November 7, 2011

Greater Seattle Economic Outlook Survey — Third 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 fourteenth, and covers the third quarter of 2011. The survey was distributed in October.

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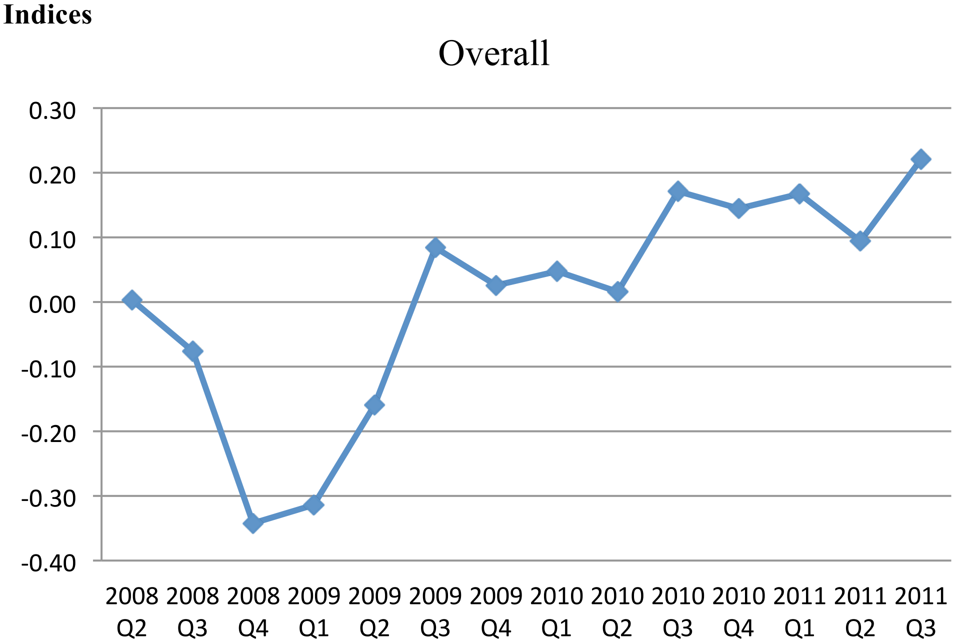
Executive Summary

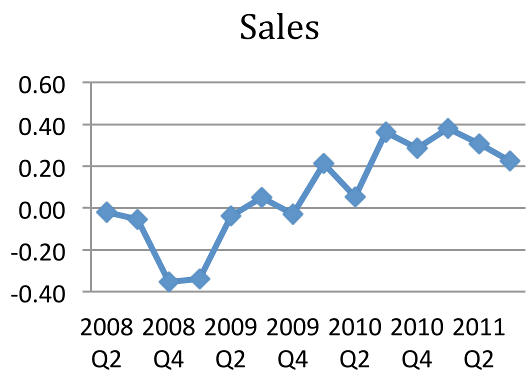
In a reversal from a steep downturn in quarter 2, quarter 3 economic indicators have increased. Though most SEA members reported unchanged levels of employment and sales, the few who did report a change indicated an increase in both measures. In total, there were unchanged levels of difficulty to finance and inventory levels. The overall result is an upturn in economic optimism, following the significant drop from quarter 2.

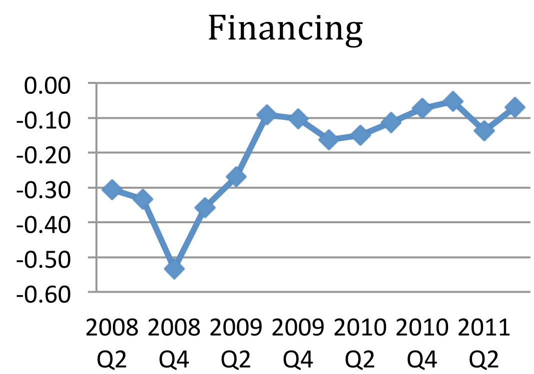
The Current Economic Issues section focuses on workforce composition and labor costs. Just over 40% of respondents reported that that they decreased their labor costs over the past year using a variety of cost saving techniques. However, only a little more than 25% expect to further reduce labor costs in the upcoming year. Given the cuts to labor costs that have already been taken, the survey results indicate that any future labor cuts will be implemented by eliminating currently filled positions or by reducing worker hours. As a result, further reductions in labor costs will be more difficult to implement. Survey results indicate that most believe there is nothing the state or federal government can do to induce further employment in the upcoming year.

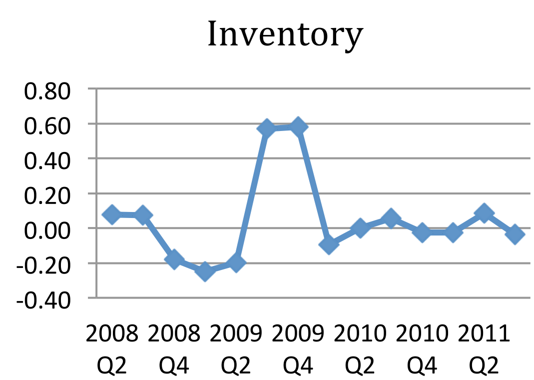
Optimism Indices



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.