

What's the *Mystery Number*?

350,000

KILBIS: The Need for Space



Conclusion

“The most pressing near-term needs for Kitsap’s industrial market center on the creation of new industrial facilities and supporting infrastructure - quickly.”

–Kitsap Industrial Land, Buildings and Infrastructure Survey (KILBIS)



Agenda

Kitsap Industrial Land, Buildings and
Infrastructure Survey (“KILBIS”)

Strengths, Challenges

KEDA Moving Forward on Industrial



Kitsap Land, Buildings and Infrastructure Survey (KILBIS)

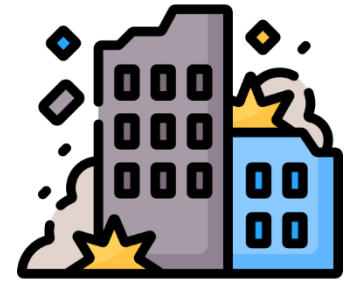
STRENGTHS

- **Supply (Land):** Over 2,000 acres of buildable industrial land. **PSIC-B.**
- **Demand.** Low vacancy since 2018.
- **Fundamentals:** Strong immediate need (Navy SIOP) along with established and growing growing industries (*Defense and Maritime*).

CHALLENGES



Limited
Infrastructure



Existing Facilities



Policy &
Coordination



Uncertainty in
Speculative
Development

Strength: Puget Sound Industrial Center – Bremerton (PSIC-B)

- **Manufacturing Industrial Center (MIC)**, designated by the Puget Sound Regional Council ensures land use will remain industrial in nature and contains a Foreign Trade Zone.
- **Largest concentration of buildable industrial land in the County**, with fully 2/3rds of Kitsap County's 2,000 acres of buildable industrial land supply most of its large parcels.
- **Planned Action Ordinance (PAO)** established by the City of Bremerton allows certain industrial proposals exempt from State Environmental Policy Act (SEPA) requirements.

Net Developable Employment Land Supply & Characteristics, PSIC-B, 2023

PSIC-B Subarea Boundary	Olympic View Industrial Park*	Bremerton National Airport Airfield Site*	Sky Park*	Forest Land**	Vacant Land	All
Zoning	PIM (Port Industrial Mixed)	AB (Aviation Business)	AB (Aviation Business)	GI (General Industrial) & ME (Mixed Employment)	GI (General Industrial) & ME (Mixed Employment)	
Ownership	Port	Port	Port	Private	Private	
Approximate Developable Acreage	145	293	28	771	110	1,347
Number of Sites	11	9	5	70	25	120
Average Developable Size (acres)	12.2	22.6	2.5	16	6.3	11.9
Site Size Range (acres)	1-38	5-130	4-7	5-39	.6-29	.6-130
PSIC-B M/IC Boundary						
Approximate Developable Acreage	145	293	28	713	78	1,257
Number of Sites	11	9	5	60	18	103
Average Developable Size (acres)	12.2	22.6	2.5	17.6	6.2	12.2
Site Size Range (acres)	1-38	5-130	4-7	5-39	.6-29	.6-130

Sources: Port of Bremerton, 2024; Kitsap County, 2021; U.S. Navy, 2024; CAI, 2025.

Strength: SIOP Demand (Near to mid-term)

Opportunity: Meet Navy specifications for 17 Different Real Estate Requirements in 2025.

Advantages

Low vacancy, proven market demand make a strong investment case for new industrial buildings

2025 SIOP-Related Industrial Demand

Facility /		Use Type / Function	
Land Area			
224,570	sf	Warehouse	
49,400	sf	Industrial	
273,970.00	sf	Total Industrial Building Area	
177,380	sf	Administrative, Classroom & Training	
451,350.00	sf	Total Building Area	
352,850	sf	Total Laydown Area	
23.40	ac	Total Industrial Land Area	

Sources: U.S. Navy, 2024; Kitsap County, 2021; Community Attributes, 2024.

Strength: Mid-to-Long Term Demand (Natural)

- 1. **Natural demand** (employment-based) estimated to approach up to **395,000** square feet of industrial space by 2035
- 2. (Navy SIOP demand in 2025 was 274,000 sf alone)

Total **669,000 square feet** of building space and **58 acres** of land.

Not included: Induced demand concept
– Large new project or capacity increase that may encourage or catalyze further development.

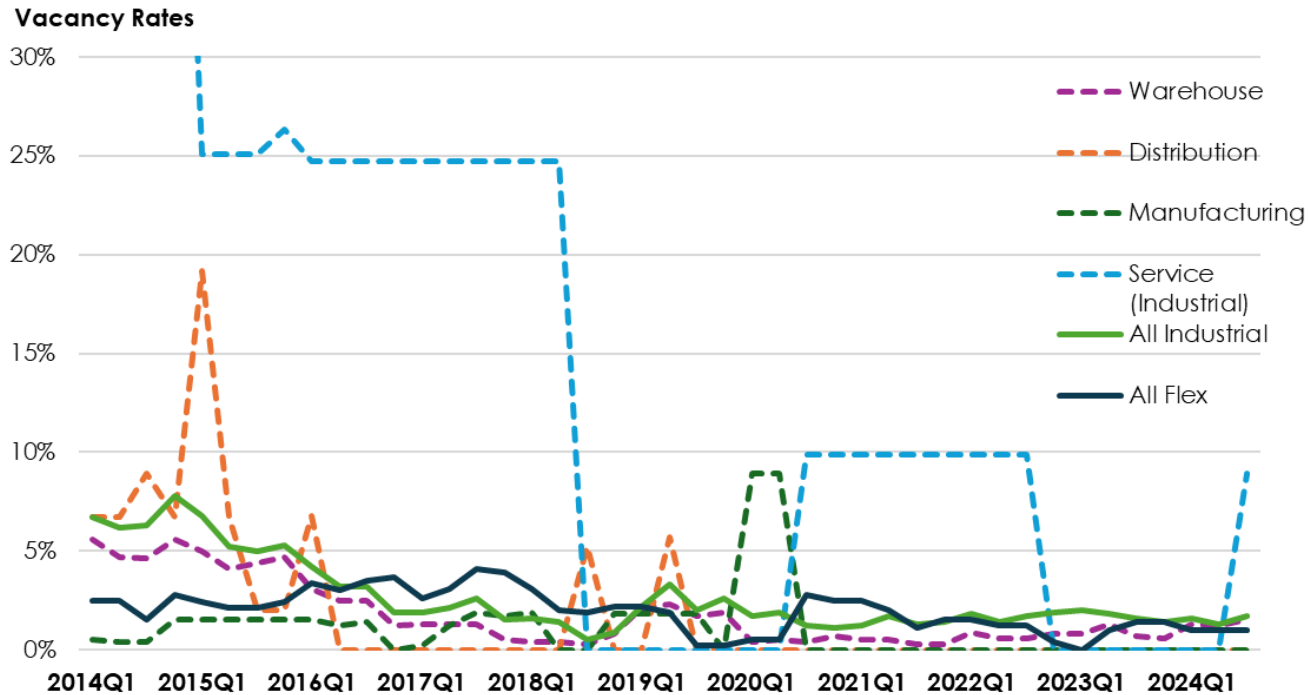
Current and Supportable Industrial Space Inventory, Kitsap County, 2020-2035

Forecast Employment Growth (2035)	New Space Demand by Site Type (sf)	Site Type	Achieved FAR (2013-2019)	New Land Demand (ac)
Low Scenario				
800	88,558	Underutilized	0.41	5.0
	44,942	Vacant	0.16	6.4
	133,500			11.4
Medium Scenario				
2,000	195,689	Underutilized	0.41	11.0
	99,311	Vacant	0.16	14.2
	295,000			25.2
High Scenario				
2,740	261,892	Underutilized	0.41	14.7
	132,908	Vacant	0.16	19.1
	394,800			33.7

Sources: U.S. Bureau of Labor Statistics, 2024; Washington State Employment Security Department, 2024; CoStar, 2024; Community Attributes, 2024.

Strength / Challenge: Industrial Lease Rates & Vacancy

Industrial Building Vacancy Rates Overall and by Subtype, Kitsap County, 2024



Sources: CoStar, 2024; CAI, 2025.

- Industrial vacancy in Kitsap County has remained **low since around 2016**
- Periodic jumps in availability for subtypes appear with single new deliveries due to low inventory
- The combined industrial vacancy rate as of **Q4 2024 was 1.8%** (1.9% by Q2 2025)

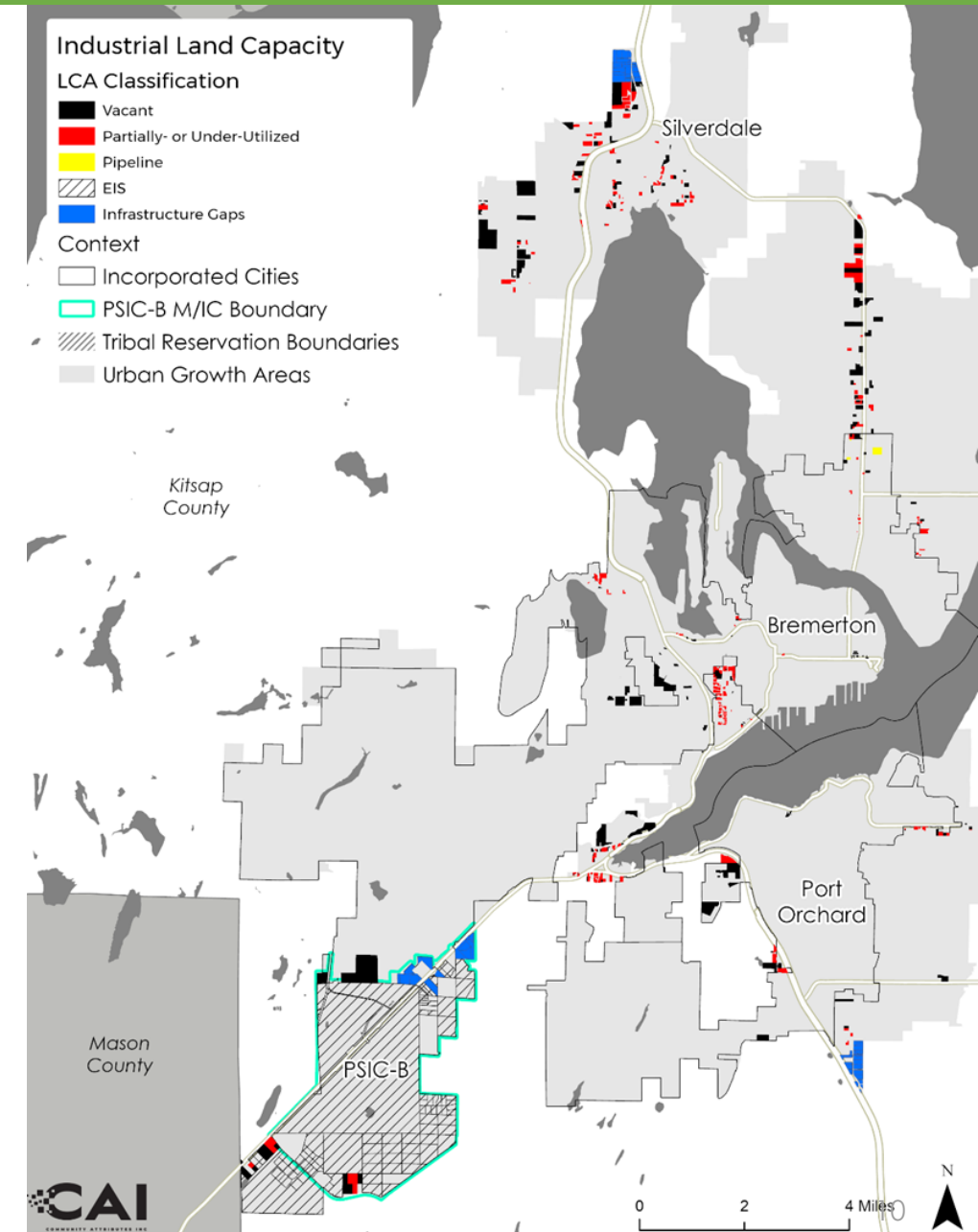
Challenge:



Limited Infrastructure

- The **Infrastructure Gap Review** revealed three lacking areas:
 - Unincorporated northern Silverdale UGA
 - Unincorporated south Port Orchard UGA
 - Northern end of PSIC-B, along Highway 3 North
- **Additional gaps for the PSIC-B** exist in:
 - Olympic Industrial Park
 - Bremerton National Airport
 - Sky Park
 - Port of Bremerton-owned parcels located south of the airport

Source: Kitsap County, 2021; Community Attributes, 2024.



Challenge:

Limited Infrastructure



- A typical industrial user's needs:
 - 2 -11.5 MW (Range)
 - 2.5 MVA transformers
 - 2,000-10,000 amp service
 - 3 Phase Power
- Water: 50,000 gallons per day.
- Sewer: 40,000 gallons per day.

98%

of Guild members believe access to sufficient electric capacity will significantly impact the future of industrial projects.

Site Selectors Guild 2024 The State of Site Selection

Challenge:

Limited
Infrastructure



Industrial Clients Want:

- Power*
- Now
- Carbon Free
- New to the World
- Reliable
- Less than 5c per kWh

Common Electric Criteria

Quality

- Distance to substation
- Carbon content
- Customer choice
- Estimated delivery timeline
- Rate flexibility

Cost

- Connection costs
- Electric rate
- Sales tax

Risk

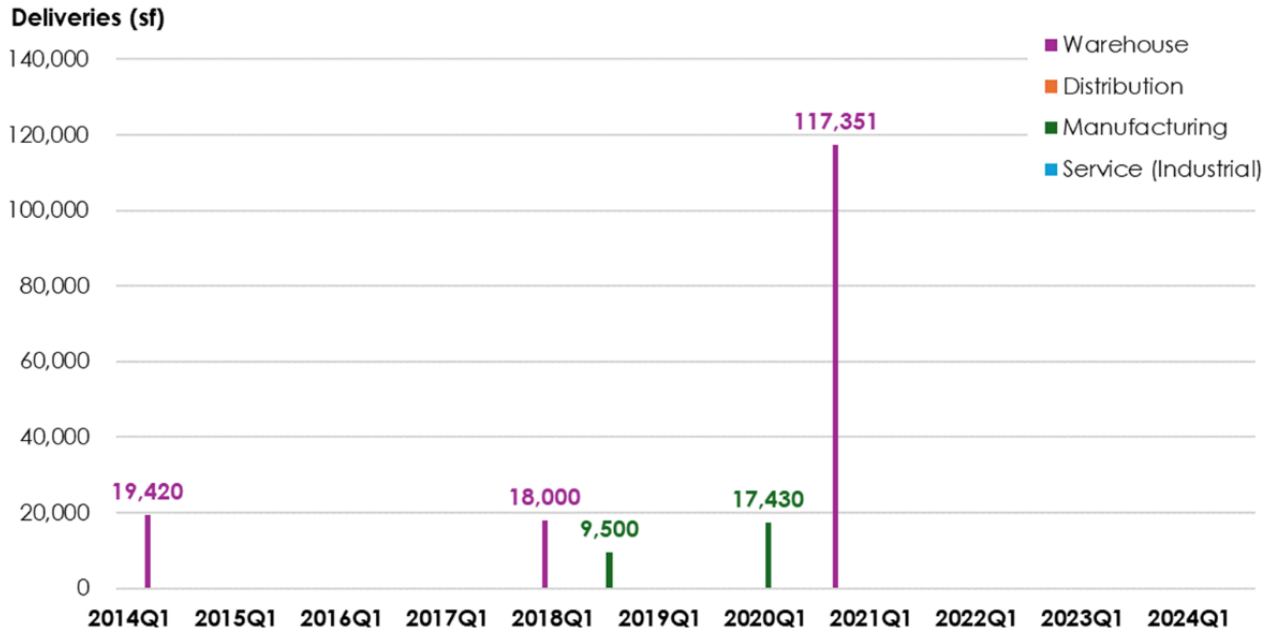
- Delivery timeline
- Reliability
- Cost escalation

Challenge:



Existing Facilities

Industrial Building Deliveries by Subtype, Kitsap County, 2024



Sources: CoStar, 2024; CAI, 2025.

- Only **5 industrial projects** have been delivered since 2014 (3 warehouse typologies and 2 manufacturing projects)
- Only **64,300 square feet of new industrial** space was delivered to the entire Kitsap market between 2014 and 2024 (excluding the 2021 delivery of 117,000 sf of Amazon warehouse space)
- **Average age** of Buildings: 40 Years.
Quality rating: 2 out of 3 Stars (CoStar)

Challenges:

Policy & Coordination



- Jurisdictional collaboration and policies could be improved
- Unique Collaboration Partners (US Navy, FAA)
- Permitting timelines, Impact fees

The Bright Side: *“Incentives such as technical assistance, fee reductions or scaling, or streamlined permitting processes could help attract investors.”*

Challenges:

Uncertainty in Speculative Development



- Historically, lease rates have not generally supported speculative development.
- Currently complicated by rising construction costs, interest rates
- Kitsap:
Rates as of 2024 =
\$9.29 / sf (Manufacturing)
\$11.15 / sf (All industrial)

Source: Kitsap Industrial Land, Buildings and Infrastructure Survey

FLEX

A type of building(s) designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. At least half of the rentable area of the building must be used as office space. Flex buildings typically have ceiling heights under 18', with light industrial zoning. Flex buildings have also been called Incubator, Tech and Showroom buildings in markets throughout the country.

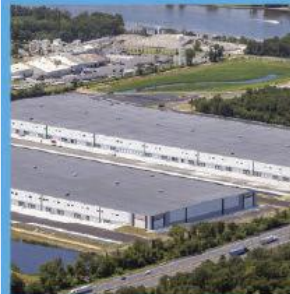


Buildings	Rentable Building Area (RBA)	Average Age	Lease Rates (NNN)	Rating
77	628k sf	43	\$14.77/sf	2.5/3

INDUSTRIAL

A type of building(s) adapted for a combination of uses such as assemblage, processing, and/or manufacturing products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. Self-storage facilities are also tracked as an industrial type, but CoStar does not list such space for lease in the database.

Distribution



These are typically large buildings, both single and multi-tenant, used for the warehousing and distribution of inventory.

Manufacturing



These buildings are typically 300,000 sf or greater with one loading dock for every 15,000 sf of RBA. Office area up to 50%.

Service (Industrial)



Industrial zoned building designed for vehicle repair. It may include cranes for moving engine blocks, electric or hydraulic lifts, and numerous drive-in doors.

Warehouse



They are typically 25,000 sf or greater in size, box shape, with one loading dock for every 15,000 sf of RBA. Up to 20% office area with clear heights of 22 feet or greater. Site coverage is typically up to 50%.

Distribution	Manufacturing	Service (Industrial)	Warehouse	
12	12	15	186	Buildings
38	37	54	37	Average Age
245k sf	254k sf	126k sf	2.18 msf	Rentable Building Area (RBA)
N/A	\$9.29/sf	N/A	\$12.93/sf	Lease Rates (NNN)
2.3/3	2.2/3	1.5/3	1.7/3	Rating

Uncertainty in Speculative Development



- Recent sales and investment gains = strong market signal for Kitsap industrial potential



JUN 13, 2025

Kitsap industrial sells for over \$9M



WHO WE ARE OUR REGION OUR EXPERTISE OUR PROJECTS CONTACT US

Residents
Retailers

By [JOURNAL STAFF](#) at [Seattle Daily Journal of Commerce](#)

BREMERTON — Two industrial buildings at [6000 Werner Road](#) sold this week for \$9.2 million, according to Kitsap County records.

The seller was Sound West Werner Road LLC, which acquired the property in 2015 for almost \$2.9 million.

The buyer was an LLC associated with Corliss Resources, which announced the acquisition, its first in Kitsap County. The company's Mark Walsh said in a statement, "This investment represents more than geographic growth — it reflects our continued commitment to light industrial real estate and the long-term value it brings to local communities."

Brokers were not announced for the off-market deal, which was worth about \$188 per square foot.

Developed in 1989, the two buildings have about 49,036 square feet. They're fully leased, says Corliss. The 4-acre site is west of town and Highway 3. Corliss continues to be an active buyer here and in Utah.

What now / What's Next? Best Practices “Appendix D”

Pierce:

1. Workforce Development for Industrial
2. Port of Tacoma Collaboration

Thurston:

1. Prioritize Buildable Lands
2. Support Industrial Growth Cross-Lifecycle

Mason:

1. Infrastructure Improvements for Rural Economic Development
 2. Balance Industrial Growth with Rural Preservation
-

Charleston County (SC):

1. Diversify with P3 and “MCP” partnerships
2. Workforce Training for Emerging Industrial

Macon-Bibb (GA):

1. Ecosystem Approach to Industrial Development
2. Tailored support across targeted sectors

Prince William County (VA):

1. Economic Development supporting industrial growth
2. Local Defense Sector Partnerships

What now / What's Next? Best Practices - Site Readiness

Explore Site Readiness Initiative

- Accelerate industrial site onboarding with a searchable database and verified information on utilities and site conditions
- Similar to the **Verified Industrial Properties** program in Detroit, this could:
 - Connect existing resources, like CBA Choose Washington listing tool and Department of Commerce industrial site readiness grants
 - Aid in search for properties with industrial use potential

Verified Industrial Properties

- Program and database help property owners and governments prepare sites for development
- Sites may be eligible for \$200,000 for planning and development or technical assistance



What now / What's Next?

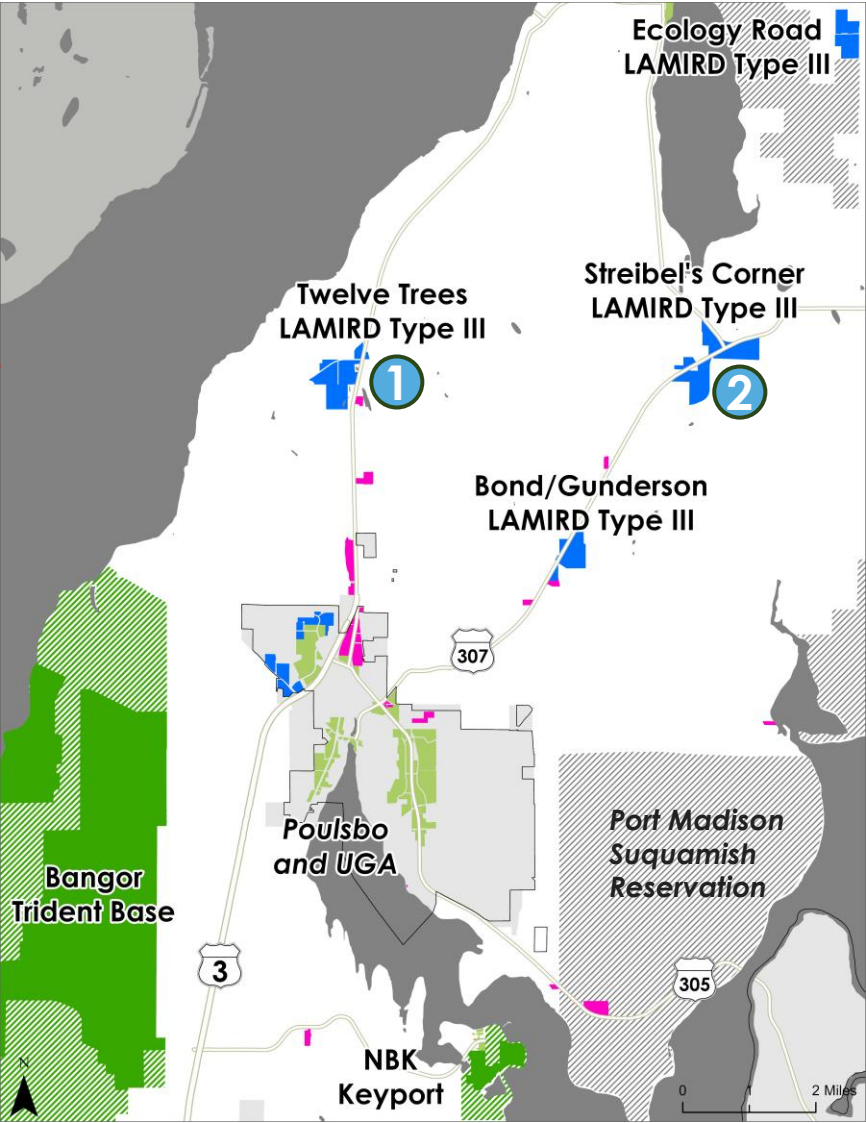
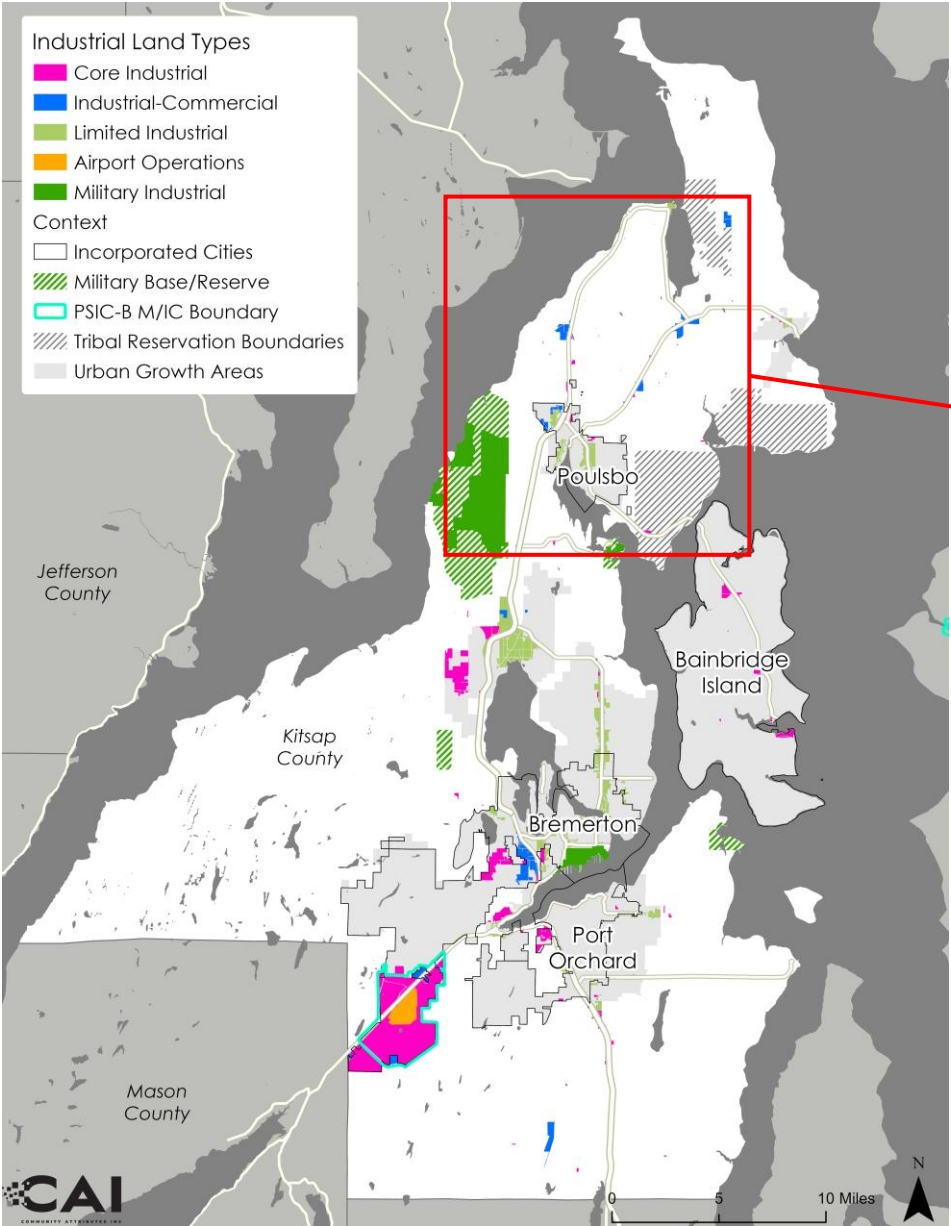
Current demand profile: It doesn't get any better than this.

- KEDA's Goal: +350,000 Square Feet of Industrial by 2029
"The most pressing near-term needs for Kitsap's industrial market center on the creation of new industrial facilities and supporting infrastructure - quickly."
- KEDA's Focus Moving Forward:
 1. Pro Forma Work on Development Break-Even of Industrial
 2. Continue to engage developers and landowners in industrial capacity creation
 3. Infrastructure Focus – partnerships, funding stream analysis
 4. Case studies / best practice peer approaches for implementation (e.g., verified industrial properties program)

Appendix

The following slides (18-20) are included as a reference and may not be addressed directly in the presentation.

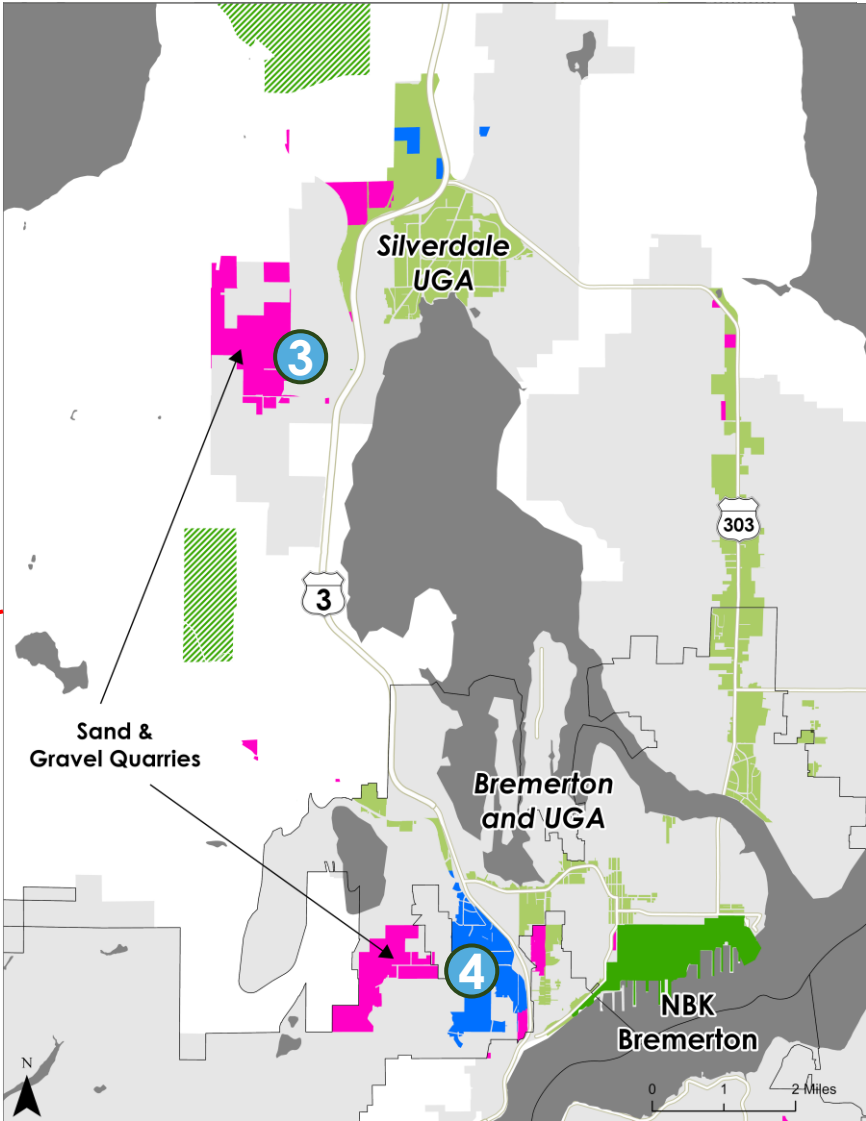
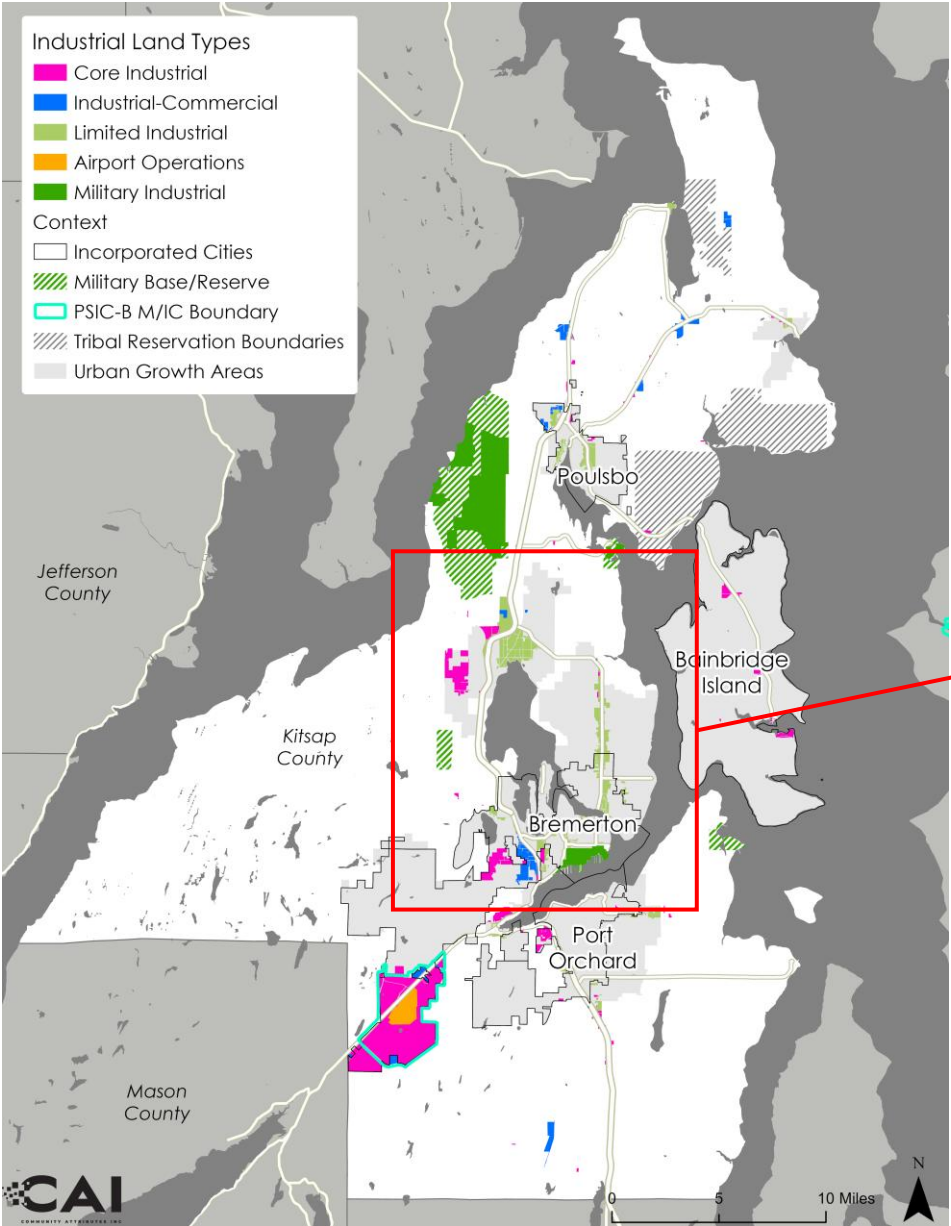
Appendix: Industrial Facilities – North Kitsap



North County Detail

- ① **Twelve Trees Business Park**
 - ② **Bond Road Business Parks** (Calvary Business Park; Arbor Business Park; Kennedy Business Park)
- Type III LAMIRDs
 - Major Military Bases w/ Military Industrial
 - Poulsbo
 - Reservation Land

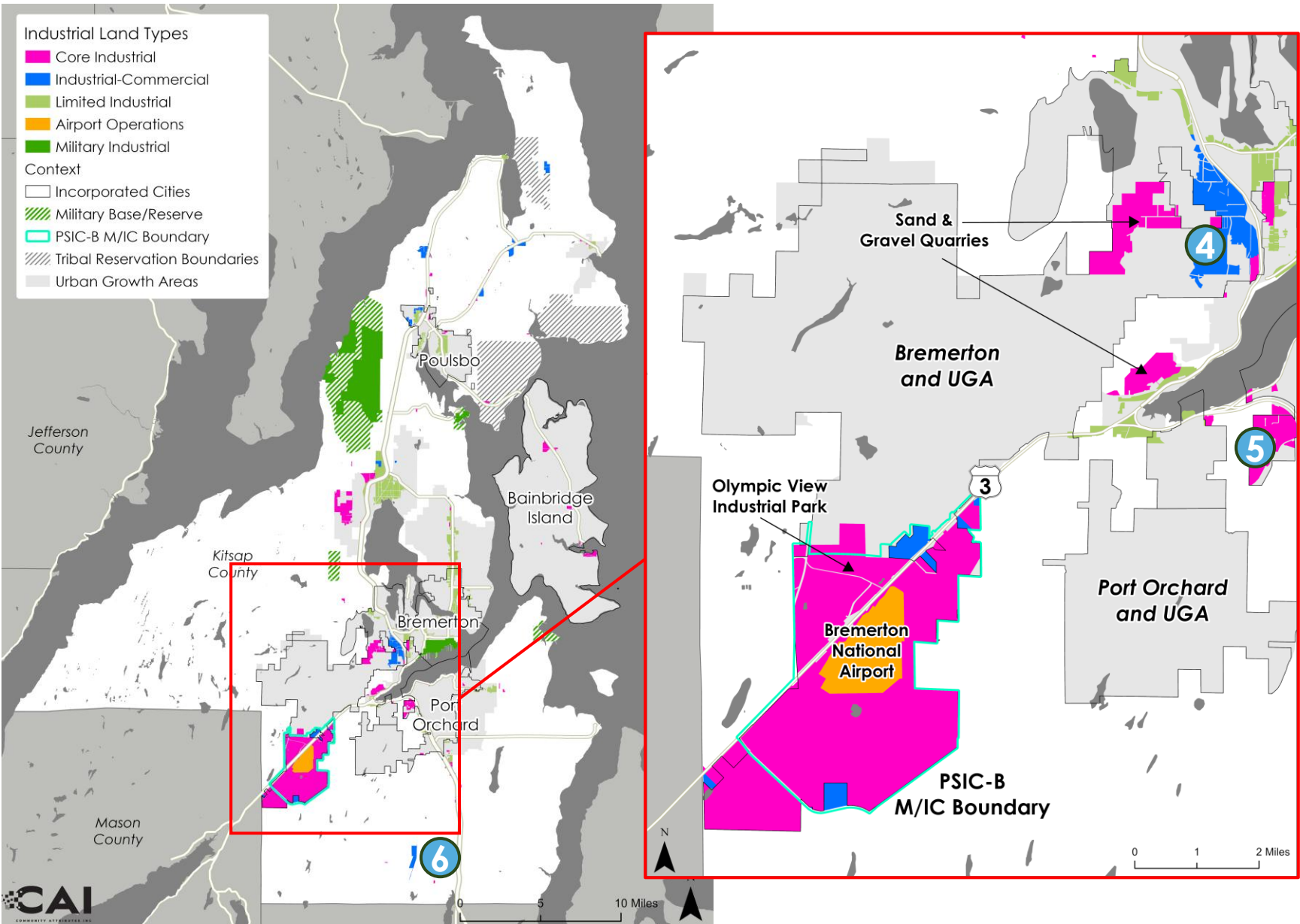
Appendix: Industrial Facilities – Central Kitsap



Central County Detail

- 3 Newberry/Dickey/El Dorado Area**
- 4 West Hills / Wright Creek**
 - Sand & gravel quarries
 - Silverdale & Bremerton UGAs Limited Industrial
 - Camp Wesley Harris Naval Reserve & Puget Sound Naval Shipyard
 - Werner Road Industrial in Bremerton west of West Hills

Appendix: Industrial Facilities – South Kitsap



South County Detail

- 4 West Hills/Wright Creek
 - 5 Port Orchard Industrial Park
 - 6 Port Orchard Airport
- Sand & gravel quarries
 - Port Orchard Industrial Park & Bremerton & UGA
 - PSIC-B including Bremerton National Airport and Olympic View Industrial Park
 - Port Orchard Airport LAMIRD Type III

Challenges for Industrial Development

Development in Kitsap County is constrained by:

- A wide range of infrastructure gaps exist near industrial land to bring the requisite power, water, wastewater and transportation infrastructure to provide attractive service.
- **Existing Facilities** y industrial buildings are aging, undersized, and/or in poor-to-fair condition throughout Kitsap County. Institutional investment (such as by REITs) in large new construction projects is stifled by location, permitting timelines, and costs.
- **Uncertainty in Speculative Development:** Initial interest in sites in PSIC-B has not resulted in new development. Lease rates to date do not generally support speculative development. External factors such as rising construction costs and interest rates have further complicated investment.
- **Policy and Coordination:** Policy and planning gaps complicate growth efforts, particularly collaboration with the Navy and FAA, and perceived regulatory barriers such as traffic impact fees or a lack of predictability and consistency with permitting process.

** In 2025 dollars. In 2017 dollars, the Port of Bremerton cost estimates were \$28.3 million for Olympic View improvements, \$3.2 million in the BNA Phase 1 area, and \$3.1-3.9 million in Sky Park, totaling \$35.4 million at the high end. If adjusted for an average annual inflation rate of 3.45% from 2017 to 2025, a cumulative price increase of 31.15% results.*

**** aved road access. Highway 3 capacity may become an issue.

Challenges in Today's Economic Development Climate

01

SITES

Dwindling inventory
High activity levels
Long lead time

02

ENERGY

Strained infrastructure capacity
Transformer delays
High demand for renewables

03

LABOR

Low unemployment
Low participation
Aging workforce

04

EDO CAPACITY

RFI burnout
Multiple hats
High turnover

Source: Global Location Strategies (2024)

Challenges for Industrial Development