

Effects of Recession & War on Kitsap County:

Economic conditions locally will inevitably be impacted by the substantial contraction in economic growth (probably resulting in a technical recession) and the war on terrorism. The latter, which may be prolonged and will clearly take an unprecedented form, can hardly be deemed “good for the County.” On the other hand, the Kitsap County’s significant role in the nation’s defense has resulted in substantial increase in economic activity in prior wars. This war appears to be quite different and may not have the same effect on the local economy. Ironically, at the same time we have initiated a major military undertaking, the United States and Russia may come to an agreement to substantially reduce nuclear weapons levels (though, if this happens, some say there would be little impact on Bangor’s role). In short, it is a difficult time to assess future economic conditions.

Kitsap Economy Strong:

Looking at what we do know, the Kitsap economy has shown remarkable strength in recent months. As Zoltan Szigethy’s wonderful lead article (see pgs. 4-6, “Business Climate”) reports, the County continues to offer, and benefit from, fundamental strengths: skilled labor, available land, cooperative local government and telecommunications. Other articles in this edition of TRENDS show continued strength in housing. In the most recent reporting period, the rate of growth of single family home sales in the County (and the increase in the price of homes sold) substantially exceeded the Statewide averages.

Commercial Real Estate Also Shows Strength:

Commercial real estate has also shown strength. Kitsap County apartment vacancies have dropped but average rents increased by 4%, roughly twice the rate of inflation. Office vacancy in October was lower than in April of this year, compared to higher office vacancies on the Seattle side of Puget Sound. This edition of TRENDS also shows virtually no industrial vacancy anywhere except in the southern part of the County.

Employment Growth:

Data regarding recent local employment growth is somewhat anecdotal. The listing in TRENDS of major employers shows, for example, that from October 2000 to October 2001, Nextel, Fred Meyer and Wal★Mart alone added over 800 jobs in the County and the firms in the “major defense contractors” category increased employment by a net of 327. The timing of a job fair at the County Fairgrounds offering thousands of maritime and ship repair jobs (some 600 in the County) was moved up by three months due to an urgent need for employees.

Uncertain Times:

Between now and the next edition of TRENDS, Kitsap County and the nation will unquestionably face many challenges, some of which could have a significant effect on the local economy. The County appears, however, to be well positioned to face these exceptionally uncertain times.

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