

# COVID-19 Impacts: downtown Seattle and the region

Last Updated March 20, 2020

The COVID-19 situation is impacting businesses downtown and across the city and region. The numbers we hear are changing daily and it may be some time before we understand the full impact of this event on our economy. As new information comes in, we will continue to update this summary with the most recent available data.

The following is based on currently available data as of March 20:

**Regional impacts** (early impact study by Community Attributes published March 17; please note that the numbers are subject to change)

- In the very near-term COVID-19 will severely impact nearly 40% of all the jobs in King, Pierce, and Snohomish counties. This could include layoffs or wage reductions.
- There are 419,400 workers in the most immediate risk job categories in the tri-county area. Most of these occupations pay between \$15 to \$25 per hour, skewed to the lower end of the range.

Source: [COVID-19 Anticipated Economic Impacts in Seattle and Washington](#)

## Increased Unemployment

- In King County, unemployment claims increased over 218% during the week of March 8 compared to the previous week.
- In Washington state, food services represented the highest percentage of new claims filed, up 597%; educational services was up 560%; arts, entertainment and recreation was up 256%. Those 34 years of age and younger represented the largest group of workers filing new claims.
- Nationwide, travel industry unemployment is now 40%

## City Revenue Impact

- The City of Seattle expects to collect \$110 million less in general-fund tax revenue this year due to Coronavirus impacts. This is being considered a “best case scenario”.

## Business closures

- Prior to the order on March 16 to close most customer-facing businesses outside of takeout and delivery, at least 83 businesses had closed downtown. Six permanently closed as a result of impacts from the virus.
- All arts and performance venues have closed (an estimated loss to the economy of \$2 to 3 million per week).

### **Declines in restaurant business**

- Those restaurants who had stayed open prior to March 16 saw declines in daily revenue ranging from 35% to 95% for firms reporting.
  - All areas are affected, but locations near residential areas appear to be less affected compared to areas that are primarily commercial.

### **Loss of visitor impacts**

- Hotel occupancies declined to below 40% by March 7. The week ending March 14 saw occupancy dip below 20% (down from 79% last year). Some hotels reported single digit occupancy rates. Hotel revenue was down last week by 80%.
- As of March 20, 19 downtown hotels had temporarily closed.
- Convention cancellations so far will lead to economic loss of at least \$35 million .
- Potential future cancellations through May could add another \$137 million in potential losses.
- Cruises have been suspended until July (impact likely more than \$400 million).

### **Less downtown traffic overall**

- On March 19, The Seattle Times [reported](#) a 60% drop in King County Metro ridership, while Sound Transit's ridership had dropped by 69% compared to normal.
- According to INRIX Trip Analytics, downtown traffic was down 36% compared to normal the week of March 9 and trip volumes in South Lake Union were down by 49%.
- By mid-March, city automated traffic counters are showing daily counts dropping in excess of 40% downtown compared to normal.

### **Small business survey** (during first week of COVID-related community intervention)

- 80% of surveyed businesses in Seattle are seeing drops in demand, with 45% seeing a "significant" decrease.
- Wage cuts and staffing cutbacks are being considered by 60% of small businesses.
- 35% of small businesses in Seattle are concerned they will have to close.

source: <https://freshchalk.com/blog/covid-19-is-killing-small-businesses-in-seattle>

### **What others are saying**

- 60% of businesses surveyed by Central Square district in Cambridge, MA indicated that their business would not be able to survive an 8-week closure.
- KPMG expects a 0.9% decrease in GDP in the U.S for 2020. Goldman Sachs predicts a 5% slump in the second quarter but to remain slightly positive for the year.
- Long recovery for hospitality, could be several years. (CoStar)
- For the three-week period following Feb. 21, when stock markets first began retreating from historic highs, the pace of commercial property sales nationally was about half what it was for those three weeks a year ago. (CoStar)
- Estimated effect of closures on average annual earnings for retailers (U.S.) is an 18% decrease. (B. Riley FBR, via CNBC)

Questions or suggestions? Contact DSA Senior Research Manager, Elliott Krivenko at [elliottk@downtownseattle.org](mailto:elliottk@downtownseattle.org)

## Articles of interest

City of Seattle estimates at least a \$110 million hit to the city's general fund:

<https://www.seattletimes.com/seattle-news/politics/seattle-government-expecting-revenue-loss-of-more-than-100-million-as-result-of-coronavirus/>

King County Metro's March 13 statement on ridership:

<https://kingcountymetro.blog/2020/03/13/march-13-metro-ridership-decreases-as-public-heeds-direction-of-public-health-officials/>

Impact on the arts community:

<https://www.thestranger.com/slog/2020/03/14/43133120/it-has-cut-so-deep-so-fast-seattle-artists-organize-as-the-town-shuts-down>

Occupancy rates across the United States fell 7% year-over-year for the week ending March 7:

<https://product.costar.com/home/news/shared/465623438>

Past disruptions in the hospitality industry have had slow recoveries:

<https://product.costar.com/home/news/shared/767261539>

U.S. property sales have slowed: <https://product.costar.com/home/news/shared/4621464>

Macroeconomic impacts of COVID-19:

<https://www.kpmg.us/content/dam/kpmg/pdf/2020/covid-19-impact.pdf>