

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

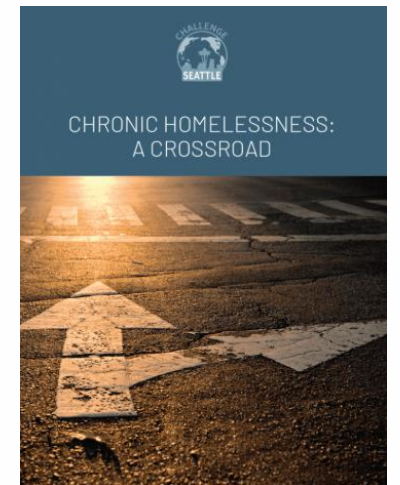
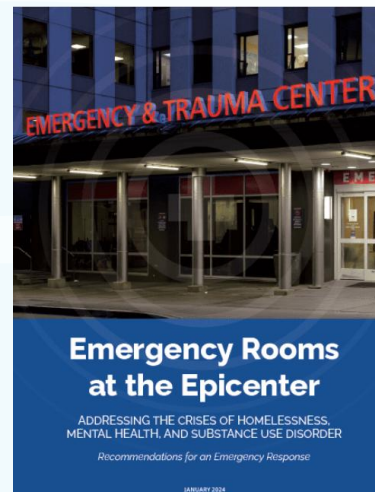
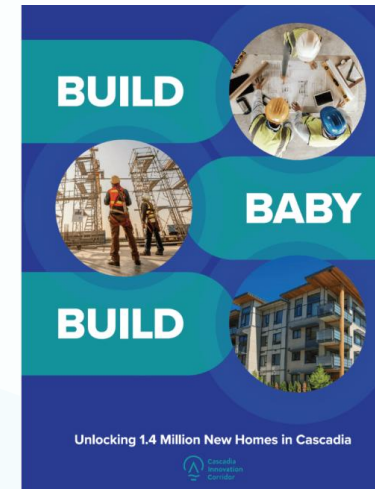
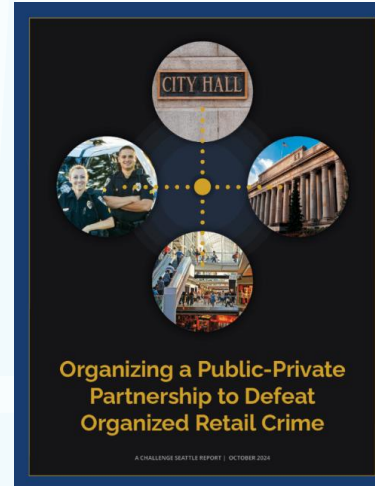
Q&A and Discussion



We are an 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.

In this benchmarking, we started to see warning signs for the Seattle metro, and our **key competitiveness threats**:

- **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.**

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



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

▲
March: PSRC Executive Board

▲
May: PSRC General Assembly

▲
June: PSRC EDD Board

Outreach and Engagement including:

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



Cascadia has set a goal to advance economic development in the corridor using the tech leadership in BC, WA and OR for a public-private GovTech partnership. We want to partner on government projects that will serve our residents and allow Cascadia to be a unique leader in the use of AI for good in the public sector.

We have four work groups including:

- Higher education leaders including UW, University of British Columbia, and Oregon State University
- Public sector leaders including Washington's CTO, Oregon's AI Strategist, and BC's Assistant Deputy Minister of Innovation and Industry Development
- Non-profit technology associations like the Tech Alliance, Digital, and Technology Association of OR
- Private sector partners like Microsoft and KPMG



We're focused on the most critical barriers, actions, and partnerships:

- 1. Biggest barrier:** What is the biggest barrier to our region's economic competitiveness?
- 2. Priority actions:** What is the one thing our region could do to strengthen competitiveness? What would it take to get it done?
- 3. High-impact partnerships:** Which business–government partnerships could have the greatest impact? Where should we focus to accelerate progress?

APPENDIX





Puget Sound Economic Development Strategy

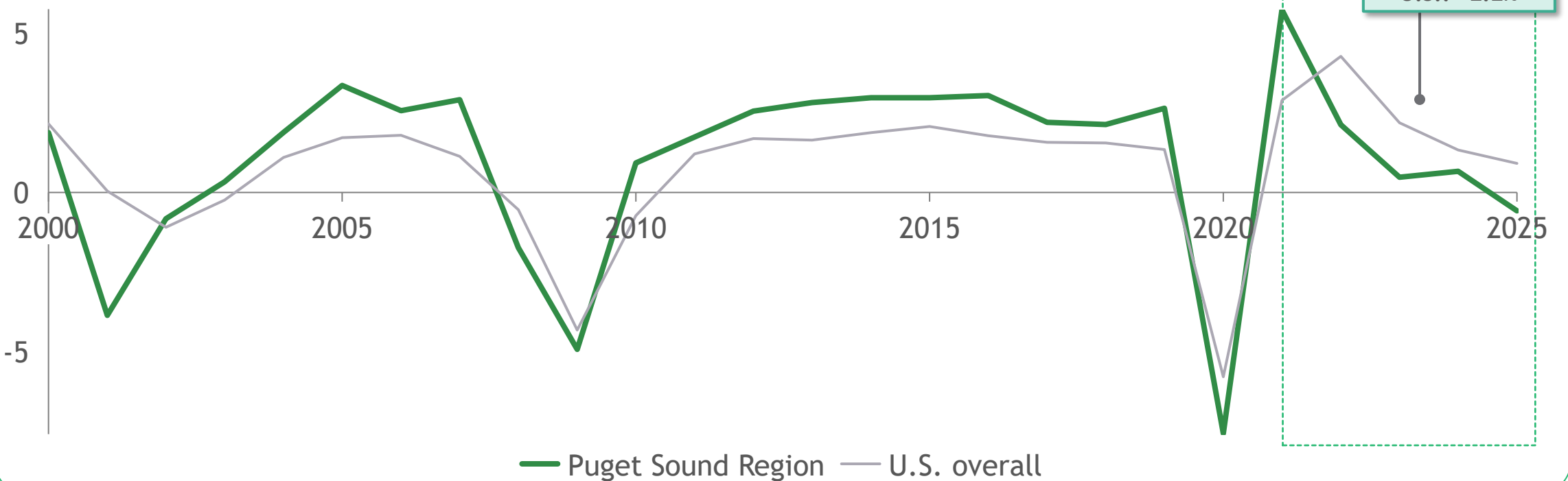
PSRC

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



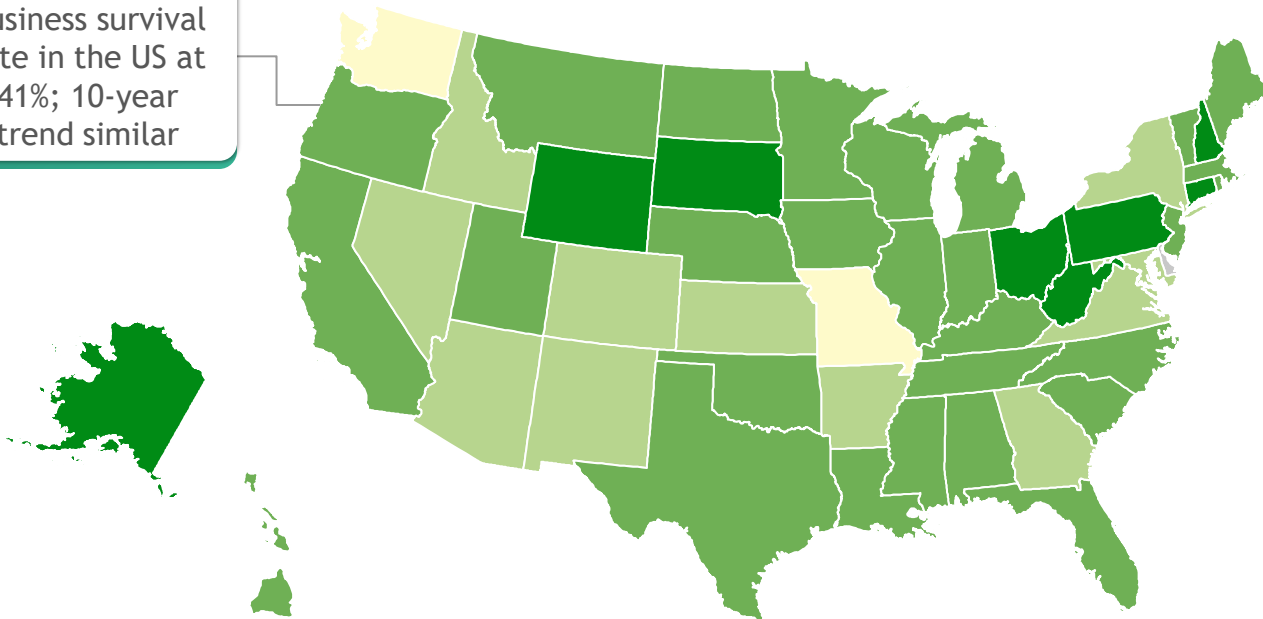
1. Excludes the dot-com bubble, '08 Global Financial Crisis, and the COVID-19 period.

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%

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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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