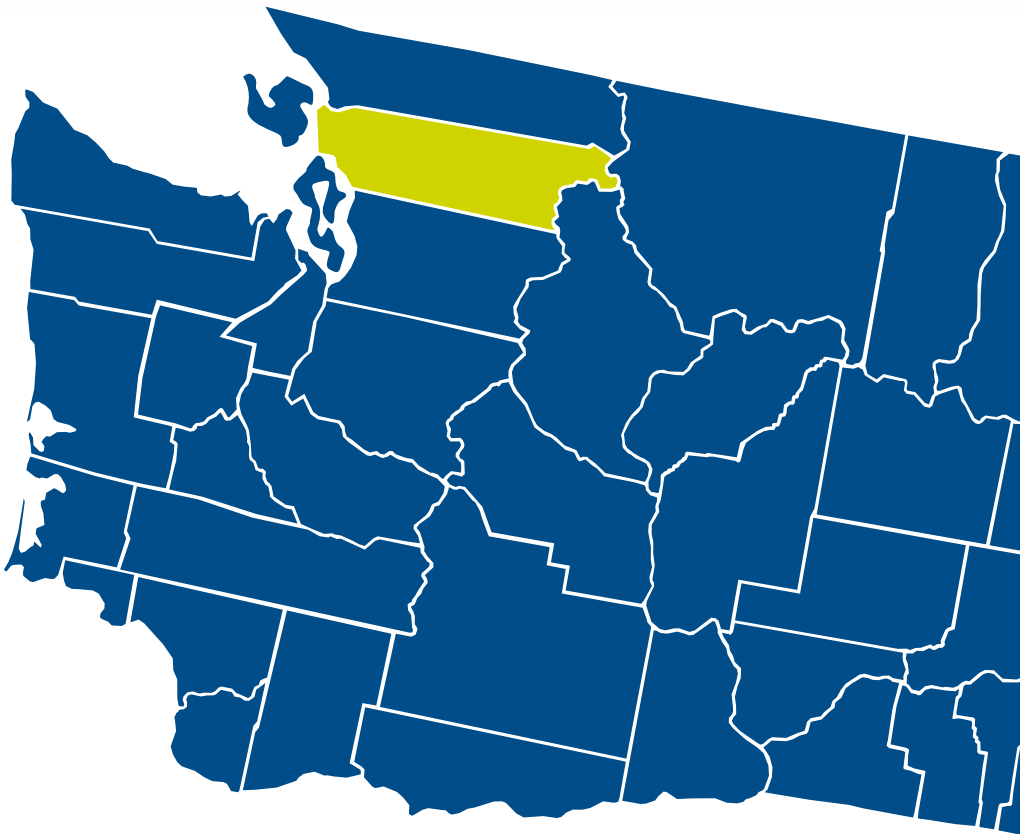


SKAGIT COUNTY

2017 ECONOMIC PROFILE



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.

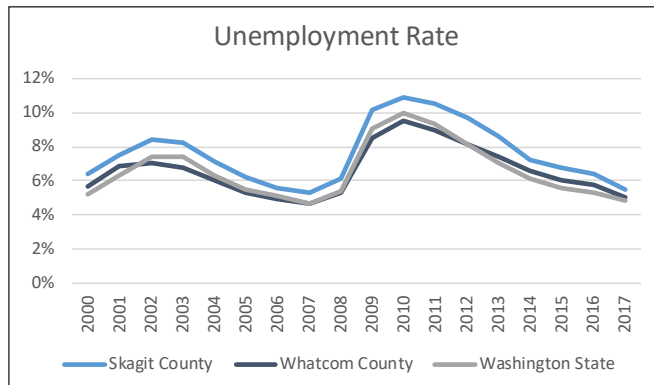
County Demographics

| | Mount Vernon City, Washington | Skagit County | Washington | United States |
|---|----------------------------------|------------------|------------|------------------|
| Population | | | | |
| Population estimates, July 1, 2017 | 35,051 | 125,619 | 7,405,743 | 325,719,178 |
| Population estimates base, April 1, 2010 | 31,722 | 116,896 | 6,724,545 | 308,758,105 |
| Population, percent change - April 1, 2010 (estimates base) to July 1, 2017 | 10.5% | 9.1% | 10.1% | 6.0% |
| Population, Census, April 1, 2010 | 31,743 | 116,901 | 6,724,540 | 308,745,538 |
| Labor Force | | | | |
| In civilian labor force, total, percent of population age 16 years+, 2012-2016 | 63.9% | 59.3% | 63.4% | 63.0% |
| In civilian labor force, female, percent of population age 16 years+, 2012-2016 | 59.1% | 54.2% | 58.3% | 58.0% |
| Income and Poverty | | | | |
| Median household income (in 2016 dollars), 2012-2016 | \$52,267 | \$59,263 | \$66,174 | \$57,652 |
| Per capita income in past 12 months (in 2016 dollars), 2012-2016 | \$24,201 | \$30,069 | \$34,869 | \$31,177 |
| Persons in poverty, percent | 17.5% | 11.3% | 11.0% | 12.3% |

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

We begin with county demographics to provide a reference point for later discussions about the data in this profile. Being the largest city in Skagit County, Mount Vernon accounted for 27.14 percent of the county's population in 2010. By July 1, 2017, this had increased by 0.75 percent to account for 27.9 percent of the county population. This is not a significant increase in growth, suggesting that growth in smaller cities and unincorporated parts of the county has remained largely unchanged. Additionally, it is interesting to note that the median household income for the county overall is significantly higher than it is in Mount Vernon.

Skagit County's unemployment rate was 5.5 percent in 2017, which was higher than both the State and neighboring Whatcom County's at 4.8 percent and 5 percent respectively. The utility sector had the highest average quarterly wages in 2017 at \$23,285.

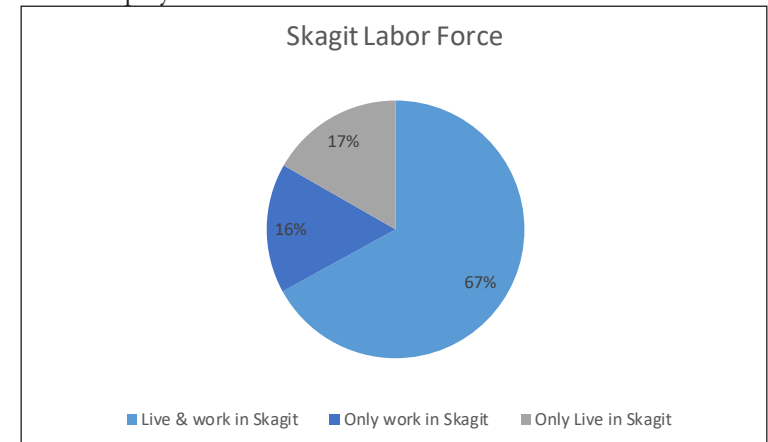


Source: <https://fred.stlouisfed.org/categories/30336>

Arts, Entertainment and Recreation had the lowest average wages at \$5,083.

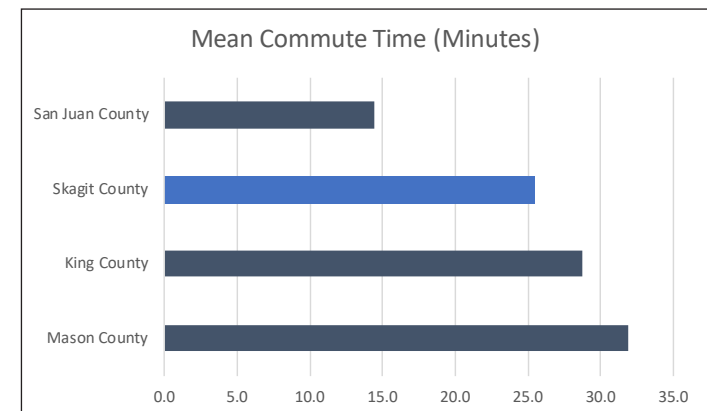
| Industry subsectors | Firms | Total quarterly wages paid | Average employment | Average quarterly wage |
|--|-------|----------------------------|--------------------|------------------------|
| Utilities | 9 | \$5,384,208 | 226 | \$23,824 |
| Finance and insurance | 118 | \$30,889,606 | 1,659 | \$18,619 |
| Mining | 5 | \$398,291 | 25 | \$15,932 |
| Professional and technical services | 297 | \$24,938,690 | 1,615 | \$15,442 |
| Construction | 547 | \$59,648,373 | 3,901 | \$15,291 |
| Manufacturing | 176 | \$89,941,675 | 5,915 | \$15,206 |
| Government | 106 | \$164,949,584 | 10,984 | \$15,017 |
| Wholesale trade | 150 | \$16,859,877 | 1,235 | \$13,652 |
| Information | 30 | \$4,403,556 | 323 | \$13,633 |
| Management of companies and enterprises | 8 | \$1,548,362 | 118 | \$13,122 |
| Transportation and warehousing | 100 | \$14,788,031 | 1,287 | \$11,490 |
| Health care and social assistance | 699 | \$46,904,631 | 5,029 | \$9,327 |
| Agriculture, forestry, fishing and hunting | 182 | \$29,599,493 | 3,359 | \$8,812 |
| Other services, except public administration | 287 | \$12,466,674 | 1,445 | \$8,627 |
| Administrative and waste services | 179 | \$11,404,452 | 1,351 | \$8,441 |
| Retail trade | 425 | \$57,964,516 | 7,080 | \$8,187 |
| Real estate and rental and leasing | 122 | \$3,544,941 | 488 | \$7,264 |
| Educational services | 47 | \$2,838,609 | 404 | \$7,026 |
| Accommodation and food services | 308 | \$23,630,024 | 4,591 | \$5,147 |
| Arts, entertainment, and recreation | 57 | \$3,843,099 | 756 | \$5,083 |
| Total | 1,446 | \$398,962,222 | 51,791 | \$159,738 |

Of the 54,321 people that worked in Skagit County in 2017, 43,711 of them also lived within the county. A further 10,913 of them worked outside the county, and 10,610 people lived elsewhere but worked in Skagit County. When considering this, it is important to remember that only 59.3 percent of the working age population is employed.



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

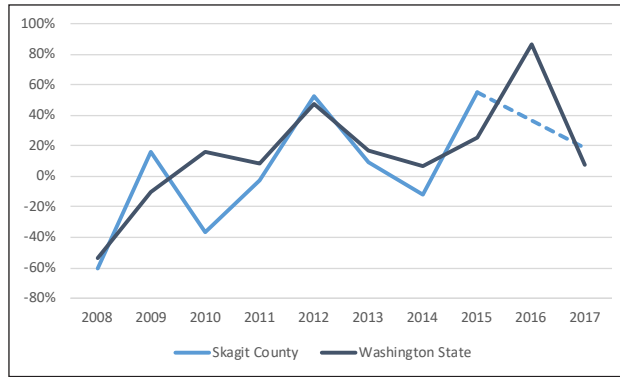
The mean commute in Skagit County lasted 25.5 minutes, slightly longer than the state average of 23.1 minutes. San Juan and Mason Counties represent the shortest and longest commutes in the state respectively at 14.4 and 31.9 minutes. King County, the home of backups that can easily last hours, had a mean commute time of 28.7 minutes. When considering this data, it is important to note that this data was 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

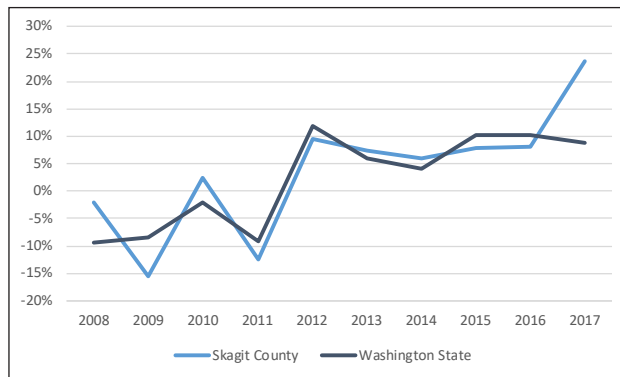
Building permits are volatile, often fluctuating greatly from year to year. This is due in part to a small denominator, which can make even small changes look large in comparison. Generally, a long-term upward trend is desired. Building permit data was not reported in Skagit County in 2016.



| Building Permits Annual Percent Change | | | | |
|--|--------|-------|-------|-------|
| | 2014 | 2015 | 2016 | 2017 |
| Skagit County | -11.7% | 54.7% | NA | 18.2% |
| Washington State | 7.1% | 25.1% | 86.2% | 7.9% |

Median House Resale Price Annual Percent Change

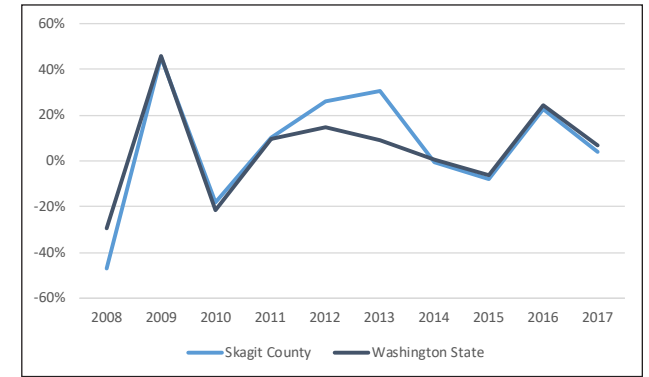
The annual percent change in the median resale price of homes statewide dropped from 10.3 percent to 8.8 percent. From 2016 to 2017, Skagit County increased from 8.1 percent to 23.7 percent. This may reflect a change in the types of homes sold and may or may not indicate a trend.



| Median Resale Price Annual Percent Change | | | | |
|---|------|-------|-------|-------|
| | 2014 | 2015 | 2016 | 2017 |
| Skagit 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

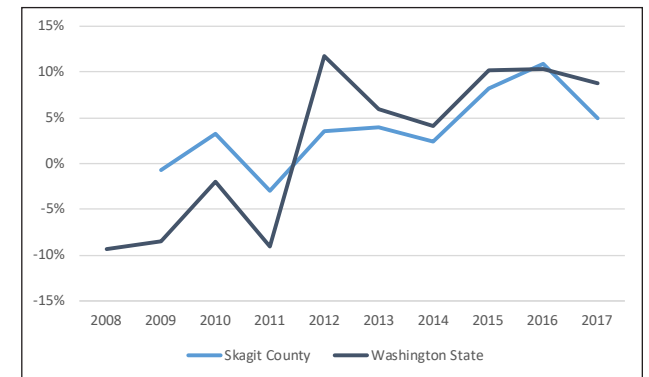
In 2017 the annual percent change in sales decreased not only in Skagit County but also throughout the state from 22.5 percent and 25 percent respectively to 4.9 percent and 7 percent.



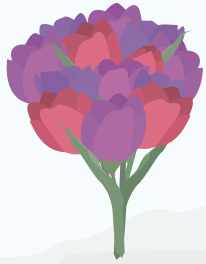
| All Sales Annual Percent Change | | | | |
|---------------------------------|-------|-------|-------|------|
| | 2014 | 2015 | 2016 | 2017 |
| Skagit County | -0.5% | -7.9% | 22.5% | 4.9% |
| Washington State | 0.5% | -6.3% | 25.0% | 7.0% |

Median Apartment Rent Annual Percent Change

Until 2015, Skagit County did not reflect the State trends for changes in apartment rents. After that point, however, they both trended upward in 2016 and down in 2017. The slower rate of change may indicate an oversupply of rentals or the impact of subsidized housing.



| Median Apartment Price Annual Percent Change | | | | |
|--|------|------|-------|------|
| | 2014 | 2015 | 2016 | 2017 |
| Skagit County | 4.4% | 8.3% | 11.0% | 5.0% |
| Washington State | 8.3% | 8.5% | 9.5% | 4.4% |



The Tulip Festival attracts 300,000 people and \$60 million to the region each year

Government, specifically in education and tribal communities, is the largest sector in the county by employment, with an average of 11,240 employees



The Shell refinery in Anacortes processes 5.7 million gallons of crude oil a day. The refineries contribute 15-20% of all manufacturing jobs in Skagit



5.8% of Skagit County residents receive food stamps



Median home: \$342,300
Average apartment: \$1,044/mo.

Skagit produces:

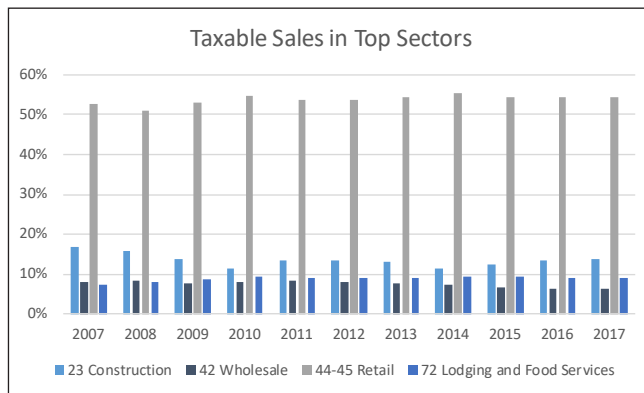
600 cut flowers

and 160 tulip bulbs per capita

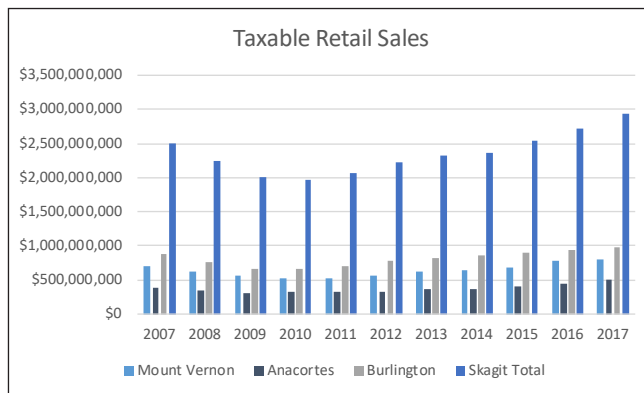
That's 3 out of every 4 tulips grown in the US!

Skagit produces enough strawberries for 4,724 pints of jam

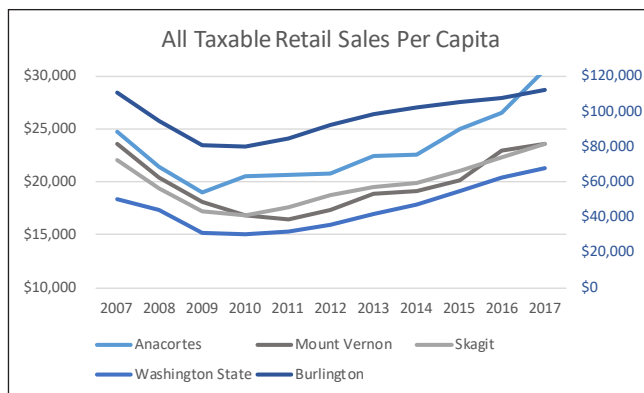
The retail sector continuously outpaced other top sectors, accounting on average for more than 50 percent of all taxable sales. Construction is the next largest sector with less than 20 percent of all taxable sales.



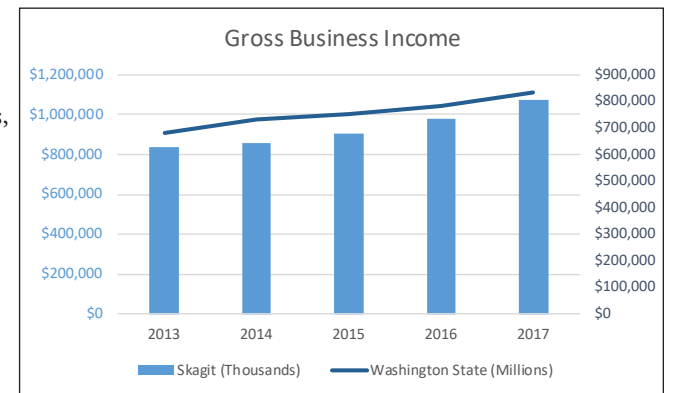
Despite its small population, the majority of taxable retail sales in Skagit County occurred in the city of Burlington. Over 14 percent of all taxable retail sales are from automobile dealers. The next largest industries are restaurants and shopping.



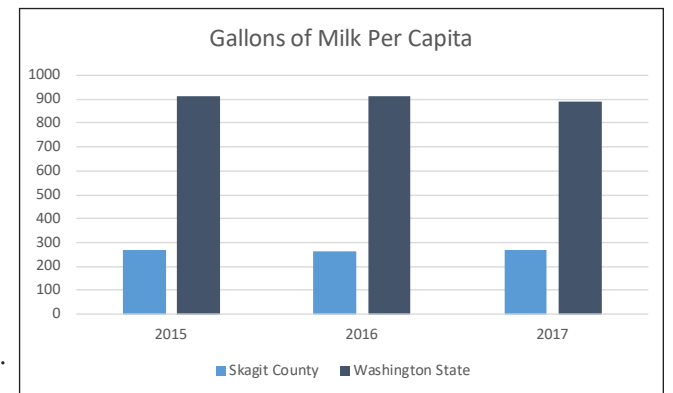
Anacortes' taxable sales per capita outpaced both the County's and the State's significantly. This is due to its relatively small population and high retail sales when compared to the rest of the county.



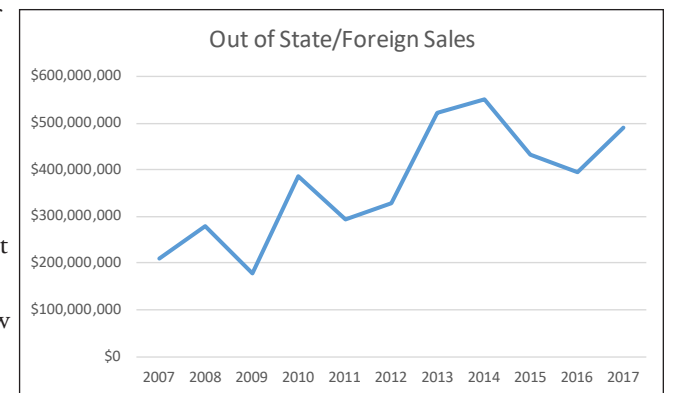
Gross business income both statewide and on a county level followed similar growth patterns, although in recent years the difference between the rates of change has narrowed. Skagit County and Washington State are experiencing similar growth rates.

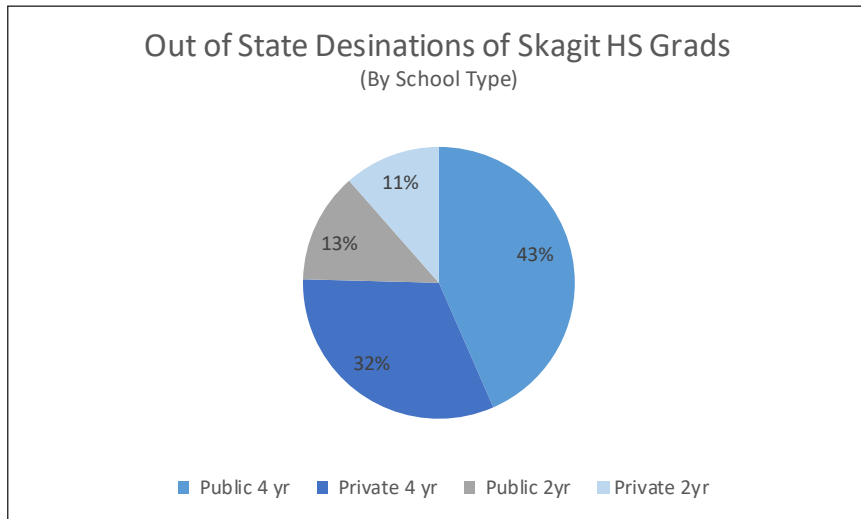


While the State's production of milk per capita has slowly fallen since 2017, Skagit County's production per capita has remained steady. This may be caused by Washington State's population growing faster than production.

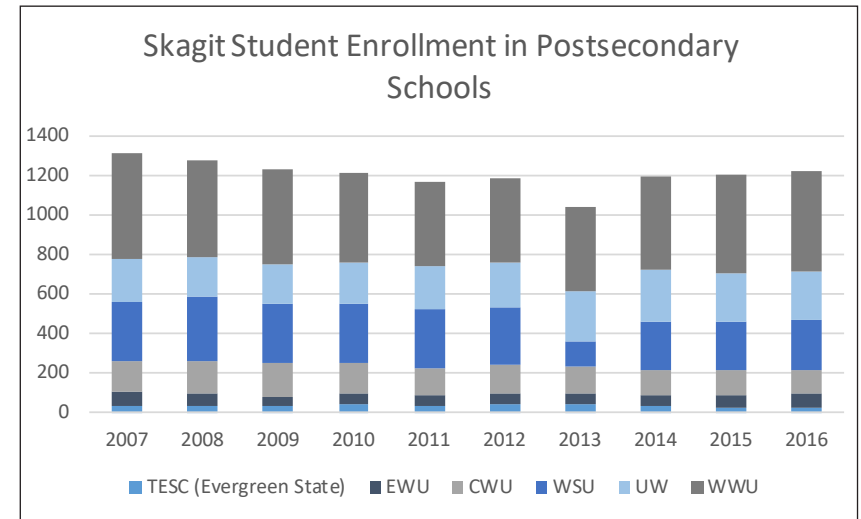


Skagit County's out of state/foreign sales has historically fluctuated from year to year. While it increased from 2016 to 2017, this does not yet reflect any changes that may occur as a result of new tariffs.





- Slightly more students from Skagit enrolled in a secondary school in-state than the state average.
- Most of these students chose a 2 year school, compared to just under half of students statewide.
- Graduates from Skagit accounted for 1.9 percent of all WA graduates. Skagit makes up 1.5 percent of the total state population.



Of all the students enrolled in post-secondary education across the state, WWU had the most from Skagit County at 501 in 2016. Next was WSU with 253 students, then UW, CWU, EWU, and TESC. It is important to note that these are all students who are from Skagit, 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 |
| Anacortes | 70-74% | 25-29% | 5-9% | 35-39% | 0-2% | 25-29% | 15-19% | 5-9% | 3-4% | 0-2% | 188 | 70-74% |
| Burlington-Edison | 85-89% | 25-29% | 0-2% | 55-59% | 0-2% | 15-19% | 5-9% | 5-9% | 0-2% | 0-2% | 223 | 61% |
| Concrete | 80-89% | 11-19% | 0-10% | 60-69% | 0-10% | 11-19% | 11-19% | 0-10% | 0-10% | 0-10% | 41 | 45-49% |
| La Conner | 90-100% | 40-49% | 0-10% | 40-49% | 0-10% | 0-10% | 0-10% | 0-10% | 0-10% | 0-10% | 49 | 75-79% |
| Mount Vernon | 83% | 33% | 3% | 46% | 0-2% | 17% | 8% | 7% | 0-2% | 0-2% | 376 | 54% |
| Sedro Woolley | 90-94% | 40-44% | 3-4% | 45-49% | 0-2% | 5-9% | 0-2% | 5-9% | 0-2% | 0-2% | 226 | 47% |
| Statewide | 82% | 33% | 5% | 44% | 0-1% | 18% | 8% | 8% | 2% | 0-1% | 69163 | 59% |

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

The cost of living composite consists of grocery, housing, utilities, transportation, and miscellaneous goods and services. The national average is normalized at 100. Skagit is the most affordable of the compared regions, although its cost of living is still above the national average. San Juan has the highest composite cost of living, driven almost entirely by extraordinarily high housing costs. A close second is the Seattle MSA, which has the highest grocery, utility, transportation, healthcare and miscellaneous costs. Whatcom has the second lowest composite above Skagit, pushed by housing and healthcare.

Living Wage (Skagit County)

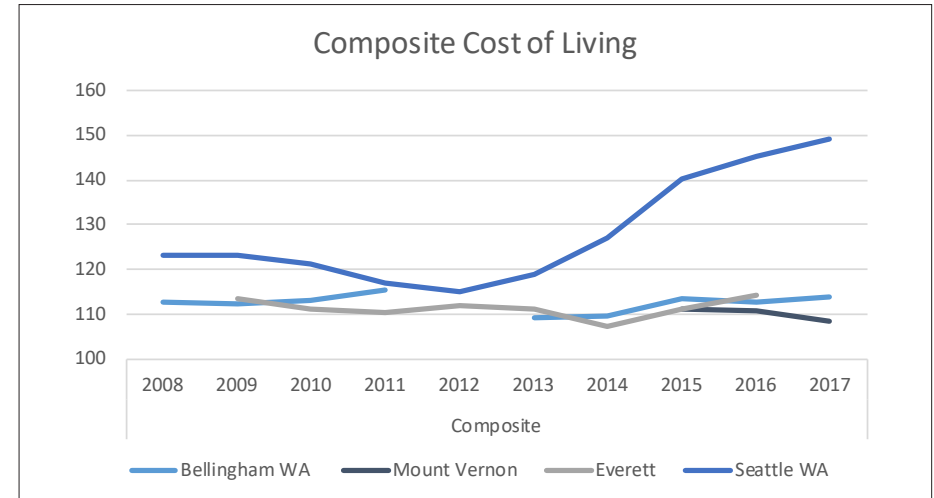
| Housing Type | Rate | Required household hourly wage | Required household weekly wage |
|----------------------|----------|--------------------------------|--------------------------------|
| Rent 1 bedroom | \$868 | \$15.12 | \$604.67 |
| Rent 2 bedroom | \$949 | \$16.53 | \$661.09 |
| Median home mortgage | \$945.10 | \$16.46 | \$658.38 |

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

The living wage is determined by 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 Skagit County is \$15.12 an hour, with a required household weekly wage of \$604.67. 12 percent of workers in Skagit County make less than \$604.67 a week.

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

Despite an incomplete data set, the historical cost of living data can reveal important regional trends. The graph below shows Bellingham, Mount Vernon and Everett's composite cost of living remaining relatively stable compared to fast-growing costs in the Seattle metro area. The differences in these costs have resulted in some Seattle workers moving to Skagit and Whatcom Counties, trading a more affordable cost of living for a longer commute.



Source: C2BR

Mount Vernon's cost of living is slowly decreasing relative to the national average but has remained around 110. In the early 2010s, Everett's cost of living was stable around 111, before fluctuating slightly in the subsequent years. Bellingham's composite has been fairly stable averaging about 113. Seattle's cost of living began to rise in 2013 but is now beginning to show signs of slowing down.

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/cabr/center-economic-and-business-research>.



Port of Skagit

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