Kitsap County Building Permit Levels:

Year end 1999 building permit data combines figures for incorporated and unincorporated areas of the Kitsap county, and as detailed in the chart below, totals for 1999 were just slightly lower than the prior two years, but represent the lowest level of activity over the past 16 years. On the positive side, building permit activity relative to single family homes over the first quarter of the year 2000 (unincorporated areas only), total 161 units, and represent a 29% increase over the 125 building permits in the first quarter of 1999.

RESIDENTIAL BUILDING PERMITS
BREMERTON/KITSAP COUNTY AREA

Year	Single-Family #	Single-Family %	Multi-Family #	Multi-Family %	Mobile Home #	Mobile Home %	Total #
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
Total	**21,465**	**58.3%**	**6,542**	**17.8%**	**8,842**	**24.0%**	**36,849**

Source: HUD, Seattle Regional Office (1989-1996); Richards & Associates (1997-1999)

Average Home Prices Climbed 4.3%/ 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 also indicates the average number of days on the market (DOM) it took to sell the homes. 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	*1995*		*1996*		*1997*		*1998*		*1999*	
	Price	DOM	Price	DOM	Price	DOM	Price	DOM	Price	DOM
1 South Kitsap	$126,707	107	$130,849	156	$131,875	146	$147,924	94	$149,754	90
2 West/Central	$139,532	134	$146,910	147	$155,853	138	$159,393	90	$162,472	82
3 W. Bremerton	$83,190	86	$89,005	132	$100,494	115	$97,066	83	$97,810	75
4 E. Bremerton	$99,385	83	$105,292	120	$108,274	119	$117,846	85	$115,871	68
5 East/Central	$118,657	88	$119,234	135	$126,502	127	$132,374	93	$138,806	65
6 North Kitsap	$143,168	108	$156,313	146	$161,365	149	$171,771	94	$188,771	95
7 Bainbridge Isl.	$295,680	121	$291,739	153	$300,480	142	$339,973	97	$382,044	93
CountyAverages	**$143,232**	**112**	**$150,706**	**145**	**$161,212**	**139**	**$175,155**	**92**	**$183,669**	**85**
Less Bainbridge	**$127,087**		**$131,414**		**$138,171**		**$146,791**		**$153,070**	

Takes Fewer Days to Sell a Home:

A positive sign indicated by the data is the recent reduction in the average amount of time that it takes to sell a home, an indication that demand is on the rise. County-wide, 1999 was a great year for home sellers. In all MLS areas the days on market (DOM) declined over 1998 figures.

Appreciation Rates Continue to Decline:

Based on the average prices detailed in the previous chart, county-wide appreciation rates are lower than the prior three years, but within its subareas, the North Kitsap and Bainbridge Island markets have substantially exceeded the average. Appreciation rates by subarea are summarized in the following chart.

MLS SINGLE-FAMILY APPRECIATION RATES (AVERAGE PRICES)

MLS Area	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*
1. South Kitsap	11.8%	15.3%	16.0%	3.3%	1.9%	2.3%	3.3%	0.8%	12.2%	1.2%
2. West/Central	21.2%	12.9%	0.3%	1.0%	1.9%	-6.1%	5.3%	6.1%	2.3%	1.9%
3. W. Bremerton	19.8%	11.3%	11.1%	7.6%	3.5%	-6.9%	7.0%	12.9%	-3.4%	0.8%
4. E. Bremerton	9.4%	13.6%	13.2%	2.4%	2.1%	-2.2%	5.9%	2.8%	8.8%	-1.7%
5 East/Central	9.6%	16.7%	7.5%	0.5%	3.5%	-0.7%	0.5%	6.1%	4.6%	4.9%
6. North Kitsap	16.9%	4.4%	8.9%	7.9%	2.3%	-0.2%	9.2%	3.2%	6.4%	9.9%
7. Bainbridge Island	28.4%	-2.5%	5.0%	4.4%	8.4%	8.5%	-1.3%	3.0%	13.1%	12.4%
County Totals	**12.2%**	**8.7%**	**8.5%**	**3.8%**	**5.3%**	**-0.3%**	**5.2%**	**7.0%**	**8.6%**	**4.9%**
Less Bainbridge	**14.6%**	**12.6%**	**9.8%**	**4.1%**	**2.6%**	**-1.4%**	**3.4%**	**5.1%**	**6.2%**	**4.3%**

Bainbridge Island/North Kitsap Experienced Highest Appreciation in 1999:

The data in the prior chart indicates that West and East Bremerton market areas experienced the lowest price gains in single-family homes. The highest appreciation rates were experienced in the Bainbridge Island and North Kitsap market areas.

"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 THE DIGEST and NWMLS Data								
Digest Area	*1991*	*1992*	*1992*	*1994*	*1995*	*1996*	*1998*	*1999*
North Kitsap	$115,006	$132,431	$130,859	$139,562	$145,562	$163,076	$182,576	$202,517
Bainbridge Island	$236,277	$238,043	$205,725	$249,673	$260,458	$304,735	$348,819	$382,306
Central Kitsap	$142,966	$149,163	$147,284	$149,333	$150,264	$148,161	$145,979	$147,269
Bremerton	$121,987	$127,751	$115,014	$123,596	$126,331	$123,303	$137,049	$136,048
South Kitsap	$126,531	$137,399	$144,870	$140,896	$145,001	$148,424	$160,975	$175,148
County Totals	**$138,463**	**$143,776**	**$143,078**	**$148,880**	**$153,131**	**$162,651**	**$195,219**	**$226,200**

"New Home" Prices Increased the Most in North Kitsap & Bainbridge Island:

Since 1991, new home prices have increased 76% within the North Kitsap market area, far out pacing any other area of the county outside Bainbridge Island. The South Kitsap area has increased 38% over this same time frame while the Central Kitsap and Bremerton areas have been rather stagnant, increasing 3% and 12% respectively. Again, the market appears to be placing greater emphasis on the North Kitsap and Bainbridge Island market areas as they have shorter commutes to the employment center of King County.

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.

Number of Residential Sales by Area Multiple Listing Service Data										
MLS Area	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*
1 South Kitsap	814	692	764	827	845	739	770	671	819	919
2 West/Central	508	412	551	541	580	512	396	382	477	465
3 W. Bremerton	272	233	256	232	237	216	243	240	304	321
4 E. Bremerton	176	133	144	142	155	136	143	131	182	215
5 East/Central	399	327	381	361	290	334	267	288	301	326
6 North Kitsap	480	521	630	622	646	639	581	589	712	814
7 Bainbridge Island	302	259	279	270	322	279	320	359	481	472
Condominiums	99	74	79	85	99	94	88	68	130	160
County Totals Ex. Condo	**2,951**	**2,577**	**3,005**	**2,995**	**3,075**	**2,855**	**2,650**	**2,660**	**3,276**	**3,532**
County Totals Inc. Condo	**3,050**	**2,651**	**3,084**	**3,080**	**3,174**	**2,949**	**2,738**	**2,728**	**3,406**	**3,692**

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 1990 to 1999. The past two years are the highest over the ten year period. A telling figure not shown on the chart, however, is the fact that of the 3,532 home sales that have occurred through the Multiple Listing service in 1999, only 472 involved new homes. Of this total, over half were located within the North Kitsap (143) and Bainbridge Island (111) market areas. Historical data indicates that new homes tend to represent slightly more than 25% of all residential sales transactions, and that the current level of county-wide new home sales (13.4%) falls far below the norm. This lack of sales is clearly a factor in the reduced level of new construction that has occurred and is documented by building permit levels that are presently at modern era lows.

MLS Single-Family Home Inventory Continues to Decline:

The following chart summarizes the average number of active single-family home listings by area of the county for the years 1994 through 1999. Active listings were on the increase in nearly every market area through 1997, but have since declined in all areas. Recent stable sales activity, coupled with limited new construction, still appears to be the cause of this decline. The data continues to indicate that existing supply is slowly being absorbed and that demand for new construction is in the offering.

MLS Single-Family Residential Listings
(Monthly Average)

MLS Area	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*
1 South Kitsap	464	586	623	636	532	531
2 Silverdale	257	327	327	336	276	233
3 W. Bremerton	163	179	162	231	176	163
4 E. Bremerton	72	90	123	130	98	93
5 Central Kitsap	162	183	220	230	162	137
6 North Kitsap	379	425	492	547	419	352
7 Bainbridge Isl.	182	269	213	278	227	202
County Totals	**1,679**	**2,059**	**2,160**	**2,388**	**1,890**	**1,711**

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 to assume that the level of new lot creation is also on the decline. This assumption is borne out by the following chart which details the number of plats recorded throughout the county in the years 1994 through 1999, 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 implies that future inventory will be minimized. The market appears to be coming out of a lull, and 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.

Residential Lots Created

Year	Plats Recorded	Lots Created
1994	24	723
1995	3	78
1996	25	825
1997	16	373
1998	16	445
1999	17	388

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