

KITSAP COUNTY TRENDS

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BREMERTON SCHOOL DISTRICT
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CENTRAL KITSAP SCHOOL DISTRICT
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NORTH KITSAP SCHOOL DISTRICT
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SOUTH KITSAP SCHOOL DISTRICT
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Improving Bandwidth in Kitsap County Impacts Economic Growth:

One of the evolving issues impacting Kitsap County's growth is access to high speed internet service. (See "Business Climate" section, written by Zoltan Szigethy, and the "Telecommunications Trends" section, written by James Kendall.) The first level of improvement, DS-1 (or T-1 lines) provides bandwidth capability that is 24 times faster than "plain old telephone service" (POTS). Improved service is, however, subject to constraints such as local phone connections ("the last mile link") and the user's modem connection.

Various efforts are underway to improve bandwidth in Kitsap County. These include AT&T's use of cable company connections to provide better internet service and U.S. West and Sprint's upgrading of bandwidth capacity. One of the more exciting developments is the use (by the Northwest Open Access Network) of an existing Bonneville Power super high speed cable to bring substantially improved internet service to many rural areas in Washington State, including Kitsap County.

Home Prices and Rents Continue to be Affordable:

The "Housing Market & Affordability" section, written by Glenn Crellin of the Washington Center for Real Estate Research, provides an updated picture of the relative affordability of housing in Kitsap County. For a family with income equal to our county median, Kitsap County continues to be significantly more affordable than King and Snohomish counties and, in fact, has slightly widened its lead over those two counties in comparison to the same time last year. Interestingly, Kitsap County's affordability as of the second quarter of 2000 was virtually identical to Pierce County's affordability — a substantial change from second quarter 1999 when the Pierce County index showed it was 6% more affordable than Kitsap.

Unfortunately, the overall trend shows that "housing affordability" in the county, and the state as a whole, has dropped significantly in the past year. This year, a median income family in Kitsap County had 16.4% more income than the bare minimum necessary to buy a home. A year before, the amount of cushion was 26.6%. What is really mind boggling is the fact that on Bainbridge Island, home prices are roughly twice those of the county average — meaning that a median income family would have very few homes to choose from in that part of the county.

This tightening of single family home affordability is not, however, reflected in apartment rents and vacancies. The "Apartment Vacancies/ Average Rent" section, written by Dupre & Scott Apartment Advisors, reports that between September 1999 and September 2000, the average vacancy rate crept up 0.1% to 5.6%, and average apartment rents in Kitsap County increased only 1.6% to \$622/month.

School Enrollment:

One surprising statistic that TRENDS reported last year was the 6.0% drop in Kitsap County school enrollment between 1998 and 1999. The latest numbers show a continued 2-3% decline in North Kitsap, a reversal of the decline in Central and South Kitsap (albeit only a very modest increase in Central Kitsap) and a very large reported increase in Bremerton. The latter increase seems to be due to an under-reporting of enrollment in 1999. Overall, however, enrollment this year, though up 3.4% from 1999, is still 1,174 students (2.8%) below the 1998 enrollment level. Only the Bainbridge Island District has shown growth in the two-year period, with Bremerton showing no change, and the other three Districts experiencing declines ranging between 216 and 734 students from 1998 to 2000.

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Economic Opportunities Strong In Kitsap Region:

Economic opportunities remain strong in the Kitsap Region. Available labor, business friendly governments, advances in development designations, enhanced telecommunications, and Puget Sound Regional economic pressures have set the stage for expanded economic activity in the West Sound.

Labor Market Strength:

The availability of labor remains the region's strongest economic asset. While unemployment figures paint a picture similar to the rest of Puget Sound, the numbers are deceiving because of a large commuter work force. The access to East Sound jobs requires a significant enough commute that workers are often willing to accept local jobs at lower wages. The strong work ethic of a labor pool associated with military employment continues to attract attention from national employers.

Spouses of military personnel, newly discharged personnel, and retiring personnel are the highly qualified, highly trainable workforce needed by modern businesses. With the addition of well qualified students from Olympic College, private training institutes, and local high schools, the Kitsap Region is highly desirable at a time of labor shortages in virtually every other nearby job market.

Governmental Cooperation:

County and local governments are committed to job expansion both in word and deed. Almost without exception, local officials understand the importance of diversification of the regional economy. The impact of defense downsizing is clear and the desirability of private industry widely acclaimed. Expanding and relocating employers have received firm commitments to shortened permitting timelines.

Agencies are working more closely in advance of submission of plans to reduce delays. Governments increasingly find creative ways to provide incentives and make the region more competitive with other locations. The concept of business-friendly government with a personal touch has real meaning in the Kitsap region.

Land for Development:

There is substantial land ready for development, including Day Road Industrial Park on Bainbridge Island, Olympic View Industrial Park, Olympic View Business Park and West Puget Technology Park at the Bremerton International Airport, the Olhava project in Poulsbo, the Twelve Trees project in north Kitsap County, and several smaller industrial sites throughout the county. Both purchase and long-term lease of land is available. Four additional notable developments are well along the land designation process and are on the market:

- Olympic Resource Management's West Hills site has progressed to creation of pads with roads, sewer and other infrastructure immediately accessible. The fully zoned area provides one of the most rapid opportunities to build.
- Northwest Corporate Campus is now available for construction. Final infrastructure issues can be resolved within construction schedules. The campus provides spectacular views on gently sloping land.

- The Port Blakely/ West Kitsap Lake project's land use designation has been approved, a public-private agreement is in place, and its annexation to the City of Bremerton is expected within a year. It will provide 7,000 jobs and 1,200 homes surrounding a corporate campus. Construction is expected to begin within two years.
- South Kitsap Industrial Area will provide an additional 1,700 acres of flat, well buffered, and highly desirable industrial land within approximately the same time period as the above properties. These lands will augment the existing development opportunities of the Port of Bremerton at the Bremerton International Airport.

West Puget Sound has Benefits over East Puget Sound:

Economic pressure throughout the eastern Puget Sound region continues to build. Land is becoming more scarce and more expensive. Qualified labor is becoming harder to attract and retain. The west Puget Sound/Kitsap region provides a welcome relief for businesses seeking to remain in the Northwest yet wanting to gain the advantages of quality labor and available land.

Telecommunications:

Telecommunications provides one of the newest opportunities for business development. Basic infrastructure in the Kitsap region equals that available in the eastern Puget Sound region. SPRINT has installed a point-of-pressure (POP) on the Internet in Poulsbo, making it competitive with major metropolitan areas. SPRINT has provided ISDN service at significantly reduced rates to businesses and residences in their greater Poulsbo region. Downtown Bremerton is heavily wired as a result of the Navy presence. Several Sonnet Rings already exist. AT&T@Home has entered the market with some of the most advanced cable infrastructure in the region. The Kitsap PUD is planning to lay a fiber optic backbone tied to Bonneville Power's excess broadband capacity. Kitsap is a great place to do E-Commerce.

Shortage of Large Existing Buildings:

The most serious regional shortage remains the inventory of large existing buildings. Several large Call Center companies have been pleased with the labor availability and returned looking for appropriate real estate to house their business. However, they find very limited choices of existing buildings, which leads them to consider new construction. Businesses with time to "build to suit" can get the best of both worlds: a good labor force and the perfect building for their business needs.

Ferry Service and Transportation:

The uncertainties generated in ferry service and transportation brought on by the approval of Initiative 695 and the law suit on fast ferry service in Rich Passage have now started to resolve themselves. Courts have reinstated higher ferry speeds and the legislature seems favorably disposed to sustain ferry service. The Bremerton International Airport provides a convenient means for the shipment of goods; a convenience that will be expanded in the future with a link to the adjacent rail line. Even with the easing of the "transportation crises," the growing perception is that Kitsap's future lies with telecommunications and software.

Kitsap is Undiscovered Gem for Business Success:

A national employer commented that their company had almost rejected the Puget Sound area to place their new Call Center because they were under the impression that the entire area had a labor shortage. They were persuaded to visit our Kitsap region and were both shocked and pleased to find our abundance of qualified labor so close to the economic heart of King County. Kitsap is an undiscovered gem for business success, but not for long!

by

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Need to Actively Pursue the Extension of E-Commerce Services:

When considering the impacts of technology on the economic development of a community, our thinking must extend well beyond the "Internet Presence" issues of e-commerce. In order to prosper, Kitsap County needs to actively pursue the means to extend service to commercial and non-commercial projects, both existing and planned. Community planners must include e-commerce infrastructure in their plans so both the business parks and our residential areas can enjoy the technology services our high-tech society now demands.

Installation of High Bandwidth Communications:

The semi-rural nature of Kitsap County is an enticement to live here. This semi-rural nature has also hampered the installation of high bandwidth communications throughout the area. Currently, one carrier has the only high bandwidth connection (fiber optic cable) between Seattle and Kitsap County. This carrier transports the majority of all communication to and from the area. Other Kitsap County telecommunication providers lease services from that sole carrier to connect to Seattle and beyond. There are local telecommunications companies who control other available connections including older microwave links normally used for voice circuit connections to Seattle.

Problems Distinct to Kitsap County:

Communications within the county are further complicated by the existence of four distinct service areas served by three telephone companies (US West, Sprint and CenturyTel). Establishing voice or data routes between these service areas inserts additional costs ranging as high as 40-60%, as well as creating management and maintenance problems that would otherwise not occur.

The transportation choke points at the Tacoma Narrows and Kitsap County ferry terminals parallel the problems of inadequate telecomm/data infrastructure. The inability to transport people and goods efficiently to and from the peninsula mandates that a method of relief be found. To fix the transportation issue without spending hundreds of millions of dollars is not possible. One alternative, widely recognized as effective and immediately useful, is upgrading the telecommunications and data delivery infrastructure.

Fiber cable infrastructure has, until now, not been built by large communication companies due to lower financial reward when compared to large business areas such as Seattle and Bellevue. There are additional regulatory restraints on the Incumbent Local Exchange Carrier (ILEC) (the telephone company) that has hampered infrastructure buildout. Other independent providers have reviewed the market area and have chosen not to enter the Kitsap County/West Sound area at this time.

Options Being Considered and Projects Underway:

There are several options to improve Kitsap County's telecommunication services that are under consideration or actually in progress. For example, AT&T has recently acquired local cable companies and is in the process of upgrading and extending cable infrastructure. US West continues to extend fiber through the county and onto the Olympic Peninsula. US West and Sprint have upgraded their interconnect in the county. Smaller companies are extending wireless and DSL services in several areas of the county. A recently passed Washington State bill permits Public Utility Districts to provide facilities in rural underserved areas. All of these projects help but do not fully meet the need.

Competition Effects Pricing:

Once high bandwidth communications infrastructure is built in Kitsap County, the area can experience similar service pricing as areas on the east side of Puget Sound. Seattle, Bellevue and Redmond markets have communication competition. This has helped to drive the end use costs lower. The existing TELCO pricing model used in the West Sound areas imposes the addition of expenses to be added when extending service from Seattle to Kitsap County.

When additional high bandwidth connections cross the sound and fiber cable is constructed throughout Kitsap County, service will be more widely available, the cost will be lower and the new connections will provide the same access to band width as the East Sound. The improvement in cost and availability will make Kitsap County as much a player in attracting business as any east side area. Other demographics will help boost the economic potential in Kitsap County once this project is in place.

What Is High Bandwidth?:

What is this “high bandwidth” we are so concerned about? It is simply “the size of the pipe”. The following chart gives you a reference for what it means to have at T-1 or a DS-3 or an OC-3 connection into a neighborhood, a business park, or a community. It is not trivial information.

BANDWIDTH CHART		
Connection	Bandwidth	Payload
DS-0 (POTS)*	64Kbps	1 DS-O
DS-1 (T-1)	1.544 Mbps	24 DS-0's
DS-3 (T-3)	44.7 Mbps	28 DS-1's (672 DS-0's)
STS-1/OC-1	51.84 Mbps	1 DS-3 (672 DS-0's)
STS-3/OC-3	155.520 Mbps	3 DS-3's (2016 DS-0's)
STS-12/OC12	622.08 Mbps	12 DS-3's (8064 DS-0's)
STS-48/OC48	2488.32 Mbps	48 DS-3's (32,256 DS-0's)
STS-96/OC96	4976.64 Mbps	96 DS-3's (64,512 DS-0's)
OC-192	9953.28 Mbps	192 DS-3's (129,024 DS-0's)
OC = Optical Carrier (fiber)	*POTS = Plain Old Telephone Service	STS = Electrical Radio

The “Last Mile Link”:

The key link to all the wonderful high speed “pipe” that makes it all work is what is known as the “last mile link”. This is the link that reaches the end user. With advances in technology, that last mile link will be delivered several ways, including wireless, fiber optic cable, and legacy copper. Wireless technologies have matured remarkably during the past two to three years and now offer a very competitive means to deliver volume voice circuits as well as data.

Kitsap County Needs to Be On the Communications Super-Highway:

With the extending of fiber optic networks, super high speed connections are potentially available. With the accelerating evolution of data technologies, existing copper is being used for higher and higher speed connections. Many of these elements are in place, in construction or in planning. Key will be the old mantra, “location, location, location”. Just as communities died when they were bypassed by the railroad, by highways and by the interstate, the health of communities will increasingly depend on not being bypassed by the “communications super-highway”. We need to make sure Kitsap County thrives in the continuing telecommunications revolution.

by

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Harrison Hospital Service Expansion:

Harrison Hospital's new Radiation Oncology Center will open at its main East Bremerton campus by November 2000. This 14,000-square-foot facility will feature a state-of-the-art linear accelerator and space for a second. This will greatly enhance local services and is a valuable step in continued development of a regional cancer program in Kitsap County. Constructed at the hospital, the Center will replace the existing facility on Sheridan Avenue, making treatment more accessible and convenient for our patients. A new parking structure built adjacent to the Center will increase parking at the hospital by 60 spaces.

Silverdale Healthcare Campus:

Harrison's commitment to provide healthcare to our neighbors in all corners of the county continues with the new Silverdale healthcare campus. The centerpiece of this new 125,000-square-foot creation is Harrison Silverdale; featuring a Surgery Center, a Women's and Children's Center (including maternity and pediatrics) plus an Emergency Department available 24-hours a day, all coordinated with Harrison's East Bremerton facilities and services. The Silverdale campus is located south of Waaga Way at the intersection of Myhre Road and Ridgetop Boulevard.

A variety of outpatient services — including a women's breast center; adult and pediatric rehabilitation services, and physicians' office space will be located in a separate but connecting healthcare office building. The two structures make up the first of several phases to be developed on the campus to meet the healthcare needs of a growing Kitsap County and beyond. Medical services at Harrison Silverdale began on July 10, 2000.

Harrison Hospital Overview:

Harrison Hospital is a 297-bed, not-for-profit, community hospital, which offers a wide array of services, including in-patient, out-patient, emergency, maternity and home health. Harrison is fully accredited by the Joint Commission on the Accreditation of Healthcare Organizations, with the outstanding score of 99 out of 100 on their most recent survey. Harrison consistently offers its quality services at some of the lowest costs of any hospital in Washington State, which has among the lowest hospital costs of any state in the United States. Harrison also provides Urgent Care and other out-patient services at its South Kitsap Healthcare Campus on Tremont Avenue near Highway 16 in Port Orchard.

Doctors Clinic, Group Health Cooperative, KPS and Westsound Community Health Network:

The Doctors Clinic is a multi-specialty group practice with about fifty of the greater than three hundred civilian physicians who serve in Kitsap County. Group Health Cooperative is the largest Health Maintenance Organization (HMO) that serves the area, with approximately twenty-five physicians in Kitsap County. Kitsap Physicians Service (KPS) is the locally-based, health insurance provider for many of the residents of Kitsap and adjacent counties. Westsound Community Health Network is a Physician-Hospital Organization which includes over one-hundred physicians in Kitsap and Jefferson Counties.

Naval Hospital Bremerton:

Naval Hospital Bremerton, with its 67 licensed beds and extensive system of health services, provides care to approximately 80,000 military, family members and retirees who live within the hospital's beneficiary base. The hospital is undergoing a \$24-million expansion project, due for completion in late Spring 2001. This expansion will add a three-story Ambulatory Care wing and a three-level underground parking garage and will provide extensive renovation to the exiting building. Naval Hospital Bremerton is also home to the Puget Sound Family Medicine Residency Program and Fleet Hospital Five, the expeditionary arm of the military treatment facility.

The hospital provides the following in-patient specialties: Medical/Surgical, Pediatrics, Labor/Delivery, Mother/Baby, Level II Nursery, ICU, as well as an Ambulatory Procedure Unit. Core outpatient services include: Family Practice, Pediatrics, Internal Medicine, Mental Health, Women’s Wellness, OB/GYN, Physical Therapy, Orthopedics and Emergency. The hospital runs three major branch medical clinics and two satellite clinics located on military bases in the West Sound area and Everett.

Naval Hospital Bremerton Emergency Department is Best in State:

On October 20, 2000, Naval Hospital Bremerton was presented with an award recognizing their Emergency Department as the best in the state of Washington. The Emergency Nurse’s Association selected the Naval Hospital over all other Washington state hospitals for having the best customer service, most certifications and for their involvement in state and national nurse associations.

A Healthy Community:

Many indices reflecting the fact that Kitsap County residents experience a relatively high level of individual health can be found in Health Status of Kitsap County, 1998 Supplement. This report was prepared by Bremerton-Kitsap County Health District, Harrison Memorial Hospital, Kitsap Physicians Service, and Group Health Cooperative of Puget Sound.

Life Expectancy at Birth:

Life expectancy at birth is generally regarded as a key indicator of overall community health status. As shown below, Kitsap County residents’ life expectancy is significantly higher than that of other residents of Washington or the United States. It compares favorably with Japan, which has the highest life expectancies of any country in the world.

A Healthy Future:

	Kitsap	Washington	United States	Japan
Males	76.2 yrs	74.0 yrs	72.2 yrs	76.4 yrs
Females	81.1 yrs	80.0 yrs	78.8 yrs	82.8 yrs

Kitsap County has a relatively young and healthy population. The region has an environment that beckons with a myriad of recreational activities. The community has a track record of creative, collaborative, and successful efforts to improve residents’ quality of life and provide quality, cost-effective healthcare. Vision and leadership continue to develop services and facilities to meet future health needs based on today’s solid foundation.

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Comprehensive Land Use Plan:

Having a valid Comprehensive Land Use Plan returns a level of stability and predictability to land use planning and development throughout Kitsap County. On February 8, 1999, the Central Puget Sound Growth Management Hearings Board (CPSGMHB) issued an order rescinding its September 8, 1997 decision declaring the Kitsap County Comprehensive Plan invalid. The County had been operating under an Interim Zoning Ordinance since the original invalidation order on October 6, 1995. In addition, the Hearings Board order remanded a number of issues and directed the County to take action by no later than August 6, 1999.

Two Remand Issues:

The Kitsap County Board of Commissioners (BCC) divided the remand issues into two separate packages for review. The first remand package included revisions to the Zoning Ordinance, joint planning policy language and corrections to the Transportation and Economic Development Appendix and the appropriate designation of the "Screen Property" which were addressed on May 10, 1999.

The second package of remand items included the appropriate designation for the Port Gamble area. I also included updates to the six-year financing plan in the Capital Facilities element of the plan (1998-2004) that the BCC addressed on July 21, 1999.

Port Gamble Designated "Rural Historic Town":

On March 30, 2000 Kitsap County received a ruling from the CPSGMHB that upheld the county's designation of Port Gamble as a "Rural Historic Town" and brought its Comprehensive Plan into full compliance with goals and requirements of the Growth Management Act (GMA). The county developed the designation, along with special development regulations for the historic town, pursuant to language added to the GMA by the legislature in 1998. The county has successfully taken this planning approach with the Suquamish area, with the Port Gamble case being the first time the Hearings Board had considered the GMA requirements for these "limited areas".

The Hearings Board agreed with the county that areas with this designation are "not quite urban, but not quite rural." The decision speaks approvingly of the plan the county developed for Port Gamble and concludes that the mix of uses within the town and its physical form clearly qualify it as the type of "limited area of more intensive rural development" envisioned by the legislature. The Hearings Board upheld both the outer boundary of the town, which includes the area know as Gamble Village, and the range and intensity of uses allowed within the town. The challengers also failed to convince the Hearings Board that there was a problem with the capital facilities planning for the town or with the public process used to adopt the plan for Port Gamble.

This March 30, 2000 decision completed all the challenges and remand items issued on the county's 1998 Comprehensive Plan. The county commissioners expressed relief "to be out from under the cloud of non-compliance after such a long period of time and confidence in the county's planning future" (Commissioner Garrido). The full text from the Hearings Board's decision can be found on the county's web site at <http://www.wa.gov/kitsap>.

Joint Planning Areas (JPAs):

The Comprehensive Plan outlined a process for addressing the issues of Urban Joint Planning Areas through the development of Subarea Plans and Interlocal Agreements. These areas are contiguous to cities and are subject to coordinated city/county planning in an effort to resolve outstanding land use and capital facility issues.

Seven Joint Planning Areas (JPAs) in Process:

There are currently seven JPAs in process with Subarea Plans being prepared — the City of Poulsbo Urban Growth Area, the Port Blakely Property in Central Kitsap and the South Kitsap Industrial Area including the Bremerton National Airport and Olympic View Industrial Park.

Areas of More Intensive Rural Development (AMIRD):

The Comprehensive Plan recognizes recent amendments to the Growth Management Act (GMA) which allows counties to define “Limited Areas of More Intensive Rural Development” subject to a number of guidelines and criteria (RCW 36.70A.070(5)(d)). These areas allow for the recognition and designation of existing areas with established development patterns.

Two Demonstration Projects:

Two demonstration projects were recommended — Suquamish and Manchester — to help develop and test criteria for defining a process that will be used to consider future designations. The “Suquamish Rural Village Subarea Plan” was developed and successfully adopted by the Board of County Commissioners on April 19, 1999. This process established additional guidelines for defining a “Rural Village” concept and is currently being used in the Manchester community planning efforts. It is anticipated that this process will conclude sometime in early 2001.

Population & Employment Projections Determines Land Needed:

The Kitsap Regional Coordinating Council (KRCC) has recently developed a recommendation for new population and employment projections for Kitsap County through the year 2017. These projections are used to determine the amount of land needed for residential, commercial and industrial development and to determine the size of the Urban Growth Areas throughout the County. The revised recommendation that came from the Planning Directors work group stated that “All requests for 2017 population allocation, including Urban Growth Area boundary changes, will be submitted for review at or before the June 2001 meeting of the Kitsap Regional Coordinating Council Policy Board”.

by

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Planner

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Conference Center and Inn:

McCormick Land Company has secured land use approvals to build a Conference Center and Inn at McCormick Woods, a planned community just west of Port Orchard. Like McCormick Woods Golf Course and MaryMac's Restaurant and Clubhouse, the Conference Center, including a new restaurant, will be open to the public. Construction is scheduled to begin sometime in 2000.

State-of-the-Art Facility:

Just an hour from downtown Seattle and SeaTac Airport, the Conference Center and Inn will be the premier meeting destination in the Puget Sound Region. Designed by Bumgardner Architects to fit into the existing Clubhouse, Golf Shop and Cart Barn campus, the Conference Center and Inn will have 200 guest rooms and 20,000 square feet of meeting space.

While sited in the trees at McCormick Woods, with the look and feel of a sophisticated yet comfortable "Pacific Rim Great Camp", the Conference Center will offer state-of-the-art technology and meeting facilities. The management staff of Marriott Conference Centers, a division of Marriott International, will manage the Conference Center. They currently manage the McCormick Woods Golf Course, Clubhouse and MaryMac's Restaurant. McCormick Land Company feels this will assure that guests will enjoy superior service and a seamless experience from beginning to end.

Expansion of Tourism:

The Conference Center is intended to expand tourism in Kitsap County. Golfers will be within fifteen minutes of four great golf courses — the McCormick Woods Golf Course, the Trophy Lake Golf Course and the Olympic and Cascade Golf Courses at Gold Mountain. Already, the four courses promote the "Triple Eagle on the Kitsap Peninsula", a cooperative marketing campaign to bring golfers to the Peninsula. In addition to playing golf, conferencees and other guests will be able to enjoy the great outdoors of Kitsap county. From walks in the proposed 700-acre McCormick State Preserve adjacent to McCormick Woods, to the waterfront in Port Orchard and Bremerton to the attractions around the entire Olympic Peninsula.

by

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Ground Breaking in Summer 2000:

Northwest Corporate Campus is a 188-acre business park, which broke ground during the summer of 2000. It will provide an environment where people can walk to work and where they will enjoy views of Sinclair Inlet, Puget Sound, and the Olympic and Cascade mountains. The business park is located on a hill above Sinclair Inlet in South Kitsap, between Highway 16 and Old Clifton Road.

Local Jobs for Local People:

Northwest Corporate Campus hopes to attract businesses that will employ local residents who otherwise commute to jobs in Tacoma, Seattle, and elsewhere. Targeted properties include high-tech companies, corporate headquarters and call centers.

Live Where you Work:

By bringing jobs to where people are living, the Northwest Corporate Campus will significantly improve the quality of life for Kitsap County residents. Fifty-six (56) acres of the property are set aside for residential development. In addition, it is located next to McCormick Woods, an upscale living and golf community.

Five-Year Process Made for an Environmentally Sensitive Project:

The Northwest Corporate Campus has been designed to exist in harmony with environmental issues. During the past five years, the property has been rezoned. Engineering, wetlands, wildlife, geological, and wellhead protection studies have been completed to ensure compliance with environmental concerns. In addition, of the site's 377 total acres, half of the property has been set aside for open space.

Building Scheduled to Open Summer of 2001:

The developer expects to complete a 90,000 square-foot Class A office building by the Summer of 2001. The building will be state-of-the-art, featuring fiber-optic cabling, and high-speed data and voice connections and networks. Prospective users will have the options to lease building space, built to suit their needs, and/or to purchase and develop property in the park to suit their needs.

by
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Mixed Use 215-acre Development:

The Olhava Master Plan Development (MPD) is a 215-acre mixed use project located within the city limits of Poulsbo, WA. It is located at the intersection of State Routes 3 and 305. The development's Master Plan and accompanying Environmental Impact Statement are approved to include commercial, business, residential, and a 20-acre Olympic College branch "campus in the woods". Primary infrastructure development is currently being engineered.

Road Access and Utilities/Services:

Interchange improvements to State Routes 3 and 305 are designed to provide highway access to the Olhava project. Finn Hill Road links the development with historic downtown Poulsbo. Thompson Hill Road and Parnell Place join the project with several of North Kitsap's newer communities and schools. Recently renovated Viking Avenue enables additional access for a 41-acre residential cluster located southeast of the State Route 3/305 interchange. Water, sewer and public services are available from the City of Poulsbo. Other utilities and services include natural gas, public transit and high-speed communications lines.

Integrated Land Use Mix:

Commercial and Business

The master plan allows 840,000 square feet of commercial floor space. Commercial sites include a variety of locations and sizes within the project. The Olhava Business Park includes 325,000 square feet of business/office floor space. Business sites are centrally positioned between other commercial areas and the planned Olympic College campus. The development enjoys several viewpoints to Mount Rainier and Liberty Bay.

Residential and Recreation

The plan allows 420 multi-family and 70 single-family homes. Residential clusters include perimeter privacy buffers and open space park and recreation sites. Bicycle paths and nature trails stimulate non-vehicular access within the development and to an 8-acre community park. Residents are presented with a rare opportunity to enjoy shopping, conduct business or attend college, without traveling outside the development.

Public Education

A branch campus for Olympic Community College is scheduled to break ground during 2001, on a twenty-acre site within the Olhava Master Plan. The proposal includes the construction of a 38,000-square-foot classroom and administration building. Associated parking for vehicles and bicycles will be provided. It will also include a bus stop for Kitsap Transit. And, the community will be able to enjoy an educational nature trail through the beautifully wooded site. The facility will provide extended education for up to 900 full-time-equivalent students.

Development Standards:

Development standards will guide the project to best assure a cohesive and professional appearance. Site standards include landscaping, lighting and signage. Building standards include harmonious building form, height, texture and color. Because of Poulsbo's prevalent Scandinavian culture, soft site and building details will be encouraged.

by
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Port Blakely Communities:

Port Blakely Communities is a division of Port Blakely Tree Farms, which is a family owned company that has operated tree farms in Kitsap County and throughout Washington state since the turn of the century. They hope to break ground in the Spring of 2002 on a mixed use project in Central Kitsap County, just west of Kitsap Lake.

Planning and Zoning Process:

The 1998 Kitsap County Comprehensive Plan designated 440 acres of property owned by Port Blakely, located west of Kitsap Lake, as an Urban Joint Planning Area for Business and Light Industrial Land uses. The designation was made to achieve the County's goal of having land zoned and available for businesses to locate on and to help create jobs. A Subarea Plan is being prepared by Bremerton and Kitsap County that will identify the zoning for the property and specify the environmental protections that must be included for the project to be built.

Projected Land Use Mix:

The land use being considered for the site, is a mixed use project that would include approximately 900 homes and 2,225,000 square feet of business uses such as offices, light assembly and manufacturing facilities and business park. In addition, retail and commercial services will be included in the project to serve the needs of the community. The project will also include public trails, a public park and a buffer adjacent to neighboring properties.

Environmental Protection:

The project will only proceed if it is demonstrated that there will not be adverse impacts to the productive salmon resources of Chico Creek or to the water quality of Kitsap Lake. A master drainage plan will be prepared at the time there is a specific project that will include the best management procedures for protecting water quality and controlling water runoff.

Annexation to the City of Bremerton:

The Subarea Plan will be reviewed by the City of Bremerton and Kitsap County in the Fall of 2000. If approved, the property could be annexed to the City of Bremerton in 2000. Port Blakely could submit an application to the City for a specific project in early 2001. Public input and environmental review is scheduled to take place in 2000 and 2001 with construction possibly beginning in the Spring of 2002.

Access and Services:

Access to the site will be from SR 3 to two new access roads to the project. One new access road will be at the north end from Northlake Way. Another new road will be located at the south end and will extend Werner Road to the site. The project will be served with water and sewer by the City of Bremerton.

Other Projects:

Issaquah Highlands is another planned community that the Port Blakely company is currently developing. This project includes 3,000 homes, parks, trails, recreation, a regional retail center and a business center. Port Blakely also developed Montrues, a residential community of 300 homes in the City of Issaquah and has recently started construction of McGarvey Park, a residential community of 500 homes in the Renton area.

Port Blakely is dedicated to developing environmentally sensitive communities and growing sustainable forest to benefit current and future generations.

by
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Vision:

The adopted vision of the Port of Bremerton is to build, operate and maintain world-class facilities providing recreation and economic development opportunities for aviation, marine and business facilities. The Port of Bremerton's jurisdiction covers portions of the west and south half of Kitsap County, WA.

Bremerton National Airport:

Serving corporate and general aviation, Bremerton National Airport is ideal for general aviation and corporate hangars, aviation business and maintenance operations. Adjacent to Olympic View Industrial Park, Bremerton National's 6,200-ft runway is equipped with an instrument landing system, pilot controlled approach lighting and a non-directional beacon, and is capable of accommodating most Boeing 727, 737 and 757 aircraft.

There are over 600 acres available for corporate maintenance operations to develop. Amenities available include hangar space, Avgas (truck and 24-hour self-service) and Jet A fuel, a full service restaurant, aircraft maintenance, pilot training services, air parcel service and other fixed base aviation support services. Bremerton National is the regional hub for aircraft activities, is home to 125 aircraft, and is a major asset for the future economic development of the Puget Sound region. Bremerton National is only 10 minutes by air from SeaTac and Boeing Field.

The Olympic View Industrial Park:

The Port of Bremerton's Olympic View Industrial Park located west of Bremerton National Airport on State Highway 3 offers 560 acres of zoned industrial property. Rail frontage is available. The existing infrastructure will accommodate 30 more acres of development and will add basic infrastructure which is the primary focus of the Port's work for the year 2001. Additional roads and utility systems will require significant funding in coming years to make the remaining acreage fully available. The industrial park is a stand-alone urban growth area and is zoned light industrial. The park will act as a catalyst to the diversification of the economy by attracting new industries to Kitsap County. Thirty-two businesses occupying 75 acres and 300,000 sq. ft. of building space now call Olympic View Industrial Park home. Competitive operating costs, combined with a supportive building permitting process, assistance with industrial development revenue bonds, developer services and aggressive lease practices are some of the economic development tools and benefits offered by the Port. Designated properties in the industrial park as well as the adjacent Bremerton National Airport, offer the benefits of a Foreign Trade Zone and are just 10 minutes by air to SeaTac International Airport and one hour by interstate highway and ferry systems to any of the deep-water ports at Seattle, Tacoma and Olympia.

Olympic View Business Park:

Olympic View Business Park will be an excellent setting for business and technology-oriented businesses. It is adjacent to a broad bandwidth fiber optics line and is next to Bremerton National Airport. Construction of the 30-acre planned business park, begun in the Summer of 2000, will be developed on two terraces facing the Olympic Mountain range.

Foreign Trade Zone Designation:

Over 500 acres of land at the Port's industrial park and airport are designated by the US Department of Commerce as a Foreign Trade Zone (FTZ). Users can benefit from delayed and reduced duty payments and in some cases, no payments on a wide variety of import and export activity. Warehousing, manufacturing, repackaging and assembly activities can all benefit financially from use of the FTZ.

Port Orchard and Bremerton Marinas:

The Port's award winning recreational marinas provide both permanent and guest moorage. The Port Orchard Marina, reconstructed in 1997-98 after the devastating 1996 winter storms, presents state-of-the-art accommodations and upgraded utilities to both permanent and guest boaters.

Both the Port Orchard and Bremerton Marinas draw high numbers of guest boaters every year and contribute approximately \$1.5 million to the local economies. The cities of Port Orchard and Bremerton offer community events on the waterfront such as concerts, farmer's markets and the annual Blackberry Festival. This provides many shopping and entertainment opportunities within walking distance. The promotion of tourism receives great attention in the Port's economic development activities.

*

The Port of Bremerton has a strong relationship with its neighbors and local government. The Port plans projects and infrastructure that encourage today's businesses to flourish and future businesses to become established in Kitsap County.

by
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Historical Population Trends:

Kitsap County ranks 15th out of 39 counties in the State as the fastest (percentage) growing from 1990-1999. Growth has been very rapid. Kitsap County's resident population grew from 101,732 in 1970 to 189,731 by 1990, an increase of 87%, representing 88,000 people. By comparison, the state population grew by 42.6% over the same period. In the last nine years (1990 to 1999), Kitsap County grew by 21%. The state population grew by 18% during the same period.

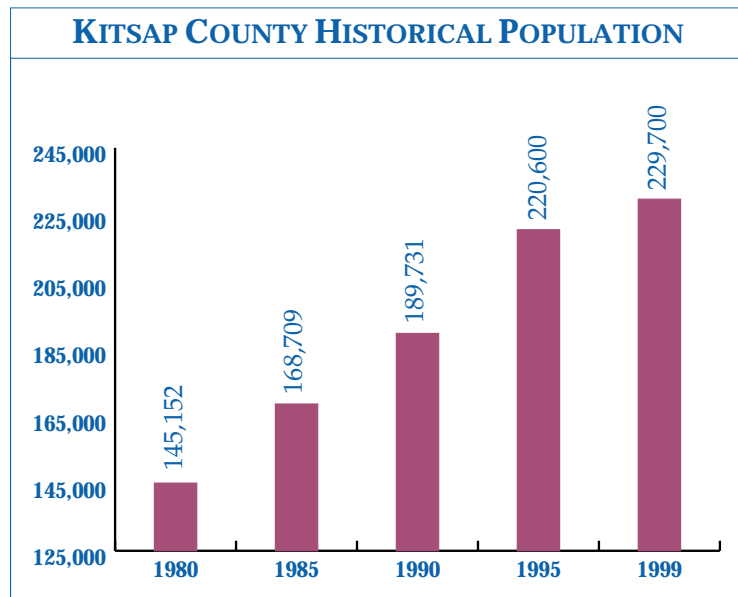
Kitsap County Population Gained 700 in 1999/ Another 500 expected by year end 2000:

The slight (0.31%) population gain in Kitsap County was largely due to increases in Port Orchard and Bainbridge Island. Both cities experienced population increases of approximately 4% in the last year.

Statistics gathered from the Washington State Office of Financial Management off their web site: www.ofm.wa.gov/, are summarized in the following charts and graphs.

KITSAP COUNTY POPULATION							
	1980	1990	1995	1996	1997	1998	1999
KITSAP COUNTY <i>Annual Growth Rate</i>	147,152 -	189,731 2.89%	220,600 2.38%	224,700 1.86%	229,400 2.09%	229,000 -0.17%	229,700 0.31%
BREMERTON <i>Annual Growth Rate</i>	36,208 -	38,142 0.53%	39,610 0.77%	38,370 -3.13%	38,600 0.60%	37,260 -3.47%	36,260 -2.68%
PORT ORCHARD <i>Annual Growth Rate</i>	4,787 -	4,984 0.41%	6,240 5.81%	6,610 5.93%	6,965 5.37%	6,945 -0.29%	7,255 4.46%
POULSBO <i>Annual Growth Rate</i>	3,453 -	4,848 4.04%	5,765 3.00%	6,070 5.29%	6,175 1.73%	6,590 6.72%	6,445 -2.20%
BAINBRIDGE ISLAND <i>Annual Growth Rate</i>	2,196 -	3,081 4.03%	17,910 *	18,530 3.46%	18,920 2.10%	19,080 0.85%	19,840 3.98%

*Incorporation of entire Island of Bainbridge Island (1991)

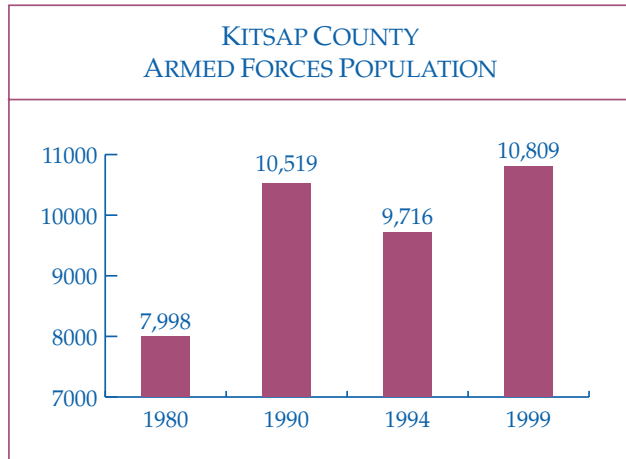


Older Population in Kitsap County Shows Gradual Increase:

Kitsap population aged 65 and over has gradually increased since 1990. In 1990, 10.64% of the population in Kitsap County was aged 65 or over. At the end of 1999, the percentage of Kitsap’s population that was 65 years and over had increased to 11.1%. In actual numbers, there were 14,529 individuals aged 65 and older in 1990 compared to 25,038 in 1999, for an increase of 10,509.

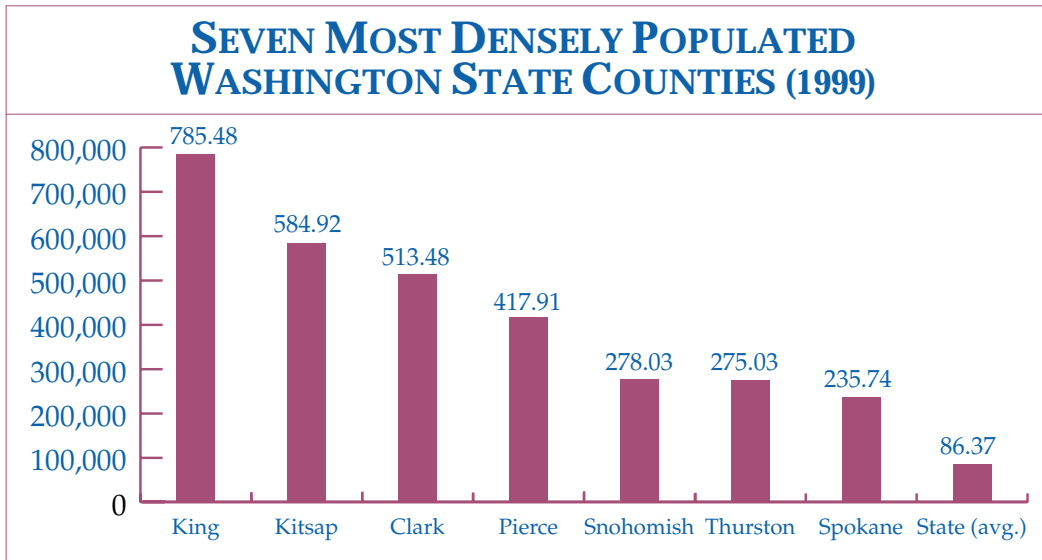
Armed Forces Personnel in Kitsap County:

Although Armed Forces personnel population has been reduced in other parts of Washington State, Kitsap County has maintained a fairly steady military population.



Kitsap County Population Density is 2nd Highest out of 39 Counties in the State:

Although the general appearance of Kitsap County seems “rural” due to the vistas of water, mountains and trees, it is, in fact, the second most dense county in the state of Washington, second only to King County



SEVEN MOST DENSELY POPULATED WASHINGTON STATE COUNTIES (1999)			
COUNTY	1999 People/Sq. Mi.	LAND AREA (Square Miles)	1999 POPULATION
King	785.48	2,135.001	1,677,000
Kitsap	584.92	392.70	229,700
Clark	513.48	656.30	337,000
Pierce	417.91	1,675.00	700,000
Snohomish	278.03	2,098.00	583,300
Thurston	275.03	737.00	202,700
Spokane	235.74	1,758.30	414,500
<i>State (avg.)</i>	<i>86.37</i>	<i>66,662.10</i>	<i>5,757,400</i>

Kitsap County Median Household Income Ranked 6th out of 39 Counties in the State:

Kitsap County enjoys a relative high Median Household Income compared to the majority of Washington state counties. It ranks 6th out of the 39 counties. King County enjoys the highest Median Household Income (\$60,785) and Okanogan has the lowest (\$23,696).

EIGHT HIGHEST MEDIAN INCOME WASHINGTON STATE COUNTIES (1999)	
COUNTY	Median Household Income
King	\$60,785
Snohomish	\$52,450
San Juan	\$48,458
Clark	\$47,353
Benton	\$44,841
Kitsap	\$44,036
Pierce	\$43,624
Thurston	\$43,475
<i>State (avg)</i>	<i>\$48,289</i>

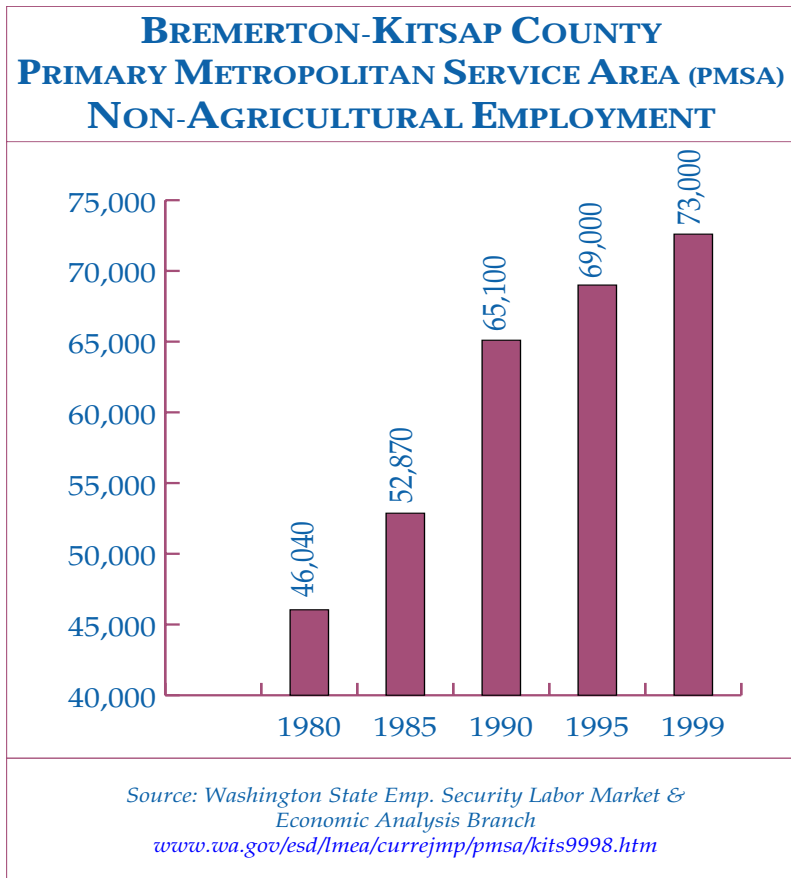
by
Washington State Office of Financial Management

Web site: www.ofm.wa.gov

Non-Agricultural Employment Increased by 1,200 from December 1998 to December 1999, an increase of 1.67%. Employment categories that experienced increases were: Manufacturing, Construction, Transportation/Public Utilities, Finance/Insurance/Real Estate, Services and Government. Employment categories that experienced no change were: Mining/Misc. and Wholesale/Retail Trade.

BREMERTON-KITSAP COUNTY PRIMARY METROPOLITAN SERVICE AREA (PMSA) NON-AGRICULTURAL EMPLOYMENT LEVELS				
Industry	Dec 1998	Dec 1999	% Change	Industry Share
Manufacturing	2,200	2,400	+9.09%	3.29%
Mining & Misc.	900	900	0.00%	1.23%
Construction	3,600	3,700	+2.78%	5.07%
Trans & Public Utilities	1,900	2,000	+5.26%	2.74%
Wholesale/Retail Trade	16,500	16,500	0.00%	22.60%
Finance, Ins/Real Estate	2,900	2,900	0.00%	3.97%
Services	18,100	18,800	+3.87%	25.75%
Government	25,700	25,800	+0.39%	35.34%
TOTAL	71,800	73,000	+1.67%	100.00%
<i>Source: Washington State Emp. Security Labor Market & Economic Analysis Branch www.wa.gov/esd/lmea/currejmp/pmsa/kits9998.htm</i>				

Slow but Steady Employment Growth: The graph below illustrates annual Kitsap County non-agricultural employment levels from 1980 to 1999. Annual growth in non -agricultural employment has been gradual but steadily uphill.



Department of Defense Civilian Employment:

The effect of military downsizing has had a big impact on civilian employment over the years. From it's most recent peak of over 22,500 jobs in 1992 and 1993, Kitsap County has lost some 8,144 jobs and in the past year employment has declined by 1,647.

DEPARTMENT OF DEFENSE CIVILIAN EMPLOYMENT TRENDS								
	1988	1992	1993	1995	1996	1997	1998	1999
Puget Sound Naval Shipyard	11,700	12,245	12,540	10,233	9,620	9,239	8,494	8,194
Naval Submarine Base Bangor	2,630	4,807	4,776	4,764	3,785	5,000	5,000	3,800
Naval Undersea Warfare Center	3,247	4,362	4,254	3,679	2,873	1,950	1,450	1,390
Bremerton Naval Hospital	-	434	459	299	509	452	347	360
Fleet Industrial Supply Center	650	700	484	484	602	657	760	600
TOTAL	18,227	22,548	22,513	19,459	17,389	17,298	16,051	14,404

Unemployment Rate in Kitsap County at 5.0% (September 2000):

Washington's unemployment rate was 4.2% as of September 2000, underscoring very tight labor markets in many parts of the state. Unemployment in Kitsap County was 5.0%.

In Kitsap, 4,600 residents out of a total labor force of 91,600 were unemployed. Seasonal cutbacks take place in many resource-based industries, construction and tourism, as fall weather set in. However, this year the seasonal pull-back was less than normal. Total non-farm wage and salary employment increased by only 300 from September 1999 to September 2000 (91,300 to 91,600).

TOP EMPLOYERS IN KITSAP COUNTY (AS OF OCTOBER 2000) 26

Major Government Employers (Civilian/Military)

Puget Sound Naval Shipyard (7,711 civilian/49 military)	7,760
Naval Submarine Base Bangor (3,400 civilian/5,900 military)	9,300
Naval Undersea Warfare Center (1,859 civilian/30 military)	1,889
Naval Station Bremerton (936 civilian/232 military)	1,168
Naval Hospital Bremerton (355 civilian/729 military)	1,084
Fleet Industrial Supply Center (619 civilian/20 military)	639

Major Local & State Public Agency Employers

Central Kitsap School District	1,400
South Kitsap School District	1,100
Kitsap County	1,050
Bremerton School District	752
North Kitsap School District	713
Washington State Ferries**	350
City of Bremerton	327
United States Postal Service	291
Olympic College	290
Retsil Veterans Home**	280
Kitsap Transit	277
Bainbridge Island School District	220
Educational Services District #114	200
Department of Social & Health Services**	190
Frances Haddon Morgan Center **	150
City of Bainbridge	123
Kitsap County Health District	113
Kitsap Regional Library	105
Washington State Patrol**	80
City of Poulsbo	78
Wash. State Dept. of Transportation**	60
Wash. State Dept. of Employment Security**	60
City of Port Orchard	50
Kitsap Co. Consolidated Housing Authority	50
Wash. State Department of Ecology**	40
Wash. State Dept. of Labor & Industries**	40

(**Source: WA State Employment Security, LMEA)

Major Private Sector Employers

Port Madison Enterprises (Suquamish Tribe)	261
EDS Corporation	175
Port Gamble S'Klallam Tribe	150
Ace Paving	150
Brem-Air Waste Management	130
Stirrett-Johnson	120
Kitsap Community Services	102
Chips Casino & Deli	95

Fred Hill Materials	94
Paladin Data Systems	80
Concurrent Technologies Corporation	75
Olympic Resource Management	75

Major Health Care Employers

Harrison Hospital	1,162
Belmont Terrace/Ridgemont Terrace	340
Martha & Mary Nursing Home & Child Ctr	276
The Doctors Clinic	230
Kitsap Mental Health	225
Group Health Cooperative	200
KPS Health Plans	105
Messenger Health Care Center	100

Major Defense Contractors

Johnson Controls World Services (estimate)	658
BAE Systems	325
Lockheed Martin	262
Raytheon Systems	200
American Systems Engineering Corp	219

Major Retail & Service Employers

Town & Country Markets	350
Wal*Mart (2 locations)	332
Albertsons (5 locations)	313
Laurier Enterprises (McDonald's)	295
Safeway	260
COSTCO Wholesale	240
The Bon Marche	204
Courtesy Chevrolet/Ford/Mitsubishi	200
Fred Meyer	195
Home Depot	180
Westby Auto Parts	151
JC Penney Company	100
Home Base	95

Major Financial Institutions

Kitsap Federal Credit Union	199
Kitsap Bank	160
Frontier Bank (formerly North Sound)	99
Bank of America	78

Major Manufacturing Firms

The SUN Newspaper	187
Seattle Orthopedic Group	165
Sound Publishing	155
Sage Manufacturing	135
Watson Furniture Systems	115
NetSystems, Inc.	107
Boxlight Corporation	97

by

Kitsap Regional Economic Development Council

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Kitsap County Building Permit Levels:

Year end 1999 building permit data combines figures for incorporated and unincorporated areas of the Kitsap county, and as detailed in the chart below, totals for 1999 were just slightly lower than the prior two years, but represent the lowest level of activity over the past 16 years. On the positive side, building permit activity relative to single family homes over the first quarter of the year 2000 (unincorporated areas only), total 161 units, and represent a 29% increase over the 125 building permits in the first quarter of 1999.

RESIDENTIAL BUILDING PERMITS BREMERTON/KITSAP COUNTY AREA							
Year	Single-Family		Multi-Family		Mobile Home		Total #
	#	%	#	%	#	%	
1989	1,347	54.0%	526	21.1%	623	25.0%	2,496
1990	1,914	55.2%	718	2.07%	836	24.1%	3,468
1991	1,660	59.9%	839	30.3%	707	25.5%	3,206
1992	1,892	65.3%	290	10.0%	690	23.8%	2,872
1993	1,611	55.6%	667	23.0%	536	18.5%	2,814
1994	1,766	64.5%	573	20.9%	539	19.7%	2,739
1995	1,387	65.8%	274	13.0%	448	21.2%	2,109
1996	1,345	66.1%	250	12.3%	441	21.7%	2,036
1997	1,030	66.8%	65	4.2%	446	28.9%	1,541
1998	970	62.2%	175	11.2%	415	26.6%	1,560
1999	1,132	75.2%	20	1.3%	354	23.5%	1,506
Total	21,465	58.3%	6,542	17.8%	8,842	24.0%	36,849

Source: HUD, Seattle Regional Office (1989-1996); Richards & Associates (1997-1999)

Average Home Prices Climbed 4.3%/ Days on Market (DOM) Declined:

The following chart summarizes average home sales prices by area of the county, as indicated by the Computer Multiple Listing Service (CMLS) data, and also indicates the average number of days on the market (DOM) it took to sell the homes. The bottom two rows of the chart display the average home sale price with and without Bainbridge Island included, an area which is heavily influenced by ferry access to King County and historically has the highest priced homes in the county. As the chart indicates, average home prices have steadily increased over the past five years, both on and off Bainbridge Island, while the days on market (DOM) have declined.

MULTIPLE LISTING SERVICE AVERAGE PRICES (ALL HOMES BY AREA)										
CMLS Area	1995		1996		1997		1998		1999	
	Price	DOM	Price	DOM	Price	DOM	Price	DOM	Price	DOM
1 South Kitsap	\$126,707	107	\$130,849	156	\$131,875	146	\$147,924	94	\$149,754	90
2 West/Central	\$139,532	134	\$146,910	147	\$155,853	138	\$159,393	90	\$162,472	82
3 W. Bremerton	\$83,190	86	\$89,005	132	\$100,494	115	\$97,066	83	\$97,810	75
4 E. Bremerton	\$99,385	83	\$105,292	120	\$108,274	119	\$117,846	85	\$115,871	68
5 East/Central	\$118,657	88	\$119,234	135	\$126,502	127	\$132,374	93	\$138,806	65
6 North Kitsap	\$143,168	108	\$156,313	146	\$161,365	149	\$171,771	94	\$188,771	95
7 Bainbridge Isl.	\$295,680	121	\$291,739	153	\$300,480	142	\$339,973	97	\$382,044	93
CountyAverages	\$143,232	112	\$150,706	145	\$161,212	139	\$175,155	92	\$183,669	85
Less Bainbridge	\$127,087		\$131,414		\$138,171		\$146,791		\$153,070	

Takes Fewer Days to Sell a Home:

A positive sign indicated by the data is the recent reduction in the average amount of time that it takes to sell a home, an indication that demand is on the rise. County-wide, 1999 was a great year for home sellers. In all MLS areas the days on market (DOM) declined over 1998 figures.

Appreciation Rates Continue to Decline:

Based on the average prices detailed in the previous chart, county-wide appreciation rates are lower than the prior three years, but within its subareas, the North Kitsap and Bainbridge Island markets have substantially exceeded the average. Appreciation rates by subarea are summarized in the following chart.

MLS SINGLE-FAMILY APPRECIATION RATES (AVERAGE PRICES)										
<i>MLS Area</i>	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1. South Kitsap	11.8%	15.3%	16.0%	3.3%	1.9%	2.3%	3.3%	0.8%	12.2%	1.2%
2. West/Central	21.2%	12.9%	0.3%	1.0%	1.9%	-6.1%	5.3%	6.1%	2.3%	1.9%
3. W. Bremerton	19.8%	11.3%	11.1%	7.6%	3.5%	-6.9%	7.0%	12.9%	-3.4%	0.8%
4. E. Bremerton	9.4%	13.6%	13.2%	2.4%	2.1%	-2.2%	5.9%	2.8%	8.8%	-1.7%
5 East/Central	9.6%	16.7%	7.5%	0.5%	3.5%	-0.7%	0.5%	6.1%	4.6%	4.9%
6. North Kitsap	16.9%	4.4%	8.9%	7.9%	2.3%	-0.2%	9.2%	3.2%	6.4%	9.9%
7. Bainbridge Island	28.4%	-2.5%	5.0%	4.4%	8.4%	8.5%	-1.3%	3.0%	13.1%	12.4%
County Totals	12.2%	8.7%	8.5%	3.8%	5.3%	-0.3%	5.2%	7.0%	8.6%	4.9%
Less Bainbridge	14.6%	12.6%	9.8%	4.1%	2.6%	-1.4%	3.4%	5.1%	6.2%	4.3%

Bainbridge Island/North Kitsap Experienced Highest Appreciation in 1999:

The data in the prior chart indicates that West and East Bremerton market areas experienced the lowest price gains in single-family homes. The highest appreciation rates were experienced in the Bainbridge Island and North Kitsap market areas.

“New Home” Prices Continue to Increase:

The Digest is a publication that formerly compiled data on “all” property sales that occurred within Kitsap County. This company terminated their services in Kitsap County in early 1997, so figures are only available through the end of 1996. The Northwest Multiple Listing Service, on the other hand, does track “new home” sales that occur through their member brokers, but their data is available only as of January 1998. Further complicating the matter is the fact that sales areas from each of these data sources are not identical. Despite these limitations, we have attempted to match sales areas as closely as possible and the data is summarized in the following chart.

AVERAGE "NEW HOME" PRICES <small>BASED ON <u>THE DIGEST</u> AND NWMLS DATA</small>								
<i>Digest Area</i>	1991	1992	1992	1994	1995	1996	1998	1999
North Kitsap	\$115,006	\$132,431	\$130,859	\$139,562	\$145,562	\$163,076	\$182,576	\$202,517
Bainbridge Island	\$236,277	\$238,043	\$205,725	\$249,673	\$260,458	\$304,735	\$348,819	\$382,306
Central Kitsap	\$142,966	\$149,163	\$147,284	\$149,333	\$150,264	\$148,161	\$145,979	\$147,269
Bremerton	\$121,987	\$127,751	\$115,014	\$123,596	\$126,331	\$123,303	\$137,049	\$136,048
South Kitsap	\$126,531	\$137,399	\$144,870	\$140,896	\$145,001	\$148,424	\$160,975	\$175,148
County Totals	\$138,463	\$143,776	\$143,078	\$148,880	\$153,131	\$162,651	\$195,219	\$226,200

“New Home” Prices Increased the Most in North Kitsap & Bainbridge Island:

Since 1991, new home prices have increased 76% within the North Kitsap market area, far out pacing any other area of the county outside Bainbridge Island. The South Kitsap area has increased 38% over this same time frame while the Central Kitsap and Bremerton areas have been rather stagnant, increasing 3% and 12% respectively. Again, the market appears to be placing greater emphasis on the North Kitsap and Bainbridge Island market areas as they have shorter commutes to the employment center of King County.

Total Home Sales Continue to Increase, While “New Home” Sales Remain Below Normal:

An indication of the level of sales actively within each area of the County is obtained from Multiple Listing Service data and is summarized in the following chart. The data reflects the number of closed sales in each area, in addition to the total number of condominium sales county wide. Please also note that figures for 1997 have been annualized based on data for only 10 months of the year.

NUMBER OF RESIDENTIAL SALES BY AREA <small>MULTIPLE LISTING SERVICE DATA</small>										
<i>MLS Area</i>	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1 South Kitsap	814	692	764	827	845	739	770	671	819	919
2 West/Central	508	412	551	541	580	512	396	382	477	465
3 W. Bremerton	272	233	256	232	237	216	243	240	304	321
4 E. Bremerton	176	133	144	142	155	136	143	131	182	215
5 East/Central	399	327	381	361	290	334	267	288	301	326
6 North Kitsap	480	521	630	622	646	639	581	589	712	814
7 Bainbridge Island	302	259	279	270	322	279	320	359	481	472
Condominiums	99	74	79	85	99	94	88	68	130	160
County Totals Ex. Condo	2,951	2,577	3,005	2,995	3,075	2,855	2,650	2,660	3,276	3,532
County Totals Inc. Condo	3,050	2,651	3,084	3,080	3,174	2,949	2,738	2,728	3,406	3,692

Single-Family Home Sales In Last Two Years Are Highest In Last Ten Years:

The data indicates that single family home sales have ranged from 2,577 to 3,692 units from 1990 to 1999. The past two years are the highest over the ten year period. A telling figure not shown on the chart, however, is the fact that of the 3,532 home sales that have occurred through the Multiple Listing service in 1999, only 472 involved new homes. Of this total, over half were located within the North Kitsap (143) and Bainbridge Island (111) market areas. Historical data indicates that new homes tend to represent slightly more than 25% of all residential sales transactions, and that the current level of county-wide new home sales (13.4%) falls far below the norm. This lack of sales is clearly a factor in the reduced level of new construction that has occurred and is documented by building permit levels that are presently at modern era lows.

MLS Single-Family Home Inventory Continues to Decline:

The following chart summarizes the average number of active single-family home listings by area of the county for the years 1994 through 1999. Active listings were on the increase in nearly every market area through 1997, but have since declined in all areas. Recent stable sales activity, coupled with limited new construction, still appears to be the cause of this decline. The data continues to indicate that existing supply is slowly being absorbed and that demand for new construction is in the offering.

MLS SINGLE-FAMILY RESIDENTIAL LISTINGS (MONTHLY AVERAGE)						
<i>MLS Area</i>	1994	1995	1996	1997	1998	1999
1 South Kitsap	464	586	623	636	532	531
2 Silverdale	257	327	327	336	276	233
3 W. Bremerton	163	179	162	231	176	163
4 E. Bremerton	72	90	123	130	98	93
5 Central Kitsap	162	183	220	230	162	137
6 North Kitsap	379	425	492	547	419	352
7 Bainbridge Isl.	182	269	213	278	227	202
County Totals	1,679	2,059	2,160	2,388	1,890	1,711

Residential Lot Development Also Declines:

Given the limited level of new home sales, which has resulted in a substantially reduced level of new home construction, it is only logical to assume that the level of new lot creation is also on the decline. This assumption is borne out by the following chart which details the number of plats recorded throughout the county in the years 1994 through 1999, in addition to the total number of building sites that were created. As the chart indicates, plat recordings dropped substantially from the level of 1996 and implies that future inventory will be minimized. The market appears to be coming out of a lull, and the fact that new inventory is not being created suggests that plats with standing inventory will be best positioned to capitalize on market demand once it materializes. This appraiser's search of the market also indicates that a very limited number of acreage tracts have been acquired by developers in recent years and once the market turns, a substantial lag time for new plat construction is likely to occur. This also bodes well for existing or ongoing developments with a standing inventory of lots.

RESIDENTIAL LOTS CREATED		
Year	Plats Recorded	Lots Created
1994	24	723
1995	3	78
1996	25	825
1997	16	373
1998	16	445
1999	17	388

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Lots Applied For/ Lots Created:

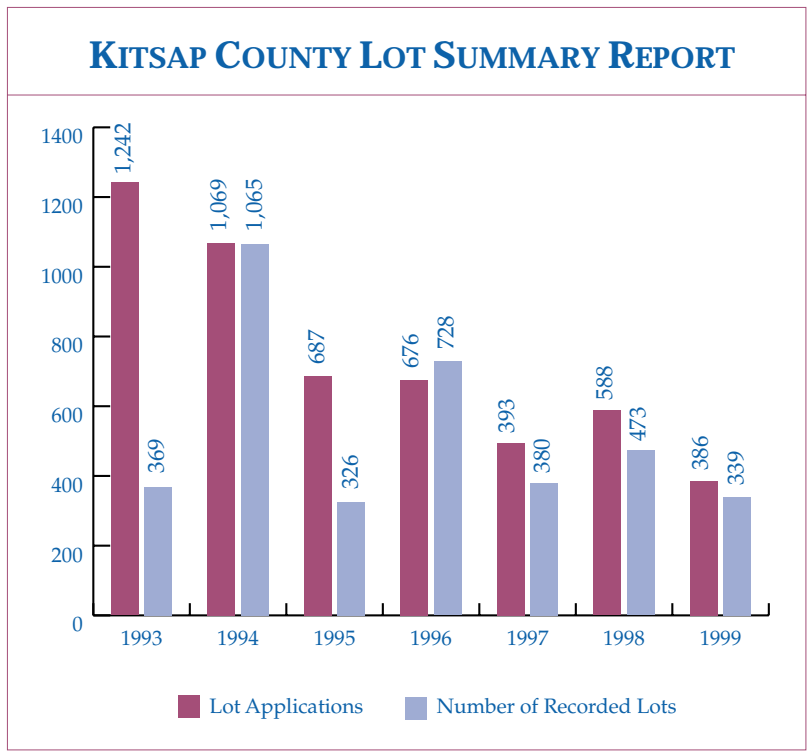
The following chart displays the number of lots applied for and created by area for the time period of January 2000 through September 2000.

SINGLE FAMILY LOTS (JAN-SEP 2000)		
Lot Location	# of Lots Applied for	# of Lots Recorded
Bainbridge Island	96	56
Bremerton	1	50
Port Orchard	26	6
Poulsbo	80	14
Kitsap County	62	2
TOTALS	285	128+144=272

128 = Fall
133 = Spring

Lot Applications and Recorded Lots Down from 1998:

The Single-Family Lot Creation Report, for year ending 1999, shows that lot applications in 1999 were less than in 1998. However, the figures are not that much less than in 1997. The number of recorded lots is also down from the 1998 figures. See Chart below for a summary of Single-Family Lot Applications and numbers of Recorded lots for the last seven (7) years. Note: 1993 had the highest number of lot applications even in the three years prior, (ie 1990, 1991 and 1992).



NEW LOTS CREATED BY AREA		
Lot Location	JAN-MAR 2000	APR-SEP 2000
Poulsbo	10	12
Kitsap County	33	4
Bainbridge Island	80	56
Port Orchard	17	6
Bremerton	4	50
TOTAL	144	128

“Planned Communities” Responsible for Adding Most of the Lots Created in Kitsap County:

Planned communities were responsible for the major part of the new lots created in the above chart. Bremerton’s “Illahee North Division 2” added 27 new lots. Bainbridge Island has two planned community developments that created lots. Bainbridge Island’s “Winslow Cove” added 25 new lots and their “North Town” development added 69 new lots.

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Housing Market and Housing Affordability Data Sources:

This analysis of housing markets and housing affordability in Washington was prepared for the Kitsap County TRENDS publication by the Washington Center for Real Estate Research at Washington State University. It is based on a quarterly report published by the Center which examines county-by-county housing markets across the state. Data estimates are based on data from the U.S. Department of Commerce, multiple listing services, local REALTOR associations and private data vendors.

2000 Home Sales Activity less than 1999 but Historically High:

Housing markets in Washington State during the first half of 2000 responded to strong but softening underlying economics, reinforced by increasing interest rates in response to Fed policy. Home sales activity throughout the state slid from 1999 records, but remained very high by historical standards. Stock market instability combined with the interest rate hikes began to slow the overheated greater Seattle market. While existing home sales in Kitsap county were below year-ago levels in both the first and second quarters, in both periods the declines were less than in neighboring King county.

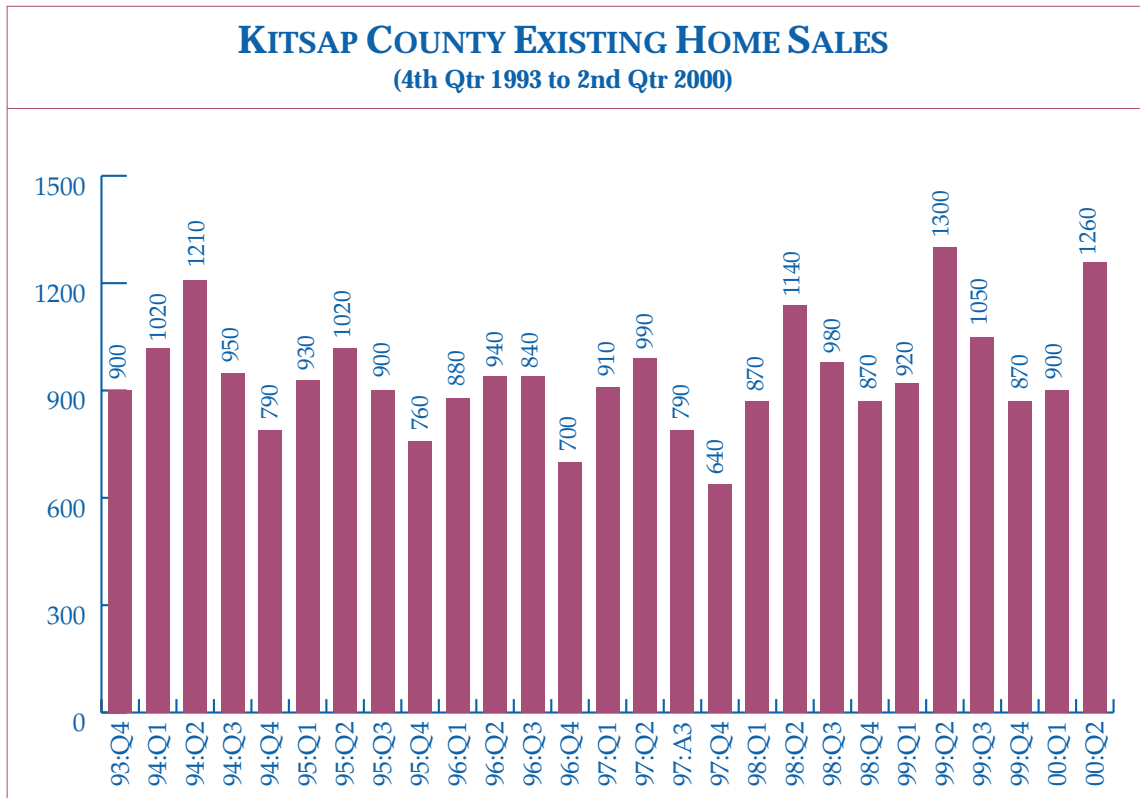
Washington Center For Real Estate Research:

The Washington Center for Real Estate Research uses data from multiple listing systems and other groups that monitor housing market activity throughout the state to compute measures of existing home sales (housing resales, excluding new homes sold). Since many sales take place outside of multiple listing systems, the data is linked to sales reported in the most recent Census (1990). Accordingly, the sales activity reported by the Center will be higher than other measures, but should be generally consistent in terms of percentage changes.

Statewide Home Sales Down By 0.5%/Kitsap County Sales Down By 2.7%:

Statewide home sales performance in the first half of 2000 was 0.5 percent below a year earlier, totaling 58,280 home resales. Kitsap slightly trailed the state. The 2,160 sales tallied in the county during the first half of the year represented a decline of 2.7 percent compared to early 1999.

RESALE HOUSING ACTIVITY - 1995-2000								
COUNTY FIRST HALF YEAR TOTALS								
County	1995	1996	1997	1998	1999	2000	Percent Change 98-99	Percent Change 99-00
Benton/ Franklin	1,080	1,270	1,170	1,300	1,370	1,380	+5.4%	+0.7%
Clark	1,670	2,090	2,010	2,470	2,450	2,390	-0.8%	-2.4%
King	12,640	15,060	16,690	16,810	17,750	16,340	+5.6%	-7.9%
Kitsap	1,950	1,820	1,980	2,010	2,220	2,160	+10.4%	-2.7%
Pierce	5,350	6,270	8,090	8,810	11,680	11,540	+32.6%	-1.2%
Snohomish	3,940	4,890	5,220	6,310	6,290	5,940	-0.3%	-5.6%
Spokane	2,690	2,790	2,660	3,030	3,100	3,130	+2.3%	+1.0%
Thurston	1,170	1,450	1,510	1,620	1,820	1,760	+12.3%	-3.3%
Whatcom	1,280	1,140	1,220	1,530	1,580	1,510	+3.3%	+4.4%
Statewide	41,950	47,140	50,830	54,810	59,560	58,280	+8.7%	-0.5%



Kitsap County Sales Up By 0.2% When Comparing 12 months ending with 2nd Quarter:

Statistics are always interesting. When you compare the twelve months of sales ending with the 2nd Quarter each year, Kitsap County actually experienced a slight increase over 1999. In the 12 months ending with the 2nd Quarter in 1999, 4070 homes were sold. In the 12 months ending with the 2nd Quarter in 2000, 4080 homes were sold. This is an increase of 0.2%. It is an increase of 18.6% over two years earlier.

EXISTING HOME SALES IN KITSAP COUNTY (YEARLY TOTALS 1995 TO 2000)

12 mos. ending 2nd Qtr 1995 - 3,690 Homes Sold
12 mos. ending 2nd Qtr 1996 - 3,480 Homes Sold
12 mos. ending 2nd Qtr 1997 - 3,440 Homes Sold
12 mos. ending 2nd Qtr 1998 - 3,440 Homes Sold
12 mos. ending 2nd Qtr 1999 - 4,070 Homes Sold
12 mos. ending 2nd Qtr 2000 - 4,080 Homes Sold

Home Prices:

Sales competition and potential marketing time for homes is of interest primarily to those who are actively in the housing market as either buyers or sellers. General business analysts also find the resale housing activity statistics useful. Far greater interest is expressed over the data on median home prices. Part of this interest is from individuals who want to own a home, but who have found the Puget Sound region rapidly escalating housing costs diminishing their ownership potential. Others find their homes are a considerable element in their financial portfolio, and monitor housing prices like they would stock prices. Certainly the state of housing prices is a frequent topic of conversation throughout Washington.

Despite slightly less robust home sales during the opening months of 2000, home prices have generally remained at record levels. This does not mean, however, that individual homes have not declined in value somewhat. During initial periods of market softness, it is common for the prices of individual homes to decline while aggregate prices increase. This happens because buyers enter the market expecting to purchase a certain type of home at a certain price. When they find the market has eased, they are faced with a dilemma. Do they spend as much as they expected, and purchase more home; or do they purchase the kind of home they expected, and save the remaining money. Most choose to purchase more home.

Kitsap Median Home Prices Show 3.2% Increase:

Most urban communities in the state continued to experience increases in median prices which are more consistent with individual property appreciation, however. Despite a slower market, prices in King County continued to jump at a double-digit rate. Kitsap county's 3.2% increase in median prices is more consistent with a steady, strong market where home price changes mirror overall inflation.

Kitsap County Median Price (\$146.5K) is \$100K Less Than King County:

A quick note about median prices is needed. Half the homes sell for prices above the median, half below. Both buyers and sellers are sometimes confused by these prices. Suburban sellers often forget that there are many less expensive homes in less desirable (by their standards) neighborhoods which help keep the medians down. Meanwhile, prospective buyers may be frightened out of the market by the unfounded belief they can't buy a home for less than the median.

MEDIAN HOME PRICES - 1996-2000 SECOND QUARTERS							
County	2nd Qtr 1996	2nd Qtr 1997	2nd Qtr 1998	2nd Qtr 1999	2nd Qtr 2000	Percent Change 98-99	Percent Change 99-00
Benton/ Franklin	\$99,300	\$101,300	\$105,500	\$108,300	\$117,100	+2.7%	+8.1%
Clark	\$122,900	\$130,000	\$138,500	\$140,000	\$147,200	+1.1%	+5.1%
King	\$173,000	\$186,100	\$192,000	\$229,500	\$255,000	+19.5%	+11.1%
Kitsap	\$123,500	\$133,500	\$137,500	\$142,000	\$146,500	+3.3%	+3.2%
Pierce	\$126,400	\$127,800	\$137,000	\$143,000	\$155,000	+4.4%	+8.4%
Snohomish	\$152,800	\$163,600	\$170,000	\$184,600	\$195,000	+8.6%	+5.6%
Spokane	\$101,000	\$103,300	\$103,600	\$103,800	\$103,700	-0.2%	-2.5%
Thurston	\$120,900	\$125,000	\$129,000	\$130,000	\$136,000	+0.8%	+4.6%
Whatcom	\$130,800	\$133,400	\$137,200	\$144,600	\$146,600	+5.4%	+3.5%
Statewide	\$143,900	\$149,800	\$158,900	\$168,800	\$178,000	+6.2%	+5.5%

All-Buyer Affordability Index:

Affordability is calculated two ways. The "All-Buyer Affordability Index" assumes a purchaser selects the area's median price home, makes a 20% down payment, and takes out a 30-year mortgage at prevailing interest rates. This buyer is assumed to earn a typical or median income for a family (no one-person households) in the area. The question then arises, could this typical family afford the monthly payments on a typical home? During the second quarter of 2000, the answer remained "Yes", but much less emphatically than in recent quarters.

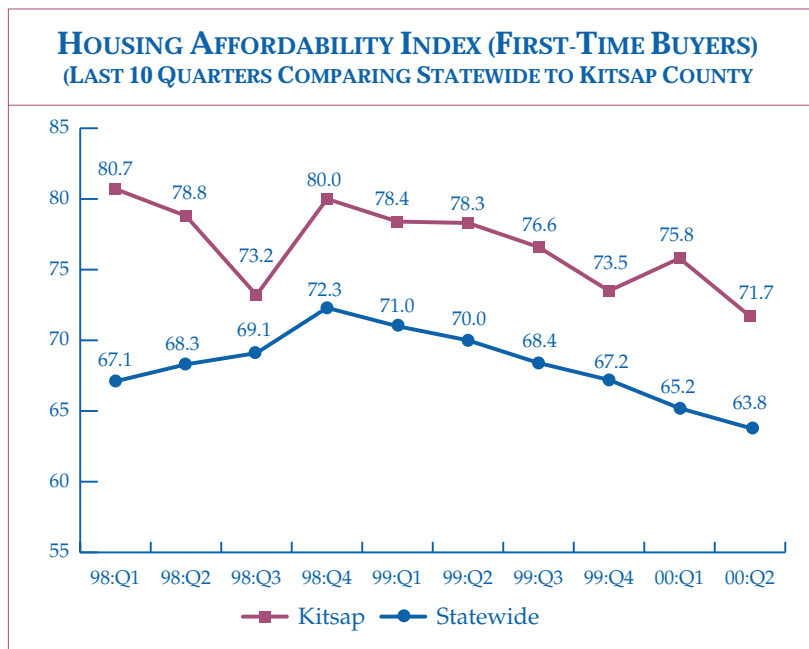
The statewide "All-Buyer Affordability Index" slipped to 107.3, meaning the typical family had just 7.3 percent more income than the bare minimum required to qualify for the home. This is less than half the "cushion" reported a year ago. Housing affordability in Kitsap county remained somewhat better than in most areas of the state, recording an index of 116.4, but has also declined somewhat due to higher prices and higher mortgage rates. Urban areas ranged from lows of 104.1 and 105.0 in King and Snohomish counties, respectively, to a high of 159.8 in Benton county (Tri-Cities area). Higher prices and mortgage interest rates offset increased family incomes, producing the lower affordability statistics for year-end 1999.

First-Time Buyer Index:

The real issue of affordability, however, is the ability of household to purchase their first home. The calculation of the “First-time Buyer Index” begins with a less expensive home (85% of median), a 10% down payment, and a 30-year loan with private mortgage insurance. To account for the fact that most higher-income households are already home owners, the comparative income level is 70% of the median household income (single-persons are more likely to be first-time buyers). The resulting picture of Washington is a place where it is difficult to buy your first home. The typical renter who might want to own a home has only 63.8 percent of the income required to qualify for a mortgage on the typical starter home.

Home Affordability Attracts New Businesses

Kitsap county’s first-time buyer affordability in the second quarter stood at 71.7. This relative affordability for first-time buyers in the county may be the key in attracting new businesses to the community. However, Kitsap County remains less affordable than Clark and Whatcom counties among urban areas in western Washington.



All-Buyer Index and First-Time Buyer Index Both Show Kitsap is Affordable:

The Chart below illustrates the relative affordability of Single-Family homes in Kitsap County utilizing both ways of calculating affordability (All-buyer Index and First-time Buyer Index).

HOUSING AFFORDABILITY CONDITIONS - LAST FIVE QUARTERS ENDING 2ND QTR 00										
County	All-Buyer Affordability Index					First-Time Buyer Index				
	99:Q2	99:Q3	99:Q4	00:Q1	00:Q2	99:Q2	99:Q3	99:Q4	00:Q1	00:Q2
Benton/ Franklin	190.2	173.6	173.8	172.0	159.8	113.9	104.0	104.0	100.5	96.0
	126.6	118.6	121.9	120.8	110.3	77.4	72.4	74.3	73.6	67.4
Clark	143.7	137.5	137.8	133.4	131.2	87.7	84.1	84.4	81.9	81.0
King	115.6	108.5	111.3	107.0	104.1	65.8	61.9	63.5	61.2	59.5
Kitsap	126.6	124.0	119.1	122.8	116.4	78.3	76.6	73.5	75.8	71.7
Pierce	134.0	126.1	127.0	123.7	116.8	80.2	75.3	75.7	73.5	70.0
Snohomish	116.9	111.6	111.6	106.2	105.0	72.9	69.9	70.1	66.9	65.7
Spokane	167.1	153.2	161.9	165.4	158.5	93.5	85.8	90.7	92.8	88.9
Thurston	146.6	138.7	145.7	136.8	130.7	87.1	82.3	86.3	80.9	77.7
Whatcom	128.3	124.0	127.3	123.3	117.5	72.5	70.2	72.1	69.9	66.7
Stavewide	121.0	116.7	113.3	108.4	107.3	70.0	68.4	67.2	65.2	63.8

Month's Supply of Housing/ Appreciation Potential:

The newest housing market measure introduced by WCRER is the comparison between sales during the second quarter of 2000 to the inventory of homes available for sale in selected price ranges in each market. If it is assumed that a "normal" market provides roughly a 5-month supply of homes, values significantly lower than five indicated the market is primed for rapid price increases in that market segment, while values significantly higher than five imply the owners of properties may need to be flexible in their pricing in order to sell the property in a reasonable time. Based on these statistics, the market in Kitsap county is currently well balanced, with only a moderate oversupply of homes priced above \$500,000. This means the local market will likely continue to experience relatively little change in homes sales prices, at least during the next several months.

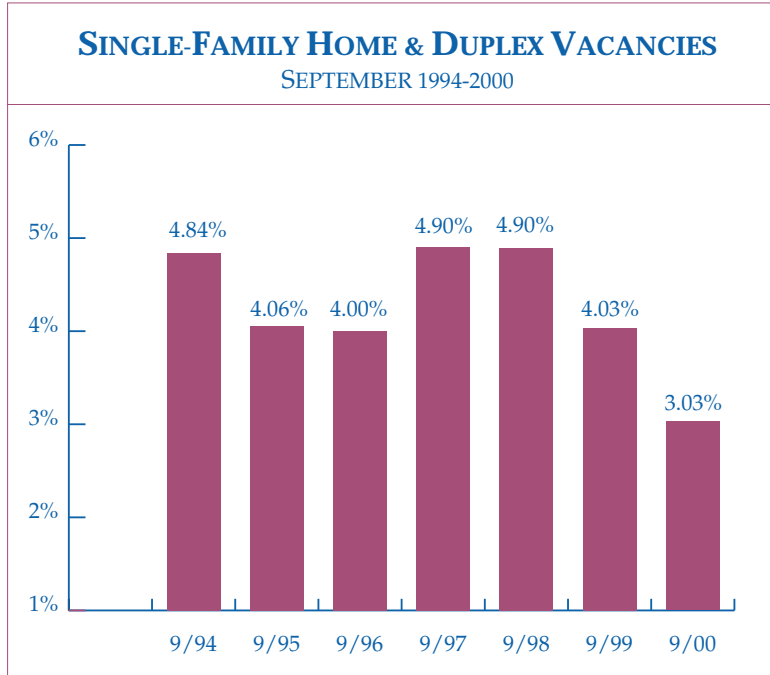
MONTH'S SUPPLY OF HOMES BY PRICE RANGE - JUNE 2000						
County	Under \$80,000	\$80,000-\$159,000	\$160,000-\$249,999	\$250,000-\$499,999	\$500,000 and above	Total Market
Benton/Franklin	10.6	5.3	8.0	11.0	28.0	7.1
King	4.0	2.2	3.4	4.8	7.1	4.3
Kitsap	5.0	5.8	8.0	9.5	13.1	7.1
Pierce	5.1	4.0	6.6	9.8	24.5	5.7
Snohomish	13.3	3.8	4.8	8.6	14.2	5.7
Spokane	10.2	10.2	11.2	15.1	86.0	10.7
Whatcom	14.9	11.9	12.9	14.1	28.5	12.9
Statewide	9.6	6.7	6.0	7.1	9.0	6.9

by
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Vacancies Low:

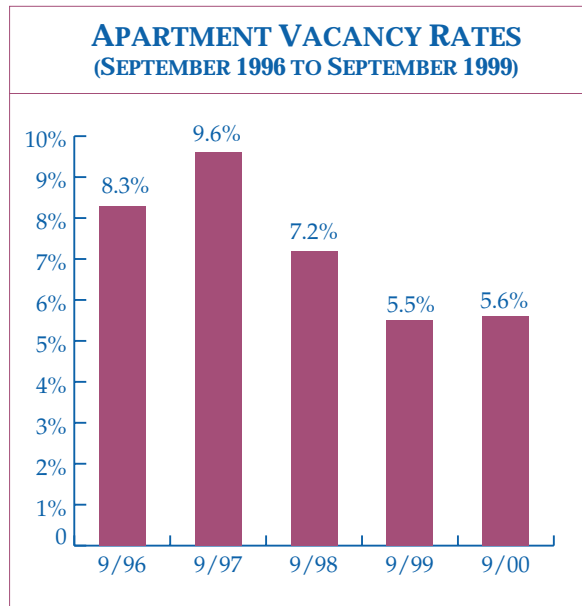
The Naval Housing Office conducted a survey of 14,492 single-family homes and duplexes in Kitsap County in August of 2000 and found 439 vacant units. This is a vacancy rate of 3.03%. Single-Family vacancy rates tend to be lower in the Fall months than in the Spring months, historically. In March of 2000, the vacancy rate was 4.08%. The vacancy rates were the highest in March 1997 (6.80%) and March 1998 (6.25%).



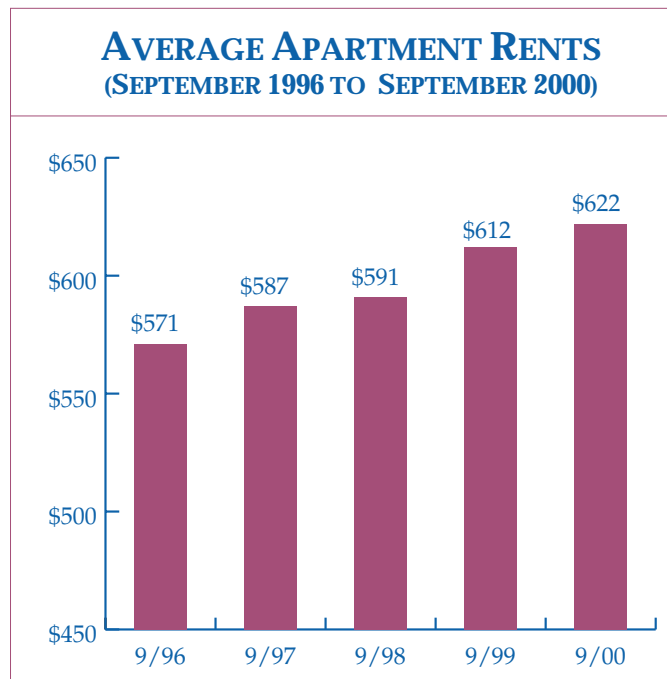
by
Christine Wikoff
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Vacancies Remain Low/ Rents Are Up:

As of September 2000, only 5.6% of all available apartments in Kitsap County were vacant. This is a low vacancy rate compared to the five-year average of 7.7%.



As of September 2000, the average apartment in Kitsap County rented for \$622/month. Studio apartments rented for an average of \$414/month, 1-bedroom apartments rented for an average of \$535/month, 2-bedroom apartments rented for an average of \$589/month, 2-bedroom apartments that had two bathrooms rented for an average of \$700/month and 3-bedroom apartments that had two bathrooms rented for an average of \$785/month



AVERAGE RENTS/VACANCY RATES BY AREA (SEPT 2000)

Bremerton	\$569/mo	(6.4% vacancy rate)
Port Orchard	\$597/mo	(4.4% vacancy rate)
Poulsbo	\$752/mo	(3.6% vacancy rate)
Silverdale	\$672/mo	(5.9% vacancy rate)

The vacancy and rental rate surveys were supplied by Dupre + Scott Apartment Advisors, Inc. of Seattle, Washington. Contact Dupre + Scott for more detailed information like Average Days Vacant and % Turnover.

by
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Office & Retail Vacancy Rates Increased Over Last Year:

The Bradley Scott, Inc. "Office, Retail and Industrial Vacancy Survey" found increases in both office and retail vacancies over last year. Office vacancies increased by 1.27%. This represents an additional 50,000 square feet of vacant office space. Retail vacancy rates decreased by 0.31%, but with the addition of more square footage available actually netted an additional 4,000 square feet of vacancy.

Office Market Experiences a 12.7% Vacancy Rate:

The Bradley Scott, Inc. survey of almost 2.3 million square feet of office space showed that vacancies in the office market have increased to 12.7%.

KITSAP COUNTY OFFICE VACANCY SURVEY AS OF SEPTEMBER 2000			
<i>Area</i>	Office Space (sq. ft.)		<i>Percent Vacant</i>
	<i>Surveyed</i>	<i>Vacant</i>	
Bainbridge Island	183,774	4,083	2.22%
Downtown Bremerton*	477,669	124,131	25.99%
East Bremerton	322,399	25,492	7.91%
West Bremerton	236,588	28,603	12.09%
Poulsbo	439,633	19,156	4.36%
Port Orchard	149,887	19,852	13.24%
Silverdale	485,451	70,133	14.45%
Total	2,295,401	291,450	12.70%
<i>Source: Bradley Scott, Inc.</i>			

Only Downtown Bremerton Improved in Office Vacancy Rate in Last Year:

Most of the increase in office space surveyed is the result of Bradley Scott's continuing effort to increase the amount of properties surveyed. There has been only a limited amount of new office construction during the last year. The most significant addition to the office market is the beautiful 45,000 square foot Harrison Memorial Hospital Silverdale Campus Medical Office Building. All areas of the County recorded an increase in vacancy, except Downtown Bremerton. If the Large retail buildings converted to office for the Navy are excluded, the Downtown office vacancy is only 8.65%

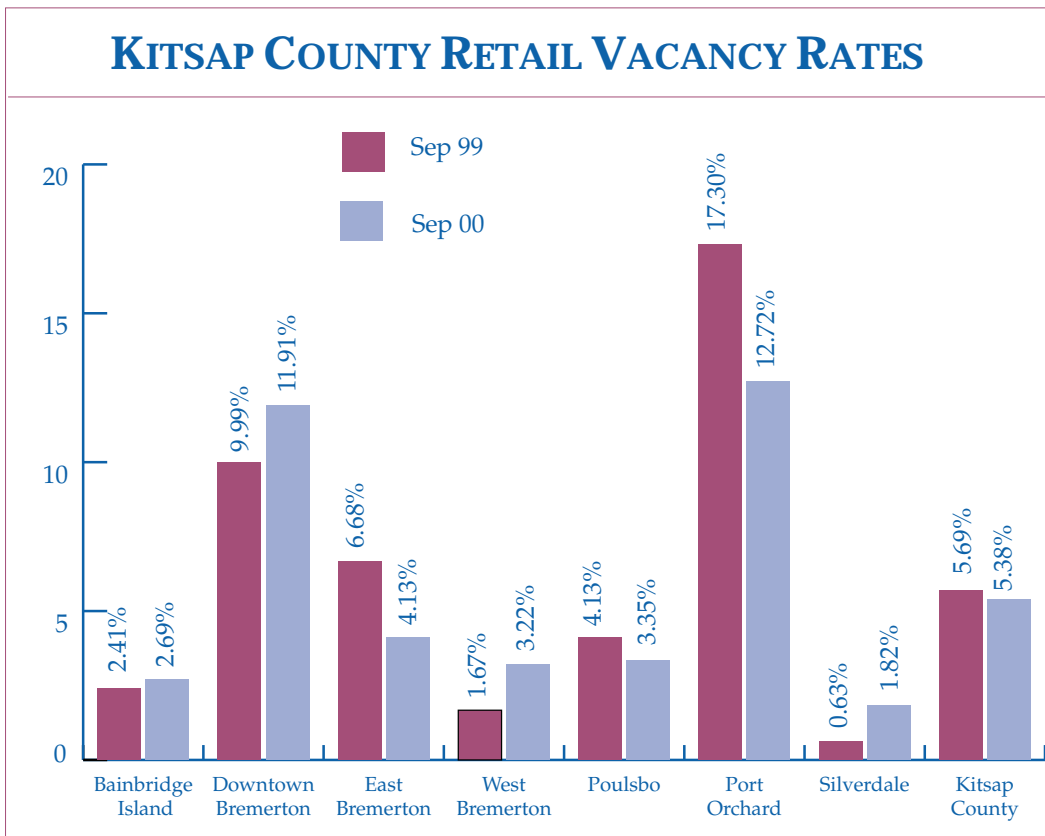
KITSAP COUNTY OFFICE VACANCY RATES		
Office Space Location	Sep 99	Sep 00
Bainbridge Island	1.55%	2.22%
Downtown Bremerton	26.89%	25.99%
East Bremerton	7.34%	7.91%
West Bremerton	7.46%	12.09%
Poulsbo	3.00%	4.36%
Port Orchard	9.45%	13.24%
Silverdale	12.01%	14.45%
Kitsap County	11.43%	12.70%

Retail Vacancy Rate Dropped/ More Retail Space Available:

The Bradley Scott, Inc. survey of almost 4.9 million square feet of retail space indicates vacancies have increased to 262,223 square feet. The percentage of vacancy dropped to 5.38% primarily because of new construction in South Kitsap. Big box retailers added over 200,000 square feet of 100% occupied retail space.

KITSAP COUNTY RETAIL VACANCY SURVEY AS OF SEPTEMBER 2000			
<i>Area</i>	<i>Office Space (sq. ft.)</i>		<i>Percent Vacant</i>
	<i>Surveyed</i>	<i>Vacant</i>	
Bainbridge Island	144,795	3,889	2.67%
Downtown Bremerton*	198,193	23,600	11.91%
East Bremerton	938,555	38,774	4.13%
West Bremerton	182,688	5,889	3.22%
Poulsbo	249,354	8,353	3.35%
Port Orchard	1,149,932	146,302	12.72%
Silverdale	2,157,758	39,305	1.82%
Total	4,876,480	262,223	5.38%
<p><i>*Does not include Penneys, Payless & Sears Buildings (197,102 sf) Source: Bradley Scott, Inc.</i></p>			

The amount of retail vacancies varies widely from one part of the county to another. The highest usable vacancy rate of 12.72% is in Port Orchard. In part, this exists because of a large amount of new construction. The lowest vacancy rate is in Silverdale. The Silverdale rate is only 1.82%. However, this low rate is almost three times what the rate was one year earlier and, at 39,305 square feet, is the second highest amount of available square footage in the County. Downtown Bremerton is still waiting for redevelopment. Most of the small stores are occupied, although at very low rental rates. The large former department stores, some of which have been empty for almost 15 years, are functionally obsolete and will probably never be fully occupied by retail users. Someday, downtown Bremerton will turn around and will provide an economic boost to the whole county.



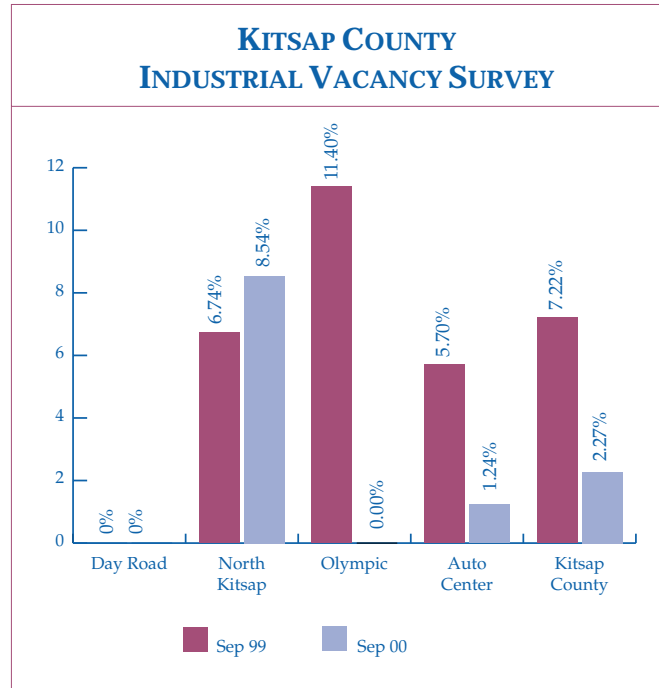
Industrial/ Warehouse Vacancy Rates Continue to Decline:

The Bradley Scott, Inc. survey of almost 1 million square feet of industrial space indicates the vacancy rate has decreased to 2.27%. Only 4,700 square feet of ready to occupy industrial/ Warehouse space exists in Central and South Kitsap industrial parks.

Kitsap County is currently limited to three major industrial parks, Olympic View (Post of Bremerton), North Kitsap and Day Road on Bainbridge Island. The Auto Center area of Bremerton was also surveyed. At the time of this report, there were no vacant warehouse space in the Olympic View Industrial Park or the Day Road Industrial Area. Almost all of the available industrial space is in North Kitsap and is the result of new construction.

KITSAP COUNTY INDUSTRIAL VACANCY SURVEY AS OF SEPTEMBER 2000				
		Industrial Space (Sq. ft.)		Percent Vacant
Industrial Park	Area	Surveyed	Vacant	
Day Road	Bainbridge	109,000	0	0.00%
North Kitsap	Poulsbo	222,538	19,000	8.54%
Olympic View	Port Orchard	334,095	0	0.00%
Auto Center Area	Bremerton	378,255	4,700	1.24%
Total		1,043,888	23,700	2.27%

Source: Bradley Scott, Inc.



by
**Tim Arnold, President
 and Gary Gartin**
 Bradley Scott, Inc. Commercial Real Estate
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Kitsap County School Enrollment Up 3.4% for 2000/2001 School Year:

The enrollment of the five school districts of Kitsap County is summarized in the table below. Enrollment increased in all but the North Kitsap School District (-2.7%). Bremerton experienced the greatest school enrollment increase (+21.8%).

KITSAP COUNTY SCHOOL DISTRICT HEADCOUNT ENROLLMENT						
<i>District</i>	1995	1996	1997	1998	1999	2000
Bremerton	5,869	5,979	6,157	5,991	4,862	5,922
<i>% Change</i>	-2.2%	+1.9%	+3.0%	-2.7%	-18.8%	+21.8%
Central Kitsap	13,148	13,547	13,643	13,606	12,841	12,872
<i>% Change</i>	-1.2%	+3.0%	+0.7%	-0.3%	-5.6%	+0.2%
North Kitsap	6,815	6,861	6,922	7,007	6,840	6,657
<i>% Change</i>	+5.2%	+0.7%	+0.9%	+1.2%	-2.4%	-2.7%
South Kitsap	11,134	11,421	11,671	11,533	10,998	11,317
<i>% Change</i>	N/A	+2.6%	+2.2%	-1.2%	-4.6%	+2.9%
Bainbridge Island	3,207	3,407	3,544	3,664	3,763	3,859
<i>% Change</i>	+1.6%	+6.2%	+4.0%	+3.4%	+2.7%	+2.6%
Kitsap County	40,173	41,215	41,937	41,801	39,304	40,627
<i>% Change</i>	+0.3%	+2.6%	+1.8%	-0.3%	-6.0%	+3.4%

by
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 Asset Management Administrative Assistant
 Kitsap County Consolidated Housing Authority

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Gasoline Prices push Consumer Price Index (CPI) Up:

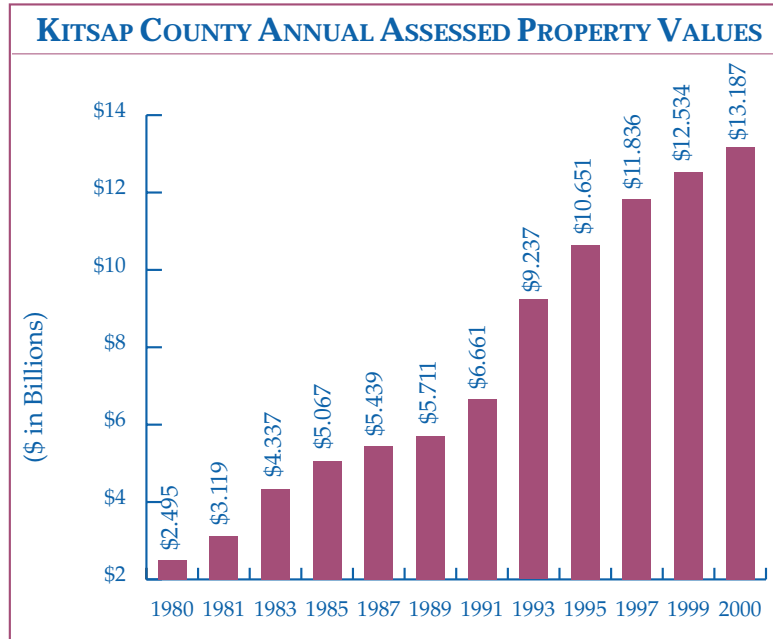
The Labor Department's index for tracking inflation, the consumer-price index (CPI), was 180.3 in August 2000 for the Seattle-Tacoma area. This was an increase of 3.4% for the eight-month period ending August 2000. With gasoline prices surging upward, the Consumer Price Index has steadily increased. The index for petroleum-based energy increased 9.1%.

CONSUMER PRICE INDEX ALL URBAN CONSUMERS					
U.S. City Average			Seattle-Tacoma		
Year	CPI	Annual Change %	Year	CPI	Annual Change %
1980	82.4	13.5%	1980	82.7	16.6%
1981	90.9	10.3%	1981	91.8	11.0%
1982	97.6	7.4%	1982	97.7	6.4%
1983	101.3	3.8%	1983	99.3	1.6%
1984	105.3	3.9%	1984	103.0	3.7%
1985	109.3	3.8%	1985	105.6	2.5%
1986	110.5	1.1%	1986	106.7	1.0%
1987	115.4	4.4%	1987	109.2	2.3%
1988	120.5	4.4%	1988	112.9	3.4%
1989	126.1	4.6%	1989	118.2	4.7%
1990	133.8	6.1%	1990	126.8	7.3%
1991	137.9	3.1%	1991	134.1	5.8%
1992	141.9	2.9%	1992	139.0	3.7%
1993	145.8	2.7%	1993	142.9	2.8%
1994	149.7	2.7%	1994	147.8	3.4%
1995	153.5	2.5%	1995	152.3	3.0%
1996	158.6	3.3%	1996	157.5	3.4%
1997	161.3	1.7%	1997	163.0	3.5%
1998	163.9	1.6%	1998	167.8	6.5%
1999	168.3	2.7%	1999	174.4	3.9%
Aug 2000	172.8		Aug 2000	180.3	
<i>Source: U.S. Bureau of Labor Statistics</i>					

A wealth of statistics can be obtained by going to the web site for the U.S. Bureau of Labor Statistics. That web site is: <http://stats.bls.gov/>.

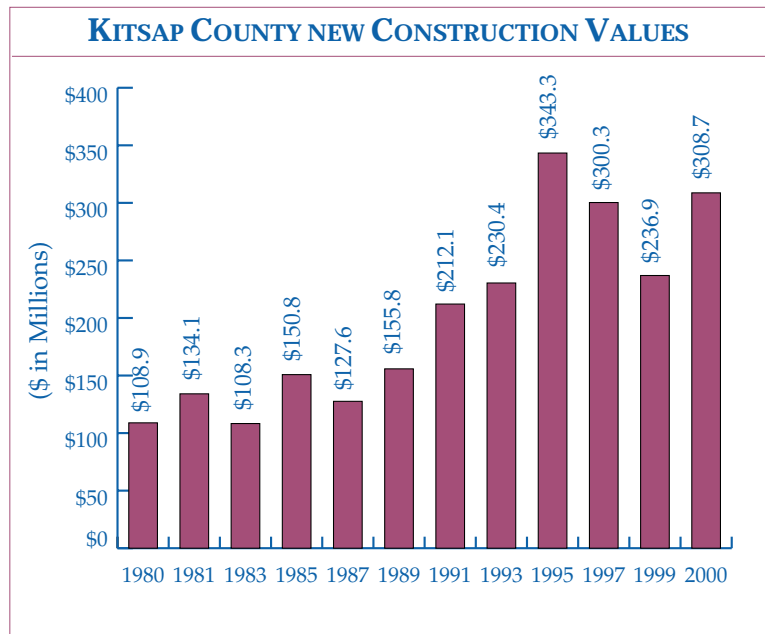
Assessed Property Values Continue to Grow:

The total assessed value of all properties in Kitsap County for the year 2000 was \$13.187 billion. This is an increase of 5.2% over 1999.



New Construction Property Values Did a Turn Around:

The property values of New Construction in Kitsap County had been decreasing since peaking in 1994 and 1995. New construction for 2000 was \$308.6 million. This is an increase of 30.3% over 1999.



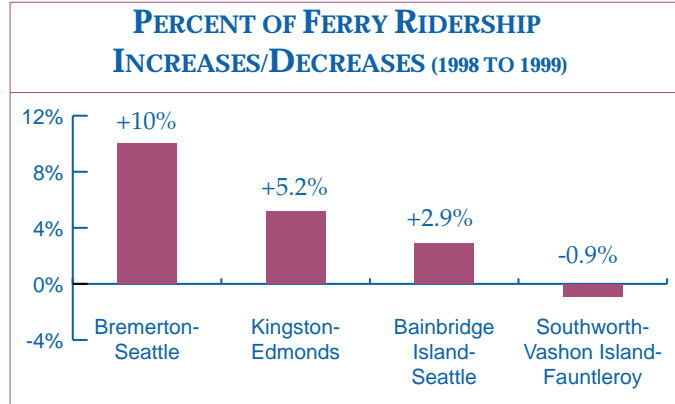
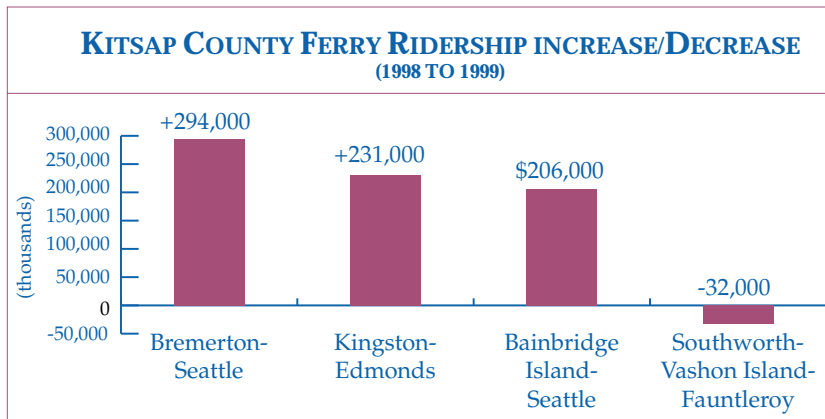
by
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Ferry Ridership to Bremerton, Kingston & Bainbridge Island Is Up/Ferry Ridership to Port Orchard is Down:

Bremerton-Seattle (passenger-only and auto) ferry ridership is up 10% from 1998 to 1999. Kingston-Edmonds ferry ridership is up 5.2% from 1998 to 1999. Bainbridge Island-Seattle ferry ridership is up 2.9% from 1998 to 1999. Southworth (Port Orchard)-Vashon Island-Fauntleroy (West Seattle) is down 0.9% from 1998 to 1999.

In 1999, 24 million rode Washington State Ferries/Bainbridge Island Route is Most Used:

Ferry ridership in 1999 for all Puget Sound ferry routes grew by more than 600,000 to 24 million riders over the last year. The Seattle-Bainbridge Island route remained the most used route with almost 7.3 million riders.



Ferry Ridership in the 1990s Showed an Increase of 34% Over the 1980s:

For the decade as a whole, ferry ridership in the 1990s surpassed 214 million riders in the Puget Sound area. This is a 34% increase over ferry ridership in the 1980s. Two major cross-Sound routes, Bainbridge Island-Seattle (72% increase) and Kingston-Edmonds (33% increase), experienced the greatest increases during the decade.

by
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MAP

