Single-Family Building Permits/Average Prices

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Market Overview:

Data discussed below indicates that the residential market, which has been depressed in recent years, has hit bottom and is rebounding. Although the level of new construction remained flat during calendar year 2002, prices for both new and used homes throughout the county continued to rise. Price increases are expected in markets where both inventories of unsold homes and days on market continue to decline. As inventories have reduced, pressure has mounted for the creation of new building sites, and new lot creation was up substantially over the past year.

Kitsap County Building Permits Remain Stable:

As indicated in **TABLE #1**, building permit levels in 2002 were very similar to levels achieved between 1997 and 2000.

TABLE 1

Residential Building Permits
Bremerton/Kitsap County Area

Year	Single-Family #	Single-Family %	Multi-Family #	Multi-Family %	Mobile Home #	Mobile Home %	Total #
1997	1,030	66.6%	71	4.6%	445	28.8%	1,546
1998	970	68.2%	38	2.7%	415	29.2%	1,423
1999	1,132	75.2%	20	1.3%	354	23.5%	1,506
2000	1,107	72.6%	103	6.8%	315	20.7%	1,525
2001	1,069	72.2%	111	7.5%	301	20.3%	1,481
2002	1,144	77.8%	65	4.4%	261	17.8%	1,470
Total	**6,452**	**72.1%**	**408**	**4.6%**	**2,091**	**23.4%**	**8,951**

Source: Richards & Associates (1997-2002)

Home Sales Continue to Rise:

The number of home sales, that were marketed through the Northwest MLS, continued to climb in 2002. As can be seen in **TABLE #2**, home sales reached a new ten year high when 3,969 homes were sold county wide.

TABLE 2

NUMBER OF RESIDENTIAL SALES BY AREA
MULTIPLE LISTING SERVICE DATA

MLS Area	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*
1 South Kitsap	827	845	739	770	671	819	919	914	1,095	1,005
2 West/Central	541	580	512	396	382	477	465	480	471	502
3 W. Bremerton	232	237	216	243	240	304	321	359	349	389
4 E. Bremerton	142	155	136	143	131	182	215	232	215	228
5 East/Central	361	290	334	267	288	301	326	331	413	390
6 North Kitsap	622	646	639	581	589	712	814	705	826	828
7 Bainbridge Island	270	322	279	320	359	481	472	418	384	419
Total Single Family	**2,995**	**3,075**	**2,855**	**2,650**	**2,660**	**3,276**	**3,532**	**3,439**	**3,753**	**3,761**
Condos	**85**	**99**	**94**	**88**	**68**	**130**	**160**	**134**	**158**	**208**
Total Residential	**3,080**	**3,174**	**2,949**	**2,738**	**2,728**	**3,406**	**3,692**	**3,573**	**3,911**	**3,969**

Total Home Sales Increased, but New Home Sales Declined:
New home sales marketed through the NW MLS (see **TABLE #3**) declined slightly in 2002. New home sales represented only 14% of the total sales in 2002.

TABLE 3

NUMBER OF NEW & USED HOME SALES BY AREA
MULTIPLE LISTING SERVICE DATA

	2000			2001			2002		
MLS Area	New	Used	Total	New	Used	Total	New	Used	Total
S. Kitsap	164	750	914	179	916	1,095	125	880	1,005
Silverdale	38	442	480	51	420	471	40	462	502
W. Bremerton	11	348	359	15	334	349	15	374	389
E. Bremerton	25	207	232	15	200	215	22	206	228
Central Kitsap	50	281	331	99	314	413	84	306	390
N. Kitsap	136	569	705	176	650	826	135	693	828
Bainbridge Island	119	299	418	99	285	384	107	312	419
TOTALS	**543** **15.79%**	**2,896** **84.21%**	**3,439** **100%**	**634** **16.9%**	**3,119** **83.1%**	**3,753** **100.0%**	**528** **14.0%**	**3,233** **86.0%**	**3,761** **100.0%**

Average Home Prices Continue to Climb/Days On Market on the Decline:
Average prices for homes marketed through the NW MLS (see **TABLE #4**) reached all time highs in 2002 and topped the $200,000 level. Excluding Bainbridge Island, the average also topped $175,000 for the first time. The number of days on the market (DOM) that it takes to sell these homes also declined for at least the firth year in a row.

Price appreciation (see **TABLE #5**) was highest in the lower priced Bremerton market areas and the only decline was experienced in the highest priced Bainbridge Island market.

TABLE 4

MLS AVERAGE PRICES DAYS ON THE MARKET (NEW & USED HOMES BY AREA)

CMLS Area	*1998*		*1999*		*2000*		*2001*		*2002*	
	Price	DOM	Price	DOM	Price	DOM	Price	DOM	Price	DOM
1 South Kitsap	$147,924	94	$149,754	90	$149,594	82	$159,104	85	$166,353	67
2 West/Central	$159,393	90	$162,472	82	$168,894	77	$177,702	87	$188,754	65
3 W. Bremerton	$97,066	83	$97,810	75	$108,358	77	$105,859	63	$120,920	58
4 E. Bremerton	$117,846	85	$115,871	68	$124,236	81	$128,923	52	$143,652	53
5 East/Central	$132,374	93	$138,806	65	$140,272	72	$149,512	72	$160,555	50
6 North Kitsap	$171,771	94	$188,771	95	$190,273	87	$201,808	73	$220,237	54
7 Bainbridge Isl.	$339,973	97	$382,044	93	$416,975	112	$434,697	128	$423,115	95
CountyAverages	**$175,155**	**92**	**$183,669**	**85**	**$186,214**	**84**	**$191,299**	**82**	**$203,134**	**70**
Less Bainbridge	**$146,791**		**$153,070**		**$154,285**		**$163,557**		**$175,554**	

TABLE 5

MLS SINGLE-FAMILY APPRECIATION RATES (AVERAGE PRICES)

MLS Area	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*
1. South Kitsap	3.3%	1.9%	2.3%	3.3%	0.8%	12.2%	1.2%	-0.1%	6.4%	4.6%
2. West/Central	1.0%	1.9%	-6.1%	5.3%	6.1%	2.3%	1.9%	4.0%	5.2%	6.2%
3. W. Bremerton	7.6%	3.5%	-6.9%	7.0%	12.9%	-3.4%	0.8%	10.8%	-2.3%	14.2%
4. E. Bremerton	2.4%	2.1%	-2.2%	5.9%	2.8%	8.8%	-1.7%	7.2%	3.8%	11.4%
5 East/Central	0.5%	3.5%	-0.7%	0.5%	6.1%	4.6%	4.9%	1.1%	6.6%	7.4%
6. North Kitsap	7.9%	2.3%	-0.2%	9.2%	3.2%	6.4%	9.9%	0.8%	6.1%	9.1%
7. Bainbridge Island	4.4%	8.4%	8.5%	-1.3%	3.0%	13.1%	12.4%	9.1%	4.3%	-2.7%
County Totals	**3.8%**	**5.3%**	**-0.3%**	**5.2%**	**7.0%**	**8.6%**	**4.9%**	**1.4%**	**2.7%**	**6.2%**
Less Bainbridge	**4.1%**	**2.6%**	**-1.4%**	**3.4%**	**5.1%**	**6.2%**	**4.3%**	**0.8%**	**6.0%**	**7.3%**

The previous data (TABLE #4) details the average MLS sales prices for new and used homes combined. **TABLE #6** summarizes new homes only. As the table indicates, new home prices increased in all market areas but South Kitsap. North Kitsap prices topped $275,000 which is substantially above all other market areas with the exception of Bainbridge Island.

TABLE 6

AVERAGE "NEW HOME" PRICES based on THE DIGEST and NWMLS Data									
Digest Area	*1993*	*1994*	*1995*	*1996*	*1998*	*1999*	*2000*	*2001*	*2002*
North Kitsap	$130,859	$139,562	$145,562	$163,076	$182,576	$202,517	$214,040	$227,973	$275,937
Bainbridge Island	$205,725	$249,673	$260,458	$304,735	$348,819	$382,306	$410,050	$453,023	$481,114
Central Kitsap	$147,284	$149,333	$150,264	$148,161	$145,979	$147,269	$150,782	$165,656	$181,313
Bremerton	$115,014	$123,596	$126,331	$123,303	$137,049	$136,048	$155,137	$173,459	$181,590
South Kitsap	$144,870	$140,896	$145,001	$148,424	$160,975	$175,148	$178,600	$207,873	$196,518
County Totals	**$143,078**	**$148,880**	**$153,131**	**$162,651**	**$195,219**	**$226,200**	**$232,136**	**$240,117**	**$269,881**
Less Bainbridge Isl.	**$139,674**	**$141,826**	**$146,819**	**$150,911**	**$165,298**	**$178,201**	**$182,202**	**$200,179**	**$216,194**

For the Fifth Year, Home Inventory Is Declining:
Increased sales prices are consistent with limited supply. And, as indicated in **TABLE #7**, the average number of homes available for sale through the NW MLS continued to decline in 2002.

TABLE 7

MLS SINGLE-FAMILY HOME INVENTORY (MONTHLY AVERAGE)								
MLS Area	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*
1 South Kitsap	586	623	636	532	531	504	421	361
2 Silverdale	327	327	336	276	233	205	175	152
3 W. Bremerton	179	162	231	176	163	155	117	115
4 E. Bremerton	90	123	130	98	93	93	68	59
5 Central Kitsap	183	220	230	162	137	131	107	83
6 North Kitsap	425	492	547	419	352	360	376	423
7 Bainbridge Isl.	269	213	278	227	202	204	234	242
County Totals	**2,059**	**2,160**	**2,388**	**1,890**	**1,711**	**1,652**	**1,498**	**1,435**

Platting Activity Increases in Response to Reduced Supply and Higher Demand:
Lack of available building sites has resulted in an increased level of new subdivision development. As TABLE #8 indicates, more lots were created in 2002 than the prior two years combined. Fewer lots were created (452) than new homes were sold during the year (528). Pressure for the development of new subdivisions should continue.

TABLE 8

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
2000	7	196
2001	13	232
2002	18	452