

# City of Spokane Quarterly Economic Indicators

Q1, 2023

*May, 2023*



**EASTERN**  
WASHINGTON UNIVERSITY

start something **big**

# Overview

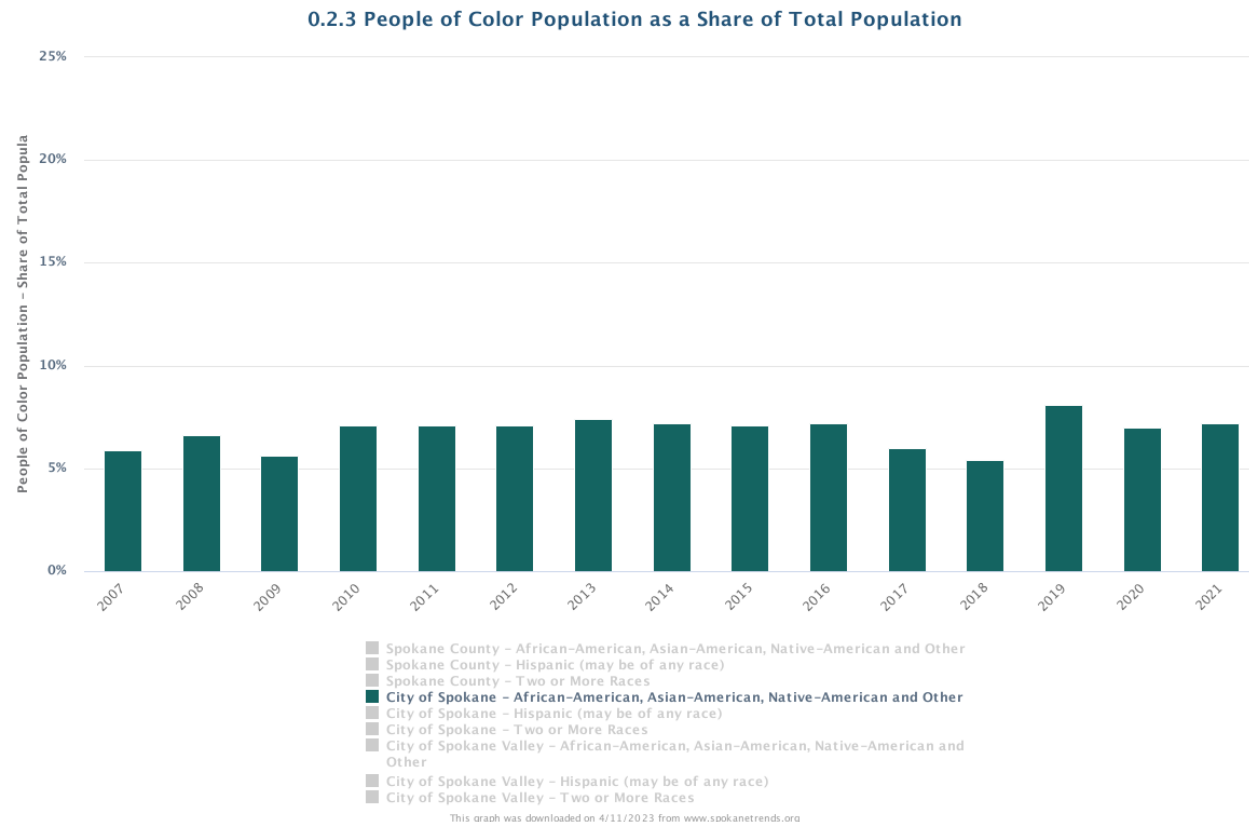
- Goal: to provide insights about important City trends via data with higher frequency than annual updates
- Track indicators in the following categories (# of indicators):
  - Population (6)
  - Employment (10)
  - Residential construction (4)
  - Non-residential construction (2)
  - Taxable sales & revenue (4)
- Local indicators are for the City of Spokane, unless noted

# Population: Consider the share of non-White *rac*es in City of Spokane

- Included:
  - American Indian/Alaskan Native
  - Asian
  - Black
  - Native Hawaiian/Pacific Islander

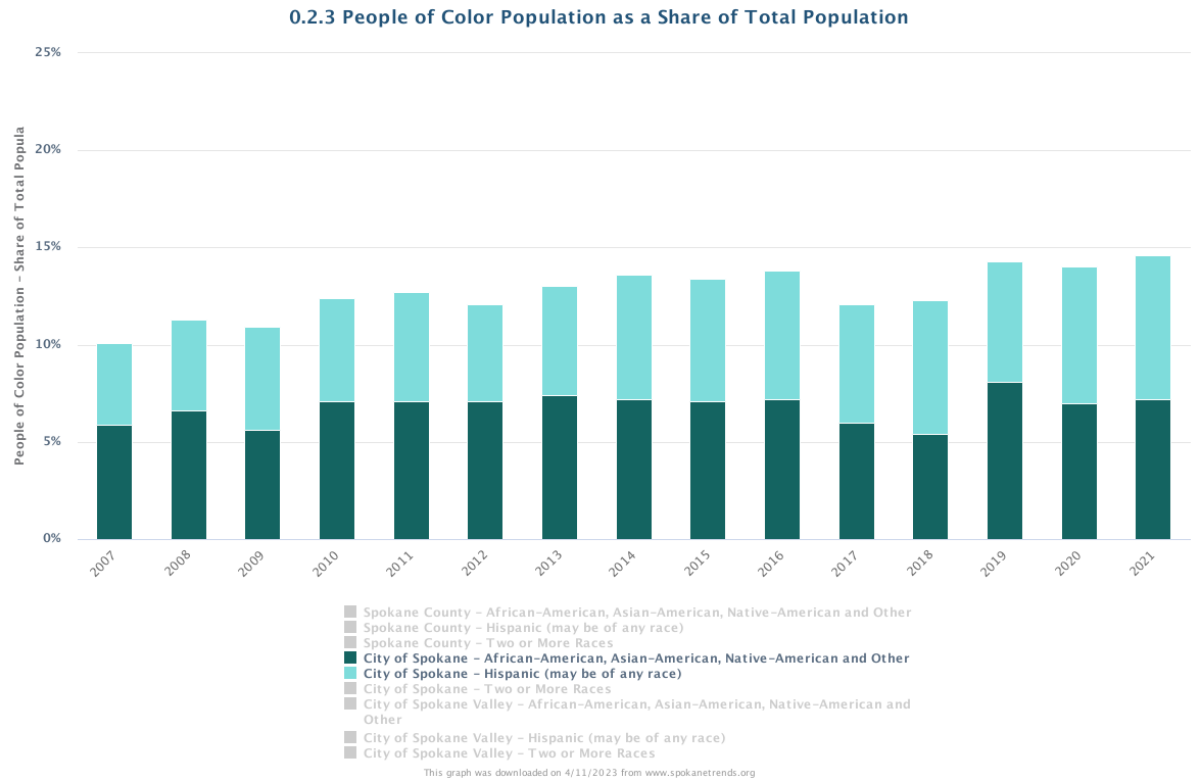
- No growth of racial minorities' share here:
  - 2012: 7.1%
  - 2021: 7.2%

- But higher shares than in County



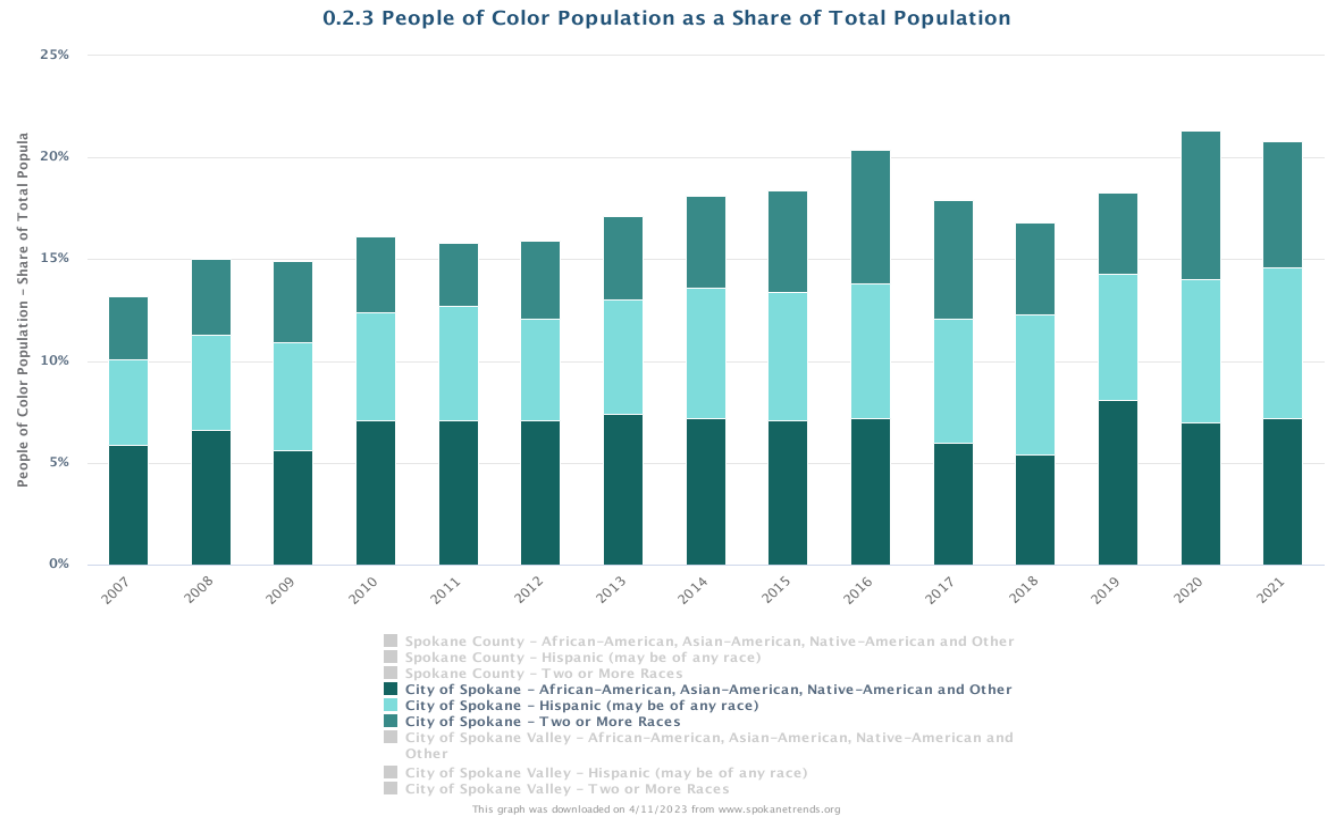
# Population: Consider the size & growth of Hispanics/Latinos in City of Spokane

- Hispanic/Latino shares:
  - 2012: 5.0%
  - 2021: 7.4%
- Largest of the groupings



# Population: Consider the share of Multi-racial

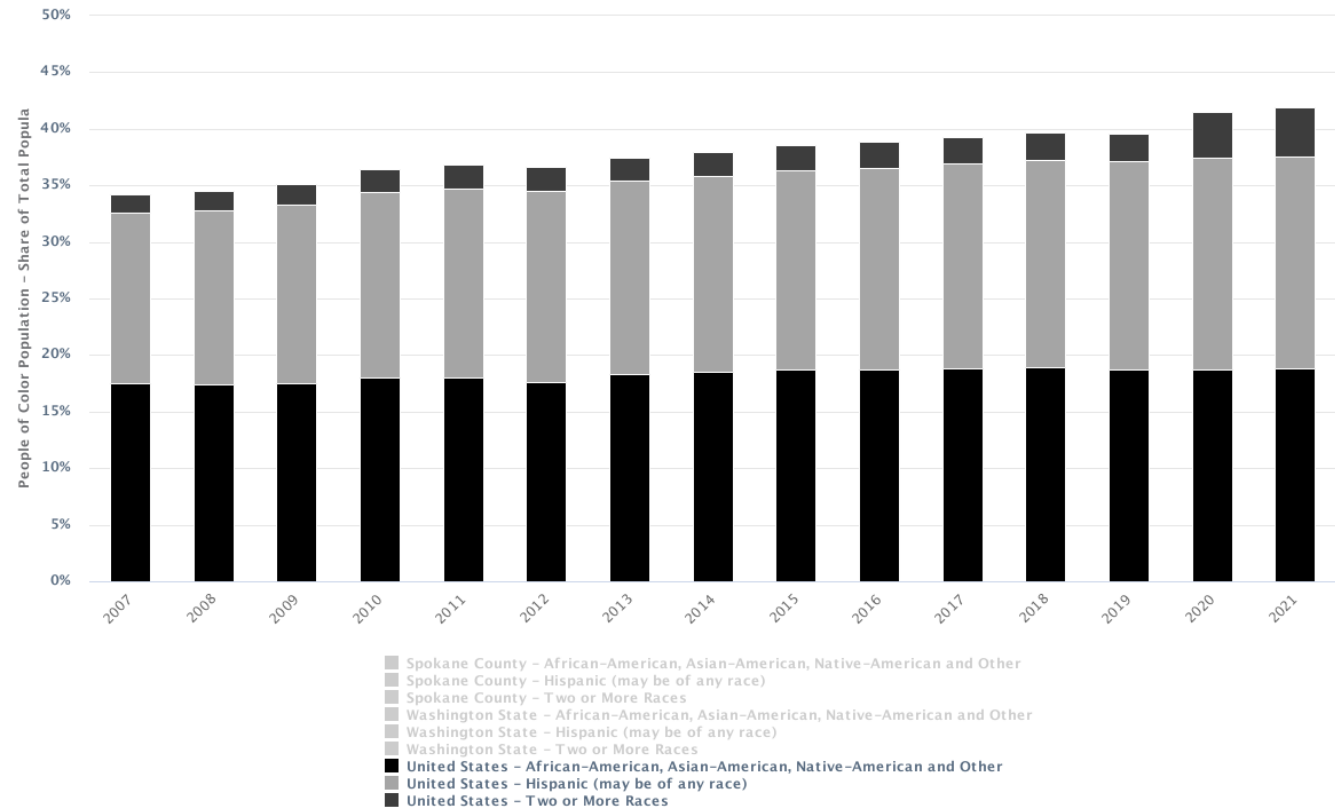
- 2 or more races:
  - 2012: 3.8%
  - 2021: 6.2%
- Large % increase, fastest growing group



# Population altogether: POC's 2021 share of City population ~21%

- U.S. share 42%
  - Or 2x COS's share of POC
- But U.S. POC cumulative growth *rate* over the decade much slower than City's
  - U.S. ~15%
  - City of Spokane: ~31%

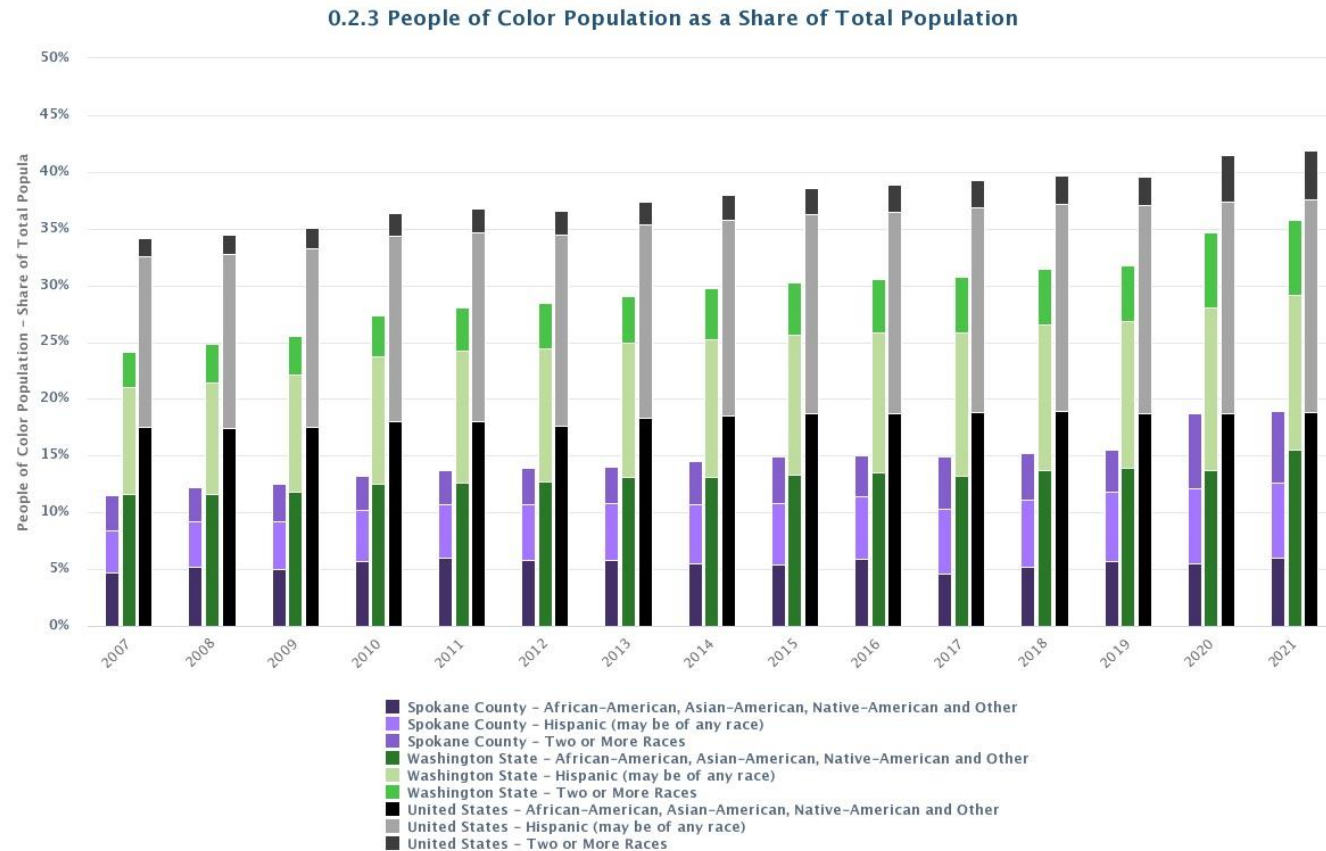
0.2.3 People of Color Population as a Share of Total Population



This graph was downloaded on 4/11/2023 from [www.spokanetrends.org](http://www.spokanetrends.org)

# Population: the near-future face of Spokane, U.S. & WA

- 2030 POC shares, if growth rates of past decade stay:
  - U.S.: 50%
  - WA: 46%
  - City: 27%
- Likely POC growth rates will not be as high for all 3 areas
- But our hunch that City will be at least 25%

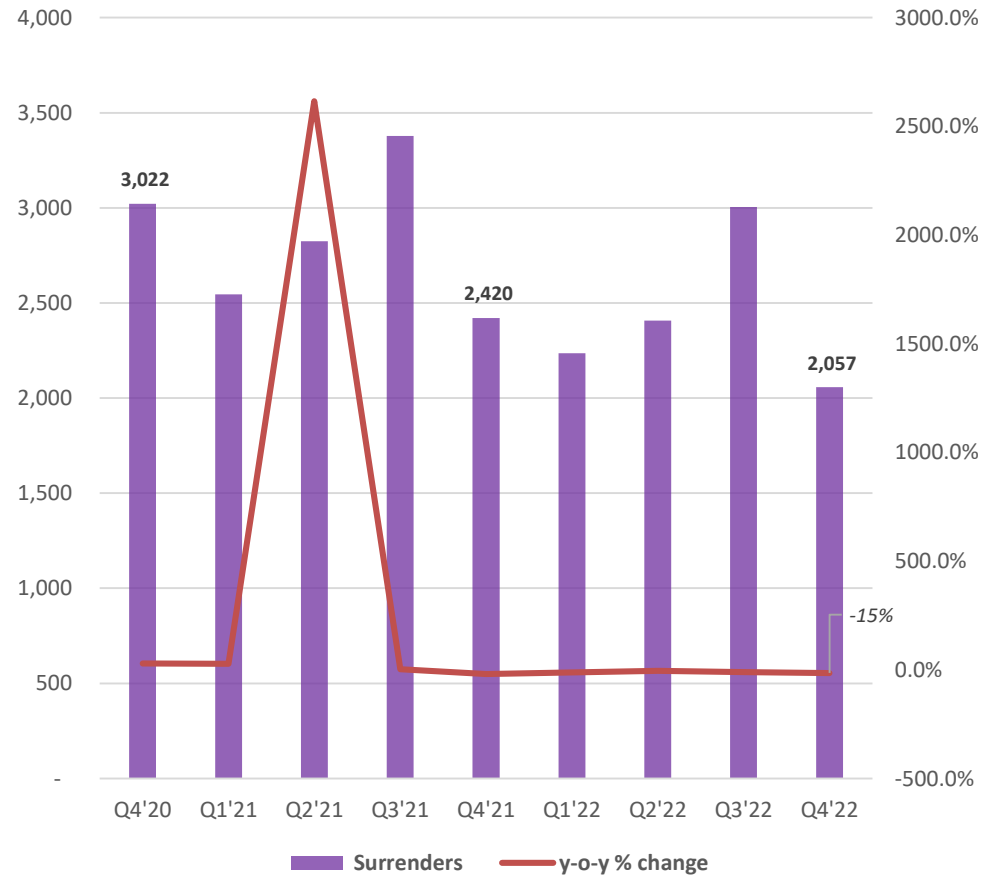


This graph was downloaded on 1/3/2023 from [www.spokanetrends.org](http://www.spokanetrends.org)

# Population

## County drivers license surrenders: slowing continued in 2022

- Tracks those moving to the county from out-of-state
  - Doesn't capture in-state moves; currently, these are larger
- Q4 2022 < lower than Q4 2021, 2020 & 2019!
- 2022 annual surrenders < 2021, 2020 & 2019
- Rank of top “contributing” states in '22: CA, ID, OR, AZ, TX



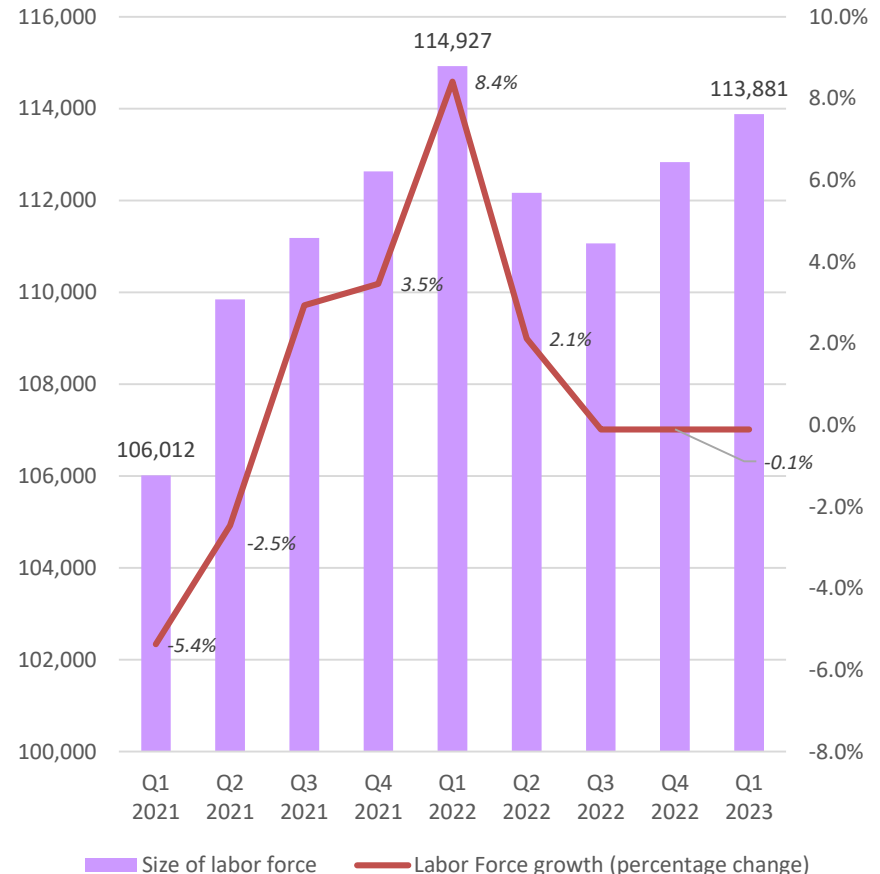
Source: WA Department of Licensing



## Labor market

# Size of the labor force (& year-to-year change)

- Civilian labor force (CLF) is the sum of those employed plus those unemployed and actively looking for work.
- After two quarters of declines, Q4 of 2022 and Q1 of 2023 saw increases again in the size of CLF.
- The labor force in first quarter of 2023 was still below where it was a year ago in Q1 of 2022 but higher than all other recent periods.
- Total CLF reached a new high at close to 115,000 workers in first quarter of 2022.

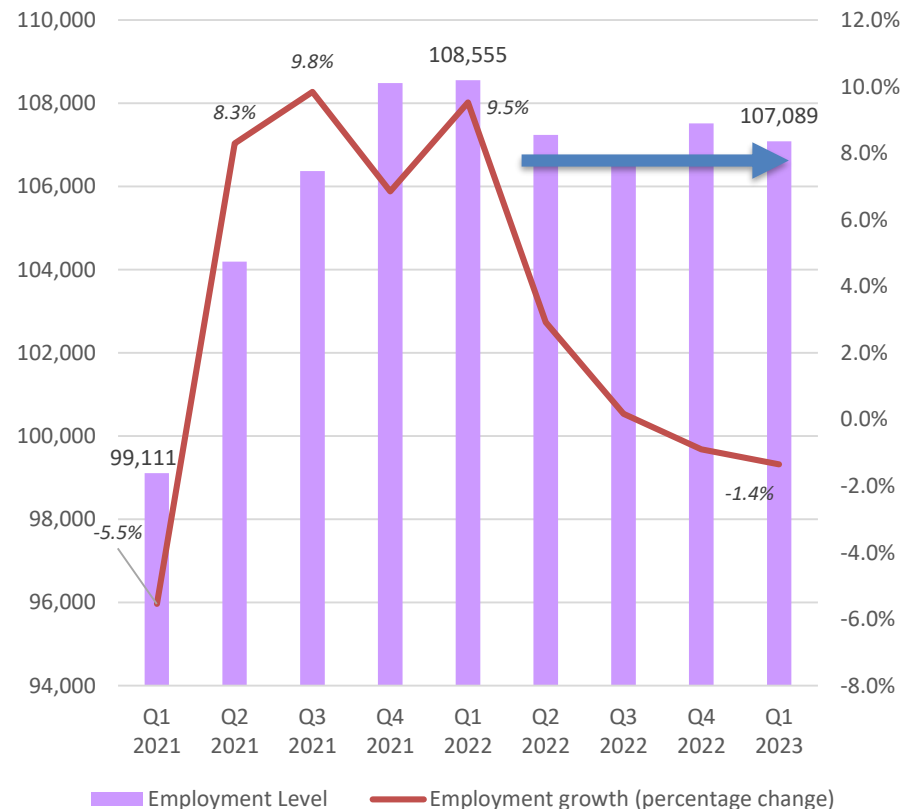


Source: Local Area Unemployment Statistics (LAUS)

## Labor market

# Number of jobs (& year-to-year change)

- After peaking at a new high of over 108,500+ jobs, there was a slight drop-off to 107,000+ jobs in Q1 of 2023.
- Compared to one year ago (Q1, 2022), the number of jobs is just slightly lower.
- The local economy seems to have recovered from the shock of the pandemic and is returning to a new normal.

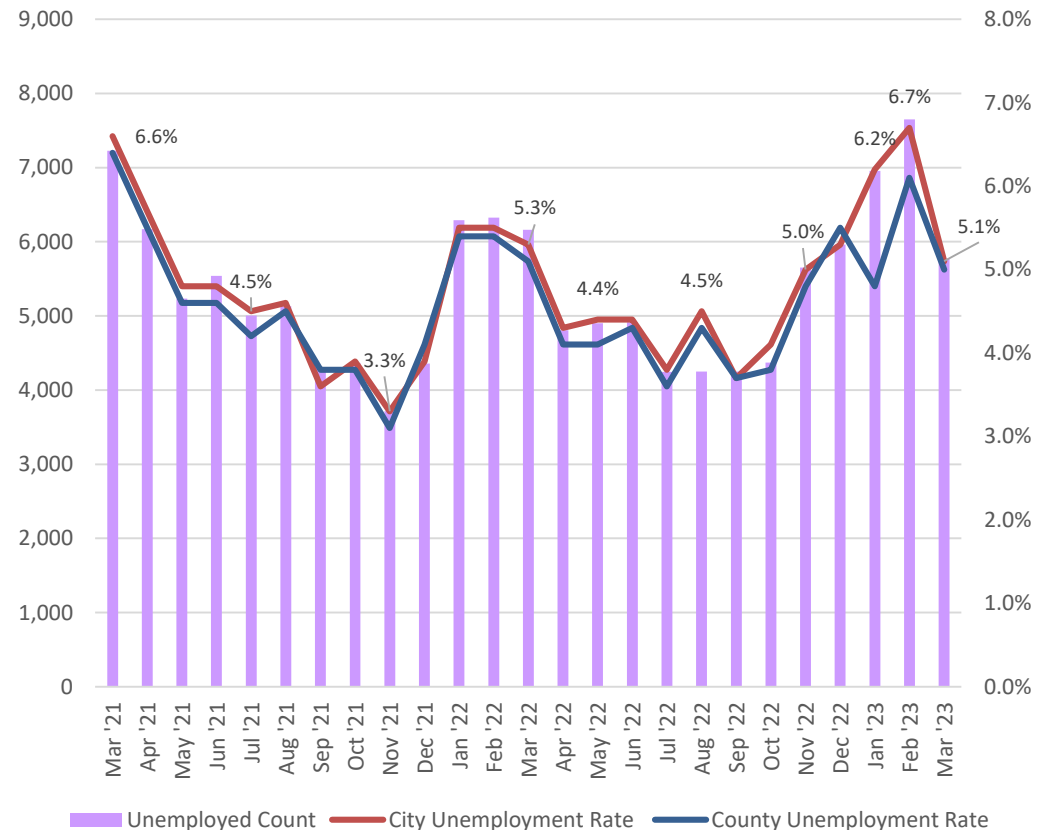


Source: Local Area Unemployment Statistics (LAUS)

# Labor market

## Monthly unemployment count & rate

- The city's March unemployment number of 5,100 was only slightly above the county's rate of 5.0%
  - Washington State 4.2%
  - US 3.5%
- The unemployment rate for March is just below what it was a year ago (5.3%) and is well below the 6.6% of two years ago.
- After rising in January & February, the unemployment rate fell back to where it was in November & December of 2022.
- Good News: The actual number of people unemployed in March is similar to the unemployment count in November.



Source: Local Area Unemployment Statistics (LAUS)

# Summary of aggregate employment measures

- After two quarters of decreasing **labor force**, the CLF has rebounded again in Q4 of 2022 and Q1 of 2023 and is approaching the previous high of 115,000 in Q1 of 2022.
- **Employment levels** in the first quarter of 2023 was slightly below the all-time high of 2022. The last four quarters have seen employment levels staying flat around 107,000.
- The March **unemployment rate** for the City decreased slightly to 5.1% (from a year ago), but is currently above both the state (4.2%) and US (3.5%) averages. The city's March unemployment rate tied the county's rate overall .

## Key sectors

# Quarterly employment in County Healthcare & Social Assistance

- Includes: ambulatory care, hospitals, social assistance, & nursing/residential care
- County's largest sector grew very little during first 9 months of 2022
- 9 quarter average employment: ~ 44,501 (up just a bit from last quarter)
- Count now nearly 1,800 > Q3 2019
- 2021 average annual wage: \$57,275 (vs. \$57,300 for all jobs in County)

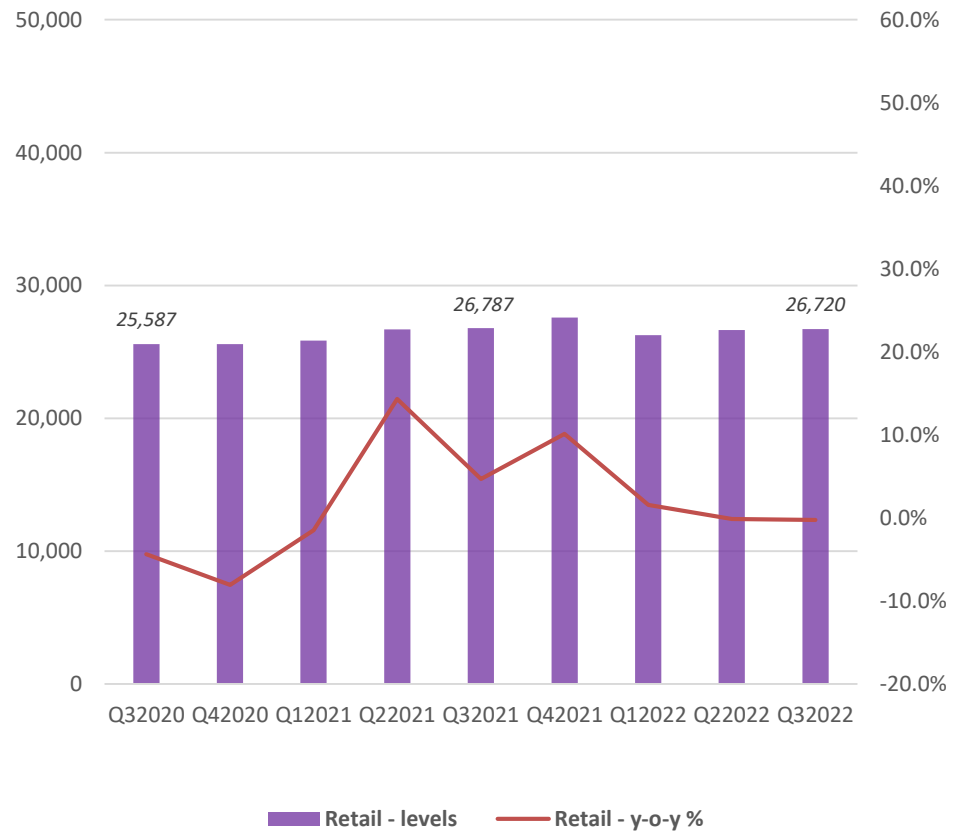


Source: WA Dept. of Employment Security, QCEW

## Key sectors

# Quarterly employment in County Retailing

- 2nd-largest private sector
- Strong recovery in 2021, but declining in 2022 (9 months)
- 9 qtr. average employment: ~28,806
- Count now ~ Q3 2019
- 2021 ave. annual wage: \$39,806 (vs. \$57,300 for all jobs in County)

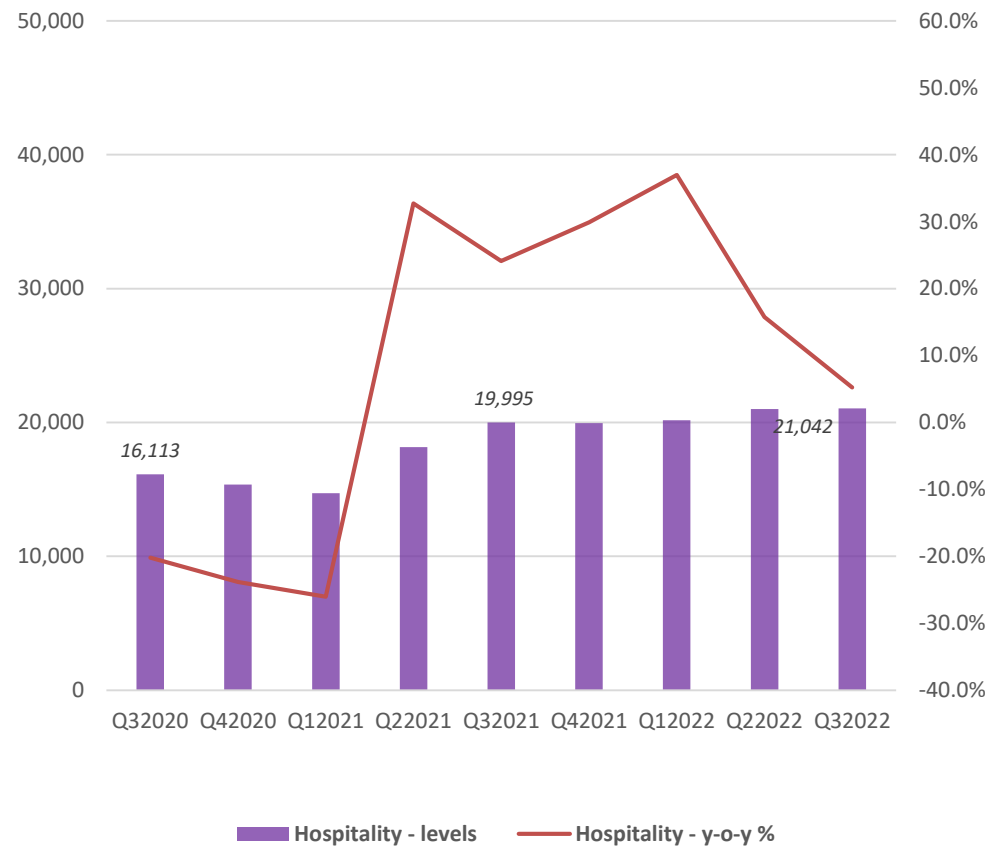


Source: WA Dept. of Employment Security, QCEW

## Key sectors

# Quarterly employment in County Hospitality

- Hospitality composed of lodging, restaurants, bars, coffee shops, caterers – 4th largest sector
- It's pandemic blow was worst of all the large sectors
- Recovery in 2021 continues into 2022. Count now ~ 1,000 > Q3 '19
- 9 qtr. ave. employment: 20,542
- 2021 AA wage: \$25,620 (37% increase)!

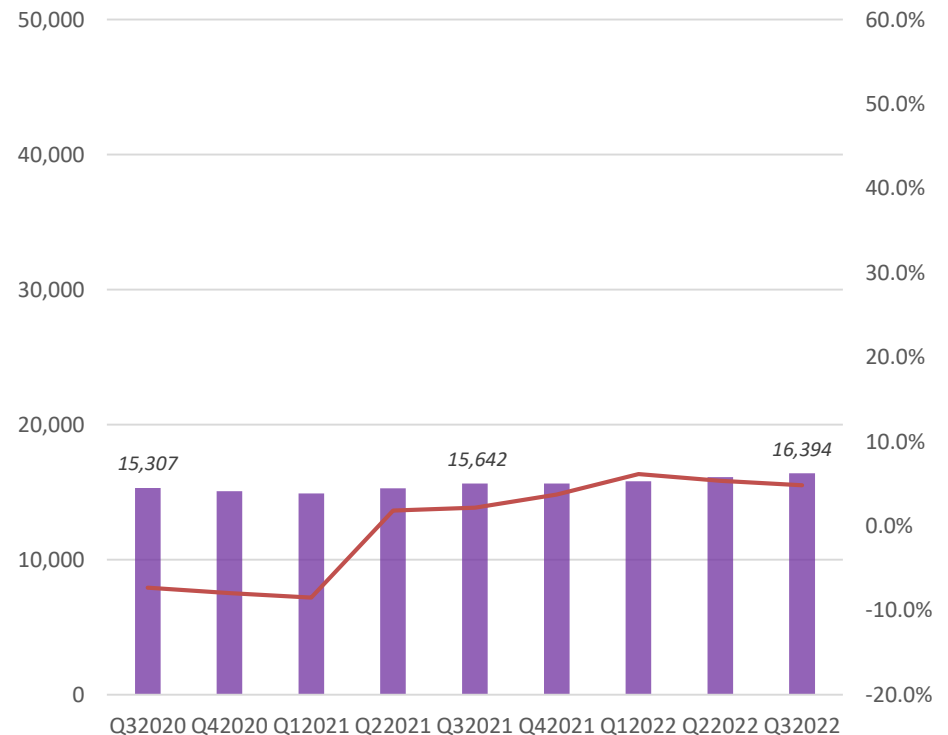


Source: WA Dept. of Employment Security, QCEW

## Key Sectors

# Quarterly employment in County Manufacturing

- 5<sup>th</sup> largest sector
- Recovery in 2021 accelerating in 2022
- Count now still a bit < Q3 2019
- Ave 9 qtr. employment = 15,991
- AAW in 2021: \$61,172  
(vs. 2021 overall average: \$57,300)



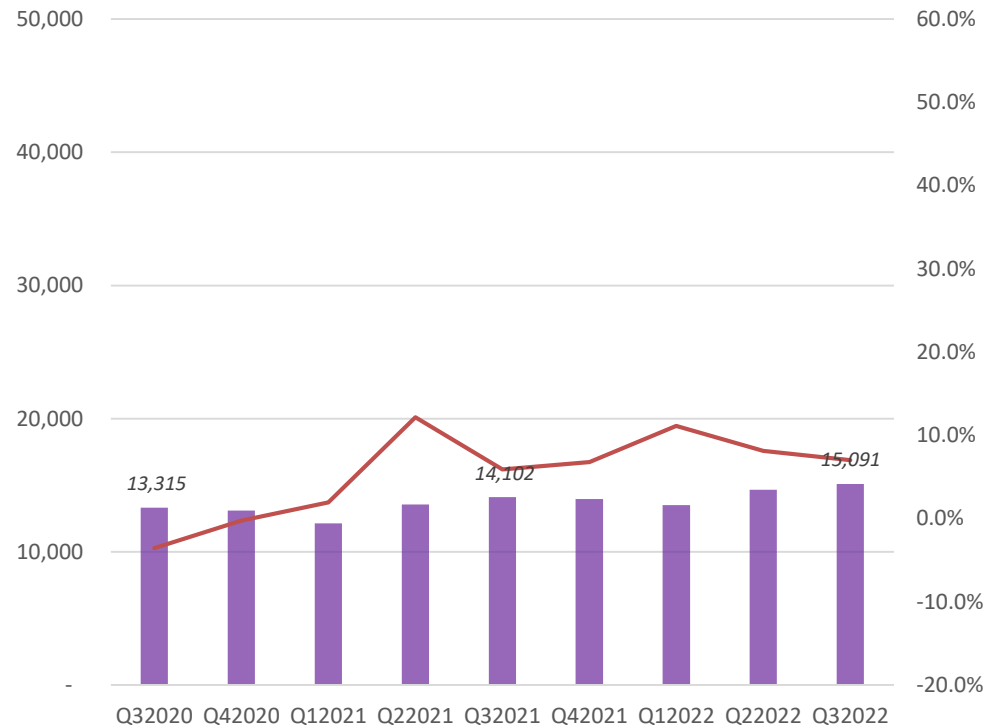
Source: WA Dept. of Employment Security, QCEW



## Key Sectors

# Quarterly employment in County Construction

- 6<sup>th</sup> largest sector
- Strong recovery from pandemic
- Count now nearly 1,200 > Q3 '19
- Ave 9 qtr. employment = 14,302
- AAW in 2021: \$61,152  
(vs. 2021 overall average:  
\$57,300)



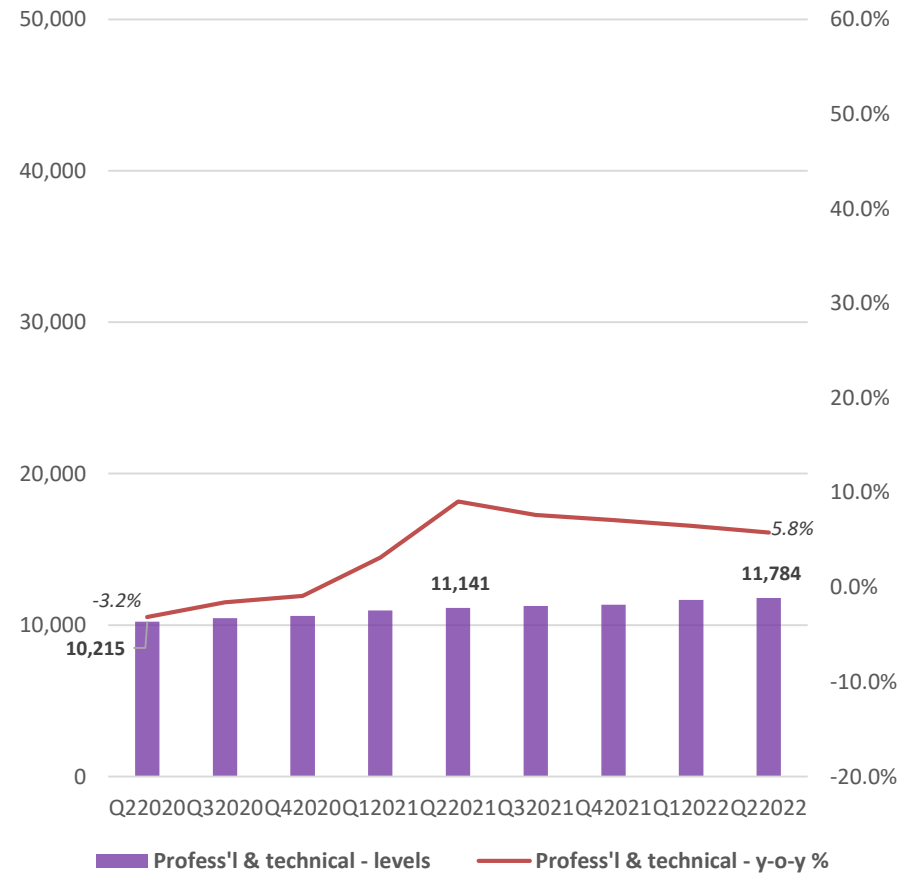
Source: WA Dept. of Employment Security, QCEW

Construction levels Construction y-o-y %

## Key sectors

# Quarterly employment in County Professional & Technical services

- Consists of “white collar”/knowledge occupations – lawyers, accountants, architects, engineers, consultants
- Modest increases during pandemic that have continued
- Q3 2022 employment > Q3 2019
- 9 qtr. average employment = 11,720
- 2021 AA wage: ~\$82,052  
(19% increase over 2020!)

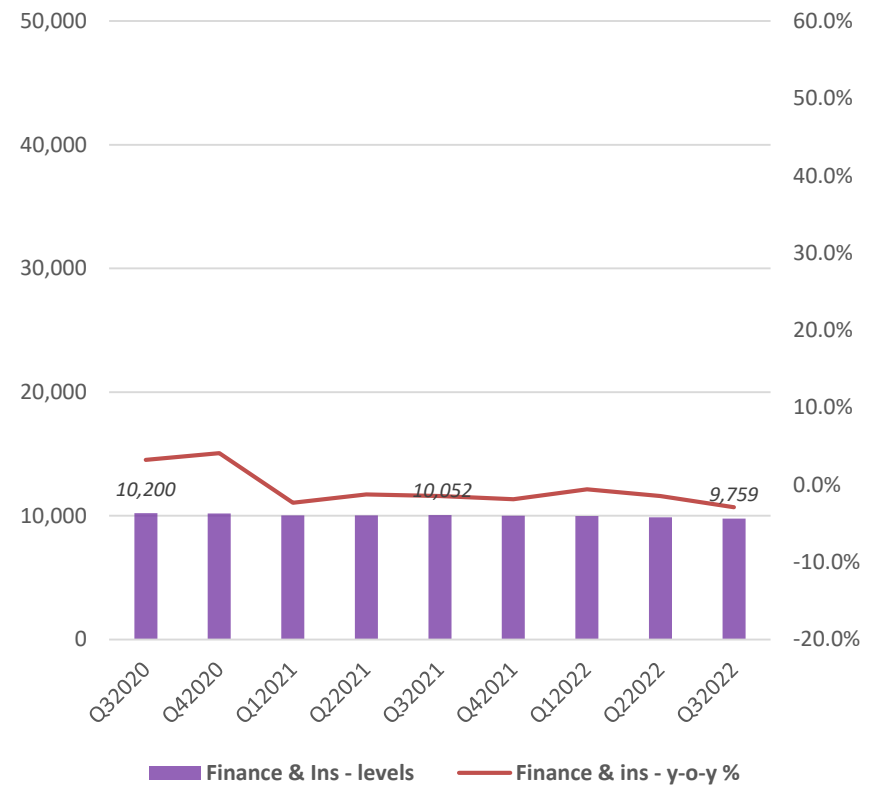


Source: WA Dept. of Employment Security, QCEW

## Key sectors

# Quarterly employment in County Finance & Insurance

- 9<sup>th</sup> largest sector
- Decline from 2021 continues into 2022
- 9-quarter average employment: ~9,900
- 2020 average annual wage: \$99,968 (9% increase)



Source: WA Dept. of Employment Security, QCEW

# Summary of sector performance, as measured by employment

- With exception of finance & insurance, retail and manufacturing, the largest sectors by employment in the county show employment levels in Q3 2022 > same quarter in **2019 (pre-pandemic)**.
- In *percentage* terms, employment in **professional & technical services** sector has grown the fastest (13%) of the large sectors over past 2 years.
- In *total* terms, employment in Spokane's **health care** has added the greatest number of jobs (1,760) over the past two years.

# Housing

## Residential building permits, single-family

- First quarter of 2023 saw lower permitting activity than the same quarter previous two years.
- New construction of single-family residences continues to be strong but is stabilizing after the impact of the pandemic.
- In 2022, there were 270 new single-family houses permitted – approximately the same as in 2018 & 2019 (pre-pandemic.)
- Since 2018, population has grown 5% (by 28,000 people).



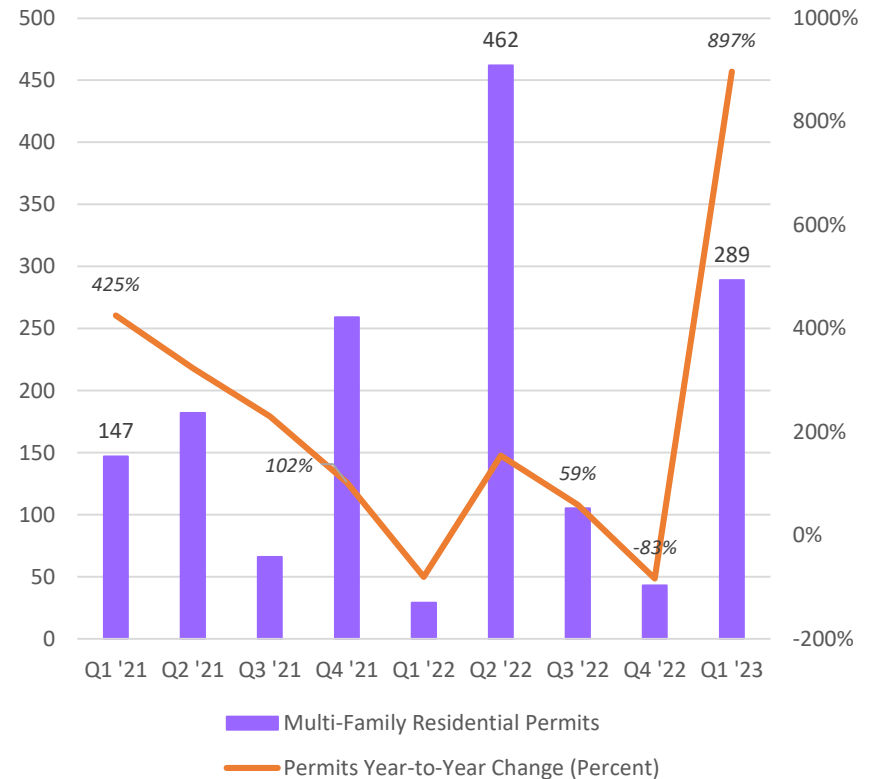
Source: City of Spokane

# Housing

## Multi-family building permits, by units

- Construction of multi-family housing units is **very strong** – faster than single-family home construction.
- Annual permits in 2022 nearly matched 2021 (immediate spike after pandemic) and are more than 4x the level in 2019 (pre-pandemic).
- Q1 of '23 saw more multi-family units permitted than the entire year of '19.
- First four months of 2023 have seen 511 permitted multi-family units, suggesting another large spike in 2023
- In addition to permitted NEW construction, there have been 15 units converted / remodeled (**change in use**) to multi-family units in the first four months of 2023 alone. In 2022, there were 236 units converted to multi-family units.

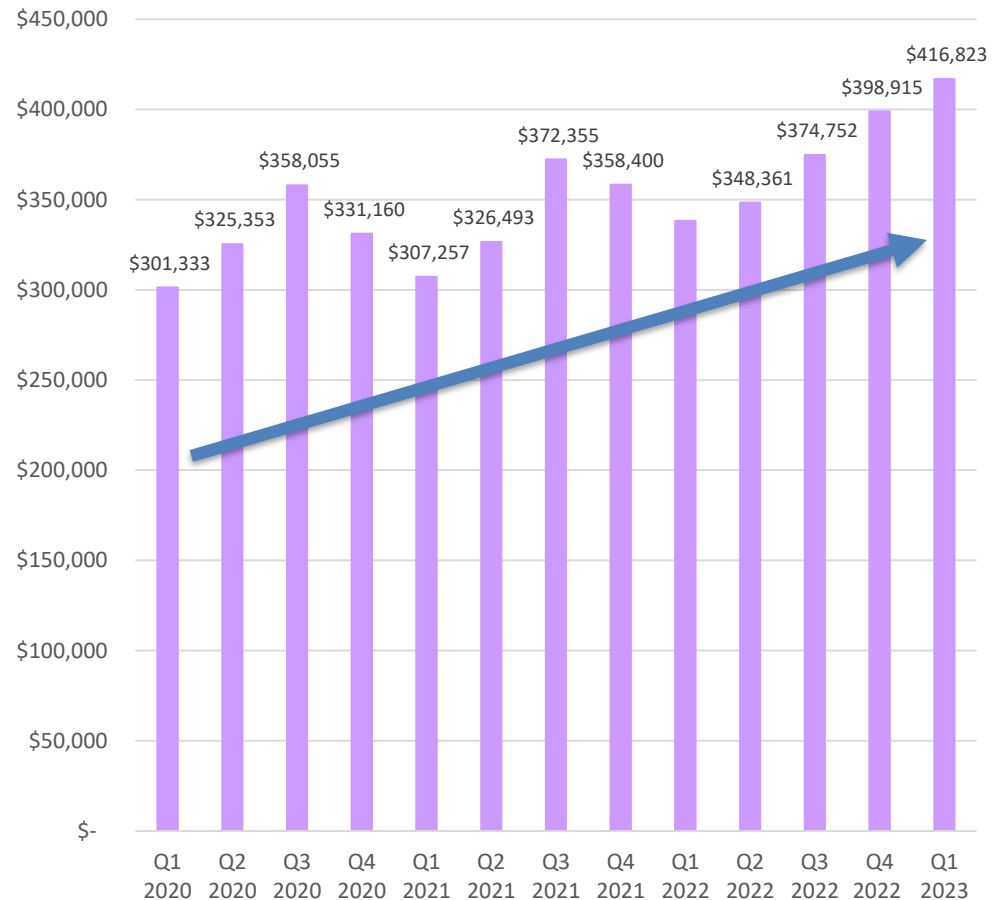
Source: City of Spokane



# Housing

## Average value of permitted single family residence

- As shown by the blue trend line, the average value of permitted single family residences continues to increase to a **new high of almost \$416,823**.
- In Q1 of 2023, permitted SFR ranged from \$250K to \$890K with a **median of \$400K** – not too far different from the mean of \$416K.
- **Middle 50%** of permits ranged between **\$335K & \$470K**. Upper 25% went up to \$664K, with \$890K as an outlier.
- Since Q1 of 2020, the average value of permitted single family residences has **increased nearly 40%**.

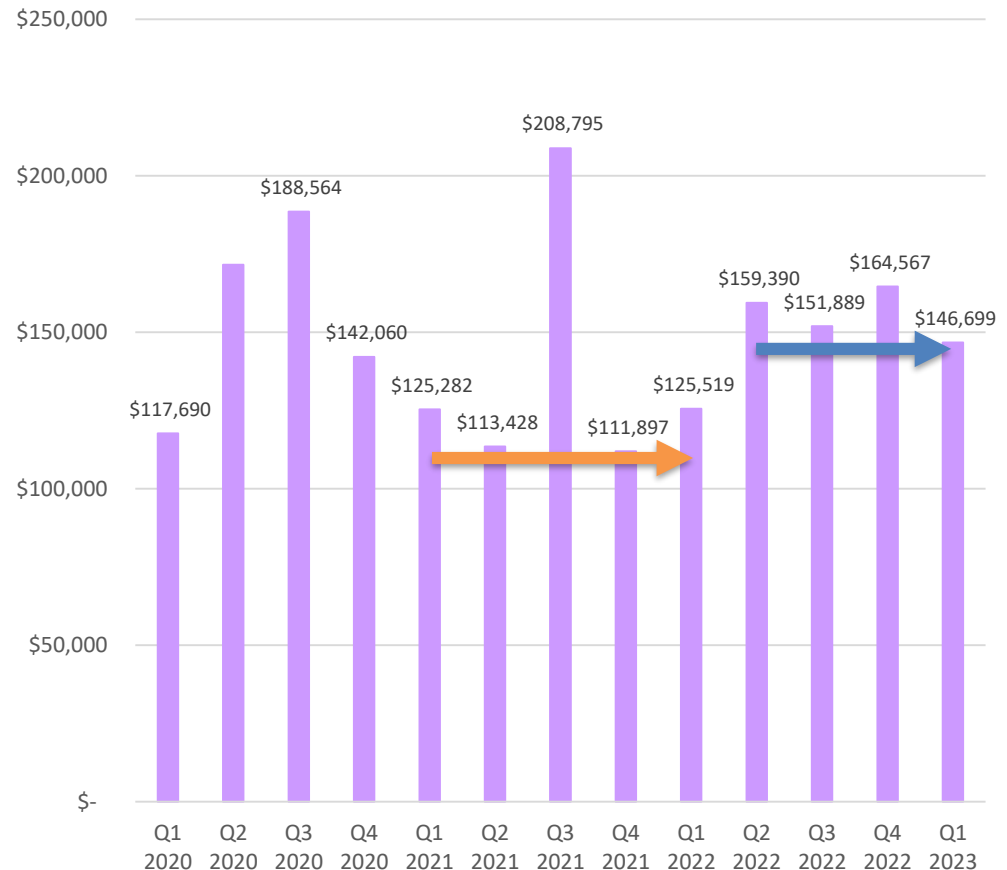


Source: City of Spokane

# Housing

## Average value of permitted multi-family units

- First quarter of 2023 saw the permitting of over 100 new apartments & duplexes at an average value of just under \$150,000.
- Last four quarters have seen permitting values for MF units around \$150K. Previous five quarters hovered around \$120K.
- Since 2020, the rate of increase in the average value of MF units has risen more slowly than for SF units – only 25% (compared to 40%).



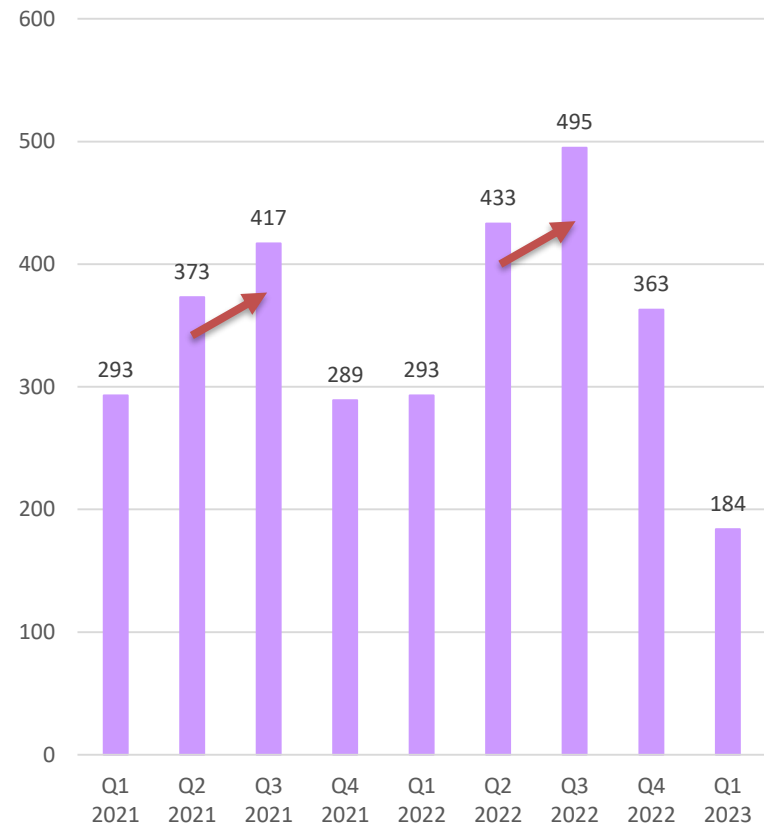
Source: City of Spokane



# Commercial & public development

## Total number of non-residential permits

- Measures all non-residential new construction & remodel permits issued by the City of Spokane.
- Includes commercial, industrial as well as public works (schools, cell towers, hospitals)
- Strong cyclical pattern with less activity in Q4 & Q1 typically, due to weather.
- Annual NR permits were 15% higher in 2022 than in 2021 – an increase of over 200 permits.
- Although the slower quarters of Q4 & Q1 showed fewer total permits than the same period a year ago, (547 vs. 582), this is likely not cause for concern.

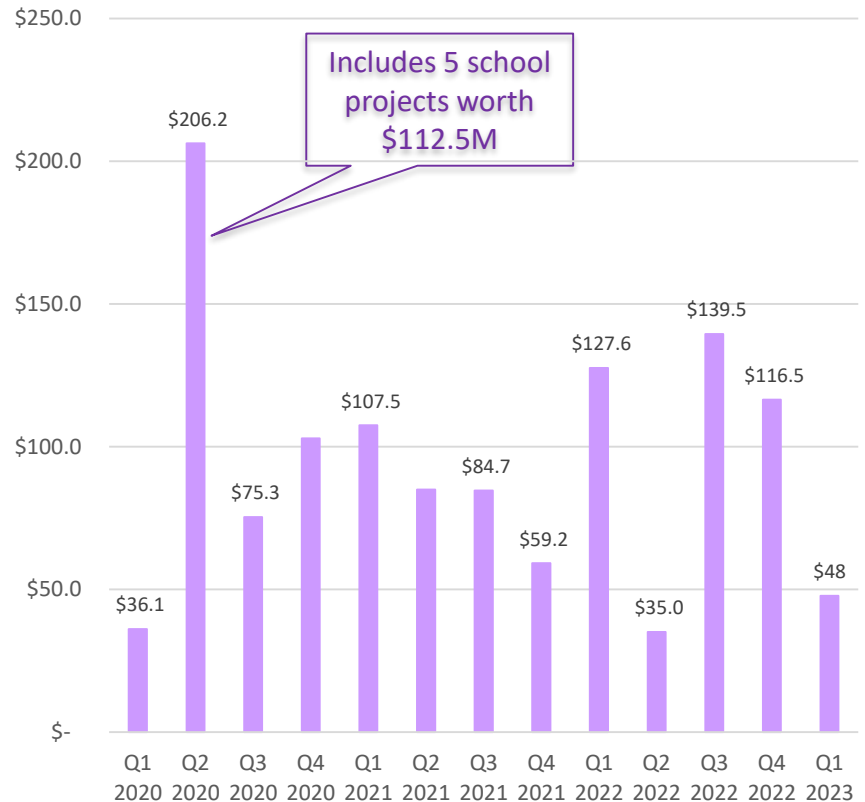


Source: City of Spokane

# Commercial & public development

## Total value of non-residential permits (\$m)

- Total permitted valuation of all non-residential permits issued by the City of Spokane (in \$millions) includes new construction & remodels.
- Annually, 2022 saw an increase from 2021 and a similar amount of permitting as in 2020 (\$420M).
- Remodels / Additions made up the bulk of permitting activity in Q1 of 2023's \$48M total value.
- Q1 of 2023 non-residential new construction included \$8M for a new hangar at the airport & \$2M for new schools/educational buildings.
- Overall, a variety of non-residential construction ( new or remodeling) is ongoing throughout the city.



Source: City of Spokane

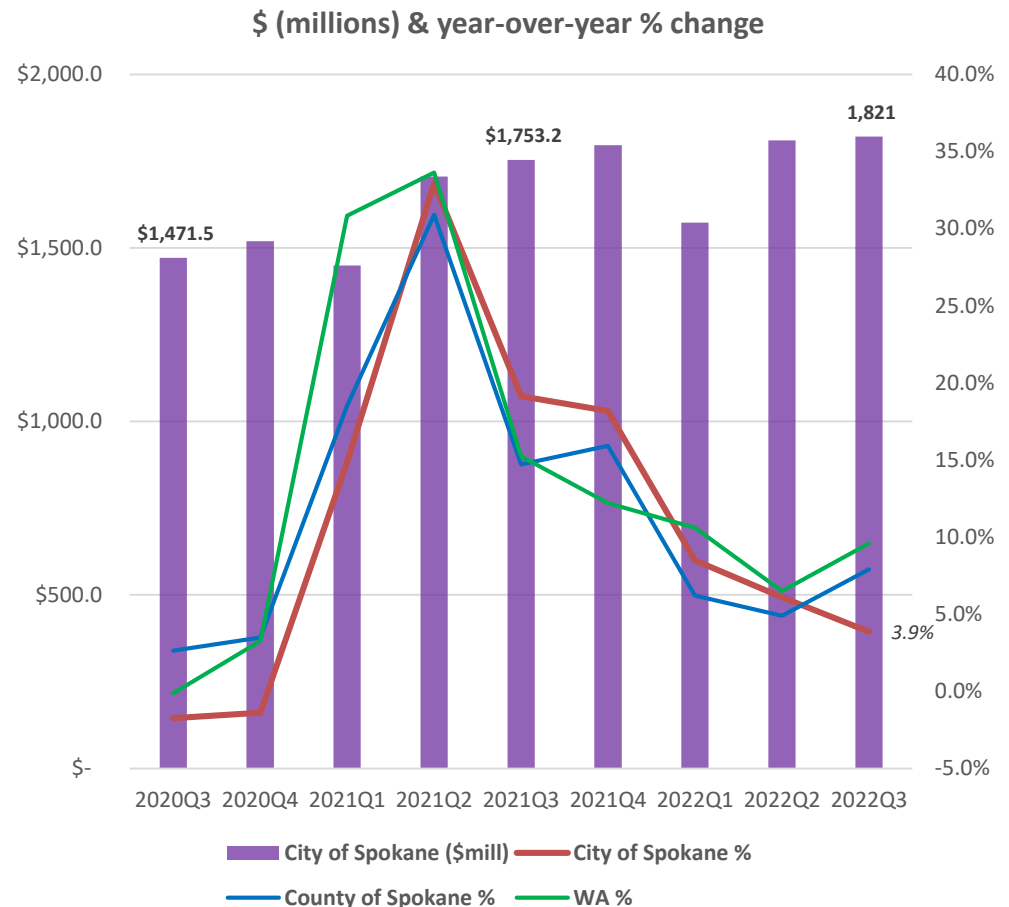
# Summary of building permit measures

- Amount of permitting for **NEW single-family residences** is flat compared to previous two years while population is on the rise. At the same time, the values continue to rise, up over 40% in the last two years.
- Amount of permitting for **NEW multi-family units** (duplexes or apartments) saw large increases in 2022 and is continuing strong through Q1 of 2023 (and sneak peek of April.) The average value of new multi-family units is around \$150,000.
- The quantity of **non-residential** permitting and total value of all projects has consistently increased year-over-year (same quarter) in the last three years.
- There continues to be a wide variety of new construction and remodeling being done throughout the county.

## City sales activity

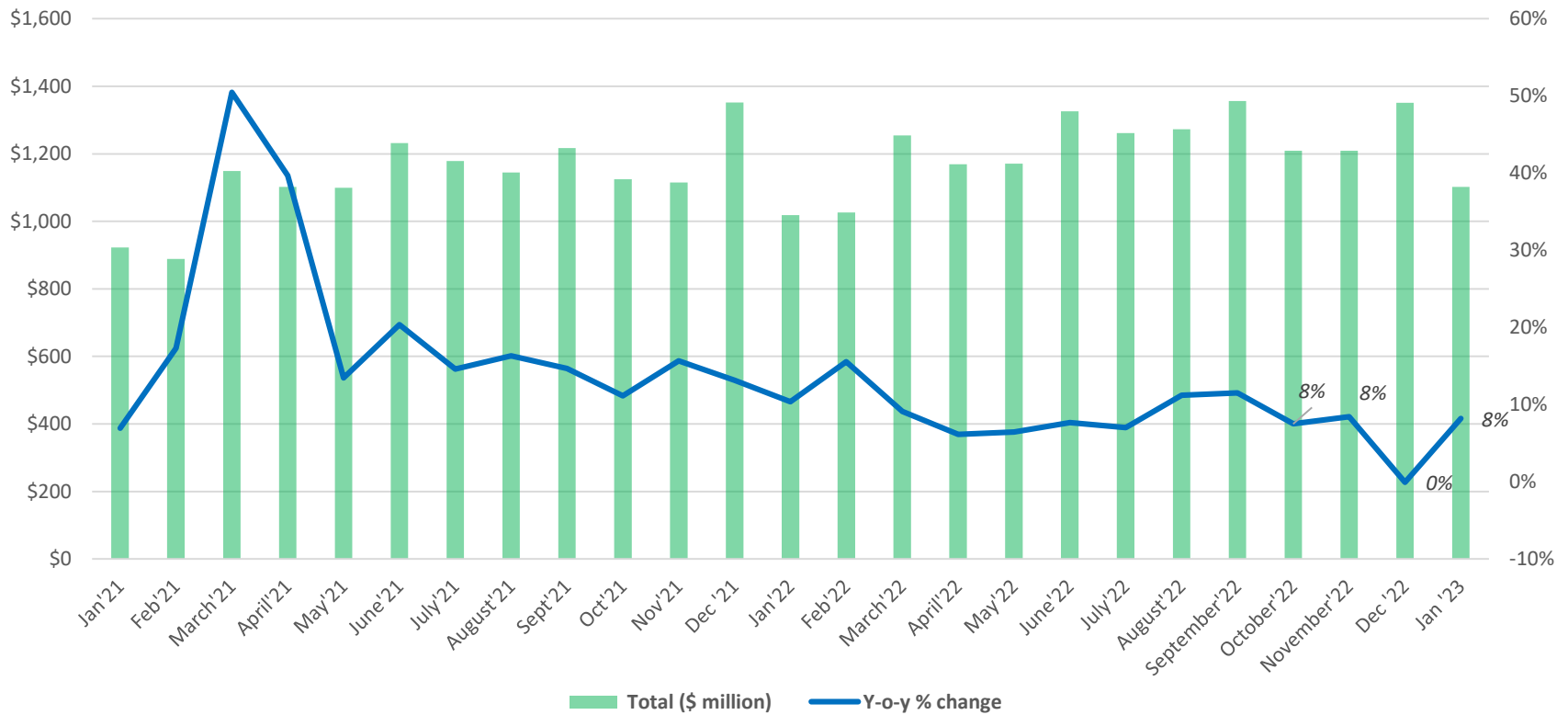
# Quarterly taxable retail sales in 2020-2022(Q3)

- Q3 of 2022
  - Year-over-year growth: 3.9%
  - Now much higher than same quarter in 2019 (\$1,498M)
- Q4 likely to show a low single digit y-o-y % gains, if WA state serves as a reasonable guide
  - And it does....
  - The correlation between WA state and City of Spokane taxable retail sales is 0.995!
- 2022 growth in total? Mid-single digit y-o-y % likely



Source: WA State Department of Revenue

# WA taxable retail sales – big dip in December but rebound in Jan



# A look ahead at WA economy by the Economic & Revenue Forecast Council *(March '23 release)*

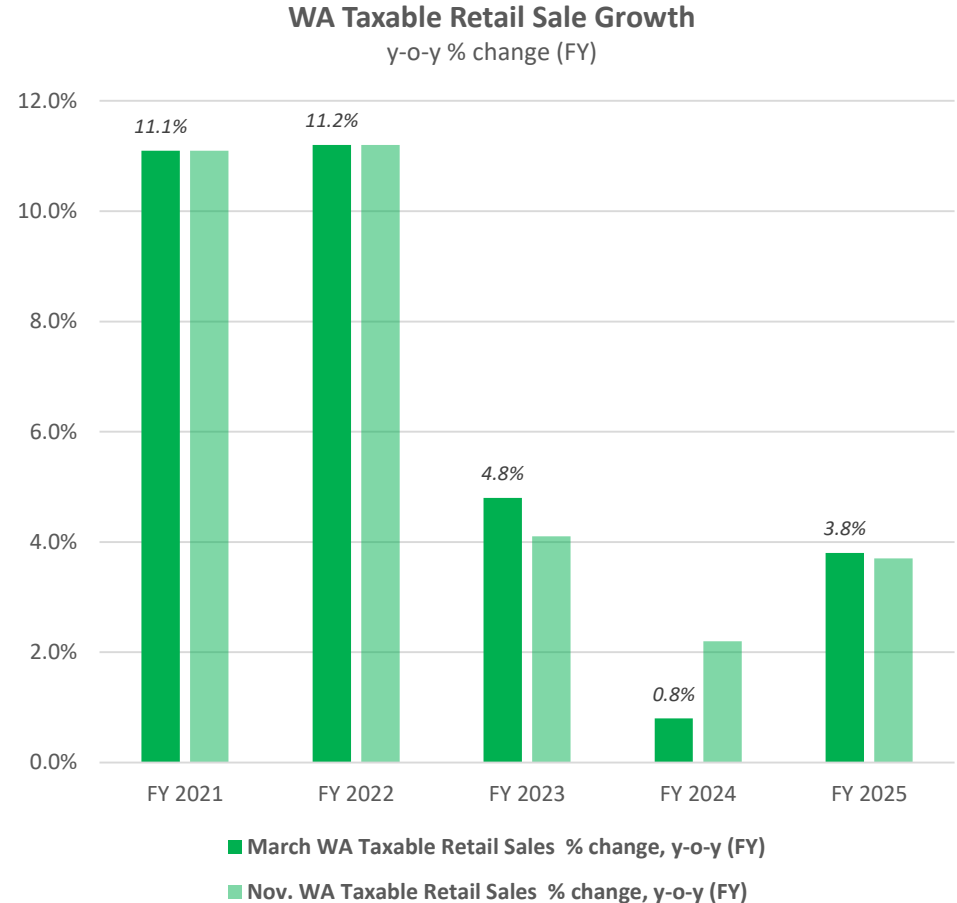
- Personal income (PI) = wages + investments + transfer payments
- PI highly correlated with spending
  - (r = 0.98 for City of Spokane taxable retail sales & County income)
- PI-Spokane highly correlated w/ PI-WA
- ERFC now projecting little change from November forecast for CY2023, but a lower increase in CY2024



# The ERFC's outlook on WA taxable retail sales

(March, 2023)

- These are WA fiscal years
- Steep decline in FY2023 (1/2 2022 & 1/2 2023) generally follows forecast for WA personal income
- WA & City of Spokane taxable retail sales are highly correlated ( $r = 0.995$ )
- March forecast vs. Nov. forecast shows stronger growth in FY2023 but a much weaker in FY2024



# Summary observations

- **Taxable retail sales** in the City for in 2022 shows declining growth from 2021
- Taxable retail sales growth for City in 2022 likely to be mid-single digits
- **WA State retail sales *forecast* from March** for (FY24) anticipates very weak growth, lower than in November forecast.
  - The City might expect a similar outcome.
  - This assumes that the ERFC forecasts accurately. In recent years, their forecasts have been underestimates.



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