

Grays Harbor Economic Vitality Index

2017



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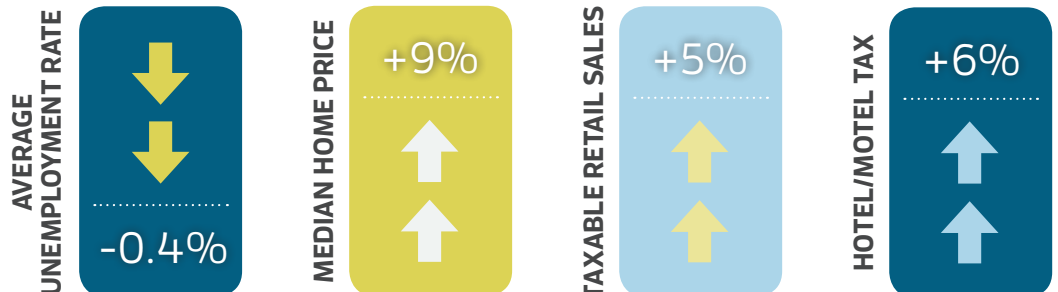
Introduction

Greater Grays Harbor, Inc. is proud to present our annual Economic Vitality Index (EVI). The 2017 EVI provides trend data and highlights of key economic sectors and activity within Grays Harbor County. This publication is produced by Greater Grays Harbor, Inc. for local business and community leaders, as well as those who may be looking to relocate in the near future. This annual report is available online at www.graysharbor.org.

We want to give special thanks to the efforts and continued support of our members, sponsors, and staff. Additionally, we would like to thank Kevin Decker with Washington Sea Grant, Tom Quigg with Windermere Real Estate, the University of Washington Runstad Center for Real Estate Studies, and the U.S. Department of Housing and Urban Development Region 10 Office for their help in compiling and interpreting data for our EVI.

2016 Year in Review

Grays Harbor County experienced increases in many of our leading indicators in 2016 showing another year of improvement. Our average unemployment rate decreased slightly from 2015-2016, while Taxable Retail Sales and County Hotel/ Motel Taxes continued to steadily increase. Additionally, the median home price increased by approximately 10% for the second year in a row. Lastly, shipping activity increased at the Port of Grays Harbor, especially with the growth of liquid bulk and dry bulk cargo.





6% increase in hotel/motel tax revenues from 2015 to 2016

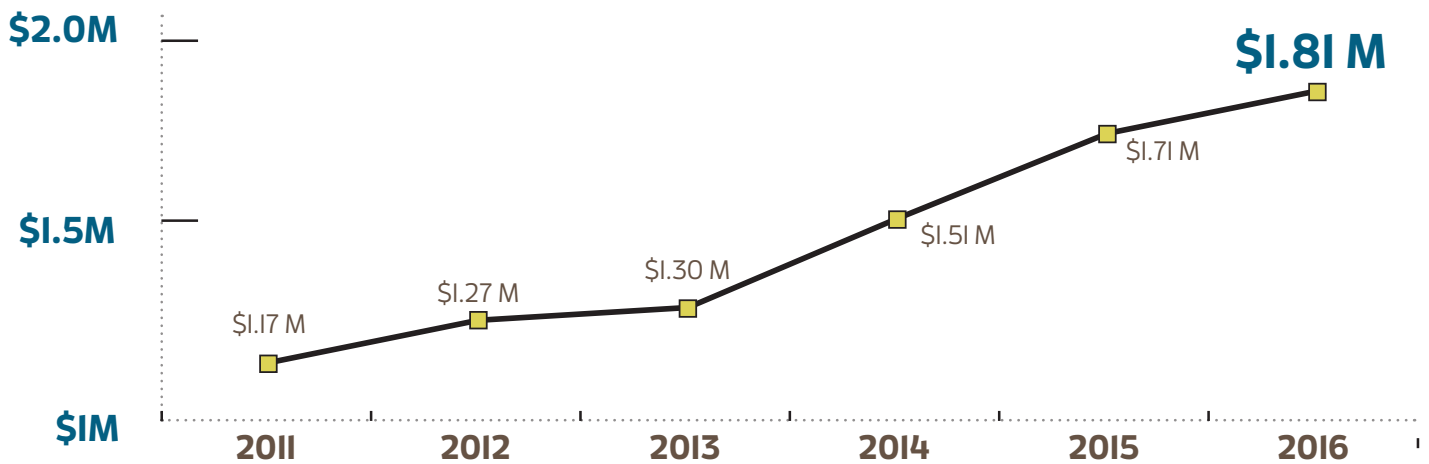
With its close proximity to the rugged Washington Coast and lush forests of Olympic National Park, Grays Harbor remains an attractive tourist destination for both domestic and international visitors. Visitation levels continue to rise as indicated by recent trends in hotel/motel tax revenue.

Grays Harbor County experienced a

6% overall increase in hotel/motel tax revenues in 2016. The steady growth builds on the previous 12% countywide increase in overnight stays from 2014-2015.

Many communities in Grays Harbor also saw increases in their hotel/motel tax revenue. Montesano (78%) and North Beach (14%) experienced a significant increase in their hotel/motel tax revenues

in 2016 over the prior year. The Quinault area (8%), Aberdeen (4%), Ocean Shores (4%), and Elma (3%) showed modest gains; while Westport (-6%) and unincorporated Grays Harbor County (-4%) showed modest losses during the same period. Hoquiam (-15%) and South Beach (-16%) experienced significant losses in their hotel/motel tax revenues over the prior year.



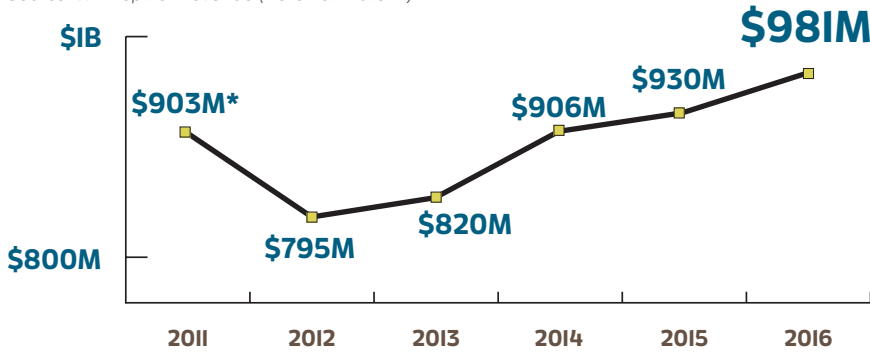
3% Hotel/Motel Tax

Source: Grays Harbor County Management Services

Taxable Retail Sales

Taxable Retail Sales totals for Grays Harbor County

Source: WA Dept. of Revenue (2016 Estimate)**



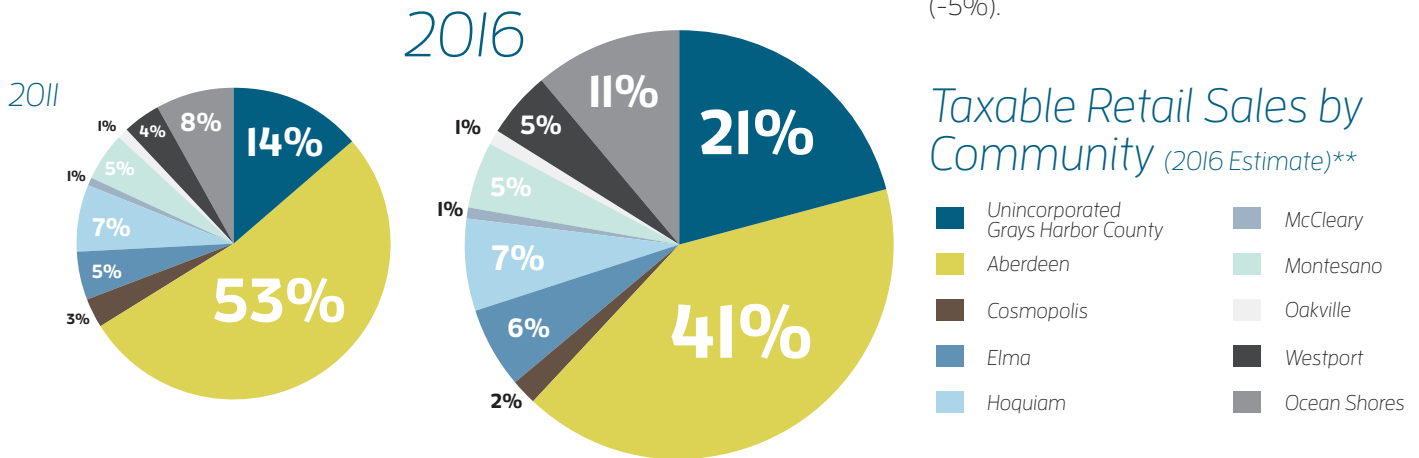
* The increase in 2011 is attributed to the SR 520 Pontoon Construction Project and the expansion of the AGP Grain Export Facility in Aberdeen.

5% increase from 2015 to 2016

Taxable retail sales estimates for Grays Harbor County in 2016 grew to \$981M and represent an overall increase of 5% over the previous year. This is a larger gain than the 3% increase in taxable retail sales from 2014 to 2015.

At the community level, many cities experienced increases in their taxable retail sales. These include Cosmopolis (+25%), McCleary (+14%), Ocean Shores (+14%), Unincorporated Grays Harbor County (+13%), Oakville (+9%), Elma (+5%), Montesano (+3%), and Aberdeen (+1%).

Several communities experienced modest declines including Westport (-6%) and Hoquiam (-5%).



Taxable Retail Sales by Community (2016 Estimate)**

- Unincorporated Grays Harbor County
- Aberdeen
- Cosmopolis
- Elma
- Hoquiam
- McCleary
- Montesano
- Oakville
- Westport
- Ocean Shores

**2016 fourth quarter taxable retail sales are based on preliminary estimates from the Washington Department of Revenue.

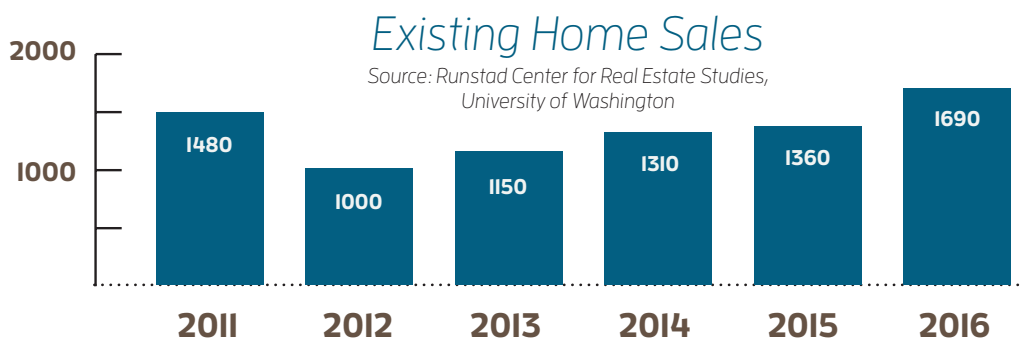
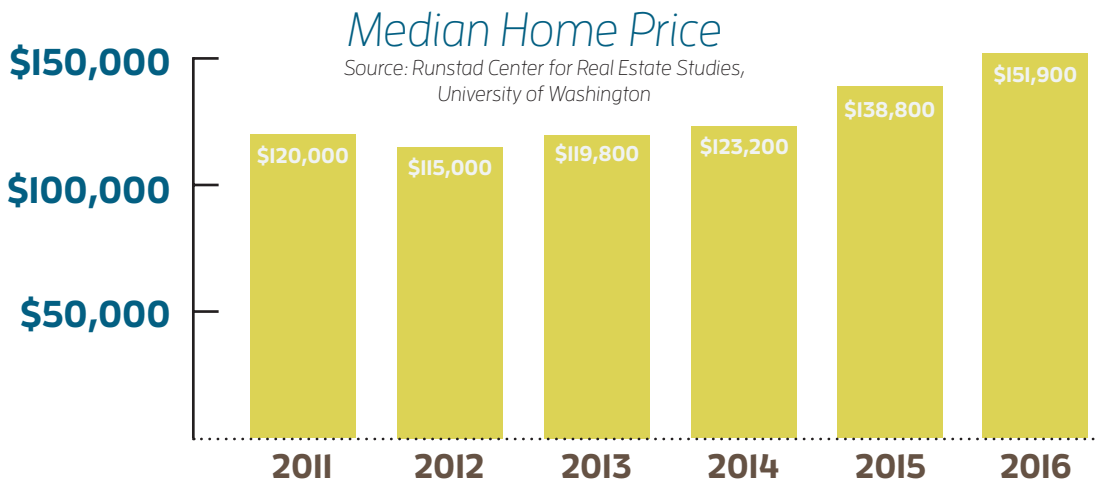




As illustrated in the Existing Home Sales graph, sales of existing homes increased 24% from 2015 to 2016. This marks the fifth consecutive year of increases in existing home sales in Grays Harbor County.

The median home price also experienced an increase of 9% from 2015 to 2016, building on an 11% increase from 2014 to 2015. The median home price in Grays Harbor has increased from a low of \$115,000 in 2012 to \$151,900 in 2016.

Development at Seabrook and Oyhut Bay has accounted for the largest percentage of assessed value of new building in the past 6 years.



Real Estate

GRP/Income

Average Earnings and Employment by Industry

Industry	Average Earnings (2016)	Employment (2016)
Health Care and Social Assistance	\$37,066	3,419
Retail Trade	\$27,080	2,902
Accommodation and Food Services	\$19,421	2,593
Manufacturing	\$50,095	2,533
Public Administration	\$52,389	2,526
Educational Services	\$36,200	2,272
Other Services (except Public Administration)	\$19,469	1,091
Agriculture, Forestry, Fishing and Hunting	\$41,156	1,058
Construction	\$45,148	1,040
Transportation and Warehousing	\$46,934	922
Administrative and Support and Waste Management and Remediation Services	\$32,102	878
Wholesale Trade	\$45,391	547
Finance and Insurance	\$47,911	518
Professional, Scientific, and Technical Services	\$45,782	438
Real Estate and Rental and Leasing	\$25,641	321
Utilities	\$76,968	299
Arts, Entertainment, and Recreation	\$14,740	298
Information	\$42,441	262
Management of Companies and Enterprises	\$79,796	48
Mining, Quarrying, and Oil and Gas Extraction	\$41,836	26

Source: JobsEQ®, data based on 2016Q4

23,993
Employed

Gross Regional Product

Gross Regional Product is the market value of all goods and services provided and produced in the region.

Total 2015 GRP
\$2.1 Billion

Total 2014 GRP
\$2.0 Billion

Source: National Ocean Economics Program

Income

For 2016, average earnings for all industries in Grays Harbor County was \$37,435 (approximately 72% of the national average earnings - \$52,285).





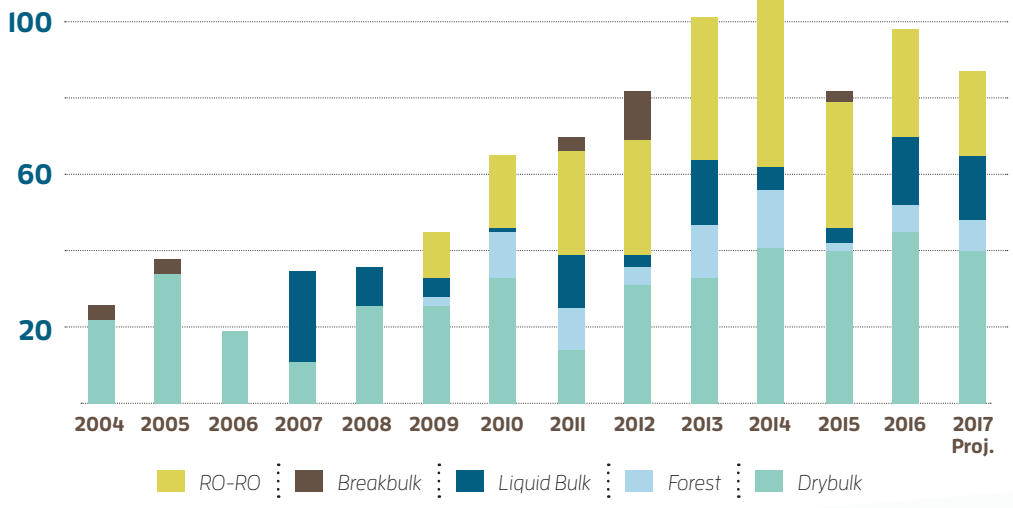
98 deep-water vessels called the Port in 2016

With a focus on creating jobs and private investment throughout the region, the Port of Grays Harbor ended 2016 in a strong and stable financial position.

More than 80% of operating revenues were again generated from shipping activities at the Port's four deep-water marine terminals and the Port continues to see increased diversity in the types of cargo shipping through Grays Harbor, leading to steady activity and jobs at the marine terminals. During 2016, 98 deep-water vessels called the Port and more than 2.4 million metric tons of cargo was handled. Approximately 93% was exported through the Port, with 80% being rail dependent.

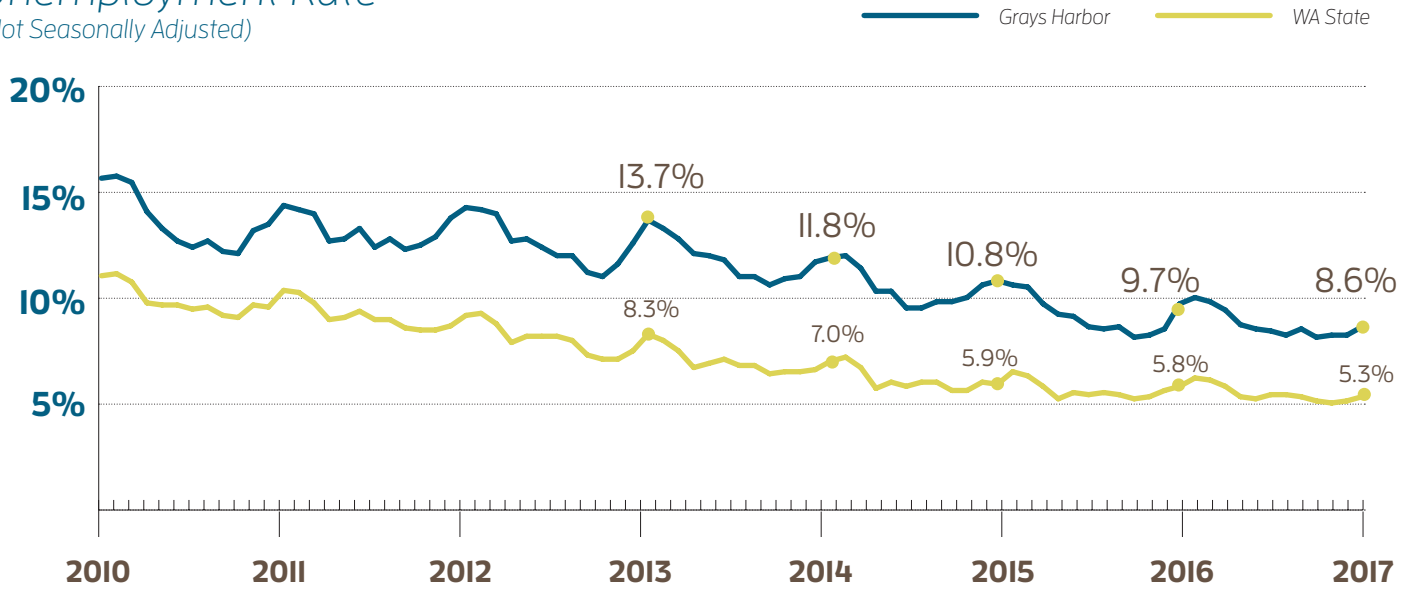
In 2016, the Satsop Business Park proudly announced the addition of Fuller Hill Development Company, LLC and Overstock.com as tenants and celebrated the grand opening of Xpress Natural Gas's compressed natural gas (CNG) facility in West Park. The Westport Marina continues to be the number one commercial fishing landing port in the state, and in the top 15 nationwide in both volume and value of seafood landed. The Port's recreational properties (Friends Landing, Sterling Landing, 28th Street Boat Launch and viewing tower and the Westport Marina Viewing Tower) attracted thousands of users by providing safe, waterfront access and recreational opportunities for all to enjoy.

Vessels by Cargo



Unemployment

Unemployment Rate (Not Seasonally Adjusted)



Source: WA Employment Security Department

Unemployment By Occupation

Food Preparation and Serving Related Occupations	353
Office and Administrative Support Occupations	302
Transportation and Material Moving Occupations	258
Sales and Related Occupations	224
Production Occupations	210
Construction and Extraction Occupations	161
Building and Grounds Cleaning and Maintenance Occupations	134
Personal Care and Service Occupations	124
Farming, Fishing, and Forestry Occupations	86
Healthcare Support Occupations	79
Installation, Maintenance, and Repair Occupations	78
Education, Training, and Library Occupations	61
Protective Service Occupations	51
Management Occupations	48
Business and Financial Operations Occupations	48
Healthcare Practitioners and Technical Occupations	30
Community and Social Service Occupations	23
Computer and Mathematical Occupations	21
Arts, Design, Entertainment, Sports, and Media Occupations	20
Architecture and Engineering Occupations	13
Life, Physical, and Social Science Occupations	6
Legal Occupations	4

Source: JobsEQ

0.4% decrease
in average unemployment rate from 2015 to 2016

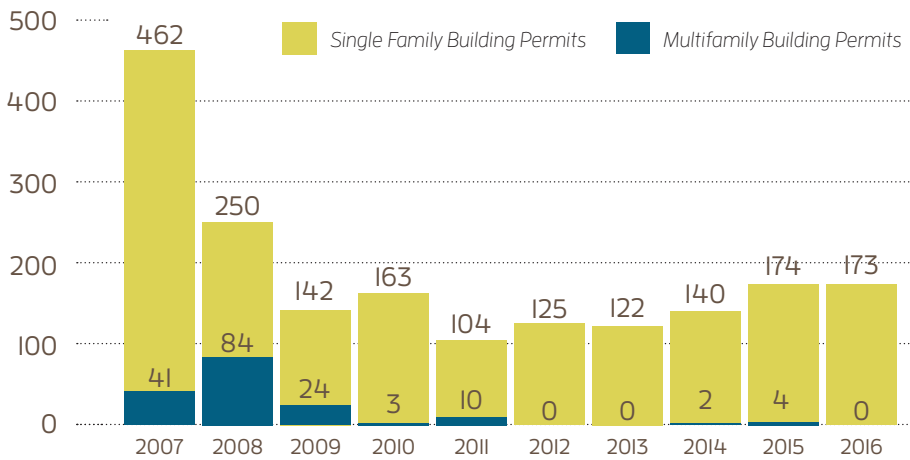
Average Unemployment Rate 2016: 8.7%
Average Unemployment Rate 2015: 9.1%

Unemployment rates within the county have steadily declined over the past five years, after cresting at a record high unemployment rate of 16.5% in January 2010. The seasonally unadjusted unemployment rate in Grays Harbor County was 10.6% in January 2015. The next year (January 2016) it decreased slightly to 10% and finally ended the year at 8.6% (December 2016).



Housing Stock and Building Activity

Single Family and Multifamily Annual Building Permits

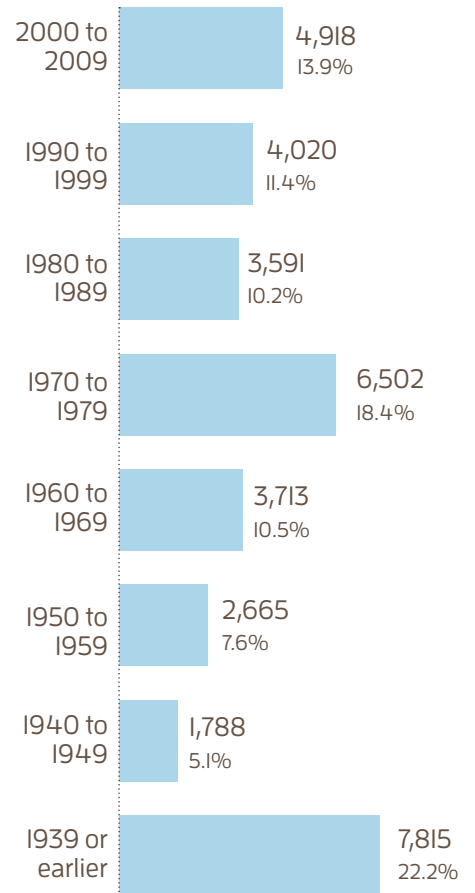


Data Source: U.S. Census Bureau, Building Permits Survey; adjustments by U.S. Department of Housing and Urban Development analysts - Note: Data for 2016 is preliminary

The graphs describe Grays Harbor's housing stock including recent residential building permits (above), housing units built by decade (right), and vacancy rates (below). Grays Harbor has an older housing stock with 64% of units built before 1980 and 35% of units built before 1960. The number of single-family permits has continued to increase from a low in 2011, but has yet to return to its 2007 peak.

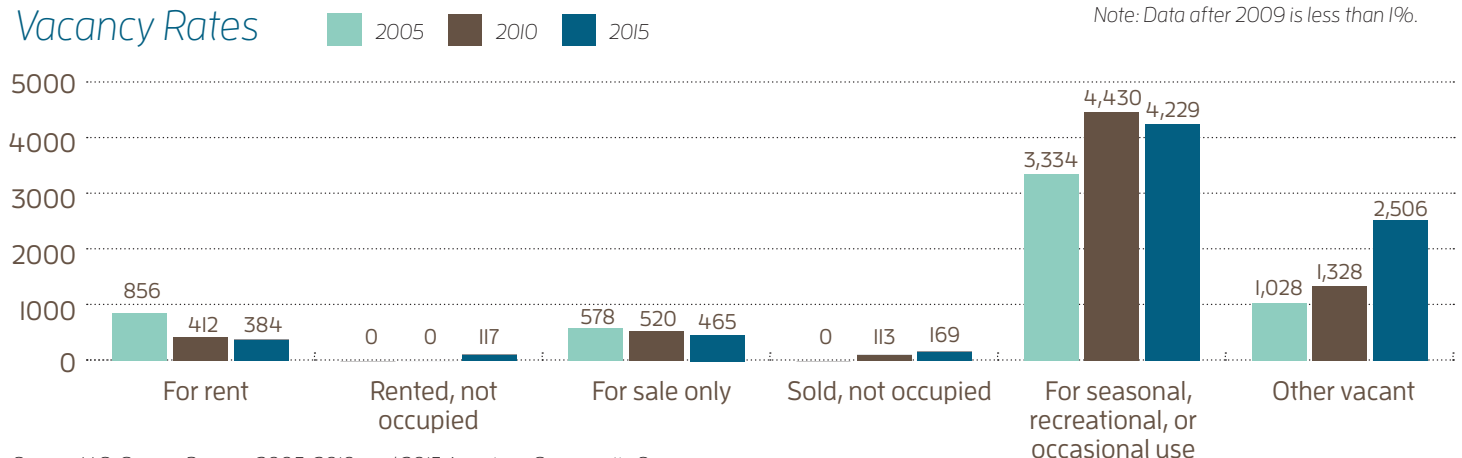
Despite the increase in available housing, "for rent" and "for sale" vacancies decreased in the past 12 years. The "seasonal, recreational, or occasional use" vacancies increased between 2005 and 2010, then decreased slightly from 2010 to 2015, though not to pre-recessionary levels (2005 levels).

Housing Units Built by Decade



Source: U.S. Census Bureau, 2015 American Community Survey
Note: Data after 2009 is less than 1%.

Vacancy Rates



Source: U.S. Census Bureau, 2005, 2010, and 2015 American Community Survey

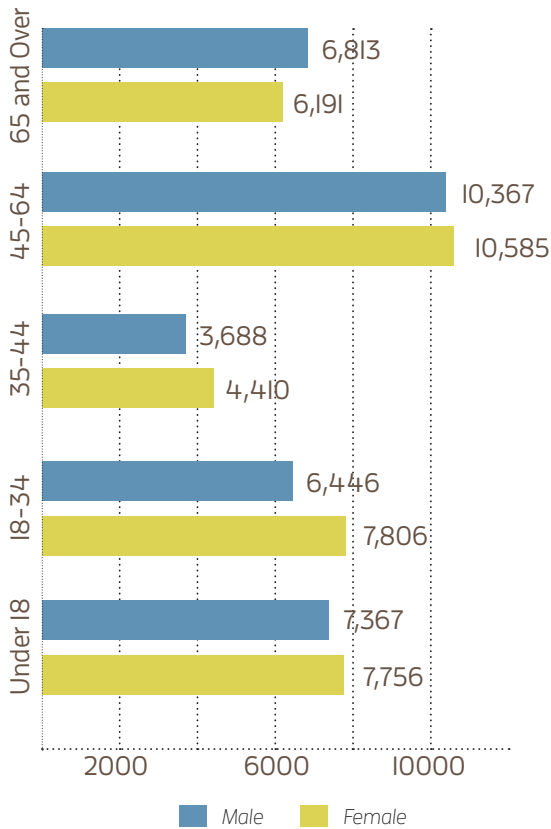


The Age and Gender Distribution graph (below) shows the current population by age and gender categories. The median age of Grays Harbor residents is 42.7 (based on 2015 estimates), which is older than the U.S. median age of 37.6. The Education Attainment graph (right) shows education attainment for residents between 25 and 64 years of age.

The Household Income Distribution graph (lower right) describes the incomes of households in Grays Harbor. Grays Harbor per capita income was \$35,625 and median household income was \$43,538 in 2015.

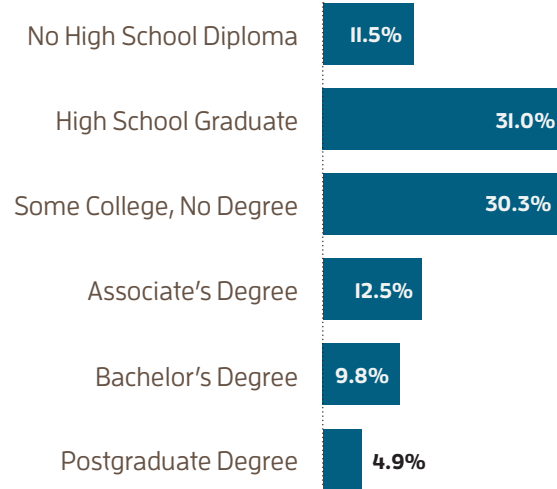
Source: U.S. Bureau of Economic Analysis

Age & Gender Distribution (2015)



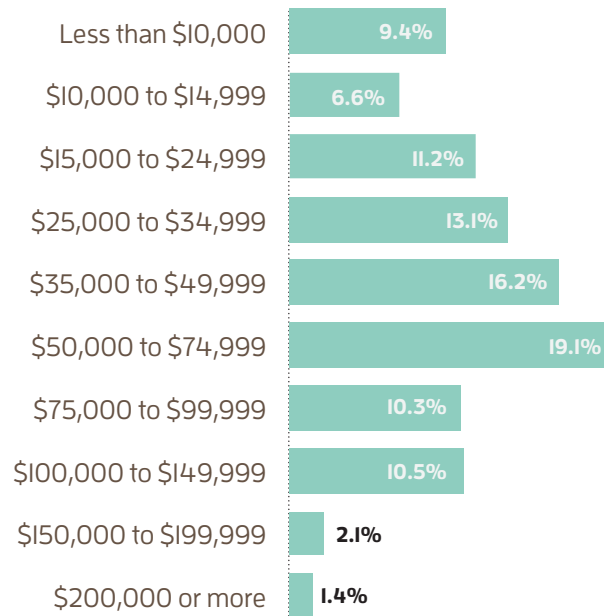
Source: The data in these graphs is calculated by ACS using annual surveys conducted during 2009-2015 and are representative of average characteristics during this period. Data was prepared by Headwaters Economics as part of the Economic Profile Systems.

Educational Attainment Age 25-64 in Grays Harbor County



Source: JobsEQ® via U.S. Census Bureau, 2011-2015 American Community Survey

Household Income Distribution Grays Harbor County 2015



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Population, Education, and Income

Leaders Circle

Diamond

GRAYS HARBOR
COMMUNITY
HOSPITAL



Gold



Silver

