November 9, 2010

Greater Seattle Economic Outlook Survey — Third Quarter 2010

The Greater Seattle Economic Outlook Survey, begun in July 2008, gathers information on general business conditions specific to Greater Seattle, and how national and international events and policies affect those conditions. The survey covers:

- Current Business Conditions & Outlook
  - Sales
  - Employment
  - Financing
  - Inventory
- Current Economic Issues

Each quarterly questionnaire repeats the same questions from the previous quarter in the Current Business Conditions & Outlook section for comparisons over time. The Current Economic Issues section introduces new questions each quarter on current events and policies. In addition, the second quarter questionnaire asks about firm characteristics and the fourth quarter survey asks about expectations for the upcoming year.

Survey results provide local businesses, government officials, and the media with information about current and potential future business issues. Results and archives are posted to http://impact.wsu.edu/survey/EconomicOutlook.html.

The Greater Seattle Economic Outlook Survey is the result of a cooperative effort between the School of Economic Sciences at Washington State University, the IMPACT Center in the School of Economic Sciences, and the Seattle Executives Association (SEA). This edition of the survey is the tenth, and covers the third quarter of 2010. The survey was distributed in October.

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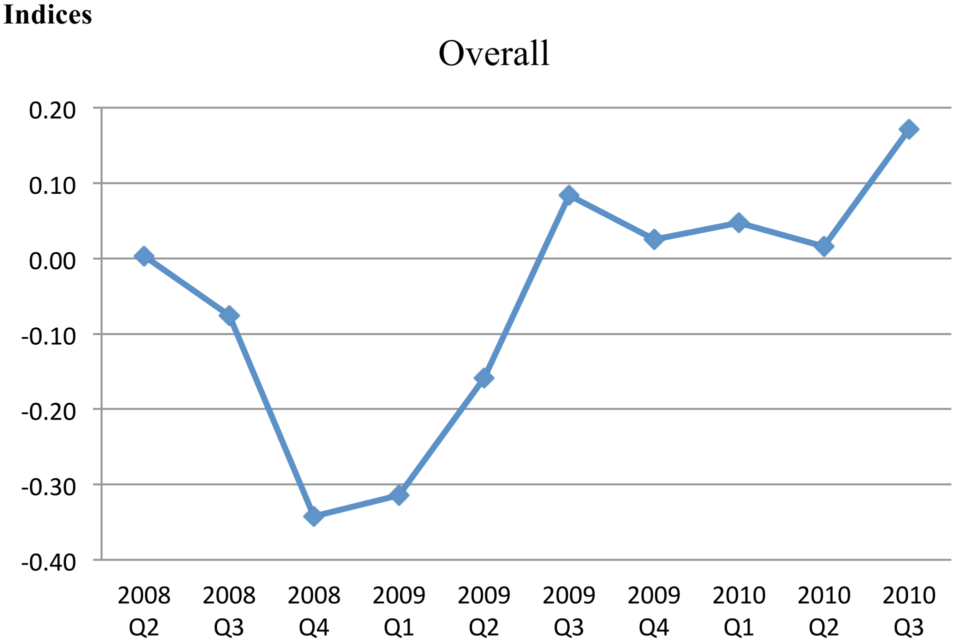
Executive Summary

Business conditions in the Greater Seattle economy during the third quarter of 2010 show improvement over the second quarter. The overall outlook increased by the largest amount in the past year. A greater number of survey respondents indicated their business had increased sales and hired more employees than in quarter 2. Respondents did not indicate any changes in the ability to obtain financing or in their inventory levels.

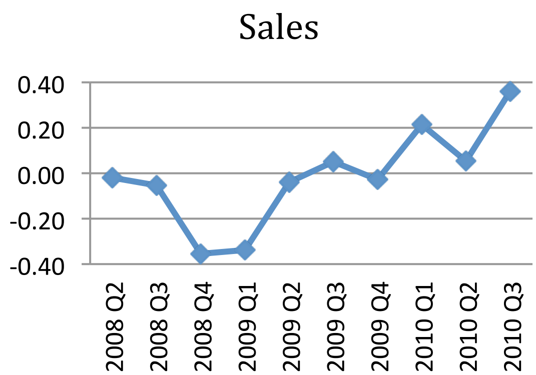
The primary concern for survey respondents continued to be economic uncertainty. In addition to economic uncertainty, other major concerns were healthcare expenses, domestic competition, and government regulation. Though not a concern listed by most participants, there was a large increase in the number of firms indicating that labor availability is an issue.

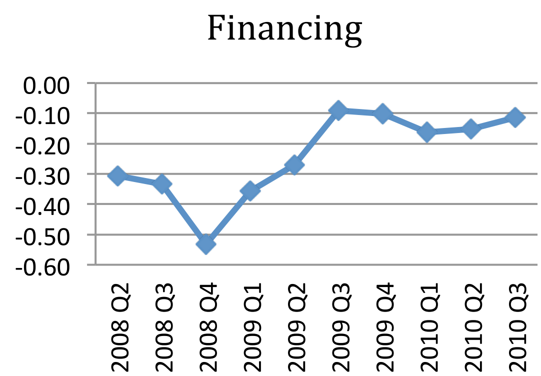
Most respondents said opportunities to innovate did not decrease after the recession began in 2007. However, they reported that continued economic uncertainty is causing them to delay or bypass opportunities for innovation, and to increase cash reserves. Most respondents indicated that they would pursue opportunities to innovate once the economy improves.

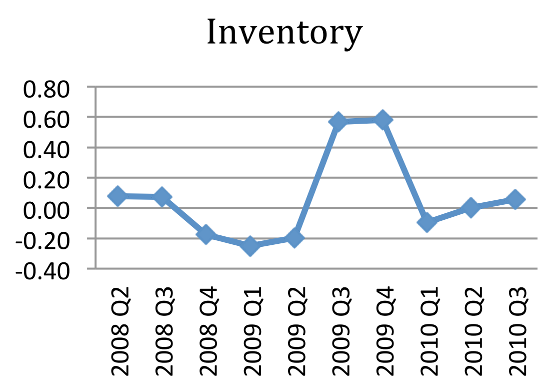
Optimism Indices



Optimism Indices (cont.)







Note: These graphs show the *net* response of participants. For example, if 20% submitted a positive response, 5% a negative response, and 75% no change, then the index is .20 – .05 = 0.15.