

SKAGIT COUNTY ECONOMIC OVERVIEW

After a slow start at the beginning of the century, employment growth in Skagit County has been relatively strong. Between 2002 and 2007, Skagit County nonagricultural wage and salary employment grew at an annual rate of 2.7 percent. When compared to the annual rate of job growth statewide (2.0 percent) and nationwide (1.1 percent), Skagit County more than held its own. Since 1991, state job growth has exceeded Skagit County job growth only four times. While two of these years were 2006 and 2007, it was by the slimmest of margins and job growth in the county during these years was strong.

Skagit County had 47,600 nonfarm jobs in 2007. This represents an increase of 5,700 since 2000. Employment on the services side increased by 4,400 while employment on the goods side increased by 1,200.

The sector that has exhibited the strongest job growth since 2002 was the construction grouping. Between 2002 and 2007, employment in this sector increased from 3,200 to 4,400 for an average annual growth rate of 6.6 percent. The growth of construction industry employment is a reflection of the growth of the overall economy. The county population growth rate has exceeded the state growth rate by almost two percentage points since 2000. The population growth experienced by the county since 2000 increased the demand for housing. The housing permit data reflect this increased demand as single-family residential building permits increased at an annual rate of 14.8 percent between 2001 and 2005. The increased demand for housing, in turn, led to the large increase in employment in the construction industry.

The second fastest growing employment sector since 2002 has been retail trade. Retail trade added 1,400 paychecks between 2002 and 2007, going from 6,300 to 7,700, constituting an average annual growth rate of 4.1 percent.

The third fastest growing industry since 2002 has been manufacturing. This sector added 600 jobs between 2002 and 2007, going from 5,200 to 5,800 employees. This represents an average annual rate of growth of 2.2 percent.

In 2007, government accounted for over 22 percent of all employment in the county, almost four percentage points above the state average. This reflects the importance of health care and education to the Skagit County economy. The local government sector job growth rate since 2000 was 3.2 percent on an annual basis as local colleges and health care providers expanded employment in response to the increase in demand for these services that resulted from the increase in population.

Overall, the Skagit County economy has performed well. Main industries, such as education and health care on the services side and construction on the goods side, have continued to perform well. In addition, new industries have emerged. Included among the emerging industries on the goods side are transportation equipment manufacturing, machinery manufacturing and beverage and tobacco product manufacturing. On the services side, insurance carriers and related activities and sporting goods, hobby, book

and music stores have experienced relatively large increases in employment during the first decade of the 21st century.

When discussing the Skagit County economy, it is important to note that the industry that drives much of the economic activity within the county is petroleum and coal products manufacturing. As a percentage of total employment, this industry is close to twenty times larger in Skagit County than in the state as a whole. The main drivers of this result are the two refineries in Anacortes – Shell Puget Sound and Tesoro Refinery. Given that a large percentage of output from oil refineries would be exported outside of a region, regions that have multiple refineries would tend to have a much higher than average level of employment in this industry.

Outlook

In the year 2011, the county is projected to have 50,200 jobs, which represents a 1.8 percent annual increase over the 2006 total. The predicted rate of job growth between 2011 and 2016 is 1.5 percent.

Between 2006 and 2011 goods producing employment is predicted to increase at an annual rate of 1.2 percent while the service providing sector will realize a 2.2 percent annual gain over the same time frame. On the goods side, a 2.1 percent decrease in jobs on the manufacturing side will be somewhat offset by a 0.5 percent decrease in jobs on the construction side. On the services side, several sectors are predicted to perform well. Leading the way will be financial activities with an expected average annual job growth rate of 2.8 percent. Professional and business services employment is expected to grow at an annual rate of 2.3 percent and education and health services employment is expected to increase at an annual rate of 2.0 percent.

In 2016, it is estimated that there will be 54,200 nonfarm jobs in Skagit County. Of this total, 43,400 will be in the services sectors and 10,800 will be on the goods side. Between 2011 and 2016 service providing employment will experience an annual rate of increase of 1.7 percent while goods producing jobs grow at an annual rate of 1.0 percent. On the services side, the information sector (4.6 percent) is projected to experience significant annual job growth between 2011 and 2016. Also predicted to display strong job growth are education and health services (2.5 percent) and transportation, warehousing and utilities (2.5 percent). On the goods side, construction employment is predicted to increase at an annual rate of 1.5 percent.

POPULATION AND EDUCATION

Since the 1970s, population growth in Skagit County has outpaced both the state and the nation as a whole. Population growth peaked in the 1990s in Skagit County as the average annual population growth rate reached 2.6 percent. Since 2000, average annual population growth in the county has slipped to 1.6 percent. Since 2000, state population has increased at an average annual rate of 1.4 percent, while the U.S. population has increased at an annual rate of 1.0 percent over the same time period.

It is predicted that population growth within the county will continue to outpace the state and national rate over the next two decades. Skagit County is projected to have a population of over 178,036 by the year 2030, an increase of 54.4 percent over the estimated 2007 population of 115,300.

Age

The age distribution of the Skagit County population tends to skew older. In 2007, 20.5 percent of population in Skagit County was at least 60 years old. Statewide, 16.4 percent of the population was in this age group in 2007. Conversely, the percentage of people between the ages of 20 and 44 in Skagit County was 30.3 percent in 2007. Statewide, this age cohort was 35.1 percent of the population.

In addition, by 2030, 25 percent of the population is predicted to be 60 or older.

Race and Ethnicity

According to the 2006 American Community Survey, the population of Skagit County is less diverse than the state or the nation. In 2006, 80.4 percent of the county population was white (less than two-thirds of the U.S. population was white).

Those of Hispanic origin, the second largest category, made up 14.1 percent of the county population. This represents an increase of 2.9 percentage points since 2000, larger than the 2.4 percentage point increase nationwide.

Educational Attainment

In general, the population of Skagit County is slightly less educated than the state as a whole. According to the 2006 American Community survey, 15.5 percent of the county population has not graduated high school. This lags behind the state figure of 11.2 percent.

In addition, only 21.0 percent of the Skagit County population holds at least a bachelor's degree. Compare this value to the corresponding percentages for the state (30.1 percent) and the nation (27.2 percent).

LABOR FORCE AND UNEMPLOYMENT

The strength of the Skagit County economy in recent years is somewhat revealed when one looks at the county unemployment rate in comparison to that of the state. From 1991 to 1996, the Skagit County average annual unemployment rate was at least two percentage points above that of the state. In fact, between, 1990 and 2004, the county average annual unemployment rate was never below the state rate.

However, from 2005 to 2007, the county jobless rate was below that of the state every year. In 2007, the county jobless rate was 4.7 percent while the state rate was 4.9 percent.

INDUSTRY EMPLOYMENT BY AGE AND SEX

In the second quarter of 2007:

- Males in Skagit County occupied 50.4 percent of all jobs
- Females held 49.6 percent of all jobs

Industries in Skagit County dominated by males included:

- Construction – 84.9 percent
- Mining – 83.6 percent
- Transportation and Warehousing – 75.4 percent
- Manufacturing – 75.2 percent

Industries dominated by females included:

- Health Care and Social Assistance – 81.1 percent
- Finance and Insurance – 74.4 percent
- Educational Services – 71.6 percent

In Skagit County, there was one occupation that had an unusually large percentage of female employment and one occupation that had an unusually large percentage of male employment when compared to the state. The Information industry was dominated by males at the state level, but females were in the majority in this industry at the county level. Females accounted for only 36.0 percent of employment in this industry at the state level (64.0 percent male). This industry was 50.8 percent female at the county level (49.2 percent male).

In addition, at the state level, 47.0 percent of those involved in Management of Companies and Enterprises were male (53.0 percent female). This increased to 62.6 percent male in Skagit County (37.4 percent female).

WAGES AND INCOME

Average Annual Wage

The average annual wage in Skagit County in 2006 was \$32,825.

Hourly Wages

The Skagit County median wage rate in 2006 was \$16.21, 16th highest among all counties in the state. Statewide the median wage rate was \$18.65. Leaving out King County, the statewide median wage rate in 2006 was \$16.68.

Personal and Per Capita Income

Per capita income in Skagit County lags behind that of the state and nation. In 2006, per capita personal income in Skagit County was \$33,825. This was 88.5 percent of the state per capita income (\$38,212) and 92.1 percent of the national per capita income (\$36,714).

Household and Family Income

In 2006, median household income in Skagit County was \$48,222. The statewide total was \$52,583 and the U.S. amount was \$48,451. According to the 2000 U.S. Census, median household income in 1999 was \$42,381, tenth highest in the state.

In 2006, 14.1 percent of the county population was below the official poverty line. This was higher than both the state poverty rate of 11.9 percent and the national rate of 13.3 percent. The 2006 county poverty rate was a three percent increase over the 1999 rate of 11.1 percent.