2026 King County Economic and Revenue Forecast

Presentation to the Puget Sound Finance Officers Association

Presented on:
Aug 12th, 2026

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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

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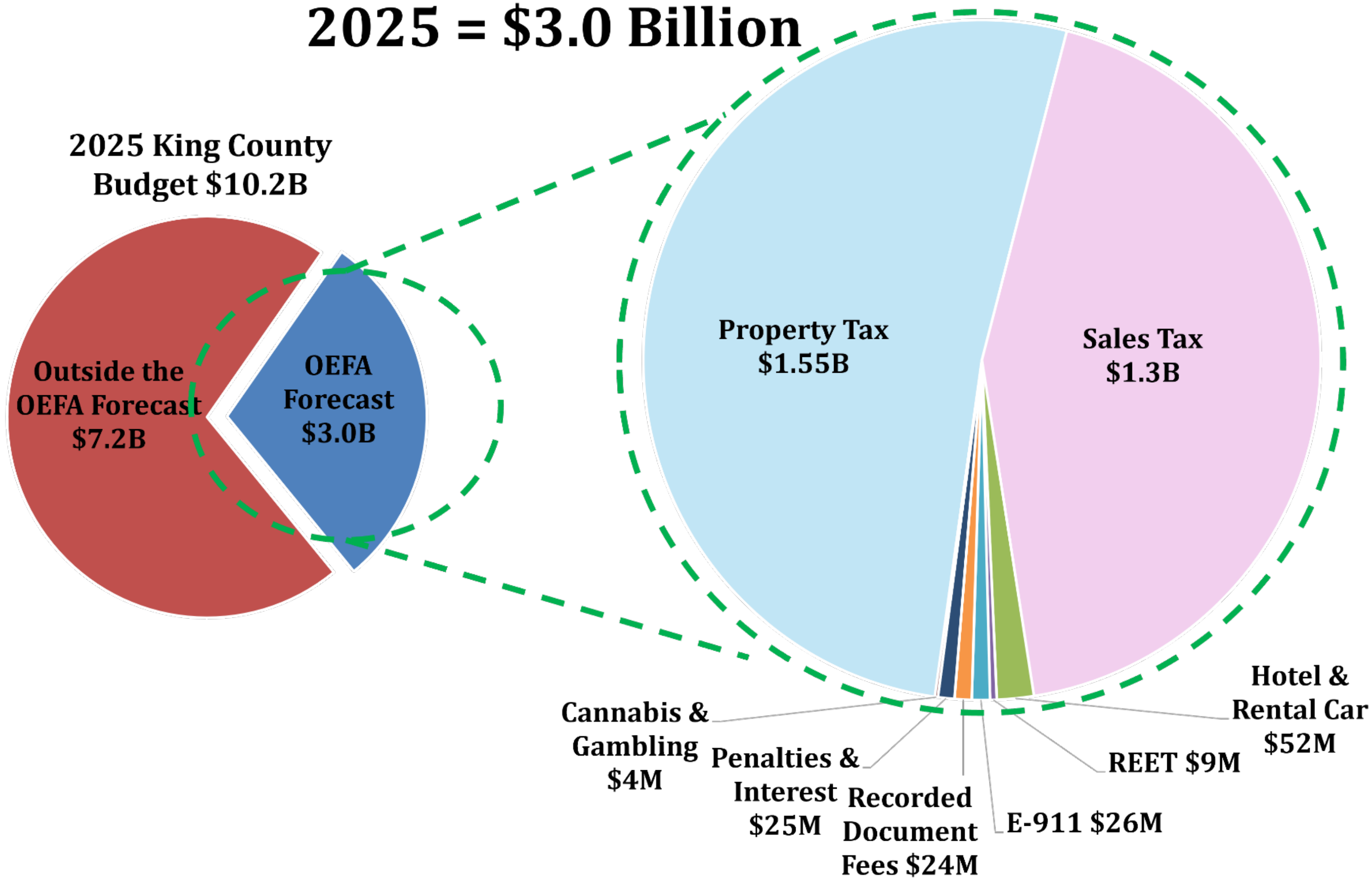
Share of County Revenue OEFA Forecasts 2025 = $3.0 Billion



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"

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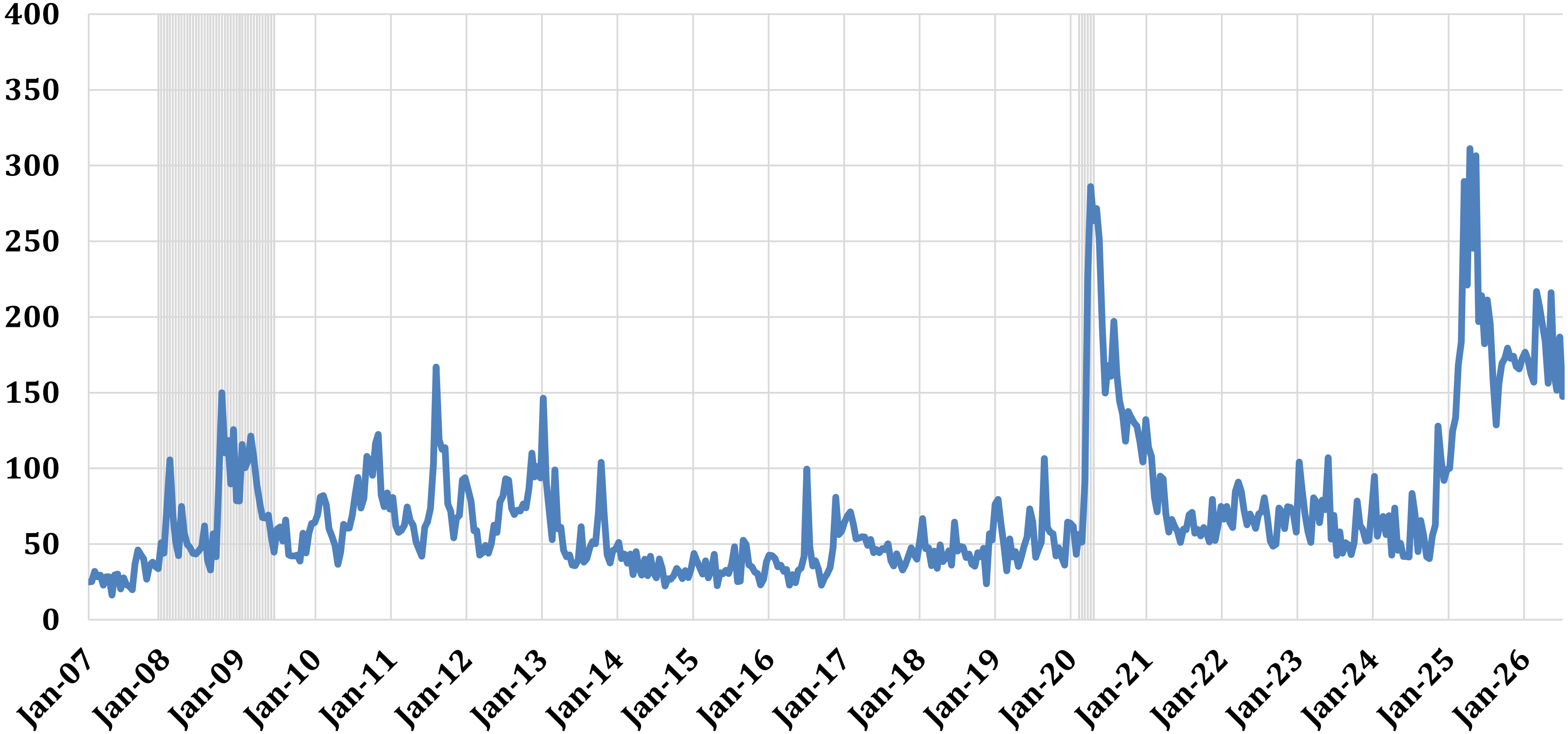
U.S. Economic Policy Uncertainty Index

Not Seasonally Adjusted, January 2007-Current, Shaded Area = Recession
Source: FRED



Tariff rates modified more than 50 times during the Trump administration

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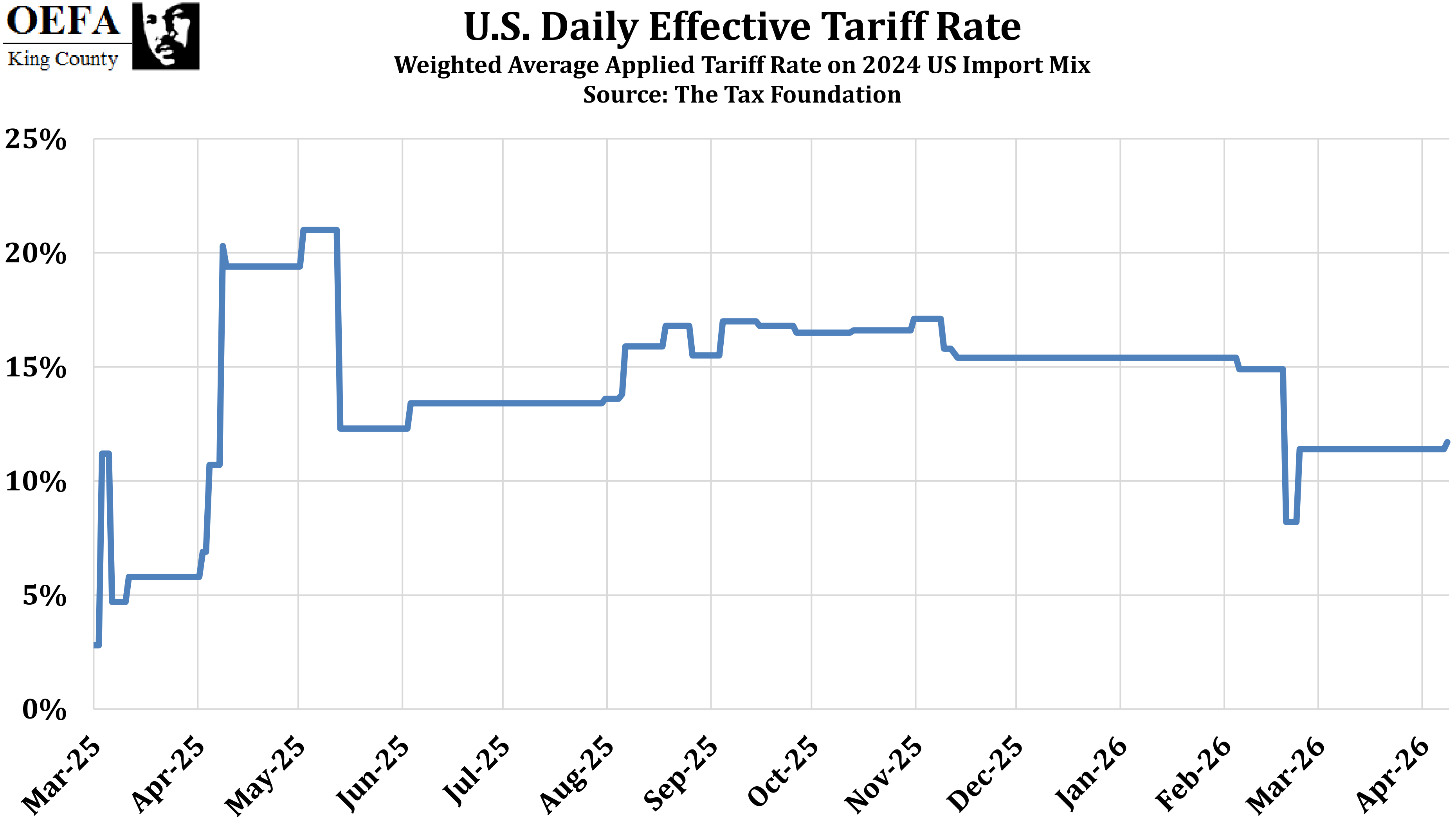
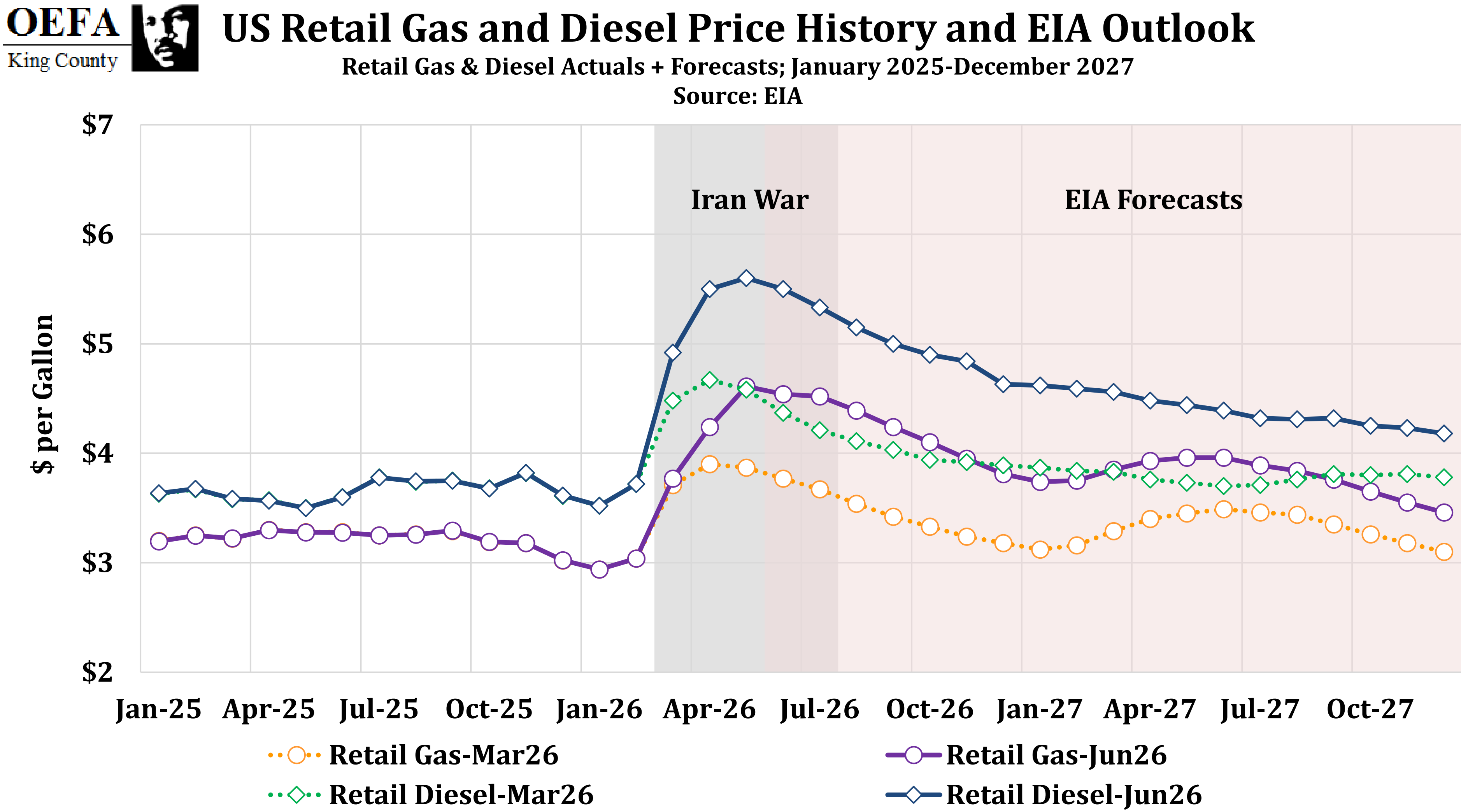


Recent Fuel Prices Since Iran War



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

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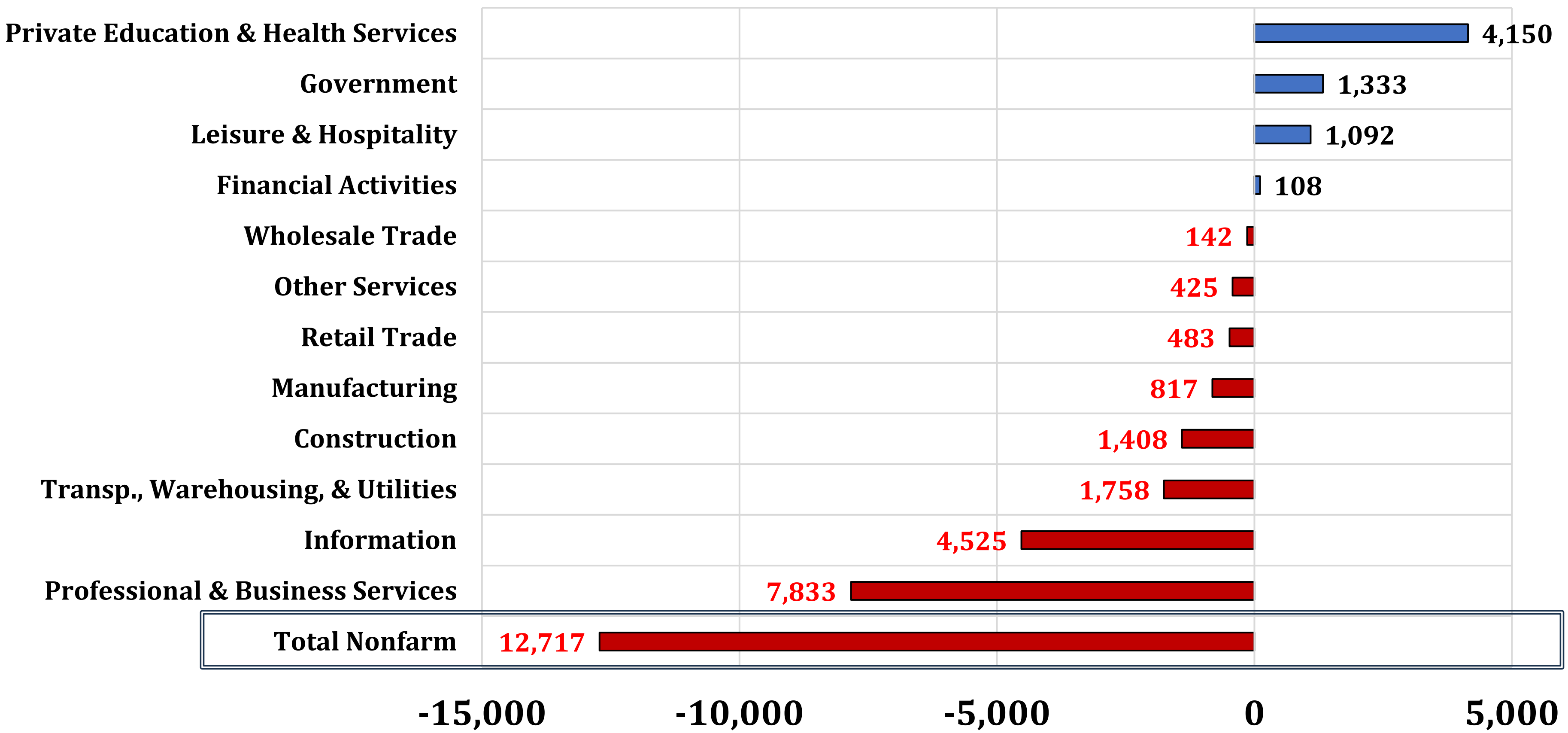
Change in Average Employment by Industry

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

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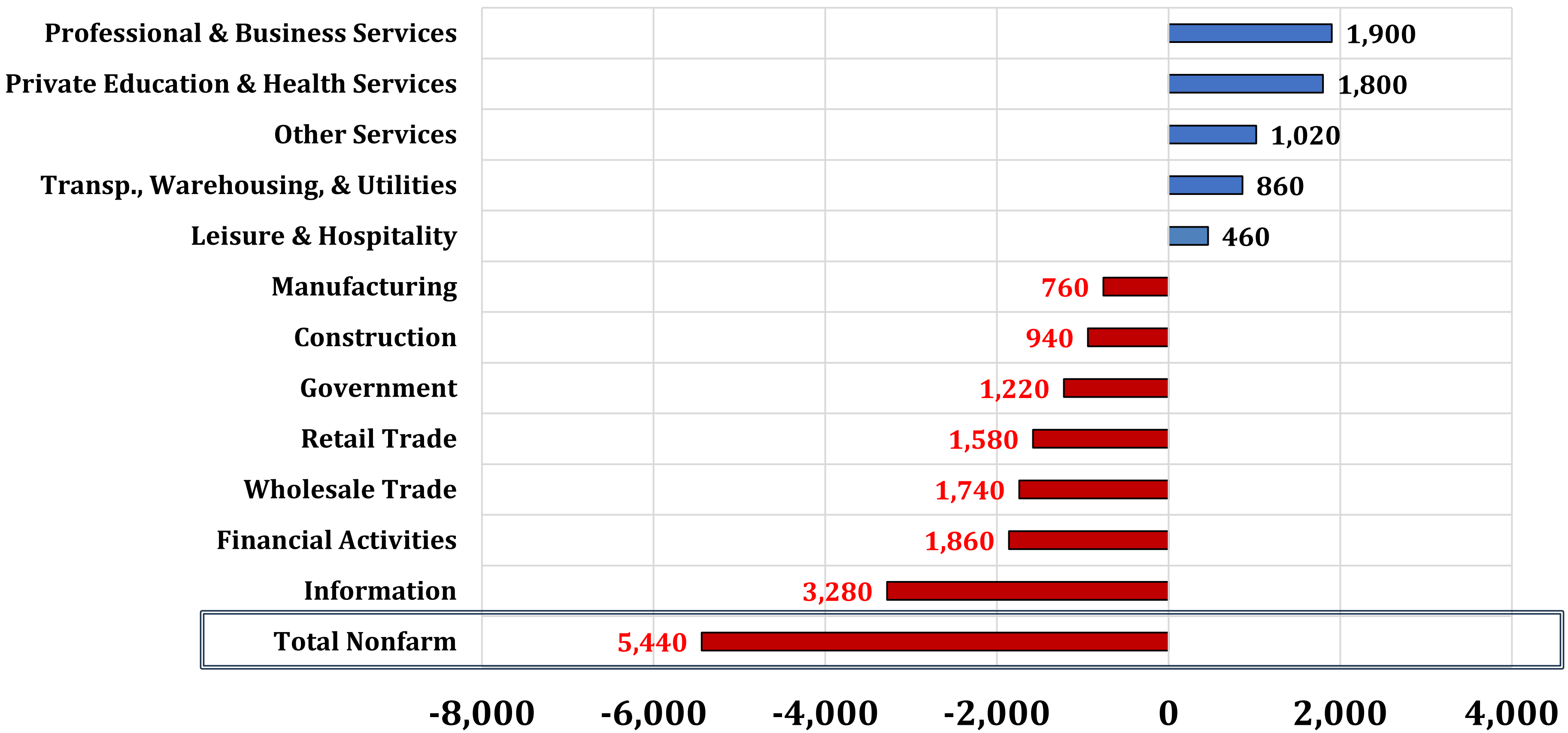
Change in Average Employment by Industry

Average Number of Jobs Gained/Lost thru May 2026 vs May 2025 by Select Industries
Source: WA ESD



Overview – Seattle Metro Trade

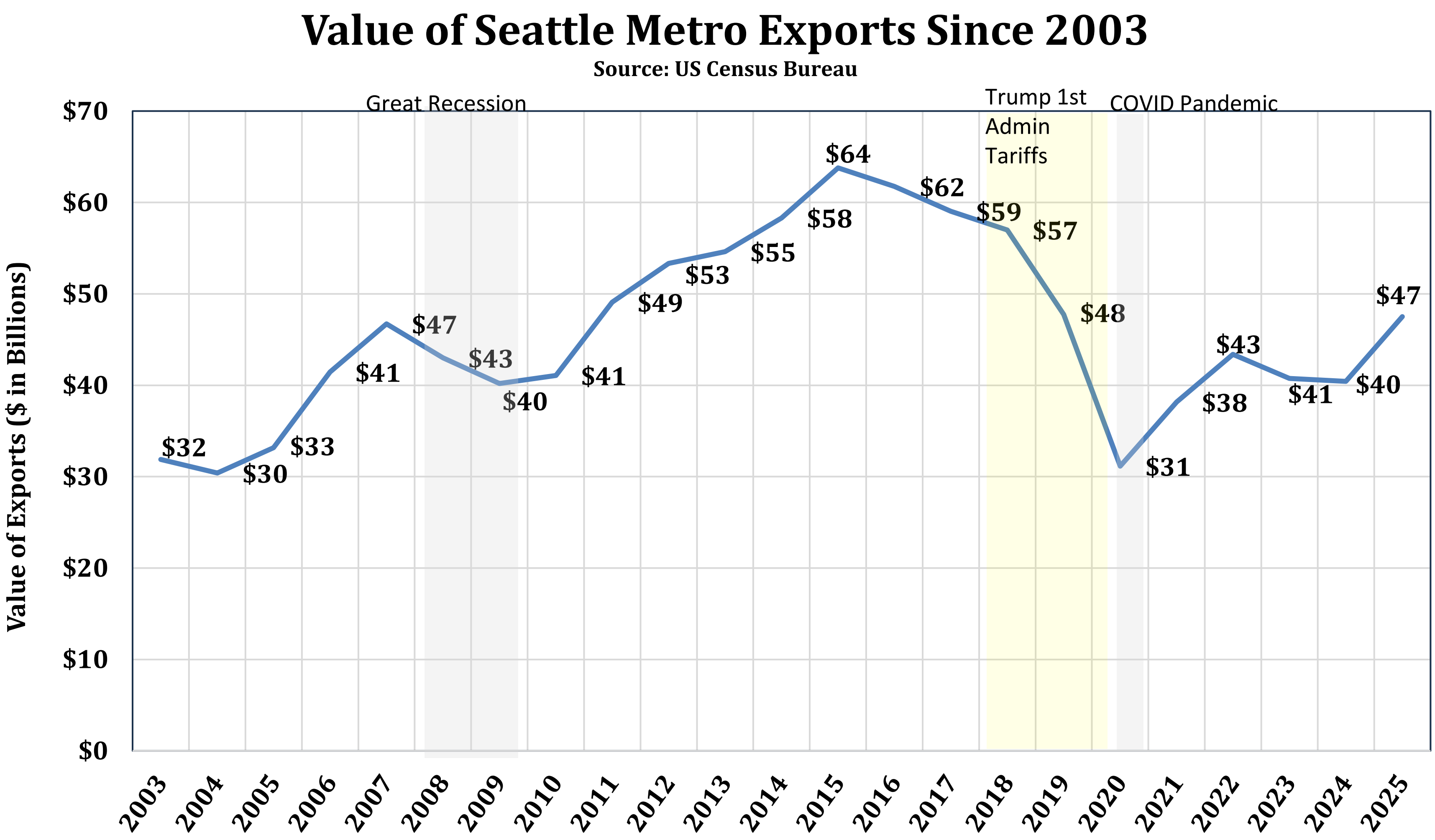
Seattle Metro Exports

- 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.

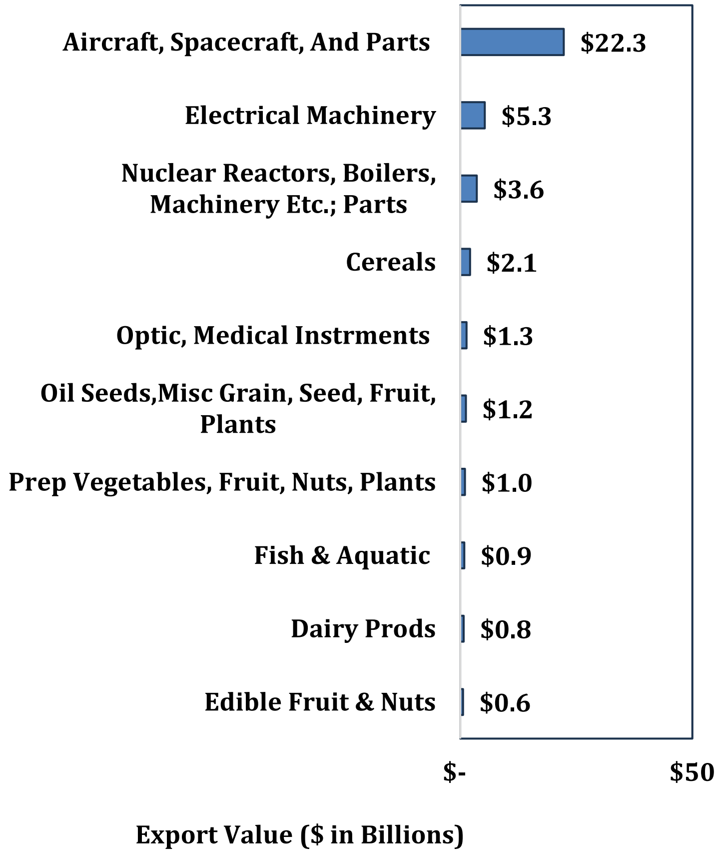
Seattle Metro Export Values: 20+ Years of History



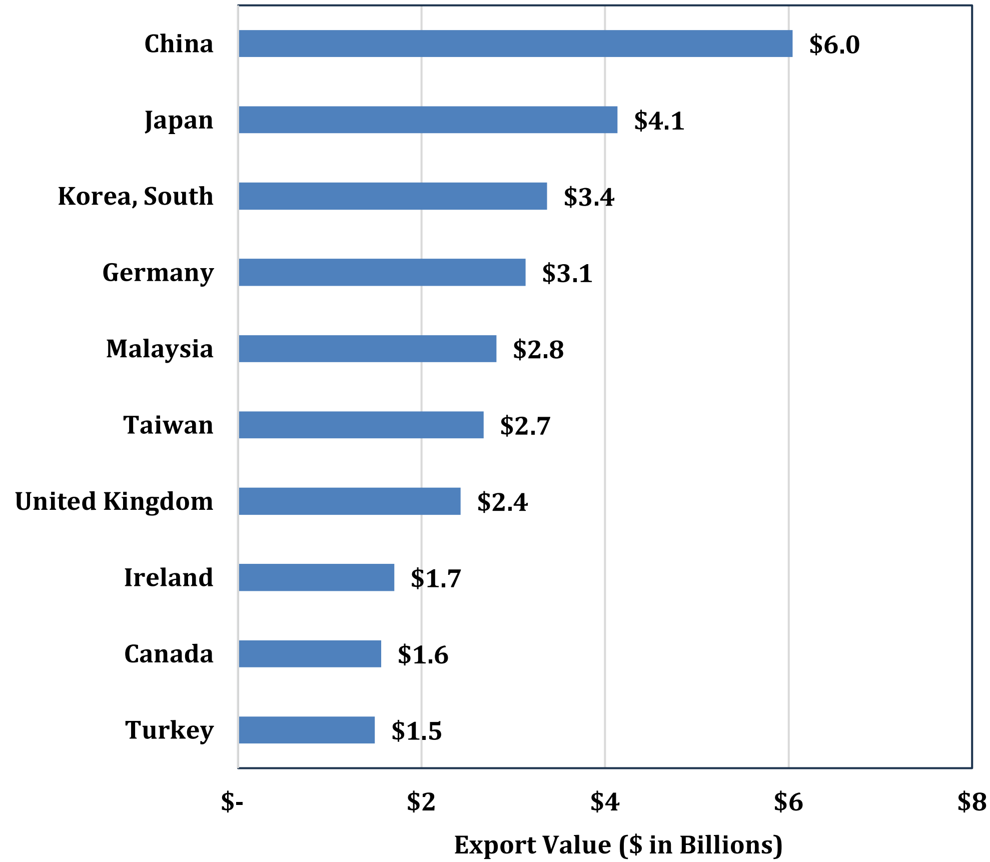
NOTE: Includes exports from Seattle, Everett and Tacoma ports and SEATAC

What do we export?
And where does it go?

Top 10
2025 Seattle Metro Exports – By Type



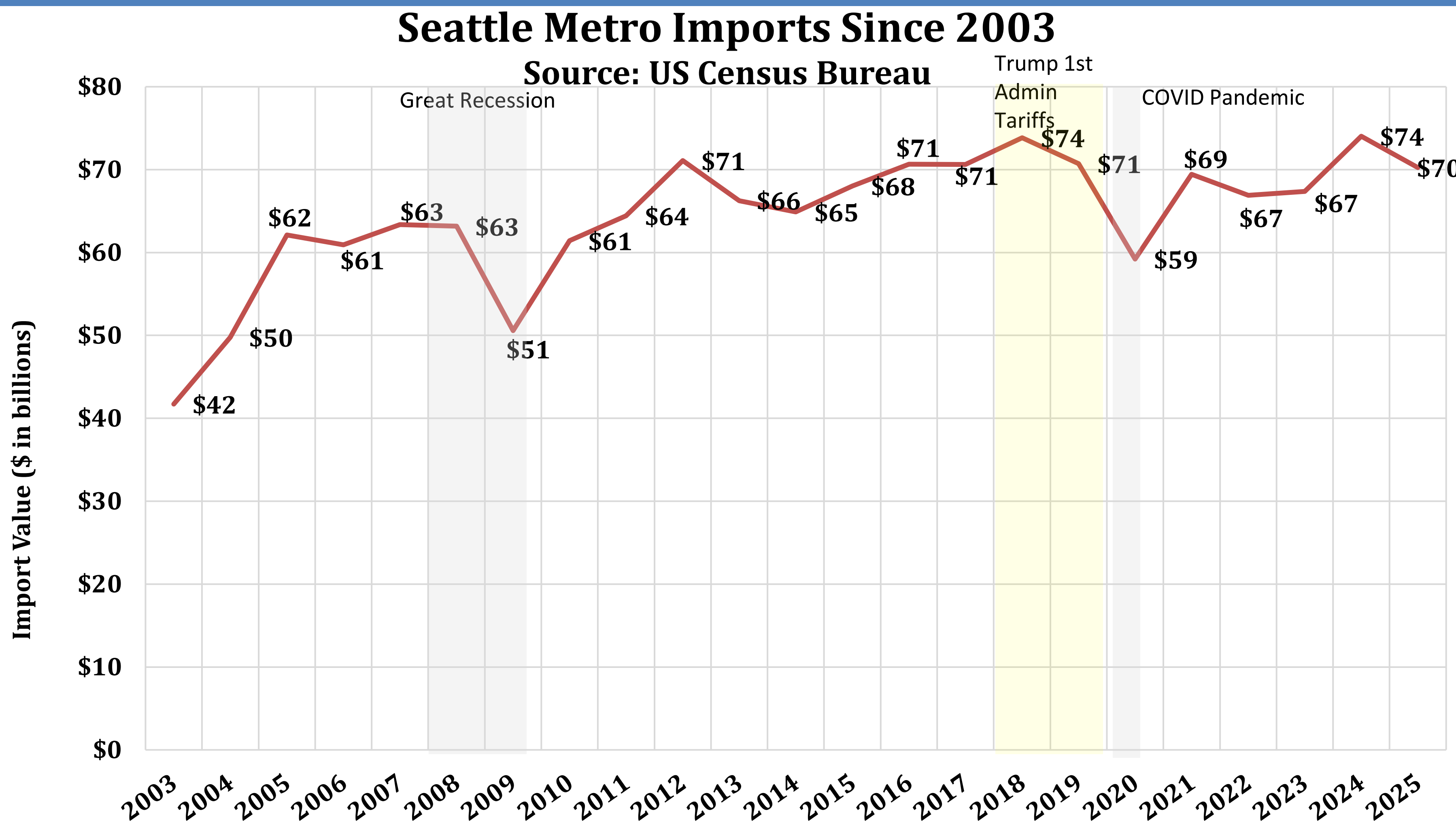
Top 10
2025 Seattle Metro Exports - By Country



Total Export Value = $47.5 B

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

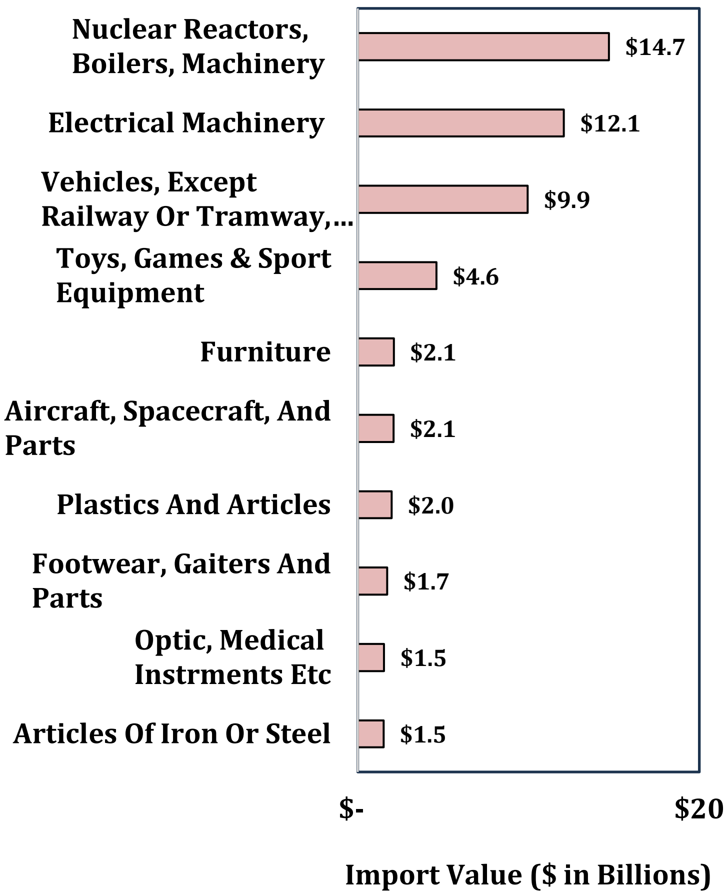
Seattle Metro Import Values: 20+ Years of History



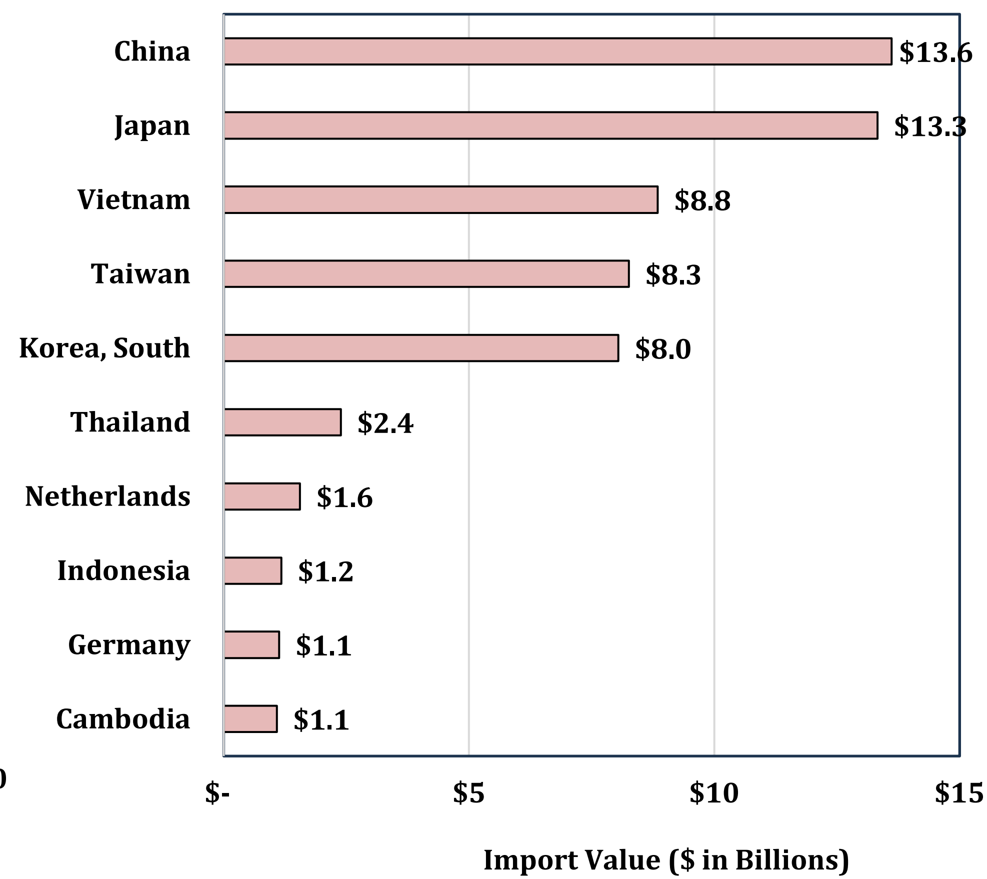
NOTE: Includes imports arriving at Seattle, Everett and Tacoma ports and SEATAC

What do we import?
And where did it come from?

Top 10 Seattle Metro Imports - 2025



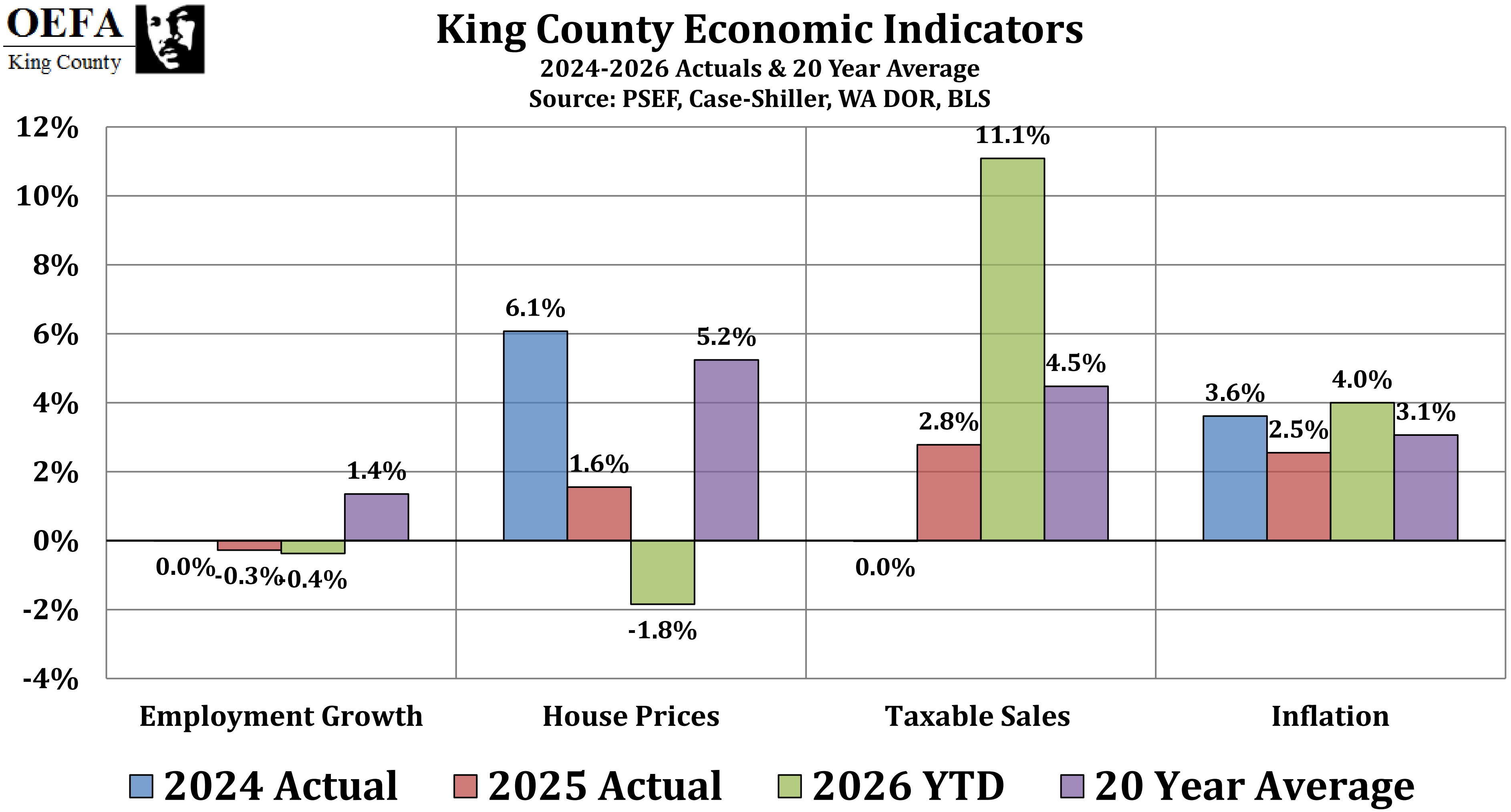
Top 10 Seattle Metro Imports By Country of Origin - 2025



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



High inflation has paused Fed rate cuts

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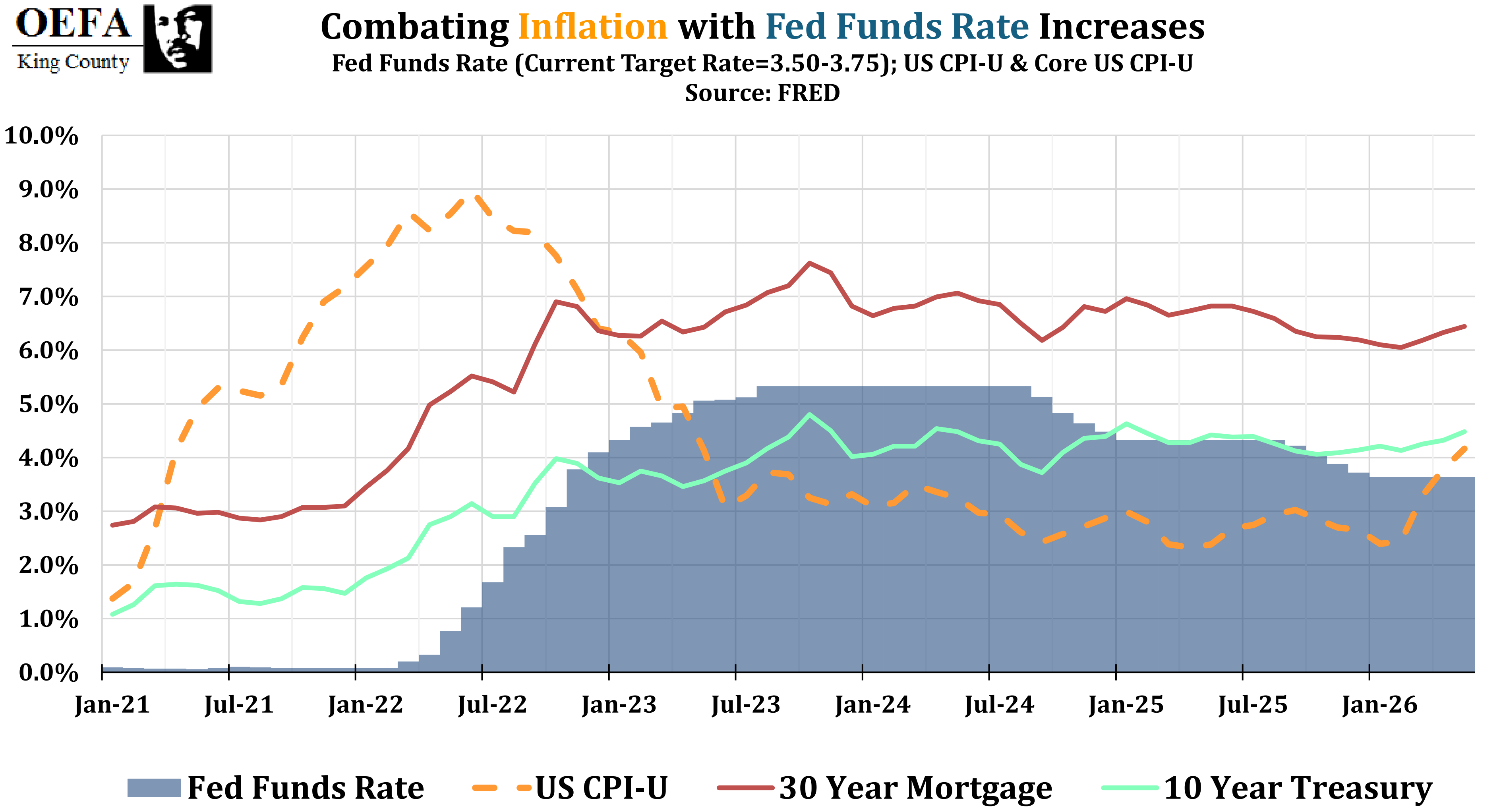
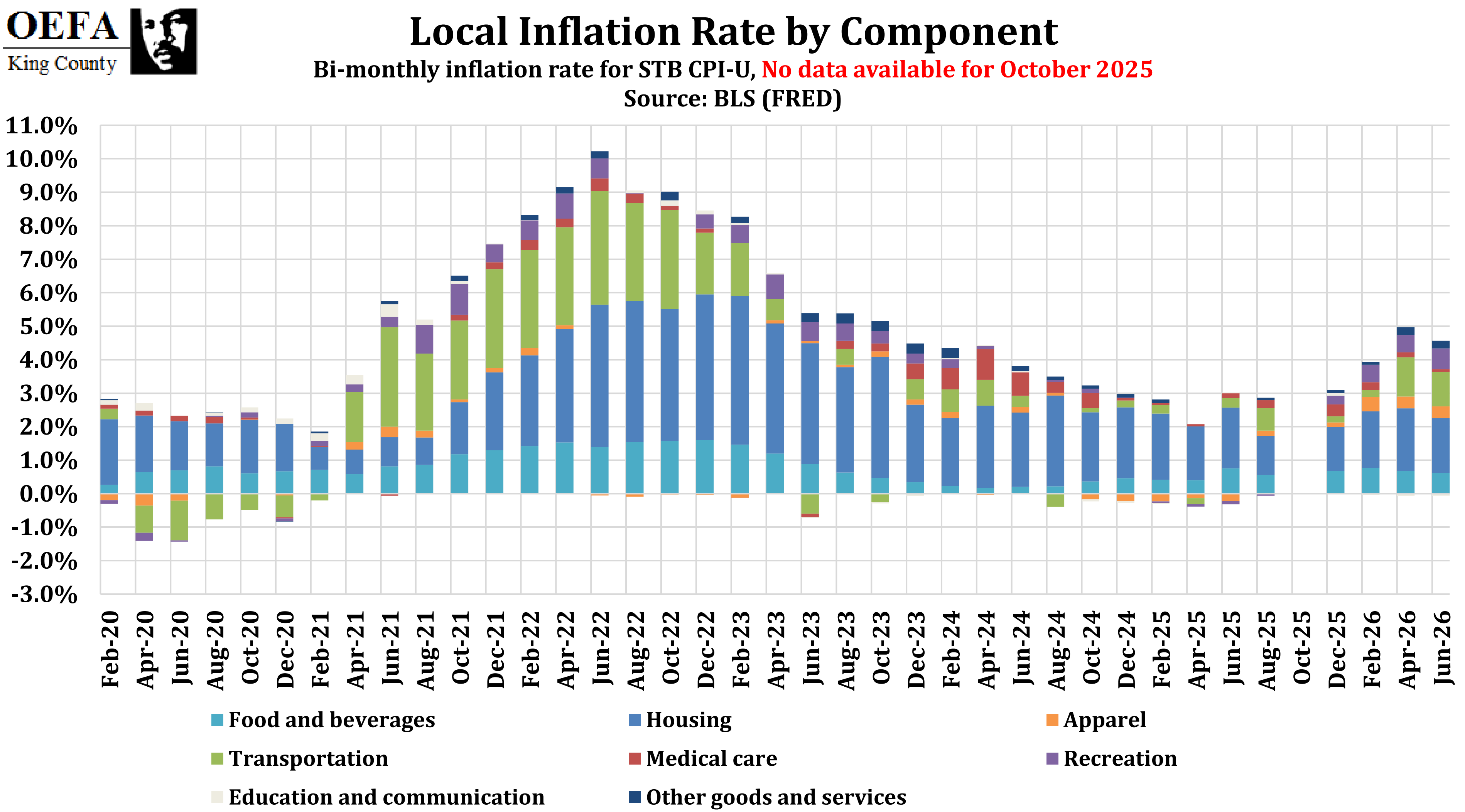
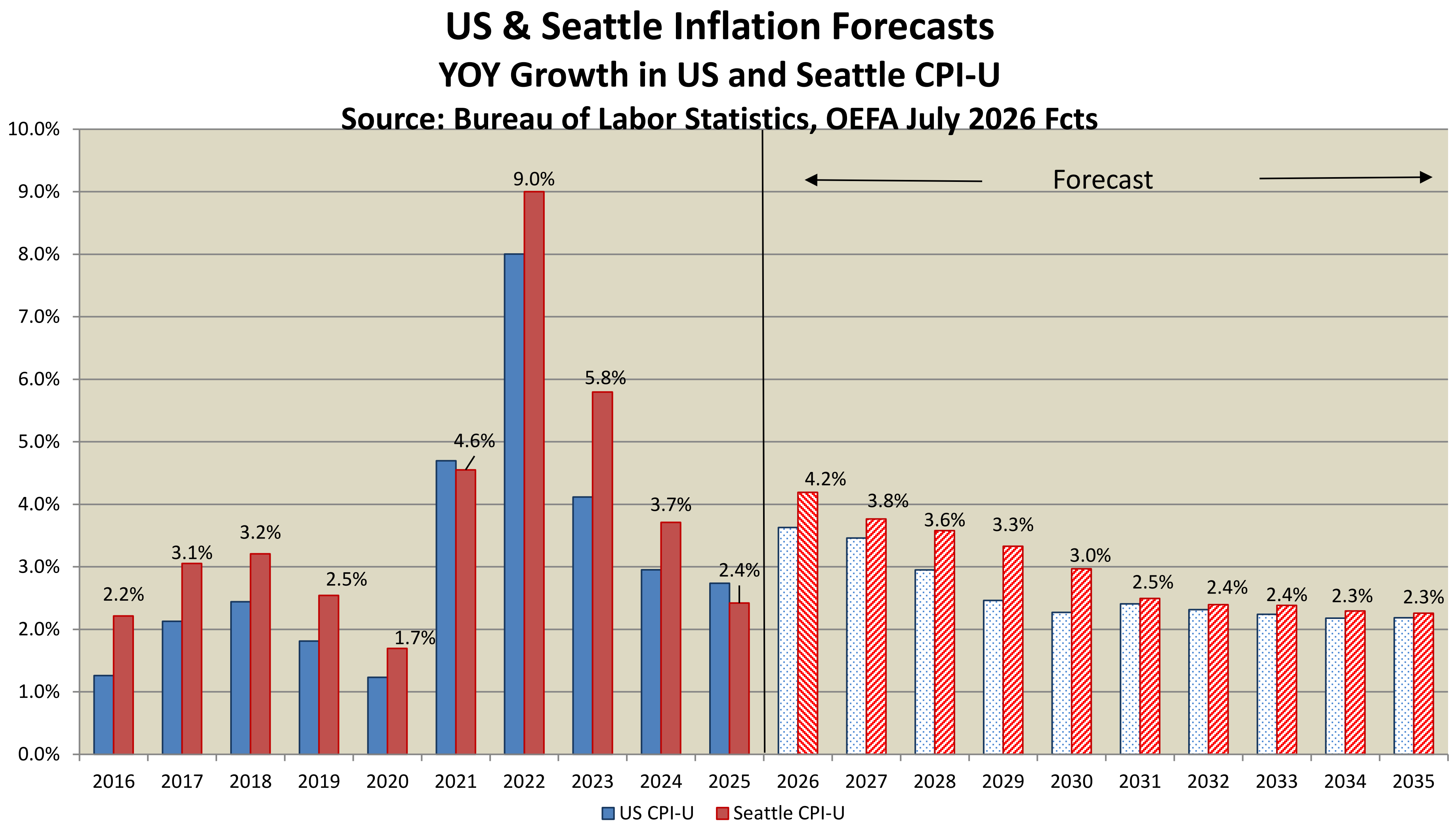


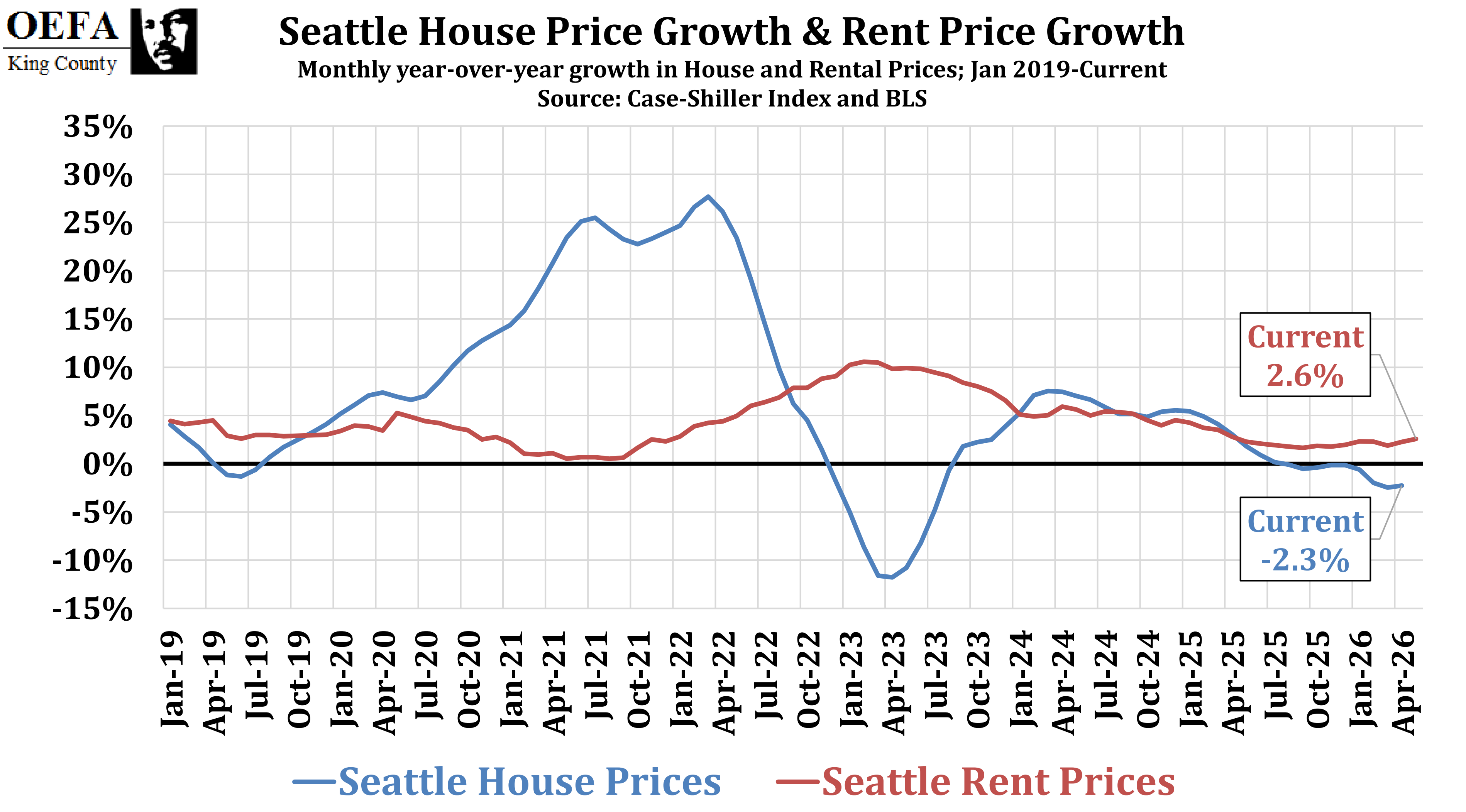
Local Inflation Components: Housing and food the major contributors but fuel costs now a factor too



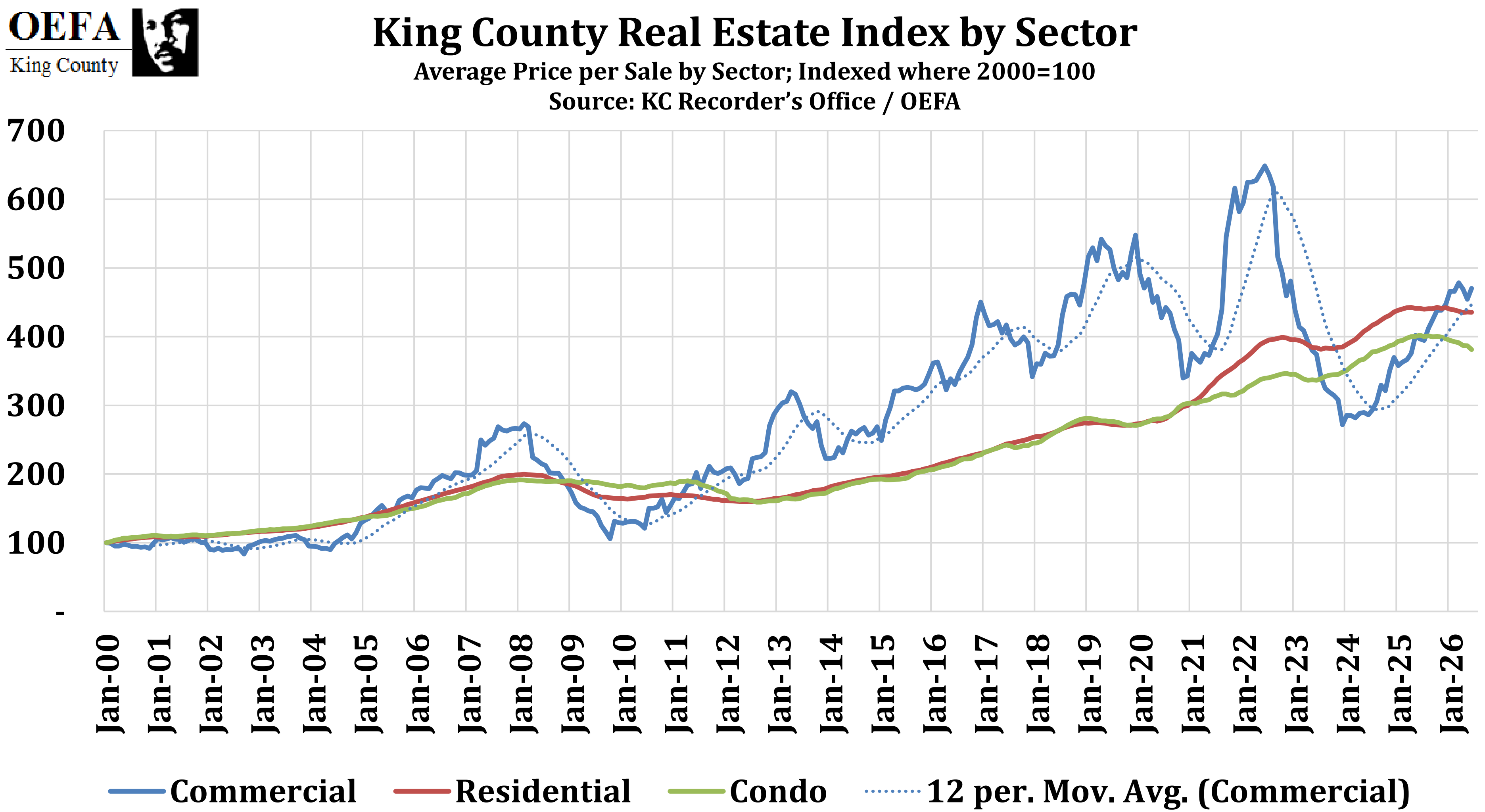
US Inflation Should Fall to Fed. Target of 2% by Not For 4 Years.



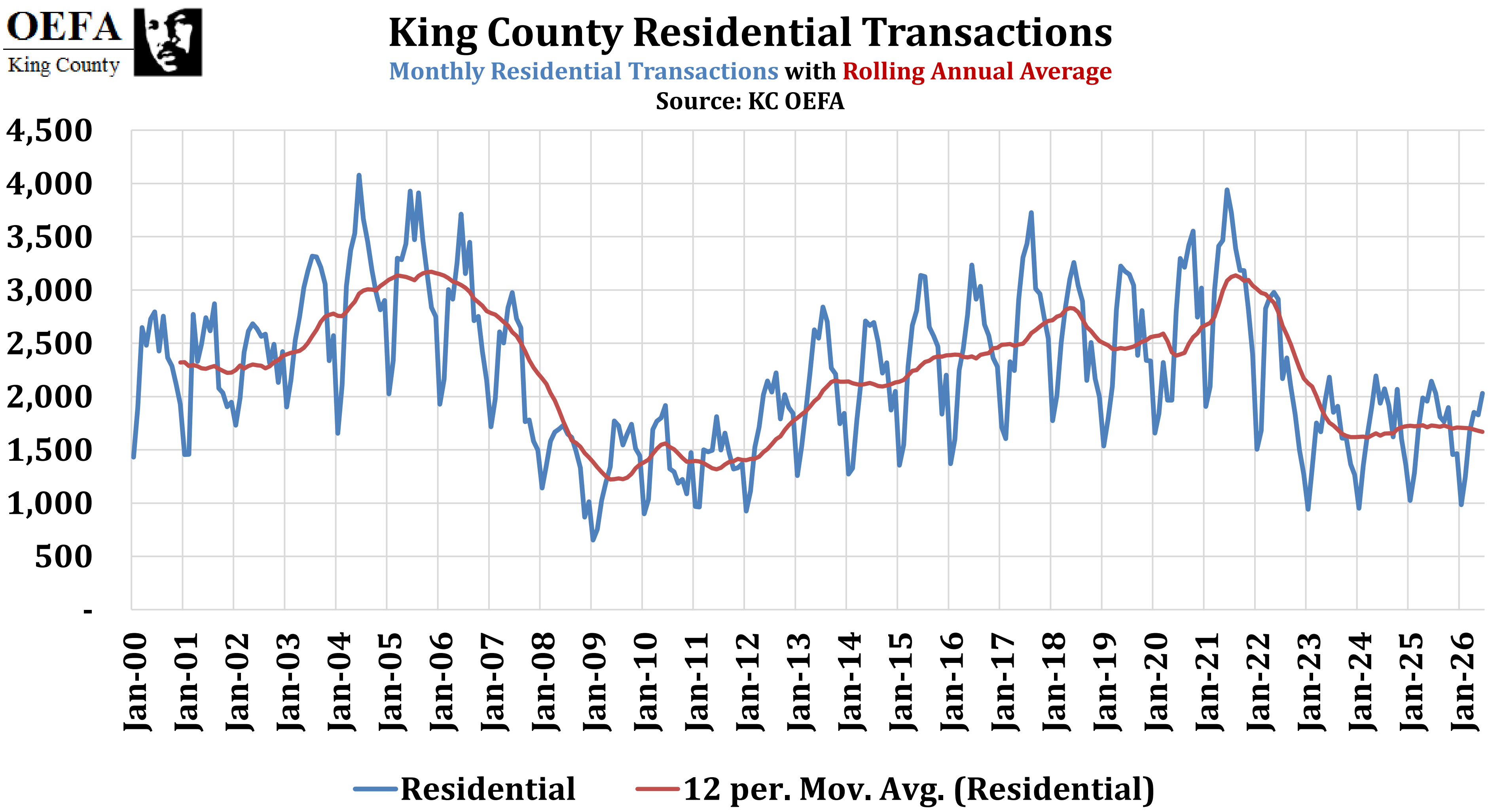
Seattle rent prices increased moderately and house prices fell so far in 2026



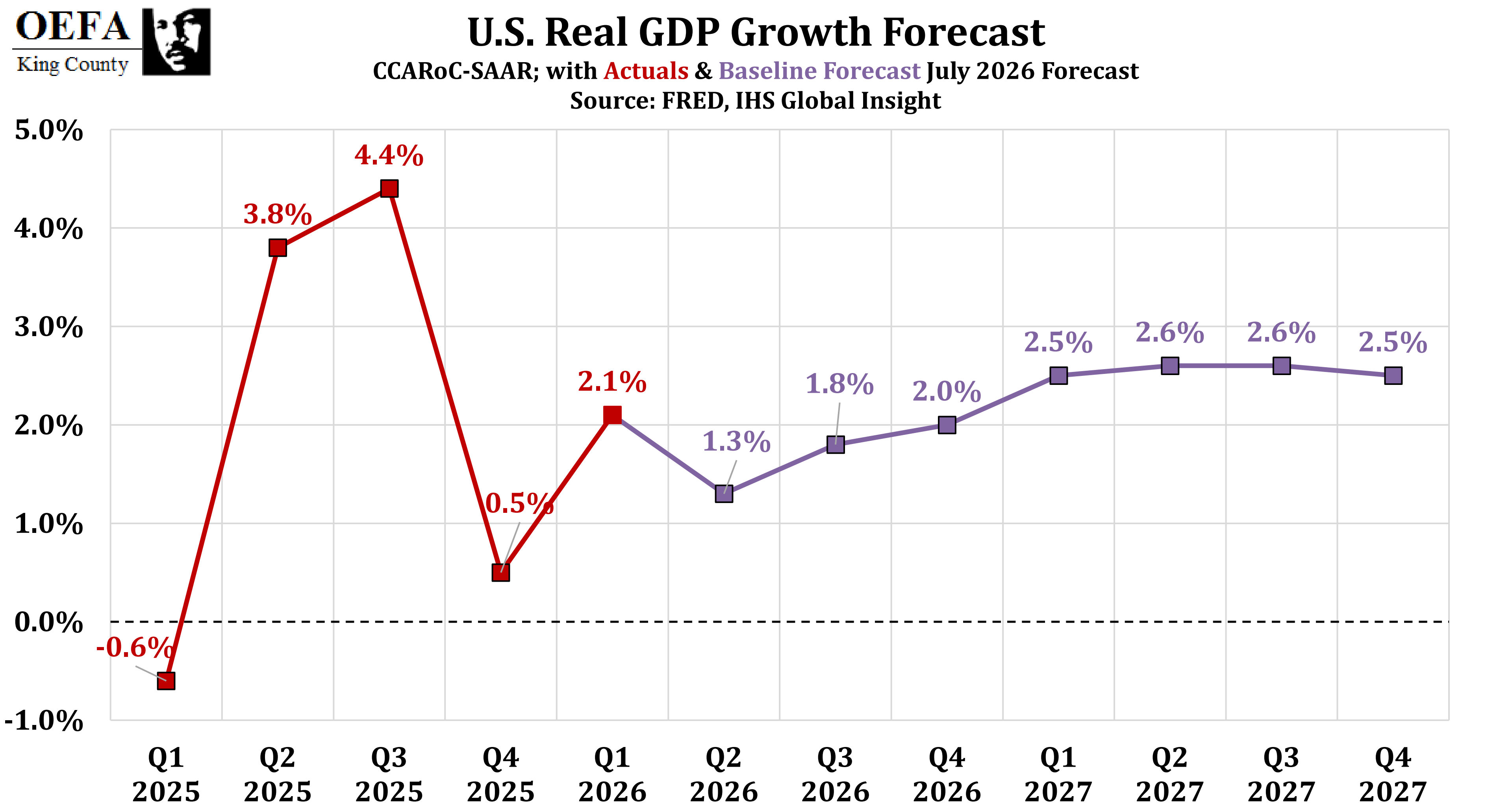
The Commercial Sector has bottomed



KC Residential Trends Are Down - Lower prices and reduced transactions



GDP growth moderated in 2026 after the Iran war started



Co Real Gross Domestic Product

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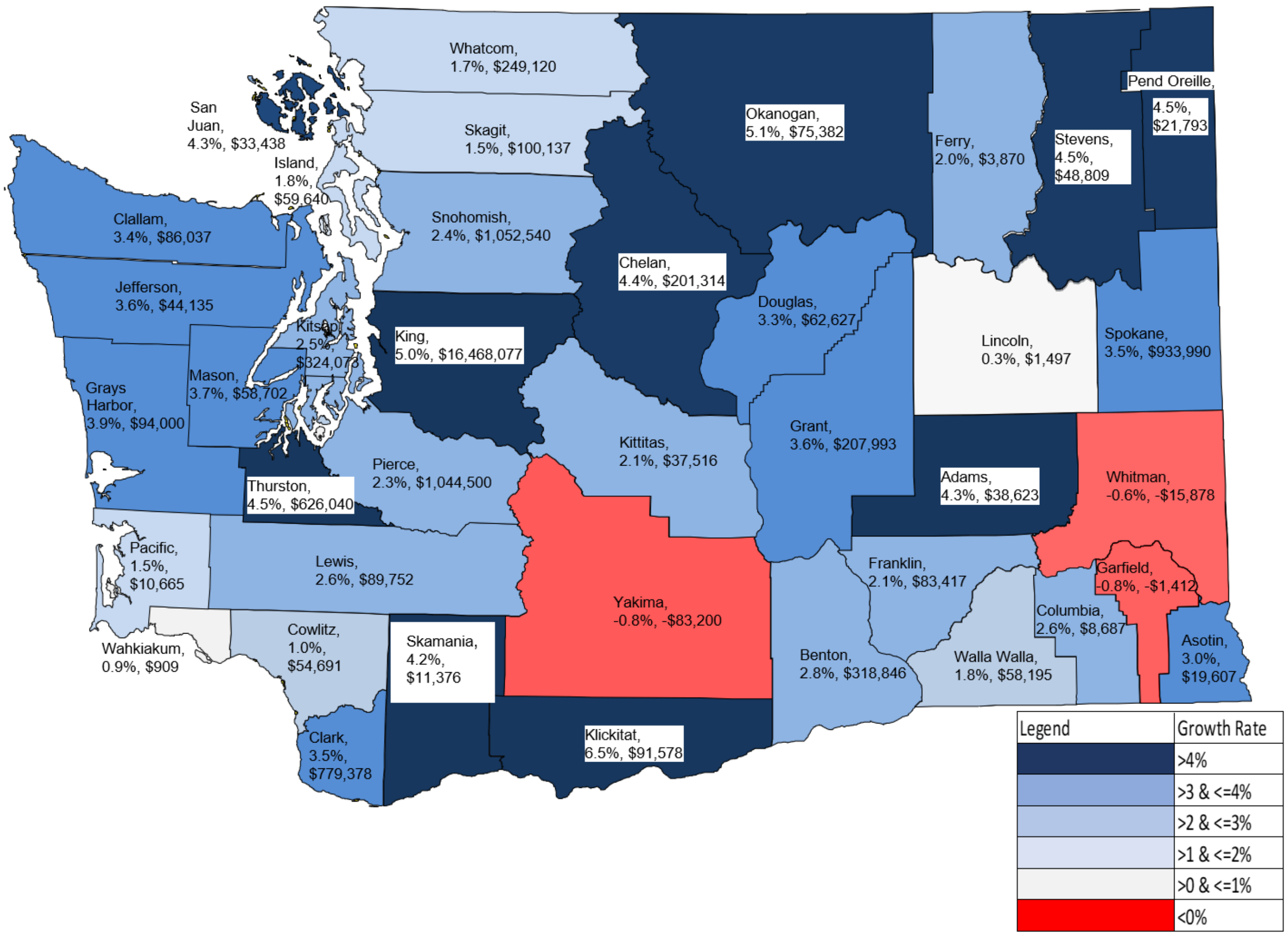
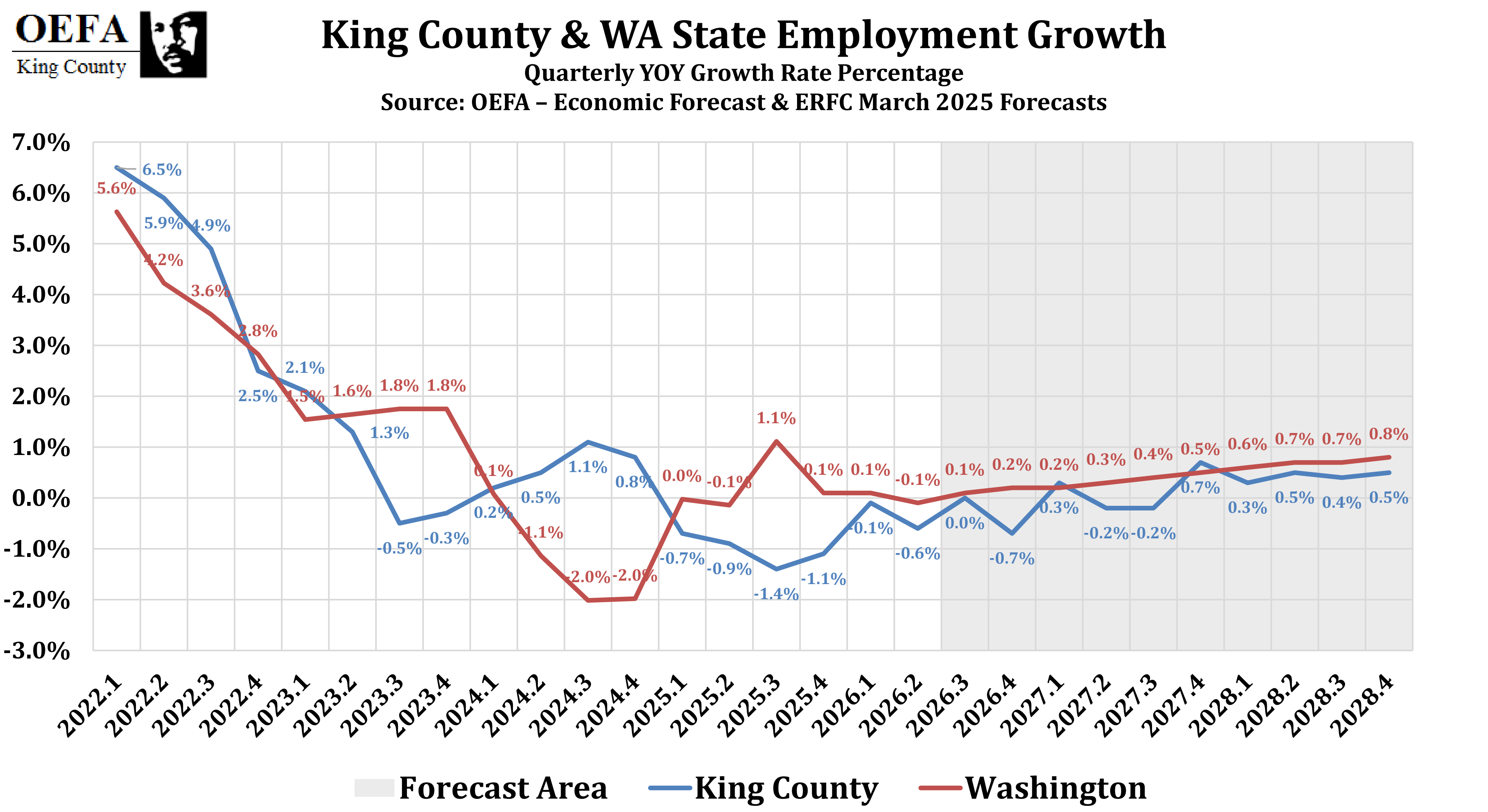
Annualized YOY Growth Rates for RGDP by County

Source: US Bureau of Economic Analysis

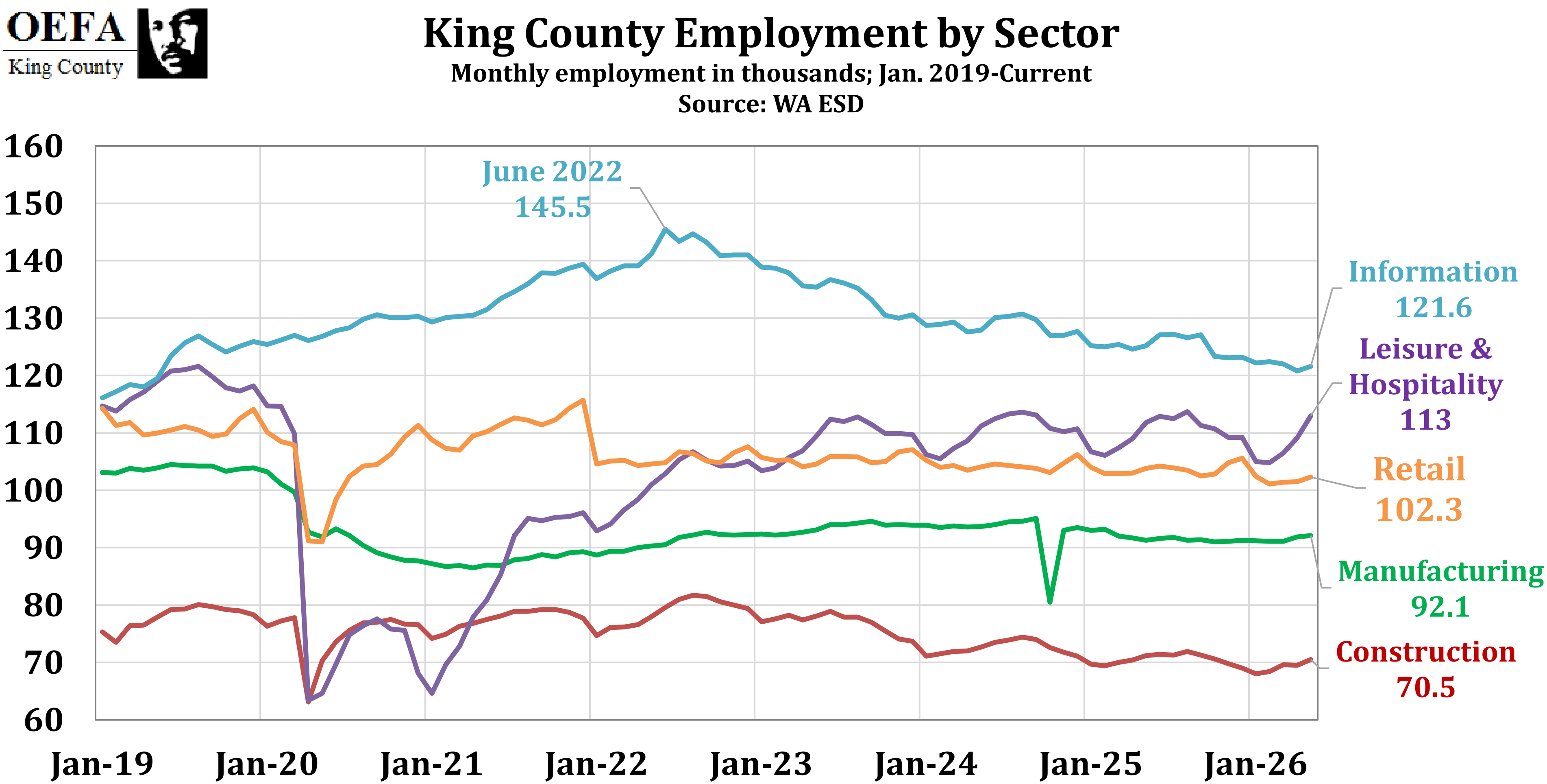


Years: 2020-2024

KC & WA Employment Projections Similar



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



WA & KC Unemployment Rates – Slowly Increasing

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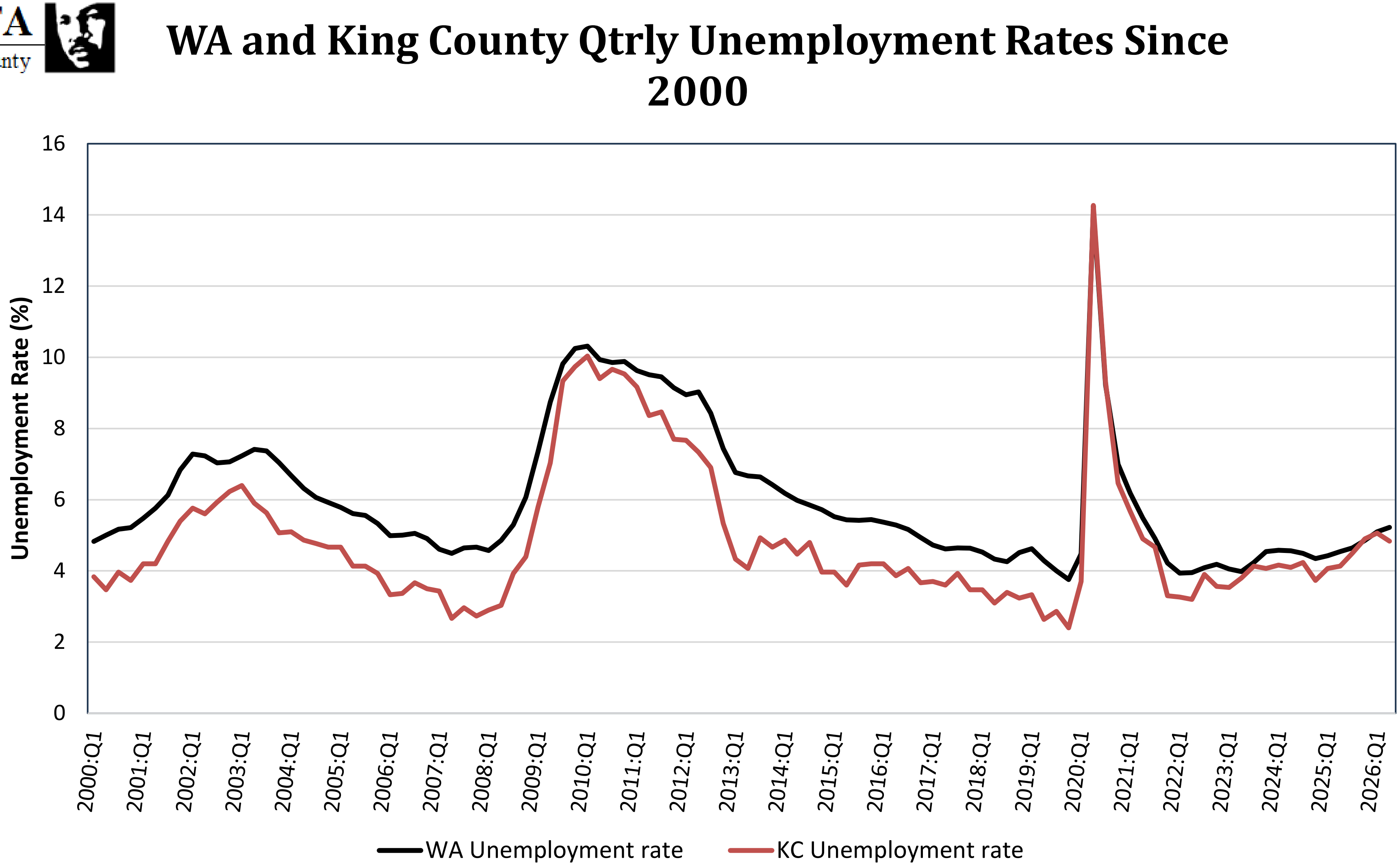

June 2026 Co Unemployment Rate

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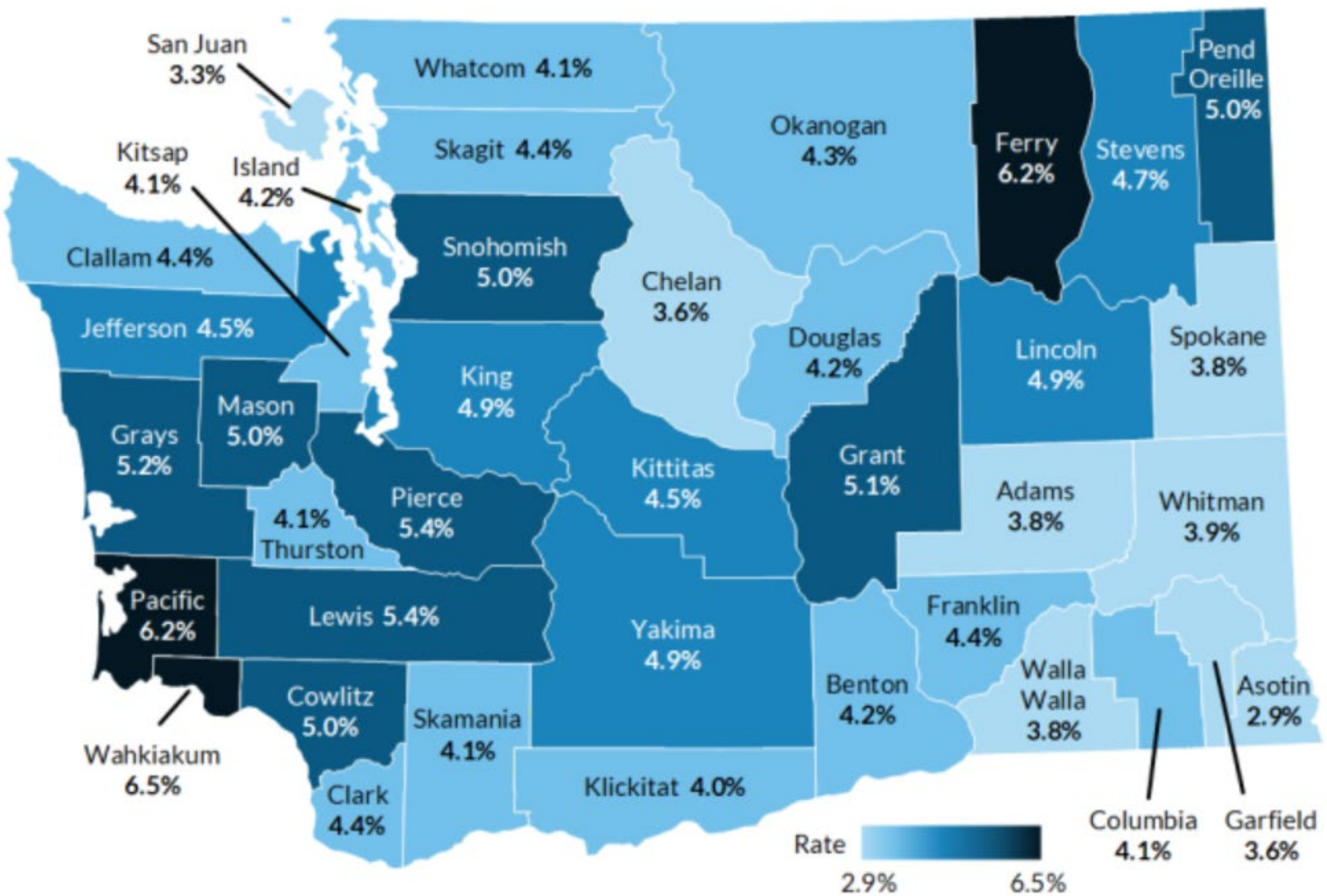
June 2026 unemployment rate by county



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

County Population Trends – Post Pandemic

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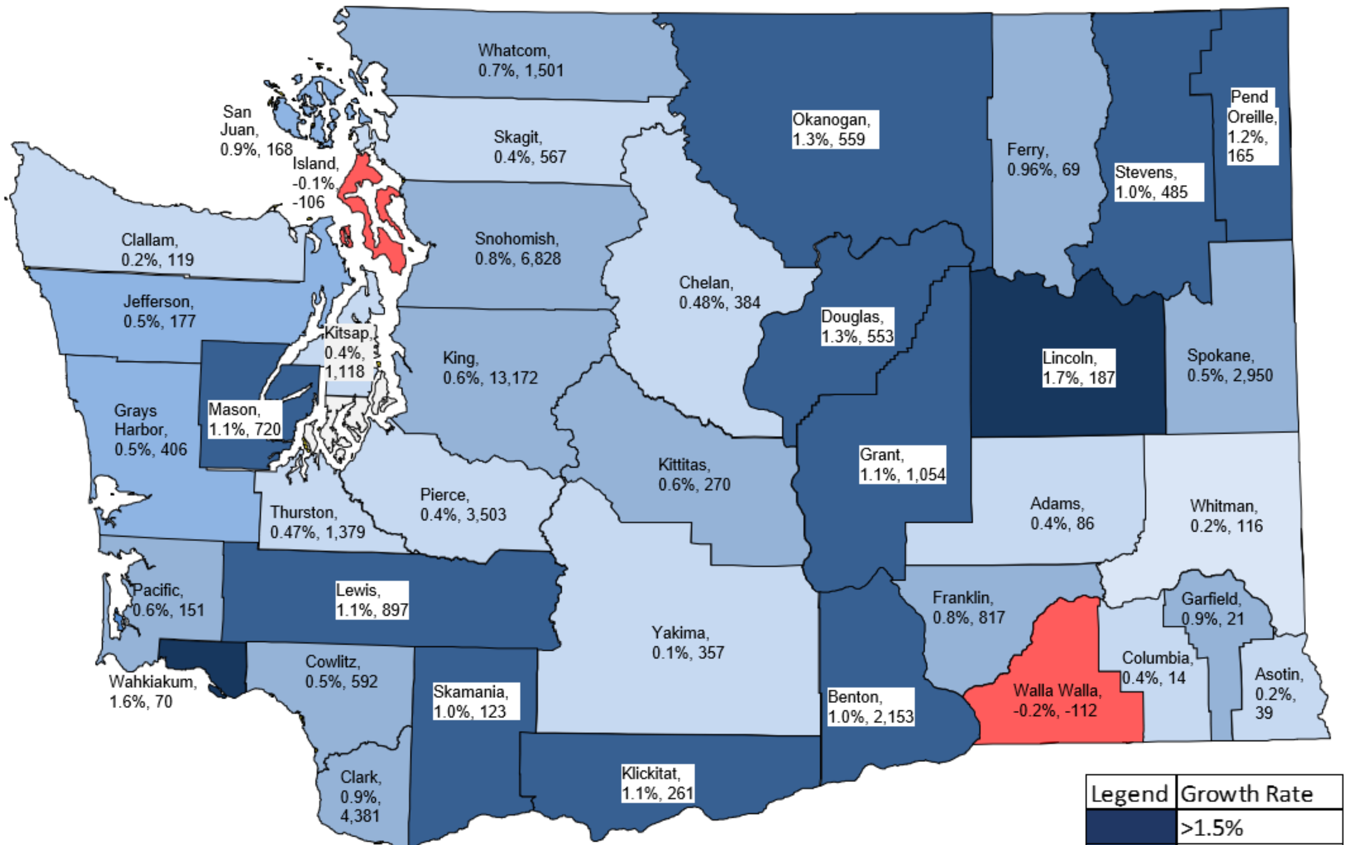
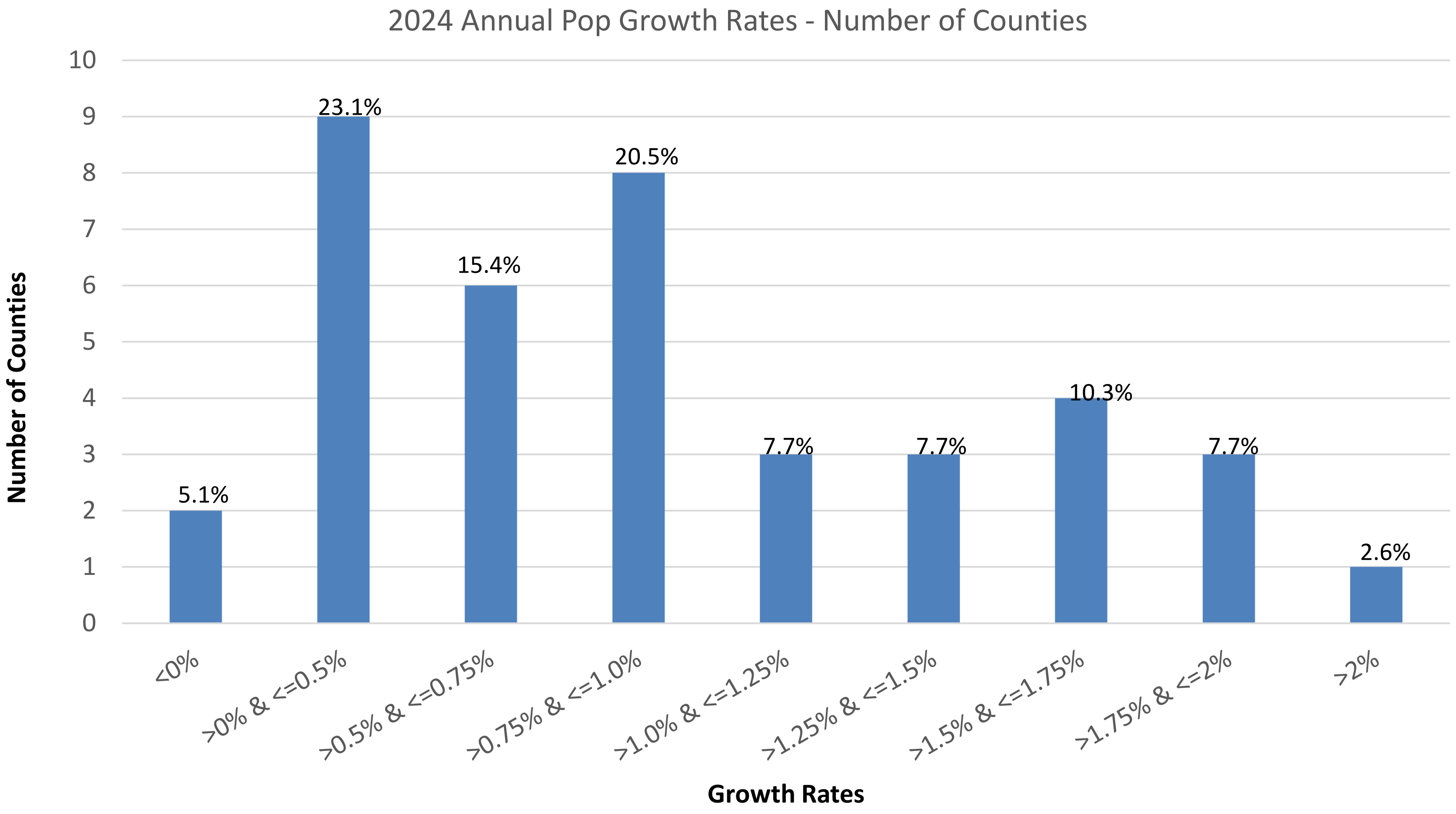
Source: BEA pop data for WA state 5-year average (2020-2024)



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



Only 4 Counties Saw Negative Home Value Growth in 2025

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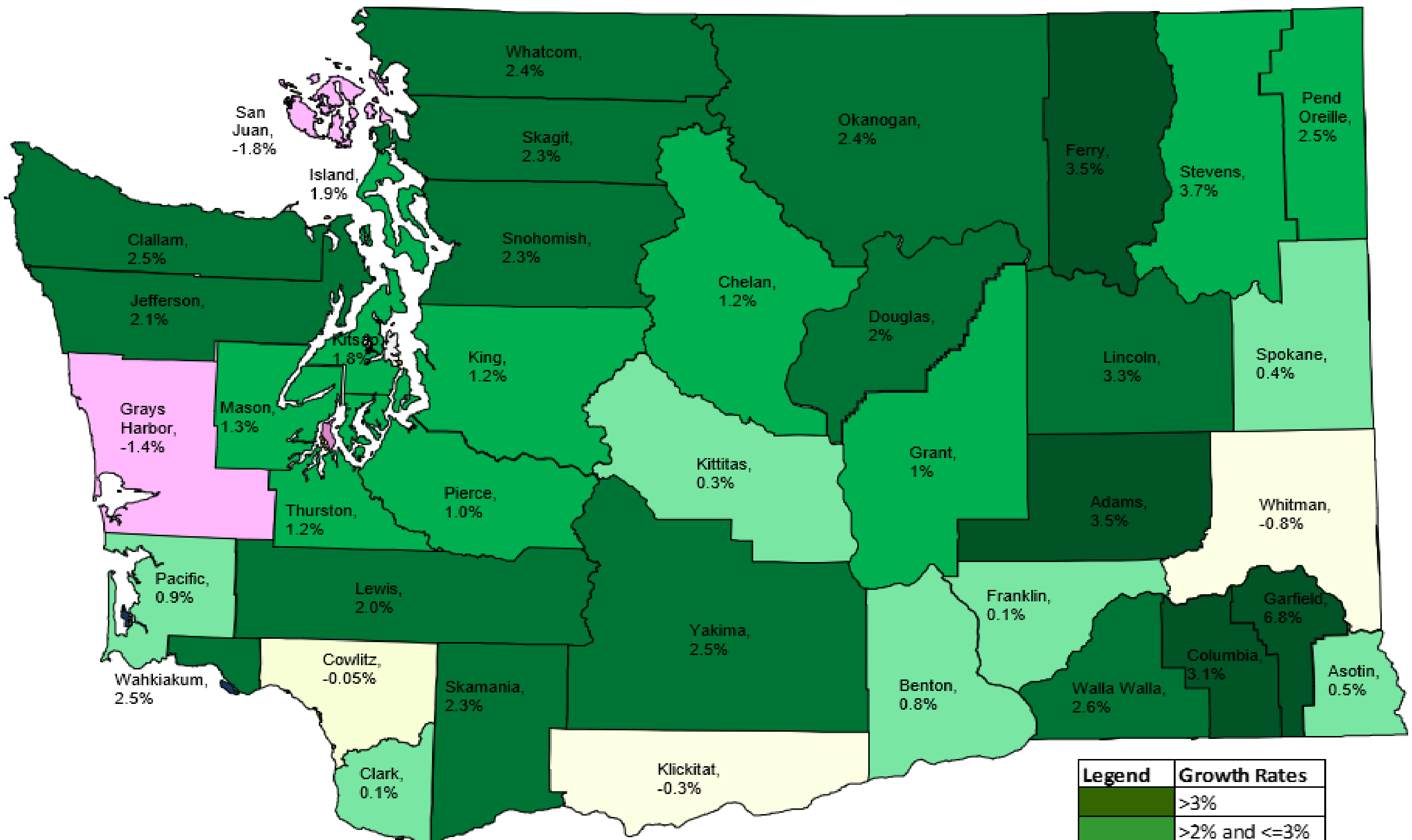

Legend	Growth Rates
	>3%
	>2% and <=3%
	>1% and <=2%
	>0 & <=1%
	<=0 & > -1%
	<=-1%

Based on Zillow single family home price index

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

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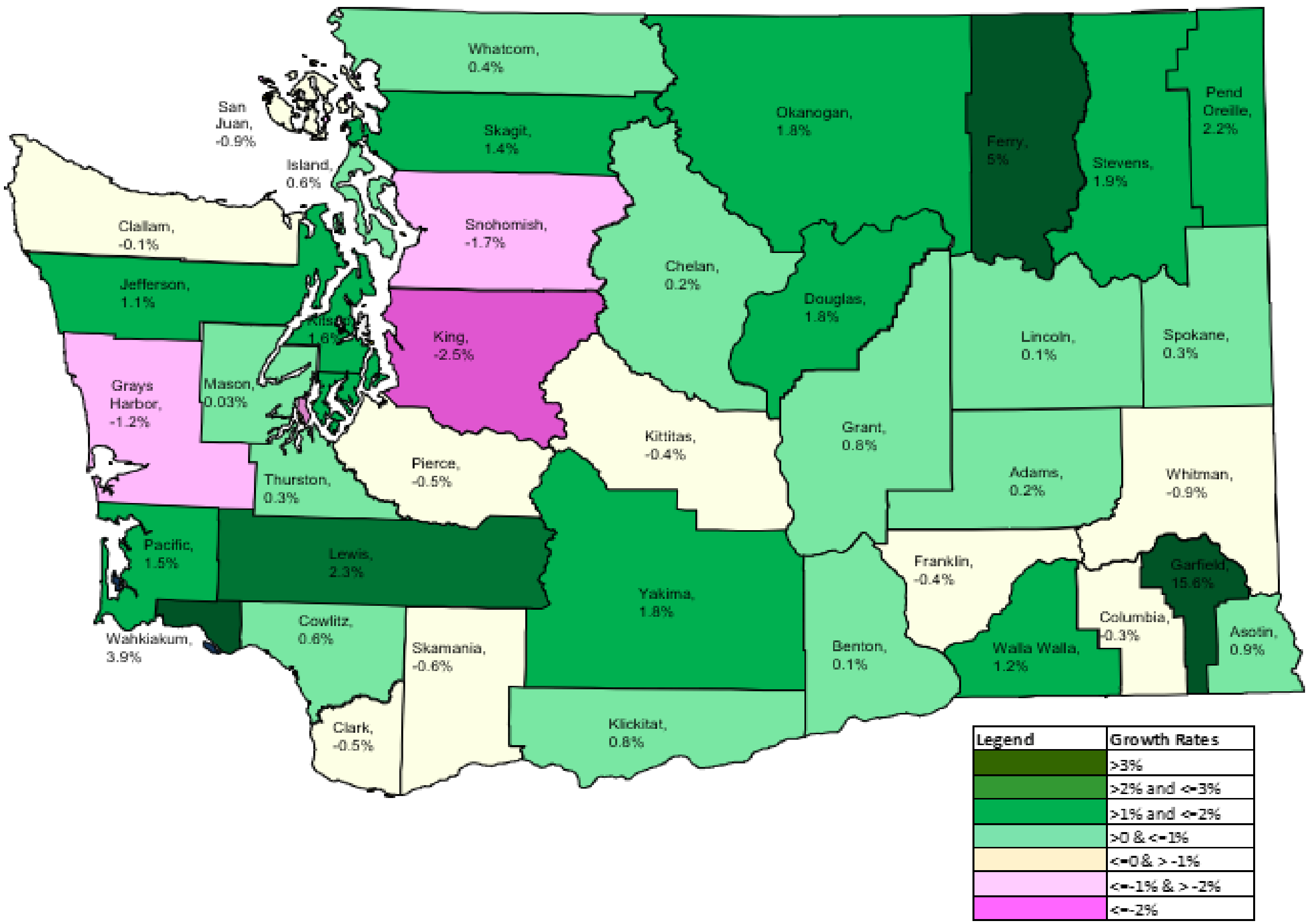
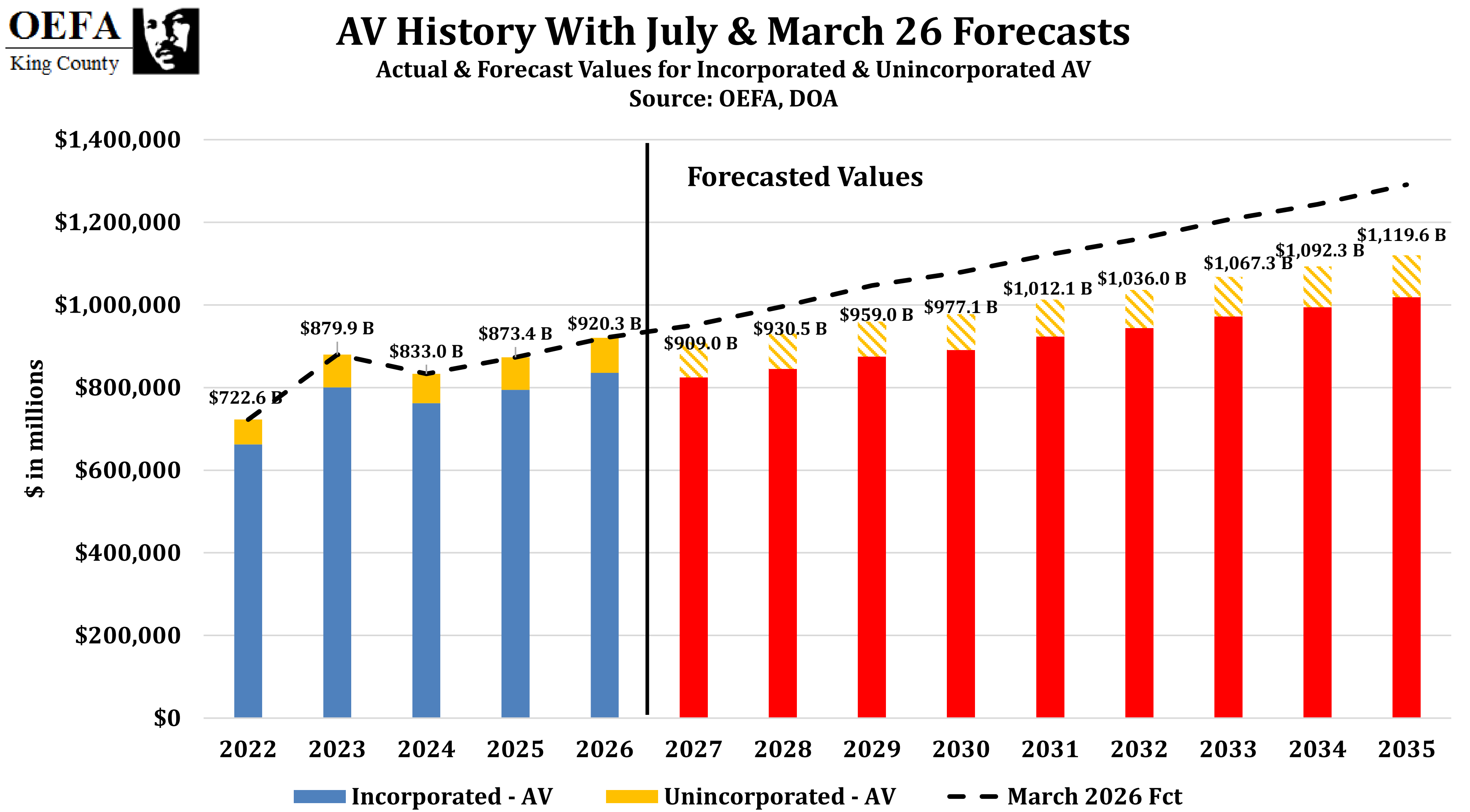


Based on Zillow single family home price index

KC AV Trends Are Down In July Compared to March



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

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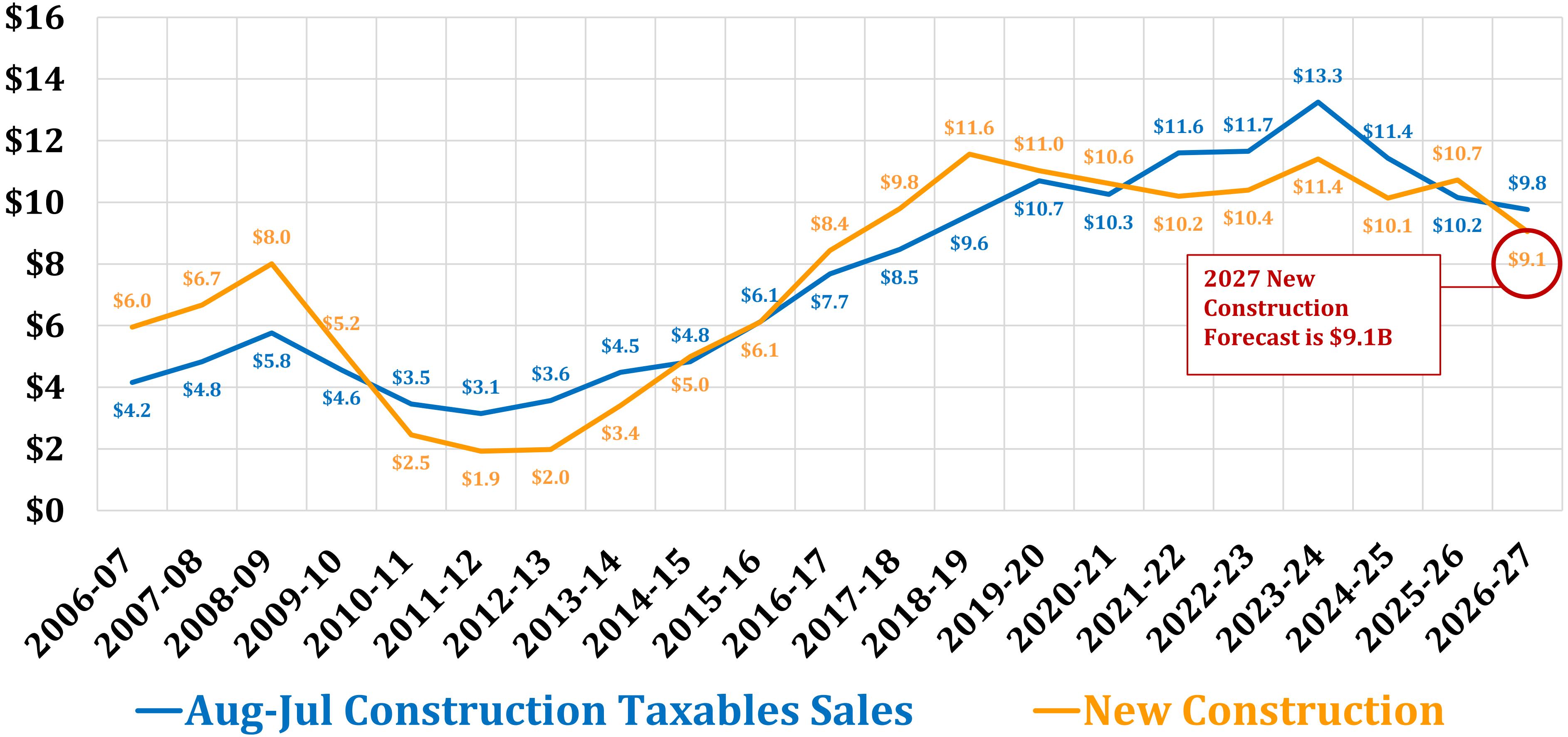
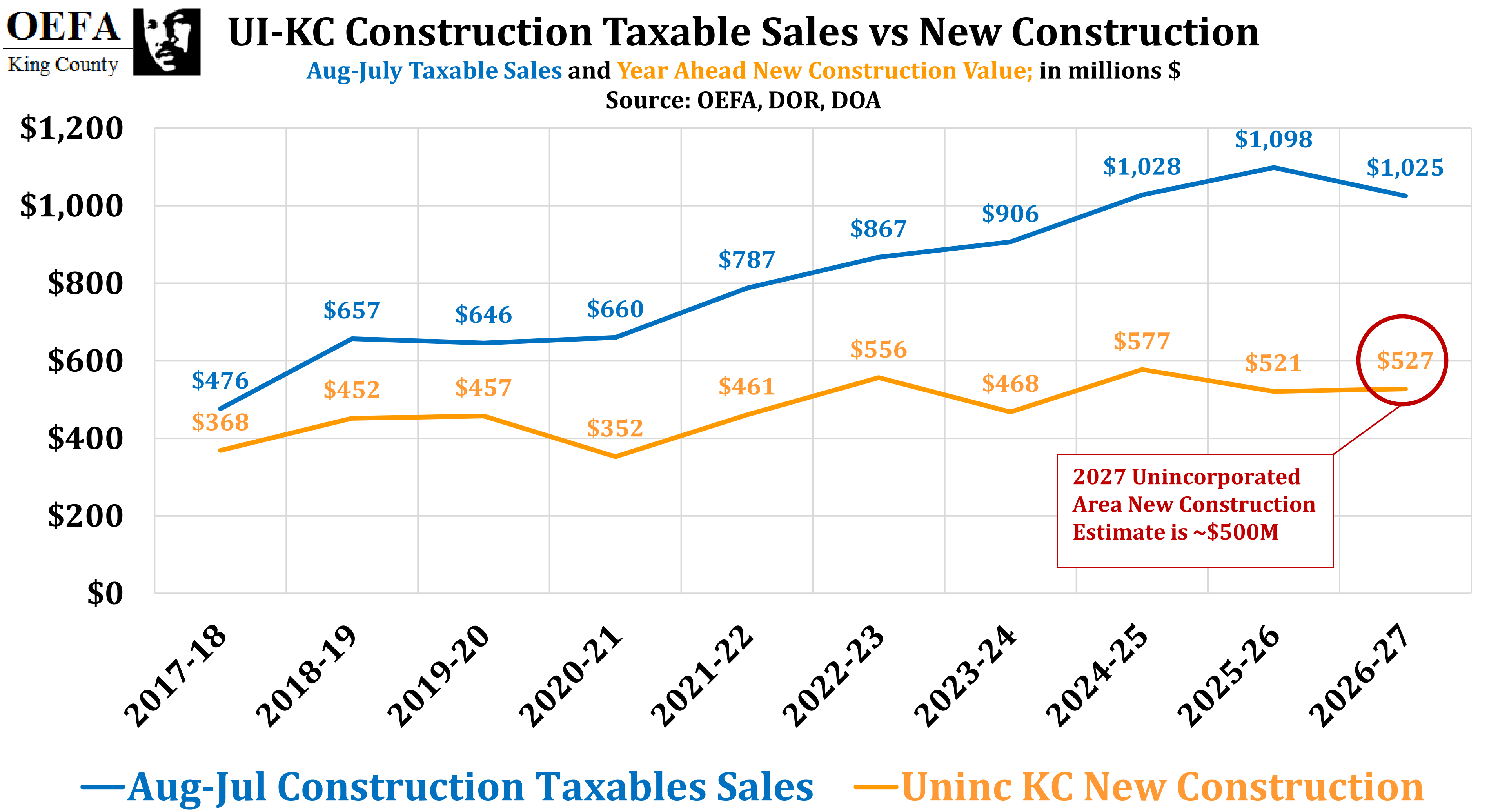
Construction Taxable Sales vs New Construction

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

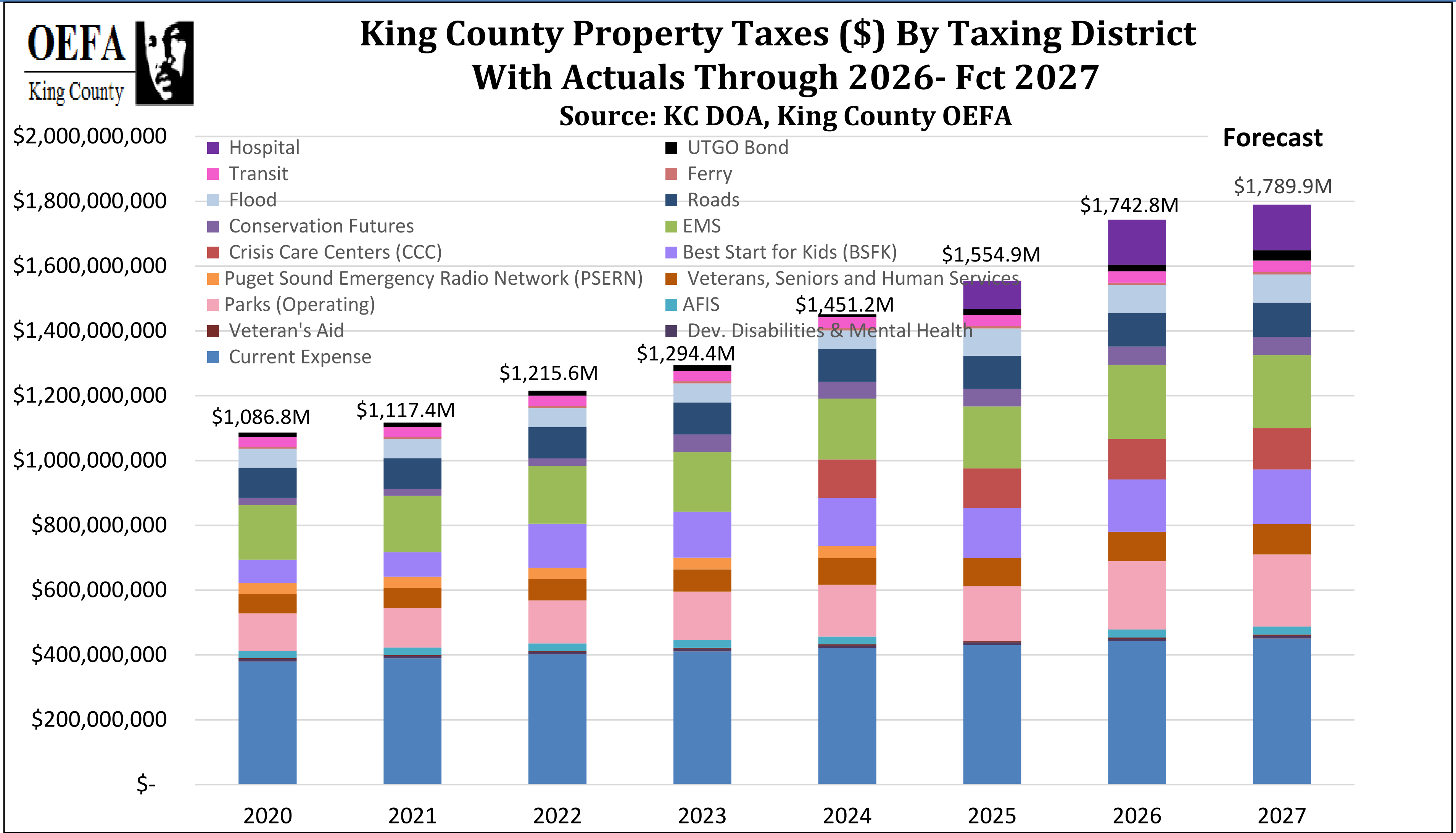
Source: OEFA, DOR, DOA



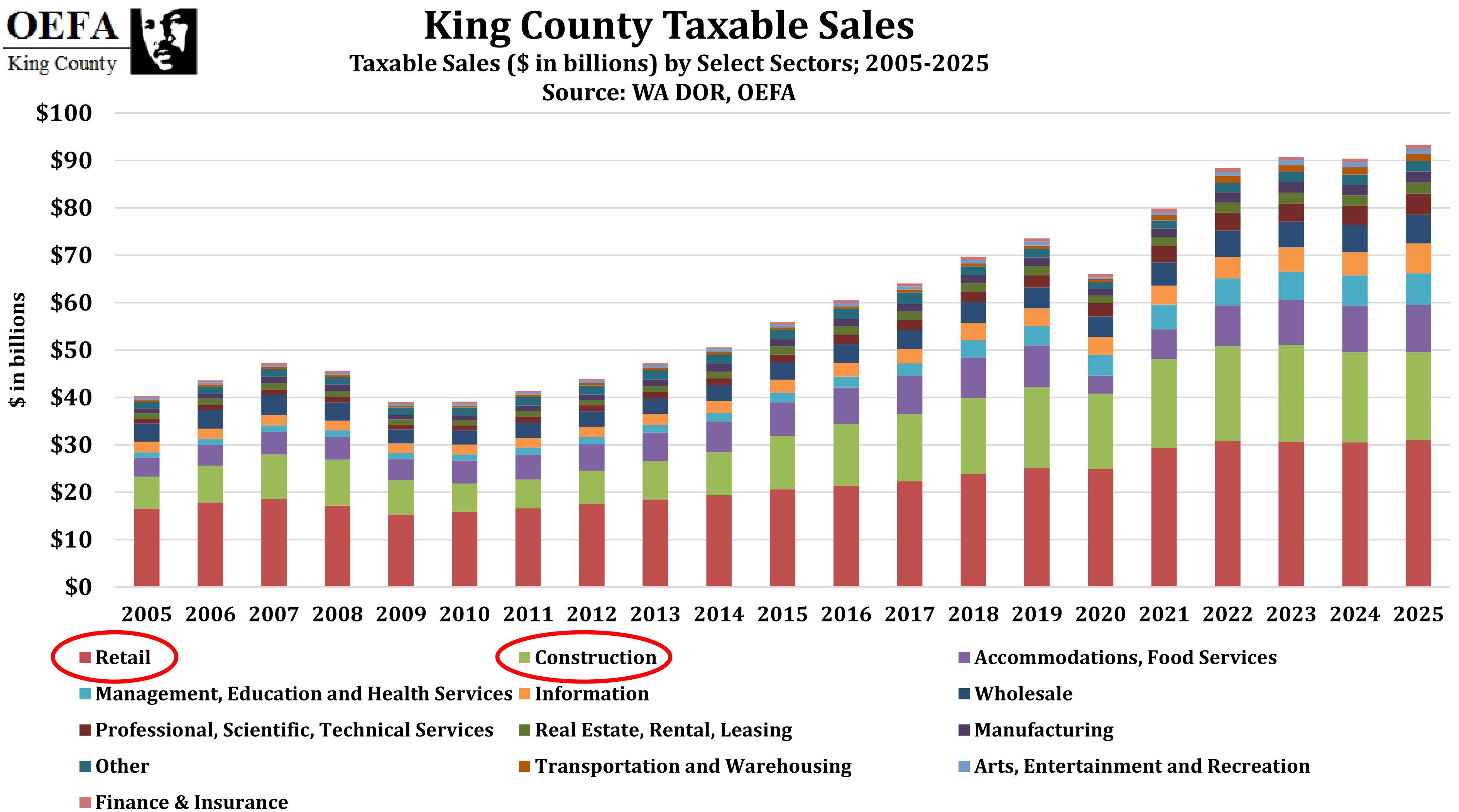
The UI-KC taxable sales ratio suggests a slight uptick in UI-KC NC in 2027



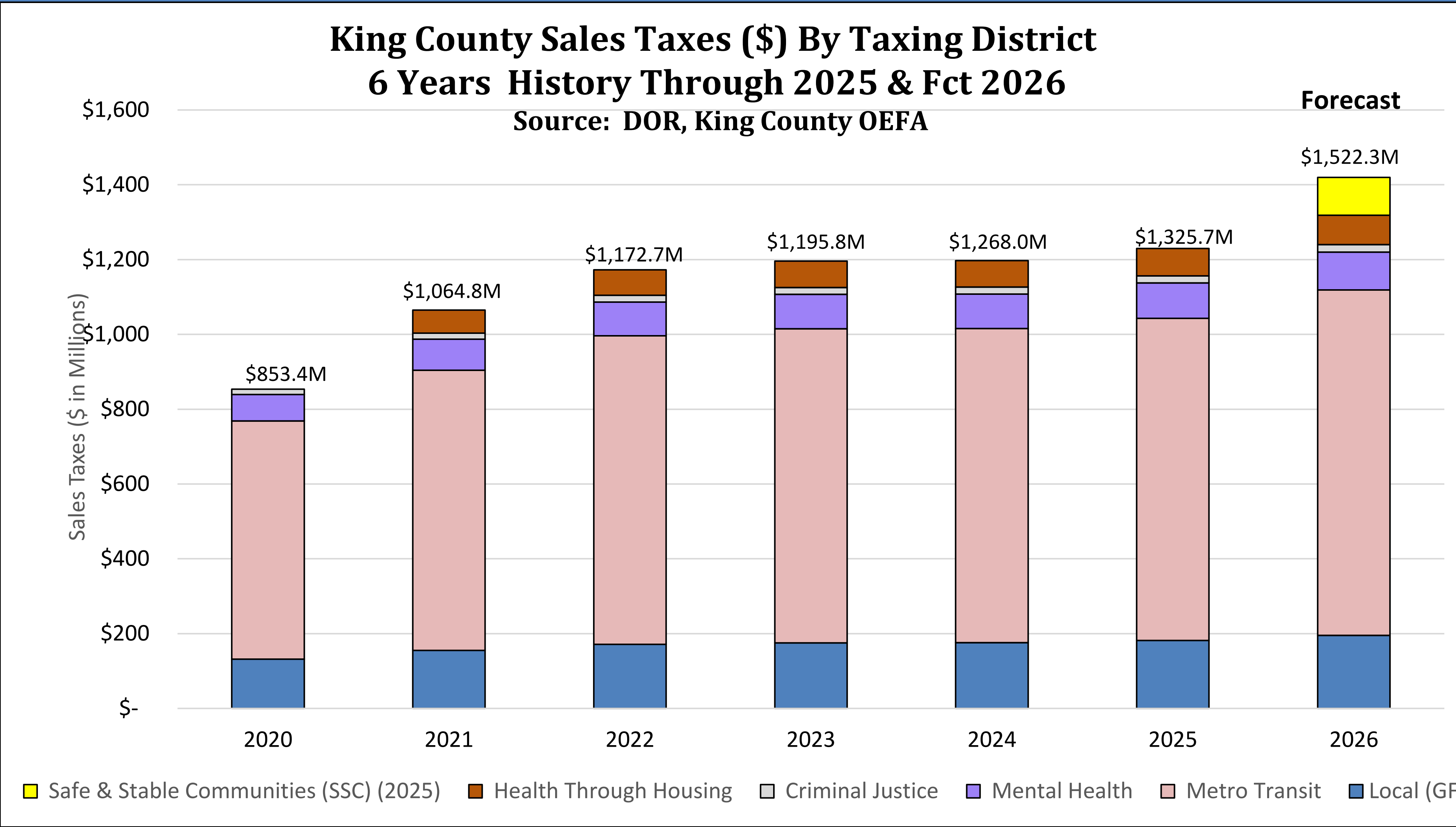
Property Taxes By Taxing District Since 2020



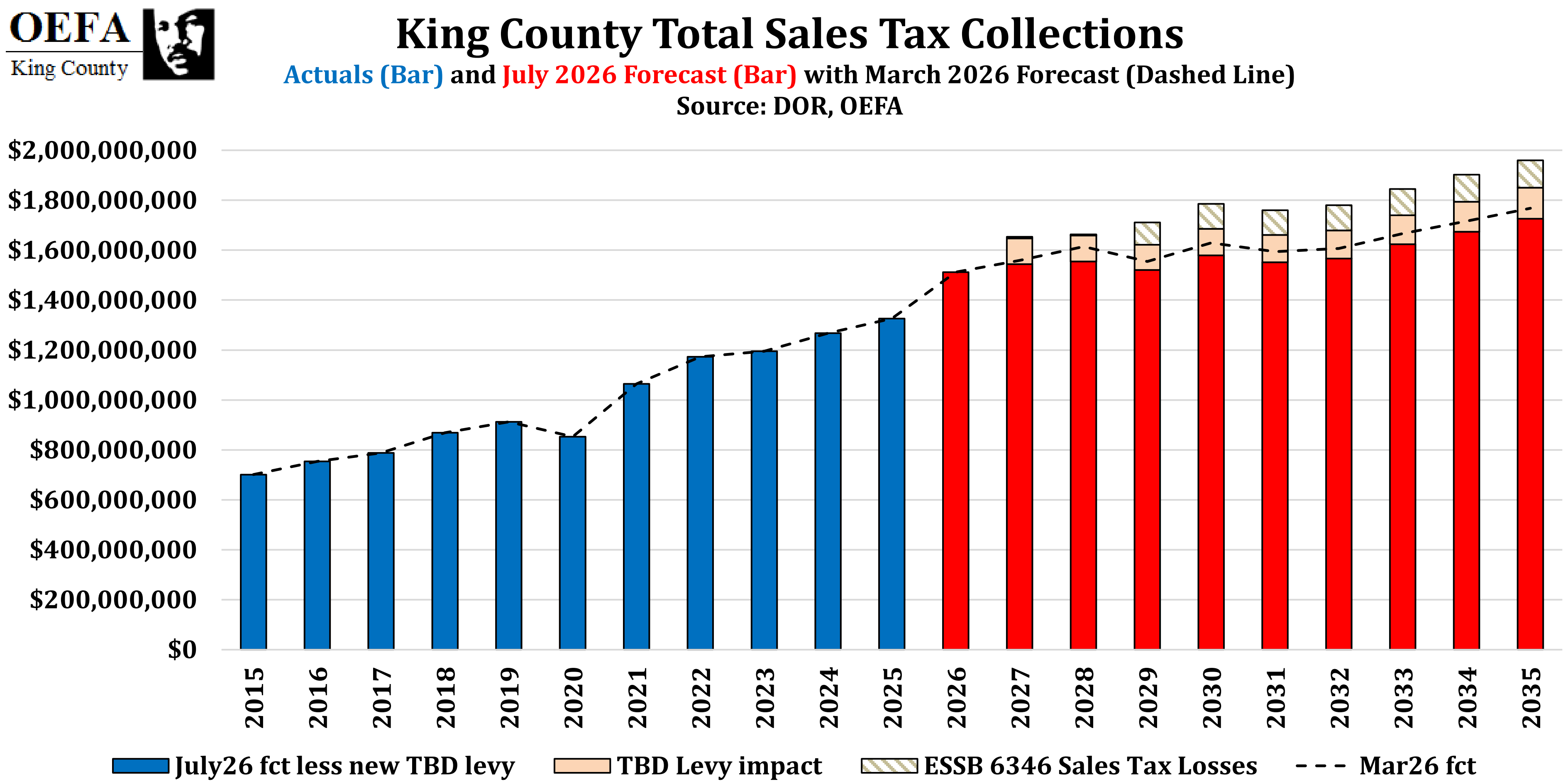
Taxable Sales in King County are driven by the Retail and Construction Sectors



KC Sales Taxes By Taxing District Since 2020



King County Sales Tax Collections March 2026 vs July 2026



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

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

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