

PROFESSIONAL SERVICES: Downtown Federal Way

INTRODUCTION

The North American Classification System (NAICS) identifies industries in the Tax Preparation, Bookkeeping, and Payroll Services sector engaged in providing services, such as auditing of accounting records, designing accounting systems, preparing financial statements, developing budgets, preparing tax returns, processing payrolls, bookkeeping, and billing under NAICS 5412.

The tax preparation, bookkeeping, and payroll services subsector consists of these industry groups:

- Accounting, Tax Preparation, Bookkeeping, and Payroll Services: NAICS 5412 or 54121
- Offices of Certified Public Accountants: NAICS 541211
- Tax Preparation Services: NAICS 541213
- Payroll Services: NAICS 541214
- Other Accounting Services: NAICS 541219

For the purpose of this analysis, NAICS 5412 was used to capture the broad array of establishments.

BACKGROUND

Professional Services encompasses accounting, architecture, engineering, legal, and management consulting sectors. However, the largest profession found in downtown is Accounting, Tax Preparation, Bookkeeping, and Payroll Services.

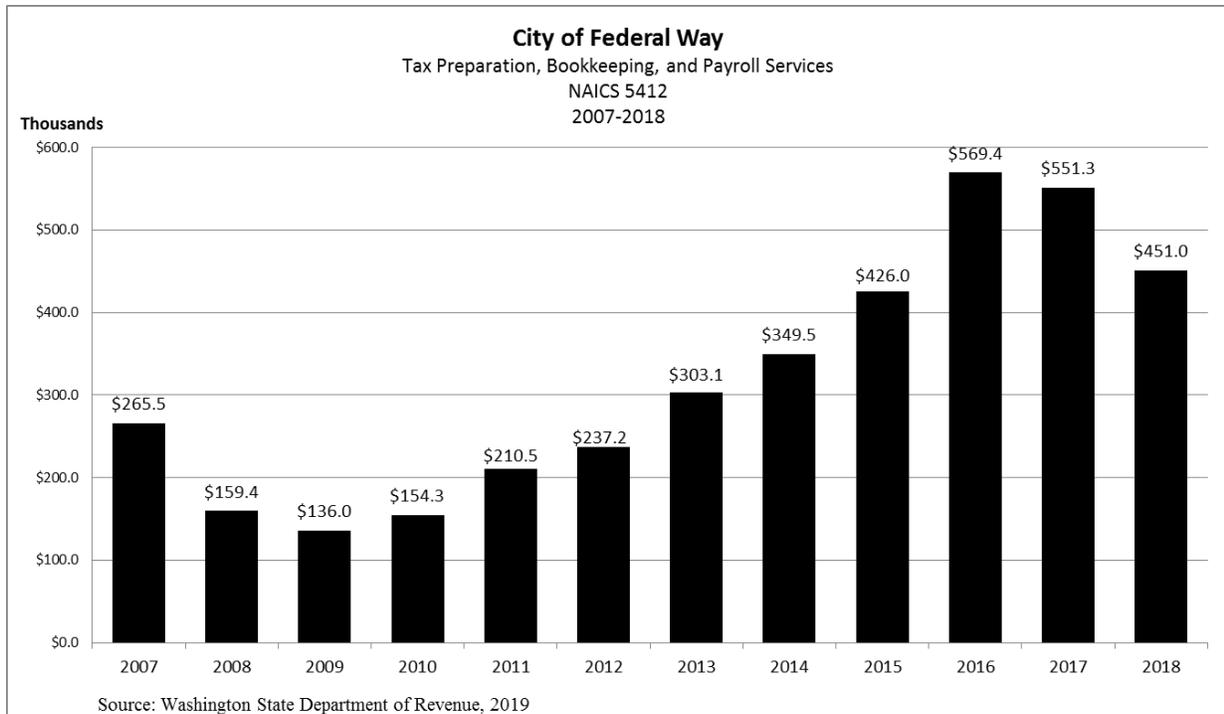
The U.S. Department of Commerce indicates that in 2017 the U.S. professional services industry comprised about 1.18 million firms, up from 1.16 million in 2016. It employed 9 million Americans in 2017, up from 8.9 million in 2016. The industry achieved combined annual revenues of \$1.76 trillion in 2017, a 2.1 percent increase from 2016.

According to the Bureau of Labor Statistics (BLS), in May 2019 there were 325,930 employees in the Accounting, Tax Preparation, Bookkeeping, and Payroll Services sector and just over 1.2 million people were employed in Accounting and Auditing. BLS also indicated that the annual mean wage for this sector was \$78,820.

Research on Taxable Retail Sales from 2007 to 2018 in Federal Way, specifically before and through the recovery from the "Great Recession," sales in this subsector had decreased corresponding to the Great Recession. The low mark was in 2009 at \$136 thousand. The subsector began recovery in 2010 returning to pre-recession levels in 2013. Sales have increased every year until a slight drop in 2018. As sales for this sector were \$551.3 thousand in 2017 but declined to \$451.8 thousand in 2018. See chart on following page.

MARKET

Downtown Federal Way has seven professional services. Five of these establishments involve accounting and tax preparation services. Additionally, there are two financial advisor services.



NOTE: In thousands.

TRENDS

There are several trends that impact this sector nationally, statewide, and locally.

Accounting firms and accountants will face challenges caused by new technology, platforms, services, and changing customer expectations. According to a 2018 article by Forbes, in 2020, labor-intensive tasks like tax preparation, payroll, audits, and banking will be fully automated. Forbes also reported that by 2026, the global market for accounting software will have a value of \$11.8 billion. Accountants can stay competitive and optimize their skills by integrating services such as business advising and cash flow consulting into their accounting practice.

For investment services, technology has posed threats as well. The Bureau of Labor Statistics reports that employment for personal financial advisors is projected to grow 15 percent from 2016 to 2026, much faster than the average for all occupations. As the population ages and life expectancies rise, demand for financial planning services will increase.

SOURCES

- U.S. Dept. of Labor, Bureau of Labor Statistics
- U.S. Dept. of Commerce, Census Bureau
- City of Federal Way
- ESRI
- Federal Reserve Bank of St. Louis
- Forbes
- North American Industry Classification System
- Washington State Department of Revenue

Location of Professional Services



This map is intended for use as a graphical representation. The City of Federal Way makes no warranty as to its accuracy.
Aerial Photo: May 2018
Date Published: June 2019

Professional Services

Downtown Federal Way has a variety of professional services in categories such as accounting and financial advising. Currently there are five accountant firms and tax preparation service providers and two financial advising firms.

Year Built is the calendar year in which at least 50 percent of the original construction was complete. Effective Year Built is the adjusted year built taking into account any subsequent new construction or major rehabilitation

1. Liberty Tax Service

32038 23rd Avenue South.
National tax preparation service.

2. Gig Universal

2016 S 320th St Ste N.
Located: Central Plaza
Tax preparation service offered in Spanish.

3. Sam Ahn, CPA

31260 Pacific Hwy S STE 6.
Certified Public Accountant offering tax preparation and bookkeeping services.

4. H&R Block

31721 Pacific Hwy S.
Located: Pavilions Centre II
National tax preparation service.

5. Jackson Hewitt Tax Service

31811 Pacific Hwy S Ste A.
Located: Pavilions Centre II
National tax preparation service.

6. Edward Jones Financial Advisor

31835 Pacific Hwy S Suite G.
Located: Pavilions Centre II
Financial advising service specializing in investing and retirement preparation.

7. Financial Engines

32225 Pacific Hwy S #103.
Financial advising firm offering retirement strategy services and personalized investment plans.