



# Economic Vitality Index



Thurston County • Summer 2025 Update



# Thank You **Economic Vitality Index** Sponsors



"South Puget Sound Community College is a proud founding sponsor of the Economic Vitality Index, supporting its long-standing role in providing critical insights into our region's economic landscape and guiding community development. Named the #2 community college in the U.S., in part for our response to local workforce needs, SPSCC is firmly committed to local partners and collaborators that advance an inclusive economy—one that adapts to and reflects the evolving needs of our students. Our work with the Thurston Economic Development Council is vital to building a resilient, equitable, and forward-looking economy for Thurston County."

**—Dr. Tim Stokes, President, South Puget Sound Community College**



"The Port of Olympia is committed to a strong and resilient Thurston County. This vision is made possible through the ongoing collaboration with dedicated partners focused on regional economic growth. We are grateful to all those who work diligently to advance the vitality and prosperity of our shared community. It is in that spirit that we act as proud sponsors for the 2025 Summer Economic Vitality Index."

**—Alex Smith, Executive Director, Port of Olympia**



"Olympia remains committed to building an inclusive economy where opportunity is accessible to all members of our community. Recognizing the importance of a strong regional economic foundation, we are pleased to support the publication of the Economic Vitality Index. This valuable resource provides our staff with both long-term trends and a current overview of local economic conditions, helping to inform planning and decision-making."

**—Jennica Machado, Economic Development Director, City of Olympia**



# Thurston EDC EVI Q2 2025 Report<sup>1</sup>

There is a good deal of uncertainty facing Thurston County's economy. The Thurston EDC Economic Vitality Index (EVI) Leading Composite Index currently stands at 116.8. While down just 1.7 points from its post-pandemic high of 118.5, the start of a moderate downward trend does appear to be materializing.

Local business sentiment, reflected in the Thurston EDC's CEO Index, dropped to 34.5, which is its lowest value since its 2010 inception and down 10.6 points since the Q4 2024 EVI report. It is important to note that this index is an expert survey of local CEOs, and their assessments were based on conditions within their own industries as well as the overall local economy. However, when asked about the potential for profits over the next year, a total of 52 percent of the respondents indicated they would be either substantially better, moderately better, or the same. While a positive sign, this is down from the 68 percent reported for Q4 2024.

For the source of profits, 47 percent indicated they would come from an increase in market growth and demand. However, this is down from the 54 percent response in Q4 2024. It should also be noted that 26 percent indicated that they anticipate needing to raise prices, which is up from the 17 percent reported for Q4 2024, given the continued uncertainty surrounding inflationary pressures.

Consumer perceptions, captured via the University of Michigan Consumer Sentiment Index, which has closely mirrored trends seen at the local level, currently stands at 52.2. This represents a drop of 20.8 points since its reported value of 73 in the Q4 2024 report. It should be noted that consumer sentiment is a measure of consumer perceptions and not necessarily of their actual purchasing.

The composite picture of the local economy, based on the EVI, and business and consumer perceptions, is one of with a good deal of uncertainty with the start of a slight downward trend starting to materialize. It is recognized that numerous macroeconomic and political uncertainties, at both the international and national levels, continue to pose downward risks. The rollout of policies to address state budgetary shortfalls, along with reduced national, state, and local public sector allocations, are expected to mute economic gains for Thurston given the large public sector influence on the local economy.



**—Riley Moore, PhD, MBA**  
Saint Martin's University



<sup>1</sup>Report provided on May 9 2025, for the Thurston EDC, by Riley Moore, Ph.D.

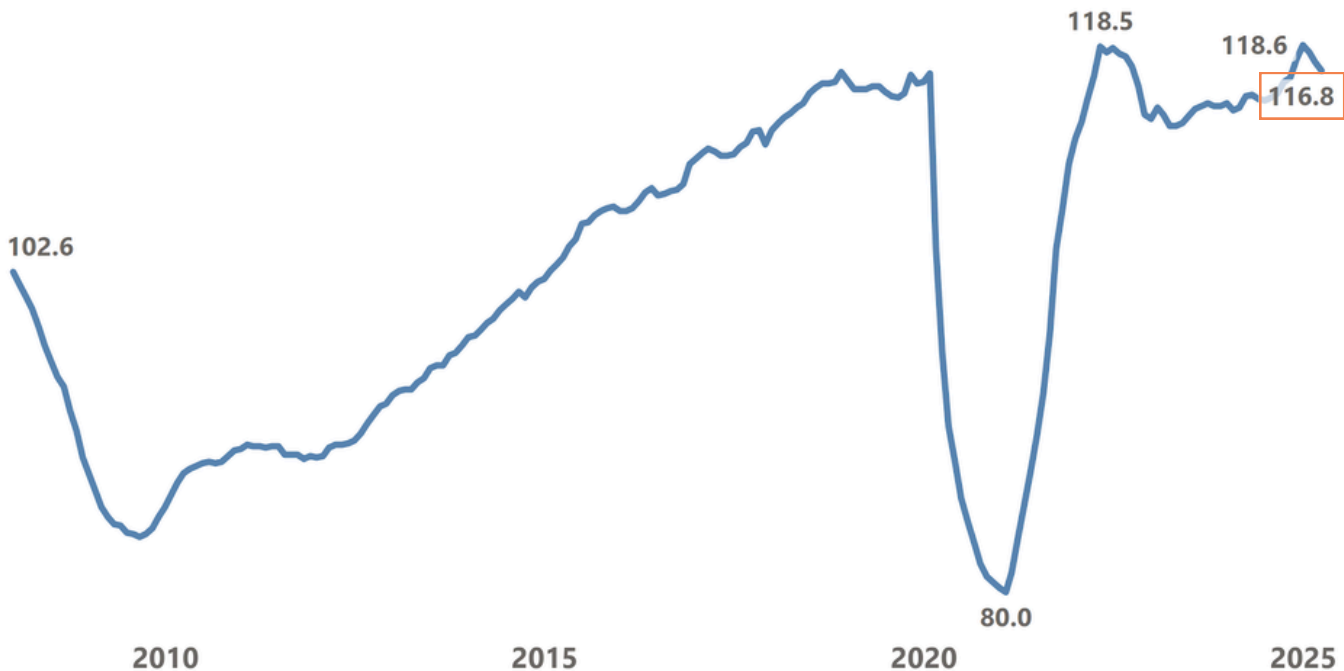




## HEADLINE INDICATORS

After briefly reaching a new record, the index is beginning to show signs of a downturn for Thurston County.

Figure 1. Thurston EDC Leading Indicator Index, 2008-2025



Source: Thurston EDC

### Thurston EDC EVI Leading Indicator Index

The index currently stands at 116.8, as can be seen in Figure 1 above. This is a recent, but sharp, decline in performance for our aggregated performance metrics.

A leading index simplifies complex systems with many moving pieces, like the local economy, so that it can be observed over time. This leading index is based on five monthly published indicators deemed good proxies for Thurston County's economy<sup>2</sup>. Thus, the index can serve as a planning tool for local businesses and policy makers.

<sup>2</sup>The indicators include total residential building permits, initial unemployment claims, consumer sentiment, U.S. securities yield spreads, and equity financial instruments deemed impactful to the local economy.





## HEADLINE INDICATORS

### CONSUMER SENTIMENT

After several years of improvement, consumer sentiment has fallen off a cliff, turning in the 2nd-lowest score since this publication launched. Importantly, consumer sentiment is a measure of consumer perception and not of actual purchasing.

Consumer and household expenditures are a major driver of economic growth at both the local and national levels. The University of Michigan (UM) conducts a national survey of consumer sentiment every month<sup>3</sup> and Figure 2 shows the index values since January 2010.

**The public's economic sentiment is now at the second-lowest level in 15 years.**

Figure 2. UM Index of Consumer Sentiment, 2010-2025



Source: University of Michigan

<sup>3</sup>Thurston EDC uses the University of Michigan survey to measure local consumer sentiment as it mirrors past original research conducted locally by Thurston EDC staff.





# HEADLINE INDICATORS

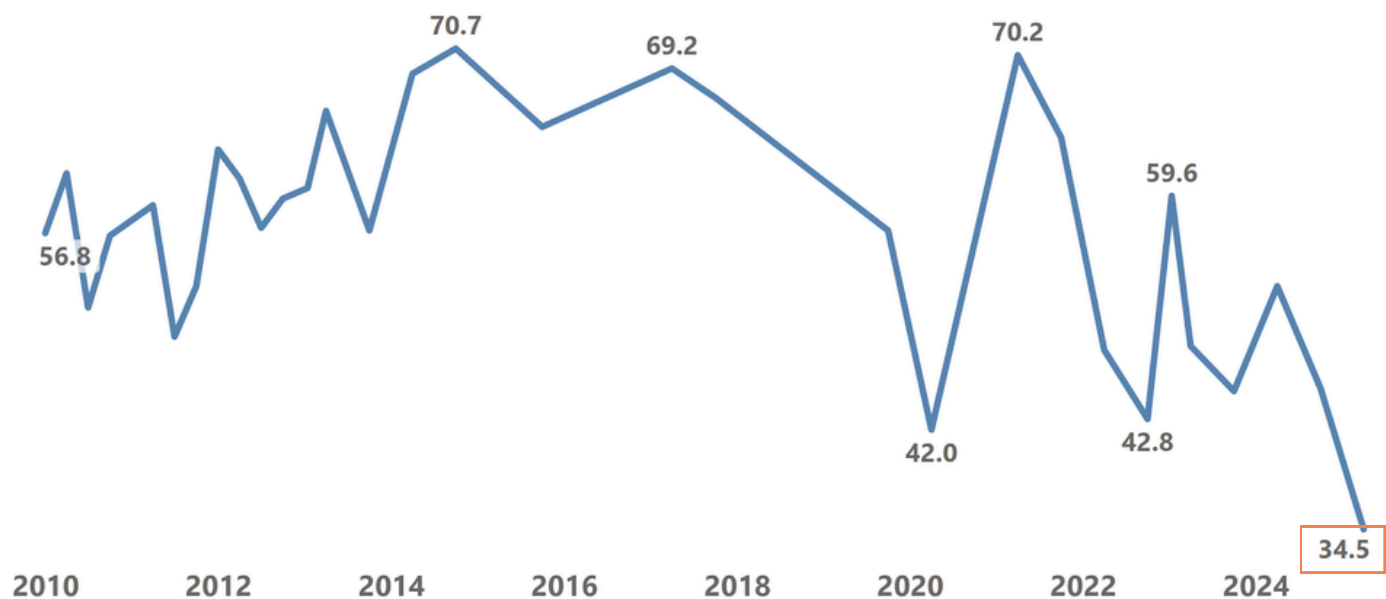
## CEO CONFIDENCE INDEX

The index stands at 34.5, a 10.6 point drop from its previous value of 45.1 in Figure 3. This suggests an accelerating sense of pessimism within the business community. In this index, values above 50 represent a generally positive outlook and values below 50 represent a generally cautious outlook.

Twice a year the Thurston EDC surveys local business leaders to assess their perceptions of Thurston County's economy. These answers are consolidated into this index, which helps measure how business perceptions change over time. Figure 4 breaks down individual responses to each survey question.

**Our index of business sentiment in Thurston County has reached an all-time record low.**

Figure 3. Thurston EDC Business Confidence Index, 2010-2025



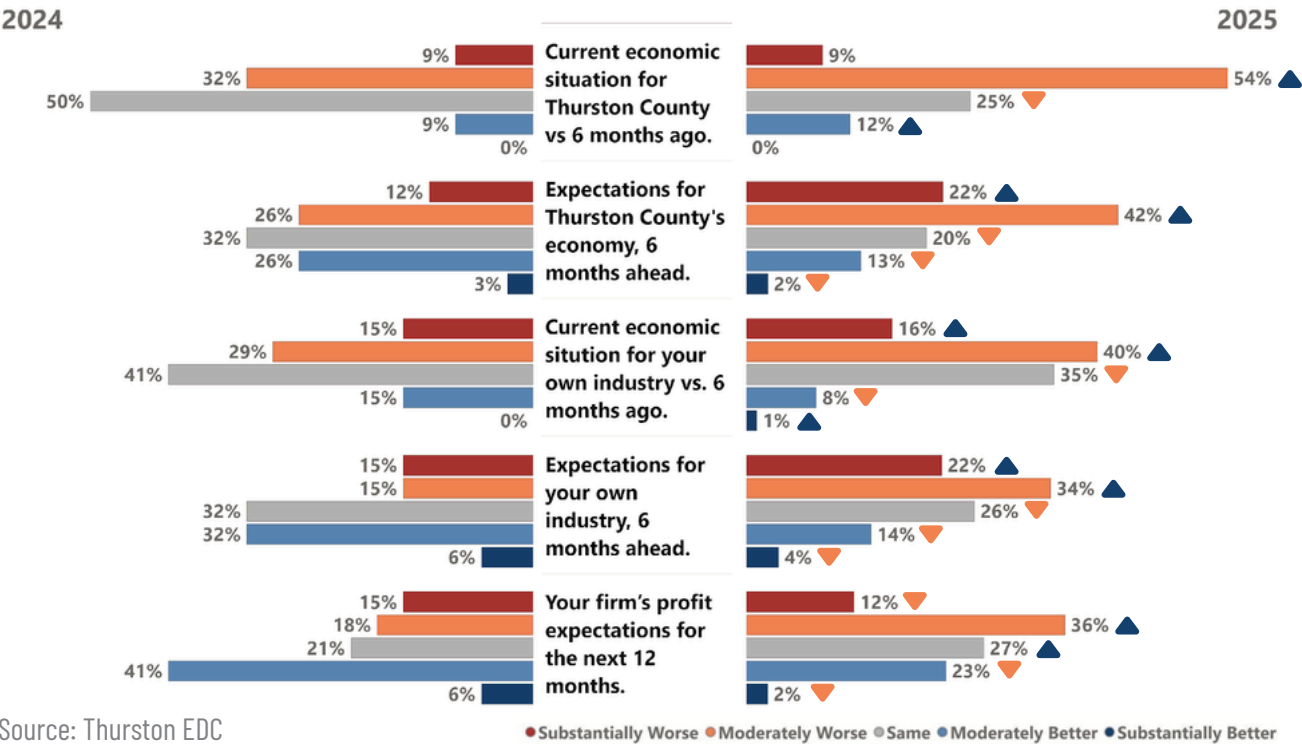
Source: Thurston EDC





# HEADLINE INDICATORS

Figure 4. Thurston EDC Business Confidence Survey - Q4 2024 vs Q2 2025



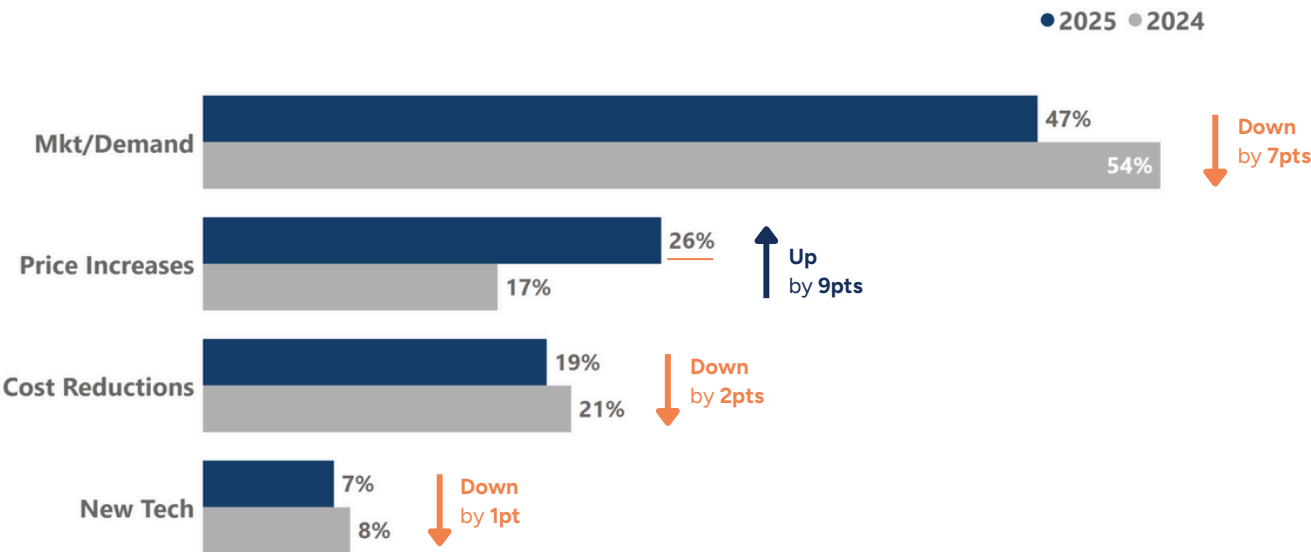
## PROFIT EXPECTATIONS

Respondents who participated in our business confidence survey were asked if their profits were increasing or decreasing. Among those whose profits were increasing, Figure 5 details the source of those new profits.

**Market/demand growth** retains a diminished lead as the primary source of new profits, while **price Increases** moves into 2nd place to replace **cost reductions**. These shifts indicate that anticipations of future inflation may be more widespread than last year.

Notice that "Price Increases" has overtaken "Cost Reductions" as an anticipated source of profits.

Figure 5. Source of Profits, if Expected - Q2 2024 vs. Q2 2025



Source: Thurston EDC





Pictured: Board members from both the Thurston EDC and the Center for Business & Innovation.

***The EDC recognizes the need to have a strong and consistent data driven economic development model. In that spirit, we have invested in expanding our research team to better serve the region's community and economic development decision makers. We encourage you to seek us out for presentations at your local clubs and organizations, to provide specific data analysis on projects of significance, and to act as your data team as you develop your strategic plans.***



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