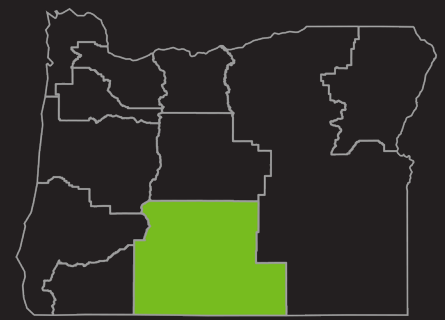


REGIONAL COMPETITIVE INDUSTRIES

Klamath and Lake Counties

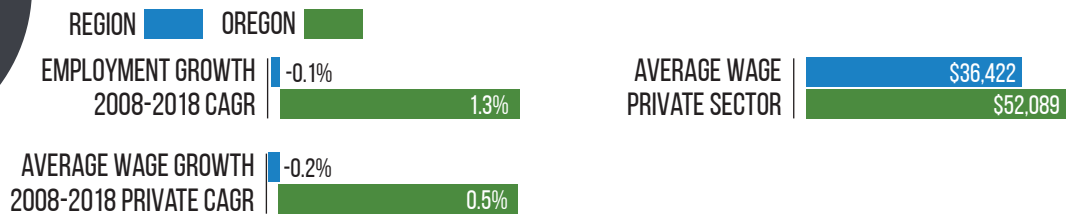


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PRIVATE SECTOR: EMPLOYMENT GROWTH, AVERAGE WAGE & AVERAGE WAGE GROWTH

Employment and wage growth in the region lag behind other regions in the state.

Employment and wage growth rates in the region were slightly negative between 2008 and 2018, and the lowest amongst regions in Oregon. Total employment in the region is virtually the same as it was ten years ago. The average wage in the region, \$36,422, is 30 percent lower than the statewide average of \$52,089.



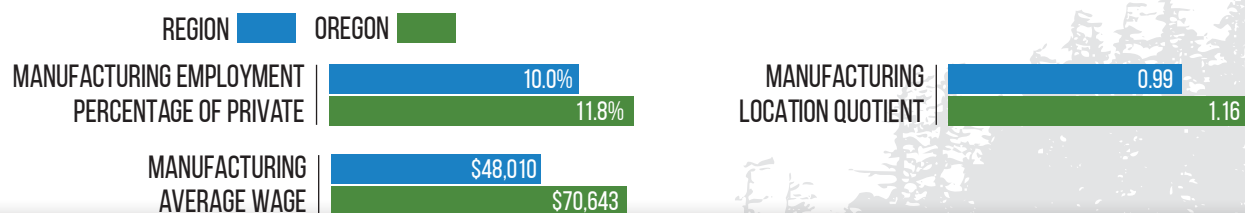
GDP: GROSS DOMESTIC PRODUCT

GDP per capita in the region was \$37,978 in 2018, 34 percent lower than the statewide average, and the third lowest amongst regions in Oregon. Private sector GDP is a much smaller percentage of total GDP in the region compared to the state. Only the region including Salem has a higher percentage of GDP from government. GDP growth in the region was half of the statewide rate between 2008 and 2018, and the second lowest amongst regions.



MANUFACTURING

Manufacturing was 10 percent of total private sector employment in the region in 2018, lower than the statewide average of 11.8 percent. With a location quotient of 0.99, manufacturing is about the same size in the region as average in the U.S. The manufacturing average wage was \$48,010 in 2018, much lower than the industry average in the state, but 32 percent higher than the region's private sector average wage.



REGIONAL COMPETITIVE INDUSTRIES: KLAMATH AND LAKE COUNTIES

Figure 1

MOST COMPETITIVE TRADED SECTOR INDUSTRIES

2018 Private Sector Employment

Location Quotient = Employment Concentration in Region Relative to U.S. Average
 LQ of 1.0 = Same Size as U.S., LQ of 2.0 = Twice as Large as U.S., etc.

| Industry | Employment | Location Quotient | Average Wage |
|---|------------|-------------------|--------------|
| Forestry & Wood Products | | | |
| Plywood and engineered wood product mfg. | 654 | 50.01 | \$53,210 |
| Support activities for forestry | 110 | 37.84 | \$58,483 |
| Sawmills | 326 | 21.98 | \$55,557 |
| Other wood product manufacturing | 474 | 12.72 | \$47,982 |
| Logging | 91 | 11.57 | \$47,168 |
| Office furniture and fixtures manufacturing | 49 | 2.79 | \$52,473 |
| Agriculture & Food | | | |
| Other crop farming | 313 | 30.85 | \$31,054 |
| Vegetable and melon farming | 237 | 15.93 | \$32,048 |
| Cattle ranching and farming | 306 | 12.00 | \$35,659 |
| Greenhouse and nursery production | 94 | 3.76 | \$49,338 |
| Animal slaughtering and processing | 143 | 1.72 | \$32,798 |
| Oilseed and grain farming | 14 | 1.58 | \$36,449 |
| Fruit and tree nut farming | 38 | 1.28 | \$32,564 |
| Grocery and related product wholesalers | 270 | 2.13 | \$39,213 |
| Misc. nondurable goods merchant wholesalers | 60 | 1.14 | \$55,422 |
| Tourism | | | |
| RV parks and recreational camps | 27 | 2.46 | \$21,965 |
| Traveler accommodation | 615 | 1.97 | \$22,876 |
| Machinery | | | |
| Industrial machinery manufacturing | 84 | 4.40 | \$45,731 |
| Machinery and supply merchant wholesalers | 181 | 1.60 | \$50,326 |
| Business Services | | | |
| Business support services | 446 | 3.11 | \$28,037 |

Source: Business Oregon, with data from U.S. Bureau of Labor Statistics, U.S. Census Bureau, and Oregon Employment Department

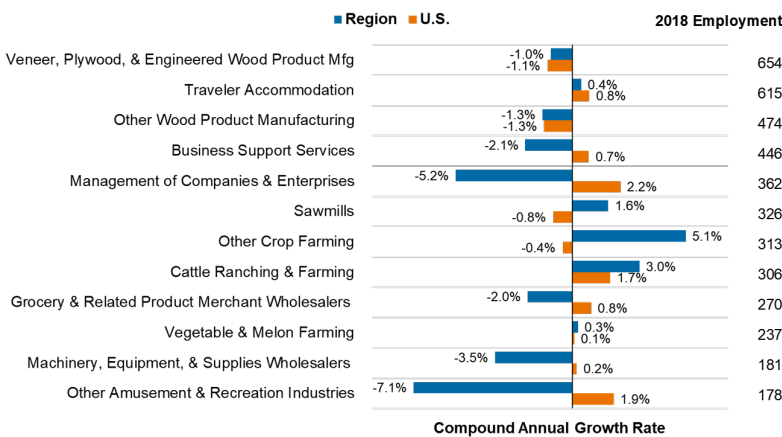
Forestry and wood products, along with agriculture and food, are the largest, most competitive traded sector industry groups in the region (Figure 1). Location quotients, a measure of industry concentration, help reveal competitive industries in the region. Other competitive industry groups in the region include tourism, machinery, and business services. The most competitive industry in the region is veneer, plywood, and engineered wood product manufacturing, followed by support activities for forestry and other crop farming (mostly hay). Forestry and wood products has the highest average wages amongst competitive industry groups.

Natural resource industries in forestry, wood products, agriculture, and food are the core competitive industries in region.

The region has, generally, had difficulty growing or maintaining competitiveness of its largest traded sector industries. One way to measure gains and losses in competitiveness is to compare regional industry trends to national industry trends (Figure 2). From this perspective, the largest traded sector industry, veneer, plywood, and engineered wood product manufacturing, maintained competitiveness in the region despite losing jobs between 2008 and 2018. The same can be said about other wood product manufacturing, while sawmills actually increased competitiveness and jobs. Agricultural industries have grown or maintained competitiveness as well. In contrast, business support services and management of companies were large traded sector industries that lost competitiveness and jobs in the region between 2008 and 2018, as did wholesale trade industries. Tourism industries also seem to be struggling to maintain competitiveness.

Figure 2

EMPLOYMENT CHANGE OF LARGEST TRADED SECTOR INDUSTRIES, 2008-2018



Source: Business Oregon, with data from U.S. Bureau of Labor Statistics, U.S. Census Bureau, and Oregon Employment Department

Source: Business Oregon with data from U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, U.S. Census Bureau, and Oregon Employment Department