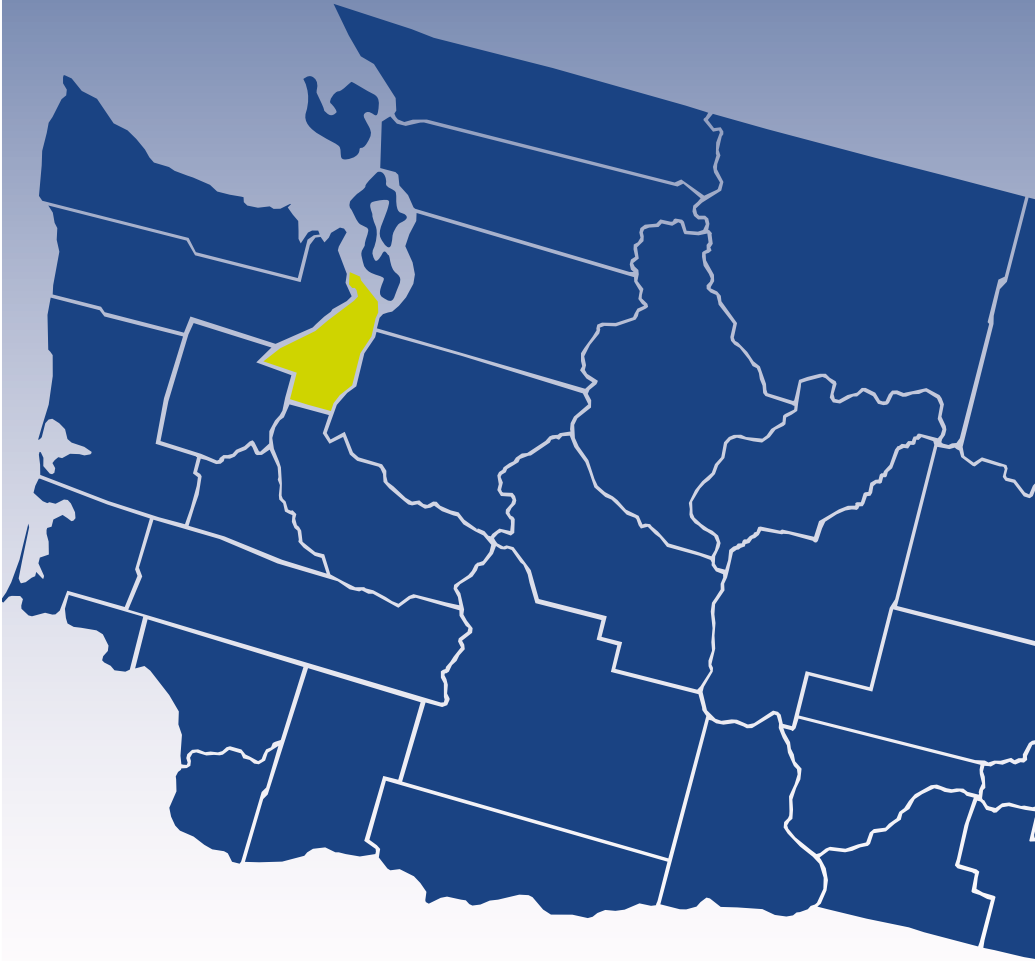


KITSAP COUNTY

2020 ECONOMIC PROFILE



CENTER FOR ECONOMIC AND BUSINESS RESEARCH

About this Report

The following report is intended to give a basic overview of the local economy while illustrating 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 includes mostly 2020 data, but also data from other years, when noted.

The year 2020 brought a financial event like no other – a global pandemic. The COVID-19 pandemic impacted the economy in very unique ways as will be presented in the various data series in this profile. Most 2020 data was recorded during the height of the pandemic. Given the improving economic situation, we expect that 2020 data may display an overly negative picture for the present environment. The economic landscape is quickly changing, so we caution the reader to critically examine data series for these types of impacts and consider what it may mean for the near future.

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			
	Kitsap County	Washington	United States
Population			
Population estimates, July 1, 2019	271,473	7,614,893	328,239,523
Population estimates base, April 1, 2010	251,143	6,724,540	308,758,105
Population, percent change - April 1, 2010 (estimates base) to July 1, 2019	8.10%	13.20%	6.30%
Population, Census, April 1, 2020	275,611	7,705,281	331,449,281
Population, Census, April 1, 2010	251,133	6,724,540	308,745,538
Labor Force			
In civilian labor force, total, percent of population age 16 years+, 2015-2019	55.6%	63.6%	63.0%
In civilian labor force, female, percent of population age 16 years+, 2015-2019	53.2%	58.5%	58.3%
Income and Poverty			
Median household income (in 2019 dollars), 2015-2019	\$75,411	\$73,775	\$62,843
Per capita income in past 12 months (in 2019 dollars), 2015-2019	\$37,493	\$38,915	\$34,103
Persons in poverty, percent	7.5%	9.8%	11.4%

Source: US Census

We begin with county demographics in order to provide a reference point for further discussion about the data throughout this profile. Kitsap’s population has grown since 2010 at a rate of 8.1%, which is higher than the United States growth rate of 6.3% but lower than Washington State at 13.2% and neighboring King County at 16.6%. Notably, in 2020, the population continued a steady year-over-year growth rate of 1.5%, with the county adding 4,138 residents. The median income for Kitsap residents in 2019 was \$75,411, which is lower than the King County median annual income of \$94,974 but higher than the United States and Washington State with median annual incomes of \$62,843 and \$73,775, respectively. Additionally, in 2020, Kitsap had a rate of persons in poverty of 7.5%, which is lower than the national rate of 10.5%, Washington State’s rate of 9.8%, or King County’s rate of 7.7%.¹

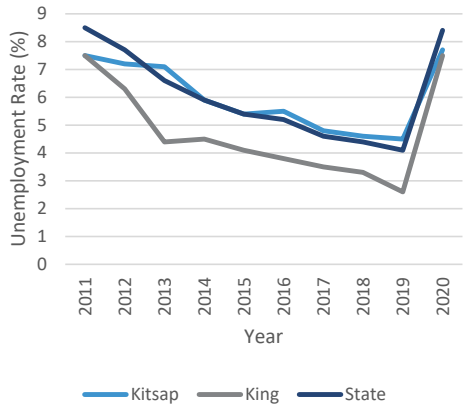
¹ <https://www.census.gov/quickfacts/fact/table/US/PST045217>

Employment

In 2020, Kitsap’s unemployment rate of 7.7% was 0.2% higher than neighboring King County, continuing a historical trend over the past decade. The unemployment rate rose 3.2% in 2020, the greatest single year increase in the last 20 years.

Industry subsectors in Professional and technical services and utilities reported the highest annual wages in Kitsap County at \$107,334 and \$102,346, respectively.

Unemployment Rate, Annual

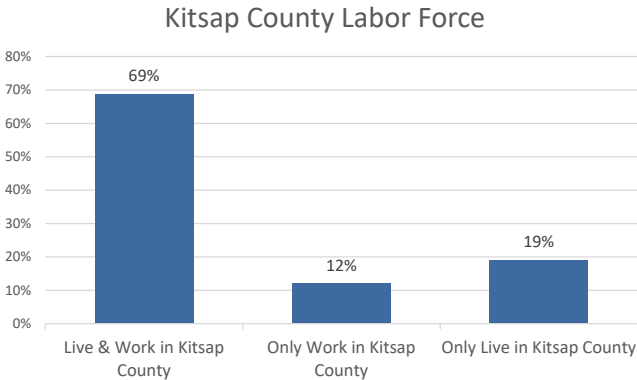


Industry Subsectors	Average Firms	Total 2020 Annual Wages Paid	Average Annual Employment	Average Annual Wage
Total	6,711	\$5,273,863,892	87,203	\$60,478
Agriculture, forestry, fishing and hunting	61	\$12,878,758	290	\$44,410
Mining	4	\$2,194,442	35	\$62,698
Utilities	7	\$15,351,958	150	\$102,346
Construction	899	\$283,569,853	4,585	\$61,847
Manufacturing	192	\$154,460,643	2,609	\$59,203
Wholesale trade	213	\$85,120,171	1,320	\$64,485
Retail trade	579	\$383,087,799	10,570	\$36,243
Transportation and warehousing	85	\$37,199,962	745	\$49,933
Information	125	\$43,870,599	587	\$74,737
Finance and insurance	194	\$149,275,653	1,765	\$84,575
Real estate and rental and leasing	219	\$45,297,376	1,017	\$44,540
Professional and technical services	865	\$508,332,541	4,736	\$107,334
Management of companies and enterprises	23	\$27,571,975	328	\$84,061
Administrative and waste services	453	\$133,290,124	3,056	\$43,616
Educational services	108	\$19,561,783	577	\$33,903
Healthcare and social assistance	1,468	\$593,119,531	11,820	\$50,179
Arts, entertainment, and recreation	98	\$21,507,275	927	\$23,201
Accommodation and food services	464	\$147,083,819	6,936	\$21,206
Other services, except public administration	545	\$70,047,343	2,048	\$34,203
Government (including civillian DoD)	109	\$2,541,042,287	33,102	\$76,764

Source: <https://esd.wa.gov/labormarketinfo/covered-employment QCEW>

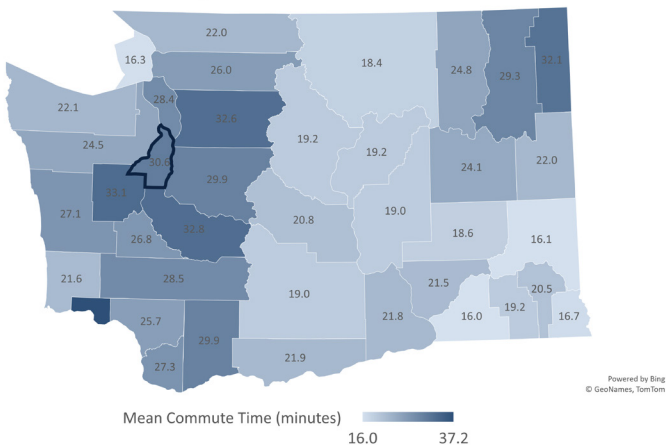
Commute

Of the 92,353 people that work in Kitsap County, 13,690 individuals commute into the area from outside of the county. Furthermore, 21,837 additional people choose to live in Kitsap but commute outside of the county for work. There are 78,663 individuals who both work and live in Kitsap County.



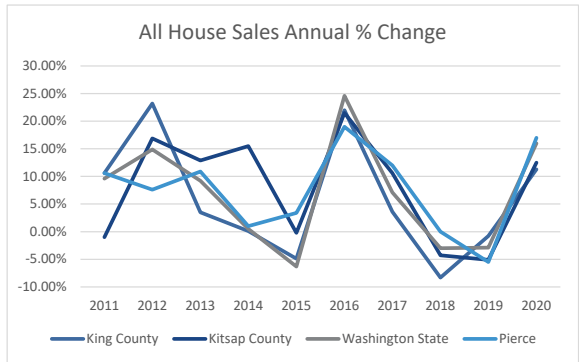
Kitsap County residents have the sixth longest commute of 30.6 minutes, falling behind Wahkiakum (37.2 minutes), Mason (33.1 minutes), Pierce (32.8 minutes), Snohomish (32.6 minutes), and Pend Oreille (32.1 minutes). Compared to Walla Walla County, which has the shortest commute time in the state at 16 minutes, Kitsap County residents commute 14.6 minutes longer. This longer commute time is likely due to ferry commutes to King County.

Kitsap Commute Time



All House Sales

The real estate and construction business saw a boom across Washington State in 2020. The annual percent change in home sales rose for all locations examined in 2020 with Kitsap County seeing a growth rate of 11.3%. However, Kitsap County saw slower growth than neighboring King County (12.5%) and Washington State as a whole (16.0%).

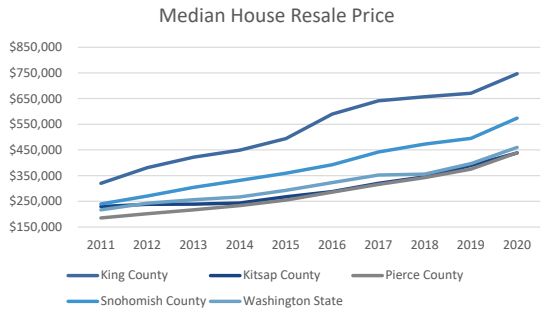


All House Sales				
	2016	2017	2018	2019
King County	30,710	28,450	26,090	25,890
Kitsap County	5,150	5,100	4,880	4,630
Washington State	116,971	14,670	111,200	107,930

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

Median House-Resale Price

Kitsap’s annual percent change in median home resale price in 2020 increased by 13%, continuing a steady rate of increase. Median house resale prices have been rising annually in Kitsap County since 2012. The housing market also heated up at the statewide level, with an increase of 16% over the course of 2020. King County also experienced a notable increase in home resale prices, jumping from 2.1% in 2019 to 11.3% in 2020.

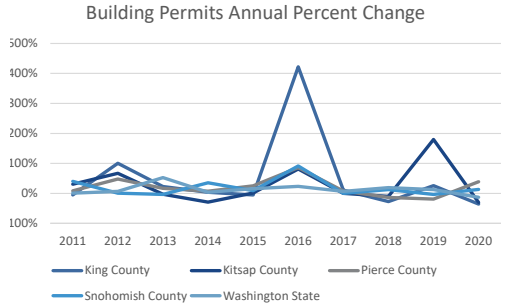


Median House Resale Price				
	2017	2018	2019	2020
King County	\$641,400	\$657,300	\$671,100	\$747,100
Kitsap County	\$320,200	\$345,100	\$389,500	\$438,300
Washington State	\$352,200	\$356,100	\$396,900	\$460,300

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

Building Permits

Building permits are volatile, often fluctuating from year to year. In Kitsap, this is attributable to the small denominator effect, which can make small changes appear outsized. As a result, it is not unusual to see the percent change in permits to be irregular. In 2020, Kitsap experienced a large decrease in the number of building permits issued totaling a -30% annual change. King County also experienced a large decrease in building permits (-35.6%), much higher than the Washington State Average (-13%).

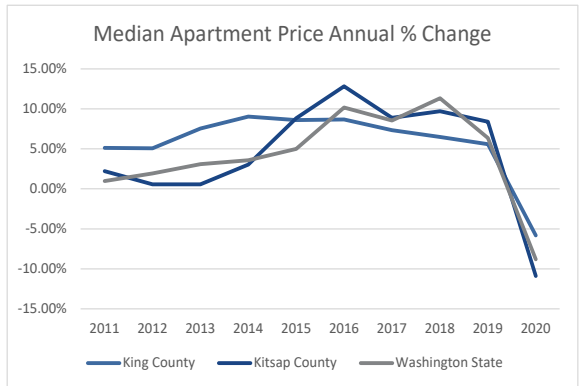


Building Permits Annual % Change				
	2017	2018	2019	2020
King County	11%	-27%	25.70%	-35.60%
Kitsap County	0%	-10%	180%	-30%
Washington State	7%	19%	13%	-13%

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

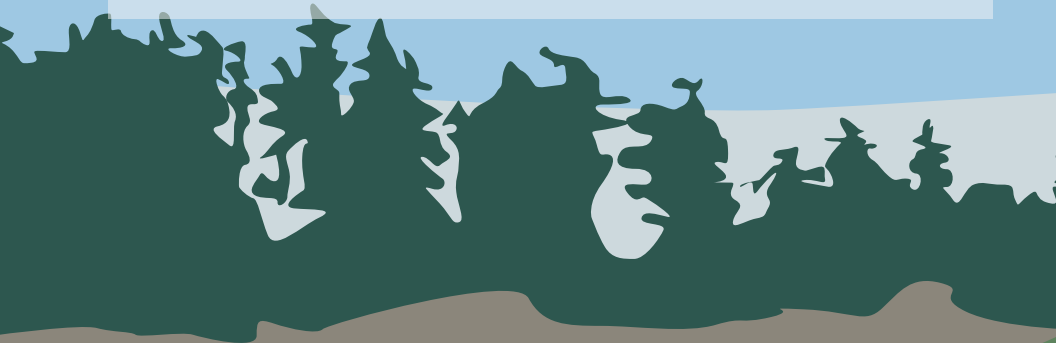
Median Apartment Rent

The median apartment price decreased in Kitsap County for the first time since 2009. In 2020, there was a 10.9% decrease in apartment prices in Kitsap County, notably a sharper drop than King County (-5.8%) and Washington State (-8.82%). The median apartment price fell to \$1299 in 2020 from a high of \$1458 in 2019 in Kitsap County. King County experienced a similar drop in price from \$1906 to \$1795 in 2020. Kitsap's median price was \$1,485 in 2020.

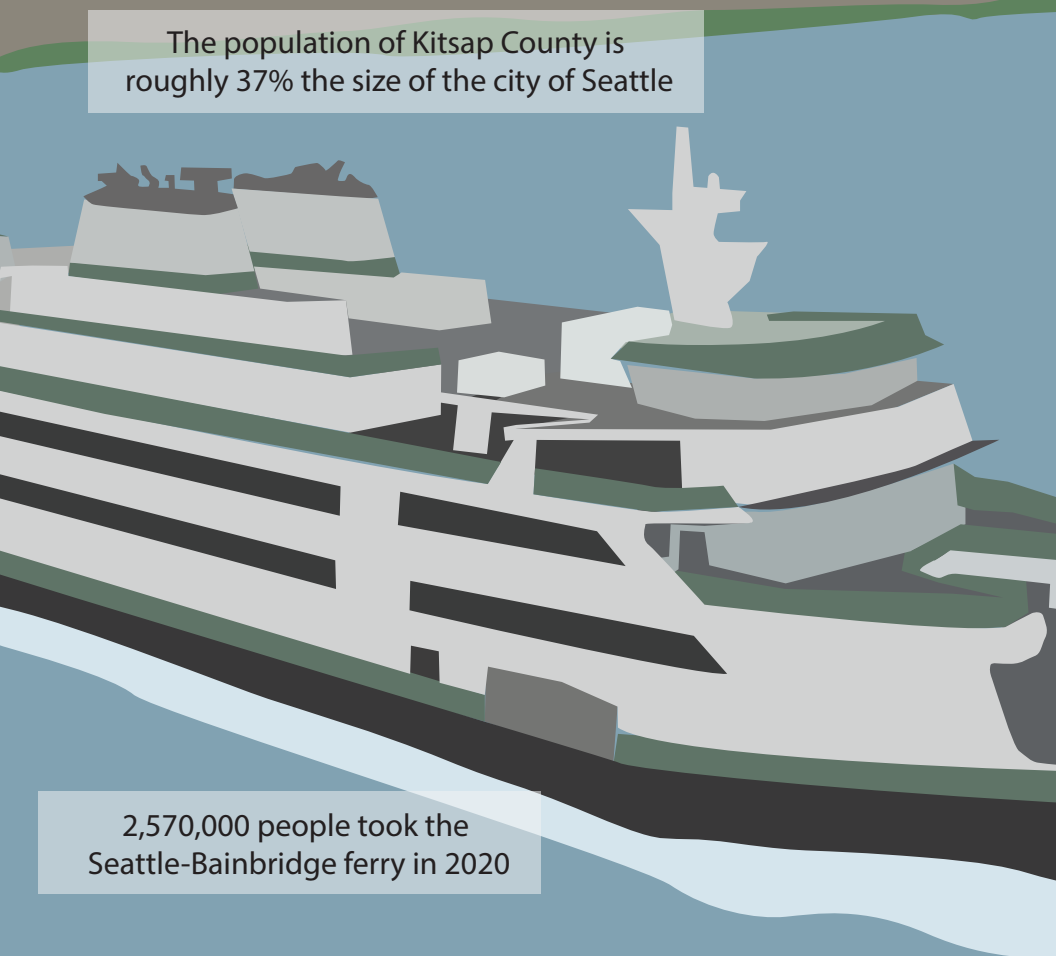


Median Apartment Price				
	2017	2018	2019	2020
King County	\$1,695	\$1,805	\$1,906	\$1,795
Kitsap County	\$1,226	\$1,345	\$1,458	\$1,299
Washington State	\$1,412	\$1,532	\$1,573	\$1,485

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



Kitsap County is one of the geographically smallest counties in Washington, but it has the third highest population density per square mile.



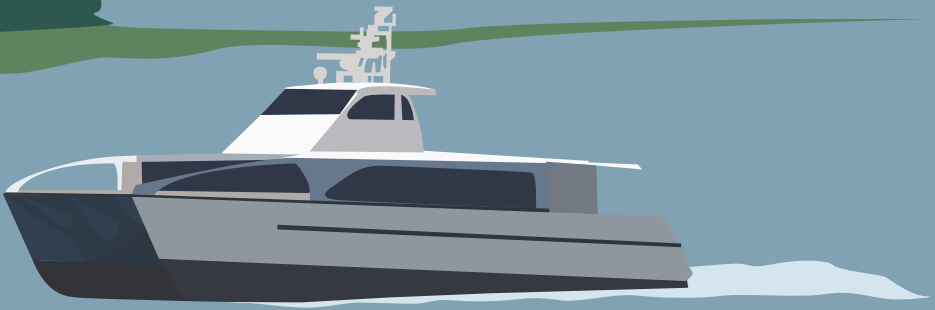
The population of Kitsap County is roughly 37% the size of the city of Seattle

2,570,000 people took the Seattle-Bainbridge ferry in 2020

2020


The median home cost is \$438,300 and the average apartment price is \$1,299/mo

Source: University of Washington College of Built Environments
Housing Market Snapshot



Government is the largest sector in Kitsap County, employing more than 33,200 people.

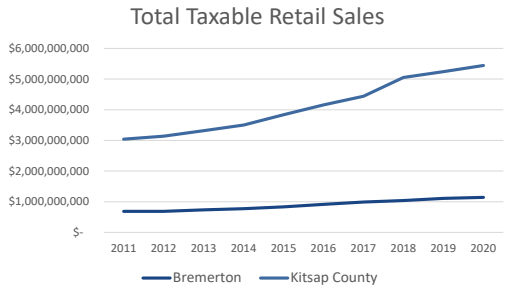
(This sector includes: federal, state, county, and city employees; all tribal-based employees, and civilian DoD employees, but not active duty military personnel.)



The Hood Canal bridge is the third longest floating bridge in the world, and the longest over salt water.

Taxable Retail Sales

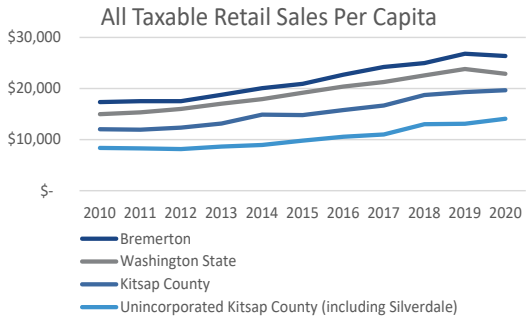
From its low of \$3 million in 2010 to its \$5.4 million in sales in 2020, Kitsap County retail sales grew by an average of 5.9% annually. In 2020, Bremerton’s taxable retail sales of \$1.1 million made up 21% of the County total.



Source: Washington State Department of Revenue

All Taxable Retail Sales per Capita

Kitsap County has averaged 5.8% average growth year over year in per capita taxable sales since its low in 2011, exceeding the state average by 1.3% and Bremerton by .0.7%. Growth in per capita taxable retail sales has been steady since 2011. Kitsap County’s per capita retail sales level was \$19,656 in 2020, which is lower than Bremerton (\$26,337) and Washington State (\$22,873) but higher than unincorporated Kitsap (\$14,070).



Source: Washington State Department of Revenue

Taxable Sales in Top Sectors

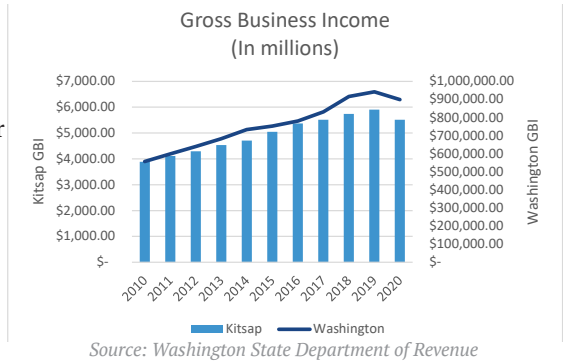
The retail trade sector (NAICS code 44-45) continues to compose the majority of all taxable retail sales reported in Kitsap County. In 2020, retail made up 51.6% of all taxable retail sales, followed by construction comprising 18%. Since 2008, there has not been a noteworthy shift in the percent that each respective industry contributes to total taxable retail sales.



Source: Washington State Department of Revenue

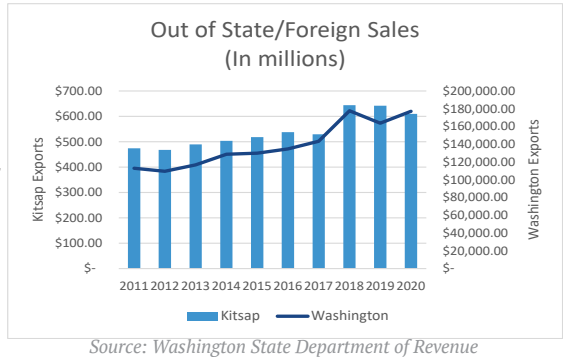
Gross Business Income

Gross business income, both statewide and in Kitsap, decreased in 2020, breaking a trend of consistent increases over the last decade. In 2020, gross business income fell by \$385 million in Kitsap County (-6.5%) and \$43 billion for the state of Washington (-4.6%). Other surrounding counties (Pierce, King, Mason, and Jefferson) all saw decreases in gross business income.



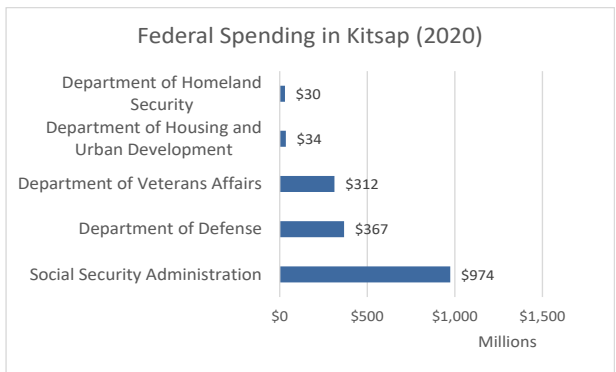
Out of State/Foreign Sales

Kitsap County’s out of state and foreign sales fell by \$32 million in 2020, following an increase of \$2 million in 2019. Over the prior five years, annual growth of out of state and foreign sales in Kitsap County has averaged \$28 million.



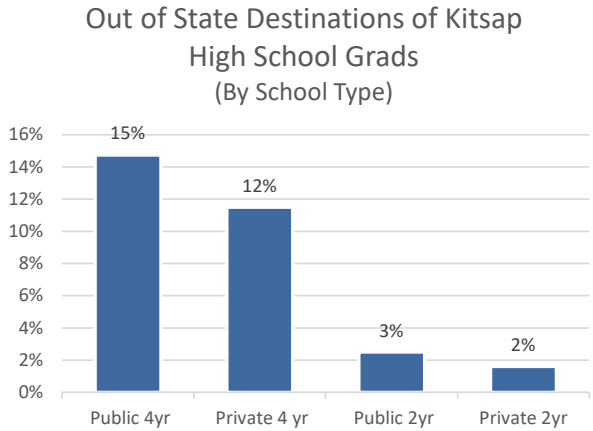
Federal Spending

Federal spending in Kitsap County is led by the Social Security Administration, which spent close to \$1 billion in Kitsap County in 2020, followed by the Department of Defense, which spend approximately \$367 million in the County in 2020.



Out of State Destinations for Kitsap High School Students*

The majority of 2019 Kitsap high school graduates who attend postsecondary education out of state enroll in either public or private four-year institutions. Of Kitsap graduates pursuing higher education, 15% attend public out-of-state four-year institutions and 12% attend private out-of-state four-year institutions. Enrollment in out of state public and private two-year institutions reached 3% and 2%, respectively. Kitsap numbers are similar to the statewide rates, with the exception of out-of-state four-year institutions, with 9% of students enrolling in public four-year institutions and 8% enrolling in private four-year institutions statewide.



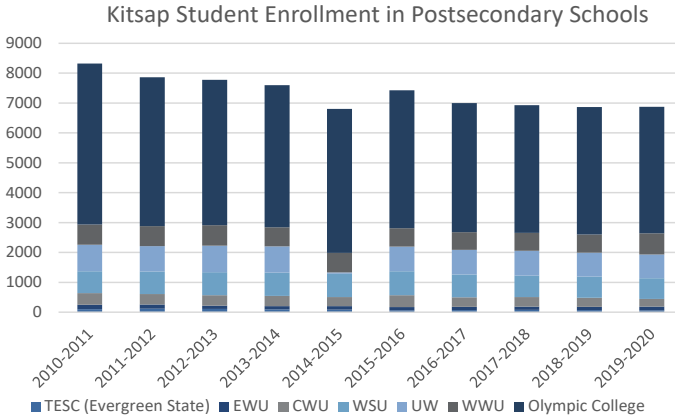
*At the time of publication, this data had not been updated with 2019-2020 figures. Data from 2018-2019 is used for this section of the report.

2018-2019* Academic School Year				
Enrolled in Washington				
District	Total	Public 4 yr	Private 4 yr	Public 2 yr
Bainbridge Island	49-51%	30%	3%	16%
Bremerton	94-96%	27%	4%	63%
Central Kitsap	79-80%	29%	4%	46%
North Kitsap	77-79%	29%	6%	42%
South Kitsap	82-83%	32%	6%	44%
Kitsap County	76-78%	29%	5%	42%
Statewide	80-81%	32%	5%	43%

<http://www.erdcdta.wa.gov/hsfb.aspx>

Student Enrollment in Postsecondary Education**

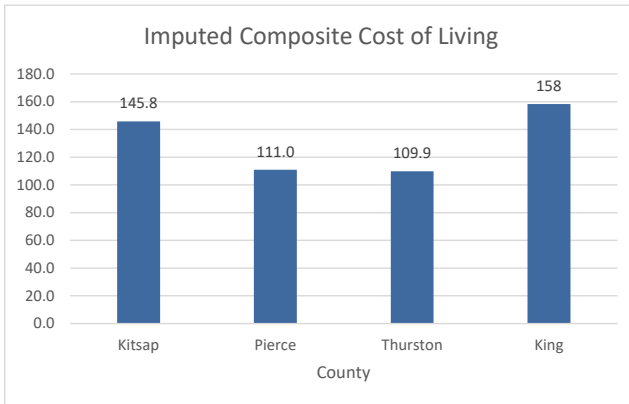
Of all the students enrolled in post-secondary education across the state, Olympic College had the most from Kitsap County at 4,230 for the 2019-2020 school year. Next is UW, with 792 students, then WWU, WSU, CWU, EWU, and TESC. It is important to note that these are all students who are from Kitsap County, not just recent high school graduates.



2018-2019* Academic School Year					
	Enrolled Out of State				
Private 2 yr	Total (Out of State)	Public 4 yr	Private 4 yr	Public 2 yr	Private 2 yr
0-2%	50-51%	27%	23%	0-2%	0-2%
0-2%	4-6%	3-4%	3-4%	0-2%	0-2%
0-1%	20-21%	10%	8%	2%	0-1%
0-2%	21-23%	12%	9%	0-2%	0-2%
0-1%	17-18%	10%	6%	3%	0-1%
0-2%	22-24%	15%	12%	3%	0-2%
0-1%	19-20%	9%	8%	2%	0-1%

Cost of Living

The cost of living composite consists of grocery, housing, utilities, transportation, and miscellaneous goods and services. The national average is normalized at 100. Cost of living for Kitsap County in 2020 was 145.8, based on estimates collected in Bremerton. Compared to other neighboring counties, the cost of living in Kitsap is lower than King County (158), and higher than Thurston County (107) and Pierce County (110). Both Kitsap and King Counties experienced higher housing prices; however, Kitsap indicated a much lower cost in all other categories amalgamated in the composite index.



Living Wage

The living wage is determined by calculating the minimum income at which a maximum of 33.3% of the total income would be allocated for housing. For 2020, the minimum living wage to rent a one-bedroom apartment in Kitsap County was \$22 compared to \$31 in King County. Meanwhile, the median home mortgage in Kitsap County required an hourly wage of \$29 in contrast to King County at \$49.

Living Wage (Kitsap)			
Housing Type	Rate	Required household hourly wage	Required household weekly wage
Rent 1 bedroom	\$1,286	\$22	\$890
Rent 2 bedroom	\$1,422	\$25	\$984
Median home mortgage	\$1,488	\$26	\$1,030

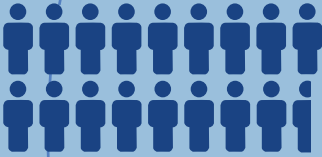
Source: UW Runstad Department of Real Estate Fall 2019 Report and CEBR

The Department of Defense
contributed over

\$4 billion

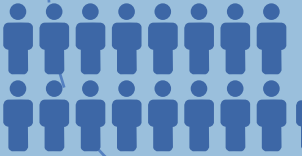
to the Kitsap County
regional economy

\$2.1 billion
in direct military and
civilian payroll
45,532 jobs, including:



17.6

Thousand civilians



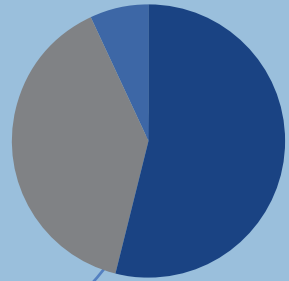
16.2

Thousand Active
Duty Military



1 Thousand reserves

\$1.9 billion
in industry output



- \$14 million** from Visitor spending
- \$792 million** from Operations and contracts
- \$1.1 billion** from Payroll



\$129 million
in state and local taxes

Source: NBK/NAVMAG II Economic Impact Assessment, December 2018* (Most recent)

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 or **cebr.wvu.edu**

