



Market Snapshot | South Sound



A Pierce County economic snapshot.

As Washington Trust Bank continues to establish and grow its presence in Tacoma and throughout Pierce County, we are excited to deepen our commitment to the South Sound region and the businesses that drive its economy. This report is intended to provide timely market insights and economic perspective to help business leaders evaluate opportunities, risks, and trends shaping the local economy.

The South Sound region continues to demonstrate meaningful economic momentum, supported by expanding consumer activity, rising household incomes, entrepreneurial growth, and generally favorable employment trends. At the same time, the region faces several important challenges, including affordability pressures, evolving real estate dynamics, and the need to balance growth across the service, retail, industrial, and housing sectors. Long-term economic strength will depend on the region's ability to sustain growth while addressing these structural pressures.

We hope this information serves as a valuable resource for your business and reflects our growing local expertise and commitment to the Tacoma and Pierce County market. We welcome the opportunity to connect with you and discuss how our team can support your business and financial goals. [watrust.com/SouthSound](https://www.watrust.com/SouthSound).

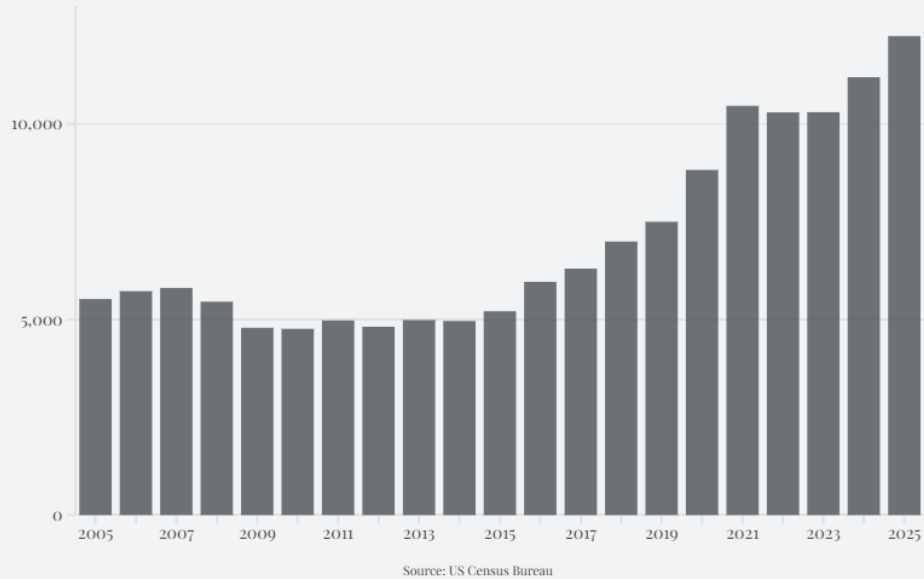


Business growth.

Business formation activity has accelerated meaningfully in recent years, with new business applications in Pierce County rising 39 percent since 2020, highlighting a resilient and increasingly entrepreneurial local economy.

Business Applications

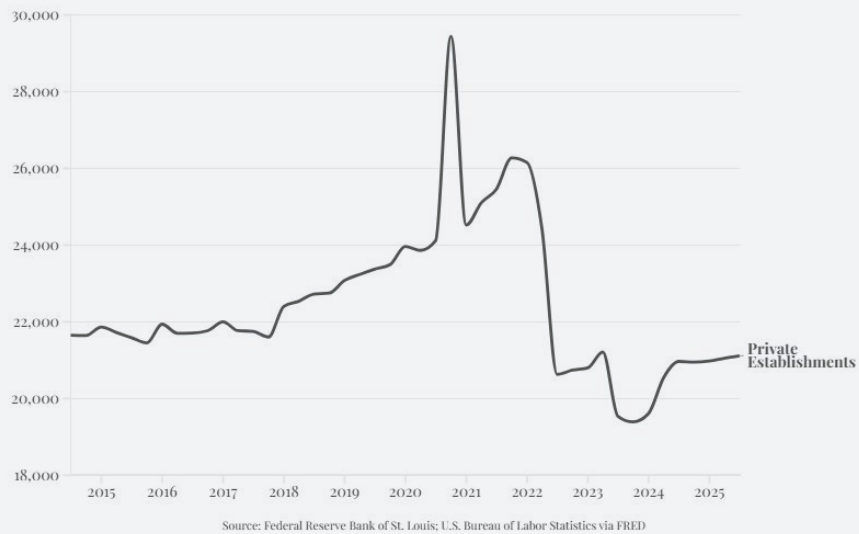
Pierce County



Private establishments, including offices, retailers, manufacturers, restaurants, and healthcare providers, offer a useful gauge of business activity in Pierce County. Establishment counts increased from roughly 21,600 in 2015 to more than 26,000 by 2021-2022, reflecting strong business growth. While activity has eased more recently, the local business environment has remained relatively resilient despite higher interest rates and economic uncertainty.

Private Establishments

Pierce County



“Over the last decade, Pierce County has increasingly positioned itself as an attractive place for businesses and households looking for opportunity, affordability, and access within the broader Puget Sound region. Business formation has remained relatively strong, supported by lower operating costs compared to Seattle, a more attainable housing market, and continued investment throughout the South Sound. While businesses today are still navigating higher interest rates, inflation pressures, labor shortages, tariffs, and policy uncertainty, Pierce County appears well positioned to benefit from companies and workers looking for more cost-effective alternatives within the Puget Sound market.”



Patrick Lloid

VP / RELATIONSHIP MANAGER
NMLS# 721372

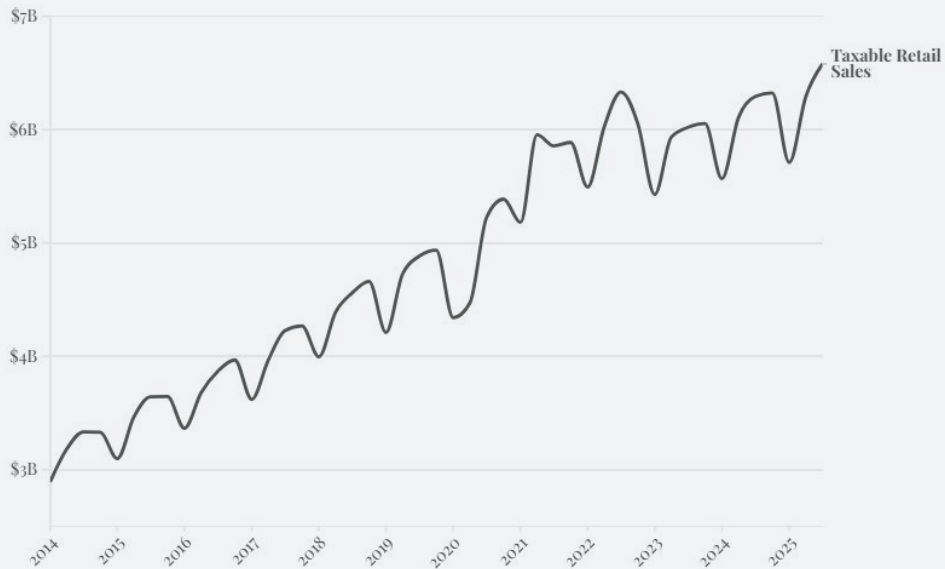
Pierce County’s economy continues to show resilience despite a more challenging business environment shaped by higher interest rates, rising operating costs, labor constraints, and ongoing policy uncertainty.

Even as growth has moderated, taxable retail sales have continued to trend upward, rising from roughly \$3.3 billion in Q3 2014 to nearly \$6.6 billion in Q3 2025, an increase of approximately 97 percent. This suggests that consumer activity and overall economic output remain strong.

Continued investment across the South Sound, including expansion and modernization efforts at the Port of Tacoma, freight and transportation infrastructure improvements, and ongoing development in Tacoma’s downtown and waterfront districts, continues to support the region’s long-term economic outlook. At the same time, Pierce County remains relatively attractive compared to neighboring Puget Sound markets due to its lower operating costs, more attainable housing market, and strategic access to major trade and logistics corridors.

Taxable Retail Sales

Pierce County



Source: Washington State Department of Revenue

“Heading into 2026, Pierce County’s retail sector has remained relatively healthy, supported by population growth, rising retail sales, and continued demand for service-based businesses, restaurants, and neighborhood retail. Areas like Tacoma’s waterfront, downtown core, and several suburban corridors continue to attract investment despite higher operating costs and more cautious consumer spending. Compared to many nearby Puget Sound markets, Pierce County still offers a more affordable environment for both retailers and consumers, which continues to support local business activity.”

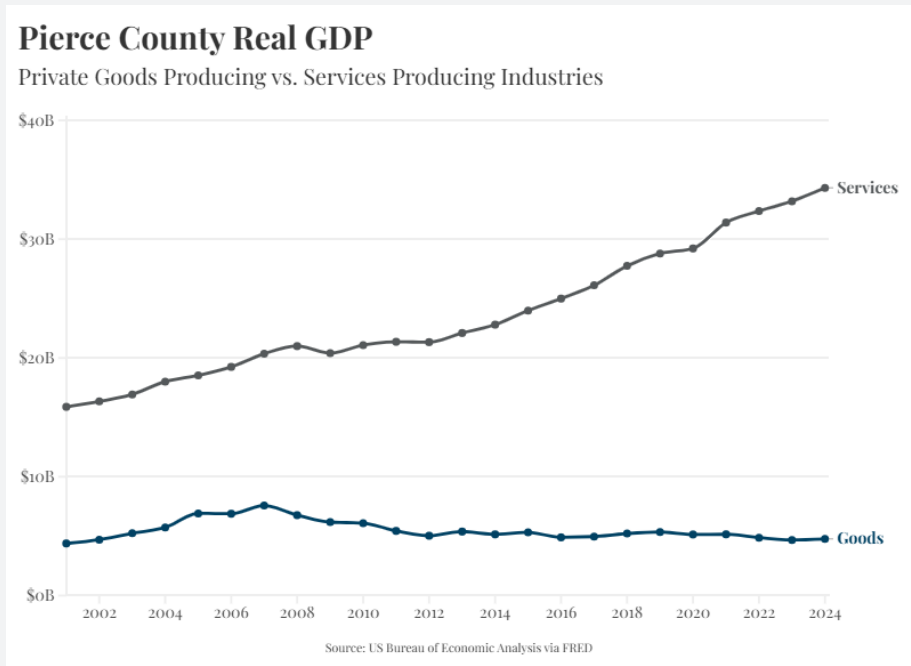


Chris Mann

RELATIONSHIP MANAGER
NMLS# 1645563

The growing gap between service-producing and goods-producing GDP in Pierce County is notable both in size and direction. Since the early 2000s, service industries have more than doubled in economic output, rising from roughly \$15.9 billion to more than \$34.3 billion by 2024, driven by growth in healthcare, logistics, government, professional services, and consumer-related industries. By comparison, goods-producing industries, including manufacturing and construction, have remained relatively flat after peaking during the mid-2000s expansion cycle.

While Pierce County benefits from a diverse economy, the current imbalance suggests there may be long-term opportunities tied to manufacturing, industrial development, and supply chain investment given the region’s port access, infrastructure, and strategic South Sound location.



"In my view, Tacoma's office market is entering a promising new chapter. Companies are reassessing where and how they want to grow, and Tacoma continues to stand out for its skilled workforce, relative affordability, and strategic location within the broader Puget Sound economy. While hybrid work has reshaped demand everywhere, Tacoma offers employers a compelling opportunity to establish satellite offices that tap into a deep talent pool without the cost pressures seen in other parts of the region. With ongoing investment in downtown, strong population growth, and a business community that values innovation and quality of life, I believe Tacoma is well positioned to attract both regional and national firms looking for a dynamic, sustainable place to expand."



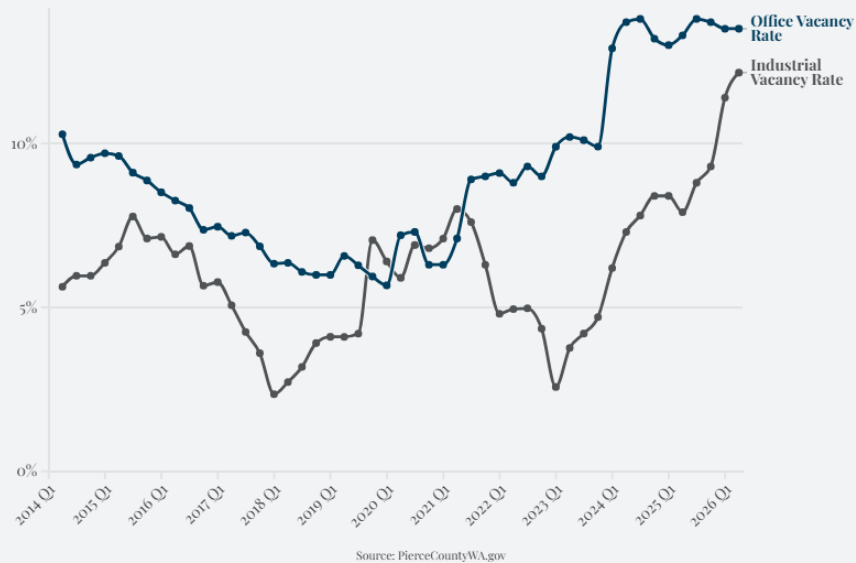
Greg Hansch

SVP / RELATIONSHIP MANAGER
NMLS# 267975

Tacoma's commercial real estate market continues to adjust to a very different post-2020 environment. Office availability has increased substantially over the last several years, with vacancy rates now sitting above 13 percent as many employers maintain hybrid work models and reduce their overall office footprint. At the same time, industrial vacancy has also risen as significant new warehouse, and logistics space has come online across the South Sound. These shifts create some near-term challenges for downtown activity and surrounding small businesses, but they also present opportunities for redevelopment, adaptive reuse, and new mixed-use projects as Tacoma continues evolving its downtown and waterfront districts.

Office vs. Industrial Vacancy Rate

Pierce County



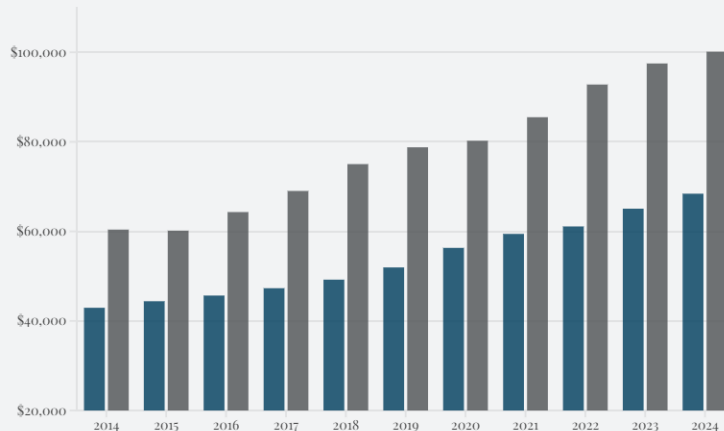
Jobs and income.

Income growth in Pierce County has remained strong over the last decade. Median household income increased from roughly \$60,000 in 2014 to more than \$100,000 by 2024, while per capita income rose from about \$43,000 to over \$68,000. Although inflation has offset part of those gains, the broader trend still points to rising wages and a stronger consumer base supported by growth in healthcare, logistics, and professional services.

Per Capita and Household Income

Pierce County

■ Per Capita Income ■ Household Income

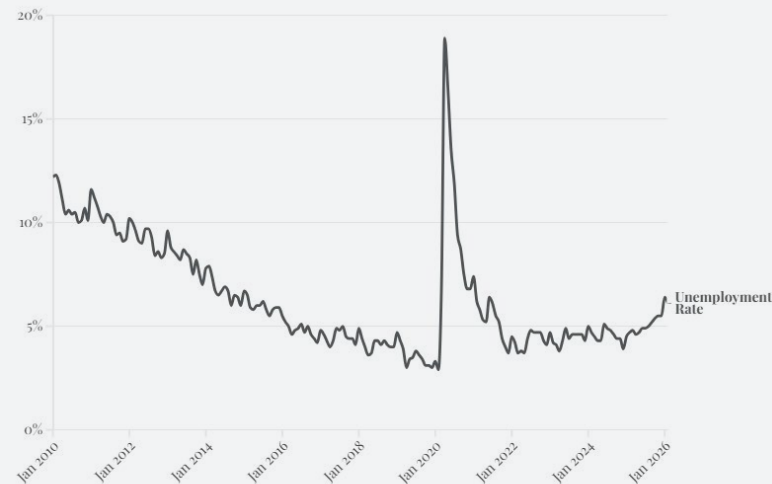


Source: US Census Bureau via FRED

Pierce County's labor market has softened modestly after several years of strong post-pandemic recovery. Unemployment, which fell back into the mid-4 percent range during 2023 and 2024 following the sharp 2020 spike, has recently moved above 6 percent entering 2026 as hiring demand cools. Even so, the county continues to benefit from long-term support tied to healthcare, logistics, affordability advantages relative to King County, and the stabilizing economic impact of Joint Base Lewis-McChord.

Unemployment Rate

Pierce County



Source: U.S. Bureau of Labor Statistics via FRED

"What continues to stand out to me about Pierce County is how the region keeps finding new ways to evolve alongside the broader Puget Sound economy. Recent investment tied to industrial redevelopment, freight movement, and infrastructure improvements is helping reshape parts of the South Sound, while Tacoma's urban core continues to adapt as businesses rethink operating costs and space needs. Although growth has cooled from the unusually strong post-pandemic pace, Pierce County still appears well positioned because of its strategic location, relative affordability, and ability to support a broad range of economic activity."



Michael McAllister

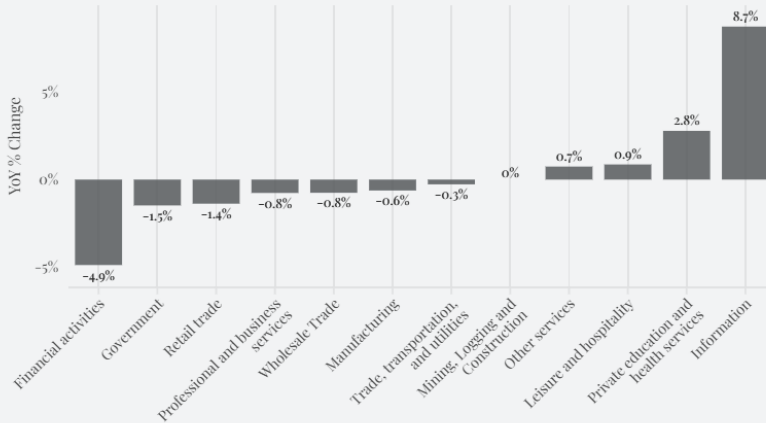
RELATIONSHIP MANAGER
NMLS# 760620

Pierce County's labor market continues to show a mixed but evolving picture. Information services led growth with an 8.7 percent increase, while private education and health services rose 2.8 percent, supported by technology and population-driven demand. At the same time, sectors like financial activities (-4.9 percent) and retail (-1.4 percent) moved lower, highlighting how higher interest rates and slower growth are creating uneven conditions across the South Sound economy.

Year-over-Year Job Change

Pierce County

March 2025 - March 2026

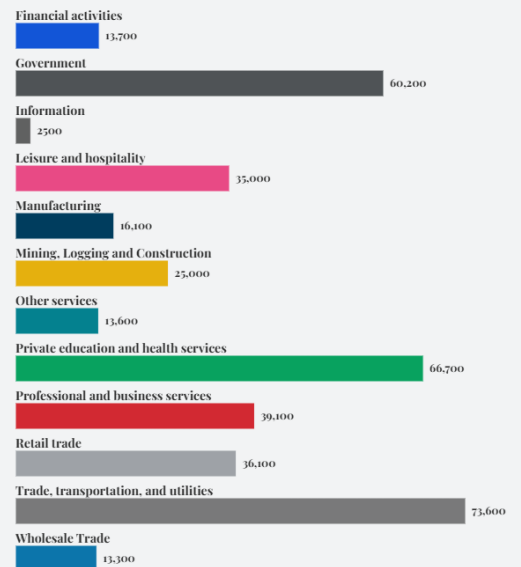


Source: Bureau of Labor Statistics via Washington State Employment Security Department

Nonfarm Employment Estimates

Pierce County (Not Seasonally Adjusted)

April 2025



Source: Washington State Employment Security Department

Population and housing.

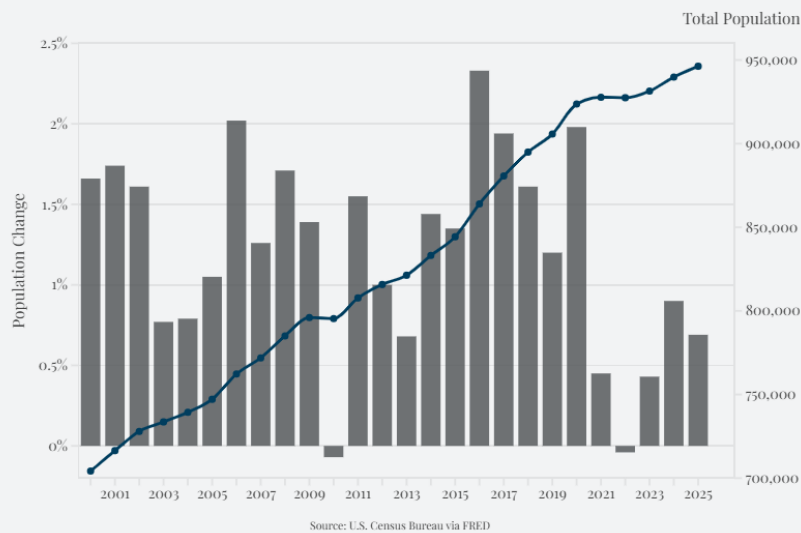
Pierce County's growth story has shifted from rapid expansion to a steadier pace. After several years of population gains near 1.5 percent in the mid-2010s, growth has recently moderated to around 0.7-1.0 percent. Even so, the county has added more than 240,000 residents since 2000 and is now approaching the one-million-resident mark.

Migration continues to support growth as Tacoma and surrounding communities attract residents seeking relative affordability compared with nearby markets. Looking ahead, housing availability, infrastructure needs, and affordability pressures will likely play a larger role in shaping the county's next chapter.

Total Population & Change

Pierce County

■ Total Population ■ Change



"From my perspective, Pierce County is becoming a market that people are paying closer attention to. You still have access to a diverse employment base from healthcare and logistics to manufacturing as well as military-related activity, but you're also seeing growth spill south from the Seattle area. It feels like the county is creating more opportunities for people who want career growth without needing to make the tradeoffs that often come with larger, higher-cost markets."



Mario Garza

BRANCH MANAGER
NMLS# 2466057

Pierce County's housing market has shifted from rapid appreciation to a more stable pace, but demand remains firm. Median home prices have risen from roughly \$450,000 in 2020 to the mid-\$600,000 range today, supported by continued population growth and migration into the South Sound. While price gains have moderated, affordability and limited housing supply remain key challenges for the region.

Median Listing Price

Pierce County



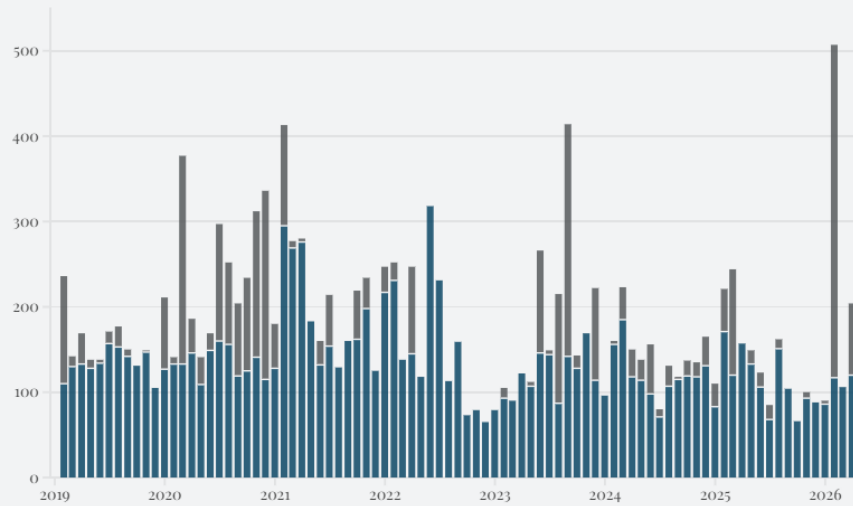
Source: Realtor.com via FRED

Pierce County's housing supply remains uneven. Single-family construction has averaged roughly 135 homes per month since 2019, while multi-family activity has been much more volatile. Large apartment projects continue to arrive in waves, including a nearly 400-unit jump thus far in 2026. This highlights a growing reliance on higher-density development to help meet housing demand across the South Sound.

Housing Starts

Pierce County

■ Single Family ■ Multi-Family



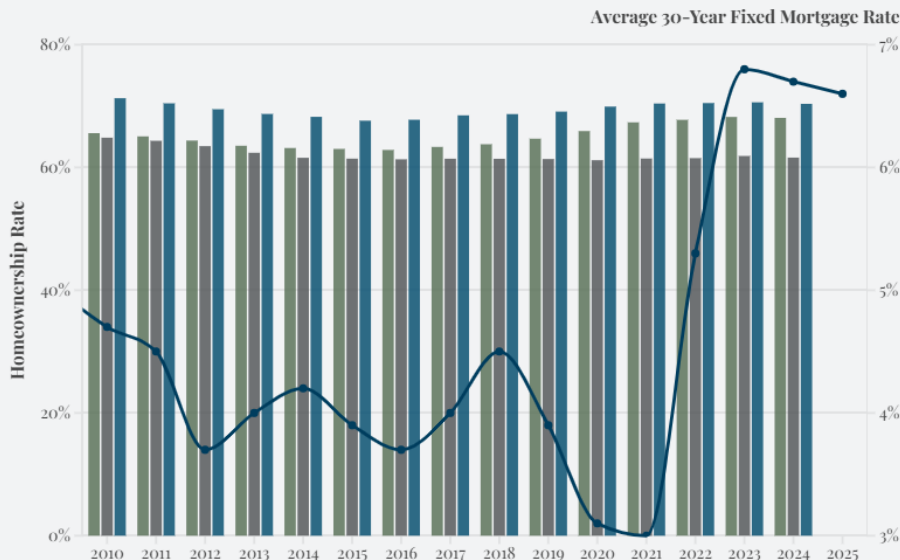
Source: Pierce County, Planning & Public Works

Pierce County's homeownership rate has climbed from 63 percent in the mid-2010s to 68 percent in 2024, remaining above King County's 62 percent and just below Snohomish County's 70 percent. As housing costs have risen across the Puget Sound region, Pierce County has increasingly benefited from households seeking a more attainable path to homeownership.

Homeownership Rate

and US Mortgage Rate

■ Average 30-Year Fixed Mortgage Rate ■ Pierce County ■ King County ■ Snohomish County



Source: U.S. Census Bureau and Freddie Mac

"Pierce County feels like it's in an interesting spot right now. Home prices are higher than they were just a few years ago, but compared with other parts of the Puget Sound region, many buyers still see real opportunity here. We're seeing people take a longer-term view. They're thinking less about timing the market and more about building stability, putting down roots, and finding ways to make homeownership fit into their financial picture."



Titus Davis

COMMUNITY LENDING OFFICER
NMLS# 881584

Looking ahead.

Seeing Pierce County evolve over the years has been a little like watching a city grow into itself. There was a time when people largely thought of Tacoma through the lens of the port and heavy industry, but today the area feels much more connected and dynamic. You now see activity coming from all directions – students filling university campuses, healthcare systems expanding, new businesses opening, and more people choosing to live and work in the South Sound.

What's interesting is that the biggest changes haven't always been flashy projects or headlines. Sometimes it's the smaller shifts that stand out most, like the energy downtown on a weeknight, neighborhoods filling in, or hearing people talk about Pierce County as a destination rather than simply a place people passed through. That says a lot about where the region is today and where it may be headed.



Sarah Howard

SVP / TEAM LEADER
NMLS# 2658866

Contact us



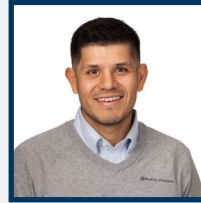
Titus Davis

COMMUNITY LENDING OFFICER

NMLS# 881584

425.647.4716

tdavis@watrust.com



Mario Garza

BRANCH MANAGER

NMLS# 2466057

509.956.5003

mgarza@watrust.com



Carmen Goers

SMALL BUSINESS BANKING
RELATIONSHIP MANAGER

NMLS# 2738801

253.301.8052

cgoers@watrust.com



Greg Hansch

SVP / RELATIONSHIP MANAGER

NMLS# 267975

253.448.9356

ghansch@watrust.com



Sarah Howard

SVP / TEAM LEADER

NMLS# 2658866

253.304.8930

srhoward@watrust.com



Patrick Lloid

VP / RELATIONSHIP MANAGER

NMLS# 721372

425.301.9080

plloid@watrust.com



Chris Mann

RELATIONSHIP MANAGER

NMLS# 1645563

253.343.7297

cmann@watrust.com



Michael McAllister

RELATIONSHIP MANAGER

NMLS# 760620

425.301.9215

mmcallister@watrust.com



[watrust.com/SouthSound](https://www.watrust.com/SouthSound)

