

Washington Monthly Economic Report



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Washington Jobs, Unemployment, and Revenue Summary

	2023	2024	Numeric Change	Percent Change
Total Nonfarm Jobs				
October	3,581,500	3,600,500	44,700	1.2%
November	3,585,600	3,632,300	46,700	1.3%
December	3,604,100	3,644,100	40,000	1.1%
Unemployment Rate (%)				
October	3.8%	4.7%	0.9%	-
November	4.0%	4.6%	0.6%	-
December	4.2%	4.5%	0.3%	-
Revenue Collections¹ (\$ millions)				
October	2,417	2,543	\$126	5.2%
November	3,724	3,797	\$73	2.0%
December	2,311	2,287	-\$24	-1.04%

Nonfarm Jobs

↑40,000

Year-over-Year in Dec. 2024

Nonfarm Jobs Growth

↑1.1%

Compared to Dec. 2023

Unemployment

↑0.3%

Year-over-Year in Dec. 2024

Total Revenue

↓1.04%

Compared to Dec. 2023

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¹ Revenue collections from the Department of Revenue and the Washington Court System.

Washington Jobs, Unemployment, and Revenue Summary

Continued

Nonfarm Job Growth

- **In December 2024, Washington's nonfarm jobs increased by 40,000, representing a 1.1% year-over-year rise, lower by 0.2% than the growth seen in November.** In December, nonfarm employment reached 3,644,100 jobs seasonally adjusted, with 4,000 jobs added in the construction sector, and 900 less jobs in the aerospace sector (*Source: Employment Security Department, quarterly benchmarked nonfarm series*).

Lower Unemployment Rate

- **The unemployment rate in December 2024 decreased by 0.1% to 4.5% month-to-month. However, the unemployment rate is still higher by 0.3% compared to December 2023.** (*Source: Employment Security Department Local Area Unemployment Statistics*).

Revenue is Declining and Falls Short of Projections

- **From December 11 to January 10, 2024, major General Fund-State (GF-S) revenue collections decreased by 24 million, representing a 1.04% year-over-year decrease compared to December 2023.** Additionally, the revenue collections for this period came in \$47 million (2%) lower than forecasted in November. Cumulatively, tracked collections for the last two months are \$77.7 million (1.3%) lower than forecasted. (*Source: Economic and Revenue Forecast Council revenue series, removing the effects of amnesty collections, and large, one-time audit payments or tax refunds*).

Select Economic Indicators

U.S. Economic Indicators

	2023Q3	2024Q1	2024Q2	2024Q3
Gross Domestic Product (GDP)				
Change in Real GDP (annual rate)* (Advanced)	4.4%	1.6%	3.0%	3.1%
	Dec-23	Oct-24	Nov-24	Dec-24
U.S. Employment				
Change in Monthly Nonfarm Payrolls*(Revised Q2)	290,000	43,000	212,000	256,000
Unemployment Rate*	3.7%	4.1%	4.2%	4.1%
	Dec-23	Oct-24	Nov-24	Dec-24
Prices				
Change in CPI (year/year)	3.3%	2.6%	2.7%	2.9%
Exchange Rate (foreign currency per US\$)				
Trade Weighted Dollar (Jan 06 = 100)	120.16	123.83	126.53	127.78
Interest Rates				
Prime Rate (percent)	8.50	8.00	7.81	7.65
Fed's Fund Rate	5.33	4.83	4.64	4.48
30-Year Mortgage Rate (percent)	6.82	6.43	6.81	6.72
	Dec-23	Oct-24	Nov-24	Dec-24
US Average Retail Gas (Regular \$ per gallon)	\$3.13	\$3.14	\$3.05	\$3.02
West Texas Intermediate Crude (\$ per barrel)	\$71.90	\$71.99	\$69.95	\$70.12

Washington Economic Indicators

	Dec-23	Oct-24	Nov-24	Dec-24
Washington Employment				
Change in Monthly Nonfarm Payrolls*	18,500	-33,600	31,800	11,800
Aerospace Employment (level)*	80,500	53,100	83,100	82,200
Construction Employment (level)*	228,500	228,000	226,300	230,300
Software Employment (level)*	84,700	82,100	83,100	83,400
Unemployment Rate*	4.2%	4.7%	4.6%	4.5%
	Dec-23	Oct-24	Nov-24	Dec-24
Energy Indicators				
WA Average Retail Gas (Regular, \$ per gallon)	\$4.08	\$3.90	\$3.85	\$3.80
	Dec-23	Aug-24	Oct-24	Dec-24
Seattle-Tacoma-Bremerton CPI (bi-monthly)				
Change in CPI (year/year)	4.4%	3.1%	3.0%	2.7%

Select Economic Indicators

Continued

Washington Economic Indicators

	2023Q3	2024Q1	2024Q2	2024Q3
Washington Real Estate Market				
Median Home Price Statewide	\$636,400	\$626,100	\$695,100	\$652,700
	Dec-23	Oct-24	Nov-24	Dec-24
Housing Permits (annual rate)*	35,900	41,200	35,700	33,700
	Nov-23	Sep-24	Oct-24	Nov-24
Exports Produced in Washington				
Total State Exports (\$ millions)	\$6,174.8	\$3,976.1	\$5,051.6	\$4,611.6
Total Imports to Washington Destinations				
Total Imports (\$ millions)	\$5,649.3	\$5,776.6	\$5,537.3	\$4,737.4

















Washington Revenue

	January 2025 Actual	January 2025 Adjusted
Variance in revenue from November 2024 forecast (\$ millions) (December 11 - January 10, 2024)	\$-47.0	\$-47.0

“Adjusted variance” includes adjustments for special factors (e.g., one-time payments).

* Adjusted for seasonal variations

Select Leading Economic Indicators

	Indicator	Impact on Outlook	Comment
	Initial Claims for Unemployment Insurance in Washington State		The monthly count of initial claims for unemployment insurance went down by 1,700 in December 2024. In November, unemployment claims had declined by 9,600.
	Year-over-Year Job Growth in Washington State		Washington's nonfarm employment grew by 40,000 jobs year-over-year in December 2024, a gain of 1.1% compared to November 2023.
	Housing Units Authorized in Washington State		In December 2024, 35,700 building permits were issued, down by 2,200 compared to the previous month and down by 2,000 from the previous year.
	10-year Treasury Note, 3-Month Treasury Bill Interest Rate Spread		The spread became null in December (0 basis points) vs -26 points in November. Since July, the rate spread kept reducing. This could suggest that long-term expectations for economic growth and inflation are improving.
	Standards on Consumer Loans in the U.S.		The net percentage of lenders willing to make consumer loans has increased by 1.8 percentage points from Q2 2024 to Q3 2024. The percentage went positive for the first time since Q4 2022.
	Manufacturing Overtime Hours in the U.S.		In December 2024, manufacturing overtime remained unchanged at 3.6 hours per week compared to last month, and 0.1 hours per week higher than last year. Below the 4.0-hour threshold linked to recession risk.
	Pending Home Sales in the U.S.		In November 2024, pending home sales increased 2.1% nationwide and increased 0.3% over the month in Washington. Year-over-year, it increased 6.9% in the U.S and 11.8% in Washington.
	Aruoba-Diebold-Scotti Business Conditions Index		The index trended upward to normal economic conditions. In December, the index was 0.38, indicating above-average economic conditions. In November, the index was more negative (-0.07).

[View leading indicator graphs](#)

Economic Highlights

U.S. Economy

General Economic Activity

- **Third Interest Rate Cut:** In December, the target range for the federal funds rate was lowered to 4.25% - 4.5%, a drop of 25 basis points or 0.25% (*Source: Federal Reserve*).
- **Consistent Economic Growth:** The U.S. economy showed a steady increase with the third-quarter GDP growing by 3.1%, a slight improvement from the previous quarter's growth of 3.0%. This reflects ongoing economic resilience amid fluctuating global conditions (*Source: U.S. Bureau of Economic Analysis*).
- **Persistent Inflation Concerns:** Consumer prices rose by 0.4% in December, culminating in a 2.9% increase year-over-year. Core inflation also surged by 3.2%, underscoring sustained price pressures (*Source: U.S. Bureau of Labor Statistics*).
- **Consumer Confidence Wavers:** December saw a divergence in consumer confidence indices, with the University of Michigan index rising by 2.2 points, while The Conference Board index fell by 8.1 points. This split reflects divergent views on the labor market (*Source: University of Michigan; The Conference Board*).

Employment

- **Job Market Resilience:** December saw a robust addition of 256,000 jobs across various sectors, despite downward revisions for October and November by 8,000 jobs. The healthcare, leisure and hospitality, and retail sectors experienced the most significant job gains, while manufacturing and other sectors faced declines (*Source: U.S. Bureau of Labor Statistics*).
- **Improving Unemployment Metrics:** The unemployment rate edged down to 4.1% in December, complemented by a reduction in initial unemployment claims to 201,000 for the week ending January 4th. These figures indicate a tightening labor market and improving job stability (*Source: U.S. Department of Labor*).
- **Wage Growth Continues:** Average hourly earnings increased by \$0.10 in December, marking a 3.9% rise over the past twelve months. This steady wage growth reflects a competitive labor market and healthy consumer spending potential (*Source: U.S. Bureau of Labor Statistics*).

Sectoral Trends

- **Manufacturing Sector Slowdown:** The Manufacturing PMI stood at 49.3 in December, indicating slight contraction in the sector. In contrast, the Services PMI was at 54.1, showing expansion and highlighting the divergence between manufacturing and service industries (*Source: Institute for Supply Management*).
- **Mixed Housing Market Signals:** The residential construction sector showed mixed results with a decrease in housing starts by 1.8% in November year-over-year, yet there was a rise in new and existing home sales. These mixed signals suggest a varied pace of recovery in the housing market (*Source: U.S. Census Bureau*).
- **Energy Prices on the Rise:** Oil prices increased, with West Texas Intermediate crude reaching \$73 per barrel, indicating higher energy costs that could impact various economic sectors (*Source: Energy Information Administration*).
- **Diverse Movements in Transportation Sector:** In December, light motor vehicle sales climbed to 16.8 million units, up 0.9% from November and 5.5% year-over-year. In contrast, the American Trucking Association's truck tonnage index dropped 1.9% in November, and rail carloads dipped, while intermodal rail units increased by 11.2% from the previous year (*Source: Wards Auto Sales, American Trucking Association*).

Economic Highlights

Washington's Economy

General Economic Activity

- **Revenue Shortfalls in State Collections:** Major General Fund-State revenue collections for the period of December 11, 2024, to January 10, 2025, were \$47.4 million lower than forecasted. This shortfall underscores the challenges in revenue predictions and fiscal management within the state (*Source: Washington State Economic and Revenue Forecast Council*).
- **Stabilizing Inflation Trends:** For the first time in over three years, Seattle's consumer price inflation was below the U.S. city average, with a 2.7% increase from December 2023 to December 2024 compared to the national average of 2.9%. Despite a peak in mid-2023, inflation rates have moderated significantly, though shelter costs continue to rise sharply (*Source: Bureau of Economic Analysis*).
- **Moderate Income Personal Growth:** Washington's personal income saw a slight increase from \$667.8 billion in Q2 2024 to \$669.0 billion in Q3, marking a 0.7% rise. This growth rate was significantly lower than the national average, reflecting regional economic disparities (*Source: U.S. Department of Commerce, Bureau of Economic Analysis*).

Employment

- **Robust Job Growth Post-Strike:** Washington's employment saw significant gains in December 2024 with an increase of 11,800 jobs month-to-month, and 40,000 jobs year-to-year. The end of the Boeing strike contributed to this surge, with about 33,000 workers returning to their roles (*Source: Washington Employment Security Department*).
- **Unemployment Claims on a Declining Trend:** The monthly count of initial claims for unemployment insurance went down by 1,700 in December 2024. In November, unemployment claims had declined by 9,600. Overall, unemployment claims have declined by 7,100 from October to December 2024 (*Source: Washington Employment Security Department*).
- **Sectoral Employment Shifts:** While manufacturing and government sectors saw increases in jobs, non-air and water transportation and warehousing experienced a decrease. The construction and leisure and hospitality sectors also added jobs, indicating a dynamic shift in employment across various industries (*Source: Washington Employment Security Department*).

Sectorial Trends

- **Housing Market Expansion:** The construction sector in Washington showed growth with 36,000 housing units permitted in Q3 2024, an increase from 33,300 units in Q2. This trend continued into Q4, suggesting a strong recovery in the housing market (*Source: Washington State Department of Commerce*).
- **Automotive Sales Uptick:** Car and truck sales in Washington rose for the second consecutive month in December, with a notable 7.1% increase in vehicle registrations. This growth reflects rising consumer confidence and demand within the state's automotive sector (*Source: Washington Department of Licensing*).

Economic Highlights

Layoffs Around Washington State

In December 2024, Providence Medical Group and Boeing initiated layoffs and closures in Washington, impacting 122 employees, as part of permanent reductions announced earlier in the year. The layoffs have continued into early 2025, with major companies like Boeing, Gilead Sciences, REC Silicon, and General Parts Distribution announcing significant job cuts totaling thousands of positions due to closures and restructuring, highlighting a period of notable workforce contraction in the region (*Source: Washington State Employment Security Department*).

Layoffs in December 2024

- **Providence Medical Group Closures:** On December 31, 2024, Providence Medical Group closed facilities in Vancouver, Battleground, and Camas, impacting a total of 115 employees due to permanent closures announced on November 4, 2024 (*Source: Washington State Employment Security Department*).
- **Boeing Layoffs:** Boeing laid off 7 employees across various Washington locations on December 20, 2024, as part of a permanent reduction announced on November 15, 2024 (*Source: Washington State Employment Security Department*).

Layoffs in January 2025 and Beyond

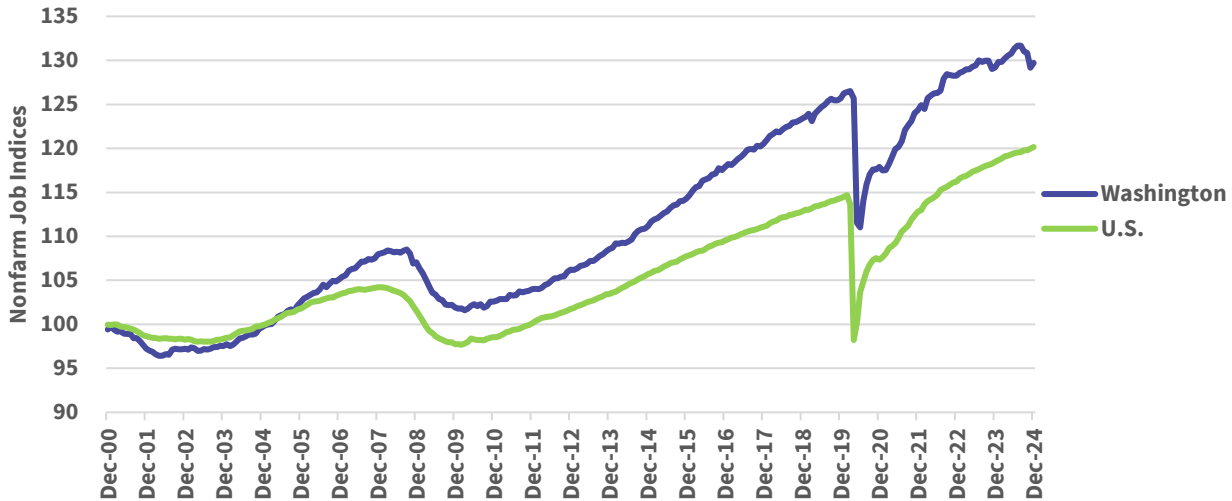
- **Associated Materials Closure:** The company closed its Fife location on January 13, 2025, leading to 150 job losses, with the closure also announced on January 13, 2025 (*Source: Washington State Employment Security Department*).
- **REC Silicon Closure:** REC Silicon closed its Moses Lake facility on January 16, 2025, affecting 224 employees, with the closure announced on January 6, 2025 (*Source: Washington State Employment Security Department*).
- **Boeing Layoffs in Early 2025:** Boeing is set for two major layoffs early in the year; the first has affected 2,192 employees across various Washington locations on January 17, 2025, with this action announced on November 15, 2024. A subsequent layoff will occur on February 21, 2025, impacting an additional 396 employees, as announced on December 9, 2024 (*Source: Washington State Employment Security Department*).
- **Gilead Sciences Closure:** Gilead Sciences closed its Seattle facility on January 17, 2025, resulting in 72 job losses, with the closure announced on November 13, 2024 (*Source: Washington State Employment Security Department*).
- **General Parts Distribution Closure:** They will permanently close operations across multiple locations including Seattle, Tacoma, Lakewood, Auburn, Bellevue, Burien, Federal Way, Kent, and Puyallup on February 26, 2025, affecting 100 employees, as announced on November 14, 2024 (*Source: Washington State Employment Security Department*).
- **Recreational Equipment Inc. Layoff:** The company plans to lay off 31 employees at various locations in Washington on March 31, 2025, with the announcement made on January 13, 2025 (*Source: Washington State Employment Security Department*).

Sector Specific Highlights

Labor Market: Jobs

Nonfarm Job Indices: Washington and U.S.

December 2000 – December 2024 (January 2005=100)



WA Nonfarm Jobs

↑11,800

Month-to-Month in Dec. 2024

WA Nonfarm Jobs Growth

↑0.32%

Year-over-Year in Dec. 2024

U.S. Nonfarm Jobs

↑256,000

Month-to-Month in Dec. 2024

U.S. Nonfarm Jobs Growth

↑0.16%

Year-over-Year in Dec. 2024

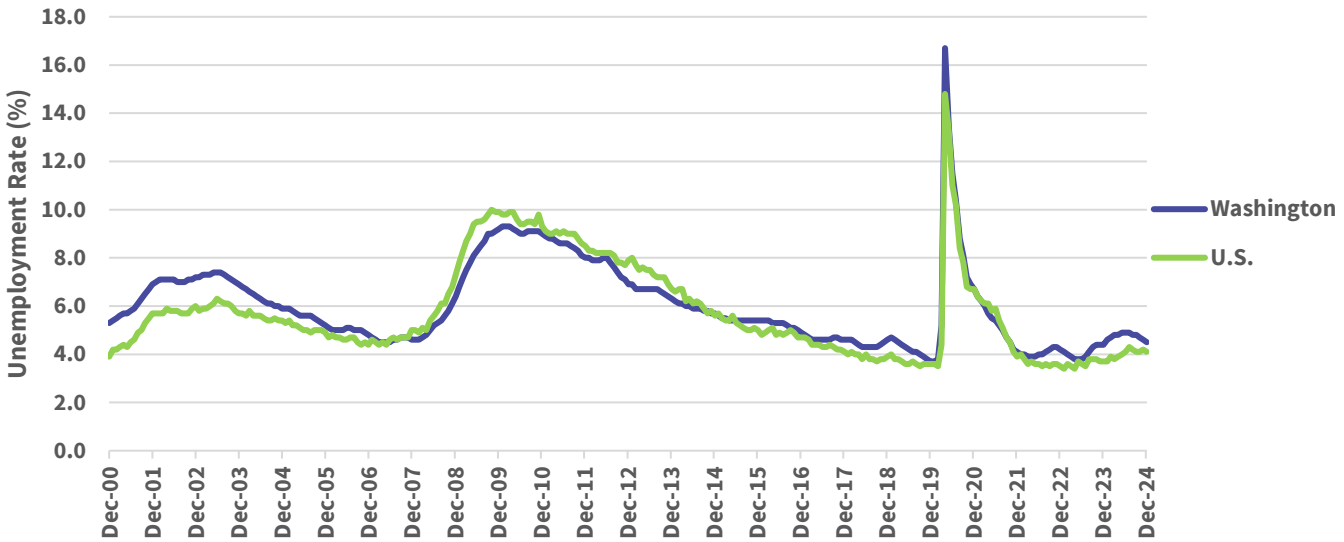
In December 2024, Washington total nonfarm job count increased by 11,800 month-to-month, while the national job count rose by 256,000. Over the past three months, nonfarm jobs have increased by 10,000 in Washington State and increased by 511,000 nationwide.

Sector Specific Highlights

Labor Market (Continued): Unemployment

Unemployment Rates: Washington and U.S.

December 2000 - December 2024



WA Unemployment

4.5%

in December 2024

U.S. Unemployment

4.1%

in December 2024

WA Unemployment Trend

↓0.1%

Month-to-Month in December 2024

U.S. Unemployment Trend

↓0.1%

Month-to-Month in December 2024

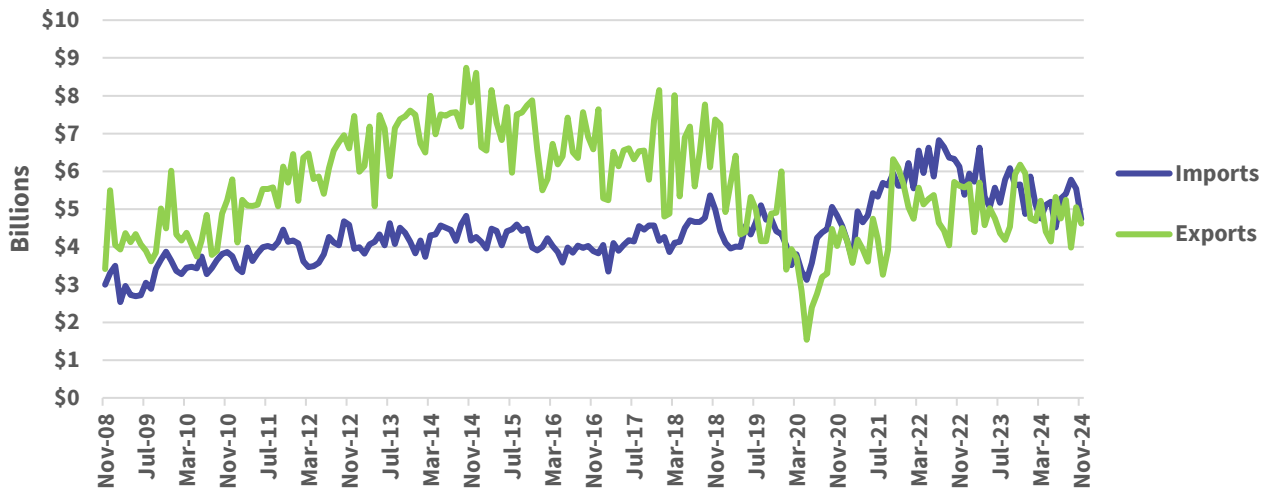
Washington’s unemployment rate decreased to 4.5% in December, lower by 0.1% on a month-to-month basis. The nation’s jobless increased to 4.1% in November. In the last year, Washington State’s jobless rate ranged from a low of 4.4% to a high of 4.9%, while the nation’s rate tracked in the 3.7% - 4.3% range.

Sector Specific Highlights

Washington Trade

Washington State Origin Exports and Destination Imports

November 2008 - November 2024, Source: BEA



WA Exports (Month-to-month)

↓9.0%

in November 2024

WA Exports (Year-over-Year)

↓25%

November 2023 to November 2024

WA Imports (Month-to-Month)

↓14.0%

in November 2024

WA Imports (Year-over-Year)

↓16%

November 2023 to November 2024

In November 2024, Washington's imports decreased by 14% from the previous month and fell 9.0% from the same month last year. Exports decreased by 25% over the month and declined by 16% over the year. The state's trade deficit in October was \$125 million, a 74% reduction from October's \$485 billion. This significant decrease in the trade deficit will positively impact Washington State's Q4 real GDP growth.

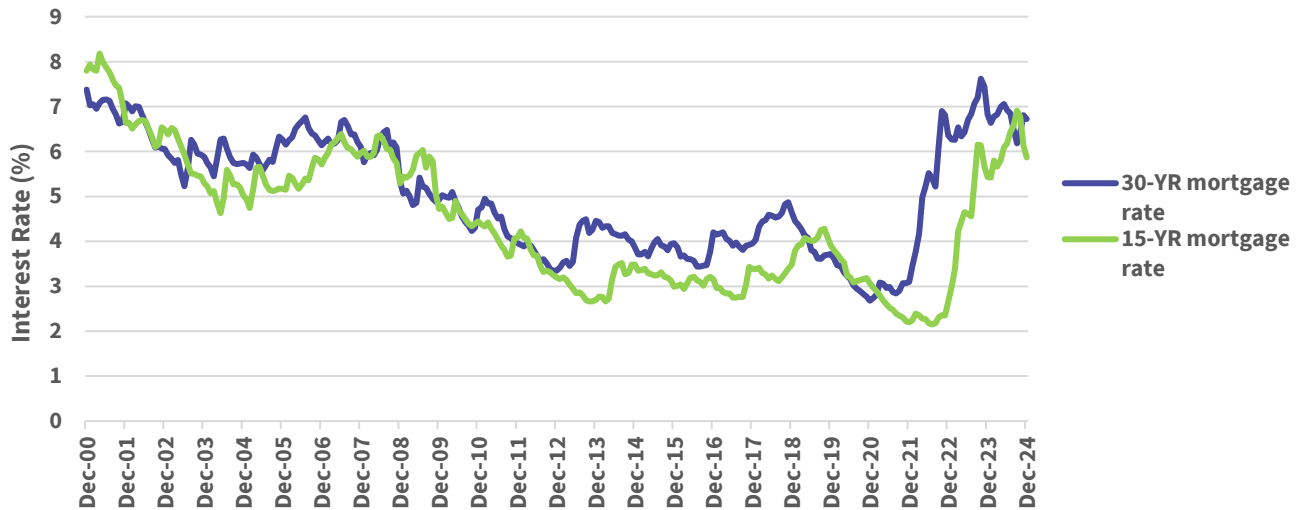
Sector Specific Highlights

Housing Market

United States

Mortgage Interest Rate: 30-Yr vs 15-Yr

December 2008 – December 2024, Source: Freddie Mac



- Mortgage Rates Remain Elevated:** From October to December 2024, mortgage rates experienced notable fluctuations, with the 30-year rate increasing from 6.43% to a peak of 6.81% in November before slightly decreasing to 6.72% in December. Similarly, the 15-year rate rose from 5.6% in October to 6.03% in November, then dropped to 5.93% in December, indicating a generally upward trend in borrowing costs despite the interest rate cuts by the Fed. *(Freddie Mac)*.
- Increase in Year-over-Year Mortgage Applications:** mortgage applications for new home purchases rose by 8.9% from the previous year, indicating robust demand in the new home market despite the elevated interest rates *(Source: Mortgage Bankers Association)*.
- Strong Federal Housing Administration (FHA) Application Share:** In December 2024, the FHA share of mortgage applications for newly built homes reached 29%, marking its second highest level in the survey’s history. This high rate underscores the active participation of first-time homebuyers in the market, particularly as existing inventory for starter homes remains constrained *(Source: Mortgage Bankers Association)*.

Sector Specific Highlights

Housing Market (Continued)

Washington

In December 2024, Washington's housing market exhibited strong growth with a significant 21.1% increase in home sales compared to the previous year, while the median days on market extended to 38 days. Inventory levels also rose by 13.7%, and home prices increased by 4.1% year-over-year to a median of \$612,000 (*Source: Redfin*).

Washington Housing Demand

- **Rising Sales Volume:** The number of homes sold in Washington in December 2024 rose significantly by 21.1% year-over-year, with 6,196 homes sold compared to 5,119 in the same month last year (*Source: Redfin*).
- **Extended Market Time:** Homes in Washington remained on the market for a median of 38 days in December 2024, which was an increase of 4 days from the previous year. This extension in market time could suggest a slight cooling in demand or a more balanced market condition (*Source: Redfin*).

Washington Housing Supply

- **Increased Inventory Availability:** In December 2024, the number of homes for sale in Washington increased by 13.7% compared to the previous year (*Source: Redfin*).

Washington Housing Pricing

- **Consistent Price Growth:** Home prices in Washington saw a year-over-year increase of 4.1% in December 2024, with the median sale price reaching \$612,000 (*Source: Redfin*).
- **Dynamic Pricing Strategies:** In December 2024, 22.4% of homes in Washington sold above the listed price, although this was a decrease of 1.3 percentage points from the previous year. Concurrently, the proportion of homes with price drops rose to 21.0% from 17.0%, indicating a more competitive pricing environment and adjustments by sellers in response to market feedback (*Source: Redfin*).