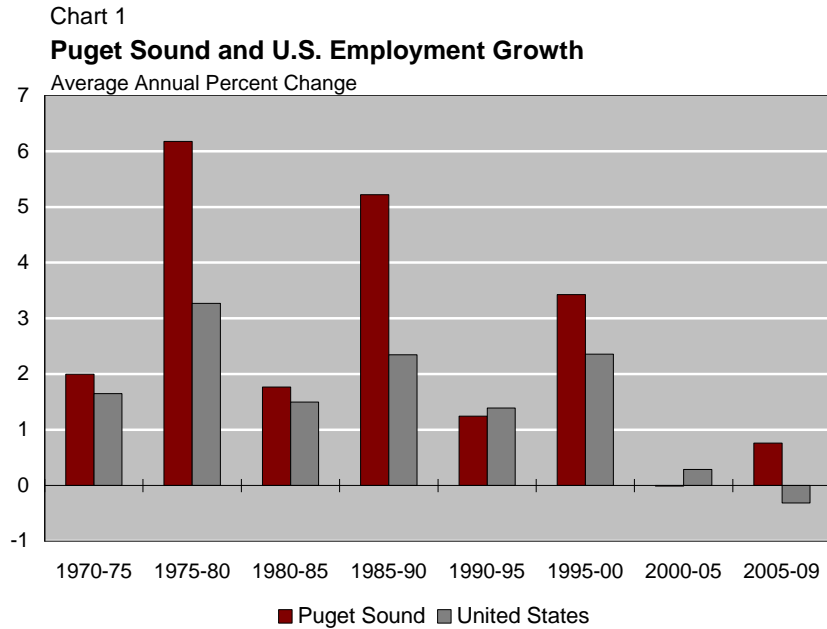
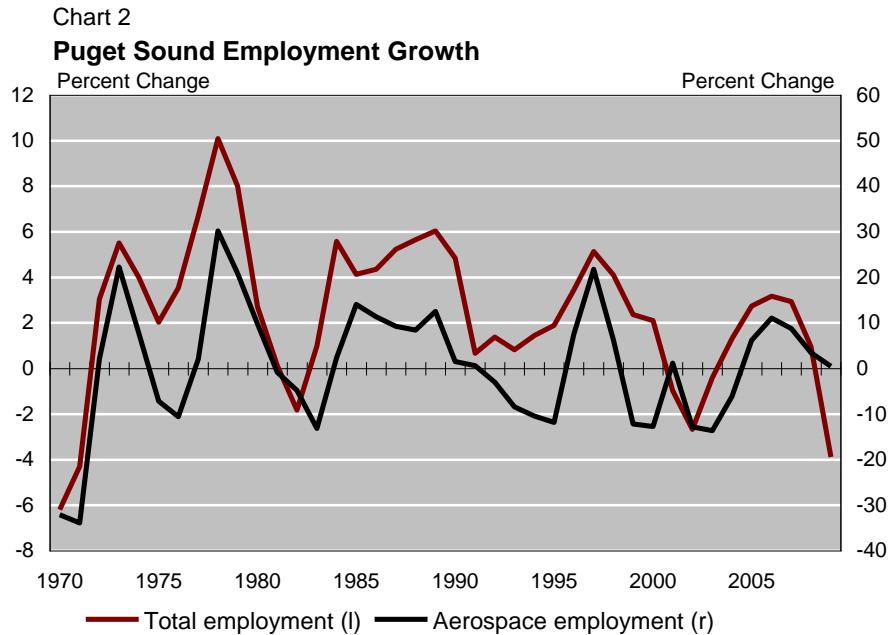


## PUGET SOUND ECONOMY CHARTS

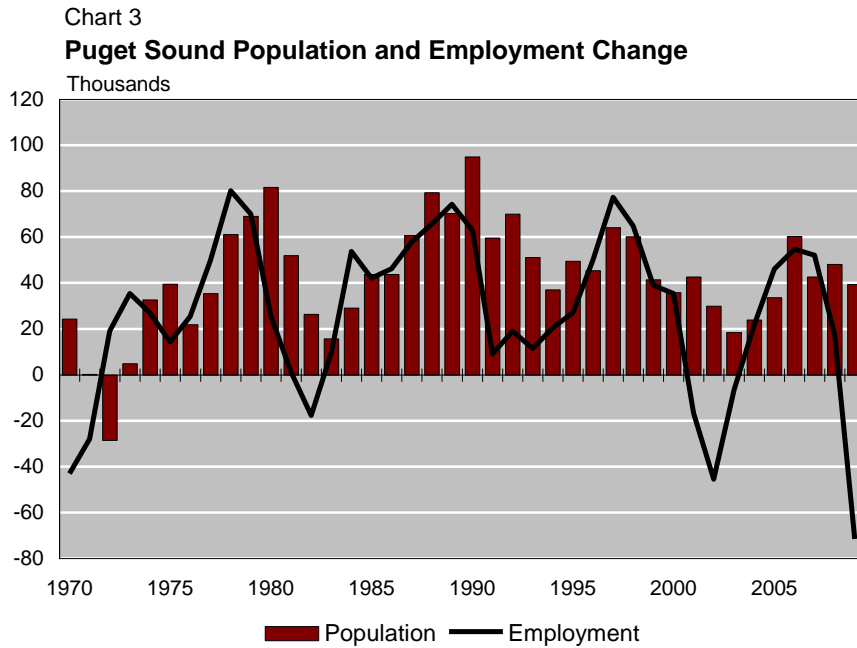
The Puget Sound Economic Forecaster  
Conway Pedersen Economics, Inc.  
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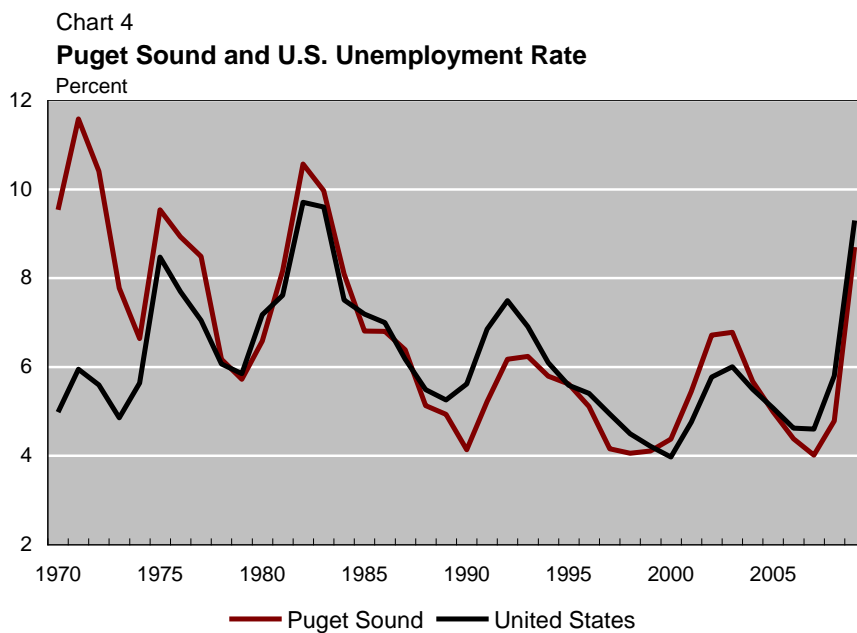
Historically, the Puget Sound region has been characterized by rapid but volatile economic growth. Although the region is highly dependent upon international trade, its largest export market is the United States. Consequently, the regional growth rate tends to move up and down with the national growth rate. During the current decade, the region has suffered two severe recessions, leading to little net change in total employment. The deep downturns notwithstanding, Puget Sound employment has expanded at a much faster rate than U.S. employment since 1970, 2.6 percent per year compared to 1.6 percent.



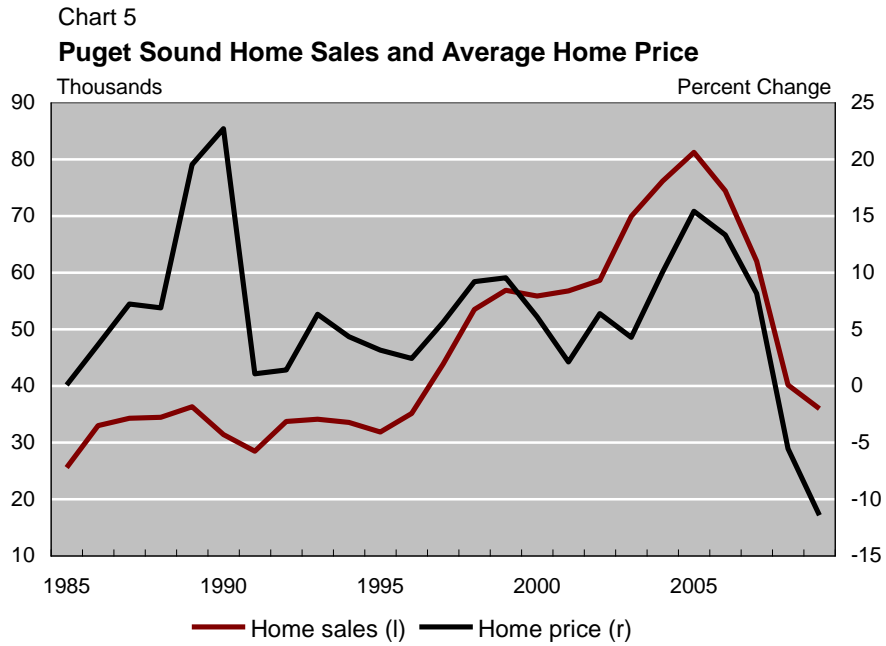
Surging aerospace employment coupled with a strong national economy triggered regional economic booms in the late 1970s, 1980s, 1990s, and the 2000s. The 1983-90 expansion helped to create more than one-fifth of the jobs in the Puget Sound region today. Back-to-back Boeing slumps contributed substantially to the 2001-03 recession. Uncharacteristically, Boeing is playing a minor role in the current recession.



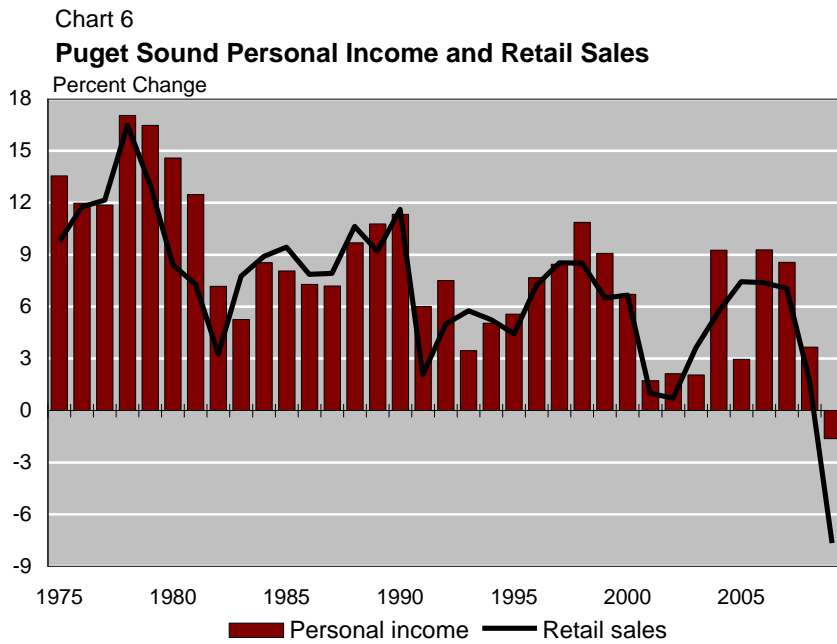
Population tends to follow jobs, as people move into and out of the Puget Sound region in search of employment opportunities. As a rule of thumb, population growth lags employment growth by one year. In reaction to the 2001-03 recession, net migration (the number of people moving into the region less the number of people moving out) dropped below zero in 2003. Although the mid-decade recovery caused net migration to rebound to 24,500 in 2008, it is now headed down again because of the current recession.



Changes in the rate of net migration, the principal determinant of population change, help keep the regional unemployment rate from straying too far from the national rate. Even the extremely high unemployment rate caused by the 1969-71 Boeing Bust did not last long, as many people soon packed up and left the region.



Home sales soar during economic booms and slump during the subsequent slowdowns. Housing market conditions can change quickly and dramatically, as they did around 2006. The recent collapse of the regional housing market has been unusual in that it has caused the first significant fall in home prices since the Great Depression. This in turn has wreaked havoc on the broader economy.



Personal income is the principal determinant of retail sales. However, retail spending, especially for durable goods, is also sensitive to the cyclical variations in the unemployment rate, housing starts, and interest rates.