

FOR THE EXCLUSIVE USE OF PETE@COLDWELLBANKER.COM

From the Puget Sound Business Journal:

<https://www.bizjournals.com/seattle/news/2018/09/19/kitsap-plays-catch-up-to-meet-increased-housing.html>

# Kitsap plays catch up to meet increased housing demand

Sep 19, 2018, 2:50pm PDT

Subscriber-Only Article Preview | For full site access: [Subscribe Now](#)

While the inventory in the King County residential market is at a three-year high, a different trend is surfacing beyond the county's shores.

Spurred by a 30 percent uptick in employment since 2011, Kitsap County's housing shortage has been particularly acute and developers are beginning to seize opportunities.

The county typically operates on a different economic tidal chart than its neighbors, and the new housing market is no exception.

"We tend to lag behind other areas when it comes to fully realizing the benefits of an economic recovery, but when it takes a downturn, our unemployment rate usually isn't as high as it is in many counties. King County tumbled faster, and recovered faster," said [John Powers](#), executive director of the Kitsap Economic Development Alliance.



QUADRANT HOMES

Quadrant Homes has built homes throughout Kitsap County, including Winslow Grove, a 19-unit single family development on Bainbridge Island.

Consider Kitsap County fully recovered. Affordability, reasonable commutes, ruddy charm and a burgeoning local economy are key factors driving new residential construction throughout the county.

In June, there were 625 new homes listed in Kitsap County, compared with 658 in June 2017. That eased somewhat in August, with 607 new homes listed, compared with 565 in August 2017. There were 784 active listings in August, about the same as last year.

It took a full decade for the median price of a home in Kitsap County to return to pre-2008 recession prices, peaking at \$364,000 in January. The median price of a Kitsap County home in August was \$347,000, according to the Northwest Multiple Listing Service. That's a little more than half the median home price in King County, where the number of houses and condos for sale last month was up 74 percent from August 2017.

Kitsap County has a population of 260,000 and a workforce of 105,000. Each work day the county exports 20,000 workers to neighboring counties and imports 10,000. Growing health care, technology and tourism sectors are allowing more Kitsap residents to prosper while working locally, said Powers.

The 220-seat, passenger-only fast ferry from Bremerton to Seattle, which cuts commuting time in half to 30 minutes, celebrated its first birthday in July. Fast ferries will be extended to other Kitsap communities.

The typical rider is age 26 to 39 and holds a well-paid professional position, surveys show. Many upscale commuters who bought new homes in Kitsap are staying put on weekends, spending discretionary income.

For residential builders, Poulsbo is living up to its slogan: "The jewel of Kitsap County." The city regularly leads Kitsap County in the number of annual permits issued for new housing. Chinook Properties recently completed the first new apartments built in Poulsbo in 20 years.

One of the largest builders in Kitsap County is Quadrant Homes (whose parent company is TRI Pointe Group). The 49-year-old, Bellevue-based firm first broke ground in Poulsbo in 2006, drawn by the nearby ferry, reasonable land prices and an eager city staff, said Ken Krivanec, Quadrant Homes president.

“We love it over there. People want to live there, and more and more people are showing interest. It’s a fast commute, and the downtown area is beautiful and has a great history.”

Quadrant’s most recent Kitsap County projects include Mountain Aire, a 145-unit single family home development in Poulsbo, with prices starting in the \$500,000s, and Winslow Grove, a 19-unit single family development on Bainbridge Island, with prices beginning at \$1.1 million.

The population of Poulsbo has increased 40 percent since 2000. Its residents, average age 39, are a bit more educated and earn more than the average Washington resident. The same is true of many other communities in Kitsap County, which has the Puget Sound region’s greatest density of engineers.

Poulsbo buyers prefer coastal design to craftsman architecture, but “other than that, they are looking for the same premium features as our east-side buyers, especially high-tech features,” Krivanec said. In April Quadrant added Amazon’s Alexa-enabled devices to its “HomeSmart” tech package.

About half the buyers of Quadrant homes are locals, 20 percent come from the Seattle side of the water and 20 percent come from out-of-state.

Kitsap County builders face a number of challenges despite the brisk market. Parcel prices are going up and are harder to find.

“There is the perception that builders are making money hand-over-fist, but they are really making less and less of a profit margin,” said Russ Shiplet, Kitsap Building Association executive officer. “They’re dealing with rising inspection fees, impact fees and permitting fees. It’s been very hard to find labor. ... With Canadian soft lumber tariffs, they’re paying one and a half times what they were a year ago for soft lumber.”

Kitsap County is actually even more affordable than what’s implied by the median home price of \$347,000, Shiplet said.

“To get a clear picture of what’s going on with home prices in Kitsap County,” he said, “you really have to separate out Bainbridge Island from the other communities.”

Only 600 new housing units have been built on Bainbridge Island over the past 10 years, where the 1.5 percent vacancy rate is a historic low. A local affordable housing task force pegs the average single-family home price on Bainbridge Island at \$875,000, and the average condo price at \$500,000.