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Greater Seattle Economic Outlook Survey — First Quarter 2011

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 twelfth, and covers the first quarter of 2011. The survey was distributed in April.

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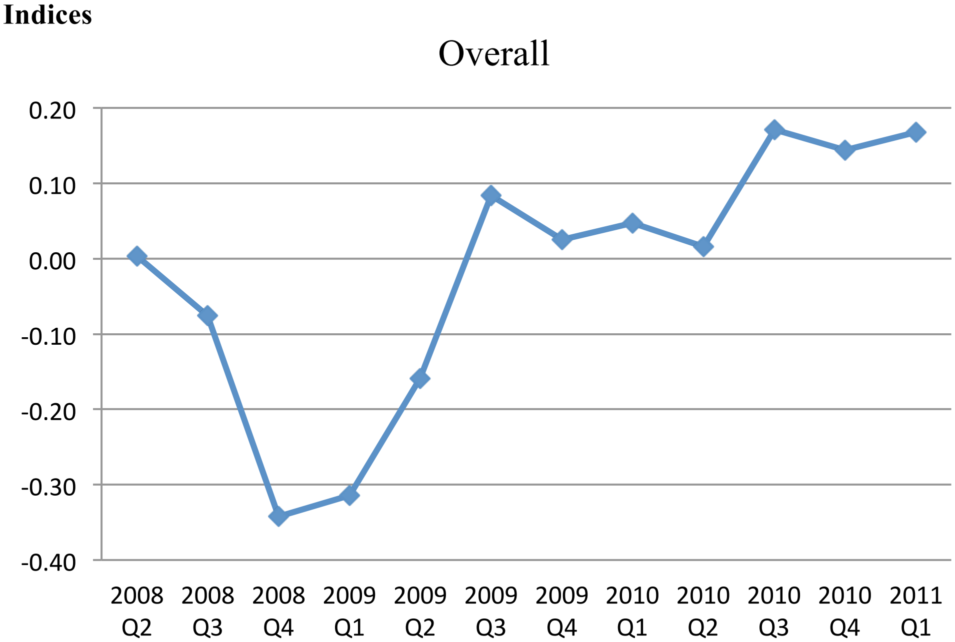
Executive Summary

There was improvement in the economic environment in Greater Seattle in the first quarter of 2011. The overall outlook of firms that participated in the survey increased. Additionally, more firms reported an increase in sales and employment than did not. Only slightly more firms reported more difficulty in financing capital expenditures and inventory levels were constant from the previous quarter. Economic uncertainty continues to be the leading concern. But labor availability is increasingly becoming a problem for firms in Greater Seattle. As in the fourth quarter 2010, other major concerns are healthcare expenses, domestic competition, and government regulation.

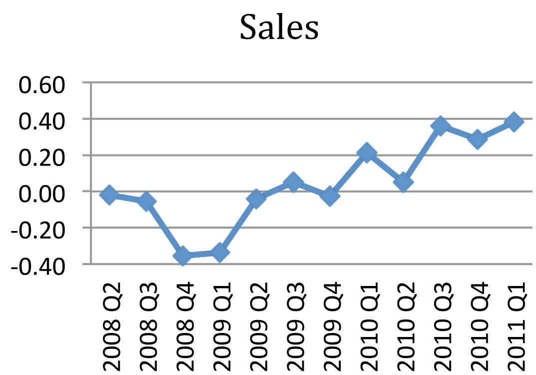
Respondents said that the best option for the state economy is for the state government to have a biennially balanced budget. The fewest number of respondents thought cuts to electricity and other utilities would greatly harm the economy whereas the most respondents thought cuts to roads & infrastructure and higher education would bring the greatest harm to the state economy.

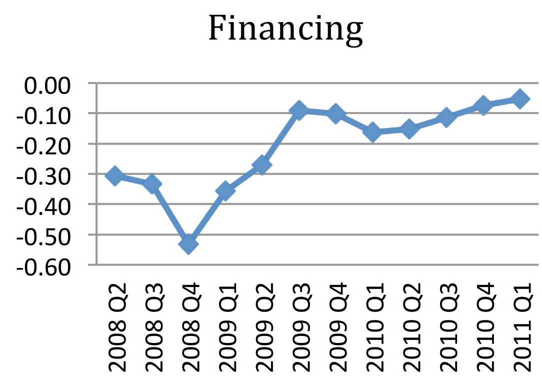
Survey participants are not overly worried about inflation or the increasing cost of gasoline. Fifty percent said the increasing cost of gasoline would not affect them or they would absorb the cost without passing on increased prices to customers. Thirty-nine percent of respondents said they would pass on the increase cost of gasoline to customers in the form of prices or a fuel surcharge.

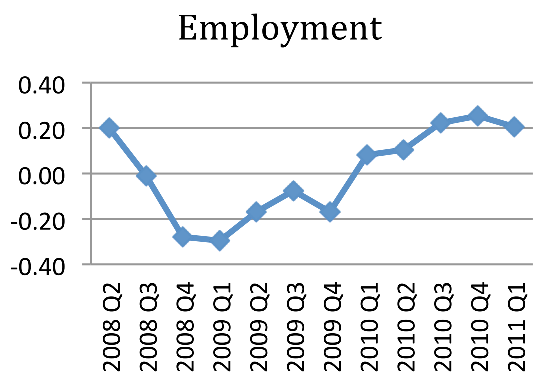
Optimism Indices

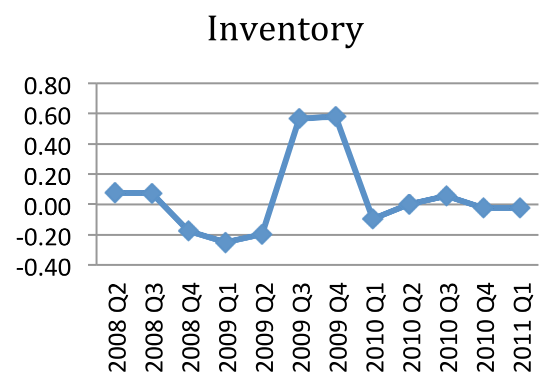


Optimism Indices (cont.)









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.