August 23, 2011

Greater Seattle Economic Outlook Survey — Second 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://www.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 thirteenth, and covers the second quarter of 2011. The survey was distributed in July.

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

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

Thanks to Glenna Thomas and Jack Goldberg of SEA for administering the survey and Justin Taylor for survey implementation. Also thanks to Robert Rosenman of the School of Economic Sciences and Tom Marsh of the IMPACT Center. Finally, thanks to the members of the SEA for their willingness to participate in the survey.

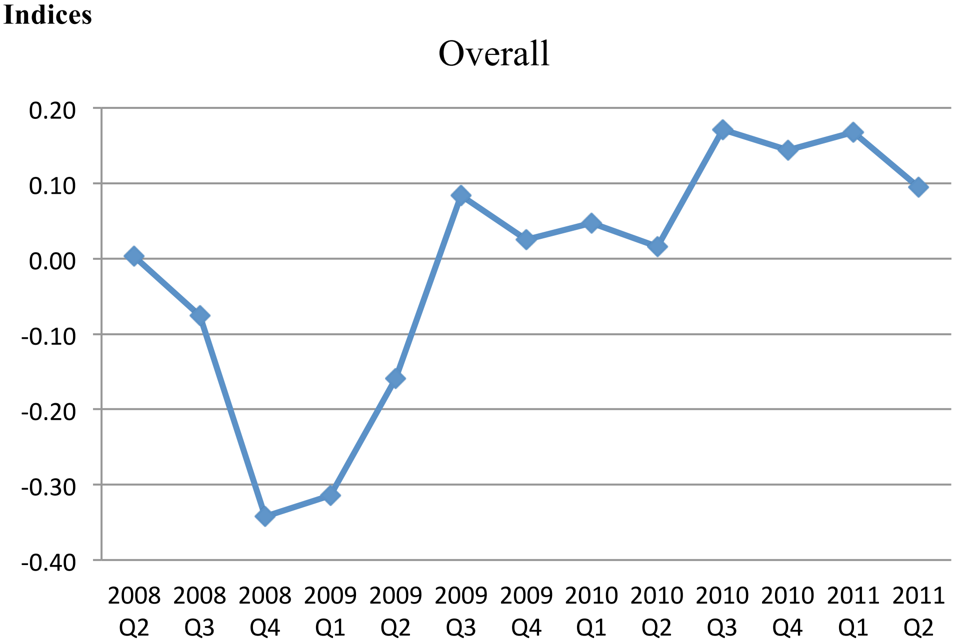
Executive Summary

The majority of participants in the Greater Seattle Economic Outlook Survey are seeing ominous economic clouds. Though most participants indicated their optimism was increased from quarter 1, the strength of that optimism was much less than the previous quarters. And though not the majority, a substantial number of survey participants expressed negative or strongly negative outlooks for the Greater Seattle Economy.

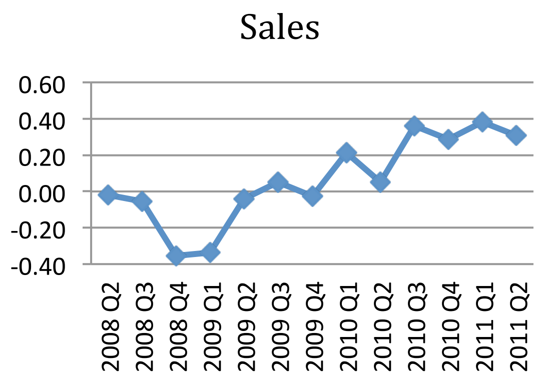
The current economics issues section is about real estate. Despite the fact that the vast majority of our respondents are not willing to pay what was recently the average rental price in the greater Seattle area, slightly more respondents expect that rental rates will increase in the next year compared to the number of respondents who expect rates to decrease. More than half of the responses said they are currently satisfied with the amount of space they have. Of those not satisfied, 60% said the reason was due to economic conditions.

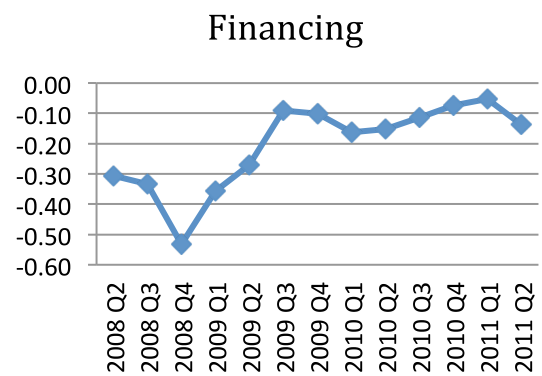
This report also contains information on the business characteristics of survey participants. Most respondents represent businesses with less than 10 employees. However about 15% of the sample are large businesses employing more than 250. Most locate in Seattle proper, but many are located throughout the Puget Sound area. Survey participants have local, national, and international scope. By far, most respondents are in the service industry, with only 2 being manufacturing firms.

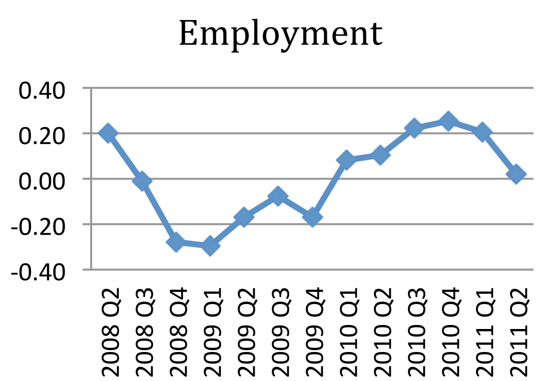
Optimism Indices

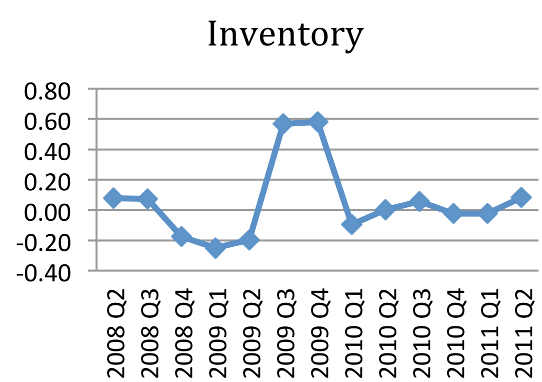


Optimism Indices (cont.)









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.