APRIL 2025

Oregon Jobs and Labor Force – March 2025 Update

Authors: Mark McMullen, Serra Kirsch

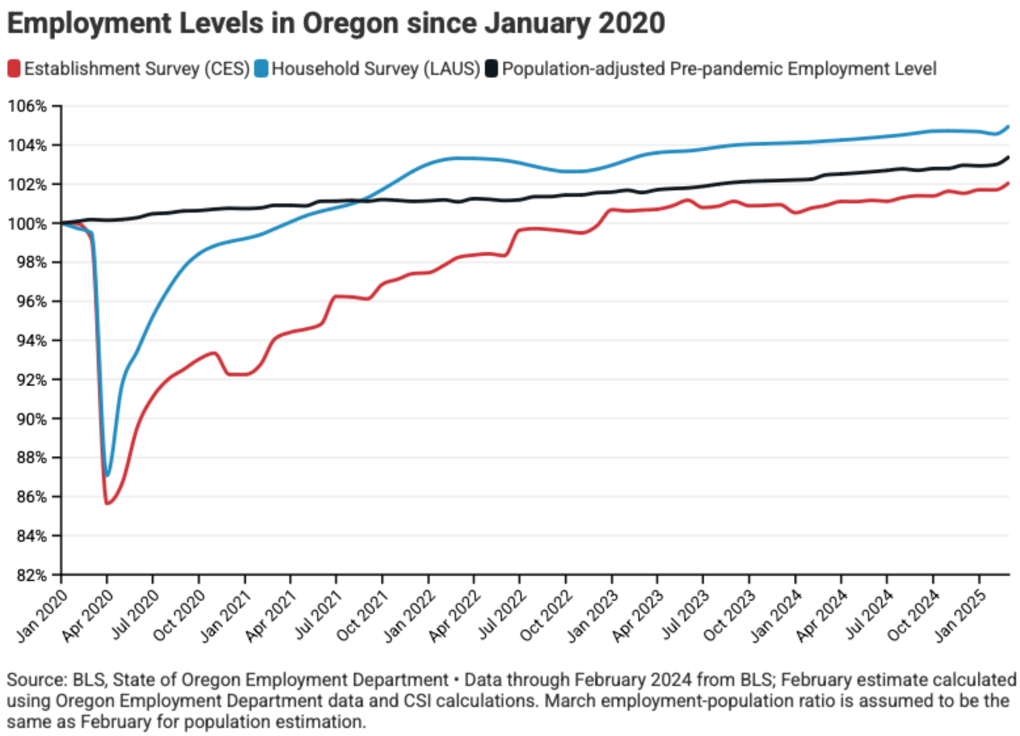
Oregon's Labor Market Remains Stable in March, but Sectoral Gaps Persist

Oregon's job market continued to show signs of resilience in March 2025. Total nonfarm employment increased by 7,300 jobs, a modest gain that highlights the state's overall labor market stability. Labor force participation held steady at 62.7%—1.6 percentage points above its pre-pandemic level—indicating that Oregonians remain actively engaged in the workforce.

However, this aggregate stability continues to obscure sector-level disparities. Construction added 400 jobs in March but remains well below its January level following steep losses in February. Meanwhile, health care, administrative services, and wholesale trade posted solid gains. The unemployment rate ticked up to 4.6%, the highest since mid-2021, suggesting a gradual loosening of labor market conditions.

Key Highlights—Oregon March 2025 Employment Data

- Oregon's total nonfarm payroll employment rose by **7,300 jobs** in March, a modest gain that reflects continued labor market stability.
- **Private sector employment** increased by roughly **7,600 jobs**, driven by gains in construction, health care, administrative services, and wholesale trade.
- **Construction** added about **400 jobs**, following a steep decline in February, remaining well below levels from earlier in the quarter.
- **Manufacturing** was mixed: **non-durable goods** added jobs (+100), while **durable goods** lost about 200.
- The **trade, transportation, and utilities** sector expanded by over **1,000 jobs**, driven by wholesale trade and transportation gains.
- **Professional and business services** grew by **1,000 jobs**, driven by growth in **administrative and support services**.
- **Education and health services** saw the strongest growth in March, adding more than **4,500 jobs**, with nearly all gains from **health care and social assistance**.
- **Leisure and hospitality** grew by about **400 jobs**, with arts, entertainment, and food services all contributing modest increases.
- **Financial activities** continued to contract, losing around **400 jobs**.
- **Government** employment fell by approximately **300 jobs**, due to cuts at the **federal** and **state** level. **Local government** added 200 jobs.



- The **Current Employment Statistics (CES)** survey indicates that Oregon has yet to fully return to its **pre-pandemic employment-to-population ratio**.
- However, estimates from the **Local Area Unemployment Statistics (LAUS)** program that Oregon's total employment surpassed pre-pandemic levels as early as **September 2021** and has remained above that benchmark.

Industry-Level Dynamics

March's modest overall employment growth masks significant variation across industries:

- **Education and health services** led all sectors, adding over **4,500 jobs**, almost entirely from health care and social assistance.
- **Professional and business services** grew by **1,000 jobs**, with most of the gains in administrative and support services.
- **Trade, transportation, and utilities** added about **1,100 jobs**, driven by wholesale trade (+700).
- The **information sector** slipped by **200 jobs** in March, after a gain of **700 jobs** in February.
- **Financial activities** posted the largest decline, losing **400 jobs**, primarily in finance and insurance.
- **Manufacturing** saw mixed results: non-durable goods edged up, but durable goods fell by **200 jobs**, leading to a net decline of about **100 jobs**.

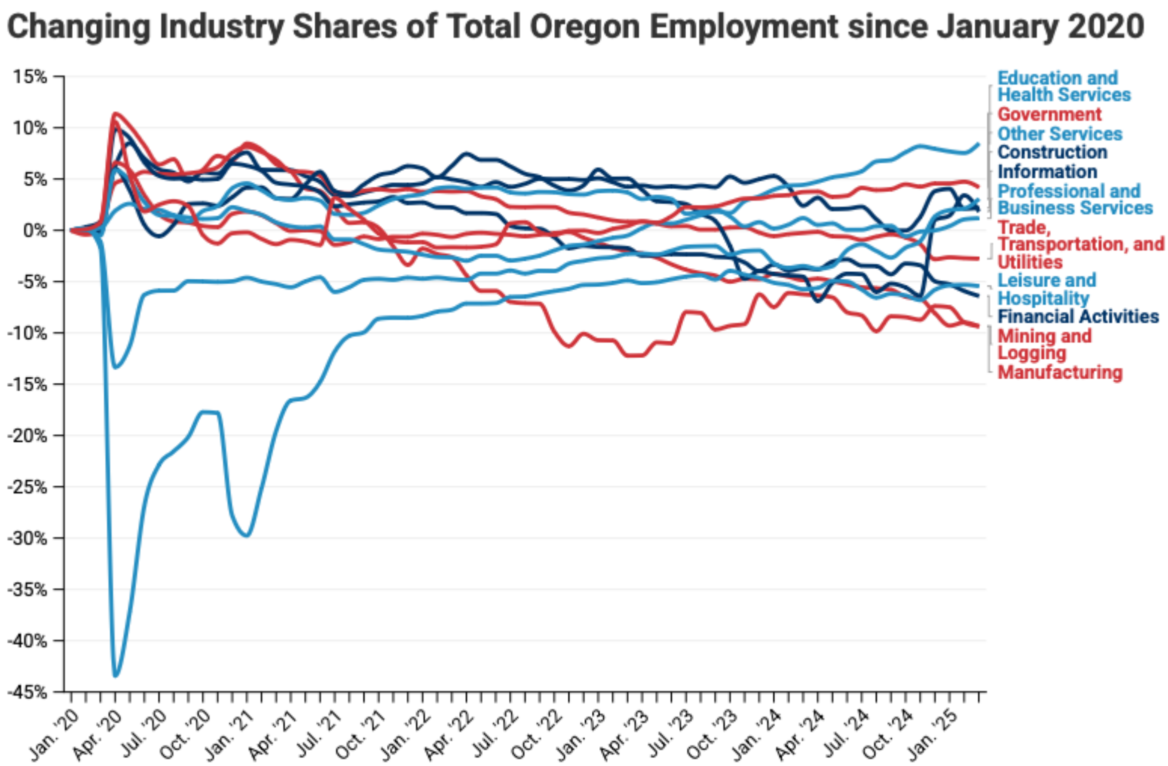
- **Construction** added **400 jobs** but remains well below levels from earlier in the quarter after a sharp drop in February.
- **Government employment** declined by around **300 jobs**, with reductions at the federal and state level partially offset by a **200-job** gain in local government.

Since the Onset of the Pandemic:

- **Total nonfarm employment** in Oregon is up **40,790 jobs** since January 2020.
- However, **five of eleven super-sectors** remain below pre-pandemic levels: mining and logging, manufacturing, trade, transportation and utilities, financial activities,leisure and hospitality.

Notable shifts:

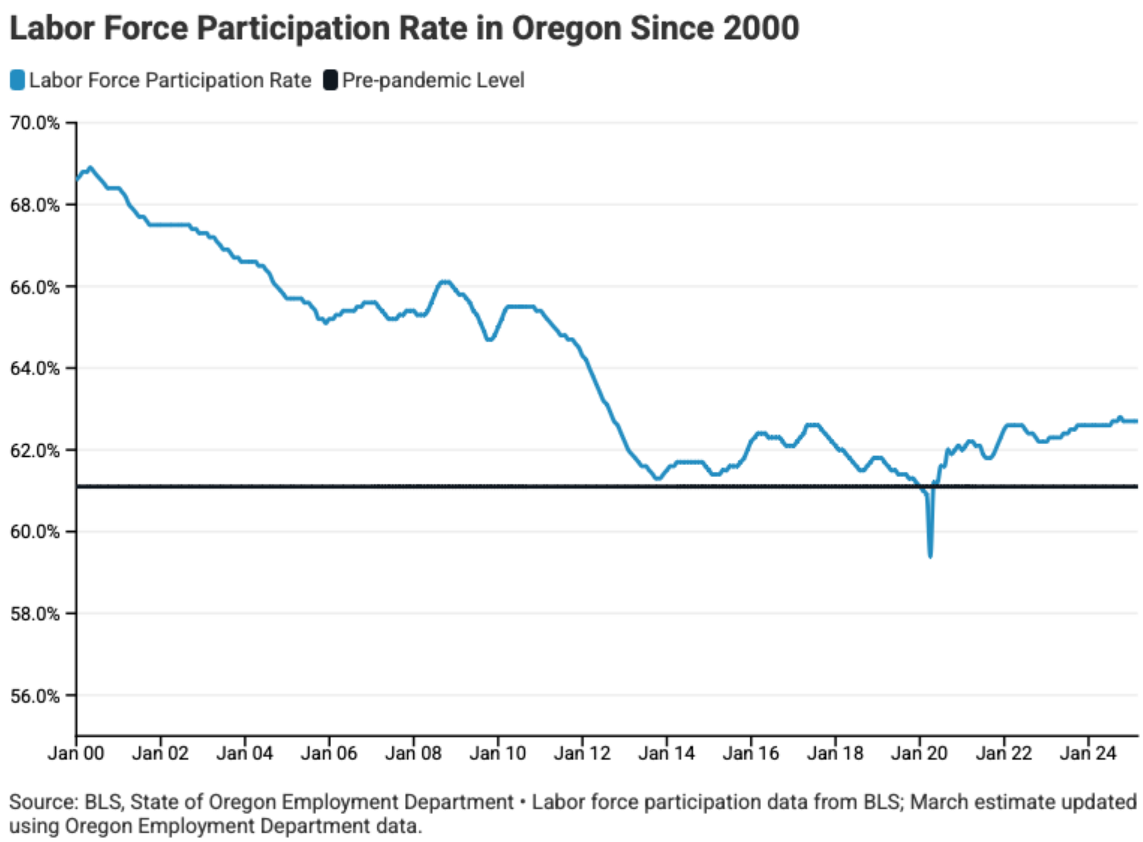
- **Manufacturing employment** remains **7.5% below** its January 2020 level.
- **Education and health services** have grown by **10.7%**, and **government employment** is up **6.4%**, signaling long-term sectoral growth and resilience.



Source: Calculated by CSI using employment data from BLS, State of Oregon Employment Department CES • Employment data benchmarked to BLS; March estimates based on Oregon CES growth rates.

Oregon Labor Force Update

- Oregon's **LFPR** was unchanged at **62.7%** in March, maintaining its **1.6 percentage point increase** compared to **January 2020**—a sign of stronger-than-expected labor force engagement post-pandemic.
- The **unemployment rate** rose to **4.6%**, marking a gradual upward drift and possibly indicating a loosening of labor market tightness.

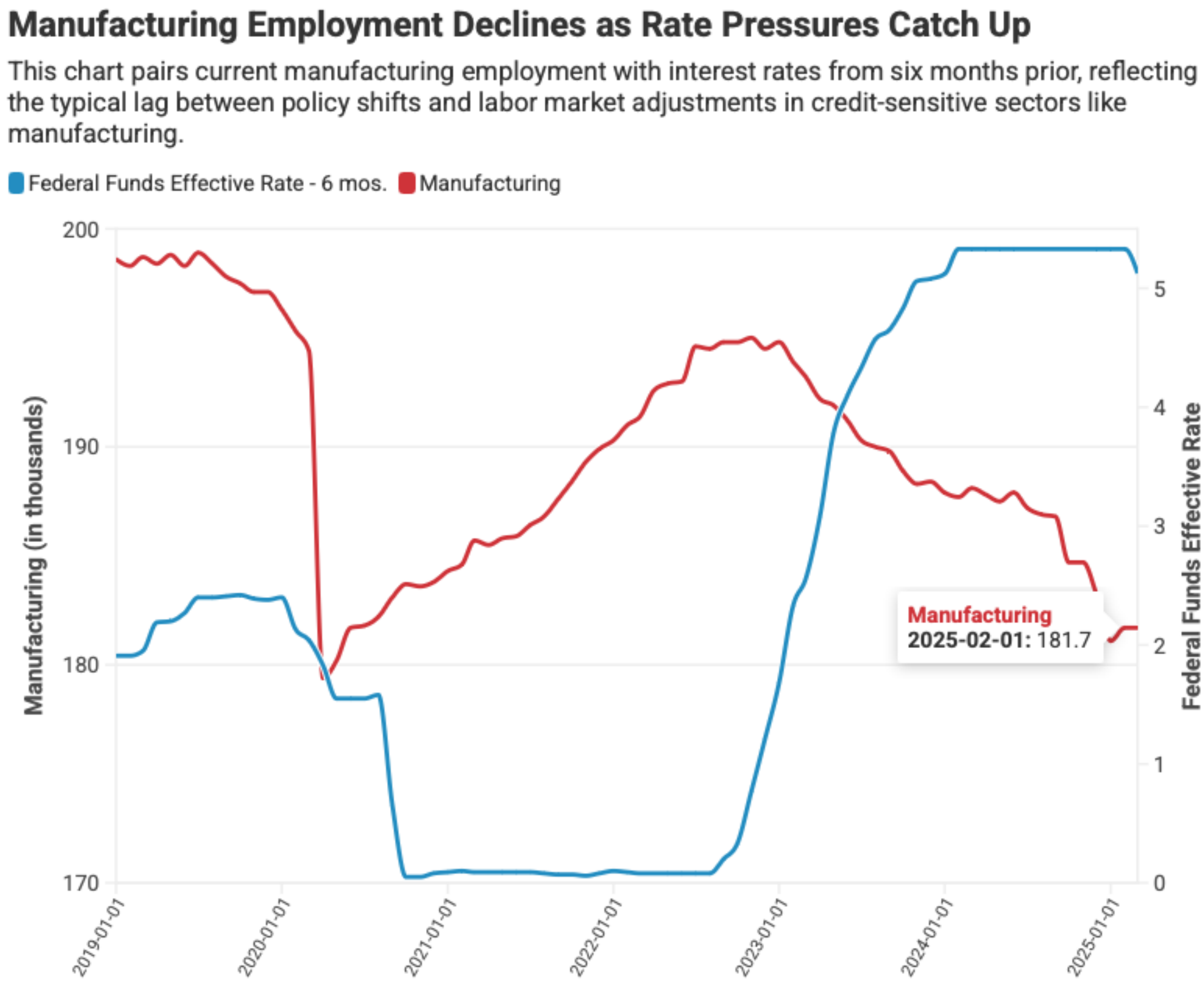


Sector Spotlight: Interest-Rate Sensitivity and Long-Term Employment Trends

Interest rate–sensitive sectors like construction and manufacturing offer a clear window into how tighter monetary policy has reshaped Oregon's post-pandemic labor market. While the Federal Reserve has paused rate hikes in recent months, its aggressive tightening in 2022 and continued high rates through 2023 continues to echo through these industries.

Manufacturing Eases as High Interest Rates Weigh on Growth

Manufacturing employment in Oregon has gradually declined since early 2023, a trend that aligns with earlier periods of elevated interest rates. To better capture the relationship between monetary policy and employment outcomes, the chart below displays the **Federal Funds Rate lagged by six months**—meaning each rate value shown reflects the policy environment that would have influenced business decisions in the corresponding employment month[1]. This approach mirrors the real-world delay in how interest rates affect hiring and investment, especially in capital-intensive sectors like manufacturing.



The transmission mechanism is straightforward: when borrowing costs rise, manufacturers may scale back investment in new plants, machinery, or inventories. At the same time, consumer demand for durable goods—such as cars, appliances, and electronics—can weaken, further reducing the need for labor in production. These forces combined can dampen hiring or even lead to job cuts.

[1] Empirical research supports this method. The Federal Reserve Bank of St. Louis describes monetary policy as operating with "long and variable lags," typically producing effects on employment **4 to 12 months** after a policy shift. Sector-specific studies have found that **manufacturing responds more quickly than services**, often with a **6- to 9-month lag**, due to its heavy reliance on financing for equipment, materials, and facility expansion. The European Central Bank similarly concludes that goods-producing industries are more immediately impacted by interest rate changes than consumer-facing or public sector jobs.

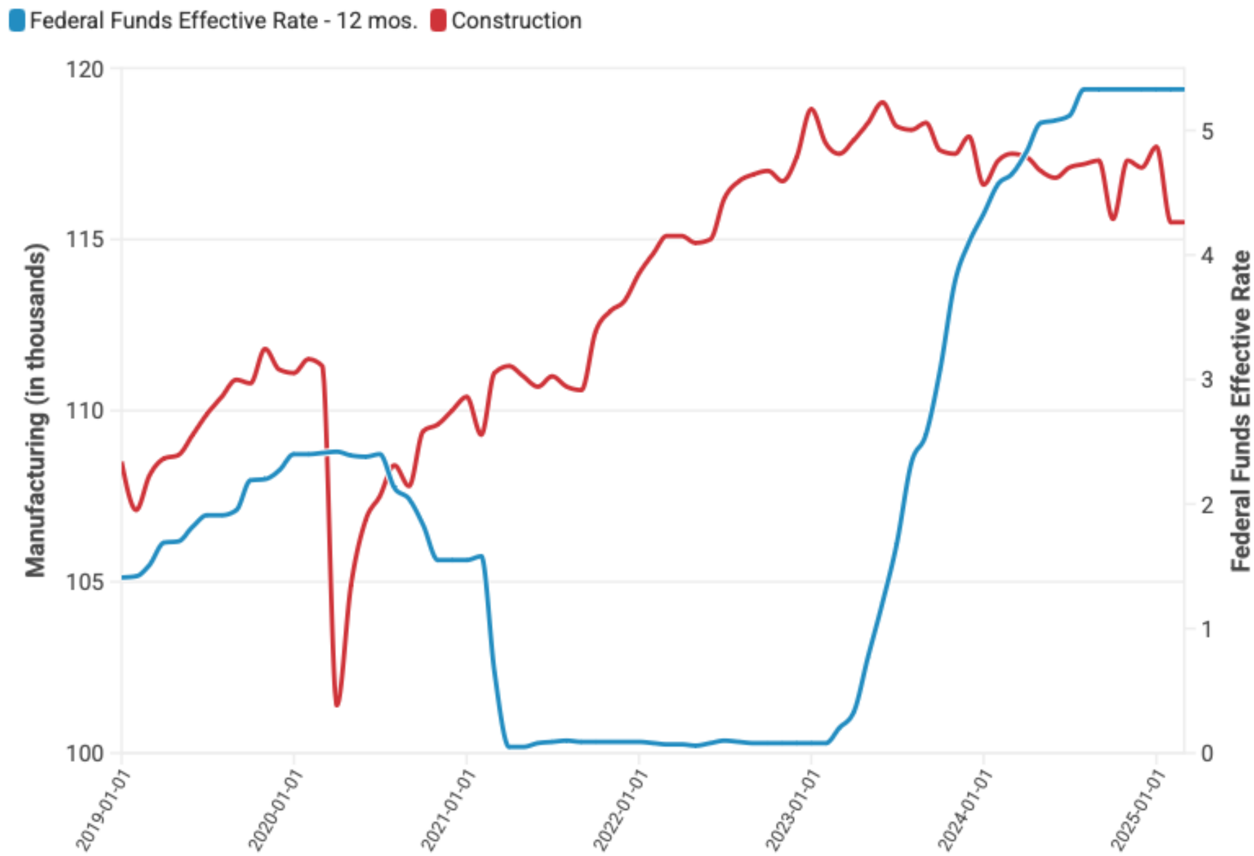
Oregon's employment data reflects this dynamic. After peaking in early 2023 at nearly **195,000 jobs**, manufacturing employment has steadily declined, reaching approximately **181,700** by March 2025. The steepest losses have occurred in **durable goods manufacturing**, the segment most exposed to credit and demand sensitivity. Interest rates remained elevated through most of 2024, hovering around **5.33%**, and only showed a modest decline near the start of 2025. The continued softness in manufacturing suggests that the effects of earlier rate hikes are still filtering through the system—right in line with the expected timing of monetary transmission.

Monetary Tightening Catches Up with Oregon's Construction Sector

Unlike the quicker response observed in Oregon's manufacturing sector, construction employment has adjusted more gradually to elevated interest rates. This lag is well-documented in academic literature, with estimates suggesting that the full labor market impact in construction often takes **12 to 18 months** to materialize. To reflect this in the analysis, the chart below matches each construction employment data point with the **Federal Funds Rate from 12 months earlier**, aligning the observed job levels with the financing environment that likely influenced them.

Construction Employment Softens as Long-Delayed Rate Impacts Take Hold

To reflect the typical 12-month delay between interest rate changes and construction labor outcomes, employment data is shown alongside policy rates from one year earlier—highlighting how tighter borrowing conditions are now beginning to affect the sector.



The slow response stems from the nature of the industry itself**.** Non-residential construction, in particular, reacts sluggishly due to extended planning and permitting cycles. Even after borrowing costs rise, firms often move forward with previously financed projects, delaying any labor market effects.

In Oregon, construction employment climbed steadily through mid-2023, reaching a post-pandemic high of nearly **119,000 jobs**. Since then, hiring has cooled, with the March 2025 total falling to **115,500**. This decline aligns with the timing of the most aggressive phase of Federal Reserve rate hikes, suggesting that the slowdown in project starts is beginning to show up in payrolls.

Technical Notes and Data Sources

All data are seasonally adjusted unless otherwise noted. Employment estimates derive from the **Oregon Current Employment Statistics (CES)** survey and are benchmarked to **Bureau of**

Labor Statistics (BLS) data through **February 2025**. Labor force estimates come from the **Local Area Unemployment Statistics (LAUS)** program. **March 2025 CES and LAUS estimates** are extrapolated using **monthly growth rates** from the **Oregon Employment Department's March release**.