

## Glimmer of hope

### Local economy sees encouraging signs in 2nd quarter

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Plenty of bad news about Clark County's economy cropped up in the first half of 2009, but there's some comfort in that the second quarter was not as bad as the first quarter.

And while the economy is still underwater with high jobless rates and weak consumer spending, there are indications — tied to computer chip manufacturing and economic development — that the groundwork is being laid for a return to growth.

Home sales in the second quarter were down 7.3 percent from the same April-June period in 2008. That's an improvement over first-quarter sales, off 22 percent.

Home-building activity was down 39.8 percent in the three months through June from 2008, but much improved from the stunning 70 percent decline in building permit activity in the January-through-March period.

Gasoline prices moved higher in the second quarter, but never reached last year's \$4-a-gallon record levels. Prices may have peaked for the summer, experts say.

A series of business closures, however, dampened our mood this spring: Joe's outdoor retail chain and Koplan's Home Furnishings closed their doors for good. Saint Gobain in Washougal said it would stop production after more than 25 years. Faced with weak sales, Poulsbo RV left Ridgefield. Local auto dealerships had to absorb the bankruptcies of General Motors and Chrysler.

Because of the global economic downturn, Lufthansa Airlines said it would stop direct flights between Portland International Airport and Frankfurt, starting in September.

Retailing has been hit hard by a decline in consumer spending, a drop in auto sales and a sharp fall-off in construction materials purchases related to home building. Taxable retail spending in the county is estimated to be down 12 percent or more this year from 2008.

Employment has been hard hit by cuts in manufacturing, construction and business services. In the 12 months through June, Clark County has seen job losses totaling 5,300 and an unemployment rate of 12.6 percent. That's more than double the June 2008 rate of 6.1 percent.

#### **Longer-term positives**

But by the end of the second quarter, several bits of good news trickled out about the local economy:

— The global computer chip sales increased for three straight months through June. That's good news for local chip-related businesses such as SEH America Inc., which supplies chipmaker Intel Corp., Sharp Microelectronics and WaferTech. There was more good news in the announcement that SEH America purchased Hewlett-Packard's east Vancouver campus with long-term plans to bring new manufacturing and new jobs to the site.

— Fisher Investments, the California investment-management firm, moved ahead with site work on 150 acres in Camas where it will start building a \$30 million office complex in 2010. Founder Ken Fisher won't say if Camas is his No. 1 choice for a new corporate headquarters, but it looks promising.

— Gramor Development submitted a site plan in June for a \$1 billion redevelopment of 32 acres on Vancouver's waterfront, once home to a papermaking mill. Contractors have begun infrastructure work to bring water, power and sewer services to the site.

And at least one real estate expert said Oregon's move last month to increase taxes on upper-income residents will likely push more newcomers across the Columbia River to Clark County. Some, he said, will bring their businesses with them.

No one expects the economy to return to health until maybe late this year or some time in 2010, but a cautious improvement in home sales in June and a drop in inventory of homes for sale suggest some recovery in the housing market might be under way. Others say it's too soon to tell and that a home-buying flurry this summer will end.

And job cuts could continue because employers will be reluctant to add workers until they are sure that they can keep them.

With an estimated 27,000 residents off the job and looking for work, it will take awhile for these people to find new employment. Maybe that's why fall enrollment at Clark College has jumped 57 percent. People are hoping to prepare themselves for the new economy.

## **Top Clark County business stories of second quarter 2009**

### **APRIL**

— Clark County jobless rate hits 13.4 percent.

— Chrysler targets Alan Webb Dodge for closure.

### **MAY**

— Kiewit Pacific marks \$5 million Vancouver headquarters expansion.

— Northwest Renewable Energy Institute launched in Vancouver.

### **JUNE**

— Gramor submits Vancouver waterfront master plan.

— Saint Gobain to close Washougal plant.

— Clark College enrollment jumps 57 percent.

— SEH America buys Hewlett-Packard site for \$55 million.