Southeast Redmond Manufacturing and Industrial Center (MIC) Strategy Guide

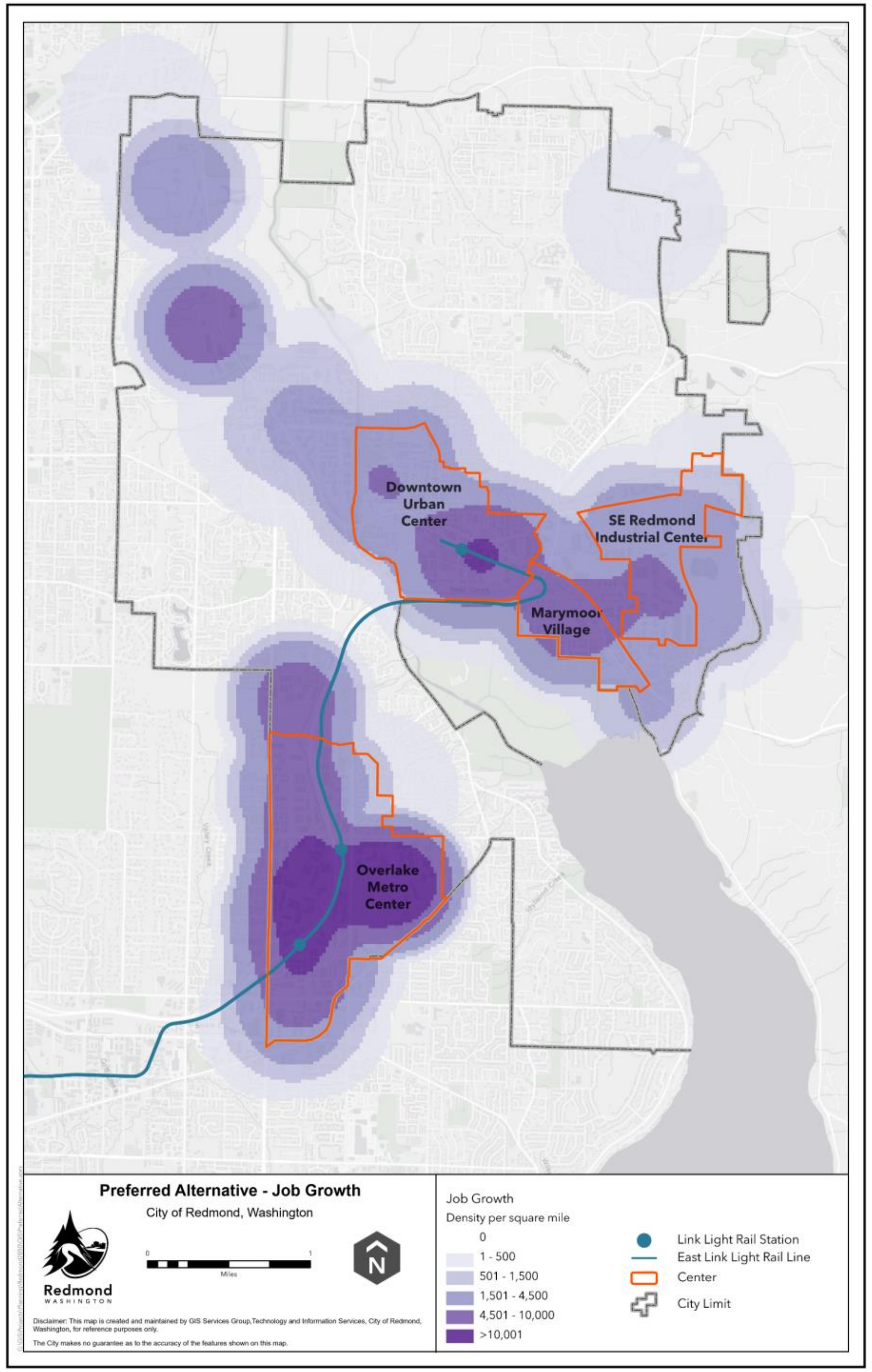
July 21, City Council Staff Report

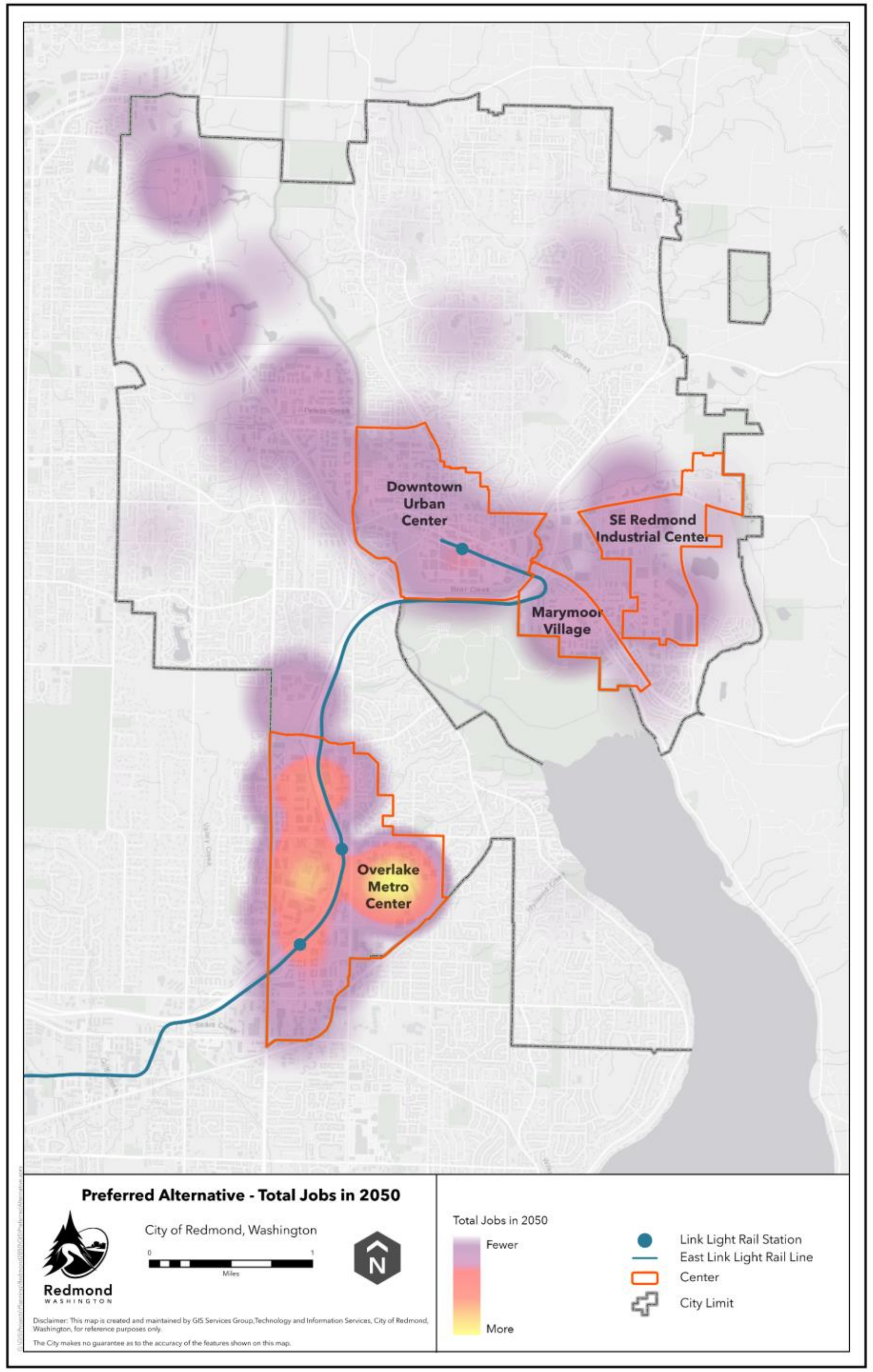
Agenda: Update on SE Redmond MIC Market Study

- Background and Purpose of the Study
- Market Study Summary
- Strategies

Background and Purpose

REDMOND 2050





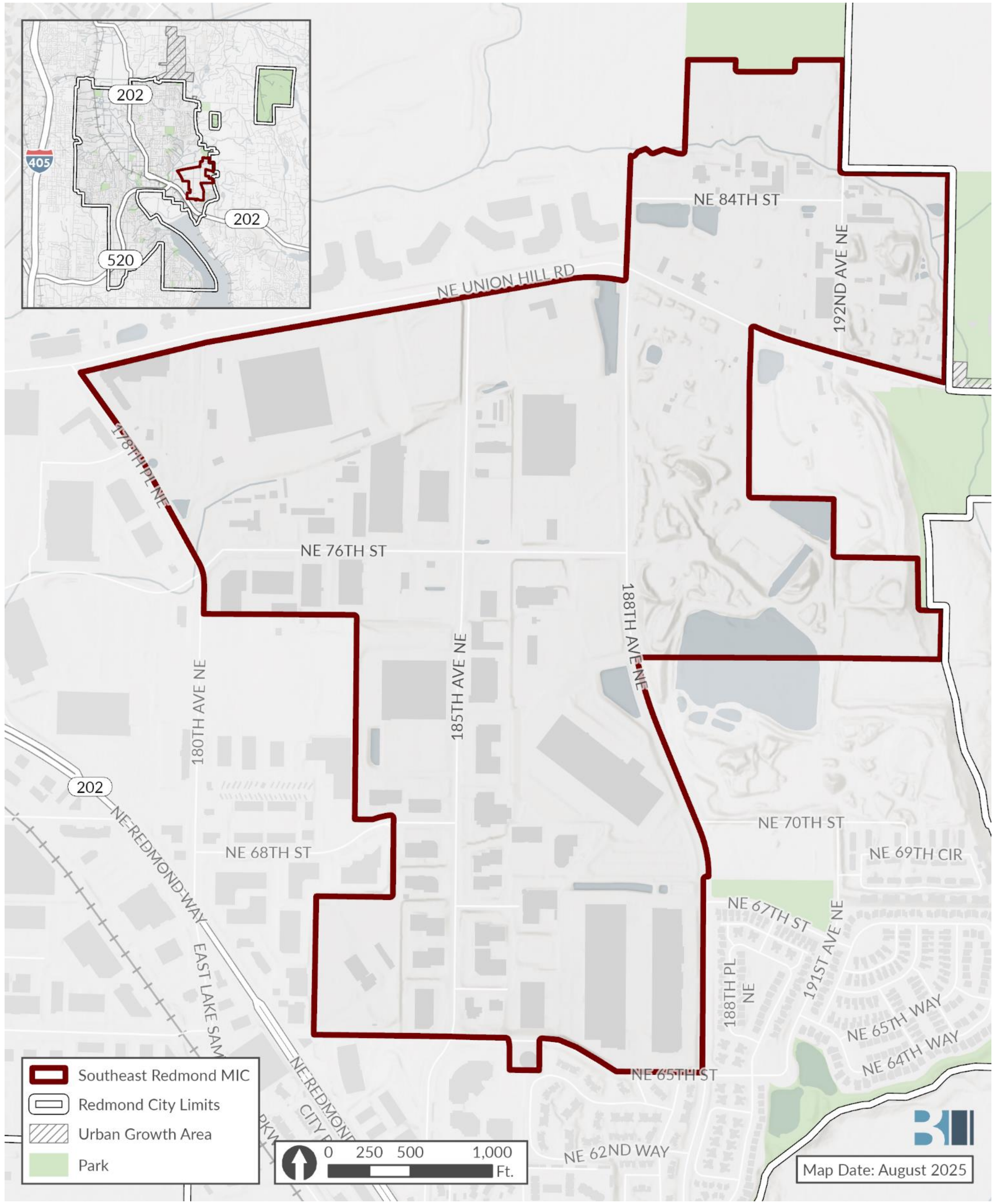
Background and Purpose: Economic Development Plan

- Designation of Southeast Redmond Industrial Growth Center (Action 3D.1)
- Invest and conduct a Southeast Redmond market study to identify and target business attraction efforts (Action 4.A.4.)
- Understand and optimize support for Southeast Redmond industrial use patterns and needs for activities with high potential value, including life sciences, clean tech, and space cluster related fabrication, assembly, testing, R7D, and/or distribution. (Action 6E.2)

Southeast Redmond Manufacturing and Industrial Center (SE-MIC)

The SE-MIC is envisioned as a **vibrant, mixed-use manufacturing and industrial hub** where global tech leaders and emerging startups thrive alongside local artisans in a shared ecosystem of production.

The district celebrates the intersection of high-precision innovation and creative craftsmanship, offering an environment that supports everything from satellite assembly to boutique manufacturing.



Market Study Summary

- There is limited supply of industrial and manufacturing space.
- The supply we do have, specifically for flex space, is not meeting needs of small and mid-sized businesses looking to locate in the SE-MIC or legacy businesses currently being displaced from older, more affordable buildings leading to high vacancy despite demand, indicating a critical supply-demand mismatch.
- Puget Sound Energy constraints and timeline for supplying power are a major concern.
- Advanced manufacturing demands specific building types and conditions.
- The market study identified actions to address this both from a land use, business recruitment and retention, infrastructure, and funding to address this and other challenges.

Next Steps: What is Already Underway

- The City’s response to SB 6026 that is on proposed 2026-27 docket will be an opportunity to update the land use and zoning maps in our industrial, manufacturing, and business park zones.
- Work with Greater Seattle Partners to ensure the SE-MIC is prominently included in regional site selection materials and presented to qualified site selection prospects.
- Strengthen industry partnerships for better understanding of need and advocacy.
- Continue to micro-transit pilot programs to bridge transit gaps for example the RedLink

Next Steps: Long-Term Actions

Land Use and Zoning

- Create incentives for developers to include small industrial or flex bays in new industrial and manufacturing developments.
- Increase allowable floor area ratio and building heights where appropriate to support more intensive employment uses.
- Encourage or require shared loading docks, freight access, waste handling, and utility infrastructure in multi-tenant industrial and mixed-use developments.

Business Recruitment and Retention

- Offer pre-application assistance for small businesses navigating redevelopment or expansion.
- Encourage dedicated permitting team with advanced training in development standard based on leading business sectors.

Next Steps: Long-Term Actions

Infrastructure and Environment

- Coordinate infrastructure upgrades (power, broadband, water) with major employers and logistics operators to ensure facilities meet evolving operational needs.
- Develop and maintain an active partnership with Puget Sound Energy to monitor the energy needs of SE-MIC anchors and ensure the local grid provides the high-capacity, reliable power required for advanced manufacturing.

Funding Mechanisms

- Conduct a study to determine whether tax incremental financing would be a viable revenue tool for the SE-MIC
- Develop standardized public–private partnership frameworks for SE-MIC projects that establish affordability targets, community-benefit requirements, and performance benchmarks.
- Evaluate opportunities for the City to acquire, master lease, or partner on industrial properties within the SE-MIC that can be offered at below-market or stabilized rents to small and local manufacturers and makers.

Thank You

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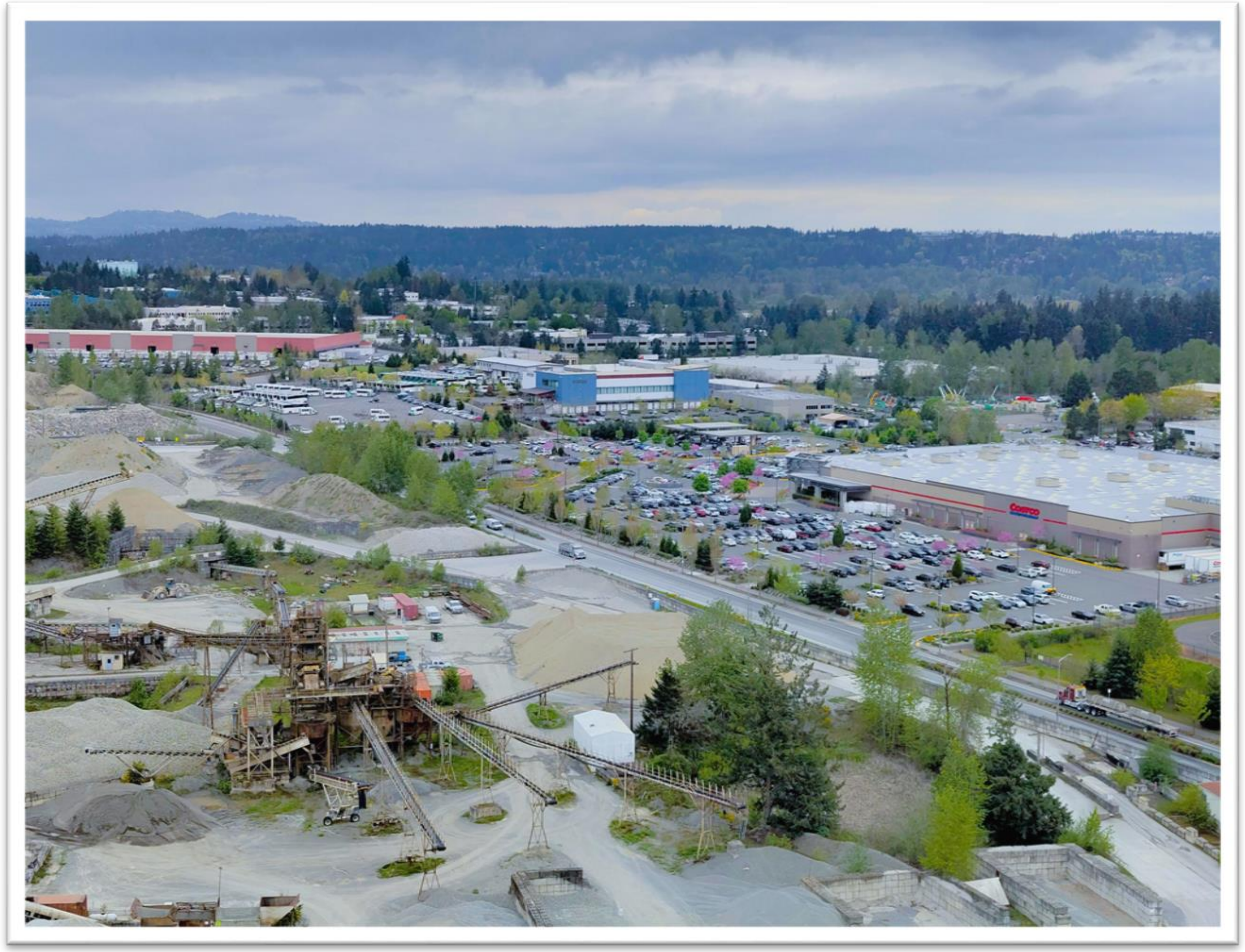
Timeline for the SE Redmond MIC

- 2017 – Re-zoning of Marymoor for Transit Orient Development and Housing Production
- 2021 – Letter of Intent to King County
- 2022-2024 – Policy discussions as part of Redmond 2050
- 2025 – 2026 Market Study (Funded in 2025-26 budget)
- 2025 – Submit application to King County
- 2026- Approved with recommendations by Interjurisdictional team.



Planning Process

Existing Conditions and Market Drivers Report

- Analysis of current economic, physical, and regulatory conditions.
- Exploration of opportunities for growth and evidence-based insights to shape land use and economic development strategies.

Stakeholder Engagement

- Leverages previous engagement for:
  - Redmond 2025 Comp Plan
  - 2023 Parks, Arts, Recreation, Culture & Conservation Plan
- 16 interviews, 2 focus groups:
  - Existing SE-MIC businesses
  - Economic development partners
  - Real estate professionals
  - Businesses at risk of displacement
  - Businesses seeking industrial space

Business Opportunities and Sites Analysis

- Analysis of industries and clustering opportunities
- Site-specific analysis of five potential sites for development related to identified opportunities

Vision for the SE-MIC

*The SE-MIC is envisioned as a **vibrant, mixed-use manufacturing and industrial hub** where global tech leaders and emerging startups thrive alongside local artisans in a shared ecosystem of production.*

The district celebrates the intersection of high-precision innovation and creative craftsmanship, offering an environment that supports [illegible] manufacturing.

Strategic Alignment

The Strategy Guide bridges citywide goals and district-level implementation. It is aligned with:

- Redmond 2050 Comprehensive Plan
- Redmond Economic Development Strategic Plan

Desired Uses

- High-capacity innovation spaces
- Flexible small-bay industrial units
- Collaborative maker-hubs and shared infrastructure

Strategies

Land Use and Zoning

Business Recruitment and Retention

Infrastructure and Environment

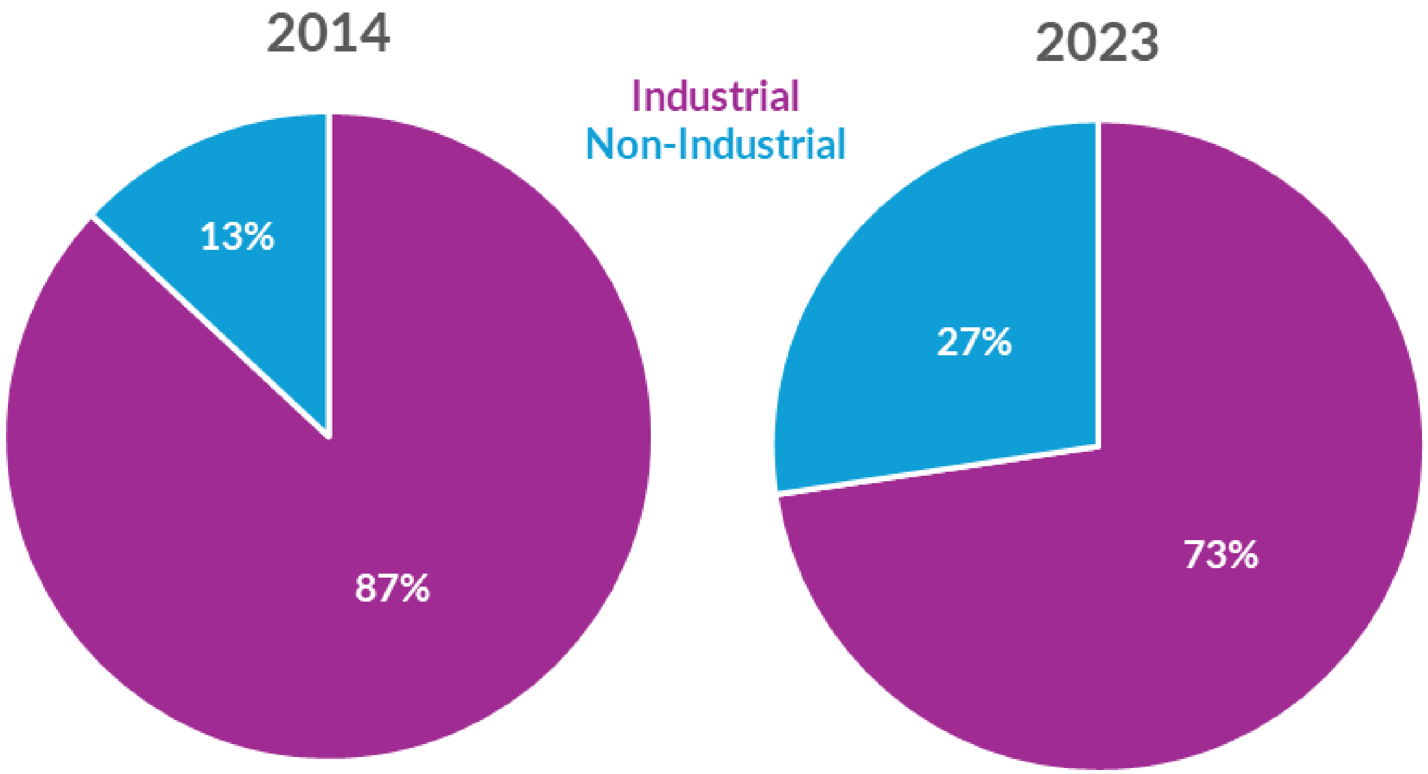
Funding Mechanisms

Trends and Takeaways

Economic Conditions

- In 2023, the SE-MIC had a total of **5,550 jobs,** accounting for 5% of Redmond's total employment.
- **Industrial employment** accounts for **73% of all jobs** in the SE-MIC, a decline from 87% in 2014.
  - A significant shift has occurred in the last decade, with a notable decline of ~1,090 manufacturing jobs being only partially offset by growth in the wholesale and transportation and retail sectors.
- Only a small share (6%) of SE-MIC workers live in Redmond.

SE-MIC Total Industrial and Non-Industrial Employment Shares, 2014 vs 2023

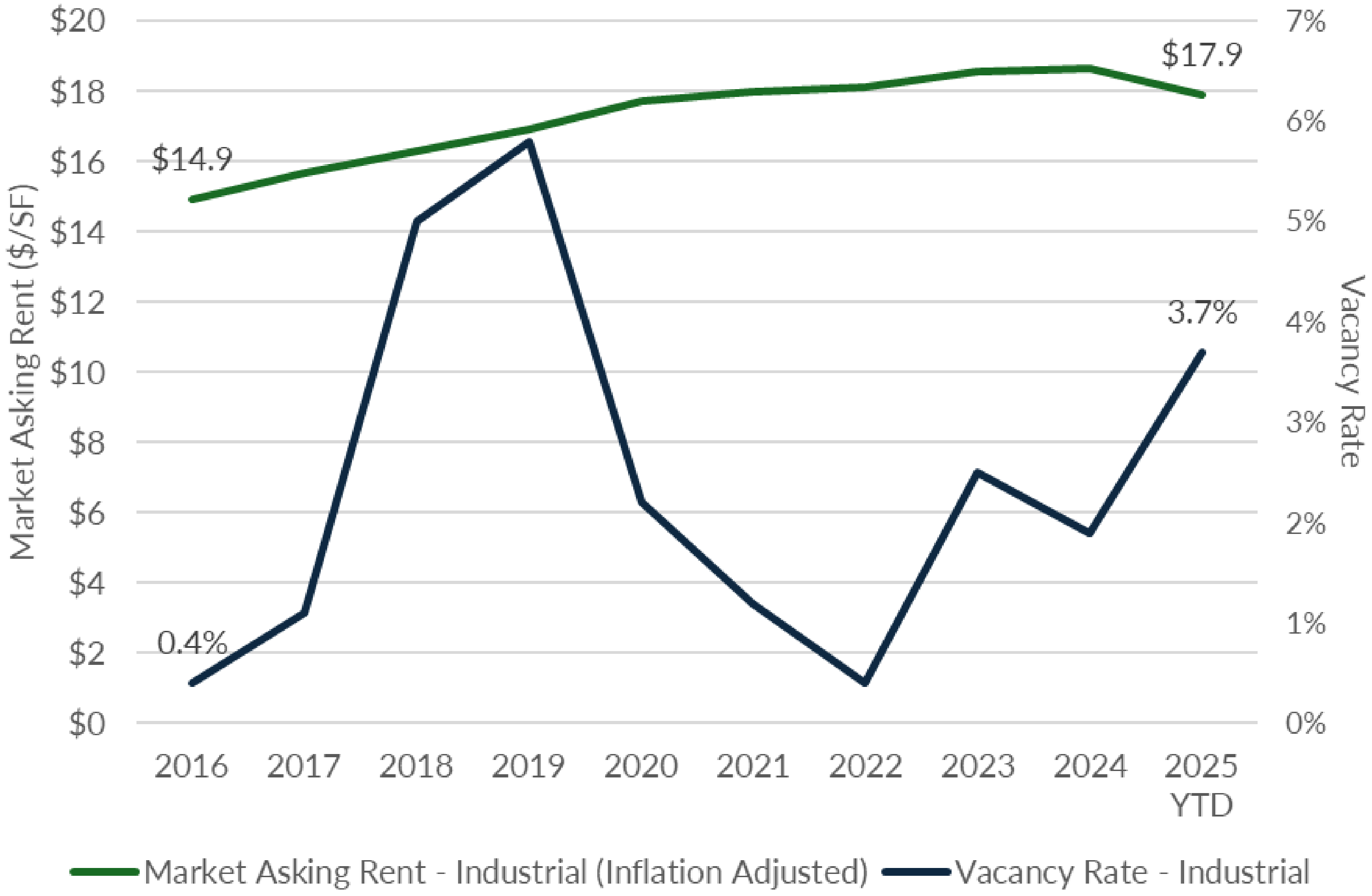


Sources: Puget Sound Regional Council, 2023; BERK, 2025.

Real Estate Market Conditions

- Redmond's **industrial inventory** of 4.3 million square feet had a -0.2% change for nearly a decade, with new construction and negative net absorption.
- **Industrial rents** have shown a steady increase since 2016, reaching $17.9 per square foot in 2025,
- **Vacancy rate** was 0.4% in 2016**.** reached 5.8% in 2019 and currently is **3.7%.**
- **Stakeholders have said that a vacancy rate of 5-8% is healthy**
- The Redmond flex space market vacancy rate is 10.2%. There is currently high vacancy and demand.

Redmond Industrial Market Asking Rent and Vacancy Rate

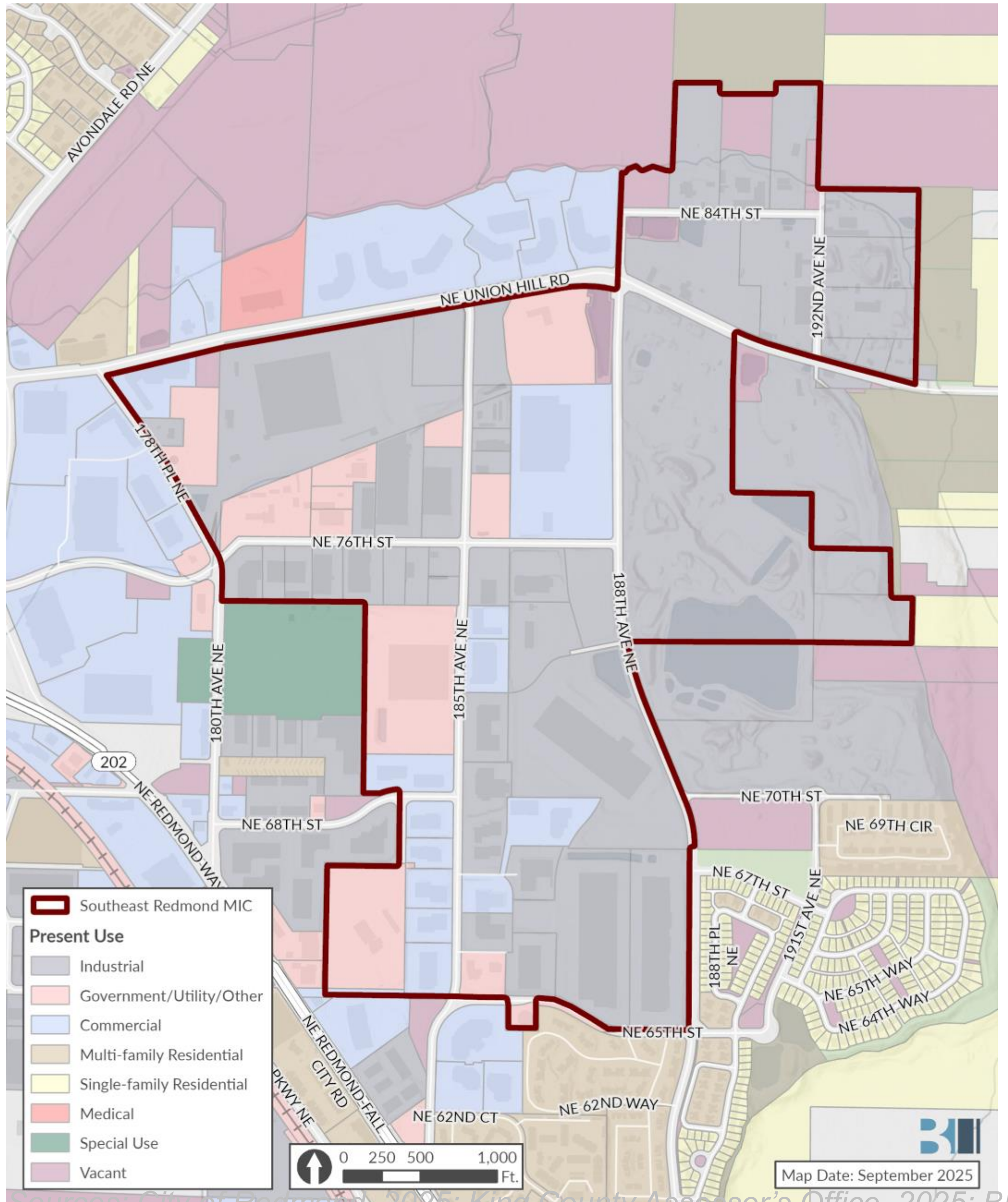


Sources: Puget Sound Regional Council, 2023; BERK, 2025.

Development Capacity and Infrastructure

- Roughly **96% of the land** in the SE-MIC is **zoned Industrial or Manufacturing Park** and 70% is used for industrial purposes.
- A land capacity analysis indicates that the center has an **employment capacity of approximately 2,100 net new jobs** which would increase to 2,300 jobs with the rezoning of the remaining Semi-Rural Residential to Industrial.
- **Logistical advantages** include robust access to SR-520, a designated freight network, and proximity to the new Link Light Rail.
- **Constraints** include peak hour traffic congestion, last-mile transit gaps, potential power capacity limitations, and stricter environmental standards.

SE-MIC Generalized Land Uses



Sources: City of Redmond, 2025; King County Assessor's Office, 2025; BERK, 2025.

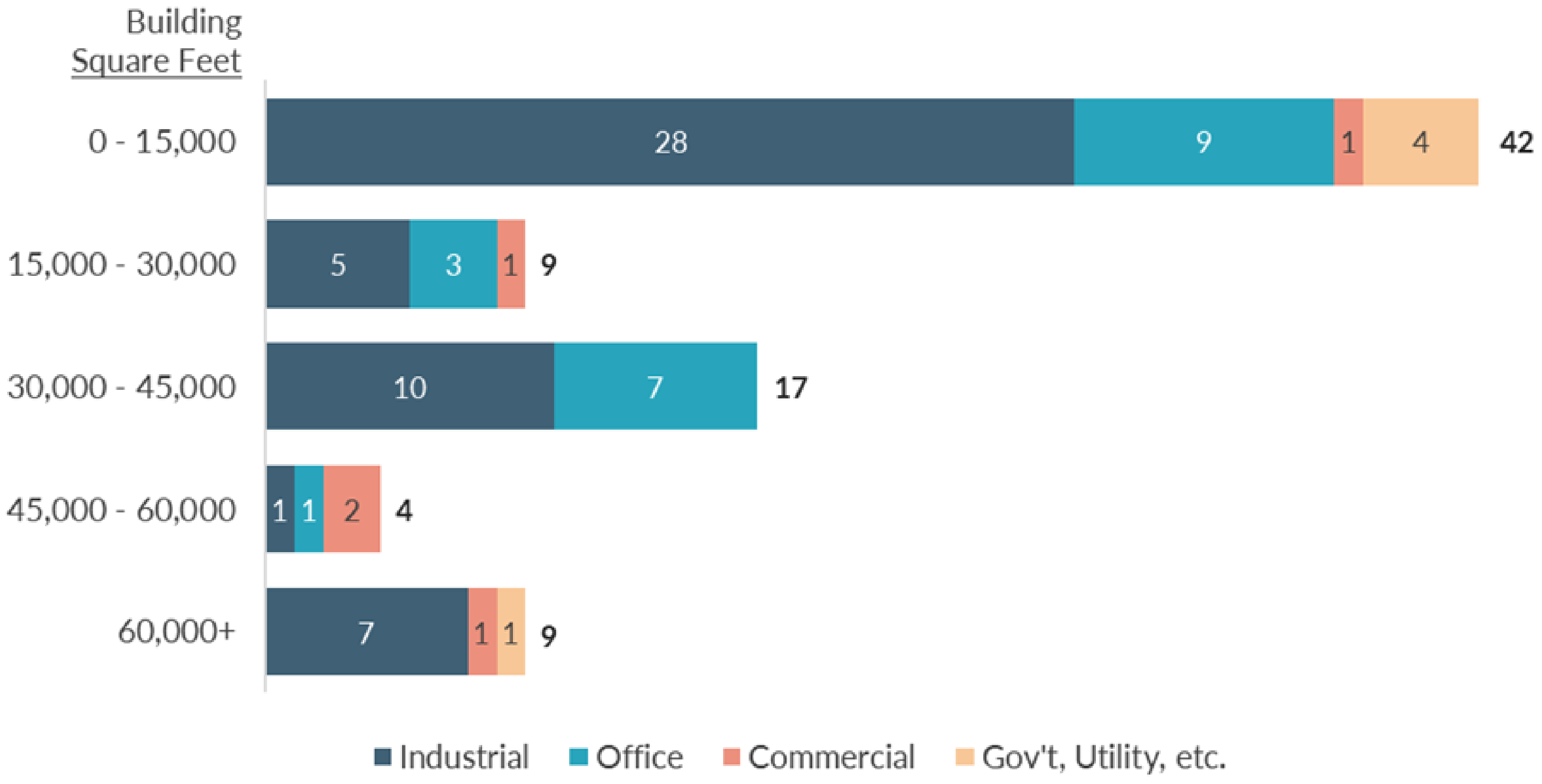
Opportunities and Challenges

- **Opportunities**
  - **Advanced high-tech manufacturing.** Target space and clean technology sectors.
  - **Small-scale manufacturing.** Grow local entrepreneurship and small businesses and enhance new and existing sectors.
  - **Support services and community amenities.** Support industry businesses, workforce pipeline, and community members.
- **Challenges**
  - **Limited space.** Few vacant parcels, and vacant ones are small or constrained.
  - **High cost.** Land and lease rates are higher than competing industrial areas.
  - **Space mismatch.** Artisan and small-scale manufacturers compete for the small affordable spaces with larger higher-paying industrial and tech tenants.

Building and Parcel Characteristics

- More than **half of existing parcels** (44) in the SE-MIC are **less than 2½ acres,** and another quarter are between 2½ and 5 acres**.**
- **Most buildings in the SE-MIC are less than 15,000 sq ft**, mostly consisting of industrial uses.
- A land capacity analysis indicates that the SE-MIC has an **employment capacity of approximately 2,100 jobs**.
    - This capacity would increase to 2,300 net new jobs with the rezoning of the remaining Semi-Rural Residential areas to Industrial pending the completion of the Evans Creek relocation project.

Number of Buildings by Predominant Use and Size in Square Feet, SE-MIC



Sources: King County Assessor's Office, 2025; BERK, 2025.

Strategies

Land Use and Zoning

Business Recruitment and Retention

Infrastructure and Environment

Funding Mechanisms

Implementation Icon Key

- Key Partners
- Timeline
  - Short-term (0-3 years)
  - Mid-term (3-5 years)
  - Long-term (5+ years)
- Level of Effort
  - *Low*
  - *Medium*
  - *High*

Land Use and Zoning

Key Partners

- City of Redmond Planning Department's Development Services, and Economic Development Divisions
- Private industrial and mixed-use developers
- Property owners

Strategy A: Preserve and expand the supply of "micro-industrial" spaces that incentivize small-to-mid-sized manufacturers and artisan producers to locate in the SE-MIC.

Promote adaptive reuse and preservation of older industrial building stock and rehabilitation of older flex buildings to maintain lower-cost spaces.	***Low***
Consider implementing a specific zoning overlay to recognize and encourage a cluster of creative, craft-based manufacturers (distilleries, artisan producers) **to establish a branded maker district**.	***Medium***
Create incentives for developers to include small industrial or flex bays in new industrial and manufacturing developments (e.g., impact fee waivers/reductions, zoning incentives such as increased building height or density). Tie incentives to minimum terms of affordability (e.g., 20-30 years) and production-oriented design standards.	***High***
Require replacement of small-scale industrial square footage within the SE-MIC when redevelopment displaces existing industrial uses.	***High***

Land Use and Zoning

Key Partners

- City of Redmond Planning Department's Development Services, and Economic Development Divisions
- Private industrial and mixed-use developers
- Property owners

Strategy B: Address the challenge of limited space for development/redevelopment in the SE-MIC.

Increase allowable FAR and building heights where appropriate to support more intensive employment uses.	***Medium***
Allow the co-location of dedicated childcare facilities within or adjacent to manufacturing buildings or sites, provided that the manufacturing, Park or Industrial (MP/I) activities do not pose health or safety risks to children.	***Low***
Focus development efforts on underutilized parcels and those that are physically constrained.	***Low***
Identify specific, underutilized areas in the SE-MIC (such as off-street parking lots) and on-street curb zones within the SE-MIC that could be designated as 'food truck-friendly' locations to improve daily meal options for the workforce without requiring permanent, non-industrial construction. Include site selection criteria that prioritize safety and traffic flow, ensuring these uses do not conflict with primary freight circulation, heavy-vehicle loading access, or essential industrial operations.	***Low***
Encourage or require shared loading docks, freight access, waste handling, and utility infrastructure in multi-tenant industrial and mixed-use developments.	***Medium***
Provide incentives (e.g., density bonuses, financial assistance) **for adjacent landowners to combine their smaller, irregular parcels** into larger, more viable development sites.	***High***

Land Use and Zoning

Key Partners

- City of Redmond Planning Department's Development Services, and Economic Development Divisions
- Private industrial and mixed-use developers
- Property owners

Strategy B: Address the challenge of limited space for development/redevelopment in the SE-MIC.

Create a pre-cleared redevelopment pathway for priority sites, including environmental review, design standards, and pre-approved utility templates that identify required industrial-capacity power, water, and sewer connections, to shorten timelines for infill industrial projects.	***High***
Encourage multi-level mixed-use industrial development. Study best practices from peer cities where vertical industrial has been successfully integrated into urban employment districts.	***Medium***

Business Recruitment and Retention

Key Partners

- City of Redmond Planning Department's Development Services, and Economic Development Divisions
- OneRedmond
- Actuate Ventures
- SE-MIC businesses
- Regional colleges and trade schools
- Greater Seattle Partners

Strategy A: Market the Southeast Redmond Manufacturing and Industrial Center.

Create a cohesive brand identity that highlights the district's unique strengths.	***Medium***
Work with Greater Seattle Partners to ensure the SE-MIC is prominently included in regional site selection materials and presented to qualified site selection prospects.	***Low***
Highlight the benefits of the King County Countywide industrial center designation, including the city's long-term zoning protections for the SE-MIC.	***Low***
Create a high-impact Investment Prospectus document that can serve as the "leave-behind" for developers and site selectors.	***Medium***
Produce short "success stories" or case studies featuring existing MIC tenants.	***Low***
Develop a dedicated MIC microsite website to promote the district, with an interactive capacity map highlighting available parcels, utility load capacities, freight connections, and other site amenities.	***High***

Business Recruitment and Retention

Strategy B: **Support the development of an Innovation Hub (incubator + co-located testing/prototyping) to attract early-stage companies in the space sector.**

Key Partners

- City of Redmond Planning Department's Development Services, and Economic Development Divisions
- OneRedmond
- Actuate Ventures
- SE-MIC businesses
- Regional colleges and trade schools
- Greater Seattle Partners

Collaborate with Actuate Ventures, which is seeking industrial property in Redmond for an innovation hub, by providing land and real estate facilitation and regulatory support (permitting fast-track, zoning flexibility etc.).	***Medium***

Business Recruitment and Retention

Key Partners

- City of Redmond Planning Department's Development Services, and Economic Development Divisions
- OneRedmond
- Actuate Ventures
- SE-MIC businesses
- Regional colleges and trade schools
- Greater Seattle Partners

Strategy C: Strengthen long-term viability and business retention in the SE-MIC.

Support the formation of a SE-MIC Business Advisory Council/organization to represent SE-MIC businesses, facilitate collaboration with the City, and ensure continuity and coordination in marketing, infrastructure planning, and redevelopment efforts of the center.	***Medium***
Offer pre-application assistance for small businesses navigating redevelopment or expansion.	***Low***
Explore waived or reduced permitting times for displaced small businesses relocating in the SE-MIC.	***Medium***
Establish industrial preservation and retention policies (e.g., long-term ground lease or land banking strategies for critical industrial sites).	***High***

Business Recruitment and Retention

Key Partners

- City of Redmond Planning Department's Development Services, and Economic Development Divisions
- OneRedmond
- Actuate Ventures
- SE-MIC businesses
- Regional colleges and trade schools
- Greater Seattle Partners

Strategy D: Support existing and future businesses in the SE-MIC by developing a broad base of diverse talent.

Work directly with SE-MIC employers to identify required technical skills and certifications.	***Low***
Develop a "Redmond Talent Prospectus" to demonstrate to regional educational partners that there is a data-backed, sustained demand for a Redmond-based satellite campus.	***Medium***
Leverage the existing "living labs" in the SE-MIC through formal partnerships to allow a potential trade school to operate with a smaller physical footprint.	***Medium***
Explore TIF or public-private funding for "front-end" infrastructure required for a vocational school.	***High***

Infrastructure and Environment

Key Partners

- City of Redmond Planning Department's Development Services, and Economic Development Divisions
- Local transit providers and micromobility providers (e.g. Sound Transit, Lime)
- Puget Sound Energy (PSE)

Strategy A: Provide last-mile transit connections.

Improve bus integration with light rail. Align bus routes and infrastructure to directly serve the new East Link stations (like Marymoor Village Station) from the industrial center.	***Medium***
Partner with operators like Lime to ensure ample e-bikes and e-scooters near the industrial center and light rail station.	***Low***
Install designated parking hubs for micromobility at key transit stops and large employers within the SE-MIC.	***Low***
Implement on-demand micro transit - consider demand-responsive shuttle services (like the planned Redmond On-Demand Microtransit) to bridge gaps between the SE-MIC and main transit lines.	***Medium***
Continue to implement infrastructure improvements that promote active transportation options like walking and bicycling in the SE-MIC.	***High***

Infrastructure and Environment

Key Partners

- City of Redmond Planning Department's Development Services, and Economic Development Divisions
- Local transit providers and micromobility providers (e.g. Sound Transit, Lime)
- Puget Sound Energy (PSE)

Strategy B: Align long-range utility planning with the SE-MIC's intensification goals, ensuring energy capacity stays ahead of industrial demand.

Maintain an active partnership with Puget Sound Energy to monitor the energy needs of SE-MIC anchors and ensure the local grid provides the high-capacity, reliable power required for advanced manufacturing.	***Low***
Evaluate the feasibility of using Tax Increment Financing (TIF) to help fund specific, high-cost public energy improvements—such as smart-grid upgrades or substation enhancements—that support district-wide growth and sustainability.	***Medium***

Infrastructure and Environment

Key Partners

- City of Redmond Planning Department's Development Services, and Economic Development Divisions
- Local transit providers and micromobility providers (e.g. Sound Transit, Lime)
- Puget Sound Energy (PSE)

Strategy C: **Optimize district infrastructure in the SE-MIC to support high-intensity manufacturing and freight activity.**

	Update the Transportation Master Plan (TMP) Freight Network to prioritize truck circulation, loading access, and freight mobility within the SE-MIC, ensuring these routes do not conflict with abutting residential areas.	***Medium***
	Improve wayfinding, curb management, and loading zone design to reduce congestion and unsafe truck movements.	***High***
	Coordinate infrastructure upgrades (power, broadband, water) with major employers and logistics operators to ensure facilities meet evolving operational needs.	***Medium***

Funding Mechanisms

Key Partners

- City of Redmond Planning, Development Services, Economic Development, Public Works and Transportation Departments

Strategy A: Explore the feasibility of establishing a 'Limited-Term Increment Area' within the SE-MIC to front-load the costs of transformative public improvements.

Conduct a study to determine whether TIF would be a viable revenue tool for the SE-MIC. ***Medium***

Funding Mechanisms

Key Partners

- City of Redmond Planning, Development Services, Economic Development, Public Works and Transportation Departments

Strategy B: Leverage public–private partnerships to expand access to affordable, flexible industrial space and catalyze long-term investment in the SE-MIC.

Develop standardized public–private partnership frameworks for SE-MIC projects that establish affordability targets, community-benefit requirements, and performance benchmarks.	***Medium***
Coordinate public–private investments with district-scale infrastructure improvements, including freight access, energy systems, and broadband, to enhance project feasibility.	***Low***
Pilot shared-production, light-manufacturing, and incubator spaces that combine public support with private-sector management and programming.	***High***
Evaluate opportunities for the City to acquire, master lease, or partner on industrial properties within the SE-MIC that can be offered at below-market or stabilized rents to small and local manufacturers and makers.	***High***

Funding Mechanisms

Key Partners

- City of Redmond Planning, Development Services, Economic Development, Public Works and Transportation Departments

Strategy C: Explore the feasibility of condo/airspace floor area ownership within the SE-MIC to allow businesses long-term control of portions of industrial buildings, support multi-tenant flexibility, and ensure compliance with FAR and zoning requirements.

Engage with developers, prospective tenants, and legal experts to understand market demand and operational implications.	***Medium***
Identify potential legal, structural, and financial considerations for implementing condo/airspace ownership in the SE-MIC.	***Medium***
Evaluate examples from other industrial districts or mixed-use developments that have successfully used condo/airspace FAR.	***Low***
Consider modifications to zoning or design guidelines to facilitate condo/airspace ownership while ensuring compliance with FAR and shared infrastructure requirements.	***High***