

Kitsap County's Opportunities and Challenges:

The lead article in this edition of TRENDS succinctly lays out Kitsap County's opportunities and challenges. Zoltan Szigethy, Executive Director of the Kitsap Regional Economic Development Council (EDC), cites the decision of Nextel Communications to construct a build-to-suit call center employing 500 as a shining example of the County's growth potential. This new facility will take advantage of the Kitsap's quality of life, available land and high-speed telecommunications connectivity. Though not directly mentioned in connection with the Nextel move to central Kitsap, one can imagine that the cooperative attitude of County and local government also played a role in acquiring this major new employer.

The Economic Development Council section also mentions a couple of the continuing possible constraints to business growth in the county; the lack of available large buildings and transportation challenges caused by uncertainties in ferry service and in fixing the Tacoma Narrows choke point. The latter two downsides to our spectacular geographic location have seen no improvement so far in this year's legislative session.

Telecommunications:

One item mentioned in the EDC article and then discussed in more detail by James Kendall, President of Telebyte, is telecommunications infrastructure in the county. The county can — and both authors argue it must — overcome any transportation weaknesses by optimizing its capability to communicate electronically. One indication of significant improvement in this capability was the successful demonstration on April 26 of a new fiber-optic line, which will greatly speed up the county's internet service. According to the *Bremerton Sun*, on that day, personnel of the Kitsap and Mason County Public Utility Districts used a recently installed high-speed cable for a video teleconference.

This new fiber-optic cable system provides a bandwidth some 6,500 times greater than a standard T-1 line. The Kitsap PUD's primary customers for the line will be internet service providers, telephone and cable TV companies and application providers. The line currently serves the county between Belfair to Bremerton National Airport and by early next year, it is expected to extend through downtown Bremerton to Silverdale, Poulsbo and Kingston.

Kitsap County Housing Market:

One of the continuing critical measures of the county's economic vitality (and, in fact, a necessary ingredient for growth to occur) is the local housing market. Last year building permits for 1,504 units of housing (roughly three quarters for single-family dwellings) were issued county-wide. There has been virtually no change in the annual number of housing permits issued over the last four years. (Surprisingly, over that four year period the State Office of Financial Management estimates that the county population has grown by only 5,500 persons, which is 611 less than the number of housing units for which building permits were issued in 1997 through 2000.)

In 2000, the average home sale price in the county increased by an average of 1.4%, but the East Bremerton, West Bremerton and Bainbridge Island Multiple Listing Service areas showed increases of 7%, 8% and 9% respectively. Also, at year end last year there was an overall reduction in the number of days that it took to sell a home with only Bainbridge Island showing a significant increase. The average number of Days on the Market (DOM) was 84. This is quite strong in comparison to the 145 DOM figure as recently as the end of 1996. In March 2001, Kitsap County home sales were 27% above the same month a year ago. In King County, the number of pending home sales dropped 7.4% from March 2000, apparently an offshoot of the dot.com crash.

The multi-family housing market has also shown good strength according to the most recent figure available. This March apartment vacancy rates fell to 4.4% compared to 5.5% a year ago and average rents climbed 3.9% over the year to \$644.

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