



Market Snapshot | South Sound



A Pierce County economic snapshot.

Washington Trust's South Sound team is thrilled to expand the Bank's footprint in Tacoma and Pierce County. To help support local businesses in decision making, this report shares recent market information that can be used to assess opportunities in the South Sound region.

The region demonstrates a generally positive economic trajectory, driven by growing consumer activity, rising incomes, entrepreneurial growth, and positive jobs growth projections. That said, there are some ongoing challenges. The area's economic strength will hinge on its ability to balance growth in services and retail, with support for industrial and real estate sectors, while addressing affordable housing.

We hope this information proves helpful for your business decisions and highlights our local expertise in the South Sound market. Feel free to connect with our team any time via watrust.com/SouthSound.

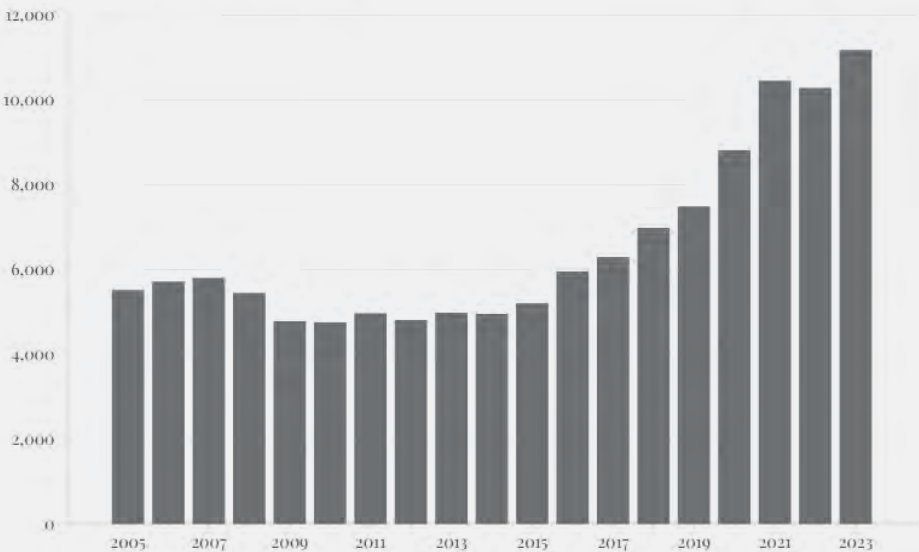


Business growth.

Business formations have accelerated recently, with new business applications rising 49 percent since 2019, suggesting a healthy entrepreneurial environment.

Business Applications

Pierce County

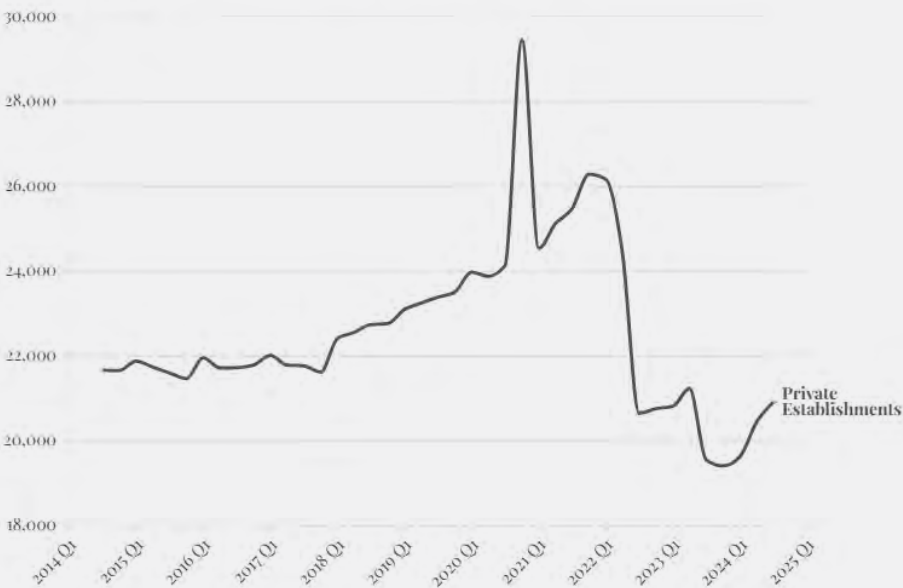


Source: US Census Bureau

A private establishment is an economic unit, such as a factory, store, or office that produces goods or services. It generally is at a single location and is engaged predominantly in one type of economic activity. Through 2022 and 2023 a steep drop in private establishments occurred as firms struggled in the post-COVID environment. The number reached a trough at the end of 2023 before a 2024 rebound.

Private Establishments

Pierce County



Source: Federal Reserve Bank of St. Louis; U.S. Bureau of Labor Statistics via FRED

"Reflective of the business application growth over the last decade, Pierce County is showing up as an attractive place for growing businesses due to better overall operating costs, better housing/cost of living and recent investments in the market. Investments and improvements include the completion of the I-5 project, the Port, downtown business district and Tacoma's Waterfront. Since businesses must consistently manage operating costs through changing economic times, (inflation, tariffs, and policy shifts), Pierce County/South Sound will continue to be a premier option for businesses and households in the Puget Sound."



Patrick Lloid

VP / RELATIONSHIP MANAGER

While the COVID hurdles of recent years have passed, new challenges such as budget challenges at the state level, rising construction costs, and an evolving tariff environment have emerged. Businesses and those supporting them should have adaptable strategies in place to ensure the trajectory if private firm growth continues.

Interestingly, while the number of private firms has declined, existing firms are generating more sales. Taxable retail sales have been marching steadily upward over the last decade. Even with its cyclical nature (Q1 each year sees a post-holiday drop), taxable retail sales have grown 89 percent from Q3 2014 to Q3 2024. This is an extremely encouraging sign of consumer spending and economic activity, suggesting existing businesses are performing well.

Taxable Retail Sales

Pierce County



Source: Washington State Department of Revenue

"Pierce County's retail sector, particularly in Tacoma, is enjoying steady growth, fueled by consistent demand for everyday essentials and engaging retail offerings. A growing population and strong local spending create a vibrant market, and key hubs like Tacoma Mall and Point Ruston remain active and growing. Despite challenges from tariff-related cost pressures, looking ahead, the region's retail market is expected to stay resilient with ongoing interest from retailers and potential small-format stores and services in walkable areas."

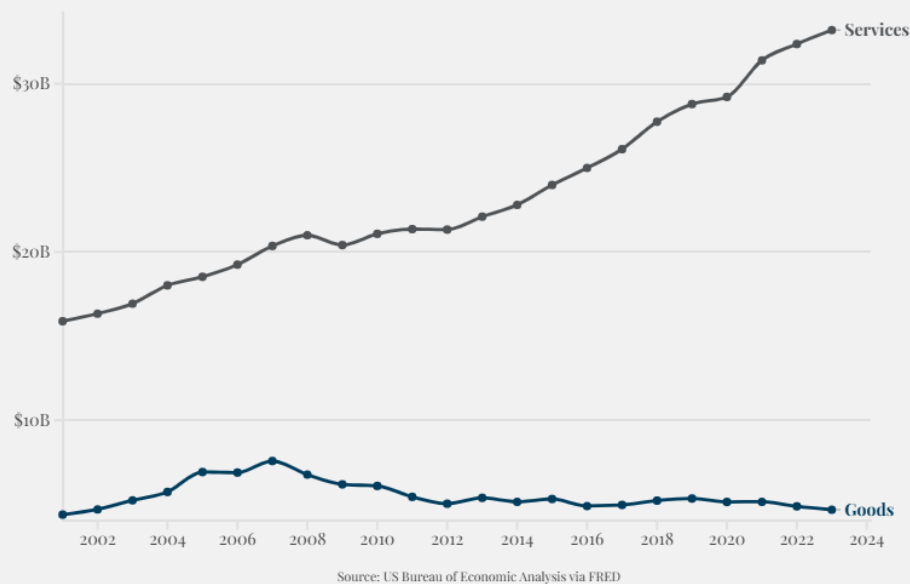


Chris Mann
RELATIONSHIP MANAGER

The delta of services versus goods producing gross domestic product (GDP) is noteworthy. Both in its amount and course. Service industries have been climbing over the last decade and a half while goods producing industries are flat, following a bump in the mid to late 2000s.

Pierce County Real GDP

Private Goods Producing vs. Services Producing Industries



It's healthy to have a diversified economy across various industries; it's also important to have a balance of service and goods production. The market would benefit from gaining an enhanced manufacturing base, especially as at the national level there is a continued push toward re-industrialization.

"The rise in office vacancy since late 2020 may appear to be a challenge, but it's also an indicator that Tacoma is evolving alongside global workplace trends. This shift opens opportunities for reimagining office spaces and urban development. As hybrid and remote work models become mainstream, Tacoma's office sector has room to innovate, with conversions to multifamily, attractive co-working spaces, satellite offices, and flexible-use developments that better suit today's professional landscape."



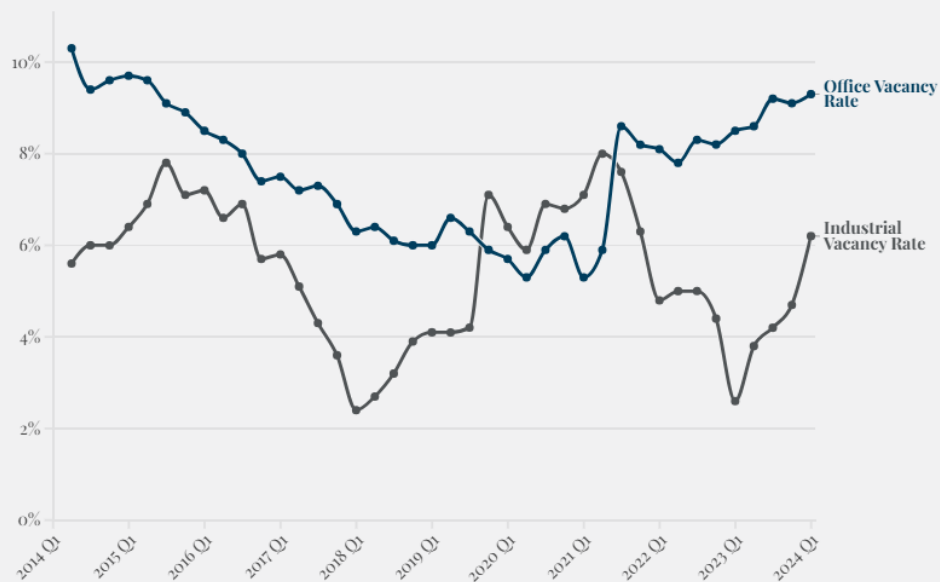
Greg Hansch

SVP / RELATIONSHIP MANAGER

Since Q4 of 2020, office vacancy rates have climbed from 5.3 to 9.3 percent, following a national trend of declining demand as hybrid and remote work solidifies its place in the labor market. The ripple effects of fewer office workers – decreased foot traffic, less retail patrons, etc. – will be something to monitor as the revitalization of Tacoma's core continues.

Office vs. Industrial Vacancy Rate

Pierce County



Source: Kidder Mathews analysis of CoStar data via PierceCountyWA.gov

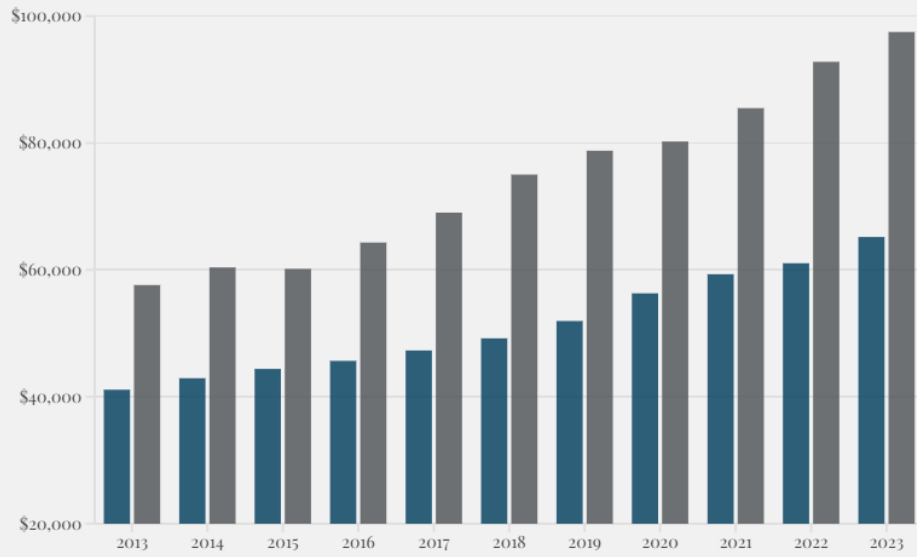
Jobs and income.

Both per capita and household income are marching upward. From 2015 to 2020 median household income rose 33 percent and 22 percent from 2020 to 2023. However, the most recent growth should be balanced against the inflation seen during that time (average of 4.5 percent).

Per Capita and Household Income

Pierce County

■ Per Capita Income ■ Household Income

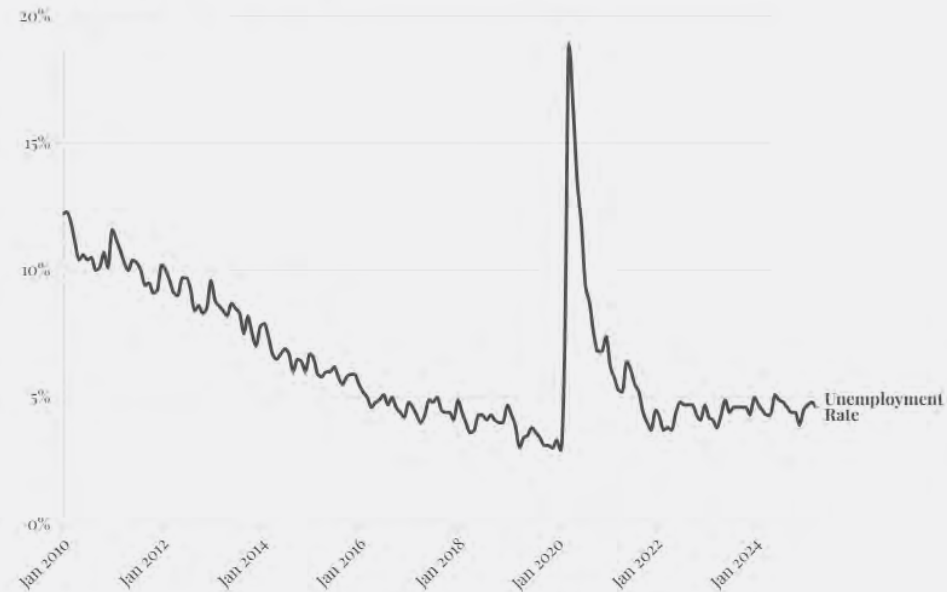


Source: US Census Bureau via FRED

In January of 2010, with the economy still reeling from the Global Financial Crisis, the Pierce County unemployment rate sat at 12.2 percent. It then fell steadily before reaching its low point (2.9 percent) in February 2020. Following a Covid spike and fall, it has fluctuated between 3.7 and 5.1 percent since December 2021.

Unemployment Rate

Pierce County



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

"I am continually impressed by the South Sound region's resilience and its ability to adapt to the evolving demands of both our local and global economy. The recent closure of a 100-year-old paper mill certainly contributed to employment declines in the logging and construction sectors, but the region continues to offer diverse employment opportunities, with the local port and surrounding businesses driving year-over-year growth in trade, transportation, and warehousing. The region is home to several trade schools, vocational programs, community colleges, and universities, making it an attractive market for employers seeking skilled labor. As a key economic hub in Western Washington, the South Sound has consistently proven to be a desirable community for both businesses and individuals."



Michael McAllister

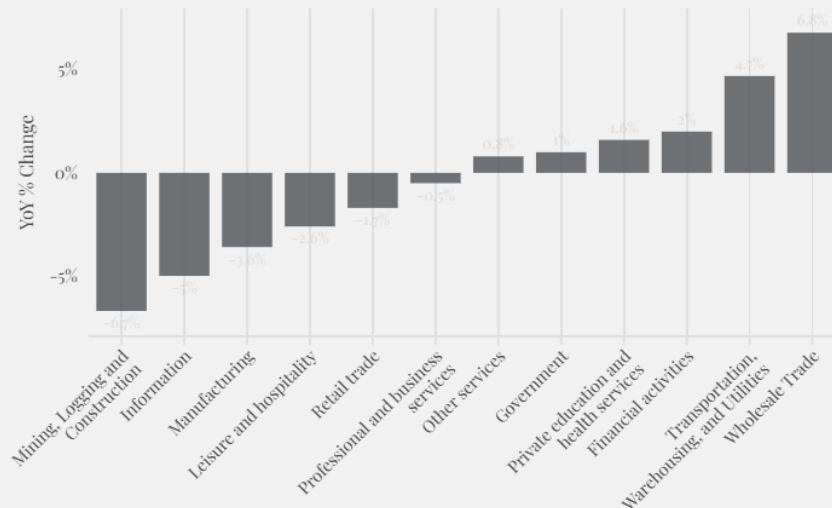
RELATIONSHIP MANAGER

Year-over-year the labor force rose modestly 0.7 percent to 494,886. The biggest gains came in wholesale trade (6.8 percent) and transportation, warehousing, and utilities (4.7 percent), while the largest drops were in mining, logging, and construction (-6.7 percent) and information (-5 percent).

Year-over-Year Job Change

Pierce County

March 2024 - March 2025

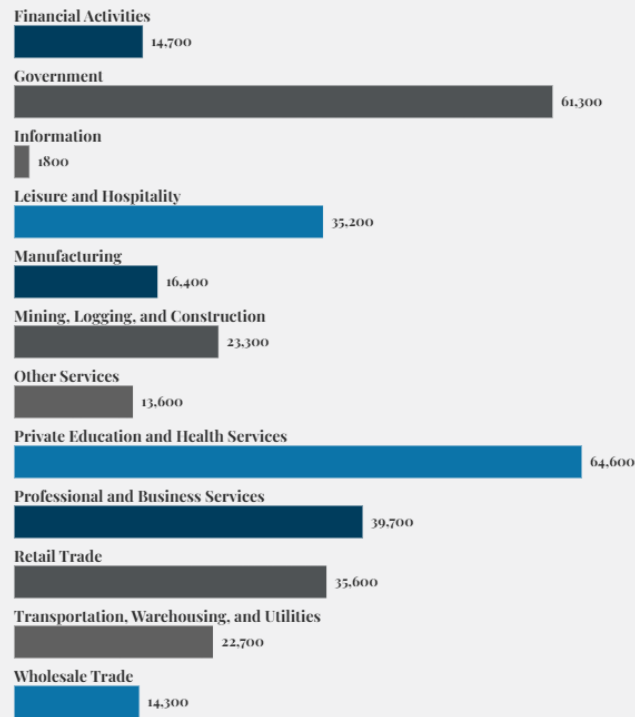


Source: Bureau of Labor Statistics via Washington State Employment Security Department

Nonfarm Employment Estimates

Pierce County (Not Seasonally Adjusted)

April 2025



Source: Washington State Employment Security Department

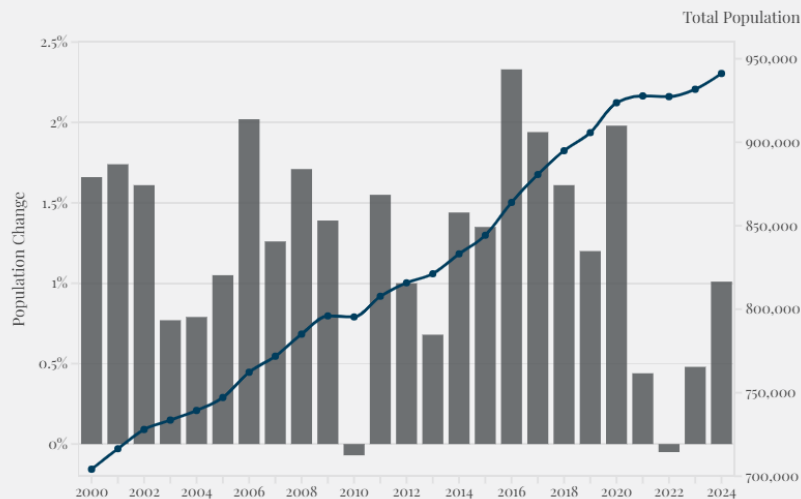
Population and housing.

Since 2000, in all but two years (2010 and 2022), Pierce County has seen population growth. At 941,170 in 2024 and approaching the one million mark, it's likely that this will be eclipsed within the next decade.

Total Population & Change

Pierce County

■ Total Population ■ Change



Source: U.S. Census Bureau via FRED

"Tacoma and Pierce County are attractive places to live and work, and the population growth reflects that. I'm a newcomer myself, and the career opportunities along with the continued revitalization in and around Tacoma were a big draw for me. There are, of course, affordability challenges that come with growth, and I've been impressed by how this community works to find solutions to big problems and the how individuals and small businesses are daily roll up their sleeves to better their community."



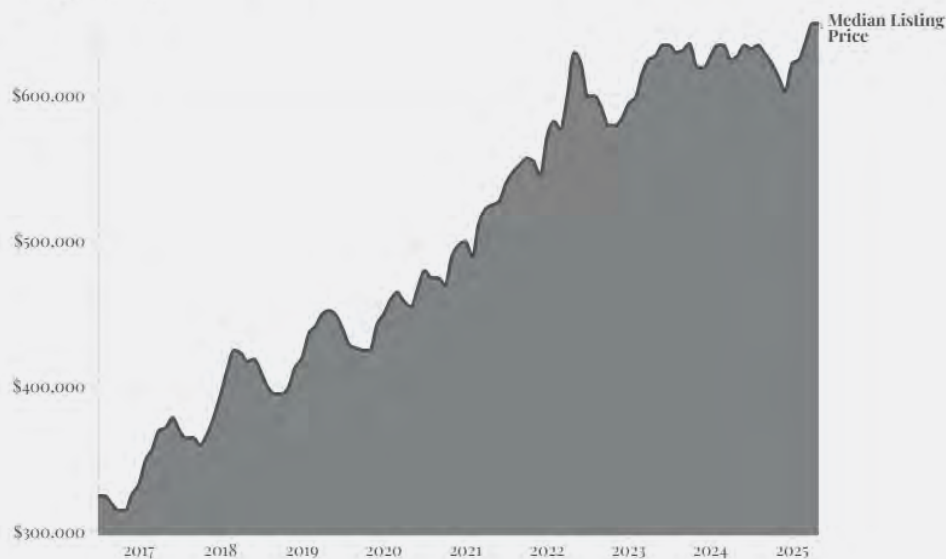
Mario Garza

BRANCH MANAGER

With growth comes challenges. Population growth puts additional pressure on housing supply. Like the rest of the country, beginning in 2020, home prices accelerated in Pierce County. While levelling off a bit in 2023 and dipping in late 2024, the median listing price reached a high of \$649,850 in May 2025. The housing market is also heavily impacted by current mortgage rates and prices in the larger Puget Sound region. These two factors impact both first-time home buyers and those who want to move out of their first homes or closer to work. In some cases, it prevents those who are ready to down-size as well.

Median Listing Price

Pierce County



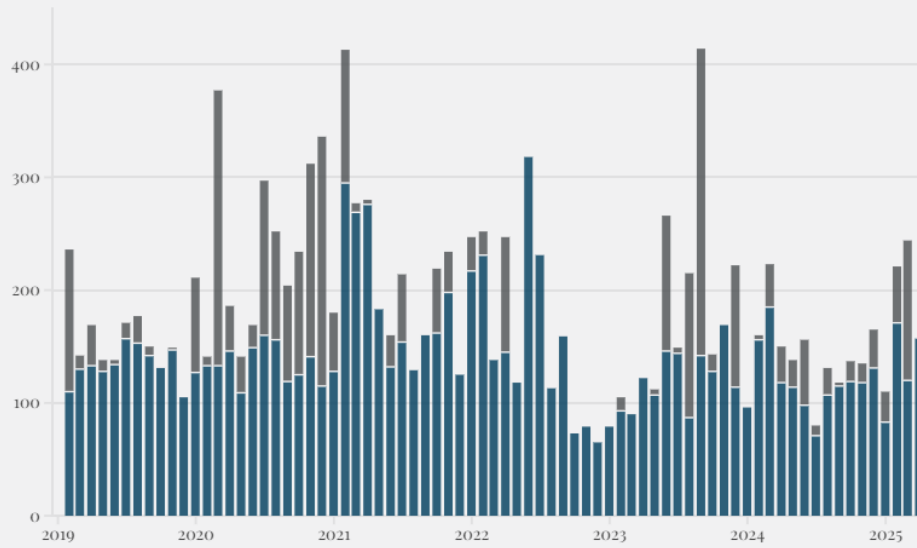
Source: Realtor.com via FRED

On the supply side, Pierce County has averaged approximately 140 single family home starts each month since 2019. Multi-family units have averaged 42 monthly starts, but with more peaks and valleys due to the nature of these projects. Since 2019, multiple months saw no new multi-family housing starts while some months construction began on 100- and 200-plus units.

Housing Starts

Pierce County

Single Family Multi-Family

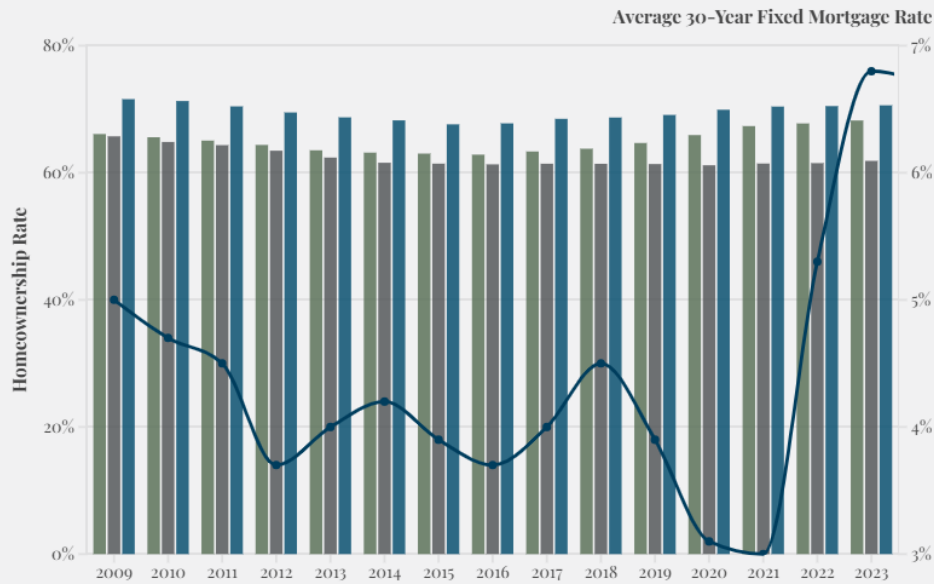


Pierce County has seen its home ownership rate climb from 63 percent in 2016 to 68 percent in 2023, outpacing King County but behind Snohomish County, at 62 percent and 71 percent, respectively.

Homeownership Rate

and US Mortgage Rate

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



"Tacoma's got that homeownership energy right now! residents have really shown up for the homebuyer classes we've been presenting around town—there's a clear hunger for education and empowerment when it comes to owning a home. We've helped a growing number of local buyers tap into down payment assistance programs, making the dream of owning a home in Tacoma a real and reachable goal for many."



Titus Davis

COMMUNITY LENDING OFFICER

Looking ahead.

I've had the pleasure of watching Tacoma/Pierce County grow and change for the past 3 decades. Thirty years ago, the downtown core needed to incorporate a shift from its industrial/warehouse and manufacturing driven structures and economy to a more diverse economic community. This required a shift toward international trade; education and service industries. The number of changes from 30 years ago to 2025 are too many to list, but all have been impactful.

One of the highest impacts was the development of the University of Washington's Tacoma campus, which opened in 1997. University of Washington Tacoma continues to play a key role, collaborating in the growth and opportunities for Tacoma and the surrounding community. Additionally, significant changes in and around the Port district have also been highly impactful, leading in recent years, to larger gains in employment opportunities.

While no community is without challenges, we evolve and grow as we learn. As the community has become a better family, youth, and business-friendly urban environment, one important constant has been our persistent grit and heart. We are committed to being part of the trajectory that will provide continuous improvement for all.



Sarah Howard

SVP / TEAM LEADER

Contact us



Titus Davis

COMMUNITY LENDING OFFICER

425.647.4716

tdavis@watrust.com



Mario Garza

BRANCH MANAGER

509.956.5003

mgarza@watrust.com



Carmen Goers

SMALL BUSINESS BANKING
RELATIONSHIP MANAGER

253.301.8052

cgoers@watrust.com



Anthony Gomez

SMALL BUSINESS BANKING
RELATIONSHIP MANAGER

253.448.6274

argomez@watrust.com



Greg Hansch

SVP / RELATIONSHIP MANAGER

253.448.9356

ghansch@watrust.com



Sarah Howard

SVP / TEAM LEADER

253.304.8930

srhoward@watrust.com



Patrick Lloid

VP / RELATIONSHIP MANAGER

425.301.9080

plloid@watrust.com



Chris Mann

RELATIONSHIP MANAGER

253.343.7297

cmann@watrust.com



Michael McAllister

RELATIONSHIP MANAGER

425.301.9215

mmcallister@watrust.com



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

