

ECONOMIC REPORT

Portland Metro Area | Second Quarter 2010



LOCAL TRENDS:

Population (#)



Employment (#)



Unemployment (%)



Home Sales (#)



Home Values (\$)



Retail Sales (\$)



NATIONAL HIGHLIGHTS

The national economy continues a slow recovery. Unemployment has hovered around 9.7% since the beginning of the year, and while lower than its peak of 10.1% last October, job creation is occurring very slowly. Hundreds of thousands of temporary workers were hired for Census 2010, which boosted May's jobs report but caused losses in June's. One positive sign is that private sector jobs have been increasing every month since January. Manufacturing is an area where employment is expanding, and the manufacturing industry is currently one of the bright spots in the American economy.

The stock markets had their worst quarter in more than a year during Second Quarter. The Dow Jones industrial average ended Second Quarter down about 10% from First Quarter, and the S&P 500 and NASDAQ were both down about 12%. Factors such as economic troubles in Europe, the Gulf Coast oil spill, and poor retail sales in May, which decreased for the first time in eight months, made investors uneasy.

In an attempt to continue to stimulate the still struggling single-family housing market, the Senate approved extending the closing date for the homebuyer tax credit. Now buyers who were under contract before the April 30 deadline have until Sept. 30, instead of June 30, to close the sale.

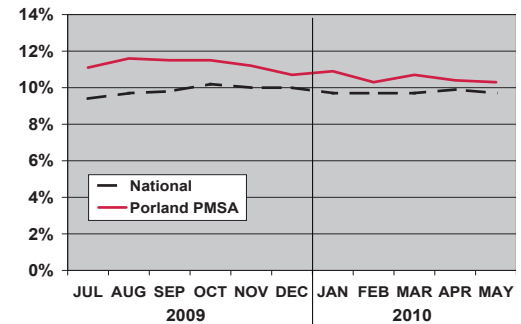
The commercial real estate market nationally is seeing slow growth. The Real Estate Roundtable's Second Quarter sentiment survey found that senior real estate executives overwhelmingly feel that the CRE market is better now than it was a year ago, though only 17% indicated that it is "much better." Investors are seeing the debt and capital markets loosening up, and property values stabilizing. The multifamily market is leading the commercial real estate property types in investor interest.

LOCAL HIGHLIGHTS

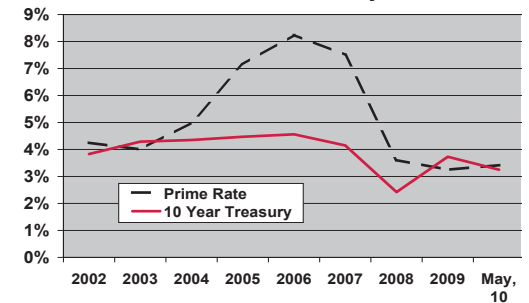
Unemployment in the Portland Metro Area remained high at 10.3% in May, and the U.S. Bureau of Labor Statistics reported that Portland lost 23,300 jobs between April 2009 and April 2010. Some jobs are being created, but very cautiously. IBM is bringing 600 new jobs to Oregon, the majority in Beaverton with some in Salem, after purchasing a credit company, and SolarWorld is adding 350 jobs after expanding its Hillsboro plant.

Greenlight Greater Portland, an independent economic development group, forecasts a strong future for the Portland metro area in its 2010 Greater Portland Prosperity Index. The group says the local economy's emphasis on manufacturing and trade will serve Portland well in the future, and predicts that the area's gross regional product will rise by 22% by 2015. The group sees one of Portland's key strengths as flexibility, and believes Portlanders will continue to adapt to changing economic conditions. The city's tourism draw also remains strong – it was ranked No. 1 on a list of America's best cities for summer travel by *Travel + Leisure* magazine.

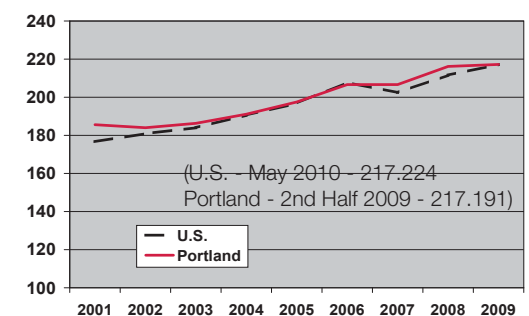
Unemployment Comparison



Prime Rates vs. 10-Year Treasury



Consumer Price Index



Oregon Monthly Job Gains

