



# ECONPULSE

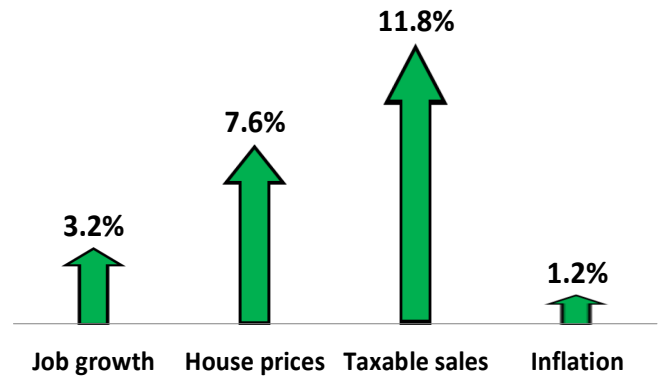
A QUARTERLY LOOK AT THE KING COUNTY ECONOMY  
 KING COUNTY OFFICE OF ECONOMIC AND FINANCIAL ANALYSIS

THIRD QUARTER 2015

## SUMMARY

- King County employment grew by 3.2% in the third quarter relative to a year ago, with solid growth in nearly all sectors.
- Home prices increased by 7.6% since August 2014. The average sales price for a home in King County was \$548,640 in September 2015.
- Taxable sales in King County were up 11.8% in July and August from a year prior.
- Inflation increased slightly, up 1.2% year over year.

**King County Key Economic Indicators**  
 Q3 2015 growth compared to Q3 2014



## DETAIL

King County has added over 40,000 new jobs since the third quarter of 2014, an increase of 3.2%. Growth has been spread across many sectors, and while construction employment continued to grow, the pace of growth has slowed considerably compared to the first and second quarters of 2015. This slowdown will likely continue into the cooler months of the year, due to the seasonal nature of construction work. Additionally, updated benchmarks from the Washington State Employment Security Department resulted in a downward revision of employment figures for all quarters of 2015.

**King County Total Employment**  
 (monthly non-farm jobs, in millions)

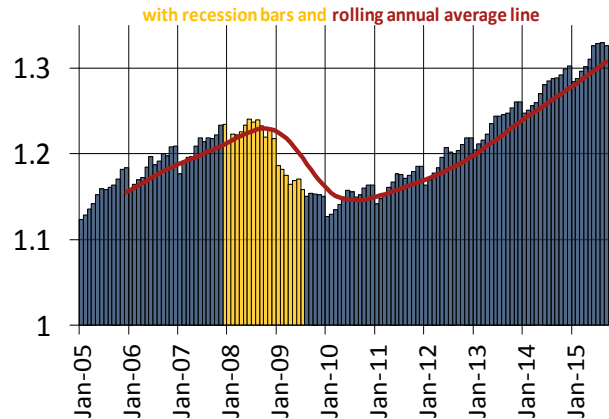


Fig. 1 Non-Farm Employment in King County (Source: WA ESD)

Unemployment in King County (not seasonally adjusted) is 3.9% as of September 2015, well below the national rate of 5.1%.

**DETAIL (CONT.)**

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

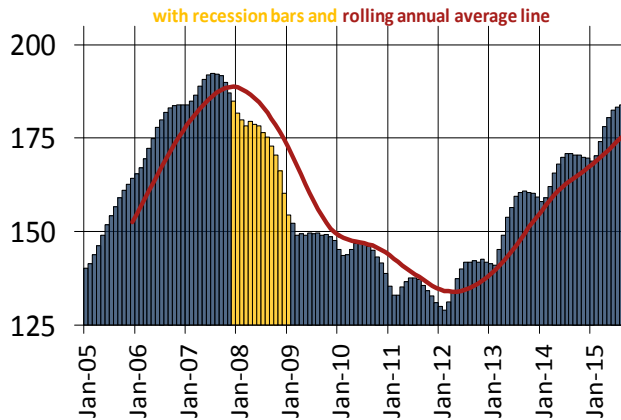


Fig. 2 Seattle Case-Shiller Index (Source: S&P)

Extremely low inventory and a fast moving market continued to affect potential home buyers looking to take advantage of low interest rates in King County in the third quarter of 2015. While sales are up year-over-year, the number of closed sales dropped in both August and September, and the usual seasonal decrease in new listings in the fourth quarter is likely to further strain supply.

Single-family permitting continues to be slow, with a decrease of 15% in the number of units permitted in the third quarter of 2015 relative to 2014. A 10% increase in multi-family permitted units in the third quarter of 2015, however, will help alleviate some supply concerns.

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

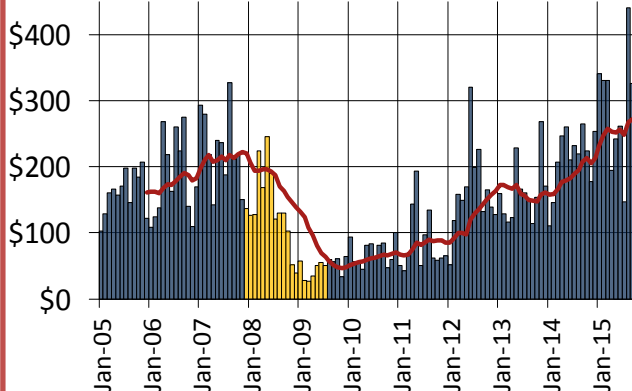


Fig. 3 Value of King County Permits (Source: U.S. Census Bureau)

Taxable retail sales increased 11.8% in July and August of 2015 compared to the year prior, buoyed by construction sales growth of 25.7%. Wholesale taxable sales also had a strong start to the third quarter, up 20% over July and August of the previous year.

**Taxable Sales Growth**  
(annual average of top four sectors)

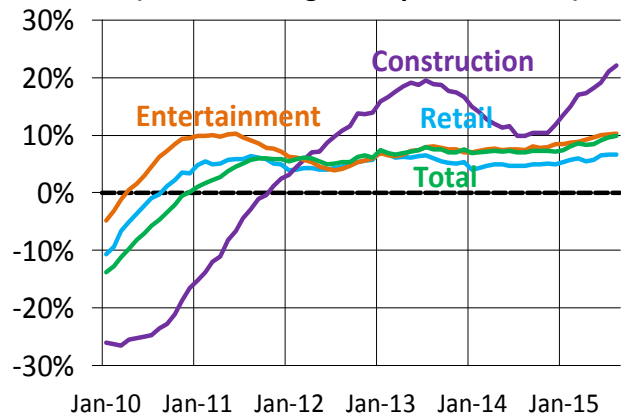


Fig. 4 Taxable Sales Growth in King County (12 month avg)  
(Source: WA DOR)

Inflation was subdued again in the third quarter, with increasing food and housing prices offset by declines in energy prices. The CPI-W for Seattle increased 1.2% year-over-year in August.

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

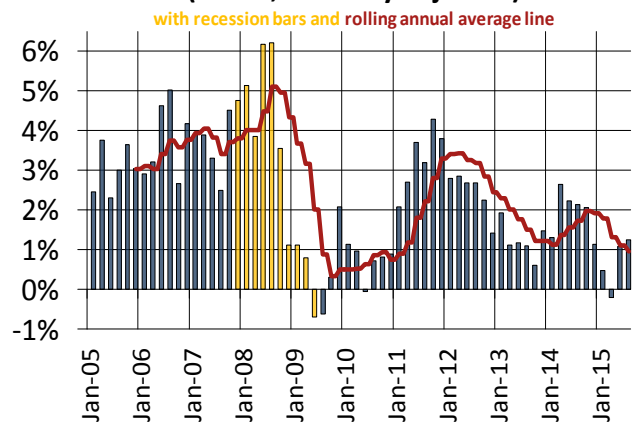


Fig. 5 Seattle Consumer Price Index (Source: BLS)

## THE NUMBERS

### King County Employment (in thousands)

NAICS Industry	2015:3Q	2014:3Q	Absolute change	% Change
Total Nonfarm	1,328.6	1,287.3	41.2	3.2%
Total Private	1,158.1	1,123.3	34.8	3.1%
Goods Producing	174.5	171.6	2.9	1.7%
Construction	66.5	63.3	3.1	4.9%
Manufacturing	107.5	107.8	-0.3	-0.3%
Service Providing	1,154.1	1,115.7	38.4	3.4%
Trade, Transportation, and Utilities	252.1	238.5	13.6	5.7%
Information	91.1	87.9	3.1	3.6%
Financial Activities	72.7	70.7	1.9	2.7%
Professional and Business Services	218.9	211.9	7.0	3.3%
Educational and Health Services	167.9	166.6	1.3	0.8%
Educational Services	24.5	23.3	1.2	5.1%
Ambulatory Health Care Services	55.1	52.4	2.8	5.3%
Hospitals	27.5	28.3	-0.9	-3.1%
Nursing and Residential Care Facilities	20.4	20.7	-0.3	-1.4%
Social Assistance	40.3	42.0	-1.7	-4.0%
Leisure and Hospitality	131.9	129.4	2.5	1.9%
Arts, Entertainment, and Recreation	24.8	25.0	-0.2	-0.7%
Accommodation	13.8	13.5	0.3	2.2%
Food Services and Drinking Places	93.2	90.9	2.4	2.6%
Other Services	49.2	46.6	2.5	5.4%
Government	170.4	164.0	6.4	3.9%

### Other King County Economic Indicators

	2015:Q3	2014:Q3	% Change
<b>Real Estate</b>			
Single Family Permits (No. of units)	813	961	-15.4%
Single Family Permits (\$000)	\$ 221,380	\$ 331,779	-33.3%
Multi-Family Permits (No. of units)	3,348	3,028	10.6%
Multi-Family Permits (\$000)	\$ 594,928	\$ 388,938	53.0%
Avg. sales price (NW Multiple Listing Service)	\$ 545,102	\$ 508,454	7.2%
Number of sales (NW Multiple Listing Service)	10,167	8,972	13.3%
<b>Taxable Retail Sales (\$B, July-August)</b>	\$ 9.97	\$ 8.91	11.8%
Retail/Wholesale	\$ 4.24	\$ 3.90	8.5%
Construction/Real Estate	\$ 2.69	\$ 2.15	25.3%
Food Service, Accommodation, Entertainment	\$ 1.79	\$ 1.63	9.9%
Other	\$ 1.25	\$ 1.23	1.4%
<b>Inflation (June)</b>			
CPI-W (Seattle-Tacoma-Bremerton)	247.50	244.47	1.2%

## FOCUS: POVERTY IN KING COUNTY

As the United States and King County economies continue the slow recovery from the Great Recession of 2007-2009, much attention has been devoted to how the recovery has disproportionately benefitted those at the upper end of the income spectrum while yielding little, if any, benefit to lower income households. The recent release of the 2014 American Community Survey (ACS) data by the US Census covering local area poverty allows us to examine how those at the lowest end of the income spectrum have fared and if, in fact, they have been left behind as the economy bounces back from the recession. Single individuals with \$12,071 or less in income in 2014 qualify as living in poverty, while the level for a family of four is around \$24,000. As indicated in Figure 6, overall poverty rates in the United States and King County were 14.8% and 11.2% in 2014, respectively. These rates are improved from the high rates reached at the end of the recession, but are still higher than the pre-recession levels.

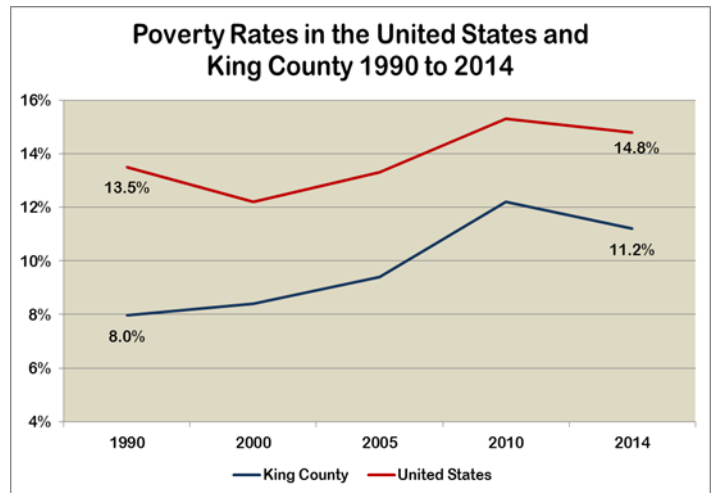


Fig. 6 Poverty Rates—US & King County (Source: US Census)

While poverty rates in King County have shown some improvement in recent years, the number of people living in poverty has grown dramatically. Between 1990 and 2014, the overall population of King County has increased by around 41% (over 600,000 people). The number of King County residents living below the poverty line, however, has nearly doubled over that time, growing 95.6% (from 117,589 to 230,043). Much of the growth of people below the poverty line has been in the suburban areas of the county, a trend that has been appearing nationally as well<sup>1</sup>. For example, from 1990 until 2013, the number of people living in poverty within the Seattle city limits grew by 34%. For those communities within King County but outside of Seattle, the rate of growth of the poor population was over 150%. In 1990, 52% of the County's poor lived in Seattle and 48% lived outside Seattle. With the explosion in the growth of the suburban poor population, that proportion has shifted dramatically; in 2013, 37% of King County residents living in poverty lived in Seattle while the other 63% lived outside Seattle. According to the Brookings Institution, this upending of traditional patterns of poverty is due in part to the effects of the 50-year-long federal War on Poverty, which focused on inner city and rural poverty and "population growth, changes in the locations of affordable housing, new immigration patterns, the continued outward shift of employment, and the growing prevalence of low-wage jobs<sup>2</sup>".

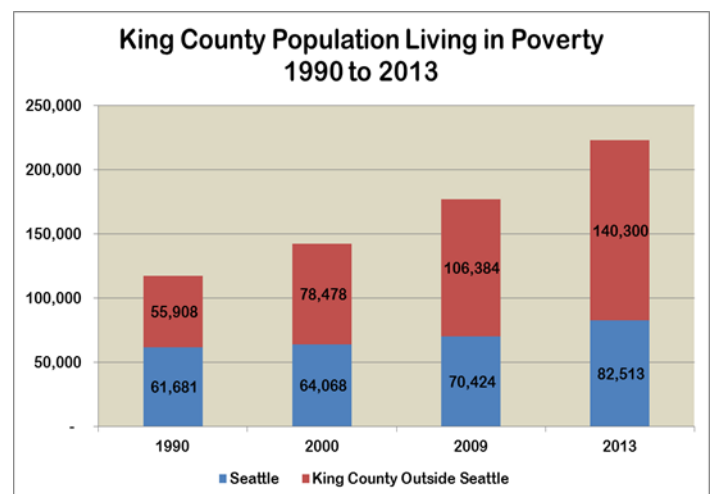


Fig. 7 King County Poverty Population (Source: US Census)

<sup>1</sup> Kneebone, Elizabeth and Benrube, Alan. "Confronting Suburban Poverty in America." (Brookings)

<sup>2</sup> ibid

## FOCUS: POVERTY IN KING COUNTY (CONT.)

With the spread of poverty outside of the Seattle city limits and into other areas of King County, the number of areas defined as “high-poverty” has increased substantially. A high-poverty Census tract is one in which 20% or more of the residents live in poverty<sup>3</sup>. In 2000, there were 21 high-poverty Census tracts within King County. By 2013, that number had tripled; there are now 63 Census tracts in King County where at least one in five residents live in poverty.

The areas with the highest increases in poverty rates were almost exclusively south Seattle and south King County communities, with the exception of Seattle’s University District with its high proportion of full-time students. The number of high-poverty Census tracts in King County outside of Seattle ballooned from 3 in 2000 to 32 in 2013. The high-poverty areas outside of Seattle are predominantly in South King County, affecting communities within and around Tukwila, Kent, Seatac, Federal Way, Auburn, and Renton. Extreme poverty still exists within Seattle, with some of the highest poverty rates in the county occurring in neighborhoods such as Rainier

Tract	Area	2013	2000	Change
53.02	University District (Seattle)	64.00%	14.20%	+49.8%
295.03	Kent	39.40%	15.10%	+24.3%
53.01	University District (Seattle)	66.10%	43.70%	+22.4%
118	Rainier Beach (Seattle)	38.00%	16.60%	+21.4%
288.02	Seatac	33.40%	12.70%	+20.7%
303.11	Federal Way	31.50%	11.20%	+20.3%
110.01	Rainier Valley (Seattle)	37.10%	18.70%	+18.4%
264	Boulevard Park (Seattle)	29.00%	10.60%	+18.4%
292.03	Kent	30.60%	13.30%	+17.3%
308.01	Auburn	33.50%	16.80%	+16.7%
280	Burien/Seatac	30.00%	13.50%	+16.5%
273	Highline	29.10%	12.80%	+16.3%
112	South Park	28.30%	12.50%	+15.8%
282	Tukwila	28.00%	12.50%	+15.5%

Fig. 8 Areas with Largest Increase in Poverty Rate (Source: US Census)

Valley, Delridge, and Pioneer Square. However, many inner city areas have experienced decreasing poverty rates as gentrification works through some traditionally impoverished areas. The South Lake Union neighborhood, for example, went from having the 4<sup>th</sup> poorest Census tract in the County with a poverty rate of over 40% in 2000, to a 107<sup>th</sup>-ranking poverty rate of 14.9% in 2013.

Despite the large change in the numbers of people in poverty and where they are located, one attribute that has not changed significantly since 2000 are the demographic groups impacted by poverty, although the rates are worsening. High poverty rates persisted among single mothers (37.2% in 2013), black or African-American residents (28.4% in 2013), Hispanic residents (24.5% in 2013), residents with less than a high school education (27.4%), and those who did not work in the previous 12 months (21.4% in 2013). Poverty rates for all of these groups have increased since the end of the recession in 2009.

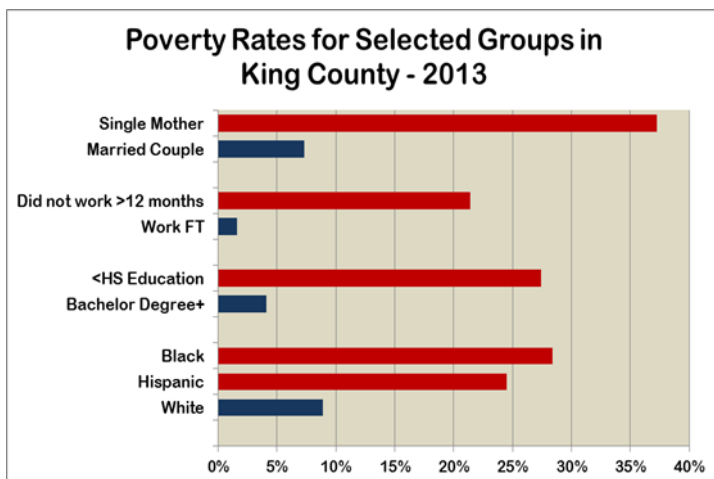


Fig. 9 Poverty for Selected Groups in KC (Source: US Census)

The 2014 ACS data does indicate an improving picture for the overall King County poverty rate. However, the underlying number of people affected by poverty, spatial shifts in where poverty is occurring in King County, and persistent and worsening impacts on certain sub-populations continue to be difficult challenges in our community.

<sup>3</sup> Kneebone, Elizabeth. “The Growth and Spread of Concentrated Poverty, 2000 to 2008-2012.” (Brookings, July 2014)

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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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