

MARCH 2025

Washington Monthly Economic Report



The Office of Financial Management's Forecasting and Research Division provides nonpartisan, data-driven research and analysis and supports decision-making by the Governor, the legislature, state agencies, and the public. Our work includes health care, education, demographics, criminal justice, traffic safety, and economic trends. Visit ofm.wa.gov to learn more.

Washington Jobs, Unemployment, and Revenue Summary

Total Nonfarm Jobs	2023	2024	Numeric Change	Percent Change
November	3,599,400	3,656,600	57,200	1.6%
December	3,616,800	3,677,900	61,100	1.7%
	2024	2025	Numeric Change	Percent Change
January	3,603,700	3,667,500	63,800	1.7%
Unemployment Rate	2023	2024	Numeric Change	Percent Change
November	4.0%	4.4%	0.4%	-
December	4.2%	4.4%	0.2%	-
	2024	2025	Numeric Change	Percent Change
January	4.6%	4.3%	-0.3%	-
Revenue Collections ¹ (\$ millions)	2023	2024	Numeric Change	Percent Change
December	2,311	2,287	-\$24	-1.04%
	2024	2025	Numeric Change	Percent Change
January	2,272	2,374	\$102	4.5%
February	1,933	1,999	\$66	3.4%

Nonfarm Jobs²

↑63,800

Year-over-Year in Jan. 2025

Unemployment

↓0.3%

Year-over-Year in Jan. 2025

Nonfarm Jobs Growth

↑1.7%

Compared to Jan. 2024

Total Revenue

↑3.4%

Compared to Feb. 2024

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

Washington Jobs, Unemployment, and Revenue Summary

Continued

February Revenue Is Higher than Forecasted

- **From February 11 to March 10, 2025, major General Fund-State (GF-S) revenue collections increased by \$66 million year-over-year, representing a 3.4% increase compared to the same period in 2024.** Additionally, the revenue collections for this period came in \$76.0 million (3.8%) higher than forecasted in November 2024. Cumulatively, revenue collections, since the November forecast, are \$55.8 million (0.5%) higher 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*).

Non-farm Job Growth

- **In January 2025, Washington's non-farm jobs increased by 63,800 year-over-year, representing a 1.7% growth, similar to the growth seen in December.** In January 2025, non-farm employment reached 3,667,500 jobs seasonally adjusted. Washington lost 10,400 jobs month-to-month, including 2,300 in aerospace manufacturing, 500 in construction, and 1,700 in the software publishing sector (*Source: Employment Security Department, quarterly benchmarked nonfarm series*).

Lower Unemployment Rate in February

- **The unemployment rate (seasonally adjusted) in January 2025 decreased by 0.1% to 4.3% month-to-month. The unemployment rate is lower by 0.3% compared to January 2024** (*Source: Employment Security Department Local Area Unemployment Statistics*).

Select Economic Indicators

U.S. Economic Indicators

	2023Q4	2024Q2	2024Q3	2024Q4
Gross Domestic Product (GDP)				
Change in Real GDP (annual rate)* (2 nd Estimate)	3.2%	3.0%	3.1%	2.3%
	Feb-24	Dec-24	Jan-25	Feb-25
U.S. Employment				
Change in Monthly Nonfarm Payrolls*(Preliminary)	222,000	323,000	125,000	151,000
Unemployment Rate*	3.9%	4.1%	4.0%	4.1%
	Feb-24	Dec-24	Jan-25	Feb-25
Prices				
Change in CPI (year/year)	3.2%	2.9%	3.0%	2.8%
Exchange Rate (foreign currency per US\$)				
Trade Weighted Dollar (Jan 06 = 100)	128.58	137.73	138.56	137.83
Interest Rates				
Prime Rate (percent)	8.50	7.65	7.50	7.50
Fed's Fund Rate	5.33	4.48	4.33	4.33
30-Year Mortgage Rate (percent)	6.78	6.72	6.96	6.84
	Feb-24	Dec-24	Jan-25	Feb-25
US Average Retail Gas (Regular \$ per gallon)	\$3.21	\$3.02	\$3.08	\$3.12
West Texas Intermediate Crude (\$ per barrel)	\$77.25	\$70.12	\$75.74	\$71.53

Washington Economic Indicators

	Jan-24	Nov-24	Dec-24	Jan-25
Washington Employment				
Change in Monthly Nonfarm Payrolls*	-13,100	31,800	21,300	-10,400
Aerospace Employment (level)*	80,800	82,600	82,700	80,400
Construction Employment (level)*	224,700	222,600	223,900	223,400
Software Employment (level)*	83,400	81,200	82,200	80,500
Unemployment Rate*	4.6%	4.4%	4.4%	4.3%
	Feb-24	Dec-24	Jan-25	Feb-25
Energy Indicators				
WA Average Retail Gas (Regular, \$ per gallon)	\$3.83	\$3.80	\$3.78	\$3.95
	Feb-24	Oct-24	Dec-24	Feb-25
Seattle-Tacoma-Bremerton CPI (bi-monthly)				
Change in CPI (year/year)	4.3%	3.0%	2.7%	2.5%

Select Economic Indicators

Continued

Washington Economic Indicators

	2023Q4	2024Q2	2024Q3	2024Q4
Washington Real Estate Market				
Median Home Price Statewide	\$583,200	\$695,100	\$652,700	\$641,700
	Jan-24	Nov-24	Dec-24	Jan-25
Housing Permits (annual rate)*	33,200	35,800	40,400	40,200
	Jan-24	Nov-24	Dec-24	Jan-25
Exports Produced in Washington				
Total State Exports (\$ millions)	\$4,753.9	\$4,611.6	\$5,001.5	\$4,912.0
Total Imports to Washington Destinations				
Total Imports (\$ millions)	\$5,862.8	\$4,737.4	\$4,814.5	\$5,753.9

















Washington Revenue

	Feb-Mar 2025 Actual	Feb-Mar 2025 Adjusted
"Variance in revenue from November 2024 forecast (\$ millions) (February 11, 2025 - March 11, 2025)	\$73.0	\$73.0

"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		<p>The monthly count of initial claims for unemployment insurance went up by 6,100 in February 2025 month-to-month and 5,400 year-over-year. In January, claims declined by 1,900 month-to-month and 2,200 year-over-year.</p>
 Year-over-Year Job Growth in Washington State		<p>Washington's non-farm employment decreased by 10,400 jobs month-to-month in January 2025. Year-over-year, it increased by 63,800, with a slower year-over-year growth (1.8%) than December 2024 (2.0%)</p>
 Housing Units Authorized in Washington State		<p>In January 2025, 40,200 building permits were issued, up by 7,000 from the previous year, but down by 200 compared to the previous month.</p>
 10-year Treasury Note, 3-Month Treasury Bill Interest Rate Spread		<p>The spread in February 2025 is positive (12 basis points) vs 0 points in December. The spread became positive for the first time since June 2022, in January 2025.</p>
 Standards on Consumer Loans in the U.S.		<p>The net percentage of lenders willing to make consumer loans has increased by 5.1 percentage points for Q1 2025.</p>
 Manufacturing Overtime Hours in the U.S.		<p>In January 2025, manufacturing overtime increased to 3.8 hours per week, the highest since February 2023. It remained unchanged to 3.6 hours per week since August 2024.</p>
 Pending Home Sales in the U.S.		<p>In January 2025, pending home sales decreased 4.9% nationwide and decreased 0.2% over the month in the West. Year-over-year, it decreased 5.1% in U.S and 5.7 % in the West.</p>
 Aruoba-Diebold-Scotti Business Conditions Index		<p>The index remains positive in February 2025, indicating stable economic conditions.</p>

[View leading indicator graphs](#)

Economic Highlights

U.S. Economy

General Economic Activity

- **No Interest Rate Cut in February:** The Fed's kept their rate at 4.33%, unchanged from January, as they anticipate tariffs to rise inflation this year (*Source: Federal Reserve*).
- **Consistent Economic Growth:** The second estimate of real U.S. GDP for Q4 2024 showed a growth rate of 2.3% (SAAR), consistent with prior estimates, indicating stable economic activity (*Source: Bureau of Economic Analysis*).
- **Moderate Inflation Levels:** Consumer prices in February increased by 0.2% (SA), following a 0.5% rise in January, with an annual increase of 2.8%. Core inflation, excluding food and energy, rose by 3.1% from February 2024 (*Source: Bureau of Labor Statistics*).
- **Consumer Sentiment Wanes:** Key consumer confidence measures showed declines, with the University of Michigan survey dropping to 64.7 and The Conference Board index falling to 98.3, reflecting growing concerns about the economy (*Source: University of Michigan; The Conference Board*).

Employment

- **Mixed Employment Picture:** National employment grew by 151,000 jobs in February, despite slight downward revisions for December and January, totaling a decrease of 2,000 jobs. The unemployment rate slightly rose to 4.1%, and layoff announcements surged to 172,017, marking a 245% increase from January and a 103% increase from February 2024 (*Source: U.S. Bureau of Labor Statistics; Challenger, Gray & Christmas*).
- **Wage Growth Continues:** Average hourly earnings for all private sector employees rose by \$0.10, representing a 4.0% increase over the past year, while the average workweek remained steady at 34.1 hours (*Source: U.S. Bureau of Labor Statistics*).

Sectoral Trends

- **Manufacturing and Services Sector Expansions:** The Manufacturing PMI stood at 50.3, indicating slight growth, and the Services PMI was stronger at 53.5, both reflecting ongoing sectoral expansion. Industrial production increased by 0.5% in January, with a year-on-year increase of 2.0%. New orders for core capital goods rose by 0.8% in January, a sign of robust business investment (*Source: Institute for Supply Management; Federal Reserve; U.S. Census Bureau*).
- **Transportation Indices Varied:** The American Trucking Association's truck tonnage index was unchanged from December, maintaining a slight 0.3% increase over January 2024. Rail carloads in February decreased by 4.5% year-over-year, while intermodal rail units increased by 6.4%, indicating shifts in goods transportation preferences (*Source: American Trucking Associations; Association of American Railroads*).
- **Resilient Automotive Sales:** Light motor vehicle sales rose to 16.0 million units (SAAR) in February, marking a 3.2% increase from January and showing a 2.1% rise over February 2024. This increase suggests a rebound in consumer spending on durable goods within the automotive sector (*Source: Automotive News*).
- **Mixed Residential Construction Dynamics:** Residential construction showed mixed results in January; housing starts fell by 9.8% compared to December and were slightly below the January 2024 level by 0.7%. However, the seasonally adjusted Case-Shiller national home price index for December showed a 0.5% increase from November and was 4.0% higher than the previous year, indicating sustained price growth despite fluctuating construction activity (*Source: U.S. Census Bureau; S&P Dow Jones Indices*).

Economic Highlights

Washington's Economy

General Economic Activity

- **Higher than Expected Revenue Collections:** Major General Fund-State (GF-S) revenue collections for the period from February 11 to March 10, 2025, exceeded expectations by \$73.0 million, a 3.8% increase. Cumulative collections since the November 2024 forecast have been \$55.8 million (0.5%) higher than anticipated (*Source: Washington State Economic and Revenue Forecast Council*).
- **Inflation Year-over-Year Growth Trending Downward in Seattle:** Inflation has been trending downward going from 3.0% year-over-year in October 2024 to 2.5% in February 2025. On a month-to-month basis, the Consumer Price Index for All Urban Consumers (CPI-U) for Seattle-Tacoma-Bellevue rose 1.1% from December 2024 to February 2025, with the all items less food and energy index increasing by 1.0%. Over the past 12 months, the CPI-U advanced by 2.5%, with specific jumps in the food index by 2.2% and the energy index by 7.4% (*Source: U.S. Bureau of Labor Statistics*).

Employment

- **Jobs Have Grown in Washington in January:** In January 2025, Washington's non-farm employment rose to 3,667,500 jobs, marking a year-over-year increase of 63,800 jobs or 1.7% growth, which mirrored the growth rate from December. However, from December 2024 to January 2025, the state experienced a month-to-month decline, losing 10,400 jobs. This included losses across several sectors: 2,300 jobs in aerospace manufacturing, 500 in construction, and 1,700 in software publishing companies (*Source: Employment Security Department*).
- **Reduced Unemployment Rate in January:** As of January 2025, the rate further decreased to 4.3% from a revised 4.4% in December (*Source: Employment Security Department*).
- **Rising Initial Unemployment Claims:** In February 2025, the monthly count of initial claims for unemployment insurance increased by 6,100 compared to the previous month, and by 5,400 compared to February 2024. Conversely, in January 2025, claims decreased by 1,900 from the previous month and by 2,200 from January 2024. The recent increase in claims is attributed to layoffs at Boeing (*Source: Employment Security Department*).

Sectorial Trends

- **Robust Housing Construction:** Housing construction in Washington showed improvement in the first quarter of 2025, with permits issued for 40,200 units in January, surpassing both the previous quarter's 39,700 units and the forecast of 36,500 units. This includes 17,700 single-family units and 22,400 multi-family units (*Source: U.S. Census Bureau*).
- **Decline in Vehicle Registrations:** New car and truck sales in Washington saw a sharp decrease in February, with registrations dropping 17.9% over the month to 252,700 units. This was largely due to a temporary closure of the Department of Licensing. Year-over-year, total registrations were down by 7.7% (*Source: Washington State Department of Licensing*).
- **Continued Growth in Prices in Seattle Housing Market:** Seattle-area home prices continued to rise, increasing by 0.5% in December after a 0.1% rise in November. Year-over-year, home prices in Seattle were up by 5.6%, reflecting a strong housing market (*Source: S&P/Case-Shiller Home Price Indices*).

Economic Highlights

Layoffs Around Washington State

In early 2025, Washington State saw significant layoffs and closures across multiple industries, impacting a total of 1,543 jobs. Key sectors affected included aerospace with Boeing laying off 396 employees, food services with Starbucks and The Cheesecake Factory cutting a combined total of 731 jobs, and entertainment with Warner Bros. Discovery, Inc. laying off 131 employees. Additional layoffs and closures spanned the retail, agricultural, and manufacturing sectors, underscoring a widespread trend of restructuring and economic adjustment within the state's diverse business landscape (*Source: Washington State Employment Security Department*).

Layoffs in February 2025

- **Boeing** laid off 396 employees at various locations on February 21, 2025.
- **Warner Bros. Discovery, Inc.** laid off 131 employees in Kirkland on February 25, 2025.
- **Starbucks** laid off 612 employees in Seattle on February 26, 2025.
- **General Parts Distribution, LLC** closed its operations, affecting 100 employees across Seattle, Tacoma, Lakewood, Auburn, Bellevue, Burien, Federal Way, Kent, and Puyallup on February 26, 2025.

Layoffs in March 2025 and Beyond

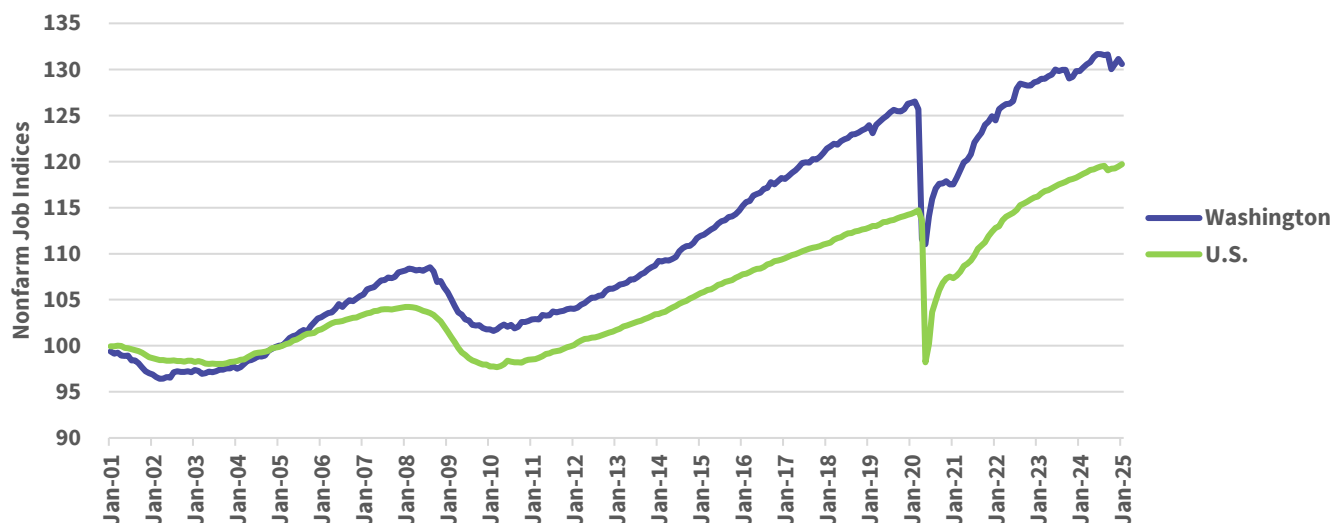
- **Advanced Drainage Systems, Inc.** will close in Olympia, affecting 54 employees on March 29, 2025.
- **Recreational Equipment Inc.** will lay off 31 employees at various locations by March 31, 2025.
- **Cow Palace LLC** will close in Granger, impacting 100 employees on May 9, 2025.
- **The Cheesecake Factory** will close in Seattle, impacting 119 employees on May 4, 2025.

Sector Specific Highlights

Labor Market: Jobs

Nonfarm Job Indices: Washington and U.S.

January 2001 – January 2025 (January 2005=100)



WA Nonfarm Jobs

↓10,400

Month-to-Month in Jan. 2025

U.S. Nonfarm Jobs

↑151,000

Month-to-Month in Feb. 2025

WA Nonfarm Jobs Growth

↑1.7%

Year-over-Year in Jan. 2025

U.S. Nonfarm Jobs Growth

↑1.2%

Year-over-Year in Feb. 2025

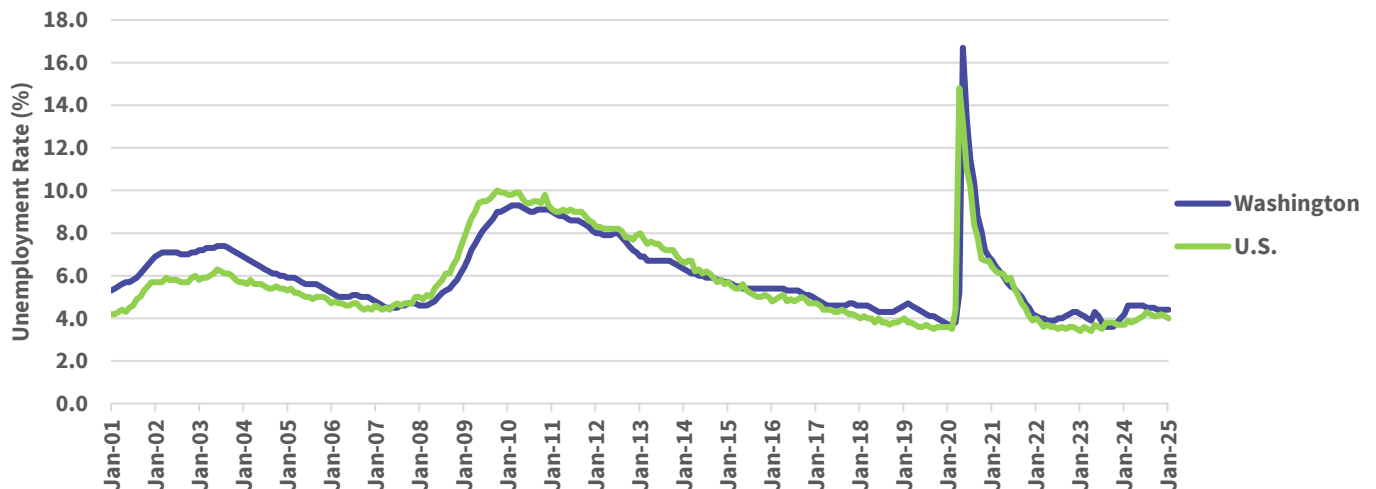
In January 2025, Washington total nonfarm job count decreased by 10,400 month-to-month (+1.7% year-over year), while the national job count rose by 125,000 in January 2025, and 151,000 in February 2025.

Sector Specific Highlights

Labor Market (Continued): Unemployment

Unemployment Rates: Washington and U.S.

January 2001 - January 2025



WA Unemployment

4.3%

in January 2025

U.S. Unemployment

4.1%

in February 2025

WA Unemployment Trend

↓0.1%

Month-to-Month in January 2025

U.S Unemployment Trend

↑0.1%

Month-to-Month in February 2025

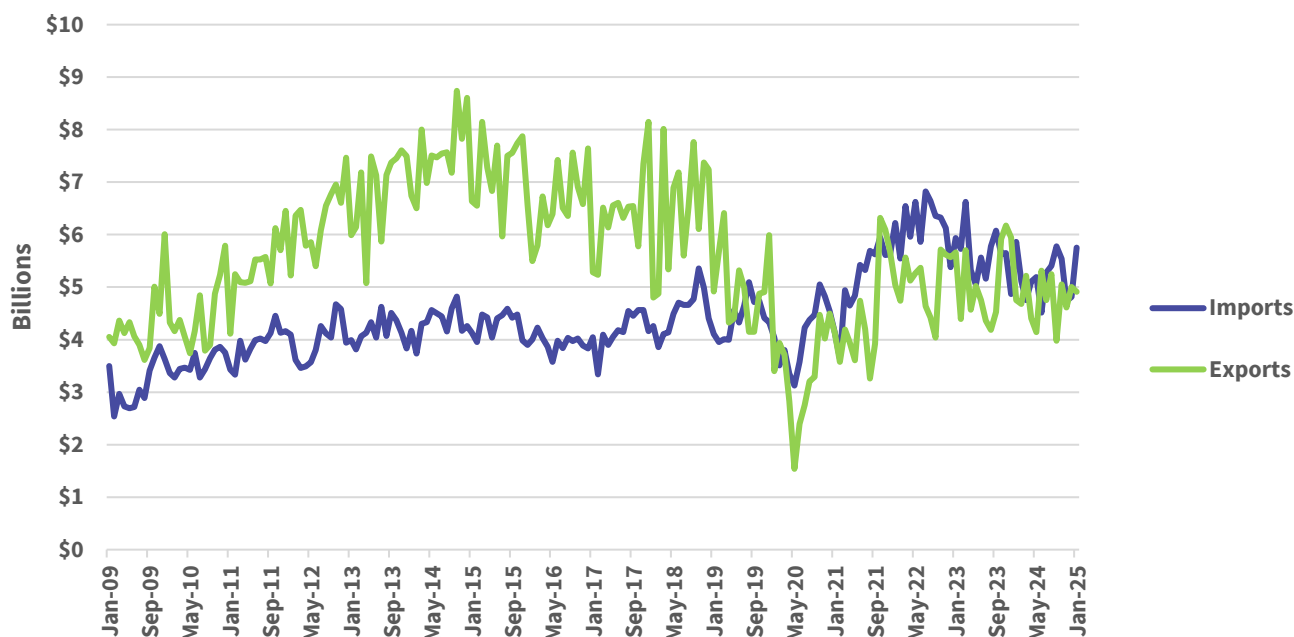
Washington's unemployment rate decreased to 4.3% in January, lower by 0.1% on a month-to-month basis. The nation's unemployment rate decreased to 4.0% in January 2025 and rose again to 4.1% in February 2025. January had the lowest unemployment rate since May 2024. In the last year, Washington State's 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

January 2009 - January 2025, Source: BEA



WA Exports (Month-to-month)

↓2.0%

In January 2025

WA Exports (Year-over-Year)

↑3.0%

December 2023 December 2024

WA Imports (Month-to-Month)

↑20%

in January 2025

WA Imports (Year-over-Year)

↓2.0%

January 2024 to December 2025

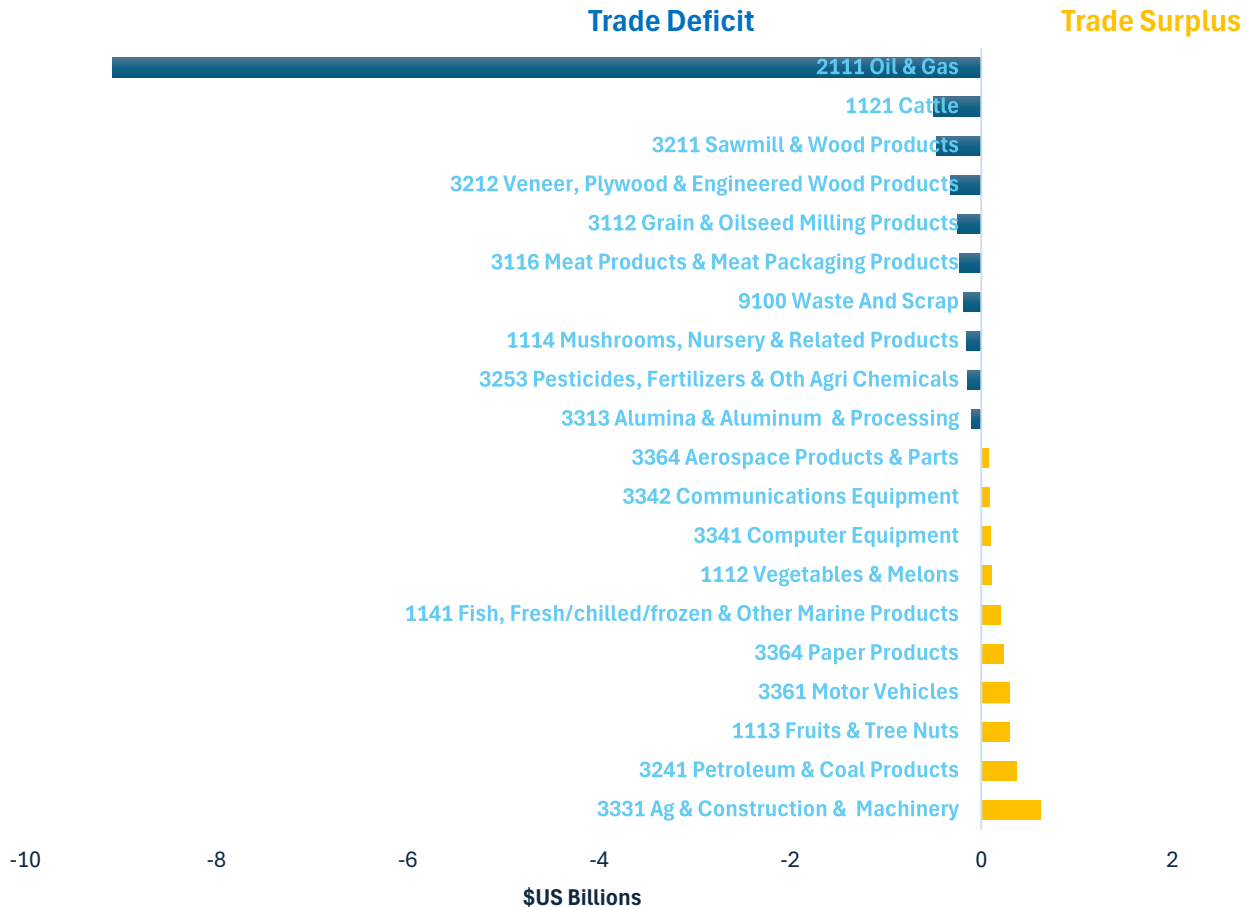
In January 2025, Washington's imports increased by 20% from the previous month and fell 2 % from the same month last year. Imports tend to increase significantly at the beginning of the year as businesses restock their inventories. Exports decreased 2.0% over the month and increased by 3.0% over the year.

Sector Specific Highlights

Washington Trade (Continued)

Washington State Trade Relationship with Canada in 2024

Top 10 products with a Trade Deficit vs Surplus by 4-Digit NAICS, Source: US Census



Washington State has a \$9.8 billion trade deficit with Canada in 2024, largely due to importing \$9.08 billion worth of oil and gas. The state's main exports to Canada include machinery, refined petroleum, fruits, and motor vehicles, which are demand elastic and could be replaced in Canada by alternative suppliers in the event of retaliatory tariffs. Whereas U.S tariff on Canadian oil and gas will be passed on to Washington consumers in the short and medium term due to the inelastic demand of fuel products.

Sector Specific Highlights

Housing Market

United States

Mortgage Interest Rate: 30-Yr vs 15-Yr

February 2001 – February 2025, Source: Freddie Mac



- Mortgage Rates Remain Elevated:** From August 2024 to February 2025, both 30-year and 15-year mortgage rates showed a general upward trend, peaking in January 2025 at 6.96% and 6.16%, respectively, before slightly decreasing in February to 6.84% and 6.03% respectively. The consistently lower rates for 15-year mortgages compared to 30-year mortgages reflect the reduced risk and total interest costs associated with the shorter loan term (*Source: Freddie Mac*).
- Pending Homes Sales Continues to Decline in January:** From September 2024 to January 2025, pending home sales in the US initially rose by 4.1% before plummeting by 10.6%. In contrast, the West showed a modest increase of 0.5% in the same initial period, then dropped by 10.4%. By January 2025, monthly pending home sales fell 4.9% nationwide and 0.2% in the West, reflecting a year-over-year decline of 5.1% in the U.S and 5.7% in the West, indicating a trend of significant decreases across both regions. (*Source: Pending Home Sales Index-National Association of Realtors*).

Sector Specific Highlights

Housing Market (Continued)

Washington

Housing Prices

- **Increase in Median Home Prices:** In February 2025, the median home price in Washington rose by 1.8% year-over-year to \$629,000. Additionally, 31.6% of homes sold above the list price, which is a slight increase of 0.8 percentage points from the previous year. The average sale-to-list price ratio slightly decreased to 100.0%, down by 0.067 points from last year (*Source: Redfin*).

Housing Demand

- **Slight Increase in Home Sales:** The number of homes sold in Washington in February 2025 increased by 2.1% year-over-year, with a total of 5,641 homes sold, compared to 5,528 in February of the previous year. However, the number of newly listed homes decreased by 7.3% to 7,079, indicating a drop in new listings entering the market (*Source: Redfin*).
- **Longer Market Times:** Homes stayed on the market for an average of 35 days, which is an increase of 4 days compared to the same period last year (*Source: Redfin*).

Housing Supply

- **Increase in Home Inventory:** The total number of homes for sale in Washington saw a significant increase of 13.2% year-over-year, with 20,036 homes available in February 2025. Despite this growth, the average months of supply remained stable at 2 months, indicating a steady pace of sales relative to the inventory (*Source: Redfin*).
- **Reduction in Price Drops:** Despite the increased inventory, only 22.6% of homes experienced price drops, which is a slight increase from 20.0% last year, suggesting a relatively stable pricing environment (*Source: Redfin*).