

2026 King County Economic and Revenue Forecast

Presentation to the Puget Sound Finance Officers Association

Presented on:
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Office of Economic and Financial Analysis



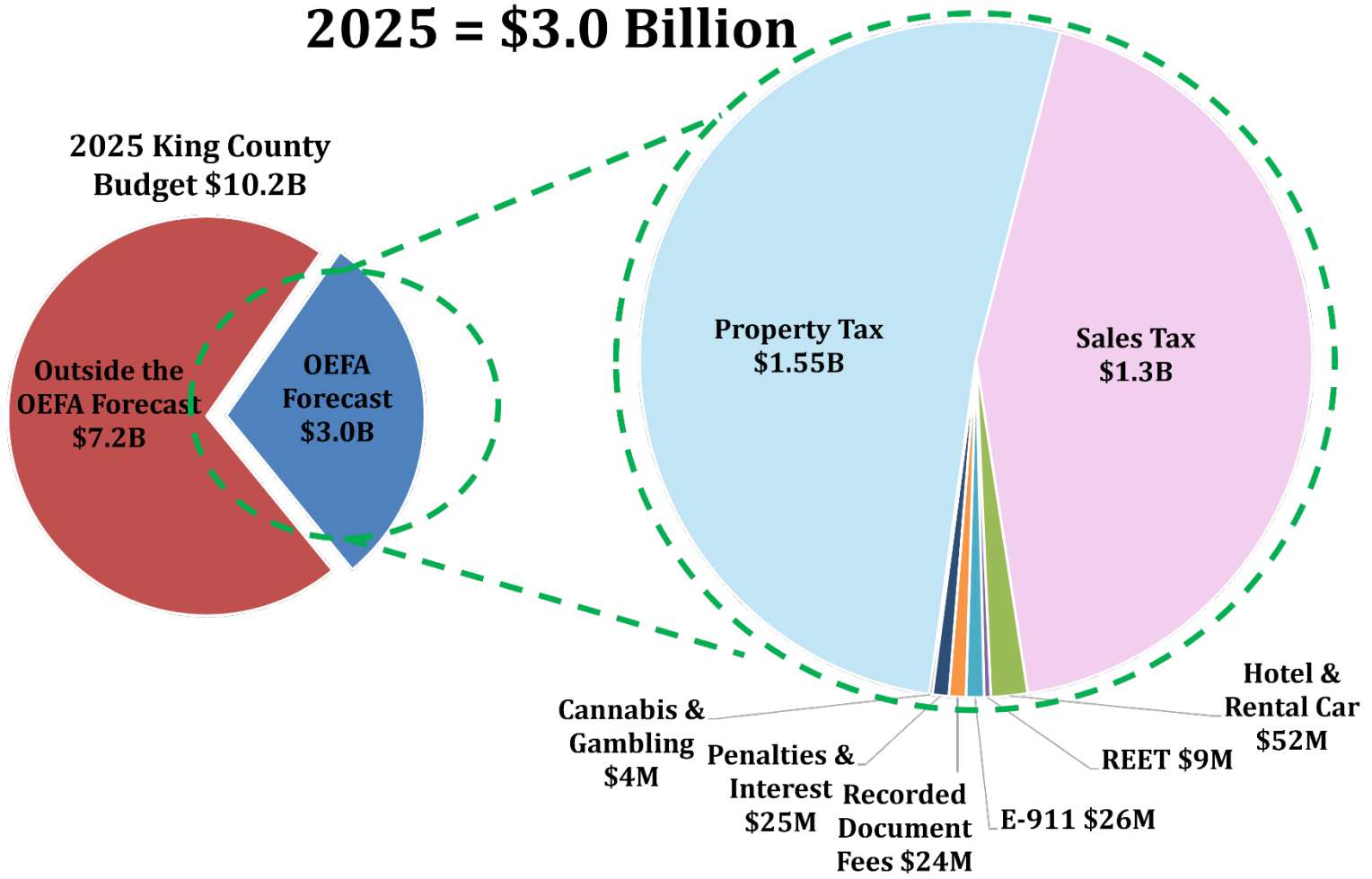
Overview of Presentation – Continuing to Navigate Uncertainty

1. US and State Economic Outlook
2. King County Economic and Revenues Outlook in Latest Forecasts
 1. Trade statistics for Seattle metro
 2. Assessed Values & Taxable Sales
 3. Property and Sales Taxes
3. Other Local Economic Statistics By County
 1. Population
 2. Real Gross Domestic Product
 3. Employment
 4. Unemployment rate
 5. Home Prices

2025 King County Revenues Forecasted by OEFA



Share of County Revenue OEFA Forecasts 2025 = \$3.0 Billion



Navigating Uncertainty - Highlights

U.S Economy is Slowing

- US Real GDP grew 2.2% in 2025; 2.1% in 1st quarter 2026 but slowing to 1.3% in 2nd quarter
- US Inflation spiked up since the Iran war – expect an average of 3.6% in 2026
- Federal Reserve has kept same federal funds rate for first 7 months 2026 – potential for rate increase if inflation persists
- 30-year mortgage rates still above 6%

Navigating Uncertainty – Higher Fuel Prices, Changes in Tariffs

- The amount of uncertainty surround Trump policies is continuing due to the Middle East war and Trump tariffs
- Unclear ending to the war in Iran is adding continued instability in oil markets
- Tariffs levels and trade agreements remain uncertain as policies have changed
- Risks: Higher inflation (tariffs, oil prices, supply chain disturbances), continued weak labor market and company layoffs, and wider foreign conflicts

KC economy will have minimal growth with higher fuel prices

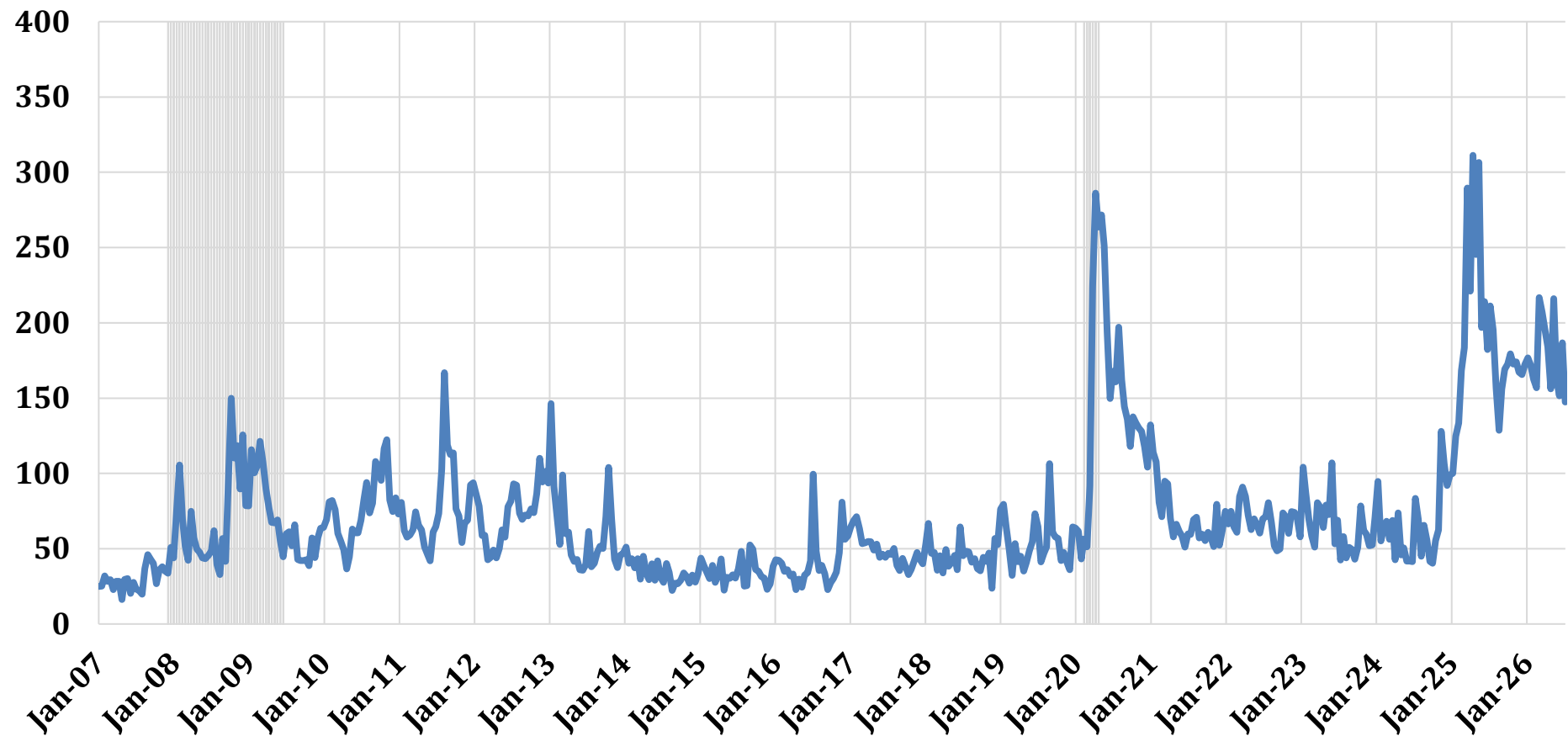
- Seattle area retail gas prices averaged \$5.74 per gallon in June – high point \$5.90 per gallon
- Seattle area diesel prices have increased even more; current average \$6.13 per gallon with highest \$7.11 per gallon in April 10, 2026
- King County taxable sales are strong in 2026 with expanded sales base - expect 7% year-over-year growth – after 2026 expect minor growth
- King County employment in 2026 has been weak at -0.4% year over year change
- KC has lost on average 5,400 jobs so far in 2026 – higher waged jobs in Information sector
- 2026 Unemployment in King County was 4.9% in June but it had been more than 5%

Who knew?

Domestic economic policy reached Covid levels during “Liberation Day”



U.S. Economic Policy Uncertainty Index
Not Seasonally Adjusted, January 2007-Current, Shaded Area = Recession
Source: FRED



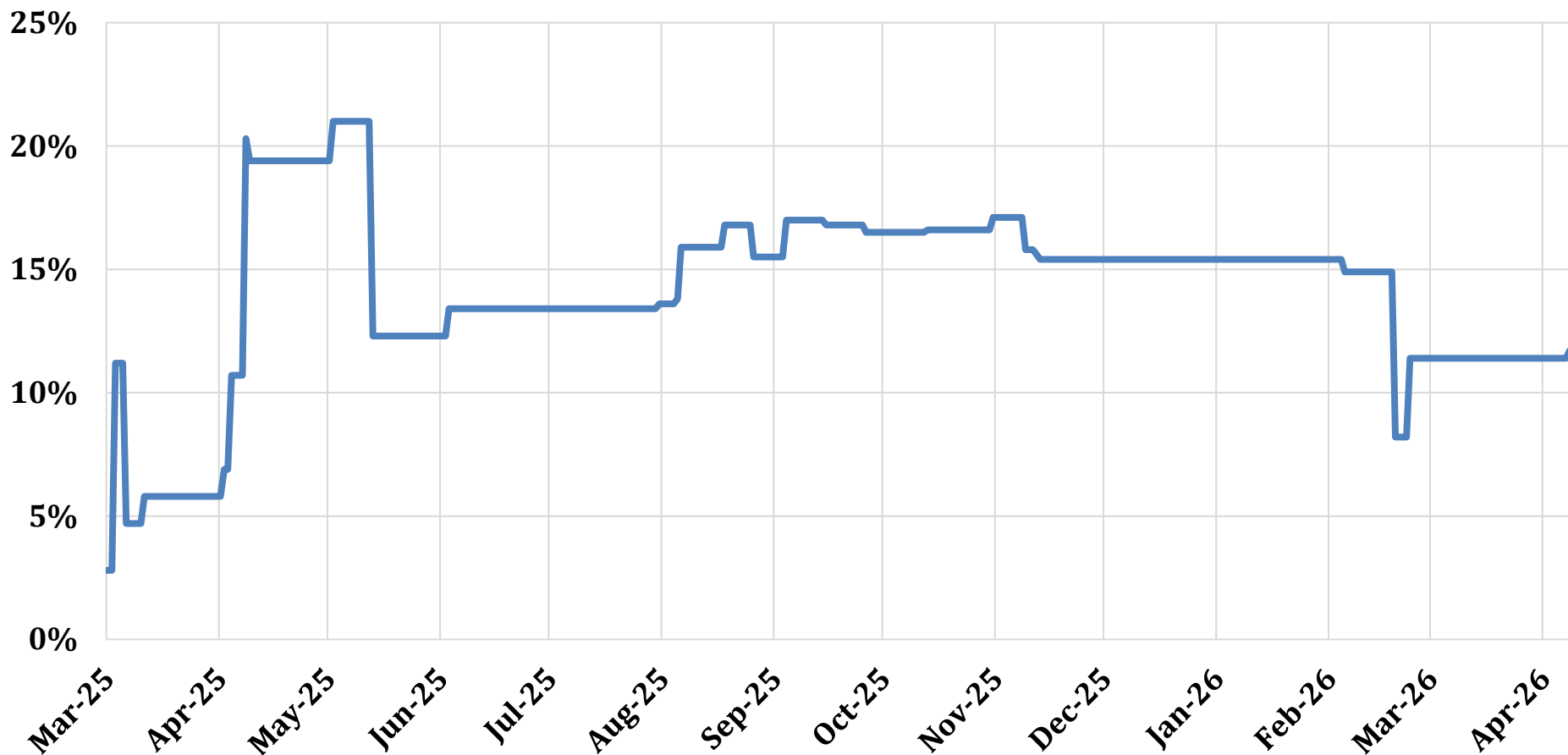
Tariff rates modified more than 50 times during the Trump administration



U.S. Daily Effective Tariff Rate

Weighted Average Applied Tariff Rate on 2024 US Import Mix

Source: The Tax Foundation



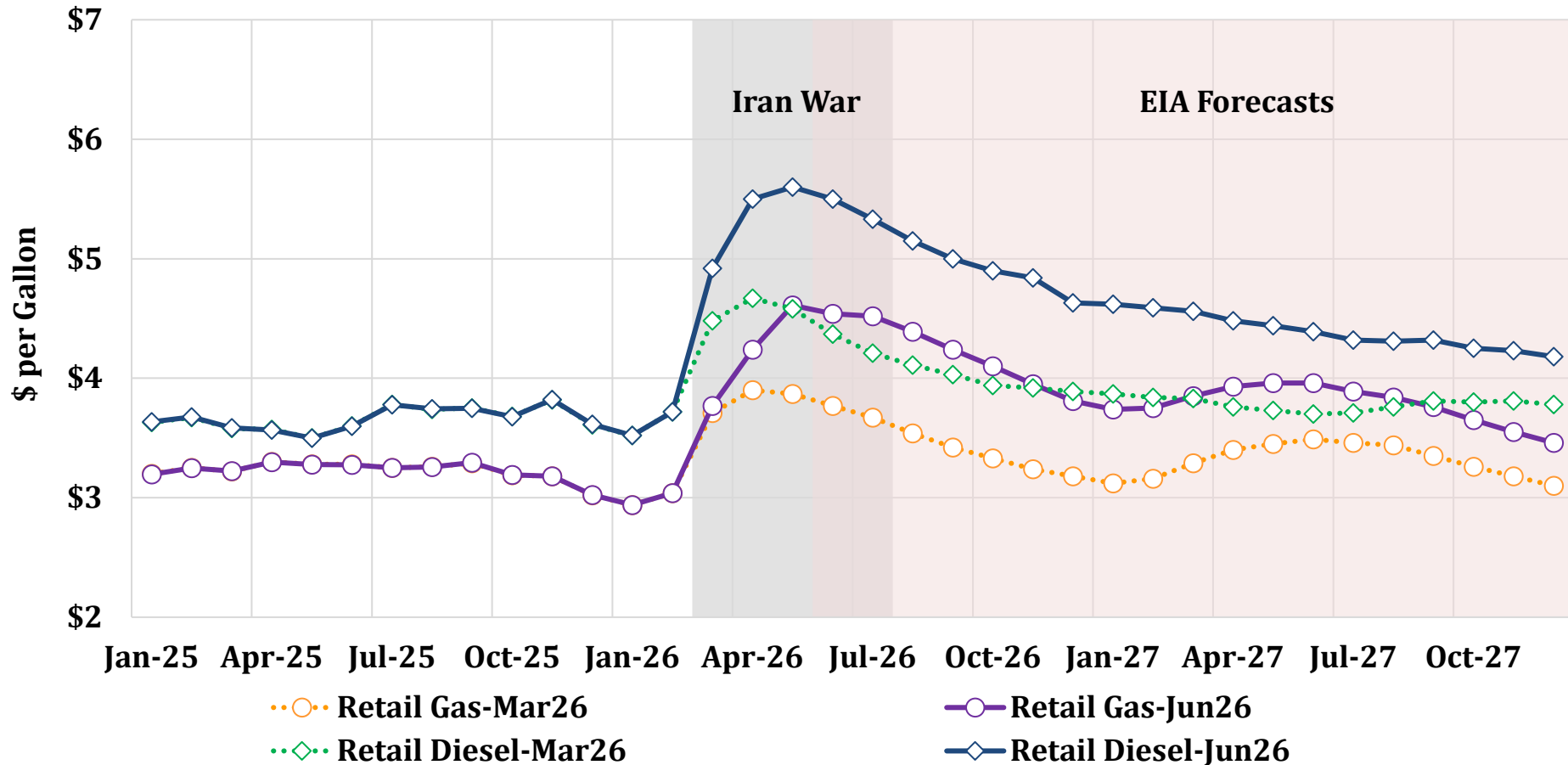
Recent Fuel Prices Since Iran War



US Retail Gas and Diesel Price History and EIA Outlook

Retail Gas & Diesel Actuals + Forecasts; January 2025-December 2027

Source: EIA



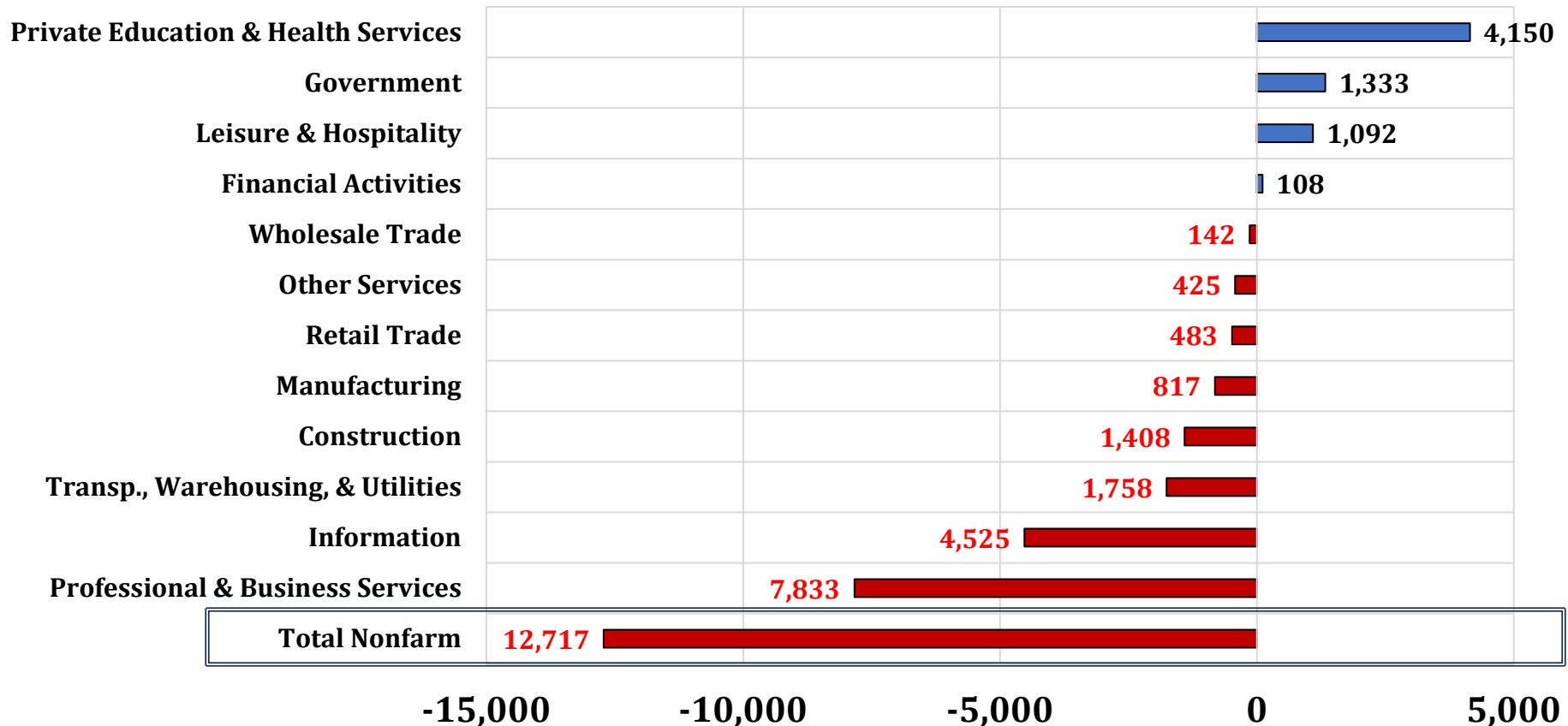
King County lost 12,700 jobs in 2025: many to our lifeblood industries



Change in Average Employment by Industry

Average Number of Jobs Gained/Lost in 2025 vs 2024 by Select Industries

Source: WA ESD



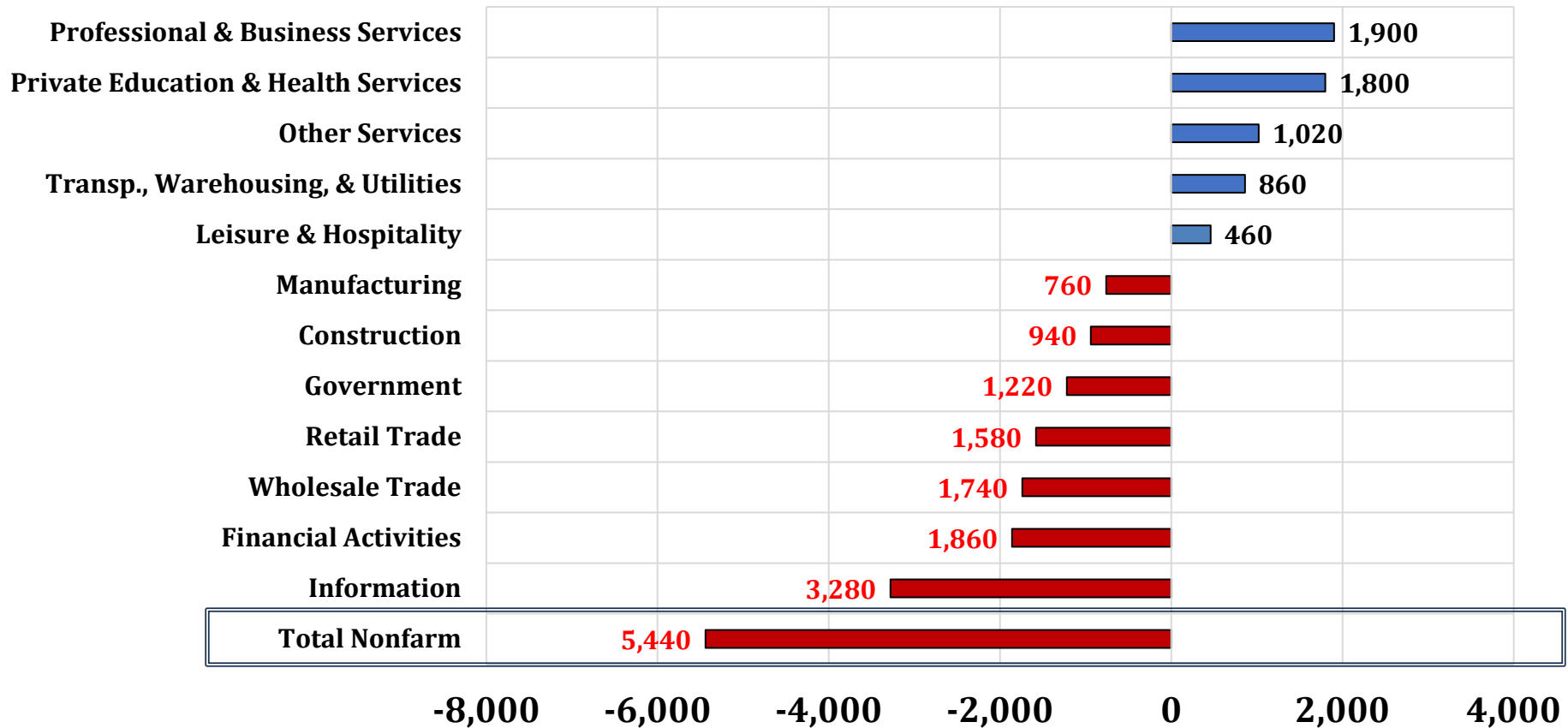
King County lost 5,400 jobs in the first 5 months of 2026: the Information sector has many high paying jobs



Change in Average Employment by Industry

Average Number of Jobs Gained/Lost thru May 2026 vs May 2025 by Select Industries

Source: WA ESD



Overview – Seattle Metro Trade

Seattle Metro Exports

- 2025: Value of Seattle metro exports = \$47 billion – YOY uptick due to higher aircraft exports
- The largest 2025 exports for the area were aircraft planes, electrical machinery, other machinery, oil seeds and grains
- Seattle metro exports were going to China at \$6 billion (12.6% of the total) in 2025 and the next 4 out of 5 countries with the largest value of exports from Seattle are also Asian countries

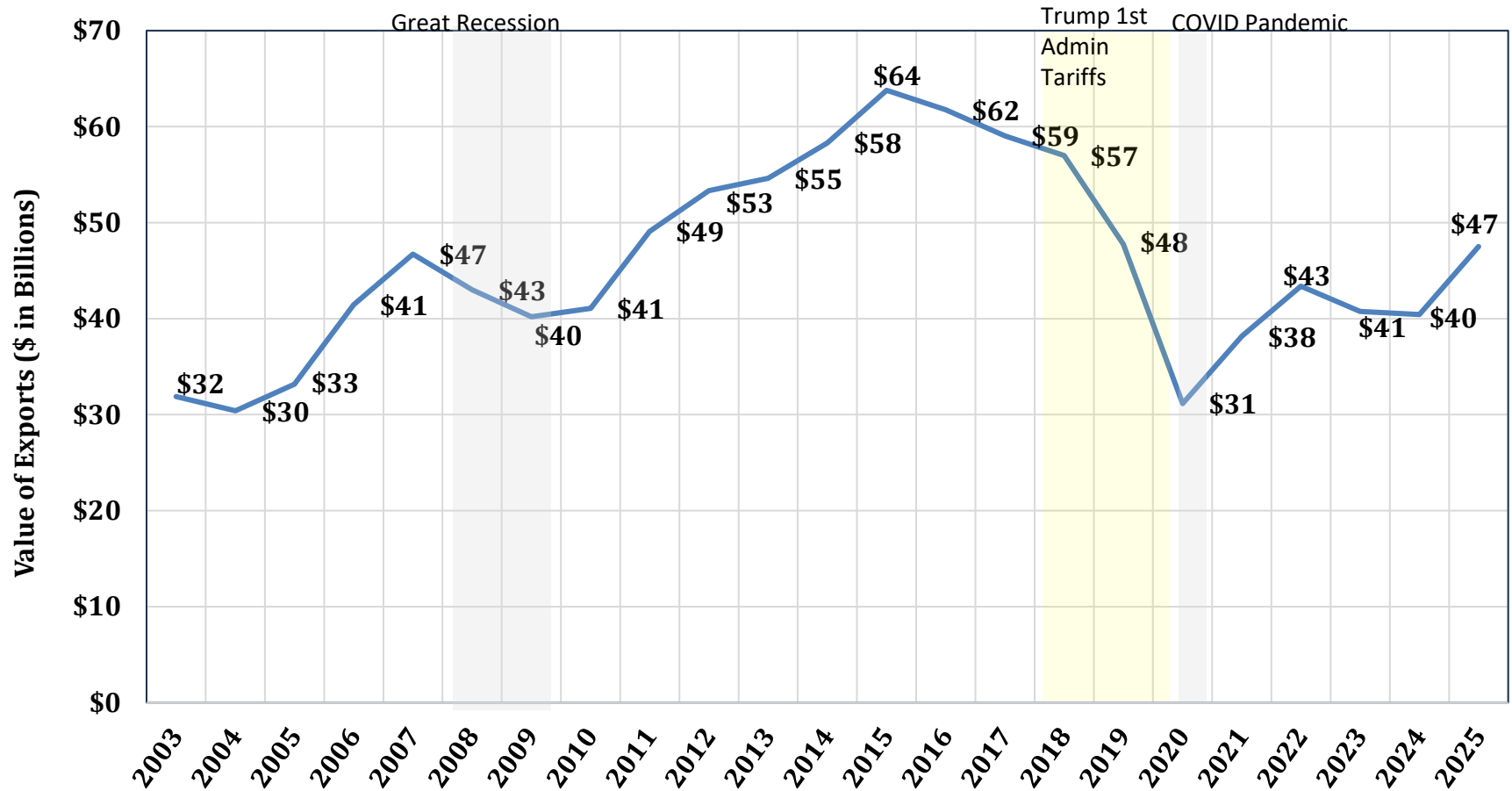
Seattle Metro Imports

- 2025: Value of Seattle metro imports = \$70 billion & down 5.5% from 2024
- 2025: Seattle metro's top imports were nuclear reactors, boilers, machinery, electrical machinery, vehicles, toys, footwear & furniture
- Seattle metro imports were coming from China at \$13.6 billion, 19% of total imports
 - Seattle imports from China consist of tools, misc. metal articles, apparel, musical inst.

Seattle Metro Export Values: 20+ Years of History

Value of Seattle Metro Exports Since 2003

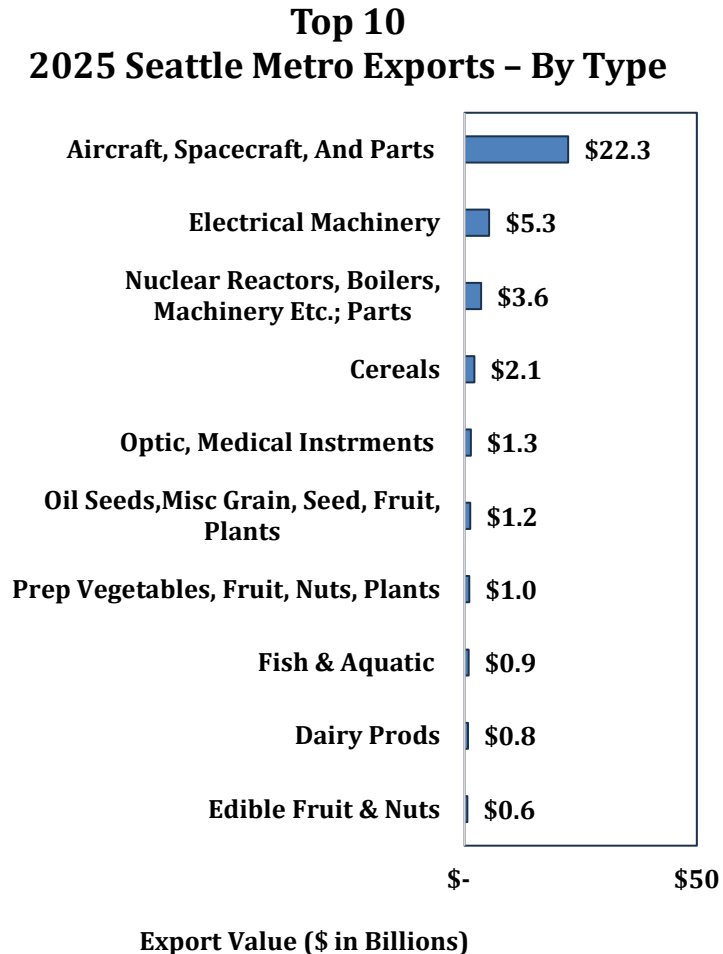
Source: US Census Bureau



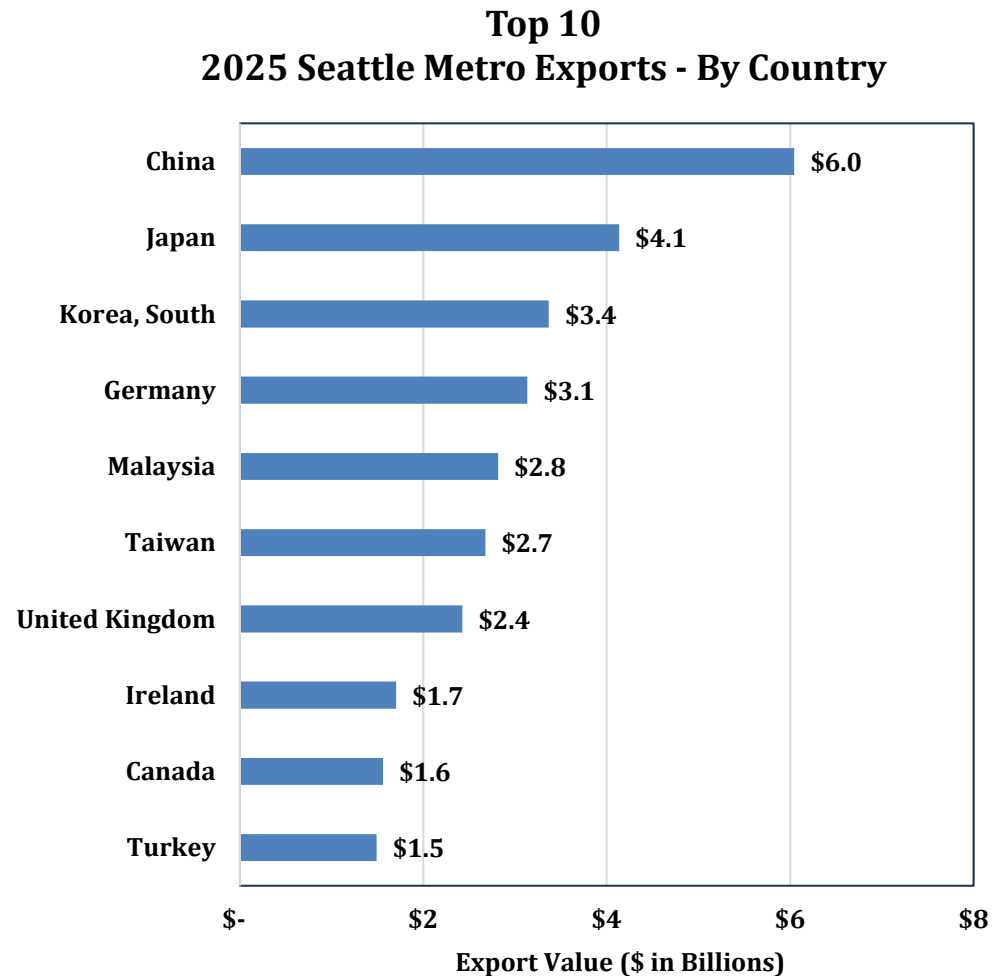
NOTE: Includes exports from Seattle, Everett and Tacoma ports and SEATAC

What do we export?

And where does it go?



Total Export Value = \$47.5 B

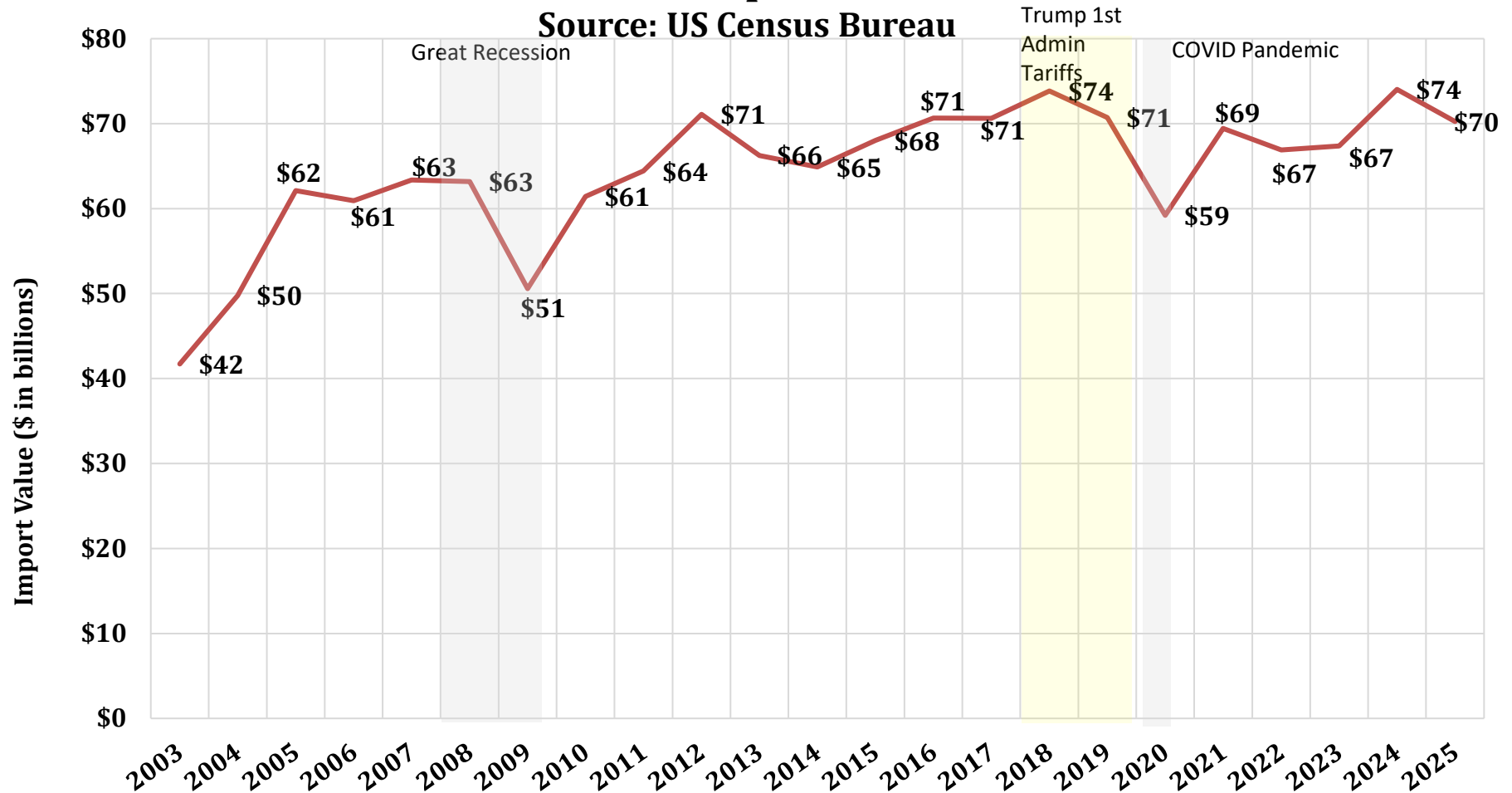


NOTE: Includes exports from Seattle, Everett and Tacoma ports and SEATAC

Seattle Metro Import Values: 20+ Years of History

Seattle Metro Imports Since 2003

Source: US Census Bureau

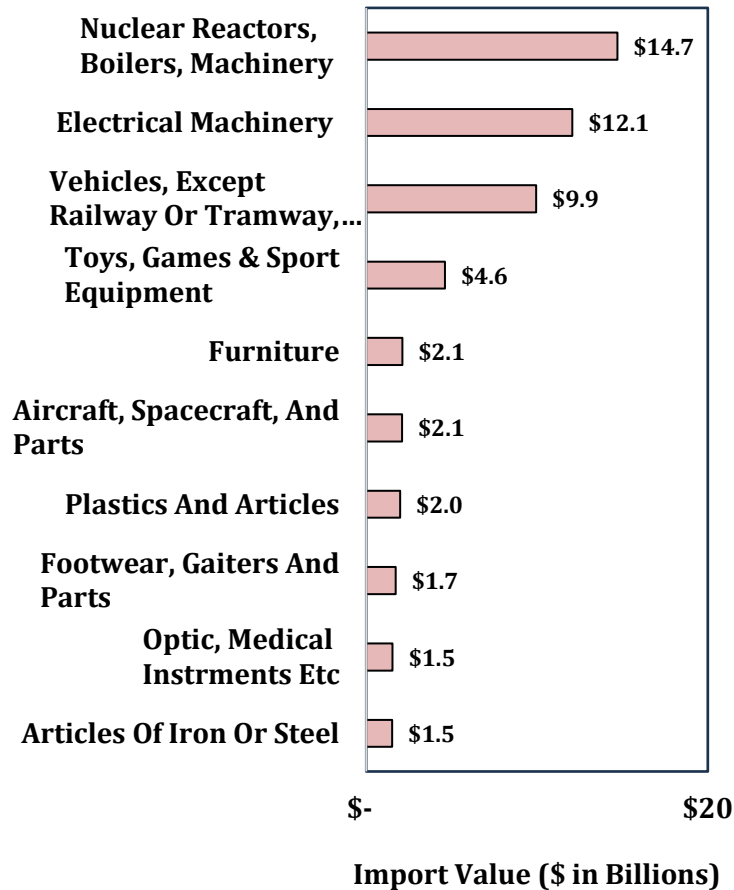


NOTE: Includes imports arriving at Seattle, Everett and Tacoma ports and SEATAC

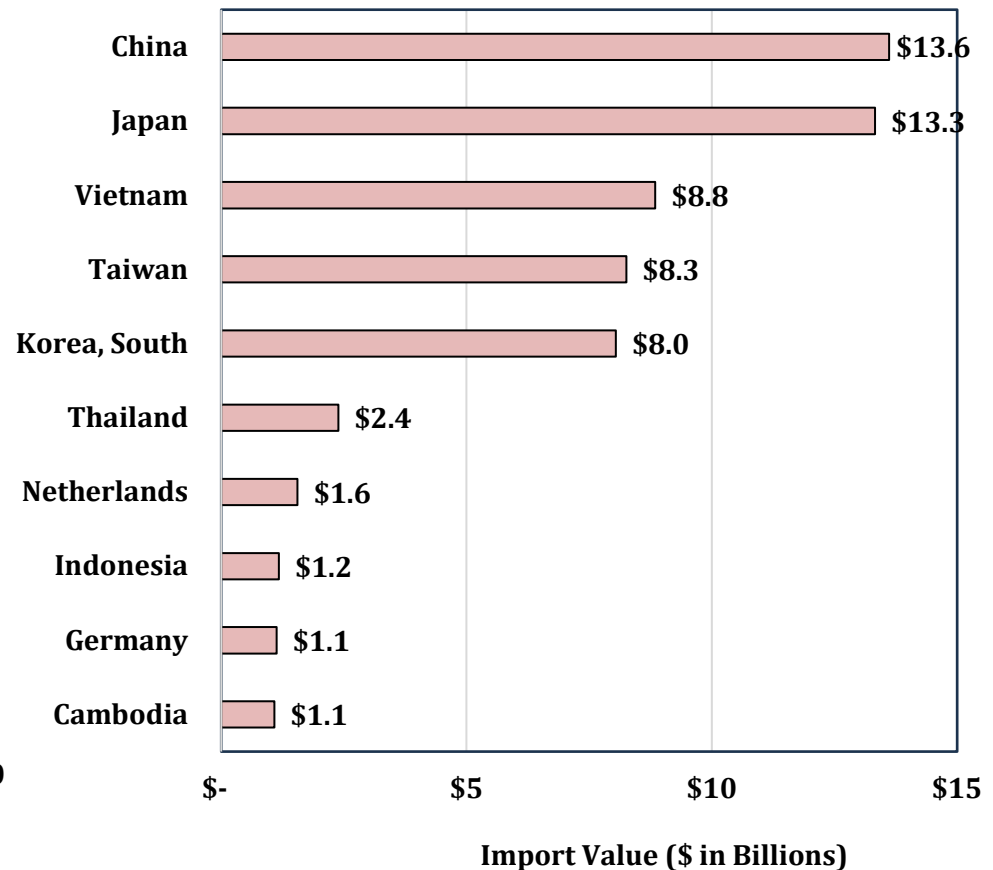
What do we import?

And where did it come from?

Top 10 Seattle Metro Imports - 2025



Top 10 Seattle Metro Imports By Country of Origin - 2025



Total Import Value = \$70.3 B

NOTE: Includes imports arriving at Seattle, Everett and Tacoma ports and SEATAC

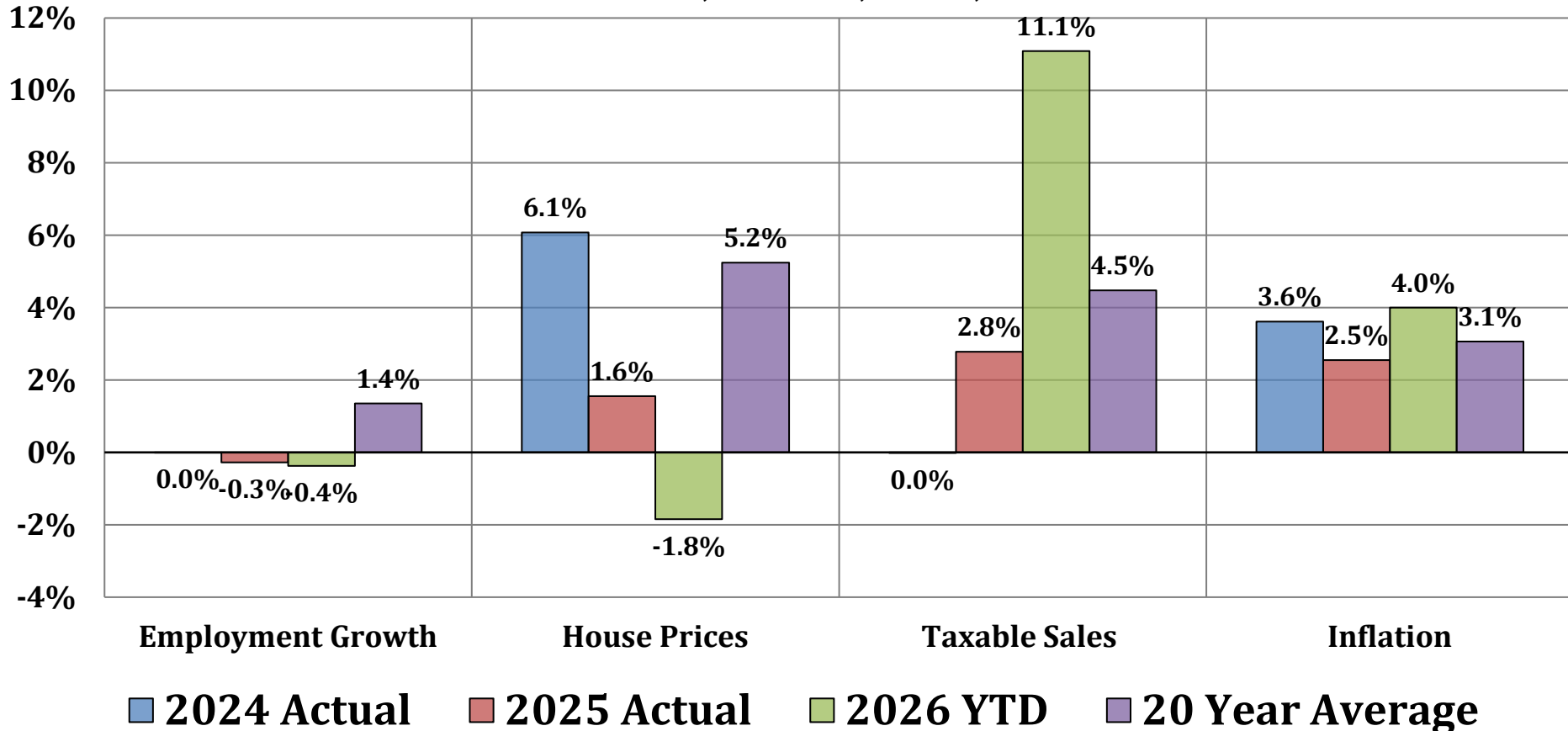
In 2026 employment and house prices are falling, and inflation is well above its historical average



King County Economic Indicators

2024-2026 Actuals & 20 Year Average

Source: PSEF, Case-Shiller, WA DOR, BLS



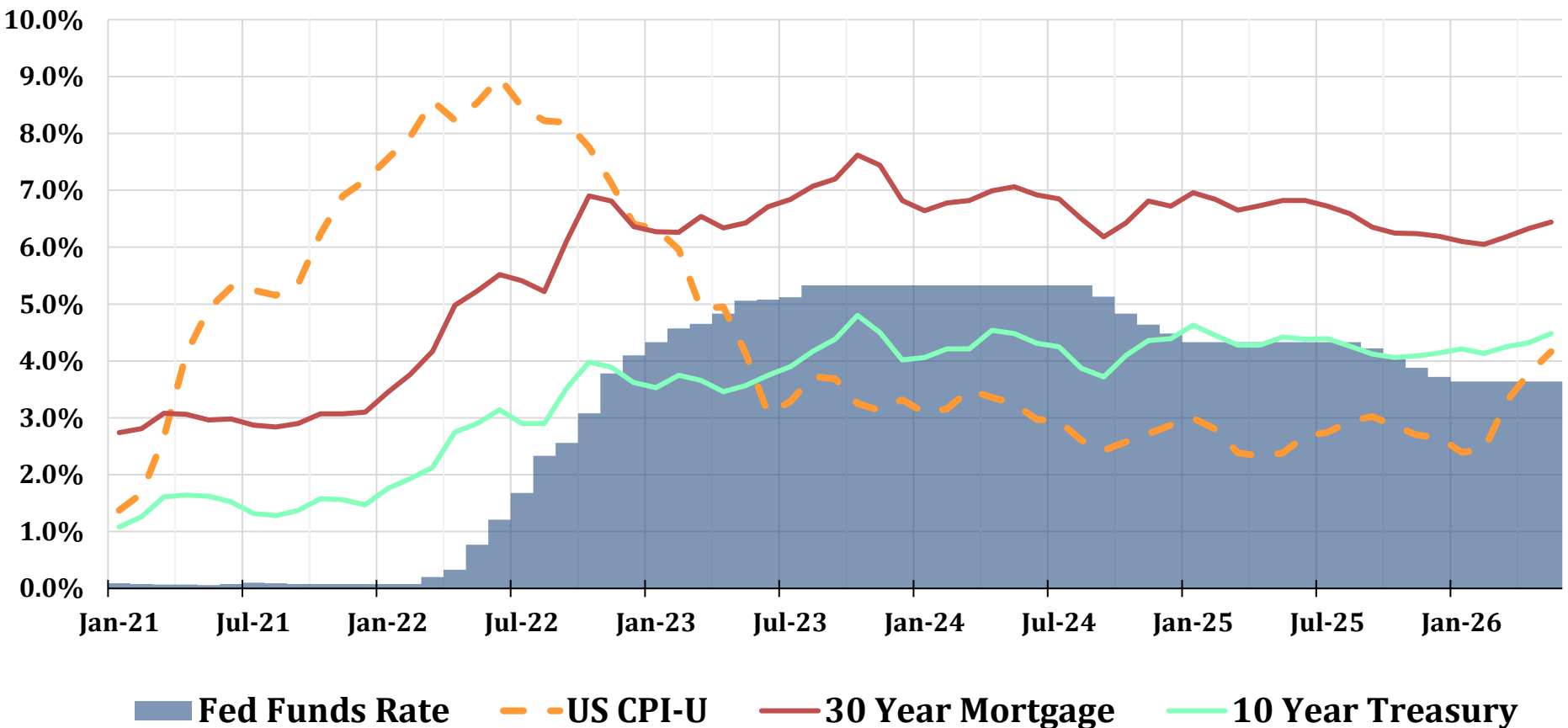
High inflation has paused Fed rate cuts



Combating Inflation with Fed Funds Rate Increases

Fed Funds Rate (Current Target Rate=3.50-3.75); US CPI-U & Core US CPI-U

Source: FRED



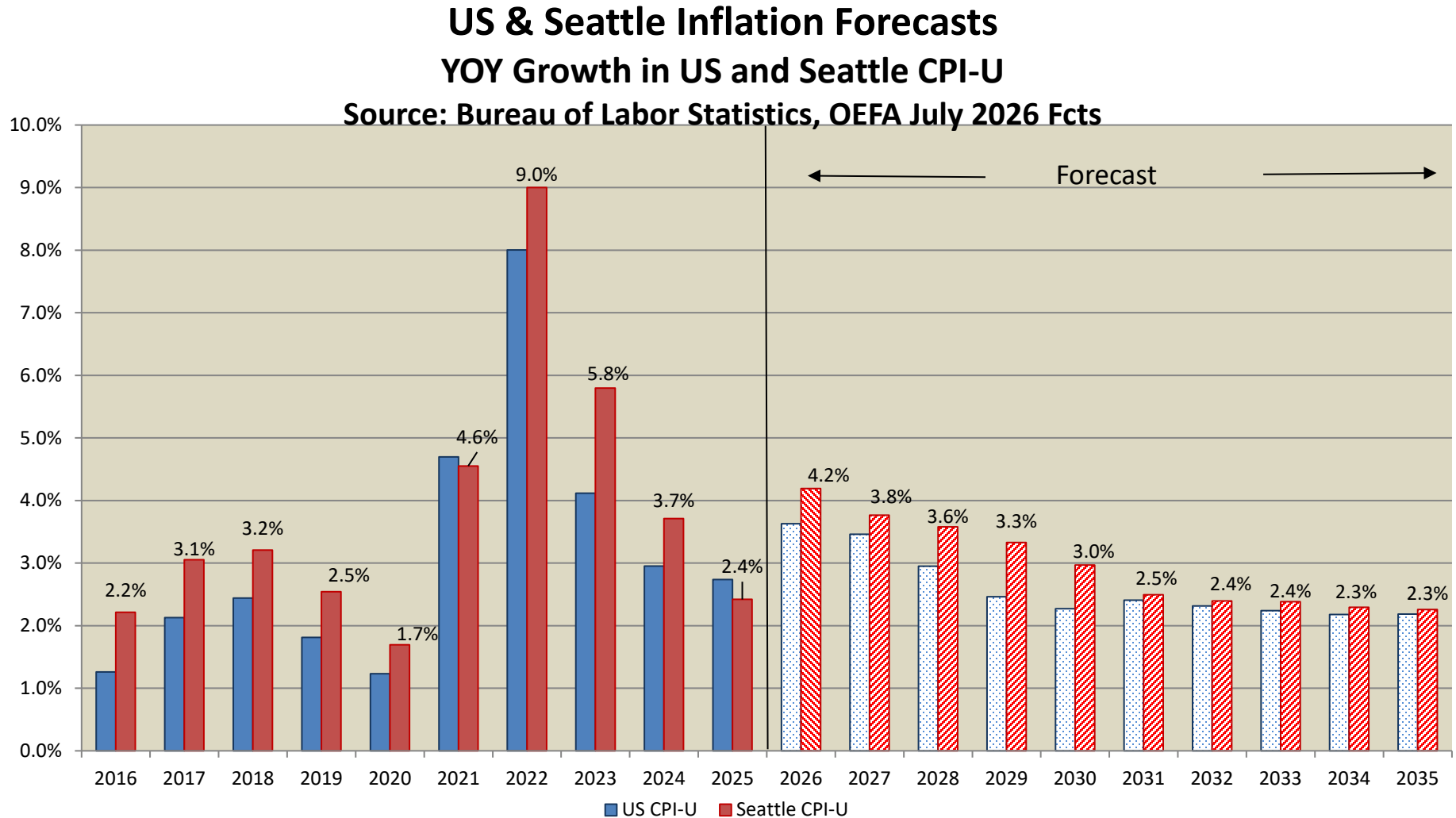
OEFA
King County

Bi-monthly inflation rate for STB CPI-U, No data available for October 2025

The chart displays the percentage contribution of various consumption categories to total consumption over time. The categories are stacked as follows: Food and beverages (light blue), Housing (dark blue), Transportation (green), Medical care (red), Education and communication (grey), Apparel (orange), Other goods and services (dark blue), and Recreation (purple). The Y-axis ranges from -3.0% to 11.0% in 1.0% increments. The X-axis shows dates from Feb-20 to Jun-26 in 2-month intervals. The total consumption peaks at approximately 10.2% in June 2022 and declines to around 4.5% by June 2026.

Date	Food and beverages	Housing	Transportation	Medical care	Education and communication	Apparel	Other goods and services	Recreation
Feb-20	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Apr-20	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Jun-20	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Aug-20	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Oct-20	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Dec-20	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Feb-21	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Apr-21	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Jun-21	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Aug-21	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Oct-21	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Dec-21	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Feb-22	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Apr-22	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Jun-22	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Aug-22	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Oct-22	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Dec-22	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Feb-23	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Apr-23	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Jun-23	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Aug-23	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Oct-23	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Dec-23	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Feb-24	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Apr-24	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Jun-24	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Aug-24	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Oct-24	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Dec-24	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Feb-25	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Apr-25	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Jun-25	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Aug-25	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Oct-25	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Dec-25	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Feb-26	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Apr-26	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%
Jun-26	1.5%	1.5%	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%

US Inflation Should Fall to Fed. Target of 2% by Not For 4 Years.



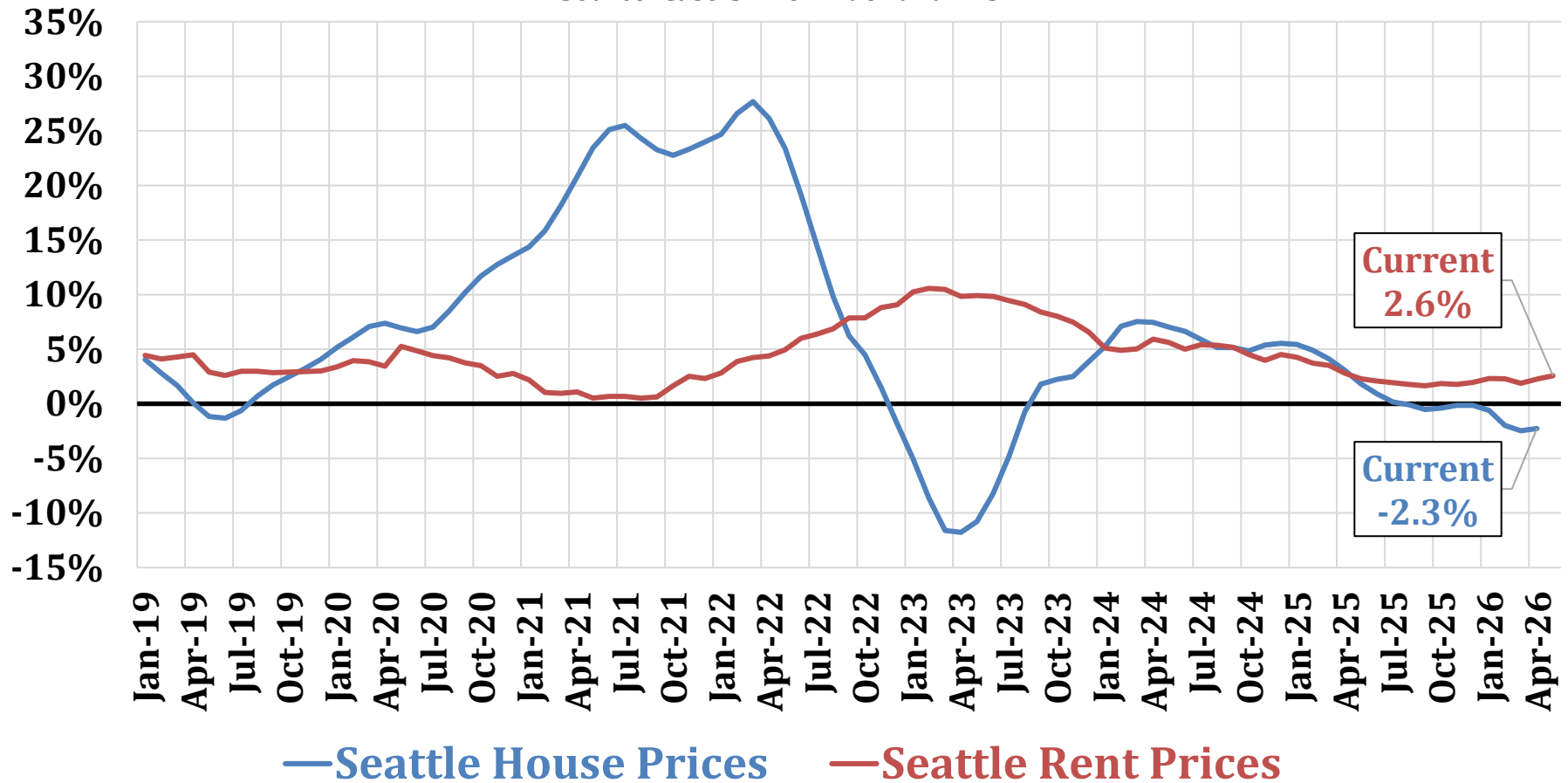
Seattle rent prices increased moderately and house prices fell so far in 2026



Seattle House Price Growth & Rent Price Growth

Monthly year-over-year growth in House and Rental Prices; Jan 2019-Current

Source: Case-Shiller Index and BLS



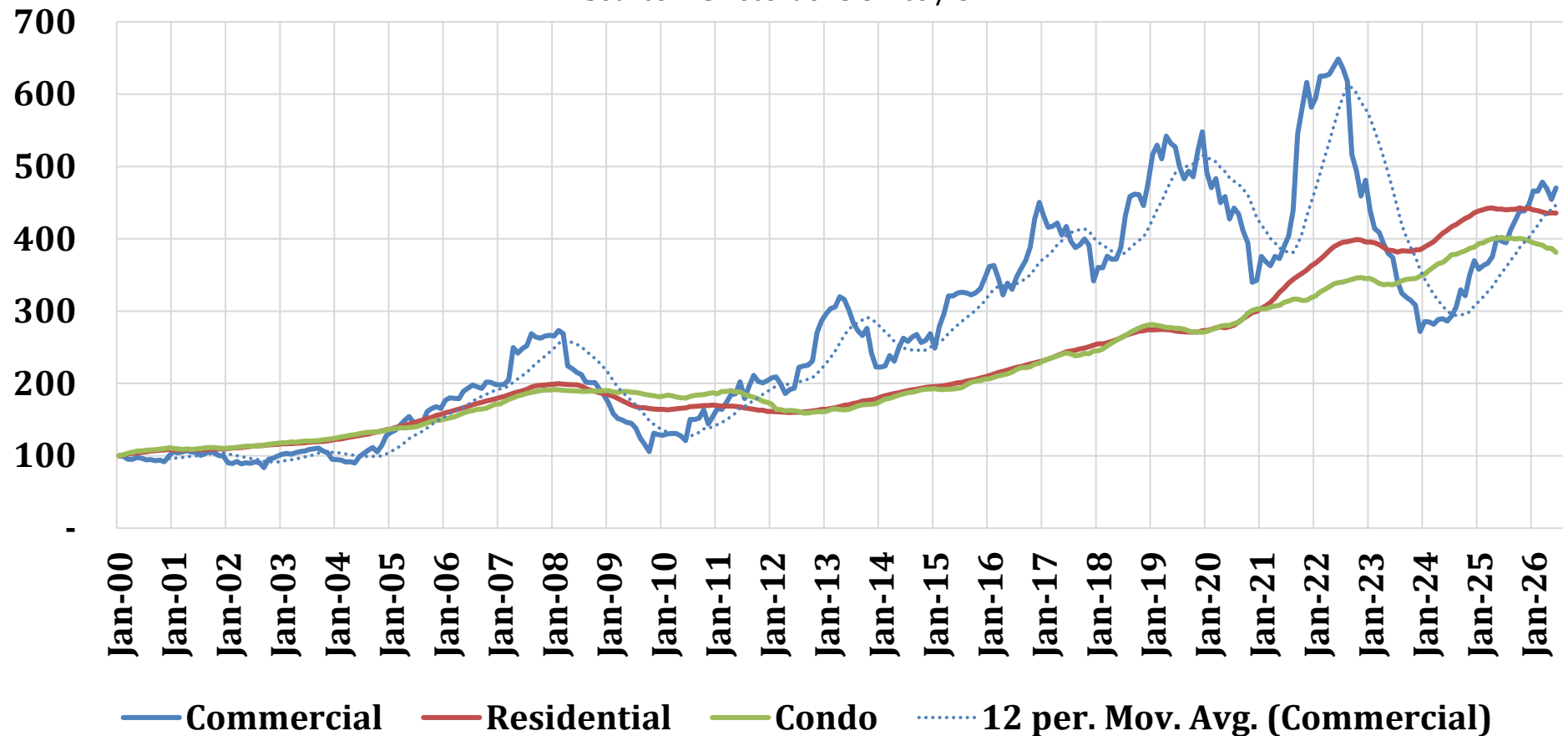
The Commercial Sector has bottomed



King County Real Estate Index by Sector

Average Price per Sale by Sector; Indexed where 2000=100

Source: KC Recorder's Office / OEFA



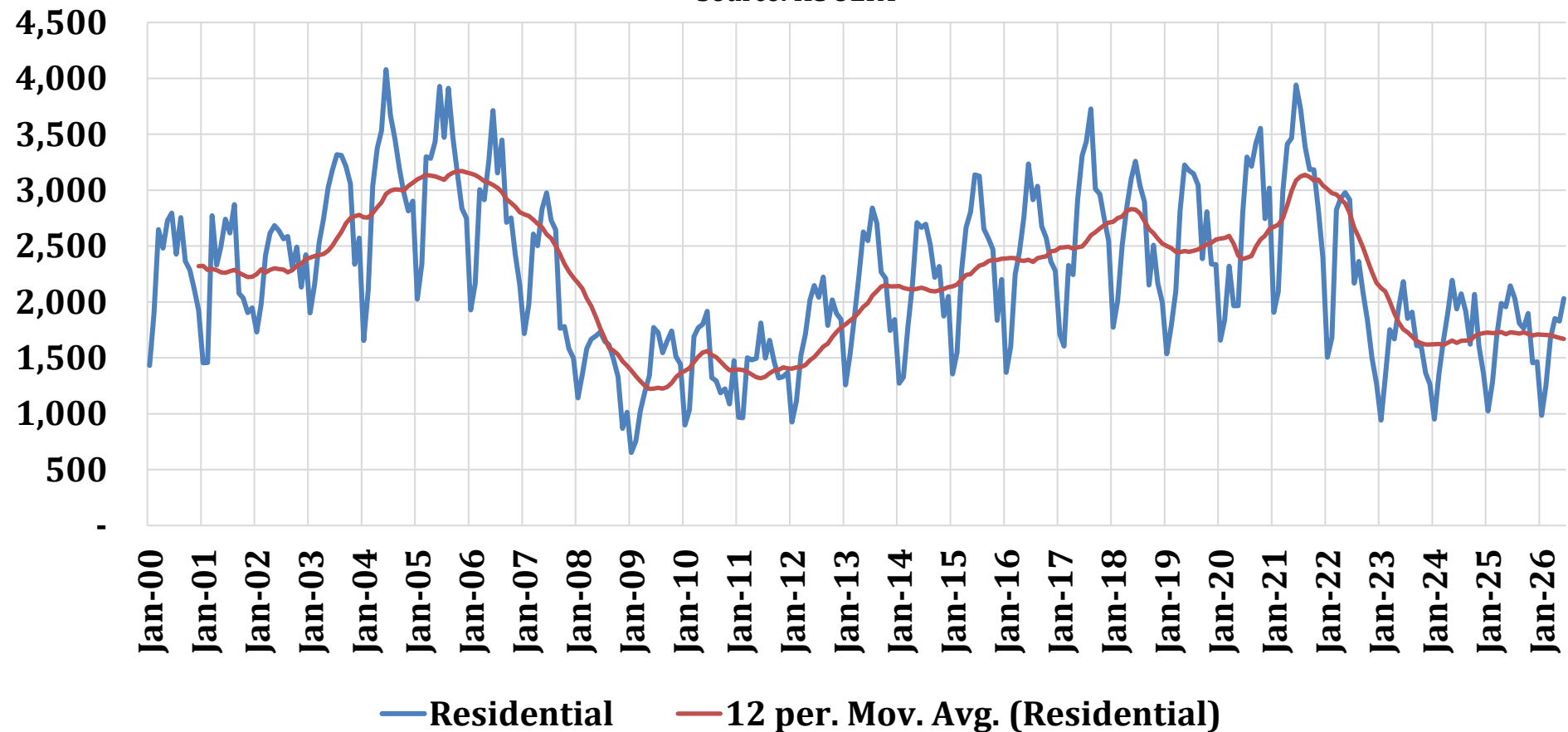
KC Residential Trends Are Down - Lower prices and reduced transactions



King County Residential Transactions

Monthly Residential Transactions with Rolling Annual Average

Source: KC OEFA



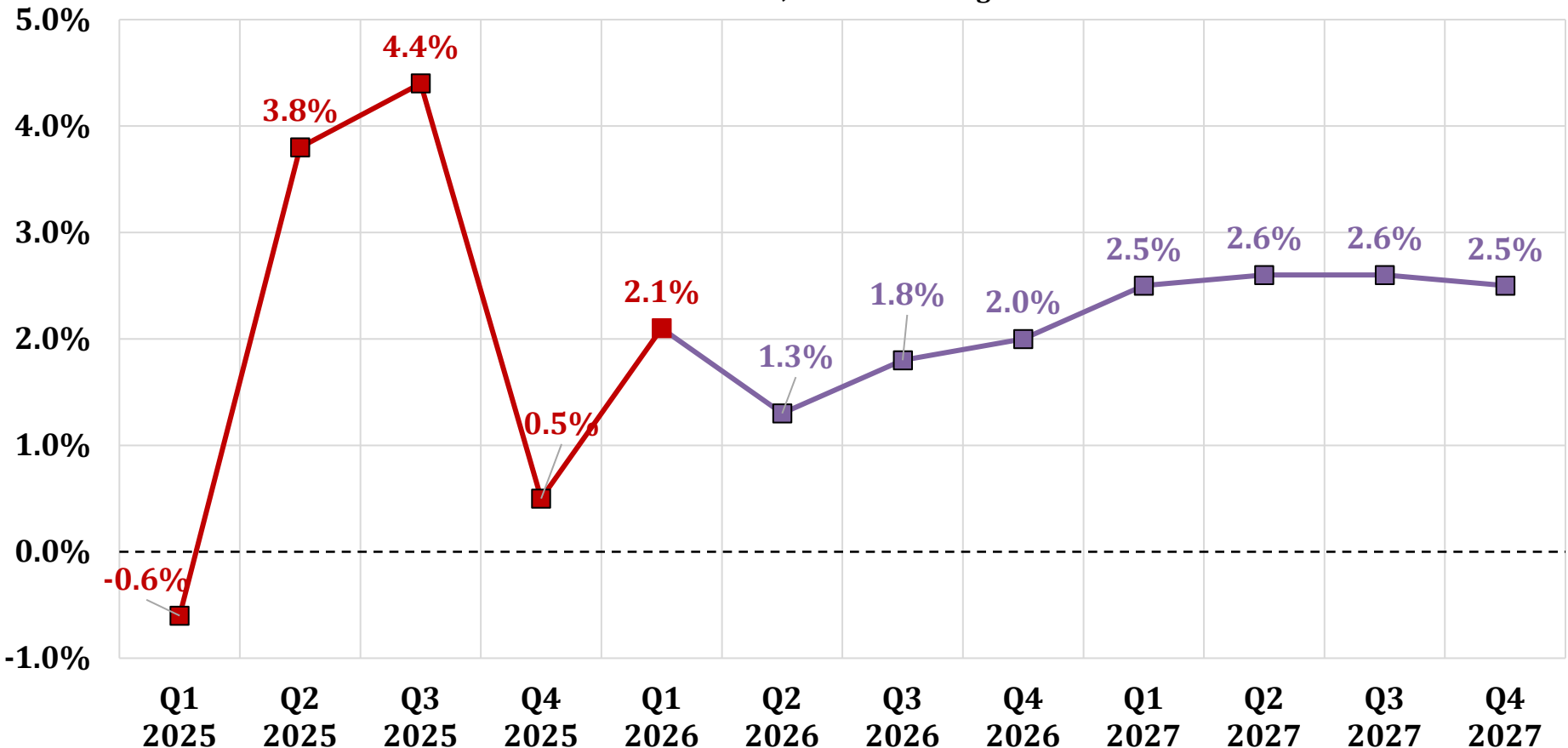
GDP growth moderated in 2026 after the Iran war started



U.S. Real GDP Growth Forecast

CCARoC-SAAR; with **Actuals** & **Baseline Forecast** July 2026 Forecast

Source: FRED, IHS Global Insight

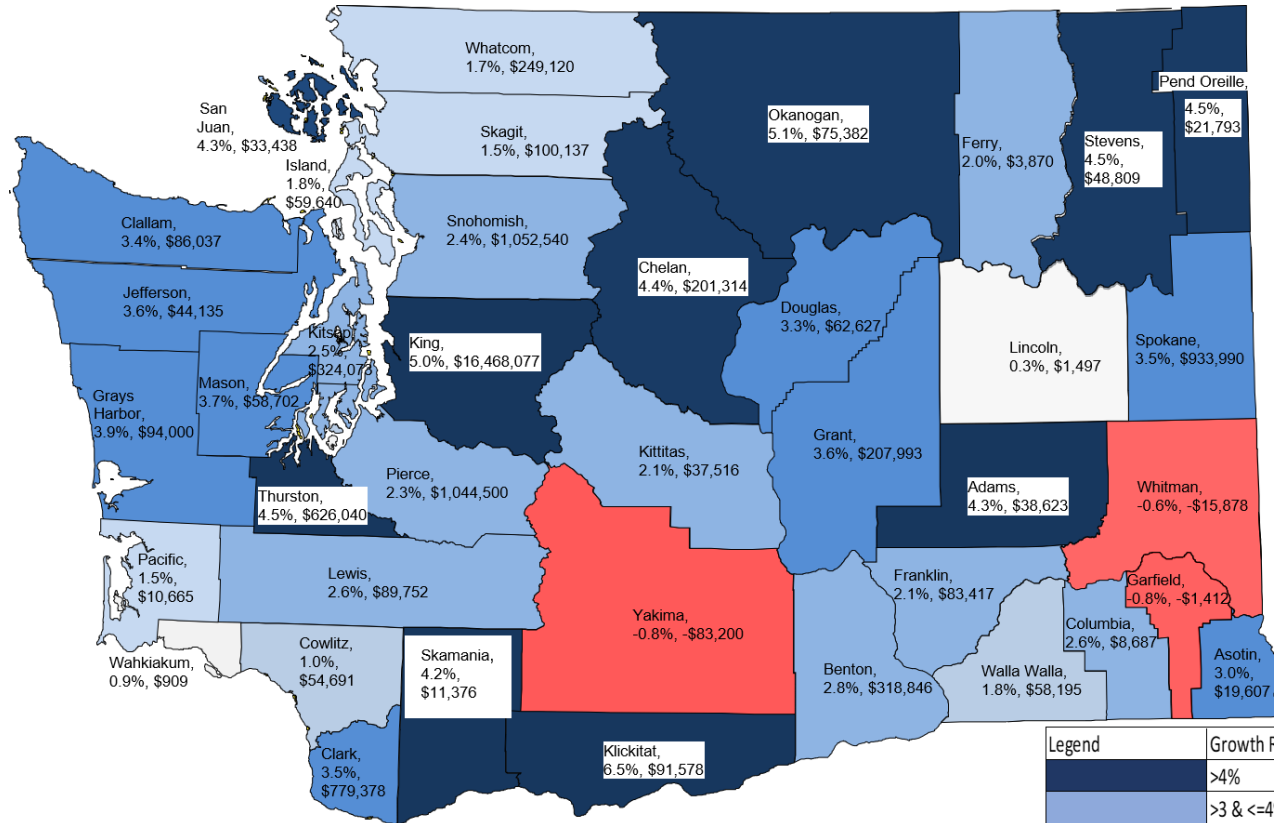


Co Real Gross Domestic Product



Annualized YOY Growth Rates for RGDP by County

Source: US Bureau of Economic Analysis



Legend	Growth Rate
	>4%
	>3 & <=4%
	>2 & <=3%
	>1 & <=2%
	>0 & <=1%
	<0%

Years: 2020-2024

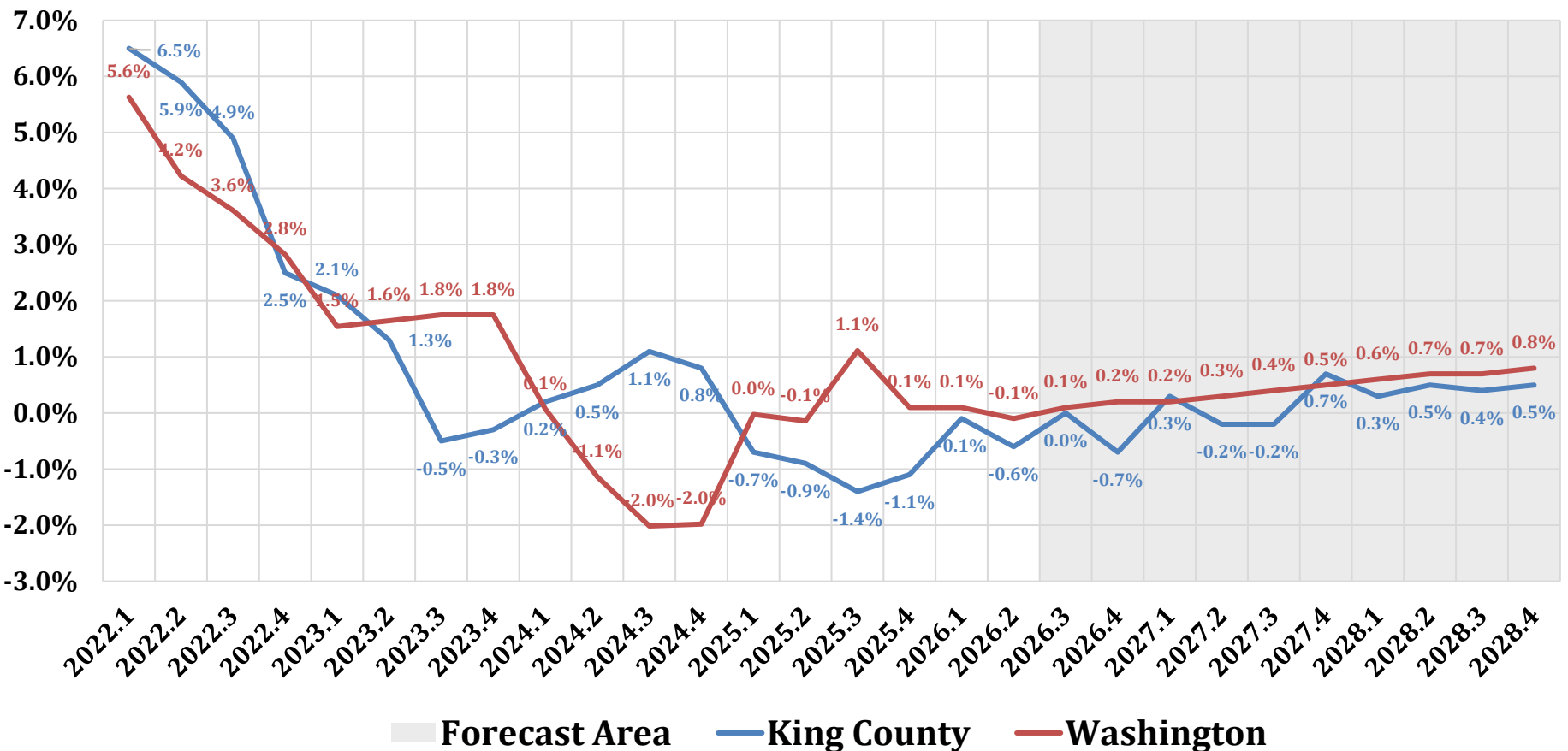
KC & WA Employment Projections Similar



King County & WA State Employment Growth

Quarterly YOY Growth Rate Percentage

Source: OEFA – Economic Forecast & ERFC March 2025 Forecasts



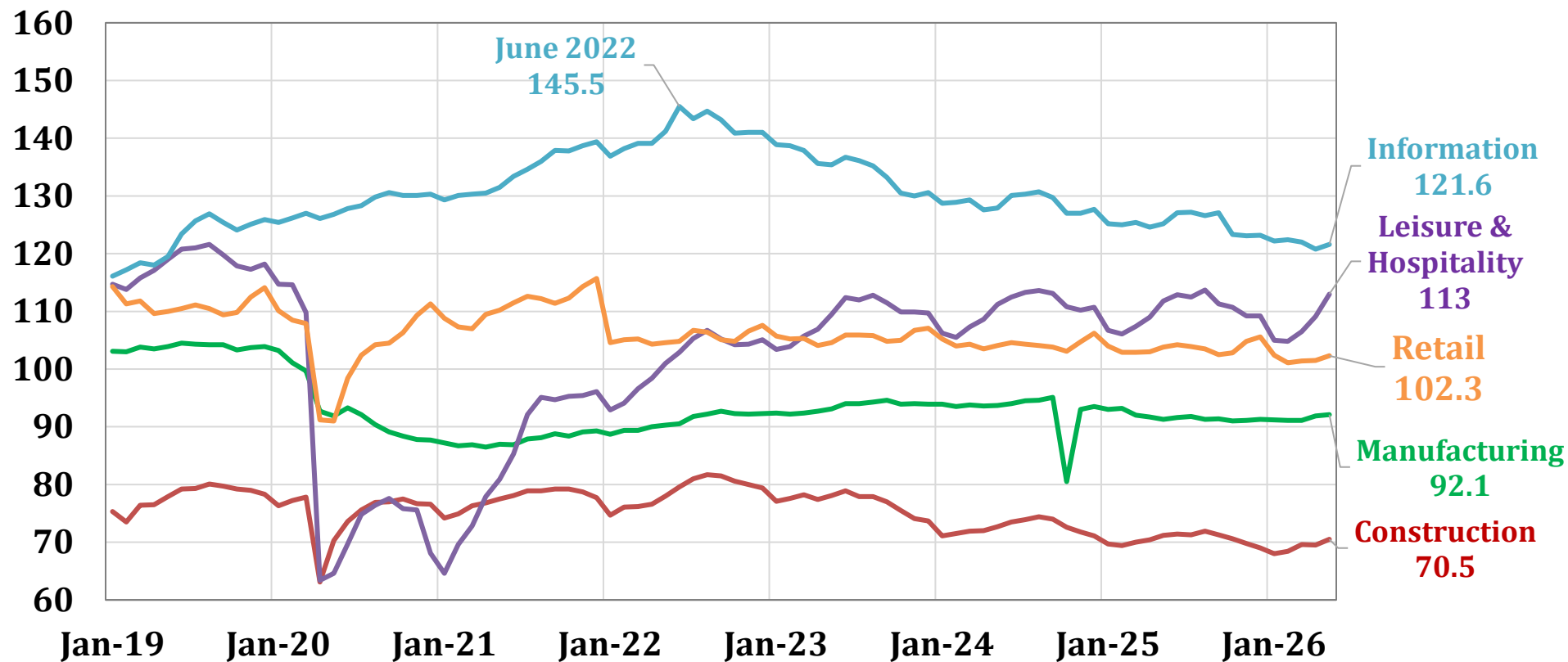
Hospitality and manufacturing are not back to pre-Covid levels. Big tech continues to shed jobs.



King County Employment by Sector

Monthly employment in thousands; Jan. 2019-Current

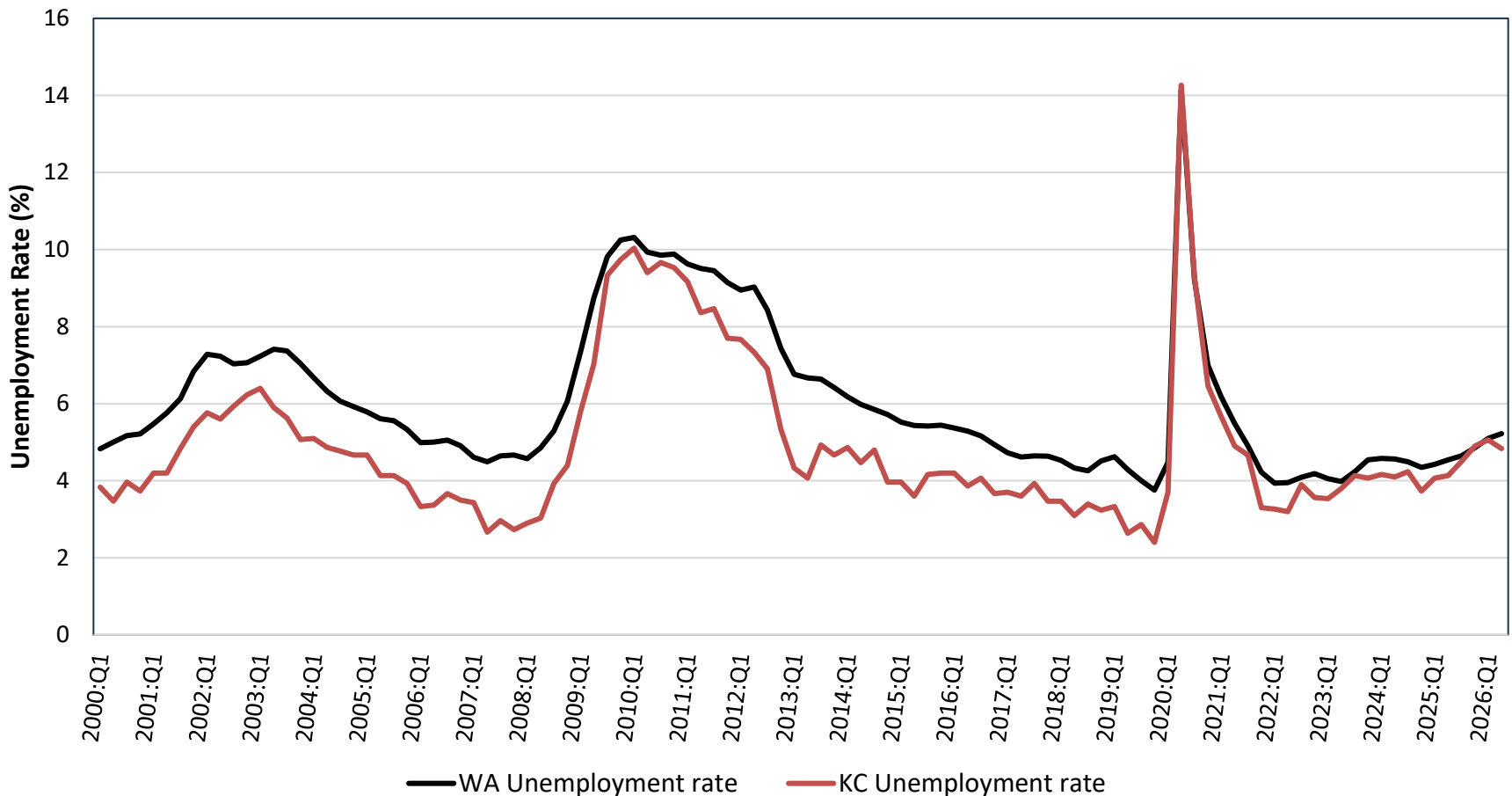
Source: WA ESD



WA & KC Unemployment Rates – Slowly Increasing

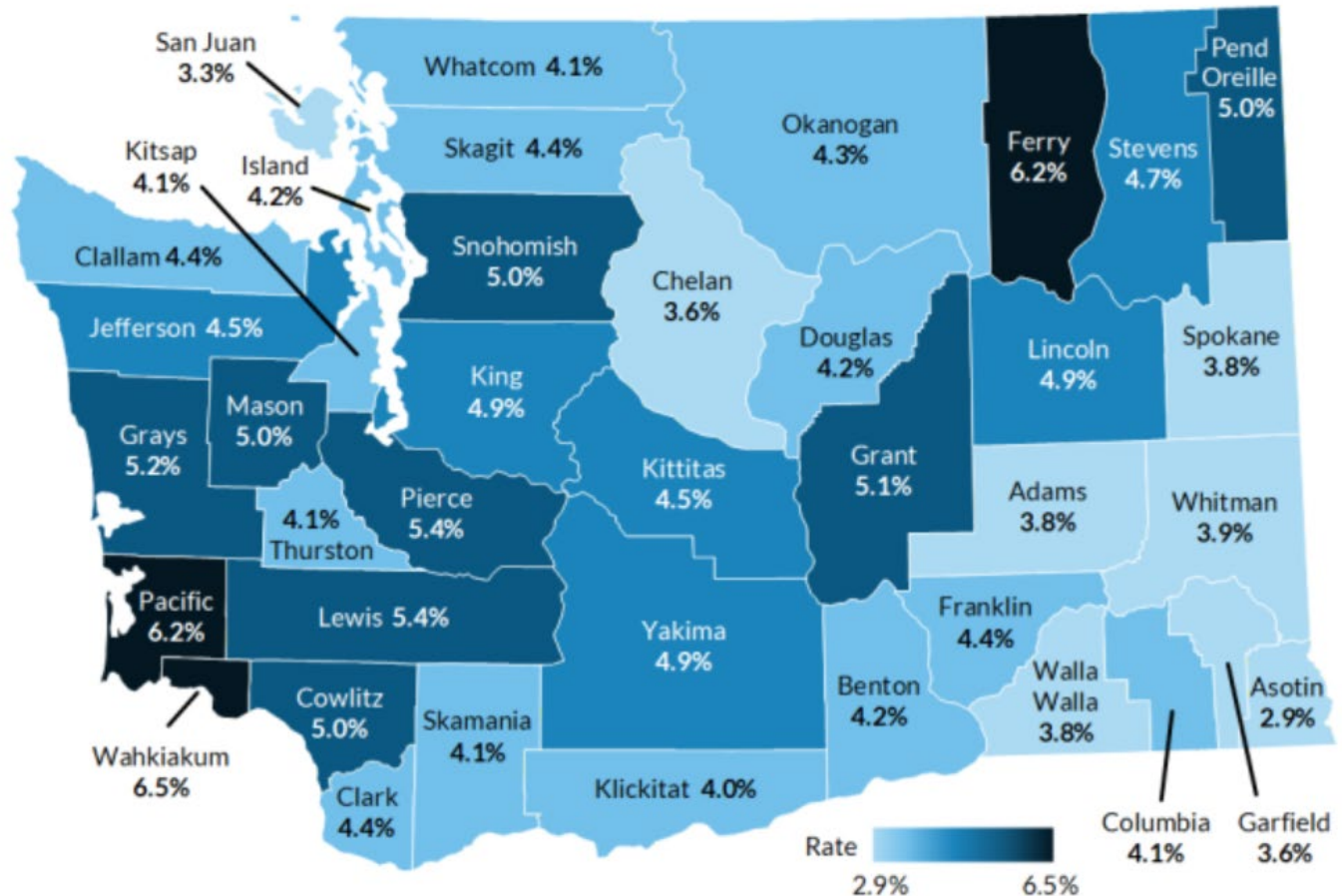


WA and King County Qtrly Unemployment Rates Since 2000



June 2026 Co Unemployment Rate

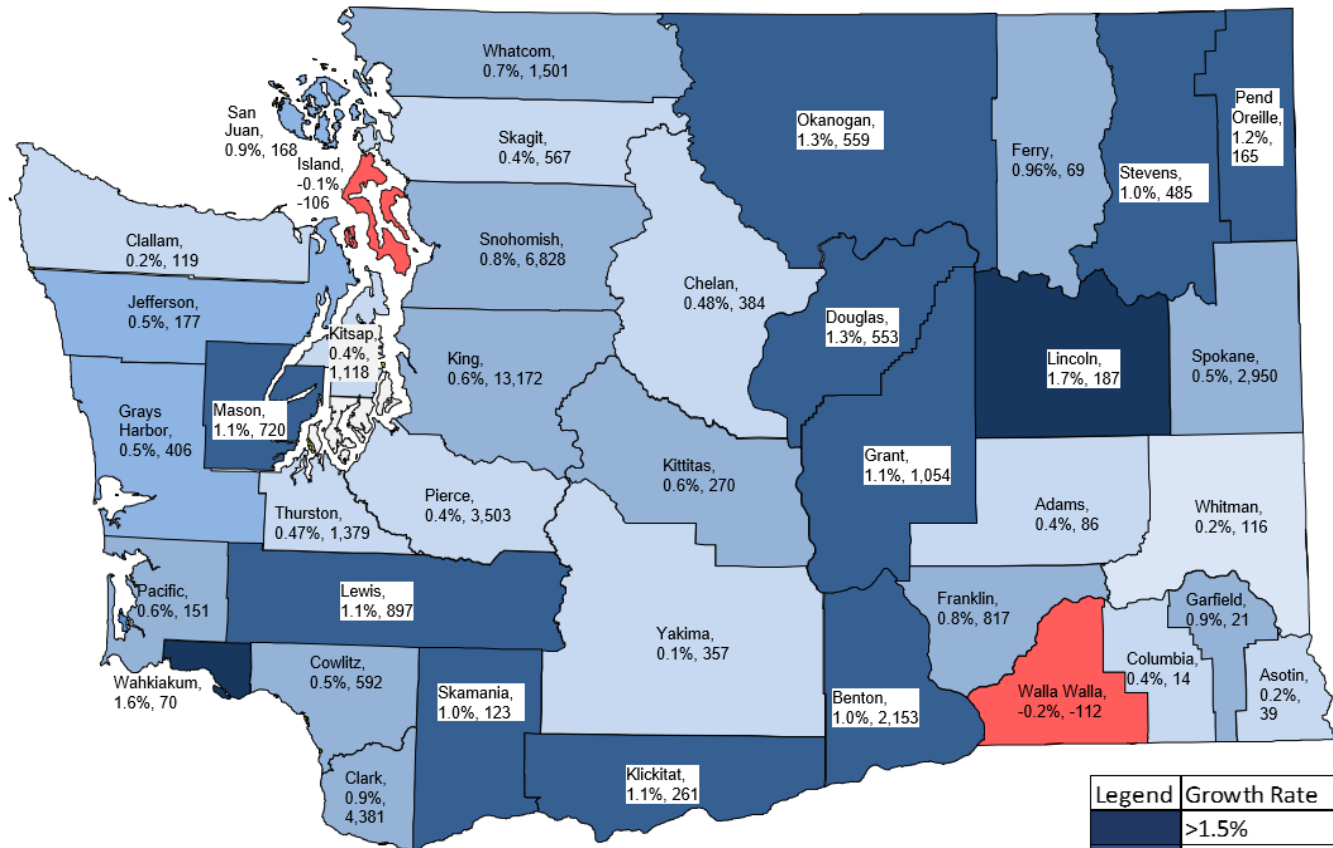
June 2026 unemployment rate by county



Source: Employment Security Department/Labor Market Information and Research (LMIR) Division, [Local area unemployment statistics](#) (LAUS), not seasonally adjusted.

County Population Trends – Post Pandemic

Source: BEA pop data for WA state 5-year average (2020-2024)



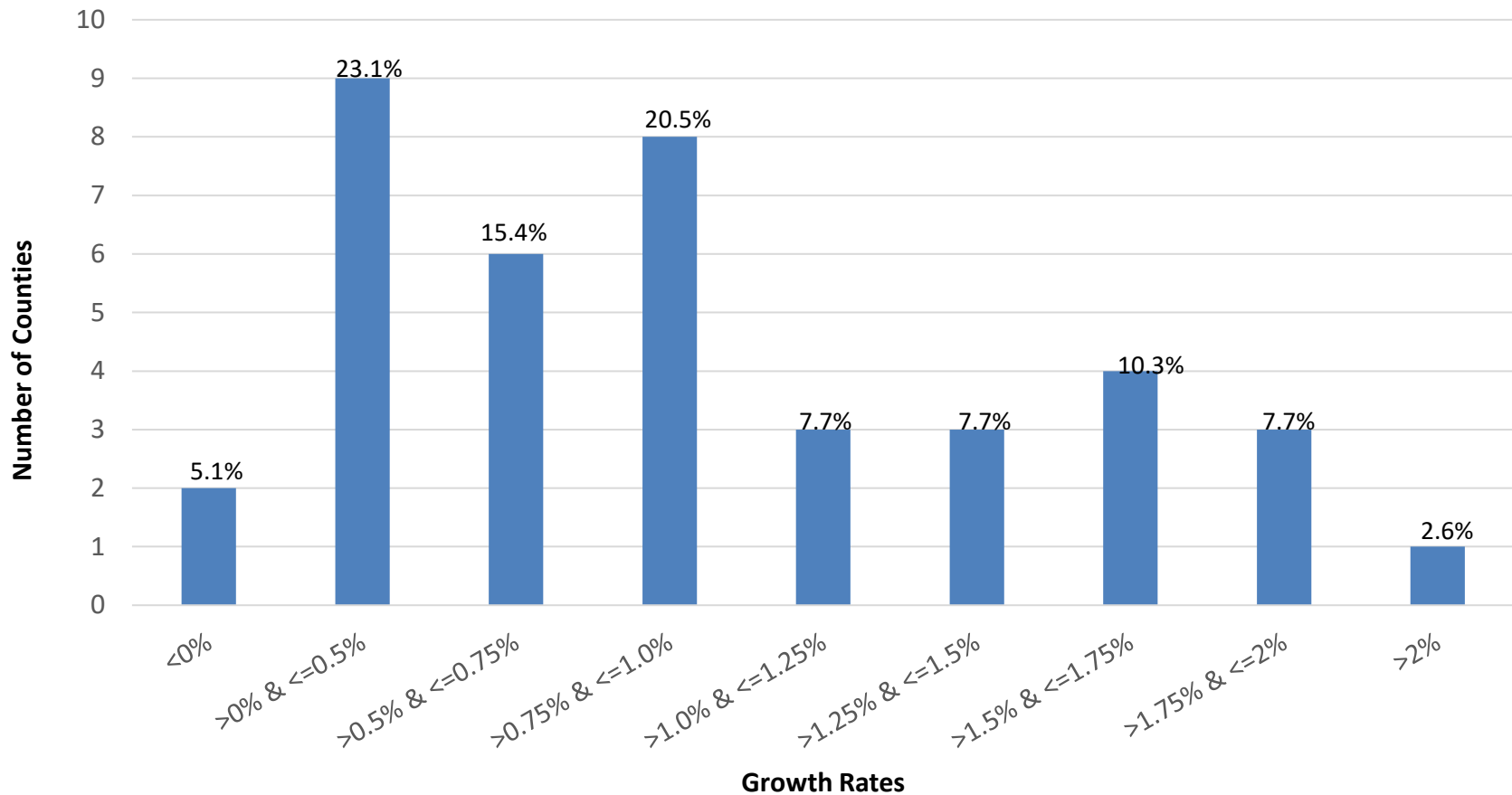
Legend	Growth Rate
	>1.5%
	>1% & <=1.5%
	>0.5% & <=1%
	>0% & <=0.5%
	<=0%

County Population Trends - Avg Growth in 2024

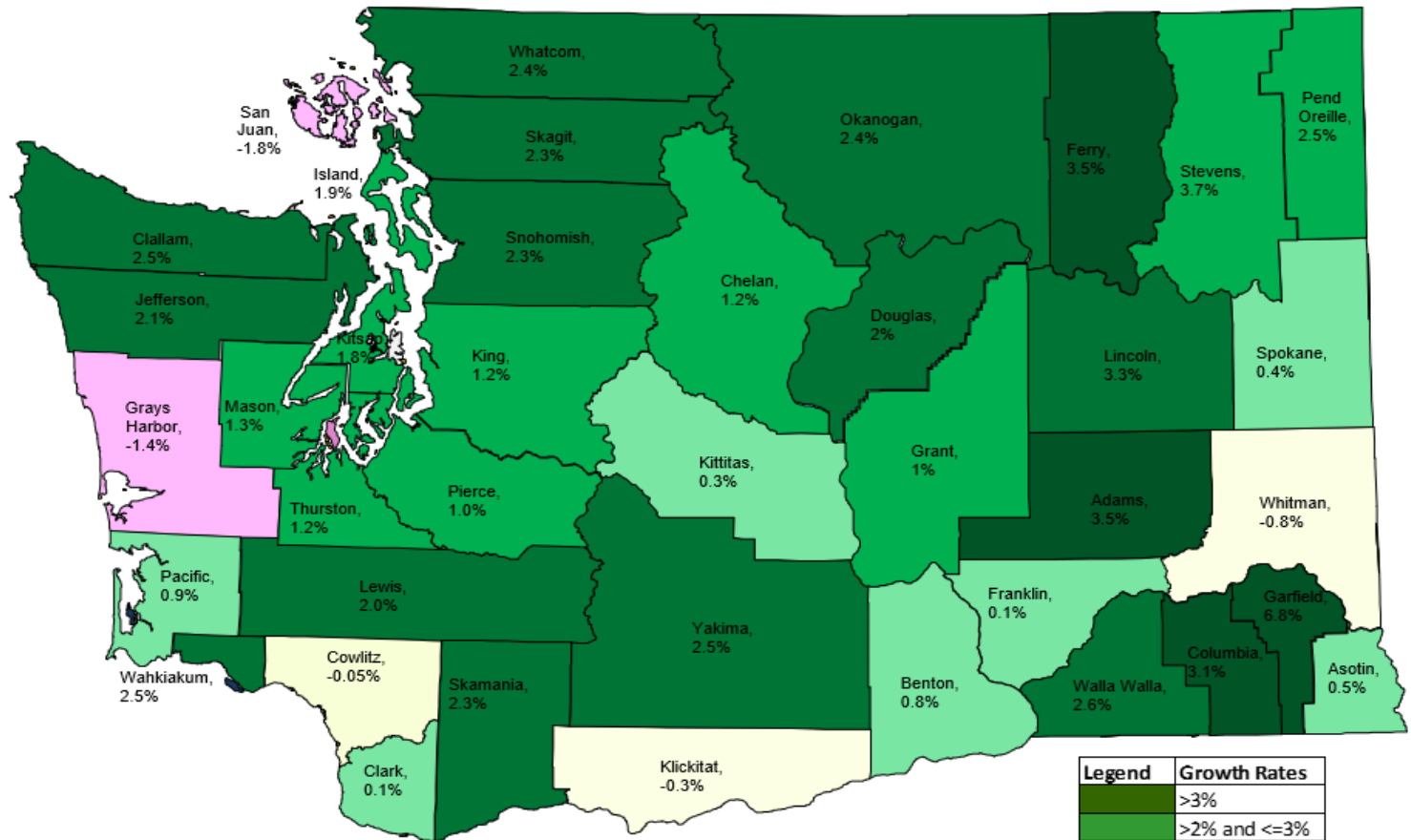


Source: BEA 2024 pop data for WA state by county - % change

2024 Annual Pop Growth Rates - Number of Counties



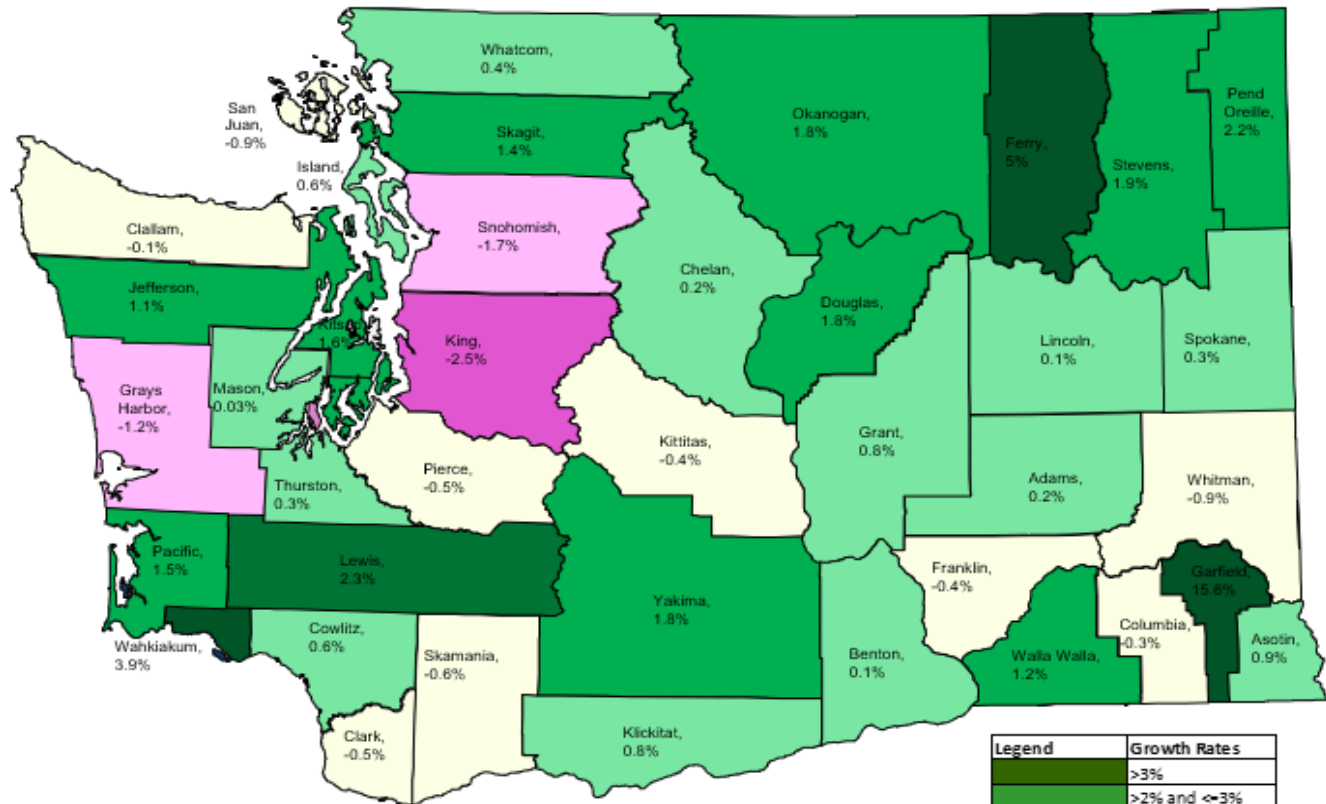
Only 4 Counties Saw Negative Home Value Growth in 2025



Legend	Growth Rates
	>3%
	>2% and <=3%
	>1% and <=2%
	>0 & <=1%
	<=0 & > -1%
	<=-1%

Based on Zillow single family home price index

Now 12 Counties Have Negative Home Value Growth in 1st 6 months 2026



Legend	Growth Rates
	>3%
	>2% and <=3%
	>1% and <=2%
	>0 & <=1%
	<=0 & > -1%
	<=-1% & > -2%
	<=-2%

Based on Zillow single family home price index

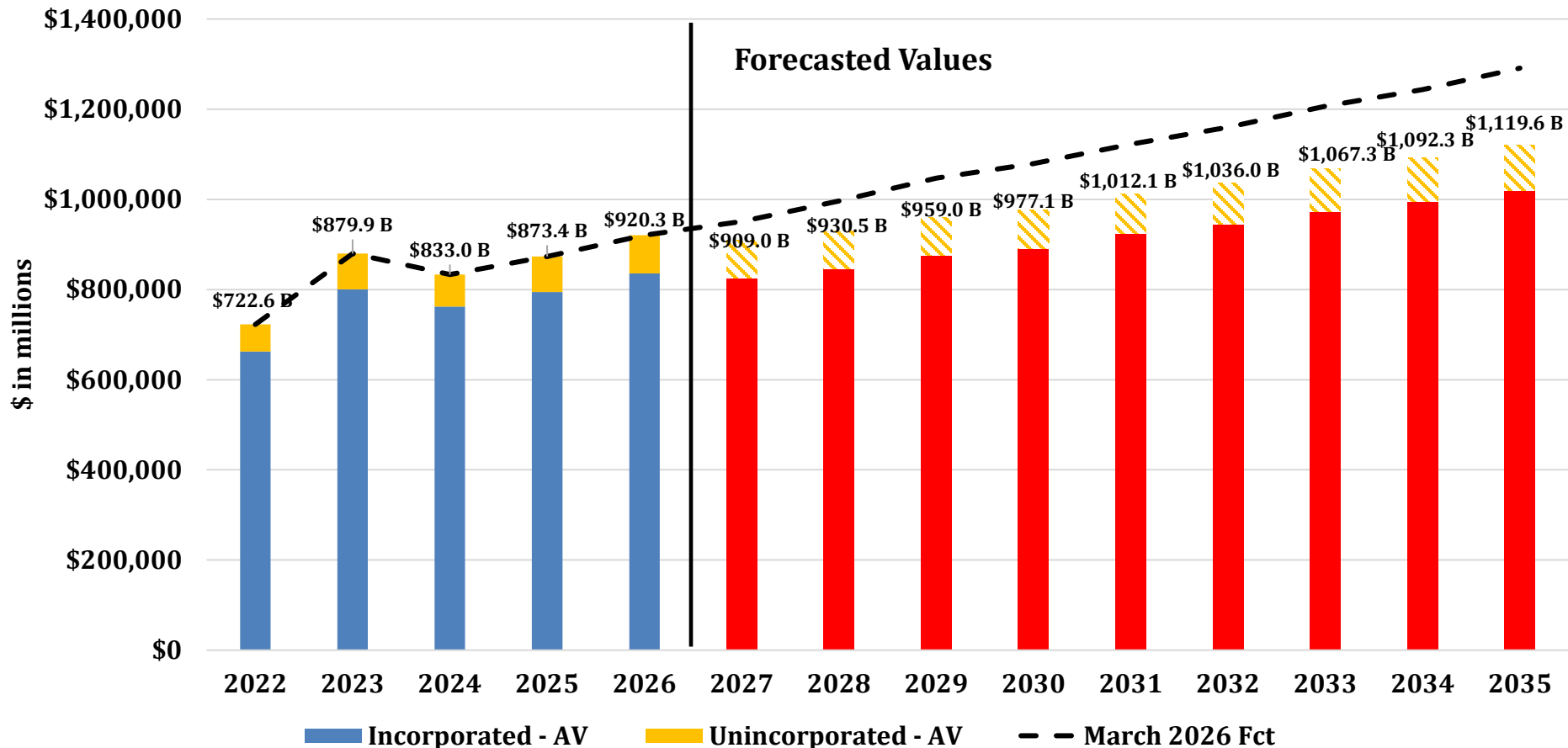
KC AV Trends Are Down In July Compared to March



AV History With July & March 26 Forecasts

Actual & Forecast Values for Incorporated & Unincorporated AV

Source: OEFA, DOA



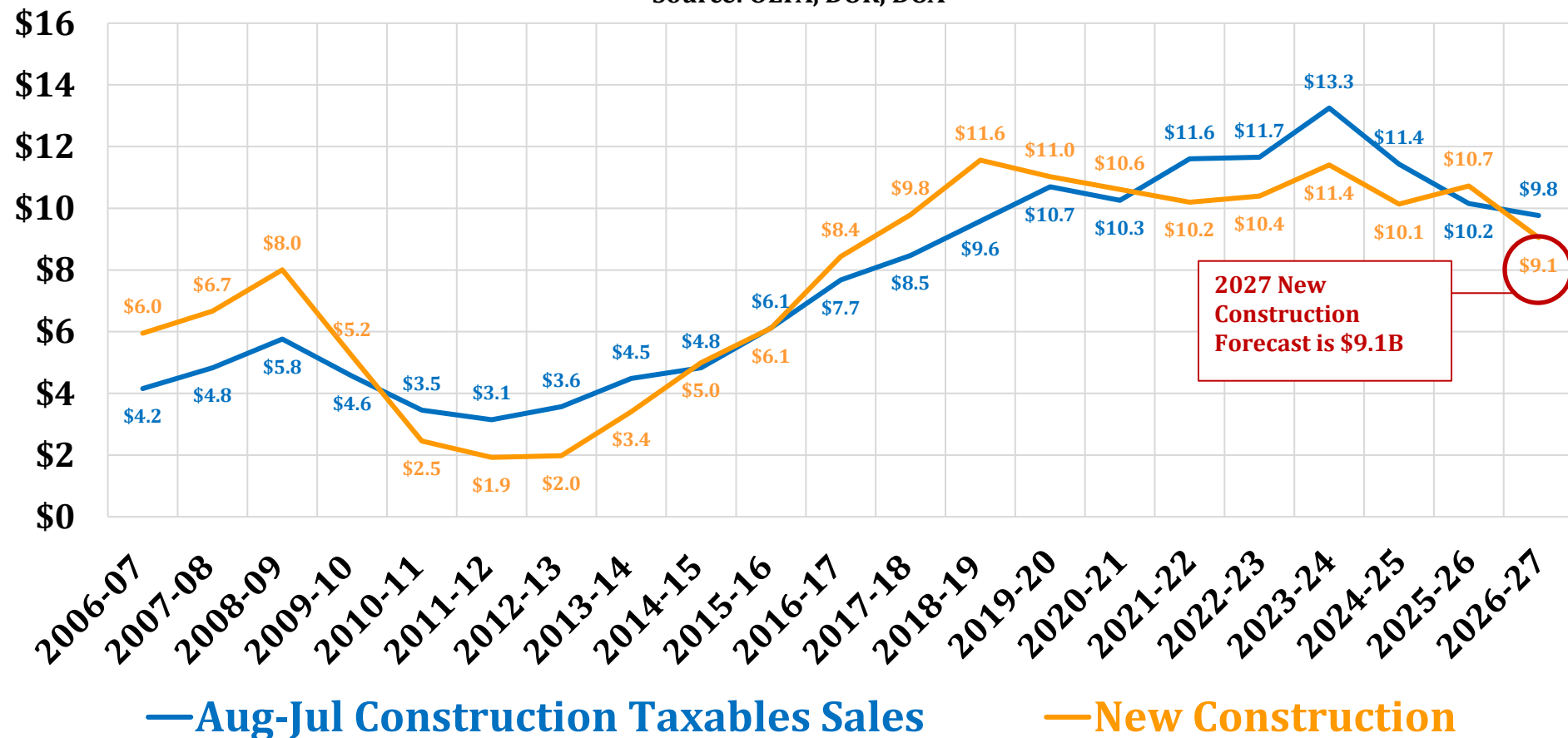
2027: Project \$9B in New Construction Slightly Below Taxable sales



Construction Taxable Sales vs New Construction

Aug-July Taxable Sales and Year Ahead New Construction Value; in billions \$

Source: OEFA, DOR, DOA



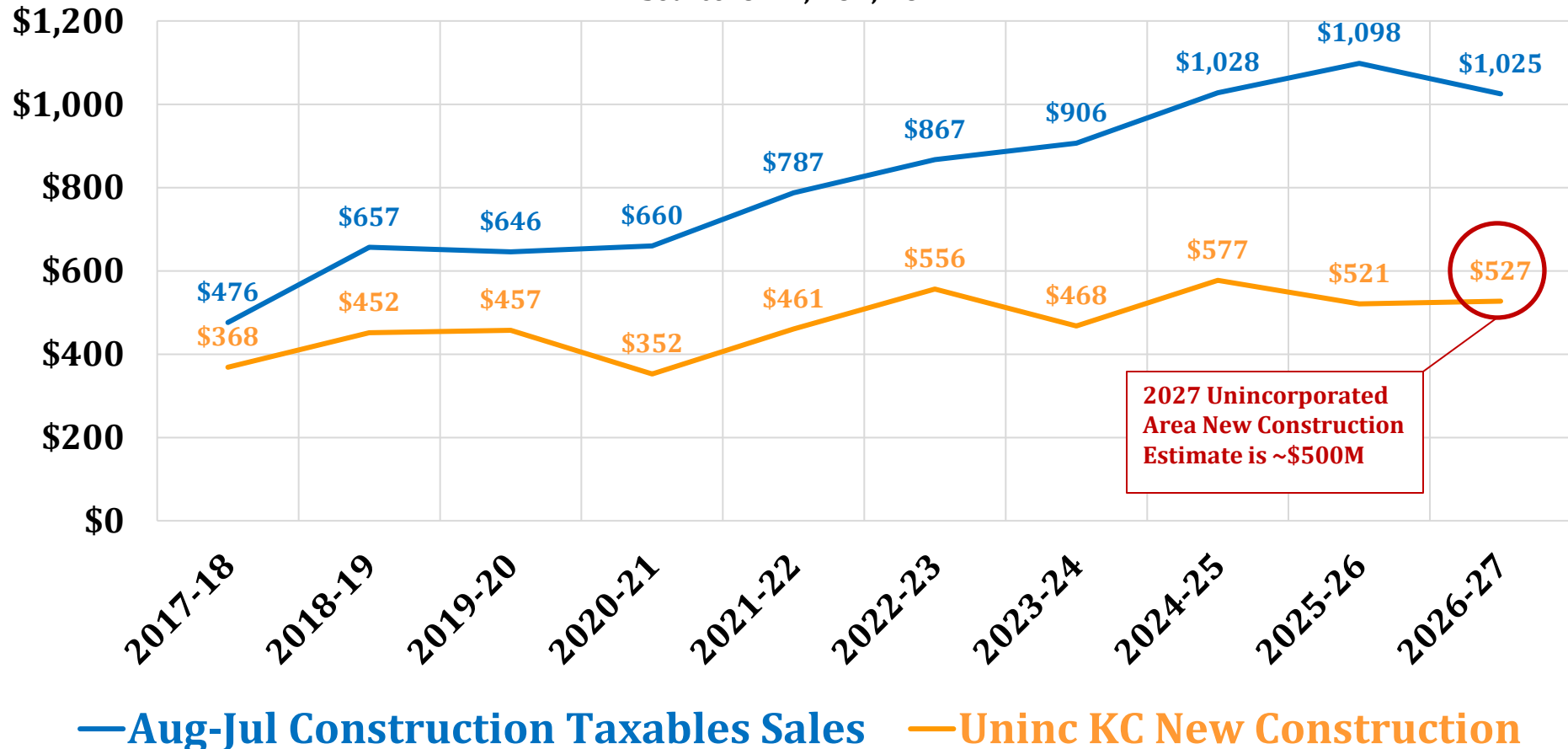
The UI-KC taxable sales ratio suggests a slight uptick in UI-KC NC in 2027



UI-KC Construction Taxable Sales vs New Construction

Aug-July Taxable Sales and Year Ahead New Construction Value; in millions \$

Source: OEFA, DOR, DOA

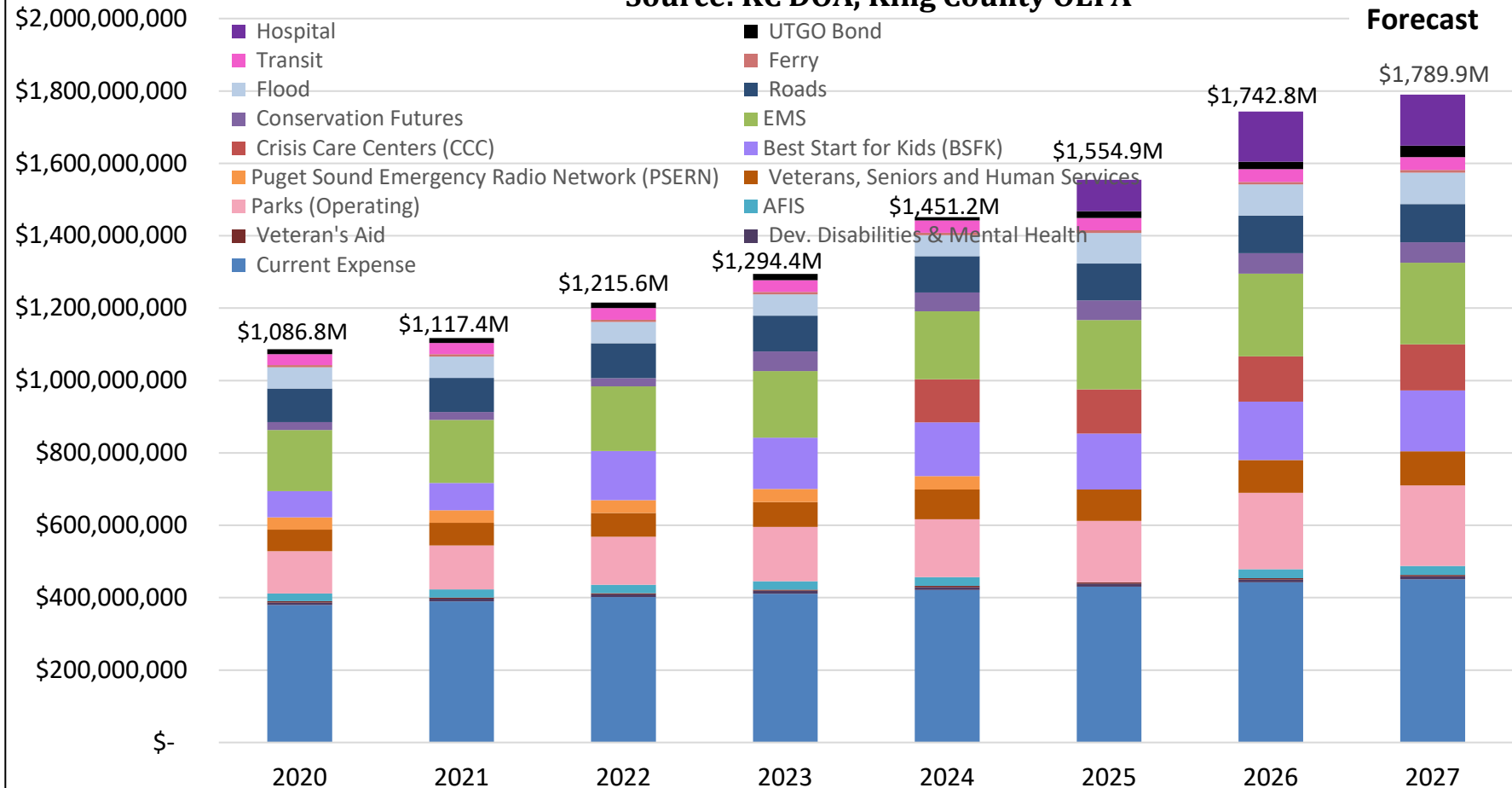


Property Taxes By Taxing District Since 2020



King County Property Taxes (\$) By Taxing District With Actuals Through 2026- Fct 2027

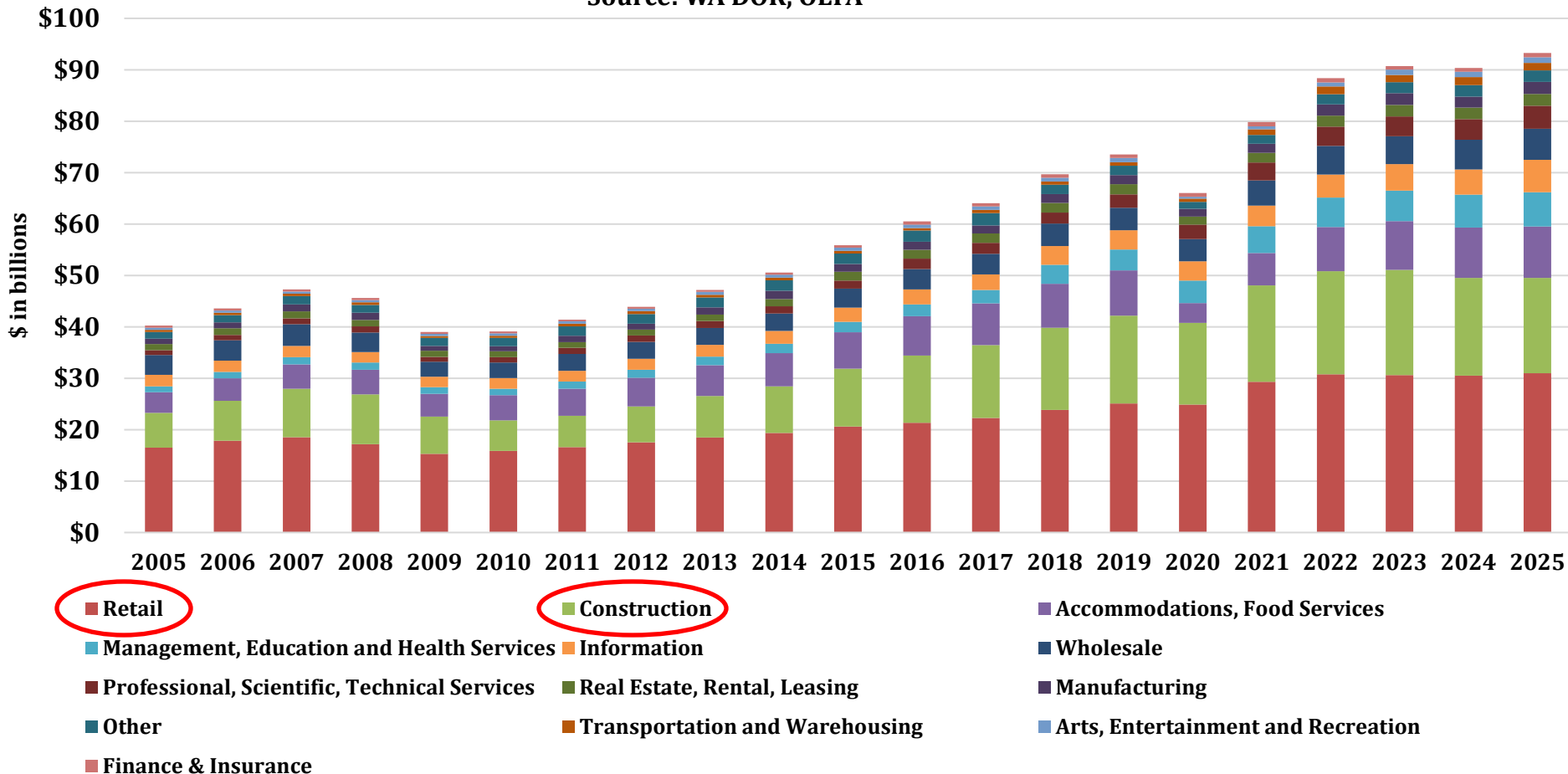
Source: KC DOA, King County OEFA



Taxable Sales in King County are driven by the Retail and Construction Sectors



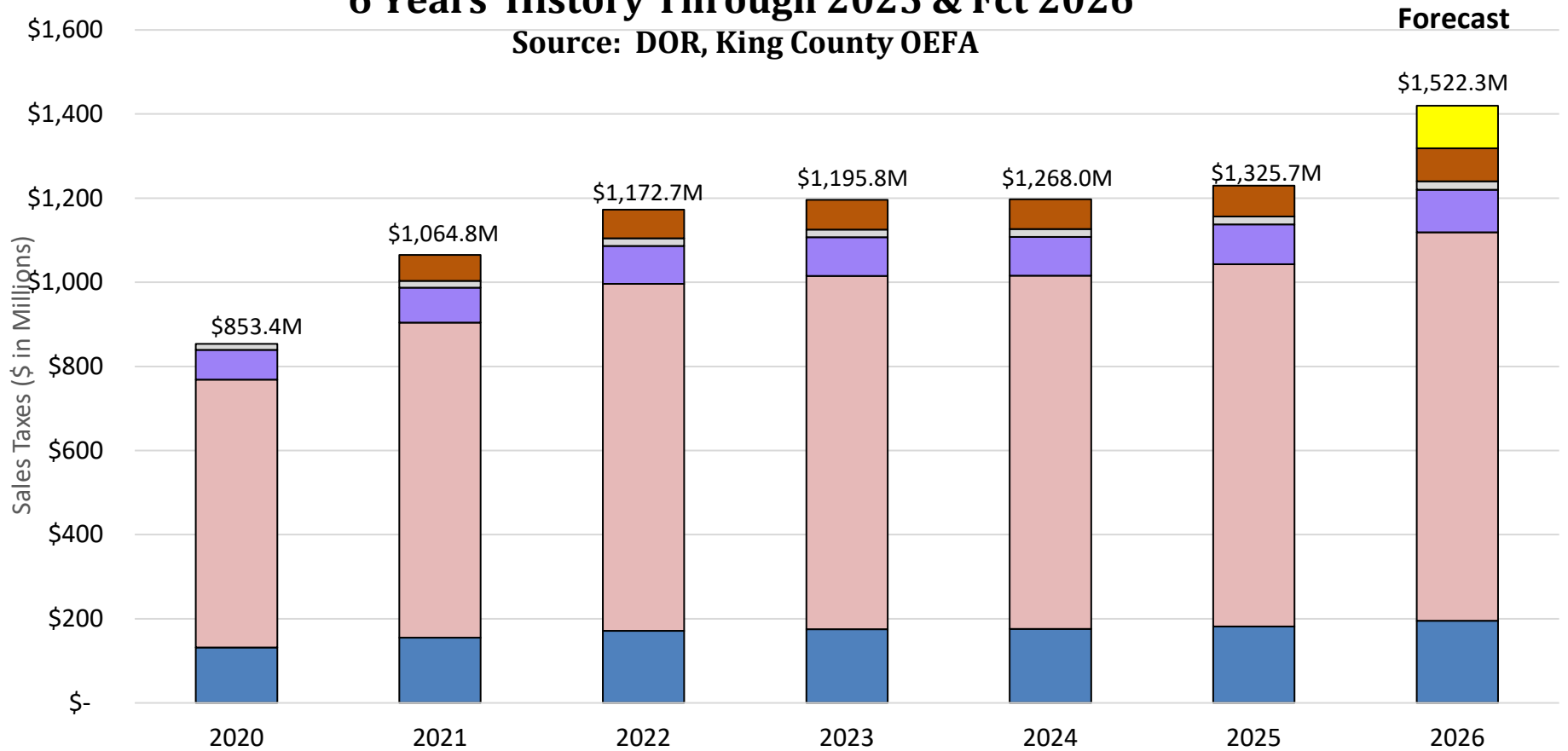
King County Taxable Sales
Taxable Sales (\$ in billions) by Select Sectors; 2005-2025
Source: WA DOR, OEFA



KC Sales Taxes By Taxing District Since 2020

King County Sales Taxes (\$) By Taxing District 6 Years History Through 2025 & Fct 2026

Source: DOR, King County OEFA



Safe & Stable Communities (SSC) (2025) Health Through Housing Criminal Justice Mental Health Metro Transit Local (GF)

King County Sales Tax Collections

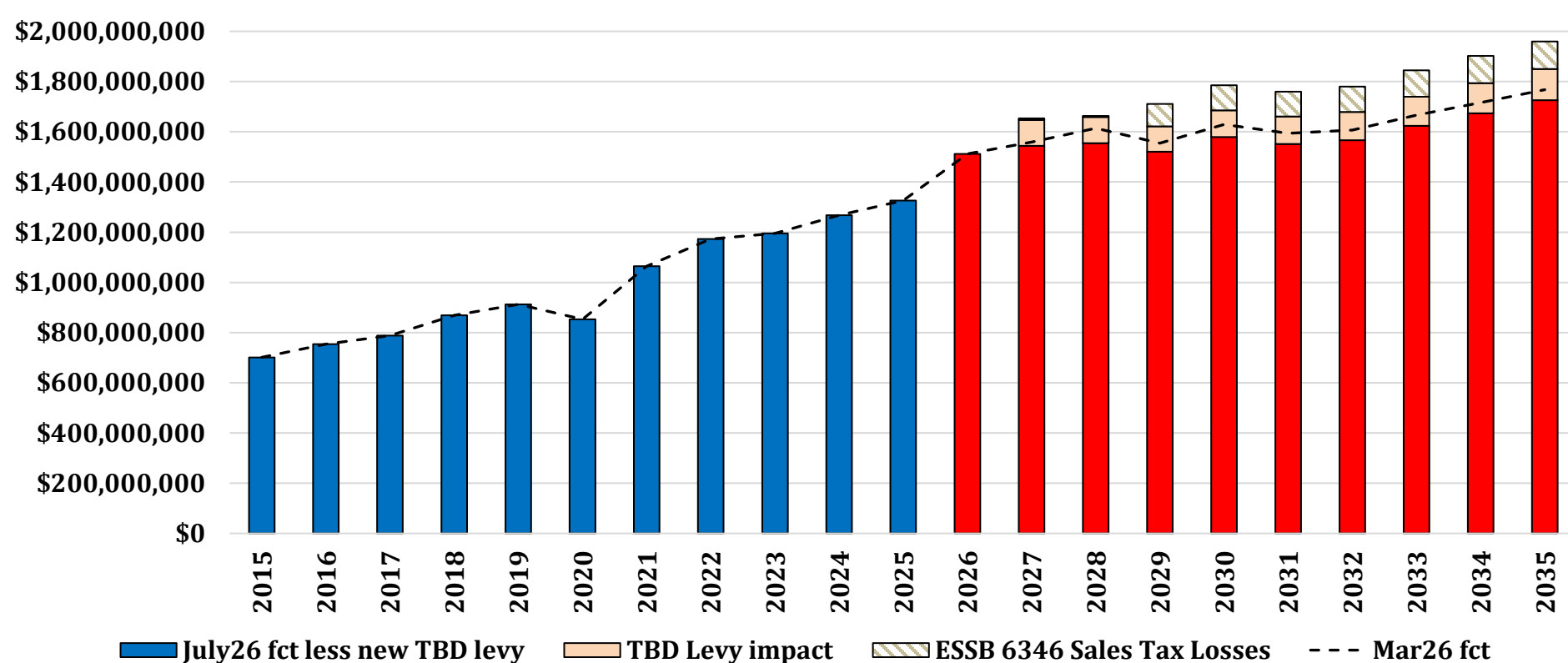
March 2026 vs July 2026



King County Total Sales Tax Collections

Actuals (Bar) and July 2026 Forecast (Bar) with March 2026 Forecast (Dashed Line)

Source: DOR, OEFA



March & July forecast values include estimated sales associated with expansion of the tax base with ESSB 5814 & 2026 estimates include enhanced expectations from the World Cup. July fct also includes TBD levy.

Strategies for This Period of Uncertainty

KC economy should continue to grow but at a slow pace

- Monitor key statistics:
 - KC taxable sales in 2026 is coming in well above last year (11%) but this is mainly due to one-time expansion of retail sales base so keenly watch monthly reports to dissect the primary industries paying the higher taxable sales. Identify if this added spending can continue at that level.
 - Consumer spending could fall as prices and inflation remain high for longer than expected
 - Examine the sales impact the World Cup games had in Seattle in June and July
 - Seattle inflation is now 4.5% and could remain high with continuation of war
 - King County employment growth in 2025 and first half of 2026 was very meek so look for some improvement in 2027 over last year
 - Interest rate projections call for higher for longer interest rates in 2026 and 2027 than previous expectations which anticipated a reduction in the federal funds rate and mortgage rates
 - Examine the survey data of consumer sentiment and confidence

King County Office of Economic and Financial Analysis

<http://www.kingcounty.gov/independent/forecasting.aspx>

Email: lmartinmahar@kingcounty.gov