

PSRC General Assembly

Puget Sound Economic Development Strategy

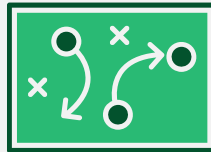
MAY 2026



Context and objectives



Goal of today's session: **Review regional assets, performance, and drivers**



This presentation is part of a broader 7-week project to (1) diagnose regional challenges and (2) develop a Puget Sound economic development plan

We need to take measurable steps to create a sustainable Puget Sound economy where **businesses grow, jobs create opportunity, and communities thrive**



Puget Sound's outperformance has been anchored by our 'hometown heroes'

Non-exhaustive

— 'Hometown heroes' incubated and grown in the region —

2.8x

GDP growth

7.1% Puget Sound vs 2.5% US
(YoY last 10 years)

1.3x

Job growth

1.5% Puget Sound vs 1.2% US
(YoY last 10 years)

1.4x

Wage growth

7.6% Puget Sound vs 5.3% US
(YoY last 10 years)



Performance supported by a range of historical structural advantages benefiting the region (deep dive on next page)

The Puget Sound economy is supported by unique structural strengths



Highly educated workforce & strong talent pipelines

#2 region for tech talent, #3 for AI talent, #8 for educational attainment, #2 public university, top 5 community college system



Dense innovation cluster

2 of 5 largest tech company HQs, largest US aerospace company, #2 AI job hotspot, #4 state for innovation, #6 in unicorns per capita



Cheap and clean energy

Top quintile of states in cheapest electric rates, #3 state for low-carbon generation



Global connection & trade

6th largest container gateway in US, deepwater ports, #4 state for per capita exports, 11th busiest airport in US



Deep federal R&D investment

Top 5 DoE lab in PNNL, #1 NIH funded independent research institution in Fred Hutch, #1 university for public research funding in UW



Wide federal defense footprint

#4 largest military base in JBLM, #5 naval installation in Kitsap

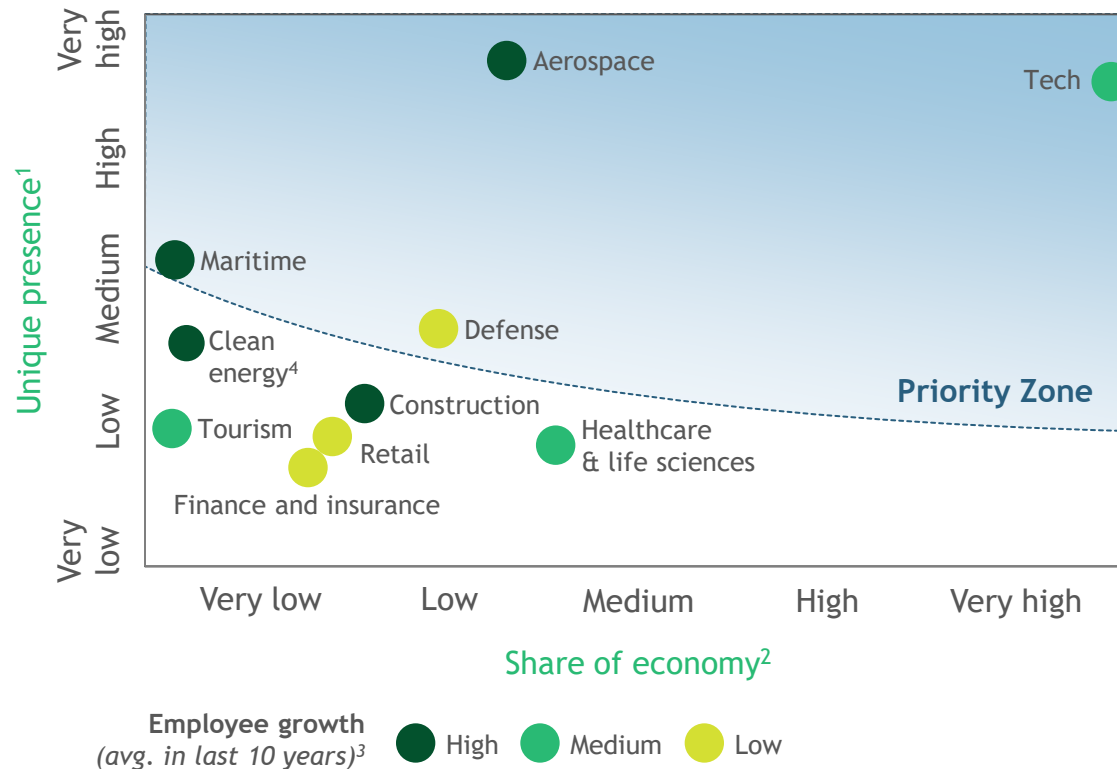


Natural environment drawing talent to the region

Unparalleled natural environment with 15 National Park units in WA, >40% of state as public land, and #1 outdoor-friendly city in the U.S.

Technology, Aerospace, Defense, and Maritime industries prioritized given unique regional presence

Puget Sound industries plotted by share of economy, unique presence, and historical growth

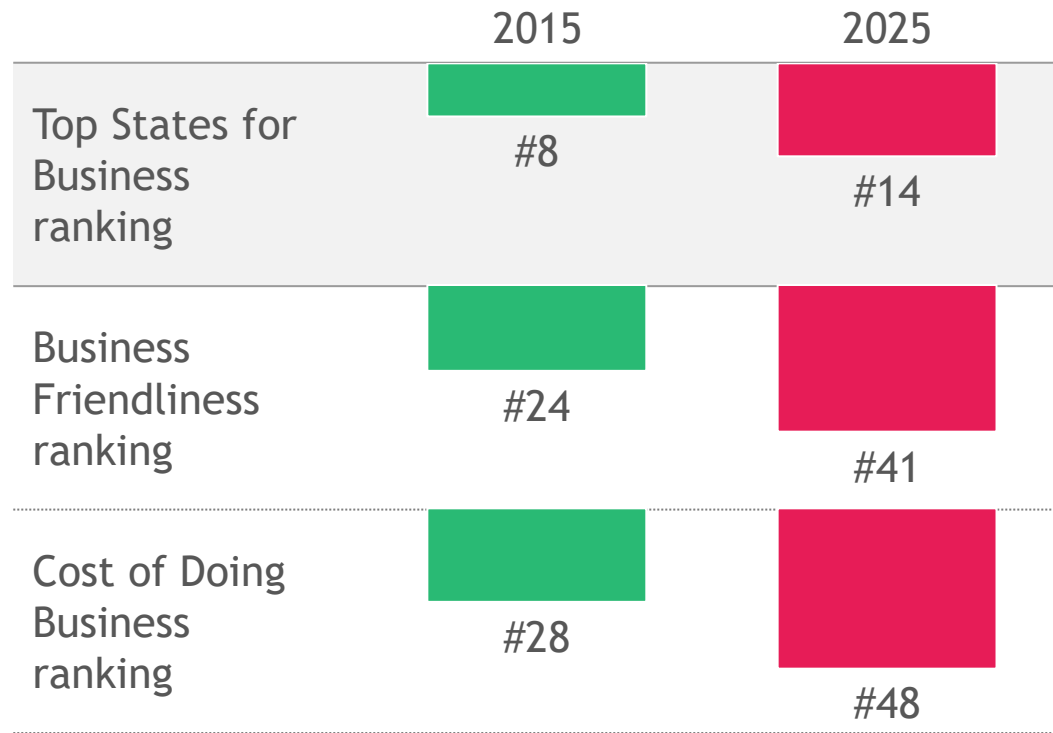


	Technology: Largest regional industry with 3x national presence	Microsoft amazon Zillow Expedia f5 AI2 <small>Allen Institute for AI</small>
	Aerospace: Deep regional specialization with 3.3x national presence	BOEING Alaska AIRLINES ATS BLUE ORIGIN
	Defense ecosystem: Major bases anchor regional defense supply-chain cluster	NAVAL BASE KITSAP PORT OF EVERETT PORT WAGE LEWIS-MCCLELLAN L3HARRIS
	Maritime: Distinctive regional asset with 2.0x national presence and steady growth	THE NORTHWEST SEAFOOD ALLIANCE Trident SEAFOODS SALTCHUK

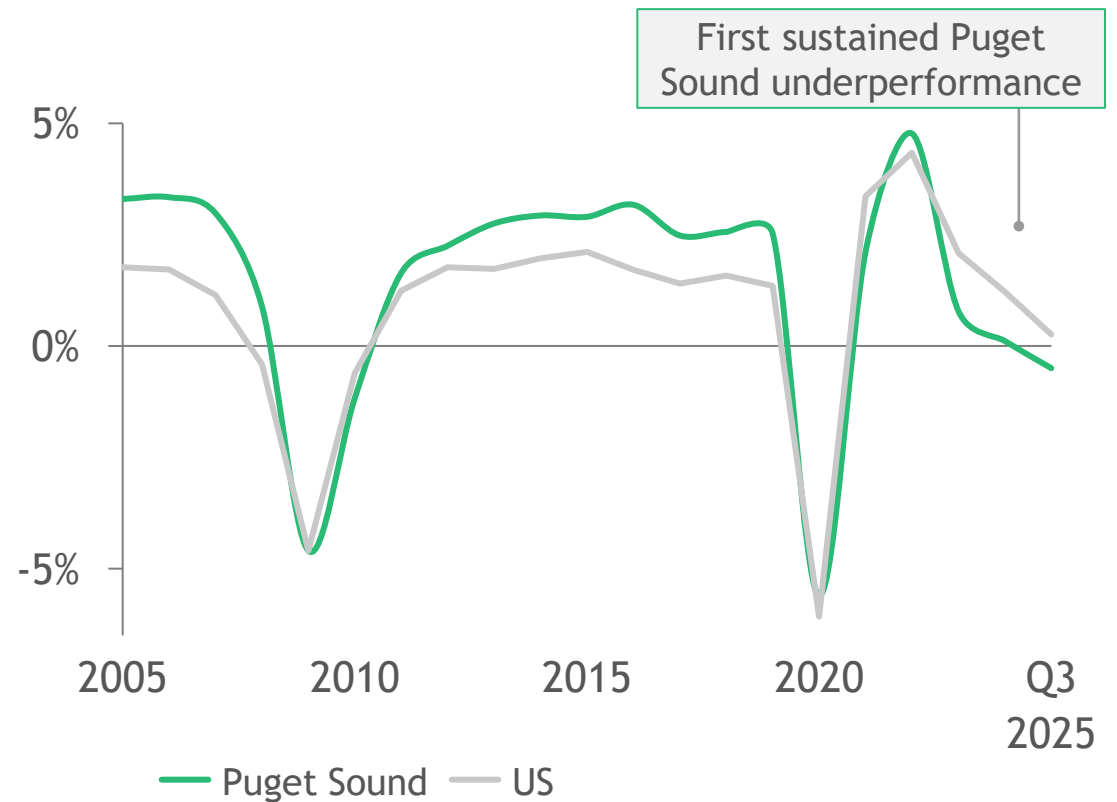
1. Relative share of jobs vs US average (share of Puget Sound jobs/share of US jobs); Very high = ~3x national share, very low = 0.6 2. Share of regional payroll (industry payroll/total regional payroll); Very high = 20% of PS payroll, Very low = 1% 3. Low = negative growth; High = 3% growth 4. Clean energy is not split out by NAICS categorization - qualitatively assessed based on number of companies present in the region; Note: does not consider other manufacturing, hospitality, real estate, arts/entertainment, or ag/forestry due to smaller payroll bases; Does not include roles within each industry tagged to professional services or management in NAICS (>20% of total payroll in Puget Sound)

WA's rankings have slipped and employment growth is trailing the US average

CNBC annual rankings of Top States for Business



Year-over-year growth in employment



Source: CNBC Top States for Business; BLS QCEW

Four key dimensions of competitiveness have shifted over the last decade

Predictability
decreased



Policy-driven compliance requirements and taxes have accelerated, **limiting ability for businesses to plan for future**

Cost of doing
business increased



Businesses are being squeezed by increasing regulations, taxes, and operating costs **reducing the financial competitiveness of local businesses**

Talent attraction &
retention decreased



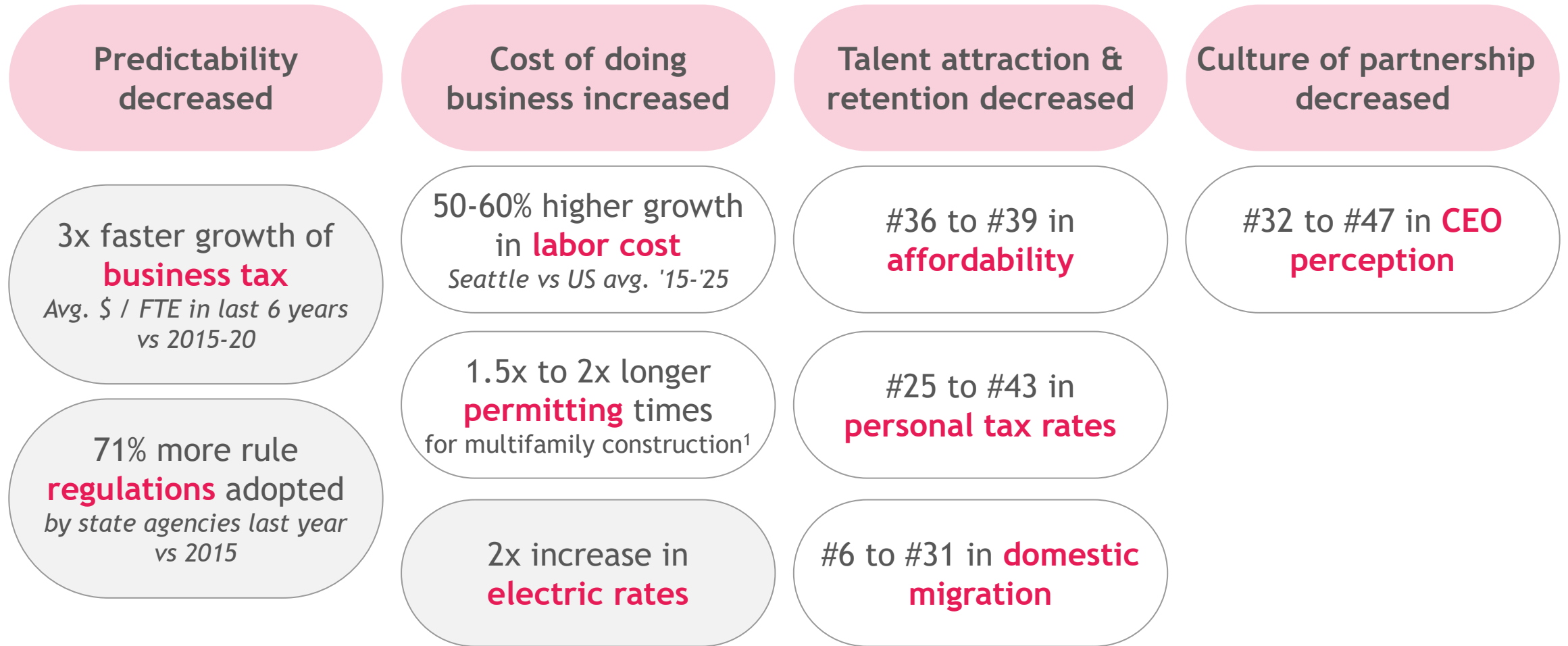
Affordability and livability have declined **reducing access to critical talent** for businesses in our region

Culture of partnership
decreased



Government engagement with employers has decreased, **limiting ability to work together**

Warning signs are flashing for the Puget Sound's relative competitiveness

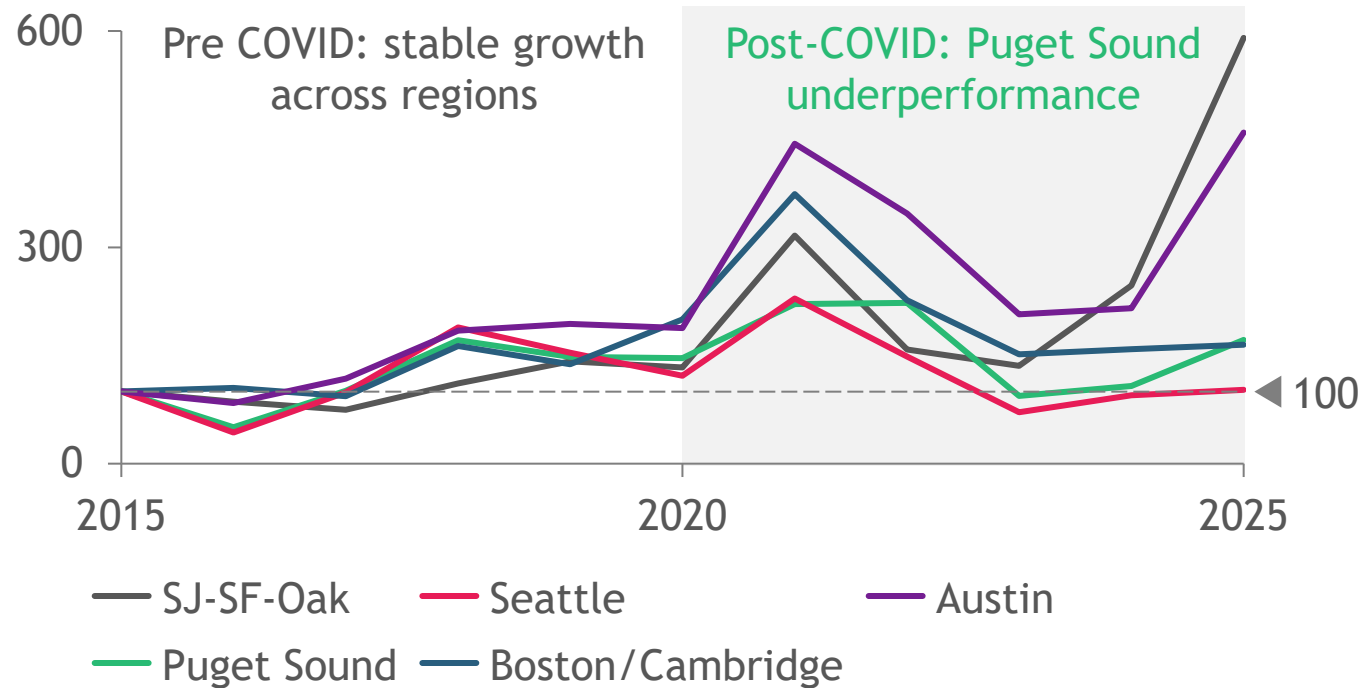


1. US median 3.5-month timeline. WA average of 5-8 months as of 2024 for multifamily construction permits. State rank of #35 for overall permitting timeline. Note: Page represents selected changes in the Puget Sound's business climate in the last decade (2015 to today); #x represents state rankings



Softening VC investment limits incubation of the region's next "hometown hero"

Annual VC investment in Puget Sound and peer regions
100 index value = 2015 total VC investment level

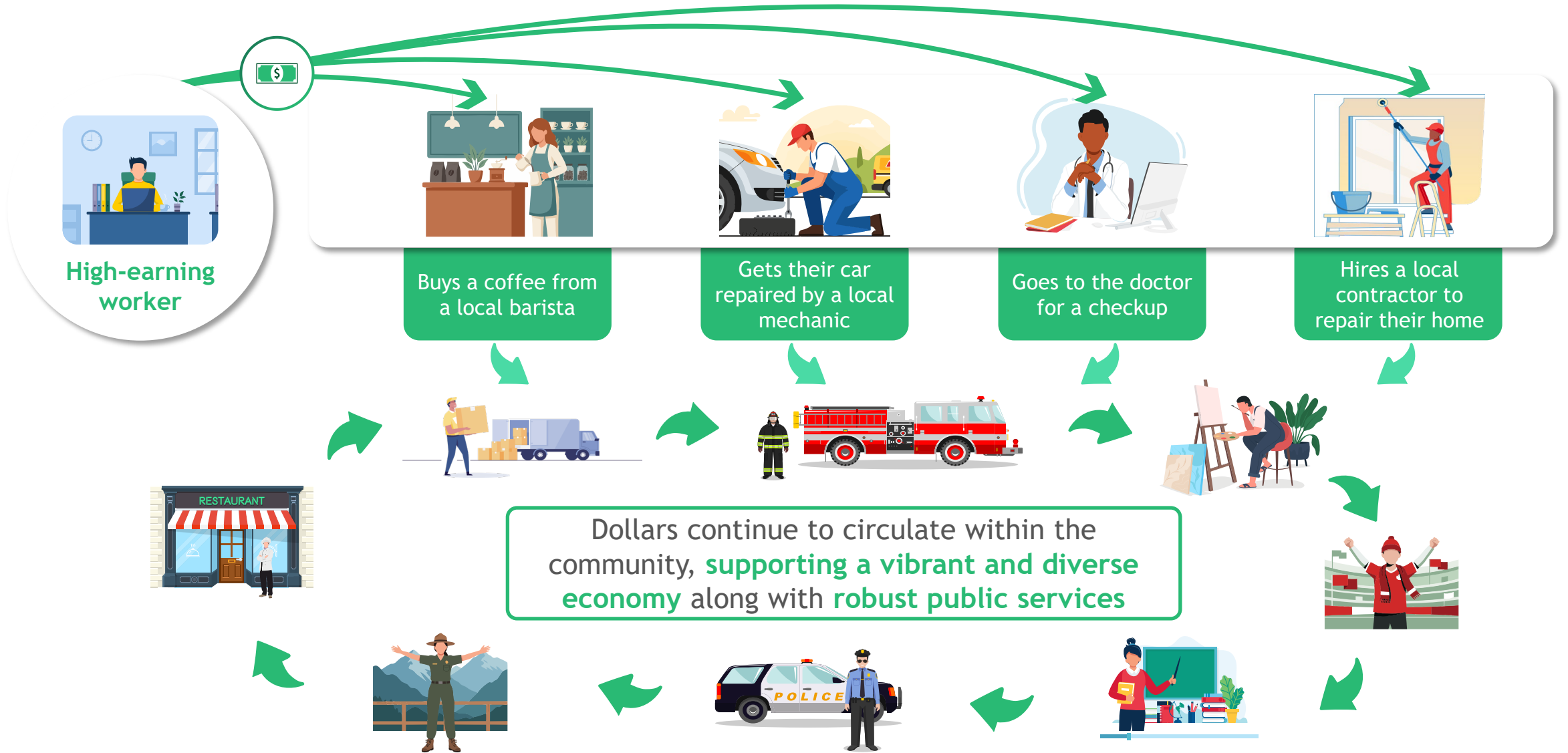


	2015	2020	2025
SJ, SF, Oakland	\$21B	\$28B	\$123B
Austin	\$1.6B	\$3.0B	\$7.2B
Boston, Cambridge	\$5.5B	\$11.0B	\$9.1B
Puget Sound	\$2.7B	\$4.0B	\$4.7B

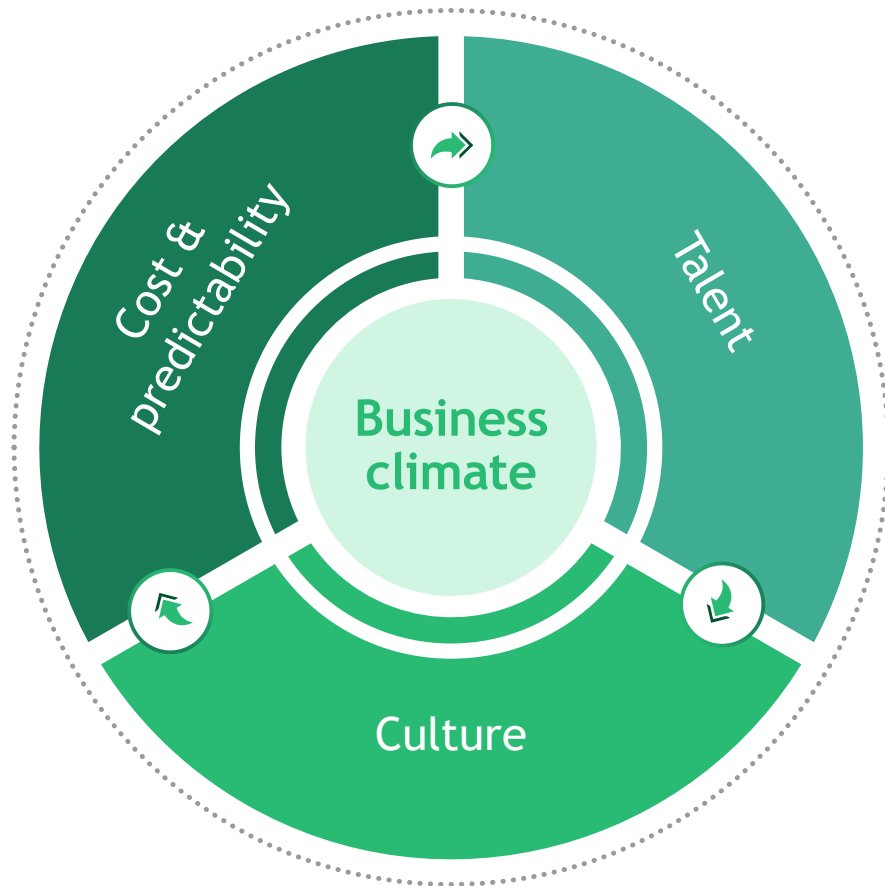
\$1.9B (97%) of Puget Sound VC growth '15-'25 came from the Eastside¹

1. Bellevue, Kirkland, Redmond
Note: Puget Sound includes Seattle, Bellevue, Kirkland, Redmond, and Tacoma
Source: Pitchbook, as of April 30, 2026

One high-earning worker supports 2-5 indirect workers in the Puget Sound



Five cross-cutting goals to improve the Puget Sound's business climate



 **Preserve regional guiding principles**

-  Ensure **new and existing policies & regulations** are having intended impact in the most cost-effective way possible
-  Create **tax structures** that are **simple, fair and competitive**
-  **Streamline permitting** timelines and complexity
-  **Connect our talent pipelines to regional employers** and our hubs of commerce
-  **Public-private partnership** to navigate our policy and regulatory landscape and **encourage employers to grow here**

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Thank you!