



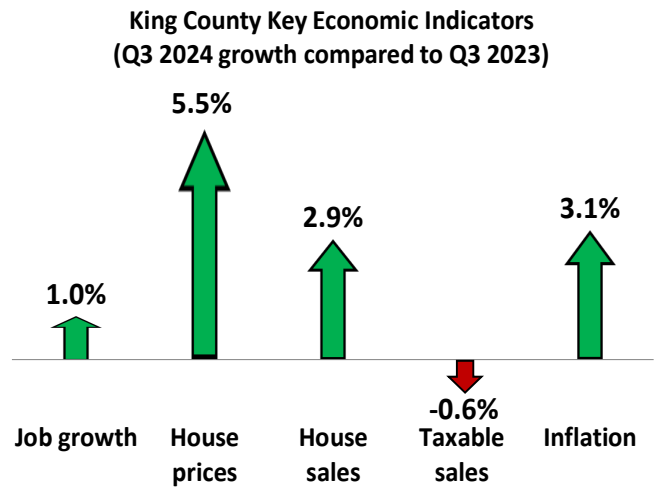
# ECONPULSE

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

THIRD QUARTER 2024

## SUMMARY

- King County employment increased 1.0% in the third quarter of 2024 compared to the third quarter of 2023.
- Home prices increased 5.5% compared with the third quarter of 2023.
- The number of sales on the multiple listing service (MLS) in King County increased 2.9% in the third quarter year-over-year ('yoy').
- Taxable sales were down 0.6% year-over-year in the third quarter of 2024 compared to third quarter 2023.
- The local inflation rate for October 2024 was 3.1%.



## DETAIL

Employment in King County grew 1% in the second quarter year-over-year, adding 15,500 jobs. Most sectors saw modest growth, and sectors exhibiting strong growth included government (+10,600 jobs, a 6.3% increase), the education and health services sector (+8,900 jobs for a 4.6% increase), and leisure and hospitality (+3,300 jobs, 2.3% increase). The trade, transportation, and utilities sector experienced a slight decline (-1,500 jobs, a 0.6% decrease), while declines in both the information sector (-4,700 jobs, a 6.6% decrease) and business and professional services sector (-4,500 jobs, or -1.4%) were more pronounced. Employment figures for the month of September are preliminary, per the Washington State

Employment Security Department, and do not yet show the effects of the Boeing labor strike that began on September 13th.

The unemployment rate in King County decreased in the third quarter, falling to 4.2% in September. Initial claims for unemployment insurance totaled 14,091 in the third quarter of 2024, slightly fewer than in the first quarter and also fewer relative to the third quarter of 2023.

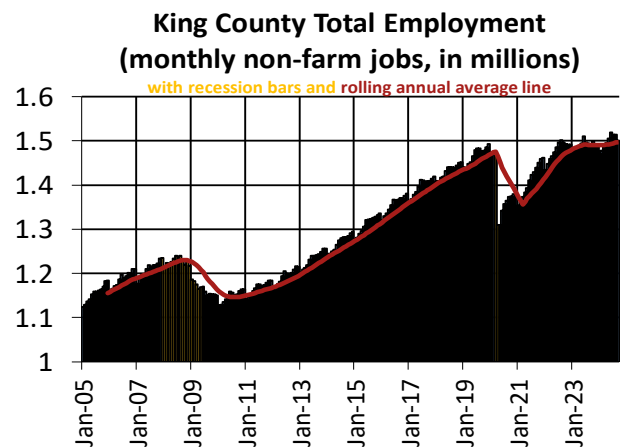


Fig. 1 Non-Farm Employment in King County (Source: WA ESD)

**DETAIL (CONT.)**

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

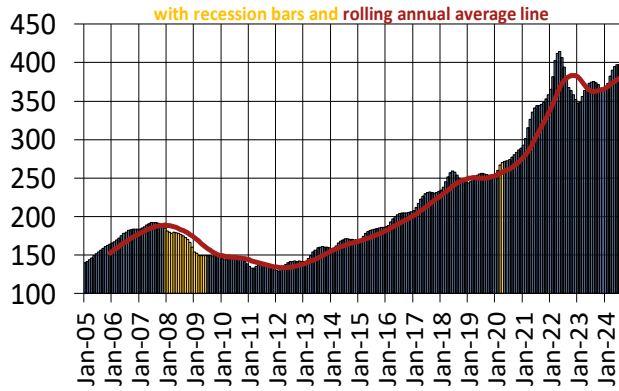


Fig. 2 Seattle Case-Shiller Index (Source: S&P)

Seattle area home prices continued to rise, albeit at a slower rate in the third quarter, growing 5.5% relative to 2023. Sales activity increased in the third quarter as buyers finally saw a bit of relief in the form of lower interest rates, resulting in 2.9% more closed sales in the third quarter of 2024 compared to the prior year.

Single-family permitting increased 10.8%% in the third quarter relative to the year prior. Multi-family permitting experienced another steep decline, down 23.1% in the number of units permitted compared to the third quarter of 2023. Total permitted units for the year continues to run behind 2023 pace, with 717 fewer units permitted in the first nine months of 2024 compared to the same time period in 2023, an 8.9% decrease.

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

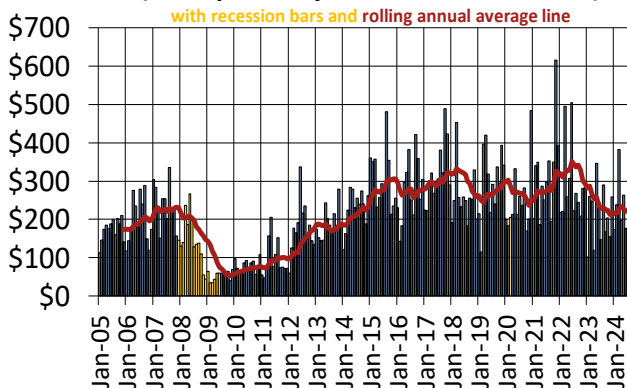


Fig. 3 Value of King County Residential Permits (Source: U.S. Census Bureau)

Taxable sales were down 0.6% in July and August. Construction continued to decline, down 7.8% relative to the same time period in 2023. Retail and wholesale sales also decreased over the first two months of the quarter, with notable declines in general merchandise, health and personal care, and durable goods. As September sales tax data is not yet available, the impact of the Boeing strike on taxable sales is not reflected in these figures.

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

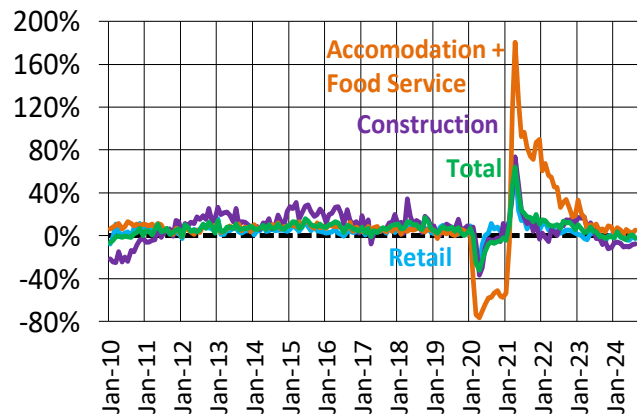


Fig. 4 Taxable Sales Growth in King County (12 month avg) (Source: WA DOR)

Inflation continued to ease in the third quarter of 2024 and stood at 3.1% as measured by the CPI-U for Seattle in August. Food and housing prices increased year-over-year, while energy prices continue to fall due to lower gasoline prices. National CPI-U was 2.4% in September.

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

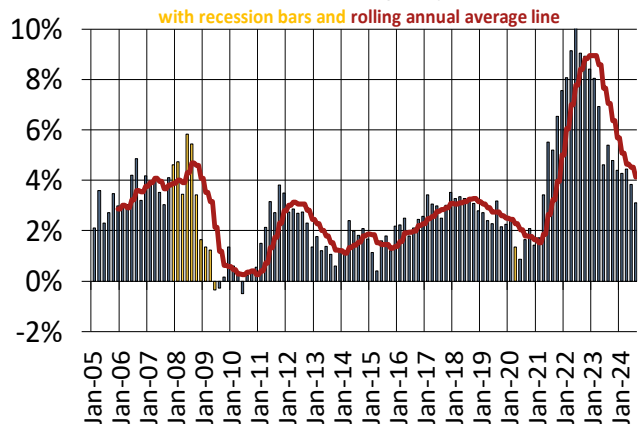


Fig. 5 Seattle Consumer Price Index (Source: BLS)

## THE NUMBERS

### King County Employment (in thousands)

NAICS Industry	2024:3Q	2023:3Q	Absolute change	% Change
Total Nonfarm	1,509.7	1,494.2	15.5	1.0%
Total Private	1,330.4	1,325.4	5.0	0.4%
Goods Producing	178.1	175.2	2.8	1.6%
Construction	81.5	80.4	1.1	1.4%
Manufacturing	96.2	94.4	1.8	1.9%
Service Providing	1,331.6	1,318.9	12.7	1.0%
Trade, Transportation, and Utilities	234.9	236.4	-1.5	-0.6%
Information	67.0	71.7	-4.7	-6.6%
Financial Activities	75.6	75.0	0.6	0.8%
Professional and Business Services	313.9	318.4	-4.5	-1.4%
Educational and Health Services	202.8	193.9	8.9	4.6%
Educational Services	33.8	31.5	2.3	7.2%
Ambulatory Health Care Services	66.5	64.0	2.5	3.9%
Hospitals	31.5	30.2	1.3	4.3%
Nursing and Residential Care Facilities	20.3	19.2	1.1	5.7%
Social Assistance	50.7	48.9	1.7	3.5%
Leisure and Hospitality	145.1	141.8	3.3	2.3%
Arts, Entertainment, and Recreation	31.5	29.0	2.6	8.9%
Accommodation	14.1	13.5	0.5	3.9%
Food Services and Drinking Places	99.5	99.3	0.2	0.2%
Other Services	51.3	49.5	1.8	3.6%
Government	179.3	168.7	10.6	6.3%

### Other King County Economic Indicators

	2024:Q3	2023:Q3	% Change
<b>Real Estate</b>			
Single Family Permits (No. of units)	685	618	10.8%
Single Family Permits (\$000)	\$ 328,984	\$ 284,025	15.8%
Multi-Family Permits (No. of units)	1,348	1,752	-23.1%
Multi-Family Permits (\$000)	\$ 232,486	\$ 320,835	-27.5%
Average sales price (NW Multiple Listing Service)	\$ 1,118,928	\$ 1,037,730	7.8%
Number of sales (NW Multiple Listing Service)	6,283	6,106	2.9%
<b>Taxable Retail Sales (\$B, Jul-Aug)</b>	\$ 15.94	\$ 16.03	-0.6%
Retail/Wholesale	\$ 6.05	\$ 6.14	-1.5%
Construction	\$ 3.24	\$ 3.52	-7.8%
Food Service, Accommodation, Entertainment	\$ 1.91	\$ 1.84	3.7%
Other	\$ 4.74	\$ 4.53	4.6%
<b>Inflation (August)</b>			
CPI-U (Seattle-Tacoma-Bellevue)	355.18	344.45	3.1%

## KING COUNTY FORECAST

The U.S. economy grew by 1.6% in the first quarter, 3% in the second quarter and estimate of 2.8% in the third quarter year-over-year (yoy) for 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%. The quarterly trends in 2024 are slightly stronger than 2023. The goods-producing industries' first quarter growth in 2024 was negative by 0.25%, 0.63% in second quarter and 1.25% in the third quarter. The growth in the services-producing industries was higher at 1.55% in first quarter, 1.27% in second quarter and 1.21% in the third quarter. The growth in government consumption has been the strongest at 1.8% in the first quarter, 3.1% in the second quarter, and 5% in the third quarter. This increase in real (GDP) in the first three quarters of 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, financial services and insurance and housing and utilities.

King County total employment has fully recovered from the Covid recession. Total employment reached a seasonal peak of 1.51 million in June 2023. This top line recovery masks changes by industry, however, as losses in manufacturing, leisure and hospitality, and other services are not back to pre-Covid levels. Employment growth has been focused on state and local government, education and health services, management of companies, transportation, warehousing, and utilities. Even with notable reductions to the information sector of late, this industry is still 11.5% above the pre-pandemic level in January 2019. Construction employment has been creeping its way back to the pre-pandemic level and is 0.4% above the pre-pandemic September 2019 employment level. Leisure and hospitality and manufacturing are both industries that are still below the pre-pandemic level in September 2019 by 6.8 and 10.1% respectively by September 2024.

Beginning on September 13, 2024, nearly 33,000 Boeing machinists went on strike which impacted King and Snohomish counties' economy for 52 days. This will result in slightly lower employment in the manufacturing sector in September and October. As a result, this recent employment forecast for King County for 2024 has been reduced to an average annual growth of 0.5%. The long-term annual growth in King County employment is anticipated to be 0.8% throughout the forecast horizon.

Both the US and Washington state labor markets remain strong. The number of job openings in Washington state remains elevated with 164,035 openings versus 65,343 hires for a gap of unmet need of 98,692 in the state in September 2024. So far in 2024, Washington state's highest unmet need for jobs was 101,258 in July. Most recently in September 2024, Seattle and King County had 77,036 job openings versus 20,443 hires and an unmet need of 56,593 workers. King County's portion of the state total job openings was 47% but only 31% of the statewide hires. This unmet demand for King County workers has continued to put upward pressure on wages. The County's affluent workforce continues to purchase goods which has contributed to local rates remaining over 1% higher than the national average during the second and third quarters of 2024.

The Seattle CPI-U inflation rate remained above 4% during the first and second quarters of 2024 for King County, year-over-year (yoy). Local inflation declined 0.2% to 4.1% by the end of the second quarter.

## KING COUNTY FORECAST (CONT.)

In the third quarter of 2024, Seattle's year-over-year inflation rate significantly declined to 3.1%. The Seattle CPI-U inflation forecast is expected to average 3.7% for 2024. By the end of 2025, Seattle's inflation is projected to slightly decrease to 3.6% and then gradually rise, maintaining an average of 3.6% throughout the forecast horizon. Despite Seattle's year-over-year inflation dipping below 4% in the third quarter of 2024, the national inflation forecast has remained below 3.5% for all three quarters of 2024. In the second and third quarters, national inflation was even lower at 2.97% and 2.44%, respectively. Currently, most forecasts predict that the headline national CPI will average around 3% in 2024 and fall further to 2% in 2025 and stay a little above 2% on average for 2027 and beyond.

Beginning in September 2024, the Federal Reserve indicated that the signals in the economy revealed that they could begin lowering their federal funds rate. They lowered their federal funds rate by ½ percentage point in September and again in November by ¼ percentage point with the federal funds rate now at 4.5% - 4.75%. Future reductions in the federal funds rate are anticipated in meetings in December and next year meetings. By the end of 2025, most economists think the federal funds rate will be between 3% - 3.25%.

Mortgage rates were still high at the beginning of 2024, currently at around 6.8% for a 30-year fixed rate mortgage. Now, the 30-year fixed rate mortgage interest rates are expected to drop down to 6.1% by the fourth quarter of 2024. The rates will continue to fall more in 2025 down to 5.2% by first quarter 2026 and down again to 4.9% by first quarter 2027. Despite higher interest rates for most of 2024, Seattle's home price growth has remained robust throughout the year. Now in the third quarter of 2024, Seattle average home prices grew 5.5% from a year ago. We anticipate the average home price in Seattle for 2024 to be 7.9% higher than last year.

Local home prices seesawed during 2022 and 2023 but achieved positive yoy growth beginning in September 2023 through 2024 year-to-date. The Seattle Case-Shiller index grew 6.7% and 7% in the first and second quarters of 2024. Beginning in December 2023, the home price index turned positive for month-over-month growth showing signs the housing market had bottomed. Every month since then, Seattle's housing price index had been consistently rising compared to the previous month. However, in September 2024, the index saw a slight decline from August. The Northwest Multiple Listing Service for King County average home sales price in October 2024 was about \$1,104,981, up 9% from that same month a year ago. The 2024 year-to-date average home sales price is \$1,142,372, 10.8% annual home price growth from the same period a year ago. In addition, the number of closed sales on the MLS in the first 10 months of 2024 was also up 6.4% yoy, an improvement over 2023 where that value declined -24%. In 2024, the elevated mortgage rates have been a headwind on the housing market but now that rates are slowly coming down this is helping to increase the number of real estate transactions. In this Q3:2024 economic forecast, we anticipate housing transactions to increase by 4% in 2024 and 6% in 2025 and slowly decline thereafter. The inventory of listed homes in King County, which is influenced in part by the current mortgage rates, fell year-over-year for most of 2023. In 2024, the year started with a low home inventory of 1.8 months, which dropped even further to 1.2 months in March and April. However, the inventory began to increase afterward, reaching its peak at 2.6 months in September. It then decreased

## **KING COUNTY FORECAST (CONT.)**

slightly to 2 months in October. The average months of inventory in the first two quarters of 2024 was a meager 1.4 months but by the third quarter the inventory of homes had increased to 2.2 months. This low supply of housing for sale in the first half of 2024 has contributed to higher home prices in King County. Due to the anticipation of lower interest rates, more homeowners have put their real estate on the market.

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, which experienced a dismal year-over-year decline of 35.5% in 2023, are expected to decrease by an additional 9% year-over-year. In 2025, housing permits are expected to bounce back with 6% annual growth.

Single-family housing prices bottomed in the winter months of 2023 and have begun to climb again in 2024. We saw a nearly 6% growth in the first quarter of 2024 and by third quarter the growth was up to 11% over last year. The growth in 2025 residential home prices is anticipated at 6.6% due to reductions in interest rates and inventory growth. The long-term annual growth rate forecast for local home prices are a modest 4% per year.

The third quarter 2024 saw total taxable sales down by 0.6% yoy with manufacturing, construction and wholesale/retail sales being down year-over-year. For the first eight months of 2024, total taxable sales are down 1.1%, yoy. We expect slow growth remaining in the second half of 2024 with an annual average decline of -1.5%. We anticipate taxable sales growth to pick up to 3.8% annual growth in 2025 and 2026. In the long-term, taxable sales annual growth is forecast to be a little above 3.5%.

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 third quarter 2024. Population growth should continue at a little less than last forecast for 2024 and 2025 at 0.7% per year and then in the out years' population is anticipated to grow at a little less than 1.0% per year in King County.

**KING COUNTY FORECAST (CONT.)**

<b>King County Forecast - Third Quarter 2024</b>					
	2023	2024	2025	2026	2027
<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	1,498.5	1,509.1	1,520.7	1,533.8
Unemployment Rate (%)	3.3	4.4	4.4	4.3	4.3
Personal Income (mil \$)	270,562.5	287,061.0	301,444.7	313,234.9	326,711.5
Housing Permits	10,878	9,915	10,512	11,181	11,779
House Transactions (Residential)	19,447	20,225	21,438	22,510	23,411
House Prices (avg.)	1,056,505	1,139,835	1,215,512	1,276,712	1,335,641
Seattle FHFA Index	584.9	627.2	648.4	668.3	688.3
Seattle CPI-U	341.3	353.9	366.3	379.6	393.3
Taxable Retail Sales (mil \$)	93,418.7	92,002.1	95,530.9	99,127.3	103,168.3
<b>King County Employment - Detail (thousands)</b>					
Natural Resources	0.5	0.5	0.5	0.5	0.5
Construction	75.6	79.6	83.6	84.8	87.3
Manufacturing	97.4	94.9	98.5	97.2	96.5
<b>Subtotal (Goods Employment)</b>	<b>173.5</b>	<b>175.0</b>	<b>182.6</b>	<b>182.5</b>	<b>184.3</b>
Trade, Transportation and Utilities	236.0	232.7	235.5	237.6	239.9
Information	135.6	129.6	126.4	127.5	128.7
Financial Services	74.5	74.7	73.5	74.1	74.8
Professional and Business Services	317.0	313.5	311.5	314.2	317.3
Other Services	382.1	393.2	398.0	401.5	405.4
Government	172.6	179.8	181.7	183.3	185.0
<b>Subtotal (Services Employment)</b>	<b>1,317.7</b>	<b>1,323.5</b>	<b>1,326.5</b>	<b>1,338.2</b>	<b>1,351.3</b>
<b>Total Employment</b>	<b>1,491.2</b>	<b>1,498.5</b>	<b>1,509.1</b>	<b>1,520.7</b>	<b>1,533.8</b>
<b>Annual Growth</b>					
Population	1.3%	1.1%	0.9%	0.9%	0.9%
Employment	0.8%	0.5%	0.7%	0.8%	0.9%
Personal Income	4.9%	6.1%	5.0%	3.9%	4.3%
Inflation	5.9%	3.7%	3.5%	3.6%	3.6%
Taxable Retail Sales	2.5%	-1.5%	3.8%	3.8%	4.1%

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

## KING COUNTY INDEX OF LEADING INDICATORS (ILI)

For nearly a decade, King County has produced an index of leading indicators to measure the state of the local economy, known as the County's Index of Leading Indicators (ILI). The ILI provides two benefits: (1) it gives a month-to-month snapshot of County's current economic health and (2) it can be used for determining the onset of an economic contraction. For example, a rising indicator implies the economy is performing better (i.e., more jobs, more sales, more construction) and a falling indicator indicates the economy is slowing or contracting. The index was initially developed and set to 100 for January 2000 and includes the following items: King County online help wanted listings, Washington new business incorporations, Institute for Supply Management (ISM) purchasing manager's index, U.S. consumer sentiment, King County durable goods sales, King County claims for unemployment insurance, King County residential building permits, and the U.S. treasury yield spread. The majority of the eight components in the index represent local conditions and utilize local data but three components utilize national data. All components are seasonally adjusted, weighted by their variability and then added together to determine the index value each month.

The county ILI has performed well describing general economic trends and has done reasonably well predicting the two recessions since 2000. In the following chart of the KC-ILI, the line segments in red show the recessionary periods since January 2000. Like any indicator, there will be variance on a month-to-month basis: big dips occurring in a given month do not guarantee a recession, but sustained drops over a period of several months have coincided with past recessions. OEFA also calculates the six-month moving average of the index. Most recently, in 2022 and 2023, there were concerns about a possible recession. High inflation coupled with rising interest rates brought on a period of uncertainty in the economy reflected in the falling ILI index and six-month average of the index until November 2022. Fortunately, the economy exhibited strong resilience and did not go into a recession. OEFA recommends a two-part criterion for using the ILI as a leading indicator of recession which includes monitoring not only the six-month average of the index but also the yield curve between the 10-year and 3-month U.S. treasury yield.

The KC-ILI has been updated through September 2024 and the latest month had a slight uptick from August's overall index. Examining the components of the ILI is helpful in gaining insight into how the overall index is trending. For September 2024, the positive drivers were national components like the smaller yield spread and consumer sentiment as well as local components like help wanted ads being higher and durable goods sales increasing. The negative components which lowered the index in September was a slightly negative manufacturing index,

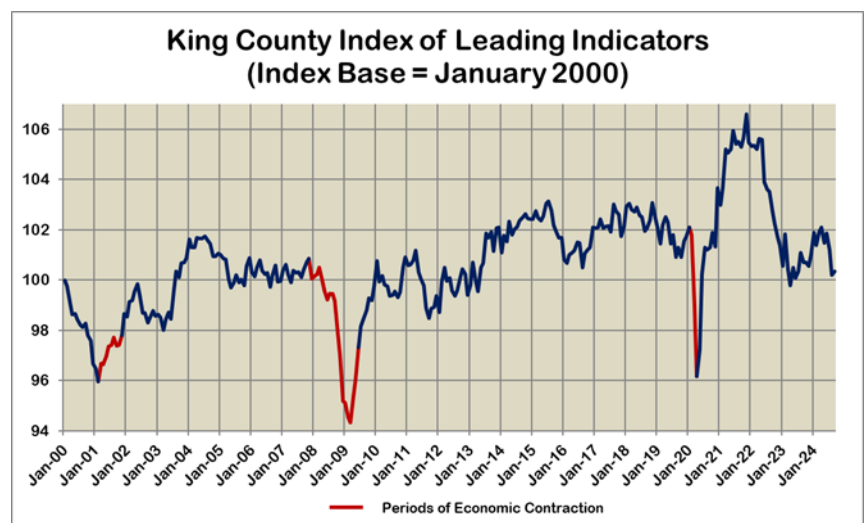


Fig. 6 King County Index of Leading Indicators (Source: OEFA)



## KING COUNTY INDEX OF LEADING INDICATORS (CONT.)

decline in new Washington businesses, higher unemployment claims and lower King County residential permits. The chart comparing the components of the ILI reveals that for each component the change in the six-month average was always less than the single month September index. In the beginning of 2024, the 6-month average KC-ILI was positive but by May 2024, the six-month moving average of the index turned negative. For the 6-month average index, all the components were negative except for the yield spread and a slight uptick in help wanted ads. Given those factors, the 6-month overall average index has declined for the past three months.

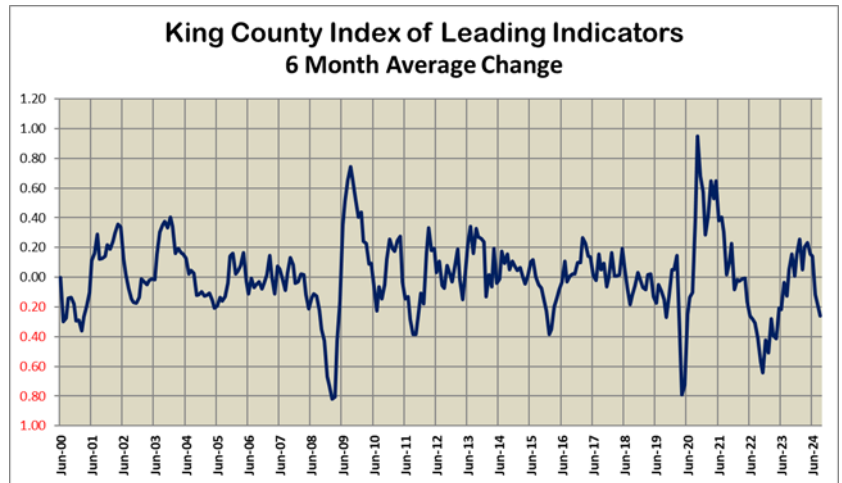


Fig. 7 King County Index of Leading Indicators—6mo Average Change (Source: OEFA)

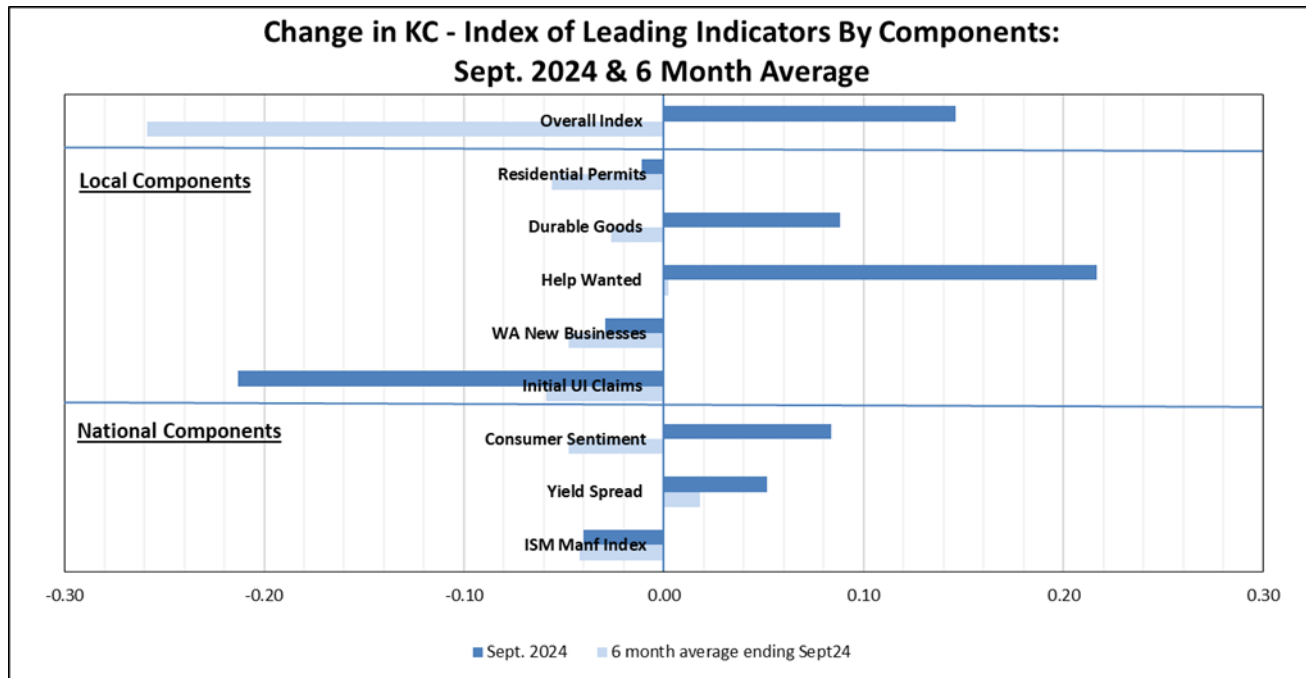


Fig. 8 KC-ILI Components of Change (Source: OEFA)

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](mailto:lmartinmahar@kingcounty.gov)  
[www.kingcounty.gov/business/forecasting.aspx](http://www.kingcounty.gov/business/forecasting.aspx)