

City of Spokane Quarterly Economic Indicators

Q2, 2021

July 15, 2021



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Overview

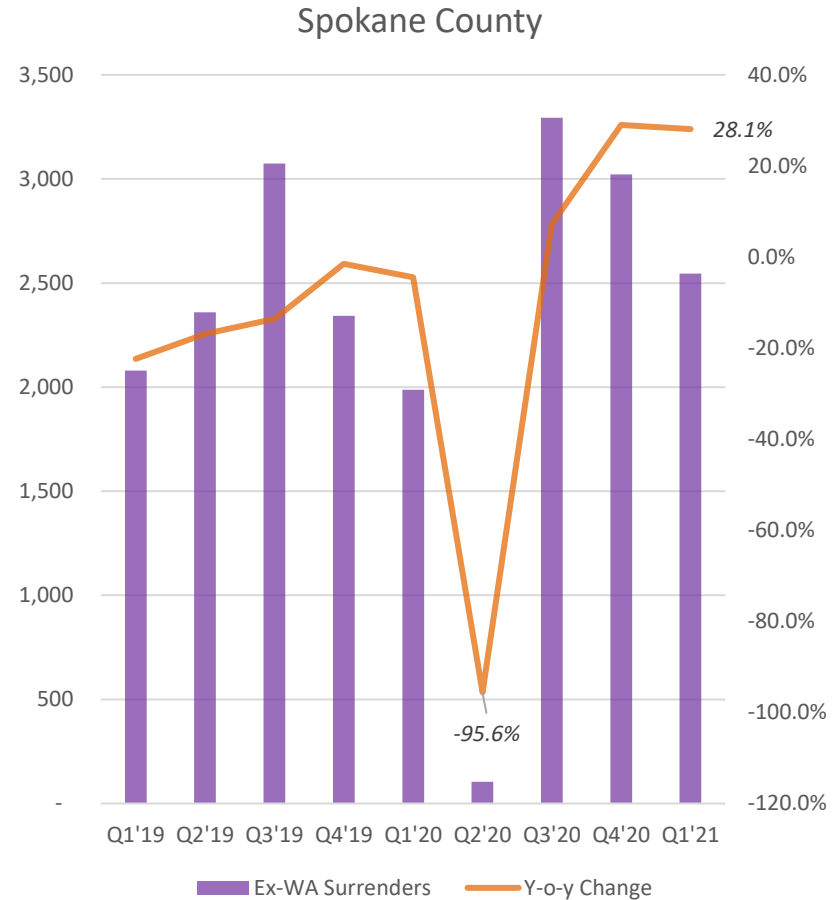
- Goal: to provide insights about important City trends via data with higher frequency than annual updates
- Track indicators in the following categories (# of indicators):
 - In-migration (1)
 - Employment (9)
 - Residential construction (4)
 - Non-residential construction (2)
 - Taxable sales & revenue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

Population

Drivers license surrenders: A measure of in-migration

- 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, continuing into Q1 2021

Source: WA Department of Licensing

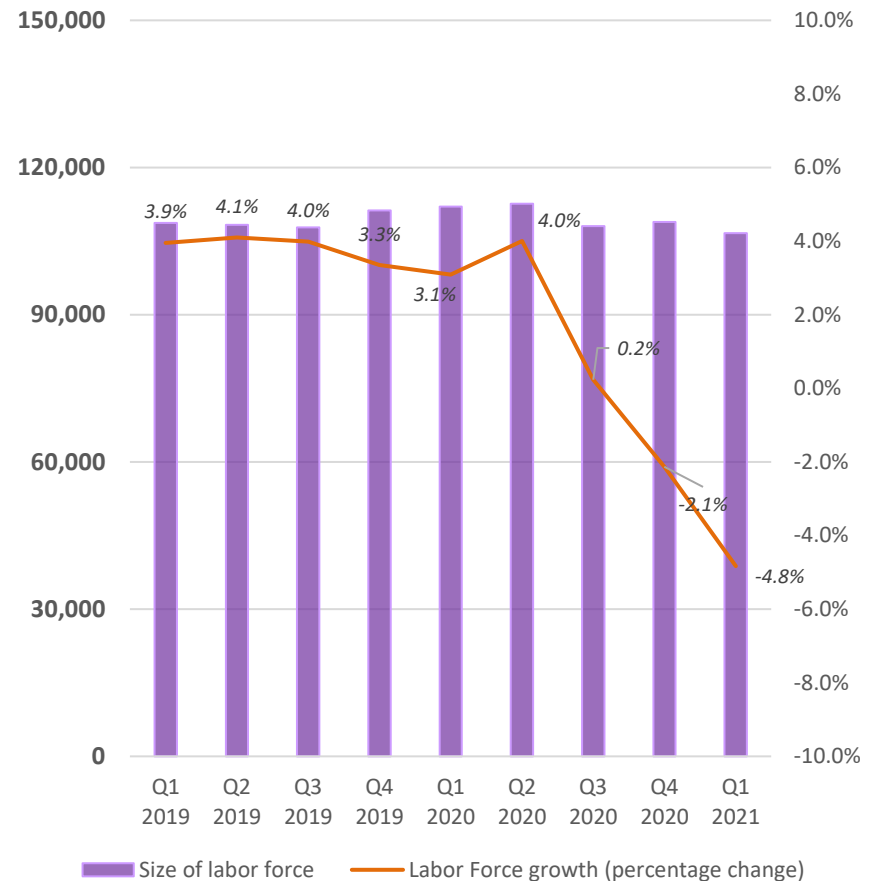


Labor market

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.
- Most of 2019 & first two quarters of 2020 saw CLF increasing around 3.5-4% from previous year.
- Both Q4 of 2020 & Q1 of 2021 saw a negative rate of change from the previous year.

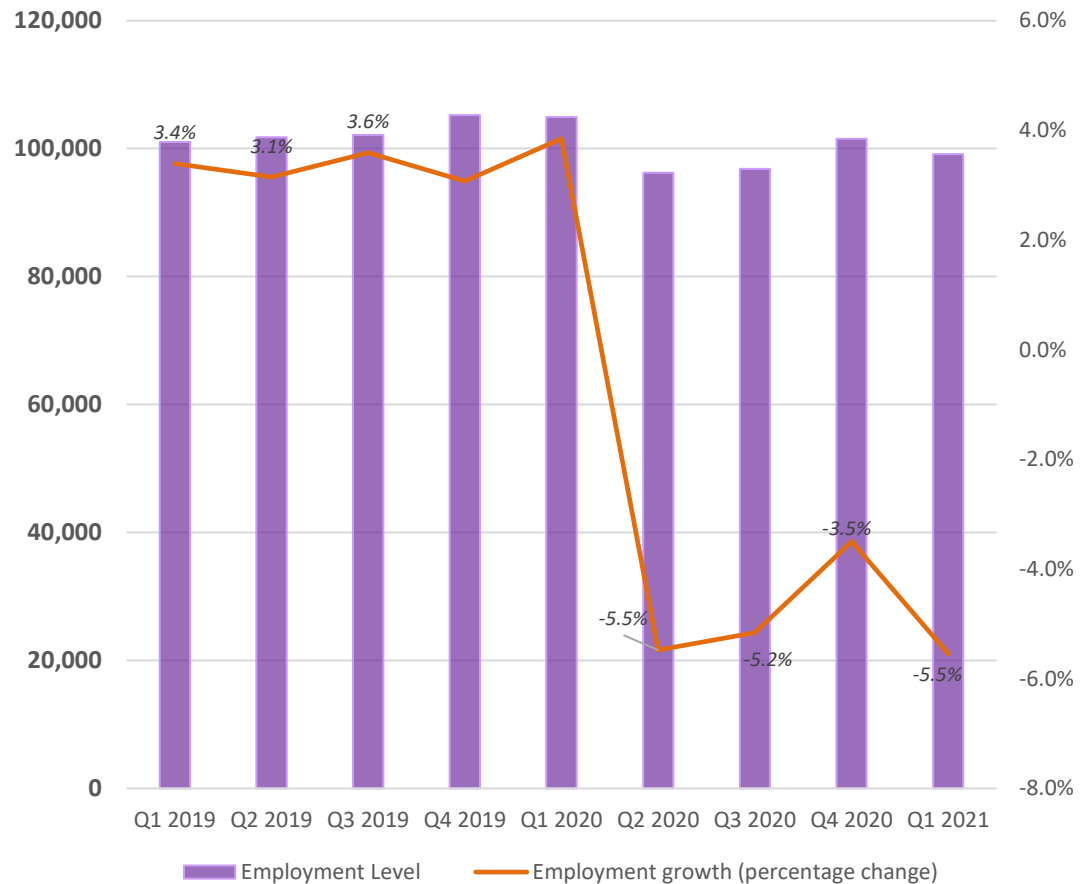
Source: Local Area Unemployment Statistics (LAUS)



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).
- Both Q4 of 2020 & Q1 of 2021 show the start of a return to previous pre-Covid levels of employment.
- Since April 2020, employment levels stabilized and even risen slightly but still have not returned to pre-Covid levels.

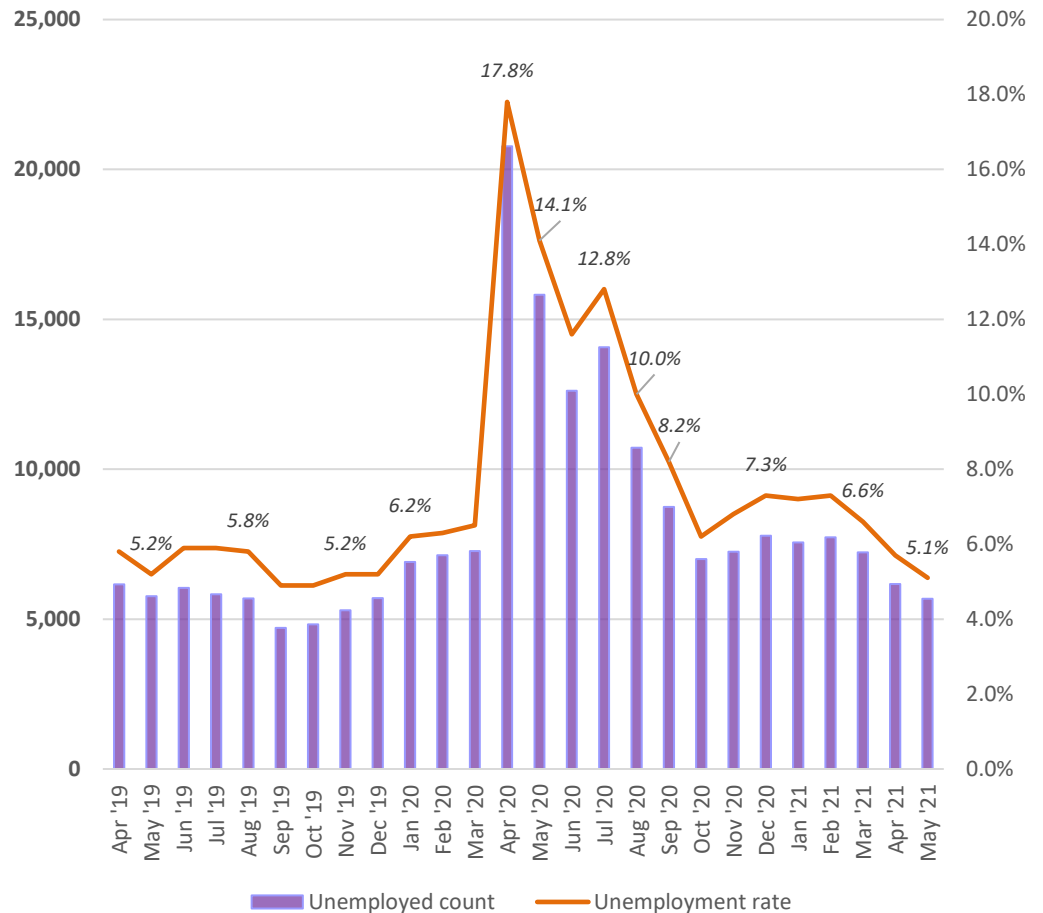


Source: Local Area Unemployment Statistics (LAUS)

Labor market

Monthly unemployment count & rate

- From March to April 2020, there was a huge uptick in the unemployment rate due to stay-at-home directives.
- Good News: First Quarter of 2021 saw a return to pre-Covid levels of unemployment.



Source: Local Area Unemployment Statistics (LAUS)

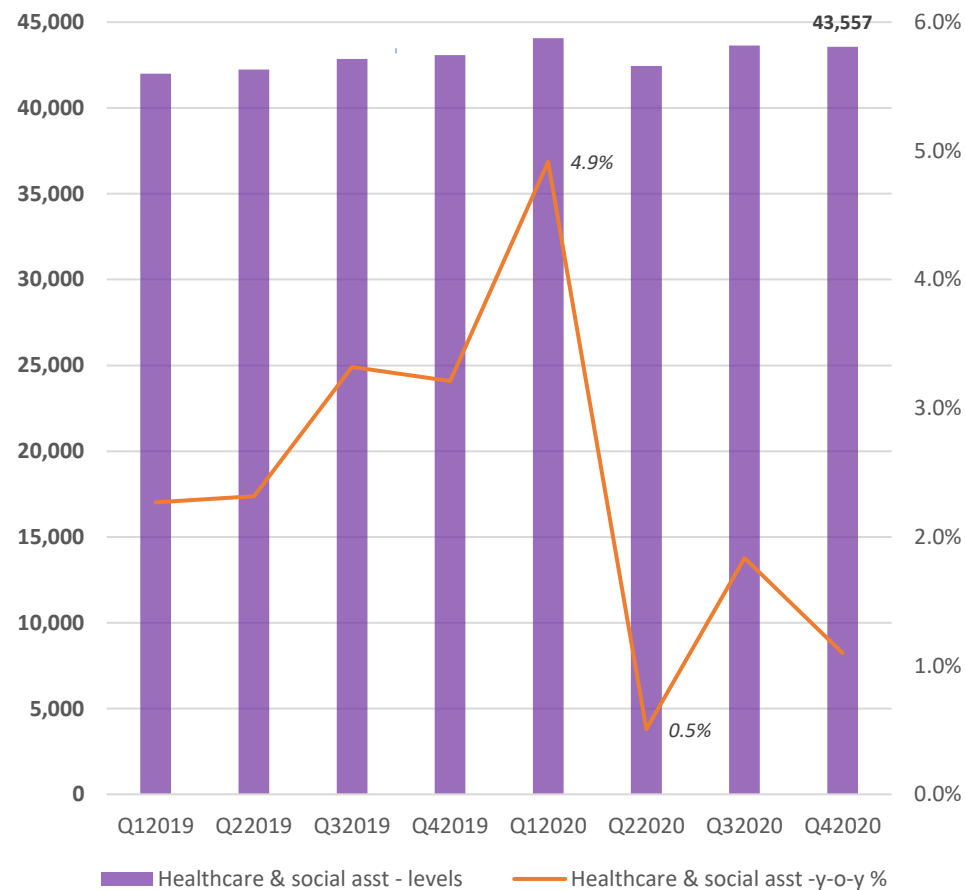
Summary of employment measures

- The effects of the pandemic were still lingering as the labor force for first quarter 2021 is still smaller than it was in the same quarter the previous two years. Some reasons include households facing challenges with remote learning for their children and the availability of childcare.
- After the drop in employment mid-2020, fourth quarter 2020 and first quarter of 2021 show an uptick in employment as the local economy is recovering.
- The unemployment rate has returned to what it was back in 2019 when the economy was expansionary and as employment continues to increase, the unemployment rate should stay low, perhaps in the 5-5.5% range in the near future.

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 absolute decline in pandemic
- 8 quarter average employment: ~ 43,00
- Still ~ 500 < Q1 2020 peak
- 2020 ave. annual wage: \$53,521



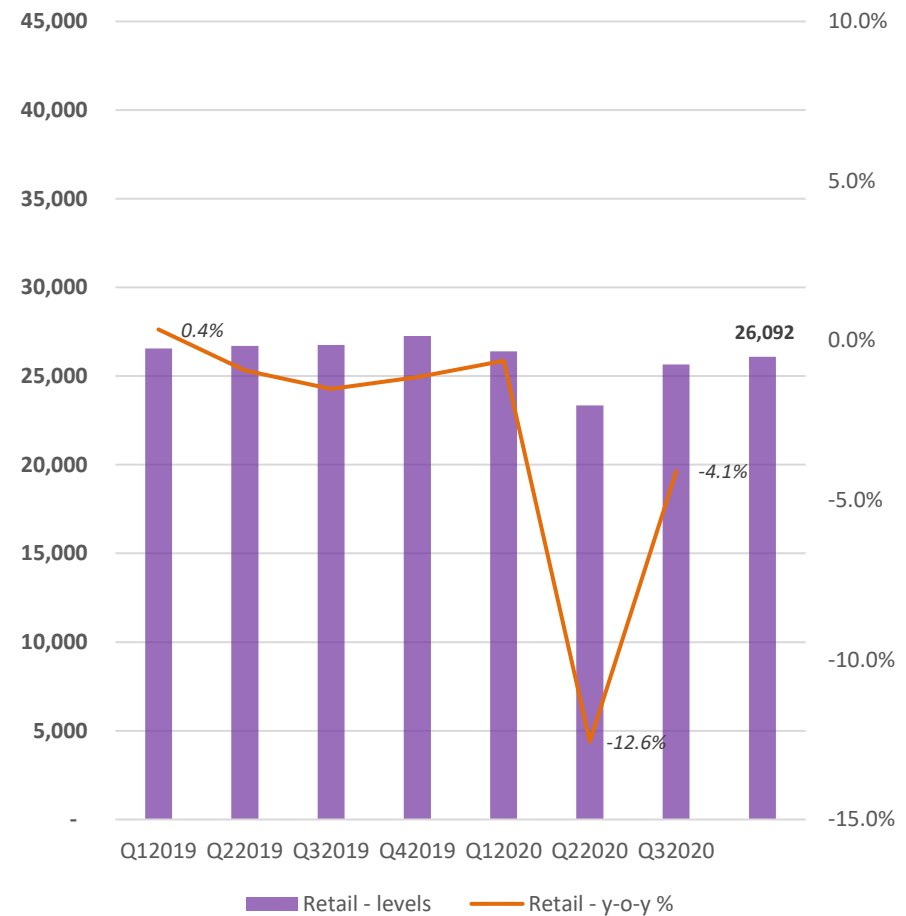
Source: WA Dept. of Employment Security, QCEW

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
- Now ~2,000 < peak of Q4 2019
- 8 qtr. average employment: ~26,000
- 2020 ave. annual wage: \$37,078

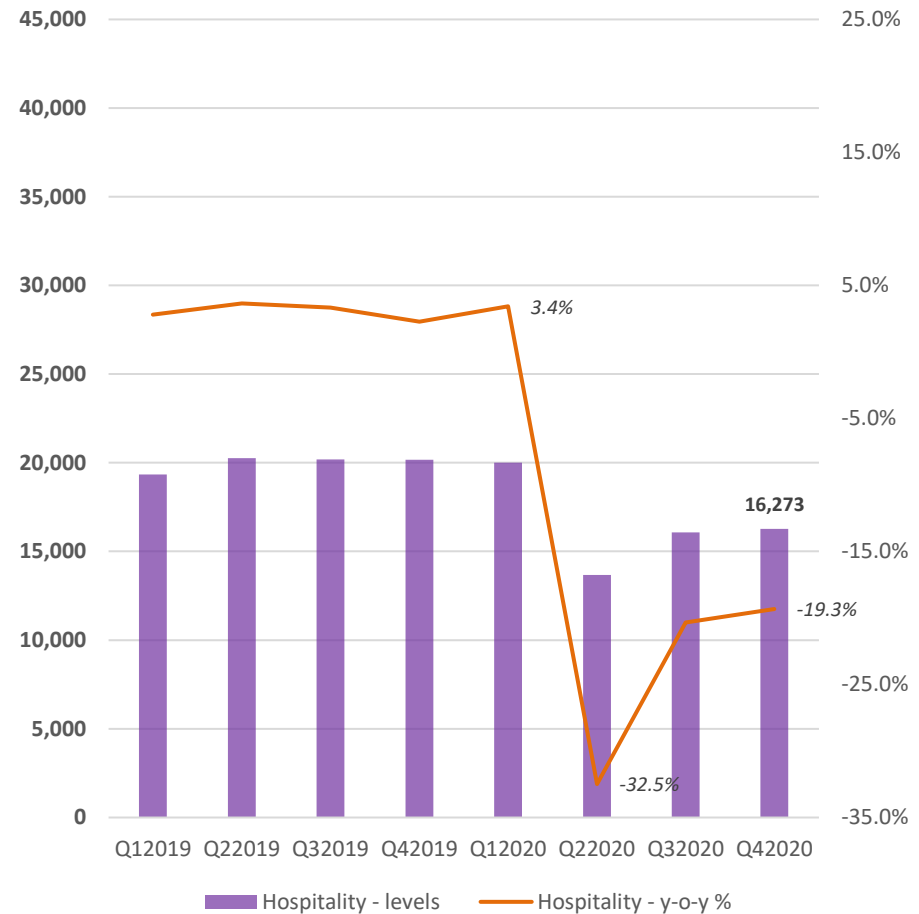
Source: WA Dept. of Employment Security, QCEW



Labor market metrics

Quarterly employment in County Hospitality

- Hospitality composed of all lodging & restaurants, bars, coffee shops, caterers
- It's pandemic blow (in Q2 2020) was the worst – for both levels and percentage – of all the large sectors
- Now ~4,000 < peak of Q2 2019
- 8 qtr. ave employment: ~18,250
- 2020 AA wage: \$21,939

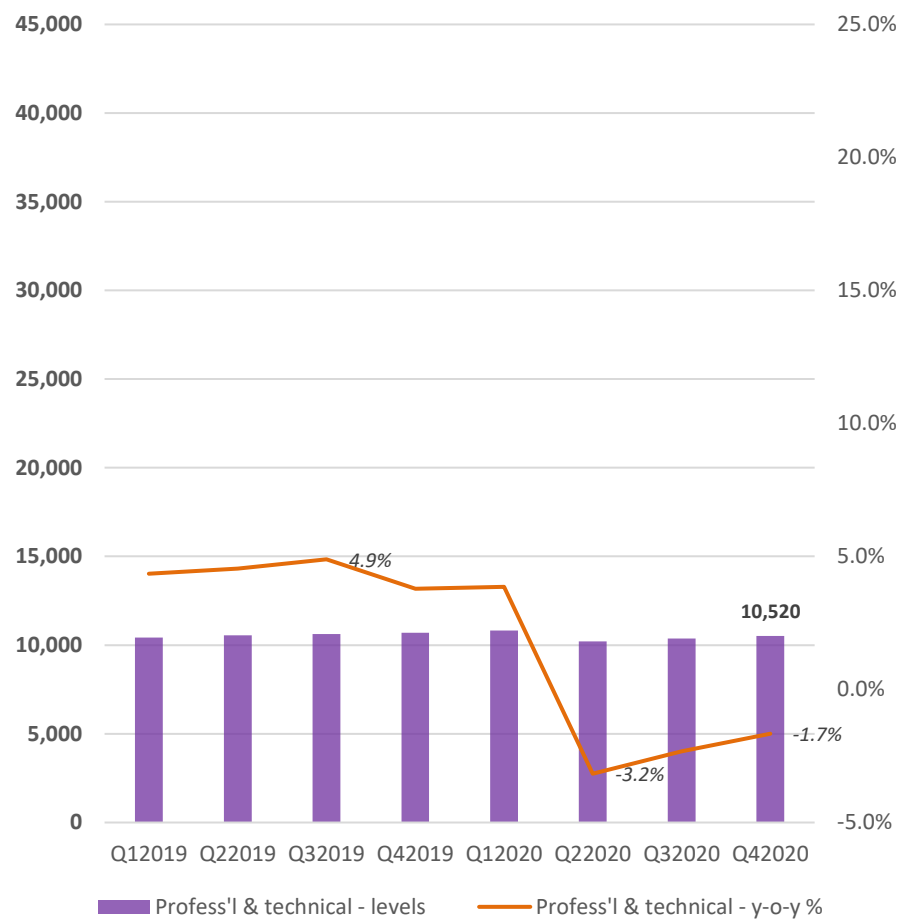


Source: WA Dept. of Employment Security, QCEW

Labor market

Quarterly employment in County Professional & Technical services

- Consists of “white collar” knowledge occupations – lawyers, accountants, architects, engineers, consultants
- Growing fast, pre-pandemic
- Still ~300 < peak of Q1 2020
- 8 qtr. average employment: ~10,500
- 2020 AA wage: ~\$69,000

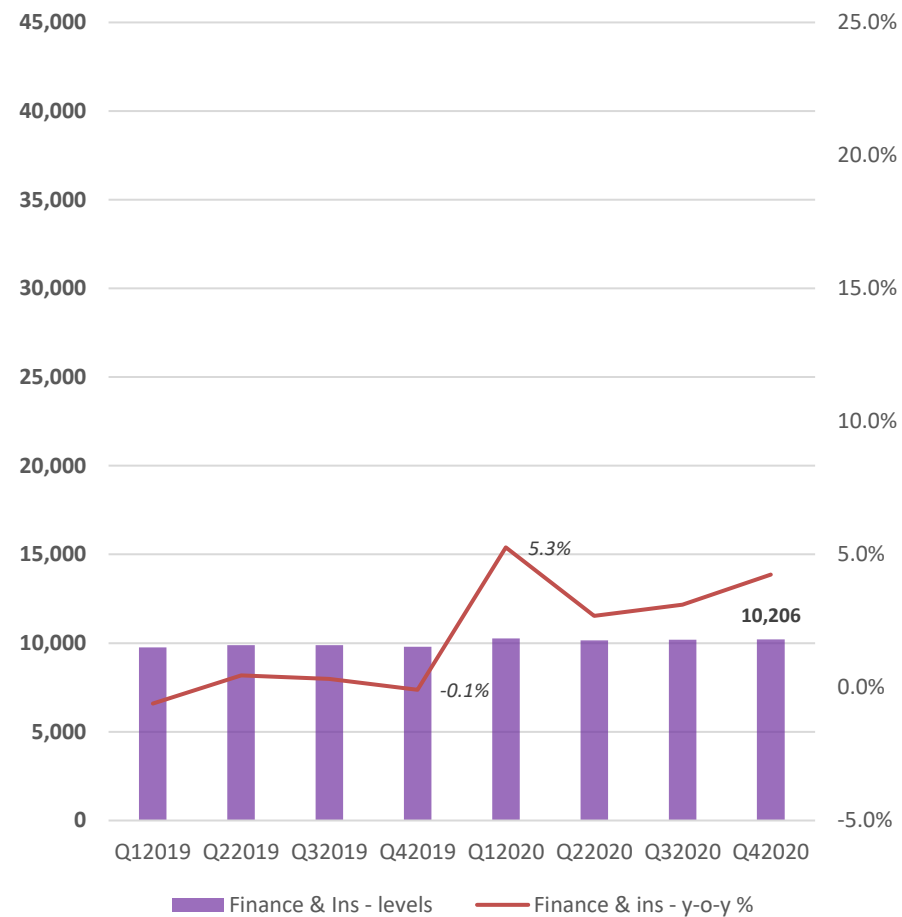


Source: WA Dept. of Employment Security, QCEW

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
- 8-quarter average employment: ~10,000
- Now ~50 < peak in Q1 2020
- 2020 average annual wage: \$91,650



Source: WA Dept. of Employment Security, QCEW

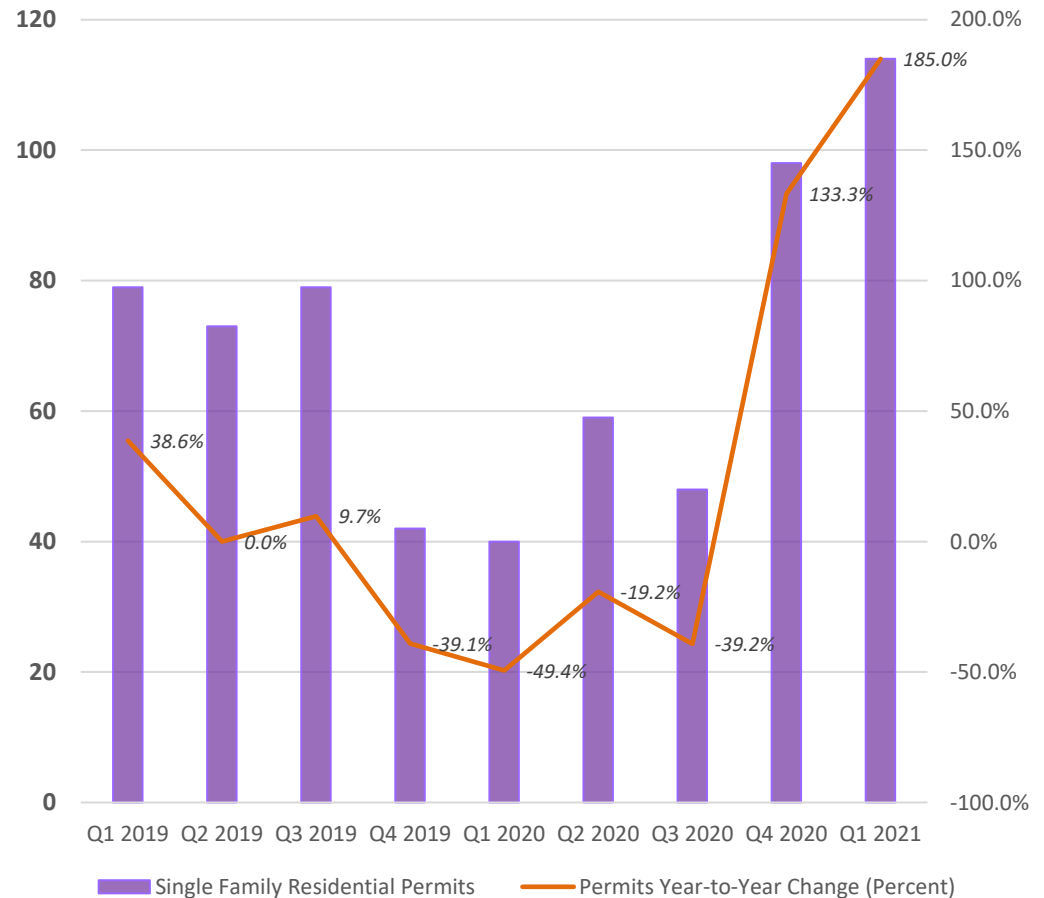
Summary of labor market measures

- None of the County's "top 5" sectors shows employment exceeding previous peaks by Q4 2020.
 - Yet, healthcare & social assistance, finance & insurance, as well as professional & technical services are very close to previous peaks in employment.
- Spokane's hospitality sector will likely not regain its prior peak before late 2022 and perhaps not until 2023.
- Wage growth has been robust for two sectors
 - Retailing average annual wage increased by 8.6% between 2020 and 2019
 - Finance & insurance AAW increased by 8.2% over the period and remained the highest of the County's largest sectors

Housing

Residential building permits, single-family

- First quarter of 2021 continued from fourth quarter 2020's strong growth in residential building permits.
- Last two quarters showed increased permitting making up for pre-Covid slump.
- Current levels of single-family residential building permits are above 2019 levels.

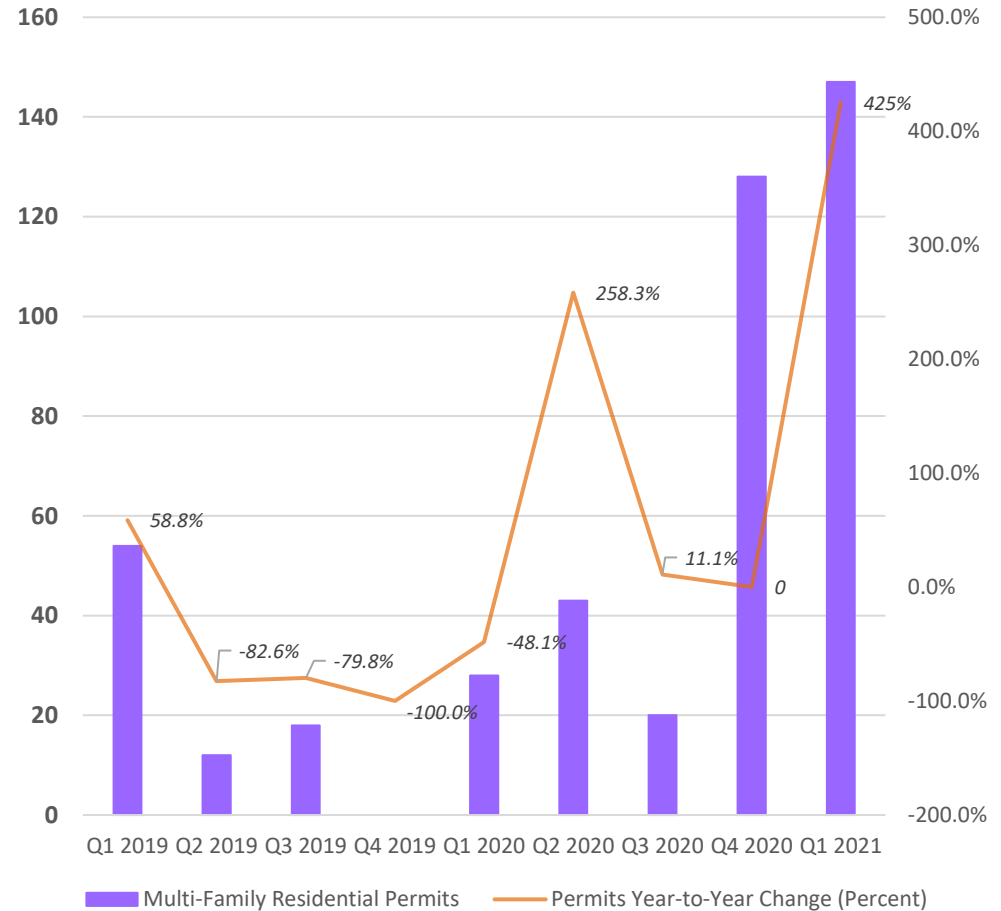


Source: City of Spokane

Housing

Multi-family building permits, by units

- Previous two quarters (Q4, 2020 & Q1, 2021) showed strong growth in multi-family building permits, possibly fueled by rising median home prices and suppressed demand during the pandemic.
- Even before the pandemic slowed the economy, multi-family building permits were lower in the last three quarters of 2019 than in the first quarter.

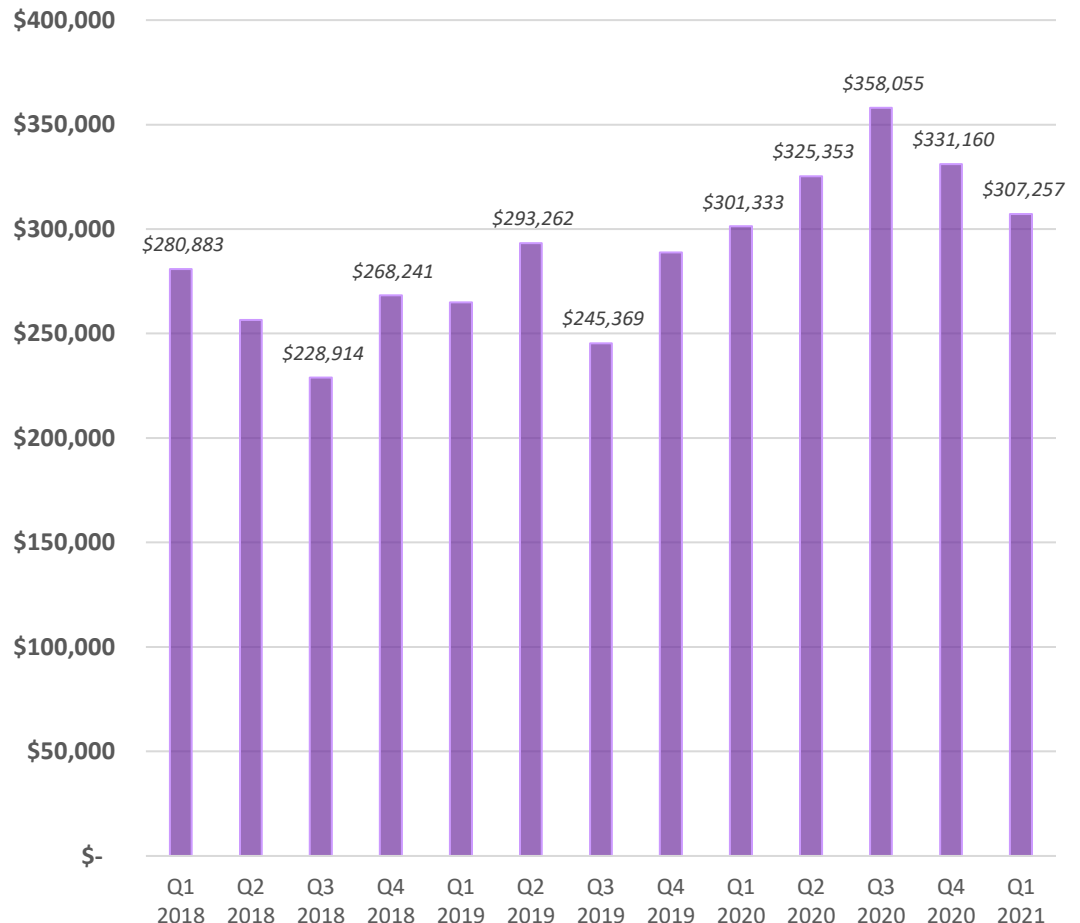


Source: City of Spokane

Housing

Average value of permitted single family residence

- Although the value of new single family residential permits has increased since 2018, it has fallen off in the previous two quarters (Q4 2020 & Q1 2021).
- After peaking at \$358,055 (Q3 2020), the average value of permitted single family residences has declined slightly to just over \$300,000.
- The average value of permitted single family residences is up 9.4% over three years (Q1 2018 to Q1 2021).

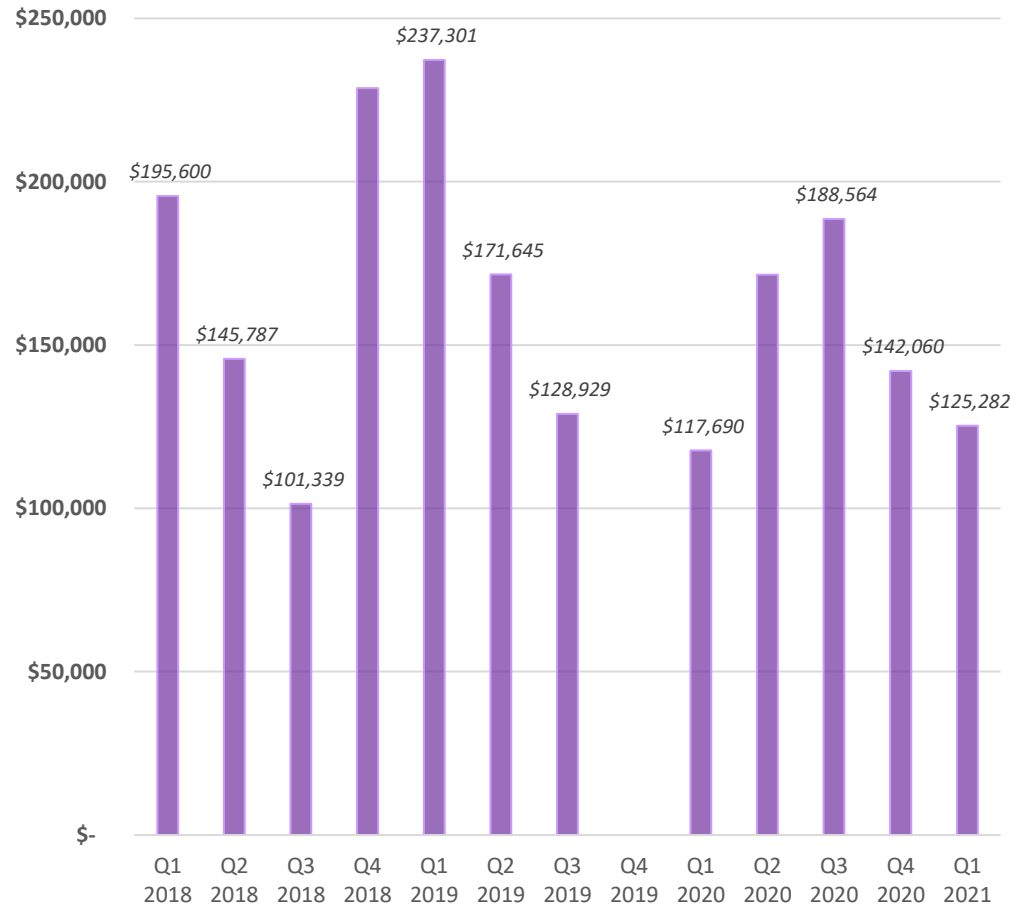


Source: City of Spokane

Housing

Average value of permitted multi-family unit

- The average value of new multi-family units varies by project, between \$100K to \$250K.
- Last two quarters (Q4 2020 & Q1 2021) saw the permitted value of multi-family units settle between \$125 - \$140K per unit.
- First quarter of 2021 had average values of permitted multi-family units that were lower than the same quarter of both 2018 & 2019.

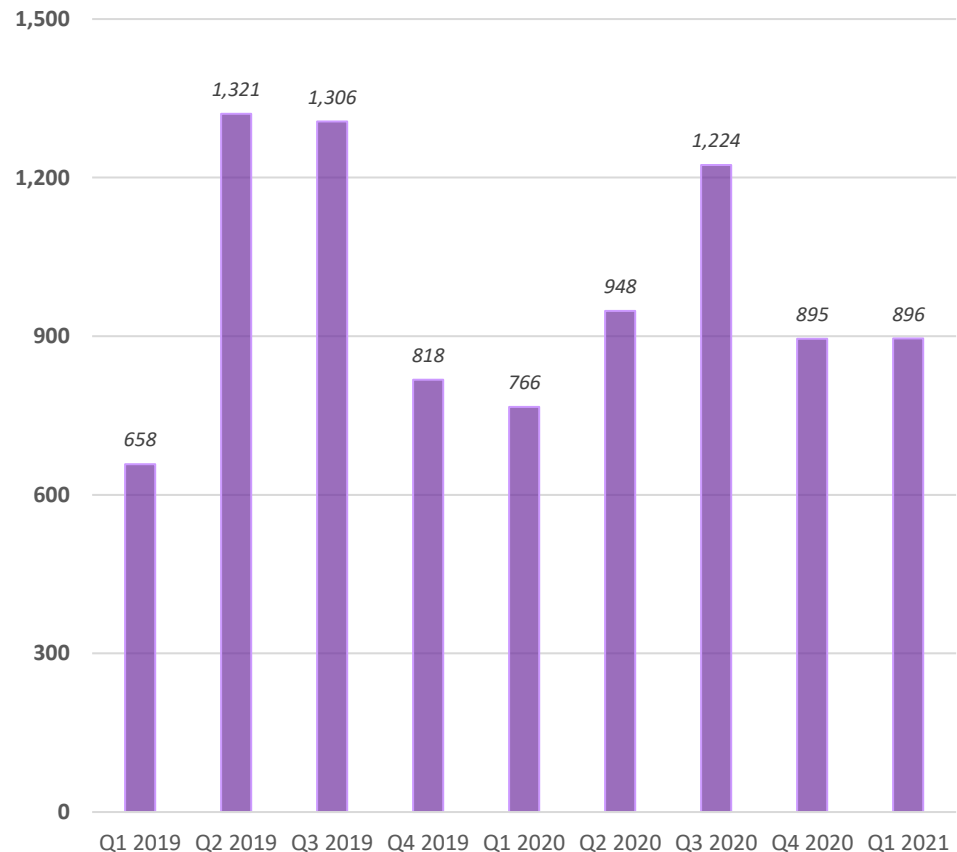


Source: City of Spokane

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
- Last two quarters (Q4 2020 & Q1 2021) showed strong permitting activity above the same quarter previous years.
- First quarter 2021 showed an increase of 36% over the first quarter of 2019.

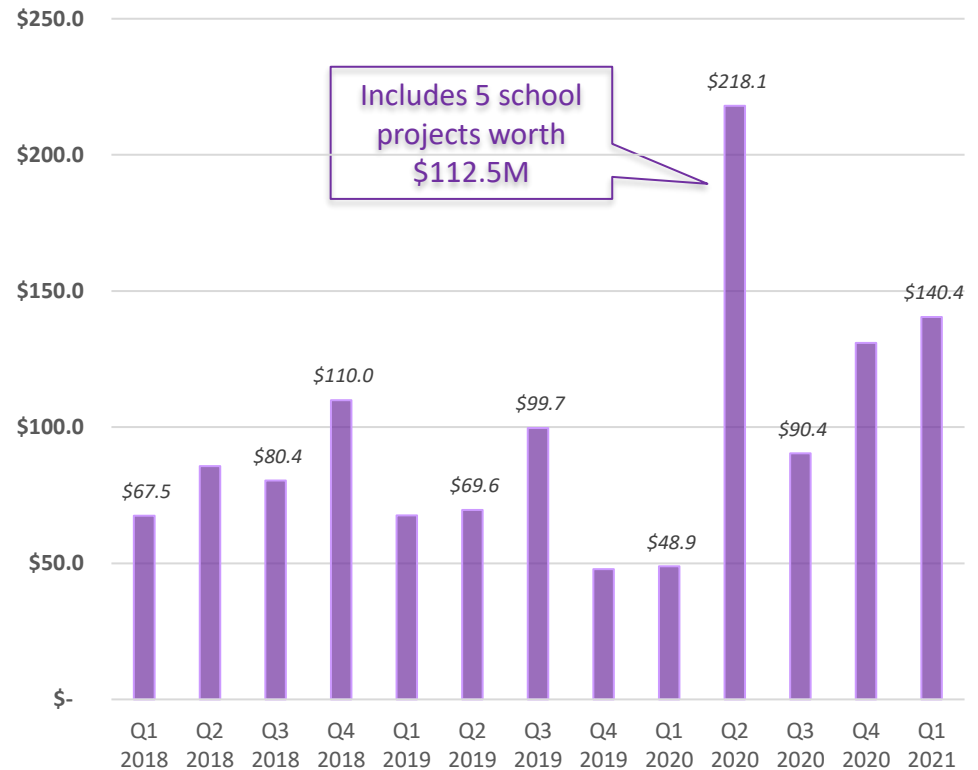


Source: City of Spokane

Commercial & public development

Total value of non-residential permits (\$m)

- Total permitted valuation of all non-residential permits issued by the City of Spokane (in \$millions).
- The previous two quarters (Q4 2020 & Q1 2021) showed strong growth in total value of non-residential permits from same quarter previous years.
- The total value of non-residential building permits in first quarter of 2021 was more than double (100% increase) what it was in first quarter of 2019.



Source: City of Spokane

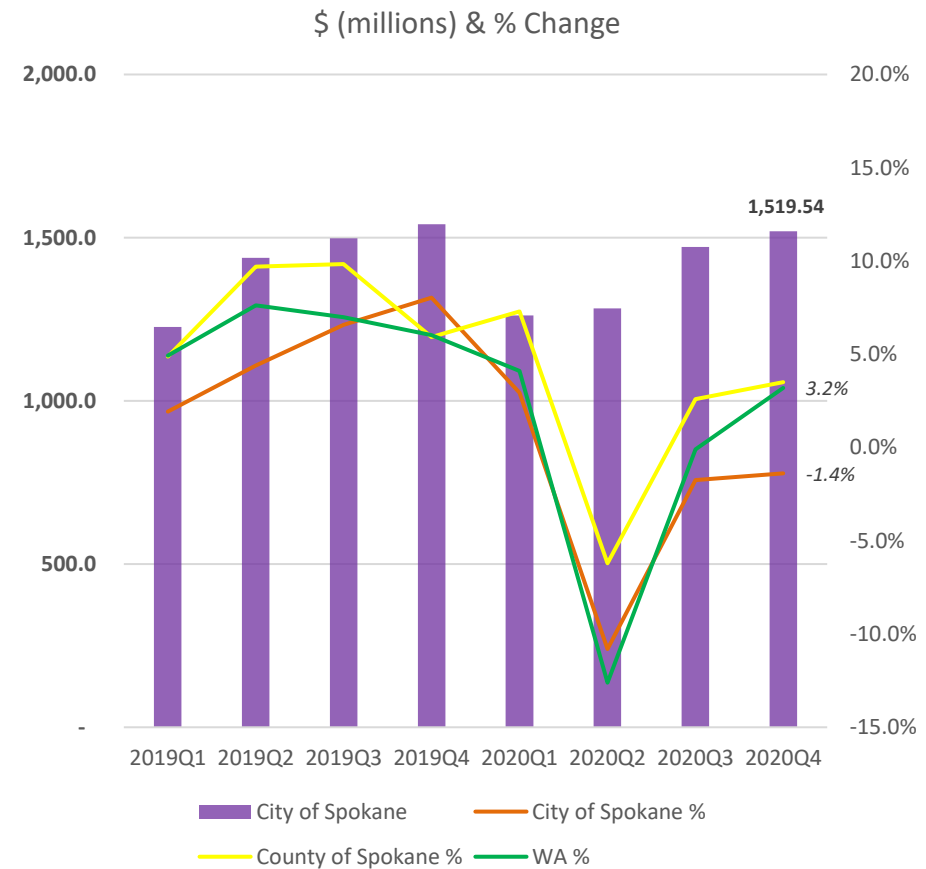
Summary of building permit measures

- Both single and multi-family building permits were strong through fourth quarter of 2020, continuing through first quarter of 2021 – higher than same quarter of 2019.
 - Some of this could be a response to the very hot housing market right now in the area.
 - 275 new multi-family units (apartments) were permitted in Q4 2020 & Q4 2021 with construction likely to occur over the summer.
 - Although the quantity of single family permits is up, the value of the permits has leveled off around \$300-350K.
- Both the quantity and total value of non-residential building permits were strong in both Q4 of 2020 & Q1 of 2021 (quantity up 36% from same quarter 2019).
 - Permitting is cyclical so we would anticipate that this growth would continue for at least both Q2 & Q3 of 2021.

City sales activity

Quarterly taxable retail sales in 2019 & 2020

- For the City, last 3 quarters in 2020 showed a decline vs. 2019
- For all of 2020, a decline of -2.9%
 - Vs. County: +1.6%
 - Vs. WA: -1.5%



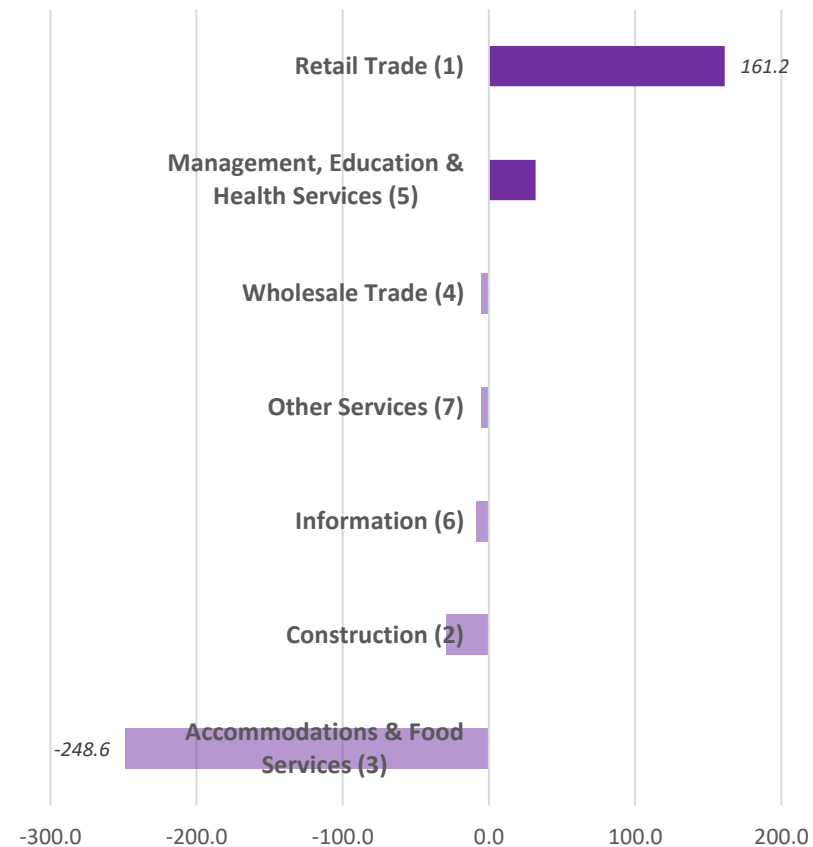
Source: [Spokane Trends](#) (on data from WA State Department of Revenue)

City sales activity

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 2020
- Those gains were swamped by the huge decline in Hospitality trade
- Other sectors showed small changes
- The net effect was a decline of ~\$168 million for all of 2020

Taxable Retail Sales -- 2020 vs. 2019 (\$m)

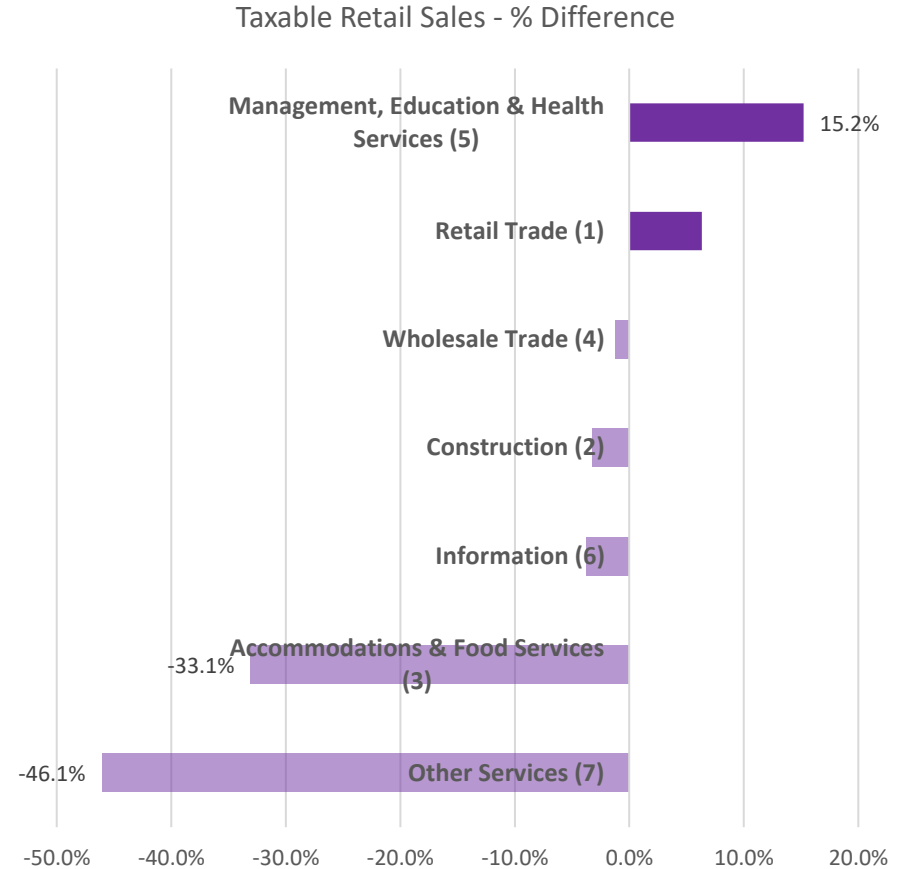


Source: WA Depart. of Revenue (Quarterly Business Reports)

City sales activity

% Change in 7 largest sectors, '20 vs. '19

- Ranking by overall size of sector, as defined by taxable sales, given by (x)
- Huge percentage declines for the City's hospitality sector & "other services"
- Sizeable gain by private education & health services

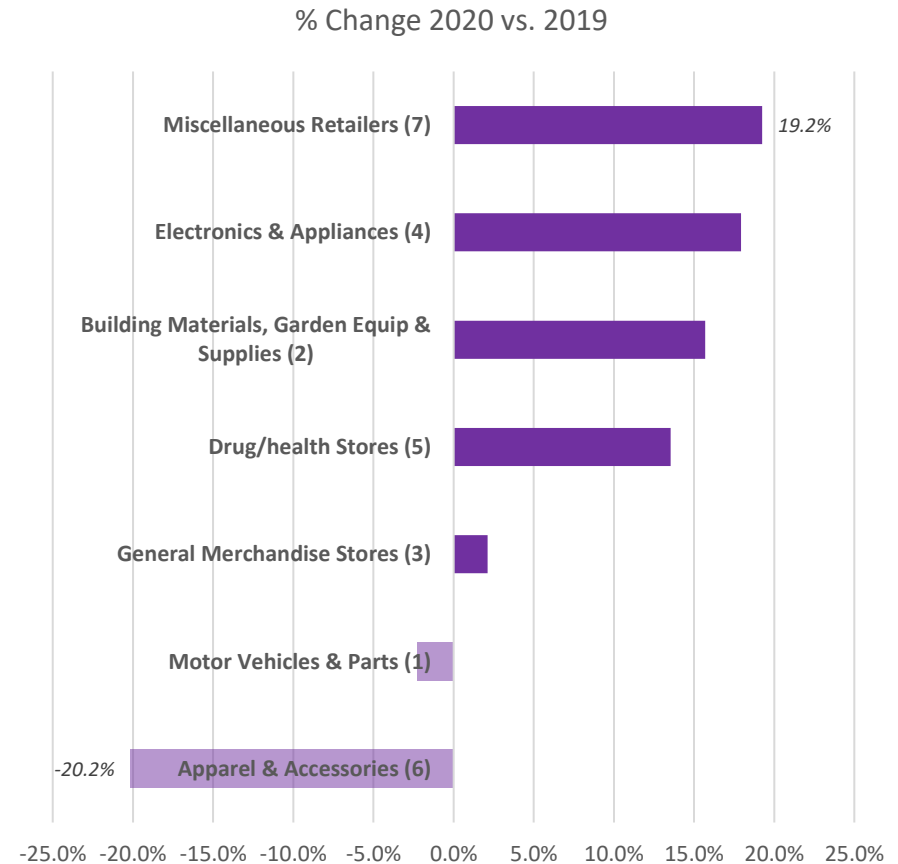


Source: WA Department of Revenue (Quarterly Business Report)

City sales activity

% Change in the most important “retail trade” industries, ‘20 vs. ‘19

- Nearly all of the largest retail trade sectors posted gains for 2020
- Strong gains, in particular, from:
 - Consumer electronics stores
 - Building & garden supply stores
- However, the largest, motor vehicles, did not enjoy gains
- Apparel & accessories were especially hard hit

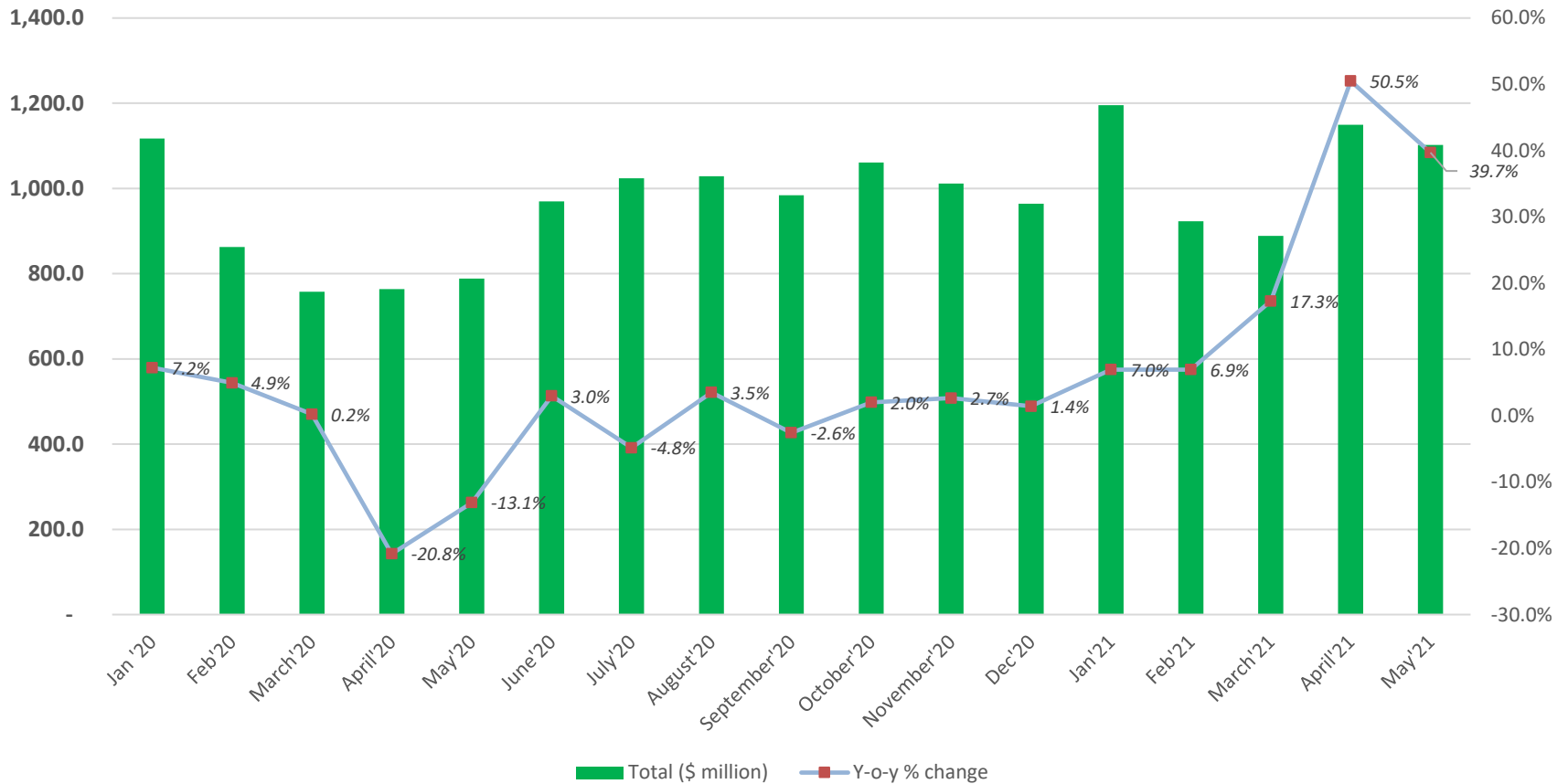


- Source: WA Department of Revenue (Quarterly Business Report)

Sales activity

Washington state retail sales tax collected

Source: Washington State Economic & Revenue Forecast Council



Summary observations

- Taxable retail sales in the City for 2020 were down 2.9%, 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.
- WA state taxable retail sales for the first five months of 2021 have been very strong

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[Spokane Trends](#)

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