

# ECONOMIC REPORT

## Portland Metro Area



### National Highlights

Citing global uncertainty, chiefly China's murky economy, Federal Reserve Chairwoman Janet Yellen postponed any change in its stimulus campaign. Yellen stressed that the Fed's first increase in almost a decade was more important than the timing, and indicated interest rates will most likely be raised by year's end.

Though the U.S. economy is in its 7th year of steady job growth, the median American household still reported a lower income in 2014, in inflation-adjusted terms, than it did in 2013. According to the Census Bureau's annual income report released in September 2015, the 2014 real median income was 6.5% below its 2007 level and 7.2% below its 1999 level. However, falling oil prices have slowed temporary inflation and middle-income Americans feel like they have more money to spend.

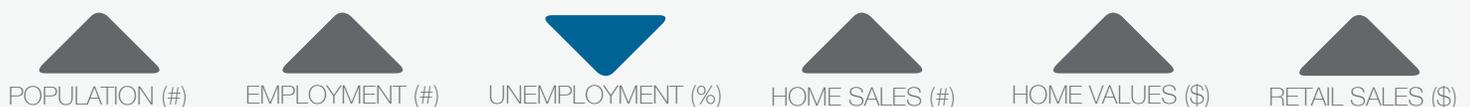
Despite broad wage stagnation, consistent job stability has encouraged more Americans to buy homes. Portland's sizzling residential market is evident to this fact, with home sales closing at record pace. According to Redfin Realty, more than half of homes close in Portland's core sell in less than 10 days. Regional home prices have gone up 19% in the last two years alone. Consistent home price gains can make homeowners feel wealthier and are more likely to spend, providing a boost to the economy.

### Local Highlights

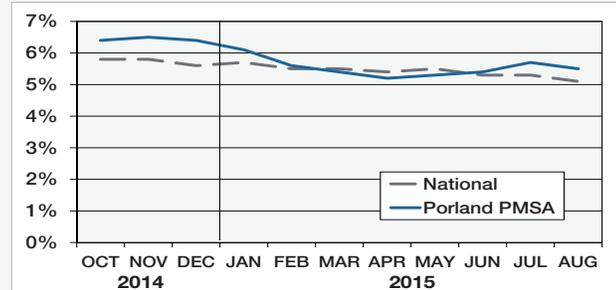
Mayor Charlie Hales announced plans to ask the City Council to declare a housing emergency with the hope of providing shelter for all homeless women by the end of the year. It's not clear if the emergency would have any impact on Portland's rental crisis and housing affordability. City officials estimate roughly 1,800 homeless people lack shelter on any given night in the Portland-metro area.

The housing emergency is seen as tangential to Portland's skyrocketing apartment rental market. Not too long ago, Portland's low vacancy rate was a welcome sign of a rebounding and thriving economy. Now, the surge in rates is symptomatic of a much larger, national concern. The majority of new multifamily development, both in Portland and throughout the U.S., has been priced and marketed toward the same demographic, consequently pricing out a large chunk of middle class and working class residents. In August, Axiometrics reported Portland at a 15% year-over-year average rent increase, the steepest increase in the country.

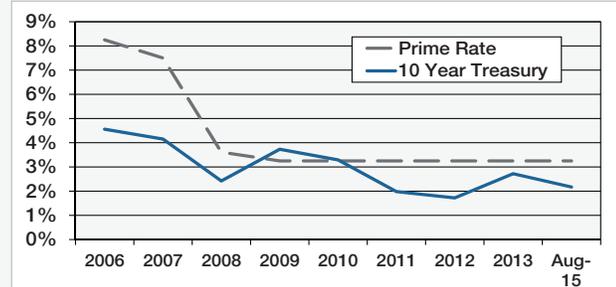
### Trends for 3Q15



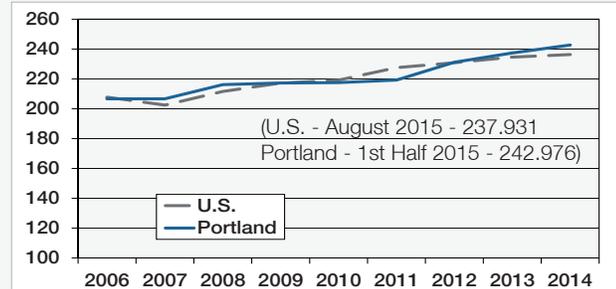
Unemployment Comparison



Prime Rates vs. 10-Year Treasury



Consumer Price Index



Oregon Monthly Job Gains

