

City of Spokane Quarterly Economic Indicators

Q1, 2021

April 1, 2021



EASTERN
WASHINGTON UNIVERSITY

start something **big**

Overview

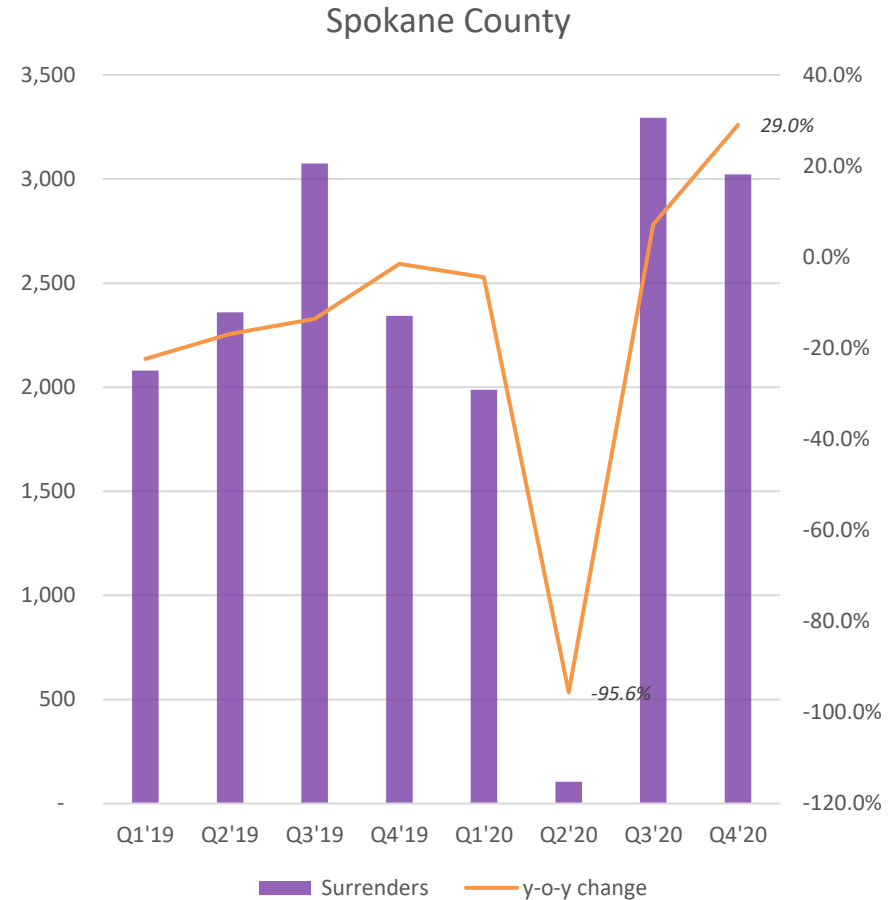
- Goal: to provide insights about important City trends via data with higher frequency than annual updates
- Track indicators in the following categories (# of indicators):
 - In-migration (1)
 - Employment (9)
 - Residential construction (4)
 - Non-residential construction (2)
 - Taxable sales & revenue (5)
- Local indicators are for the City of Spokane, unless noted

Population

Drivers license surrenders: A measure of in-migration

- This tracks those moving to the county from out-of-state
- Doesn't capture in-state moves, nor those Spokane residents who move out
- Data available by state
- Large rebound in the second half of 2020

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
- A slight uptick in the CLF in Q2 2020 due to entrants attempting to supplement lost incomes.
- CLF fell second half of 2020 to early 2019 levels.
- Most of 2019 & first two quarters of 2020 saw CLF increasing around 3.5-4% from previous year.
- Only Q4 of 2020 saw a negative rate of change from the previous year.

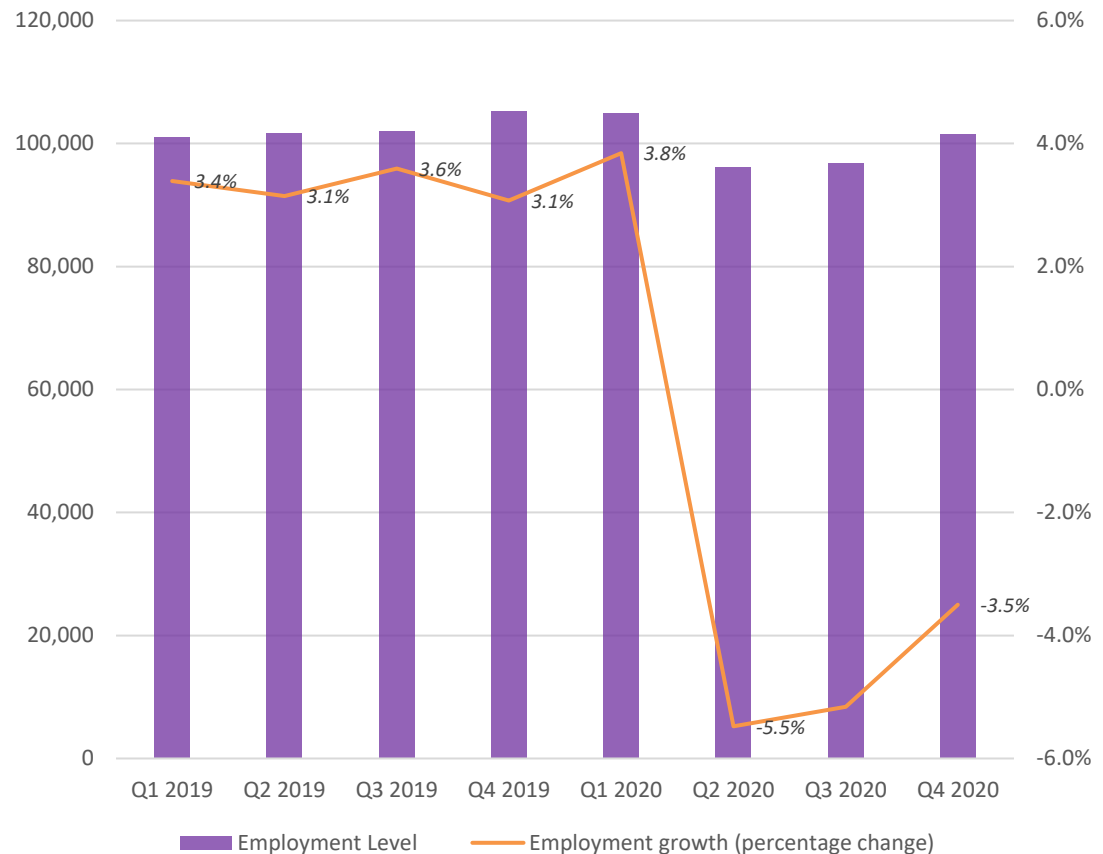


Source: Local Area Unemployment Statistics (LAUS)

Labor market

Number of jobs & year-to-year change

- Total employment dropped precipitously from March to April, 2020 due to stay-at-home directives (pandemic).
- Since April 2020, employment levels stabilized and even risen slightly but still have not returned to pre-Covid level.
- Q4 2020 employment saw a return to mid-2019 levels.



Source: Local Area Unemployment Statistics (LAUS)

Labor market

Unemployment count & rate

- From March to April 2020, there was a huge uptick in the unemployment rate due to stay-at-home directives.
- Since April 2020, the unemployment rate has fallen significantly and in December of 2020 was only 2 percentage points higher than it was a year ago.
- January 2021 had an unemployment rate that is only 1 percentage point higher than the previous year.

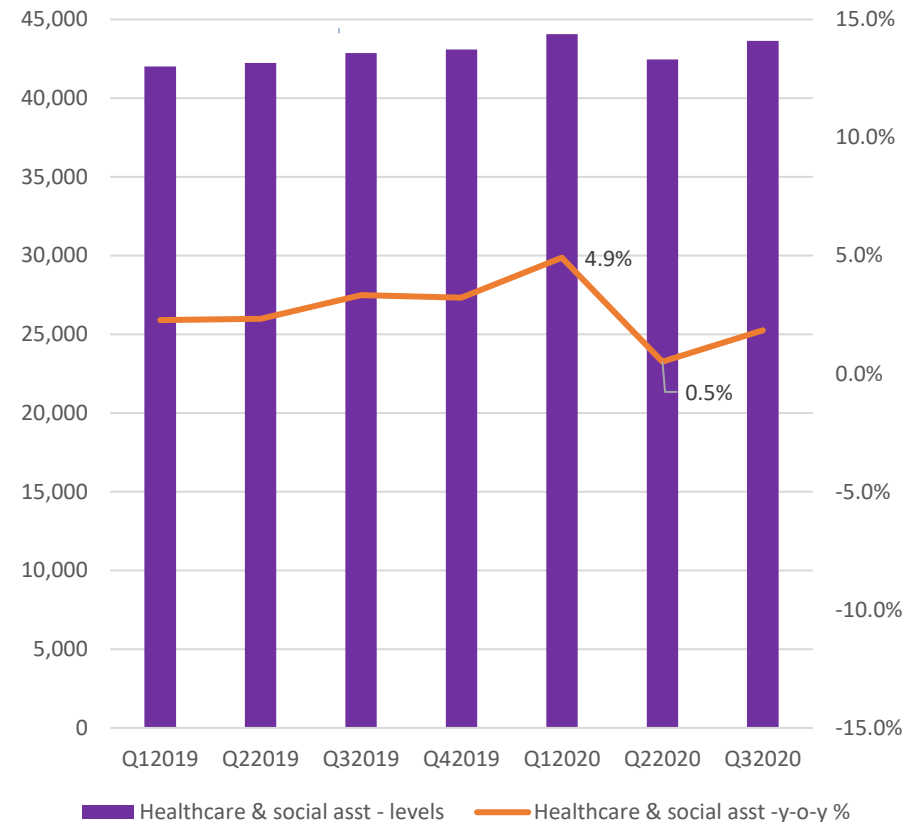


Source: Local Area Unemployment Statistics (LAUS)

Labor market

Quarterly employment in County Healthcare & Social Assistance

- Includes: ambulatory care, hospitals, social assistance, & nursing/residential care
- County's largest sector showed strong growth pre-pandemic & no drop in pandemic
- 7 quarter average employment: 42,902
- 2019 ave. annual wage: \$52,032

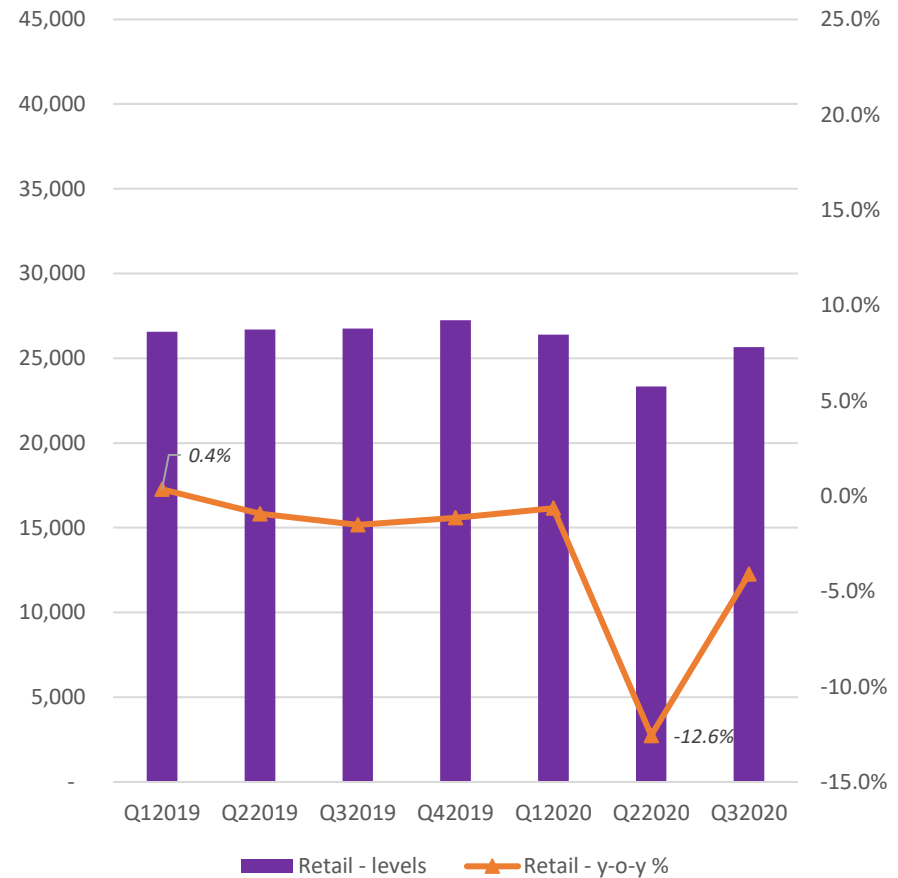


Source: WA Dept. of Employment Security, QCEW

Labor market

Quarterly employment in County Retailing

- Retailing employment before the pandemic was already decreasing
- Among key sectors, its % decline in Q2 2020 was the 2nd worst
- 7 qtr. average employmt: 26,092
- 2019 AA wage: \$34,154

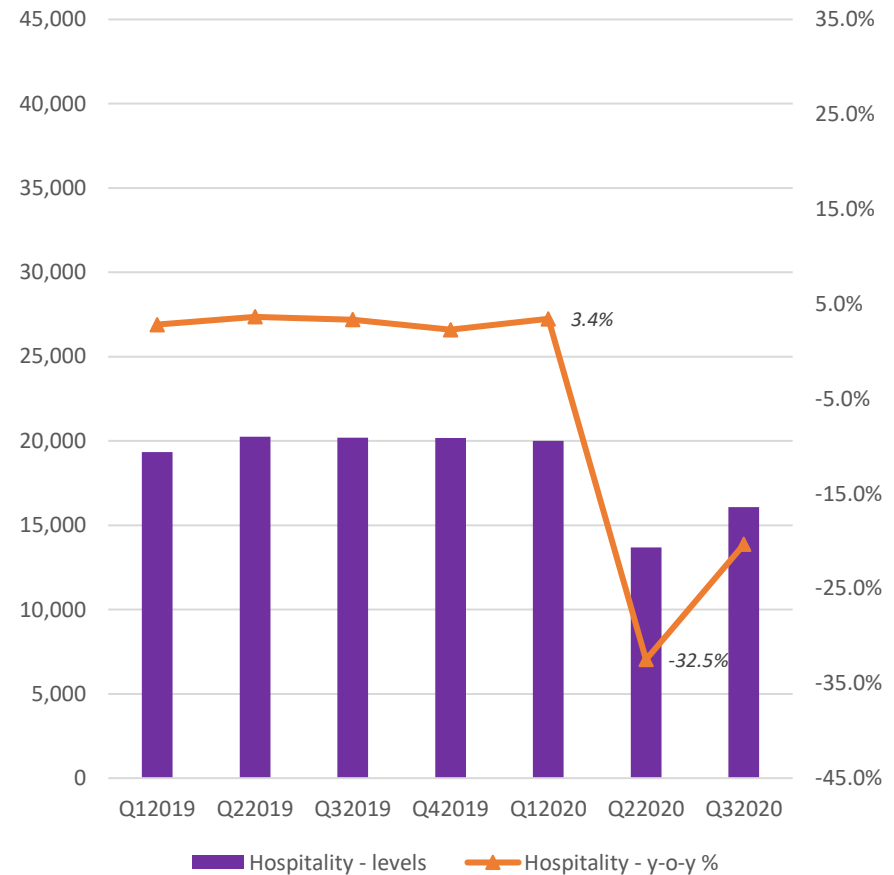


Source: WA Dept. of Employment Security, QCEW

Labor market metrics

Quarterly employment in County Hospitality

- Hospitality composed of all lodging as well as restaurants, bars, coffee shops, caterers
- Pre-pandemic, growing fast
- It's blow (in Q2 2020) from the pandemic was the worst – for both levels and percentage – of all the large sectors
- 7 qtr. Ave employment: 18,530
- 2019 AA wage: \$21,807

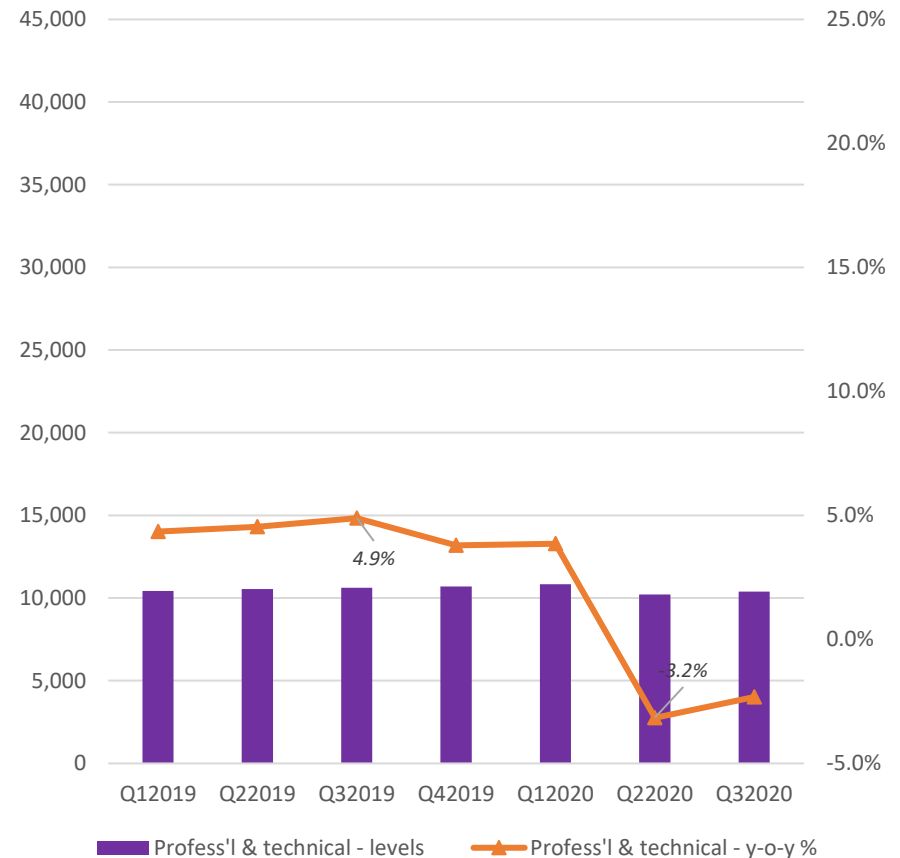


Source: WA Dept. of Employment Security, QCEW

Labor market

Quarterly employment in County Professional & Technical services

- Consists of “white collar” knowledge occupations – lawyers, accountants, architects, engineers, consultants
- Growing fast, pre-pandemic
- Relatively small drop in Q2 2020
- 7 qtr. average employment: 10,529
- 2019 AA wage: \$66,450

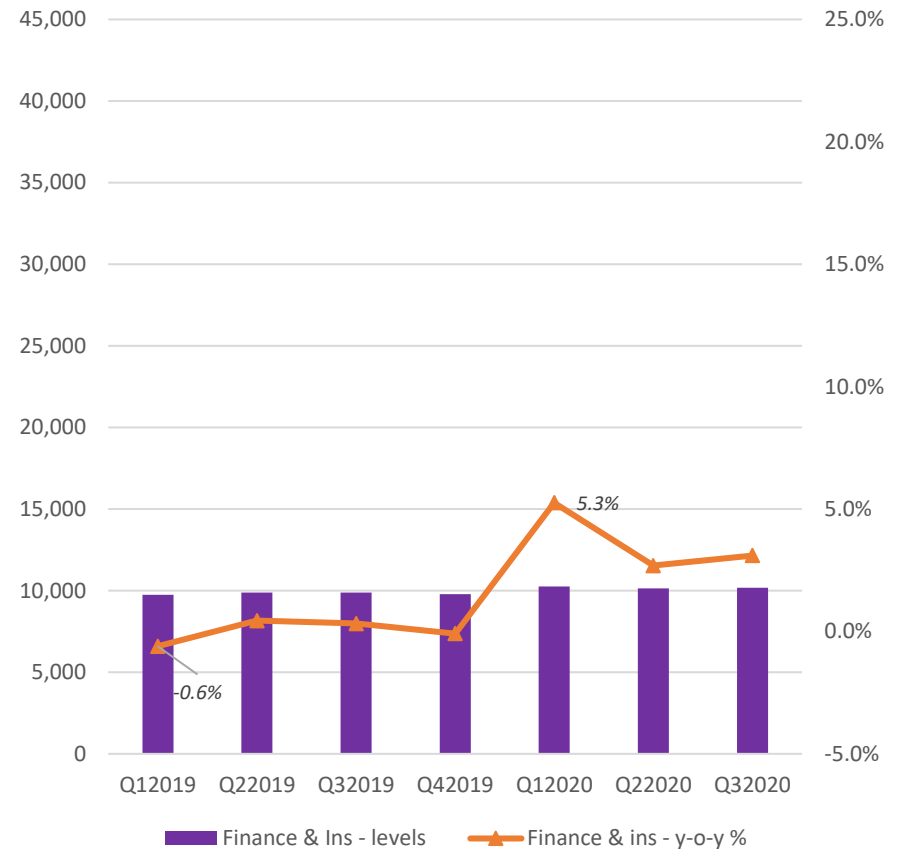


Source: WA Dept. of Employment Security, QCEW

Labor market

Quarterly employment in County Finance & Insurance

- Little growth before the pandemic; but after it hit, one of the few sectors to experience significant growth
- 7-quarter average employment: 9,987
- 2019 average annual wage: \$84,698

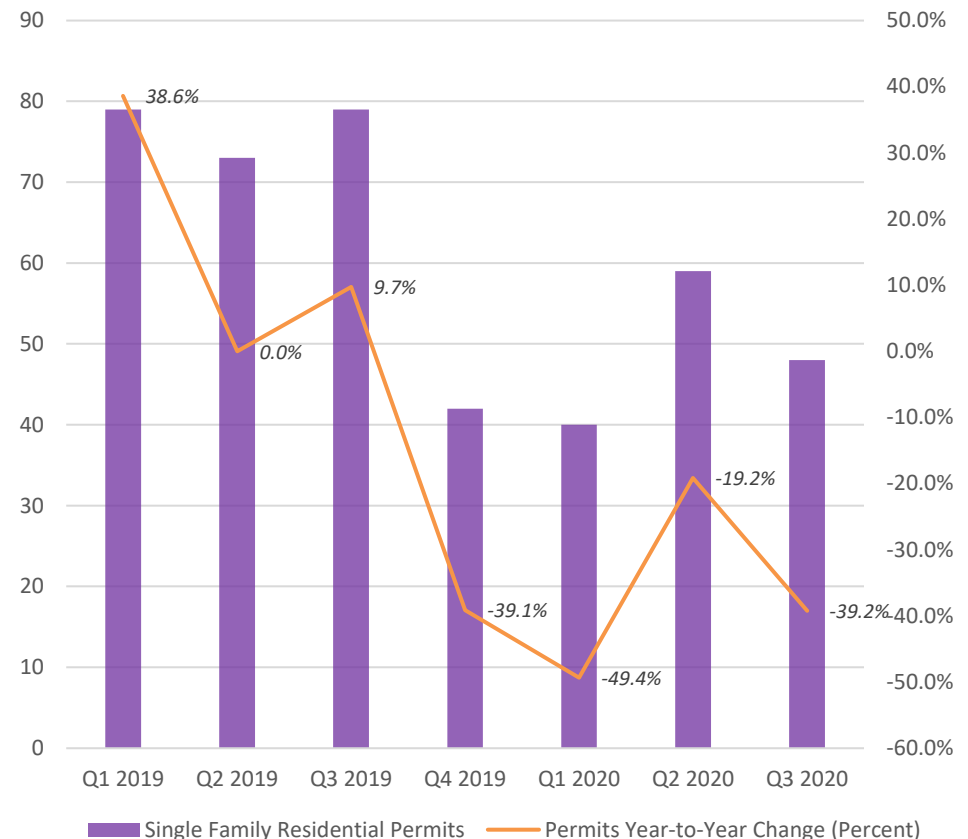


Source: WA Dept. of Employment Security, QCEW

Housing

Residential building permits, single-family

- Quarterly single-family residential building permits fell off significantly in Q4 of 2019 and Q1 of 2020.
- The number of permits in Q4 of 2019 was about half what it was in the first quarter of that year.
- Quarterly new single family residential permits increased slightly in Q2 and Q3 of 2020, but were still down significantly from the same period the previous year.

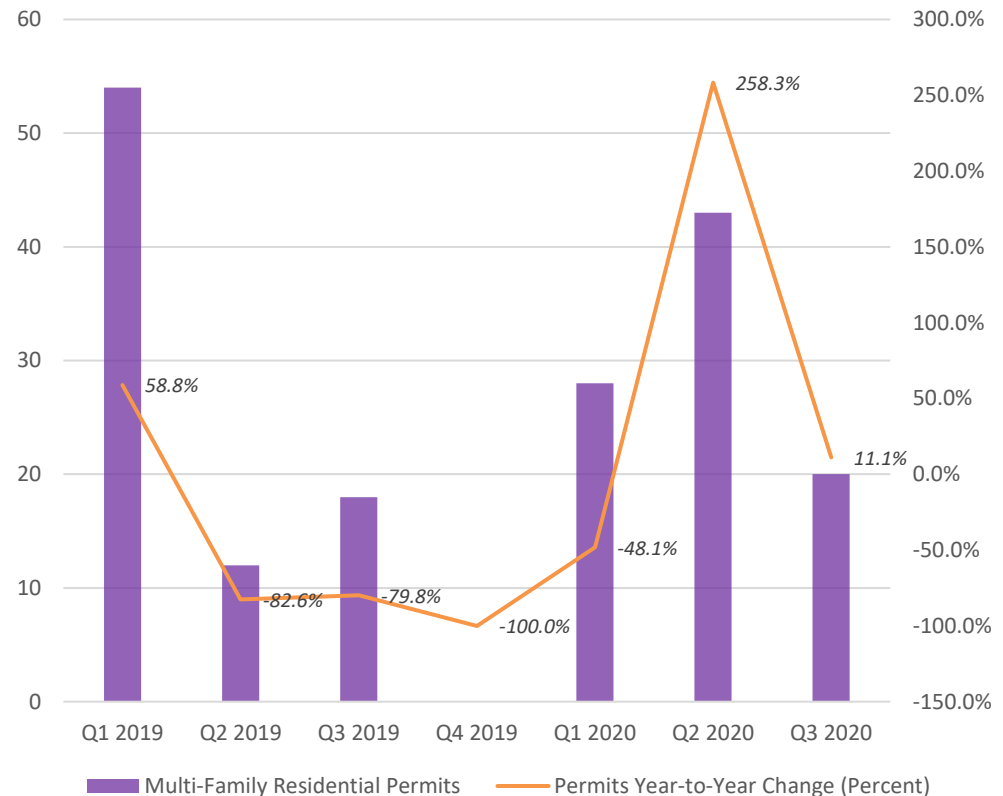


Source: City of Spokane

Housing

Multi-family building permits, by units

- After an initial burst of permit activity in Q1 of 2019, multi-family permits dropped off for the rest of 2019.
- First two quarters of 2020 showed another uptick in permits.
- Overall, 2020 showed stronger multi-family building permit numbers than 2019.



Source: City of Spokane

Housing

Average value of permitted single family residence

- Overall, the value of new single family residential permits has increased since 2018.
- Since Q4 of 2019, new single family residential permit valuations have steadily increased to over \$350,000 on average.

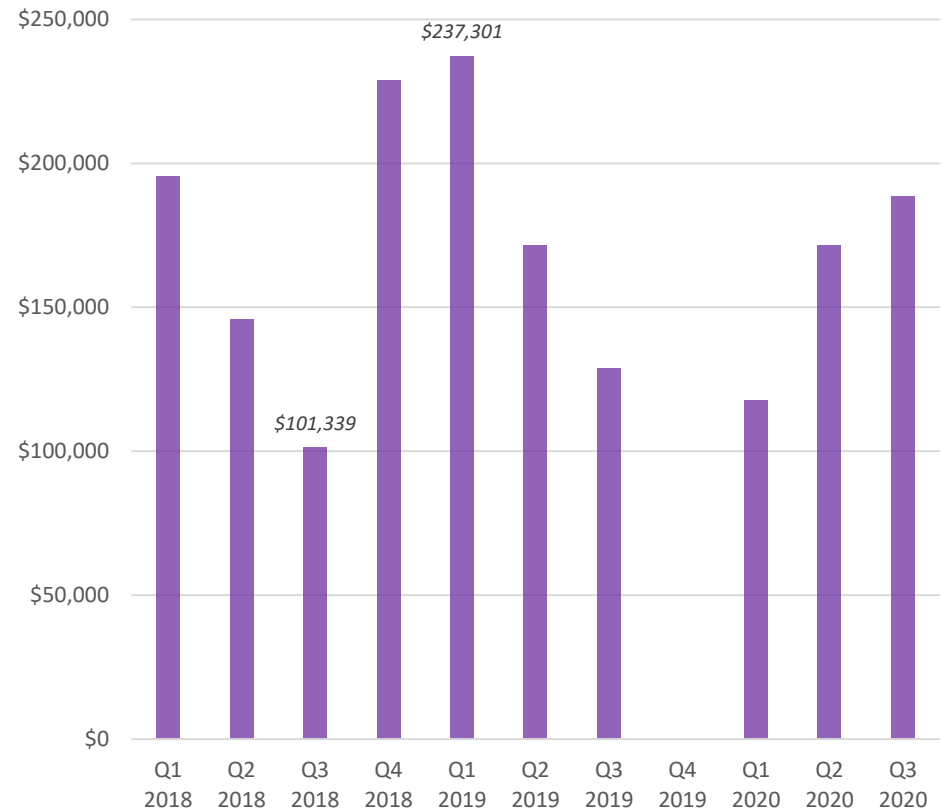


Source: City of Spokane

Housing

Average value of permitted multi-family unit

- The average value of new multi-family units varies by project, between \$100K to \$250K.
- First three quarters of 2020 saw growth in the value of new multi-family permits, but still has failed to reach the levels of late 2018 – early 2019.

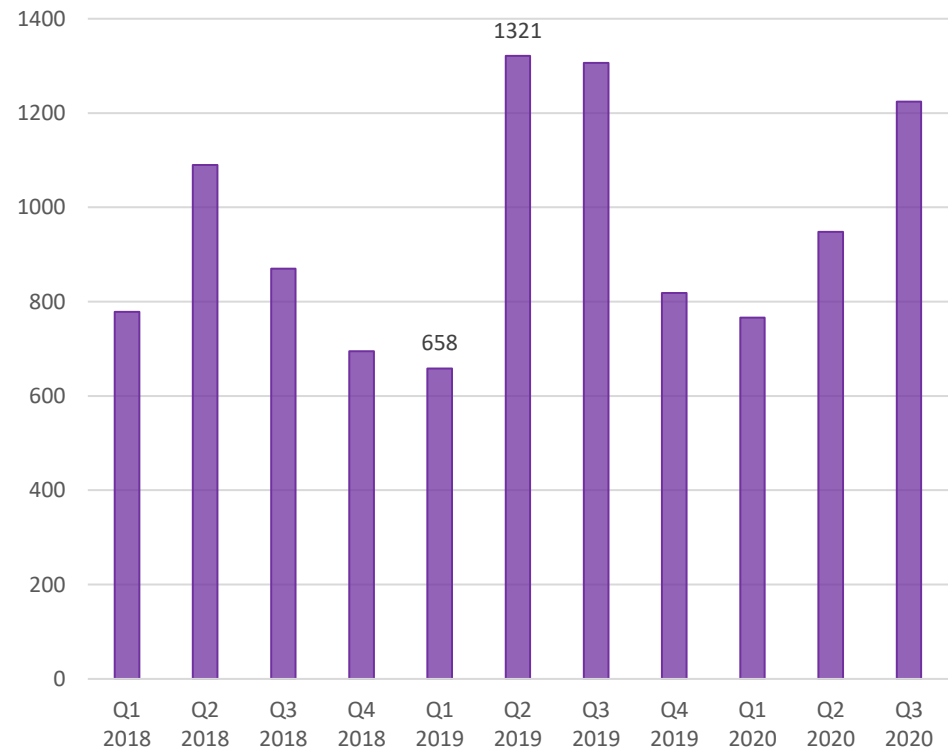


Source: City of Spokane

Commercial & public development

Total number of non-residential permits

- Measures all non-residential new construction & remodel permits issued by the City of Spokane.
- Includes commercial, industrial as well as public works (schools, cell towers, hospitals)
- Strong cyclical pattern with less activity in Q4 & Q1 typically, due to weather
- Q3 of 2020 was only slightly lower than Q3 of 2019.

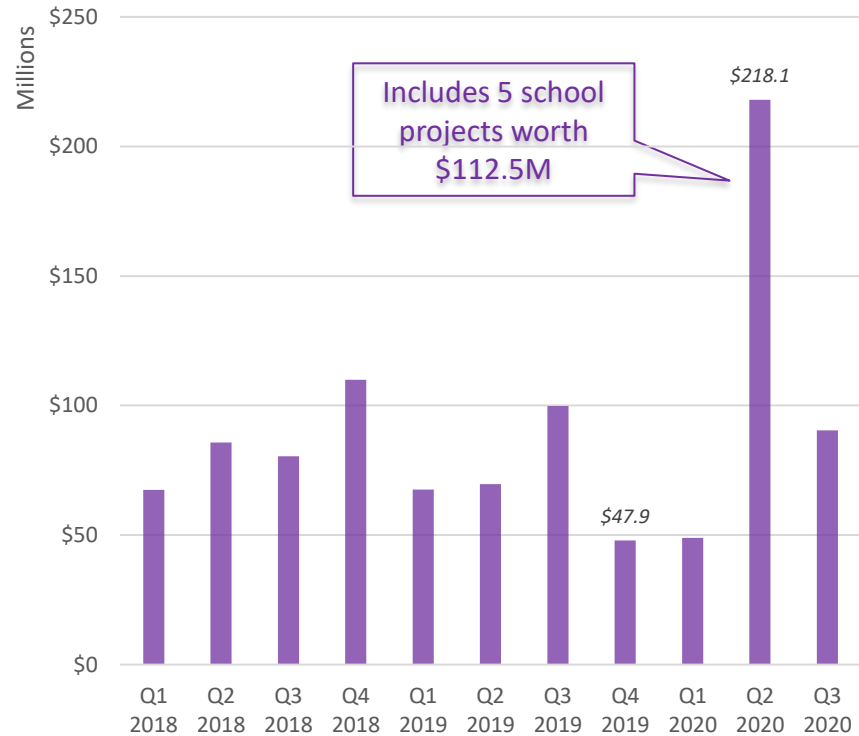


Source: City of Spokane

Commercial & public development

Total value of non-residential permits

- Total permitted valuation of all non-residential permits issued by the City of Spokane.
- Although Q4 of 2019 & Q1 2020 showed relative drops in value of permitted projects, value of projects in Q2 2020, even without the boost of school buildings, was strong.
- Q3 of 2020 showed similar valuation to the previous two years' values.

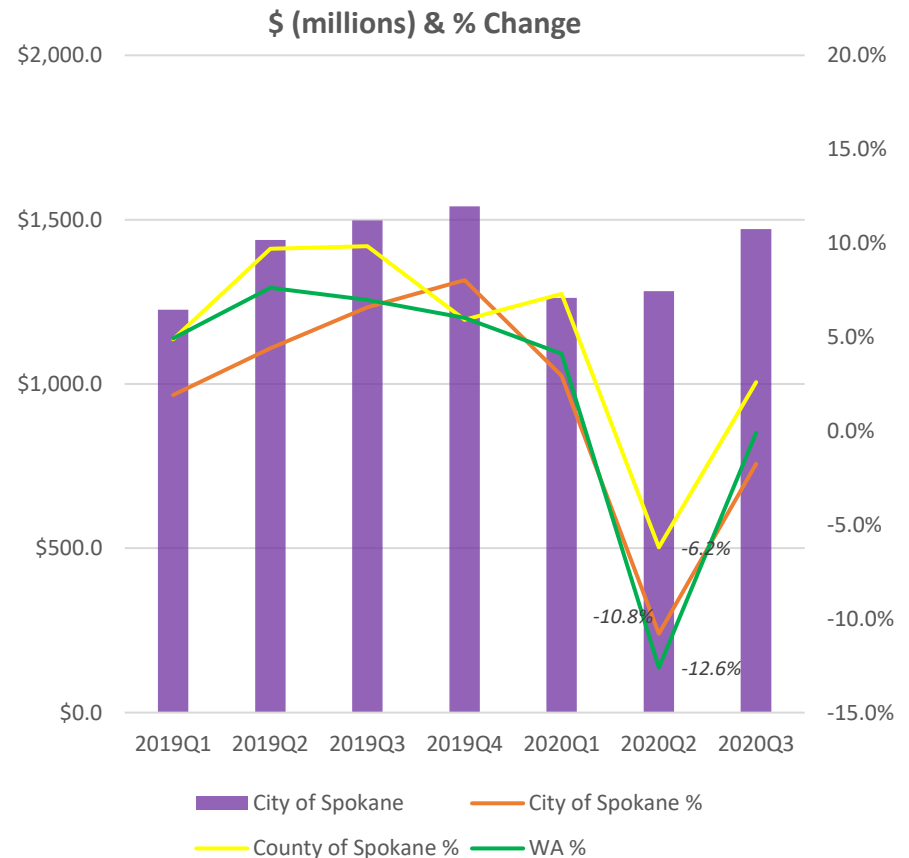


Source: City of Spokane

City sales activity

Taxable retail sales Q1-Q3, 2019 & 2020

- For the City, two quarters in 2020 showed a decline vs. 2019
- Spokane County as a whole has outperformed City over this period
- City's series closely match those of WA's taxable retail sales (correlation is 0.96)



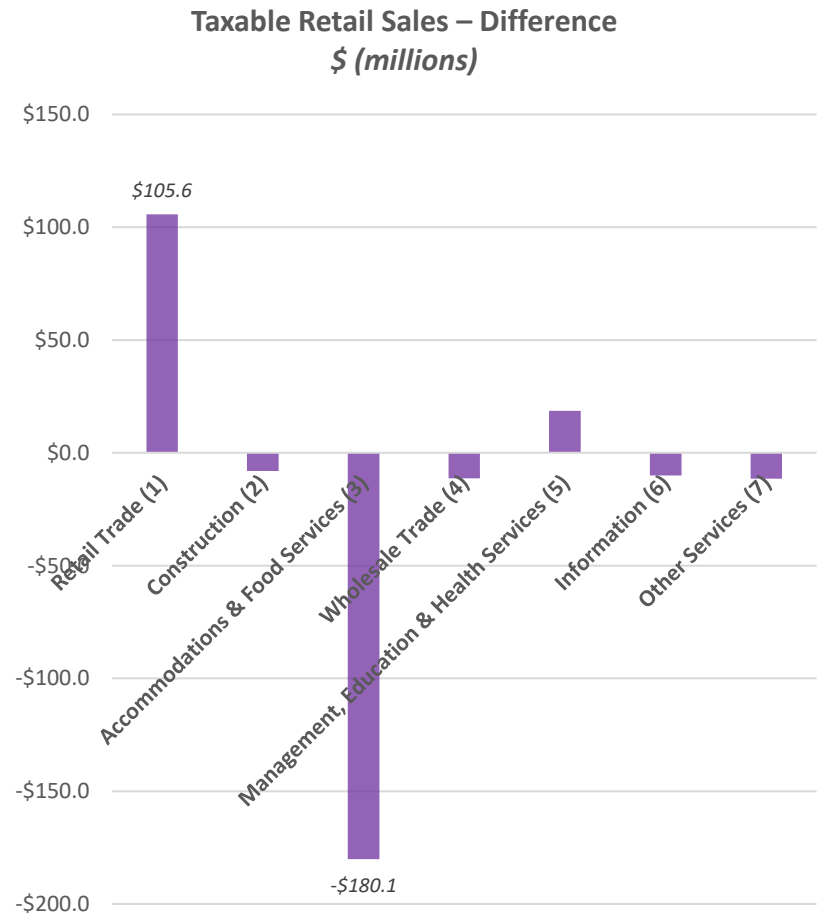
Source: [Spokane Trends](#) (on data from WA State Department of Revenue)

City sales activity

Q1-Q3 change in 7 largest sectors, '20 vs. '19

- The City's retail trade sector, the largest category of taxable retail sales, held up quite well during 1st 9 months of 2020
- Other sectors did not, in particular, hospitality
- Other sectors showed small changes
- The net effect was a decline of ~\$145 million for first three quarters of 2020

Source: WA Depart. of Revenue (Quarterly Business Reports)

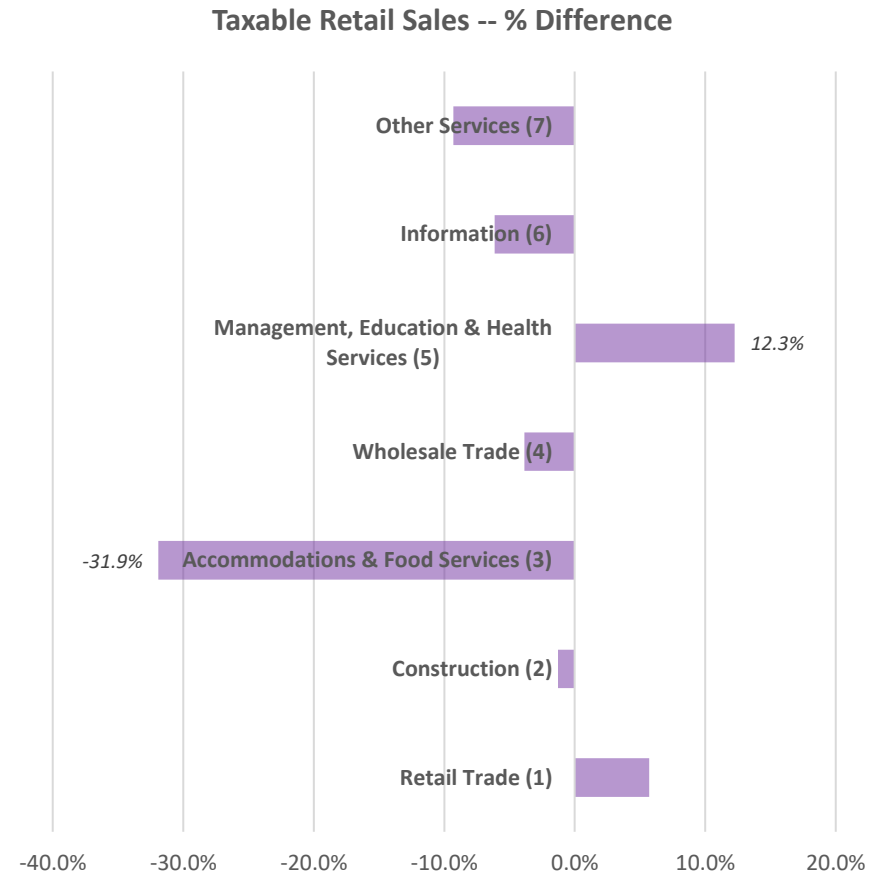


City sales activity

Q1-Q3 % change in 7 largest sectors, '20 vs. '19

- Huge percentage decline for the City's hospitality sector
- Sizeable gain by private education & health services; this is a much smaller sector, however
- Overall decline for January-September of taxable retail sales ~3.5%

Source: WA Department of Revenue (Quarterly Business Report)

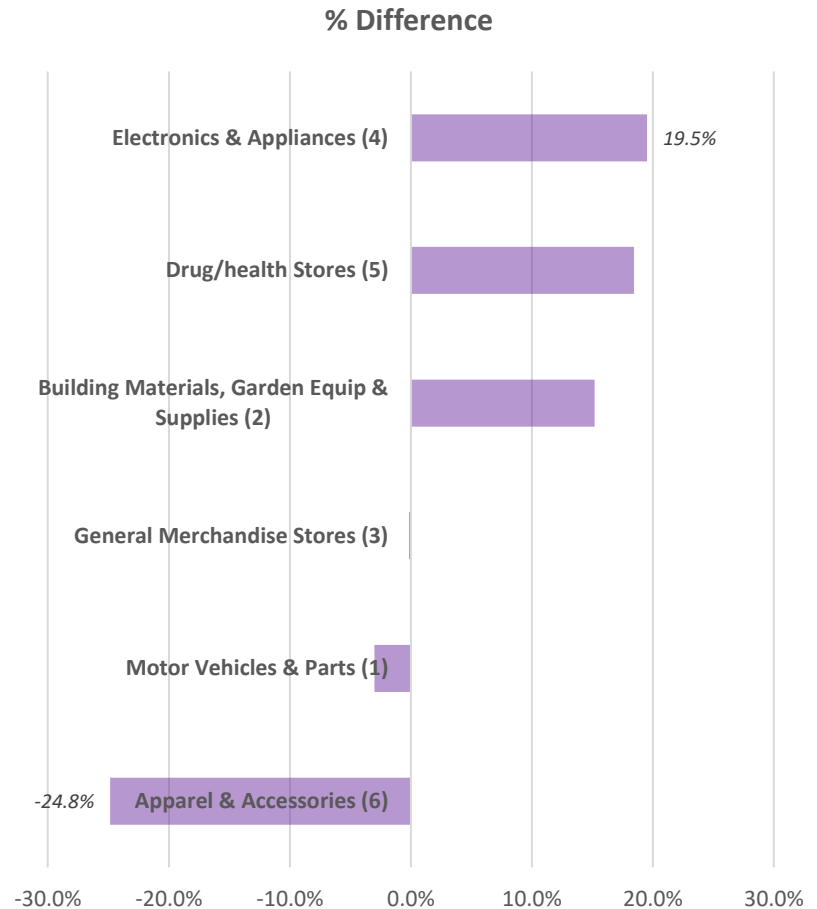


City sales activity

Q1-Q3 % change in the most important “retail trade” industries, ‘20 vs. ‘19

- Nearly all of the largest retail trade sectors posted gains for the first three quarters of 2020
- However, the largest, motor vehicles, did not
- Apparel & accessories were especially hard hit

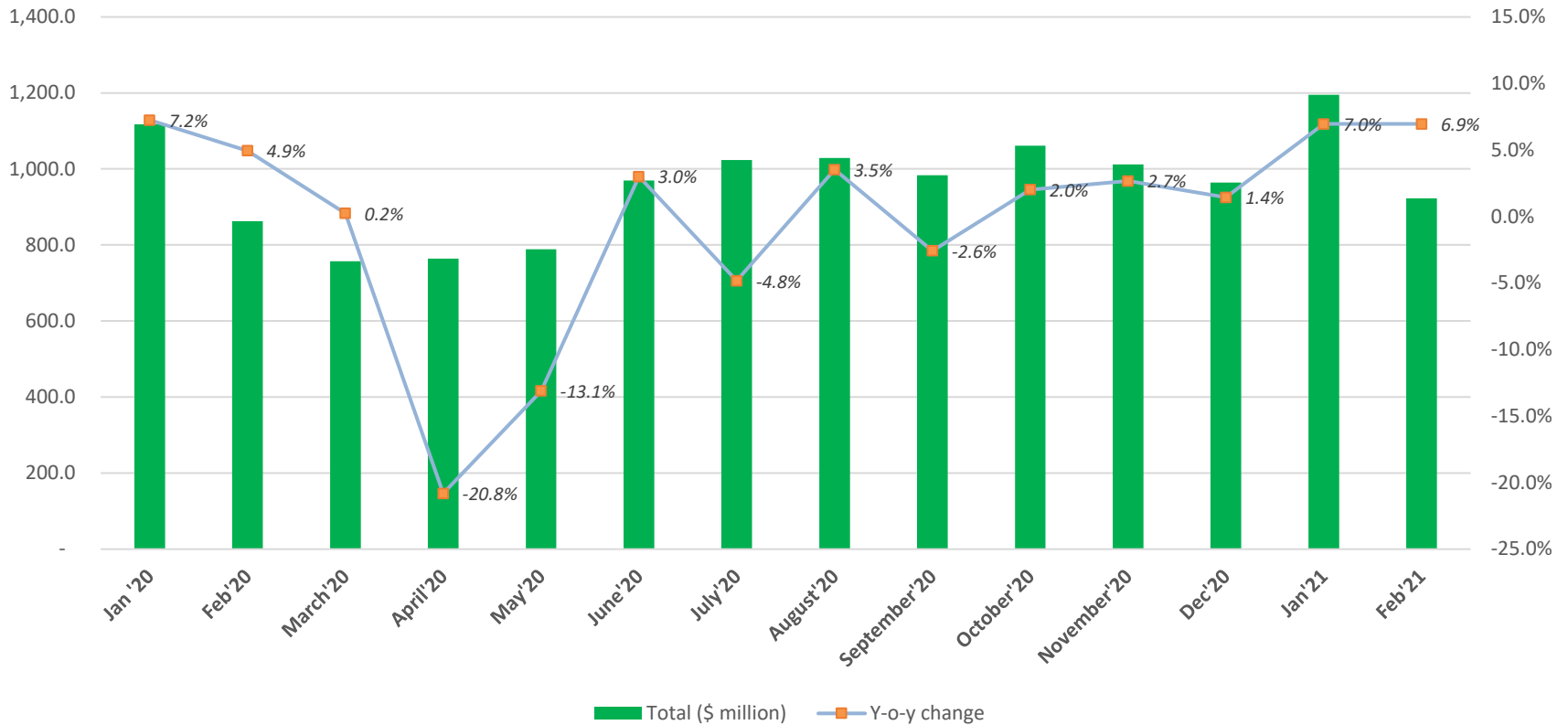
• *Source: WA Department of Revenue (Quarterly Business Report)*



Sales activity

Washington state retail sales tax collected

Source: Washington State Economic & Revenue Forecast Council



Summary observations

- Jobs in the City rebounded by Q3 2020 but levels were still below 2019's.
- Single-family residential building permits in the first three quarters of 2020 were down(vs. 2019) but multi-family permits were up substantially.
- Non-residential building permit valuation actually higher in 2020 than 2019.
- Taxable retail sales for first three quarters of 2020 were down about 3.5%, led by very large declines in the hospitality sector
- Retail trade sector spending was higher in '20 than '19 over the same period.
- City taxable retail sales are tracking closely those in WA in 2019 and 2020.

Institute for Public Policy & Economic Analysis

Kelley Cullen, Ph.D.

D. Patrick Jones, Ph.D.

kcullen@ewu.edu, dpjones@ewu.edu

[Spokane Trends](#)

509.828.1365 | 509.828.1246



EASTERN
WASHINGTON UNIVERSITY

start something **big**