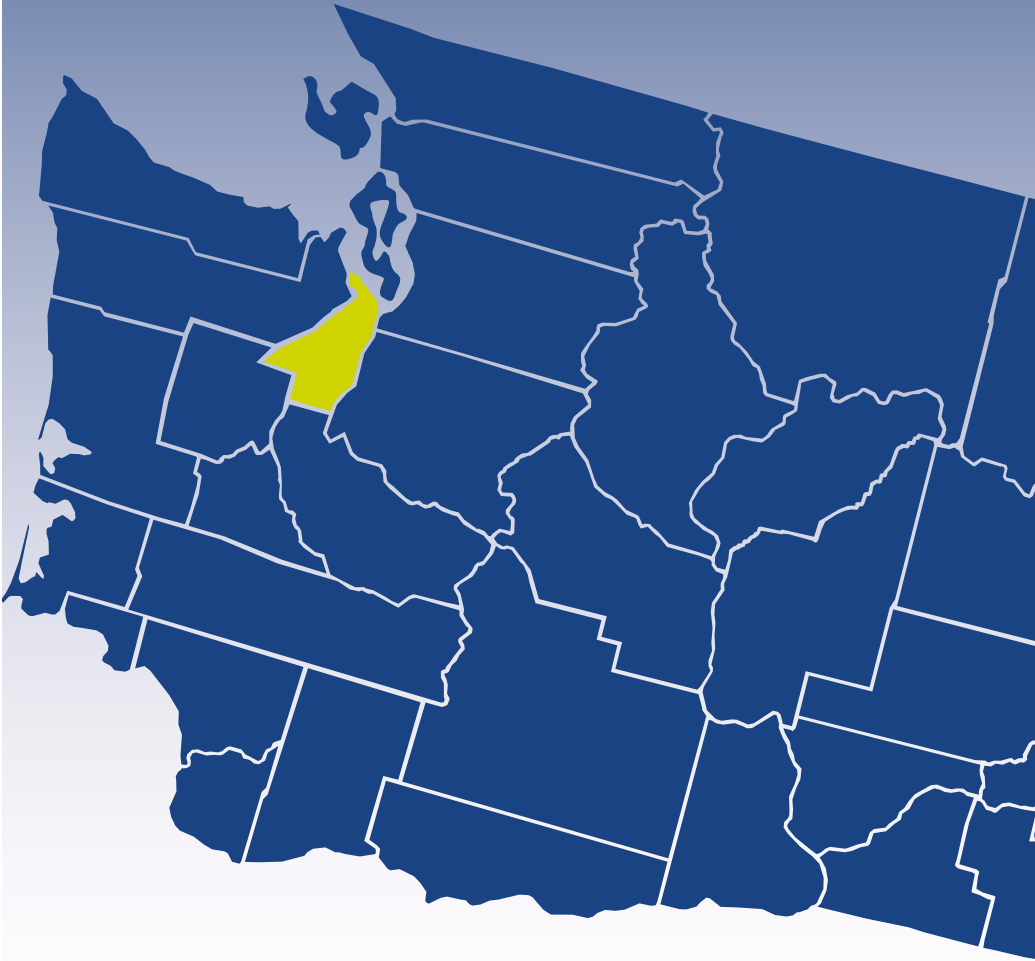


KITSAP COUNTY

2019 ECONOMIC PROFILE



CENTER FOR ECONOMIC AND BUSINESS RESEARCH

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 includes mostly 2019 data, but also data from 2016, 2017, and 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.

County Demographics

	King County	Kitsap County	Washington	United States
Population				
Population estimates, July 1, 2019	2,252,782	271,473	7,614,893	328,239,523
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, 2019	16.60%	8.10%	13.2	6.3%
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+, 2014-2018	69.80%	53.40%	63.5%	62.9%
In civilian labor force, female, percent of population age 16 years+, 2014-2018	63.80%	53.40%	58.4%	58.2%
Income and Poverty				
Median household income (in 2018 dollars), 2014-2018	\$94,974	\$75,411	\$73,775	\$62,843
Per capita income in past 12 months (in 2018 dollars), 2014-2018	\$52,462	\$37,493	\$38,915	\$34,103
Persons in poverty, percent	7.7%	7.5%	9.8%	10.5%

Source: US Census

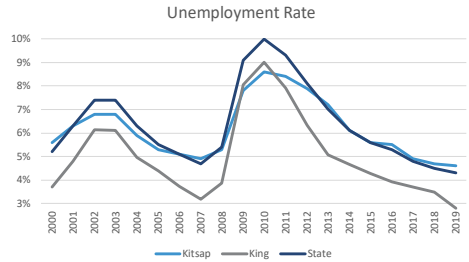
We begin with county demographics in order to provide a reference point for further discussion about the data throughout this profile. Kitsap's population has grown since 2010 at a rate of 8.1 percent, which is higher than the United States growth rate of 6.3 percent but lower than Washington State at 13.2 percent and neighboring King County at 16.6 percent. The median income for Kitsap residents in 2019 was \$75,411, which is lower than the King County median annual income of \$94,974 but higher than the United States and Washington State with median annual incomes of \$62,843 and \$73,775, respectively. Additionally, in 2019, Kitsap had a rate of persons in poverty of 7.5 percent, which is lower than the national rate of 10.5 percent and Washington State rate of 9.8 percent, and King County's rate of 7.7 percent.

4 • EMPLOYMENT DATA

Employment

In 2019, Kitsap's unemployment rate of 4.6 percent was 1.8 percent higher than neighboring King County, continuing a historical trend over the past decade. Industry subsectors in Utilities and Arts, entertainment, and recreation report the highest and lowest annual wages in Kitsap County at \$83,904 and \$20,542, respectively.

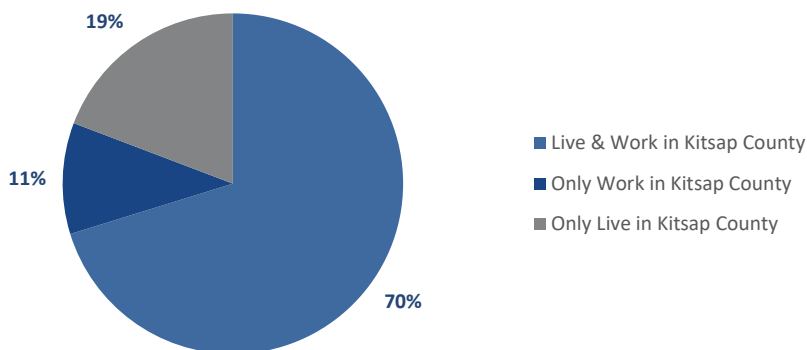
Of the 98,959 people that work in Kitsap County, 12,935 individuals commute into the area from outside of the county. Furthermore, 23,544 additional people choose to live in Kitsap but commute outside of the county for work. There are 86,024 individuals who both work and live in Kitsap County.



Industry Subsectors	Average Firms	Total 2019 Annual Wages Paid	Average Annual Employment	Average Annual Wage
Mining	*	*	*	*
Utilities	*	*	*	*
Management of companies and enterprises	22	\$30,205,461	360	\$83,904
Professional and technical services	805	\$354,477,669	4,631	\$76,545
Government (DoD included)	108	\$2,435,818,246	33,623	\$72,445
Wholesale trade	210	\$85,878,517	1,336	\$64,280
Finance and insurance	187	\$118,472,076	1,685	\$70,310
Information	105	\$40,396,102	739	\$54,663
Manufacturing	190	\$155,103,352	2,812	\$55,158
Construction	888	\$256,549,505	4,643	\$55,255
Healthcare and social assistance	1,451	\$563,196,100	12,294	\$45,811
Agriculture, forestry, fishing and hunting	59	\$11,102,871	254	\$43,712
Administrative and waste services	442	\$132,776,654	3,307	\$40,150
Transportation and warehousing	82	\$44,573,643	1,047	\$42,573
Real estate and rental and leasing	211	\$44,334,620	1,111	\$39,905
Retail trade	592	\$368,079,246	11,101	\$33,157
Educational services	108	\$22,061,336	689	\$32,019
Other services, except public administration	529	\$77,243,322	2,403	\$32,145
Arts, entertainment, and recreation	97	\$26,847,927	1,307	\$20,542
Accommodation and food services	457	\$171,916,674	8,344	\$20,604
Total	6,540	\$4,939,033,321	91,686	\$53,869

Source: <https://esd.wa.gov/labormarketinfo/covered-employment> QCEW

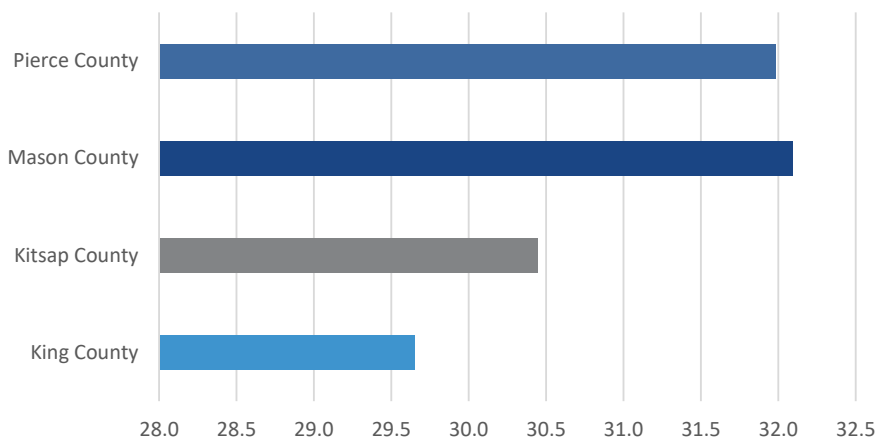
Kitsap County Labor Force



Commute

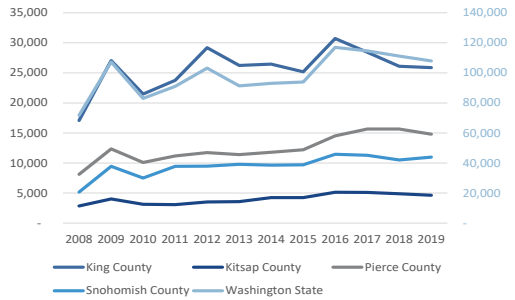
Kitsap County residents have the fourth longest commute of 30.4 minutes, falling behind Snohomish (32.2 minutes), Mason (32.1 minutes), and Pierce (32.0 minutes). Compared to Asotin County, which has the shortest commute time in the state at 15.6 minutes, Kitsap County residents commute 14.7 minutes more. This longer commute time is likely due to ferry commutes to King County. It should be noted that these mean commute times reflect data collected by the American Community Survey from 2014-2018 and may not reflect current commute times.

Mean Commute Time (Minutes)



All House Sales

The annual percent change in home sales fell for all locations examined in 2019, except in Snohomish County. Pierce County experienced the largest drop, with home sales declining by 5.5 percent between 2018 and 2019. Kitsap’s dip in the market was similar to that of Pierce’s – home sales



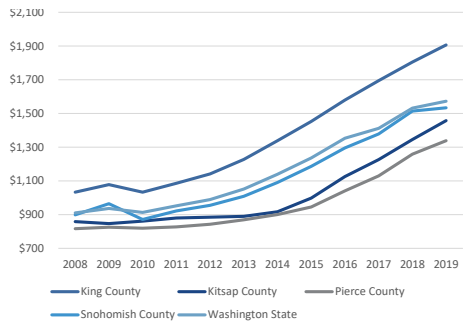
All House Sales				
	2016	2017	2018	2019
King County	30,710	28,450	26,090	25,890
Kitsap County	5,150	5,100	4,880	4,630
Washington State	116,971	14,670	111,200	107,930

declined by 5.1 percent between 2018 and 2019. King County experienced only a slight drop of 0.8 percent in home sales.

Source: <http://realestate.washington.edu/research/wcrer/housing-reports/>

Median Apartment Rent

Rental rates have been increasing throughout Washington State since 2010. Rent growth peaked in Kitsap in 2016, along with the rest of the Puget Sound area. Since then, growth in average apartment rent has continued to slow, but overall average rent continues to rise as growth rates remain positive. There



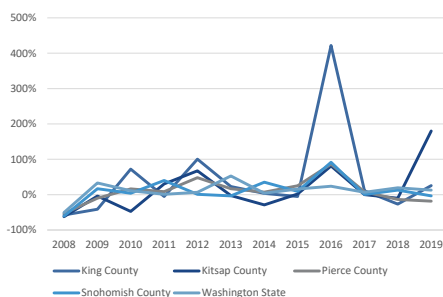
Median Apartment Price				
	2016	2017	2018	2019
King County	\$1,579	\$1,695	\$1,805	\$1,906
Kitsap County	\$1,126	\$1,226	\$1,345	\$1,458
Washington State	\$1,353	\$1,412	\$1,532	\$1,573

was an 8.4 percent increase in average apartment prices in Kitsap County over 2019. Washington State, however, only experienced a 2.68 percent increase in rent in 2019, compared to 8.5 percent in 2018.

Source: <http://realestate.washington.edu/research/wcrer/housing-reports/>

Building Permits

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. As a result, it is not unusual to see the percent change in permits to be irregular. In 2019, Kitsap experienced the largest percent change ever observed in



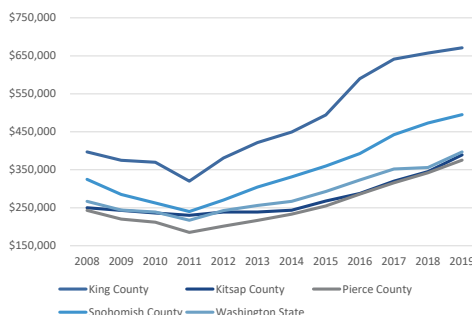
Building Permits Annual % Change				
	2016	2017	2018	2019
King County	422%	11%	-27%	25.70%
Kitsap County	81%	0%	-10%	180%
Washington State	24%	7%	19%	13%

building permits, increasing by 180 percent. King County also experienced a large increase in building permits (25.7 percent), compared to the decrease in 2018 of 27 percent.

Source: <http://realestate.washington.edu/research/wcrer/housing-reports/>

Median House-Resale Price

Kitsap’s annual percent change in median home resale price in 2019 increased by 12.9 percent after an increase of 7.8 percent in the prior year. Median house resale prices have been rising annually in Kitsap County since 2012. The housing market also heated up at the statewide level, with an increase of 11.5% over the course of 2019. King County, however,



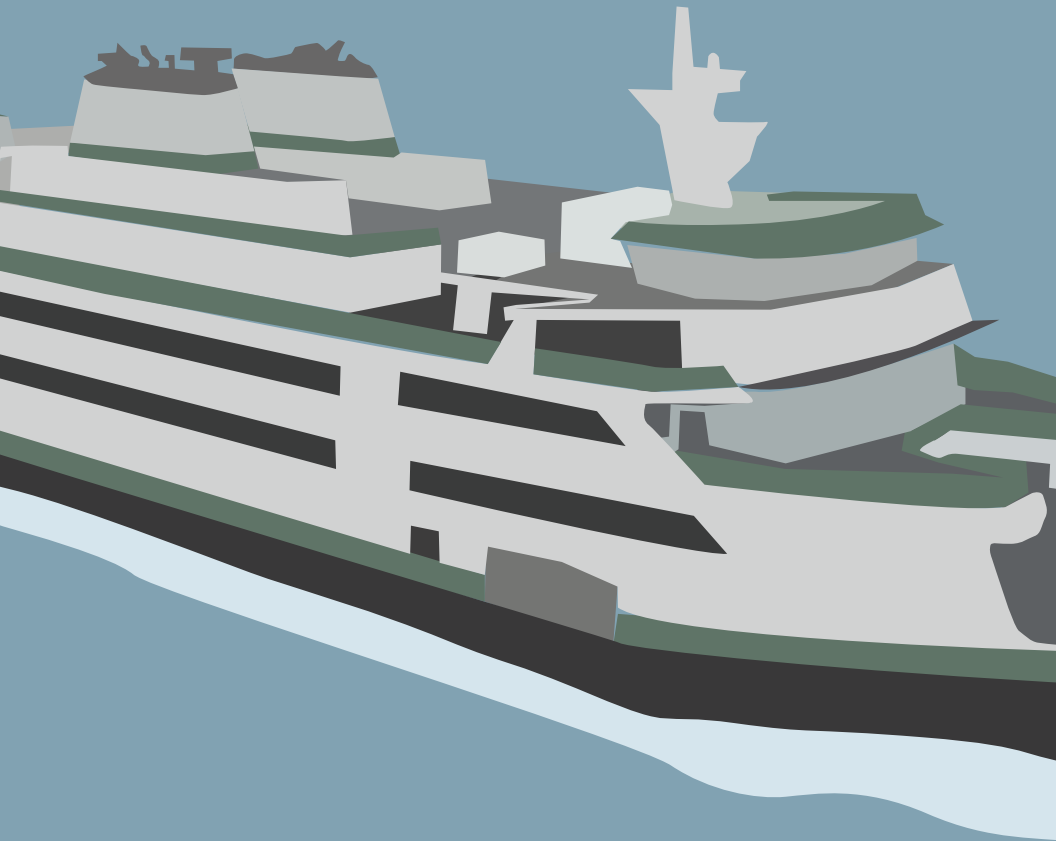
Median House Resale Price				
	2016	2017	2018	2019
King County	\$590,100	\$641,400	\$657,300	\$671,100
Kitsap County	\$287,700	\$320,200	\$345,100	\$389,500
Washington State	\$323,000	\$352,200	\$356,100	\$396,900

experienced a slight cooldown, following the same trend since 2016 – resale prices increased by 2.1 percent, which is lower than the 2.5 percent increase in 2018.

Source: <http://realestate.washington.edu/research/wcrer/housing-reports/>

Kitsap County is one of the geographically smallest counties in Washington, but it has the third highest population density per square mile.

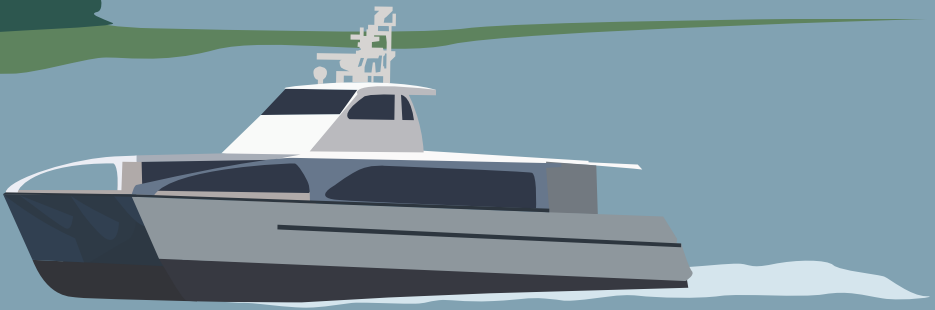
The population of Kitsap County is roughly one third the size of the city of Seattle.



2019


The median home cost is \$389,500 and the average apartment price is \$1,458/mo.

Source: University of Washington College of Built Environments
Housing Market Snapshot



Government is the largest sector in Kitsap County, employing over 33,000 people.

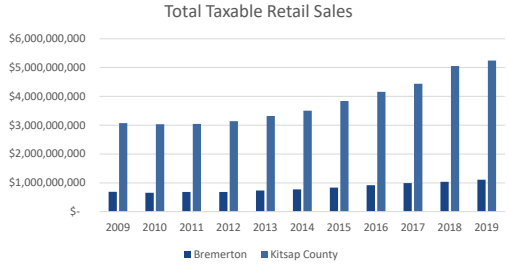
(This sector includes: federal, state, county, and city employees; all tribal-based employees; but may not include all military personnel.)



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

Taxable Retail Sales

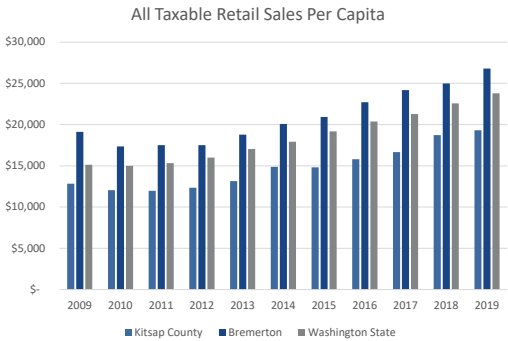
From its low of \$3 million in 2010 to its \$5.2 million in sales in 2019, Kitsap County retail sales grew by an average of 6.1 percent annually. In 2019 Bremerton’s taxable retail sales made up 21.1 percent of the County total, while unincorporated Kitsap County, which includes Silverdale, made up 45.9 percent of the total.



Source: Washington State Department of Revenue

All Taxable Retail Sales per Capita

Kitsap County has averaged 6.0 percent average growth year over year in per capita taxable sales since its low in 2011, exceeding the state average by 0.49 percent and Bremerton by .67 percent. Growth in per capita taxable retail sales has been steady since 2011. Kitsap County’s per capita retail sales level was \$19,318 in 2019, which is lower than both Bremerton (\$26,768) and Washington State (\$23,792).



Source: Washington State Department of Revenue

Taxable Sales in Top Sectors

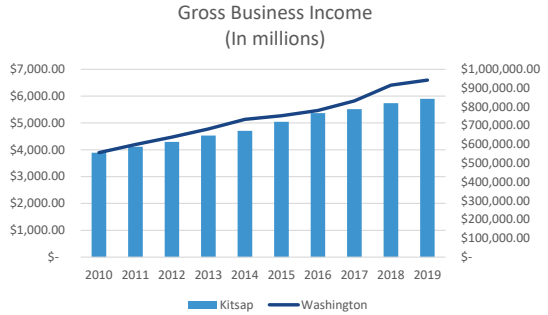
The retail trade sector (NAICS code 44-45) continues to compose the majority of all taxable retail sales reported in Kitsap County. In 2019, retail made up 50.5 percent of all taxable retail sales, followed by construction comprising 18.5 percent. Since 2008, there has not been a noteworthy shift in the percent that each respective industry contributes to total taxable retail sales.



Source: Washington State Department of Revenue

Gross Business Income

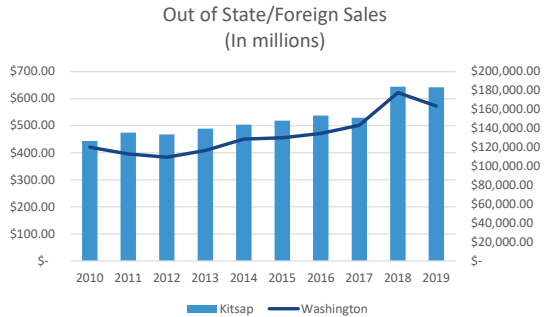
Gross business income, both statewide and in Kitsap, continued to increase through 2019. In 2019, gross business income rose by \$164 million in Kitsap County and \$26 billion for the state of Washington. Kitsap’s 2019 growth is below the average annual increase of \$241 million from the prior five years.



Source: Washington State Department of Revenue

Out of State/Foreign Sales

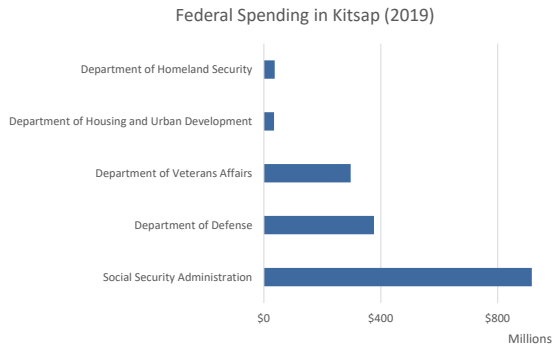
Kitsap County’s out of state and foreign sales fell by just shy of \$2 million in 2019, following an increase of \$114 million in 2018. Over the prior five years, annual growth of out of state and foreign sales in Kitsap County has averaged \$31 million.



Source: Washington State Department of Revenue

Federal Spending

Federal spending in Kitsap County is led by the Social Security Administration, which spent close to \$1 billion in Kitsap County in 2019, followed by the Department of Defense, which spend approximately \$377 million in the County in 2019.

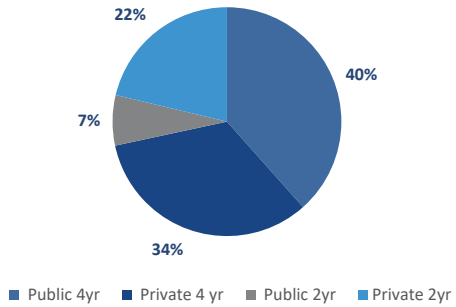


Source: www.usaspending.gov

Out of State Destinations for Kitsap High School Students*

The majority of 2018 Kitsap high school graduates who attend postsecondary education out of state enroll in either public or private four-year institutions, at rates of 41 percent and 30 percent, respectively. Enrollment in out of state public and private two-year institutions fell to 11% and 15%, respectively. This is similar to the statewide rate at which 2018 high school graduates enroll in out of state institutions, with 8% of students enrolling in public four-year institutions and 8% enrolling in private four-year institutions. A much smaller percentage of students enrolling in out of state public or private two-year institutions, at rates of 2% and 0-1%, respectively.

Out of State Destinations of Kitsap High School Grads (By School Type)



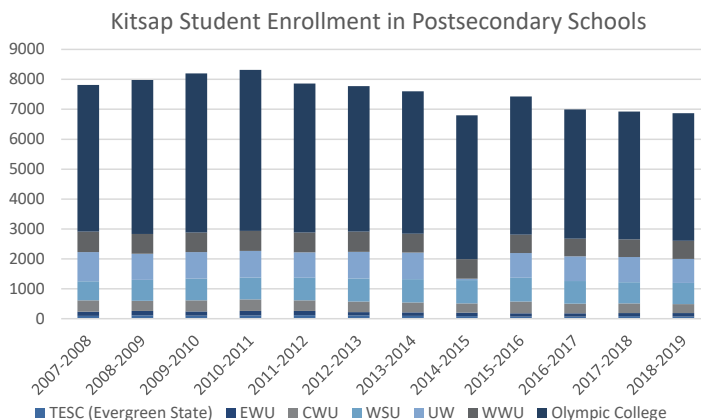
*At the time of publication, this data had not been updated with 2018-2019 figures. Data from 2016 is used for this section of the report.

2015-2016* Academic					
Enrolled in Washington					
District	Total	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%
Kitsap County	73%	25%	5%	44%	0-2%
Statewide	82%	33%	6%	44%	0-1%

<http://www.erdccdata.wa.gov/hsfb.aspx>

Student Enrollment in Postsecondary Education**

Of all the students from Kitsap that enrolled in secondary education within Washington regardless of the year they graduated, the majority attended OC, then UW, WSU, WWU, CSU, EWU, and TESC (Evergreen State).



**Student enrollment in post-secondary education for Olympic College (OC) was found by dividing the total number of OC students from Kitsap County in half. Since OC is a two-year school, it was assumed that for each academic year, half of the OC student from Kitsap County were first year students and the other half second year students. While this does not give the exact number of first year students from Kitsap County at OC, since the data is not available otherwise, this approach was used to find a rough estimate.

Year Statistics						
Enrolled Out of State					Total	
Total (Out of State)	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	41%
20%	9%	8%	2%	0-1%	801	69%
28%	13%	12%	3%	0-2%	421	63%
13%	6%	5%	0-2%	0-2%	637	44%
27%	12%	14%	3%	0-2%	2491	59%
18%	8%	8%	2%	0-1%	69163	60%

Cost of Living

The cost of living composite consists of grocery, housing, utilities, transportation, and miscellaneous goods and services. The national average is normalized at 100. Cost of living for Kitsap County in 2019 is 109, and it was based on estimates for Bremerton. Compared to other neighboring counties, the cost of living in Kitsap is equal to Pierce county, lower than King County (157), and higher than Thurston County (107). Both Kitsap and King Counties experienced higher housing prices; however, Kitsap indicated a much lower cost in all other categories amalgamated in the composite index.

Regional Cost of living							
County	Composite	Grocery	Housing	Utilities	Transportation	Healthcare	Misc. Good and Services
Kitsap*	108.9	100.6	134.1	72.0	100.7	100.1	103.3
Pierce	108.7	111.2	108.4	88.2	102.7	122.0	113.5
Thurston	106.7	112.0	100.9	88.9	136.9	119.1	104.6
King	157	129	225	108	138	129	136

Source: C2ER (2019 annual report), bestplaces.net

Living Wage

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 2019, the minimum living wage to rent a one-bedroom apartment in Kitsap County was \$22 compared to \$30 in King County. Meanwhile, the median home mortgage in Kitsap County required an hourly wage of \$26 in contrast to King County at \$44.

Living Wage (Kitsap)			
Housing Type	Rate	Required household hourly wage	Required household weekly wage
Rent 1 bedroom	\$1,286	\$22	\$890
Rent 2 bedroom	\$1,422	\$25	\$984
Median home mortgage	\$1,488	\$26	\$1,030

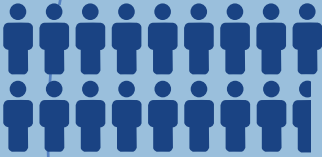
Source: UW Runstad Department of Real Estate Fall 2019 Report and CEBR

The Department of Defense
contributed over

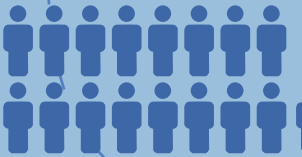
\$4 billion

to the Kitsap County
regional economy

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



17.6
Thousand civilians

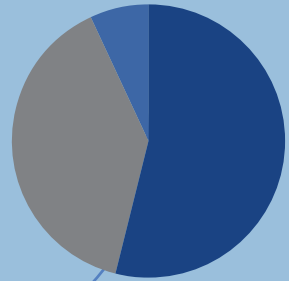


16.2
Thousand Active
Duty Military



1
Thousand reserves

\$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

Source: NBK/NAVMAG II Economic Impact Assessment, December 2018* (Most recent)

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 or **cebr.wvu.edu**

