



Economic Development Update.

The season sure has changed since I last wrote. Now that we are officially in winter, I thought a few warming remarks regarding our economy might be encouraging.

We are blessed to live in such a desirable and beautiful area with the mountains, lakes, streams, and rivers right in our backyards. The scenery is magnificent, the air is clean, the weather is generally sunny, we get less than 10" of rainfall a year, and we have substantially less traffic than other metro areas in the Northwest.

What you may not realize is that we live in one of the most resilient areas in the world. Yes, the world. Since the "Great Recession", where we were seemingly under one of the darkest clouds in our history, the Bend-Redmond Metropolitan Statistical Area (MSA) which includes most of Deschutes County, has come back with a vengeance. Such that I'd be willing to say we have THE top performing economy in the Nation.

In 2016 the Bend-Redmond MSA was recognized by *Forbes* magazine as "*The Best Small Place for Business and Careers*". The same year the Milken Institute recognized it as #1 "*Best Performing Small Metro*" in the US when taking job and wage growth and high-tech industries into consideration.

Last month, the Bureau of Economic Analysis presented its year-over-year Gross Domestic Product (GDP) Growth for small and large metros and our MSA was tied for first (for all metros) at 8.1% growth over the prior year (2016 over 2015). Our employment growth has been among the top five in the Nation for several months and now is ranked 2nd in the county at (5.9%).

Add the lifestyle and livability to this economic boon and it's no wonder our population growth is 5th fastest in the US at 4.6%. It's no wonder why more than 475 people are moving to the Bend-Redmond area each month. Add Jefferson County and Crook County to the equation, and the number rises to 550 moving to the region. Suffice to say, we're growing again at a substantial rate.

While the unemployment rate has climbed slightly over the last few months, this is a result of a growing labor force, according to Damon Runberg of the Oregon Employment Department. Seasonally adjusted job growth was only slightly less than expected despite the smoky summer, the over-estimated returns from the eclipse and typical changes in employment from seasonal hires. It is clear from REDI's lens that companies with more consistent payrolls are all struggling to find talent so they're welcoming this growth in labor force, whether from graduates, seasonal layoffs or in-migration.

It is not rosy on all fronts, however. The lack of available workers will likely impede several industries' ability to serve current and future customer demand. This may force the need for more efficient operations and automation, thereby reducing the need for labor force. Generally speaking, the companies contributing to the job and GDP growth are in need of additional space. At a premium in Redmond today is industrial space, as the vacancy rate has dropped to just 2.2%; representing 35,000 sf of available industrial space left in Redmond. REDI is acutely aware of this demand and has been working to develop a speculative building environment for over a year, which is close to seeing some returns on our investment.

In conclusion, I'd like to note that OUR economy is the very economy most communities aspire to. There is a very short period of "slack tide" for which there is balance in the market – we are definitely on the flood (incoming tide) side! It's important to take the time to reflect on where we've come from in a short number of years and how good things really are today. We hope you've enjoyed our perspectives. As always, if you have comments or questions or would like to learn more about REDI, feel free to contact us.

