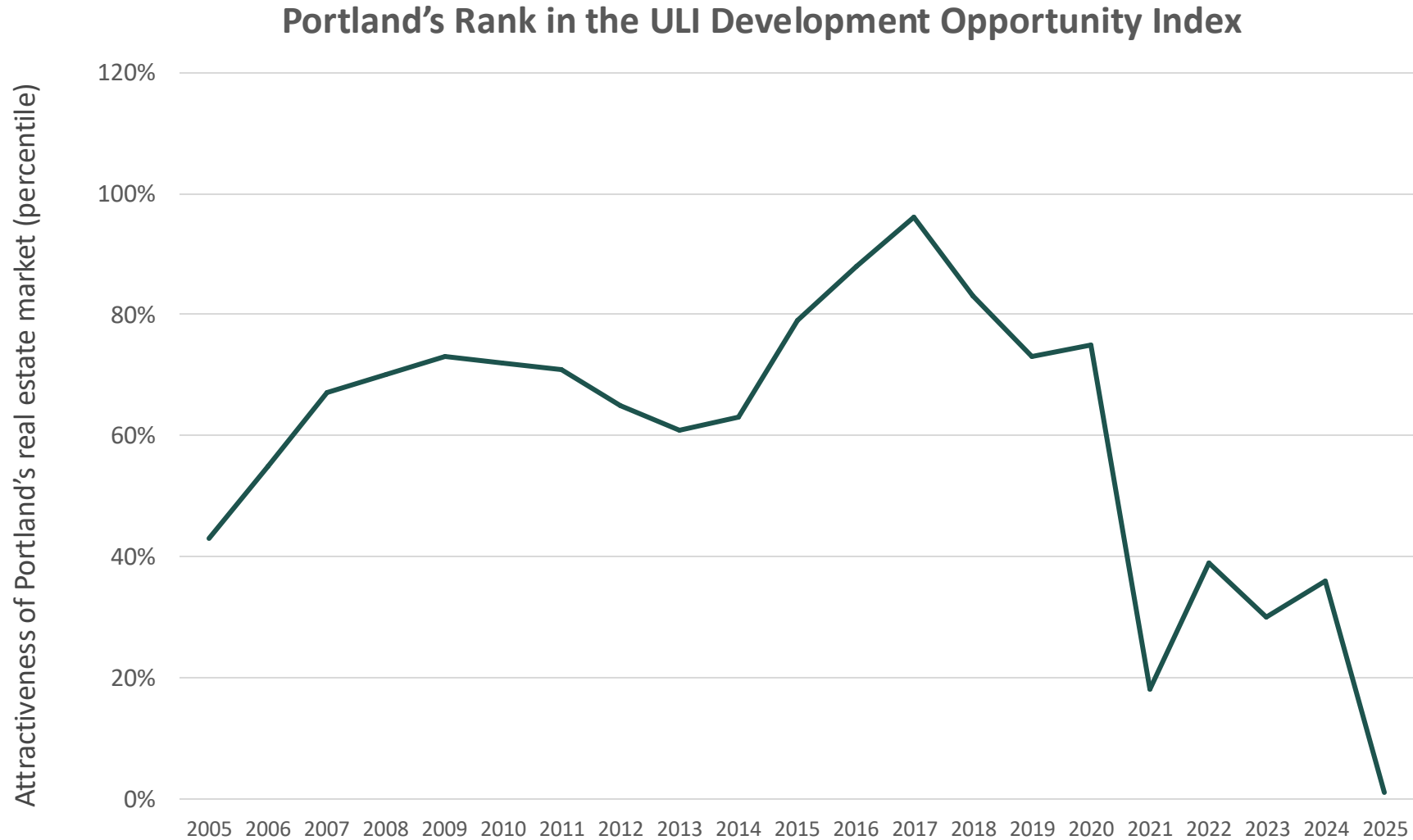
| Total tax burden ranking | State         | Total effective tax rate | Effective federal tax rate | Effective state tax rate |
|--------------------------|---------------|--------------------------|----------------------------|--------------------------|
| 1                        | Massachusetts | 23.47%                   | 18.79%                     | 4.68%                    |
| 2                        | Hawaii        | 23.06%                   | 16.61%                     | 6.46%                    |
| 3                        | Maryland      | 22.97%                   | 18.65%                     | 4.32%                    |
| 4                        | Connecticut   | 22.96%                   | 18.16%                     | 4.80%                    |
| 5                        | Oregon        | 22.77%                   | 15.96%                     | 6.80%                    |
| 6                        | Virginia      | 22.15%                   | 17.14%                     | 5.01%                    |
| 7                        | New Jersey    | 21.76%                   | 18.42%                     | 3.34%                    |
| 8                        | Minnesota     | 21.28%                   | 16.55%                     | 4.72%                    |
| 9                        | Delaware      | 21.21%                   | 16.02%                     | 5.19%                    |
| 10                       | New York      | 21.18%                   | 16.54%                     | 4.64%                    |

Sources: [U.S. Census Bureau](#), [TurboTax](#), Individual State Tax and Revenue Department Sites

**FINANCE BUZZ**



# How likely is new construction? Perception bias hit all time low for the region

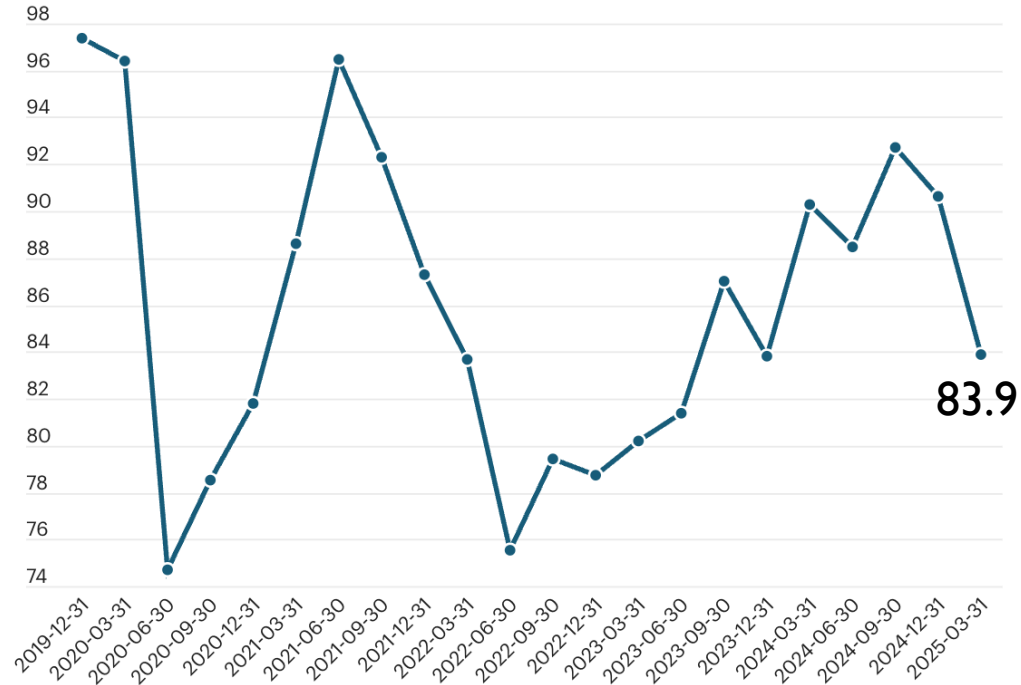


In the Urban Land Institute's *Development Opportunity Ranking*, **Portland ranks 2<sup>nd</sup> to last**—above only Hartford.

# Portland consumer confidence last among surveyed markets

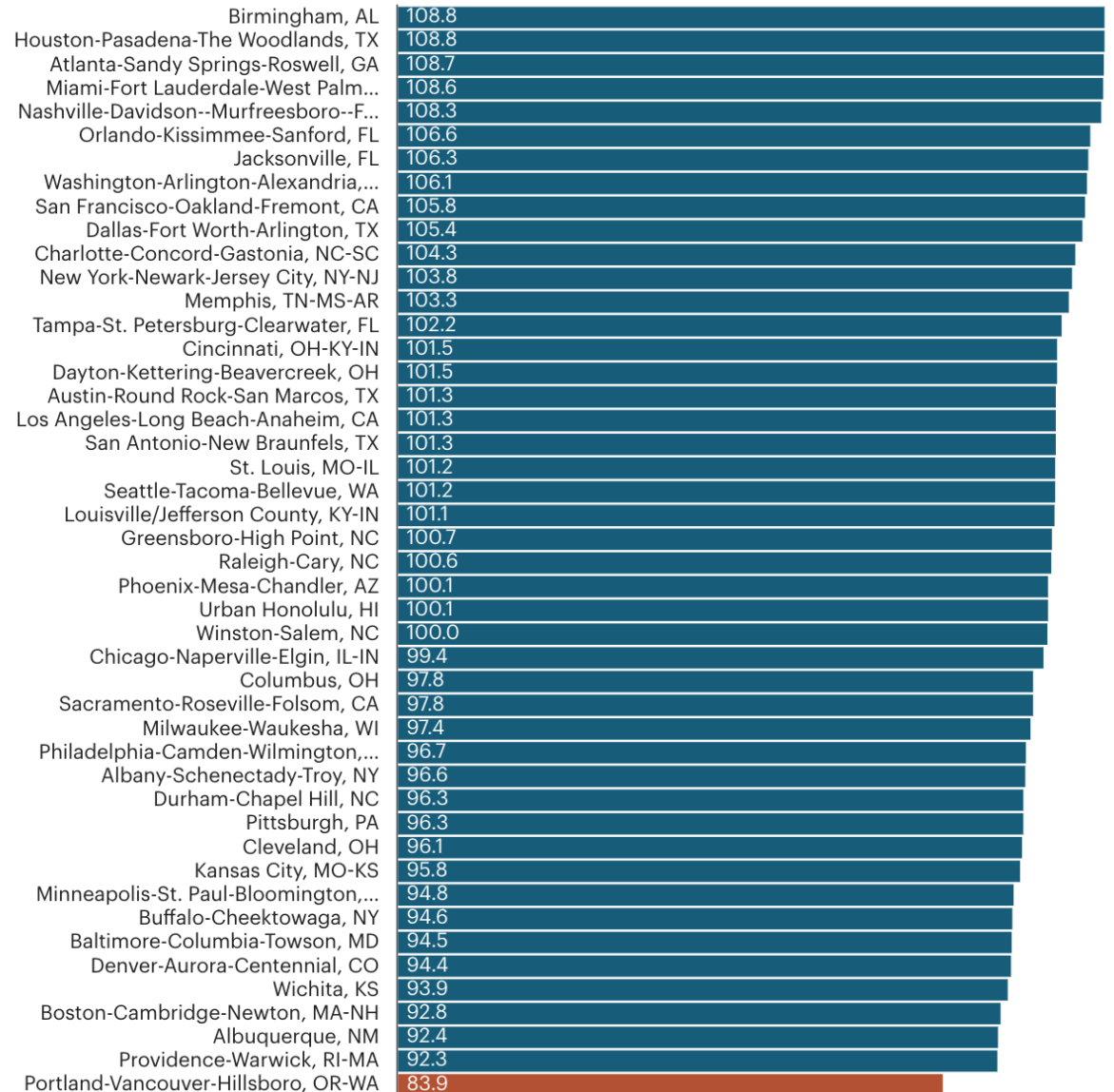
## Tracking Portland's consumer confidence

Here's how the Rose City's Metropolitan Consumer Sentiment Index has changed each quarter since Q4 2019

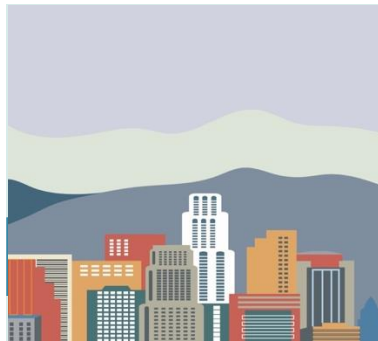


### Inside Portland's score

Here's how the Rose City fared in five key components of the index







Los Angeles



Portland



Seattle



Boise