

# Island County Profile

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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 22,970 in 2019.

### *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 16,900 in 2018. More than 27 percent of all jobs in Island County were government jobs – with concentration in state and local government. Typically, the largest volume of local government jobs is related to K-12 education. Other major industries in terms of employment include trade, transportation and utilities (a sector that includes retail and wholesale trade in addition to logistics-related activities), leisure and hospitality, and private education and health services. These industries supplied 16, goods-producing industries, which are predominantly represented by construction and manufacturing, and made up 11 percent of the non-military nonfarm jobs in Island County.

## Geographic facts

	Island County	Rank in state
Land area, 2010 (square miles)	208.5	38
People per square mile, 2019	406.91	5

Source: Washington State Office of Financial Management

## Outlook

Island County’s pre-recession employment peaked in 2007, slightly earlier than either Washington state 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). In 2017, Island County nonfarm employment expanded by 3.7 percent, higher than either the state or the nation. Growth continued into 2018, albeit at a slower pace. 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 of years, the Island County employment level did not reach the pre-recession level until 2018, when average annual nonfarm employment reached 16,900; 110 above the level observed in 2007.

Average annual employment estimates for 2013 through 2018 suggest that the recovery finally took hold in Island County, despite a lengthy delay and the setback relative to the rest of the state. From 2017 to 2018, Island County nonfarm civilian employment expanded by 250 jobs or 1.5 percent. Employment gains were concentrated in a few industry sectors, with the largest annual gains attributable to construction and leisure and hospitality. The deepest losses were observed in manufacturing and government.

## Labor force and unemployment

Current labor force (CLF) and unemployment statistics are available on the [Labor area summaries](#) page on ESD’s labor market information website.

In 2018, Island County's CLF averaged 34,628. Of that, 32,818 people were employed and 1,810 were estimated to be actively seeking employment. The average unemployment rate in 2018 was 5.2 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 2017 and remained at 5.2 percent in 2017 and 2018. The preliminary reported unemployment rate for Island County in November 2019 was 5.0 percent. Since the early 2000s, Island County's unemployment rate has typically been higher than that of the state but has trended similarly to the state.

Island County's total CLF 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 of years. The average annual CLF expanded by 1,522 or 4.4 percent from 2016 to 2017.

Source: Employment Security Department

## Industry employment

Current industry employment statistics are available on the [Labor area summaries](#) page on ESD's labor market information website.

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, education and health services, and professional and business services remained relatively stable through the tumult, likely due to the stabilizing forces related to NASWI.

Island County averaged 16,900 nonfarm (and non-military) jobs in 2018. This represents an introduction of 250 new jobs or a 1.5 percent increase in total employment over the year. Washington state as a whole saw the addition of 83,000 jobs over the same time period, an increase of 2.5 percent.

- Goods-producing industries supported an average of 1,880 jobs in 2018. This is 80 more jobs than had been counted in 2017, an increase of 4.4 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 2018, the gap has narrowed to a difference of 280 jobs (1,080 and 800 respectively in 2018). 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, stabilized, and expanded from 2013 through 2017. In terms of employment, manufacturing could be considered fully recovered as of 2015. By comparison, construction industry employment still remains well below pre-recession levels.

- Service-providing industries supported an average of 15,010 jobs in 2018, up from 14,850 in 2017.
  - 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, gains were observed in leisure and hospitality, education and health services, and trade, transportation and utilities (a sector which includes retail trade). Losses were observed in professional and business services, information and financial activities, and retail trade.
  - Non-military employment in the government sector averaged 4,640 jobs in 2018. Over the year, this represents a decline of 30 jobs or 0.6 percent. Federal non-military employment and state and local employment fell, despite increases in state and local education.

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

Source: Employment Security Department

### *Industry employment by age and gender*

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.

### *Island County highlights:*

In 2018, Island County's labor market was characterized by a higher proportion of older workers and youth, and a smaller relative portion of early and mid-career workers when compared with the state. Statewide, 22.3 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 to 24 was 13.0 percent. Compare with a statewide average of 11.5 percent.

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

Females held 55.2 percent of the civilian jobs in Island County in 2018. Statewide, females made up 48.3 percent of the civilian workforce. This composition is likely a reflection of military spouses participating in the local civilian labor force.

- In terms of workforce composition, the three most male-dominated industries in Island County included construction (83.6 percent), transportation and warehousing (78.4 percent), and information (62.9 percent).
- Female-dominated industries included healthcare and social assistance (78.6 percent) finance and insurance (72.9 percent), and educational services (72.9 percent).

Source: The Local Employment Dynamics

## Wages and income

The median hourly wage (adjusted for inflation) for jobs in Island County in 2018 was \$20.90 compared to the \$25.98 state median wage.

The 2018 average annual wage was \$40,812, well below state and the state less King County averages, which were \$66,195 and \$50,525 respectively.

Median household income for Island County residents was 64,793, below the state (\$74,073) but similar to the national median (\$61,937).

In 2018, 6.8 percent of Island County's population was living below the poverty level, lower than the state at 10.3 percent and the nation at 13.1 percent, according to the U.S. Census Bureau. The rate of poverty for children under 18 years old was 6.9 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 2018, Island County per capita personal income was \$55,724, the fifth highest among counties in Washington. For comparison, Washington per capita income was \$62,026 and the national per capita income was \$54,446.

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

## Population

Island County's resident population estimate was 84,820. Its total growth from 2009 to 2019 was 7.7 percent, lower than the 13.1 percent growth observed for the state over the same period. Oak Harbor is the largest city in Island County, with a population of 22,970.

### *Population facts*

	Island County	Washington state
Population 2019	84,820	7,545,478
Population 2009	78,737	6,672,167
Percent change, 2009 to 2019	7.7%	13.1%

### *Age, gender and ethnicity*

When compared with the state, Island County's had a much larger proportion of residents age 65 and older, 24.6 percent compared to 15.4 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 2018, 85.4 percent of the Island County population was white compared with 78.9 percent statewide. Just 8.1 percent of Island County's population identifies as Hispanic or Latino versus 12.9 percent of Washington state's population.

## Demographics

	Island County	Washington state
<b>Population by age, 2018</b>		
Under 5 years old	5.7%	6.1%
Under 18 years old	18.1%	22.1%
65 years and older	24.6%	15.4%
<b>Females, 2018</b>	50.1%	50.0%
<b>Race/ethnicity, 2018</b>		
White	85.4%	78.9%
Black	3.1%	4.3%
American Indian, Alaskan Native	1.1%	1.9%
Asian, Native Hawaiian, other Pacific Islander	5.6%	10.1%
Hispanic or Latino, any race	8.1%	12.9%

## Educational attainment

Of the Island County residents age 25 and up, 95.3 percent graduated from high school, which compares favorably with 91.1 percent of Washington state residents and 87.7 percent of U.S. residents in 2018.

Residents with a bachelor's degree or higher made up 33.0 percent of Island County adults while 35.3 percent at the state level and 31.5 percent nationally have that level of formal education. Island County residents are more likely to have some college, an associate's degree or a bachelor's degree compared to the statewide average.

Source: U.S. Census Bureau QuickFacts, Washington state Office of Financial Management

## Useful links

- [County data tables](#)
- [Census Bureau Profile](#)
- [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](#)
- [Washington Ports](#)
- [Workforce Development Areas and WorkSource Office Directory](#)

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