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**Office and Industrial Vacancy Rates Increased/ Retail Vacancy Rates Decreased:**

The Bradley Scott, Inc. "Office, Retail and Industrial Vacancy Survey" shows a decrease in office and industrial vacancies over the last six months. Office vacancies decreased by 1.78%. Industrial vacancies decreased by 1.56%. Retail vacancies increased by 0.83%. Retail vacancy increased, but it is bad news, good news. The biggest change occurred in East Bremerton where the retail vacancy increased 7.36%. That's the bad news. The good news is that Downtown Bremerton, West Bremerton, Port Orchard and Silverdale showed a decrease in retail vacancy and most of the East Bremerton vacancy was created when two major tenants, Lowe's and Albertson's moved into bigger and better, new buildings. This left the building they previously occupied vacant. Throughout the county, over 430,000 square feet of mostly new retail space was added to our retail survey. This change brought the total retail space surveyed to over 6,000,000 square feet.

**Office Vacancy Rate Decreased Slightly:**

The Bradley Scott, Inc. survey of over 2.5 million square feet of office space indicates vacancies increased slightly, from 10.82% to 8.95% (see **TABLE #1**). This represents absorption of over 43,000 square feet or approximately 16% of the county's available office space.

**TABLE 1**

<b>KITSAP COUNTY OFFICE VACANCY SURVEY</b>			
<b>(AS OF APRIL 2003)</b>			
<i>Area</i>	<i>Office Space (sq. ft.)</i>		<i>Percent Vacant</i>
	<i>Surveyed</i>	<i>Vacant</i>	
Bainbridge Island	239,558	29,765	12.42%
Downtown Bremerton*	435,479	58,740	12.95%
East Bremerton	340,247	42,891	12.61%
West Bremerton	244,732	6,314	2.58%
Poulsbo	528,556	44,850	8.49%
Port Orchard	186,887	15,487	8.29%
Silverdale	551,356	29,635	5.37%
<b>Total</b>	<b>2,544,815</b>	<b>227,682</b>	<b>8.95%</b>
<p><i>*Does not include Bremer Dept. Store (42,740 sq. ft.)</i>  <i>Source: Bradley Scott, Inc.</i></p>			

As can be seen in **TABLE #2**, all areas except Bainbridge Island, experienced a decrease in office vacancy. The entire increase on the Island is the result of downsizing by one tenant. Over half of the vacant office space is in one building. The good news for Bainbridge Island is they have quality office space ready for occupancy. While Bainbridge added 8,493 square feet to its vacancy list, the other two high vacancy areas, Downtown and East Bremerton reduced their combined vacancies by 8,116 square feet. Most of the East Bremerton vacancy is in the Harrison Hospital area. In Downtown Bremerton, the last year has been one of the best years for office leasing in a very long time. As a result, most of the quality office space has been leased. What is left appears to be in demand. Major remodels are being planned for much of the balance. The first totally new office building to be built in Downtown Bremerton in almost 25 years was recently completed and occupied by Windermere Real Estate. Also, several new office projects are either under construction or in the planning states. The long awaited recovery of Downtown Bremerton appears to be happening.

**TABLE 2**

<b>KITSAP COUNTY OFFICE VACANCY RATES</b> (AS OF APRIL 2003)			
<b>Office Space Location</b>	<b>Apr 2002</b>	<b>Oct 2002</b>	<b>Apr 2003</b>
Bainbridge Island	16.63%	9.11%	12.42%
Downtown Bremerton	9.28%	14.44%	12.95%
East Bremerton	13.21%	13.34%	12.61%
West Bremerton	5.09%	5.18%	2.58%
Poulsbo	8.34%	10.82%	8.49%
Port Orchard	12.01%	12.01%	8.29%
Silverdale	10.19%	9.15%	5.37%
<b>Kitsap County</b>	<b>10.28%</b>	<b>10.82%</b>	<b>8.95%</b>

**Retail Vacancy Space Increased by 88,116 Sq. Ft.:**

The Bradley Scott, Inc. survey of over 6.1-million square feet of retail space indicates the amount of vacant space increased by 88,116 square feet. If the 112,800 square feet of vacancy created when Lowe’s and Albertson’s moved into new stores is removed, the Retail vacancy decreased by over 24,000 square feet. A total of seven large buildings represent 337,300 square feet or 58% of the total retail vacancy in the county. **TABLE #3** shows the retail space available by area within Kitsap County.

TABLE 3

KITSAP COUNTY RETAIL VACANCY SURVEY (AS OF APRIL 2003)			
Area	Office Space (sq. ft.)		Percent Vacant
	Surveyed	Vacant	
Bainbridge Island	163,025	1,474	0.90%
Downtown Bremerton*	172,931	19,208	11.11%
East Bremerton	1,415,866	198,821	14.04%
West Bremerton	383,776	20,672	5.39%
Poulsbo	310,623	7,891	2.54%
Port Orchard	1,240,607	98,203	7.92%
Silverdale	2,418,835	236,151	9.76%
<b>Total</b>	<b>6,105,303</b>	<b>582,420</b>	<b>9.54%</b>
<i>*Does not include Penneys, Payless &amp; Sears Buildings (55,055 sf) Source: Bradley Scott, Inc.</i>			

**Retail Space Increased by 430,280 Sq. Ft. Due Mostly to New Construction:**

Whereas a year ago the biggest increase was in Port Orchard, this report shows a retail vacancy decrease of 2.51% (see TABLE #4). This is Port Orchard’s second straight decrease. With several new businesses opening, Downtown Bremerton registered a decrease of 3.14%. Over the last two years, Downtown Bremerton has experienced a dramatic reduction in the amount of retail space available. Approximately 233,000 square feet of retail space has been eliminated, or will be soon, to make way for new park areas, office buildings and parking structures. Bainbridge Island continues to have the lowest vacancy rate at 0.90%. Note the amount of retail space surveyed increased by 430,280 square feet. Most of this is new construction. Of course, we continue to update our list of existing buildings.

TABLE 4

KITSAP COUNTY OFFICE VACANCY RATES (AS OF APRIL 2003)			
Office Space Location	Apr 2002	Oct 2002	Apr 2003
Bainbridge Island	0.55%	0.55%	0.90%
Downtown Bremerton	14.22%	15.33%	11.11%
East Bremerton	8.78%	6.68%	14.04%
West Bremerton	3.17%	6.37%	5.39%
Poulsbo	1.46%	1.42%	2.54%
Port Orchard	11.02%	10.43%	7.92%
Silverdale	10.25%	10.01%	9.76%
<b>Kitsap County</b>	<b>9.11%</b>	<b>8.71%</b>	<b>9.54%</b>

**Industrial/ Warehouse Vacancy Rates Decreased:**

The Bradley Scott, Inc. survey of over 1.2 million square feet of industrial space indicates the vacancy rate has decreased 1.56% or almost 19,000 square feet. The Day Road areas vacancy rate decreased by 11.57% (see TABLE #5).

**TABLE 5**

KITSAP COUNTY INDUSTRIAL VACANCY SURVEY (AS OF APRIL 2003)				
Industrial Park	Area	Industrial Space (Sq. ft.)		Percent Vacant
		Surveyed	Vacant	
Day Road	Bainbridge	129,680	21,680	16.72%
North Kitsap	Poulsbo	344,838	17,115	4.96%
Olympic View	Port Orchard	369,384	34,944	9.46%
Auto Center Area	Bremerton	385,055	31,915	8.29%
<b>Total</b>		<b>1,228,957</b>	<b>105,654</b>	<b>8.60%</b>

*Source: Bradley Scott, Inc.*

Auto Center area vacancy rate decreased by 4.43%. North Kitsap and Olympic View/South Kitsap experienced vacancy increases of 1.57% and 2.05% respectively (see TABLE #6). Quality warehouse space is becoming increasingly difficult to find, especially in the Auto Center area, where almost all of the current vacancy is in one building. Over the last few years, the majority of the new warehouse construction has taken place in North Kitsap.

**TABLE 6**

