

OVERVIEW OF BUSINESS ACTIVITY

Calendar 2000

Calendar Year 2000 gross income was up 7.3 percent for the year, slightly above the 7 percent increase posted last year. Two sectors, communication and utilities with a 19.4 percent gain, and finance, insurance, and real estate with a 21 percent increase, were the major contributors to this year's gain.

Contract construction was also strong with an 11.4 percent increase, surpassing last year's 9.5 percent increase. All major industries within contract construction posted double-digit gains, general building contractors was up 11.2 percent, heavy construction 13.9 percent, and special trade contractors was up 11 percent.

Manufacturing had a tough year with a decline of 2.5 percent compared to a 4.7 percent increase for the previous year. The transportation equipment industry was the single largest factor for this decline with reported gross income down 14 percent from the previous year. Declines in other key industries such as lumber and wood products were due primarily to SIC changes, and increases in such industries as petroleum refining were not enough to offset the transportation industry decline. The large increase in motor vehicles and equipment was the result of a SIC change for accounts previously reported under "other transportation equipment."

Transportation and allied services was up 7.6 percent overall with transportation services reporting a 28 percent increase and air transportation up 43 percent. However, the largest industry in this sector, motor freight and warehousing, was up only 1.2 percent.

Communication and utilities was up 19.4 percent with strong gains in all industries. Communication, electric companies, gas companies, and water companies all reported double-digit percentage gains.

Wholesale trade reported a 6.5 percent gain this year, slightly above last year's 6.1 percent increase. While nondurable goods posted a strong increase of 14.5 percent, durable goods was virtually flat at 0.1 percent. Within durable goods electrical goods reported a gain, but major industries such as motor vehicles, furniture, lumber and construction materials, and hardware, plumbing and heating supplies all reported declines. Durable goods, on the other hand, reported strong gains in farm product raw materials and petroleum and petroleum products.

Retail trade during 2000 was up 9.6 percent compared to last year's 11.2 percent increase. The big gainer this year in retail trade was automotive dealers and gas stations with a 15 percent increase and miscellaneous retailing with a 23.6 percent increase. Obviously, the large gain for service stations was due to sharply higher fuel prices. Eating and drinking establishments also did well with a 6.9 percent year-to-year gain, and general merchandise also had one of its better years with a 7.1 percent increase.

Finance, insurance and real estate turned in the strongest performance for any major sector for the year with a 21 percent increase. The nearly 31 percent growth in finance was partly the result of new procedures regarding the apportionment of financial income to Washington State. Insurance reported a strong gain with a 10.3 percent increase for the year.

The services and other business sector was up 9.9 percent, or more than double the 4.5 percent increase reported last year; however, the less than spectacular growth last year was due, in part, to reporting changes in the computer services industry. This year computer services was up strongly with a 28.3 percent increase which led the business services industry to a 17.2 percent overall gain. Other industries in the service sector also did well, hotels/motels was up 8.4 percent, automotive repair services, 10.1 percent, and legal services was up 11.3 percent.

Calendar 2000 continued a comparable rate of growth in gross income to last year; however, the elements of this growth were substantially different from the previous year. Last year's growth was largely consumer driven with the strongest growth in the retail trade sector. This year's growth resulted from sharply higher energy prices, business service growth (including communications), continued strong construction growth, and sharply higher financial services income within the finance, insurance and real estate sector.