



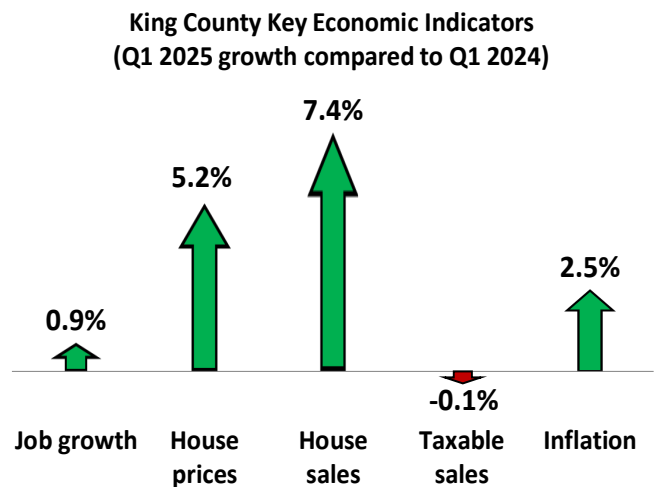
ECONPULSE

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

FIRST QUARTER 2025

SUMMARY

- King County employment increased 0.9% in the first quarter of 2025 compared to the first quarter of 2024.
- Home prices increased 5.2% compared with the first quarter of 2024.
- The number of sales on the multiple listing service (MLS) in King County increased 7.4% in the first quarter year-over-year ('yoy').
- Taxable sales were down 0.1% year-over-year in the first quarter of 2025 compared to first quarter 2024.
- The local inflation rate for February 2025 was 2.5%.



DETAIL

Employment in King County grew slightly in the first quarter of 2025, adding 13,300 jobs for a 0.9% increase. Most sectors experienced employment growth, with the largest gains occurring in service providing industries such as information (+3,900 jobs or 3.0% growth), private educational and health services (+8,300 jobs, 4.2% growth), and leisure and hospitality (+2,900 jobs, 2.2% growth). The retail sector and larger trade, transportation, and utilities sectors have not seen any employment growth in the first quarter of 2025 compared to last year. Employment in goods-producing industries declined 4.2%, with decreases in both construction (-4,300 jobs, a 6% decrease) and manufacturing (-2,600 jobs, a 2.8% loss).

The unemployment rate in King County increased slightly in the first quarter of 2025, up to 4.2% in March. Initial claims for unemployment insurance also increased in the first quarter, with 17,769 claims filed in the first three months of the year, a 14% increase over the same time period in 2024.

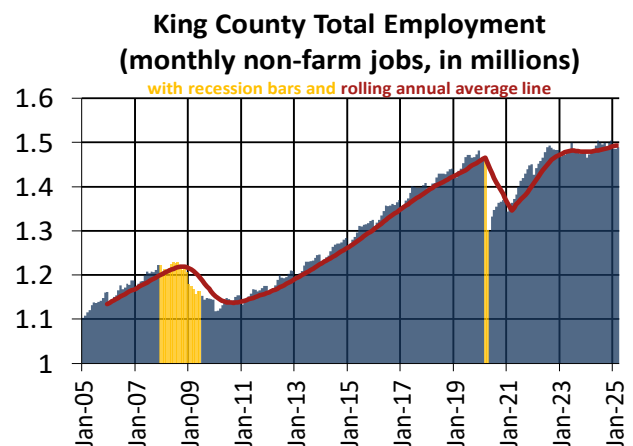


Fig. 1 Non-Farm Employment in King County (Source: WA ESD)

DETAIL (CONT.)

Seattle House Prices
(Case Shiller index, Jan-2000=100)

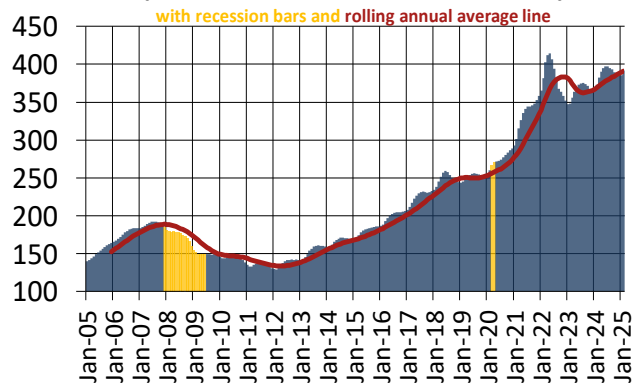


Fig. 2 Seattle Case-Shiller Index (Source: S&P)

Seattle area home prices continue to rise, up 5.2% in January and February compared to 2024. Sales activity also increased in what is typically the slowest quarter of the year, with 7.4% more closed home sales than in the first quarter of 2024. Mortgage rates, while slightly lower than in 2024, remain high with an average 30 year mortgage rate of 6.82% in the first quarter of 2025.

Residential permitting activity was mixed in the first quarter of 2025, with single-family permitting up 17.5% and multi-family permitting down 64.3%. While the first quarter is usually a slower time for residential permitting, the first quarter of 2025 saw the lowest overall number of permits in a quarter since the fourth quarter of 2011.

King County Residential Permit Values
(new, privately-owned, in millions \$)

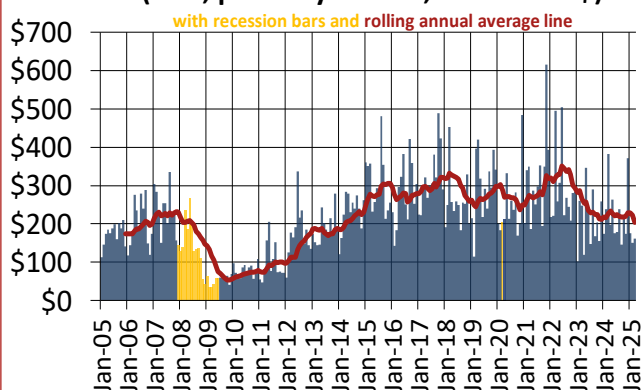


Fig. 3 Value of King County Residential Permits
(Source: U.S. Census Bureau)

Taxable sales were down 0.1% in the first quarter compared to a year ago. Construction continued to decline, down 9.2% relative to the same time period in 2024. Retail and wholesale increased 1%. Sales in the food service, accommodation, and entertainment sectors were up 1.4%. The catch-all category of "other," which is comprised of sectors as varied as manufacturing, information, professional services, and education, was up 4.3% year-over-year.

Taxable Sales Growth
(annual average of total + top three sectors)

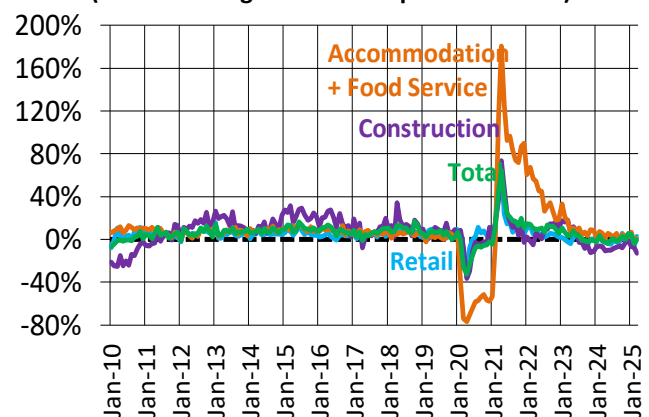


Fig. 4 Taxable Sales Growth in King County (12 month avg)
(Source: WA DOR)

Inflation continued to ease in the first quarter of 2025, down to 2.5% as measured by the CPI-U for Seattle in February. The food, energy, and shelter indexes all increased in February relative to the prior year, offset by decreasing apparel prices. National CPI-U was 2.4% in March.

Seattle Inflation
(CPI-U, annually adjusted)

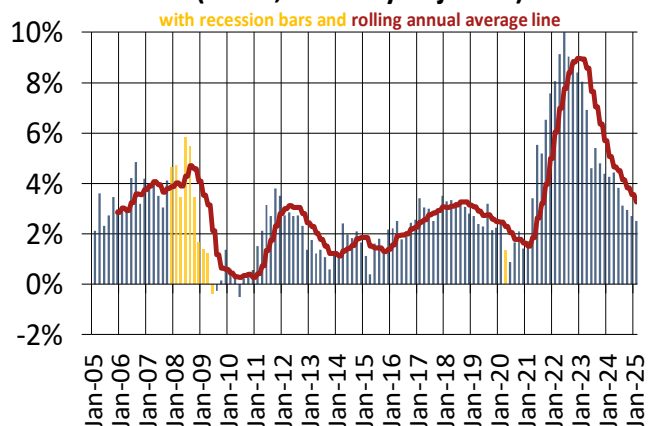


Fig. 5 Seattle Consumer Price Index (Source: BLS)

THE NUMBERS

King County Employment (in thousands)

NAICS Industry	2025:1Q	2024:1Q	Absolute change	% Change
Total Nonfarm	1,486.5	1,473.2	13.3	0.9%
Total Private	1,298.4	1,287.9	10.5	0.8%
Goods Producing	159.3	166.3	-7.0	-4.2%
Construction	67.8	72.1	-4.3	-6.0%
Manufacturing	91.1	93.7	-2.6	-2.8%
Service Providing	1,327.2	1,306.9	20.3	1.6%
Trade, Transportation, and Utilities	227.2	227.2	-0.1	0.0%
Information	132.8	129.0	3.9	3.0%
Financial Activities	73.9	73.1	0.8	1.0%
Professional and Business Services	312.2	310.9	1.4	0.4%
Private Educational and Health Services	206.9	198.5	8.3	4.2%
Private Educational Services	37.9	35.0	2.8	8.1%
Health Care and Social Assistance	169.0	163.5	5.5	3.4%
Ambulatory Health Care Services	66.6	64.3	2.3	3.5%
Hospitals	31.3	30.9	0.5	1.5%
Nursing and Residential Care Facilities	20.4	19.5	0.9	4.8%
Social Assistance	50.7	48.8	1.8	3.8%
Leisure and Hospitality	135.1	132.2	2.9	2.2%
Arts, Entertainment, and Recreation	26.9	25.4	1.4	5.6%
Accommodation	13.3	13.0	0.3	2.3%
Food services and drinking places	94.9	93.7	1.1	1.2%
Other Services	48.8	48.5	0.3	0.6%
Government	188.1	185.3	2.8	1.5%

Other King County Economic Indicators

	2025:Q1	2024:Q1	% Change
Real Estate			
Single Family Permits (No. of units)	619	527	17.5%
Single Family Permits (\$000)	\$ 307,159	\$ 257,525	19.3%
Multi-Family Permits (No. of units)	921	2,583	-64.3%
Multi-Family Permits (\$000)	\$ 180,496	\$ 536,866	-66.4%
Average sales price (NW Multiple Listing Service)	\$ 1,071,686	\$ 1,043,007	2.7%
Number of sales (NW Multiple Listing Service)	4,688	4,365	7.4%
Taxable Retail Sales (\$B, Jan-Mar)	\$ 21.33	\$ 21.36	-0.1%
Retail/Wholesale	\$ 8.38	\$ 8.29	1.0%
Construction	\$ 4.17	\$ 4.59	-9.2%
Food Service, Accommodation, Entertainment	\$ 2.14	\$ 2.11	1.4%
Other	\$ 6.65	\$ 6.38	4.3%
Inflation (February)			
CPI-U (Seattle-Tacoma-Bellevue)	358.10	349.29	2.5%

KING COUNTY FORECAST

The U.S. economy grew by 2.8% in 2024 but is off to a rocky start in 2025 with negative first quarter growth (-0.3%). Personal consumption expenditures, though positive, moderated from 1.87% growth in 2024 (with goods at 0.52% and services at 1.35%) to 1.21% in Q1 2025 (goods at 0.1% and services at 1.1%). The Q1 2025 GDP decline was primarily driven by sharp drops in net exports (-4.8%) and weakness in government spending (-0.25%), particularly at the federal level (-0.33%).

At the regional level, King County has demonstrated resilience, with total employment fully recovering from the previous recession. Employment peaked at 1.514 million in June 2024 and maintained positive levels through Q1 2025, averaging 1.486 million, a 0.9% increase year-over-year. However, growth in the first quarter has been uneven across sectors. While information, education and health services, management of companies, and transportation/warehousing/utilities showed gains, the goods-producing sectors declined by 5%. Construction and manufacturing were particularly affected, with employment falling 8.1% and 2.8 % respectively compared to the previous year. Looking ahead, for 2025, King County's employment forecast is projected to be minor at 0.5% and employment is projected to grow at a modest average annual rate of 0.7% throughout the rest of the forecast horizon.

The job market is strong in Washington state, but jobs are not spread evenly between King County and other areas. As of March 2025, Washington state reported 148,027 job openings against 83,304 hires, creating a substantial workforce gap of 64,723 positions. This disparity is even more pronounced locally, where King County has 68,939 openings compared to just 22,580 hires, leaving 46,359 positions unfilled. The County accounts for 46.5% of state job openings yet represents only 27% of statewide hires. This persistent labor shortage continues to drive wage inflation, with local rates maintaining a position more than 1% above the national average through mid-2024.

Local inflation continues to recede from the generational highs of 2022 with the Seattle CPI-U dropping from 5.9% in 2023 to 3.6% in 2024. This rate fell to 2.5% in February 2025, further declining to 1.7% in April 2025. April was notable for deflation in apparel, transportation, and recreation prices comprising (-0.4%) of the total rate. Food & beverage and housing prices increased by 0.4% and 1.7% respectively. This relief appears temporary, with projections indicating a rebound to 3.7% in 2025, climbing to 4.4% the following year. These increases are largely attributed to new federal tariffs and higher fuel taxes implemented by the State Legislature. Looking ahead, inflation is expected to stabilize around 3.6% throughout the forecast period.

The Federal Reserve began easing monetary policy in September 2024, implementing a ½ percentage point cut, followed by ¼ point reductions in both November and December, bringing the federal funds rate to 4.25% - 4.5%. This represented a cumulative decrease of 1 percentage point for 2024.

KING COUNTY FORECAST (CONT.)

Looking ahead to 2025, the Fed is expected to move cautiously with only one or two rate cuts as it monitors the economy's response to new tariff levels and potential congressional tax legislation. Futures markets anticipate two ¼ point reductions, which would bring the federal funds rate to between 3.75% - 4.0%.

Mortgage rates remained elevated throughout 2024, staying above 6% and averaging 6.75% for the year. This trend has continued into 2025 (through mid-May), with rates hovering around 6.7%. These persistent high rates are notable given the Fed's full percentage point reduction in the fed funds rate in 2024. Nevertheless, Seattle's housing market has shown resilience, with home prices growing 6.1% in 2024. The momentum has carried into 2025, with the Seattle Case-Shiller home price index up 4.8% year-over-year in the first quarter.

Housing inventory in King County, partly influenced by mortgage rates, has remained tight. After starting 2024 at 1.4 months of inventory in the first half, rising to 2 months in Q3, and settling at 1.9 months in Q4, inventory decreased to 1.78 months in Q1 2025. This constrained supply has contributed to sustained price appreciation, but also fewer housing transactions. Housing transactions grew by 1.5% in Q1 2025, but we project a decline of 4% for the full year, before stabilizing at around 3% growth thereafter. Housing permit activity remains subdued following a 35.5% decline in 2023 and a 2% drop in 2024. We project modest growth of 1.6% in 2025.

Taxable sales declined 0.5% year-over-year in 2024, primarily due to weakness in manufacturing, construction, wholesale, and retail sectors. Early 2025 shows minimal decline cumulatively for the first quarter from last year by 0.14%. We anticipate another 0.9% decline in 2025 and a slightly negative-to-flat year in 2026 before growth resumes, reaching 1.8% in 2027 and 2% in 2028, with long-term annual growth averaging above 3.0%. For 2025, we expect King County to maintain weak growth without entering a recession. Population growth projections are maintained at 0.9% for 2025 and beyond for this May forecast.

KING COUNTY FORECAST (CONT.)

King County Forecast - First Quarter 2025					
	2024	2025	2026	2027	2028
King County-Level					
Population (thous.)	2,382.4	2,404.4	2,426.6	2,448.9	2,471.1
Employment (thous.)	1,494.4	1,502.2	1,513.2	1,525.3	1,535.1
Unemployment Rate (%)	4.2	4.0	4.0	4.1	4.1
Personal Income (mil \$)	293,287.9	304,862.8	317,849.3	334,182.0	349,299.1
Housing Permits	10,651	10,826	10,884	11,622	12,263
House Transactions (Residential)	20,813	19,961	20,844	21,846	22,997
House Prices (avg.)	1,192,982	1,245,389	1,309,959	1,376,366	1,445,014
Seattle FHFA Index	631.7	653.3	671.8	692.2	715.0
Seattle CPI-U	353.4	366.4	382.4	397.9	412.3
Taxable Retail Sales (mil \$)	92,923.4	92,092.0	92,019.7	93,704.6	95,533.6
King County Employment - Detail (thousands)					
Natural Resources	0.5	0.5	0.5	0.5	0.5
Construction	75.6	72.3	73.7	75.2	77.5
Manufacturing	91.1	90.3	91.2	92.2	92.5
Subtotal (Goods Employment)	167.2	163.0	165.4	167.9	170.5
Trade, Transportation and Utilities	233.9	233.0	227.2	229.5	230.7
Information	129.6	129.5	128.7	129.9	130.6
Financial Services	73.0	73.6	73.5	74.1	74.4
Professional and Business Services	314.4	315.1	317.1	319.4	321.1
Other Services	390.1	403.7	419.3	421.5	423.0
Government	186.2	184.2	182.1	183.1	184.8
Subtotal (Services Employment)	1,327.2	1,339.2	1,347.8	1,357.4	1,364.6
Total Employment	1,494.4	1,502.2	1,513.2	1,525.3	1,535.1
Annual Growth					
Population	1.1%	0.9%	0.9%	0.9%	0.9%
Employment	0.3%	0.5%	0.7%	0.8%	0.6%
Personal Income	5.6%	3.9%	4.3%	5.1%	4.5%
Inflation	3.6%	3.7%	4.4%	4.0%	3.6%
Taxable Retail Sales	-0.5%	-0.9%	-0.1%	1.8%	2.0%

Table 1: King County Forecast (Source: KC OEFA)

THIS PAGE INTENTIONALLY LEFT BLANK

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.

King County Office of Economic and Financial Analysis
201 S Jackson St, 3rd Floor Seattle, WA 98104
Phone: 206.263.6925 Email: lmartinmahar@kingcounty.gov
www.kingcounty.gov/business/forecasting.aspx