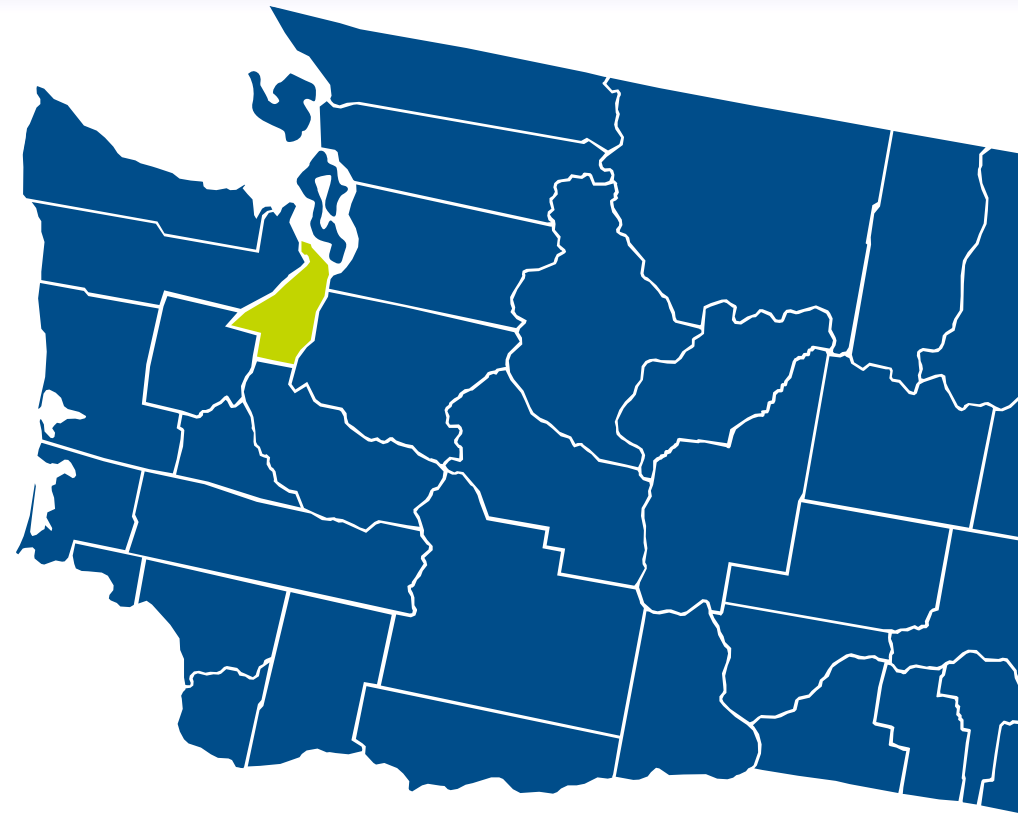


We are always seeking opportunities to bring the strengths of Western Washington University to fruition within our region. If you have a need for analysis work or comments on this report, we encourage you to contact us at 360-650-3909. To learn more about CEBR visit us online at cebr.wvu.edu



KITSAP COUNTY

2018 ECONOMIC PROFILE



About this Report

The following report is intended to give a basic overview of the local economy while illustrating factors that may impact it. Unless otherwise stated, the data in this report is the most recent complete annual data for the region, which at the time of publication is 2018.

About the Authors

The Center for Economic and Business Research is an outreach center at Western Washington University located within the College of Business and Economics. The Center connects the resources found throughout the University to assist for-profit, non-profit, government agencies, quasi-government entities, and tribal communities in gathering and analyzing useful data. We use a number of collaborative approaches to help inform our clients so that they are better able to hold policy discussions and craft decisions.

The Center employs students, staff and faculty from across the University as well as outside resources to meet the individual needs of those we work with. Our work is based on academic approaches and rigor that not only provides a neutral analysis perspective but also provides applied learning opportunities. We focus on developing collaborative relationships with our clients and not simply delivering an end product.

The approaches we utilize are insightful, useful, and are all a part of the debate surrounding the topics we explore; however, none are absolutely fail-safe. Data, by nature, is challenged by how it is collected and how it is leveraged with other data sources; following only one approach without deviation is ill-advised. We provide a variety of insights within our work – not only on the topic at hand but the resources (data) that inform that topic.

The Center for Economic and Business Research is directed by Hart Hodges, Ph.D. and James McCafferty.

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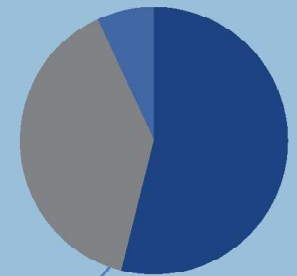
The Department of Defense
contributed over

\$4 billion
to the Kitsap County
regional economy

\$2.1 billion
in direct military and
civilian payroll
45,532 jobs, including:



\$1.9 billion
in industry output



- \$14 million from Visitor spending
- \$792 million from Operations and contracts
- \$1.1 billion from Payroll



\$129 million
in state and local taxes

Regional Cost of Living 2018							
	Composite	Grocery	Housing	Utilities	Transportation	Healthcare	Misc. Good and Services
Kitsap	145.4	100.4	187.0	71.7	116.4	83.4	103.9
Pierce	111.6	112.1	111.2	91.4	96.2	124.2	119.4
Snohomish*	149.2	91.5	192.7	65.0	114.2	73.0	92.3
King	154.8	127.1	212.5	111.1	135.4	123.5	136.9
Washington	107.1	107.4	107.8	94.0	116.4	118.5	106.4

Source: C2ER and bestplaces.net

*Snohomish data estimated using King County and data from bestplaces.net for reference

The cost of living composite consists of grocery, housing, utilities, transportation, and miscellaneous goods and services. The national average is normalized at 100. Compared to other neighboring counties, the cost of living in Kitsap is lower compared to both Snohomish, and Seattle while surpassing both Pierce, and the state aggregate. Both Kitsap and King Counties experienced higher housing prices; however, Kitsap indicated a much lower cost in utilities and healthcare compared to all other regions measured.

Living Wage (Kitsap County) 2018			
Housing Type	Rate	Required household hourly wage	Required household weekly wage
Rent 1 bedroom	\$1,172	\$22	\$879
Rent 2 bedroom	\$1,284	\$24	\$963
Median home mortgage	\$1,318	\$25	\$989

Living Wage (King County) 2018			
Housing Type	Rate	Required household hourly wage	Required household weekly wage
Rent 1 bedroom	\$1,660	\$29	\$1,149
Rent 2 bedroom	\$1,741	\$30	\$1,205
Median home mortgage	\$2,616	\$45	\$1,811

Source: UW Runstad Department of Real Estate and CEBR

The living wage is determined by calculating the minimum income at which a maximum of 33.3 percent of the total income would be allocated for housing. For 2018, the minimum living wage to rent a one-bedroom apartment in Kitsap County was \$22 compared to \$29 in King County. Meanwhile, the median home mortgage in Kitsap County required an hourly wage of \$25 in contrast to King County at \$45.

Note: Home purchase assumes 20% as down payment, 4% interest and is displayed as principal and interest only.

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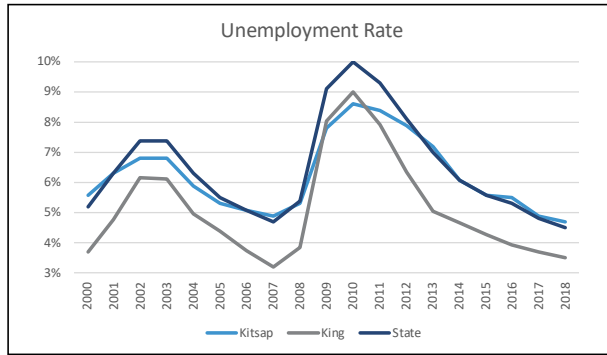
County Demographics				
	King County	Kitsap County	Washington	United States
Population				
Population estimates, July 1, 2018	2,233,163	269,805	7,535,591	327,167,434
Population estimates base, April 1, 2010	1,931,292	251,143	6,724,540	308,758,105
Population, percent change - April 1, 2010 (estimates base) to July 1, 2018	15.6%	7.4%	12.1%	6.0%
Population, Census, April 1, 2010	1,931,249	251,133	6,724,540	308,745,538
Labor Force				
In civilian labor force, total, percent of population age 16 years+, 2013-2017	53.0%	56.2%	63.4%	63.0%
In civilian labor force, female, percent of population age 16 years+, 2013-2017	54.0%	53.8%	58.3%	58.2%
Income and Poverty				
Median household income (in 2017 dollars), 2013-2017	\$48,757	\$68,336	\$66,174	\$57,652
Per capita income in past 12 months (in 2016 dollars), 2013-2017	\$27,506	\$34,412	\$34,869	\$31,177
Persons in poverty, percent	18.1%	8.3%	11.0%	12.3%

Source: US Census

We begin with county demographics in order to provide a reference point for further discussion about the data throughout this profile. Kitsap's population has grown since 2010 at a rate of 7.4 percent, which is higher than the United States growth rate (6 percent) but lower than Washington State (12.1 percent) and neighboring King County (15.6 percent). The median income for Kitsap residents in 2017 was higher than the United States median, as well as Washington State and King County. Additionally in 2017, Kitsap had a lower rate of persons in poverty (8.3 percent) than the National (12.3 percent), Washington State (11 percent), and King County (18.1 percent) rates.

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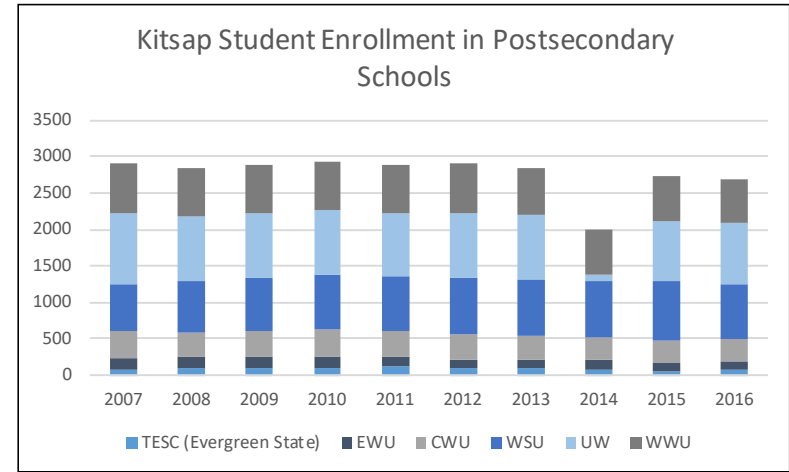
In 2018, Kitsap's unemployment rate (4.7 percent) was 1.2 percentage points higher than neighboring King County, continuing a historical trend. The industries of Management of Companies and Enterprises, and Accommodation & Food Services report the highest and lowest quarterly wages at \$22,583 and \$4,920 respectively.



Source: Federal Reserve Economic Data (FRED)

Industry subsectors 2018 Annual*	Firms	Total quarterly wages paid	Average employment	Average quarterly wage
Management of companies and enterprises	19	\$30,170,547	334	\$22,583
Professional and technical services	767	\$326,373,976	4,420	\$18,460
Government	106	\$2,302,021,615	32,798	\$17,547
Wholesale trade	222	\$86,171,948	1,270	\$16,963
Finance and insurance	179	\$107,504,140	1,636	\$16,428
Information	92	\$48,148,162	761	\$15,818
Manufacturing	182	\$146,664,843	2,741	\$13,377
Construction	881	\$241,095,301	4,511	\$13,362
Healthcare and social assistance	1,381	\$538,423,489	12,096	\$11,128
Agriculture, forestry, fishing and hunting	57	\$10,689,562	251	\$10,647
Administrative and waste services	417	\$120,171,877	3,080	\$9,754
Transportation and warehousing	82	\$39,407,990	1,025	\$9,612
Real estate and rental and leasing	205	\$44,041,822	1,171	\$9,403
Retail trade	583	\$360,504,423	11,174	\$8,066
Educational services	104	\$21,744,194	698	\$7,788
Other services, except public administration	530	\$73,772,894	2,418	\$7,628
Arts, entertainment, and recreation	92	\$25,161,788	1,254	\$5,016
Accommodation and food services	455	\$161,693,886	8,216	\$4,920
Total	6,359	\$4,699,475,867	90,031	\$13,050

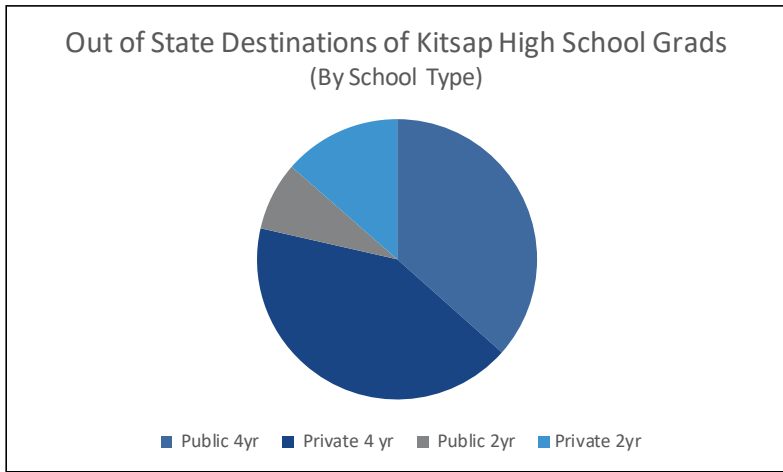
* Does not include Department of Defense Data



Source: Education Research & Data Center

Every year, a majority of graduates from Kitsap County that stay in-state for college go on to attend the University of Washington. However, in the case of 2014, there was an extreme change in the number of students attending UW. Only 50 students reported going on to UW, a -94.3 percent change from the year prior, followed by a 93.9 increase, back to trend, in 2016.

Statistics						
Total (Out of State)	Enrolled Out of State				Total	
	Public 4 yr	Private 4 yr	Public 2 yr	Private 2 yr	HS Graduates	% Going to College
48%	18%	29%	0-2%	0-2%	338	78%
20-24%	10-14%	5-9%	5-9%	0-2%	294	42%
20%	9%	8%	2%	0-1%	801	57%
28%	13%	12%	3%	0-2%	421	62%
13%	6%	5%	0-2%	0-2%	637	45%
18%	8%	8%	2%	0-1%	69163	59%



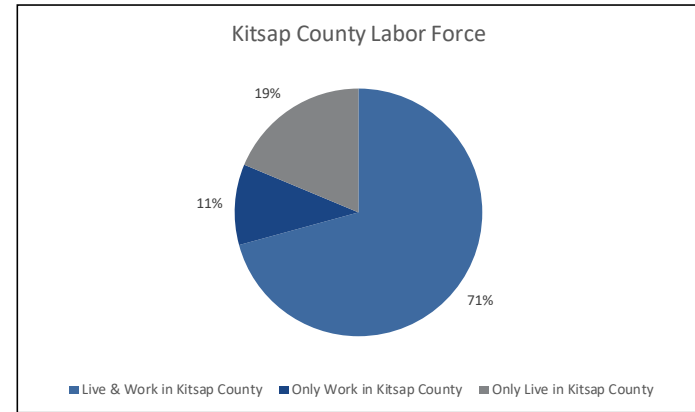
Source: Education Research & Data Center

Kitsap Students

- Students of Central and North Kitsap who go on to college are more likely to attend out of state institutions as compared to students of South Kitsap.
- Most graduates choose to stay in-state for their higher education
- A majority of students in Kitsap County that go onto higher education go to institutions designated for four-year programs.

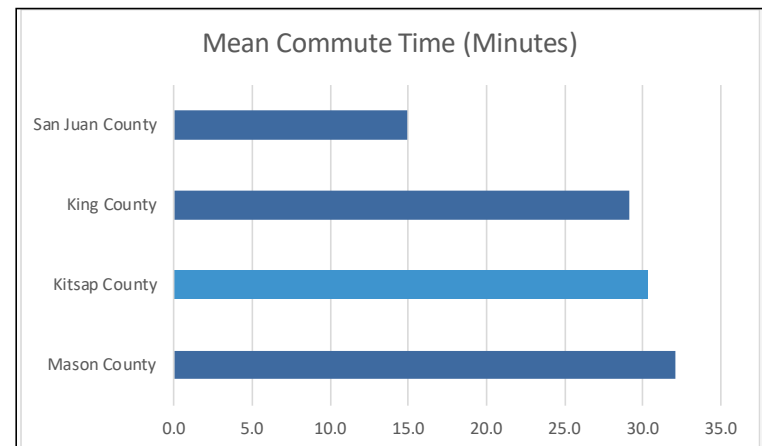
2015-16 Academic Year					
Enrolled in Washington					
District	Total (In State)	Public 4 yr	Private 4 yr	Public 2 yr	Private 2 yr
Bainbridge Island	52%	25%	7%	21%	0-2%
Bremerton	80-84%	20-24%	5-9%	55-59%	0-2%
Central Kitsap	80%	22%	4%	54%	0-1%
North Kitsap	72%	22%	4%	46%	0-2%
South Kitsap	87%	29%	4%	54%	0-2%
Statewide	82%	33%	5%	44%	0-1%

Of the 96,697 people that work in Kitsap County, there were 12,522 individuals who commute into the area from outside of the county. A further 22,216 people choose to live in Kitsap but commute outside of the county for work. 84,175 of those who work in Kitsap also live within the county.



Source: JobsEQ

The mean commute time in Kitsap remained the same at 30.3 minutes in 2018. Given the geography of the county, many commuters take advantage of the state ferry and the fast ferry. In February 2019, ferry ridership fell 19% due in large part to “snowmageddon,” as well as the increased popularity of Kitsap Transit’s fast ferry, which measures ridership separately*. Neighboring King County saw an increase from 28.7 to 29.1 minutes. San Juan and Mason Counties continue to have the shortest and longest commutes at 14.9 and 32.1 minutes, respectively. The state average increased marginally from 23.1 to 23.2 minutes.

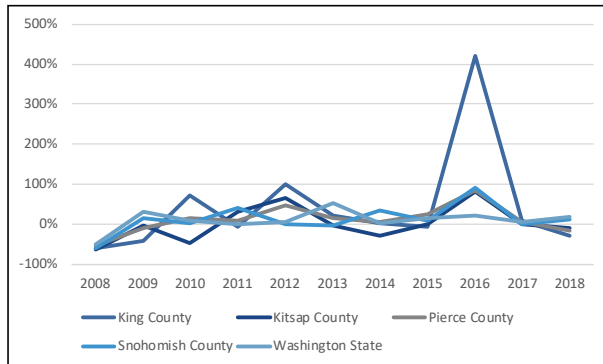


Source: JobsEQ

*Source: Seattle Times

Building Permits Annual Percent Change*

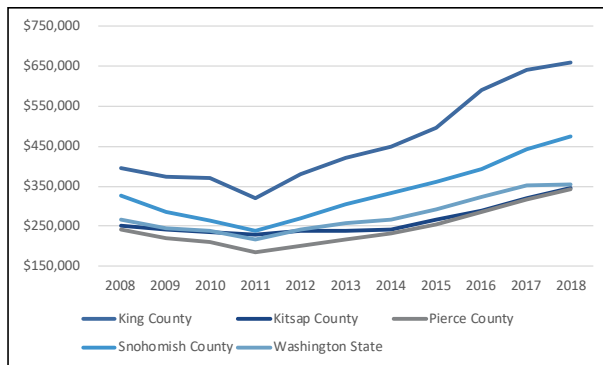
Building permits are volatile, often fluctuating from year to year. In Kitsap, this is attributable to the small denominator effect, which can make small changes appear outsized. The annual percent change in building permits dropped from 10.6 percent in 2017 to -4.3 percent in 2018.



Building Permits Annual Percent Change				
	2015	2016	2017	2018
King County	-4.90%	22.00%	3.60%	-8.30%
Kitsap County	-0.2%	21.5%	10.6%	-4.3%
Pierce	-6.3%	24.6%	7.1%	-3.0%
Snohomish	3.4%	19.0%	12.00%	0
Washington State	0.50%	18.10%	3.80%	-6.80%

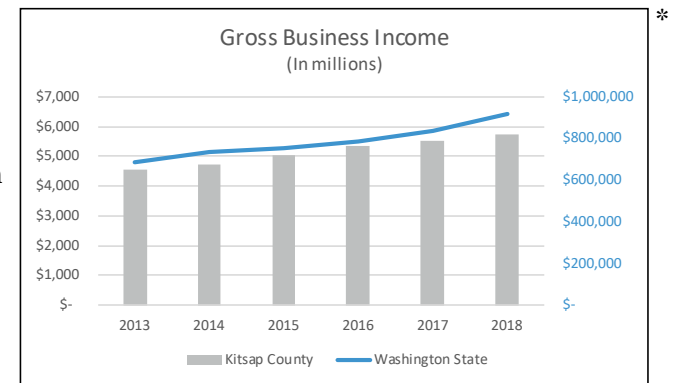
Median House Resale Price*

Washington's median resale price increased by \$3,900. Snohomish County exhibited the most significant change, rising from \$442,300 to \$473,200. Kitsap's resale price increased by \$24,900, whereas King County's resale price increased by only \$15,000. However, resale prices in King County tend to be approximately double those of Kitsap.

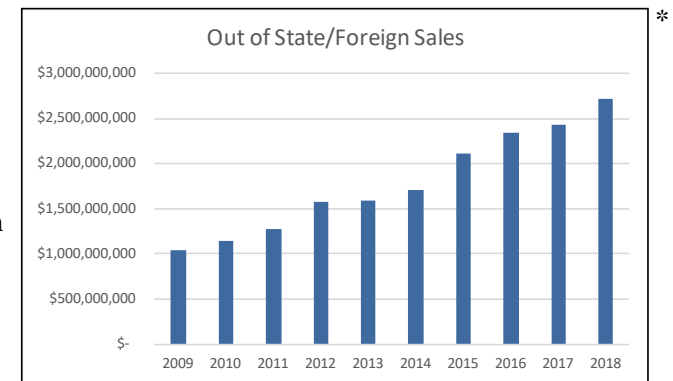


Median Resale Price				
	2015	2016	2017	2018
King County	\$494,500	\$590,100	\$641,400	\$657,300
Kitsap County	\$267,800	\$287,700	\$320,200	\$345,100
Pierce	\$254,800	\$285,800	\$315,600	\$342,200
Snohomish	\$359,800	\$392,600	\$442,300	\$473,200
Washington State	\$292,900	\$323,000	\$352,200	\$356,100

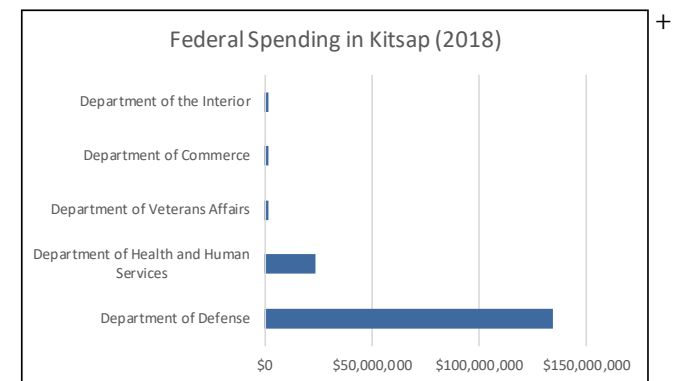
Gross business income, both statewide and in Kitsap, continues to increase. In Kitsap it grew by \$223 million in 2018. This was below the annual average increase of \$243 million for the prior five years.



Kitsap County's out of state and foreign sales grew sharply in 2018, increasing by \$114 million. Over the prior five years, annual growth had averaged \$12 million.

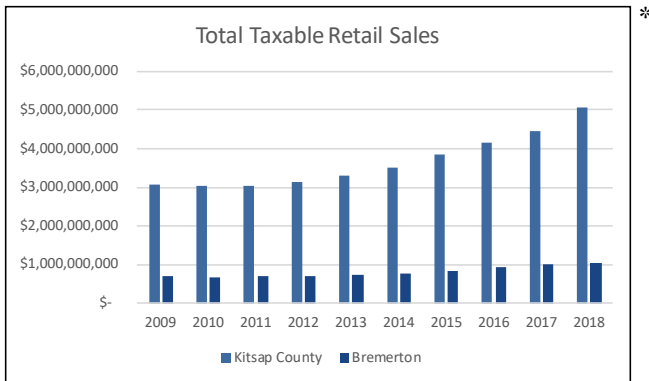


Federal spending in Kitsap County by the Department of Defense is nearly six times larger than the next highest spending department (Department of Health and Human Services).

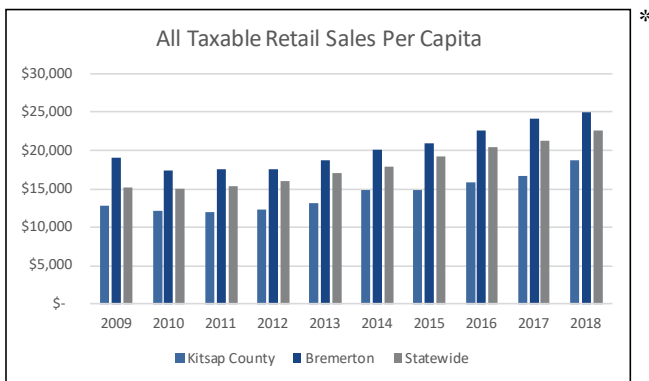


* Source: Washington State Department of Revenue
 + Source: usaspending.gov

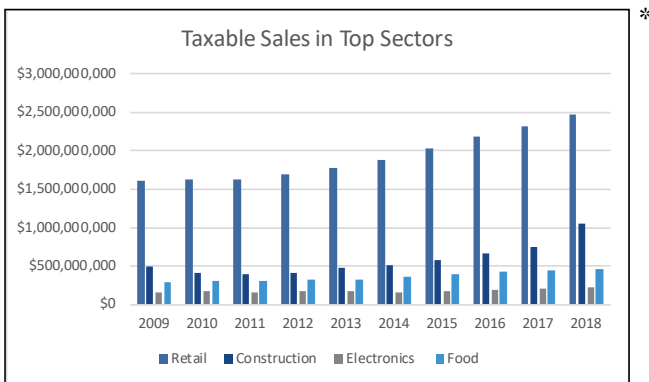
From its low in 2010, Kitsap County retail sales grew by 40% as of 2018. In 2018 Bremerton's taxable retail sales made up 20.6% while unincorporated Kitsap County made up 46% of the county total.



Kitsap has averaged 3 percent average growth in per capita taxable sales, exceeding the state by 0.3 percentage points and Bremerton by 1.5 percentage points. Growth here was stronger than expected in 2018.

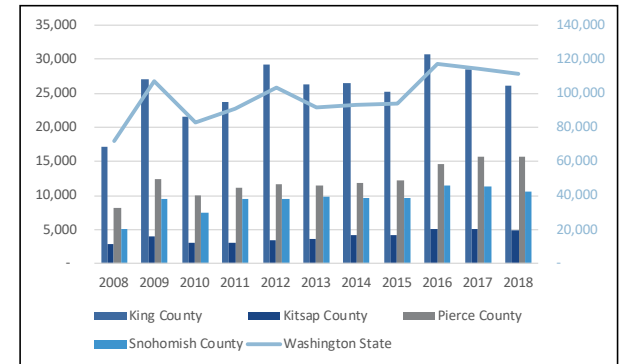


Construction sector sales continue to increase at a rapid rate and have transitioned from being 36.3 percent of taxable sales in 2008 to 42.5 percent in 2018.



All Housing Sales Annual Change*

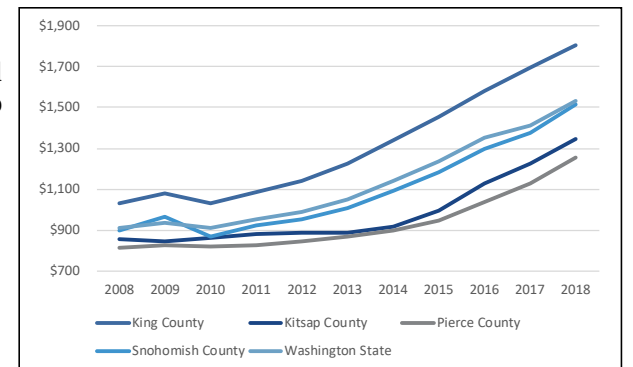
Except for Pierce County, which remained constant, annual home sales fell in 2018. King County experienced the most significant drop, with home sales declining by 2,360 between 2017 and 2018. Kitsap's dip in the market was not as severe relative to King County, decreasing by 5,100 sales in 2017 to 4,880 in 2018, for a total decrease of 220.



All Sales Annual Change				
	2015	2016	2017	2018
King County	25,170	30,710	28,450	26,090
Kitsap County	4,240	5,150	5,100	4,880
Pierce	12,200	14,520	15,660	15,660
Snohomish	9,710	11,470	11,290	10,520
Washington State	93,911	116,971	114,670	111,200

Average Apartment Rent*

Washington State average rent increased from \$1,412 in 2017 to \$1,532 in 2018. King County experienced an increase of \$110 in average apartment rent. Compared to King County, Kitsap exhibited a larger average rent increase from \$1,226 to \$1,345 between 2017 and 2018, for an overall increase of \$119.



Average Apartment Rent				
	2015	2016	2017	2018
King County	\$1,453	\$1,579	\$1,695	\$1,805
Kitsap County	\$998	\$1,126	\$1,226	\$1,345
Pierce	\$945	\$1,041	\$1,130	\$1,258
Snohomish	\$1,186	\$1,296	\$1,378	\$1,514
Washington State	\$1,236	\$1,353	\$1,412	\$1,532

24/7 Wall St. ranked Bremerton-Silverdale the 2nd most innovative region in the U.S. in 2018

Spending by the Department of Defense exceeds \$1.5 billion in the region annually.

In 2015 there were 348.7 patents granted per 100,000 people, for a total of 7,278 patents.

The population of Kitsap County is roughly one third the size of Seattle.

14,653,703 passengers rode a Washington State ferry in Kitsap County in 2018.

The fast ferry had an average of 27,293 passengers in 2018 Q3.

The Hood Canal bridge is the third longest floating bridge in the world, and the longest over salt water.

6,355,278 people took the Seattle-Bainbridge ferry in 2018.

