

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%

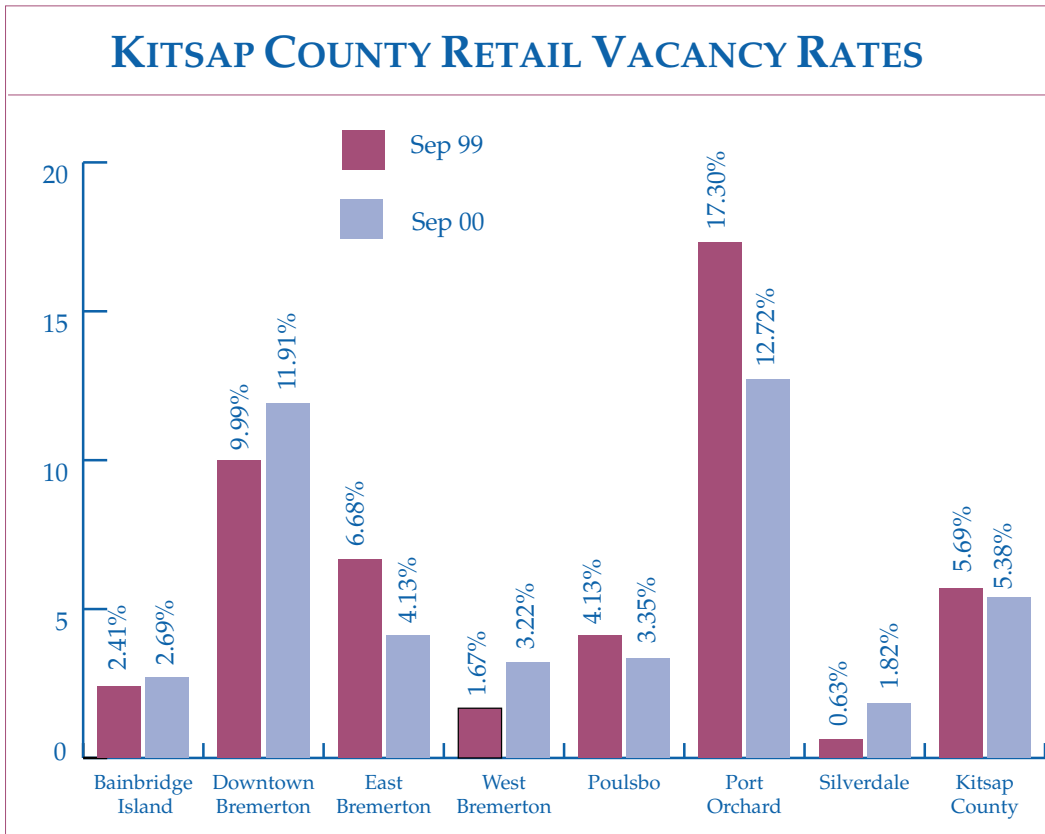
KITSAP COUNTY OFFICE VACANCY RATES		
Office Space Location	Sep 99	Sep 00
Bainbridge Island	1.55%	2.22%
Downtown Bremerton	26.89%	25.99%
East Bremerton	7.34%	7.91%
West Bremerton	7.46%	12.09%
Poulsbo	3.00%	4.36%
Port Orchard	9.45%	13.24%
Silverdale	12.01%	14.45%
Kitsap County	11.43%	12.70%

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			
Area	Office Space (sq. ft.)		Percent Vacant
	Surveyed	Vacant	
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.



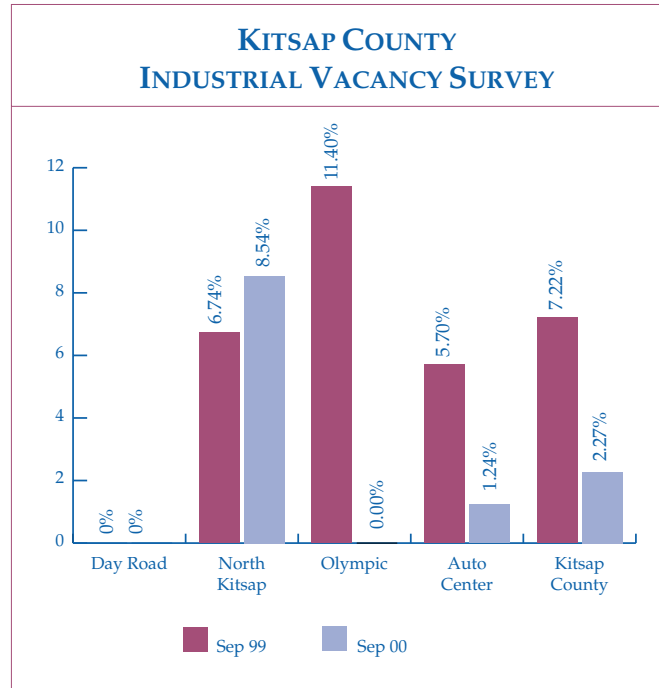
Industrial/ Warehouse Vacancy Rates Continue to Decline:

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
 (360) 479-6900 / fax (360) 479-5499