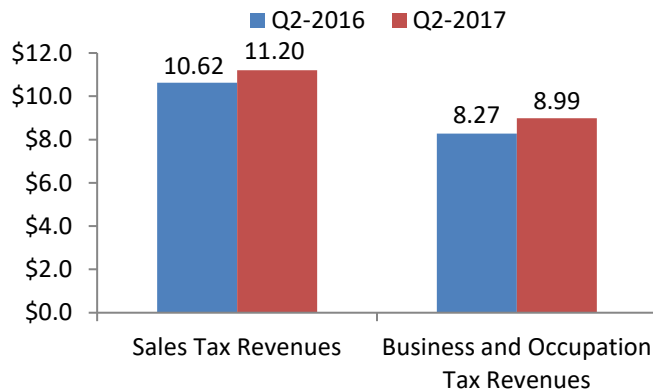


# CITY OF TACOMA – ECONOMIC INDICATORS SUMMARY

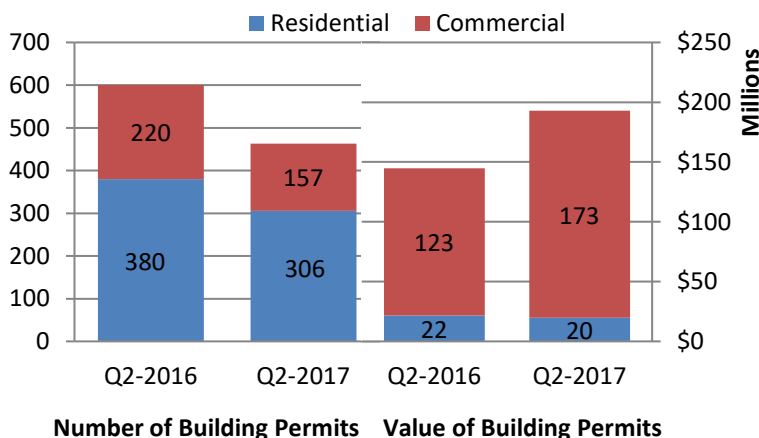
## SECOND QUARTER REPORT 2017

The following report provides data on economic trends in the community and the City of Tacoma's efforts to support economic development. These key economic indicators are reported quarterly.

### City of Tacoma Tax Revenue



### City of Tacoma Building Permits



### OVERVIEW

The local economy experienced positive growth between Q2-2016 and Q2-2017 in Sales Tax revenues, Business & Occupation Tax revenue as well as nearly every sector of employment. The number of businesses opening increased, the value of building permits issued increased, and unemployment decreased.

The total number of building permits issued in Q2-2017 decreased 23% from Q2-2016, however, due to several large projects, their value increased by 33%.

The largest commercial permit issued in Q2-2017 was a \$48 million dollar permit for the IPT Interfor Building B, part of the 1.1 Million square foot industrial development on the former Simpson lumber mill site.

Point Ruston Baker Building was the second largest at \$38 million. This is a 178 unit condominium project located in Point Ruston.

Other large projects include: Kindred Rehabilitation Hospital of Tacoma, Eastside Community Center and Pool, TOTE Marine Vessel LNG Fueling System and the Proctor South development.



# CITY OF TACOMA - ECONOMIC INDICATORS

## SECOND QUARTER REPORT 2017

### DEVELOPMENT AND INDUSTRIAL PERFORMANCE

	2015	2016	Q2-2016	Q2-2017	% change from prior Q2
Number of Commercial Building Permits		747	220	157	-28%
Number of Residential Building Permits		1,164	380	306	-19%
Value of Commercial Building Permits		\$373.5	\$123.2	\$173.2	40.6%
Value of Residential Building Permits		\$58.63M	\$21.6M	\$19.7	-.08%
Port of Tacoma Container Volume in Twenty-Foot Equivalent Units (TEU)	2,125,039	2,221,409	536,398	483,178	-10.0%



The Port of Tacoma container volumes decreased 10% from Q2-2016 to Q2-2017. Total year-to-date Northwest Seaport Alliance volumes are up 7 percent. Year to date, full import volumes were up 7 percent to 694,175 TEUs (20-foot equivalent units). Meanwhile, full exports grew 2 percent to 476,745 TEUs. Total international container volume, including empties, increased 10 percent year to date to 1,477,870 TEUs. The National Retail Federation recently projected in its June – October forecast that imports are expected to continue their strong growth trend.

Alaska's year-to-date volumes are down 8 percent and are expected to end the year 5 to 6 percent lower due to soft market conditions. Hawaii volumes through the Pacific Northwest declined 3 percent due to diversion to Southern California.

The City of Tacoma experienced 5.4% overall growth in Sales Tax revenues from Q2-2016 to Q2-2017, ending Q2-2017 at \$11,197,841. Business and Occupation Tax revenues grew 8.6%, ending Q2-2017 at \$8,982,263.

For Sales Tax, the Construction sector increased the most at 33.6% year over year. This is due to several large projects including the PSE's LNG plant, the Prologis Park and the Stadium Apartments.

Every sector had positive increase in the Business and Occupation Tax revenues. The largest were Retail Services at 66.8% and Wholesaling at 13.5%.

	2015	2016	Q2-2016	Q2-2017	% change from prior year Q2
<b>Sales Tax Revenue – Top Five Sectors</b>					
1. Retail Trade	\$19,937,530	\$20,795,748	\$5,032,270	\$5,061,718	0.6%
2. Construction	\$5,433,559	\$6,034,991	\$1,467,158	\$1,960,610	33.6%
3. Accommodation & Food Services	\$4,344,364	\$4,680,056	\$1,162,349	\$1,216,882	4.7%
4. Wholesale Trade	\$2,446,493	\$2,528,534	\$641,410	\$592,798	-7.6%
5. Information	\$1,628,929	\$1,844,278	\$454,536	\$470,495	3.5%
All Other Economic Sectors	\$7,449,016	\$8,023,095	\$1,866,397	\$1,895,638	1.6%
<b>TOTAL</b>	<b>\$41,239,891</b>	<b>\$43,906,702</b>	<b>\$10,624,120</b>	<b>\$11,197,841</b>	<b>5.4%</b>
<b>Business and Occupation Tax Revenue – Top Five Sectors</b>					
1. Service & Other	\$18,359,794	\$18,975,533	\$4,846,315	\$5,107,111	5.4%
2. Retailing	\$8,176,241	\$8,541,760	\$1,499,230	\$1,608,175	7.3%
3. Wholesaling	\$4,752,129	\$4,678,138	\$1,098,705	\$1,246,913	13.5%
4. Manufacturing	\$2,819,685	\$2,481,900	\$590,932	\$627,600	6.2%
5. Retail Services	\$1,073,282	\$1,023,424	\$235,315	\$392,464	66.8%
<b>TOTAL</b>	<b>\$35,181,131</b>	<b>\$35,700,754</b>	<b>\$8,270,497</b>	<b>\$8,982,263</b>	<b>8.6%</b>

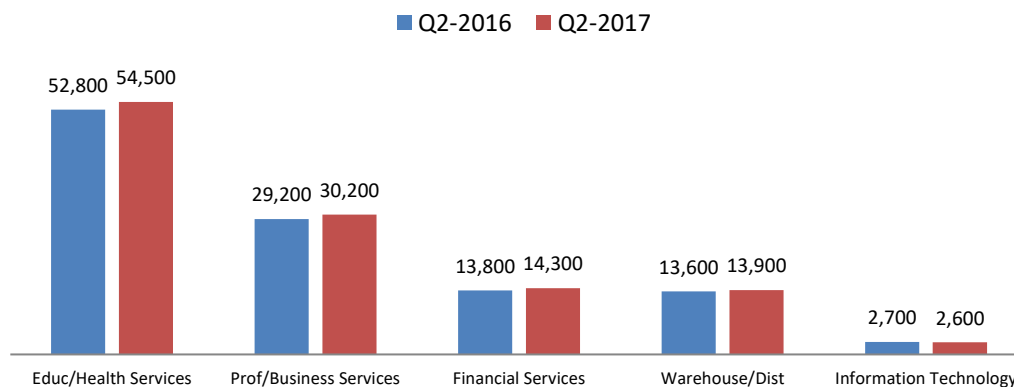
# CITY OF TACOMA - ECONOMIC INDICATORS

## SECOND QUARTER REPORT 2017

### EMPLOYMENT

	2015	2016	Q2-2016	Q2-2017	% change from prior year Q2
<b>Employment by Sector – Top Growth Sectors</b>					
1. Construction	19,900	21,500	21,400	22,800	6.5%
2. Manufacturing	17,200	17,200	17,200	16,900	-1.7%
3. Trade	49,100	51,900	51,700	53,700	3.9%
4. Transportation/Utilities	13,400	13,800	13,600	13,900	2.0%
All Other Economic Sectors	196,800	202,000	202,100	206,600	3.0%
<b>TOTAL</b>	<b>296,400</b>	<b>306,400</b>	<b>306,000</b>	<b>313,900</b>	<b>2.2%</b>
<b>Total Employment Non-Farm Metro (Private)</b>	239,000	248,000	247,600	255,000	3.0%
<b>Unemployment Rate</b>	6.8%	6.6%	6.6%	5.5%	

### Q2-2016 & Q2-2017 TACOMA EMPLOYMENT BY CLUSTER



### BUSINESS START-UPS AND CLOSURES

	2105	2016	Q2-2016	Q2-2017	% change from prior year Q2
<b>Number of New Business Licenses</b>	5,578	4,720	979	1,708*	74.5%
<b>New business locations in City</b>			396	633	59.8%
<b>Total Number of Business Licenses</b>	30,739	34,006	32,421	34,489	6.4%

\*865 of the new businesses are TNC drivers

Tacoma followed the State's trend with a decreasing unemployment rate. The City of Tacoma's unemployment rate decreased from 6.6% to 5.5% between Q2-2016 and Q2-2017.

Washington State's unemployment rate dropped to 4.5 percent in Q2-2017, a rate that matches the state's historic low rate last reached in June 2007. The national unemployment rate was 4.4 percent last month. This places Washington State at 34 out of 50 states.

The State of Washington unemployment rate decreased from 5.6% to 4.4% from Q2-2016 to Q2-2017. The national unemployment rate decreased from 4.9% for Q2-2016 to 4.3% in Q2-2017.

From Q2-2016 to Q2-2017, employment grew primarily in Construction 6.5% (1,400 jobs) and in Trade 3.9% (2,000 jobs). Overall, the total number of jobs increased by 7,900 year over year.

In Q2-2017, Education and Health Services remained the largest employment cluster with 54,500 jobs. It gained 1,700 jobs (3.2%) since Q2-2016.

The City issued 1,708 new business licenses in Q2-2017.

# CITY OF TACOMA - ECONOMIC INDICATORS

## LEASE RATES – JUNE 2017

	Studio	1 Bed 1 Bath	1 Bed 1 Den	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed 2 Bath	3 Bed 3 Bath	Occupancy Rate
Affordable Rate								
Low to High Rent	\$530-\$1,245	\$560-\$1,545	--	\$660-\$2,560	--	\$995-\$2,380	--	99%
Average Price/Fee <sup>2</sup>	\$1.77-\$1.78	\$1.40-\$1.77		\$1.05-\$1.84		\$1.17-\$1.76		
Market Rate, Downtown								
Low to High Rent	\$900-\$1,589	\$940-\$2,195	\$1,025-\$2,160	\$1,100-\$2,195	\$1,525-\$2,995	--	\$1,350-\$3,300	99%
Average Price/sqft	\$2.13-\$2.32	\$1.68-\$1.83	\$1.52-\$1.62	\$1.45-\$1.70	\$1.80-\$1.92		\$1.42-\$1.78	
Market Rate, Outside Downtown								
Low to High Rent	\$1,190-\$1,441	\$1,295-\$2,700	\$1,325-\$2,700	\$1,480-\$1,660	\$1,460-\$3,950	--	\$3,895-\$4,170	98%
Average Price/sqft	\$2.19-\$2.27	\$2.29-\$2.83	\$1.92-\$2.58	\$1.43-\$1.62	\$1.50-\$2.65		\$2.37-\$2.85	

When looking at the rental market in the City of Tacoma, the affordable market has a 99% occupancy rate, the market rate housing in Downtown Tacoma has a 99% occupancy rate, and the market rate housing outside of Downtown Tacoma has a 98% occupancy rate. The range of prices for affordable housing is from \$1.05 per sqft to \$1.84 per sqft. The range of prices for market rate rental housing ranges from \$1.42 per sqft to \$2.85 per sqft. There are more than 2,000 new units scheduled to break ground and/or under construction to help fill the housing demand.

## DEFINITIONS

**Average Lease Rates:** Sum of all individual lease rates divided by the number of leases (a written agreement between landlord and tenant of a building for use of space in that particular building for a specified period of time and fee). Source: CoStar--a third party real estate services provider.

**Accommodation & Food Service Sector:** Comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The sector includes both accommodation and food services establishments because the two activities are often combined at the same establishment.

**Business and Occupation Tax (B&O):** This measure is the Business and Occupation Tax Revenue collected for the City of Tacoma. The sector classifications are defined by the State of Washington and the City of Tacoma. Source: Finance Department, Tax and License Division.

**Employment (Non-Farm, Metro):** This measure represents the non-farm employment for the Tacoma Metro area. This information is reported monthly and seasonally adjusted. Source: Washington State Employment Security Department.

**Information Sector:** Comprises establishments engaged in the following processes: (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data.

**Local Employment and Apprenticeship Training Program (LEAP) Jobs:** This measure shows the number of jobs filled by local residents and apprentices to meet LEAP Requirements for City-funded public works projects. Source: Community and Economic Development Department.

**Manufacturing:** Producing a new, different or useful substance or article of tangible personal property for same or commercial or industrial use. Persons selling items must also report under wholesaling and/or retailing.

**Number and Value of Commercial and Residential Building Permits:** These measures track the number of permits issued for commercial and residential projects and the value of the construction projects. Building permits are considered a leading economic indicator. The value of projects varies by the number and magnitude of construction projects. Source: Planning and Development Services.

**Number of New Business Licenses and Number of Business Licenses:** The business license measures serve as an indicator of the economic climate. Source: Finance Department, Tax and License Division.

**Port of Tacoma Container Volume:** This measure shows the volume of shipping containers moving through the Port of Tacoma and serves as an indicator of the amount of import and export trading moving through the Port of Tacoma. Shipping container volumes are reported as Twenty-Foot Equivalent Units (TEUs) to allow tracking of various sized shipping containers. Source: Port of Tacoma.

**Retail Trade Sector:** Comprises establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

**Retailing:** Applies to all transactions subject to retail sales tax. Sale, rental, repair, or installation (including labor) of tangible personal property and digital products purchased by consumers for their own use (not for direct resale or as an ingredient used to produce or process an article for resale). Includes transient lodging and some amusement, personal services, and recreation activities. Construction (material and labor) performed for a consumer is a retail activity. RCW 82.04.050

**Sales Tax Revenue:** This measure is the Department of Revenue's Sales Tax collected for the City of Tacoma. The Sales Tax Revenue does not include revenues from Natural Gas Use Tax, Mental Health and Chemical Dependency Sales Tax, or Criminal Justice Sales Tax. The Washington State Department of Revenue uses the sector classifications defined by the North American Industry Classification System (NAICS). Source: Finance Department, Tax and License Division.

**Services & Other:** Comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grant making, advocacy, and providing dry cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

**Small Business Enterprise (SBE) Firms and Contract Values:** This measure is the number of certified SBE firms participating in City contracts and the value of these contracts. Source: Community and Economic Development Department.

**Unemployment Rate:** The unemployment rate shows the percentage of the labor force that is unemployed. Unemployment is defined as those who are not employed, were available for work, and made specific and recent efforts to find employment. Source: Washington State Employment Security Department.

**Wholesaling:** Sales of tangible personal property and/or labor performed for persons who resell the same in the normal course of business. Wholesalers must obtain a Reseller Permit from their customer. Merely obtaining a UBI/tax registration number from the customer is not sufficient for this requirement. WAC 458-20-102