

Prosperity Partnership’s Indicators Highlight Areas of Change

The Prosperity Partnership released its 2008-2009 update of the *Puget Sound Regional Competitiveness Indicators* report highlighting areas of improvement as well as areas that need continued attention in our region’s economy. Washington and the Puget Sound region still produce the smallest number of bachelor’s and master’s degrees per 1,000 compared to peer states. Washington had \$11.3 billion in industry R&D expenditures — exceeding all peer states in terms of per capita spending. However, Washington received just \$45.6 million in Small Business Innovation Research awards — half what Colorado received in the same period. Meanwhile the Puget Sound region increased its share of venture capital investments to \$1.28 billion — a 21 percent increase from the previous year. United Way figures show year after year that the four-county area is one of the most charitable regions in the nation, raising \$155 million, approximately \$44 per capita. And for the first time in several years, the median sales price of existing single-family homes in the four counties declined between 4 and 9 percent from a year ago.

Background

The Prosperity Partnership is a coalition of business, government, education, labor and nonprofit organizations from King, Kitsap, Pierce and Snohomish counties dedicated to developing and implementing a shared economic strategy for long-term economic prosperity in the central Puget Sound region. Started by PSRC through its Economic Development District Board in 2004, this coalition created and adopted the Regional Economic Strategy in 2005. The Strategy takes a two-pronged approach: 1) Cluster Initiatives, to meet the needs of industry clusters, and 2) Foundation Initiatives, to strengthen the general underpinnings of the entire economy.

Measuring our region’s economic performance over time and identifying opportunities and challenges is crucial to the work of the Prosperity Partnership. In November 2006, PSRC released the first Indicators report with the following two objectives:

- Measuring the region’s competitiveness through a set of 20 economic and social indicators.
- Reporting on the progress of the Strategy’s implementation.

The annual Indicators report tells us how the region is performing along a set of economic and social measures. These quantitative measures provide an indication of the condition or direction of the economy — whether we are progressing, declining or staying the same, and how we measure against peer regions. The 21 indicators were chosen to relate to the strategic Foundation areas of the Strategy as listed in Table 1.

Table 1. Puget Sound Regional Competitiveness Indicators: 2008-2009 Update

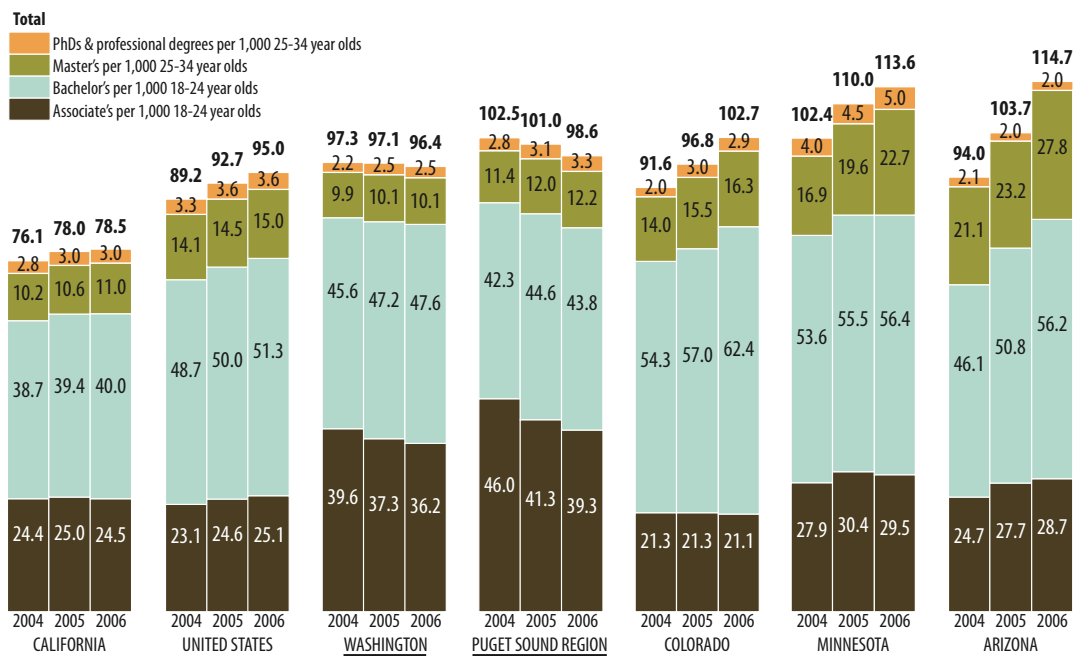
Education & the Workforce	1. Fourth Grade Math & Reading Proficiency 2. High School Graduation Rate 3. Post-Secondary Degrees Awarded 4. Science & Engineering Degrees Awarded 5. Worker Productivity	Business Climate	13. Business Starts & Closures 14. Tax Share
Technology & Innovation	6. R&D Expenditures 7. Patents Issued 8. SBIR Awards	Transportation & Infrastructure	15. Travel Time Index 16. Transportation Expenditures
Enterprise & Investment	9. Venture Capital 10. Small Business Administration Loans 11. Minority-Owned Businesses Certifications 12. EDC Activity	Quality of Life & Social Capital	17. Charitable Giving 18. Housing Affordability 19. Arts Organizations 20. Air Quality Index 21. Crime Rate

2008 Indicator Highlights

Post-Secondary Degrees Awarded

Washington and the Puget Sound region are the only regions showing a decline in postsecondary degrees awarded from 2004 to 2006. Every peer state and the U.S. as a whole showed an increase in the rate of degree production. Washington and the Puget Sound region still produce the smallest number of bachelor's and master's degrees per 1,000 compared to almost all peer states except California. These trends reinforce the need to increase the number of bachelor's and advanced degrees produced by Washington's higher education institutions. The Prosperity Partnership's Higher Education Working Group was instrumental in passing legislation in 2007 to increase degree production in high demand fields. However, the results of those efforts will not be seen for several more years.

Post-Secondary Degrees Awarded per 1,000, by State, 2004-2006



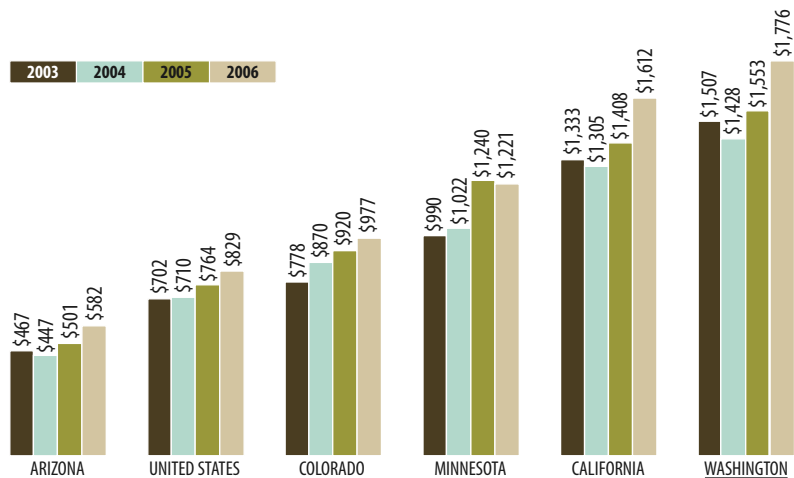
Source: National Center of Educational Statistics, Integrated Postsecondary Education Database System

Note: The figures may appear to differ from what was reported in the 2007-2008 Indicators report due to corrections in reporting and updates to population estimates for the targeted age groups.

R&D Expenditures

In 2006, Washington ranked #6 in industry R&D expenditures at \$11.3 billion. Although California ranked #1 overall, Washington's per capita figures exceeded those of California, as well as any of the other peer states. Industry R&D remains the largest share spent in the state at nearly \$1,800 per capita, followed distantly by federal at \$381 per capita and academic at \$155 per capita.

Industry R&D Expenditures, per Capita, by State, 2003-2006

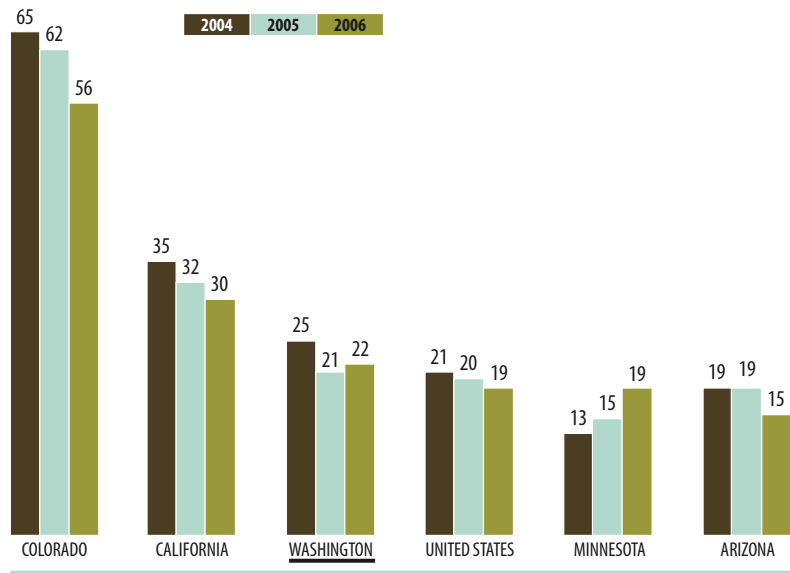


Source: National Science Foundation

SBIR Awards

Washington innovators have not taken nearly as much advantage of the SBIR program as Colorado has. Colorado received 56 SBIR awards per million in 2006, or 265 total awards. In comparison, Washington received 22 awards per million, or 139 total. In total award dollars, Colorado received nearly double Washington's total — \$90 million compared to \$45.6 million.

SBIR Awards per 1,000,000 Residents, by State, 2004-2006

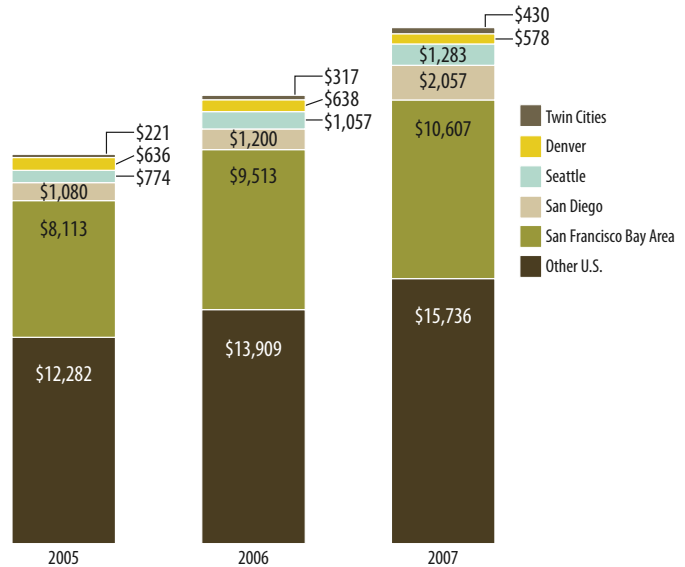


Source: Small Business Administration, Office of Technology

Venture Capital

The greater Seattle region continues to grow its share of the nation's venture capital investments in the nation. In 2007, it had 4.2 percent of the U.S. total, up slightly from 4.0 percent in 2006 and 3.4 percent 2005. This is equivalent to \$1.28 billion being invested in promising new business ideas in the region, a 21 percent increase from 2006.

Venture Capital Investment, in Millions of Dollars, by Metro Area, 2005-2007

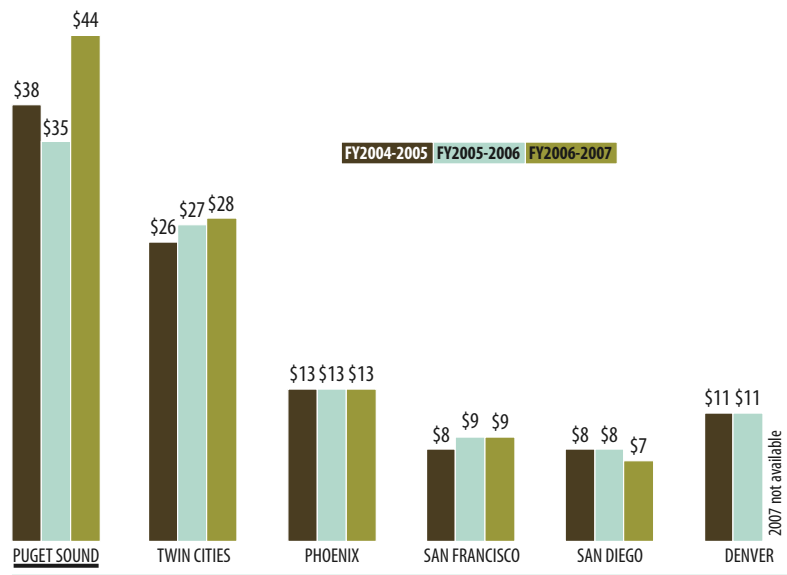


Source: PricewaterhouseCoopers/National Venture Capital Association MoneyTree (tm) Report
 Note: Phoenix is not included as one of the metro areas tracked by PWC. Therefore, it is not included in this indicator.

Charitable Giving

In terms of United Way contributions, the Puget Sound region remains one of the most generous regions in the country. In FY 2007, the region raised \$155 million through the four county United Ways, approximately \$44 per capita. This is up from \$121 million, or \$35 per capita in FY 2006.

United Way Contributions, per Capita, by Metro Area, FY 2005 – FY 2007



Source: IRS Form 990 for various United Ways, GuideStar

Housing Affordability

For the first time in several years, the median sales price of existing single-family homes in the Puget Sound region has gone down from a year ago. Though this won't lift the spirits of those trying to sell their homes in a softening market, it does lift the affordability index for Kitsap and Pierce counties above the 100 mark. However, difficult credit markets may still limit the ability of our region's residents to purchase a home.

Table 2. Median Sales Price of Existing Single-Family Homes and Affordability Index, Puget Sound Region, 2008–2nd Quarter

	Median Resale Price	Percent Change Q2'07 to Q2'08	Housing Affordability Index	First-Time Buyers Affordability Index
King	\$450,000	-4.3%	74.3	41.4
Kitsap	\$271,300	-8.9%	106.2	63.9
Pierce	\$268,500	-5.3%	105.3	62.1
Snohomish	\$349,400	-7.1%	87.7	53.2
Washington	\$291,900	-7.8%	95.5	56.2

Source: Washington Center for Real Estate Research

Copies of this *Puget Sound Trend* are available from the PSRC Information Center at 206-464-7532, info@psrc.org, or downloadable from the PSRC website at www.psrc.org. Print copies of the *Regional Competitiveness Indicators* reports are also available from the Information Center, or downloadable from the Prosperity Partnership website at www.prosperitypartnership.org. For questions regarding this *Trend*, contact Joan Chen at 206-389-2889 or jchen@psrc.org.

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