



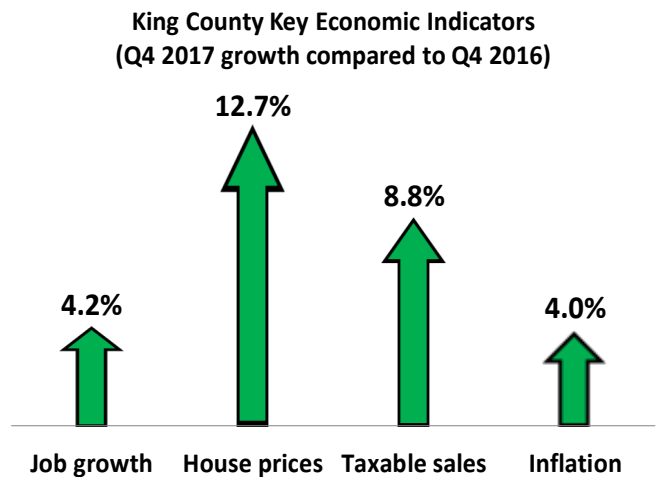
ECONPULSE

A QUARTERLY LOOK AT THE KING COUNTY ECONOMY
KING COUNTY OFFICE OF ECONOMIC AND FINANCIAL ANALYSIS

FOURTH QUARTER 2017

SUMMARY

- King County employment growth increased to 4.2% in the fourth quarter of 2017 relative to 2016, with strong growth in information, construction, leisure, and trade, transportation, and utilities jobs.
- Home prices increased by 12.7% compared with the fourth quarter of 2016.
- Taxable sales growth increased, rising 8.8% in October and November.
- Inflation increased to 4% in December..



DETAIL

King County employment increased in all sectors in the fourth quarter, except for another small loss in nursing and residential care jobs, and a slight decline in manufacturing jobs. The trade, transportation, and utilities sector added 15,300 jobs in the fourth quarter, while information and construction added 6,900 and 5,300 jobs, respectively. Based on online job listings, the employers with the greatest number of open jobs include Amazon, the University of Washington, and Microsoft for the period between September and December 2017. Software developers continue to be the most in demand position in King County in the fourth quarter.

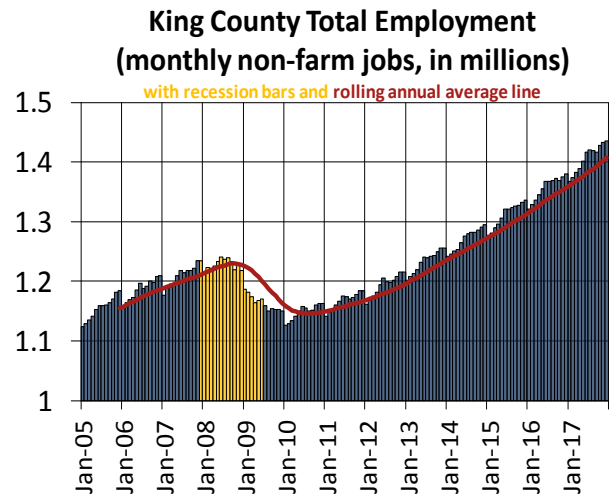


Fig. 1 Non-Farm Employment in King County (Source: WA ESD)

The unemployment rate for King County decreased to 3.6% in December. Initial claims for unemployment insurance remain near historical lows, at 4,883 new claims in the month of December.

DETAIL (CONT.)

Seattle House Prices
(Case Shiller index, Jan-2000=100)
with recession bars and rolling annual average line

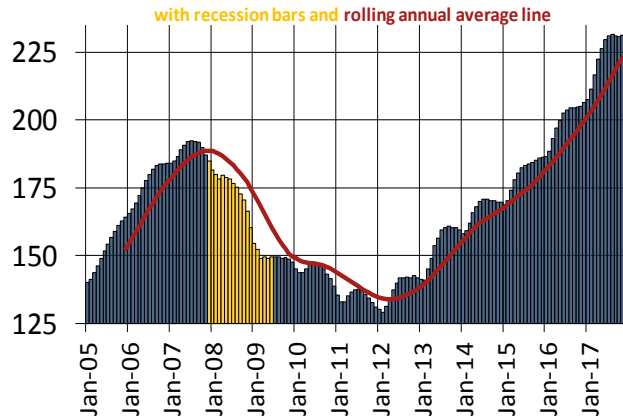


Fig. 2 Seattle Case-Shiller Index (Source: S&P)

Home prices in the Seattle area increased faster than anywhere else in the country yet again in the fourth quarter, increasing 12.7%. The average sales price for a home in King County was \$684,989 in the fourth quarter

The number of new single- and multi-family permits increased significantly in the fourth quarter relative to a year prior. The cost of construction for multi-family housing had another large jump, increasing 43.3% over the fourth quarter of 2017.

King County Residential Permit Values
(new, privately-owned, in millions \$)
with recession bars and rolling annual average line

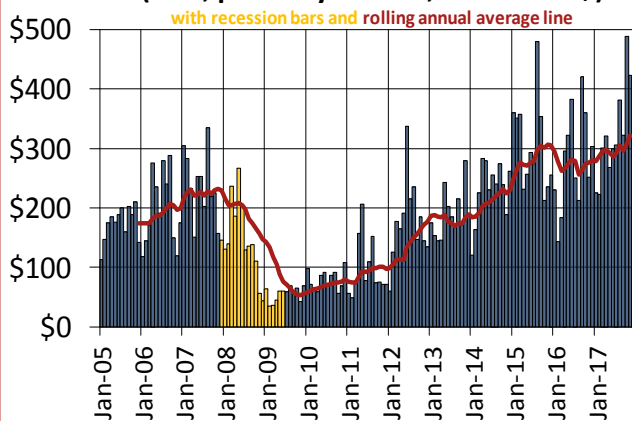


Fig. 3 Value of King County Residential Permits (Source: U.S. Census Bureau)

Taxable retail sales growth increased again, up 8.8% in October and November, driven by strong activity in construction and retail.

Taxable Sales Growth
(annual average of top four sectors)

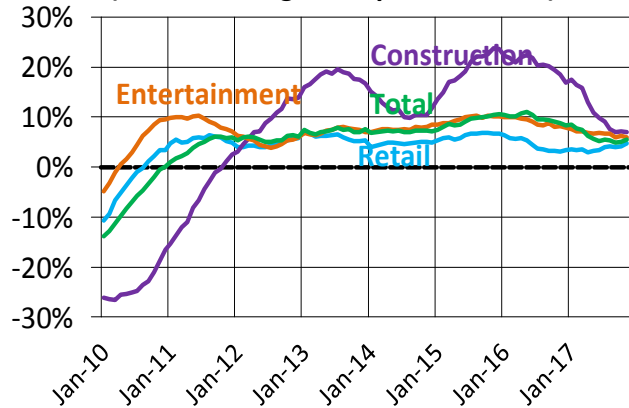


Fig. 4 Taxable Sales Growth in King County (12 month avg) (Source: WA DOR)

Inflation rose 4.0% in December, as measured by the CPI-W for Seattle, compared to US inflation of 2.2%. Both local and national inflation were driven largely by increases in shelter costs.

Seattle Inflation
(CPI-W, annually adjusted)
with recession bars and rolling annual average line

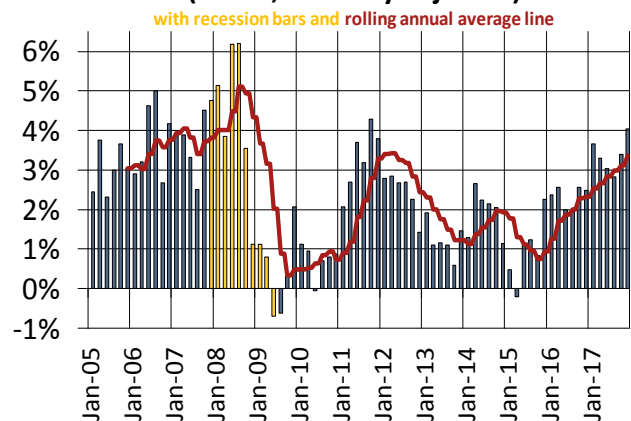


Fig. 5 Seattle Consumer Price Index (Source: BLS)

THE NUMBERS

King County Employment (in thousands)

NAICS Industry	2017:4Q	2016:4Q	Absolute change	% Change
Total Nonfarm	1,432.1	1,374.7	57.4	4.2%
Total Private	1,244.0	1,193.4	50.6	4.2%
Goods Producing	181.7	176.9	4.8	2.7%
Construction	78.2	72.9	5.3	7.3%
Manufacturing	102.9	103.5	-0.5	-0.5%
Service Providing	1,250.4	1,197.8	52.6	4.4%
Trade, Transportation, and Utilities	277.3	262.1	15.3	5.8%
Information	105.1	98.2	6.9	7.1%
Financial Activities	72.6	71.3	1.3	1.9%
Professional and Business Services	232.2	224.0	8.1	3.6%
Educational and Health Services	181.3	177.2	4.1	2.3%
Educational Services	31.1	28.3	2.8	9.8%
Ambulatory Health Care Services	59.1	58.2	0.9	1.5%
Hospitals	29.9	29.7	0.2	0.7%
Nursing and Residential Care Facilities	20.2	21.1	-0.9	-4.3%
Social Assistance	40.9	39.8	1.1	2.8%
Leisure and Hospitality	143.8	135.5	8.3	6.1%
Arts, Entertainment, and Recreation	28.3	24.5	3.8	15.5%
Accommodation	14.5	14.0	0.4	3.1%
Food Services and Drinking Places	101.0	97.0	4.0	4.1%
Other Services	50.0	48.3	1.7	3.5%
Government	188.1	181.3	6.8	3.8%

Other King County Economic Indicators

	2017:Q4	2016:Q4	% Change
Real Estate			
Single Family Permits (No. of units)	948	848	11.8%
Single Family Permits (\$000)	\$ 360,537	\$ 327,208	10.2%
Multi-Family Permits (No. of units)	5,001	4,516	10.7%
Multi-Family Permits (\$000)	\$ 841,976	\$ 587,744	43.3%
Avg. sales price (NW Multiple Listing Service)	\$ 684,989	\$ 601,656	13.9%
Number of sales (NW Multiple Listing Service)	8,676	8,884	-2.3%
Taxable Retail Sales (\$B, October-November)	\$ 10.78	\$ 9.91	8.8%
Retail/Wholesale	\$ 4.44	\$ 4.09	8.5%
Construction/Real Estate	\$ 3.16	\$ 2.84	11.4%
Food Service, Accommodation, Entertainment	\$ 1.71	\$ 1.60	6.5%
Other	\$ 1.47	\$ 1.38	6.7%
Inflation (December)			
CPI-W (Seattle-Tacoma-Bremerton)	262.49	252.29	4.0%

FOCUS: KING COUNTY EMPLOYMENT GROWTH

Total employment in King County grew 3.7% in 2017 based on preliminary data available for December. 2017 marks the seventh straight year of growth, which matches the length of the last long stretch of sustained employment growth, a period from 1994 to 2000.

Nearly all sectors grew in 2017, with information experiencing the largest percentage growth at 7.6% as seen in Figure 7. Retail added the highest number of jobs, adding 10,283 jobs in 2017. On the other end of the spectrum, the finance sector grew only very slightly and manufacturing jobs shrank 1.7%, representing a loss of 1,825 jobs in 2017.

Employment growth in 2017 represented a change from the patterns that had emerged in King County post-recession. As seen in Figure 8 plotting the fastest and slowest growing sectors, retail and construction have experienced the fastest growth since the depths of the recession in 2009. Information, not shown in the graph, grew slightly slower than professional and business services overall. Financial services have long been mired in the slow or negative growth category, but only recently has manufacturing employment growth turned negative after a few years' recovery.

Significantly, in 2017, the total number of information jobs in King County exceeded the number of manufacturing jobs for the first time. As seen in Figure 9 on the following page, manufacturing jobs experienced a precipitous decline in the early 2000s and a less-severe decline during the recession, with only moderate recoveries.

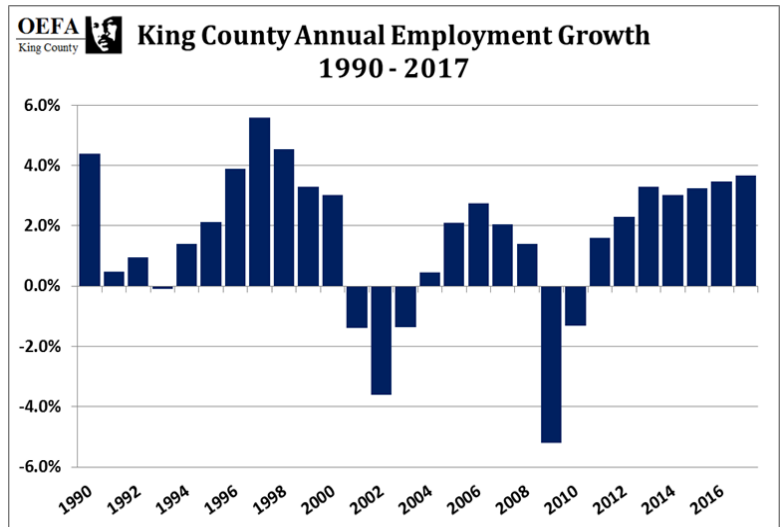


Fig. 6 KC Employment Growth (Source: WA ESD)

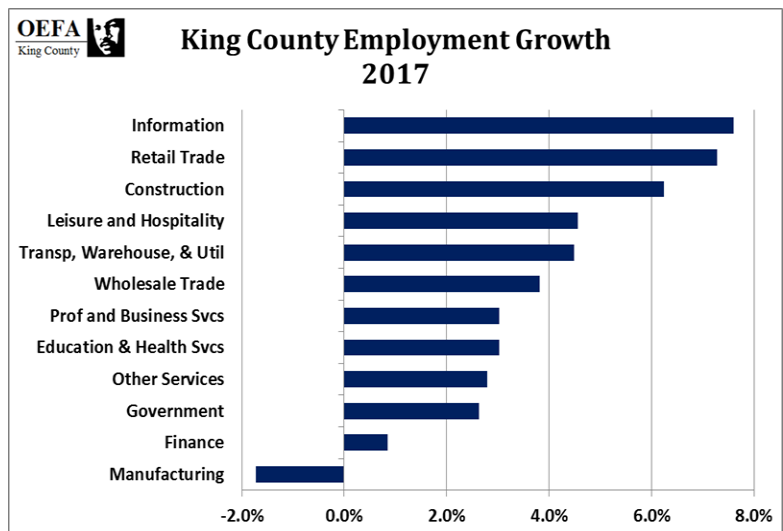


Fig. 7 KC Employment Growth (Source: WA ESD)

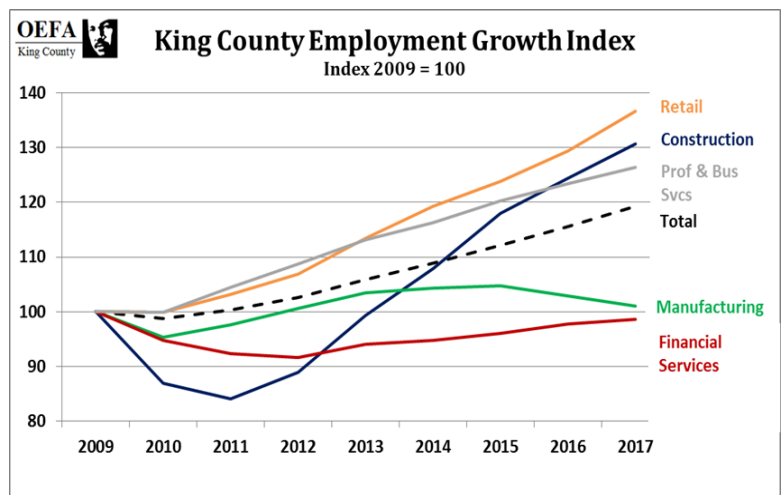


Fig. 8 KC Employment Growth Index (Source: WA ESD)

FOCUS: KING COUNTY EMPLOYMENT GROWTH (CONT.)

Meanwhile, information jobs have experienced mostly steady growth, with 2017 marking the point in the King County economy that those working in information outnumber those in manufacturing. In January 2000, manufacturing accounted for about 12% of the total jobs in King County, while information comprised 5.6%. In December 2017, each sector accounts for about 7% of total jobs.

The changing composition of employment in King County impacts its demographic measures as well. The declining availability of higher paying jobs with lower educational requirements, such as those in manufacturing, has coincided with a shift in the educational attainment of King County residents. In a classic chicken-and-egg scenario, we see that King County residents have become more educated (Figure 10) as the number of jobs in sectors typically associated with high educational attainment has grown rapidly.

Additionally, King County has added high paying, high education jobs at an increasingly fast pace, which is likely a major factor in why the average household income has grown faster than that of its peer counties, rising 57% between 2000 and 2016 (from \$68,908 to \$108,222). Median household income grew faster than all but New York County's over the same time period and King County now boasts the highest median household income among its ten peer counties, at \$78,800 as of 2016.

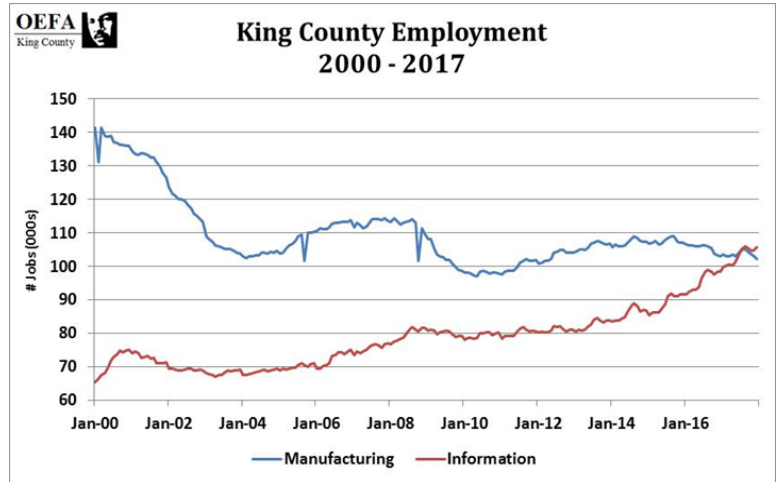


Fig. 9 King County Employment (Source: WA ESD)

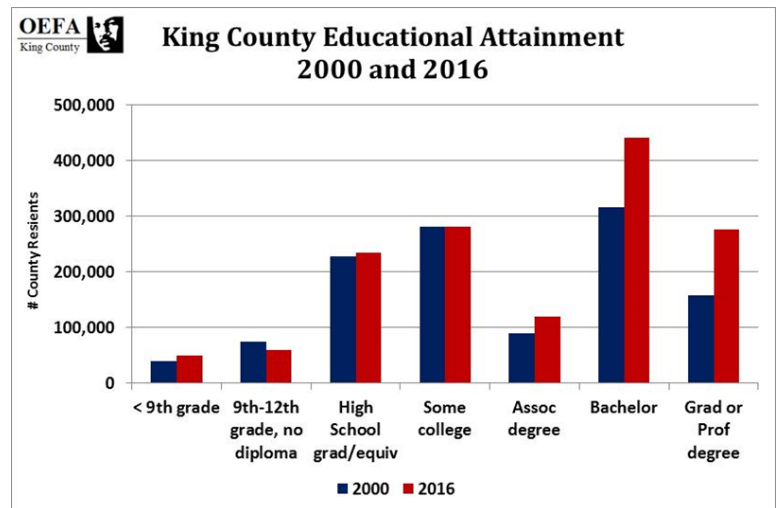


Fig. 10 KC Educational Attainment (Source: US Census Bureau)

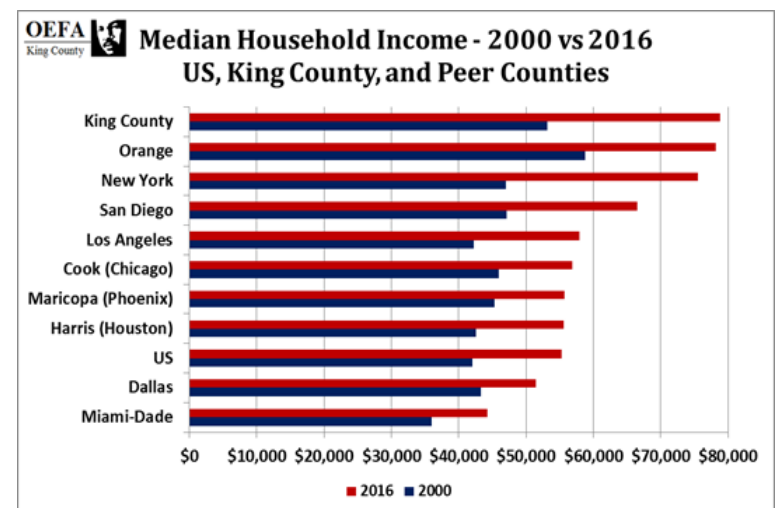


Fig. 11 Median Household Income (Source: US Census Bureau)

The Office of Economic and Financial Analysis operates as an independent agency of King County, and provides economic and financial analysis and forecasting to support county operations and planning and the people of King County.

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