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IMPACT

February 3, 2011

Greater Seattle Economic Outlook Survey — Fourth 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 eleventh, and covers the fourth quarter of 2010. The survey was distributed in Jan. 2011.

The authors of this edition of the survey and report are:

Andrew J. Cassey,	Assistant Professor, WSU School of Economic Sciences
Dan Friesner	Associate Professor, North Dakota State University and Adjunct Professor, WSU School of Economic Sciences

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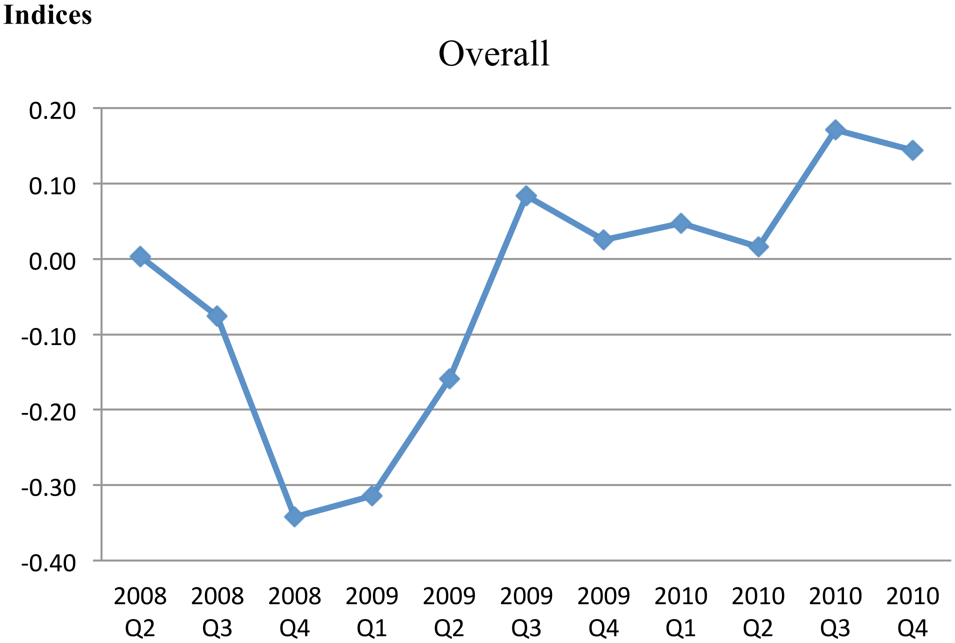
Executive Summary

Business conditions in the Greater Seattle economy during the fourth quarter of 2010 appear to be improving slightly. The overall outlook index remains above 0, indicating survey respondents believe conditions are improving. However, the rate of improvement has slowed from third quarter 2010. Sales and the number of employee continued to increase, whereas inventory levels and the difficulty of financing remain near the levels indicated in the third quarter. Economic uncertainty remains the largest concern to business, though not as much as in quarter 3. Domestic competition was indicated as the second most important concern, moving up one place from number 3 in the previous quarter.

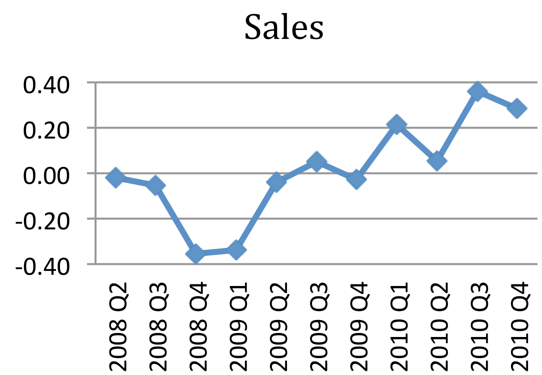
Respondents said that though most of their workforce is college educated, and most of those were educated in Washington's public higher education system, a college-educated workforce is neither important nor unimportant to their business. They do think there will be a slight change in the availability of college-educated labor based on the state's recent reductions to higher education and the increase in tuition.

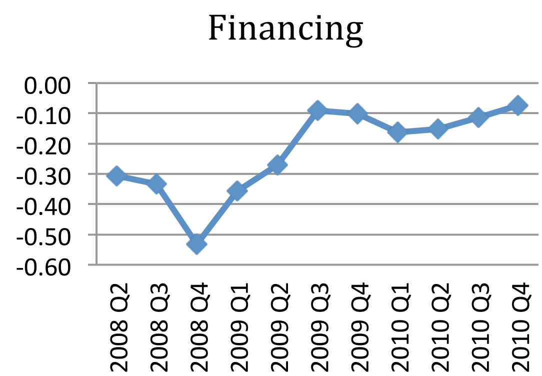
Respondents indicated they believe fiscal policy such as the Dec. 2010 tax deal has a better chance of improving the national economy than the actions of the Federal Reserve. There was a slight belief that deficit reduction was important for the health of the national economy. But respondents reacted differently to state policy. Results show the large majority of participants believe a state balanced-budget is good for the state economy and that voter-approved changes to Washington tax structure will not affect the economy.

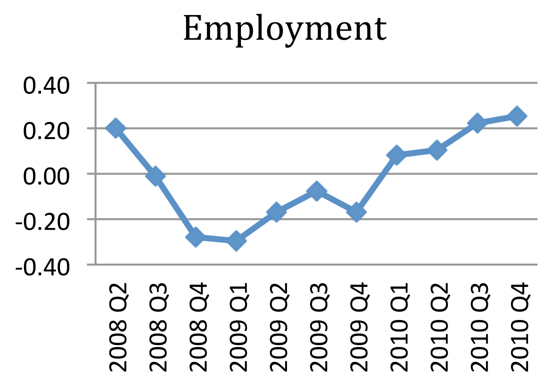
Optimism Indices

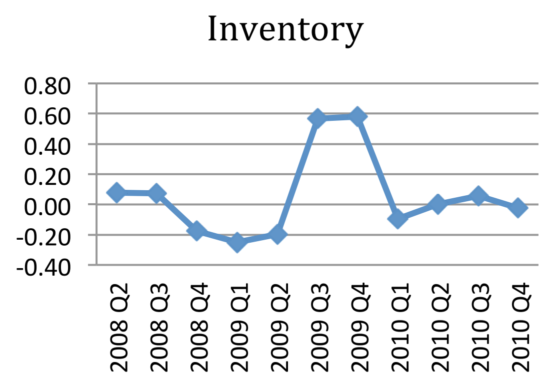


Optimism Indices (cont.)









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.