

# KITSAP COUNTY

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# TRENDS

R E P O R T

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KITSAP COUNTY

# TRENDS

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# TABLE OF CONTENTS

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COMMUNITY WEB SITES .....	1-2
EXECUTIVE SUMMARY .....	3-4
BUSINESS CLIMATE .....	5-7
TELECOMMUNICATION TRENDS IN KITSAP .....	8-10
MEDICAL SERVICES/HEALTH STATUS .....	11-13
KITSAP COUNTY DEPT OF COMMUNITY DEVELOPMENT .....	14-15
COMMERCIAL DEVELOPMENTS	
McCORMICK WOODS CONFERENCE CENTER & INN .....	16
NORTHWEST CORPORATE CAMPUS .....	17
OLHAVA MASTER PLAN DEVELOPMENT .....	18
PORT BLAKELY KITSAP LAKE PROJECT .....	19-20
PORT OF BREMERTON .....	21-22
POPULATION TRENDS .....	23-25
BREMERTON/KITSAP EMPLOYMENT .....	26-27
TOP EMPLOYERS OF KITSAP COUNTY .....	28
SINGLE-FAMILY BUILDING PERMITS/AVERAGE PRICES .....	29-35
SINGLE-FAMILY LOT AVAILABILITY .....	36-37
HOUSING MARKET & AFFORDABILITY .....	38-44
SINGLE-FAMILY VACANCIES .....	45
APARTMENT VACANCIES/ AVERAGE RENTS .....	46-47
COMMERCIAL REAL ESTATE .....	48-50
SCHOOL DISTRICT ENROLLMENT .....	51
CONSUMER PRICE INDEX .....	52
ASSESSED PROPERTY VALUES .....	53
FERRY RIDERSHIP .....	54
MAP .....	55

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BREMERTON AREA CHAMBER OF COMMERCE  
[www.bremertonchamber.org](http://www.bremertonchamber.org)

KINGSTON CHAMBER OF COMMERCE  
[www.kitsap.net/chamber/kingston/kingston.html](http://www.kitsap.net/chamber/kingston/kingston.html)

PORT ORCHARD CHAMBER OF COMMERCE  
[www.portorchard.com/chamber](http://www.portorchard.com/chamber)

GREATER POULSBO CHAMBER OF COMMERCE  
[www.poulsbo.net/gpcc](http://www.poulsbo.net/gpcc)

SILVERDALE CHAMBER OF COMMERCE  
[www.silverdalechamber.com](http://www.silverdalechamber.com)

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[www.bainbridgeisland.com](http://www.bainbridgeisland.com)

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[www.bremertonwa.com](http://www.bremertonwa.com)

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[www.kingstonwa.com](http://www.kingstonwa.com)

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[www.portorchard.com](http://www.portorchard.com)

POULSBO  
[www.cityofpoulsbo.com](http://www.cityofpoulsbo.com)

SILVERDALE  
[www.silverdale.com](http://www.silverdale.com)

**FERRY SCHEDULES**  
[www.wsdot.wa.gov/ferries](http://www.wsdot.wa.gov/ferries)

**HOME BUILDERS ASSOCIATION OF KITSAP COUNTY**  
[www.kitsaphba.com](http://www.kitsaphba.com)

## HOSPITALS

HARRISON HOSPITAL  
[www.harrisonhospital.org](http://www.harrisonhospital.org)

NAVAL HOSPITAL BREMERTON  
[http://nh\\_bremerton.med.navy.mil](http://nh_bremerton.med.navy.mil)

KITSAP COUNTY GOVERNMENT  
[www.wa.gov/kitsap](http://www.wa.gov/kitsap)

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[www.golfkitsap.com](http://www.golfkitsap.com)

ECONOMIC DEVELOPMENT COUNCIL (EDC) OF KITSAP COUNTY  
[www.kitsapedc.org](http://www.kitsapedc.org)

## NAVY WEB SITES

COMMANDER NAVY REGION NORTHWEST  
[www.cnbs.navy.mil](http://www.cnbs.navy.mil)

COMMANDER SUBMARINE GROUP 9  
[www.csg9.navy.mil](http://www.csg9.navy.mil)

NAVAL HOSPITAL BREMERTON  
[nh\\_bremerton.med.navy.mil](http://nh_bremerton.med.navy.mil)

NAVAL STATION BREMERTON  
[www.naswi.navy.mil/navstabrem/default.htm](http://www.naswi.navy.mil/navstabrem/default.htm)

NAVAL UNDERSEA WARFARE CENTER DIVISION KEYPORT  
[www-keyport.kpt.nuwc.navy.mil](http://www-keyport.kpt.nuwc.navy.mil)

PUGET SOUND NAVAL SHIPYARD  
[www.psns.navy.mil](http://www.psns.navy.mil)

SUBMARINE BASE BANGOR  
[www.bangor.navy.mil](http://www.bangor.navy.mil)

## NEWSPAPERS

KITSAP BUSINESS JOURNAL NEWSPAPER  
[www.KitsapBusinessJournal.com](http://www.KitsapBusinessJournal.com)

KITSAP NEWSPAPER GROUP  
[www.bainbridgeislandreview.com](http://www.bainbridgeislandreview.com)  
[www.bremertonpatriot.com](http://www.bremertonpatriot.com)  
[www.centrankitsapreporter.com](http://www.centrankitsapreporter.com)  
[www.northkitsapherald.com](http://www.northkitsapherald.com)  
[www.portorchardindependent.com](http://www.portorchardindependent.com)  
[www.pugetsoundnavynews.com](http://www.pugetsoundnavynews.com)

THE SUN NEWSPAPER  
[www.thesunlink.com](http://www.thesunlink.com)

OLYMPIC COLLEGE  
<http://oc.ctc.edu>

PORT OF BREMERTON  
[www.portofbremerton.org](http://www.portofbremerton.org)

### SCHOOL DISTRICTS

BAINBRIDGE ISLAND SCHOOL DISTRICT  
[www.bainbridge.wednet.edu/home](http://www.bainbridge.wednet.edu/home)

BREMERTON SCHOOL DISTRICT  
[www.bremertonwa.com/schools](http://www.bremertonwa.com/schools)

CENTRAL KITSAP SCHOOL DISTRICT  
[www.cksd.wednet.edu](http://www.cksd.wednet.edu)

NORTH KITSAP SCHOOL DISTRICT  
[www.poulsbo.net/schools](http://www.poulsbo.net/schools)

SOUTH KITSAP SCHOOL DISTRICT  
[www.skschools.org](http://www.skschools.org)

WASHINGTON STATE DEPARTMENT OF REVENUE  
[www.dor.wa.gov](http://www.dor.wa.gov)

WASHINGTON STATE EMPLOYMENT SECURITY  
LABOR MARKET & ECONOMIC ANALYSIS  
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[www.wa.gov/esd/lmea](http://www.wa.gov/esd/lmea)

WASHINGTON STATE FERRIES (SCHEDULES &  
FARES)  
[www.wsdot.wa.gov/ferries](http://www.wsdot.wa.gov/ferries)

WASHINGTON STATE LABOR MARKET ANALYSIS  
[www.access.wa.gov](http://www.access.wa.gov)

WASHINGTON STATE OFFICE OF FINANCIAL  
MANAGEMENT  
[www.ofm.wa.gov](http://www.ofm.wa.gov)

WASHINGTON STATE UNIVERSITY, WASHINGTON  
CENTER FOR REAL ESTATE RESEARCH  
[www.cbe.wsu.edu/~wcrer](http://www.cbe.wsu.edu/~wcrer)

## Kitsap County's Opportunities and Challenges:

The lead article in this edition of TRENDS succinctly lays out Kitsap County's opportunities and challenges. Zoltan Szigethy, Executive Director of the Kitsap Regional Economic Development Council (EDC), cites the decision of Nextel Communications to construct a build-to-suit call center employing 500 as a shining example of the County's growth potential. This new facility will take advantage of the Kitsap's quality of life, available land and high-speed telecommunications connectivity. Though not directly mentioned in connection with the Nextel move to central Kitsap, one can imagine that the cooperative attitude of County and local government also played a role in acquiring this major new employer.

The Economic Development Council section also mentions a couple of the continuing possible constraints to business growth in the county; the lack of available large buildings and transportation challenges caused by uncertainties in ferry service and in fixing the Tacoma Narrows choke point. The latter two downsides to our spectacular geographic location have seen no improvement so far in this year's legislative session.

## Telecommunications:

One item mentioned in the EDC article and then discussed in more detail by James Kendall, President of Telebyte, is telecommunications infrastructure in the county. The county can — and both authors argue it must — overcome any transportation weaknesses by optimizing its capability to communicate electronically. One indication of significant improvement in this capability was the successful demonstration on April 26 of a new fiber-optic line, which will greatly speed up the county's internet service. According to the *Bremerton Sun*, on that day, personnel of the Kitsap and Mason County Public Utility Districts used a recently installed high-speed cable for a video teleconference.

This new fiber-optic cable system provides a bandwidth some 6,500 times greater than a standard T-1 line. The Kitsap PUD's primary customers for the line will be internet service providers, telephone and cable TV companies and application providers. The line currently serves the county between Belfair to Bremerton National Airport and by early next year, it is expected to extend through downtown Bremerton to Silverdale, Poulsbo and Kingston.

## Kitsap County Housing Market:

One of the continuing critical measures of the county's economic vitality (and, in fact, a necessary ingredient for growth to occur) is the local housing market. Last year building permits for 1,504 units of housing (roughly three quarters for single-family dwellings) were issued county-wide. There has been virtually no change in the annual number of housing permits issued over the last four years. (Surprisingly, over that four year period the State Office of Financial Management estimates that the county population has grown by only 5,500 persons, which is 611 less than the number of housing units for which building permits were issued in 1997 through 2000.)

In 2000, the average home sale price in the county increased by an average of 1.4%, but the East Bremerton, West Bremerton and Bainbridge Island Multiple Listing Service areas showed increases of 7%, 8% and 9% respectively. Also, at year end last year there was an overall reduction in the number of days that it took to sell a home with only Bainbridge Island showing a significant increase. The average number of Days on the Market (DOM) was 84. This is quite strong in comparison to the 145 DOM figure as recently as the end of 1996. In March 2001, Kitsap County home sales were 27% above the same month a year ago. In King County, the number of pending home sales dropped 7.4% from March 2000, apparently an offshoot of the dot.com crash.

The multi-family housing market has also shown good strength according to the most recent figure available. This March apartment vacancy rates fell to 4.4% compared to 5.5% a year ago and average rents climbed 3.9% over the year to \$644.

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## Overview:

We have the labor, the land, free movement on our roads and a stable power supply. We have the beauty of our geography, easy freight access to the south and the east, proximity to Seattle's cultural hub and predictability in our land use plans and regulations. We have a hospitable business climate, a state-of-the-art telecommunications infrastructure and a community college that offers four-year degrees, a variety of skills and continuing education training facilities. We have much lower housing costs, good public and private K-12 schools, excellent medical services, and great recreational choices. Kitsap County offers the best of all possibilities: a great place to work, to prosper and to live.

## Economic Opportunities Strong In Kitsap Region:

Economic opportunities remain strong in the Kitsap Region. Available labor, business friendly governments, competitive choices of building sites, enhanced telecommunications, and Puget Sound Regional economic pressures have set the stage for expanded economic activity in the West Sound. Puget Sound Energy remains a source of stable and relatively inexpensive power. And, neither the recent bursting of the dot.com bubble, nor Boeing's decision to move its corporate headquarters from Seattle has adversely affected our economy.

This is born out by a number of businesses choosing to relocate or expand in Kitsap during the last six months. They range from smaller information-based or manufacturing companies, to Nextel Communications, Inc., with its build-to-suit 60,000 square foot call center that will employ 500 workers. Most of the smaller corporate decisions are made on the basis of comparative advantages of Kitsap within the Puget Sound region, or due to the corporate leaders' appreciation of our lifestyle, but the Nextel decision is telling because it resulted from a sophisticated, national search that considered nearly one hundred alternative sites.

## 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.

In all, the Kitsap Regional Economic Development Council has identified approximately 1,254 acres of developable land available as of March 2001. This includes 774 acres available for sale throughout the county and 480 acres for lease adjacent to the Bremerton National Airport. The latter has the added advantages of being in a "foreign trade zone" and having proximity to both rail and air modes of freight transport.

### **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. In this regard, Nextel Communications, Inc. is leading the way by building its own 60,000 square-foot facility in central Kitsap County. Other, smaller, businesses are either using renovated space in downtown Bremerton or are building new facilities throughout the county to accommodate their growing needs.

### **Ferry Service and Transportation:**

The uncertainties generated in ferry service and transportation brought on by the approval of Initiative 695 and the lawsuit on fast ferry service in Rich Passage are being resolved. The Washington State legislature — in the midst of its biennial budget process at this writing — is reaching a consensus to maintain car and passenger ferry services, provide continued passenger-only ferry service, and even to create a fiscal and organizational basis to enhance services in future years. Coupled with some increased user fees, that are generally acceptable to public entities and ferry system users, public subsidies of capital and operating costs will remain in place. Courts have reinstated higher passenger-only ferry speeds between Bremerton and Seattle.

### **Second Span to Tacoma Narrows Bridge:**

There is a collective will and legislative support to add a second span to the Tacoma Narrows Bridge. Kitsap already has good access by truck over this bridge to Seattle-Tacoma Airport and to the Ports of Tacoma and Seattle. But a second span would address peak hour delays. A contractor has been selected to build the second span to the bridge at a stipulated cost. The State legislature is now debating future toll rates and whether the State or a non-profit board will issue bonds to finance the construction.

### **Bremerton International Airport:**

The Bremerton International Airport provides a convenient means for the shipment of goods. And, now this convenience is enhanced with its link to the adjacent rail line and the availability of regular service.

### **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 may have been an undiscovered gem for business success, but this is certainly changing!

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 Projects in planning process or underway to improve Kitsap County's telecommunication services. AT&T acquired local cable companies and upgraded and extended the 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.

### Public Utility Districts In Process of Putting In Fiber Optic Backbone:

A recently passed Washington State bill permits Public Utility Districts to provide facilities in rural underserved areas that would not otherwise have options for high-speed telecommunications services.

This situation is in a state of flux, with the start of the build-out of a new fiber optic backbone by Kitsap Public Utility District #1. Kitsap PUD #1 is working in conjunction with Mason County PUD #3 to bring fiber optic infrastructure through Belfair, along highway 303 to the Port of Bremerton, and then through Bremerton to the north end of the county. The first connection will be for a demonstration project at the Port of Bremerton in mid April 2001.

### Private Network Linking Bremerton, Port Orchard and Silverdale:

In addition, smaller projects are underway including the beginning of a fiber-optic infrastructure "build" in downtown Bremerton by Convergence Technologies/NW Commnet that will quickly expand to cover locations in East Bremerton and Mannette. This network will be connected via wireless, wired and fiber-optic systems to provide networking for Medical Facilities, Doctors offices, and multi-location businesses and agencies. This construction is in conjunction with projects in Silverdale and Port Orchard that will create a private network between Silverdale, Bremerton, and Port Orchard.

### Many Smaller ISPs Are Merging or Closing:

There is an ongoing shakeout in the high-tech telecommunications industry that is seeing small ISPs merge or close. Competitive local exchange carriers, especially those concentrating on DSL, are dropping service or closing entirely. Covad and Northpoint are two companies that are dropping service or have gone out of business and others are having financial difficulties. Despite this retrenchment, several companies continue to thrive and competitive options are becoming more available.

### 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-0
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 Serves a Three-county area:

Harrison Hospital is a not-for-profit, acute-care community hospital. It's origins date to the turn of the century. Today it is one of the region's busiest medical centers, with three campuses serving Kitsap, Jefferson, and North Mason counties. At the main hospital in East Bremerton, and facilities in Silverdale and Port Orchard, Harrison Hospital offers a comprehensive range of services, including OB/GYN and pediatrics; cardiology; orthopedics; oncology; diagnostic imaging; laser, laparoscopic, and retinal surgery; rehabilitation; mental health; emergency and urgent care. Fully accredited by the Joint Commission on the Accreditation of Healthcare Organizations, Harrison Hospital is a Level III Trauma Center.

## Radiation Oncology Center:

Harrison Hospital's new Radiation Oncology Center, which opened October 2000, provides world-class cancer care — including procedures previously unavailable in Kitsap County. The 14,000-square-foot facility is one step in development of a regional cancer program. Constructed at the main campus in East Bremerton, the center replaced the facility on Sheridan Avenue, making treatment more accessible and convenient for patients. The center is both high-tech and high touch. Along with the latest linear accelerator and aggressive treatment options, there is also an emphasis on education, humor, comfort, family and friends.

## Harrison's Silverdale Healthcare Campus:

The centerpiece of Harrison Hospital's newest campus, which opened July 2000, is a Surgery Center and a Women's and Children's Center. Located south of Waaga Way at the intersection of Myhre Road and Ridgetop Boulevard, the 125,000-square-foot facility also hosts 24-hour emergency services and adult and pediatric rehabilitation services, including state-of-the-art aquatic therapy.

The medical office building — a cornerstone of the 32-acre campus — was sold in January 2001 to longtime Kitsap residents Bruce and Betty Harlow. The 53,000-square-foot structure shares a common entryway with Harrison Hospital's Silverdale Healthcare Campus and remains vital to its services, supplying space for physician, outpatient, and clinical functions. The purchased facility, called the Harlow Medical Building, houses local doctors and a variety of clinical offerings, including an open MRI, laboratory, and conference center. The sale of the office building was outline in Harrison's earliest plans for the Silverdale campus and permits the hospital to focus its resources on development and delivery of additional healthcare services for the community.

## Harrison Hospital's South Satellite:

Harrison Hospital's Port Orchard satellite provides South Kitsap residents with first-rate walk-in care seven days a week. It provides an array of other services, including rehabilitation and home health.

### 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 the Fall of 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 existing 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". 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.

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

**A Healthy Future:**

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. It 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". 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.

**Five Joint Planning Areas (JPAs) in Process:**

There are currently five JPAs in process with Subarea Plans being prepared — the City of Poulsbo Urban Growth Area (UGA), the South Kitsap Industrial Area including the Bremerton National Airport and the Olympic View Industrial Park, the Anderson Hill and Berry Lake properties adjacent to the City of Port Orchard and the McCormick West property.

**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 2001.

**Population & Employment Projections Determines Land Needed:**

The Kitsap Regional Coordinating Council (KRCC) developed a recommendation for new population projections for Kitsap County through the year 2017. These projections are primarily used 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”.

**Comprehensive Plan Amendment Process:**

On April 16, 2001, the Board of County Commissioners adopted Resolution No. 060-2001 providing for the review and possible amendment of the Kitsap County Comprehensive Plan. The Washington State Growth Management Act requires that the County Land Use Plan be subject to review and evaluation no more than once a year and at least once every five years (RCW 36.70A.130). The goal of the review is to ensure that the Plan complies with new requirements and remains consistent with the County’s vision of future development. A complete listing of all information related to the 2001 annual review process can be located on the Kitsap County website: <http://www.wa.gov/Kitsap>.

by  
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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. The construction schedule is yet to be determined.

## 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.

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## Ground Breaking in Summer 2000:

Northwest Corporate Campus is a 188-acre high-tech 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, research & development, biotech, 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 2002:

The developer expects to complete a 120,000 square-foot Class A office building by the Summer of 2002. 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.

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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.

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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 late 1800's. They hope to break ground in the Spring of 2004 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 was prepared by Bremerton and Kitsap County that identifies the zoning for the property and specifies the environmental protections that must be included for the project to be built. It was approved in September 2000.

## 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, a maximum of 100,000 square feet of 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. A monitoring plan that establishes construction and post-construction monitoring will also be developed. If it is found that mitigation measures are not achieving the desired results, mitigation will be adjusted.

## Annexation to the City of Bremerton:

The property was annexed to the City of Bremerton in December 2000. A Development Agreement that reiterates the goals and requirements contained in the subarea plan and establishes the zoning for the site was approved in the same time-frame. Master planning and environmental review is planned to take place in 2002 and 2003 with construction beginning in the Spring of 2004.

## 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, Washington.

## 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 Business and Industrial Park, Bremerton National's 6,200-ft runway is equipped with a state-of-the-art 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 development of corporate maintenance operations. 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 140 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 Airport and Boeing Field.

## The Olympic View Industrial Park:

The Port of Bremerton's Olympic View Business and 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 and airport are located in an urban growth area and are zoned 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 Business and 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, with spectacular views of the Olympic Mountains, is an excellent setting for technology-oriented businesses. Adjacent to the Bremerton National Airport and the Industrial Park, development plans call for an infrastructure and roadway system to accommodate office and high-tech development, including extension of broadband fiber optics located at the entrance to Olympic View.

### 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, repackaging, assembly and manufacturing 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, including state-of-the-art accommodations and utilities. Both the Port Orchard and the Bremerton Marinas draw high numbers of guest boaters every year and contribute approximately \$1.5-million to the local economy. The cities of Port Orchard and Bremerton offer community events on the waterfront such as concerts and farmer's markets, 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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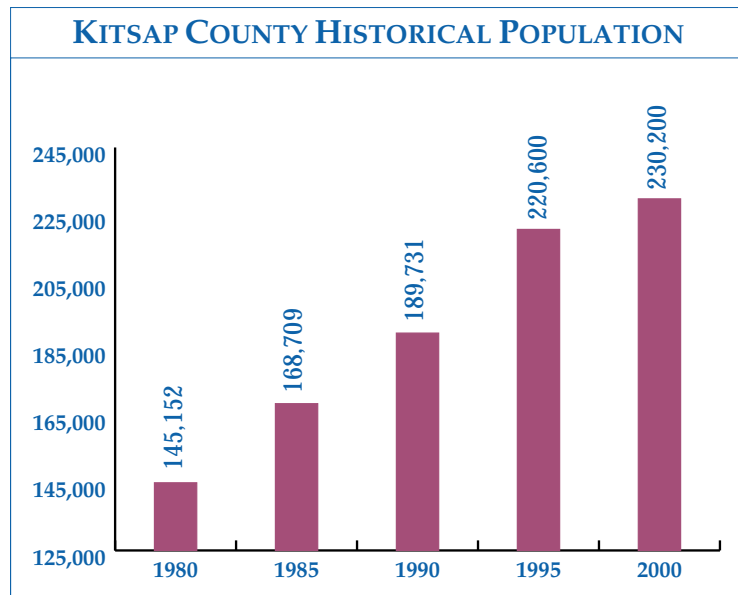
## Kitsap County Population Gained 500 in 2000:

The slight (0.2%) population gain in Kitsap County was due to increases in Bainbridge Island, which experienced a 1.6% increase in population last year and Poulsbo, which experienced just under a 1% increase. All other areas of the county basically remained at the same population that they had in 1999.

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

KITSAP COUNTY POPULATION								
	1980	1990	1995	1996	1997	1998	1999	2000
<b>KITSAP COUNTY</b>	147,152	189,731	220,600	224,700	229,400	229,000	229,700	230,200
<i>Annual Growth Rate</i>	-	2.89%	2.38%	1.86%	2.09%	-0.17%	0.31%	0.22%
<b>BREMERTON</b>	36,208	38,142	39,610	38,370	38,600	37,260	36,260	36,160
<i>Annual Growth Rate</i>	-	0.53%	0.77%	-3.13%	0.60%	-3.47%	-2.68%	-0.30%
<b>PORT ORCHARD</b>	4,787	4,984	6,240	6,610	6,965	6,945	7,255	7,270
<i>Annual Growth Rate</i>	-	0.41%	5.81%	5.93%	5.37%	-0.29%	4.46%	0.21%
<b>POULSBO</b>	3,453	4,848	5,765	6,070	6,175	6,590	6,445	6,500
<i>Annual Growth Rate</i>	-	4.04%	3.00%	5.29%	1.73%	6.72%	-2.20%	0.85%
<b>BAINBRIDGE ISLAND</b>	2,196	3,081	17,910	18,530	18,920	19,080	19,840	20,150
<i>Annual Growth Rate</i>	-	4.03%	*	3.46%	2.10%	0.85%	3.98%	1.56%

*\*Incorporation of entire Island of Bainbridge Island (1991)*



## Historical Population Trends:

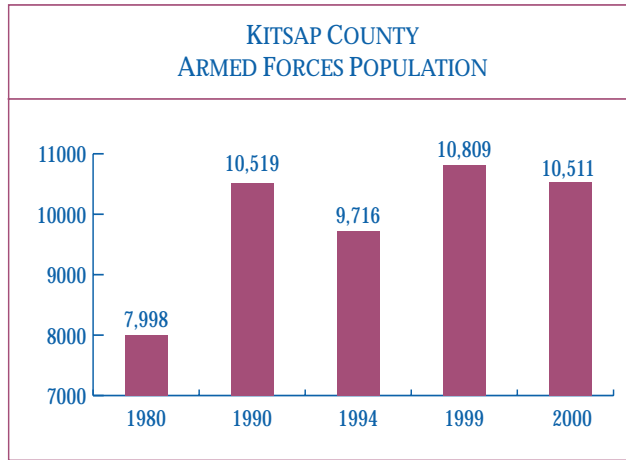
Kitsap County ranks 15th out of 39 counties in the State as the fastest (percentage) growing from 1990-1999. Growth has been very rapid. Kitsap County's resident population grew from 101,732 in 1970 to 189,731 by 1990, an increase of 87%, representing 88,000 people. By comparison, the state population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

**Older Population in Kitsap County Increased by 2.42% in 2000:**

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 2000, the percentage of Kitsap's population that was 65 years and over had increased to 11.1%. This is less than the state average of 15%. And, it is interesting to note that five Washington state counties have populations where 20% or more are 65-years-old or older and 80% or less are under the age of 65. The one-year increase in this older population group for Kitsap county (1999 to 2000) was 2.42%.

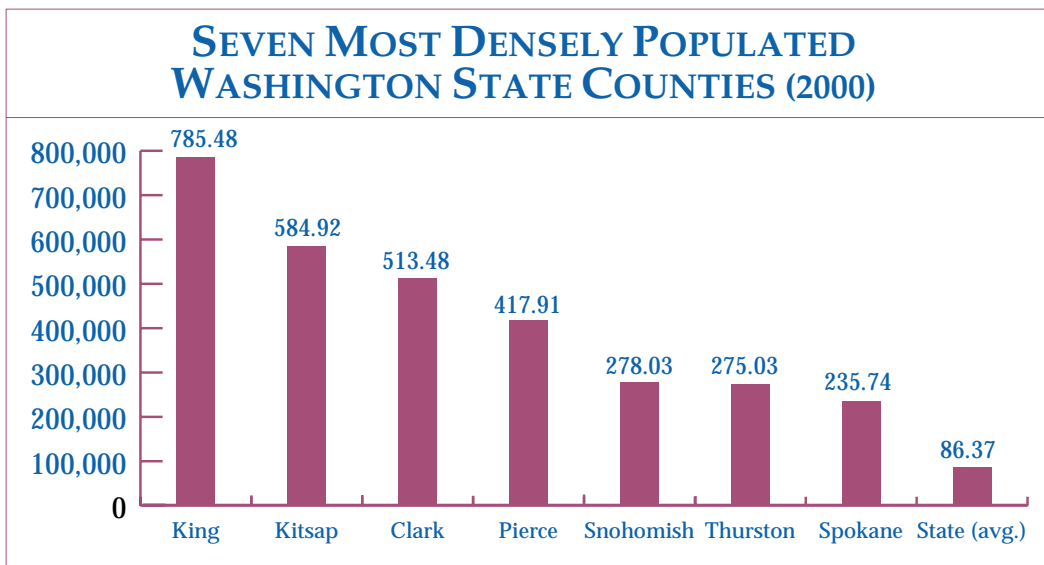
**Armed Forces Personnel in Kitsap County:**

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.



<b>SEVEN MOST DENSELY POPULATED WASHINGTON STATE COUNTIES (1999)</b>			
<b>COUNTY</b>	<b>1999 People/Sq. Mi.</b>	<b>LAND AREA (Square Miles)</b>	<b>1999 POPULATION</b>
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).

<b>EIGHT HIGHEST MEDIAN INCOME WASHINGTON STATE COUNTIES (1999)</b>	
<b>COUNTY</b>	<b>Median Household Income</b>
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>

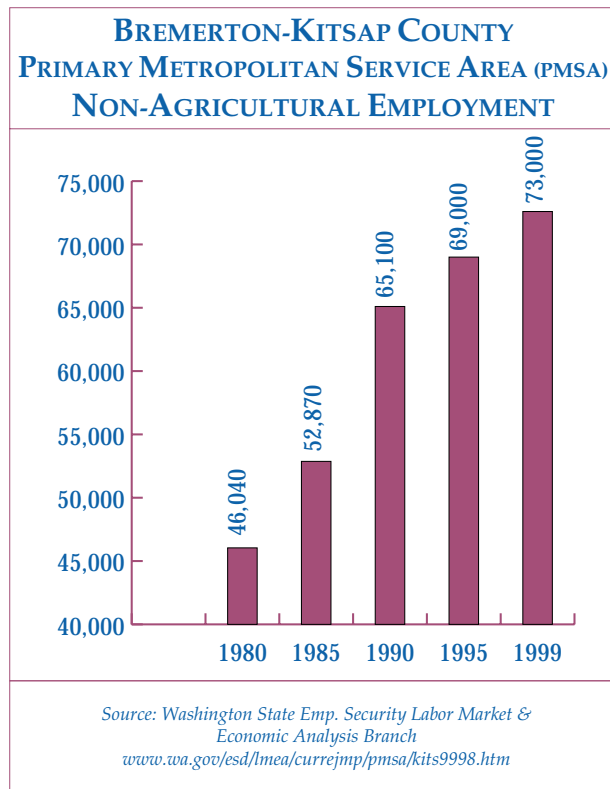
by  
 Washington State Office of Financial Management

Web site: [www.ofm.wa.gov](http://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.

<b>BREMERTON-KITSAP COUNTY                      PRIMARY METROPOLITAN SERVICE AREA (PMSA)                      NON-AGRICULTURAL EMPLOYMENT LEVELS</b>				
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%
<b>TOTAL</b>	<b>71,800</b>	<b>73,000</b>	<b>+1.67%</b>	<b>100.00%</b>
<i>Source: Washington State Emp. Security Labor Market &amp; Economic Analysis Branch  <a href="http://www.wa.gov/esd/lmea/currejmp/pmsa/kits9998.htm">www.wa.gov/esd/lmea/currejmp/pmsa/kits9998.htm</a></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 its 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.

	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
<b>TOTAL</b>	<b>18,227</b>	<b>22,548</b>	<b>22,513</b>	<b>19,459</b>	<b>17,389</b>	<b>17,298</b>	<b>16,051</b>	<b>14,404</b>

**Unemployment Rate in Kitsap County at 5.5% (January 2001):**

Washington's unemployment rate was 5.8% as of January 2001, underscoring very tight labor markets in many parts of the state. Unemployment in Kitsap County was 5.5%. In Kitsap, 5,200 residents out of a total labor force of 94,600 were unemployed.

# TOP EMPLOYERS IN KITSAP COUNTY (AS OF OCTOBER 2000) 28

## 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)	FTE 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	FTE 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)	FTE 658
BAE Systems	325
Lockheed Martin	262
Raytheon Systems	200
American Systems Engineering Corp	219

## Major Retail & Service Employers

Town & Country Markets	FTE 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	FTE 199
Kitsap Bank	160
Frontier Bank (formerly North Sound)	99
Bank of America	78

## Major Manufacturing Firms

The SUN Newspaper	FTE 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**  
(360) 377-9499

**Kitsap County Building Permit Levels:**

Statistics for year end 2000 indicate that the Kitsap County residential market remains depressed. The residential market, as a whole, was relatively active in the years 1989 through 1994, with its peak year for new construction occurring in 1990. Since 1994, however, the market has slowed considerably, and new construction has been dramatically reduced. Moreover, much of this new construction involves custom homes, and the level of “spec” construction is severely limited. New home sales through the Multiple Listing service totaled only 543 for 2000, and nearly 50% of these were located in the North Kitsap and Bainbridge Island market areas.

Despite the decline in new construction, prices for both new and used homes throughout the County continue to rise. The average number of day (DOM) that it takes to sell these homes has also decreased from 145 days in 1996 to 84 days in 2000, and the inventory of unsold homes is declining slightly. As inventory continues to decline, pressure should mount for more new construction and lot development. Acquisition of land and platting of new lots, however, have also declined sharply in recent years, and reached a ten-year low in 2000. It is reasonable to predict that once a turnaround in the market occurs, the available competition should be limited.

**Building Permit Activity:**

The chart below summarizes the total residential building permit activity within Kitsap County for each year between 1984 and 2000, and breaks down new construction into three categories (i.e. Single-Family Homes, Multi-Family Units, and Mobile Homes).

<b>RESIDENTIAL BUILDING PERMITS BREMERTON/KITSAP COUNTY AREA</b>							
Year	Single-Family		Multi-Family		Mobile Home		Total
	#	%	#	%	#	%	#
1984	986	47.7%	462	22.4%	617	29.9%	2,065
1985	1,430	57.8%	454	18.3%	591	23.9%	2,475
1986	1,009	58.5%	140	8.1%	576	33.4%	1,725
1987	1,056	45.9%	705	30.7%	538	23.4%	2,299
1988	930	51.7%	384	21.3%	485	27.0%	1,799
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
2000	1,107	73.6%	83	5.5%	314	20.9%	1,504
Total	22,572	58.8%	6,631	17.3%	9,155	23.9%	38,358

*Source: HUD, Seattle Regional Office (1989-1996); Richards & Associates (1997-2000)*

The “Building Permit Activity” table indicates that of the 38,358 residential units permitted between 1984 and 2000, roughly 59% have been for Single-Family, 17% for Multi-Family, and 24% for Mobile Homes. Total activity peaked in 1990 when 3,468 units were issued permits, and the overall number of units permitted remained rather steady between 1991 and 1994 before beginning a substantial decline. Permits issued in 2000 were lower than any other time in more than fifteen years.

Single-Family homes with Kitsap County have historically been more affordable than neighboring King, Snohomish, and Pierce Counties, and for this reason many people have chosen to move to Kitsap County and endure the commuting distances to other employment markets. Following periods of high price appreciation in these adjacent areas, the local Kitsap market has historically experienced spikes in its development activity due to increased demand. Although the neighboring markets have experienced a period of strong price appreciation and demand over the past four years, only specific areas of the county — Bainbridge Island and parts of North Kitsap — have benefited from the “spill-over” effect.

**Mobile Home Units Up/ Single-Family and Muti-Family Units Are Down:**

The table below shows the distribution of types of housing units (i.e. Single-Family, Multi-Family and Mobile Home) in Kitsap County as derived from the U.S. Census data in the years 1980, 1990 and 1999. The 1999 figures are estimates made by the Washington State Office of Financial Management. The Year 2000 numbers were not available for the Spring 2001 edition of the Kitsap TRENDS .

KITSAP COUNTY HOUSING DISTRIBUTION								
Housing Type	1980		1990		1999		Change 1990-1999	
	# of Units	% of Total	# of Units	% of Total	# of Units	% of Total	# of Units	% of Total
Single-Family	41,834	73.0%	51,170	69.1%	64,221	67.4%	13,051	61.4%
Multi-Family	11,728	20.5%	13,959	18.9%	17,326	18.2%	3,367	15.8%
Mobile Homes	3,765	6.6%	8,909	12.0%	13,758	14.4%	4,849	22.8%
<b>TOTAL</b>	<b>57,327</b>	<b>100%</b>	<b>74,038</b>	<b>100%</b>	<b>95,305</b>	<b>100%</b>	<b>21,267</b>	<b>100%</b>

As indicated, both the Single-Family and Multi-Family share, as a percent of total housing, declined from 1980 to 1990, while the percent of mobile homes increased. This trend continued in the period between 1990 and 1999. Mobile Homes now make up roughly 14.4% of all housing types, while Single-Family homes have decreased to 67.4% and Multi-Family units have decreased to 18.2%. Despite this trend toward the more affordable mobile homes, Single-Family housing is still Kitsap County’s predominant form of shelter, and represents nearly 2 out of every 3 housing units in the county. Based on the level of building permits issued over the past five years, the trend away from Multi-Family development is confirmed by the fact that 68.5% of the total permits were for Single-Family homes, 24.1% were for Mobile homes, and only 7.4% were for Multi-Family units.

**Average Home Prices Climbed 1.4%/ 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 the Northwest Multiple Listing Service (NWMLS) data. These sources are not all-inclusive, since they cover only properties that were marketed by member real estate firms, but the data is considered to be a good indication of price and days-on-the-market trends.

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	1996		1997		1998		1999		2000	
	Price	DOM	Price	DOM	Price	DOM	Price	DOM	Price	DOM
1 South Kitsap	\$130,849	156	\$131,875	146	\$147,924	94	\$149,754	90	\$149,594	82
2 West/Central	\$146,910	147	\$155,853	138	\$159,393	90	\$162,472	82	\$168,894	77
3 W. Bremerton	\$89,005	132	\$100,494	115	\$97,066	83	\$97,810	75	\$108,358	77
4 E. Bremerton	\$105,292	120	\$108,274	119	\$117,846	85	\$115,871	68	\$124,236	81
5 East/Central	\$119,234	135	\$126,502	127	\$132,374	93	\$138,806	65	\$140,272	72
6 North Kitsap	\$156,313	146	\$161,365	149	\$171,771	94	\$188,771	95	\$190,273	87
7 Bainbridge Isl.	\$291,739	153	\$300,480	142	\$339,973	97	\$382,044	93	\$416,975	112
CountyAverages	\$150,706	145	\$161,212	139	\$175,155	92	\$183,669	85	\$186,214	84
Less Bainbridge	\$131,414		\$138,171		\$146,791		\$153,070		\$154,285	

This data indicates a county-wide average home sales price of \$186,214 for 2000, which was a 1.4% increase from the \$183,669 average for 1999. Bainbridge Island always achieves the highest prices, while the remainder of the county brackets a substantially reduced price level that ranges from almost \$110,000 in West Bremerton to slightly more than \$190,000 in North Kitsap County. The county-wide average, excluding Bainbridge Island, now stands at \$154,285, which was up 0.8% from the prior year.

**Takes Fewer Days to Sell a Home:**

A somewhat positive sign indicated by the data is the general reduction in the average amount of time that it takes to sell a home, an indication that demand may be on the rise. County-wide, the number of Day-On-Market (DOM) had been steadily increasing, and had reached 145 days for year-end 1996. The 1998 - 2000 figures are dramatically lower, and the average ranges from 84 to 92 days over this three year period. This reduction may be due in part to record keeping associated with the change over of the CMLS to the NWMLS at the end of 1997, and it should be remembered that this data is utilized to demonstrate trends over time, and does not necessarily represent the amount of time that it might take to sell an individual home in today's market. These figures tend to be slightly understated since some homes do not sell within the time frame stipulated within the listing agreement and are re-entered into the computer system upon renewal of the listing, while others are transferred to alternative real estate firms at lower prices. These and other conditions tend to minimize the Days-On-Market reported by the MLS, but despite these limitations, as stated before, the data is considered to be an acceptable indicator of market trends and implies that demand is relatively steady.

**Appreciation Rates:**

As can be seen in the chart below, county-wide appreciation rates are lower than the prior four years. But, the West Bremerton, East Bremerton and Bainbridge Island markets substantially exceeded the average county-wide Appreciation Rate.

<b>MLS SINGLE-FAMILY APPRECIATION RATES (AVERAGE PRICES)</b>										
<i>MLS Area</i>	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1. South Kitsap	15.3%	16.0%	3.3%	1.9%	2.3%	3.3%	0.8%	12.2%	1.2%	-0.1%
2. West/Central	12.9%	0.3%	1.0%	1.9%	-6.1%	5.3%	6.1%	2.3%	1.9%	4.0%
3. W. Bremerton	11.3%	11.1%	7.6%	3.5%	-6.9%	7.0%	12.9%	-3.4%	0.8%	10.8%
4. E. Bremerton	13.6%	13.2%	2.4%	2.1%	-2.2%	5.9%	2.8%	8.8%	-1.7%	7.2%
5 East/Central	16.7%	7.5%	0.5%	3.5%	-0.7%	0.5%	6.1%	4.6%	4.9%	1.1%
6. North Kitsap	4.4%	8.9%	7.9%	2.3%	-0.2%	9.2%	3.2%	6.4%	9.9%	0.8%
7. Bainbridge Island	-2.5%	5.0%	4.4%	8.4%	8.5%	-1.3%	3.0%	13.1%	12.4%	9.1%
<b>County Totals</b>	<b>8.7%</b>	<b>8.5%</b>	<b>3.8%</b>	<b>5.3%</b>	<b>-0.3%</b>	<b>5.2%</b>	<b>7.0%</b>	<b>8.6%</b>	<b>4.9%</b>	<b>1.4%</b>
<b>Less Bainbridge</b>	<b>12.6%</b>	<b>9.8%</b>	<b>4.1%</b>	<b>2.6%</b>	<b>-1.4%</b>	<b>3.4%</b>	<b>5.1%</b>	<b>6.2%</b>	<b>4.3%</b>	<b>0.8%</b>

**East & West Bremerton Showed A “Turn Around” in 2000:**

The data in the prior chart indicates that West and East Bremerton market areas experienced a turn around from the previous stagnant appreciation rates. In fact, West Bremerton homes appreciated at a higher rate (10.8%) than even Bainbridge Island homes (9.1%).

**Bainbridge Island & North Kitsap Homes Appreciated the Most Over Five-Year Period:**

Over the past five years, the South Kitsap, Silverdale, and Central Kitsap market areas have posted the lowest price gain. The highest appreciation rates were experienced in the Bainbridge Island and North Kitsap areas. Again, proximity to ferry service is probably a major contributing factor in this trend.

**“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 BASED ON <u>THE DIGEST</u> AND NWMLS DATA									
<i>Digest Area</i>	1991	1992	1992	1994	1995	1996	1998	1999	2000
North Kitsap	\$115,006	\$132,431	\$130,859	\$139,562	\$145,562	\$163,076	\$182,576	\$202,517	\$214,040
Bainbridge Island	\$236,277	\$238,043	\$205,725	\$249,673	\$260,458	\$304,735	\$348,819	\$382,306	\$410,050
Central Kitsap	\$142,966	\$149,163	\$147,284	\$149,333	\$150,264	\$148,161	\$145,979	\$147,269	\$150,782
Bremerton	\$121,987	\$127,751	\$115,014	\$123,596	\$126,331	\$123,303	\$137,049	\$136,048	\$155,137
South Kitsap	\$126,531	\$137,399	\$144,870	\$140,896	\$145,001	\$148,424	\$160,975	\$175,148	\$178,600
<b>County Totals</b>	<b>\$138,463</b>	<b>\$143,776</b>	<b>\$143,078</b>	<b>\$148,880</b>	<b>\$153,131</b>	<b>\$162,651</b>	<b>\$195,219</b>	<b>\$226,200</b>	<b>\$232,136</b>
Less Bainbridge Isl.	\$129,666	\$115,054	\$139,674	\$141,826	\$146,819	\$150,911	\$165,298	\$178,201	\$182,202

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

The data indicates that, beginning in 1996, the North Kitsap market area generated the highest new home prices in the county, excluding Bainbridge Island. South Kitsap also surpassed the Central Kitsap area during this same year. Since 1990, new home prices have increased at an annual compound appreciation rate of 7.4% within the North Kitsap market area, which outpaces all other areas of the county, including Bainbridge Island, which increased at a rate of 7.3% per year. The South Kitsap area increased at a rate of 5.1% per year over this same time frame while the Central Kitsap and Bremerton areas have lagged, increasing 1.5% and 4.1% respectively. Again, the market appears to place greater emphasis on the North Kitsap and Bainbridge Island market areas as they have shorter commutes to the employment center of King County. A similar condition associated with commuting to the Pierce County area may also exist within the South Kitsap market area.

**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.

<b>NUMBER OF RESIDENTIAL SALES BY AREA</b>										
<b>MULTIPLE LISTING SERVICE DATA</b>										
<i>MLS Area</i>	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1 South Kitsap	692	764	827	845	739	770	671	819	919	914
2 West/Central	412	551	541	580	512	396	382	477	465	480
3 W. Bremerton	233	256	232	237	216	243	240	304	321	359
4 E. Bremerton	133	144	142	155	136	143	131	182	215	232
5 East/Central	327	381	361	290	334	267	288	301	326	331
6 North Kitsap	521	630	622	646	639	581	589	712	814	705
7 Bainbridge Island	259	279	270	322	279	320	359	481	472	418
<b>Total Single Family</b>	<b>2,577</b>	<b>3,005</b>	<b>2,995</b>	<b>3,075</b>	<b>2,855</b>	<b>2,650</b>	<b>2,660</b>	<b>3,276</b>	<b>3,532</b>	<b>3,439</b>
<b>Condos</b>	<b>74</b>	<b>79</b>	<b>85</b>	<b>99</b>	<b>94</b>	<b>88</b>	<b>68</b>	<b>130</b>	<b>160</b>	<b>134</b>
<b>Total Residential</b>	<b>2,651</b>	<b>3,084</b>	<b>3,080</b>	<b>3,174</b>	<b>2,949</b>	<b>2,738</b>	<b>2,728</b>	<b>3,406</b>	<b>3,692</b>	<b>3,573</b>

**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 1991 to 2000, with the highest number of sales occurring in 1999. Sales for 2000 totaled 3,439 homes, and each of the past three years have generated more sales activity than at any other time during the past decade. A telling statistic not shown on the table, however, is that the number of new home sales over the past three years represent only a fraction of the total sales.

**New & Used Home Sales:**

The following table breaks down the total sales by location and by new and used home categories. New home sales have ranged from 8.42% to 15.79% of the total sales over the past three years.

<b>NUMBER OF NEW &amp; USED HOME SALES BY AREA</b>									
<b>MULTIPLE LISTING SERVICE DATA</b>									
<i>MLS Area</i>	1998			1999			2000		
	New	Used	Total	New	Used	Total	New	Used	Total
S. Kitsap	57	762	819	126	793	919	164	750	914
Silverdale	44	433	477	54	411	465	38	442	480
W. Bremerton	7	297	304	13	308	321	11	348	359
E. Bremerton	7	175	182	9	206	215	25	207	232
Central Kitsap	14	287	301	16	310	326	50	281	331
N. Kitsap	102	610	712	143	671	814	136	569	705
Bainbridge Island	45	436	481	111	361	472	119	299	418
<b>TOTALS</b>	<b>276</b> 8.42%	<b>3,000</b> 91.58%	<b>3,276</b> 100%	<b>472</b> 13.36%	<b>3,060</b> 86.64%	<b>3,532</b> 100%	<b>543</b> 15.79%	<b>2,896</b> 84.21%	<b>3,439</b> 100%

**MLS Single-Family Home Inventory Continues to Decline:**

The MLS tracks the number of Single-Family listings that are Active, Pending and Closed for each month. This information not only helps determine the current activity in the market, but it provides a window into what is likely to occur in the next few months. The following table summarizes the average number of active Single-Family home listings by area for the years 1995 through 2000. Active listings were on the increase in nearly every market area through 1997, but have since declined in all areas. This corresponds to the increase in residential sales during the same period. Although inventory fluctuations on their own do not necessarily indicate changes in the market, the fact that inventories are decreasing while sales activity is at the highest levels since 1990, suggests that existing supply is slowly being absorbed and that demand for new construction may be on the horizon.

<b>MLS SINGLE-FAMILY RESIDENTIAL LISTINGS (MONTHLY AVERAGE)</b>						
<i>MLS Area</i>	1995	1996	1997	1998	1999	2000
1 South Kitsap	586	623	636	532	531	504
2 Silverdale	327	327	336	276	233	205
3 W. Bremerton	179	162	231	176	163	155
4 E. Bremerton	90	123	130	98	93	93
5 Central Kitsap	183	220	230	162	137	131
6 North Kitsap	425	492	547	419	352	360
7 Bainbridge Isl.	269	213	278	227	202	204
<b>County Totals</b>	<b>2,059</b>	<b>2,160</b>	<b>2,388</b>	<b>1,890</b>	<b>1,711</b>	<b>1,652</b>

**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 that demand for new lots is also reduced. The following chart details the number of plats recorded throughout the county in the years 1994 - 2000, 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 reached a five-year low in 2000. 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.

<b>RESIDENTIAL LOTS CREATED</b>		
<b>Year</b>	<b>Plats Recorded</b>	<b>Lots Created</b>
1994	24	723
1995	3	78
1996	25	825
1997	16	373
1998	16	445
1999	17	388
2000	7	196

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**Lots Applied For/ Lots Created:**

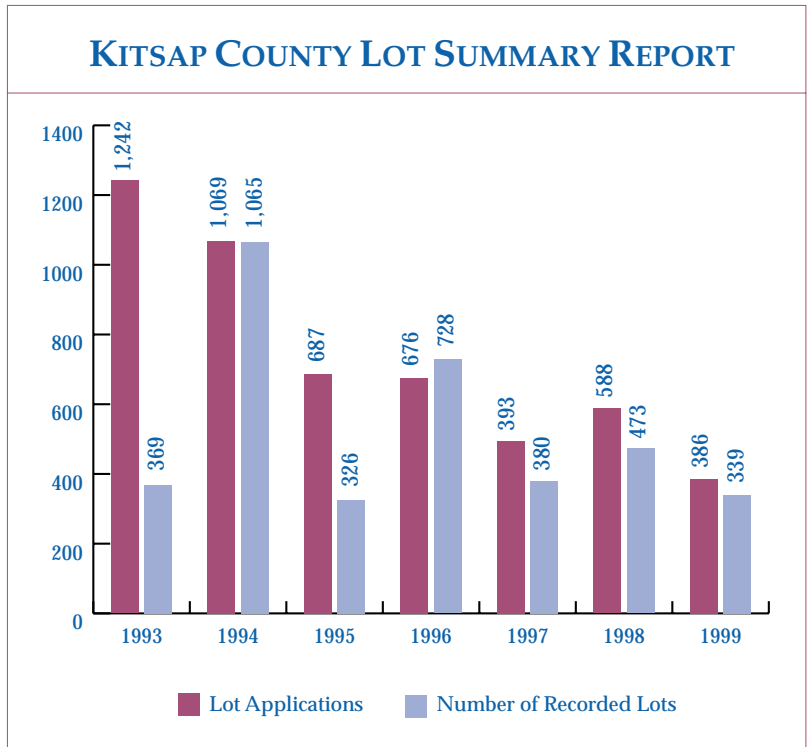
The following chart displays the number of lots applied for and created by area for the time period of January 2000 through September 2000.

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
<b>TOTALS</b>	<b>285</b>	<b>128+144=272</b>

128 = Fall  
144 = 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	TOTALS 2000	JAN-MAR 2001
Poulsbo	80	29
Kitsap County	85	71
Bainbridge Island	136	39
Port Orchard	22	112
Bremerton	54	3
<b>TOTAL</b>	<b>377</b>	<b>254</b>

**“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. Poulsbo’s “Poulsbo Place” Division 1, 2A & 3 have added 92 new lots. Kingston’s “Kingston Highlands” added 28 new lots, Kingston’s “Appletree Cove Meadows” added 33 new lots, Kingston’s “Apple Cove” added 10 new lots and Port Orchard’s “Del Tormey” added 20 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 2000 reflected underlying economics — tech market uncertainty, continued strong employment, especially in the Central Puget Sound, interest rates which were somewhat higher than seen in recent years during the early months of the year, followed by several months of interest rate decline as Fed policy began to shift from fighting inflation to fighting recession. Kitsap County largely mirrored statewide patterns.

**Mortgage Interest Rates:**

Mortgage interest rates began the year higher than the market had seen in several years, until the Federal Reserve Board, led by Chairman Alan Greenspan, concluded they had applied the brakes a bit too forcefully and backed off such an aggressive anti-inflation campaign. Accordingly, housing markets were a bit stronger late in the year.

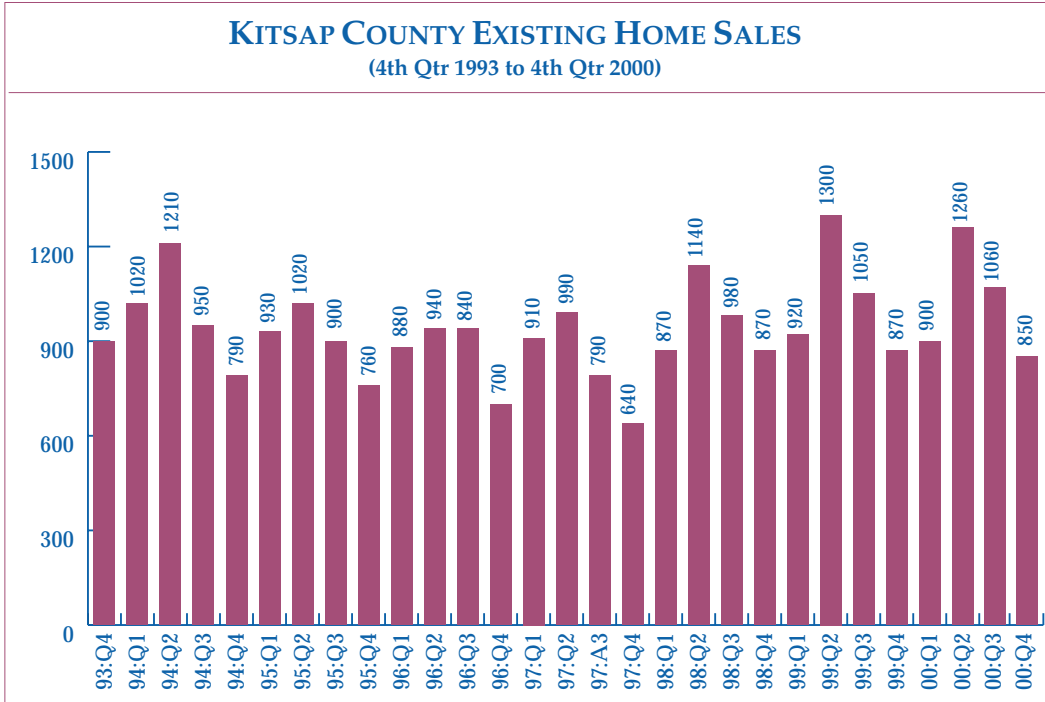
**Washington Center For Real Estate Research:**

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 (they are still using 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.

RESALE HOUSING ACTIVITY - 1995-2000								
ANNUAL TOTALS								
County	1995	1996	1997	1998	1999	2000	Percent Change 98-99	Percent Change 99-00
Benton/ Franklin	2,410	2,560	2,710	2,860	2,750	2,810	-3.8%	+2.2%
Clark	1,670	2,090	2,010	2,470	2,450	2,390	-0.8%	-1.2%
King	27,990	30,310	33,430	35,120	36,890	35,130	+5.0%	-4.8%
Kitsap	3,610	3,360	3,330	3,860	4,140	4,070	+7.3%	-1.7%
Pierce	5,350	6,270	8,090	8,810	11,680	11,540	+23.0%	0%
Snohomish	8,820	9,830	11,520	12,990	12,910	12,930	-0.6%	+0.2%
Spokane	6,150	6,000	5,960	6,860	6,850	6,850	-0.1%	0%
Thurston	2,420	2,620	2,700	3,140	3,380	3,260	+7.6%	-3.6%
Whatcom	2,510	2,270	2,590	3,250	3,270	3,140	+0.6%	-4.0%
Statewide	89,040	92,490	101,070	113,130	120,030	119,390	+6.2%	-0.6%

**Statewide Home Sales Down By 0.6%/Kitsap County Sales Down By 2.7%:**

Statewide home sales performance in 2000 was 0.6% below a year earlier. This was the first decline since 1995 and represents a “stagnant” market. The 4,070 sales tallied in Kitsap County during the year represented a 1.7% annual decline, again basically unchanged. Most urban counties in the Puget Sound area saw somewhat larger declines.



**Kitsap County Sales Down By 1.7%:**

Statistics are always interesting. When you compare the twelve months of sales ending with the 4th Quarter of 2000 compared to the 4th Qtr of 1999, Kitsap County experienced a slight decrease (-1.7%). However, it was an increase of 5.4% from the annual sales of two years earlier.

**EXISTING HOME SALES IN KITSAP COUNTY  
(12-MONTH 2ND QTR 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.

MEDIAN HOME PRICES - 1996-2000							
FOURTH QUARTERS							
County	4th Qtr 1996	4th Qtr 1997	4th Qtr 1998	4th Qtr 1999	4th Qtr 2000	Percent Change 98-99	Percent Change 99-00
Benton/ Franklin	\$111,000	\$105,500	\$108,300	\$111,700	\$124,500	+3.1%	+11.5%
Clark	\$127,700	\$132,900	\$137,500	\$141,100	\$148,000	+1.6%	+4.9%
King	\$171,700	\$196,400	\$217,700	\$238,000	\$250,000	+9.7%	+5.0%
Kitsap	\$129,200	\$136,800	\$140,000	\$146,000	\$151,500	+4.3%	+3.8%
Pierce	\$126,100	\$133,700	\$137,800	\$146,500	\$153,000	+6.3%	+4.4%
Snohomish	\$154,400	\$165,000	\$179,500	\$187,500	\$197,000	+4.5%	+5.1%
Spokane	\$100,300	\$101,000	\$101,300	\$104,000	\$105,000	+2.7%	+1.0%
Thurston	\$120,000	\$124,000	\$128,000	\$126,300	\$141,500	-1.3%	+12.0%
Whatcom	\$129,800	\$134,500	\$142,400	\$142,000	\$145,300	-0.3%	+2.3%
Statewide	\$141,900	\$152,800	\$161,800	\$172,400	\$177,400	+6.6%	+2.9%

**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.

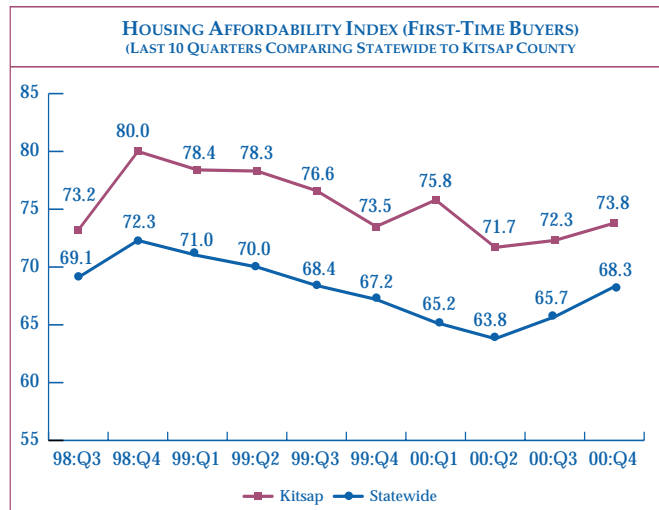
**All-Buyer Affordability Index:**

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 house-holds) in the area. The question then arises, could this typical family afford the monthly payments on a typical home? During the fourth quarter of 2000, the answer remained "Yes", and the combination of less rapid price increases and reduced mortgage rates allowed affordability conditions to finally improve.

The statewide "All-Buyer Affordability Index" ended the year at 114.8, meaning the typical family had 14.8% more income than the bare minimum required to qualify for the home. This is a little bigger "cushion" than reported a year ago. Housing affordability in Kitsap county remained somewhat better than in most areas of the state, recording an index of 120.2. Urban areas ranged from lows of 107.4 in Franklin County (Tri-cities), to a high of 166.6 in Spokane County.

**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% 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 fourth quarter 2000 stood at 73.8. 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:Q4	00:Q1	00:Q2	00:Q3	00:Q4	99:Q4	00:Q1	00:Q2	00:Q3	00:Q4
Benton/ Franklin	173.8	172.0	159.8	154.0	157.8	104.0	100.5	96.0	92.6	95.0
	121.9	120.8	110.3	105.6	107.4	74.3	73.6	67.4	64.5	65.6
Clark	137.8	133.4	131.2	132.7	141.1	84.4	81.9	81.0	82.2	87.7
King	111.3	107.0	104.1	110.3	115.8	63.5	61.2	59.5	63.1	66.2
Kitsap	119.1	122.8	116.4	117.6	120.3	73.5	75.8	71.7	72.3	73.8
Pierce	127.0	123.7	116.8	119.2	125.5	75.7	73.5	70.0	71.6	75.5
Snohomish	111.6	106.2	105.0	106.1	110.8	70.1	66.9	65.7	66.2	69.0
Spokane	161.9	165.4	158.5	158.2	166.6	90.7	92.8	88.9	88.7	93.4
Thurston	145.7	136.8	130.7	130.0	132.3	86.3	80.9	77.7	77.5	79.0
Whatcom	127.3	123.3	117.5	121.7	128.2	72.1	69.9	66.7	69.1	72.8
Stavewide	113.3	108.4	107.3	110.4	114.8	67.2	65.2	63.8	65.7	68.3

**Affordable Housing Access Quotient:**

In 1998, WCRER introduced a new measure of housing affordability called the “Affordable Housing Access Quotient”. This statistic (actually a group of related statistics) addresses the availability of affordable ownership housing to households at key income levels. It has been asserted that below 80% of median income that home ownership becomes an unattainable dream, but with 40% of households with incomes below this threshold, home ownership rates will fall significantly unless these low income households can attain home ownership.

**Analysis Keys (60%, 80% and 115% of Median):**

The analysis keys on income levels which are referenced in Federal housing programs — 60% of Median, 80% of Median, and 115% of Median. These levels represent low income, the low threshold of moderate income, middle income, and the upper threshold of moderate income. At each income level, the proportion of households in a county at or below the income are compared to the proportion of homes which theoretically would be affordable to a household at the income break. As expected, there is considerable competition for the most affordable units. But, individual counties are very different in terms of the access their residents have to housing they can afford. The issue of choice also plays a role. The more options a household has in the housing market, the more satisfied they will be with their decision to purchase. If there is only one home in your price range, frustrations with the limitations of the unit may outweigh the desire to own, but if several options are available, consumers feel they are in charge of the decision to own and are more likely to join the ranks of home owners.

2000 AFFORDABLE HOUSING ACCESS QUOTIENT									
County	60% of Median			80% of Median			115% of Median		
	% HH	% homes	AHAQ	% HH	% homes	AHAQ	% HH	% homes	AHAQ
Benton/	29.6	37.3	126.0	40.5	48.7	120.2	57.0	60.8	106.7
Franklin	30.3	15.2	50.2	41.0	32.1	56.3	56.8	32.2	56.7
King	27.9	5.9	21.1	39.3	13.6	34.6	57.2	23.6	41.3
Kitsap	26.4	15.2	59.6	38.8	24.4	62.9	58.5	34.6	59.1
Pierce	28.1	12.5	44.5	39.7	20.8	52.4	57.1	32.2	56.4
Snohomish	26.3	2.8	10.6	38.5	8.1	21.0	59.2	18.0	30.5
Spokane	29.8	26.8	89.9	40.3	45.6	113.2	56.8	55.7	98.1
Thurston	27.2	11.1	40.8	39.2	21.5	54.8	57.7	33.8	58.6
Whatcom	28.2	15.8	53.9	39.3	19.1	48.6	57.0	29.1	51.1
<b>Statewide</b>	<b>29.0</b>	<b>16.2</b>	<b>55.9</b>	<b>39.9</b>	<b>22.5</b>	<b>56.4</b>	<b>56.9</b>	<b>30.8</b>	<b>54.1</b>

**Low and Moderate Income Groups Have Very Limited Ownership Choices in Kitsap:**

The most limited access to affordable housing by low and moderate income household was found in Snohomish County. King County was consistently next, while Benton and Spokane counties offered these buyers the greatest choice. Kitsap County recorded levels of affordable housing access which were near the statewide averages, but still indicated that buyers in low and moderate income groups had very limited ownership choices. These limited options typically mean home ownership rates, which have increased significantly nationwide in recent years, will probably be unchanged or even decline. This means Kitsap's most pressing affordability problems are for middle-income households, the ones which are key to achieving high levels of home ownership and the corresponding community stability and investment in safe and pleasant neighborhoods.

**Month's Supply of Housing/ Appreciation Potential:**

The newest housing market measure introduced by WCRER is the comparison between sales during 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-to-6-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 slight oversupply of homes priced above \$500,000 and no apparent shortages. This means the local market will likely continue to experience relatively little change in homes sales prices, at least during the opening months of 2001.

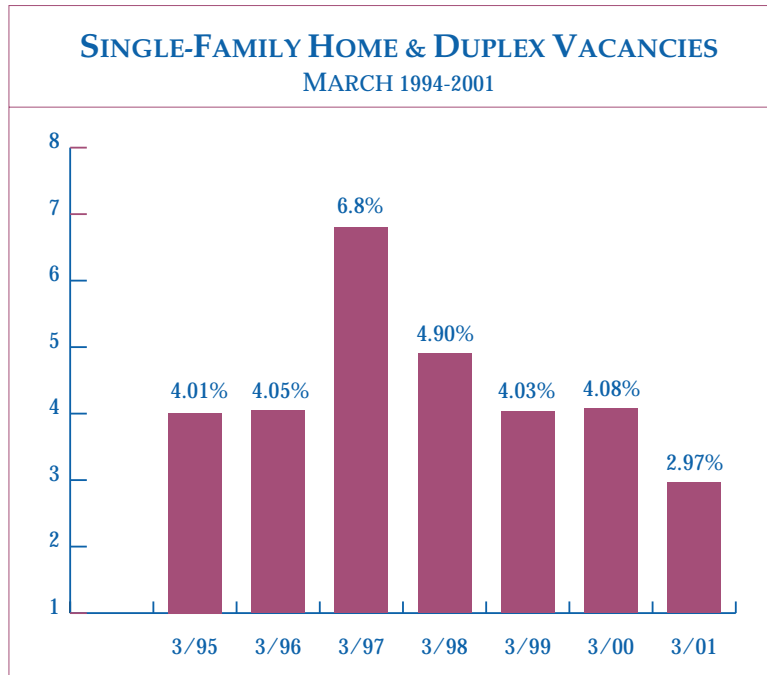
MONTH'S SUPPLY OF HOMES BY PRICE RANGE - YEAR-END 2000						
County	Under \$80,000	\$80,000-\$159,000	\$160,000-\$249,999	\$250,000-\$499,999	\$500,000 and above	Total Market
Benton/Franklin	6.4	6.0	5.7	12.4	24.0	6.5
King	1.8	2.1	2.4	3.9	8.2	3.6
Kitsap	5.6	4.9	5.6	9.9	10.6	6.1
Pierce	4.0	3.8	6.6	10.4	22.5	5.6
Snohomish	5.6	3.5	4.2	7.9	15.8	5.2
Spokane	9.2	7.4	10.3	9.8	37.0	8.5
Whatcom	14.0	8.6	9.3	15.3	20.0	10.1
Statewide	8.0	5.7	4.9	6.3	10.3	6.0

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**Vacancies Low:**

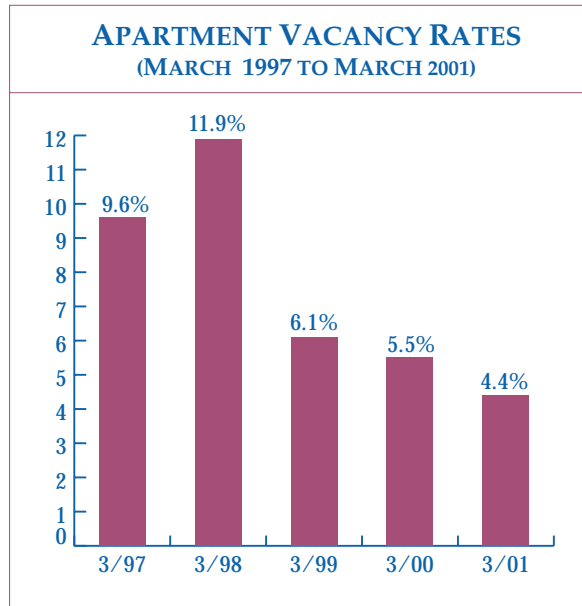
The Naval Housing Office conducted a survey of over 14,000 single-family homes and duplexes in Kitsap County in March of 2001 and found a vacancy rate of 2.97%. Single-Family vacancy rates tend to be lower in the Fall months than in the Spring months, historically. So, this low vacancy rate is very good news for local landlords. As recently as March 1997, the vacancy rate was 6.8%.



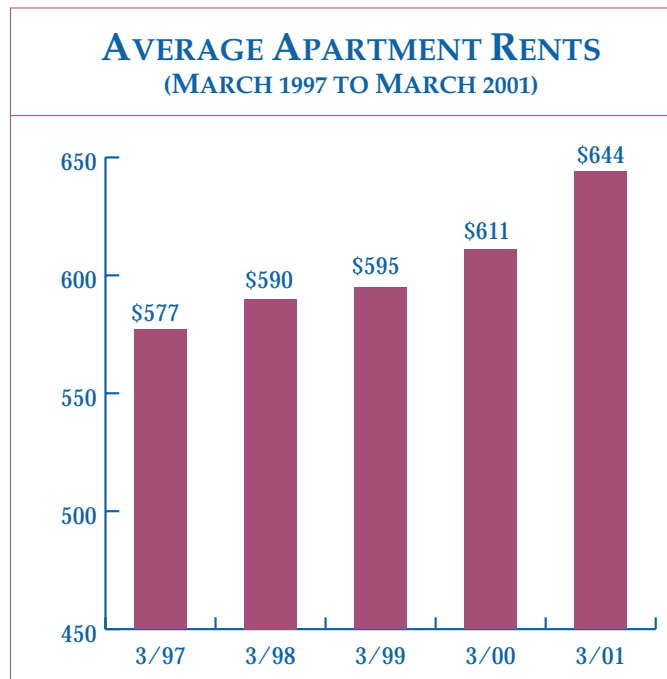
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## Vacancies Decreased/ Rents Are Up:

As of March 2001, only 4.4% of all available apartments in Kitsap County were vacant. This is a very low vacancy rate. Only three years ago (March 1998), the vacancy rate was 11.9%.



As of March 2001, the average apartment in Kitsap County rented for \$644/month. Studio apartments rented for an average of \$351/month, 1-bedroom apartments rented for an average of \$551/month, 2-bedroom apartments rented for an average of \$601/month, 2-bedroom apartments that had two bathrooms rented for an average of \$710/month and 3-bedroom apartments that had two bathrooms rented for an average of \$796/month



## AVERAGE RENTS/VACANCY RATES BY AREA (MAR 2001)

Bremerton	\$600/mo	(6.1% vacancy rate)
Port Orchard	\$604/mo	(4.7% vacancy rate)
Poulsbo	\$793/mo	(4.3% vacancy rate)
Silverdale	\$696/mo	(2.1% 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" shows small increases in both office and retail vacancies over the last six months. Office vacancies increased by 1.54% and retail vacancies increased by only 0.32%. Almost 350,000 square feet was added to the office and retail space surveyed. Much of this was new construction. The biggest change was in downtown Bremerton where the office vacancy rate dropped by 22%.

**Office Vacancy Rate:**

The Bradley Scott, Inc. survey of almost 2.4 Million square feet of office space indicates vacancies increased to 13.0%. Most of the increase in office space surveyed is the result of new construction, primarily on Bainbridge Island and in Poulsbo. There were major differences within the county. While downtown Bremerton's vacancy rate decreased by 5.61%. Bainbridge Island's vacancy rate increased by 10.62%. Most of Bainbridge's increase was due to new construction; it is still the strongest office market in the county. Poulsbo has also seen a substantial increase in new construction. Both of these communities appear to be benefiting from the growth in Seattle.

<b>KITSAP COUNTY OFFICE VACANCY SURVEY AS OF APRIL 2001</b>			
<i>Area</i>	Office Space (sq. ft.)		<i>Percent Vacant</i>
	<i>Surveyed</i>	<i>Vacant</i>	
Bainbridge Island	208,258	26,739	12.84%
Downtown Bremerton*	470,461	95,885	20.38%
East Bremerton	322,399	27,379	8.49%
West Bremerton	236,588	26,752	11.31%
Poulsbo	471,144	26,942	5.72%
Port Orchard	161,887	33,587	20.75%
Silverdale	513,653	59,298	11.54%
<b>Total</b>	<b>2,384,390</b>	<b>296,582</b>	<b>12.44%</b>
<i>Source: Bradley Scott, Inc.</i>			

<b>KITSAP COUNTY OFFICE VACANCY RATES</b>			
Office Space Location	Sep 99	Sep 00	Apr 01
Bainbridge Island	1.55%	2.22%	12.84%
Downtown Bremerton	26.89%	25.99%	20.38%
East Bremerton	7.34%	7.91%	8.49%
West Bremerton	7.46%	12.09%	11.31%
Poulsbo	3.00%	4.36%	5.72%
Port Orchard	9.45%	13.24%	20.75%
Silverdale	12.01%	14.45%	11.54%
<b>Kitsap County</b>	<b>11.43%</b>	<b>12.70%</b>	<b>12.44%</b>

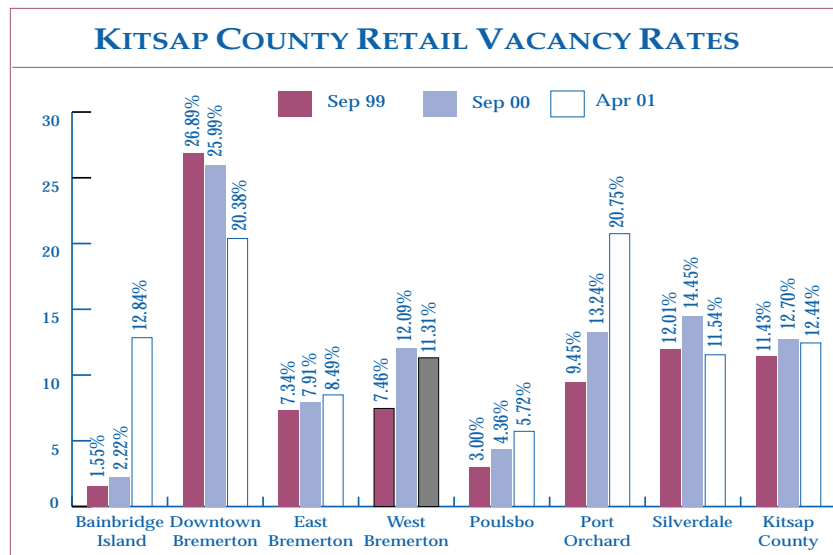
**Retail Vacancy Rate:**

The Bradley Scott, Inc. survey of almost 5.4 million square feet of retail space indicates the amount of vacant space increased by only 8,573 square feet. At the same time, due to new construction, the amount of space occupied increased by 376,435 square feet or 7.92%.

KITSAP COUNTY RETAIL VACANCY SURVEY AS OF APRIL 2000			
Area	Office Space (sq. ft.)		Percent Vacant
	Surveyed	Vacant	
Bainbridge Island	153,195	2,800	1.83%
Downtown Bremerton*	208,693	27,750	13.3%
East Bremerton	986,355	53,228	5.40%
West Bremerton	183,515	5,889	3.22%
Poulsbo	249,354	8,827	4.81%
Port Orchard	1,175,607	92,799	7.89%
Silverdale	2,394,455	86,498	3.61%
<b>Total</b>	<b>5,406,283</b>	<b>274,655</b>	<b>5.08%</b>

*\*Does not include Penneys, Payless & Sears Buildings (197,102 sf)  
Source: Bradley Scott, Inc.*

The biggest increase was in Silverdale where the vacancy rate doubled. The increase was due mainly to one large vacancy. Port Orchard's vacancy rate dropped by 4.83%. Bainbridge Island now has the lowest retail vacancy rate in the county, only 1.83%. Downtown Bremerton continues to have the highest vacancy rate in the county, 13.30%. It is interesting that at the same time downtown experienced a major increase in office leasing, the retail vacancy increased to the highest level in several years.

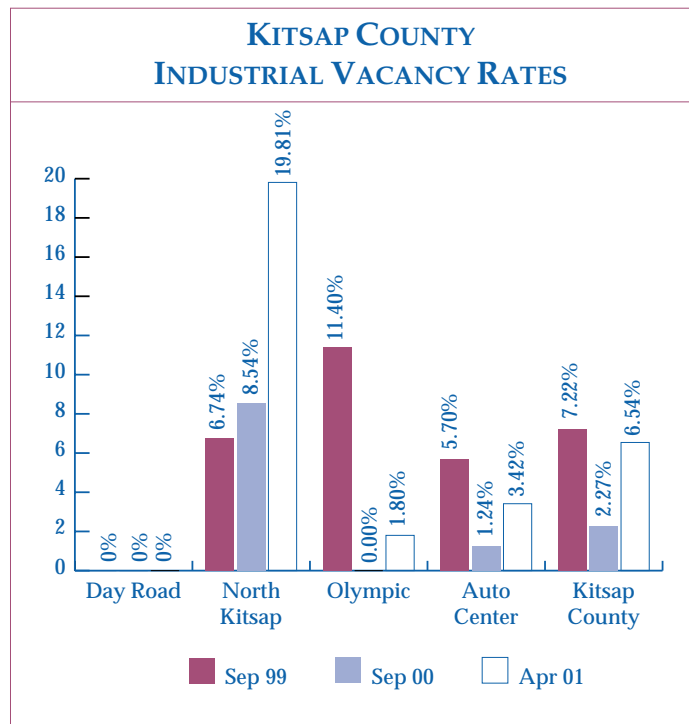


**Industrial/ Warehouse Vacancy Rates:**

The Bradley Scott, Inc. survey of a little over 1 million square feet of industrial space indicates the vacancy rate has increased to 6.54%. This increase is in part due to new construction and in part due to the existing space not meeting the needs of prospective tenants. There still appears to be a demand for quality industrial space. Kitsap County is currently limited to three major industrial parks. Olympic View (Port of Bremerton), North Kitsap and Day Road on Bainbridge Island. The vast majority of the available industrial space is in North Kitsap and is the result of new construction.

KITSAP COUNTY INDUSTRIAL VACANCY SURVEY AS OF APRIL 2001				
		Industrial Space (Sq. ft.)		Percent Vacant
Industrial Park	Area	Surveyed	Vacant	
Day Road	Bainbridge	109,000	0	0.00%
North Kitsap	Poulsbo	262,538	52,000	19.81%
Olympic View	Port Orchard	334,095	6,000	1.80%
Auto Center Area	Bremerton	378,255	12,892	3.41%
<b>Total</b>		<b>1,083,888</b>	<b>70,892</b>	<b>6.54%</b>

*Source: Bradley Scott, Inc.*



by  
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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
<b>Bremerton</b>	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%
<b>Central Kitsap</b>	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%
<b>North Kitsap</b>	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%
<b>South Kitsap</b>	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%
<b>Bainbridge Island</b>	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%
<b>Kitsap County</b>	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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**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%.

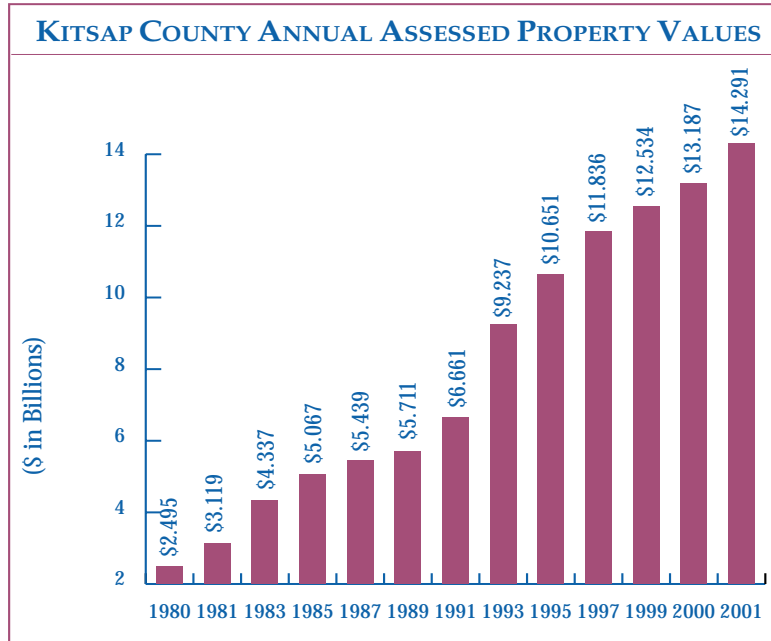
CONSUMER PRICE INDEX ALL URBAN CONSUMERS					
U.S. City Average			Seattle-Tacoma		
Year	CPI	Annual Change %	Year	CPI	Annual Change %
1980	82.4	13.5%	1980	82.7	16.6%
1981	90.9	10.3%	1981	91.8	11.0%
1982	97.6	7.4%	1982	97.7	6.4%
1983	101.3	3.8%	1983	99.3	1.6%
1984	105.3	3.9%	1984	103.0	3.7%
1985	109.3	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	

*Source: U.S. Bureau of Labor Statistics*

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/>.

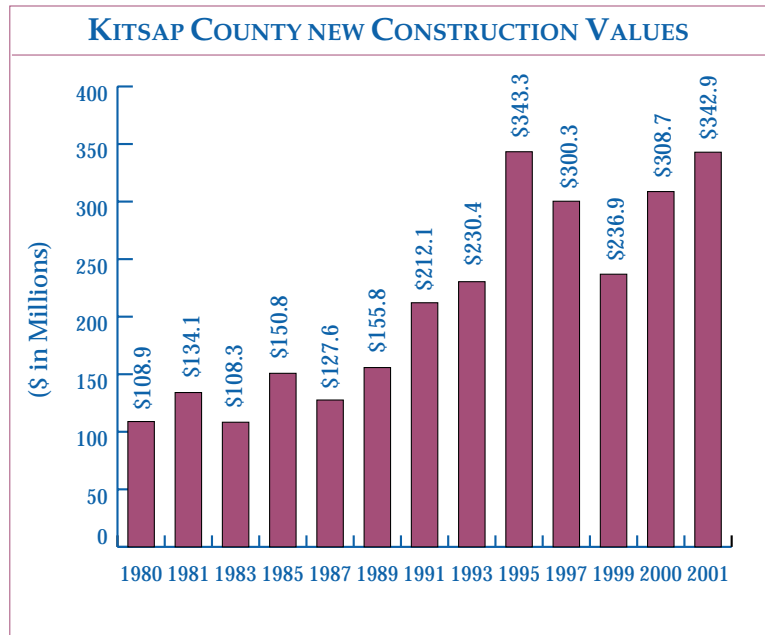
## Assessed Property Values Continue to Grow:

The total assessed value of all properties in Kitsap County for the first quarter of 2001 was \$14.291 billion. This is an increase of 8.4% over the same time in 2000.



## New Construction Property Values Continued the Turn Around:

The property values of New Construction in Kitsap County had been decreasing since peaking in 1994 and 1995. Kitsap County experienced a lot of new construction in 2000 and the first quarter of 2001 and this trend is expected to continue for the remainder of the year..



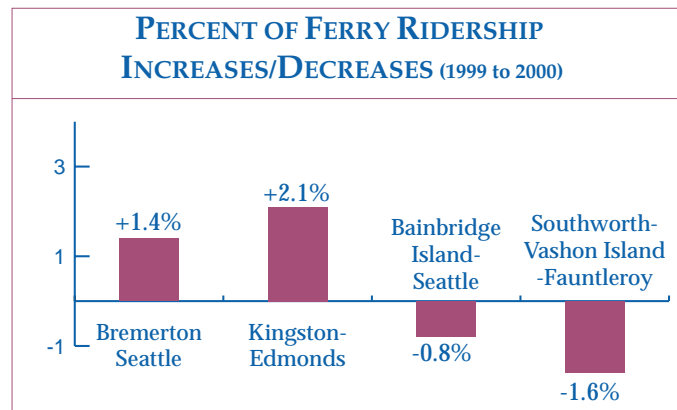
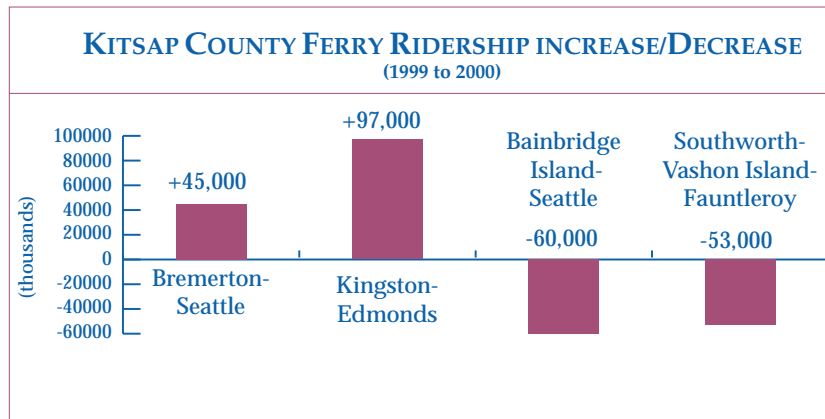
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**Bremerton & Kingston Up/ Bainbridge Island & Port Orchard Down:**

Bremerton-Seattle (passenger-only and auto) ferry ridership is up 1.4% from 1999 to 2000. Kingston-Edmonds ferry ridership is up 2.1% from 1999 to 2000. Bainbridge Island-Seattle ferry ridership is down 0.8% from 1999 to 2000. Southworth (Port Orchard)-Vashon Island-Fauntleroy (West Seattle) is down 1.6% from 1999 to 2000.

**In 2000, 18.5 million rode Washington State Ferries to and from Kitsap County/ Bainbridge Island Route is Most Used:**

The Bainbridge Island-Seattle route remained the most used route with 7.2 million riders. The Kingston-Edmonds route had 4.8 million riders. The Bremerton-Seattle and the Southworth-Seattle runs both had 3.3 million riders each in the year 2000.



**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.

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# MAP

