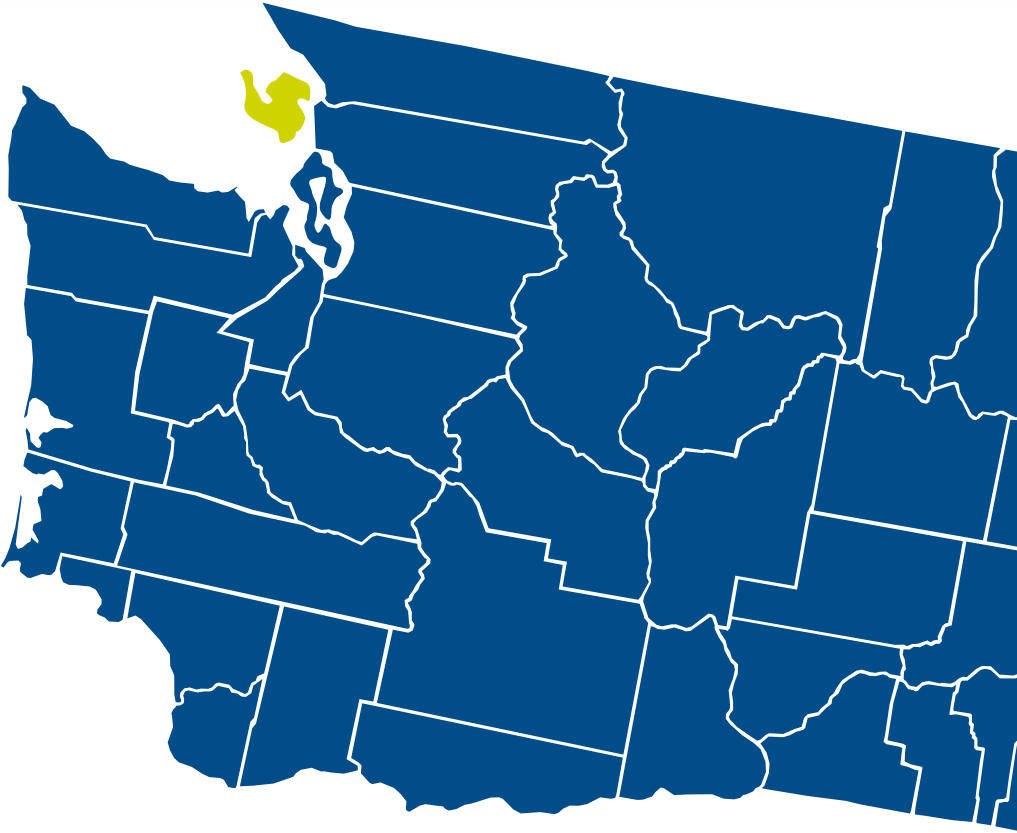


SAN JUAN COUNTY

2017 ECONOMIC PROFILE



CENTER OF ECONOMIC AND BUSINESS RESEARCH

About this Report

The following report is intended to give a basic overview of the local economy and some factors that may impact it. Unless otherwise stated, the data in this report is the most recent complete annual data for the region, which at the time of publication is 2017.

About the Authors

The Center for Economic and Business Research is an outreach center at Western Washington University located within the College of Business and Economics. The Center connects the resources found throughout the University to assist for-profit, non-profit, government agencies, quasi-government entities, and tribal communities in gathering and analyzing useful data. We use a number of collaborative approaches to help inform our clients so that they are better able to hold policy discussions and craft decisions.

The Center employs students, staff and faculty from across the University as well as outside resources to meet the individual needs of those we work with. Our work is based on academic approaches and rigor that not only provides a neutral analysis perspective but also provides applied learning opportunities. We focus on developing collaborative relationships with our clients and not simply delivering an end product.

The approaches we utilize are insightful, useful, and are all a part of the debate surrounding the topics we explore; however, none are absolutely fail-safe. Data, by nature, is challenged by how it is collected and how it is leveraged with other data sources; following only one approach without deviation is ill-advised. We provide a variety of insights within our work – not only on the topic at hand but the resources (data) that inform that topic.

The Center for Economic and Business Research is directed by Hart Hodges, Ph.D. and James McCafferty.

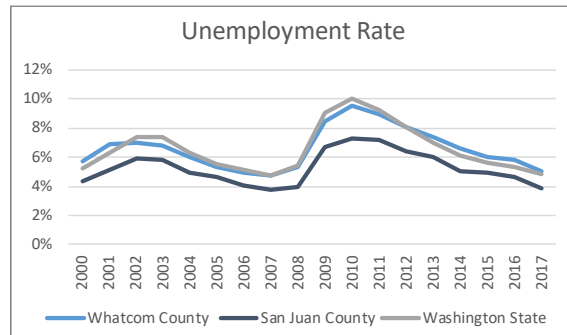
County Demographics

	San Juan	Washington	United States
Population			
Population estimates, July 1, 2017	16,715	7,405,743	325,719,178
Population estimates base, April 1, 2010	15,769	6,724,545	308,758,105
Population, percent change - April 1, 2010 (estimates base) to July 1, 2017	6.0%	10.1%	5.5%
Population, Census, April 1, 2010	15,769	6,724,540	308,745,538
Labor Force			
In civilian labor force, total, percent of population age 16 years+, 2013-2017	56.0%	63.4%	63.0%
In civilian labor force, female, percent of population age 16 years+, 2013-2017	53.0%	58.3%	58.2%
Income and Poverty			
Median household income (in 2017 dollars), 2013-2017	\$60,271	\$66,174	\$57,652
Per capita income in past 12 months (in 2016 dollars), 2013-2017	\$40,784	\$34,869	\$31,177
Persons in poverty, percent	10.3%	11.0%	12.3%

Source: <https://www.census.gov/quickfacts/fact/table/US/PST045217>

We start with county demographics to provide a reference point for later discussions about the data in this profile. In the case of San Juan, the county lags by 4 percent when compared to the state average for population growth between 2010 and July 1, 2017. However, the county's growth rate reflects the national growth trend. King County, which accounts for nearly one-third of the state population, has a significant impact on the state average and skews it upwards. San Juan County, on the other hand, accounts for less than one percent of the state population and lacks the draw population of large urban centers. King County's upward skewing of the average combined with San Juan County's unique features contribute to this difference in growth rates.

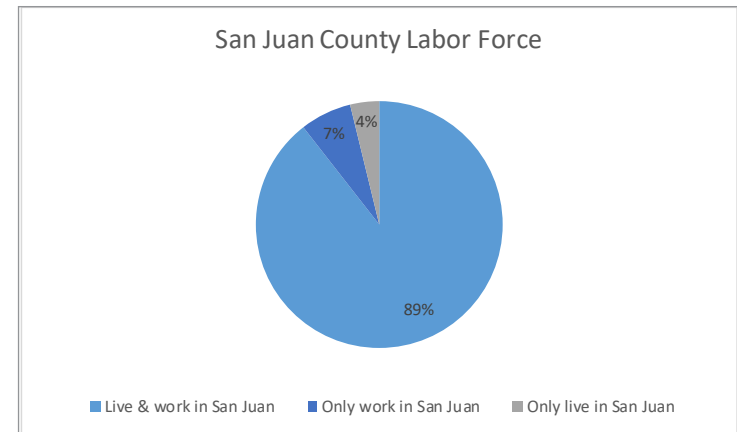
Average annual unemployment in San Juan County reached 3.9 percent in 2017, following the historic trend of being approximately one percent below the State average. This is one-tenth of a percent higher than it was in 2007. Being an island, the overall cost of living in San Juan County is high, mainly attributed to the larger cost of housing. Utilities had the highest average quarterly wage in 2017 at \$20,578, while Arts, Entertainment, and Recreation had the lowest at \$5,636.



Source: <https://fred.stlouisfed.org/categories/30336>

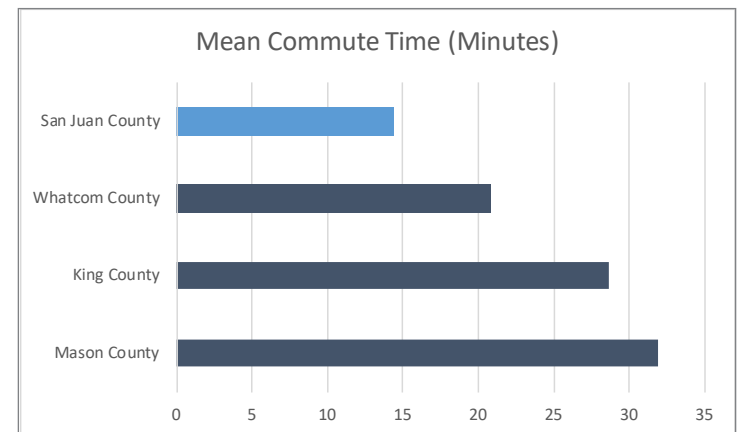
Industry subsectors	Firms	Total quarterly wages paid	Average employment	Average quarterly wage
Utilities	9	\$1,461,036	71	\$20,578
Management of companies and enterprises	4	\$441,868	22	\$20,085
Professional and technical services	82	\$2,022,416	141	\$14,343
Government	39	\$9,969,811	810	\$12,308
Finance and insurance	17	\$1,134,606	102	\$11,124
Information	11	\$890,973	86	\$10,360
Educational services	18	\$2,037,141	206	\$9,889
Construction	204	\$6,829,318	719	\$9,498
Wholesale trade	25	\$716,888	77	\$9,310
Agriculture, forestry, fishing and hunting	20	\$1,148,490	131	\$8,767
Manufacturing	34	\$2,107,052	246	\$8,565
Health care and social assistance	64	\$3,112,594	382	\$8,148
Administrative and waste services	59	\$1,810,336	227	\$7,975
Retail trade	101	\$5,730,989	769	\$7,453
Other services, except public administration	86	\$1,785,403	244	\$7,317
Transportation and warehousing	21	\$1,199,730	172	\$6,975
Accommodation and food services	106	\$12,690,853	1,959	\$6,478
Real estate and rental and leasing	39	\$1,033,651	181	\$5,711
Arts, entertainment, and recreation	36	\$1,442,794	256	\$5,636
Total	975	\$57,565,949	6,801	\$190,520

Of the 6,977 people who worked in San Juan County, 6,548 of them also lived in the county. There were 494 people who commuted from elsewhere to the county for work, and 278 workers commuted from San Juan County to another county. When thinking about this, it is important to note that only 56 percent of the working age population is employed compared to 63.4 percent statewide.



Source: https://esd.wa.gov/labormarketinfo/covered-employment_QCEW

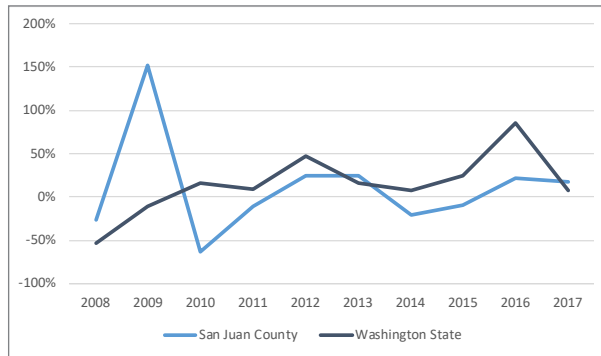
San Juan County had the shortest commute in Washington, lasting an average of 14.4 minutes. This reflects the county's unique geography, which prevents commuters from living very far from their place of work. Mason County had the longest commute in the state, with an average of 31.9 minutes. King County, home of backups that can last hours, had a mean commute time of 28.7 minutes. When considering this data, it is important to note that it reflects data collected by the American Community Survey from 2012-2016. It is possible that it does not reflect current commute times.



Source: JobsEQ

Building Permits Annual Percent Change

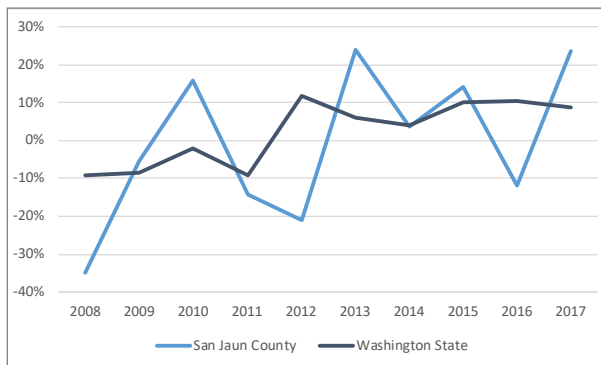
Building permits are volatile, often fluctuating greatly from year to year. This is due in part to a small denominator, which can make even small changes look large in comparison. Following this, it is not unusual to see the percent change in permits over the prior year drop from 86.2 percent in 2016 to 7.9 percent in 2017 for the state, and from 22 percent to 18.2 percent in San Juan County.



Building Permits Annual Percent Change				
	2014	2015	2016	2017
San Juan County	-20.0%	-10.0%	22.0%	18.2%
Washington State	7.1%	25.1%	86.2%	7.9%

Median House Resale Price Annual Percent Change

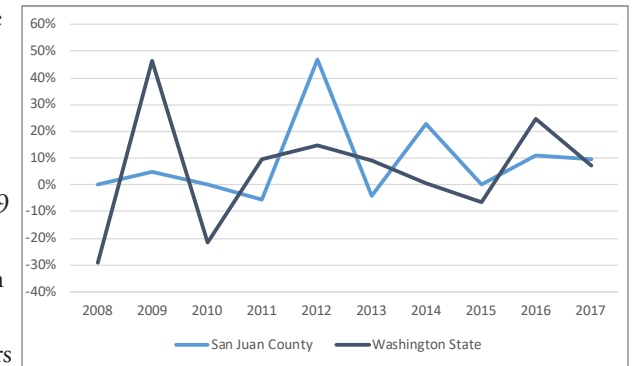
The annual percent change in the median resale price of homes dropped for Washington State but increased significantly for San Juan County. The County increased from 8.1 percent in 2016 to 23.7 percent in 2017, while the state fell from 10.3 percent to 8.8 percent.



Median Resale Price Annual Percent Change				
	2014	2015	2016	2017
San Juan County	6.0%	7.8%	8.1%	23.7%
Washington State	4.1%	10.2%	10.3%	8.8%

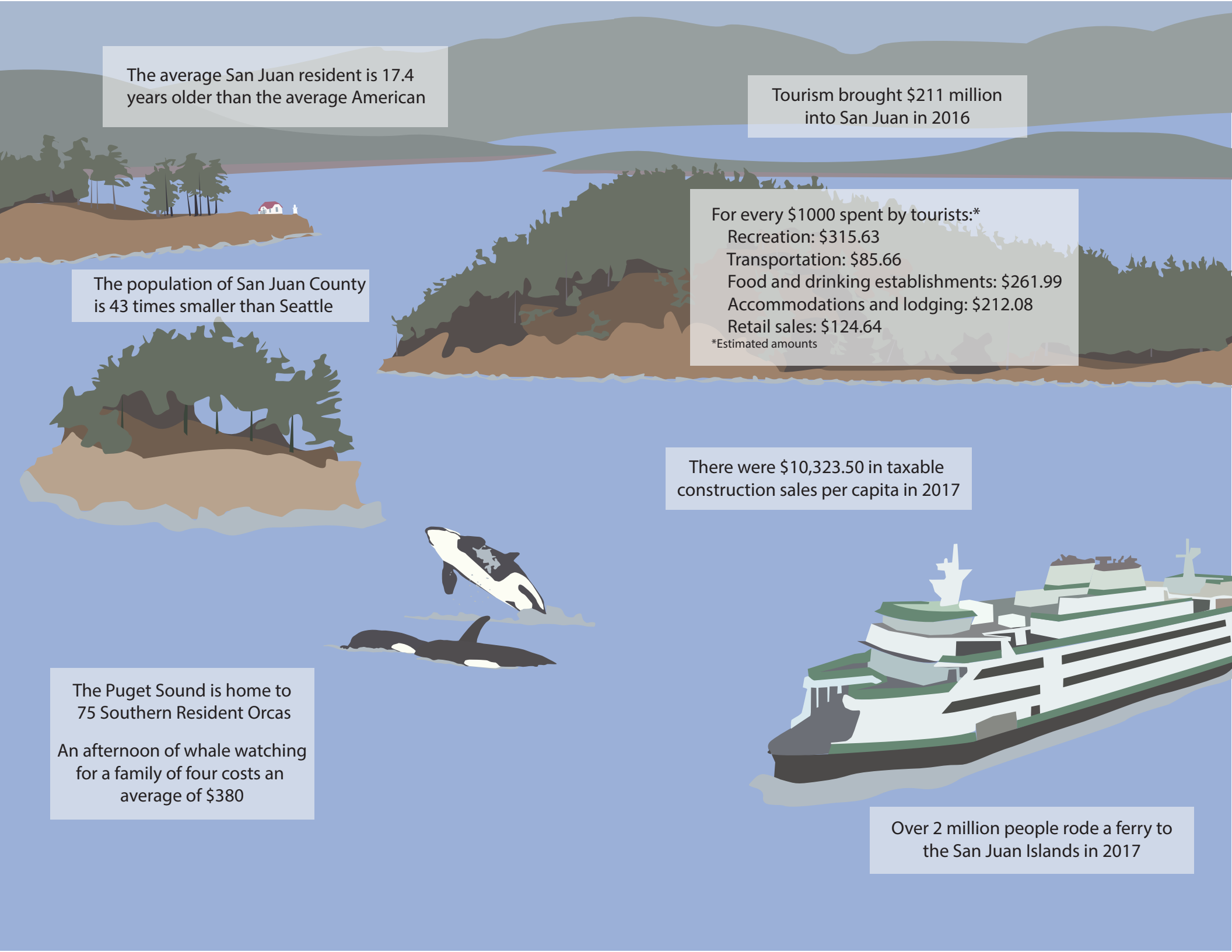
All Housing Sales Annual Percent Change

The annual percent change in sales statewide fell from 25 percent in 2016 to 7 percent in 2017, while San Juan County fell from 22.5 percent in 2016 to 4.9 percent. This may reflect a falling inventory, but it can be hard to tell with annual percentages. These numbers reflect how housing sales have changed from the previous year. For example, in year one you may sell 100 homes, in year two you may sell 120 and in year three 140. Each year you sell an additional 20 homes, so in year two there is a 20 percent increase and in year three there is a 16.6 percent increase.



All Sales Annual Percent Change				
	2014	2015	2016	2017
San Juan County	-0.5%	-7.9%	22.5%	4.9%
Washington State	0.5%	-6.3%	25.0%	7.0%

Source: <http://realestate.washington.edu/research/wcrr/housing-reports/>



The average San Juan resident is 17.4 years older than the average American

Tourism brought \$211 million into San Juan in 2016

The population of San Juan County is 43 times smaller than Seattle

For every \$1000 spent by tourists:*

- Recreation: \$315.63
- Transportation: \$85.66
- Food and drinking establishments: \$261.99
- Accommodations and lodging: \$212.08
- Retail sales: \$124.64

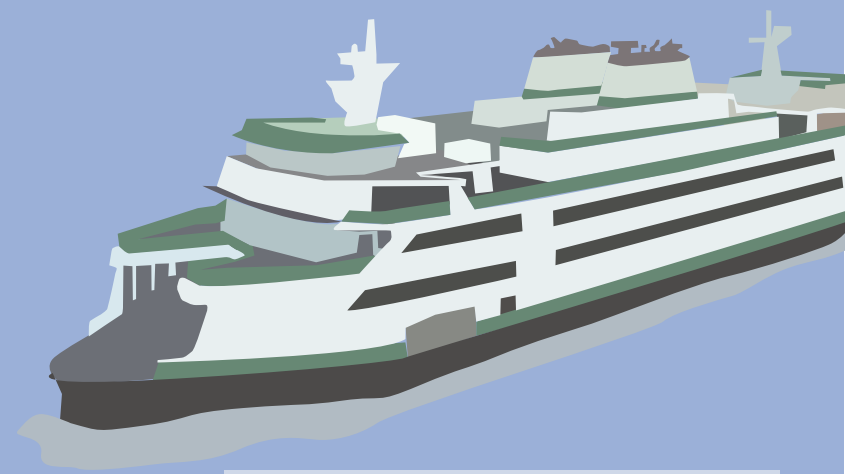
*Estimated amounts

There were \$10,323.50 in taxable construction sales per capita in 2017

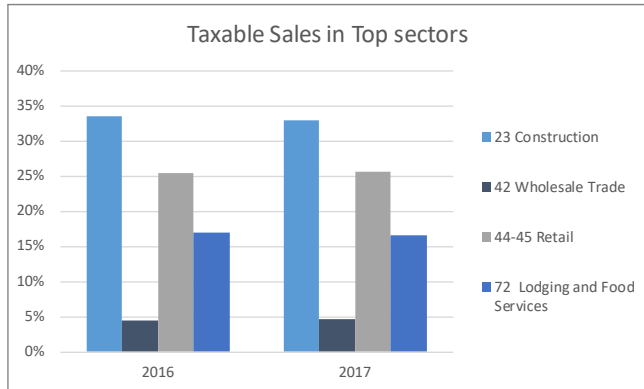
The Puget Sound is home to 75 Southern Resident Orcas

An afternoon of whale watching for a family of four costs an average of \$380

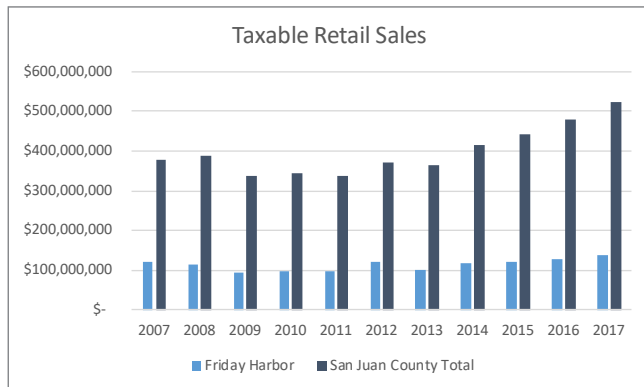
Over 2 million people rode a ferry to the San Juan Islands in 2017



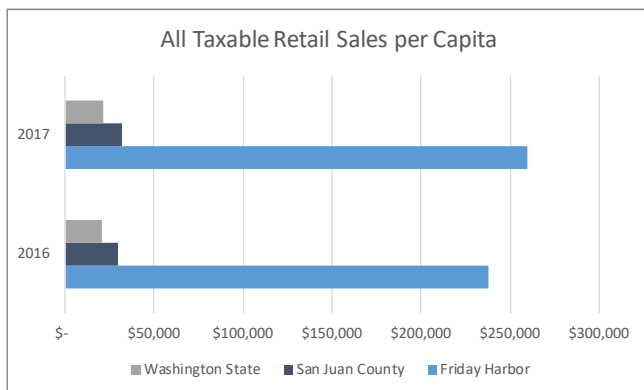
Construction continuously outpaces all other sectors in taxable sales, accounting for nearly 35 percent of all taxable sales. Retail accounts for the second most sales with less than 30 percent. This is unusual as in most regions retail has the largest taxable sales.



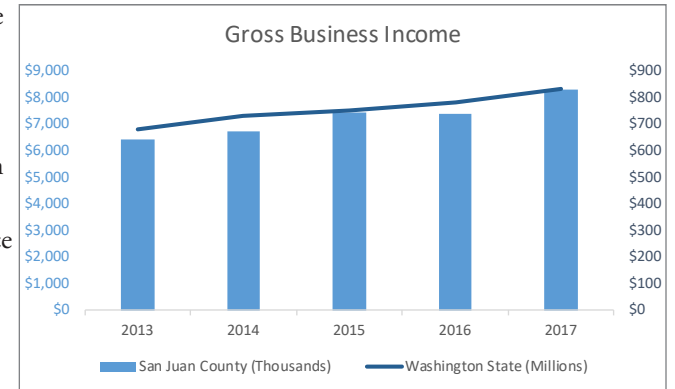
On average, roughly one-third of taxable retail sales in San Juan County occur in Friday Harbor. In most counties, the largest industry is automotive sales, but in San Juan County, residential building construction accounts for 18.8 percent of retail sales.



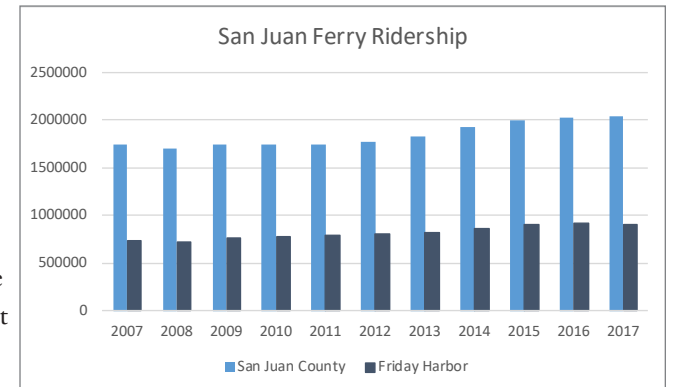
Friday Harbor's taxable sales per capita outpaced both the County's and the State's significantly. The majority of taxable retail sales in San Juan County comes from Friday Harbor, a relatively dense urban area while most of the State and County are rural.



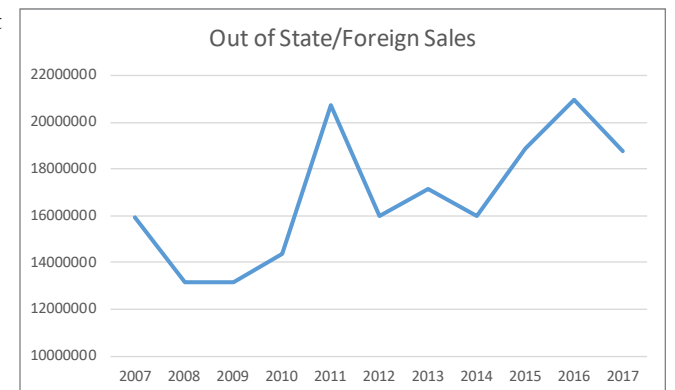
Gross business income both statewide and on a county level follow similar growth patterns, although San Juan County's growth is beginning to outpace that of the state, indicating a growing business sector.



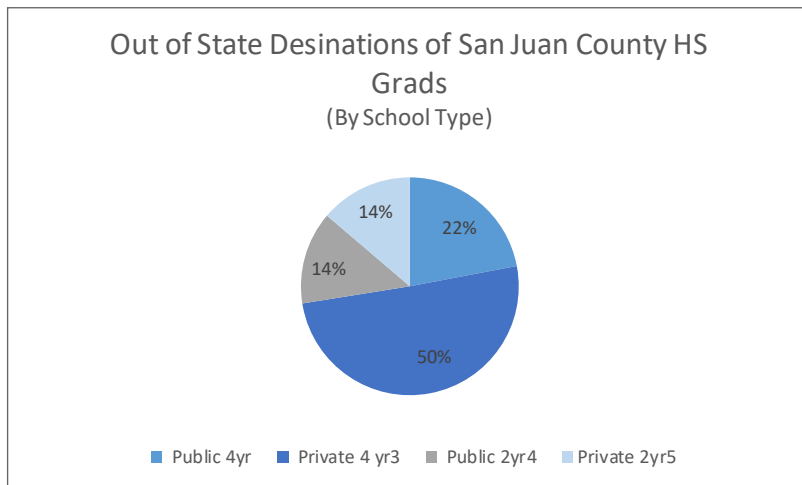
908,662 people rode a ferry into or out of Friday Harbor in 2017, accounting for nearly 45 percent of all ferry traffic in San Juan County. In total, 2,040,773 people rode a ferry in San Juan that year.



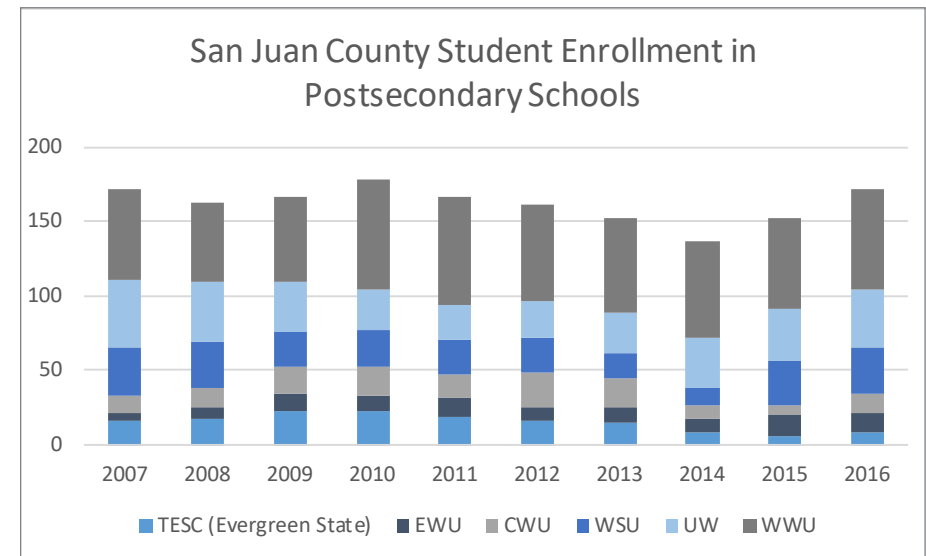
San Juan County's out of state and foreign sales fell in 2017 by roughly 10 percent. This may be due to underreporting by businesses.



Source: Washington State Department of Revenue



- Fewer Washington high school graduates enrolled in secondary education compared to the nation.
- Just under 80 percent of San Juan County’s graduates who attended a secondary school chose to stay in Washington.
- Roughly half of these students enrolled in a four-year college, compared to the one third state average.
- Graduates from San Juan County accounted for 0.6 percent of all graduates in Washington.



Of all the students enrolled in post-secondary education across the state, WWU had the most from San Juan County at 68 in 2016. Next was UW with 39 students, then WSU, CWU, EWU, and TESC. There was a total of 172 students from San Juan enrolled in these schools in 2016. It is important to note that these are all students who are from San Juan County, not just recent high school graduates.

District	Washington					Out of State					Total	
	Total	Public 4 yr	Private 4 yr	Public 2 yr	Private 2 yr	Total	Public 4 yr	Private 4 yr	Public 2 yr	Private 2 yr	HS Graduates	% Going to College
Lopez Island	!	!	!	!	!	!	!	!	!	!	14	40-59%
Orcas	70-79%	40-49%	0-10%	20-29%	0-10%	20-29%	0-10%	20-29%	0-10%	0-10%	34	60-69%
San Juan	80-84%	55-59%	6-9%	15-19%	0-5%	15-19%	6-9%	0-5%	0-5%	0-5%	63	70-74%
Statewide	82%	33%	5%	44%	0-1%	18%	8%	8%	2%	0-1%	69163	59%

! - Reporting Standards not met. Number of high school graduates or enrollments too small.
 Source: <https://erdc.wa.gov/data-dashboards/public-four-year-dashboard#enrollments-by-origin>

Regional Cost of Living 2017							
County	Composite	Grocery	Housing	Utilities	Transportation	Healthcare	Misc. Good and Services
San Juan	152	113	295	73	72	79	109
Whatcom	114	106	126	81	121	116	115
Skagit	109	114	108	81	117	120	111
King	149	127	194	124	133	125	136

Source: C2BR

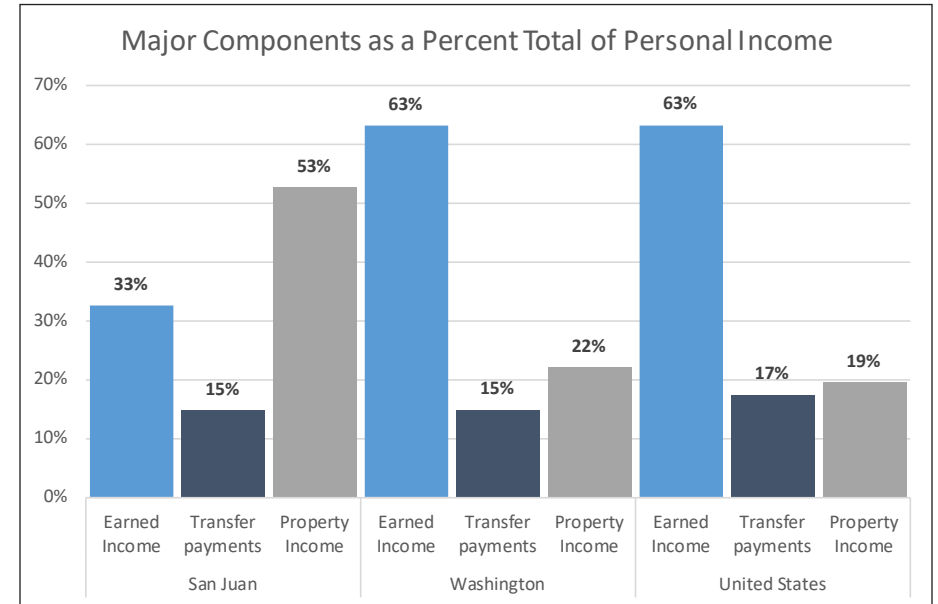
Housing prices are the main driver of cost of living across the State. The cost of living composite consists of grocery, housing, utilities, transportation, and miscellaneous goods and services. The national average is normalized at 100. In 2017 San Juan had the highest composite cost of living of all the regions that were compared. It surpassed Seattle for both the composite and housing. Seattle, on the other hand, exceeded all other regions in every category other than healthcare, where it was overshadowed by Skagit County. The next highest composite was Whatcom County, followed by Skagit County.

Living Wage (San Juan County)			
Housing Type	Rate	Required household hourly wage	Required household weekly wage
Rent 1 bedroom	\$898.00	\$15.64	\$628.57
Rent 2 bedroom	\$1,500.00	\$26.13	\$1,044.93
Median home mortgage	\$1,492.31	\$25.99	\$1,039.58

Source: <http://realestate.washington.edu/research/wcrer/housing-reports/>

The living wage is determined by calculating the minimum income at which a maximum of 33.3 percent of the total income would be allocated for housing. For 2017, the minimum living wage to rent a one bedroom apartment in San Juan County was \$15.64 an hour, with a required household weekly wage of \$628.57. 24 percent of workers in San Juan County make less than \$628.57 a week.

Note: Home purchase assumes 20% as down payment, 4% interest and is displayed as principal and interest only.



As living wages can be deceiving in a community such as San Juan County. An evaluation of total personal income reveals a more comprehensive picture.

The share of San Juan County's personal income that originates as Property Income (52.7 percent) is well above the share nationally (20.0 percent). The share of San Juan County's personal income that originates as Transfer Payments (14.8 percent) is below the share nationally (17.0 percent).

In combination, Property Income and Transfer Payments amounted to 67.4 percent (52.7 percent + 14.8 percent) of San Juan County's personal income in 2017. Earned Income made up the balance (32.6 percent) of personal income, which amounted to a substantially smaller share than the corresponding 63.0 percent for Earned Income nationwide.

We are always seeking opportunities to bring the strengths of Western Washington University to fruition within our region. If you have a need for analysis work or comments on this report, we encourage you to contact us at 360-650-3909. To learn more about CEBR visit us online at <https://cbe.wvu.edu/cebr/center-economic-and-business-research>.

