

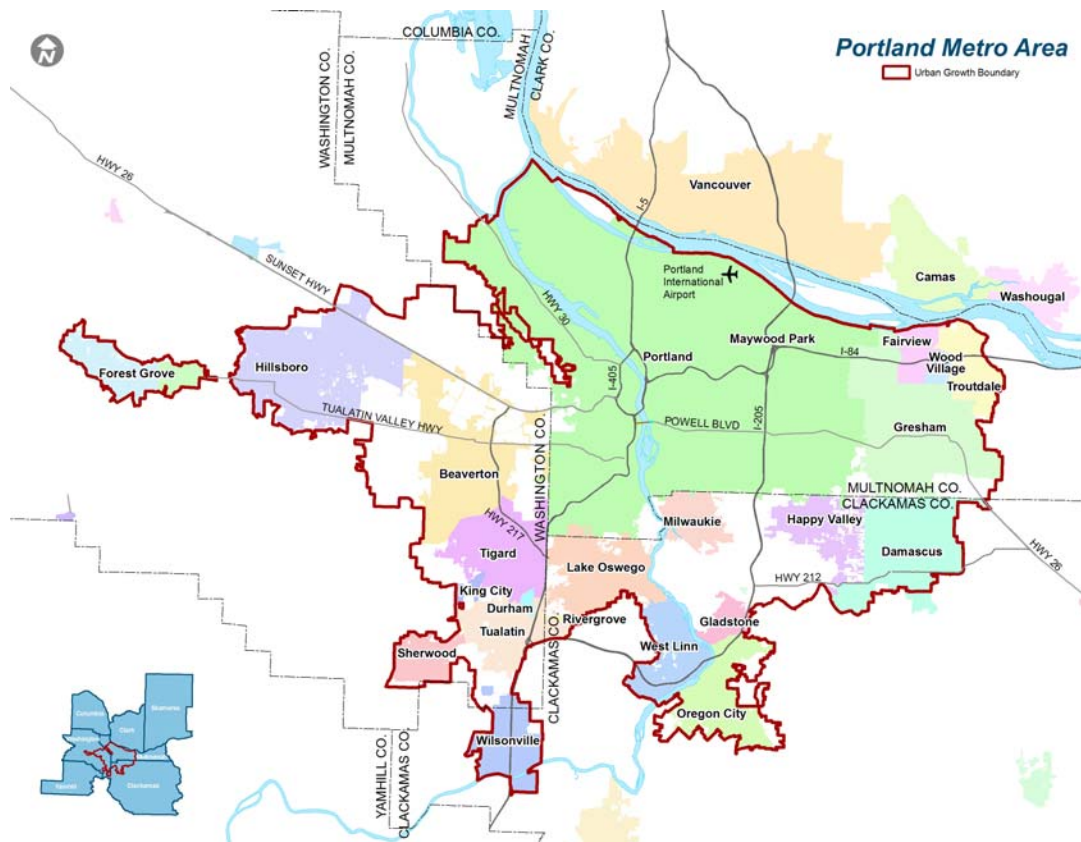
Portland, Oregon

M E T R O P O L I T A N A R E A

O C T O B E R 2 0 0 8

First, a Basic Economic Overview

Portland Region Metropolitan Area Counties (Portland/Vancouver OR-WA MSA)



Economy — Facts and Figures

Portland’s total non-farm wage and salary employment has grown 11% between 1998 and 2008. This is an increase of 99,800 employees, bringing the total to 1,036,300 as of August 2008.

The Portland metro area’s seasonally adjusted unemployment rate rose in August to 6.0%, up from the 5.4 percent in July. The year-ago rate was 4.9 percent. The most current data (August 2008 figures from the October 2008 Portland Metropolitan Area Labor Trends report), shows the Portland-Vancouver MSA civilian labor force at 1,172,200.

- Seasonally adjusted nonfarm employment declined in August following a gain in July. The state rate was 6.5 percent and the national rate was 6.1 percent.
- Year-over-year growth is just 0.2 percent, or 2,300 jobs. In comparison, the nation and the state of Oregon are down by 0.2 percent.
- Through the first half of this year, 4,495 building permits were issued for the metro area, down from the first half of 2007. Nonresidential and heavy and civil engineering construction are flat over the year.
- Manufacturing jobs were down in August, bringing total employment to 125,000, down over the year. High tech added 100 jobs over the month, but is still down over the year.
- Primary metals and food processing are the two components of manufacturing up over the past 12 months.
- Leisure, hospitality, educational and health services were the industries adding jobs over the month. Trade, transportation and utilities declined over the month.
- Nationally, total non-farm payroll employment in most sectors continued to trend down, while jobs in support activities for mining and in oil and gas extraction as well as health care, continued to grow.
- Oregon’s most recent population estimates from Portland State University show an increase of 54,950 between 2006 and 2007, a 1.5 percent rise. The percentage gain was similar to the 1.6 percent estimated rise in 2006. About two-thirds of the gain in 2007 – a total of 37,752 people – was the result of more people moving in to Oregon than moving out. Population gain generally adds to Oregon's labor force, which grew by 1.4 percent between 2006 and 2007.
- The U.S. Bureau of Labor Statistics current Portland consumer Price Index (CPI) is 214.62 for the 1st half of 2008. The CPI for the Portland metro increased 3.9% from the 2nd half of 2007’s 210.46. The next CPI update will be late February, 2009.

Wage and Salary Employment —August 2008

| Industry | Portland-Vancouver | |
|---|--------------------|-------------|
| | OR-WA PMSA | Percent |
| Manufacturing | 125,100 | 12.07% |
| Construction & Mining | 67,800 | 6.54% |
| Trade, Transportation & Utilities | 205,500 | 19.83% |
| Information, Financial & Real Estate | 94,800 | 9.15% |
| Education, Health Services & Hospitality | 229,500 | 22.15% |
| Professional, Business Services & Other Service | 174,800 | 16.87% |
| Government | 138,600 | 13.38% |
| TOTAL | 1,036,100 | 100% |

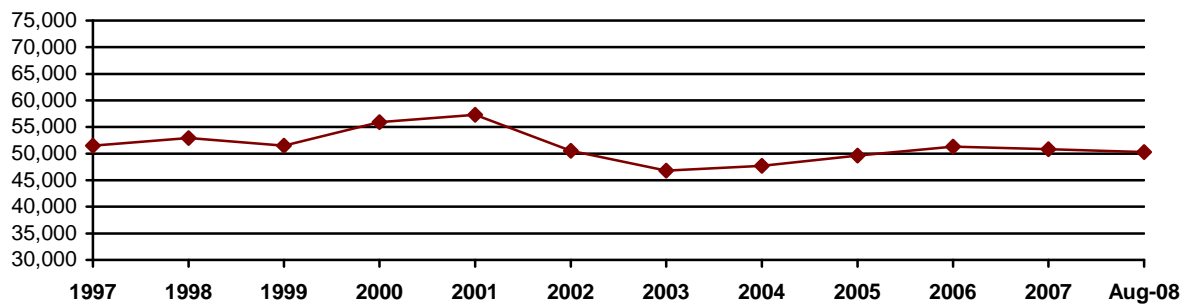
Metropolitan Area Labor Trends, State of Oregon Employment Dept August 2008 data from the October 2008 report.

High Tech Employment

The Portland Metro region is the center of Oregon’s high-tech industry. Cyberstates 2008 reports Oregon’s High Tech industry employs 60 out of every 1,000 private sector workers with average wages of \$75,616. Innovative tech companies across a variety of sectors are locating here, joining established high-technology companies such as Tektronix, ESI, Intel, and Hewlett-Packard. These include household names like Google and Yahoo as well as small and medium sized companies that at least for now, most people probably have not heard of.

The computer and electronics industry accounts 50,300 employees of the Portland Metro’s manufacturing employment. These high technology jobs are in the following categories: computer and electronic product manufacturing; software publishers, and computer systems design and related services.

High Tech* Employment Portland-Vancouver MSA



High tech industries include computer & electronic product manufacturing (# 334), computer software publishing (#5112) and computer system design and related services (#5415). Employment figures are annual averages from 1990 to 2007 (* figure is estimate); 2008 figure is for the most recent month.

Manufacturing Employment — August 2008

| Manufacturing Sector | Portland-Vancouver OR-W A MSA | Percent |
|---|----------------------------------|-------------|
| DURABLES | | |
| Computer and electronic product manufacturing | 37,500 | 29.98% |
| Metals (Primary and Fabricated) | 20,300 | 16.23% |
| Machinery manufacturing | 8,600 | 6.87% |
| Transportation equipment manufacturing | 8,700 | 6.95% |
| Wood products manufacturing | 4,800 | 3.84% |
| Other Durables | 14,600 | 11.67% |
| NONDURABLES | | |
| Food manufacturing | 9,600 | 7.67% |
| Paper manufacturing | 4,500 | 3.60% |
| Other Nondurables | 16,500 | 13.19% |
| TOTAL MANUFACTURING | 125,100 | 100% |

Source: Portland Metropolitan Area Labor Trends, State of Oregon Employment Department August 2008 data from the October 2008 report.

Manufacturing Wage

- The wages for the Metro Region’s production occupations in 2007 range from \$11.08 to \$20.16 per hour.
- The average manufacturing wage continues to rise, but less than the rate of inflation.

Source: Employment Statistics, Oregon Employment Department 2008, 2007 data.

Major Metropolitan Companies and Their Products

| Firm | Industry or Product | Employment |
|--|---|-------------------|
| Intel | Semiconductor chip & PC manufacturing. | 16,740 |
| Providence Health Systems | Health care | 14,639 |
| Safeway Stores, Inc. | Retail grocery | 13,453 |
| Oregon Health Sciences University (OHSU) | Health care/school/research | 11,500 |
| Fred Meyer, Inc. | Retailer | 8,500 |
| Legacy Health Systems | Health care | 8,196 |
| Kaiser Permanente | Health care | 8,221 |
| Nike, Inc. | Sports and fitness company | 7,648 |
| Wells Fargo Bank | Financial services | 4,873 |
| U.S. Bank | Financial institution | 3,725 |
| Columbia Forest Products | Forest products | 3,500 |
| Hewlett-Packard Co | Designs and manufactures printers | 3,500 |
| United Parcel Service | Small-package transportation | 3,400 |
| Southwest Washington Medical Center | Health care | 3,286 |
| Freightliner | Produces medium and heavy-duty trucks | 3,500 |
| United Parcel Service | Small-package transportation | 3,400 |
| Portland General Electric | Energy electric service | 2,750 |
| Albertson’s Inc. | Food/drug retailer | 2,500 |
| Bonneville Power Administration | Utility provider | 2,959 |
| Regence Blue Cross Blue Shield of OR | Health care | 2,495 |
| Coherent, Inc. | Bioscience Manufacturer | 2,190 |
| Precision Castparts | Manufacturing | 2,110 |
| Standard Insurance Company | Insurance | 2,500 |
| Tektronix, Inc. | Develops/sells/services electronic measurement, | 2,000 |
| PacifiCorp | Utility provider | 2,020 |
| Xerox Corp. | Office equipment; electric parts and service | 1,700 |
| Oregon Steel Mills | Manufacturing | 1,680 |
| Merix Corp. | Advanced technology production | 1,533 |
| Siltronic | Manufacture of hyper-pure silicon wafers | 1,000 |
| Sapa Anodizing | Aluminum Extrusions | 800 |

Sources: PDC, 2007; Business Journal 2007 Book of Lists; Portland Business Alliance Largest Employers 2007

Top Twelve Foreign-Owned Firms in the Portland Vancouver Metro Area

| Firm | Industry or Product | Country of Ownership | Employment |
|--------------------------------|--|-----------------------------|-------------------|
| Freightliner Corp. | Heavy & medium –duty trucks | Germany | 3,500 |
| Siltronic | Monocrystalline silicon wafers | Germany | 1,000 |
| Sapa Anodizing | Aluminum Extrusions | Sweden | 850 |
| SEH America | Silicon Wafer Manufacturer | Japan | 750 |
| Ishimoto America Inc. | Facility Design, construction Mgmt. | Japan | 750 |
| Shinei USA Inc. | Precision sheet-metal and computer parts | China | 450 |
| Sage Software | Softwear | United Kingdom | 425 |
| Glacier Northwest | Cement, ready mix concrete | Japan | 425 |
| Gerber Legendary Blades Knives | Knives | Finland | 400 |
| Biotronik Inc. | Cardiac Rhythm Medical Devices | Germany | 400 |
| Sulzer (US) Pumps Inc. | Heavy pump manufacturer | Switzerland | 320 |
| Epson Portland | Computers, printers, circuit boards | Japan | 300 |

Source: PDC, 2007; 2007 Book of Lists, Portland Business Journal.

Population and Income

MSA Population

- In 2006, Portland became the nation’s 23rd largest metropolitan area.
- MSA 2007 Population is 2,159,720. The MSA has grown 39% (598,169 people) since 1990.
- The region’s population increased by 231,839 people between 2000 and 2007, a 12 percent increase. The population is projected to reach 2.8 million by 2025.
- Average Annual Net MSA In-Migration 1990 to 2000 is 82%

Source: US Census Bureau, 2000; Washington State Office of Financial Management, 2002; Oregon Office of Economic Analysis, 2004; Portland State University Population Research, 2008

Income

- Portland MSA Income:

| | | | | |
|--------------------------|-------------|-------------|-------------|-------------|
| Median Household Income: | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
| | 57,200 | 65,800 | 67,900 | 49,227 |

Source: Washington State Office of Financial Management 2004; US Census 2007

- Per Capita Income

| | <u>2004</u> | <u>2005</u> | <u>2007</u> |
|-------------------|-------------|-------------|-------------|
| Multnomah County | 24,119 | 25,854 | 26,742 |
| Washington County | 26,154 | 27,336 | 25,667 |
| Clackamas County | 26,849 | 29,771 | 29,714 |
| Clark County | 22,370 | 24,874 | 25,667 |

Source: Census Bureau 2004-2007; No data 2006; Claritas 2008

Education

Oregon One of National Leaders on SAT Scores!

Oregon's Scholastic Aptitude Test (SAT) scores continue to rank near the top. Oregon scored third in the nation on the SAT among the states that had at least 50 percent of their high school seniors, in the second year of the revised tests.

Oregon and Washington posted higher than the national average. On the newer writing section, Oregon students scored an average 502, compared with the national average of 494. The College Board, which owns the SAT, introduced the new version in March 2005 with a writing section and higher-level math.

Oregon's average combined score of 1550 (out of a perfect 2400) is above the national average of 1511.

In Oregon, 18,607 students took the SAT test in 2007, representing 54% of the state's 2007 high school seniors. Continuing a recent trend, more Oregon minority students took the SAT than in the previous year, comprising about 20% of the total (19% last year).

| State of Oregon 2004 SAT Scores | | State of Oregon 2005 SAT Scores | | State of Oregon 2006 SAT Scores | | State of Oregon 2007 SAT Scores | | U.S. |
|------------------------------------|-------------|------------------------------------|-------------|------------------------------------|-------------|------------------------------------|-------------|-------------|
| Verbal | 527 | Verbal | 526 | Verbal | 523 | Critical Reading | 522 | 502 |
| Math | 528 | Math | 528 | Math | 529 | Math | 526 | 515 |
| | | | | Writing | 503 | Writing | 502 | 494 |
| TOTALS: | 1055 | | 1054 | | 1535 | | 1550 | 1511 |

SAT Scores in the Portland Metropolitan Area

SAT Scores 2007 — Selected Portland Area School Districts

| Portland School District | | Hillsboro School District | | Tigard-Tualatin School District | | *Gresham-Barlow School District | | Beaverton School District | |
|-----------------------------|------------|------------------------------|-------------|------------------------------------|-------------|------------------------------------|-------------|------------------------------|-------------|
| Verbal | 443 | Verbal | 503 | Verbal | 529 | Verbal | 502 | Verbal | 560 |
| Math | 450 | Math | 508 | Math | 536 | Math | 510 | Math | 559 |
| TOTAL | 893 | TOTAL | 1011 | TOTAL | 1065 | TOTAL | 1012 | TOTAL | 1119 |

Source: 2007 The College Board

✓ Portland Praises

Portland International Airport named best U.S. Airport

For the third straight year, Portland International Airport has been named the best U.S. airport in a poll of business travelers, according to Conde Nast Traveler magazine.

The poll rates U.S. and international airports, airlines and hotels. U.S. airports were rated based upon a variety of criteria, including location and access; ease of connections, customs and baggage; food, shops and amenities; comfort and design; and perceived safety and security.

PDX received the top overall score, and the magazine noted the airport's green initiatives, including the 28 solar panels installed on a canopy between the terminal and parking garage, and how the airport's restaurants collect used oil and grease for conversion into biofuel.

Portland Business Journal, September 22, 2008

Portland Greenest in the Nation

Once again, Portland is the greenest city in the United States, according to the 2008 city rankings of sustainlane.com, an online community dedicated to healthy, sustainable living.

“If you live in Portland, you might want to think twice before complaining about the 40-plus inches of rain dumped on your head every year. It might be the only thing keeping the entire country from moving to your city by the Prius-load.

Portland retained its title as SustainLane's No. 1 city to beat this year — not surprising given that it got a 30-year jump on the rest of the country. That's right: city-planners in Portland have been thinking green since the '70s, when the rest of the country was still embracing the strip mall,” the Web site reported Monday in announcing the list of America's 50 biggest cities that are thinking green.

The SustainLane U.S. city rankings factor in each city's ability to maintain healthy air, drinking water, parks and public transit systems, as well as a robust, sustainable local economy with green building, farmers markets, renewable energy and alternative fuels.

Portland also ranked No. 1 in SustainLane's last rankings in 2006. Following Portland in the 2008 rankings are San Francisco, Seattle, Chicago and New York.

SustainLane's September 22, 2008

Portland's Green Cluster Continues to Promote Sustainability

Portland continues to promote sustainability with incentives, new energy-efficiency goals, and continued institutional support. The city's environmental efforts are supported by several state incentives, perhaps the most prominent being the Oregon Business Energy Tax Credit (BETC). The BETC provides tax credits, to be taken against state income taxes or other taxes, for investments in energy efficiency and conservation, and use of renewable energy sources and less-polluting transportation in industrial, commercial, and homebuilding projects.

Urban Land, July 2008

Portland is the Nation's 10th-Best City for Walkability

Portland is the nation's 10th-best city for walkability, according to a study conducted by **Front Seat**, a software company that ranks cities for their walker-friendliness. Portland's top walking neighborhood is the Pearl District. San Francisco is the top city for walkability. The company's web site ranked more than 2,500 U.S. neighborhoods on a scale of 0 to 100, based on their walkability.

Portland Business Journal, July 17, 2008

Portland Among America's Best for Design

Portland is among the top five best cities for architecture and design, according to an independent study conducted by one of the world's leading architectural practices. Looking at 10 criteria including architecture awards, "green" design and public transit systems, New York-based RMJM Hillier, selected 10 cities leading the way in design policy and practice. Then the firm commissioned public opinion and research firm **Zogby International** to interview more than 1,000 residents of those cities on architecture and design issues and incorporated those results into the research to determine the final rankings. Portland ranked No. 5.

Portland Business Journal, June 26, 2008

Portland one of Top 25 Livable Cities

Portland has been selected by *Monocle* magazine as one of the top 25 most livable cities in the world. Urban dwellers want a mix of shops and services within walking distance, a good transport interchange within close proximity, green space as part of their residence, a good park with a body of water nearby, independent businesses as a key feature of the community, a sense of security, excellent coffee frequently came up as well as neighborhoods that had the ideal mix of restaurants, cafés and street life. .

The Financial Times Ltd, June 13, 2008

Bicycle Friendly Communities

Portland has been selected by the League of American Bicyclists to be the 1st large US city to receive the Platinum level designation. Some highlights include: Portland's bikeway network includes 270 miles of on-street bike lanes, bike boulevards, and paved trails; another 40 miles of unpaved trails offer mountain biking opportunities in city parks. A city ordinance requires bike parking in new development and redevelopment projects; another provides a huge incentive for developers to provide showers and locker rooms. Full story at League of American Bicyclists.

League of American Bicyclists April 19, 2008

Best Places to Live and Launch 2008 Portland, OR #6

Fortune Small Business Magazine went across the country looking for great business environments with alluring leisure offerings as well as at economic conditions, such as local tax rates alongside natural beauty. Starting a company in one of these business-friendly locations can save proprietor big bucks.

Fortune Small Business Magazine, April 2008

America's 50 Greenest Cities Portland #1

America's top green city has it all: Half its power comes from renewable sources, a quarter of the workforce commutes by bike, carpool or public transportation, and it has 35 buildings certified by the U.S. Green Building Council.

Popular Science Magazine, February 2008

Portland in Top Ten list of Cities for Independent Filmmakers

Portland placed number 8 based on feedback from writers, directors, crew people, and film office representatives. So what criteria determined the final rankings? Quality and quantity both carried a lot of weight in terms of the local talent pool, production facilities, educational opportunities, networking events, film festivals and other screening venues. Enthusiasm, on the part of the local moviemaking community, film office and cineastes, meant something, too.

Winter 2008 Issue of MovieMaker Magazine

Earth Day Network's Urban Environment Report (UER) scores the current environmental performance of 72 of our nation's cities based on over 200 indicators, taking into account those populations which may have greater sensitivity or susceptibility to environmental, health, and social problems.

Earthday Network, 2008