



King County

Office of Economic and Financial Analysis

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

March 1, 2017

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

Dear Chair Constantine:

Please find attached the proposed preliminary King County Economic and Revenue Forecast for March 2017. We have updated the August 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 solid revenues for King County. The most recent national economic forecasts continue to forecast steady GDP growth and continued employment growth in 2017 and 2018 and the Federal Reserve felt the outlook for the economy was sufficiently strong to increase interest rates in December 2016. County economic conditions continue to be favorable and County revenues reflect the strong local economy though there are some indications that growth may be slowing. Countywide assessed value for the 2017 tax year (2016 assessment) ended up at approximately \$471 billion (about 2.2% above forecast) and the preliminary forecast indicates that assessed value should continue to increase this year (2017 assessment for 2018 taxes). 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 2017 taxable sales forecast is slightly reduced reflecting a lower rate of growth in 2016 than expected in August, but overall growth is expected in 2017 and 2018. The forecast for investment pool returns has increased reflecting changes in the U.S. interest rate environment and several of the inflation forecasts have also been revised upward. The REET forecast has increased reflecting stronger price growth in the unincorporated county.

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
Melani Pedroza, Acting Clerk of the Council
Jonathan Swift, PSB, Deputy Director