

Grays Harbor Economic Vitality Index

2018



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Introduction

Greater Grays Harbor, Inc. is proud to present our annual Economic Vitality Index (EVI). The 2018 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. on behalf of local business and community leaders, as well as those who may be looking to relocate in the near future. This annual report can be viewed 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 Tim Triesch and Dan Lindgren with the Grays Harbor County Assessor's Office and Tom Quigg with Windermere Real Estate for their help in compiling and interpreting data in our EVI. We would also like to thank Alder Creative for designing this publication.

2017 Year in Review

Grays Harbor County experienced positive movements in many of our leading indicators in 2017 showing another year of improvement. Our average unemployment rate decreased from 2016-2017, while taxable retail sales and county hotel/ motel taxes continued to steadily increase. Additionally, the median home price increased by about 10% for the third 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.

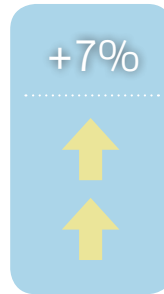
AVERAGE
UNEMPLOYMENT RATE



MEDIAN HOME PRICE



TAXABLE RETAIL SALES



HOTEL/MOTEL TAX





8% increase in hotel/motel tax revenues from 2016 to 2017

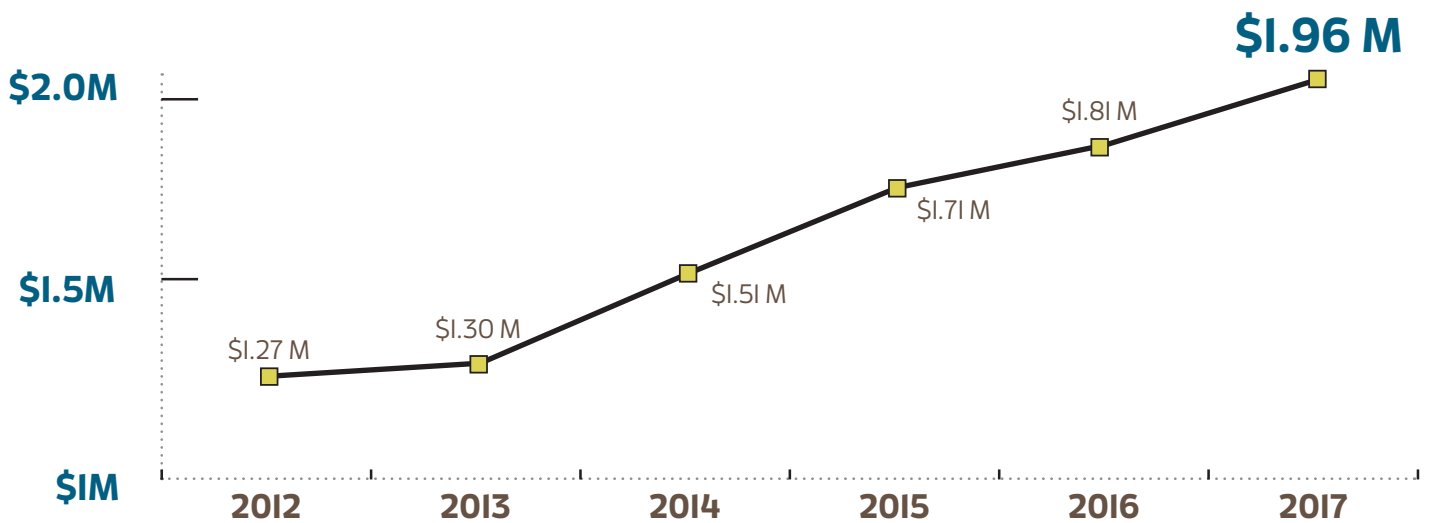
With its close proximity to the rugged Washington Coast and lush forests of Olympic National Park, Grays Harbor remains an attractive tourist destination for both domestic and international visitors. Visitation levels continue to rise as indicated by recent trends in hotel/motel tax revenue.

Grays Harbor County experienced a

8% overall increase in hotel/motel tax revenues in 2017. The steady growth builds on the previous 6% countywide increase in overnight stays from 2015-2016.

Many communities in Grays Harbor also saw increases in their hotel/motel tax revenue. Aberdeen (31%), Westport (20%), Hoquiam (11%) and the Quinault area (12%) experienced a significant increase in their

hotel/motel tax revenues in 2017 over the prior year. Montesano (14%) saw an increasing hotel/motel tax. North Beach (6%), unincorporated Grays Harbor County (4%), Ocean Shores (4%), and Elma (1%) showed modest gains. South Beach (-16%) has experienced losses in their hotel/motel tax revenues over the last two years.



3% Hotel/Motel Tax

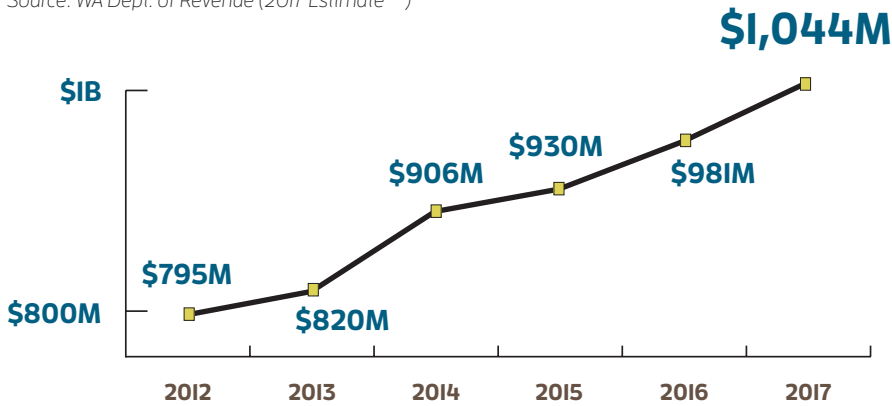
Source: Grays Harbor County Management Services

Tourism

Taxable Retail Sales

Taxable Retail Sales totals for Grays Harbor County

Source: WA Dept. of Revenue (2017 Estimate)**

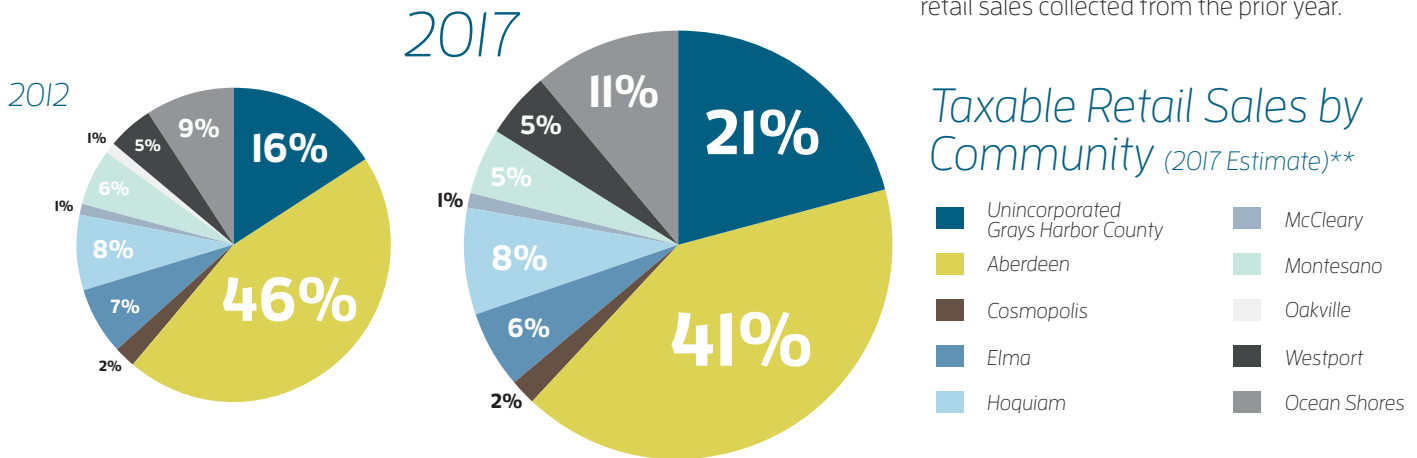


7% increase from 2016 to 2017

Taxable retail sales estimates for Grays Harbor County in 2017 grew to \$1,044M and represent an overall increase of 7% over the previous year. This is a slightly larger gain than the 5% increase in taxable retail sales from 2015 to 2016.

At the community level, many cities experienced significant increases in their taxable retail sales. These include Cosmopolis (+25%), Westport (+15%), Montesano (+8%), Hoquiam (+7%), Unincorporated Grays Harbor County (+7%), Elma (+6%), and Aberdeen (+6%).

Ocean Shores (+3%) and Oakville (+1%), experienced modest growth, while McCleary (0.2%) maintained its current level of taxable retail sales collected from the prior year.



Taxable Retail Sales by Community (2017 Estimate)**

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

**2017 fourth quarter taxable retail sales are based on preliminary estimates from the Washington Department of Revenue.





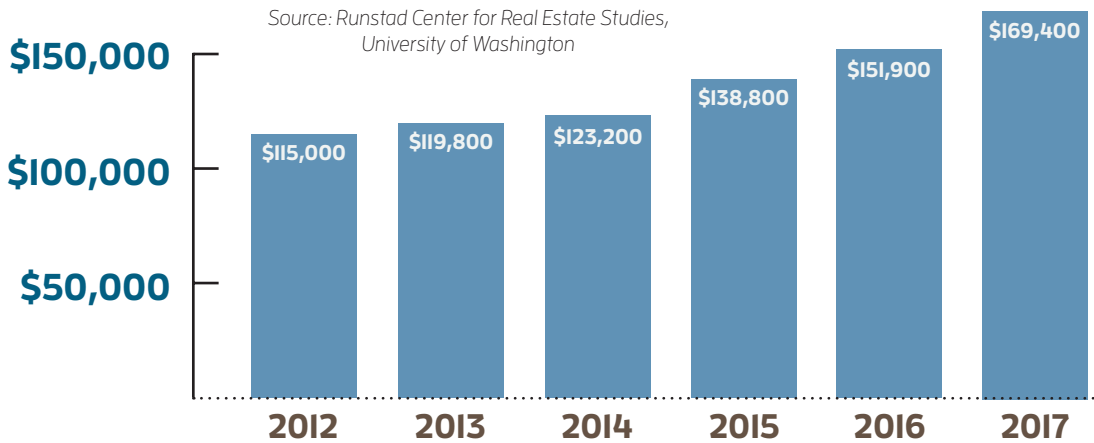
As illustrated in the Existing Home Sales graph, sales of existing homes increased 11% from 2017 to 2018. This marks the sixth consecutive year of rising existing home sales in Grays Harbor County.

The median home price also experienced an increase of 12% from 2016 to 2017, building on a 9% increase from 2015 to 2016. The median home price in Grays Harbor has increased from a low of

\$115,000 in 2012 to \$169,400 in 2017. Development in Ocean Shores, Seabrook, and Oyhut Bay has accounted for the largest percentage of assessed value of new building in the past 6 years.

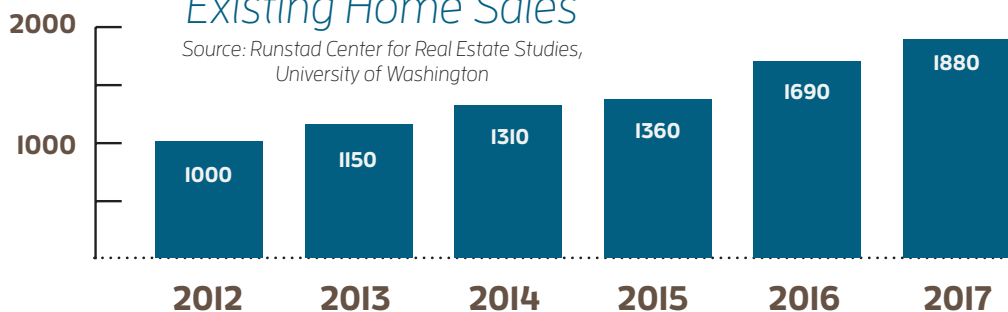
Median Home Price

Source: Runstad Center for Real Estate Studies, University of Washington



Existing Home Sales

Source: Runstad Center for Real Estate Studies, University of Washington



GRP/Income

Average Earnings and Employment by Industry

Industry	Average Earnings (2017)	Employment (2017)
Health Care and Social Assistance	\$38,362	3,412
Accommodation and Food Services	\$21,236	2,816
Retail Trade	\$28,202	2,771
Manufacturing	\$52,253	2,645
Public Administration	\$53,907	2,630
Educational Services	\$36,152	2,313
Other Services (except Public Administration)	\$21,489	1,098
Agriculture, Forestry, Fishing and Hunting	\$43,429	1,069
Administrative and Support and Waste Management and Remediation Services	\$33,503	1,028
Construction	\$46,783	1,021
Transportation and Warehousing	\$51,017	888
Professional, Scientific, and Technical Services	\$42,246	585
Wholesale Trade	\$47,447	546
Finance and Insurance	\$51,330	507
Real Estate and Rental and Leasing	\$28,276	338
Arts, Entertainment, and Recreation	\$15,856	258
Information	\$45,375	252
Utilities	\$79,350	196
Management of Companies and Enterprises	\$187,713	56
Mining, Quarrying, and Oil and Gas Extraction	\$43,909	28

Source: JobsEQ®, data based on 2017Q4

24,456
Employed

Gross Regional Product

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

Total 2016 GRP
\$2.11 Billion

Total 2015 GRP
\$2.09 Billion

Source: National Ocean Economics Program

Income

For 2017, average earnings for all industries in Grays Harbor County were \$39,059 (approximately 72% of the national average earnings - \$54,343).





108 deep-water vessels called the Port in 2017

The Port of Grays Harbor and its partners experienced another strong year in 2017, continuing their focus on international trade, tourism, and economic development.

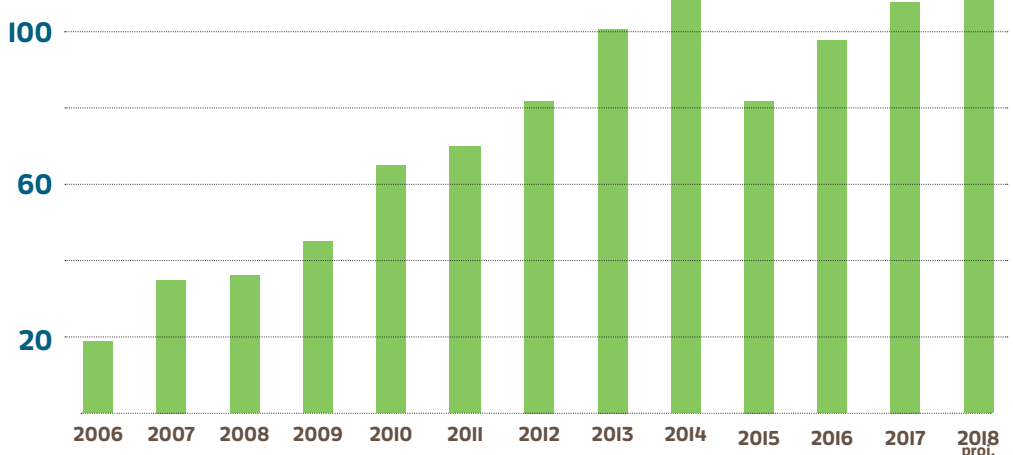
The international shipping activities at the Port's four deep-water marine terminals continued to lead the Port's operations. During 2017, 108 deep-water vessels called the Port with nearly 2.5 million metric tons of cargo handled including logs, automobiles, over-high over-wide equipment, liquid bulks, and dry bulks.

Developing an inbound cargo base has long been a trade goal at the Port. In 2017, Grays Harbor's position in the inbound shipment markets continued to improve with large volume increases in liquid bulk and auto shipments. Longshore workers and Teamster auto processors handled more than 23 different brands of autos at Terminal 4.

The Westport Marina was once again the number one commercial fishing landing port in the state, and is now among the top 10 commercial fish landing ports based on tonnage in the entire U.S.

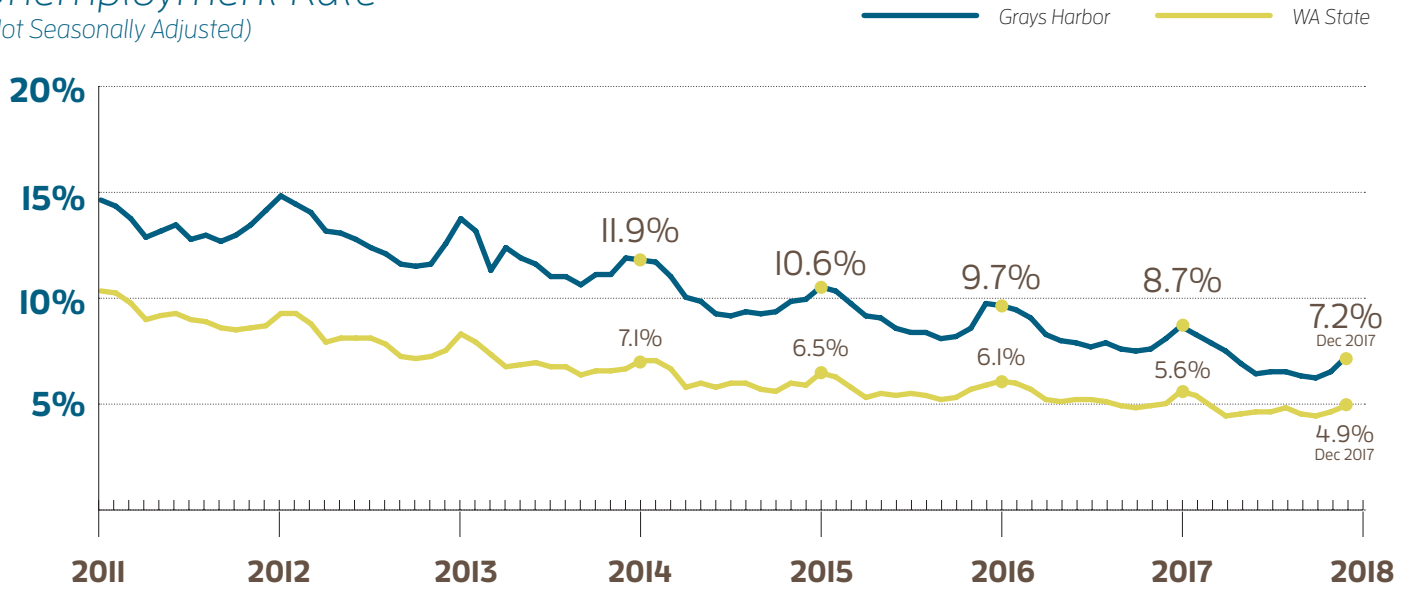
Last year, the Satsop Business Park saw more than 275 new jobs created with quick expansion of Overstock.com's Customer Care Call Center and the beginning of operations at Fuller Hill's state of the art cannabis growing facility.

Deep-Water Vessel Calls



Unemployment

Unemployment Rate (Not Seasonally Adjusted)



Source: WA Employment Security Department

Unemployment By Occupation

Food Preparation and Serving Related Occupations	304
Office and Administrative Support Occupations	236
Transportation and Material Moving Occupations	208
Sales and Related Occupations	171
Production Occupations	132
Construction and Extraction Occupations	119
Building and Grounds Cleaning and Maintenance Occupations	109
Personal Care and Service Occupations	85
Installation, Maintenance, and Repair Occupations	68
Farming, Fishing, and Forestry Occupations	65
Healthcare Support Occupations	53
Protective Service Occupations	52
Education, Training, and Library Occupations	50
Business and Financial Operations Occupations	38
Healthcare Practitioners and Technical Occupations	35
Management Occupations	32
Community and Social Service Occupations	20
Computer and Mathematical Occupations	18
Arts, Design, Entertainment, Sports, and Media Occupations	16
Architecture and Engineering Occupations	13
Life, Physical, and Social Science Occupations	7
Legal Occupations	5

Source: JobsEQ, 2017Q4

1.1% decrease
in average
unemployment rate
from 2016 to 2017

Average Unemployment Rate 2017: 7.1%
Average Unemployment Rate 2016: 8.2%

Unemployment rates within the county have steadily declined over the past five years, after cresting at a record high unemployment rate of 16.3% in January 2010. The seasonally unadjusted unemployment rate in Grays Harbor County was 9.7% in January 2016. The next year (January 2017) it decreased slightly to 8.7% and finally ended the year at 7.2% (December 2017).



Agriculture

Grays Harbor had 21,086.9 actively farmed acres in 2016. The top five crops raised in Grays Harbor County include pasture land (9,088.4 acres), grass hay (8,491.0), field corn (1,622.0), cranberries (323.6) and green peas (267.0) (Washington State Department of Agriculture, 2016 Census of Agriculture.) In 2012, the total market value of all agricultural products sold was \$31,353,000 or \$56,289 per farm. The net cash income of operation average per farm was \$2,311.

From 2002 to 2012, the average age of farmers increased, while the number of farmers that list farming as their primary

occupation declined. In 2012, the average age of the principal operator was 60.4, compared to 52.5 in 2002. In 2012, 45% of principal farm operators listed farming as their primary occupation compared to 50% in 2002. From 2002 to 2012, over 85% of farm organizations were structured as sole proprietorships run by a family or individual (Grays Harbor County Voluntary Stewardship Program, Appendix B Working Plan Background Information.) Multiple organizations are currently working to preserve farmlands and transition family farms to the next generation of farmers.

Today, the number of small, diversified, niche farms are on the rise in Grays Harbor as people are moving here to start small farm operations focused on vegetable production, specialty hogs and poultry, hops and other products sold through direct marketing channels. Larger farms are also looking into new industries that take advantage of the local food movement. This includes examples such as growing barley for microbreweries or wheat for the niche bakery industry. (Source: Conversation with Kiley Smith, Noxious Weed/ Small Farms Coordinator with the Grays Harbor County WSU Extension.)

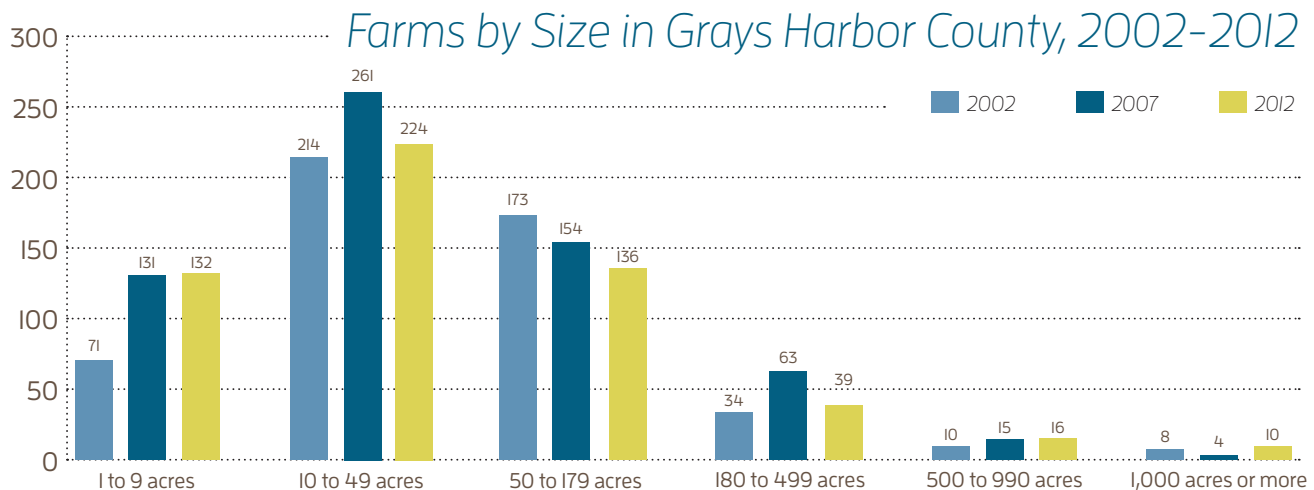
Market Values

	2002	2007	2012
Market Value of Ag Products Sold	\$30,015,000	\$32,812,000	\$31,353,000
• Average per farm	\$58,853	\$52,263	\$56,289
• Crops, including nursery & greenhouse	\$13,936,000	\$17,521,000	\$16,697,000
• Livestock, poultry, & their products	\$16,079,000	\$15,301,000	\$14,656,000

Farm expenses & Income

	2002	2007	2012
Total production expenses average per farm	\$56,301	\$43,932	\$60,253
Net cash income of operation average per farm	\$3,062	\$15,886	\$2,311

Source: Economic Research Service (ERS), U.S. Department of Agriculture (USDA). Food Environment Atlas. <https://www.ers.usda.gov/data-products/food-environment-atlas/>



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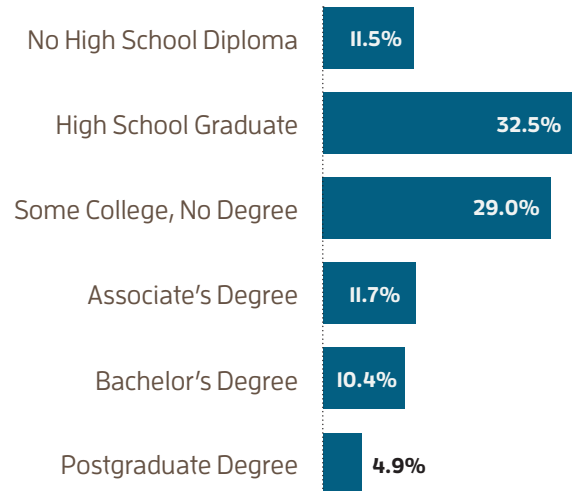


Educational Attainment Age 25-64 in Grays Harbor County

The Age and Gender Distribution graph (below) shows the current population by age and gender categories. The median age of Grays Harbor residents is 43.0 (based on 2017 estimates), which is older than the U.S. median age of 37.7. The Education Attainment graph (right) shows education attainment for residents between 25 and 64 years of age.

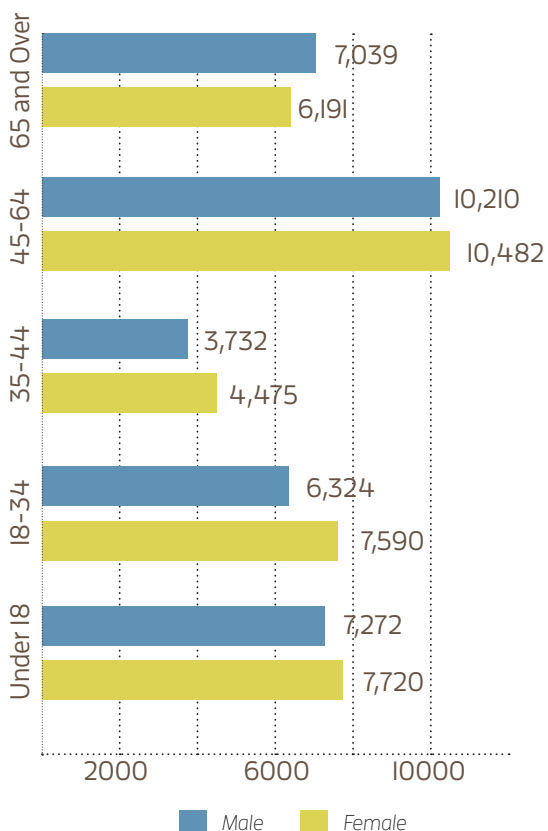
The Household Income Distribution graph (lower right) describes the incomes of households in Grays Harbor. Grays Harbor per capita income was \$36,824 and median household income was \$49,213 in 2016.

Source: U.S. Bureau of Economic Analysis



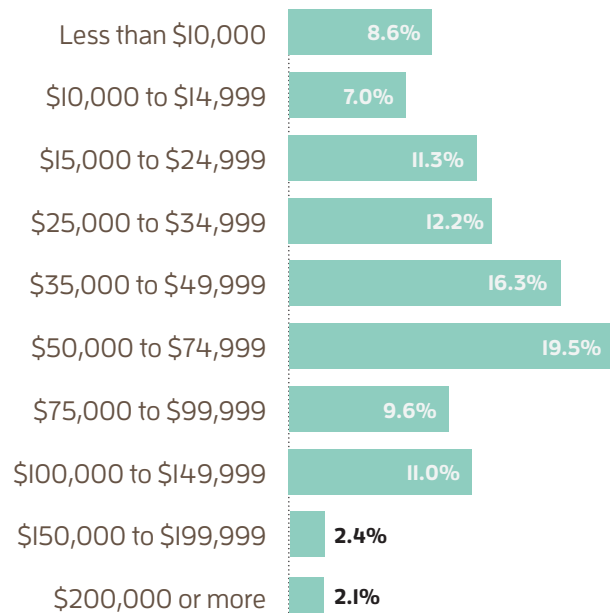
Source: JobsEQ® using U.S. Census Bureau, 2012-2016 American Community Survey data.

Age & Gender Distribution (2016)



Source: The data in these graphs is calculated using U.S. Department of Commerce, Census Bureau, ACS 5-year estimates where 2016 represents average characteristics from 2012-2016. Data prepared by Headwaters Economics as part of the Economic Profile Systems.

Household Income Distribution Grays Harbor County 2016



Source: Headwater Economics, Economic Profile System using U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates data.

Population, Education, and Income

Leaders Circle

Diamond

GRAYS HARBOR
COMMUNITY
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