

## BRIEF: HOW OREGON'S ECONOMY IS DOING

The U.S. economic expansion has entered its eighth year. That exceeds the average length of a post World War II expansion. Most signs point to continued growth in 2017.

True to form, Oregon is outperforming the nation during these good times. All three Oregon Business Plan measures—jobs, per capita income, and poverty rates—are moving in the right direction.

### Strong Job Growth

Statewide, jobs returned to their pre-recession peak in late 2014, and growth has marched on throughout 2015 and 2016. The state has blown past the Business Plan's 25,000 jobs per year goal: 228,000 jobs created against a goal of 140,000 (January 2011 through July 2016). National rankings show Oregon's job growth over the past year in 2<sup>nd</sup> place at 3.39 percent—narrowly behind Florida<sup>1</sup>.

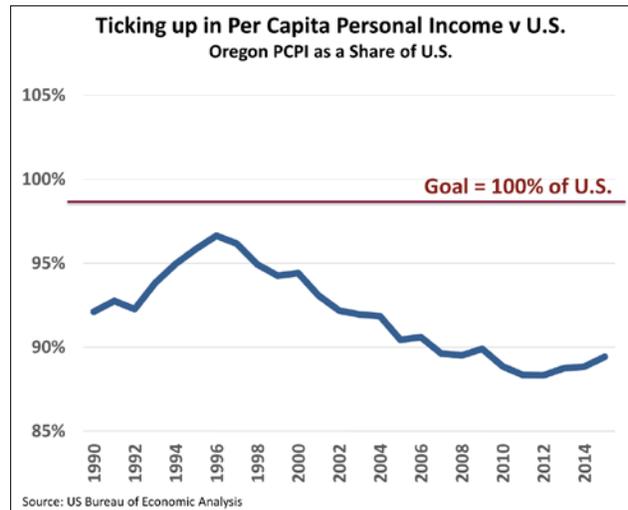
Sizable post-recession job gains have been posted in the food/beverage, manufacturing, health care, professional services, education, and leisure/hospitality sectors. Logging, wood products, construction, and financial services, while improving, have yet to return to their December 2007 employment levels.



Positive business stories emerged from across the state in 2016. In April, Nike unveiled the details of the expansion to its world headquarters, which will add 3.2 million square feet of office, mixed-use, and parking facilities to the campus<sup>2</sup>. In June, Apple announced its plans to build a 330,000-square-foot data center and 70,000-square-foot logistics center in Prineville, which is already home to major Facebook facilities<sup>3</sup>. Puppet Labs, a Portland-based IT automator, announced annual sales approaching \$100 million and plans to expand its office footprint by 50 percent<sup>4</sup>. In August, D.R. Johnson Lumber Company in Riddle became the first North American cross laminated timber manufacturer to pass rigorous fire safety and spread tests—setting the stage for expanded production.

### Improved Per Capita Income

Business expansions supported a strong job market and translated into progress on the Business Plan's second goal: per capita personal income (PCPI). Oregon's PCPI increased from \$41,220 to \$42,974 between 2014 and 2015, edging up relative to the U.S. average, but still a long way from the 100 percent of U.S. average goal. Per capita income growth is fueled by increases in average wages, which have been growing



<sup>1</sup> <http://research.wpcarey.asu.edu/economic-outlook/job-growth/latest-state-rankings/> Rankings for year over year nonfarm employment growth between September 2015 and 2016.

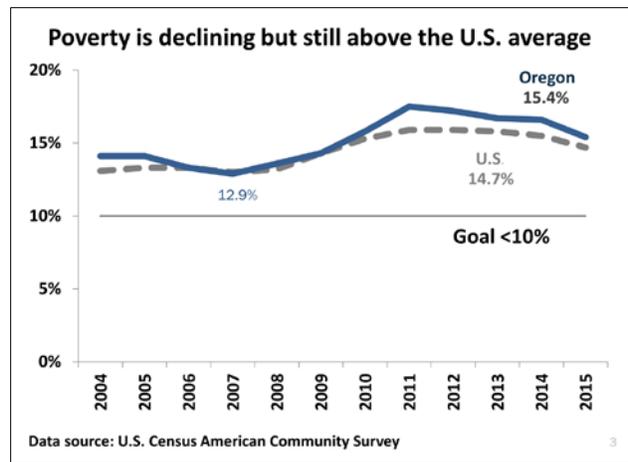
<sup>2</sup> <http://news.nike.com/news/nike-inc-reveals-design-for-world-headquarters-expansion>

<sup>3</sup> [http://www.oregonlive.com/business/index.ssf/2016/07/apple\\_facebook\\_give\\_timber\\_tow.html](http://www.oregonlive.com/business/index.ssf/2016/07/apple_facebook_give_timber_tow.html)

<sup>4</sup> [http://www.oregonlive.com/silicon-forest/index.ssf/2016/09/puppet\\_adds\\_executives\\_as\\_sale.html#incart\\_river\\_index](http://www.oregonlive.com/silicon-forest/index.ssf/2016/09/puppet_adds_executives_as_sale.html#incart_river_index)

at a 3 and 4 percent annual rate—a point or two above the rate of inflation. However, because of rapid population growth relative to other states, Oregon’s per capita income is moving up at a slower pace than wages.

Together, job and wage growth led to unprecedented gains in household incomes. Nationally, real median household incomes registered the highest annual increase (5.2 percent between 2014 and 2015) since the U.S. began reporting the statistic in 1967<sup>5</sup>. At 6 percent, Oregon had the nation’s third strongest increase in household income. Yet despite that gain, Oregon’s household income still ranks just 32<sup>nd</sup> best among U.S. states and the District of Columbia.



### Gains in Poverty Reduction

The state also saw a long overdue reduction in the share of people living in poverty—15.4 percent in 2015, down from 16.6 percent in 2014. Meeting the goal to reduce poverty to below 10 percent by 2020 will require a continued U.S. economic expansion, a better extension of the recovery into Oregon’s rural counties, and more hiring among urban minority populations for the jobs that urban areas are producing.

Global and national events will dictate the length of this expansion. Weak industrial production, related to a strong dollar that has increased the cost of U.S. exports, remains a key concern. That means that the U.S. consumer is the key to ongoing growth. Whether consumers can fill that role is uncertain. Personal incomes slowed somewhat in 2016. Despite these signs of weakness, economists surveyed by the Wall Street Journal place the probability of a 2017 recession at only 20 percent.

<sup>5</sup> <https://www.whitehouse.gov/blog/2016/09/13/income-poverty-and-health-insurance-united-states-2015>