

Island County profile



by Anneliese Vance-Sherman, Ph.D., regional labor economist - *updated October 2017*

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Overview

Regional context

Island County is situated in the Salish Sea in Northwest Washington. As its name suggests, it is made up of several islands. The two largest are Whidbey and Camano. Island County is the second smallest county in Washington by landmass, just larger than neighboring San Juan County. Island County is bounded to the north by Deception Pass and by Puget Sound to the south. Skagit Bay and Saratoga Passage are located to the east and Admiralty Inlet and the Strait of Juan de Fuca are west of Island County. Skagit and Snohomish Counties lie to the east of Island County and the Olympic Peninsula lies across the water to the west.

Island County is one of 6 counties included in the Seattle-Tacoma Consolidated Metropolitan Statistical Area (CMSA).

The largest employer is the U.S. Naval Air Station in Oak Harbor (Naval Air Station Whidbey Island or NASWI). Oak Harbor is the largest city in the county with an estimated population of 22,840 in 2017.

Local economy

For thousands of years, Island County was inhabited by several groups of Coast Salish Indians. In the late 1700s and early 1800s, the population was decimated by disease transmitted through contact with European and American explorers.

Settlement by non-indigenous people began in the 1850s. Early industries included logging, fishing and farming, as well as some related manufacturing industries.

In 1941, the U.S. Navy started construction on an airbase (NASWI), which transformed Oak Harbor into a booming community due to the creation of construction jobs and influx of Navy personnel. NASWI remains a strong economic stabilizing force in Whidbey Island. NASWI has also brought many highly skilled workers to Whidbey Island. There is not a strong economic base to provide sufficient employment for the spouses and dependents of those

workers; consequently, commuting to nearby counties provides a relief valve for residents seeking jobs.

Nonfarm and covered employment estimates do not include military employment figures. However, given that Island County’s largest employer is the military, the success of other industries is highly dependent on the employment situation at the naval air base.

Total nonfarm employment averaged 16,060 in 2016. Just under 29 percent of all jobs in Island County were government jobs—with concentration in local government. Typically, the largest volume of local government jobs is related to K-12 education. Trade transportation and utilities, a sector that includes retail and wholesale trade in addition to logistics-related activities employed 2,600 (16 percent) of all jobs. Leisure and hospitality and private education and health services made up about 14 and 13 percent of total nonfarm employment respectively. Goods producing industries, which are predominantly represented by construction and manufacturing, made up nearly 11 percent of the non-military jobs in Island County.

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Geographic facts

(Source: *Washington State Office of Financial Management*)

	Island County	Rank in state
Land area, 2010 (square miles)	208.5	38
Persons per square mile, 2017	397.17	5

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Outlook

Island County’s pre-recession employment peaked in 2007, slightly earlier than either Washington state or the U.S. as a whole. Every year from 2008 to 2011, Island County shed proportionally more jobs than either the state or the nation and did not begin to see employment gains until 2012, after the state and the nation had already begun to improve. In 2013, Island County experienced a second round of job losses and finally began to emerge from sustained net job losses in 2014. 2015 was a year characterized by slow employment growth, and 2016 is the first year that growth rates approached the statewide average (Island County nonfarm employment expanded by 2.9 percent that year). From 2007 to 2013, Island County lost an estimated 1,610 nonfarm jobs or nearly 10 percent. For comparison, Washington state and the U.S. each lost an estimated 5 percent of their employment base each to the recession from 2008 to 2010. Like many other places throughout the state and the nation, the deepest job losses came from the construction industry; about 60 percent of all construction jobs in Island County were lost during the recession and subsequent downturn. Despite job growth reported in the past couple years, Island County employment levels still fall below the 2007 pre-recession peak.

Annual average employment estimates for 2015 and 2016 suggest that the recovery has finally begun to take hold in Island County, despite a lengthy delay and the setback in 2013. From 2015 to 2016, Island County nonfarm civilian employment expanded by 460 jobs or just under 3 percent. Employment gains were observed across most industry sectors, with

the largest annual gains attributable to construction, information and financial activities and professional and business services. The only industry reporting year over year employment losses in 2016 was leisure and hospitality.

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[Labor force and unemployment](#)

(Source: Employment Security Department)

Current labor force and unemployment statistics are available on the [Labor area summaries](#) page.

In 2016, Island County's civilian labor force averaged 32,821. Of that, 30,844 people were employed and 1,977 were estimated to be actively seeking employment. The average unemployment rate in 2016 was 6.0 percent; above those of Washington state and the nation.

During this drawn-out period of recession and recovery, the peak unemployment rate in Island County (10.8 percent) was observed in January and February 2010. The average unemployment rate that year was 9.3 percent. The unemployment rate fell slowly but consistently from 2010 through 2016. Over the first several months of 2017, the unemployment rate has been falling at a faster rate than has been the case through the drawn-out recovery. The preliminary reported unemployment rate for Island County in August 2017 was 4.9 percent. Since the early 2000s, Island County's unemployment rate has typically been higher than that of the state, but has followed very similar trends.

Island County's total civilian labor force increased almost every year from 2001 to 2010. From 2010 to 2014, the total labor force contracted, and has only begun to recover in the past couple years. The average annual civilian labor force expanded by 1,069 or 3.4 percent from 2015 to 2016.

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[Industry employment](#)

(Source: Employment Security Department)

Current industry employment statistics are available on the [Labor area summaries](#) page.

Although the recession technically ended in June 2009, civilian employment situation in Island County did not begin to turn around until well into the recovery period. The lowest employment levels were observed in 2013 – three years after the state began to recover jobs. Industries that were hit particularly hard included construction and retail trade (which lost 980 and 500 jobs respectively). Employment in some services-focused industries such as leisure and hospitality and professional and business services remained relatively stable through the tumult, likely due to the stabilizing forces related to NASWI, and education and health services actually continued to expand during recession and recovery alike.

Island County averaged 16,060 nonfarm (and non-military) jobs in 2016. This represents an introduction of 450 new jobs or a 2.9 percent increase in total employment over levels observed in 2015. Washington state as a whole saw the addition of 96,000 jobs over the same time period, an increase of 3.1 percent.

- Goods-producing industries supported an average of 1,680 jobs in 2016. This is 150 more jobs than had been counted in 2015, an increase of 9.8 percent over the year.
 - Island County goods-producing industries generally fall within two industries: construction and manufacturing. At its peak before the recession, the construction industry in Island County employed more than twice the number of jobs found in manufacturing (1,630 and 660 respectively in 2007). As of 2016, the gap has narrowed to a difference of 110 jobs (890 and 780 respectively in 2016). The two industries were buffeted around in this recession very differently. From 2007 to 2013, the construction industry declined by 980 or 60 percent. Manufacturing employment fell by 50 early in the recession and began to recover as early as 2010. In terms of employment, manufacturing could be considered fully-recovered as of 2014. By comparison, the construction industry continues to struggle.
- Service-providing industries supported an average of 14,380 jobs in 2016, up from 14,070 in 2015.
 - The service sector shed 620 jobs or 4.3 percent from 2007 to 2013. The deepest losses were observed in trade transportation and utilities (including retail trade), down 580 or 19 percent. Information and financial activities shed 210 jobs or 21 percent. A handful of industries saw net gains in employment over that time, notably education and health services, professional and business services and leisure and hospitality. Over the past year, most private service industries expanded. The only exception captured in nonfarm numbers was education and health services, which shed 50 jobs.
 - Non-military employment in the government sector averaged 4,620 jobs in 2016. Sixty jobs were added over the past year, with more than half of the increases coming from state and local government. Federal non-military government employment expanded by 20 over the year.

For historical industry employment data, [contact an economist](#).

Industry employment by age and gender

(Source: The Local Employment Dynamics)

The Local Employment Dynamics (LED) database, a joint project of state employment departments and the U.S. Census Bureau, matches state employment data with federal administrative data. Among the products is industry employment by age and gender. All workers covered by state unemployment insurance data are included; federal workers and non-covered workers, such as the self-employed, are not. Data are presented by place of work, not place of residence. Some highlights:

In 2016, Island County's labor market was characterized by a higher proportion of more older and younger workers, with a smaller portion of mid-career workers when compared

with the state. Statewide, 22.2 percent of the workforce was age 55 or older. Compare with Island County where 27.0 percent of the workforce was age 55 or older. At the other end of the age spectrum for workers, Island County's share of workers age 14-24 was 13.8 percent. Compare with a statewide average of 11.7 percent.

- Three industries' workforces were more than 20 percent comprised of workers age 14-24: accommodation and food services, agriculture and arts, entertainment and recreation.
- The three industries with the largest portion of older workers (age 55+) were transportation and warehousing, educational services and utilities.

Females held 55.3 percent of the civilian jobs in Island County in 2016. Statewide, females made up 48.4 percent of the civilian workforce. This is likely a reflection of military spouses participating in the civilian labor force.

- In terms of workforce composition, the three most male-dominated industries in Island County included construction (85.0 percent), transportation and warehousing (78.1 percent), information (65.2 percent) and administrative and waste management (65.1 percent).
- Female-dominated industries included health care and social assistance (79.6 percent) finance and insurance (75.8 percent), educational services (72.1 percent) and real estate and rental and leasing (61.2 percent).

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Wages and income

(Source: Employment Security Department; Bureau of Labor Statistics; Bureau of Economic Analysis; U.S. Census Bureau; U.S. Census Bureau, American Community Survey)

The median hourly wage (adjusted for inflation) for jobs in Island County in 2016 was \$19.53 compared to the \$23.91 state median wage.

The 2016 average annual wage was \$37,306, well below state and the state less King County averages, which were \$59,073 and \$46,771 respectively.

In 2015, 7.1 percent of Island County's population was living below the poverty level, lower than the state at 12.2 percent and the nation at 14.7 percent, according to the U.S. Census Bureau. The rate of poverty for children under 18 years old was 10.4 percent in Island County.

Personal income

Personal income includes earned income, investment income, and government payments such as Social Security and Veterans Benefits. Investment income includes income imputed from pension funds and from owning a home. Per capita personal income equals total personal income divided by the resident population.

In 2015, Island County per capita personal income was \$48,060, below the state and nation, as it has been since at least 1969. For comparison, Washington per capita income was \$51,818 and the national per capita income was \$48,112.

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Population

(Source: Washington State Office of Financial Management)

Island County's resident population estimate was 82,910 in April 2016. Its total growth from 2006 to 2016 was 7.4 percent, lower than the 11.9 percent growth observed for the state over the same period. Oak Harbor is the largest city in Island County, with a population of 22,410 in 2016.

Population facts

(Source: *Washington State Office of Financial Management*)

	Island County	Washington state
Population April 1, 2017	82,790	7,218,759
Population April 1, 2007	78,225	6,525,093
Percent change, 2007 to 2017	5.8%	10.6%

Age, gender and ethnicity

(Source: U.S. Census Bureau QuickFacts)

When compared with the state, Island County's had a much larger proportion of residents age 65 and older, 23.8 percent compared to 14.8 percent statewide.

Females made up 50.1 percent of Island County's population.

Island County is less diverse than Washington state as a whole in terms of race and ethnicity. In 2016, 85.9 percent of the Island County population was white compared with 80.0 percent statewide. Just 7.4 percent of Island County's population identifies as Hispanic or Latino versus 12.4 percent of Washington state's population.

Demographics

(Source: U.S. Census Bureau QuickFacts)

	Island County	Washington state
Population by age, 2016		
Under 5 years old	5.6%	6.2%
Under 18 years old	18.3%	22.4%
65 years and older	23.8%	14.8%
Females, 2016	50.1%	50.0%
Race/ethnicity, 2016		
White	85.9%	80.0%
Black	3.0%	4.1%
American Indian, Alaskan Native	1.0%	1.9%
Asian, Native Hawaiian, other Pacific Islander	5.6%	9.4%
Hispanic or Latino, any race	7.4%	12.4%

Educational attainment

(Source: U.S. Census Bureau QuickFacts)

Of the Island County residents age 25 and up, 94.5 percent graduated from high school, which compares favorably with 90.4 percent of Washington state residents and 86.7 percent of U.S. residents in 2015.

Residents with a bachelor's degree or higher made up 31.7 percent of Island County adults while 32.9 percent at the state level and 29.8 percent nationally have that level of formal education. Island County residents are more likely to have a high school diploma or GED, some college or an associate's degree than the statewide average.

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Useful links

- [County data tables](#)
- [History of Oak Harbor and Island County](#)
- [Island County home page](#)
- [Island County Economic Development Council](#)
- [Island County on ChooseWashington.com](#)
- [Island County on ofm.wa.gov](#)
- [Northwest Washington Workforce Development Council](#)
- [Self Sufficiency Calculator for Washington State](#)
- [U.S. Census Bureau QuickFacts](#)
- [Port of Coupeville](#)
- [Port of South Whidbey Island](#)
- [Washington Ports](#)
- [Workforce Development Areas and WorkSource Office Directory](#)

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