

# Washington Economic Outlook

Presented to  
Pacific Northwest Regional Economic Conference

Steve Lerch  
Executive Director

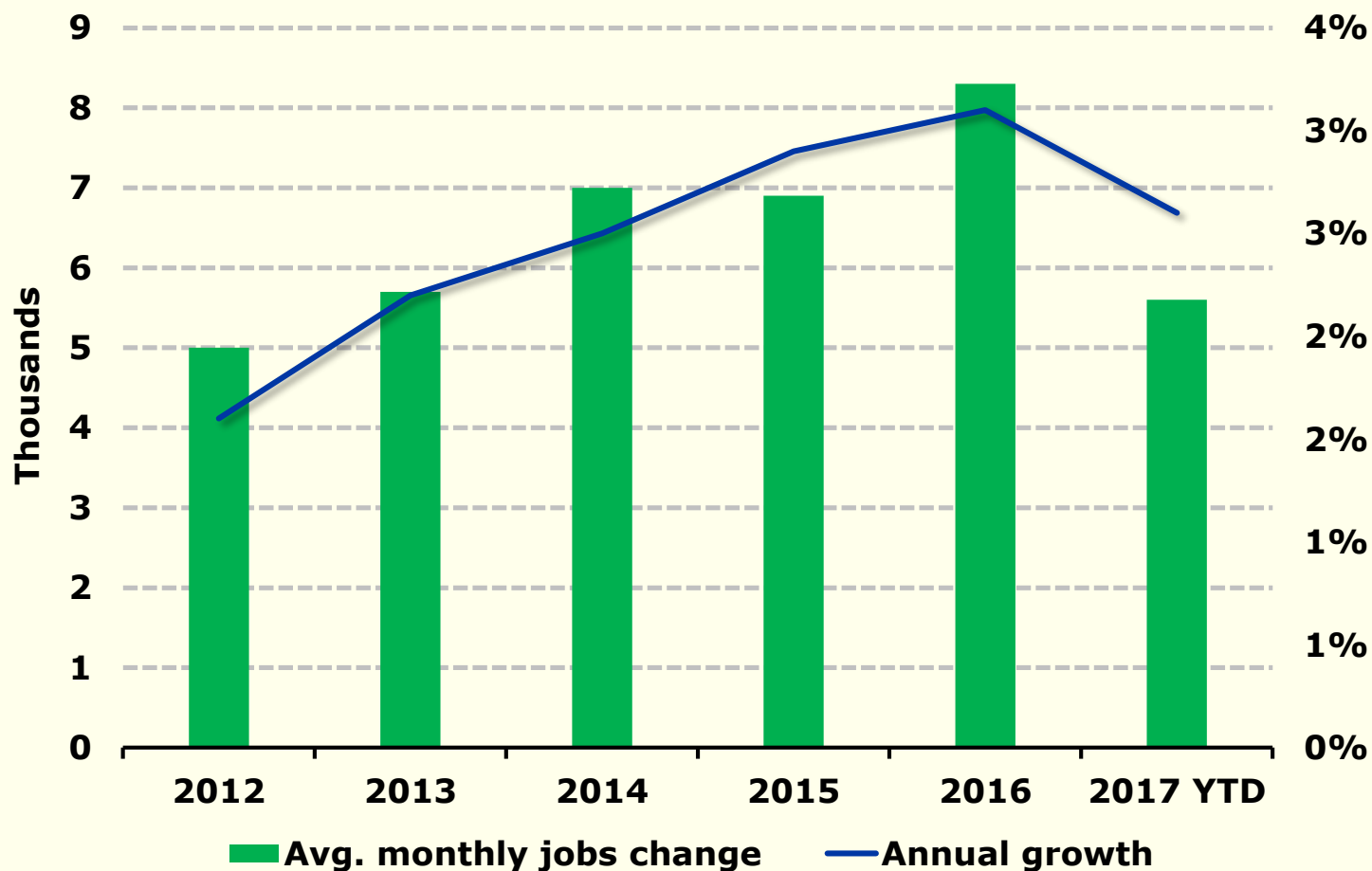
May 25, 2017  
Bend, OR



**WASHINGTON STATE  
ECONOMIC AND REVENUE FORECAST COUNCIL**

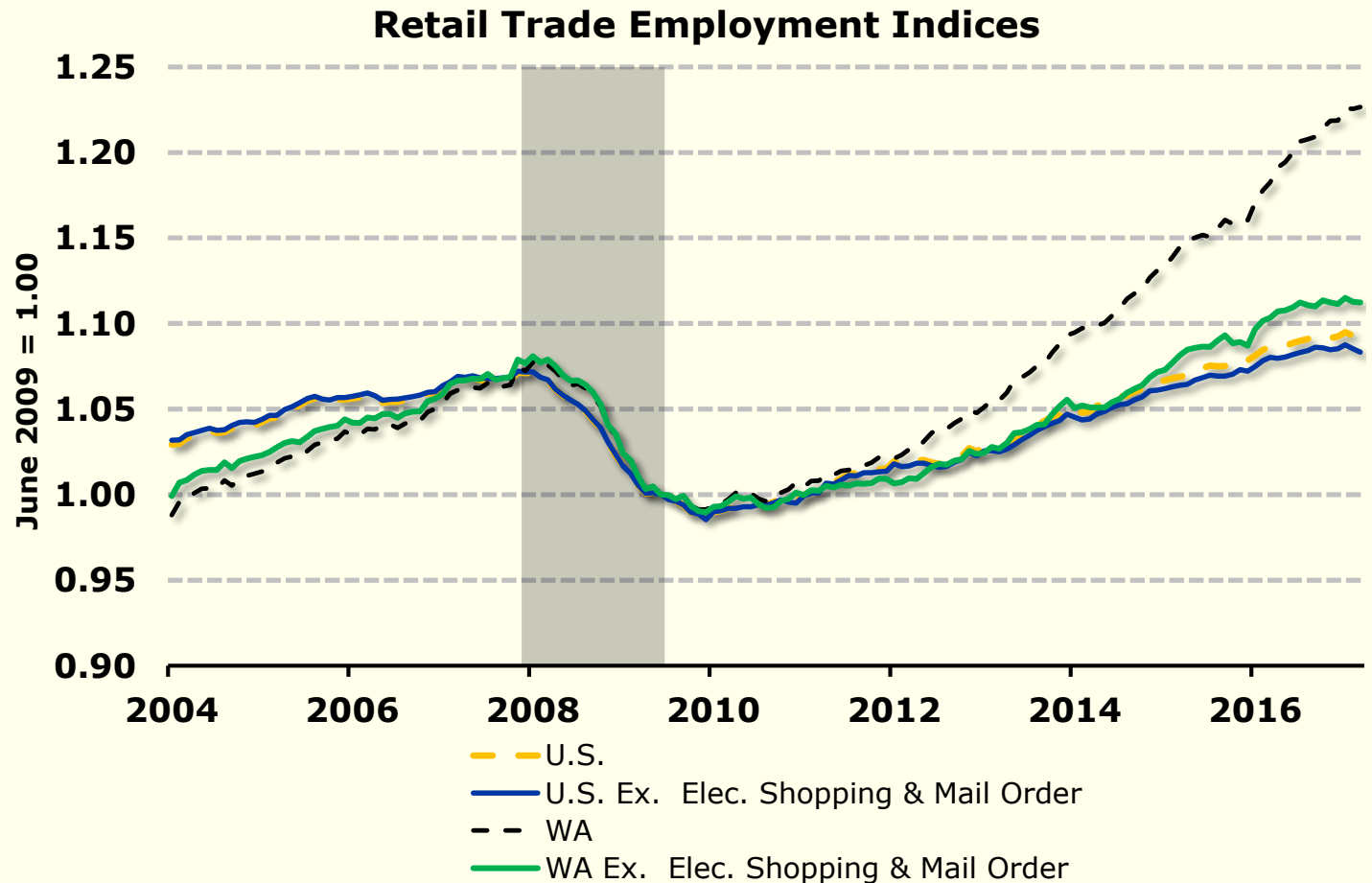


# WA nonfarm employment has grown strongly





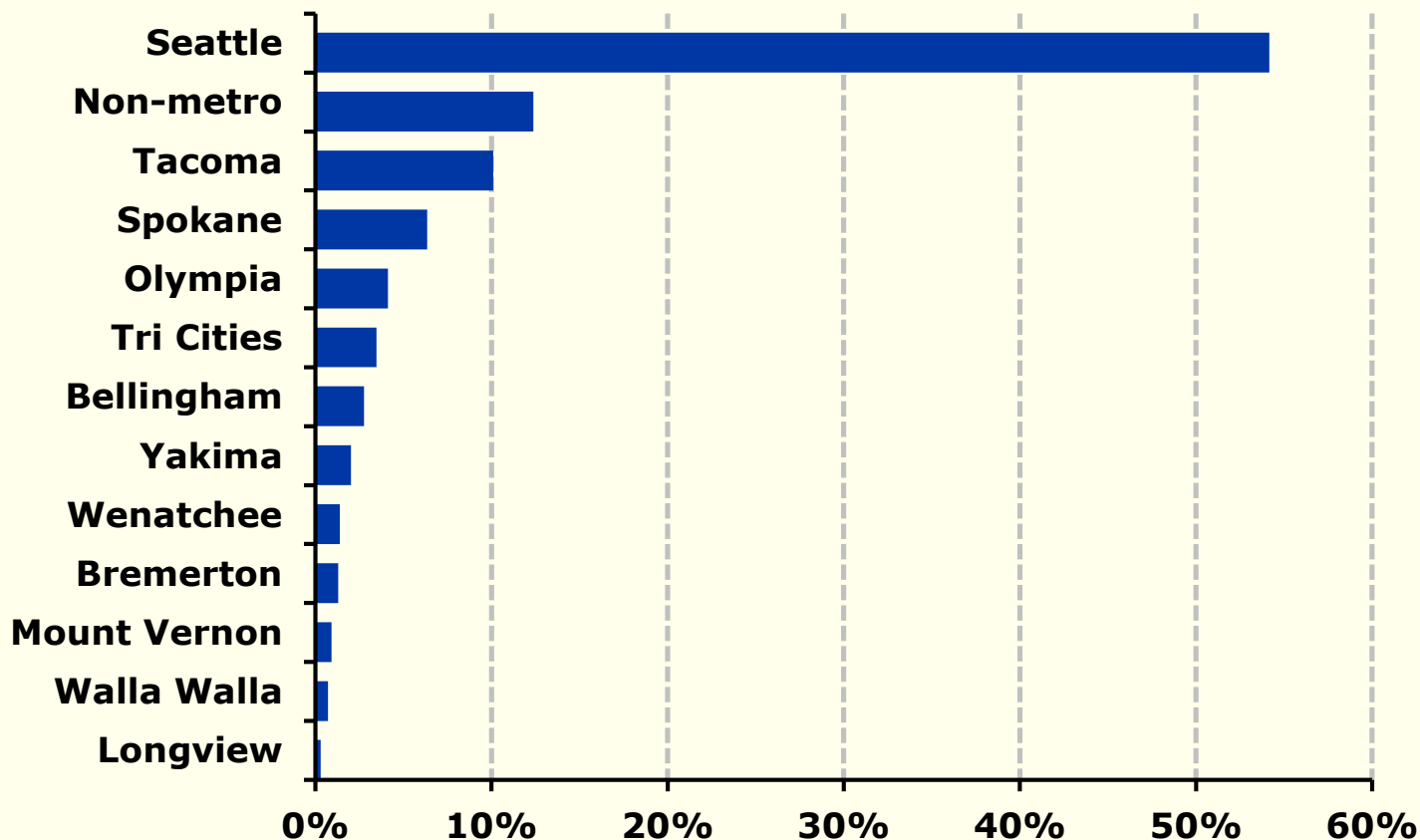
# WA retail trade employment growth has been much stronger thanks to electronic shopping





# Over 54% of 2016 statewide employment growth was in the Seattle metro area

Share of statewide nonfarm employment growth, 2016

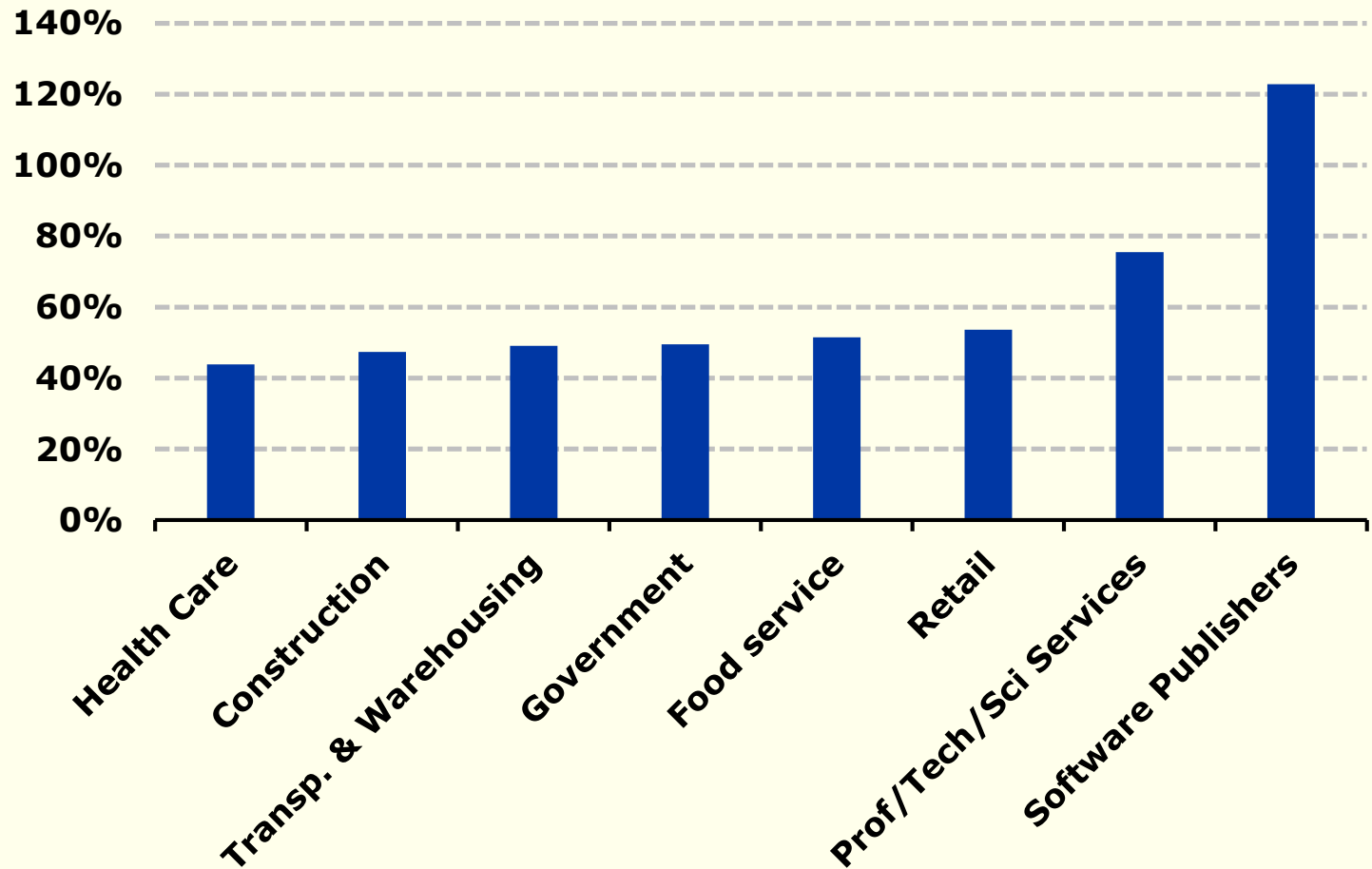


Source: WA Employment Security Dept., U.S. Bureau of Labor Statistics

**WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL**



# Seattle share of nonfarm employment growth by industry, 2016



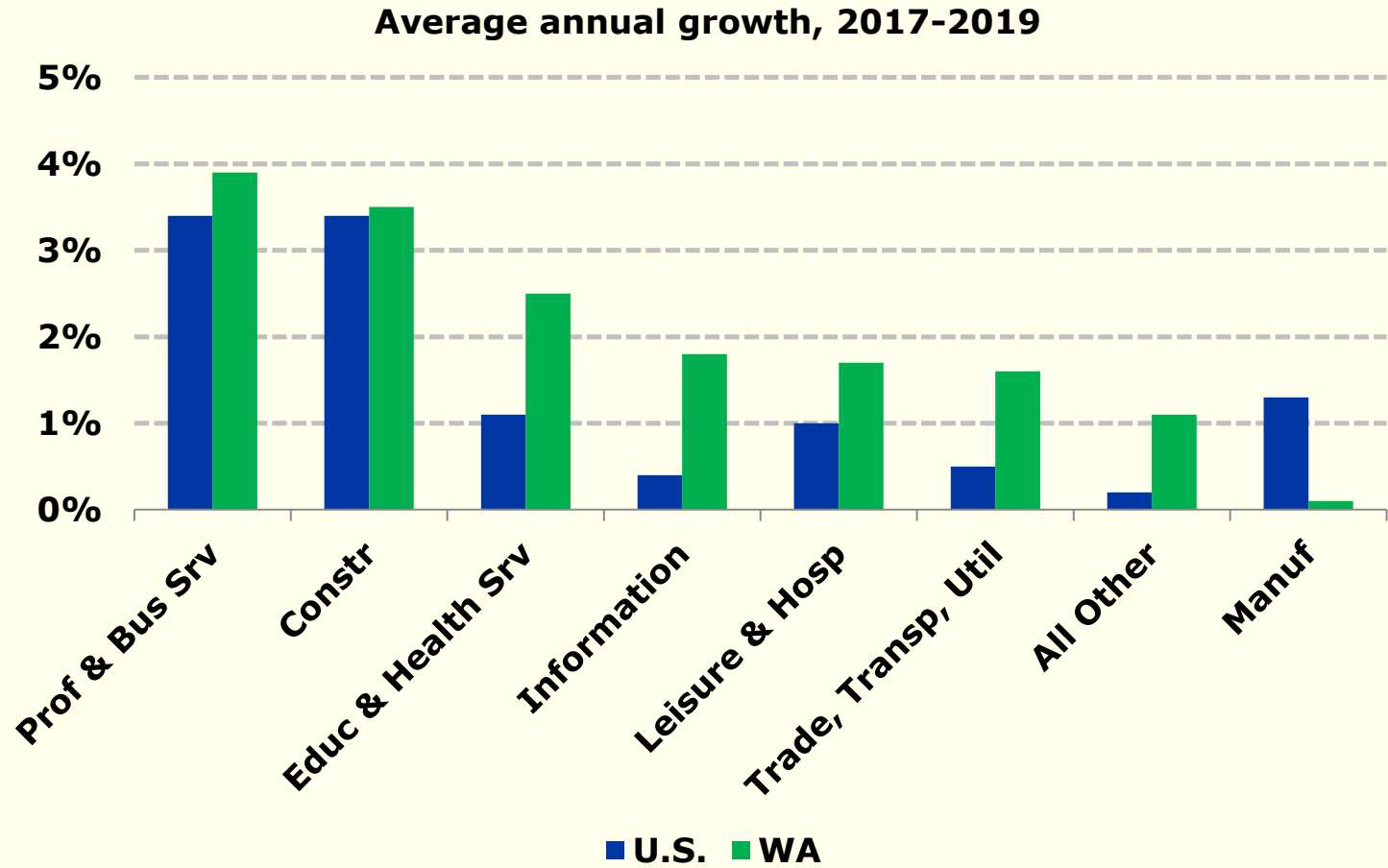
Source: WA Employment Security Dept.



# Washington employment will grow faster than the U.S. over the next few years

Avg. total nonfarm growth, 2017-19:

U.S. = 1.2%  
WA = 1.9%

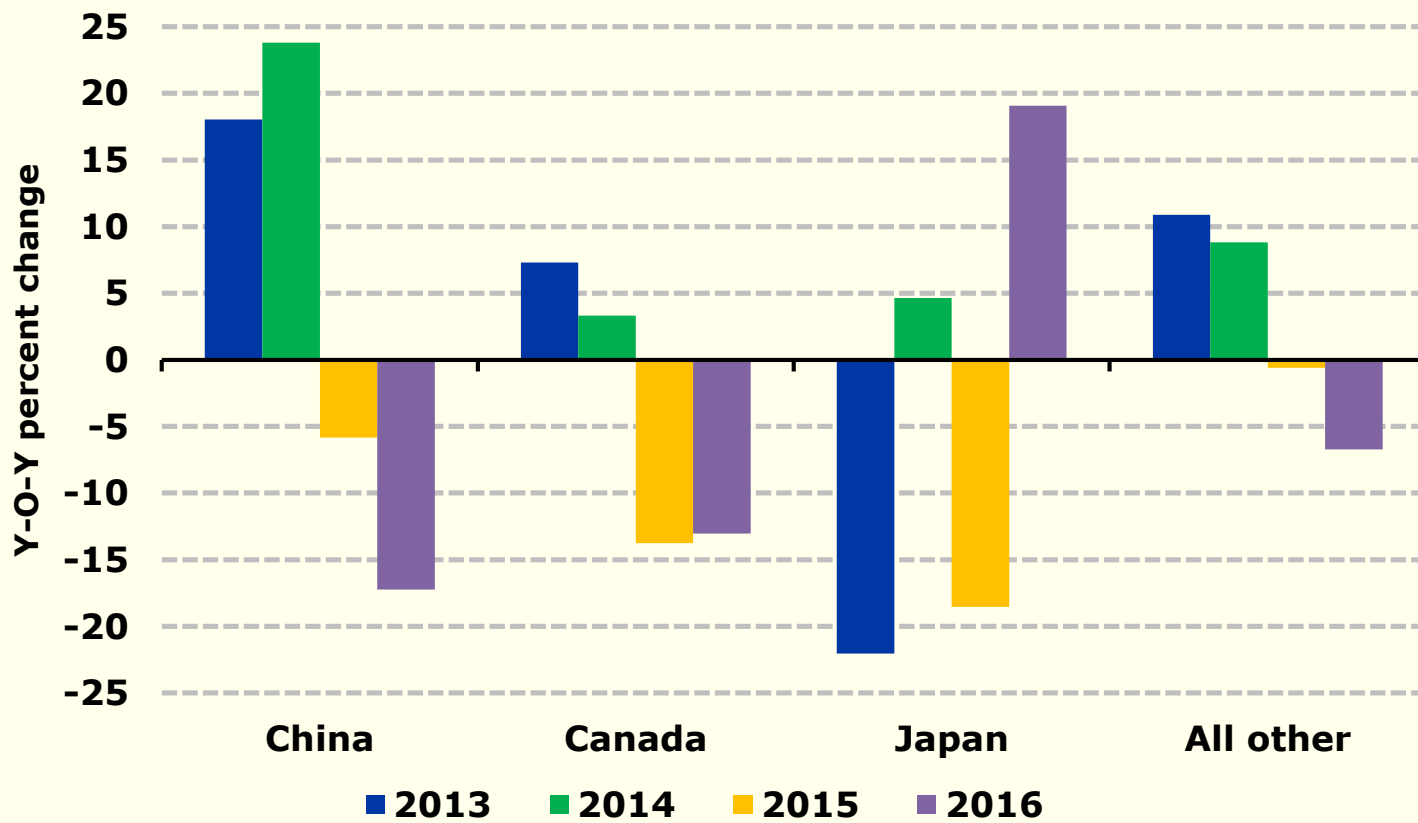


Source: ERFC Mar. 2017 forecast



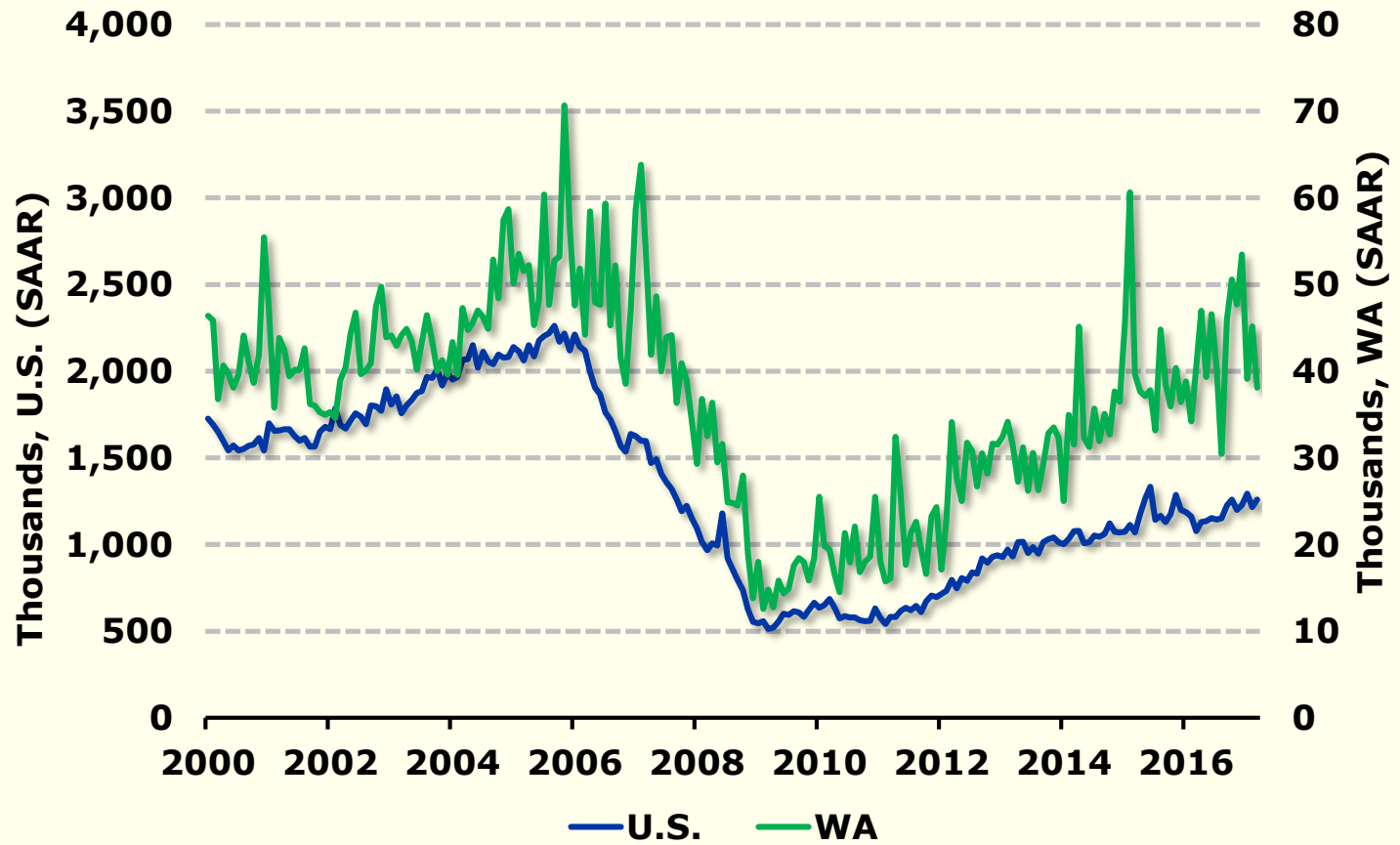
# WA exports have declined for two consecutive years

Year-over-year growth in export value





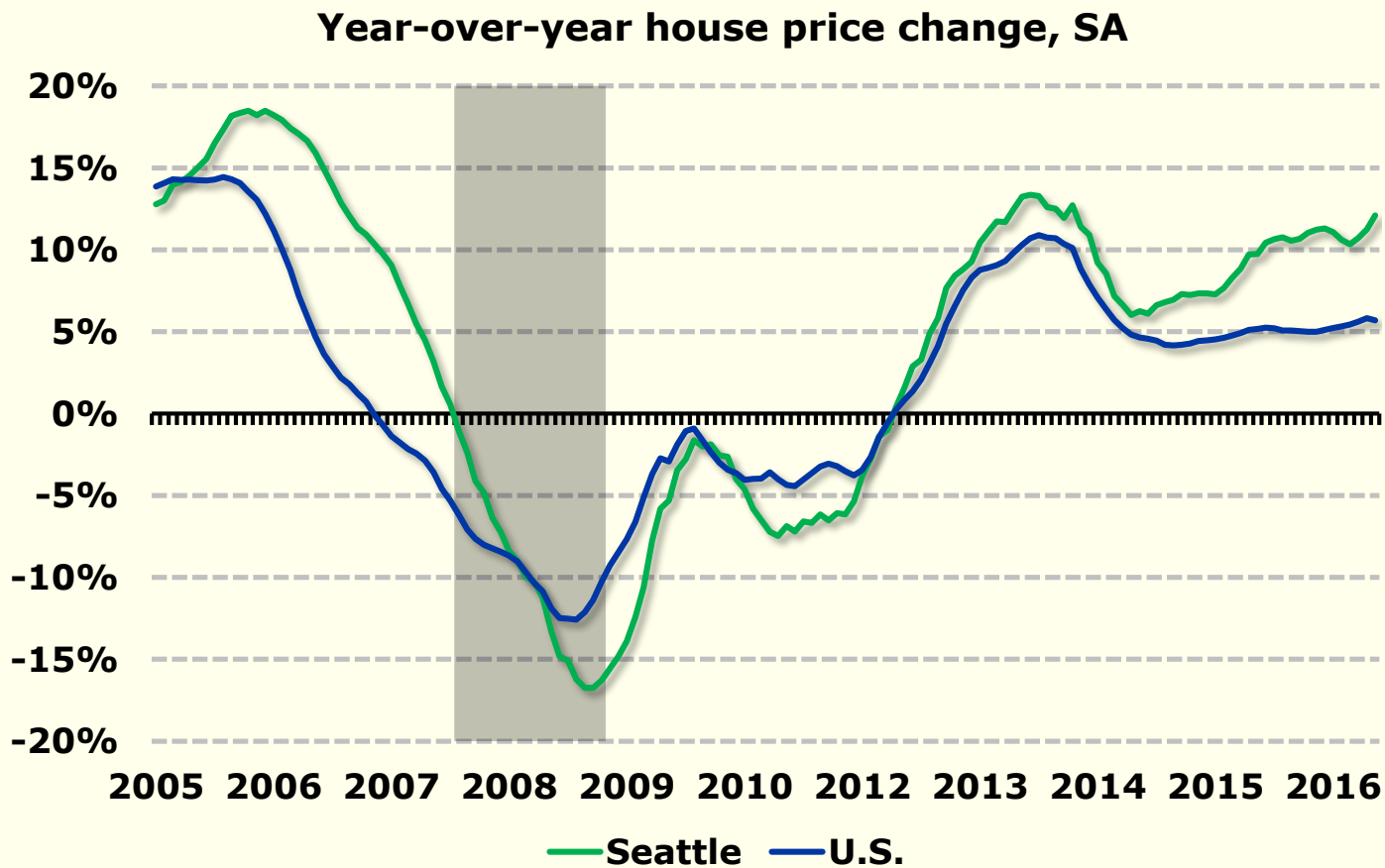
# U.S., WA housing permits trending up; WA back to pre-housing boom levels







# Seattle home prices have been rising much faster than prices nationally





# Rev Act growth relative to income above average for last 9 quarters

Adjusted Rev Act growth YOY:

16Q2: 7.6%  
16Q3: 7.2%  
16Q4: 6.4%  
17Q1: 6.3%

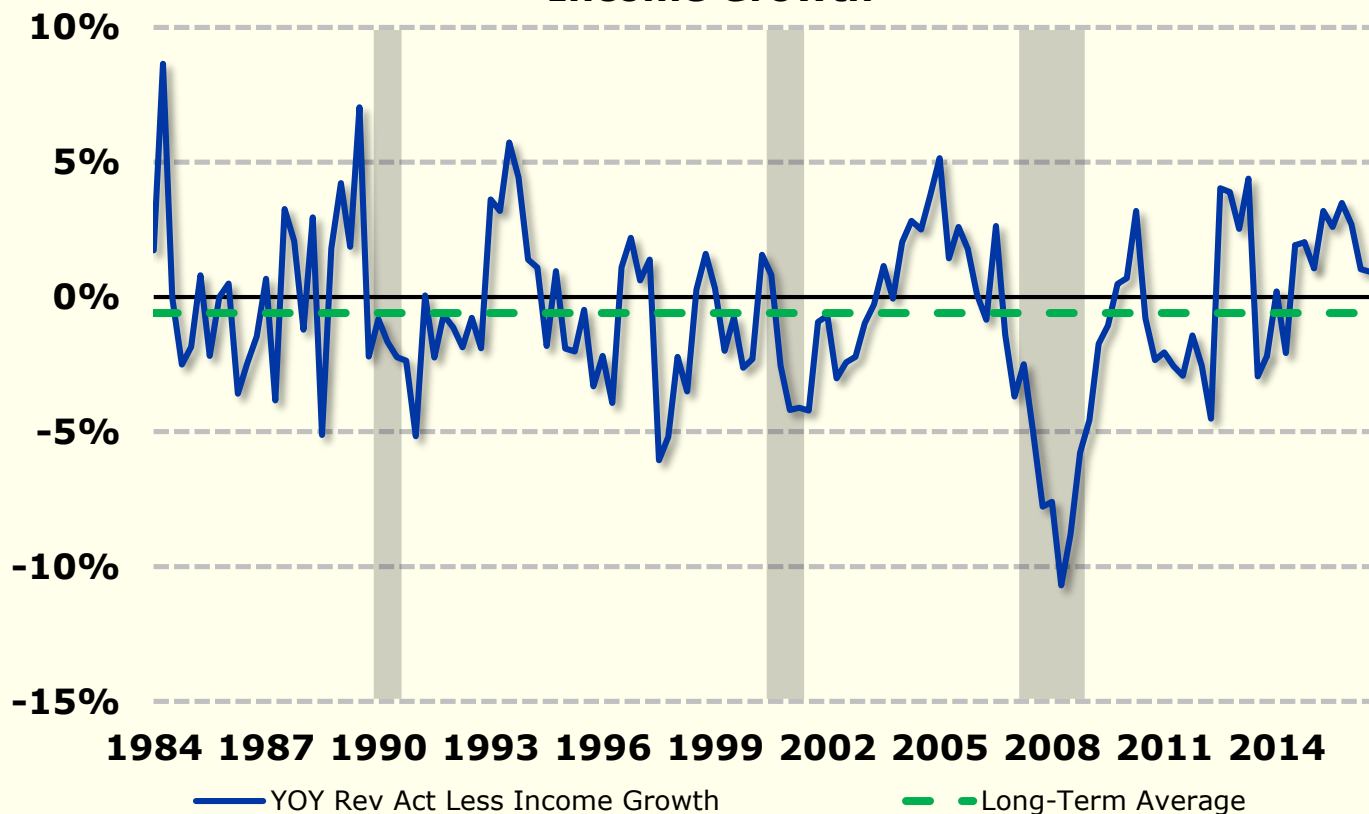
March personal income YOY growth estimate:

16Q2: 4.1%  
16Q3: 4.5%  
16Q4: 5.4%  
17Q1: 5.4%

Economic Outlook  
May 25, 2016

Slide 9

## Year-Over-Year Rev 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 2017, March 2017 income estimates

**WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL**



# Large commercial property sales have slowed as other activity grows

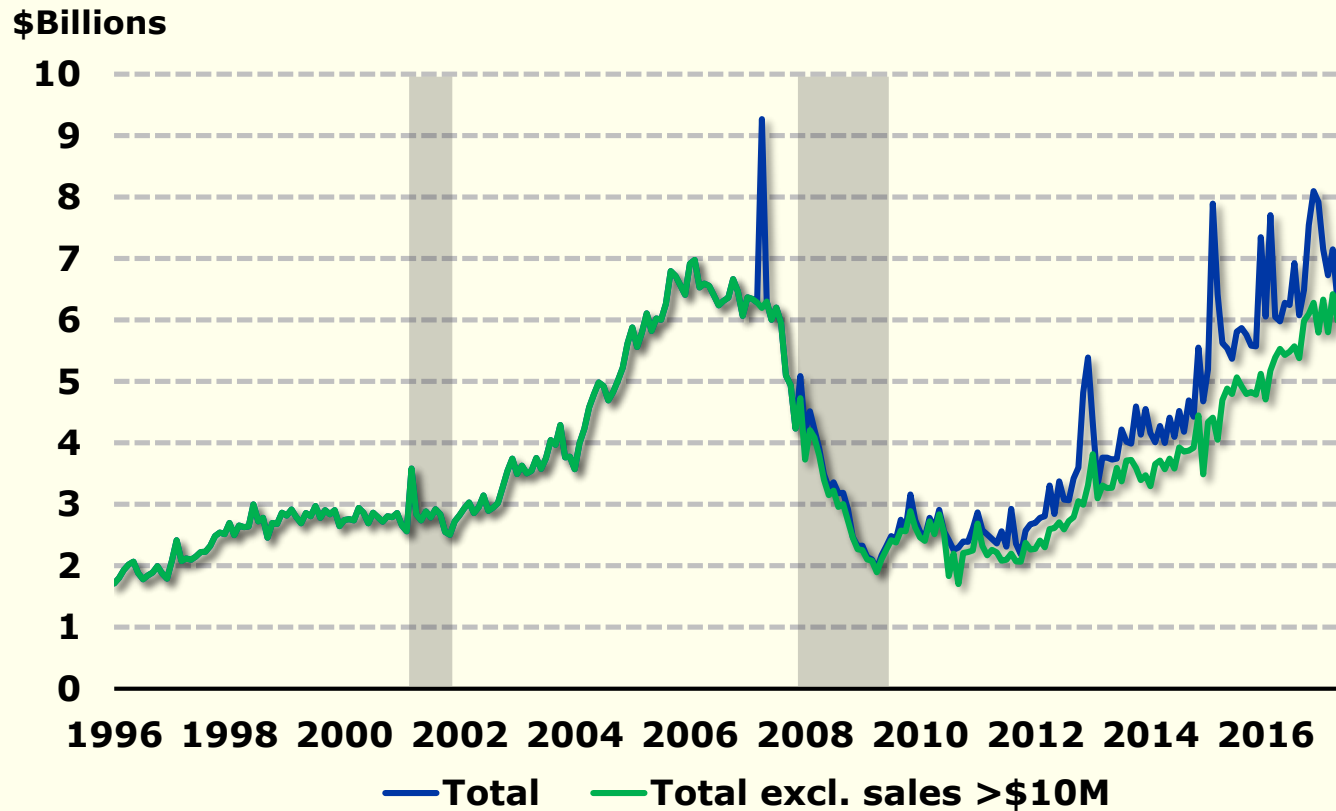
Large commercial sales (>\$10 million) totaled \$3.1 billion in the 3<sup>rd</sup> quarter of 2016, \$5.2 billion in the 4<sup>th</sup> quarter and \$1.8 billion in the 1<sup>st</sup> quarter of 2017.

Large commercial sales totaled \$239 million in April, the lowest since February 2014.

Economic Outlook  
May 25, 2016

Slide 10

## Seasonally Adjusted Taxable Real Estate Excise Activity

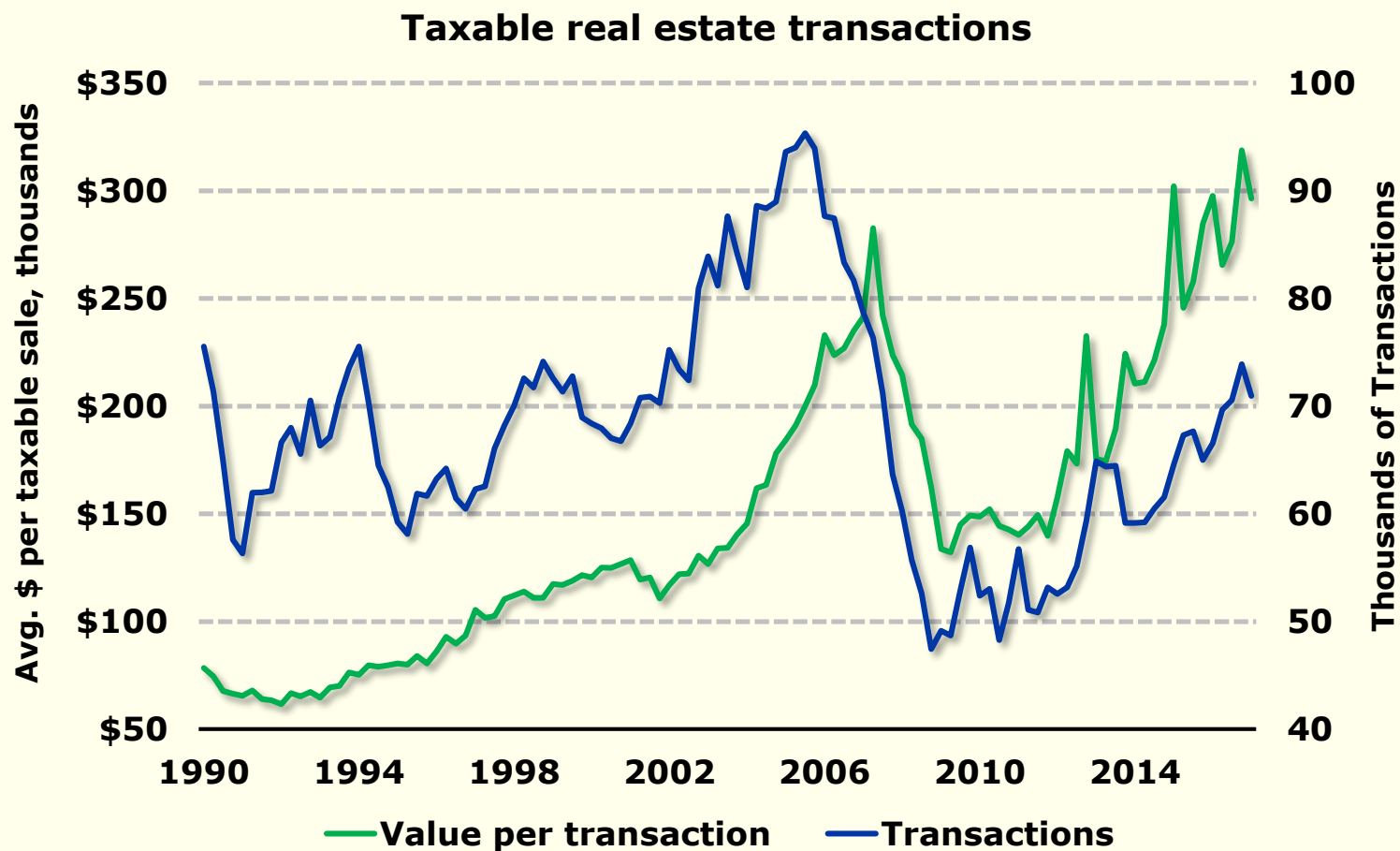


Source: ERFC; Monthly data through April 2017 preliminary

**WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL**



# Both the number of real estate transactions and the average value per transaction are trending up



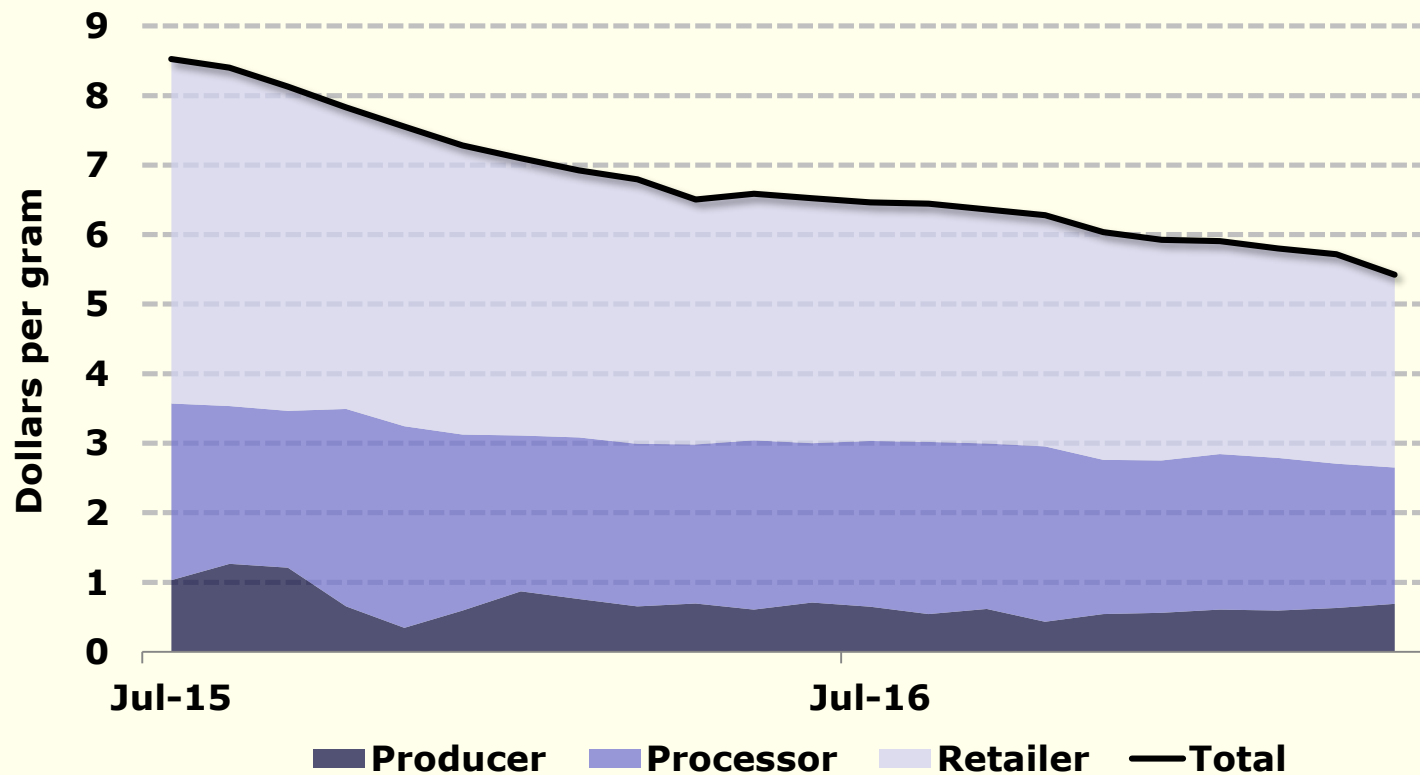
Source: ERFC, data through 2017 Q1



# The price of cannabis has continued to fall

Does not include 37% excise tax

## Price of Recreational Cannabis Sold at Retail Stores

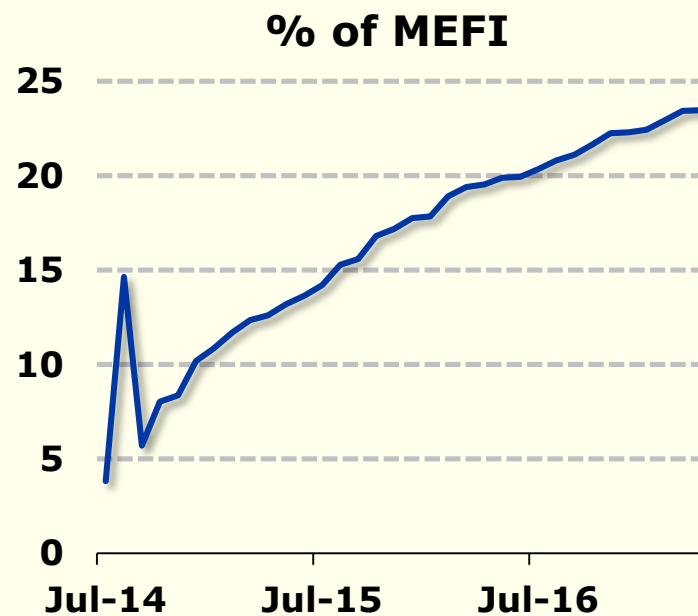
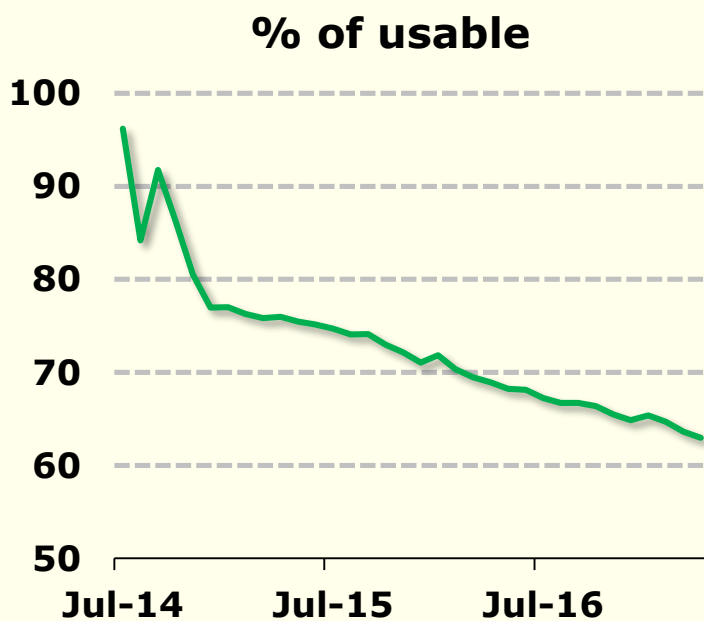


Source: LCB, ERFC; data through April 2017



# The composition of cannabis sales is changing

MEFI is the abbreviation for the end product 'marijuana extract for inhalation'



Source: LCB, ERFC; data through April 2017



# Questions



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

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