



2025 Regional **Economic Vitality Index**

Grays Harbor, Lewis, Mason, Pacific
and Thurston Counties, Washington

Regional EVI Sponsor Message

PacMtn Workforce Development Council is proud to sponsor the Economic Vitality Report because we believe a strong economy begins with a strong workforce. Our mission is to connect people with meaningful careers and help businesses access the talent they need to thrive. By supporting this report, we reinforce our commitment to building pathways that strengthen both individuals and communities across the region.

Economic vitality depends on collaboration, innovation, and opportunity. Sponsoring this report allows PacMtn to highlight the critical role workforce development plays in driving growth and resilience. Together with our partners in all five counties, we are shaping a future where businesses succeed, workers prosper, and our communities remain vibrant and competitive.

Through shared vision and coordinated action, we are shaping a stronger, more resilient economy. PacMtn is proud to invest in this effort and to help create opportunities that benefit businesses, workers, and communities throughout the region.



Table of Contents

Introducing the Regional EVI	3
EVI Leading Indices	4
Regional Leading Composite Index.....	6
Business Confidence Indices	8
Business Confidence Surveys	10
Source of Profits, if Expected	12
Consumer Sentiment	14
Conclusion	15
Endnotes	15

Glossary

Leading Indicator Index: A composite measure of economic variables that tend to change before the overall economy, used to predict future economic trends.

Business Confidence Index: A survey-based measure reflecting chief executives' outlook on business conditions and economic prospects.

Consumer Sentiment: A statistical gauge of consumers' optimism about the economy, based on their perceptions of current conditions and expectations for the future.



Introducing the Regional Economic Vitality Index

We are excited to announce the launch of our Regional Economic Vitality Index, a new report designed to provide a clear benchmark of our region's economic health. This initiative marks the beginning of an annual effort to track and measure economic vitality over time, helping us understand trends and identify opportunities for growth.



The launch of this report coincides with the formation of the Evergreen Coast Regional Partnership, the recognized economic development district for the region.

The new economic development district brings together Grays Harbor, Mason, Pacific and Thurston Counties, in partnership with Lewis County, to collaborate on strengthening our regional economy. As part of this effort, the Regional Economic Vitality Index establishes a benchmark for economic health and will serve as a foundation for tracking progress and trends over time.

The report is organized into:

- **Regional Overview:** A comprehensive look at the 5-county region as a whole.
- **County-Level Insights:** Detailed sections for each of the five counties, providing localized data and analysis.

Our plan is to publish this report annually, creating a consistent and reliable resource for businesses, policymakers, and community leaders. By monitoring key indicators year after year, we can work together to build a resilient and prosperous future for all five counties.

Thank you for joining us in this important effort to strengthen the economic foundation of our region.

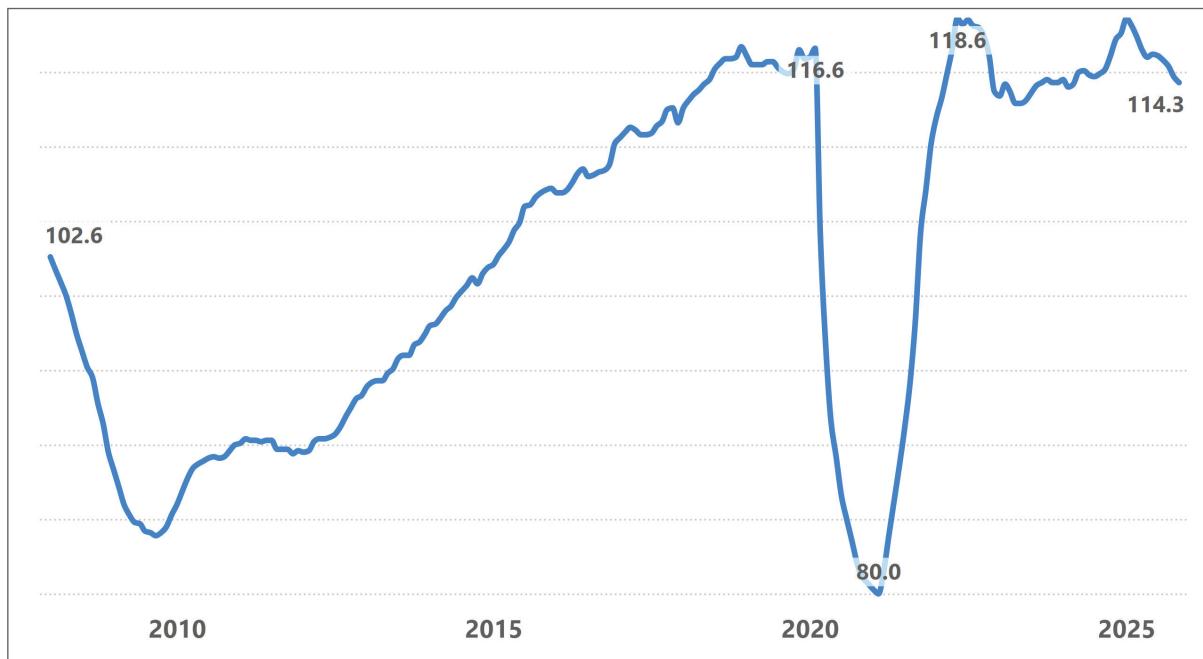
Regional Economic Update - Q4 2025

This report looks at the current economy in the region, includes five Washington counties: Grays Harbor, Lewis, Mason, Pacific, and Thurston. It introduces two new measures—the Regional EVI Leading Composite Index and the Regional Business Confidence Index—along with two long-standing Thurston County indexes. It also includes the University of Michigan (U-M) Consumer Sentiment Index, which reflects how households feel about the economy. Overall, the economy is starting to slow down, showing a downward trend. This isn't surprising given the uncertainty at local, state, national, and global levels.

EVI Leading Indices (Thurston and Region)

The EVI leading indices use five monthly indicators that reflect the health of local economies.¹ A leading index shows what economic conditions are likely to be in the near future, making it a useful planning tool for businesses and policymakers. The Thurston EDC EVI index is currently 114.3, down 4.2 points from its peak of 118.5 in late 2021, showing a slight correction.

Figure 1. Thurston County EVI - Leading Composite Index (2008 - 2025)



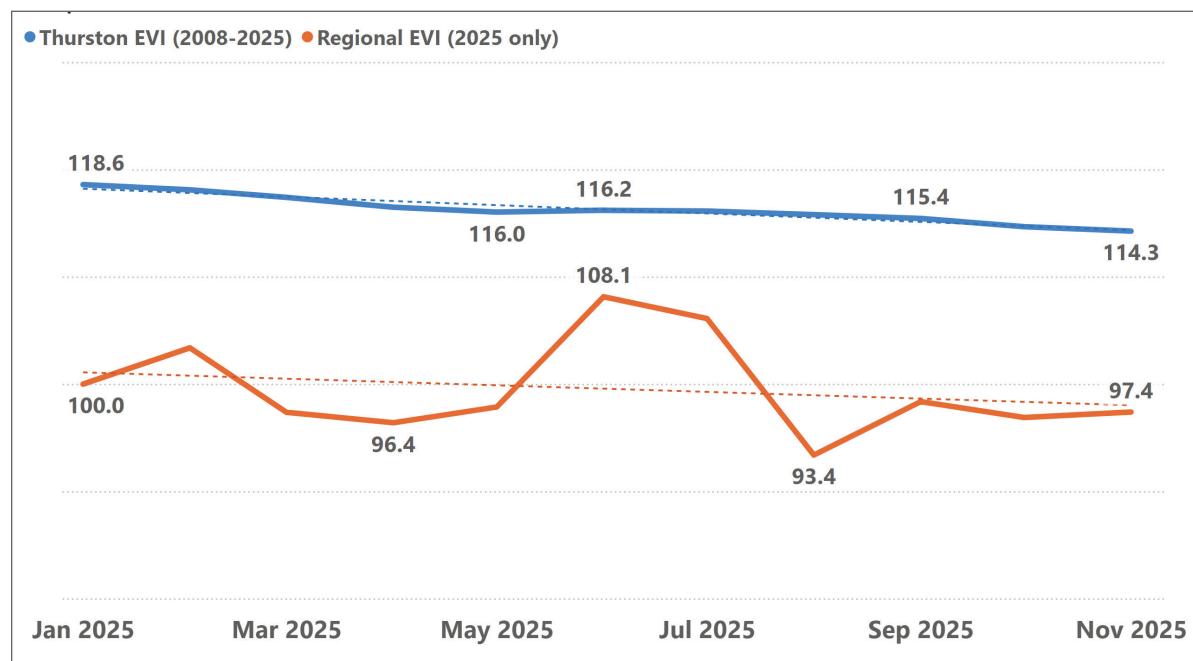
Comparison Assumptions and Weighting

Because a composite index combines several variables, it's hard to compare indices from different time periods—especially when some data wasn't collected, is no longer public, or the way it was gathered has changed. This has happened with building permits and initial unemployment claims, which are key parts of the EVI composite indices.²

The Thurston EDC EVI index has been tracked for 17 years, so comparing it directly to new EVI values for Grays Harbor, Lewis, Mason, and Pacific counties would be misleading. To make comparisons more accurate, the new Regional EVI Composite Index and county-level values were re-indexed starting in 2025.

As shown in Figure 2, Thurston's index values differ under the two time frames because of changes in rebasing, data collection methods, and availability. However, the overall trends are consistent. Also, a composite index that covers a long period tends to smooth out fluctuations.³ This can be seen by comparing the Regional Thurston EVI (2025) trend line with the original Thurston EDC EVI (2008–2025).

Figure 2. Comparison of Thurston County EVI with Re-indexed Regional EVI.

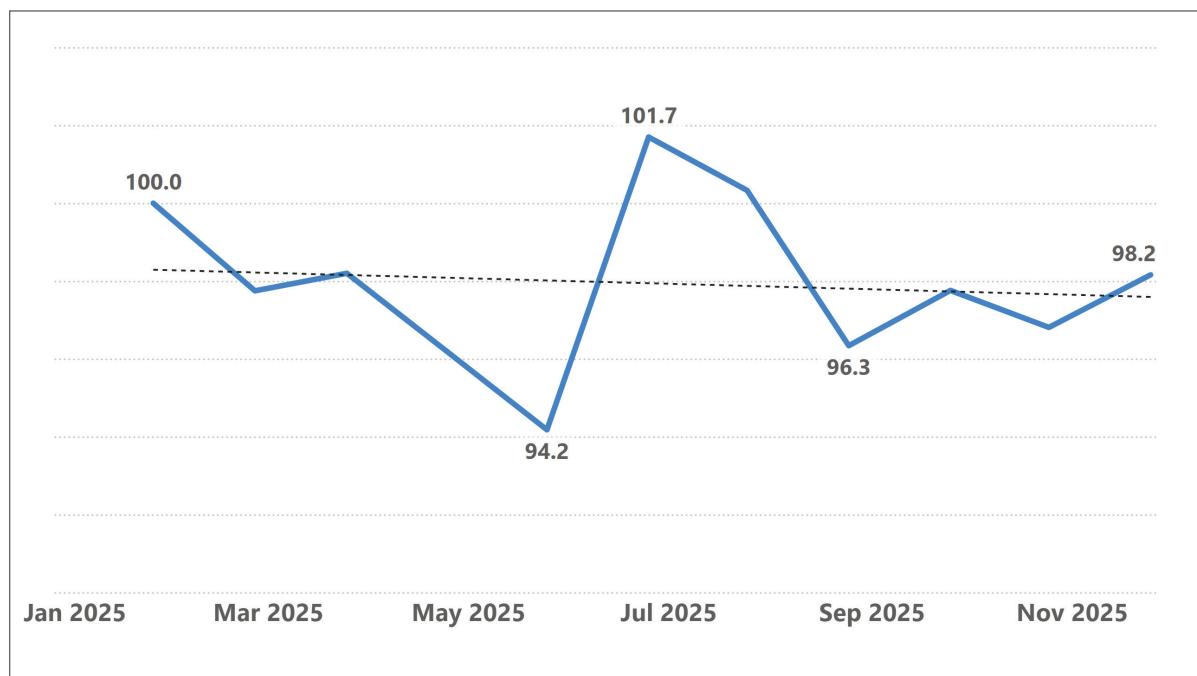


Regional Leading Composite Index

This inaugural index, representing the five-county region, currently stands at 98.2 for November, down 1.8 points from the start of 2025 as can be seen in Figure 3 below.

Weighting Method: To combine data for the five-county Regional Leading Composite Index, we used the County Economic Opportunity Scores method. Each county's score was calculated and used to set the weights for both the Regional EVI Leading Composite Index and the Regional Business Confidence Index.⁴

Figure 3. Aggregated 5-County EVI Leading Composite Index, 2025 YTD.

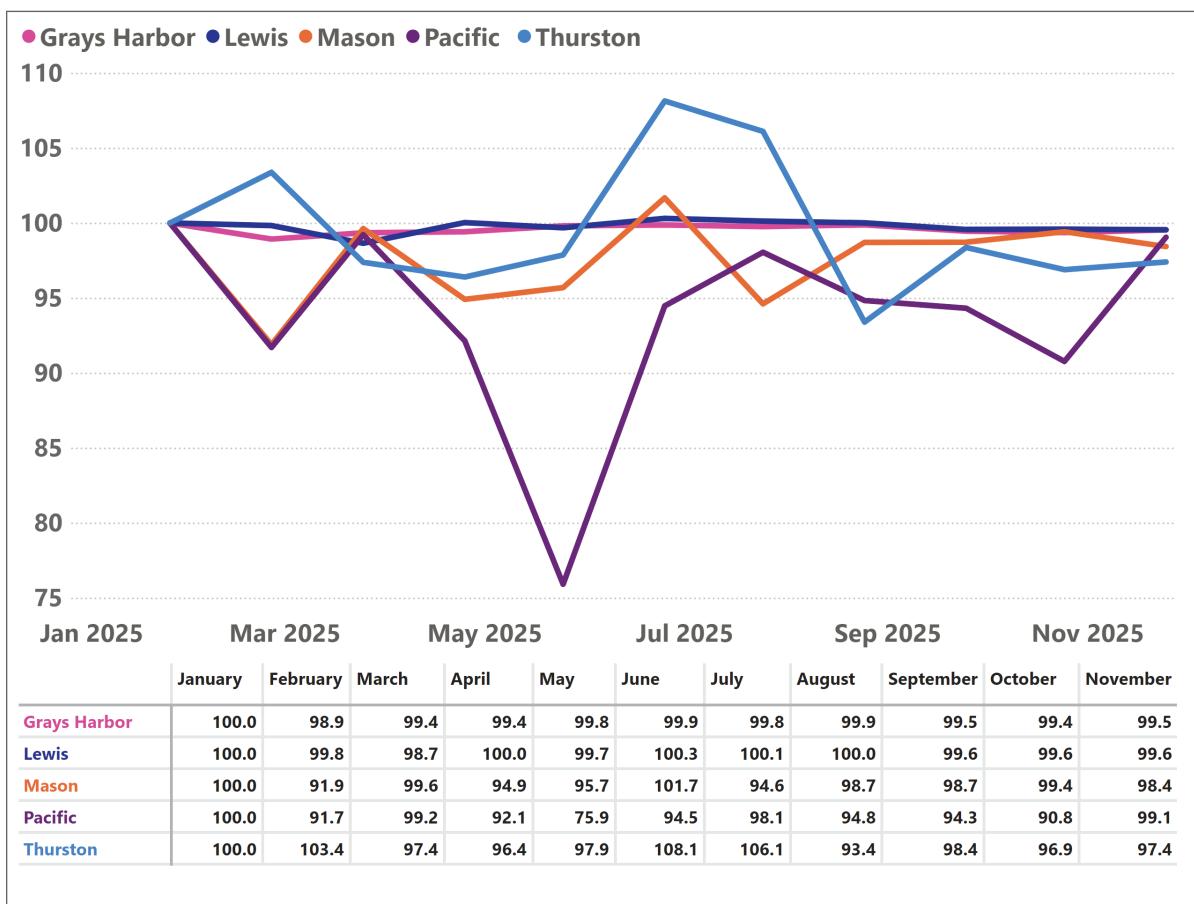


The downward trend was most volatile in May and June, dropping to 94.2 and then quickly rebounding to 101.7. The likely main reason for this swing was concern about the impact of new tariffs, followed by perceptions that those tariffs would be lifted.

County Performance

Figure 4 shows how each county performed after rebasing to 2025 for accurate comparisons. Pacific County had the most volatility over the past eleven months. All five counties show a slight downward trend, but Lewis and Grays Harbor were the most stable. Thurston reached the highest index value—108.1 in June—before dropping to 97.4 by November.

Figure 4. Individual County EVI Leading Composite Index Values, 2025 YTD.

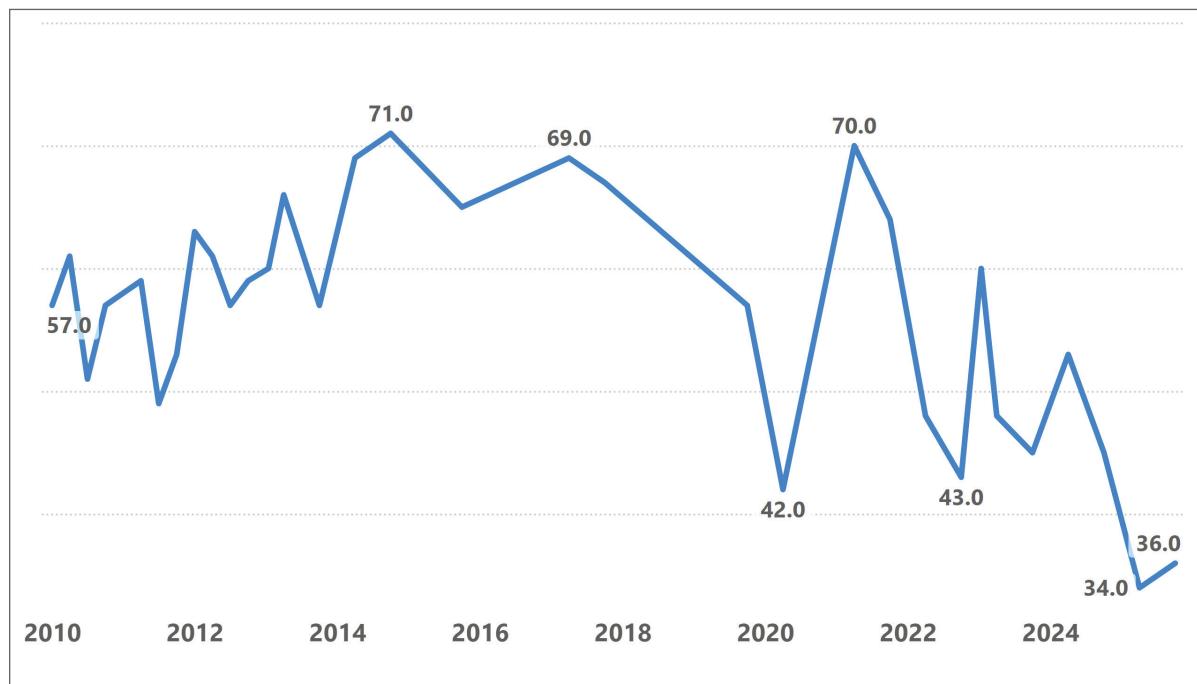


Business Confidence Indices (Thurston and Region)⁵

Both the Thurston EVI and the new Regional Business Confidence Index reflect how business leaders view local economic conditions. Their insights—based on factors like new orders, inventory, customers, prices, suppliers, and financing—are strong indicators of future economic trends in each county.

Figure 5 shows that the original Thurston EDC Business Confidence Index, which has tracked local business perceptions since 2010, is now at 35.5—up one point from Q2 2025. While this is a slight improvement, a score of 50 means opinions are evenly split between positive and negative. Since the current score is well below 50, overall perceptions remain negative about the local economy.

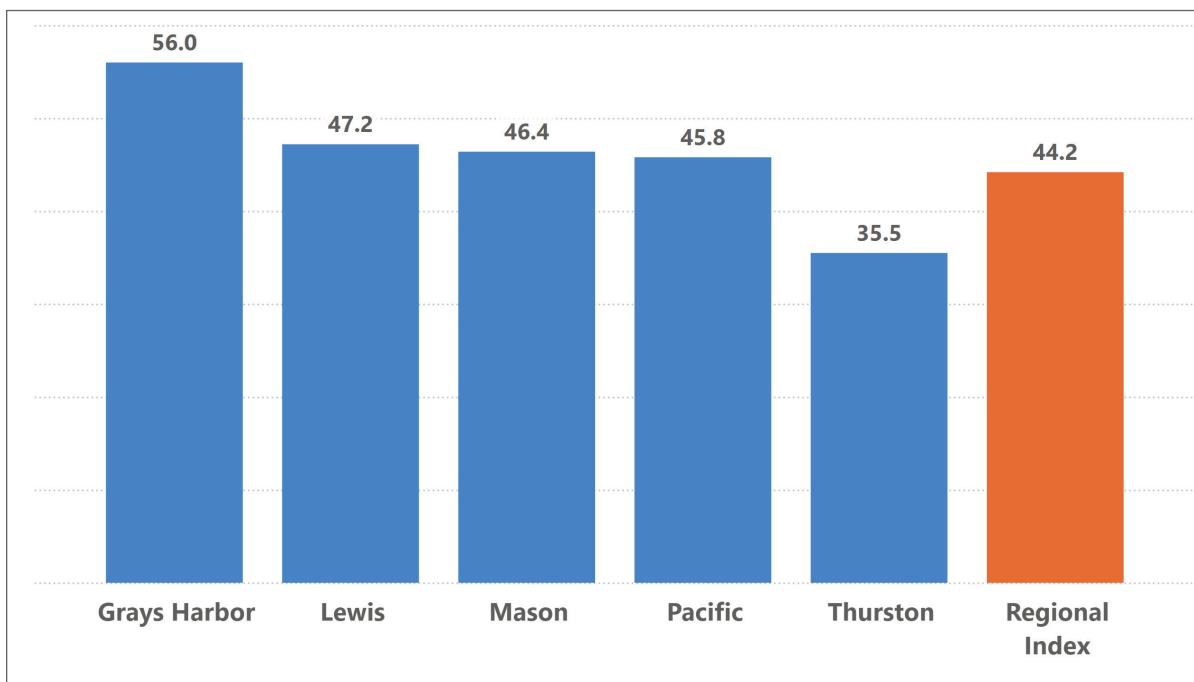
Figure 5. Thurston County Business Confidence Index (2010-2025).



Q4 2025 Results

Since the index values come from survey data, the Q4 results currently show only single values, as seen in Figure 6. Thurston was the most pessimistic, while the other counties raised the overall score to 44.2. Overall, most responses leaned toward negative views of the local economy.

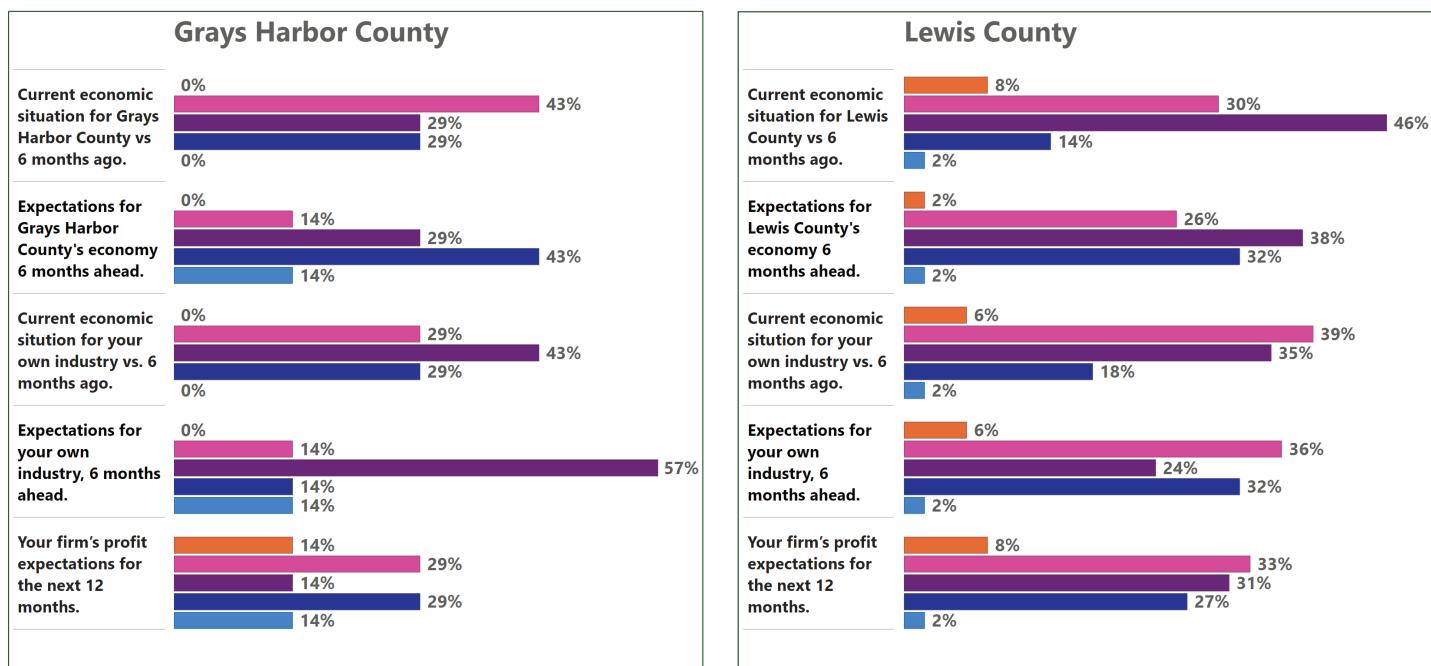
Figure 6. Comparison of Regional Business Confidence Index, by Individual Counties and Aggregated Score, Q4 2025.



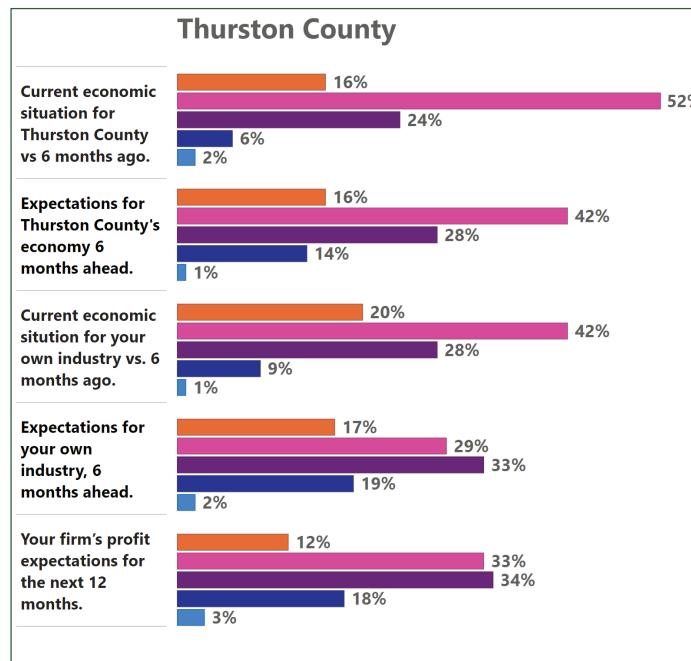
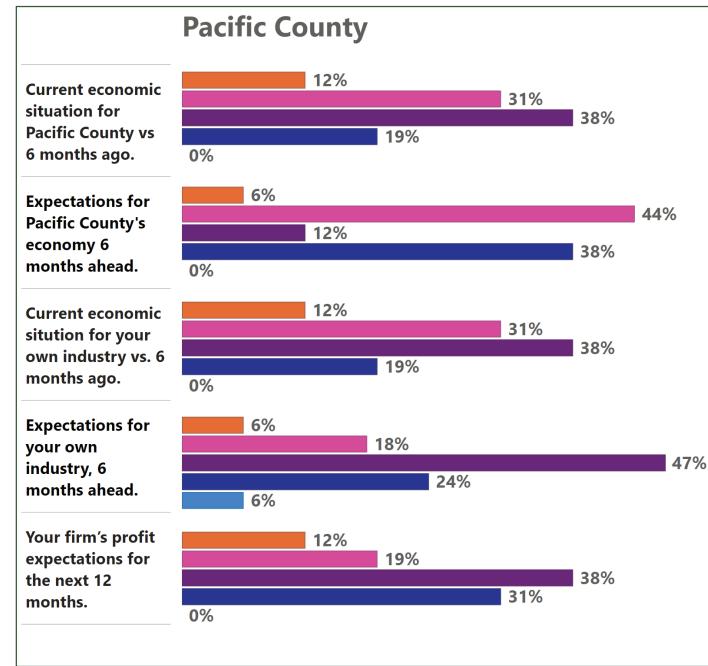
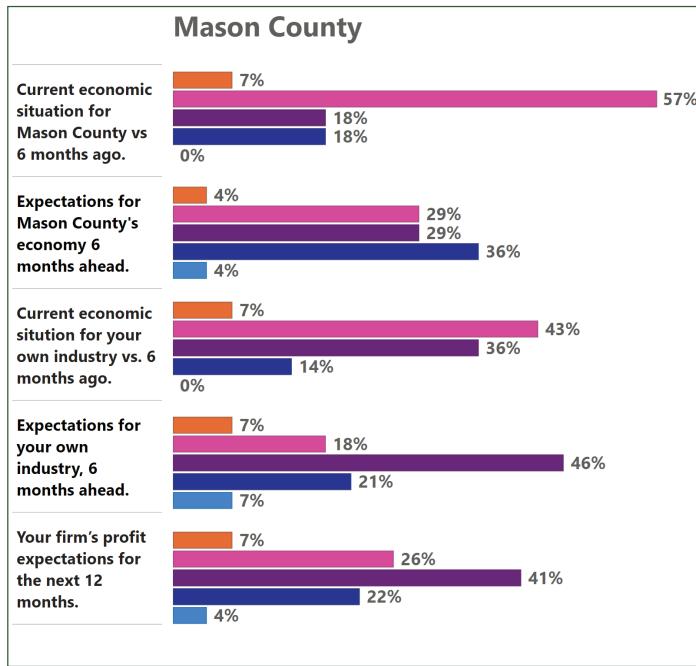
Business Confidence Surveys, County Comparisons

Figure 7 below compares business confidence survey responses for the five counties in Q4 2025. Most responses fell into the “moderately worse” to “substantially worse” categories. While response rates varied by county, Lewis and Thurston were the most pessimistic about their industry outlook.

Figure 7. Responses to individual questions, Business Confidence Survey, Regional County Comparisons, Q4 2025.



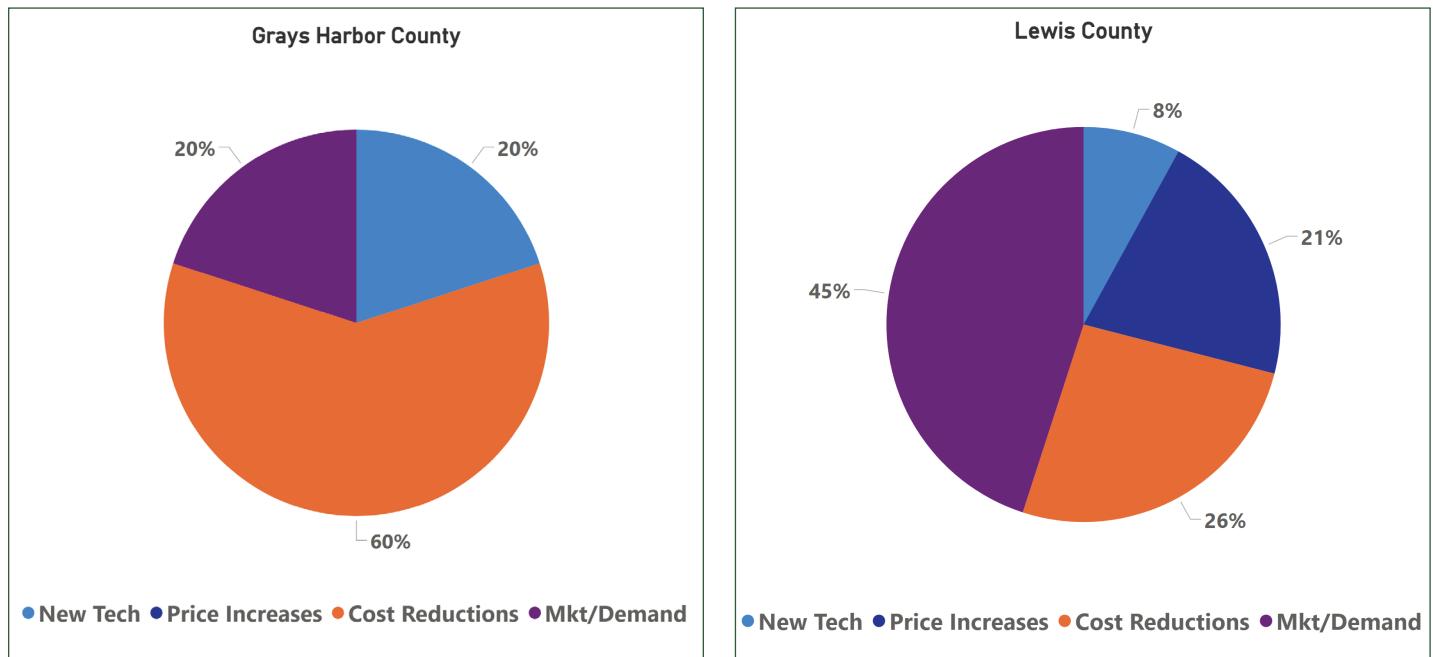
- █ Substantially Worse
- █ Moderately Worse
- █ Same
- █ Moderately Better
- █ Substantially Better

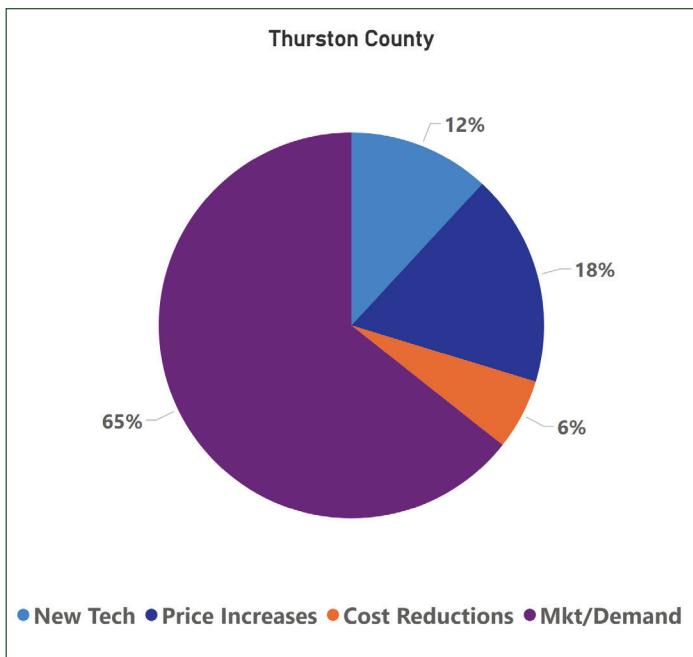
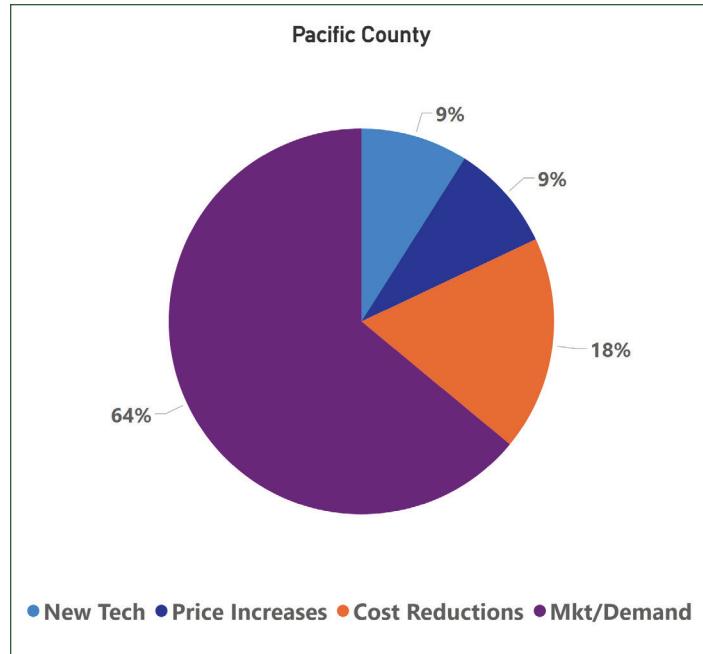
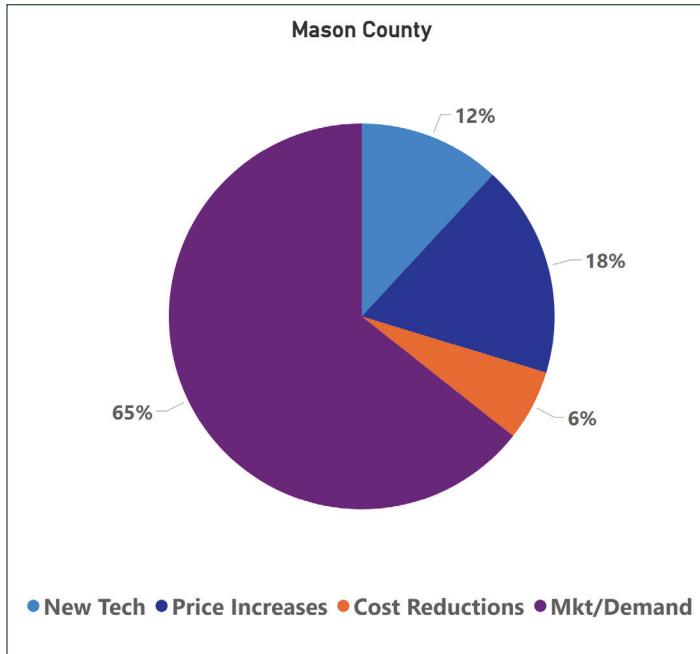


Source of Profits, if Expected, County Comparisons

As shown in Figure 8, of those expecting profits, most believe that market demand and growth will be their main source of profit. Grays Harbor is the only exception. Combined, cost-cutting and raising prices were the second most common answers, likely because of concerns about inflation.

Figure 8. Source of profits, if expected, Thurston EDC Business Survey, Regional County Comparisons, Q4 2025.



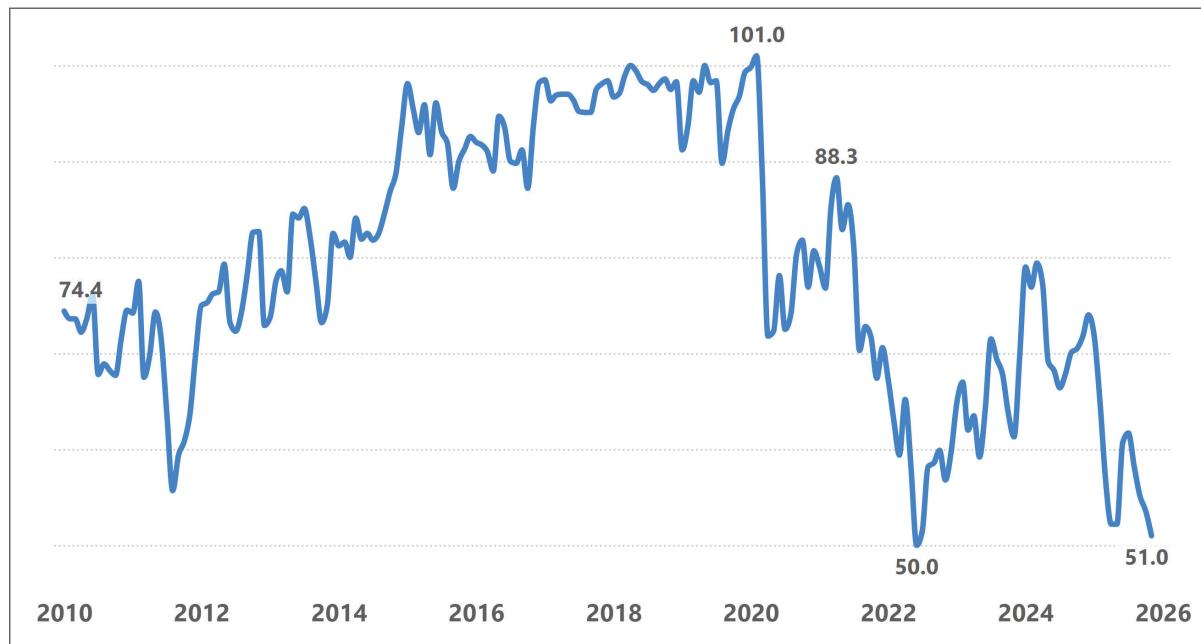


Consumer Sentiment

Consumer and household spending is a major driver of economic growth locally and nationally. The University of Michigan (U-M) runs a monthly national survey on consumer sentiment, shown in Figure 9 since January 2010.

Currently, the U-M index is at 51, just one point above its record low in June 2022 during COVID. Consumer surveys are more influenced by media and current events than business or CEO surveys. This recent drop is likely due to heavy coverage of concerns about stagflation, local unemployment, migration impacts, tariffs, and global uncertainty.

Figure 9. U-M Index of Consumer Sentiment (2008-2025).



Conclusion

Overall, the counties in the region seem to be in a holding pattern with a slight downward trend. The upcoming holiday retail season will likely keep things steady into the new year. While negative consumer sentiment is concerning, it mostly reflects perception. In the short term, this will likely mean people focus more on buying necessities rather than luxuries, especially in middle- and lower-income groups. Combined with business leaders' generally negative outlook, the overall mood suggests a cautious view of the near future for the region.

Report provided on November 26, 2025, by Riley Moore, Ph.D.



Endnotes

1 The indicators include total residential building permits, initial unemployment claims, consumer sentiment, U.S. securities yield spreads, and equity financial instruments deemed to impact the local economy.

2 In the case of building permits, the U.S. Census in January 2024 started including monthly micropolitan area data with the existing metropolitan data files. The combination is now called the Core Based Statistical Area (CBSA). Source: <https://www.census.gov/construction/bps/msamonthly.html>. While Thurston is classified as metropolitan, Grays Harbor, Lewis, and Mason all fall under the new Micropolitan classification. Pacific is smaller than the micro classification and thus the author collected permit data directly from Pacific County's seat of government building permit office in South Bend.

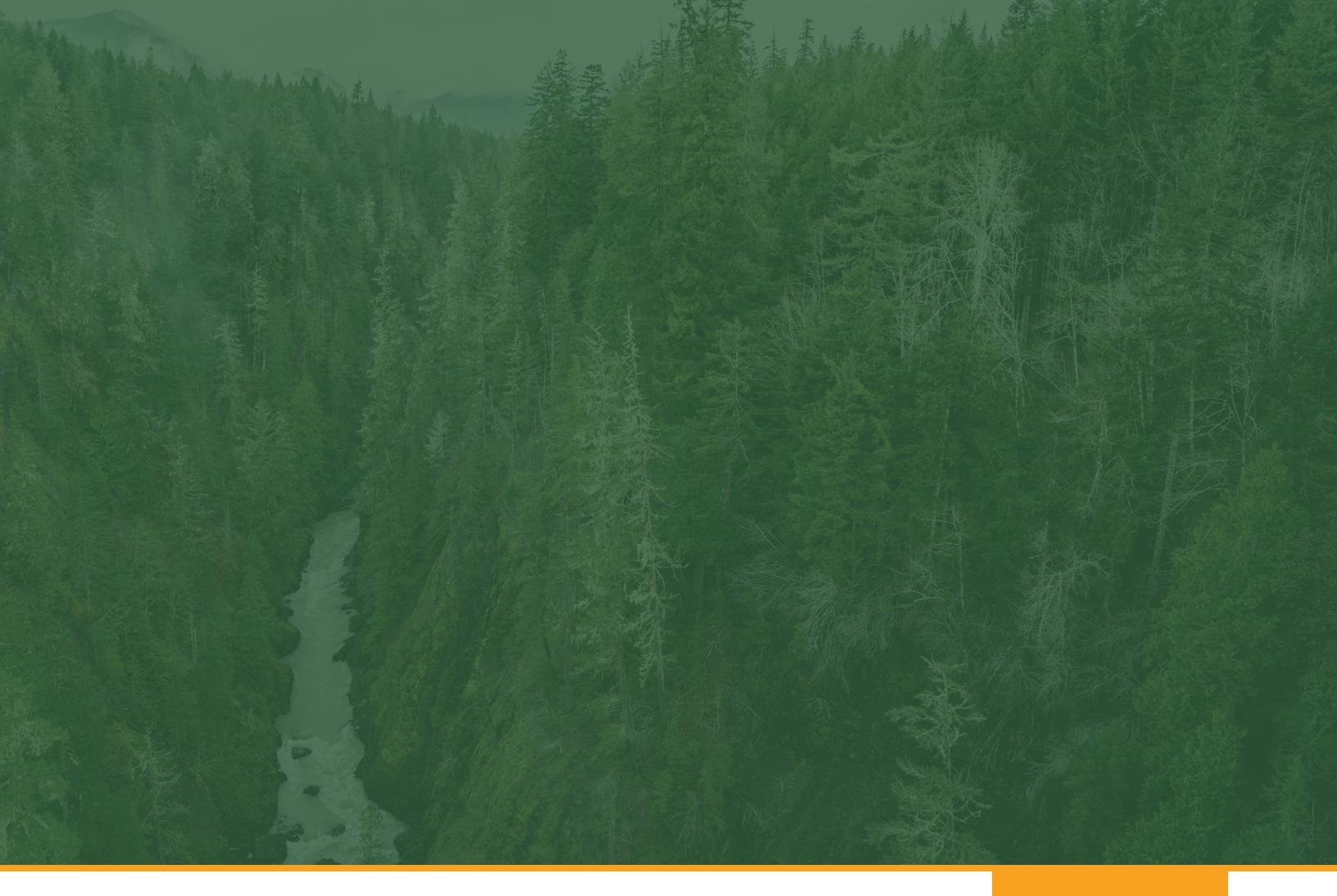
3 Specific factors that impact index smoothing include:

(1) Averaging Effect: Composite indices are designed to average the individual components to smooth out a good part of the inherent volatility and "erratic movements" of any single series. When this averaging is done over a longer time horizon (more years of data), short-term fluctuations, or "noise", are further minimized.

(2) Statistical Smoothing: For monthly or quarterly data, calculations employ moving averages to explicitly smooth out short-term idiosyncratic fluctuations.

4 Variables included for the scoring included: median household income, average earnings per job, percentage of families above the poverty level, percentage of the population with a bachelor's degree or higher, and the county typology code. Details on the specific methodology can be provided by Thurston EDC Research Team, ctibke@thurstonedc.com.

5 Results are based on the Thurston EDC's recent email-based 'expert survey' of business leaders conducted by Connor Tibke, Research Manager for the Thurston EDC. A total of 311 participants were included in the survey representing EDCs, local chambers, and other entities and a variety of industries reflective of the individual Regional county economies. Completed questionnaires for each county were: Grays Harbor (n=7), Lewis (n=50), Mason (n=29), Pacific (n=17), and Thurston (n=208).



2025 Regional Economic Vitality Index

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