

ECONOMIC

SUMMIT

20
24

KCEDA | Klamath County
Economic Development
Association

RURAL ADVANTAGE

PRESENTED BY:

Pacific Crest
FEDERAL CREDIT UNION

SPONSORED BY:

Fairfield
BY MARRIOTT


COLDWELL BANKER
HOLMAN PREMIER
REALTY


GREAT BASIN
INSURANCE

AVISTA

MSP CERTIFIED PUBLIC
ACCOUNTANTS

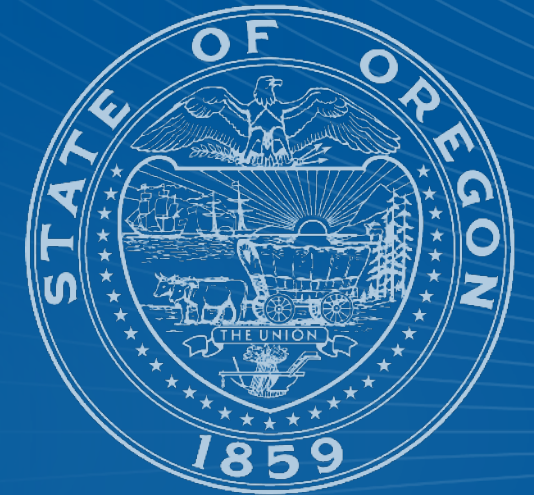
business
oregon.

CHOOSEKLAMATH.COM | 541.882.9600



   *It's just better here!*

Oregon and Klamath's Economic Outlook



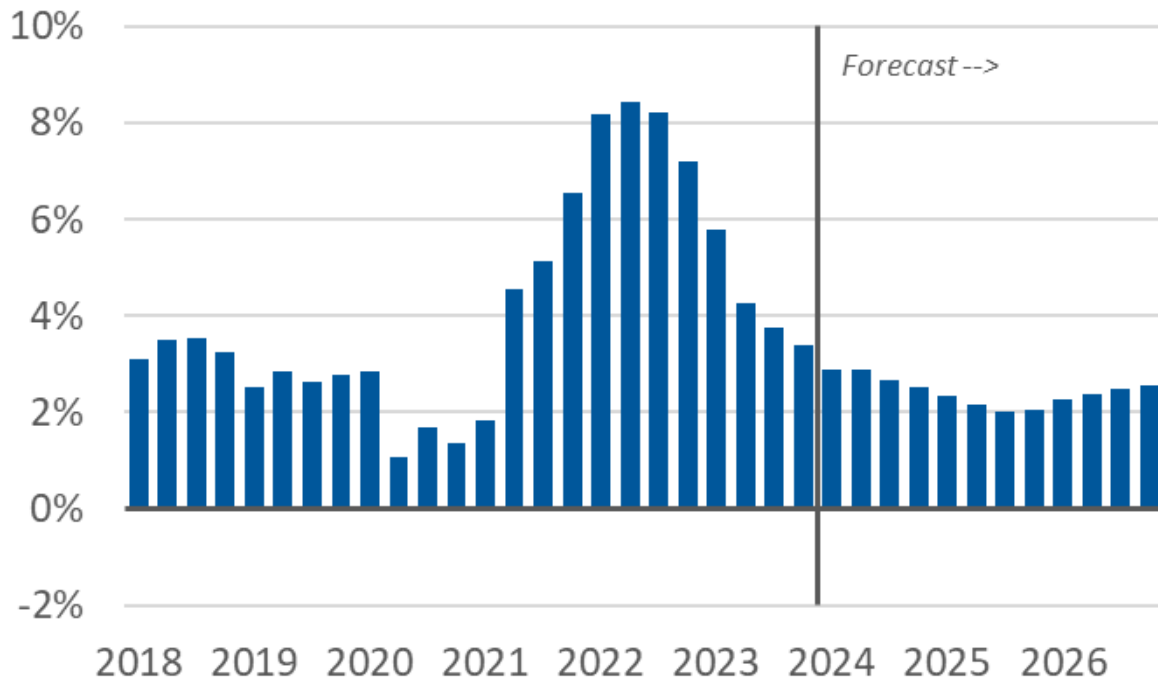
January 24th, 2024

Inflationary boom has cooled



West Region Consumer Price Index

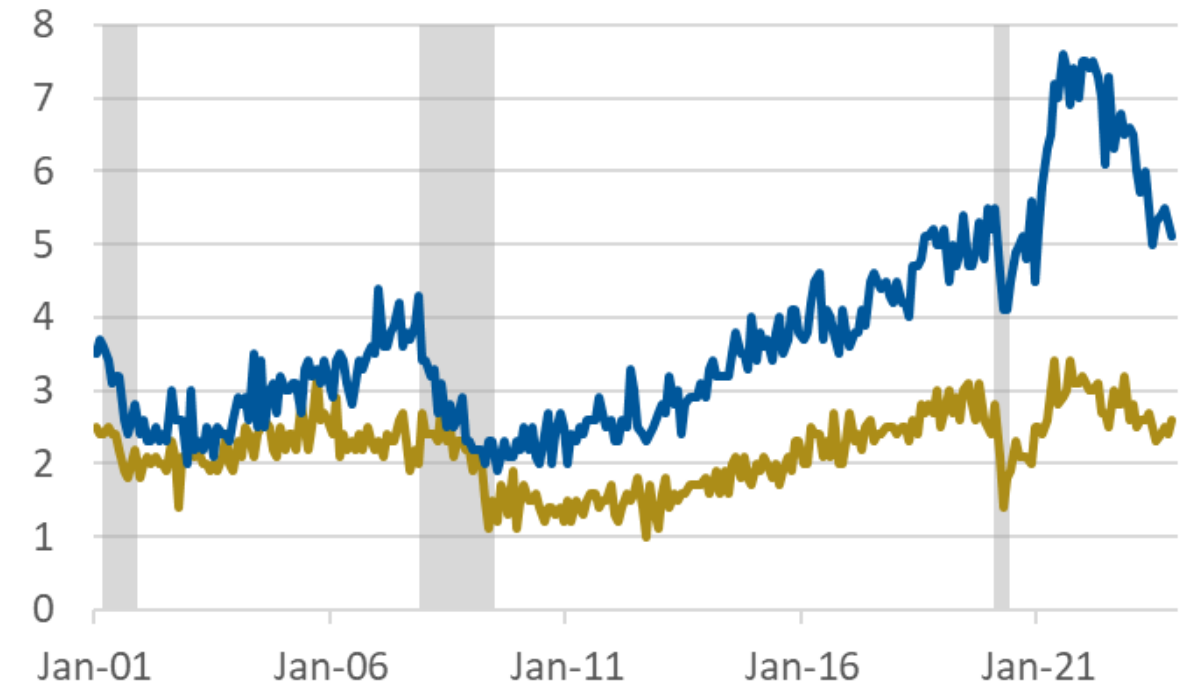
Year-over-year percent change



Latest: 2023q4 | Source: BLS, Oregon Office of Economic Analysis

Labor Market has Rebalanced

Job Opening rate and Worker Quits rate (percent) in Oregon



Latest Data: November 2023 | Source: BLS, Oregon Office of Economic Analysis

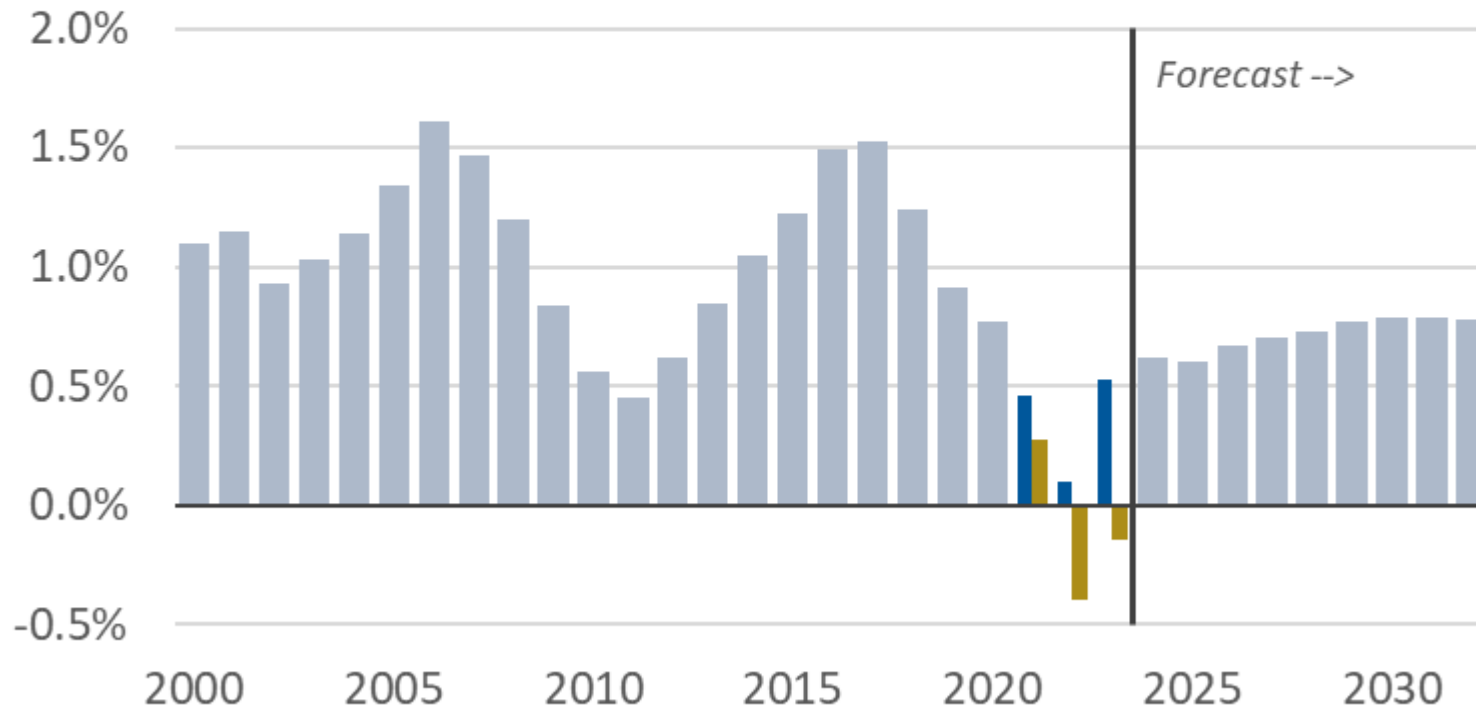
Labor outlook is mediocre at best



Oregon Population Growth

Annual change in total state population

OEA History and Forecast, **Portland State Estimates**, **Census Estimates**



Latest: 2023 | Source: Census, Portland State Population Research Center, Oregon Office of Economic Analysis

- Labor market is cyclically strong, and structurally tight due to demographics
- Migration is primary reason Oregon grows faster than U.S.
 - Local businesses can hire and expand at faster rate
- Recent estimates are mixed with PSU generally up (slightly), and Census generally down (slightly)
- Forecast
 - Migration has historically been pro-cyclical
 - Surrendered driver licenses at Oregon DMVs remains strong
 - Total population growth slower given deaths outnumber births

Who Left?



Oregon Domestic Migration

Number of people moving *Into Oregon* and *Out of Oregon*



Source: Census, IPUMS-USA, Oregon Office of Economic Analysis

- 2022 population declines driven not by fewer people moving to Oregon, but due to more people packing up and leaving Oregon
- 2022 net out-migration was evident across the board, broadly speaking
 - Half children, half adults
 - Half college graduates, half non-college graduates
 - Nearly 50/50 for white, non-Hispanic, and BIPOC Oregonians
 - Out-migration across all major income brackets
- Glass half full view:
 - 2022 positive in-migration among 18-24 year olds
 - 2023 pendulum swinging back from pandemic patterns

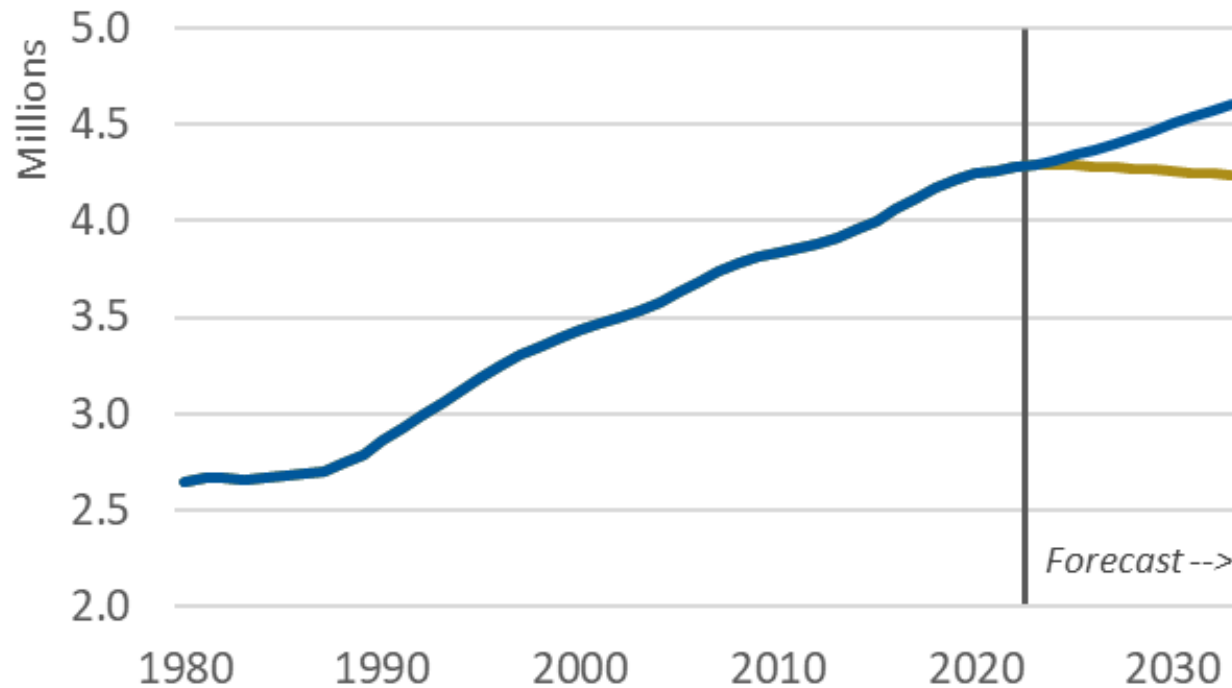
Zero Migration Scenario



Oregon Population

Number of Oregon residents, all ages

Baseline Forecast | Zero Migration Scenario



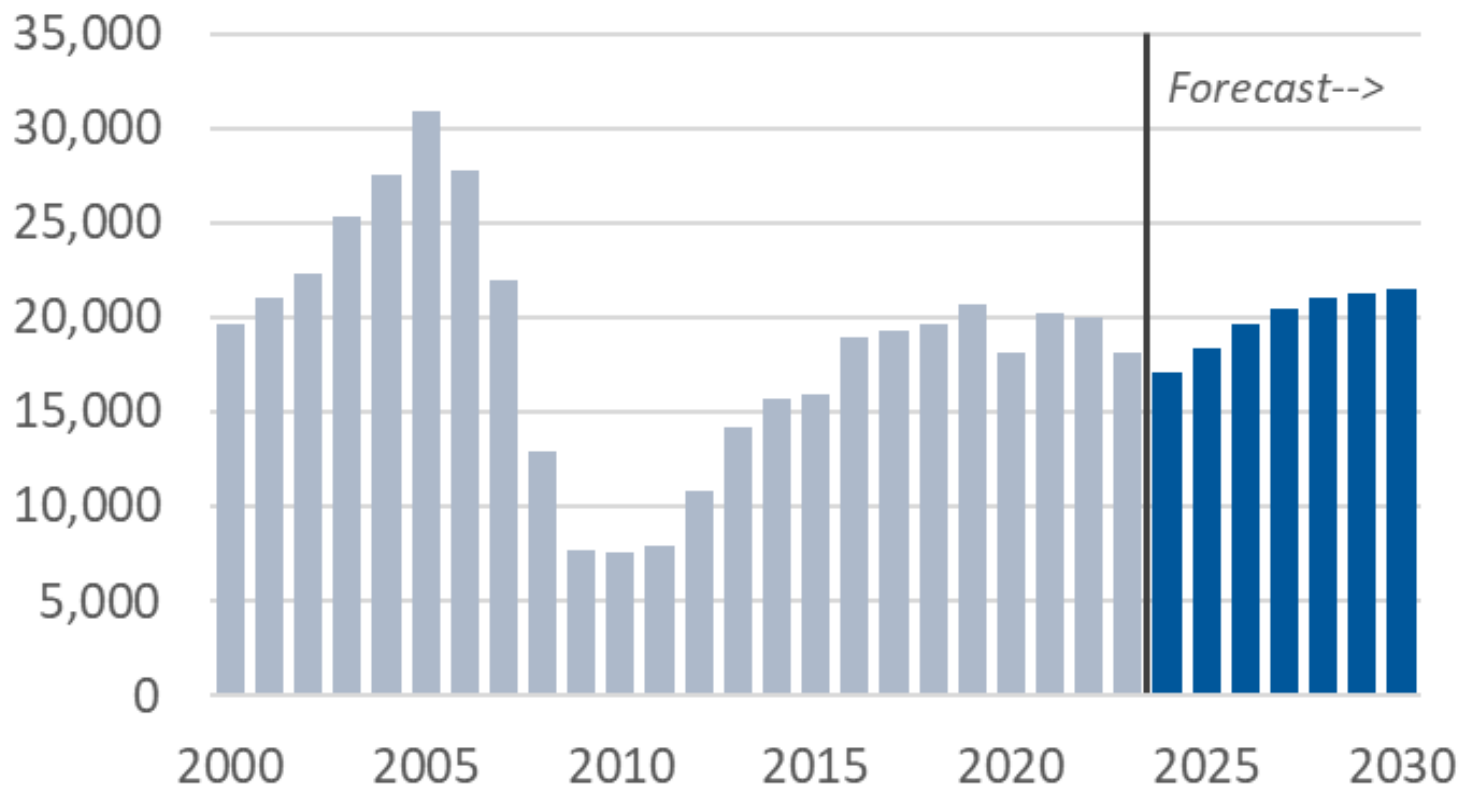
Latest Data: 2022 | Source: Oregon Office of Economic Analysis

- Without migration, Oregon's population will decline slowly as deaths outnumber births
- Relatively small differences in any given year accumulate over time
- Impact greatest among 20- and 30-somethings given migration rates. Firms will need to hire among existing residents to a greater degree
- Business sales, and public revenues will continue to grow even in a Zero Migration scenario, but just at a slower rate
 - Between inflation, average wage gains, and rising asset markets, incomes and spending will continue to increase overall among existing residents

Housing Outlook Mixed



Oregon Housing Starts



Source: Census, Oregon Office of Economic Analysis

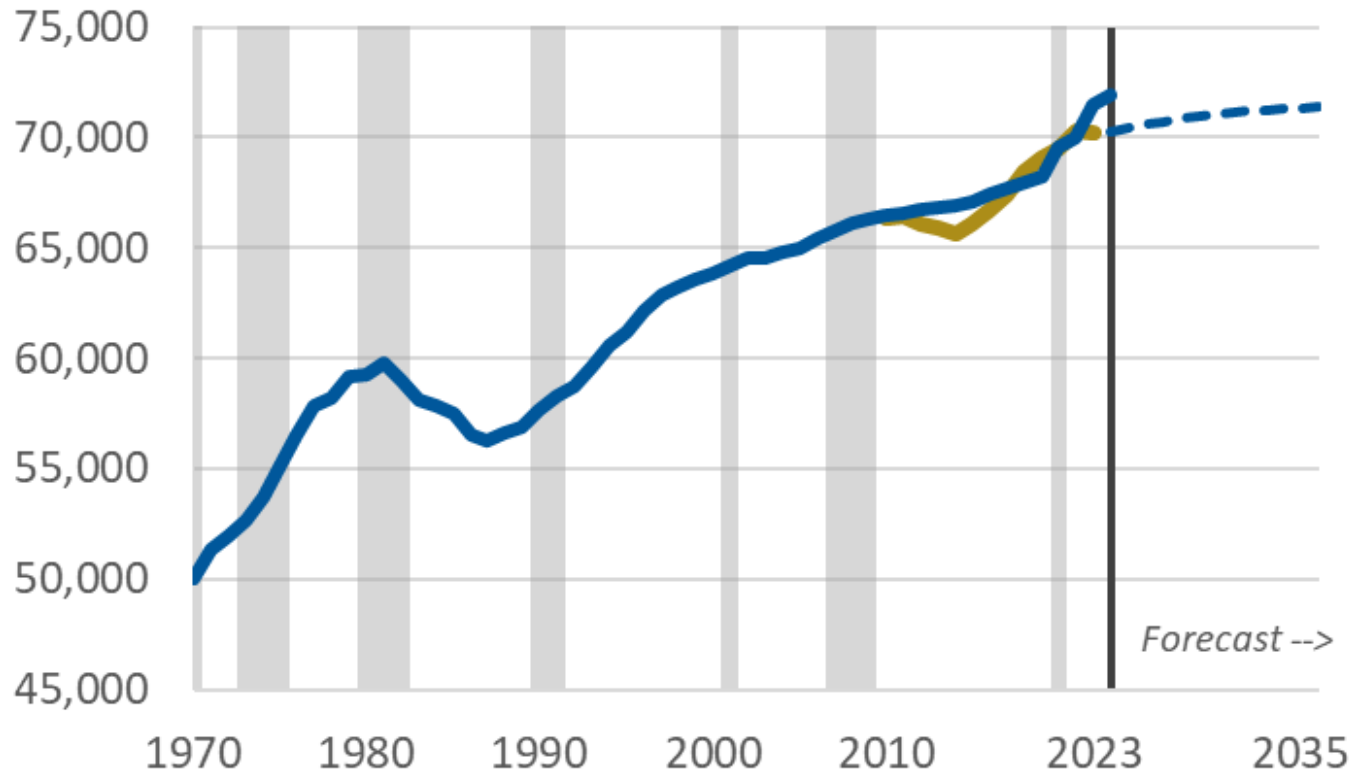
- Even if your neighbors moved in part due to [*insert issue here*], housing affordability plays large underlying role
- Short-term housing outlook is down due to multifamily financing difficulties with high interest rates, while single family holding steady
- Long-term, the Oregon Housing Needs Analysis (OHNA) will set targets for construction based on historical underproduction, expected future need, impacts of vacation homes, and housing our homeless neighbors
- Locally, housing has relatively lower sticker prices than neighbors North, South, and West of you, but relative to local incomes, housing affordability is a huge challenge

Klamath's labor outlook upgraded



Klamath County Population

Estimates from *Census/BEA*, and *Portland State including forecast*



Source: BEA, Census, Portland State Population Research Center, Oregon Office of Econ Analysis

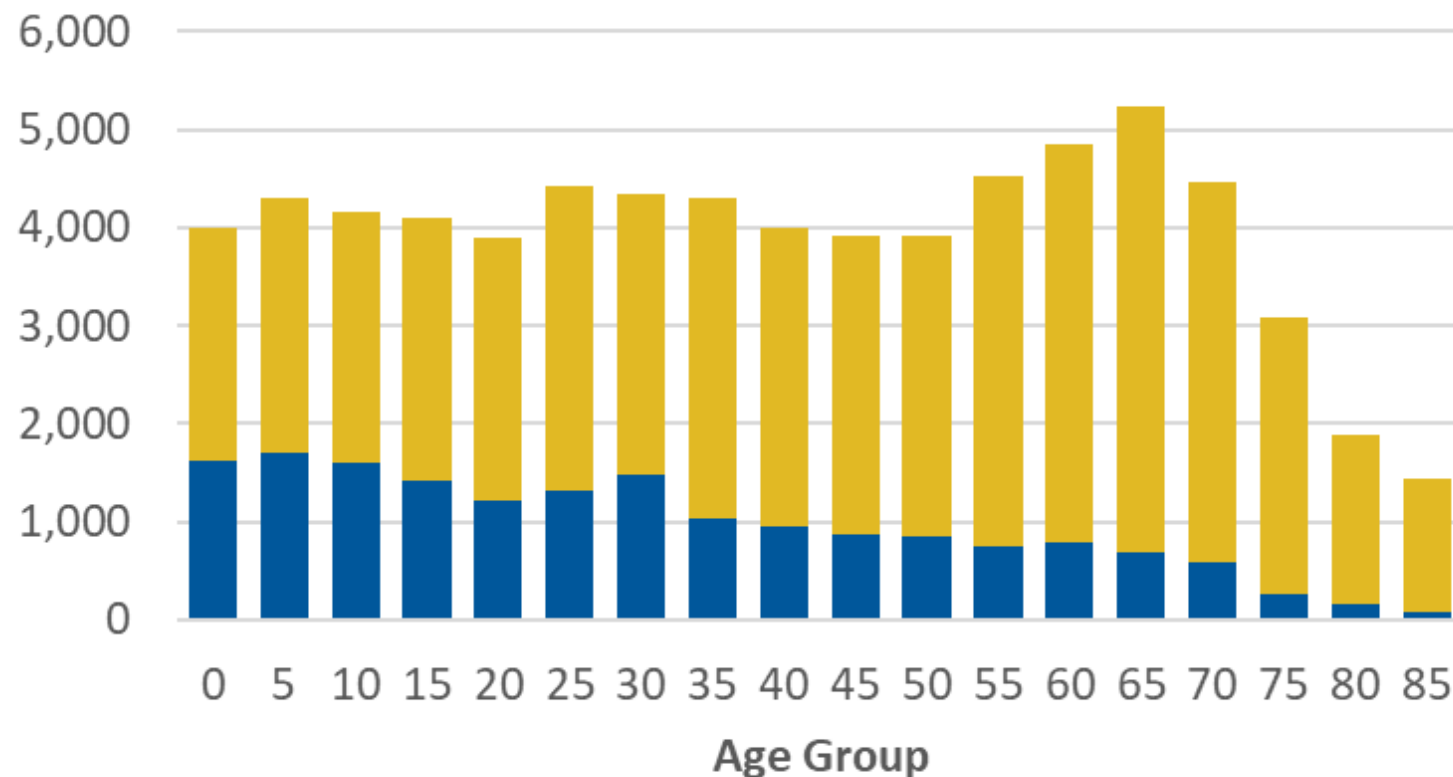
- 2023 population estimates
 - PSU: +0.6%
 - Current population 25 years ahead of forecast
 - Census: TBD (March)
- 2022 population estimates
 - PSU: revised 0.9% higher
 - Census: small losses
- Southeastern Oregon – Klamath, Lake, Harney, Malheur – was the only region in the state to see positive net in-migration from both out-of-state and in-state migrants in 2022

Klamath's labor outlook upgraded



Klamath County Population

Countywide population **Overall** and **Black, Indigenous, and People of Color**



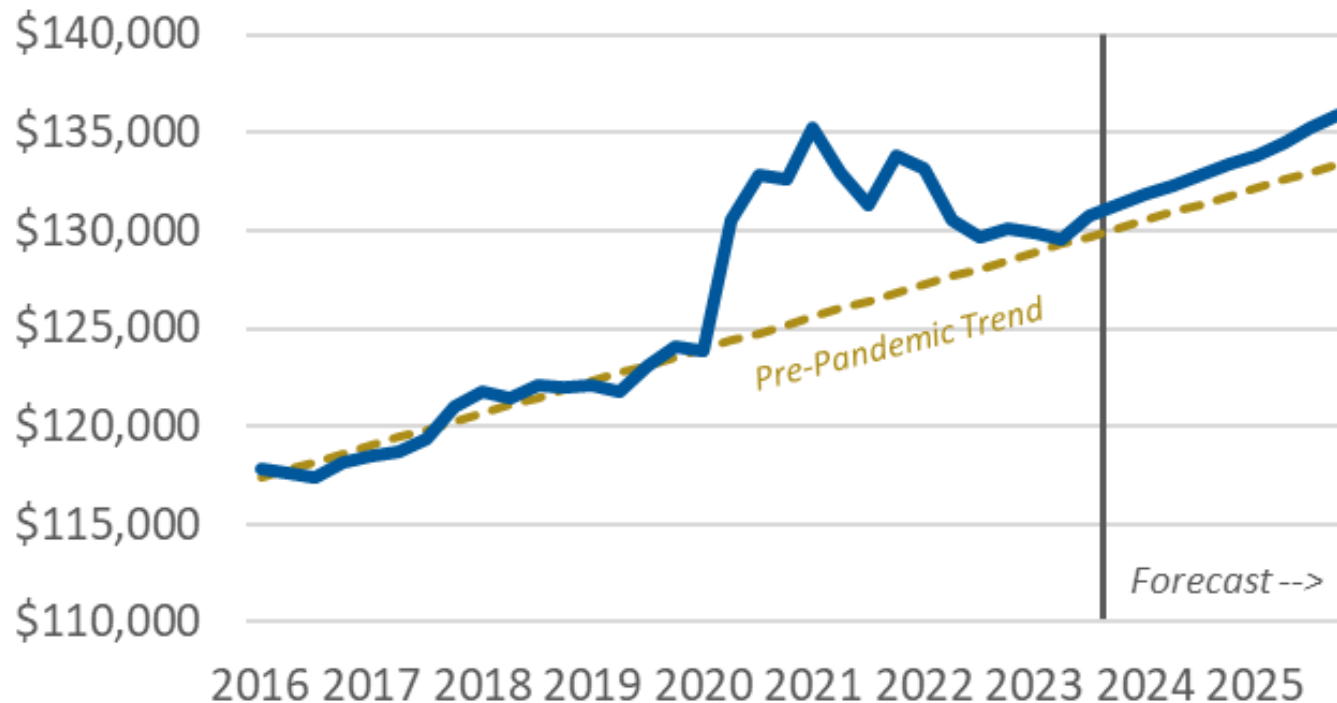
- Rural areas generally have older populations
- Pre-pandemic, Klamath has relatively smaller age groups <40
- In 2022, Klamath has relatively *larger* age groups 0-19 than Oregon, and 0-35 than Rural Oregon
- Younger generations are more diverse with 40% of Klamath children identifying as BIPOC, compared with 25% of the countywide total, and 10% of the 65+ population

Capital investment takes on even greater importance in years ahead



Oregon Real GDP per Worker

Inflation-adjusted value-added per employee



Latest Data: 2023q3 | Source: Oregon Office of Economic Analysis

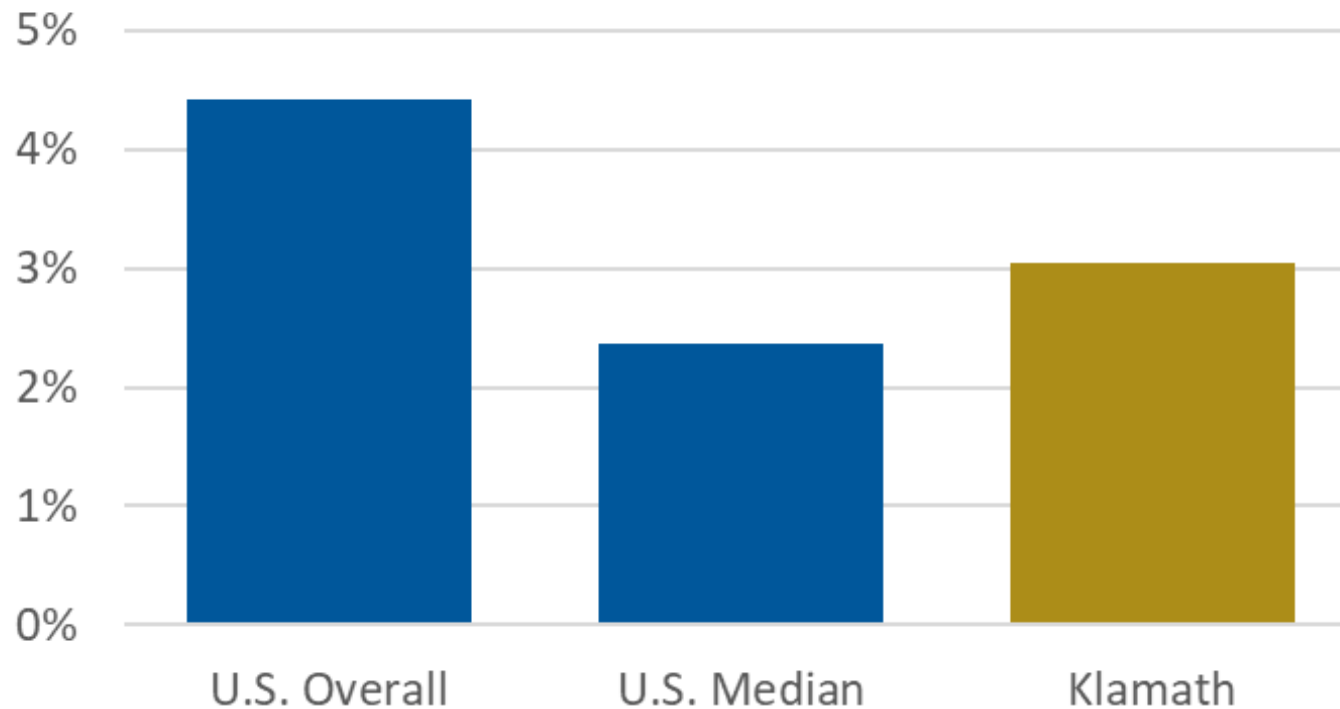
- Economy relies on labor and capital, or the number of workers and how productive each worker is
- Oregon has experienced good economic growth this cycle, with above-average productivity gains making up for middle of the pack population and labor gains
- 5 Types of Capital: Financial, Human, Natural, Physical, Social
- Reasons productivity should be better include the increase in start-ups, federal investment, and potential of generative AI

Capital investment takes on even greater importance in years ahead



County Productivity Gains

*Real GDP per wage and salary worker,
Percent change 2019-2022*



Source: BEA, Oregon Office of Economic Analysis

- Klamath nominal GDP growth 2019-2022 was 24%, ranking in the 62nd percentile across all counties nationwide
 - 2022 growth was 8% compared with typical 9% nationwide
- Local productivity gains (output per worker) increased 3% from 2019-2022, which is lower than the nation overall, but higher than the typical county.
- Local Advantages/Disadvantages
 - Geographic location, broadband connection, industrial structure, demographics, housing, sources of capital, types of income

Contact Information

Josh Lehner

(971) 209-5959

joshua.lehner@das.oregon.gov

www.OregonEconomicAnalysis.com

@lehnerjw

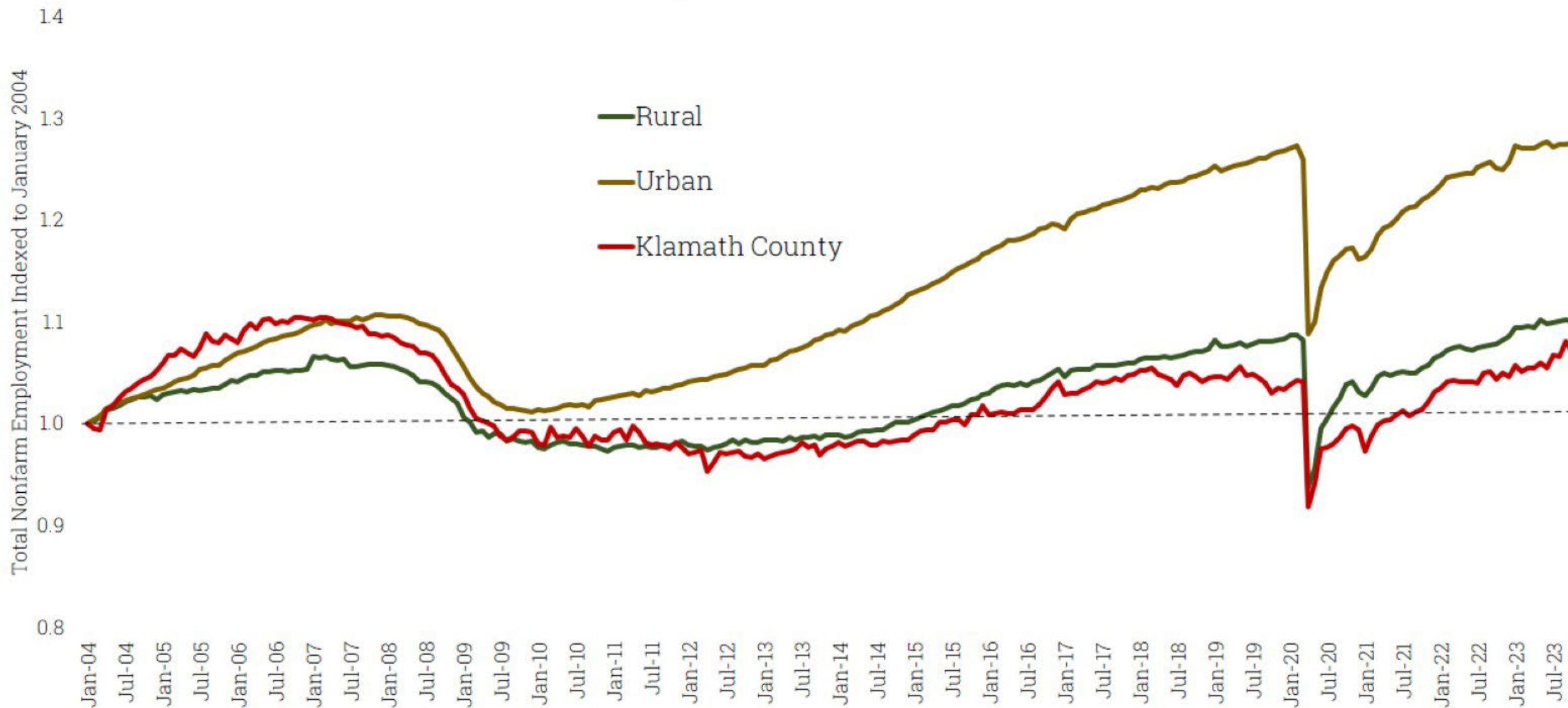


How is Klamath's economy looking compared to rural peers?

Damon Runberg
Economist

business
oregon  [®]

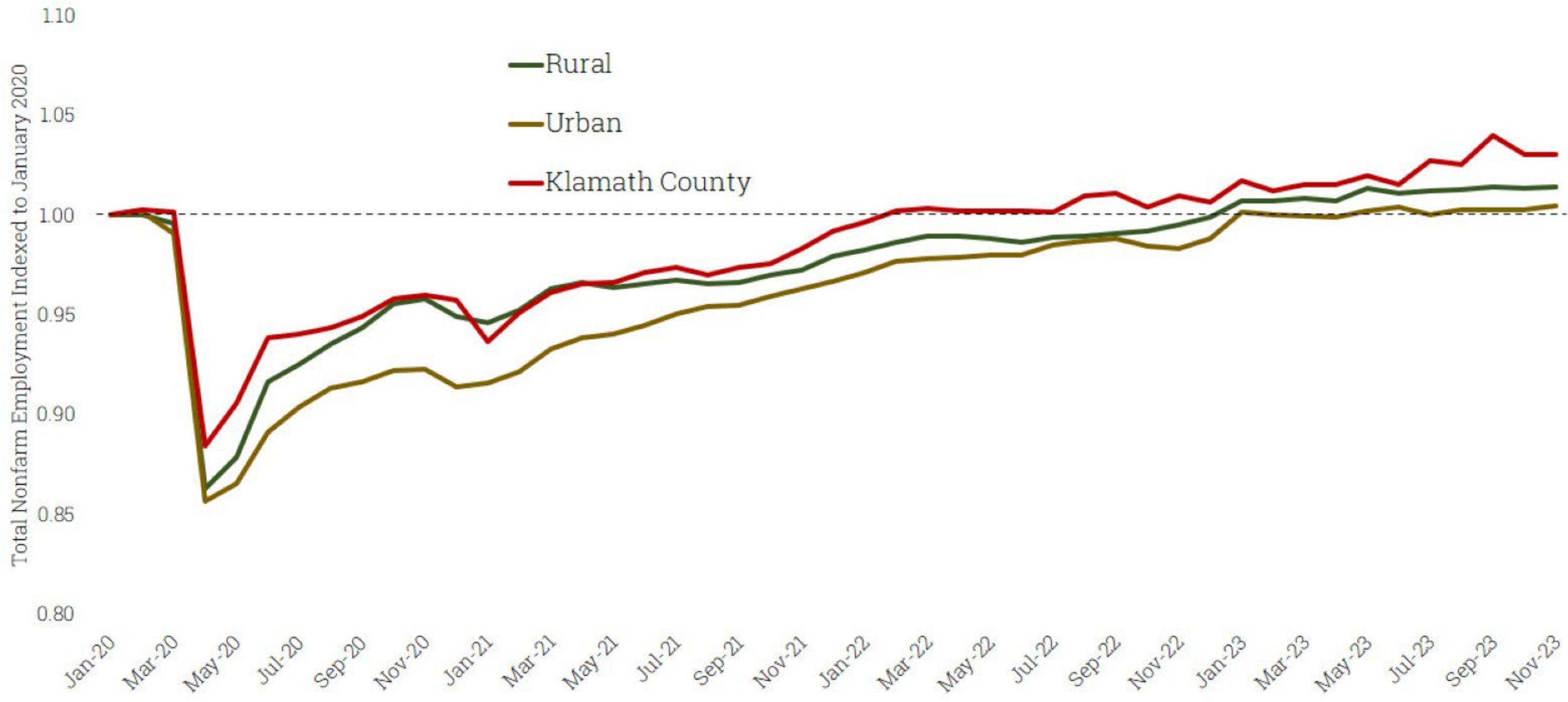
Over the past 2 decades Klamath County's job market slightly underperformed "rural Oregon"





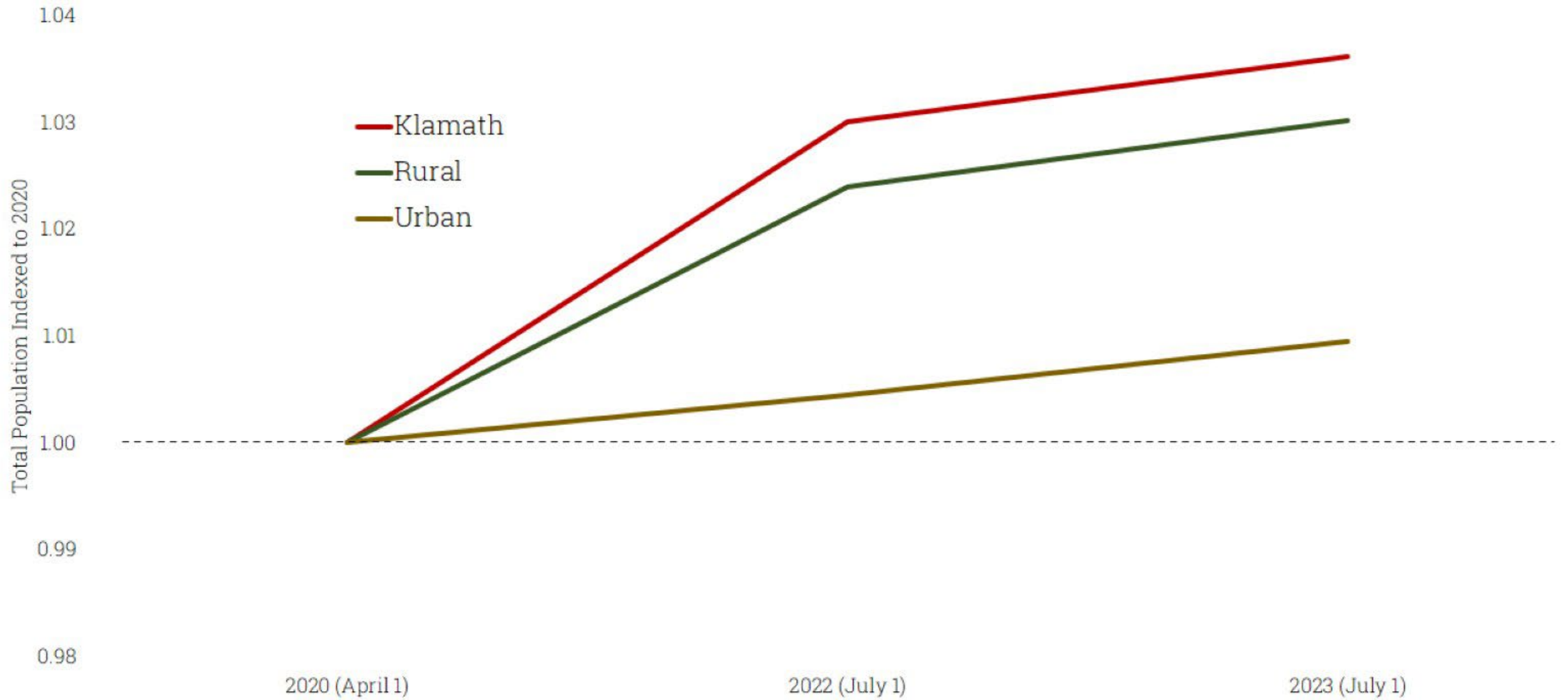
Oregon's rural experience over the past two decades is not unique

The last few years reveal Klamath's growth outpacing both urban and rural Oregon



Source: Oregon Employment Department, Current Employment Statistics

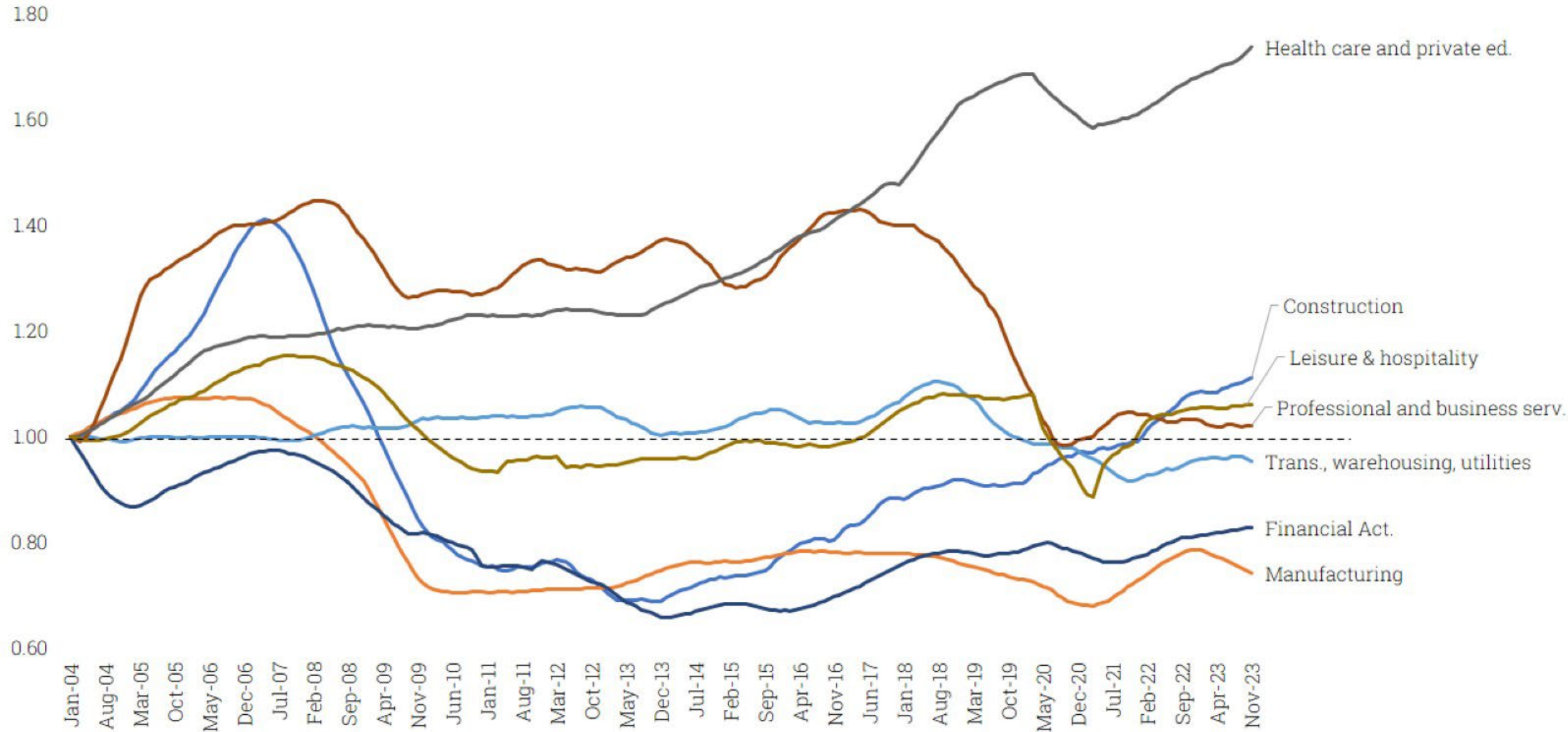
More jobs and more people!



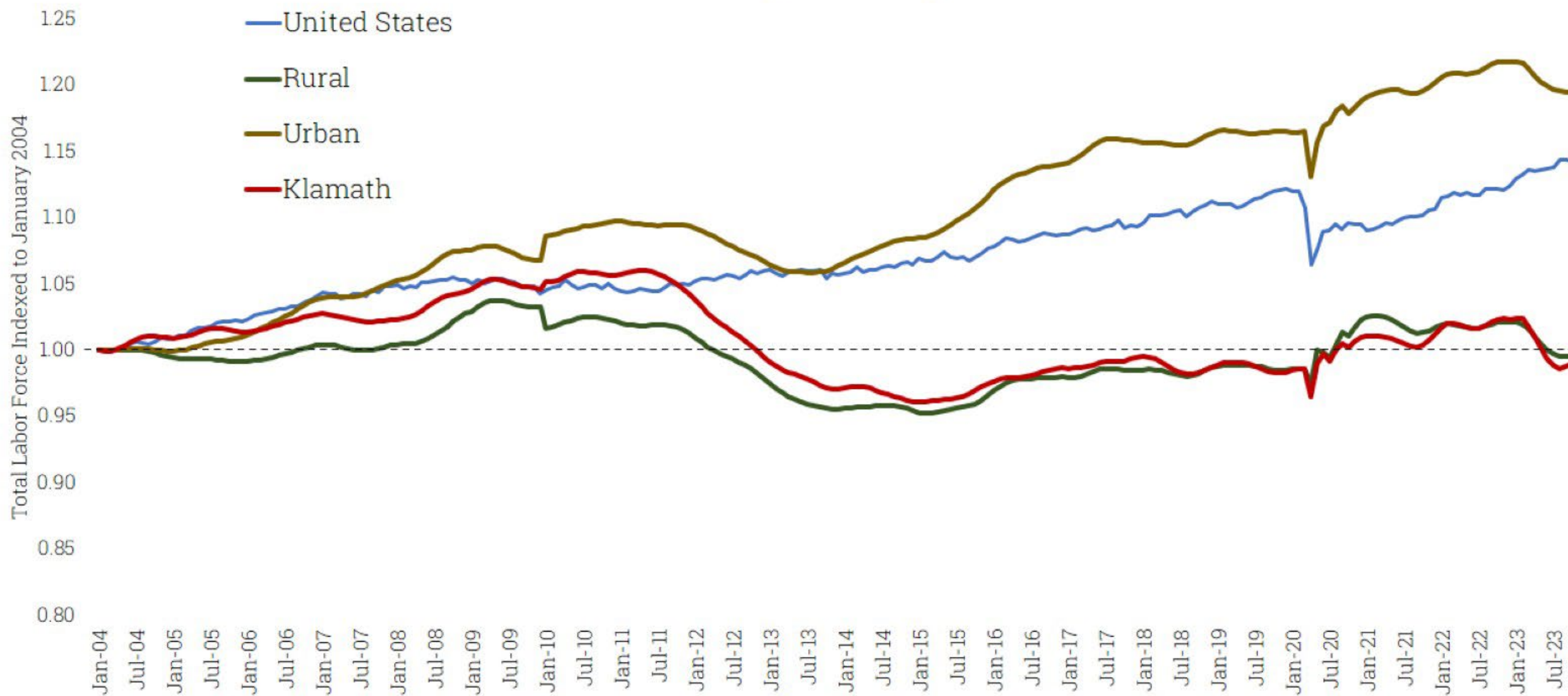
A stack of teal surgical masks is shown, with the word "OUTSIDE" printed on the white elastic bands. The masks are arranged in a slightly overlapping manner, and the background is a light, textured surface. A white rectangular box is overlaid on the center of the image, containing the text "COVID and Post-COVID bounce back".

COVID and Post-COVID bounce back

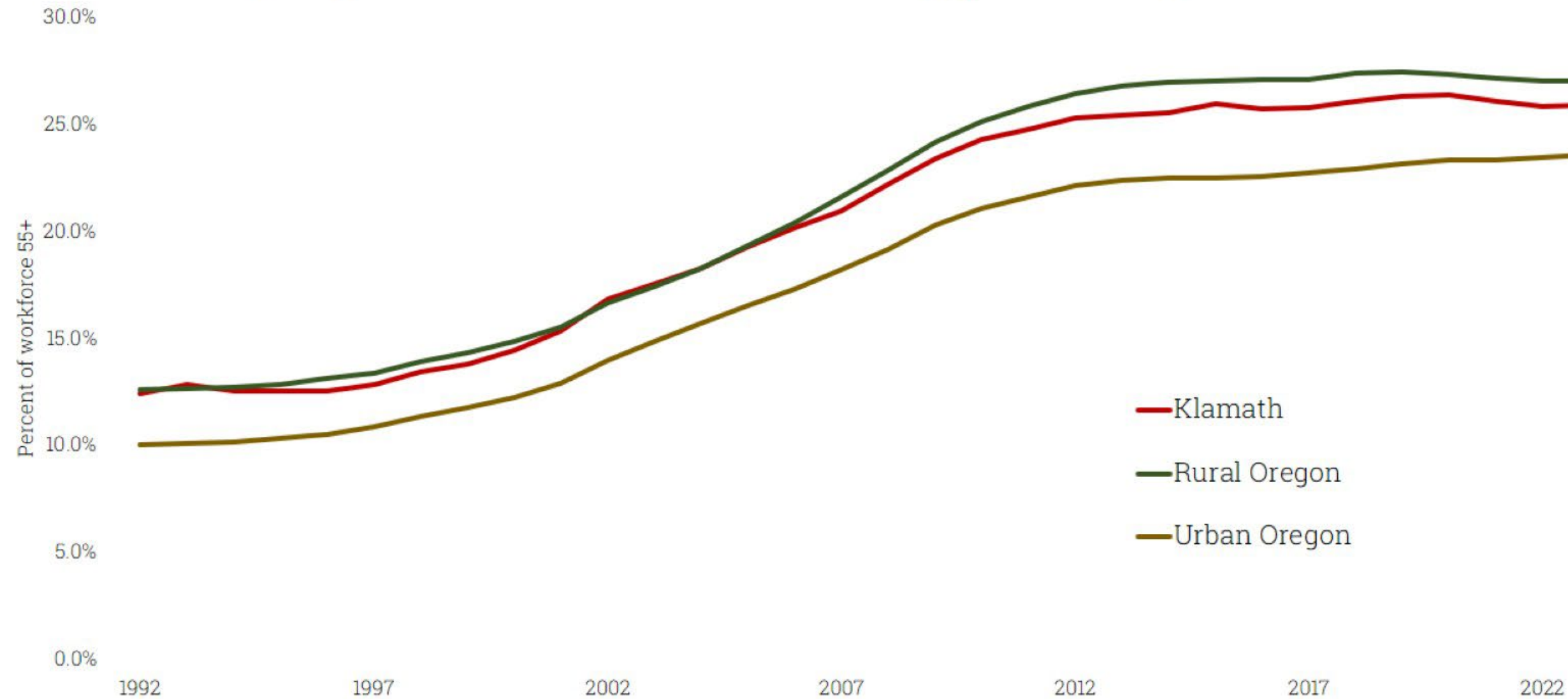
Where is the recent growth coming from?



The size of the local labor force is roughly the same as it was 20 years ago



Aging of the workforce has peaked and Klamath has a slightly lower share of workers approaching retirement



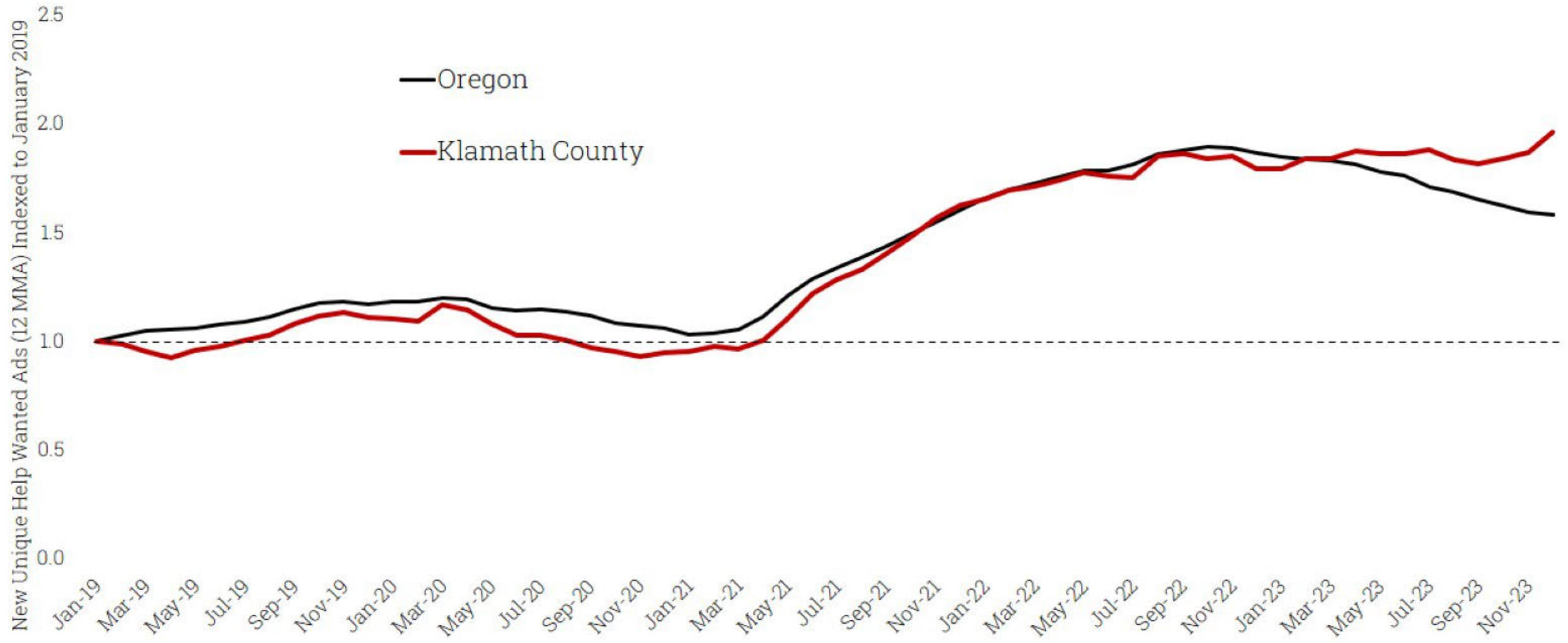


What would an entrepreneur look for when relocating or starting a new business?



Hiring demand remains strong in Klamath;

What share are replacement openings versus new jobs?



Damon Runberg
Economist, Business Oregon

Damon.runberg@biz.Oregon.gov



The Power of Rural Partners

Presented by

Margi Hoffmann
State Director
USDA Rural Development, Oregon
Margaret.Hoffmann@usda.gov



*Aim your phone's camera here
to find USDA RD contacts and
offices near you.*

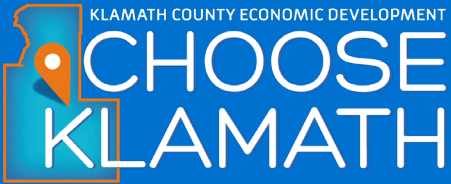


Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Economic Summit “WHAT’S IN STORE FOR 2024”

January 24, 2024

Choose Klamath Vision: Purposeful, Sustainable & Diverse Economic Growth for Klamath County



It's just better here.

Numerous Projects Closed, Announced or Ground Broken in 2023



KCC Apprenticeship Center



EPISODE // 008
THE FUTURE
GILCHRIST OREGON
ORIGINAL



**Kingsley New F-35
Mission**



**Boeing Collaboration
Lab**



Project SKY



Ninja MTB



DK New Branding



**Oregon Tech Track &
Field**



**Klamath Revitalization
Fund**



OEDA Award



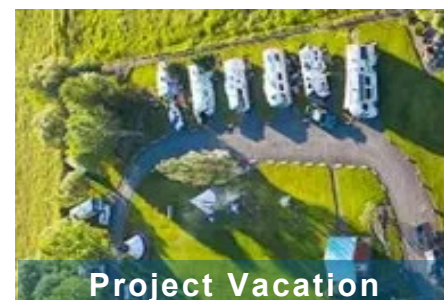
Skyline Brewery



Common Block Brewery



Project Denim



Project Vacation

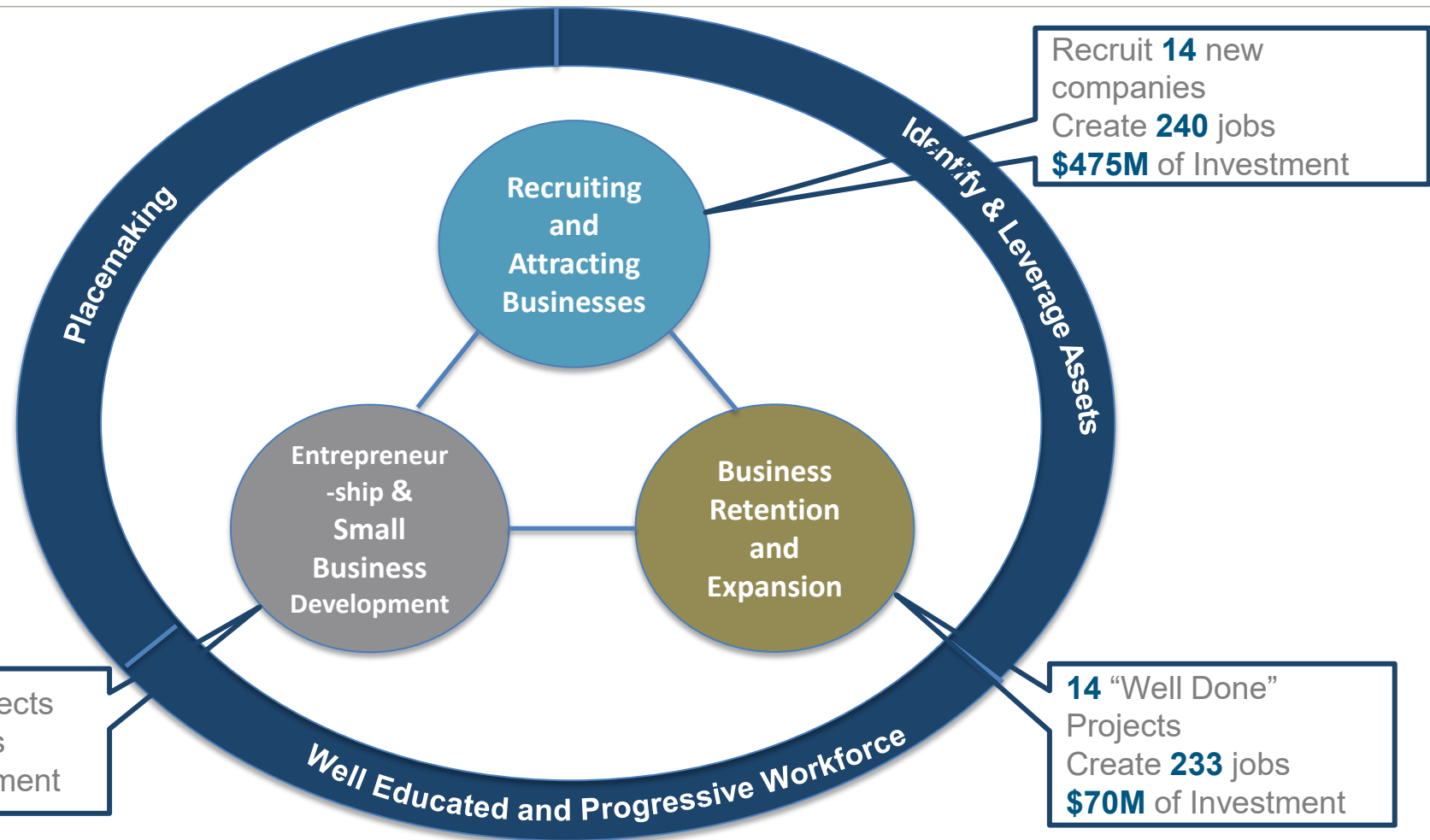


RVJourney



Clean Lake Ewauna

CONTINUALLY INCREASING GROWTH OF LOCAL INDUSTRY & AMENITIES

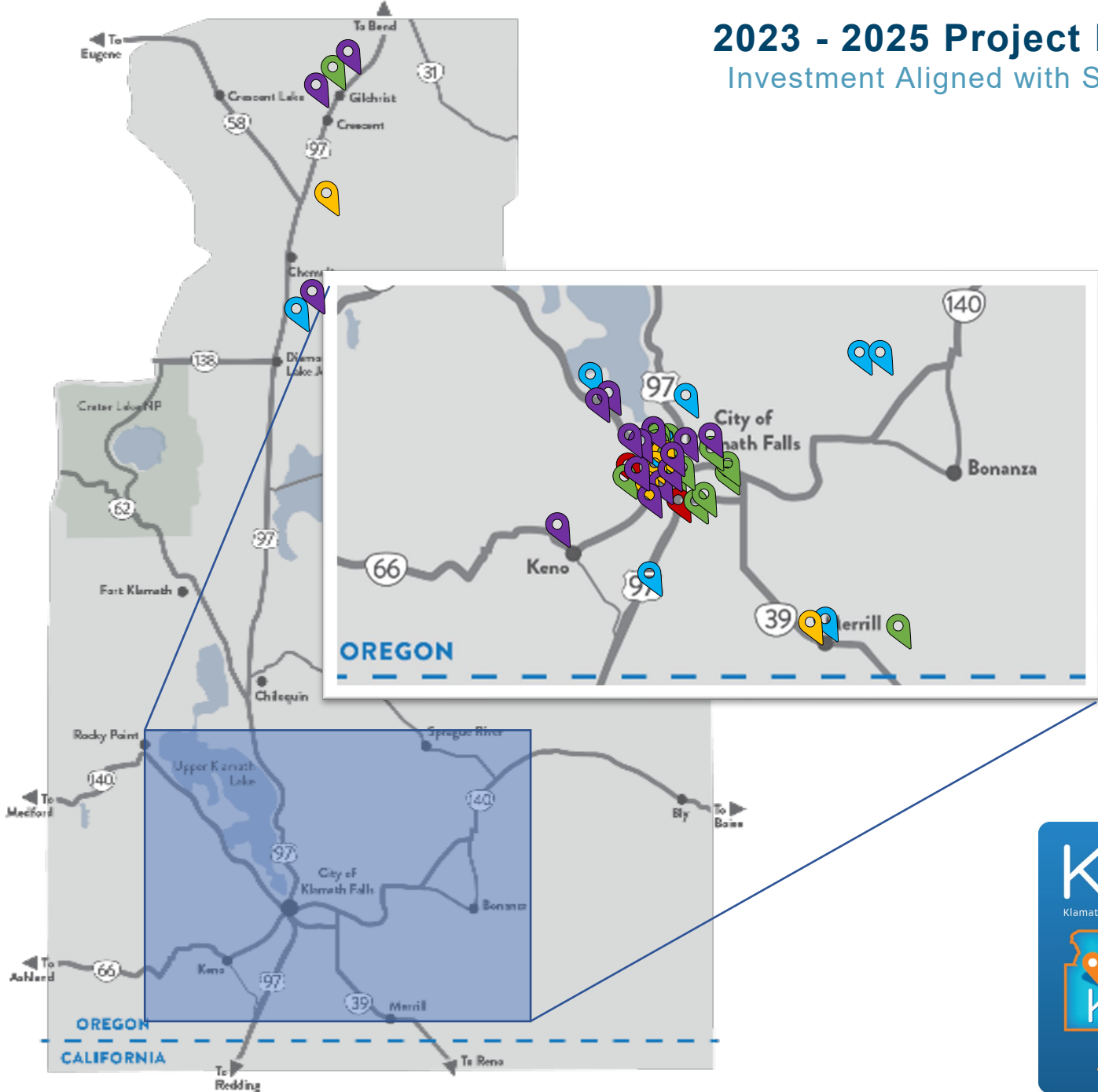


ECONOMIC DEVELOPMENT STRATEGY FOR KLAMATH COUNTY

2023 - 2025 Project Locations

Investment Aligned with Strategic Plan

-  Recruitment and Attraction
-  Retention and Expansion
-  Scalable Entrepreneurship
-  Project Cancelled
-  Additional Projects



**YOUR INVESTMENT AT WORK
REACHING ACROSS OUR
ENTIRE COUNTY!**

KCEDA
Klamath County Economic Development Association

**CHOOSE
KLAMATH**

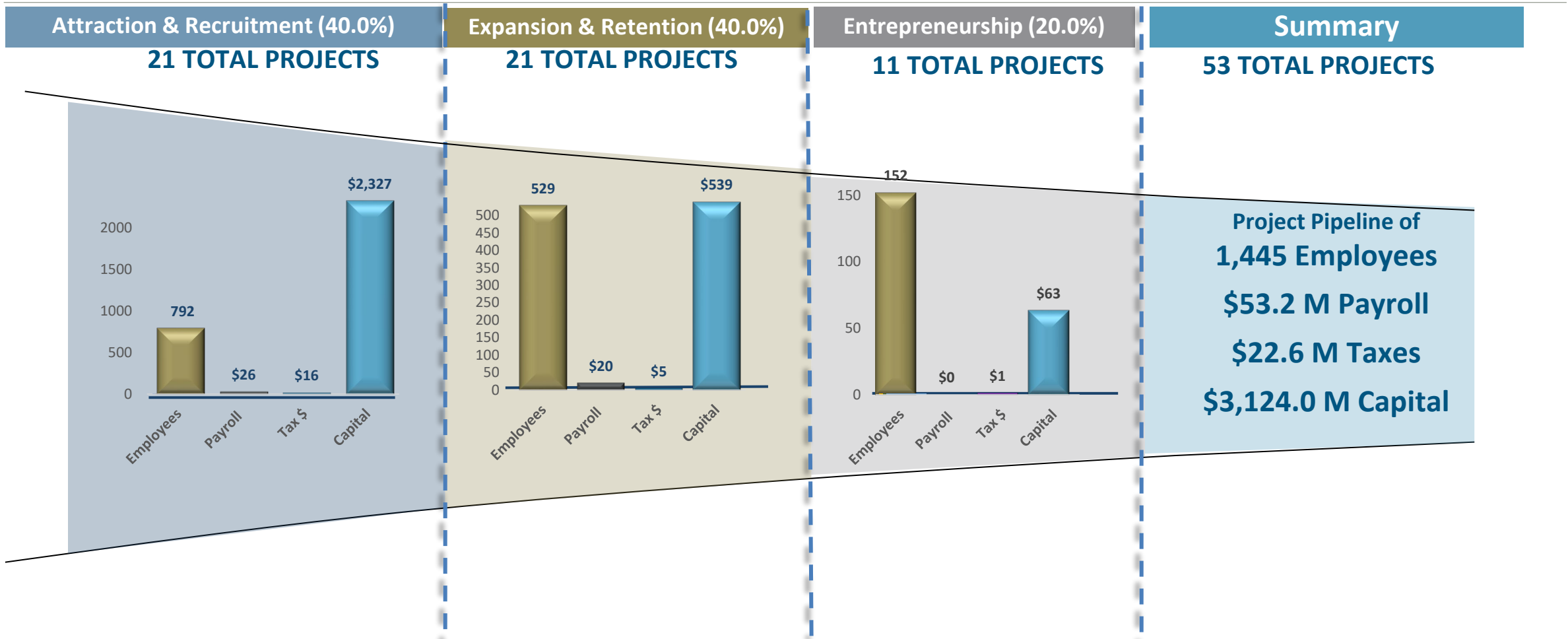
It's just better here!

Economic Momentum

Numerous Projects Groundbreaking 2024



SIGNIFICANT INCREASE IN ECONOMIC MOMENTUM ACROSS THE COUNTY FOR 2024



BUILDING A ROBUST & BALANCED ECONOMIC DEVELOPMENT PROJECT PIPELINE

Unemployment Rate at 4.9%

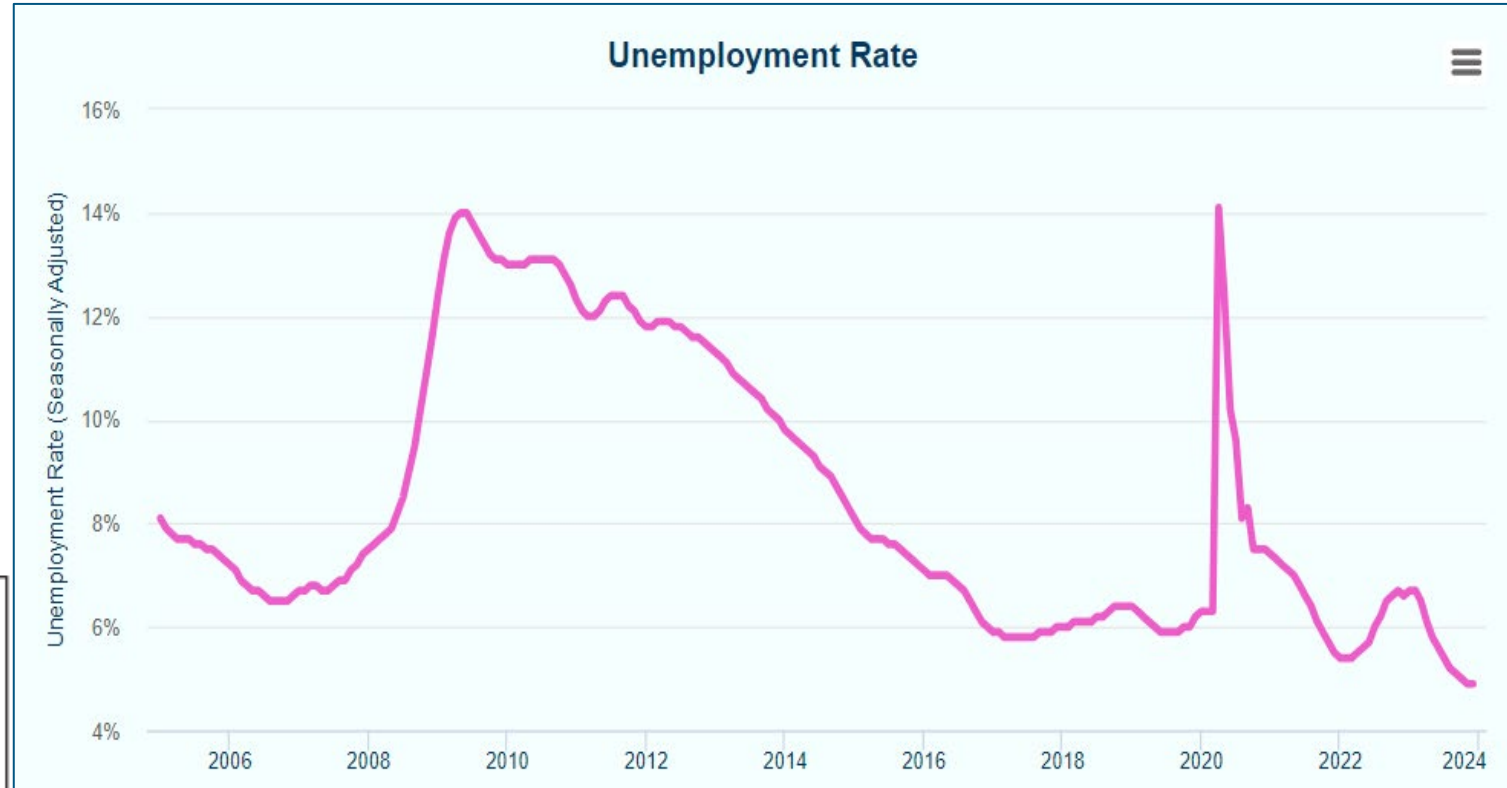
- Unemployment rate December 2022 was 6.6%
- Unemployment rate little changed over-the-month

Source: Oregon Employment Department, LAUS

Industry Employment Change: Dec. 2022 to Dec. 2023

*Klamath County adds **570 jobs** over the year*

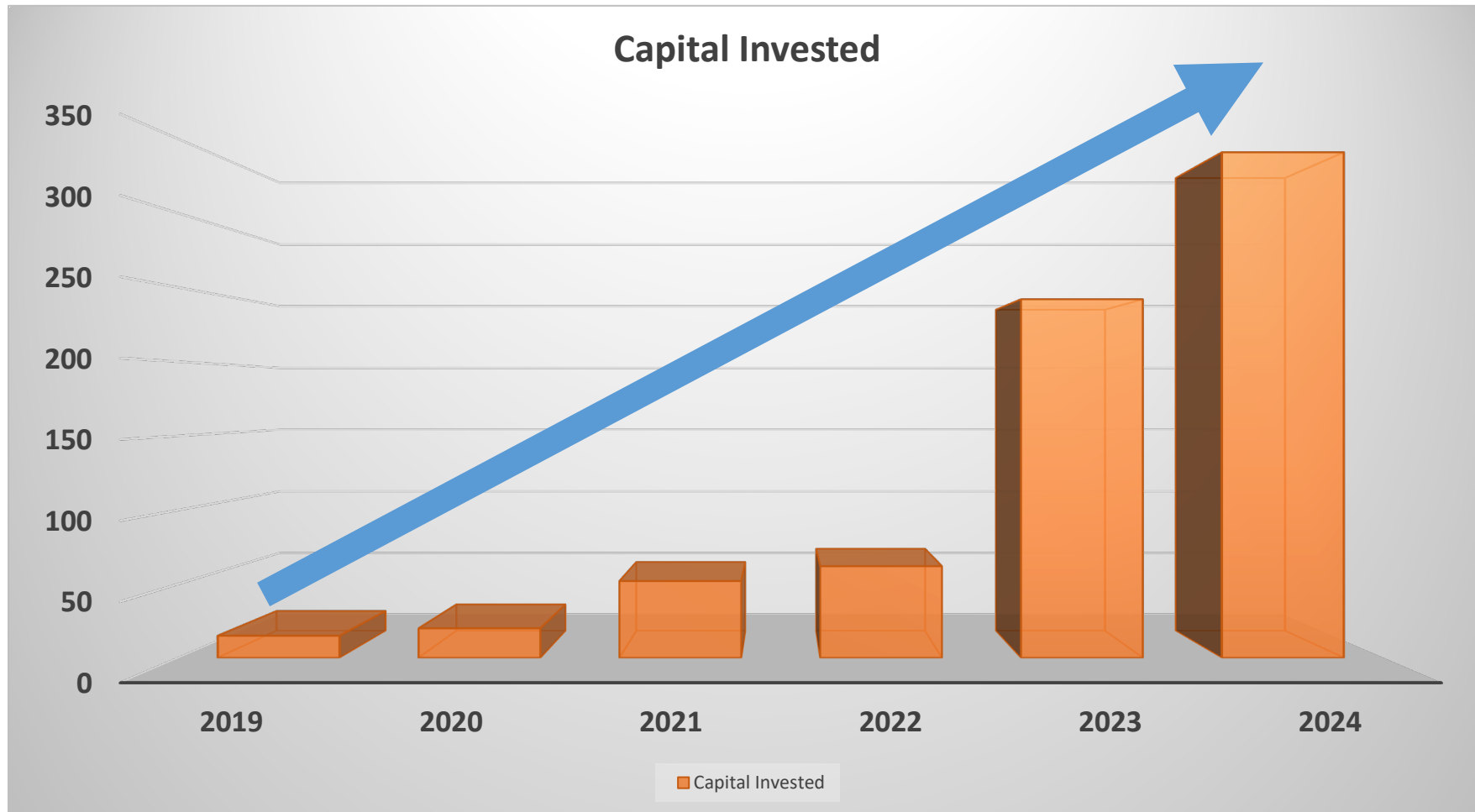
- Employment up **2.5%** in the past year
- [Detailed December Employment Press Release](#)



LOWEST UNEMPLOYMENT % IN THE LAST 25 YEAR (1.7% REDUCTION IN THE LAST YEAR)

2019 – 2022 Initial 3-yr Strategic Results	2023 – 2025 Current 3-yr Strategic Goals	2023 1 st 12 Months Achievements	2024 Projections % of 3-Year Strategic Plan
<ul style="list-style-type: none"> ▪ 21 Projects Closed ▪ \$146.0 M Capital Invested <ul style="list-style-type: none"> ▪ Generating \$2.1M in annual tax revenue ▪ 508 Direct Jobs Created ▪ 182 In-direct Jobs 	<ul style="list-style-type: none"> ▪ 33 Projects Closed ▪ \$613.0 M Capital Invested <ul style="list-style-type: none"> ▪ Generating \$8.6M in annual tax revenue ▪ 612 Direct Jobs Created ▪ 266 In-direct Jobs 	<ul style="list-style-type: none"> ▪ 13 Projects Closed ▪ \$241.7 M Capital Invested <ul style="list-style-type: none"> ▪ Generating \$2.6M in annual tax revenue* ▪ 189 Direct Jobs Created ▪ 95 In-direct Jobs 	<ul style="list-style-type: none"> ▪ 13 Projects 79% ▪ \$341.0M Capital Invested 95% <ul style="list-style-type: none"> ▪ Generating \$4.2M annual tax revenue* ▪ 267 Direct Jobs Created 75% ▪ 125 In-direct Jobs Created 83%

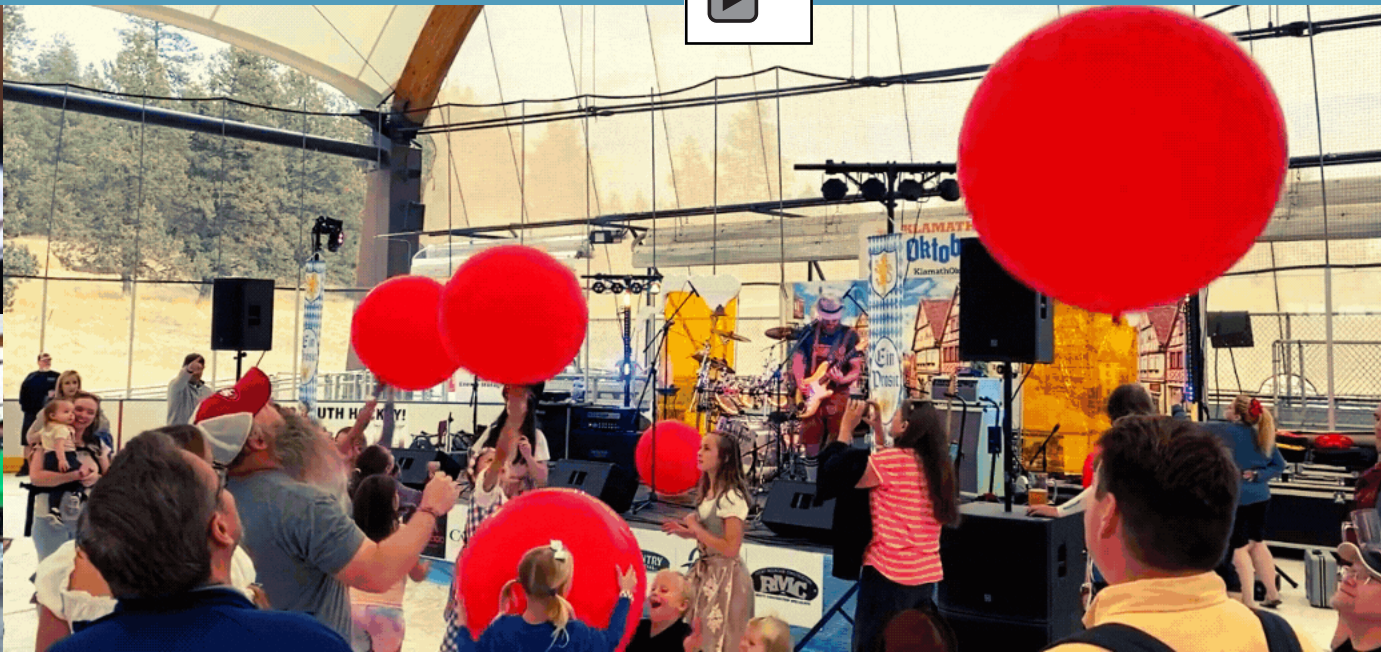
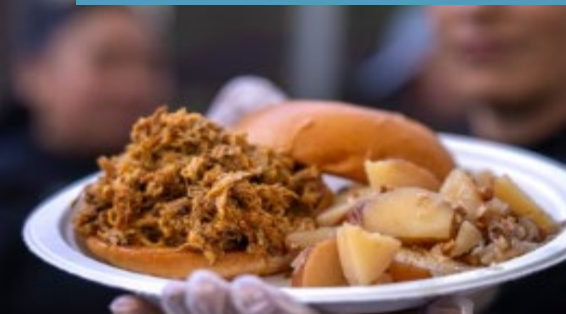
2024 WILL BE THE MOST SIGNIFICANT ECONOMIC IMPACT YEAR FOR OUR ORGANIZATION



2024 WILL BE THE MOST SIGNIFICANT ECONOMIC IMPACT YEAR FOR OUR ORGANIZATION



Klamath Basin Oktoberfest September 21, 2024!



Thank You!

Pacific Crest
FEDERAL CREDIT UNION



Please leave Connection Forms with
the team as you leave.

Info@TeamKlamath.com
541-882-9600