The U.S. Economy
Employment
Jobs Are Returning, But We Still Have a Long Way To Go

Cumulative Monthly Change in Jobs Since Oct. 2010
non-agricultural job gains; seasonally adjusted

-20,787,000 in Apr.
+4,781,000 in Jun.
+1,734,000 in Jul.
+1,371,000 in Aug.
+1,373,000 in Mar.
+2,725,000 in May

Source: BLS
COVID-19 Induced Change in Non-Ag Employment
seasonally adjusted

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>-49.3%</td>
<td>27.9%</td>
</tr>
<tr>
<td>Other Svcs.</td>
<td>-23.1%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>-15.2%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Construction</td>
<td>-14.2%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-10.6%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Education &amp; Health Svcs.</td>
<td>-11.3%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>-10.7%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>-10.0%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>-6.7%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>-3.2%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Government</td>
<td>-4.3%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Information</td>
<td>-9.8%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Mining &amp; Logging</td>
<td>-8.5%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Source: BLS
The Make Up of Jobs Can Lead Us to Theorize that a Recovery Will Take Some Time

Source: BLS

The chart shows the share of non-agricultural employment by major industry sector for August 2020. The largest sector is Government at 16%, followed by Professional & Business services at 14%, and Retail Trade at 11%. Other sectors include Construction at 5%, Manufacturing at 9%, Wholesale Trade at 4%, Leisure & Hospitality at 9%, Transportation & Warehousing at 4%, Utilities at 0%, Information at 2%, Financial Activities at 6%, Educational Services at 2%, Health Care & Social Assistance at 14%, Other Services at 4%, and Educational Services at 2%.
Job Growth in Q-3 Will Be Strong, But it Should Be Stronger
Unemployment
Unemployment Claims Are Slowing, But Remain Very Elevated

Weekly Initial Claims
seasonally adjusted

Weekly Continuing Claims
seasonally adjusted

Source: BLS
The Number of Permanent Layoffs Continues to Grow

Number of Layoffs by Permanence
in thousands; seasonally adjusted

Source: BLS
## Unemployed Persons by Industry

**Unemployment Rate**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Unemployed Persons (thousands)</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>2,751</td>
<td>21.3%</td>
</tr>
<tr>
<td>Wholesale &amp; Retail Trade</td>
<td>1,612</td>
<td>8.3%</td>
</tr>
<tr>
<td>Education &amp; Health Svcs</td>
<td>1,530</td>
<td>6.3%</td>
</tr>
<tr>
<td>Professional &amp; Business Svcs</td>
<td>1,286</td>
<td>7.2%</td>
</tr>
<tr>
<td>Gov't</td>
<td>1,232</td>
<td>5.7%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1,003</td>
<td>6.7%</td>
</tr>
<tr>
<td>Transportation &amp; Utilities</td>
<td>847</td>
<td>11.3%</td>
</tr>
<tr>
<td>Construction</td>
<td>762</td>
<td>7.6%</td>
</tr>
<tr>
<td>Self-employed</td>
<td>708</td>
<td>6.8%</td>
</tr>
<tr>
<td>Other</td>
<td>574</td>
<td>9.1%</td>
</tr>
<tr>
<td>Real estate (rental &amp; leasing)</td>
<td>197</td>
<td>7.2%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>430</td>
<td>4.2%</td>
</tr>
<tr>
<td>Information</td>
<td>210</td>
<td>8.6%</td>
</tr>
</tbody>
</table>

*Source: BLS*
Employees in Real Estate, Rental & Leasing
Washington State

Employees in Real Estate, Rental & Leasing
Seattle MSA

Source: WA ESD
Jobless Rates Have Peaked

U.S. Unemployment Rate & Forecast
using U-3 reporting

Source: BLS history & Windermere Economics forecasts
United States Real Gross Domestic Product History & Forecast

percentage change from preceding period; seasonally adjusted annual rate

Source: BEA w/Windermere Economics Forecasts

& the Economy Will Expand Significantly This Quarter
What Am I Watching…? High Frequency Data
New Cases Have Ticked Up…. Again!

Source: CDC - Data Thru '09/16
We Still Aren’t Flying or Staying in Hotels!

**U.S. Airline Passengers by Day**
Y-Y change in daily travelers passing through TSA checkpoints; 7-day moving average

**U.S. Hotel Occupancy Rates**
weekly average occupancy rate

Source: TSA - Data Thru’ 09/17

Source: STR
Changes in Requests for Directions on Apple Maps
7-day avg. of the change in volume of requests compared to Jan. 13, 2020 baseline

U.S. Restaurant Bookings
Y/Y change in seated diners at restaurants on the OpenTable Network. (7-Day Moving Avg.)
Current Economic Situation Makes Accurate Forecasting “Problematic”;

Coronavirus – Significant Weight is Being Given to the U.S. Getting a Vaccine or Inoculation This Winter;

Not All Jobs Lost Will Return; &

We are Slowly Recovering. Hang in there Because 2021 Will Feel a Lot Different. I Promise!
The Regional Economy
Employment Growth Forecast (2020)

Source: Windermere Economics
<table>
<thead>
<tr>
<th>State</th>
<th>Employment Growth Forecast (2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington</td>
<td>+5.1%</td>
</tr>
<tr>
<td>Oregon</td>
<td>+4.4%</td>
</tr>
<tr>
<td>Idaho</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Nevada</td>
<td>+4.0%</td>
</tr>
<tr>
<td>California</td>
<td>+1.2%</td>
</tr>
<tr>
<td>Montana</td>
<td>+4.5%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>+0.3%</td>
</tr>
<tr>
<td>Utah</td>
<td>+3.9%</td>
</tr>
<tr>
<td>Colorado</td>
<td>+2.0%</td>
</tr>
<tr>
<td>New Mexico</td>
<td>+1.5%</td>
</tr>
<tr>
<td>Texas</td>
<td>+2.0%</td>
</tr>
<tr>
<td>HI</td>
<td>+0.8%</td>
</tr>
</tbody>
</table>

Source: Windermere Economics
New COVID-19 Cases
Washington State

Cases are Dropping

Source: WA DoH
Non-Ag Job Losses in Major West Coast Markets
between February & April 2020

<table>
<thead>
<tr>
<th>City</th>
<th>Job Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boise</td>
<td>-25,500</td>
</tr>
<tr>
<td>Tacoma</td>
<td>-42,500</td>
</tr>
<tr>
<td>Salt Lake City</td>
<td>-60,300</td>
</tr>
<tr>
<td>San Jose</td>
<td>-139,700</td>
</tr>
<tr>
<td>Portland</td>
<td>-156,800</td>
</tr>
<tr>
<td>Denver</td>
<td>-163,900</td>
</tr>
<tr>
<td>Phoenix</td>
<td>-175,600</td>
</tr>
<tr>
<td>San Diego</td>
<td>-217,200</td>
</tr>
<tr>
<td>Las Vegas</td>
<td>-225,800</td>
</tr>
<tr>
<td>Seattle</td>
<td>-239,200</td>
</tr>
<tr>
<td>San Francisco</td>
<td>-375,400</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>-695,500</td>
</tr>
</tbody>
</table>

Source: BLS
Non-Ag Job Gains in Major West Coast Markets between May & July 2020

- Los Angeles: 234,500
- Las Vegas: 111,500
- Seattle: 108,400
- San Francisco: 103,500
- Phoenix: 93,000
- Denver: 74,400
- San Diego: 63,600
- Portland: 55,200
- San Jose: 46,500
- Tacoma: 32,400
- Boise: 30,700
- Salt Lake City: 26,300

Source: BLS

But Jobs Are Returning in All Markets
Our Urban Markets Were Hit Harder Than Others, But Pain Was Felt Across the Board.

Job Losses by Metro Area
February to April 2020

- Seattle: -278,100
- Tacoma: -54,900
- Spokane: -43,300
- Kennewick: -15,700
- Bremerton: -15,100
- Olympia: -12,600
- Yakima: -12,100
- Kennewick: -8,500
- Mount Vernon: -7,700
- Wenatchee: -5,600

Source: WA ESD
Job Recovery by Metro Area
May to July 2020

- Seattle: 76,500 or 27.8% of Jobs Lost
- Tacoma: 20,600 or 37.5%
- Spokane: 15,400 or 35.6%
- Kennewick: 6,600 or 42%
- Bellingham: 5,800 or 40.6%
- Olympia: 5,000 or 33.1%
- Yakima: 4,400 or 34.9%
- Bremerton: 3,300 or 27.3%
- Longview: 2,700 or 48.2%
- Mount Vernon: 2,500 or 29.4%
- Wenatchee: 2,400 or 31.2%

Source: WA ESD
The jobless rate is improving, but remains elevated.

Current Unemployment Rates by Metro Area
Seasonally Adjusted - July 2020

Source: WA ESD
Across the State, COVID-19 Related Job Losses Hit Some Sectors Far Harder than Others

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Feb. to Apr.</th>
<th>May to August</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information</td>
<td>-2,800</td>
<td></td>
</tr>
<tr>
<td>Financial Activities</td>
<td>-8,600</td>
<td>7,500</td>
</tr>
<tr>
<td>TWU 1/</td>
<td>-9,700</td>
<td>7,200</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>-11,700</td>
<td>33,000</td>
</tr>
<tr>
<td>Government</td>
<td>-30,000</td>
<td>33,000</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-32,700</td>
<td>19,100</td>
</tr>
<tr>
<td>Other Services</td>
<td>-33,300</td>
<td>11,900</td>
</tr>
<tr>
<td>Prof. &amp; Business Svcs.</td>
<td>-34,900</td>
<td>19,100</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>-43,000</td>
<td>35,800</td>
</tr>
<tr>
<td>Education &amp; Health Svcs.</td>
<td>-77,400</td>
<td>37,400</td>
</tr>
<tr>
<td>Construction</td>
<td>-82,900</td>
<td>19,400</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>-189,300</td>
<td>65,100</td>
</tr>
</tbody>
</table>

Source: WA ESD
1/ Transportation, Warehousing & Utilities
Manufacturing in Seattle Has Not Recovered (think Boeing!)

Source: WA ESD
1/ Transportation, Warehousing & Utilities
Pierce County is Recovering Faster than Seattle

Source: WA ESD
1/ Transportation, Warehousing & Utilities
Will the last person leaving SEATTLE -
Turn out the lights.
Will the last person leaving **AMAZON HQ1** -
Tell Alexa to
**Turn out the lights.**

My How Times Have Changed!
Amazon.com's Puget Sound Occupancy

Potential for 5.34 Million SqFt on the Eastside by End of 2024

Source: CBRE & Windermere Economics
In-Migration is Positive; However, it Has Slowed

Source: Washington State OFM
People Moving into King County Has Stabilized, But Will it Continue?

Residual Migration
as of April 1, 2020

Source: Washington State OFM
How Confident are Renters in their Ability to Pay Next Months Rent?

(Survey Date – Aug. 19-31)

Washington State

- High confidence: 49.1%
- Slight confidence: 10.2%
- Moderate confidence: 16.8%
- No confidence: 5.6%
- Payment is/will be deferred: 0.4%
How Confident are Renters in their Ability to Pay Next Months Rent?

(Survey Date – Aug. 19-31)
• “Uncertainty “ Persists (Driving Economists to Drink!)
• The Job Recovery Will Not Be Equal & Lower Income Jobs Remain at Risk (Potentially Affecting Rental Demand);
• Local Legislative Initiatives are Problematic;
• Boeing’s Impact Needs Qualifying; But
• Our Diverse Economy Will Allow Us to Recover Modestly Faster than the U.S.
Any Questions?