

The COVID-19 pandemic has resulted in unprecedented large and rapid changes in many data series, and similarly unprecedented large policy responses, making analysis of, and longer run predictions for, the economy and housing markets exceptionally difficult and uncertain. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.



## COMPREHENSIVE HOUSING MARKET ANALYSIS **Bremerton-Silverdale, Washington**

**U.S. Department of Housing and Urban Development,**  
Office of Policy Development and Research

As of January 1, 2021



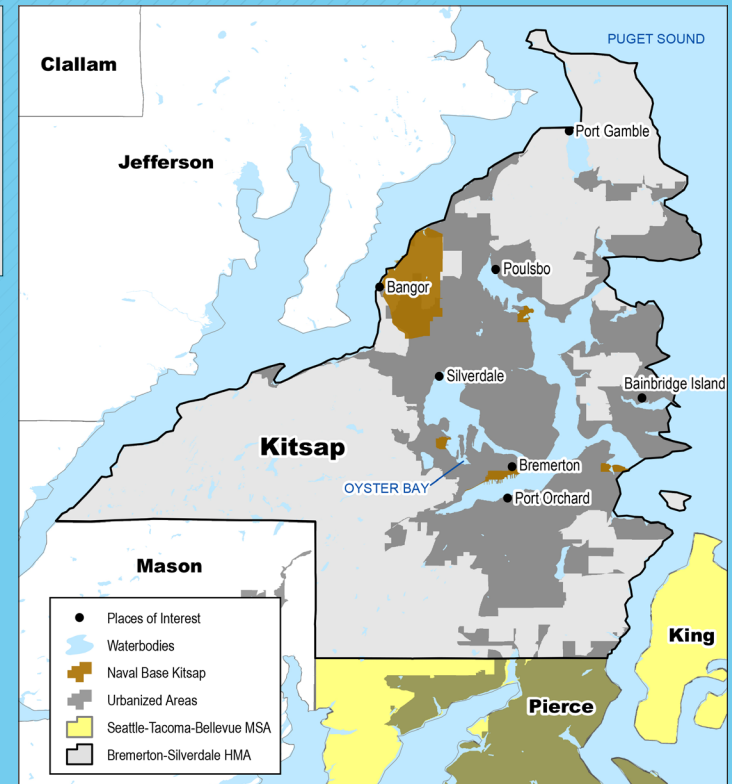
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# Executive Summary

## Housing Market Area Description

The Bremerton-Silverdale Housing Market Area (hereafter, Bremerton-Silverdale HMA) is defined as Kitsap County, Washington, and is coterminous with the Bremerton-Silverdale, WA Metropolitan Statistical Area (MSA). The HMA is on the western shore of Puget Sound, across from the city of Seattle. Naval Base Kitsap is the second-largest navy base on the west coast and is the economic center of the HMA.

The current population of the HMA is estimated at 276,100.



## Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#). Additional data for the HMA can be found in this report's [supplemental tables](#). For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



## Market Qualifiers

### Economy



**Weak:** Nonfarm payrolls in the HMA decreased 2.6 percent during 2020.

Economic conditions in the Bremerton-Silverdale HMA were strong before the pandemic, with nonfarm payrolls increasing by an average of 2,000 jobs, or 2.2 percent, annually from 2014 through 2019. The interventions taken to slow the spread of COVID-19 have weakened economic conditions in the HMA and contributed to declining payrolls during 2020. The unemployment rate increased from 4.6 percent in 2019 to 7.5 percent in 2020. Job growth is expected to slow compared with the 2014-through-2019 period, averaging 1.7 percent annually during the 3-year forecast period.

### Sales Market



**Tight:** The HMA had a 0.5-month supply of for-sale inventory during December 2020—down from a 0.9-month supply during December 2019 (Redfin, a national real estate brokerage).

The home sales market has a current estimated vacancy rate of 0.8 percent—down from 2.2 percent in 2010. Existing home sales prices increased 11 percent during 2020, following an increase of 7 percent in 2019 (Zonda). During the next 3 years, demand is expected for 3,125 new homes. The 430 homes under construction are expected to meet a portion of that demand.

### Rental Market



**Balanced:** Apartment rents remained stable during 2020.

The rental housing market in the HMA has an overall estimated vacancy rate of 4.0 percent—down from 8.6 percent in April 2010. The apartment market is also balanced, with an average vacancy rate of 3.7 percent during the fourth quarter of 2020 (Moody’s Analytics REIS). Apartment rent growth was rapid from 2015 through 2019, averaging 6 percent annually, and apartment rent was unchanged during 2020 at \$1,274. During the forecast period, demand is estimated for 930 new apartment units. The 670 units currently under construction will satisfy a significant part of that demand.

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3-Year Housing Demand Forecast		
	Sales Units	Rental Units
Bremerton-Silverdale HMA	Total Demand	3,125
	Under Construction	430
		670

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2021. The forecast period is January 1, 2021, to January 1, 2024.  
Source: Estimates by the analyst



# Economic Conditions

## Largest Sector: Government

The government sector is the foundation of the Bremerton-Silverdale HMA economy and is more than twice the size of the next largest nonfarm payroll sector.

## Primary Local Economic Factors

Naval Base Kitsap is the largest employer in the HMA and is the foundation of the local economy, with 16,200 military personnel stationed in the HMA and 17,600 civilian employees (Table 1). In addition to direct employment, operations and personnel spending at Naval Base Kitsap supports an additional 13,950 jobs in the HMA and has a total estimated economic impact of \$4.0 billion (Fiscal Year 2017 Naval Base Kitsap Economic Impact Report). Created in 2004, Naval Base Kitsap was formed by combining several smaller naval bases in the HMA, including Naval Submarine Base Bangor, the west coast base for Ohio-class ballistic missile submarines, and Naval Station Bremerton, the home of the *USS Nimitz* aircraft carrier and the Puget Sound Naval Shipyard. Because of the impact of Naval Base Kitsap, the government sector is more than twice as large as the next largest payroll sector (Figure 1).

## COVID-19 and Current Economic Conditions

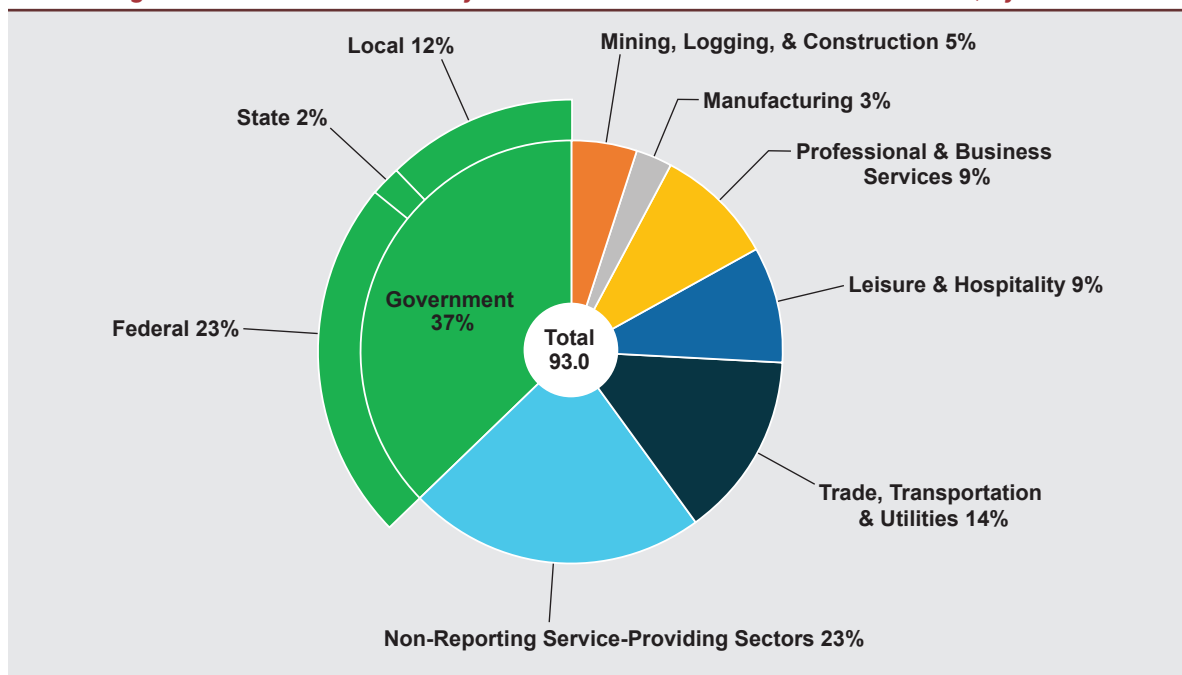
The interventions taken in mid-March 2020 to slow the spread of COVID-19 weakened economic

**Table 1. Major Employers in the Bremerton-Silverdale HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Naval Base Kitsap	Government	33,800
Virginia Mason Franciscan Health-St. Michael Medical Center	Education & Health Services	2,500
Washington State Government	Government	2,000
Port Madison Enterprises	Government	925
Haselwood Auto Group	Wholesale & Retail Trade	710
Fred Meyer Inc.	Wholesale & Retail Trade	584
Kitsap Mental Health Services	Education & Health Services	489
Martha and Mary	Education & Health Services	477
Town & Country Markets Inc.	Wholesale & Retail Trade	472
YMCA of Pierce and Kitsap Counties	Leisure & Hospitality	435

Notes: Excludes local school districts. Employment estimates for Naval Base Kitsap include uniformed personnel, which are not included in nonfarm payrolls. Data are from 2018.  
Source: Kitsap Economic Development Alliance

**Figure 1. Share of Nonfarm Payroll Jobs in the Bremerton-Silverdale HMA, by Sector**



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through December 2020.  
Source: U.S. Bureau of Labor Statistics



conditions considerably in the Bremerton-Silverdale HMA. Nonfarm payrolls declined by 2,500 jobs during 2020, or 2.6 percent, to 93,000 jobs, compared with growth of 2,100 jobs, or 2.3 percent, during 2019 (Table 2). Job losses were especially large during the second quarter of 2020, when the number of jobs in the HMA declined by 7,000, or 7.3 percent, compared with the second quarter of 2019. Economic conditions in the HMA improved during the second half of 2020. During the fourth quarter of 2020, nonfarm payrolls decreased by 2,600 jobs, or 2.7 percent, from the level of jobs during the fourth quarter of 2019. By comparison, the number of jobs increased by 2,400, or 2.5 percent, during the fourth quarter of 2019 compared with the fourth quarter a year earlier. The economic slowdown in the HMA has been less severe than for the nation, for which nonfarm payrolls declined by 5.9 percent year-over-year during the fourth quarter of 2020. On a monthly basis, as of December 2020, nonfarm payrolls in the HMA were 1.7 percent less than in March 2020 (not seasonally adjusted).

Approximately 70 percent of private-sector job losses during the fourth quarter of 2020 occurred in the leisure and hospitality sector, which declined by 1,800 jobs, or 19 percent, as public health measures to slow the spread of COVID-19 caused restaurants and bars to curtail operations. Significant job losses also occurred in the local government subsector, which decreased by 1,800 jobs, or 15 percent. Public health countermeasures—including distance

**Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Bremerton-Silverdale HMA, by Sector**

	2019	2020	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	<b>95.5</b>	<b>93.0</b>	<b>-2.5</b>	<b>-2.6</b>
<b>Goods-Producing Sectors</b>	<b>8.1</b>	<b>7.7</b>	<b>-0.4</b>	<b>-4.9</b>
Mining, Logging, & Construction	5.2	4.8	-0.4	-7.7
Manufacturing	2.9	2.9	0.0	0.0
<b>Service-Providing Sectors</b>	<b>87.4</b>	<b>85.3</b>	<b>-2.1</b>	<b>-2.4</b>
Trade, Transportation, & Utilities	13.9	13.1	-0.8	-5.9
Professional & Business Services	8.6	8.2	-0.4	-4.7
Leisure & Hospitality	9.9	8.1	-1.8	-18.2
Government	33.9	34.5	0.6	1.8
<b>Non-Reporting Service-Providing Sectors</b>	<b>21.1</b>	<b>21.4</b>	<b>0.3</b>	<b>1.4</b>

Notes: Based on 12-month averages through December 2019 and December 2020. Numbers may not add to totals due to rounding. Data are in thousands. Government payrolls do not include uniformed military personnel.

Source: U.S. Bureau of Labor Statistics

learning and reduced in-person public services—led to job losses, furloughs, and decreased hiring in the local government sector. In addition, tribal casinos and resorts are major employers in the HMA and are included in the local government sector. Public health measures necessitated the temporary closure of many of those businesses, and most are currently operating at limited capacity.

Job growth in the federal government subsector offset COVID-19 related job losses elsewhere, contributing to the relative stability of payrolls in the HMA. During the fourth quarter of 2020, jobs in the federal government subsector increased by 2,000, or 9.8 percent, year-over-year to 22,400 jobs. At least one-half of the growth in federal payrolls during this period occurred at the naval shipyard in the city of Bremerton, which has been a major source of job growth during the past 10 years. The trade, transportation, and utilities sector also grew during the fourth quarter of 2020, adding 400 jobs, or 3.6 percent, compared with the fourth quarter of 2019. By comparison, jobs in this sector declined 2.9 percent at the national level during this same period. A significant portion of job gains in this sector resulted from the opening of an Amazon.com, Inc. distribution center in the city of Bremerton in September 2020 that employs 250 warehouse workers and drivers.

## Unemployment Trends

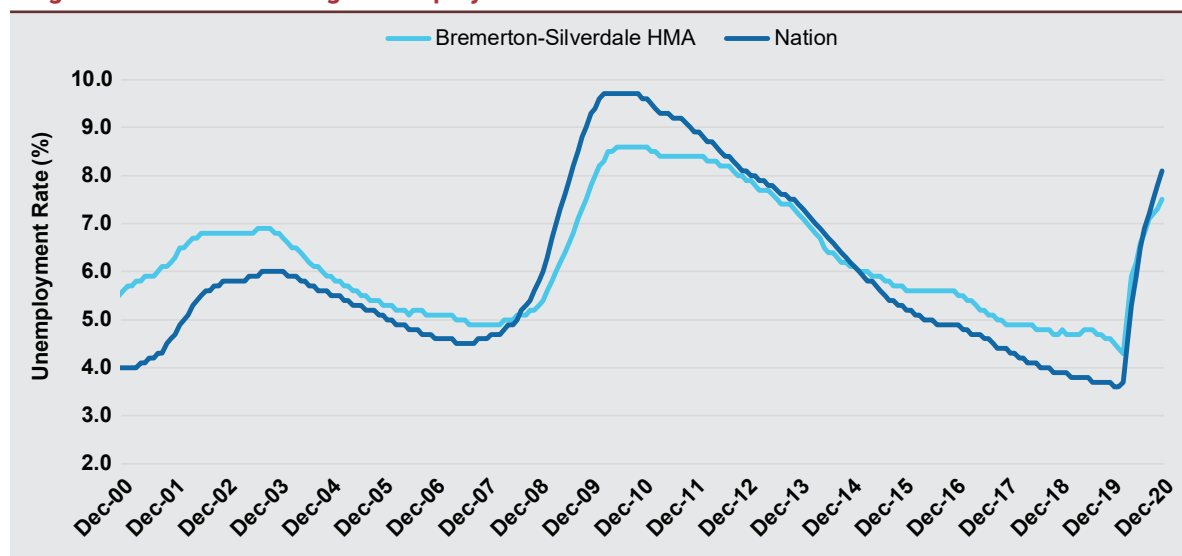
The unemployment rate increased from 4.6 percent in 2019 to 7.5 percent during 2020. This increase was concentrated in the second quarter of 2020 when the unemployment rate averaged 12.0 percent and was



associated with the economic slowdown caused by COVID-19 and the public health measures taken to slow its spread. The unemployment rate rapidly decreased during the second half of 2020 and averaged 5.7 percent during the fourth quarter of 2020, compared with 3.9 percent during the fourth quarter of 2019. By comparison, the national unemployment rate was 6.5 percent during the fourth quarter of 2020.

Before the current economic downturn, the unemployment rate in the HMA declined through the 2010s (Figure 2). Due in large part to job losses during the Great Recession, the unemployment rate in the HMA averaged 8.6 percent in 2010—up from 4.9 percent in 2007. The unemployment rate in the HMA declined each year from 2011 through 2019 to a low of 4.6 percent in 2019.

**Figure 2. 12-Month Average Unemployment Rate in the Bremerton-Silverdale HMA and the Nation**



Note: Based on the 12-month moving average.  
Source: U.S. Bureau of Labor Statistics

## Periods of Significance

### Expansion: 2001 through 2008

The Bremerton-Silverdale HMA entered the 21st century with strong job growth, despite a national recession in the early 2000s (Figure 3). From 2001 through 2006, nonfarm payrolls increased by an average of 2,200 jobs, or 2.7 percent, annually. During this period, private service-providing sectors (excluding government jobs) accounted for approximately 72 percent of all nonfarm job growth despite only accounting for

57 percent of nonfarm payrolls in 2000. The trade, transportation, and utilities sector led job growth from 2001 through 2006, adding an average of 400 jobs, or 2.7 percent, annually, whereas the “non-reporting” service sectors grew by an average of 700 jobs, or 4.1 percent, annually. Nonfarm payrolls were generally stable during 2007 and 2008.

### The Great Recession and Local Economic Downturn: 2009 through 2012

The localized economic contraction resulting from the Great Recession lasted from 2009 through 2012, resulting in average payroll declines of 1.1 percent, or 900 jobs, annually. During this period, job losses in the HMA were widespread, with every reporting private nonfarm payroll sector losing jobs except the manufacturing sector. The most severe job losses occurred in the mining, logging, and construction sector, which lost an average of 600 jobs, or 11.5 percent, annually because residential and commercial construction contracted sharply. Job losses in the HMA lasted longer but were smaller in magnitude than

nationally, declining by 4.2 percent from 2009 through 2012, whereas national payrolls decreased by 5.5 percent from 2007 through 2010.

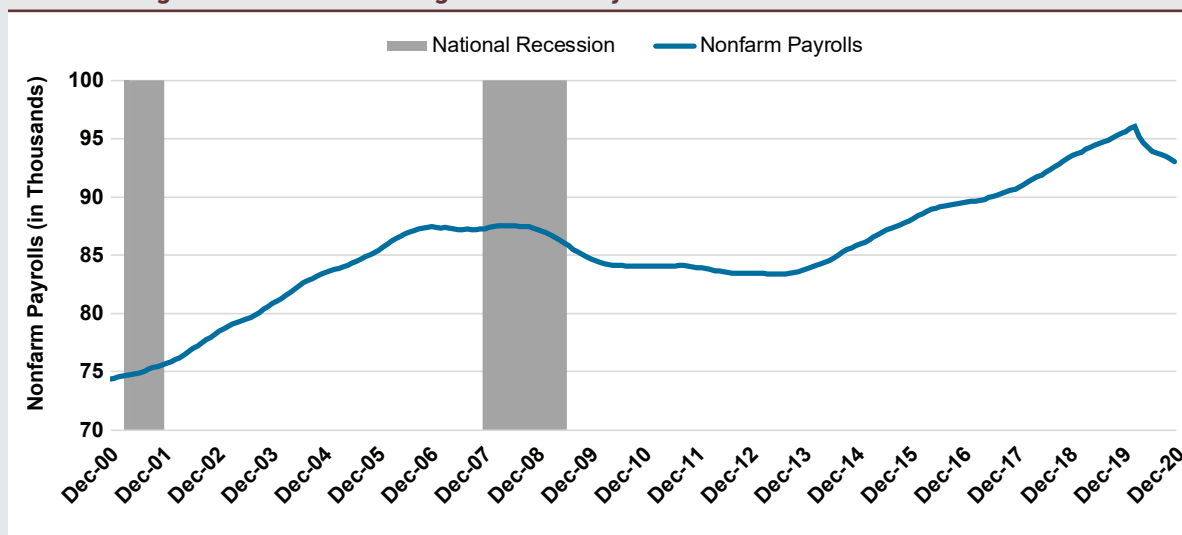
### Economic Recovery and Expansion: 2013 through 2019

The economy was relatively stable in 2013, adding 200 jobs, or 0.2 percent, before growth accelerated during 2014, with payrolls increasing by an average of 2,000, or 2.2 percent, annually from 2014 through 2019. Payroll growth from 2014 through 2019 was broad-based, with all reporting payroll sectors expanding. Job growth in the private sector was led by the leisure and hospitality, the professional and business services, and the trade, transportation, and utilities sectors with each adding an average of 300 jobs annually, or 3.6, 3.2, and 1.9 percent, respectively.

### The Government Sector

Since 2009, growth in federal government jobs has accounted for most of the payroll growth in the HMA. Federal government payrolls grew slowly during the economic expansion from 2001 through 2006, adding an average of 100 jobs, or 0.8 percent, annually, and declined by an average of 100 jobs, or 0.3 percent, during 2007 and 2008. However, during the economic contraction from 2009 through 2012, federal government

**Figure 3. 12-Month Average Nonfarm Payrolls in the Bremerton-Silverdale HMA**



Note: 12-month moving average.  
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

payrolls were the only source of job growth, adding an average of 400 jobs, or 2.6 percent, annually. Almost all the growth in naval jobs during this period occurred at the Puget Sound Naval Shipyard, which expanded its civilian workforce by approximately 1,300 between 2008 and 2013. Federal job growth accelerated while the local economy began to recover, increasing by an average of 500 jobs, or 2.9 percent, annually from 2013 through 2019. Like the previous period, the Puget Sound Naval Shipyard was responsible for almost all of this growth, increasing payrolls by an estimated 3,000 jobs between 2013 and 2018. Job growth in the subsector continued during 2020, as the number of federal government jobs in the HMA increased by 1,600, or 8.1 percent, to 21,700.

Although not included in payroll figures, the number of uniformed personnel stationed in the HMA has increased by approximately 5,000 since 2010. This increase is mostly due to expansions at Naval Base Kitsap and the restationing of several surface ships from outside the HMA.

## Commuting Patterns

Many residents of the Bremerton-Silverdale HMA commute to King County, which includes the city of Seattle, for work. Four ferry docks in the HMA offer service to downtown Seattle with a travel time of approximately 30–45 minutes. According to the most recent data available, the number of workers who live in the HMA is approximately 34 percent higher than the number of jobs in the HMA (Census Bureau, On the Map, 2018 data). Commuting to King County is the source of much of this mismatch. During 2018, 29 percent of employed Bremerton-Silverdale metropolitan area residents, or approximately 27,400 people, commuted to King County. Among workers who earn more than \$40,000 annually, approximately 37 percent commute to King County. By comparison, in 2010, 23,300 employed HMA residents, or 28 percent,

commuted to King County. The number of workers in the HMA who have commutes of more than an hour has increased by 30 percent since 2010 (2010 and 2019 American Community Survey [ACS], 1-year data).

## Forecast

During the forecast period, the economy of the HMA is expected to expand, with nonfarm payrolls increasing an average of 1.7 percent annually. Payroll growth is expected to be slow during the first year and accelerate during the second and third years of the forecast. Job growth is expected to be strong in the leisure and hospitality and the trade, transportation, and utilities sectors as public health measures are lifted, and restaurants and retail stores are safe to fully resume in-person operations. Local government payrolls are also expected to increase as in-person school and other services resume.





# Population and Households

Current Population: 276,100

Population growth has increased since 2014 because of higher levels of net in-migration.

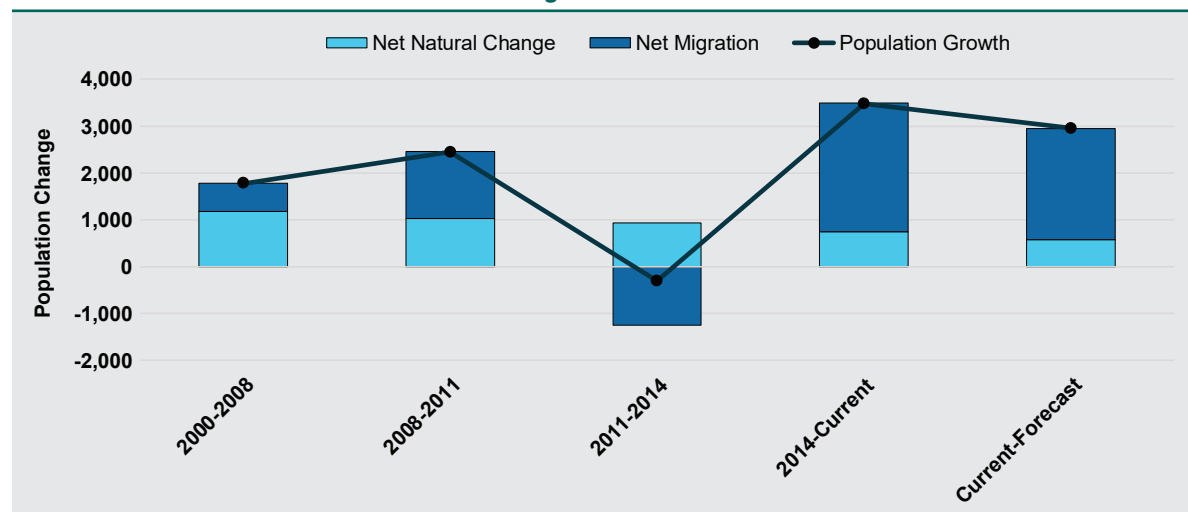
## Population Trends

The population of the Bremerton-Silverdale HMA has grown in 17 out of 20 years since 2000. From 2000 to 2008, when economic conditions were strong, population growth averaged 1,800 people, or 0.8 percent, annually (Figure 4). Population growth increased to an average of 2,450 people, or 1.0 percent, annually from 2008 to 2011 despite job losses and an elevated unemployment rate. Most of the increase in population growth was caused by increased net in-migration; net natural change (births minus deaths) decreased from 1,175 during the former period to 1,025 in the latter. The large military presence in the HMA has caused population growth to be less correlated with local economic conditions than would typically be expected. However, changes in military staffing can result in a high level of year-to-year variation in population growth;

the population of the HMA declined by 2,150, or 0.9 percent, during 2005 only to increase by 5,250, or 2.2 percent, the following year.

From 2011 to 2014 population in the HMA decreased by an average of 300 people, or 0.1 percent, annually. However, population growth quickly recovered after 2014 because of improving economic conditions in the HMA, job growth at Naval Base Kitsap, and increased net in-migration from the neighboring Seattle-Tacoma-Bellevue MSA. From 2014 to the current date, population growth in the HMA averaged 3,500, or 1.3 percent, annually. Net in-migration was responsible for the increase in population growth during this period, averaging 2,750 annually. Net natural change continued to decline, averaging 750 annually from 2014 to 2021, compared with an average of 940 a year from 2011 to 2014. Domestic migrants accounted for approximately 95 percent of all net in-migration in the HMA from 2014 to the current date.

**Figure 4. Components of Population Change in the Bremerton-Silverdale HMA, 2000 Through the Forecast Period**



Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (January 1, 2021) to January 1, 2024.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

## Migration Trends

Out-migration from the Seattle-Tacoma-Bellevue MSA was responsible for much of the increase in population growth since 2014. From 2014 through 2018, approximately 40 percent of all net domestic in-migration to the HMA originated from the Seattle MSA (Census Bureau Metro-to-Metro Migration Flows; ACS 5-year data). Additionally,



a faster, pedestrian-only ferry service opened between the city of Bremerton and downtown Seattle in 2017, making the HMA more attractive for migrants from the Seattle-Tacoma-Bellevue MSA.

Migrants from the Seattle area are attracted to the lower relative cost of housing in the Bremerton-Silverdale HMA; average existing home sales prices in the HMA in 2018 were 39 percent lower than in King County, which includes the city of Seattle. The price differential between the two areas has increased since 2012 when home prices in the HMA were only 30 percent lower than in King County; that change has increased the economic incentive for in-migration to the HMA.

### Age Cohort Trends

The Bremerton-Silverdale HMA has a relatively old population, with a median age of 39.5 years compared with 38.6 years nationally. It also has a low percentage of children, with 20.2 percent of the population of the HMA younger than 18 compared with 22.4 percent nationally (2019 ACS 1-year data). The cohort of residents age 62 and older grew at an average annual rate of nearly 4 percent from 2010 to 2019, compared with an overall average annual population growth of less than 1 percent during the same period. As a result, the cohort of residents aged 62 and older increased from 17.4 to 22.4 percent of the population of the HMA. The increasing elderly population has contributed to the declining net natural change.

### Population Forecast

During the next 3 years, the population of the HMA is expected to increase by an average of 2,950, or 1.1 percent, annually, to 284,900—slower than the rate of population growth during the 2014-to-current period. Weak economic conditions resulting from the public health measures taken to slow the spread of COVID-19 are expected to lead to a decline in net in-migration during the first year of the forecast period. In addition, the rate of net natural change is expected to continue declining because of the aging population. Net in-migration, however, is expected to increase during the second and third years of the forecast period, while local economic conditions strengthen and home prices in the HMA remain below those in the Seattle-Tacoma-Bellevue MSA.

### Household Trends

As of January 1, 2021, the number of households in the HMA is estimated at 108,500—an average increase of 1,050 households, or 1.0 percent, annually since 2010 (Table 3). By comparison, household growth averaged 1,075, or 1.2 percent, annually from 2000 to 2010. The homeownership rate is currently estimated at 70.0 percent, up from 68.3 percent in 2010 because of a strong economy and sales market from 2014 through 2019. The homeownership rate in the HMA is higher than the national average, which was 64.1 percent in 2019 (ACS 1-year data). Renter households accounted for approximately 25 percent of household growth from 2000 to 2010, but only 15 percent of household growth since 2010. Migration from the Seattle-Tacoma-Bellevue MSA and the growth of commuters with well-paying jobs have kept the homeownership rate from declining in the HMA. Household growth during the next 3 years is expected to average 1,250 households or 1.2 percent annually. The homeownership rate is expected to increase, with owner households accounting for approximately 80 percent of household growth.

**Table 3. Bremerton-Silverdale HMA Population and Household Quick Facts**

	2010	Current	Forecast	
<b>Population Quick Facts</b>	<b>Population</b>	251,133	276,100	284,900
	Average Annual Change	1,925	2,325	2,950
	Percentage Change	0.8	0.9	1.1
<b>Household Quick Facts</b>	<b>Households</b>	97,220	108,500	112,300
	Average Annual Change	1,075	1,050	1,250
	Percentage Change	1.2	1.0	1.1

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (January 1, 2021) to January 1, 2024.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst



# Home Sales Market

## Market Conditions: Tight

Existing home sales prices in the HMA have increased an average of 9 percent annually since 2015.

## Current Conditions

The sales housing market in the Bremerton HMA is currently tight. As of January 1, 2021, the overall sales vacancy rate is estimated at 0.8 percent (Table 4)—down from 2.2 percent during 2010. Demand for sales housing in the HMA increased during the COVID-19 pandemic, partially because increased teleworking made living in the HMA more attractive for workers in the Seattle-Tacoma-Bellevue MSA. During December 2020, the HMA had 210 single-family homes, condominiums, and townhomes for sale, representing 0.5 month of supply—down from 350 homes for sale, or a 0.9-month supply, during December 2019 (Redfin, a national real estate brokerage). The very low supply of homes caused total home sales to decrease 21 percent to 3,975 during 2020. However, increased competition among buyers for available homes caused average total home sales prices to increase 10 percent to \$485,600 (Zonda).

## Existing Home Sales and Prices

Low levels of for-sale inventory have contributed to a decline in the number of existing home sales (including regular resales and distressed sales) and rising home sales prices in the HMA. Existing

home sales totaled 3,675 homes in the HMA during 2020—down 18 percent from 2019 (Zonda). During the same period, the average sales price increased 11 percent, to \$478,000. During 2020, approximately 50 percent of all existing home sales were priced between \$300,000 and \$499,999 (Figure 5).

**Table 4. Home Sales Quick Facts in the Bremerton-Silverdale HMA**

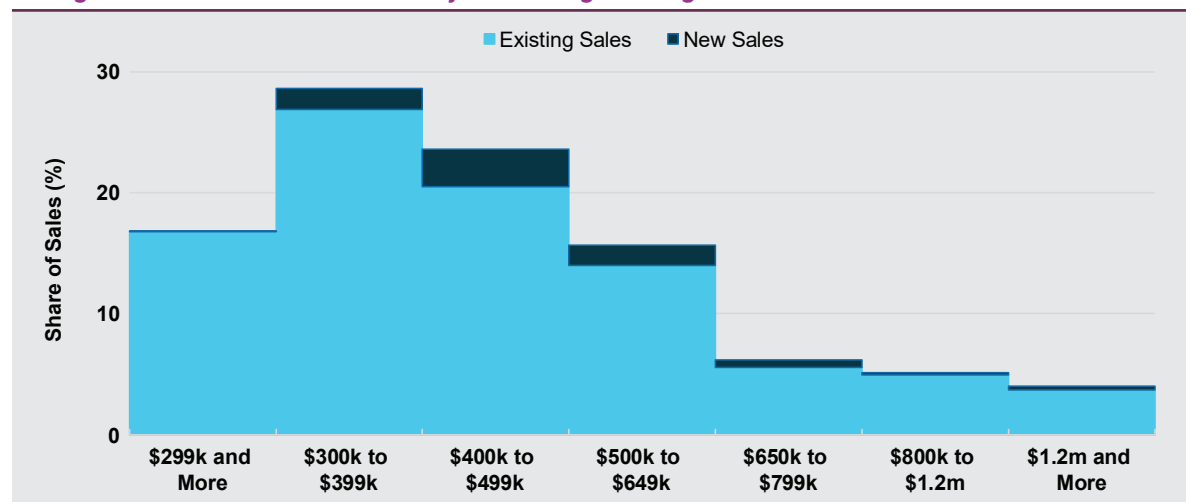
Home Sales Quick Facts	Bremerton-Silverdale HMA	Nation
	Vacancy Rate	0.8%
Months of Inventory	0.5	1.3
Total Home Sales	3,975	6,451,000
1-Year Change	-21%	7%
New Home Sales Price	\$534,600	\$333,100
1-Year Change	6%	4%
Existing Home Sales Price	\$477,800	\$296,500
1-Year Change	11%	9%
Mortgage Delinquency Rate	2.4%	4.1%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2020; and months of inventory are as of December 2020. Mortgage Delinquency Rate data are as of November 2020. The current date is January 1, 2021. HMA home prices are the average for 2020; and national home prices are the median for 2020.

Sources: Vacancy rate—estimate by the analyst; months of inventory and mortgage delinquency rates—CoreLogic, Inc.; HMA home sales and prices—Zonda; national home sales and prices—National Association of Realtors® and Census Bureau/HUD

**Figure 5. Share of Overall Sales by Price Range During 2020 in the Bremerton-Silverdale HMA**



Note: New and existing sales include single-family homes, townhomes, and condominium units.  
Source: Zonda

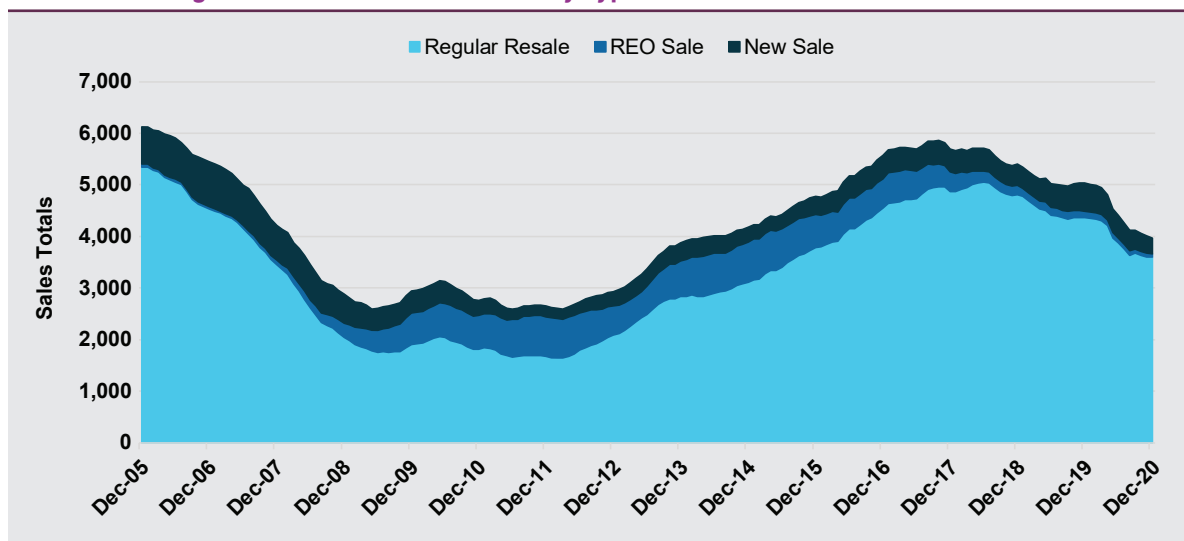


Existing home sales prices increased before the national recession of the late 2000s, averaging gains of 11 percent annually during 2006 and 2007. During that period, strong economic conditions in the HMA and moderate population growth led to increasing demand for homes, which in turn caused upward pressure on home sales prices. Despite the strong sales market demand during this period, the number of existing homes sold declined. During 2005, approximately 5,350 existing homes were sold, but that number declined by an average of 1,025 home sales, or 25 percent, annually from 2006 through 2008, to an average of 2,475 sales from 2008 through 2012 (Figure 6).

As existing home sales declined, the volume of real estate owned (REO) sales increased; during 2005 and 2006, REO sales accounted for approximately 1 percent of existing home sales—a figure that increased to 32 percent during 2011. Poor economic conditions and increased REO sales caused existing home sales prices to decrease an average of 6 percent annually from 2008 through 2011 to a low of \$261,400 during 2011. During 2011, the average price of a regular resale home was \$303,500, and REO sales averaged \$170,900 (Figure 7). Existing home sales prices grew in 2012 but remained stable during 2013 and 2014, averaging \$281,500 from 2012 through 2014.

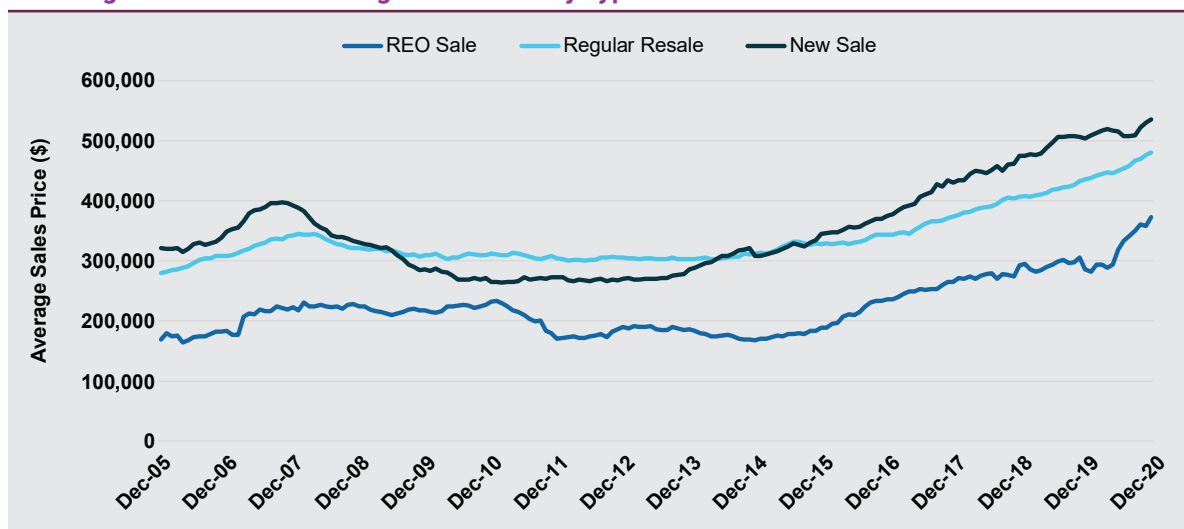
Existing home sales increased at an average annual rate of 15 percent from 2013 through 2017, as economic growth returned. Despite increasing

Figure 6. 12-Month Sales Totals by Type in the Bremerton-Silverdale HMA



REO = real estate owned.  
Source: Zonda

Figure 7. 12-Month Average Sales Price by Type of Sale in the Bremerton-Silverdale HMA



REO = real estate owned.  
Source: Zonda



existing home sales beginning in 2013, existing home sales prices did not begin to increase until 2015. A significant inventory of for-sale homes, which peaked at 9.5-months' worth in 2012 (Redfin, a national real estate brokerage), and large numbers of distressed properties—which made up 20 percent of all existing home sales in 2014 (Zonda)—kept prices from increasing. From 2015 through 2017, the inventory of distressed home sales declined and competition among homebuyers increased. Existing home sales prices increased by an average of \$27,550, or 9 percent, annually. During 2018 and 2019, the stock of REO homes became depleted, the level of for-sale inventory was very low, and existing home sales fell an average of 7 percent annually, whereas average annual price growth was 9 percent.

## Delinquent Home Loans and REO Properties

As of November 2020, 2.4 percent of home loans were seriously delinquent or had transitioned into REO status—up from 0.7 percent in November 2019. Almost all this increase occurred in June 2020, and the rate was only 0.7 percent in February 2020 before the COVID-19 pandemic. The sharp increase likely reflects the number of homeowners who stopped paying their mortgage at the onset of the pandemic in March 2020, becoming 90 days delinquent on their mortgage by June; the rate was only 0.8 percent in May 2020. That trend occurred on a national level as

well, with the percentage of seriously delinquent mortgages and REO properties increasing from 1.3 percent in February 2020 to 3.6 percent in June 2020, up from 1.6 percent in May 2020. Despite the increase in June 2020, the current percentage of seriously delinquent mortgages and REO properties in the HMA is lower than the peak rate during the Great Recession of 6.5 percent in September 2012.

## New Home Sales and Price Trends

A tightening sales market and rising existing home sales prices have led to increased new home sales and prices, but new home sales remain well below levels from before the Great Recession. Approximately 310 new homes were sold in the HMA during 2020—down 43 percent from 2019, whereas the average sales price of a new home increased 6 percent, to \$534,600 (Zonda). New home sales have trended upwards since 2011, growing an average of 13 percent annually from 2012 through 2019. New home sales prices began to increase during 2013, averaging a growth of 9 percent annually from 2013 through 2019. A portion of that price growth was caused by the construction of increasingly larger homes targeting the upper-price end of the home sales market; the average square footage of a new home increased 23 percent between 2011 and 2019 (Zonda).

Despite growth since 2011, new home sales during 2019, the highest year of sales in a decade, remained at approximately 70 percent of the 2005-through-2007 level—a period when 760 new homes were sold annually. New home sales prices averaged \$370,400 during 2006 and 2007 but declined to an average of \$269,200 from 2010 through 2012, while new home sales reached a low of 210 in 2011. The decline in both new home sales and prices was caused by worsening economic conditions due to the Great Recession and ensuing housing crisis.

## Sales Construction Activity

Homebuilding—as measured by units permitted for single-family homes, townhomes, and condominium units—has increased in the HMA since 2015 (Figure 8). However, homebuilding is well below the levels before the housing crisis from 2000 through 2007, when an average of 1,275 homes were permitted annually. As economic conditions worsened and home sales prices fell, the number of homes permitted declined to an average of 580 homes a year from 2008 through 2014. Homebuilding increased to an average of 830 annually during 2015 and 2016 and grew further to an average of 930 homes built annually from 2017 through 2019 because of continued job growth and rising home sales prices. During 2020, 920 homes were permitted, relatively unchanged from the 930 homes during 2019. Most new construction is in the cities of Bremerton and Port Orchard. Settler's Field, a 55-lot subdivision in Bremerton, led new home sales during 2020, with approximately 30 homes sold starting at \$400,000.

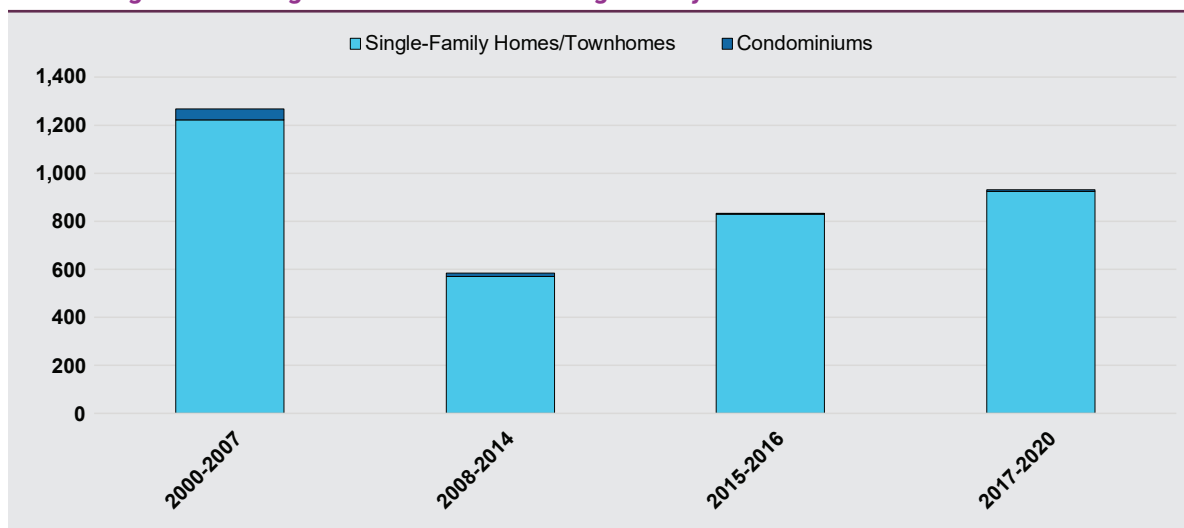


## Housing Affordability: Sales

The affordability of buying a home in the HMA has generally declined since 2013 because home sales prices have increased faster than median incomes. The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index for the HMA, which represents the share of homes sold that would have been affordable to a family earning the local median income, was 53.9 during the fourth quarter of 2020, down from 55.2 during the fourth quarter of 2019 (Figure 9). The Bremerton-Silverdale HMA was the 36th least affordable area in the nation during the fourth quarter of 2020—when 203, or 85 percent, of the 239 ranked metropolitan areas in the nation were more affordable than the HMA. By comparison, during the fourth quarter of 2012, the Housing Opportunity Index was 77.6; the HMA was the 78th least affordable area in the nation.

Low housing affordability in the HMA has made it difficult for first-time homebuyers to enter homeownership. The HUD First-Time Homebuyer Affordability Index measures the median household income for householders ages 25 to 44 years old relative to the income needed to purchase the 25th percentile-priced home. The index has declined every year since reaching a peak of 1.74 in 2015 when the median income for householders ages 25 to 44 years old was more than enough to afford the 25th-percentile-priced home (Figure 10). During 2019, the index was 1.25, down from 1.36 in 2018, reflecting a 10-percent

Figure 8. Average Annual Sales Permitting Activity in the Bremerton-Silverdale HMA



Note: Includes single-family homes, townhomes, and condominiums.  
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

Figure 9. Bremerton-Silverdale HMA Housing Opportunity Index



NAHB = National Association of Home Builders. Q4 = fourth quarter.  
Sources: NAHB; Wells Fargo



over-the-year increase in the 25th-percentile-priced home to \$265,400 and a 5-percent drop in the median income of householders ages 25 to 44 years. Nationwide, the index increased from 1.81 in 2018 to 1.88 in 2019. However, during the past decade, the national index has remained above the Bremerton-Silverdale HMA every year.

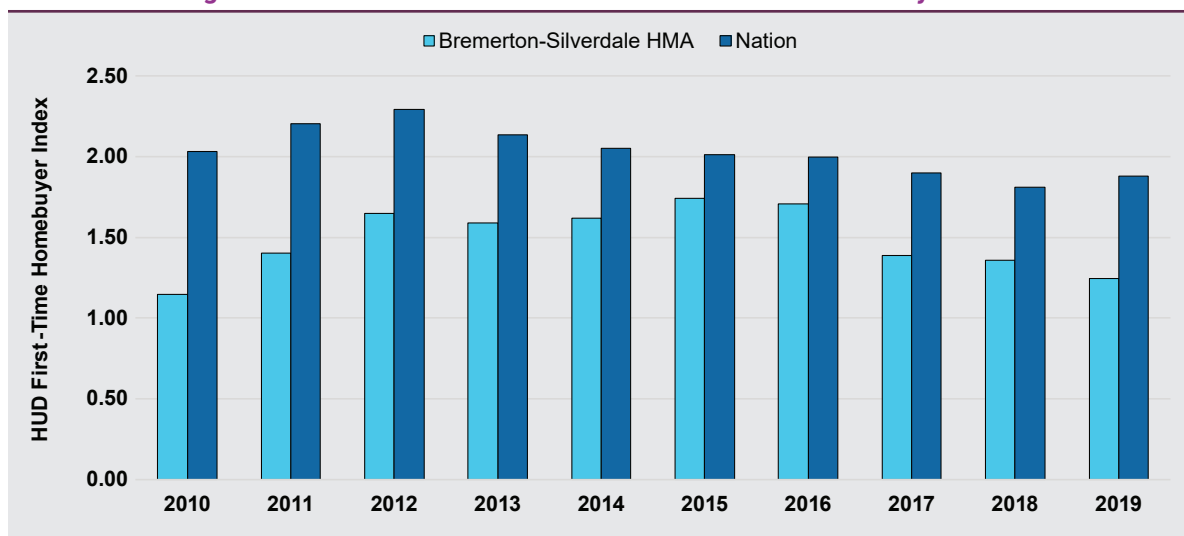
## Affordable Sales Housing Policy Initiatives

Both the state of Washington and local jurisdictions have programs to promote affordable homeownership. Some statewide programs include up to \$10,000 in down-payment assistance for veterans, people with disabilities, or first-time homebuyers. The city of Bremerton offers below-market-rate loans of up to \$20,000 to help homebuyers that make less than 80 percent of area median income cover down payments and closing costs.

## Forecast

Based on current and anticipated economic and population growth and the current slightly tight sales market conditions in the HMA, demand is estimated for 3,125 new homes during the next 3 years (Table 5). The 430 homes currently under construction are expected to meet a portion of demand during the first year of the forecast period. New home construction is expected to be concentrated in the cities of Bremerton and Port Orchard.

Figure 10. Bremerton-Silverdale HMA HUD First-Time Homebuyer Index



Sources: American Community Survey, 1-year data; Federal Housing Finance Agency; Zonda

Table 5. Demand for New Sales Units in the Bremerton-Silverdale HMA During the Forecast Period

Sales Units	
Demand	3,125 Units
Under Construction	430 Units

Note: The forecast period is from January 1, 2021, to January 1, 2024.  
Source: Estimates by the analyst



# Rental Market

## Market Conditions: Balanced

Apartment construction has increased since 2016, but vacancy rates have remained low, and rent growth has been high.

## Current Conditions and Recent Trends

Overall rental housing market conditions in the Bremerton-Silverdale HMA are currently balanced, with an overall estimated rental vacancy rate of 4.0 percent—down from 8.6 percent in 2010 (Table 6). Higher population and job growth levels have contributed to low apartment vacancy rates and rising rents despite increased apartment construction since 2015.

The apartment market, which makes up approximately one-half of renter-occupied units in the HMA (2019 ACS 1-year data), is also balanced. The apartment vacancy rate averaged 3.7 percent during the fourth quarter of 2020—up from 3.5 percent a year earlier (Moody’s Analytics REIS). The apartment vacancy rent has trended upwards since a low of 2.5 percent during the fourth quarter of 2016 (Figure 11). Before 2016, the apartment vacancy rate decreased an average of 1.1 percentage points annually from 2013 through 2016. The apartment vacancy rate has increased since 2016 because of increased rental construction and household growth that was disproportionately migrants from the Seattle-

**Table 6. Rental and Apartment Market Quick Facts in the Bremerton-Silverdale HMA**

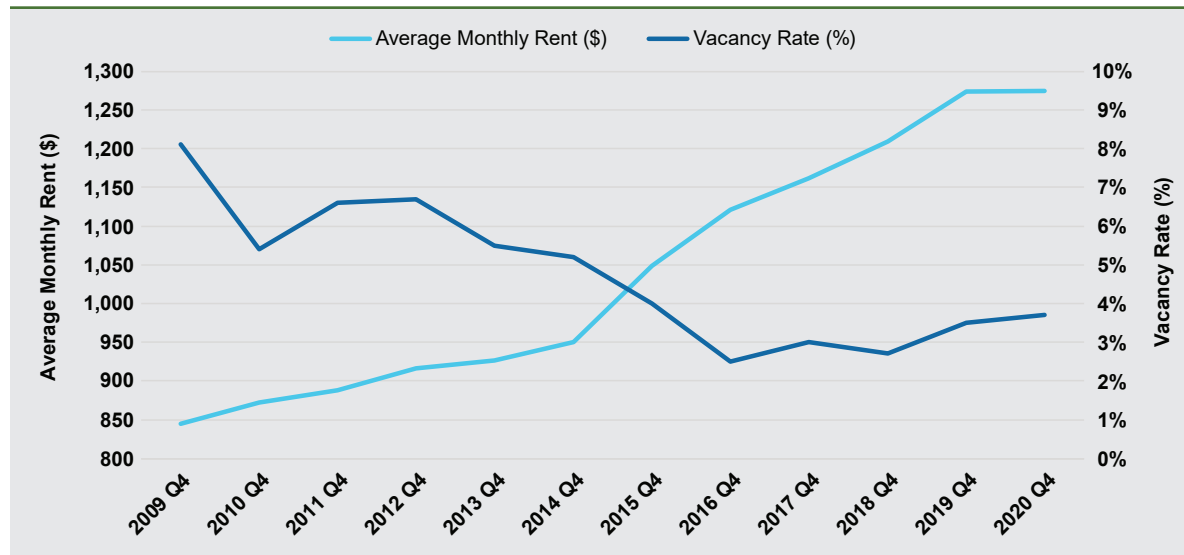
Rental Market Quick Facts	2010 (%)	Current (%)
	<b>Rental Vacancy Rate</b>	8.6
<b>Occupied Rental Units by Structure</b>		
Single-Family Attached & Detached	45.9	42.6
Multifamily (2–4 Units)	14.9	15.0
Multifamily (5+ Units)	34.0	37.0
Other (Including Mobile Homes)	5.1	5.4
	Current	YoY Change
<b>Apartment Vacancy Rate</b>	3.7%	0.2%
<b>Average Rent</b>	\$1,274	0.0%
Studio	\$967	2.2%
One-Bedroom	\$1,123	-0.3%
Two-Bedroom	\$1,323	0.1%
Three-Bedroom	\$1,545	0.0%

YoY= year-over-year.

Notes: The current date is January 1, 2021. Percentages may not add to 100 due to rounding.

Sources: 2010 and 2019 American Community Survey, 1-year data; Moody’s Analytics REIS

**Figure 11. Apartment Rents and Vacancy Rates in the Bremerton-Silverdale HMA**



Q4 = fourth quarter.

Source: Moody’s Analytics REIS





Tacoma-Bellevue MSA, who are more likely to buy than rent their home. During the fourth quarter of 2020, the average asking rent for apartments in the HMA remained unchanged at \$1,274, down from average annual increases of 6 percent during the fourth quarters of 2015 through 2019. By comparison, average asking rents increased an average of 2 percent annually from 2010 through 2014. Poor economic conditions, increased uncertainty, and an eviction moratorium implemented in April 2020 made it more difficult for property managers to increase rents compared with previous years. During the fourth quarter of 2020, average rents for one-, two-, and three-bedroom apartments were \$1,123, \$1,323, and \$1,545, respectively.

### Military Housing

The HMA is home to approximately 16,200 military personnel and 15,000 dependents. Of these, an estimated 2,500 unaccompanied servicemen live in on-base barracks housing. An additional 1,750 single-family homes, townhomes, and apartments of military housing are available for rent to senior enlisted personnel and officers. Most of these units are in Naval Base Kitsap, and an additional 605 units are available at The Landings housing complex in the city of Bremerton. The remaining 75 percent of military personnel reside in private, off-base housing. Currently, there are no known plans to add on- or off-base military housing in the HMA.

### Rental Construction Activity

Rental construction, as measured by the number of rental units permitted, has increased significantly since 2016 (Figure 12). Rental construction averaged 150 units annually from 2000 through 2007, as strong economic conditions and population growth supported rental development. Following the onset of the housing crisis and weakening economic conditions, rental construction declined sharply and remained low, averaging 70 units annually from 2008 through 2011. Improving economic conditions, declining rental vacancy rates, and rent growth led to increased levels of rental construction after 2011; from 2012 through 2015, an average of 150 units were permitted annually. Despite increased rental construction, apartment vacancy rates continued to decline. That trend, along with rapid rent growth, led rental permitting to increase to an average of 250 units annually from 2016 through 2019—the highest level since 2000. During 2020, approximately 390 rental units were permitted, up from 250 units during 2019. An estimated 670 apartments are currently under construction. Of these, about 80 percent are in the city of Bremerton, with the remaining 20 percent in the city of Silverdale.

Figure 12. Average Annual Rental Permitting Activity in the Bremerton-Silverdale HMA



Note: Includes apartments and units intended for rental occupancy.  
 Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst



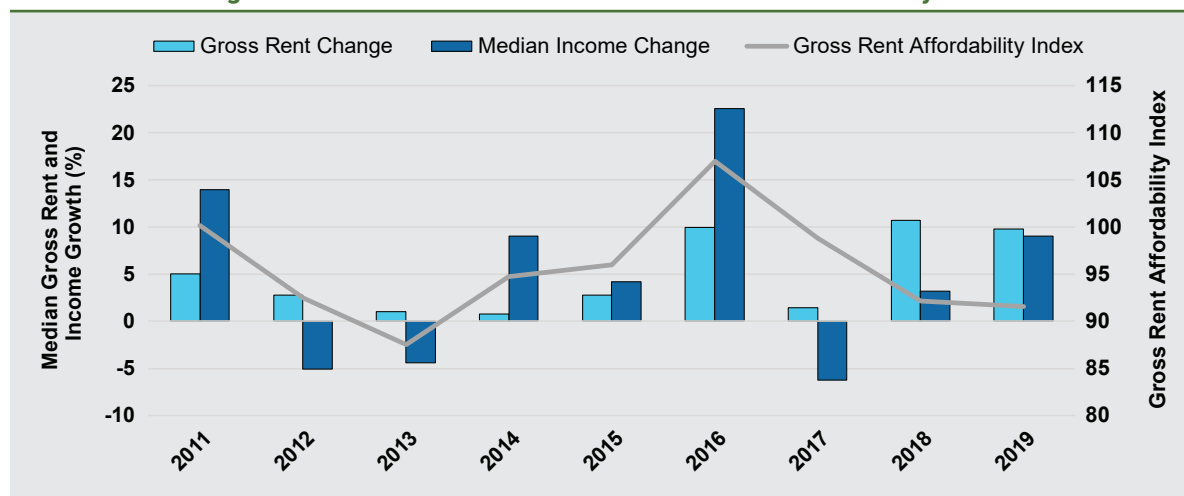
## Recently Built Apartments

Recent apartment construction has occurred throughout the HMA. BLIS, a 114-unit apartment complex in the city of Bainbridge Island, was completed in late 2019. One- and two-bedroom units start at \$2,100 and \$2,900, respectively. Woodcreek Apartments, a 60-unit apartment complex in the city of Poulsbo, also opened in late 2019. One- and two-bedroom units start at \$1,600 and \$1,700, respectively.

## Housing Affordability: Rental

Since 2011, increases in the median income have nearly matched rent growth in the HMA. However, rental housing in the HMA remains relatively unaffordable. Between 2010 and 2019, the median gross rent increased by 53 percent, whereas the median income of renter households increased by 52 percent. As a result, the HUD Gross Rent Affordability Index—a measure of median renter household income relative to qualifying income for the median priced rental unit—did not change significantly from 92.3 in 2010 to 92.0 in 2019 (Figure 13). A gross rent affordability index below 100 indicates that the median gross rent is unaffordable at the median income for renter households. The HMA has become less affordable since 2016, as rent growth has outpaced increases in the median renter income. The affordability index in the HMA was lower than the gross rent affordability index for the nation, which was 95.8 during 2019.

Figure 13. Bremerton-Silverdale HMA Gross Rent Affordability Index



Note: The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure.  
Source: American Community Survey, 1-year data

## Homelessness

Approximately 533 people throughout the HMA were homeless in January 2020—up from 478 people in 2019 (Point-in-Time Count). During the same period, the number of unsheltered individuals increased 15 percent, to 199—the highest number since the survey began in 2008. More than two-thirds of unsheltered homeless individuals were surveyed in the cities of Bremerton and Port Orchard.

## Current Affordable Housing Options: LIHTC, PBRA, HCV

The Low-Income Housing Tax Credit (LIHTC) program is the primary source of funding for new affordable rental housing in the nation. From 2000 through 2009, approximately 310 new LIHTC units were placed in service in the HMA—an average of around 30 units annually. Since 2010, 340 new LIHTC units have been placed in service in the HMA. About 90 percent of those placed in service since 2010 are in the city of Bremerton.

In addition to LIHTC, income-eligible residents may qualify for project-based rental assistance (PBRA) or housing choice vouchers (HCVs) through the local public housing authority (PHA). The PHAs in the HMA administered approximately 2,125 HCVs in 2019. The waitlists for HCVs and public housing in the

HMA are currently closed. About 1,150 units are subsidized through PBRA and other programs (Picture of Subsidized Households). The number of households with an HCV in the HMA has increased an average of 0.7 percent annually since 2010, compared to overall household growth of 1.0 percent.

The Pearl on Oyster Bay, an 80-unit complex that offers affordable housing for low-income seniors, was the most recent LIHTC-funded housing project in the HMA and was completed in 2014. Tax credits have been allocated to help fund Warrior Ridge, a 30-unit supportive housing project in the city of Port Gamble, which is expected to begin construction in late 2021. All units at Warrior Ridge will be targeted to low-income seniors, and 15 units will be reserved for formerly homeless individuals.

## Affordable Rental Housing Policy Initiatives

Several local initiatives are underway to address rental housing affordability in the HMA. The city of Bremerton changed zoning laws in 2018 to allow more density in residential areas to bring down housing costs, and in 2020 legalized the construction of accessory dwelling units on single-family lots. Kitsap County has used Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to create a short-term rental assistance fund that will cover up to 3 months of rent and other housing costs to households that make less than 80 percent of area median income.

## Forecast

During the 3-year forecast period, demand is estimated for 930 rental units in the HMA (Table 7). Demand is expected to be similar compared with the 2015-through-2019 period. The 670 units currently under construction will fulfill all expected demand during the first and second years of the forecast period.

**Table 7. Demand for New Rental Units in the Bremerton-Silverdale HMA During the Forecast Period**

Rental Units	
<b>Demand</b>	930 Units
<b>Under Construction</b>	670 Units

Note: The forecast period is January 1, 2021, to January 1, 2024.  
Source: Estimates by the analyst



# Terminology Definitions and Notes

## A. Definitions

<b>Forecast Period</b>	1/1/2021–1/1/2024—Estimates by the analyst.
<b>Demand</b>	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
<b>Home Sales/ Home Sales Prices</b>	Includes single-family, townhome, and condominium sales.
<b>Distressed Sales</b>	Short sales and real estate owned (REO) sales.
<b>Seriously Delinquent Mortgages</b>	Mortgages 90+ days delinquent or in foreclosure.
<b>Building Permits</b>	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
<b>Rental Market/ Rental Vacancy Rate</b>	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
<b>Non-Reporting Service Sectors</b>	A sum of all economic sectors that are not included in detail in BLS nonfarm payroll data. Calculated by subtracting the number of nonfarm payrolls from every sector where data is available from the number of total nonfarm payrolls.



**B. Notes on Geography**

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.

**C. Additional Notes**

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

**D. Photo/Map Credits**

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