All Sales Tax Sectors:
When analyzing monthly sales tax receipts, there are two items of special note: First, most businesses remit their sales tax collections to the Washington State Department of Revenue on a monthly basis. Small businesses only have to remit their sales tax collections either quarterly or annually, which can create anomalies when comparing the same month between two years. Second, for those businesses which remit sales tax monthly, there is a two month lag from the time that sales tax is collected to the time it is distributed to the City.

Total sales tax receipts for the month of January 2015, which reflects activity from November 2014, are higher than the budget projection by 5.8%, lower than the revised projection by 1.1%, and lower than the year-ago level by 3.3% (See Table 1). Year-to-date receipts are higher than the budget and revised projections by 10.8% and 3.7%, respectively, as well as the year-ago level by 1.7% (See Table 1). Removing one-time construction activity from the calculation reveals receipts are higher than the budget and revised projections by 8.8% and 1.9%, respectively (See Table 3), as well as the year-ago level by 8.5%.

Table 1: Sales Tax - Variance by Month

	2014					2013	
Month of Activity	Budget Projection	Revised Projection	Actual	Actual v. Bud. Proj. % Var.	Actual v. Rev. Proj. % Var.	Actual	2014 v. 2013 % Change
December (Prior Yr)	$657,988	$703,000	$712,174	8.2%	1.3%	$695,645	2.4%
January	503,139	537,561	554,366	10.2%	3.1%	547,817	1.2%
February	471,111	506,773	533,674	13.3%	5.3%	561,895	-5.0%
March	562,233	598,969	609,471	8.4%	1.8%	587,503	3.7%
April	522,370	560,056	587,117	12.4%	4.8%	596,554	-1.6%
May	542,442	581,115	616,693	13.7%	6.1%	612,901	0.6%
June	590,734	629,575	674,044	14.1%	7.1%	620,742	8.6%
July	638,184	682,028	725,205	13.6%	6.3%	697,475	4.0%
August	564,508	602,871	644,437	14.2%	6.9%	610,976	5.5%
September	606,246	645,694	652,470	7.6%	1.0%	631,154	3.4%
October	552,140	589,720	596,506	8.0%	1.2%	598,396	-0.3%
November	526,442	562,638	556,730	5.8%	-1.1%	575,747	-3.3%
Totals	$6,737,537	$7,200,000	$7,462,887	10.8%	3.7%	$7,336,806	1.7%

Totals may not foot due to rounding.

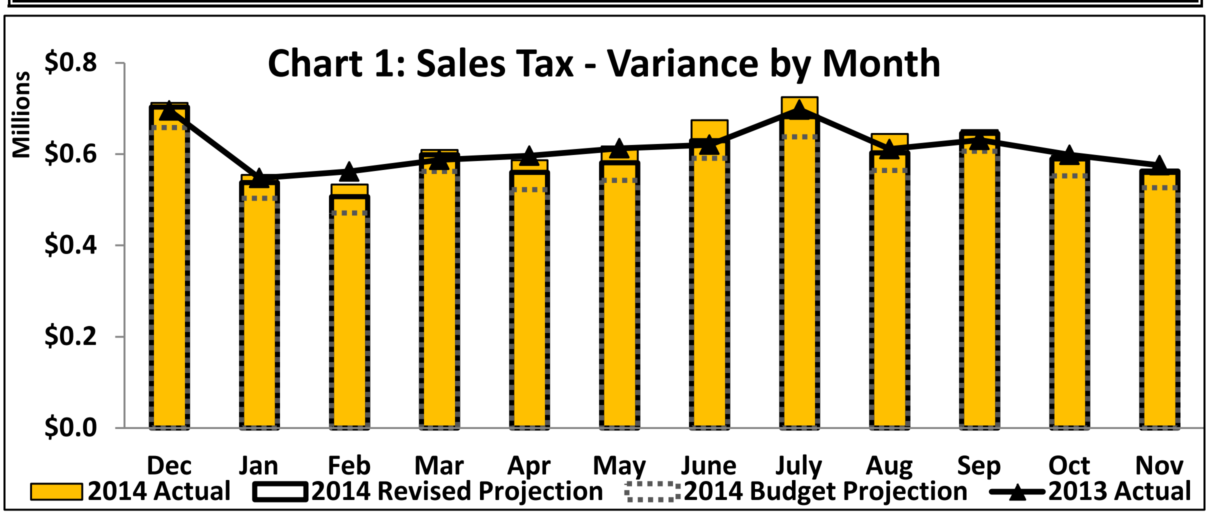


Table 2 and Chart 2 below illustrate that receipts in three of the primary categories continue to be higher compared to their year-ago level; however, receipts in the Construction category are lower since large one-time projects are generating less sales tax than they did in prior years as they come to a close. Staff was expecting that receipts from construction would be lower, which is why reports may show total receipts near, or possibly ahead of, projections, but close to, or possibly lower than, the year-ago level (See Charts 6 and 7).

Table 2: Sales Tax - Primary Categories
December (Prior Year) - November

Primary Category	2010	2011	2012	2013	2014
Construction	$528,762	$642,326	$1,315,397	$1,326,775	**$1,088,201**
$ Change	($314,478)	$113,564	$673,071	$11,378	**($238,574)**
% Change	-37.3%	21.5%	104.8%	0.9%	**-18.0%**
Retail Trade	$3,748,091	$3,829,648	$4,111,726	$4,367,503	**$4,528,070**
$ Change	$69,910	$81,557	$282,078	$255,777	**$160,567**
% Change	1.9%	2.2%	7.4%	6.2%	**3.7%**
Hotels / Restaurant	$373,794	$379,096	$390,912	$420,096	**$440,339**
$ Change	$7,525	$5,302	$11,816	$29,184	**$20,243**
% Change	2.1%	1.4%	3.1%	7.5%	**4.8%**
All Others	$1,095,108	$1,163,173	$1,114,841	$1,222,432	**$1,406,277**
$ Change	$36,617	$68,065	($48,332)	$107,591	**$183,845**
% Change	3.5%	6.2%	-4.2%	9.7%	**15.0%**
Total Revenue	$5,745,755	$6,014,243	$6,932,876	$7,336,806	**$7,462,887**
$ Change	($200,426)	$268,488	$918,633	$403,930	**$126,080**
% Change	-3.4%	4.7%	15.3%	5.8%	**1.7%**

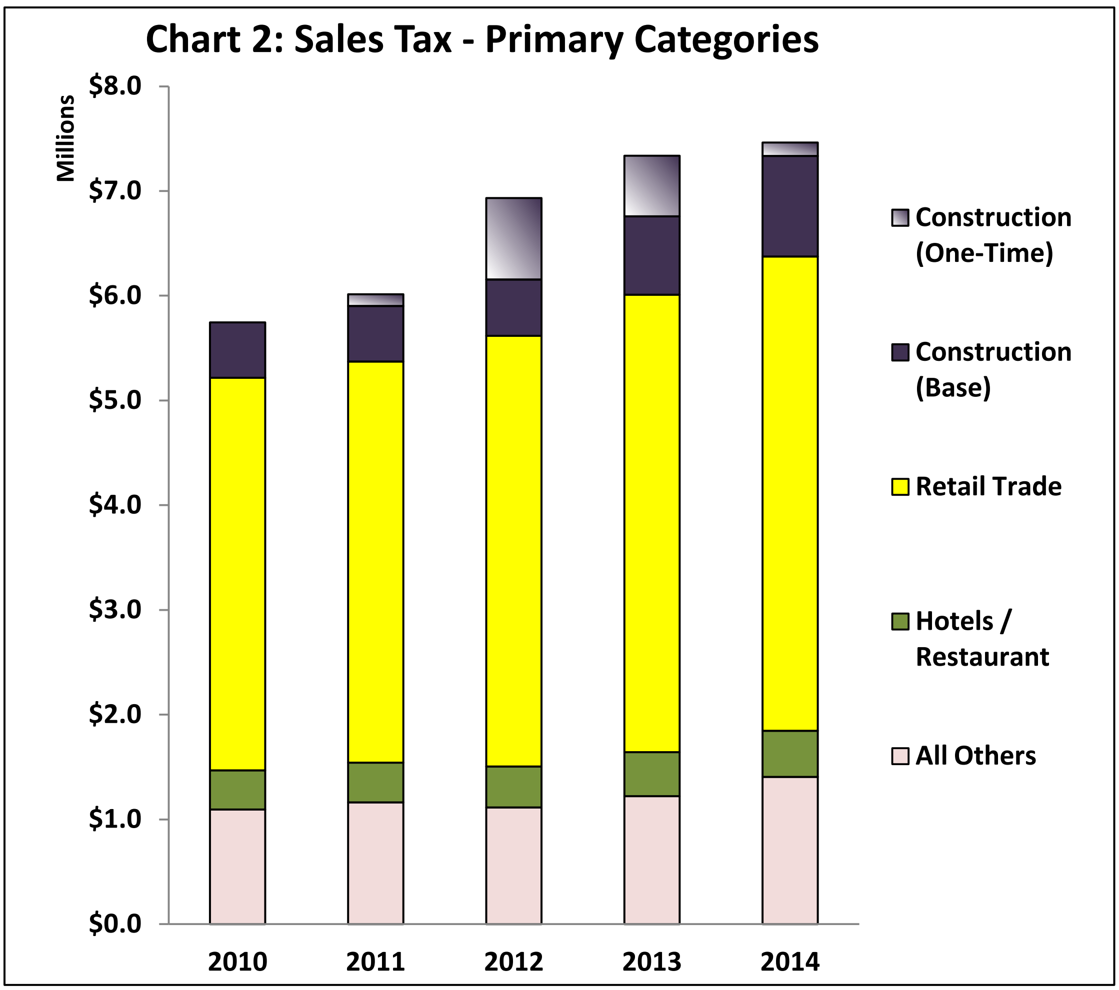
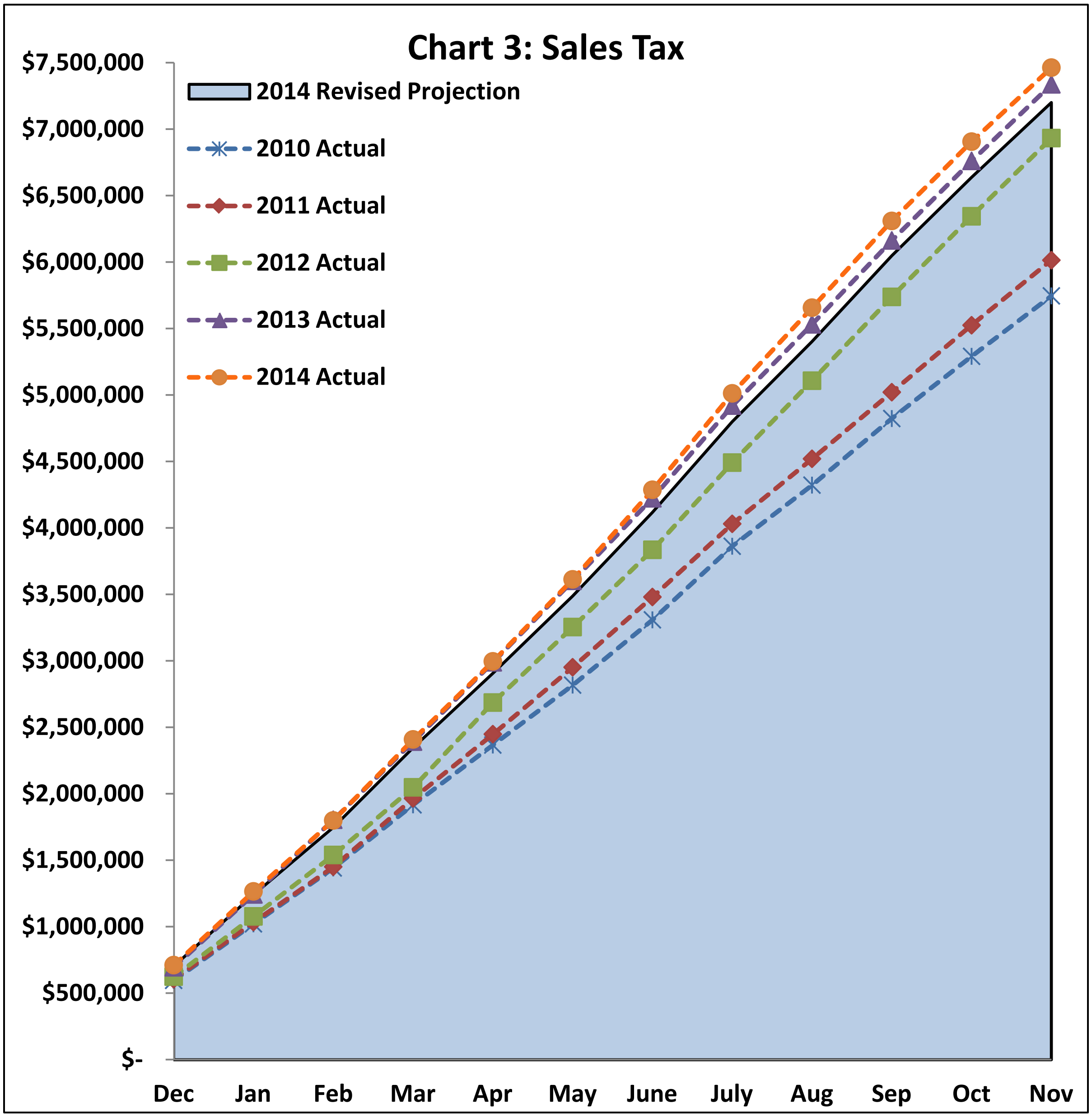


Table 3: Comparison of 2014 YTD Actual Less One-Time to 2014 Budget Projection and 2014 Revised Projection December (Prior Year) - November

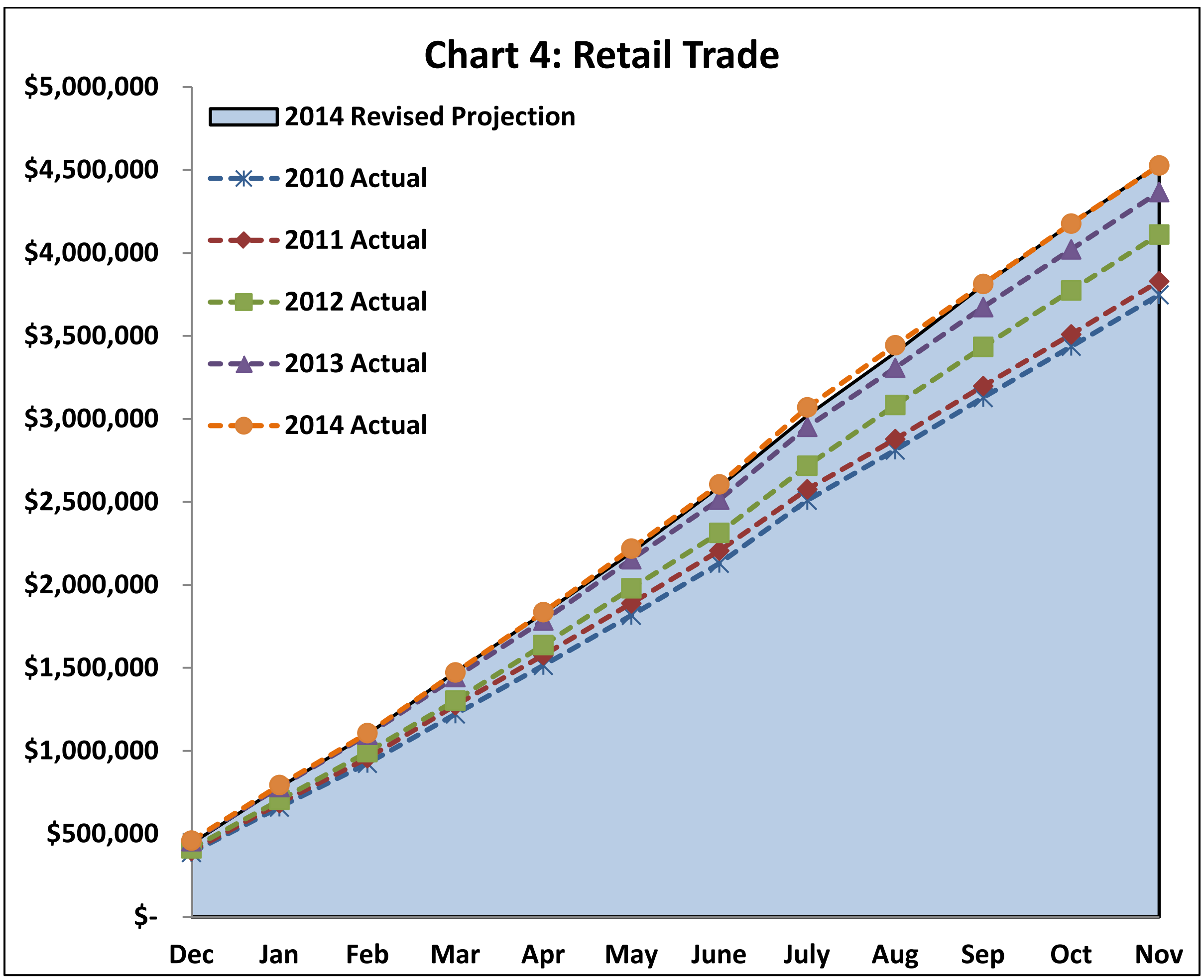
Category	2014 YTD Budget Projection	2014 YTD Revised Projection	2014 YTD Actual	2014 YTD Actual Less One-Time	2014 YTD Actual Less One-Time v. 2014 YTD Bud. Proj.	2014 YTD Actual Less One-Time v. 2014 YTD Rev. Proj.
Retail Trade Sector	$4,312,988	$4,531,600	$4,528,070	$4,528,070	5.0%	-0.1%
Construction Sector	955,987	969,050	1,088,201	959,719	0.4%	-1.0%
Other Taxable Sales Sectors	$1,470,025	$1,699,350	1,846,616	1,846,616	25.6%	8.7%
Total Local Sales & Use Tax	$6,739,000	$7,200,000	$7,462,887	$7,334,405	8.8%	1.9%
	Totals may not foot due to rounding.					



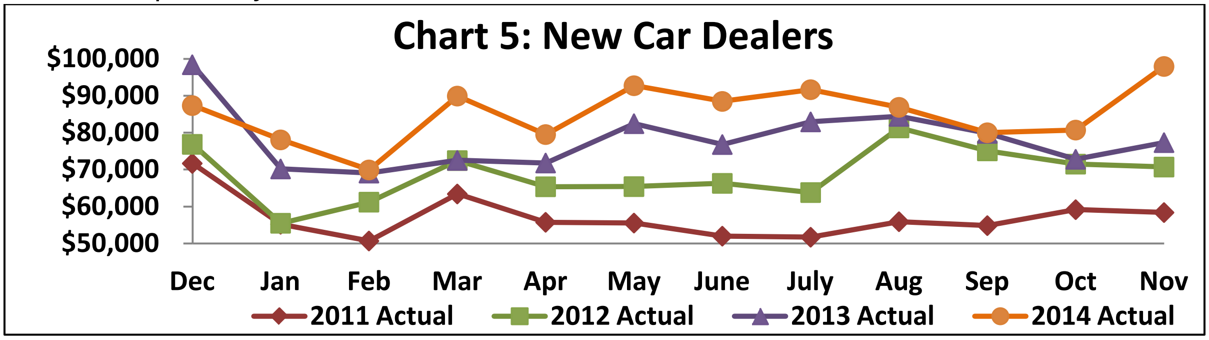
Retail Trade Sector:
Receipts from activity for November 2014 are higher than the budget projection by 3.7%, lower than the revised projection by 1.0%, and higher than the year-ago level by 1.4%. Year-to-date receipts are higher than the budget projection by 5.0%, nearly equal (-0.1%) to the revised projection (See Table 3 and Chart 4), and higher than the year-ago level by 3.7% (See Table 4).

Table 4: Retail Trade Categories
December (Prior Year) - November

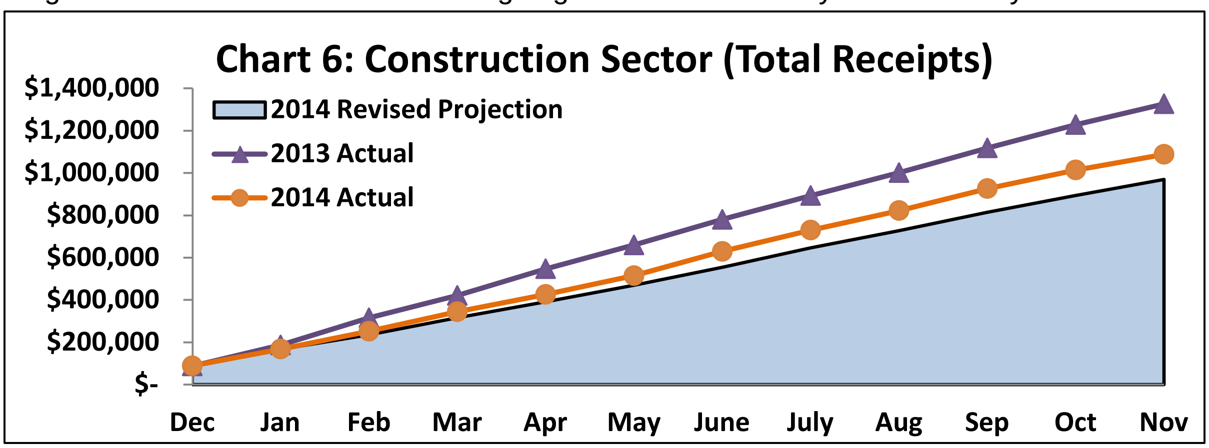
Category	2012	*2013 v. 2012 % Change*	2013	*2014 v. 2013 % Change*	2014
Motor Veh. & Parts Dealer	$1,016,944	10.7%	$1,126,163	9.8%	$1,236,501
Furniture & Home Funishings	52,391	8.5%	56,861	8.6%	61,757
Electronics & Appliances	89,633	3.0%	92,316	10.9%	102,349
Building Material & Garden	594,639	11.8%	665,036	-0.5%	662,018
Food & Beverage Stores	263,322	-0.5%	261,984	-3.2%	253,519
Health & Personal Care Stores	148,724	8.4%	161,275	3.9%	167,514
Gasoline Stations	73,646	1.5%	74,774	2.4%	76,539
Clothing & Accessories	44,684	3.2%	46,099	13.2%	52,192
Sporting Goods, Hobby, Books	75,232	6.8%	80,310	2.7%	82,463
General Merchandise Stores	1,375,538	2.2%	1,406,042	0.6%	1,414,543
Miscellaneous Store Retailers	255,055	-1.5%	251,155	-1.9%	246,326
Nonstore Retailers	121,918	19.3%	145,487	18.5%	172,347
Total Retail Trade	**$4,111,726**	**6.2%**	**$4,367,503**	**3.7%**	**$4,528,070**

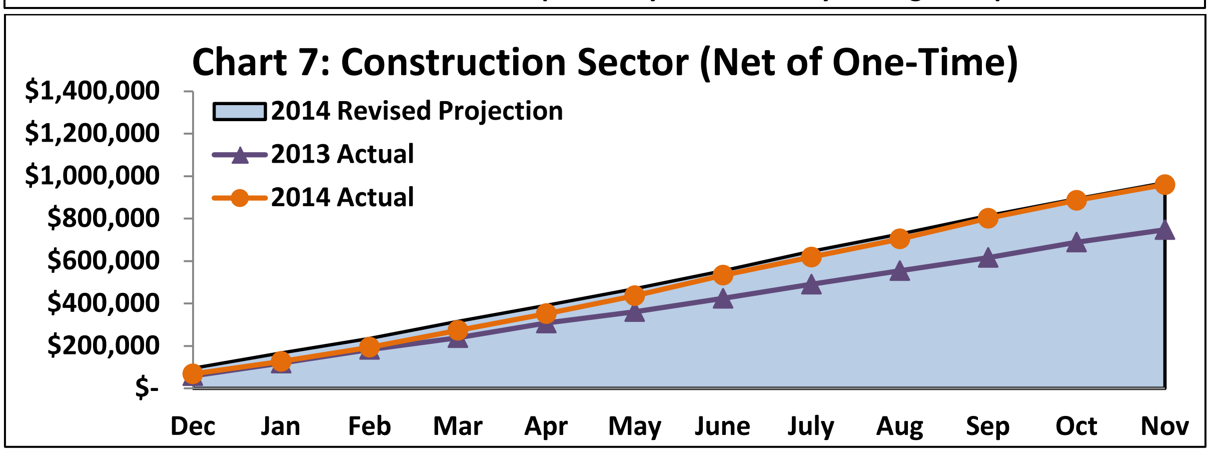


There has been significant growth in receipts from new car dealers (in the Motor Vehicle and Parts Dealer category) since 2011. Receipts for the month of November were higher than those for the same period of 2013, 2012 and 2011 by 26.7%, 38.5%, and 67.7%, respectively (See Chart 5). Year-to-date receipts are higher than those for the same period of 2013 and 2012 by 9.0%, 23.9%, and 49.5%, respectively.



Construction Sector:
Receipts from activity for November 2014 are lower than the year-ago level by 24.8%. Receipts from activity for the period of December 2013 through November 2014 are lower than the year-ago level by 18.0% (See Table 2 and Chart 6). Of the amount collected so far this year, $128,482, or 11.8%, is attributable to one-time activity. Of the amount collected for the same period of 2013, $578,633, or 43.6%, was attributable to one-time activity. Removing one-time activity from the calculation reveals receipts are slightly lower (-1.0%) than the revised projection but higher than the year-ago level by 28.3% (See Chart 7). As large one-time projects are generating less sales tax than they did in prior years as they come to a close, these changes reflect an increased level of ongoing construction activity within the City.



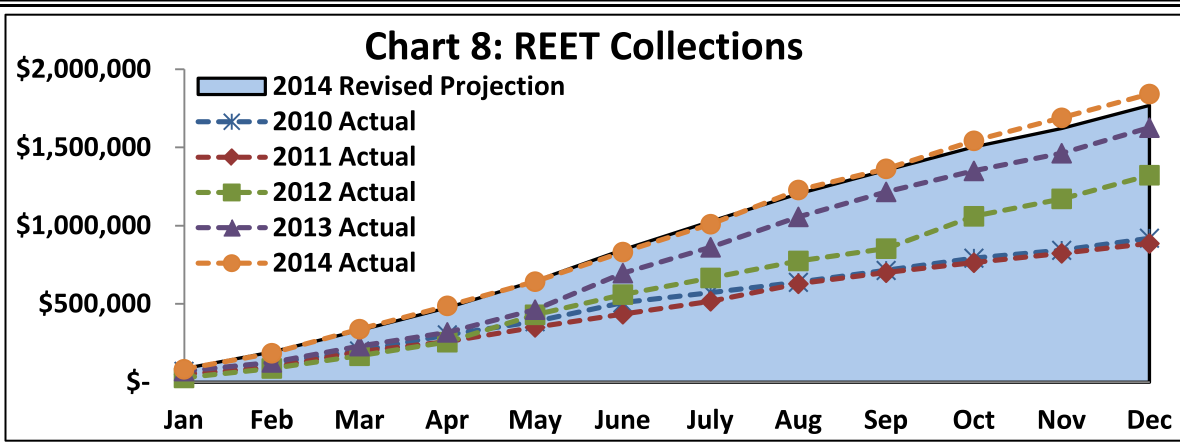


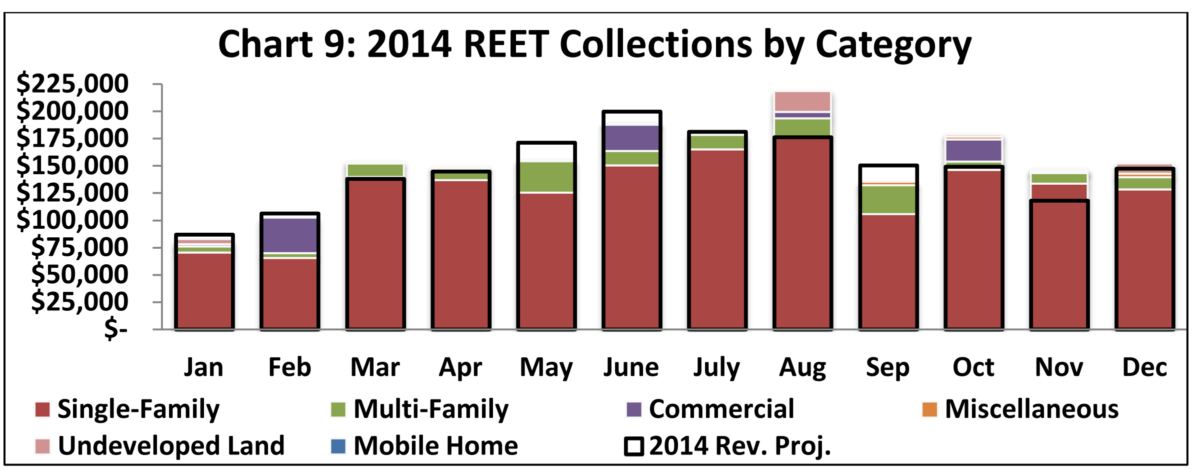
REET Collections:
Total REET collections through December 2014 totaling $1,842,087 are ahead of the budget projection and revised projection by 17.5% and 4.1%, respectively, as well as the year-ago level by 13.2%. Table 5 and Chart 8 below exhibit the REET collections for the period of January through December. Chart 9 below exhibits the actual collections by category compared to the overall revised projection for each month.

Table 5: REET Collections

Month of Activity	2014 Budget Projection	2014 Revised Projection	2014 Actual	2014 Actual v. Bud. Proj.	2014 Actual v. Rev. Proj.	2013 Actual	2014 v. 2013 Actual $ Change	2014 v. 2013 Actual % Change
January	$77,036	$86,975	$82,900	7.6%	-4.7%	$71,253	$11,647	16.3%
February	94,272	106,435	102,625	8.9%	-3.6%	55,460	47,165	85.0%
March	122,364	138,152	153,759	25.7%	11.3%	104,298	49,461	47.4%
April	128,141	144,673	149,062	16.3%	3.0%	87,703	61,359	70.0%
May	151,718	171,293	154,550	1.9%	-9.8%	145,230	9,320	6.4%
June	176,866	199,685	189,068	6.9%	-5.3%	233,305	(44,237)	-19.0%
July	160,400	181,095	178,212	11.1%	-1.6%	165,156	13,056	7.9%
August	155,993	176,120	218,626	40.2%	24.1%	194,549	24,077	12.4%
September	133,188	150,372	135,348	1.6%	-10.0%	159,672	(24,324)	-15.2%
October	132,248	149,310	178,894	35.3%	19.8%	134,106	44,788	33.4%
November	104,480	117,960	146,940	40.6%	24.6%	112,914	34,026	30.1%
December	130,628	147,482	152,103	16.4%	3.1%	163,514	(11,411)	-7.0%
Totals	$1,567,336	$1,769,553	$1,842,087	17.5%	4.1%	$1,627,161	$214,926	13.2%

Totals may not foot due to rounding.





REET Transactions:

The number of transactions in December 2014 was the same as the year-ago level but the value was $2.3 million less. Year-to-date there has been seventy-four more transactions with a value that is $43.0 million more than the year-ago level. Table 6 below exhibits the number of sales and value of all residential and commercial transactions that occurred during the period of January through December in 2013 and 2014.

Table 6: REET Sales ($ in thousands)

	2014		2013		2014 v. 2013		
Month of Activity	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value $ Change	Value % Change
January	46	$16,580	37	$14,251	9	$2,329	16.3%
February	41	20,525	35	11,092	6	9,433	85.0%
March	74	30,752	65	20,860	9	9,892	47.4%
April	84	29,812	57	17,541	27	12,272	70.0%
May	77	30,910	72	29,046	5	1,864	6.4%
June	88	37,814	107	46,661	(19)	(8,847)	-19.0%
July	89	35,642	87	33,031	2	2,611	7.9%
August	108	43,725	93	38,910	15	4,815	12.4%
September	72	27,070	78	31,934	(6)	(4,865)	-15.2%
October	93	35,779	80	26,821	13	8,958	33.4%
November	75	29,388	62	22,583	13	6,805	30.1%
December	76	30,421	76	32,703	0	(2,282)	-7.0%
Totals	923	$368,417	849	$325,432	74	$42,985	13.2%

Totals may not foot due to rounding.

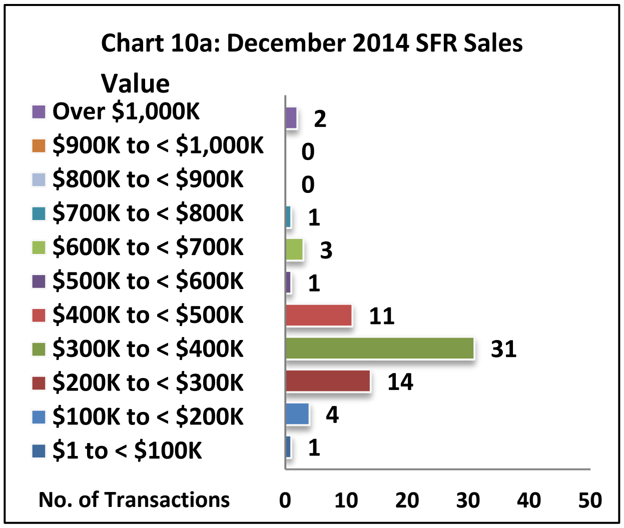
Table 7 below exhibits the number and value of sales by category that occurred during the period of January through December 2014.

Table 7: 2014 REET Sales by Category ($ in thousands)

	Single-Family		Multi-Family		Mobile Home		Commercial		Miscellaneous		Undeveloped	
Month of Activity	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value
January	36	$14,112	6	$1,127	0	$0	1	$376	0	$0	3	$965
February	32	13,080	5	910	0	0	4	6,536	0	0	0	0
March	62	27,976	10	2,421	0	0	0	0	0	0	2	355
April	72	27,358	10	2,050	0	0	1	177	0	0	1	227
May	64	25,110	12	5,735	0	0	0	0	0	0	1	65
June	71	30,053	13	2,690	1	150	1	4,800	0	0	2	121
July	80	33,020	9	2,622	0	0	0	0	0	0	0	0
August	89	35,267	14	3,439	0	0	1	1,200	0	0	4	3,820
September	58	21,121	13	5,288	0	0	0	0	1	660	0	0
October	78	29,276	9	1,478	0	0	3	4,047	1	560	2	417
November	63	26,708	9	1,983	0	0	1	305	1	0	1	391
December	68	25,665	4	2,230	0	0	0	0	1	660	3	1,866
Totals	773	$308,747	114	$31,974	1	$150	12	$17,440	4	$1,880	19	$8,227

Totals may not foot due to rounding.

Charts 10a and 10b are histograms exhibiting the number of single-family residences that sold in 2014 in each of the various price ranges. The majority (78.1%) of the homes sold through December were priced from $200,000 to $500,000 with 38.3% priced from $300,000 to 400,000.



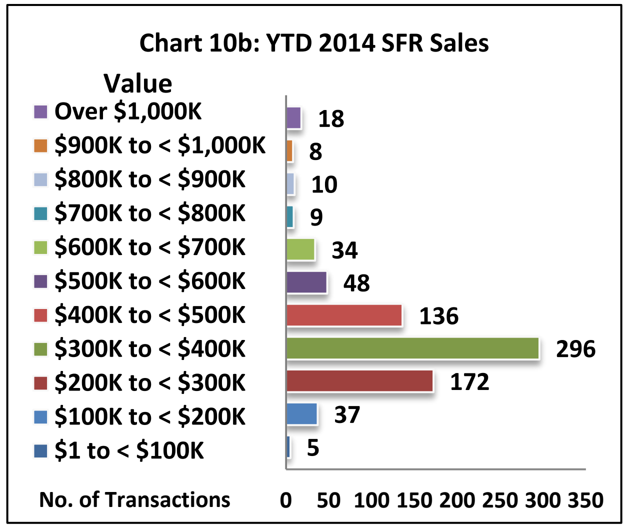


Table 8 below exhibits the number and value of all residential and commercial transactions greater than $1.0 million. In December 2014, one residential property and three commercial properties (one of which was undeveloped) sold for more than $1.0 million. Through December 2014, there have been seventeen SFRs, four undeveloped parcels (comprising two sales), and eleven businesses sold for more than $1.0 million, which has accounted for $49.9 million, or 13.6%, of the total sales amount.

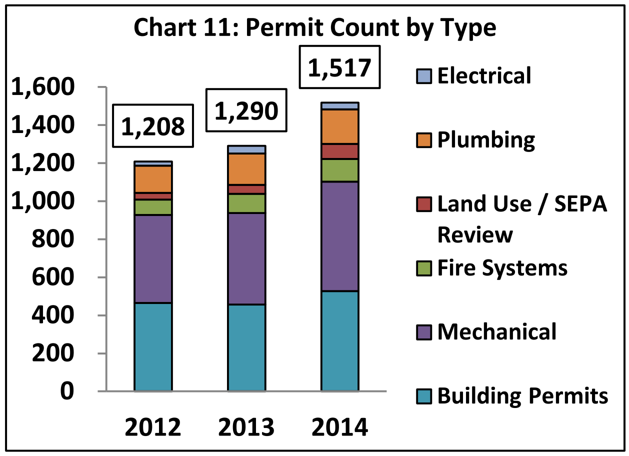
Table 8: REET Sales > $1 Million ($ in thousands)

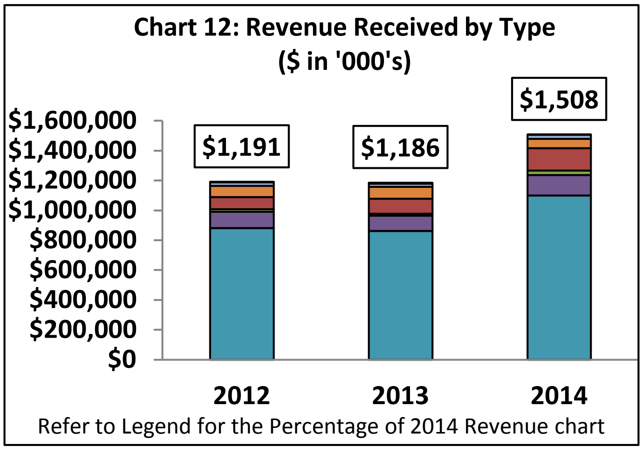
	2014		2013		2014 v. 2013		
Month of Activity	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value $ Change	Value % Change
January	1	$1,500	3	$5,780	(2)	($4,280)	-74.1%
February	3	5,966	0	0	3	5,966	N/A
March	5	6,000	1	1,165	4	4,835	415.0%
April	0	0	0	0	0	0	0.0%
May	1	2,096	4	8,300	(3)	(6,204)	-74.7%
June	3	8,540	4	12,057	(1)	(3,517)	-29.2%
July	2	3,319	2	2,343	0	976	41.7%
August	5	7,138	3	6,875	2	263	3.8%
September	2	2,453	4	5,803	(2)	(3,349)	-57.7%
October	1	3,000	1	1,100	0	1,900	172.7%
November	3	3,965	2	2,480	1	1,485	59.9%
December	4	5,955	3	5,124	1	831	16.2%
Totals	30	$49,932	27	$51,027	3	($1,095)	-2.1%
	Totals may not foot due to rounding.						

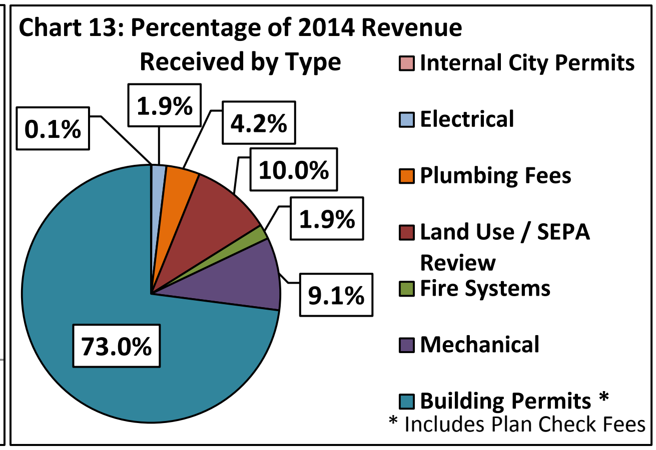
Table 9: Permit Count by Type

Type	2012	2013	2014	2014 v. 2013 # Chg.	2014 v. 2013 % Chg.
Building *	465	457	527	70	15.3%
Mechanical	463	481	576	95	19.8%
Fire Systems	81	101	119	18	17.8%
Land Use / SEPA Review	35	46	78	32	69.6%
Plumbing	142	165	183	18	10.9%
Electrical	22	40	34	(6)	-15.0%
Totals	1,208	1,290	1,517	227	17.6%

* Includes Plan Check







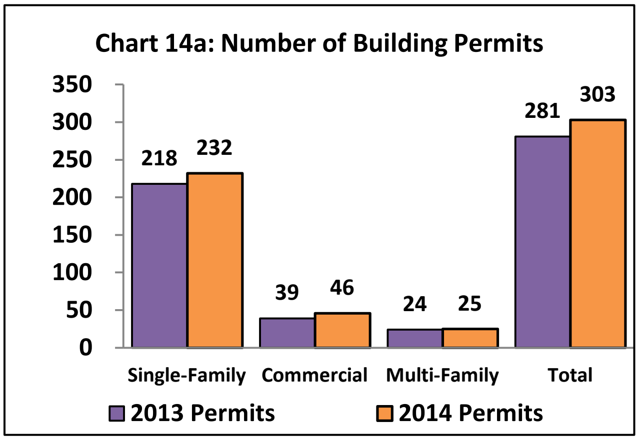
Permit revenue in December 2014 totaled $298,211. Total revenue to date is $1,507,996, which is 65.6% ahead of the projection and 27.2% ahead of the year-ago level.

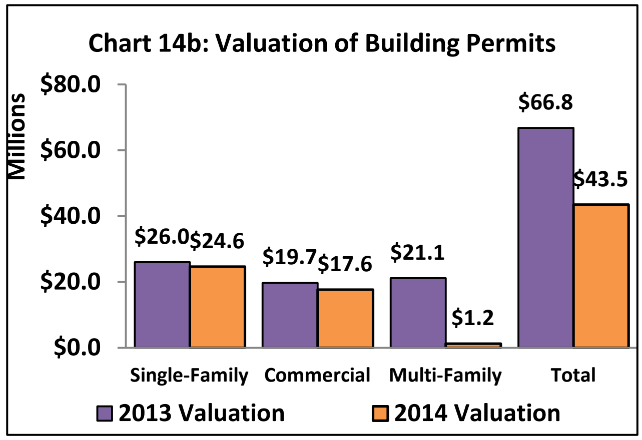
Issued building permits came in at $3.2 million valuation for December, comprised 66% of residential and 34% of commercial/multi-family valuation.

Table 10: 2014 Issued Building Permits and Valuation ($ in thousands)

	Residential				Commercial				Multi-Family			
	New		Add/Remodel		New		Add/Remodel		New		Add/Remodel	
Month	#	Valuation	#	Valuation	#	Valuation	#	Valuation	#	Valuation	#	Valuation
January	6	$1,939	8	$101	0	$0	2	$79	0	$0	0	$0
February	4	1,363	6	188	0	-	0	-	0	-	1	10
March	9	2,195	10	270	1	4,000	4	920	0	-	0	-
April	2	686	21	1,099	0	-	4	1,835	0	-	8	317
May	6	1,916	24	1,106	2	481	3	390	0	-	4	176
June	0	-	10	522	1	12	6	624	0	-	3	62
July	5	1,100	18	1,841	1	2,457	6	570	0	-	5	50
August	1	343	21	659	1	1,514	3	26	0	-	0	-
September	5	2,039	17	898	1	2,786	1	45	0	-	1	50
October	5	1,044	24	984	0	-	3	388	1	474	1	40
November	4	1,335	11	943	0	-	3	458	0	-	1	32
December	6	1,919	9	153	0	-	4	1,047	0	-	0	-
Totals	53	$15,878	179	$8,763	7	$11,250	39	$6,381	1	$474	24	$738

Local development activity in 2014, in terms of the number of building permits pulled in 2014, has increased from the year-ago level (See Chart 14a) but the valuation is lower (See Chart 14b). A substantial portion of the 2013 valuation is related to the timing of the large projects listed below. Significant projects worth mentioning in 2014 are also listed below.





2013 Large Projects:

- **March:**
  - Shoreline Star Apartments: Foundation of residential building ($2.0M)
  - King County Metro Transit: Remodel ($3.9M)
- **July:**
  - US Biotek: 2-story office/lab building ($2.9M)
- **September:**
  - Shoreline Star Apartments: 129-unit residential building ($16.0M)
- **November:**
  - Chuck Olson Kia: Retail car sales, repair shop and office building ($2.0M)
  - International Community Health Services: 3-story medical and dental outpatient clinic ($5.7M)

2014 Large Projects:

- **March:**
  - North City Water District: 3,200 sf pump station ($4.0M)
- **April:**
  - Washington State Public Health Lab: Remodel ($1.8M)
- **July:**
  - Washington State Department of Transportation: 1-story office building ($2.5M)
- **August:**
  - Evergreen School Cedar Building: 2nd floor addition and 2-story addition to the west ($2.8M)