

This document summarizes the draft Metro 2018-2038 Regional Growth Forecast. It provides high-level talking points and forecast outputs for general audiences.

### Key Findings

- A panel of experts, economists, and demographers found the forecast to be reasonably sound.
- The Metro region has rebounded from the Great Recession.
- The region added 45,000 new residents last year (2016), equal to 1.9% APR. This is the fastest annual growth since the Great Recession.
- The tight labor market is leading to a Portland area unemployment rate below 4 percent (December 2017). Job growth has been robust since 2014.
- Strong regional growth has lifted employment back above the pre-recession employment peak.
- Going forward, both population and job growth are expected to continue at a moderated pace because the region is approaching its full potential and full employment.
- Longer-term, the region will continue to see relatively stronger population growth than U.S. trends as net in-migration is expected to add to regional population – averaging 1.0% APR, (784,000 more residents in 7-county Metropolitan Statistical Area (MSA) from 2015 - 2045)
- Job growth in the long-term is expected to trend with population, – averaging roughly the same 1.0% APR, (406,000 more jobs in 7-county MSA between 2015 and 2045)

### State of the Region

#### Annual 7-county MSA Population and MSA Employment

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Population	2,265,725 (0.7%)	2,291,650 (1.1%)	2,324,535 (1.4%)	2,362,655 (1.6%)	2,407,540 (1.9%)
Employment	1,020,400 (2.2%)	1,044,800 (2.4%)	1,076,000 (3.0%)	1,111,900 (3.3%)	1,144,500 (2.9%)

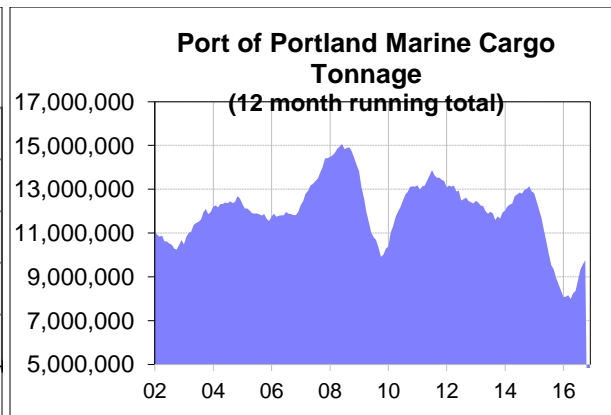
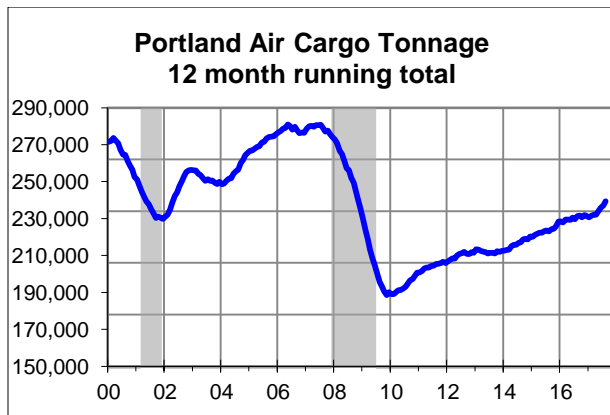
*Source: PSU and BLS (annual growth rate in parenthesis)*

- ❖ The Great Recession is now well past. Job and population growth have returned to pre-recession rates in recent years.
- ❖ National, state and regional unemployment rates are approaching near-full employment – meaning that anyone looking for a job is likely able to find a job, but may mean a shortage for businesses looking to hire.
- ❖ Strong real estate prices (charts below) indicate a growing economy with room to expand in a key blue-collar employment sector – construction. Surveys of local apartments show low vacancy rates and higher year-over-year rents.
- ❖ Prices for homes are similarly showing strong appreciation – another indicator of a robust and healthy economy.

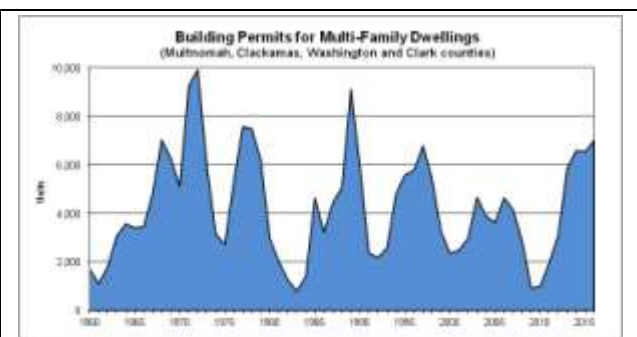


Sources: Regional Multiple Listing Service, Case-Schiller

- ❖ Cargo shipments (charts below) through the Port of Portland indicate a prosperous, growing region. Air cargo is ramping up to activity levels before the recession. Marine cargo (especially through Terminal 6) has not performed to expectations due to labor issues although it shows a capacity to rebound and contribute to regional job growth.



Source: Port of Portland



Source: U.S. Census (Permits include Clackamas, Multnomah, Washington and Clark)

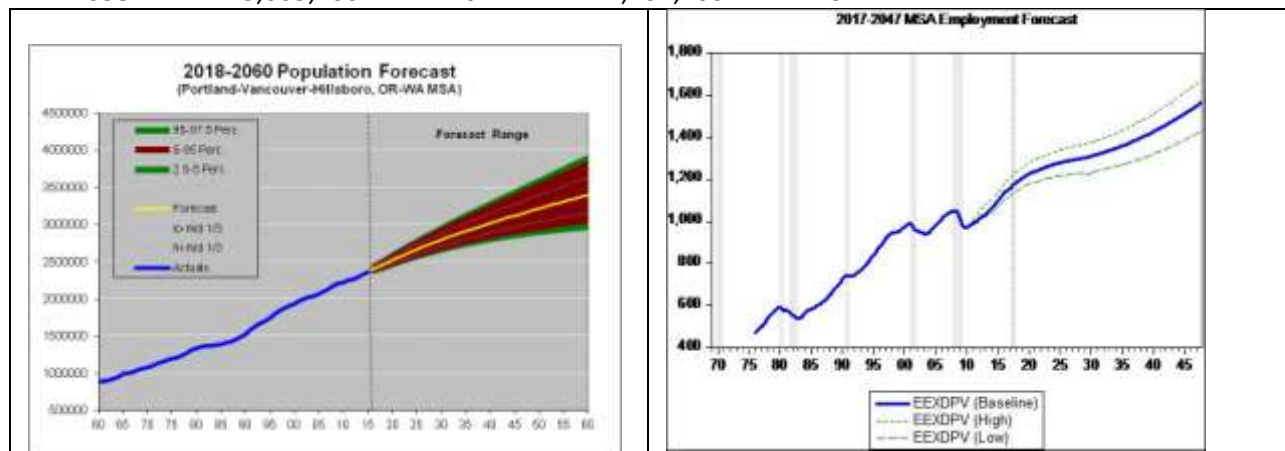
- ❖ Average Single-family permits issued in last 3 years = 6,400 units/yr; 20 year avg. = 8,050 units/yr
- ❖ Average Multifamily permits issued in last 3 years = 6,700 units/yr; 20 year avg. = 4,100 units/yr

Regional Forecast Summary

- ❖ Forecast prepared using up-to-date Census and Portland State Population Research Center data
- ❖ Forecast data sources include U.S. Bureau of Labor Statistics, Bureau of Economics, Federal Reserve Board, and Census
- ❖ U.S. growth projections derived from IHS Markit (August 2017 edition) and U.S. Census
- ❖ Annual comparisons between past forecasts and actuals/estimates are accurate and within an error band of about +/- 1 percent compounded, excluding years for the Great Recession
- ❖ Forecast contains uncertainty (see charts below).

**2018-38 Regional Forecast, Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area**

Year	Population	APR%	Employment	APR%
2015	2,362,655	1.6	1,111,900	3.3
2016	2,407,540	1.9	1,144,450	2.9
2017	2,443,900	1.5	1,169,300	2.2
2018	2,480,800	1.5	1,193,500	2.1
2019	2,513,500	1.3	1,214,250	1.7
2020	2,545,400	1.3	1,230,200	1.3
2038	3,005,100	1.0	1,402,400	1.0

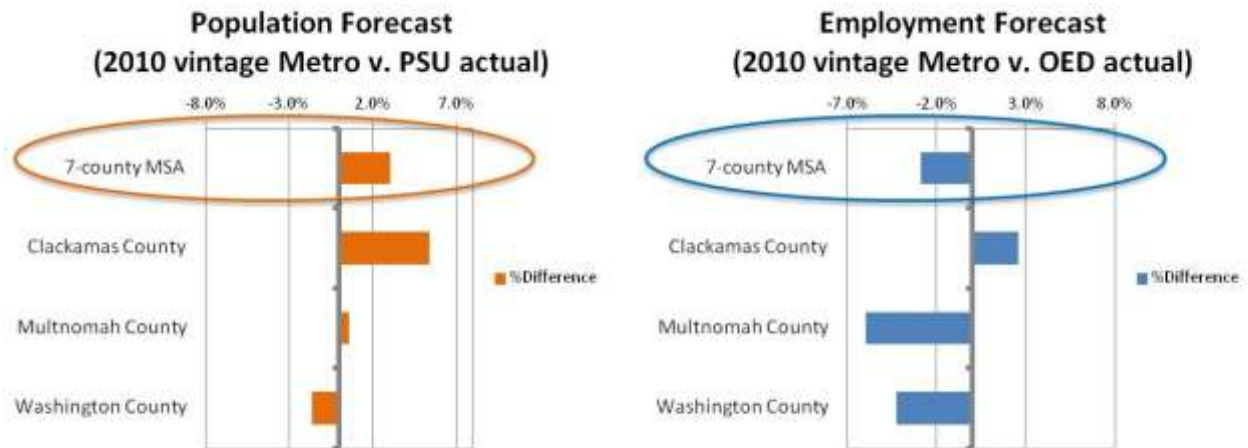


Source: history = {Census/ PSU and BLS; forecast = Metro, Research Center, November 2017}

**Forecast Comparison (Metro November 2017 Forecast v. Metro November 2014 Forecast)**

<u>Total Population</u>	<u>2015</u>	<u>2020</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>	<u>2040</u>
(in 1,000's)						
Metro (2017 vintage)	2,362.7	2,545.4	2,691.5	2,822.5	2,940.4	3,046.7
Metro (2014 vintage)	2,342.5	2,519.2	2,671.8	2,814.1	2,937.9	3,052.1
% diff	0.9%	1.0%	0.7%	0.3%	0.1%	-0.2%
<u>Total Employment</u>	<u>2015</u>	<u>2020</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>	<u>2040</u>
(in 1,000's)						
Metro (2017 vintage)	1,111.9	1,230.2	1,281.4	1,313.2	1,363.1	1,432.3
Metro (2014 vintage)	1,100.0	1,228.1	1,311.6	1,399.8	1,484.5	1,571.3
% diff	1.1%	0.2%	-2.3%	-6.2%	-8.2%	-8.8%

**Prior Metro Regional Forecast Accuracy**



**Review of Metro 2017 Regional Forecast and NERC November 2017 Forecast**

- Both Metro and NERC economists agree that the differences between the two respective forecasts are not significant.
- Both concur that sector level employment differences are also not large
- Both forecasts project construction to be the fastest industry growth sector. Both cite infrastructure development from state and federal sources along with non-residential construction as key drivers of construction in future years.

