

Forecast Preview



Josh Harwood, City Economist
Andrew Scott, Budget Director

October 20, 2016

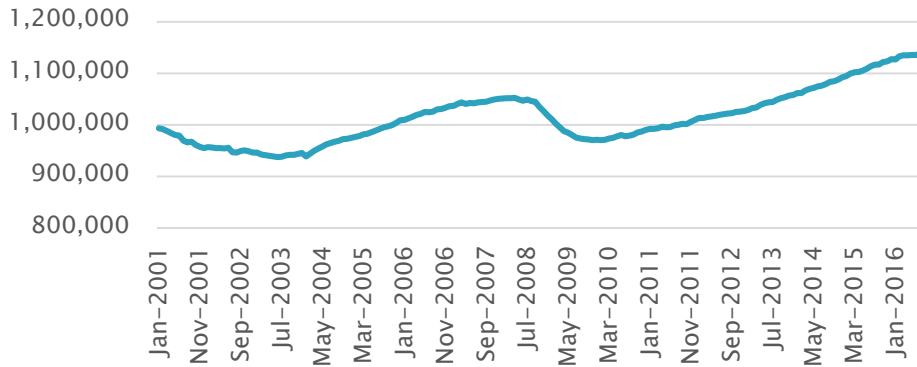
Current Economic Conditions

Indicator	Most Recent	Value	Year Ago Change	Recent Trend
Economy				
Total Employment, Portland MSA	8/2016	1,142,000	2.2%	Positive
Portland City Unemployment Rate	8/2016	4.8%	-0.3%	Positive
Consumer Price Index, Portland-Salem	1H-2016	237.8	1.2%	Neutral
Real Estate				
Median Home Price, Portland Metro	9/2016	\$353,000	15.0%	Positive
Housing Units Permitted (Y-T-D)	8/2016	3,438	65.8%	Positive
Portland Metro Industrial Vacancy Rate	2Q-2016	4.3%	-0.6%	Positive
Portland Office Vacancy Rate	2Q-2016	8.7%	-0.8%	Positive
Multnomah County Multi-Family Vacancy Rate	2Q-2016	4.5%	1.9%	Positive
Commerce				
Total Air Passengers (Y-T-D)	8/2016	12,118,848	8.8%	Positive
Total Freight (Y-T-D in Tons)	8/2016	148,292	2.0%	Positive
Total Port of Portland Marine Freight (Y- T-D in Tons)	8/2016	6,406,649	17.4%	Positive
Hotel Average Revenue Per Available Room	2Q-2016	\$108.00	12.0%	Positive

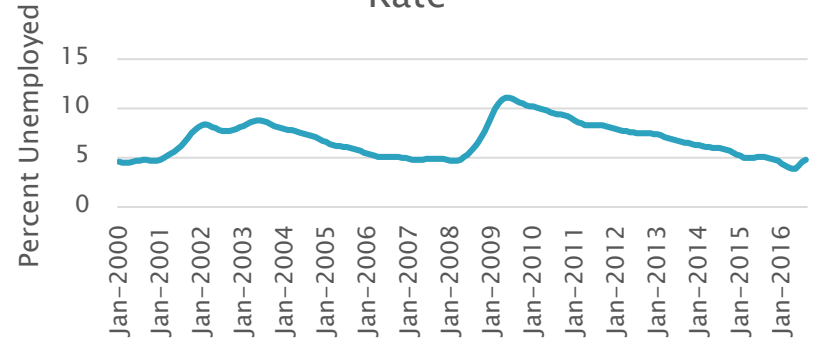
Sources: Oregon Employment Department, Bureau of Labor Statistics, National Association of Realtors, U.S. Census Bureau, Colliers International, Port of Portland, CBRE Hotels.

It's Good Out There, Really Good (in Portland, anyway)

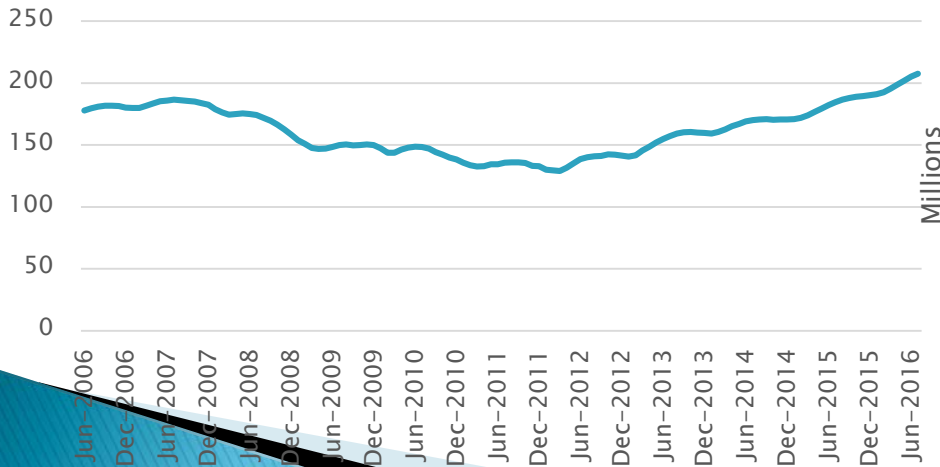
Portland MSA Employment



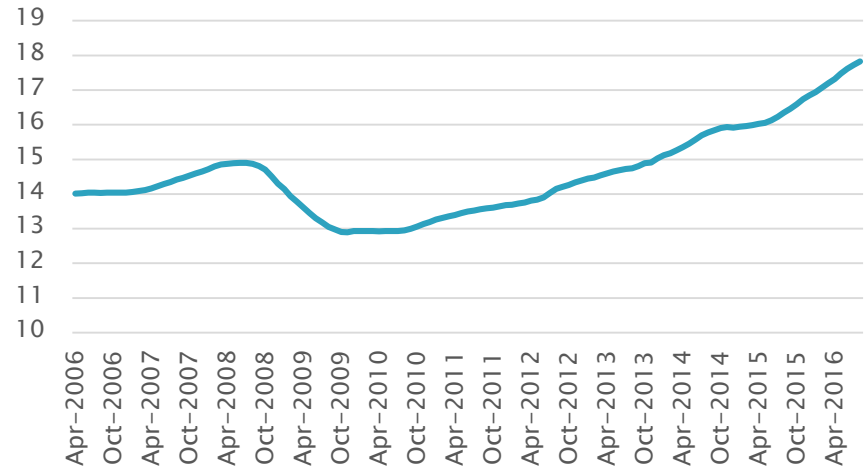
Multnomah County Unemployment Rate



Portland Case-Shiller Home Price Index

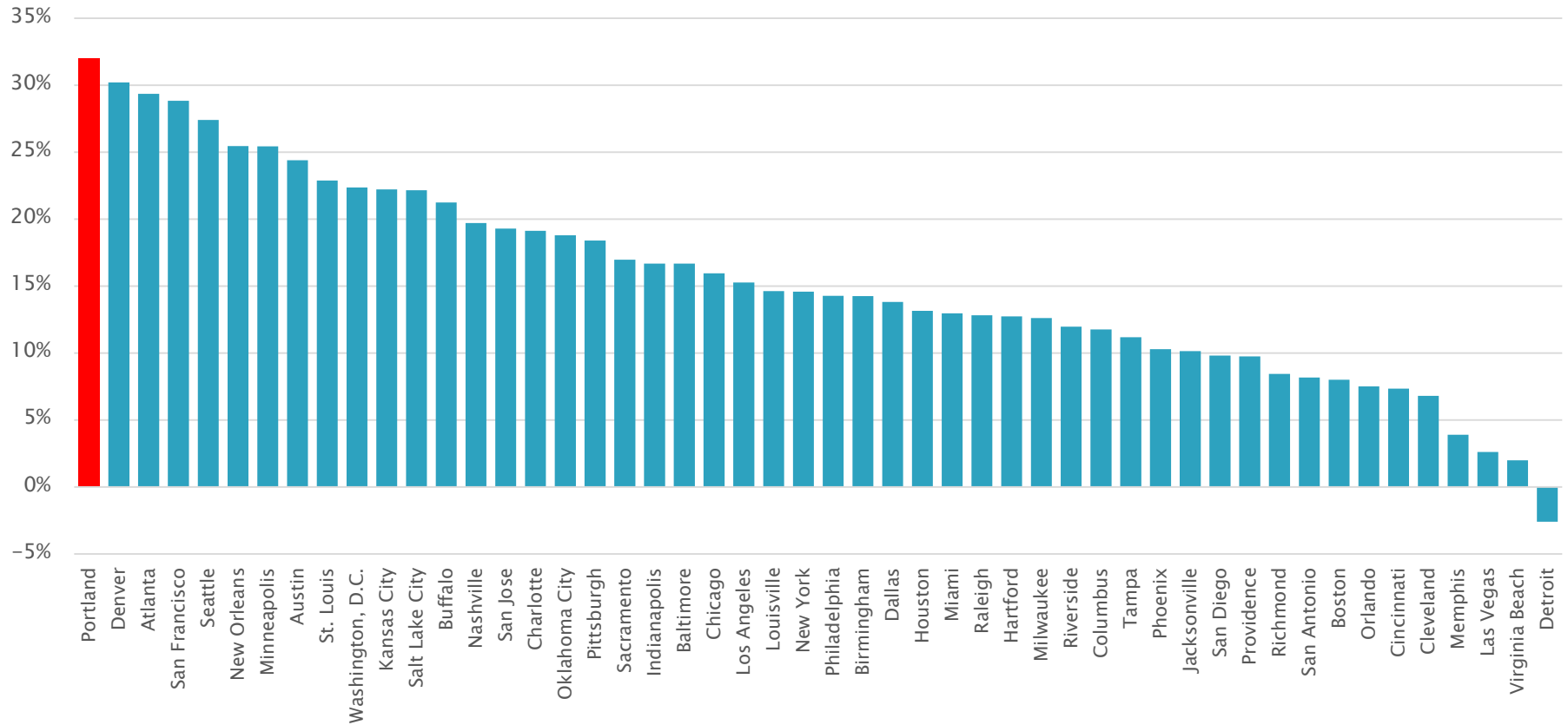


PDX Airline Passengers



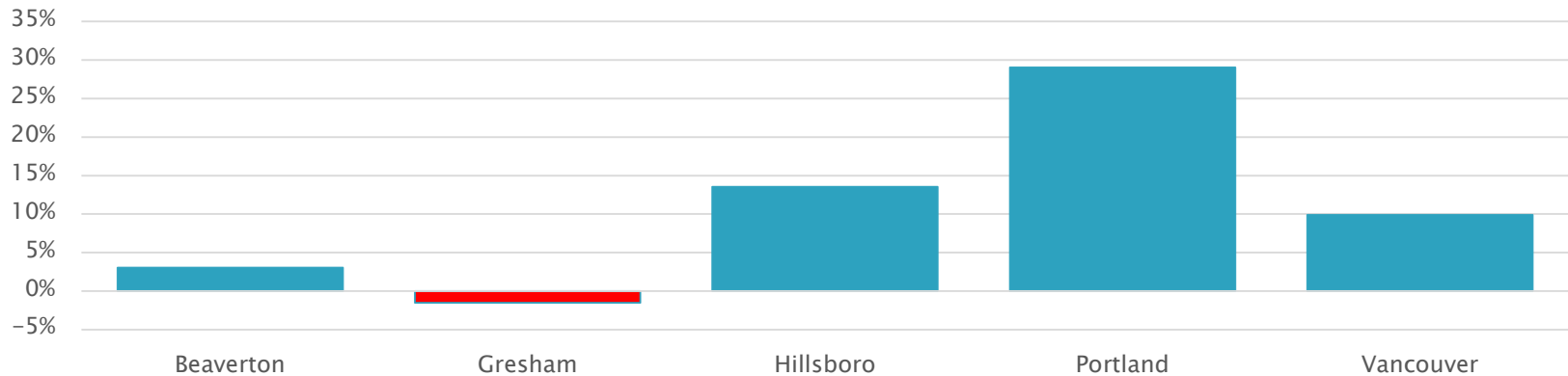
Even Incomes Up

Median Family Income Growth 2010–2015

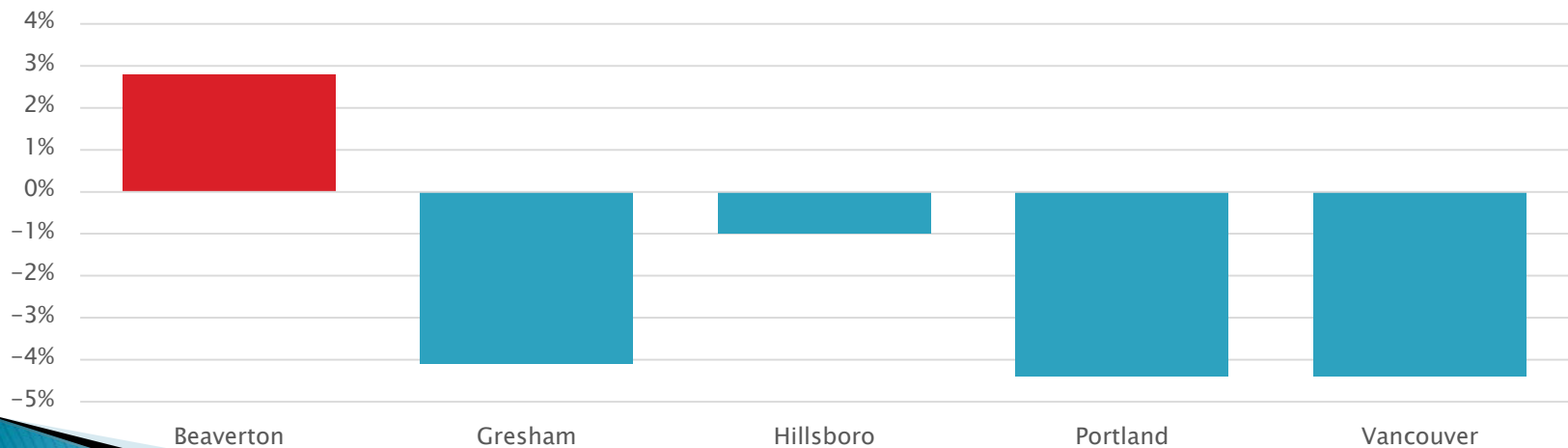


More Mixed Across Metro Area

Change in Median Household Income 2010–2015

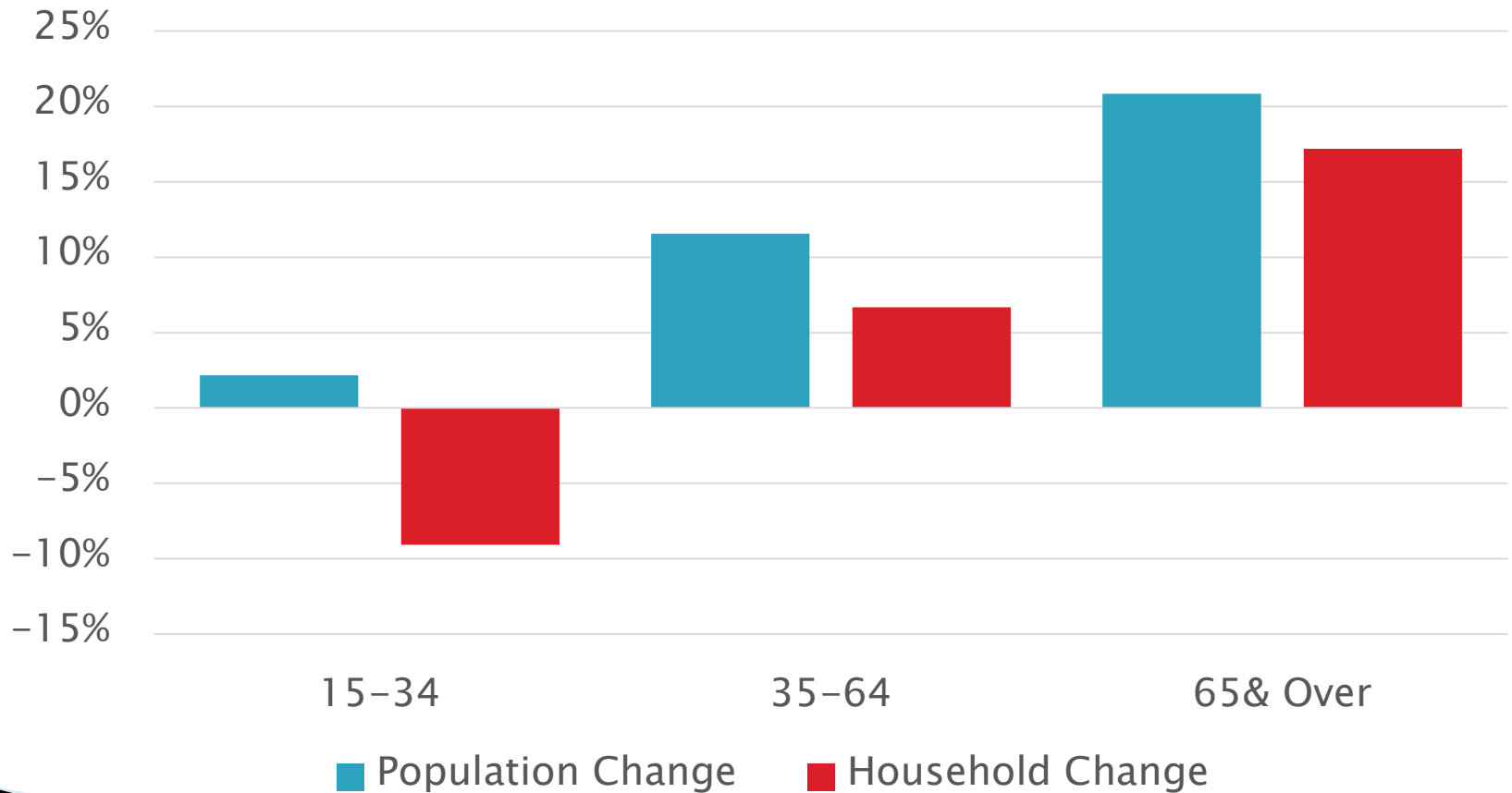


Change in Percentage of Families Under Poverty Level 2010–2015



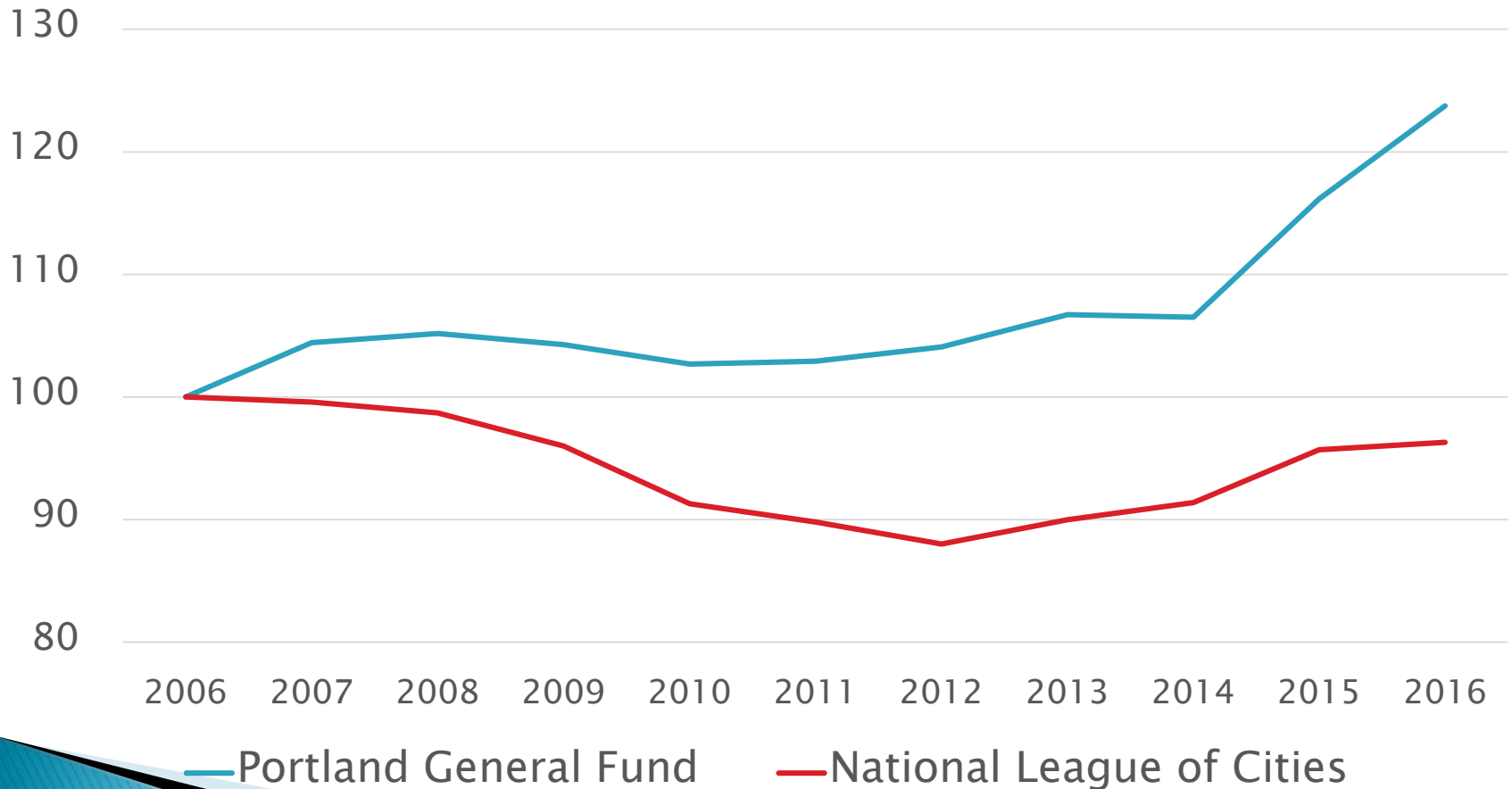
Millenials Feeling, Not Causing, Housing Crunch

Change in Population vs. Household by Age 2010–2015



Portland GF Better Than Most

Inflation Adjusted GF Revenues (2015 dollars)



December Forecast: What We Know Now

- ▶ FY 2016–17 property taxes will be about \$2 million above forecast – ongoing add
- ▶ Third quarter Business License Tax payments were down slightly from last year
- ▶ At least \$11 million in likely added ongoing costs
 - \$6.6 million for PPA
 - \$3.5 million for Housing IGA
 - \$1 million in Overhead Model cost pool updates
 - BOEC, Fire contracts?

December Forecast: Between Now & Forecast Release

▶ Revenue Information

- Business License Tax extension filers
- Nov. 15 Quarterly ULF Payment
- Oct./Nov. Lodging taxes
 - Last year equaled about 30% of annual total

▶ Expense Information

- COLA/Health Benefit Updates
- Fall BMP Adjustments

December Forecast: Forecasting the Forecast?

- ▶ Revenue should be above what was projected last April
 - However, any surplus likely to be exceeded by committed new spending
 - Need for modest cuts
- ▶ Longer-term: Need another year of record growth to offset expense commitments

Long-Range General Fund Trends and Budget Scenarios



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