



Clackamas County Economic Landscape Analysis

The Office of Economic Development

MACROECONOMIC TRENDS

Total Employment Growth

Total employment is a measure of the expansion of the local economy. Prior to the COVID-19 Pandemic, the economy was growing at **3.0% annual rate**. After a one-year contraction in 2020, employment rebounded sharply and **surpassed pre-COVID levels in 2022**. Over the same period, Clackamas County's population was still slightly below pre-COVID levels, having lost 2,472 residents from 2020 to 2023.



Job Growth

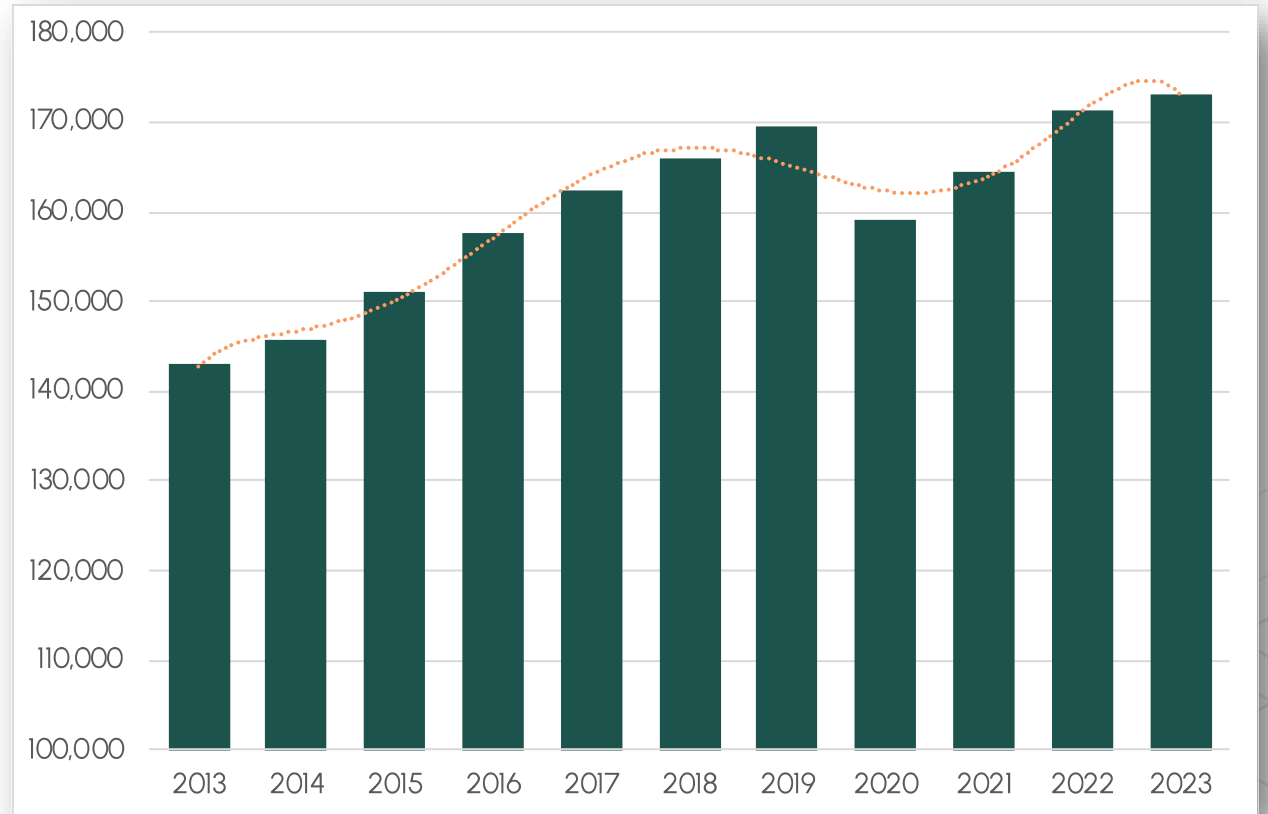
Clackamas County added **30,114** jobs over the last decade.



Rate of Change

Clackamas County has averaged **1.9%** annual employment growth over the decade.

Over the 10-year period, Clackamas County's population has increased by 37,963 residents (+9.8 percent) compared to an increase in employment of 30,144 jobs (+21 percent).



SOURCE: Oregon Employment Department (QCEW)

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Labor Force Participation and Unemployment

Clackamas County's labor force grew by **13.4% over the decade**. By comparison Oregon's grew by 12.3%. An economy growing faster than labor force growth will lead to a contraction in the unemployment rate. This can be a positive for the economy, with more people seeking work finding jobs. However, **tightness in labor markets can accelerate wage inflation** and become a barrier to economic growth.



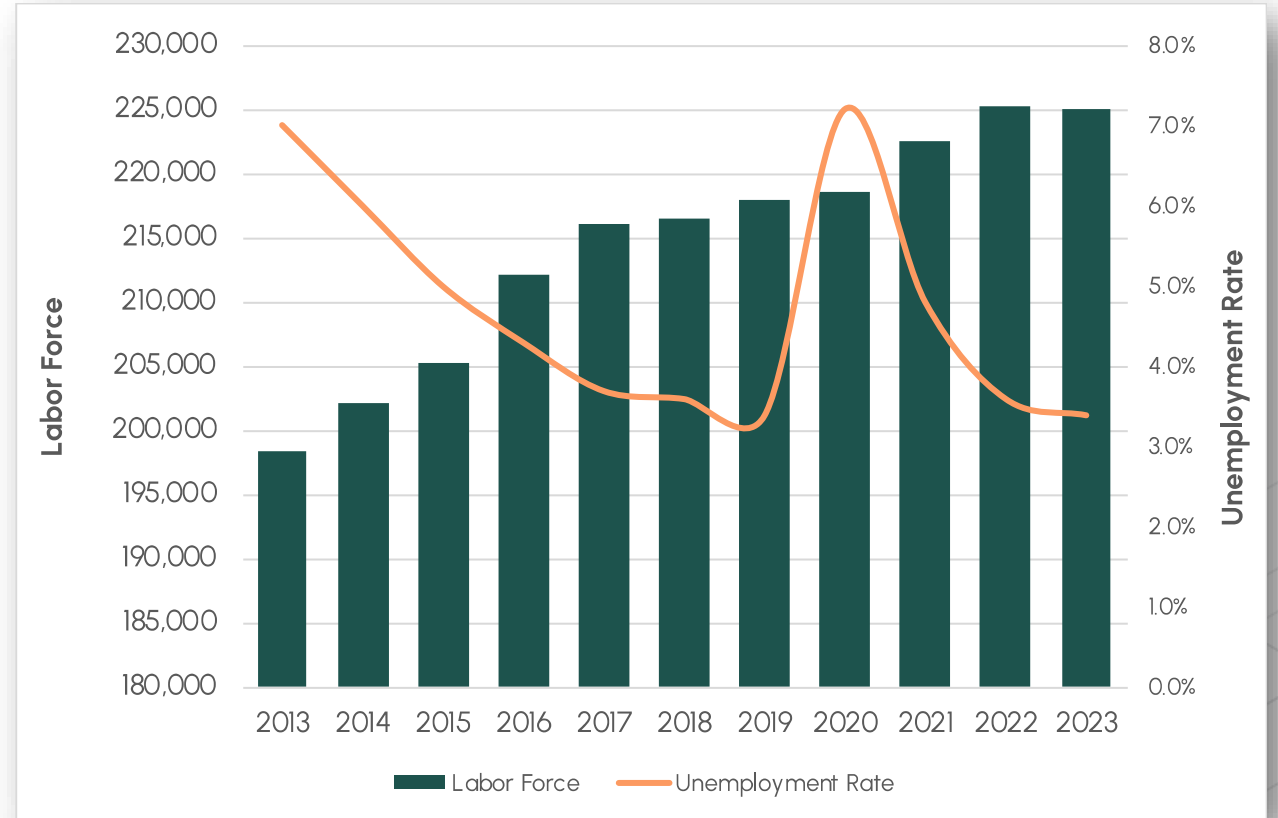
Labor Force Growth

Clackamas County saw a strong rise in labor force, adding **26,759** job seekers.



Unemployment Rate

Clackamas County's unemployment rate fell to **3.4% in 2023**, near an all-time low.



SOURCE: Oregon Employment Department (QCEW)

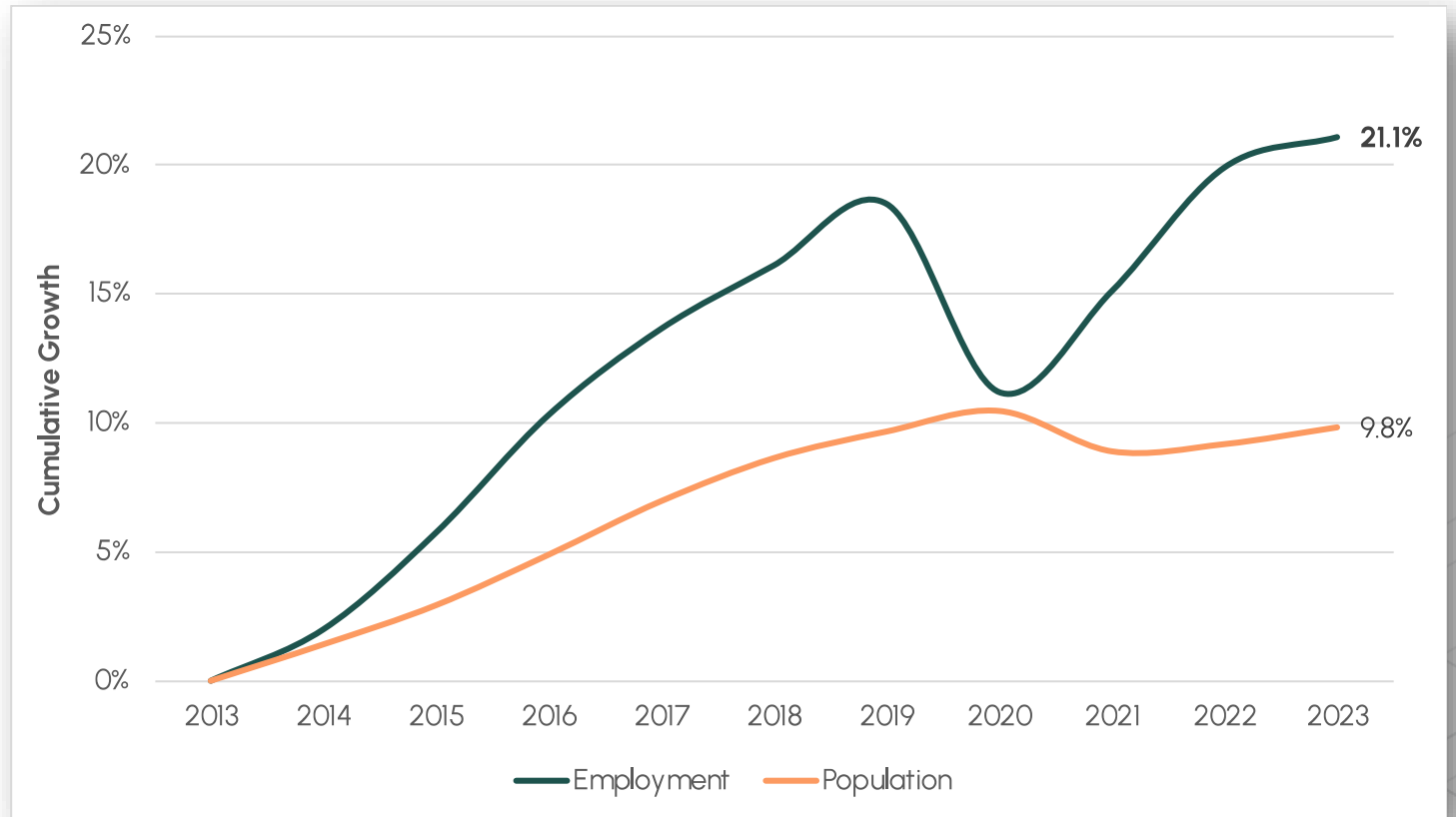
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Cumulative Population and Employment Growth

Over the last ten years, Clackamas County's population has increased by 9.8 percent, adding 37,963 new residents. Over the same period, the local economy has added 30,114 new jobs, growing at a 21.1 percent rate.

This is indicative that either a larger share of new in-migrants (all persons moving to Clackamas County from elsewhere) are participating in the workforce, that existing residents are participating in the workforce at a higher rate, or that the county is attracting a larger share of workers who commute from outside the county, likely some mix of these forces.

Cumulative Change in Population and Employment



SOURCE: Oregon Employment Department (QCEW) and Portland State University Population Research Center

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Total Employment | a regional comparison

Over the last 10 years, Clackamas County has outpaced regional growth rates. This trend began back in 2015 when both Washington and Clackamas County pulled away from Multnomah in terms of growth. In fact, in terms of growth rate, Clackamas County and Washington County have tracked quite closely for much of the decade.

The economic contraction at the onset of the COVID pandemic impacted Multnomah County far more than the rest of the region.



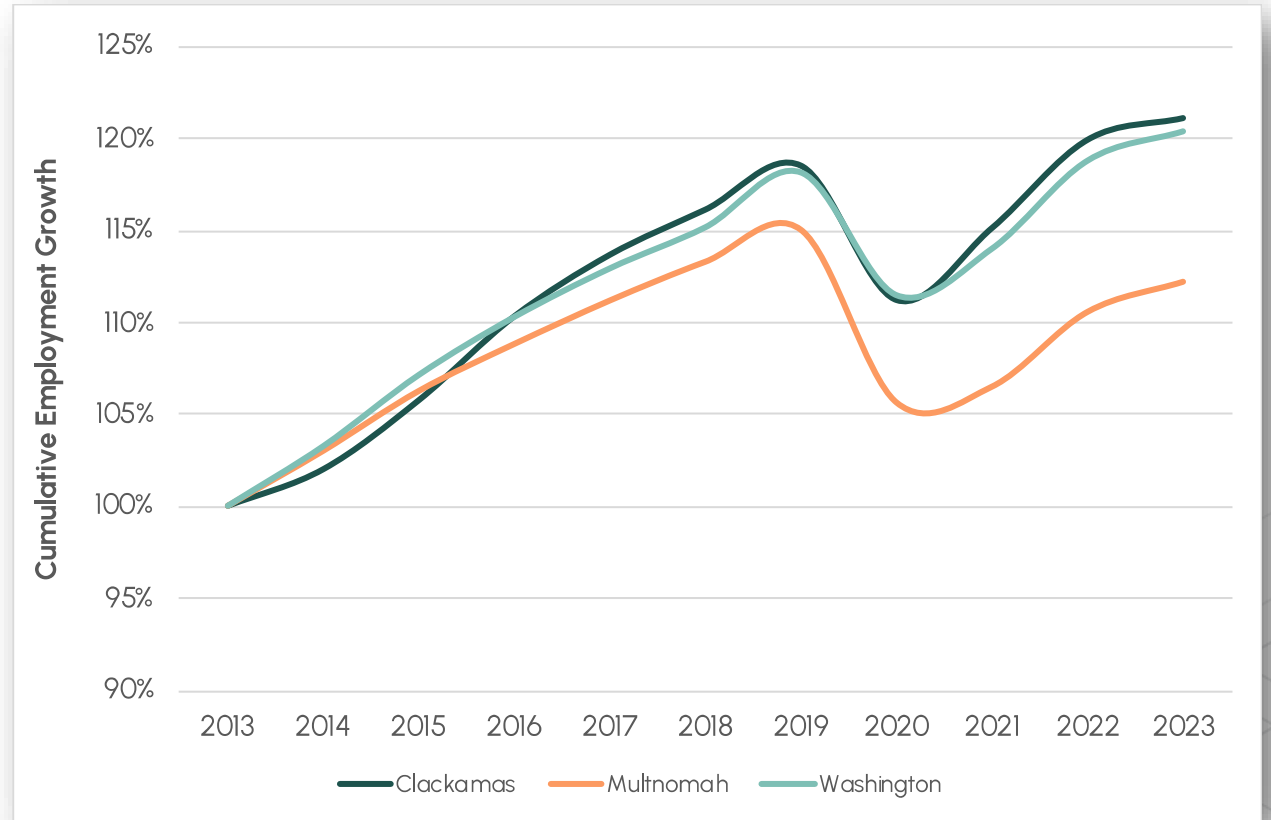
Share of Regional Growth

Clackamas County **accounted for 22%** of total employment growth in the decade.



Clackamas is Growing the Fastest

On a percentage basis, Clackamas County was the **fastest growing** County in the region.

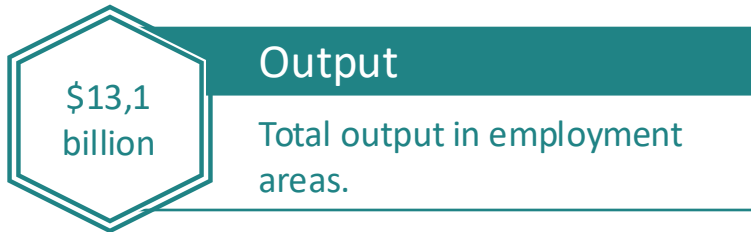


SOURCE: Oregon Employment Department (QCEW)

Performance by employment area

Clackamas County's four major employment areas account for 23,244 jobs and over \$13.1 billion in output. Each area serves a different economic function in the economy. For example, the Clackamas Industrial Area has the second highest concentration of manufacturing and highest concentration of wholesaling firms, while Kruse Way serves serves more of a professional services function. From 2018 to 2022, every employment area saw an increase in employment with the exception of the North Milwaukie Industrial Area, which declined by 202 jobs.

| Metric | Clackamas Industrial | East Wilsonville Industrial | Kruse Way | North Milwaukie Industrial |
|--------------------------|--|---|---|---|
| # Firms (2022) | 560 | 56 | 404 | 50 |
| Jobs (2022) | 12,480 | 4,435 | 6,010 | 1,617 |
| Job Growth (2018-2022) | +113 | +503 | +884 | -202 |
| Job Growth % (2018-2022) | +0.9 percent | +12.8 percent | +17.2 percent | -11.1 percent |
| Output (2022) | \$5,281 Million | \$2,740 Million | \$4.667 Million | \$490 Million |
| Jobs/Acre (2022) | 9.1 jobs/acre | 11.4 jobs/acre | 50.7 jobs/acre | 8.2 jobs/acre |
| Output/Acre (2022) | \$3.88 Million | \$7.95 Million | \$46.25 Million | \$2.23 Million |
| Sector Concentration | 23% manufacturing 21% wholesaling 15% construction | 31% manufacturing 30% professional svcs. 16% construction | 40% financial services 31% professional svcs. 12% leisure & hospitality | 29% construction 17% wholesaling 15% admin. & waste |



SOURCE: Oregon Employment Department (QCEW) and IMPLAN

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Labor Market Tightness | Unemployment Rate Comparison

The rate of growth of Clackamas County’s economy has outpaced labor force growth and participation. This has driven the unemployment rate to **historic lows**. Relative to other parts of Oregon, Clackamas County has the second lowest unemployment rate in the region, trailing only Washington County, and the **5th lowest in the entire state**.



Clackamas is below OR and U.S.

Clackamas County’s unemployment rate is slightly below the state and national avg.



Clackamas is among the top in OR

Clackamas County has the fifth lowest unemployment rate in Oregon.

Unemployment Rate (June 2024)

| Rank | County | Unemployment Rate |
|----------------------|-------------------|-------------------|
| 1 | Wheeler County | 2.8% |
| 2 | Hood River County | 3.0% |
| 3 | Benton County | 3.0% |
| 4 | Washington County | 3.2% |
| 5 | Clackamas County | 3.4% |
| 6 | Morrow County | 3.4% |
| 7 | Yamhill County | 3.4% |
| 8 | Multnomah County | 3.6% |
| 9 | Malheur County | 3.7% |
| 10 | Clatsop County | 3.7% |
| 11 | Deschutes County | 3.7% |
| 12 | Marion County | 3.7% |
| 13 | Polk County | 3.7% |
| 14 | Tillamook County | 3.8% |
| 15 | Sherman County | 3.8% |
| National Rate | | 3.6% |
| Oregon Rate | | 3.7% |

SOURCE: Oregon Employment Department

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Economic Growth | where in Clackamas is it happening?

Growth has been distributed across the County. On a percentage basis, **smaller cities are seeing a larger share of growth**, with Estacada, Gladstone, and Canby all among the fastest growing cities.

Lake Oswego

+1,960

Lake Oswego added nearly 2,000 jobs. Growth was in professional service sectors that utilize office space.

Happy Valley

+999

Happy Valley added 999 jobs driven by growth in Health Systems and a rebound in the retail and restaurant sectors.

Milwaukie

-1,362

Milwaukie contracted by over 1,300 jobs. Losses were widespread in construction, professional services, manufacturing, and health services.

Total Job Change by City (2018-2022)

| City | Job Chg. | % Chg. |
|------------------|----------|--------|
| Happy Valley | 999 | 34% |
| Estacada | 262 | 29% |
| Gladstone | 377 | 14% |
| West Linn | 485 | 12% |
| Canby | 655 | 11% |
| Lake Oswego | 1,960 | 11% |
| Wilsonville | 874 | 6% |
| Oregon City | 808 | 6% |
| Molalla | -15 | -1% |
| Uninc. Clackamas | -1,368 | -2% |
| Sandy | -124 | -4% |
| Milwaukie | -1,362 | -11% |
| Tualatin* | -567 | -17% |

* In Clackamas County
SOURCE: Oregon Employment Department (QCEW)

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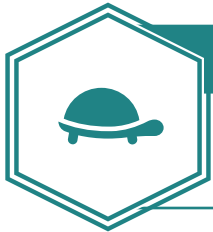
Economic Growth | what sectors are driving growth?

Across the county, service sectors like retail and restaurants have not fully recovered from the pandemic, with retail and hospitality sectors **down 6.9% and 3.9%**, respectively. Service sectors have performed the strongest, likely driven in part by outward business migration from losses in Multnomah County.



Information & Professional Services

Growth was overwhelming driven by services. The information and professional services sectors accounted for two-third of positive growth.



Manufacturing

Manufacturing grew relatively flat, adding only 163 jobs.



Logistics (T.W.U, and Wholesale Trade)

Sectors concentrated in logistics continued a steady path, adding 860 jobs and growing by 6.1%.

Total Job Change by Industry Sector (2018-2022)

| Industry Sector | Job Chg. | % Chg. |
|-------------------------|----------|--------|
| Professional & Business | 3,415 | 17.4% |
| Construction | 833 | 6.1% |
| Information | 654 | 34.5% |
| Other Services | 508 | 8.6% |
| Wholesale Trade | 499 | 4.9% |
| T.W.U. | 361 | 8.9% |
| Manufacturing | 163 | 0.9% |
| Natural Resources | -78 | -1.6% |
| Public Administration | -244 | -4.7% |
| Financial Services | -287 | -3.6% |
| Leisure and Hospitality | -653 | -3.9% |
| Education and Health | -1,062 | -4.8% |
| Retail Trade | -1,347 | -6.9% |

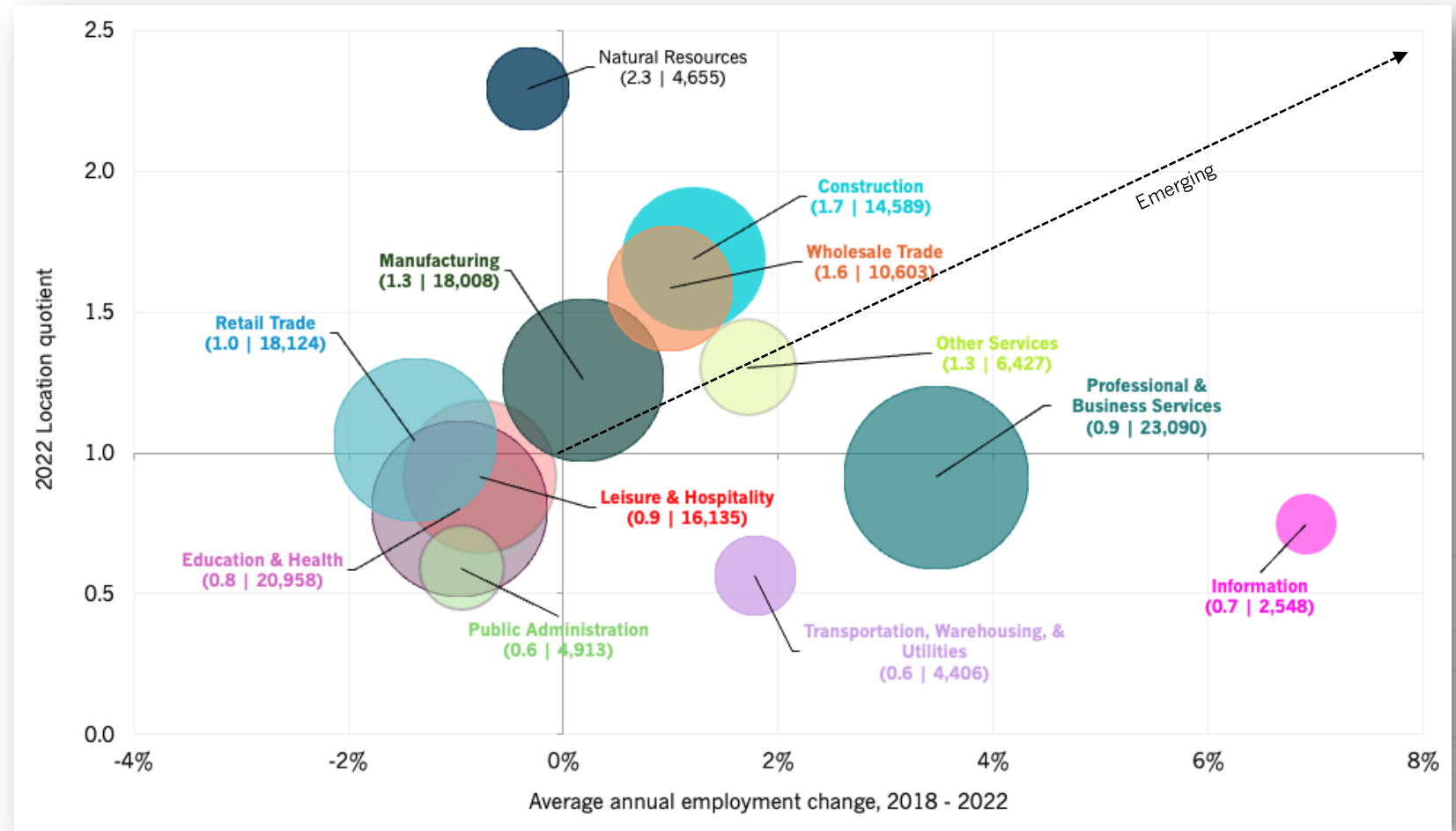
T.W.U. = Transportation, Warehousing, & Utilities
SOURCE: Oregon Employment Department (QCEW)

Sector Specialization and Growth

Location Quotient. A location quotient measures the distribution of a local economic sector relative to the national average. Higher values indicate progressively greater local specialization.

Growth Sectors. Clackamas County's fastest growing sectors are those that are not necessarily the most "specialized". This is indicative of sectors that are seeing an increasing competitive advantage.

Specialized Sectors. The County's more specialized sectors are those that are showing moderate growth. These are anchors of broader and mature industry concentrations. These include Natural Resources, Wholesaling, Manufacturing, and Construction.



SOURCE: Oregon Employment Department (QCEW)

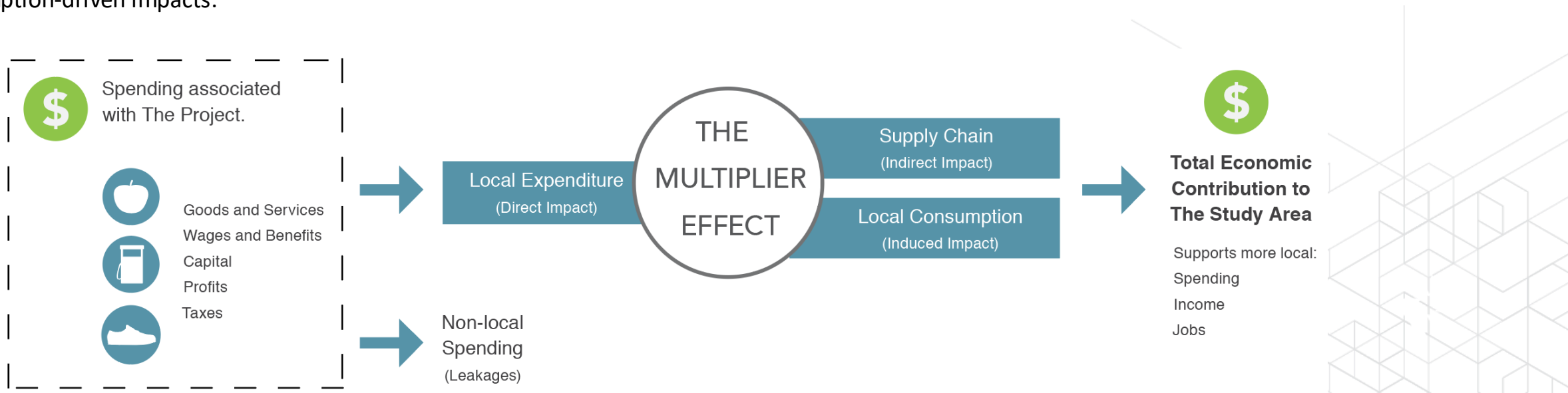
Sectors that are in the top right quadrant are "star" sectors in the sense that they have an above average local concentration and have been exhibiting growth. Sectors in the bottom left are sectors that have been contracting and are less specialized locally.

Definitions and Terms – Economic Impacts

Direct Effects. The output, jobs, and income associated with the immediate effects of final demand changes.

Indirect Effects. The production changes in backward-linked industries caused by the changing input needs of directly affected industries. Suppliers to the directly involved industry will also purchase additional goods and services; spending leads to additional rounds of indirect impacts. Because they represent interactions among businesses, these indirect effects are often referred to as supply-chain impacts.

Induced Effects. The changes in regional household spending patterns caused by changes in household income. The direct and indirect increases in employment and income enhance the overall purchasing power in the economy, thereby inducing further spending by households. Employees in these industries, for example, will use their income to purchase groceries or take their children to the doctor. These induced effects are often referred to as consumption-driven impacts.



Definitions and Terms – Economic Linkages

Gross Inputs. The total amount that businesses in each industry spend on a given commodity. The sum of gross inputs is the total value of intermediate inputs in a production function.

Regional Inputs. The total amount that businesses in each industry spend on a given commodity locally. The sum of regional inputs is the total value of intermediate inputs purchased locally in a production function.

Regional Purchase Coefficient (RPC). The proportion of spending on a given commodity that is purchased locally. $RPC = (\text{Regional Inputs}/\text{Gross Inputs})$.

Gross Absorption. The percentage of the total output of an industry that is comprised of any given commodity (intermediary) input. Total absorption is the share of an industry's output that is the result of intermediary inputs.

Regional Absorption. The percentage of the total output of an industry that is comprised of the local purchase of any given commodity (intermediary) input. Total regional absorption is the share of an industry's output that is the result of local intermediary inputs.

Value Added Output. Total output above and beyond the total value of intermediary inputs (Gross Inputs).

Cluster Analysis

The **Oregon Business Plan defines** Industry Clusters as groups of similar and related firms in a defined geographic area that share common markets, technologies, worker skill needs, and which are often linked by buyer-seller relationships. In the analysis that follows, we profile five key clusters in Clackamas County. For each of these clusters, we present information with respect to:



ECONOMIC CONTRIBUTION

A quantification of how the cluster contributes to the local economy in terms of jobs, labor income, and output. For example, a widget manufacturer employs workers and purchases capital inputs that have benefit to the local economy.



CLUSTER ORGANIZATION

A representation of the production inputs that are most important each industry cluster's production function. For example, a widget manufacturer requires some mix of raw materials, services, real estate, or other inputs in the production of widgets.



LOCAL CAPTURE

A representation of the production inputs that are sources locally in the Clackamas County economy. For example, a widget manufacturer requires a range of production inputs as defined in "cluster organization". Some of these inputs may be available locally and others may have to—or currently be, sourced from outside the region.



For additional information please contact:
The Office of Economic Development
Email: 4biz@Clackamas.us / Phone: 503-
742-4329

