

VISION 2020+20 Update
Issue Paper on Regional Demographics and Growth Trends

Puget Sound Regional Council

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Regional Demographics & Growth Trends

Historical and Forecast Population and Employment

Key Observations:

- **Population forecast.** The central Puget Sound grew by over 1.3 million people between 1970 and 2000. The region is expected to continue to experience healthy growth, with estimates projecting an increase of nearly 1.6 million more residents by 2040.
- **County population.** King County is the largest of the region's four counties, and is home to more than 1 out of every 2 of the region's residents. However, over the last thirty years, the region's other three counties – Kitsap, Pierce and Snohomish – have shown significantly faster rates of growth, a trend that is expected to continue into the future.
- **Migration.** From 1970 to 2000, net migration was the primary source of population growth in the region, accounting for 58 percent of the increase; natural change (births minus deaths) accounted for the other 42 percent. Migration trends are largely driven by the economy and the strength of job opportunities in the central Puget Sound region relative to areas outside the region.
- **Employment forecast.** The region exhibited tremendous economic growth over the last thirty years, with total employment more than doubling between 1970 and 2000 with the addition of 1.1 million net new jobs. The regional economy is expected to expand at a healthy, albeit more moderate, pace over the next thirty years, with estimates projecting 1.1 million more jobs by 2040.
- **Economic diversification.** The region's economy is more diversified today and less vulnerable to cyclical volatility in the aerospace and natural resources industries. The greater economic stability is largely due to growth and diversification in the services sectors.
- **The service economy.** The major driver of economic growth in the region over the last thirty years has been the finance, insurance, real estate and services (FIRES) sector, which contributed about 1 out of every 2 jobs created between 1970 and 2000. The FIRES sector grew from 20 percent of total employment in 1970, to 36 percent in 2000, and is forecast to represent 42 percent of total employment by 2030.
- **County employment.** King County has historically been and continues to be home to the vast majority – roughly 2 in every 3 – of the region's jobs, and is expected to remain the primary contributor to job growth in the region. Kitsap, Pierce and Snohomish counties are forecast to gain greater shares of total regional job growth over the next thirty years.

Regional Demographics

Key Observations:

- **Average household size.** Consistent with national trends, the region's average household size declined significantly during the 1970s and 1980s, then stabilized during the 1990s at about 2.5 persons per household. The regional average household size will likely continue to decline slightly, with downward pressure coming from an expanded senior population, offset by some upward pressure from growth in Latino/Hispanic and immigrant population groups with larger than average family sizes.

- **Race/ethnicity.** Our region has steadily become more racially and ethnically diverse over the past decade. Minorities now comprise 24 percent of the region’s total population, compared to just 15 percent in 1990.
- **Age.** The region’s overall population is younger than either the state or nation. The region has a significantly higher percentage of its population within the younger workforce age cohort of 25 to 44, and a smaller share of its population at or above retirement age. Consistent with national trends, the region’s senior population is expected to swell as the baby boomer generation ages.
- **Education.** The region has a particularly well-educated population, with nearly 1 in 3 persons having attained a Bachelor’s or higher degree, compared to 1 in 4 persons for the nation, and 9 in 10 persons having graduated high school, compared to 8 in 10 for the nation.
- **The “creative class.”** During the 1990s, our region succeeded in attracting a net gain of young, well-educated workers into our workforce. The presence of these young, highly-skilled workers, coined the “creative class,” was found to have played a key role in the development of new technologies and industries, the creation of startup firms, and associated job growth during the technology boom of the late 90s.
- **Income.** Median household income is significantly higher in our region, compared to the state and nation, particularly in King and Snohomish counties.
- **Poverty.** Poverty in the region has remained relatively stable since 1989 and, compared to the state and the nation, the region has a lower percentage of persons living in poverty. However, poverty levels are disproportionately concentrated among minority households and female-headed households with children.

Recent Growth Trends

Key Observations:

- **The economic boom.** The region, along with the nation, experienced an economic boom from 1995 to 2000/01. Economic growth during this period was uniquely characterized by the rise of the “New Economy” and high technology industries, with Seattle and East King County emerging as major centers of such activity. Job growth spurred strong population growth across the region.
 - County patterns of employment growth looked very different from population growth. Between 1995 and 2000, a significant share of the job growth, 80 percent, went to King County, while the majority of the population growth, 56 percent, went to Kitsap, Pierce and especially Snohomish counties.
- **Urban growth trends.** The rapid growth of the late 1990s posed the first major test of the region’s urban growth boundaries and attendant growth policies established under the Washington Growth Management Act of 1990.
 - Between 1995 and 2000, 87 percent of population growth and 96 percent of covered employment growth occurred within the region’s designated urban growth areas.
 - In 2000, 77 percent of the region’s urban population lived in cities and towns, compared to 67 percent in 1990, largely as a result of annexations and incorporations.
- **The economic downturn.** A series of economic shocks during 2000 and 2001 had a particularly severe combined impact on the central Puget Sound and many of its key industries. As a result, the region suffered from a deeper and longer recession than the nation at large.
 - Between March 2001 and 2003, regional covered employment declined by 4.5 percent, registering a loss of over 75,000 jobs.

- During 2002-03, population growth decelerated to the lowest level seen in twenty years, 0.8 percent or just 25,500 persons.
- **Economic recovery.** The region has since begun its economic recovery, with Kitsap, Pierce and Snohomish counties having regained and surpassed pre-recession job levels. King County, hit hardest with the recession, continues to struggle and is not expected to make full jobs recovery until 2006. As such, the region will likely see modest increases in population growth rates in the near future, with faster growth occurring outside of King County.

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I. Introduction

The purpose of this paper is to draw together and summarize key population, employment, and demographic data and analysis from a range of sources, including the *Puget Sound Milestones: Population, Employment and Housing, 1995-2000* report (2002), *2004 Comprehensive Economic Development Strategy for the Central Puget Sound Region* (2004), and *Central Puget Sound Regional Economic Profile* (2003). The data have been updated where possible, and the latest trends are discussed.

The paper is organized into the following areas: historical and forecast population and employment, regional demographics, and recent growth trends. The data and analysis presented here have helped to inform the Regional Council's efforts to update VISION 2020 – the region's growth management, transportation, and economic strategy – and serves to highlight issues that may need to be addressed in the process of updating the multicounty planning policies for urban growth, the economy, housing, social justice, and other areas.

II. Historical and Forecast Population and Employment

Population. The central Puget Sound experienced substantial growth over the last three decades, increasing by over 1.3 million persons between 1970 and 2000. During this period, the region grew at an average annual rate of 1.8 percent, compared to 1.1 percent for the nation overall. The region is forecast to grow by close to another 1.3 million persons over the next thirty years to reach 4.5 million by 2030.

King County, the largest of the region's four counties, is home to more than half the residents of the central Puget Sound area. Over the last thirty years, the largest share of the region's growth went to King County (43 percent), however, the region's other three counties showed significantly faster rates of growth. Since 1970, Kitsap County grew by 135 percent, Pierce County by 80 percent, and Snohomish County by 143 percent, compared to 54 percent for King County. Forecasts project that over half of the expected population growth received by the region over the next thirty years will go to Kitsap, Pierce and Snohomish counties.

Understanding and using forecast data. To support its travel demand modeling work, the Regional Council has developed a series of models that produce demographic and economic forecasts for the region. The STEP long-range regional econometric forecast model uses exogenous forecasts of the U.S. economy to predict how the central Puget Sound economy will respond in terms of output, job growth, income gain, and population increases. The STEP model and regional forecasts are updated every three to four years to incorporate new data and long-range national assumptions. The historical data and regional forecasts presented in this paper are derived from the 2002 STEP model.

County-level forecast data are the product of the Regional Council's Demographic and Residential Allocation Model (DRAM) and Employment Allocation Model (EMPAL), two forecast allocation models that take the STEP regional forecasts and disaggregate them to a sub-regional zone structure. The EMPAL model excludes construction and resource employment, due to the difficulty of accurately projecting location for these types of jobs. When using the county-level forecasts, therefore, it is important to bear in mind that the EMPAL-derived regional job totals will not match the STEP model's regional job totals.

The Regional Council's current forecasts through 2010 take the recent economic downturn and recession into account, projecting a decline followed by a recovery to normal economic conditions. Beyond this point, the regional forecasts should be regarded as a projection of how the region would fare under continued normal conditions given the long-range U.S. economic forecast and the region's historical behavior relative to national trends.

Table 1. Estimated and Forecast Population of the Central Puget Sound

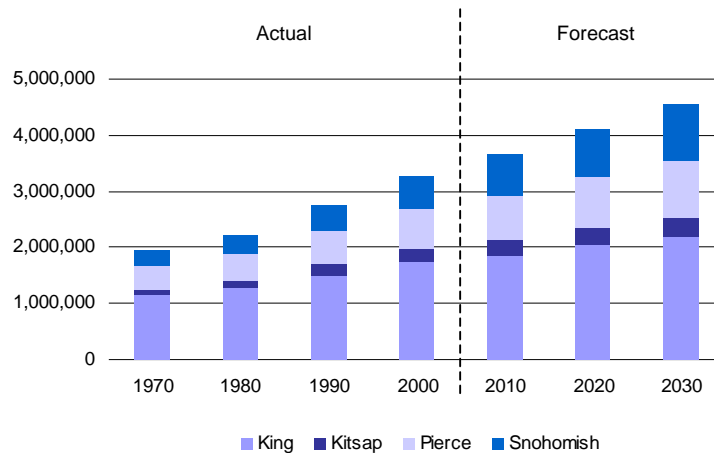
	Actual Population				Forecast Population		
	1970	1980	1990	2000	2010	2020	2030
King	1,159,400	1,269,900	1,507,300	1,737,000	1,869,500	2,039,500	2,202,400
Kitsap	101,700	147,200	189,700	232,000	262,500	301,500	339,900
Pierce	412,300	485,700	586,200	700,800	806,100	914,100	1,007,600
Snohomish	265,200	337,700	465,600	606,000	733,200	860,200	985,200
Region	1,938,700	2,240,400	2,748,900	3,275,800	3,671,200	4,115,300	4,535,100
WA State	3,413,300	4,132,400	4,866,700	5,894,100	6,639,000	7,507,000	8,304,700
U.S.	203,302,000	226,542,200	248,709,900	281,421,900	308,936,000	335,805,000	363,584,000

	Actual Change				Forecast Change		
	1970-80	1980-90	1990-00	2000-10	2010-20	2020-30	2000-30
King	110,500	237,400	229,700	132,400	170,000	162,900	465,300
Kitsap	45,400	42,600	42,200	30,500	39,000	38,400	107,900
Pierce	73,300	100,500	114,600	105,300	108,000	93,500	306,800
Snohomish	72,500	127,900	140,400	127,100	127,000	125,000	379,200
Region	301,800	508,400	527,000	395,300	444,100	419,800	1,259,200
WA State	719,100	734,300	1,027,500	744,900	867,900	797,800	2,410,600
U.S.	23,240,200	22,167,700	32,712,000	27,514,100	26,869,000	27,779,000	82,162,100

	Average Annual Percent Change						
	1970-80	1980-90	1990-00	2000-10	2010-20	2020-30	2000-30
King	0.9	1.7	1.4	0.7	0.9	0.8	0.8
Kitsap	3.8	2.6	2.0	1.2	1.4	1.2	1.3
Pierce	1.7	1.9	1.8	1.4	1.3	1.0	1.2
Snohomish	2.4	3.3	2.7	1.9	1.6	1.4	1.6
Region	1.5	2.1	1.8	1.1	1.1	1.0	1.1
WA State	1.9	1.6	1.9	1.2	1.2	1.0	1.1
U.S.	1.1	0.9	1.2	0.9	0.8	0.8	0.9

Source: U.S. Census Bureau, OFM, PSRC

Figure 1. Decennial Population of the Central Puget Sound Counties



Migration. Net positive migration has been the primary source of population increase in recent decades, contributing to 58 percent of the region’s growth from 1970 to 2000. Migration is what drives population change from year to year. While growth from natural increase (or births minus deaths) remains fairly stable, net migration is far more dynamic, rising and falling in response to the strength of job opportunities and other attractions in the central Puget Sound relative to areas outside the region.

Table 2. Regional Population Change by Component

Population Change by Component

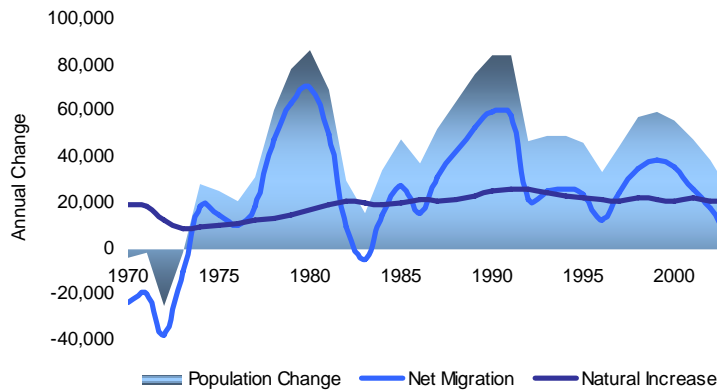
	1970-80	1980-90	1990-00	1970-00
Total population change	301,800	508,400	527,000	1,337,200
Net migration	174,700	297,800	299,500	771,900
Natural increase	127,100	210,600	227,500	565,200

Population Change by Component Share

	1970-80	1980-90	1990-00	1970-00
Net migration	57.9%	58.6%	56.8%	57.7%
Natural increase	42.1%	41.4%	43.2%	42.3%

Source: U.S. Census Bureau, OFM, PSRC

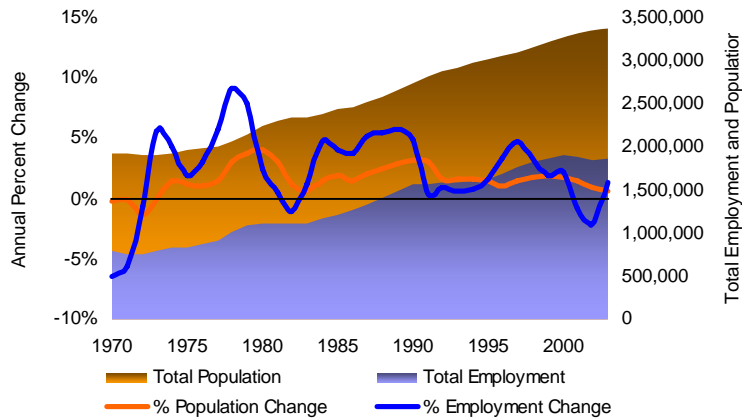
Figure 2. Regional Population Trends by Component



Population growth and the economy. Population trends are largely driven by cyclical upturns and downturns in the economy, with periods of economic expansion bringing about surges in growth. The central Puget Sound witnessed two such episodes during the last thirty years, once in the late 70s/early 80s during which growth averaged 3.5 percent per year, and again in the mid-late 80s/early 90s when growth averaged 2.8 percent per year.

Population trends during the remainder of the 1990s, in contrast, were characterized by steady increases rather than major growth spurts. The average annual growth rate for the decade was 1.8 percent, well below the boom rates described earlier, but notably higher than the national rate of 1.2 percent per year.

Figure 3. Regional Population and Employment Trends



Employment. From 1970 to 2000, the central Puget Sound region grew by an estimated 1.1 million jobs, at an average annual rate of 2.9 percent. Total employment more than doubled during this period, rising from just over 800,000 jobs in 1970 to 1.9 million by 2000. Beyond 2000, regional employment is expected to continue to exhibit healthy growth trends. Forecasts project that the region will add more than 800,000 jobs over the next thirty years, at an average annual rate of 1.2 percent.

Employment growth during the 1990s, particularly the second half of the decade, was quite vibrant. Although the economy grew at a distinctly more moderate pace, 2.0 percent per year on average, than it did during the 1970s and 1980s, it was not as subject to the major cyclical instabilities that characterized those earlier decades.

Table 3. Estimated and Forecast Total Employment for the Central Puget Sound by Sector

	Actual Total Employment				Forecast Total Employment		
	1970	1980	1990	2000	2010	2020	2030
Const/Resource	55,300	78,400	115,200	139,200	160,300	189,800	211,800
FIRES	163,600	284,600	481,900	691,600	855,600	1,004,400	1,144,600
Manufacturing	161,600	216,800	263,500	237,100	229,200	232,600	235,500
Retail	120,500	184,700	260,300	319,900	352,700	404,400	457,100
WTCU	90,400	131,100	175,200	214,800	234,000	278,400	318,000
Govt/Educ	210,200	217,600	265,600	303,000	338,900	358,700	380,900
Total	801,600	1,113,100	1,561,700	1,905,500	2,170,700	2,468,300	2,748,000

	Actual Change				Forecast Change		
	1970-80	1980-90	1990-00	2000-10	2010-20	2020-30	2000-30
Const/Resource	23,100	36,800	24,000	21,100	29,600	22,000	72,600
FIRES	121,100	197,200	209,800	164,000	148,800	140,200	453,000
Manufacturing	55,200	46,700	-26,500	-7,800	3,400	2,900	-1,600
Retail	64,200	75,600	59,600	32,800	51,700	52,700	137,200
WTCU	40,700	44,200	39,500	19,200	44,400	39,700	103,300
Govt/Educ	7,300	48,000	37,400	35,900	19,800	22,200	77,900
Total	311,600	448,600	343,900	265,200	297,600	279,700	842,500

	Average Annual Percent Change						
	1970-80	1980-90	1990-00	2000-10	2010-20	2020-30	2000-30
Const/Resource	3.5	3.9	1.9	1.4	1.7	1.1	1.4
FIRES	5.7	5.4	3.7	2.2	1.6	1.3	1.7
Manufacturing	3.0	2.0	-1.1	-0.3	0.1	0.1	0.0
Retail	4.4	3.5	2.1	1.0	1.4	1.2	1.2
WTCU	3.8	2.9	2.1	0.9	1.8	1.3	1.3
Govt/Educ	0.3	2.0	1.3	1.1	0.6	0.6	0.8
Total	3.3	3.4	2.0	1.3	1.3	1.1	1.2

Source: BEA, PSRC

The service economy. Consistent with trends in the national economy, the central Puget Sound made a structural shift away from its traditional manufacturing, industrial, and resource base toward a services base during the second half of the 20th century. The region historically had a heavy reliance on its manufacturing sector, most notably on the aerospace industry, which is dominated by Boeing. Past regional employment trends are characterized by dramatic fluctuations, brought on by upswings and downturns in the manufacturing sector.

While the aerospace industry continues to go through significant hiring and lay-off cycles, its impacts on the regional economy have become less severe. The growth and emergence of myriad other industries resulted in the expansion and diversification of the economy, primarily in the finance, insurance, real estate & services (FIRES) sector, lending greater overall stability to the region. Industry diversity is key to maintaining the region’s economic vitality and competitiveness over time.

Figure 4. Regional Sector Employment

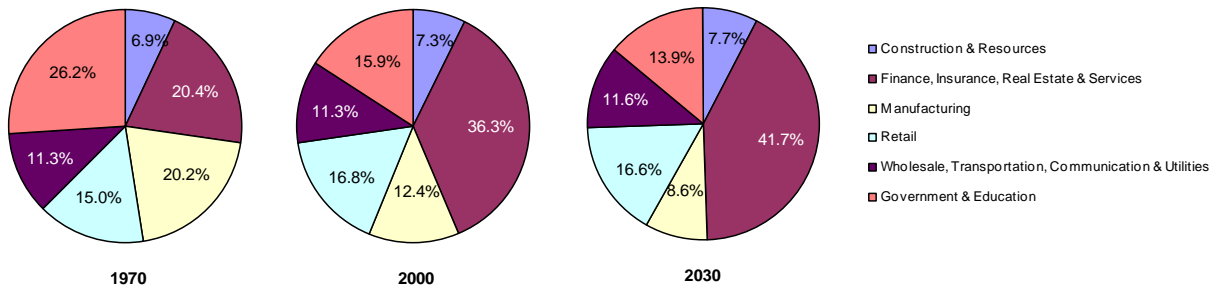
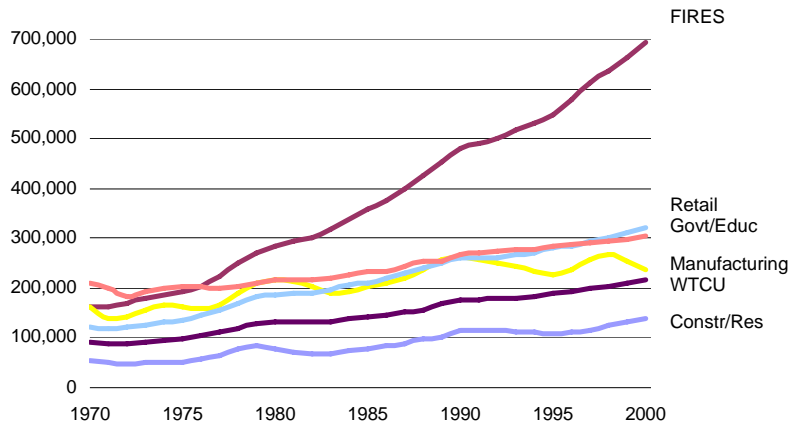


Figure 5. Regional Sector Employment Trends



Manufacturing. Job growth in the manufacturing sector over the last three decades slowed considerably, from an average annual rate of 3.0 percent during the 1970s, to 2.0 percent during the 1980s, and even contracted during the 1990s. Manufacturing as a share of the region’s total employment declined from 20 percent in 1970, to 12 percent in 2000, and is forecast to decrease to 9 percent by 2030.

The manufacturing sector and aerospace industry remain a valuable component of the regional economy, but they are not expected to be an area of future job growth. Employment forecasts suggest that the

current downturn in the manufacturing sector will continue through the current decade, then slowly return to present levels from 2010 to 2030.

Non-manufacturing. Finance, insurance, real estate & services (FIRES) was the region's most rapidly growing employment sector over the last three decades, adding more than a half million jobs to the economy, about 1 in every 2 jobs created, since 1970. FIRES encompasses a wide variety of business types from financial institutions to business services, health services, and auto repair services, to name a few. A number of "high-tech" and "dot-com" industries and businesses, which played a key role in job growth during the 1990s, fall within the FIRES sector. The FIRES sector has increasingly dominated the region's economy growing from 20 percent of total employment in 1970, to 36 percent in 2000. It is forecast to grow by another 453,000 jobs over the next thirty years to constitute 42 percent of total employment by 2030.

The region's construction & resource, retail, and wholesale, transportation, communications & utilities (WTCU) sectors each exhibited solid growth rates over the last decade, with employment increasing at an average of 1.9 percent, 2.1 percent, and 2.1 percent per year respectively. Over the next thirty years, construction & resource is forecast to add an additional 72,600 jobs, retail 137,200 jobs, and WTCU 103,300 jobs. The shares of total regional employment within each of these sectors have remained steady over the last three decades, and are expected to hold relatively constant into the future.

Government & education as a share of total regional employment has declined steadily over the last three decades, from 26 percent in 1970, to 16 percent in 2000, and is forecast to fall to 14 percent by 2030. The sector is expected to continue to grow, albeit more slowly than other sectors of the economy, adding 77,900 jobs to the region over the next thirty years. Future growth in all non-manufacturing sectors is expected to occur at a healthy, but more measured pace than during previous decades.

The region, state, and nation. The central Puget Sound has outperformed U.S. job growth rates during each decade over the last thirty years, most notably during the 1970s and 1980s, attesting to the region’s economic competitiveness nationwide.

Table 4. Estimated and Forecast Total Employment for the Central Puget Sound by County

	Actual Total Employment*				Forecast Total Employment*		
	1970	1980	1990	2000	2010	2020	2030
King	466,600	697,400	972,600	1,188,600	1,351,200	1,516,900	1,670,800
Kitsap	38,400	56,700	79,300	83,900	95,300	109,100	122,300
Pierce	163,400	175,900	224,100	259,000	302,200	343,900	384,600
Snohomish	72,500	103,400	169,400	217,300	261,900	308,700	358,200
Region	740,900	1,033,400	1,445,200	1,748,800	2,010,600	2,278,600	2,535,900
WA State	1,491,100	2,109,500	2,863,000	3,551,500	-	-	-
U.S.	91,281,600	114,231,200	139,380,900	166,758,800	-	-	-

	Actual Change				Forecast Change		
	1970-80	1980-90	1990-00	2000-10	2010-20	2020-30	2000-30
King	230,800	275,200	216,000	162,600	165,700	153,900	482,200
Kitsap	18,300	22,600	4,700	11,300	13,800	13,200	38,300
Pierce	12,500	48,200	34,900	43,200	41,600	40,800	125,600
Snohomish	30,900	65,900	47,900	44,600	46,900	49,500	140,900
Region	292,500	411,800	303,600	261,800	268,000	257,300	787,100
WA State	618,400	753,500	688,500	-	-	-	-
U.S.	22,949,600	25,149,700	27,377,900	-	-	-	-

	Average Annual Percent Change						
	1970-80	1980-90	1990-00	2000-10	2010-20	2020-30	2000-30
King	4.1	3.4	2.0	1.3	1.2	1.0	1.1
Kitsap	4.0	3.4	0.6	1.3	1.4	1.1	1.3
Pierce	0.7	2.4	1.5	1.6	1.3	1.1	1.3
Snohomish	3.6	5.1	2.5	1.9	1.7	1.5	1.7
Region	3.4	3.4	1.9	1.4	1.3	1.1	1.2
WA State	3.5	3.1	2.2	-	-	-	-
U.S.	2.3	2.0	1.8	-	-	-	-

Source: BEA, PSRC

Note: *Excludes construction & resource jobs.

The state and region both exhibited very robust growth during the 1970s and 1980s, and grew at a healthy overall pace during the 1990s. The state grew slightly faster than the central Puget Sound over the last decade, an indication that regions elsewhere across the state fared well. Washington state employment trends tend to move in parallel with trends in our region, given that the region’s jobs constitute a significant share of the state’s total employment. Roughly half of the state’s jobs are located in the central Puget Sound, a percentage that has held constant since at least 1970.

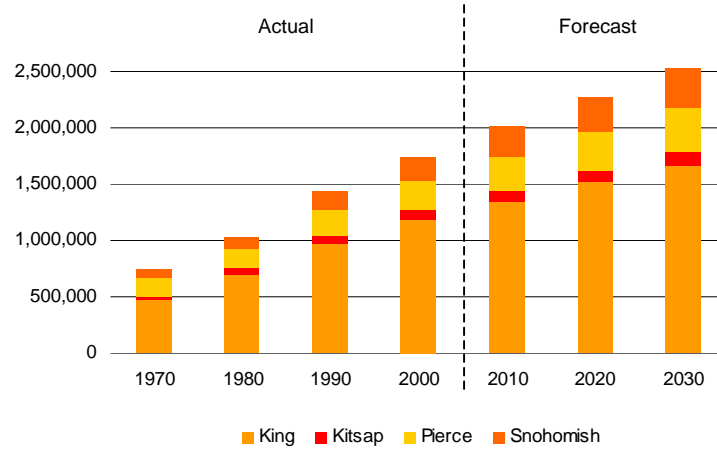
Within the region, King County has historically been and continues to be home to the vast majority, roughly 2 of every 3, of the region’s jobs. As of 2000, King County held 68 percent of the region’s jobs, Kitsap County 5 percent, Pierce County 15 percent, and Snohomish County 12 percent.

King County was responsible for producing over 7 in every 10 new jobs created over the last thirty years, and is expected to continue being the major contributor to job creation in the region. Of the 787,100 new

jobs forecast to be added to the region’s economy from 2000 to 2030, King County is expected to produce 61 percent, Kitsap County 5 percent, Pierce County 16 percent, and Snohomish County 18 percent.

Snohomish County averaged the highest overall rate of employment growth during the last three decades, a trend that is projected to continue into the future. Snohomish County is forecast to grow at an average annual rate of 1.7 percent from 2000 to 2030, compared to 1.1 for King County, and 1.3 percent for Kitsap and Pierce counties.

Figure 6. Decennial Total Employment* in the Central Puget Sound Counties



*Note: Excludes construction & resource jobs.

III. Regional Demographics

Declining average household size. The average U.S. and regional household size dropped significantly during the 1970s and 1980s, primarily as more women entered the labor force and childbirth was delayed. This decline slowed during the 1990s, as female labor force participation and fertility rates stabilized. National projections forecast a continued slight decline in average household size through 2010.¹ The regional average household size, now at 2.49 persons per household, will likely continue to decrease slightly, with downward pressure coming from an expanded senior population, offset by some upward pressure from growth in Latino/Hispanic and immigrant populations with larger than average family sizes.

Household sizes and trends can vary considerably within the region. In 2000, household sizes in the region's cities ranged from 2.08 in Seattle to 3.13 in Covington. Between 1990 and 2000, household sizes remained relatively stable in places like Seattle, Everett and Tacoma, while they increased noticeably in south King County, Marysville and Monroe, and fell in east King County, Edmonds and Puyallup.

Race and Hispanic/Latino origin. Minorities have historically comprised a smaller share of the central Puget Sound's population in comparison to many other major U.S. metropolitan areas and the nation at large. However, the region's racial and ethnic diversity has increased steadily over the past decade, not only in the urban core, but throughout its suburban communities as well.

In 2000, minorities represented nearly 1 in every 4 persons living in our region, or 24 percent of the total population, compared to just 15 percent in 1990. Given its location on the Pacific Rim, the region has a sizeable and growing Asian and Pacific Islander population, 8.8 percent in 2000. The region's Hispanic/Latino population has also grown noticeably over the past decade from 3.0 percent in 1990 to 5.3 percent in 2000.

Table 5. Population Composition by Race and Hispanic/Latino Origin

		White	Black/ African American	American Indian/ Alaska Nat	Asian/ Pacific Islander	Other race	2 or more races	Hispanic/ Latino origin	Total minority
1990	King	84.8%	5.1%	1.1%	7.9%	1.1%	-	2.9%	16.7%
	Kitsap	90.2%	2.7%	1.7%	4.4%	1.1%	-	3.3%	11.5%
	Pierce	85.1%	7.2%	1.4%	5.0%	1.4%	-	3.5%	16.7%
	Snohomish	93.3%	1.0%	1.4%	3.5%	0.7%	-	2.3%	8.1%
	Region	86.7%	4.7%	1.3%	6.3%	1.1%	-	3.0%	14.9%
	WA State	88.5%	3.1%	1.7%	4.3%	2.4%	-	4.4%	13.3%
U.S.		80.3%	12.1%	0.8%	2.9%	3.9%	-	9.0%	24.4%
2000	King	75.7%	5.4%	0.9%	11.3%	2.6%	4.1%	5.5%	26.6%
	Kitsap	84.3%	2.9%	1.6%	5.2%	1.4%	4.6%	4.1%	17.8%
	Pierce	78.4%	7.0%	1.4%	5.9%	2.2%	5.1%	5.5%	24.0%
	Snohomish	85.6%	1.7%	1.4%	6.1%	1.9%	3.4%	4.7%	16.6%
	Region	78.7%	4.9%	1.2%	8.8%	2.3%	4.2%	5.3%	23.6%
	WA State	81.8%	3.2%	1.6%	5.9%	3.9%	3.6%	7.5%	21.1%
U.S.		75.1%	12.3%	0.9%	3.7%	5.5%	2.4%	12.5%	30.9%

Source: U.S. Census Bureau

¹ U.S. Census Bureau, "National Households and Families Projections: 1995 to 2010, Series 1, 2, and 3," May 1996.

Age. The central Puget Sound has a larger share of its population in the prime workforce age range of 25 to 64 than either the state or nation, indicating that our region and its jobs act as a competitive magnet, drawing workers from other areas of the state and the Pacific Northwest, as well as nationally and internationally.

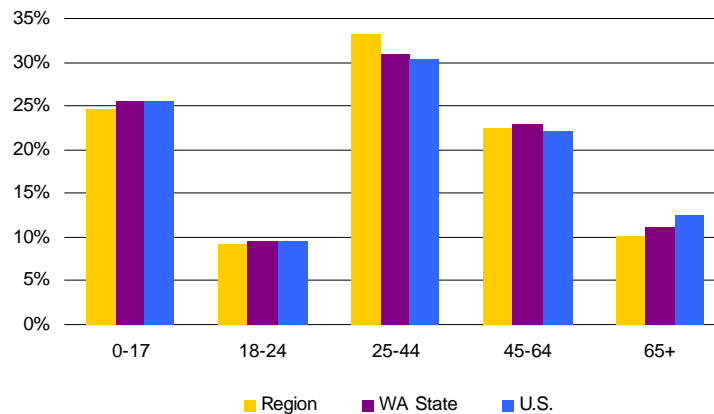
The region has a significantly higher percentage of its population within the younger 25 to 44 age cohort, 33 percent compared to 31 percent for the state and 30 percent for the nation. The region also has a smaller share of its population at or above retirement age, 10 percent compared to 11 percent for the state and 12 percent for the nation.

Table 6. Population Composition by Age

		Median Age	0-17	18-24	25-44	45-64	65+
1990	King	33.7	22.6%	10.0%	37.9%	18.4%	11.1%
	Kitsap	31.8	27.9%	10.6%	33.6%	17.1%	10.7%
	Pierce	31.3	27.2%	11.4%	33.6%	17.3%	10.5%
	Snohomish	32.2	27.7%	8.8%	36.6%	17.4%	9.5%
	Region	-	24.8%	10.2%	36.4%	17.9%	10.7%
WA State		33.1	25.9%	10.0%	34.1%	18.1%	11.8%
U.S.		32.8	25.6%	10.8%	32.5%	18.6%	12.6%
2000	King	35.7	22.5%	9.3%	34.7%	23.1%	10.5%
	Kitsap	35.8	26.8%	9.2%	29.6%	23.8%	10.6%
	Pierce	34.1	27.2%	9.8%	31.3%	21.5%	10.2%
	Snohomish	34.7	27.4%	8.5%	33.0%	22.0%	9.1%
	Region	-	24.7%	9.2%	33.3%	22.6%	10.2%
WA State		35.3	25.7%	9.5%	30.8%	22.8%	11.2%
U.S.		35.3	25.7%	9.6%	30.2%	22.0%	12.4%

Source: U.S. Census Bureau

Figure 7. Regional–State–National Comparison of Age Distribution



The baby boomers and baby boomlets. There are two major age trends taking place in our region and state in parallel with the nation. First, an examination of our forecast age demographics shows the baby boom cohort moving steadily towards retirement age. The population age 65 and older, which currently constitutes 10 percent of the region’s population, is expected to more than double in size over

the next thirty years to reach 759,900 or 17 percent of total population by 2030. The growth rate of the senior population, which averaged 1.4 percent per year during the 1990s, is projected to soar to 3.5 percent per year during the 2010s, and continue at a robust pace of 3.3 percent per year during the 2020s. The forthcoming boom in the senior population is anticipated to bring new and unique demands on the region's infrastructure and services.

Second, the children of the baby boomers, the baby boomlets, are also making their way up the age pyramid, through our education system, and into the labor force. At present, they are placing a significant strain on the capacity of the region's K-12 and higher education systems.

Table 7. Estimated and Forecast Regional Population by Age

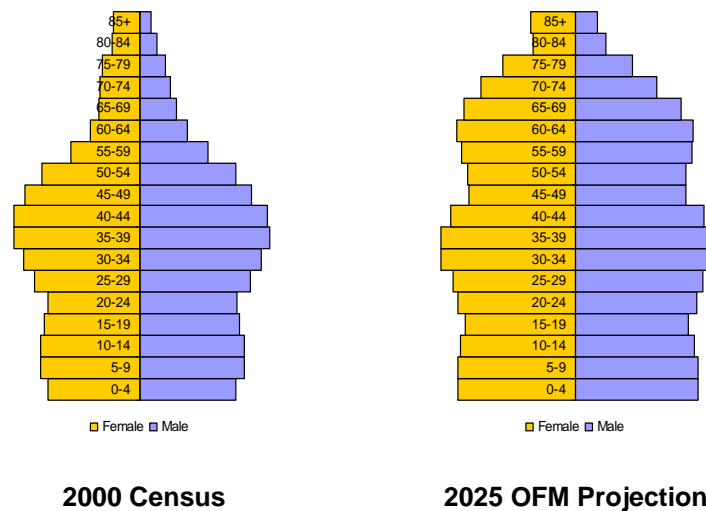
	Actual Population				Forecast Population		
	1970	1980	1990	2000	2010	2020	2030
Age 0-19	37.4%	30.1%	27.5%	27.4%	26.2%	25.4%	25.2%
Age 20-64	54.0%	60.1%	61.8%	62.5%	63.1%	61.2%	58.0%
Age 65+	8.6%	9.8%	10.7%	10.2%	10.7%	13.4%	16.8%

	Actual Change				Forecast Change		
	1970-80	1980-90	1990-00	2000-10	2010-20	2020-30	2000-30
Age 0-19	-49,700	82,000	140,700	66,200	82,500	99,300	248,000
Age 20-64	302,200	352,600	345,900	271,300	203,400	110,700	585,400
Age 65+	53,300	74,000	40,300	58,100	158,400	210,100	426,600

	Average Annual Percent Change						
	1970-80	1980-90	1990-00	2000-10	2010-20	2020-30	2000-30
Age 0-19	-0.7%	1.2%	1.7%	0.7%	0.8%	0.9%	0.8%
Age 20-64	2.6%	2.4%	1.9%	1.3%	0.8%	0.4%	0.8%
Age 65+	2.8%	3.0%	1.3%	1.6%	3.5%	3.3%	2.8%

Source: U.S. Census Bureau, PSRC

Figure 8. Central Puget Sound Age Pyramid



Educational attainment. The region compares very favorably to the state and nation in terms of educational attainment. We have a particularly well-educated workforce, placing higher than the national average in all categories pertaining to post high school education.

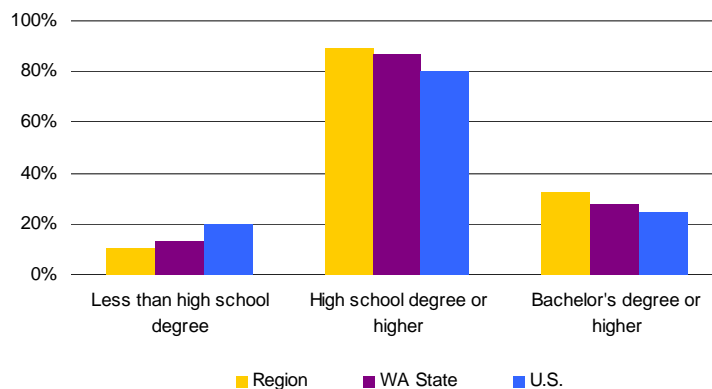
Nearly 1 in 3 persons has earned a Bachelor’s or higher degree, compared to 1 in 4 persons for the nation at large. Moreover, 9 in 10 persons in the region succeeded in completing high school, compared to 8 in 10 for the nation overall.

Table 8. Population Composition by Educational Attainment

		Did not graduate high school	High school graduate	Some college, no degree	Associate degree	Bachelor's degree	Graduate or professional degree	High school degree or higher	Bachelor's degree or higher
1990	King	11.8%	22.8%	24.9%	7.7%	22.8%	10.0%	88.2%	32.8%
	Kitsap	13.4%	29.5%	29.0%	8.2%	13.9%	6.0%	86.6%	19.8%
	Pierce	16.8%	33.1%	24.8%	7.8%	12.0%	5.5%	83.2%	17.5%
	Snohomish	14.3%	29.7%	27.6%	9.0%	14.2%	5.1%	85.7%	19.3%
	Region	13.3%	26.5%	25.6%	8.0%	18.6%	8.0%	86.7%	26.7%
	WA State	16.2%	27.9%	25.0%	7.9%	15.9%	7.0%	83.8%	22.9%
	U.S.	24.8%	30.0%	18.7%	6.2%	13.1%	7.2%	75.2%	20.3%
2000	King	9.7%	19.2%	23.6%	7.5%	26.6%	13.3%	90.3%	40.0%
	Kitsap	9.2%	25.4%	31.0%	9.0%	17.0%	8.3%	90.8%	25.3%
	Pierce	13.1%	29.8%	28.4%	8.1%	13.7%	6.9%	86.9%	20.6%
	Snohomish	10.8%	25.9%	29.7%	9.1%	17.5%	6.9%	89.2%	24.4%
	Region	10.6%	23.0%	26.2%	8.0%	21.7%	10.5%	89.4%	32.2%
	WA State	12.9%	24.9%	26.4%	8.0%	18.4%	9.3%	87.1%	27.7%
	U.S.	19.6%	28.6%	21.0%	6.3%	15.5%	8.9%	80.4%	24.4%

Source: U.S. Census Bureau

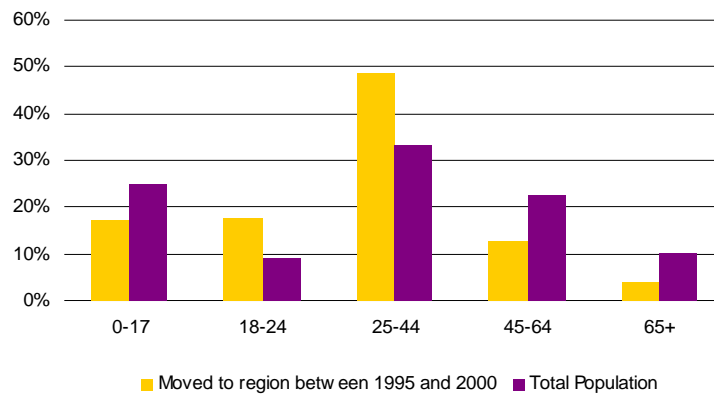
Figure 9. Regional–State–National Comparison of Educational Attainment



Migration and the “creative class.” Recent studies suggest that a select number of U.S. metropolitan regions, including the greater Seattle area, were very successful in their ability to attract young, educated workers during the 1990s.² Data from the 2000 Census support this argument. Well over a half million persons moved to the central Puget Sound between 1995 and 2000, about 140,000 more persons than moved out of the region. Compared to the region’s population as a whole, both in- and out-migrants tended to be younger, falling heavily into the 18-24 (college age) and 25-44 age cohorts. In-migrants also tended to be more highly educated than both out-migrants and the region’s general population.

The region has a tremendous asset in its relatively young, well-educated and well-trained workforce. The presence of these young, highly-skilled workers, coined the “creative class,”³ has been found to be associated with the development of new technologies and industries, the creation of startup firms, and related job growth. Such a workforce has and will continue to be a key component in the regional economy’s ability to foster, attract, and retain innovative and competitive companies.

Figure 10. Age Distribution of Recent Movers



Income. Income statistics provide a general measure of an area’s standard of living and economic well-being. Median household income in each of the region’s four counties exceeds the national median, particularly in King and Snohomish counties. Growth in median income levels between 1989 and 1999, adjusted for inflation, were also significantly greater throughout the region compared to the nation at large.

Table 9. Median Household Income

	1989 (1989 dollars)	1989 (1999 dollars)	1999
King	\$36,200	\$48,600	\$53,200
Kitsap	\$32,000	\$43,100	\$46,800
Pierce	\$30,400	\$40,900	\$45,200
Snohomish	\$36,800	\$49,500	\$53,100
WA State	\$31,200	\$41,900	\$45,800
U.S.	\$30,100	\$40,400	\$42,000

Source: U.S. Census Bureau

² “Brain Gain Cities Attract Educated Young,” Washington Post, November 9, 2003.

³ Florida, Richard, “The Rise of the Creative Class,” Washington Monthly, 2002.

Poverty Rate. Poverty is defined (by the U.S. Census Bureau) as falling below some minimum income threshold determined necessary to meet one’s basic needs. The minimum income threshold varies according to household size and composition, number of children, and age of householder. By examining poverty levels, we are able to compare how well economic benefits are extended to and shared by residents living in different areas, as well as track how changing economic conditions affect financial well-being over time.

Poverty rates are lower in the central Puget Sound than the nation overall. However, consistent with national statistics, poverty in the region is disproportionately concentrated among minority households and female-headed households with children. Moreover, while poverty decreased across the state and nationally from 1989 to 1999, it increased slightly in the region overall, with variation in trends seen in the four counties.

Table 10. Poverty Rates

		All persons	Non-White	Hispanic/Latino	All families	Female householder, no husband present, with related children <18
1989	King	8.0	18.5	14.9	5.0	28.5
	Kitsap	9.4	16.7	14.4	7.5	47.1
	Pierce	11.4	22.5	17.0	8.7	41.5
	Snohomish	6.6	11.4	9.3	4.9	29.6
	Region	8.5	18.7	14.7	6.0	33.2
	WA State	10.9	23.2	27.8	7.8	39.5
	U.S.	13.1	27.0	25.3	10.0	42.3
1999	King	8.4	15.1	18.0	5.3	23.4
	Kitsap	8.8	14.1	12.0	6.3	30.3
	Pierce	10.5	18.3	20.5	7.5	29.6
	Snohomish	6.9	12.0	13.8	4.9	22.1
	Region	8.6	15.3	17.6	5.8	25.3
	WA State	10.6	18.8	24.9	7.3	30.8
	U.S.	12.4	22.3	22.6	9.2	34.3

Source: U.S. Census Bureau

IV. Recent Growth Trends

The late 1990s was a period of unique economic expansion for the region and nation, as embodied in the emergence of the technology-driven New Economy. This section takes a look at regional growth trends experienced during the 1995-2000/01 economic boom, as well as the subsequent downturn and recession.

The economic boom. The region added over a quarter million covered jobs from 1995 to 2001, growing at an average annual rate of 3.0 percent. King County, where the bulk of the region's technology job growth occurred, experienced a vigorous 3.5 percent average annual growth rate during this period. At its peak during the 4th quarter of 2000, regional covered employment stood at 1.7 million jobs.

Understanding Covered Employment. The employment data reported in this section is derived from the Washington State Employment Security Department (ESD) ES-202 data series, along with supplemental data from The Boeing Company and the Washington State Office of the Superintendent of Public Instruction (OSPI).

The term "covered" refers to wage and salary jobs that are classified under the Unemployment Insurance Act, and includes part-time and temporary employment. If a worker holds more than one job, each job would be reported in the database. Covered employment accounts for 85-90% of total jobs. Categories of jobs that are not included in covered employment are self-employed workers, proprietors, CEOs, and other non-insured workers.

Table 11. March Covered Employment: 1995-01 and 2001-03

	1995	2001	2002	2003	1995-01	Avg Annl Pct Chg 1995-01	2001-03	Avg Annl Pct Chg 2001-03
King	940,900	1,155,500	1,094,400	1,078,000	214,600	3.5%	-77,500	-3.4%
Kitsap	68,100	72,400	74,400	75,900	4,200	1.0%	3,500	2.4%
Pierce	209,900	238,200	234,200	240,500	28,300	2.1%	2,300	0.5%
Snohomish	182,500	209,900	203,300	206,000	27,400	2.4%	-3,900	-0.9%
Region	1,401,500	1,676,000	1,606,300	1,600,400	274,600	3.0%	-75,600	-2.3%

Source: ESD, PSRC

Population, spurred by the region's job boom, also picked up during this period, adding 300,000 more residents at an average annual growth rate of 1.6 percent. Snohomish County, the region's fastest growing county, averaged an annual growth rate of 2.6 percent during this period.

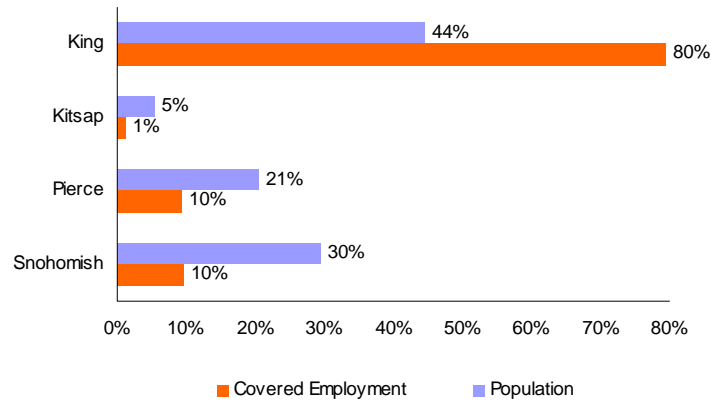
Table 12. Population: 1995-01 and 2001-04

	1995	2001	2002	2003	2004	1995-01	Avg Annl Pct Chg 1995-01	2001-04	Avg Annl Pct Chg 2001-04
King	1,625,200	1,758,300	1,774,300	1,779,300	1,788,300	133,100	1.3%	30,000	0.6%
Kitsap	218,300	233,400	234,700	237,000	239,500	15,100	1.1%	6,100	0.9%
Pierce	649,300	713,400	725,000	733,700	744,000	64,100	1.6%	30,600	1.4%
Snohomish	531,700	618,600	628,000	637,500	644,800	86,900	2.6%	26,200	1.4%
Region	3,024,500	3,323,700	3,362,000	3,387,500	3,416,600	299,200	1.6%	92,900	0.9%

Source: U.S. Census Bureau, OFM

Between 1995 and 2000, 80 percent of the region’s growth in covered employment – 4 in every 5 covered jobs – occurred in King County, whereas 56 percent of the region’s population growth during the same period went to Kitsap, Pierce and especially Snohomish counties.

Figure 11. Distribution of Population and Covered Employment Growth: 1995-2000



Urban growth trends. The rapid growth experienced during the late 1990s posed the first major test of the region’s urban growth boundaries and attendant growth policies established under the Washington Growth Management Act (GMA) of 1990. While counties varied as to when their urban growth boundaries were implemented and what their urban vs. rural growth targets were, the region as a whole directed 87 percent of the population growth that occurred between 1995 and 2000 to its designated urban growth areas. The overwhelming majority of the region’s growth in covered employment, 96 percent, occurred in urban areas as well.

Figure 12. Population Growth Inside and Outside the UGA: 1995-2000

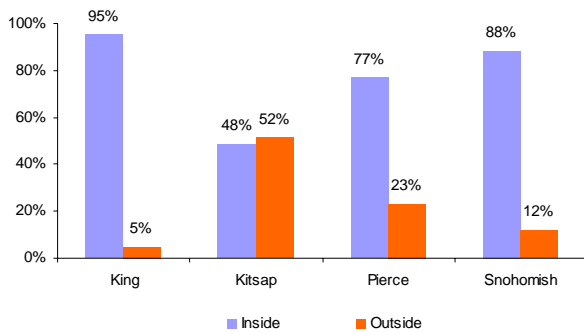
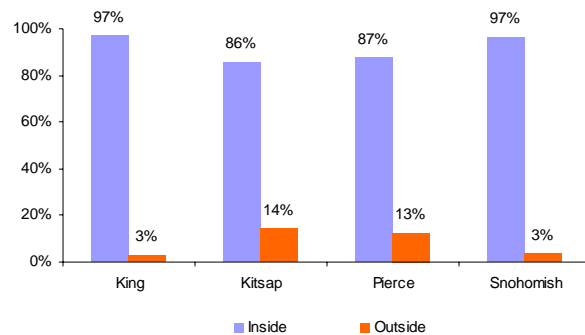


Figure 13. Covered Employment Growth Inside and Outside the UGA: 1995-2000



During the 1990s, the region experienced a tremendous volume of annexation and incorporation activity by local municipalities, resulting in a significant transfer of jurisdiction over local land use decisions and the provision of public services from counties to cities. This is in keeping with the GMA principle of reinforcing cities and towns as the primary providers of urban services and the preferred locations for the

absorption of new growth. By 2000, 77 percent of the region’s urban population resided in incorporated cities and towns, compared to 67 percent in 1990.

Table 13. Incorporated UGA Population: 1995 and 2000

	UGA Population 1995	Percent Incorporated 1995	UGA Population 2000	Percent Incorporated 2000
King	1,506,200	75.3%	1,612,700	85.8%
Kitsap	124,100	53.8%	130,700	55.1%
Pierce	537,200	49.5%	576,700	66.8%
Snohomish	426,200	61.0%	491,500	64.0%
CPS Region	2,593,700	66.6%	2,811,600	76.7%

Source: U.S. Census Bureau, OFM, PSRC

The economic downturn. A series of economic shocks during 2000 and 2001, including the dot-com bust and subsequent stock market decline, onset of the national recession, and continued job losses in aerospace manufacturing due to deterioration of the air transportation and tourism sectors in the wake of September 11th, had a particularly severe combined impact on the central Puget Sound and many of its key industries. As a result, the region suffered from a deeper and longer recession than the nation at large.

Between March 2001 and 2003, regional covered employment declined by 4.5 percent, or over 75,000 jobs, registering the deepest recession in the local economy since the Boeing bust of the early 1970s. Unlike the earlier recession, the region did not experience any net population loss during the recent economic downturn, but population growth decelerated to the lowest level seen in twenty years, 0.8 percent or just 25,500 persons, during 2002-03.

Economic recovery. Since then, the region has begun its economic recovery, with Kitsap, Pierce and Snohomish counties having regained and surpassed pre-recession job levels. King County, which was hit hardest by the recession, continues to struggle and is not expected to make a full jobs recovery until 2006. As such, the region will likely see modest increases in population growth rates in the near future, with faster growth occurring outside of King County.

V. Summary

The central Puget Sound region has undergone tremendous expansion and change over the last three decades, with continued growth expected. Projections estimate the region will add 1.1 million more jobs and 1.6 million more residents by the year 2040.

The region and its local jurisdictions laid down the foundations for managing future growth when it adopted VISION 2020, the long-range comprehensive regional strategy for growth management, transportation, and the economy. Through the current VISION 2020 + 20 update process, the region will have the opportunity to further strengthen these foundations to ensure the future health, vibrancy, and natural beauty of the central Puget Sound.