Oregon’s Economic Outlook:
Risks, Realities, and Investment Implications

Presentation to
CCIM Oregon/SW Washington

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Real GDP growth

Roughly in-line with pre-pandemic

Source: Bureau of Economic Analysis

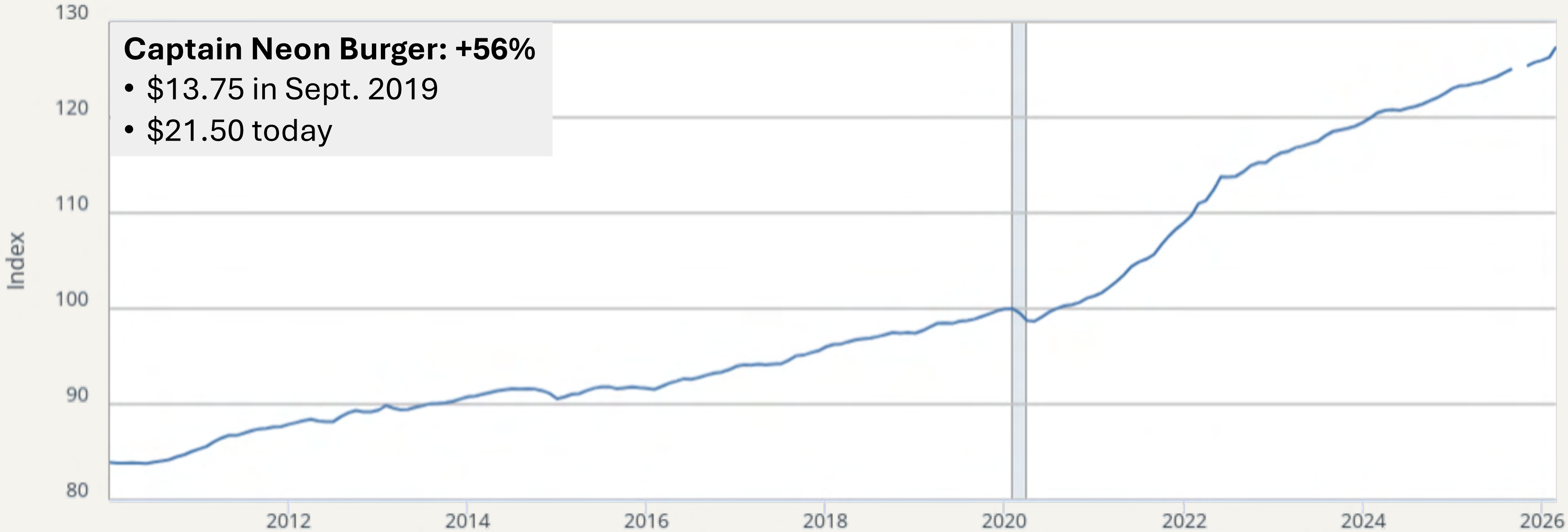
10-year expected inflation

Not much higher than pre-pandemic

Source: Federal Reserve Bank of St. Louis

Why does everything *feel* expensive?

Because prices are 27.5% higher than they were pre-pandemic



Source: Bureau of Labor Statistics; McMenamins

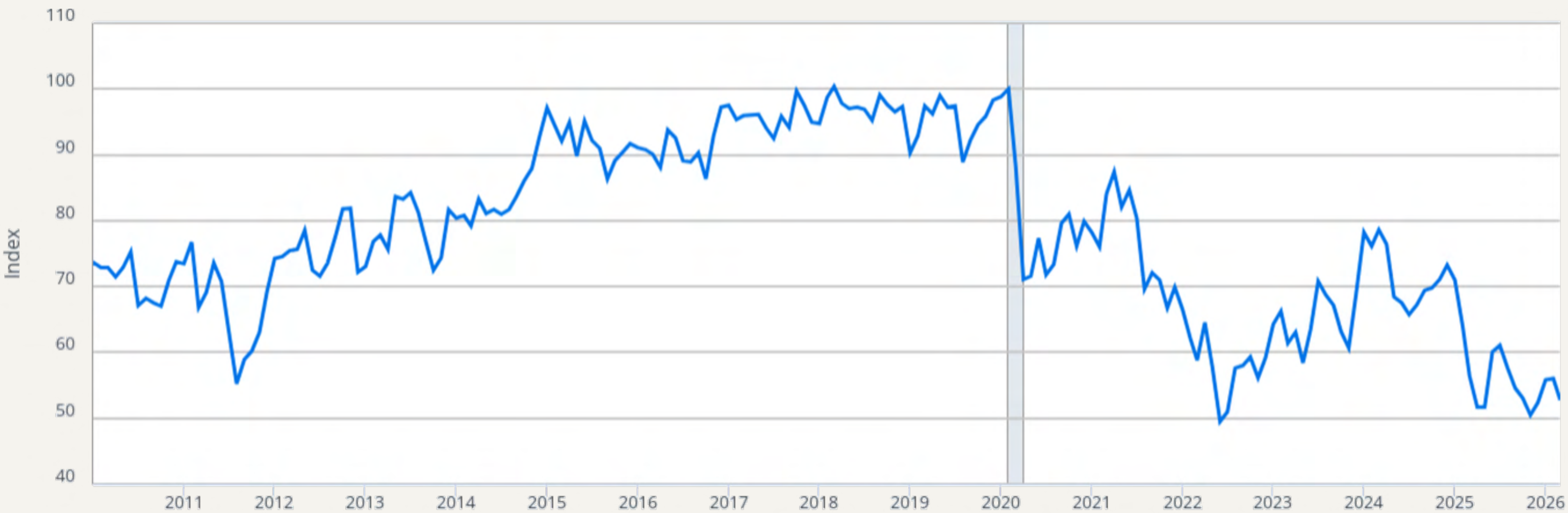
Why does everything *feel* expensive?

Gasoline price are 50% higher than they were pre-pandemic

Source: Bureau of Labor Statistics

Consumer sentiment

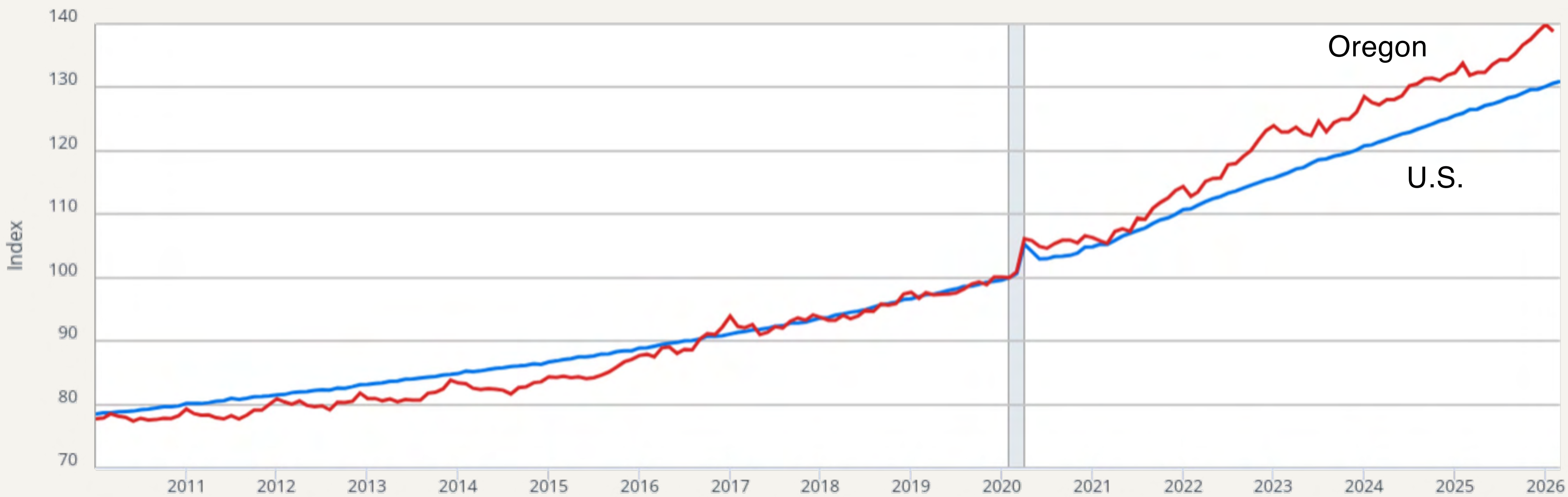
Nearly a all-time low



Source: Surveys of Consumers, University of Michigan

Wages are also up 30-40%

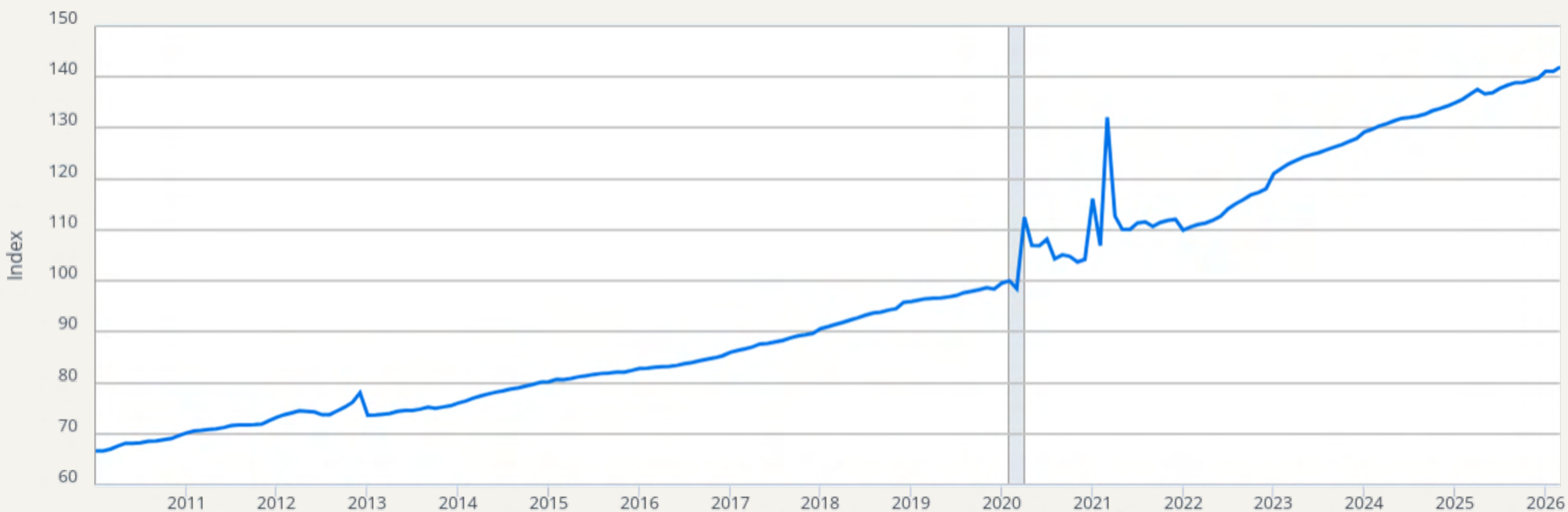
So far, so good … so why do we feel like we're struggling?



Source: Bureau of Labor Statistics

Disposable income is up 43%

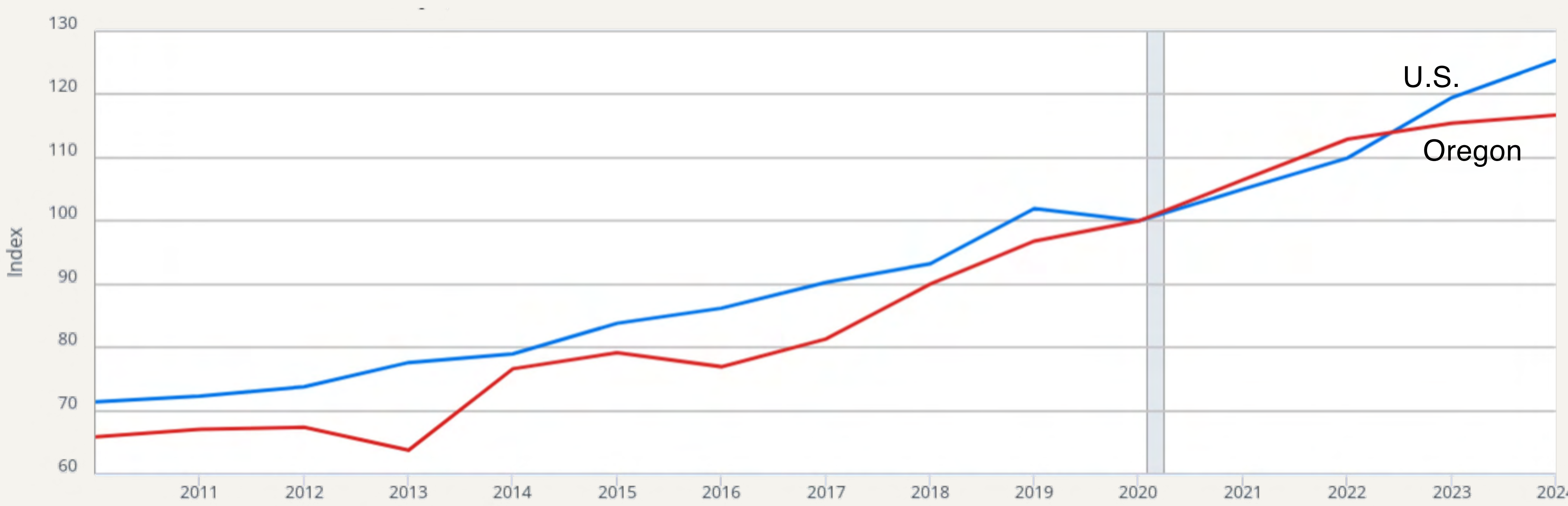
Disposable income is after-tax income … why we feel like we’re struggling?



Source: Bureau of Labor Statistics

Median household income is up 15-25%

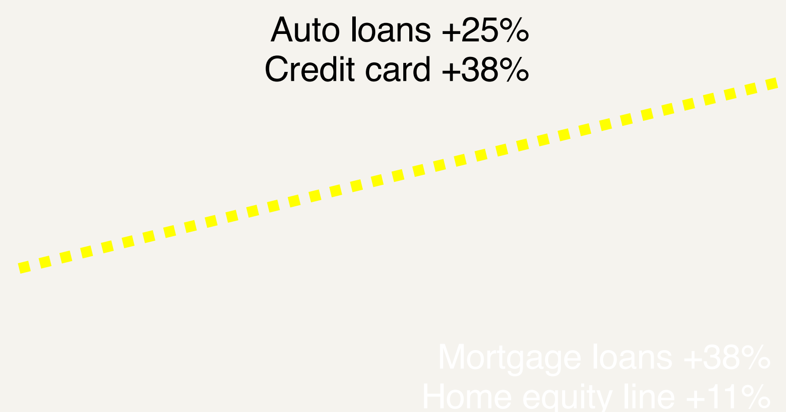
Aha! The income gains are unevenly distributed



Source: Bureau of Labor Statistics

Household debt

Leveled off in first year of pandemic, now up 33% from pre-pandemic



Source: Federal Reserve Bank of New York

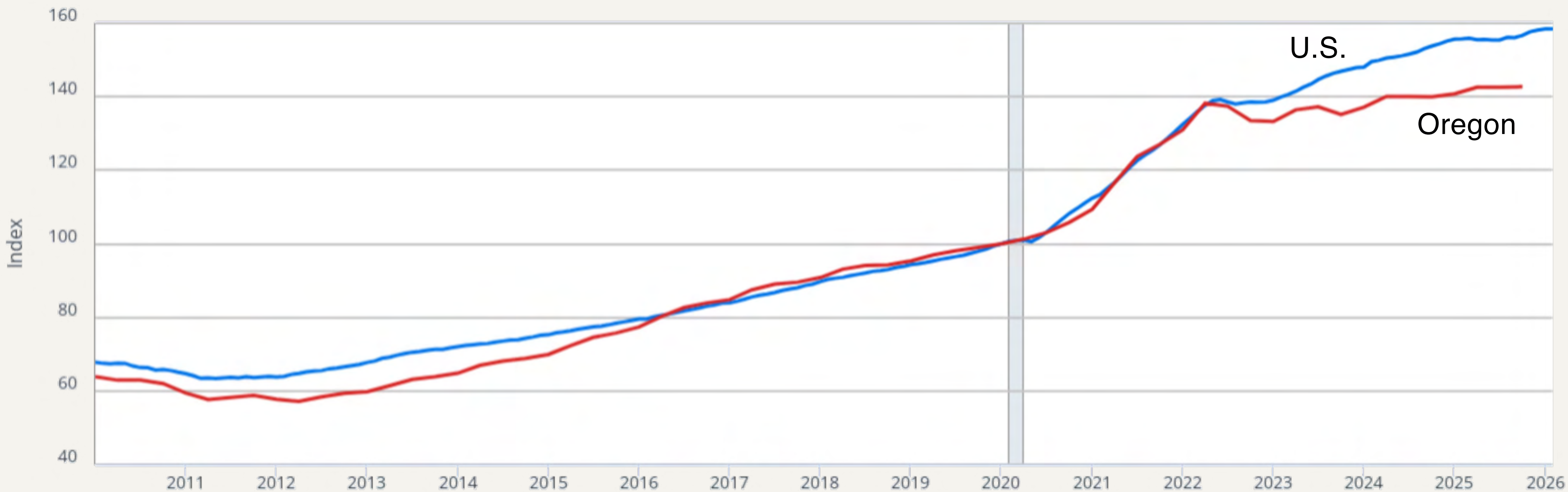
30-year mortgage rates

Coming down, but near pre-Great-Recession rates

Source: Freddie Mac

FHFA Home Price Index

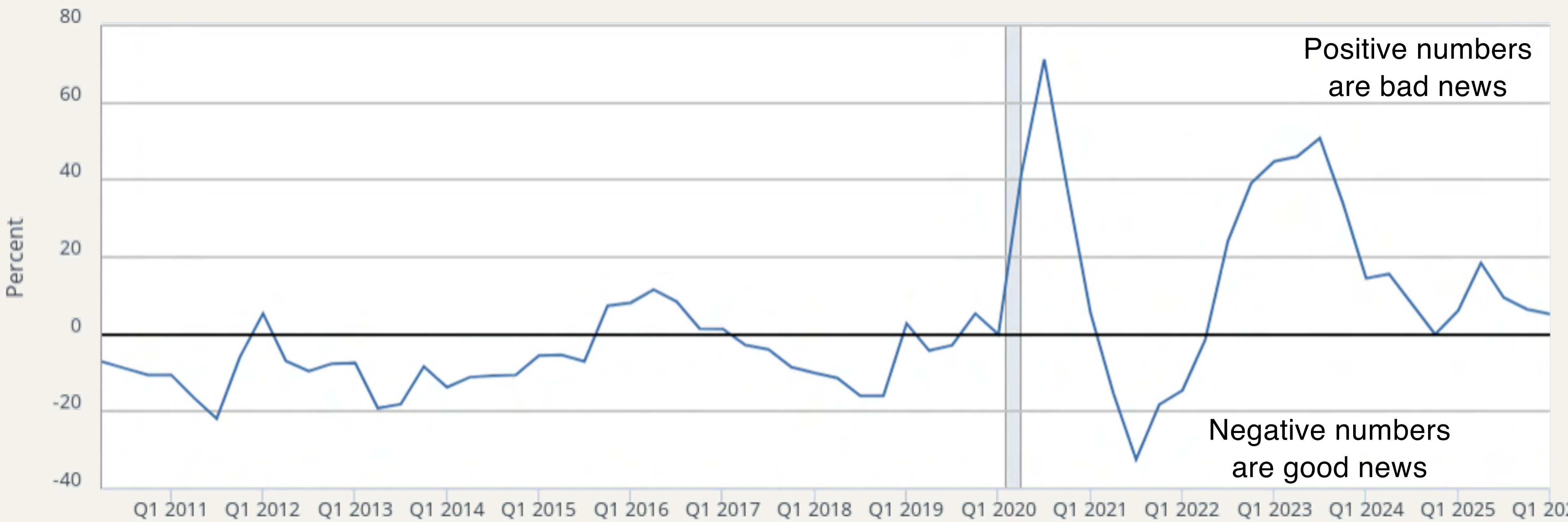
Home prices have been flat since 2022



Source: Federal Housing Finance Agency

Credit tightening to large and middle firms

It doesn't matter if interest rates are low, if your business can't get the credit



Source: Board of Governors of the Federal Reserve System

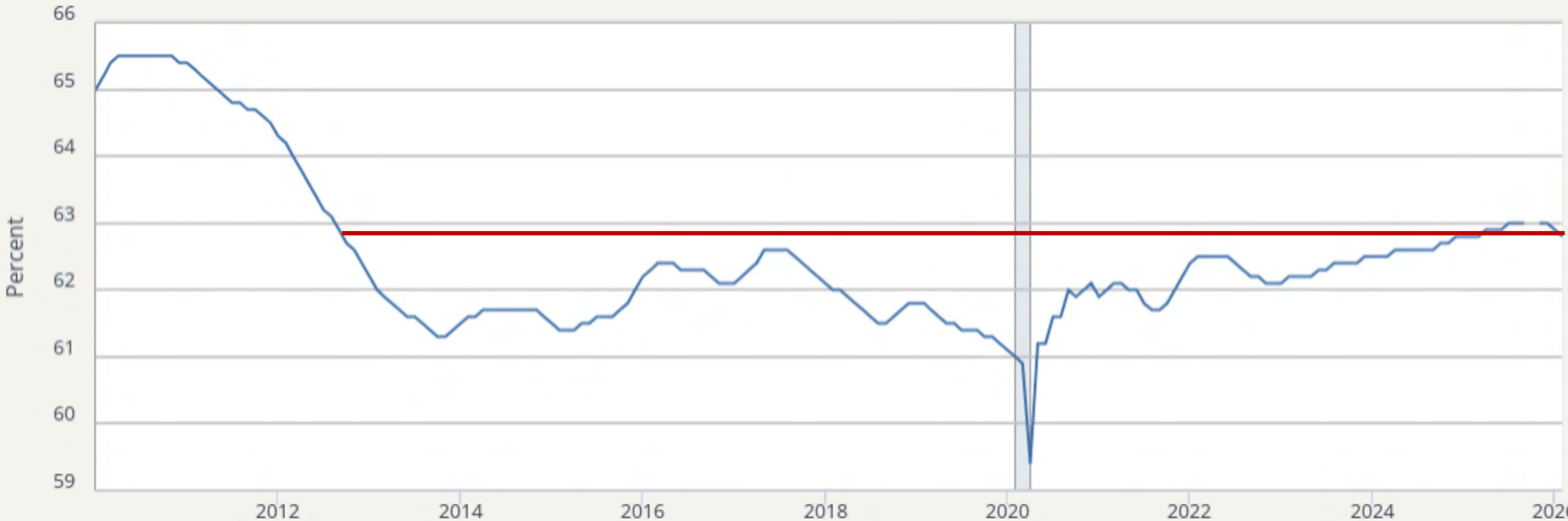
Oregon housing starts

Tough environment for housing: Declining population, high interest rates

Source: U.S. Census Bureau

Oregon labor force participation rate

Near 14-year high



Source: U.S. Bureau of Labor Statistics

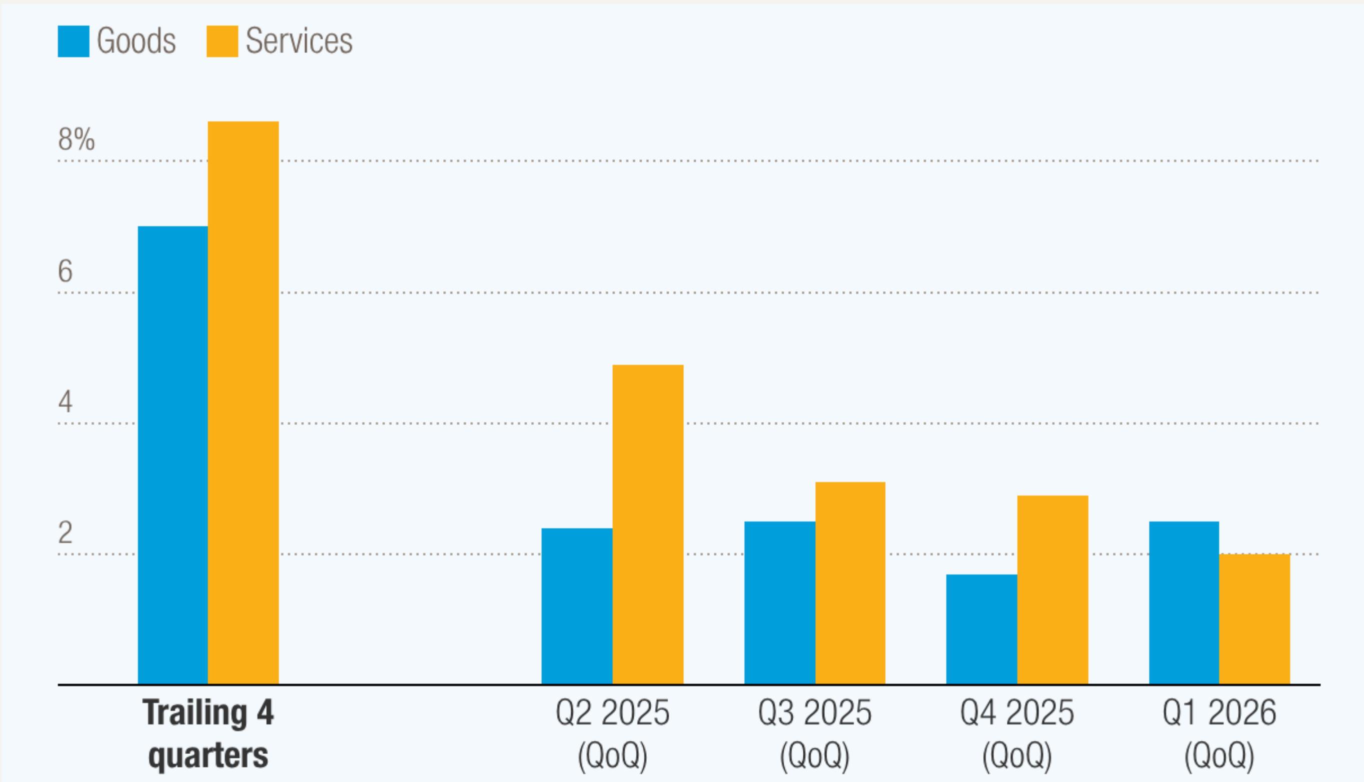
Oregon unemployment rate

Near all-time low, but nearly 1% higher than U.S.

Source: U.S. Bureau of Labor Statistics

World trade is sluggish

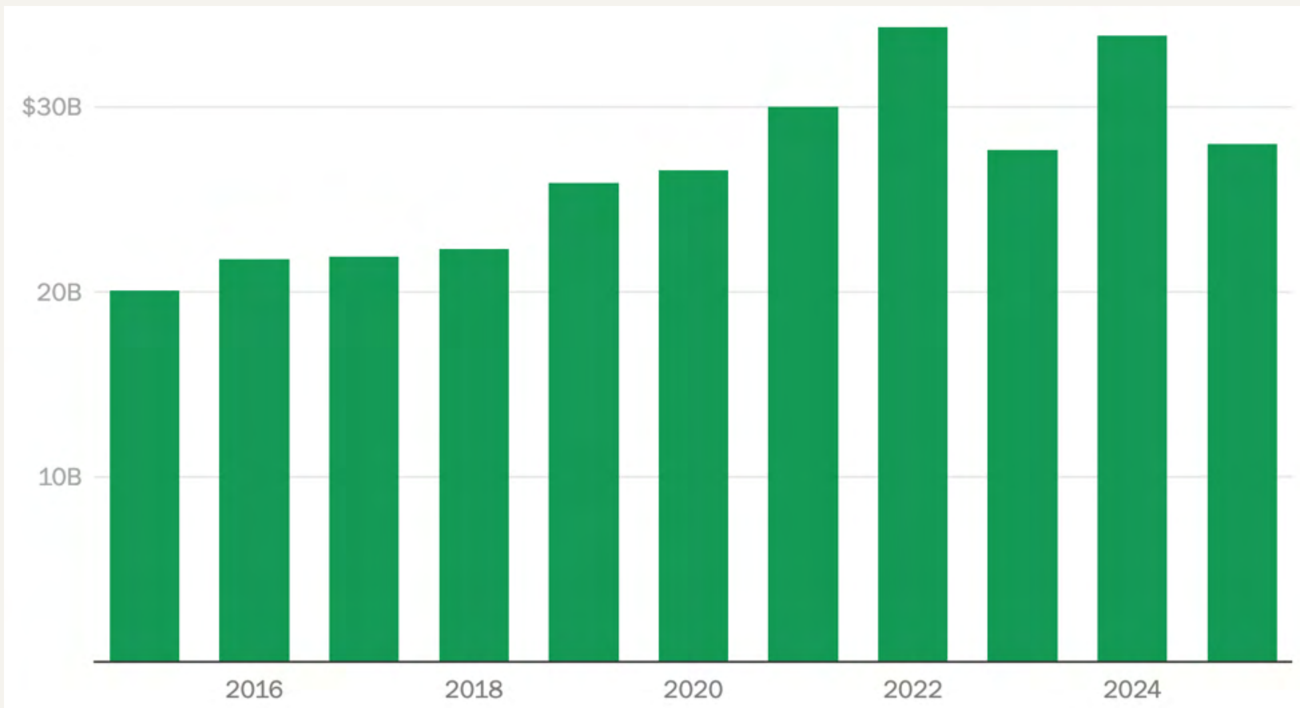
Volumes flat, increase in values from inflation



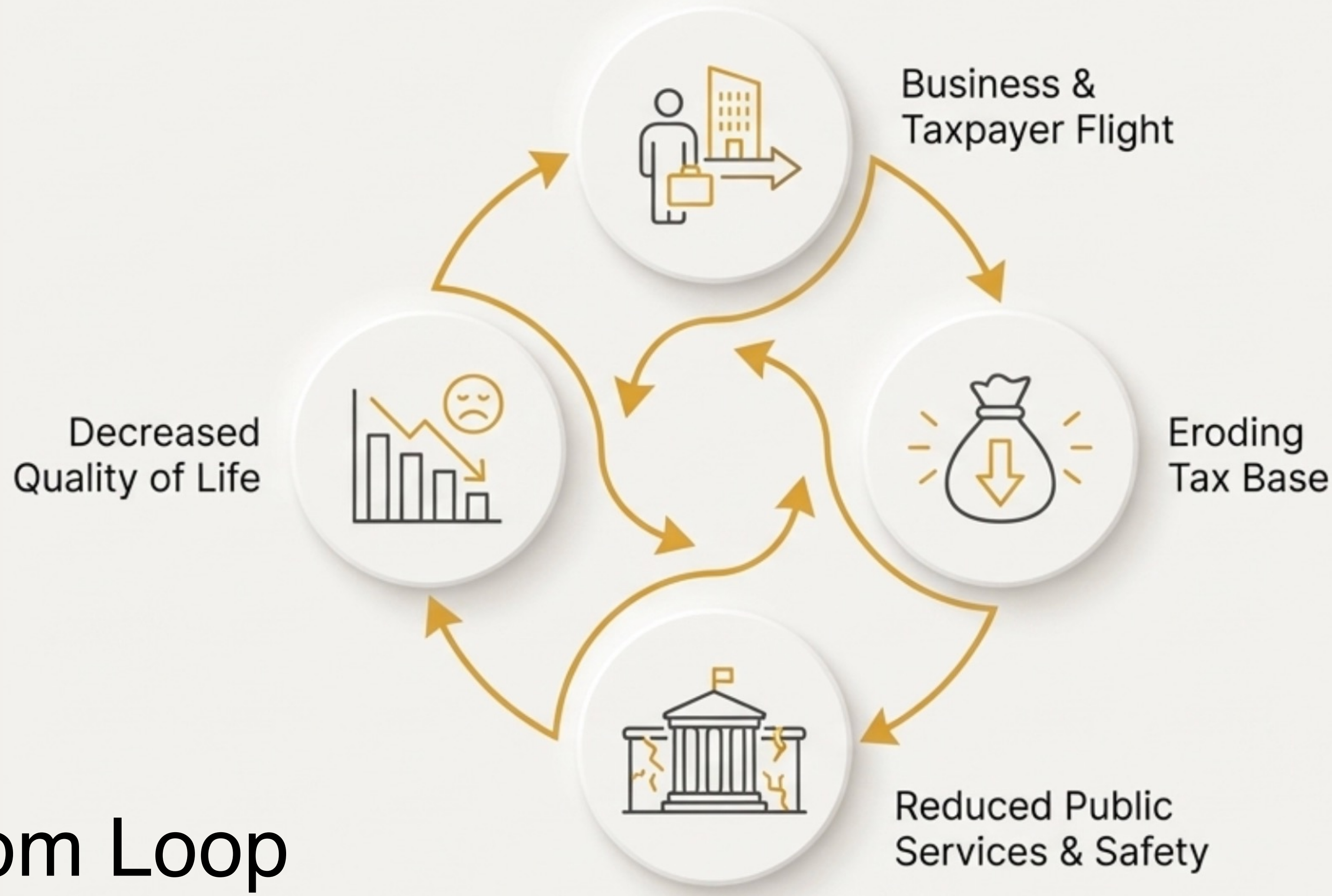
Source: UNCTAD

Oregon exports down 17.5%

But, most of the loss is explained by tariffs and Intel



Source: WISERTrade / Oregonian



The Doom Loop


Oregon: A Tale of Two Decades
Then: Winning in 2004
Hailed as one of America's "most livable" cities.
The state's natural beauty was considered a valuable "second paycheck" for residents.
42nd
Oregon's overall tax burden ranked 42nd in the nation.
This placed the state's total taxes firmly in the lower half of all states.
Now: What Changed?
17th
The state's overall tax burden now ranks 17th.
Oregon has shifted from the bottom half to the top half of states.
State general fund spending more than doubled.
The budget grew from $15.8 billion (2013-15) to a projected $37.4 billion (2025-27).
$15.8 Billion
2013-15
$37.4 Billion
2025-27
(Projected)
"Our politicians treated Oregon's success like lottery winnings..."
"...they could draw down without consequences."
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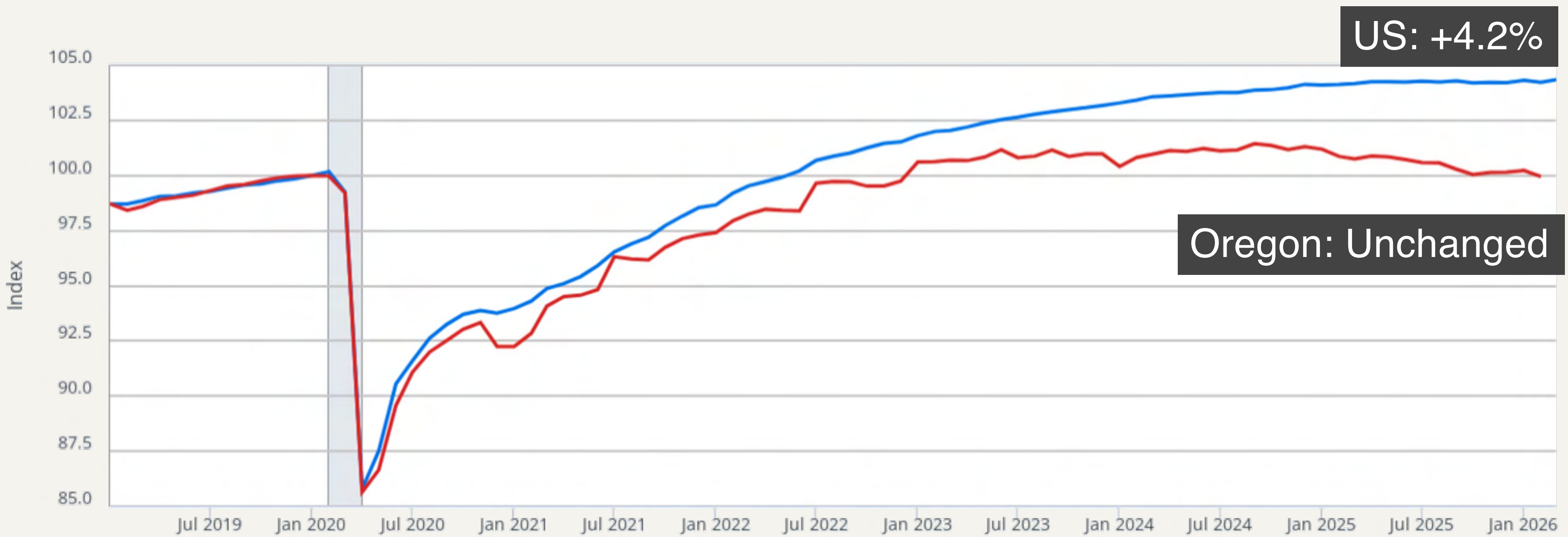
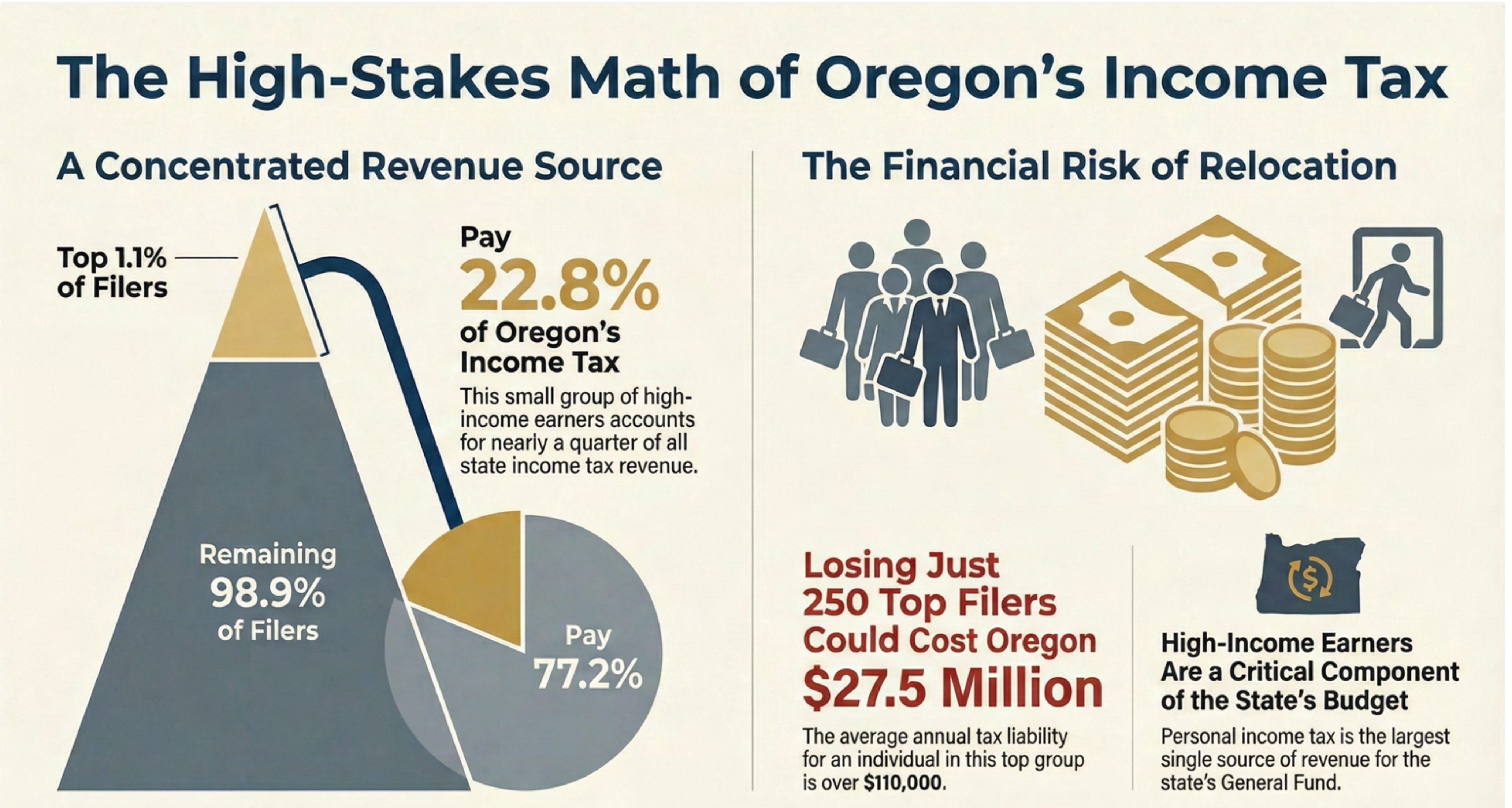
Employment: A "Growth Recession"



Oregon is a high-tax state

Source: U.S. Census Bureau, FY2022 Data via Oregon Legislative Revenue Office, "2025 Public Finance: Basic Facts".



Source: LRO, 2025 Oregon Public Finance: Basic Facts, C-6

The Oregonian

Minuscule test score gains signal Oregon faces years of digging out from its post-pandemic academic hole.

(Oct. 3, 2025)

Bye-Bye, Business

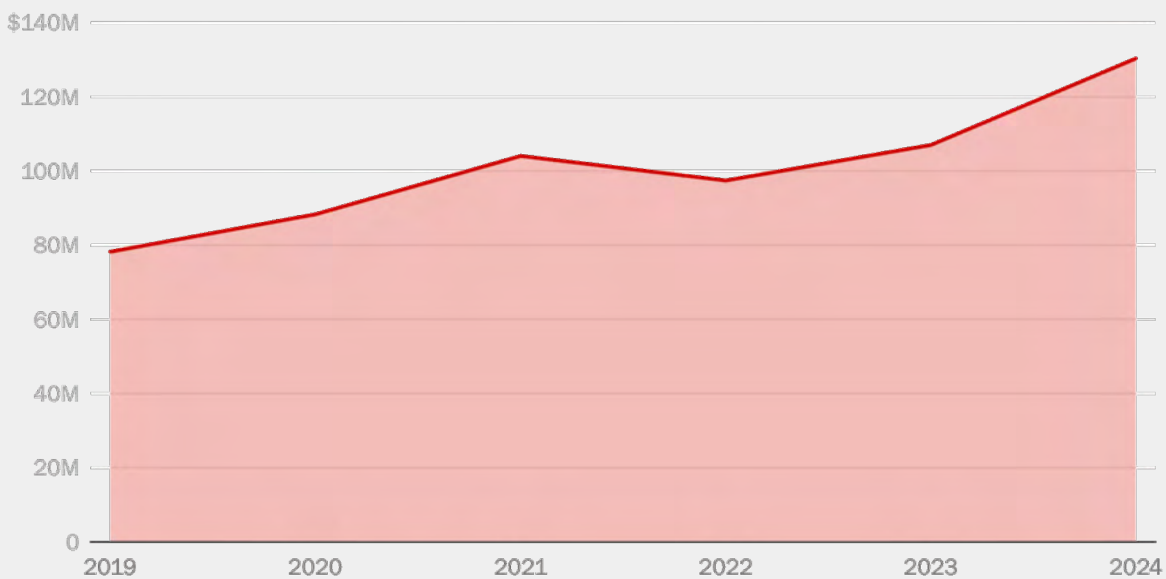
Portland Business License Tax	Multnomah County Business Tax	Multnomah County Income Tax
-9.8%	-7.4%	-9.4%

Source: LRO, 2025 Oregon Public Finance: Basic Facts, A-7

So Long, Property Values

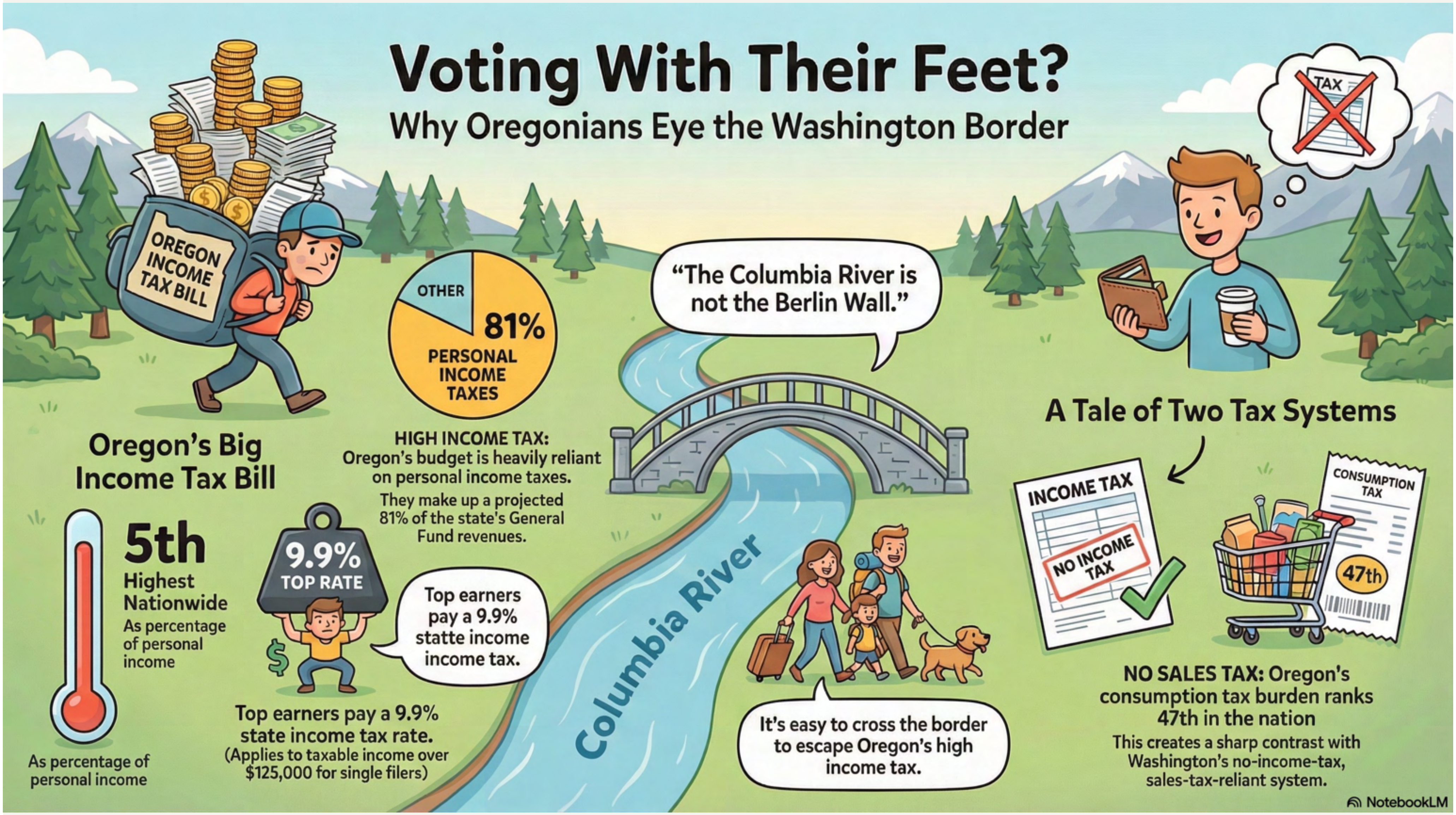
Multnomah County property tax losses mount

Local governments within Multnomah County have lost out on more and more property tax collections since the onset of COVID-19 — in large part due to plummeting office building values. Losses shown here are due to "compression," as falling real estate market values and limits set in the 1990s squeeze collections.



Source: Multnomah County Summary of Assessment and Taxes • Get the data

OREGONLIVE
The Oregonian


Voting With Their Feet?
Why Oregonians Eye the Washington Border
OREGON INCOME TAX BILL
OTHER
81%
PERSONAL INCOME TAXES
HIGH INCOME TAX: Oregon's budget is heavily reliant on personal income taxes.
They make up a projected 81% of the state's General Fund revenues.
"The Columbia River is not the Berlin Wall."
TAX
A Tale of Two Tax Systems
Oregon's Big Income Tax Bill
5th
Highest Nationwide
As percentage of personal income
As percentage of personal income
9.9% TOP RATE
Top earners pay a 9.9% statte income income tax.
Top earners pay a 9.9% state income tax rate.
(Applies to taxable income over $125,000 for single filers)
Columbia River
It's easy to cross the border to escape Oregon's high income tax.
INCOME TAX
NO INCOME TAX
CONSUMPTION TAX
47th
NO SALES TAX: Oregon's consumption tax burden ranks 47th in the nation
This creates a sharp contrast with Washington's no-income-tax, sales-tax-reliant system.
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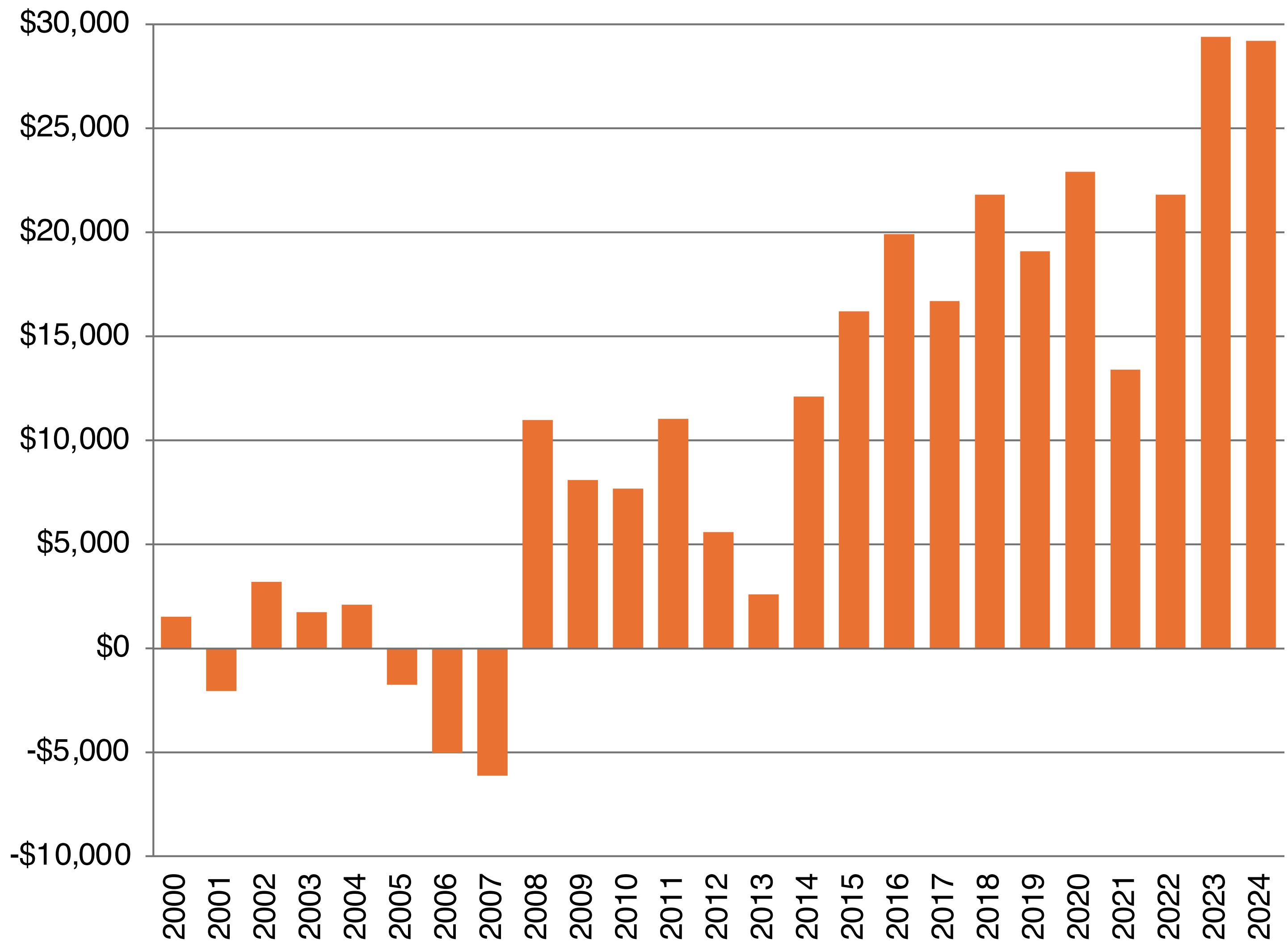
Welcome to Vancouver, USA

PERS
will
“sink the
state.”

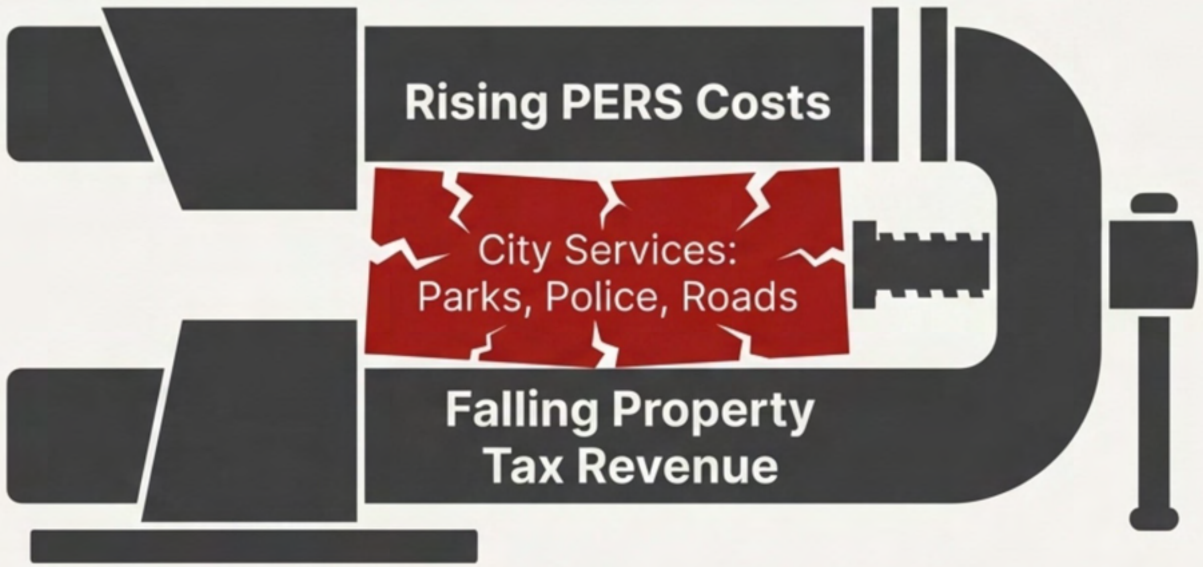
(Phil Knight)

Unfunded Actuarial Liability: $29.4 billion



Source:
PERS by the Numbers;
PERS Board

Austerity on Autopilot



Salem now pays **$11 million more** annually for pensions than it did several years ago. These mandatory payments take priority, automatically reducing funds available for everything else.

“Oregon state government encourages **working remotely** where it is a viable option that benefits both the employee and the agency.

Source: Oregon, DAS, State Policy No. 50.050.01

We Stand at a Fork in the Road

Detroit: The Cautionary Tale

Detroit's population fell from 1.8 million to 700,000 before bankruptcy.

Pittsburgh: The Recovery Model

Pittsburgh faced reality, restructured, and today serves as a model of post-industrial recovery.

Prescription 1: State-Level Surgery for PERS

℞

Radical PERS Reform. Demand the Legislature act. If the constitution is the block, change the constitution.

The Oregon PERS system carries a **$29.4 billion unfunded liability**—roughly equal to the state's entire biennial General Fund budget. This problem cannot be solved locally.

Prescription 2: Stop the Tax-Base Hemorrhaging

Rx

Emergency Tax Competitiveness. Immediately freeze or roll back local income and business taxes.

- Suspend the Metro homeless tax.
- Eliminate the Preschool for All tax.

"Every tax must pass this test: Does it raise revenue to provide services to the people who stay, or does it **drive people away?**"

Prescription 3: Revive Downtown's Heartbeat

℞

Commercial Real Estate Emergency Response.

1) Enforce the law: clear camps, prosecute theft, shut down drug markets.
2) Deregulate: Eliminate zoning, design review, and non-safety permits until vacancy rates normalize.

Downtown Portland's office vacancy rate stands at **34.6%**, more than double the rate of a healthy market. This justifies emergency measures.


THE HERO'S CROSSROADS: OREGON'S CHOICE BETWEEN RUIN AND REVIVAL
PART 1: THE GOLDEN AGE
Once a "Most Livable" Kingdom
In the early 2000s, Portland was nationally celebrated as a top American city.
A Magnet for Investment
In 2017, Portland ranked 3rd out of 78 metros for real estate attractiveness.
3
1
PART 2: THE DESCENT INTO THE DOOM LOOP
The Vicious Cycle of the "Doom Loop"
Declining Services
Shrinks Revenue
Deeper Service Cuts
The Two-Headed Dragon: A Fiscal Vise
Soaring ponsion costs (529.48 liability) meet collapsing property tax revenues, crushing budgets.
Confidence Collapses
By 2024, Portland's real estate investment rank plummeted from 3rd to 80th out of 81.
80
PART 3: THE CROSSROADS – A CHOICE MUST BE MADE
PATH 1: THE "DETROIT" SCENARIO
(Dithering & Dawdling)
Inaction via task forces leads to terminal decline as capital and talent flee.
PATH 2: THE "PITTSBURGH" SCENARIO
(Radical Action)
Facing reality with bold reform leads to recovery, stability, and growth.
THE QUEST FOR REVIVAL: 3 RADICAL REFORMS NEEDED NOW
1. Tame the PERS Beast
2. End the Tax War
3. Revitalize Downtown
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