



## September 2025 Preliminary Economic Forecast

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This forecast is based on a modified version of S&P Global Market Intelligence's August 2025 control forecast for the U.S. economy. We have adjusted real gross domestic product (GDP) to be consistent with the Blue Chip "Consensus" GDP forecast for 2025 and 2026. We expect real GDP to increase 1.6% in 2025 and 1.5% in 2026. The June forecast assumed 1.4% growth in 2025 and 2026. Our forecast for real GDP growth in 2027-29 is based on the most recent long-term forecast from Blue Chip which was released in March 2025. We expect growth rates of 2.0%, 2.0%, and 1.9% in 2027 through 2029, unchanged from the previous forecast.

Our oil price forecast reflects the futures markets for the Brent (North Sea) oil price and West Texas Intermediate (WTI) benchmarks. This forecast was based on the Thursday, August 14, 2025 closing prices for Brent and WTI futures. Oil prices are slightly higher this year compared to the June forecast, but largely unchanged thereafter. The latest futures prices indicate that the refiner acquisition price of crude oil will average \$65 per barrel in the third quarter of 2025, up from \$63 per barrel in the previous forecast. Oil prices are expected to decline slightly throughout the forecast after reaching a trough of \$61 in the first quarter of 2027. By the fourth quarter of 2029 the refiner acquisition price of crude is expected to average \$62 per barrel, unchanged from the June forecast.

A comparison of the preliminary September U.S. forecast with the June U.S. forecast is shown in Table 2.

Washington job growth has been stronger than expected in the two months since the June forecast, although historical revisions have lowered the level of employment. Total seasonally adjusted nonfarm payroll employment increased 4,800 in June and July, which was 2,900 more than the increase of 1,900 expected in the forecast. The manufacturing sector added 1,600 jobs while construction employment declined by 800 jobs. Private services-providing sectors added 2,700 jobs over the two-month period. Employment in the transportation and warehousing sector led the increase in services, gaining 3,200 jobs. Administrative and support services had the largest decline with a loss of 2,200 jobs in June and July. Government employment increased by 1,400 jobs. Native American government employment declined 1,200 while federal, state, and other local government employment was positive. Large downward revisions to historical data, combined with stronger than expected job growth, have resulted in the level of employment being 7,300 (0.2%) lower than expected in the June forecast.

Washington's unemployment rate has been slowly trending up since the beginning of the year. The unemployment rate remained at 4.5% in July from the month before and is up from a recent trough of 4.3% in January. July labor force participation was 62.2%, down slightly from 62.3% in June. Labor force participation is down from the recent peak of 64.2% in May 2023.

The preliminary September forecast expects the Washington unemployment rate to increase from 4.5% this year to 4.9% in 2026 and 2027. The forecast then calls for the unemployment rate to trend down and reach 4.5% in 2029.

In June, after the forecast was complete, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released state personal income estimates for the first quarter of 2025. Washington personal income increased from \$681.7 billion (SAAR) in the fourth quarter of 2024 to \$687.2 (SAAR) billion in the first quarter of 2025. The 3.2% increase (SAAR) in Washington personal income was the lowest among the states and trailed the 6.7% (SAAR) rate of increase for the U.S. as a whole. Growth in Washington net earnings trailed the U.S. in the first quarter, with Washington net earnings increasing 0.1% (SAAR) compared to 5.0% (SAAR) for the nation. Growth in dividends, interest, and rent was the same in both Washington and the nation, increasing 5.6% (SAAR). Growth in transfer payments in Washington exceeded the U.S. Washington transfer payments grew 14.0% (SAAR) compared to 13.6% (SAAR) for the U.S. The increase in transfer receipts in the first quarter of 2025 reflected a 2.5% cost-of-living adjustment for social security recipients along with an increase in Affordable Care Act premium tax credits.

Washington housing construction picked up in the second quarter of 2025. The number of housing units authorized by building permits increased to 35,200 (SAAR) in the second quarter from 32,500 in the first quarter. Single family permits in the second quarter declined slightly to 17,900 (SAAR) from 18,000 (SAAR) in the first quarter. Multi-family permits increased to 17,300 (SAAR) in the second quarter from 14,500 (SAAR) the prior quarter. The June forecast expected 34,700 units (SAAR) in the second quarter, consisting of 19,000 single-family units and 15,700 multi-family units. The preliminary September forecast expects an average of 38,300 new housing units per year from 2025 through 2029, up slightly from the 38,200 units expected in the previous forecast.

We expect a 0.3% increase in Washington employment this year, down from 0.5% in the June forecast. We expect slow growth during the remainder of the forecast as the U.S economy slows. The forecast calls for Washington employment growth to average 0.7% per year in 2025 through 2029, unchanged from the previous forecast. Our forecast for nominal personal income growth this year is 5.2%, unchanged from the June forecast. The forecast for nominal personal income growth in 2025 through 2029 averages 5.3% per year, also unchanged from the previous forecast.

A comparison of the preliminary September Washington forecast with the June Washington forecast is shown in Table 3.

Table 1  
**U.S. Economic Forecast Comparison**  
August 2025

	2025Q3	2025Q4	2026Q1	2026Q2	2025	2026	2027	2028	2029
<b>Real GDP, Percent Change, Annual Rate</b>									
ERFC	0.6	0.7	1.4	1.9	1.6	1.5	2.0	2.0	1.9
S&P Global	1.1	1.9	2.9	3.0	1.7	2.4	1.7	1.6	1.7
Economy.com	1.1	1.0	1.3	1.5	1.6	1.4			
Blue Chip Average*	0.9	0.8	1.4	1.8	1.6	1.5	2.0	2.0	1.9
Blue Chip Top 10*	1.8	1.8	2.3	2.6	1.8	2.1	2.4	2.3	2.1
Blue Chip Bottom 10*	-0.2	-0.8	0.2	0.8	1.2	0.7	1.7	1.8	1.8
<b>Real Consumption, Percent Change, Annual Rate</b>									
ERFC	0.9	0.8	1.2	1.7	1.9	1.4	2.1	2.1	2.0
S&P Global	1.0	0.8	2.4	2.1	1.9	1.7	2.1	2.4	2.4
Economy.com	0.3	0.6	1.2	1.2	1.8	1.0			
Blue Chip Average*	0.8	0.8	1.3	1.7	1.9	1.4	2.1	2.1	2.0
Blue Chip Top 10*	1.4	1.6	2.1	2.5	2.1	1.8	2.4	2.3	2.2
Blue Chip Bottom 10*	0.2	-0.4	0.0	0.7	1.8	0.6	1.8	1.8	1.9
<b>Federal Funds Rate</b>									
ERFC	4.4	4.3	3.9	3.6	4.3	3.5	2.9	2.9	3.1
S&P Global	4.4	4.3	3.9	3.6	4.3	3.5	2.9	2.9	3.1
Economy.com	4.3	4.0	3.8	3.5	4.2	3.4			
<b>Three Month T-Bill Rate</b>									
ERFC	4.3	4.2	3.8	3.4	4.2	3.3	2.7	2.7	2.8
S&P Global	4.3	4.2	3.8	3.4	4.2	3.3	2.7	2.7	2.8
Blue Chip Average*	4.2	4.0	3.8	3.6	4.2	3.5	3.3	3.1	3.1
Blue Chip Top 10*	4.4	4.3	4.1	4.0	4.3	3.9	3.8	3.5	3.4
Blue Chip Bottom 10*	4.0	3.7	3.4	3.2	4.1	3.1	2.8	2.8	2.7
<b>10-Yr. T-Note Yield</b>									
ERFC	4.4	4.3	4.2	4.1	4.4	4.1	4.0	4.0	4.1
S&P Global	4.4	4.3	4.1	4.0	4.4	4.0	3.9	3.9	4.0
Economy.com	4.3	4.2	4.2	4.2	4.3	4.2			
Blue Chip Average*	4.3	4.3	4.2	4.2	4.3	4.1	4.0	3.9	3.8
Blue Chip Top 10*	4.5	4.5	4.5	4.5	4.4	4.5	4.5	4.4	4.2
Blue Chip Bottom 10*	4.2	4.0	3.9	3.8	4.2	3.8	3.5	3.5	3.5
<b>Consumer Price Index, Percent Change, Year-over-Year</b>									
ERFC	3.2	3.2	3.0	3.0	2.9	2.7	2.4	2.3	2.2
S&P Global	3.0	2.9	2.7	2.9	2.8	2.6	2.5	2.3	2.2
Economy.com	3.0	3.1	3.0	3.4	2.8	3.2			
Blue Chip Average*	3.0	3.0	2.8	3.1	2.8	2.8	2.5	2.3	2.2
Blue Chip Top 10*	3.1	3.6	3.6	4.0	3.1	3.5	2.9	2.4	2.4
Blue Chip Bottom 10*	2.8	2.6	2.2	2.3	2.7	2.4	2.1	2.1	2.0
<b>Payroll Employment, Millions</b>									
ERFC	159.6	159.7	159.8	160.0	159.5	160.0	160.5	161.1	161.8
Percent Change, Annual Rate	0.4	0.3	0.3	0.3	1.0	0.3	0.3	0.3	0.4
S&P Global	159.6	159.7	160.0	160.2	159.5	160.3	161.0	161.3	161.9
Percent Change, Annual Rate	0.4	0.3	0.7	0.6	1.0	0.5	0.4	0.2	0.3
Economy.com	159.7	159.8	159.9	159.9	159.5	160.0			
Percent Change, Annual Rate	0.5	0.3	0.2	0.2	1.0	0.3			
<b>Unemployment Rate, Percent</b>									
ERFC	4.3	4.4	4.5	4.6	4.2	4.6	4.7	4.6	4.4
S&P Global	4.3	4.4	4.4	4.5	4.2	4.5	4.5	4.5	4.4
Economy.com	4.3	4.4	4.5	4.6	4.2	4.6			
Blue Chip Average*	4.3	4.5	4.6	4.6	4.3	4.6	4.2	4.1	4.0
Blue Chip Top 10*	4.4	4.7	4.9	5.0	4.4	5.0	4.4	4.2	4.2
Blue Chip Bottom 10*	4.2	4.3	4.4	4.3	4.2	4.2	3.9	3.9	3.9
<b>Real Disposable Personal Income, Percent Change, Annual Rate</b>									
ERFC	-1.9	-0.1	7.9	3.0	1.5	3.0	3.1	2.8	2.4
S&P Global	-1.3	0.4	8.4	3.4	1.6	3.3	2.9	2.6	2.4
Blue Chip Average*	0.0	0.6	2.5	2.0	1.7	1.7	2.2	2.1	2.1
Blue Chip Top 10*	1.6	1.7	5.9	3.5	2.1	2.8	2.7	2.4	2.3
Blue Chip Bottom 10*	-1.4	-0.9	0.5	0.7	1.3	0.8	1.7	1.9	1.9
<b>West Texas Intermediate</b>									
ERFC	65.7	62.5	61.7	61.6	66.1	61.6	61.5	61.9	62.2
S&P Global	64.2	55.4	51.6	53.2	64.0	52.2	64.1	68.8	72.1
Economy.com	63.3	64.2	63.5	63.1	66.0	63.0			

\* Forecasts beyond 2026 are from the March 2025 Blue Chip Economic Indicators

Table 2

**U.S. Forecast Comparison**

	2025Q3	2025Q4	2026Q1	2026Q2
<b>Real GDP (Billions of 2017 Dollars)</b>				
September Forecast, Preliminary	23,720	23,760	23,845	23,959
Percent Change	0.6%	0.7%	1.4%	1.9%
June Forecast	23,667	23,712	23,790	23,894
Percent Change	0.5%	0.8%	1.3%	1.8%
<b>Real Consumption (Billions of 2017 Dollars)</b>				
September Forecast, Preliminary	16,389	16,423	16,473	16,543
Percent Change	0.9%	0.8%	1.2%	1.7%
June Forecast	16,410	16,442	16,502	16,572
Percent Change	0.5%	0.8%	1.5%	1.7%
<b>PCE Price Index (2017=100)</b>				
September Forecast, Preliminary	127.8	129.2	130.1	130.8
Percent Change	5.1%	4.2%	3.0%	2.3%
June Forecast	128.0	128.9	129.7	130.4
Percent Change	4.9%	2.7%	2.5%	2.2%
<b>Real Personal Income (Billions of 2017 Dollars)</b>				
September Forecast, Preliminary	20,340	20,324	20,528	20,663
Percent Change	-1.6%	-0.3%	4.1%	2.6%
June Forecast	20,396	20,437	20,585	20,720
Percent Change	-1.2%	0.8%	2.9%	2.7%
<b>Nonfarm Payroll Employment (Millions)</b>				
September Forecast, Preliminary	159.6	159.7	159.8	160.0
Percent Change	0.4%	0.3%	0.3%	0.3%
June Forecast	159.8	159.9	159.9	160.0
Percent Change	0.4%	0.2%	0.2%	0.2%
<b>Unemployment Rate (Percent of Labor Force)</b>				
September Forecast, Preliminary	4.3	4.4	4.5	4.6
June Forecast	4.3	4.4	4.6	4.7
<b>Oil Price, Refiner's Acquisition</b>				
September Forecast, Preliminary	64.8	62.3	61.4	61.3
June Forecast	63.1	61.4	61.0	61.1
<b>30 Year Fixed Mortgage Rate (Percent, average)</b>				
September Forecast, Preliminary	6.7	6.6	6.5	6.3
June Forecast	6.7	6.5	6.4	6.3
<b>3 Month T-Bill Rate (Percent, average)</b>				
September Forecast, Preliminary	4.3	4.2	3.8	3.4
June Forecast	4.2	4.1	3.7	3.4

2024	2025	2026	2027	2028	2029
23,305	23,669	24,027	24,507	24,997	25,472
2.8%	1.6%	1.5%	2.0%	2.0%	1.9%
23,305	23,637	23,964	24,443	24,932	25,406
2.8%	1.4%	1.4%	2.0%	2.0%	1.9%
16,053	16,363	16,585	16,933	17,289	17,634
2.8%	1.9%	1.4%	2.1%	2.1%	2.0%
16,053	16,391	16,613	16,962	17,318	17,665
2.8%	2.1%	1.4%	2.1%	2.1%	2.0%
123.5	127.2	131.2	133.8	136.4	139.0
2.5%	3.0%	3.1%	2.0%	1.9%	1.9%
123.5	127.2	130.6	133.0	135.3	137.7
2.5%	3.0%	2.7%	1.8%	1.7%	1.8%
19,974	20,337	20,725	21,362	21,993	22,591
2.8%	1.8%	1.9%	3.1%	3.0%	2.7%
19,974	20,392	20,788	21,457	22,131	22,775
2.8%	2.1%	1.9%	3.2%	3.1%	2.9%
158.0	159.5	160.0	160.5	161.1	161.8
1.3%	1.0%	0.3%	0.3%	0.3%	0.4%
158.0	159.6	160.1	160.5	161.0	161.8
1.3%	1.0%	0.3%	0.3%	0.3%	0.5%
4.0	4.2	4.6	4.7	4.6	4.4
4.0	4.3	4.7	4.7	4.6	4.3
76.6	66.9	61.3	61.3	61.8	62.3
76.6	65.0	61.2	61.6	62.1	62.4
6.7	6.7	6.3	6.0	5.9	5.8
6.7	6.7	6.2	5.9	5.8	5.7
5.0	4.2	3.3	2.7	2.7	2.8
5.0	4.2	3.3	2.6	2.7	2.8

Table 3

**Washington Forecast Comparison**

	2025Q3	2025Q4	2026Q1	2026Q2
<b>Real Personal Income (Billions of 2017 Dollars)</b>				
September Forecast, Preliminary	554.7	554.1	558.1	562.4
Percent Change	-1.6%	-0.4%	2.9%	3.1%
June Forecast	554.6	556.1	560.6	565.1
Percent Change	-0.9%	1.1%	3.3%	3.2%
<b>Personal Income (Billions of Dollars)</b>				
September Forecast, Preliminary	709.0	715.7	726.2	735.9
Percent Change	3.5%	3.8%	6.0%	5.5%
June Forecast	710.1	716.7	726.9	736.6
Percent Change	3.9%	3.8%	5.8%	5.5%
<b>Disposable Personal Income (Billions of Dollars)</b>				
September Forecast, Preliminary	620.5	626.7	643.1	652.3
Percent Change	2.9%	4.1%	10.9%	5.8%
June Forecast	622.3	628.2	646.4	655.5
Percent Change	3.7%	3.8%	12.1%	5.7%
<b>Nonfarm Payroll Employment (Thousands)</b>				
September Forecast, Preliminary	3642.1	3642.9	3644.8	3651.2
Percent Change	0.4%	0.1%	0.2%	0.7%
June Forecast	3651.1	3653.3	3656.8	3662.0
Percent Change	0.4%	0.2%	0.4%	0.6%
<b>Unemployment Rate (Percent of Labor Force)</b>				
September Forecast, Preliminary	4.5	4.6	4.8	4.8
June Forecast	4.6	4.7	4.8	4.9
<b>Manufacturing Employment (Thousands)</b>				
September Forecast, Preliminary	273.7	274.3	274.8	275.0
Percent Change	2.4%	0.8%	0.7%	0.3%
June Forecast	273.7	274.3	274.7	275.0
Percent Change	1.9%	1.0%	0.5%	0.5%
<b>Construction Employment (Thousands)</b>				
September Forecast, Preliminary	221.3	223.2	224.5	226.1
Percent Change	-1.1%	3.5%	2.3%	2.8%
June Forecast	222.5	223.8	224.8	225.9
Percent Change	0.9%	2.2%	1.8%	2.0%
<b>Housing Permits (Thousands)</b>				
September Forecast, Preliminary	37.6	36.7	36.2	36.2
Percent Change	31.1%	-9.2%	-5.3%	0.0%
June Forecast	35.7	36.1	36.5	36.8
Percent Change	11.4%	4.4%	4.5%	4.2%

2024	2025	2026	2027	2028	2029
542.8	554.2	564.4	584.0	604.5	623.8
3.4%	2.1%	1.8%	3.5%	3.5%	3.2%
543.1	554.7	567.2	587.6	609.3	629.7
3.5%	2.1%	2.2%	3.6%	3.7%	3.3%
670.3	705.0	740.4	781.5	824.4	867.1
6.0%	5.2%	5.0%	5.5%	5.5%	5.2%
670.7	705.8	741.0	781.6	824.5	867.3
6.1%	5.2%	5.0%	5.5%	5.5%	5.2%
589.6	617.6	656.6	691.8	727.7	762.7
6.0%	4.8%	6.3%	5.4%	5.2%	4.8%
589.9	618.8	659.5	696.1	732.2	768.1
6.0%	4.9%	6.6%	5.5%	5.2%	4.9%
3630	3642	3653	3676	3713	3749
1.0%	0.3%	0.3%	0.6%	1.0%	1.0%
3632	3650	3664	3685	3719	3754
1.0%	0.5%	0.4%	0.6%	0.9%	0.9%
4.5	4.5	4.9	4.9	4.7	4.5
4.5	4.5	4.9	4.9	4.7	4.4
273.9	273.8	275.0	276.0	278.0	279.4
-0.1%	0.0%	0.4%	0.4%	0.7%	0.5%
274.0	273.3	274.9	275.2	276.7	277.5
0.0%	-0.2%	0.6%	0.1%	0.5%	0.3%
223.7	222.3	226.6	231.2	235.7	239.9
-2.8%	-0.6%	1.9%	2.0%	2.0%	1.8%
224.1	222.6	226.5	230.9	235.2	239.6
-2.7%	-0.7%	1.8%	1.9%	1.9%	1.8%
37.8	35.5	36.6	38.2	40.0	41.5
1.8%	-6.0%	3.0%	4.5%	4.6%	3.9%
37.8	34.8	37.1	38.5	39.9	40.9
1.8%	-8.0%	6.7%	3.8%	3.7%	2.4%