

Puget Sound Economic Development Plan

Challenge Seattle



March 2026



Overview of Challenge Seattle and Economic Development Work

- Overview and Recent Benchmarking
- Partnership with BCG
- Timeline
- Complementing Other Plans

Deeper Dive into BCG

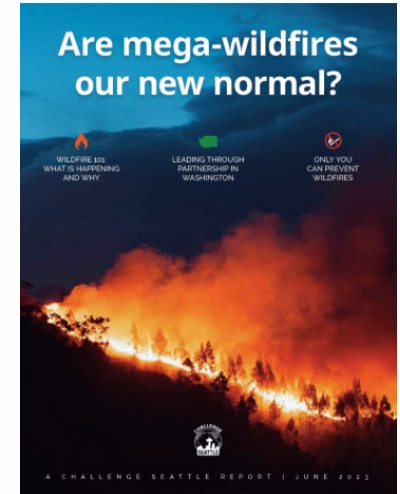
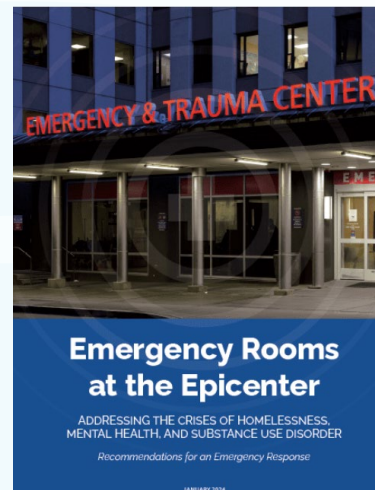
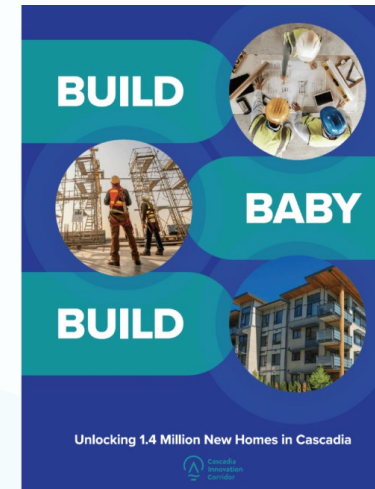
Q&A



Led by former Governor Gregoire, Challenge Seattle alliance of 23 organizations who represent some of the Seattle region’s largest employers are committed to ensuring Seattle thrives as a vibrant innovative region.

We **advance data-driven solutions to region-wide challenges** such as housing, transportation, public safety, and economic growth. All of our work is done in **partnership with public sector leaders**.

Each year, we undertake at least two major data driven initiatives, including one in partnership with Boston Consulting Group (BCG).





Challenge Seattle has conducted regional competitiveness benchmarking in 2015, 2017, and most recently in 2025 with BCG. The **2025 analysis examined Seattle, Vancouver, and Portland alongside 15 peer metros across 60+ metrics**, including: business environment, innovation ecosystem, human capital and talent pipeline, and livability/affordability.

The **key competitiveness threats** to our region:

- **Business climate**
- **Talent attraction and retention**
- **Housing affordability**
- **Energy reliability and cost**

The conditions that fueled our past success are shifting. **Sustaining competitiveness will require coordinated regional action — including addressing rising costs, taxes, and regulatory complexity.**

CASCADIA'S AI MOMENT?
Confronting Today's Challenges to Become Tomorrow's Global Leader



Greater Seattle Rank: 4/18

Greater Seattle – defined as King, Pierce, and Snohomish Counties – remains the cornerstone of Cascadia's innovation economy. It is home to global leaders in cloud computing, e-commerce, and aerospace, supported by the University of Washington – a top-five North American university for AI research output. Greater Seattle ranks second only to San Francisco in tech-talent score, with one of the most internationally diverse workforces in North America. AI patents, R&D spending, and high-tech exports continue to grow.

Yet the region faces some of the steepest costs of doing business in the country, housing costs that have doubled relative to income since 2010,³ childcare expenses that are among the highest in the country,⁴ and worsening congestion.⁵ Business leaders express frustration with regulatory complexity and unpredictable taxes – Washington has the 8th most regulatory restrictions of any state⁶ – while the economy remains heavily concentrated in a few large employers. Washington's teachers are the fourth highest paid in the nation,⁷ yet Washington's Pre-K-12 education system is ranked 31st in the nation.⁸ To remain globally competitive, Greater Seattle will need to reduce business cost pressures, reduce regulatory barriers, diversify its economic base, and make targeted investments in housing, childcare, and transportation.

GREATER SEATTLE Highs & Lows⁹

Ranked from 1 (highest) to 18 (lowest)

METRIC	RANK	METRIC	RANK
Park Funding Per Capita	2	High School Graduation Rate	10
Tech Talent	2	Hours Lost in Traffic	15
AI Research Performance by R1 Universities	4	Cost of Doing Business	16
		Metro Tax Burden	18



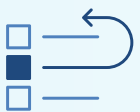
Our region's economic competitiveness is eroding. If we want to compete for jobs, talent, and investment, we must understand why we are falling behind — and what must change. There is an opportunity to align around a focused set of shared outcomes, clearly identify the structural barriers holding us back, define ownership for priority actions, and create a structure for implementation and accountability. Our goal is to deliver with BCG:



A clear, **data-driven assessment** of regional economic performance, priority sectors, assets, liabilities such as including regulatory barriers, cost drivers, and job creation performance



Benchmarking peer regions and **best-in-class regional economic strategies**, including governance and accountability models



A focused set of **high-impact priority recommendations and clear metrics for accountability**



A **detailed implementation roadmap**, with short- and long-term actions and defined ownership

Our plan will be developed in partnership with PSRC to ensure overall alignment on strategy, priority sectors, shared data, and accountability. This regional plan will be designed to inform local plans, support PSRC's Comprehensive Economic Development Strategy, and inform a future statewide economic development plan led by the Washington Department of Commerce and Governor Ferguson.



CURRENT FOCUS

Winter / Early Spring 2026

Late Spring / Summer 2026: BCG project execution (8 weeks)

Summer and Fall 2026

Scoping & Initial Input

Data analysis

Strategy

Implementation Plan

Share & Launch Dashboard

▲
March: PSRC EDD Board

▲
May: PSRC General Assembly

▲
June: PSRC EDD Board

Outreach and Engagement including:

- Regional Leadership
- Businesses, ADOs, and Industry Leaders
- Statewide Partners



Puget Sound Economic Development Strategy

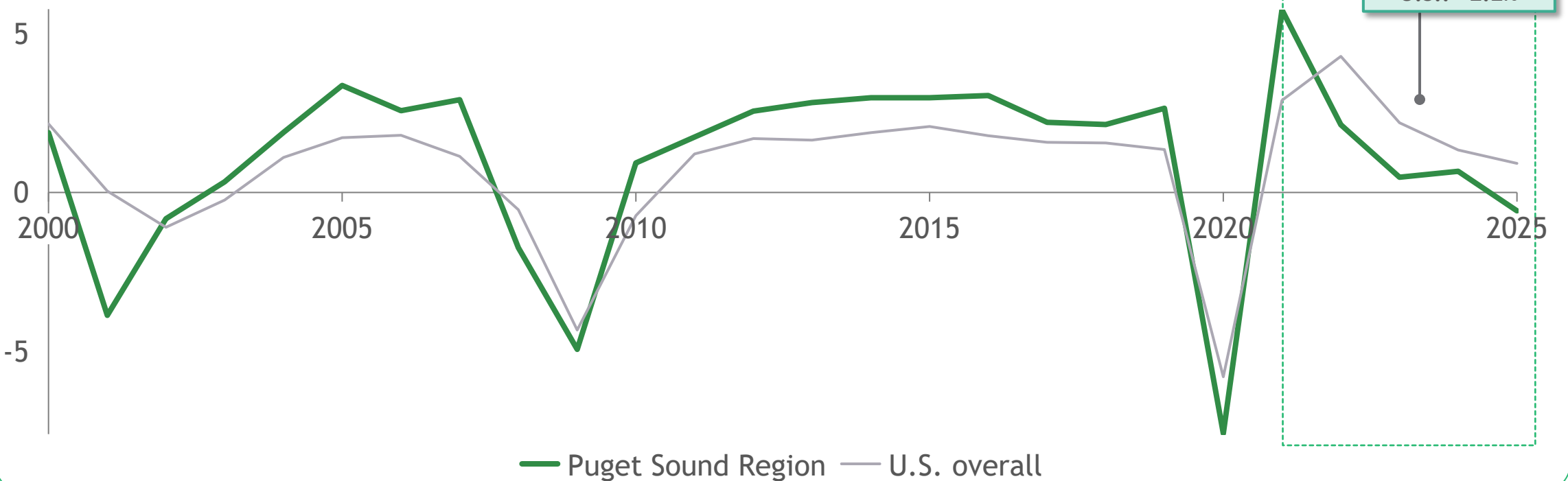
PSRC

MARCH 2026

Excluding major economic shocks, the Puget Sound Region had net job losses for the first time since 2000¹

Compared to U.S., since 2000 region had overperformed but been more impacted by shocks. Since 2021, region is worse than U.S. overall

Percent change in jobs YoY, 2000-2025



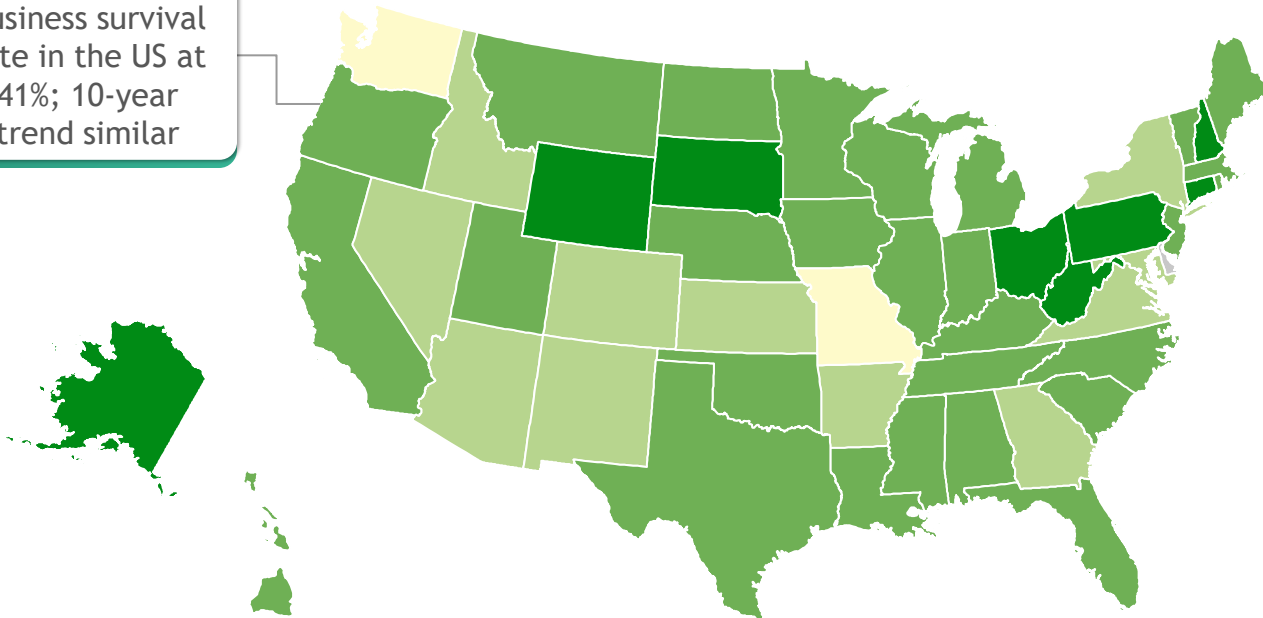
1. Excludes the dot-com bubble, '08 Global Financial Crisis, and the COVID-19 period.

Sources: Washington State Employment Security Department, U.S. Bureau of Labor Statistics, US Bankruptcy Court, Washington Western, CNBC

The region is a challenging place for economic development today, where starting and sustaining a business is becoming more difficult

5-year survival rate of new business, 2019-2024

Lowest 5-year business survival rate in the US at 41%; 10-year trend similar



Legend <46% 46-50% 50-54% >54%

Washington has shifted from mid-pack (28th) to bottom-tier (48th) in business competitiveness rankings nationally since 2015

1. Excludes the dot-com bubble, '08 Global Financial Crisis, and the COVID-19 period.
Sources: Washington State Employment Security Department, U.S. Bureau of Labor Statistics, US Bankruptcy Court, Washington Western, CNBC

The landscape of economic development is fragmented



There are many voices and efforts on the topic, but no clear owner or cohesive strategy

Common elements underpin successful economic development strategies



Single, empowered owners of a clear strategy

Implementation leaders or organizations with resources to set direction, align partners, make trade offs and drive delivery against a single holistic strategy



Accountability to outcomes that matter

Metrics are often clearly defined and shared publicly to provide direction to all stakeholders (business, private sector, and government) working to drive economic competitiveness, reduce the cost of doing business, and support growth



Focus on simple, predictable experience for businesses and consumers

Cut red tape with clear rules to enable e.g. faster permitting, clearer and more-predictable regulatory processes, and pre zoned development areas



Early action to strengthen the existing regional economy

Based on holistic development strategy - take quick action to retain and expand of current employers; address cost pressures and growth constraints, then focus on a few priority sectors where the region has a competitive advantage

A holistic and comprehensive strategy often aligns stakeholders covers four pillars



Human capital and talent

- How does the region **grow and retain** world-class talent, in the right sectors?



Livability, Infrastructure, and Affordability

- Are we adequately improving **livability** and **affordability** in the region?
- Are adequate investments in infrastructure made to improve **travel time** and **reliability**?



Innovation ecosystem

- Do we have a **culture and support network** encouraging entrepreneurship, founders, and investors?
- Are we attracting our **fair share of capital** to the region?



Business environment

- Does the policy climate support **fast decisions**, reduce **permitting friction**, and maintain a **competitive cost of doing business**?

Must be driven by empowered stakeholders - successful regions over-invest in executional excellence

Massachusetts and Arizona demonstrate these elements using different successful approaches



Massachusetts: Executive-led, innovation-anchored transformation

- **Centralized ownership with teeth:** Governor empowered a single **economic owner to coordinate across 22 agencies**, pairing strategy with a coordinating execution engine (Business Resource Team)
- **Life sciences as major growth engine:** Saw success across industries, but particularly built **on existing academic and innovation strengths with early, sustained investment** – including global-leading biotech clusters, permanent R&D tax credits, and a first-in-nation biotech manufacturing job rebate to anchor scale-up locally
- **Impact at global scale:** Tens of thousands of jobs, **#1 U.S. biotech cluster, and durable innovation momentum** reinforced through repeated reauthorization and expanded funding across focus areas including life sciences, manufacturing, and climate



Arizona: Business-focused, "build-ready" growth engine

- **CEO-style ownership:** Replaced traditional commerce dept. with a **public-private authority led by Gov. and major CEOs** acting as a single front door for companies – shifting focus from passive mgmt to active deal-making
- **Frictionless execution:** One-stop permitting, pre-zoned industrial sites, and regulatory sandboxes made **Arizona "build-ready" before companies showed up**
- **Outsized results:** **Semiconductor-anchored ecosystem strategy** (Intel \$20bn further investment in existing site → TSMC \$165Bn → \$B+ suppliers locating close by) **delivered decades of job creation, \$200B+ in capital investment**, and replicable playbook for other industry including aerospace & defense and renewables

Challenge Seattle and BCG will work together to deliver an economic development strategy for the Puget Sound region

Deliverables will include:



Data-driven analysis of economic competitiveness



Economic development strategy for the region, with focused set of priorities



Detailed implementation plan for the strategy: actions, timelines, owners



Proposed tools and governance to reinforce accountability in implementation

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APPENDIX





Challenge Seattle is focused on ensuring our economic plan is complementary to the ongoing work of PSRC and the state.

Category	PSRC CEDS	Challenge Seattle	City / Sector	Statewide
Geographic Scope	Puget Sound	Puget Sound	Individual city / industry cluster	Statewide
Development Timeline	~18-month regional planning process	~8 week focused engagement	Varies	~12–18 months
Strategy Time Horizon	5 year framework	Implementation focused horizon	Varies	Multi-year framework
Primary Purpose	Establish broad regional economic priorities and federally required strategy	Prioritize high-impact regional actions to strengthen coordinated implementation	Advance local or sector competitiveness goals	Set statewide economic vision, policy, and investment priorities
Scope of Recommendations	Comprehensive	Prioritize and Targeted by Sector	Comprehensive within scope	Broad policy
Execution and Accountability Structure	Strategic framework	Defining ownership and shared metrics to support coordinated execution	Varies by jurisdiction and sector	In development