



# ECONPULSE

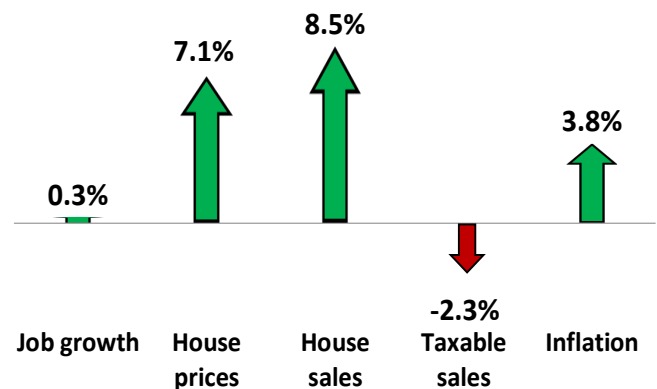
A QUARTERLY LOOK AT THE KING COUNTY ECONOMY  
 KING COUNTY OFFICE OF ECONOMIC AND FINANCIAL ANALYSIS

## SECOND QUARTER 2024

### SUMMARY

- King County employment increased 0.3% in the second quarter of 2024 compared to the second quarter of 2023.
- Home prices increased 7.1% compared with the second quarter of 2023.
- The number of sales on the multiple listing service (MLS) in King County increased 8.5% in the second quarter year-over-year ('yoy').
- Taxable sales were down 2.3% year-over-year in the second quarter of 2024 compared to second quarter 2023.
- The yoy inflation rate for June 2024 was 3.8%, down from a year ago

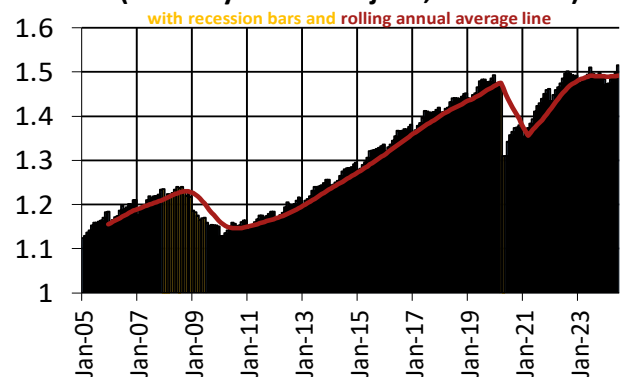
**King County Key Economic Indicators  
 (Q2 2024 growth compared to Q2 2023)**



### DETAIL

Employment in King County grew slightly in the second quarter, adding 4,600 jobs for a 0.3% increase year-over-year. Sectors experiencing solid growth include leisure and hospitality (+6,500 jobs, a 4.8% increase year-over-year), manufacturing (+3,200 jobs, 3.4% growth), construction (+2,400 jobs, 3.0% growth), and educational and health services (+3,700 jobs, 1.9% growth). These gains were offset by declines in the trade, transportation, and utilities sector (-7,700 jobs for a 3.3% decrease year-over-year), business and professional services (-1,000 jobs), and information sector (-3,200 jobs, a 4.4% decrease). Other sectors experienced modest gains, such as government (+0.4%) and financial activities (+1.1%).

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



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

The unemployment rate in King County increased each month in the second quarter to 4.8% in June, the highest rate since June 2021. Initial claims for unemployment insurance totaled 14,688 in the second quarter of 2024, and nearly identical to that of the second quarter of 2023.

**DETAIL (CONT.)**

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

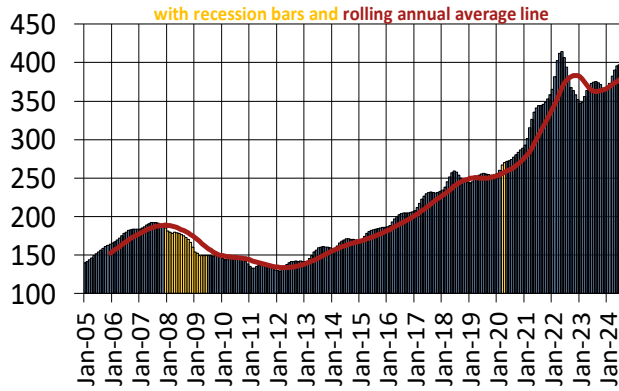


Fig. 2 Seattle Case-Shiller Index (Source: S&P)

Seattle area home prices continue to rise, up 7.1% in the second quarter compared to the same time period in 2023. Home sales activity began to pick up in second quarter 2024 compared to 2023 but sales are still significantly low compared to 2022 or pre-pandemic levels. Inventory in King County also increased, from 1.5 months of supply on average in the second quarter of 2023 to 1.9 months of supply in 2Q24 according to Northwest Multiple Listing Service.

Single-family permitting increased 5% in the second quarter relative to the year prior. Multi-family permitting declined sharply, down 24.7% in the number of units permitted compared to the second quarter of 2023. There were 6.6% fewer residential units permitted in the first half of 2024 compared to first half 2023.

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

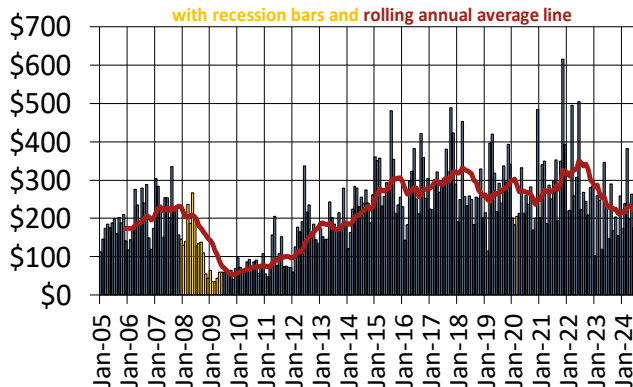


Fig. 3 Value of King County Residential Permits

Taxable sales were down 2.35% in the second quarter of 2024. Construction declined 10.3%, accounting for a significant portion of the overall decline with construction of buildings particularly weak. Retail sales also decreased 2.8% over second quarter 2023, with notable weakness in both motor vehicle sales as well as health and personal care. Information sales were down 23% from a year ago. Wholesale was strong in the second quarter, up nearly 24% in the second quarter year-over-year.

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

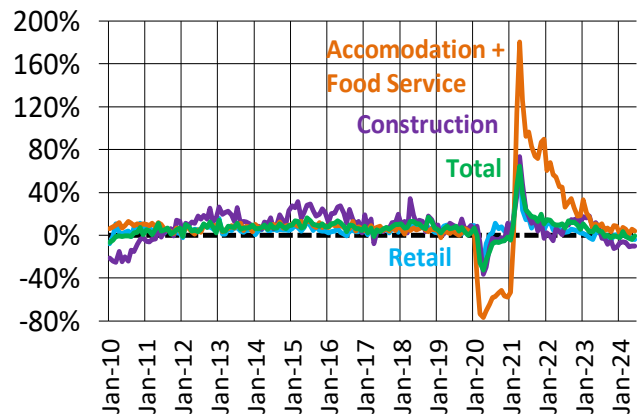


Fig. 4 Taxable Sales Growth in King County (12 month avg)

Inflation in the second quarter of 2024 stood at 3.8% as measured by the CPI-U for Seattle in June. Food and housing prices increased year-over-year, while energy prices fell largely due to lower gasoline prices. National CPI-U was 3.0% in June.

**Seattle Inflation**  
(CPI-U, annually adjusted)

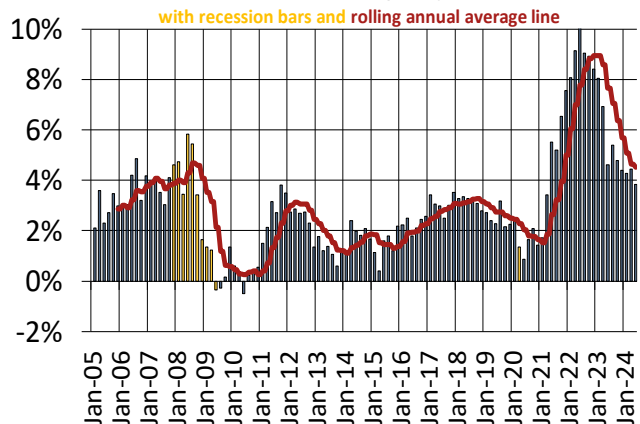


Fig. 5 Seattle Consumer Price Index (Source: BLS)

## THE NUMBERS

### King County Employment (in thousands)

NAICS Industry	2024:2Q	2023:2Q	Absolute change	% Change
Total Nonfarm	1,501.8	1,497.2	4.6	0.3%
Total Private	1,323.5	1,319.5	3.9	0.3%
Goods Producing	179.8	174.2	5.6	3.2%
Construction	82.5	80.1	2.4	3.0%
Manufacturing	96.8	93.6	3.2	3.4%
Service Providing	1,322.0	1,323.0	-1.0	-0.1%
Trade, Transportation, and Utilities	227.8	235.5	-7.7	-3.3%
Information	68.8	72.0	-3.2	-4.4%
Financial Activities	76.1	75.0	1.1	1.4%
Professional and Business Services	315.7	316.6	-1.0	-0.3%
Educational and Health Services	198.6	194.9	3.7	1.9%
Educational Services	33.3	34.0	-0.7	-2.0%
Ambulatory Health Care Services	65.0	63.0	2.0	3.2%
Hospitals	31.1	30.5	0.7	2.2%
Nursing and Residential Care Facilities	19.4	18.5	0.9	4.7%
Social Assistance	49.6	48.9	0.8	1.6%
Leisure and Hospitality	143.7	137.1	6.5	4.8%
Arts, Entertainment, and Recreation	30.8	26.7	4.1	15.4%
Accommodation	14.1	13.3	0.9	6.5%
Food Services and Drinking Places	98.8	97.2	1.6	1.7%
Other Services	50.0	49.7	0.3	0.5%
Government	178.4	177.7	0.7	0.4%

### Other King County Economic Indicators

	2024:Q2	2023:Q2	% Change
<b>Real Estate</b>			
Single Family Permits (No. of units)	1,165	1,109	5.0%
Single Family Permits (\$000)	\$ 588,274	\$ 540,588	8.8%
Multi-Family Permits (No. of units)	1,597	2,122	-24.7%
Multi-Family Permits (\$000)	\$ 305,668	\$ 375,598	-18.6%
Average sales price (NW Multiple Listing Service)	\$ 1,141,838	\$ 1,024,143	11.5%
Number of sales (NW Multiple Listing Service)	6,971	6,424	8.5%
<b>Taxable Retail Sales (\$B, Apr-Jun)</b>	\$ 23.24	\$ 23.77	-2.3%
Retail/Wholesale	\$ 9.17	\$ 9.07	1.2%
Construction	\$ 4.78	\$ 5.32	-10.3%
Food Service, Accommodation, Entertainment	\$ 2.54	\$ 2.46	3.5%
Other	\$ 6.75	\$ 6.93	-2.6%
<b>Inflation (June)</b>			
CPI-U (Seattle-Tacoma-Bellevue)	354.82	341.73	3.8%

## KING COUNTY FORECAST

The U.S. economy grew by 3.1% in the second quarter of 2024, yoy, a notable growth from the 2.9% growth, yoy, in the first quarter of 2024. Last year, US real GDP increased 2.5% in 2023 from 2022, with the goods producing sectors growing at 2% and the services producing sectors growing at 2.3%. This same trend has continued in the first quarters of 2024. This increase in real gross domestic product (GDP) in 2024 primarily reflects increases in consumer spending, fixed investment and state and local government spending. The consumer spending in services was seen in increases in health care as well as financial services and insurance.

King County total employment has fully recovered from the Covid recession. Total employment reached a seasonal peak of 1.51 million in June 2023. The growth in employment in the first half of 2024 has been very weak at 0.3% from last year. Weak 2024 employment growth has been focused on trade transportation and utilities, manufacturing, education, and information sectors. Even with notable reductions to the information sector of late, this industry is still 9% above the pre-pandemic level in January 2019. Construction employment has been creeping its way back to the pre-pandemic level and is now 6.7% above the pre-pandemic January 2019 employment level. Leisure and hospitality industry has now risen 3.3% above the pre-pandemic January 2019 level. The manufacturing industry is still below the pre-pandemic level by 7.6% by July 2024.

Both the US and Washington state labor markets are softening. The number of job openings in Washington state remains elevated with 161,000 openings versus 120,000 hires in the state in June 2024. The difference between the state job opening rate and the hire rates has grown fallen during the second quarter 2024 from 1.3% in January to 0.9% difference by June. This unmet demand for workers has continued to decline and less upward pressure is seen on wages. This results in workers cutting back or delaying the purchase of goods which is assisting in reducing inflation. National CPI was 3% in June which is down significantly from the peak in June 2022 of 9% but remains a little lower than at the end of 2023 at 3.3%. The current national inflation rate is still above the Federal Reserve target rate of 2%. Recent signals have been made by the Federal Reserve that they will begin lowering the federal funds rate and it should start soon, either September or last quarter 2024.

Forecasts for the U.S. economy continue to show slow growth with inflation coming down a little more in September and the last quarter of 2024. This recent Q2:2024 Seattle inflation forecast is slightly lower in the short and long-term than the Q1:2024 forecast. Most forecasts are calling for a slowdown in the labor market with higher unemployment as the current imbalance between labor demand and supply is corrected. As such, we are likely to see a slowdown in employment growth in the second half of 2024 and 2025. In 2023, the state employment grew at 1.8% and King County employment grew by 0.8%. The state employment is projected to grow at 0.6% in 2024 and 0.7% in 2025, which is an adjustment downward from the last forecast. King County's current projections for employment growth are consistent with the state employment projections in 2024 and 2025.

Mortgage rates have remained high in the beginning of 2024, currently at around 6.8% for a 30-year fixed rate mortgage. The 30-year fixed rate mortgage interest rates are expected to drop down to 6.1% in the first quarter 2025. They will continue to fall more in 2025 down to 5.3% by first quarter 2026 and down again to 5% by first quarter 2027. Even with the higher interest rates, Seattle home price and home sales growth has been strong in the first half of 2024.

## KING COUNTY FORECAST (CONT.)

The second quarter 2024 saw total taxable sales down by 2.3% yoy with manufacturing, construction, information, and retail sales being down year-over-year. We expect slow negative yoy growth throughout the remaining quarters of 2024 and ending at -1.5% projected annual average growth. We anticipate taxable sales growth to pick up to 4.1% annual growth in 2025 and 3.8% and 3.5% growth in 2026 and 2027 respectively. In the long-term, taxable sales annual growth is forecast to be a little above 4%.

Local home prices seesawed during 2022 and 2023 but achieved positive yoy growth beginning in September 2023 through the second quarter of 2024. The Seattle Case-Shiller index grew 6.7% in the first quarter 2024 and 7.1% in the second quarter 2024. The projections of the average home price growth in this current forecast are higher than the last forecast due to these latest strong quarterly prices. The Northwest Multiple Listing Service for King County average home sales price in June 2024 was about \$1,133,583, up 8.5% from that same month a year ago and the 2024 second quarter's average home price was also up 11.5% from the same quarter in 2023. In contrast, the number of closed sales on the MLS in the first quarter of 2024 was down yoy 1% but by the second quarter, closed sales were up 8.5% from second quarter last year. Note that these quarterly sales levels of 4,365 and 6,971 in first and second quarters are sizably less than the closed sales in 2021 or 2022 second quarter of 11,097 and 9,484 respectively. The inventory of listed homes in King County, fell year-over-year for most of 2023 but turned positive by December 2023. December 2023 housing inventory for King County was low at 1.7 months but has declined further to just 1.0 month in April 2024. The average months of inventory in the first quarter of 2024 was a meager 1.27 months and it did increase some to 1.9 months of supply by second quarter 2024. This low supply of housing has contributed to higher home prices in King County in recent months.

We expect the pace of housing permits to continue to be slow in 2024 relative to past years reflecting the higher inflation and interest rates for most of the year. Total housing permits after a dismal decline year-over-year of 35.5% in 2023 is expected to be down 9%, year-over-year in 2024. In 2025, housing permits are expected to bounce back with 6% annual growth.

Overall, we expect continued growth in King County, as seen in 2023, and into 2024 though at a slowing pace. Table 1 indicates the most recent economic forecast with actuals through second quarter 2024. Population growth should continue at a higher than last forecast for 2024 and 2025 at 1.1% and 0.9% per year respectively after incorporating the latest OFM actual. Then in the out years' population is anticipated to increase at King County growth rates from the long-term Growth Management Act.



**KING COUNTY FORECAST (CONT.)**

<b>King County Forecast - Second Quarter 2024</b>					
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>King County-Level</b>					
Population (thous.)	2,355.4	2,382.4	2,404.4	2,426.6	2,448.9
Employment (thous.)	1,491.2	1,500.6	1,511.0	1,522.2	1,534.0
Unemployment Rate (%)	3.3	4.3	4.4	4.3	4.3
Personal Income (mil \$)	270,562.5	283,815.6	298,079.8	309,706.0	323,052.6
Housing Permits	10,878	9,901	10,521	12,011	12,285
House Transactions (Residential)	19,447	19,779	20,794	21,905	22,800
House Prices (avg.)	1,056,505	1,222,617	1,333,552	1,379,425	1,449,225
Seattle FHFA Index	584.9	619.8	640.7	659.1	679.2
Seattle CPI-U	341.3	354.7	367.1	378.1	388.3
Taxable Retail Sales (mil \$)	93,418.7	92,002.4	95,801.6	99,467.9	102,916.9
<b>King County Employment - Detail (thousands)</b>					
Natural Resources	0.5	0.5	0.5	0.5	0.5
Construction	75.6	76.5	81.1	85.2	86.9
Manufacturing	97.4	100.9	101.0	98.7	98.2
<b>Subtotal (Goods Employment)</b>	<b>173.5</b>	<b>177.9</b>	<b>182.6</b>	<b>184.4</b>	<b>185.6</b>
Trade, Transportation and Utilities	276.9	276.4	276.1	276.9	277.4
Information	146.7	144.0	144.6	145.8	146.9
Financial Services	82.5	81.1	81.4	83.0	84.1
Professional and Business Services	276.2	277.9	282.1	281.4	280.7
Other Services	347.1	350.5	350.9	356.4	364.5
Government	188.2	192.9	193.4	194.3	194.8
<b>Subtotal (Services Employment)</b>	<b>1,317.7</b>	<b>1,322.8</b>	<b>1,328.4</b>	<b>1,337.8</b>	<b>1,348.4</b>
<b>Total Employment</b>	<b>1,491.2</b>	<b>1,500.6</b>	<b>1,511.0</b>	<b>1,522.2</b>	<b>1,534.0</b>
<b>Annual Growth</b>					
Population	1.3%	1.1%	0.9%	0.9%	0.9%
Employment	0.8%	0.6%	0.7%	0.7%	0.8%
Personal Income	4.9%	4.9%	5.0%	3.9%	4.3%
Inflation	5.9%	3.9%	3.5%	3.0%	2.7%
Taxable Retail Sales	2.5%	-1.5%	4.1%	3.8%	3.5%

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

## KING COUNTY AUGUST 2024 REVENUE FORECAST

King County's August 2024 revenue forecast was a reduction in certain areas over the March and July forecasts, particularly a reduction in taxable sales. King county total assessed value was down in 2024 by 5% and countywide new construction was up 10% annually. The unincorporated portion of King County saw assessed value go down by 11% and the new construction in the unincorporated KC also went down by 14% from 2022 levels. Even though assessed value for 2024 was lower, there were two new property tax levies started in 2024 and therefore total property taxes are anticipated to increase by 12% from the prior year, even though most existing property tax levies are limited to 1% assessed value growth plus new construction. Overall, countywide assessed value is still anticipated to grow by 5.4% in 2025 over last year which is the same as the July revenue forecast but slightly higher than the growth in the last March forecast. The August update also had modifications to the annual growth rates of different types of properties. 2025 unincorporated AV is projected to grow by 7% over last year and is up from the March projections. Overall, property taxes are down in 2025 and beyond due to modifications in the GO bond levy for Harborview as expectations of future debt service on the bonds are lowered in the near-term and extended out further in the future. Also with property taxes, the levies need to be renewed every 6 years so by 2025 and 2026 some property tax levies are projected to go away until voters renew their existing property tax rates.

As already discussed in this report, taxable sales slowed in 2023 and are anticipated to have negative growth of -1.5% annually in 2024. Total sales tax levies are projected to be up 4.1% and 3.8% in 2025 and 2026 respectively. This new August forecast lowers sales tax projections throughout the forecast horizon but the impact to the general fund is minimal.

The hotel and rental car taxes represent the growth in tourism in King County. In 2023, these taxes in total had 11% growth and are anticipated to grow by around 2.2% in 2024 and 4.3% in 2025 and these forecasts are higher than last March forecast.

The real estate excise tax (REET) in 2023 had been hit hard (down 30%) by the lower number of real estate sales occurring last year. The number of real estate sales transactions are anticipated to improve in 2024 and as a result the REET is projected to grow by 2% and 6% in 2024 and 2025 respectively.

A couple revenue streams have been brought down since the March forecast due to weaker year-to-date actuals in 2024. The gambling tax is anticipated to now have negative 2024 growth of nearly -12% compared to 2023. There is some bounce back in tax revenue in 2025 at 7% annual growth. The E-911 tax revenue for August has a negative yoy growth of -4% in 2024. The outer years have conservative annual growth rates between 1.7% to 2.1%.

**KING COUNTY AUGUST 2024 REVENUE FORECAST (CONT.)**

<b>KING COUNTY REVENUE FORECAST - AUGUST 2024</b>					
<b>KC Forecasted Item - Level</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
County - AV (in millions)	879,895	833,036	877,881	929,382	972,466
County- New Construction AV (in millions)	10,398	11,475	10,093	10,447	10,820
Unincorporated - AV (in millions)	79,540	70,793	76,082	80,006	82,746
Unincorporated - New Construction AV (in millions)	556	476	510	490	507
Taxable Sales (\$ in millions)	\$93,419	\$92,003	\$95,802	\$99,468	\$102,917
Property Tax <sup>^</sup> (\$ in millions)	\$1,294	\$1,451	\$1,443	\$1,117	\$1,156
Sales Tax* (\$ in millions)	\$1,196	\$1,246	\$1,317	\$1,367	\$1,414
Hotel/Rental Car Tax (\$ in millions)	\$45	\$46	\$48	\$51	\$52
Real Estate Excise Tax (REET) (\$ in millions)	\$8	\$9	\$10	\$11	\$11
Gambling Tax (\$ in millions)	\$2	\$2	\$2	\$2	\$2
E-911 Tax (\$ in millions)	\$27	\$26	\$26	\$27	\$27
Penalties & Interest (\$ in millions)	\$20	\$20	\$21	\$22	\$23
Cannabis Excise Tax (\$ in millions)	\$3	\$3	\$3	\$3	\$3
Recorded Documents Fees (8 accts) (\$ in millions)		\$24	\$25	\$27	\$28

<sup>^</sup> 2024 had two new property tax levies and certain property tax levies must be renewed by voters in 2025 or 2026 – forecast assumes these expiring levies are not renewed

\*Sales taxes includes a new Cultural Access Program levy in 2024



**KING COUNTY AUGUST 2024 REVENUE FORECAST (CONT.)**

<b>KING COUNTY REVENUE FORECAST - MARCH 2024</b>					
<b>KC Forecasted Item - Annual Growth</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
County - AV (in millions)	21.8%	-5.3%	5.4%	5.9%	4.6%
County- New Construction AV	1.9%	10.4%	-12.0%	3.5%	3.6%
Unincorporated - AV	32.1%	-11.0%	7.5%	5.2%	3.4%
Unincorporated - New Construction AV	20.7%	-14.4%	7.2%	-4.0%	3.6%
Taxable Sales	2.5%	-1.5%	4.1%	3.8%	3.5%
Property Tax <sup>^</sup>	6.5%	12.1%	-0.6%	-22.6%	3.5%
Sales Tax <sup>*</sup>	2.0%	4.2%	5.7%	3.8%	3.5%
Hotel/Rental Car Tax	11.3%	2.0%	6.1%	4.4%	2.2%
Real Estate Excise Tax (REET)	-30.0%	18.1%	10.2%	5.3%	5.2%
Gambling Tax	-23.2%	-11.8%	7.3%	2.5%	2.9%
E-911 Tax	2.4%	-4.0%	1.6%	1.9%	1.9%
Penalties & Interest	-14.7%	1.9%	7.9%	2.6%	2.3%
Cannabis Excise Tax	1.1%	2.3%	-3.7%	7.1%	3.8%
Recorded Documents Fees (8 accts)	new	new	4.5%	5.9%	4.3%

<sup>^</sup> 2024 had two new property tax levies and certain property tax levies must be renewed by voters in 2025 or 2026 – forecast assumes these expiring levies are not renewed

<sup>\*</sup>Sales taxes includes a new Cultural Access Program levy in 2024

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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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