

**Rogue Valley Economic Report**  
**Southern Oregon Regional Economic Development, Inc.**

**Third Quarter 2025 Economic Report (Period Ending September 30, 2025)**

**Regional Overview**

The Rogue Valley economy, comprising Jackson and Josephine counties, continues to demonstrate steady and broad-based momentum as the third quarter concludes. Key drivers include healthcare, advanced manufacturing, construction, logistics, and a resilient visitor economy. Business sentiment has improved, supported by consistent consumer services activity and ongoing retrofit projects. However, certain sectors face cost pressures and labor constraints that warrant attention.

**Jackson County**

Economic activity in Jackson County reflects strength across healthcare, construction, and manufacturing. Healthcare providers and specialty clinics are investing in facility upgrades and equipment, creating opportunities for lenders in medical real estate and equipment financing. Construction remains active in light-industrial and retrofit projects, although rising insurance premiums and utility costs are beginning to weigh on margins. Advanced manufacturers report improved parts availability and selective expansion of production capacity, yet some firms note caution on long-term capital commitments due to uncertainty in energy pricing. Visitor spending tied to wine, outdoor recreation, and cultural events has stabilized, but hospitality operators continue to face wage retention challenges.

**Josephine County**

Josephine County shows positive momentum in manufacturing and tourism, with Grants Pass attracting investment in light industrial and craft production. Suppliers serving building trades report steady backlogs, presenting opportunities for working capital and equipment financing. Tourism and outdoor recreation remain important contributors to local business activity, supporting lodging and food services. However, smaller operators report pressure from rising labor costs and limited housing availability for seasonal workers. Business owners are increasingly diversifying revenue streams through e-commerce and contract manufacturing, which helps mitigate seasonality but requires upfront investment in technology and logistics.

**Sector Analysis**

- **Healthcare and Life Sciences:** Growth remains stable, with ongoing recruitment for nurses, technicians, and allied health roles. Clinic expansions sustain demand for financing, though wage inflation and staffing shortages remain structural risks.
- **Manufacturing:** Producers in advanced metals, wood products innovation, food and beverage, and outdoor gear report stronger order books compared to last year. Opportunities exist in automation and energy efficiency upgrades, while exposure to commodity price volatility and freight costs could temper margins.
- **Construction and Real Estate:** Activity is solid in repair, retrofit, and light-industrial development. Housing supply constraints persist, maintaining demand for trades, but higher borrowing costs and insurance premiums are emerging headwinds.

- **Logistics and Distribution:** Carriers and third-party logistics providers benefit from regional connectivity, with gradual fleet refresh and facility optimization initiatives. Fuel cost volatility and driver shortages remain key risks.
- **Hospitality and Tourism:** Visitor traffic remains steady, supported by wine tourism and outdoor amenities. Operators focus on year-round programming to stabilize cash flow, yet labor availability and rising input costs challenge profitability.

### **Workforce Trends**

Labor markets remain tight but show improved balance compared to 2023 and 2024. Employers report stronger applicant flow for entry- to mid-skill roles, although shortages persist in skilled trades, commercial driving, healthcare, and advanced machining. Apprenticeships and short-cycle certifications through local training partners are expanding. Employers increasingly rely on retention incentives rather than broad wage adjustments. Demographic trends include an aging workforce and continued in-migration of working-age households, which influences housing and childcare demand.

### **Credit Conditions**

Portfolio risk remains most sensitive to wage pressures, lease escalations, and insurance costs. Working capital facilities tied to inventory and receivables are performing, with modest extension requests where seasonality intersects with elongated pay cycles. New originations are concentrated in equipment financing for automation and energy-efficiency upgrades in manufacturing, SBA and conventional loans for clinic build-outs and medical equipment, construction and permanent loans for small-bay industrial and essential retail, and bridge or mini-perm structures for owner-occupied real estate.

### **Outlook**

Baseline expectations call for moderate growth over the next six to twelve months. Opportunities include continued investment in healthcare infrastructure, automation in manufacturing, and industrial retrofit projects. Risks include housing affordability constraints, insurance and utility cost escalation, and selective labor shortages in high-skill roles. Overall, the Rogue Valley enters 2026 with diversified economic drivers, but cost pressures and workforce challenges require close monitoring.