

Regional Economic Trends and Outlook

Puget Sound Investment Forum

CB Richard Ellis Capital Markets

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Michael J. Parks, editor and publisher

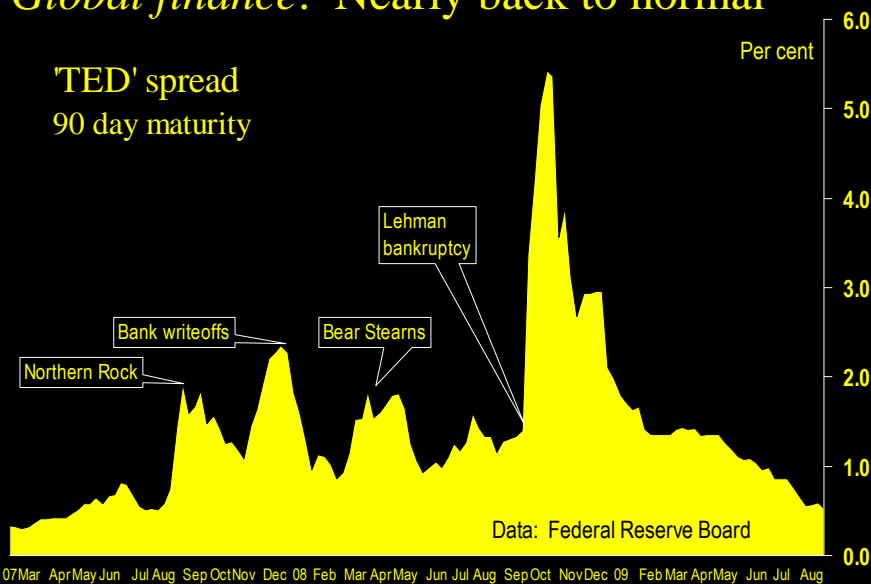
Marple's Pacific Northwest Letter

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Global finance: Nearly back to normal

'TED' spread
90 day maturity



Normal, old and new

- Globalization
- Laissez faire banking
- Debt-led consumption
- Less government
- Worry about deflation
- US GDP growth > 3%
- Low tax burden
- Protectionism
- Banking reregulation
- Fear-based savings
- Larger government role
- High risk of inflation
- US GDP growth ~ 2%
- High tax burden

Mohamed El-Erian and Bill Gross, PIMCO

U.S. coincident and leading economic indicators



Washington plusses

- Population growth above average
- Hydropower base/low electric rates
- Server farms and solar power plants
- Markedly less-severe housing bubble
- Access to globe's fastest-growing areas
- Major employers in high technology
- Relatively plentiful water

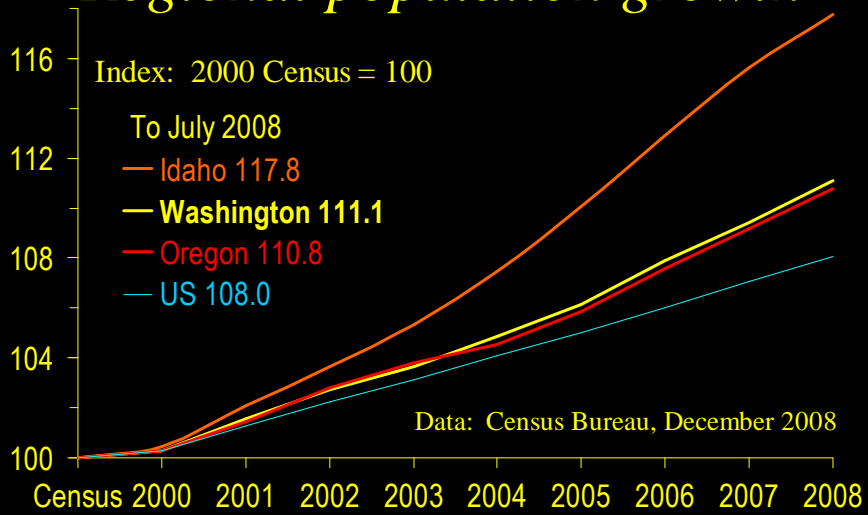
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Washington economic risks

- Low oil prices (yes, **low** oil prices)
- Erosion of Boeing backlog (delays, cancellations)
- Severe layoffs in aerospace or software
- Sharp/sustained rise in value of the \$
- Boeing's courtship with a right-to-work state

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Regional population growth



Total payroll employment

January 2006=100

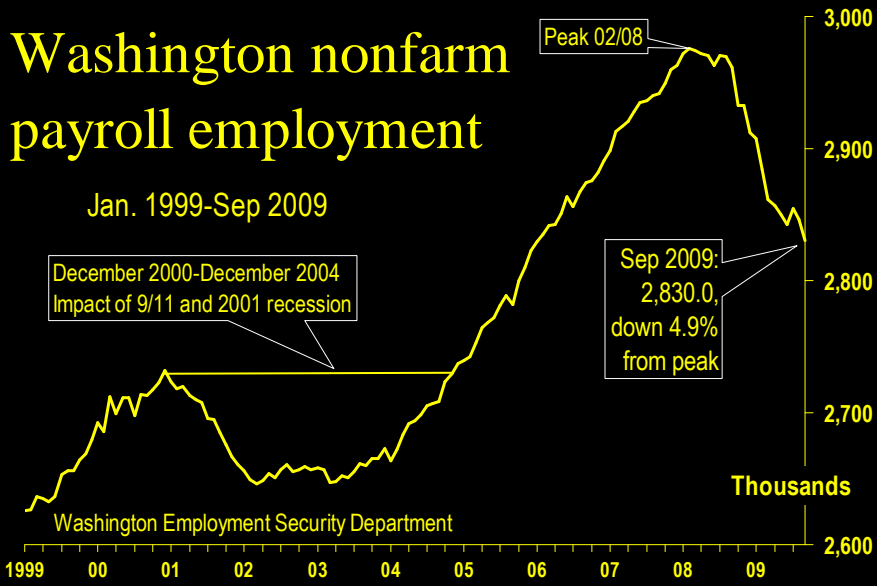
— Washington 100.0

— U.S. 97.4



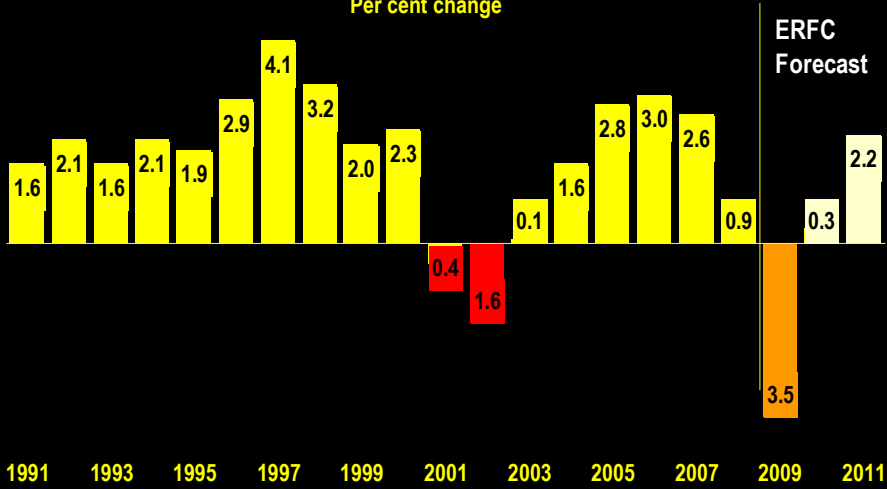
Washington nonfarm payroll employment

Jan. 1999-Sep 2009

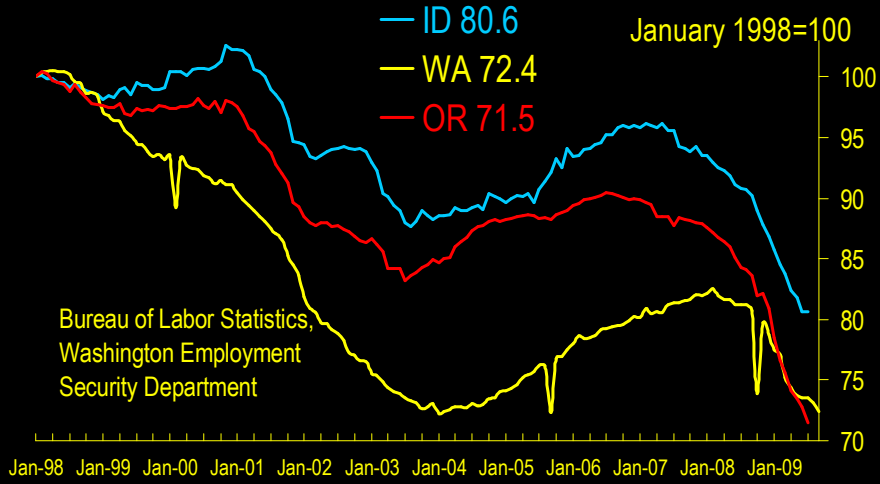


Washington nonfarm payroll employment

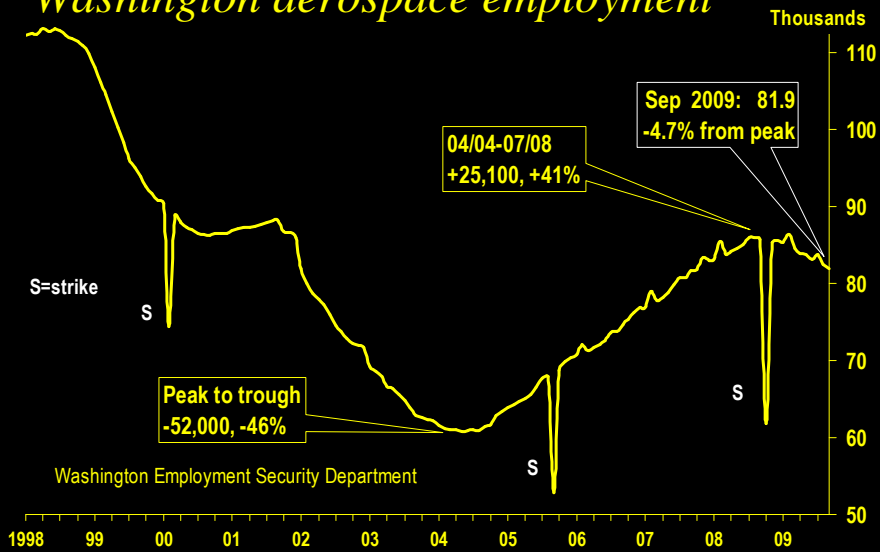
Per cent change



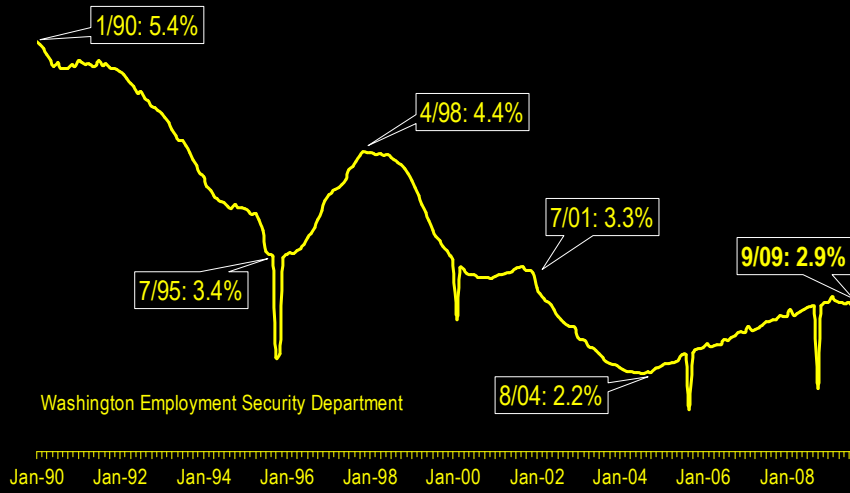
Employment in manufacturing



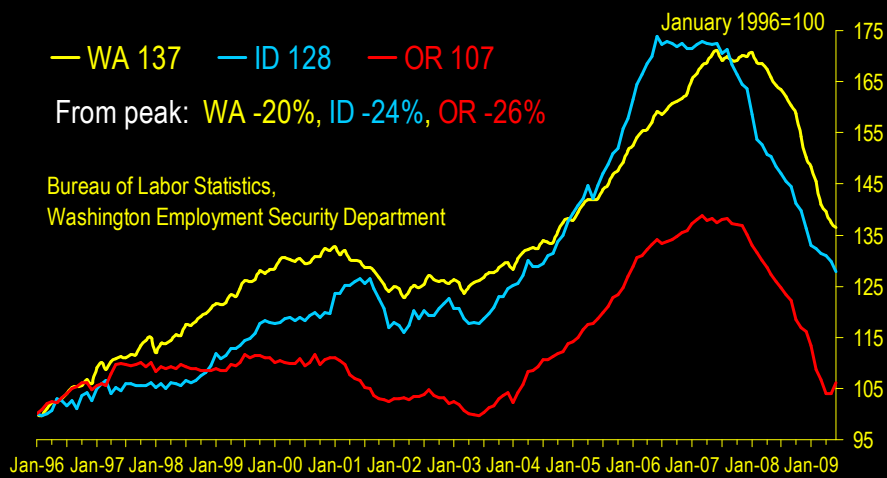
Washington aerospace employment



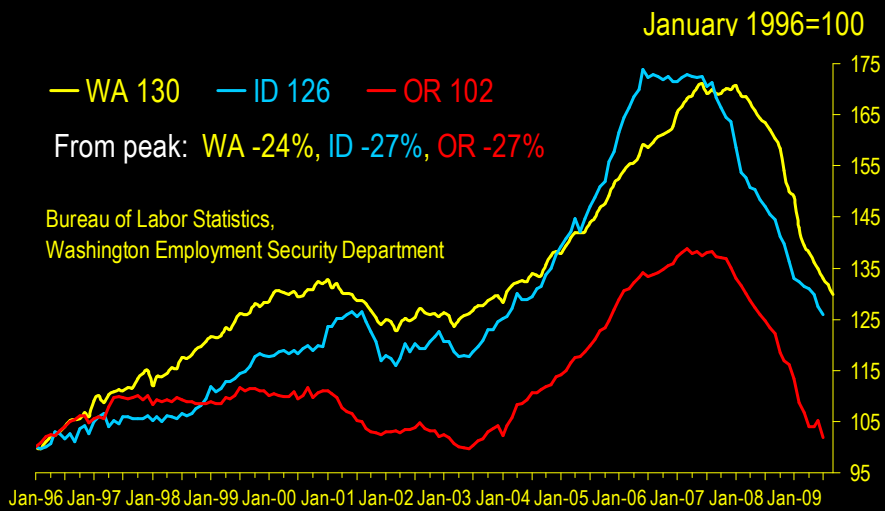
Aerospace % of Washington payroll employment



Perspective on employment in construction



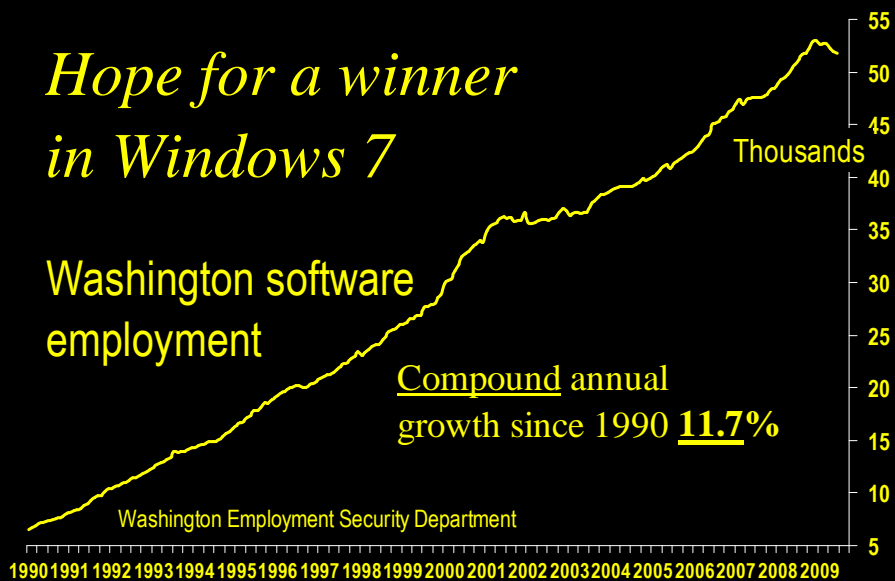
Perspective on employment in construction

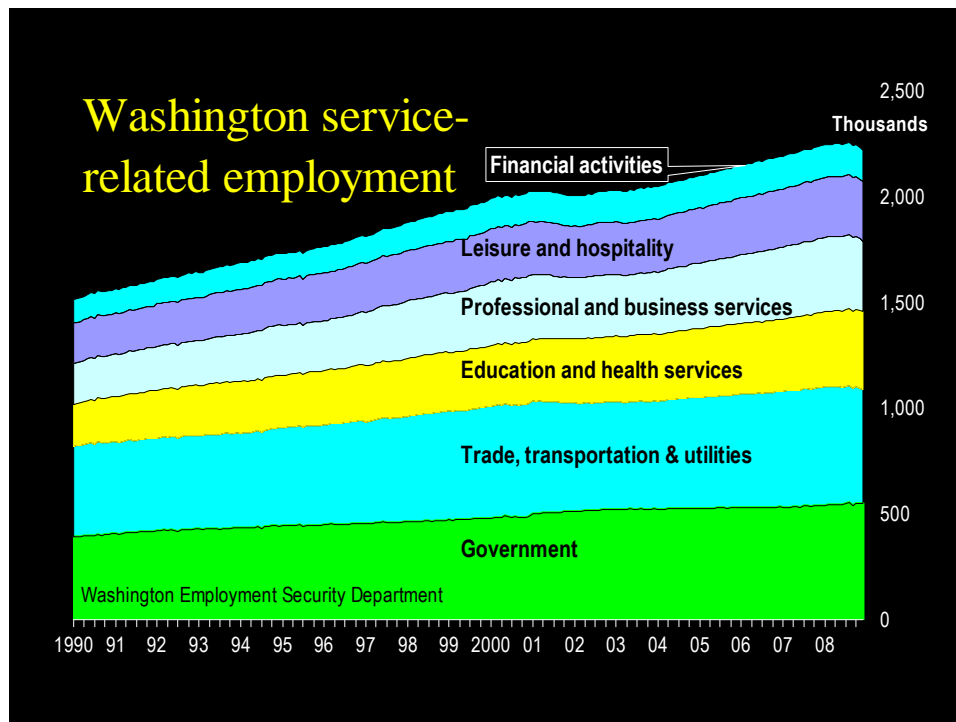


Hope for a winner in Windows 7

Washington software
employment

Compound annual
growth since 1990 **11.7%**





The national budget must be balanced. The public debt must be reduced; the arrogance of the authorities must be moderated and controlled . . . People must again learn to work.

– Cicero (106 BC-43BC)