Oregon Economic Outlook 2025:

Resilience underpins, but risks abound

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DEPARTMENT OF ADMINISTRATIVE SERVICES

Disclaimer: The views expressed here are solely those of the presenter, they do not represent official State of Oregon policies or positions

Introduction to OEA

Office of Economic Analysis

Economic Forecast
- Employment
- Income
- Interest Rates
- Inflation
- Housing

Demographic Forecast
- Population

Revenue Forecast
- General Fund
  - Personal Income Tax
  - Corporate Income Tax
  - Inheritance Tax
  - Cigarette/Tobacco
  - Liquor Apportionment
  - Interest Earnings
  - Other GF
- Lottery
- Other Funds
  - Corporate Activity Tax
  - Marijuana

Criminal Justice
- Corrections Forecast
- Youth Corrections Forecast
- Public Defense Forecast

Energy Policy
- Clean Fuels Forecast
- Highway Cost Allocation Study

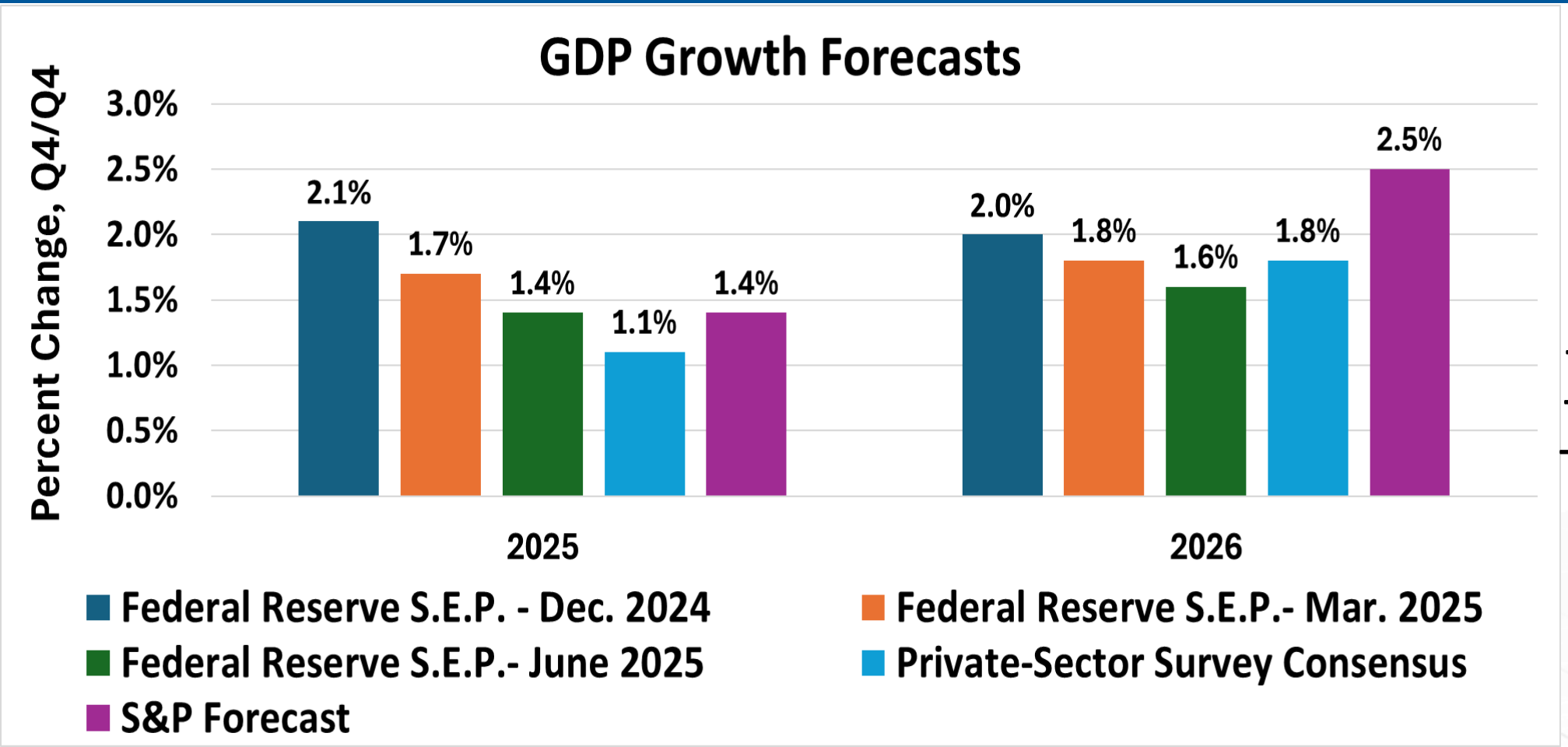
Housing Policy
- Housing Needs Analysis
- Rent Stabilization

US Macro Forecast: *Continued growth slowdown risks breach of economic "stall speed"*

- Consensus forecast maintains heightened risk of recession at 35% (vs. 40% prior)
  - Inflation-adjusted ***growth*** (real GDP) slowing to 1.0% Q4/Q4 in 2025 (0.9% prior)
  - ***Inflation*** accelerating to 3.1% (3.5% prior)
  - ***Unemployment*** rising moderately to 4.4% (4.6% prior)

- Growth episodes near 1% y/y rarely dodge recessions
- OEA recession estimate is little changed 27% (25% prior)
- Recent revisions reveal sharply reduced labor momentum in OR
- Federal Reserve edging toward moderate rate cuts
- Financial market performance supporting economic/revenue outlook

Growth forecasts rebound as peak uncertainty passes

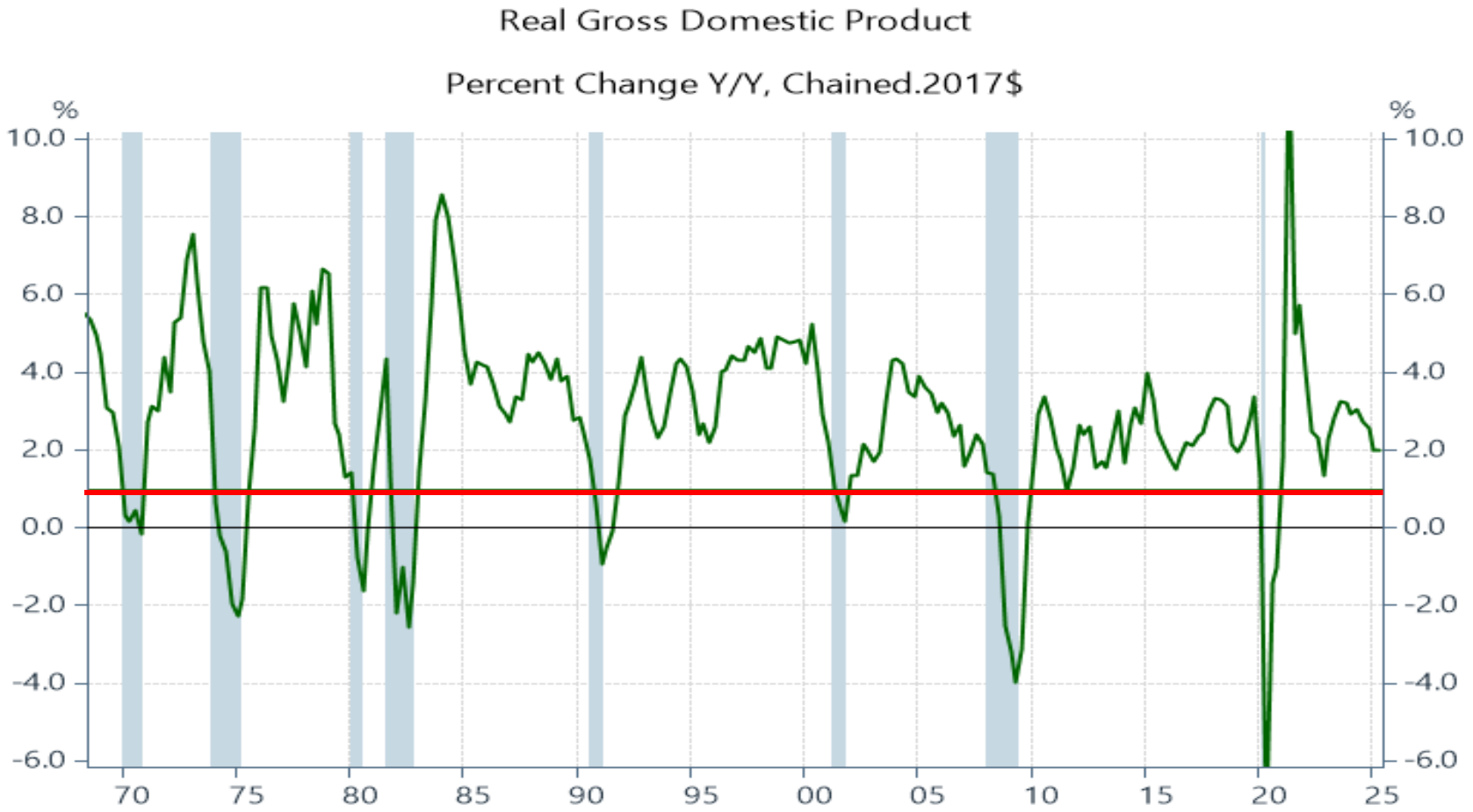


***Consensus Risk of Recession**

- As of Dec. 2024: 25%
- As of Mar. 2025: 40%
- As of Sept. 2025: 30%

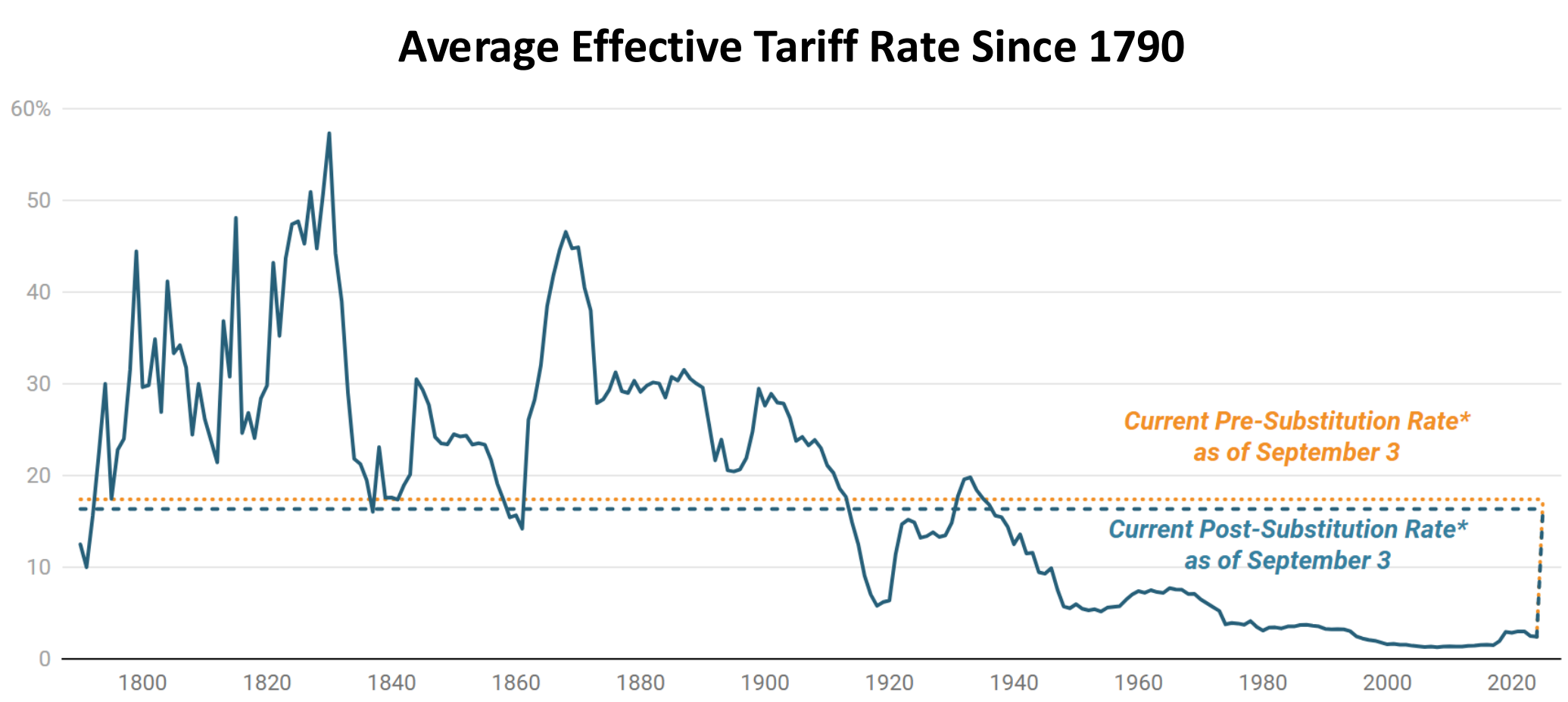
Source: Federal Reserve, Bloomberg, S&P Global, OEA

Dangerous flirtation with economic "stall speed" imminent in H2 2025



Source: Bureau of Economic Analysis/Haver Analytics

Effective Tariff Rate Since 1790



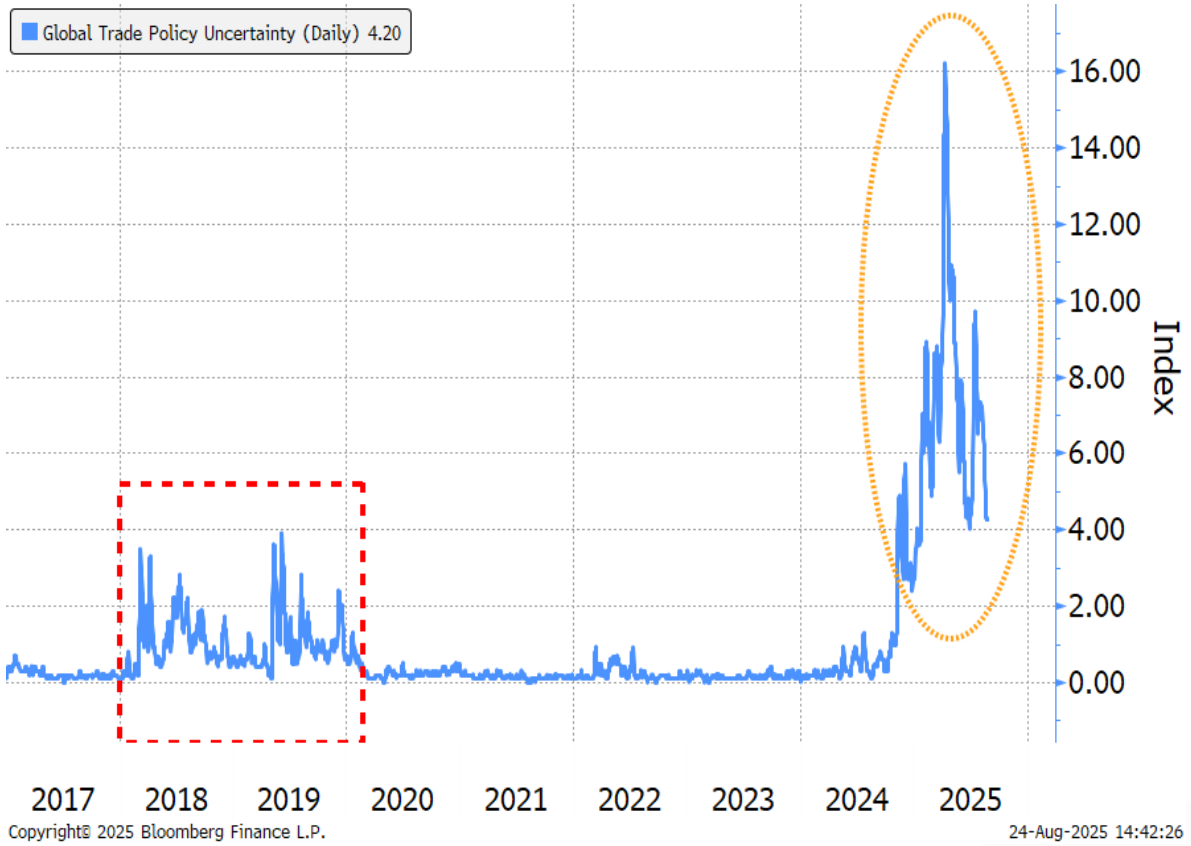
Effective Tariff Rate

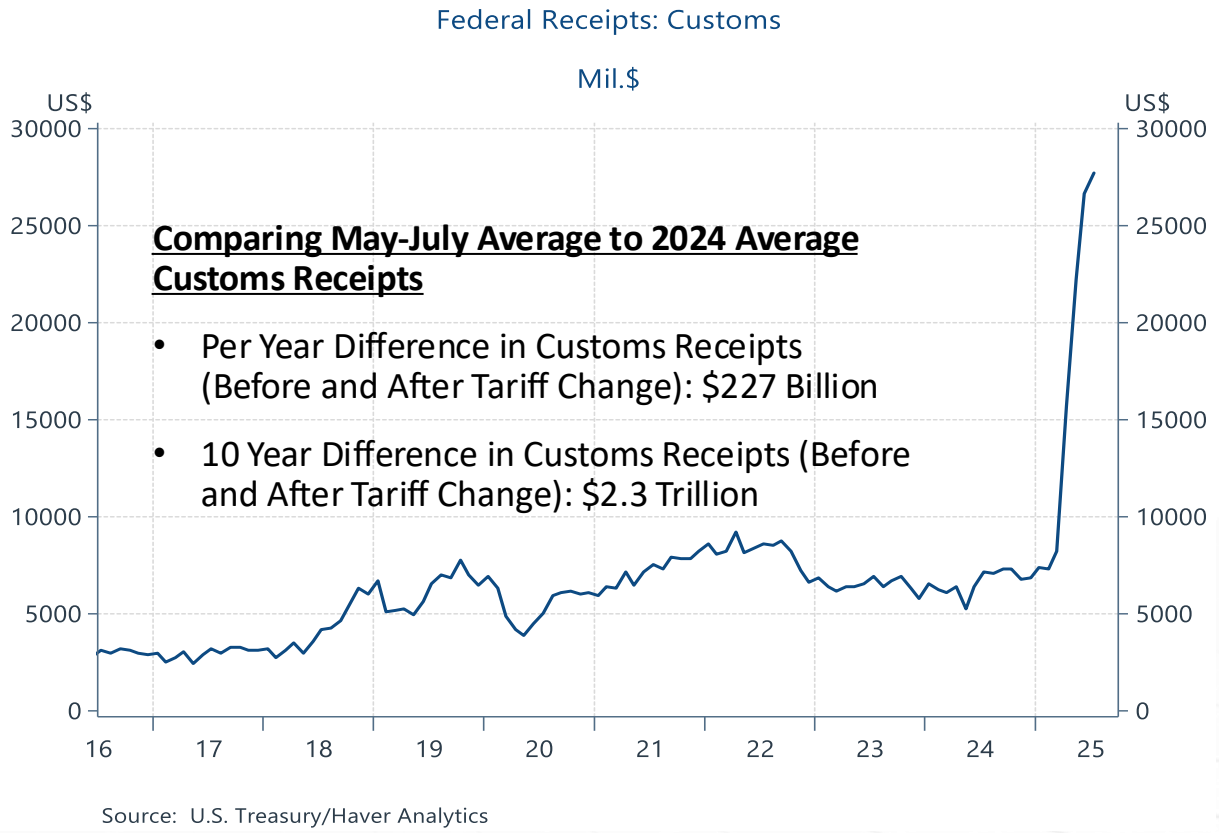
9/3: 17.4%

5/5: 28.0%

Chart: The Budget Lab • Source: Historical Statistics of the United States Ea424-434, Monthly Treasury Statement, Bureau of Economic Analysis, The Budget Lab analysis. • Created with Datawrapper

Tariff uncertainty settles as revenues accelerate



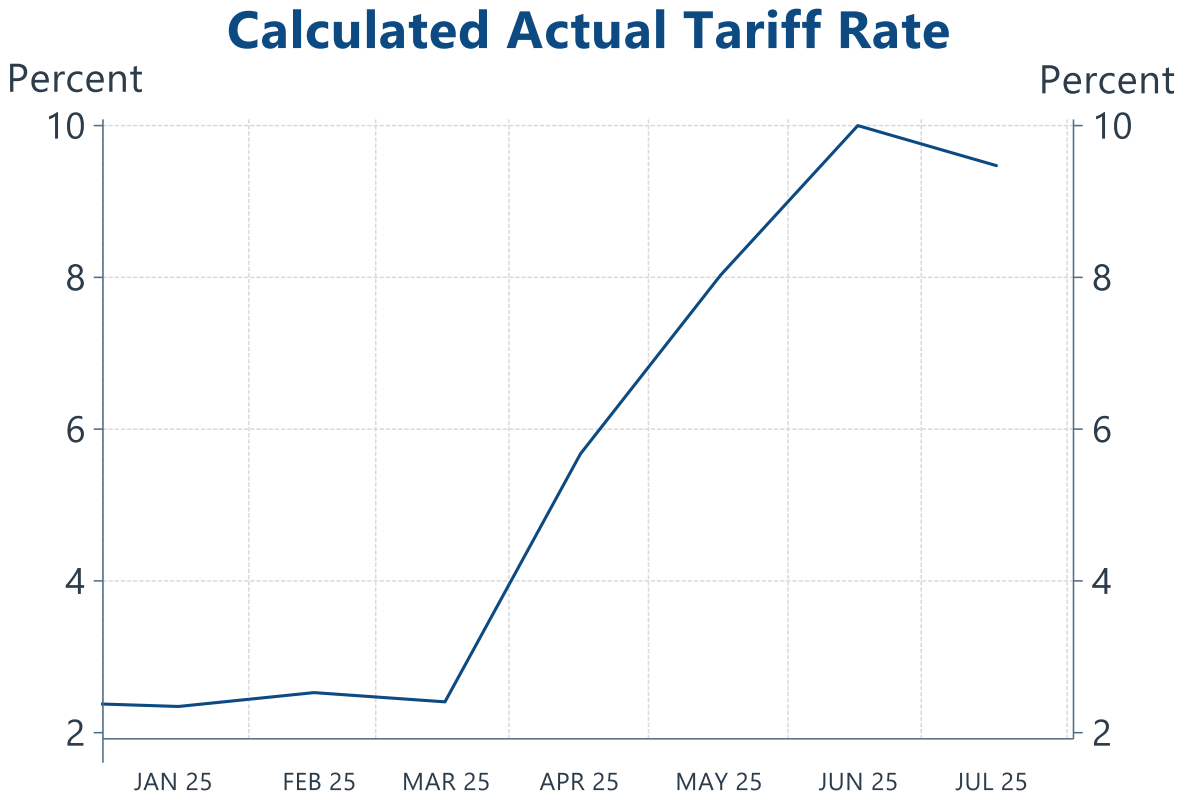


Source: U.S. Treasury/Haver Analytics

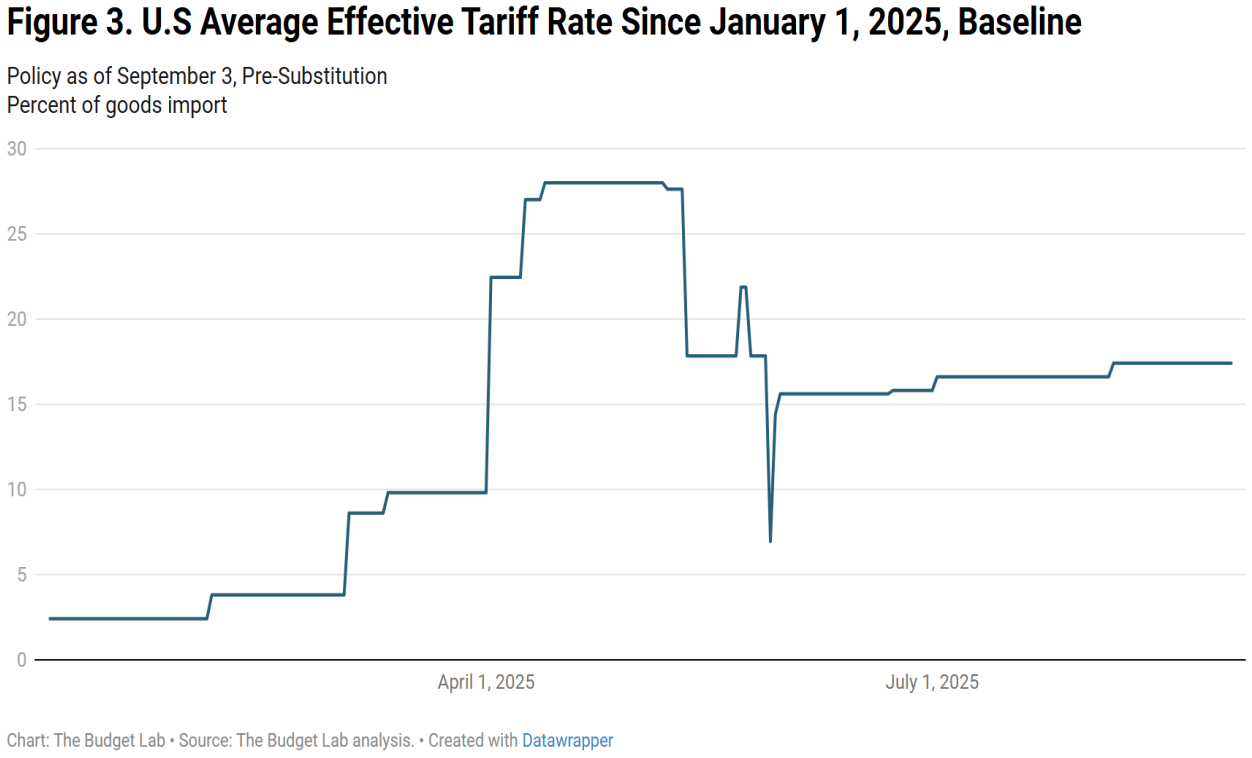
The price tag of tariffs

Source: BEA, Yale Budget Lab, OEA

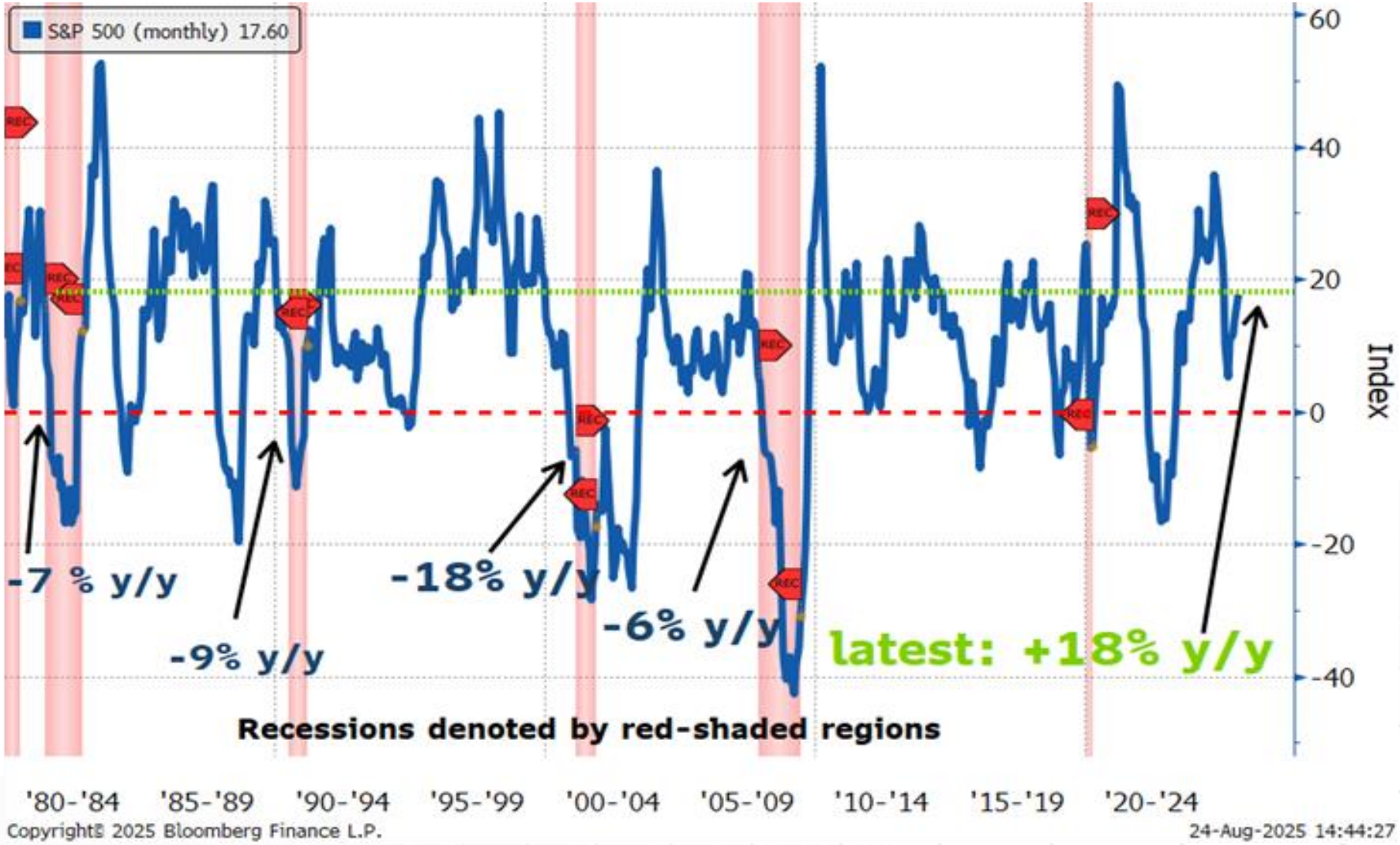
Actual Tariff Rate and Tariff Rate From Jan-Current



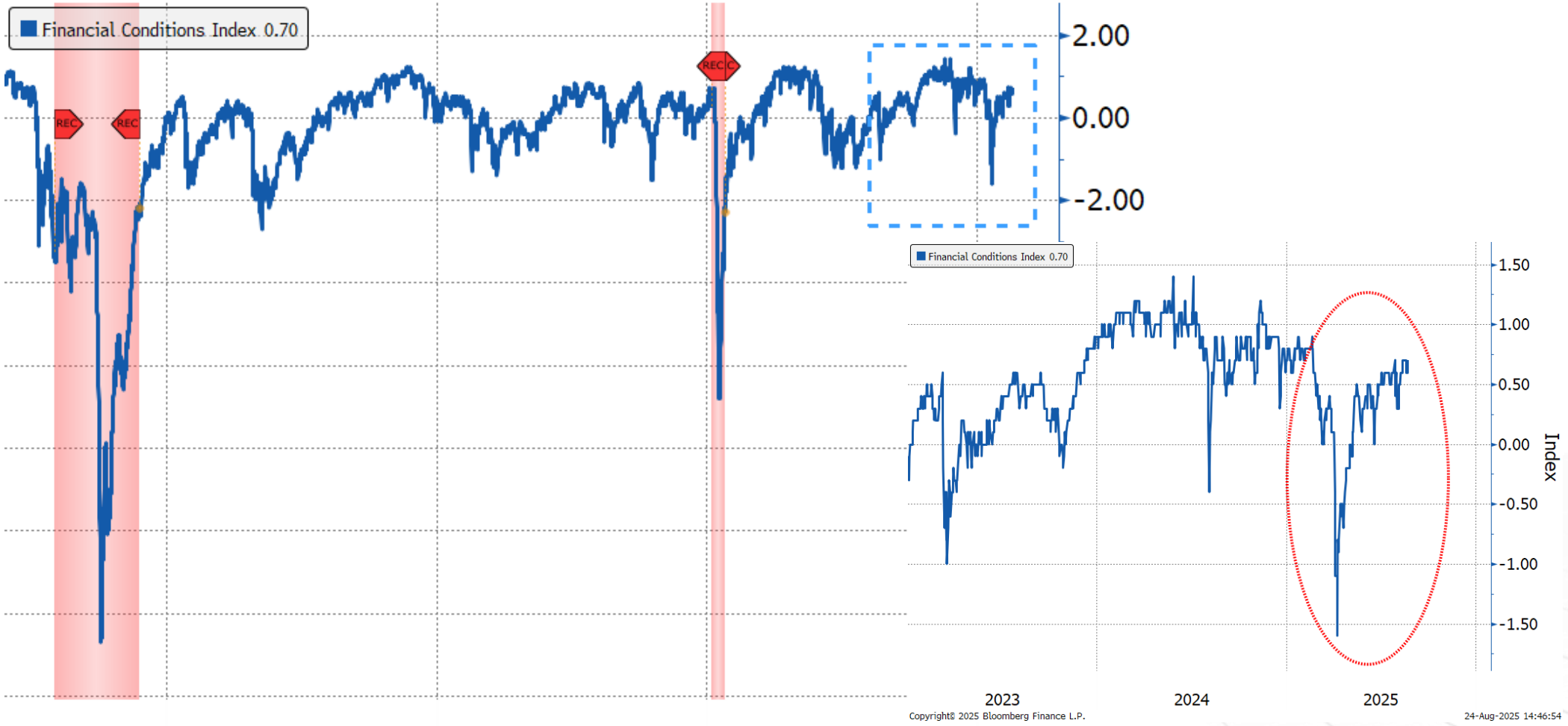
Source: Haver Analytics



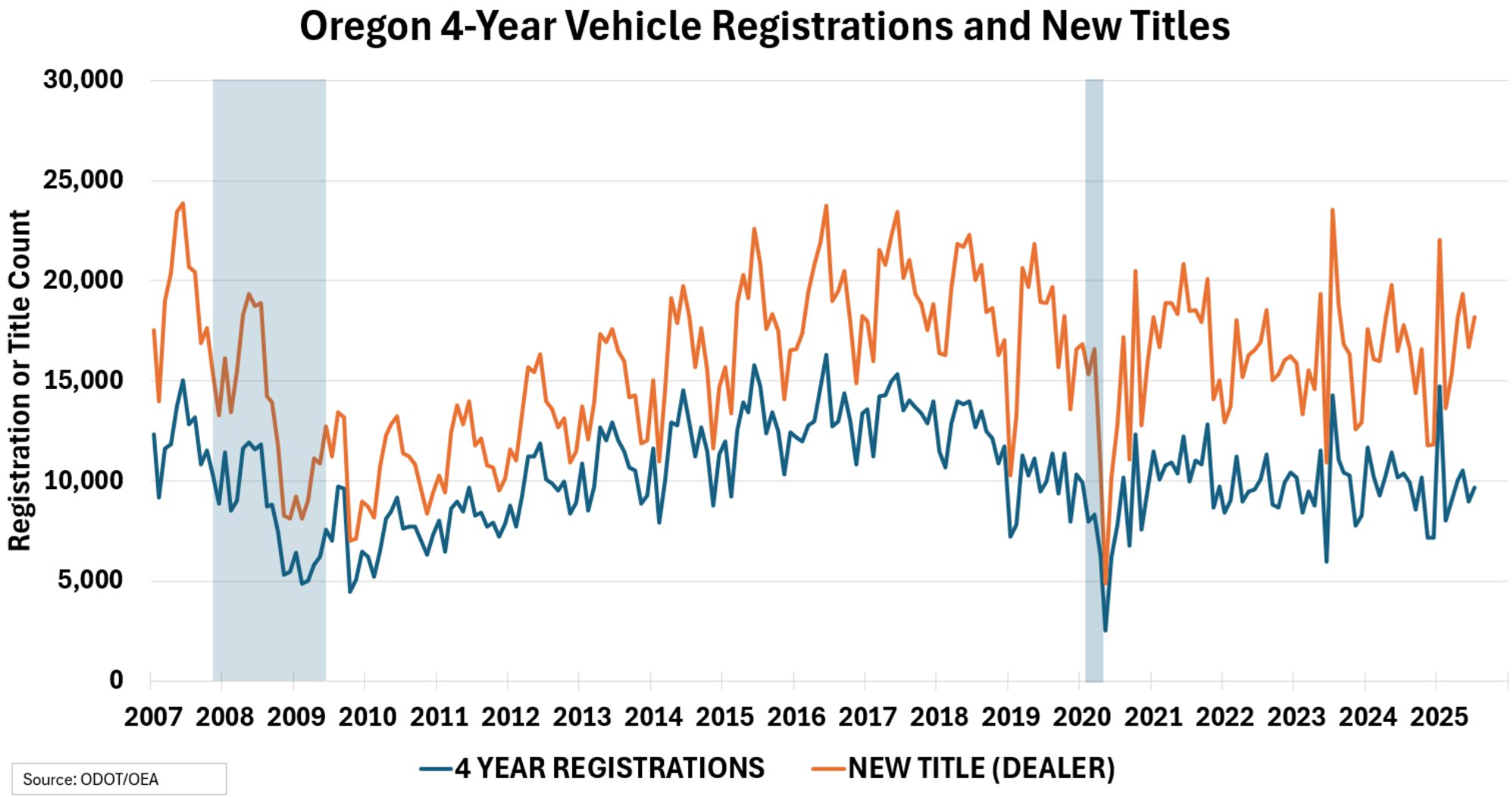
Stocks still saying “No Recession”



Financial market stress has abated

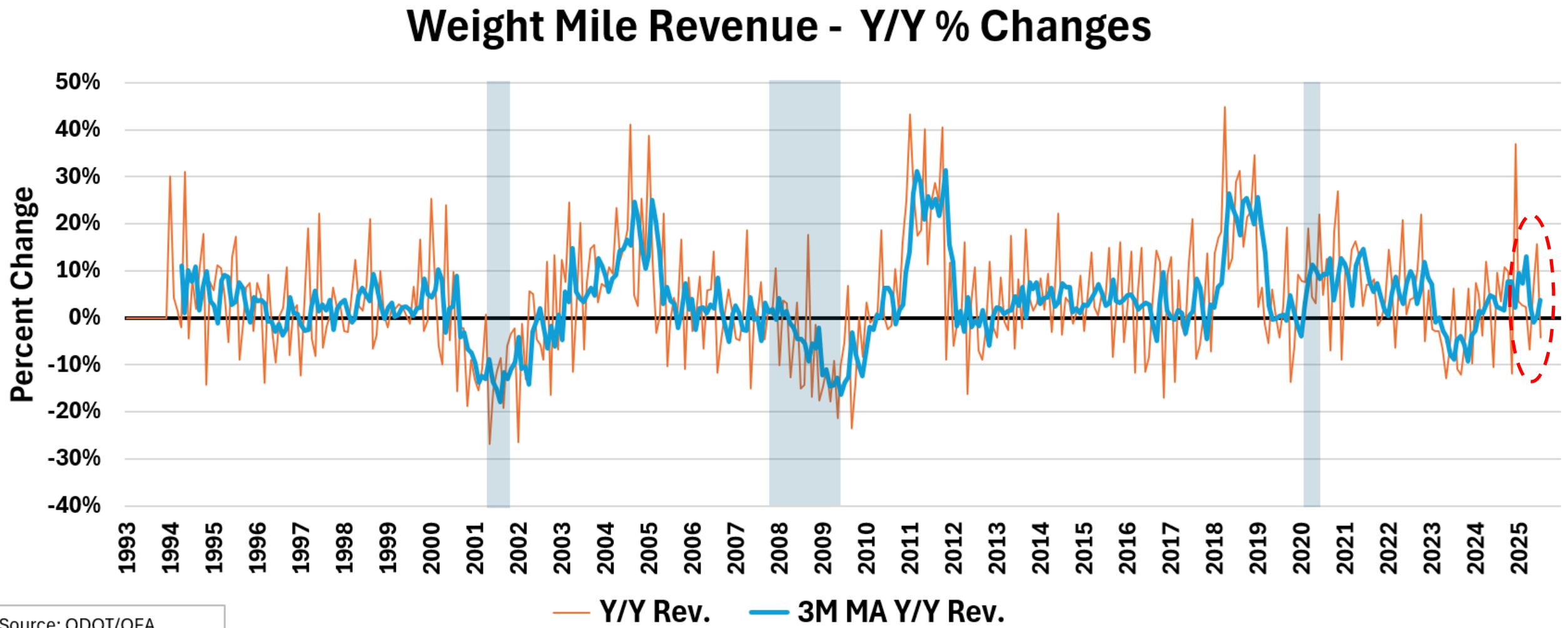


New vehicle purchases at odds with souring sentiment



Source: ODOT/OEA

Truck traffic points to economic resilience

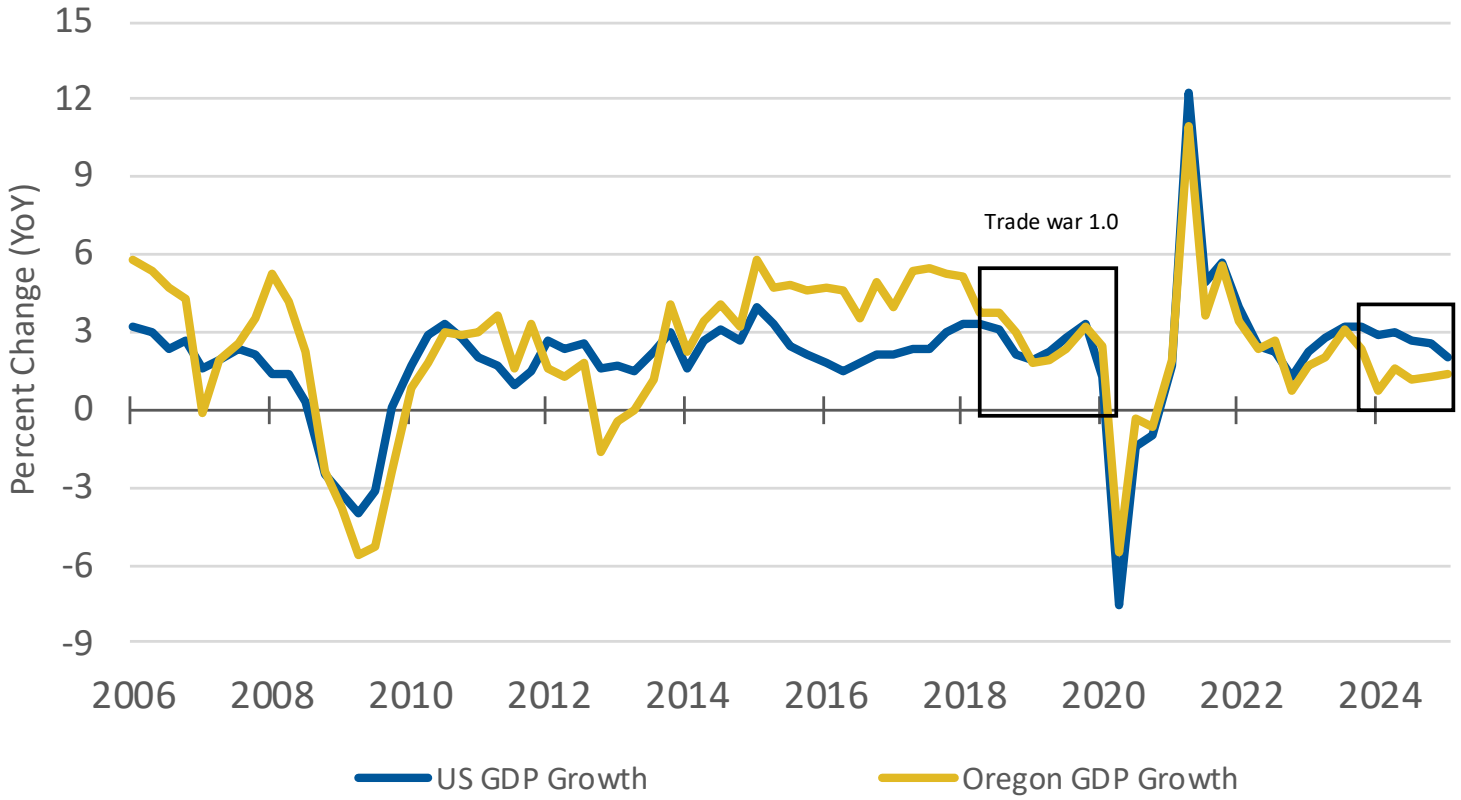


Source: ODOT/OEA

US “catching-down” to Oregon

Oregon and US Real GDP Growth Over Time

Quarterly Data, Percent Change



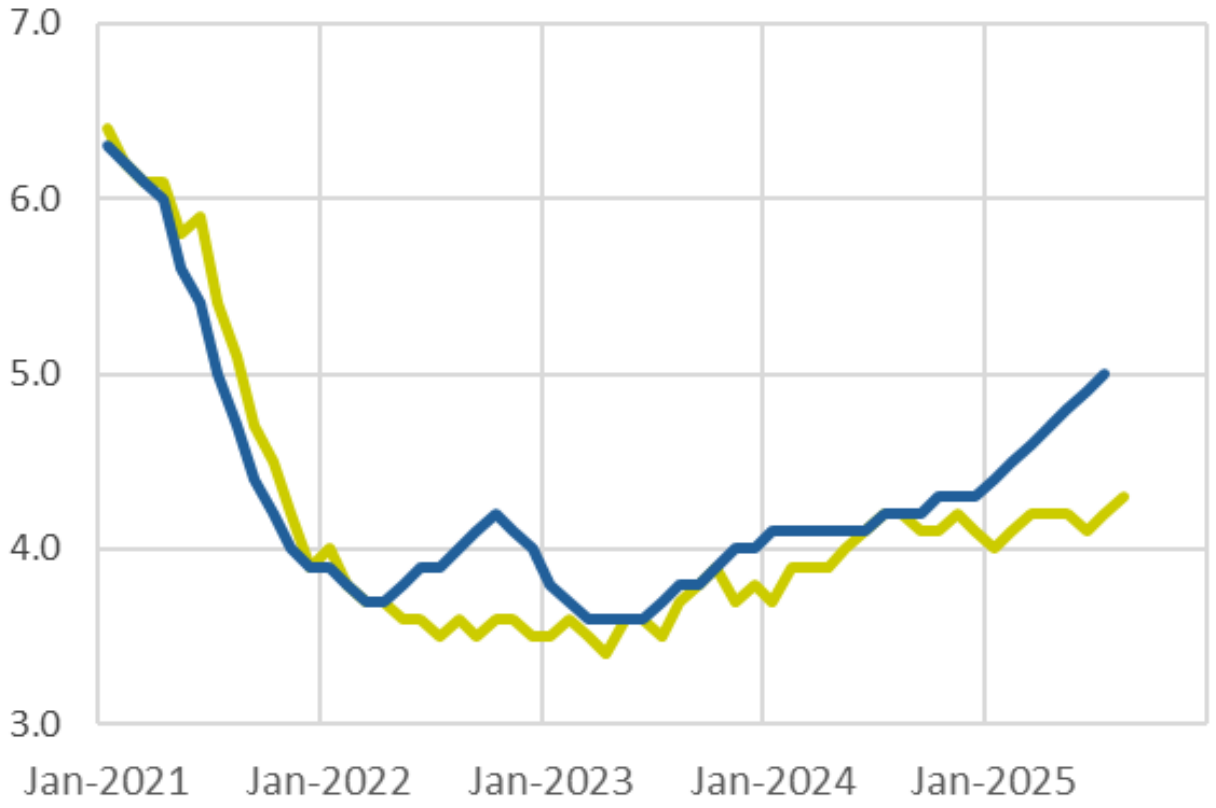
Source: Bureau of Economic Analysis/Haver Analytics
Shaded areas indicate U.S. recessions.

- In the last four reported quarters, Oregon GDP growth has fallen below US by an average of 0.6 percentage points.
- If this deviation continues and US GDP grows by 1.0% in 2025, Oregon GDP would be near 0.4%.

Oregon unemployment continues to diverge from national trend

Oregon and U.S. Unemployment Rate

Monthly, Seasonally Adjusted

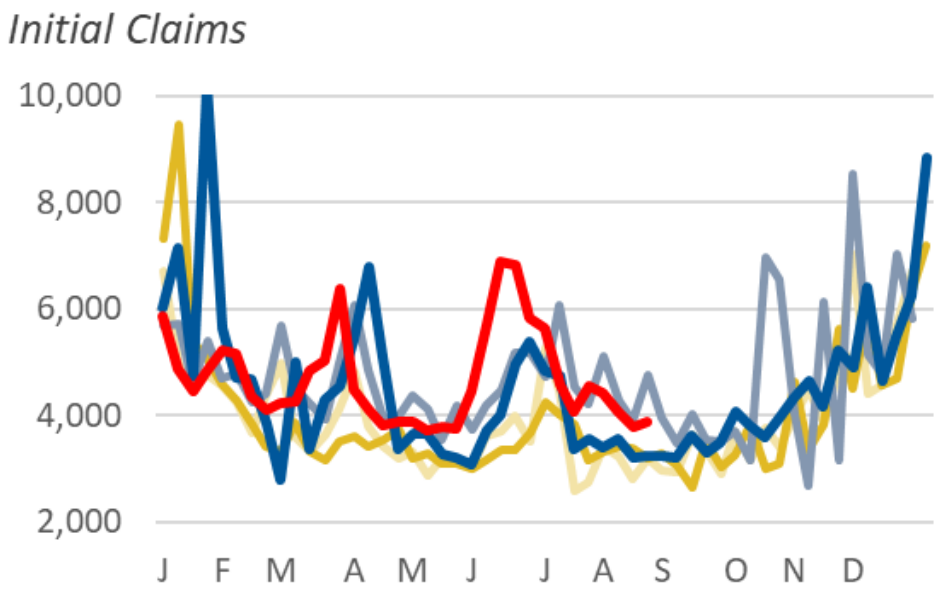


Latest: U.S. August 2025, Oregon July 2025| Source: Oregon Employment Department, OEA

Oregon labor conditions look fragile

Oregon Claims

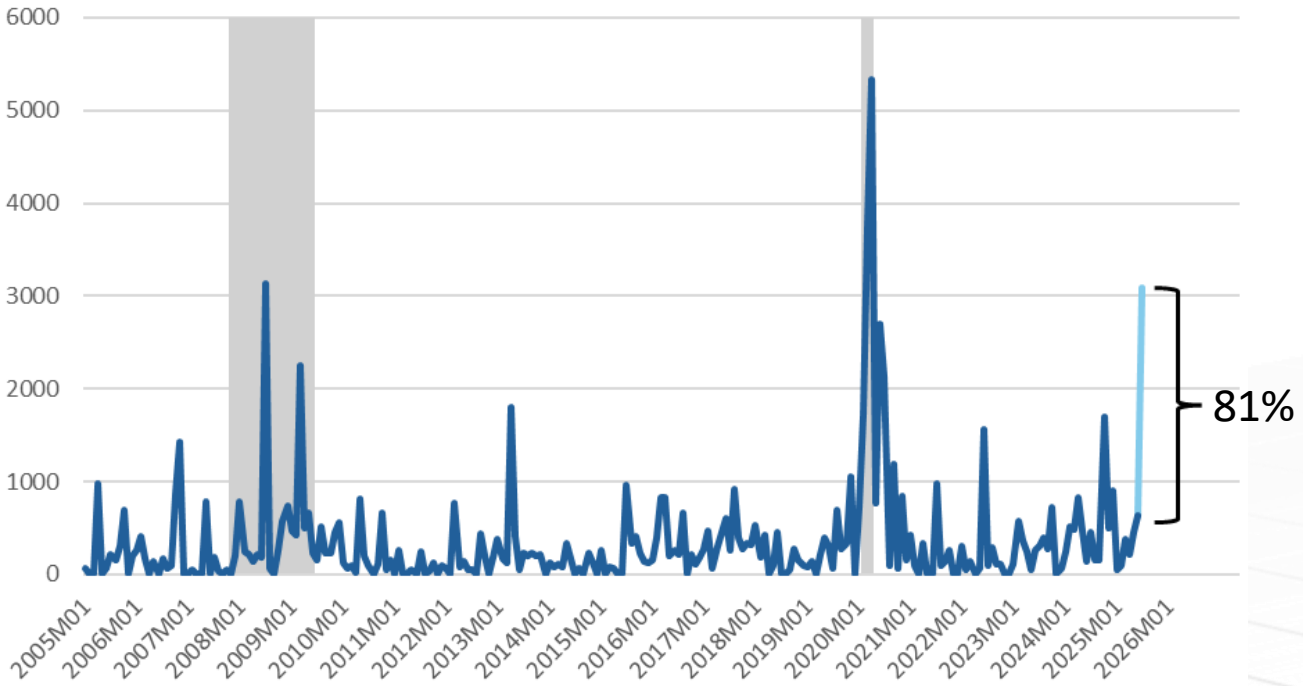
Unemployment insurance claims for 2018, 2022, 2023, 2024, 2025



Data: Not seasonally adjusted | Latest: August 30th, 2025, | Source: US Dept of Labor, Oregon Employment Department, OEA

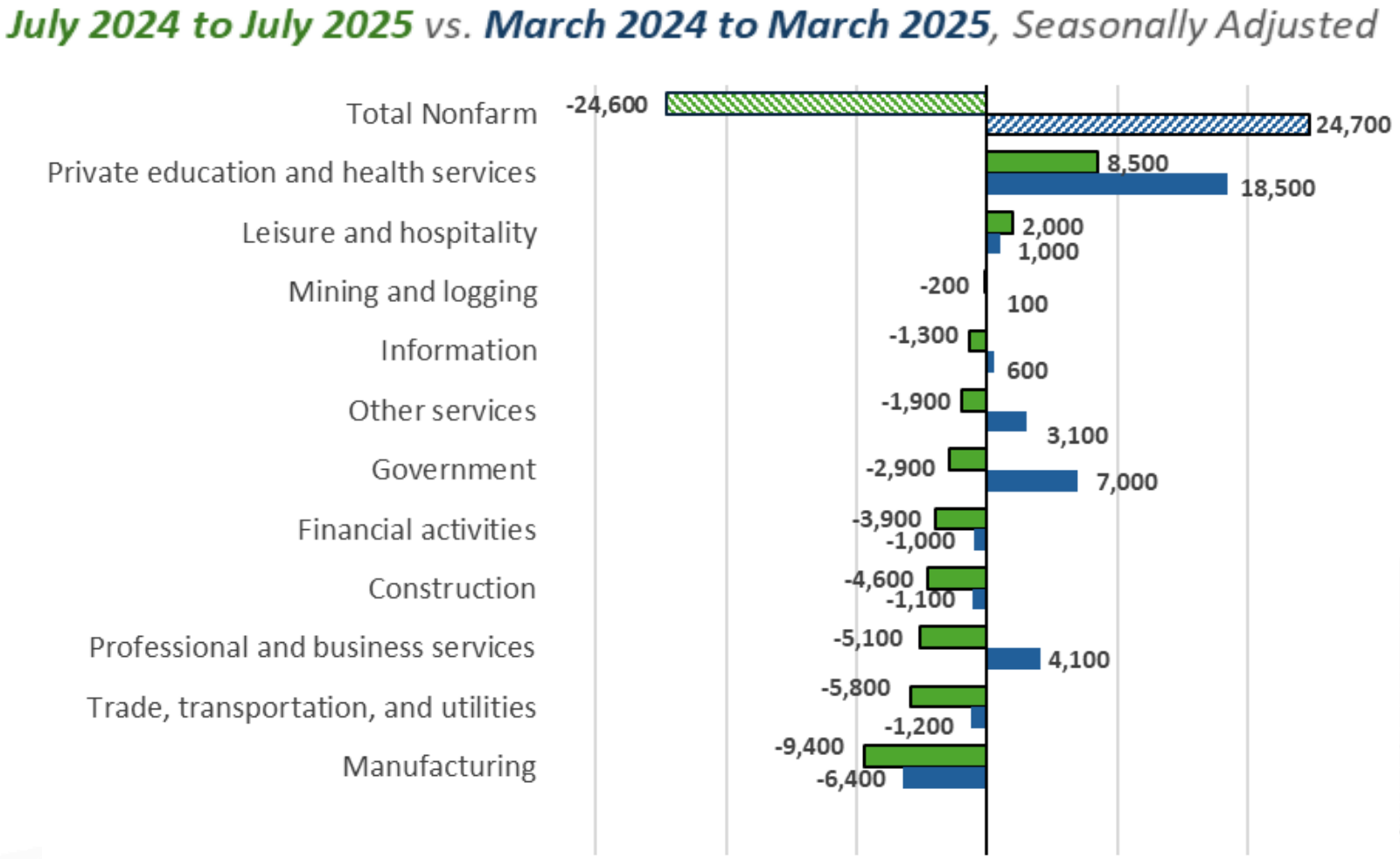
of Oregon Workers affected by WARN Notices

Monthly Data, NSA



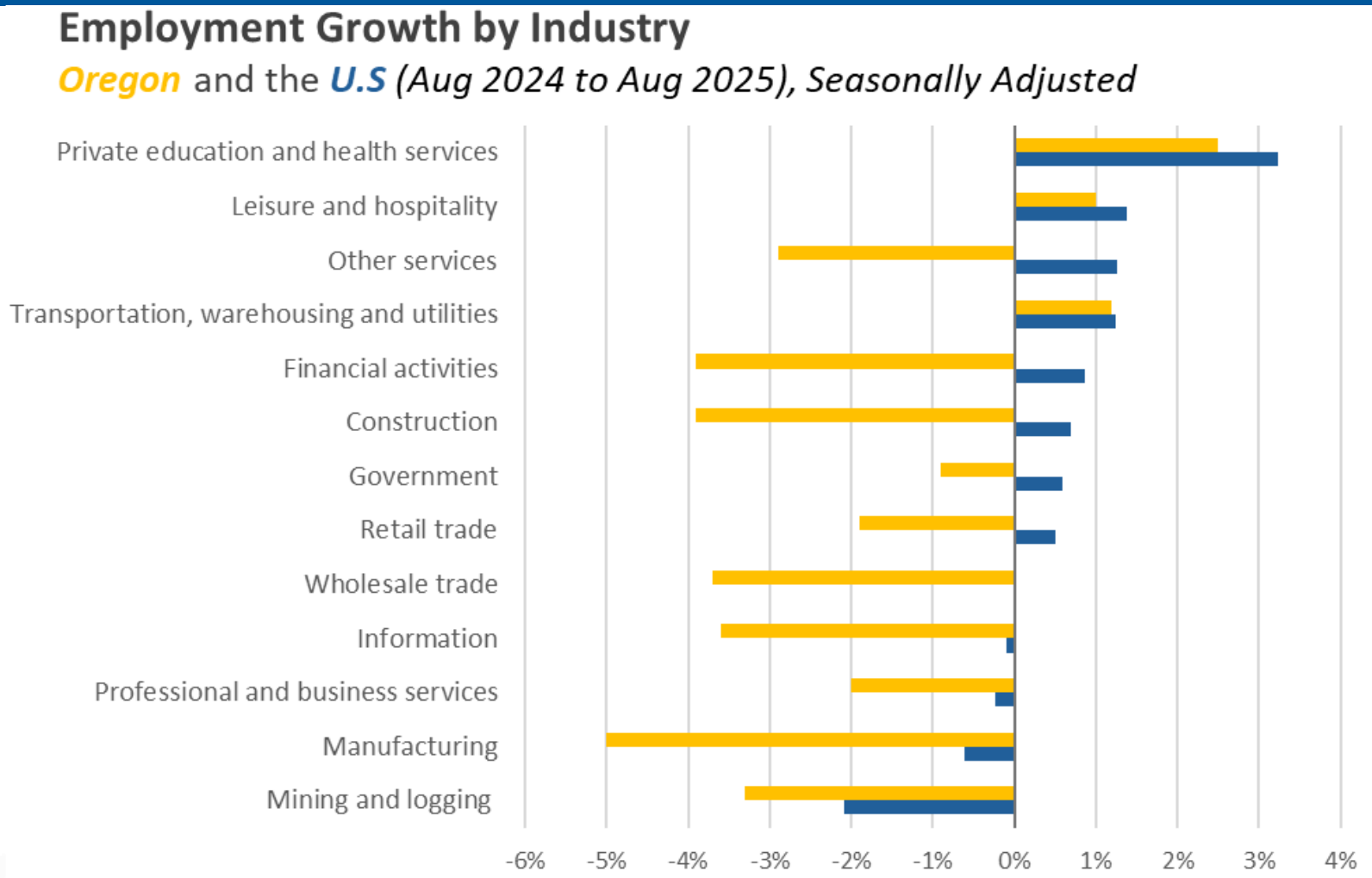
Source: Federal Reserve Bank of Cleveland, Working Paper no. 20-03R by Pawel M. Krolikowski and Kurt G. Lunsford, OEA

Oregon labor revisions reframe economic narrative



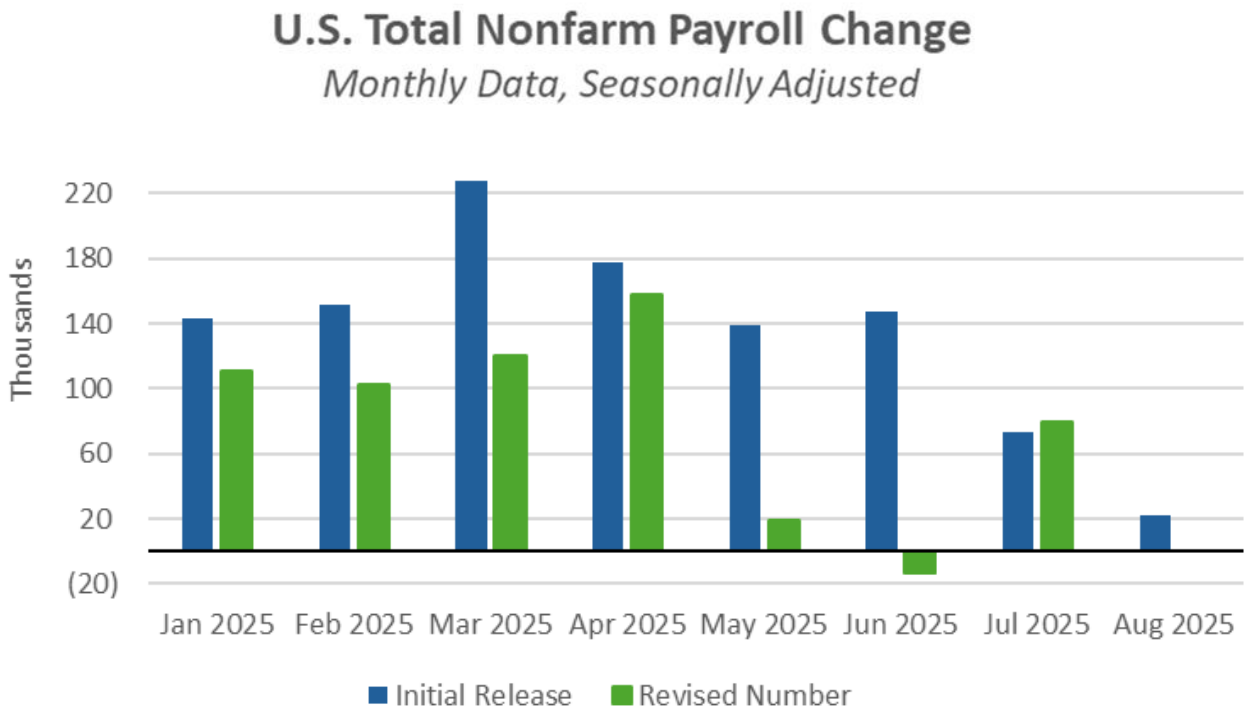
Source: Oregon Employment Department

Oregon vs US Labor – By Industry yr/yr change

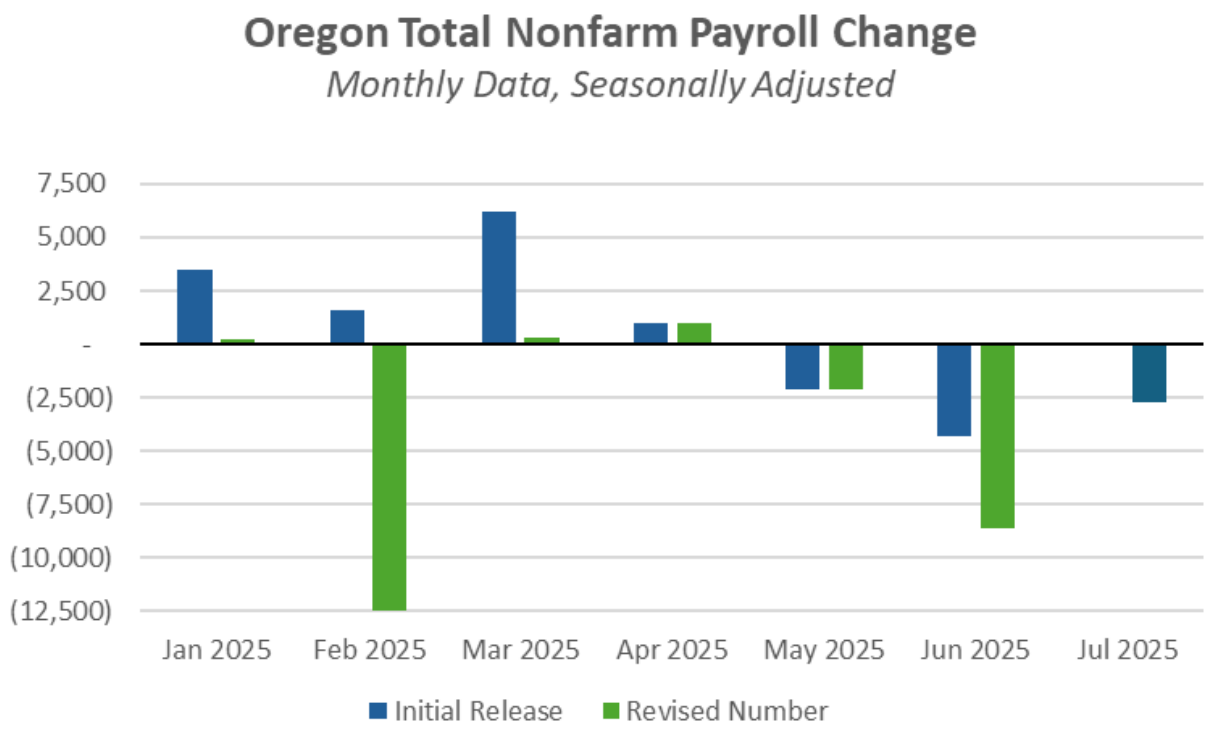


Source: Oregon Employment Department, Current Employment Statistics, BLS

U.S. vs. Oregon Payroll Revisions: momentum reduced

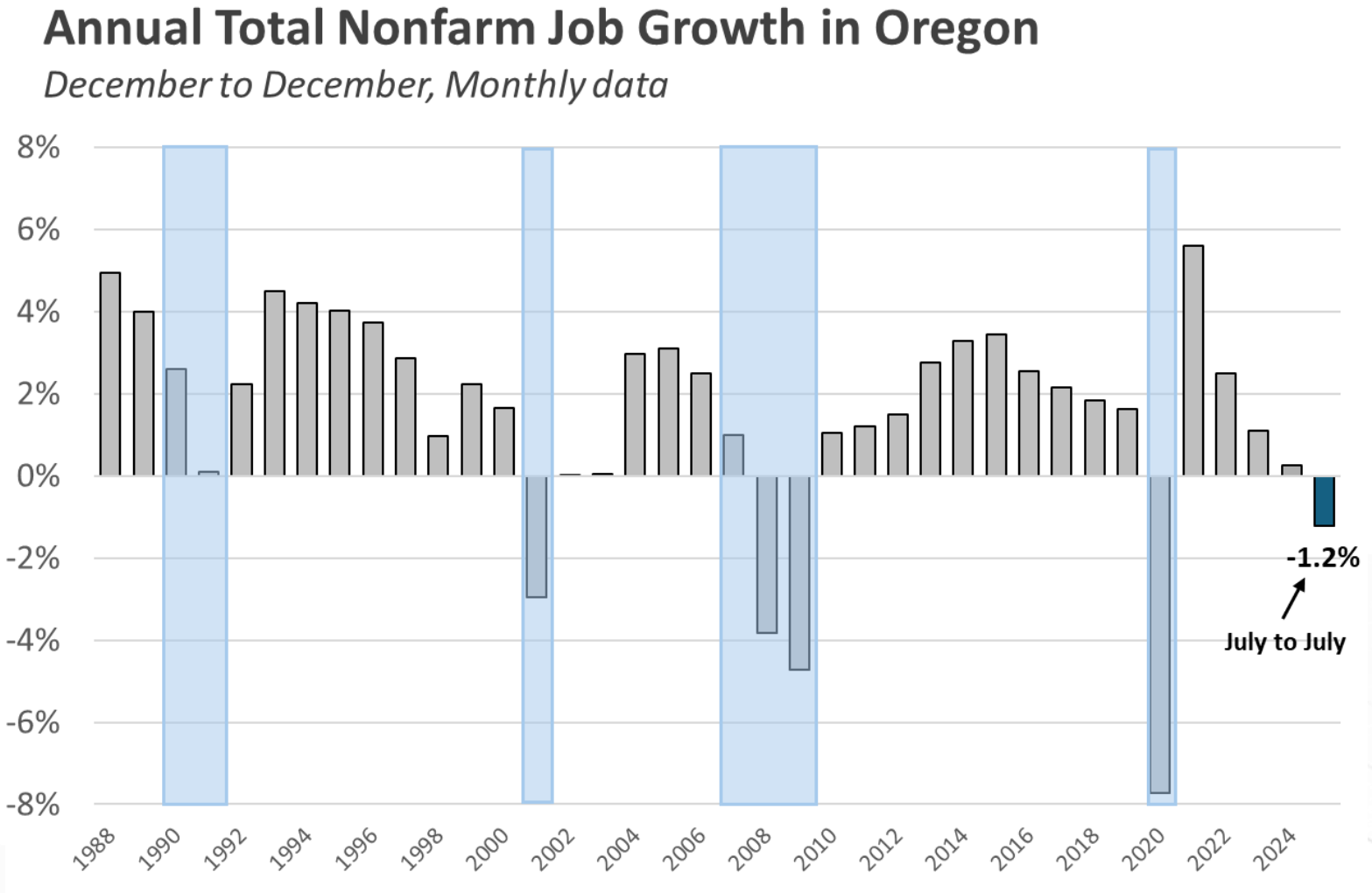


Source: Bureau of Labor Statistics



Source: Oregon Employment Department

Unusual to see payroll declines outside of recession

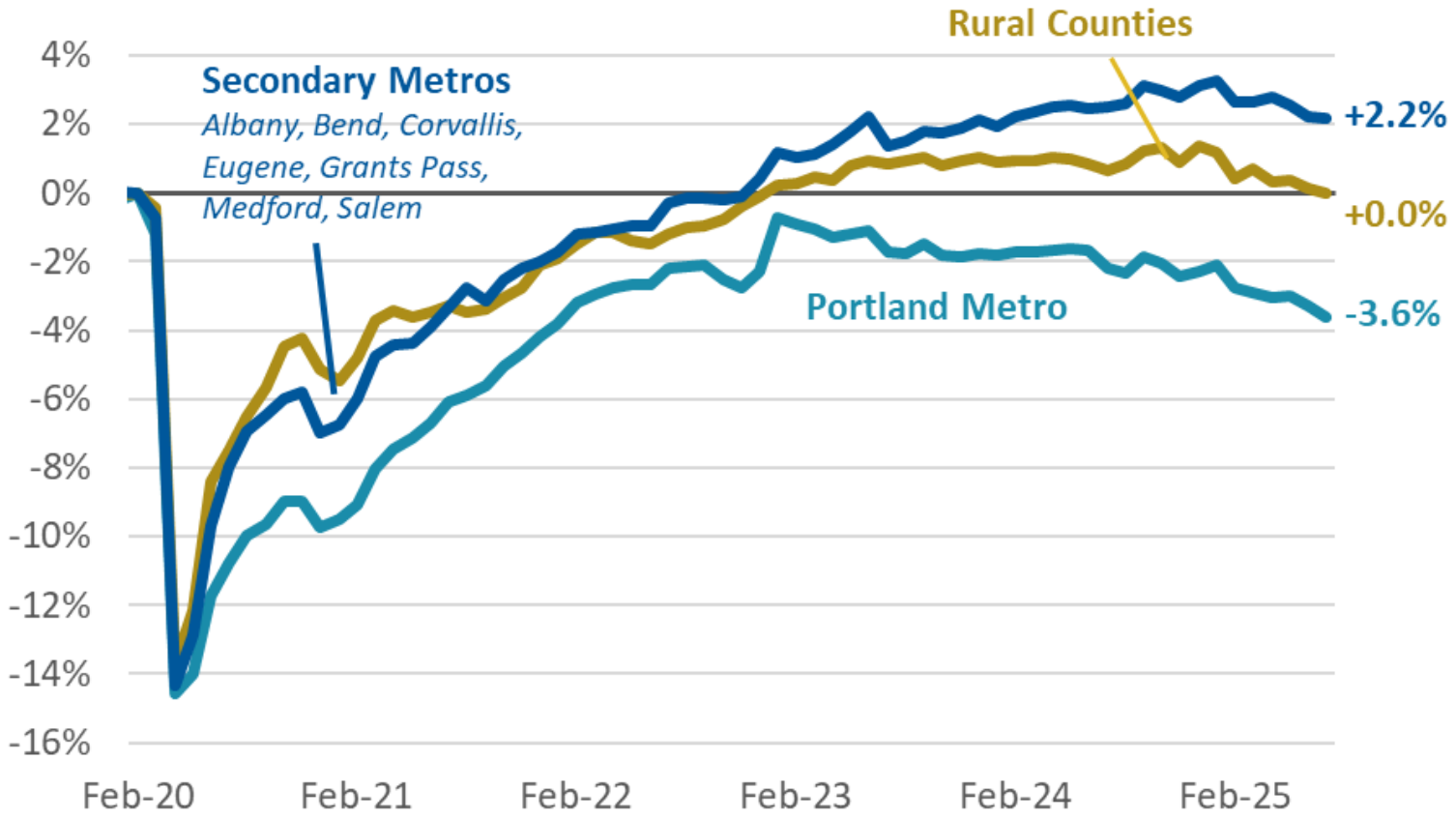


Sources: Oregon Employment Department, Current Employment Statistics

Secondary Metros drive job creation

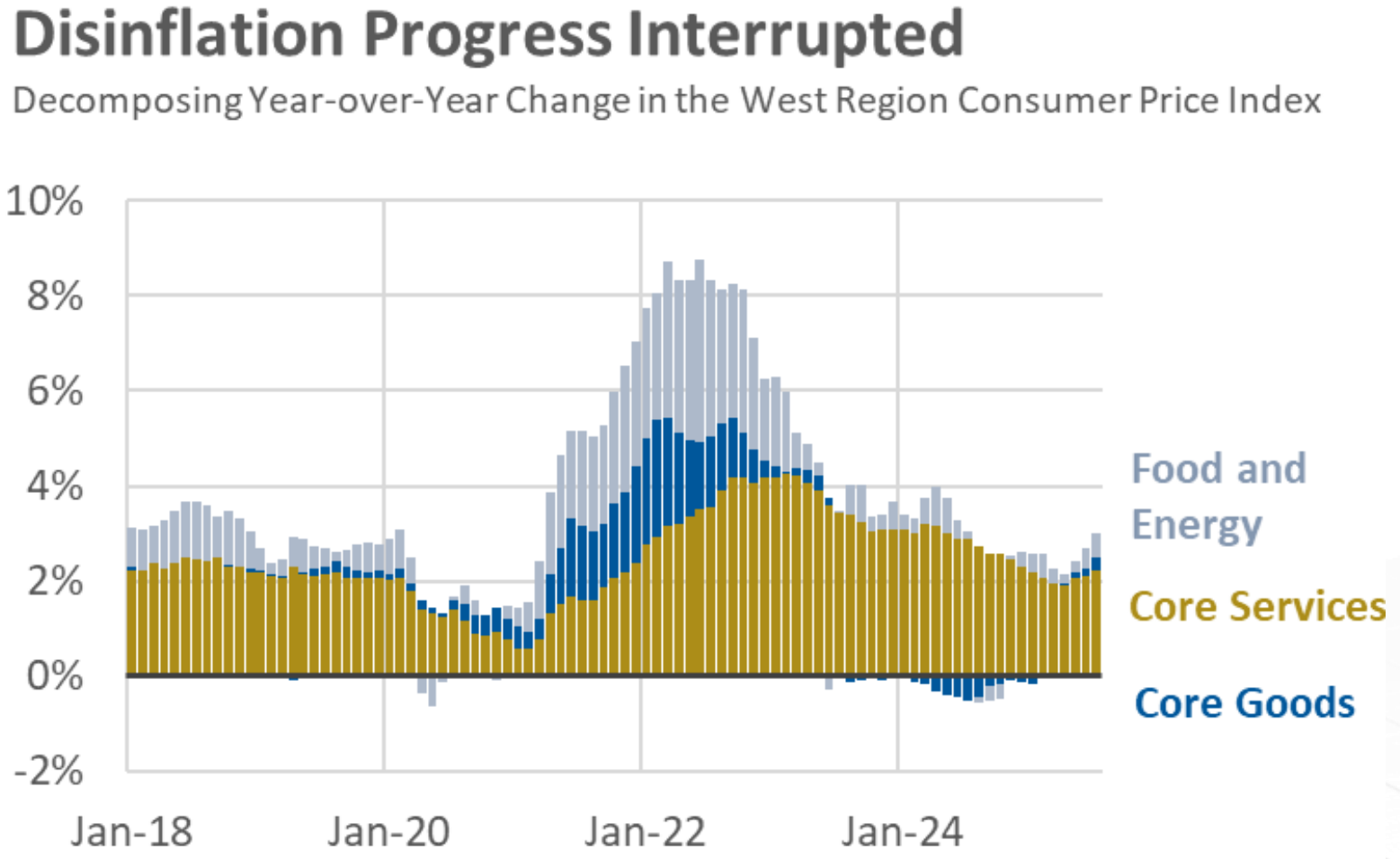
Oregon Employment: Urban and Rural

Percent change from February 2020

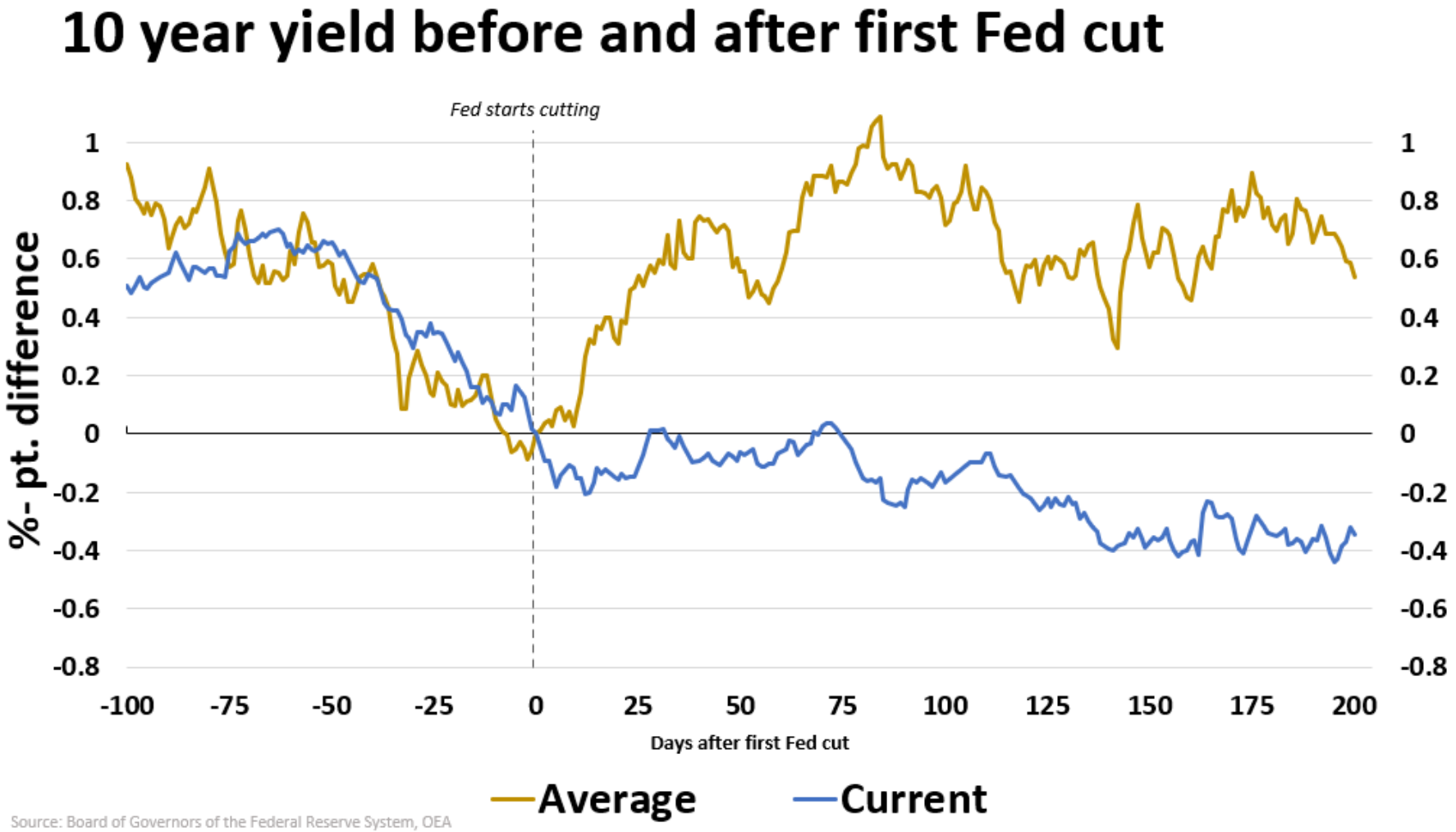


Latest Data: July 2025| Source: Oregon Employment Dept, Oregon Office of Economic Analysis

Tariff pressures beginning to appear in inflation statistics

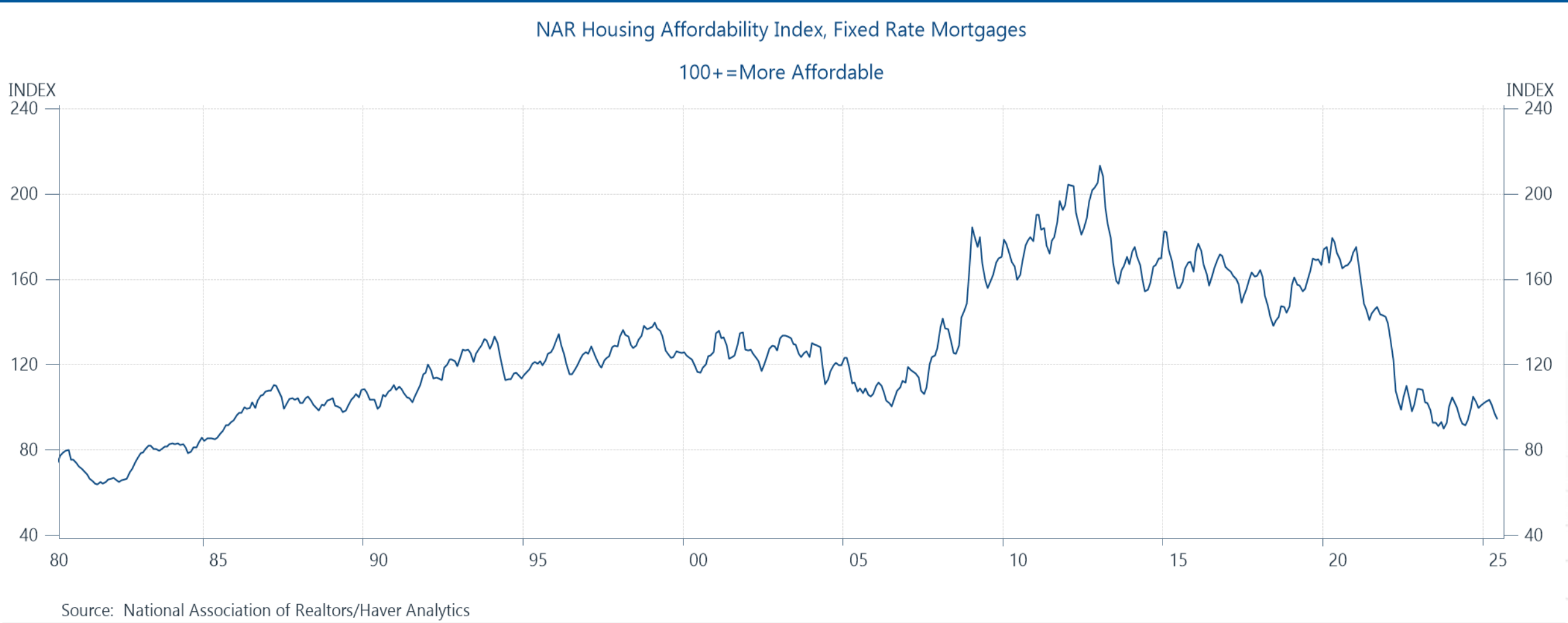


Fed cuts and 10 year Treasury



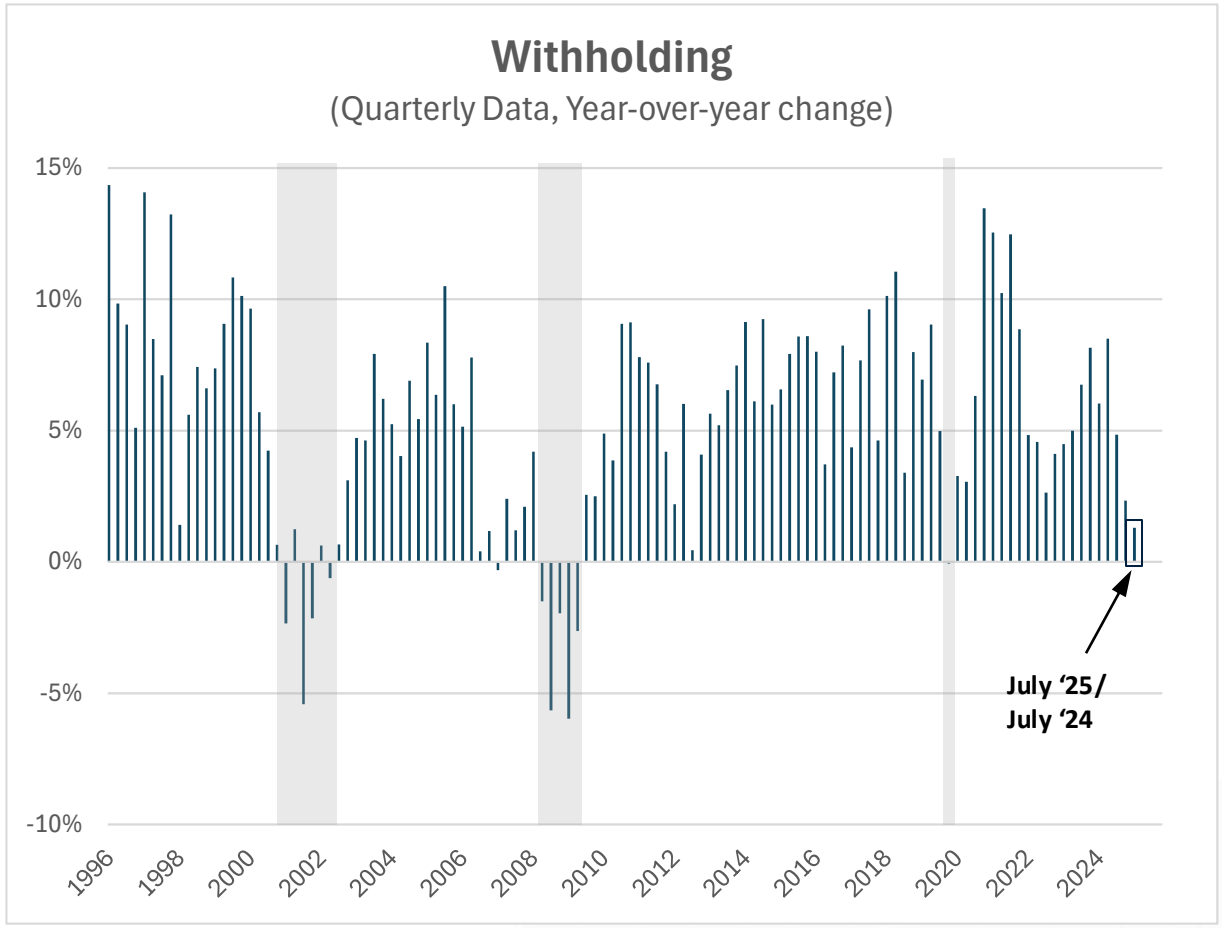
Source: Board of Governors of the Federal Reserve System, OEA

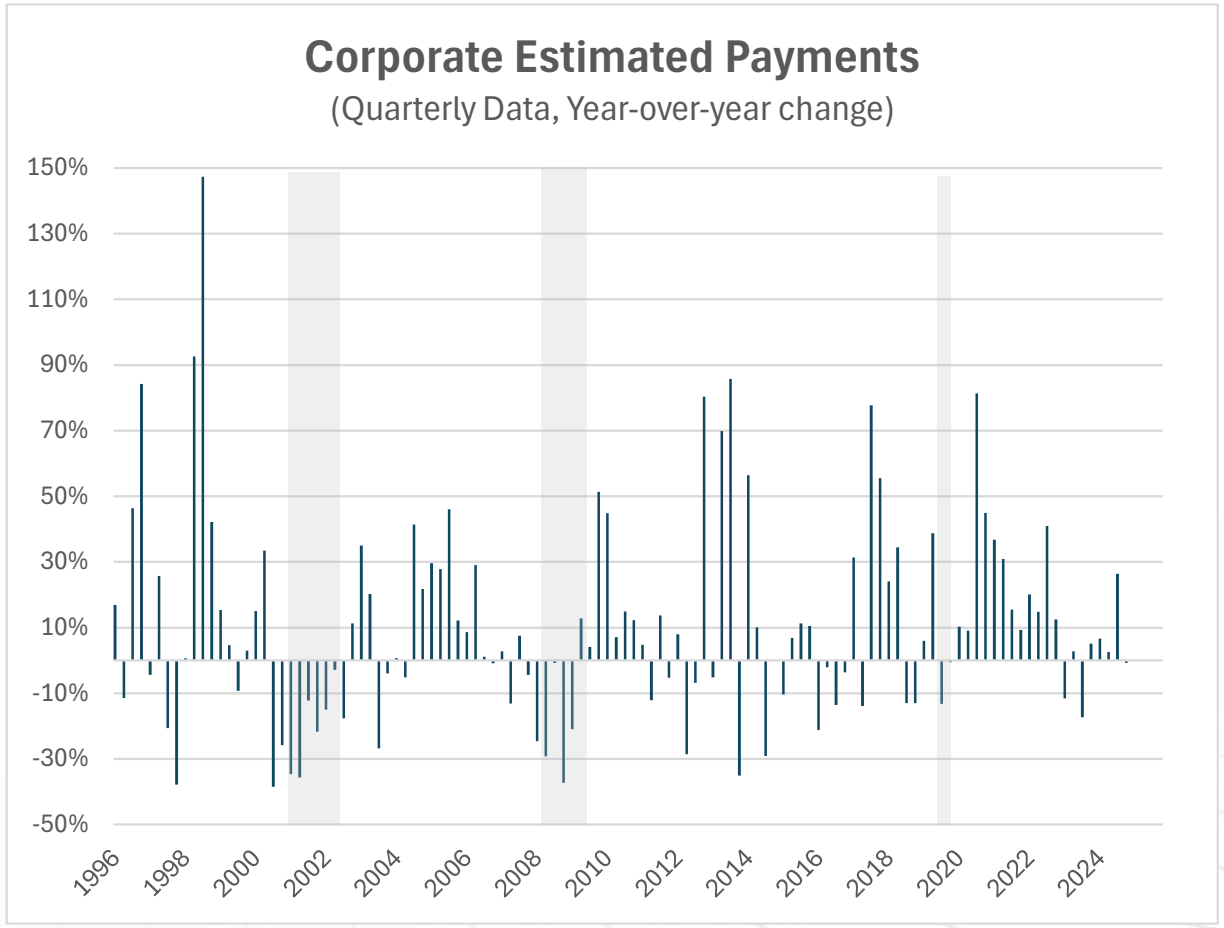
Housing Affordability



Source: National Association of Realtors/Haver Analytics

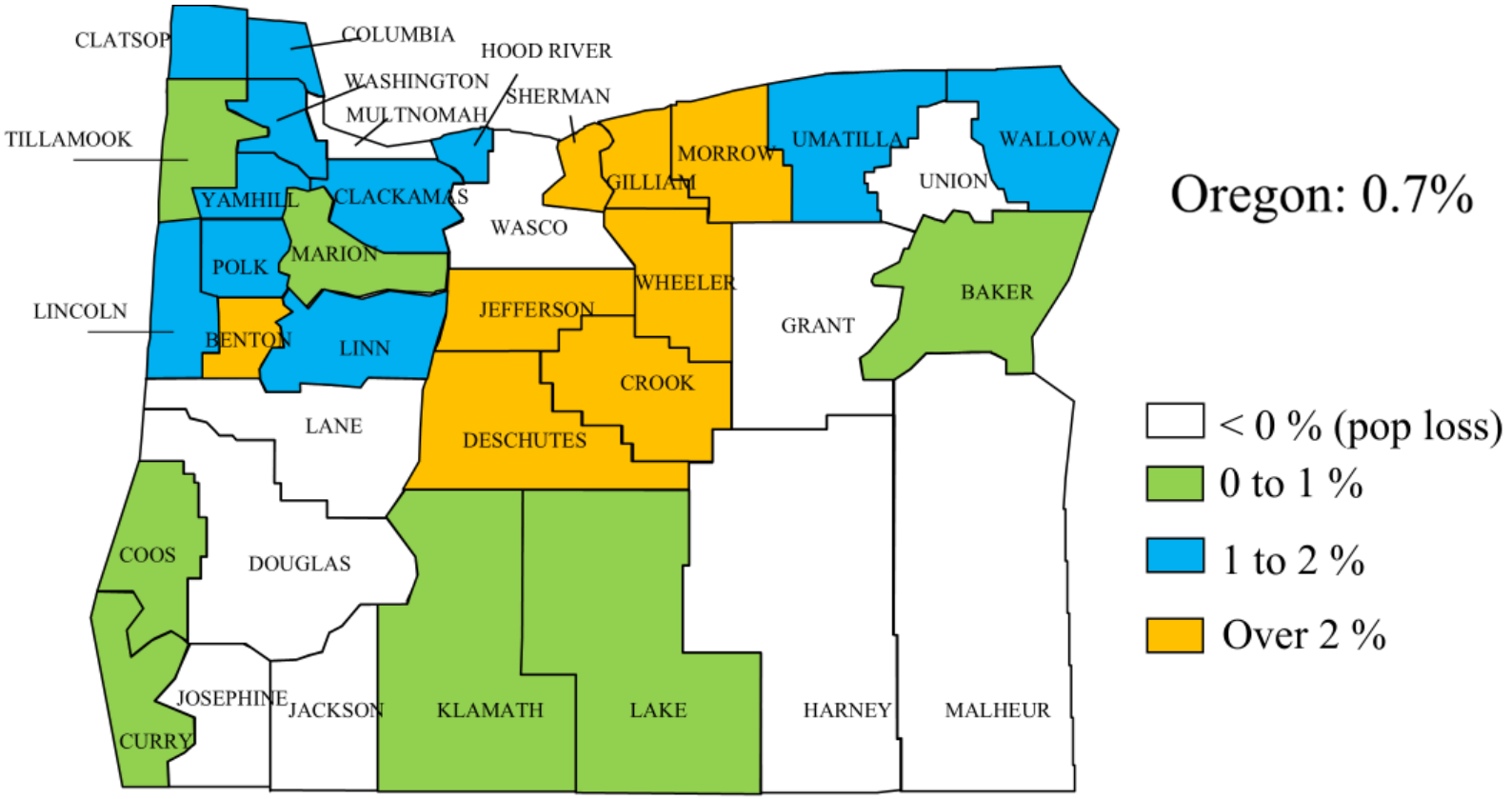
Revenues slowing, not stagnating





Oregon Population Change by County

Population Change in Percent, 2020-2024



- High growth in the Central and mid- Columbia River counties.
- Slow or negative growth concentrated in southern and southeast Oregon.
- 10 counties experienced population loss.

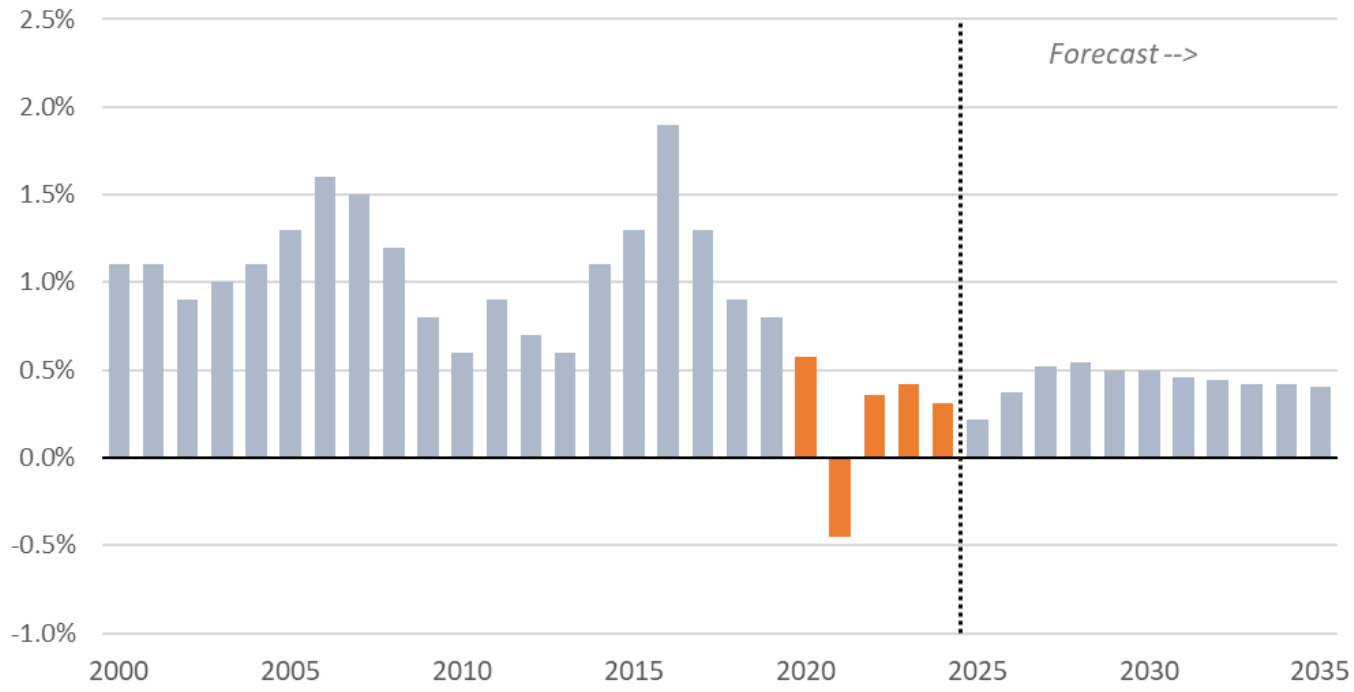
Source: U.S. Census Bureau; PRC, Portland State University

Longer-term outlook depends on demographic trend

Oregon Population Growth

Annual change in total state population

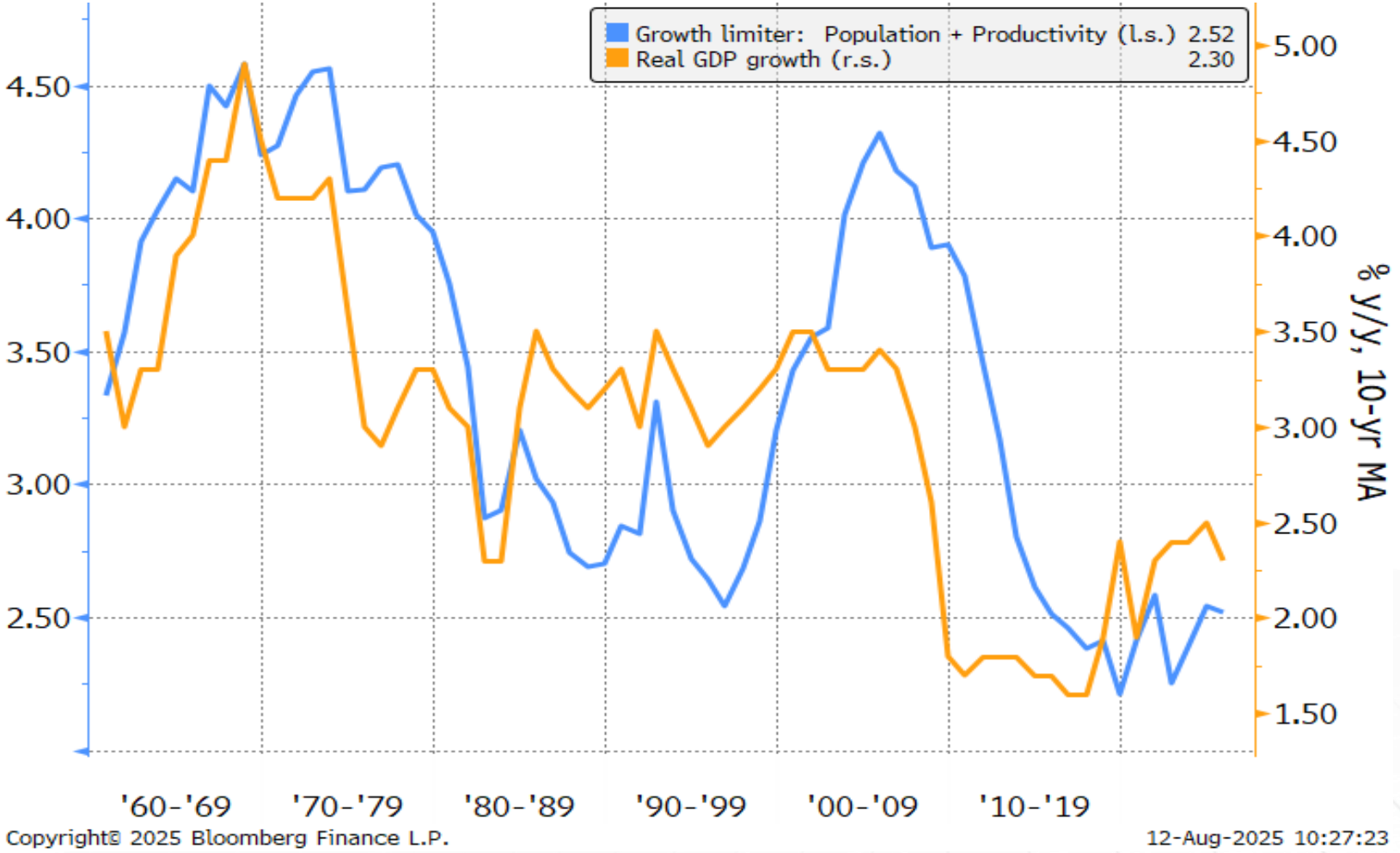
History/Forecast and PSU Estimates



Latest: 2024 | Source: U.S. Census Bureau, Portland State Research Center, Oregon Office of Economic Analysis

- **Oregon is growing slower than the U.S**
  - Total growth slower in part due to deaths outnumbering births.
  - Oregon's entire population growth will come from net migration.
- *Forecast – based on PSU's estimates*
  - Population expected to grow by average of 0.4% through 2035.
- Oregon expected to reach 5 million residents after 2080 under current assumptions.

Demographics are Destiny



	Productivity	Population
1975:	+2.2%	+1.9%
2025:	+1.7%	+0.9%

Revenue Update

H.R. 1 dominates changes to bottom line

2025-27 General Fund Revenue Statement

	COS 2025 Forecast	September 2025 Forecast	Change from COS Forecast
Revenues (millions)			
Personal Income Tax*	$30,180.0	$29,892.5	-$287.5
Corporate Income Tax*	$3,290.7	$2,932.9	-$357.8
All Other Revenues	$2,082.2	$2,106.4	$24.2
Net General Fund	$35,552.9	$34,931.8	-$621.1
Beginning Balance	$2,243.1	$2,018.7	-$224.4
Appropriations	$37,323.1	$37,323.1	$0.0
Projected Ending Balance*	$472.8	**-$372.7**	**-$845.5**

* includes offsets and RDF transfers

- GF Revenues down $621.1m
  - Economic changes
  - H.R. 1
  - Kicker credit change
- Beginning Balance down $224.4m
- Projected Ending Balance down $845.5m to:
- **-$372.7m**

Ending Balance Change Detail

Breakdown of COS-to-September Forecast Change*

(millions)	PIT	CORP	OTHER	TOTAL
Beg. Balance				-$224.4
ECON	$71.5	-$57.3	$24.2	$38.3
H.R. 1	-$587.8	-$300.5	$0.0	-$888.2
KICKER	$228.8	$0.0	$0.0	$228.8
TOTAL	-$287.5	-$357.8	$24.2	-$845.5

-$621.1m

* -$845.5 million is change in projected ending balance for 2025-27; Row totals are Revenue changes only.

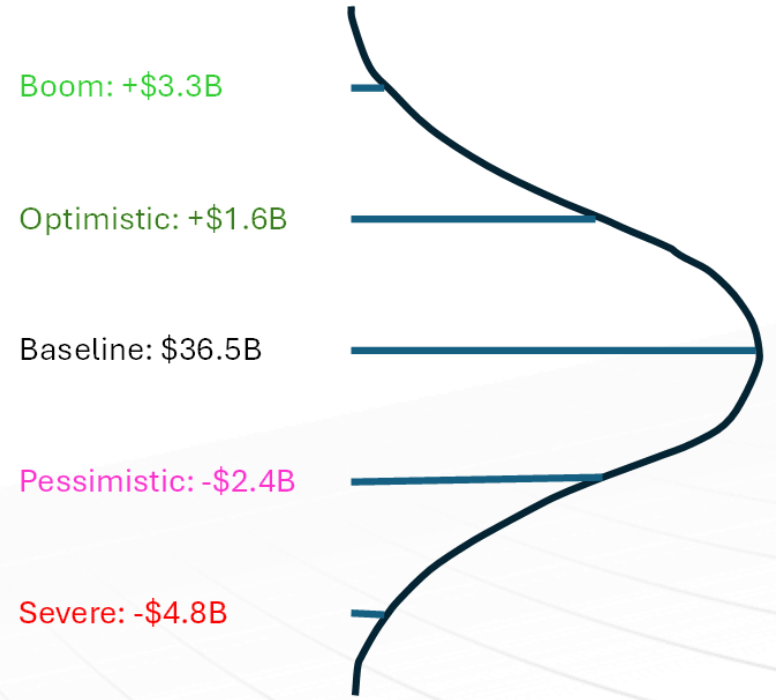
Multiple potential outcomes

General Fund Revenue* Scenarios

(millions)		2023-25	2025-27	2027-29	2029-31	2031-33	2033-35
Boom (2%)	Revenues	$33,222.9	$39,831.1	$44,013.4	$49,559.1	$55,605.3	$62,333.5
	Growth		*19.9%*	*10.5%*	*12.6%*	*12.2%*	*12.1%*
Optimistic (14%)	Revenues	$33,222.9	$38,186.7	$42,769.1	$47,901.4	$53,458.0	$59,872.9
	Growth		*14.9%*	*12.0%*	*12.0%*	*11.6%*	*12.0%*
Baseline (57%)	Revenues	$33,222.9	$36,542.3	$41,382.4	$46,549.1	$51,962.9	$58,188.5
	Growth		*10.0%*	*13.2%*	*12.5%*	*11.6%*	*12.0%*
Pessimistic (25%)	Revenues	$33,222.9	$34,167.1	$38,950.4	$43,546.6	$48,598.0	$54,332.6
	Growth		*2.8%*	*14.0%*	*11.8%*	*11.6%*	*11.8%*
Severe (2%)	Revenues	$33,222.9	$31,791.8	$35,924.7	$41,852.3	$46,958.3	$52,593.3
	Growth		*-4.3%*	*13.0%*	*16.5%*	*12.2%*	*12.0%*

* Adjusted for kicker credits.

Potential Variation from Baseline Forecast
September 2025 General Fund: 2025-27



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