



King County

Office of Economic and Financial Analysis

Administration Bldg., MS ADM-0540
500 Fourth Avenue, Room 540
Seattle, WA 98104

July 15, 2016

The Honorable Dow Constantine
Chair, King County Forecast Council
Room 800
CHINOOK BUILDING

Dear Chair Constantine:

Please find attached the proposed King County Economic and Revenue Forecast for July 2016. We have updated the March 2016 forecast based on the most currently available information and submit this updated forecast for the consideration of the Forecast Council.

In general, the revisions in this forecast continue to indicate strong revenues for King County. Despite turbulence in financial markets during the first part of 2016 and continuing global uncertainty, the most recent national economic forecasts continue to reflect steady GDP and employment growth in 2016 and 2017. However, the current economic conditions have led the Federal Reserve to reduce the pace of interest rate increases relative to their forecast after increasing the target interest rate in December 2015. County economic conditions continue to be favorable and County revenues reflect the strong local economy. Countywide assessed value for the 2017 tax year (2016 assessment) is likely to reflect growth similar to last year. Unincorporated area values appear to be increasing as well and the forecast is for growth in this area although anticipated annexations will impact this growth. The 2016 taxable sales forecast has increased from March reflecting the continued strength that King County has experienced, particularly due to construction and that is forecast to continue though likely at a reduced rate. The forecast for investment pool returns has changed only a small amount and the inflation forecasts have been increased in 2016 to reflect the recent strengthening of inflation measures. The REET forecast has increased due to the relatively strong performance so far in 2016.

We appreciate the opportunity to submit the updated forecast to the Forecast Council and look forward to further discussion at our forecast review meetings. Please contact me with any questions or concerns (477-3410).

Sincerely,

Dave Reich
Chief Economist, Office of Economic and Financial Analysis

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Enclosures

cc: King County Forecast Council Members
 ATTN: Pat Hamacher, Senior Principal Legislative Analyst
 Wendy Soohoo, Principal Legislative Analyst
 Anne Noris, Clerk of the Council
 Jonathan Swift, PSB, Deputy Director