

City of Spokane Quarterly Economic Indicators

Q4, 2023

January, 2024



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WASHINGTON UNIVERSITY

start something **big**

Overview

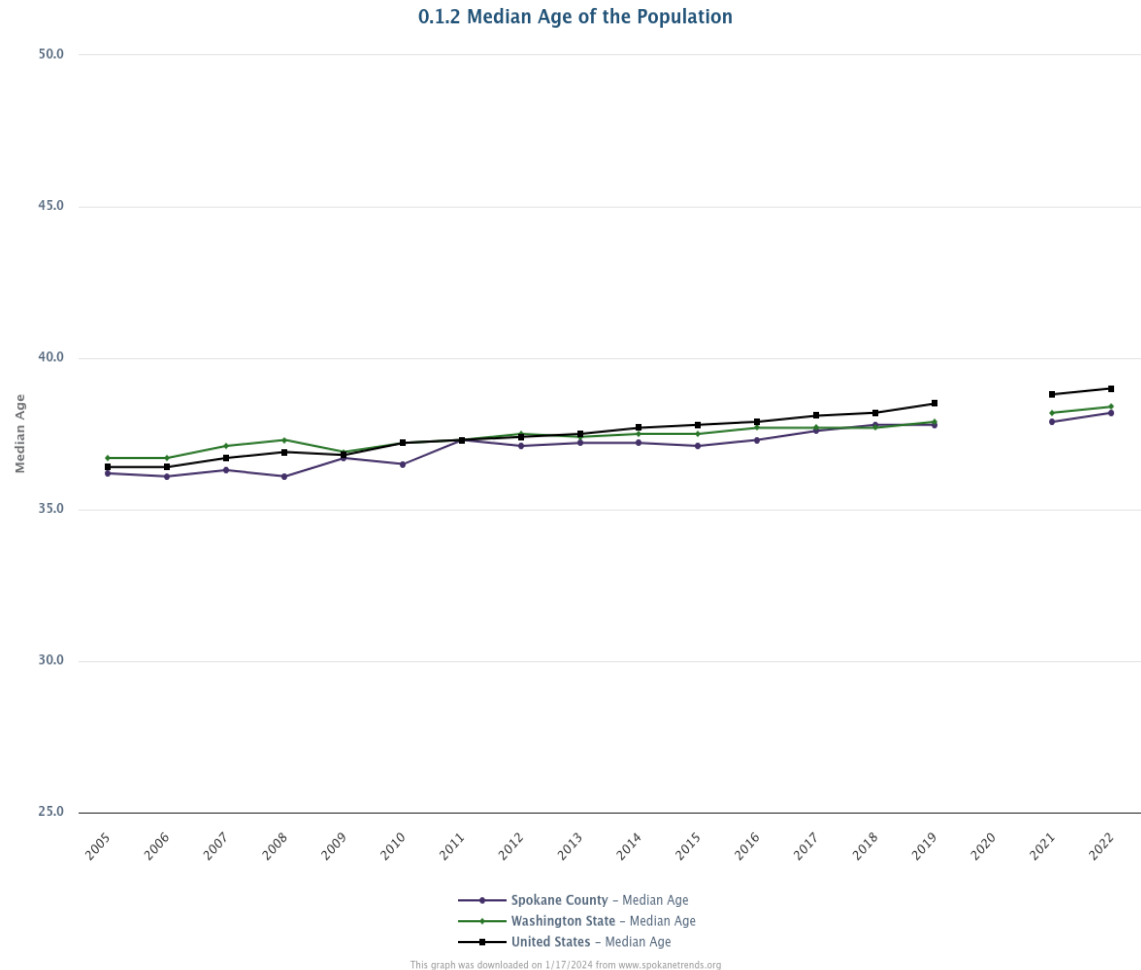
- Goal: to provide insights about important City trends via data with higher frequency than annual updates
- Track indicators in the following categories :
 - Demographics
 - Employment Residential construction
 - Non-residential construction
 - Taxable sales & revenue
- Local indicators are for the City of Spokane, unless noted

Age:

Spokane County is relatively young, by median age

[Spokane Trends](#)

- 2022: 38.2 years
 - U.S.: 39.0
 - WA: 38.4
- Over the past 15 years, the County has been consistently younger than these benchmarks

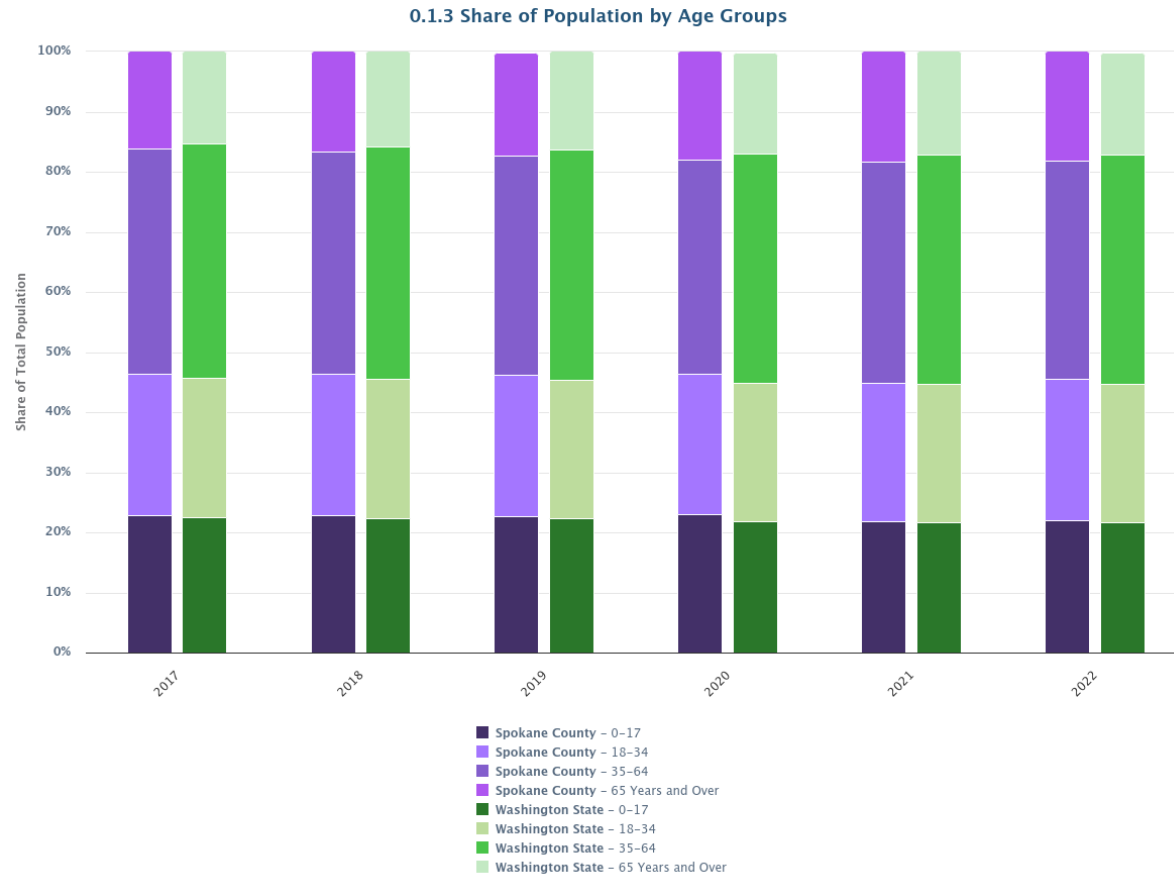


Age:

Population distribution in County is very similar to WA

[Spokane Trends](#)

- 2022 Spokane results
 - 0-17: 22%
 - 18-34: 24%
 - 35-64: 36%
 - 65+: 18%
- Over time:
 - Slight decline in 0-17 & 35-64 groups
 - Slight increase in 65+



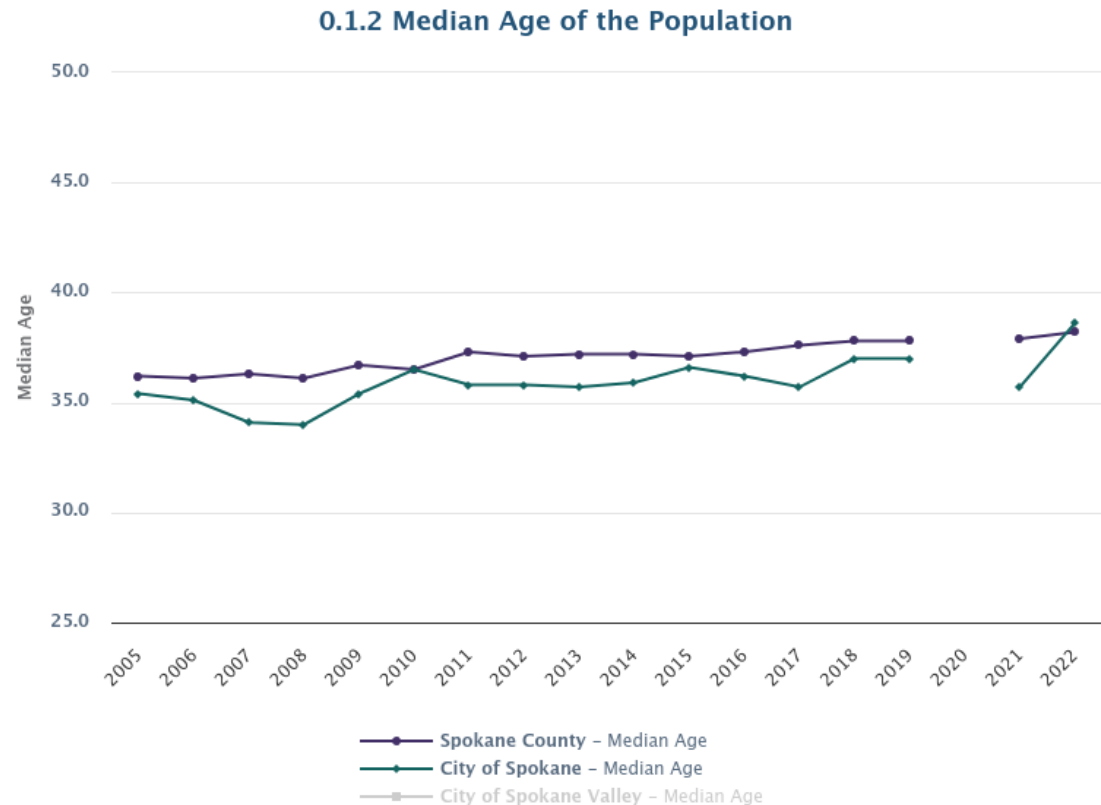
This graph was downloaded on 1/30/2024 from www.spokanetrends.org

Age:

The City of Spokane is younger yet

[Spokane Trends](#)

- Every year since 2005, except 2022
- Statistically, 2022 estimates for the City and the County overall are the same

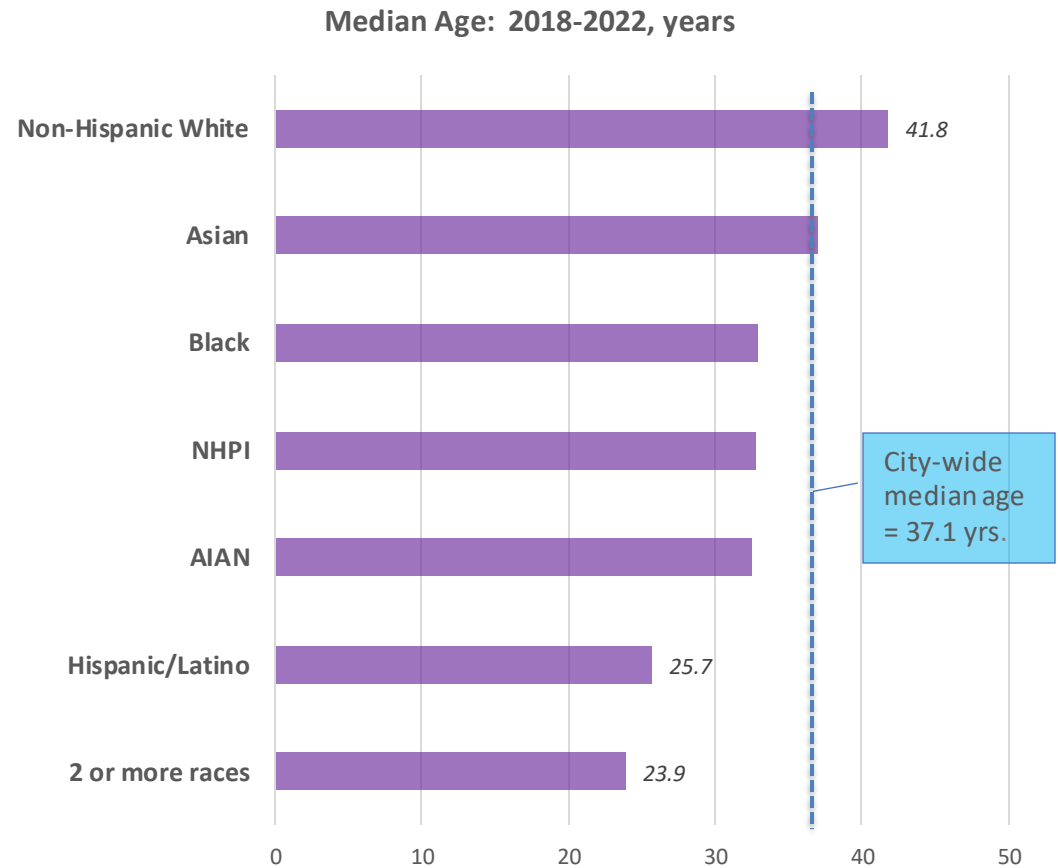


This graph was downloaded on 1/17/2024 from www.spokanetrends.org

Age:

Large variation by race & ethnicity within the City

- The two largest POC groups – Hispanic/Latinos & 2 or more races – are also the youngest.
- Phenomenon reflected in student make up in Spokane Schools: currently, students of color ~34% of total.



Age:

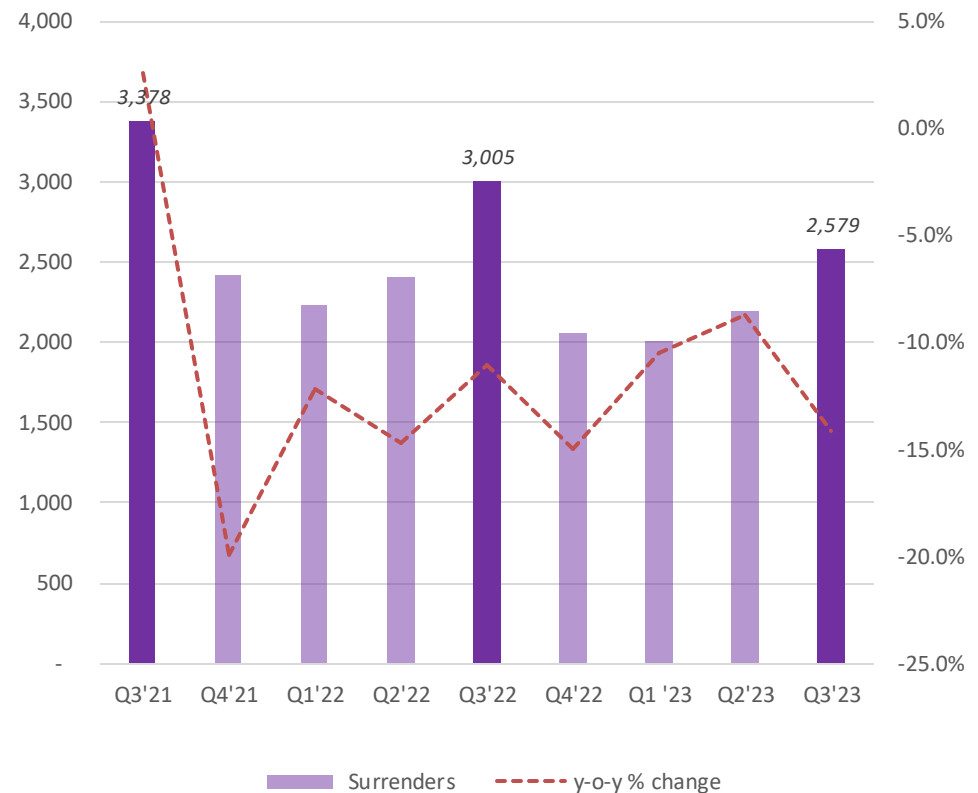
Why do we care about age & age distribution?

- Short-term, a community's profile by age influences:
 - Mix of municipal services
 - Disposable income to support municipal services (big vs. small households)
 - Demands on K-12 education
 - Land use planning
- Longer-term, the age profile also influences:
 - Size of the population, if a community can keep its young or attract young people from elsewhere
 - The vibrancy of an urban core
 - Ability of a community to undertake ambitious projects

Population:

County drivers license surrenders: 2023 will be far lower than prior years

- Tracks those moving to the county from out-of-state
 - Doesn't capture in-state moves; currently, these are larger
- Q3 2023 < lower than Q3 in 2019-2022; negative growth every quarter since Q3 2021
- Rank of top “contributing” states in ytd: ID, CA, OR, TX, AZ



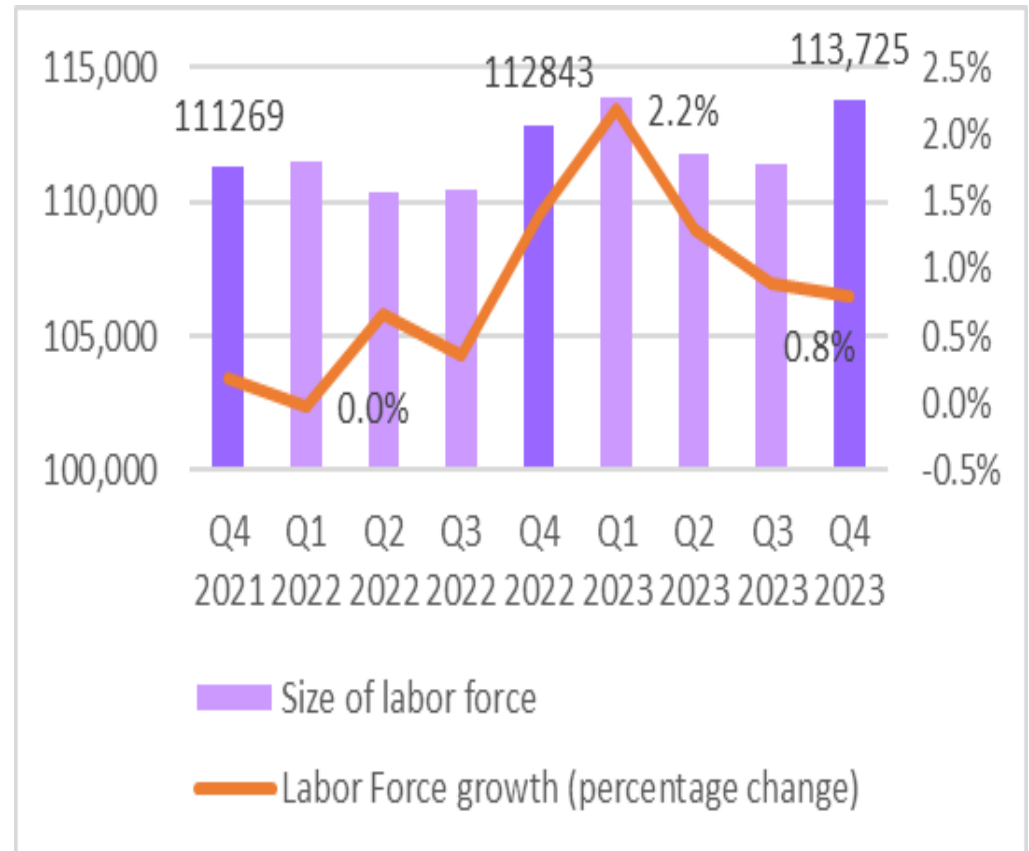
Source: WA Department of Licensing

Labor market

Size of the labor force (& year-to-year change)

- Civilian labor force (CLF) is the sum of those employed plus those unemployed and actively looking for work.
- After shock of pandemic, the CLF has returned to its regular cyclical behavior and is growing again at about 1,000 more workers per year.
- The labor force in fourth quarter of 2023 is now above where it was pre-pandemic.

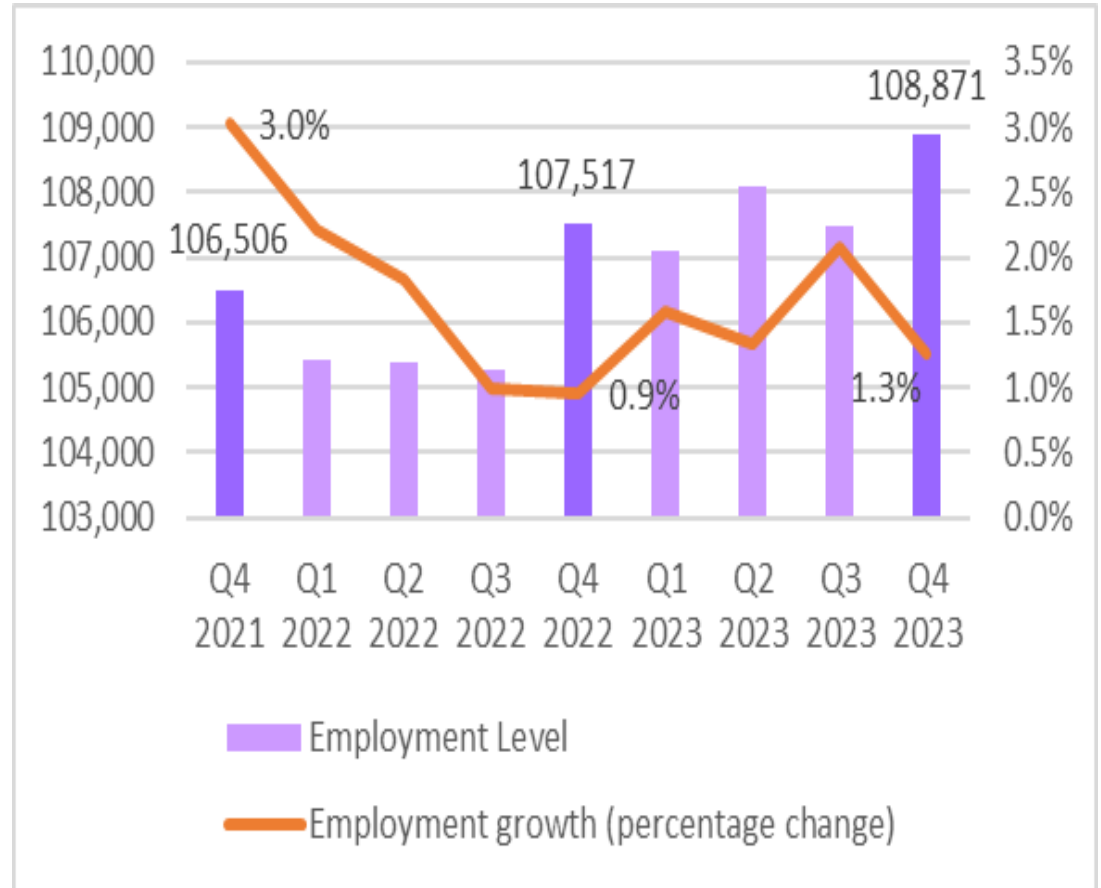
Source: Local Area Unemployment Statistics (LAUS)



Labor market

Number of jobs (& year-to-year change)

- Fourth quarter of 2023 saw an all-time high with almost 109K jobs across the city.
- In 2023, the city added over 1,300 jobs. In comparison, in 2022 just over 1,000 jobs were created.
- Strong job growth throughout the year.

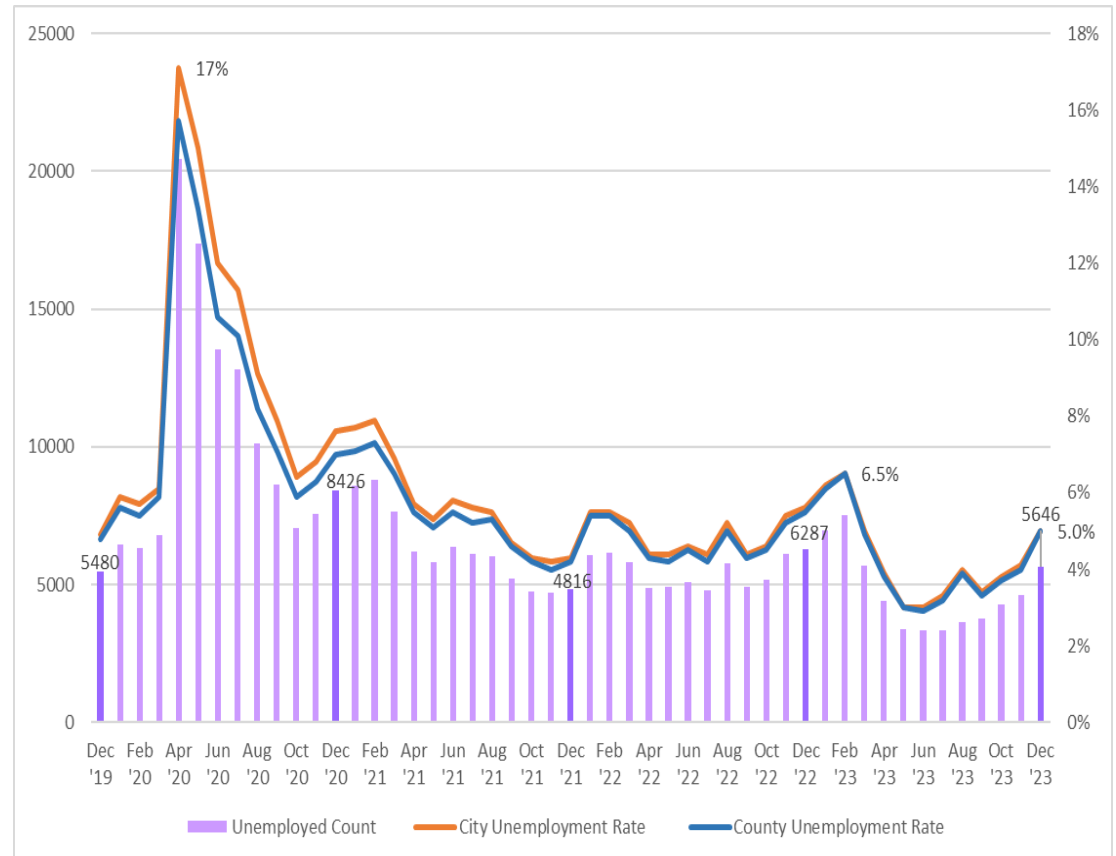


Source: Local Area Unemployment Statistics (LAUS)

Labor market

Monthly unemployment count & rate

- The city's August unemployment number of 5,000 nearly matching the county and above both the state and nation as well.
 - Washington State 4.6%
 - US 3.7%
- After six months of decreases in the total number of unemployed, unemployment rose throughout second half of 2023 but is still lower than where it was at the end of 2022.



Source: Local Area Unemployment Statistics (LAUS)

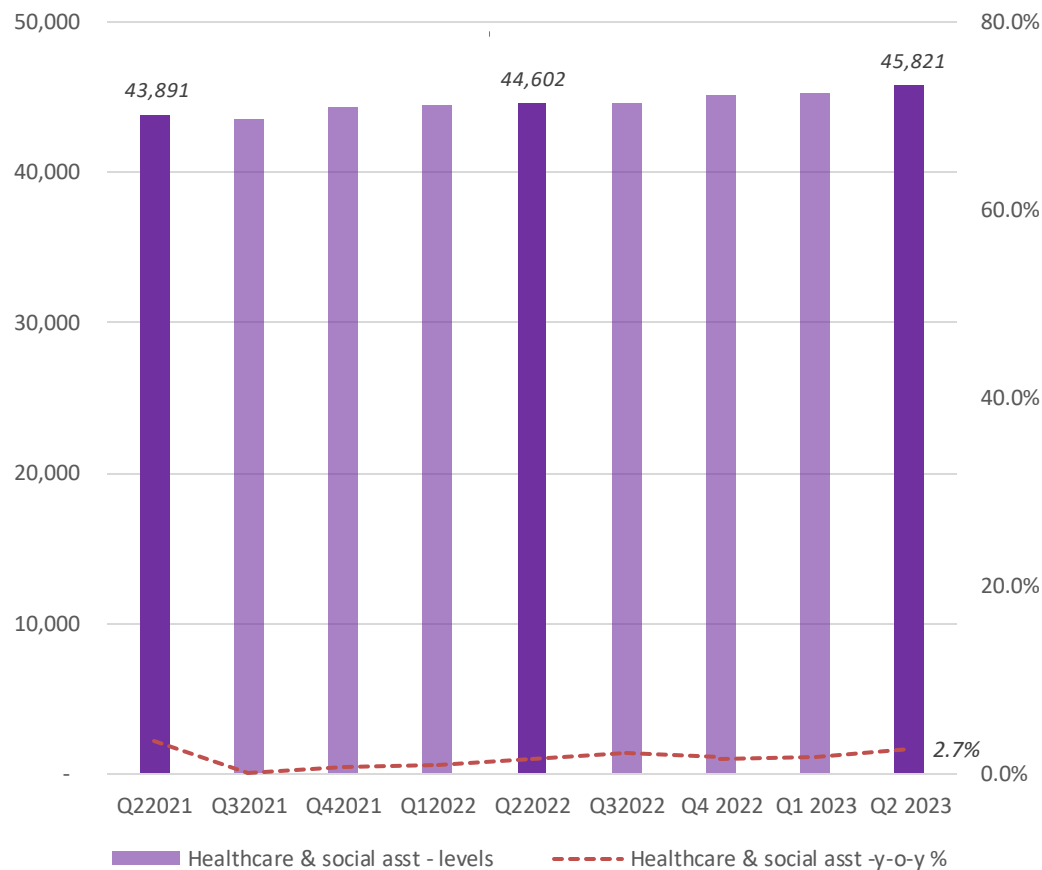
Summary of aggregate employment measures

- The civilian labor force hit an all-time high and is approaching 114,000 at the end of 2023.
- Strong job growth continues for the city, last three quarters especially. Now at an all-time high for quarterly employment approaching 109,000.
- The December **unemployment rate (5.0%)** for the City matches the county and is just slightly above the state. The number of unemployed is lower than one year ago.

Key sectors:

Quarterly employment in County Healthcare & Social Assistance

- Includes: ambulatory care, hospitals, social assistance, & nursing/residential care
- 4 quarter average: 45,197 is 19% of County workforce
- Count now nearly 3,500 > Q2 2019, or 9%
- 2022 average annual wage: \$60,277 (vs. \$59,553 for all jobs in County)



Source: WA Dept. of Employment Security, QCEW

Key sectors:

Quarterly employment in County Retailing

- 2nd-largest private sector
- 4 qtr. average employment: 26,629, or ~11% of County workforce
- Strong recovery in 2021, but a decline in 2022 that has stayed
- 2023 Q2 count ~ same as 2019 Q2
- 2022 ave. annual wage: \$41,435 (vs. \$59,553 for all County jobs)

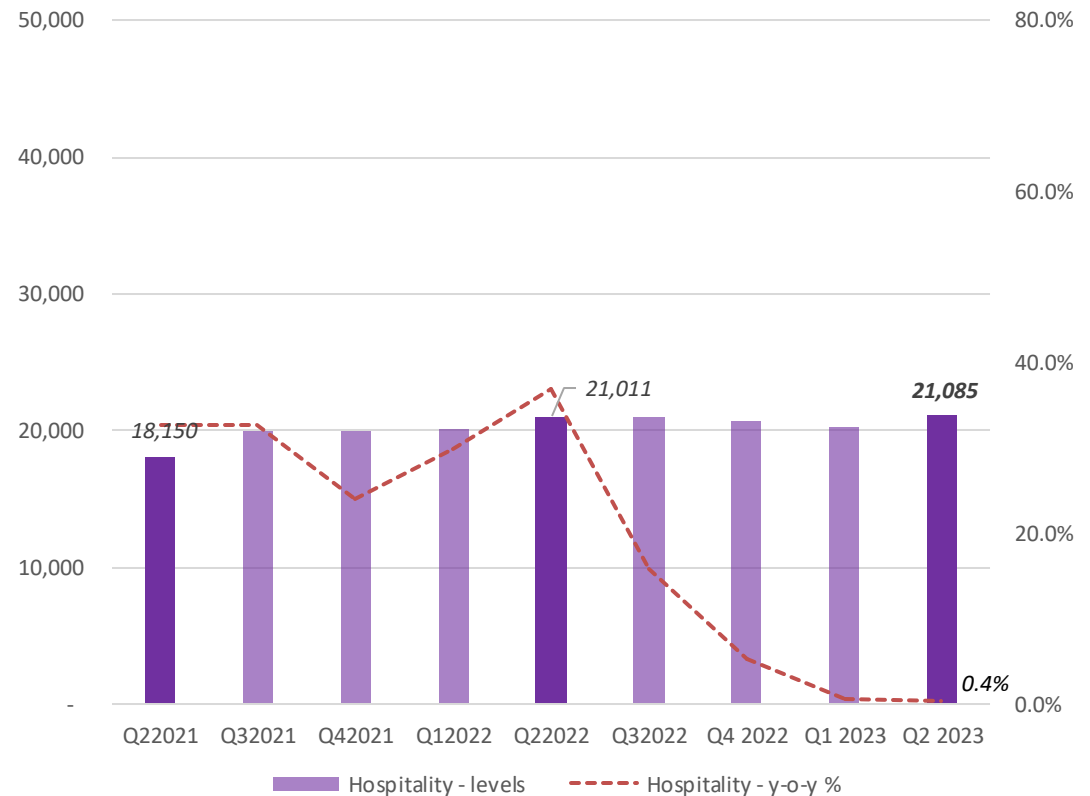


Source: WA Dept. of Employment Security, QCEW

Key sectors:

Quarterly employment in County Hospitality

- Hospitality composed of lodging, restaurants, bars, coffee shops, caterers – 3rd largest private sector
- Dramatic & complete recovery from 2020
- Q2 2023 employment > Q1 2019 employment by 4%
- 2022 AA wage: \$26,789 (vs. \$59,553 for all jobs in County)

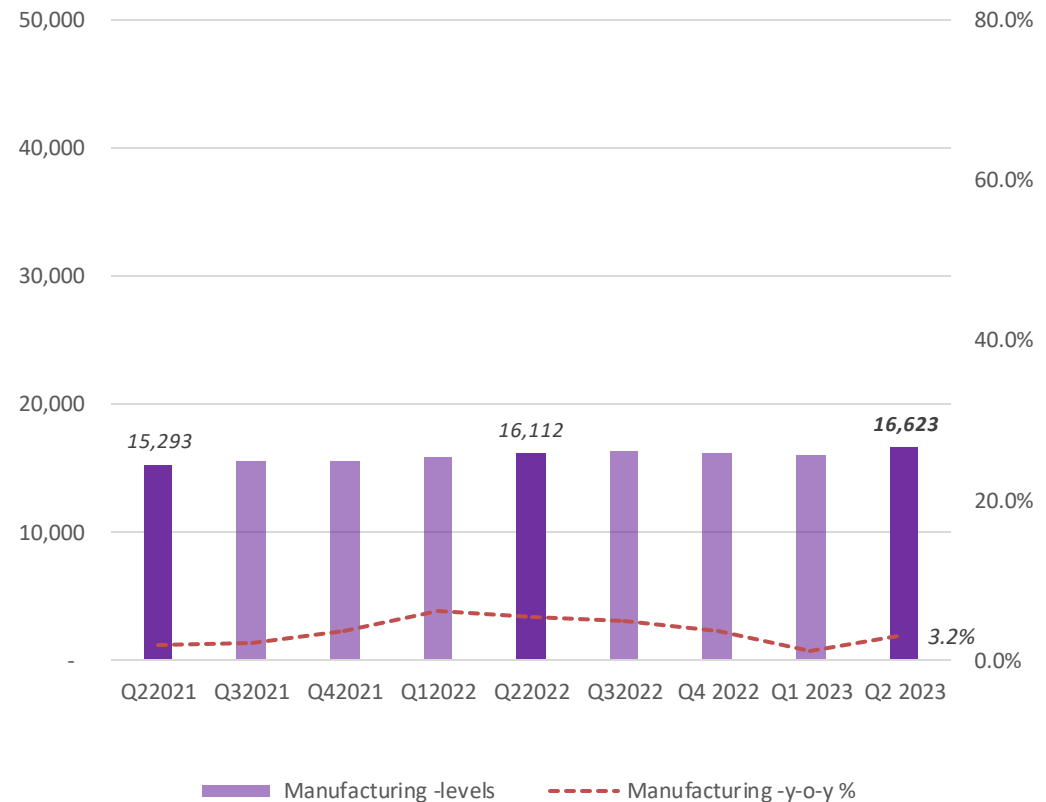


Source: WA Dept. of Employment Security, QCEW

Key Sectors:

Quarterly employment in County Manufacturing

- 4th largest private sector
- Large multiplier effects
- Modest recovery continues
- Q2 2023 count > Q1 2019 (by 2%)
- AAW in 2022: \$63,836 (vs. \$59,553 for all jobs in County)



Source: WA Dept. of Employment Security, QCEW

Key Sectors:

Quarterly employment in County Construction

- 5th largest private sector
- Strongest recovery from pandemic of all major sectors
- Q2 2023 > Q2 2019 by 17%!
- AA Wage in 2022: \$62,994 (vs. \$59,553 for all jobs in County)



Source: WA Dept. of Employment Security, QCEW

Key sectors:

Quarterly employment in County Professional & Technical services

- Consists of “white collar”/knowledge occupations – lawyers, accountants, architects, engineers, consultants
- Strong recovery from pandemic
- Q2 2023 > Q2 2019 by +12%
- 2022 AA wage: ~\$82,942 (vs. \$59,553 for all County jobs)

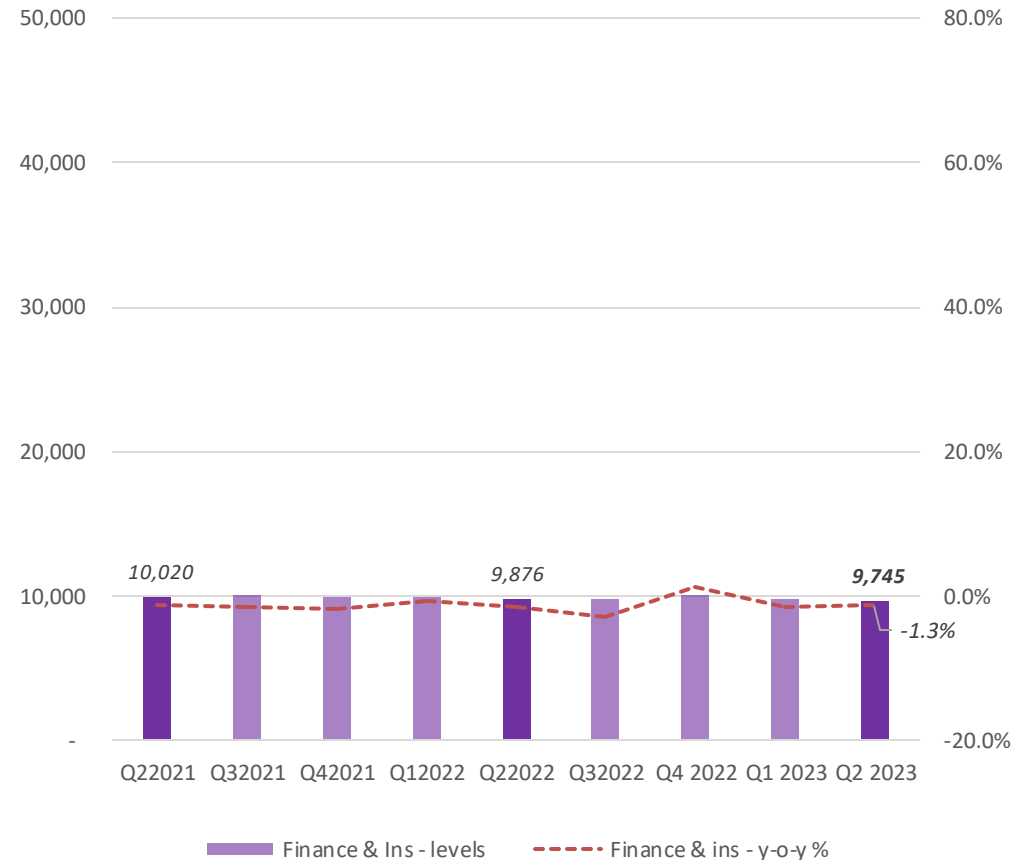


Source: WA Dept. of Employment Security, QCEW

Key sectors:

Quarterly employment in County Finance & Insurance

- 11th largest private sector, but typically locates in urban settings
- Continuous decline from 2021 through present
- Q2 2023 headcount ~ same as Q2 2019
- 2022 average annual wage: \$100,420 (vs. \$59,553 for all jobs in County)



Source: WA Dept. of Employment Security, QCEW

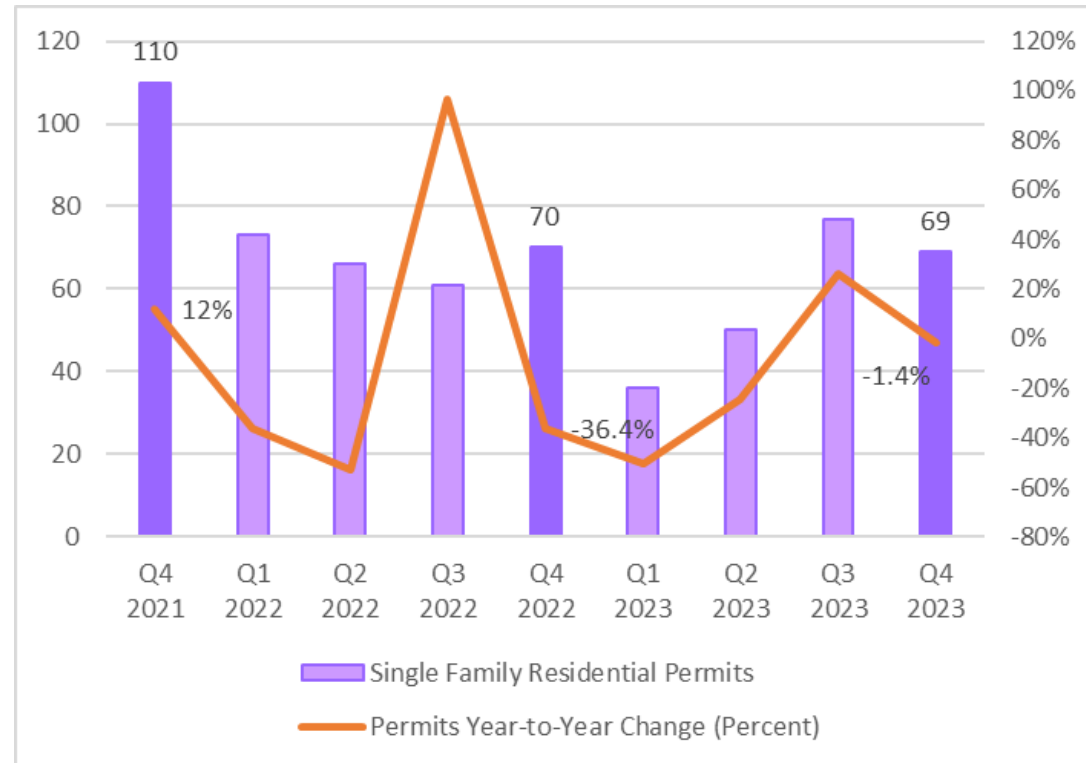
Summary of sector performance, as measured by employment

- Three of the 5 largest sectors by employment in the county show employment levels in Q2 2023 > Q2 2019. Retail & Finance/insurance do not.
- In *percentage* terms, employment in **professional & technical services** sector has grown the fastest (17%) of the large sectors from Q2 2019.
- In *total* terms, employment in Spokane's **health care & social assistance** has added the greatest number of jobs (~3,500) since Q2 2019.

Housing

Residential building permits, single-family

- After the surge of building post-pandemic, single family construction has stabilized.
- Fourth quarter 2023 matches one year ago. In general, building permits over the past two years nearly the same.
- Since 2018, population has grown 5% (by 28,000 people).



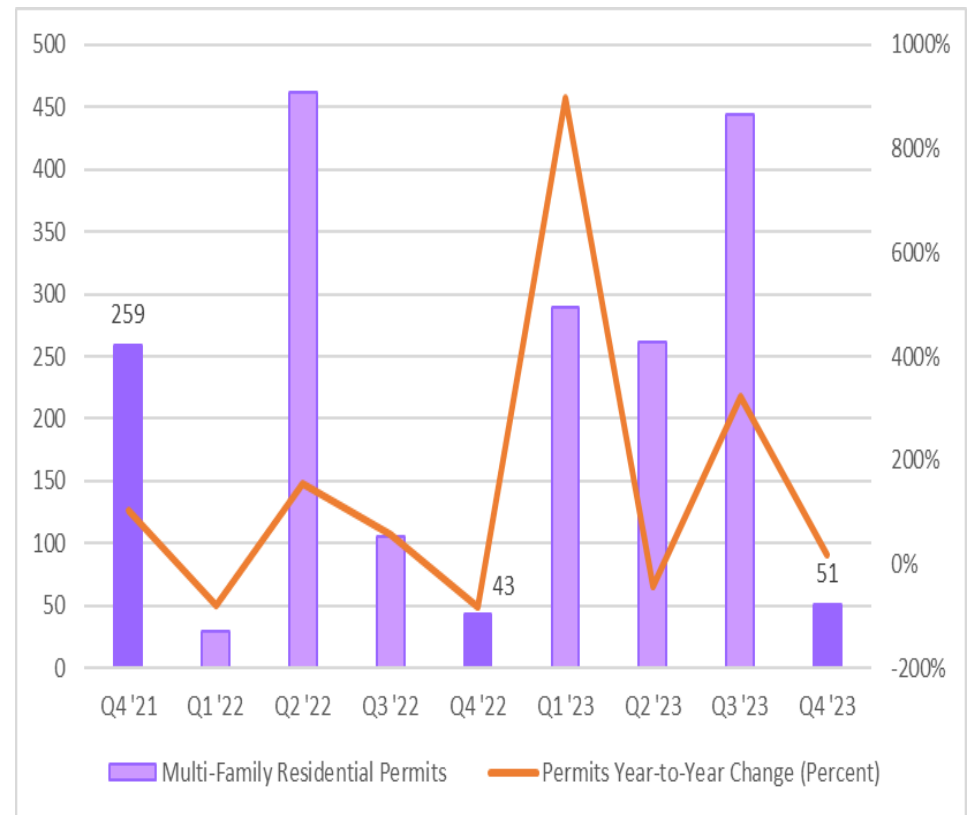
Source: City of Spokane

Housing

Multi-family building permits, by units

- Construction of multi-family housing units is **very strong** – faster than single-family home construction.
- Big jump in 2023 of over 1,000 new units.
- In addition to permitted NEW construction, there have been 34 units converted / remodeled (**change in use**) to multi-family units in the first six months of 2023 alone. In 2022, there were 245 units converted to multi-family units.

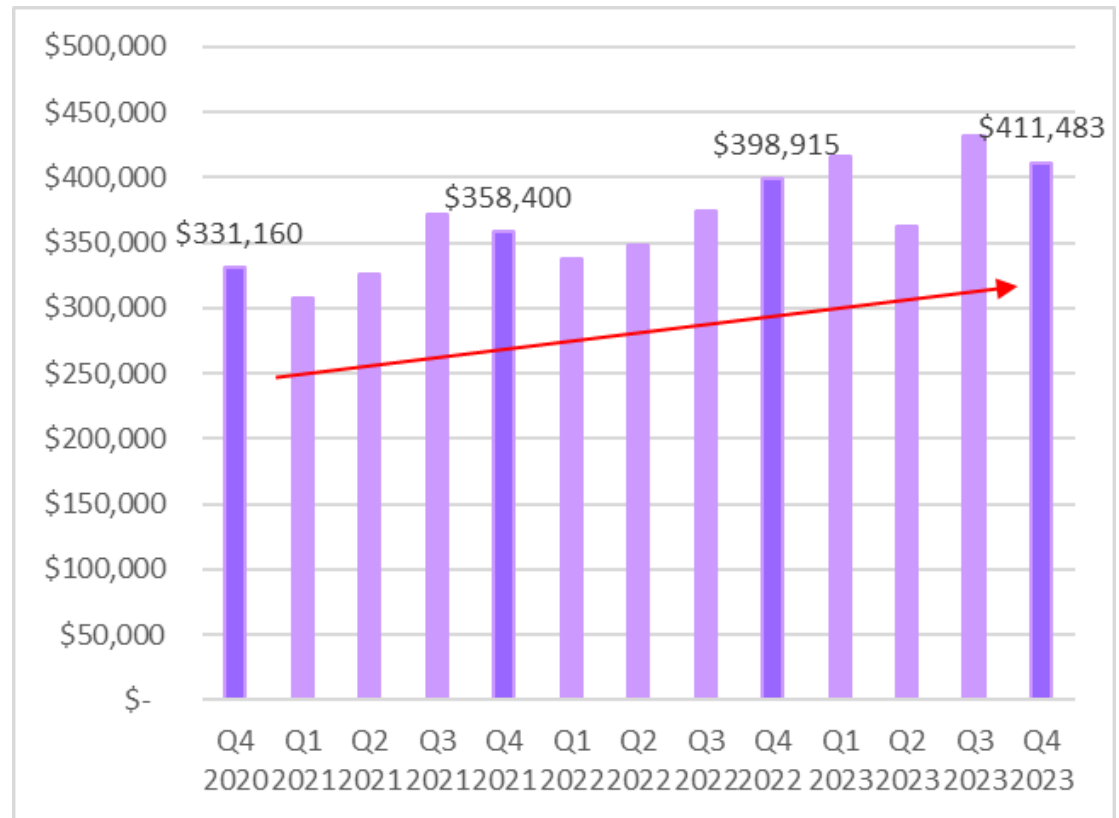
Source: City of Spokane



Housing

Average value of permitted single family residence

- Average value of permitted single-family residences continues to climb to a new high of over \$410K.
- The average value of permitted SF residences has increased over \$10,000 since same quarter, 2022.
- Since Q4 of 2020, the average value of permitted single family residences has **increased nearly 25%**.

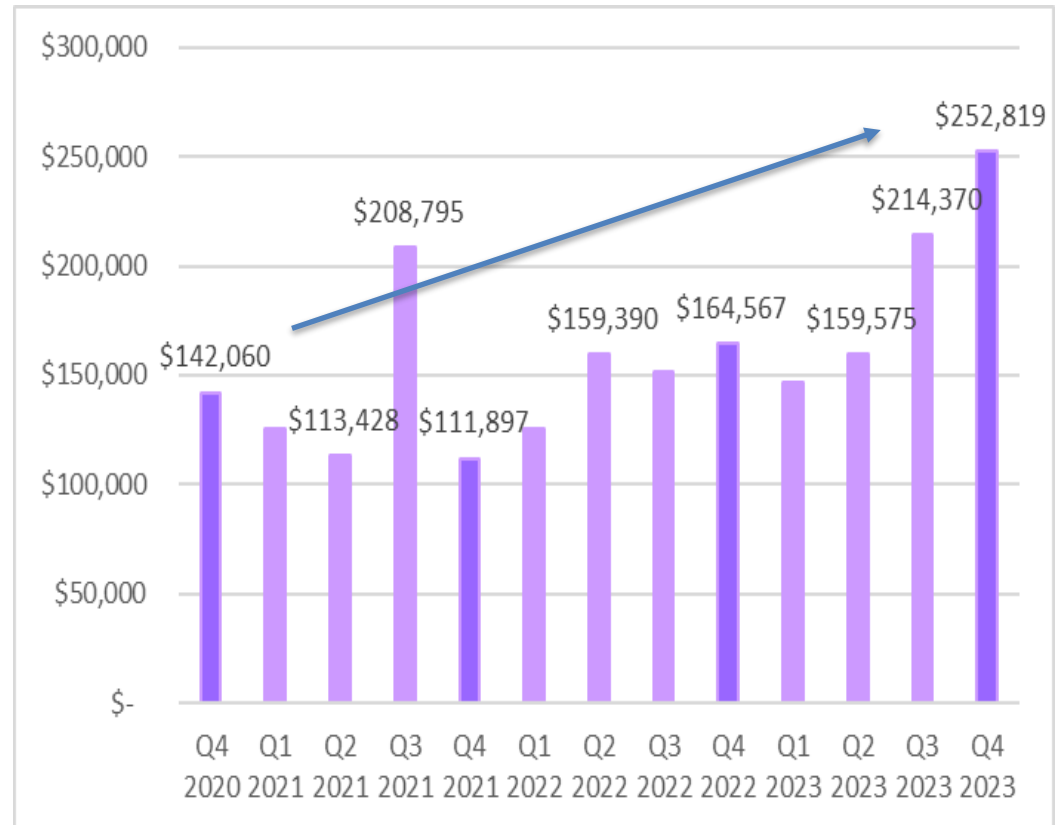


Source: City of Spokane

Housing

Average value of permitted multi-family units

- Not only are more units being built, but they are of higher permitted value.
- Since 2020, the average value of permitted multi-family units has increased by 75%.
- In just the past year, permitted multi-family units have increased in value by 50%.



Source: City of Spokane

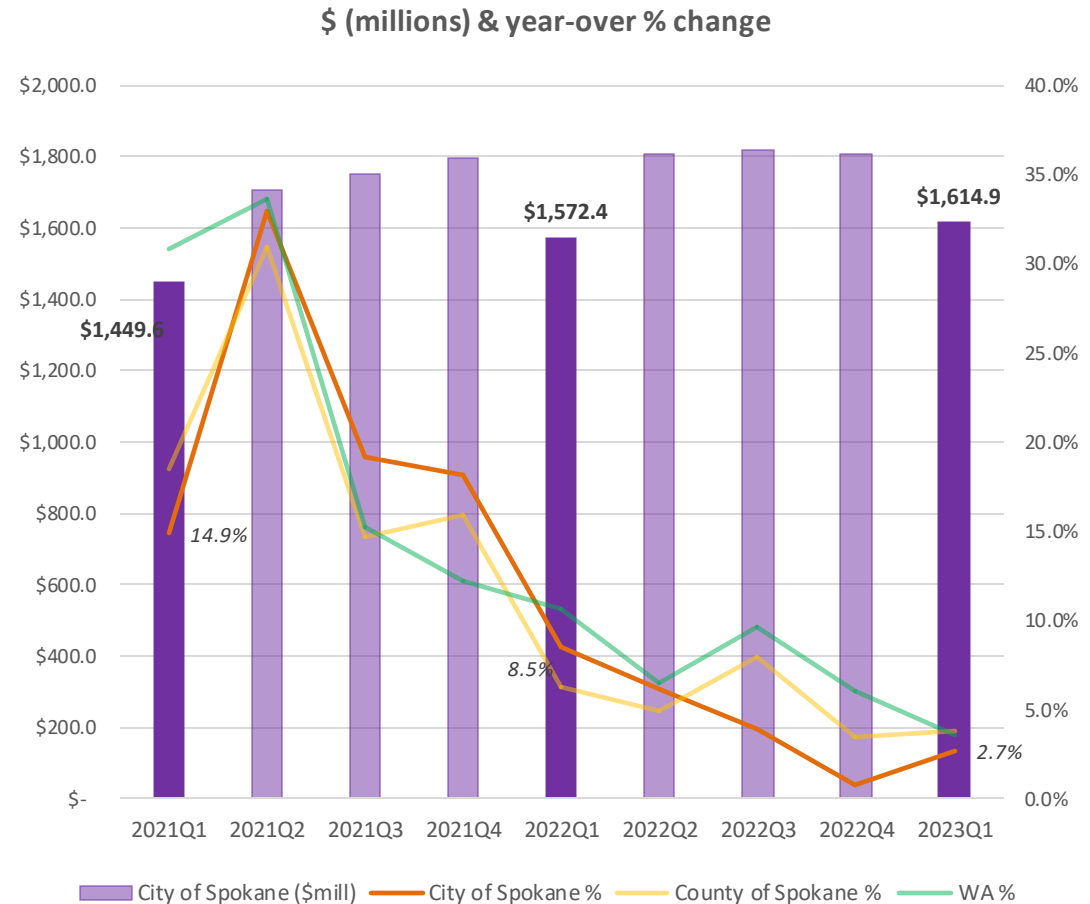
Summary of building permit measures

- Construction of single-family homes has stabilized and remained relatively unchanged from last year (2022).
- Since Q4 of 2020, the average value of permitted single family residences has **increased nearly 25%**.
- Over 1,000 **NEW multi-family units** (duplexes or apartments) were permitted over the year, 2023.
- The average value of new multi-family units continues to climb and is up 50% from previous year and up 75% from two years ago.

City sales activity

Quarterly taxable retail sales Q1 2021-Q1 2023

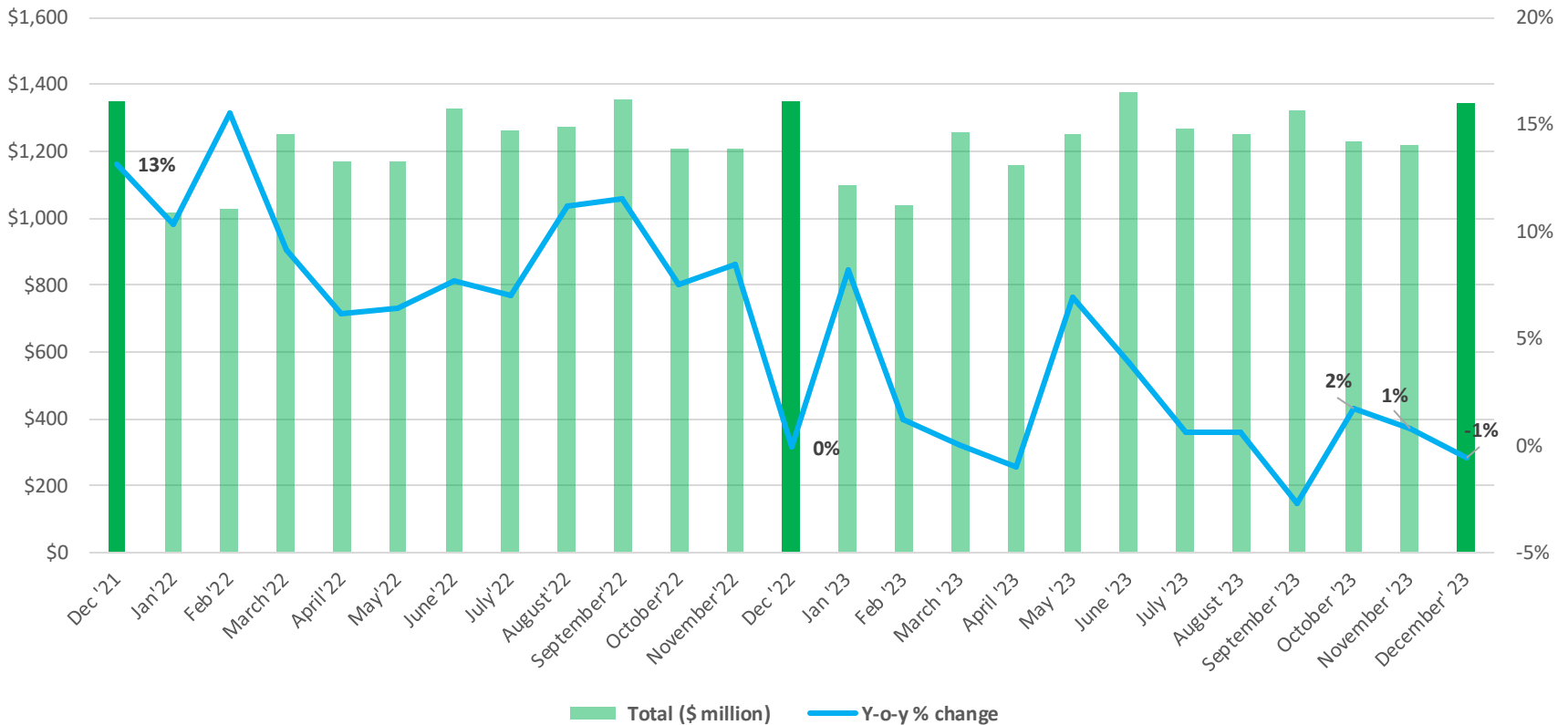
- Q1 of 2023
 - Year-over-year growth: 2.7%
 - Level much higher than same quarter in 2020 (\$1,262M)
- Q2 '23 shows no growth & Q3 likely to be low, if WA serves as a reasonable guide
 - And it does....
 - The correlation between WA state and City of Spokane taxable retail sales is 0.995!



Source: WA State Department of Revenue

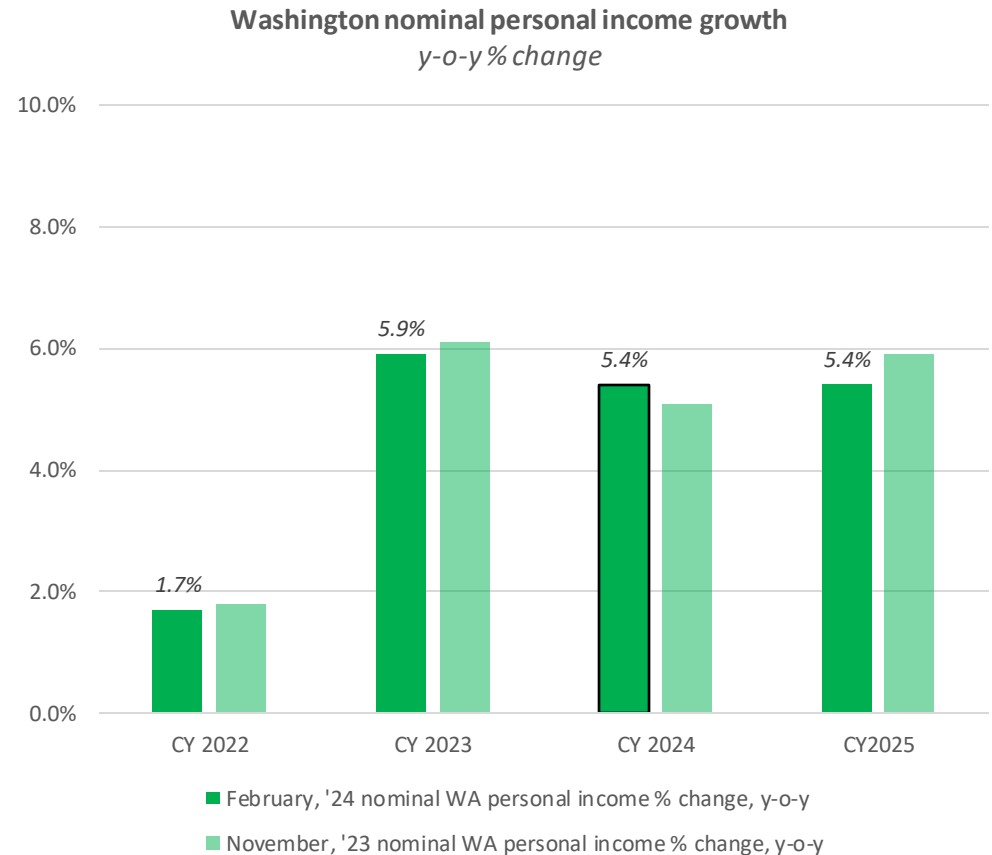
WA taxable retail sales experienced a major slowdown in 2023: 1% growth vs. 8% in 2022

WA monthly taxable retail sales & year-over-year growth rate



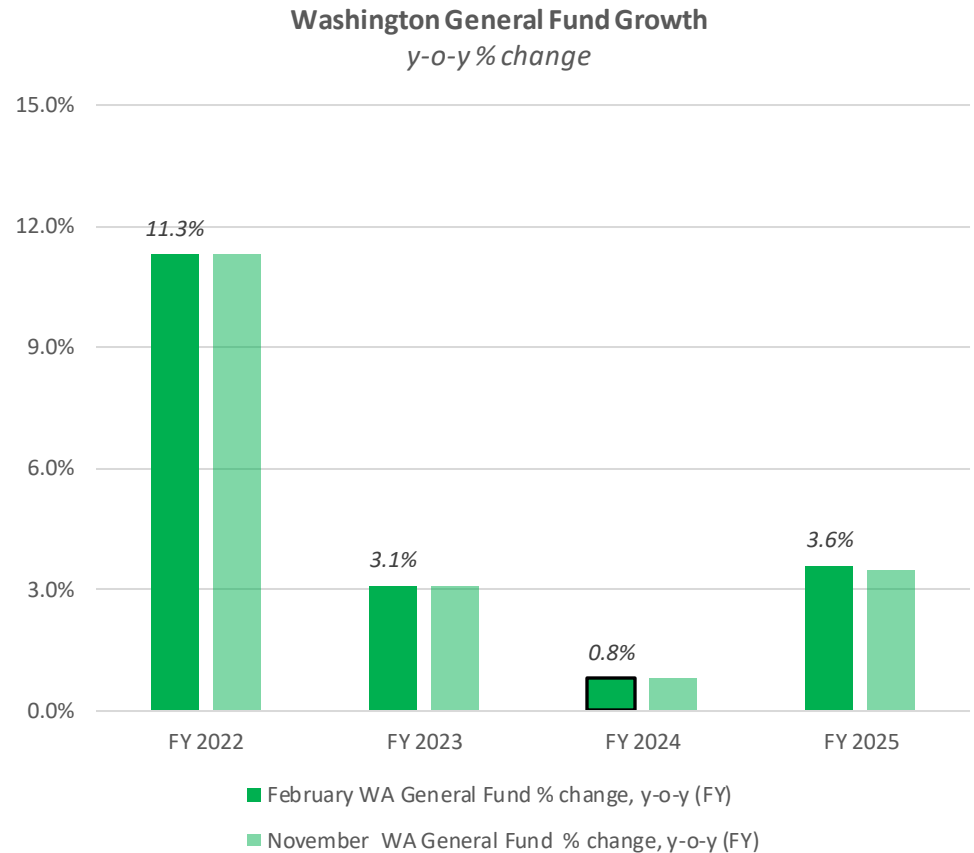
A look ahead at WA economy by the Economic & Revenue Forecast Council *(February '24 release)*

- Measure is personal income (PI) = wages + investments + transfer payments
- PI highly correlated with spending
 - (r = 0.98 for City of Spokane taxable retail sales & County PI)
- PI-Spokane highly correlated w/ PI-WA
- ERFC now projecting slightly higher 2024 PI and a bit lower PI for 2025 than in September



The ERFC's outlook on WA's General Fund (GF) suggests a return to "normal" (February, 2024)

- These are WA fiscal years
- Composition of WA GF a bit different from City of Spokane's, but dominated by retail sales, as here.
- Little change in the GF forecast from November
- ERFC expects a rebound in the second half of 2024 & 1st half of 2025



Summary observations

- **WA State *Personal Income* forecast** from February for CY 2024 now higher than earlier forecasts – mid-single digit growth
- **WA State *GF Revenue*** – little change from November forecast; very slow growth through the summer, picking up modestly in the second half of 2024
- The **City** might expect a similar outcome. ***Taxable retail sales growth*** for City in 2024 likely to be weak in first half, picking up in 2nd half.
 - This assumes that the ERFC forecasts accurately. In recent years, their forecasts have been underestimates.

Institute for Public Policy & Economic Analysis

Kelley Cullen, Ph.D.

D. Patrick Jones, Ph.D.

kcullen@ewu.edu, dpjones@ewu.edu

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509.828.1365 | 509.828.1246



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