

Chamber of Commerce Key Business Trends—September 2009

This initial quarterly status report for the Anacortes economy incorporates the latest data on twelve different parameters, including sales & use tax payments to the city, hotel/motel activity, housing, building permits, relocation packet requests, and marina operations. In most cases, the totals reflect activity through August. State data (TRS and hotel/motel) is delayed—the latest figures available are from June.

These comments should be read in tandem with the accompanying charts, which in most cases show both monthly and year-to-date information, as well as year-over-year variances, from 2007-2009.

Sales and Use Tax Payments to the City

This parameter reflects taxable retail sales payments, which are a major revenue source to the city and provide an indication of retail activity over time. Sales and use tax payment data is provided by the State Department of Revenue on a delayed basis. Through June 2009, YTD payments totaled approximately \$1,174,000, compared with \$1,595,000 in 2008 (down 26.4% year-over-year), and \$1,784,000 in 2007 (down 10.6%). The cumulative revenue loss to the city through the end of the second quarter over the two years is approximately \$610,000 (down 34%).

Hotel/Motel Tax

Accommodations providers within the city limits collect a 4% room tax. As such, this parameter is an indication of accommodations activity over time. Hotel/motel tax data is provided by the State Department of Revenue on a delayed basis. Through June 2009, YTD collections totaled approximately \$97K, compared with \$101K in 2008 (down 4.3% year-over-year), and \$104K in 2007 (down 2.7%). The cumulative loss of hotel/motel tax funding through the end of the second quarter over the two years is approximately \$7K (down 6.9%). Note: at a 4% rate, the decrease represents a loss of approximately \$175K in gross hotel receipts over the two-year period.

Housing Data

Housing data incorporates four indicators. These are home sales (dollar volume), home sales (units), pending home sales (units), and homes for sale (units). These parameters are an indication of housing activity over time. Data are provided by the real estate industry.

Home Sales (unit volume): through August 2009, cumulative home sales totaled approximately 133 units, compared with 175 units in 2008 (down 24.0% year-over-year), and 236 units in 2007 (down 25.8%). Home sales are down a cumulative 103 units over the two-year period, a decline of 43.6%. Note: June-August home sales in 2009 equaled home sales from a year earlier, a sign that the decline in average sales price (see below) may be spurring home purchases.

Home Sales (dollar volume): through August 2009, cumulative home sales totaled approximately \$45.4 million, compared with \$72.2 million in 2008 (down 37.1% year-over-year), and \$108.3 million in 2007 (down 33.4%). Home sales are down a cumulative \$62.9 million over the two-year period, a decline of 58.1%, which reflects the unit volume decline, as well as erosion in average sales price. The average sales price per home sold through August was \$341,200, as compared to \$412,410 in 2008 (a decline of \$71,210, or 17.3%) and \$458,980 in 2007 (a cumulative decline of \$117,780, or 25.7%).

Housing Inventory (unit volume): through August 2009, average monthly volume of homes for sale totaled approximately 323, compared with 288 in 2008 (up 12.2% year-over-year), and 240 units in 2007 (up 20%). Average monthly homes for sale through August over the two-year period were up 83 units, an increase of 34.6%.

Pending Home Sales (unit volume): through August 2009, average monthly volume of pending home sales totaled approximately 20 units, compared with 24 in 2008 (down 16.7%), and 31 units in 2007 (down 22.6%). Average pending home sales through August over the two-year period were down 11 units, a decrease of 35.5%.

Building Permit Activity

Building permits issued through the City of Anacortes are a leading indicator and reflection of construction activity. Data on permit applications are provided through the city.

Through August 2009, applications for 251 building permits were processed by the city, compared to 357 permits in 2008 (down 29.7% year-over-year), and 534 permits in 2007 (down 33.1%). Over the two-year period, 283 fewer permits were issued, a decrease of 53.0%. Note: permits over the past quarter have been down only 11 year-over-year, a decline of only 9.2%, an indication that construction constraints may be easing.

Relocation Packet Requests

Relocation packets are mailed on request through the Chamber's Visitor Information Center. This is a reflection of potential relocation interest from both residents and businesses.

Through August 2009, requests for 115 relocation packets were processed by the chamber, compared to 178 packets in 2008 (down 35.4% year-over-year), and 253 packets in 2007 (down 29.6%). Over the two-year period, 138 fewer packets were requested, a decrease of 55%.

Cap Sante Marina Activity

The report details four segments of marina activity, as reported by the Port of Anacortes. These are transient boat nights, slip vacancies, wait list, and trailer boat launches.

Transient Boat Nights: this statistic is a good indicator of boater visitor volume. Through August 2009, the Harbormaster recorded approximately 7,500 transient boat nights in the marina, compared to 8,400 in 2008 (down 10.9%), and a like number in 2007 (no change).

Slip Vacancies: this statistic is a good indicator of boating demand. Through August 2009, the Harbormaster recorded an average monthly slip vacancy rate of 65, compared to an average monthly slip vacancy in 2008 of 58, an increase of 12.1%.

Wait List: this statistic is a good indicator of boating demand. Through August 2009, the Harbormaster recorded an average wait list total of 27, compared to an average wait list total in 2008 of 83, a decrease of 67.5%.

Trailer Boat Launches: this statistic is a good indicator of boating demand. Through August 2009, the Harbormaster recorded boat launch volume of 2,779, compared to 2,541 in 2008 (up 9.4%).