

# Washington Economic Outlook

Presented to  
Pacific Northwest Regional Economic Conference

Steve Lerch  
Executive Director

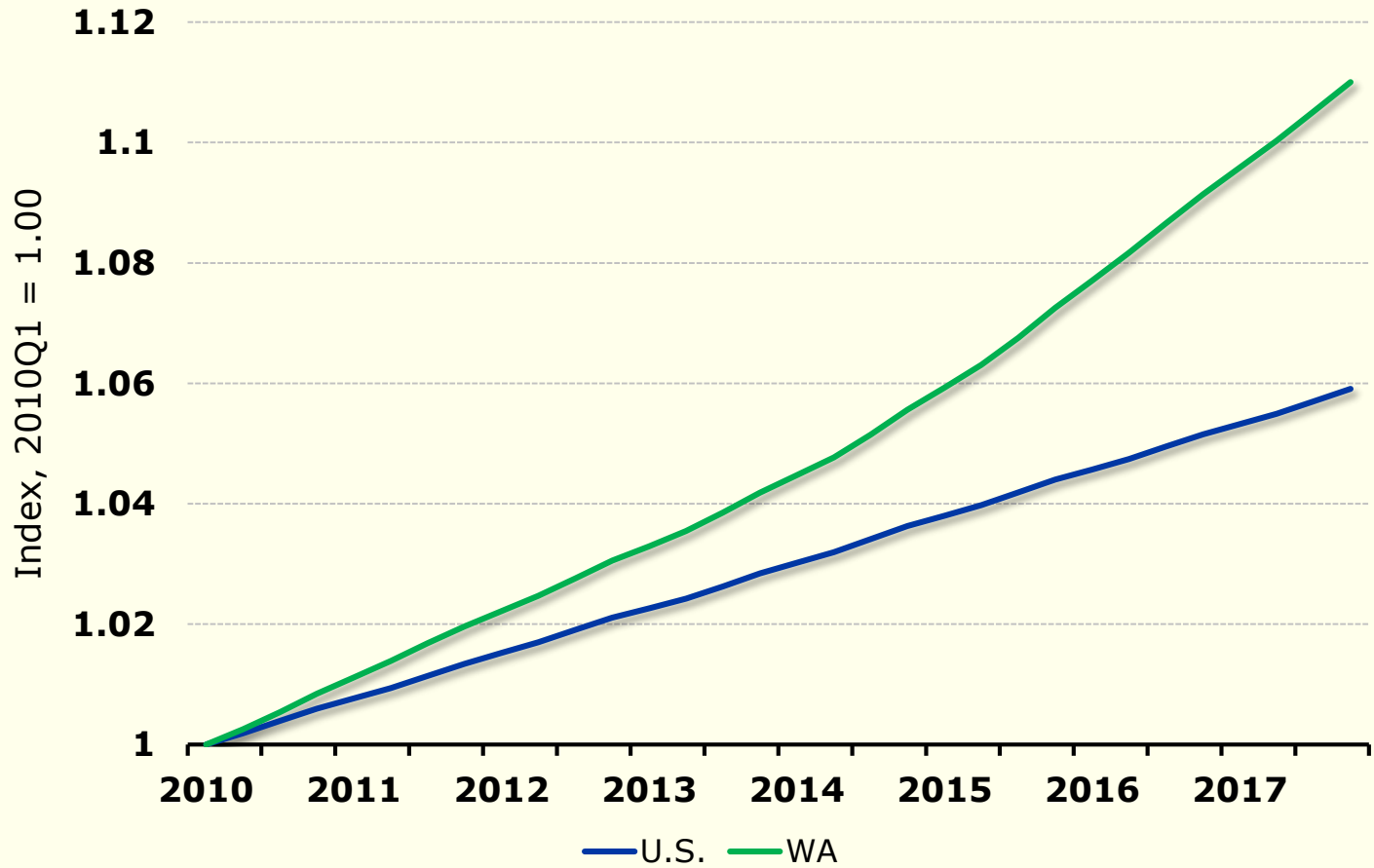
May 24, 2018  
Tacoma, WA



**WASHINGTON STATE  
ECONOMIC AND REVENUE FORECAST COUNCIL**



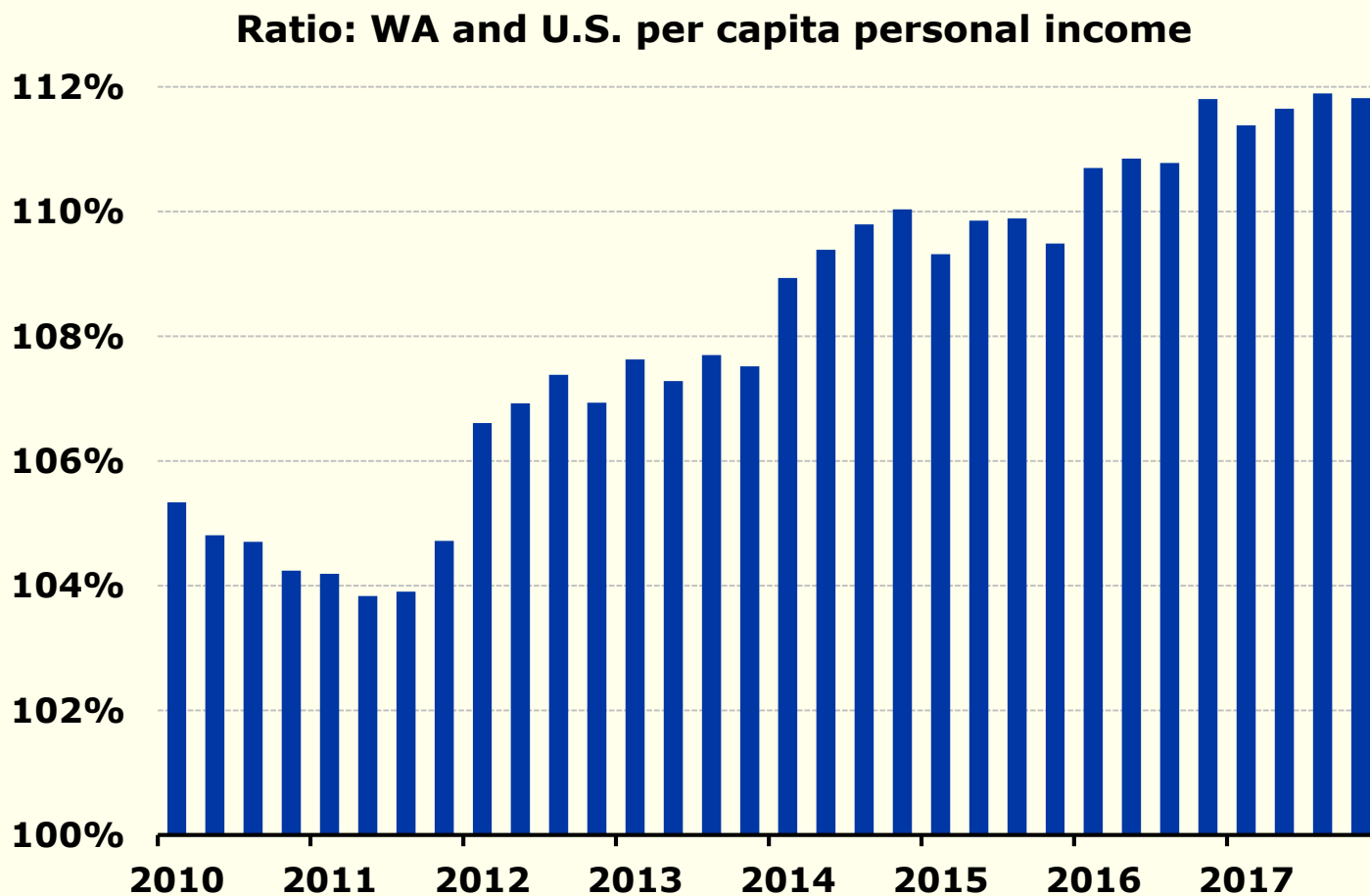
# WA population has grown much faster than the nation since 2010



Source: U.S. Bureau of Economic Analysis, quarterly data through 2017Q4



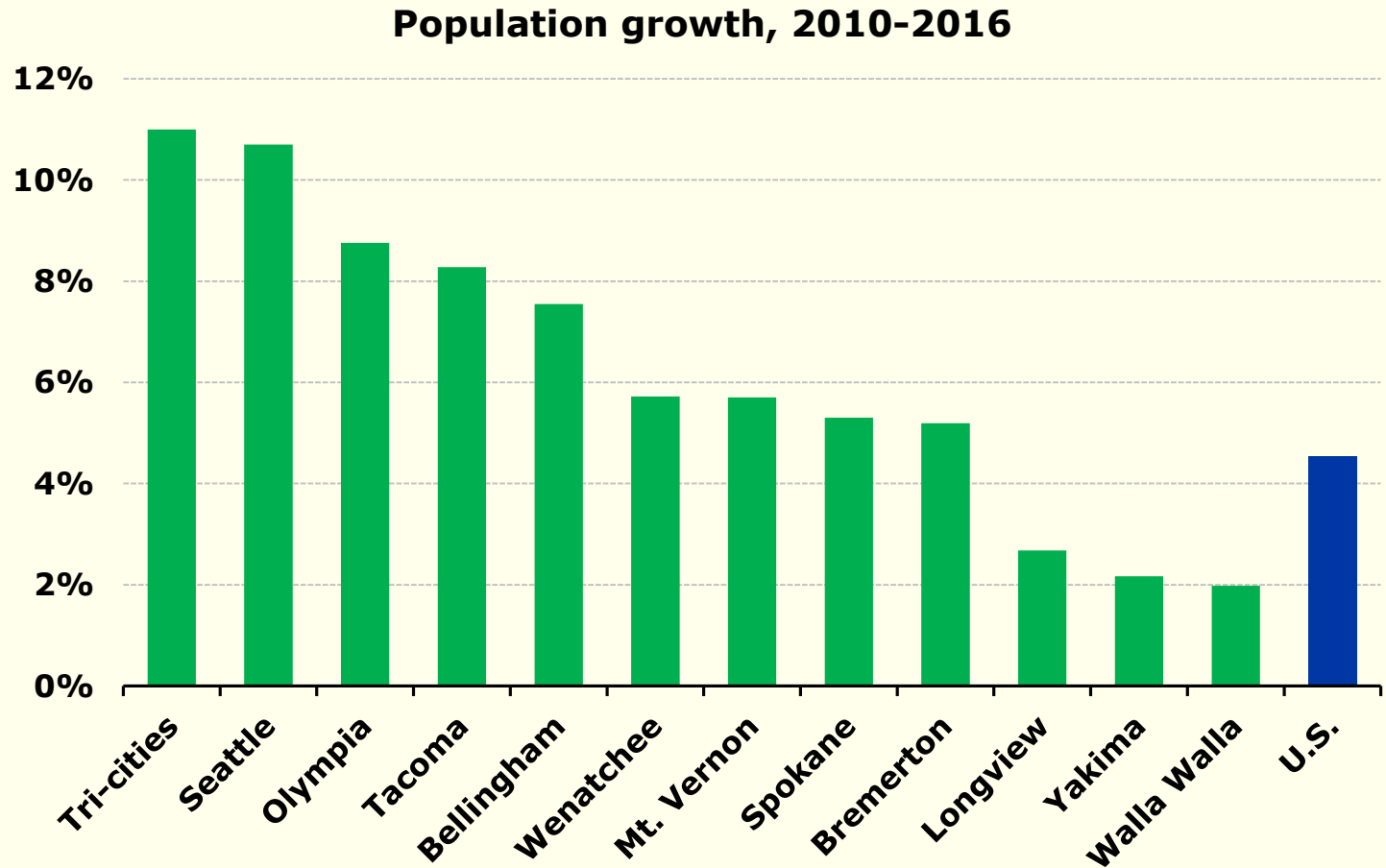
# WA per capita personal income has been growing faster than the U.S.



Source: U.S. Bureau of Economic Analysis, quarterly data through 2017Q4



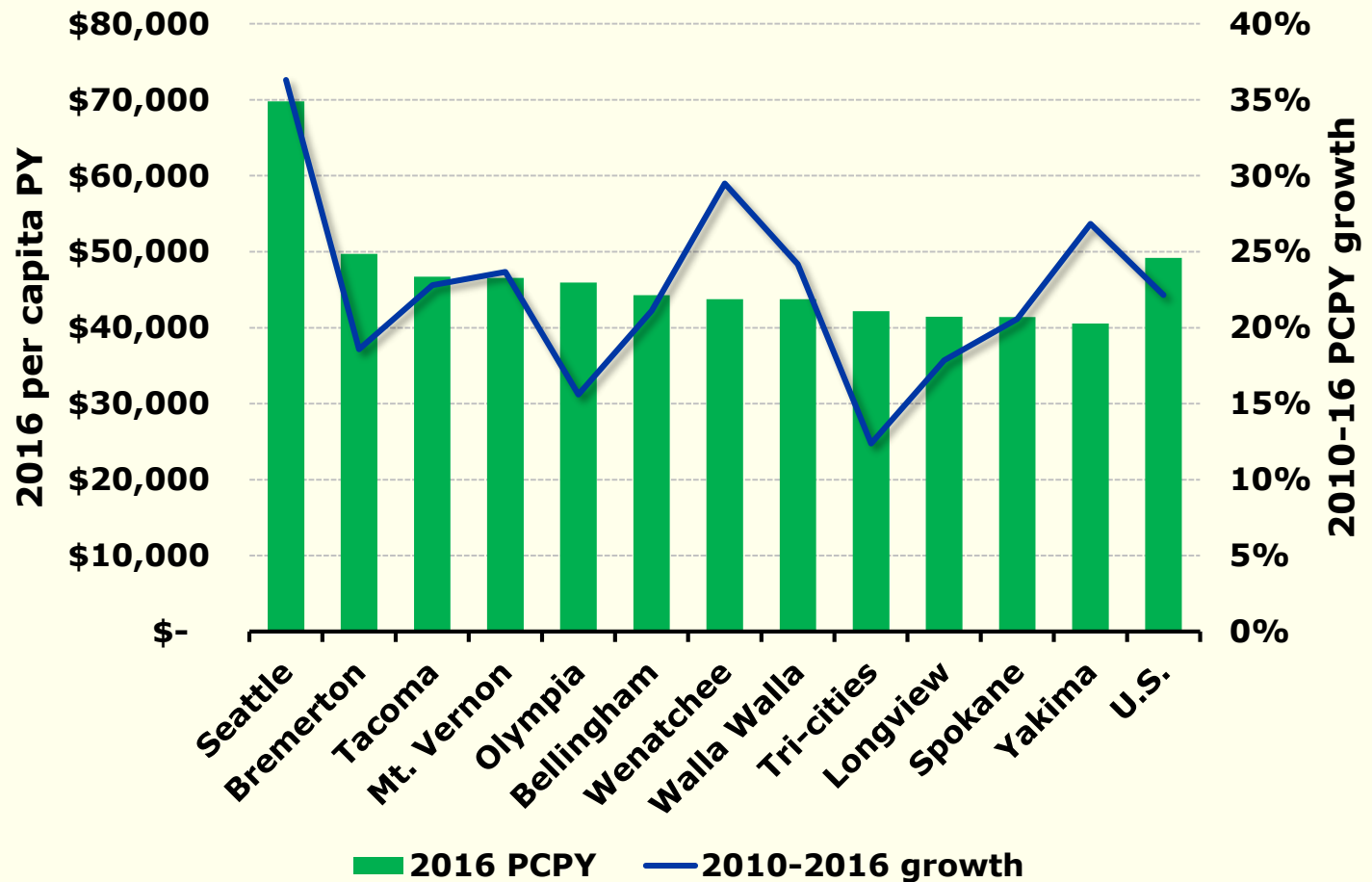
# Population growth varied widely across WA metro areas; most grew faster than U.S.



Source: U.S. Bureau of Economic Analysis, annual data through 2016



# Seattle per capita personal income higher, growing faster than U.S. but not for most WA metro areas



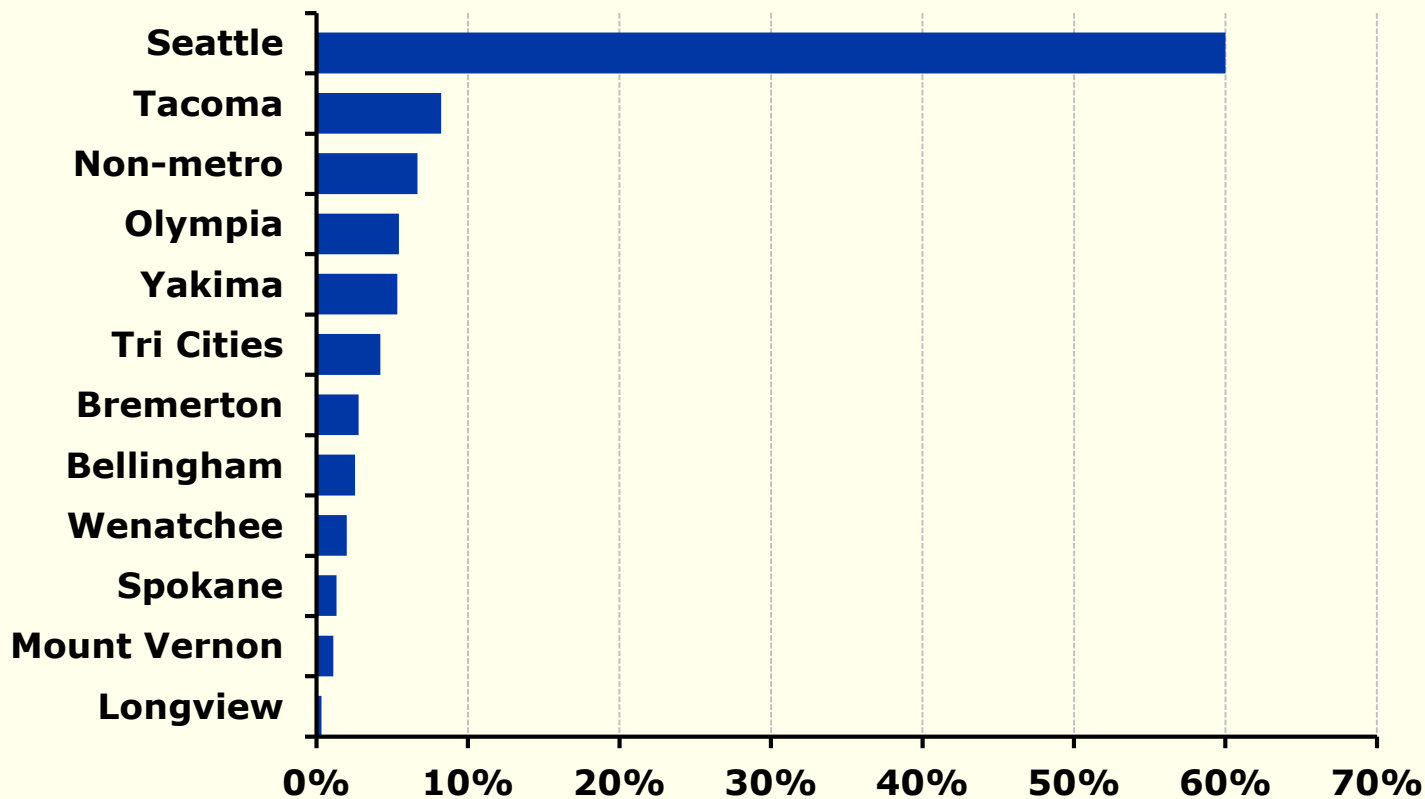
Source: U.S. Bureau of Economic Analysis, annual data through 2016

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# 60% of recent statewide employment growth was in the Seattle metro area

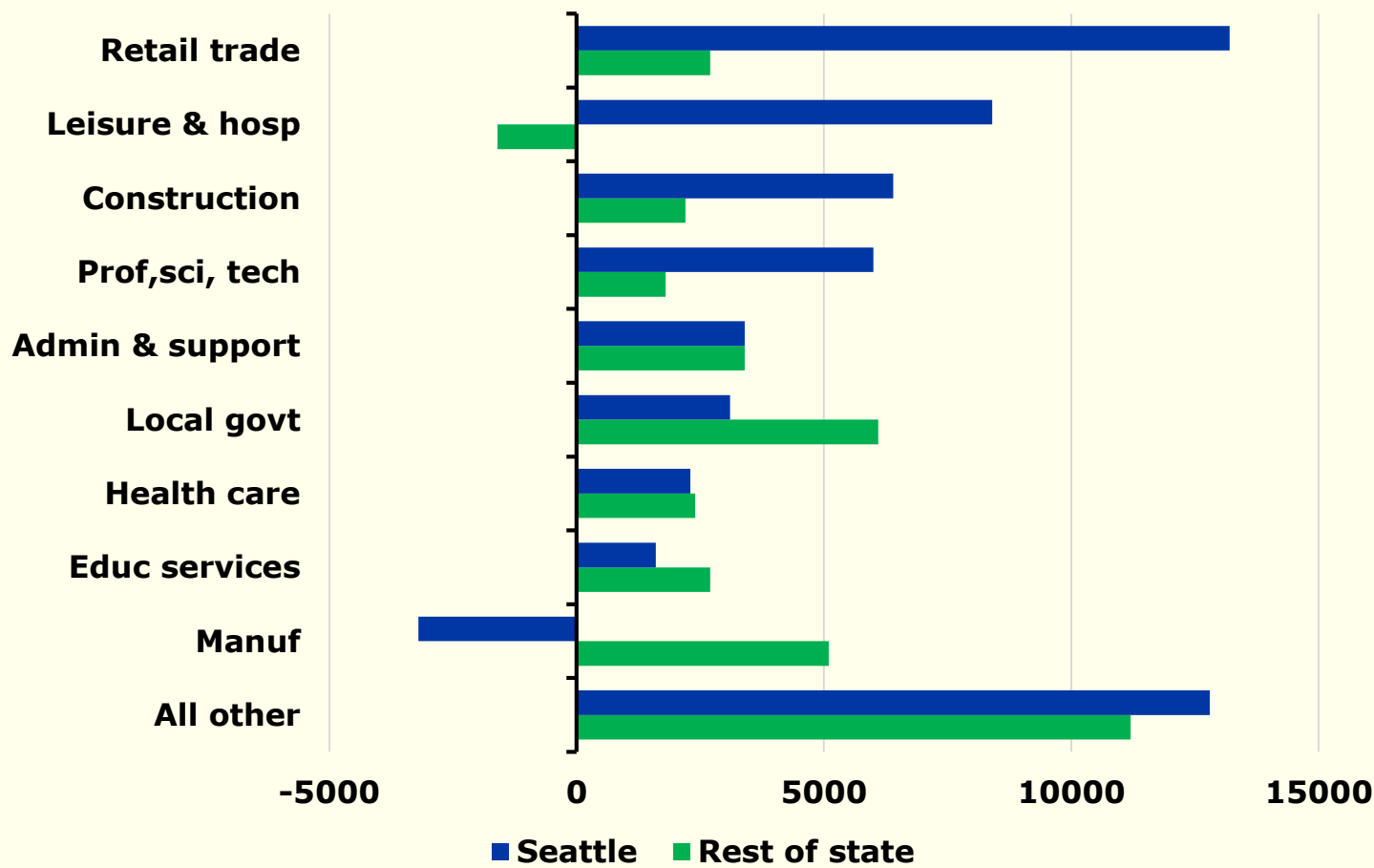
Share of statewide nonfarm employment growth, March 2017 – March 2018



Source: WA Employment Security Dept.

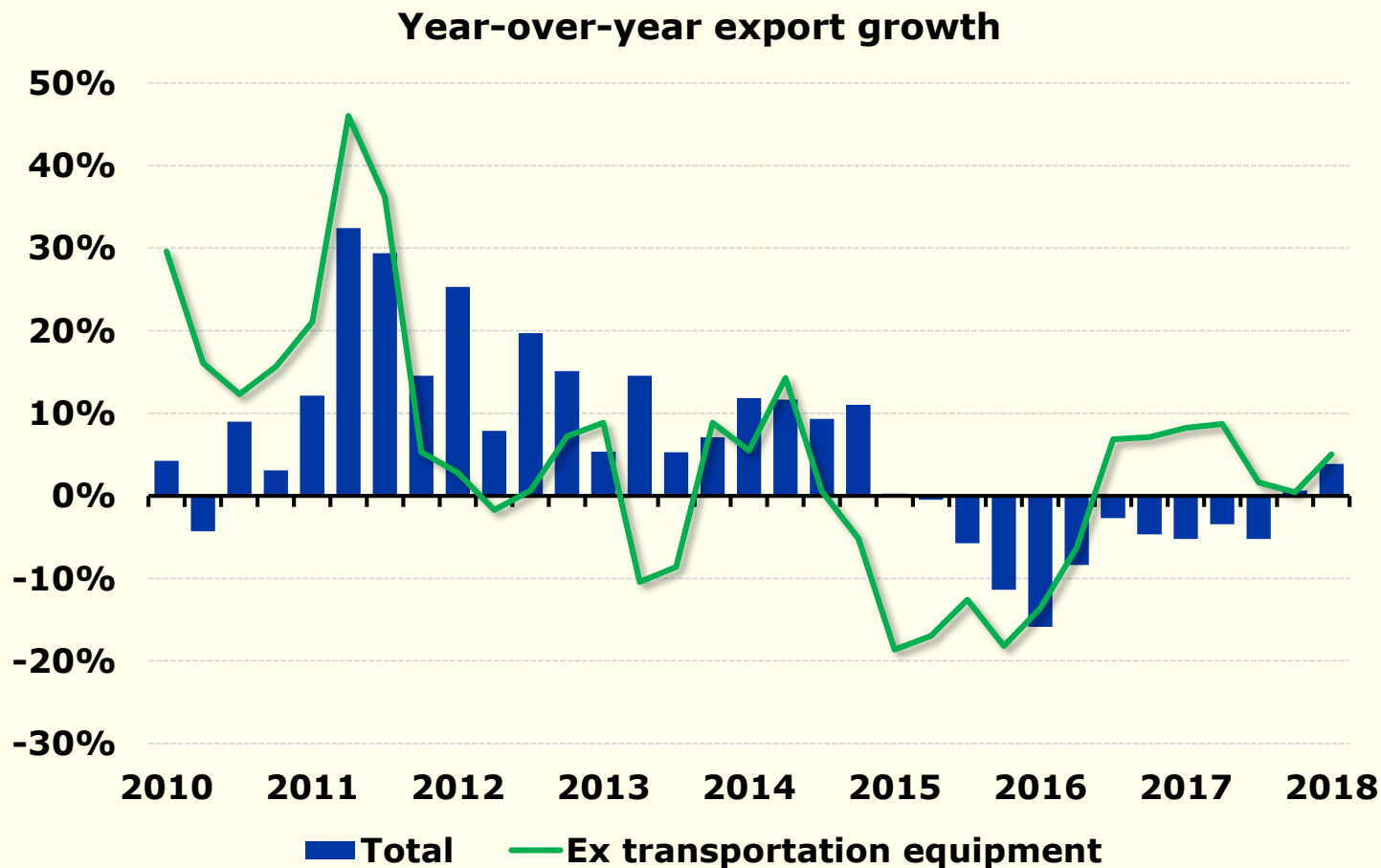


# Employment change by sector, March 2017 – March 2018; Seattle metro vs. rest of state





# Exports from WA ports have picked up in the last two quarters

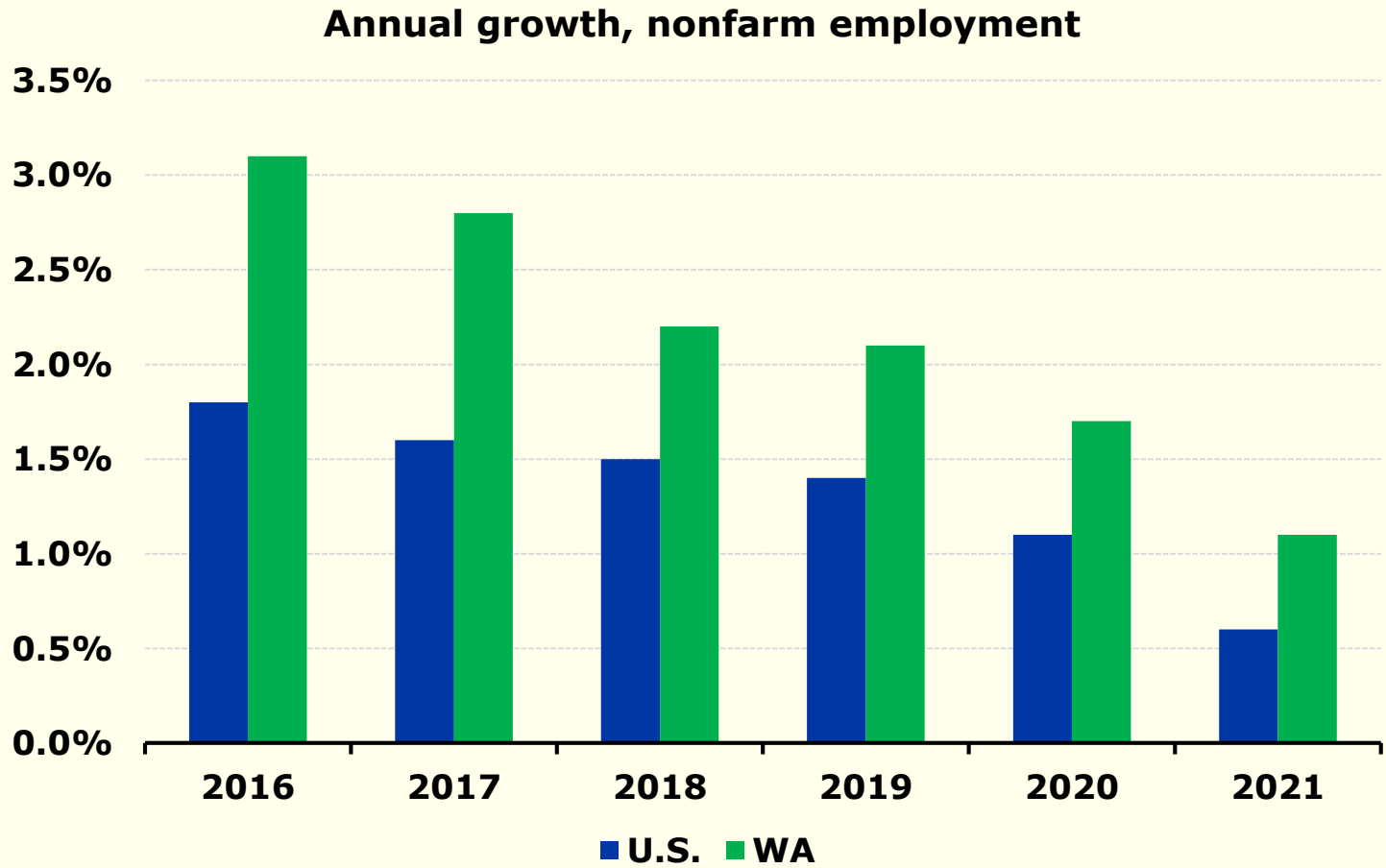


Source: WISERTrade; data through 2018Q1





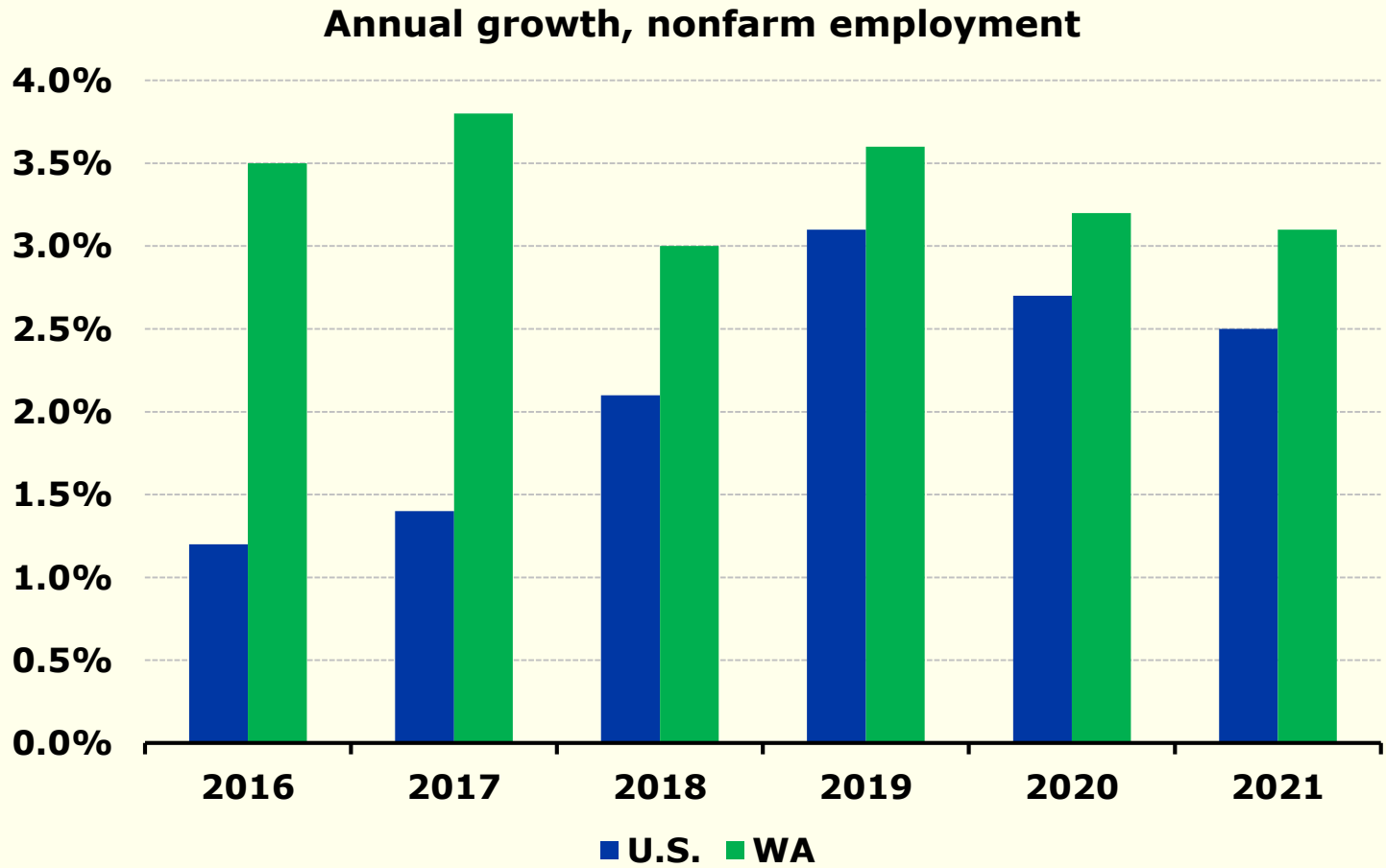
# We expect WA employment to grow faster than the U.S. but both will slow



Source: ERFC Feb. 2018 forecast



# WA personal income is expected to grow slightly faster than the U.S.

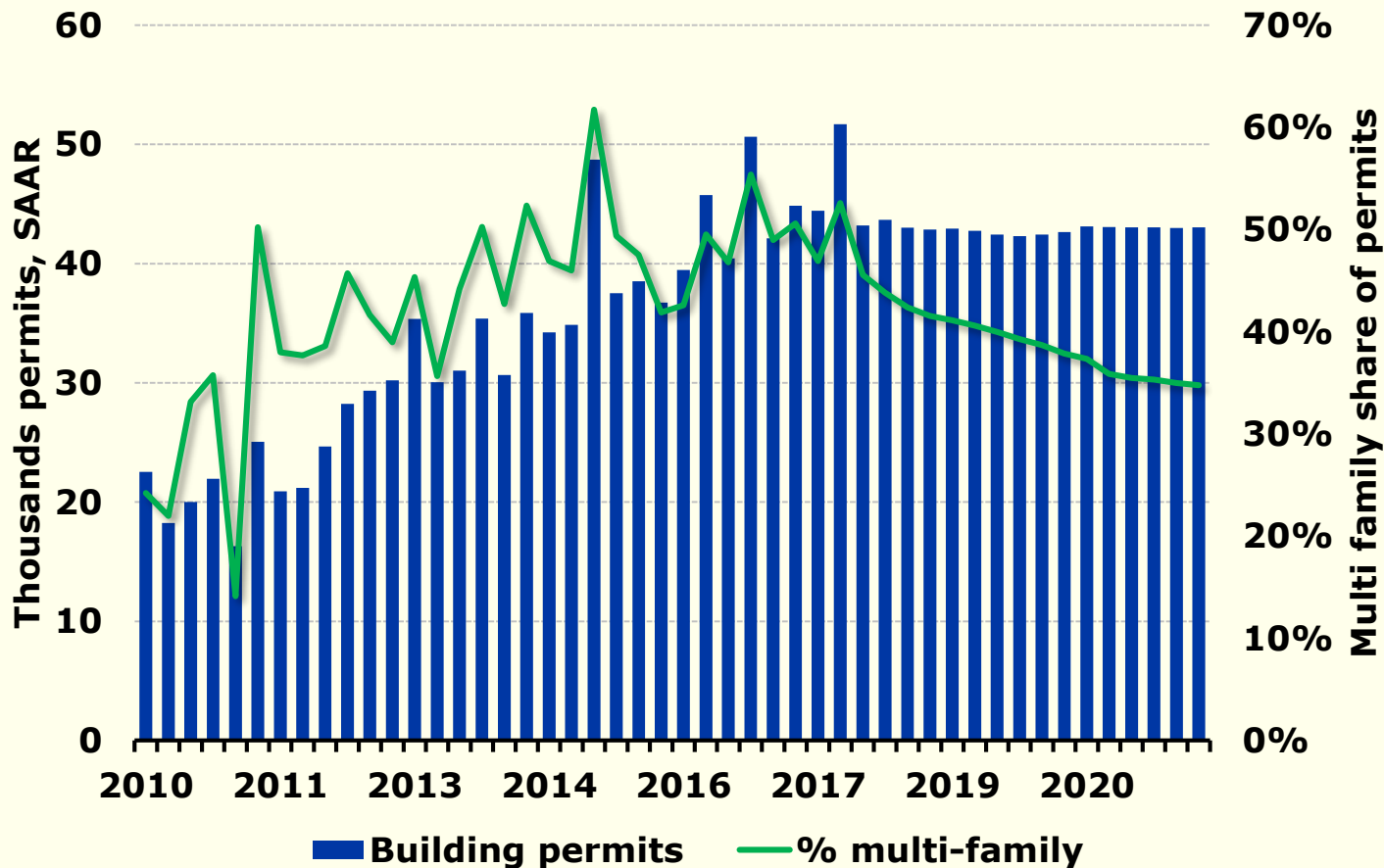


Source: ERFC Feb. 2018 forecast



# Residential construction mix is expected to gradually return to more typical levels

Avg. multi-family share of permits, 1990 - 2017 = 33.8%



Source: ERFC Feb. 2018 forecast



# Growth in major tax sources relative to personal income has rebounded since 2017Q3

Adjusted Revenue Act growth YOY:

17Q2: 5.6%  
 17Q3: 6.4%  
 17Q4: 8.3%  
 18Q1P: 6.5%

February personal income YOY growth estimates:

17Q2: 5.3%  
 17Q3: 5.3%  
 17Q4: 5.7%  
 18Q1: 4.3%

**Year-Over-Year Revenue Act\* Growth Less State Personal Income Growth**



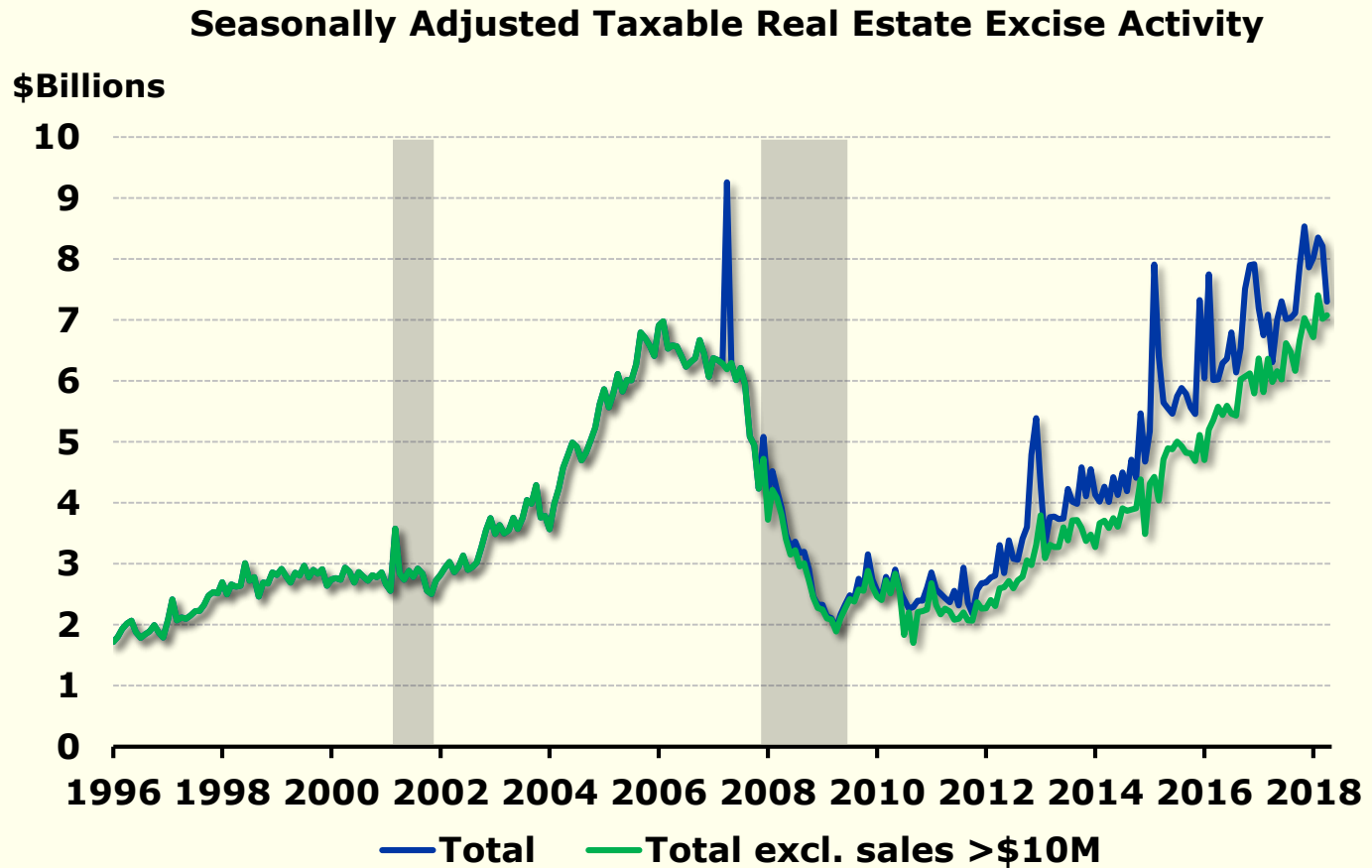
\*Adjusted for large one-time payments and refunds and payments under the amnesty program  
 Source: ERFC; Quarterly revenue data through Q1 2018 preliminary, February 2018 income estimates



# Large commercial property sales slowed in 2018Q1 while residential sales increased

Large commercial sales (>\$10 million) totaled \$3.5 billion in the 4<sup>th</sup> quarter of 2017 and \$2.6 billion in the first quarter of 2018

April large commercial sales were weak



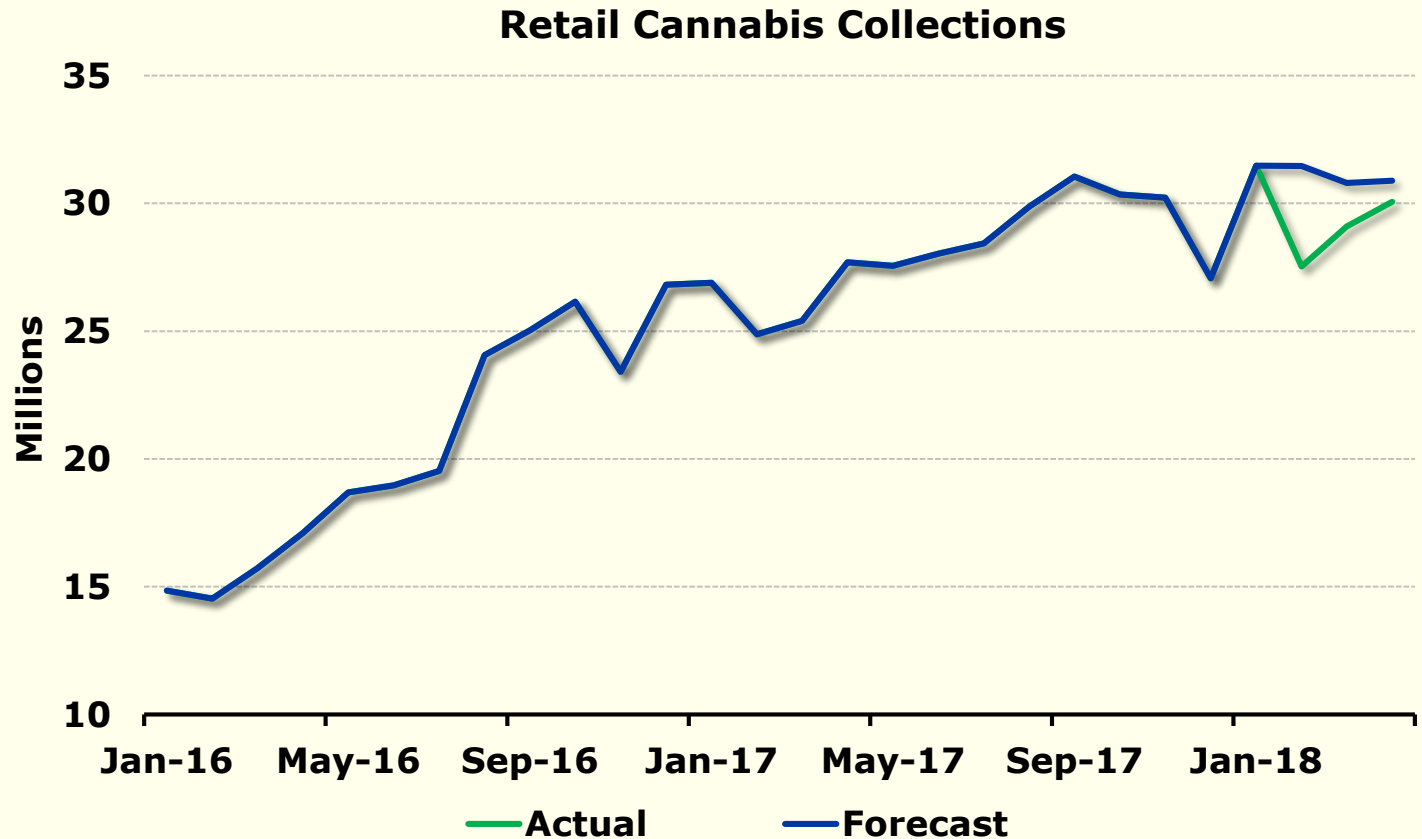
Source: ERFC; Monthly data through April 2018 preliminary



# Cannabis revenue continues to be volatile

Collections were 2.7% below forecast in April

Collections are 6.9% below forecast since February



Source: LCB, ERFC; data through April 2018



# Questions



**Economic & Revenue Forecast Council  
PO BOX 40912  
Olympia WA 98504-0912**

**[www.erfc.wa.gov](http://www.erfc.wa.gov)  
360-534-1560**