

Washington Economic Outlook

Presented to the
Pacific Northwest Regional Economic Conference

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May 21, 2025
Bellingham, WA



**WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL**



Most Washington economic indicators continue to normalize post-pandemic

April 2025
employment:

U.S. = 4.9%
above January
2020

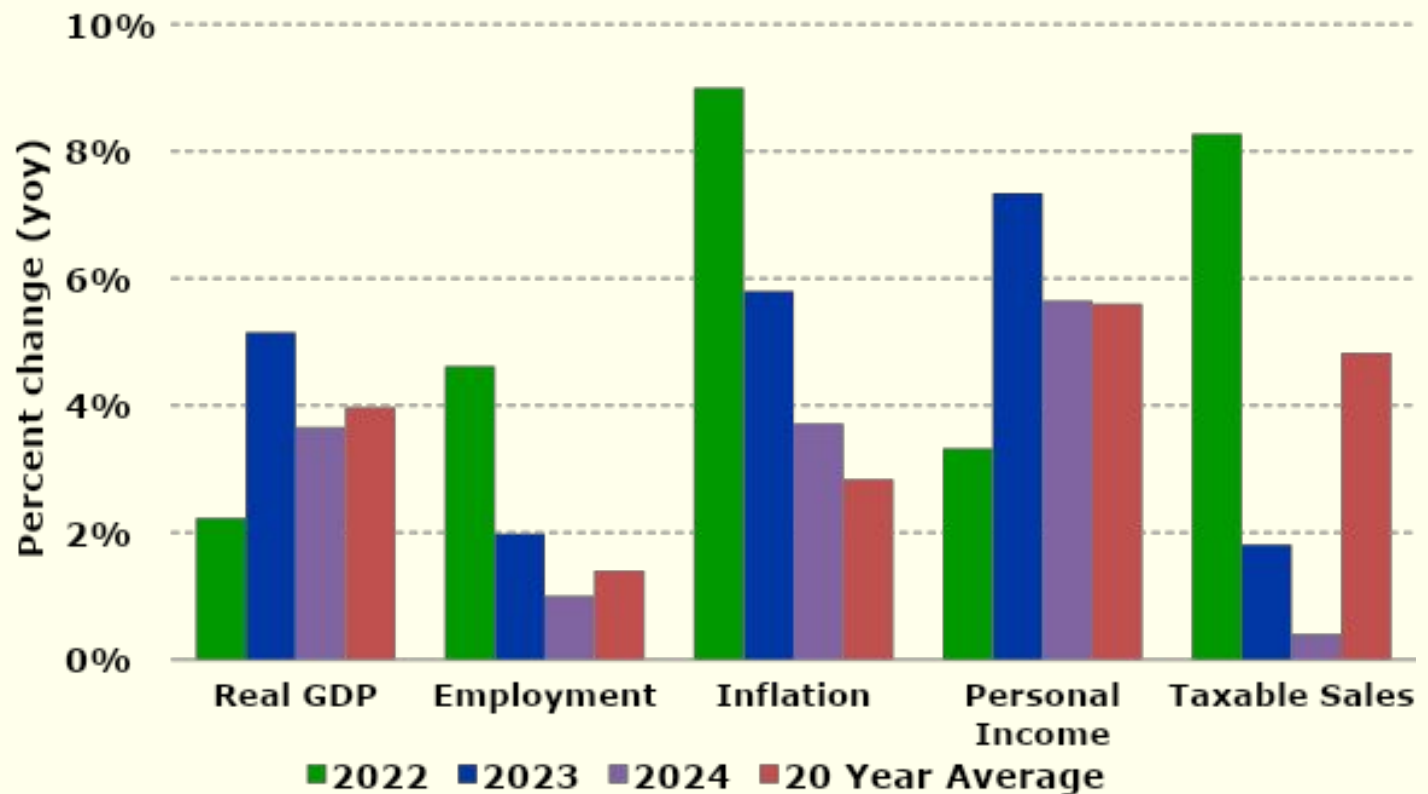
WA = 4.0%
above January
2020

WA taxable
sales growth
very slow

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**Washington State Economic Indicators
2022-2024 Actual Growth & 20 Year Average**



Source: BEA, ERFC, U.S. Bureau of Labor Statistics, WA Employment Security, WA DOR

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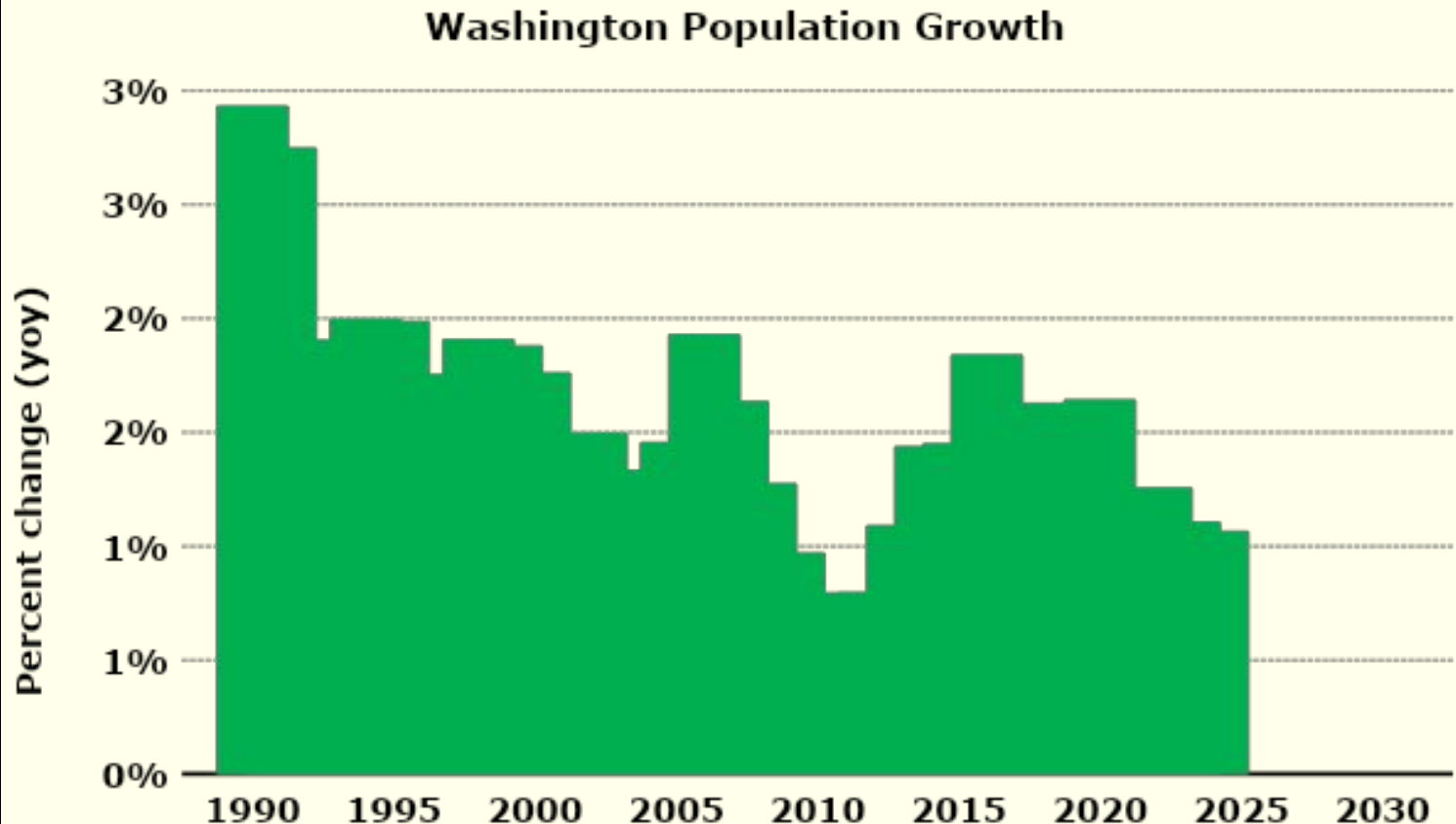


WA population has continued to grow largely via migration

Total
population
growth in
2024
=84,550

Natural
increase
=15,458

Net migration
=69,092

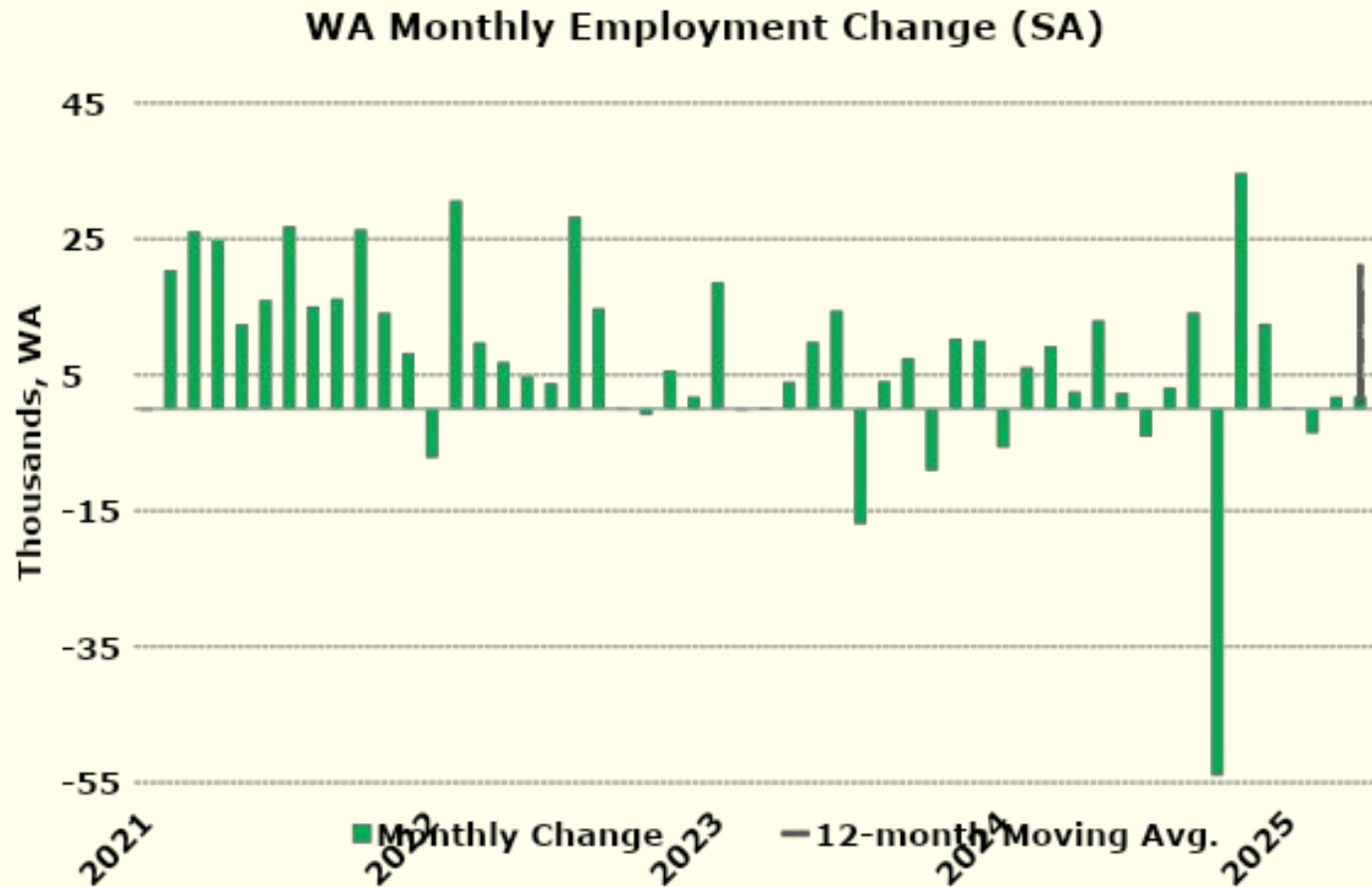


Source: WA OFM



WA employment growth slowed in 2024-2025

The Boeing strike showed up in the October and November 2024 data.



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Source: U.S. Bureau of Labor Statistics, WA Employment Security Dept., ERFC; data through April 2025

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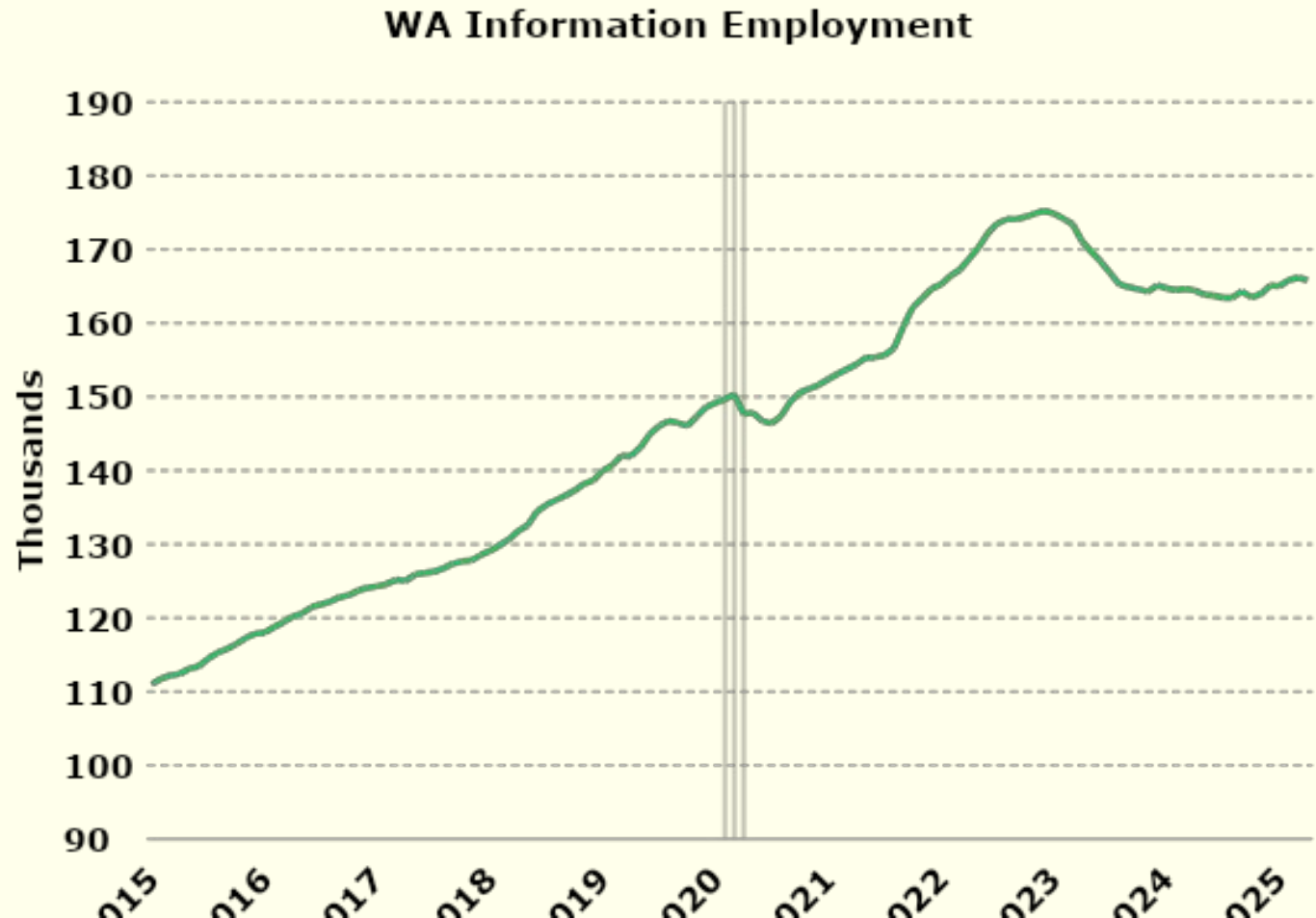
WA information employment is down over 9,000 jobs compared with peak in 2022

Microsoft announced layoffs in 2023; other tech firms also slowed or reduced hiring.

Last week, Microsoft announced another 2,000 layoffs in Puget Sound area

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Source: ERFC, U.S. Bureau of Labor Statistics, Employment Security Dept., data through April 2025

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WA aerospace employment was recovering until the strike in October 2024





Unlike U.S. manufacturing employment, WA manufacturing employment has been fairly steady

U.S. manufacturing employment fell by 35% (6.8M jobs) between 1979 and 2024. Washington manufacturing fell by 3%.

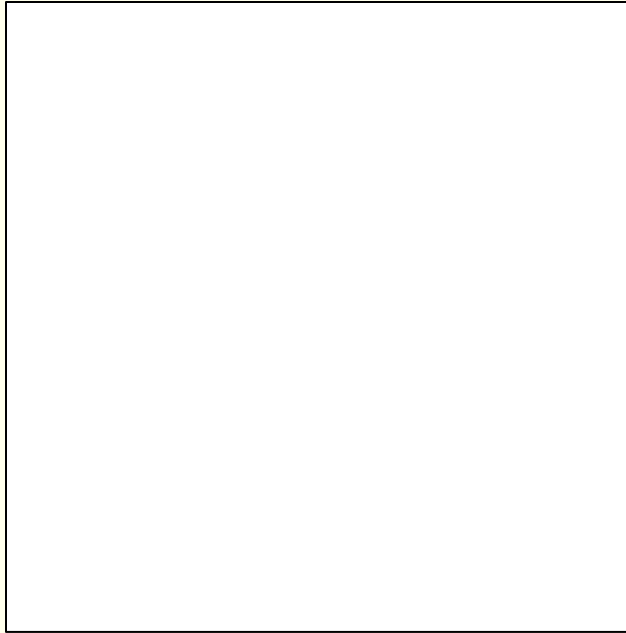


Source: ERFC historical data through 2024 Q4

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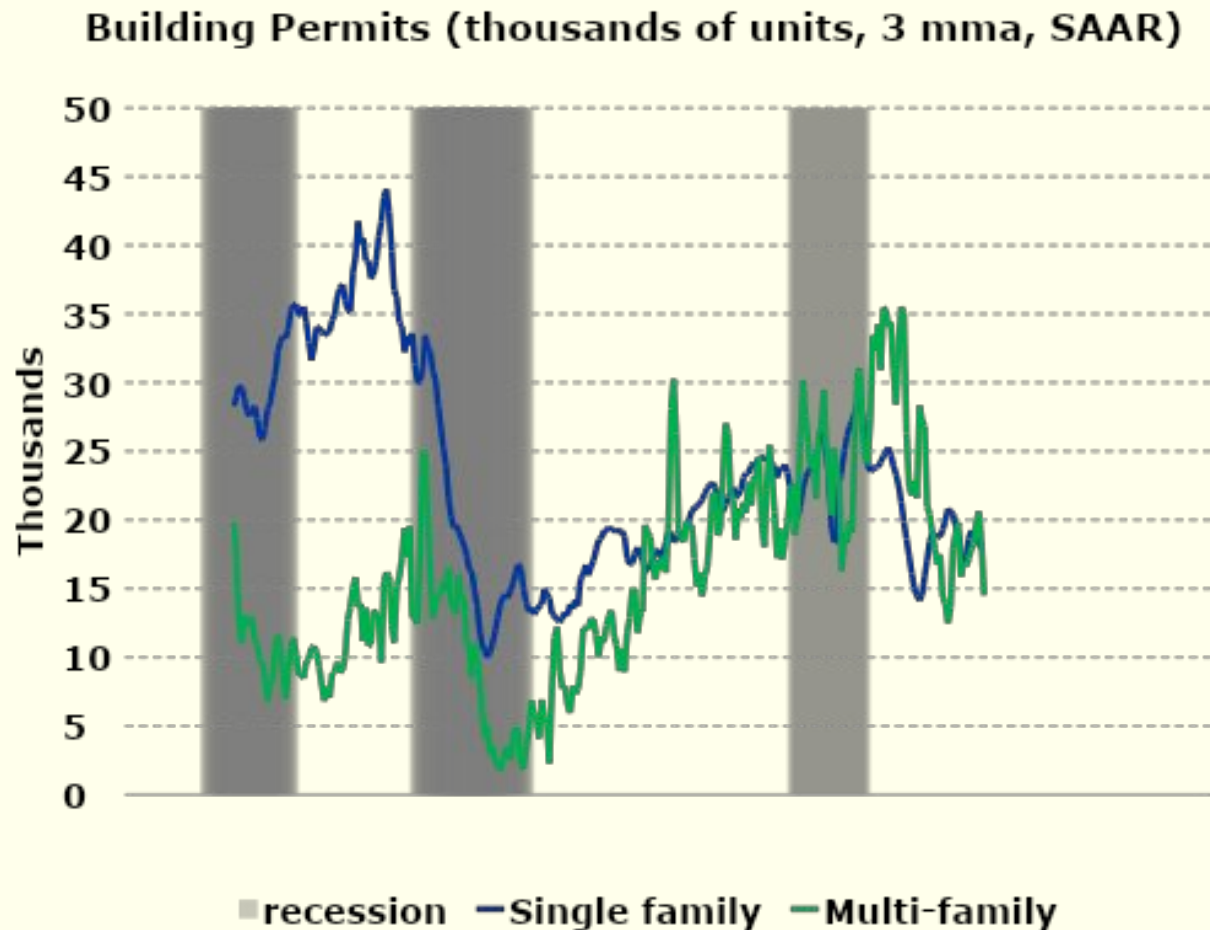


Washington job openings down from 2022 peak, consistent with national picture



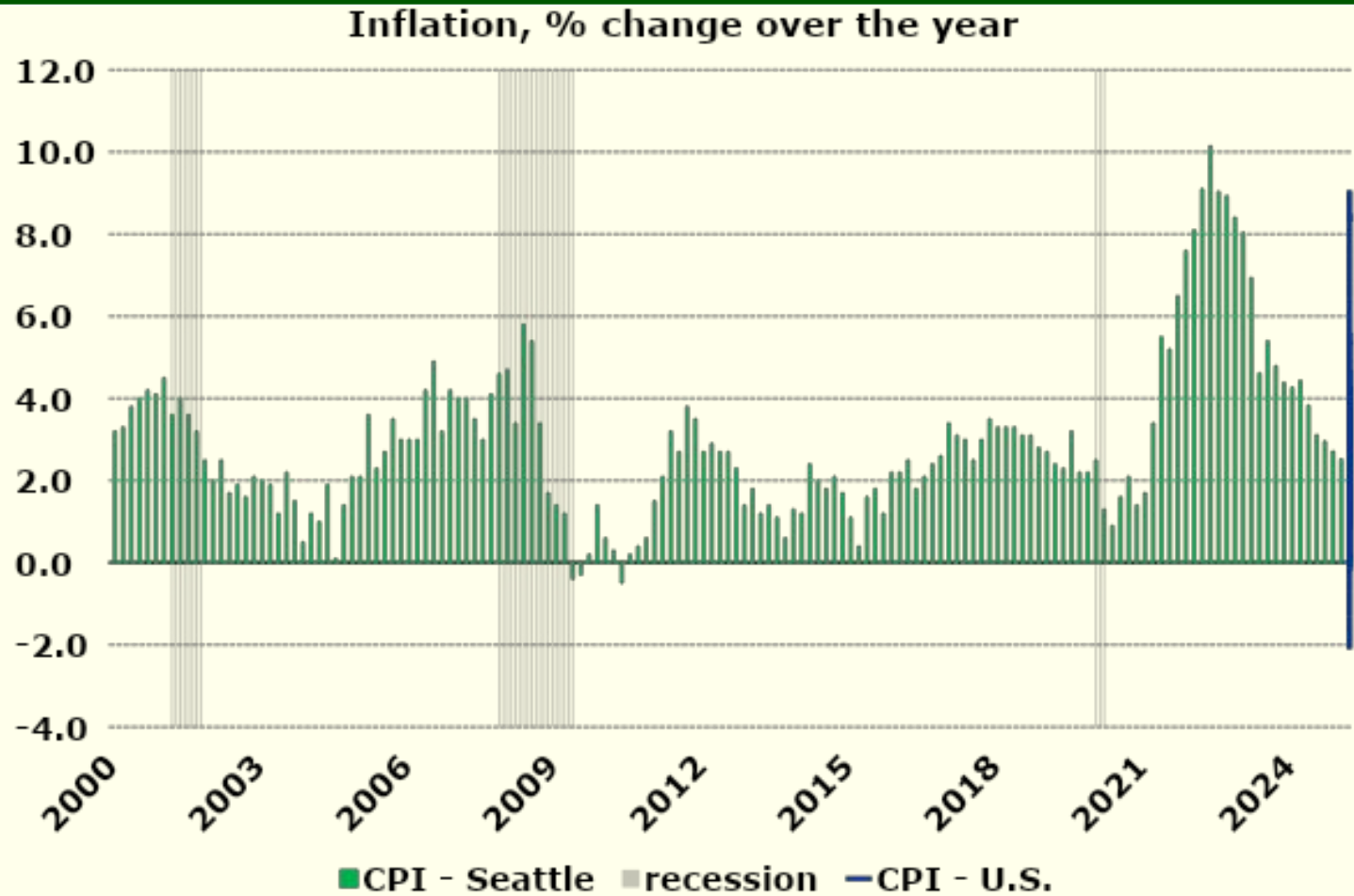


WA residential building activity is down from post-pandemic surge





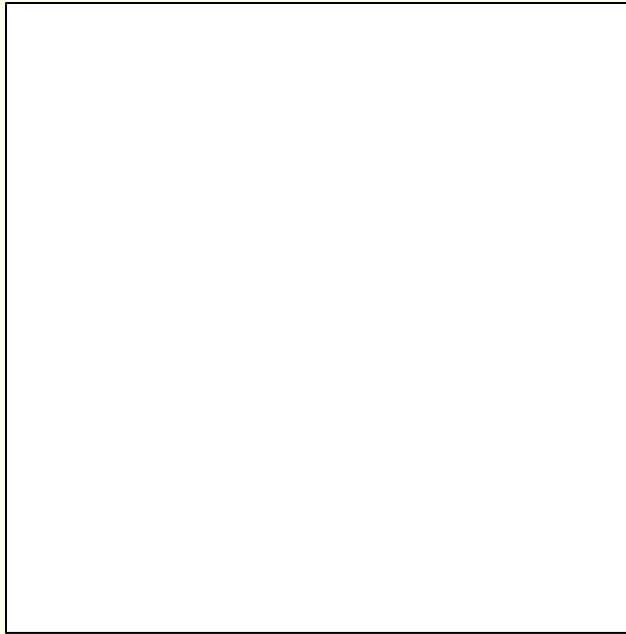
Inflation has slowed significantly, but tariffs will likely raise inflation in the near-term





Home price growth began increasing in 2023, but slowed in 2024

Seattle
home prices
bottomed in
March 2023





WA exports have increased from their 2020 low; 2025:1Q up 4.4% yoy

Total Exports

2019: \$60.3 B

2020: \$41.1 B

2021: \$53.7 B

2022: \$61.2 B

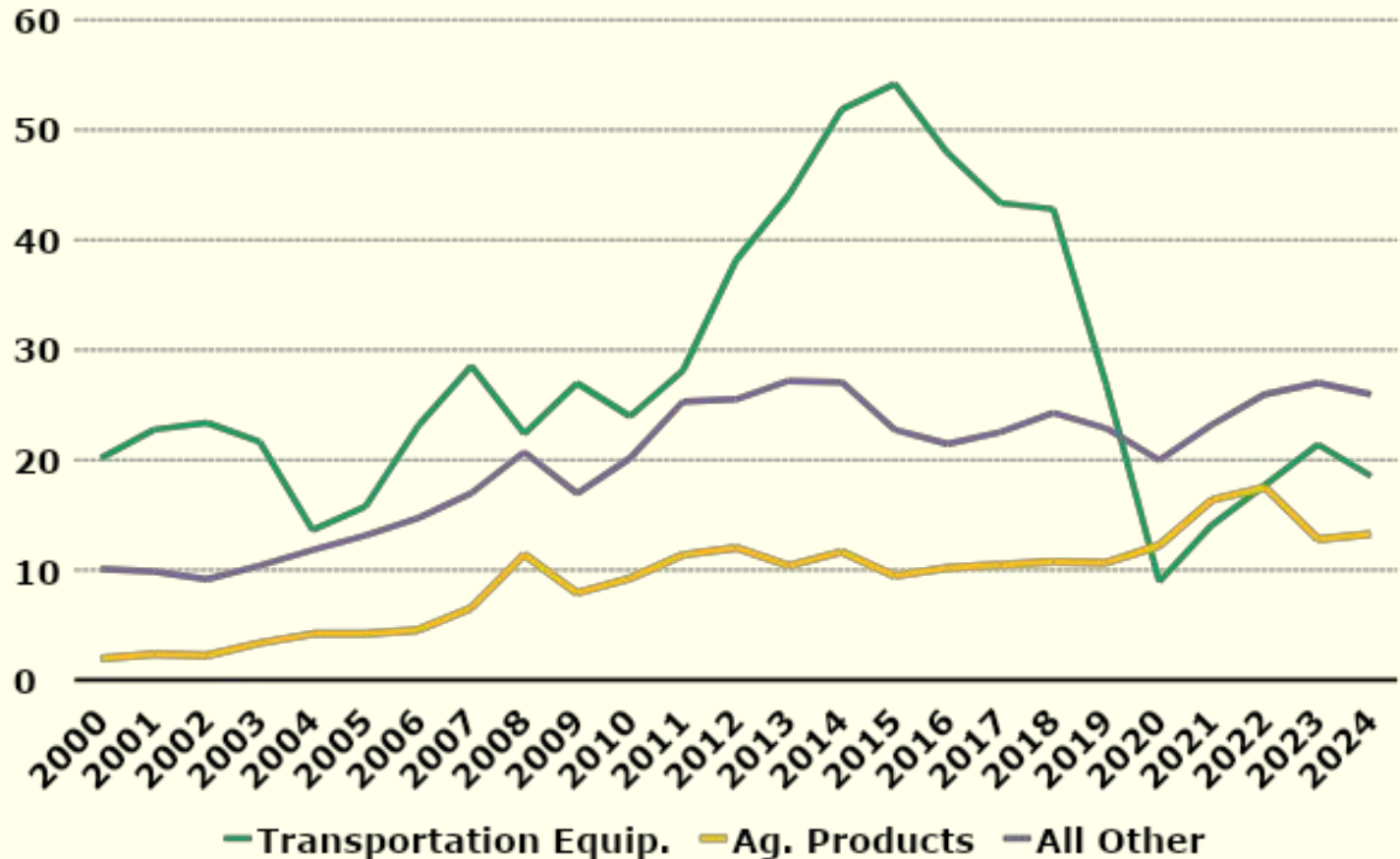
2023: \$61.2 B

2024: \$57.8 B

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WA merchandise exports



Source: WISERTrade; data through 2024

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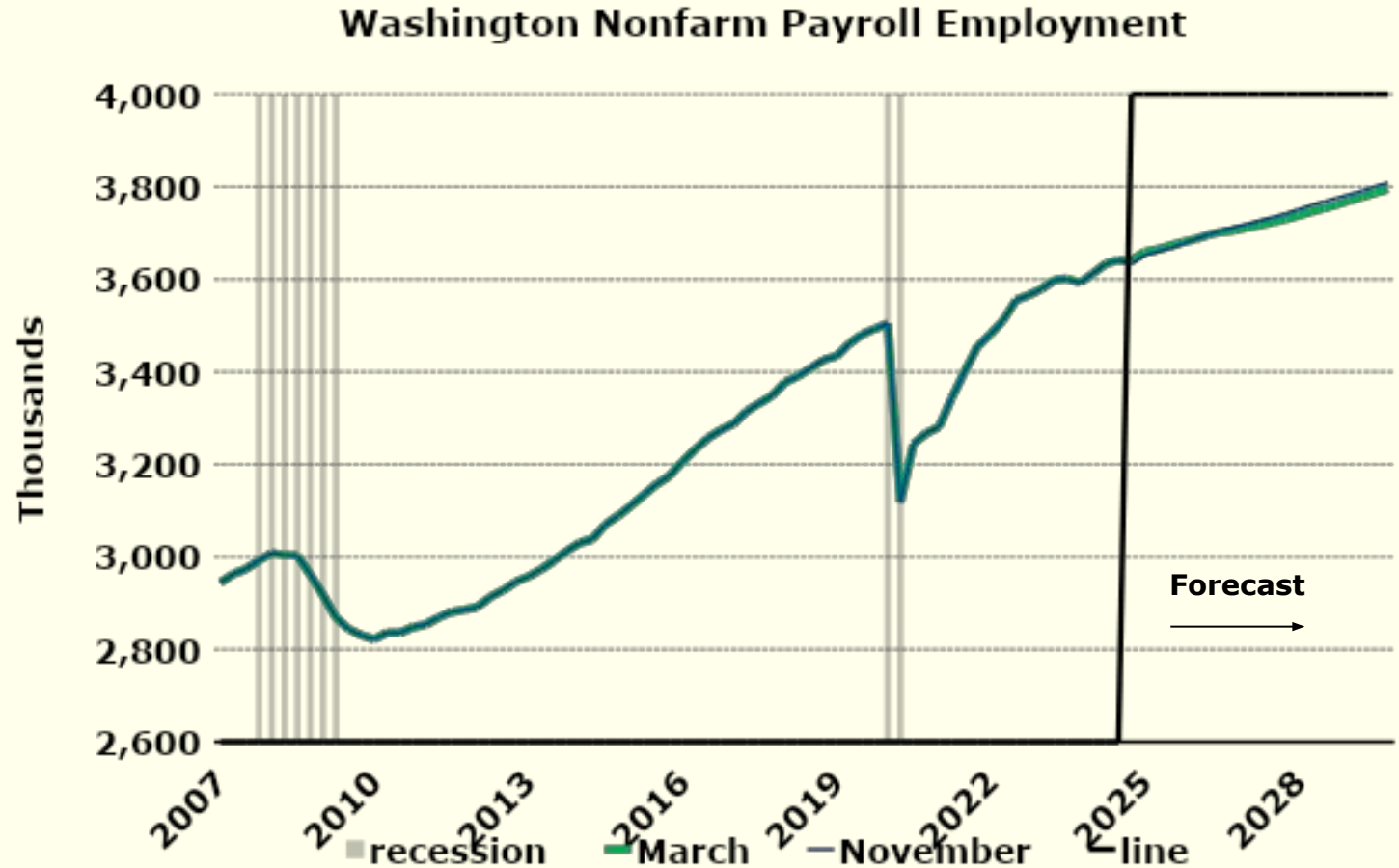


WA employment forecast calls for slow growth over the forecast period

Average annual employment growth, 2025 to 2029:

U.S. = 0.3%

WA = 0.8%

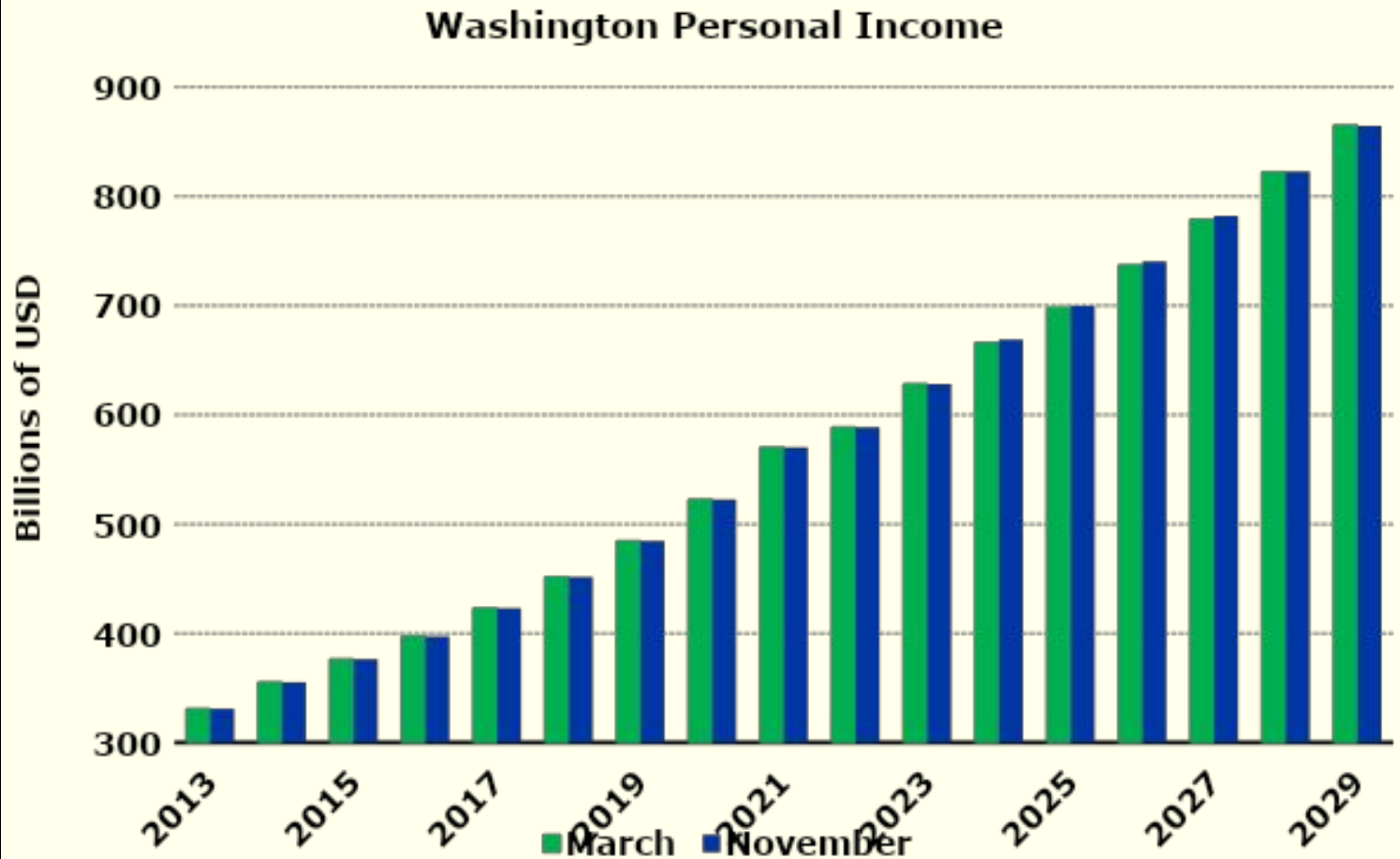


Source: ERFC March 2025 forecast; historical data through 2024 Q4



WA personal income forecast averages 5.4% annual growth from 2025-2029

In March, BEA released 2024:4Q personal income and WA was up 4.3% (SAAR)

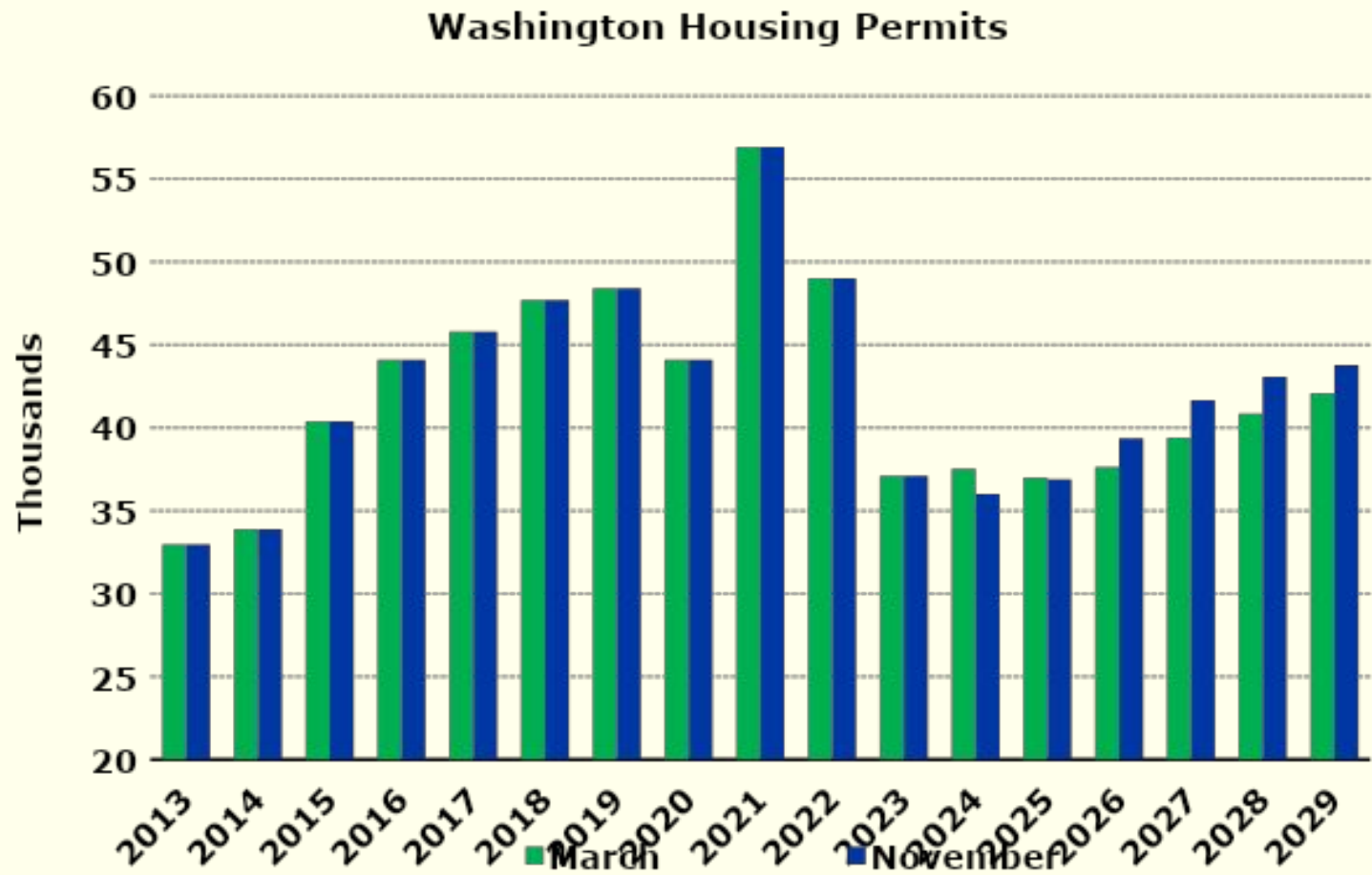


Source: ERFC March 2025 forecast; historical data through 2024 3Q

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WA housing permit forecast; slow growth



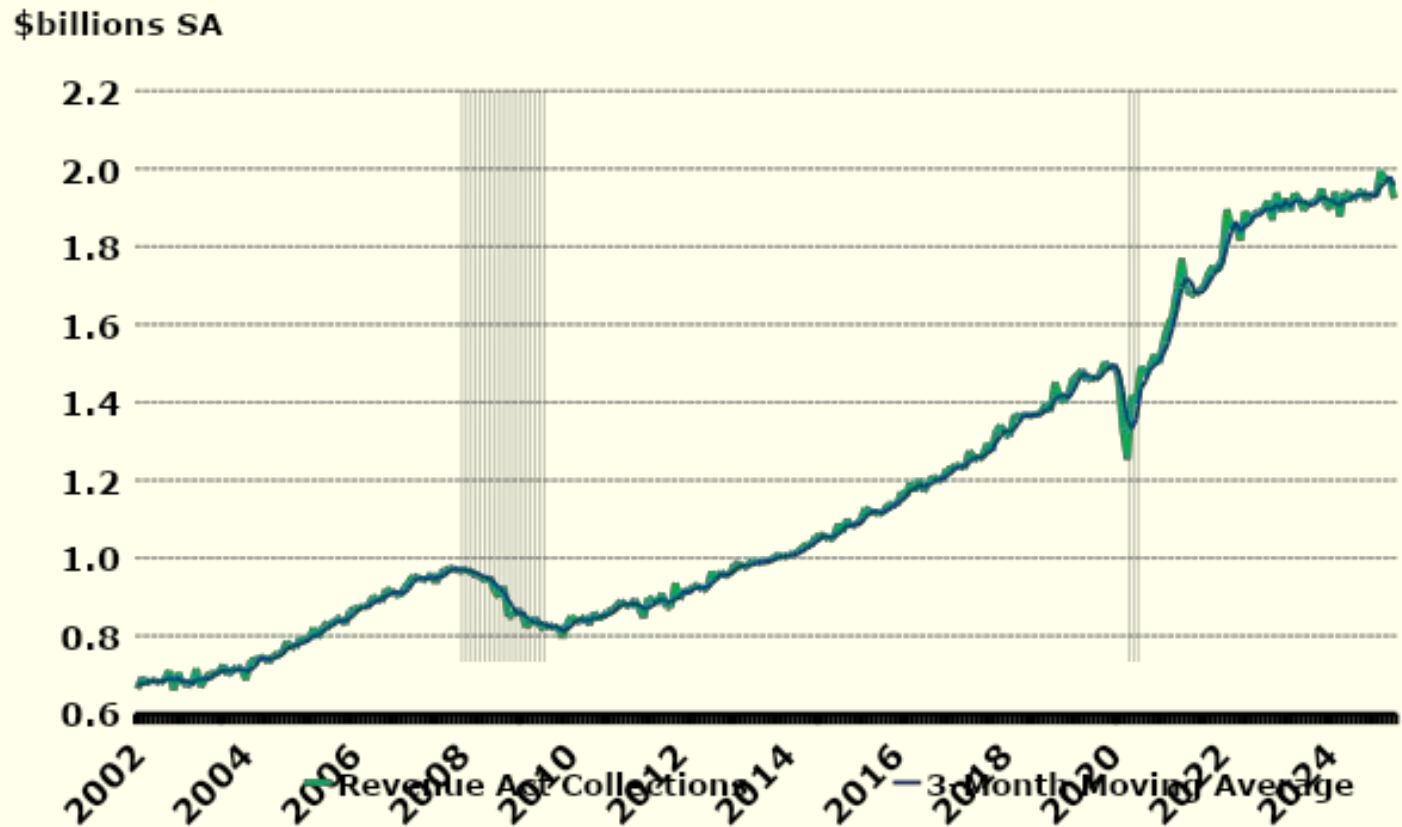
Source: ERFC March 2025 forecast; historical data through 2024

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Revenue Act collections growth; March activity was up 2.4% (SA) compared with March 2024

Revenue Act includes:
Sales tax
B&O tax
Use tax
Pub util tax
Penalties
Tobacco



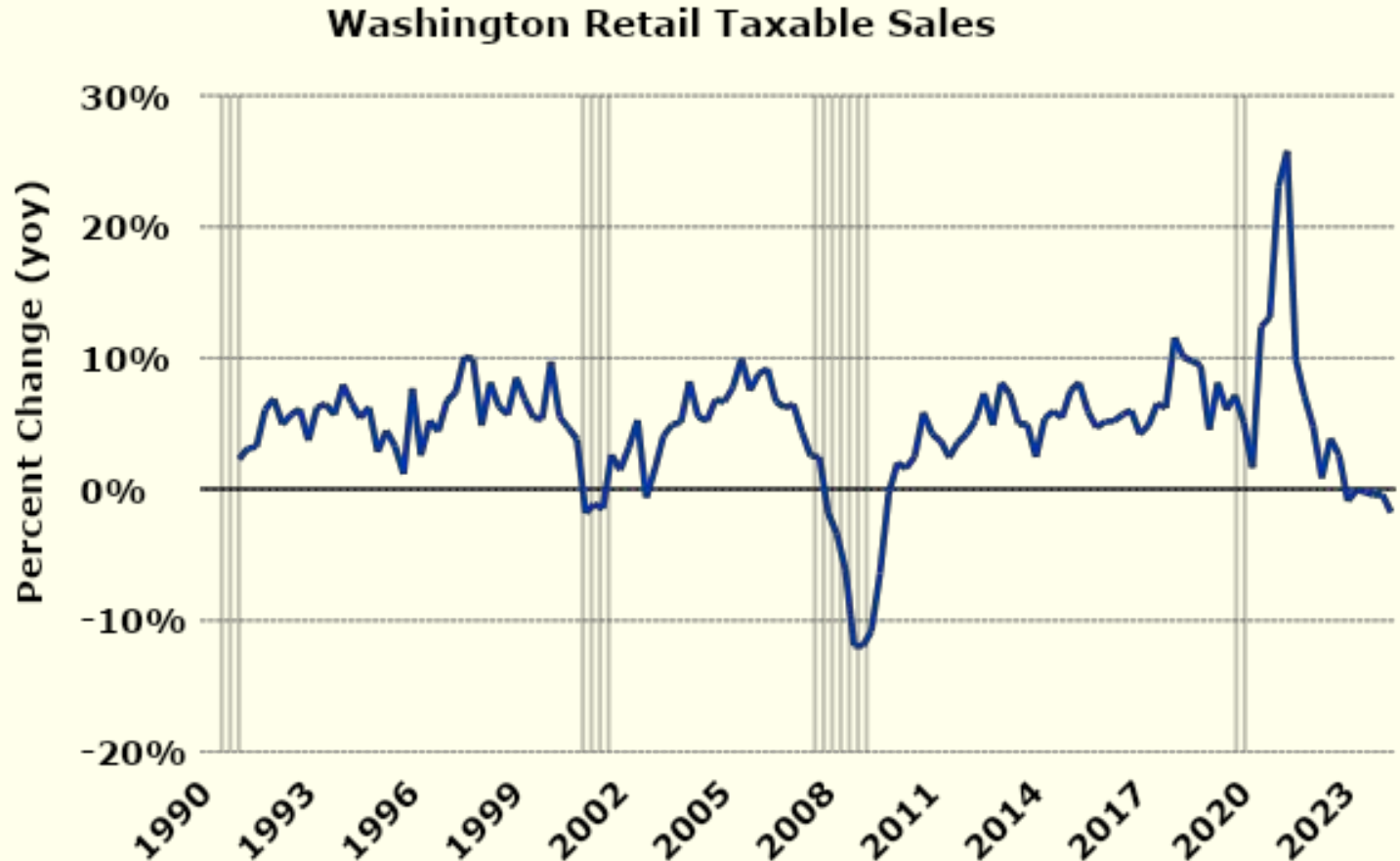
* Adjusted for large one-time transactions, amnesty payments, reporting frequency change and deferred 2020 payments, current definition of Revenue Act
Source: DOR and ERFC; monthly data through March 2025 activity

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WA taxable sales in retail trade have contracted for seven quarters through third quarter of 2024

Retail taxable sales made up 41.3% of taxable sales in FY 2024



Source: ERFC analysis of DOR data through 2024 Q3. NAICS 44 & 45 indicated, SIC data re-classified to match NAICS classifications prior to 2005.

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Questions



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