



2025 | CITY OF BEND STATE OF THE ECONOMY REPORT



2025

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The 2025 State of the Economy is being published to support the Bend City Council's goal of advancing economic prosperity in alignment with community needs and state and regional plans. It provides a comprehensive overview of Bend's current economy, offering critical data to help inform the development of the economic development strategy plan.

Through its examination of economic trends, workforce demographics, and business growth, the report provides essential context for understanding how employment intersects with economic mobility and land-use planning. These insights, along with those provided by the Targeted Sector Analysis, the Urban Renewal Investment Strategy, and Industry Cluster Analysis, will help inform the development of the City's strategic economic development plan, Invest Bend, a key component of Council's Economic Prosperity goal.

By providing a strategic framework for identifying employment and wage needs and guiding the development of business and wage development, this report also offers actionable data to inform policies, incentives, and funding mechanisms that support the Council's economic prosperity targets, ensuring future development efforts are both responsive to community needs and aligned with the broader vision for inclusive economic growth.

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01

KEY TAKEAWAYS



Cost of doing business has risen since the pandemic.

Inflation for both producers and consumers rose dramatically from 2021-2022 and remained elevated through 2023. With inflation continuing above the 2% target, the Federal Reserve has maintained higher interest rates.

Commercial and industrial investments in 2024 were the second largest on record with \$93.7 million being invested. This has led Bend to experience a notable increase in high-propensity business applications. Despite the pandemic, Bend has had a consistent net increase in business formation.

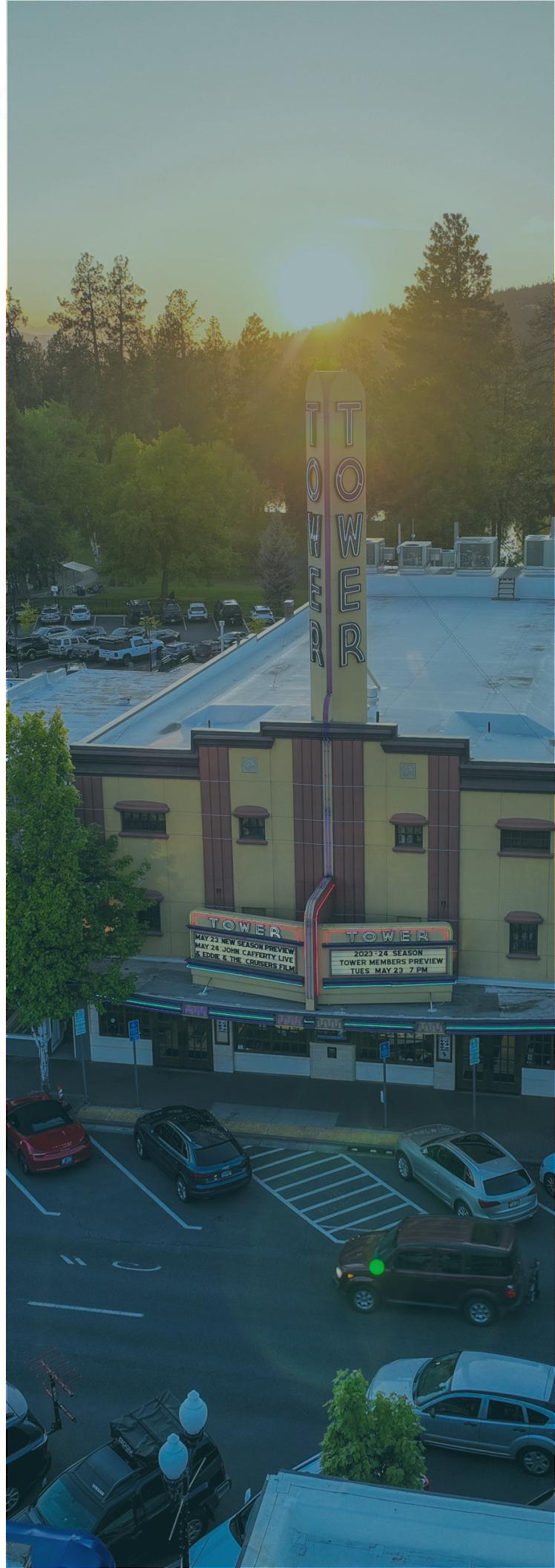
Bend had an monthly average of 59,648 jobs in 2023, adding over 6,000 jobs since 2020. This increase has outpaced national and state averages. The city's labor force participation rate has steadily improved since 2019, with 67.9% in the labor force in 2023.

Bend produced 74% of the \$15.45 billion economic activity of the Bend MSA economy. The area's average annual economic growth has outpaced Oregon and the United States. This robust growth has led to the Bend Metro being the 4th largest and one of the fastest growing economies in Oregon.

Population growth is primarily driven by migration with the largest contribution coming from within Oregon - primarily the Portland Metro Area. Bend's population is projected to grow by 2% annually over the next 10-years, estimated 30,000 new individuals.

Bend's economy is primarily serviced based with 71% of all economic output from household consumption. The largest share of household consumption was housing costs, accounting for \$1.4 billion.

Remote workers account for 28% of Bend's total workforce, higher than national and state averages. Despite this share, Bend's office market has remained resilient with 2024 vacancy rates being slightly higher than Bend's 10-year average.



02

MARKET DRIVERS

The following section provides an overview of national macro-economic trends that affects Bend's local economy.

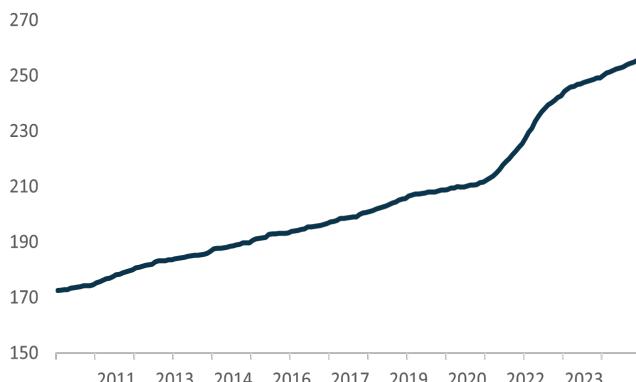


Production

The Producer Price Index (PPI) measures the average change over time in the selling prices received by domestic producers for their output. It's a key economic indicator that tracks inflation from the perspective of sellers, rather than consumers. The Core Produce Price Index continues this measurement but excludes food and energy, or the more volatile aspects of inflation.

The Core Index rose dramatically during the pandemic, increasing from 212.3 in January 2021 to 242.8 in December 2022 (**Figure 1**). The index remained elevated with the Core Index at 145.43 in December 2024, up 4% from December 2023.

Figure 1. Core Produce Price Index



Source: Bureau of Labor Statistics

Inflation

Unlike the PPI, the Consumer Price Index (CPI) measures the average change over time in the prices paid by consumers for goods and services. Similar to the PPI, the CPI rose dramatically from 2021 to 2023 due to pandemic-related disruptions. National inflation peaked in June 2022 at 9.1% but fell to 2.9% in December 2024.

Bend's¹ inflation rate has been slightly higher than most U.S. Cities. Inflation peaked in March 2022 at 9% and fell below the national average to 2.3% in December 2024.

Figure 2. Consumer Price Index



Source: Bureau of Labor Statistics

Interest Rates

During the first half of 2024, the Federal Open Market Committee (FOMC) maintained a restrictive monetary policy stance. The federal funds target range, which peaked at 5.25%-5.50% in mid-2023, remained unchanged through 2024. The Fed held the policy rate steady during that time.

In the latter half of 2024, the FOMC shifted its stance toward modest easing. In September 2024, it began implementing the first-rate reduction cycle, lowering the federal funds rate to 4.25%-4.5% in December. These cumulative rate reductions indicated inflation was moving back towards the goal of 2%.

West Coast Ports of Trade

In 2024, trade through West Coast ports experienced a rebound of container volume, marking the third-busiest year on record, with an 11.2% increase. This growth was driven by a surge in import volume, particularly at ports like Los Angeles and Long Beach. While the West Coast saw an increase in import volume share compared to the East and Gulf Coast ports, the overall share of the top 10 ports remained relatively stable².

Approximately 40% of all imported cargo into the United States is handled through the Ports of Los Angeles and Long Beach. The economic impact of these ports support nearly 4 million jobs nationwide and has a significant impact on West Coast economies and the national economy as a whole.

03

BEND'S ECONOMY

The following section outlines key aspects of Bend's economic output.



Gross Domestic Product

Bend is the cultural, economic, and population center of the Bend metropolitan statistical area (Bend Metro), which now encompasses Deschutes, Crook, and Jefferson counties. As of 2023, the Bend Metro is home to approximately 267,000 residents, reflecting steady population growth and increasing regional significance.

The Bend Metro achieved a gross domestic product (GDP) of \$15.45 billion in 2023³, representing a 41% increase since 2019. This growth positions the Bend Metro as the fourth-largest and one of the fastest-growing economic regions in Oregon, underscoring its rising prominence in the state's economic landscape.

Within the Bend Metro, the city of Bend contributed \$11.3 billion⁴, accounting for 74% of the total economic output. This concentration of productivity highlights Bend's continued role as the primary economic engine in central Oregon. Bend's average annual economic growth has consistently outpaced both the state and national averages (**Table 1**). On a per capita basis, Bend residents generated approximately \$112,093 in economic output in 2023. This reflects strong individual productivity considering the City's population size and diversified economic base.

Table 1. Annual Growth, Gross Domestic Product Comparison

	2019	2020	2021	2022	2023
Bend	8%	-2%	17%	8%	13%
Oregon	4%	1%	10%	8%	7%
United States	4%	-1%	11%	10%	7%

Source: Federal Reserve Bank of St. Louis, Implan

Economic Composition

Bend's economy is primarily service based, with 72% of all economic output from household demand⁵. Households earn income and purchase goods and services for final consumption. Consumption includes the purchase of goods and services, payments to government entities, and capital in the form of savings or debt repayment.

Residential housing - mortgages and leases - makes up the largest share of household consumption, accounting for 12% of the city's GDP or \$1.4 billion (**Table 2**). Household healthcare demand totaled \$1 billion, followed by \$896 million in retail and entertainment spending.

Table 2. Gross Domestic Product Comparison

<\$15,000	\$15,000- \$30,000	\$30,000- \$40,000	\$40,000 - \$50,000	\$50,000 - \$70,000	\$70,000 - \$100,000	\$100,000 - \$150,000	\$150,000- \$200,000	>\$200,000
Owner Housing	Owner Housing	Owner Housing	Owner Housing	Owner Housing	Owner Housing	Owner Housing	Owner Housing	Owner Housing
Tenant Housing	Tenant Housing	Hospitals	Hospitals	Hospitals	Hospitals	Hospitals	Hospitals	Hospitals
Hospitals	Nursing Homes	Physicians	Physicians	Tenant Housing	Physicians	Physicians	Physicians	Physicians
Physicians	Hospitals	Tenant Housing	Tenant Housing	Software	Tenant Housing	Fast food	Software	Financial Investments
Fast food	Software	Software	Software	Fast food	Retail - Vehicles	Software	Fast food	Fine Dining

Source: Implan

Exports and Imports

Imports and exports represent the flow of goods and services into and out of a specific area. Imports are the goods and services that are purchased from other regions, while exports are the goods and services sold to other regions. These trade flows can have a significant impact on a local area's business growth, employment, and overall economic health.

Exports play a vital role in boosting the local economy by generating income from outside markets. When local businesses sell goods and services to out-of-the-area customers, they receive new money that can be reinvested in the local economy. This influx of new money can lead to increased production, job creation, and higher wages for workers. Additionally, strong export performance often encourages innovation and improves regional and national competitiveness for local industries. Exports can also help diversify a region's economic base by reducing dependence on local consumption on a limited number of industries. This diversification can make the local economy more resilient to downturns.

Bend had a total of \$7.9 billion in exports in 2023 (**Table 3**). This was down from its peak in 2022 of \$8.4 billion. Despite the pandemic and recent headwinds, Bend has increased its export totals by 18% over the last five years.

Table 3. Total Amount of Exports and Imports, Millions

	2019	2020	2021	2022	2023
Exports	\$6.7	\$6.5	\$7.2	\$8.4	\$7.9
Imports	-\$9.5	-\$8.9	-\$10	-\$11.4	-\$10.5

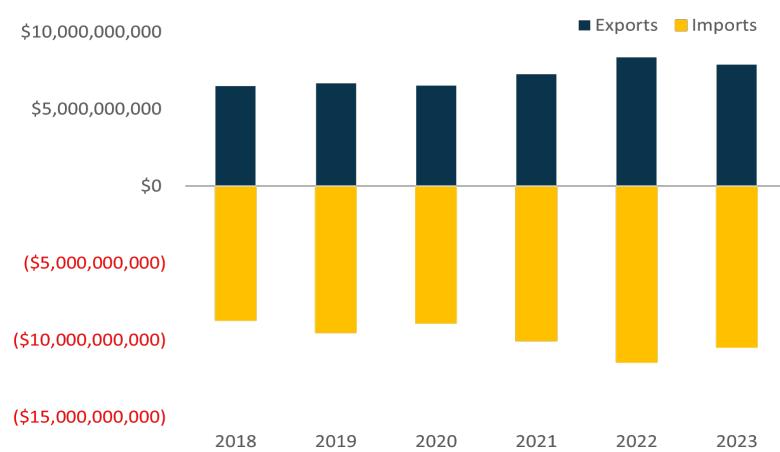
Source: Implan

Conversely, imports can significantly influence the local economy by providing access to goods and services that may not be produced locally, often at lower costs and higher quality. This benefits consumers through increased variety and competitive pricing, which can improve living standards. For businesses, importing raw materials, components, or advanced technology can lower production costs and enhance efficiency, enabling local companies to compete more effectively both locally and globally.

Furthermore, Bend imported \$10.5 billion in goods and services in 2023. Like exports, this was down considerably from the 2022 high of \$11.4 billion.

As a result of these import figures, Bend continues to experience a local trade deficit, with a \$2.5 billion imbalance in 2023. Bend's trade imbalance has increased by 10%, or \$1.7 billion, since 2019 (**Figure 3**). This level of reliance on imports can pose future challenges. If local industries struggle to compete with cheaper or more advanced imported goods, it could potentially lead to business closures and job losses. Persistent trade deficits can also weaken a local economy. While imports are essential for economic diversification and growth, a balanced approach is crucial to ensure that local industries remain viable and the economy remains resilient.

Figure 3. Exports and Imports



Source: Implan



04

LABOR MARKET

The following section provides an overview of job growth, labor force participation, unemployment and wages among Bend's workforce.



Job Growth

Bend had a monthly average of 59,648 jobs in 2023⁶, adding over 1,900 jobs from 2023. This represented a 3.5% increase (**Table 4**), which was higher than both national and state averages. Bend has added over 6,000 jobs since 2020, the low point of city-wide employment during the pandemic. With more recent data, the Bend Metro added 17,260 jobs from May 2023 to May 2024⁷.

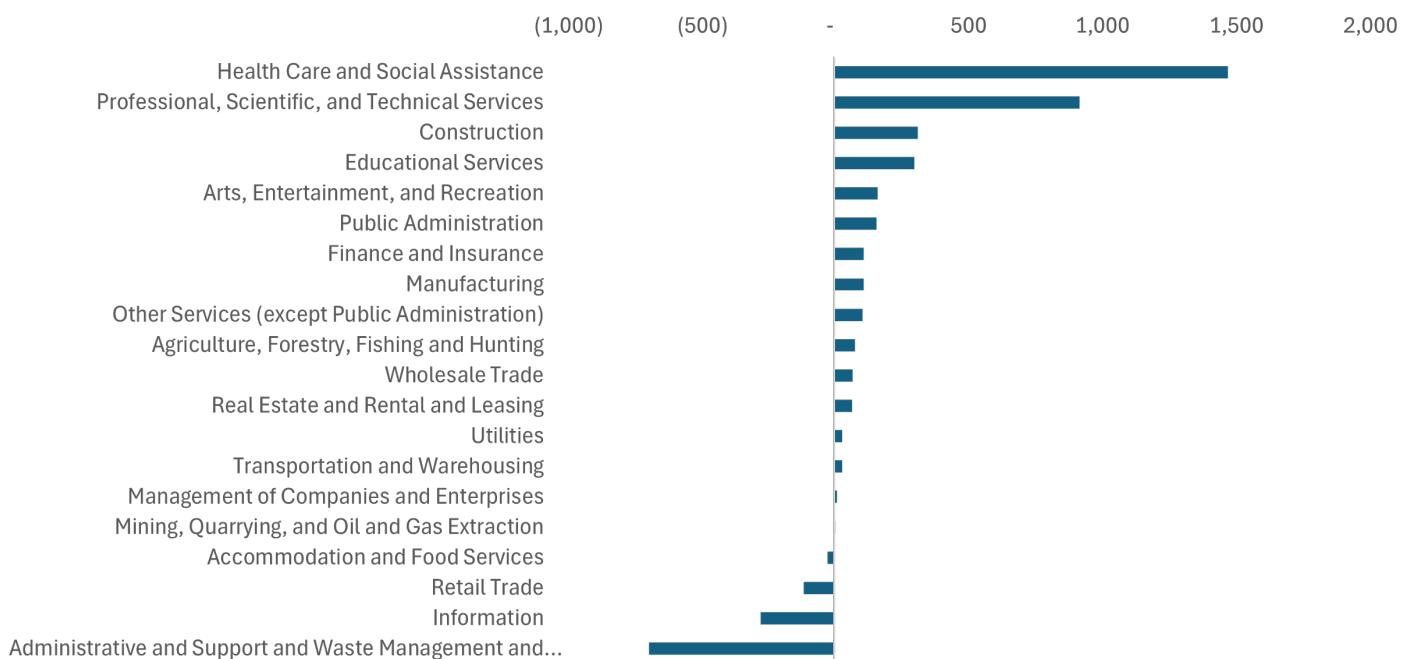
Table 4. Employment Growth, Actual and Projected*

	2019	2020	2021	2022	2023	2024
Bend	2.0%	-6.0%	4.2%	3.7%	3.5%	2.9%*
Oregon	1.0%	-5.2%	1.0%	3.9%	2.4%	1.2%
United States	1.5%	-5.3%	1.3%	5.0%	2.7%	1.5%

Source: United States Bureau of Labor Statistics, Oregon Employment Department, Lightcast*

When seeking to measure and understand specific industries, we utilize the North American Industry Classification System (NAICS) codes – the standard system used by government agencies such as the Bureau of Labor Statistics and the Oregon Employment Department. Bend's employment growth since 2019 has been driven in large part by the Health Care and Social Assistance sector, which added over 1,400 jobs (**Figure 4**). Professional, Scientific and Technical Services (+914 jobs) and Construction (+312 jobs) have also seen strong growth. Employment in certain sectors, such as Administrative and Support Services (-691 jobs), Information (-274 jobs), and Retail Trade (-114 jobs) has declined since the pandemic.

Figure 4. Employment Growth by 2-Digit NAICS Codes



Source: Oregon Employment Department, City of Bend

Labor Force

The city's labor force participation rate has steadily improved since 2019, reaching its peak in 2022 at 68.1% (**Table 5**). Over the past 12 months, labor force participation decreased from 68.1% to 67.9% in 2023⁹. Over the same period, the national labor force participation rate remained steady at 62.6%, while Oregon's rate increased by 0.2%. Bend's 15-year annual labor force participation rate has averaged 67.5%¹⁰.

Table 5. Labor Force Participation Rate

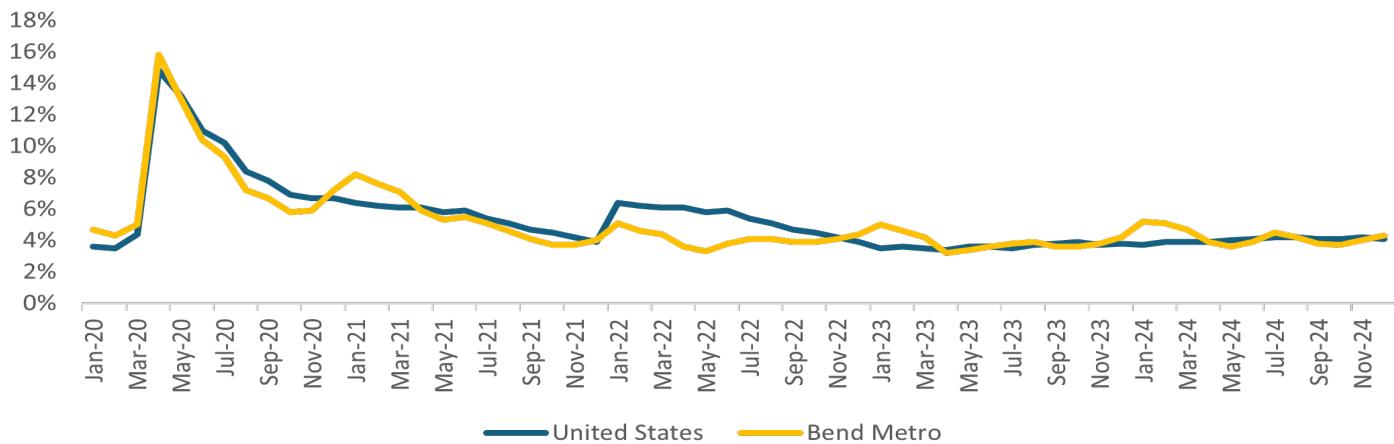
	2019	2020	2021	2022	2023
Bend	67.1%	67.9%	67.9%	68.1%	67.9%
Oregon	61.5%	61.3%	62.0%	62.5%	62.7%
United States	63.1%	61.7%	61.7%	62.6%	62.6%

Source: ACS 5-Year Estimates, United States Bureau of Labor Statistics

Unemployment Rate

The Bend Metro's unemployment rate rose from 4.2% to 4.34% from December 2023 to December 2024. During that same period, the national unemployment rate rose from 3.8% to 4.1%, while Oregon's rate increased from 4% to 4.3%¹¹. Since 2022, Bend's unemployment rate has averaged 4.09%, which is slightly lower than the US average (4.34%) but slightly higher than Oregon's (3.95%). Notably, the area experiences seasonal surges in unemployment from November to May each year. These surges occur primarily associated with workers from the outdoor tourism and construction industries.

Figure 5. Unemployment Rate, 2020-2024



Source: United States Bureau of Labor Statistics

Job and Wage Growth

The job recovery after the pandemic has been strong both nationwide and at the city level. Wages have also increased. However, residents continue to face challenges with living costs. From 2020 to 2023, consumer prices rose nationally by 5.6% annually and 4.75% in Bend¹² - both above the Federal Reserve's target 2% target¹¹.

In 2023, the average annual wage in Bend was \$65,248, a 4% increase over 2022¹³. This average is skewed upward by high earners. Despite nominal wage growth, wages in Bend have not kept up with the rising cost of living. From 2020 to 2023, inflation-adjusted wages fell by 1%. While wages increased nominally by 4%, inflation-adjusted wages saw no growth between 2022 and 2023¹⁴.



05

INCOME INEQUALITY

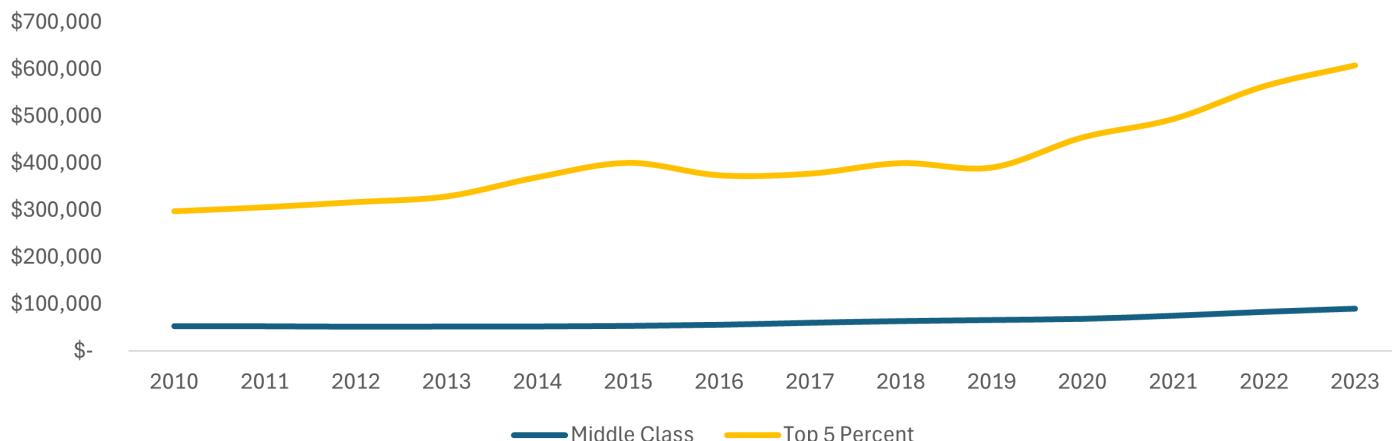
The following section provides a summary of the economic inequalities that exist in Bend.



Summary

Income inequality has risen in many communities in the United States in recent decades. Rising inequality and related issues have intensified local polarization on issues such as growth management, housing development, and traffic. Global trends have shown that an increasingly unequal society can weaken public trust in institutions, hinder community stability, and force residents to migrate¹⁵.

Figure 6. Income Growth Comparison, Middle Class and Top 5%



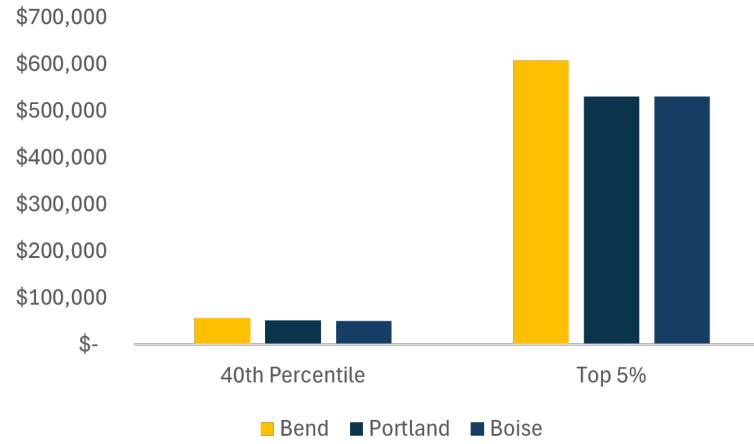
Source: ACS 5-Year Estimates

According to the 2024 Bend's Target Sector Analysis, the local economy is heavily influenced by sectors such as healthcare, tourism, and construction. While these industries have contributed to job creation, many of the positions offer low to moderate wages, which have not kept pace with the rising cost of living—particularly housing. Bend's housing market remains one of the most expensive in Oregon, driven by high demand, limited supply, and an influx of remote workers and retirees from higher-income regions.

This disparity has led to a widening gap between high-income earners and working-class residents. Professionals in tech, finance, and healthcare sectors often earn significantly more than those in service or seasonal jobs. The result is a growing divide in access to housing, education, and healthcare. The median household income in Bend is above the state average, but the cost burden on renters and low-income families is disproportionately high.

In 2023, the lower 80% of households earned an average of \$76,400 and accounted for 48% of the total aggregated income among all households (Figure 6). The top 5% earned eight times more, averaging \$608,000, and took home 24% of the total aggregate income. It's worth noting that the average top 5% in Bend exceeds that of Portland, OR, and Boise, ID, which are \$530,450 and \$530,161 respectively (Figure 7). This disparity has risen steadily with the lower 80% earning 3.5% less in 2023 than in 2010, when the group earned 52% of the total aggregate income.

Figure 7. Income Comparisons



Source: ACS 5-Year Estimates

This disparity is also illustrated with the use of the Gini Index, also known as the Gini Coefficient, which measures economic inequality within a population. It quantifies the distribution of income or wealth among individuals, ranging from 0 to 1, where 0 represents perfect equality (everyone has the same income) and 1 indicates maximum inequality (one person has all the income, and everyone else has none).

Bend has a Gini Coefficient (GI) of .4763, which indicates a moderate level of income inequality; comparable to similar communities(**Figure 8**).

Figure 8. Gini Index, 2023



Source: ACS 5-Year Estimates



06

INVESTMENTS, BUSINESS FORMATION & ENTREPRENEURSHIP

The following section provides a summary of private commercial and industrial investments, overall business formation, and the entrepreneurial eco-system in the City of Bend.

Investments

Business investments in Bend have remained resilient from 2023 and through 2024, despite broader economic headwinds. This is due to its strong entrepreneurial ecosystem, high quality of life, and a growing population that supports a diverse range of industries. According to the 2024 Bend Business Horizon Report, businesses are increasingly investing in digital transformation, automation, and workforce development to stay competitive in a rapidly evolving market.

However, rising operational costs, limited access to affordable commercial space, and a tighter labor market have made it more challenging for some businesses to secure necessary capital.

Industrial and infrastructure-related capital investments have also seen a boost, particularly following the completion of infrastructure improvements in 2024. These upgrades have enhanced transportation and utility systems, making Bend more attractive for long-term industrial development. Still, challenges persist. Oregon ranks near the bottom nationally in terms of tax and cost burden, which has made some investors cautious about committing large-scale capital to the state, particularly in the region.

Despite state and national challenges, Bend's commercial and industrial permitted investments in 2024 were the second largest on record, with nearly \$93.7 million, a 160% increase from 2023. Since 2019, commercial and industrial permitted investments have totaled nearly half a billion dollars at \$482 million (Figure 9).

Figure 9. Permit Valuations, City of Bend



Source: City of Bend

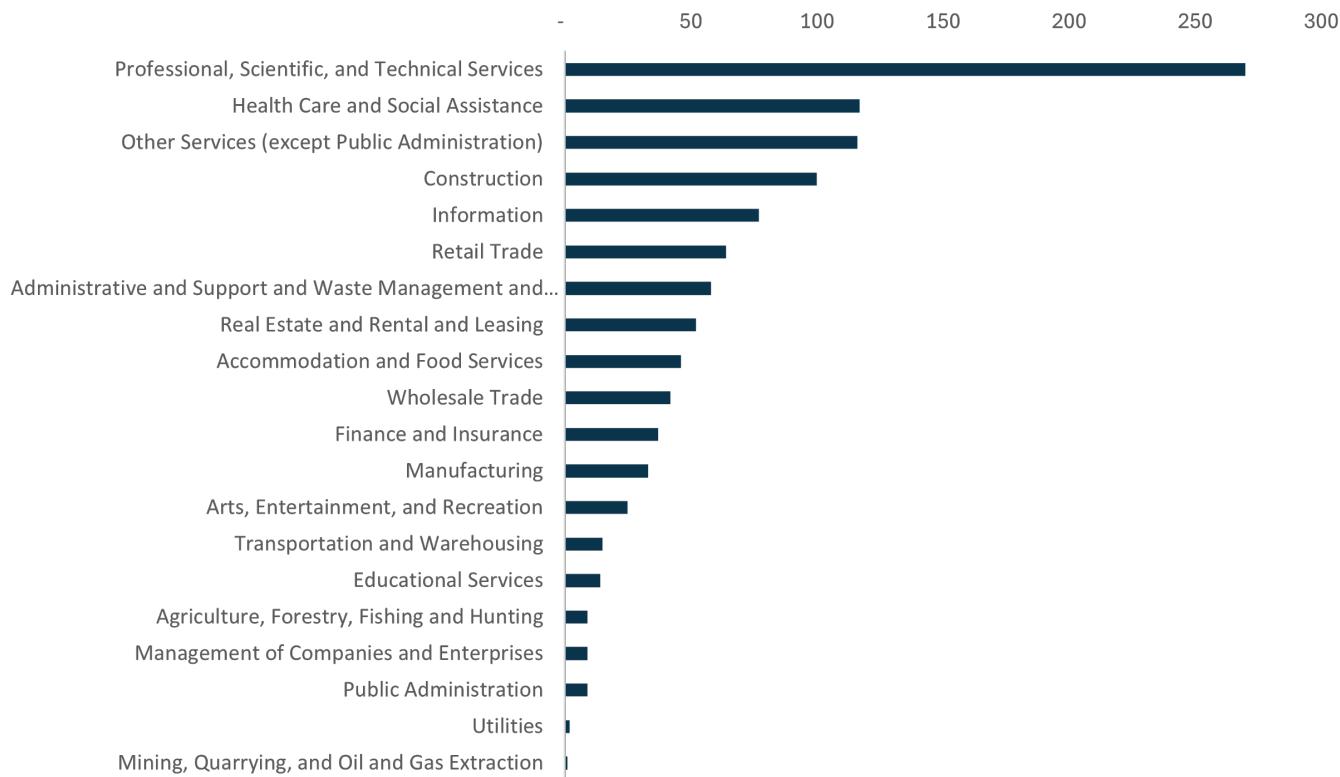
Net Business Formation

New business formation in Bend has seen dynamic shifts in recent years. These trends reflect both national economic and local challenges unique to Central Oregon. According to data from the Oregon Employment Department, Bend has experienced a notable increase in high-propensity business applications¹⁶ and corporate filings since 2019. Since then, new business formations have increased by 50%, with a 10% increase between 2022 and 2023.

This growth suggests a growing entrepreneurial spirit in the city. Bend has emerged as a hot spot for startups and small businesses. The city's appeal lies in its high quality of life, access to outdoor recreation, and a supportive community for innovation and remote work. However, this growth is not without its hurdles.

One of the most significant barriers to new business formation in Bend is the scarcity of development-ready land, as well as the high cost of commercial and residential real estate. The limited supply of development-ready land has made it difficult for new ventures to find affordable space to operate. The City has initiated a project to update the Growth Plan, which will identify future lands for industrial and other employment purposes¹⁷. Additionally, inflationary pressures and increased interest rates have made financing more difficult to secure, particularly for first-time business owners.

Figure 10. Change in Total Establishments, 2-Digit NAICS Code, 2022 to 2023



Source: Oregon Employment Department, City of Bend

Business exits, or business closures, have also seen a dramatic decrease since pre-pandemic levels. Business closures have decreased by 62%. In 2019, 618 businesses closed compared to only 232 businesses in 2023¹⁸. At the height of the pandemic, Bend saw 945 businesses closing, which represented a 90% increase over the prior year. Despite the pandemic, Bend has consistently had a net increase in business formations each year since 2016.

The growth in new businesses has been led by the Professional and Scientific and Healthcare sectors, which accounted for nearly 50% of new businesses from 2022 to 2023, with 387 establishments being formed (Figure 10).

Figure 11. Net Business Formation



Source: Oregon Employment Department, City of Bend

Entrepreneurial Growth

In contrast to the rapid decline in business perception at the state level, Bend has emerged as a vibrant hub for entrepreneurial activity. The Milken Institute, which highlights U.S. cities that are bastions of economic success, recently ranked the Bend Metro Area as the 4th Best Performing Small City in the nation.

Most entrepreneurial ventures typically have fewer than 20 employees, with the vast majority having just one to four, and many operating as sole proprietors. In Bend, there are 5,707 entrepreneurial firms that employ fewer than 4 individuals, accounting for 75% of all registered businesses and employing 6,304 individuals (13% of total employment)¹⁹. The employment of these entrepreneurial firms grew by 4% since 2022, adding 249 new employees.

The average salary for an individual employed in one of these entrepreneurial ventures was \$75,915 - \$10,600 higher than the average annual wage across all industries. Entrepreneurial salaries grew by 8% between 2022 and 2023²⁰.

Bend is a highly entrepreneurial community, with more individuals owning and operating a business compared to both Portland and Oregon. This entrepreneurial spirit is also prevalent among local underrepresented communities. One out of eight minority²¹ individuals owned and operated businesses in 2022, compared to an estimated 1 out of 31 in Portland and 1 out of 23 in Oregon²².

07

RETAIL & STOREFRONTS

The following section provides an overview of the retail sector and local market shifts that affects consumer spending, storefront vacancies, and leasing activities

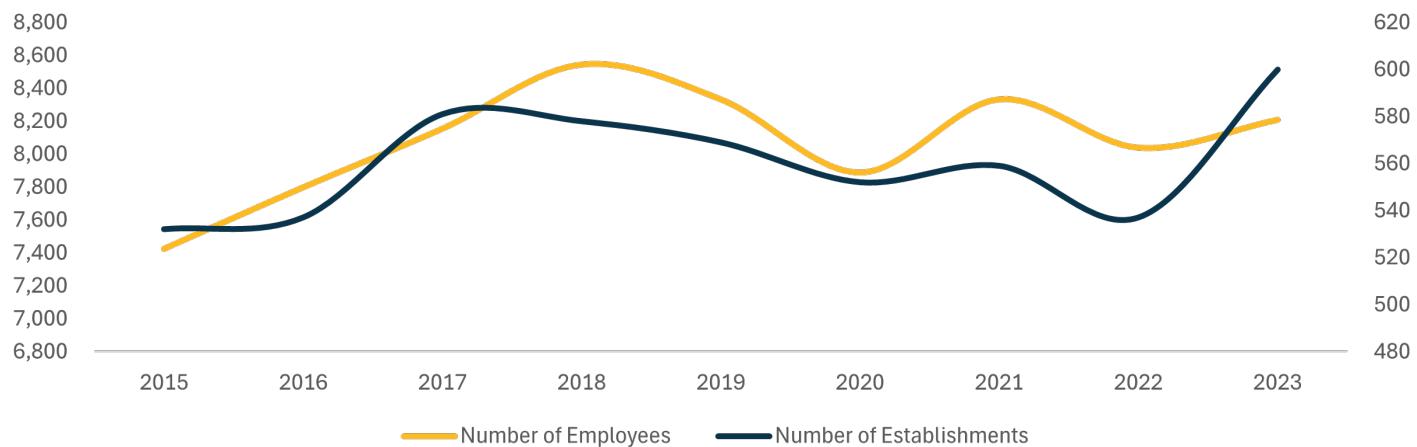


Retail Overview

Retail is central to Bend's economy, reflecting its role as a regional hub for tourism and lifestyle. Bend's retail landscape is shaped by a mix of national chains, local boutiques, and seasonal businesses that cater to both residents and year-around visitors. In 2024, the retail sector generated approximately \$928 million dollars²³ in GDP or 8% of the total economy.

Despite the pandemic and recent inflationary pressures, retail employment in Bend demonstrated resilience, increasing from 2022 to 2023 by 2%, adding 169 jobs. This sector now provides 8,208 jobs - 14% of all employment²⁴ - slightly down from the pre-pandemic high of 8,543 jobs in 2018²⁵.

Figure 12. Retail Sector Establishment and Employment Growth

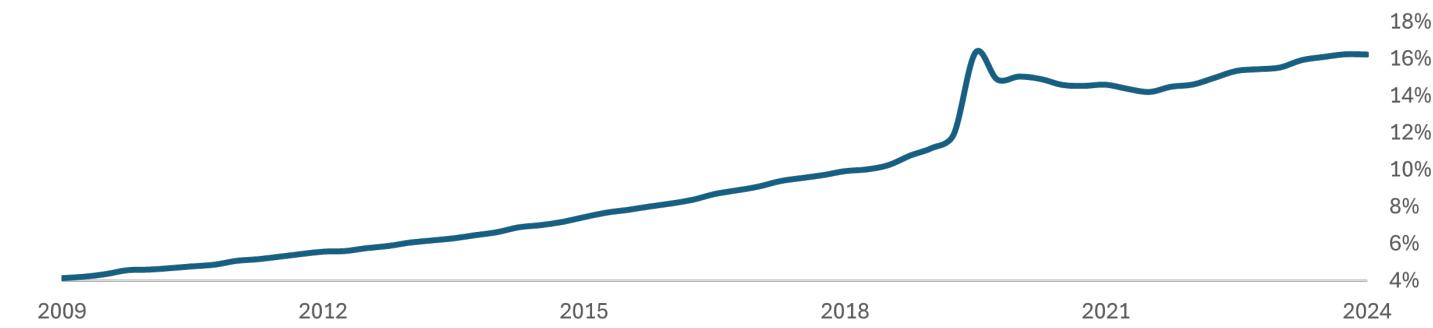


Source: Oregon Employment Department, City of Bend

It is uncertain whether the losses of retail jobs during the pandemic are permanent. With advances in automation and shifts to e-commerce, this may result in lower number of employees rather than a reduction in retail establishments (**Figure 12**).

While the pandemic pushed more shoppers online, the disruption by e-commerce occurred before the pandemic. In Quarter 1 2018, e-commerce represented about 9% of total sales, and in Quarter 4 2024, that nearly doubled to 16%²⁶.

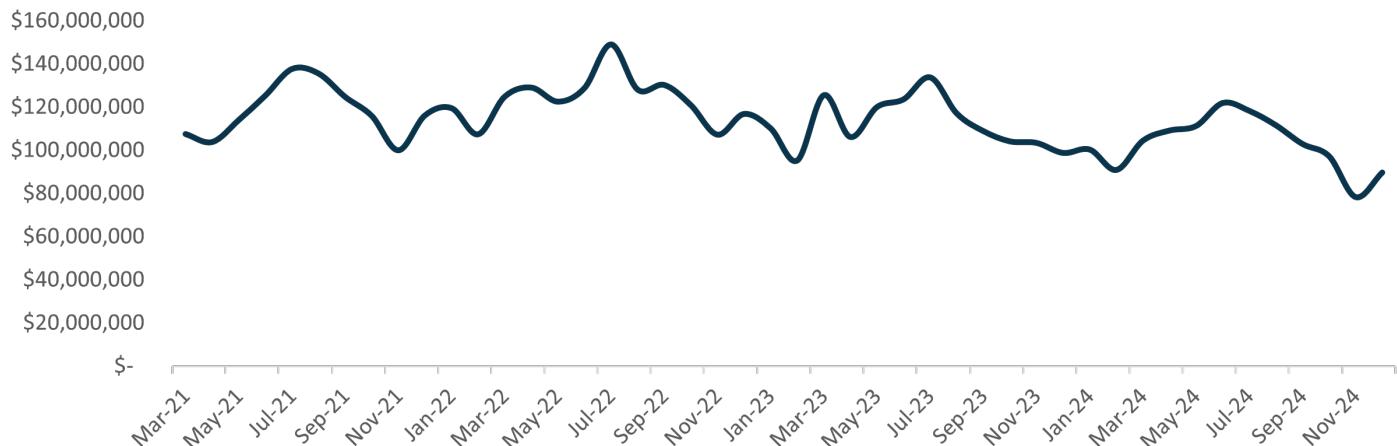
Figure 13. Quarterly E-Commerce Share of Total Retail Sales



Source: U.S. Census

In contrast, consumer spending at brick-and-mortar stores in Bend has been slowly declining, even as the overall retail sector recovers from the pandemic. Consumer spending has declined by 8% from July 2023 and 66% since July 2022 (Figure 14). Not only has spending decreased, but overall total bank market deposit shares have also decreased by 3% over the same period²⁷.

Figure 14. Consumer Spending



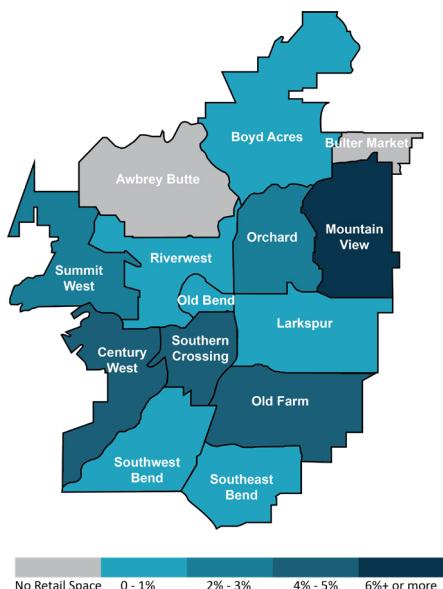
Source: Visit Bend

Retail Market Shifts

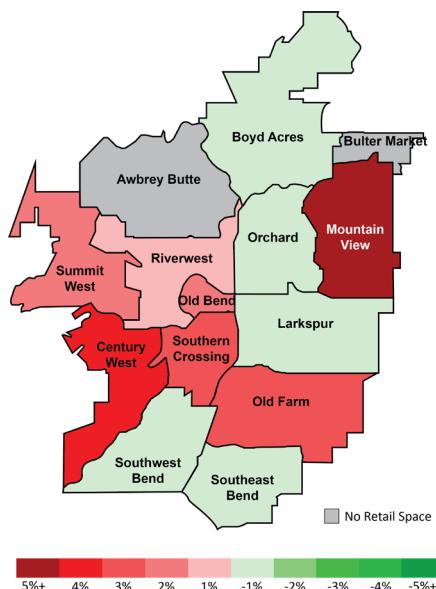
Over 170,000 square feet of retail market space was added in 2024, bringing the total retail market footprint to 7.9 million square feet. The Gateway North Costco was the primary driver of 2024 deliveries, accounting for 88% of the new deliveries. The total retail space under construction held steady with a 1.6% increase over 2023²⁸, at 103,000 square feet – the highest on record.

Due to the relocation of the existing Costco from its Highway 20 location to Gateway North, the total available vacant space increased by 156,000 square feet. This alone accounted for nearly half the retail vacancy rate increase of 4.1%, a 2.1% increase over 2023²⁹. The current retail vacancy rate is the highest it has been since 2015.

Map 1. Available Retail Space



Map 2. Change in Vacancy, 2023 - 2024

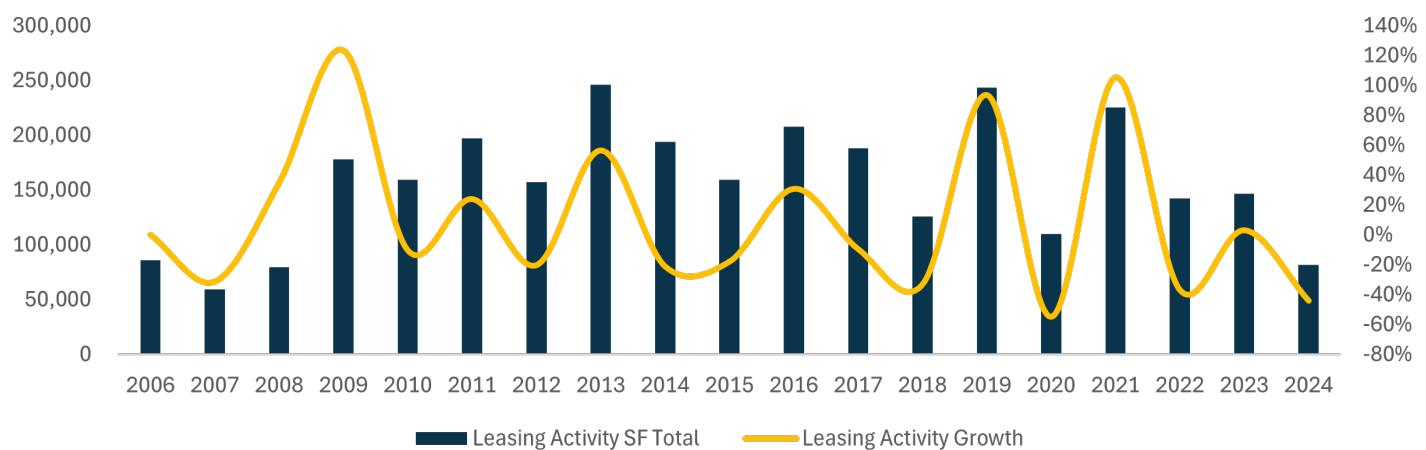


Source: CoStar

Discounting the former Costco site, with limited space available, Bend has seen a shift in overall rent increases for retail spaces. The average triple net (NNN) for retail space increased 8% since 2023, and 40% since 2019³⁰.

With continued declines in leasing activity (Figure 15) and consumer spending, Bend's retail realignment is likely to continue. Uncertain national trade policies could trigger inflation, along with local/state regulatory costs, may force consumers to spend less, limiting the revenue for existing retail establishments.

Figure 15. Retail Leasing Activity



Source: CoStar



08

REMOTE WORK & COMMERCIAL SPACE

The following section provides an summary of Bend's remote worker share, the impacts on the area's commercial real estate, and how Bend compares nationally.

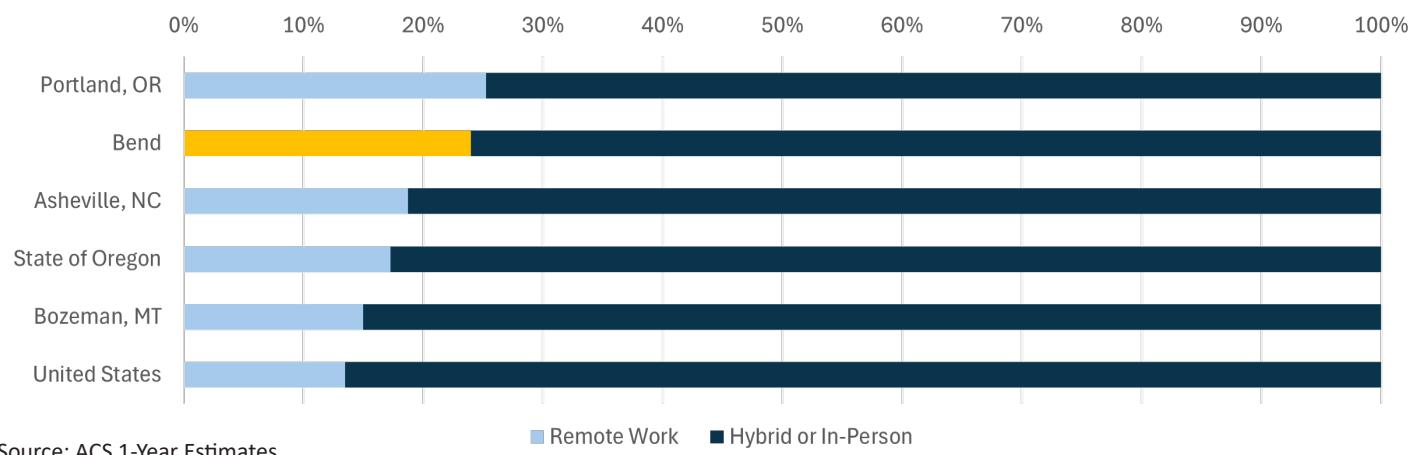


National Summary

The rise of remote work, accelerated by the pandemic and sustained by technological advancements, has fundamentally reshaped the national commercial real estate landscape. As businesses increasingly adopt hybrid or fully remote models, the demand for traditional office space has declined in many urban centers. This shift has led to higher vacancies, pressure on office rents, and a reevaluation of how commercial spaces are designed and utilized.

This shift is prompting companies nationwide to rethinking their real estate footprints, opting for smaller, more flexible spaces or relocating to suburban and secondary markets where costs are lower. In response, landlords and developers are adapting by repurposing office buildings into mixed-use developments, coworking hubs, or residential units. The ripple effects extend beyond office buildings, influencing retail, hospitality, and urban planning as cities adjust to new patterns of work and mobility.

Figure 16. Remote Workers, 2023



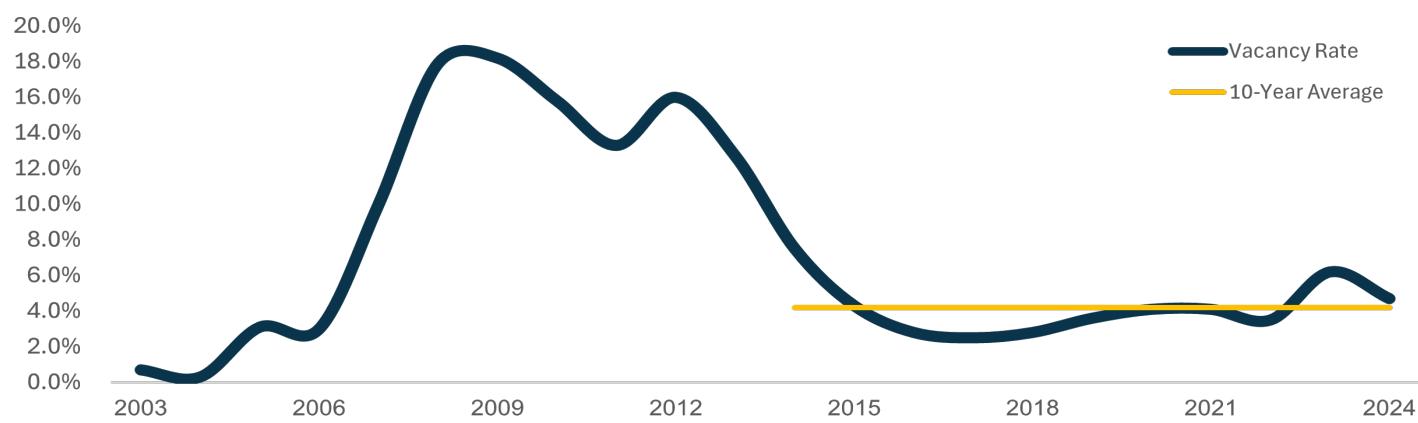
Source: ACS 1-Year Estimates

■ Remote Work ■ Hybrid or In-Person

Bend's Commercial Real Estate

In 2024, Bend's office real estate market demonstrated resilience amid these national headwinds. While many U.S. cities faced record-high vacancy rates due to remote work and economic uncertainty, Bend maintained a relatively healthy office sector. The city's diversifying economy limited speculative development, and strong demand from healthcare, government, and professional services helped stabilize the market. Unlike many cities, the effects of remote work have had little impact on the overall market vacancy rate.

Figure 17. Commercial Vacancy Rate, 2003-2024



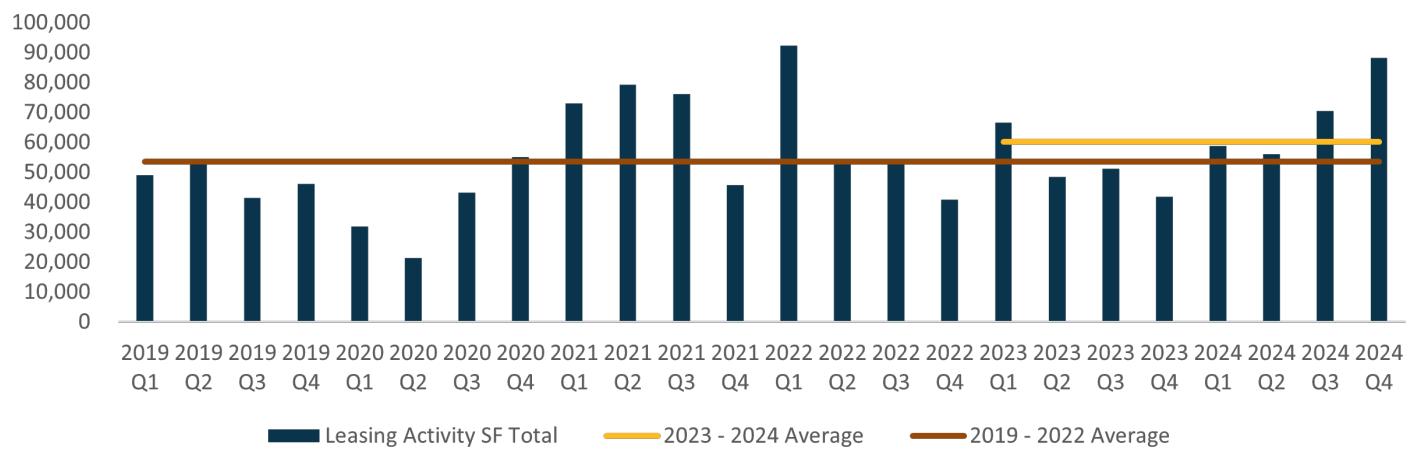
Source: CoStar

While the broader U.S. office sector faces high vacancies – averaging 20% - Bend's average annual vacancy rate was 4.7%, down from 6.7% in 2023 (Figure 17).

The market's deliveries and construction remain minimal in 2024, adding 5,000 square feet of new commercial space³¹.

Leasing activities increased by 35% over 2023 and occurred primarily in the second half of 2024 (Figure 18). There is strong demand for Class C Space, which is the most budget-friendly tier that happens to be older with limited upgrades. In the Core Area, while the vacancy rate is much higher than the city's at 11.7%³², leasing activity has spiked at the end of 2024. In addition, nearly 480,000 square feet is under construction in the Core Area.

Figure 18. Commercial Leasing Activity



Source: CoStar

National Comparisons

According to CoStar, Bend's Q4 2024 office vacancy rate was 13.3% lower than that of Portland, Oregon, and slightly higher than Bozeman, Montana, and Asheville, North Carolina. This vacancy rate is nearing healthy averages of 5%, indicating opportunities for new and expanding office ventures, as well as stable property management and revenues.

Table 7. Commercial Vacancy Rates Among Identified Cities

City	State	Vacancy Rate
Portland	Oregon	18.0%
Fresno	California	8.5%
Boise	Idaho	5.1%
Salem	Oregon	5.0%
Bend	Oregon	4.7%
Bozeman	Montana	3.4%
Asheville	North Carolina	2.8%

Source: CoStar



09

DEMOGRAPHIC DRIVERS

The following section provides an overview of the demographic drivers that effect the overall economy including population growth, migration, and household composition.

Population

Bend is home to approximately 104,089 residents³³ and has seen remarkable resilience in population growth over the last two decades. Despite the Great Recession and the pandemic, Bend has continued to grow an average of 2.5% per year since 2010. Between 2019 and 2024, Bend added 10,617 individuals (11%) equating to nearly 5,000 households.

According to the Portland State University Population Research Center, over the next ten years, Bend is expected to maintain a 2% annual growth rate which will add another 30,000 individuals.

Natural Increase and Migration

For the last two decades, Bend's natural increase has remained positive, with slight drops in births associated with the Great Recession and the pandemic. According to the Oregon Health Authority, in 2023, there were 1,015 births and 950 deaths. Births are down and deaths have increased based on 2019 numbers, with 130 fewer births and 47 more deaths (Figure 20.)

Between 2016 and 2020, Deschutes County added an estimated total of 15,000 through migration, accounting for nearly all population growth over the same period (Map 3). The largest contribution of new residents occurred from in-state migration, with 36% of new residents moving from within Oregon; Multnomah County was the largest in-state contributor. California was the second largest contributor with 22% of new residents moving here with Los Angeles County, California, being the largest single county contributor³⁴.

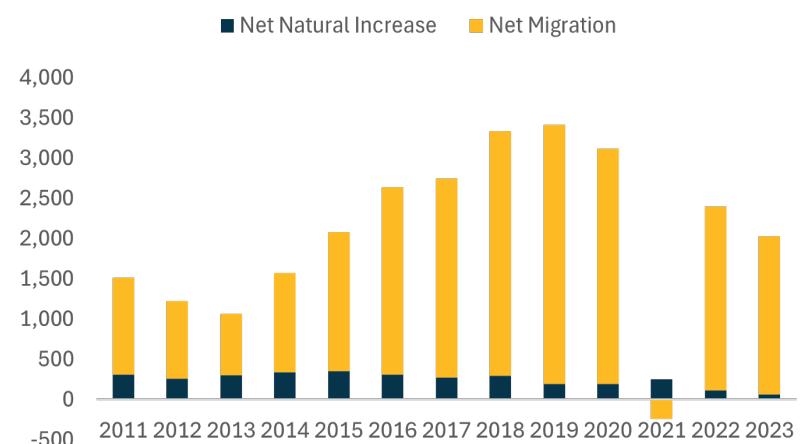
Bend's immigrant community has also grown. Between 2016 and 2020, 992 individuals born outside the United States and its territories relocated to Bend, representing a 30% increase³⁵.

Figure 19. Population Growth



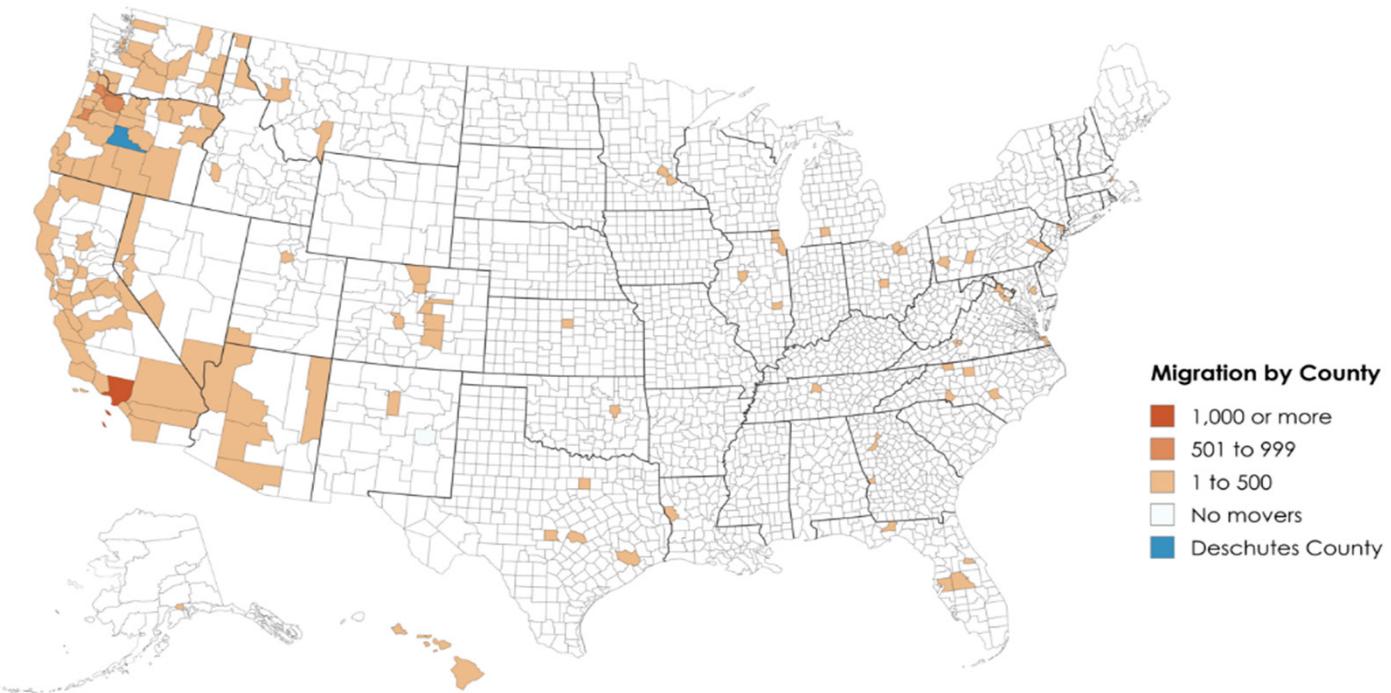
Source: ACS 5-Year Estimates, Portland State University

Figure 20. Natural Increase and Migration



Source: ACS 5-Year Estimates, Oregon Health Authority

Map. 3 Migration into Deschutes County, 2016-2020

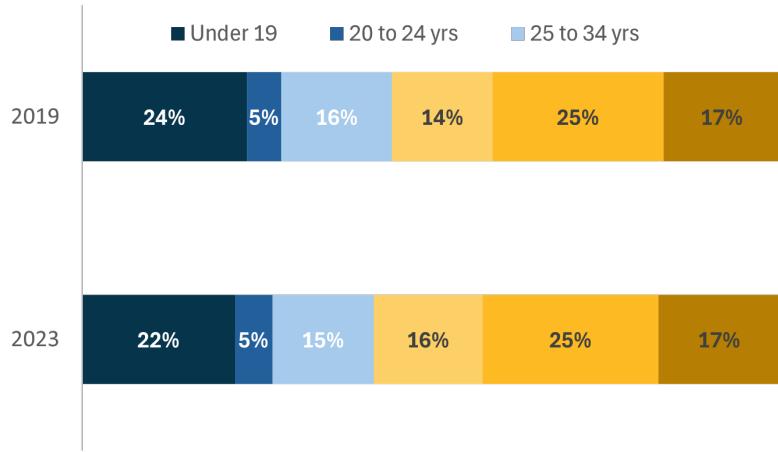


Source: U.S. Census, City of Bend

Population Age

Bend's population's median age increased from 38.9 years in 2019 to 40.3 years in 2023³⁶. This increase is driven by the population growth of those 35 years and older (Figure 21). While those aged 20 to 24 had the largest percentage increase, the largest nominal increase occurred among those aged 44 to 64 years (+2,514 individuals.) This is followed by those ages 35 to 44 years (+2,361 individuals) and 65+ years (+2,023 individuals).

Figure 21. Bend's Population Age Change



Source: ACS 5-Year Estimates

Household Composition

Bend has seen tremendous growth in all types of households since 2010. One-person households have grown by 44%, followed by three-person households (42%), two-person (34%), and four-person (30%). One- and two-person households have consistently represented 66% of all households since 2010³⁷.

Since 2019, one-person households have experienced the largest growth at 19%. Despite four-person households having the slowest historic growth rate, this household type was the second fastest growing (12%).

Despite those changes in household type and age, the average household size has shrunk. Household sizes, on

average, has decreased by 0.11 people. This is also true among family sizes. In 2019, the average family size was 2.93 individuals; in 2023, that size was 2.83³⁸.

These household size changes could be attributed to fewer families having children and an increase in seniors living independently. Family households without children have increased by 7% and those living alone increased by 19%. Those aged 65 years and older living alone have also increased by 11% since 2019 (**Table 8.**)

Table 8. Household Composition	2019		2023		2019 -2023 Change	
	Number	% Total	Number	% Total	Number	% Total
Total Households	38,412	100%	43,278	100%	4,966	13%
<i>Household Size</i>	2.44		2.33			
Family Households	24,398	64%	26,066	60%	1,688	7%
<i>Family Size</i>	2.93		2.83			
With children under 18	10,812	28%	11,491	27%	679	6%
Without children under 18	13,586	35%	14,575	34%	989	7%
Household Not Living Alone	3,683	10%	5,044	12%	1,361	37%
Independent Households	10,231	27%	12,168	28%	1,937	19%
Living alone under 65 years	5,848	15%	7,285	17%	1,437	25%
Living alone 65 years and older	4,383	11%	4,883	11%	500	11%

Source: ACS 5-Year Estimates



Income

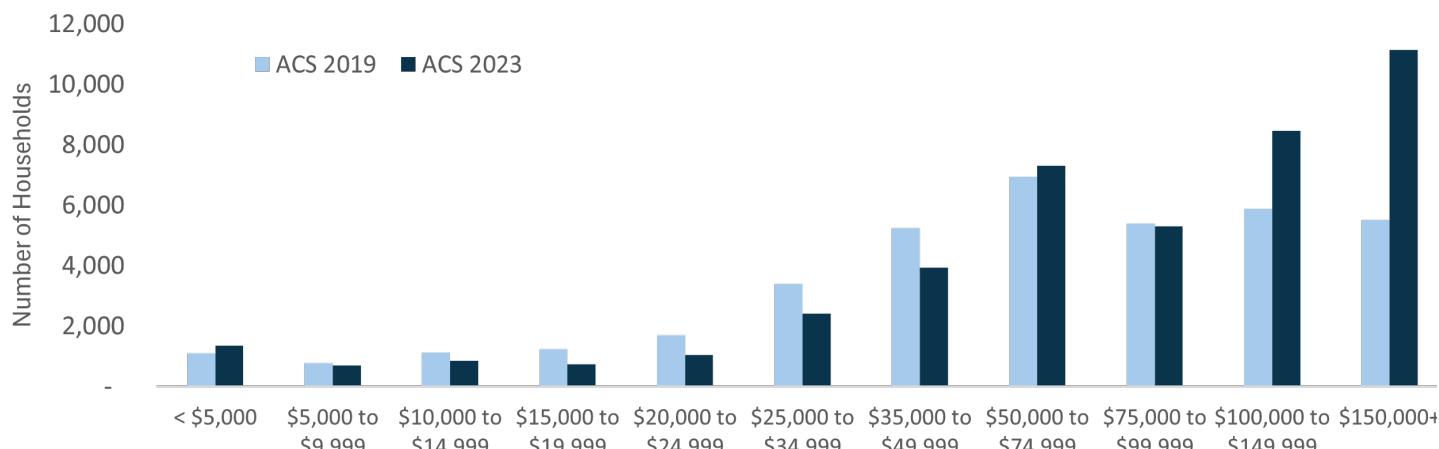
Bend's median household income increased by \$23,130 (35%) between 2019 and 2023. Median income levels for both homeowners and renters have also grown since 2019 (**Figure 23**). The median homeowner income was \$109,136 in 2023, \$28,351 more than in 2019. In comparison, renters saw their household income increase by \$18,193 (38%), which remains lower than that of homeowners.

While incomes have risen overall, disparities still exist across various income ranges.

Despite the median household income increasing by 35%, most of this income growth is attributed to growth in households earning \$100,000 or more (**Figure 23**). The number of households earning \$150,000 or more saw the largest growth with a 102% increase since 2019, while those earning between \$100,000 to \$149,999 increased by 42%.

Those earning a median income of \$34,999 or less saw the largest decrease in their overall household share over the same period of time. The largest decrease occurred among those earning \$15,000 to \$19,999 by 40% followed by those earning \$20,000 to \$24,999, decreasing by 39%.

Figure 24. Median Household Income



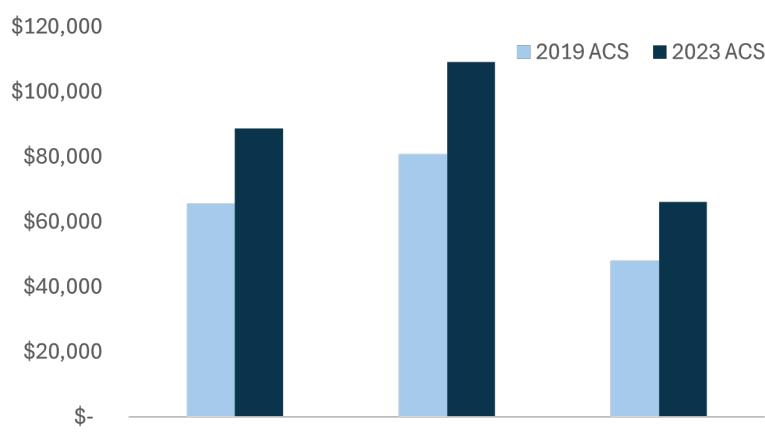
Source: ACS 5-Year Estimates

Income distribution among household sizes varies. Five-person households earned the most in 2023, with an average income of \$156,908. The household size that earned the least was one-person households at \$46,719. Six-person households experienced the largest increase in household income, up 48% or \$48,900.

While three-person households earned \$101,220 in 2023, this household type saw the slowest income increase, at 21% or \$17,848³⁸.

³⁸Median household income is the midpoint of all household incomes in a given population.

Figure 23. Median Household Income by Tenure



Source: ACS 5-Year Estimates



TOWER

MAY 23 NEW SEASON PREVIEW
MAY 24 JOHN CAFFERTY LIVE
& EDDIE & THE CRUISERS FILM

TOWER

2023-24 SEASON
TOWER MEMBERS PREVIEW
TUES MAY 23 7 PM

10

SOURCES, CITATIONS & METHÓDOLOGY

SECTION 02: MARKET DRIVERS

Figure 1. Produce Price Index by Commodity, Final Demand – Less Foods and Energy. Federal Reserve Bank of St. Louis. Table PPOCOR

Figure 2. Consumer Price Index. Bureau of Labor Statistics. Series ID: CUUR0000SAO, CUURN400SA0 Citation No. 1. There is no specific measure for inflation for the city of Bend. Bend falls under the CPI-U West - Size Class B/C (a city with a population under 2.5 million).

Citation 1. There is no inflation rate specifically for Bend. Bend falls under CPI-U West – Size Class B/C (a city with a population of 2.5 million or less).

Citation 2. Descartes Systems Group, Container Import Breakdown

SECTION 03. BEND'S ECONOMY

Citation 3. Implan (97701, 97702, 97703)

Citation 4. Implan (97701, 97702, 97703); Bend MSA

Table 1. Implan (97701, 97702, 97703); Bureau of Labor Statistics, Federal Reserve Bank of St. Louis. Table NGMP13460, ORNGSP, GDP

Citation 5. Implan (97701, 97702, 97703); Bend MSA

Table 2. Household Industry Demand, Implan, 97701, 97702, 97703

Table 3. Exports, 2023. Implan. 97701, 97702, 97703; Imports, 2023, Implan. 97701, 97702, 97703

Figure 3. Exports, 2023. Implan. 97701, 97702, 97703; Imports, 2023, Implan. 97701, 97702, 97703

SECTION 04. LABOR MARKET

Citation 6. Quarterly Census of Employment and Wages, Oregon Employment Department.

Citation 7. Quarterly Census of Employment Wages, Bureau of Labor Statistics

Table 4. United States Bureau of Labor Statistics; Oregon Employment Department; Lightcast

Citation 8. Quarterly Census of Employment and Wages, Oregon Employment Department

Figure 4. Quarterly Census of Employment and Wages, Oregon Employment Department; City of Bend

Citation 9. Employment Status. ACS 5-Year Estimates. United States Census Bureau. Table S2301

Citation 10. Employment Status. ACS 5-Year Estimates. United States Census Bureau. Table S2301

Table 5. Labor Force Participation Rate. Employment Status. ACS 5-Year Estimates. United States Census Bureau. Table S2301

Citation 11. Quarterly Census of Employment Wages, Bureau of Labor Statistics

Figure 5. Local Area Unemployment Statistics. Bureau of Labor Statistics. Series ID: LASST41000000000003, LAUMT411346000000003, LNS14000000

Citation 12. Consumer Price Index, Mountain Division, Bureau of Labor Statistics

Citation 13. Quarterly Census of Employment Wages, Oregon Employment Department

Citation 14. Wages adjusted for inflation.

SECTION 05. INCOME INEQUALITY

Citation 15. Inequality.org

Figure 6. Shares of Aggregate Household Income by Quintile. ACS 5-Year Estimates. United States Census Bureau. Table: B19082

Figure 7. Gini Index. ACS 5-Year Estimates. United States Census Bureau. Table: B19083

Figure 8. Shares of Aggregate Household Income by Quintile. ACS 5-Year Estimates. United States Census Bureau. Table: B19082

SECTION 06. INVESTMENTS, BUSINESS FORMATION, AND ENTREPRENEURSHIP

Figure 9. Development Tracker. Completed Permits. City of Bend

Citation 16. The U.S. Census Bureau defines high-propensity businesses as those that have a higher likelihood of becoming businesses with employees and payroll capabilities

Citation 17. The City of Bend will conduct an employment land analysis (EOA) as a part of an update to the Growth Management Plan.

Citation 18. Establishments are based on unemployment identification numbers through the Oregon Employment Department.

Figure 11. Quarterly Census of Employment and Wages, Oregon Employment Department; City of Bend

Methodology: Quarterly Census of Employment Wages for the Oregon Employment Department. Isolate all entries by UI Number. Remove all duplicate UI numbers. USE VLOOKUP formula to identify new businesses from year to year. This establishes business formation. USE VLOOKUP formula to identify non-existing businesses from prior year. This establishes business exits. Disclaimer: Businesses may open and close within one year. All entries per year do not indicate active businesses.

Citation 19. Quarterly Census of Employment and Wages, Oregon Employment Department; City of Bend

Citation 20. Quarterly Census of Employment and Wages, Oregon Employment Department; City of Bend

Citation 21. Minority is a classification by the United States Census Bureau as racial demographics other than White.

Citation 22. Annual Business Survey: Statistics for Employer Firms, 2022. United States Census Bureau. Tables: AB00MYCSA01A, ABO0MYCSA01C, DP05

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Citation 23. Lightcast

Citation 24. Quarterly Census of Employment Wages, Oregon Employment Department

Citation 25. Quarterly Census of Employment Wages, Oregon Employment Department

Figure 12. City of Bend, Oregon Employment Department

Citation 26. Estimated Quarterly U.S. Retail Sales, United States Census

Figure 13. Estimated Quarterly U.S. Retail Sales, United States Census

Citation 27. FDIC Share of Inside Market Bank Deposits for Zipcodes 97701, 97702, 97703

Figure 14. Visit Bend

Citation 28. CoStar

Citation 29. CoStar

Map 1. City of Bend, CoStar; **Map 2.** City of Bend, CoStar

Citation 30. CoStar

Figure 15. Retail Leasing Activity and Quarterly Leasing Activity Growth, CoStar

SECTION 08. REMOTE WORK AND COMMERCIAL SPACE

Figure 16. Means of Transportation to Work. ACS 1-Year Estimates. United States Census Bureau. Table B08105

Figure 17. CoStar

Citation 31. CoStar

Citation 32. CoStar

Figure 18. CoStar

Table 7. CoStar

SECTION 09. DEMOGRAPHIC DRIVERS

Citation 33. 2024 Annual Population Report Table. Portland State University Population Research Center

Figure 19. Population. ACS 5-Year Estimates, United States Census. Table DP05; Population Projection, 2024 Annual Population Report Table. Portland State University

Figure 20. Demographic and Housing Estimates. 2010- 2019 Five-Year Estimates. American Community Survey. United States Census Bureau; Oregon Residents Birth by County, Oregon Health Authority; Oregon Residents Deaths by Zip Code 99701, 99702, 99703, Oregon Health Authority.

Methodology. The City of Bend utilized historical population estimates utilizing the data from the United States Census Bureau and applied a proportional rate to the appropriate deaths and births utilizing data from the Oregon Employment Health Department.

Citation 34. County-to-County Migration Flows 2016-2020, American Community Survey, United States Census Bureau. City of Bend

Citation 35. American Community Survey. 1-Year Estimates. United State Census Bureau. Table C05002

Map 3. County-to-County Migration Flows 2016-2020, American Community Survey, United States Census Bureau. City of Bend

Citation 36. American Community Survey. 5-Year Estimates. United States Census Bureau. Table DP05

Figure 21. American Community Survey, 5-Year Estimates. United States Census Bureau. Tables: DP05

Citation 37. American Community Survey. 5-Year Estimates. United States Census Bureau. Table DP05

Figure 38. American Community Survey, 5-Year Estimates. United States Census Bureau. Tables: DP05

Table 8. Household Type. 2019, 2023 5-Year Estimates. American Community Survey. United States Census Bureau. Tables: B09020, B11001, B11003, S1101

Figure 23. Median Household Income by Tenure. ACS 5-Year Estimates. United States Census Bureau. Table B251189

Figure 24. Tenure by Household Income. ACS 5-Year Estimates. United States Census Bureau. Table B25118

Citation 39. Median Household Income in the Past 12 Months. ACS 5-Year Estimates. Table B19019

Acknowledgments

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The State of the Economy is an internally produced report. The information presented is based on the most recent data available and accessible to the City of Bend. Data sets provided or referenced herein are intended for informational and educational purposes only. While efforts have been made to ensure accuracy and completeness, data sets are based on samples and are subject to sampling and non-sampling variability.

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